

ASX RELEASE

Sale of AA Gaskets

20 November 2017

Coventry Group Ltd (ASX: CYG) is pleased to announce the sale of the AA Gaskets business in Australia and New Zealand to GUD Holdings Limited (ASX: GUD) for A\$22 million. The net proceeds to Coventry Group from its 72.5% shareholding in AA Gaskets is approximately A\$15 million and the Board believes that the price realised is an excellent result for CYG shareholders.

AA Gaskets has been a strong revenue growth business with improving profitability in recent years. After an internal review, the Board formed the view that AA Gaskets was not a core part of the Group's future and it was better owned by a specialist automotive aftermarkets company. After a competitive process, GUD was selected as the preferred party and it is an excellent home that will provide benefits to customers, suppliers and employees.

The transaction allows Coventry Group to focus on two core businesses – Trade Distribution and Cooper Fluid Systems. The net proceeds from the divestment of AA Gaskets substantially improve the Group's financial flexibility and allows the following initiatives to be undertaken:

- Extinguish the securitised trade receivables facility with Scottish Pacific, which had a drawn balance of \$8.9 million as at 31 October 2017.
- Fund strategic initiatives required to fast track achievement of sustainable profitable growth in Trade Distribution Australia. This includes value-adding investment in branch resources (business development and merchandising), technology and digital capability, supply chain / distribution re-organisation and selected new branches.
- Initiate an on-market buyback for up to 10% of the issued capital of CYG.

Lion Capital and HWL Ebsworth provided advice on the transaction.

The Board will provide a further update on the Group's performance at the Annual General Meeting on 22 November 2017.

For further information contact:

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