Bapcor Limited
(ASX: BAP)

ASX/Media Release

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Tuesday 27 September 2016

Bapcor Limited gives notice of intention to make a takeover offer for 100% of the fully paid shares in Hellaby Holdings Limited and launches Equity Raising to partially fund the transaction

Highlights

- **Bapcor Limited ("Bapcor"), (formerly Burson Group Limited), today announced its intention to make a cash takeover offer (the "Offer") for 100% of the fully paid shares in Hellaby Holdings Limited ("Hellaby").**
- **Hellaby is a publicly listed entity on the New Zealand Stock Exchange trading as a holding company with operations in automotive distribution and wholesaling in Australia and New Zealand.**
- **Hellaby also owns businesses in resource services and footwear retailing. If Bapcor is successful in acquiring Hellaby, Bapcor will conduct a strategic review with the intention of divesting businesses that are identified as non-core.**
- **Hellaby's automotive distribution and wholesaling operations represent a highly complementary fit to Bapcor's existing trade focused distribution business. The proposed transaction will enable Bapcor to enter the New Zealand automotive parts market and use its scale and proven industry expertise to improve the service and range of products offered in New Zealand while looking for opportunities to expand further in New Zealand (as it has successfully in Australia).**
- **Bapcor is offering NZ$3.30 cash for all the ordinary shares in Hellaby, representing an equity valuation of NZ$322million for 100% of the issued share capital on a fully diluted basis, and an 18% premium to the 3 month volume weighted average price.**

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- **Registered Hellaby Shareholders as at 23 September 2016 will receive Hellaby's FY16 final dividend of 12.5 cents per share, payable on 30 September 2016. The Offer has no impact on payment of that dividend to those Hellaby Shareholders. If these Hellaby shareholders accept the Offer, and the Offer becomes unconditional, they will receive the Offer price of NZ$3.30 per share in addition to the dividend of 12.5 cents to be paid on 30 September 2016.**

- **Bapcor has entered into irrevocable agreements with shareholders representing approximately 30% of the total issued capital of Hellaby, including Hellaby's largest shareholder, representing 27.2%, to accept the Offer.**

- **Bapcor expects the transaction to be fully funded by a combination of current cash holdings and debt facilities, a new acquisition facility with the Australia and New Zealand Banking Group ("ANZ"), and A$185 million to be raised via a fully underwritten Institutional Placement ("Placement") and a Share Placement Plan ("SPP") to existing Bapcor shareholders. The SPP will not be underwritten.**

- **The Offer to Hellaby shareholders will be subject to the conditions detailed within the Offer Document to be sent to Hellaby's shareholders, including:**

  - **The receipt by Bapcor of acceptances which will result in Bapcor becoming the holder or controller of more than 90% of the voting rights in Hellaby;**

  - **Bapcor obtaining any consent required under the New Zealand Overseas Investment Act 2005 and New Zealand Overseas Investment Regulations 2005 for Bapcor to complete the acquisition of Hellaby shares; and**

  - **The completion of the sale of Hellaby's Equipment division.**

- **The proposed acquisition represents a strategic expansion of Bapcor's operations and, if successful, would establish a presence in the New Zealand market and strengthen its position in the Australian automotive aftermarket industry. The proposed acquisition is expected to be EPS accretive to Bapcor shareholders. Bapcor intends to provide further guidance to shareholders subject to the success of the Offer.**

- **The acquisition, if successful, is expected to be completed in December 2016.**

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Business Overview of Hellaby

Hellaby is a publicly listed entity on the New Zealand Stock Exchange trading as a holding company, with operations in New Zealand, Australia and internationally. It operates through four divisions: Automotive, Resource Services, Footwear and Equipment. On 29 June 2016, a conditional sale and purchase agreement was entered into by Hellaby for the sale of the Equipment division to Maui Capital Aqua Fund. The sale of the Equipment division is now unconditional and is expected to settle on 30 September 2016[1].

As of 30 June 2016, Hellaby employed 3,000 staff and posted revenue and EBITDA (after corporate costs) of NZ$795.5 million and NZ$46.8 million[2] respectively.

Automotive Division

- The Automotive division comprises a network of over 120 specialist wholesale and trade businesses across New Zealand and Australia, which operate within three key market segments – mechanical, auto-electrical and tyre & wheel.
  - The specialist wholesale business includes approximately 60 stores across Australia and New Zealand that are operated under different brands. Key Australian wholesale brands include JAS, Federal Batteries, PAT and Diesel Distributors. Key New Zealand wholesale brands include Autolign, HCB, TRS, JAS and Diesel Distributors.
  - The trade business includes approximately 60 stores in New Zealand that are operated under the BNT and Truck & Trailer Parts brands.
  - In May 2016, Hellaby acquired Premier Auto Trade Pty Limited in Australia, an importer and wholesaler of quality electronic fuel injection, engine management and service components to the Australian automotive aftermarket. Hellaby expected the business to deliver A$22 million in sales and A$2.6 million in Trading EBIT in FY2017.
- As of 30 June 2016, the Automotive division employed more than 800 staff and accounted for FY2016 revenue of NZ$259.8 million and FY2016 EBITDA of NZ$26.8 million[3] (before corporate costs).

[1] Per Hellaby's NZX release on 23 September 2016

[2] Inclusive of the Equipment division which has been contracted for sale; continuing revenue and EBITDA (after corporate costs), excluding the Equipment division, represented NZ$570.1 and NZ$34.0 million respectively; corporate costs represented NZ$8.1 million in FY2016

[3] Inclusive of approximately two months contribution from Premier Auto Trade Pty Limited, acquired by Hellaby in May 2016

Resource Services Division

- The Resource Services division is a specialist international technical services group that operates in a number of countries and services clients that own and operate processing facilities in the oil, gas, petrochemical, mineral, electrical generator and pulp and paper sectors.
- On 1 July 2016, Hellaby acquired a 100% shareholding in the TBS Group, a specialist industrial asset maintenance provider, providing key maintenance services to a wide range of New Zealand clients in the oil and gas, agricultural, construction and power generation markets. Hellaby has indicated that the TBS Group is generating approximately NZ$85 million in revenue and is expected to add approximately NZ$8 million[4] in annualised EBIT to the Resource Services division in FY2017.
- As of 30 June 2016, the division employed 900 staff and accounted for FY2016 revenue of NZ$176.0 million and FY2016 EBITDA of NZ$11.0 million (before corporate costs).

Footwear Division

- The Footwear division owns three retail chains and operates a total of 117 stores across New Zealand, including New Zealand's largest specialist discount footwear chain, Number One Shoes.
- As of 30 June 2016, the division employed more than 1,000 staff and accounted for FY2016 revenue of NZ$137.3 million and FY2016 EBITDA of NZ$4.3 million (before corporate costs).

Financial Position

Hellaby announced Net Debt of NZ$83.3 million as at 30 June 2016. Subsequent to the balance date:

- On 1 July 2016 Hellaby paid NZ$40.5 million in cash to part fund settlement of the TBS Group acquisition; and
- Hellaby has declared a 12.5 cent per share dividend, representing NZ$12.2 million, to be paid on 30 September 2016.

Hellaby had previously announced the conditional sale of the Equipment division to Maui Capital Aqua Fund for NZ$81 million. The sale of the Equipment division is now unconditional and is expected to settle on 30 September 2016.

[4] As indicated by Hellaby on its FY2016 annual report

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Transaction Rationale

Hellaby represents a highly complementary fit to Bapcor's existing trade focused distribution business and would enable Bapcor to enter the New Zealand automotive parts market.

Bapcor believes that the potential acquisition:

- Complements Bapcor's existing trade-focused distribution business;
- Facilitates entry into New Zealand automotive parts market;
- Increases Bapcor's Specialist Wholesale business in Australia and provides growth opportunities into New Zealand;
- Increases Bapcor's scale and is expected to strengthen Bapcor's competitive position;
- Provides an opportunity to leverage Bapcor's retail distribution channels to expand the reach of Hellaby's product offering;
- Provides an opportunity to expand the product offering of the Hellaby business in Australia into other areas of Bapcor's expertise; and
- Is expected to be EPS accretive to Bapcor shareholders. Bapcor intends to provide further guidance to shareholders subject to the success of the Offer.

Darryl Abotomey, Managing Director of Bapcor, commented, *"The potential acquisition of Hellaby represents a unique and exciting opportunity to establish Bapcor's position in the New Zealand trade and specialist wholesale automotive aftermarket parts industry while further expanding our wholesale and distribution business in Australia. We see this as a substantial opportunity for the staff of both Hellaby and Bapcor, which will provide enhanced opportunities in the Automotive Aftermarket in Australia and New Zealand"*.

Changes to the Business Activities Of Hellaby

Bapcor will conduct a strategic integration review of the Hellaby business with the intention of divesting businesses that are identified as non-core. These businesses may include the Resource Services division and the Footwear division.

Funding

The transaction is expected to be fully funded through a combination of current cash holdings and debt facilities, a new acquisition facility provided by ANZ, and funds raised via a fully underwritten Institutional Placement. Bapcor will also offer a Share Placement Plan to existing Bapcor shareholders to enable participation in the equity offering. The Share Purchase Plan will not be underwritten.

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Institutional Placement Details

The Placement to eligible sophisticated, professional and other institutional investors to raise approximately A$165 million will be conducted via a bookbuild today in both Australia and selected international jurisdictions. The Placement Price is fully underwritten at A$5.85 per new Share.

This Placement Price represents a:

- 5.0% discount to the closing price of A$6.16 per Share on 26 September 2016, being the last trading day prior to announcement of the Placement; and
- 4.6% discount to the 5 day VWAP of A$6.13 per Share up to 26 September 2016 being the last trading day prior to announcement of the Placement.

The Placement represents approximately 11.4% of Shares on issue, is within Bapcor's existing capacity under ASX Listing Rule 7.1 and accordingly no shareholder approval is required in connection with the Placement. Settlement of the Placement is expected to occur on 30 September 2016, with the new Shares expected to be allotted through ASX and commence trading on 3 October 2016. The new Shares will rank equally with existing Bapcor Shares.

Share Purchase Plan Details

Bapcor will offer an SPP at the lower of A$5.85, being the same price as the Placement, or the VWAP of Bapcor's Shares as traded on the ASX over the five trading days ending on (and including) the closing date for the SPP offer, to raise approximately A$20 million. Bapcor will offer eligible shareholders with registered addresses in Australia or New Zealand as at 7.00pm Sydney time on 26 September 2016 (the Record Date) an opportunity to participate in the SPP allowing them to acquire up to A$15,000 in new Bapcor shares. The SPP is not underwritten and may be subject to a scale-back at the discretion of Bapcor's directors should total applications exceed A$20 million. Details of the SPP will be sent to shareholders in the near future.

Bapcor Trading Update

Bapcor reconfirms it is trading in-line with expectations and re-affirms its previously stated guidance for NPAT growth of between 25% to 30% for the 12 months to 30 June 2017.

Key Equity Raising Dates

SPP Record Date	Monday, 26 September 2016
Institutional Bookbuild	Tuesday, 27 September 2016

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Institutional Settlement Date	Friday, 30 September 2016
Allotment and trading of Institutional Placement Shares	Monday, 3 October 2016
SPP Offer Opens	Monday, 3 October 2016
SPP Offer Closes	Wednesday, 19 October 2016
Issue of New Shares under the SPP	Wednesday, 26 October 2016
Commencement of trading of SPP Shares	Thursday, 27 October 2016

New Zealand Takeover Code Offer Process

The acquisition of Hellaby is governed by the New Zealand Takeover Code. Key dates are:

- Bapcor issued a Takeover Notice ("Takeover Notice") to Hellaby and lodged it with NZX Limited and the Takeovers Panel on 27 September 2016;
- New Zealand Overseas Investment Office consent application lodged on 27 September 2016;
- Takeover Offer ("Takeover Offer") to be dispatched to Hellaby shareholders no later than 27 October 2016;
- Hellaby Target Company Statement and Independent Adviser's Report to be released within 14 days from dispatch of the Takeover Offer; and
- Takeover Offer expected to close 60 days after dispatch of the Takeover Offer (unless extended by Bapcor in accordance with the New Zealand Takeovers Code).

Completion of the Hellaby acquisition will be subject to a number of conditions precedent including (but not limited to):

- Receipt of acceptances from Hellaby's shareholders representing 90% or more of Hellaby's voting rights;
- Any consents required from the New Zealand Overseas Investment Office to complete the acquisition of Hellaby shares;
- Completion of the sale of the Equipment division.

Note that a number of the dates shown above in relation to the Placement, SPP and the Takeover Code Offer Process are indicative only and subject to change.

Agreements to Accept the Offer

Bapcor has entered into irrevocable agreements with shareholders representing approximately 30% of the total issued capital of Hellaby, including Hellaby's largest shareholder, representing 27.2%, to accept the Offer.

Each shareholder has agreed to accept the Takeover Offer by no later than the date which is two business days after the date of despatch of the Offer Document to Hellaby shareholders.

Summary Information and Risks

The information in this announcement is in summary form and does not contain all of the information necessary to fully evaluate Bapcor's proposed acquisition of Hellaby or the offer of new Shares under the Placement or SPP. The information in this announcement should be read in conjunction with the other periodic and continuous disclosure announcements lodged by Bapcor on ASX, including Bapcor's financial statements for the year ended 30 June 2016, which are available at www.asx.com.au.

Certain information in this announcement has been sourced from Hellaby's periodic and continuous disclosure announcements on NZX. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as its fairness, accuracy, correctness, completeness or adequacy. Publicly available information relating to Hellaby, including its latest Annual Report for the financial year ended 30 June 2016, are available at www.nzx.com.

Investors should also note that whilst Bapcor has considered publicly available information, it has not been able to undertake a due diligence process on Hellaby. Therefore, unlike other acquisitions which proceed upon an agreed-basis, there may be less information available at this stage to fully evaluate what the combined business may look like if the acquisition is completed and what the implications of the acquisition may be. Both the acquisition and Placement and SPP can present a number of risks, some of which are specific to Bapcor and some which relate to the combined business. These include operational risks regarding competition, supplier pressures, business disruptions and industry trends, and also risks related to completion, integration and information in connection with the acquisition of Hellaby. Please refer to Annexure A for a summary of these risks.

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IMPORTANT NOTICES

This announcement is not financial product or investment advice, a recommendation to acquire new Shares or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for Shares. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. Bapcor is not licensed to provide financial product advice in respect of an investment in shares.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to persons acting for the account or benefit of persons in the United States. The new Shares have been, or will be, registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States. Accordingly, the new Shares may not be offered or sold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States, unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Neither this announcement nor any other documents relating to the offer of new Shares may be sent or distributed to persons in the United States. Please refer to Annexure B for further information and additional Foreign Selling Restrictions.

This announcement contains forward-looking statements, which can usually be identified by the use of words such as such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Bapcor, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this announcement. Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are based on information available to Bapcor as of the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules). Bapcor undertakes no obligation to update these forward-looking statements.

Past performance information given in this announcement is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Neither the underwriter nor any of its, or Bapcor’s, advisors or their respective related bodies corporate or affiliates, or the directors, officers, partners, employees, agents or associates of any of those persons (“Parties”) have authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this announcement, make or purport to make any statement in this announcement and there is no statement in this announcement which is based on any statement by any of them. The Parties, to the maximum extent permitted by law, expressly disclaim all liabilities, including without limitation any liability arising from fault or negligence on the part of any person, in respect of, make no representations or warranties (express or implied) as to the currency, accuracy, reliability or completeness of the information in this announcement, and with regard to the underwriter and its advisors, related bodies corporate and affiliates, and the directors, officers, partners, employees, agents and associates of any of them, expressly disclaim all liability in respect of and take no responsibility for, any part of this announcement or the Placement or SPP and make no recommendation as to whether any person should participate in the Placement or SPP. No Party guarantees the repayment of capital or any particular rate of income or capital return on an investment in Bapcor’s shares.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this announcement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this announcement.

Non-IFRS information

This announcement may include certain financial measures that may be considered "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, and are not recognized under Australian Accounting Standards ("AAS"), New Zealand equivalents to International Financial Reporting Standards ("NZ-IFRSs") or International Financial Reporting Standards ("IFRS") and are 'non-IFRS financial measures" under Regulatory Guide 230 published by the Australian Securities and Investments Commission. These measures include EBITDA. Such non-GAAP and non-IFRS financial measures do not have a standardized meaning prescribed by AAS, New Zealand equivalents to International Financial Reporting Standards ("NZ-IFRSs") or IFRS and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS, New Zealand equivalents to International Financial Reporting Standards ("NZ-IFRSs") or IFRS. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Bapcor uses these measures to assess the performance of the business and believes that information is useful to investors. Recipients are cautioned not to place undue reliance on any non-GAAP and non-IFRS financial measures included in this announcement.

Investors should also note that this announcement does not include historical financial information or pro forma financial information that complies with Article 3-05 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Hellaby's information disclosed in this Announcement has been sourced from publicly available information filed by Hellaby according to the NZX regulations and has not otherwise been verified by Bapcor. Hellaby's financial measures have been extracted from Hellaby audited financial statements that have been prepared in accordance with New Zealand accounting standards, which may differ from Australian accounting standards.

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Annexure A: Key Risks

Introduction

The acquisition and the Placement and SPP present a number of risks, including those specific to Bapcor and Hellaby (when referred to together, the "**Combined Group**") and of a general nature, which may, either individually or in combination, affect the future operational performance of Bapcor and Hellaby, the industries in which they operate, and the value of Bapcor shares. This annexure describes some, but not all, of the risks associated with an investment in Bapcor.

Business and Operational Risks relevant to Bapcor and the Combined Group

Increased Competition
The Combined Group operates in a competitive market. The Combined Group's financial performance or operating margins could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market, and the Combined Group is unable to counter these actions.

Supplier Pressure or Relationship Damage
The Combined Group relies on having access to a wide range of automotive parts. An increase in pricing pressure from suppliers or a damaged relationship with a supplier may cause a rise in the prices at which the Combined Group procures parts or limit the Combined Group's ability to procure parts. This may impact the demand for parts from customers or reduce the margins that the Combined Group generates on its sales.

Business Disruptions
A disruption in the systems and processes utilised in the Combined Group's business can affect part availability and result in delays in the delivery of parts to the Combined Group customers. Stock-outs and delays in delivery can have the short-term effect of lost orders from the period, as well as the longer term consequence of the loss of customer accounts.

Industry Trends and Customer Decisions
Demand for automotive parts and accessories is affected by a number of factors, including the number of vehicles, vehicle age and vehicle usage. An unfavourable trend in these factors may reduce the demand for automotive parts and accessories. In addition, sales of automotive parts and accessories are impacted by the frequency of vehicle servicing and general economic and consumer confidence. Any postponement of servicing or purchasing by vehicle owners, either through delaying the service or opting-out of particular jobs or purchases, is likely to decrease the demand for automotive parts and accessories. Negative movements in demand may reduce the Combined Group's revenue and profitability.

Employee and Key Personnel Recruitment and Retention
The successful operation of Bapcor relies on Bapcor's ability to attract and retain experienced and high performing employees (including store managers and sales staff) and executives. Failure to achieve this may negatively impact Bapcor's sales and adversely affect Bapcor's ability to develop and implement its business strategies, resulting in a material increase in the costs of securing experienced and high performing executives.

Further, Bapcor is committed to providing a continued attractive employment environment, conditions and prospects to assist in the retention of Combined Group's key management personnel. If Bapcor loses any of its key personnel, the impact would be dependent upon the replacement of the employee's quality and time of appointment.

Exchange Rate Risk

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Fluctuations in the value of currencies may affect the prices at which the Combined Group purchases parts from suppliers and result in volatility in the Combined Group's profitability, particularly if the Combined Group cannot pass price changes to its customers.

Additionally, Bapcor's acquisition of Hellaby also exposes it to New Zealand currency risks, including fluctuations in its revenue and profits as reported by Bapcor in Australian dollars.

Customers' Bargaining Power
A significant majority of Bapcor's sales are derived from repeat orders from customers. Increased bargaining power from customers arising from consolidation of existing workshops, great participation of existing workshops in purchasing and buying groups or closure of independent workshops may result in a decrease in prices or loss of customer accounts and subsequently, may adversely affect Bapcor's sales and profitability.

Supply Chain Management
The Combined Group's business relies on being able to access a wide variety of SKUs from its suppliers and having the required part available for timely delivery to its stores, outlets and customers when ordered. Any potential delay or default by suppliers in delivering parts and accessories to the Combined Group may adversely impact the Combined Group's ability to service its customers and marketing network and damage the customer relationship and ultimately impact the Combined Group's sales.

Property Leases
The Combined Group has a large number of leased premises. The growth prospects of the Combined Group are likely to result from increased contribution from existing stores and the Combined Group's ability to continue to open and operate new stores on a profitable basis. Accordingly, there may be a material adverse impact on the Combined Group's business and profitability if the Combined Group is unable to renegotiate acceptable lease terms of existing stores when leases are due to expire and to identify suitable sites and negotiate suitable leasing terms for new stores.

Risks related to the Acquisition and Equity Raising

Completion Risk
There is a risk that Bapcor may not acquire all Hellaby shares under the offer. The impact upon Bapcor of acquiring less than 100 percent will depend upon the final level of ownership acquired. If completion does not occur for any reason, including as a consequence of failing to satisfy any condition precedent, Bapcor will need to consider alternative uses for, or ways to return the proceeds of, any subscriptions raised from Bapcor shareholders under the Placement and SPP.

Information risks related to Hellaby
Bapcor has had access to publicly available information in relation to Hellaby but has not been able to undertake a due diligence process. Therefore, Bapcor has not been able to verify the accuracy, reliability or completeness of any of the information publicly available that it has reviewed. If any of the data or information relied upon by Bapcor in making the takeover offer proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Hellaby and the Combined Group may be materially different to the financial position and performance expected by Bapcor.

In the absence of a due diligence process, Bapcor has not been able to assess whether the acquisition of Hellaby will trigger change of control clauses in any material contracts to which Hellaby is a party. If there are change of control clauses that are triggered, some of these may require Bapcor to seek counterparty consent in relation to the acquisition of Hellaby. There is a risk that a counterparty may not provide its consent to the acquisition, which may trigger a termination

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right in favour of that counterparty. If this occurs, or contracts are renegotiated on less favourable terms, there may be an adverse impact on Bapcor's financial performance and reports.

To the extent possible, Bapcor has undertaken financial, business and other analyses of Hellaby in order to determine its attractiveness to Bapcor and whether to pursue a takeover offer. It is possible that such analysis, and the best estimate assumptions made by Bapcor, draw conclusions and forecasts that are inaccurate or which will not be realised in due course. Insofar as the actual results achieved by Hellaby differ to those indicated by Bapcor's analysis, there is a risk that the profitability and future earnings of the operations of the Combined Group may be materially different from the profitability and earnings predicted.

Bapcor has assumed that Hellaby has met all of its reporting obligations, and that disclosures made by it are true in all material respects and not misleading in any material respects.

Management and Integration Risk
Integrating two companies produces some risks, including combining management, information systems and operations. It is possible that these risks may be more complex than currently anticipated, encounter unexpected challenges or issues and take longer than expected. This may affect the Combined Group's operating and financial performance. Further, there is a risk of a material adverse impact on the Combined Group if it is not able to manage its expansion and growth efficiently and effectively.

Equity Financing for Acquisition
Bapcor has entered into an underwriting agreement for the underwriting of the Placement. If certain conditions are not satisfied or certain events occur, the underwriter may terminate the underwriting agreement or will otherwise be under no obligation to underwrite the Placement, which may require Bapcor to seek alternative funding.

If shareholders do not participate in the SPP, then their percentage shareholding in Bapcor will be diluted as a result of the Placement. Even if a shareholder does take up their full allocation under the SPP, the percentage shareholding in Bapcor may be diluted by the Placement and possibly also from the SPP because participation is limited to a fixed amount and shareholders are not entitled to participate in the SPP on a pro rata basis relative to their existing shareholdings.

Debt Financing for Acquisition
Bapcor has entered into a new acquisition facility provided by ANZ to support the acquisition of Hellaby. However, the draw down under this acquisition facility is subject to various conditions precedent. If these conditions are not met and Bapcor is unable to obtain alternative funding, Bapcor may have a shortfall in the funding it requires to pay the purchase price for the acquisition of Hellaby. Such an event could materially adversely affect Bapcor's business, cash flow and financial condition.

General Risks

An investment in Bapcor carries with it a number of risks, including exposure to taxation, changes in law and regulation, potential litigation, and whether its insurances are appropriate. Such matters could adversely impact Bapcor's business, financial condition, and operational results.

Investment Risks

Investing in a listed entity has a number of general risks. The price at which Bapcor shares trade on ASX may be determined by a range of factors including movements in investor sentiment in local and international markets, inflation, interest rates, taxation rates, liquidity, general economic conditions, and changes in the supply of, and demand for, Bapcor's goods and services.

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Annexure B: Foreign Selling Restrictions

This announcement does not constitute an offer of new ordinary shares ("New Shares") of the Bapcor in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

China

The information in this document does not constitute a public offer of the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

European Economic Area - Belgium, Denmark, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company’s shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of New Shares, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for New Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This announcement may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Any securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “Securities Act”), or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities may not be offered or sold directly or indirectly in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable United States state securities laws.

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