

10 October 2023

Markets Announcements Office
ASX Limited

Eagers Automotive to expand presence in Victoria with strategic acquisition of large-scale, multi-brand dealership portfolio and key strategic properties

- Large-scale expansion adding approximately \$1.0 billion in annual turnover
- High-quality, well-balanced brand portfolio representing 12 OEM partners with a weighting towards prestige brands
- Acquisition will add substantial scale to Eagers' Victorian operations which are forecast to grow to \$2.5 billion in annual turnover within this region alone
- Three strategic properties to be acquired as part of the transaction, representing approximately 53,500 sqm in high profile locations in Brighton and Mulgrave

Eagers Automotive Limited (ASX: APE) announces that it has entered into a non-binding agreement to acquire a portfolio of dealerships and key strategic properties located across Melbourne and the Mornington region of Victoria from a group of companies associated with Nick Politis.

The acquisition will include the dealership group and three associated properties for a total purchase price of approximately \$245 million, comprised of \$111 million for goodwill, \$100 million for property and \$34 million for net assets¹.

The purchase price attributable to goodwill will be paid by the issue of \$25 million worth of APE shares² to the sellers, with the balance to be paid in cash.

The dealership group comprises a high quality, well-balanced portfolio of leading brands including BMW, Jaguar, Land Rover, Mercedes-Benz, MG, Mini, Mitsubishi, Nissan, Renault, Skoda, Volkswagen and Volvo, situated in the key locations of Brighton, Essendon, Mornington, Mulgrave, Port Melbourne and Toorak in Victoria.

The dealerships currently operate across 13 properties, three of which will be purchased by Eagers Automotive as part of the transaction, with the balance to be leased on commercial terms from the sellers and third parties.

The dealership group represents significant scale with annual turnover of approximately \$1.0 billion and approximately 770 employees who will remain with the business ensuring a smooth transition for customers, staff and our OEM partners.

Commenting on the acquisition, Eagers Automotive CEO Keith Thornton said:

“To be able to acquire such a high-quality, large-scale business, representing circa \$1.0 billion in annual sales or more than 10% of the total revenue of Eagers Automotive, is a compelling and highly valuable opportunity for the company. It will increase our presence in Melbourne, a region we have previously identified as having significant runway for growth, taking our annual turnover in this region alone from \$1.5 billion to \$2.5 billion. The 12 OEM brand partners included in the transaction represent a high-quality portfolio including material prestige market weighting. Finally, the inclusion of three strategic properties, representing approximately 53,500 sqm in high-profile sites in Brighton and Mulgrave, will provide the footprint foundation to continue progress against key components of our Next100 strategy.”

The transaction is subject to customary conditions precedent including OEM consent, finalisation of due diligence, transaction documentation, finance approval and landlord consents.

The transaction is also subject to shareholder approval due to the relationship between Mr Politis and the various selling entities. Mr Politis is a member of the Eagers Automotive board of directors and also controls the seller entities.

Eagers Automotive shareholders will be asked to approve the transaction at a General Meeting of shareholders which is anticipated to be held in early 2024. Further information on the transaction, including an Independent Expert’s Report and property details, will be available for shareholders to consider prior to the meeting.

Mr Politis, commenting on industry changes, said:

“The automotive industry is evolving as rapidly now as at any time in my career. This includes new OEMs entering the market, the transition to lower emission cars and trucks and the continuing evolution of automotive retail, all of which create great opportunities. I am convinced larger groups, like Eagers, are best placed to navigate these changes, invest with our key OEM partners and grow materially into the future.

“With \$25 million of the purchase price being reinvested in Eagers shares, I personally plan to continue to play an active role as a shareholder and board member of Eagers to help identify and capitalise on the many opportunities ahead.”

1. The value of net assets is an estimate that is subject to customary post completion adjustments.
2. The number of shares will be determined by reference to the volume weighted average price of APE shares traded on the ASX over the 20 trading days prior to the date of this announcement.

-ENDS-

Authorised for release by the Board.

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