

## ASX Announcement

16 September 2020

### **Presentation by Dr Andrew Blattman to the Bell Potter Emerging Leaders Conference 2020**

Attached is a presentation to be given today by IPH's Managing Director & CEO, Dr Andrew Blattman, to the Bell Potter Emerging Leaders Conference 2020.

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***Authorised for release to ASX by:***

*Dr Andrew Blattman, Managing Director & CEO*

*Philip Heuzenroeder, Company Secretary*

### **About IPH Limited**

IPH Limited ("IPH", ASX:IPH), the holding company of AJ Park, Griffith Hack, Pizzeys, Practice Insight, Shelston IP and Spruson & Ferguson, is the leading intellectual property ("IP") services group in the Asia-Pacific region offering a wide range of IP services and products. These services are provided across Australia, New Zealand, Papua New Guinea, the Pacific Islands and Asia from offices in Sydney, Brisbane, Melbourne, Canberra, Perth, Auckland, Wellington, Singapore, Kuala Lumpur, Jakarta, Beijing, Hong Kong and Bangkok. The group comprises a multidisciplinary team of approximately 900 people, including some of the most highly regarded IP professionals in the Asia-Pacific region. The team services a diverse client base of Fortune Global 500 companies and other multinationals, public sector research organisations, foreign associates and local clients. IPH was the first IP services group to list on the Australian Securities Exchange.



# IPH Limited

Bell Potter Emerging Leaders Conference 2020

16 September 2020

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Presented by:

Dr. Andrew Blattman Managing Director / CEO, IPH Limited

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# Introduction

What we'll be covering today



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About IPH

02

Market overview

03

Realising our vision

04

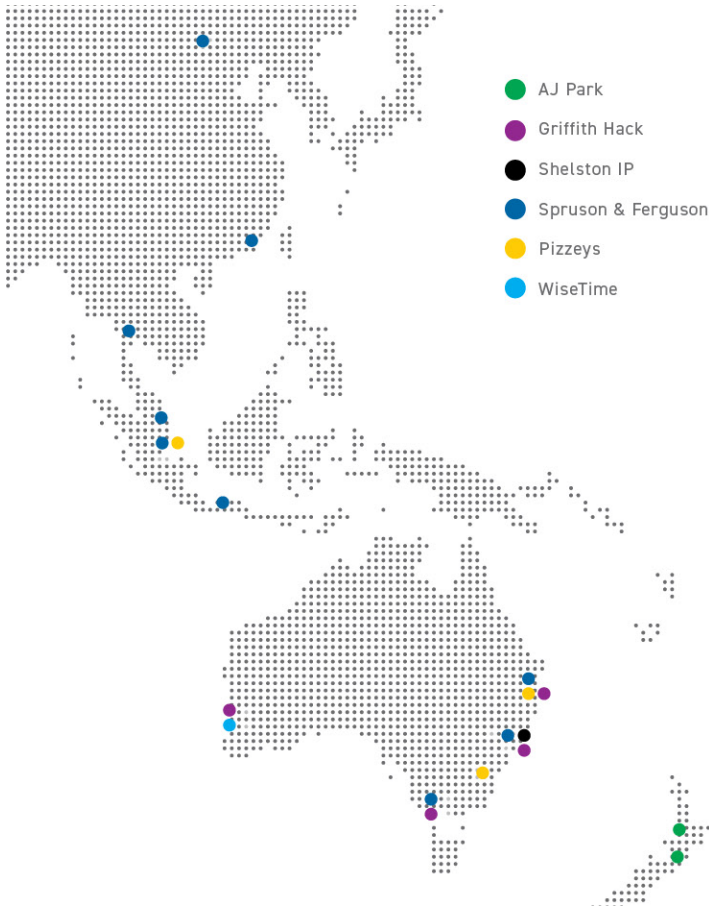
Investing in our people

05

FY21 Priorities

# About IPH Limited

Asia-Pacific's leading IP professional services group



900+  
Employees<sup>1</sup>

8  
IP jurisdictions

No 1  
Patent group  
in Australia,  
New Zealand  
and Singapore<sup>2</sup>

No 1  
Trade Mark  
group in  
Australia and  
New Zealand<sup>3</sup>

6 BRANDS

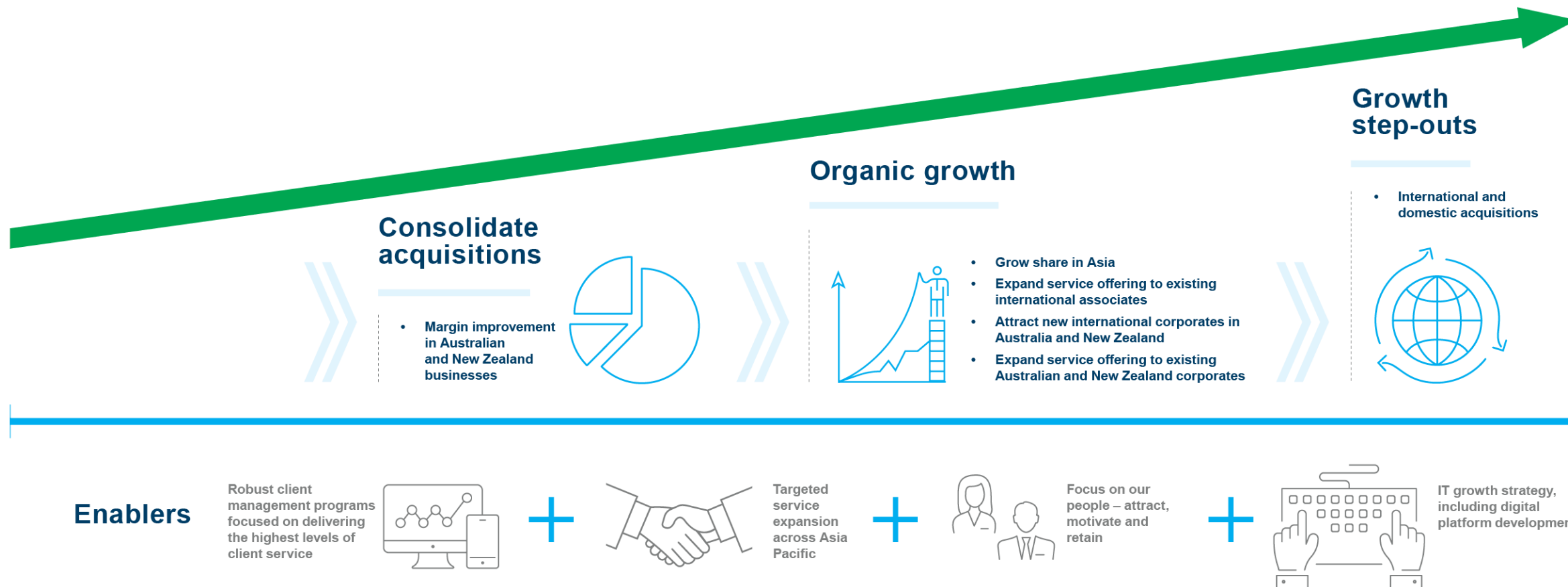


1. Approximate employee numbers across the Group.  
2. IPH Management estimate based on IP office filing information: Australia (IP Australia) – FY20 14/07/20; Singapore (IPOS) – CY19 as at approx. 3/08/20; New Zealand (IPONZ) – FY20 as at 7/07/20.  
3. IPH Management estimate based on IP office filing information: Australia (IP Australia) – FY20 9/07/20, based on market share of the top 50 agents; New Zealand (IPONZ) – FY20 as at 7/07/20.



# Strategic direction

Continued focus on IPH's growth strategy



# Patent lifecycle

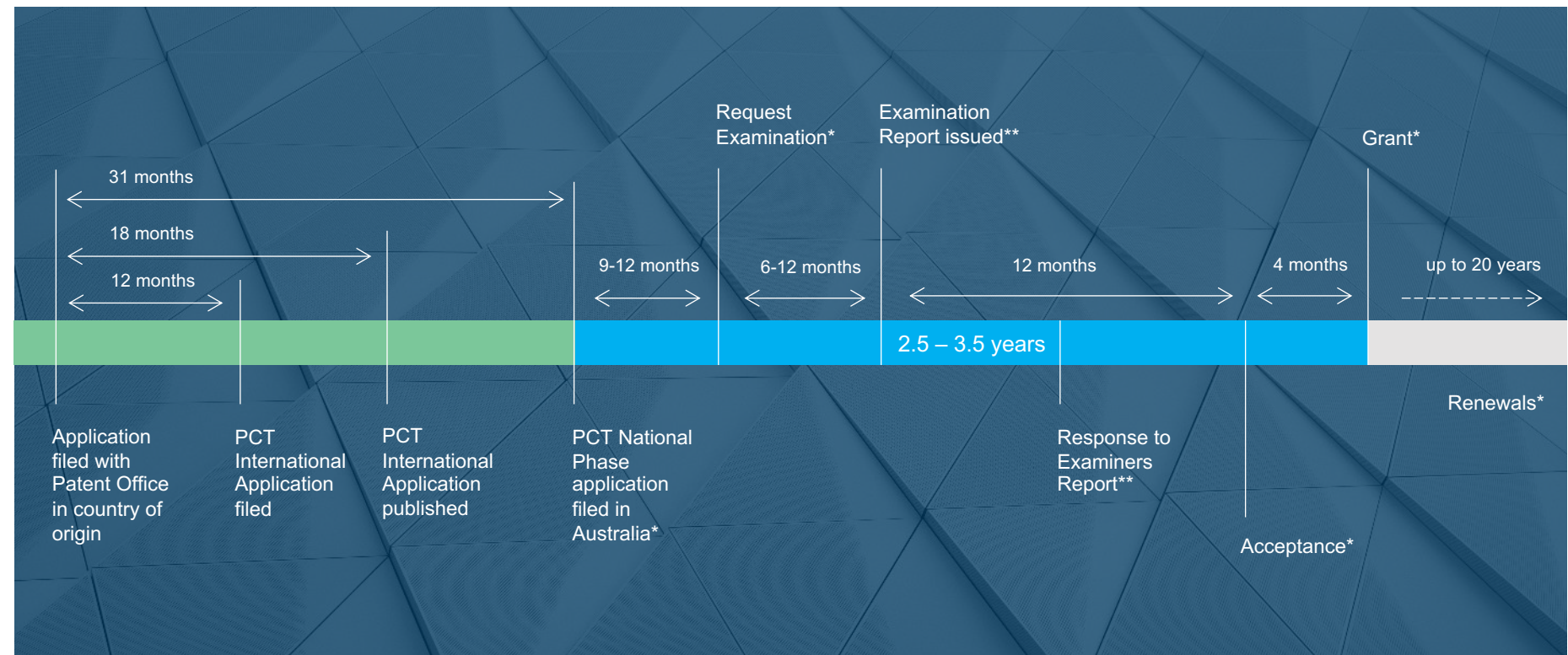
Long-life IP cycle supports consistent revenues and earnings



Each year more than half<sup>+</sup> 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



<sup>+</sup> IPH Management estimate based on PCT filing information recorded on IP Australia as at 14/07/20 (FY20) and 7/07/19 (FY18-FY19)

<sup>\*</sup> Revenue event – typically flag fall.

<sup>\*\*</sup> Revenue event – typically combination of flag fall and hourly charges

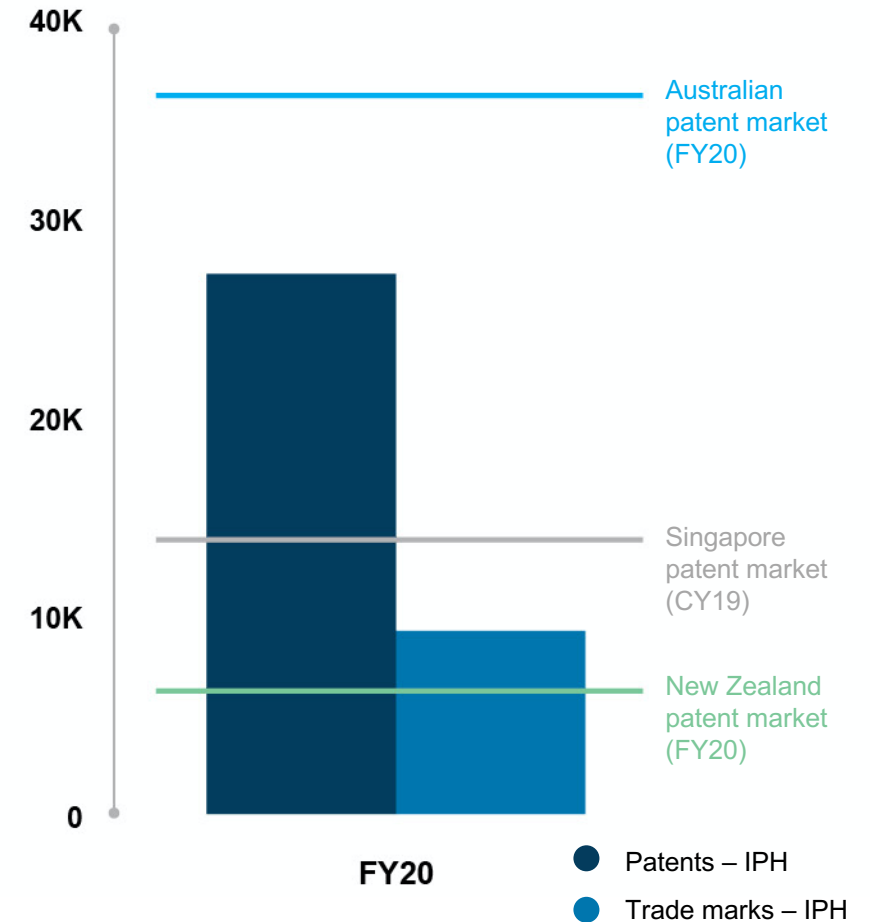
# Global scale

The IPH group is one of the largest filers of patents globally



## Scale comparison of total IPH Group filings to key national markets (Filings through IPH offices and our external agents<sup>1</sup>)

- IPH (as a group) is a significant global patent and trade mark filer, both in our home markets as well as outgoing filings from 'local' clients into other global IP jurisdictions.
- Annualised aggregate IPH group patent filings in all markets are more than the combined total markets of New Zealand and Singapore, and represent more than three quarters of the total Australian market.
- This scale is important as it mitigates the periodic fluctuations in filings in certain markets.



1. Total patent / trade mark cases filed or instructed to be filed by IPH entities into any jurisdiction in the world. Includes cases filed by any agent (IPH and non-IPH). Data based on internal filing statistics. FY20 IPH includes filings by the following entities: Spruson & Ferguson, FAKC, Pizzey's, Cullens, AJ Park, Griffith Hack, Shelston and Watermark. Filings from acquired companies are included from 1 Jul of the acquisition year.



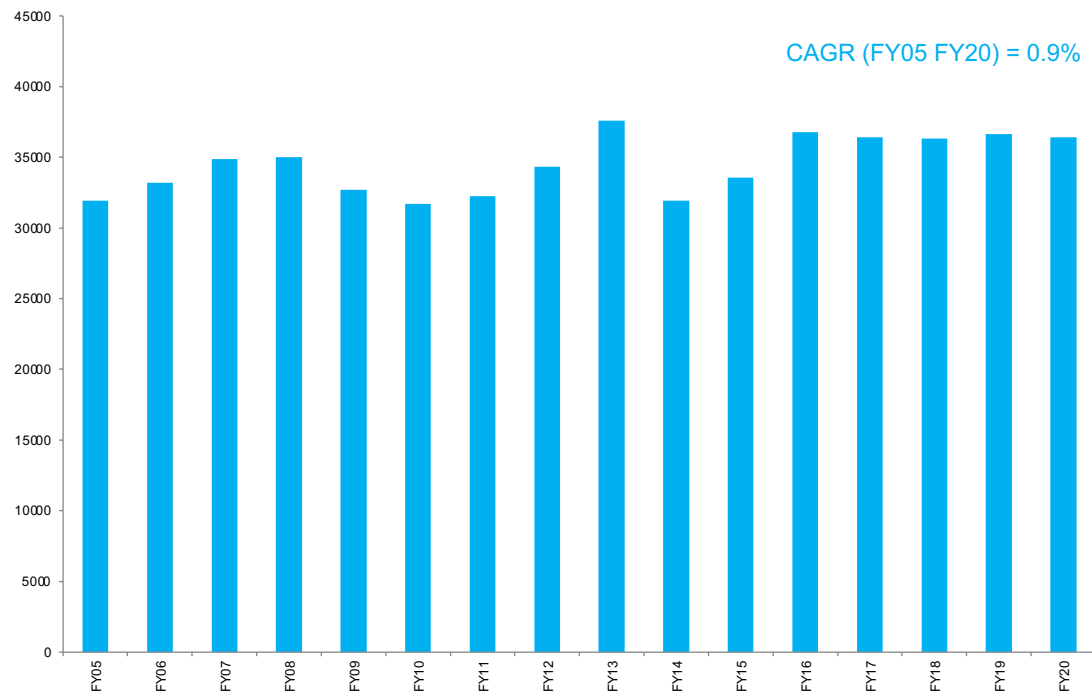
# Leveraging stable markets

Historical data demonstrates resilient patent filing trends



## Australian patent filings<sup>1</sup>

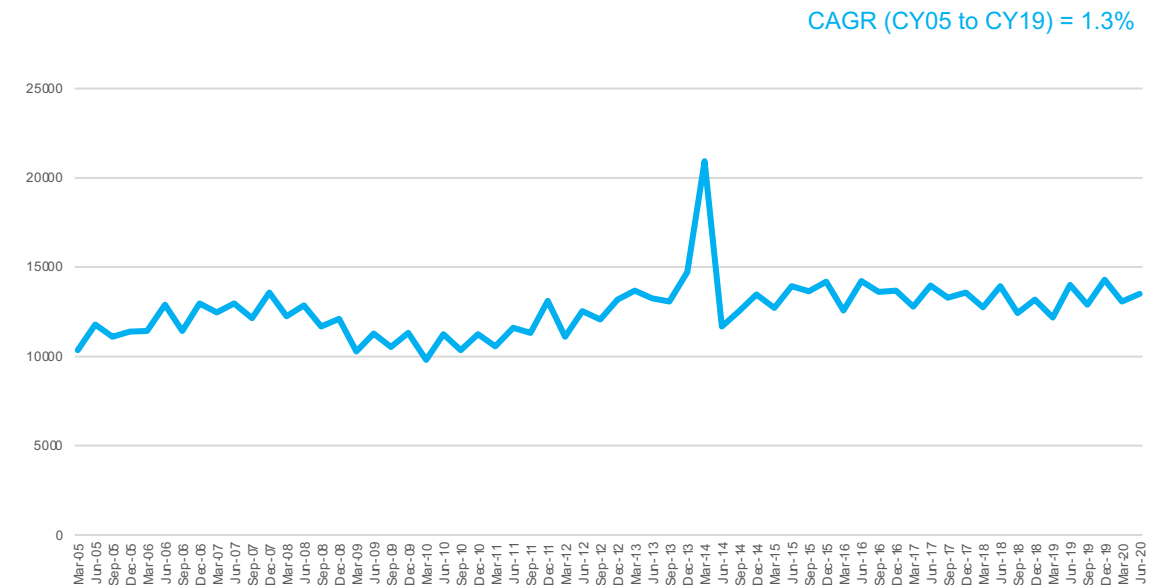
- Steady growth – long term filing growth rate of 0.9%



1. IPH Management estimate based on filing information recorded on IP Australia as at 14/07/20 (FY20), 7/07/19 (FY19), 3/08/2018 (FY15-FY18) and 17/04/18 (FY05-FY14). Includes all types of patent applications.
2. US PCT applications by filing date from WIPO IP Statistics Data Center as at 11/09/20

## US PCT applications<sup>2</sup>

- Lead indicator for filings in secondary markets remains generally consistent to June 2020 (latest reliable data)
- Peak in early 2014 represents the legislative change of the “America Invents Act” which similarly impacted filings in IPH’s secondary markets two years later

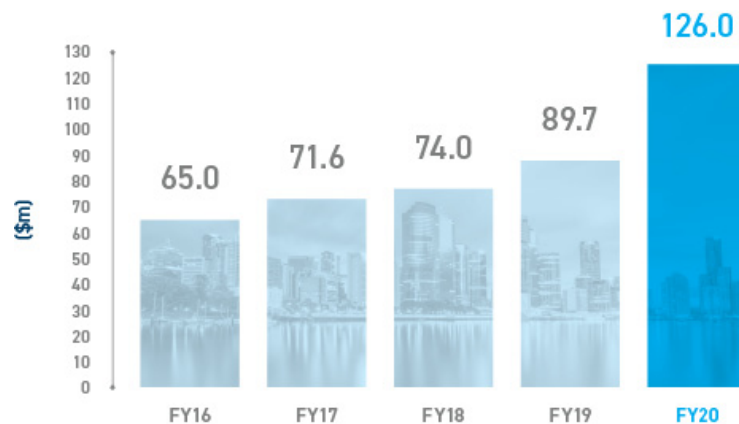


# Strong financial fundamentals

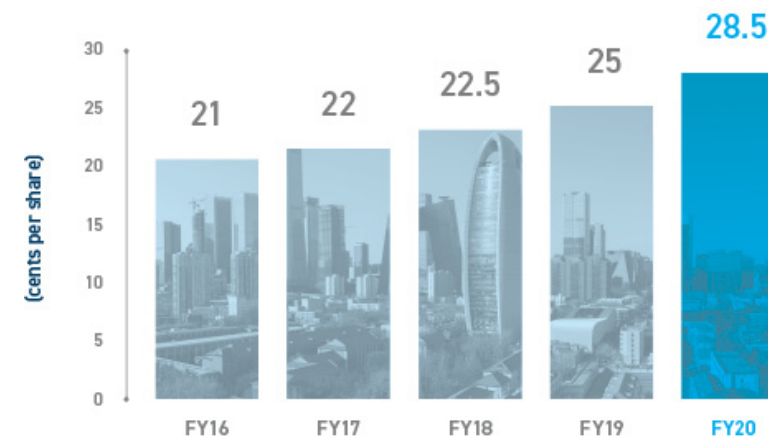
IPH has demonstrated consistent earnings growth and cash flow conversion



Underlying  
FY20 EBITDA<sup>1,2</sup>  
**A\$126.0**



FY20 Full year  
dividend  
**28.5c**



## Strong balance sheet

Leverage ratio<sup>3</sup> of 0.6 times  
Total equity – A\$422.7m



## Good cash flows

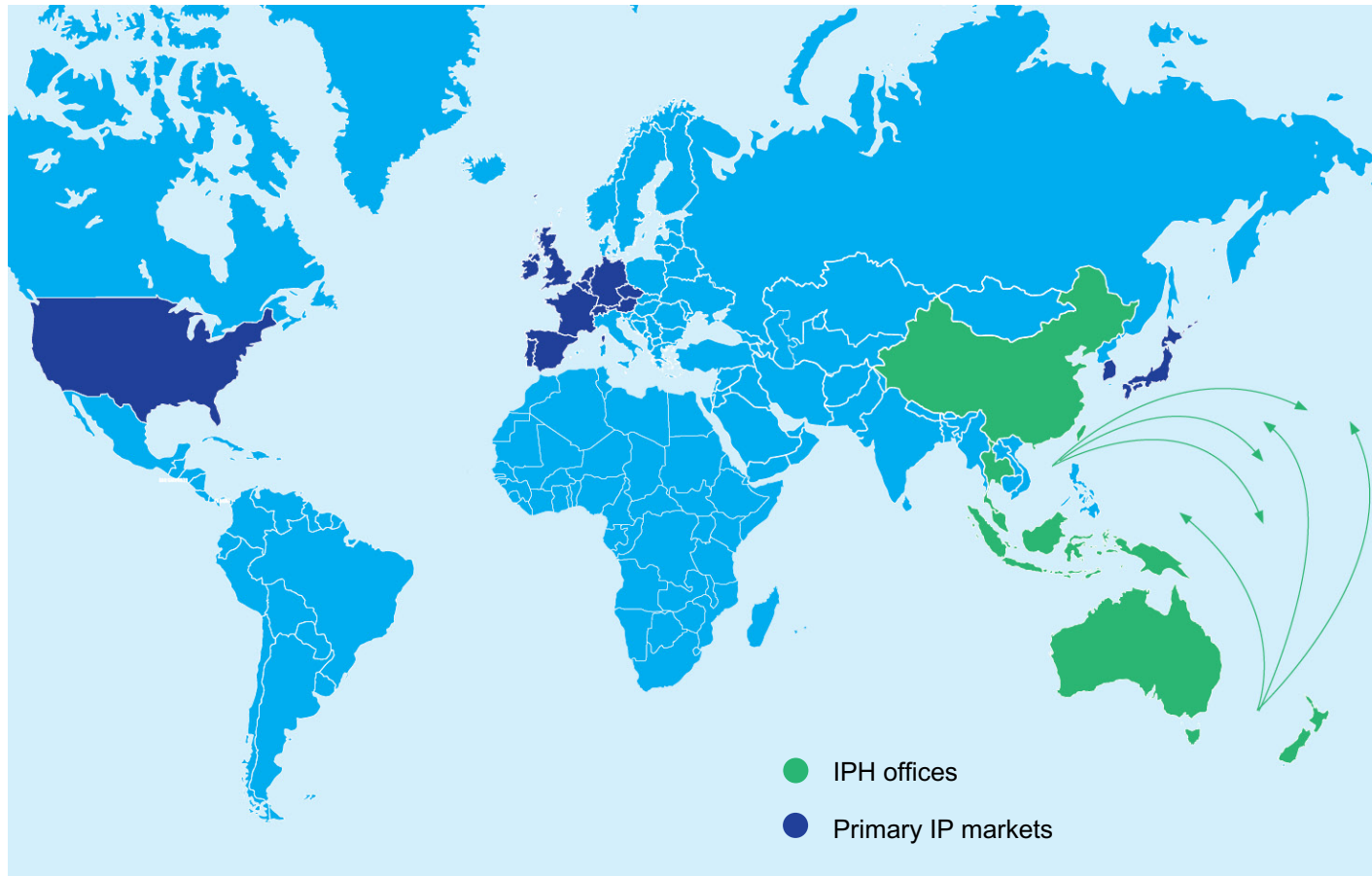
FY20  
Operating  
cashflow  
**A\$89.8m**

- IPH continues to generate strong cash flows
- Cash conversion in excess of 100% for FY20

1. Underlying EBITDA for FY20 excludes costs incurred in pursuit of acquisitions, new business establishment costs, accounting charges for share-based payments, business acquisition costs, restructuring expenses, impairment of Watermark brand and onerous lease provisions and asset write-offs  
2. Underlying FY20 EBITDA includes AASB16, prior periods do not include adoption of the standard  
3. Net debt/EBITDA at 30 June 2020

# Realising our vision

To be the leading IP services group in **secondary** IP markets and adjacent areas of IP



- The primary IP markets, which include **USA, Japan, Western Europe**, and **Republic of Korea** generate the majority of IP rights and clients by value
- The IPH Group operates in eight secondary IP jurisdictions: Australia, New Zealand, Singapore, Thailand, Malaysia, Indonesia, China and Hong Kong and services more than 25 countries across the Asia-Pacific region
- IPH has a strong track record of successfully completing and integrating acquisitions
- Our acquisition strategy is supporting growth in client cross referrals
- The scale of the IPH Group provides the opportunity for IPH to look further at IP adjacencies

# IPH's established Asia Pacific platform

Existing platform across the Asia Pacific region continues to provide significant opportunities



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IPH has an established and substantial Asia Pacific geographic platform with more than 20 years' experience in Asia

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IPH provides a comprehensive and high quality service offering for clients into Asian markets

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"Network effect" of servicing clients in multiple jurisdictions

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AJ Park and Griffith Hack are now top 10 clients by revenue of IPH's Beijing and Hong Kong practice

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# AJ Park's acquisition of Baldwins IP

Bringing together the strengths of two New Zealand IP businesses as one combined firm



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The New Zealand Commerce Commission has granted clearance for AJ Park's proposed acquisition of Baldwins Intellectual Property

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The Baldwins firm will join the AJ Park business and operate as part of the one firm

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AJ Park and Baldwins are complementary businesses in terms of their high quality and experienced teams and the acquisition will provide additional depth of expertise to clients

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The transaction is expected to complete in mid-October

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The total purchase consideration for the acquisition is approximately NZ\$7.9m (approximately AU\$7.4m) including deferred consideration of NZ\$0.4m (approximately AU\$0.4m)

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# Xenith IP integration successfully completed

Significant integration program achieved



Watermark integration into Griffith Hack completed with both businesses now operating under the Griffith Hack brand



Divestment of Glasshouse Advisory R&D tax and EMDG practice to Grant Thornton



Delivered previously announced synergies for FY20 of \$3.5m



In addition to synergies captured, the underlying operating businesses increased EBITDA compared to the prior year by a net \$0.5m

| FY19                     | 12 months | 10.5 months |
|--------------------------|-----------|-------------|
| Revenue                  | 125.5     | 110.4       |
| Underlying EBITDA        | 19.7      | 17.8        |
| Underlying EBITDA margin | 15.6      | 16.1        |

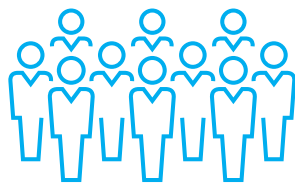
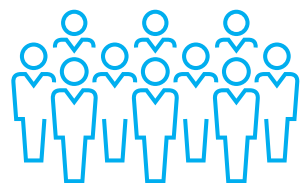
| FY20                     |       | 10.5 months |
|--------------------------|-------|-------------|
| Revenue                  | ↓ 3%  | 106.9       |
| Underlying EBITDA        | ↑ 19% | 21.2        |
| Underlying EBITDA margin |       | 19.8        |

# Investing in our people

Continued focus on our people across the group

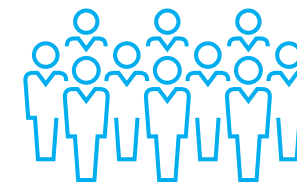
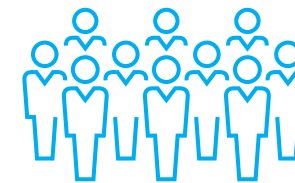


## Our people at IPH



# 900+

Employees across the region



### Providing strong career paths

- Continued career advancement and opportunities for people in key parts of our businesses, with client facing promotions made across the IPH group for FY21
- Building people leader capability across the group
- Identifying talent and building pipeline for succession planning

### Rewarding & recognising our people

- Approximately AU\$2.3 million in cash incentives and shares of the same value of the cash incentives will be awarded to eligible business unit employees across the group as part of the incentive program, including to employees in former Xenith businesses
- 97%\* of fee earning employees eligible for the incentive plan will receive an award for FY20

### Making IPH group businesses great places to work

- Supporting our people impacted by COVID-19 shutdowns including additional EAP resources and a focus on the health and wellbeing of all of our employees
- Committed to providing a safe work environment and flexible work options for our employees across all group businesses
- AJ Park recognised as Employer of Choice in 2020 by *New Zealand Lawyer*

\* Fee earners on the incentive plan excludes departures during the year.

# FY21 Priorities

Continued focus on growth strategy despite COVID-19 impacts



## Strategic priorities for FY21

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**01** Continue to leverage the expanded group and focus on Asia to develop network effect

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**02** Continue margin expansion and realise operational efficiencies across the group

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**03** Realise benefits of operating model synergies and consolidated corporate services

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**04** Focus on attracting, motivating, developing and retaining our people

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**05** Digital platform development

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**06** Continued focus on potential overseas acquisitions in secondary IP markets

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# Thank you







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**Asia Pacific's leading IP  
professional services group**

