



ASX ANNOUNCEMENT

31 MAY 2016

### **ACQUISITION OF ECO PALLETS**

BauMart Holdings Limited (ASX: BMH) (**BauMart** or the **Company**) wishes to advise that it has expanded its complementary product and services range via the acquisition of a 100% interest in the issued capital of Eco Pallets Pty Ltd (**Eco Pallets**) (the **Acquisition**).

#### **Key Highlights**

- Eco Pallets is a Perth-based materials handling product supplier founded in 2009 with approximately 1,000 customer accounts<sup>1</sup>. Eco Pallets services the materials handling and industrial supplies market Australia-wide and specialises in plastic materials handling unit load devices, such as plastic pallets and plastic crates.
- The Acquisition is in line with BauMart's focus on developing complementary product offerings to its main line of building products and materials. BauMart considers Eco Pallets' alternative and sustainable plastic materials handling products a strategic step in the continued development of its business by lifting BauMart's complementary products and services range.
- The Acquisition advances BauMart's growth in the eastern states by leveraging on Eco Pallets' existing operations and customer relationships.
- Existing Eco Pallets customer and supplier arrangements will be maintained on a 'business as usual' basis. BauMart anticipates a smooth operational transition with minimal integration costs.
- Eco Pallets achieved unaudited revenue of \$1.5million in FY 2015 and for the 10 month period to 30 April 2016 achieved unaudited revenue of \$1.1million. The Acquisition is expected to generate considerable synergies in terms of overheads, procurement, logistics, distribution and human resources that should provide additional sales and increased earnings.

#### **Consideration for the Acquisition**

The consideration for the Acquisition is the issue of a total of 8,000,000 fully paid ordinary shares (**Shares**) in the Company to the respective vendors of Eco Pallets, none of whom are considered to be related parties of the Company. The Shares are subject to a 12 month voluntary escrow period from the date of issue.

The issue of shares is within the Company's 15% share issue capacity under rule 7.1 of the ASX Listing Rules.

#### **Other Matters**

The relevant ASX Appendix 3B and Notice under Section 708A(5)(e) of the Corporations Act 2001 (Cth) follows this announcement.

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<sup>1</sup> As at 31 May 2016

