

**PUBLIC INVESTMENT CORPORATION'S CLARIFIES ITS STANCE ON THE PROPOSED CFR  
/ ADCOCK INGRAM TRANSACTION:**

**Background and summary**

Pretoria 18 December 2013 – The Public Investment Corporation (PIC) has noted statements, some of which are patently untrue, made regarding its stance on the proposed acquisition of Adcock Ingram by Chilean firm, CFR. In this regard, the PIC would like to reiterate the following:

- The PIC's management team has been in contact (through meetings and letters) with Adcock Ingram and CFR as well as their advisers.
- The PIC has explained to both parties why it remains opposed to the proposed deal. The PIC's reasons is well understood by both parties as attested to by CFR's letter of 8 December 2013 in which the Chilean company indicated that "it is clear to us that the PIC is not yet supportive..." that they "also acknowledge that the PIC may still have concerns regarding the structure of the offer, specifically a preference for a greater amount of cash and/or the option to retain a direct shareholding in Adcock Ingram. You will appreciate, however, that these matters go to the heart of our Transaction structure proposals and therefore cannot be altered at this stage".
- The PIC's reasons for opposing the proposed deal include, amongst others, the following: PIC believes that a lot more value can be extracted for shareholders through changes in the manner in which the company is managed. Furthermore, the offer by CFR to pay Adcock Ingram shareholders a combination of its shares and cash reduces the potential for current Adcock Ingram shareholders to benefit fully from any turnaround in Adcock Ingram's financial performance. We believe that CFR shares are fully valued whilst Adcock Ingram's share price has the potential to rise substantially in value through better management.
- The PIC supports foreign direct investment into South Africa as long as such FDI has predictable long-term benefits for the South African economy. Recent examples include Barclays and Walmart.

Reg. No. 2005/009094/06 | FSP No. 19777 | **Address:** Block C, Riverwalk Office Park, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Menlo Park, Pretoria | **Telephone** +27 12 742 3400

**Directors:** Mr Nhlanhla Nene, MP (Chairperson) | Mr Elias Masilela (Chief Executive Officer), Dr Daniel Matjila (Chief Investment Officer), Ms Matshepo More (Chief Financial Officer), Mr Trueman Goba, Ms Dudu Hlatshwayo, Ms Sibusisiwe Ngubane, Ms Moira Moses, Mr Roshan Morar, Mr Sebenzile Mngconkola, Mr Vuyo Jack, Ms Rejane Woodroffe | **Company Secretary:** Ms Wilna Louw

- The Weinstein family currently controls 73% of CFR and although this will be diluted, CFR will remain a family controlled business. Given our experience of corporate governance challenges with some family controlled businesses locally, we believe this introduces risks to the investment, especially considering the short listing history of CFR on the Chilean Stock Exchange.
- Finally, the PIC's primary mandate is to increase the value of funds it manages on behalf of its clients, of which the biggest by far is the Government Employees Pension Fund (GEPF).

ELIAS MASILELA  
CEO

**Contact Nomzamo Petje**  
Nomzamo.petje@pic.gov.za