

ASX Announcement
21 April 2021

RPM ACQUIRES TWO ATTRACTIVE BUSINESSES: ELITE TYRE GROUP AND SUPER TYRE MART

- Acquisition of two complementary businesses to be bolted on to existing RPM infrastructure
- Second acquisition since the completion of RPM's successful January 2021 capital raising
- Culturally and operationally aligned, with management of the acquired businesses retained
- Value and earnings per share (EPS) accretive before taking into account potential synergies
- Potential revenue synergies through applying RPM's expertise, contracts and sales network to the acquired businesses
- Potential cost synergies through shared services (occupancy, HR and logistics), access to new customers in New South Wales, Tasmania, South Australia and ACT, and greater coverage of Victoria through more effective use of resources
- Attractive industry fundamentals underpin growth, with sales of new cars in Australia climbing 22.4% YOY in March 2021 (*source: VFACTS*), and increased domestic driving activities replacing international travel as a result of border closures
- RPM remains on track to generate record revenues of \$50 million in FY21 (45% YOY increase), and record EBITDA of \$4.7 million in FY21 (37.6% YOY increase) – *excluding this acquisition which will be effective 1 July 2021*

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "Company") is pleased to announce the acquisitions of Elite Tyre Group, Kealba, VIC (ETG) as well as Super Tyre Mart, Ravenhall, VIC (STM). ETG will be integrated into RPM's Wholesale Tyre Division (Wheels and Tyres), and STM will be integrated into RPM's Repairs & Roadside Division effective 1 July 2021.

Commenting on the acquisitions, RPM CEO Clive Finkelstein said: "Having raised capital to fund the company's growth, I'm delighted to welcome Elite Tyre Group and Super Tyre Mart into the RPM fold. These two businesses are operationally and culturally aligned with RPM, and we see attractive potential to add value to both businesses through revenue synergies from cross-selling products and cross-pollinating customers, and cost synergies from the scale benefits of a larger Group. Importantly, these acquisitions are value and earnings per share accretive before synergies, and comfortably funded, supporting further sustainable growth. We continue to evaluate further bolt-on and strategic acquisitions in line with RPM's focused growth strategy."



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ETG has distribution capabilities across Australia

ETG is a tyre and wheel wholesaler based in Melbourne, with distribution capabilities across Australia.

It is the exclusive distributor of a number PCR (Passenger Tyre) Brands, including Imperial Tyres, Aptany Tyres, and Kinforest Tyres. ETG is able to supply passenger tyres from 12 inch to 22 inch in size, with the range focused on passenger tyres, high performance tyres, SUV and 4WD tyres.

In FY20, ETG and STM generated revenue of \$5.6 million and EBITDA of \$291k. Revenue and EBITDA in FY21 are forecast to be \$6 million and \$480k respectively.

Acquisition of ETG has strong strategic rationale

The acquisition of ETG is strongly aligned with RPM's goal of expanding the Group's tyre wholesale and distribution platform. Around \$250k of efficiency synergies are expected from integrating ETG with RPM's other Tyre Wholesale Businesses. In addition, potential revenue synergies from cross-pollinating customer-bases and cross-selling ETG's product range are expected.

Acquisition details

The acquisition is an asset purchase agreement, with the total purchase price for ETG and STM being \$1.6 million, and consideration comprising 70% cash and 30% equity (valued at RPM's 60-day volume weighted average price from signing of the sale and purchase agreement or 30 cents per share, whichever is the lower). Inventory will be vendor financed and paid over 12 months.

80% of the consideration for the acquisition will be paid on 1 July 2021, and the remainder once audited financial statements for FY21 have been prepared and signed.

Conditions precedent to completion

The sale and purchase agreement contains standard conditions precedent for completion, and RPM anticipates completing the acquisition on or around 30 June 2021.

Ongoing Strategic Objective

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

- ENDS -

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



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About us

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.

RPM is focused on the health, well-being, and safety of both its staff and customers and continues to provide the appropriate sanitation measures and social distancing regimen with regards to Covid-19 Protocols.

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



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