



---

# HMC Capital Partners Fund I

*Case Study: Sigma Healthcare*

30 June 2024

# Sigma Healthcare

HMCCP Fund 1 has helped investee company Sigma Healthcare create significant value for shareholders during the period of our investment

- HMCCP Fund 1 holds a ~15% interest in Sigma Healthcare Limited (ASX: SIG) ("Sigma")
- Prior to making our investment, we identified significant value creation opportunities leveraging Sigma's latent distribution centre capacity
- We have been a proactive shareholder during the period of our investment, initially supporting management on the successful bid for a \$3bn supply contract with Chemist Warehouse announced in Jun-23 and appointing a nominee director to the Sigma Board in Oct-23
- In Dec-23, Sigma announced a proposed merger with Chemist Warehouse Group and a \$400m capital raise
- Proposed merger is a step-change event and, subject to satisfaction of conditions precedent including ACCC approval, is expected to create a leading healthcare wholesaler, distributor and retail pharmacy franchisor
- **The Sigma share price has materially re-rated post announcement of the proposed merger**
- Our investment in Sigma has **delivered an unrealised return of >100%** since the Fund's inception<sup>1,2</sup>

## Value creation in Sigma over the course of the Fund's investment



# Sigma Healthcare

## Transformational Merger between Sigma and Chemist Warehouse

### Transaction Summary<sup>1</sup>

- Transformational merger proposed between Sigma and Chemist Warehouse Group (“CWG”) to create an \$8bn+ leading healthcare wholesaler, distributor and retail pharmacy franchisor (“Proposed Merger”)
  - Proposed Merger to be effected by Sigma acquiring CWG via a scheme of arrangement in exchange for Sigma shares and c.\$700m cash<sup>4</sup>
  - CWG shareholders to hold 85.75% and Sigma shareholders to hold 14.25% of MergeCo upon completion of the Proposed Merger
  - Proposed Merger has the potential to unlock significant efficiencies, with cost synergies indicatively estimated at \$60m per annum, to be realised within four years post completion

We believe the transaction represents a significant and compelling opportunity which is expected to create material value for Sigma shareholders, and hence have committed to vote in favour of the Sigma resolutions to approve the transaction<sup>3</sup>

### Investment Highlights of the Merged Group<sup>3</sup>



- National full line pharmaceutical wholesaler
- Supplies over 1,000 aligned pharmacies
- State-of-the-art distribution infrastructure following completion of \$400m capital investment program



- A leading retail pharmacy franchisor
- Supports a multi-national Retail Network of 600+ pharmacies in Australia, New Zealand, China and Ireland
- Chemist Warehouse brand is a leading Australian retail brand

- ✓ Creation of a full-service wholesaler, distributor and retail pharmacy franchisor
- ✓ Combines Sigma’s extensive and state-of-the-art distribution infrastructure with CWG’s leading retailing know-how
- ✓ Aggregate historical MergeCo EBIT >\$495m<sup>2</sup>, before synergies
- ✓ Significant potential for synergies – \$60m p.a. of cost synergies expected<sup>5</sup>
- ✓ Highly experienced MergeCo management team and Board proposed
- ✓ Greater scale, investor interest and balance sheet strength

Notes:

1. Sigma Healthcare Limited (ACN 088 417 403) and Chemist Warehouse Group have not been involved in the preparation of this presentation nor do they accept any responsibility for any statements contained within this presentation. References in this presentation to Sigma and Chemist Warehouse Group (and any document or information issued or released by them) are included solely for information purposes.
2. 12 months to June 2023 in the case of CWG and 12 months to July 2023 in the case of Sigma. Shown on an aggregated basis and does not take into account intercompany adjustments. Refer to page 42 of the Investor Presentation announced by Sigma dated 11 December 2023 for further detail.
3. In the absence of a superior proposal for Sigma and the Sigma independent expert concluding (and continuing to conclude) that the related party arrangements relating to CWG are fair and reasonable or not fair but reasonable.
4. The Proposed Merger is subject to a number of conditions, including ACCC approval. A full list of conditions is set out in the merger implementation agreement announced by Sigma on 11 December 2023.
5. Refer to page 28 of the Investor Presentation announced by Sigma dated 11 December 2023 for further detail.

# Disclaimer

This presentation (**Presentation**) has been prepared by HMC Capital Limited (ACN 138 990 593) ("HMC Capital")

## Summary information

This document does not constitute, and may not be used for the purposes of, an offer of securities or interests of any kind to any person or an invitation to any person to apply for the issue of securities or interests of any kind. An offer of interests in the HMC Capital Partners Fund 1 ("the Fund") is only made under the Information Memorandum pursuant to an offer to be made by HMC Capital Funds Management Pty Limited (ACN 154 055 446, AFSL 513625) ("the Manager"). The information in this Presentation has been prepared on this basis and is for use by such wholesale clients only and no other persons.

This document is for general information only and not intended to, and does not constitute tax, financial, legal or personal financial product advice. Recipients should consider obtaining their own independent financial, tax, legal and investment advice having regard to their own particular circumstances before making any financial or investment decisions. This document does not, and does not purport to, take into consideration the investment objectives, financial situation or particular needs of any person. Except for any statutory liability which cannot be excluded, HMC Capital, the Manager and their respective affiliates, related bodies corporate, directors, officers, employees, agents and advisers expressly disclaim all liability for any direct or indirect loss or damage which may be suffered by any person in relation to, and take no responsibility for, any information in this document or any error, misstatement or omission from it. The terms above are not to be relied upon. Refer to the Information Memorandum for the terms of the Fund. Capitalised terms used but not defined have the meaning provided in the Information Memorandum. HMC Capital prepared this Presentation based on information available to it at the time of preparation. No representation or warranty is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this Presentation. All information is at 30 June 2024, unless otherwise stated.

## Past Performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance or reasonableness of any forward looking statements, forecast financial information or other forecast. Actual results could differ materially from those referred to in the Presentation.

## Forward Looking Statements

This Presentation contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance", "continue" and other similar expressions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of HMC Capital, the Fund, any other HMC Capital associated fund, any prior fund or any portfolio company (including Sigma Healthcare Limited). The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of HMC Capital, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. HMC Capital, nor any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. The forward looking statements are based on information available to HMC Capital as at the date of this Presentation. To the maximum extent permitted by law, HMC Capital and its directors, officers, partners, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions. Except as required by law or regulation (including the ASX Listing Rules), HMC Capital undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

## Disclosure

HMC Capital and its related entities, including funds owned or controlled by HMC Capital ("HMC Group"), owns securities in Sigma Healthcare Limited. HMC Group may trade in these securities, either buying or selling, at any time. Except as required by law or regulation, HMC Group is under no obligation to advise of such changes. HMC Group is not retained by and, other than as set out in this Presentation, has no relationship with Sigma Healthcare Limited. The information, views and opinions included in this Presentation are those of HMC Group only.