

IVE Group Limited (ASX : IGL)

Bell Potter Emerging Leaders Conference

12 September 2023

ive

idea > execution



Disclaimer

No recommendation, offer, invitation or advice

This presentation contains general information about the activities of IVE Group Limited (IVE) which is current as at 30 June 2023. It is in summary form and does not purport to be complete. It presents financial information on both a statutory basis (prepared in accordance with Australian accounting standards which comply with International Financial Reporting Standards (IFRS) as well as information provided on a non-IFRS basis. This presentation is not a recommendation or advice in relation to IVE or any product or service offered by IVE's subsidiaries.

This presentation is not intended to be relied upon as advice to investors or potential investors, and does not contain all information relevant or necessary for an investment decision. It should be read in conjunction with IVE's other periodic and continuous disclosure announcements filed with the Australian Securities Exchange, and in particular the year to 30 June 2023. These are also available at www.ivegroup.com.au. Investors and potential investors should make their own independent assessment of the information in this presentation and obtain their own independent advice from a qualified adviser having regard to their objectives, financial situation and needs before taking any action.

Disclaimer

No representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation. To the maximum extent permitted by law, IVE, its subsidiaries and their respective directors, officers, employees and agents disclaim all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through use of or reliance on anything contained in or omitted from this presentation. No recommendation is made as to how investors should make an investment decision. Investors must rely on their own examination of IVE, including the merits and risks involved.

Investors and potential investors should consult with their own professional advisors in connection with any investment decision in relation to IVE securities.

Forward looking statements

The information in this presentation is for general information only. To the extent that certain statements contained in this presentation may constitute "forward-looking statements" or statements about "future matters", the information reflects IVE's intent, belief or expectations at the date of this presentation. Subject to any continuing obligations under applicable law or any relevant listing rules of the Australian Securities Exchange,

IVE disclaims any obligation or undertaking to disseminate any updates or revisions to this information over time. Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause IVE's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements.

Investment risk

Any investment in IVE securities is subject to investment and other known and unknown risks, some of which are beyond the control of IVE. Any forward-looking statements, opinions and estimates in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. For example, the factors that are likely to affect the results of IVE include, but are not limited to, general economic conditions in Australia, exchange rates, competition in the markets in which IVE operates or may operate and the inherent regulatory risks in the businesses of IVE. Neither IVE, nor any other

person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. In addition, please note that past performance is no guarantee or indication of future performance.

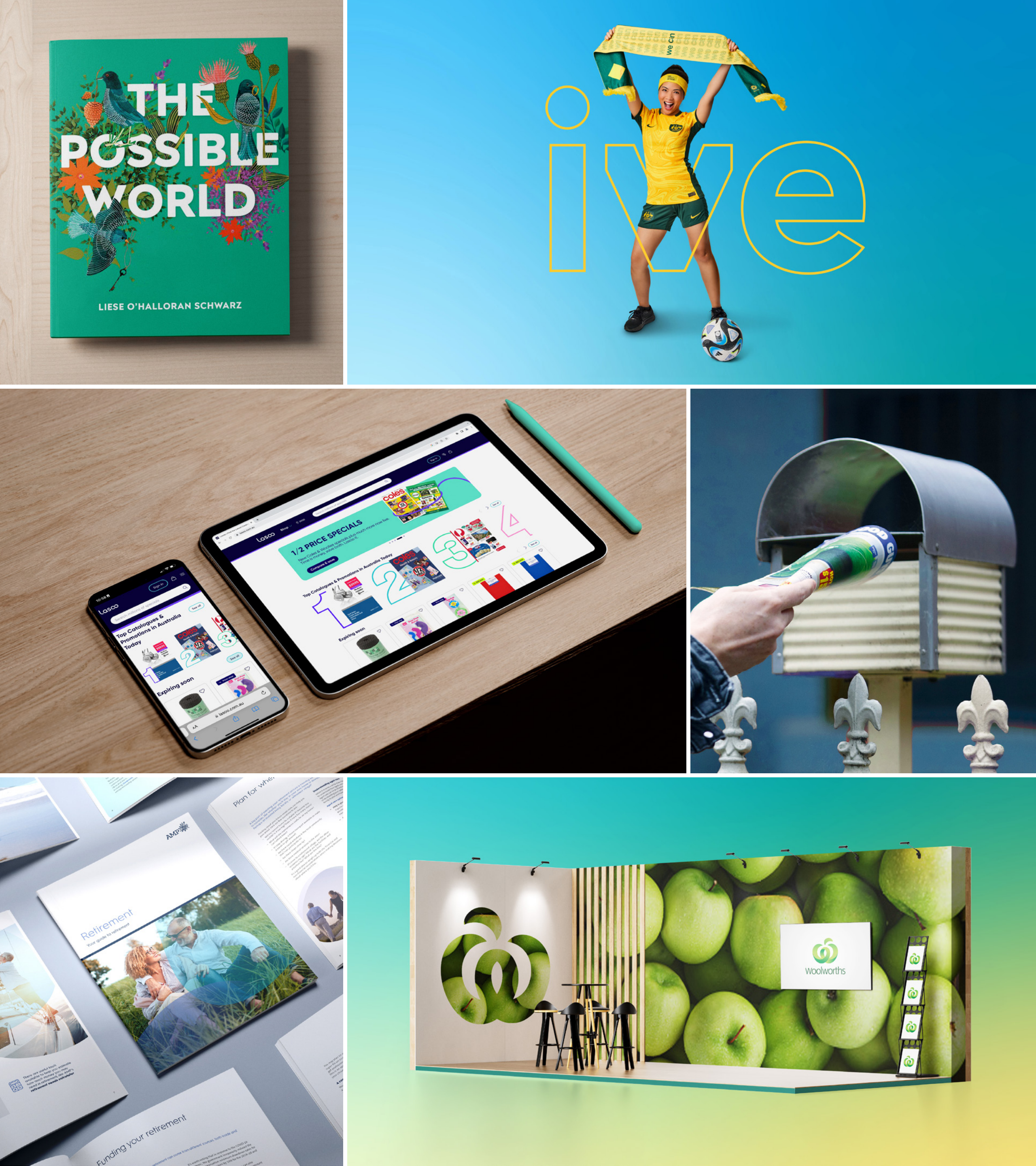
Jurisdiction

This presentation does not constitute an offer to issue or sell, or solicitation of an offer to buy, any securities or other financial products in any jurisdiction. The distribution of this presentation outside Australia may be restricted by law. Any recipient of this presentation outside Australia must seek advice on and observe any such restrictions. This presentation may not be reproduced or published, in whole or in part, for any purpose without the prior written permission of IVE.

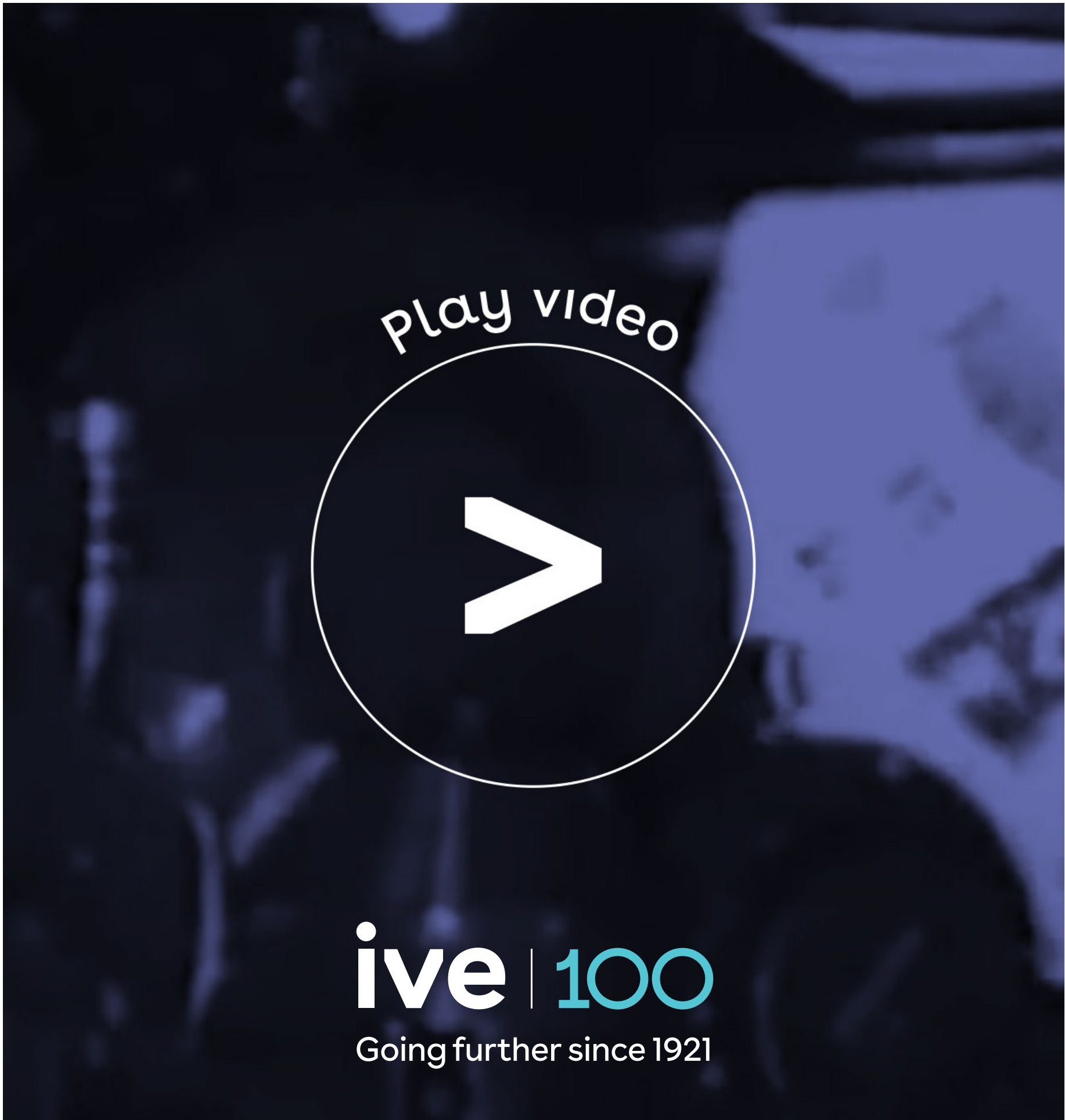
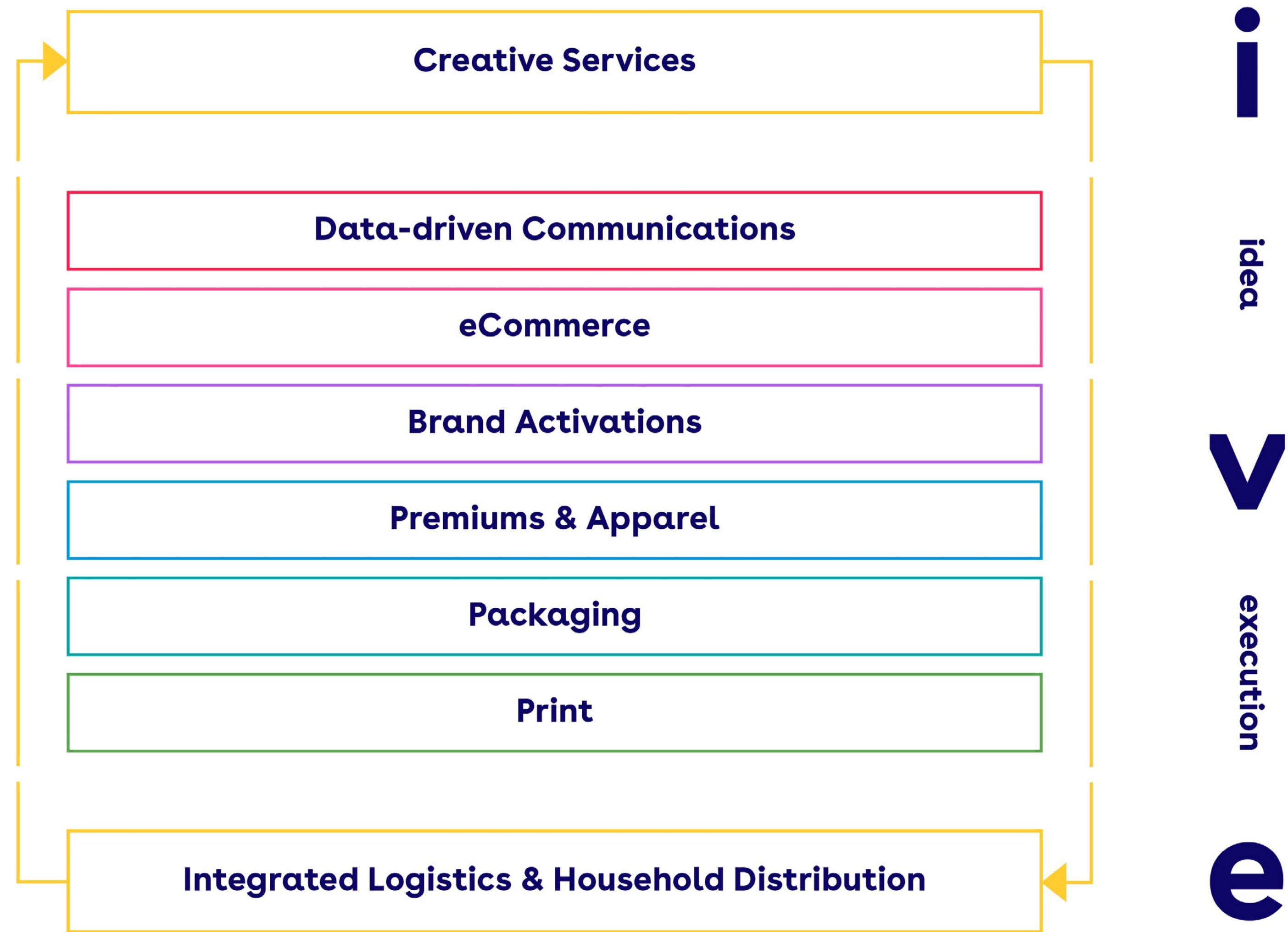
This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Any such securities have not been, and will not be, registered under the U.S. Securities Act of 1933 (Securities Act), or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, persons in the United States, except in a transaction exempt from, or not subject to, registration under the Securities Act and applicable US state securities laws.

Contents

> IVE’s integrated service offering	4
> Our clients	5
> Customer diversity and longevity	6
> Underlying financial performance dashboard	7
> Business updates	8
Ovato acquisition and integration	9
Lasoo	10
> Strategic initiatives	12
Expansion of Content Creation offering	13
Apparel and uniforms	14
Packaging update	15
> Outlook and guidance	16



IVE's integrated service offering

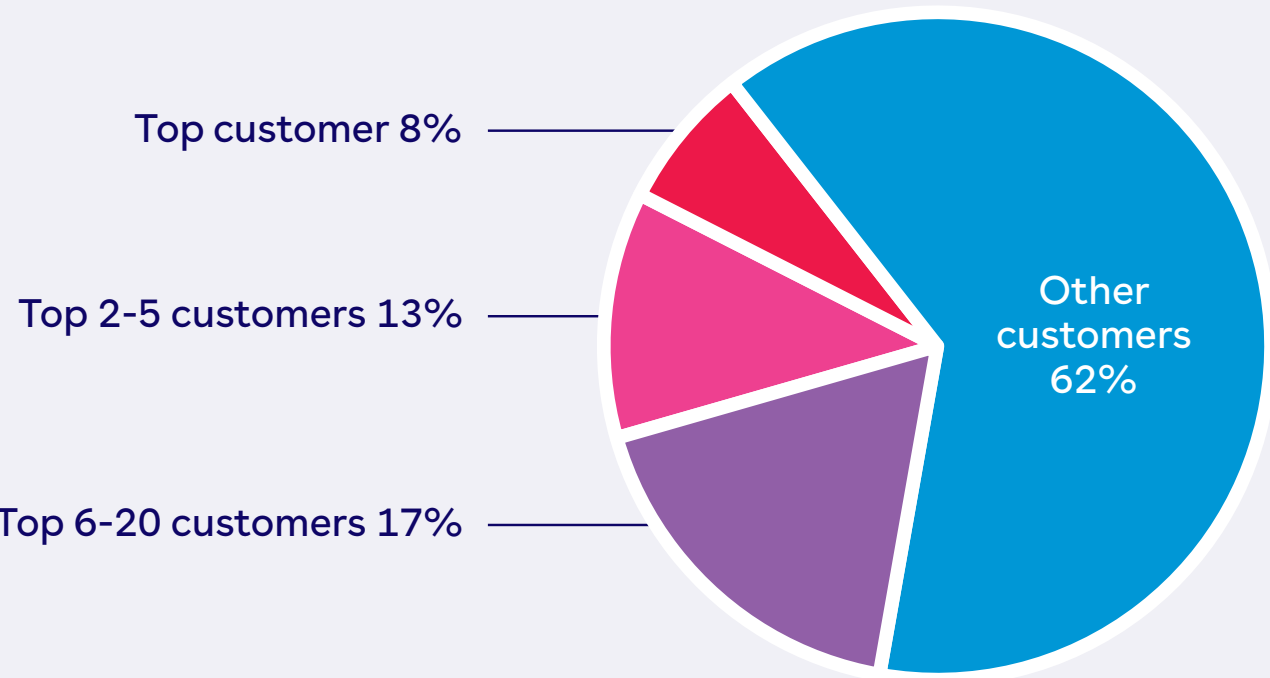


Our clients

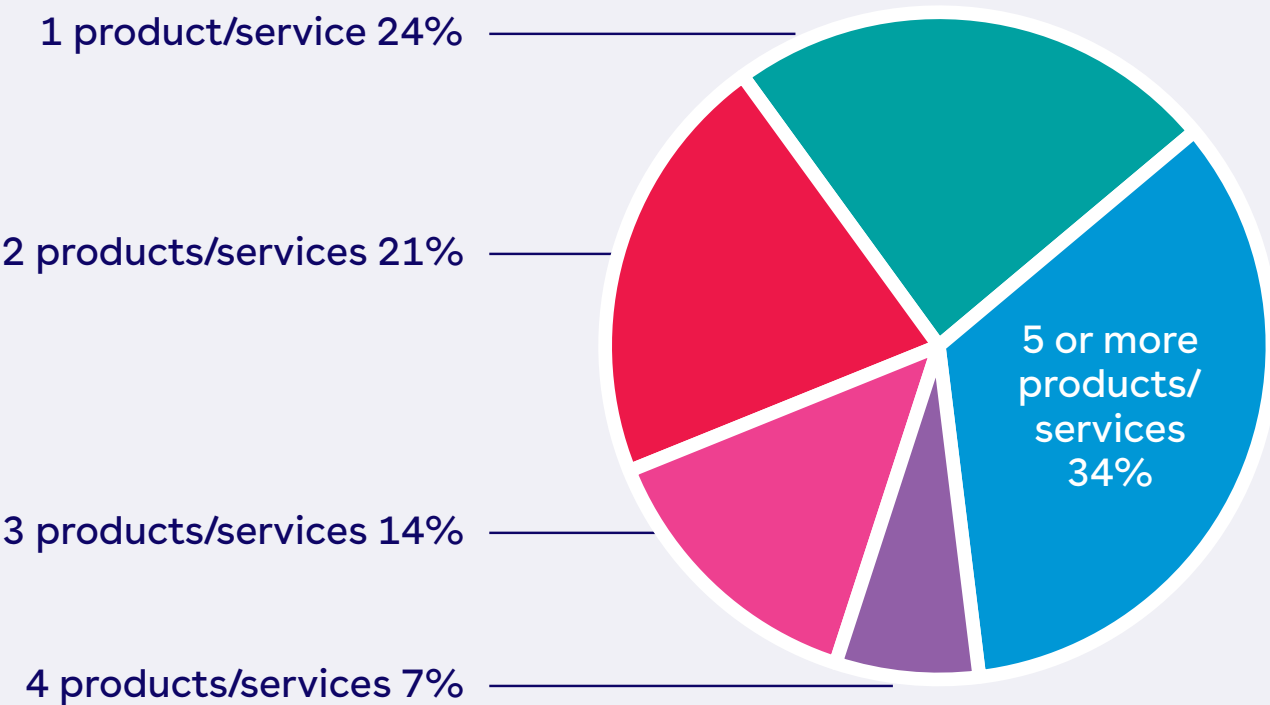


Customer diversity and longevity

Revenue concentration by customer¹



Customer product penetration¹



1 Based on FY23 revenues.
2 Based on 1H FY23 revenues.

Revenue sector analysis²

	%
Retail	46.6
White goods, electronics, furniture, clothing	24.1
Supermarkets	10.8
Health / personal products	9.9
Food / beverage	1.8
Financial / Corporate Services	10.3
Publishing	5.7
Media	4.6
Government	3.4
Health	3.2
Tourism / Entertainment	2.7
Manufacturing	2.2
Trade	2.2
Other*	19.1
Total	100.0

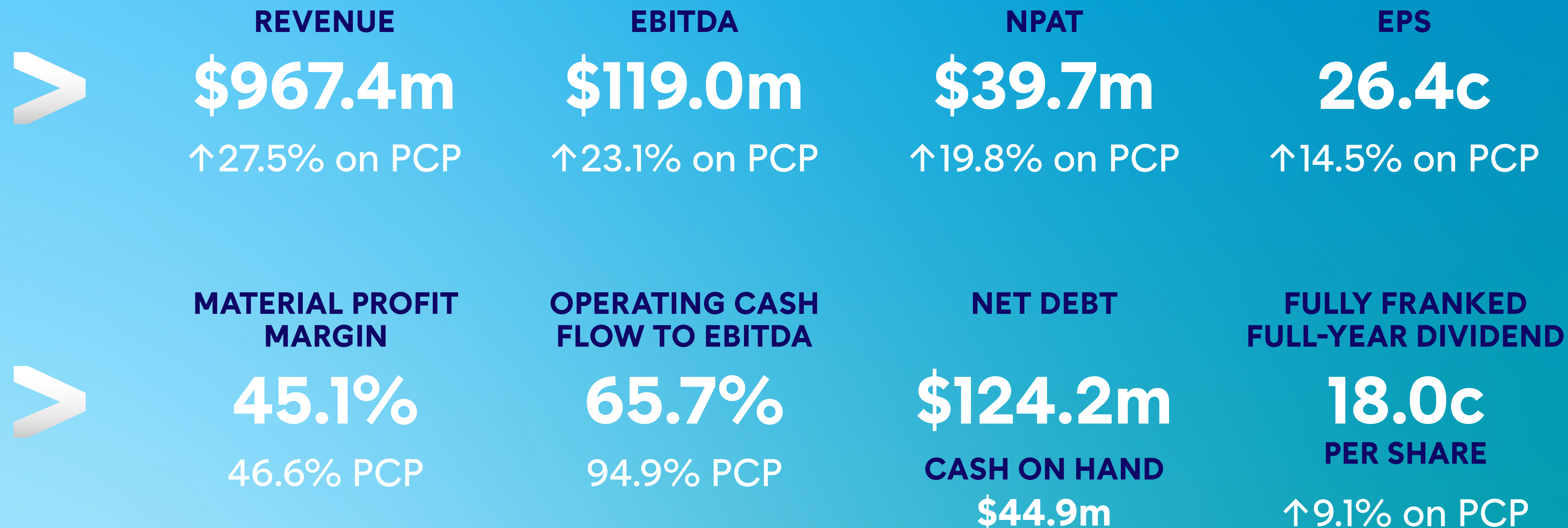
*Other includes agency, telecommunications, charity/not-for-profit, service, food, advertising agency, education, broker, associations, automotive, transport, utilities, IT, property, building / construction, legal

Relationship tenure of top 20 customers²



Underlying financial performance dashboard

A strong full year performance and maiden contribution from Ovato acquisition



*The underlying financial results are on a non-IFRS basis, exclude various non-operating items and are not audited or reviewed.
Refer Appendix A in IVE Group Limited's FY23 Results Presentation.*

Business updates



Ovato acquisition and integration

- > IVE completed the acquisition of Ovato, IVE’s primary competitor in catalogue and publications printing, on 13 September 2022

> The integration of Ovato revenue into IVE’s manufacturing footprint is progressing well and generating meaningful synergies from leveraging the Group’s operating assets and cost base

> Ovato’s estimated FY23 contribution to the Group is as follows:
 - \$136m of revenue;
 - \$11m of EBITDA; and
 - \$4m of NPAT.

> Integration is now expected to be completed by March 2024, three months ahead of the previously advised timetable

> Following the final phase of the integration, Ovato is expected to deliver revenue of around \$145m, EBITDA of around \$25m and NPAT of around \$13m

> A further \$5.5m of restructuring costs and \$4.5m of capital expenditure is anticipated in FY24
- > The revised integration timetable will result in reduced operational risk and accelerated synergy emergence, however, the incremental financial impact in FY24 will be modest with the full integration synergies unable to be realised until the end of FY24 when final site costs (primarily related to the \$4m lease expiry) are exited and all production efficiencies captured

> Key remaining integration milestones include:
 - 1H FY24: final NSW asset relocations have commenced from Warwick Farm into Huntingwood and Silverwater to complete integration;
 - final phase of revenue transfer to IVE sites completed by March 2024;
 - remaining assets held for sale to be removed to execute site exit plans; and
 - exit and make good of Warwick Farm site to be completed by March 2024, ahead of June 2024 as previously advised.

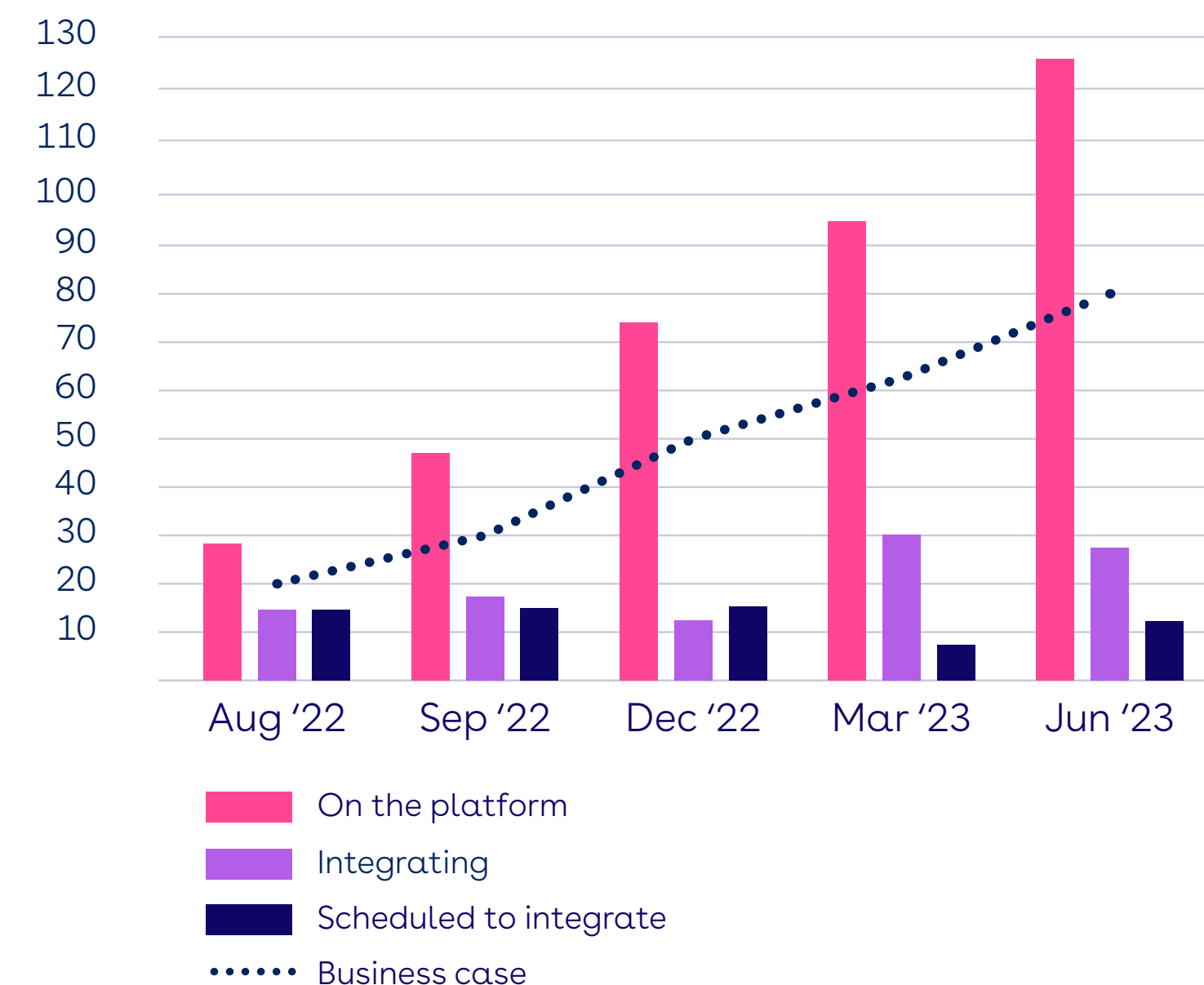


Lasoo – leading e-Commerce marketplace for specials

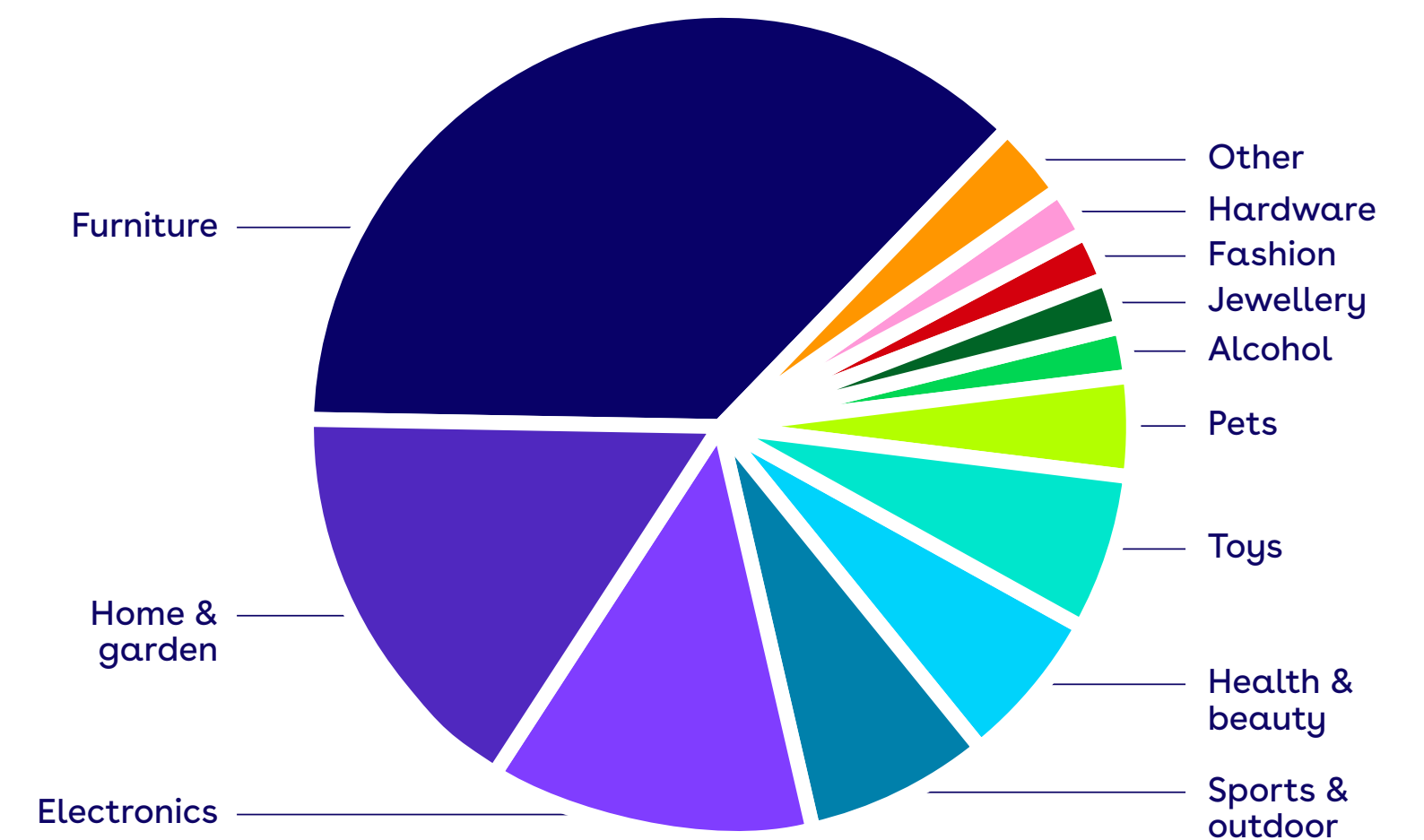
IVE spent \$4.7m to completely redesign and rebuild the Lasoo platform

- > Following its successful launch in October 2022, the new Lasoo platform continues to show strong consecutive month-on-month growth across all relevant metrics
- > Key financial metrics (monitored daily) including unique monthly users, conversion rate, average basket size, gross transaction value (GTV) and commission rates are tracking broadly in accordance with or above expectations
- > Activity levels remain strong with more than 126 fully integrated retailers on the platform (compared with only 28 live prior to launch) underpinning a broad and deep product/category offering
- > Consistent with guidance, Lasoo contributed an after-tax loss of \$4.0m (for 8 months of trading) primarily reflecting costs associated with the consumer go-to-market campaign and team buildout costs
- > The Group is encouraged by the progress and growth of Lasoo since its launch in late 2022 and intends providing a comprehensive update on the business later in FY24

Lasoo retailer onboarding momentum



Lasoo sales split by category



Lasoo

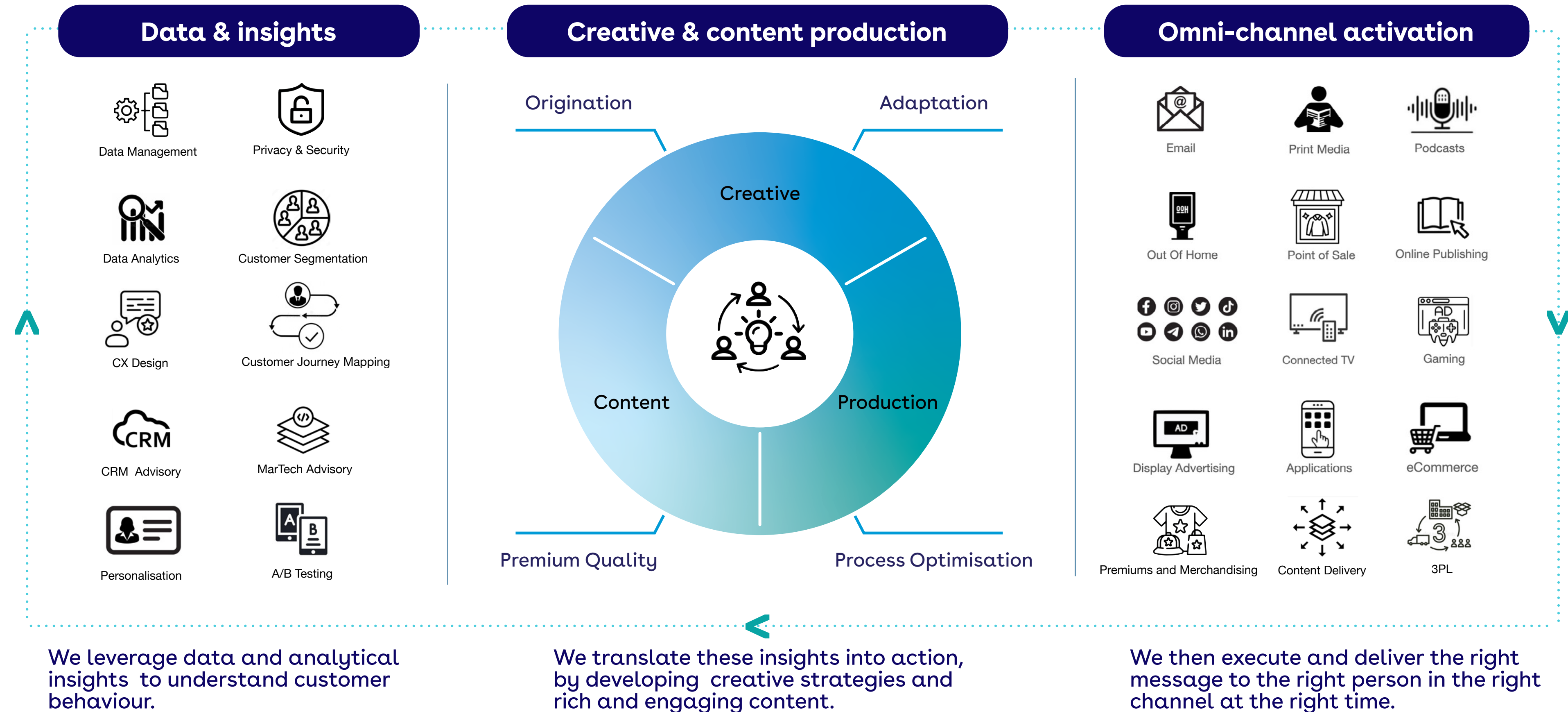
Brands now available to buy on special on Lasoo



Strategic initiatives



Expansion of Content Creation offering



Apparel and uniforms

- > Having developed a garment sourcing component to IVE's Premiums & Merchandising business, apparel and corporate uniforms was identified as a natural and growing product adjacency
- > The corporate uniform market is estimated to be ~\$1.2bn and growing at around 5.3% CAGR underpinned by general wear and tear as well as attrition (typically higher in uniformed roles)
- > Although a relatively new player to this market, the Group's unique service proposition includes:
 - Extensive client base – a significant number of IVE's ~3,000 customers have a material recurring uniform spend;
 - Intimate brand knowledge and access to brand collateral;
 - Ability to leverage our scale to disrupt existing pricing structures;

- In-house creative design resources;
 - Complements our established national warehousing and distribution capabilities;
 - Capital and resources to build our own team and/or the potential to acquire an existing apparel business; and
 - Strong ESG sourcing credentials and innovative ideas around sustainability with respect to discarded uniforms.
- > Current major IVE apparel and corporate uniform clients include Certis (Sydney/Adelaide airport security, Sydney Trains security), Surf Lifesaving NSW, Transport NSW and Woolworths
 - > The Group also has a strong pipeline of opportunities including several promising RFPs/trials in progress



Packaging update

- > During 2022, the Group completed an in-depth analysis of the Australian packaging industry
- > Key success indicators include an identified pathway to establish a packaging business that has the potential to generate \$150m of revenue within 3-5 years, with sustainable returns and medium-term growth prospects that align with IVE's sustainability agenda and unlocks synergies with the existing business
- > The higher margin, shorter run, folding cartons segment and the primary (food) packaging focused flexibles segment were identified as the areas of most interest
- > The ~\$700m folding cartons market makes up a large percentage of the preferred packaging format for large food and beverage customers, is growing and provides sustainable returns and sound growth prospects for mid-tier players
- > Moreover, cartonboard's sustainability credentials are sound and the segment offers strong potential synergies
- > With current folded carton revenues of \$10m p.a., the segment further complements IVE's existing printing and logistics capability, as well as offering cross-selling opportunities into the broader IVE Group
- > Beyond the three largest competitors who compete aggressively in the long run (high volume) folding carton space, the mid-to-small tier players focused on the shorter run, higher margin, folding carton segment offer opportunities for IVE to play a consolidating role
- > Due to similarities with many existing businesses and its aligned ESG credentials, the fibre-based folding carton segment is IVE's initial and primary area of focus
- > While optimistic of advancing IVE's packaging strategy in FY24 via a modest beachhead acquisition, we remain prudent and disciplined regarding asset selection and purchase price



Outlook and guidance*

Following two consecutive years of growth on all key financial metrics (EBITDA, NPAT & EPS), the Group is well placed to deliver healthy returns to shareholders over the year ahead.

Notwithstanding prevailing economic uncertainty, we expect the core fundamentals of IVE will once again underpin our financial performance and further strengthen our market position(s).

The Group's FY24 underlying earnings guidance range

- > EBITDA \$122m - \$127m (up 3%-7% on FY23)
- > EBIT \$74m - \$79m (up 4%-11% on FY23)
- > NPAT \$40m - \$43m (up 1%-8% on FY23)

Significant items excluded from guidance and underlying earnings

Consistent with the prior year, FY24 guidance (and underlying earnings for the purposes of determining dividends) excludes the following items:

- > Lasoo is expected to report an FY24 after-tax loss of \$3.9m (full year of trading compared with 8 months in FY23), which reflects an expected 20% improvement in EBITDA; and
- > Restructure and integration costs (including \$5.5m for final phase of Ovato integration) expected to be \$8m.

Revenue and margin

Revenues are expected to increase in FY24 with growth forecast across all parts of the business with the exception of web offset printing (catalogues and publications) and household distribution. A modest decline of around \$20-\$25m is expected in this segment reflecting the following *largely one-off* factors:

- > Decision to cease production in WA;
- > Closure/failure of Ovato customer (EziBuy);
- > Closure of customer publications; and
- > Impact of commercial repricing as a result of meaningful increases in paper prices.

MGM is expected to remain stable across FY24.

Net finance costs expected to be around \$16-17m, with prospects for some moderation in FY25 as working capital levels normalise.

Capital expenditure is expected to be around \$14.0m (excluding \$4.5m of Ovato integration related capital expenditure).

The Group's balance sheet remains strong, augmented by a recently established \$40m acquisition facility to support a range of growth initiatives:

- > Complete the final phase integration of Ovato assets into the Group's footprint to maximise transaction value consistent with previously advised financial metrics;
- > Identify and execute on an appropriate packaging acquisition consistent with the Group's previously advised packaging strategy;
- > Continue to invest in, and drive further growth across, the Lasoo platform;
- > Materially grow the breadth and depth of IVE's Content Creation offering; and
- > Continue to drive ongoing efficiency and performance across the business more broadly.

**Outlook and guidance is subject to the risks as outlined in the Risk Management Framework on pages 31-32 of IVE Group Limited's 2023 Annual Financial Report*



IVE Group Limited

ABN 62 606 252 644

Level 3, 35 Clarence Street
Sydney NSW 2000

ivegroup.com.au

Authorised by the IVE Board

Contact:

Tony Jackson
Investor Relations
tony.jackson@ivegroup.com.au
+61 2 9089 8548
+61 410 499 043

ive