



THE RPM GROUP

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

5 April 2022  
ASX Announcement

## **RPM EXPANDS REPAIRS AND ROADSIDE DIVISION ACQUIRES VICTORIA WIDE TYRE SERVICE AND ACT TOTAL TYRES**

### **Key highlights:**

- **Acquisition of Victoria Wide Tyre Service and ACT Total Tyres, two specialist commercial and industrial tyre businesses, expands RPM's Repairs and Roadside division**
- **Further strengthens RPM's distribution platform and footprint on Australia's east coast**
- **Both businesses are well-respected and have experienced management teams that have been retained in the business**
- **Expected to generate combined \$14 million of revenue in FY22, \$2 million of EBITDA, and generate an additional \$350k in synergies**
- **Strategically aligned acquisitions strengthen RPM's Network Effect, provide increased vertical integration capability, enable further cost savings and have strong cultural alignment with the RPM Group**
- **Immediately value and earnings per share (EPS) accretive, acquiring both business for a consideration of \$7.67 million (cash and equity) on a combined 3.8x multiple versus RPM forecast FY22 EV/EBITDA of ~6.2x (before acquisitions)**
- **The cash component of these acquisitions will be funded from cash flow and existing credit facilities paid over 36 months**

**RPM Automotive Group Limited (ASX: RPM)** ("RPM" or the "**Company**") is pleased to announce the acquisition of two specialist tyre businesses – Victoria Wide Tyre Service ("**Vic Wide**") and ACT Total Tyres ("**ACT Tyres**").

Commenting on the dual acquisitions, RPM CEO Clive Finkelstein said:

"When assessing businesses to acquire, they must meet our strict criteria for best-in-class service, industry knowledge and a strong cultural alignment with the RPM Group. With over 70 years of combined experience between Vic Wide and ACT Tyres management, they will support RPM continuing to provide above industry service standards to our customers. Both businesses are run by experienced, well-respected managers who know the RPM Group well, buy into our strategy, and will fit extremely well with our culture.

"The acquisition of Vic Wide positions RPM as one of the largest commercial tyre businesses in metropolitan Melbourne by volume. Our current operations are very strong in the southern and eastern regions, while Vic Wide is strong in the region north of the Yarra River.



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"These acquisitions enhance RPM's Network Effect, as we increase the number of customers we provide services to while also improving our service capabilities. The net result is unparalleled customer service across more strategic locations.

"Once integrated into the RPM Group, both businesses will provide significant cost synergies and be immediately value and earnings per share accretive to deliver value for our shareholders.

"RPM's Repairs and Roadside Division will now comprise seven businesses, operating out of twelve locations, generating over \$43 million in sales, while the Group grows to in excess of \$100 million sales on an annualised basis."

#### **About Victoria Wide Tyre Services**

Vic Wide provides commercial and industrial tyre consumers with class-leading service, advice, range and value for money. Vic Wide provides the same value and cost competitiveness as the major retailers but with a personalised service and short turnaround times to reduce operator downtime. Current management, who have signed on for no less than four years, have done an excellent job of tailoring the services provided by the business to the exact requirements of their customers, building trust and loyalty.

Vic Wide has operated for over 20 years and is forecast to generate \$11 million revenue, \$1.7 million EBITDA and \$1.45 million NPBT in FY22.

The acquisition price of \$6.8 million (cash and equity) represents four times EBITDA pre-synergies. This transaction is expected to generate further operational synergies to RPM of over \$350,000 per annum across metro retail tyre operations.

#### **About ACT Total Tyres**

Established over 30 years ago, ACT Tyres operates out of Fyshwick and is one of the largest and most respected commercial tyre retail outlets in the ACT. The company prides itself on delivering high levels of service and tailored business solutions to their customers. Management has a strong reputation for outstanding service in the ACT region.

Strategically this transaction is important as ACT Tyres is the 'apex tiger' in the region. However, they also intimately know their customers and completely understand their needs. This epitomises RPM's philosophy of a national footprint with local "community" focus. This acquisition will also provide RPM with increased scale and ability to service current customers who have regional depots in the ACT.

ACT Tyres generated \$2.6 million revenue in FY21, and is expected to generate EBITDA of \$300,000. Consideration of \$870,000 (cash and equity) represents less than 3 times EBITDA and is consistent with RPM's successful growth strategy.

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### Acquisition consideration

RPM will pay \$6.8 million for Vic Wide, split 65% in cash and 35% in RPM ordinary shares (escrowed for 12 and 24 months from the issue date) at an issue price equivalent to the weighted average share price over the previous 60 days at the date of settlement. Consideration will be paid 50% on completion and the balance 12 months later. The shares will be issued under ASX Listing Rule 7.1.

RPM will pay \$0.87 million for ACT Tyres, split 50% in cash and 50% 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 which is \$0.280932 per share. Consideration will be paid 50% on completion, 25% after 12 months and a further 25% after 24 months. The shares will be issued under ASX Listing Rule 7.1.

### Conditions precedent

The sale and purchase agreements contain standard completion conditions precedent, and to effectively integrate the businesses. RPM completed the acquisition of ACT Tyres on 1 April 2022, and anticipates completing Vic Wide on 1 May 2022.

- ENDS -

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

### For investor and media queries, please contact:

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### About 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/>



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### **Important Information and Disclaimer**

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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