

# RESULTS PRESENTATION 12 MONTHS ENDING JUNE 30, 2016

/ AUGUST 29, 2016

Geoff Selig – Executive Chairman  
Warwick Hay – Managing Director  
Darren Dunkley – Chief Financial Officer



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# BUSINESS OVERVIEW

IVE is a vertically integrated marketing services and print communications provider. IVE enables its customers to communicate more effectively with their customers by creating, managing, producing and distributing content across multiple channels.

The marketing services and print communications industry is dynamic and constantly evolving. IVE's response to this evolution has been to maintain relevance with our customers through ongoing investment and expansion of our product and service offering.

This has been achieved through an effective combination of both organic growth initiatives and strategic acquisitions.

IVE has an unparalleled product and service offering in Australia and holds leading positions across multiple industry sectors. IVE delivers its products and service through four operating divisions:







### Kalido

Kalido is IVE's creative and digital services agency, which provides creative development, content creation, digital platforms, customer analytics and marketing automation. Kalido provides innovative solutions to its customers by bringing together strategy, data, creativity, design and technology to simplify processes, optimise brand experience and facilitate speed to market.

### Pareto Group

Market leading strategy development and execution of direct fundraising programs for the not for profit sector. The Pareto Group has two businesses that deliver unique solutions.

#### Pareto Fundraising

Pareto Fundraising is Australia and New Zealand's largest fundraising strategy and data driven solutions company serving the not-for-profit sector. It has market leading capability across analytics, direct mail and on line channels. It is also internationally recognised and well-respected for its Benchmarking program, which provides whole of sector analytics, strategic consultancy and industry thought leadership.

#### Pareto Phone

A telephone fundraising agency that helps non-profit organisations change the world for the better. Pareto Phone uses the best and latest technology to ensure that charities maximise contact with their most valuable supporters while securely handling sensitive payment details.

### Blue Star Group

Blue Star is Australia's leading provider of integrated print, display, personalised communications, promotional products, warehousing and logistics services.

Operating across six specialist businesses, the Blue Star Division is Australia's most diversified business of its kind. Continual focus on technology, innovation and efficiency, coupled with our highly experienced and passionate team creates a nimble and flexible environment dedicated to delivering a responsive service to the market.

### IVEO

IVEO is IVE's managed solutions Division. IVEO bundles the Group's broad range of products and services into multi-channel communication solutions for customers.

IVEO's engagements typically involve dedicated teams being located on or near customers' sites. Using IVE's technology platform HIVE, these dedicated teams provide the customer with a single point of access to IVE's product and service offering spanning creative through to distribution.

Through efficiency, simplicity and consistent quality, IVEO improves communications speed to market whilst maintaining brand integrity, enabling our customers to maximise their competitive advantage and return on investment.



# FINANCIAL PERFORMANCE HIGHLIGHTS

## FINANCIAL HIGHLIGHTS PROFIT AND LOSS

	Pro Forma				
	Actual FY2016 \$'M	Prospectus Forecast FY2016 \$'M	Variance %	Actual FY2015 \$'M	Variance %
Revenue	382.0	381.0	0.3%	337.4	13.2%
EBITDA	42.8	42.5	0.8%	30.9	38.7%
EBIT	32.8	32.0	2.6%	17.3	90.1%
NPAT	20.9	20.3	2.9%	9.6	117.5%
NPATA	22.5	22.0	2.5%	10.9	106.7%

- IVE exceeded its full year prospectus forecast at a revenue, EBITDA, EBIT, NPAT and NPATA level.
- High cash generation reflecting strong operating performance with a continued focus on working capital.
- Dividend of 8.6 cents per share fully franked, compared to Prospectus forecast of 8.4 cents per share.

## KEY METRICS

	Pro Forma	
	FY2016 Actual	Prospectus FY2016
Revenue growth	13.2%	12.9%
Organic growth	2.6%	2.3%
Gross profit margin	52.2%	52.3%
EBITDA growth	38.7%	37.6%
EBITDA margin	11.2%	11.2%
EBIT growth	90.1%	85.1%
EBIT margin	8.6%	8.4%
NPAT Growth	117.5%	109.5%
NPATA growth	106.7%	100.2%

# PROFIT AND LOSS

## FINANCIAL PROFIT AND LOSS

	Statutory		Pro Forma		
	Actual FY2016 \$'M	Actual FY2015 \$'M	Actual FY2016 \$'M	Actual FY2015 \$'M	Prospectus Forecast FY2016 \$'M
Revenue	369.2	307.7	382.0	337.4	381.0
Gross Profit	192.0	161.1	199.6	179.9	199.2
% of Revenue	52.0%	52.4%	52.2%	53.3%	52.3%
EBITDA	26.5	17.8	42.8	30.9	42.5
% of Revenue	7.2%	5.8%	11.2%	9.2%	11.2%
EBIT	16.9	5.1	32.8	17.3	32.0
% of Revenue	4.6%	1.7%	8.6%	5.1%	8.4%
Profit before tax	14.2	3.2	30.6	15.2	29.7
NPAT	15.1	1.5	20.9	9.6	20.3
NPATA	16.4	2.2	22.5	10.9	22.0

- Pro Forma revenue increase of 13.2% over PCP reflects the impacts of continued organic growth, increased revenue from the existing customer base through expanded service offering, and the contribution from acquisitions undertaken in H2 FY2015 and in FY2016.
- On a Pro Forma basis achieved gross profit of 52.2% to revenue is in line with prospectus forecast and compares to 53.3% PCP, which largely reflects the sales mix including the contribution from acquisitions.
- Pro Forma EBITDA increase of 38.7% over PCP achieved through revenue growth, stable gross profit margin, efficiency gains through capital expenditure, and closely managed cost base resulting in an expanded EBITDA margin.

# BALANCE SHEET

## IVE GROUP LIMITED BALANCE SHEET

	Actual Jun-15 \$'M	Actual Jun-15 \$'M	Pro Forma Jun-15 \$'M
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	14.4	6.7	12.3
Trade, prepayments and others	74.1	60.2	63.5
Inventories	12.5	14.4	14.9
<b>Total Current Assets</b>	<b>101.0</b>	<b>81.3</b>	<b>90.7</b>
<b>NON CURRENT ASSETS</b>			
Deferred tax assets	17.2	11.7	13.1
Property, plant and equipment	41.8	35.4	36.0
Intangible assets and goodwill	70.3	25.3	43.4
Other non current assets	1.0	0.2	0.2
<b>Total Non Current Assets</b>	<b>130.3</b>	<b>72.6</b>	<b>92.7</b>
<b>Total Assets</b>	<b>231.3</b>	<b>153.9</b>	<b>183.4</b>
<b>CURRENT LIABILITIES</b>			
Trade payables and provisions	80.0	65.9	66.7
Finance lease liabilities	2.6	2.7	2.7
Bank loans	0.0	22.0	0.0
Current tax payable	3.7	3.1	3.4
<b>Total Current Liabilities</b>	<b>86.3</b>	<b>93.7</b>	<b>72.8</b>
<b>NON CURRENT LIABILITIES</b>			
Trade payables and provisions	15.1	11.5	16.5
Finance lease liabilities	11.7	6.8	6.8
Bank loans	36.7	0.0	32.7
<b>Total Non Current Liabilities</b>	<b>63.5</b>	<b>18.3</b>	<b>56.0</b>
<b>Total Liabilities</b>	<b>149.8</b>	<b>112.0</b>	<b>128.8</b>
<b>NET ASSETS</b>	<b>81.5</b>	<b>41.9</b>	<b>54.6</b>
<b>EQUITY</b>			
Share Capital	39.8	15.3	39.8
Retained Earnings	41.7	26.6	14.8
<b>Total Equity</b>	<b>81.5</b>	<b>41.9</b>	<b>54.6</b>

- Cash increase reflects strong operating result and working capital focus.
- Intangibles increase on PCP reflects goodwill impact of FY2016 acquisitions Oxygen8, Pareto, LCS, Finline, Frost and JBA.
- Capital expenditure (PPE) of \$13.2M (excluding business acquisitions capital expenditure of \$1.1M).
- Deferred tax asset increase reflecting impact of tax consolidation and tax base uplift.
- Current trade payables and provisions reflects deferred acquisition provisions.

## NET DEBT

	Actual FY2016 \$'M	Actual FY2015 \$'M
Short-Term – Finance Leases	2.6	2.7
Long Term Debt – Finance Leases	11.7	6.8
Trade Receivable Facility	26.0	22.0
Acquisition Facility	10.8	0.0
Sub Total	51.1	31.5
Cash	-14.5	-6.7
Net Debt	36.6	24.8

- The finance lease facility has increased due to capital investment to drive additional productivity and efficiency.
- The acquisition facility has been partially utilised to fund both recent acquisitions and deferred consideration from previous acquisitions.
- Based on FY2016 Pro Forma, net debt represents 0.9 times EBITDA.

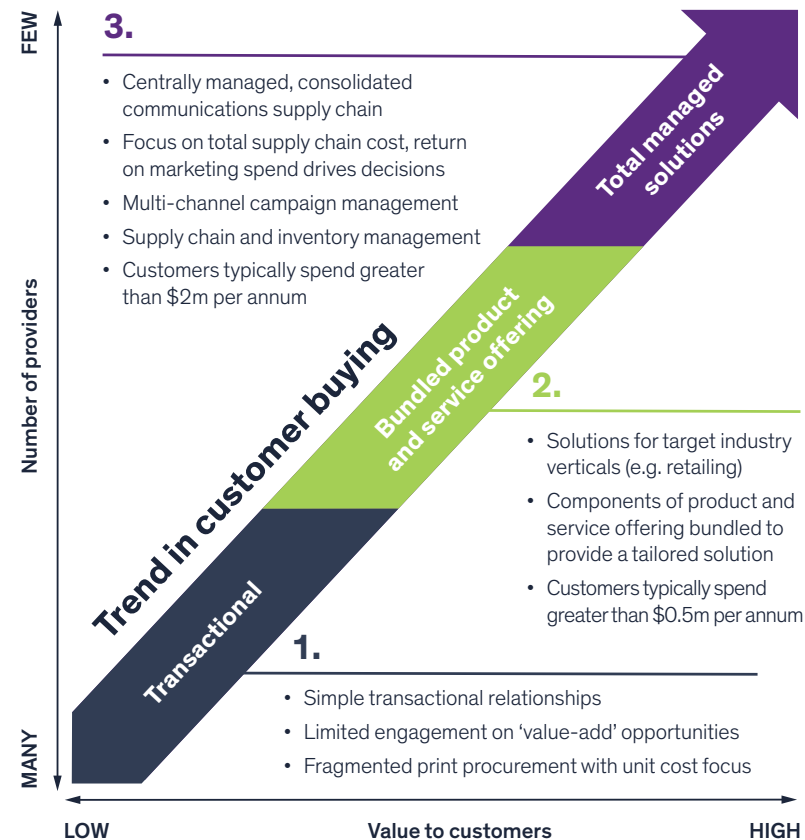


# IVE'S APPROACH TO THE MARKET

IVE adopts a solutions-based strategy with its customers. Solutions typically involve the bundling of various products and services to deliver a tailored customer outcome.

IVE provides many of its major customers with managed communication solutions that enable a total cost of ownership focus. Ultimately we improve our customer's return on total supply chain or 'ownership' cost.

This approach has resulted in strong, long-term relationships with customers and provides the opportunity to further expand the range of value added products and services offered to customers.



# IVE'S APPROACH TO THE MARKET

## This solution based strategy creates a differentiated market position

IVE's business is differentiated by its vertically integrated product and service offering and its solutions-based customer focused strategy. This enables IVE to:

- service all stages of the marketing process and reduce its reliance on commoditised and transactional relationships;
- bring scale and provide managed solutions;
- evolve its offering to maintain and grow customer relationships.

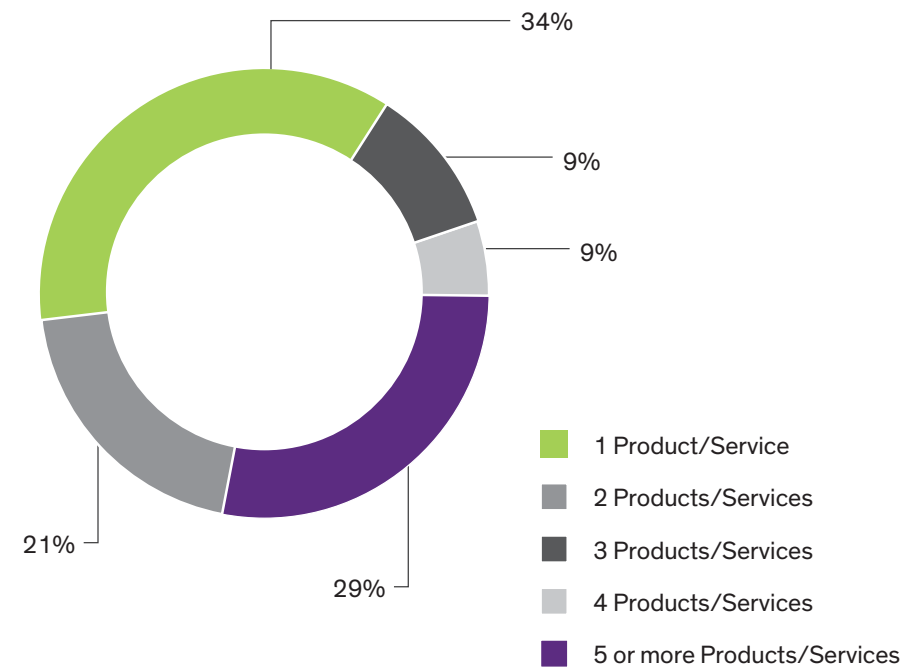
## Unparalleled market offering

IVE has an unparalleled product and service offering that spans multiple sectors within the marketing and print communications industry. IVE is a market leader in most of the sectors in which it operates.

IVE's customer centric approach, scale and capability, together with financial strength, are key drivers of choice for major customers in sectors characterised as highly fragmented.

IVE's solution –based strategy and differentiated market position is demonstrated by 64% of the Group revenues being generated by customer using multiple products and services. This is also evidenced by the average length of IVE's relationships with its top 20 customers being approximately 8 years. Across the entire customer base 77% of the Groups revenue is contracted or in established relationships.

## Revenue generated by customers using multiple products and services



# BUSINESS HIGHLIGHTS

## REVENUE

- Group's pro forma revenue increase on the PCP by 13.2% to \$382m
- Strong new business performance across a broad cross section of customers building on a solid half year result. Major new contracts wins of note:
  - Westpac, Vodafone Australia and McDonald's Australia managed solution contracts in our IVEO division.
- Successfully rolled over a number of key contracts across the Group:
  - Tabcorp, American Express, TAL, Foxtel, RACV, Bupa, QBE Insurance, AMP, Beyond Blue, Bauer Media, Next Media.
- IVE has transacted with over 2,260 customers an increase over PCP of 12% proving our business model's stability and scalability as a reliable partner in the marketing service and print communication sector.
- IVE's customer spend profile is very well positioned with the largest customer accounting for only 4% of the Group's revenue with the top 20 comprising 32% of the Group total revenue.
- The Group has delivered on its strategy of ongoing and diversified growth.

## ACQUISITION PROGRAM

- The Group maintained its disciplined acquisition strategy with six businesses acquired throughout the year.
- The period saw the successful integration of 4 acquisitions into existing businesses building on their strong operational foot print and market position. Oxygen8 (completed July 31, 2015), Laser Computer Services (completed February 2016), Finline (completed April 2016) and Frost Promotions (completed May 2016)
- The Group continues to leverage its strong foundation and expanded its product and service offering with the acquisition of 2 uniquely positioned businesses, Pareto Group (completed in October 2015) and JBA Digital (completed May 2016)
- All key metrics and synergies from these acquisitions are in line with business cases
- The Group continues to explore a number of potential complementary and strategic acquisitions.



# BUSINESS HIGHLIGHTS

## EXPANDED SUPPLY CHAIN

- IVE's diversified offer relies on a strategic and ethically managed supply base that now covers four countries Australia, New Zealand, Singapore and China.
- Through the blending of this supply base with sourcing best practice, IVE is able to realise the optimal level of cost efficiency and product/service effectiveness in a sustainable, inclusive and socially ethical manner while maintaining the greatest flexibility to respond to our customers' needs.
- This commitment is exemplified by our Supplier Code of Conduct that requires our suppliers to support and comply with
  - the principles of the United Nations Global Compact (“UNGC”),
  - the UN Universal Declaration of Human Rights and
  - the 1998 International Labour Organization Declaration on Fundamental Principles and Rights at Workand is further supported by our active memberships and participations with Supply Nation and SEDEX (Supplier Ethical Data Exchange and our comprehensive supplier audit and governance framework).
- A key part of our sourcing and operational strategy has been our geographic expansion into lower cost-to-manufacture countries such as China where we have a company owned office that manages all of our in-country production.
- In addition, IVE has expanded into Singapore through its Kalido division offering expertise and capability in data analytics, marketing automation and website optimisation.



# OUTLOOK

- Continue to execute the Group's strategy to further diversify and grow
- Further targeted capital investment to refine cost base and enhance offering
- Integration of recent acquisitions and the continuation of a disciplined acquisition program
- The Group is well positioned to grow revenue and EBITDA in 2017.

For further information contact:

**Geoff Selig**  
Executive Chairman

+ 61 2 9089 8550

**Darren Dunkley**  
Chief Financial Officer

+ 61 2 8020 4400





# APPENDIX RECONCILIATION STATUTORY REVENUE AND NPAT TO PRO FORMA

	Actual FY2016 \$'M	Prospectus FY2016 \$'M
<b>Statutory revenue</b>	<b>369.2</b>	<b>368.2</b>
Pareto Group statutory revenue	12.8	12.8
<b>Pro Forma revenue</b>	<b>382.0</b>	<b>381.0</b>
<b>Statutory NPAT</b>	<b>15.1</b>	<b>8.3</b>
Pareto Group statutory PBT	2.1	2.1
Pareto Group acquisition costs	0.7	0.5
Discontinued operations	0.2	0.0
Public company costs	-0.5	-0.5
Management equity plan	6.2	6.2
Equity Incentive Plan	0.7	0.0
Offer costs	6.6	5.9
Net finance costs	0.4	0.4
Deferred consideration on acquisition	0.3	0.3
Tax effect of reset tax cost base on consolidation	-7.1	0.0
Tax effect of adjustments	-3.7	-2.9
<b>Pro forma NPAT</b>	<b>20.9</b>	<b>20.3</b>

Main reconciliation items statutory to Pro Forma:

- Pareto revenue and PBT for pre-acquisition period (July – October 15) as per prospectus.
- Close out of Management Equity Plan (MEP) and issue of Equity Incentive Plan.
- Costs associated with IPO.
- Tax impact of tax consolidation and uplift of tax cost base – benefit to statutory tax expense.



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