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Market Announcements Office
ASX Limited

Proposal to divest Kloster Motor Group to assist in securing ACCC authorisation for merger with AHG

AP Eagers Limited (ASX: APE) has offered to divest Kloster Motor Group (“Klosters”) to assist in securing regulatory authorisation for AP Eagers’ proposed merger with Automotive Holdings Group Limited (“AHG”).

The offer to divest Klosters is to satisfy an undertaking AP Eagers is proposing to provide to the ACCC, which will remain subject to the regulator’s acceptance following public consultation.

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

Klosters 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).

Whilst AP Eagers believes its merger with AHG will not substantially lessen competition in any market, it will offer the proposed undertaking to divest its dealerships in Newcastle and the Hunter Valley to address the regulator’s preliminary concerns so it can proceed with the merger in a timely manner.

AP Eagers has entered into a Heads of Agreement with the Tony White Group (“TWG”) for the sale of Klosters at an estimated sale price of \$54 million for net assets and goodwill.

TWG, owned by Anthony White, is a progressive organisation that continuously strives for industry best practice while maintaining focus on customer satisfaction.

AP Eagers CEO Martin Ward said: *“Klosters has an established reputation locally for the highest standards of customer service built on integrity, credibility and quality. We believe TWG represents an excellent fit with Klosters and our staff who are the foundation of this iconic business in the Newcastle and Hunter Valley region.”*

The sale of Klosters is expected to complete in November 2019, subject to satisfactory due diligence, completion of formal transaction documentation, manufacturer approval and ACCC authorisation of the AHG merger.

AP Eagers will continue to work closely with the ACCC to finalise the undertaking and complete the merger authorisation process.

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