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Burson Group Limited

(ASX: BAP)

ASX Release

11 February 2016

Acquisitions of Bearing Wholesalers and Precision Automotive Equipment

Burson Group Limited is pleased to advise that it has entered into binding agreements to acquire two specialist wholesale businesses, Bearing Wholesalers and Precision Automotive Equipment. The acquisitions are expected to add approximately \$40 million in annual sales and \$6 million in annual EBITDA to the Burson Group on a consolidated basis.

Subject to fulfilment or waiver of a number of customary closing conditions, the acquisitions are expected to be completed by 1 April 2016. The acquired businesses will be earnings per share positive from completion.

Burson's total investment in the acquisitions will be \$32 million in shares and cash, as set out below:

- Burson will issue 1,234,567 new consideration shares at completion, at a total deemed issue price of \$5 million (calculated on the basis of a deemed issue price per share of \$4.05, being the volume weighted average price of Burson shares in January 2016). All new shares will be subject to voluntary escrow restrictions until 1 April 2017;
- Burson will make a total cash consideration payment of \$19.4 million at completion; and
- Payment of the balance of the cash consideration will be deferred and paid over a 3 year period post completion.



Bearing Wholesalers

Bearing Wholesalers is the number 1 automotive bearings reseller in Australia, specialising in wheel bearing kits, gearbox kits, differential kits and timing belt kits. Established in 1985, Bearing Wholesalers now has 8 branches across Australia, with annual sales of \$30 million.

Mike Shoppe, the current owner and his son Damian, will continue to manage the business after completion.



Precision Automotive Equipment

Precision Automotive Equipment is one of Australia's largest businesses that imports, distributes and services automotive workshop equipment, including hoists, tyre changers, wheel balancers and wheel aligners, with annual sales of \$10 million. Precision Automotive Equipment is unique in that it services the equipment that it supplies, making it easier for workshop owners to ensure their equipment operates correctly and safely.

The team at Precision Automotive Equipment, led by Rod Wilkinson, will continue to manage the business after completion.



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In announcing the acquisitions, Burson's Chief Executive Officer, Darryl Abotomey, said "This is another exciting phase in the development of the Burson Group, and is consistent with our strategy to grow our specialist wholesale business where we will be number 1 or 2 in the segment in which our businesses operate. Bearing Wholesalers and Precision Automotive Equipment expand the breadth of our offering to our customers and are complementary to our existing operations. Both businesses will contribute positively to earnings from the date of acquisition."

-Ends

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