

26 June 2023

Wesfarmers Health and SILK enter Scheme Implementation Deed

Wesfarmers Limited (ASX:WES) today announced that its wholly-owned subsidiary, Australian Pharmaceutical Industries Pty Ltd (API), has entered into a Scheme Implementation Deed (SID) with SILK Laser Australia Limited (ASX:SLA, SILK) to acquire 100 per cent of SILK's shares outstanding for \$3.35 cash per share, by way of a Scheme of Arrangement (Scheme).

The consideration represents an implied equity value for SILK of approximately \$180 million, based on 53.76 million fully diluted shares outstanding.¹ The SID allows for the payment of a fully-franked dividend of up to a maximum of 10 cents per SILK share, with the cash consideration of \$3.35 per share to be reduced by the cash component of any such dividends.

Wesfarmers Health Managing Director Emily Amos said that the acquisition of SILK would complement the division's existing Clear Skincare Clinics, providing scale and efficiency benefits through an expanded presence in the attractive and growing market for aesthetics products and services.

"Wesfarmers Health's acquisition of SILK would provide SILK franchisees and business owners with the benefits associated with being part of a broader healthcare, wellness and beauty network and access to capital to support future growth."

"The due diligence process highlighted strong operational and cultural alignment between our businesses, and should the Scheme be successful we look forward to working with the SILK team and SILK's franchise partners to support their customers and deliver continued growth," Ms Amos said.

SILK Board support

The SILK Board has unanimously recommended that SILK shareholders vote in favour of the Scheme, and each SILK director intends to vote their shares in favour of the Scheme, subject to an independent expert concluding that the Scheme is in the best interests of SILK shareholders, and in the absence of a superior proposal.

The Scheme is not subject to due diligence or financing. The Scheme is subject to customary conditions, including SILK shareholder approval, court approval, ACCC and NZCC approvals, no material adverse change and no prescribed occurrences. The SID contains exclusivity provisions and reciprocal break fees payable in certain circumstances.

Indicative timeline

A Scheme Meeting of SILK shareholders is expected to be held in October 2023 and, if approved, the Scheme will be implemented shortly thereafter with SILK becoming a part of the Wesfarmers Health division.

¹ Diluted shares outstanding is as at 31 March 2023 and includes 53.12 million ordinary fully paid shares on issue and up to an additional 0.64 million ordinary fully-paid shares through the conversion of performance rights on issue.

For more information:

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

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