



THE RPM GROUP

RPM Automotive Group Ltd
6-18 Antonella Court,
Dandenong South, VIC 3175
ABN: 34 002 527 906

1 August 2022
ASX Announcement

RPM DELIVERS 23% QUARTER ON QUARTER REVENUE GROWTH IN Q4 FY22

RPM Automotive Group Limited (ASX: RPM) (“RPM” or the “Company”), a leading player in the Australian automotive aftermarket sector, is pleased to provide the following market update for the quarter ended 30 June 2022 (“Q4 FY22” or “Quarter”).¹

Key Highlights:

(\$m)	Q4 FY22	Q4 FY21	Growth		FY22	FY21	Growth
Revenue	26.5	15.2	74%		83.3	45.1	84%
Gross Profit	8.4	3.8	121%		27	14.1	91%
EBITDA	2.2	2.2	-		7.5	4.5	67%

- **Strong quarterly revenue growth:** Q4 FY22 revenue of \$26.5m was up 23% quarter on quarter (Q3 FY22 revenue of \$21.5m) and up 74% on pcp (Q4 FY21 revenue of \$15.2m), driven by acquisitions and strong organic growth.
- **Improved gross margin and stable EBITDA:** Q4 FY22 gross profit of \$8.4m was up 20% quarter on quarter (Q3 FY22 gross profit of \$7m) and up 121% on pcp. Q4 FY22 EBITDA was stable at \$2.2m quarter on quarter and also year on year, reflecting increased investment in growth through new branch openings as well as one-off costs associated with flood-related clean-up.
- **Exceptional annual growth:** FY22 revenue of \$83.3m was up 84% on pcp (FY21 revenue of \$45.1m) and FY22 EBITDA was up 67% to \$7.5m, thus achieving market guidance (ASX release 27 April 2022).
- **FY22 organic revenue growth of >18%:** Driven by strong network effects in the vertically integrated offering, across both the wholesale and retail divisions through an expanded national footprint and increased product range.

¹ All quarterly financial data included in this release is unaudited and excludes eliminations for inter-company sales. EBITDA by Division does not include \$400K allocation for corporate costs.



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- **Acquisitions exceeding expectations:** In Q4, the acquisitions of Victoria Wide Tyre Service and ACT Total Tyres were successfully completed. The integration is on track and recent acquisitions, including Safety Dave, are exceeding budgets.
- **FY23 ARR of over \$120 million:** Following the acquisition of AFT Automotive Group in July 2022, RPM’s annualised revenue run rate has increased to over \$120 million.

DIVISIONAL COMMENTARY

Repairs and Roadside (Retail)

(\$m)	Q4 FY22	Q4 FY21	Growth
Revenue	10.5	5.1	106%
Gross Profit	3.1	1.5	107%
EBITDA	0.9	0.9	-

- Revenue up 48%, quarter-on-quarter (Q3 FY22 revenue of \$7.1m).
- New trading name for retail outlets: **Revolution Tyre Services – Australia Wide** to deliver national brand synergies and improve customer awareness.



- ACT Total Tyres (acquired April 2022) and Victoria Wide Tyre Service (acquired May 2022) are both performing well and exceeding expectations with additional operating synergies expected moving forward.
- Direct Wholesale Tyres in Far North Queensland (acquired October 2022) is exceeding expectations.
- The service footprint has expanded in South Australia, New South Wales & Queensland
- Operational expenses increased in Q4 - investment in growth through the opening of two new retail outlets and the acquisition of two new retail stores

Wheels and Tyres (Wholesale)

(\$m)	Q4 FY22	Q4 FY21	Growth
Revenue	9.8	7.5	31%
Gross Profit	2.0	1.1	82%
EBITDA	0.5	0.7	-28%



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- Revenue up 15% quarter-on-quarter (Q3 FY22 revenue of \$8.5m).
- Significant improvement in gross profit.
- Earnings temporarily impacted by weakening AUD in Q4, due to contract lag in roll-over, as well as one-off costs related to the flooding in Queensland.

Performance and Accessories

(\$m)	Q4 FY22	Q4 FY21	Growth
Revenue	4.1	0.9	356%
Gross Profit	2.4	0.5	380%
EBITDA	1.0	0.3	233%

- Strong demand across product range with 356% increase in revenue, year on year.
- Safety Dave (acquired February 2022) is exceeding expectations with successful execution of cross-selling strategy as well as leveraging existing RPM distribution infrastructure.
- Growing back orders as manufacturing businesses experience some difficulties with order execution and supply chain challenges.

Motorsport

(\$m)	Q4 FY22	Q4 FY21	Growth
Revenue	2.0	1.7	18%
Gross Profit	1.0	0.7	43%
EBITDA	0.2	0.3	-33%

- Seasonal reduction in turnover from Q3.
- Margin improvement with increased gross profit margin.
- Solid annual performance after a slow Q1 and well positioned for a strong FY23.

RPM CEO Clive Finkelstein said, "We were very pleased with the organic growth rate of over 18% in the past year, which reflects the strength of our vertically integrated business model to increase our national footprint, expand our product range to drive top line growth and operating synergies across our wholesale and retail network. In Q4, we were adversely impacted by one-off flood related expenses, but we are very well positioned for continued strong growth in FY23. RPM enters FY23 with an annualised revenue run rate of over \$120 million and increased operating leverage to underpin sustainable earnings growth moving forward."

ENDS

This Announcement was approved and authorised for release by the Board of Directors.



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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, Equipit, Max 4x4

For further information, please visit: <http://www.rpmgroup.net.au/>

Important Information and Disclaimer

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