

ASX Announcement

14 September 2021

Presentation by Dr Andrew Blattman to the Bell Potter Emerging Leaders Conference 2021

Attached is a presentation to be given today by IPH's Managing Director & CEO, Dr Andrew Blattman, to the Bell Potter Emerging 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 eight IP jurisdictions and servicing more than 25 countries. The group includes leading IP firms AJ Park, Griffith Hack, Pizzey's, Shelston IP and Spruson & Ferguson, online IP services provider Applied Marks, and the autonomous timekeeping business, WiseTime. IPH employs more than 900 people working in Australia, China, Hong Kong SAR, Indonesia, Malaysia, New Zealand, Singapore and Thailand.



Bell Potter

Emerging Leaders Conference

Tuesday, 14 September 2021

Presented by:

Dr. Andrew Blattman
Managing Director & CEO, IPH Limited

iphltd.com.au

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01

About IPH



About the IPH Group

Asia-Pacific's leading IP professional services group

7 brands

AJPark



GRIFFITH—HACK

PIZZEYS
Patent and Trade Mark Attorneys



1) Approximate employee numbers across the Group.
2) IPH Management estimate based on patent filing data: Australia (IP Australia) – FY21 as at 13/07/21; Singapore (IPOS) – CY21 YTD Jun (preliminary) as at 5/08/21; New Zealand (IPONZ) – FY21 as at 14/07/21.
3) IPH Management estimate based on trade mark filing data: Australia (IP Australia) – FY21 as at 15/07/21 based on market share of top 50 agents; New Zealand (IPONZ) – FY21 as at 10/08/21.

8

IP jurisdictions

900+

Employees¹

25+

Countries serviced



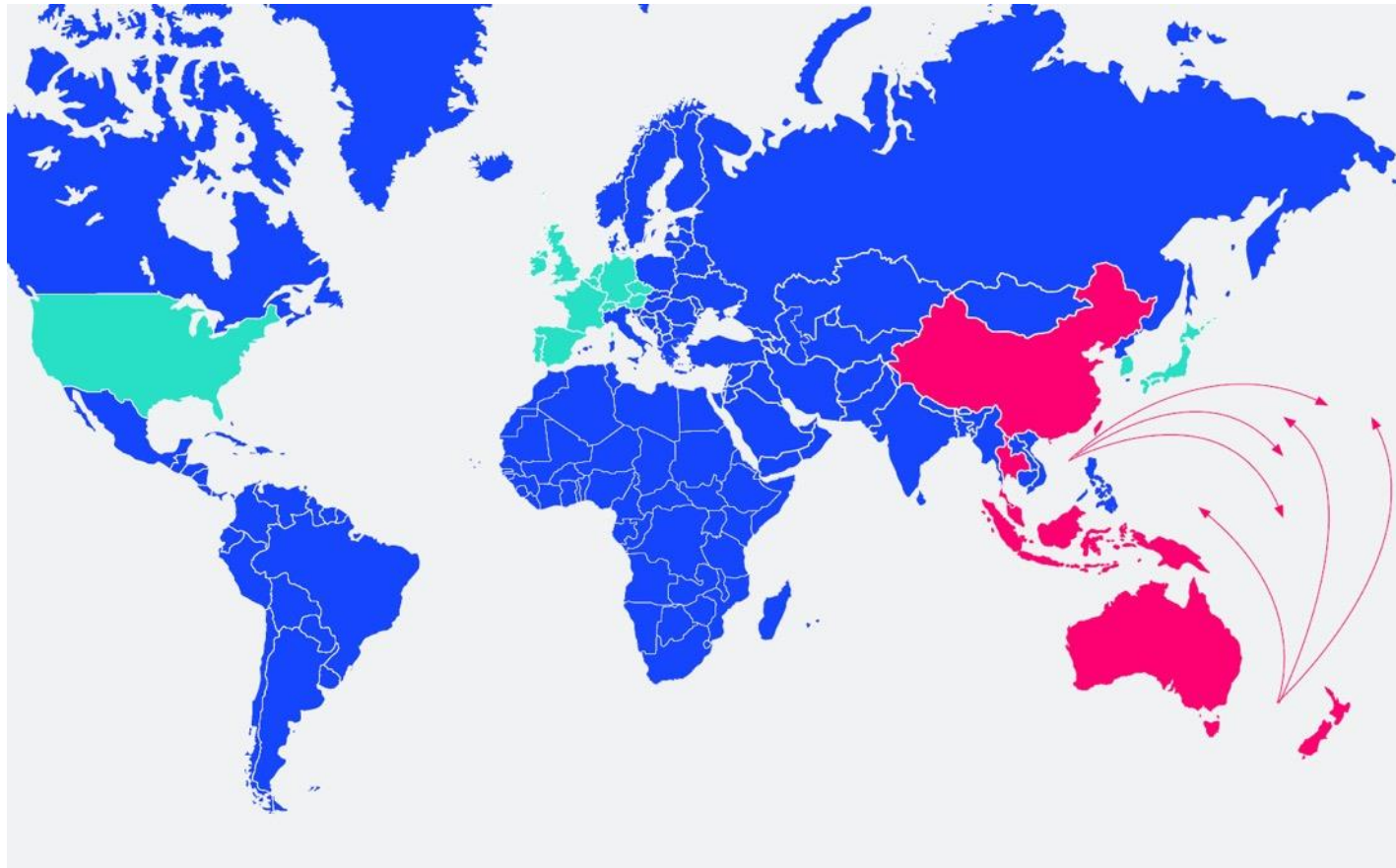
Nº 1
Patent group
in Australia,
New Zealand
and Singapore²

Nº 1
Trade mark group
in Australia and
New Zealand³



Realising our vision

To be the leading IP services group in **secondary** IP markets and adjacent areas of IP



- The IPH Group operates in eight secondary IP jurisdictions: Australia, New Zealand, Singapore, Thailand, Malaysia, Indonesia, China and Hong Kong and services more than 25 countries across the Asia-Pacific region
- IPH has a strong track record of successfully completing and integrating acquisitions
- Our acquisition strategy is supporting growth in client cross referrals
- Growth step-outs in secondary IP markets are a key part of our growth strategy
- The scale of the IPH Group provides the opportunity for IPH to look further at IP adjacencies

Key:

- IPH offices
- Primary IP markets





02


FY21 financial results highlights



Strong results across key metrics

Performance demonstrates the success of acquisitions and the power of the IPH network

Underlying EBITDA¹
\$124.3m

1% 

Like for like EBITDA²

10% 

**Referrals from acquired
companies into IPH Asia business³**

25% 

**Legacy Xenith EBITDA
margin improvement⁴**

39% 

Full year dividend
(29.5 cents per share)⁵

3.5% 

China patent growth

12.4% 

1) Underlying EBITDA excludes costs incurred in pursuit of acquisitions, accounting charges for share-based payments, impairment and IT SaaS implementation costs

2) Like for like Underlying EBITDA adjusted for the impact of acquisitions, movements in realised and unrealised foreign exchange and performance had the prior year's exchange rates applied

3) New cases referred by acquired IPH businesses to IPH Asian hubs (Singapore, China/Hong Kong). Data based on internal filing statistics

4) Griffith Hack and Shelston combined

5) Represents 90% of cash NPAT





03

Market update

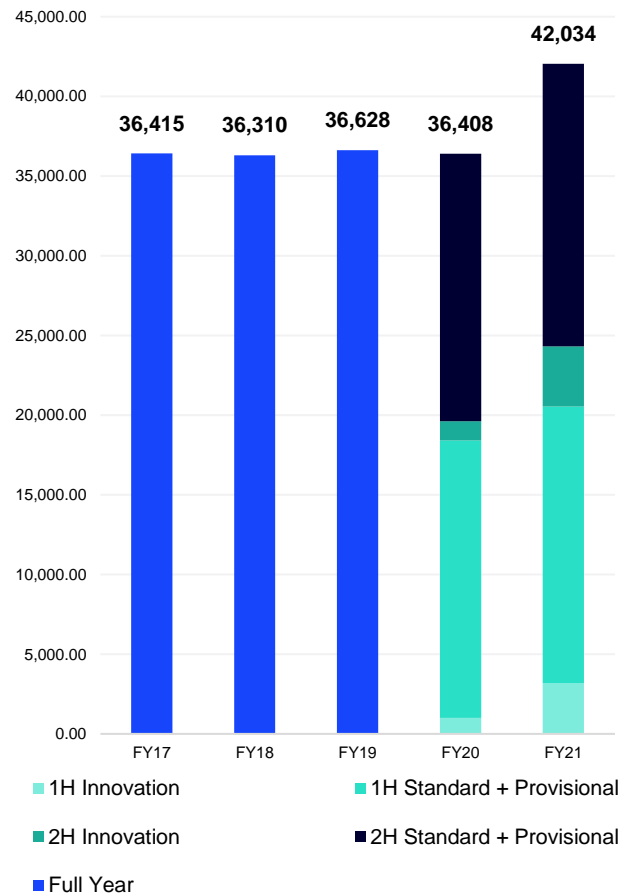


Patent market – Australia

Australian filings improved in second half with #1 market share position maintained

Australian patent filings – market¹

- Australian patent market increased by 15.5% in FY21 compared with the previous corresponding period.
- Removing all innovation patent filings, the market increased by 2.6%.
- Innovation patents from China and India were significant contributors to market growth, up 453% combined.
- Surge in Australian innovation patent filings likely related to impending phase-out in August 2021.

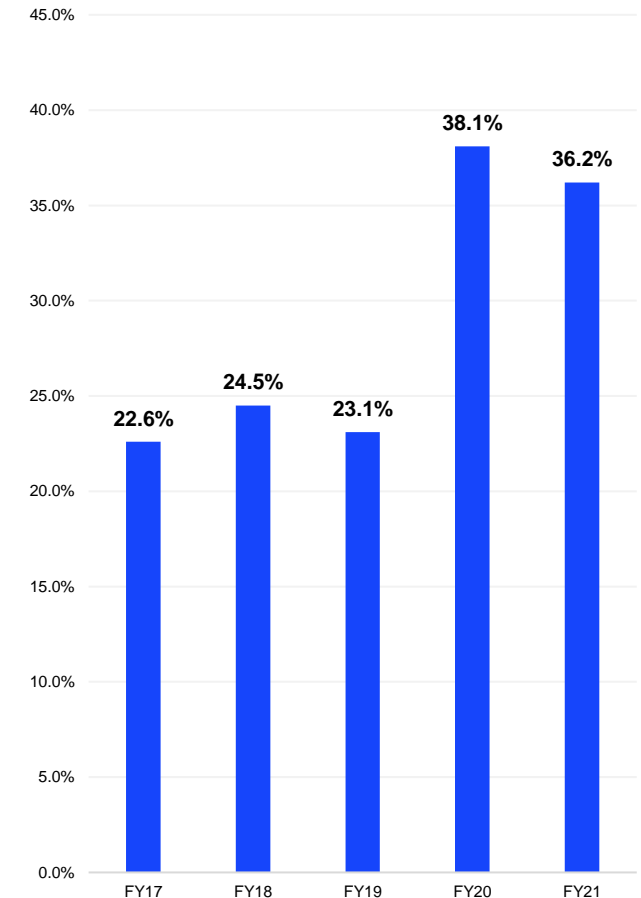


1) IPH Management estimate based on IP Australia filing data as at 13/07/21 (FY21), 14/07/20 (FY20), 1/08/19 (FY19) and 3/08/2018 (FY17-FY18). Includes all types of patent applications.

IPH Group market share (excluding innovation patents)²

- IPH Group's filings (excl innovation patents), declined by 4.8% compared with FY20.³
- However, excluding the impact of the “reset” of the merged Griffith Hack (GH) into a higher margin and more profitable business, IPH's filings increased by 0.7%.
- GH's decline can be attributed to: anticipated client loss as result of the merger due to conflict (including those which have moved within the group) and smaller filers by volume; and the filing patterns of existing clients.
- This outcome was an expected dis-synergy of the merger – GH business well positioned to grow the business at enhanced margins.

2) IPH Management estimate of Group market share based IP Australia filing data excluding innovation patents, which will cease in August 2021. Data as at 13/07/21 (FY21), 14/07/20 (FY20), 1/08/19 (FY19), 3/08/18 (FY18) and 6/07/18 (FY17) and may not reflect any subsequent changes of agent. Filings and market share from acquired companies are included from 1 Jul of the acquisition year.

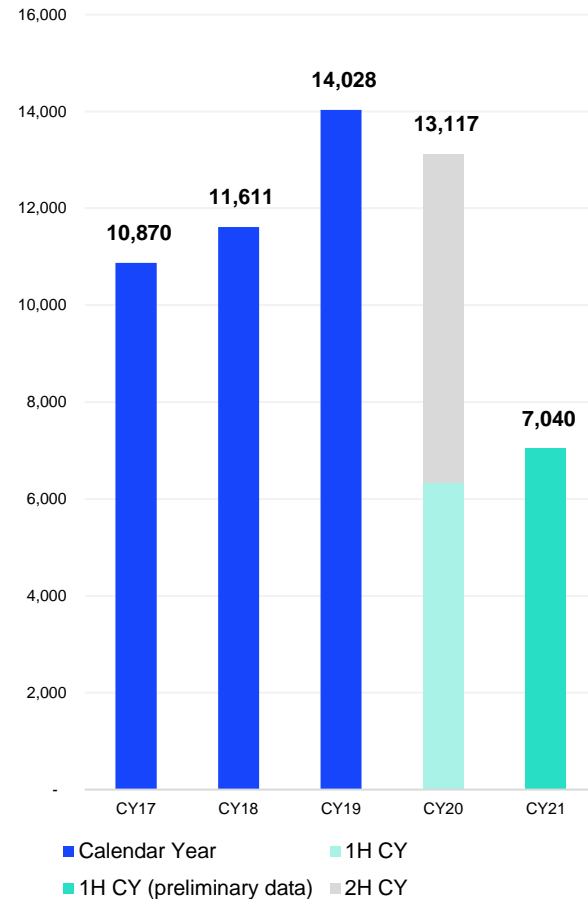


Patent market – Singapore

Strengthened #1 position – increasing market share

Singapore patent filings – market¹

- Latest data for CY20 shows Singapore patent market decreased by 6.5% compared with CY19.
- CY20 compares against a very strong Q4 of CY19 due to closure of the 'foreign route' from 1 January 2020, resulting in an influx of applications in December 2019.
- Latest data for 1H CY21 indicates a market increase of 11.2% on 1H CY20. This is an improvement from the 7.7% growth stated in the IPH FY21 results presentation (based on preliminary data).²

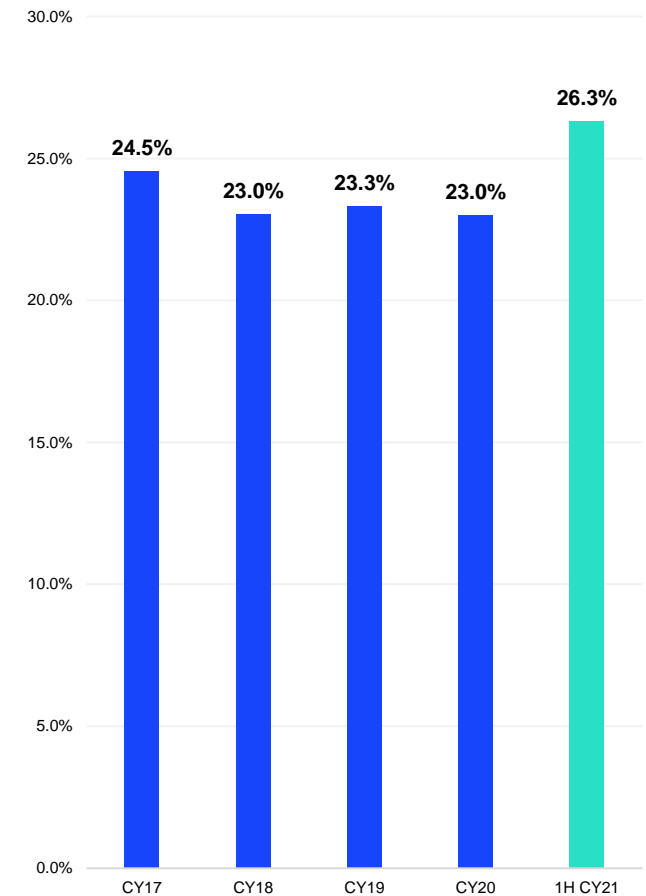


1) IPH Management estimate based on IPOS filing data as at 1/09/21 (CY21 YTD Jun), 2/05/21 (CY20), 3/08/20 (CY19), 1/08/19 (CY18) and 2/08/18 (CY17). Note, data for recent months subject to change due to data release timings; and as such CY21 YTD is a preliminary figure.

2) CY21 YTD data updated as at 1/09/21, compared with previous data extract at 5/08/21 for IPH FY21 results presentation.

IPH Group market share²

- Based on latest data for 1H CY21, IPH filings increased by 22.6% vs PCP, reflecting organic growth.
- This is an improvement from the 16.8% growth stated in the IPH FY21 results presentation (based on preliminary data).
- IPH market share increases from 23.0% in CY20 (23.9% in 1H CY20) to 26.3% in 1H CY21.



3) IPH Management estimate based on IPOS filing data as at 5/08/21 (CY21 YTD Jun), 2/05/21 (CY20), 3/08/20 (CY19), 1/08/19 (CY18) and 2/08/18 (CY17). Any subsequent changes of agent may not be reflected. CY21 YTD based on preliminary IPOS data. IPH market share includes the Singapore offices of Spruson & Ferguson and Pizeys.

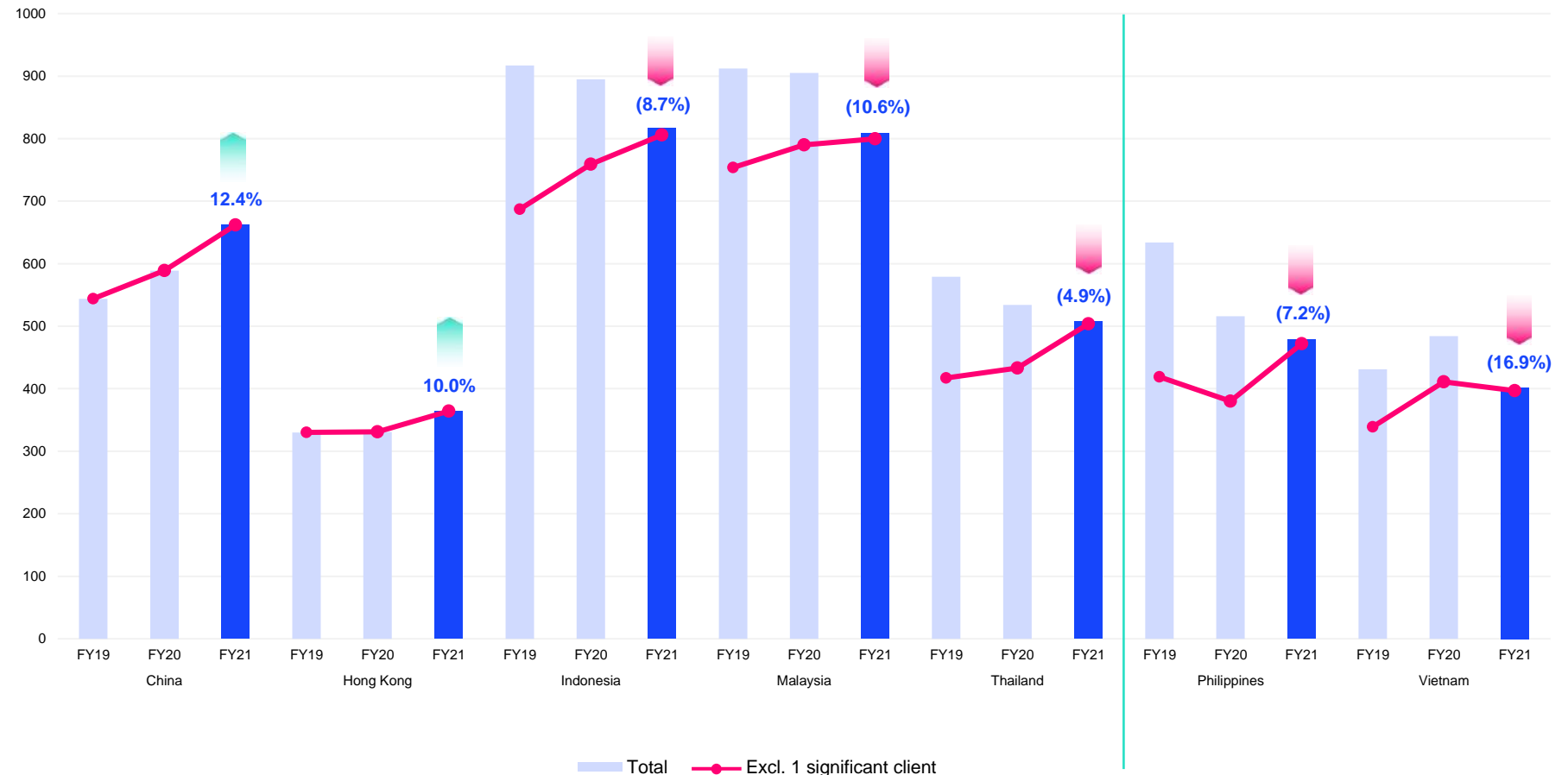


IPH patent filings – Asia¹

10.3% CAGR growth for China²

- FY21 compares against a strong FY20 due to significant filings from one client across multiple jurisdictions.
- Removing the effect of this one client, we have seen total growth across these key jurisdictions of 8.4% in FY21 when compared with FY20.
- IPH Group continues to be attractive to large clients. In FY21 we have seen multiple large clients increasing filings across a number of jurisdictions.

Continued increase in new case referrals (up 25% on FY20) to IPH Asian hubs (Singapore, China/Hong Kong) from acquired IPH businesses³



1) Total patent cases lodged in key jurisdictions in Asia (excl. Singapore) by IPH entities (or external agents in the case of the Philippines and Vietnam). Data based on internal filing statistics.

2) CAGR based on filings in China FY19-FY21.

3) New case referrals based on internal filing statistics.



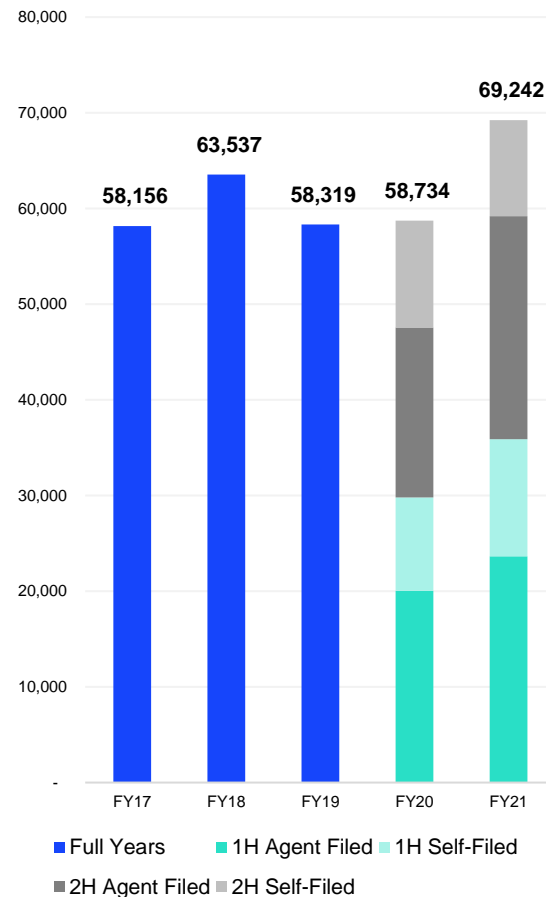
Trade mark market – Australia

Maintained #1 position in a changing market – IPH filings up

Australian trade mark filings – market (excl. Int'l Registrations)¹

- In FY21, Australian trade mark filings increased by 17.9%.
- Excluding self-filers, Australian trade mark filings increased by 24.2% in FY21.
- Softened self-filer growth for full year of 6.4% due to Q4 FY21 decline of 24.5% vs strong PCP (Q4 FY20 up 26.0% on Q4 FY19).²
- Increase reflecting recovering economy and business creation and expansion.
- IPH well positioned to leverage this trend with acquisition of Applied Marks, 4th largest of top 50 TM filers on 1 July 2021.

1) IPH Management estimate based on IP Australia filing data excluding International Registrations, as at 15/07/21 (FY21), 9/07/20 (FY20) and 1/08/19 (FY17-FY19).
2) Applications determined as self-filed where no agent is listed at IP Australia, or agent is the same as trade mark owner.

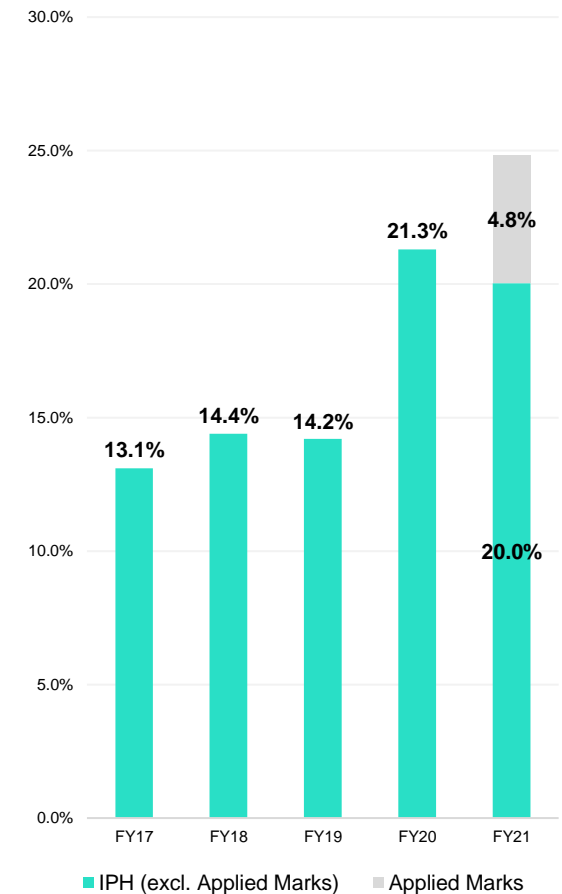


IPH Group market share³

- IPH trade mark filings in Australia (excl. Applied Marks) increased by 7.7% in FY21.⁴
- The IPH Group continues to be the leading Australian trade mark group by market share of the top 50 agents.
- Australian residents make up majority of total agent-filed trade marks in market (around 68%), whereas IPH's portfolio pre-Applied Marks is more internationally-weighted, with Australians making up only around 30% of total client filings.
- IPH experienced strong growth from US applicants, increasing 17.4%.

3) IPH Management estimate of Group market share calculated on total filings from top 50 agents. Based on IP Australia data as at 15/07/21 (FY21), 9/07/20 (FY20), 11/07/19 (FY18-FY19) and 24/10/18 (FY17) and may not reflect any subsequent changes of agent. Filings from acquired companies are included from 1 Jul of the acquisition year.

4) IPH Management estimate of Group filing growth includes recently acquired entities (Xenith and Baldwins) on a pro-forma basis from 1/07/19.





04

IP market trends

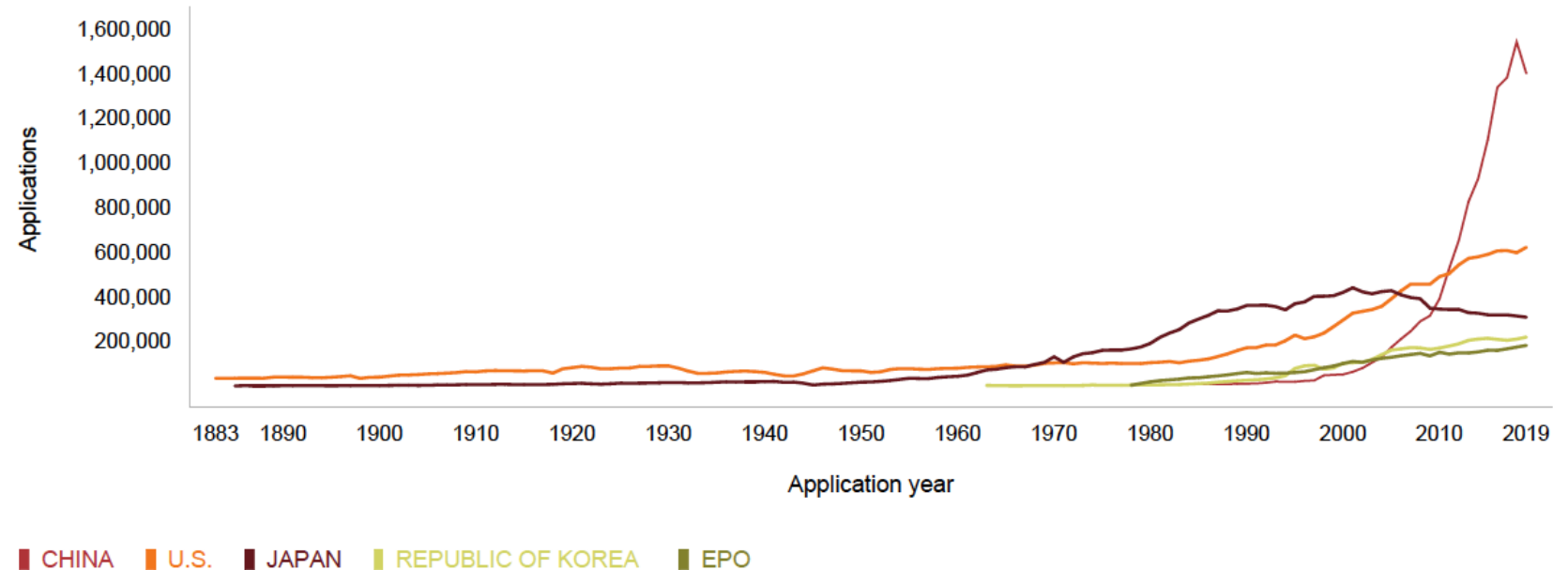


Long-term Patent Demand Trends

What this means for IPH

- This growth underpins the recurring revenue stream for IPH
- Growth in primary IP markets feeds into secondary IP markets, where IPH is strongly established in Asia, and ideally positioned for further growth
- IPH is well placed to capitalise on growth of filings both into China from non-residents as well as China out-bound filings into jurisdictions where IPH has a presence

Trend in patent applications for the top five offices, 1883–2019



Long-term Patent Demand Trends

China-US rivalry

- China-US competition focussed on technology
- US taking comprehensive containment measures for every component of the innovation ecosystem
- US Innovation and Competition Act set to become a major reset for science and technology – designed to strengthen American competitiveness with investments in science and technology, global infrastructure development, digital connectivity and cybersecurity partnerships

What this means for IPH

- The Biden administration's focus on technology is a positive for the IP industry, particularly in the US
- US customers are the largest market for IPH in terms of global patent filings¹

1) Total patent cases filed or instructed to be filed by IPH entities into any jurisdiction in the world. Data based on internal filing statistics including acquired companies on a pro-forma basis.



Long-term Patent Demand Trends

Increasing dependence on technology economically, socially and militarily

- Biggest tech companies in the world are US or Chinese
- Increasing focus on protection of data, privacy
- Competition not cooperation the focus for countries considering future regulatory requirements

What does this means for IPH?

- Investment in technology, leads to investment in IP protection in primary IP markets, which flows through to secondary IP markets
- Anticipated increased need for patent protection driven by countries seeking to protect data and domestic technology – particularly in the US and China





05

Delivering on our strategy



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



Consolidate Acquisitions

Griffith Hack and Watermark & AJ Park and Baldwins



Consolidate
acquisitions

GRIFFITH—HACK

- Delivered previously announced \$2 million in synergies from the combined entity in FY21

AJ Park

intellectual
property
Baldwins™

Synergies

- Synergies delivered through rental and right-sizing of business
- Delivered previously announced EBITDA contribution of A\$2 million in 8.5 month period



Consolidation

Spruson & Ferguson and Shelston IP to combine



Consolidate
acquisitions



- Spruson & Ferguson (Australia) and Shelstons IP to integrate under Spruson & Ferguson brand
- Spruson & Ferguson to extend position as a leading brand in Australia
- New firm to be led by David Kennedy
- Integration to result in enhanced operational synergies and further benefits for clients – including greater access for Shelston IP clients into S&F's established Asian network
- Shelston IP brand to be retired from 1 November 2021
- Full integration by December 2021



Q&A





Thank you

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06

Appendix

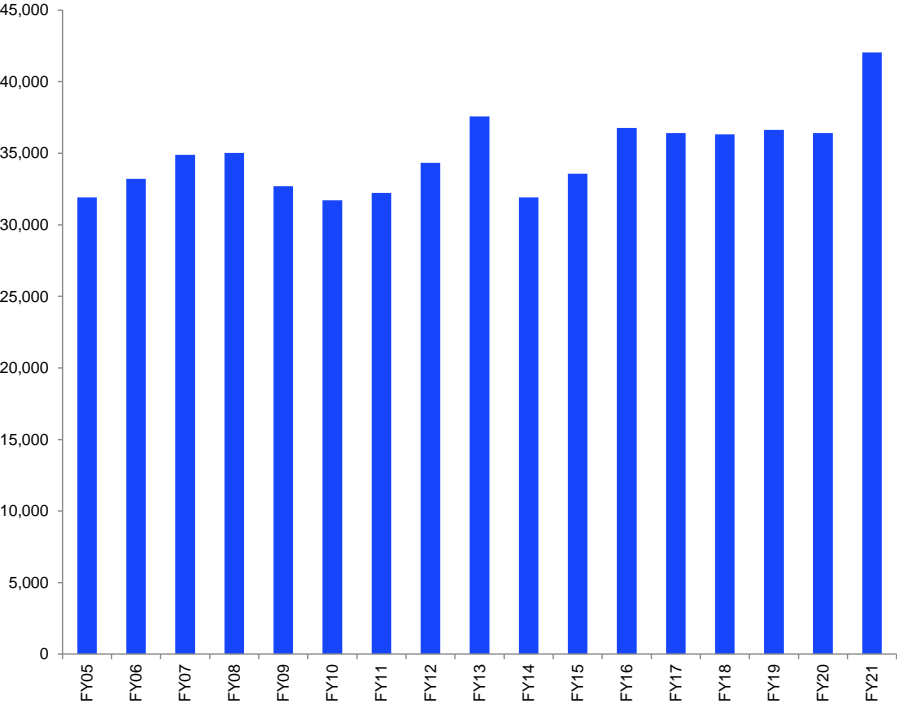


Patent market trends

No discernible impact to long-term trends

Australian Patent Filings¹

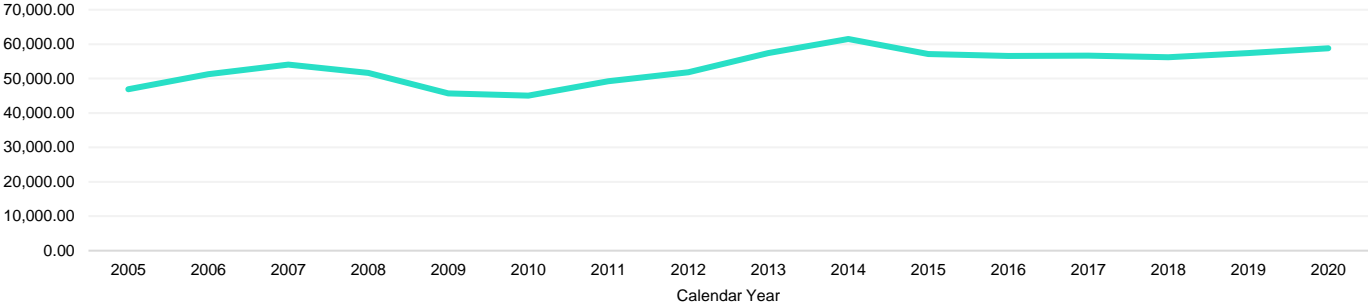
CAGR (FY06 to FY21) = 1.6%
CAGR Post-GFC (FY10 to FY21) = 2.6%



1) IPH Management estimate based on filing information recorded on IP Australia as at 13/07/21 (FY21), 14/07/20 (FY20), 7/07/19 (FY19), 3/08/18 (FY15-FY18) and 17/04/18 (FY05-FY14). Includes all types of patent applications (standard, provisional and innovation).

US PCT Applications²

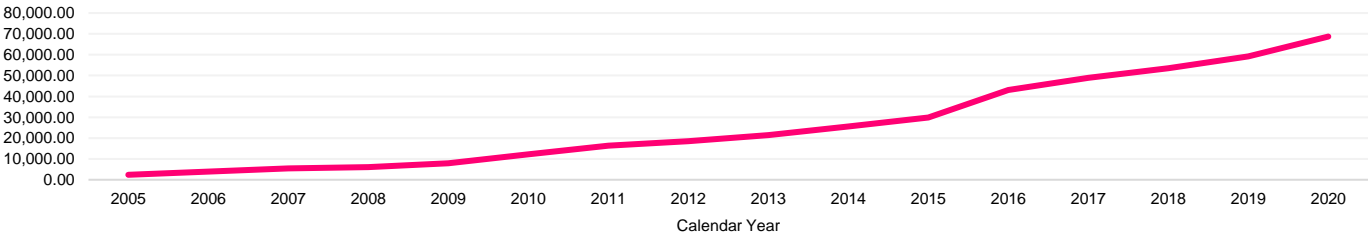
CAGR (CY05 to CY20) = 1.5%
CAGR Post-GFC (CY10 to CY20) = 2.7%



2) PCT applications originating from US filed at any receiving office by filing date from WIPO IP Statistics Data Center as at 11/08/21.

China PCT Applications³

CAGR (CY05 to CY20) = 24.7%
CAGR Post-GFC (CY10 to CY20) = 18.8%



3) PCT applications originating from China filed at any receiving office by filing date from WIPO IP Statistics Data Center as at 11/08/21.



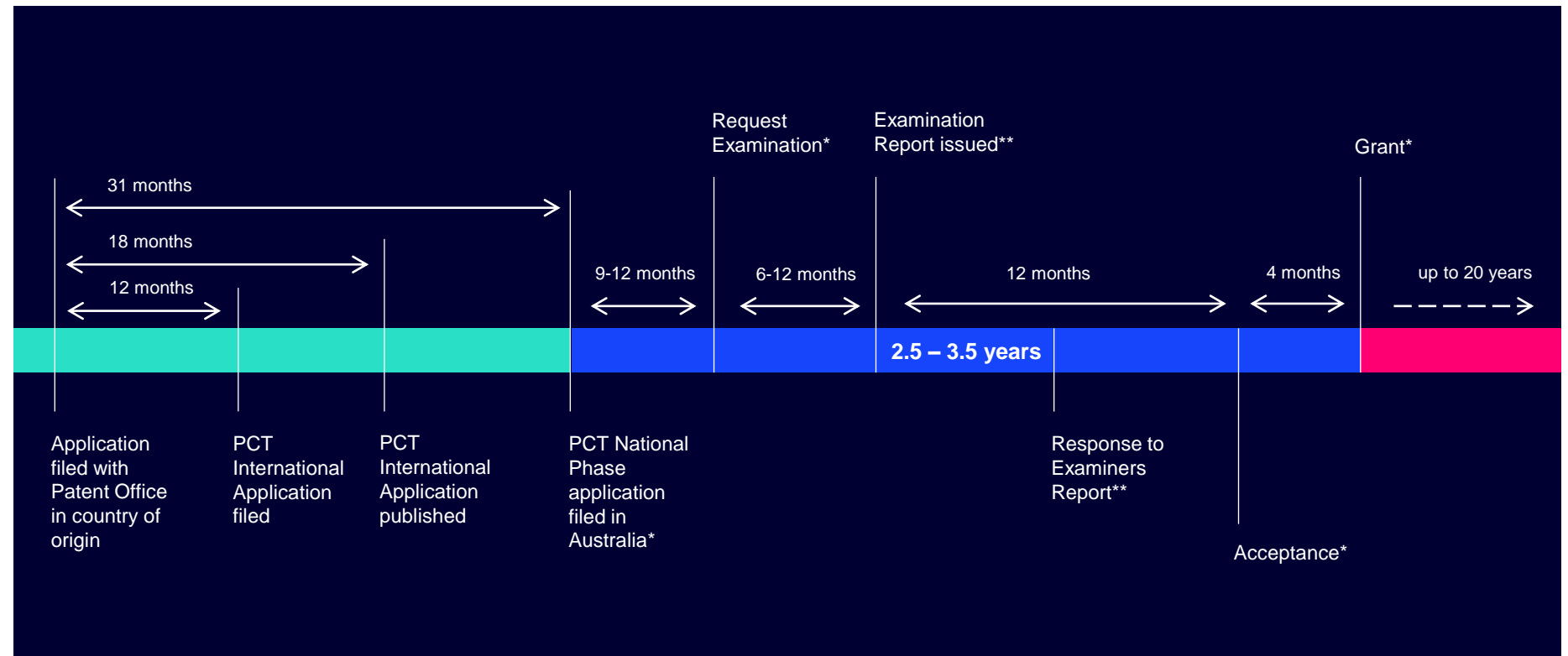
Patent lifecycle

Long-life cycle supports consistent revenues and earnings

Each year more than half⁺ of the total patent applications filed in Australia come through the PCT system in the form of PCT National Phase patent applications.

- The process from filing the Australian application (or entering the Australian national phase) to grant of a patent typically takes 2.5-3.5 years.
- Patents can be renewed by paying official renewal fee annually up until the expiry of the patent 20 years from the filing date of PCT International Application.

Typical (indicative) foreign patent route in Australia



⁺ IPH Management estimate based on PCT National Phase entries from IP Australia data as at 13/07/21 (FY21), 14/07/20 (FY20) and 7/07/19 (FY18-FY19).

* Revenue event – typically flag fall.

** Revenue event – typically combination of flag fall and hourly charges

