



THE RPM GROUP

RPM Automotive Group Ltd
1-7 Ausco Place
Dandenong South, Vic 3175
ABN: 34 002 527 906

25 May 2023
ASX Announcement

RPM REAFFIRMS FY23 GUIDANCE; IMPROVED MARGINS FLOWING FROM RESTRUCTURE

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "Company"), a leading player in the Australian automotive aftermarket sector, is pleased to reaffirm its previous FY23 guidance in this trading update to the market.

Key highlights

- **FY23 guidance reaffirmed**, expecting reported revenue between \$118 million to \$120 million and EBITDA between \$10.5 million to \$12 million
- **Strong growth over 9 months to 31 March 2023**, with unaudited sales revenue up 55% to \$88.1 million (YoY) and unaudited EBITDA up 43% to \$7.6 million
- **Improved gross margin**, underpinned by normalisation of trading conditions, enhanced buying decisions, and strong demand for product range
- **Cost benefits from restructure now flowing through**, with around half of expected \$1.5 million in annualised savings now implemented, primarily in the Repairs and Roadside division
- **Successfully disposed non-core assets**, expected to generate an additional \$1.4 million in cash across 2H FY23 and 1H FY24, and \$0.4 million annual improvement in EBITDA
- **Improved inventory management growing cashflow:** Increased inventory turns resulting in growing cash balance

Commenting on the performance of RPM over the 9 months to 31 March and looking ahead to the fiscal year end, CEO Clive Finkelstein said:

"Earlier this year we initiated a restructure program aimed at making RPM a more efficient and profitable company. Key initiatives were to sell non-core or underperforming assets, and to restructure operations, particularly in the Repairs & Roadside retail division. We are well on the way to delivering on this program, with around half of the expected \$1.5 million in annualised savings already implemented.

"Our core business continues to perform well across RPM's three other divisions – Motorsport, Performance & Accessories, and Wheels & Tyres. With a more streamlined operation lowering our cost base, trading conditions normalising and improving margins, we are well placed to close out this financial year and be in a strong position to continue the growth trajectory in FY24."



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RPM generated unaudited sales revenue of \$88.1 million over the 9 months to 31 March 2023, up 55% year-on-year. Key drivers included a real focus on customer service, efficient product and service delivery and strong market presence. Unaudited EBITDA over the same period was up 43% to \$7.6 million reflecting the improving gross margins now being delivered as the business operates a more streamlined operation with a lower cost base given the restructure program being implemented. In addition, improved inventory management is having a positive impact on cashflow generation.

The Repairs & Roadside division has benefited from the restructure, with improved margins now being generated. Under the restructure, three business units in Victoria were consolidated, a retail shop in South Australia was closed, two businesses in Victoria were sold, and operations were restructured in New South Wales following the acquisition of Metro Tyre Services in January 2023.

Since the start of this calendar year, RPM has renewed its focus on inventory and cashflow management. Inventories were down \$2.5 million over Q3 FY23, closing at circa \$25 million on 31 March 2023, with improved inventory turnover of 3.3x in Q3 FY23 (compared to 2.3x in 1H FY23). The improvement in working capital has had a positive impact on operating cashflow over the period, with RPM's cash balance growing as positive cashflow is generated.

RPM looks forward to updating the market in relation to its business performance when the Company releases its audited FY23 results, currently planned for 24 August 2023.

ENDS

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

For investor and media queries, please contact:

Investors

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About us

RPM Automotive Group Limited is expanding its national footprint in the automotive aftermarket and has business units selling wheels, tyres, accessories and apparel across wholesale and retail customers, with key brands including Revolution Tyre Services, Revolution Racegear and RPM Autoparts. For further information, please visit:

<http://www.rpmgroup.net.au/>



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