

Grays eCommerce Group agrees terms of sale of fixed price retail business

Grays eCommerce Group Limited (ASX: GEG), Australia's largest listed eCommerce group, today announced that it has signed a binding Term Sheet for the sale of its fixed price retail (FPR) business – incorporating the assets of OO.com.au, dealsdirect.com.au and topbuy.com.au – to MySale Group plc (MySale) for \$5.2 million.

MySale, listed on the London Stock Exchange's Alternative Investment Market (AIM), is a leading online retailer with established flash sales sites in Australia (ozsale.com.au), New Zealand, South-East Asia and the United Kingdom.

Commenting on the sale of the FPR business, GEG Chief Executive Officer Mark Bayliss said:

"With success in online consumer retailing driven by scale, we have consistently said that our FPR business must continue to consolidate or be consolidated. With the FPR business facing challenging times, and having carefully considered all options available for this business, the Board of GEG has determined that a sale was the best strategy to enhance shareholder value.

"The sale will be earnings accretive to Grays excluding a one off write down of goodwill associated with the business. In addition, it will be cash flow positive with the proceeds from sale forecast to cover any costs associated with the sale and exit from this business.

"Following Completion of the sale, management time and company resources will be freed up to increase the focus on growing the key auction businesses of Industrial B2B, Grays Wine, and the remaining consumer auction categories. These businesses generate strong returns on capital, have strong market positions, are cash generative and exhibit strong growth characteristics.

"Our wine site is the third largest online wine site in Australia. This is a key category for Grays and one in which we have a strong market position and differentiated offering.

"We are very well placed in B2B with key strengths around online auctions, and a business of scale that grew EBITDA by 75% to \$13 million in the 2015 financial year. We see a number of exciting growth opportunities for our B2B division in market segments we currently operate in as well as new segments and overseas markets."

Under the terms of the sale:

- MySale will acquire the assets of the FPR businesses (including trademarks, domain names, customer data bases, etc) operated under the OO.com.au, dealsdirect.com.au, and topbuy.com.au websites
- Consideration of \$5.2 million will be paid in two installments – \$3.0 million on execution of formal contracts and \$2.2 million on 31 January 2016

The sale does not include any business operated under the 'Grays Online' business name, including GEG's online wine business.

The ASX may exercise its discretion to require GEG shareholder approval for the sale. Accordingly, the sale may not be effected until after GEG has obtained any approval from its shareholders that is required for the purposes of the ASX Listing Rules.

If required, that approval is expected to be sought at the Annual General Meeting to be held on 25 November 2015 (rescheduled from 5 November 2015). If shareholder approval is required, the GEG Board will unanimously recommend the sale to shareholders.

Further information will be provided to shareholders in due course.

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About Grays eCommerce Group Limited

Grays eCommerce Group Limited is listed on the ASX (ticker: GEG). The company operates two business segments – B2B and B2C.

The B2B business segment comprises the business-facing components of the graysonline brand, the graysasset and graysmining brands, as well as DMS Davlan and Bryan Andrews Auctions. Collectively, these brands are the largest B2B online auction marketplace in the Asia Pacific region for used plant and equipment. The business provides a full range of valuation and project-management functions for a range of clients including major corporations, insolvency practitioners, financiers and banks.

The B2C business segment includes the consumer-facing components of graysonline, DealsDirect, OO.com.au and TopBuy brands, offering both auction-based and fixed price retail sales, and boasting a 6 million-strong customer database. Strong relationships with local and international brand owners across numerous product categories are key to its success. The wine business is the third largest online wine retailer in Australia, selling more than six million bottles per annum.

For further information go to www.graysecommercegroup.com.au or www.graysonline.com.au

About MySale Group

MySale is a leading international online retailer with established flash sales websites in Australia and New Zealand (ANZ), South-East Asia (SEA) and the United Kingdom, with over 800,000 active members. Founded in 2007, the Group provides members with access to outstanding products at exceptional value whilst providing a unique route for brand partners to manage excess inventory from the Southern Hemisphere. The websites host time limited flash sales in each of its three territories across ladieswear, menswear, childrenswear, health, beauty and homewares.

The Group's online sales are supported by an international network of supply chain infrastructure and technology that enables MySale to source products from around the world for sale and delivery to members.

As a result of this exceptional inventory management solution, MySale has built a unique international brand portfolio and sourcing capability and is able to source product from over 2,500 brand partners.