



THE RPM GROUP

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

6 September 2021  
ASX Announcement

## RPM TO ACQUIRE DIRECT WHOLESALE TYRES IN FAR NORTH QUEENSLAND

### Key highlights:

- Acquisition of complementary business adds to RPM's new distribution footprint in Far North Queensland ("FNQ")
- Direct Wholesale Tyres currently generate \$6.5 million revenue in FY21, and is forecast initially to provide an annual EBITDA contribution of \$450k
- Resilient and growing business model
- Strategically aligned acquisition that provides increased vertical integration capability and cost savings
- Culturally and operationally aligned, with all management retained
- Immediately value and earnings per share (EPS) accretive
- Continuing RPM's successful growth strategy, and fully funded from the recent strategic investment

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "Company") is pleased to announce the acquisition of another FNQ based business, Direct Wholesale Tyres ("DWT"). This business, once the acquisition is completed, will add scale to RPM's existing FNQ footprint and ensure that the new RPM Distribution Centre in Townsville not only services our existing business, but also supports DWT and its associated customers.

Commenting on the acquisition, RPM CEO Clive Finkelstein said:

"Direct Wholesale Tyres is the perfect bolt-on business for RPM Automotive Group, given our growing presence in Far North Queensland. With our recent investment in the region and our growing customer-base and market share, Direct Wholesale Tyres will add regional scale while also increasing the use of our new Townsville distribution facility.

"A key part of our focused growth strategy centres around RPM Automotive Group acquiring quality local businesses in the commercial and industrial sectors of the tyre industry to add scale and further value through revenue synergies from cross-selling products, and cost synergies achieved through the greater Group. Direct Wholesale Tyres is on point strategically. For example, the business has just experienced two of its strongest months of sales in the company's history, proving the resilience and strength of its business model in these volatile trading conditions.



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“In addition, this acquisition will be value and earnings per share accretive and has been funded from our recent strategic investment. We continue to evaluate further bolt-on and strategic acquisitions in line with RPM’s focussed growth strategy.”

### **About Direct Wholesale Tyres**

Opened in July 2007, DWT is located in the Townsville Distribution Precinct with triple road-train accommodation. The two key personnel at DWT bring a combined 44 years of experience within the tyre industry, with its Manager having extensive experience in commercial tyre wholesale, distribution and retreading.

As one of RPM’s biggest customers in the region, through the Company’s sub-distributor / direct-ship container order business, RPM will benefit from DWT’s excellent brand profile and product acceptance in the area.

### **Strong strategic rationale**

The acquisition of DWT is strongly aligned to RPM’s focused growth strategy, which includes expanding the business through accretive acquisitions.

DWT generated \$6.5 million in revenue for FY21 and is forecast initially to provide an annual contribution of \$450k to RPM’s new FNQ operation.

### **Acquisition consideration**

RPM will pay \$1.7 million for DWT, split 60% in cash and 40% in RPM ordinary shares (escrowed for 12 months from the issue date) at an issue price equivalent to the weighted average share price over the previous 60 days. Consideration will be paid 60% on completion and the balance on 1 October 2022.

### **Conditions precedent to completion**

The sale and purchase agreement contains standard conditions precedent for completion, and RPM anticipates completing the acquisition of DWT on or around 1 October 2021.

- ENDS -

*This announcement was approved, and authorised for release, by 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.

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

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial positions and performance are examples of forward-looking statements.

Forward-looking statements, including projections or guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including RPM). In particular, no representations, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.

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