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ASX Announcement

Sale of Metcash Automotive to Burson Group for \$275m

Metcash Limited ("Metcash" or "the Group") today announced it had reached agreement with Burson Group Limited (ASX: BAP) for the sale of the entire issued share capital of Metcash Automotive Holdings Pty Ltd ("Metcash Automotive" or "Automotive Business") for a total consideration of \$275m. This represents both the Group's and the minority shareholder's interests in Metcash Automotive.

The purchase price multiple of 9.9x FY2015 EBIT recognises the value of the Automotive Business. Metcash expects to receive net proceeds after tax of ~ \$210m from the sale. The transaction is expected to complete in July 2015 with proceeds from the sale to be invested in the Group's balance sheet and businesses.

On 14 May 2015, Metcash announced it was investigating a potential IPO of the Automotive Business and since that date it has held preliminary discussions with potential investors. The Group received the offer from Burson of \$275m, which the Board believes fairly values the Automotive Business.

The consideration reflects the strength of the business Metcash has built in the auto parts and service sector over the last three years.

Ian Morrice, CEO of Metcash, said: "Through discussions with Burson, it became clear that the parties could reach an agreement which represented both attractive value for shareholders and certainty of transaction completion.

"While Metcash Automotive has performed well under our ownership, the sale makes sense for both Metcash and the Automotive Business.

"We will redeploy capital to strengthen the Group's balance sheet and invest in our core businesses. The Automotive Business will become part of a sector specialist owner with access to the capital needed for expansion of the business," Mr Morrice said.

All employees will continue their employment with the Automotive Business and it is expected that the transition of ownership will be seamless to customers, franchisees and suppliers.

The Metcash Automotive network includes several leading automotive franchise systems, namely Autobarn, Autopro, ABS and Midas. In addition, the business includes a leading automotive aftermarket parts and accessories wholesale operation.

(ENDS)

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