



THE RPM GROUP

RPM Automotive Group Ltd
6-18 Antonella Court,
Dandenong South, VIC 3175
ABN: 34 002 527 906

ASX Announcement
31 August 2021

RPM DRIVES RECORD FULL YEAR RESULTS ACROSS ALL KEY METRICS

Statutory results for the year ended 30 June 2021

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "Company") is pleased to release its results for the 12 months ended 30 June 2021 ("FY21").

FY21 highlights – a record FY result

- Revenue up 30% to \$45.1 million (FY20: \$34.6 million)
- Gross Profit up 33% to \$14.1 million (FY20: \$10.6 million)
- EBITDA up 32% to \$4.5 million (FY20: \$3.4 million)
- Statutory NPAT of \$2.9 million (FY20: loss of -\$1.5 million)
- Successful capital raise of \$5.1 million
- Five complementary businesses acquired; three are yet to have a material revenue impact as trading commenced after reporting period
- Cash balance of \$1.7 million as at 30 June 2021

Commenting on the Company's record full-year performance RPM Automotive Group CEO, Clive Finkelstein said:

"Over the past 12-months, RPM has generated its strongest results in the company's history, driven by our people, resilient business model and rapid, yet sustainable growth strategy.

"Increased demand for commercial and industrial tyres, coupled with significant investment in our wholesale passenger tyres, were the key revenue growth drivers, contributing \$22.6 million to the Group's overall record annual revenue of over \$45 million, up 33 percent from FY20.

"While we achieved record growth, volatile market conditions were a catalyst for change as we looked to optimise processes and integration within the Group. We increased our cost management initiatives including improving systems and consolidation of back-end processes across many divisions. This helped improve EBITDA by 32% to a record \$4.5 million and kept Gross Profit ahead of guidance.

"While Covid-19 provides some tailwinds to our divisions that support the heavy transport industry, which generally drives most of the essential-services economy, where there seems to be no slowing down for the foreseeable future, we have seen other divisions under-performing as the lockdowns limit customer interface especially in metro areas.



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"We remain on track or ahead of schedule to reach all mid-term targets including the continued rollout of our expansion strategy. This year, we welcomed an additional five complementary businesses to the RPM fold and have another four businesses joining the group by the end of Q1 FY22.

"A number of these acquisitions are yet to have any material revenue impact as trading commenced post reporting period."

Results overview

RPM continues to grow revenue, gross profit, and EBITDA across all divisions as demand for automotive aftermarket goods and services increases across Australia.

RPM's FY21 revenue was \$45.1 million, an increase of 30% on the prior corresponding period (pcp). This year-on-year growth was largely driven by increased demand for commercial and wholesale passenger tyres.

RPM undertook a capital raise, securing \$5.1 million via a share placement. Funds are being used to drive the rollout of the Company's expansion strategy.

RPM acquired five complementary businesses during the year which places the Company on track to achieve its medium-term expansion targets.

Strong revenue growth combined with operational optimisation and disciplined cost management, improved RPM's FY21 EBITDA to \$4.5 million, up 32% on FY20.

All four RPM divisions performed well over the year, increasing revenue by 6% - 74% on pcp.

Division overview

Wheels and Tyres

Revenue	\$22.7m	+74%
Gross Profit	\$4.4m	+100%
EBITDA	\$1.5m	+75%

Wheels and Tyres experienced significant growth in FY21 with revenue, up 74% to \$22.7 million; accounting for about 46% of total group revenue. It was driven by increased commercial tyres orders for the transport, agriculture, and mining industries. While passenger tyre retail sales were slightly down due to the decrease of passenger cars on the road, passenger tyre wholesale revenue significantly increased. RPM's growing national footprint has been another significant contributor to the division's strong results, with 2 businesses and a couple of new warehouses incorporated into the division throughout the year.



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Repairs and Roadside

Revenue	\$16.0m	+16.7%
Gross Profit	\$4.6m	+15.9%
EBITDA	\$930k	+85.7%

Repairs and Roadside performed well despite retail disruptions brought on by Covid-19 that were a catalyst for increasing operational efficiencies. By investing in improved systems and focusing on the synergies created by integration and consolidation, the division improved its profitability by 18.14%. In February, an additional business Traralgon Tyre Services was added to the fold, contributing to YOY revenue growth increases.

Performance and Accessories

Revenue	\$3.5m	+6.1%
Gross Profit	\$2.4m	+54.5%
EBITDA	\$743k	+107%

Performance and Accessories experienced consistent trading throughout the year, especially in the back end of the year with Covid-19 tailwinds as discretionary spending increased towards pre-pandemic levels. RPM was able to improve efficiencies and with the increase in demand for these products, make better margins. RPM gained market share from competitors due in large part to the expert knowledge and expertise of the sales team in meeting customer needs, and the ability of the RPM Group to cross-sell into this division.

Motorsport

Revenue	\$7.3m	+31.2%
Gross Profit	\$3.2m	+54.5%
EBITDA	\$1.5m	+252%

After a tough FY20 due to pandemic-related disruptions, the Motorsport division bounced back with an exceptional year on all fronts, reporting a 31% increase in revenue and a massive 292% increase in profitability, making this division the top performer this fiscal year. This was largely due to the motorsport calendar returning almost to normal resulting in a massive correction year-on-year. It



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must be said that RPM's management through the recovery played a very strong role in realising these strong results.

Acquisition overview

During FY21, RPM continued to roll out its mid-term expansion strategy, with five complementary businesses incorporated into the RPM Group:

- Gully Mobile Tyres in July 2020
- Citic Autoparts (now RPM Autoparts) in November 2020
- Traralgon Tyre Service in February 2021
- Elite Tyre Group and Super Tyre Mart in June 2021

Two of these acquisitions are yet to have material revenue impact as trading commenced 1 July 2021, post reporting period.

Also post reporting period, the Company acquired four additional businesses, Carline Automotive Cairns, Carline Automotive Townsville and Revolution Racegear Townsville with trading to commence on 1 August 2021 and East Coast Tyre Wholesalers, with trading to commence on 1 October 2021, with a combined forecasted additional revenue of about \$13 million (*enforced and prolonged Covid-19 Lockdowns will impact).

Growth outlook

The record results achieved during FY21, along with the execution of the Company's expansion strategy and increased cost management efficiencies, have RPM well placed to deliver strong growth and another record result in FY22.

The Company is on track to meet all mid-term targets including its expansion targets, with recent acquisitions post reporting period set to launch RPM into two new territories – New South Wales Metro and Far North Queensland, generate additional revenue and allow more effective cross-selling of products and cross-pollination of customers.

Since 30 June, RPM has secured \$8 million in additional funding from an equity placement with Collins St Value Fund to support the Company's continued acquisition growth.

With a strong capital position and plans to use a mix of cash and equity to fund future acquisitions, RPM is confident in delivering on its growth strategy, and under normal trading conditions would be targeting FY22 revenue of \$85 million, based on its current operating businesses and operating conditions. (*enforced and prolonged Covid-19 Lockdowns will impact).

Authorised for release by the Board of RPM Automotive Group Limited.

- ENDS -



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Important Information and Disclaimer

RPM Automotive Group

RPM Automotive Group Limited is a leading player in the Australian Automotive Aftermarket, comprising a number of businesses involved in importing, wholesaling and retailing of tyres, mechanical repairs, motorsport apparel and safety equipment, niche manufacturing and a roadside assistance service for the transport industry. RPM owns brands, such as: RPM Racewear, Carline, Genie, Air Anywhere, Formula Off-Road, RPM Autoparts.

For further information, please visit: <http://www.rpmgroup.net.au/>

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial positions and performance are examples of forward-looking statements.

Forward-looking statements, including projections or guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including RPM). In particular, no representations, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.



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