



23 February 2017

ASX Market Announcements  
Australian Securities Exchange Limited  
Level 4  
North Tower, Rialto  
525 Collins Street  
Melbourne VIC 3000

**Takeover Bid for Warrnambool Cheese and Butter Factory Company Holdings Limited: First Supplementary Target's Statement**

Pursuant to section 647(3)(b) of the Corporations Act 2001 (Cth), we enclose a copy of our first supplementary target's statement ("**First Supplementary Target's Statement**") in relation to the off-market takeover bid by Saputo Dairy Australia Pty Ltd ("**Saputo**") for all the shares in Warrnambool Cheese and Butter Factory Company Holdings Limited ("**WCB**") in which Saputo does not have a relevant interest.

A copy of the First Supplementary Target's Statement will be provided to Saputo and will be lodged with ASIC today.

ENDS

For more information, please contact:

Mr Paul Moloney  
Company Secretary

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# First Supplementary Target's Statement

dated 23 February 2017

in respect of the cash offer from Saputo Dairy Australia Pty Ltd to acquire all of your shares in Warrnambool Cheese and Butter Factory Company Holdings Limited

This document is the first supplementary target's statement (**First Supplementary Target's Statement**) to the target's statement (**Target's Statement**) dated 14 February 2017 issued by Warrnambool Cheese and Butter Factory Company Holdings Limited ACN 071 945 232 (**WCB**) and lodged with the Australian Securities and Investments Commission (**ASIC**) on 14 February 2017 in relation to the takeover offer made by Saputo Dairy Australia Pty Ltd ACN 166 135 486 (**Saputo**) for all of the shares in WCB in which it does not already have a Relevant Interest (**Saputo Offer**). This First Supplementary Target's Statement is given in compliance with the requirements of Chapter 6 of the Corporations Act. This First Supplementary Target's Statement supplements, and is to be read together with, the Target's Statement. Unless the context requires otherwise, capitalised terms in this First Supplementary Target's Statement have the same meaning given to them in the Target's Statement. A copy of this First Supplementary Target's Statement was lodged with ASIC on 23 February 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this First Supplementary Target's Statement.

The Independent Directors of WCB unanimously recommend that, in the absence of a superior proposal, you **ACCEPT** the Saputo Offer to purchase all of your WCB Shares for the **Revised Offer Price of \$9.05** cash per WCB share.

## IMPORTANT UPDATES IN RELATION TO THE SAPUTO OFFER:

### 1. The Offer Price has increased to \$9.05 cash per WCB Share

All WCB Shareholders who validly accept the Saputo Offer (including those who have already validly accepted) are now entitled to receive the Revised Offer Price of \$9.05 cash per WCB Share rather than \$8.85 cash per WCB Share.

### 2. Saputo has declared the Revised Offer Price to be last and final

Saputo has declared that the Revised Offer Price of \$9.05 cash per WCB Share is its last and final price and that it will not increase the Revised Offer Price during the Offer Period.

### 3. The Saputo Offer is now unconditional

Saputo has declared that the Saputo Offer is unconditional. All WCB Shareholders who validly accept the Saputo Offer (including those who have already validly accepted) will receive the Revised Offer Price of \$9.05 cash per WCB Share within 5 business days of the later of the Saputo Offer being declared unconditional and accepting the Saputo Offer.

### 4. Lion has accepted the Saputo Offer

Lion has accepted the Saputo Offer in respect of its 10.2% of WCB Shares, and Saputo now has a Relevant Interest in 98.41% of WCB Shares. Saputo has announced that it will proceed to compulsory acquisition of all of the remaining WCB Shares.

**YOU SHOULD READ THIS FIRST SUPPLEMENTARY TARGET'S STATEMENT IN FULL**

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## 1. Variations to Saputo Offer

This Section 1 summarises the key variations to the Saputo Offer. Please refer to the remainder of this First Supplementary Target's Statement for further information.

### 1.1 The Offer Price under the Saputo Offer has increased to \$9.05 cash per WCB Share

Saputo has increased the Offer Price under the Saputo Offer from \$8.85 to \$9.05 cash per WCB Share (**Revised Offer Price**).<sup>1</sup> All WCB Shareholders who validly accept the Saputo Offer (including those who have already validly accepted) will receive the Revised Offer Price of \$9.05 cash per WCB Share.

### 1.2 Saputo has declared the Revised Offer Price to be last and final

Saputo has declared that the Revised Offer Price is its last and final price and that Saputo will not increase the Revised Offer Price during the Offer Period. On this basis, WCB Shareholders should not expect any further increase in the Revised Offer Price above \$9.05 cash per WCB Share during the Offer Period.

### 1.3 The Saputo Offer is now unconditional

Saputo declared the Saputo Offer to be unconditional from 21 February 2017, which means that Saputo has waived the 90% Condition. Saputo lodged a notice on 21 February 2017 with WCB and ASX under section 650F of the Corporations Act declaring that the Saputo Offer is free of the 90% Condition.

All WCB Shareholders who had validly accepted the Saputo Offer prior to Saputo declaring the Saputo Offer to be unconditional on 21 February 2017 will be paid the Revised Offer Price of \$9.05 cash per WCB Share within 5 Business Days of that date.

All WCB Shareholders who validly accept the Saputo Offer after that date and prior to the scheduled close of the Offer Period will be paid the Revised Offer Price of \$9.05 cash per WCB Share within 5 Business Days of validly accepting the Saputo Offer.

### 1.4 No further extension of the Offer Period

The Offer Period for the Saputo Offer has been extended so that it is scheduled to close at **7.00pm (AEST) on Monday, 6 March 2017**. Saputo announced today that there will be no further extension of the Offer Period.<sup>2</sup>

WCB Shareholders who wish to accept the Saputo Offer and receive the Revised Offer Price of \$9.05 cash per WCB Share should make sure that they accept the Saputo Offer prior to the close of the Offer Period.

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## 2. Recommendation from the Independent Directors

The Independent Directors continue to unanimously recommend that WCB Shareholders **accept** the Saputo Offer (in the absence of a superior proposal) for the reasons set out in Section 1 of the Target's Statement and for the additional reasons set out below.

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<sup>1</sup> As noted in the Target's Statement, the Offer Price of \$8.85 cash per WCB Share was equivalent to the price of \$9.40 per WCB Share paid by Saputo for WCB Shares under its previous takeover offer in 2014. WCB also notes the Revised Offer Price of \$9.05 cash per WCB Share is greater than the \$9.60 per WCB Share which Saputo had proposed to pay WCB Shareholders under its previous offer in 2014 if Saputo had obtained a Relevant Interest in more than 90% of WCB Shares. Both comparisons are made after adjusting for the renounceable entitlement offer undertaken by WCB in June 2016. Please refer to Section 9.12 of the Target's Statement for more information.

<sup>2</sup> Unless required under the Corporations Act.

## **2.1 The Revised Offer Price exceeds the valuation range for 100% of WCB Shares as set out in the Independent Expert's Report**

The Independent Expert valued 100% of WCB Shares at a price of between \$8.10 and \$8.94 per WCB Share.

The Revised Offer Price of \$9.05 cash per WCB Share exceeds the upper end of the valuation range put forward by the Independent Expert by \$0.11 per WCB Share.

A copy of the Independent Expert's Report was attached to the Target's Statement. The Independent Directors encourage WCB Shareholders to read the Independent Expert's Report in its entirety before deciding whether to accept the Saputo Offer.

## **2.2 The Revised Offer Price represents an attractive premium to current and recent historical prices of WCB Shares**

Before the Last Trading Date prior to announcement of the Saputo Offer (i.e. 27 January 2017), WCB Shares had not traded at or above the Revised Offer Price of \$9.05 cash per WCB Share since January 2016.<sup>3</sup> The Saputo Offer represents an attractive premium for WCB Shareholders to recent trading prices of WCB Shares before the announcement of the Saputo Offer.

Although WCB is a thinly traded stock, and its share price may not be a reliable guide to the fair value of WCB Shares, the Revised Offer Price delivers a premium to WCB Shareholders based on the following benchmarks prior to the Last Trading Date:

- (a) a 27.6% premium to the closing price of WCB Shares on the Last Trading Date; and
- (b) a 32.9% premium to the 6-month VWAP of WCB Shares, up to and including the Last Trading Date.

## **2.3 Saputo is entitled to proceed to compulsory acquisition**

As a consequence of Lion having accepted the Saputo Offer, Saputo has announced that it will proceed to compulsory acquisition of the remaining WCB Shares.

Even if you do not accept the Saputo Offer prior to the close of the Offer Period, your WCB Shares will be compulsorily acquired by Saputo for the Revised Offer Price.

However, you will receive the Revised Offer Price more quickly if you accept the Saputo Offer before the end of the Offer Period, than if your WCB Shares are acquired under the compulsory acquisition procedure.

## **2.4 No superior proposal has emerged as at the date of this First Supplementary Target's Statement**

As at the date of this First Supplementary Target's Statement, no alternative proposals to the Saputo Offer have been put to WCB or are currently under consideration by WCB. The Independent Directors are not aware of any other offer or proposal that might be an alternative to the Saputo Offer.

In light of Lion's acceptance of the Saputo Offer (please refer to Section 3.3 below for more information), Saputo now has a Relevant Interest in more than 90% of WCB Shares. Accordingly, the Independent Directors consider that it is unlikely that a superior proposal will be forthcoming before the end of the Offer Period, or at all.

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<sup>3</sup> Based on historic share prices adjusted for the June 2016 renounceable rights issue as described in the Target's Statement.

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### **3. Further information**

#### **3.1 WCB Shareholders cannot withdraw their acceptance**

Once you accept the Saputo Offer, you will not be able to sell or otherwise deal with your WCB Shares, as Saputo has declared the Saputo Offer to be unconditional.

#### **3.2 When you will receive payment**

If you are a WCB Shareholder who:

- (a) validly accepted the Saputo Offer prior to Saputo declaring the Saputo Offer to be unconditional on 21 February 2017, Saputo will pay you the Revised Offer Price of \$9.05 cash per WCB Share within 5 Business Days of that date; or
- (b) validly accepts the Saputo Offer after 21 February 2017 and prior to the scheduled close of the Offer Period, Saputo will pay you the Revised Offer Price of \$9.05 cash per WCB Share within 5 Business Days of you validly accepting the Saputo Offer.

#### **3.3 Compulsory acquisition**

Lion holds 10.2% of all WCB Shares (as at the Last Trading Date of 27 January 2017). WCB has been informed that Lion lodged its acceptance of the Saputo Offer on 22 February 2017. Lion's acceptance means that Saputo now has a Relevant Interest in:

- (a) more than 90% (by number) of WCB Shares; and
- (b) more than 75% (by number) of WCB Shares in which Saputo or its Associates did not have a Relevant Interest as at 6 February 2017.

Saputo is therefore be entitled to compulsorily acquire all of the outstanding WCB Shares under Part 6A.1 of the Corporations Act, and announced on 23 February that it will proceed to do so.

Accordingly, your WCB Shares will be compulsorily acquired and you will receive the same consideration of \$9.05 cash per WCB Share that you would have received under the Saputo Offer. However, you will receive your consideration later than those WCB Shareholders who validly accept the Saputo Offer.

The Independent Directors therefore encourage you to accept the Saputo Offer before the end of the Offer Period.

### 3.4 ASIC Class Orders and Consents

As permitted by ASIC Class Order CO 13/521, this First Supplementary Target's Statement contains statements which are made by the Independent Expert, Saputo or Saputo Inc., or based on statements made by the Independent Expert, Saputo or Saputo Inc., in documents lodged with ASIC or given to ASX. Those documents include the Bidder's Statement lodged with ASX on 31 January 2017, the Target's Statement lodged with ASX on 14 February 2017 and the first supplementary bidder's statement lodged with ASX on 22 February 2017. Pursuant to this Class Order, the consent of each of the Independent Expert, Saputo and Saputo Inc. to which such statements are attributed is not required for the inclusion of these statements in this First Supplementary Target's Statement. The Independent Expert, Saputo and Saputo Inc. has not consented to these references being included in, or referred to, in the form and context in which they are included. WCB Shareholders are entitled to obtain from WCB free of charge any document which contains such a statement. If you would like to receive a copy of any of those documents, or the relevant part of the documents containing the statements (free of charge) during the Offer Period, please contact WCB.

As permitted by ASIC Class Order CO 13/523, this First Supplementary Target's Statement may include or be accompanied by certain statements that:

- (a) fairly represent what purports to be a statement by an official person;
- (b) are a correct and fair copy of, or extract from, what purports to be a public official document; or
- (c) are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

Pursuant to this Class Order, the consent of such persons to whom statements are attributed is not required for the inclusion of those statements in this First Supplementary Target's Statement.

In addition, as permitted by ASIC Class Order 07/429, this First Supplementary Target's Statement contains share price trading data sourced from IRESS without its consent.

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## 4. Approval of First Supplementary Target's Statement

This First Supplementary Target's Statement is dated 23 February 2017 (being the date on which this First Supplementary Target's Statement was lodged with ASIC) and has been approved by a resolution of the Directors of WCB.

Signed for and on behalf of Warrnambool Cheese and Butter Factory Company Holdings Limited ABN 15 071 945 232:



**Mr Neville Fielke**

Chairman, Independent Board  
Committee



**Mr Terence Richardson**

Independent Director



**Mr Bruce Vallance**

Independent Director