



THE RPM GROUP

RPM AUTOMOTIVE GROUP LTD (ASX:RPM)

Corporate Presentation

November 2021

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RPM Automotive Group Limited is a leading player in the Australian Automotive Aftermarket sector

RPM has a nationwide footprint of businesses involved in importing, wholesaling, and retailing tyres, mechanical repairs, motorsport apparel and safety equipment, niche manufacturing, and roadside assistance service for the transport industry.

ABOUT RPM

FAVOURABLE INDUSTRY FUNDAMENTALS

The Australian automotive aftermarket is large and growing with an addressable market of over \$25bn in 2017

LEADING MARKET POSITIONS IN ATTRACTIVE AUTOMOTIVE SECTORS

Some of Australia's most pre-eminent companies in their respective sectors of the automotive industry

MARKET LEADING 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

DIVERSIFIED BUSINESSES

Revenue diversity across market sectors, distribution channels, products and services within the automotive industry

EXPERIENCED BOARD AND MANAGEMENT TEAM

The founders have a proven track record of owning, building and operating automotive businesses

CLEAR ACQUISITION PLAN

Clear strategy to progress multiple merger/acquisition opportunities in the Australian market to aggressively grow the business

POSITIONED FOR GROWTH

A national platform with operations in wholesale, retail and manufacturing. The business is designed to be scalable and has multiple regional expansion opportunities

FUNDED FOR GROWTH

\$8M placement to Collins St Value Fund in August 2021
Raisings support high-quality growth opportunities

FY21 ACHIEVEMENTS

REVENUE

\$45.1m up 30% on FY20

Full year record revenue

Growth across all four business units

EBITDA

\$4.5m up 50% on FY20

Strong revenue growth delivered record EBITDA

CASH BALANCE

\$1.7m as at 30 June 2021 (excludes \$970k prepayment)

\$5.1m share placement ensures the Company is well funded for growth

STRATEGIC ACQUISITIONS

Gully Mobile Tyres

Citic Autoparts

Traralgon Tyre Service

Elite Tyre Group and Super Tyre Mart

East Coast Tyre Wholesalers

GROWTH STRATEGY

Strong pipeline of bolt-on synergistic acquisitions

Three acquisitions to date in FY22

STRONG FY22 OUTLOOK

Further acquisition opportunities

Well-funded to support growth strategy

Targeted mergers anticipated during FY22 specifically focused in the repairs and roadside as well as the performance and accessories divisions

RPM'S FOUR DIVISIONS HAVE A NATIONWIDE FOOTPRINT IN THE AUTOMOTIVE AFTERMARKET

WHEELS & TYRES



Wholesale & distribution of commercial and passenger wheel & tyres

FY21 Revenue

\$22.7M

FY21 EBITDA

\$1.5M



REPAIRS & ROADSIDE



Commercial and retail tyre & auto service centers

FY21 Revenue

\$16.0M

FY21 EBITDA

\$0.9M



MOTORSPORT



Racegear and Racewear

FY21 Revenue

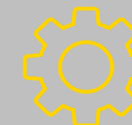
\$7.3M

FY21 EBITDA

\$1.5M



PERFORMANCE & ACCESSORIES



Vehicle parts and accessories

FY21 Revenue

\$3.5M

FY21 EBITDA

\$0.7M



OUR MARKETS AND OPPORTUNITIES



THE AUSTRALIAN AUTOMOTIVE PARTS & MAINTENANCE SECTOR REPRESENTS ABOUT \$34 BILLION IN ANNUAL REVENUE



THE SECTOR IS HIGHLY FRAGMENTED



RPM IS STRONGLY PLACED TO DRIVE CONSOLIDATION VIA ITS VERTICALLY INTEGRATED NATION-WIDE FOOTPRINT



RPM IS FOCUSED ON GROWING WHEELS & TYRES, REPAIRS & ROADSIDE AND PERFORMANCE & ACCESSORIES DIVISIONS



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FINANCIALS



FY21 FINANCIAL SUMMARY

PROFIT AND LOSS

	FY21 (\$m)	FY20 (\$m)
Revenue	45.1	34.7
Gross Profit	14.1	10.7
EBITDA	4.5	3.4
NPAT	2.9	-1.5
One-offs	-	2.8
Normalised NPAT	2.9	2.3

⚙️ 30% increase in revenue

⚙️ 32% increase in EBITDA to company record \$4.5m

BALANCE SHEET

	FY21 (\$m)	FY20 (\$m)
Cash and equivalents	1.7	1.9
Other Assets	44.8	31.5
Total Assets	46.5	33.4
Total Liabilities	19.6	15.3
Shareholder's Equity	26.9	18.2

⚙️ Sound balance sheet

⚙️ \$46.5m total assets

CASH FLOW STATEMENT


	FY21 (\$m)	FY20 (\$m)
Cashflow from operations	(2.5)	(2.0)
Investing cashflows	(2.8)	(0.6)
Financing cashflows	5.0	4.4
Cash at year end	1.7	1.9


⚙️ \$1.7m cash at year-end (excludes prepayment of Elite Tyre Group - \$971k and final settlement of CITIC - \$550k)


⚙️ \$3.3m cash and prepayment at year end


⚙️ \$4.9m increase in inventory


FY21 RESULTS WHEELS & TYRES

 **STRONG** result in Wheels & Tyres driven by ongoing demand from the heavy transport and logistics sectors


 **Significant** commercial tyres growth partly offset by lower passenger tyre sales due to lockdowns

 **Revenue** of \$22.7m, up 74% on FY20

 **EBITDA** contribution of \$1.5m, up 75% on FY20

 **Two** new warehouses added in Victoria and Queensland


 **One** new wholesale business (CITIC Autoparts)

 **One** new wholesale business in Q1 FY22


WHEELS & TYRES

	FY21	FY20	Change
Revenue (\$m)	22.7	13.0	+74%
Gross Profit (\$m)	4.4	2.2	+100%
Gross Margin (%)	19.4%	16.9%	+2.5ppts
EBITDA (\$m)	1.5	0.9	+75%
EBITDA Margin (%)	6.5%	6.5%	N/A


FY21 RESULTS REPAIRS & ROADSIDE

 **Repairs & Roadside** was negatively impacted by Covid-19, however improved efficiencies helped offset

 **Revenue** of \$16.0m, up 17% on FY20

 **EBITDA** contribution of \$0.9m, up 86% on FY20

 **EBITDA** margin 5.8%







 **Traralgon Tyre Service** acquisition helped drive the increase in revenue but has had little impact on EBITDA as yet

 **Significant** growth opportunities in the short to medium term in Repairs & Roadside

REPAIRS & ROADSIDE

	FY21	FY20	Change
Revenue (\$m)	16.0	13.7	+17%
Gross Profit (\$m)	4.6	3.9	+16%
Gross Margin (%)	28.5%	28.7%	-0.2ppts
EBITDA (\$m)	0.93	0.51	+86%
EBITDA Margin (%)	5.8%	3.6%	+2.2ppts

FY21 RESULTS MOTORSPORT

-  **Motorsport** rebounded strongly after a difficult FY20, with all growth achieved organically
-  **Revenue** of \$7.3m, up 31% on FY20
-  **EBITDA** contribution of \$1.5m, up 252% on FY20
-  **EBITDA** margin 21.1%
-  **Trading** conditions remain strong, with the division generating good margins
-  **Lockdowns** in metro areas have affected trading in Q1 FY22, but good cash reserves and stock have laid the platform for a quick rebound

MOTORSPORT			
	FY21	FY20	Change
Revenue (\$m)	7.3	5.7	+31%
Gross Profit (\$m)	3.2	2.5	+55%
Gross Margin (%)	44.3%	45.0%	-0.7ppts
EBITDA (\$m)	1.54	0.44	252%
EBITDA Margin (%)	21.1%	7.8%	+13.3ppts

FY21 RESULTS PERFORMANCE & ACCESSORIES



⚙️ **Performance & Accessories** generated strong organic growth in FY21

⚙️ **Revenue** of \$3.5m, up 6% on FY20

⚙️ **EBITDA** contribution of \$0.7m, up 107% on pcp

⚙️ **EBITDA** margin 21.1%

⚙️ **Further** expansion opportunities in FY22 and beyond

PERFORMANCE & ACCESSORIES

	FY21	FY20	Change
Revenue (\$m)	3.5	3.3	+6%
Gross Profit (\$m)	2.5	1.6	+55%
Gross Margin (%)	70.3%	48.3%	+22ppts
EBITDA (\$m)	0.7	0.4	+107%
EBITDA Margin (%)	21.1%	10.8%	+10.3ppts



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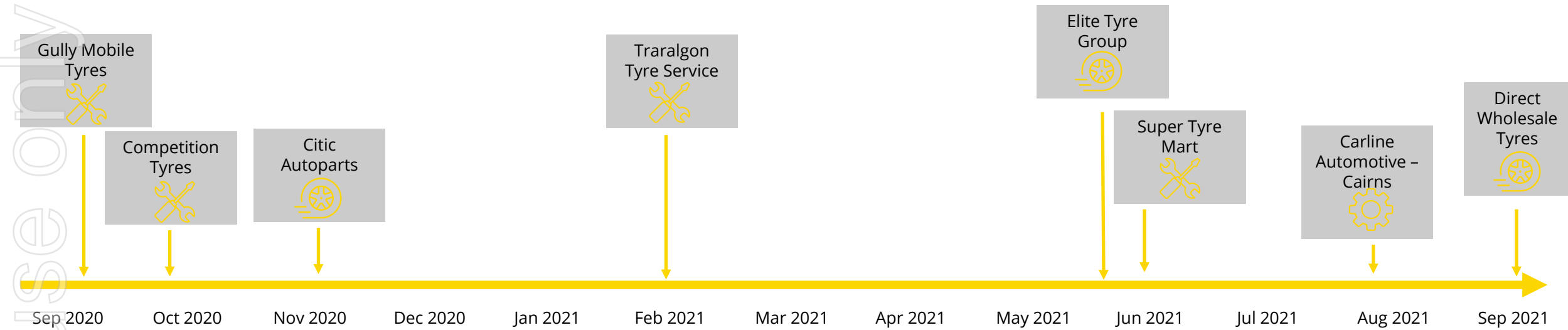
ACQUISITION STRATEGY



ACQUISITION GROWTH STRATEGY

- ⚙️ RPM's acquisition strategy is to identify similar complementary businesses to unlock synergies
- ⚙️ Target approximately ~50% scrip and ~50% cash (paid out over a period of time) consideration
- ⚙️ Aim to purchase businesses on attractive valuation metrics 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 (renamed RPM Autoparts), Gully Mobile Tyres, Metcher Tyre Services (renamed Air Anywhere Western), Competition Tyres Hallam, Traralgon Tyre Service, Elite Tyre Group & Super Tyre Mart (renamed Competition Tyres Caroline Springs).
- ⚙️ Recently announced acquisitions and expansions
 - Carline Automotive - Cairns
 - Direct Wholesale Tyres
 - FNQ Distribution Centre
 - Gippsland Distribution Centre
- ⚙️ RPM has identified multiple new potential strategic acquisition targets that would unlock significant growth opportunities for the business and is currently in discussions with vendors

FY21 & FY22 ACQUISITION SUMMARY



RPM HAS MADE EIGHT ACQUISITIONS ACROSS FY21 & FY22



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CORPORATE SNAPSHOT



CAPITAL STRUCTURE¹

Shares on Issue	141.9m
Options	20.9m
Share Price (10/11/21)	\$0.31
Market Capitalisation	\$42.6m
52-week High	\$0.470
52- week Low	\$0.175

¹ Market data sourced from IRESS as of 11 November 2021

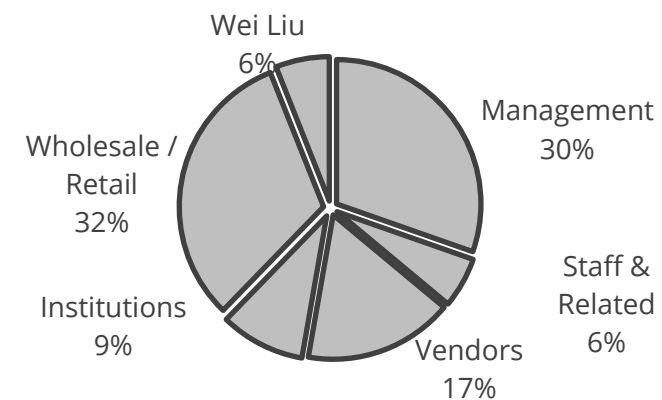
FOUNDERS' INTERESTS

Lawrence Jaffe (Executive Director)	~15%
Clive Finkelstein (CEO / MD)	~15%
Management (original vendors)	~17%
Staff and Related Individuals	~12%

SHARE PRICE PERFORMANCE (\$/SHARE)¹



REGISTER





Grant Carman - Non-Executive Chairman

Grant Carman is a chartered accountant with over 30 years of experience in corporate finance and 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.



Clive Finkelstein – CEO/Managing Director

Clive is a co-founder and promoter of the RPM Group. Clive has over 25 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.



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 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 worked in Jagen P/L, the family office of the Liberman Family, and sat as a Director, on a number of boards which included activities such as Investment Management and Mergers and Acquisitions.



Damian Banks- Non-Executive Director

Damian has extensive experience in the financial services, health, and employment sectors. His most recent executive role was as Managing Director and CEO of Konekt Ltd, technology-focused health, and employment company. He led Konekt from its listing on ASX in 2012 through to its successful sale to private equity in December 2019. Mr. Banks previously had a 15-year career, including several leadership positions with Westpac Banking Corporation.

SUMMARY

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FY21 HIGHLIGHTS

- Record revenue of \$45.1m and EBITDA of \$4.5m in FY21
- 5 strategic acquisitions of complementary businesses that will deliver meaningful cost and revenue synergies
- Well-funded for acquisitions following \$5.1m placement in Nov 2020

FY22 OUTLOOK

- A further three acquisitions announced in FY22 ytd continue the Company's growth strategy
- \$8m funding agreement with Collins St Value Fund to provide further funding capability
- Targeted mergers anticipated during FY22 specifically focused in the repairs and roadside as well as the performance and accessories divisions
- The board is buoyed by the significant improvement in retail trading conditions post the lockdowns, however, the company remains cautiously optimistic in light of the latest Covid-19 [Omicron] developments

IMPORTANT NOTICE AND DISCLAIMER

Overview

This document is issued by RPM Automotive Group Limited ACN RPM ("RPM Automotive" or "RPM") on 30 November 2021.

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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