

ASX RELEASE – IVE GROUP LIMITED (ASX:IGL)

22 June, 2022

Trading update and FY22 full year guidance

IVE Group Limited (IVE) is pleased to provide an update on year to date trading, renewal of finance facilities, and reaffirm FY22 full year earnings guidance.

Trading update for the 11 months to 31 May 2022

Building further on the Company's strong H1 FY22 performance, revenue momentum has continued across the business throughout H2 FY22, with full year revenue expected to be circa \$750m (14% up over PCP).

Supply chain disruption, primarily paper supply, remains a key focus. We continue to build inventory levels to ensure no disruption to customer service levels, and to place the business in a strong position to take advantage of growth opportunities. Raw material inventory levels are currently approximately 25% higher than June 2021. This level of holding, whilst high by historical standards, is considered appropriate given the scale of the business, current supply chain volatility, and the competitive advantage it potentially delivers. We envisage paper inventories will continue to grow over H1 FY23. We continue to work successfully with clients to manage flow through price increases as result of upward pressure on input costs.

The integration of Active Display Group (ADG) and AFI Branding Solutions (AFI) is progressing well, with the full integration expected to be complete by September 2022, 3 months later than previously advised due to weather and COVID driven delays in completion of IVE's new Braeside facilities.

ADG and AFI's operations across 5 sites are currently being fully integrated into IVE's new Retail Display facilities in Braeside, Victoria (refer to page 13/14 of CEO's presentation at AGM on 23 November 2021 for detailed overview of IVE's Victorian site consolidation initiative).

Renewed finance facility

In May 2022 the Company successfully renewed its syndicated senior debt facility for a further term of 4 years, with the maturity date extended to May 2026. The renewal process achieved improvements in both the terms and pricing of the facility. These favourable outcomes are reflective of IVE's ongoing balance sheet strength, earnings quality, and our strong relationship with syndicate members.

At the end of May 2022, IVE's senior syndicated loan facility of \$160m was drawn to \$125m (31 December 2021 - \$110m), with available headroom of \$35m. The increase in drawings over the period is primarily the result of the Company's previously communicated decision to increase inventory holdings in response to supply chain volatility to ensure there is no disruption to the business.

FY22 full year guidance

- Underlying EBITDA expected to be \$98m
- Underlying NPAT expected to be \$33m which would deliver an earnings per share (EPS) uplift of 70% over FY21 underlying full year NPAT
- Capital expenditure expected to be \$14.5m (excluding Lasoo investment of \$4m)
- Net debt at 30 June 2022 expected to be circa \$95-100m
- The Company's dividend policy remains unchanged, targeting a full year payout ratio of 65-75% of NPAT

The Company will release its FY22 full year results on 25 August 2022.

This announcement has been authorised for release by the IVE Group Board.

Geoff Selig
Executive Chairman

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