

ASX RELEASE

Acquisition of H.I.S. Hose

10 March 2020

Coventry Group Ltd (ASX: CYG) is pleased to announce that it has entered into an agreement to acquire the business and assets of H.I.S. Hose Pty. Ltd. (“H.I.S. Hose”), funded through the Company’s existing debt facility.

Highlights

- Coventry Group to acquire Victorian based H.I.S. Hose for \$4.575m.
- H.I.S. Hose is a market leader in the supply of industrial hose, fittings, flexible ducting and associated equipment including pneumatic, hydraulic components.
- H.I.S. Hose’s FY19 adjusted EBITDA of \$1.1m from \$11.6m of revenue.
- H.I.S. Hose expands Fluid Systems geographical coverage with three locations in Melbourne, Victoria and provides further diversification from the mining and resources sector.
- The acquisition will be funded through the Company’s existing debt facility.

The acquisition is subject to standard conditions precedent for transactions of this nature and is expected to complete on 1 April 2020.

Coventry Group Managing Director and CEO, Robert Bulluss, said:

“We are pleased to welcome H.I.S. Hose into the Coventry Group. H.I.S. Hose is a very well-run business that has delivered strong sales and earnings growth over an extended period. The business is highly complementary to our Fluid Systems business, further diversifying into non-mining markets and providing geographical coverage in Victoria. H.I.S. Hose represents a compelling acquisition opportunity that is consistent with Coventry Group’s growth strategy and satisfies all of Coventry Group’s key acquisition criteria.”

About Coventry Group

Coventry Group delivers innovative industrial solutions to the industrial, mining, construction, infrastructure and agriculture sectors, supplying a range of fastening systems, cabinet hardware systems, industrial products and hydraulics, lubrication, fire suppression, refuelling systems and other products.

Coventry Group operates under two key business units; Trade Distribution (**TD**) and Fluid Systems (**FS**) and operates from 77 locations across Australia and New Zealand.

About H.I.S. Hose

H.I.S. Hose is a market leader in the supply of industrial hose, fittings, flexible ducting and associated equipment including pneumatic and hydraulic components in Victoria. It was founded in 1975 by the current owners Russell and Sue Barty and Reg and Jenny Roberts. H.I.S. Hose operates three store locations across Melbourne with its head office and largest branch in West Sunshine and branches in Campbellfield and Dandenong.

H.I.S. Hose has a diversified customer base across industrial, manufacturing, government departments, marine, waste and agriculture industries, with little exposure to mining and resources. H.I.S. Hose has a strong value proposition and loyal customer base.

In FY19, H.I.S. Hose generated sales revenue of \$11.6m and adjusted EBITDA of \$1.1m. The acquisition represents a multiple of 4.4 x FY19 EBITDA and is projected to be EPS accretive in FY20.

This acquisition offers tangible synergies that will benefit Coventry Group's Fluid Systems business, including procurement cost savings and knowledge transfer.

H.I.S. Hose will operate as the Victorian regional operation of Fluid Systems.

For further information contact:

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This release was authorised by Robert Bulluss, CEO and Managing Director.