



THE RPM GROUP

RPM Automotive Group Ltd  
6-18 Antonella Court,  
Dandenong South, VIC 3175  
**ABN: 34 002 527 906**

4 August 2021  
ASX Announcement

## **RPM AUTOMOTIVE GROUP STRENGTHENS NORTH QUEENSLAND PRESENCE WITH THREE STRATEGIC GROWTH TRANSACTIONS**

### **Key highlights:**

- **Acquisition of two complementary businesses and the opening of a new distribution centre to grow operations in Far North Queensland (“FNQ”): Carline Automotive - Cairns; Carline Automotive – Townsville and Revolution Racegear – Townsville**
- **Opening of RPM Autoparts Townsville distribution centre**
- **Forecasted additional annual revenue of \$6.75 million**
- **Provides increased vertical integration capability and savings, simplified logistics and broader product integration in the region**
- **Immediately value and earnings per share (EPS) accretive**
- **Fully funded from a mix of existing cash balances and new RPM shares**
- **Culturally and operationally aligned, with all management retained**
- **Continuation of the company’s ongoing growth strategy, consistent with recent acquisitions including Elite Tyre Group, Super Tyre Mart and East Coast Tyre Wholesalers**

**RPM Automotive Group Limited (ASX: RPM) (“RPM” or the “Company”)** is pleased to announce the acquisitions of Queensland businesses, Carline Automotive - Cairns, Carline Automotive and Revolution Racegear - Townsville and leased anew warehouse. The businesses will be integrated into RPM’s Performance and Accessories Division, effective 1 Aug 2021, while the FNQ warehouse expands RPM’s distribution footprint.

Commenting on the acquisitions, RPM CEO Clive Finkelstein said:

“Providing a seamless customer experience serviced by our specialist staff across all our integrated brands is key to the success of RPM Automotive Group. The recent acquisitions of Carline Automotive - Cairns and Carline Automotive and Revolution Racegear - Townsville are great examples of our next expansion phase, purchasing some of our franchisees and members as part of our forward integration plan. While opening the RPM Autoparts Townsville distribution centre enable us to improve our store supply capability in Far North Queensland. Our new warehousing facility is fully equipped to support our vertical integration model and house the breadth of products we offer.”

“The acquisitions of Carline Automotive - Cairns and Carline Automotive and Revolution Racegear - Townsville (a Carline Group subsidiary) is part of our strategy outlined in our

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prospectus to acquire several Carline automotive outlets in the medium term and provides an opportunity to add further value to the businesses through revenue synergies from cross-selling products, and cost synergies from the scale benefits of a larger RPM Group.

“The acquisitions are value and earnings per share accretive, and well-funded from existing cash balances and share issues follow RPM’s recent capital raising. We continue to evaluate further bolt-on and strategic acquisitions in line with RPM’s focussed growth strategy.”

#### **Carline Automotive - Cairns overview**

Opened in 1990 as a Carline Automotive Store, Carline Cairns is one of the oldest as well as one of the largest Auto repair centres in FNQ. The Store Manager brings 17 years of experience with the business, while the vendor will continue to be involved as landlord of the business’ operations.

#### **Carline Automotive - Townsville and Revolution Racegear – Townsville overview**

The Townsville store opened in 2015, and immediately became a member of the Revolution Racegear Franchise Group, and subsequently joined the Carline Group in 2019 and is well-known and respected as a performance tuning centre and motorsport outlet. The Store Manager has been with the business since its inception.

From a motorsport perspective, as the host of two rounds of the Supercars Championship, Townsville is an important motorsport hub in North Queensland that will continue to grow upon completion of the new purpose-built motorsport facility at Woodstock later this year.

#### **RPM Autoparts Townsville distribution centre overview**

RPM Autoparts Townsville distribution centre services all customers north of Rockhampton. The business distributes a wide range of RPM’s extensive tyre categories and brands; however, the focus initially will be on commercial, industrial and 4x4 passenger tyres, with significant opportunities to increase the group’s passenger tyre and offroad tyre turnover. The business also distributes RPM’s Performance and Accessories Division’s products. With a high concentration of RPM Autoparts customers, and Carline Automotive Stores in the broader region, this new venture will enable RPM to more effectively provide logistics support to its business network across the region while also significantly reducing logistics costs.

#### **Strategic rationale**

The acquisitions are strongly aligned with RPM’s existing strategy of expanding the business through accretive acquisitions.

The combined retail businesses are forecast to generate \$3.5 million in revenue and \$525k in EBITDA in FY22. The two businesses will contribute around 15% to the Repairs & Roadside Division in FY22.

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RPM Autoparts Townsville distribution centre is expected to generate \$3.75 million in turnover and over \$300k in EBITDA in its first 12 months of trading (expected opening date 1 October 2021).

#### **Acquisition details**

The total purchase price of is \$500k, with consideration comprising of \$125k cash and \$375k in RPM shares (valued at RPM's 60-day weighted average price from signing of the sale and purchase agreement). The cash payments will be funded from RPM's existing cash reserves.

#### **Conditions precedent to completion**

The sale and purchase agreements contain standard conditions precedent for completion, and RPM anticipates completing the acquisitions on or around 1 September 2021.

#### **Ongoing Strategic Objective**

RPM's growth strategy remains on course, with strong organic growth and further potential acquisitions in the pipeline.

- ENDS -

*This announcement was approved, and authorised for release, but RPM's Board of Directors.*

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#### **Important Information and Disclaimer**

##### **RPM Automotive Group**

RPM Automotive Group Limited is a leading player in the Australian Automotive Aftermarket, comprising a number of businesses involved in importing, wholesaling and retailing of tyres, mechanical repairs, motorsport apparel and safety equipment, niche manufacturing and a roadside assistance service for the transport industry. RPM owns brands, such as: RPM Racewear, Carline, Genie, Air Anywhere, Formula Off-Road, RPM Autoparts.

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For further information, please visit: <http://www.rpmgroup.net.au/>

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