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Company Announcements Office
ASX Limited

Acquisition of Birrell Motors Group

AP Eagers Limited (ASX:APE) has agreed to acquire the car and truck retail businesses operating as Motors Group Tasmania, Silver Star Motors (Mercedes-Benz) in Doncaster and Burwood, Victoria, the recently opened Mercedes-Benz Ringwood dealership in Victoria, and Waverley Toyota in Glen Waverley, Victoria, from entities principally controlled by Marcus Birrell.

The businesses represent 12 car and truck brands across a number of locations in Tasmania and the eastern suburbs of Melbourne. Notably, they include the state wide representation for Holden, HSV, Hyundai, Citroen, Isuzu Trucks, Volvo Trucks, Mack Trucks and UD Trucks in Tasmania, and Mercedes-Benz passenger vehicles in Melbourne's Doncaster-Burwood-Ringwood corridor.

The businesses employ 600 staff and expected annual revenue will be approximately \$410 million following the opening of the new Mercedes-Benz Ringwood dealership.

The current owners and operators, Marcus Birrell and Sergio Buccilli, will continue to operate the businesses under AP Eagers ownership, with their expertise to support a platform for further accretive growth in the Victorian and Tasmanian markets.

Total estimated initial consideration of \$114 million inclusive of goodwill and estimated net assets reflects expected sustainable earnings (Profit Before Tax) from existing operations of approximately \$18 million per annum. Subject to the business achieving earnings growth targets during the four years post completion, additional deferred consideration of up to \$19.8 million will be payable.

The initial consideration will be funded through the issue of 2.2 million shares to the vendors and cash drawn from available funds and existing debt facilities.

AP Eagers will also acquire three properties associated with the Mercedes-Benz business in Doncaster, Blackburn and Ringwood, for further consideration of \$26.05 million.

The transaction is expected to complete in first quarter 2016 and be Earnings Per Share (EPS) accretive in 2016.

The transaction is subject to satisfactory due diligence, completion of formal transaction documentation and manufacturer approval.

ENDS

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