

28 February 2024
 ASX Announcement

RECORD HALF NPAT WITH MARGIN IMPROVEMENT AND OPERATING EFFICIENCIES

RPM Automotive Group Limited (ASX: RPM) (“RPM” or the “Company”), a leading player in the Australian automotive aftermarket sector, has released its results for the six months ended 31 December 2023 (“H1 FY24”).

Highlights:

- **Revenue up 2.2%** to \$56.9 million (H1 FY23: \$55.7 million) through diversified product offering and increased cross sell
- **Gross Profit up 16.2%** to \$19.9 million (H1 FY23: \$17.1 million) driven by benefits from operational optimisation program and scale
- **Operating Expenses flat** on H1 FY23 benefiting from scale
- **EBITDA up 23.4%** to \$5.4 million (H1 FY23: \$4.3 million)
- **Strong operating cashflow** with renewed focus on working capital
- **Record half year NPAT up 74%** to \$2.2 million (H1 FY23: \$1.2 million)
- Acquisition of Chapel Corner Tyres strengthening wholesale tyre division

H1 FY24 Financial Results Overview

	H1 FY24	H1 FY23	change
Revenue (\$m)	56.9	55.7	2.2%
Gross Profit (\$m)	19.9	17.1	16.3%
Gross Profit Margin (%)	34.9	30.7	+420bps
Reported EBITDA (\$m)	5.4	4.3	23.4%
Operating Cash Generated (\$m)	4.2	(0.5)	+4.7
Net Profit After Tax (NPAT \$m)	2.2	1.2	74%
Earnings per Share (EPS)	1.13	0.76	48%

Commenting on the Company’s half-year performance, RPM Automotive Group CEO, Clive Finkelstein said:

“Over the past six months, we have shown our ability to harness our complementary divisions in more challenging trading conditions delivering a record half-year profit. Our focus has been on



optimising operational resources and consolidating our brand portfolio to establish a prominent national presence across the Australian automotive aftermarket sector.

“By enhancing our operational efficiencies, diversifying our product offering, and leveraging data and analytics to drive further cross-selling, we have delivered results that are in-line with guidance, with improved profitability and operating cash flows.

“Our acquisition and integration strategy remains pivotal to our next phase of growth, with Chapel Corner Tyres joining the RPM Group during the half, bringing us closer to becoming a household name by expanding our footprint both in Victoria and nationally.”

Overview of H1 FY24 Results

RPM generated revenue of \$56.9m in H1 FY23, an increase of 2.2% on the prior corresponding period (pcp). Ongoing benefits from operational efficiencies and scale across the four divisions resulted in an increase of 23% in EBITDA to \$5.4 million.

Total gross profit increased to \$19.9 million, up 16.2% from H1 FY23, or 420 basis points. This was due to increased margins from optimisation of operations, quality procurement and focussing on selling features and benefits rather than price. Resulting in a record Net Profit After Tax of \$2.2 million, up 74% on pcp.

Division Commentary

In H1 FY24, **Wheels and Tyres** (wholesale tyres) generated revenue of \$20.2 million, a 10% increase on pcp. Growth was driven by the acquisition of Chapel Corner Tyres as well as access to a broader range of market-leading products and imported exclusive brands across passenger vehicle, truck & bus, and industrial applications. RPM’s optimisation strategy has resulted in improved margins while focus on inventory management has delivered improved stock turns.

RPM’s **Repairs and Roadside** division performed consistently despite cost-of-living pressures, with revenue of \$20.7 million, down 9% on pcp. While revenue was slightly lower, division Gross Profit and EBITDA improved due to our optimisation and rationalisation program focussing on more profitable work. Commercial tyre business continues to actively canvass new fleet businesses to grow the division and expand RPM’s national presence.

Performance and Accessories improved its product range, expanded distribution, and entered new locations, delivering \$12.9 million in revenue this half. RPM’s current fleet and OEM contracts are underway and are expected to increase in the second half of FY24 with the addition of a new distribution opportunity, signed post reporting period. In addition, RPM has recently launched an internally developed robotic caravan and boat mover, which is expected to drive further growth in sales in 2H FY24.

Motorsport continues to cement itself as a leading destination for all soft parts and safety categories in motorsport through a broad range of brands (including RPM's own range) at different price points, delivering \$4.5 million in revenue, an increase of 6.4% compared to H1 FY23.

During the half, RPM opened a new Revolution Racegear store in Gold Coast, the Company's biggest growth corridor, with many leading teams and drivers residing in the region.

Outlook

RPM is well positioned to navigate the dynamic landscape of the Australian automotive aftermarket, with several new group-wide initiatives to be introduced that are designed to deliver sustainable growth throughout 2024.

RPM will further advance its Tyre Recycling Strategy, scheduled for rollout during 2H FY24. This builds on RPM's established sustainable practices across its supply chain that ensure all materials in its tyre production process originate from ethically responsible sources.

The Company remains committed to seamless integration of acquisitions, optimising inventory management efficiency and exceptional on-going customer service.

The Company expects a stronger second half with group revenue to exceed \$130 million and EBITDA to be in the range of \$11 to \$13 million in FY24.

Investor Webinar

Join RPM's CEO Clive Finkelstein, COO Guy Nicholls, and CFO Rebecca Payne on **Thursday 29 February 2024, at 10:30am** (AEDT) for a results presentation followed by a Q and A.

To participate, please register at:

[1H FY24 RPM Result Webinar](#)

After registering, you will receive a confirmation email containing information about the webinar.

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

- ENDS -

For investor and media queries, please contact:

Investors

Adrian Mulcahy

P: 0438 630 422

E: adrian.mulcahy@automicgroup.com.au



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

Media

Tristan Everett
P: 0403 789 096
E: tristan.everett@automicgroup.com.au

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/>

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