

16 September 2021

## Proposal to acquire API – update

Wesfarmers (ASX:WES) today announced that it has entered into a Process Deed with Australian Pharmaceutical Industries (ASX:API, “API”) in relation to a 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 (“Revised Proposal”).

The Revised Proposal of \$1.55 per share represents a 37 per cent premium to API’s one-month volume weighted average price of \$1.133 per share to 9 July 2021, prior to the initial offer by Wesfarmers.

The Revised Proposal allows for the payment of fully franked dividends up to a maximum of 5 cents per API share, including any final dividend declared 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 API Board has stated that it intends to unanimously recommend the Revised Proposal subject to the parties entering into a binding Scheme Implementation Deed (“SID”) on terms no less favourable than the Revised Proposal following completion of Wesfarmers’ confirmatory due diligence, no superior proposal being received and an independent expert concluding (and continuing to conclude) that the Revised Proposal is in the best interests of API shareholders.

As previously announced, API’s major shareholder Washington H. Soul Pattinson and Company (“WHSP”) has agreed to vote its 19.3 per cent shareholding in API in favour of Wesfarmers’ Revised Proposal. WHSP has also granted a call option in respect of its API shares in favour of Wesfarmers.

Wesfarmers Managing Director Rob Scott said that the Revised Proposal would deliver an attractive premium and certain cash return to API shareholders and was consistent with Wesfarmers’ focus on deploying capital in areas where it can leverage its unique capabilities to create long-term value.

“Wesfarmers supports the community pharmacy model, including the pharmacy ownership and location rules. If the proposal is successful, we see opportunities to invest to 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. “API would also provide the basis of a new Healthcare division of Wesfarmers and a platform from which to invest and develop capabilities in the growing health, wellbeing and beauty sector.”

Wesfarmers’ Revised Proposal assumes that the performance of API is consistent with the earnings guidance announced on 12 July 2021, including the earnings impacts from the extension of COVID-19 related restrictions beyond the end of July 2021.

Under the Process Deed, API has granted Wesfarmers until 16 October 2021 to undertake exclusive confirmatory due diligence and negotiate a SID reflecting the key terms of the Revised Proposal.

The Revised Proposal is conditional upon the satisfaction of conditions including the completion of confirmatory due diligence, entry into a SID, obtaining ACCC clearance and the approval of API shareholders.

**For more information:**

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