

21 July 2023

IPD Group Acquires EX Engineering

IPD Group Limited (ASX:IPG, “IPD” or the “Company”) is pleased to announce the acquisition of EX Engineering Pty Ltd (“EX Engineering”).

EX Engineering is a Perth-based business that specialises in the design, stocking, supply, modification, and repair of electrical hazardous area equipment (known as Ex equipment). This work involves a critical focus on safety, including adherence to rigorous certification processes, which results in significant barriers to entry in this segment.

Since 2013 the team at EX Engineering have been delivering market-leading solutions to meet Ex equipment needs across several industries including Oil & Gas, Mining, Manufacturing, and Agriculture. Their purpose-built workshop in Belmont, Perth is IECEx certified, which means the customised, designed, repaired, and assembled Ex equipment handled by EX Engineering is guaranteed to be compliant with relevant standards.

This acquisition will significantly enhance IPD’s Ex equipment offering to clients, with a focus on expanding the EX Engineering business to the Eastern States.

Transaction details – Based on unaudited management accounts for the year to 30 June 2023, EX Engineering generated revenue of \$12.4m and normalised EBITDA of \$2.5m. Purchase consideration is \$10.2m, consisting of \$9.2m cash and \$1.0m of newly-issued IPD shares, with the cash component to be funded from IPD’s existing cash reserves. The issue of shares will be made utilising IPD’s placement capacity under Listing Rule 7.1. The purchase price is subject to customary adjustments, along with an earn-out based on normalised EBITDA in the year to 30 June 2024 (the earn-out mechanism provides for a total consideration cap of \$11.4m). The vendors of EX Engineering, who founded the company, will remain with IPD and lead the expansion of EX Engineering’s capability in the Eastern States. The acquisition is earnings accretive to IPD and is expected to complete later today.

Michael Sainsbury, IPD CEO, said he was pleased with the EX Engineering acquisition and the future growth prospects it provides for IPD: “Using IPD’s national sales force and footprint, we will be able to expand the successful EX Engineering model across Australia from its current base in WA. With EX Engineering in our portfolio, IPD can now supply electrical Ex equipment to our customers. We look forward to working with Warwick and Jenni Greville as well as the rest of the EX Engineering team to grow the business to its full potential”.

Warwick and Jenni Greville, the founders of EX Engineering, said: “We are excited by the prospect of expanding the EX Engineering business with the resources and assistance of the broader IPD team. We are pleased our mission to expand this business across Australia can now be achieved in a much faster timeframe”.

About Ex Equipment – Ex equipment is equipment used in hazardous areas characterised by the risk of fires or explosions from flammable gases or dusts. The testing and certification of equipment, services, and competence of individuals utilising Ex equipment is governed by the IECEx System (International Electrotechnical Commission System for Certification to Standards Relating to Equipment for Use in Explosive Atmospheres). More information can be found at the [IECEx website](#).

IPD will provide more information around the EX Engineering acquisition at the upcoming release of its FY23 result, on Friday 25th August.

This announcement has been approved for release by the Board.

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Further information

For further information, please visit our website <https://ipdgroup.com.au> or contact us directly at InvestorRelations@ipd.com.au.

About IPD Group

IPD is a national distributor and service provider to the Australian electrical market. IPD's core focus in the products division is the sale of electrical infrastructure products to customers including switchboard manufacturers, electrical wholesalers, electrical contractors, power utilities, OEMs and system integrators. In addition to selling products, IPD provides a range of value-added services, including custom assembly, sourcing, engineering design, technical compliance, procurement, transport, storage, regulatory management, technical support, packaging, labelling, inventory management and delivery. IPD Group operates in nine locations across six states, providing a truly national offering to its customer base.

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