IVE Group Limited 2020 Annual General Meeting

Chief Executive Officer's Presentation

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24 November 2020

Contents

Financial performance dashboard

REVENUE **$691.5m**	EBITDA **$76.6m**	EBITDA MARGIN **11.1%**
NPATA **$36.7m**	NET DEBT TO EBITDA **1.79x**	FREE CASH CONVERSION TO EBITDA OF **110%**

- NPAT excluding amortisation of customer contracts
- The underlying financial results are on a non IFRS basis and are not audited or reviewed
- The underlying results are on a continuing operations basis and exclude non-operating items
- The underlying results include net JobKeeper receipts ($15.1m)

Year in review

The year was defined by the unprecedented impacts of COVID-19

- We moved quickly at the outset of the pandemic to implement appropriate measures to ensure the safety and wellbeing of our staff
- We effectively executed a range of initiatives to mitigate the expected financial impacts of revenue declines and volatility
- We ensured throughout that we continued to provide high levels of customer service
- We took the opportunity to leverage our supply chain, logistics capability and strong client relationships to significantly expand our personal protective equipment (PPE) range

The Company delivered a solid financial performance as a result of:

- The flexibility of our cost base and our capacity to respond to the impacts of COVID-19
- Consistent gross profit margin
- The diversity of our offer
- The quality of our people
- The strength of our customer relationships

The acquisition of Salmat Marketing Solutions (now IVE Distribution), Reach Media NZ and Lasoo in January 2020 completed the final phase of our strategic roadmap over recent years to further strengthen and expand our offer to retail clients

Year in review

The business was streamlined and strengthened through brand simplification to the one IVE brand in December 2019

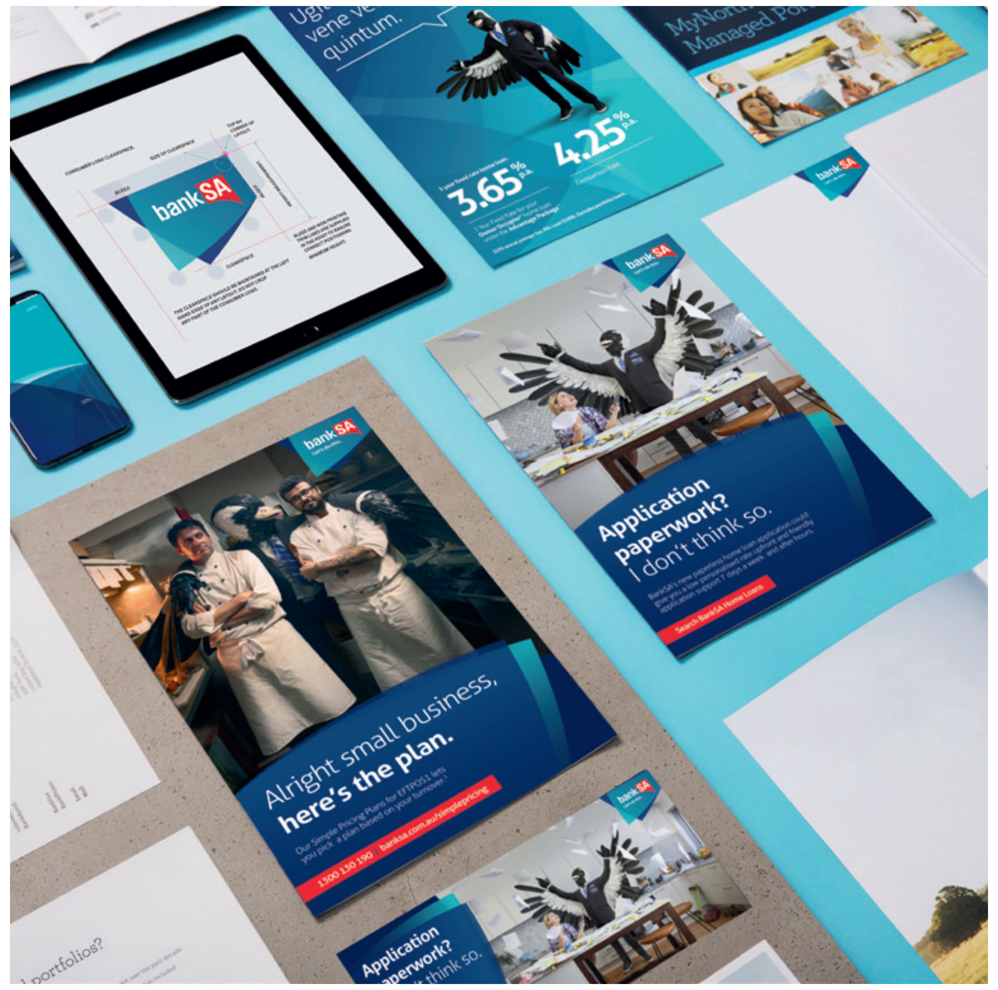
The Group remains well capitalised and highly liquid

- Free cash conversion to EBITDA of 110%
- At 30 June, 2020
  - cash of $51.6m with working capital facility of $30m fully undrawn
  - net debt to EBITDA of 1.79x
- Cash at 30 October, 2020 of $89.7m with working capital facility of $30m fully undrawn
- FY20 capital expenditure of $12.3m significantly reduced on prior years

Dividends

- No dividend was declared during the FY20 year as a result of COVID-19
- $72m in fully franked dividends have been paid since listing on the ASX in December 2015

We are confident that we are ideally placed to maintain and grow our strong market position as we emerge from the COVID-19 crisis



COVID-19 response and impacts

> IVE entered this crisis in a position of strength, with the Company responding very well to the unprecedented and volatile operating environment. IVE remains well capitalised, highly liquid, and confident that we are well placed to maintain our strong market position as we emerge from this period of uncertainty and disruption.

IVE moved quickly at the outset of the pandemic to implement appropriate measures to ensure the safety and wellbeing of our valued staff.

Notwithstanding the extent and speed with which the COVID-19 crisis impacted their personal and professional lives, our entire workforce of circa 1700 staff responded amazingly by coming together and committing to do whatever was required to maintain a safe workplace and ensure we continued delivering high levels of service to our clients.

Through the period, the Company continued to maintain high levels of customer service through a hybrid of continuing operations across multiple production/service facilities and staff working remotely.

The Company qualified for the Federal Government's JobKeeper Program based on the year on year revenue reduction measured at 30 April 2020. The 'JobKeeper Program' has fortunately enabled us to retain staff through this period of revenue volatility.

For the period April-June 2020 (Q4) inclusive, the Group received a gross amount from JobKeeper of $16.8m, $15.1m net of payments to employees on stand down. The JobKeeper subsidy will be received up until the end of September 2020 (Q1 FY21).

Initiatives and focus areas in response to the crisis:

- **Health and safety of our staff**
- **Customers and revenue**
- **Operational**
- **Banking and liquidity**

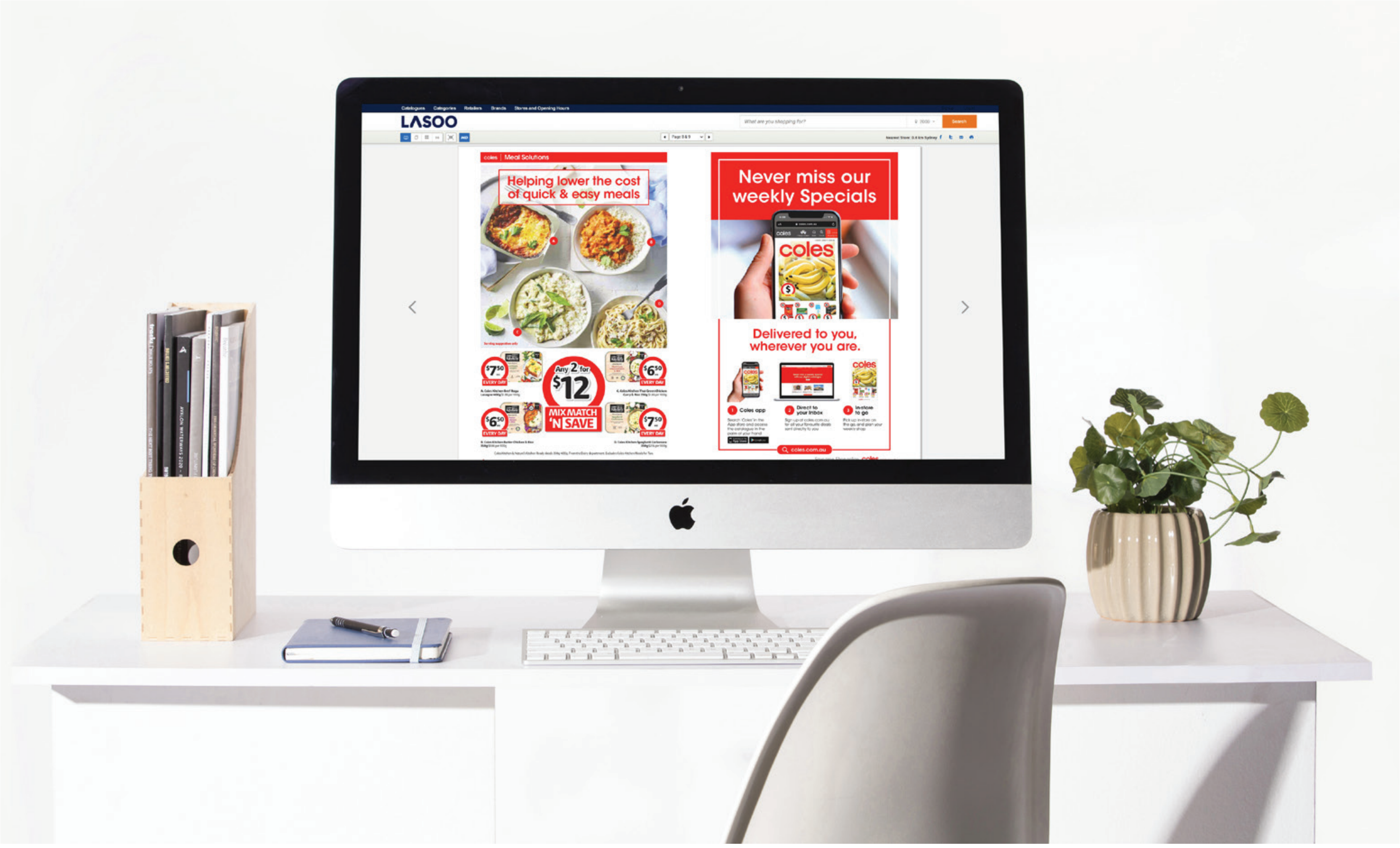
Acquisition of Salmat Marketing Solutions, Reach Media and Lasoo

The acquisition of Salmat Marketing Solutions (now IVE Distribution), Lasoo and Reach Media New Zealand was completed on 1 January, 2020 for a purchase consideration of $25.4 million. The acquisitions were fully debt funded and at the time of the completion we expected the acquisitions to be accretive to earnings in H2FY20.

These acquisitions completed 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 opportunity for clients to enhance returns on their marketing spend through our highly integrated offer.

The integration and restructure plans for the business that were developed through the due diligence program were further refined and expedited as a result of the material negative impact of COVID-19 on the business.

The enhanced structure has resulted in a more streamlined, nimble and lower cost base business.



Business and brand simplification

In November 2019 the Group ceased going to market under 4 divisional brands (Kalido, Blue Star, Pareto, IVEO). The evolution to one IVE brand with 4 core offerings (Creative, Data-Driven Communications, Integrated Marketing, Production & Distribution) 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. The brand simplification incorporated a complete refresh of all Group marketing material.

The brand simplification coincided with a number of initiatives to further streamline and strengthen the operational structure of the business:

- Refined and enhanced organisational structure
- The closure of our CX (Customer Experience) operations (formerly Kalido) in Asia from May 2020
- The closure of our Queensland DDC operations, with revenue transferred into our existing NSW and Victorian operations
- The integration of our Pareto Fundraising and Pareto Phone businesses into our DDC division

Profit and loss

Revenue decrease of ($32.1m) (4.4% decrease on PCP)

- FY20 H2 revenue includes $50.0m revenue from Salmat/Reach acquisitions
- Softer revenue for retail clients in Q1-Q3 with Q4 heavily impacted by COVID-19 reduction
- No material client losses throughout the year
- Contract extensions for a large number of existing clients
- Continued new business wins

Gross profit margin of 47.7% (47.9% in PCP) remains stable

- Normalising for Salmat/Reach acquisitions, gross profit margin is 48.6%, an increase on pcp reflecting:
  - benefits of a reduction in paper pricing over last year
  - continued leverage of our supply chain

Production and administration expenses

- Production and administration labour decrease of $24.8m to PCP ($171.5m to PCP $196.3m)
  - Reduced labour cost base in response to business simplification and revenue reduction as a result of COVID-19
  - Reflects $15.1m benefit of JobKeeper (net of amounts paid to staff on stand down)
  - Partly offset by increase in H2 of $10.1m due to Salmat/Reach labour. This is net of permanent headcount reduction due to execution of integration/restructure plans post acquisition in January 2020.
- Production and administration expense increase of $7.3m to PCP ($76.7m to PCP $69.4m) driven by
  - Increase due to Salmat/Reach acquisition $6.4m
  - Bad and doubtful debts
    - There have been no bad debts to date as a direct result of COVID-19
    - As a result of COVID-19, we considered it prudent to increase the provision at year end for doubtful debts
    - $0.7m bad debt for Harris Scarfe has been fully provided for

EBITDA

- $76.6m EBITDA
- EBITDA margin 11.1%
- EBITDA margin impact partly due to increased cost base for Salmat/Reach acquisitions impacting H2, and reduced revenue in Q4 as a direct result of COVID-19. This was partly offset by net JobKeeper receipts.
- The Group excluding JobKeeper was EBITDA positive throughout Q4

NPAT

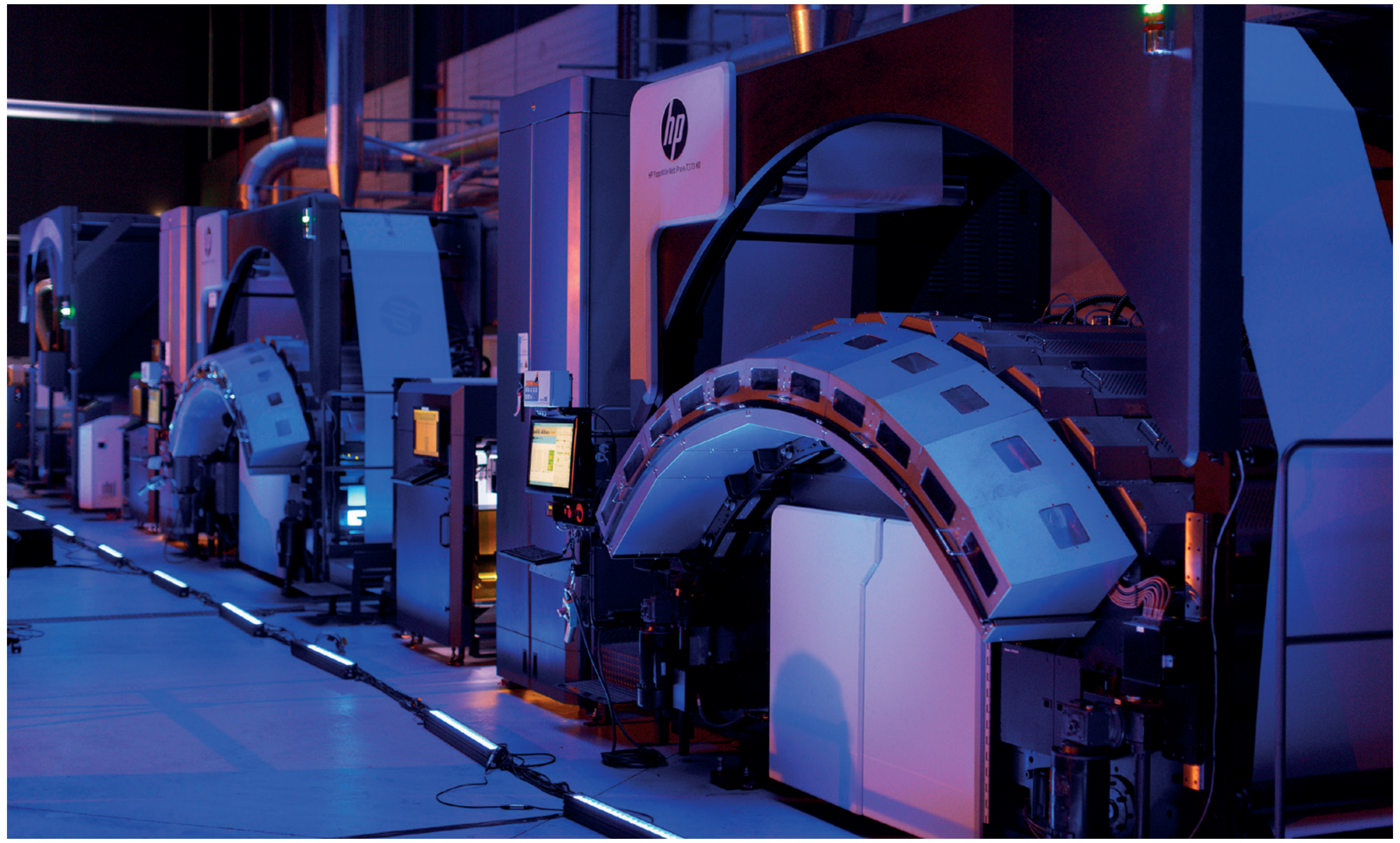
- $32.6m
- Depreciation ex Salmat/Reach $17.2m consistent with FY19
- Amortisation increase of $0.4m due to Salmat/Reach customer contracts in H2
- Benefited from reduced finance costs of $1.7m to pcp as a result of
  - increased liquidity
  - a full year of new finance facility with improved pricing
- Non-operating items excluded from underlying earnings
  - $8.7m restructure costs (predominantly redundancies and business relocations)
  - $3.6m acquisition costs (predominantly Salmat and Reach Media acquisitions)
  - Following annual impairment testing of the Group's CGUs, a Goodwill impairment of $40m has been recognised in relation to the Production & Distribution CGU. More specifically, the impairment relates to Large Format Web Offset (formally Franklin Web) and Distribution (formally Salmat Marketing Solutions/Reach Media NZ). A full explanation is contained in Note 15 of the financial statements.

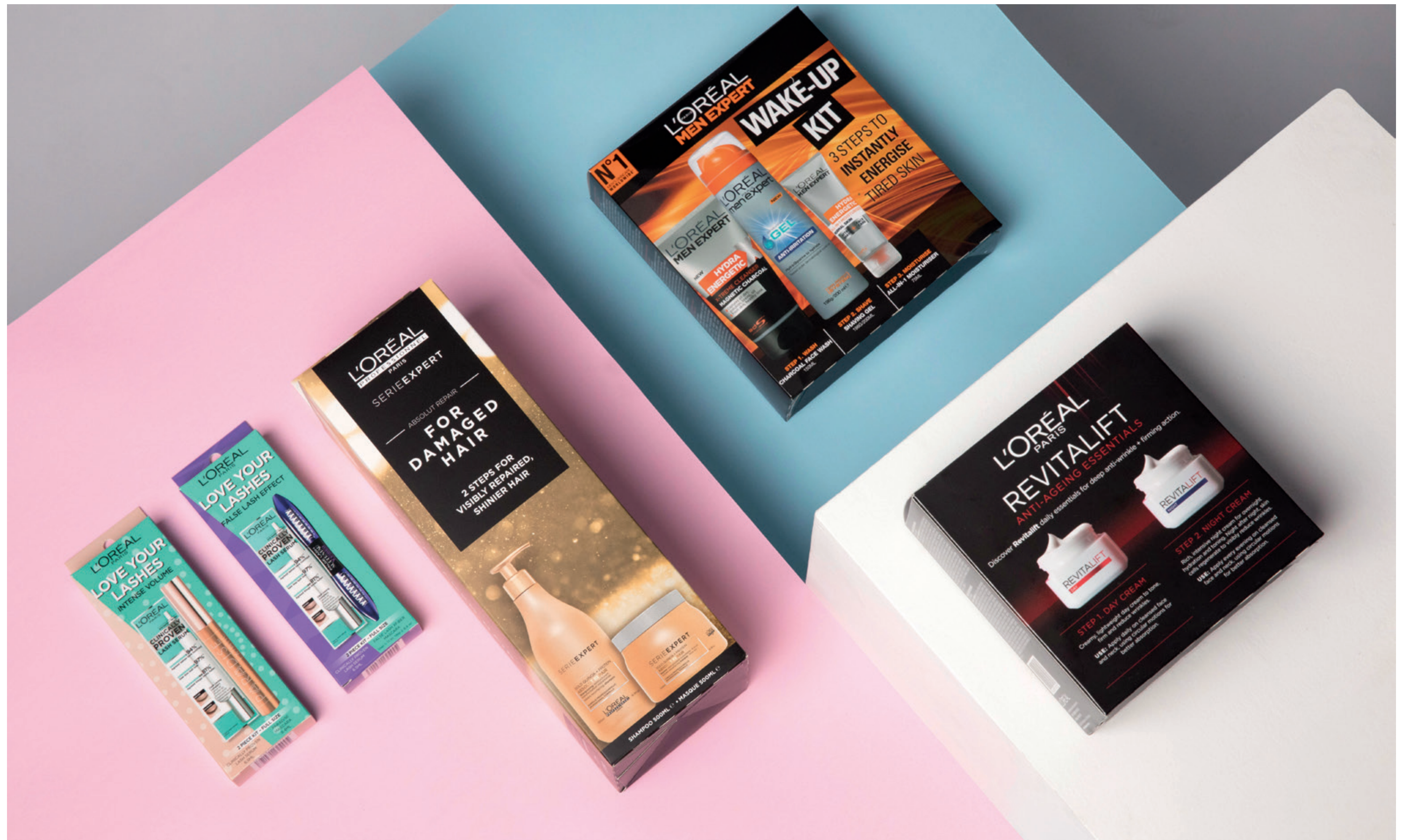
Capital expenditure

	$m
Group wide targeted investment and maintenance	8.7
Group wide MIS upgrades	3.6
	12.3

The Company's operational footprint is in excellent shape as a result of its substantial investment program over the last 5 years.

- H1 FY20 capital expenditure was $6.3m excluding MIS/ERP upgrade(s)
- In line with previous communication, FY20 full year capital expenditure was $8.7m excluding MIS/ERP upgrade(s) of $3.6m
- FY21 capital expenditure expected to be $10m including MIS/ERP upgrade(s)
- As communicated in March 2020, the previously foreshadowed capital expenditure of $25-30m on catalogue collation automation is currently on hold





Net debt

	FY2020 Actual $m	FY2019 Actual $m
Loans & borrowings – short term	6.9	6.3
Loans & borrowings – long term	181.8	168.9
Loans & borrowings* – Sub Total	**188.7**	**175.2**
Cash	-51.6	-31.5
Net Debt	**137.1**	**143.7**

* Loans & borrowings are gross of facility establishment costs
* Excludes right of use liabilities impacts from adopting AASB16

> Net debt to underlying EBITDA of $76.6m and leverage of 1.79x

> Net debt reduced from 23 March 2020 market update by $36.9m to $137.1m at 30 June 2020

> As at 30 June 2020 working capital facility of $30.0m is fully undrawn

> As at 31 October 2020 cash at bank $89.7m (with working capital facility remaining fully undrawn)

> To be prudent, the Company moved quickly at the outset of the pandemic to obtain leverage covenant waivers for 30 June, 2020 and 31 December, 2020. Based on positive trading and the close management of working capital the Company was covenant compliant at 30 June, 2020.

> IVE's senior debt facility matures in April 2023

Cash flow and dividend

	Underlying FY2020 $m	IFRS FY2020 $m
EBITDA	**76.6**	**63.9**
Movement in NWC/non cash items in EBITDA	7.3	7.9
Free Cash Flow	**83.9**	**71.8**
Capital expenditure (net)	-9.5	-9.5
Payments for acquisitions & deferred consideration	-25.5	-25.5
Net cash flow before financing and taxation	**48.9**	**36.7**
Tax paid	-12.5	-8.9
Proceeds from bank loans (net)	14.9	14.9
Payment of finance lease liabilities	-3.9	-3.9
New bank facility transaction costs	-0.2	-0.2
Dividends paid	-11.4	-11.4
Interest paid	-5.9	-5.9
Discontinued operations	0.0	-1.2
Net cash flow	**29.8**	**20.1**
Free cash conversion to EBITDA	110%	112%

Underlying cash flow is presented on a continuing operations basis pre AASB16 including JobKeeper

During the period the Group managed its working capital closely resulting in free cash flow conversion of 110% to EBITDA on an underlying basis.

On 3 March, 2020 IVE announced the cancelation of the H1 FY20 interim dividend (8.6 cents per share – $12.7m in total). The Board decided that it was appropriate to suspend the final dividend for FY20 given the continuing uncertainty around the economic impact of COVID-19, and to continue strengthening our balance sheet.

The Board intends to resume dividend payments consistent with the existing dividend policy commencing with the H1 FY21 interim dividend.

Our integrated service offering

Creative Services
> Visual
> Motion
> Digital
> Personalised
> Structural (3D)

Data-Driven Communications
> CX data & insights
> Marketing technology
> Omni-channel deployment
> Retrieval & enrichment

Production & Distribution
> Print
> Retail display
> Premiums & merchandising
> Integrated logistics
> Distribution

Integrated Marketing
> Collateral optimisation
> Resource management
> Supply chain
> Business intelligence

Sector and client spread

IVE enjoys long standing relationships with a tier 1 client base. The table below provides a snapshot of our revenue by sector for the year ended June 2020.

Revenue Sector Analysis		$m	%
Retail:	White goods, electronics, furniture, clothing	142.3	20.6
	Supermarkets	86.6	12.5
	Health / personal products	62.9	9.1
	Food / beverage	12.0	1.7
Financial / Corporate Services		101.8	14.7
Publishing		55.1	8.0
Charity / Not for Profit		32.9	4.8
Government		30.5	4.4
Tourism / Entertainment		23.7	3.4
Health		15.8	2.3
Telecommunications		15.5	2.2
Manufacturing		10.8	1.6
Other*		102.1	14.7
Grand Total		692.0	100.0

*Other includes: Media, Associations, Education, Service, Automotive, Food, Transport, Agency, Utilities, Broker, Advertising Agency, IT, Building / Construction, Property, Legal Sectors.

Our clients

- American Express
- Cancer Council
- foxtel
- nab
- Supercheap Auto
- Woolworths
- AMP
- coles
- Kmart
- nib it's worth it
- Tabcorp
- Westpac
- The Salvation Army
- BCF
- Chemist Warehouse Discount Chemist
- L'ORÉAL
- RACV
- vodafone
- ANZ
- bp
- DIAGEO
- McDonald's
- rebel
- CommonwealthBank of Australia

Revenue and customers

- The COVID-19 revenue impact to FY20 we believe to be circa $80-100m. This was primarily felt in our web printing and distribution business units, and more specifically in the catalogue (specifically where sales have been strong for some retailers and the marketing spend has been dialled back) and travel sectors.

  Requirements for the travel sector are showing signs of returning, especially at a domestic level and to a lesser extent international. Indications are that this sector will be on normal run-rates in FY22.

- Australian Community Media (ACM)
  - IVE has secured a five-year contract for the printing and distribution of publications currently published and managed by ACM. The work commenced transfer to IVE in October (following the closure of ACM's Ballarat facility) and will complete transition by June 2021.
  - As part of the long term contract with ACM, IVE acquired ACM's Mandurah printing operation in Western Australia. This facility produces work owned and published by ACM as well as an extensive range of work for commercial clients.
  - It is envisaged the contract will generate revenues of circa $100m over the term.

- In Q1 FY21 the Group has already secured $26m in new clients – this is in addition to the ACM win, and opportunities present every day to sell more IVE products and services to our existing 2,800 clients.

- Numerous contract renewals have been completed and there has been no material client loss.

Year ahead – initiatives

ivolve

Following a successful pivot into PPE during Q4 FY20, we launched our expanded range PPE & Hygiene business in October 2020. Called ivolve, 'For a safer world', stage one of the range comprises a diverse range of products with TGA approved lines such as masks, gloves, gowns, wipes and sanitisers.

Initially our focus is to facilitate the safe return of staff back into the workplace as COVID restrictions allow. To assist our customers, we have retained a Hygiene and PPE specialist who is available to consult with customers to ensure they can provide safe and hygienic workplaces.

The next stage of ivolve will see expansion into the provision of products and services for the Aged Care and Facilities Management sectors (IVE already gained traction in the Aged Care sector during Q4 FY20).

The business leverages IVE's existing onshore and offshore sourcing capabilities, our significant warehouse and logistics capabilities in Sydney and Melbourne, and is also underpinned with an online ecommerce store (predominantly for the SME market).

Site relocations

Retail Display Victoria

To facilitate the relocation of our Distribution business from Dandenong to Sunshine (and co-location in the same precinct as our retail catalogue printing business) we are relocating our Retail Display business from Sunshine to Braeside.

The new, purpose built facility will allow for improved process flow, streamlined production, and growth.

One of the key objectives is to co-locate the operation with our Integrated Logistics business in the same Braeside business park precinct to expedite the dispatch of campaigns for clients. This site is also in closer proximity to our Print and Data Driven Communications facilities at Clayton (10 minutes away).

Distribution

In January 2021 IVE will relocate its Distribution site located in Dandenong to Sunshine, reducing total cost of occupancy, eliminating transport costs and expediting speed to market for clients.

Year ahead – initiatives - *continued*

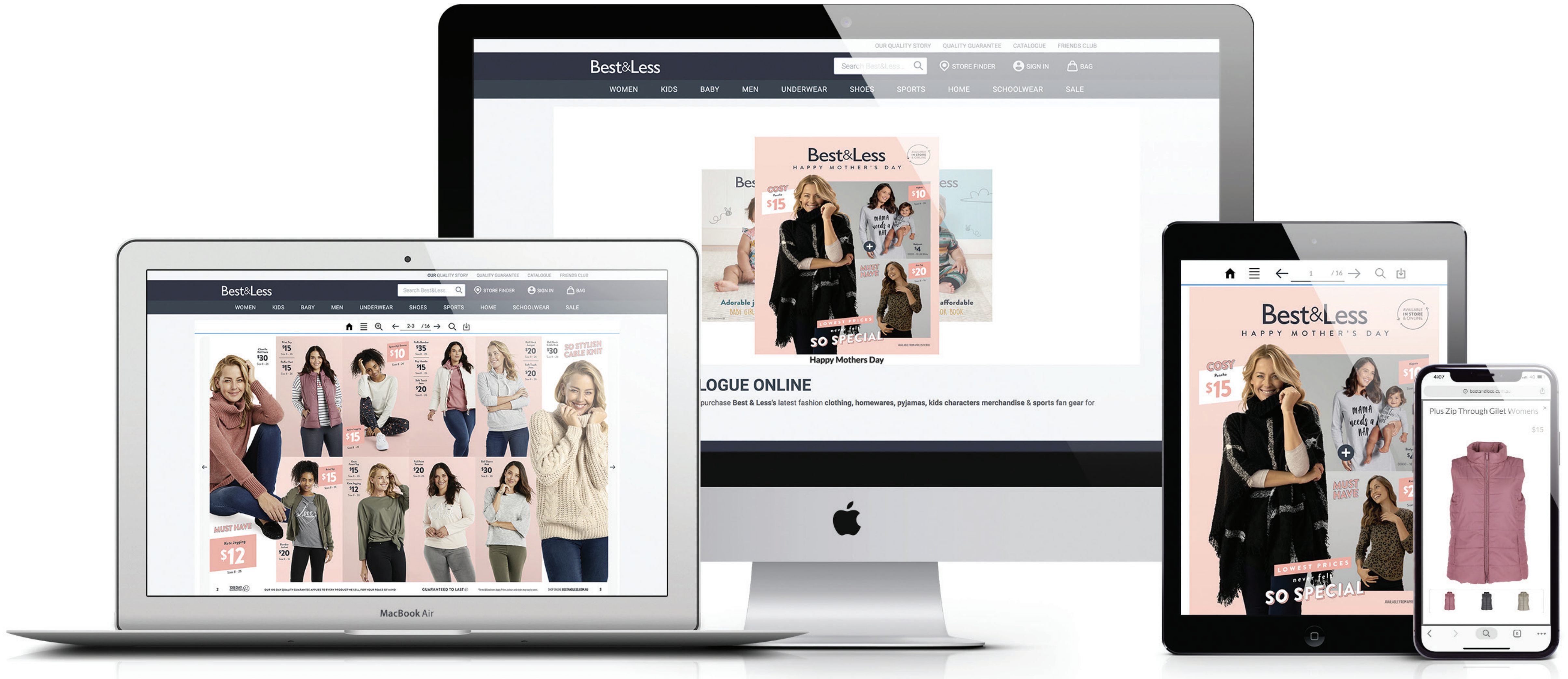
LASOO

Lasoo is Australia's first and largest digital catalogue aggregation site currently attracting over 800,000 shoppers a month who subsequently have 21m interactions with the 2m catalogues they open, in turn generating more than 70,000 'buy now' clicks for retailers.

Many of Australia's major retailers, such as Woolworths, Coles, Chemist Warehouse and Harvey Norman, promote their specials via digital catalogues aggregated on Lasoo, which enables shoppers to compare the specials and save.

Digital catalogues are a complimentary channel to printed catalogues in Australia, and are an important part of our growth strategy in the catalogue sector. Between the subscriber database and the interactions of over 800,000 visitors each month we can provide rich data, analytics and insights to clients.

In FY21 Lasoo will be relaunched with a refreshed user experience and user interface along with a commercial model that delivers value for both the retailers and IVE. This initiative is aimed at extending our market leadership in the digital and printed catalogue space.



ERP Upgrades

Following the successful go-live of ERP upgrades in Retail Display and the web printing division during FY20, IVE has now committed to replacing both the Group Finance ERP and the core systems that support our DDC business with a globally leading software platform (Oracle).

These initiatives further advance our strategy to invest in deploying best of breed management system technology to drive efficiency, simplification and transformation across each business segment of IVE.

Both of these projects have commenced and will complete in late 2021.

Summary and FY21 guidance

Summary

- The year was defined by the impacts of the COVID-19 pandemic
- We responded very well to the crisis to manage staff safety, maintain customer service levels, flex our cost base, and ensure our ongoing strong liquidity
- Notwithstanding the significant impacts of COVID-19, the Company delivered a very solid financial performance
- The acquisition of Salmat Marketing Solutions, Reach Media NZ and Lasoo in January 2020 completed the final phase of our strategic roadmap to strengthen our offer to retail clients
- The business was streamlined and strengthened through brand simplification to the one IVE brand
- The Group remains well capitalised and highly liquid
- We remain confident that IVE is ideally placed to grow our strong market position as we emerge from the COVID-19 crisis

Share buy-back

- On November 12, 2020, the Group announced its intention, as part of its ongoing capital management strategy, to conduct an on-market share buy-back program of up to 10% of the Company's ordinary shares (there are currently approximately 148.2 million ordinary shares on issue)

FY21 guidance

- The Company reaffirms previous guidance that FY21 revenue and underlying EBITDA is expected to be consistent with FY20. Forecast net debt (excluding any impact of the share buy-back) at 30 June 2021, following the divestment of IVE Telefundraising for consideration of $16.5m, is expected to be approximately $95m
- The buy-back program will not impact the Company's dividend policy, with the Board intending to resume dividend payments consistent with the existing dividend policy commencing with the H1 FY21 interim dividend

Thank you

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Authorised by the IVE Board

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