



1H FY23 FINANCIAL RESULTS

INVESTOR PRESENTATION

RPM AUTOMOTIVE GROUP LTD
(ASX: RPM)

FEBRUARY 2023

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Overview

This document is issued by RPM Automotive Group Limited ACN RPM ("RPM Automotive" or "RPM") on 27 February 2023

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ESTABLISHING A NATIONAL FOOTPRINT IN THE AUTOMOTIVE AFTERMARKET



RPM business units offer wheel, tyre, accessories and apparel to both **wholesale (B2B commercial and industrial)** and **retail (consumer)** customers



RPM has grown its **product range**, **network footprint** and **internal capabilities** by acquisition and organically



RPM has **40 points of presence** across Australia, predominately along the east coast



1H FY23 RESULTS OVERVIEW

	1H FY23	1H FY22	▲
Sales Revenue	\$55.7m	\$34.4m	+62%
Gross Profit	\$17.6m	\$10.9m	+68%
Reported EBITDA	\$4.3m	\$3.1m	+42%
Underlying EBITDA*	\$4.9m	\$3.2m	+53%
Net Profit After Tax (NPAT)	\$1.2m	\$1.3m	-6%
Net Operating Cash	\$(0.5)m	\$(1.2)m	+\$0.8m
Net Debt**	\$13.5m	\$10.7m	+\$2.8m
Earnings per Share (EPS)	0.79cps	0.98cps	-19%

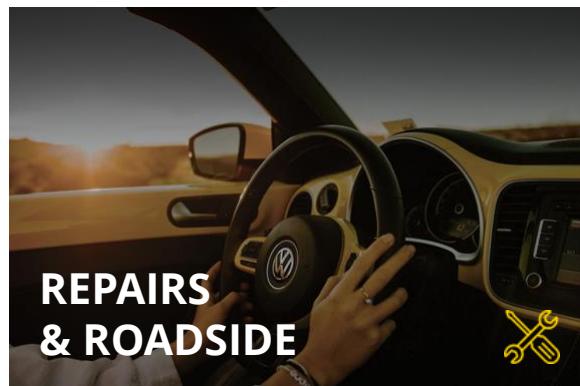
*1H FY23 Underlying EBITDA excludes one-off costs relating to acquisitions and bank refinancing costs of \$600K and 1H acquisition costs of \$100K

**Net debt of \$13.5m excludes the convertible note of \$5.7m in non-current borrowings

1H FY23 Key Highlights

- Solid revenue growth at stable gross profit margins
- Margin pressure from increase in staff costs and underperformance of new retail stores
- Sufficient headroom in bank facilities to fund working capital
- Operational restructure to save \$1.2m in annualised costs

FOUR COMPLEMENTARY BUSINESS UNITS



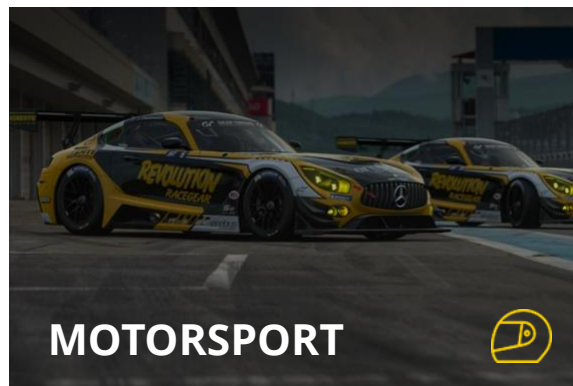
REPAIRS & ROADSIDE

Tyre and auto service centres

Retail

- Retail sales, wheel and tyre repairs, and roadside assist to commercial vehicle nationwide
- Services both commercial (including fleet) and consumer customers
- Restructure of retail network underway

39% of 1H FY23 revenue



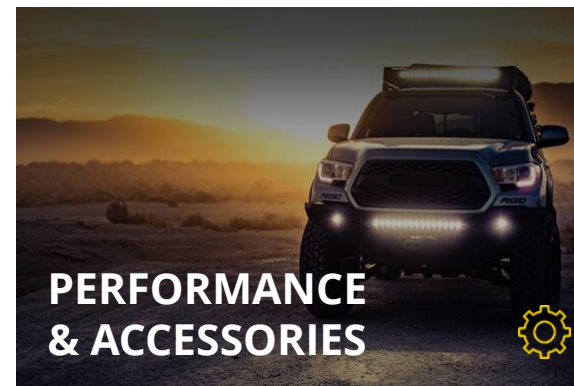
MOTORSPORT

Certified race safety wear, suits and helmets

Retail

- The sole FIA-approved racewear manufacturer in Australia under the RPM Racewear brand
- Exclusive distributor of Alpinestars, Hans Devices, Cobra Seats and Bell Motorsport Helmets
- Strong performance in 1H FY23

7% of 1H FY23 revenue



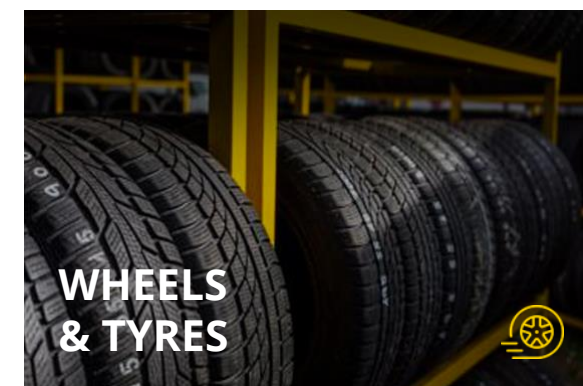
PERFORMANCE & ACCESSORIES

Bolt on vehicle parts and accessories

Retail & Wholesale

- Well-known "best-in-class" accessory brands
- Distributed through a nationwide group of auto repair shops
- Several fleet contracts in place
- Weaker demand for 4WD in 1H FY23 offset by strong performance of Safety Dave

22% of 1H FY23 revenue



WHEELS & TYRES

Distribution of wheels and tyres

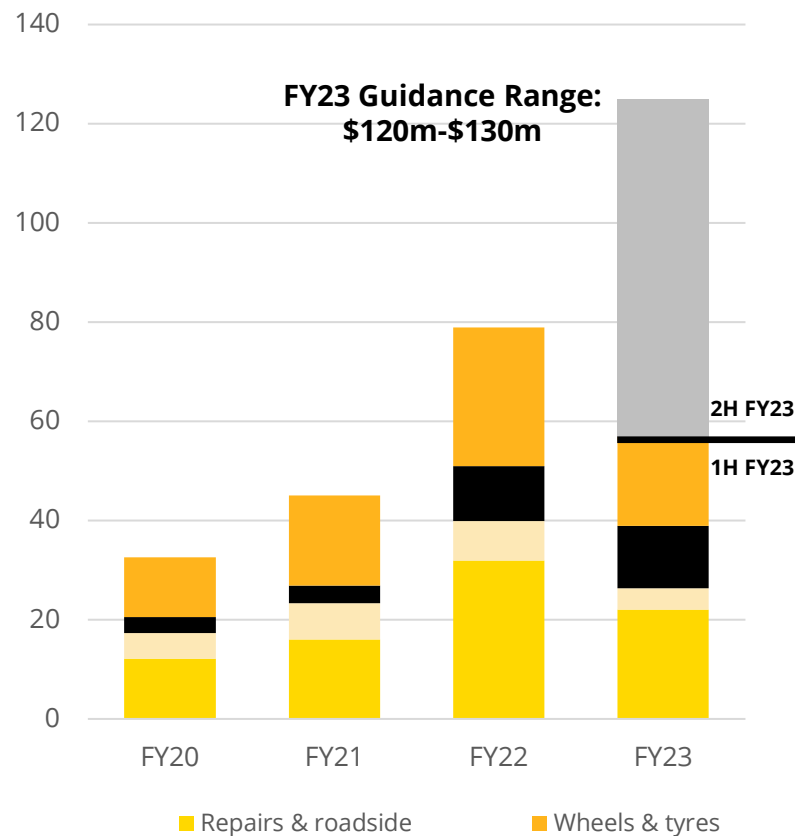
Wholesale

- 11 exclusive, in-house brands offered across commercial, industrial and passenger
- Exclusive mature supply chain to distribute quality wheels & tyres at value prices
- Adversely impacted by currency fluctuations in 1H FY23

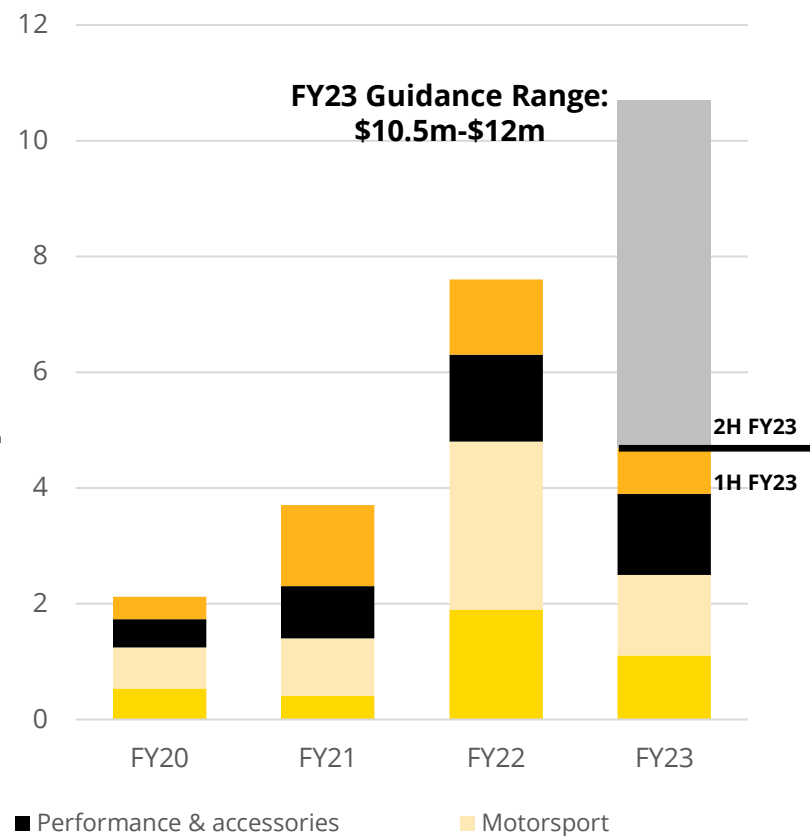
32% of 1H FY23 revenue

TRACK RECORD OF REVENUE AND EARNINGS GROWTH

Sales revenue
(by business unit) (\$m)



Underlying EBITDA contribution
(by business unit) (\$m)



- Organic growth of 8% in 1H FY23
- Strong performance of Vicwide Tyre Services and Safety Dave in first half
- Updated FY23 guidance - revenue \$120m - \$130m & EBITDA \$10.5m to \$12m

METRO TYRE SERVICES

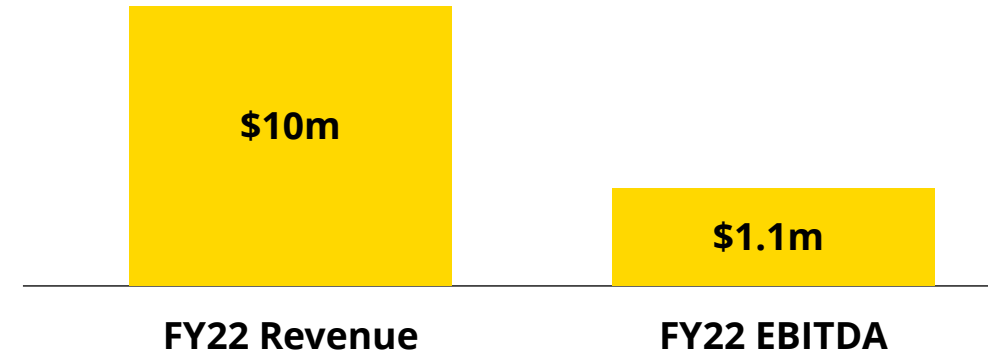
ACQUISITION COMPLETED FEB 2023



- Metro is a full-service tyre dealer, providing 24/7 onsite mobile tyre fitting repairs and servicing, specialising in earthmoving, forklift and commercial tyre sales, fitting, service and repairs
- Based in Penrith, NSW



Metro Key Financials



Key Acquisition Terms

- Acquisition price of \$4.5m includes \$200K of inventory
- 100% cash, \$2.6m on settlement (60%) and two instalments of \$860K (20% each), subject to EBITDA earn-out requirements, in March 2024 and March 2025
- Acquisition multiple of 3.9x FY22 EBITDA, pre-synergies
- Expected annualised synergies of >\$300K through wholesale cross-sell, implies post-synergy acquisition multiple of 3.1x FY22 EBITDA

STRONGER BALANCE SHEET

- A \$3m equity raise completed January 2023
- The \$26m bank facility with CBA (announced December 2022) includes commercial loans, asset finance and trade finance.
- The trade finance facility has been restructured to better support the Company's expanding operations and significantly improve working capital.
- Net debt of \$13.5m at December 2022 is well within banking covenants and ensures headroom for working capital requirements and the payment of deferred acquisition liabilities of \$5.2m in 2H FY23 (including payment for Safety Dave completed in Feb 2023).

Key Covenants

Net Leverage Ratio <3.0x

- Defined as total drawn bank debt, plus outstanding earn-out payments, less cash and divided by last 12-month rolling EBITDA

Debt Service Coverage Ratio >1.5x

- Defined as EBITDA/Principal & Interest

OPERATIONAL RESTRUCTURE TO SAVE \$1.6M

An operational restructure of the administration department and retail network has already commenced to address several issues:

- **Inflationary pressures:** Reviewing product pricing and cost of goods across the business
- **Labour shortages driving overtime costs:** Focus on personnel ratios by both division and business unit
- **Underperformance of non-core assets:** Any retail stores that are now considered non-core or underperforming will be closed or sold
- **Consolidation of assets:** The network in NSW is undergoing restructure to incorporate the new Metro assets and reallocate resources more effectively



FY23 OUTLOOK

- **Updated guidance:** FY23 expected revenue range of \$120m - \$125m and FY23 EBITDA range between \$10.5m - \$12m, on a consolidated basis.
- **Operational restructure:** Focus on execution and positive impact on working capital and operating cash flow in second half.
- **Near-term M&A on hold:** Focus on consolidating assets and streamlining processes.
- **Focus on inventory management:** Inventory turns forecast to gradually increase from 3.3x in 1H FY23 to 4x in FY24
- **Stronger 2H FY23:** Revenue and EBITDA expected to be stronger in second half.



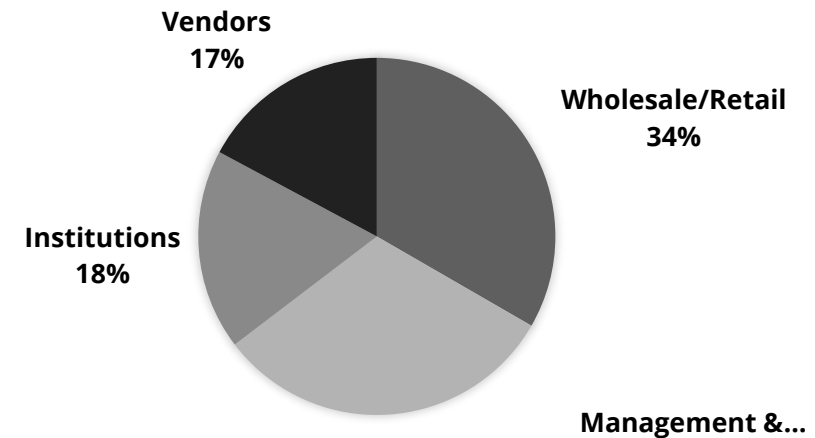
CORPORATE SNAPSHOT

CAPITAL STRUCTURE

Shares on Issue	183.5m
Options	6m
Share Price (20/2/23)	\$0.135
Market Capitalisation	\$24.8m



REGISTER



MAJOR SHAREHOLDERS

Clive Finkelstein (CEO/MD)	~14%
Lawrence Jaffe (Executive Director)	~14%
Management (original vendors)	~17%
Collins Street Value Fund	~5%



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