

IVE Group Limited 2023 Annual General Meeting

Chief Executive Officer's Presentation
Matt Aitken

20 November 2023

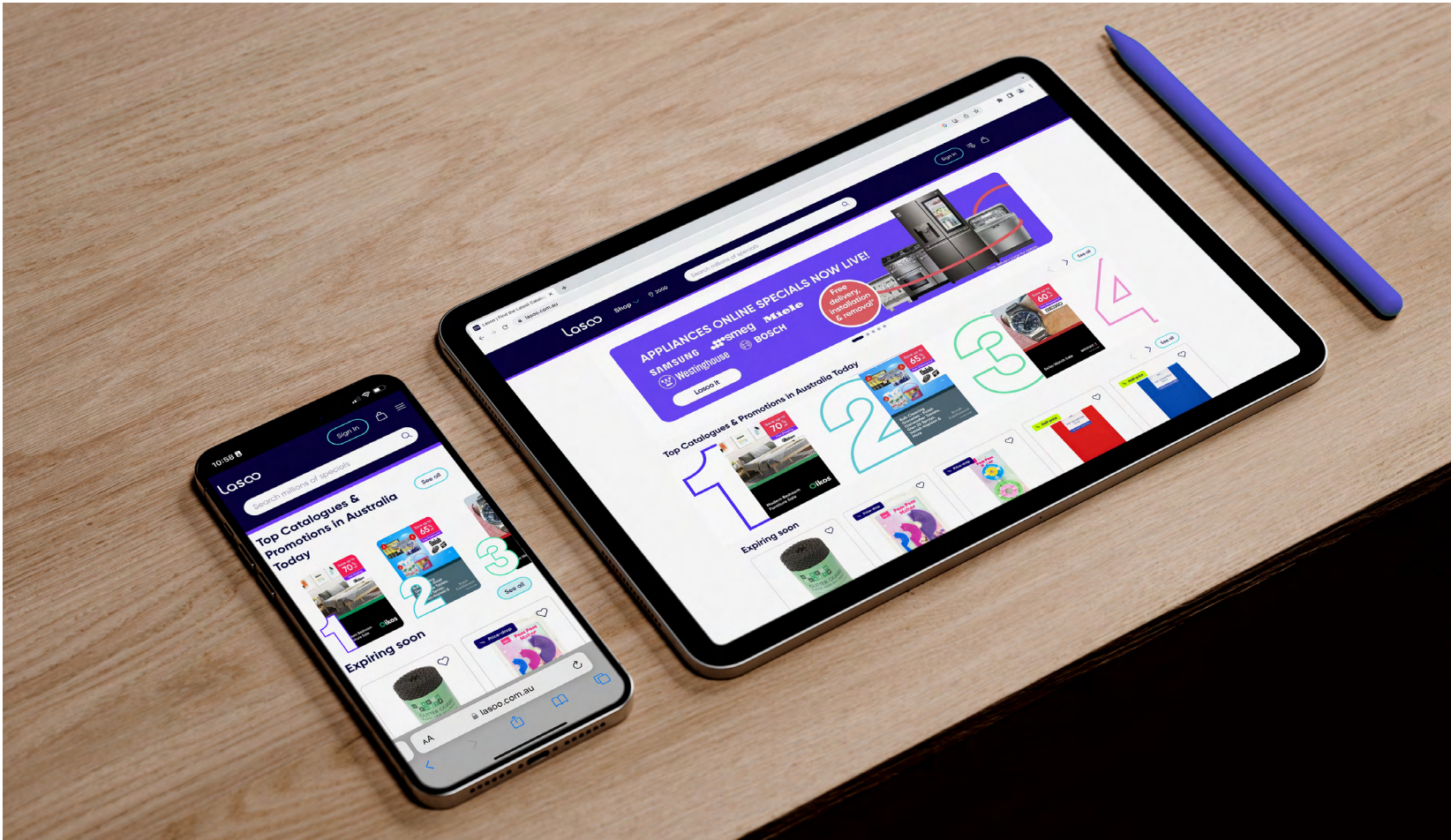
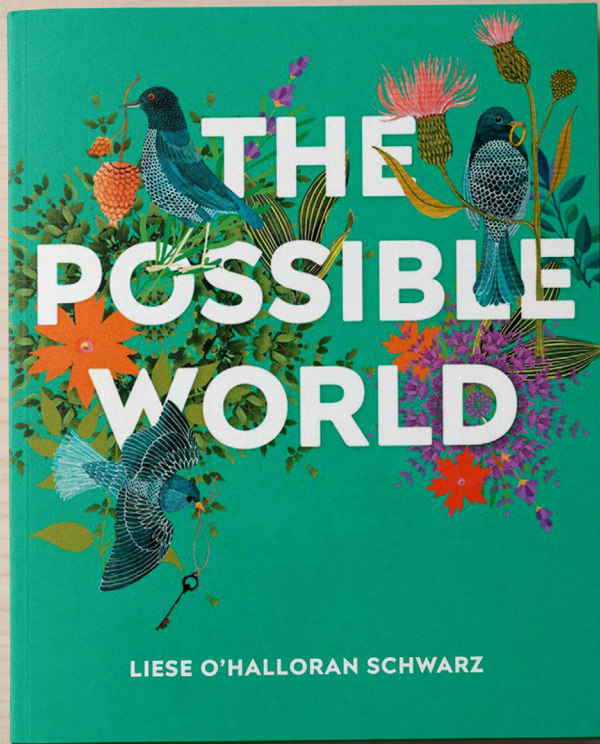
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Key highlights

Strong financial performance in FY23

- > Record year for revenue, EBITDA, NPAT and (a strong increase in) dividends
- > Organic revenue growth (excluding acquisitions) of 6.2%
- > Return on funds employed (ROFE) increased to 24.7% from 21.3%
- > Balance sheet remains strong – debt is 1.4x (pre-AASB 16) EBITDA versus 1.5x target

Operational updates

- > Highly accretive and strategically attractive Ovato acquisition completed in September 2022
- > Integration now expected to be finished by end of calendar year 2023, significantly reducing operational risk
- > \$19.3m capital raising (8.58m shares at \$2.25 ps) completed in October 2022
- > Successfully launched our e-Commerce marketplace, Lasoo, in October 2022
- > Finalised and implemented a robust environmental, social and governance (ESG) strategy

Growth initiatives

- > Investing in an expanded content creation strategy
- > Leveraging our growing apparel capability to further amplify and expand our corporate uniforms business
- > Completed our foreshadowed entry into the Australian fibre-based packaging sector with the cornerstone acquisition of JacPak in October 2023



Financial performance dashboard

Second consecutive year of strong performance post COVID-19

>	REVENUE	EBITDA	NPAT	EPS
	\$967.4m ↑27.5% on PCP	\$119.0m ↑23.1% on PCP	\$39.7m ↑19.8% on PCP	26.4c ↑14.5% on PCP
>	MATERIAL PROFIT MARGIN	OPERATING CASH FLOW TO EBITDA	NET DEBT	FULLY FRANKED FULL-YEAR DIVIDEND
	45.1% 46.6% PCP	65.7% 94.9% PCP	\$124.2m CASH ON HAND \$44.9m	18.0c PER SHARE ↑9.1% on PCP

The underlying financial results are on a non-IFRS basis, exclude various non-operating items and are not audited or reviewed.
Refer IVE Group Limited’s Annual Report 2023.

Operational updates

Ovato acquisition – integration nearing completion

- > On 13 September 2022, the Group acquired substantially all of the printing and finishing assets of Ovato, IVE’s primary print competitor
- > The integration of Ovato assets and revenue transfer into IVE’s existing operations has progressed very well, delivering meaningful synergies from leveraging the Group’s operating assets and cost base, notwithstanding significant remaining costs in FY24 at Ovato’s NSW (Warwick Farm) site as we progressively ‘wind down’ ahead of the final exit
- > Integration is now expected to be completed by the end of calendar 2023, six months ahead of original plans and ahead of the update provided with the release of the FY23 result
- > The expedited final phase of the integration reduces operational risk and frees up management to focus on the go-forward
- > The acquisition is highly earnings accretive – Ovato is expected to contribute \$145m of revenue, \$25m of EBITDA and \$13m of NPAT in FY25





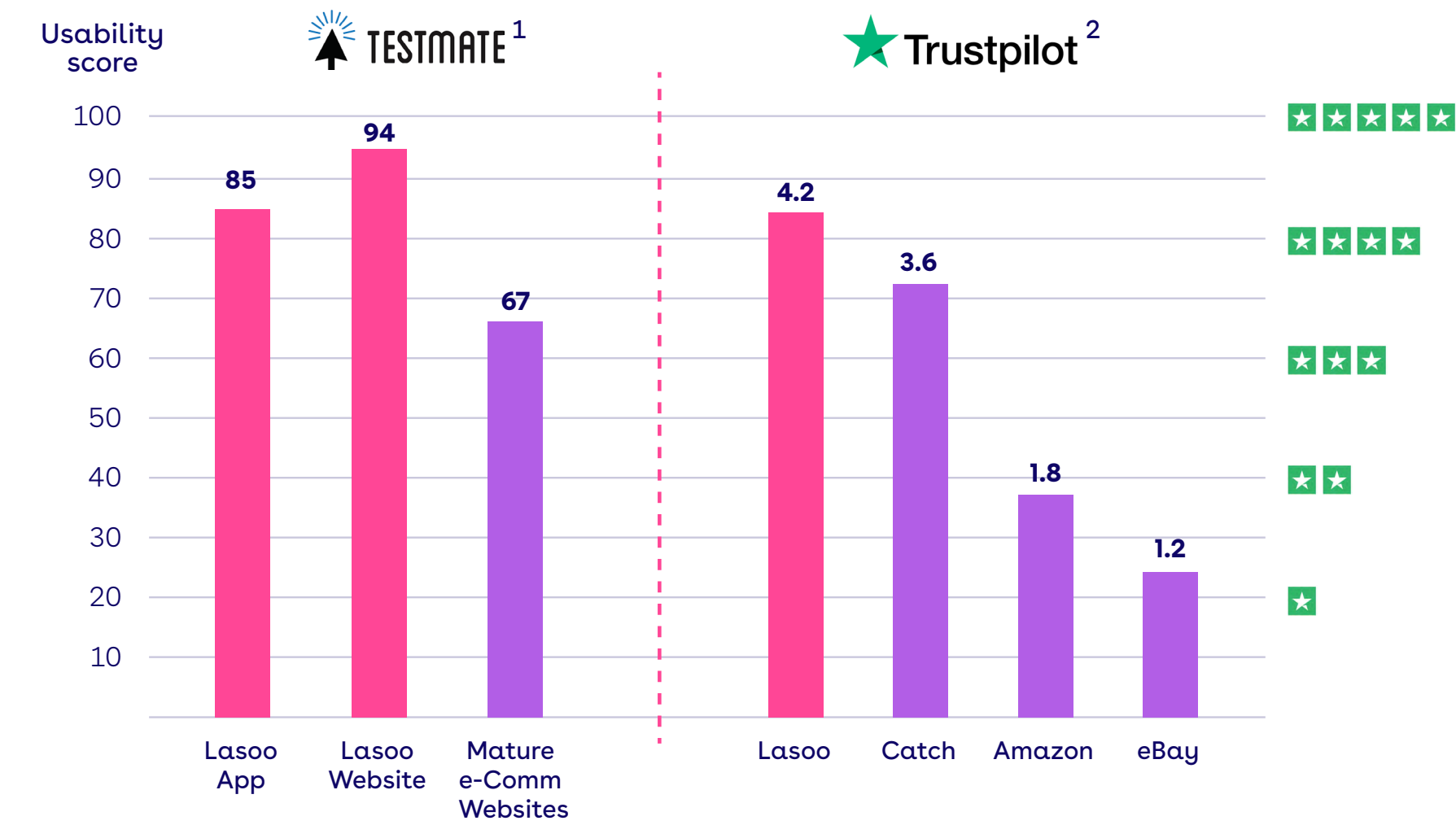
Operational updates

Lasoo – e-Commerce marketplace for specials

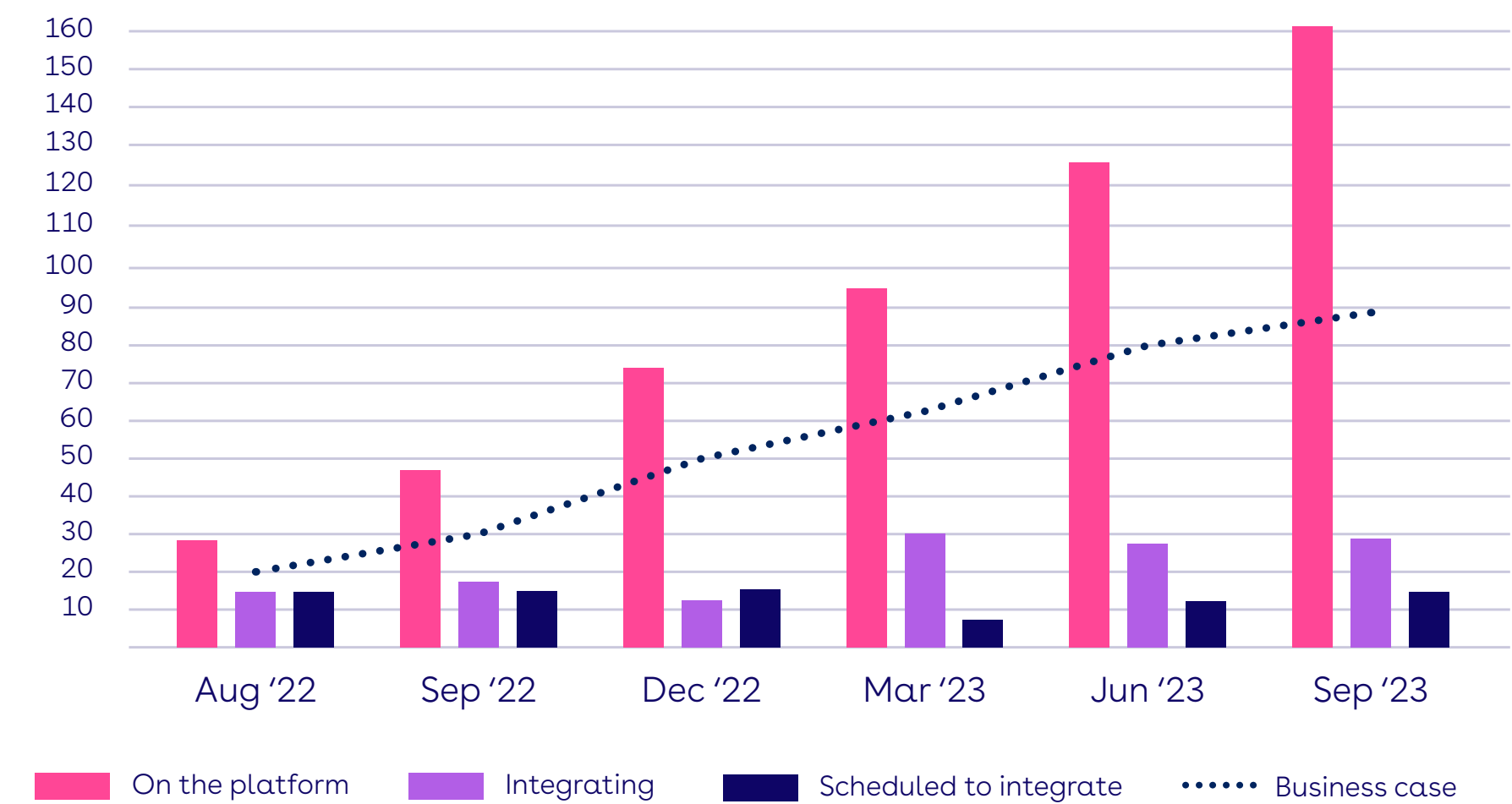
- > Established in 2007 and acquired by IVE in January 2020
- > In FY22, the Group invested to transform Lasoo into an e-Commerce marketplace for retailers’ specials
- > The new platform was successfully launched in October 2022
- > Independent feedback (from Testmate¹ and Trustpilot²) on user experience is encouraging as is Lasoo’s net promoter score which has improved to an ‘exceptional’ 67+ from a ‘strong’ 38+ in October 2022, primarily due to the greatly expanded number of deals on the platform
- > Lasoo is experiencing strong retailer uptake with more than 170 retailers now fully integrated on the platform
- > Appliances Online went live recently, joining the likes of Barbeques Galore, Carlton United Breweries, Lincraft, Autobarn, Shiels, Bevilles, Direct Chemist Outlet and many more of Australia’s best-known retailers with deals exclusive to Lasoo

1. Testmate UX Research Agency
2. Trustpilot – www.au.trustpilot.com

User experience (UX) scores



Retailer onboarding momentum

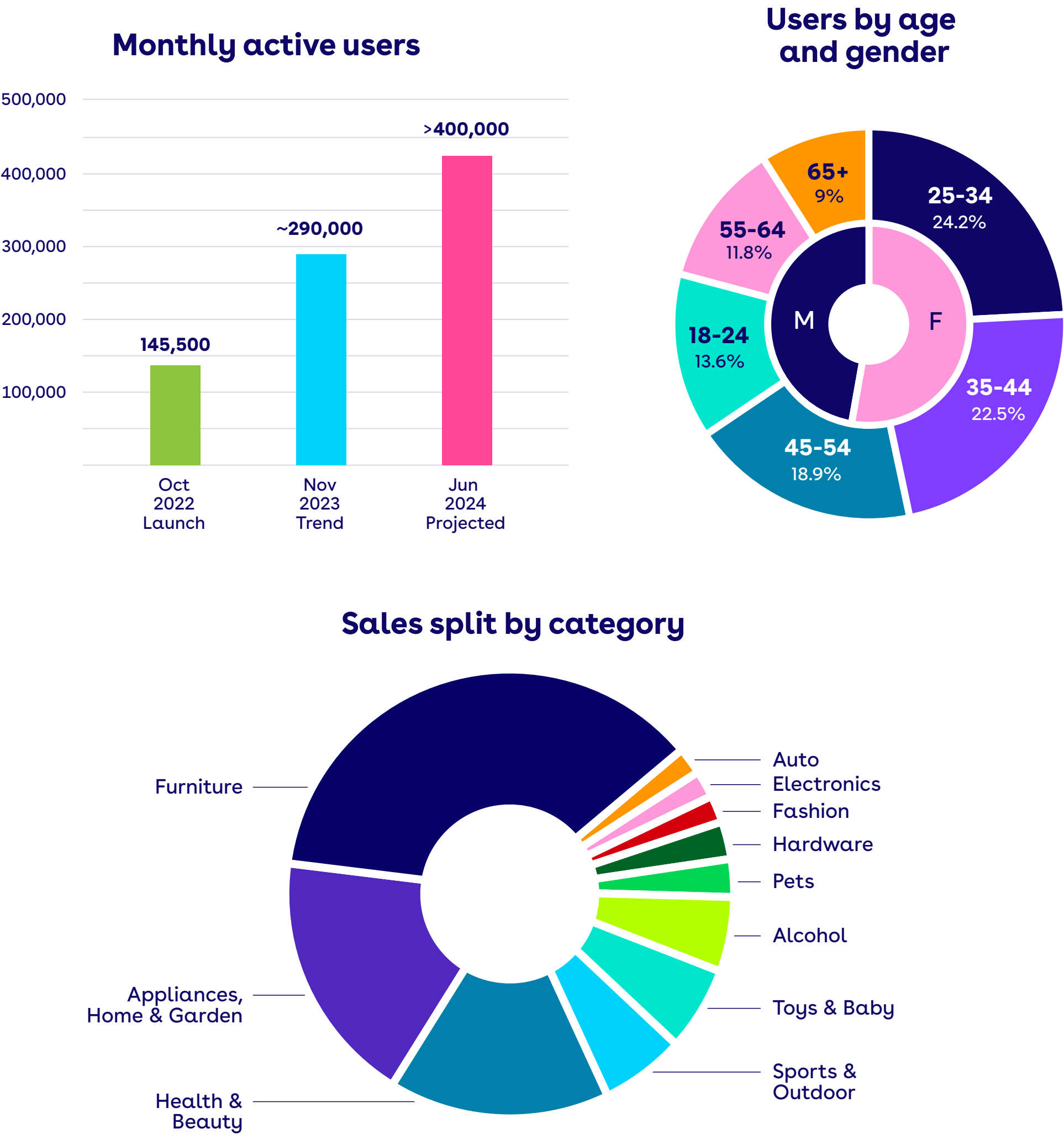


Operational updates

Lasoo – expected to breakeven during FY26

Following its successful launch in October 2022, Lasoo continues to show strong consecutive month-on-month growth

- > Key financial metrics (monitored daily) including monthly active users (MAU), conversion rate, average basket size (ABS), gross transaction value (GTV) and commission rates are tracking in-line with, or above, original business case expectations
- > The growth trend in MAU is encouraging as are Lasoo’s diverse customer demographics
- > Conversion rates and ABS are performing above expectations with Lasoo’s ABS currently \$172 compared with the original business case of \$120, reflecting strong sales in higher value categories
- > Lasoo is expected to generate annualised GTV of \$15m by June 2024, 64% above the original business case
- > On current trajectory, Lasoo is expected to breakeven during FY26
- > Based on the current momentum, proof of concept and better than expected marketplace performance, we are reviewing all possible growth options and expect to update investors on our plans for Lasoo with the release of the 1H FY24 result in February 2024



Growth initiatives

Expansion of Content Creation offering

- > Expansion of content creation offering to support customers and leverage the Group's 'idea to execution' market position
- > IVE's Content Creation offering includes a team of >80 creative staff located in Sydney and Melbourne (including staff embedded within client sites) working across a range of sectors including banking & financial services, FMCG, grocery, retail, property and luxury brands
- > The team has strong foundations in creating marketing collateral that IVE produces, distributes and activates in the market, however, the division is arguably under-represented relative to the market position and customer penetration of many of the Group's other businesses
- > The media landscape continues to fragment, and the proliferation of channels has significantly increased the type, volume and frequency of content that needs to be produced to ensure effective omni-channel marketing
- > IVE views this as a further opportunity to support customers and leverage the Group's unique 'Idea to Execution' market position by developing a deeper and more comprehensive go-to-market Content Creation offering over the next 24 months including:
 - Expanding the breadth and depth of the Group's creative services, content production and marketing technology offering;
 - Protecting and leveraging existing relationships by introducing new and highly valued services and solutions to existing clients;
 - Entering new markets and developing profitable revenue streams through bundling these new capabilities and existing services to a broader customer base; and
 - Continuing to advance IVE's holistic offering of data driven, content rich, omni-channel marketing services.
- > The Group intends executing on the Content Creation strategy over the next 18-24 months



Growth initiatives

Apparel and uniforms

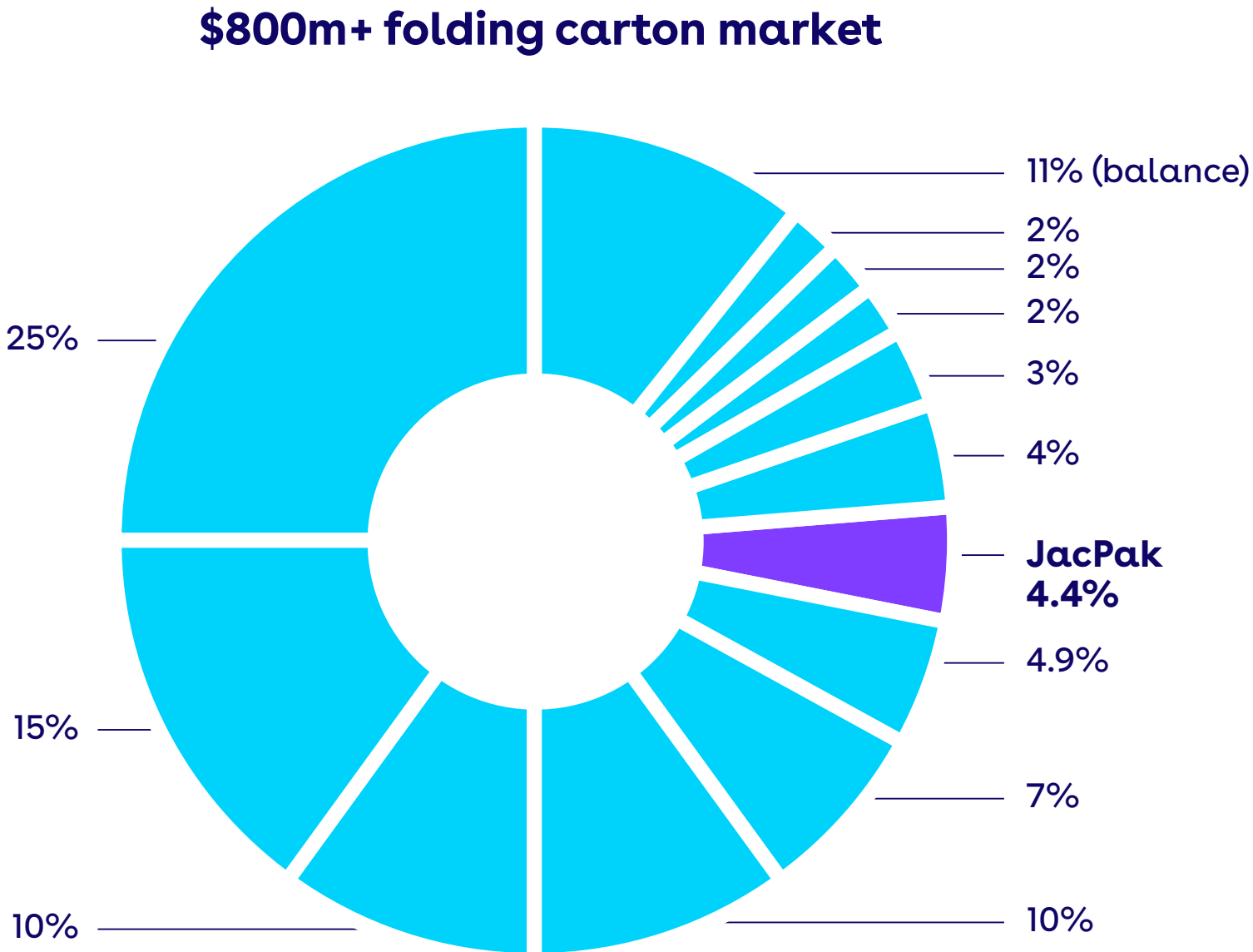
- > Having developed a garment sourcing capability in IVE's Premiums & Merchandising business, apparel and corporate uniforms was identified as a natural and growing product adjacency
- > The corporate uniform market is estimated to be ~\$1.2bn and growing at ~5% pa underpinned by general wear and tear as well as attrition (typically higher in uniformed roles)
- > Although a relative newcomer to this market, IVE's unique service proposition includes:
 - Extensive client base with 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;
 - Established national warehousing and distribution capabilities;
 - Capital and resources to build our own team and/or acquire an existing business; and
 - Strong ESG sourcing credentials and innovative ideas around sustainability with respect to discarded uniforms.
- > Current apparel and corporate uniform clients include Certis (Sydney/Adelaide airports and Sydney Trains security), Surf Lifesaving NSW, Transport NSW, Woolworths and Reece
- > The Group currently has a strong pipeline of opportunities including several promising RFPs/trials in progress



Growth initiatives

Packaging – strategically attractive adjacency

- > 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 was identified as the initial and primary area of focus:
 - the \$800m+ segment is growing (9-10% in the past year) and offers sustainable returns and sound growth prospects for mid-tier players;
 - folding cartons make up a large percentage of the preferred packaging format for food, beverage, cosmetic and wellness customers, which overlap with IVE’s existing customer base;
 - the segment offers strong potential synergies, complementing IVE’s printing and logistics capability and offering cross-selling opportunities into the broader IVE Group; and
 - cartonboard’s sustainability credentials are sound.
- > Consistent with other product adjacencies in which IVE operate, the shorter run folding carton segment thematic is appealing and afford IVE the opportunity to play a lead role in consolidating a highly fragmented market by way of a cornerstone acquisition supplemented by opportunistic ‘bolt-on’ acquisition(s) and organic growth initiatives



Growth initiatives

Packaging – cornerstone acquisition – JacPak

- > On 25 October 2023, the Group entered the Australian fibre-based packaging sector with the cornerstone acquisition of JacPak
- > JacPak is a leading Melbourne based player in short-to-medium run length folding carton segment with annual revenue of around \$45m
- > The total purchase consideration for JacPak was \$35m, \$27.9m payable on completion, \$4m payable as deferred consideration (subject to 12 month performance hurdles), and the assumption of \$3.1m of equipment finance leases
- > The purchase consideration payable at completion was cash funded and the acquisition is expected to be EPS accretive in FY24
- > By the end of FY24, IVE expects to unlock annual cost synergies of around \$2.4m across procurement, operational efficiencies, finance and administration
- > Following the realisation of cost synergies, the business is expected to contribute EBITDA of around \$8.4m and NPAT of around \$3m, giving rise to EPS accretion of 7% (relative to the mid-point of the Group's FY24 NPAT guidance). This represents a 4.2x EBITDA multiple on the \$35m purchase consideration
- > JacPak currently has \$15m of available capacity for potential organic revenue growth. Over the near term, we are confident of utilising that capacity through new or expanded customer relationships which would increase JacPak's contribution to revenue of around \$60m, EBITDA of around \$11.9m and NPAT of around \$5.5m
- > Inclusive of estimated cost synergies and assuming current available revenue capacity is utilised, this would represent a 2.9x EBITDA multiple on the \$35m purchase consideration



Growth initiatives

Packaging – growth strategy looking ahead

- The cornerstone acquisition of JacPak provides a solid foundation from which to grow our packaging revenues over the years ahead
- Whilst the Group may consider opportunistic ‘bolt-on’ acquisitions, the primary driver of our growth strategy will be organic
- The versatility of our equipment profile is core to our strategy:
 - the printing equipment required for the production of folded carton packaging is similar to equipment IVE currently operates across our existing Victorian and NSW commercial printing operations (current annual revenues of circa \$100m)
 - to produce folded carton packaging, only die cutting and glueing equipment is required in addition to printing equipment
- Consistent with the Group’s existing footprint, IVE intends servicing national brands through packaging operations in both Victoria and NSW, supported by our national network of logistics hubs to ensure the storage and timely distribution of finished packaging products:
 - in Victoria, JacPak (IVE Packaging) will continue to operate as a standalone business with capacity to generate \$60m of annual packaging revenue, while IVE’s existing commercial (non-packaging) printing operation will continue to operate as current
 - in NSW, we intend leveraging the operational footprint of the Group’s commercial printing operation in Silverwater (Sydney) by expanding the site’s capability to also support the efficient production of folded carton packaging



ESG – leading change for a brighter future

IVE Group engaged a specialist consultancy to assist in the design and implementation of our ESG strategy to ensure our framework was informed by an evidence based approach.

The project involved four key stages over the past 12 months to determine our impacts, our stakeholder expectations and develop our strategy.

Discover

Develop the evidence base to inform our strategy.

- > Peer sustainability strategies and key customer commitments reviewed to inform focus areas and alignment
- > All IVE Group staff surveyed
- > Key stakeholders interviewed
- > Multiple workshops with IVE Executives & staff
- > 2m transport data points, 2000-3000 suppliers, 200 recycling reports, 45 sites
- > Carbon footprint assessment
- > Supply chain social risk assessment

Prioritise

Collaborate to identify the most material issues relevant to our business, and how we will strategically address these issues.

- > Material issue identification with IVE Group Executive team
- > Development of key pillars that will best capture our focus areas and address our material topics

Design & Refine

Development of goals and initiatives that will support our strategy.

- > Review of insights and data to inform most relevant near-term actions
- > Goal and initiative longlist development
- > Workshop to stress-test strategy with IVE Group Executive team

Deliver & Activate

Draft and deliver the final sustainability strategy and external facing communications.

- > Development of final sustainability strategy
- > Action planning & governance
- > Reporting roadmap
- > External-facing sustainability communication

Our ESG strategy – 2025¹ and beyond

Underpinning our approach is our ongoing commitment to transparency and authenticity through GRI-aligned² and TCFD³ disclosure and robust governance including establishing an ESG governance committee and integrating ESG performance metrics into KPIs of management and key staff.

1 IVE Group’s 2025 ESG strategy targets are outlined in detail on page 24 of the Group’s Annual Financial Report 2023
2 Global Reporting Initiative
3 Task Force on Climate-Related Financial Disclosures

ONE

Designing **Innovative Customer Solutions**

To push the boundaries of sustainable product development in our sector and empower customers with the knowledge to make informed choices.

TWO

Valuing our **People and Communities**

To continue creating a safe and inclusive working environment and supporting those communities who support us.

THREE

Maintaining **Responsible Operations and Supply Chains**

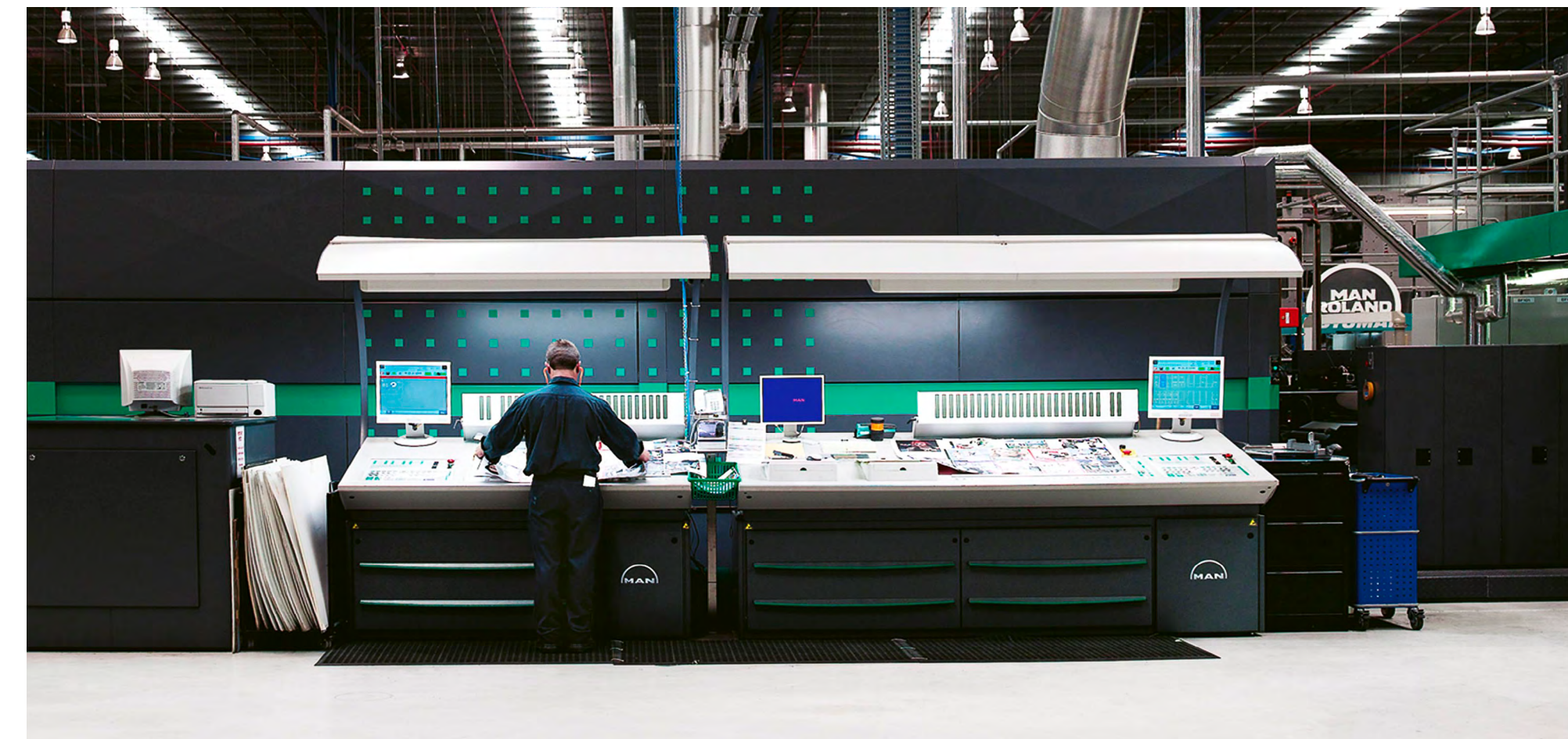
To mitigate our impact on the climate and lead projects that deliver more regenerative and ethical supply chains.

Trading update and outlook

- > Notwithstanding prevailing economic uncertainty, the business performed solidly in the **4 months to 31 October 2023**:
 - Revenue is broadly in line with (a very strong) PCP excluding incremental Ovato revenue
 - Material gross margin up slightly relative to PCP
 - EBITDA of \$41.2m* compared with \$39.5m* PCP
 - Includes higher electricity and gas costs relative to PCP
- > The Company reaffirms the FY24 underlying earnings guidance range provided on 24 August 2023:
 - EBITDA \$122m - \$127m
 - EBIT \$74m - \$79m
 - NPAT \$40m - \$43m
- > The following items are excluded from guidance:
 - Any contribution from JacPak (acquired 1 November 2023);
 - Consistent with previous guidance, Lasoo is expected to report an after-tax loss of \$3.9m (12 months of trading compared with only 8 months in FY23) which reflects an expected 20% improvement in EBITDA; and
 - Restructure and integration costs are expected to be \$12.5m including \$10.0m for the final expedited phase of the Ovato integration
- > Capital expenditure is expected to be around \$14m, excluding \$4.5m of Ovato integration related capital expenditure

- > Net debt at 30 June 2024 is expected to be broadly in line with the Company's stated target of 1.5x (pre-AASB 16) EBITDA
- > Excluding additional financing costs associated with the JacPak acquisition, net finance costs are expected to be around \$17m comprising:
 - \$9.5m (net) relating to corporate debt; and
 - \$7.5m relating to leases (including non-cash impacts of AASB 16)

**Underlying and not audited*





Thank you

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