



THE RPM GROUP

RPM Automotive Group Ltd
1-7 Ausco Place
Dandenong South, Vic 3175
ABN: 34 002 527 906

9 November 2023
ASX Announcement

RPM REAFFIRMS GUIDANCE WITH CONTINUED REVENUE GROWTH AND IMPROVING MARGINS

RPM Automotive Group Limited (ASX: RPM) (“RPM” or the “Company”), a leading player in the Australian automotive aftermarket sector, is pleased to reaffirm its previous FY24 guidance in this trading update to the market.

Key highlights

- **FY24 guidance reaffirmed**, expecting reported revenue between \$130 million to \$140 million and EBITDA between \$10.5 million to \$12 million
- **Continued revenue growth** with underlying revenue in Q1 FY24 of \$24.9m, up 5.5% on prior corresponding period (pcp), despite challenging trading conditions, and reported revenue of \$28.4 million, flat on pcp which included discontinued businesses
- **Contribution margin improved to 34.1%** (Q4 FY23 28.8%) driven by growing scale, a focus on operational optimisation and disciplined procurement management
- **Wholesale tyre division strengthened** with the strategically aligned acquisition of Chapel Corner Tyres
- **Cost benefits from restructure now flowing through**, with around half of expected \$1.5 million in annualised savings now implemented, primarily in the retail tyre division
- **Successfully disposed non-core assets**, expected to generate an additional \$1.4 million in cash across 2H FY23 and 1H FY24, and \$0.5 million annual improvement in EBITDA to \$3.0m Q1 FY24 v \$2.5m Q1 FY23 (10.6% of revenue vs. 9.2% pcp)
- **Improved inventory management growing cashflow:** Increased inventory turns resulting in growing cash balance of \$5.8m at 30 September 2023

	Q1 FY24	Chg on pcp
Underlying Revenue	\$24.9m	+5.5%
Acquisition Revenue	\$3.5m	n/a
Reported Revenue	\$28.4m	Flat
Contribution margin	34.1%	+530bps
EBITDA	\$3.0m	+19.0%
EBITDA to Sales	10.6%	+140bps



www.rpmgroup.net.au

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Commenting on the performance of RPM over the first quarter of FY24, CEO Clive Finkelstein said:

“Solid sales momentum has continued into FY24 despite challenging trading conditions, as we benefit from increased scale across our core business. A focus on execution to create greater operational efficiency combined with margin growth has significantly improved our profitability and stabilised the business. Margins increased to 34.1%, up 530 bps, and we expect to maintain this margin expansion over the remainder of the financial year.

“RPM generated unaudited sales revenue of \$28.4 million over the three months to 30 September 2023. Acquired business units contributed \$3.5 million, along with \$1.3 million of organic growth, or up 5.5% on the same period last year.

“Margin growth was also supported by enhanced operating leverage due to increased scale and cross-sell opportunities, development of the retail and wholesale network, product diversification and warehouse expansion.

“Unaudited EBITDA of \$3 million was up 19% over the same period last year, reflecting the early impact of operational optimisation and cost management initiatives. In addition, improved inventory management is positively impacting cashflow generation.

“Inventories were down \$1.5 million on Q4 FY23, closing at \$23.6 million on 30 September 2023, with improved inventory turnover of 3.6x in Q1 FY24 (compared to 3.3x in Q4 FY23). The improvement in working capital has had a positive impact on operating cashflow over the period, with RPM’s cash balance increasing to \$5.8m at 30 September 2023, up from \$4.4m at 30 June 2023.

“RPM will provide a further update to the market at its AGM on 22 November 2023.”

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, Formula Off-Road, RPM Autoparts, Safety Dave, Max 4x4.

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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