



THE RPM GROUP

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

ASX Announcement
27 April 2022

STRONG GROWTH ACROSS ALL DIVISIONS AND FURTHER ACQUISITIONS SUPPORT UPGRADED GUIDANCE

Market Update for the quarter ended 31 March 2022¹

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "Company") is pleased to provide the following market update for the quarter ended 31 March 2022 ("Q3 FY22" or "Quarter").

Highlights:

- Growth across all key financial metrics

(\$m)	Q3 FY22	Q3 FY21	Growth	YTD FY22	YTD FY21	Growth
Revenue	21.5	14.5	+48%	56.9	34.5	+65%
Gross Profit	7.0	3.9	+79%	18.7	10.1	+85%
EBITDA	2.3	1.3	+77%	5.3	3.2	+66%

- Strong organic growth across all four divisions, with overall organic revenue growth of 16.2% YOY as at 31 March 2022 – RPM is serving more customers in more markets than ever before
- Revenue and Gross Margin growth across all four business units, with three units also generating double digit EBITDA growth
- Given the Company's solid performance in H1 FY22, and strong start to H2 FY22, RPM has upgraded its guidance for FY22:
 - Revenue between \$80 million and \$85 million (prev. \$78m)
 - EBITDA between \$7.2 million and \$8.2 million (prev. >\$7m)
- Successfully completed the acquisition of Safety Dave with sales of \$1.6 million from two months of trading as an RPM subsidiary during Q3
- Became the official distributor of Stamford Sports Wheels in Victoria and Queensland
- Announced two geographic fill-in acquisitions of Victoria Wide Tyre Service and ACT Total Tyres post Quarter end to extend our customer reach and product extension capability
- Signed leases for two new tyre service stores in Sydney and Adelaide to extend organic growth
- Secured primary debt acquisition facility (up to 2x EBITDA) to facilitate further growth
- Sound balance sheet, with net cash of \$3.8 million as at 31 March 2022, continuing to support working capital requirements and further growth initiatives

¹ All quarterly financial data included in this release is unaudited.



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Commenting on the Quarter, RPM Automotive Group CEO Clive Finkelstein said:

"The RPM Group has had another excellent Quarter, underpinned by strong organic growth, cross channel selling, the successful integration of key acquisitions, and solid distribution networks.

"We completed the acquisition of Safety Dave, with its sales totalling \$1.6 million while only trading as an RPM subsidiary for two months of the period. We also became the official distributor of SSW Wheels in Victoria and Queensland and continued our organic growth signing two leases for tyre service stores in Sydney and Adelaide.

"Our cross-channel selling strategy is starting to accelerate with Safety Dave now selling direct to the aftermarket through various product packages created specifically for RPM's Performance and Accessory stores and expanded product ranges now being available through Safety Dave. Pleasingly this strategy is starting to show through the solid margin expansion achieved this quarter.

"Our expansion into Far North Queensland continues to out-perform expectations, while our new warehouses in Queensland and Victoria have strengthened our expanding distribution network and are supporting the rollout of our brand and product cross-channel strategy. Over the Quarter we experienced a boom in accessories demand with Carline stores specifically sourcing more bolt-on products and accessories through our warehouses and their ability to manage increased volumes of Formula Off-Road, Genie Headers and Safety Dave products.

"With the motorsport calendar back to normal and the Formula 1 Grand Prix returning to Melbourne after a two-year hiatus, it is pleasing to see our Motorsport division bounce back with a very strong quarter. We had anticipated strong demand in Motorsport during Q3 and had pre-built inventory in preparation. We're delighted that this allowed us to convert inventories to strong sales across the Quarter. With our increased ability to quickly manage and move high levels of stock through the broader network, we met the surging demand for new safety racewear."

A strong quarter for RPM drove margin expansion across the business

Q3 FY22 revenue was up 48% to \$21.5 million, reflecting continued demand from our customers for commercial and wholesale passenger tyres, a normalised Formula One calendar, successful integrations of acquired businesses, fleet contract roll-out, cross-channel selling and a solid distribution network.

Strong revenue growth, combined with operational optimisation and disciplined cost management, saw Gross Profit up 79% to \$7 million, and EBITDA up 77% to \$2.3 million when compared to Q3



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FY21. As a result, the Company grew its Gross Margin by 5.4 percentage points to 32.6%, while the EBITDA Margin increased by 1.7 percentage points to 10.5%.

Compelling acquisitions

RPM continued to roll out its strategy of delivering more products to more customers via the integration of previous acquisitions, and the announcement of further add-on acquisitions either completed during the Quarter, or announced post Q3 FY22:

- Completed acquisition of Safety Dave
- Post Quarter-end acquisitions of Victoria Wide Tyre Service and ACT Total Tyres

Exclusive distribution agreement for Stamford Sports Wheels in Victoria and Queensland

During the Quarter, RPM became the official distributor of Stamford Sports Wheels (“SSW”) in the Victoria and Queensland markets. SSW is a listed entity on the Singapore Stock Exchange, manufacturing alloy wheel products in Thailand.

Positive outlook for continued strong growth, with FY22 guidance upgraded

The results achieved during Q3 FY22, along with the continued successful execution of the Company’s expansion strategy and commencement of a cross-channel selling strategy has RPM well placed to deliver strong growth in Q4 FY22 and beyond.

With strong organic growth across existing operations and the successful integration of newly acquired businesses by RPM’s dedicated integration team, the Company has upgraded its previous guidance:

- Revenue between \$80 million and \$85 million (prev. \$78m)
- EBITDA between \$7.2 million and \$8.2 million (prev. >\$7m).

Commenting on outlook, RPM Automotive Group CEO Clive Finkelstein said:

“Despite a challenging operating environment over the last two years, RPM Automotive Group is on track to exceed medium-term (3-year) targets, and once again grow substantially in FY22 versus FY21. As the COVID-19 impacts continue to decline, our going-in position for FY23 is certainly strengthening.

“We have a solid cross-channel selling strategy that is delivering well for the Group and a larger, faster and more cost-effective distribution capability to support the increased demand for our products.

“Organic growth across all our divisions is increasing and with the addition of new businesses, RPM is strongly positioned to capitalise on the growing automotive aftermarket sector. We look forward to this continued growth that we believe will ultimately help us reach our goal of becoming a leading



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Australian business operating well-known brands across the transport and automotive aftermarket sectors."

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

- ENDS -

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Appendix: Divisional overview

Wheels and Tyres

(\$m)	Q3 FY22	Q3 FY21	Variance
Revenue	8.5	7.1	+20%
Gross Profit	1.6	1.1	+45%
EBITDA	0.6	0.4	+67%

Repairs and Roadside

(\$m)	Q3 FY22	Q3 FY21	Variance
Revenue	7.1	4.5	+55%
Gross Profit	2.2	1.4	+57%
EBITDA	0.3	0.2	+62%

Performance and Accessories

(\$m)	Q3 FY22	Q3 FY21	Variance
Revenue	3.2	0.8	+303%
Gross Profit	1.7	0.5	+241%
EBITDA	0.8	0.3	+157%

Motorsport

(\$m)	Q3 FY22	Q3 FY21	Variance
Revenue	2.4	2.0	+17%
Gross Profit	1.1	0.9	+23%
EBITDA	0.6	0.6	-12%

About us

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,



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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, Safety Dave.

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

Important information and disclaimer

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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