

ASX Announcement

ACQUISITION OF ELITE TYRE GROUP & SUPER TYRE MART

Melbourne, 27 November 2019: RPM Automotive Group Ltd (ASX: **RPM**) (**RPMAG** or the **Company**) is pleased to announce the acquisition of Elite Tyre Group, Kealba, VIC (**ETG**) as well as Super Tyre Mart, Ravenhall, VIC (**STM**).

A summary of the acquisition details are;

- ETG and STM expected combined revenue of \$5,500,000 and EBITDA in the range of 8-10% of revenue.
- Acquisition price of \$1,400,000, being 3x EBITDA and an amount for inventory, with inventory acquired to be paid over 12 months
- Acquisition consideration is payable by RPMAG in cash (30%) and RPMAG shares (70%), with the equity consideration to be calculated at 60-day VWAP of RPMAG's share price.
- The businesses have a combined NTA of \$415,000 and no debt
- Management agreements executed for management to continue to work in the businesses
- Both transactions are subject to due diligence by RPMAG

About Elite Tyre Group

ETG is a tyre and wheel wholesaler based in Melbourne. ETG's product range focuses on passenger, high performance, SUV and 4WD tyres. ETG are the exclusive Australian distributors of a number of PCR (Passenger Tyre) brands including:

- Imperial Tyres
- Aptany Tyres and;
- Kinforest Tyres



The acquisition of ETG aligns with the Company's goal of expanding its tyre wholesale and distribution business. RPMAG management believes there are numerous synergies from running ETG in conjunction with RPMAG's other tyre wholesale businesses, including; cross-pollination of customer-base, cross-selling of the product range, expanding RPMAG's distribution footprint with a new distribution centre. ETG will join RPMAG's wholesale tyre division.

About Super Tyre Mart

STM is a retail tyre business located in Ravenhall in a highly visible, prime location. STM's store has retail space and an attached workshop. STM will join RPMAG's tyre retail chain.

The acquisition of STM aligns with RPMAG's goal of building a national chain of 'class-leading' retail tyres stores and utilising this platform to cross-sell other Company products, including; LongMarch, Carline, Genie Headers and Formula Off-Road products. Customers will benefit from being able to access a 'one-stop-auto-shop'.

Grant Carman, non-executive Director of RPMAG, commented, "The acquisition of Elite Tyre Group and Super Tyre Mart represents RPM's growth strategy of acquiring established businesses and then using these businesses as a means to achieve organic growth via cross-selling of RPM's product range and expanding our customer base. And at the same time, identifying suitable cost savings to further increase profitability."

About RPMAG: 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. RPMAG owns brands, such as: RPM, Carline, Genie Headers, Air Anywhere, Formula Off-Road, Competition Tyres & Elite.

For further information, please contact:

Clive Finkelstein
CEO (03) 9873 8700

Or visit <http://www.rpmgroup.net.au/>

