

HBY: Bapcor refuses to allow dividend in addition to offer price

Hellaby Holdings Limited (NZX: HBY) has been advised today by the Takeovers Panel that, as a result of Bapcor's public statements, the offer price of \$3.60 per share is a 'last and final' offer price which, under the Takeovers Code, cannot now be varied.

In line with this, Bapcor's public refusals regarding a dividend now exclude the possibility of an additional dividend payment on top of Bapcor's offer price of \$3.60 under the current offer.

The Independent Directors do not believe that Bapcor's \$3.60 price reflects fair value for Hellaby and all its businesses; nor does it reflect the particular value of Hellaby's automotive business to Bapcor. The offer price is at the very bottom of the Independent Adviser's value range of \$3.60 to \$4.12 per share.

For Bapcor's offer to succeed, it must receive acceptances from 90% of Hellaby's shareholders. However, if Bapcor reaches acceptances for more than 50% of Hellaby's shares, it could waive the 90% condition and become Hellaby's majority shareholder. If Bapcor did so, it would represent a different set of risks and opportunities for Hellaby shareholders who may then remain as minority shareholders in a company controlled by Bapcor.

This scenario would pose a number of significant complexities for Bapcor as it would not be able to fully realise the synergies of complete ownership. Hellaby would remain publicly listed on the NZX and subject to NZX requirements, including independent director membership (although potentially different independent directors than those currently serving shareholders) on the Hellaby Board and restrictions on related party transactions.

The Hellaby Board will be meeting on 15 December 2016 to discuss this further and the Independent Directors will then provide further guidance to our shareholders at that time.

In the meantime, the Independent Directors recommend that shareholders do not accept the offer until they receive further communication from Hellaby.

The offer now closes on the 18 January 2017 so there is no urgency to accept and shareholders are encouraged to wait for further advice from the Hellaby Independent Directors before deciding whether to accept or reject the offer.

Chairman of Hellaby, Steve Smith, said: "The Panel advice this morning makes it clear that Bapcor cannot increase its bid price. While we were pleased to see that Bapcor listened to shareholders and your board and increased its offer this week, we still believe that its offer price does not reflect fair value for Hellaby.

"Your company has other options. We could continue under our growth strategy, communicated in May 2016, which we believe will deliver attractive long term value to shareholders, or we too could break up the Company and realise the value embedded in each group in an orderly and careful process over time.

"The Hellaby Board's primary objective remains to look after and protect the best interests of all Hellaby shareholders and we will provide our advice on this matter in coming days."

ENDS

Hellaby at a glance

Hellaby Holdings (NZX: HBY) is a long term committed business owner with a focus on businesses that provide innovative solutions in specialised industrial services sectors.

Our goal is to be a leading Australasian investment opportunity, based on the value we add to our portfolio, the returns we deliver to our shareholders and the calibre of our people.

Hellaby's core purpose is to generate long-term shareholder value by building better businesses. We achieve this through a combination of performance improvement and organic growth in the businesses we own, as well as smart acquisitions and divestments.

We have identified the Automotive and Resource Services sectors as our core focus, and also operate businesses in the Footwear market, which we have identified as non-core. Our 3,000 people span New Zealand, Australia, the Middle East and the Americas.

We have a decentralised business model, with Hellaby's head office providing strategic oversight and support for each business' talented and experienced business and technical teams.

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