



THE RPM GROUP

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

31 August 2022
ASX Announcement

ESTABLISHING A NATIONAL FOOTPRINT IN THE AUTOMOTIVE AFTERMARKET

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "**Company**"), a leading player in the Australian automotive aftermarket sector, is pleased to report its financial results for the full year ended 30 June 2022 ("FY22"). Key highlights from the results include:

- **Expanded national footprint:** Integration of eight targeted acquisitions together with investments in five new organic locations to significantly increase national footprint across retail, wholesale and manufacturing.
- **Strong revenue and underlying earnings growth:** Sales revenue up 75% to \$78.8m and underlying EBITDA up 124% to \$7.6m, which excludes one-off flood related expenses of \$300K in Q4 FY22.
- **Operating leverage driving margin expansion:** Underlying EBITDA margins increased to 9.6% in FY22, up from 7.5% in FY21, driven by cross-selling through the larger network.
- **Positive momentum into FY23:** Annualised revenue run rate of over \$120 million as at August 2022, and acquisitions to be considered as opportunities arise.

FY22 Financial Results Overview

	FY22	FY21	change
Sales Revenue	78.8	45.1	+75%
Gross Profit*	27.9	15.2	+84%
Reported EBITDA	7.3	3.8	+93%
Underlying EBITDA**	7.6	3.4	+124%
Net Profit Before Tax (NPBT)	3.9	2.1	+84%
Net Profit After Tax (NPAT)	2.8	2.4	+13%
Net Operating Cash	(2.8)	(2.5)	+14%
Cash balance	7.0	1.7	+303%
Earnings per Share (EPS)	1.93c	2.33c	-17%

*FY21 Gross Profit restated to \$15.2m (previously reported as \$14.1m in the preliminary FY21 accounts) due to minor changes in the final FY21 audited accounts.

**FY21 Underlying EBITDA has been restated to \$3.4m (previously reported as \$4.5m) due to a change in the FY21 accounting treatment of the \$600K R&D tax refund and an adjustment to exclude the gain on asset sale of \$320K.

RPM CEO Clive Finkelstein said, "I am very pleased with the performance of the business over the past year, as we successfully executed on our growth strategy, with the integration of eight acquisitions, together with strong organic growth of over 18%. We expanded our national footprint in Far North Queensland, opened new retail locations in Victoria and the ACT, and broadened our accessories product range into caravan and 4WD verticals. The strong revenue growth of 75% and underlying earnings growth of 124% in FY22, demonstrate the operating leverage in our business model which is expected to increase over time."

FY22 Results Commentary

RPM generated sales revenue of \$78.8m in FY22, up 75% from \$45.1m in FY21. This strong revenue growth was driven by eight acquisitions and organic growth of over 18%. RPM now has 38 points of presence across Australia, predominately along the east coast with retail locations in Perth and Adelaide. Over the past year, RPM expanded operations in Far North Queensland, broadened accessories product range into complementary verticals, and enhanced design and manufacturing capabilities.

Gross profit increased to \$27.9m in FY22, up 84% from \$15.2m in FY21, which reflects consolidated gross profit margins of 35.4% in FY22, up from 33.7% in FY21. Over the past year, RPM has expanded gross profit margins through the expansion of wholesale facilities, as RPM increases the sale of its own wholesale product range through these new wholesale channels.

Underlying EBITDA increased to \$7.6m in FY22, up 124% from \$3.4m in FY21. In FY22, underlying EBITDA excludes the one-off costs associated with flood-related clean-up of \$300K.

In FY22, RPM incurred costs related to acquisitions of \$500K, and costs related to new store openings and other investments in growth of around \$500K. These costs have not been excluded from Underlying EBITDA, as RPM has a history of acquisitive and organic growth, and this is likely to continue over the years ahead.

Underlying EBITDA margins increased to 9.6% in FY22, up from 7.5% in FY21, driven by cross-selling through the larger network and economies of scale.

In FY22, working capital increased in line with several large acquisitions in the second half of the financial year. The build-up of inventory reflects the expanded operations and larger national footprint.

Net profit before tax (NPBT) increased by 84% in FY22 to \$3.9m. In FY22, RPM incurred a tax expense of \$1.1m, compared to a tax benefit of \$322K in FY21. Therefore, the net profit after tax (NPAT) of \$2.8m in FY22 is up only 14% on pcp. Earnings per share (EPS) decreased by 17% in FY22 to 1.93cps due to the issue of shares in the second half of the financial year as part of the total consideration for acquisitions.

RPM would also like to advise that it will not be proceeding with the acquisition of East Coast Tyre Wholesalers, as advised in the ASX announcement on 21 June 2021.



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FY22 Divisional Overview: Revenue

	FY22	FY21	change
Repairs & Roadside (Retail)	31.9	16.0	+99%
Motorsport (Retail)	7.9	7.3	+8%
Performance & Accessories (Retail & Wholesale)	11.1	3.5	+215%
Wheels & Tyres (Wholesale)	28.0	18.2	+54%
Total Sales Revenue	78.8	45.1	+75%

FY22 Division Overview: EBITDA

	FY22	FY21	change
Repairs & Roadside (Retail)	1.9	0.6	+253%
Motorsport (Retail)	1.3	1.4	-11%
Performance & Accessories (Retail & Wholesale)	1.5	0.8	+84%
Wheels & Tyres (Wholesale)	2.6	1.0	+164%
Reported EBITDA	7.3	3.8	+93%

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

For investor and media queries, please contact:

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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, Revolution Racegear, Carline, Genie, Air Anywhere, Formula Off-Road, RPM Autoparts, Safety Dave, Revolution Tyre Services, Equipit, Max 4x4.

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