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HGL's Mountcastle acquires LW Reid to create market leading school wear supply business

- Creation of Australia's largest direct-to-school uniform supply business
- Acquired business to be EPS accretive from completion
- Acquisition price up to a maximum of \$23 million over an 18-month period

HGL Limited (HGL) (ASX: HNG) has today announced that its 50% owned joint venture company Mountcastle Pty Ltd (Mountcastle), a manufacturer and distributor of customised uniforms, has entered a share purchase agreement to acquire 100% of shares in LW Reid Pty Ltd (LW Reid), a leading online wholesaler of school and sports uniforms.

The price of the acquisition is a maximum of \$23 million over an 18-month period, with financing through a combination of bank debt and internal funds.

LW Reid has been in operation since 1922 and has grown to service 4,300 active customers – approximately 30% of Australian schools. It has an unrivalled digital sales and service platform, which is underpinned by robust inventory and a rapid fulfilment process.

The combined business will generate revenues in excess of \$40.0 million.

HGL CEO Henrik Thorup said: "LW Reid has built a deserved reputation for quality and innovation in the school wear market. The acquisition brings together over 200 years of operational experience to create a market leading business in an industry that is forecast to experience stable, long-term growth.

"The two businesses are a perfect fit, and we are particularly excited about bringing together Mountcastle's vertically integrated manufacturing with LW Reid's digital sales platform. We look forward to offering highly customisable uniforms at scale, complemented by best-in-class customer service," he continued.

Mountcastle CEO James Baldwin said: "It's a fantastic time for the school uniform industry, as sustained population growth continues to drive demand. This combination of two industry leaders will capitalise on an expanding sector through a full-service, vertically integrated operating model. We look forward to the entire LW Reid team joining Mountcastle as we enter an exciting new phase for the group."

Both parties are working towards completion during December 2019.

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