

# **Terry White Group merger with Chemmart**

**Presentation for Terry White  
Chemists and Chemplus  
members**

**4 August 2016**

# Contents

- » About the merger
- » Benefits for members
- » Why join forces?
- » What will change?
- » Process and timeframes
- » Who to contact for more information

# About the merger

- » **Terry White Group** is joining forces with **Chemmart** to create one of the largest retail pharmacy networks in Australia
- » The merger will deliver a **stronger future** for all **Terry White Chemists, Chemplus** and **Chemmart** members by combining three of Australia's leading community pharmacy networks to become a **refreshed and substantial new force in the industry**
- » The merged group will have:
  - » Combined retail turnover of \$2 billion
  - » Approximately 500 pharmacies

# Benefits for members

- » All Terry White Chemists and Chemplus members will benefit from **being part of one of the largest retail pharmacy networks in Australia**
- » This will deliver:
  - » Significantly increased scale and competitiveness
  - » A stronger and more sustainable business model
  - » An enhanced offering for customers

# Benefits for members

- » Other key benefits for members include:
  - » Significantly increased marketing spend
  - » Increased buying power
  - » Enhanced levels of customer service
  - » Strengthened value health offering
  - » Improved in-pharmacy efficiencies
  - » Improved access to front-line health services

# Why join forces?

- » The Australian pharmacy sector is facing a number of challenges:
  - » Highly fragmented industry
  - » Ongoing PBS reforms
  - » Increasing operating costs
  - » Increasing competition and growth of discount chains
  - » Evolving needs and expectations of customers
- » Pharmacies must **consolidate and adopt new business models** in order to **remain viable and compete effectively** in the face of this continued change
- » This is the next step in our growth plan to **become the strongest retail pharmacy network in Australia**

# Why join forces?

- » This is a **merger of equals**
- » Each group has similar store numbers and revenues
- » Each brings significant advantages to the merged entity
- » There are a number of important synergies:
  - » Similar sized networks
  - » Complementary retail offerings
  - » Strong cultural synergies
  - » A mutual focus on delivering health and value to local communities
  - » A mutual focus on providing opportunities for pharmacists to play an expanded role in the broader healthcare industry

# What will change?

- » For now, it's **business as usual**
- » Your Business Development Manager/Relationship Manager will remain the same
- » You will continue to receive the same levels of service, products and support
- » There will be no immediate change to systems or processes
- » There will be no immediate change to your supplier relationships
- » Your trading terms will not change
- » There will be no impact to your employees
- » Your prices to customers will stay the same

# What will change?

## Increased marketing investment

- » Over the next six to nine months, we will work on an opportunity to create a strengthened collective group with a renewed marketing strategy
- » We will be providing further information about maximising our marketing presence at the Terry White Chemists conference which is being held in Adelaide from 14-16 August

## Terry White Group name change

- » Terry White Group, as the management company, will be renamed to reflect the growing number of pharmacy networks within the group's portfolio and to allow a broader health focus
- » A new name has not yet been decided – this will occur over the coming 12 months

# What will change?

## Additional changes

- » Our immediate focus is to complete the merger and ensure a smooth and successful integration
- » Over time, we will leverage the combined strengths and capabilities of each group to create the strongest network possible
- » We will ensure you are consulted at every stage throughout this journey

# Merger timeframes

- » To progress, the merger requires regulatory and shareholder approval
- » The proposed merger will be put to Terry White Group's shareholders for a vote at an extraordinary general meeting (EGM)
- » If successful, the merger is expected to be completed in October

# Who to contact for more information

- » We will ensure we keep you updated at every stage throughout the merger process
- » Please contact your **Business Development Manager or Relationship Manager** if you have any questions or would like any further information about the merger in the meantime
- » You can also email enquiries@twmanagement.com.au