



**Wesfarmers**

# Investment Proposal: Acquisition of Target Retailer Ltd

**To:** Investment Committee

**From:** BD Team

**Date:** October 25, 2024

## Executive Summary

We have been looking at Target Retailer Ltd for a while now. They have a really long history in the Australian market and everyone knows their brand. We think buying them would be a total game-changer for the Group. There is so much low-hanging fruit in their supply chain that we can fix pretty easily once we get in there.

## Strategic Rationale

At the end of the day, Wesfarmers needs to grow in this sector. This deal will allow us to unlock synergies across our existing retail portfolio. We expect a massive increase in market share because the competition is currently struggling. The vibe in the market is that this is the right time to strike.

## Financial Overview

The target has seen some ups and downs lately. Last year, their EBITDA was -12.5 due to some one-off costs. However, we project that the revenue will grow by a huge amount once we integrate them.

- **Purchase Price:** 450
- **Net Debt:** -50.2
- **Synergy Estimate:** A lot.

## Market Analysis

The retail market is growing fast. We saw a report online that said consumers are spending more than ever on these types of products. We don't need to worry about the specifics right now because the brand name alone carries the value.

## Risks

- The integration might be hard.
- The economy could get worse.



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- We might pay too much.

We should move fast on this before someone else buys Target Retailer Ltd. This is a once in a lifetime opportunity.

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