

# 2018 SCHEME MEETING



28 May 2018

# Agenda

- Welcome
- Overview of the Scheme
- Reasons to support the Scheme
- Reasons not to support the Scheme
- Status of conditions precedent
- Timetable for implementation
- Scheme resolution and voting thresholds
- Summary of proxy votes
- Meeting close

# Overview of the Scheme

- On 21 February 2018, Viralytics and Merck & Co., Inc. (**MSD Parent**) announced that they had agreed terms on which Merck Sharp & Dohme (Holdings) Pty Ltd ACN 000 235 245 (**MSD**) would acquire all of the Viralytics Shares under a scheme of arrangement, subject to a number of conditions precedent, including regulatory, Court and Viralytics Shareholder approval (**Scheme**).
- The Scheme values Viralytics Shares (in aggregate) at \$502.4 million.
- Under the terms of the Scheme, Viralytics Shareholders will receive \$1.75 for each Viralytics Share held by them, representing a premium of 160% to the 1-month VWAP of Viralytics Shares prior to the announcement of the Scheme on 21 February 2018.
- Full details of the Scheme are contained within the Scheme Booklet sent to Viralytics shareholders and uploaded to the ASX.
- Your Directors have carefully considered the Viralytics' future growth opportunities, its challenges, risks and the uncertainties of delivering value to Viralytics Shareholders superior to the Scheme Consideration.
- Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.
- The Independent Expert has determined that the Scheme is fair and reasonable and consequently is in the best interests of Viralytics Shareholders in the absence of a Superior Proposal.

# Reasons to support the Scheme

- The Directors unanimously recommend that Viralytics Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the Viralytics Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.
- The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Viralytics Shareholders.
- The value of the Scheme Consideration of \$1.75 per Viralytics Share represents a substantial premium of 160% to the 1-month VWAP of Viralytics Shares to 21 February 2018.
- The Scheme provides a high degree of certainty of value and timing, through cash consideration, for Viralytics Shareholders in relation to realising value for your shareholding compared with the medium term value prospects of Viralytics Shares in their current form.

# Reasons to support the Scheme (continued)

- At the date of this meeting, the Board has not received a Superior Proposal and the Board considers it unlikely that a Superior Proposal will emerge.
- Viralytics' share price is likely to trade at a significant discount to the Scheme Consideration if the Scheme is not implemented.
- If the Scheme does not proceed, and no Superior Proposal emerges, Viralytics Shareholders will be subject to the specific risks associated with Viralytics' business and the risks inherent in the biotechnology and pharmaceutical industry.

# Reasons not to support the Scheme

- You may disagree with the Directors and Independent Expert, and believe that the Scheme is not fair and reasonable and therefore not in the best interests of Viralytics Shareholders.
- You may consider that a Superior Proposal may be made.
- You may believe that the Scheme Consideration does not adequately reflect Viralytics' value.
- You may not want to trigger the tax consequences or implications of transferring your Viralytics Shares.
- You will not be able to participate in any potential future upside that may result from being a Viralytics Shareholder.

# Status of Conditions Precedent to the Scheme

Condition	Status	Complete
All necessary regulatory approvals being obtained	To be satisfied before 8.00am on the Second Court Hearing Date Foreign Investment Review Board approval received ASIC and ASX consents, waivers, modifications or approvals issued and / or not withdrawn	
Viralytics shareholder approval	To be determined today	
Federal Court of Australia approval	Scheduled for 4 June 2018	
Viralytics making all necessary ASIC lodgements	To be completed following the Second Court Hearing	
Independent Expert report provided and not amended / withdrawn	Independent Expert report dated 13 April 2018, which concluded that the Scheme is in the best interests of Viralytics shareholders, in the absence of a Superior Proposal Not amended / withdrawn to date	✓
No Viralytics Prescribed Occurrence	To be determined at 8.00am on the Second Court Hearing Date No Prescribed Occurrence has occurred to date	
Viralytics Options and Performance Rights being dealt with	Documentation executed, subject to implementation of the Scheme	✓
No Viralytics Material Adverse Change	To be determined at 8.00am on the Second Court Hearing Date No Material Adverse Change has occurred to date	
Viralytics adopted appropriate resolutions for the termination of the 401(k) employee plan in place for its US subsidiary	Resolutions approved, subject to implementation of the Scheme	✓

# Timetable for implementation

If the Scheme is approved at the Viralytics Scheme Meeting:

Second Court Date for approval of the Scheme	Monday, 4 June 2018
Effective Date	
Court order lodged with ASIC and announcement to ASX	Wednesday, 5 June 2018
Last day of trading in Viralytics Shares – Viralytics Shares suspended from trading on ASX from close of trading	
Scheme Record Date for determining entitlements to Scheme consideration	5.00pm (AET) on Wednesday, 13 June 2018
Implementation Date	Wednesday, 20 June 2018
Payment of Scheme consideration to Scheme Shareholders	

# Scheme resolution and voting thresholds

- The purpose of this Scheme Meeting is to consider and, if thought fit, to pass the following resolution:

*That, under section 411 Corporations Act, the Scheme proposed to be entered into between Viralytics and holders of its fully paid ordinary shares is approved and the board of directors of Viralytics is authorised to agree to those modifications or conditions which are thought appropriate by the Court and, subject to approval of the Scheme by the Court, to implement the Scheme with any of those modifications or conditions.*

- In accordance with the Corporations Act, for the Scheme Resolution to pass, it needs to be approved on two bases:

## Requirement 1

A majority in number (more than 50%) of Viralytics shareholders present and voting at the Scheme Meeting (either in person or by proxy) must vote in favour of the Scheme Resolution;

and

## Requirement 2

At least 75% of the total number of votes cast on the Scheme Resolution by Viralytics shareholders present and voting at the Scheme Meeting (either in person or by proxy) must be in favour of the Scheme Resolution

# Summary of proxy votes

	For	Against	Open (Chair)	Open (Other)	Total votes (excl. Abstain)	% For and Open (Chair)	Abstain
Proxy votes	173,006,659	1,648,520	4,582,448	64,244	179,301,871	177,589,107	25,042
<i>% of valid votes</i>	96.49%	0.92%	2.56%	0.04%	100%	99.04%	-
Number of holders	1,116	71	143	4	1,334	1,259	3
<i>% of valid holders</i>	83.66%	5.32%	10.72%	0.30%	100%	94.38%	-



Thank You



[www.viralytics.com](http://www.viralytics.com)