



THE RPM GROUP

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

30 May 2022
ASX Announcement

RPM ACQUIRES AFT AUTOMOTIVE GROUP TO EXPAND VERTICALLY INTEGRATED OFFERING

Key Highlights:

- **Strengthens position in fast-growing 4WD accessories market:** AFT Automotive Group is comprised of Equipit Group, a leading wholesaler of 4WD accessories, and All Terrain Design, a leading designer of 4WD motor vehicle accessories.
- **Expands vertically integrated offering:** This acquisition will significantly expand RPM's vertically integrated offering in the automotive afterparts industry across design, manufacture, and wholesale distribution.
- **Increases cross-sell and geographic footprint in the Accessories division:** Revenue growth in the Accessories division will be driven by the addition of Equipit's wholesale product range, including its flagship MAX brand, to RPM's retail network as well as the expansion of Equipit's wholesale operations from Queensland to a national footprint.
- **Acquires internal design capabilities:** The addition of All Terrain Design's business will enable RPM to utilize the market leading design software to produce custom design work for RPM's internal divisions as well as for external customers.
- **Attractive acquisition metrics:** RPM will acquire AFT Automotive Group for \$2.4 million, reflecting an average EBITDA multiple of 3.75x, with 50% cash payment and 50% in RPM shares. The Acquisition is expected to be earnings accretive immediately.
- **Management team aligned for growth:** The management team have a long working history with RPM and are committed to unlocking the value of the combined entity.

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "**Company**") is pleased to announce that it has entered into a binding agreement to acquire AFT Automotive Group (the "**acquisition**"). AFT Automotive Group is comprised of Equipit Group, a leading wholesaler of 4WD accessories, and All Terrain Design, a leading designer of 4WD motor vehicle accessories. This Acquisition accelerates RPM's revenue and earnings growth through vertical integration, cross-selling between the wholesale and retail operations, geographic expansion and increased operating leverage.

Commenting on the acquisition, RPM CEO Clive Finkelstein said: "This is a strategically important acquisition for RPM, strengthening our position in the fast-growing 4WD accessories market and significantly expanding our vertically integrated offering in the automotive afterparts market through enhanced capabilities in design and manufacture. The continued expansion of our wholesale business complements our strong retail accessories distribution through greater



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product range and supply chain control. This acquisition complements our Formula Off Road business, which manufactures 4WD products, through enhanced design capabilities and streamlined manufacturing processes. In addition, we have successfully worked with the management team over many years, and we are confident in the growth opportunities ahead.”

The vendors further added, “We are very pleased to be joining RPM in order to support the next phase of our growth. We have previously worked with Clive in building a successful business in this industry and we are excited about the opportunity to unlock the growth potential of the combined entity. We will be able to leverage the existing RPM infrastructure to expand our wholesale operations while driving sales through RPM’s distribution network.”

About AFT Automotive Group

AFT Automotive Group is comprised of Equipit Group, a leading wholesaler of premium 4x4 Accessories, and All Terrain Design, a design company specialising in motor vehicle accessories.

MAX 4X4 Accessories is a leading brand for the 4WD industry. The current product range includes the MAX GEN II Bull Bars, Side Steps and Rails. The MAX brand has developed a strong reputation for quality accessories that are great value and easy to fit.

All Terrain Design is a design company specialising in motor vehicle accessories, predominately for the 4WD industry. All Terrain Design utilises market leading technology to provide a range of services including 3D scan tooling, CAD and technical drawing, and custom design work for new products.

All Terrain Design owns and controls the design and manufacture of all MAX 4x4 Accessories.



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Compelling strategic rationale

This Acquisition strengthens RPM's position in the fast-growing 4WD accessories market and will significantly expand RPM's vertically integrated offering in the automotive afterparts industry across design, manufacture and wholesale distribution.

This Acquisition also provides significant opportunities for cross-selling within the Accessories division and for improved operating leverage by increasing utilization of existing infrastructure for wholesale and retail distribution throughout Australia.

Equipit's wholesale product range in 4WD accessories complements RPM's existing retail accessories business through the supply of existing retail customers with more products and greater control over the supply chain. In addition, RPM will expand Equipit's wholesale operations from Queensland to a national footprint by leveraging RPM's existing infrastructure throughout Australia.

The acquisition of All Terrain Design's capabilities in the specialized design of motor vehicle accessories will open opportunities for greater design work internally as well as for external customers.

Attractive acquisition metrics

The total consideration for the Acquisition is \$2.4 million, comprised of 50% in cash and 50% in RPM shares to be issued to the vendors [60-day VWAP, escrowed for 12 months]. This represents an EBITDA multiple of 3.75x based on the last 2 years financial results.

The sale and purchase agreement contains standard conditions precedent for completion, and RPM anticipates completion on or by early July 2022.

ENDS

This Announcement was approved and authorised for release by the Board of Directors.

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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, Formula Off-Road, RPM Autoparts, Safety Dave, Australia Wide Tyre Service.

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

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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