



ASX Announcement

4 April 2019

Presentation by Dr Andrew Blattman to the Goldman Sachs Emerging Leaders Conference 2019

Attached is a presentation to be given today by IPH's CEO & Managing Director, Dr Andrew Blattman, to the Goldman Sachs Emerging Leaders Conference 2019.

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About IPH Limited

IPH Limited ("IPH", ASX:IPH), the holding company of Spruson & Ferguson, Practice Insight, Pizeys and AJ Park, 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, Auckland, Wellington, Singapore, Kuala Lumpur, Jakarta, Beijing, Hong Kong and Bangkok. The group comprises a multidisciplinary team of approximately 630 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 was the first IP services group to list on the Australian Securities Exchange.



IPH Limited

Goldman Sachs Emerging Leaders Conference
4th April 2019

Presented by:

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www.iphltd.com.au

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Introduction

What we'll be covering today



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Business snapshot

Leading intellectual property group in Asia-Pacific



630
Employees (FY18)

80 Principals
167 Professional Staff
383 Support Staff

15
Offices

8
IP jurisdictions

4 BRANDS



22%
Patent market share in Australia (HY19)

23%
Patent market share in Singapore (CY18)

Nº1
Patent group in Australia, New Zealand and Singapore



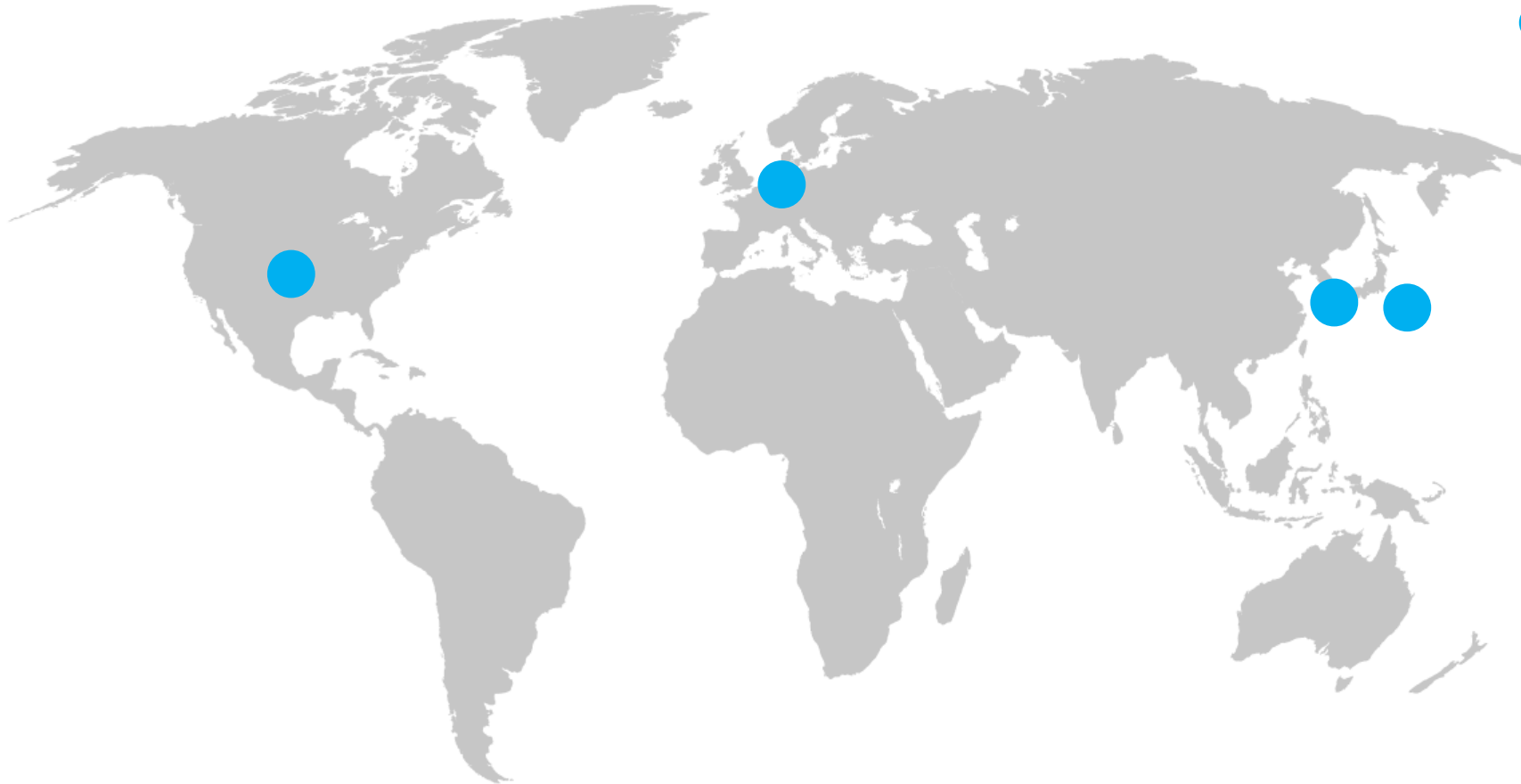
19K+
Patent filings (FY18)



8.5K+
Trademark filings (FY18)

Realising our vision

To be the leading IP group in **secondary** IP markets



● What are primary IP markets?

The primary IP markets, which include **USA**, **Japan**, **Western Europe**, and **Korea** generate the majority of IP rights and clients by value

Secondary IP markets

- Countries outside of the primary IP markets
- IPH operates in eight secondary IP markets: Australia, New Zealand, Singapore, Thailand, Malaysia, Indonesia, China and Hong Kong

What is IP?

More than 80% of IPH's service charges are derived from services related to patents

Types of IP



Patents (more than 80% of service charges)

A monopoly right that is granted for a device, substance, method or process that is new, inventive and useful



Trademarks (12% of service charges)

May consist of any stylised letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent, or a combination of any of those things



Other IP

Designs, copyright, domain names, circuit layout protection, plant breeder's rights

Types of IP services



Drafting and Filing

Preparation and filing application with the relevant country's IP office



Prosecution

A prosecution phase which leads to grant or registration of the IP right and involves the IP office examining various criteria to ensure IP rights are applicable



Renewals

An ongoing renewal process, involving the payment of fees at defined times over the life of the IP rights



Commercial legal advice & IP litigation

Enforcement of IP rights and providing IP related legal and commercial advice

Patent lifecycle

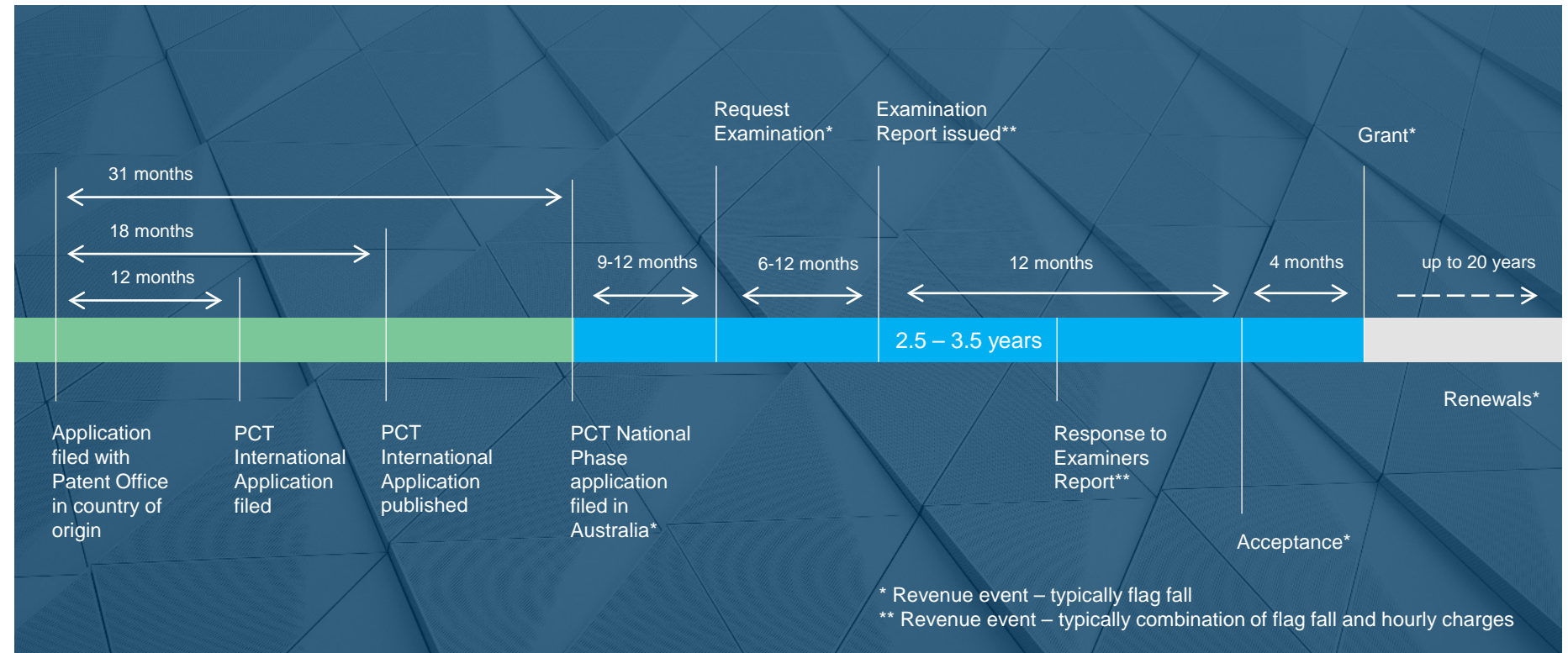
Long-life IP cycle supports consistent revenues and earnings



A common point of entry for an Australian patent application is via 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 application route in Australia



Source: IP Australia. The IPH management estimate based on patent applications filed in Australia in CY18.

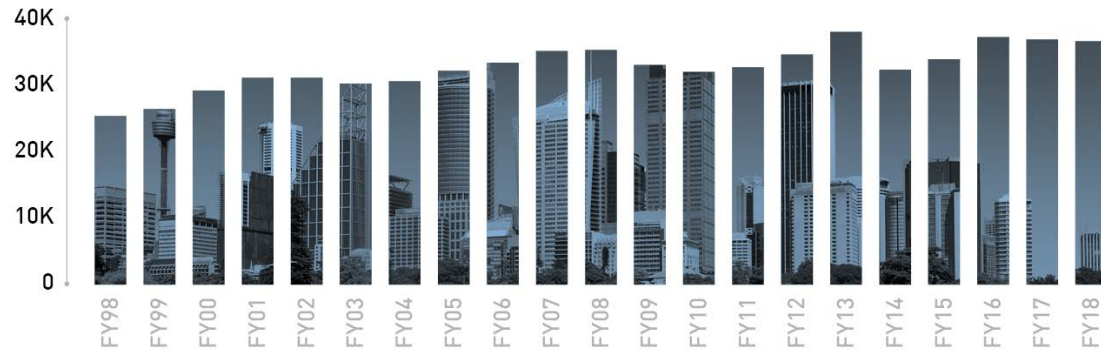
Patent market trends

Steady domestic market with strong growth in Asia

Australian patent filings

- Steady growth – long term filing growth rate of 1.9%
- IPH revenue growth higher from market share initiatives

FY98 - FY18 | CAGR = 1.9%



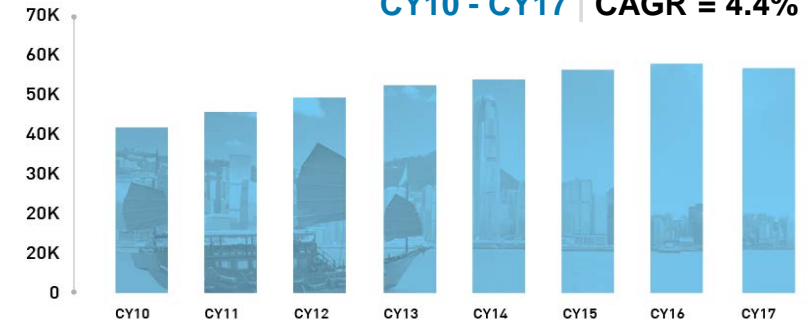
Based on filing information recorded by IP Australia at 17 Apr 18 (FY98-FY14) and 3 Aug 18 (FY15-FY18). Includes all types of patent applications.



Asian patent filings (excl. China)

- Asian market growth at faster rate – 4.4%
- Significant opportunity for IPH

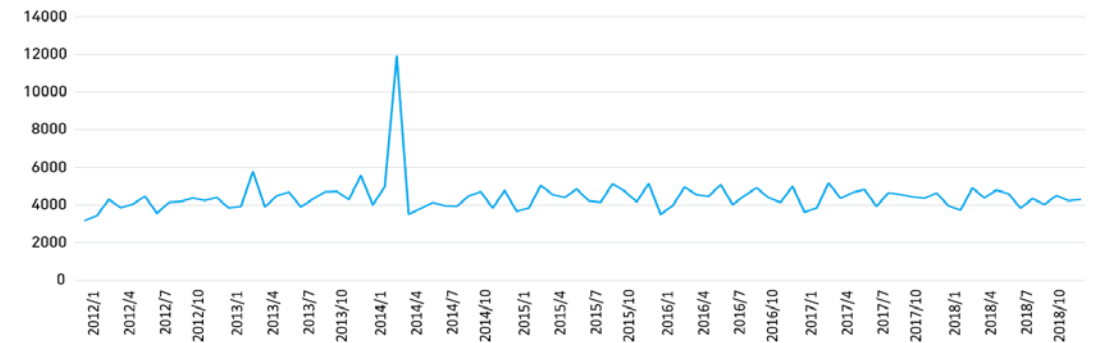
CY10 - CY17 | CAGR = 4.4%



Based on filing information as recorded by WIPO at Dec 18. Incl. Hong Kong, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. CY12 patent filing numbers for Indonesia are not available from WIPO; an average of CY11 and CY13 filing numbers used for Indonesia.

US PCT applications

- Best lead indicator for filings in secondary markets – continues to be stable



Based on US PCT patent applications filed as recorded by WIPO IP Statistics Data Center at Mar 19.

Strategic direction

IPH growth strategy



Consolidate acquisitions

- Margin improvement in Australian and New Zealand businesses



Organic growth



- Grow share in Asia
- Expand service offering to existing international associates
- Attract new international corporates in Australia and New Zealand
- Expand service offering to existing Australian and New Zealand corporates

Growth step-outs

- International and domestic acquisitions



Enablers

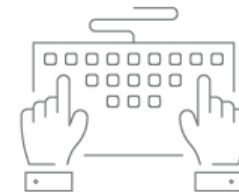
Robust client management programs focused on delivering the highest levels of client service



Targeted service expansion across Asia Pacific



Focus on our people – attract, motivate and retain



IT growth strategy, including digital platform development

Leverage IPH's established Asia Pacific platform

Existing platform across the Asia Pacific region providing significant opportunities



China

Hong Kong

Indonesia

Malaysia

Singapore

Thailand

Australia

New Zealand

IPH has an established and substantial Asia Pacific geographic platform with 20 years' experience in Asia

IPH Asia underlying 1H2019 revenue of \$43m and EBITDA of \$17m

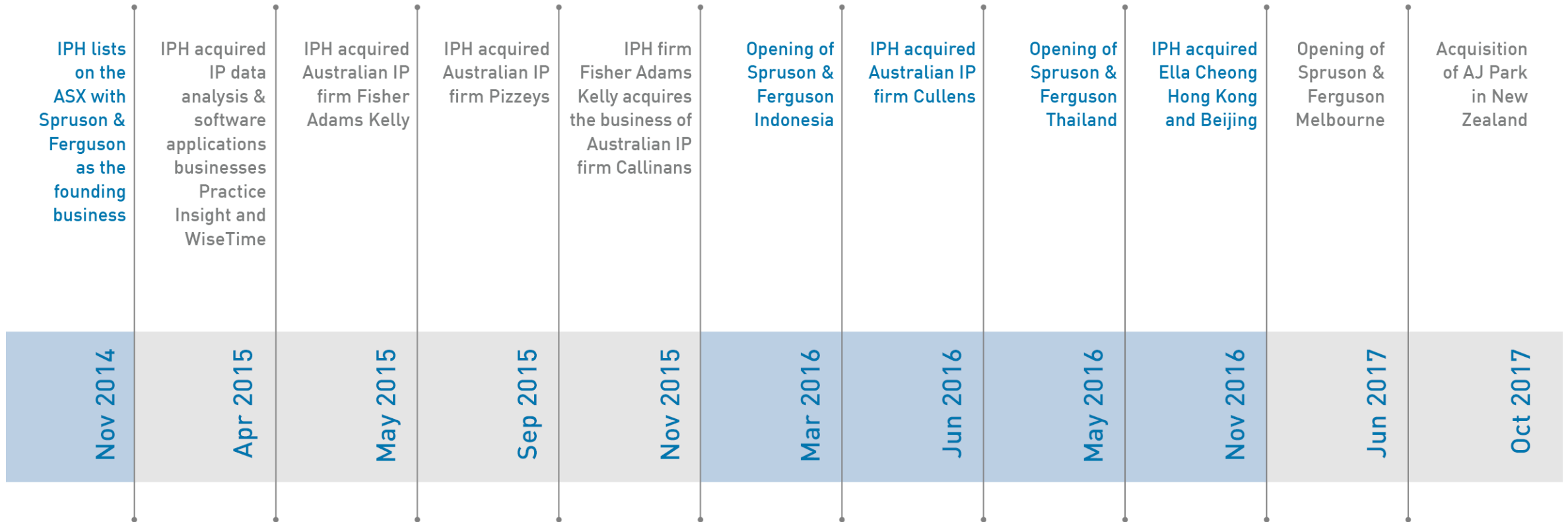
IPH provides an unparalleled service offering for clients into Asian markets

"Network effect" of servicing clients in multiple jurisdictions

Strong track record of acquisitions



Since listing, IPH has successfully integrated seven acquisitions into the business



Successful integration of acquisitions

Case study: AJ Park



Rationale for acquisition

- ✓ Founded in 1891, New Zealand's premier IP firm, with highly qualified, expert IP teams
- ✓ Top clients – AJ Park advises a third of Fortune 500 companies and over half of New Zealand's top 200 companies
- ✓ Cultural fit with IPH's values
- ✓ Acquired by IPH in October 2017 with 200+ people joining the IPH group

Ability to leverage the strengths of a larger group

- Operating independently under AJ Park brand, with same team delivering high quality IP services, but with strengthened underlying business practices and more growth opportunities
- Separate AJ Park Board with representation from the Principal group and IPH executive
- AJ Park Principals and management team responsible for the day-to-day running of the business
- AJ Park representation on the IPH Group Leadership Team, with a direct channel to IPH CEO
- AJ Park and IPH corporate teams working together, drawing on strengths of each team, to grow the AJ Park business

Realising benefits

- Improved financial performance through increased business efficiencies
- Earnings from AJ Park in line with expectations (HY19)
- EBITDA margin improvement to 19% 1H19 from 16% in prior year
- Increased filings/referrals to IPH companies
- Growth in Asia by leveraging IPH's established Asia platform
- Access to the IPH group's highly experienced IP practitioners in Asia, who are experts in their respective jurisdictions
- Cost savings through economies of scale. For example insurance cover costs, software costs.

Successful integration of acquisitions

Case study: AJ Park



Valuing AJ Park's people and culture

AJ Park has, and maintains, its own culture which is closely aligned with the IPH vision and values

All eligible employees at AJ Park are now on the IPH incentive plan

IPH and AJ Park teams worked together to develop a KPI framework for the incentive plan which suits AJ Park's business and people

AJ Park has been able to make more promotions since joining the IPH group, including three Principal appointments in FY18

Enhancing systems and processes

IPH can provide the capital investment in software and systems to increase AJ Park's business efficiencies and ensure the business is ready for the technological changes ahead. A number of IT applications rolled out to AJ Park from IPH.

Optimisation and automation of the current AJ Park business processes and IT systems to allow for better collaboration and efficiency

API link with IPONZ established allowing direct transfer of patent and trademark data and correspondence to and from AJ Park

Work has commenced on establishing AJ Park's B2B link with IP Australia

AJ Park can leverage strengths of the IPH group IT infrastructure design in terms of consistency, security and risk management

AJ Park clients will benefit from the IPH group IT strategy as new workflows and tools are developed for the group

Proposal to acquire Xenith IP

Strategy to pursue acquisitions with strategic and financial merit



- On 12 February 2019, IPH acquired a 19.99% strategic investment in Xenith for approximately \$33m
- On 12 March 2019, IPH submitted a binding offer to acquire Xenith comprising:
 - \$1.28 cash; and
 - 0.1056 IPH shares for every Xenith share
- On 28 March 2019, the ACCC announced it will not oppose IPH's proposal to acquire Xenith
- Subsequently on 28 March 2019, Xenith announced it had postponed its scheme meeting whereby Xenith shareholders were due to vote on the proposed merger of QANTM and Xenith
- A combination of IPH and Xenith will bring together two high quality IP businesses and draw on the strengths, skills and advantages of each member firm to realise opportunities for our people, our clients and our shareholders
- The proposed transaction is consistent with IPH's strategy of pursuing acquisitions with strong strategic and financial merit and will be immediately accretive to the earnings of IPH
- IPH has held discussions with Xenith regarding IPH's proposal
- We will keep the market informed of any updates

Benefits of the IPH offer

Value (3 April 2019)	✓	\$2.02
ACCC approval	✓	No objection
Cash consideration	✓	c.65% cash. Certainty of value
ASX 200 index	✓	~\$1.4 billion market capitalisation
Liquidity	✓	IPH annual turnover c.140%
Asia opportunities	✓	20 years' experience. IPH Asia underlying 1HY19 revenue of \$43m and EBITDA of \$17m
Acquisition track record	✓	Seven IPH acquisitions since listing. Significant capital strength for future opportunities
Offer conditions	✓	Substantially similar conditions as proposed QANTM/Xenith merger. QANTM/Xenith merger does not proceed.

In summary

Sustainable revenue and earnings with strong platform for further growth



Positive industry and market fundamentals

IP long life cycle supports sustainable, long term revenue and earnings and strong cash generation

IPH has number one positions in core markets (Australia/NZ, Singapore) with scalable platform to drive further growth

Strong presence across the high growth Asian region provides significant opportunity to leverage network

Strategy for growth

Leverage market leading positions in Australia/NZ and Singapore to increase market share

Further organic growth options through:

- Continuing to leverage existing network for growth in Asia/China
 - Other market share initiatives
 - Margin improvement
-

Potential inorganic growth through domestic and international acquisition opportunities



Thank you

Asia Pacific's leading IP
professional services group

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