



THE RPM GROUP

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

ASX Announcement
20 December 2021

RPM TO EXPAND PERFORMANCE AND ACCESSORIES DIVISION WITH ACQUISITION OF SAFETY DAVE

Key highlights:

- **Strategically compelling acquisition that will expand RPM's Performance and Accessories Division into Australia's growing caravan and camper trailer sectors**
- **Consideration of \$9.5 million - (4.5 x EBITDA), funded 70% from existing cash reserves and 30% in RPM shares**
- **Safety Dave is expected to add annualised revenue of circa \$10 million**
- **The addition of Safety Dave is expected to be immediately value and earnings per share accretive**
- **Attractive macro industry fundamentals to underpin growth of RPM's Performance and Accessories Division with new Recreational Vehicle (RV) registrations in Australia up 4.2% in 2020 ¹**
- **RPM's Performance and Accessories division returning EBIT greater than 20%**

RPM Automotive Group Limited (ASX: RPM) ("**RPM**" or the "**Company**") is pleased to announce that it has entered into a binding agreement to acquire Safety Products business, Safety Dave ("**Safety Dave**" or the "**Acquisition**"). The acquisition accelerates RPM's growth strategy, underpinning more rapid growth in the Company's Performance and Accessories division.

Rear Vision Systems, Tyre Pressure Monitoring Systems, Defibrillators, First Aid Kits and Fire Safety products are Safety Dave's core product lines, and importantly, the range of products conforming to Australian Safety Regulations and Standards.

Commenting on this strategic acquisition, RPM CEO Clive Finkelstein said: "The acquisition of Safety Dave is a key milestone for our business, supporting our vision of becoming a leader in the Australian automotive aftermarket. We look forward to welcoming the Safety Dave team into the RPM Group.

"The addition of this iconic Australian aftermarket brand will see RPM enter the fast-growing recreational vehicle market of caravans and camper trailers that has experienced strong growth of 26.7% over the last five years. Pleasingly, this addition allows us to serve more customers in more markets - expanding our recent acquisitions beyond wheels and tyres and into our performance and accessories division. This division has been identified as an opportunity to fast-track growth over the next 12 months with strong earnings achieved and projected over the next three to five years, attributed to significant increases in demand for automotive parts and accessories nationwide. Safety Dave mirrors

¹ <https://www.caravanindustry.com.au/research>



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RPM's other accessories businesses, with EBIT consistently in excess of 20%.

"The cross-pollination opportunities within our Performance and Accessories division for Safety Dave are very exciting, whilst the potential for RPM to increase its wholesale tyre customer-base to include the ever-growing caravan and camper trailer industry only highlights the obvious future synergies.

"In addition, the acquisition of Safety Dave, funded from the recent convertible note issue by RPM, will be value and earnings accretive for shareholders. We continue to evaluate further bolt-on and strategic acquisitions in line with RPM's focused growth strategy of offering a wider set of products across our chosen markets."

About Safety Dave

Established in 2002, Safety Dave is a market leader in specialist safety products for caravans, and campervans with some of its products used in both the home and motor vehicles. The business specialises in safety products such as rear vision systems, tyre pressure monitoring systems, defibrillators, first aid kits, and fire safety products.

Safety Dave's brand is well known in the market for its customer first principles of integrity, reliability, technical advice and great service. The company strives to be easy and enjoyable to do business with, consistently attracting five star Google rankings and its team are a regular presence at major caravan and camping shows throughout Australia.

Compelling strategic rationale

The addition of the Safety Dave business is strongly aligned to RPM's focused growth strategy, which includes expanding the business to better serve our growing customer-base.

The synergies between the companies are two-fold. RPM will benefit from Safety Dave's highly regarded reputation as it expands its operations into the caravan and campervan sector and Safety Dave, with its predominant focus on the RV manufacturer OEM market, will benefit from an increase in delivery into the automotive aftermarket through RPM's network of brands. RPM's Performance and Accessories and Wheels and Tyres Divisions service the needs of the vehicles that tow the caravans, that Safety Dave specialises in.

RPM will provide Safety Dave with the infrastructure and logistics capability to better service the Caravan, Camper Trailer and RV Industry while also expanding its customer base to include both the Carline Automotive Group as well as Formula Offroad's national distribution platform.

In addition to OEMs, Safety Dave's revenue base has two other complementary segments to RPM: distributors such as auto electricians and installers, and direct customers.

Like RPM, Safety Dave has deep, and diverse supplier relationships built on trust and high levels of quality control, and a team that shares similar values of caring and expert customer service and technical advice. All senior management will remain with the company as it is integrated into RPM.



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Safety Dave is expected to generate \$8.3 million revenue and \$1.95 million EBIT for the 12-month period ended Dec 2021.

Acquisition details

The total consideration for the Acquisition is **\$9.5 million** comprised of 70% in cash and 30% in RPM shares to be issued to the vendors which will be escrowed for 12 months. The issue price will be equal to the 30-day VWAP as at 17 December 2021.

Consideration will be paid 70% at completion, and 30% on the first anniversary of completion.

Conditions precedent to completion

The sale and purchase agreement contains standard conditions precedent for completion, and RPM anticipates Completion on or by 1 February 2022.

- ENDS -

This announcement was approved, and authorised for release, by RPM's 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, Carline, Genie, Air Anywhere, Formula Off-Road, RPM Autoparts.

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



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