

15 December 2021

API transaction – update

Wesfarmers Limited notes the non-binding indicative proposal made by Woolworths Limited (“Woolworths”) to acquire Australian Pharmaceutical Industries Limited (“API”), dated 2 December 2021.

Wesfarmers continues to believe that its proposal to acquire API remains in the best interests of API shareholders and stakeholders and that it will significantly benefit community pharmacists and Priceline franchisees.

“Wesfarmers supports the community pharmacy model which allows pharmacists to meet the health and wellbeing needs of their patients and customers. We’re committed to supporting pharmacist owners, many of whom operate small businesses, to grow their pharmacies over time. This includes growth in prescription medicines, along with growth in services and broader non-prescription health, personal care and beauty products,” Wesfarmers Managing Director Rob Scott said.

Under the Scheme Implementation Deed between Wesfarmers and API, Wesfarmers has the right to match any proposal, in the event that it becomes capable of acceptance and is considered superior by the API Board.

Wesfarmers’ intentions in relation to its API shareholding

Wesfarmers owns 19.3 per cent of API. Having considered the non-binding indicative proposal made by Woolworths:

- Wesfarmers would vote its existing shareholding and any other API shares that it may acquire against any scheme of arrangement pursuant to which Woolworths would acquire API; and
- Wesfarmers does not intend to accept into any takeover offer made by Woolworths for API.

Wesfarmers’ proposal supports community pharmacists and protects API customer data

“Since announcing our proposal, we’ve continued to develop our plans for the API business. We have met with and listened to representatives from across the sector and we’re confident our proposal supports community pharmacists and their businesses, for the long-term. Pharmacists face various competitive pressures and Wesfarmers is uniquely placed to support the growth of community pharmacies including Priceline franchisees,” Mr Scott said.

Wesfarmers notes that key API stakeholders, including community pharmacists and Priceline franchisees, have expressed concern about Sister Club customer data being shared with loyalty programs, where there is significant overlap with product ranges sold in pharmacies. These pharmacists and franchisees highlight the significant product overlap between pharmacies and supermarkets which compete across non-prescription health, personal care and beauty categories.

Wesfarmers demerged Coles Limited in 2018, which is now a stand-alone and independent company, but remains a 50 per cent joint venture partner in Flybuys, the second largest supermarket-anchored loyalty program in Australia, behind Woolworths Everyday Rewards. In recognition of the competitive overlap

between API and supermarkets, Wesfarmers has undertaken to keep all API customer data separate from Coles.

This assurance provides API and its community pharmacists, including current and future Priceline franchisees, with comfort that their customer data will be protected from supermarket competitors.

Under its proposal, Wesfarmers will utilise its e-commerce, data and digital capabilities to enhance the API online offer and drive customer engagement, including foot traffic and in-store sales for community pharmacists.

For more information:

Media

Rebecca Keenan
Media and External Affairs Manager
+61 8 9327 4423 or +61 402 087 055
RKeenan@wesfarmers.com.au

Investors

Simon Edmonds
Investor Relations Manager
+61 8 9327 4438 or +61 409 417 710
SEdmonds@wesfarmers.com.au

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