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**SIGMA ACQUIRES DISCOUNT DRUG STORES (DDS)**

- **Sigma acquires DDS for \$26.7 million, adding 121 pharmacies to Sigma's branded network**
- **Earnings and ROIC accretive**
- **CHS and DDS combination is expected to add over \$400m new revenue**
- **Funded from existing cash resources**

Sigma Pharmaceuticals Limited (**Sigma**), via its subsidiary Central Healthcare Services (CHS), is pleased to announce the acquisition of DDS for \$26.7 million. Subject to improved performance, this acquisition also has the potential to increase the earn out payment to the vendors of CHS as announced on 26 March 2014.

DDS is a discount pharmacy banner group providing buying and retail services to members. Since commencing in Queensland in 2001, DDS has continued to grow its market presence to now reach 121 branded pharmacies trading under the Discount Drug Store brand across Australia, with a strong pipeline of growth.

The DDS brand has developed a strong and increasing foothold throughout the eastern seaboard, and has extended its reach into Western Australia and Tasmania to give it a national presence.

"DDS is a natural fit with Sigma that broadens our customer profile and complements our existing pharmacy offer. When combined with our brands in Amcal, Amcal Max, Guardian, Pharmasave and Chemist King, along with our recently announced 10-year wholesale and service agreement with Pharmacy Alliance, Sigma now has a broad and extensive suite of options to support all pharmacists", said Mark Hooper, Sigma CEO and Managing Director

DDS will sit within CHS, which Sigma acquired earlier this year and operates as a stand-alone business. Importantly, the current DDS team will remain with the business to continue to lead and manage the retail services and seek further opportunities for growth.

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Bringing together Pharmasave and DDS adds over 300 branded pharmacy members to the Sigma group, the vast majority of which are not existing first-line Sigma wholesale customers. The combination of additional wholesale business over time, CHS hospital and retail distribution business, and the expanded network of branded pharmacy members, is expected to contribute over \$400 million in new sales revenue to Sigma and generate \$8-10 million incremental EBITDA in the first full year of operation.

“This acquisition brings to our group another strong pharmacy brand with a great operational format and consistency of retail offering. DDS will also bring further wholesaling growth to Sigma as we transition the business over the next 12 months.” said Mark Hooper.

Mr John Clark, DDS Executive Director commented, “Our team at DDS are passionate and committed to delivering exemplary customer service and to growing the DDS brand. We have a goal of being in the top three retail pharmacy brands in Australia, and identified Sigma as a natural partner to help achieve that goal. This is an exciting opportunity.”

The acquisition will be funded from existing cash resources, and does not affect Sigma’s ongoing capital management initiatives. The addition of DDS will be immediately earnings accretive, and is expected to be ROIC (Return on Invested Capital) accretive in the first year of operations.

**Sue Morgan**  
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