IVE Group Limited (ASX : IGL)

FY24 Results Presentation

26 August 2024

Contents

Key highlights

Financial performance

> All key profit metrics up on a strong pcp with solid margin expansion

> NPAT/margin higher but impacted by increased net finance costs

> Strong uplift in operating cash flow – gearing below target

Operational updates

> Ovato – full year run-rate synergies in FY25

> Sustainability initiatives on-track

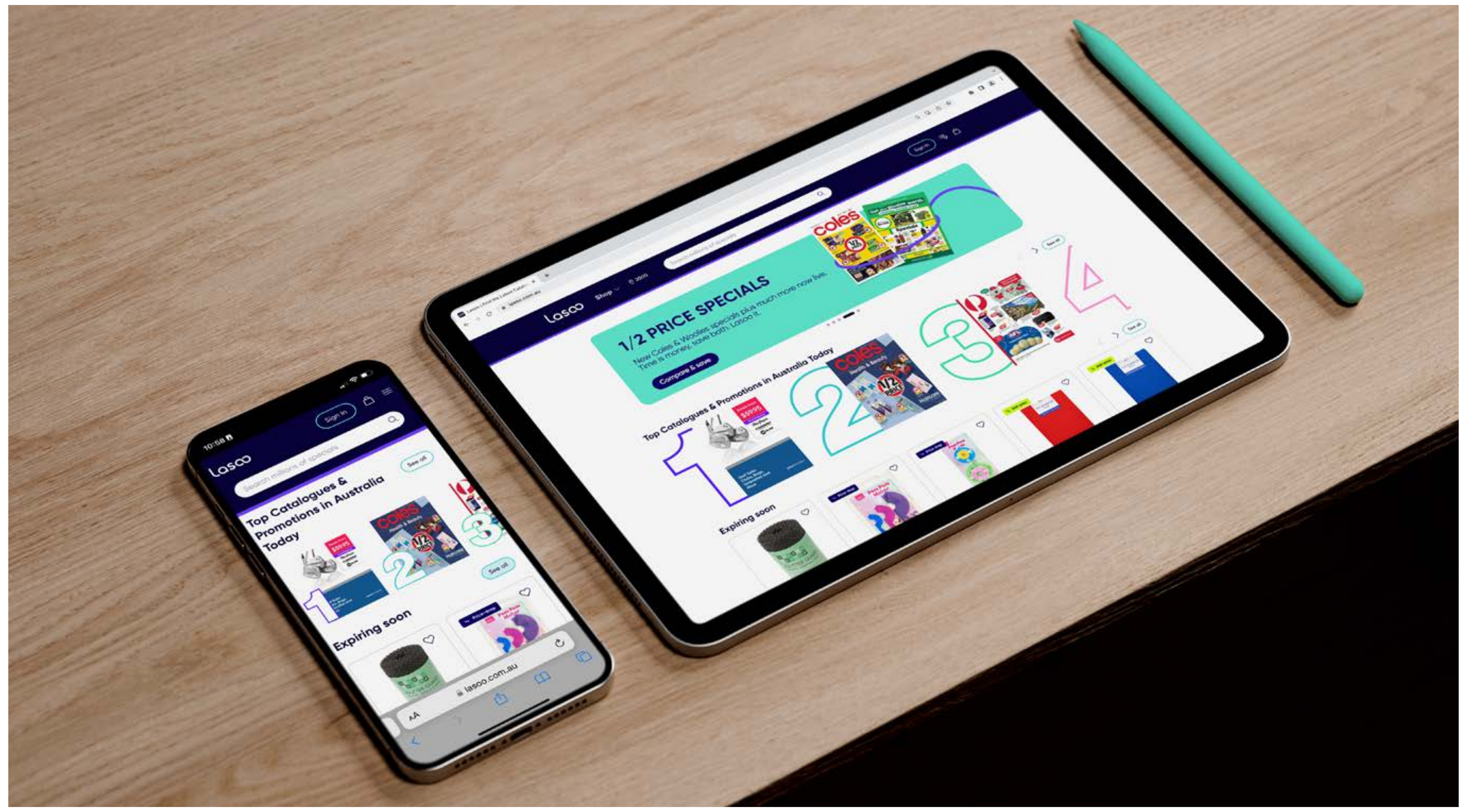
Growth initiatives

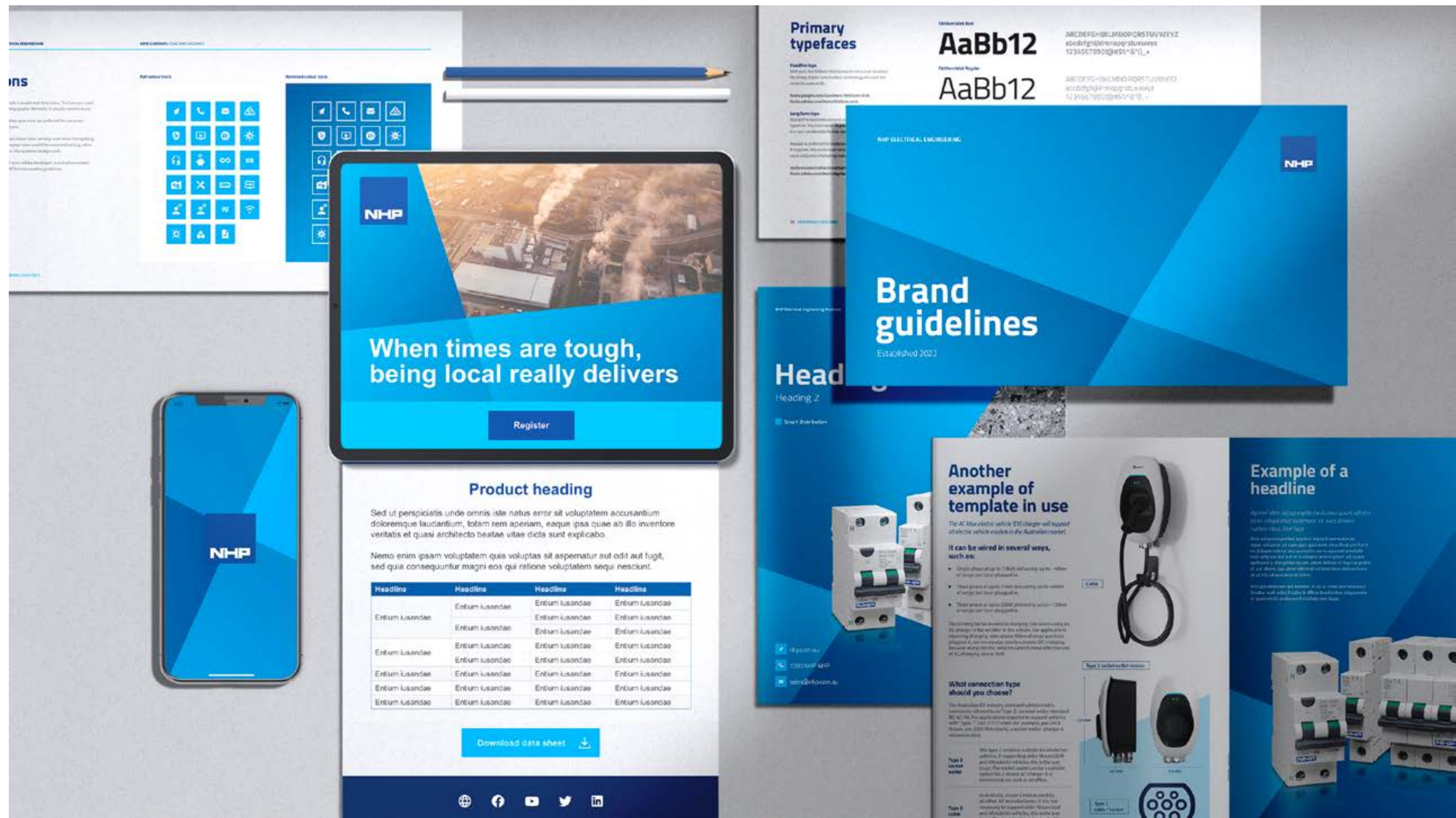
> Packaging
  – cornerstone acquisition of JacPak
  – no change in expected cost and revenue synergies
  – implementation of organic expansion plans

> Creative and Content expansion – acquired independent creative agency, Elastic Group

> Apparel – live trialing for a major international food retailer and a number of significant RFPs in train

> Ongoing investment in Lasoo given proof of concept and better than expected performance





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Financial performance dashboard[1]

Strong performance (versus record PCP) with Ovato integration and JacPak acquisition completed

REVENUE	EBITDA	NPAT	EPS (NPAT)	EPS (NPATA[2])
$969.9m	**$127.8m**	**$43.0m**	**28.0¢**	**30.2¢**
↑0.3% on PCP	↑7.5% on PCP	↑8.4% on PCP	↑5.8% on PCP	↑6.1% on PCP

MATERIAL GROSS PROFIT MARGIN	OPERATING CASH FLOW TO EBITDA	NET DEBT	FULLY FRANKED FINAL DIVIDEND	IFRS NPAT
46.7%	**114.0%**	**$131.0m**	**8.5¢** PER SHARE	**$27.6m**
45.1% PCP	65.7% PCP	CASH ON HAND **$48.8m**	Stable on PCP	↑61.0% on PCP

1 The underlying financial results are on a non-IFRS basis, exclude various non-operating items (refer Appendix A) and are not audited or reviewed

2 NPATA – NPAT excluding amortisation of acquired customer contracts

Financials

Profit and loss[1]

	FY24 $m	FY23 $m	Variance %
Revenue	969.9	967.4	0.3
Material profit	452.6	435.9	3.8
% of revenue	*46.7%*	*45.1%*	*3.6*
EBITDA	127.8	119.0	7.5
% of revenue	*13.2%*	*12.3%*	*7.2*
Depreciation and amortisation	47.6	47.8	(0.3)
EBIT	80.2	71.2	12.7
Net finance costs	17.4	13.3	31.1
NPBT	62.8	57.9	8.4
Income tax expense	19.8	18.2	8.4
NPAT	43.0	39.7	8.4
% of revenue	*4.4%*	*4.1%*	*8.2*
NPATA[2]	46.4	42.7	8.8
% of revenue	*4.8%*	*4.4%*	*8.8*
EPS (NPAT) cents	28.0	26.4	5.8
EPS (NPATA) cents	30.2	28.5	6.1

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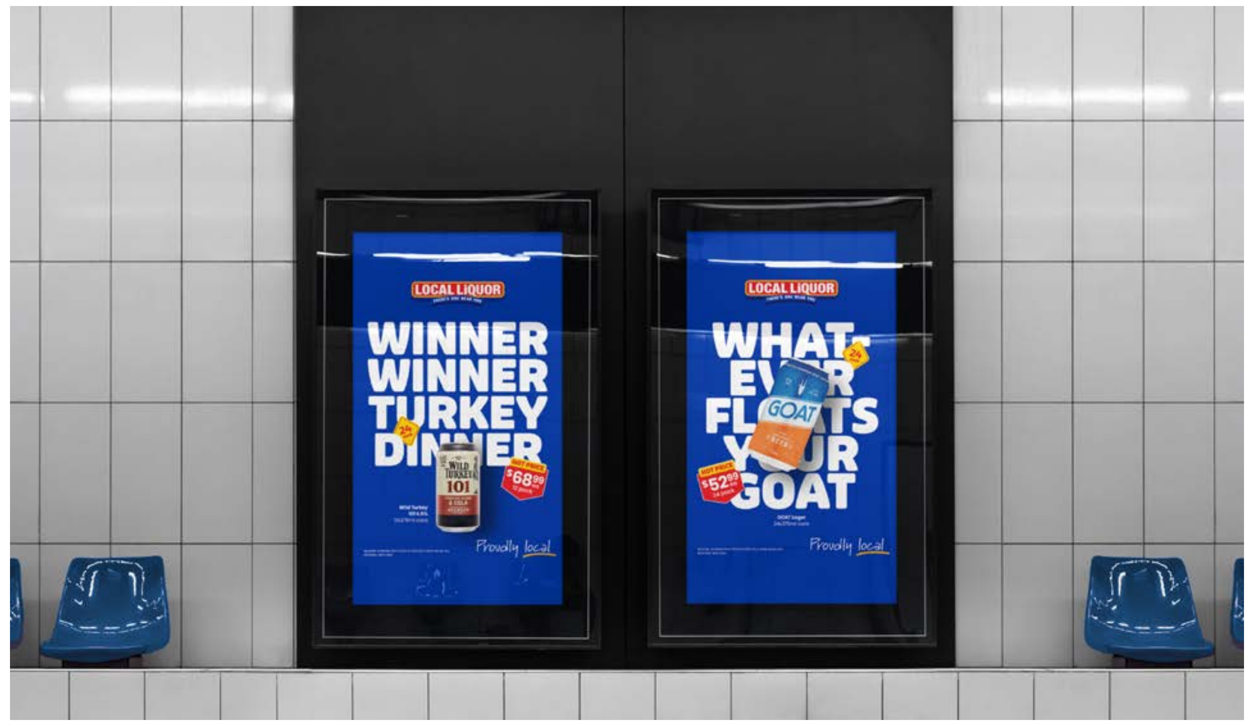
2 NPATA – NPAT excluding amortisation of acquired customer contracts



Revenue

- Revenue up 0.3% to $969.9m
- Includes incremental revenue from Ovato (acquired 13 September 2022) and JacPak (acquired 31 October 2023)
- Base revenue[1] down ~4% relative to a strong pcp, largely due to softer 2H FY24 economic conditions (which impacted our CX & Data and Commercial Printing businesses)
- Solid organic revenue growth in Brand Activations, 3PL and Fulfilment while catalogue and magazine (including Ovato acquired) revenues were in-line with expectations

Material gross profit margin (MGM)

- MGM improved to 46.7% from 45.1% pcp
- Reflects commercial initiatives including some input cost relief as well as exiting lower margin revenue following closure of WA production

1 *Excluding acquisitions and normalised for the decision to cease production in WA which reduced revenue by $15m*

Underlying earnings

- EBITDA increased 7.5% to $127.8m
- Incremental Ovato and JacPak contribution partly offset by increased energy and Group costs (largely IT, compliance and ESG related)
- EBITDA margin improved to 13.2% from 12.3% pcp
- Net finance costs increased due to higher interest rates and JacPak acquisition funding

Non-operating items

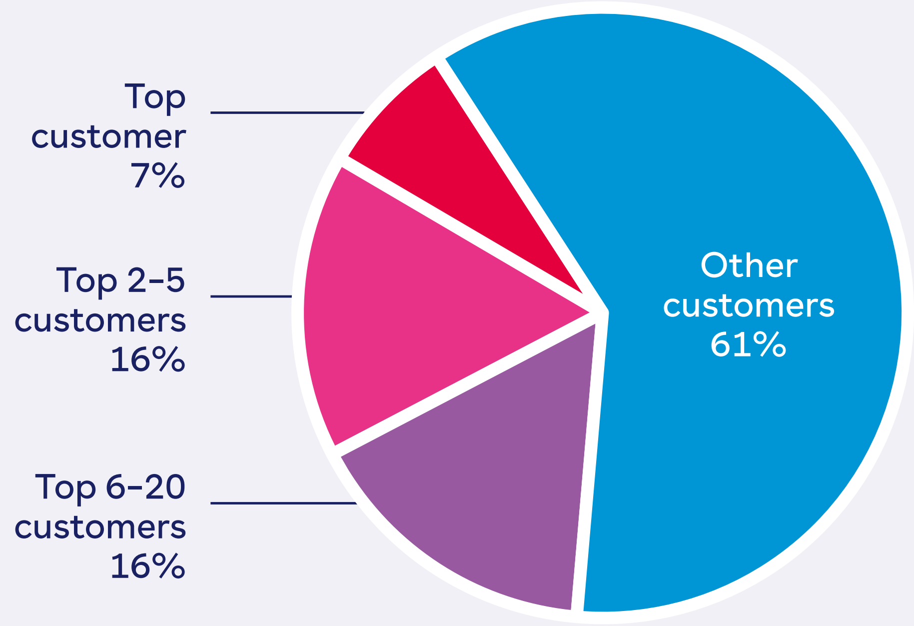
Non-operating items of $23.0m pre-tax included:

- $13.1m of restructuring costs primarily relating to completion of Ovato integration;
- $5.8m Lasoo operating loss consistent with guidance; and
- $2.0m of acquisition costs primarily relating to JacPak

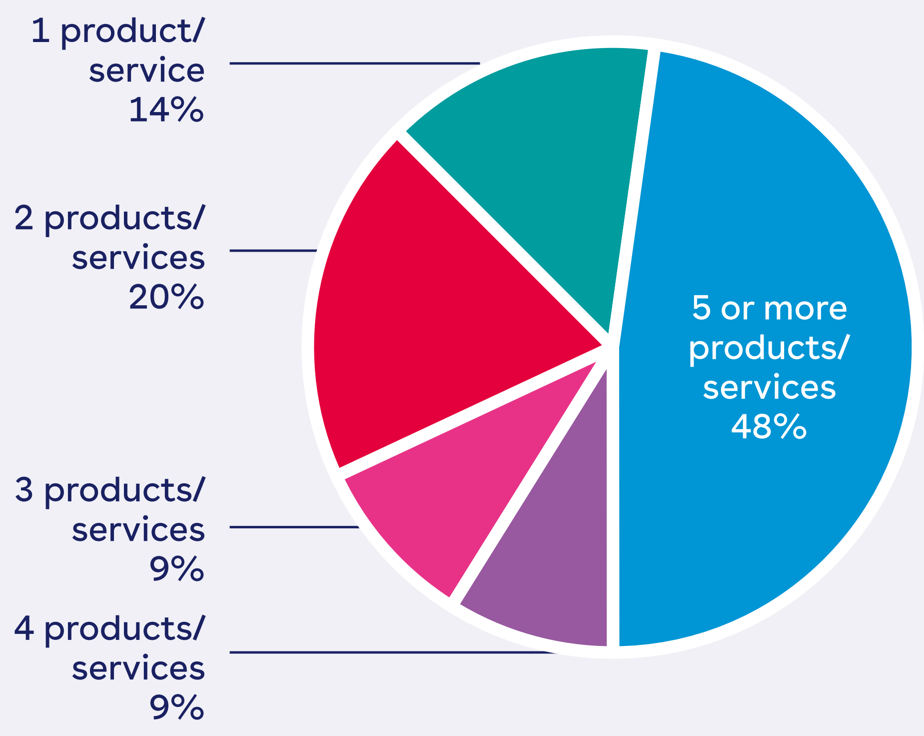
FY25 non-operating items expected to be around $2.5m

Customer diversity and longevity

Revenue concentration by customer



Revenue product/service penetration

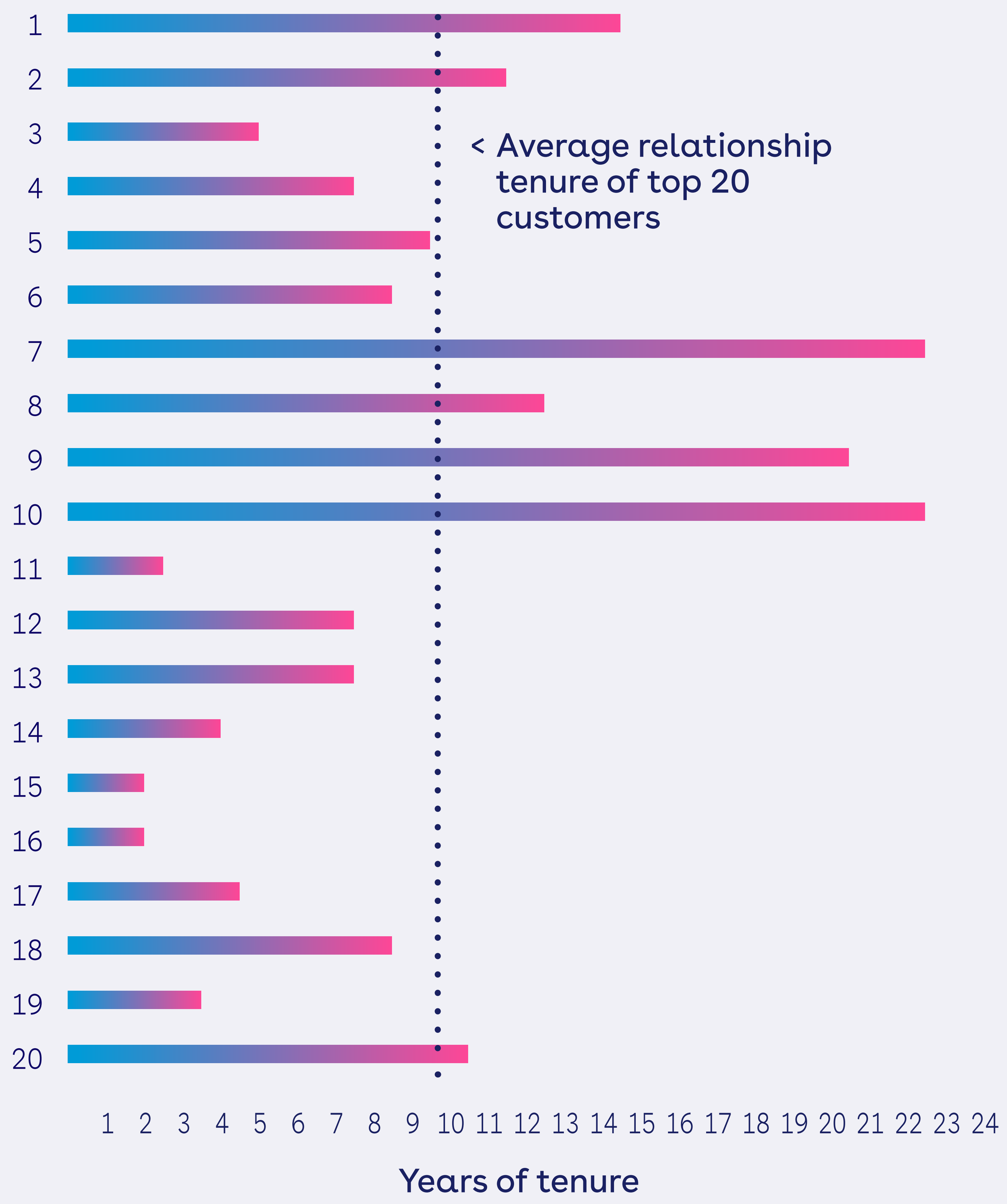


Revenue sector analysis

	%
Retail	51.4
White goods, electronics, furniture, clothing	*18.5*
Supermarkets	*17.7*
Health / personal products	*13.1*
Food / beverage	*2.0*
Financial / Corporate Services	8.7%
Publishing	6.2%
Media	4.1%
Government	3.1%
Health	2.4%
Tourism / Entertainment	2.1%
Manufacturing	1.6%
Trade	1.5%
Other[1]	18.9%
Total	**100.0%**

1. Other includes telecommunications, charity/not-for-profit, manufacturing, service, advertising agency, education, broker, associations, automotive, transport, utilities, IT, property, building/construction.

Relationship tenure of top 20 customers



Balance sheet

Net debt in-line with/better than expectations

Net debt	FY24 $m	FY23 $m
Loans and borrowings[1]	179.8	169.1
Less cash	*48.8*	*44.9*
Net debt	**131.0**	**124.2**

1 Loans and borrowings are gross of facility establishment costs and exclude AASB 16 right of use liabilities impacts

- Cash at bank $48.8m
- Net debt increased modestly to $131.0m – JacPak acquisition funding largely offset by strong increase in operating cash flow
- At 1.3x pre-AASB 16 EBITDA (or 1.0x post-AASB 16 EBITDA), net debt is below target level of 1.5x and broadly unchanged from 30 June 2023
- Undrawn debt capacity of $50.0m (excluding acquisition facility)

Capital expenditure

Continued investment to ensure market leading asset base

Capital expenditure	FY24 $m	FY23 $m
Investment and maintenance	11.2	13.9
Lasoo platform enhancement	1.4	1.0
Ovato	3.4	1.6
Total	**16.0**	**16.5**

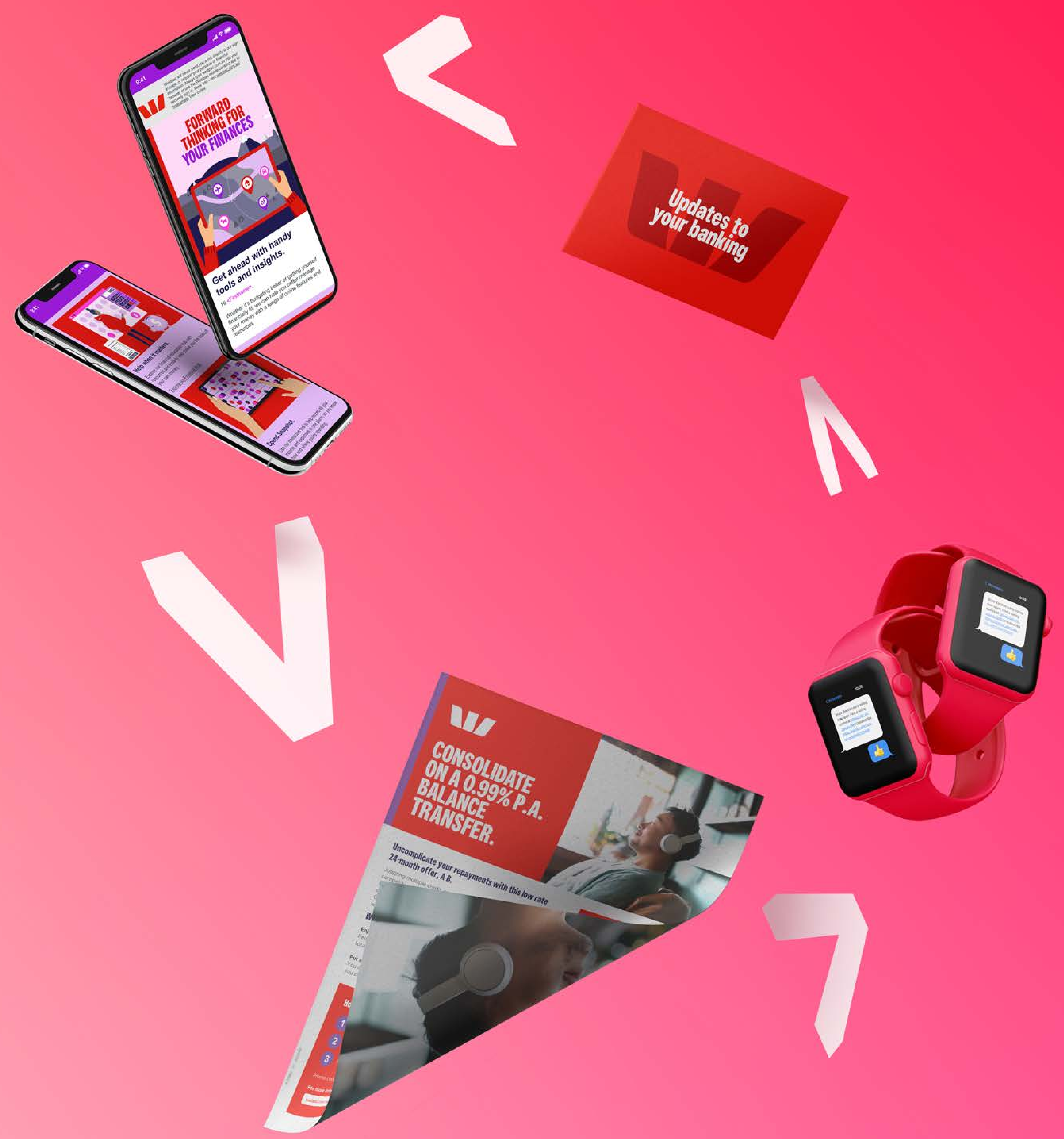
- Capital expenditure was $16.0m, with $3.4m relating to the Ovato integration and $1.4m relating to Lasoo which included customer experience enhancements
- Investment and maintenance capital expenditure included $2.8m relating to deposits placed on equipment to facilitate packaging expansionary plans at IVE's Sydney commercial printing facility
- Capital expenditure is expected to be around $24.5m in FY25, including $11.0m relating to the packaging capacity build-out (net of disposal proceeds)

Cash flow and dividends

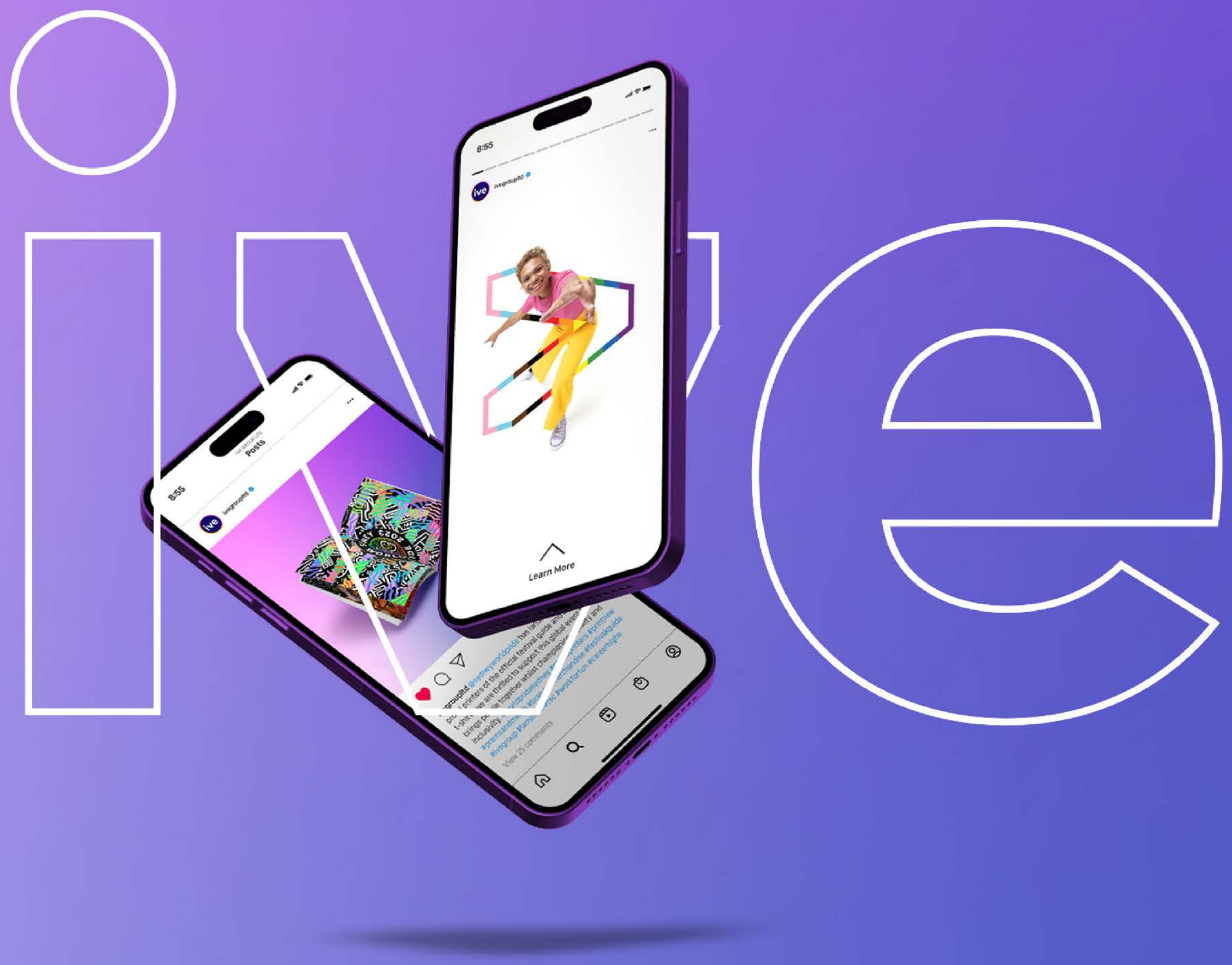
Improved operating cash flow with normalisation of working capital

Cash flow and dividends	FY24 $m	FY23 $m
EBITDA	127.8	119.0
Movement in NWC/non-cash items in EBITDA	18.0	(40.8)
Operating cash flow	**145.8**	**78.2**
Operating cash conversion to EBITDA	114.0%	65.7%
Dividend per share	**18.0¢**	**18.0¢**

- Operating cash conversion to EBITDA up to 114.0% from 65.7% pcp
- Primarily due to normalisation in working capital following the Ovato transaction, supported by improved supply chain certainty
- The Board declared a fully franked dividend of 8.5¢ps, stable on pcp giving rise to a stable FY24 fully franked dividend of 18.0¢ps
- FY24 payout ratio of 65%

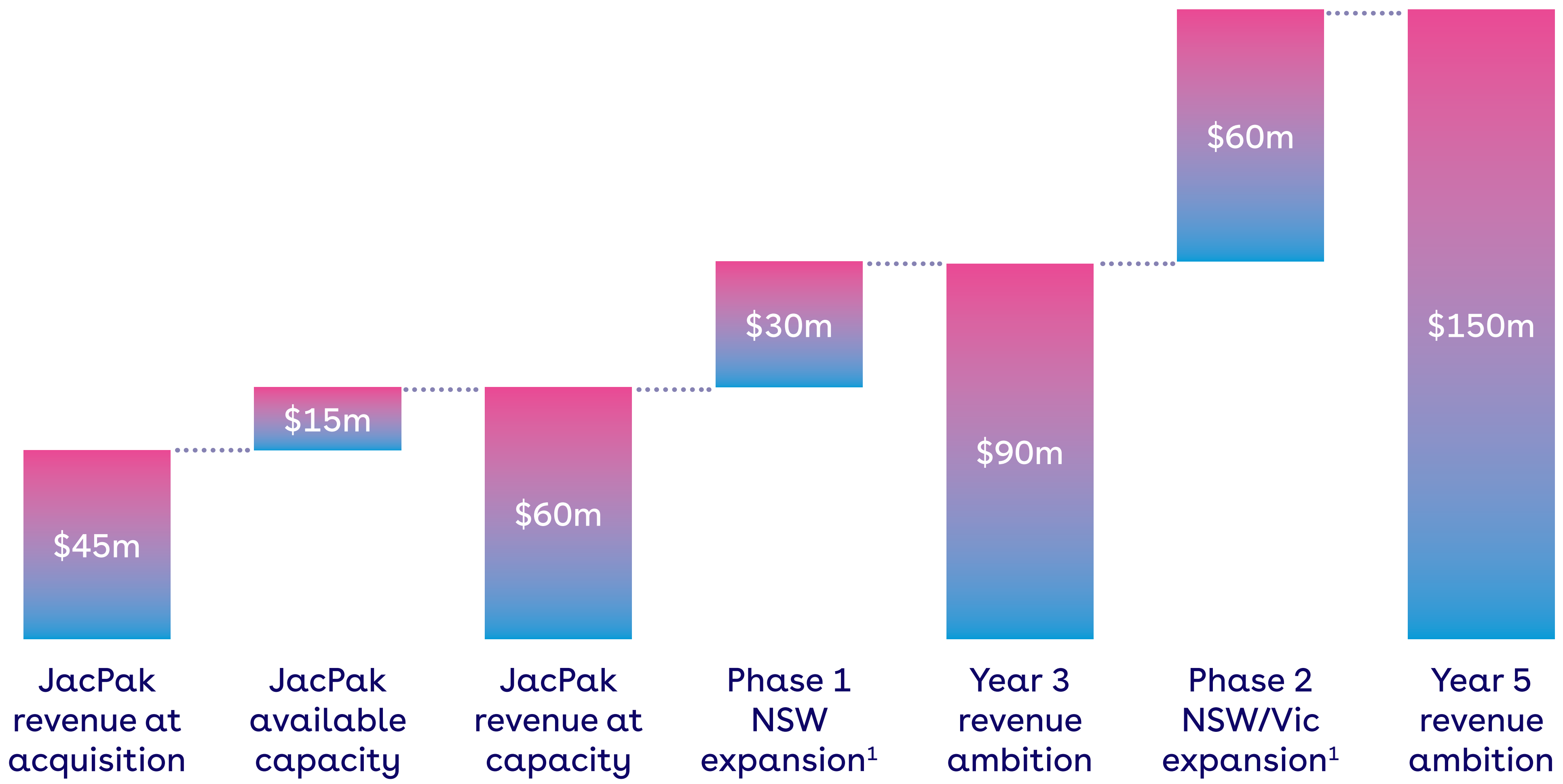


Growth initiatives



Packaging

- Acquired Melbourne based folding carton producer, JacPak, on 31 October 2023
- JacPak contributed revenue of $28.3m during FY24 which was broadly in-line with annual revenue expectations of around $45m (considering seasonality and transfers to IVE's Victorian printing operations)
- No change to expected synergies – cost savings of $2.4m locked-in with $15m of available capacity for organic revenue growth
- The Group has been encouraged by a number of new business wins since taking ownership of JacPak
- IVE intends servicing national brands through packaging operations in both Victoria and NSW, supported by our national logistics network:
  - in Victoria, JacPak (IVE Packaging) will continue to operate as a standalone business with annual revenue capacity of $60m
  - in NSW, IVE intends expanding its Sydney commercial printing site capability (with the addition of die cutting and gluing equipment) to also support the efficient production of folding carton packaging
- The standalone JacPak facility coupled with the Sydney expansion will result in total packaging revenue capacity of around $90m pa
- For Phase 2, additional investment would add a further $60m to capacity resulting in the Group achieving its stated ambition of generating annual packaging revenue of around $150m pa over 5 years



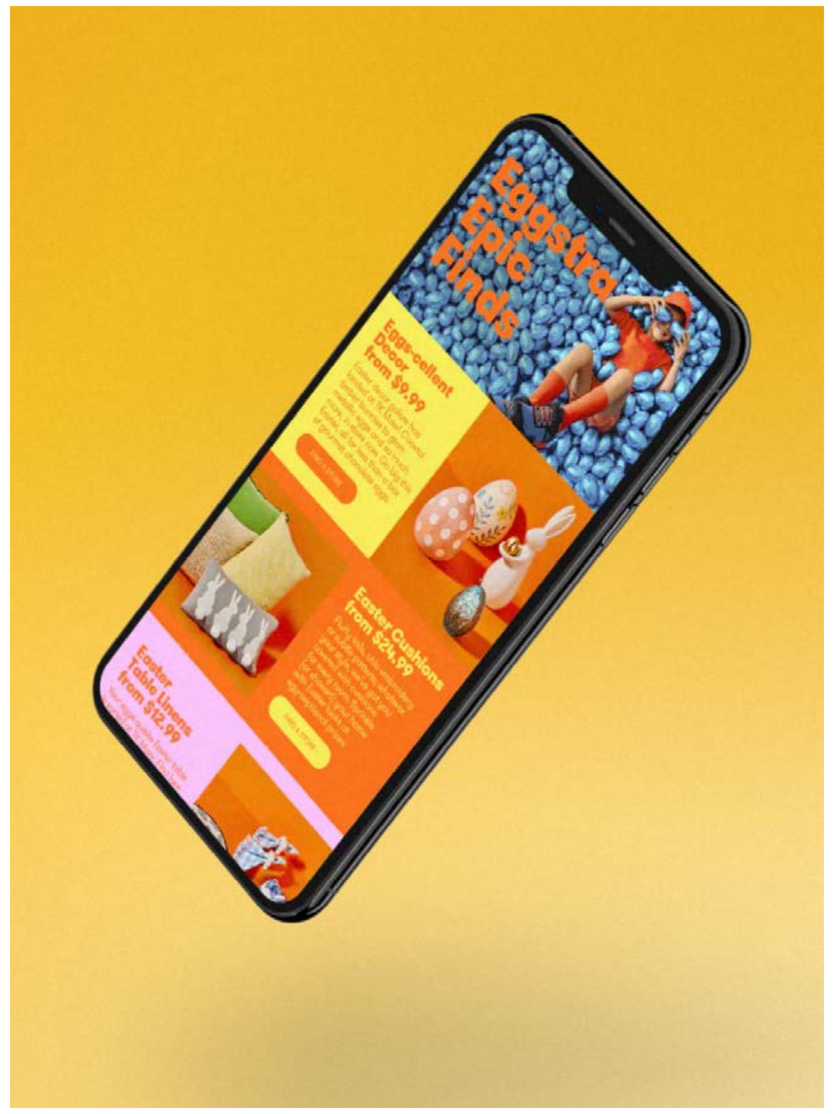
1 Additional capital expenditure required

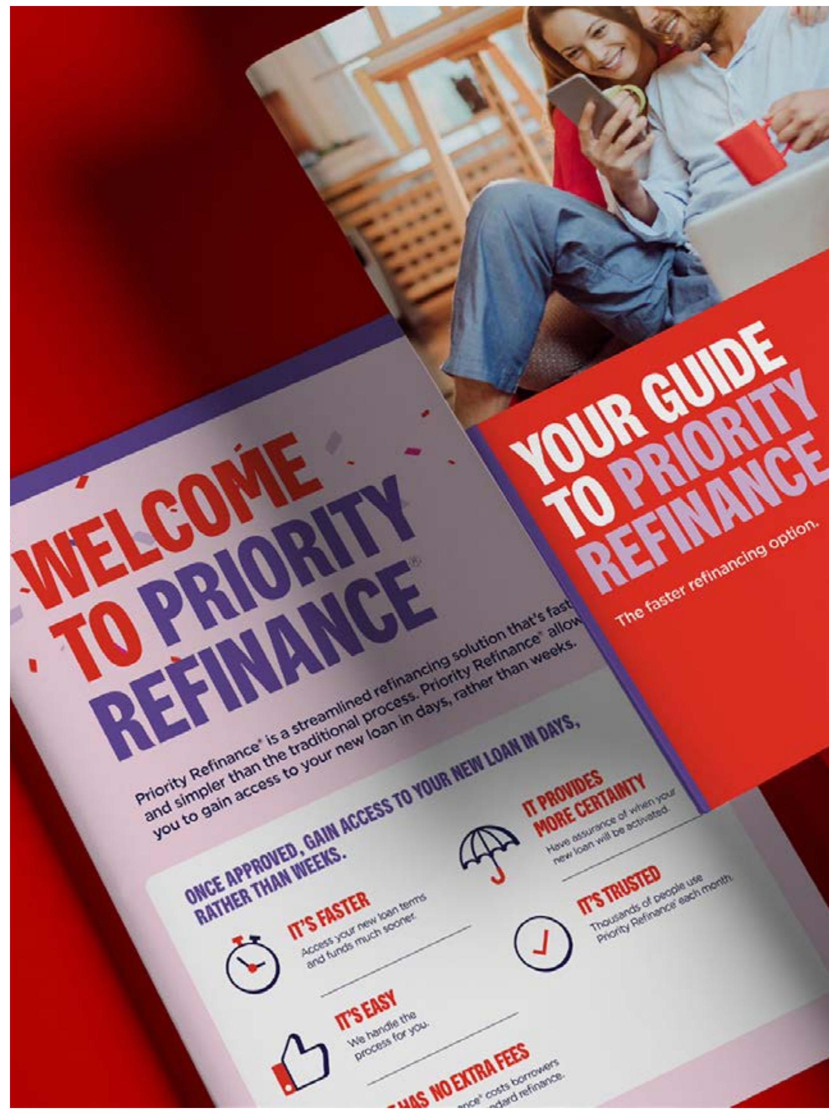
Creative and Content

- Fragmentation of the media landscape and proliferation of marketing channels has significantly increased the type, volume and frequency of content required for effective omni-channel marketing
- IVE is upscaling its Creative and Content business to capture additional share of customer wallet and to access new revenue streams, markets and customers
- Initial focus has been on talent and capability – expanding the breadth and depth of service offering across strategy, creative, content production and technology
- To accelerate that expansion, IVE acquired Elastic Group, an independent creative agency that specialises in video content creation and visual communications – Elastic's Sydney and Melbourne operations (including 40 staff) relocated and integrated
- Elastic retains an impressive portfolio of customers across automotive, pharmaceutical, government, sports & entertainment, food & beverage, finance and property
- IVE now has an unrivalled in-house marketing services offering, providing customers with a streamlined and simplified way of producing ideas and content for every marketing channel

Introducing Elastic:

Elastic Reel 2024





CREATIVE, CONTENT & INTEGRATED SOLUTIONS

IVE has invested in new skills and capabilities that, when combined with our existing offering, enables us to help brands connect with their targeted consumers across every possible touch-point

CONTENT

Existing capability

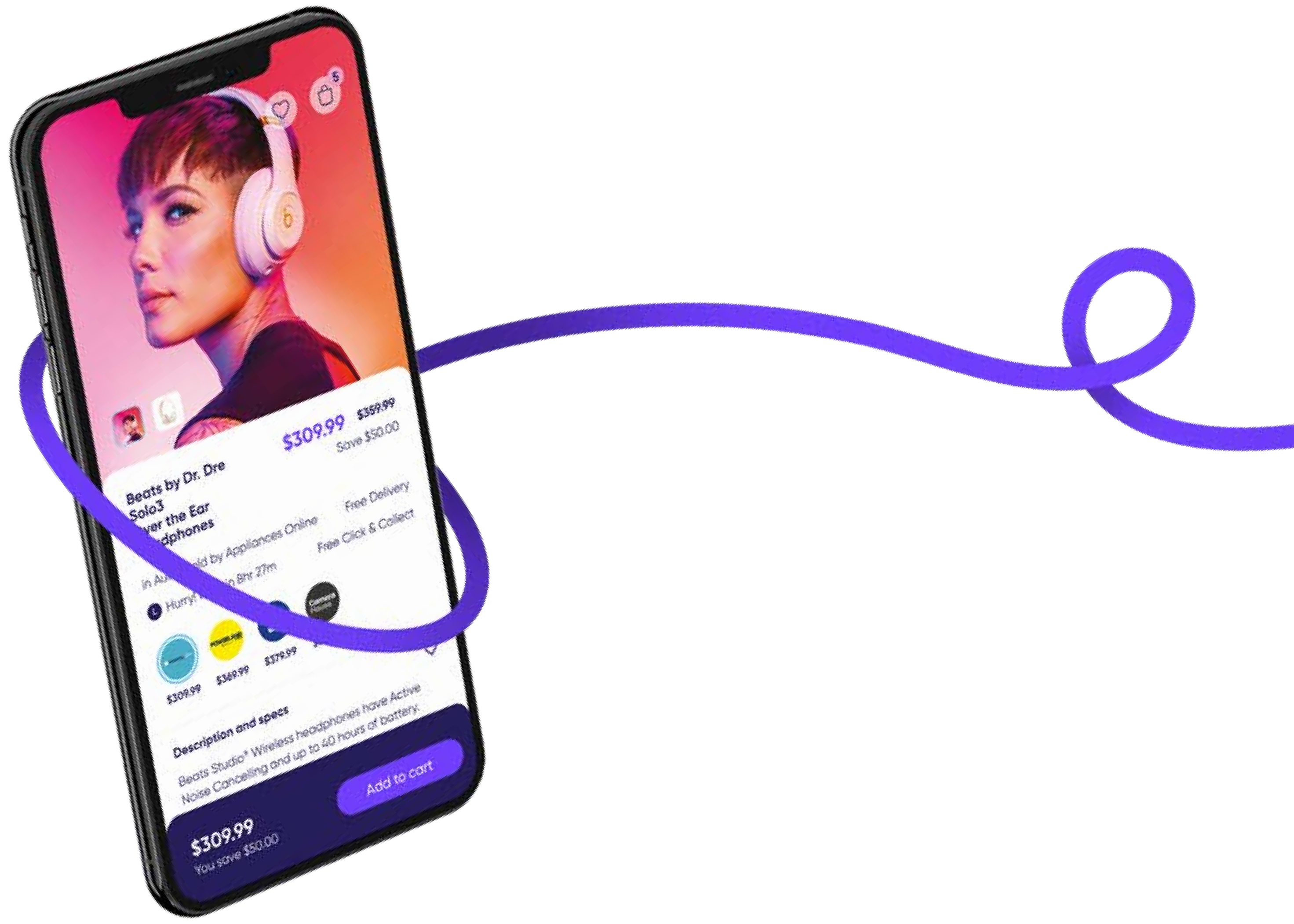
New capability

CHANNELS 24/7 Always on Content

Existing capability

New capability

Lasoo – warrants ongoing investment with key metrics demonstrating strong growth



Annualised GTV[1,2]

$16m

↑ 7% on Nov '23 guidance

↑ 280% PCP

Unique monthly active users (MAU)[1]

335,000

↑ 81% PCP

Average basket size (ABS)[1]

$229

↑ 48% PCP

Retailers live on Lasoo[1]

213

↑ 70% PCP

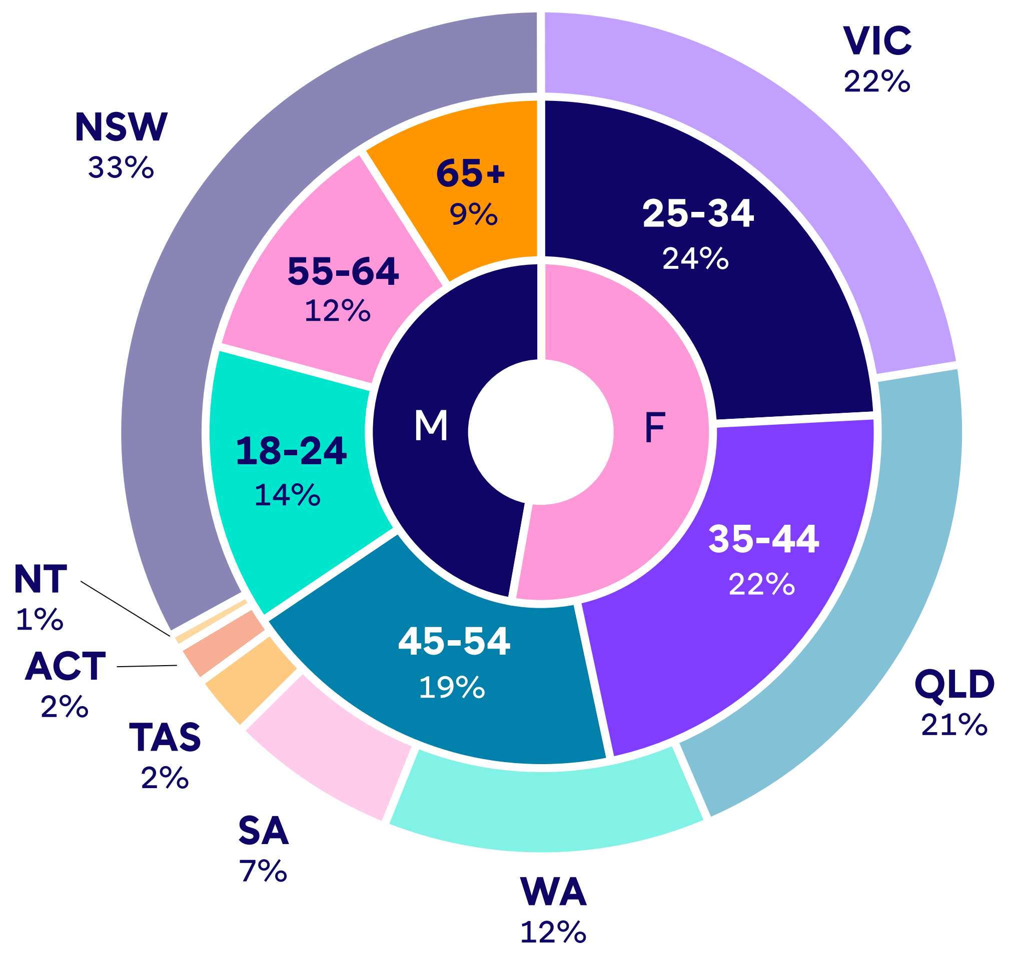
- In June 2024, Lasoo generated an annualised GTV of $16m, ahead of previously advised expectations of $15m and well above the original business case
- Given proof of concept and better-than-expected performance, the Group will continue to invest in Lasoo to further enhance customer experience and significantly scale the business
- Lasoo is now expected to scale to an annualised GTV of over $150m and break even during FY28 (versus $50m GTV and break even during FY26 in the previous business case)

1 As at June 2024

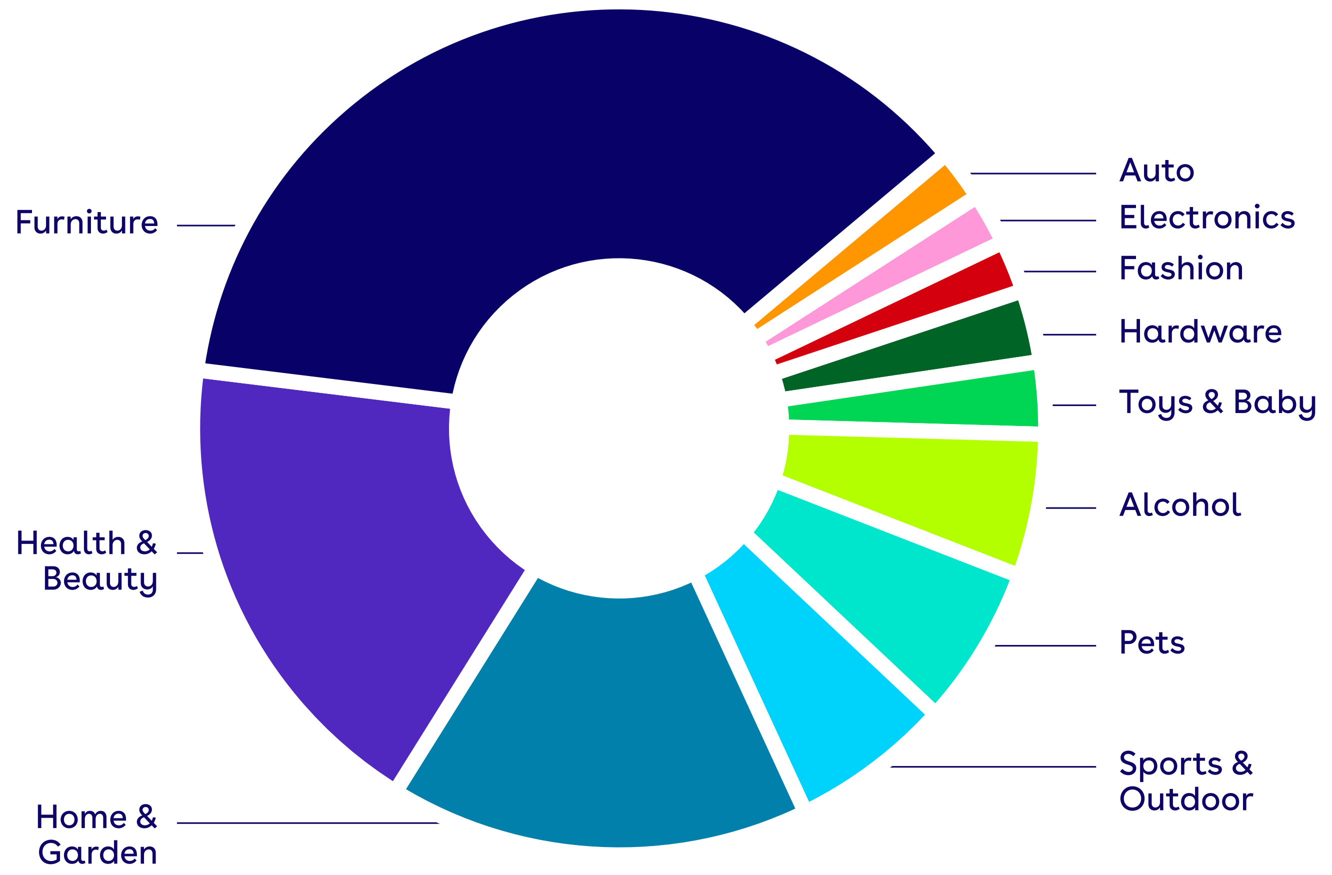
2 Gross transaction value

Lasoo – customer and retailer metrics

Who our customers are



What our customers are buying



What our customers are saying

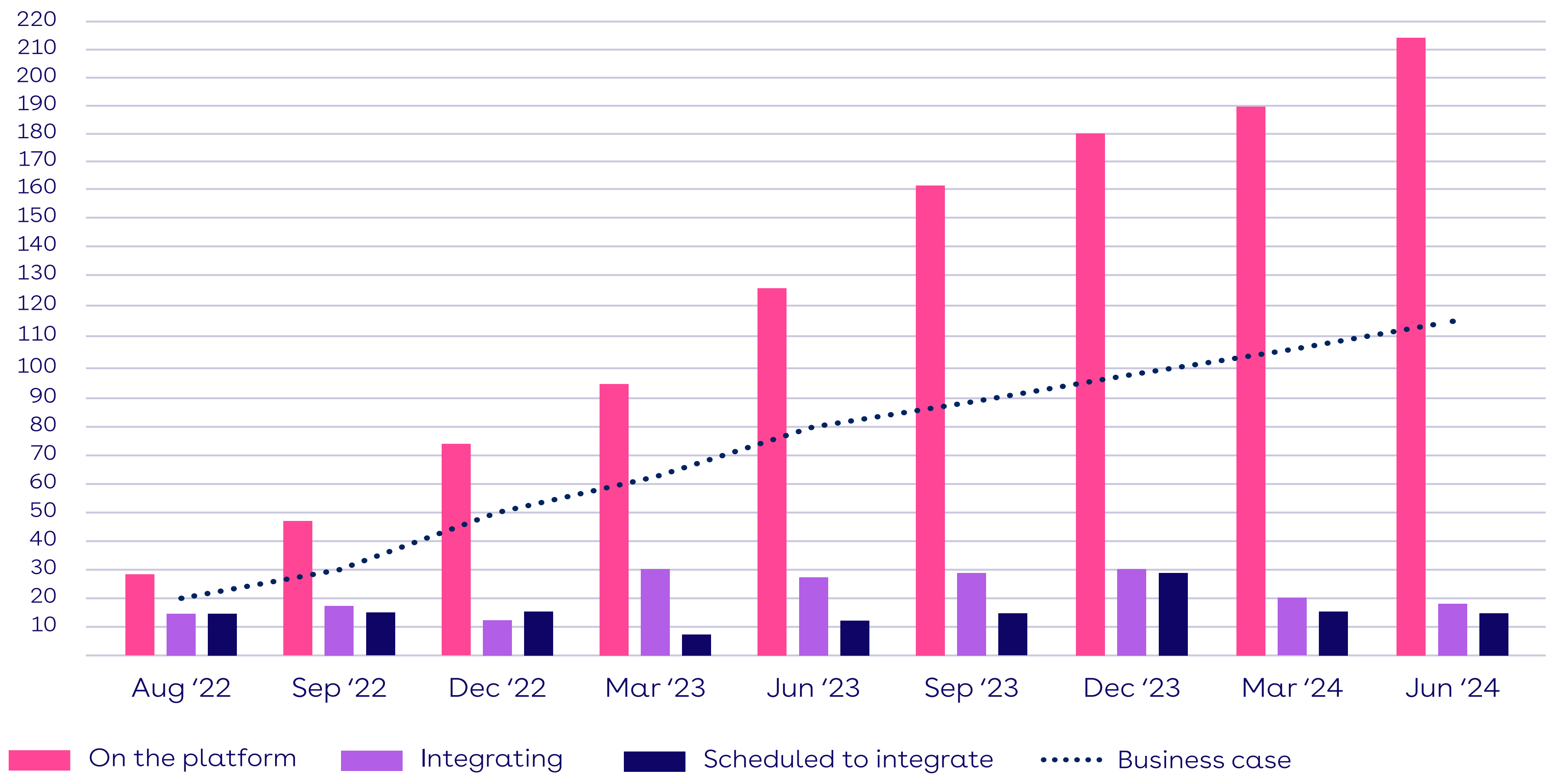
Lasoo
Trustpilot
Trust Pilot Score
4.3★ (Excellent)

★★★★★ Verified 14 June 2024
Would buy again.
Great prices and speedy free delivery. What's not to like. Had some issues with assembling my new outdoor chairs but that's a problem with the manufacturer's instructions and my ineptness, not the retailer. Would buy again.

★★★★★ Verified 28 Dec 2023
New loyal customer.
I had purchased a number of household furniture and will remain a loyal customer looking out for those special deals. Great pricing as well. Totally wrapped with them. Packaged with care to reduce any damage during transit. Received everything in great condition.
I'm heading on website now to purchase a king size bed 😊

★★★★★ Verified 28 May 2024
I was very pleased…
I was very pleased with my recent purchase of a mattress with Lasoo - prompt service & quick delivery. The whole experience went smoothly & I am delighted with the mattress - wasn't sure how a 'bed in a box' would turn out but I followed the instructions & it went like clockwork! The quality & sleep experience has surpassed my expectations, all at an affordable price.

Lasoo retailer onboarding momentum



Over 200,000 SKUs live on Lasoo

BURBERRY, LEGO, NIKE, BOSE, SAMSUNG, SONOS, GUCCI, SONY, HUGO BOSS, BONDS, PERONI, Corona, REVLON, L'ORÉAL, fisher-price, PHILIPS, Miele, dyson, LG, hp, Penfolds, EPSON, SEIKO, CONVERSE

Sustainability

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Sustainability achievements in FY24

Appointed Chief People & Sustainability Officer

Publicly launched our Sustainability Strategy

Commenced 7-year partnership with Iberdrola for the generation of renewable electricity

Established ESG Working Groups

Trained 170 client-facing teams on Sustainability

Became a signatory to the Australian Packaging Covenant

Improving measurement & reporting capabilities

62 employees received mental health first aid officer training

Commenced preparation of our Reconciliation Action Plan

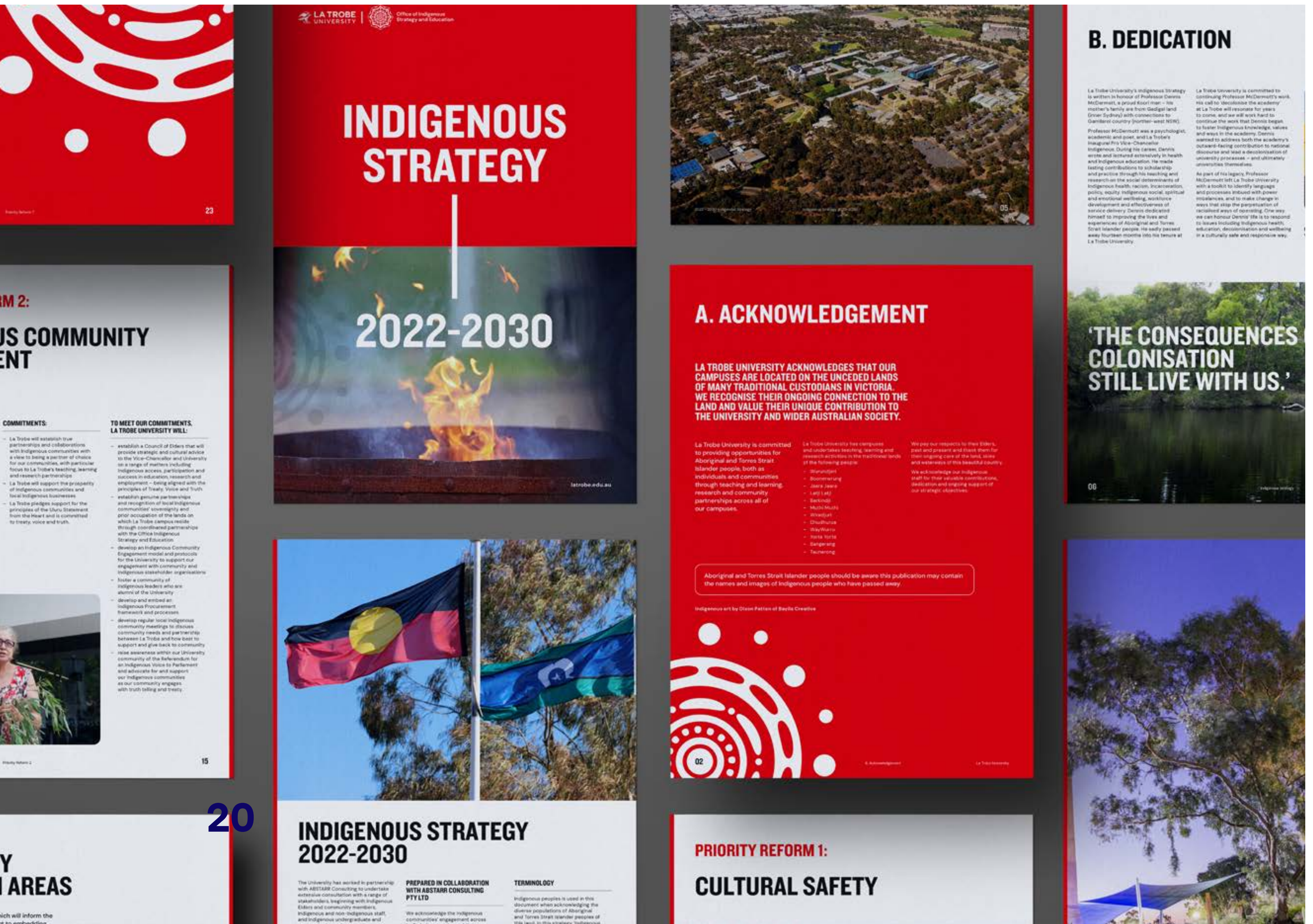
FY25 outlook and guidance

FY25 outlook and guidance[1]

- Underpinned by the diversity of the business and the expected emergence of the full run-rate of Ovato synergies and an incremental contribution from JacPak, the Group's FY25 underlying earnings guidance range is as follows:
- NPAT $45m – $50m
- NPAT guidance excludes:
  - Lasoo operating loss similar to FY24; and
  - Restructure and integration costs of around $2.5m

1 Outlook and guidance is subject to risks as outlined in the Risk Management Framework on pages 27-29 of IVE's 2024 Appendix 4E

- As part of a continual review of capital management options, the Group's dividend is expected to be held steady at 18.0¢ps:
  - Reflecting the already substantial dividend payout/yield; and
  - To preserve cash to pay down senior debt and/or other capital management options
- While diversification (typically through acquisition) remains a core element of IVE's growth strategy, there is presently nothing on the Group's radar with senior debt expected to reduce in FY25
- With a strong balance sheet and numerous organic growth initiatives in train, the business is well positioned for continued profitable growth
- Notwithstanding macroeconomic headwinds, FY25 trading has commenced strongly



Appendices

Appendix A

IFRS Profit and Loss

	FY24 $m	FY23 $m	Variance %
Revenue	972.8	970.2	0.3
Material profit	454.5	437.4	3.9
% of revenue	*46.7%*	*45.1%*	*3.6*
EBITDA	107.1	90.6	18.2
% of revenue	*11.0%*	*9.3%*	*17.9*
Depreciation and amortistation	49.9	52.9	(5.7)
EBIT	57.2	37.6	51.8
Net finance costs	17.4	13.3	31.1
NPBT	39.7	24.3	63.2
Income tax expense	12.1	7.2	68.3
NPAT	27.6	17.1	61.0
% of revenue	*2.8%*	*1.8%*	*60.5*
NPATA	31.0	20.2	53.8
% of revenue	*3.2%*	*2.1%*	*53.4*
EPS (NPAT) cents	18.0	11.4	57.1
EPS (NPATA) cents	20.2	13.5	50.1

IFRS to underlying NPAT reconciliation

	FY24 $m
IFRS NPAT	**27.6**
Restructure and integration costs	13.1
Acquisition costs	2.0
Software as a service expense	0.8
Lasoo	5.8
Other	1.3
Pre-tax non-operating items	**23.0**
Tax effect of adjustments	(7.7)
Underlying NPAT	**43.0**

Appendix B

IVE Group Limited Balance Sheet

	FY24 $m	FY23 $m
Current Assets		
Cash and cash equivalents	48.8	44.9
Trade receivables, prepayments and other	147.4	146.6
Inventories	80.4	98.7
Current tax receivable	–	1.2
Assets held for sale	–	1.1
Total Current Assets	**276.6**	**292.4**
Non-Current Assets		
Deferred tax assets	15.5	19.3
Property, plant and equipment	111.6	107.0
Property, plant and equipment (ROUA)	105.5	122.2
Intangible assets and goodwill	155.1	133.6
Other (lease receivable)	0.6	0.9
Total Non-Current Assets	**388.2**	**382.9**
Total Assets	**664.8**	**675.3**
Current Liabilities		
Trade payables and provisions	164.9	167.2
Loans and borrowings	3.0	3.6
Lease liability (ROUA)	32.3	36.7
Total Current Liabilities	**200.2**	**207.5**
Non-Current Liabilities		
Trade payables and provisions	14.4	14.6
Loans and borrowings	170.8	157.2
Lease liability (ROUA)	84.8	102.4
Total Non-Current Liabilities	**270.1**	**274.2**
Total Liabilities	**470.3**	**481.7**
Net Assets	**194.6**	**193.6**
Equity		
Share capital	167.7	167.7
Reserves	3.9	2.8
Retained earnings	23.0	23.1
Total Equity	**194.6**	**193.6**

Appendix C

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No recommendation, offer, invitation or advice

This presentation contains general information about the activities of IVE Group Limited (IVE) which is current as at 30 June 2024. It is in summary form and does not purport to be complete. It presents financial information on both a statutory basis (prepared in accordance with Australian accounting standards which comply with International Financial Reporting Standards (IFRS)) as well as information provided on a non-IFRS basis.

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