

News Release



8 November 2021

Wesfarmers and API enter into Scheme Implementation Deed

Wesfarmers (ASX:WES) today announced that it has entered into a Scheme Implementation Deed ("SID") with Australian Pharmaceutical Industries Limited ("API", ASX:API). The SID confirms the terms of Wesfarmers' proposal announced on 16 September 2021 to acquire all shares in API by way of a scheme of arrangement for cash consideration of \$1.55 per share ("Scheme"). Wesfarmers currently owns a 19.3 per cent shareholding in API following the acquisition of 95.1 million shares on 7 October 2021.

The SID allows for the payment of fully franked dividends up to a maximum of 5 cents per API share, including the 2 cents per share final dividend declared by API for the financial year ended 31 August 2021, with the cash consideration of \$1.55 to be reduced by the cash component of any such dividends.

The entry into the SID follows the completion of Wesfarmers' due diligence process following entry into the Process Deed with API on 16 September 2021.

API Board support

The API Board has unanimously recommended that API shareholders vote in favour of the Scheme, and each API director intends to vote their API shares in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of API shareholders.

The Scheme is subject to customary conditions, including API shareholder approval, court approval, ACCC approval, no material adverse change and no prescribed occurrences. The Scheme is not subject to due diligence or financing. The SID also contains exclusivity provisions and reciprocal break fees payable in certain circumstances.

Transaction rationale

Wesfarmers Managing Director Rob Scott said that the acquisition of API will provide an attractive opportunity to enter the growing health, wellbeing and beauty sector.

"Wesfarmers continues to see opportunities to invest in and strengthen the competitive position of API and its community pharmacy partners by expanding ranges, improving supply chain capabilities and enhancing the online experience for customers," Mr Scott said.

"In addition to our discussions with API management, we have engaged with industry stakeholders during due diligence. As we have previously stated, Wesfarmers supports the community pharmacy model, including the pharmacy ownership and location rules. Wesfarmers recognises the importance of strong relationships with our trading partners and we look forward to working closely with API's pharmacy partners, suppliers and other industry stakeholders."

Indicative timetable

A Scheme Meeting of API shareholders is expected to be held in the first quarter of calendar year 2022 and, if approved, the Scheme will be implemented shortly thereafter.

For more information:

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This announcement was authorised to be given to the ASX by the Wesfarmers Disclosure Committee.

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