

7 October 2021

Acquisition of 19.3 per cent stake in API

Wesfarmers (ASX:WES) today announced that it has acquired 95.1 million shares in Australian Pharmaceutical Industries Limited (“API”, ASX:API), representing 19.3 per cent of API’s shares outstanding. The acquisition was made pursuant to the Undertaking Agreement entered into on 9 July 2021 with Washington H. Soul Pattinson and Company Limited (“WHSP”, ASX:SOL).

Wesfarmers remains committed to pursuing its proposal to acquire 100 per cent of the shares in API by way of a scheme of arrangement for cash consideration of \$1.55 per share, subject to the terms and conditions outlined in the Wesfarmers announcement of 16 September 2021. Wesfarmers is progressing with its confirmatory due diligence investigations in support of its proposal.

Wesfarmers notes the announcement on 27 September 2021 of a proposal by Sigma Healthcare Limited (“Sigma”) to acquire API. Wesfarmers is of the view that the Wesfarmers proposal is superior to the Sigma proposal and is in the best interests of API shareholders. Given Wesfarmers’ commitment to progress its own proposal to acquire API, Wesfarmers does not intend to support, or vote its 19.3 per cent API shareholding in favour of, the Sigma proposal.

Wesfarmers Managing Director Rob Scott said that the Wesfarmers proposal would deliver an attractive premium and certain cash return to API shareholders.

“Wesfarmers continues to see opportunities to invest in and strengthen the competitive position of API and its community pharmacy partners. Exercising our option to acquire 19.3 per cent of API reflects the Group’s commitment to the transaction and the continued progress of the Wesfarmers proposal,” Mr Scott said.

Wesfarmers exercised its option to acquire the shares from WHSP under the terms of the Undertaking Agreement following the announcement of Sigma’s proposal, which the API Board has not recommended. The acquisition price was \$1.38 for each API share acquired. In addition, Wesfarmers is required to make further payments to WHSP such that WHSP receives total consideration per API share equivalent to that paid under any successful Wesfarmers acquisition of API.

For more information:

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