

ASX Release

Issued 14 December 2018

Company Update

Sigma Healthcare Limited (Sigma) notes today's announcement from Australian Pharmaceutical Industries Limited (API) regarding its 12.95% stake in the company and its non-binding indicative proposal for Sigma.

Sigma confirms that it had received a non-binding indicative proposal from API in October 2018 to acquire all the shares in Sigma, via a scheme of arrangement (Indicative Proposal). Under the Indicative Proposal, Sigma shareholders would receive 0.31 API shares plus \$0.23 cents in cash for each Sigma share held. The Indicative Proposal was subject to a number of conditions, including due diligence, a unanimous Board recommendation and receipt of all regulatory approvals including any required competition approvals.

The Sigma Board informed API that in order to properly assess the Indicative Proposal it was important to fully assess the future expectations of the company on a standalone basis. An important input of this assessment is the finalisation of the Accenture analysis that is being conducted on behalf of Sigma to identify growth and cost saving opportunities that Sigma can achieve in its own right.

Sigma will provide a more detailed update in relation to the conclusions of the Accenture work in due course, however the Board notes the initial conclusions suggest a material value opportunity for all Sigma shareholders post a restructure of the business following the company's decision not to renew its contract with Chemist Warehouse.

Whilst the Accenture work is ongoing, Sigma offered to engage with API, including to share certain information having regard to commercial sensitivities (subject to a non-disclosure agreement being signed). Sigma remains ready to continue these discussions.

Sigma shareholders should note that there is no certainty that the Indicative Proposal will result in any transaction capable of being put to Sigma shareholders occurring or being announced, or whether there will be a recommendation by the Board of Sigma. Accordingly, Sigma shareholders do not need to take any action in relation to the Indicative Proposal.

The Board of Sigma is committed to acting in the best interests of, and maximising value for, Sigma shareholders.

Sigma has appointed Goldman Sachs as its financial advisor.

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