CMI Limited ABN 98 050 542 553
150 Robinson Road Geebung Qld 4034 Australia
Postal address: PO Box 716 Virginia Qld 4014 Australia
Telephone: (07) 3865 9969 Facsimile: (07) 3865 3677
Email: corporate@cmilimited.com.au Web: www.cmilimited.com.au

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CMI ANNOUNCES DIVESTMENT OF TJM

CMI Limited (ASX:CMI) confirms that it has entered into a binding sale and purchase agreement for the TJM Products Pty Ltd (TJM) business with Aeroklas Australia Pty Ltd (Aeroklas), a wholly owned subsidiary of Aeroklas Co Ltd in Thailand which is wholly owned by Eastern Polymer Group, the Stock Exchange of Thailand listed company (SET: EPG).

Highlights of the transaction include:

- Sale price of $22.2 million net of cash and debt; and
- Gross proceeds from the divestment including cash and working capital adjustments are expected to be approximately $24.0 million.

Aeroklas is a manufacturer and supplier of automotive products for both original equipment (OE) and aftermarket customers. The purchaser's parent, the Eastern Polymer Group, is a diversified manufacturer and supplier of plastic products for automotive and utilities industries headquartered in Thailand.

Under the ownership of Aeroklas, TJM will be well positioned for growth to support the strong distributor network and provide opportunities for employees.

As previously announced, the board of CMI conducted a strategic review of the TJM business and its position in the broader CMI group. The Board's view was that synergies with CMI's Electrical business are limited. Having conducted the process, the Board concluded that a full divestment of TJM is in the best interests of CMI shareholders.

The board of CMI also believes that the TJM employees, brand and distributors of TJM products will benefit from the expertise and capabilities of the new owner, Aeroklas, which has its own extensive product range in the automotive OE and aftermarket sectors.

CMI Executive Chairman, Mr Andrew Buckley, stated that –

"CMI have owned the TJM business for over ten years and we are proud that the business leaves us with a strong brand, a suite of great products, a healthy market, a strong team of dedicated TJM employees and distributors and potential further growth. The board is pleased to be selling the business to Aeroklas who we believe will further develop and grow the TJM brand that will in turn support TJM employees and the strong network of distributors of TJM products in Australia and offshore."

"The board of CMI also believes a sale of TJM is in the best interest of CMI shareholders with greater value achieved by pursuing growth in areas that are more closely aligned with the group's core expertise in electrical products. The sale of TJM will put CMI in a good position to pursue a range of attractive growth opportunities, either through the organic growth of the CMI electrical business or other growth initiatives such as acquisitions in sectors adjacent to the electrical business."

The impact of the sale on CMI's results is not expected to be material given that the sale is forecast to be at a slight premium to book value.

CMI and Aeroklas anticipate completion of the transaction in the March quarter. CMI is being advised by Origin Capital Group (as financial adviser) and Allens (as legal adviser) in relation to the divestment.

- ENDS -

Contacts:
Mr Andrew Buckley
Executive Chairman
Mobile: +61 (0)412 059 526

About CMI (ASX: CMI): Established in 1991, and listed on the ASX in 1993, CMI Limited's operations include the distribution of electrical cables and components for industrial and mining applications through CMI Electrical and the distribution of 4WD accessories via the TJM 4WD network throughout Australia and around the world.