



THE RPM GROUP

RPM AUTOMOTIVE GROUP LTD (ASX:RPM)

Half Year Results FY22

February 2022

RPM Automotive Group Limited is a leading player in the Australian automotive aftermarket sector

RPM has a nationwide footprint of businesses involved in importing, wholesaling, and retailing tyres, mechanical repairs, motorsport apparel and safety equipment, niche manufacturing, and roadside assistance service for the transport industry.

ABOUT RPM

FAVOURABLE INDUSTRY FUNDAMENTALS

The Australian automotive aftermarket is large, growing and remains highly fragmented

LEADING MARKET POSITIONS IN ATTRACTIVE AUTOMOTIVE SECTORS

Some of Australia's most pre-eminent companies in their respective sectors of the automotive industry

MARKET LEADING BRANDS

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

DIVERSIFIED BUSINESSES

Revenue diversity across market sectors, distribution channels, products and services within the automotive industry

EXPERIENCED BOARD AND MANAGEMENT TEAM

The founders have a proven track record of owning, building and operating automotive businesses

CLEAR ACQUISITION PLAN

Clear strategy to progress multiple acquisition opportunities in the Australian market to aggressively grow the business

PLATFORM FOR GROWTH

A national platform with operations in wholesale, retail and manufacturing

The business is designed to be scalable and has multiple regional expansion opportunities

FUNDED FOR ACCELERATED GROWTH

Sound balance sheet and cash position
\$5.6m cash at bank 31 December 2021

H1 FY22 ACHIEVEMENTS



REVENUE

Up 86% on H1 FY21 to \$34.4m

Record half year result

Growth across all four business units



EBITDA

Up 60% on H1 FY21 to \$3.1m

Strong revenue growth delivered record EBITDA



CASH BALANCE

\$5.6m as at 31 December 2021

Net cash generated of \$3.9m

Operating cashflow of (\$1.2m)



ACQUISITIONS

Acquisition and integration of seven complementary businesses

Pipeline of acquisitions in Performance and Accessories, Wheels and Tyres and Repairs and Roadside



GROWTH STRATEGY

Strong pipeline of bolt-on synergistic acquisitions

Expanding the wholesale platform with further growth opportunities and new distribution centres planned



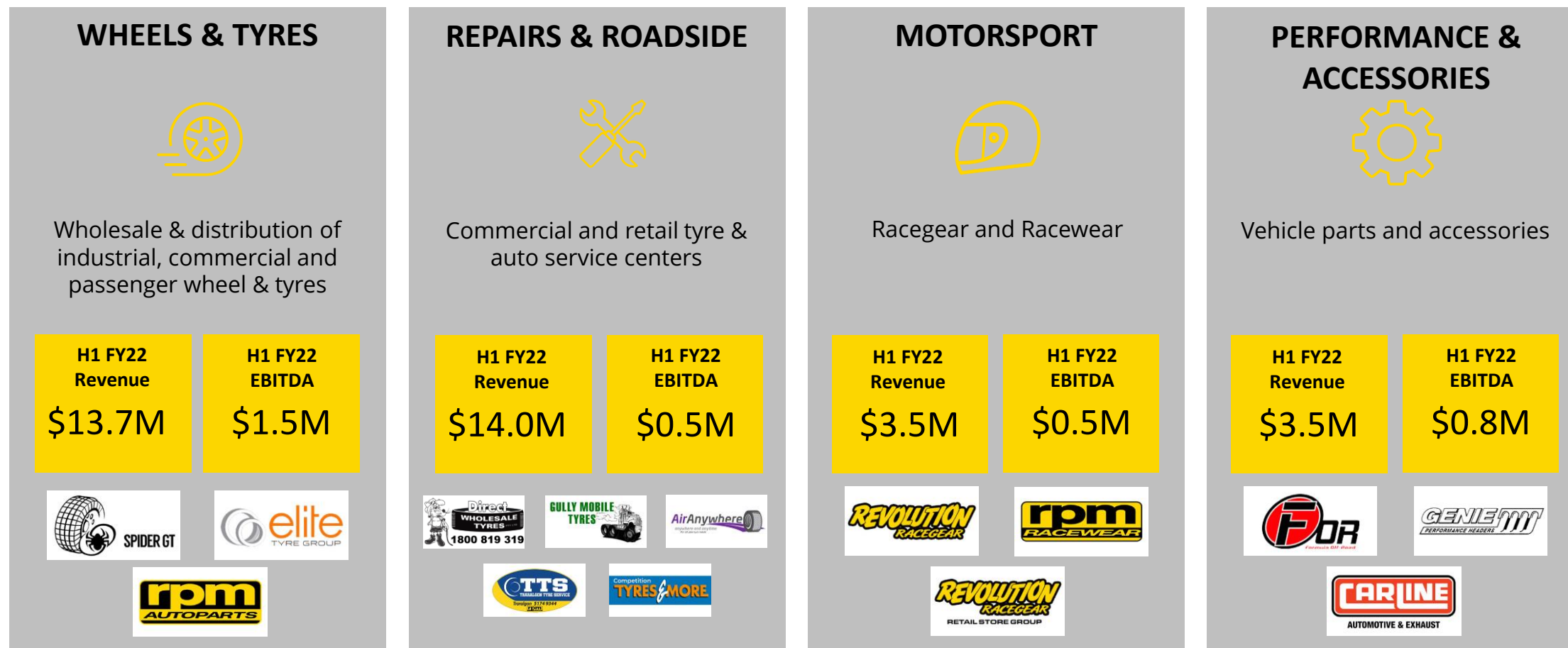
STRONG OUTLOOK

FY22 revenue forecast of \$78m

FY22 EBITDA forecast of \$7m+

Further acquisition opportunities

RPM'S FOUR DIVISIONS HAVE A NATIONWIDE FOOTPRINT IN THE AUTOMOTIVE AFTERMARKET



OUR MARKETS AND OPPORTUNITIES



THE AUSTRALIAN AUTOMOTIVE PARTS & MAINTENANCE SECTOR REPRESENTS ABOUT \$34 BILLION¹ IN ANNUAL REVENUE



THE SECTOR IS HIGHLY FRAGMENTED



RPM HAS A STRONG TRACK RECORD OF DRIVING CONSOLIDATION VIA ITS VERTICALLY INTEGRATED NATION-WIDE FOOTPRINT



RPM IS FOCUSED ON GROWING WHEELS & TYRES, REPAIRS & ROADSIDE AND PERFORMANCE & ACCESSORIES DIVISIONS

¹ Australian Automotive Aftermarket Association



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FINANCIALS



H1 FY22 FINANCIAL SUMMARY

PROFIT AND LOSS


	H1 FY22 (\$m)	H1 FY21 (\$m)
Revenue	34.4	18.5
Gross Profit	10.9	7.9
EBITDA	3.1	1.9
NPAT	1.3	0.9
One-offs	0.2	-
Normalised NPAT	1.5	0.9

BALANCE SHEET

	31 Dec 21 (\$m)	30 Jun 21 (\$m)
Cash and equivalents	5.6	1.7
Other Assets	60.8	44.8
Total Assets	66.4	46.5
Total Liabilities	33.2	19.6
Shareholder's Equity	33.2	26.9

CASH FLOW STATEMENT

	H1 FY22 (\$m)	H1 FY21 (\$m)
Operating cashflows	(1.2)	(0.5)
Investing cashflows	(5.1)	(2.0)
Financing cashflows	10.2	4.4

 78% increase in Revenue





 63% increase in EBITDA to company record \$3.1 million

H1 FY22 RESULTS WHEELS & TYRES

- ⚙️ **Strong** result in Wheels & Tyres driven by ongoing demand from the heavy transport and logistics sectors
- ⚙️ **Significant** commercial tyres growth partly offset by a lockdown restrictions impacting passenger tyre sales
- ⚙️ **Revenue** of \$13.7m, up 66% on H1 FY21
- ⚙️ **EBITDA** contribution of \$1.5m, up 275% on H1 FY21
- ⚙️ **Two** new warehouses added in Victoria and Queensland

WHEELS & TYRES			
	H1 FY22	H1 FY21	Change
Revenue (\$m)	13.7	8.2	+66%
Gross Profit (\$m)	3.7	1.9	+95%
Gross Margin (%)	27.8%	23.1%	+4.7pp
EBITDA (\$m)	1.5	0.4	+275%

H1 FY22 RESULTS PERFORMANCE & ACCESSORIES


-  **Performance & Accessories** traded above expectation given retail volatility due to lockdowns
-  **Strong** December – historically the weakest month – as lockdowns lifted in key markets
-  **Revenue** of \$3.5m, up 77% on H1FY21
-  **EBITDA** contribution of \$0.8m, up 167% on H1 FY21
-  **Further** expansion opportunities in H2 FY22 and beyond, led by integration of recent Safety Dave acquisition


PERFORMANCE & ACCESSORIES			
	H1 FY22	H1 FY21	Change
Revenue (\$m)	3.5	2.0	+77%
Gross Profit (\$m)	2.0	1.7	+18%
Gross Margin (%)	57.0%	85.0%	-28.0pp
EBITDA (\$m)	0.8	0.3	+167%


H1 FY22 RESULTS REPAIRS & ROADSIDE


- ⚙️ **Repairs & Roadside** performed well despite retail disruptions in the early reporting period
- ⚙️ **Revenue** of \$14.0m, up 122% on H1 FY21
- ⚙️ **EBITDA** contribution of \$0.5m, up 15% on H1FY21
- ⚙️ **Significant** growth opportunities in the short to medium term in Repairs & Roadside

REPAIRS & ROADSIDE			
	H1 FY22	H1 FY21	Change
Revenue (\$m)	14.0	6.3	+122%
Gross Profit (\$m)	3.5	2.1	+75%
Gross Margin (%)	25.0%	33.3%	-8.3pp
EBITDA (\$m)	0.5	0.4	+15%

 **Motorsport** rebounded strongly after a tough start to the half with lockdowns in NSW and VIC

 **Revenue** of \$3.6m, up 16% on H1 FY21

 **EBITDA** contribution of \$0.5m, down 29% on H1 FY21

 **Trading** conditions improving into the second half with rejuvenated motorsport calendar

MOTORSPORT			
	H1 FY22	H1 FY21	Change
Revenue (\$m)	3.5	3.3	+6%
Gross Profit (\$m)	1.7	1.8	-5%
Gross Margin (%)	48.6%	54.5%	-5.9%
EBITDA (\$m)	0.5	0.8	-37%



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ACQUISITION GROWTH STRATEGY

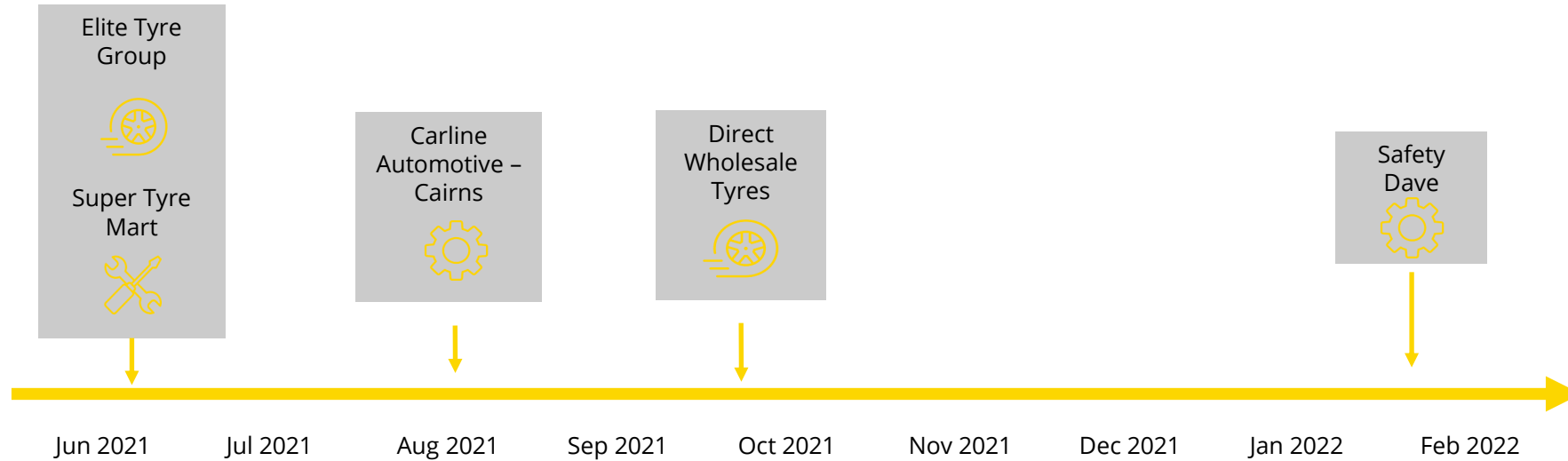


CUSTOMER ACQUISITION GROWTH STRATEGY

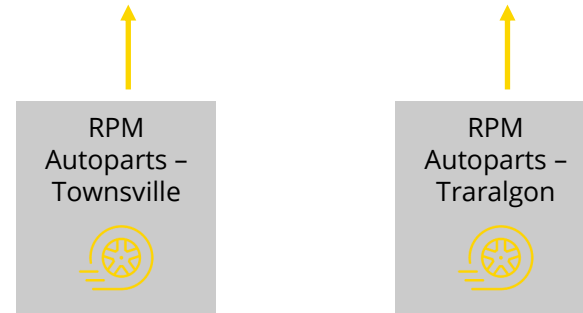
- ⚙ Identify similar complementary businesses to unlock synergies
- ⚙ Target approximately ~50% scrip and ~50% cash (paid out over a period of time) consideration
- ⚙ Aim to purchase businesses on attractive valuation metrics of 3.5 – 5x earnings
- ⚙ Apply a term payout to retain vendors in the business for 3+ years; escrow applied to scrip consideration
- ⚙ In H1 FY22 RPM completed 5 acquisitions to support its growth strategy, building on 5 acquisitions in FY21
- ⚙ RPM has identified multiple new potential strategic acquisition targets that would unlock synergies – more locations with more products to more customers

H1 FY22 ACQUISITION & INVESTMENT SUMMARY

ACQUISITIONS



INVESTMENTS



**ACROSS H1 FY22 RPM HAS:
COMPLETED FIVE ACQUISITIONS
INVESTED IN TWO AUTOPARTS WAREHOUSES**

SUMMARY

H1 FY22 HIGHLIGHTS

- ⚙ Record revenue of \$34.4m and EBITDA of \$3.1m
- ⚙ 5 strategic acquisitions of complementary businesses that will deliver meaningful cost and revenue synergies
- ⚙ Strong investment strategy to support rapid growth

H2 FY22 OUTLOOK

- ⚙ Further acquisition opportunities to continue the Company's growth strategy
- ⚙ Integration success and cross-selling opportunities & synergies of recent acquisitions, particularly Safety Dave, to support further revenue growth
- ⚙ Further improvements in trading conditions as COVID-19 restrictions ease and activity increases while we still remain cautiously optimistic

FY22 GUIDANCE FOR STRONG GROWTH

- ⚙ FY22 revenue target of \$78m, 75% increase on FY21
- ⚙ FY22 EBITDA target of \$7m+, 56% increase on FY21



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THANK YOU
Questions?





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APPENDIX



CORPORATE SNAPSHOT

CAPITAL STRUCTURE¹

Shares on Issue	141.9m
Options	20.9m
Share Price (17/02/22)	\$0.28
Market Capitalisation	\$40.0m
52-week High	\$0.470
52- week Low	\$0.265

¹ Market data sourced from IRESS as of 18 February 2022

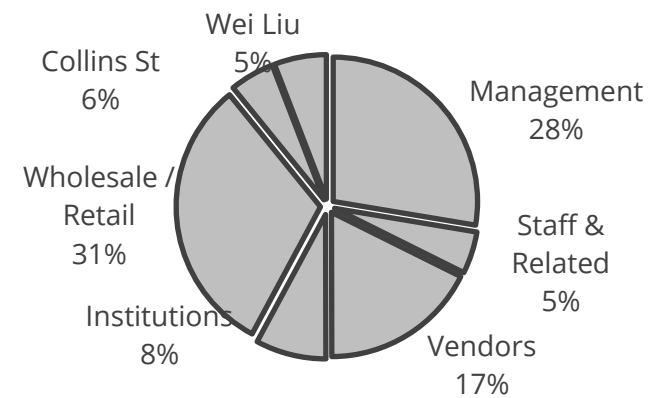
FOUNDERS' INTERESTS

Lawrence Jaffe (Exec. Director)	~14%
Clive Finkelstein (CEO / MD)	~14%
Management (original vendors)	~17%
Collins Street Value Fund	~6%
Staff and Related Individuals	~5%

SHARE PRICE PERFORMANCE (\$/SHARE)¹



REGISTER





Grant Carman - Non-Executive Chairman

Grant Carman is a chartered accountant with over 30 years of experience in corporate finance and Australian capital markets.

Grant has held senior executive positions for and acted as a corporate adviser to a large number of Australian and international companies from a range of industry sectors, including financial services, automotive, pharmaceuticals, wholesale distribution, manufacturing, services, resources, technology and telecommunications.



Clive Finkelstein – CEO/Managing Director

Clive is a co-founder and promoter of the RPM Group. Clive has over 20 years' experience in the automotive sector, having built, managed and sold a number of automotive companies including a parts and accessories manufacturer and wholesaler and a 4WD franchise group.

Clive's experience spans international markets, manufacturing, development, wholesale, retail and franchising of automotive businesses.

Clive is a significant shareholder in the RPM Group.



Lawrence Jaffe – Executive Director

Lawrence is a co-founder and promoter of the RPM Group. Lawrence has a strong financial background having worked in Private Equity, Mergers and Acquisitions including for a major Australian financial institution.

He has over 20 years' experience in the automotive sector and was the CEO of RPM Australasia until 2015 when the group sold off one of its subsidiaries. Lawrence remained on as non-executive Chairman of RPM Australasia and has now re-joined the executive team.

Lawrence is a significant shareholder in the RPM Group.



Alex Goodman - Non-Executive Director

Alex has a 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).

After worked in 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.



Damian Banks- Non-Executive Director

Damian has extensive experience in the financial services, health, and employment sectors. His most recent executive role was as Managing Director and CEO of Konekt Ltd, technology-focused health, and employment company. He led Konekt from its listing on ASX in 2012 through to its successful sale to private equity in December 2019. Mr. Banks previously had a 15-year career, including several leadership positions with Westpac Banking Corporation.

IMPORTANT NOTICE AND DISCLAIMER

Overview

This document is issued by RPM Automotive Group Limited ACN RPM ("RPM Automotive" or "RPM") on 24 February 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.

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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.



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