

ASX Announcement
20 January 2021

RECORD QUARTERLY PERFORMANCE; RPM POISED FOR STRONG GROWTH IN 2021 – FY21 REVENUE FORECAST TO RISE 44%

HIGHLIGHTS

- FY2021 full-year **revenue forecast to increase by 44% to \$49.2M** (FY2020: \$34.1M)
 - Annualised forecast based on current position is \$55.3M
- FY2021 full-year **EBITDA forecast to increase by 37.6% to \$4.7M** (FY2020: \$3.4M)
- RPM currently **trading at only 4.8x FY21 forecast earnings**, significantly below that of industry peers
- Record quarterly revenue of \$10.9m, up 16% from \$9.4m in the prior quarter, with YTD revenue of \$20.3m in line with our budgeted forecast (including RPM Autoparts)
- YOY Revenue increase of 32.4%
- Quarterly EBITDA of \$840k (un-audited) significantly exceeding our budgeted forecast of \$584k - an increase of 43.7% (net of capital raise expenses of ~\$180k)
- YTD EBITDA of \$2.32m is a YOY EBITDA increase of 116%
- Successful completion of oversubscribed capital raising of \$5.1M in January 2021 provides RPM with a strong Balance Sheet, with \$7.3M cash at bank as at 31 Dec 2020

RPM Automotive Group Limited (ASX: RPM) (“RPM” or the “Company”) is pleased to update shareholders on the Company’s operational and financial performance for the quarter ended 31 December 2020 and provide an outlook for FY2021.

By almost every measure, RPM’s performance exceeded expectations for the quarter, leaving the company well placed for the remainder of the 2021 fiscal year and beyond.



Financial Update

For the quarter ending December 2020, RPM delivered a record performance with year-to-date revenue and earnings both increasing. Revenue for the group rose to \$20.3M and earnings before interest, tax, depreciation and amortisation (EBITDA) rose to \$2.32M a 116% year-on-year improvement.

RPM AUTOMOTIVE GROUP PERFORMANCE BY SEGMENT					
YTD FY21	Wheels & Tyres	Repairs & Roadside	Performance & Accessories	Motorsport	Consolidated
	\$	\$	\$	\$	\$
Income	8,220,879	6,565,807	2,473,701	3,047,870	20,308,257
Gross Profit	1,474,159	1,988,537	1,782,144	1,360,701	6,605,541
Operating Profit	589,764	466,577	819,935	670,335	2,197,618
EBITDA	590,345	467,843	823,922	715,379	2,318,715

** Unaudited Financial Information*

The continuing growth in revenue and earnings has been driven by quality business acquisitions during 2020 and fueled by increased vehicle usage as a result of closed state and international borders for much of 2020. Domestic driving holidays, 4WDing and off-roading activities have risen in popularity as an alternative to interstate and international air travel, which is expected to continue for the foreseeable future.

In January 2021, RPM successfully completed a \$5,141,350 placement which has delivered the necessary financial backing to pursue several potential growth acquisitions which would provide an immediate contribution to earnings. The company is currently exploring several such potential acquisitions and will advise investors as things progress.

FY2021 Full-Year Forecast

Consolidated	FY2020	FY2021 Forecast	Forecast YOY growth
Revenue	\$34,139,859	\$49,245,000	+44.2%
Gross Profit	\$11,580,412	\$14,434,000	+24.6%
EBITDA	\$3,455,667	\$4,678,000	+35.4%

**includes 5 months contribution from Traralgon Tyre Service*

The FY2021 Forecasts tabled above exclude any contribution from potential acquisitions.



RPM is well placed for the remainder of FY2021 and expects strong revenue and EBITDA growth across all parts of the RPM group to continue (table below), aided by firm organic growth of the business and new revenue contribution materialising from the recent acquisitions of RPM Autoparts and Traralgon Tyre Service. A tight focus on cost control is delivering improvements in margins as reflected by this quarter's strong earnings growth.

Comment

RPM Managing Director Clive Finkelstein said: "Q2 2021 has seen another solid quarter of growth for the RPM Group and we are particularly encouraged by the increased earnings and margin improvement. As a company we are pushing forward with our expansion program and are pleased to report that the newly acquired divisions have integrated well and are performing within expectations. With RPM currently trading at a low multiple of less than 5 times forecast FY21 earnings, while other industry peers in a similar space are trading at much higher multiples, we believe there is a tremendous opportunity for significant shareholder value to be unlocked here as the market becomes more aware of RPM's accomplishments".

Industry Peer Comparison table:

Company	ASX Code	Enterprise Value	FY20 Actuals		FY21 Estimates		EV/EBITDA FY21
			Revenue	EBITDA	Revenue	EBITDA	
		(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	
RPM Automotive Group Ltd	RPM	\$22.43	\$32.47	\$0.53	\$49.25	\$4.68	4.79x
ARB Corporation Limited	ARB	\$2,699	\$465.38	\$91.96	\$525.05	\$122.94	21.95x
Bapcor Ltd	BAP	\$2,718	\$1,462.75	\$209.79	\$1,672.52	\$238.81	11.38x
PWR Holdings Ltd	PWH	\$484	\$65.73	\$19.25	\$81.08	\$29.05	16.66x
Carbon Revolution Ltd	CBR	\$401	\$38.95	-\$21.93	\$51.52	-\$8.64	N/A

Market data sourced from Iress 19/1/21

The Board and management of RPM have worked tirelessly through what has been a challenging period and are pleased to have delivered record revenues and profitability.



RPM will continue to build on its strong foundation to deliver ongoing revenue and earnings growth throughout the remainder of 2021 and looks forward to providing further updates as several growth initiatives are expected to materialise in the coming months.

RPM is focused on the health, well-being, and safety of both our staff and customers and continue to provide the appropriate sanitation measures and social distancing regimen with regards to Covid-19 Protocols.

About RPM: *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, Air Anywhere, Formula Off-Road, RPM Autoparts.*

This announcement was approved, and authorised for release, by RPM's Board of Directors.

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