



ESTABLISHING A NATIONAL FOOTPRINT IN THE AUTOMOTIVE AFTERMARKET

RPM AUTOMOTIVE GROUP LTD
(ASX: RPM)

INVESTOR OVERVIEW | AUGUST 2022

IMPORTANT NOTICE & DISCLAIMER

Overview

This document is issued by RPM Automotive Group Limited ACN 002 527 906 RPM ("RPM Automotive" or "RPM") on 31 August 2022

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

This document is not a prospectus or other offering document under Australian or any other law. This document does not contain all of the information which would be required to be disclosed in a prospectus or other offering document. The information in this document remains subject to change without notice.

Not an offer

This document is for information purposes only and is not an invitation nor offer of securities for subscription, purchase or sale in any jurisdiction. This document will not be lodged with ASIC and is not approved by or registered with any regulator in any jurisdiction. This document should not be considered to be an offer or invitation or a solicitation of an offer to acquire entitlements or New Shares or any other financial products and neither this document nor any of its contents will form the basis of any contract or commitment.

Forward looking statements

This document may contain certain forward looking statements. Forward looking statements can generally be identified by the use of forward looking words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'will', 'could', 'may', 'target', and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include statements regarding outcome and effects. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward looking statements. These forward looking statements have been made based upon RPM's expectations and beliefs concerning future developments and their potential effect upon RPM (and its controlled entities) and are subject to known and unknown risks and uncertainties which are, in many instances, beyond RPM's control, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. No assurance is given that future developments will be in accordance with RPM's expectations.

Actual results could differ materially from those expected by RPM and RPM assumes no obligation to update any forward-looking statements or information.

Not advice or recommendation

The information set out in this document does not constitute or purport to be a securities or other recommendation by RPM or any other person and has been prepared without taking into account the objectives, financial situation or needs of any recipient or other person. The information in this document does not constitute financial product advice (nor investment, taxation or legal advice).

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.



BUSINESS OVERVIEW

ESTABLISHING A NATIONAL FOOTPRINT IN THE AUTOMOTIVE AFTERMARKET



RPM business units offer wheels, tyres, accessories and apparel to both **wholesale** and **retail (B2B commercial, industrial and consumer)** customers



RPM has made 13 acquisitions over the past 2 years to rapidly grow its **product range, network footprint** and **internal capabilities**



In FY2, RPM **generated \$79m in sales revenue** (up 75% on pcp) and **\$7.6m in underlying EBITDA*** (up 124% on pcp)

*FY22 Underlying EBITDA excludes \$300K in one-off flood related expenses



RPM has **38 points of presence** across Australia, predominately along the east coast with retail locations in Perth and Adelaide

RPM'S 3-YEAR VISION



In the next three years, RPM is working towards:

- **Expansion of wholesale:** Warehouses and distribution facilities in each of the major centres
- **Expansion of retail:** A well-established retail network servicing the transport industry in major transportation hubs, focused on commercial and industrial
- **New geographies:** A presence in New Zealand
- **Broader product range:** A comprehensive range of motor vehicle accessories
- **Complementary activities:** Participating in the tyre recycling market

FY22 RESULTS OVERVIEW

	FY22	FY21	▲
Sales Revenue	\$78.8m	\$45.1m	+75%
Gross Profit*	\$27.9m	\$15.2m	+84%
Reported EBITDA	\$7.3m	\$3.8m	+93%
Underlying EBITDA**	\$7.6m	\$3.4m	+124%
Net Profit Before Tax (NPBT)	\$3.9m	\$2.1m	+84%
Net Profit After Tax (NPAT)	\$2.8m	\$2.4m	+13%
Net Operating Cash	\$(2.8)m	\$(2.5)m	+14%
Cash balance	\$7.0m	\$1.7m	+303%
Earnings per Share (EPS)	1.93cps	2.33cps	-17%

**FY21 Gross Profit restated to \$15.2m (previously reported as \$14.1m in the preliminary FY21 accounts) due to minor changes in the final FY21 audited accounts.

**FY21 Underlying EBITDA has been restated to \$3.4m (previously reported as \$4.5m) due to a change in the FY21 accounting treatment of the \$600K R&D tax refund and an adjustment to exclude the gain on asset sale of \$320K.

FY22 Key Highlights

- Expanded national footprint
- Strong revenue and underlying earnings growth
- Operating leverage driving margin expansion
- Positive momentum into FY23

4 COMPLEMENTARY BUSINESS UNITS



**Tyre and auto
service centres**

Retail

- Retail sales, wheel and tyre repairs, and roadside assist to commercial vehicle nationwide
- Services both commercial (including fleet) and consumer customers

40% of FY22 revenue

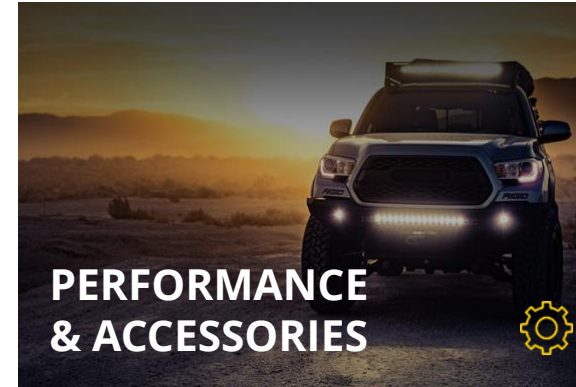


**Certified race safety wear,
suits and helmets**

Retail

- The sole FIA-approved racewear manufacturer in Australia under the RPM Racewear brand
- Exclusive distributor of Alpinestars, Hans Devices, Cobra Seats and Bell Motorsport Helmets

10% of FY22 revenue

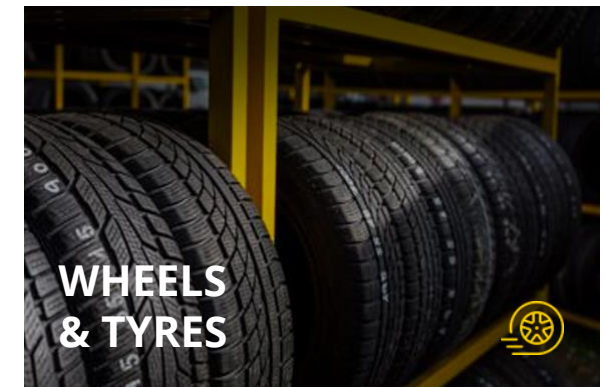


**Bolt on vehicle parts and
accessories**

Retail & Wholesale

- Well-known “best-in-class” accessory brands
- Distributed through a nationwide group of auto repair shops
- Several fleet contracts in place

14% of FY22 revenue



**Distribution of wheels and
tyres**

Wholesale

- 11 exclusive, in-house brands offered across all three tyre categories (commercial, industrial and passenger)
- Exclusive mature supply chain in place to offer distribution of quality wheels & tyres at value prices

36% of FY22 revenue

EXPANDING RETAIL, WHOLESALE AND MANUFACTURING TO INCREASE OPERATING LEVERAGE

25

Retail points of presence

9

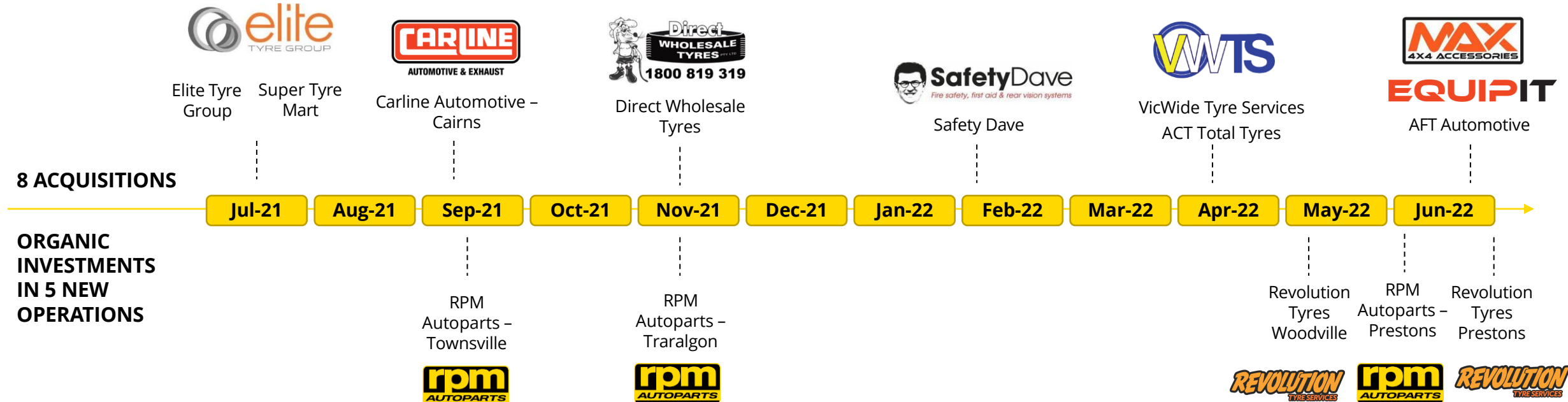
Wholesale distribution hubs
to service the retail footprint

4

Manufacturing centres



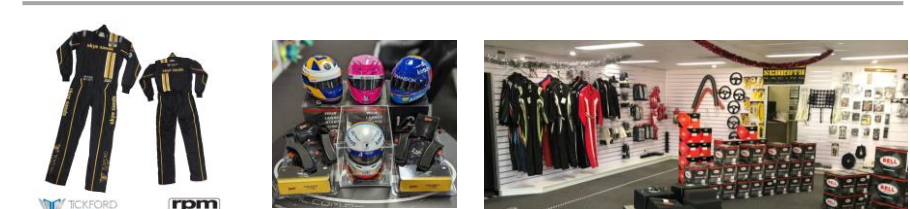
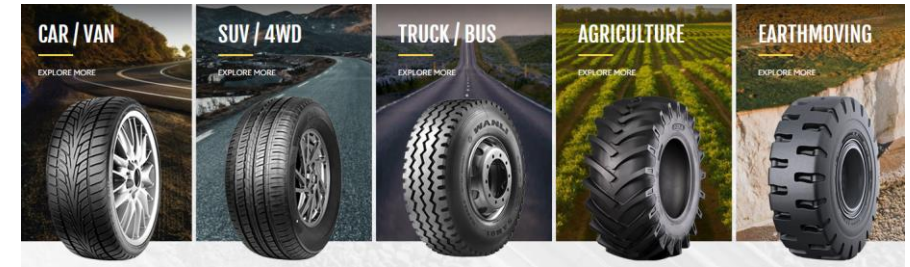
INVESTMENTS IN GROWTH – ORGANIC & ACQUISITION



Organic growth includes the investment in 3 new distribution centres (RPM Autoparts) and 2 new retail stores (Revolution Tyres)

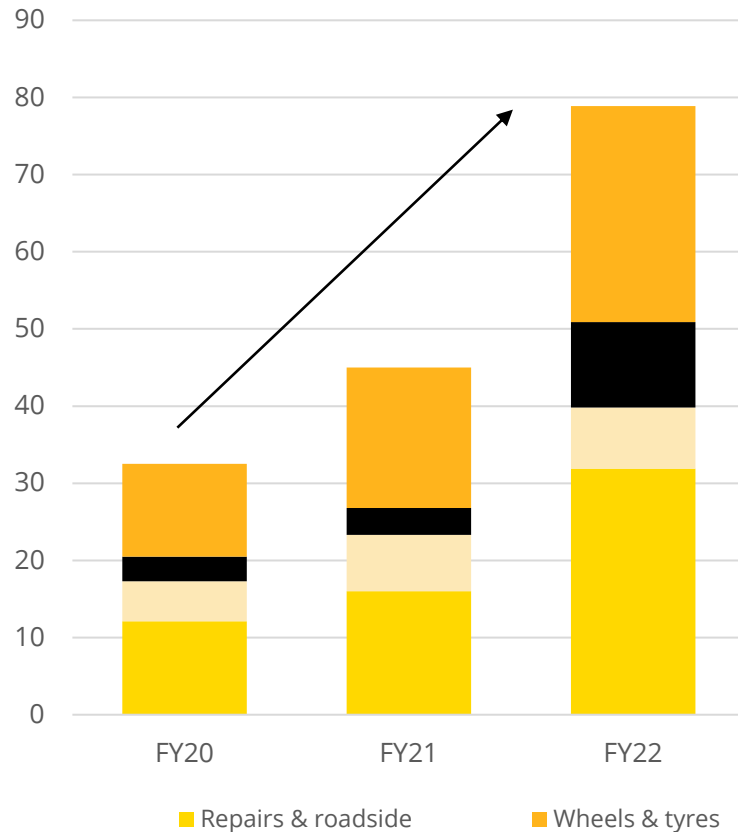
BROADENING PRODUCT RANGE

	Commercial	Industrial	Consumer
Wheels & Tyres	✓	✓	✓
Motor Accessories	✓		✓
4WD Accessories	✓		✓
Caravan Accessories	✓		✓
Motorsport	✓		✓

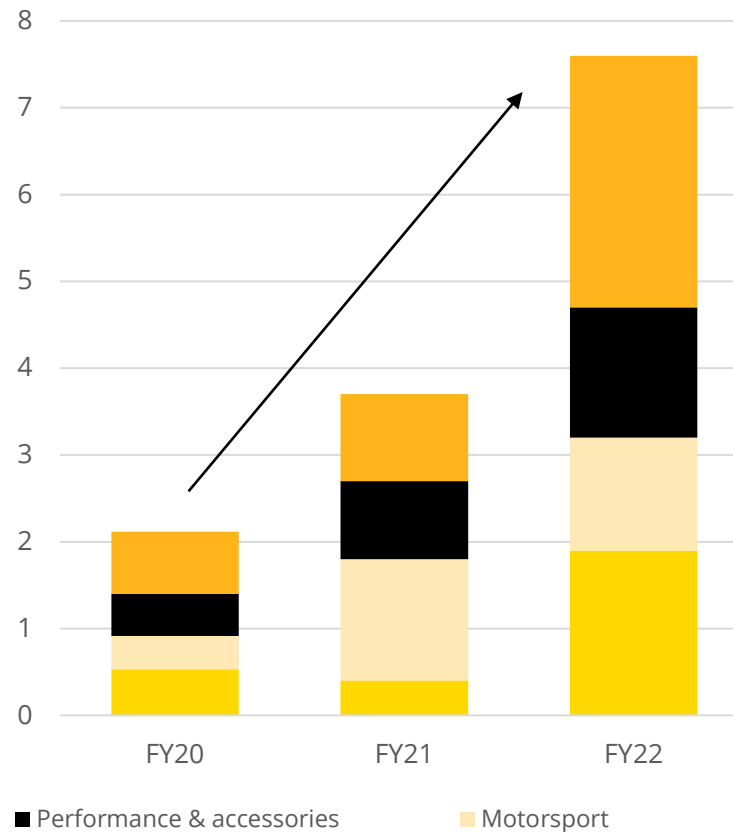


TRACK RECORD OF REVENUE AND EARNINGS GROWTH

Sales revenue
(by business unit) (\$m)



Underlying EBITDA contribution
(by business unit) (\$m)

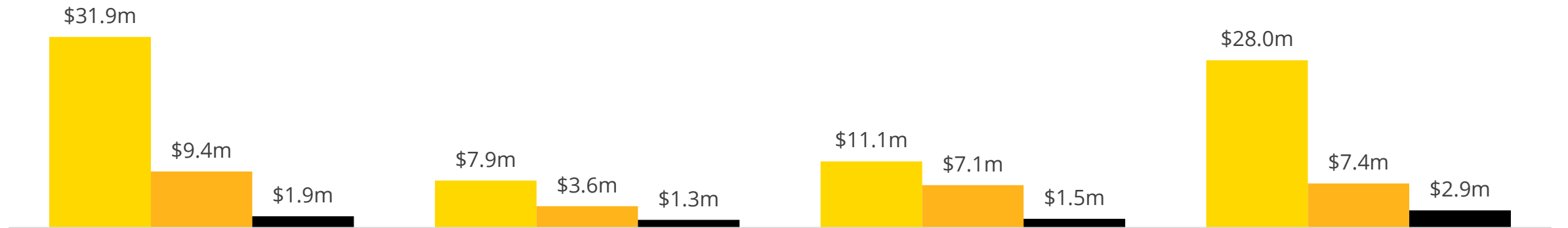


- Significant growth from the 8 acquisitions completed in FY22
- Organic growth of over 18% in FY22 demonstrates operating leverage within the business
- Additional acquisition of AFT Automotive brings RPM to annualised revenue run rate of over \$120 million

DIVERSIFIED REVENUE STREAMS DRIVING SUSTAINABLE EARNINGS

FY22 Revenue and margin (by business unit)

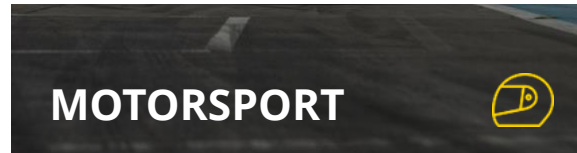
■ Revenue ■ Gross Profit ■ EBITDA



REPAIRS & ROADSIDE

Retail

- Solid business performance with 9 new retail points of presence added in FY22
- Gross profit margin of 29%
- EBITDA margin of 6%



MOTORSPORT

Retail

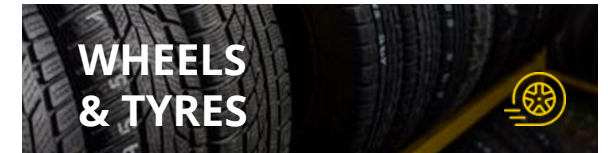
- Solid business unit – consistent performance
- Gross profit margin of 46%
- EBITDA margin of 16%



PERFORMANCE & ACCESSORIES

Retail & Wholesale

- Addition of high margin 4WD and caravan accessories in FY22
- Gross profit margin of 64%
- EBITDA margin of 14%



WHEELS & TYRES

Wholesale

- Improving margins from supply chain efficiencies and economies of scale
- Gross profit margin of 27%
- EBITDA margin of 10%

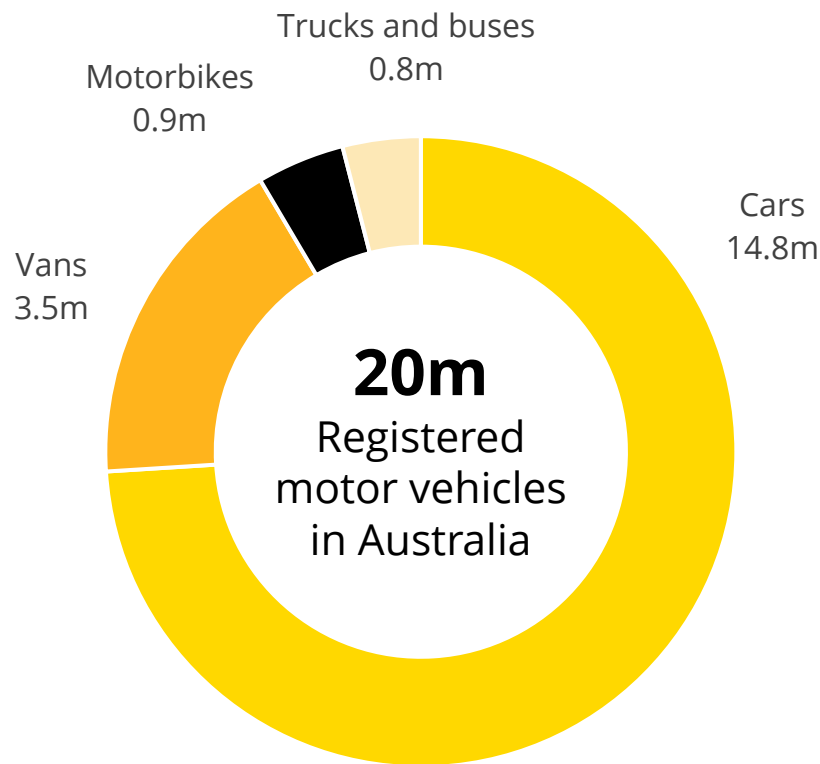


GROWTH STRATEGY

CAPTURING SHARE IN A FRAGMENTED MARKET

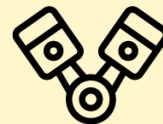
1,050,000 new vehicles sold in 2021

Aging vehicles = more maintenance



\$5.1B

Tyre retailing sector
annual revenue in
Australia



\$34B

Auto parts &
maintenance sector
annual revenue in
Australia

The sector is highly fragmented and RPM has a strong track record of driving consolidation to capture market share

Sources: 1. Australian Bureau of Statistics - Motor Vehicle Census, 30 June 2021; 2. IBISWorld - Tyre Retailing in Australia, 30 May 2022; 3. [to come]

THREE CORE STRATEGIES TO BETTER SERVICE OUR CUSTOMERS



Strategic acquisitions

- Identify complementary businesses to unlock synergies through cross selling and leveraging of existing infrastructure
- Grow retail footprint around the distribution hubs
- Geographic expansion across Australia by rolling out additional distribution hubs



Vertical integration

- Capitalise on in house design capability to bring new products to market
- Capitalise on existing supply chain capability
- Use network footprint to distribute planned products
- Premium products at value prices has appeal to both consumers and commercial users



Operating leverage

- Consolidate brands to maximise brand awareness at the state and national level
- In-fill existing network with products
- Invest in systems and analytics to drive cross selling
- Use economies scale to deliver improved margin

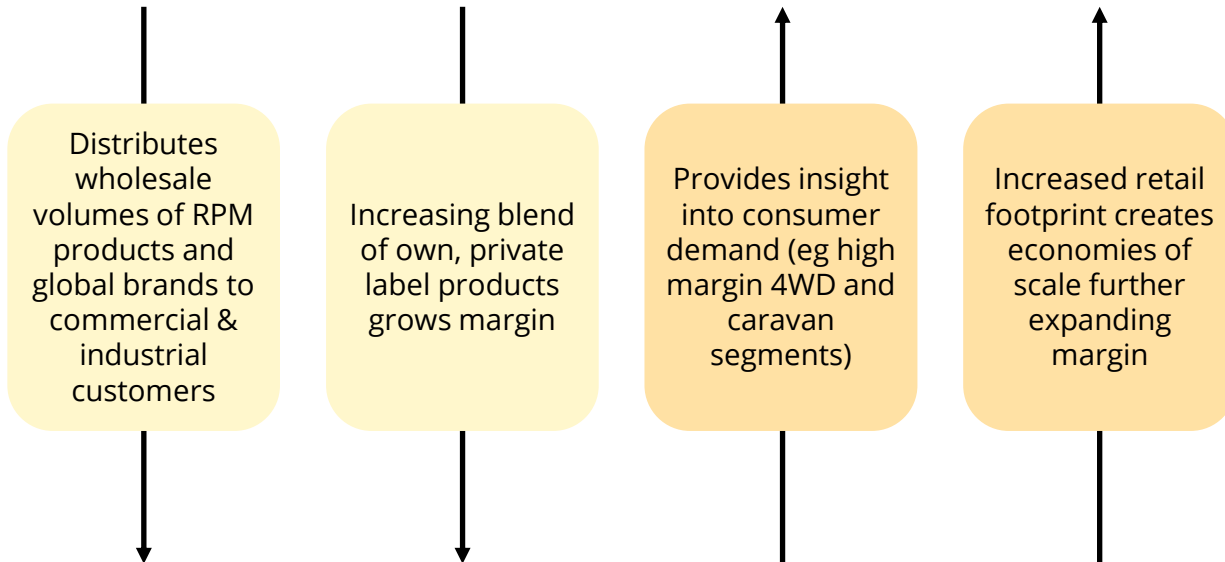
GROWTH BY STRATEGIC ACQUISITIONS

- Acquire complementary businesses to unlock synergies
- Target approximately ~50% scrip and ~50% cash consideration
- Aim to purchase businesses on attractive valuation of 3.5x to 5x earnings
- Apply a term pay-out to retain vendors in the business for 3+ years
- Escrow applied to scrip consideration
- **In FY22, RPM completed 8 acquisitions, building on 5 acquisitions in FY21**

Case study: Safety Dave Acquired February 2022	
Segment	Caravan and camper trailer accessories
Strategic rationale	<ul style="list-style-type: none"> • Grows accessories division • Accesses caravan segment • Broaden the product range – safety products • Distribution through both retail and wholesale divisions
Early wins	<ul style="list-style-type: none"> • First five months of trading exceeds expectations • Margin expansion through cross-selling into existing retail footprint at higher margin • Selling RPM wheels & tyres into Safety Dave OEM network • Opportunity to replicate with Equipit

VERTICAL INTEGRATION FOR MARGIN EXPANSION

Wholesale



Retail

Around 30% of wholesale revenue is from sales to own retail centres

Case study: Direct Wholesale Tyres (DWT) Acquired October 2021

Segment

New wholesale distribution business and warehouse

Servicing

Far North Queensland (FNQ)

Growth realised

- Adding RPM wholesale product range to increase RPM share of DWT COGS from ~15% to >40%
- Revenue increase of >40% driven by expanded product range and access to funding resources to support growth
- Significant margin expansion through lower COGS and economies of scale across RPM's wholesale and retail network in FNQ

OPERATING LEVERAGE – INVESTMENT IN SYSTEMS & PROCESSES

- Invest in systems and analytics to drive cross-selling
- Implementation of best practise inventory and supply chain management
- Focus on the effective integration of acquisitions
- Use economies of scale to deliver improved margin
- In-fill existing network with products



OPERATING LEVERAGE – CONSOLIDATE BRANDS

Consolidating acquired brands to Revolution and RPM Autoparts primary brands

REPAIRS
& ROADSIDE



REVOLUTION
TYRE SERVICES

Primary retail brand
supported by acquired
retail business



MOTORSPORT



REVOLUTION
RACEGEAR

Primary retail brand offers
RPM and leading brand
products



PERFORMANCE
& ACCESSORIES



rpm
AUTOPARTS

Primary wholesale brand
supported by acquired
wholesale business



WHEELS
& TYRES



rpm
AUTOPARTS

Primary wholesale brand
supported by acquired
wholesale businesses



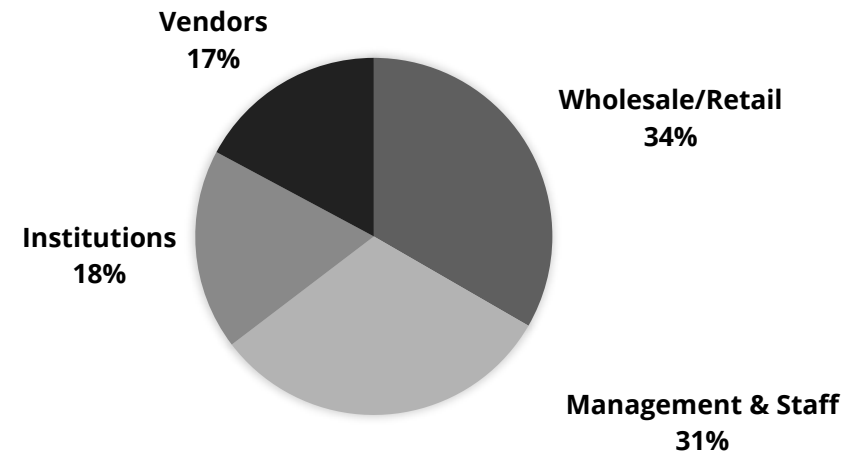
CORPORATE SNAPSHOT

CAPITAL STRUCTURE

Shares on Issue	157.6m
Options	26.9m
Share Price (29/8/22)	\$0.265
Market Capitalisation	\$42.9m
52-week High (3/9/21)	\$0.375
52-week Low (24/2/22)	\$0.255



REGISTER



MAJOR SHAREHOLDERS

Clive Finkelstein (CEO/MD)	~14%
Lawrence Jaffe (Executive Director)	~14%
Management (original vendors)	~17%
Collins Street Value Fund	~5%

EXPERIENCED BOARD OF DIRECTORS



GRANT CARMAN
NON-EXECUTIVE CHAIRMAN

Chartered accountant with over 30 years of experience in corporate finance and the Australian Capital Markets

Held senior executive positions for and acted as a corporate adviser to a large number of Australian and international companies in the financial services, automotive, pharmaceuticals, wholesale distribution, manufacturing, services, resources, technology, and telecommunications sectors



CLIVE FINKELSTEIN
CEO/MANAGING DIRECTOR

Co-founder of RPM

Over 20 years' experience in the automotive sector, having built, managed and sold companies including a parts and accessories manufacturer and wholesaler and a 4WD franchise group

Automotive experience spans international markets, manufacturing, development, wholesale, retail and franchising

A significant shareholder in RPM



LAWRENCE JAFFE
EXECUTIVE DIRECTOR

Co-founder of RPM

Strong financial background in private equity and mergers and acquisitions for a major Australian financial institution

Over 20 years' experience in the automotive sector and previously CEO, then non-executive Chairman of RPM Australasia

A significant shareholder in RPM



GUY NICHOLLS
NON-EXECUTIVE DIRECTOR

Over 30 years' experience in Senior Executive roles in the automotive sector across strategy design and execution, manufacturing and supply chain, as well as mergers and acquisitions.

Guy was previously the CEO of Ryco Group, a business unit of ASX 200-listed GUD Holdings (ASX:GUD), and also held senior executive roles at NYSE-listed Genuine Parts Company, known locally as Repco and Napa Autoparts.

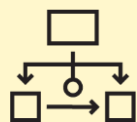


ALEX GOODMAN
NON-EXECUTIVE DIRECTOR

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)

Previously worked at 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

KEY HIGHLIGHTS



VERTICALLY INTEGRATED MODEL

RPM continued network expansion in design, manufacture, wholesale and retail provides opportunities for cross selling, operational efficiency, revenue diversification to push organic growth



MARKET LEADING BRANDS

RPM owns and holds the rights to some of the most well known Australian automotive brands with a rich history of association in the sector



FAVOURABLE INDUSTRY TAILWINDS

The Australian automotive aftermarket is large and growing including the high growth 4WD and caravan sectors



CLEAR GROWTH STRATEGY

RPM has a clear strategy to consolidate the fragmented auto market through acquisition to aggressively build the business while driving organic growth

FY23 OUTLOOK

- RPM enters FY23 with an annualised revenue run rate of over \$120m
- Increased operating leverage through cross-sell and economies of scale
- Further investment in NSW, SA and WA
- Growth in retail division from building out network and product expansion
- Growth in wholesale division from expansion of warehousing in NSW and new warehousing in WA
- Focus on integration of acquisitions, inventory management and exceptional customer service
- Target further complementary acquisitions of earnings accretive businesses that expand the RPM national network





MEDIA & INVESTORS
KATIE MACKENZIE
T: +61 455 502 197
E: INVESTORS@RPMGROUP.NET.AU

RPM AUTOMOTIVE GROUP LTD
(ASX: RPM)

www.rpmgroup.net.au