



2019 Full Year Results Investor Presentation

Year ended 30th June 2019

20th August 2019

Presented by:

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Operational highlights

Delivering results across all FY19 strategic priorities



Strategic priorities for FY19

- 01** Leverage existing network to grow our Asian business
- 02** Continue to evaluate acquisition and expansion opportunities
- 03** Margin expansion through AJ Park and merger of FAKC and Cullens into Spruson & Ferguson
- 04** Practice Insight refocused post sale of IP products
- 05** Focus on attract, motivate and retain key talent
- 06** Leverage market leading position in Australia / New Zealand

Results in FY19

-  Double-digit organic growth for the third consecutive half fuelled by take up of Asian offering
-  Successfully achieved largest ever acquisition – Xenith IP
-  Outperformance by AJ Park enhances group EBIT margin and synergies realised through Spruson & Ferguson merger
-  Sale of Filing Analytics, Citation Eagle and DMS products – now fully focused on WiseTime
-  Successful delivery of IPH incentive plan into AJ Park and the expanded Spruson & Ferguson
-  Increased referrals into IPH Asia network in FY19

Financial highlights

Double-digit growth across all financial metrics



Revenue
\$259.5m

15% ↑

EBITDA
\$85.9m

23% ↑

NPAT
\$53.1m

31% ↑

Diluted EPS
26.7 cents per share

29% ↑

FY Dividend
25 cents per share (13c final)

11% ↑

Underlying EBITDA¹
\$89.7m

21% ↑

Underlying NPAT²
\$62.9m

21% ↑

Underlying Diluted EPS
31.7 cents per share

20% ↑

1. Underlying EBITDA includes the interim dividend received from investment in XIP and excludes gain on disposal of the Practice Insight businesses, costs incurred in pursuit of acquisitions, revaluations of deferred settlements & earn outs, new business establishment costs and accounting charges for share based payments.
2. Underlying NPAT excludes amortisation expense on intangible assets arising from acquisitions and the profit on sale of the Practice Insight businesses.

**FY19
results**

02



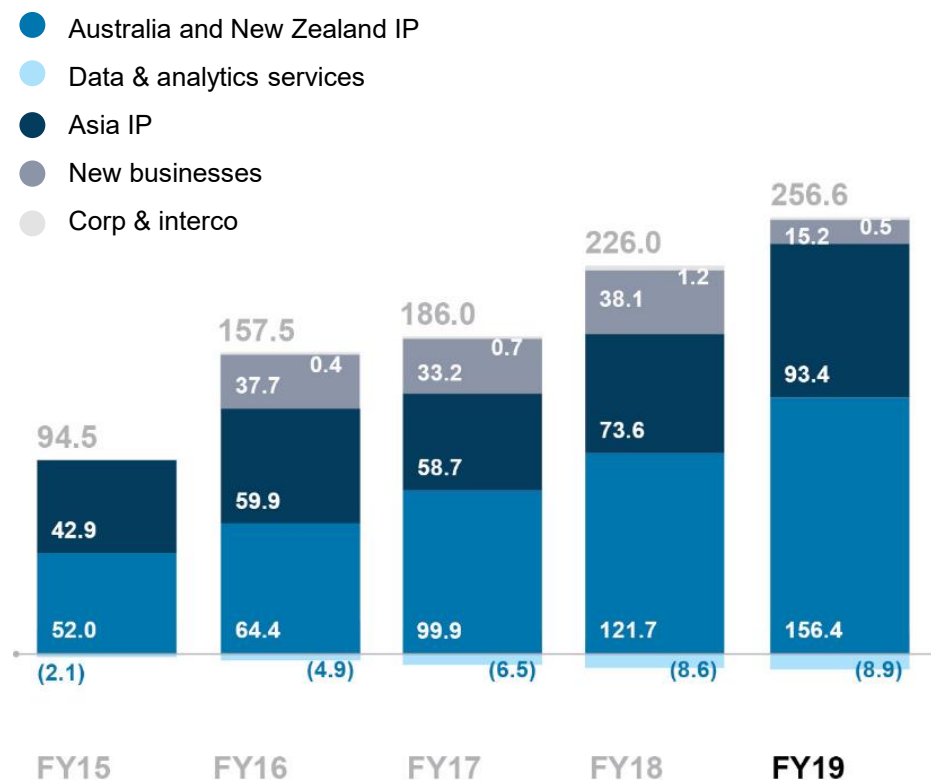
Revenue and EBITDA

Organic and acquisitive growth

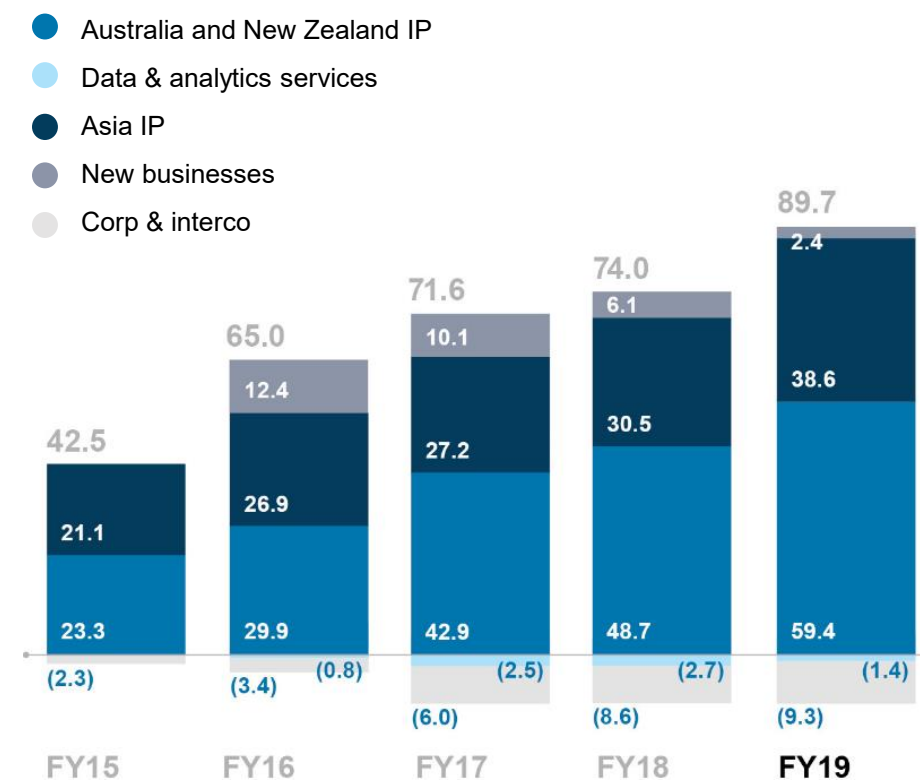


Adoption of new accounting standard (AASB16) to impact treatment of leases in FY20 – increase at EBITDA line of ~\$12m (including XIP)

Underlying Revenue \$'m



Underlying EBITDA \$'m



1. Revenue from FY16 onwards includes the gross amount of the reimbursement by clients of official filing fees paid to national bodies. Previously these fees were recorded on a net basis. Previous periods have not been amended.
2. Underlying EBITDA excludes costs incurred in pursuit of acquisitions, revaluations of deferred settlements & earn outs, new business establishment costs, accounting charges for share based payments and gain on disposal of Practice Insight businesses.
3. New Businesses FY19 represents 4 months of AJ Park.

Like for Like Revenue and EBITDA

Double-digit growth in Asia



	Underlying Revenue ¹ June 19	New Businesses ²	Accounting FX Movements ³	Currency Adjustment ⁴	Adjusted Revenue June 19	Underlying Revenue June 18	Chg%
Australia & NZ IP	171.6	(15.2)	0.0	(4.1)	152.4	155.4	(2%)
Asian IP	93.4		(0.3)	(5.2)	87.9	78.0	13%
Data Services	0.5				0.5	1.2	
Corporate	(0.0)		0.1		0.1	(1.2)	
Eliminations	(8.9)		(0.6)		(9.5)	(7.3)	
	256.6	(15.2)	(0.8)	(9.2)	231.4	226.0	2%
	Underlying EBITDA ¹ June 19	New Businesses	Accounting FX Movements	Currency Adjustment	Adjusted EBITDA June 19	Underlying EBITDA June 18	Chg%
Australia & NZ IP	61.8	(2.4)	0.0	(3.8)	55.7	54.1	3%
Asian IP	38.6		(0.3)	(2.3)	36.0	31.1	16%
Data Services	(1.4)				(1.4)	(2.7)	
Corporate	(10.0)		0.1		(9.9)	(8.4)	
Eliminations	0.7		(0.6)		0.1	(0.2)	
	89.7	(2.4)	(0.8)	(6.1)	80.4	74.0	9%

1. Underlying revenue and EBITDA excludes profit on sale of the Practice Insight businesses and underlying EBITDA excludes costs incurred in pursuit of acquisitions, revaluations of deferred settlements & earn outs, new business establishment costs and accounting charges for share based payments.
2. New business represents 4 months of AJ Park. Excludes additional contribution generated under IPH ownership.
3. Accounting FX movements represents change in realised and unrealised FX as reported in the financial statements.
4. Currency adjustment represents the performance had the prior period exchange rates applied.

Underlying NPAT and EPS

EPS growth of 20%



Year ended 30 June 2019	FY19 Statutory Income Statement	Adjustments	Underlying Earnings FY19 ^{2,3}	FY18 Statutory Income Statement	Adjustments	Underlying Earnings FY18
Total revenue	259.5	(2.9)	256.6	226.0		226.0
Recoverable expenses	(74.6)		(74.6)	(66.0)		(66.0)
Compensation	(68.6)	2.2	(66.4)	(65.3)	0.7	(64.6)
Occupancy	(8.6)		(8.6)	(9.0)		(9.0)
New businesses/ acquisitions related net expenses	(4.5)	4.5	0.0	(3.3)	3.3	(0.0)
Other	(17.3)		(17.3)	(12.4)		(12.4)
Total expenses	(173.6)		(166.9)	(155.9)		(152.0)
EBITDA	85.9		89.7	70.1		74.0
EBITDA %	33.1%		34.9%	31.0%		32.8%
Depreciation & Amortisation	(12.7)	9.2	(3.4)	(15.2)	11.5	(3.7)
EBIT	73.2		86.4	54.9		70.3
Net Finance Costs	(2.6)		(2.6)	(1.5)		(1.5)
NPBT	70.6		83.8	53.4		68.8
Tax (expense)/benefit	(17.5)	(3.3)	(20.8)	(12.6)	(4.3)	(16.9)
NPAT	53.1	9.2	62.9	40.7	11.2	51.9
Diluted EPS (cents) ¹	26.7c		31.7c	20.7c		26.4c
Growth			20%			

1. Diluted EPS includes performance and retention rights that are yet to vest.

2. Underlying EBITDA excludes costs incurred in pursuit of acquisitions, revaluations of deferred settlements & earn outs, new business establishment costs and accounting charges for share based payments. Underlying NPAT excludes amortisation expense on intangible assets arising from acquisitions.

3. The profit on sale of the Practice Insight businesses has been excluded from underlying results.

Cash flow statement

Cash conversion remains strong



Commentary

- Continued strong cash conversion
- Strong cashflows support high dividend payout (87% of cash NPAT for FY19)

Year ended 30 June 2019	FY19 Cash Flow Statement	FY18 Cash Flow Statement
\$'m		
Statutory EBITDA	85.9	70.1
Non-cash movements	0.0	(3.0)
Change in working capital	(3.7)	(2.4)
Operating capital expenditure	(5.9)	(4.0)
Cash flow before acquisitions, financing activities and tax	76.3	60.7
Cash conversion ratio	89%	87%
Income taxes paid	(17.3)	(17.0)
Net interest paid	(2.6)	(1.5)
Free cash flow	56.4	42.2
Dividends paid (net DRP)	(45.4)	(38.0)
Undistributed free cash flow	11.0	4.2
Acquisitions, investments & intangibles	(32.8)	(38.6)
Proceeds from issue of shares	0.0	(2.4)
Proceeds from sale of Practice Insight products	10.1	0.0
Net borrowing proceeds/(repayments)	23.6	39.0
Net cash flow	11.9	2.2

Balance sheet

Robust balance sheet



Commentary

- \$65.5m of bank borrowings. Increase of \$33m due to borrowing for XIP 19.9% stake. Decrease of \$9m due to repayment of US\$6.5m debt from proceeds of sale of Practice Insight products.
- Post year end a further \$46m of debt drawn to fund acquisition of XIP. Subsequent leverage ratio of 0.8 times.
- Investments represents the fair value of the 19.9% of shares in XIP at 30th June.
- Intangibles decrease includes the disposal of goodwill and other intangibles relating to the sale of Practice Insight products.
- Movement in reserves is due to significant movement in FCTR as a result of exchange rate fluctuations, and the fair value gain on the XIP shares.

\$'m	Balance Sheet as at 30 Jun 2019	Balance Sheet as at 30 Jun 2018
Cash and cash equivalents	35.3	26.2
Trade and other receivables	63.4	57.1
Investments	39.2	-
Other current assets	7.3	5.3
Total current assets	145.2	88.7
PP&E	6.7	6.2
Acquisition intangibles & goodwill	255.1	266.3
Deferred tax asset	7.8	6.6
Other non-current assets	0.2	0.2
Total assets	414.9	368.0
Trade and other payables	19.1	16.7
Tax provisions	10.2	6.3
Deferred tax liability	22.4	22.9
Borrowings	65.5	40.1
Other liabilities	12.9	14.3
Total liabilities	130.1	100.3
Net assets	284.7	267.6
Equity		
Issued capital	262.8	262.8
Reserves	(2.0)	(11.5)
Retained profits	24.0	16.3
Total equity	284.8	267.6

Impact of foreign currency



Earnings currency sensitivity

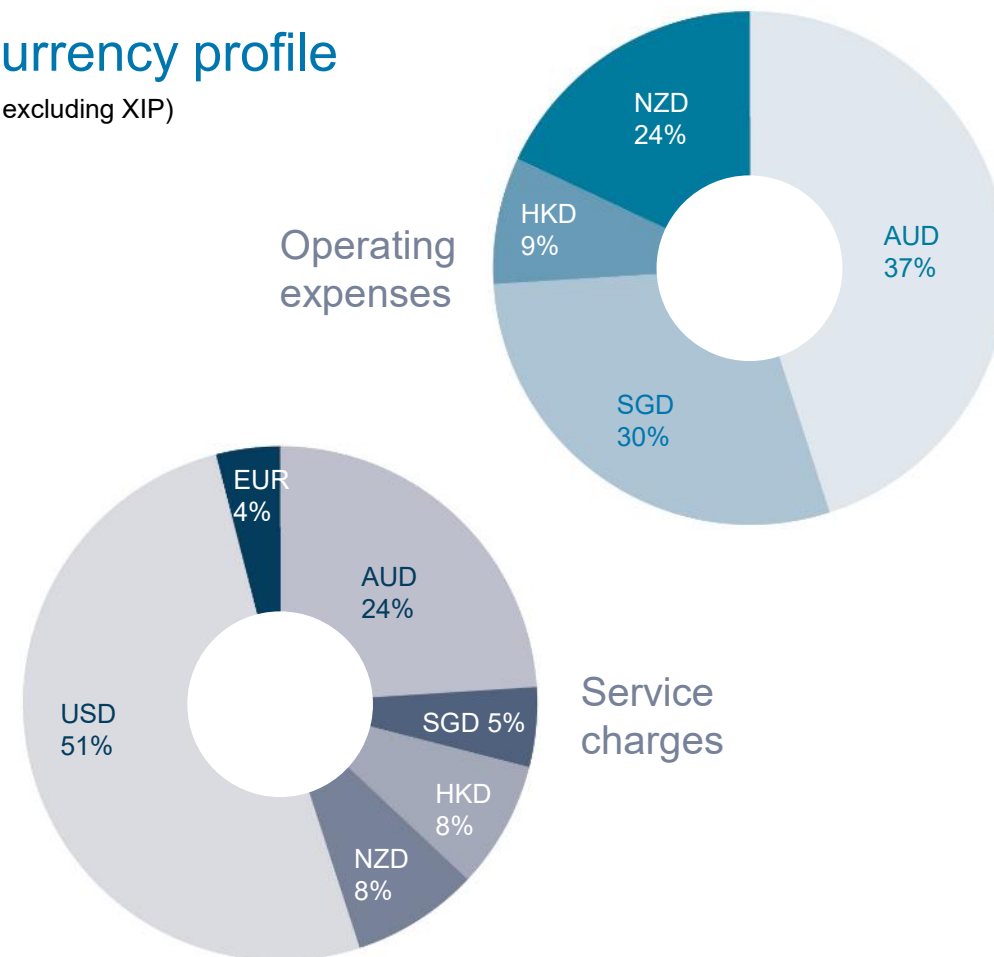
- Based on the USD profile in FY19 in the IPH Group, a 1c movement in the AUD/USD exchange rate equates to approximately \$1.8m of revenue on services charges on an annualised basis (including XIP).
- This sensitivity fluctuates on the basis of acquisitions, their timing and their mix of currencies.
- Average exchange rate during FY19 was 71.5c.

Balance sheet sensitivity

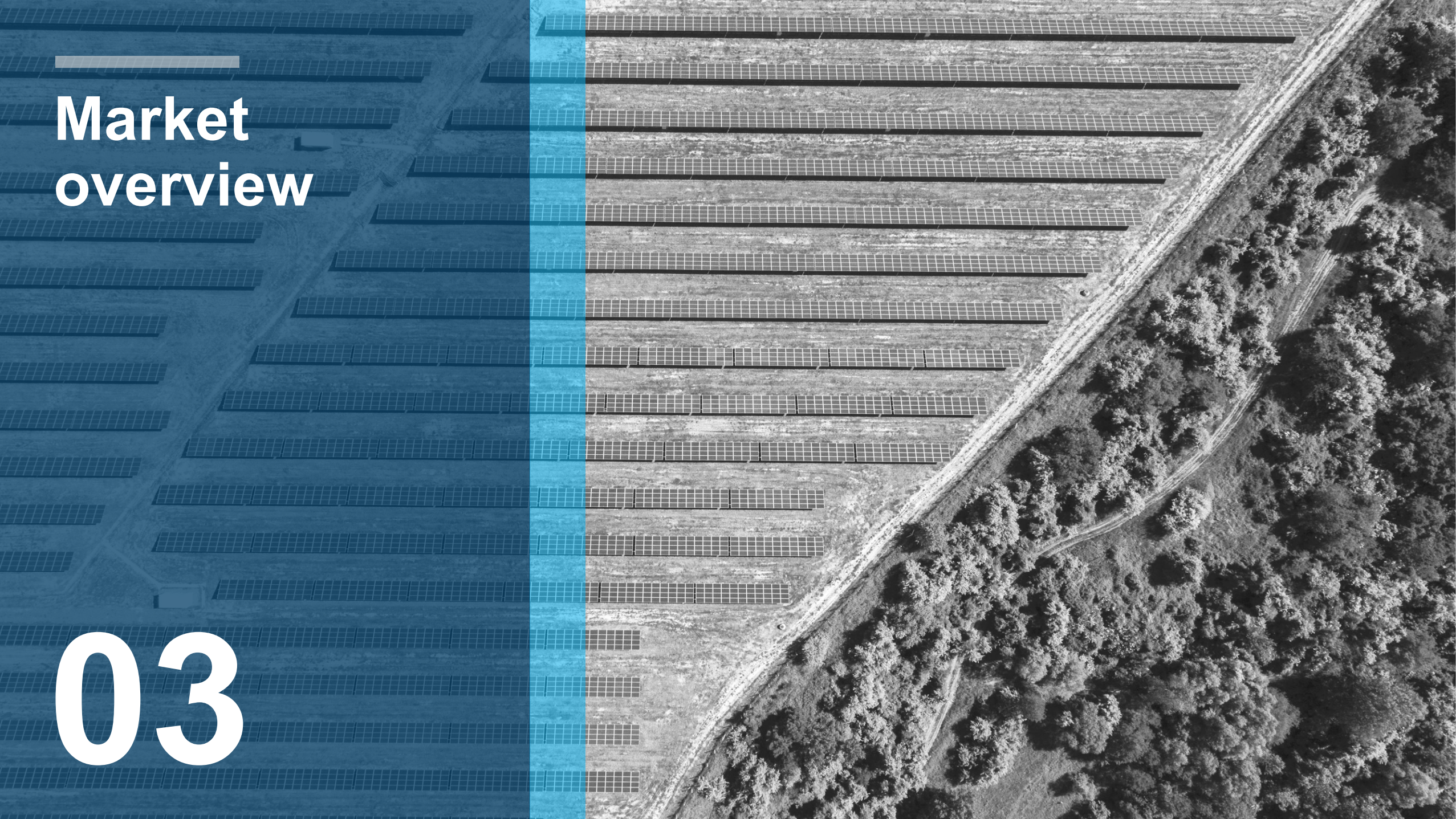
- The Group is also exposed to FX on the level of its USD denominated cash and receivables in the balance sheet, balances of which fluctuate.
- 51% of the Group's invoicing is denominated in USD.¹
- Average USD cash² held US\$8m.
- Average USD monetary assets (including cash)³ US\$35m.
- USD debt drawn of US\$19.5m.

IPH currency profile

(IPH FY19 excluding XIP)



1. Excludes USD billing in SF Hong Kong where HKD is pegged to USD. IPH exposure is to HKD.
2. Average of closing monthly USD cash balance.
3. Average of opening and closing USD denominated assets.

An aerial photograph of a large-scale solar farm. The solar panels are arranged in neat, parallel rows across a flat, open field. To the right of the solar panels, there is a dense forest of trees. A dirt road or path runs diagonally through the landscape, separating the solar farm from the forest. The image is overlaid with a blue gradient on the left side, which contains the text 'Market overview' and the number '03'.

Market overview

03

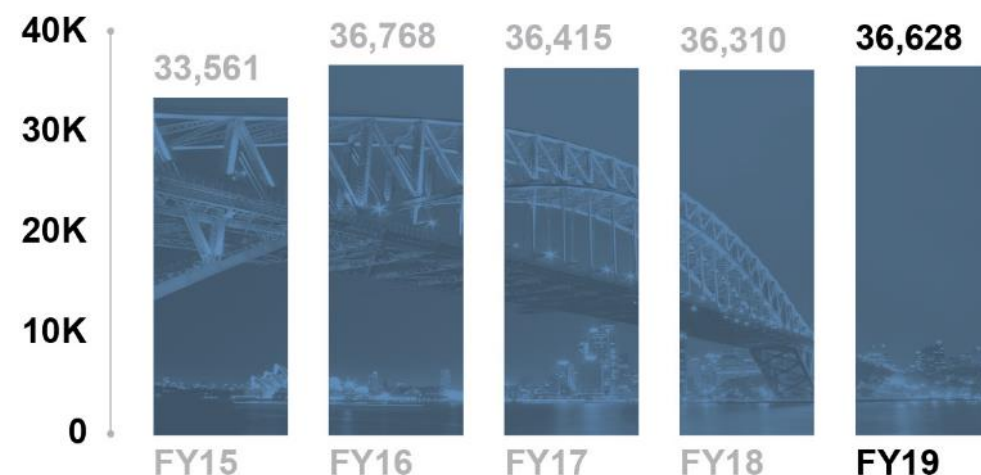
Patent market - Australia

Group maintains #1 patent market share in flat market



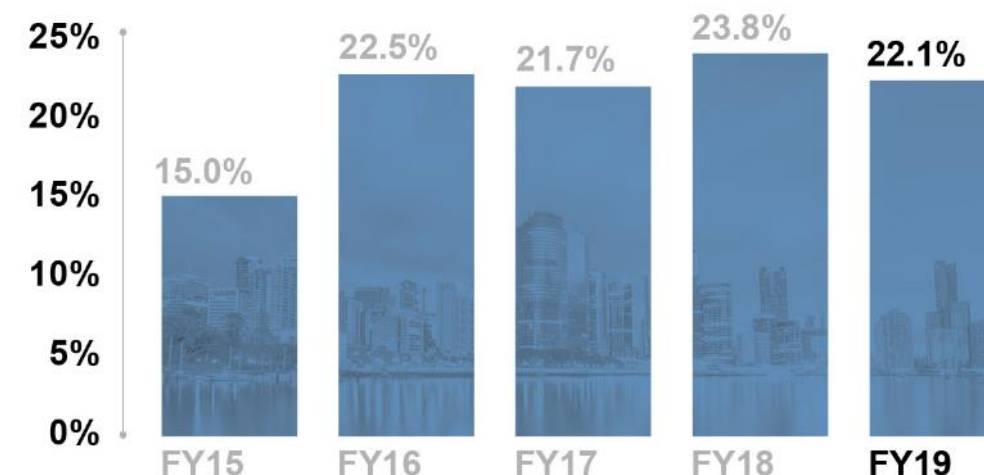
Australian patent market filings¹

- The Australian patent market has grown 0.8% from FY18 to FY19
- Review of US PCT filings (a key lead metric) remains consistent²



IPH Group filings and market share³

- IPH Group continues to hold the No.1 patent market position in Australia with 22.1% of patents filed in FY19
- Slight decrease in filings did not impact revenue
- Reflects client mix and filing activity



1. IPH Management estimate based on filing information recorded on IP Australia as at 1 Aug 19 (FY19) and 3 Aug 2018 (FY15-FY18). Includes all types of patent applications.

2. IPH Management estimate based on US PCT filings from WIPO statistics database at Jul 19, and filing information recorded on IP Australia as at 1 Aug 19 (FY19) and 3 Aug 2018 (FY15-FY18).

3. IPH Management estimate based on agent recorded with IP Australia as at 1 Aug 19 (FY19), 3 Aug 18 (FY18) and 6 Jul 18 (FY15-FY17) and may not reflect any change of agent recorded since filing. IPH Group market share includes filings by the following entities: FY15 - SF & FAKC, FY16 and FY17 - SF, FAKC, Pizzzeys, Cullens, FY18 and FY19 - SF, FAKC, Pizzzeys, Cullens and AJ Park. Filings from acquired companies are included from 1 Jul of the acquisition year.

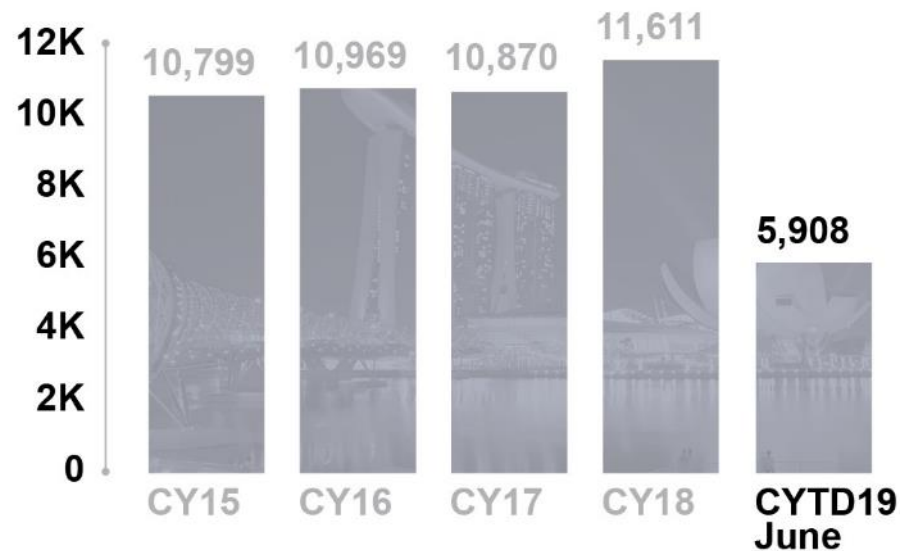
Patent market - Singapore

Maintaining healthy market share in growing market



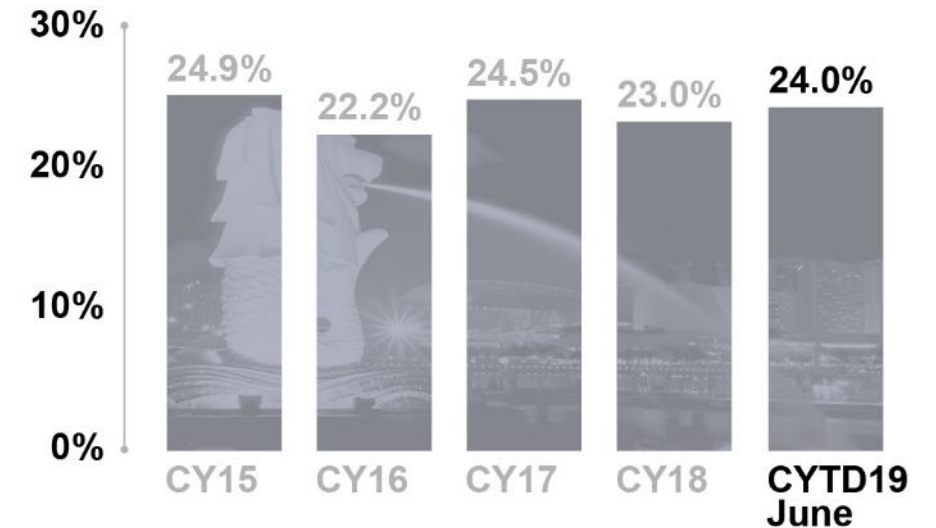
Singapore patent market filings¹

- Overall the Singapore market is up 6.8% from CY17 to CY18
- In CYTD19, the overall market is up 4.7% and IPH Group is in line with market growth at 4.8%



IPH Group filings and market share²

- IPH Group filings up 1.3% in CY18 over CY17
- Combined, IPH Group continues to hold the No.1 patent market position in Singapore with 23.0% of patents filed in CY18 and 24.0% in CYTD19 Jun



1. IPH Management estimates based on IPOS reported filing statistics as at 1 Aug 19 (CY18-CY19) and 2 Aug 18 (CY15-CY17).
2. IPH Management estimates based on patent filings from agents recorded with IPOS on 1 Aug 19 (CY18-CY19), 9 Jul 18 (CY17), 10 Aug 17 (CY16) and 4 Feb 16 (CY15). Data may not reflect any change of agent recorded since filing. From CY16 onwards, IPH market share represents patent filing by SF (Asia) and Pizzey's over total number of applications filed in Singapore.

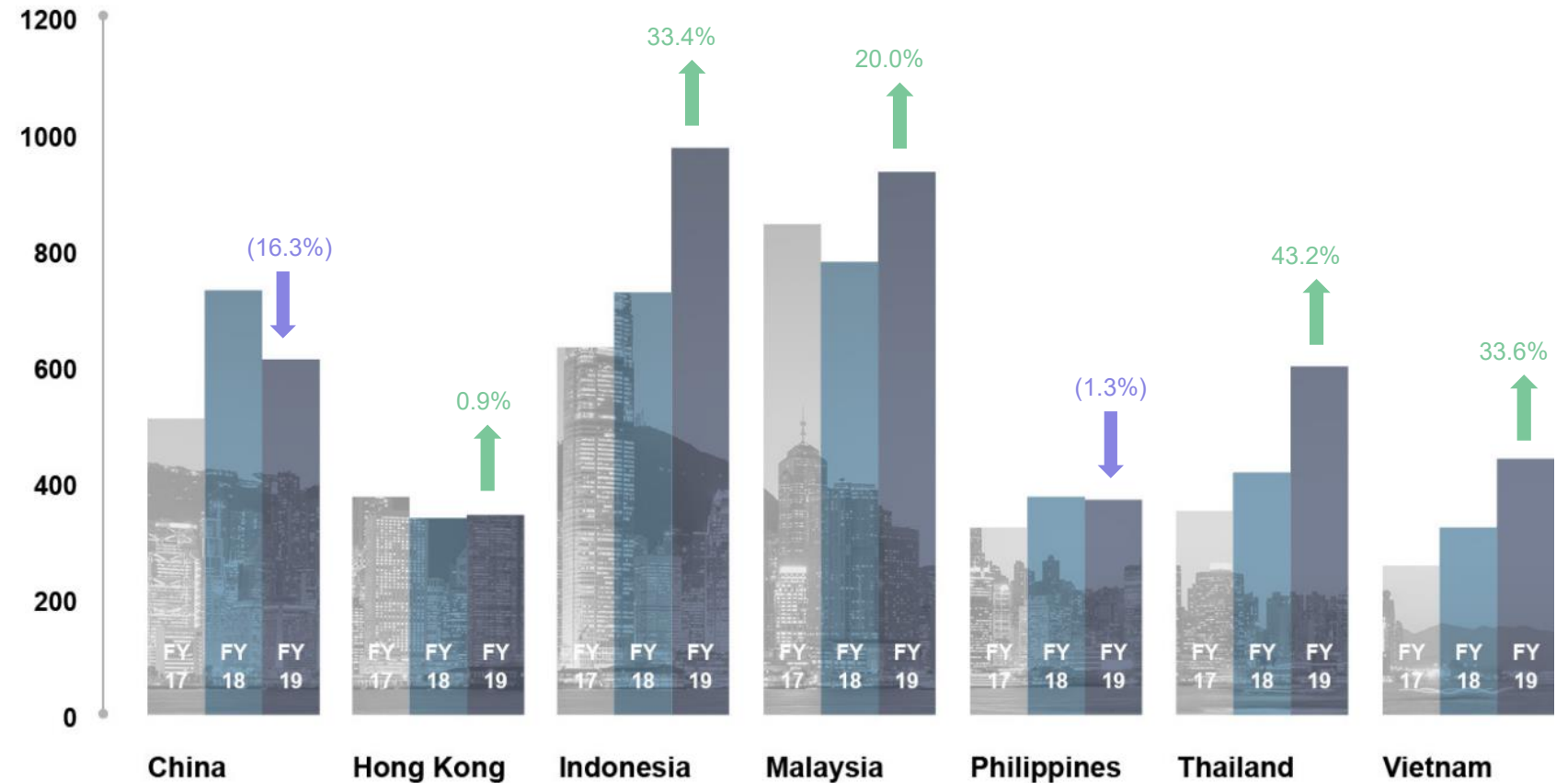
Patent market - Asia

Diversified portfolio underpins growth



IPH Group filings in key jurisdictions in Asia¹

- Positive growth exhibited in most Asian jurisdictions, notably Thailand (43.2%), Vietnam (33.6%), Indonesia (33.4%) and Malaysia (20.0%)
- Total growth in these jurisdictions in FY19 is 15.4%
- Diversification provides a degree of protection from individual market fluctuations



1. IPH Management estimate based on total incoming/outgoing patent applications filed by IPH Group entities in key jurisdictions in Asia.

Trade mark market - Australia

Holding market share



Australian trade mark market filings¹

- The Australian trade mark market decreased by 8.2% from FY18 to FY19
- Australian trade mark filings at a high in calendar year 2018, up 4% on 2017 with growth entirely from non-residents. Domestic applications reduced by 1% over the same period.²



IPH Group filings and market share³

- IPH Group continues to hold the No.1 trade mark market position in Australia with 14.2% share of filings from the top 50 agents
- The trade mark business is circa 12% of Group revenue



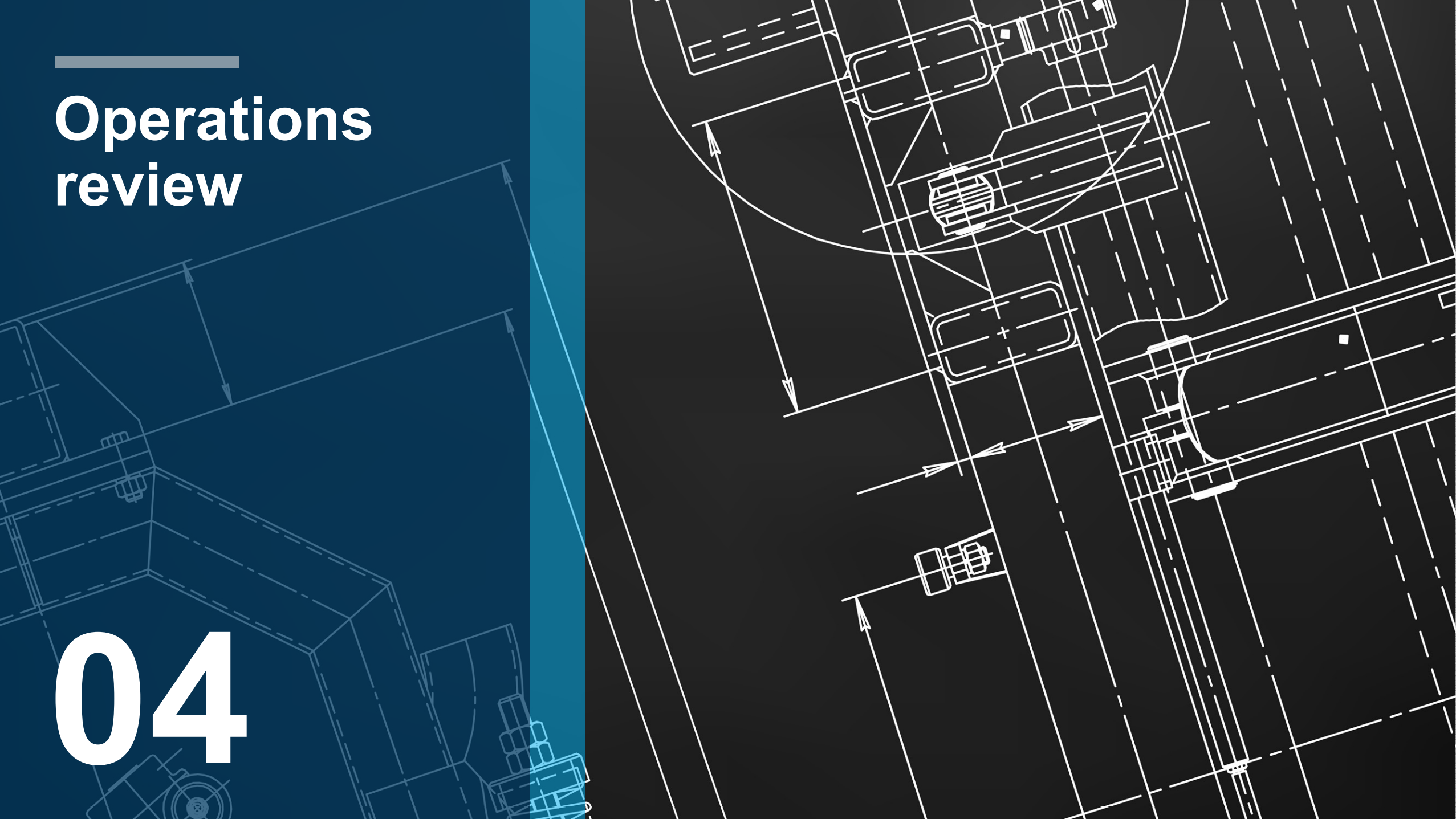
1. IPH Management estimate based on filing information recorded on IP Australia as at 1 Aug 19. Trade mark filings exclude International Registrations.

2. IP Australia – IP Report 2019.

3. IPH Management estimate based on agent recorded with IP Australia as at 11 Jul 19 (FY18-FY19) and 24 Oct 18 (FY15-FY17) and may not reflect any change of agent recorded since filing. Market share calculated on total filings from top 50 agents and excludes International Registrations. IPH Group market share includes filings by the following entities: FY15 - SF & FAKC, FY16 and FY17 - SF, FAKC, Pizzey's, Cullens, FY18 and FY19 - SF, FAKC, Pizzey's, Cullens and AJ Park. Filings from acquired companies are included from 1 Jul of the acquisition year.

Operations review

04



AJ Park

Delivering on acquisition business case



Highlights

Performing ahead of expectations
delivering A\$10.8m EBITDA (including the
cost of the incentive plan implementation)

Improved margin to 22% (17% prior year)

IPH incentive plan implemented –
100% of eligible staff received a payout

Increased referrals to IPH Group entities

5 promotions to Principal for FY20

**AJ Park No.1
filer of
patents in
New Zealand¹**

**AJ Park No.1
filer of trade
marks in New
Zealand²**

1. IPH Management estimate based on agent recorded with IPONZ at 22 Jul 19 and may not reflect any change of agent recorded since filing. Includes all types of patent applications.
2. IPH Management estimate based on agent recorded with IPONZ at 25 Jul 19 and may not reflect any change of agent recorded since filing. Excludes International Registrations.

Successful Spruson & Ferguson integration

Integration of FAKC, Cullens and Spruson & Ferguson



Spruson & Ferguson integration

Combination of Spruson & Ferguson, FAKC and Cullens successfully completed in July 2018

Incentive plan rolled out to eligible staff for FY19

Queensland clients benefiting from Spruson & Ferguson Asia network

Margin improvements in line with expectation

Greater opportunities for staff mobility, connectivity and support

Focus on WiseTime

Sale of Practice Insight products enables focus on WiseTime



Practice Insight

Sale of products

Practice Insight's Filing Analytics and Citation Eagle product businesses were sold to CPA Global Services Limited in August 2018 for \$10 million

Sale of DMS product to Pace IP of Germany in May 2019 for €900k (A\$1.4m) payable over two years

\$2.9m profit from above sales recognised in FY19 financial report*

* Excluded from underlying results.

Building momentum with WiseTime

Practice Insight's sales and development activities are now focused on its autonomous time-keeping tool, WiseTime

Clients are now utilising WiseTime across Europe, US, Canada, The Republic of Korea and Asia Pacific

Pipeline of Tier 1 firms at various stages of trial and deployment

Continuing focus on expanding product development

Similar P&L outcome to FY19 expected in FY20

Xenith IP acquisition update

05



Update on acquisition of Xenith IP



Scheme Implementation

- Scheme of Arrangement successfully implemented on 15 August 2019
- Xenith businesses are now 100% owned and part of the IPH Group

Acquisition funding

- Funded via a mix of cash and scrip which maintains IPH's conservative gearing position
- New share issue of 15.6 million IPH shares, issued to Xenith shareholders on 15 August 2019
 - As at 15 August 2019 IPH total number of shares on issue is 212.9 million
- Cash consideration of \$46m, funded by IPH's debt facilities
 - As at 15 August 2019 IPH's drawn debt is \$111m (current XIP debt circa \$21m)
- Immediately accretive to IPH earnings

Integration

- IPH welcomes the Xenith businesses and their high quality people into the IPH Group
- Integration process has commenced – appointed a Big 4 consulting firm to support project management
- Synergies estimated to be achieved over three years. In FY20 offset to an extent by the cost of implementation of the incentive plan
- A key focus is to best position the group over the long term to create ongoing benefits for employees, clients and shareholders
- IPH will provide an update on integration at AGM on 21 November 2019

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 many with over 100 years of history and strong reputations 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 focused 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 international 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** estimated to be achieved over three years. In FY20 offset to an extent by the cost of implementation of the incentive plan
- ✓ **Maintain conservative gearing** position, with the offer funded from a combination of existing debt facilities and issue of IPH shares
- ✓ **Combined pro forma impact**
FY19 revenue in excess of \$382m (+49%)¹
FY19 underlying EBITDA in excess of \$109.4m (excluding synergies) (+22%)¹
- ✓ **Opportunity to grow Asia filings** over time from Xenith's top tier client base

1. Based on unaudited 2019 financial results prepared by Xenith IP Limited

Xenith financial performance FY19

Unaudited performance in line with market consensus



Scheme of Arrangement implemented
on 15 August 2019

Xenith's businesses will contribute to IPH's FY2020
financial results, from implementation date

A summary of Xenith's FY2019 unaudited financial
results are shown opposite

Revenue broadly flat however increased margin
through cost reductions

Strong performance by legal businesses

Revenue¹
\$125.5m

(1%)



Underlying EBITDA¹
\$19.7m

15%⁴



Underlying NPAT¹
\$11.2m

15%⁴



Australian patent filings²

(6%)



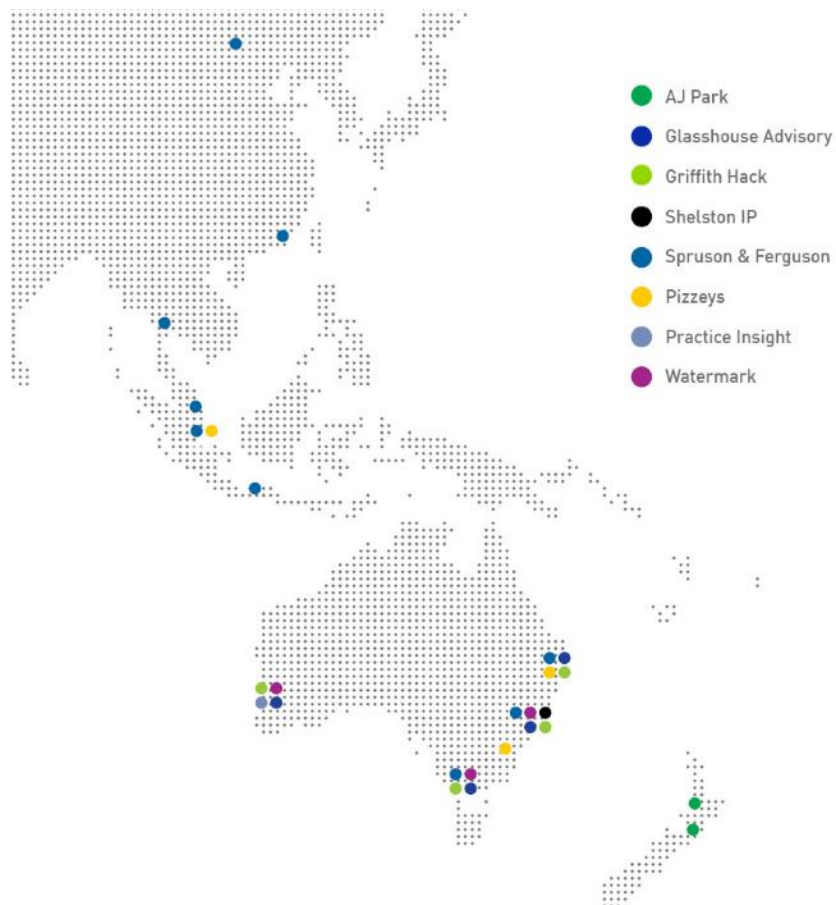
Australian trade mark filings³

2%



1. Based on unaudited 2019 financial results prepared by Xenith IP Limited. Underlying NPAT excludes amortisation on acquired intangibles.
2. IPH Management estimate based on filing information recorded on IP Australia as at 7 Jul 19 (FY18 and FY19). Includes all types of patent applications.
3. IPH Management estimate based on filing information recorded on IP Australia as at 11 Jul 19. Trade mark filings exclude International Registrations.
4. The prior year figures for Xenith are after application of a transition adjustment from implementation of AASB9.

IPH acquisition of Xenith IP



1000+

Employees

Nº1
Patent group
in Australia,
New Zealand
and Singapore

27

Offices

8

IP jurisdictions

8 BRANDS



Looking ahead to FY20

06



Looking ahead to FY20

Continued focus on implementing IPH's growth strategy



Strategic priorities for FY20

01 Successful Xenith IP integration

02 Maintain market leading position in Australia / New Zealand and continued margin expansion

03 Continued focus on Asia to develop the network effect

04 WiseTime growth in sales

05 Digital platform development

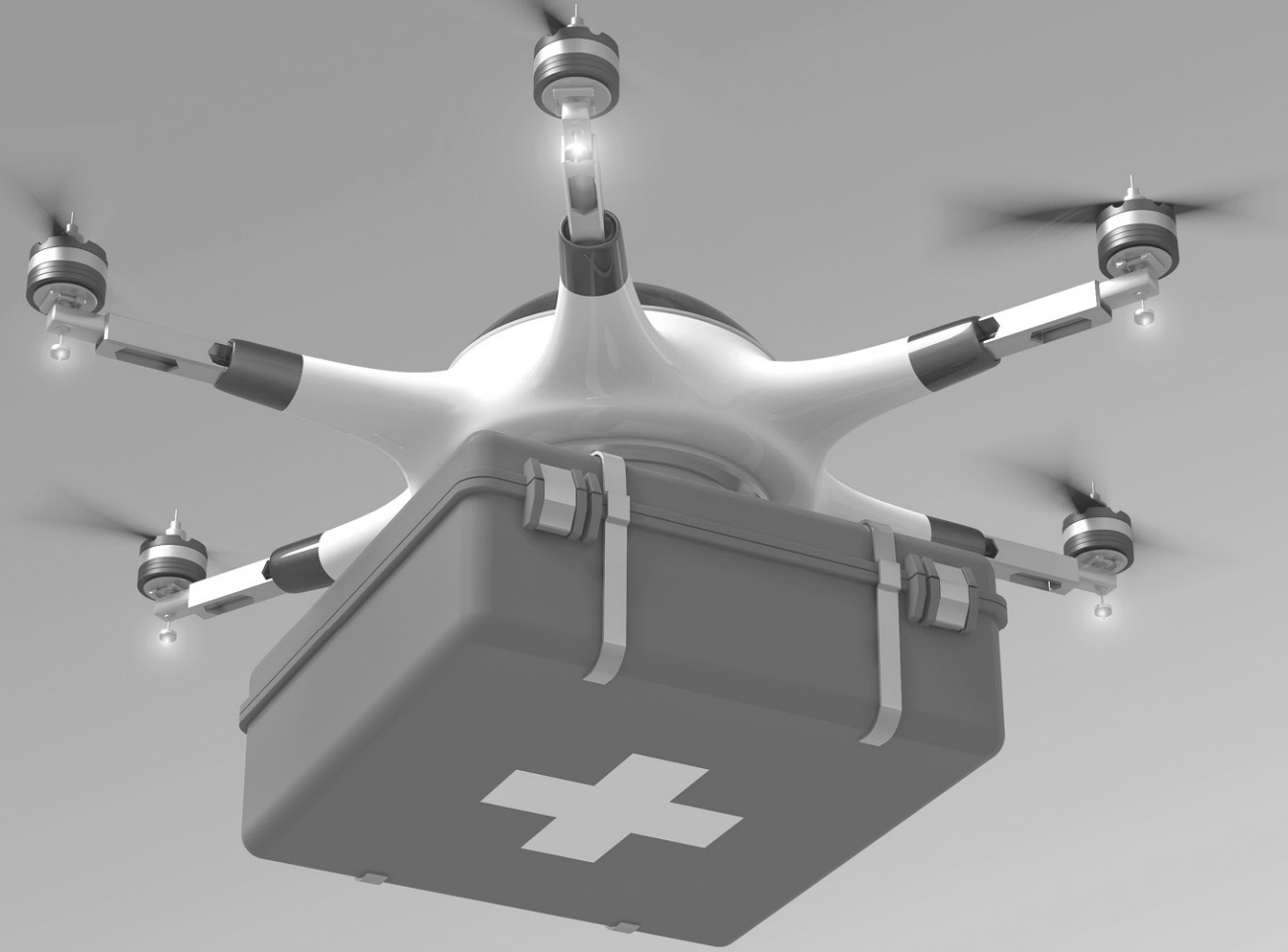
06 Continued focus on potential overseas acquisitions in secondary IP markets

Thank you



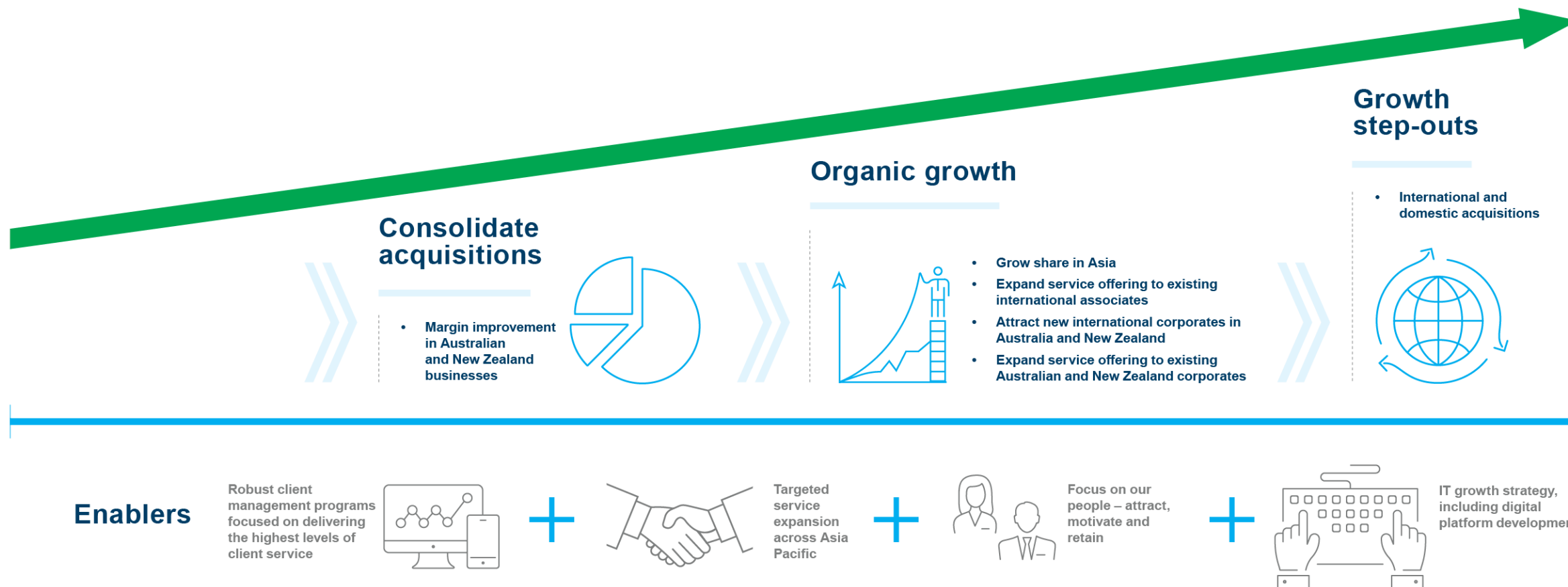
Appendix

07



Strategic direction

Continued focus on IPH's growth strategy



Patent lifecycle

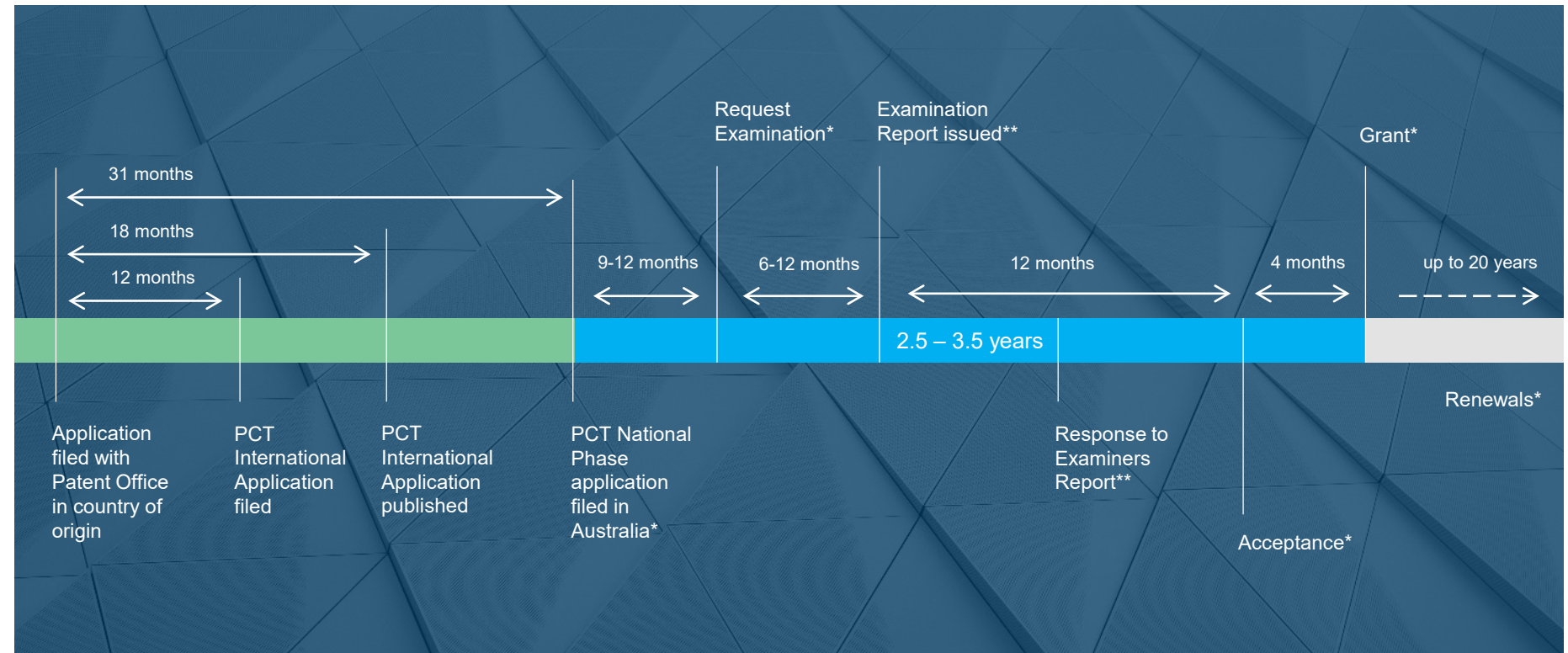
Long-life IP cycle supports consistent revenues and earnings



Each year more than half⁺ of the total patent applications filed in Australia come through the PCT system in the form of PCT National Phase patent applications.

- The process from filing the Australian application (or entering the Australian national phase) to grant of a patent typically takes 2.5-3.5 years.
- Patents can be renewed by paying official renewal fee annually up until the expiry of the patent 20 years from the filing date of PCT International Application.

Typical (indicative) foreign patent application route in Australia



⁺ IPH Management estimate based on PCT filing information recorded on IP Australia as at 7 Jul 19 (FY18-FY19).

* Revenue event – typically flag fall.

** Revenue event – typically combination of flag fall and hourly charges

IPH corporate information

Leading intellectual property group in Asia-Pacific



Directors

- Mr. Richard Grellman AM
Chairman
- Dr. Andrew Blattman
CEO and Managing Director
- Ms. Robin Low
- Mr. John Atkin
- Ms. Jingmin Qian

Company Secretary

- Mr. Philip Heuzenroeder
Group General Counsel &
Company Secretary

Ordinary Shares on Issue	Number	Holders	% ¹
Free float	208,301,702	7,660	97.8%
Escrowed			
• AJ Park (31 Oct 19)	4,621,547	18	2.2%
Total	212, 923,249	7,678	100%

1. Percentage of ordinary shares on issue at 15th August 2019.



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