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## Apollo Tyres completes acquisition of Vredestein Banden BV

### Premium Netherlands-headquartered tyre manufacturer

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With all regulatory approvals in place and consent from the Judge of the Dutch Courts, India-headquartered **Apollo Tyres Ltd** has concluded the formal process of acquiring a 100% stake in the premium European tyre manufacturer **Vredestein Banden BV (VBBV)**, based out of the Netherlands. The acquisition is being made from the parent company, Russia's largest tyre manufacturer **Amtel-Vredestein NV (AVNV)**. AVNV was declared bankrupt on 29 April 2009.

An independent tyre company since 1946, VBBV became a part of Russia's largest tyre manufacturer AVNV in April 2005. AVNV's bankruptcy has not affected the Netherlands-based VBBV, which continues to remain a viable entity with a ring-fenced financing arrangement and a turnover of approximately Euro 307 million for CY08.

Vredestein's manufacturing unit is located in **Enschede**, 1.5 hours from Amsterdam. Over 70% of the 5.5 million tyres manufactured every year are high performance, high speed passenger car tyres with speed ratings up to 300 kmph and sold primarily in the European Union. Vredestein enjoys high brand recognition in Europe for its performance tyres and also manufactures a second brand called **Maloya**.

The acquisition strengthens Apollo Tyres' ongoing plans for the European market and provides Vredestein with opportunities to leverage its proximity to a larger industry player in terms of costs, people, products and access to markets beyond the European Union. Vredestein has an established network of sales subsidiaries spanning key countries in the EU and the United States. Over 30% of VBBV's products are sold in Germany, with the rest being sold across the EU and other parts of the world, including the US and the Middle East.

"This is a strategic alliance for us and will bolster Apollo's plans for its European customers," comments **Onkar S Kanwar, Chairman & Managing Director, Apollo Tyres Ltd**. "The fit between the two companies spans the entire spectrum of R&D, products and people to manufacturing and markets. It is a synergistic match and our aim is to increase Vredestein's global value in the coming years."

Vredestein Banden BV currently employs around 1,500 people and is managed by a core group of senior managers, with vast experience in the tyre industry and a strong track record of profitability. The company has constantly notched a CAGR of 8.5% in revenue over last five years, a figure that is significantly higher than the industry growth rate in Europe.

"This alliance is a win-win combination for both companies," adds **Vredestein Banden BV's Chief Executive Officer, Rob Oudshoorn**. "We will bring to Apollo our edge in passenger car tyre technology alongside an understanding of the European market. At the same time, Apollo can offer us access to the non-European markets, valuable manufacturing expertise and assistance with bringing down costs by leveraging the purchasing power of a larger entity. I have closely watched Apollo's acquisition and integration with Dunlop South Africa, and the way they went about the merger speaks highly of the Apollo management's outlook on people and implementing best practices."

**Oudshoorn** is also positive on the next steps: "This partnership with Apollo will bring the desired level of stability to our operations and our people. We have gone through a period of uncertainty and I am

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positive that we now have the right platform to truly harness the growth potential of which Vredestein is capable in the future. We have the people, we have the technology and now we have the right partner.”

Reinforcing Oudshoorn’s thoughts, **Neeraj R S Kanwar, Vice Chairman & Joint Managing Director, Apollo Tyres Ltd**, adds, “We will continue to run Vredestein Banden under the leadership of the current Vredestein management. As is our norm, the idea going forward is to ensure we leverage on each other’s strengths for combined benefits and better products and services for our customers.”

**Neeraj Kanwar** further added that a comprehensive integration process will begin within the next month. Areas of particular focus will be research and technology, products and brands, corporate purchase and finance. At the end of the process, which will involve managers from both companies, a consolidated plan for the short and medium term will be put into action.

The acquisition process began in November 2008 when a global bidding process was initiated by Amtel Vredestein NV. The process culminated with the signing off on all requirements, overseen and authenticated by the Supervisory Judge in the Almelo Court in The Netherlands.

Nomura, CMS Derks Star Busmann and KPMG acted as advisors to Apollo Tyres Ltd for the transaction. J A D M Daniels of Daniels Huisman acted as trustee of AVNV.

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**About Apollo Tyres Ltd**

Apollo Tyres Ltd is a high-performance company and the leading Indian tyre manufacturer. It is built around the core principles of creating stakeholder value through reliability in its products and dependability in its relationships. The company has three manufacturing units in India and three in Southern Africa, with a greenfield facility currently underway in Chennai, India. The company has a network of over 4,000 dealerships in India, of which over 2,500 are exclusive outlets. In South Africa, it has over 900 dealerships, of which 190 are Dunlop Zones.

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