

HALF YEAR RESULTS PRESENTATION 6 MONTHS ENDING DECEMBER 31, 2016

/ FEBRUARY 27, 2017

Geoff Selig – Executive Chairman
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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:



FINANCIAL PERFORMANCE HIGHLIGHTS

PROFIT AND LOSS

	Pro Forma			
	Actual H1 FY2017	Actual H1 FY2016	Variance \$M	Variance %
Revenue	207.7	196.1	11.6	5.9%
Gross Profit	110.1	102.9	7.2	7.0%
% of Revenue	53.0%	52.5%	0.0	1.0%
EBITDA	24.0	22.2	1.8	8.1%
% of Revenue	11.6%	11.3%	0.0	2.0%
EBIT	18.2	17.6	0.6	3.3%
% of Revenue	8.8%	9.0%	0.0	-2.5%
Profit before tax	16.8	16.5	0.3	1.7%
NPAT	11.6	11.4	0.2	2.2%
NPATA	12.6	12.2	0.4	3.0%

The Pro Forma financial results are on a non IFRS basis.

H1 FY2017 excludes key restructuring and acquisition expenses (refer Appendix).

KEY METRICS

	Actual H1 FY2017
Revenue growth	5.9%
Gross profit margin	53.0%
EBITDA growth	8.1%
EBITDA margin	11.6%
EBIT growth	3.3%
EBIT margin	8.8%
NPAT growth	2.2%
NPATA growth	3.0%

FINANCIAL PERFORMANCE HIGHLIGHTS

- Revenue growth on PCP 5.9% reflects increased revenue through a combination of new business, existing customer base, expanded service offering and acquisitions.
- Gross profit margin at 53.0% compared to 52.5% PCP has remained stable as a result of managing inputs, continued leverage of supply chain, reducing outsourced expenditure wherever possible, and workmix change.
- EBITDA growth of 8.1% over PCP achieved through revenue growth, stable gross profit and the continued management of production and administration costs, continuing to expand EBITDA margin.
- Result has negligible contribution from Franklin Web/AIW Printing – acquisitions completed 13 December 2016.
- Interim dividend of 6.3 cents per share fully franked. This equates to a pre capital raise dividend of 8.5 cents per share. Consistent with the company's stated dividend policy, the payout ratio is 65% of NPAT (before key restructure and acquisition costs).



BALANCE SHEET

STATUTORY BALANCE SHEET

	Actual Dec-16 \$'M	Actual Jun-16 \$'M
CURRENT ASSETS		
Cash and cash equivalents	23.8	14.4
Trade, prepayments and others	121.4	74.1
Inventories	44.2	12.5
Total Current Assets	189.5	101.0
NON CURRENT ASSETS		
Deferred tax assets	17.4	17.2
Property, plant and equipment	93.3	41.8
Intangible assets and goodwill	128.6	70.3
Other non current assets	0.0	1.0
Total Non Current Assets	239.3	130.3
Total Assets	428.8	231.3
CURRENT LIABILITIES		
Trade payables and provisions	128.7	80.0
Finance lease liabilities	2.6	2.6
Current tax payable	0.8	3.7
Total Current Liabilities	132.1	86.3
NON CURRENT LIABILITIES		
Trade payables and provisions	24.4	15.1
Finance lease liabilities	10.5	11.7
Bank loans	125.4	36.7
Total Non Current Liabilities	160.3	63.5
Total Liabilities	292.4	149.8
NET ASSETS	136.4	81.5
EQUITY		
Share Capital	98.8	39.8
Share based payment reserve	0.1	–
Retained Earnings	37.5	41.7
Total Equity	136.4	81.5

- The increase in senior facilities of \$90.6M relates to the acquisitions of both Franklin Web and AIW Printing on the 13th December 2016.
- The Franklin Web and AIW Printing acquisitions were funded through a combination of new equity via issue of shares to vendors (\$20.3M), a share placement and entitlement offer (\$40.0M), and a new 3 year senior debt facility of \$145.0M. At 31 December the facility was drawn to \$127.4M.
- The asset base has significantly expanded over the period primarily as a result of the Franklin and AIW acquisitions.

NET DEBT

	Actual H1 FY2017	Actual June FY2016
Short-Term – Finance Leases	2.6	2.6
Long Term Debt – Finance Leases	10.5	11.7
Senior Facilities	127.4	36.8
Sub Total	140.5	51.1
Cash	–23.8	–14.5
Net Debt	116.7	36.5

- Net debt of \$116.7M is in line with December 5, 2016 capital raising investor presentation.
- Based on FY16 EBITDA pro forma (including Franklin and AIW FY2016 pro forma EBITDA) net debt is 1.9X EBITDA.
- Senior facilities is the actual balance outstanding, gross of capitalised transaction costs.

BUSINESS HIGHLIGHTS

REVENUE

- IVE's pro forma revenue increased on the PCP by 5.9% to \$208M.
- Strong new business performance across a broad cross section of customers building on a solid FY16 financial year result.
 - Major new contract wins of note:
 - L'Oréal, Diageo, BP and Blackmores in our IVEO Division
 - Norwegian Cruise Lines, Globus, HelloWorld, Nestle, Suncorp, Lovatts Media Group in our Blue Star Division
 - Foxtel, Just Group, AXA and Treasury Wine Estates in our Kalido Division.
 - IVE is well placed heading into H2 to benefit from new business secured in H1 whilst continuing to grow market share in H2 through a mature prospect pipeline.
- Significant new business win with Franklin Web securing the Coles Supermarkets catalogue printing contract.
- Successful implementation of the Westpac managed solutions contract in our IVEO division.
- Successfully rolled over a number of key contracts across the Group –Commonwealth Bank, Travelcorp, The Australian Electoral Commission (AEC), Fairfax, Glaxo Smith Kline (GSK), Bauer Media, Next Media, Flight Centre.
- IVE has transacted with over 2,200 customers, demonstrating the Groups stability and scalability as a reliable partner in the marketing services and print communications sector.
- IVE's customer spend profile is very well spread with the largest customer accounting for only 6% of the Group's revenue, with the top 20 comprising 35% of the Group's total revenue.



BUSINESS HIGHLIGHTS

KEY INITIATIVES

- Our Kalido Division continues its growth trajectory into Asia through a growing presence in Singapore. In early 2017 IVE will open a Kalido operation in Hong Kong to further support and realise the new business and revenue opportunities that exist (specifically in the data analytics, marketing automation and the website optimisation space).
- Our Kalido, Pareto and IVEO teams based in Melbourne relocated from multiple locations to new premises in Richmond.
- Our Blue Star CONNECT business in NSW relocated from 3 existing premises to a new facility in Erskine Park. The 20000sqm facility has the capacity for 17000 pallets, further supporting the growth of our logistics and fulfilment offer. This coincided with the upgrade of our warehouse management system to support further automation and growing activity levels. Our logistics and fulfilment capability continues to play a significant part in our success securing large managed solutions customers.

ACQUISITION PROGRAM

The Group maintained its disciplined acquisition strategy with five businesses acquired throughout H1 FY 2017.

- The period saw the successful integration of 3 acquisitions into existing businesses building on their strong operational foot print and market position. The Mailing House (completed September 2016), Display Bay and R25 (completed December 2016).
- All key metrics and synergies from these acquisitions are in line with business cases.



The Group continues to leverage its strong foundation, further expanding its product and service offering with the significant acquisition(s) of Franklin Web and AIW Printing on 13 December 2016.

ACQUISITION OF FRANKLIN WEB AND AIW PRINTING

DIVERSIFYING AND GROWING OUR RETAIL OFFER

IVE has continued to grow its diversified offer to the retail sector over the last five years. Both globally and domestically catalogues remain a proven media channel to drive revenue for retailers, and strategically IVE was attracted to a part of the sector that it had not previously operated in. The acquisition of Franklin Web and AIW Printing results in a further expansion of IVE's capabilities in the retail sector to support a retailer's full marketing program from creative, online, to offline, to instore. Both acquisitions are highly complementary to our existing offer.

STRATEGIC RATIONALE AND HIGHLIGHTS

Combining IVE, Franklin and AIW will create a competitive advantage and opportunities for future growth

1	Large Format Web Offset (LFWO) sector is an attractive and complementary sector for IVE Catalogues continue to be a core part of retailers' marketing strategies due to their audience reach and affordability.
2	Franklin is considered a market leading, low cost catalogue producer and the cornerstone acquisition for IVE's expansion into the LFWO sector IVE integrating AIW into Franklin and leveraging its low cost production environment is expected to deliver operational synergies of a minimum \$1 1.5 million per annum. Establishing a greenfields catalogue production operation in Sydney will significantly enhance IVE's ability to service national retailers.
3	Significant opportunity to cross sell across the broader combined customer base Broadening IVE's customer base across a range of leading retailers. Minimal overlap between IVE's existing customers and the customers of Franklin and AIW.
4	Diversifies IVE's revenue base through expanding the range of value added products and services
5	Financially compelling with expected EPS accretion of over 20%¹ through unlocking operational synergies Post-synergies, the Acquisitions represent an enterprise value/FY16 pro forma normalised EBITDA of 3.8x.
6	Strengthens management capabilities to support integration and growth



1. Once synergies are fully realised and excludes one off restructuring costs and one off capital expenditures.

ACQUISITION OF FRANKLIN WEB AND AIW PRINTING

TRANSACTION SUMMARY

Overview of Franklin	<ul style="list-style-type: none"> Franklin is the third largest LFWO operator in the Australian market by revenue¹ with pro forma revenues of \$151.2 million² and EBITDA of \$21.2 million² in FY16 (FY16 EBITDA margin of 14%). Owned by Phil Taylor, who now leads the combined Franklin and AIW business.
Overview of AIW	<ul style="list-style-type: none"> AIW is the fourth largest LFWO operator in the Australian market by revenue¹ with pro forma revenues of \$76.8 million² and an EBITDA loss of \$1.8 million² in FY16.
Synergies	<ul style="list-style-type: none"> Operational synergies of a minimum \$11.5 million per annum (full run rate) expected to be realised within 12 months post completion. Implementation costs include one off restructuring expected to be between \$8 million and \$10 million. One off capital expenditures expected to be \$30 million. Capital expenditure has increased since completion as a result of securing the Coles Supermarkets catalogue printing contract and to ensure we are able to pursue other opportunities.
Expected financial impact	<ul style="list-style-type: none"> EPS accretion of over 20% expected once synergies are fully realised (excluding one off restructuring costs and capital expenditures). The Acquisitions will result in a pro forma net debt/pro forma FY16 EBITDA of approximately 1.8x at completion <ul style="list-style-type: none"> debt levels are expected to reduce from high cash generation and synergies. IVE intends to maintain its stated dividend policy of a payout ratio between 65% and 75% of NPAT.



1. Based on IVE's management estimates of FY16 LFWO revenues

2. The pro forma historical combined profit and loss statement has been prepared by IVE based on the audited financial statements for IVE for the financial year ended 30 June 2016 and adjusting for the impact of the acquisitions of AIW and Franklin and the Offer. The financial information for AIW has been extracted from the audited financial statements of AIW for the financial year ended 30 June 2016 and the financial information for Franklin has been extracted from the unaudited statutory accounts of Franklin for the financial year ended 30 June 2016. A number of pro forma adjustments have been made to the Franklin and AIW financial information. The primary adjustment is to reflect the terms of the new Franklin lease agreement to be entered into in relation to the Franklin property and the terms of the sale and lease back of the AIW property on 30 June 2015.

ACQUISITION OF FRANKLIN WEB AND AIW PRINTING

KEY COMPONENTS OF OUR PLAN

Outlined below is an overview of the initial phase of our investment and transition plans for the balance of 2017:

- AIW operations at Springvale will be progressively wound down and integrated into Franklin Web at Sunshine .
- Further enhancement to Franklin's post press capability through the installation of a high speed perfect binding line.
- A greenfields large format web offset operation will be established in Sydney by the middle of the year.
- Significant press upgrade in Blue Star WEB based in Sydney
- Expansion of our retail display capacity in Victoria. Blue Star's retail display business in Victoria will be integrated into Franklin Web's retail display operation at Sunshine.
- Total investment \$30 million.



UPDATE SINCE COMPLETION

- Customers
 - A very positive response with all customers of both Franklin and AIW being retained and keen to explore the broader IVE offer.
 - Significant new business win securing the Coles Supermarkets catalogue printing contract.
- People
 - All key staff retained.
- Integration
 - The integration of AIW and Franklin is well progressed and in line with business plan.
- Synergies
 - The operational synergies as outlined in the capital raising presentation dated December 5, 2016 have now been validated. We can confirm the synergies will be a minimum of \$11.5M per annum (full run rate).
- Capital Expenditure
 - The proposed capital expenditure as outlined in the capital raising presentation dated December 5, 2016 has now been refined. As a result of securing the Coles contract and to ensure we are able to pursue other opportunities, total capital expenditure will be \$30 million.
 - As a result of expenditure above, FY18 expenditure will be significantly less than prior years.
- Market Update
 - The ACCC announced on February 17, 2017 that it would not oppose the merger of ASX listed PMP and IPMG (Independent Print Media Group). The merger once completed will result in 2 major industry participants in the LFOW sector – IVE and PMP/IPMG.
 - IVE continues to offer the most diversified value proposition in the region.

OUTLOOK

- All key components of the LFWO integration and expansion plan are on track and will be completed in less than 12 months of acquisition.
- Expected synergies validated with a minimum of \$11.5m per annum (full run rate).
- EBITDA range of \$54–\$57m (before restructure & acquisition costs) for FY2017.
- Business very well positioned for a strong FY2018.
- Dividend policy unchanged with a payout ratio of 65–75% of NPAT.

For further information contact:

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APPENDIX

STATUTORY RESULTS

	Statutory			
	Actual H1 FY2017	Actual H1 FY2016	Variance \$M	Variance %
Revenue	207.7	184.6	23.1	12.5%
Gross Profit	110.1	95.5	14.6	15.3%
% of Revenue	53.0%	51.7%	0.0	2.4%
EBITDA	12.8	7.6	5.2	67.6%
% of Revenue	6.2%	4.1%	0.0	48.9%
EBIT	7.0	3.4	3.5	102.5%
% of Revenue	3.4%	1.9%	0.0	80.0%
Profit before tax	5.2	1.9	3.3	171.8%
NPAT	3.5	-0.8	4.3	546.1%
NPATA	4.4	-0.3	4.7	1567.4%

H1 FY2017 PRO FORMA ADJUSTMENTS

Restructure and Acquisitions items	
Restructure – Blue Star Connect warehouse relocation – Other expense	-0.6
Restructure – AIW redundancies and relocation costs – Other expense	-5.5
Acquisition – Franklin/AIW transaction costs – Other expense	-5.2
Interest expense – expense of previous facility set up costs	-0.3
Total	-11.6



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.

paretogroup

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.

bluestar*

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

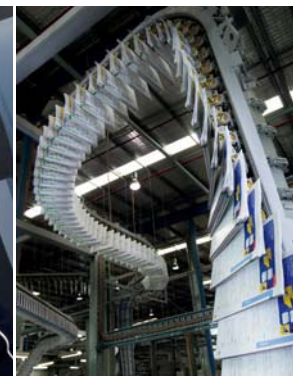
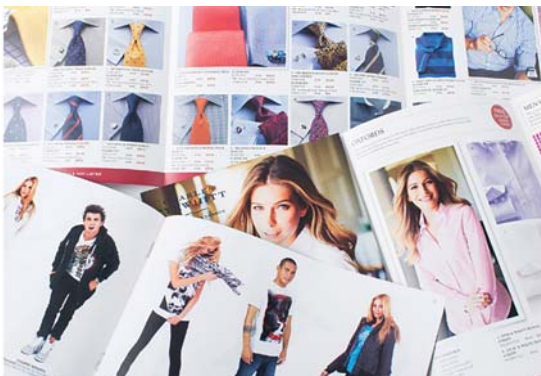
Operating across six specialist businesses, the Blue Star Division is Australia's most diversified business of its kind. Continual focus on technology, innovation and efficiency, coupled with our highly experienced and passionate team creates a nimble and flexible environment dedicated to delivering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



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**WE DRIVE YOUR BUSINESS FURTHER I FEEL ALIVE WE DRIVE YOUR BUSINESS
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