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THE RPM GROUP

RPM AUTOMOTIVE GROUP LTD (ASX: RPM)

INVESTOR PRESENTATION

December 2020

LONGMARCH | REVOLUTION RACEGEAR | CARLINE AUTOMOTIVE & EXHAUST | rpm RACEWEAR | FOR Formula Off-Road | GENIE PERFORMANCE HEADERS

A Leading Australian Automotive Group

RPM is a vertically integrated group of businesses operating in the Australian automotive aftermarket.

The parts and maintenance sector of the $108 billion Australian automotive industry represents about $34 billion.

RPM's business consists of 4 main pillars:

Motorsport

Repairs & Roadside

Wheels & Tyres

Accessories & Performance

RPM Group offers a nationwide footprint focusing on wholesale distribution and retail of tyres, auto parts and accessories, and servicing and roadside repairs.

RPM owns a variety of well-known and respected brands in the automotive market.

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RPM's brands

RPM either owns or is the exclusive distributor of the following automotive brands:

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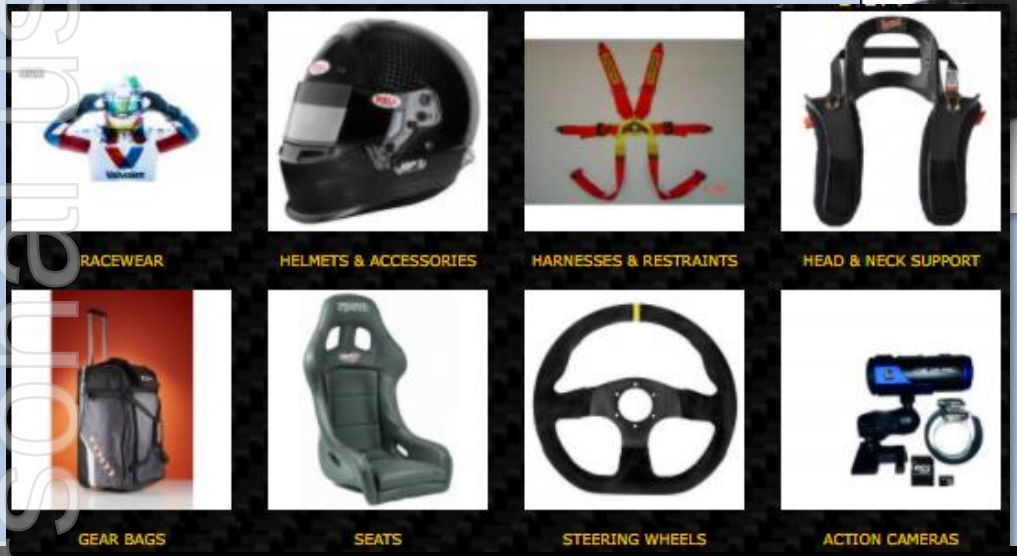
REVOLUTION RACEGEAR

http://www.revolutionracegear.com.au/

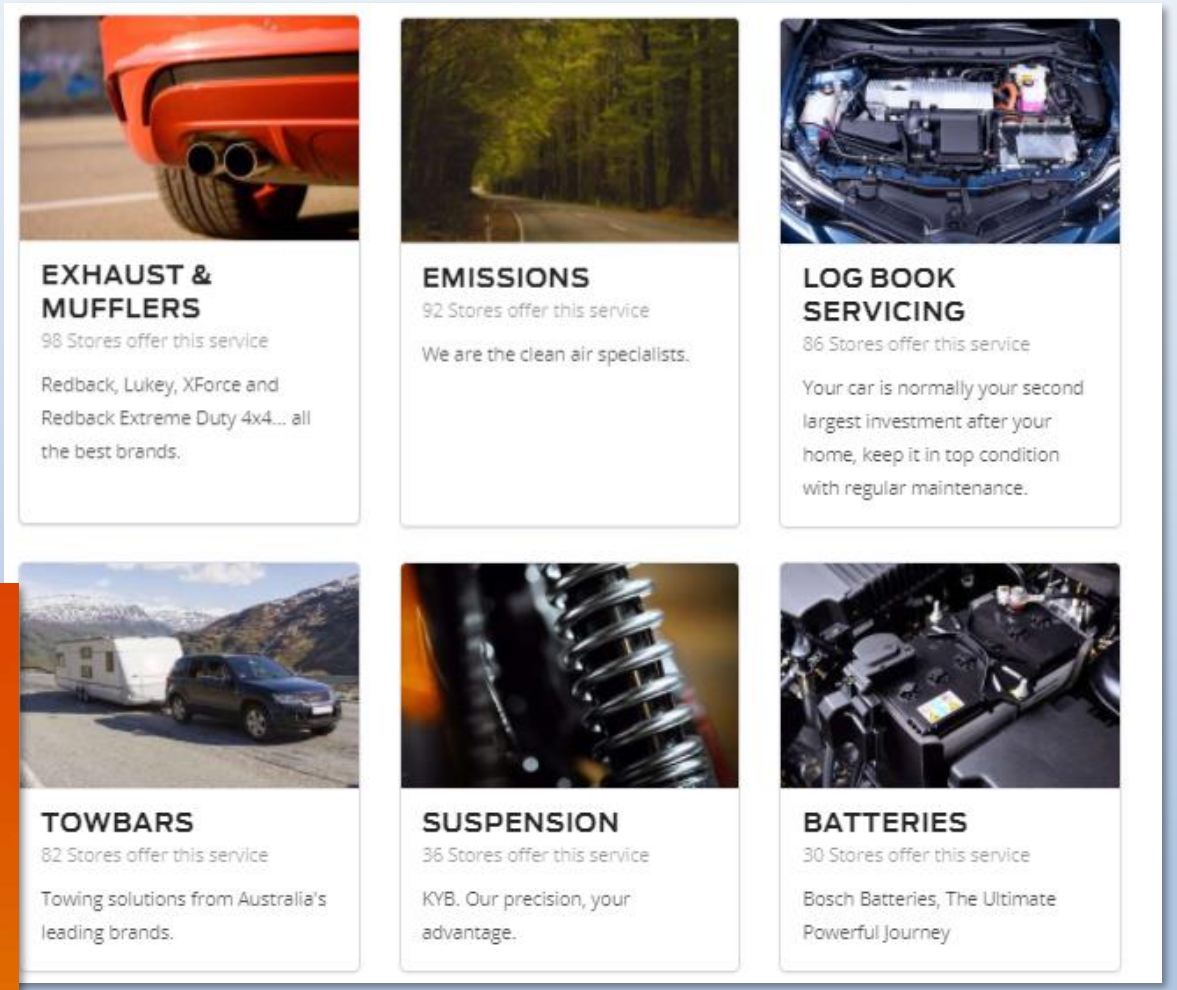
- Revolution Racegear is the market leader in "Motorsport Safety Gear" or Soft Parts.
- A substantial percentage of the product offering is the design and manufacture of fireproof race team apparel, marketed under Revolution's own brand RPM Racegear
- RPM continues to be the market leader in Australian Motorsport in all safety categories
- RPM, Alpine Stars, Bell Helmets, Cobra Seats, Hans



Confidential

CARLINE
AUTOMOTIVE & EXHAUST

- Carline Automotive is a retail licensee group with each store offering a wide range of auto mechanical repairs, servicing and fitment.
- Over 100 stores trading under one banner that provides the very best service and expertise in the Performance, Undercar & Accessory Fitment Industry
- Each Carline Store operates a fully equipped workshop; enabling quality performance, custom, and replacement exhaust systems installation



www.carline.com.au

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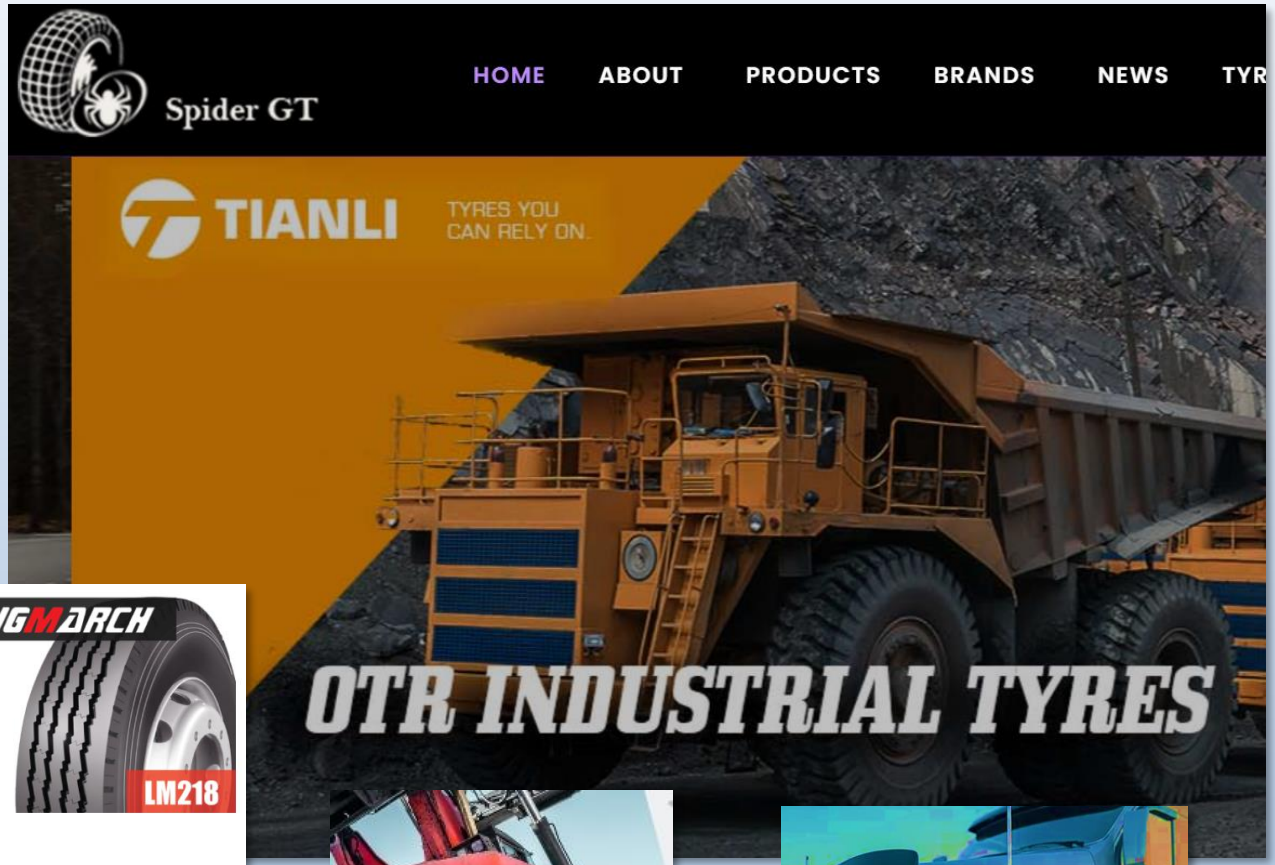
Spider GT

- Industrial (OTR), Commercial (TBR) Tyre Import / Wholesale / Distr.
- Distributor of LONGMARCH & JINYU Truck and Bus Tyres and TIANLI OTR Tyres
- www.spidergt.com.au



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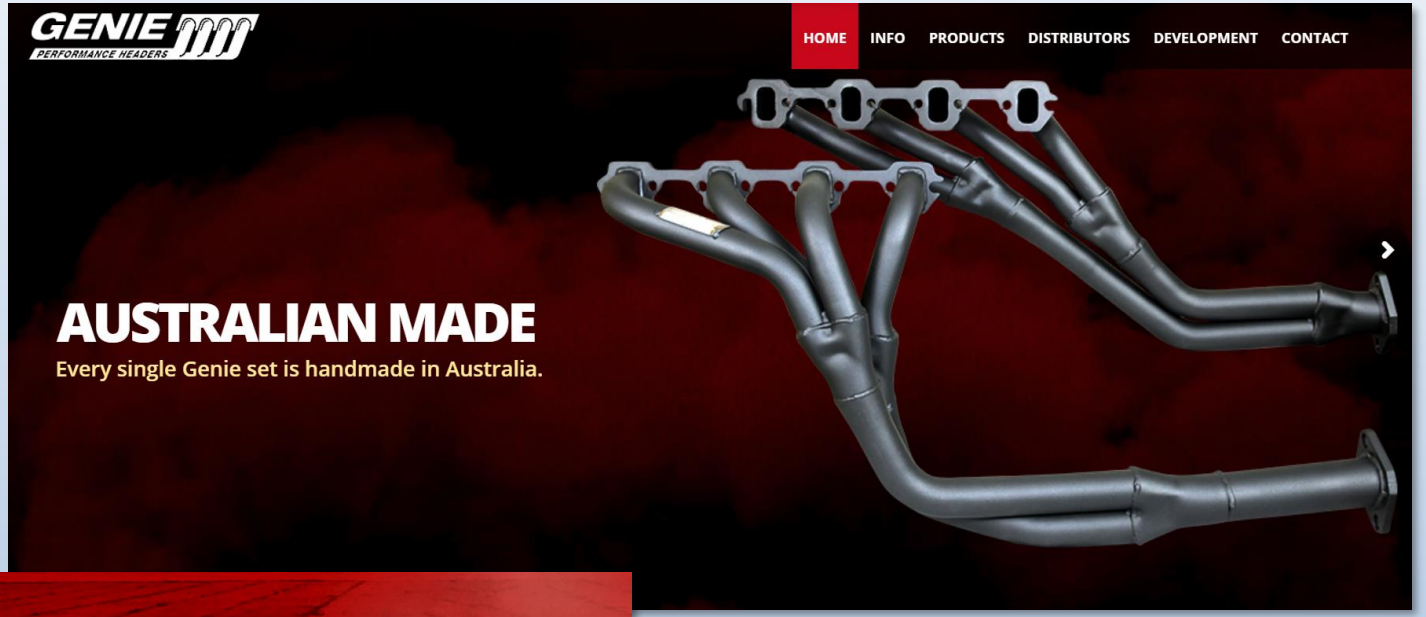
GENIE PERFORMANCE HEADERS

- Genie Headers have been at the forefront of performance header design and development in Australia for over 50 years.
- Sold worldwide through a team of international distributors
- https://genieheaders.com.au/



Nissan Patrol GU GENIII Mark's Conversion - Manual

Ford Falcon FG 6cyl (inc XR6)

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Formula Off-Road

- Manufacture Bullbars, Nudge bars, Frontal protection, Tradesman's accessories & Rear bars for 4WD and commercial vehicles.
- www.formulaoffroad.com.au

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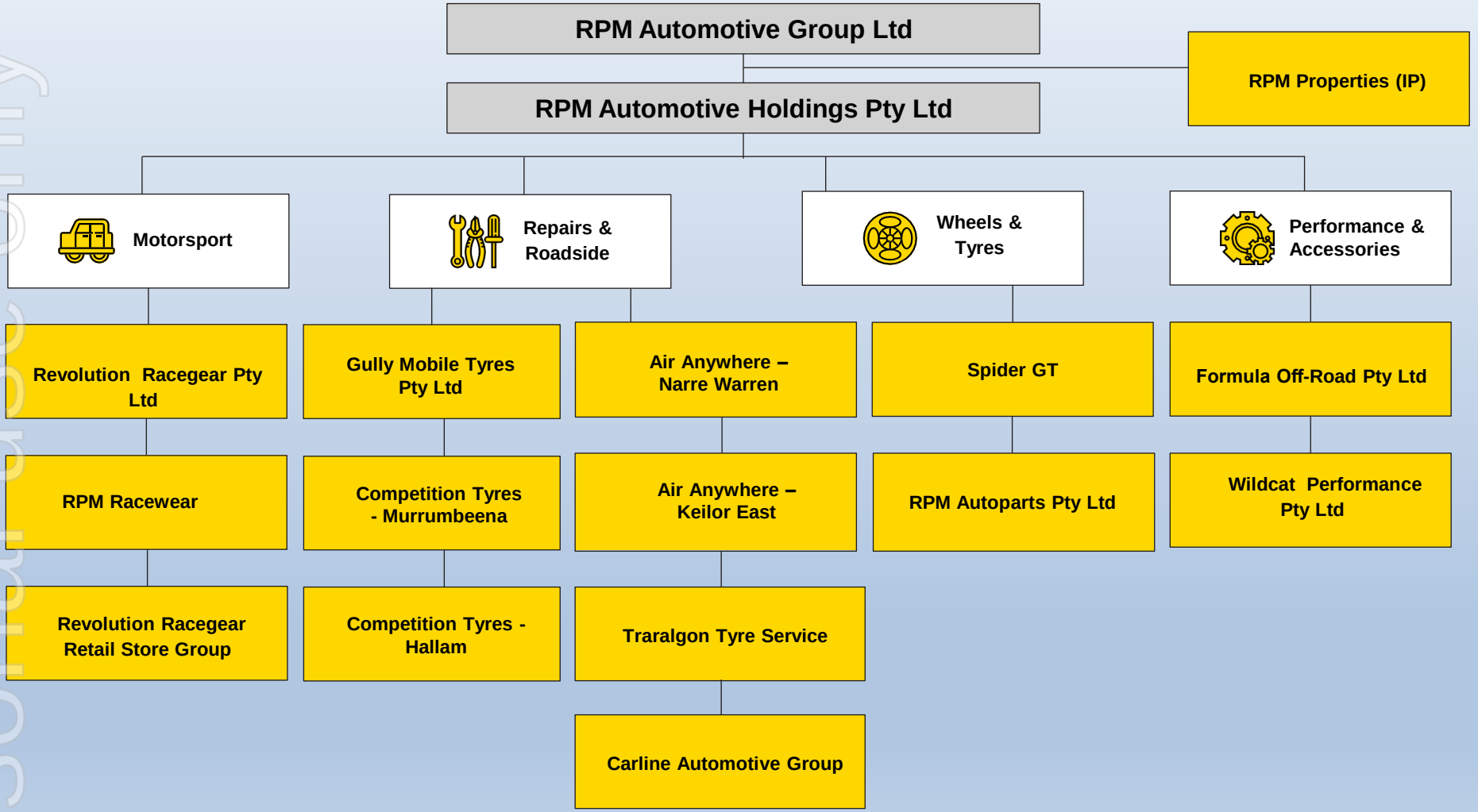
Business Corporate Structure



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RPM has been a beneficiary of Covid-19 tailwinds

- Closed state (for much of 2020) and international borders will lead to an increase in domestic driving holidays, 4WDing and off-roading activities.
- The increased vehicle usage is expected to result in sales uplift of automotive parts, accessories and related services.
- Additionally, a growing trend emerged during lockdown where people focused on maintenance and upgrades of their vehicles to take advantage of time spent at home.
- RPM's **Repairs & Roadside** business has seen the strongest growth boost, with Q1 21 **Operating Profit increasing by 80.68% YoY**, and **EBITDA rising by 84.44% YoY***
- RPM's growth strategy remains on course, with **organic business growth exceeding budget** and a number of **potential acquisitions in the pipeline**.

** Refer to ASX announcement of 15 October 2020*

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Investment Highlights

Favourable Industry fundamentals
The Australian automotive aftermarket is large and growing with a total addressable market across all sectors of over $25 Billion per annum in 2017.

Leading market positions in attractive automotive sectors
The RPM Group comprises some of Australia's most pre-eminent companies in their respective sectors of the automotive industry.

Well known brands
The RPM Group holds the rights to some of the most well known Australian automotive brands with a rich history of association in the sector.

Positioned for growth
The RPM Group has a national platform with operations in 5 states in wholesale, retail and manufacturing. The business is designed to be scalable and has multiple regional expansion opportunities.

Diversified businesses
The RPM Group has diversified revenue across various market sectors, distribution channels, products and services within the automotive industry, including; Motorsport, Mechanical Repairs, Wheels & Tyres and Auto Accessories.

Management team with deep industry experience
The founders of the RPM Group have a successful track record of owning, building and operating automotive businesses and will continue to run the business going forward.

Clear acquisition plan
Management has a clear plan to address multiple opportunities in the Australian market to aggressively grow the business on multiple fronts via acquisitions.

Funded for growth
RPM recently (November 2020) completed a $5.1 million placement, enabling the company to pursue a number of high-quality growth opportunities.

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RPM's Nationwide Footprint

- **RPM Automotive Group Head Office is located in Melbourne, Victoria**
- **Revolution Racegear** has wholesale distribution warehousing, 5 Corporate Retail Stores and 13 Franchised Stores Nationally
- There are over 100 **Carline Automotive** Licensee Stores all around Australia, with Head Office in Brisbane, Queensland
- **Formula OffRoad** (FOR) has its Head Office in NSW including a Fabrication Plant. Retail and Trade Sales Offices in Sydney, Melbourne and Brisbane and is distributed nationally
- **Wildcat** (Genie Headers) has its Manufacturing Facility in QLD and is distributed Nationally
- **Spider GT** is located in Melbourne, Victoria
- **Air Anywhere** is located in 2 locations in Melbourne, Victoria
- **Competition Tyres** is located in 2 outlets in Melbourne, Victoria
- **Gully Mobile Tyres** is located in Melbourne, Victoria
- **RPM Autoparts** is located in both Melbourne, Victoria and Brisbane, Queensland
- **Traralgon Tyre Service** is located in Traralgon, Victoria

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Highly Experienced Board of Directors

Clive Finkelstein - *Managing Director*

Clive is a co-founder and promoter of the RPM Group. Clive has over 20 years' experience in the automotive sector, having built, managed and sold a number of automotive companies including a parts and accessories manufacturer and wholesaler and a 4WD franchise group. Clive's experience spans international markets, manufacturing, development, wholesale, retail and franchising of automotive businesses. Clive is a significant shareholder in the RPM Group.

Alex Goodman - *Non-Executive Director*

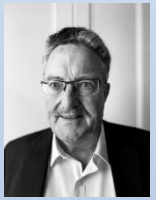
Alex has a strong background in Private Equity, business expansion of Private Companies and Executive Management in Global Companies such as IBM, Lotus (Boston) and Amdahl (Silicon Valley).
After working in IBM with the Australian financial sector, Alex took on roles in Australian Start-ups bringing many to successful exits, or organic growth.
Alex holds a BSc with Double Major in Applied Mathematics & Computer Science.

Wei Liu - *Executive Director*

Wei has a strong automotive background having cut his teeth at motor mechanical repairs.
Wei is a strong member of team on the Wheels and Tyres Division and is responsible for the wholesale division of RPM's Tyre Business. Wei is a significant shareholder in the RPM Group.

Lawrence Jaffe - Executive Director

Lawrence is a co-founder and promoter of the RPM Group. Lawrence has a strong financial background having worked in Private Equity, Mergers and Acquisitions including for a major Australian financial institution. He has over 20 years' experience in the automotive sector, and was the CEO of RPM Australasia until 2015 when the group sold off one of its subsidiaries. Lawrence remained on as non-executive Chairman of RPM Australasia and has now re-joined the executive team. Lawrence is a significant shareholder in the RPM Group.



Grant Carman - *Non-Executive Chairman*
B.Ec, MBA, FCA.

A chartered accountant with over 30 years experience in corporate finance and the Australian capital markets, Grant has held senior executive positions for and acted as a corporate adviser to a large number of Australian and international companies from a range of industry sectors, including financial services, automotive, pharmaceuticals, wholesale distribution, manufacturing, services, resources, technology and telecommunications.
Previous corporate roles including Chief Financial Officer for ORIX Australia, General Manager Finance & Shared Services National Australia Bank, CEO of National Australia Corporate Advisory, Director of Acquisitions at Ferrier Hodgson CA, Finance Director at Australian Envelopes and Group Financial Controller at Faulding.
Grant has a broad range of experience which includes corporate strategy, mergers & acquisitions, business divestments, corporate restructuring, debt & equity raising and refinancing, corporate valuations, corporate governance and risk management.

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Corporate Snapshot

Capital Structure[1]

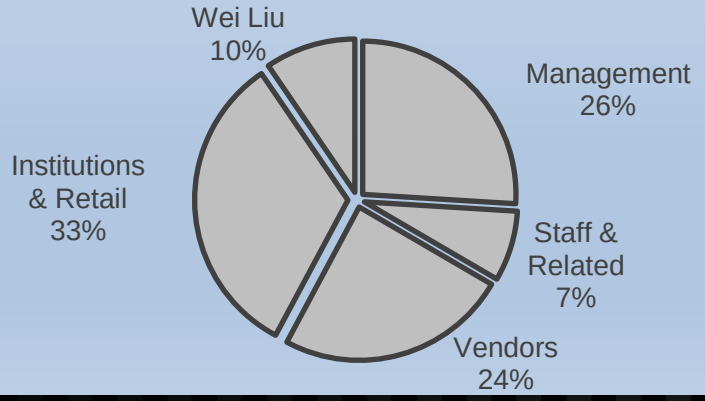
Shares on Issue	100.2m
Options - RPMO	8.98m
Share Price (9/12/20)	$0.20
Market Capitalisation	$20m
52-week High	$0.290
52- week Low	$0.105

Share Price Performance ($/share)[1]

Founders Interests

Lawrence Jaffe (Executive Director)	~15%
Clive Finkelstein (CEO / MD)	~15%
Management (original vendors)	~22%
Wei Liu (Executive Director)	~10%
Staff and Related Individuals	~8%

Register



[1] Market data sourced from IRESS as of 9 December 2020
[2] Metrics expressed in $m unless stated otherwise

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Investment Summary

Highly experienced management & Board

- Founders Clive Finkelstein and Lawrence Jaffe have deep industry expertise with over 20 years experience building, acquiring and selling automotive businesses
  - Sold Opposite Lock to Metcash in 2015

Diversified and scalable business model

- Revenue diversification across various products and services / various channel points / various sectors within the aftermarket automotive space
- Strong and scalable business platform with multiple regional expansion opportunities

Funded for growth

- Acquisition strategy on track, with a number of earnings-accretive transactions in the pipeline.
  - November 2020 placement raised $5.1 million.

Tightly held, with the Board, management & vendors owning almost 70% of the register

- 43 million shares are held in voluntary escrow until 28 August 2021

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Strategic Acquisition Growth Strategy

- RPM's acquisition strategy is to identify same or similar businesses to unlock synergies
- Preferred model is to pay approximately ~50% scrip and ~50% cash (paid out over a period of time)
- Aim to purchase businesses on an attractive valuation of 3.5 – 5x earnings
- Apply a term payout to retain vendors in the business for 3+ years; escrow applied to scrip consideration
- Since listing on the ASX in August 2019, RPM has completed acquisitions of CITIC Autoparts Pty Ltd, Gully Mobile Tyres, and is on track to complete its acquisition of Traralgon Tyre Service in coming weeks.
- RPM has identified three new potential strategic acquisitions that would unlock significant growth opportunities for the business and is currently in discussions with the vendors.

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Strategic Rationale

These Potential Acquisitions align with RPM's stated strategy and would deliver significant benefits to shareholders

1. Strategic fit with RPM's "four pillars" operating model and growth strategy, directly aligning with existing commercial and heavy duty tyre offerings within our Wheels and Tyres Pillar.
2. Further diversify RPM revenue streams, add materially to earnings and free cash flow, to support infrastructure investment and growth opportunities. RPM Automotive growth (both organic and inorganic) across the Group through forward (and reverse) integration.
3. Significantly improving earnings, meeting core objective of increasing returns to shareholders
4. Several avenues for further potential revenue and earnings expansion, including re-tread manufacturing, passenger tyre industry, bus service contract, increased warehousing opportunities in South Australia, Queensland and Western Australia and further therefore greater cost efficiencies
5. Revenue and earnings extremely well defended, given the maturity of these businesses and their relationship with current customer base, which leads to a greater scope for further income and margin via complementary products

Compelling and highly complementary transactions that build upon the foundations laid within RPM's existing Tyres and Wheels & Repairs and Roadside Divisions

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Overview

This document is issued by RPM Automotive Group Limited ACN RPM ("RPM Automotive" or "RPM") on 10 December 2020.

Summary Information

This document contains summary information about RPM Automotive and its associated and proposed associated entities and their activities as known by RPM Automotive at the date of this document. The information contained in this document is of general background and does not purport to be complete. It should be read in conjunction with RPM Automotive's periodic and continuous disclosure announcements lodged with ASX which are available at www.asx.com.au.

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Before making an investment decision, investors should consider the appropriateness of the information having regard to their own objectives, financial situation or needs and seek appropriate advice applicable to them in their jurisdiction. An investment in RPM is subject to investment risk including possible loss of income and principal invested.

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