

# ASX Announcement

26 October 2022

## Presentation to Jarden Annual Leaders Conference 2022

Attached is a presentation to be given today by IPH's Managing Director & CEO, Dr Andrew Blattman, to the Jarden Annual Leaders Conference.

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**Authorised for release to ASX by:** Dr Andrew Blattman, Managing Director & CEO

**About IPH Limited**

IPH is the Asia Pacific's leading intellectual property services group, comprising a network of member firms working in nine IP jurisdictions and servicing more than 25 countries. The group includes leading IP firms AJ Park, Griffith Hack, Pizeys, Smart & Biggar, Spruson & Ferguson and online IP services provider Applied Marks. IPH employs more than 1,200 people working in Australia, Canada, China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, Singapore and Thailand.



# Jarden Annual Leaders Conference 2022

26 October 2022

Presented by:

**Dr. Andrew Blattman**  
Managing Director & CEO, IPH Limited

[iphltd.com.au](http://iphltd.com.au)

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# About IPH



# About the IPH Group

A leading international IP services group



**Nº 1**

**Patent group**  
in Australia, Canada, New Zealand and Singapore<sup>2</sup>

**Trade mark group**  
in Australia and New Zealand<sup>3</sup>

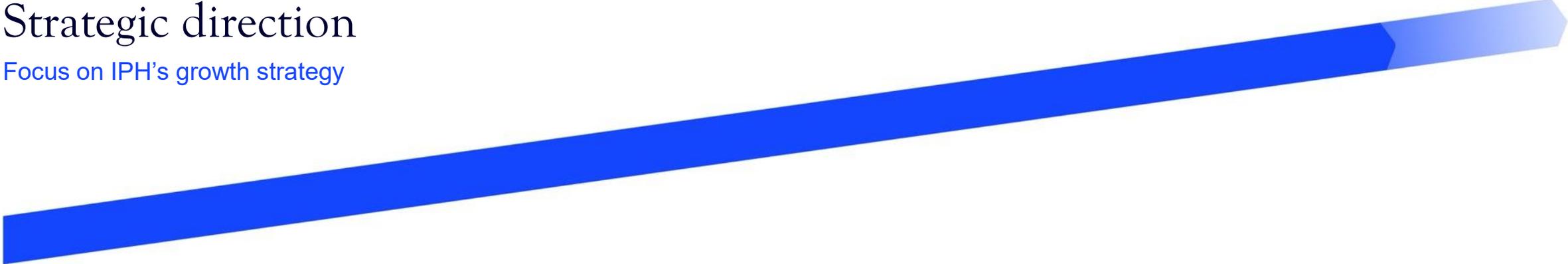
**33k+**  
Patent filings<sup>4</sup>

**11k+**  
Trade mark filings<sup>4</sup>

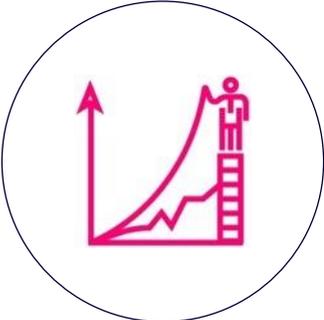


# Strategic direction

Focus on IPH's growth strategy



Organic growth



Consolidate acquisitions



Growth step-outs

## Enablers



Robust client management programs focused on delivering the highest levels of client service



Targeted expansion across Asia-Pacific



Focus on our people – attract, motivate and retain



Expand service offering to existing Australian and New Zealand corporates



# Smart & Biggar joins IPH

A significant strategic transaction for IPH, further delivering on its vision to be the leading IP services group in secondary IP markets

## SMART & BIGGAR

- Smart & Biggar, Canada's leading Intellectual Property (IP) agency firm has joined the IPH group for consideration of CAD 348m (AUD 387m<sup>1</sup>)
- Highly complementary, Smart & Biggar has a leading market position in Canada, high quality professionals, exceptional reputation and rich heritage
- The first IP agency firm in Canada to join a publicly listed IP group
- The Canadian IP market is very similar to Australia in terms of size, governance and legal system
- Expected underlying<sup>2</sup> EPS accretion of approximately 10% in the first full year of ownership
- Provides a platform for IPH to participate in further growth opportunities
- The transaction completed on 6 October 2022 (Canadian time)

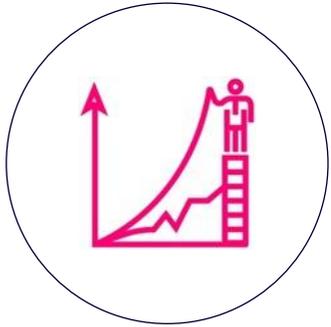
1) AUD:CAD as at 17 August 2022

2) Consistent with the IPH group calculation of underlying EBITDA which excludes costs incurred in pursuit of acquisitions, restructuring, accounting charges for share-based payments, impairment and IT SaaS implementation costs



# AJ Park case study

Proven track record of acquiring and integrating firms while capturing synergies and improving margins

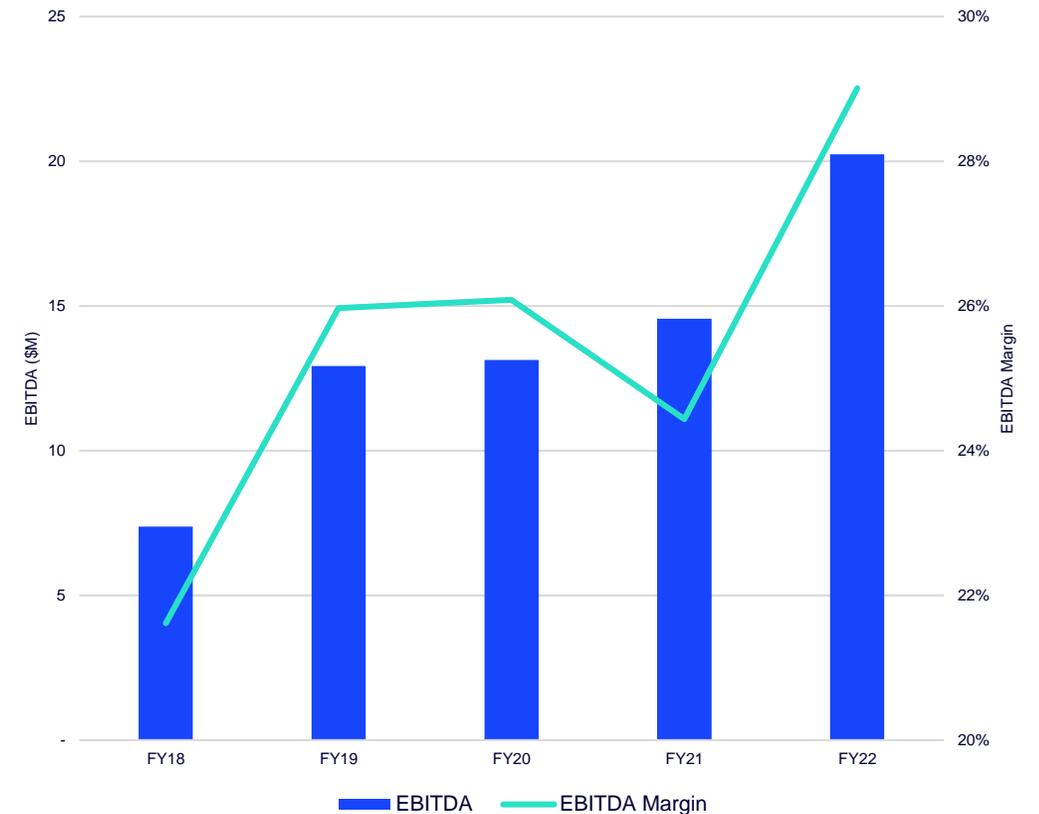


Consolidate  
acquisitions

## AJ Park

- At the time of acquisition, AJ Park was a successful privately held firm operating at an EBITDA margin of 21.6% (17% pre-adoption of AASB16).
- The firm now operates at a margin of 29%, an improvement of 34% from the time of acquisition. There was a drop in EBITDA margin in FY21 following the acquisition of Baldwins IP.
- This significant improvement has been achieved by:
  - Synergies captured through right-sizing the business.
  - Reduction in overheads through application of corporate lens.
  - Reduction in rental footprint.
- In addition to EBITDA and margin improvements, AJ Park is a significant referrer of work into IPH Asian hubs.
- AJ Park has retained leading patent and trade mark position in the New Zealand market and was recognised as 'IP Specialist Law Firm of the Year' and an 'Employer of Choice' at the 2021 NZ Law Awards.

## AJ Park EBITDA and Margin Accretion Post Acquisition



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# The IPH Way



# Introducing the IPH Way

The next phase in our strategy to deliver ongoing margin improvements

## Situation and objectives

- The IPH Way is a business process re-engineering programme, designed to standardise case management processes across the IPH group's AU/NZ member firms.
- Currently, each member firm conducts case management processes differently and leverages unique operating models. As a result, when comparing the handling time for the same process, there is a considerable range observed.
- Recognising the significant variation across the group, there is a verified opportunity to standardise and optimise processes to establish one way of working – the IPH Way – effectively improving processes and releasing capacity.
- This will support the IPH growth strategy, both in terms of consolidating acquisition and growth step-outs as well as aligning to the brand strategy of combined power, smarter working and enabling growth.
- The cost of the programme will be approximately \$3m in both FY23 and FY24, which will be treated as a **non-underlying expense**.

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The annual ongoing net benefit is expected to be between \$5m and \$6m from FY25

### Key objectives:

Standardise and improve processes across the group

Increase case management process efficiency

Increase the productivity of administrative teams

Enhance the client experience



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# IP market trends



# Market trends in IP

## IP demand in times of crisis

### Demand for IP holds driven by Science & Technology and Asia

- Overall small worldwide increase in patent filings in 2020 (1.6%) and PCT increase in 2021 (0.9%). In that period, the world economy decreased by 3.6%
- China returned to growth in patent filings in 2020
- Trade mark filings increased 13.7% in 2020
- Asia's share of worldwide IP applications increased from 51.1% in 2010 to 66.6% in 2020 (North America – 19.3%, Europe – 10.9%)
- Positive signs for continued growth:
  - R&D and Venture Capital increased 3.3% and 46% respectively globally in 2020
  - Asian and Pacific countries rising and forming clear third bloc to US and Europe

### What this means for IPH

- Investment in R&D and Science & Technology, leads to investment in IP protection in both primary and secondary IP markets
- IPH is strongly established in Asia and ideally positioned to continue to benefit from the growth in Asia



# Market trends in IP

## China-US strategic competition

- Enhanced China-US competition through Science & Technology
- US CHIPS and Science Act enacted and signed into law by President Joe Biden in August 2022. Largest ever investment historically by the US Government in Science & Technology - \$280 billion committed over 10 years
- President Xi Jinping, Introductory Speech to 20th Party Congress in October, *“Technology is the prime production force, talent is the prime resource and innovation is a prime driving force”*
- China focussed on increasing its domestic production of semiconductors – the share of Chinese-made chips went from a negligible amount in 1990 to 15% in 2020, while US production declined in the same period

## What this means for IPH

- Competition will continue to drive IP
- The US Government’s investment in Science & Technology is a positive for the IP industry
- Investment in IP protection in primary markets like the US and China inevitably flows through to secondary IP markets



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# Q&A





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Thank you

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