



Bapcor Limited

(ASX: BAP)

ASX Release

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Acquisition of MTQ Engine Systems (Aust) Pty Ltd

Bapcor Limited is pleased to advise that it has entered into binding agreements to acquire the specialist wholesale diesel business of MTQ Engine Systems (Aust) Pty Ltd ("MTQES"). For the year to June 2016 MTQES had annual sales of approximately \$41 million and annual EBITDA of approx. \$3 million.

Subject to fulfilment or waiver of a number of customary closing conditions and shareholder approval as required under the Singapore Securities Exchange requirements, the acquisition is expected to be completed by 30th November 2016. The acquired business will be earnings per share positive from completion and return on investment will exceed Bapcor's weighted average cost of capital.

Bapcor's investment in the acquisition is estimated to be \$17 million, based on 6.1 times EBITDA for the twelve months to 30th September 2016, adjusted for debt like items. Earnings from the business, after allowing for transaction costs, interest, depreciation and tax are expected to be included for seven months of the FY17 financial year.

MTQES is Australia's largest diesel and turbo aftermarket sales and service provider and is principally engaged in the sales and service of turbochargers and diesel fuel injection products and services through a network of 10 branches in Australia. MTQES has fully equipped service centres nationwide staffed with highly skilled trades' technicians. The specialist products and services are supplied to the automotive, mining, marine, rail, earth moving, transport, agriculture and power generation industries.

Diesel and turbochargers are one of the fastest growing categories in new vehicle sales in Australia.

In announcing the acquisition, Bapcor's Chief Executive Officer, Darryl Abotomey, said "The acquisition of MTQES in the fast growing category of diesel and turbo chargers continues the exciting growth in the development of the Bapcor Group, and is consistent with our strategy to grow our specialist wholesale business where we will be number 1 or 2 in the category in which our businesses operate. The expansion into the diesel and turbo charger area is very complementary to the current range offered in our specialist businesses and is a key segment we have been striving to be present in. It expands the breadth of our offering to our current customers and extends the range of customer groups to who we can offer our extensive range of products and services. The price paid for the business is in line with industry benchmarks that have been transacted in recent years. MTQES will contribute positively to earnings from the date of acquisition."

Mr Abotomey added "Bapcor will now have reached its target sales for the specialist wholesale business of \$200 million pa, due to the rapid consolidation of the specialist wholesale segment of the automotive aftermarket. We are very pleased with the range of products we can now offer the market and expect to extend these businesses into new geographic areas as we grow our overall business. We will update our long term targets as we expect to see this core business segment continue to grow."

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For further information, please contact:

Darryl Abotomey
Managing Director and CEO
+61 419 838 059
+61 3 9914 5555

Gregory Fox
Chief Financial Officer and Company Secretary
+61 417 562 891
+61 3 9914 5555