



27 July 2020

ASX Announcement

Metcash Limited

ABN 32 112 073 480
1 Thomas Holt Drive
Macquarie Park
NSW 2113 Australia

Acquisition of Total Tools

Metcash (ASX: MTS) today announced that it has entered into a binding agreement to acquire 70% of Total Tools Holdings Pty Limited (Total Tools), a leading participant in the professional tool segment in Australia, for ~\$57m.

The terms of the transaction are consistent with those disclosed in Metcash's announcement of 22 June 2020, including the acquisition being subject to approval by the ACCC.

Total Tools is the franchisor to the largest tool retail network in Australia with 81 bannered retail stores nationwide. It has been operating for over 30 years and targets professional tradespeople who require high quality tools for commercial use. The retail store network generated sales of ~\$555m for the 12 months ended 31 December 2019.

Through the acquisition, Metcash will acquire the Total Tools franchisor operations and one company owned store. Consistent with the successful approach in the Hardware pillar, Metcash would look, over time, to have a mix of independently owned and joint venture retail stores. Metcash will provide Total Tools with a \$35m debt facility to support its growth plans and the future acquisition of an ownership interest in a select number of stores.

The acquisition structure includes a clear pathway for Metcash to acquire the remaining 30% stake in Total Tools within the next 4 years by way of put and call arrangements.

Metcash Group CEO, Jeff Adams, said: "We are delighted to have Total Tools join the Metcash Group. The acquisition of Total Tools enhances Metcash's position in the hardware market which will benefit independent retailers in both Total Tools and the Independent Hardware Group, and aligns with our purpose of "Championing Successful Independents".

"The acquisition is being funded out of existing cash reserves. The equity raising in April strengthened our balance sheet and provided us with the flexibility to execute on strategic acquisitions such as Total Tools", Mr Adams said.

Metcash was advised by Luminis Partners, Baker McKenzie and KPMG. Total Tools was advised by Miles Advisory Partners, Herbert Smith Freehills and PwC.

Ends

For further information:

Steve Ashe
Head of Corporate Affairs & Investor Relations
Metcash Limited
steve.ashe@metcash.com
Mob: +61 (0) 408 164 011

For personal use only