



Monday, 12 July 2021

UNSOLICITED, NON-BINDING, CONDITIONAL PROPOSAL FROM WESFARMERS

Australian Pharmaceutical Industries (ASX:API) ("API") today announced that it has received an unsolicited, non-binding, conditional indicative proposal (the "Indicative Proposal") from Wesfarmers Limited (ASX:WES) ("Wesfarmers") to acquire 100% of the shares in API by way of a scheme of arrangement.

The indicative price of \$1.38 cash per share represents a premium of 18.7% to API's VWAP for the 3 months prior to 9 July 2021 and a premium of 20.5% to API's closing share price on 9 July 2021. The indicative price would be reduced by the value of any dividends or capital returns declared, determined, proposed, or paid after 9 July 2021.

Wesfarmers has informed API that it has entered into an agreement with API's shareholder, Washington H. Soul Pattinson and Company Limited ("WHSP"), which holds a 19.3% interest in API. In the absence of a superior proposal as determined by the API Board, the arrangement includes an undertaking to vote in favour of the Indicative Proposal (or an improved proposal from Wesfarmers). The agreement also includes an option for Wesfarmers to acquire WHSP's shares in the event Wesfarmers intends to match or exceed any competing proposal which API receives.

The Indicative Proposal is subject to a number of conditions including those outlined in Appendix A.

The API Board has commenced an assessment of the Indicative Proposal.

The API Board notes that its portfolio of pharmacy distribution, health and beauty retail and skin care businesses have attractive characteristics and are well positioned for growth in a number of areas including acceleration in online sales from API's investment in Priceline Pharmacy's leading digital offering, and growth in the performance of its Clear Skincare business as a result of the recent investment in its clinic network. The Indicative Proposal has been made at a time where COVID-19 restrictions have resulted in store and clinic closures and these have significantly impacted on API's operational performance.

The API Board is undertaking an analysis of whether the Indicative Proposal is reflective of the long-term growth prospects of API and the expected short-term impacts of the pandemic-related lockdown restrictions. **In the meantime, API shareholders should not take any action in relation to the Indicative Proposal.**

There is no certainty that the Indicative Proposal will result in a transaction. If there are material developments in the future, API will inform shareholders as required under its continuous disclosure obligations.

The Board of API has appointed Macquarie Capital as financial adviser and Ashurst as legal adviser in relation to the Indicative Proposal.





Appendix A

The Indicative Proposal is subject to a number of conditions, including:

- Satisfactory completion of Wesfarmers' confirmatory due diligence on API;
- Execution of a Scheme of Implementation Deed ("SID") containing customary exclusivity, material adverse change, conditions precedent, prescribed occurrences, and break fee provisions;
- Unanimous public recommendation of the transaction by the API Board;
- Receipt by Wesfarmers of required regulatory approvals; and
- Clearance from the Australian Competition and Consumer Commission.

Announcement authorised by the API Board.

For further information:

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