



28 August 2017

ASX RELEASE – IVE GROUP LIMITED (ASX: IGL)

IVE Group announces 23% increase in FY17 EBITDA¹ and \$55.6 million capital raising to support growth initiatives

IVE Group Limited (“IVE”) today announces:

FY17 results

- Revenue of \$496.9 million, up 30.1%, on previous corresponding period¹
- EBITDA of \$55.2 million, growth of 23% on previous corresponding period¹
- FY17 final dividend of 6.4 cents per share fully franked² (73% of NPAT)¹

Capital raising to support growth initiatives

- Fully underwritten accelerated, non-renounceable Entitlement Offer to raise \$55.6 million at \$2.05 per new share
- Acquisition and integration of SEMA Holdings Pty Ltd (“SEMA”)
- Acquisition of second LFWO printing press in Franklin WEB (NSW) to accommodate growth
- Additional capital to support strong pipeline of value accretive acquisition opportunities

Outlook

- FY18 EBITDA guidance of \$70-75 million³

FY2017 Full Year results

IVE's FY17 results reflects strong year on year performance and the Company's ongoing focus on diversification and growth.

The increase in revenue of \$114.8 million (or 30.1%) over PCP reflects the impact of the Franklin WEB and AIW Printing acquisitions, as well as increased revenue from new customer wins and the existing customer base through an expanded service offering. Since acquiring Franklin WEB and AIW Printing, IVE has secured \$70 million in incremental annual contracted revenue, with significant new contracts from Coles, Pacific Magazines, and the extension and expansion of the NARTA contract.

EBITDA of \$55.2 million represents an increase of \$10.3 million over PCP, achieved via a combination of revenue growth and continued highly efficient operations.

¹ Pro forma. Over prior corresponding period and before acquisition and restructure costs

² On increased share base following the capital raising and issue of shares to vendors of SEMA

³ Before expected restructure costs of \$2.5 million - \$3.5 million.

Capital Raising

IVE today announces a capital raising of \$55.6 million at \$2.05 per share through a fully underwritten accelerated, non-renounceable Entitlement Offer to existing eligible shareholders.

The entitlement offer will result in approximately 27.1 million new shares being issued.

The entitlement offer will be conducted at a 5.5% discount to the last traded price of \$2.17 on Friday 25 August 2017, and 4.5% discount to TERP of \$2.15

The proceeds raised will be used to fully fund:

- \$19.6 million for the acquisition, integration and growth capex for SEMA, a leading provider in data driven personalised communications services
- \$22.0 million to acquire a second 80 page LFWO printing press and ancillary equipment for the Company's Franklin WEB (NSW) operation
- \$14.0 million to fund a continuation of the Company's value accretive bolt on acquisition program, pay transaction costs and to maintain balance sheet flexibility

SEMA Acquisition

The SEMA acquisition will be integrated into IVE Group's Blue Star DIRECT businesses in both Sydney and Melbourne and is expected to derive in excess of \$5 million per annum in synergies.

IVE has entered into a binding agreement to acquire SEMA with a final expected completion date of 6 September 2017.

IVE Executive Chairman, Geoff Selig said: "the SEMA acquisition consolidates our position as one of Australia's leading vertically integrated marketing communications business. It also significantly strengthens the strategic expansion through our Kalido division into data analytics, customer insights and marketing automation".

Additional LFWO printing press

The purchase of a second LFWO press and ancillary equipment for Franklin WEB (NSW) provides additional capacity to service incremental revenue. It also finalises the rebalancing of LFWO capacity from Victoria to NSW to better service national retailers and publishers. This rebalancing of capacity has been instrumental in IVE securing new contracted revenues.

Further details on the acquisition and the capital raising can be found in the presentation lodged with the ASX today.

Outlook

IVE provides FY18 EBITDA guidance of between \$70-75 million (before restructuring costs) excluding the impact of the SEMA acquisition and the second Sydney LFWO press. This guidance is largely attributed to expected earnings uplift from the combination of scale attained through acquisitions, the increased investment in the asset base following the establishment of the greenfields Franklin WEB operation in NSW, and ongoing disciplined cost management.

The SEMA acquisition and continued investment in LFWO printing capabilities are in line with our growth strategy and position IVE well to continue revenue and EBITDA growth beyond FY18.

IVE has a strong pipeline of value accretive bolt-on acquisitions which if completed in FY18 would be expected to provide additional revenue and EBITDA.

For further information please contact:

Geoff Selig
Executive Chairman

Telephone: +61 2 90898550