

26 August 2024
ASX Announcement

RPM AUTOMOTIVE MEETS EARNINGS GUIDANCE WITH STRONG UNDERLYING PERFORMANCE AMID STRATEGIC GROWTH INITIATIVES

RPM Automotive Group Limited (ASX: RPM) (“RPM” or the “Company”), a leading player in the Australian automotive aftermarket sector, has released its unaudited results for the twelve months ended 30 June 2024 (“FY24”).

Highlights:

- **Group Revenue up 3.7%** to \$121 million (FY23: \$117 million) through diversified product offering and increased cross sell, or **up 10.0%** excluding discontinued businesses
- **Gross Profit up 12.0%** to \$41.4 million (FY23: \$37.0 million) driven by benefits from optimisation program and scale
- **Operating Costs** down 5.4% on a proforma basis excluding Chapel Corner Tyres acquisition
- **EBITDA up 41.2%** to \$12.5 million (FY23: \$8.8 million) highlight operating leverage
- **Strong operating cashflow** of \$7.6 million, up \$6.7 million, with renewed focus on working capital
- **Record full year NPAT up 275%** to \$4.6 million (FY23: \$1.2 million)
- Acquisition of Chapel Corner Tyres strengthening wholesale tyre division
- Expectation of continuing growth in revenue and earnings in FY25

FY24 Financial Results Overview

	FY24	FY23	change
Revenue (\$m)	121	117	3.7%
Gross Profit (\$m)	41.4	37.0	12.0%
Gross Profit Margin (%)	34.2	31.7	+250bps
Reported EBITDA (\$m)	12.5	8.8	41.2%
Operating Cashflow (\$m)	7.6	0.9	+6.7m
Net Profit After Tax (NPAT \$m)	4.6	1.2	275%
Earnings per Share (EPS)*	2.32	1.02	127%

- *Based on unaudited continuing operations*

Commenting on the Company's full year performance, RPM Automotive Group CEO, Guy Nicholls said:

" During FY24, we demonstrated the resilience and diversity of our business with strong earnings performance while launching several strategic initiatives to create new revenue streams and leverage our extensive footprint. Despite economic headwinds in the retail and consumer markets, we delivered earnings growth across the business, once again showing our resilience. Our wholesale segments, particularly wheels and tyres, performed exceptionally well, significantly contributing to our growth.

"With our focus on higher-margin parts of the business, our underlying fundamentals have continued to strengthen, reflecting our commitment to increasing profitability. We've invested in our people, ensuring we have the right talent and culture to drive growth. Our focus on optimising resources and leveraging our diverse product portfolio has led to improved operational efficiencies and increased cross-selling opportunities. During FY24 margin expansion was driven by strategic pricing and more effective procurement and stock management.

"RPM is well-funded to accelerate into our next phase of growth following a successful capital raise in April 2024 and the elimination of our convertible note. Further, we have strengthened our balance sheet and reduced operating costs. I am pleased we have begun to generate strong operating cash flows, evidence of our renewed focus on working capital across our business. Looking ahead, we are poised to launch our tyre recycling program, which will utilise our established wholesale infrastructure and customer base, advancing the circular economy and creating a new revenue stream. Additionally, our new SaaS product suite, developed in partnership with WHG, and our commercial agreement with Yokohama are exciting projects that leverage economies of scale and procurement benefits to enhance margins."

Overview of FY24 Results

RPM generated revenue of \$121 million in FY24, an increase of 3.7% on the prior corresponding period (pcp). This growth was bolstered by ongoing operational efficiencies and scale across the four divisions resulting in an increase of 41.2% in EBITDA to \$12.5 million.

Total gross profit increased to \$41.4 million, up 12.0% from FY23. This was due to increased margins from optimisation of operations, quality procurement and focussing on selling features and benefits. This resulted in a record Net Profit After Tax of \$4.6 million, up 275% on pcp.

Division Commentary

In FY24, **Wheels and Tyres** (wholesale tyres) generated revenue of \$43.4 million, a 29.5% increase on FY23. Growth was propelled by a rise in commercial tyre orders from the trucking, agricultural, and mining sectors. The division's integration of the Yokohama partnership is expected to drive further growth. This multi-year agreement establishes RPM as a national Yokohama wholesaler, anticipated to contribute approximately \$5 million in revenue and \$1 million in EBITDA in FY25.

Optimisation in inventory management, in line with the company's strategy, has resulted in improved margins and better stock turns.

RPM's **Repairs and Roadside** (retail tyres) division faced a challenging trading period with continued pressure on cost of living seeing revenue decline 18.0% vs PCP to \$41.8 million. However, \$6.4 million of the revenue decline related to discontinued operations from FY23. Segment EBITDA remained flat at \$2.8 million, in part boosted by RPM's optimisation and rationalisation initiatives, which targeted more profitable work. The commercial tyre segment continues to actively pursue new fleet clients to drive growth and extend RPM's national footprint.

Performance and Accessories expanded its product range, distribution, and footprint, delivering \$26.4 million in revenue, up 11.8% on FY23. RPM saw increased organic growth despite difficult retail conditions, bolstered by current fleet and OEM contracts. Additionally, RPM is launching a new internally developed robotic caravan and boat mover, expected to drive additional sales in Q2 FY25.

Motorsport reinforced its position as Australia's market leader in soft parts and safety categories in motorsport, offering a broad range of brands, including RPM's own range, at various price points. The division delivered \$9.4 million in revenue, marking an 9.5% increase compared to FY23.

Outlook

RPM enters FY25 in a strong position and is poised for growth in the dynamic Australian automotive aftermarket, supported by several new initiatives aimed at delivering sustainable growth throughout FY25 and beyond. The Company's growth will be driven by the commencement of our tyre recycling program, expected to commence in Q2 FY25, the introduction of new products and partnerships with WHG and Yokohama and geographical expansion. These initiatives are expected to drive improved margins and are further supported by ongoing procurement efficiencies, strategic pricing, and a shift towards higher-margin products and services.

Commenting on the outlook, RPM Automotive Group CEO, Guy Nicholls said: "In addition to continuing to develop our existing businesses, we remain focussed on the pursuit new growth opportunities and expect this will position the Company for continued success in the evolving automotive aftermarket."

Investor Webinar

Join RPM's CEO Guy Nicholls and CFO Rebecca Payne on **Monday 26 August 2024, at 2:00pm** (AEST) for a results presentation followed by a Q&A.

To participate, please register at:

[FY24 RPM Results 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.



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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/>

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