

# ASX Announcement



12 March 2019

## **QANTM INITIAL RESPONSE TO IPH PROPOSAL TO ACQUIRE XENITH**

- ***IPH announcement understates the implied QANTM / Xenith merger consideration***
- ***Execution risk, including competition risk, is higher with an IPH takeover of Xenith***

QANTM Intellectual Property Limited (ASX: QIP) ("QANTM" or "the Company") notes the announcement today by IPH Ltd ("IPH") that it has submitted a proposal to acquire Xenith IP Group Limited ("Xenith").

QANTM makes two initial points below in relation to the IPH Proposal.

### **1) The IPH announcement understates the implied QANTM / Xenith merger consideration**

The IPH announcement states that the IPH Proposal represents a total value of \$1.97 per Xenith share and asserts that this value is "23.3% in excess of the implied QANTM Merger consideration."

However, the 23.3% premium stated above is calculated using the closing price of QANTM shares on 26 November 2018, while the IPH share value is based on the IPH closing price on 11 March 2019.

In considering the value of QANTM's offer to Xenith shareholders, QANTM's recent share prices are more relevant than the QANTM share price on 26 November 2018, particularly given QANTM's strong 2019 half year results which were released on 22 February 2019. Based on QANTM's:

- Closing share price on 11 March 2019 of \$1.66, the implied merger consideration per Xenith share under the QANTM / Xenith Merger is \$2.03
- 1 month VWAP to 11 March 2019 of \$1.64, the implied merger consideration per Xenith share under the QANTM / Xenith Merger is \$2.00

### **2) The IPH Proposal implies very similar risks regarding Australian Competition and Consumer Commission ("ACCC") clearance between a QANTM / Xenith merger, compared to an IPH / Xenith combination.**

The IPH Proposal states that it "is subject to the same informal clearance review process as that requested for the QIP Merger proposal. It is IPH's expectation that the ACCC's assessment will involve consideration of the same or very similar issues as the QIP Merger".

In relation to the above statement, QANTM notes the following:

- the provisional date for the announcement of the ACCC's findings in relation to a merger between QANTM and Xenith is currently scheduled for 21 March 2019. The equivalent date for the announcement of the ACCC's findings in relation to a merger between IPH and Xenith is not until 2 May 2019; and
- QANTM cannot prejudice the assessment of the ACCC. However, a takeover of Xenith by IPH would lead to a materially different market structure than the merger of QANTM and Xenith.



## **QANTM INTELLECTUAL PROPERTY LIMITED ASX ANNOUNCEMENT**

In QANTM's view there remains significantly less execution risk associated with a merger between QANTM and Xenith, compared to a takeover of Xenith by IPH.

The proposed merger between QANTM and Xenith has compelling financial, strategic and operational benefits. In addition, there is strong cultural alignment between QANTM and Xenith, which is an important consideration in a business where people are the main assets.

The QANTM Board reiterates its support for the merger between QANTM and Xenith.

### **For further information, please contact:**

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### **About QANTM Intellectual Property**

QANTM Intellectual Property Limited ("QANTM" ASX: QIP) is the owner of leading intellectual property (IP) businesses operating in Australia, New Zealand, Singapore and Malaysia under three key brands - Davies Collison Cave, FPA Patent Attorneys and Advanz Fidelis IP Sdn Bhd. With 150 highly qualified professionals and over 270 years' combined history, the QANTM Group has a strong track record in providing IP services to a broad range of Australian and international clients, ranging from start-up technology businesses to Fortune 500 multinationals, public research institutions and universities. The company also provides services in relation to patents, designs and trademarks and through DCC, a litigation service in relation to patent and trade mark protection.