



ASX Announcement

21 October 2015

Presentation by David Griffith to Morgans Conference

Attached is a presentation to be given later today by IPH's Managing Director, David Griffith to the Morgans Annual Queensland Conference 2015.

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About IPH Limited

IPH Limited ("IPH", ASX:IPH), the holding company of Spruson & Ferguson, Practice Insight, Fisher Adams Kelly and Pizeys, is the leading intellectual property ("IP") services group in the Asia-Pacific region offering a wide range of IP services and products. These services are provided across Australia, New Zealand, Papua New Guinea, the Pacific Islands and Asia from offices in Sydney, Brisbane, Melbourne, Canberra, Singapore, Kuala Lumpur and supported by a representative office in Shanghai. The group comprises a multidisciplinary team of approximately 360 people, including some of the most highly regarded IP professionals in the Asia-Pacific region. The team services a diverse client base of Fortune Global 500 companies and other multinationals, public sector research organisations, foreign associates and local clients. IPH is the first IP services group to list on the Australian Stock Exchange.



IPH Limited

Morgans Annual Queensland Conference 2015

21 October 2015

Presenter

David Griffith - Managing Director, IPH Limited



PATENT & TRADE MARK ATTORNEYS
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1. Business Overview

IPH Overview

- IPH Limited (“IPH”) listed on the ASX in November 2014.
- IPH is the holding company of Spruson & Ferguson, Fisher Adams Kelly, Pizzeys, Callinans and Practice Insight employing a highly skilled multidisciplinary team of approximately 350 people in Australia, Singapore, Malaysia and China.
- Core business: provision of intellectual property (IP) services in the Asia-Pacific region.
- First acquisition: Spruson & Ferguson, established in 1887, is a leading IP firm in Asia-Pacific with a strong reputation, brand and long-standing annuity style client relationships (many over 25+ years).
- Clients: a diverse client base of Fortune Global 500 companies, multinationals, public sector research organisations, SMEs and professional services firms worldwide.
- Service Lines: in FY15 85% of IPH’s revenue derived from patent/design business (12% - trade marks and 3% legal); and 40% of Group’s revenue was from Asian operations.

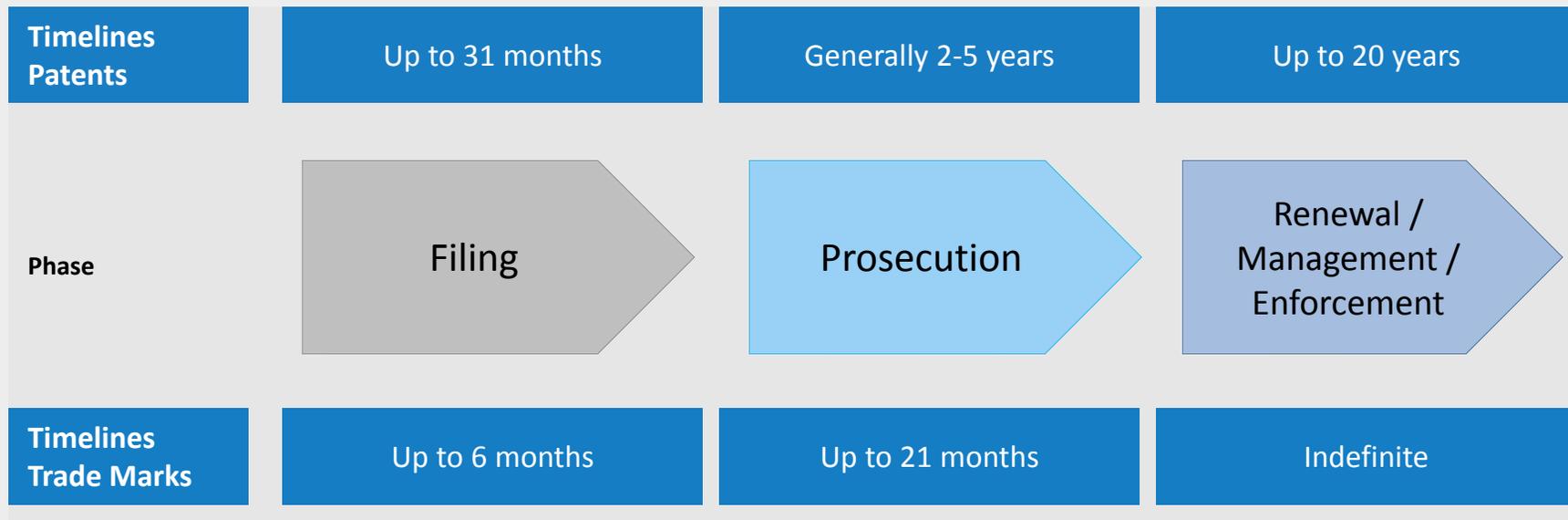
Service Model - IPH's Hub Strategy



- Key to IPH's strategy is its operation of IP service hubs
- IPH operates two key IP hubs (Australia and Singapore) – “one-stop” service for clients co-ordinating IP applications in 25 countries across Asia-Pacific
- IPH's hub strategy has established a strong position in Asia-Pacific which provides clients with:
 - The services of a tier 1 IP firm
 - Best of breed patent attorneys
 - Efficiency and cost reduction by dealing with one firm for multiple countries
 - Long-standing and vetted relationships with agents in Asian countries

Service Model – Workflow and IP Lifecycle

The long IP lifecycle allows IPH companies to generate revenue for matters for a number of years into the future



2. FY15 Business Performance and Market Update

FY15 Financial Highlights

FY15 pro forma NPAT exceeded prospectus forecast by 29.8%, and was 41.1% above FY14

- Underlying (constant currency) earnings ahead of Prospectus forecasts
- Pro forma NPAT of \$30.9m (EPS 19.6c), 41.1% ahead of previous year
- Significant net benefits derived from foreign exchange movements
- Revenue ahead of forecast for Australian and Asian entities
- Strong growth from Spruson & Ferguson Asia
- Pro forma operating cash flow¹ of \$38.4m
- Net debt of \$5.3m
- Dividend of 10.0c/share (5.0c franked) declared; DRP activated, 2.5% discount

	Pro forma Earnings FY 14 (\$'m)	Pro forma Earnings FY 15 (\$'m) <u>Forecast</u>	Pro forma Earnings FY 15 (\$'m) <u>Actual</u>
Revenue	79.2	82.8	94.6
EBITDA	30.0	33.0	42.4
NPAT	21.9	23.8	30.9

Operational Highlights

A defining year for IPH

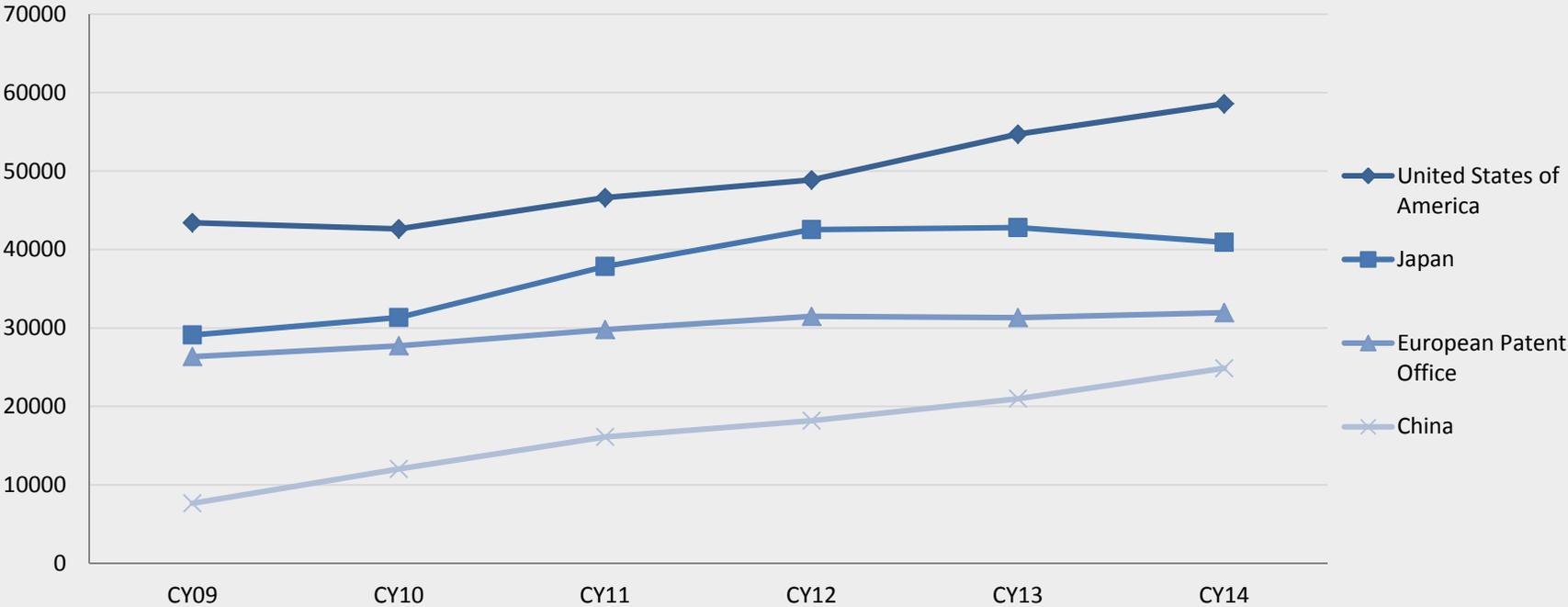
- **IPO:** Successful IPO in November 2014 - IPH is an ASX 300 company.
- **Acquisitions:** IPH acquired four businesses within 10 months from IPO
 - Practice Insight (Apr'15)
 - Pizzeys (Sep'15)
 - Fisher Adams Kelly (May'15)
 - Callinans (expected settlement - Oct'15)
- **Asia:** IPH continues to grow in Asia
 - in FY 15 patent filings are up 8.6% on FY14
 - no. 1 patent market position in Singapore
- **Australia:** IPH strengthened its position in Australia
 - combined 22% patent market share in Australia in FY15
 - no. 1 patent and no. 2 trade mark market position in Australia
 - strengthening IPH market position with strategic acquisitions of Fisher Adams Kelly, Pizzeys and Callinans
- **Efficiencies:** IT efficiencies at IPH are gaining momentum and allowing for rationalisation of administration and flexibility in operations across the group

Market Overview – Global Trend in Patents

Growing trend in international PCT patent applications

- Growing trend of PCT applications filed in key jurisdictions (USA and Europe) is a strong indication of increasing number of PCT national phase patent applications to be filed in the subsequent 12-19 months in the countries serviced by IPH.

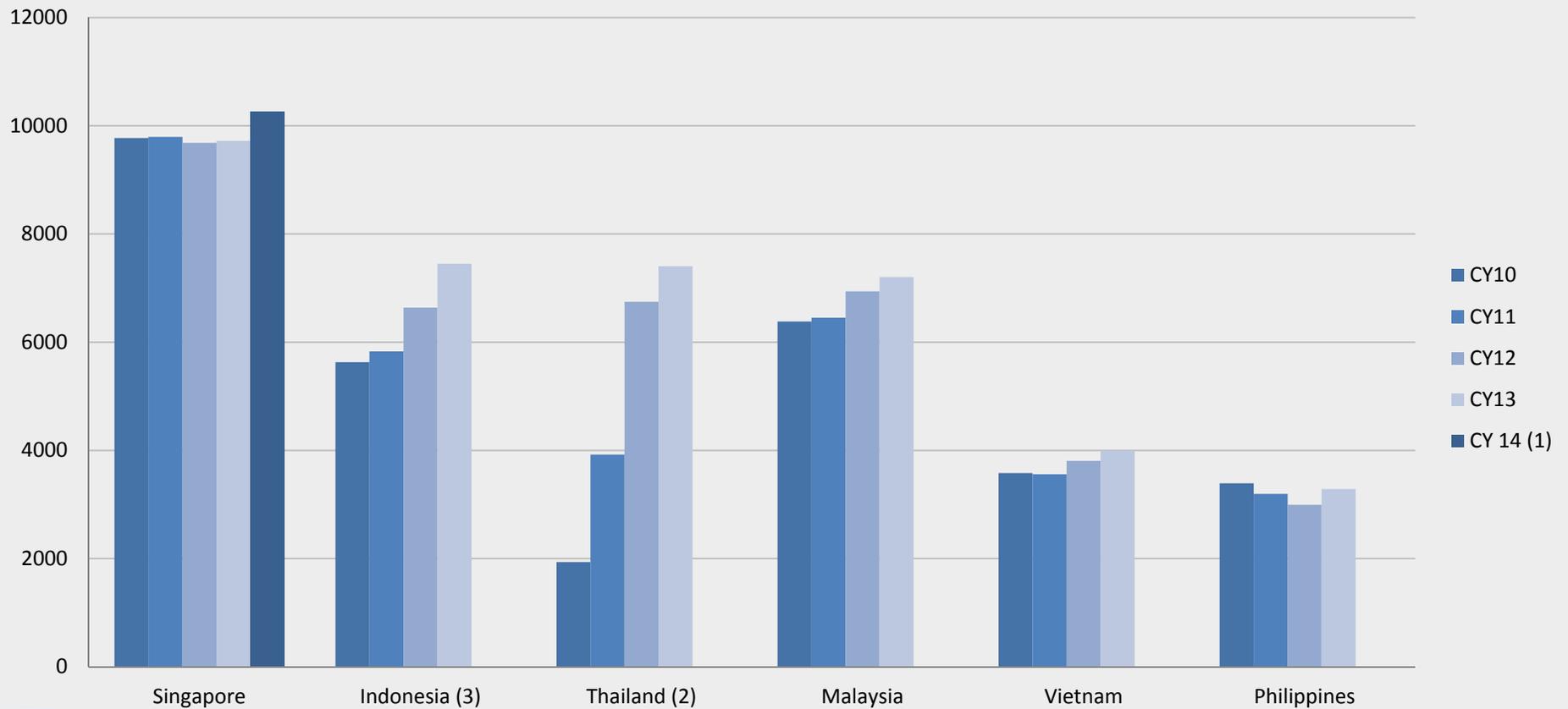
PCT international applications filed in US, EP, JP & China offices by resident applicants



Market Overview – Asian Patent Market

Growing patent market in Asia

SG, ID, TH, MY VN & PH Total Patent Filings



(1) CY14 patent filing numbers are not available through WIPO . Singapore patent filings in CY14 – IPH estimate.

(2) Thailand joined PCT system on 24/12/2009 causing lag in patent filings in CY10 and CY11

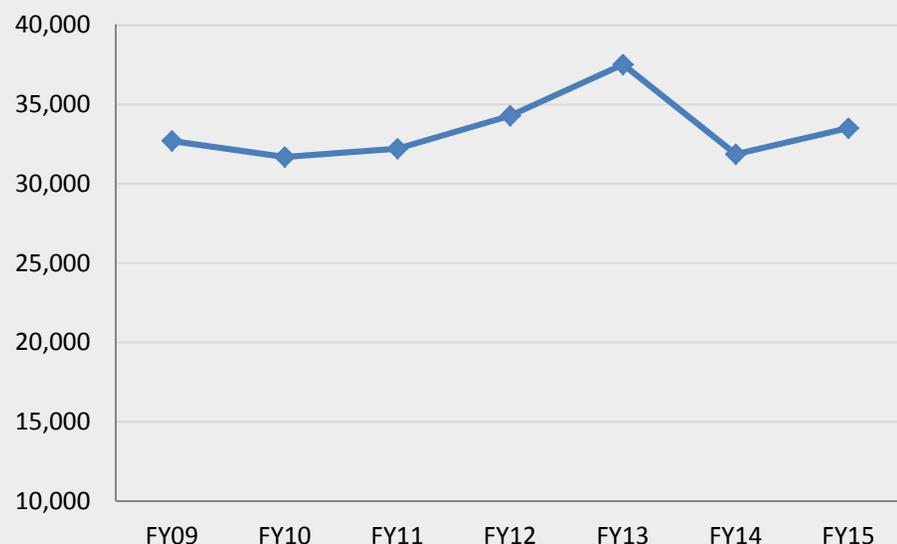
(3) CY12 patent filing numbers for Indonesia are not available through WIPO. CY12 number is average of CY11 and CY13 filing numbers.

Market Overview – AU & SG Patent Markets

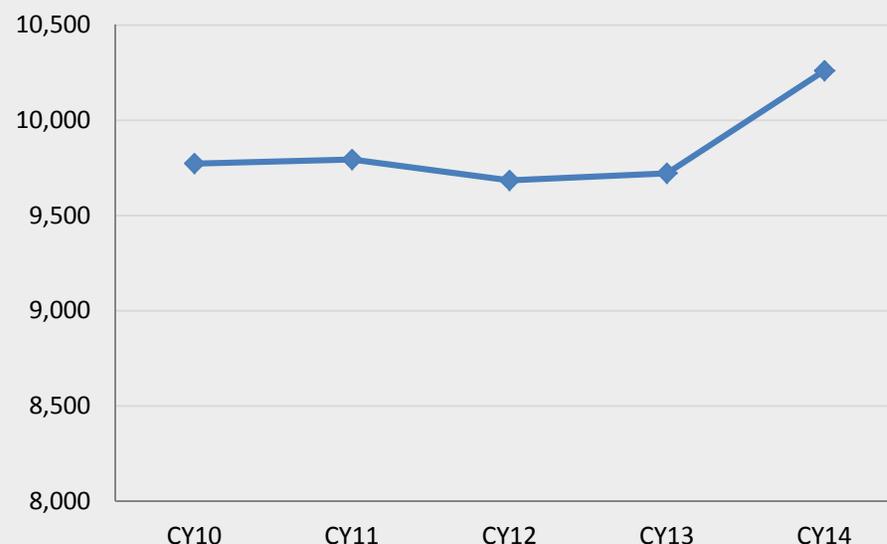
Flat patent market in Australia; growth in Singapore

- Number of patent applications filed at IP Australia in FY15 was lower than expected.
- It is estimated that over 10,000 patent applications were filed at IPOS in CY14.

Total Patent Filings in Australia



Total Singapore Patent Filings



Notes:

1. Total patent filings at IP Australia and IPOS as at August 2015
2. CY14 patent filings at IPOS – IPH Estimate

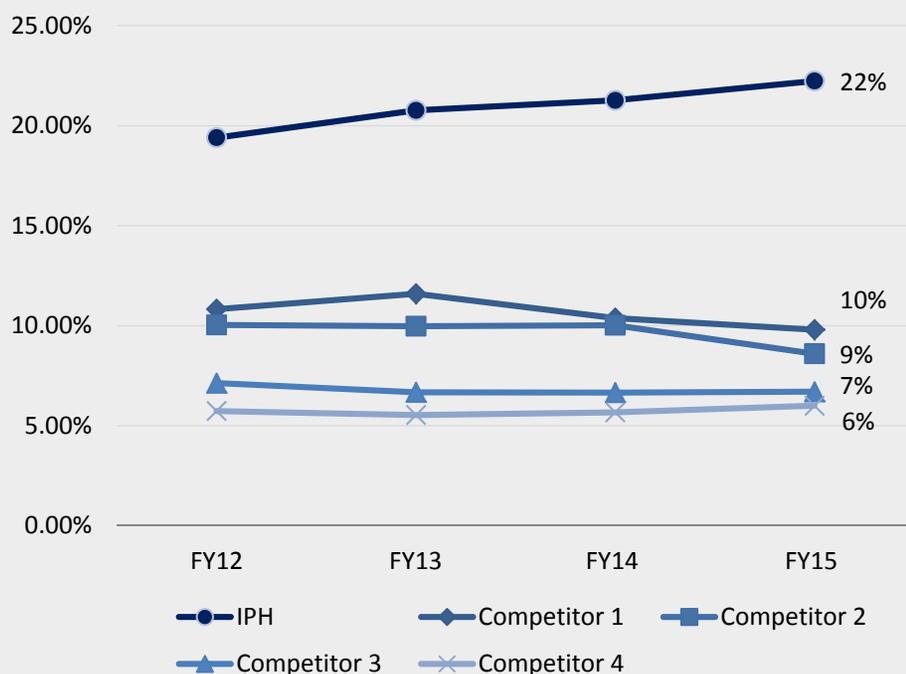
Market Overview – IPH patent market share in AU & SG

No 1 IP group in Australia and Singapore

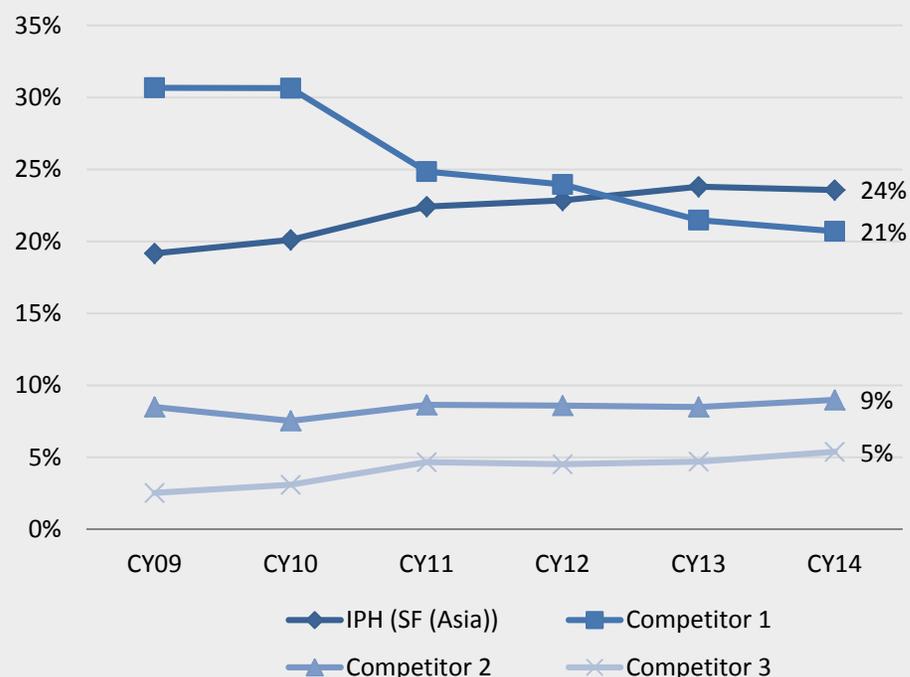
- Australia: IPH has 22% patent market share and holds no 1 market position

- Singapore: IPH (SF (Asia)) has 24% patent market share and holds no 1 market position

IPH Patent Market Share in Australia

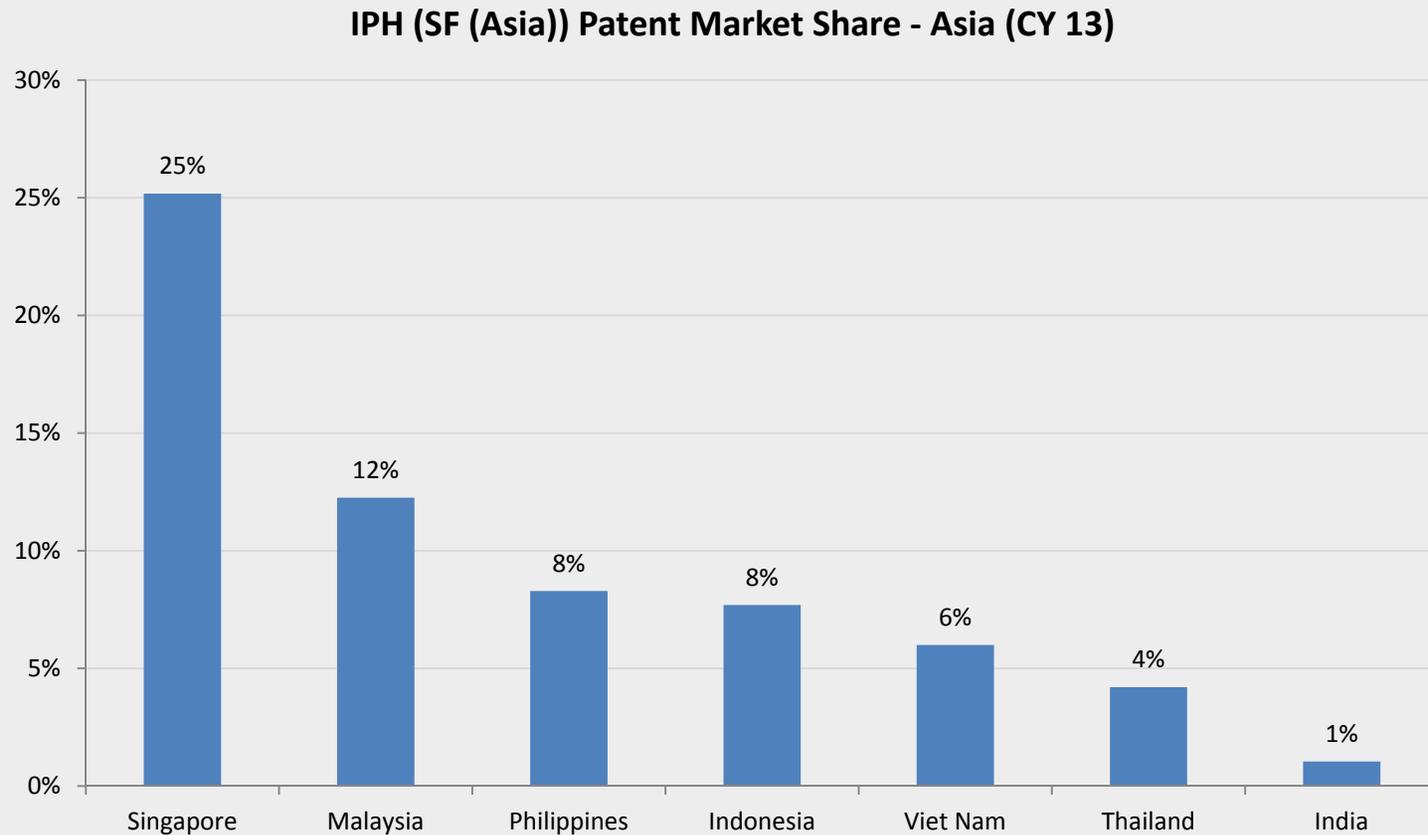


IPH Patent Market Share in Singapore



Market Overview – IPH patent market share in Asia

IPH maintains strong patent market position in key jurisdictions in Asia



Notes:

1. Outside Singapore and Malaysia, market share is represented by applications filed by agents instructed by Spruson & Ferguson.
2. Estimated market share based on non-resident patent applications filed in CY13. CY14 data is not available through WIPO .

3. Acquisitions

Practice Insight

Acquisition of Practice Insight is one step into the valuable IP adjacent business market

- Completed acquisition in April 2015
- IP data analysis and business applications software
- Highly capable team of software developers lead by Thomas Haines
- Revenue generating business
- Proven software products:
 - Patent Filing Analytics
 - Licensing Alerts
 - Extended DMS
 - Wisetime
- Investing in product development & marketing

Fisher Adams Kelly

Acquisition of an Australia IP firm is aimed at consolidating the fragmented IP market in Australia

- Completed acquisition on 28 May 2015
- Brisbane based patent & trade mark attorneys, established over 30 years
- Strong local and foreign client base
- Award winning firm - *Managing Intellectual Property's* Australian IP Firm of the Year in 2015
- Total consideration \$26.2m; vendor consideration settled in IPH shares at \$4.5892/share; 50% escrowed for 2 years
- Immediately EPS accretive
- Revenue synergies from redirection of Asian referral work
- Cost synergies from rationalisation of support services
- Expanded business development capabilities

Pizzeys

Acquisition of an Australia IP firm is aimed at consolidating the fragmented IP market in Australia

- Completed 30 September 2015.
- Purchase consideration of \$73.6m, subject to final accounting adjustments.
- Earn-out capped at \$13.3m based on increase in FY16 earnings compared to FY15.
- Forecast FY16 EBIT of \$11.0m.
- Consideration and earn-out (if any) to be settled 50% by the issue of new IPH shares, and 50% in cash.
- IPH shares issued at \$5.41/share (being 20 day VWAP up to and including 17 Sept 2015).
- All consideration and earn-out (if any) shares escrowed for 2 years from issue.
- EPS accretive (after acquisition costs and before synergies).

Callinans

Acquisition of an Australia IP firm is aimed at consolidating the fragmented IP market in Australia

- Completion is expected by 30 October 2015.
- Purchase consideration (including earn-out) of \$11.5m, subject to final accounting adjustments, plus the assumption of employee entitlements.
- Earn-out capped at \$6m based on a proportion of FY16 earnings from key clients compared to FY15.
- Initial consideration (of \$5.5m) and first \$4m of earn-out (if payable) to be settled 50% by the issue of new IPH shares, and 50% in cash. Last \$2m of earn-out (if payable) to be settled in cash.
- IPH shares to be issued at a 10 day VWAP up to and including the date prior to the day of completion.
- All consideration and earn-out (if any) shares escrowed for 24 months from completion.
- EPS accretive (after acquisition costs and before synergies).
- Acquisition is conditional on obtaining required consents and approvals from third parties and no material adverse change.

4. FY16 Strategic Initiatives

Future Growth Initiatives

Goal – “To be the leading IP group in secondary markets”

4	Asian Growth	<ul style="list-style-type: none"> ▪ Maintain and grow patent market share in Singapore ▪ Open offices and acquire well established IP firms in other Asian countries ▪ Increase patent market share in other Asian countries ▪ Re-commence trade mark practice business in Asia¹ ▪ Leveraging new acquisitions to increase filings in Asia 	Short Term
5	Efficiency Gains	<ul style="list-style-type: none"> ▪ Continued investment in IT and case management systems to drive efficiency – support staff and occupancy costs to reduce further over the next 12-18 months. ▪ IPH cost synergy – combining back office services 	Short / Medium Term
6	Acquisitions	<ul style="list-style-type: none"> ▪ Strong pipeline of potential acquisitions both in Australia and secondary markets 	Short / Medium Term
7	Adjacent Businesses	<ul style="list-style-type: none"> ▪ Grow the Practice Insight data analysis and applications software business ▪ Opportunity in the renewals area 	Medium Term

Thank you