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Market Announcements Office
ASX Limited

AP Eagers executes binding agreements for sale of Kloster Motor Group (“KMG”) business and related freehold properties

A.P. Eagers Limited (ASX: APE) (“AP Eagers”) announces that it has executed binding agreements with Tony White Group (“TWG”) for the sale of the KMG business and related freehold properties in the Newcastle and Hunter Valley region.

The sale of the KMG business was announced on 5 July 2019 to satisfy an undertaking to the ACCC to secure regulatory approval, under its merger authorisation process, for AP Eagers’ proposed merger with Automotive Holdings Group Limited.

Under the agreements, the KMG business will be sold for \$54 million for goodwill and estimated net assets. The real property assets will be sold for \$52.9 million, resulting in total sale proceeds of \$106.9 million. The cash proceeds from the sales will be redeployed into growth opportunities and debt reduction, consistent with AP Eagers’ strategy to drive long term shareholder value.

The sales to TWG remain subject to customary conditions and manufacturer approval, and are expected to complete in early November 2019.

TWG is a Brisbane-based and family-owned business that represents all of the major automotive brands with operations spanning the eastern seaboard of Australia.

KMG is an 85-year-old iconic automotive retailer based in the Newcastle and Hunter Valley region, owned by AP Eagers since 2007. The business employs 410 people and generates approximately \$420 million in annual revenue.

KMG has a diverse portfolio of nine major vehicle brands (BMW, Ford, Honda, Hyundai, Mini, Mitsubishi, Nissan, Suzuki and Volkswagen), operating dealerships in Newcastle (under Kloster Motor Group), Cardiff (under Cardiff Motor Group) and Maitland (under Highway Group).

ENDS

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