

# Xenith's Board unanimously recommends updated IPH proposal as Superior Proposal

12 April 2019



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## Pro forma and Underlying financial information

Xenith uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS financial information.

Xenith considers that this non-IFRS information is important to assist in evaluating Xenith's performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business.

All dollar values in this presentation are in Australian dollars (A\$) unless otherwise stated.

# Xenith's Board unanimously recommends updated IPH proposal as Superior Proposal



## ❑ **Superior Proposal** for Xenith Shareholders

- Xenith shareholders to receive standard consideration of:
  - a) \$1.28 cash; and
  - b) 0.1261 IPH shares,representing a total value of \$2.15 per Xenith share based on IPH's closing price on 5 April being \$6.90
- As an alternative, Xenith shareholders may elect to receive a "Mix and Match" facility of either:
  - a) 100% scrip consideration (0.3116 IPH shares), subject to scale back<sup>1</sup>; or
  - b) 100% cash consideration of \$2.15, subject to scale back<sup>1</sup>

## ❑ Xenith has now entered into a Scheme Implementation Deed (SID) with IPH for the acquisition of all Xenith shares not owned by IPH via a Scheme of Arrangement, with customary scheme conditions, including:

- Xenith shareholder and Court approvals
- Independent Expert concluding that the proposed transaction is in the best interests of Xenith shareholders
- Termination of QIP merger SID
- No material adverse change in either Xenith or IPH, no prescribed occurrences for either Xenith or IPH
- \$1.9m break fee and exclusivity – no shop, no talk, no due diligence and matching rights, subject to limited exceptions in the event of further competing proposals
- Note: ACCC approval obtained on 28 March 2019

### Notes:

1. Allocation will be subject to scale back (if necessary) on a pro rata basis to ensure that, for all of Xenith shares to be acquired by IPH under the Scheme (which excludes any already owned by IPH), the maximum cash consideration payable by IPH is c.\$91.4m and maximum shares to be issued is c.15.6m

# Indicative transaction timetable



Event	Date
First Court Date	Week commencing 3 June 2019
Explanatory Booklet registered with ASIC and released on ASX	Next Business Day after First Court Date
Dispatch Explanatory Booklet to Xenith Shareholders	Week commencing 17 June 2019
Scheme Meeting	Week commencing 15 July 2019
Second Court Date	Week commencing 22 July 2019
Effective Date	Next Business Day after Second Court Date
Election Time	Week commencing 29 July 2019
Record Date	Week commencing 29 July 2019
Implementation Date	Week commencing 5 August 2019

# Superior Proposal for Xenith shareholders

## Xenith's Board considers IPH's updated offer to be a Superior Proposal

	QIP merger	Initial IPH Proposal	Updated IPH Proposal (Superior Proposal)
Cash consideration	Nil	\$1.28	\$1.28
Scrip consideration	1.22 QIP Shares	0.1056 IPH Shares	0.1261 IPH Shares
100% cash alternative	No	No	Yes (subject to scale back)
100% scrip alternative	n/a	No	Yes (subject to scale back)
<b>Implied value per Xenith share (as at 5 April 2019)</b>	<b>\$1.65</b>	<b>\$2.01</b>	<b>\$2.15</b>
Implied value per Xenith share (based on 1-month VWAP as at 5 April 2019)	\$1.90	\$2.00	\$2.14
<b>Implied offer premium</b>			
To Independent Expert Valuation as included in proposed QIP Merger Scheme Booklet (mid-point)	9%	33%	42%
To Xenith's undisturbed closing price prior to the proposed QIP Merger announcement <sup>1</sup>	32%	61%	73%

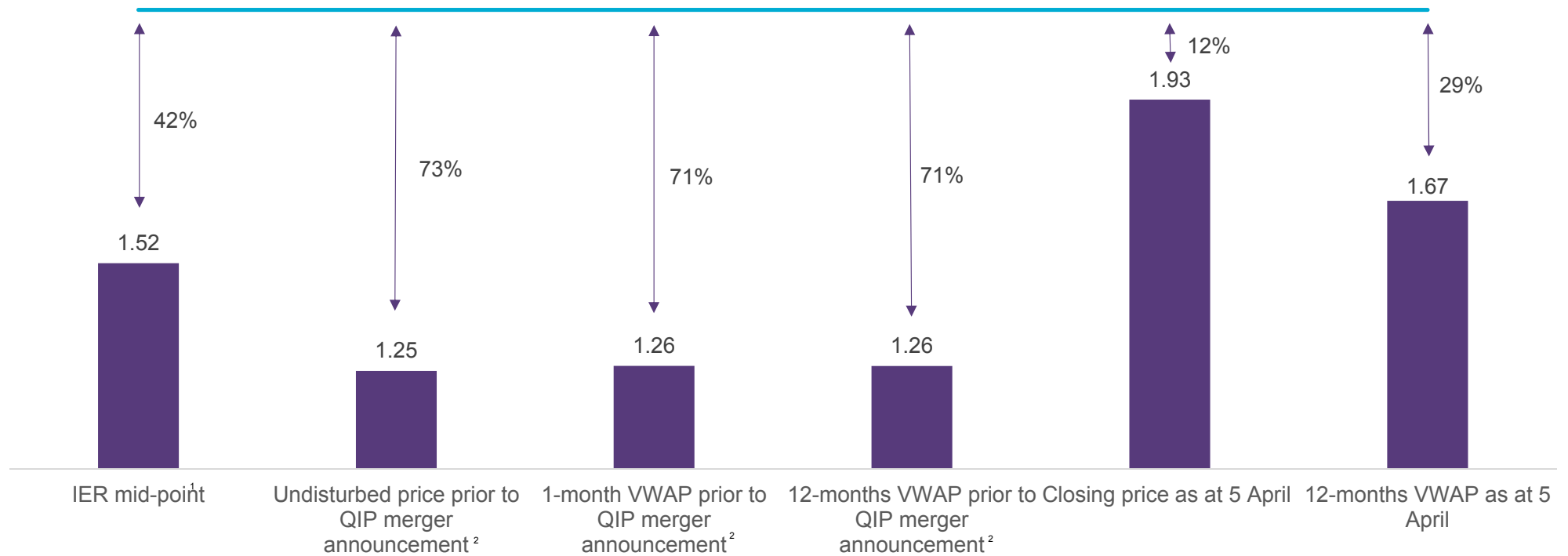
Notes:

1. As at 26 November 2018

# Offer premium



Offer price: \$2.15 per Xenith share



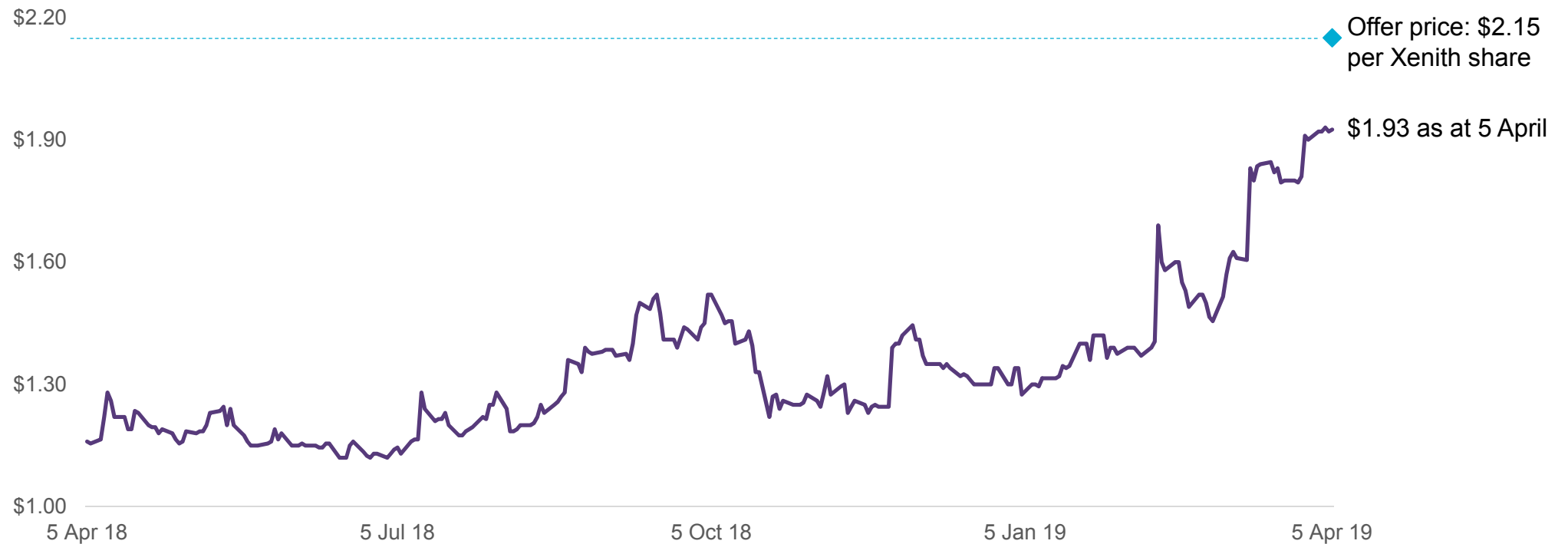
Notes:

1. Independent Expert Valuation as included in proposed QIP Merger Scheme Booklet (mid-point)
2. As at 26 November 2018

# Xenith's recent share price performance



Creating significant value for Xenith shareholders



# Value of people and culture

- ❑ After a series of constructive conversations between Xenith's and IPH's respective Boards, Xenith recognises that each brand within the IPH Group has its own distinct culture, contributing to the business' success since IPH's IPO in 2014
- ❑ The combined group creates a market leading Australian IP services company, bringing significant opportunities for employees:
  - ✓ Strong career development and progression opportunities
  - ✓ Stronger ability to attract top talent, solidifying a solid foundation for continued future growth
  - ✓ Bringing together and working with top talent from both companies
  - ✓ Opportunity for strong alignment through employee incentive plan, which includes potential cash and IPH equity awards for eligible staff



**1,000+** employees  
**440+** professional staff



# In summary

- ❑ The Xenith Board unanimously:
  - Considers the IPH Scheme to be in the best interests of Xenith Shareholders
  - Recommends that Xenith Shareholders vote in favour of the IPH Scheme; and
  - Intends to vote or cause any Xenith shares in which they have a relevant interest to be voted in favour of the IPH Scheme
- ❑ The updated IPH offer of \$2.15 per share is at a significant premium to Xenith's recent trading levels
- ❑ Xenith shareholders do not need to take any action at the present time
- ❑ An Explanatory Booklet containing information relating to the IPH Scheme, reasons for the Directors' recommendation, an Independent Expert's report and details of the Scheme Meeting is expected to be sent to Xenith shareholders during the week commencing 17 June 2019
- ❑ Xenith shareholders will have the opportunity to vote on the IPH Scheme at a meeting expected to be held during the week commencing 15 July 2019