IVE Group Limited Annual General Meeting 2019.

Chief Executive Officer's Presentation - Matt Aitken

26th November 2019

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Contents

Financial Performance Highlights

Revenue
^ $724.2m
Up 4.1% PCP

EBITDA
^ $80.4m
Up 9.8% PCP

NPATA (1)
^ $37.5m
Up 4.4% PCP

DPS
^ 16.3c
Up 5.2% PCP (Full Year)

EPS (2)
^ UP 0.6%
PCP

EBITDA MARGIN
^ 11.1%

ROFE (3)
> 17%

(1) NPAT excluding amortisation of customer contracts
(2) NPAT/weighted average shares on issue
(3) EBIT/average funds employed where funds employed equals net assets plus net debt

Year in review

Financial Highlights

- Solid uplift in revenue and EBITDA on PCP
- EBITDA margin of 11.1% (5.5% increase over PCP)
- Restructure and acquisition costs minimal at $3.1M
- Refinanced senior debt facilities for a new 4 year term

Revenue

- Continued momentum across the Group with meaningful new client wins and effective cross sell
- A number of contract extensions
- No material client losses
- Kalido Asia has continued to experience an unacceptable level of bad debts

Paper

The global pulp and paper market has experienced increased volatility over the last 12 months, resulting in:

- Meaningful increases in paper prices negatively impacting margin in our Franklin WEB business
- Tightening of supply requiring the Group to temporarily purchase significantly more inventory
- The global pulp & paper market has shown signs of stabilisation over the last 3 months

Milestones

- Final stage investment and official opening (November 2018) of $53M Franklin WEB NSW operation
- Additional investment of $6.4M in high speed continuous inkjet technology to support the Group's further expansion in personalised communications
- To support revenue growth, our logistics and fulfilment operation in Victoria was relocated to a new 15,000sqm m facility

Profit & Loss

- Revenue increase of $28.8M (4.1% on PCP)
- Gross profit margin of 47.9% (48.7% in PCP)
- EBITDA of $80.4M (9.8% increase over PCP)
- EBITDA margin of 11.1% (10.5% in PCP)
- NPAT of $33.8M (4.5% increase on PCP)

Capital Expenditure

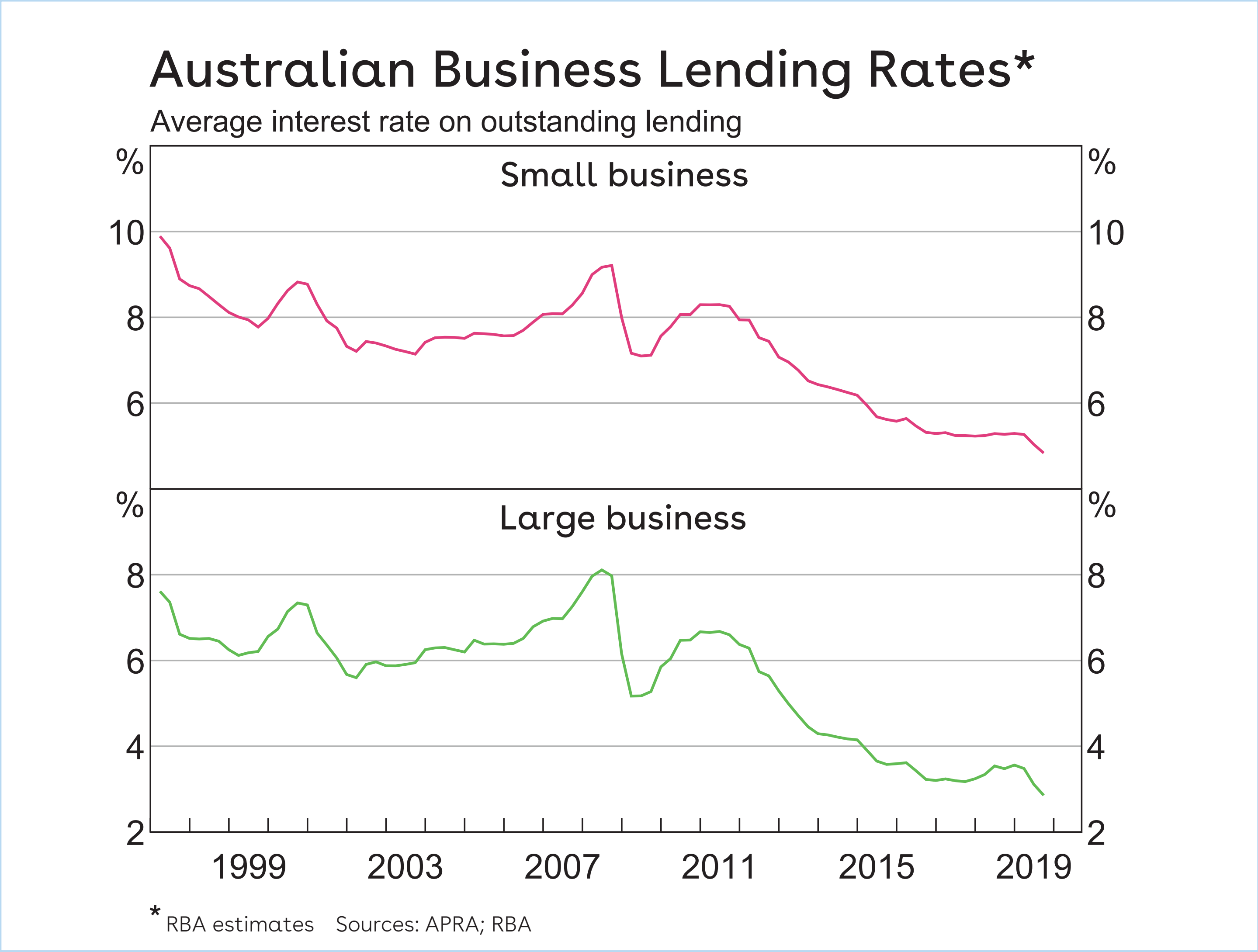
- In FY19 the Group continued the most significant investment program the sector has seen for many years, demonstrating continued confidence in the sector, and in our capacity as a business to execute major initiatives effectively
- FY20 and FY21 targeted and maintenance capital expenditure expected to be circa $8-10m annually excluding MIS upgrade/enhancement
- The FY20 and FY21 capital expenditure as outlined above excludes the capital expenditure program following the acquisition of Salmat Marketing Solutions

	FY2019 $M
Franklin WEB NSW	12.9
Data-driven communications	6.4
Group wide investment and maintenance	9.0
Sub Total	28.3
Group wide MIS project	1.0
Total capital expenditure	**29.3**

Net Debt

- Net debt to pro forma EBITDA of $80.4M is 1.79x
- Equipment finance borrowings increase relates to investment in personalised communications strategy
- Increase in borrowings also driven by the higher working capital balance due to temporarily higher levels of paper inventory
- During the period the Group refinanced its senior debt facilities for a new 4 year term resulting in additional facility and covenant headroom at improved pricing - benefits to flow in FY20 and beyond

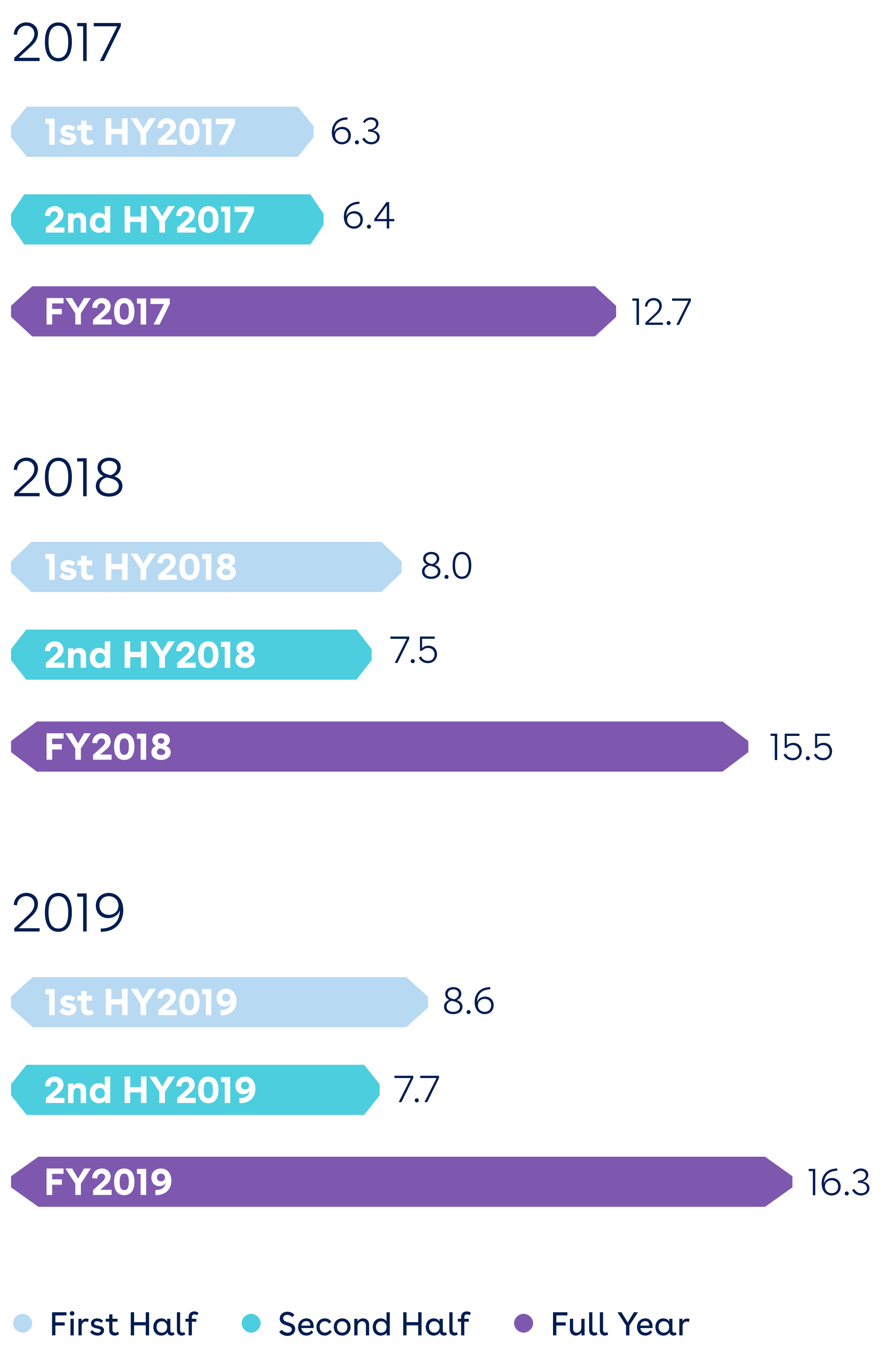
	Actual FY2019 $M
Borrowings - short term	6.3
Borrowings - long term	168.9
Borrowings[1] - Sub Total	175.2
Cash	(31.5)
Net Debt	143.7



Cashflow & Dividend

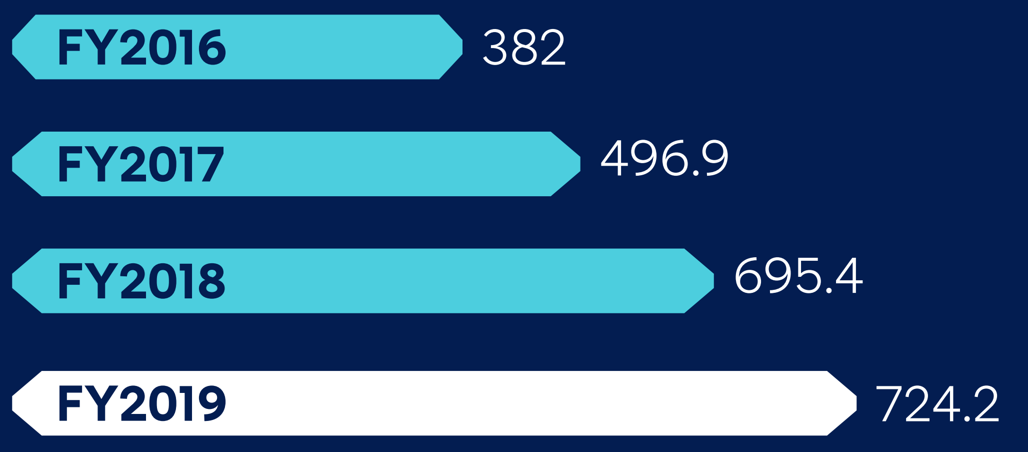
- Pro forma free cash conversion of 81.7% impacted by increased working capital due to higher paper inventory holdings
- We have now concluded our recent growth phase capital investment program, with annual expenditure to reduce significantly relative to prior periods
- Final deferred goodwill consideration paid in relation to SEMA acquisition
- There is no further deferred consideration payable from prior acquisitions
- Final dividend of 7.7 cents per share, fully franked
- Full year dividend of 16.3 cents per share, fully franked, with payout ratio of 71% of pro forma NPAT

Dividends (cps) - 100% franked

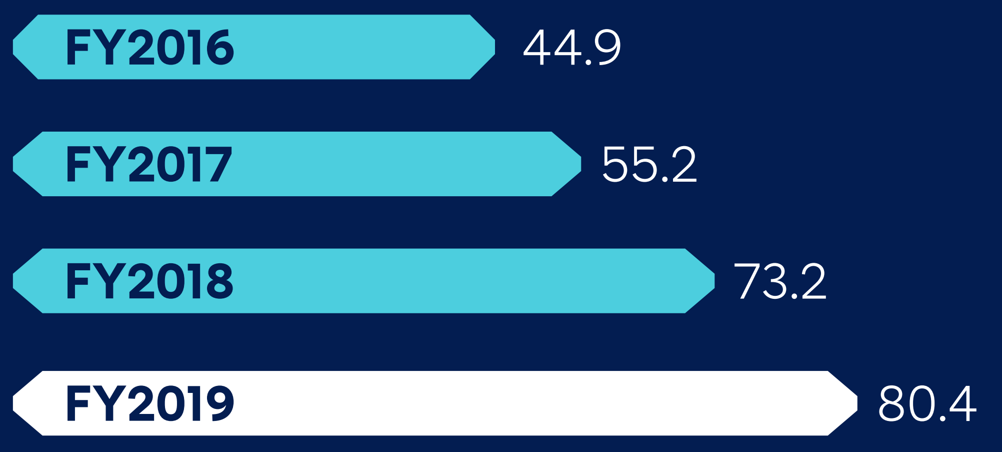


Historical Performance

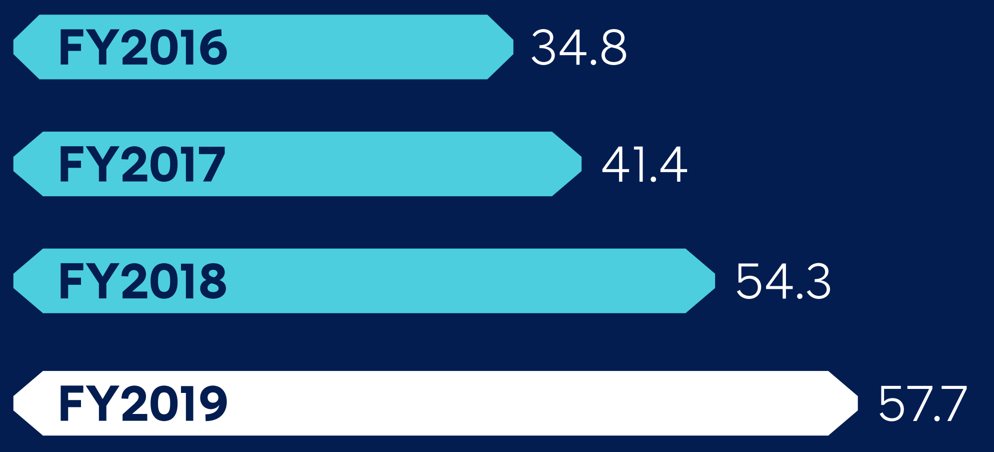
REVENUE
$m



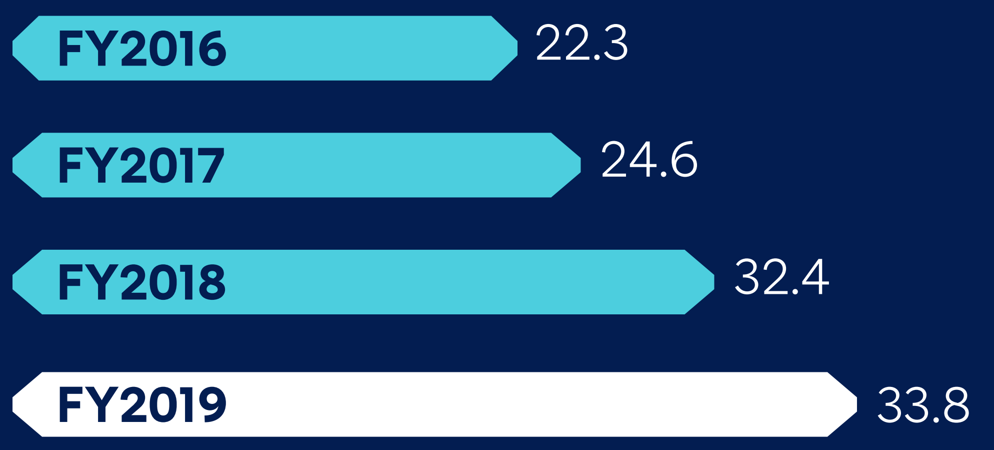
EBITDA
$m



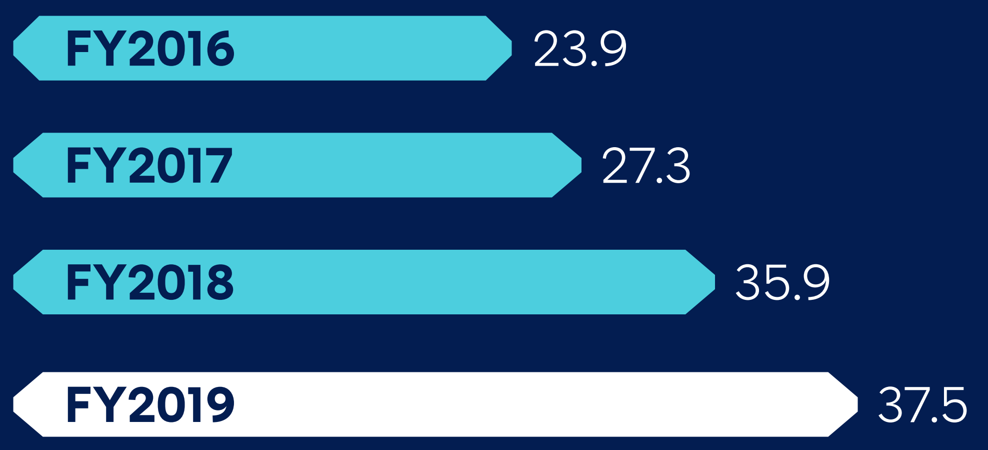
EBIT
$m



NPAT
$m



NPATA
$m



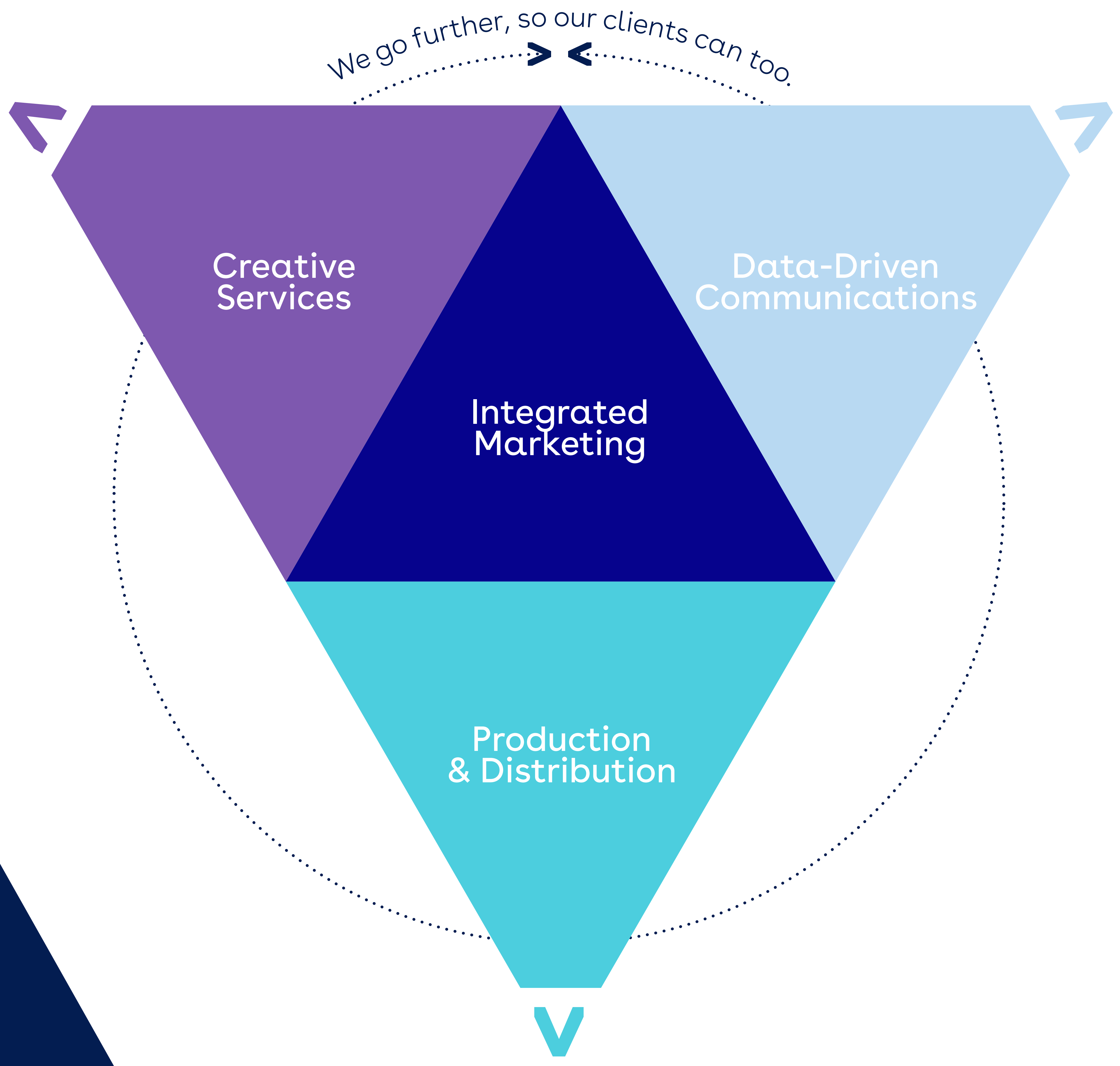
The Pro Forma financial results are on a non IFRS basis

Brand Simplification

Our integrated service model.

In November 2019 the Group will cease going to market under 4 divisional brands (Kalido, Blue Star, Pareto, IVEO).

The evolution to one IVE brand is in recognition of our increasingly integrated offering, and will ensure we build further on the IVE brand to create a highly impactful, strong and simplified offer to the market.



Acquisition of Salmat Marketing Solutions and Reach Media New Zealand

IVE announced on Monday November 25, 2019 that it has entered into an agreement to acquire Salmat Marketing Solutions (Marketing Solutions), the Australian catalogue distribution business of Salmat Limited, for a purchase consideration of $25 million.

The transaction includes the acquisition of Reach Media NZ (Reach Media), Salmat's catalogue distribution business in New Zealand.

The acquisition will be bolstered further by a $25-30 million capital investment program over the next 18 months to automate the Marketing Solutions catalogue collation process prior to letterbox delivery for the existing 12,000 strong national (Australian) walker network.

Acquisition of Salmat Marketing Solutions and Reach Media New Zealand

Overview – Marketing Solutions and Reach Media

- Operating for 40 years, Salmat Marketing Solutions is Australia's largest catalogue distribution business
- Reach Media was a 50/50 joint venture between Salmat and NZ Post until recently. In November 2019 Salmat acquired NZ Post's 50% shareholding
- Extensive reach:
  - National walker network of 12,000 in Australia and 3,500 in NZ
  - Deliver to 7 million households per week in Australia
  - Deliver to 1.1 million households per week in NZ
- Combined Australia and NZ FY20 forecast revenue of $160 million
- Combined sustainable annual EBITDA of Marketing Solutions and Reach Media estimated to be $6.5 million

Transaction overview

- Agreement to acquire Salmat Marketing Solutions and Reach Media for a purchase consideration of $25 million
- Completion scheduled for January 1, 2020
- Debt funded
- Expected to be accretive to EPS in FY20
- Some synergies expected to be achieved in the medium term

Acquisition of Salmat Marketing Solutions and Reach Media New Zealand

Transaction rationale

- these acquisitions complete the final phase of our strategic roadmap over recent years to further expand and strengthen our offer to retail clients
- the combination of Australia’s largest letterbox distribution business with IVE’s broader print, data analytics and marketing services offer provides an exciting opportunity for our clients to enhance returns on their marketing spend through our highly integrated offer
- our commitment to a significant capital expenditure program over the next 18 months to automate catalogue collation will enhance the ongoing sustainability of the national walker network resulting in a strong distribution channel delivering improved ROI for IVE’s retail clients
- The acquisition also provides a significant opportunity to market our compelling value proposition, particularly our powerful print and national distribution offer, to SME’s
- Marketing Solutions and Reach Media will continue to operate as standalone businesses, with the respective brands used for a transitional period only

Summary

- FY19 financial results were the 'cleanest' set of reported numbers since we listed in 2015
- Our FY19 results were solid with an uplift on all key metrics over PCP
- Throughout the year there were a number of significant operational milestones achieved
- The continued solid performance of the business positions us well to generate strong free cashflow over the years ahead
  - Following a period of heavy investment in a number of growth initiatives, FY20 capital expenditure will reduce to $8-10M (excluding MIS upgrade and capital expenditure program post Salmat Marketing Solutions acquisition)
  - No further deferred consideration payable from prior acquisitions
  - Restructure costs are once again expected to be minimal
  - Working capital expected to return to normal levels following the stabilisation in global pulp & paper markets
- Acquisition of Salmat Marketing Solutions and Reach Media announced on November 25 completes the final phase of our strategic roadmap over recent years to further strengthen and expand our offer to the retail sector

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