

# ASX Announcement



29 November 2018

## **Chairman and Managing Director's Address to QANTM Intellectual Property Annual General Meeting, 29 November 2018.**

### **Highlights**

#### QANTM-Xenith Merger

- View of your board that this is a logical combination of two complementary groups, with a strong alignment of strategies and cultures, that will enhance the market position, growth opportunities and range of services both in Australia and in Asia.
- Will provide a beneficial outcome for the respective clients of QANTM and Xenith, the shareholders of both companies, as well as enhance the career prospects of our current and future employees.

#### 2019 Year-to-Date Business and Financial Conditions

- QANTM's total new patent cases secured in the four months to 31 October 2018 increased by well over double the growth in the Australian market.
- In terms of market position, both DCC and FPA have performed competitively, a trend evident in the second half of 2018 where the QANTM group grew at above the market rate for patent applications.
- Trade Marks has continued its strong trend evident in the second half of 2018 into the first four months of the 2019 financial year, with a higher revenue and EBITDA contribution than pcp.
- The strong performance of our legal and litigation business in 2018 has likewise continued into the first four months of 2019.
- Overall QANTM's service revenue trend is positive. In total, service revenue on a like-for-like basis is showing around a 10 per cent increase relative to the same period in FY 2018.
- EBITDA after FX to the end of October, displaying an increase, on a like-for-like basis, of around 30 per cent, relative to pcp.

A transcript of the addresses and presentation delivered by the Chairman, Richard England and Managing Director, Leon Allen, are attached.



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

### **For further information:**

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### **Attachments:**

Annual General Meeting Addresses and Presentation, November 2018

### **About QANTM Intellectual Property**

QANTM Intellectual Property Limited (ASX: QIP) is the owner of leading intellectual property (IP) companies Davies Collison Cave Pty Ltd (DCC), FPA Patent Attorneys Pty Ltd (FPA) and Advanz Fidelis IP Sdn Bhd. With more than 140 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.

## **Chairman's Address**

### **Proposed Merger of QANTM and Xenith by Scheme of Arrangement**

Shareholders will be aware of the ASX announcement that QANTM made on Tuesday of this week in association with the Xenith IP Group.

The announcement was for a proposed merger, by scheme of arrangement, of the two listed intellectual property groups. The proposed merger will create Australia's leading provider of intellectual property origination services, with an unparalleled portfolio of industry leading and independent IP service businesses.

The proposed merger is a key development in the evolution of your company and in the intellectual property sector.

It is the view of your board that this is a logical combination of two complementary groups, with a strong alignment of strategies and culture, that will enhance the market position, growth opportunities and range of services in Australia, New Zealand and in Asia.

It will provide a beneficial outcome for the respective clients of QANTM and Xenith, the shareholders of both Groups, as well as enhance the career prospects of our current and future employees.

The proposed merger is also consistent with QANTM's strategic framework which is aimed at positioning QANTM, and now the proposed combined group, as a leading global provider of originating intellectual property services.

Leon will address some of the main elements of the proposed merger, its strategic rationale and key benefits in more detail.

Before I turn to a brief overview of 2018, I want to make some comments about an IPH Limited release issued on Tuesday just after QANTM had announced its proposed merger with Xenith. This related to an indicative, preliminary, conditional and non-binding proposal, to acquire QANTM.

After detailed engagement with IPH, it was clear that the IPH Indicative Proposal was not capable of being progressed, for the following reasons:

- IPH's opportunistic indicative proposal did not meet QANTM's expectations on price;
- IPH was not prepared to conduct due diligence and enter into an appropriate legal agreement prior to an ASX announcement; and
- There were material regulatory risks.

Meanwhile, QANTM was well advanced in collaborative and detailed discussions with Xenith, which commenced a year ago. This process involved due diligence, a Scheme Implementation Agreement, and an independent assessment of synergies.

The Board of QANTM, with input from its advisers, determined that the proposed merger with Xenith, on the terms detailed in our ASX release, creates shareholder value in the long term. There is strong cultural and strategic alignment between the two groups, and I would emphasise in a business where **people** are the main assets, this is an important consideration and goes to value. The proposed transaction accelerates all of QIP's strategic pillars of market leadership, creating a scaleable platform for growth in Asia, and improved productivity and efficiency.

Turning now to address some of the key features of the QANTM business in the 2018 financial year. There were some important advances in our service offering to our clients and strengthening of our organisational capabilities. Likewise, areas of governance and aspects of culture and diversity, that form part of the Board's oversight, were also advanced.

The details of the 2018 financial results have been provided in the annual report and I do not propose to go through these results in detail.

What I would observe is that financially, 2018 was a year of two halves. After a subdued commencement to the 2018 financial year, we saw a recovery in the second half in terms of revenues, EBITDA and reported profit. This table shows the first half and second half splits, and the annual totals.

I am pleased to observe that the strengthening financial profile we observed in the second half of 2018 has continued into the first four months of the 2019 financial year. Leon will provide more details of this.

Overall, the 2018 financial year saw a subdued performance in the patent application and prosecution business. This is obviously significant for the company as patents account for around 70 per cent of the group's revenue. Australian patent applications declined 6.2 per cent for the year, mainly associated with a lower level of foreign sourced, Australian patent work, particularly prosecution and advisory work. Overall QANTM group patent applications from all sources, declined marginally, down 0.6%.

We were encouraged by all the evident signs of recovery in the second half.

In regard to the 2018 financial year:

- QANTM saw a second half recovery in its Australian patent business market share to levels similar to those in 2015–2017;
- QANTM's patent applications in the second half of 2018 increased by 12 per cent compared to the first half;
- in fact, QANTM's application growth in the second half of FY 2018 eclipsed the overall rate of Australian patent market applications four fold.

These factors led to an encouraging trend in overall revenues which increased 6.7 per cent compared with the first half, with a strengthening in other financial characteristics as indicated.

Trade marks had a very solid year. Revenue from our trade mark business constitutes about 19 per cent of total group revenues and was underpinned by a 3 per cent increase

in trade mark filings for 2018. Revenues increased just under this level at 2.9 per cent for the year.

Trade marks also had a strong second half performance with revenue achieved in the second half the strongest in a half that the group has recorded. This is a testament to the undoubted professional capabilities, market positioning and recognition of the DCC trademark service offering.

I am also pleased to report that legal and litigation services had a very positive earnings year. Based on a solid case load of client IP and litigation services, revenues in this part of the business increased an impressive 7.5 per cent with revenue of \$9.6 million; 12 per cent of the Group total.

The favourable business momentum, translated into financial performance, established in the last months of 2018, has – I am pleased to say – continued into 2019.

The reported financial results were lower year-on-year, including operating cash flow. Accordingly, the total dividends paid for the year were 7.1 cents per share, fully franked, compared with 8.9 cents in the prior year. The company's balance sheet position remained healthy with the maintenance of low debt levels and significant funding flexibility.

### **Governance, Remuneration and Culture**

The board of directors took a close and, I believe, facilitating role in engaging with management on a number of fronts in 2018. The consideration of the strategic priorities of the group involved reviewing the competitive environment and evolving industry trends.

This analysis has refined strategy and informed priorities and decisions. These have included the decision-making associated with management recommendations in terms of acquisition of the Malaysian IP firm, Advanz Fidelis, and the proposed Xenith merger, both of which were announced after the end of the financial year.

Remuneration matters were an area of focus. The People, Remuneration and Culture Committee oversaw a number of initiatives in 2018. A share trust was established for new principals which enables the award of shares to facilitate the alignment of these professionals with shareholder outcomes.

A review was conducted of pay relativities between men and women holding similar positions across QANTM and the results showed that there were no material differences in terms of remuneration that needed to be addressed.

The board was pleased to observe the strong participation of women in the latest, July 2018, round of promotions to the roles of principal, senior associate, associate and senior trade mark counsel. As I indicated in my annual report statement, 65 per cent of the promotions involved women. This reflects the pipeline and depth of key female talent in the company and our efforts to ensure greater female representation at senior levels in the company.

The People, Remuneration and Culture Committee reviewed the company's diversity and inclusion policy during the year, and it remains the commitment of the board, QANTM management as well as the senior management of FPA, DCC and Fidelis to foster diverse and inclusive workplaces in the group. It is recognised, for a variety of reasons, that gender diversity, in terms of female participation in the senior professional levels of the business, particularly principal level, has a way to go within QANTM.

Clearly, we can and have done things to attempt to mitigate this historical reality. For example, we instruct recruitment firms to present at least 50 per cent female candidates for professional roles where practicable. It is recognised that work place flexibility is important to allow our people to pursue a career and have the opportunity for having children and making a transition back to their duties, in a flexible and appropriate manner. Quite apart from being more active in recruiting at graduate levels, we can look at lateral recruitment of experienced women either at or near principal levels; we can look at facilitating more female employees in gaining the necessary professional experience sooner to advance to senior roles and so on. Under my chairmanship, this will remain a key focus in the combined QANTM-Xenith group as the important business imperative it is.

## **Outlook**

In conclusion, your directors look forward to the current financial year with much excitement.

We are hopeful that we may be observing a restitution in sustainable trends in the key sectors of our business. Furthermore, the opportunity with Xenith to work together with the best professional talent, systems, business development capabilities and shared efficiencies opens a new era for both Groups and their employees in creating a leading international IP services group, that can deliver sustainable benefits to all of our stakeholders.

In finishing, I would like to acknowledge the major contribution made by Leon Allen and his executive team to a range of business activities during the year. Not least was presenting the business case for the combination with Xenith and following this the immense amount of work to bring this opportunity to the stage it now is at.

Selflessly, Leon has been willing to cede the role of managing director in the combined group to Craig Dower, the managing director and CEO of Xenith. I think this is a move where we have been prepared to play to the respective strengths of each of the management teams.

We will not be losing Leon's expertise and commitment to the company. He will continue as an executive director and will continue to play an invaluable role in the integration activities of the two groups. On behalf of my fellow directors, I would like to thank Leon and his team, as well as the wider members of DCC, FPA, Advanz and QANTM.

### **Managing Director's Address**

I would like to join the chairman in welcoming shareholders to the QANTM annual general meeting.

### **Business Model and Structure**

Shareholders are familiar with the QANTM business model and structure. Up until 30 June 2018, our business comprised the two professional subsidiaries: **Davies Collison Cave** and its service offerings in the main business streams of patents; trademarks and legal and litigation services. And **FPA Patent Attorneys** with its focus on patent application, prosecution and advisory services.

At the end of the 2018 financial year, the Malaysian intellectual property company, **Advanz Fidelis Ip Sdn Bhd** was acquired. This company's services in Malaysia, other parts of Asia and China, both complements and strengthens DCC's presence in Singapore and, more recently, the establishment of a FPA office in Singapore.

Since the listing of QANTM Intellectual Property in August 2016, the company has been focussed on growing our client base and revenue through a focus on organic means, including business development and marketing; attraction of lateral recruits, as well as expansion of our geographical presence, the most important of which has been in South East Asia.

Let me now turn to QANTM's strategy. The company's strategic focus has at its heart, QANTM aspiring to be a leading global provider of originating IP services and to deliver benefits to all of our stakeholders:

- our **customers** in terms of the quality and reliability of our services;
- our **employees** – current and prospective – in terms of a rewarding work environment and career and professional development prospects; and
- our **shareholders** in terms of generating appropriate returns which lead to share price appreciation and return of funds through dividends.

The four key pillars of our strategy include:

- *A continued focus on organic revenue growth in Australia.* We achieve this through domestically based originating work; through foreign derived client work executed in Australia and through continued recruitment of local lateral teams.

In this regard, in the 2018 financial year there was the appointment of two experienced intellectual property teams to DCC and FPA.

DCC also appointed a corporate legal team, effective 1 July 2018 which enabled DCC Law to expand its service offering to include merger and acquisition and tax and property advisory services amongst others.

- *The second key pillar is organic revenue growth in our existing Asia business.*

The establishment of a FPA presence in Singapore complements the existing DCC presence.

- *The third pillar is the expansion of QANTM's presence if, by necessity, appropriate M&A opportunities.*

The Advanz Fidelis acquisition is relevant, on which I have already touched. During 2018 we invested considerable time in evaluating other opportunities in Asia and this work will not be wasted.

Obviously there is also the proposed merger with Xenith, which provides numerous benefits including the ability to simultaneously address most of our main strategic priorities which I will come back to.

- *The fourth main pillar is a focus on efficiency.*

This includes a number of initiatives which are not purely cost reduction exercises per se but means of delivering services more efficiently and flexibly; adopting an increasing usage of technical solutions. We have been investing more in our people, in terms of competitive remuneration; in terms of professional development and, in the case of the employee share trust for principals, to ensure an alignment with shareholder interests and a retention element through shares in the company that vest over time.

### **Proposed Merger with Xenith**

The proposed merger with Xenith is without doubt, the largest strategic initiative undertaken in the last financial year and since the listing of QANTM.

For the details on the merger, I refer shareholders to the ASX Release and accompanying presentation of 27 November.

Let me just refer to what I consider the main features and highlights.

The proposed merger of the two complementary groups is a logical combination to strengthen the position of both Groups in the Australian and international intellectual property sector.

The proposed transaction involves a merger by scheme of arrangement which combines QANTM and Xenith in a share ownership ratio of 55 per cent and 45 per cent respectively of the Merged Group. The merger ratio was determined based on a range of metrics of both parties, including a range of financial and equity contribution measures. The pro forma market capitalisation of the combined entity would be approximately \$285 million based on closing share prices as at 26 November. Combined pro-forma EBITDA for the 2018 financial year would be \$45.2 million, taking into account synergies of \$7m to be achieved.

The proposed merger, as the chairman indicated, brings an impressive portfolio of leading IP businesses under the one corporate group as shown on this slide.

In doing so it will establish an attractive platform of market leading IP services, with a combined complement of over 340 IP professionals servicing the needs of a wider range



of clients in a broad spread of industry sectors, encompassing patents, trade marks, design and legal and litigation services.

The service providing Groups have a deep heritage, breadth of expertise, as well as an impressive geographical presence, both in terms of physical location but also the source of their work.

The Merged Group will be better positioned in Australia, will enhance the platform already established by QANTM to expand the group's market presence in Asia and better service the needs of both Australian and international clients into this high growth region.

The opportunity enhances both the scale and with it efficiencies for both Groups. In this regard, the benefits we expect to deliver include:

- the enhanced positioning of the proposed Merged group in terms of the range and depth of its services, in turn broadening the revenue base;
- the ability to adopt what I refer to as world class technology solutions, and Craig Dower of Xenith has talked about the opportunities in this area. I expect that they will facilitate margin expansion but, just as important to me enable better delivery platforms for our clients;
- the capture of back office efficiencies and with it part of the synergy benefits the announcement earlier this week detailed;
- I am also confident that the scale and diversity of the proposed Merged group's businesses will enhance the development and career prospects of our people.

The benefits of scale and the balance sheet of both companies provides opportunities to embrace automation and the greater use of technology, both in terms of customer service delivery and connectivity; but also through providing our employees with improved tools, data analytics and easier access to sector, industry and de-identified customer information.

This is the summary slide we used early in the week to convey the levers for delivery of shareholder value from the proposed merger. For shareholders, there will be a group of greater scale and balance sheet capacity; an ability to grow revenues and effect operational enhancements through synergies; with an investment in new technologies to improve the customer offering. The transaction is forecast to be EPS accretive once synergies are implemented over the next three years and to create long term shareholder value, quite apart from the other benefits I have touched on for other key stakeholders, namely our clients and employees.

As the chairman has indicated, key Board and management roles have been determined. The group will have a highly experienced board and senior management structure.

The Board of Directors will comprise three members from QANTM and three from Xenith, with Richard as the chairman. Craig Dower will be the managing director and CEO and I will fulfil the role as executive director and head of business integration. As Richard said, this arrangement plays to our respective strengths; Craig Dower is an experienced listed CEO, while I believe I can continue to contribute my depth of professional and industry experience.

## **Business and Financial Conditions – 2019 Financial Year to date**

Turning to financial conditions on a year-to-date basis, we have figures for the business for four months to the end of October. As Richard said, these provide an encouraging trend for the commencement of the 2019 financial year.

In terms of the main parts of our business:

- QANTM's total new patent cases secured in the four months to 31 October 2018 increased by well over double the growth in the Australian market;

I would point out that the prior corresponding period in financial year 2018 was a weak period, but nonetheless this is an encouraging start to the year;

- in terms of market position, both DCC and FPA have performed competitively, a trend evident in the second half of 2018 where the QANTM group grew at above the market rate for patent applications;
- in terms of Trade Marks, this part of the business has continued its strong trend evident in the second half of 2018 into the first four months of the 2019 financial year, also with a higher revenue and EBITDA contribution than the prior corresponding period;
- Legal and Litigation services, grew by 7.5 per cent in 2018. The strong performance of our legal and litigation business in 2018 has likewise continued into the first four months of 2019.

Overall QANTM's service revenue trend is positive, certainly up on the prior corresponding four months of FY 2018 – but again I point out, this was a weak start to the year. In total, service revenue on a like-for-like basis is showing around a 10 per cent increase relative to the same period in FY 2018.

If I consider where we stand in terms of EBITDA after FX to the end of October, the trend has been favourable, displaying an increase, on a like-for-like basis, of around 30 per cent, relative to the prior corresponding period.

I have to point out that it would be wrong to extrapolate four month's results as the nature of the business environment in the last two years has been that we have encountered unexpected softness in market conditions.

If I could leave the perspective as simple as this: we are encouraged by the commencement to the 2019 financial year; all aspects of the business are performing well but we will need to see at least another quarter to be confident that the restoration of prior trends of typical growth have been re-established.

**Conclusion**

I will conclude by passing on my thanks to my colleagues in DCC and FPA, and Advanz, for their efforts in what has been a challenging period. I am proud of the organisation I lead, for the continued support of our valuable clients, our hard working people and the continued support of our shareholders.

Thank you.

# QANTM Intellectual Property Limited

## 2018 ANNUAL GENERAL MEETING

Melbourne

29 November, 2018





# Richard England

## NON-EXECUTIVE CHAIRMAN

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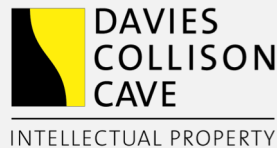
### Chairman's Address

# Proposed merger of QANTM IP and Xenith IP by Scheme of Arrangement

# Merger of equals



An unparalleled portfolio of industry leading and independent IP services businesses



# 2018 Operational and Financial Overview



# 2018 Financial Overview



Year ended 30 June \$m	FY18	FY17	FY18 vs FY17 % Change	H2 v H1 % Change
Revenue				
Service charges	76.5	80.4	-4.9%	1.3%
Associate charges	25.2	22.8	10.5%	25.0%
<b>Total Revenue</b>	<b>101.7</b>	<b>103.2</b>	<b>-1.5%</b>	<b>6.7%</b>
<b>EBITDA before FX</b>	<b>19.3</b>	<b>23.6</b>	<b>-18.2%</b>	<b>5.3%</b>
<b>EBITDA after FX</b>	<b>20.1</b>	<b>24.5</b>	<b>-18.0%</b>	<b>13.8%</b>
EBITDA % after FX - service charge revenue	26.3%	30.5%	-13.8%	12.6%
<b>Net profit after tax</b>	<b>11.9</b>	<b>14.8</b>	<b>-19.6%</b>	<b>16.4%</b>

Note:

Figures may vary from those shown in the financial statements due to rounding

# 2018 Business Overview



BUSINESS AREAS	PATENTS AND DESIGNS LIFECYCLE/ADVISORY	TRADE MARKS	LEGAL / LITIGATION
<p><b>Percentage of aggregate QANTM Service Charges revenue FY 2018<sup>1</sup></b></p>			
<p><b>2018 vs 2017</b></p> <ul style="list-style-type: none"> <li>• Service Charges Revenue</li> <li>• Service and Foreign Associates Charges Revenue</li> </ul>	<p>\$52.6 m vs \$57.6 m \$73.0 m vs \$76.2 m</p>	<p>\$14.3 m vs \$13.9 m \$19.1 m vs \$18.1 m</p>	<p>\$9.6 m vs \$8.9 m</p>
<p><b>Main Factors</b></p>	<ul style="list-style-type: none"> <li>• Lower level of foreign sourced, Australian patent work, particularly prosecution and advisory</li> <li>• Australian domestic patent applications down 6.2% y-o-y</li> <li>• Overall Group patent applications marginally lower, down 0.6%</li> </ul>	<ul style="list-style-type: none"> <li>• Trade mark business growth, filings up 3%</li> <li>• Strong DCC Australia trade mark business</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in client litigation/ legal work; continuation evident into 1H 2019</li> </ul>
<p><b>Market Position<sup>2</sup></b></p>	<ul style="list-style-type: none"> <li>• DCC equal #2 firm</li> <li>• QANTM #3 group</li> </ul>	<ul style="list-style-type: none"> <li>• DCC #2 individual firm</li> <li>• QANTM #2 group</li> </ul>	<ul style="list-style-type: none"> <li>• DCC legal services</li> </ul>

Source: DCC and FPA management analysis

Notes:

1. Excludes Associate Charges.

2. Market position analysis is based on the total number of patent or trade mark applications filed in Australia in FY18 and assumes the Group and two additional competitor groups of businesses both operated in their current form.

# Governance, Remuneration and Culture

# Outlook and Conclusion



# Leon Allen

**MANAGING DIRECTOR AND CEO**

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Managing Director's Address

# Key Strategic Pillars



- A continued focus on organic revenue growth in Australia
- Organic revenue growth in existing Asia businesses
- Expansion of QANTM's presence via appropriate M&A
- Focus on efficiency

# Proposed merger with Xenith IP

# Transaction summary



<b>Structure</b>	<ul style="list-style-type: none"><li>• All scrip offer by QANTM to be effected by way of a Xenith Scheme of Arrangement</li><li>• Merger Exchange Ratio: Xenith shareholders to receive 1.22 QANTM shares for each Xenith share held<sup>1</sup></li><li>• QANTM and Xenith shareholders to own 55% and 45% respectively of the Merged Group</li></ul>
<b>Merged Group</b>	<ul style="list-style-type: none"><li>• Pro forma market capitalisation of \$285.2 million<sup>2</sup>, increased liquidity and enhanced potential for ASX300 inclusion</li><li>• Merger Exchange Ratio determined on the basis of a range of financial and equity contribution metrics</li><li>• Merged Group Board to consist of Richard England (Chair), Sibylle Krieger (Deputy Chair), Craig Dower (Managing Director and CEO), and Leon Allen (Executive Director). Two more directors to be appointed – one each from QANTM and Xenith’s current Boards</li></ul>
<b>Key terms of scheme</b>	<ul style="list-style-type: none"><li>• Scheme Booklet dispatch to Xenith shareholders is anticipated to be in late February 2019, with Xenith shareholder vote expected to be held in late March 2019</li><li>• Completion subject to Court and Xenith shareholders approving the Scheme of Arrangement</li><li>• Completion subject to obtaining ACCC clearance, and other regulatory and customary conditions</li><li>• Completion anticipated April 2019</li></ul>
<b>Board recommendation</b>	<ul style="list-style-type: none"><li>• Xenith's Board of Directors unanimously recommends that Xenith shareholders vote in favour of the Scheme</li><li>• This recommendation is in the absence of any superior proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Xenith shareholders</li></ul>

Note:

1. QANTM and Xenith are permitted to pay FY19 interim dividends as part of the transaction in the ordinary course of business
2. Based on the QANTM and Xenith closing share price as at 26 November 2018, being the last trading day prior to the announcement of the transaction. Based on fully diluted shares on issue



# Creates a market leading IP services group



Established	1859	1859	1877	1890	1904	2000	2017
	<i>Founding XIP brand with history dating over 150 years</i>	<i>Over 150 years of IP experience</i>	<i>One of Australia's largest IP practices</i>	<i>Top tier patent attorney practice</i>	<i>One of Australia's largest IP practices</i>	<i>QANTM's first acquisition in Asia</i>	<i>Specialist IP valuation, innovation and advisory services</i>

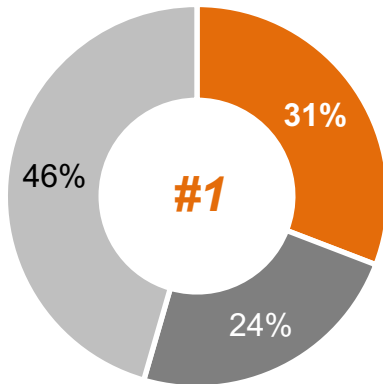
Number of Professionals	49	31	96	36	90	18	29
Office Locations	<ul style="list-style-type: none"> <li>• Sydney</li> <li>• Auckland</li> </ul>	<ul style="list-style-type: none"> <li>• Melbourne</li> <li>• Sydney</li> <li>• Perth</li> </ul>	<ul style="list-style-type: none"> <li>• Melbourne</li> <li>• Sydney</li> <li>• Brisbane</li> <li>• Singapore</li> <li>• Adelaide</li> <li>• Canberra</li> <li>• Geelong</li> <li>• Auckland</li> <li>• Newcastle</li> <li>• Hobart</li> </ul>	<ul style="list-style-type: none"> <li>• Melbourne</li> <li>• Sydney</li> <li>• Singapore</li> </ul>	<ul style="list-style-type: none"> <li>• Melbourne</li> <li>• Sydney</li> <li>• Brisbane</li> <li>• Perth</li> </ul>	<ul style="list-style-type: none"> <li>• Kuala Lumpur</li> </ul>	<ul style="list-style-type: none"> <li>• Sydney</li> <li>• Melbourne</li> <li>• Brisbane</li> <li>• Perth</li> </ul>

# Creates a market leading IP services group

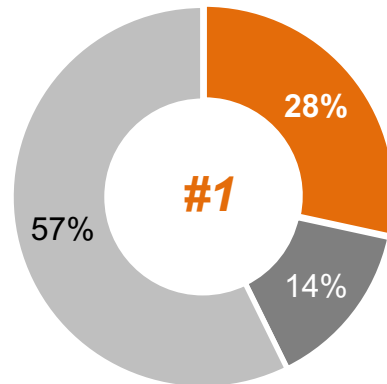


## Australian market shares

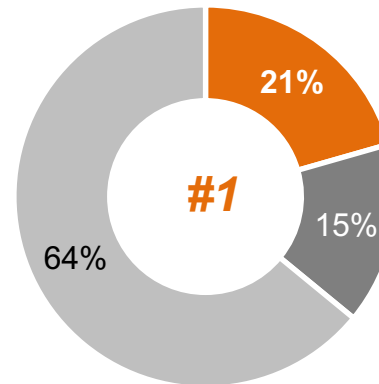
Patents<sup>1</sup>



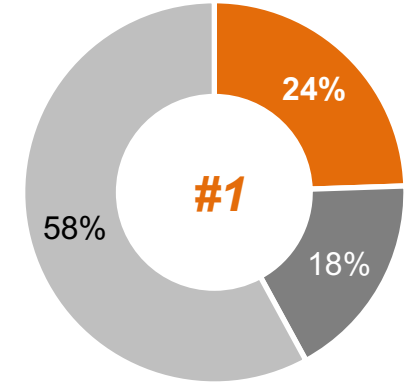
PCT applications<sup>2</sup>



Trade marks<sup>3</sup>



Registered designs<sup>4</sup>



Note

1. Source: IP Australia – Market shares in FY18 based on Australian patent applications (all types including AU provisional, complete, national phase and innovation patent applications)
2. Source: IP Australia – Market shares in CY17 based on Australian originating PCT applications (i.e. AU as the priority country) filed in CY17 and published as at 15 July 2018 (NB: applications for all of FY18 not yet published)
3. Source: IP Australia – Market shares in FY18 based on Australian trade mark applications filed through the top 50 filing agents as proxy for the addressable market
4. Source: IP Australia – Market shares in FY18 based on Australian registered design applications

Market share data presented on a pro forma basis, with any acquisitions completed in the analysis period included for the full period  
 Each of the practices within the Group operate independently and data above is aggregated  
 Figures displayed in each chart may not sum to 100% due to rounding

# Accelerates growth in Asia



## Existing Asian Platform

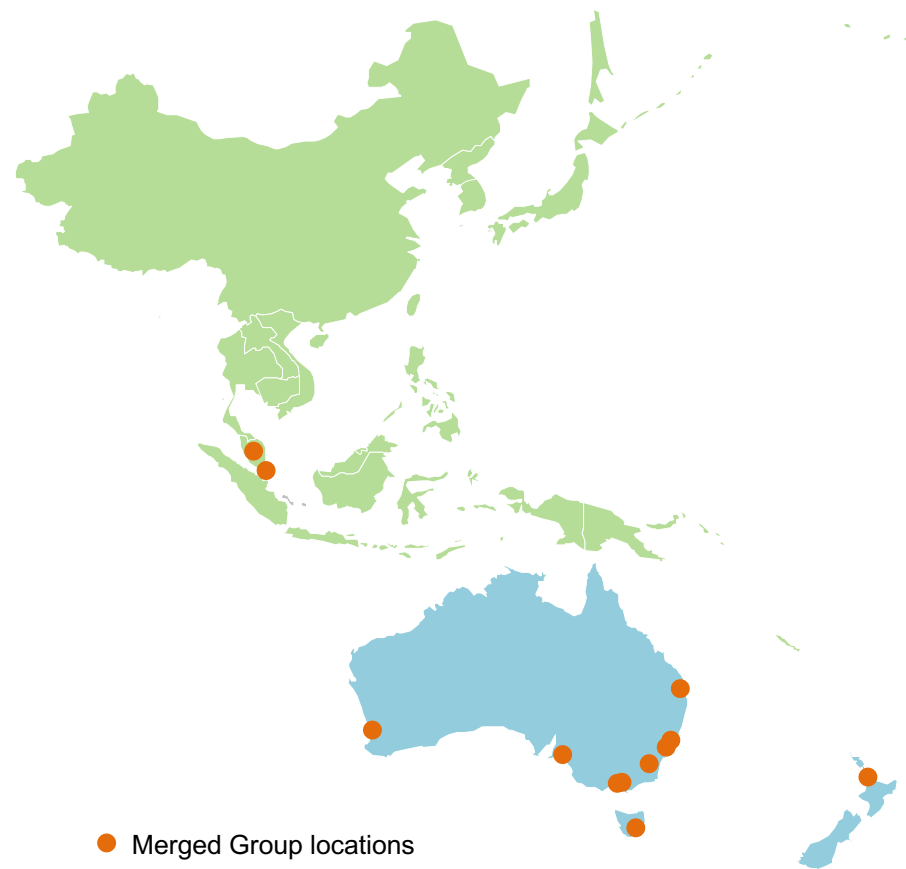
- Leverage QANTM's established platform in Singapore and Malaysia
- Coordinate IP requirements both for Australian and international clients operating in Asia

## Asian M&A Strategy

- Strengthened balance sheet to pursue acquisitions and growth opportunities in key Asian markets
- Execute on Xenith's Asian strategy and pipeline of identified opportunities

## Market Leader in Australia

- Market leadership in patent, trade mark and design filings and prosecutions in Australia
- Continued engagement with global clients as well as growth in inbound Asian filings (Xenith having a leading position in inbound patent filings from China / Hong Kong)



# Merger Rationale



<b>Creates a market leading IP services group</b>	<ul style="list-style-type: none"><li>• Leading market positions across a spectrum of IP services in Australia</li><li>• Leading provider of IP origination services in Australia</li><li>• Broad base of complementary IP, legal and advisory services</li><li>• Strategic and cultural alignment</li></ul>
<b>Accelerates growth in Asia</b>	<ul style="list-style-type: none"><li>• Aligned vision and strategy for growth domestically and in Asia</li><li>• Leverage QANTM's existing presence in Asia with Xenith's growing operations, clients and opportunities in the region</li><li>• Strengthens balance sheet to pursue acquisition and other growth opportunities</li></ul>
<b>Greater scale and efficiencies</b>	<ul style="list-style-type: none"><li>• Planned implementation of world-class platforms and streamlining processes</li><li>• Standardises systems to rationalise back office duplication</li></ul>
<b>Drives automation and innovation</b>	<ul style="list-style-type: none"><li>• Greater ability to invest in technology and innovation</li><li>• Allows sharing of technology platforms and business transformation strategies</li></ul>
<b>Expands client base</b>	<ul style="list-style-type: none"><li>• Both Groups have long standing, premium client bases</li><li>• Combined client portfolio will be larger and more diversified</li></ul>
<b>Enhances career opportunities</b>	<ul style="list-style-type: none"><li>• Facilitates an innovative and high-performance culture that attracts, retains and rewards top talent</li></ul>

# Greater scale and efficiencies



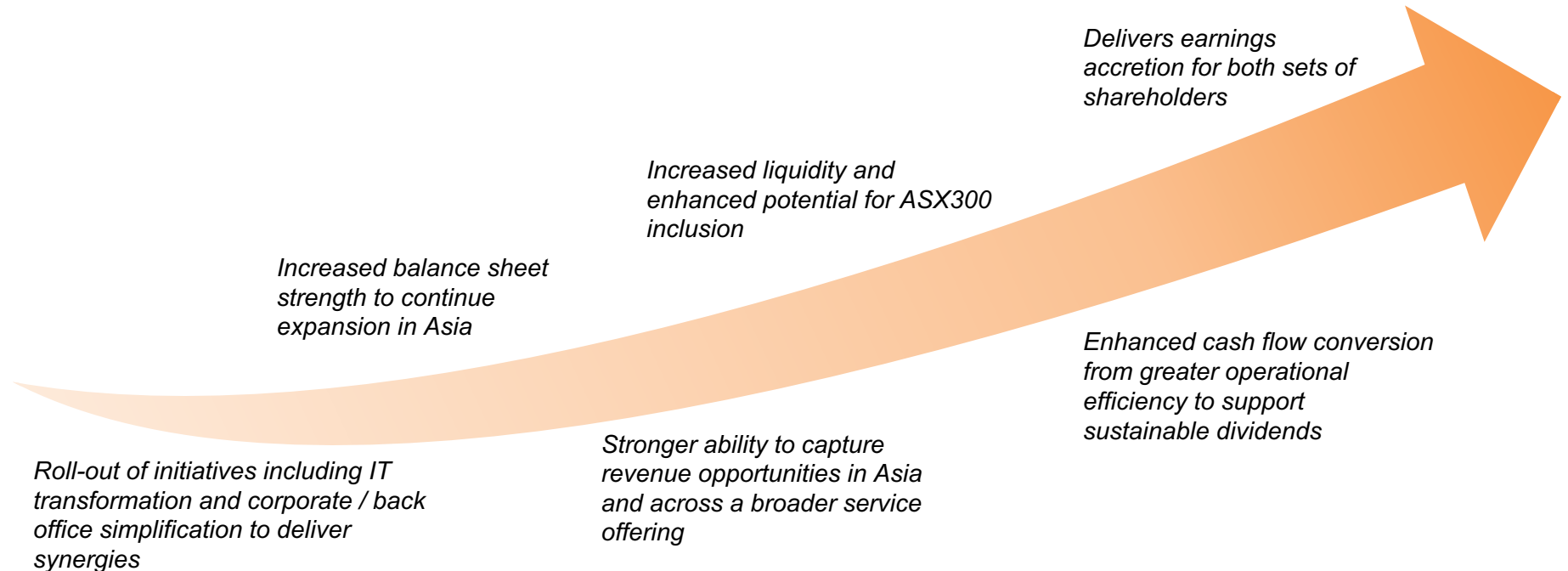
## Compelling Benefits

- ✓ Implementing a world-class IP services platform
- ✓ Greater scale and efficiency
- ✓ Drives margin expansion
- ✓ Enables our people to maximise their potential
- ✓ Enhances utilisation of back-office
- ✓ Broadens revenue base
- ✓ Independent businesses with consistent practice management discipline

# Significantly enhances shareholder value



- Estimated cost synergies of \$7 million per annum to be realised by the end of year three after completion of the merger<sup>1</sup>
- Estimated one-time implementation costs of \$7 million<sup>1</sup>
- The transaction is expected to be EPS accretive for all shareholders<sup>2</sup>



## Note

1. Estimated synergies and associated costs from the transaction are separate and incremental to those already disclosed to by Xenith as it relates to the business transformation described in its FY18 Results Presentation
2. EPS accretive from year one pro forma for the full run rate of synergies expected to be achieved

# Highly experienced Board and Senior Management



**Richard England**  
**Chair**

- Appointed Independent Non Executive Chair of QANTM in 2016
- Previously Partner at Ernst & Young
- Non Executive Director of Atlas Arteria, Bingo Industries, Japara Healthcare, Nanosonics and Nutrano Produce Group



**Sibylle Krieger**  
**Deputy Chair**

- Appointed Independent Non Executive Chair of Xenith in 2015
- Commercial experience of over 38 years including 28 years in professional services
- Previously Partner at Baker McKenzie and Clayton Utz
- Non Executive Director of MyState Limited and the Australian Energy Market Operator



**Craig Dower**  
**Managing Director / CEO**

- Appointed CEO and MD of Xenith in 2017
- Professional services career spans over 30 years including leadership roles as CEO of Salmat and President, Asia Pacific and China for Avanade
- Served on a number of Boards both as an Executive and Non Executive Director



**Leon Allen - Executive Director & Head of Business Integration**

- Appointed CEO and MD of QANTM in 2016
- Previously Managing Partner of Davies Collison Cave. Joined the patent attorney profession in 1981
- Served as Chair of the Advisory Council on Intellectual Property to the Federal Government
- Director of the profession's representative body IPTA for over 20 years including two years as President

- The proposed Board of the Merged Group will consist of three members from QANTM and three members from Xenith
- Highly experienced Board bringing significant industry and governance experience and expertise
- One additional Director from each of the respective current Boards to be appointed to the Board of the Merged Group
- QANTM and Xenith will establish a management operating structure to oversee the new businesses, including oversight of the integration process

# QANTM Intellectual Property Limited

## 2018 ANNUAL GENERAL MEETING

Melbourne

29 November, 2018

