

19 April 2023

Wesfarmers Health proposal to acquire SILK Laser Australia

Wesfarmers Limited (ASX:WES) today announced that Australian Pharmaceutical Industries Pty Ltd (API), a wholly-owned subsidiary of Wesfarmers, has entered a Transaction Process Deed with SILK Laser Australia Limited (ASX:SLA, SILK) in relation to its non-binding, indicative proposal to acquire 100 per cent of SILK's shares outstanding for \$3.15 cash per share, by way of a Scheme of Arrangement (Indicative Proposal).

SILK is one of the largest non-surgical aesthetics clinic operators in Australia and New Zealand with a network of over 140 clinics. If the Indicative Proposal is successful, SILK will become part of the Wesfarmers Health division, and will complement the division's existing presence in the sector through its ownership and operation of Clear Skincare Clinics.

The all-cash consideration under the Indicative Proposal represents a 30.2 per cent premium to SILK's last close price of \$2.42 on 19 April 2023. The Indicative Proposal provides for the payment of a fully-franked dividend of up to a maximum of 10 cents per share (Permitted Dividend), with the cash consideration of \$3.15 per share to be reduced by the cash component of any such dividend.

The consideration represents an implied equity value for SILK of approximately \$169 million, based on 53.8 million fully-diluted shares outstanding.¹

The SILK Board has granted Wesfarmers up to 30 business days to undertake exclusive due diligence, with potential to extend the exclusivity period for a further 10 business days in certain circumstances. During this exclusivity period, the parties will negotiate a Scheme Implementation Deed (SID), reflecting the key commercial terms of the Indicative Proposal.

The SILK board of directors has confirmed to API that it intends to unanimously recommend to its shareholders that they vote in favour of the Scheme of Arrangement and each SILK director intends to vote any SILK shares they control in favour of the scheme, subject to the parties agreeing a SID on terms no less favourable than in the Indicative Proposal, the independent expert concluding and continuing to conclude that the scheme is in the best interests of SILK's shareholders and there being no superior proposal.

One of SILK's largest institutional shareholders, Wilson Asset Management Group (WAM), which owns approximately 9.3 per cent of SILK's outstanding shares², has confirmed its support for the Indicative Proposal and has entered into a voting agreement with API which is subject to there being no superior proposal and the independent expert's review concluding and continuing to conclude that the scheme is in the best interests of SILK's shareholders.

The Indicative Proposal is subject to conditions including the satisfactory completion of due diligence, final Wesfarmers and SILK Board approvals, entry into a SID, obtaining regulatory clearances, no material adverse change, no prescribed occurrences, no material acquisitions/disposals, no dividends/distributions other than the Permitted Dividend, other customary terms and conditions, the approval of SILK shareholders and Court approval.

¹ Fully-diluted shares outstanding comprises 53,121,177 ordinary fully-paid shares on issue as at 31 March 2023 plus the effect of 638,348 ordinary shares on issue through the conversion of performance rights (based on SILK's 31 March 2023 ASX announcements).

² WAM's relevant interest in SILK pursuant to the voting agreement between WAM and API.

For more information:

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