



Proposed Acquisition of Xenith IP

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Proposed Acquisition of Xenith IP



Overview

- IPH and Xenith have entered into a Scheme Implementation Deed under which it is proposed IPH will acquire all of the shares in Xenith that it does not own by way of a scheme of arrangement (**Scheme**)
- The Xenith Directors recommend that Xenith shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert's Report concluding that the Scheme is in the best interests of Xenith shareholders
- The combination of IPH and Xenith will draw on the strengths of each group's longstanding member firms and highly regarded IP attorneys, as a leading IP services provider in secondary IP markets

IPH Proposal

- Under the IPH Proposal, Xenith shareholders will receive for each Xenith share Standard Consideration of:
 - \$1.28 cash; and
 - 0.1261 IPH shares
- Represents a total value of \$2.15 per Xenith share based on IPH's closing price on 5 April 2019
- A 'Mix and Match' facility whereby Xenith shareholders can elect to receive up to 100% scrip consideration or 100% cash consideration subject to scale-back¹

Offer terms

- Conditions include termination of the QANTM scheme implementation deed, the Independent Expert's Report concluding that the Scheme is in the best interests of Xenith shareholders, Xenith shareholder approval, court approval, no material adverse change in either Xenith or IPH, no prescribed occurrences for either Xenith or IPH and other customary conditions
- Break fee of \$1.9m, no shop, no talk and other customary exclusivity provisions
- The ACCC announced on 28 March that it would not object to an acquisition of Xenith by IPH

Indicative timetable

Dispatch of Scheme Booklet to Xenith shareholders	Week commencing 17 June 2019
Scheme Meeting for Xenith shareholders	Week commencing 15 July 2019
Second Court Date	Week commencing 22 July 2019
Effective Date	Next business day after second Court Date
Implementation Date	Week commencing 5 August 2019

1. Allocation will be subject to scale-back (if necessary) on a pro rata basis to ensure that, for all of the Xenith shares to be acquired by IPH under the Scheme (which excludes any already owned by IPH), the maximum cash consideration payable by IPH is ~\$91.4m and maximum shares to be issued by IPH is ~15.6m

Benefits for Xenith shareholders

Compelling value and flexibility in the mix of cash and scrip consideration

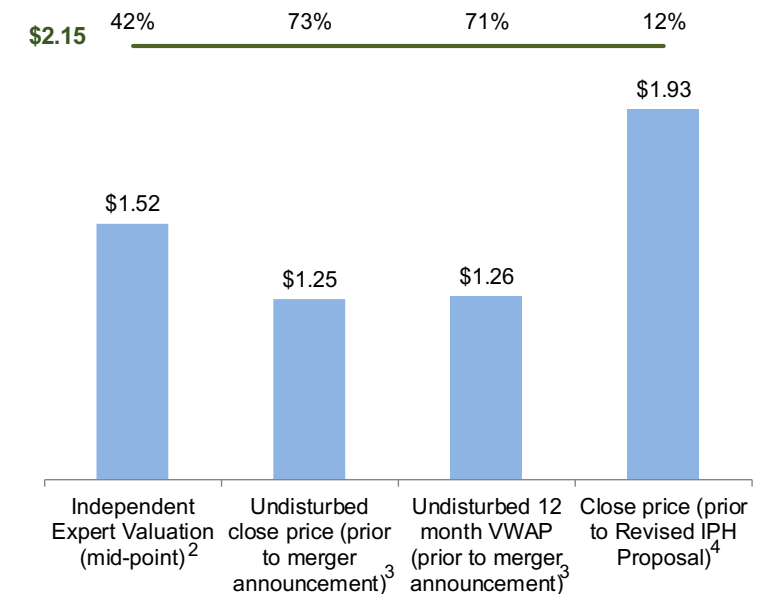


Benefits for Xenith shareholders

- ✓ **Significant premium** to recent trading in Xenith shares
- ✓ **Share in the potential benefits through IPH shares** and participate in the potential upside for the combined group
- ✓ **Significant cash consideration** provides certainty of value
- ✓ **Flexibility for individual shareholder preferences** through the 'Mix and Match' facility, with the ability to receive up to 100% scrip or 100% cash consideration, subject to scale-back¹
- ✓ **Enhanced stock liquidity** and inclusion in the ASX 200
- ✓ **Existing platform across the Asia Pacific** with IPH's 20 years of experience in the region providing significant opportunities
- ✓ **Greater capital strength** to exploit future growth opportunities

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Compelling offer premium



2. Mid point of the valuation range of \$1.40 to \$1.63 of a minority interest in Xenith

3. As at 26 November 2018

4. As at 5 April 2019

Benefits for Xenith and its employees



Vision for the combined group

- Leading IP services provider in secondary IP markets
- Draw on the strengths and advantages of each member firm of the IPH Group and the skills, connections and experiences of our highly regarded IP attorneys
- Focused on international growth and innovation, consistent with Xenith's strategic objectives

Strategic fit

- IPH and Xenith are complementary in terms of their member firms' key service offerings as full service patent and trade mark attorneys and IP lawyers, the firms' heritage, client focused cultures and a corporate focus on innovation and growth opportunities
- Together a combined group will be positioned to exploit future corporate opportunities and respond to changing market and regulatory, client and employee needs

Australian IP firm with a true regional footprint

- IPH has an established and substantial Asian geographic platform in which it has invested for over 20 years
- The combined group offers Xenith's IP practices, their attorneys and clients immediate benefits and opportunities across the region

Career opportunities

- Alignment and rewards through the IPH employee incentive plan, which includes potential cash and IPH equity awards for eligible staff
- Strong career development and progression opportunities

A culture that rewards and supports our people

- Each business within the IPH Group has its own distinct culture aligned to the Group's vision, which has greatly contributed to its success
- IPH looks forward to welcoming Xenith's IP attorneys who will further contribute to and enhance the overall group with a common purpose of servicing our clients

'Mix and Match' facility



Under the “Mix and Match” facility Xenith shareholders may elect to receive in exchange for their Xenith shares, one of the following options

1. Standard Consideration

- Comprising \$1.28 cash and 0.1261 IPH shares per Xenith share
- A mix of approximately 60% cash and 40% IPH shares, as at 5 April 2019

2. Maximum Scrip Consideration

- Up to 0.3116 IPH shares per Xenith share or 100% scrip consideration, subject to scale-back
- To the extent that maximum scrip elections cannot be satisfied in full as a result of the scale-back, the balance of the consideration would be payable in cash
- Allocation will be subject to scale-back (if necessary) on a pro rata basis to ensure that, for all of the Xenith shares to be acquired by IPH under the Scheme (which excludes any already owned by IPH), the maximum cash consideration payable by IPH is ~\$91.4m and the maximum shares to be issued by IPH is ~15.6m

3. Maximum Cash Consideration

- Up to \$2.15 cash per Xenith share or 100% cash consideration, subject to scale-back
- To the extent that maximum cash elections cannot be satisfied in full as a result of the scale-back, the balance of the consideration would be payable in IPH shares
- Allocation will be subject to scale-back (if necessary) on a pro rata basis to ensure that, for all of the Xenith shares to be acquired by IPH under the Scheme (which excludes any already owned by IPH), the maximum cash consideration payable by IPH is ~\$91.4m and the maximum shares to be issued by IPH is ~15.6m

Benefits for IPH shareholders

Consistent with IPH's strategy to pursue acquisitions with strategic and financial merit



Strategic rationale

- ✓ **Unique domestic acquisition opportunity** to acquire leading domestic brands with over 100 years of history and strong reputation in the global IP industry
- ✓ **Top tier clients** both international and domestic
- ✓ **Complementary combination** of Australian IP firms in terms of their key service offerings, heritage and client focussed cultures
- ✓ **Leveraging IPH's Asia platform** to service Xenith's top tier client base providing significant opportunities
- ✓ **Participating in market consolidation** with IPH well positioned to pursue further growth opportunities
- ✓ **High quality people and businesses** driving the Xenith group are well known to IPH, with strong reputation in the IP industry

Financial rationale

- ✓ **Immediately EPS accretive** to IPH earnings
- ✓ **Synergies** from the duplication of functions conservatively estimated to be achieved over three years
- ✓ **Maintain conservative gearing** position, with the offer funded from a combination of existing debt facilities and issuance of IPH shares
- ✓ **Combined pro forma impact**
FY18 revenue in excess of \$350m (+56%)
FY18 underlying EBITDA in excess of \$90m (excluding synergies) (+24%)
- ✓ **Opportunity to grow Asia filings** over time from Xenith's top tier client base

Combined Group overview

Asia Pacific's leading IP services group



1000+
Employees

440+
Professional staff ¹

\$350m+
Revenue (FY18)



25.5K+
Patent Filings²



9.5K+
Trade Mark Filings²

1. Inclusive of Principals.

2. Approximate. Total CY18 figures for Patents & Trade Marks respectively are based on IPH management estimate of internal filing information (all incoming/outgoing applications filed either directly or indirectly (through an agent) by IPH companies throughout the world, including where incoming/outgoing agent is IPH entity) combined with IP Australia data only for XIP entities as recorded on IP Australia on 28/01/19 for Patents and 31/01/19 for Trademarks. AU Trade Mark filings exclude International Registration.

Leveraging IPH's established Asia Pacific platform



Significant opportunities for the combined group with Xenith's top tier client base



IPH has an established and substantial Asia Pacific geographic platform and 20 years experience in the region

Xenith has a top tier domestic and international client base

The combination of IPH and Xenith provides significant opportunities across the region for Xenith's clients, IP attorneys and the IPH group

Complementary service offerings



IPH and Xenith are complementary in terms of our key service offerings as full service patent and trade mark attorneys and IP lawyers

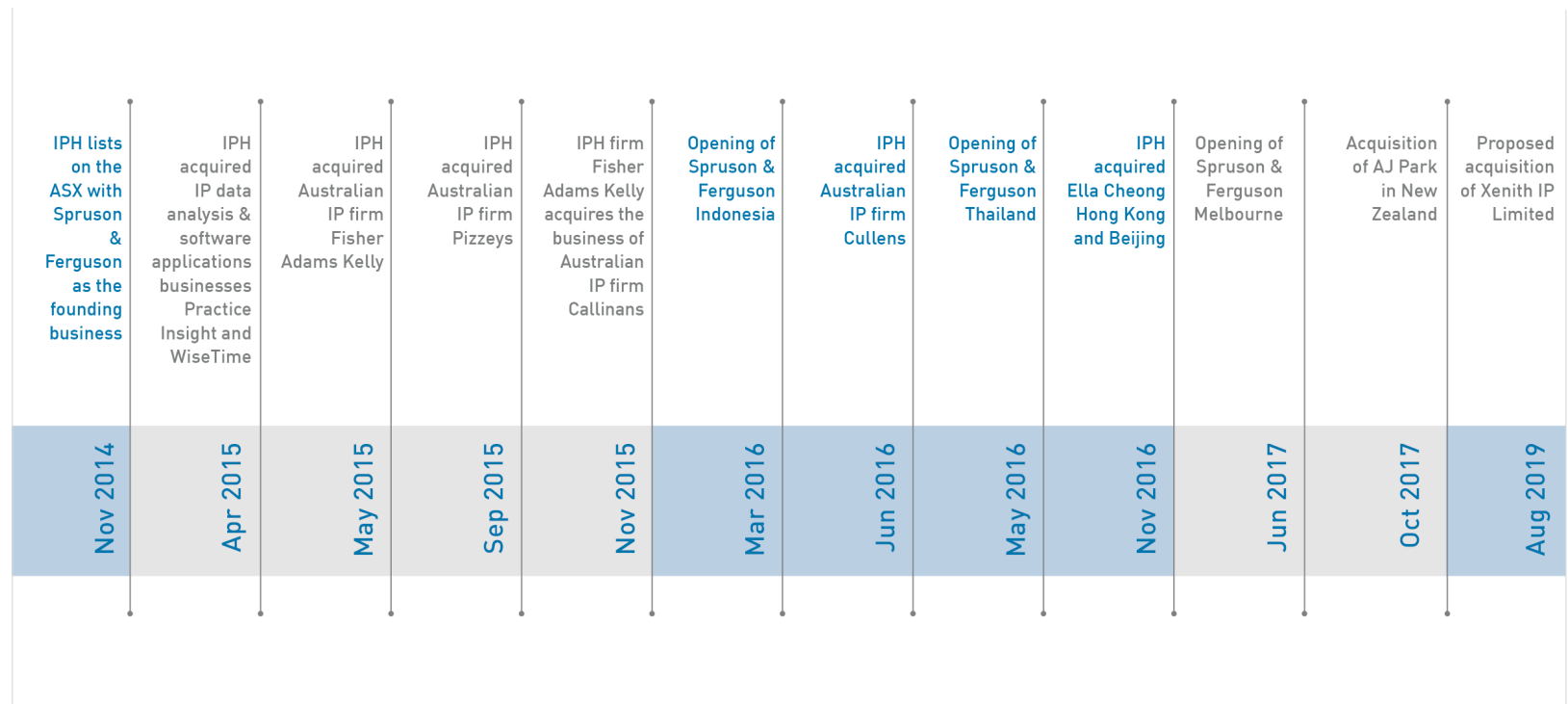
	<u>XIP</u> Service	Locations	<u>IPH</u> Service	Locations
IP Services				
Patents		Australia		Australia/New Zealand + Asia
Trade Marks		Australia		Australia/New Zealand + Asia
Designs		Australia		Australia/New Zealand + Asia
Plant Breeders Rights		Australia		Australia/New Zealand + Asia
IP Legal Services		Australia		Australia/New Zealand
Complementary Advisory Services		Australia	---	---
Adjacent software solutions	---	---		Worldwide

Strong track record of acquisitions

IPH has a strong track record of successfully completing and integrating acquisitions



IPH has a strong track record of successfully completing acquisitions with a high rate of retention of ex-vendor Principals



We value our people

Culture and values that focus on clients, rewarding performance and providing career growth opportunities for our people



Attract

Talent + Diversity
= Opportunity



Principals
● 54% Australia
● 46% Overseas



Professionals
● 30% Australia
● 70% Overseas



Management
● 61% Australia
● 39% Overseas



Support
● 36% Australia
● 64% Overseas



Principals
● 21% Female
● 79% Male



Professionals
● 58% Female
● 42% Male



Management
● 39% Female
● 61% Male



Support
● 83% Female
● 17% Male

Motivate

Talent + Promotion
= Growth



Promotions
to Principals
(FY18)

5 Female

8 Male

5 Australia

8 Overseas

28

Promotions
to Principals
(since listing)



138

Incentive plan
engagement
(FY19)



Retain

Talent + Retention
= Sustainability



80%

Pizzey's*

Ex-vendor Principals
recommitted to IPH FY18
(post initial employment agreement)

Fisher Adams Kelly Callinans*

Ex-vendor Principals
recommitted to IPH FY18
(post initial employment agreement)

86%

10%

Voluntary attrition
amongst professional staff
(to within the IP industry)
FY18

Note: Figures for the IPH Group, approximate as at 4th quarter FY18

* Excludes retirements

Our culture underpins our success



Each business within the IPH Group has its own distinct culture aligned to the Group's vision, which contributes to its success

IPH is committed to building and growing a thriving business for the future

IPH's success is underpinned by key drivers and values. These have fostered sustainable performance and growth for the benefit of our employees and shareholders.

Our core values and key drivers

1. **Excellence** in service delivery to our clients
2. **Innovation** in value creation
3. **Integrity** in business practices
4. **Efficiency** and **effectiveness** in operations
5. **Empowerment** and **engagement** of our people

IPH looks forward to welcoming Xenith employees and shareholders to share, contribute and participate in our opportunities as a combined group.

Our story

IPH is a leading intellectual property (IP) professional services group in the Asia-Pacific region.

As the first IP services group to list on the Australian Securities Exchange in 2014, IPH has always had an eye towards the future. From our foundation and listing, IPH has expanded its business to provide broader access to IP professional services across the Asia-Pacific.

IPH companies now operate from 15 offices across eight IP jurisdictions, employing a multidisciplinary team of more than 630 people, including 247 IP professionals. Our group businesses comprise leading IP firms Spruson & Ferguson, AJ Park and Pizzeys, which provide services for the protection, commercialisation, enforcement and management of all forms of intellectual property including patents, trademarks and designs.

We also operate in adjacent IP areas through our Practice Insight business.

IPH's success is underpinned by our core values of **excellence** in service delivery to our clients, **innovation** in value creation, **integrity** in business practices, **efficiency** and **effectiveness** in our operations and the **empowerment** and **engagement** of our people. We are constantly investing in our business to ensure we have the capability, resources and systems to create value for our clients, employees and shareholders both now and into the future.

