

ASX Announcement
10 November 2020

RPM Automotive Group Ltd enters into an agreement to purchase Traralgon Tyre Service

RPM Automotive Group Limited (ASX: RPM) (“RPM” or the “Company”) is pleased to announce that it has entered into an agreement to acquire the assets of C.L.A.S. Pty Ltd t/a Traralgon Tyre Service (TTS). The transaction will be subject to normal mandatory conditions and a successful due diligence.

TTS is a market leader in the supply, fit and servicing of passenger (PCR), commercial (TBR) and industrial (OTR) tyres in the Gippsland region of Victoria. With 25 years’ experience in the tyre industry and a reputation for the best quality service and supply, TTS has successfully built a very diverse and unique business, servicing the trucking industry, forestry, agriculture and farming, the retail passenger market as well as major mining operations in the region.

TTS will fit very neatly into RPM’s Repairs and Roadside Division, joining the five existing businesses to gain operational synergies and the ability to offer more services to existing and new clientele.

Tony Mann, the owner, will remain on as the company’s director, in charge of operations, described his business, “We provide solutions to applications, our customers charge us with problems that they face and it is our responsibility to solve those problems and provide long-term workable solutions. This is what we pride ourselves on and therefore we have been able to retain our customers’ loyalty for so many years.”

TTS operates in a very similar space to Air Anywhere and Gully Mobile Tyres, RPM’s subsidiaries in its Repairs and Roadside Division. It is expected that the businesses will be able to leverage off each other’s resources, expertise and contracts to expose and take advantage of synergies and opportunities.

Transaction Details

Due to confidentiality arrangements, full disclosure is not possible at this time, however, FY20 turnover = \$4.25 million with a 9% contribution / EBITDA (normalized). The agreed business valuation was 3.8 x EBITDA and the purchase price (\$1.47 million subject to adjustments and excluding any possible GST) made up of 50% script and 50% cash (with 80% of the cash component being paid in tranches over 4 year’s subject to certain earn out and profit provisions). The business is expected to swell to \$ 6.5m in FY2022 with the recent securing of specific contracts in Regional Victoria.



Both the Bush Fires and the Covid-19 Pandemic have impacted this business, but the resilience and diversity of its offerings have ensured that it not only survived, but thrived while many of its competitors suffered

Lawrence Jaffe, Executive Director of RPM had this to say, *“I am delighted to announce that we have entered into a transaction with Traralgon Tyre Service, a perfect strategic fit for The RPM Group and a business that could be the blue-print for our future acquisitions with its involvement in mining, agriculture, forestry and trucking industries. We look forward to welcoming Tony into our organisation.”*

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

About RPM: 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.

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

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