

12 August 2018

Agreement to sell Kmart Tyre and Auto Service

Wesfarmers today announced it has agreed to sell its Kmart Tyre and Auto Service (KTAS) business to Continental AG for \$350 million.

On successful completion of the transaction, Wesfarmers estimates it will report a pre-tax profit on sale of approximately \$270 million to \$275 million, subject to completion adjustments. The sale is subject to certain consents and approvals including from the Australian Competition and Consumer Commission and the Foreign Investment Review Board.

KTAS is one of Australia's largest tyre, automotive service and repair retailers. The business has 258 stores across Australia with over 1,200 employees. KTAS is also the largest single employer of apprentice motor mechanics in Australia. Continental will use the KTAS name and logo for a transitional period following the sale.

Continental is based in Germany. Its five divisions in 2017 generated sales of €44 billion and it currently employs more than 243,000 people in 60 countries. Continental's Tire division is a technology leader in tyre production and offers a broad product range for passenger cars, commercial vehicles and two-wheelers. Its product portfolio also includes fleet applications, as well as digital management systems for commercial vehicle tyres.

Wesfarmers Managing Director Rob Scott said the agreement to sell KTAS crystallises value for shareholders from the business turnaround since it was acquired as part of the Coles Group in 2007.

"We believe that the divestment is in the best interests of Wesfarmers' shareholders, while giving the employees and customers of KTAS the opportunity to join a highly complementary business in Continental. Continental's automotive industry expertise will further strengthen the business' customer offering," Mr Scott said.

"I thank all of the KTAS team for their outstanding efforts in growing and improving the business under Wesfarmers' ownership and, in advance, for their continued focus and commitment during the transition to new ownership."

Subject to satisfying conditions precedent, the divestment of KTAS is expected to complete in the first quarter of the 2019 financial year.

For more information:

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