

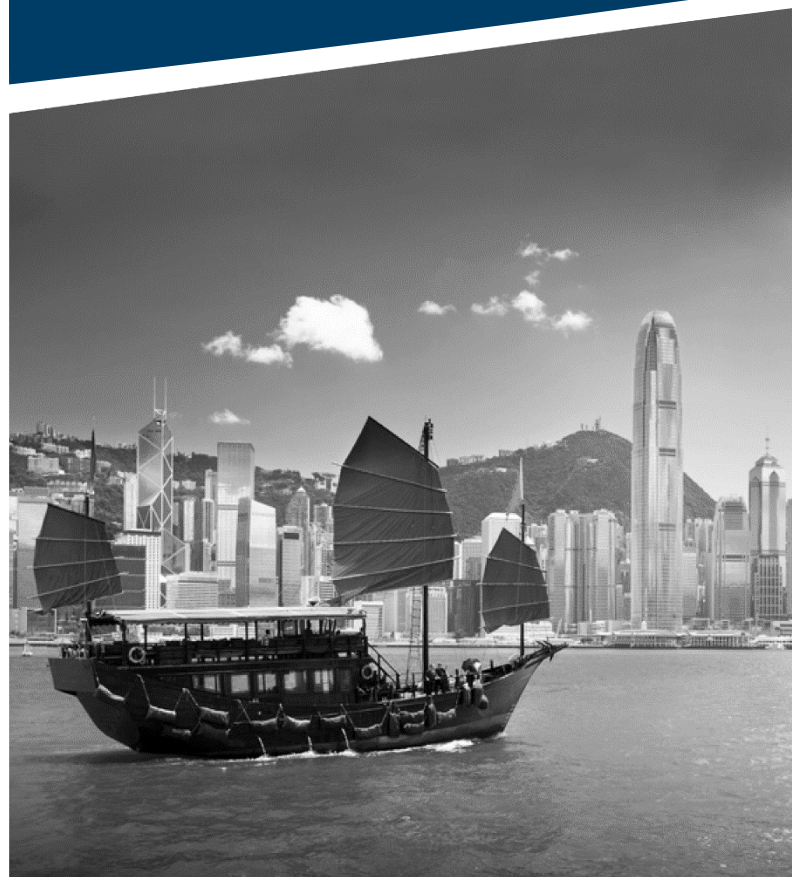
# HY17 Results Presentation

Half Year Ended 31 December 2016

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Dr. Andrew Blattman - CEO, Spruson & Ferguson

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# Contents

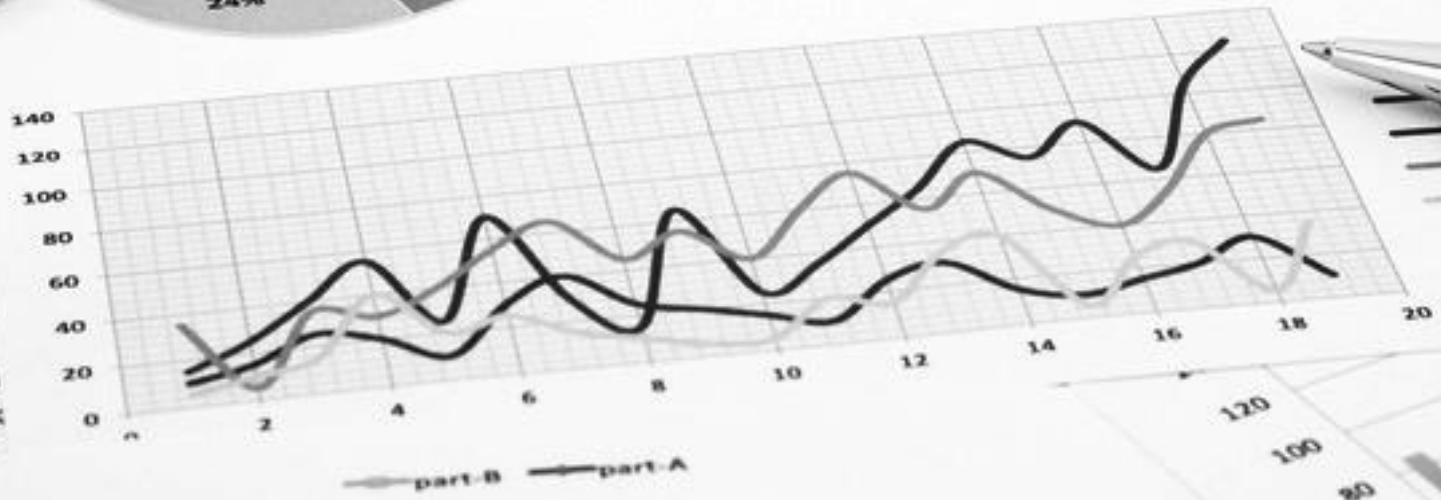


1. HY17 Highlights
2. HY17 Business Performance & Market Update
3. Acquisitions
4. HY17 Financial Results
5. Outlook
6. Appendices

# 1 | HY17 HIGHLIGHTS



3A	55	85	160
2A	70	100	130
1A	100	125	75



# Financial Highlights

Underlying NPAT increase of 17% on HY16

- Underlying<sup>1</sup> NPAT of \$26.6m, 17% ahead of HY16.
- Underlying EPS<sup>3</sup> of 13.9c, 3% increase on HY16.
- Australia IP like vs like (ie constant currency, excl. acquisitions) earnings growth of 6%.
- Asia IP revenue / earnings below HY16, spike in filings caused by the America Invents Act normalising.
- Incremental \$7.3m EBITDA from acquisitions.
- Continued development expenditure on Data and Analytics Software business with 1H sales in line with expectations.
- Free cash flow<sup>4</sup> of \$23.1m.
- Cash of \$32.2m, no debt and \$95m undrawn bank facilities.
- Interim Dividend of 11.5c per share (100% franked) declared; The DRP will be activated.

Statutory Results (\$'m)	HY17	HY16	Chg %
Revenue <sup>2</sup>	\$93.1	\$76.2	22.3%
EBITDA	\$35.1	\$29.3	19.8%
NPAT	\$22.1	\$18.5	19.5%
EPS (Diluted)	11.5c	10.9c	5.8%

Underlying Results (\$'m) <sup>1</sup>	HY17	HY16	Chg %
Revenue <sup>2</sup>	\$93.1	\$76.2	22.3%
EBITDA	\$36.4	\$32.1	13.3%
NPAT	\$26.6	\$22.8	16.6%
EPS (Diluted)	13.9c	13.4c	3.3%
Total Dividends	11.5cps	11cps	5.0%

## Notes:

1. Underlying EBITDA excludes costs incurred in pursuit of acquisitions, revaluations of deferred settlements & earn outs, new business establishment costs and accounting charges for share based payments. Underlying NPAT excludes amortisation expense on intangible assets arising from acquisitions.
2. Revenue includes the gross amount of the reimbursement by clients of official filing fees paid to national bodies. Previously these fees were recorded on a net basis. HY16 revenue has been increased by \$7.2m for comparison. This change does not impact EBITDA nor NPAT.
3. Diluted EPS includes retention & performance rights issued but unvested and estimated potential shares in relation to acquisition earn out settlements.
4. Operating cash flow before acquisitions and financing activities.

# Operational Highlights

Focusing on growth and efficiency improvements

Key milestones:

## 1. Australia

- ✓ As a group IPH holds No.1 patent (22% market share) and trademark (13% “qualified” market share) market position in Australia.
- ✓ Spruson & Ferguson, as an individual firm, maintained No.1 patent market position in Australia.
- ✓ Focus on improving efficiencies across the group.
- ✓ The merger of the legacy Fisher Adams Kelly and Callinans businesses has led to margin growth.

## 2. Asia

- ✓ IPH and Spruson & Ferguson (Asia) maintain No.1 patent market position in Singapore.
- ✓ Filing patterns continuing to normalise in Asia (and Australia) post the impact of the America Invents Act (AIA) in FY16.
- ✓ Focus on growth and development of the new Thailand and Indonesian offices.
- ✓ Beginning to leverage the Hong Kong business and the pathway into China.

## 3. Acquisitions

- ✓ Ella Cheong Hong Kong and Beijing (Oct 2016) (re-branded as Spruson & Ferguson), 1<sup>st</sup> international acquisition.
- ✓ Strong pipeline of acquisitions and organic expansion opportunities at different stages of progression.

## 4. Data & Analytics Software

- ✓ Continued investment in product development and sales and marketing.
- ✓ New client wins for existing Filing Analytics product.
- ✓ Imminent launch of Citation Eagle (formerly Licencing Alerts) and WiseTime.

## 5. Corporate

- ✓ Successful sell-down of 30M escrowed shares by certain former Trustees of the Spruson & Ferguson business, however significant continued holdings which is a strong vote of confidence in IPH.

## 2 | HY17 BUSINESS PERFORMANCE & MARKET UPDATE

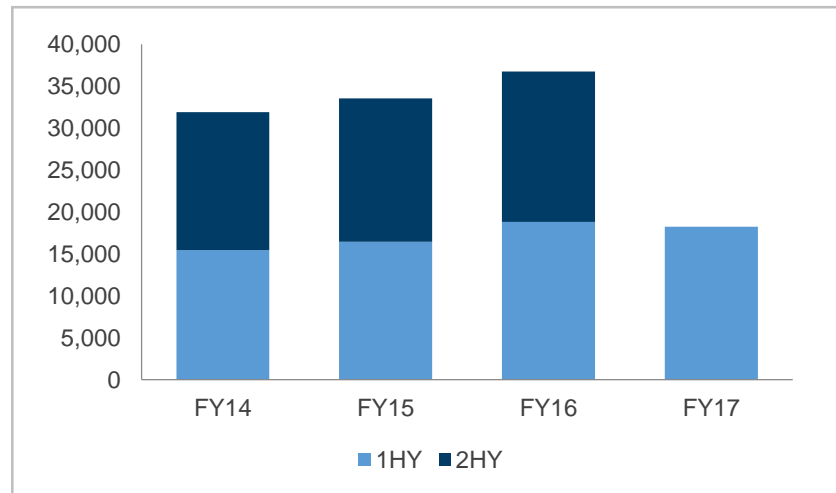


# Patent Market - Australia

IPH and Spruson & Ferguson - No.1 in Australia

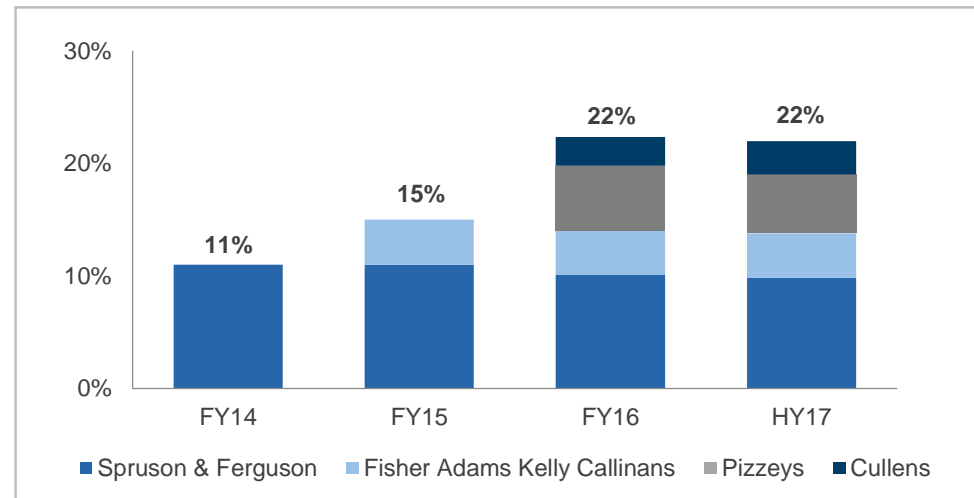


Fig. 1: Total patent filings in Australia<sup>1)</sup>



- Total patent filings have declined by 3% on comparative period of FY16. However, the prior 1HY16 included the spike in filings from the AIA.
- In light of this, the 1H17 filings are relatively strong and represent an 11% increase on 1HY15.
- In 1HY17 the Australian patent market has also seen an increase in filings of patent applications originating in China, many of which subsequently have lapsed or been withdrawn or refused registration.

Fig. 2: IPH market share in Australia<sup>1)</sup>



- IPH group companies hold the No.1 patent market position in Australia with 22% market share against other IP groups in Australia.
- Individually, Spruson & Ferguson continues to hold No.1 patent market position in Australia.

Notes:

1) Source: IPH management estimate based on agent recorded with IP Australia as at 7 Feb 2017 and may not reflect any change of agent recorded since filing. Includes all type of patent applications.

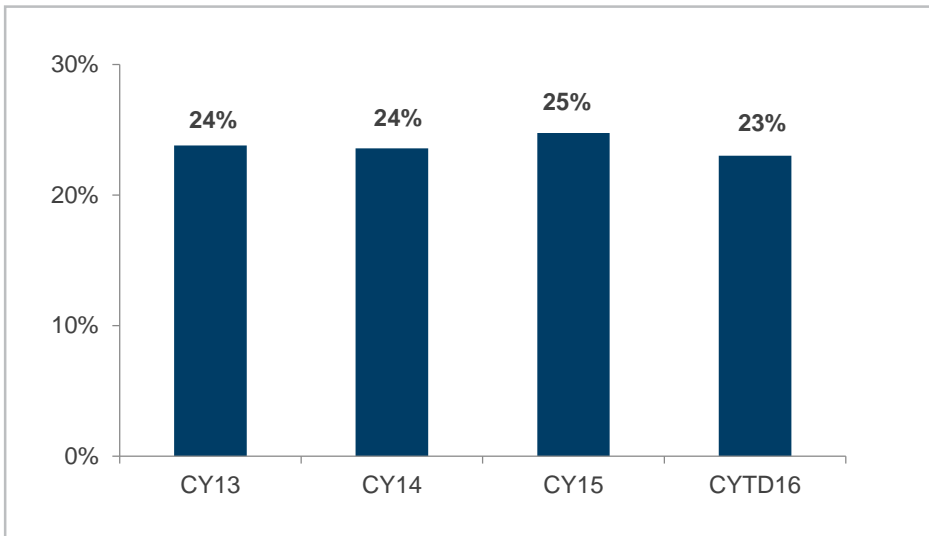


# Patent Market - Asia

IPH and Spruson & Ferguson - No.1 in Singapore

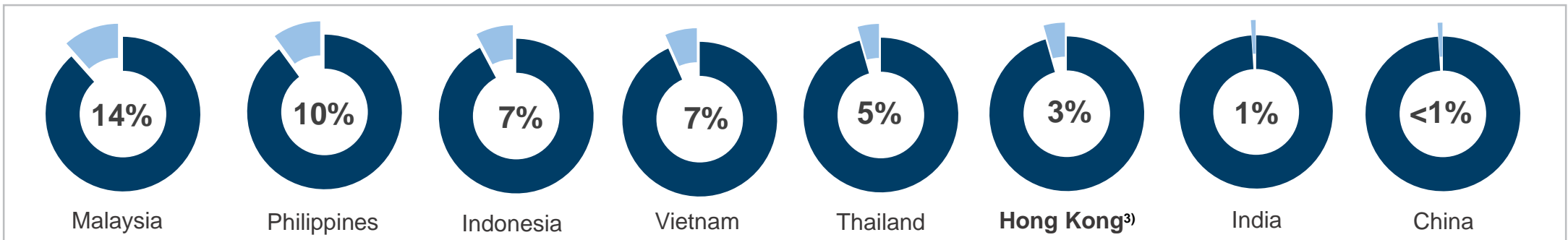


**Fig. 3: IPH market share in Singapore<sup>1)</sup>**



- SF Asia maintains No.1 patent market position in Singapore in CYTD16.
- Decline in the overall market share is not unexpected. The SF Asia business has a greater bias towards US inbound clients than competitors and therefore received a greater benefit in CY15 due to the AIA effect. Filings are now reverting to historical patterns.
- IPH increased market share in Malaysia, Philippines Vietnam and Thailand in CY15 (based on the latest available data) by 1% on CY14.

**Fig. 4: IPH market share in key jurisdictions in Asia (CY15)<sup>2)</sup>**



**Notes:**

- 1) Source: IPH management estimate based on agent recorded with IPOS on 23 Jan 17 (CYT16 patent filings up to approx. 20 Dec 16), 4 Feb 16 (CY15 patent filings), 6 Aug 15 (CY14 patent filings) & 1 Aug 14 (CY13 patent filings).
- 2) Source: IPH management analysis based on non-resident patent applications filed by SF (Asia) and total non-resident patent applications filed in the jurisdictions as recorded in the WIPO statistics database as at 25 Jan 17. Thailand patent filings - as published in the "Annual Report 2015" by The Department of Intellectual Property (DIP) at the Ministry of Commerce (Thailand) available on <https://www.ipthailand.go.th> accessed on 7 Feb 17. Outside Singapore and Malaysia, market share is represented by applications filed by agents instructed by SF (Asia).
- 3) IPH estimate based on all patent applications filed in HK and patent applications filed by SF Hong Kong and Beijing offices in CY16.

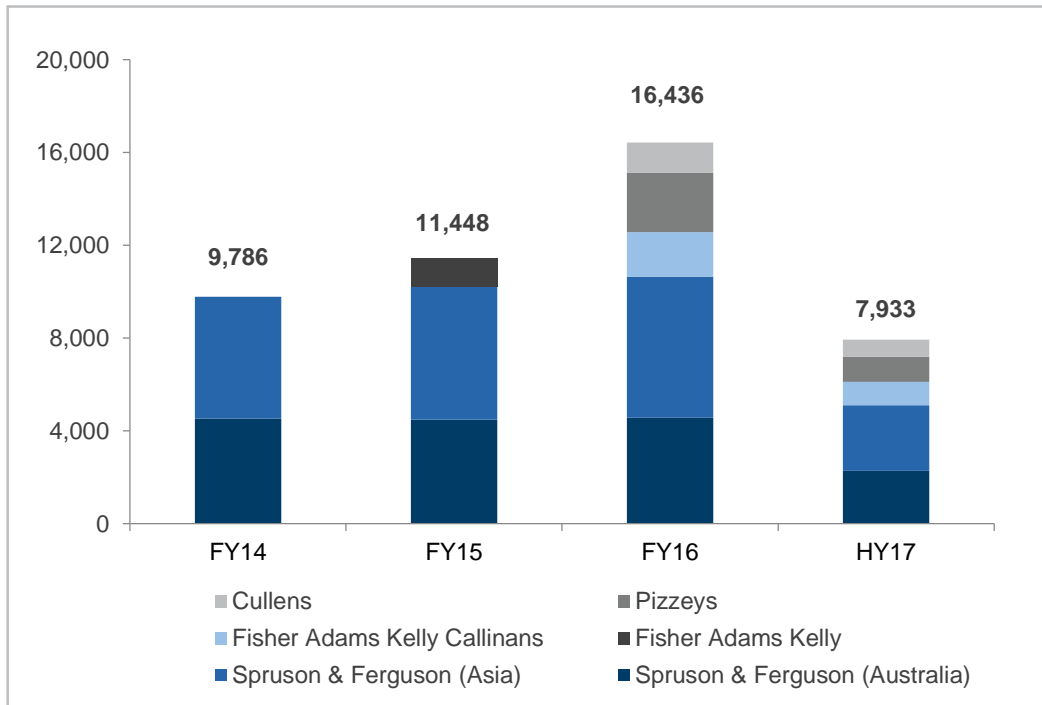


# Filings by IPH companies

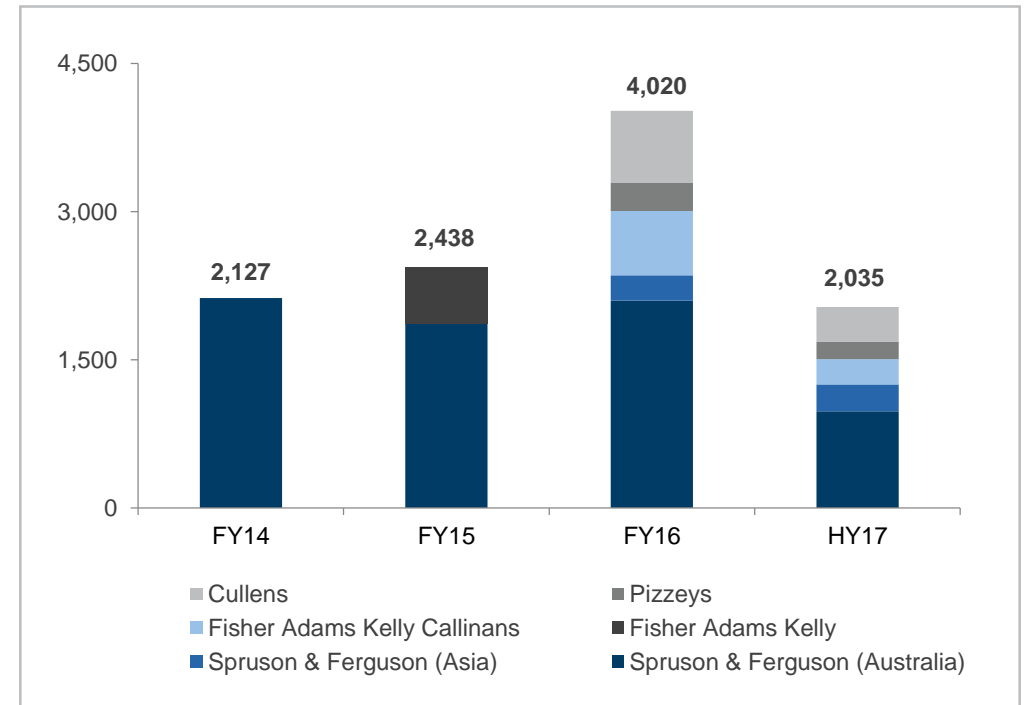
Strong total patent and trademark filings by IPH companies in 1HY17



**Fig. 4: Patent filings by IPH group companies in all jurisdictions <sup>1)</sup>**



**Fig. 5: Trademark filings by IPH group companies in all jurisdictions <sup>1)</sup>**



**Notes:**

1) Source: IPH management analysis based on data extracted from Inprotech of SF(AU), SF (Asia), FAKC, Pizzeys and Cullens. All patent applications filed either directly or indirectly through an agent, including through IPH entities. Filing numbers are based on number of applications filed by SF(AU) and SF(Asia) and annualised number of applications filed by FAKC, Pizzeys & Cullens.

# 3 | ACQUISITIONS



# Acquisitions

## IPH makes first international acquisition



### Ella Cheong Hong Kong & Beijing

- First international acquisition - Ella Cheong (Hong Kong) Limited and its subsidiary Ella Cheong Intellectual Property Agency (Beijing) Company Limited (“Ella Cheong Hong Kong & Beijing”). Completed on 31 October 2016.
- Re-branded as Spruson & Ferguson.
- Purchase consideration of approximately HK\$169m (approximately A\$29m), being 6.75x FY16 normalised EBITDA, based on provisional accounting adjustments at 31 December 2016.
- The Hong Kong and Beijing businesses provide an excellent platform for Spruson & Ferguson to expand the provision of its services for existing and new clients in Greater China, and enable further growth.
- The Ella Cheong Hong Kong & Beijing businesses are profitable and offer IP services to a client base which is complementary to IPH’s existing businesses.
- Trading to date has been in line with expectations.

### Acquisition Pipeline

- The Company continues to evaluate acquisition opportunities in international secondary markets, with a number of opportunities at different stages of progression.
- The Company’s existing debt facilities and operating cash flows will allow us to continue with our acquisition strategy over the next twelve months.
- We are focused on ensuring the success of our new offices in Thailand and Indonesia and will also look at organic additions to our network as opportunities arise.

# 4 | HY17 FINANCIAL RESULTS



# Revenue & EBITDA

Acquisitions have delivered significant increases in Revenue & EBITDA

\$'m	Revenue HY17 <sup>1</sup>	Revenue HY16 <sup>1</sup>	Chg%	EBITDA HY17	EBITDA HY16	Chg%
Australian IP	64.1	47.1	36%	26.6	19.4	37%
Asian IP	31.8	31.8	-	14.0	15.0	(7%)
	95.9	78.9	22%	40.6	34.4	18%
Data and Analytics Software	0.3	0.1		(1.1)	(0.4)	
Corporate Office	(0.3)	0.0		(3.1)	(1.7)	
Eliminations	(2.8)	(2.8)		0.1	(0.2)	
<b>Underlying EBITDA<sup>2</sup> / Revenue</b>	<b>93.1</b>	<b>76.2</b>	<b>22%</b>	<b>36.4</b>	<b>32.1</b>	<b>13%</b>
Business acquisition costs				(1.8)	-	
Business combination adjustments (net)				1.1	(2.3)	
New business establishment costs				(0.1)	-	
Share based payments				(0.6)	(0.5)	
<b>Statutory EBITDA / Revenue</b>	<b>93.1</b>	<b>76.2</b>	<b>22%</b>	<b>35.1</b>	<b>29.3</b>	<b>20%</b>

1. Revenue includes the gross amount of the reimbursement by clients of official filing fees paid to national bodies. Previously these fees were recorded on a net basis. HY16 revenue has been increased by \$7.2m for comparison. This change does not impact EBITDA.

2. Underlying EBITDA excludes costs incurred in pursuit of acquisitions, revaluations of deferred settlements & earn outs, new business establishment costs and accounting charges for share based payments

# NPAT & EPS

Underlying NPAT increased by 17%; Underlying EPS increased by 3%

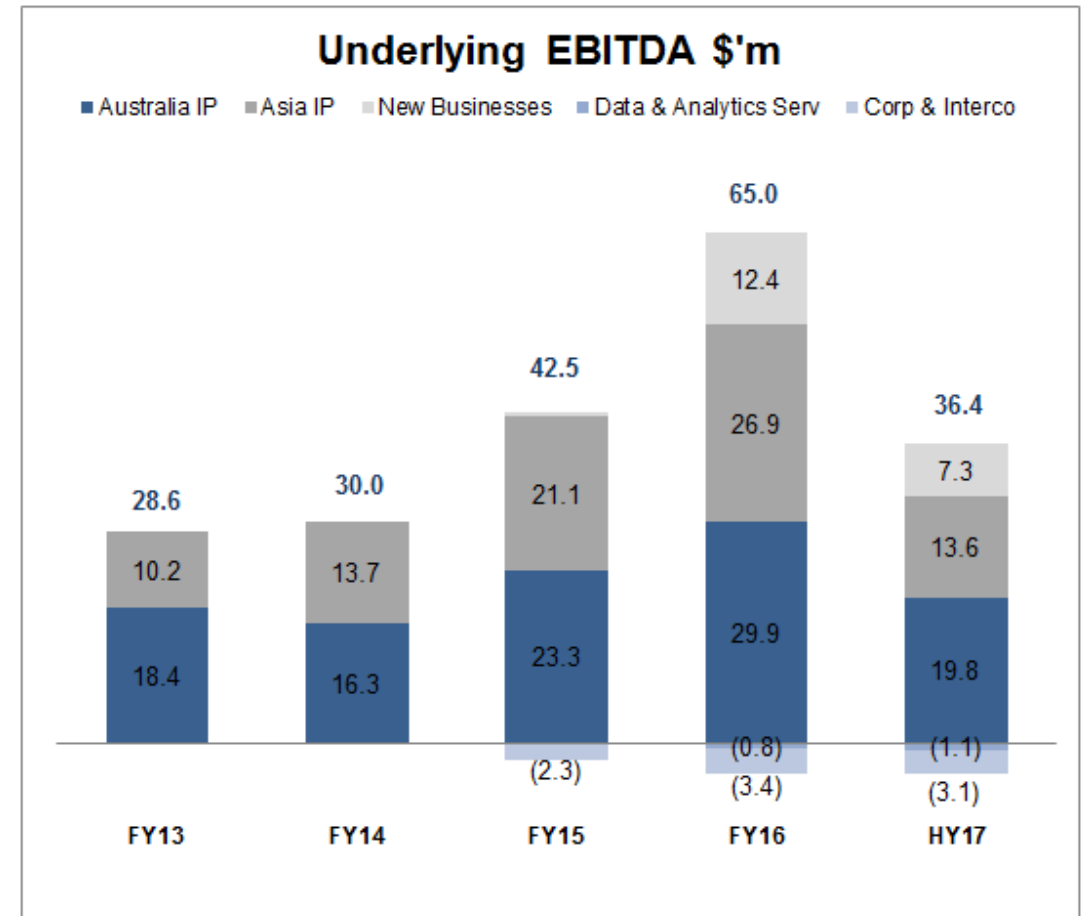
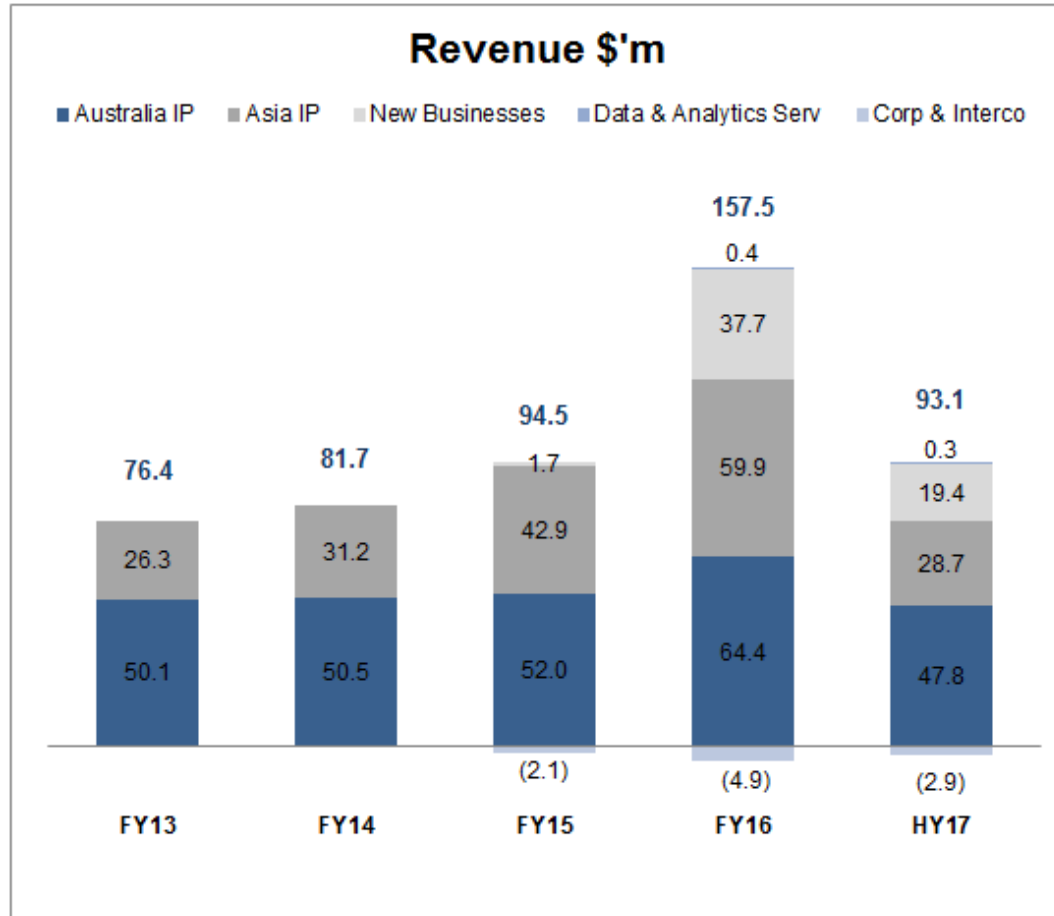
Half-Year ended 31 December 2016	HY17		HY16			
	Statutory Income Statement	Adjustments	Underlying <sup>2</sup> Earnings HY17	Statutory Income Statement	Adjustments	Underlying <sup>2</sup> Earnings HY16
<b>\$'m</b>						
<b>Total revenue</b>	<b>93.1</b>		<b>93.1</b>	<b>76.2</b>		<b>76.2</b>
Recoverable expenses	(25.3)		(25.3)	(18.9)		(18.9)
	<u>67.8</u>		<u>67.8</u>	<u>57.3</u>		<u>57.3</u>
Compensation	(24.1)	0.6	(23.5)	(18.0)	0.5	(17.5)
Occupancy	(2.7)		(2.7)	(2.1)		(2.1)
New businesses/ acquisitions related net expenses	(0.7)	0.7	(0.0)	(2.9)	2.3	(0.6)
Other	(5.2)		(5.2)	(5.0)		(5.0)
<b>Total expenses</b>	<b>(32.7)</b>		<b>(31.4)</b>	<b>(28.0)</b>		<b>(25.2)</b>
<b>EBITDA</b>	<b>35.1</b>		<b>36.4</b>	<b>29.3</b>		<b>32.1</b>
<b>EBITDA %</b>	<b>37.7%</b>		<b>39.1%</b>	<b>38.5%</b>		<b>42.1%</b>
Depreciation & Amortisation	(5.1)	4.4	(0.7)	(2.9)	2.1	(0.8)
<b>EBIT</b>	<b>30.0</b>		<b>35.7</b>	<b>26.4</b>		<b>31.3</b>
Net Finance Costs	(0.5)		(0.5)	(0.9)		(0.9)
<b>NPBT</b>	<b>29.6</b>		<b>35.3</b>	<b>25.5</b>		<b>30.4</b>
Tax (expense)/benefit	(7.3)	(1.3)	(8.6)	(7.0)	(0.6)	(7.6)
<b>NPAT</b>	<b>22.1</b>	<b>4.4</b>	<b>26.6</b>	<b>18.5</b>	<b>4.3</b>	<b>22.8</b>
<b>Diluted EPS (cents)<sup>1</sup></b>	<b>11.5c</b>		<b>13.9c</b>	<b>10.9c</b>		<b>13.4c</b>

1. Diluted EPS includes performance and retention rights that are yet to vest and any shares associated with earn out agreements

2. Underlying EBITDA excludes costs incurred in pursuit of acquisitions, revaluations of deferred settlements & earn outs, new business establishment costs and accounting charges for share based payments. Underlying NPAT excludes amortisation expense on intangible assets arising from acquisitions.

# Revenue & EBITDA

FY13 – HY17



1. Revenue in FY16 & HY17 includes the gross amount of the reimbursement by clients of official filing fees paid to national bodies. Previously these fees were recorded on a net basis. FY16 revenue has been increased as follows: Australia IP \$8.4m; Asia IP \$6.0m. Previous have not been amended.
2. Underlying EBITDA excludes costs incurred in pursuit of acquisitions, revaluations of deferred settlements & earn outs, new business establishment costs and accounting charges for share based payments
3. New Businesses HY17 includes the following: 6 months of Cullens, 4 months of Callinans, 3 months of Pizeys, 2 months of Ella Cheong and 6 months of S&F Indonesia & Thailand. New business in FY16 relates to those businesses not part of the IPH Group for the whole of FY16.



# Like vs like Revenue & EBITDA

Underlying growth in line with market trends

Revenue \$'m	Underlying Revenue HY17	New Businesses <sup>1</sup>	Currency Adjustment <sup>2</sup>	Adjusted Revenue HY17	Revenue HY16	Chg%	Currency <sup>3</sup>	AUD/USD
Australian IP	64.0	(16.3)	0.7	48.5	47.1	3%	HY17	0.7544
Asian IP	31.8	(3.1)	1.3	29.9	31.8	(6%)	HY16	0.7232
Data Services	0.3			0.3	0.1			AUD/EUR
Corporate	(0.2)			(0.2)	0.0		HY17	0.6829
Eliminations	(2.8)			(2.8)	(2.8)		HY16	0.6553
	<b>93.1</b>	<b>(19.4)</b>	<b>2.0</b>	<b>75.7</b>	<b>76.2</b>	<b>(1%)</b>		AUD/SGD
							HY17	1.0416
							HY16	1.0116
EBITDA \$'m	Underlying EBITDA HY17	New Businesses <sup>1</sup>	Currency Adjustment <sup>2</sup>	Adjusted EBITDA HY17	EBITDA HY16	Chg%		
Australian IP	26.6	(6.8)	0.7	20.5	19.4	6%		
Asian IP	14.0	(0.5)	0.8	14.3	15.0	(5%)		
Data Services	(1.1)			(1.1)	(0.4)			
Corporate	(3.1)			(3.1)	(1.8)			
Eliminations	(0.1)			(0.1)	(0.2)			
	<b>36.4</b>	<b>(7.3)</b>	<b>1.5</b>	<b>30.6</b>	<b>32.1</b>	<b>(5%)</b>		

## Notes

1. New Businesses adjustments removes the Revenue & EBITDA in order to compare with prior period as follows: Australian IP 6 months of Cullens, 4 months of Callinans and 3 of Pizzeyes; Asian IP 2 months of Ella Cheong, 6 months of S&F Indonesia and S&F Thailand.
2. Currency Adjustment, resets HY17 income and expenses to prior year foreign exchange rates
3. This table shows the average foreign exchange rates used to translate earnings balances to determine the currency adjustments

# Cash flow Statement

High cash conversion

Year ended 31 Dec 2016	HY17 Cash Flow Statement	HY16 Cash Flow Statement
<b>\$'m</b>		
<b>Statutory EBITDA</b>	<b>35.1</b>	<b>29.3</b>
Non-cash movements	(0.5)	2.8
Change in working capital	(2.0)	(2.3)
Operating capital expenditure	(1.1)	(2.0)
<b>Cash flow before acquisitions, financing activities and tax</b>	<b>31.5</b>	<b>27.8</b>
<i>Cash conversion ratio</i>	<i>90%</i>	<i>95%</i>
Income taxes paid	(7.8)	(2.8)
Net interest paid	(0.6)	(0.8)
<b>Free cash flow</b>	<b>23.1</b>	<b>24.2</b>
Dividends paid (net DRP)	(18.9)	(13.3)
<b>Undistributed free cash flow</b>	<b>4.2</b>	<b>10.9</b>
Share placement (net of costs)	-	108.5
Acquisitions, investments & intangibles	(31.0)	(37.4)
Net borrowing proceeds/(repayments)	-	(10.4)
<b>Net cash flow</b>	<b>(26.8)</b>	<b>71.6</b>

- Minimal working capital requirements.
- High proportion of earnings are converted to cash.
- Tax payment reflect larger group and instalment regime.
- Strong cash flows support a high dividend pay-out.
- Consistent with FY16 cash conversion ratio of 89%.

# Consolidated Balance Sheet

Strong balance sheet



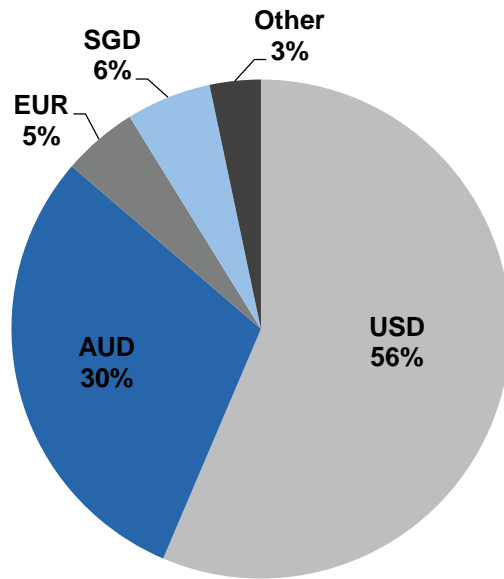
	Statutory Balance Sheet as at 31 Dec 2016	Statutory Balance Sheet as at 30 Jun 2016
<b>\$'m</b>		
Cash and cash equivalents	32.2	58.7
Trade and other receivables	41.4	38.0
Other current assets	4.4	3.7
<b>Total current assets</b>	<b>78.0</b>	<b>100.4</b>
PP&E	4.1	4.3
Acquisition intangibles & goodwill	213.3	190.2
Deferred tax asset	4.9	3.1
<b>Total assets</b>	<b>300.3</b>	<b>298.0</b>
Trade and other payables	15.1	13.9
Loans and borrowings	0.0	0.0
Tax provisions	8.1	6.9
Deferred acquisition liability	9.1	28.2
Deferred tax liability	19.1	17.4
Other liabilities	9.5	9.8
<b>Total liabilities</b>	<b>60.9</b>	<b>76.2</b>
<b>Net assets</b>	<b>239.4</b>	<b>221.8</b>
<b>Equity</b>		
Issued capital	232.4	218.6
Reserves	(12.7)	(13.2)
Retained profits	19.7	16.4
<b>Total equity</b>	<b>239.4</b>	<b>221.8</b>

- \$32.2m cash
- No bank borrowings
- Undrawn bank facilities of \$95m available
- Intangibles increase from acquisition of Ella Cheong
- Deferred tax liabilities related to acquisition intangibles
- Deferred acquisition liability to be settled, of which 10% in IPH Shares
  - Ella Cheong final settlement due Apr 17
  - Balance relates to Callinans earn outs, the first settled in Jan 17 and the balance due Apr 17

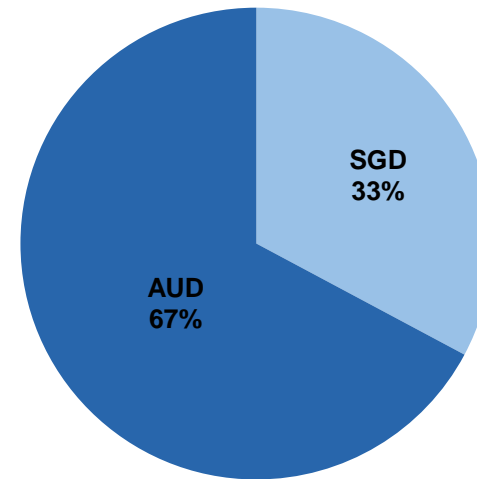
# Earnings Currency Sensitivity



## Revenue net of Recoverable Expenses



## Operating Expenses



- A 1c movement in the AUD USD exchange rate equates to approximately \$650k of revenue on services charges
- The Group is also exposed to FX on the level of its USD denominated cash and receivables in the balance sheet, balances of which fluctuate.

# 5 | OUTLOOK



# FY17 Outlook

Expect FY17 results in line with Guidance



At the 2016 AGM, the group provided the following guidance regarding the FY17 outcome:

*“The Board expects to report full year underlying earnings before interest tax depreciation & amortisation (EBITDA) of between \$72 and 74m (assuming an AUD/USD exchange rate of 76.2c).*

*Due to the timing of acquisitions and the impact of America Invents Act on the results on the first half of FY16, the weighting of the result between the two halves will be different to that previously observed. The weighting is currently expected to be approximately 47% / 53% first half to second half.*

*Given the current uncertainty in financial markets post the US election, you are reminded that the Group’s results are materially impacted by the AUD/USD exchange rate. All other factors being equal, a weaker AUD is of benefit to the Group’s financial performance.”*

While the 1H results would indicate an outperformance against this outlook, this is primarily due to the revaluation of USD denominated receivables and cash at the year end when the USD was at its strongest for some time.

Accordingly the Board still expect to report full year underlying EBITDA in line with the AGM guidance.

## 6 | APPENDICES



# IPH Limited - Overview



- IPH Limited (“IPH”) is the holding company of Spruson & Ferguson (“S&F”), Fisher Adams Kelly Callinans (“FAKC”), Pizzeys, Practice Insight (“PI”) and Cullens. In March 2016 IPH was included in the S&P/ASX 200 index.
- S&F:
  - Established in 1887
  - A leading Intellectual Property (“IP”) firm in Asia-Pacific
  - Top-tier IP group with a strong reputation and brands
  - Operates with IP service hubs, offering a “one-stop” service into 25 countries in Asia Pacific from offices in Sydney, Singapore, Kuala Lumpur, Bangkok, Jakarta, Shanghai, Hong Kong and Beijing
  - Successful IPO in November 2014 - first IP firm to list in Asia Pacific
- FAKC - established over 30 years ago and is a leading firm in Queensland, in late 2015 acquired Melbourne based business, Callinans.
- Pizzeys – established over 20 years with offices in Canberra and Brisbane. Strong foreign client base. Recently opened Pizzeys Singapore office.
- PI - specialist provider of data analysis and software applications for IP and other professional services firms.
- Cullens – based in Queensland and established over 80 years ago. Strong domestic client base.

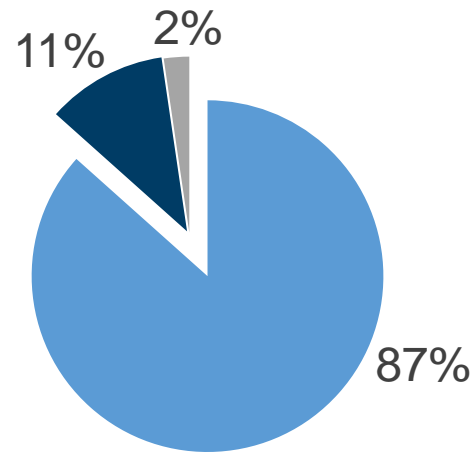


# Revenue Snapshot<sup>1</sup>

Highly diversified client base, annuity style client relationships.  
The majority of revenue derives from patent business.

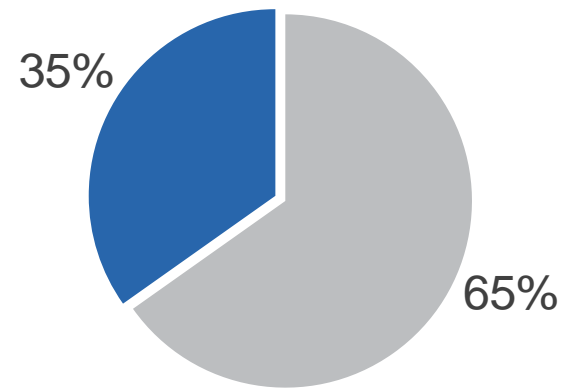


### Revenue split by Service Line



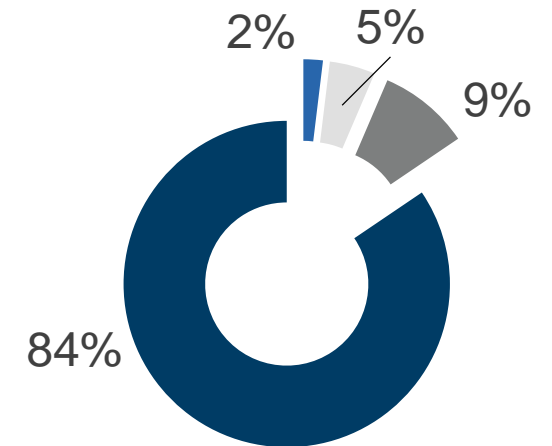
■ Patents & Designs ■ Trade Marks ■ Legal

### Revenue split by Geographical Location



■ Australia ■ Asia

### Revenue split by Client

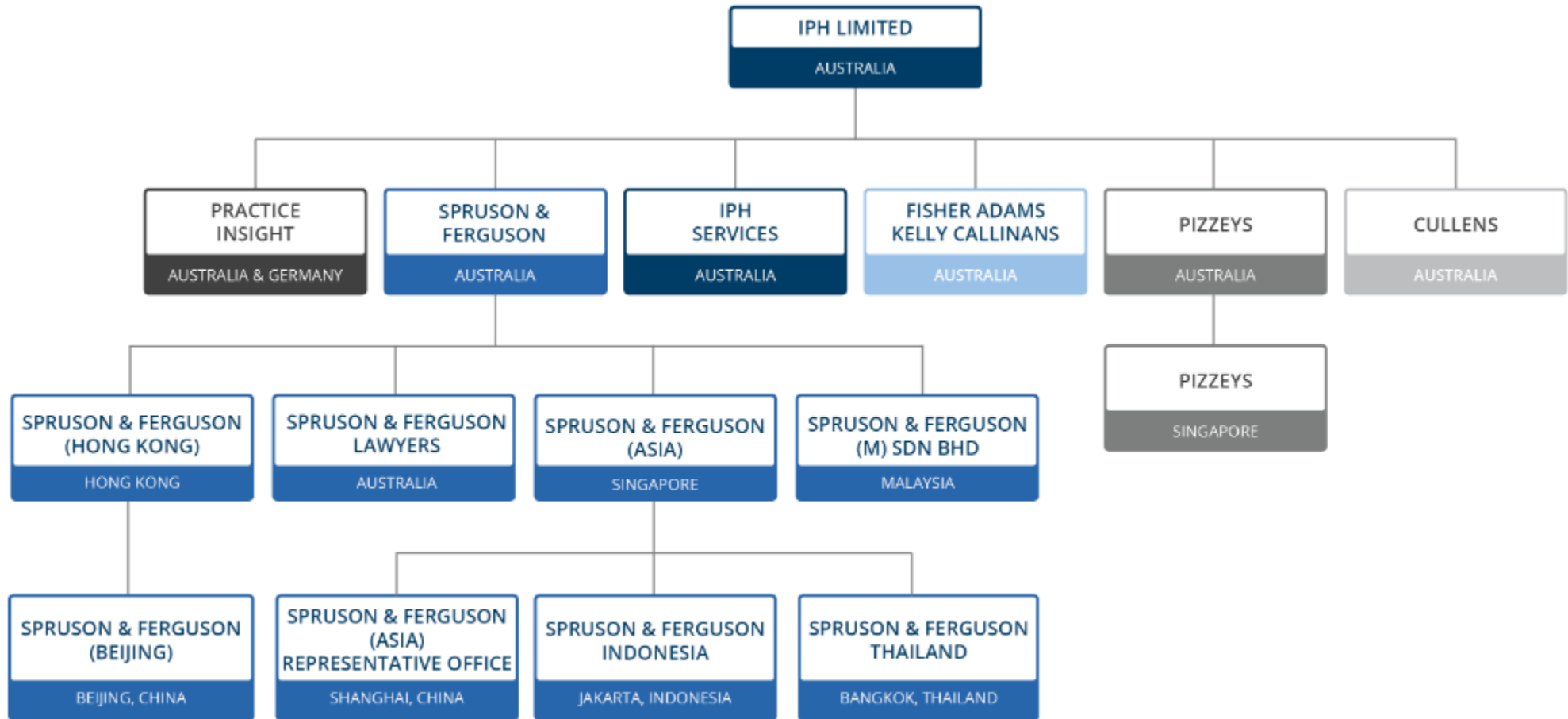


■ Largest Client ■ 2 - 5 Clients ■ 6 - 20 Clients ■ Other

#### Notes

1. Source: IPH management analysis based on FY16 service charges by SF(AU) and SF(Asia) and annualised service charges including FAKC, Pizzeys & Cullens – excludes expense recoveries

# IPH Organisational Structure (simplified)



# Business Model - IPH's IP service firms



## Clients:

- Fortune Global 500 companies, multinationals, public sector research organisations, SMEs and professional services firms worldwide.
- Majority of clients are from USA, Europe and Japan.
- Largest client<sup>1</sup> – 2%.
- Long-standing clients.

**Service Lines**<sup>1</sup>: 87% of IPH's revenue is derived from patent/design business, the remainder being 11% trade marks and 2% legal. 35% of the Group's revenue was from Asian operations.

**Service Lifecycle**: IPH generates revenue from all stages of the IP lifecycle (for example, patents have a lifecycle of 20 years).

**Key Proposition**: operation of IP service hubs - "one-stop" service for clients co-ordinating IP applications in 25+ countries across Asia Pacific along with local offices in key jurisdictions.

## Notes

1. Source: IPH management analysis based on FY16 service charges by SF(AU) and SF(Asia) and annualised service charges including FAKC, Pizeys & Cullens – excludes expense recoveries



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### Directors

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Mr. Richard Grellman AM - Chairman

Mr. David Griffith - Managing Director

Ms Robin Low

Dr Sally Pitkin

Mr John Atkin

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### Company secretary

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Mr. Philip Heuzenroeder - General Counsel

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Ordinary Shares on Issue <sup>1</sup>	Number	Holders	%
Free float	176,710,734	13,805	92%
Escrowed <sup>2</sup>	14,860,336	132	8%
Total	191,571,070	13,937	100%
Top 20 <sup>3</sup>	79,954,556		42%
Balance	111,616,514		58%
	191,571,070		100%

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1. At 9 February 2017

2. Held by Principals/Staff of IPH Group Companies

3. Per underlying shareholder analysis

# Investment Highlights



1 Long track record	<ul style="list-style-type: none"><li>▪ IPH Limited (“IPH”) is the holding company of Spruson &amp; Ferguson (“S&amp;F”), Fisher Adams Kelly Callinans (“FAKC”), Pizzeys, Cullens and Practice Insight (“PI”).</li><li>▪ S&amp;F, established in 1887, is a leading Intellectual Property (“IP”) firm in Asia-Pacific; top-tier firm with a strong reputation and brand.</li><li>▪ FAKC, established over 30 years, Brisbane based, strong local client base, recently acquired Callinans business.</li><li>▪ Pizzeys, established over 20 years, offices in Canberra &amp; Brisbane, strong foreign client base, new office in Singapore.</li><li>▪ PI, IP data analysis and business applications software, one step into the valuable IP adjacent business market.</li><li>▪ Cullens, based in Queensland and established over 80 years ago. Strong domestic client base.</li></ul>
2 Strong business model	<ul style="list-style-type: none"><li>▪ IPH operates as an IP service hub, offering a “one-stop” service into 25 countries in Asia-Pacific.</li><li>▪ Utilisation of local agents provides an efficient, professional and reliable business model.</li><li>▪ Leading IT and case management systems which ensure efficient operations.</li></ul>
3 Market leading position	<ul style="list-style-type: none"><li>▪ Australia (# 1 by patent applications filed<sup>1</sup> and # 1 by trademark applications filed<sup>2</sup>)</li><li>▪ Singapore (# 1 by patent applications filed<sup>3</sup>)</li></ul>
4 Positive IP sector dynamics	<ul style="list-style-type: none"><li>▪ IP is often fundamental to the operations and value of many of the world’s leading companies.</li><li>▪ IPH believes IP protection is becoming increasingly important in the higher growth Asian region.</li><li>▪ Regulated on a country by country basis – requires local expertise in each jurisdiction.</li><li>▪ IP has a long life cycle which supports consistent revenues and earnings.</li></ul>
5 Top tier, diverse client base	<ul style="list-style-type: none"><li>▪ Clients are “sticky” to the business, not to the individuals.</li><li>▪ Range of blue chip multinationals domiciled in the USA, Europe and Japan.</li><li>▪ Highly diverse, long-standing client base.</li></ul>

## Notes:

- 1) IPH management estimate based on agent recorded with IP Australia as at 7 Feb 17 and may not reflect any change of agent recorded since filing. Includes all type of patent applications.
- 2) IPH management estimates based on agent recorded with IP Australia as at 27 Jan 17 and may not reflect any change of agent recorded since filing. Top 50 Agents only - by number of trade mark applications filed at the Australian Trade Mark Office in FYTD17 (as at 31 Dec 16).
- 3) IPH management estimates based on agent recorded with IPOS on 1 Aug 14 (CY13 patent filings), 6 Aug 15 (CY14 patent filings) and 4 Feb 16 (CY15 patent filings). Excludes patent filings by Pizzeys (Asia) in Singapore.

# Investment Highlights (cont'd)



<b>6</b> Experienced Board, management & personnel	<ul style="list-style-type: none"><li>▪ Strong board with complementary skill sets.</li><li>▪ Long standing, experienced management team.</li><li>▪ Highly qualified and experienced professional IP team.</li><li>▪ A number of senior professional promotions across the group to ensure continuity and regeneration.</li></ul>
<b>7</b> High barriers to entry	<ul style="list-style-type: none"><li>▪ Entrenched market position, large pipeline of work, established brand name, track record, hub strategy and efficient operating platform provide significant competitive advantages</li></ul>
<b>8</b> Attractive financial profile and high cash conversion	<ul style="list-style-type: none"><li>▪ Track record of revenue and earnings growth.</li><li>▪ Strong margins, low overheads, low WIP, low capital requirements and low gearing generates strong cash flow and the ability to offer a high dividend payout ratio .</li></ul>
<b>9</b> Substantial growth opportunities	<ul style="list-style-type: none"><li>▪ Organic growth within the existing businesses and markets.</li><li>▪ Expansion to other secondary IP markets where IPH currently has little or no exposure by accretive acquisitions or establishment of new offices.</li><li>▪ Entering new adjacent areas of IP by acquisition and/or organic growth.</li><li>▪ Continue to improve operational efficiencies, quality control and governance.</li></ul>
<b>10</b> Proven acquisitions track record	<ul style="list-style-type: none"><li>▪ Completed six acquisitions since IPO.</li><li>▪ Leveraging experience in identifying, valuing and executing strategic and value accretive acquisitions for future opportunities.</li></ul>