



THE RPM GROUP

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

9 November 2023  
ASX Announcement

## RPM REAFFIRMS GUIDANCE WITH CONTINUED REVENUE GROWTH AND IMPROVING MARGINS

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 FY24 guidance in this trading update to the market.

### Key highlights

- **FY24 guidance reaffirmed**, expecting reported revenue between \$130 million to \$140 million and EBITDA between \$10.5 million to \$12 million
- **Continued revenue growth** with underlying revenue in Q1 FY24 of \$24.9m, up 5.5% on prior corresponding period (pcp), despite challenging trading conditions, and reported revenue of \$28.4 million, flat on pcp which included discontinued businesses
- **Contribution margin improved to 34.1%** (Q4 FY23 28.8%) driven by growing scale, a focus on operational optimisation and disciplined procurement management
- **Wholesale tyre division strengthened** with the strategically aligned acquisition of Chapel Corner Tyres
- **Cost benefits from restructure now flowing through**, with around half of expected \$1.5 million in annualised savings now implemented, primarily in the retail tyre division
- **Successfully disposed non-core assets**, expected to generate an additional \$1.4 million in cash across 2H FY23 and 1H FY24, and \$0.5 million annual improvement in EBITDA to \$3.0m Q1 FY24 v \$2.5m Q1 FY23 (10.6% of revenue vs. 9.2% pcp)
- **Improved inventory management growing cashflow:** Increased inventory turns resulting in growing cash balance of \$5.8m at 30 September 2023

	Q1 FY24	Chg on pcp
Underlying Revenue	\$24.9m	+5.5%
Acquisition Revenue	\$3.5m	n/a
Reported Revenue	\$28.4m	Flat
Contribution margin	34.1%	+530bps
EBITDA	\$3.0m	+19.0%
EBITDA to Sales	10.6%	+140bps

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**Commenting on the performance of RPM over the first quarter of FY24, CEO Clive Finkelstein said:**

“Solid sales momentum has continued into FY24 despite challenging trading conditions, as we benefit from increased scale across our core business. A focus on execution to create greater operational efficiency combined with margin growth has significantly improved our profitability and stabilised the business. Margins increased to 34.1%, up 530 bps, and we expect to maintain this margin expansion over the remainder of the financial year.

“RPM generated unaudited sales revenue of \$28.4 million over the three months to 30 September 2023. Acquired business units contributed \$3.5 million, along with \$1.3 million of organic growth, or up 5.5% on the same period last year.

“Margin growth was also supported by enhanced operating leverage due to increased scale and cross-sell opportunities, development of the retail and wholesale network, product diversification and warehouse expansion.

“Unaudited EBITDA of \$3 million was up 19% over the same period last year, reflecting the early impact of operational optimisation and cost management initiatives. In addition, improved inventory management is positively impacting cashflow generation.

“Inventories were down \$1.5 million on Q4 FY23, closing at \$23.6 million on 30 September 2023, with improved inventory turnover of 3.6x in Q1 FY24 (compared to 3.3x in Q4 FY23). The improvement in working capital has had a positive impact on operating cashflow over the period, with RPM’s cash balance increasing to \$5.8m at 30 September 2023, up from \$4.4m at 30 June 2023.

“RPM will provide a further update to the market at its AGM on 22 November 2023.”

*Authorised for release by the Board of RPM Automotive Group Limited.*

- ENDS -

**For investor and media queries, please contact:**

**Investors**

Adrian Mulcahy

P: 0438 630 422

E: [adrian.mulcahy@automicgroup.com.au](mailto:adrian.mulcahy@automicgroup.com.au)

**Media**

Tristan Everett

P: 0403 789 096

E: [tristan.everett@automicgroup.com.au](mailto:tristan.everett@automicgroup.com.au)



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## Important Information and Disclaimer

### 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, Max 4x4.

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

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial positions and performance are examples of forward-looking statements.

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