



27 February 2020

Market Announcements Office
ASX Limited

SALE OF AHG REFRIGERATED LOGISTICS

- **AP Eagers to sell the AHG Refrigerated Logistics division to Anchorage Capital Partners (“Anchorage”) for A\$100 million on a debt and cash free basis**
- **The sale will result in a reduction in AP Eagers' net debt of approximately \$95 million**
- **AP Eagers recognised a non cash impairment in relation to the AHG Refrigerated Logistics division at 31 December 2019 reflecting the value of the offer from Anchorage**
- **AP Eagers may receive additional future cash proceeds depending on financial outcomes at the time of an exit by Anchorage**
- **Completion of the transaction is expected to occur in the first half of 2020 and remains subject to conditions precedent typical for transactions of this nature**

A.P. Eagers Limited (ASX: APE) ("AP Eagers") today announces that it has entered into a binding agreement to sell Automotive Holdings Group Limited's ("AHG", a subsidiary of AP Eagers) Refrigerated Logistics division ("Refrigerated Logistics") to Anchorage Capital Partners, a Sydney-based private equity firm. Refrigerated Logistics comprises all of the transport and warehousing operations, and associated employees, of Rand, Harris, Scott's and JAT.

The sale achieves AP Eagers' objective post the acquisition of AHG to divest the Refrigerated Logistics division as soon as commercially possible at a reasonable price.

Mr Martin Ward, CEO and Managing Director of AP Eagers said, "*The sale of AHG Refrigerated Logistics is consistent with our strategy to focus on our core automotive retailing business. The transaction follows an extensive sale process to find a buyer for the Refrigerated Logistics business on the optimal price and terms.*"

"Anchorage is the ideal owner for the Refrigerated Logistics business and has indicated a commitment to continue to invest and grow the business. We believe that the business will have a positive future under its new owners."

Completion of the transaction is expected to occur in the first half of 2020.

Financial impacts

On completion, AP Eagers will receive cash proceeds of approximately \$100 million¹, which will be utilised to repay all finance leases and hire purchase liabilities associated with Refrigerated Logistics, resulting in an expected reduction in net debt of approximately \$95 million. AP Eagers

¹ Subject to adjustment for debt-like items and depending on the level of working capital and cash on completion and capital expenditure in the period prior to completion

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recognised a non cash impairment in relation to the AHG Refrigerated Logistics division at 31 December 2019 reflecting the value of the offer from Anchorage.

Other terms of the Share Sale Agreement

AP Eagers may receive additional cash proceeds at the time of Anchorage's exit from of its investment in Refrigerated Logistics depending on certain financial outcomes.

The disposal of the Refrigerated Logistics division will result in a reduction of AP Eagers' existing contingent liabilities associated with that division, the quantum of which will depend upon the outcome of events prior to completion.

As is typical for transactions of this nature, completion remains subject to a number of conditions precedent, although notably it does not contain any regulatory conditions.

As part of the Share Sale Agreement, AP Eagers has provided warranties and indemnities which are not unusual in the context of a transaction of this nature and has agreed not to own or operate a business in the refrigerated logistics sector for a period of 5 years.

UBS and Luminis Partners acted as joint financial advisers to AP Eagers and AHG on the transaction, with Ashurst acting as legal adviser.

ENDS

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Authorised for release by the Board

