

Terry White Group and Chemmart merger

– media coverage summary

Coverage summary

Online media coverage achieved:

Major metropolitan outlets

- The Australian Financial Review
- The Australian
- The Sydney Morning Herald
- The Age
- News.com.au
- The West Australian
- ABC News
- Business News Australia
- Business Insider

Industry publications

- Pharmacy Daily
- Australian Journal of Pharmacy (AJP)
- Business Scoop
- Inside Retail
- Inside FMCG

Social media mentions achieved:

- ABC News
- Pharmacy Daily
- Australian Journal of Pharmacy (AJP)
- Medify Daily
- EIN Pharma News
- Michael Janda (ABC journalist)
- Andro World News
- Advent Australia
- Australian Financial Review
- Pipa Adviser
- Eli Greenblat (The Australian journalist)
- Petrina Berry (AAP editor)
- Business News Australia
- The Australian
- Inside Retail
- Business Insider Australia
- Simon Webster (Inside Retail editor)
- Inside FMCG
- Simon Evans (AFR journalist)
- The Australian Financial Review

Online coverage

Terry White and Chemmart in \$2b merger
The Australian Financial Review (pre-interview)
Sue Mitchell

http://www.afr.com/business/retail/terry-white-and-chemmart-in-2b-merger-20160803-gqkm6i?&utm_source=social&utm_medium=twitter&utm_campaign=nc&eid=socialn:twi-14omn0055-optim-nnn:nonpaid-27062014-social_traffic-all-organicpost-nnn-afr-o&campaign_code=nocode&promote_channel=social_twitter



Pharmaceutical wholesaler EBOS Group will emerge with 50 per cent of one of the largest retail pharmacy networks in Australia after selling its Chemmart banner to The Terry White Group.

The merger with Chemmart will boost Terry White Group's sales to \$2 billion and lift the number of pharmacies in the group from 225 to 500.

Brisbane-based Terry White Group will become the second-largest retail pharmacy network behind Sigma Pharmaceuticals, which supplies about 700 stores under the Amcal, Guardian, Pharmasave, Chemist King and Discount Drugstores banners.

Australian Pharmaceutical Industries, which owns the Soul Pattinson and Priceline Pharmacy brands, supplies about 440 stores.

Online coverage...

EBOS will sell Chemmart in return for shares in Terry White Group and will invest another \$18 million in cash in return for more shares, lifting its stake to 50 per cent.

EBOS will also transfer to Terry White Group its 50 per cent stake in VIM Health Pty Ltd, which operates the Tony Ferguson and Terry White weight management operations, giving Terry White Group 100 per cent of VIM.

Under the merger terms, Terry White Group will return \$13 million of capital to existing TWG shareholders.

The merger, which announced on Thursday, requires approval from Terry White shareholders and will be put to a vote at an extraordinary general meeting in late September.

Immediate benefits

Terry White Group directors have recommended that shareholders vote in favour of the transaction.

Terry White chief executive Anthony White said both networks had complementary retail offerings, strong cultural synergies and a mutual focus on value and front line health services.

"The merger of the two networks creates a comprehensive national footprint and increased scale which, when combined with capabilities across retail, merchandise and private label, will improve the group's competitiveness and front line health service delivery for the benefit of our pharmacy owners and customers," Mr White said.

EBOS Group chief executive Patrick Davies said the merger would provide immediate and long-term benefits for members and shareholders by building the strongest retail pharmacy network in Australia, underpinned by a sophisticated retail pharmacy model.

The merger is the latest in a series of mergers and acquisitions in the \$16 billion retail pharmacy market as wholesalers and pharmacists try to build scale and strengthen sales from retail and non-PBS operations as margins from dispensing prescriptions are squeezed.

The Chemmart deal comes 12 months after Terry White's \$3 million acquisition of the 60-store Chemplus franchise group.

Terry White Group is an unlisted public company with about 450 shareholders.

Online coverage...

Terry White Chemmart in \$2bn merger
The Australian Financial Review (post-interview)
Sue Mitchell

http://www.afr.com/business/retail/terry-white-and-chemmart-in-2b-merger-20160803-gqkm6i?&utm_source=social&utm_medium=twitter&utm_campaign=nc&eid=social:twi-14omn0047-optim-nnn:nonpaid-27062014-social_traffic-all-organicpost-nnn-drive-o&campaign_code=nocode&promote_channel=social_twitter



Online coverage...

Pharmacy chain The Terry White Group is contemplating an initial public offer within 12 to 18 months after merging with rival chain Chemmart to create one of Australia's largest retail pharmacy networks.

Pharmaceutical wholesaler EBOS Group will emerge with 50 per cent of the merged group after selling the Chemmart banner to Terry White Group in exchange for shares and investing another \$18 million in cash to top up its stake.

The merger will boost TWG's sales from around \$1.1 billion to \$2 billion and lift the number of pharmacies in the group from 225 to 500 - making it the second or third largest retail pharmacy network behind Chemist Warehouse and Sigma Pharmaceuticals and slightly ahead of Australian Pharmaceutical Industries.

TWG chief executive Anthony White said "the next logical step" was an initial public offer to give TWG's 450 existing shareholders, most of whom are pharmacists or retired pharmacists, the ability to trade their shares.

"In the next six months we'll be focused on integration and getting the two businesses bedded down," Mr White told The Australian Financial Review.

"But we have signalled previously we are looking at delivering better liquidity to our shareholders - it's probably 12 months away if we were to do it at the earliest but it could go into 2018."

The merged group is forecast to earn around \$15 million before interest tax depreciation and amortisation. Based on an industry multiple of seven times EBITDA, it would be worth around \$105 million.

Mr White is aiming to boost earnings and lift TWG's value to more than \$150 million before an IPO to attract interest from outside investors and analysts.

The deal will strengthen TWG's negotiations with suppliers to secure better trading terms, enable it to ramp up marketing and leverage the benefits of a new enterprise resource management system.

"The merger of the two networks creates a comprehensive national footprint and increased scale which, when combined with capabilities across retail, merchandise and private label, will improve the group's competitiveness and front line health service delivery for the benefit of all our pharmacy owners and customers," he said.

The merger is the latest in a series of deals in the \$16 billion retail pharmacy market as wholesalers and pharmacists attempt to build scale and strengthen sales from retail and non-PBS operations as margins from dispensing prescriptions come under increasing pressure.

The Chemmart deal comes 12 months after Terry White's \$3 million acquisition of the 60-store Chemplus franchise group.

Morgans analyst Scott Power welcomed the Chemmart merger, describing it a "great result" for both EBOS and TWG shareholders.

Online coverage...

"The pharmacy sector has delivered strong growth over the last two years and this is expected to continue," Mr Power said in a note to clients.

The merger requires approval from Terry White Group shareholders and will be put to a vote at an extraordinary general meeting in late September.

As part of the deal, TWG will return \$13 million of the \$18 million, or 98 cents a share, to existing TWG shareholders.

EBOS will also transfer to TWG its 50 per cent stake in VIM Health Pty Ltd, which operates the Tony Ferguson and Terry White weight management operations, giving TWG 100 per cent control of VIM.

EBOS will consolidate Terry White Group in its financial statements, but said the impact on earnings would not be material. The trans-Tasman health care company has annual revenues around \$NZ6.1 billion and earned \$NZ197 million (EBITDA) last year.

EBOS chief executive Patrick Davies said the merger would provide immediate and long-term benefits for members and shareholders by building the strongest retail pharmacy network in Australia, underpinned by a sophisticated retail pharmacy model.

In the event of an IPO, EBOS is expected to retain a major stake in TWG, which is likely to change its name to reflect its broader business portfolio.

"It will give other shareholders the opportunity to invest alongside a substantial healthcare company," said Mr White.

Online coverage...

Chemmart, Terry White merge to form major pharmacy network

The Australian

Eli Greenblat

<http://www.theaustralian.com.au/business/companies/chemmart-terry-white-merge-to-form-major-pharmacy-network/news-story/0cd371d0e19eef31ec4b540d43d55cba>



Two of the nation's most well-known pharmacy brands, Chemmart and Terry White Group, have inked a merger deal that will create one of Australia's leading chemist groups.

The merger will form a group with \$2 billion in annual sales and 500 outlets, just at a time that the federal government is considering the deregulation of the pharmacy sector.

It also comes as the aggressive Chemist Warehouse group continues to roll out its own store network, capturing an increasing market share of the pharmaceutical, healthcare and cosmetics industries as shoppers flood its stores, drawn in by discounting and promotions.

Online coverage...

EBOS Group ([EBO](#)) today entered into an agreement to merge its Chemmart business with the Terry White Group businesses to create one of Australia's largest retail pharmacy networks.

Under the deal, EBOS Group will sell Chemmart and subscribe for shares in Terry White Group, which will result in EBOS Group consolidating Terry White in its financial statements from completion. The expected earnings impact is not material to EBOS Group.

Completion of the transaction is subject to a number of conditions, including Terry White shareholder approval. Subject to the satisfaction or waiver of those conditions, the transaction is expected to be completed in late October 2016.

EBOS Group CEO Patrick Davies said the merger would provide both immediate and long term benefits through building the strongest retail pharmacy network in Australia, underpinned by a substantial and sophisticated retail pharmacy model.

"Chemmart and Terry White Group have strong, vibrant brands that have established leadership positions within the market," Mr Davies said. "The pharmacy industry is positioned for growth with Australia's ageing population and positive community attitudes towards health and wellbeing. The combined businesses will take a leadership position on health services within community pharmacy, whilst also maintaining a value for money offering.

"This merger is about capitalising on those strengths and continuing to develop competitive and sustainable businesses for pharmacy owners while also significantly increasing our ability to meet the evolving needs of our customers."

"This is another important step in our strategy to position EBOS Group for further growth in retail pharmacy in Australia."

It comes as the federal government considers deregulation of the pharmacy sector with the expected release soon of a discussion paper reviewing pharmacy remuneration and regulations.

Online coverage...

Chemmart to merge with Terry White Sydney Morning Herald Andrew Leeson (AAP Journalist)



Terry White Group chief executive Anthony White said the merger was needed to help the group's franchisees retain a foothold in the industry. Photo: Glenn Hunt

Chemmart and Terry White chemists are set to merge into one of Australia's largest retail pharmacy chains with an estimated turnover of \$2 billion.

The EBOS pharmaceutical group, which is dual-listed on the Australian and New Zealand stock exchanges, said on Thursday it has agreed to merge its Chemmart business with Terry White Group to create a network of about 500 stores.

EBOS Group will sell its Chemmart business to Terry White in exchange for a stake in the merged entity, with additional investments in the new business taking its ownership to 50 per cent.

Terry White chief executive Anthony White said the merger was needed to help the group's franchisees retain a foothold in the industry. "It's a really competitive game," Mr White said.

Online coverage...

"The complexity of pharmacy now days, it's very, very difficult for an independent sole trader pharmacist to be trying to run their pharmacy on their own back. They need much more support."

The two chains combined would account for nearly 15 per cent of the \$15.8 billion industry, according to the latest Ibis World report.

The proposal will be voted on by 422 shareholders of the privately held Terry White Group, and the merger will go ahead by October if it is approved.

EBOS is a wholesaler of healthcare, medical and pharmaceutical supplies and the merger would build the strongest network of pharmacies across the country, EBOS chief executive Patrick Davies said in a statement.

"The pharmacy industry is positioned for growth with Australia's ageing population and positive community attitudes towards health and wellbeing," Mr Davies said.

EBOS shares on the ASX were up 3.0 cents, or 0.19 per cent, at \$15.58 at 1500 AEST.

Chemmart to merge with Terry White

News.com.au

Andrew Leeson

<http://www.news.com.au/finance/business/breaking-news/chemmart-to-merge-with-terry-white/news-story/1605412300658857cfeda2ff96deae24>

Same article as Sydney Morning Herald (content syndicated by AAP)

Chemmart to merge with Terry White

The Age

Andrew Leeson

<http://www.theage.com.au/business/chemmart-terry-white-chemists-set-to-merge-20160804-gql2se.html>

Same article as Sydney Morning Herald (content syndicated by AAP)

Online coverage...

EBOS Chemmart to merge with Terry White Group pharmacies

ABC News

Michael Janda

<http://www.abc.net.au/news/2016-08-04/ebos-chemmart-to-merge-with-terry-white-group/7689074?section=business>



Two of Australia's major pharmacy networks plan to merge, forming a retail group with around 500 stores and \$2 billion in turnover.

Chemmart, owned by New Zealand-based medical and pet care firm EBOS, has struck a deal to merge with Terry White Group.

Terry White Group (TWG) has around 230 franchisee pharmacies and EBOS is proposing to sell its Chemmart business to TWG and provide additional capital in exchange for a 50 per cent stake of the merged entity.

EBOS will also be represented on the board of the merged group by its CEO Patrick Davies, and Chemmart's current executive director will be the merged company's chief operating officer.

EBOS has an interesting corporate history, having started out as the Early Brothers Trading Co, selling lamps for horse-drawn carriages in Christchurch in 1922.

In light of history, it made the sensible decision to diversify into medical wholesale.

EBOS is now a medical supply, healthcare, chemist and pet care conglomerate with revenues above \$NZ6 billion.

Online coverage...

Terry White chief executive Anthony White will continue to run the merged group and said the extra scale and capital will facilitate its expansion.

"The merger of the two networks creates a comprehensive national footprint and increased scale which, when combined with capabilities across retail, merchandise and private label, will improve the group's competitiveness and front line health service delivery for the benefit of all our pharmacy owners and customers," he said in a statement.

"We have a substantial array of core retail capabilities and support platforms which are scalable to handle this growth and support future network expansion."

\$2bn Pharmacy merger on the cards

The West Australian

Sean Smith

<https://au.news.yahoo.com/thewest/wa/a/32236992/2b-pharmacy-merger-on-the-cards/#page1>

Chemmart is being combined with the Terry White Group (TWG) to create one of Australia's biggest retail pharmacy networks with about \$2 billion in sales and 500 outlets.

Under the tie-up, dual listed New Zealand group EBOS Group will emerge with about half of TWG after selling its Chemmart chain into the Australian company in return for TWG shares.

EBOS chief executive Patrick Davies said Chemmart and TWG "have strong, vibrant brands that have established leadership positions within the market".

"The pharmacy industry is positioned for growth with Australia's ageing population and positive community attitudes towards health and wellbeing," Mr Davies said.

"The combined businesses will take a leadership position on health services within community pharmacy, whilst also maintaining a value for money offering."

TWG is an unlisted company with about 450 shareholders, who will have to approve the deal.

TWG chief executive Anthony White said Chemmart and TWG had "complementary retail offerings, strong cultural synergies and a mutual focus on value for money and front line health services".

Online coverage...

“The merger of the two networks creates a comprehensive national footprint and increased scale which, when combined with capabilities across retail, merchandise and private label, will improve the group’s competitiveness and front line health service delivery for the benefit of all our pharmacy owners and customers,” Mr White said.

The combined group will operate Australia’s second biggest pharmacy network behind Sigma Pharmaceuticals, which has the Amcal , Guardian, Chemist King, Discount Drug Stores and PharmaSave brands.

The tie-up is expected to be put to TWG shareholders late next month.

Terry White, Chemmart to merge

Business News Australia

Laura Daquino

<http://www.businessnewsaus.com.au/articles/terry-white--chemmart-to-merge.html>

TERRY WHITE, CHEMMART TO MERGE

Written on the 4 August 2016 by Brisbane Business News



TERRY White Group and Chemmart will merge to form one of Australia’s largest pharmacy networks.

The merged group is tipped for a combined retail turnover of \$2 billion and will comprise approximately 500 pharmacies.

EBOS Group, a medical and pet care firm headquartered in New Zealand, will sell the business assets of Chemmart to Terry White in exchange for equity and will invest \$18 million in cash for a 50 per cent equity stake in the merged entity.

EBOS Group is listed on both the NZX and ASX (EBO), with its share registry managed by Computershare (ASX: CPU) in Sydney.