



THE RPM GROUP

RPM Automotive Group Ltd
1-7 Ausco Place
Dandenong South, Vic 3175
ABN: 34 002 527 906

3 July 2023
ASX Announcement

RPM ACQUIRES CHAPEL CORNER TYRES TO SCALE WHOLESALE TYRE DIVISION

Key Highlights:

- Acquisition of Chapel Corner Tyres, effective 1 September 2023, to scale RPM's wholesale tyre division distribution network in Victoria
- Chapel Corner Tyres generated \$18.5m in revenue and \$900k in EBITDA in FY23 and is forecast to initially provide an annual EBITDA contribution of \$1.15m
- Strategically aligned acquisition that provides scale to wholesale tyre division through its a strong passenger and 4x4 wheel and tyre offer and minimal customer overlap, providing significant cross-sell opportunity of broader RPM product range to an expanded customer base.
- Potential cost synergies of up to \$500k through consolidation of metro Victoria distribution, shared services (occupancy, HR, and logistics), access to new customers, and greater coverage of Victoria through more effective use of resources
- Culturally and operationally aligned, with management retained

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "Company"), a leading player in the Australian automotive aftermarket sector, has entered into a binding agreement to acquire Chapel Corner Tyres to scale RPM's wholesale tyre division distributor network in the Victoria metro region.

Chapel Corner Tyres, established in 1976, is an automotive parts wholesaler and retailer headquartered in the Southern Melbourne metro area. Once the acquisition is completed on 1 September 2023, it will add scale to RPM's existing Wholesale Tyre Division (Wheels and Tyres), additional warehousing capability for the southern Vic metro region and provide significant cross-sell opportunity of the broader RPM product range to an expanded customer base

RPM CEO Clive Finkelstein said, "This is a great acquisition for RPM that meets our strict criteria for best-in-class service, industry knowledge and a strong cultural alignment with the RPM Group. Chapel Corner Tyres has a great reputation for customer service honed over nearly half a century, which we can leverage across our national network. We look forward to welcoming the high-calibre team along with their resources and warehousing capability which will strengthen our wholesale platform initially in Victoria, and then nationally. In addition, our aligned strategic ambitions will strengthen our competitive position."



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Stephen Nash said, "We are excited to join RPM's growing network as it will enable Chapel Corner Tyres to benefit from RPM's national infrastructure to access a wider range of customers for our quality range of wheel and tyre products. The entrepreneurial spirit across both our businesses is aligned with a strategic vision to continue scaling our wholesale operations, whilst continuing my family's legacy in the industry."

About Chapel Corner Tyres

Chapel Corner Tyres was established in 1976 and added its wholesale division in 2000. Since then, the business has expanded through a series of exclusive distribution agreements, thus creating a diverse range of quality tyre, wheel and accessories brands, building a reputation for exceptional customer service and innovation in distribution.

Strong strategic rationale

The acquisition of Chapel Corner Tyres is strongly aligned to RPM's focused growth strategy, which includes adding scale to the wholesale tyre division operations in Vic Metro. Chapel Corner Tyres has extensive warehousing facilities servicing the Southern Melbourne metro region and provides a strong passenger and 4x4 wheel and tyre offering with minimal customer overlap. This provides significant cross-sell opportunity of the broader RPM product range to an expanded customer base. Chapel Corner Tyres generated \$18.5 million in revenue and \$900k in EBITDA in FY23.

Acquisition details

The acquisition is an asset purchase agreement, with a total purchase price of \$3.3m includes \$2m in inventory, which implies an acquisition multiple of <1.5x FY23 EBITDA.

Consideration will be paid 50% upon completion (expected 1 September 2023) and 50% in 12 months (plus 60 days) and will comprise 50% cash and 50% in equity. Therefore, an initial payment upon completion of \$1.65m, paid 50% in cash and 50% in equity, based on the Completion Date 30-day VWAP.

Conditions precedent to completion

The sale and purchase agreement contains standard conditions precedent for completion, and RPM anticipates completing the acquisition on or around 1 September 2023.

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 expanding its national footprint in the automotive aftermarket and has business units selling wheels, tyres, accessories and apparel across wholesale and retail customers, with key brands including Revolution Tyre Services, Revolution Racegear and RPM Autoparts.

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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