

carsales to acquire 50.1% of innovative vehicle finance and insurance broker, Stratton Finance Pty Ltd

1 July 2014

carsales.com Ltd (ASX: CRZ) today announces that it has signed a binding agreement under which it will acquire a controlling (50.1%) shareholding in Stratton Finance Pty Ltd ("stratton"), an innovative vehicle finance business.

stratton was established by current (and continuing) Managing Director Rob Chaloner in 1998. In 2003 the business made a strategic decision to focus on technology as a key competitive advantage and focussed on the internet as its primary channel for new customer acquisition. Since then stratton has grown rapidly, and stratton.com.au is now one of the highest traffic generating vehicle finance websites in Australia with over a million visits per year.

stratton boasts a significant national presence, offering personal, small business and corporate clients a comprehensive range of finance and insurance solutions for cars, boats, commercial vehicles, business equipment, property and more.

carsales CEO and Managing Director Mr Greg Roebuck said: "carsales has enjoyed a long and very positive relationship with stratton for almost as long as carsales has had advertisers. They have been an important customer of carsales and we are confident that this transaction brings together two businesses with very similar DNA and operating styles".

"stratton is a technology and online business and their core focus is helping consumers with their vehicle purchase. It's a natural fit with the carsales business. We see great opportunity to introduce stratton across our range of verticals in addition to the presence it currently has in automotive. stratton's large database of new and used car buyers is of obvious value, however we see significant potential in the provision of quality affordable finance and insurance products to our ever growing private to private customer marketplace" Mr Roebuck said.

stratton Founder and Managing Director Rob Chaloner stated: "We have always had a great relationship with carsales and we look forward to working together. The automotive and related industries finance market is many tens of billions of dollars and while stratton has a growing share of this, we believe this investment will accelerate the growth opportunity".

carsales will acquire its shares in stratton for a consideration of A\$60.1m. carsales' investment will be funded by existing cash reserves and a debt facility held with the National Australia Bank. stratton has achieved an EBITDA compound annual growth rate of over 50% over the past 3 years and carsales expects the acquisition to be EPS accretive immediately.

The transaction remains subject to a number of conditions which are typical for a transaction of this nature, and is expected to close early in the first quarter of FY2015.

For further information, please contact:

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carsales advisor acknowledgements:

- Arnold Bloch Leibler acted as the exclusive legal advisor to carsales
- PricewaterhouseCoopers acted as the exclusive accounting advisor to carsales
- Ernst & Young acted as the exclusive tax advisor to carsales

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