



TRADING UPDATE

RPM AUTOMOTIVE GROUP LTD
(ASX: RPM)

MAY 2023

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Overview

This document is issued by RPM Automotive Group Limited ACN 002 527 906 RPM ("RPM Automotive" or "RPM") on 25 May 2023.

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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NATIONAL COVERAGE IN THE AUTOMOTIVE AFTERMARKET

Targeting industrial customers

RPM sells wheels, tyres, accessories and apparel across wholesale and retail with >70% of revenue from commercial & industrial tyres (transport fleets, mining & agricultural)

Cost benefits from restructure

Total annualised cost savings of over \$1.5m
Disposal of non-core assets expected to generate additional \$1.4m in cash (excl. stock)

Improved gross margin

Underpinned by normalisation of trading conditions, enhanced buying decisions, and strong demand for product range

Strong Q3 FY23

Q3 Revenue of \$31.2m (up 45% y-on-y)
YTD Revenue of \$88.1m (up 55% y-on-y)

Q3 EBITDA of \$3.2m (up 37% y-on-y)
YTD EBITDA of \$7.6m (up 43% y-on-y)

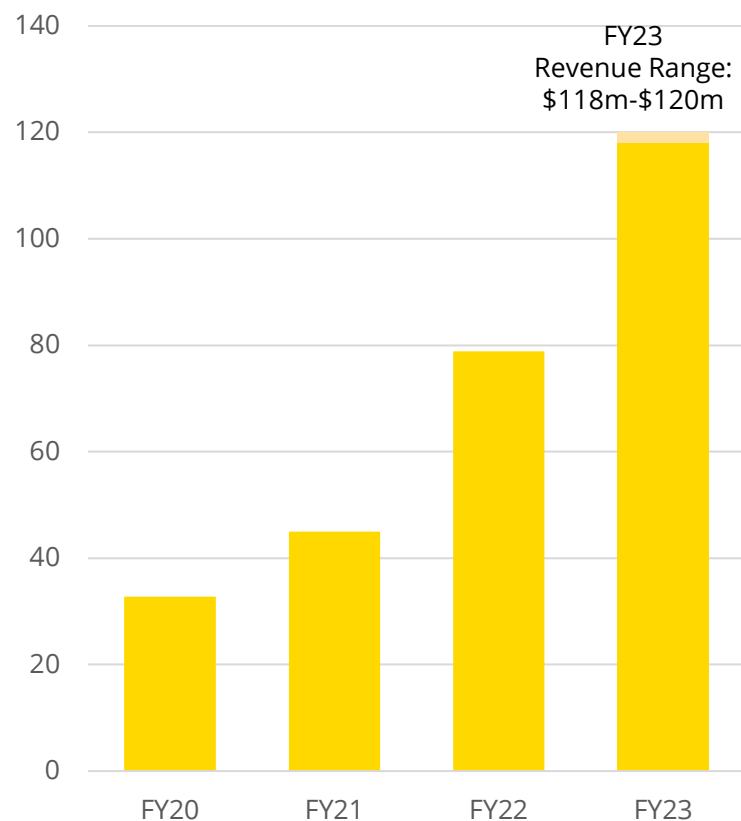
FY23 guidance

Reported Revenue of \$118m-\$120m
Operating EBITDA of \$10.5m - \$12m

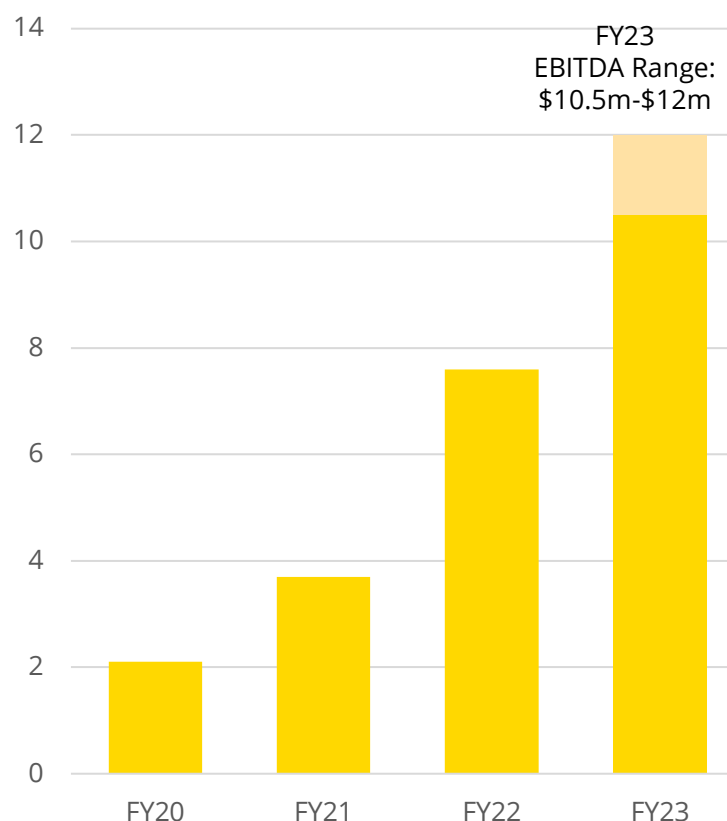


CONTINUED REVENUE AND EARNINGS GROWTH THROUGH THE RESTRUCTURE

Sales Revenue (\$m)



EBITDA (\$m)



Focus on inventory and cash flow management in 2H FY23

- Inventory of \$25m at 31 March 2023, down from \$27.5m at 31 December 2022
- Improved inventory turnover of 3.3x in Q3 FY23, up from 2.3x in 1H FY23
- Improved working capital and positive impact on operating cash flow in 2H FY23
- Increase in cash balance from \$4.6m in 1H FY23 to \$5.7m in Q3 FY23.

FOUR COMPLEMENTARY DIVISIONS



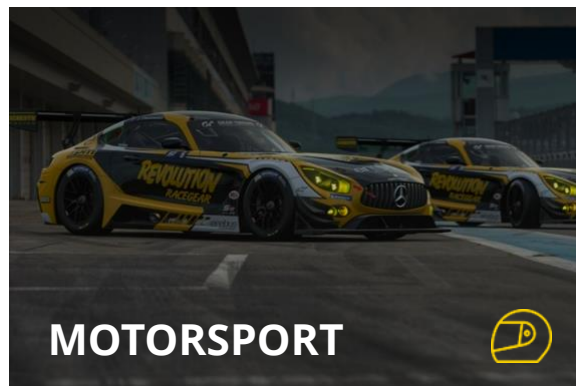
REPAIRS & ROADSIDE

Commercial & industrial
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

43% of FY23 revenue



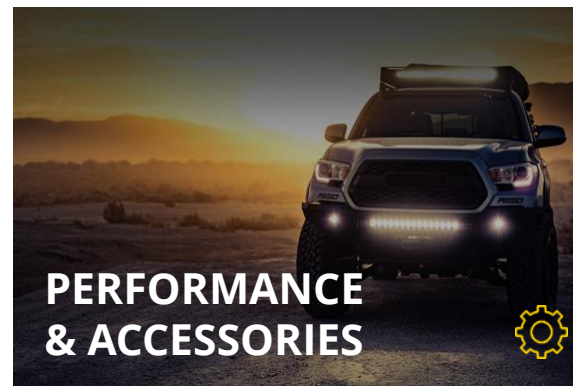
MOTORSPORT

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

7% of FY23 revenue



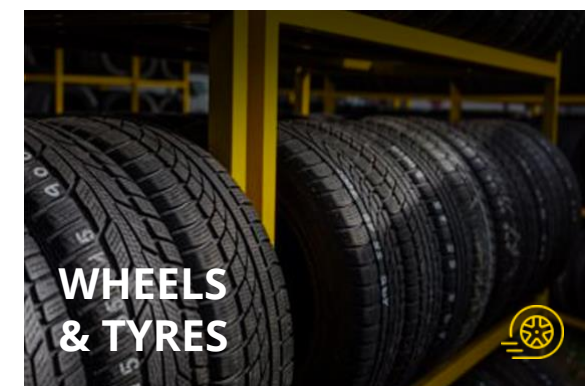
PERFORMANCE & ACCESSORIES

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

20% of FY23 revenue



WHEELS & TYRES

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

30% of FY23 revenue

OPERATIONAL RESTRUCTURE BY DIVISION

REPAIRS & ROADSIDE

MOTORSPORT

PERFORMANCE & ACCESSORIES

WHEELS & TYRES

Retail

- Closed business unit in SA
- Integration of 3 business units in VIC
- Sale of 2 business units in VIC
- Restructured operations in NSW
- Reduction in personnel and occupancy expenses

Retail

- Not impacted by restructure

Retail & Wholesale

- Sale of business unit in NSW
- Reduction in occupancy expenses

Wholesale

- Reduction in personnel and occupancy expenses

Significant restructure to reset cost base and improve margins

Core business performing well

Core business performing well

Core business performing well

- **Cost benefits from restructure now flowing through**, with around half of expected \$1.5 million in annualised savings now implemented, primarily in the Repairs and Roadside division
- **Successfully disposed non-core assets**, expected to generate an additional \$1.4 million in cash across 2H FY23 and 1H FY24, and \$0.4 million annual improvement in EBITDA

RPM'S 3-YEAR VISION REMAINS UNCHANGED



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-built out retail network servicing the transport industry in major transportation hubs, focused on commercial and industrial fleets
- **New geographies:** A presence in New Zealand and additional footprint of retail networks across Australia
- **Broader product range:** A comprehensive range of motor vehicle accessories
- **Complementary activities:** Participating in the tyre recycling market

FY24 OUTLOOK

- **Improved Trading Results:** Underpinned by normalisation of trading conditions, enhanced buying decisions, better gross profit margins and strong demand for product range expected to continue in FY24
- **Completion of restructure:** Expected in Q3 FY24
- **Focus on inventory management:** Inventory turns are forecast to increase to 4x in FY24, up from 3.3x in Q3 FY23
- **Working Capital and Operating Cash:** Positive impact on working capital and operating cash flow continuing into FY24
- **Consolidation of reporting platforms:** All retail businesses now on one reporting platform with focus on consolidation at a divisional level



CORPORATE SNAPSHOT

CAPITAL STRUCTURE

Shares on Issue	184.4m
Options (Exp.03/24@\$0.435)	6m
Share Price (24/5/23)	\$0.09
Market Capitalisation (24/5/23)	\$16.6m



REGISTER



MAJOR SHAREHOLDERS

Clive Finkelstein (CEO/MD)	~12%
Lawrence Jaffe (Executive Director)	~12%
Management (original vendors)	~19%
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

Previously CEO and Managing Director of RPM Australasia until 2015 and stepped down when the company sold off its largest division. He remained on as Non-Executive Chairman until the company listed on the ASX and currently the Strategic Director at RPM.

Strong financial background in private equity, mergers and acquisitions.

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 Rycu 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



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