

# IVE GROUP LIMITED – 2018 ANNUAL GENERAL MEETING

## MANAGING DIRECTOR'S PRESENTATION

November 20, 2018



Warwick Hay - Managing Director

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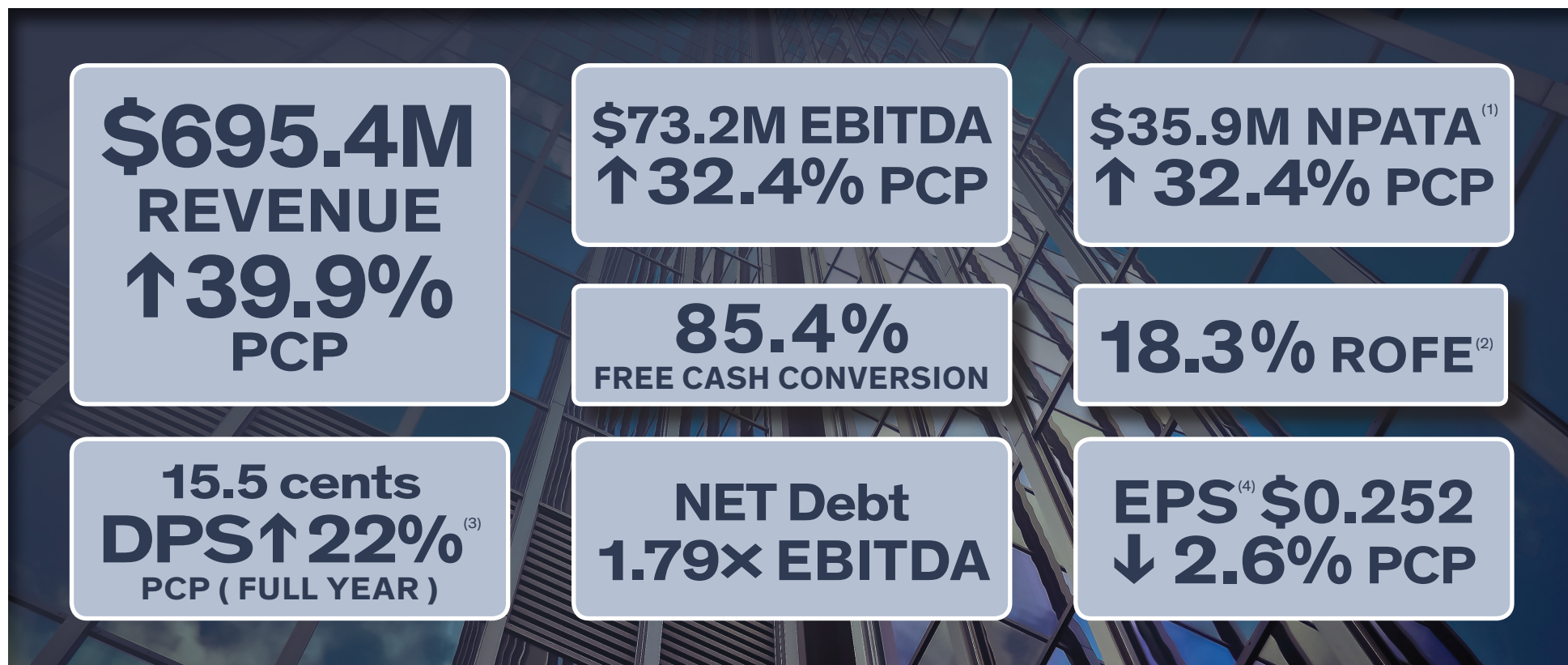


# HIGHLIGHTS

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# FINANCIAL PERFORMANCE DASHBOARD ( PRO FORMA )



(1) NPAT excluding amortisation of customer contracts

(2) EBIT/average funds employed where funds employed equals net assets plus net debt

(3) Growth based on FY2017 shares on issue post August 2017 capital raise (DPS growth pre August 2017 capital raise shares on issue 8.8%)

(4) NPATA/weighted average shares on issue



# FY18 FINANCIAL RESULTS

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# FY18 FINANCIAL RESULTS

## Profit and loss

	PRO FORMA			
	Actual FY2018 \$M	Actual FY2017 \$M	Variance \$M	Variance %
Revenue	695.4	496.9	198.5	39.9%
Gross Profit	338.6	248.1	90.5	36.5%
% of Revenue	48.7%	49.9%	—	-2.5%
EBITDA	<b>73.2</b>	<b>55.3</b>	<b>17.9</b>	<b>32.4%</b>
% of Revenue	10.5%	11.1%	—	-5.4%
EBIT	<b>54.3</b>	<b>41.5</b>	<b>12.8</b>	<b>30.9%</b>
% of Revenue	7.8%	8.4%	—	-6.5%
Profit before tax	46.4	35.8	10.6	29.7%
NPAT	<b>32.4</b>	<b>24.5</b>	<b>7.9</b>	<b>32.1%</b>
NPATA	<b>35.9</b>	<b>27.1</b>	<b>8.8</b>	<b>32.4%</b>

The Pro Forma financial results are on a non IFRS basis  
Excludes all restructuring and acquisition expenses (refer Appendix)

- Revenue increased on PCP due to a combination of strong organic growth and the acquisitions of Franklin WEB, AIW and SEMA
- Gross profit margin stable to PCP after normalising for the impact of an increase in work mix weighting to catalogue revenue and the impacts of Franklin Web outsourcing through the integration period
- EBITDA margin of 10.5% (11.1% in PCP) driven by a number factors:
  - Delayed closure of AIW site due to contract wins
  - SEMA integration
  - Electricity and gas price increases
  - Q4 paper price increases
  - Bad debts associated with Kalido Asia

# FY18 FINANCIAL RESULTS

## Capital expenditure to support revenue growth

	FY2018 \$M
Franklin WEB NSW	32.0
Blue Star WEB - new 16 page web offset press	10.4
SEMA integration	3.1
Group wide targeted investment and maintenance	9.1
<b>TOTAL</b>	<b>54.6</b>

	FY2019 \$M
Previously committed capital expenditure FY18	
Franklin WEB NSW	10.7
Blue Star DIRECT	5.5
Sub Total	16.2
Targeted investment and maintenance FY19	9.0
<b>TOTAL</b>	<b>25.2</b>

- The conclusion of these growth projects will see our move forward capital expenditure significantly reduce

# FY18 FINANCIAL RESULTS

## Net debt

	Actual FY2018 \$M
Borrowings - Short Term	15.7
Borrowings - Long Term	137.5
<b>Borrowings<sup>1</sup> - Sub Total</b>	<b>153.2</b>
Cash	-22.3
<b>Net debt</b>	<b>130.9</b>
 FY18 EBITDA	 73.2
 NET Debt / FY18 EBITDA	 1.79

(1) Borrowings are gross of loan establishment costs

### Net debt

- We maintain a strong balance sheet with net debt at 1.79X FY18 pro forma EBITDA
- Forecast net debt to further reduce in FY19 and FY20

### Strong cashflow

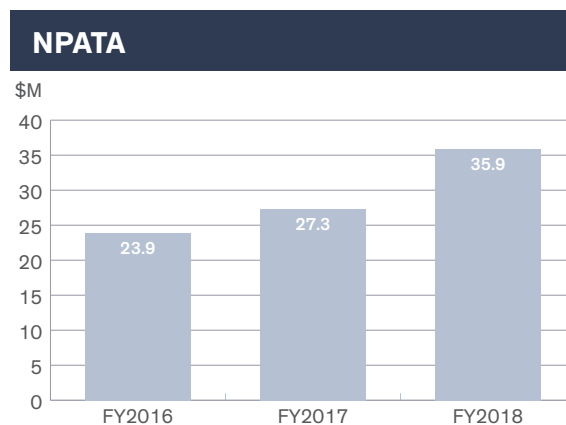
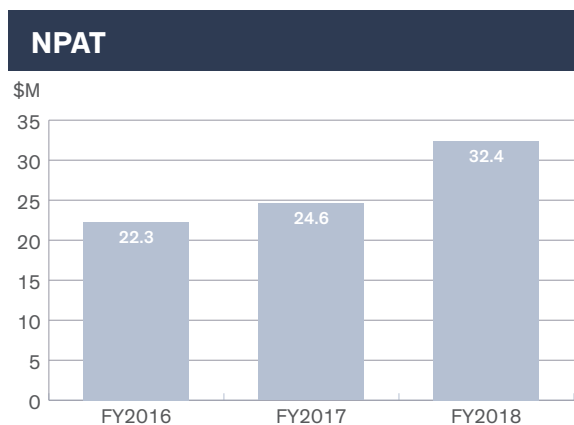
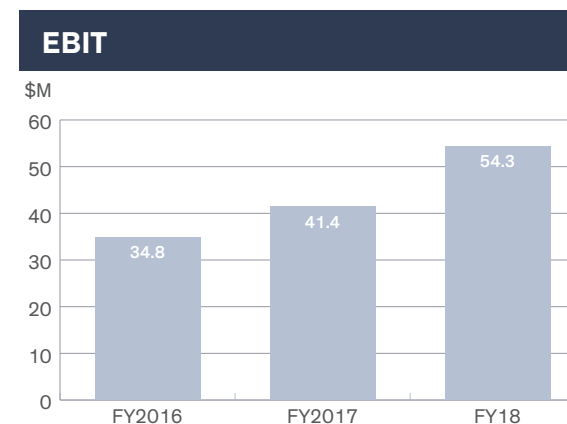
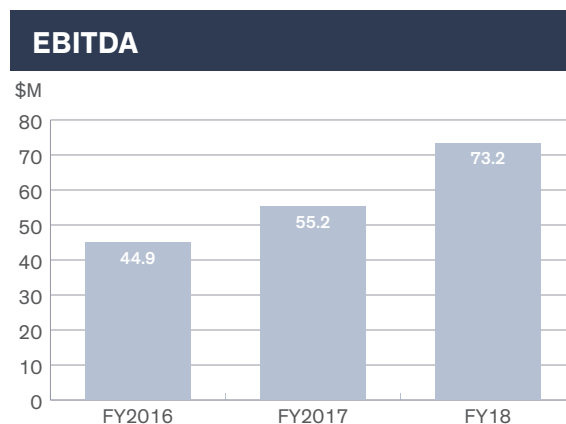
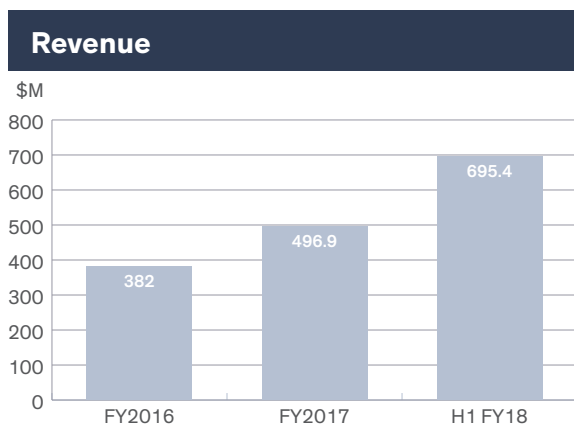
- Operating cash flow was strong, reflecting the Group's EBITDA achievement
- Pro forma free cash conversion of 85.4%
- Full year dividend of 15.5 cents per share, fully franked with payout ratio of 71% of full year pro forma NPAT





# FINANCIAL RESULTS - historical performance ( pro forma )

## Consistent growth from revenue through to NPATA



# OPERATIONAL INITIATIVES



# OPERATIONAL INITIATIVES

## Kalido

- Kalido continues growth trajectory both in Australia and Asia
- Kalido delivers omni-channel solution for Craveable Brands to enhance the customer experience
- Craveable Brands (Oporto, Red Rooster, and Chicken Treat) partnered with Kalido to transform the customer experience, leveraging leading marketing cloud platforms to enable a truly customer-centric, omni-channel automated solution
- Kalido has been recognised on a global stage for the outcomes of the project with Craveable Brands, winning the 2017 Salesforce Global Innovation Award



**kalido.**  
2017 Salesforce Partner  
Innovation Award for Marketing Cloud

**craveable  
brands.**



# OPERATIONAL INITIATIVES

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## **Pareto**

- Pareto are the leading data experts in understanding and forecasting trends across the not-for-profit sector
- Pareto has developed and implemented a new “big data platform” that will enable all client fundraising data to be automatically uploaded and integrated to provide sophisticated reporting and an enhanced level of insights
- This new data platform enables Pareto to not only analyse trends and performance for specific clients, but also allows Pareto to analyse trends across the market
- A number of new analytical products have been released to the market on the back of this powerful data platform

## **Franklin WEB**

### Victoria

- Franklin Victoria/AIW merger fully complete December 2017
- AIW site ceased production in December 2017
- Excess press capacity retired

### New South Wales

- To support revenue growth and to re-balance capacity between NSW and Victoria to further enhance our ability to service national retailers, \$53 million has been invested to establish a highly automated low cost greenfield operation in Huntingwood NSW
- This facility was fully operational in November 2017 following the installation of the 1st new 80 page press and highly automated binding line
- Expanded stitching capacity in March 2018
- 2nd new 80 page press was commissioned in September 2018
- The site was officially opened on November 13, 2018





# OPERATIONAL INITIATIVES

## OTHER INITIATIVES

- 'IVE 360' company wide interactive workplace health and safety platform launched
- In addition to existing quality and environmental accreditation, ISO 27001 accreditation was attained to significantly enhance our customers' data security
- Expanded employee benefits program 'IVE Plus' to incorporate new Diversity and Inclusion program



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