

# ASX Announcement

6 October 2021

## **Presentation by Dr Andrew Blattman to the Morgans Queensland Conference 2021**

Attached is a presentation to be given today by IPH's Managing Director & CEO, Dr Andrew Blattman, to the Morgans Queensland 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.



# IPH Limited

**Morgans Queensland Conference**

Wednesday 6 October 2021

Presented by:

Dr. Andrew Blattman  
Managing Director & CEO, IPH Limited

[iphltd.com.au](http://iphltd.com.au)

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# About IPH



# About the IPH Group

Asia-Pacific's leading IP professional services group

## 7 brands

**AJPark**

**applied marks**

GRIFFITH—HACK

**PIZZEYS**  
Patent and Trade Mark Attorneys

**SHELSTON**  
INTELLECTUAL PROPERTY

**SPRUSON & FERGUSON**  
INTELLECTUAL PROPERTY

**WiseTime**  
TIME FOR MORE



**Nº 1**  
Patent group  
in Australia,  
New Zealand  
and Singapore<sup>2</sup>

**Nº 1**  
Trade mark group  
in Australia and  
New Zealand<sup>3</sup>

**8**

IP jurisdictions

**900+**

Employees<sup>1</sup>

**25+**

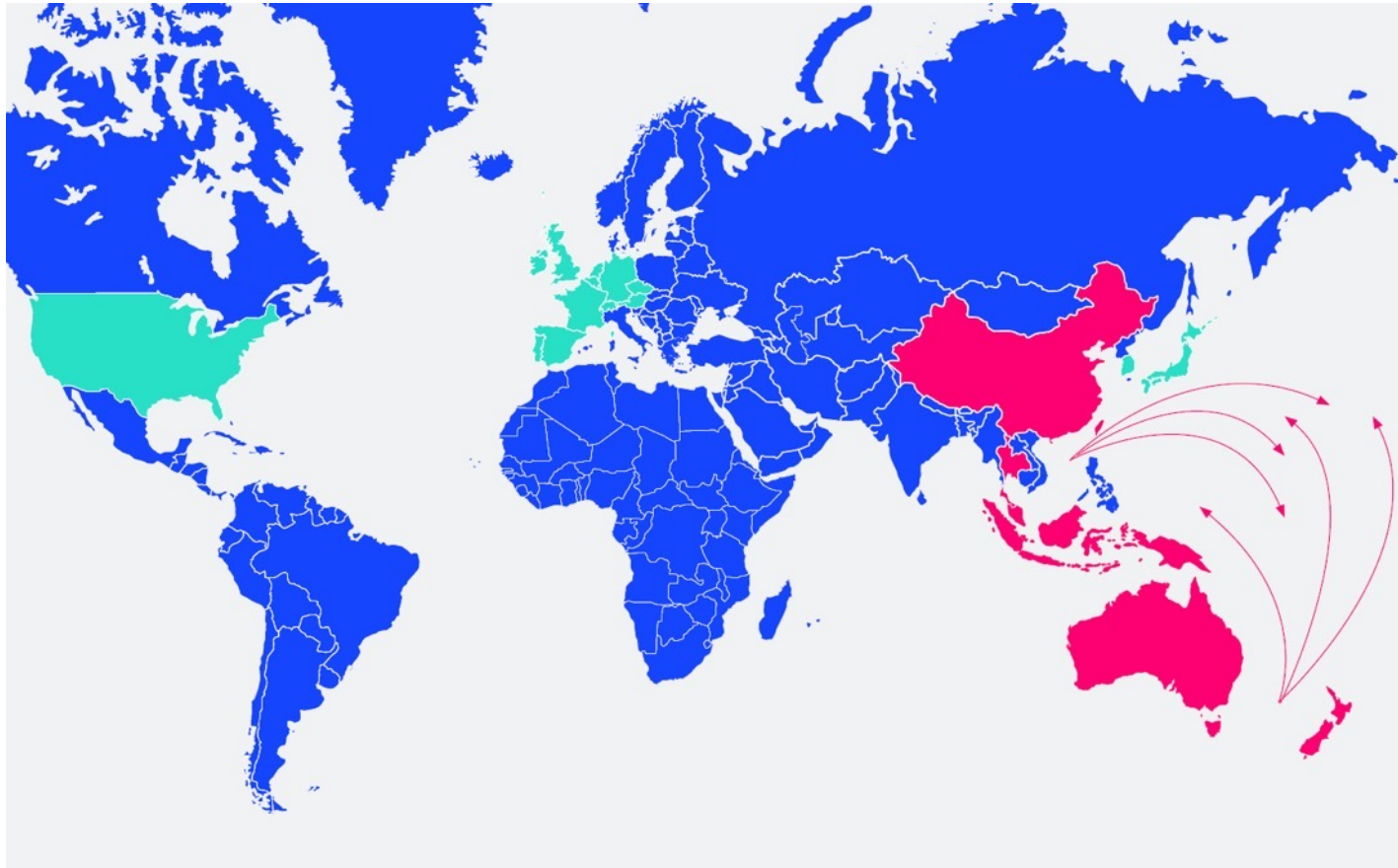
Countries serviced

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.



# 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



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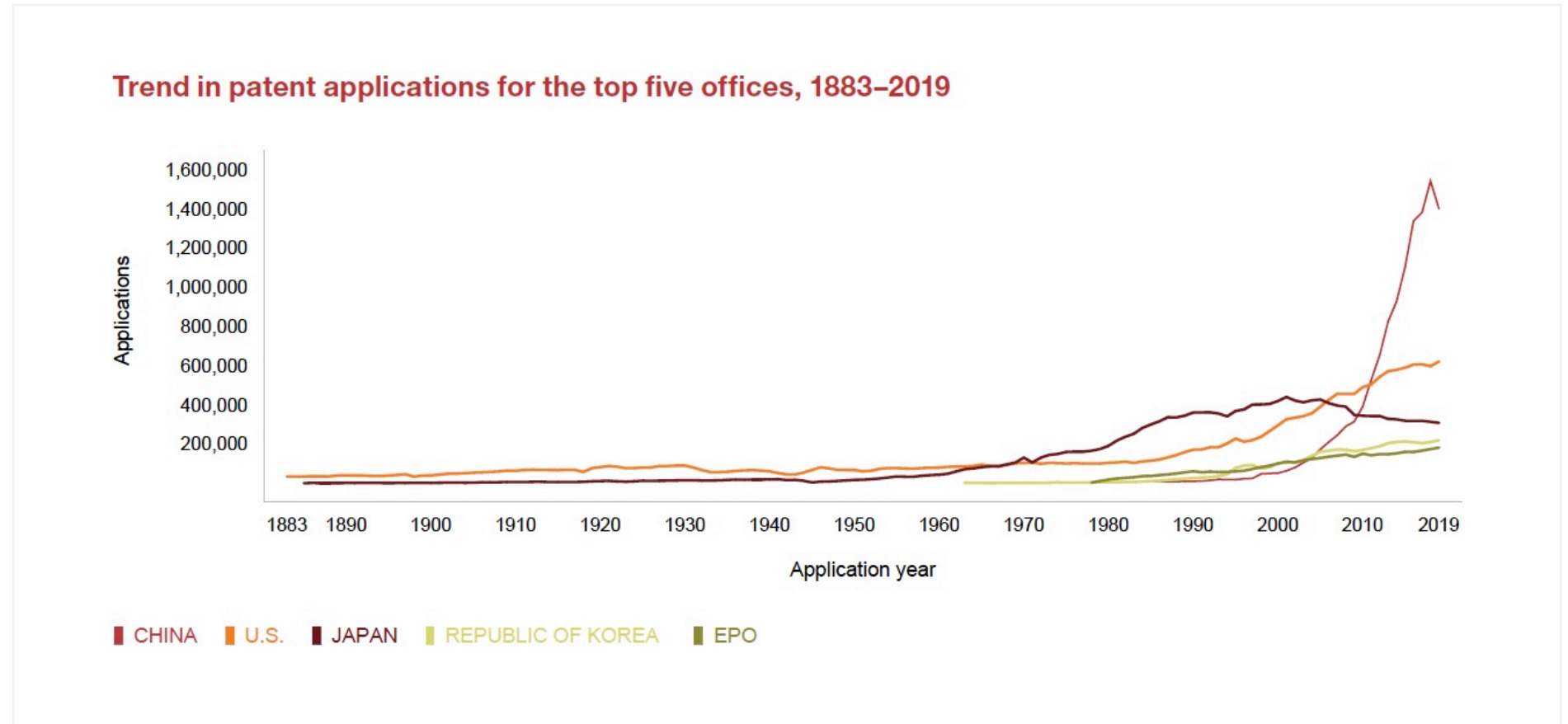
# IP market trends



# 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





# 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 filings<sup>1</sup>

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 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



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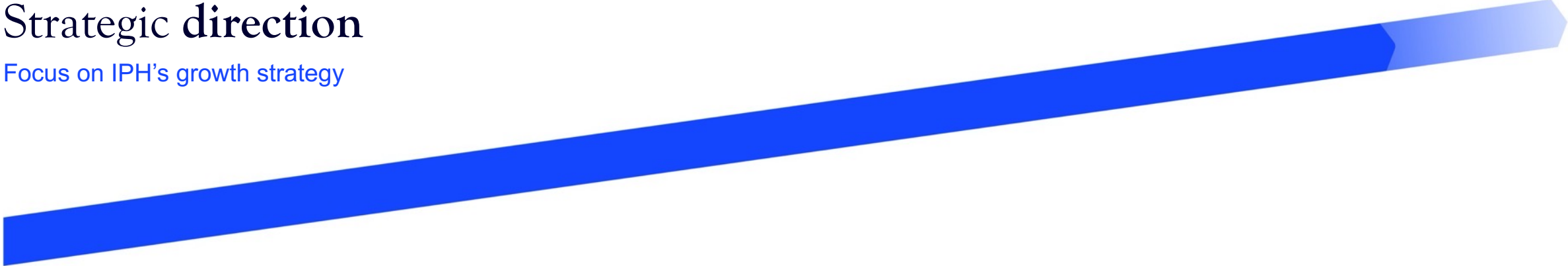
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# Delivering on our strategy



# 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



# Organic growth

The power of the IPH network



- Network effect leverages businesses across the network to generate client referrals
- IPH acquired Griffith Hack in 2019 as part of the Xenith IP acquisition and subsequently right sized the business
- Griffith Hack new case referrals into IPH Asian hubs grew 49.2% in FY21<sup>1</sup>
- In FY21, Griffith Hack represented over 40% of new cases referred into IPH Asian hubs by acquired businesses (up from 35% in FY20)
- This referral of work contributes to IPH revenue growth

1) New case referrals based on internal filing statistics



# Consolidate acquisitions

Demonstrated ability to realise synergies

## GRIFFITH—HACK



Watermark

- Delivered \$2 million in synergies from the combined entity in FY21
- Despite one-off impacts of integration (small client loss due to conflicts) and COVID, synergies realised
- Synergies delivered through property savings, rationalising support staff and leveraging fee earners
- 17% EBITDA margin improvement since acquisition
- Significant referrer of work into IPH Asia businesses in FY21

## AJ Park



- Delivered EBITDA contribution of A\$2 million in 8.5 month period
- Synergies delivered through property savings, rationalising support staff and leveraging fee earners
- 19% EBITDA margin improvement since IPH acquired AJ Park
- Significant referrer of work into IPH Asia businesses in FY21



- Spruson & Ferguson to become largest IP firm in Australia
- Operational synergies to be announced at AGM
- Shelston brand to be retired from 1 November, full integration by 13 December
- Greater access for Shelston clients into S&F established Asian network

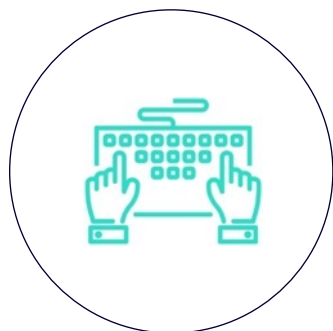


# Growth step-outs and enablers

Expanding digital and trade mark capability with acquisition of Applied Marks



**Growth  
step-outs**



- Founded in 2008
- Leading Australian automated trade mark application platform
- Focused on retail market – individuals and SMEs filing less than 10 trade marks a year
- Number 4 trade mark filer (4.8% market share of top 50 agents)<sup>1</sup>

1) FY21 Australian trade mark market share calculated on total filings of top 50 agents excl. International Registrations, based on IP Australia filing data.

## Reaching new markets

- Retail focus gives group access to an expanded market
- Evolves traditional trade mark services in line with the changing market
- Has already been extended into New Zealand and is expected to be extended into other IPH jurisdictions

## Expanded digital capability

- Resources and technology will contribute to new Digital Services Function within the IPH Group
- Acquisition accelerates IPH's digital capability
- Use platform capability to enable digitalisation of IP services



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# Q&A







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Thank you

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# Appendix

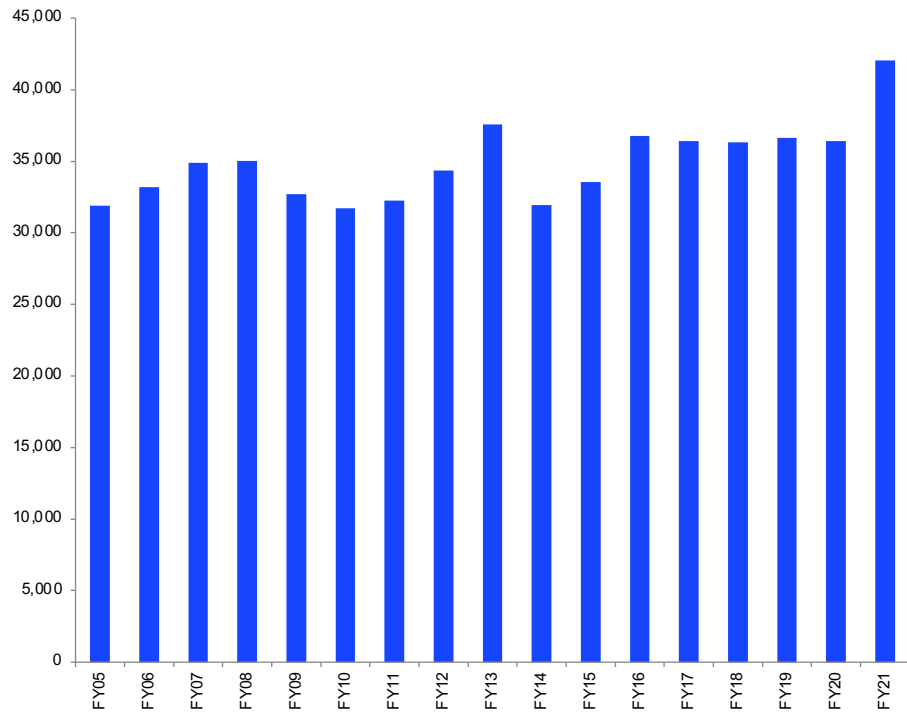


# Patent market trends

No discernible impact to long-term trends

## Australian Patent Filings<sup>1</sup>

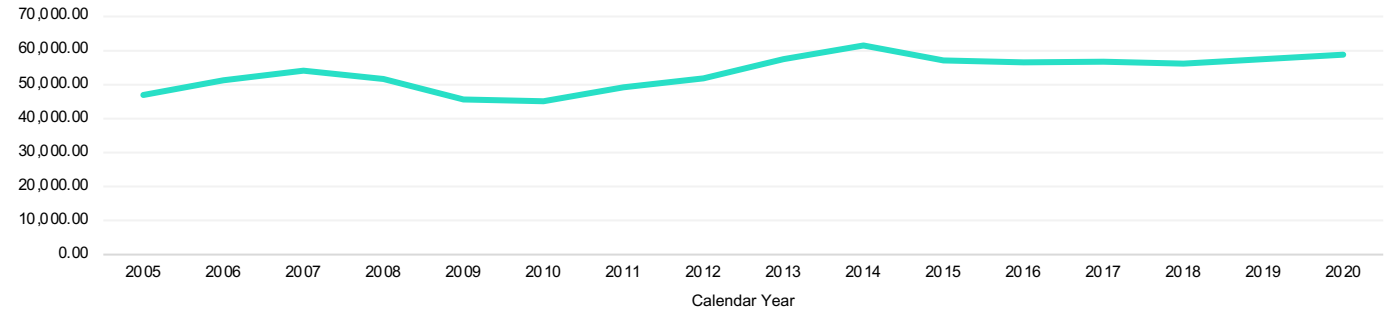
CAGR (FY06 to FY21) = 1.6%  
CAGR Post-GFC (FY10 to FY21) = 2.6%



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 Applications<sup>2</sup>

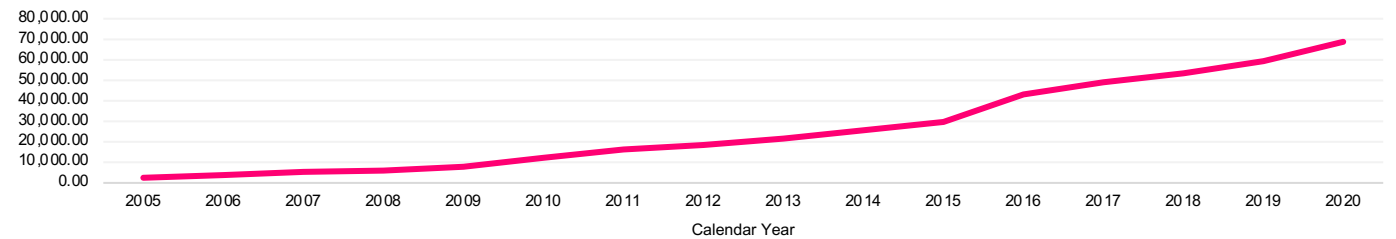
CAGR (CY05 to CY20) = 1.5%  
CAGR Post-GFC (CY10 to CY20) = 2.7%



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 Applications<sup>3</sup>

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.



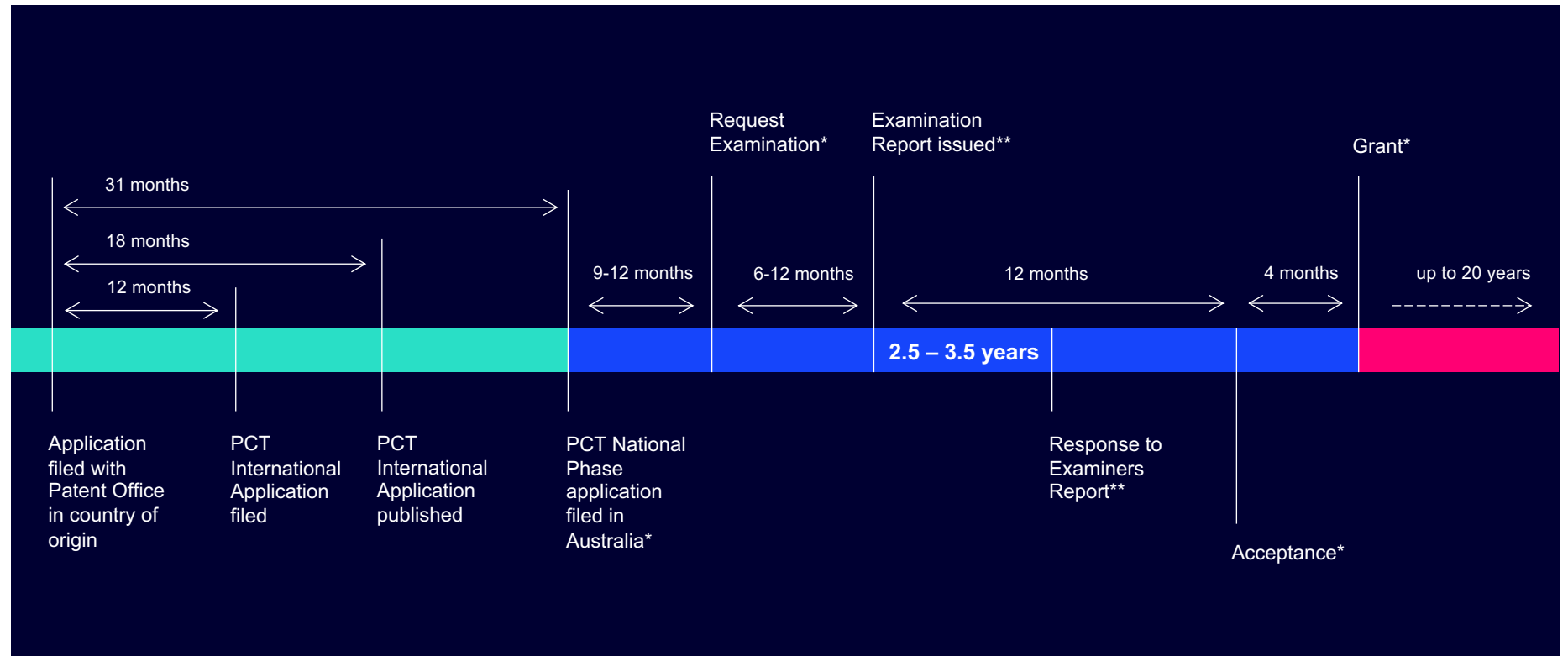
# Patent lifecycle

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

