



*Leading national distributor and service provider to the Australian electrical market*

## **H1 FY22 results presentation**

28 February 2022

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# H1 FY22 HIGHLIGHTS

## Financial performance

- Strong organic and inorganic growth for the Group
- Statutory revenue of \$81.7m, up 54% on pcp
- Underlying:
  - EBITDA of \$10.4 million, up 55% on pcp
  - EBIT of \$8.6 million, up 83% on pcp
  - NPAT of \$6.0 million, up 94% on pcp

## Extension of distribution agreement with ABB

- Successful transition of additional products and customers from ABB
- First orders for electric vehicle chargers

## HTC acquisition complete

- Integration into IPD head office
- System integrations due to complete by end of FY22

## Successful listing on ASX (December 2021) raising \$20m of new capital for growth initiatives

## Positive outlook for continued growth; earnings guidance upgraded against FY22 prospectus forecast

<b>Statutory revenue</b> <b>\$81.7m</b> Up 54% (PCP \$53.1m)	<b>Underlying EBITDA<sup>1</sup></b> <b>\$10.4m</b> Up 55% (PCP \$6.7m)	<b>Underlying EBIT<sup>1</sup></b> <b>\$8.6m</b> Up 83% (PCP \$4.7m)
<b>Underlying NPAT<sup>1</sup></b> <b>\$6.0m</b> Up 94% (PCP \$3.1m)	<b>Net assets</b> <b>\$57.2m</b> (\$39.2m as at 30 June 2021)	<b>Net cash</b> <b>\$19.8m</b> (\$12.6m as at 30 June 2021)
<b>\$20.0m</b> New capital raised for growth initiatives	<b>4.3</b> LTIFR <sup>2</sup>	<b>89%/11%</b> Products / services revenue split

Notes: (1) The underlying results are a non-IFRS measure reported to provide a greater understanding of business performance. EBITDA and EBIT have been calculated by adding back IPO related costs totalling \$1.6 million to the statutory numbers. NPAT has been calculated by adding back IPO related costs after tax totalling \$1.2 million. Refer to page 17 for a reconciliation; (2) Lost time injury frequency rate at 31 December 2021. LTIFR = Average number of lost time injuries over the past 12 months for every 1,000,000 hours worked

# BUSINESS SUMMARY

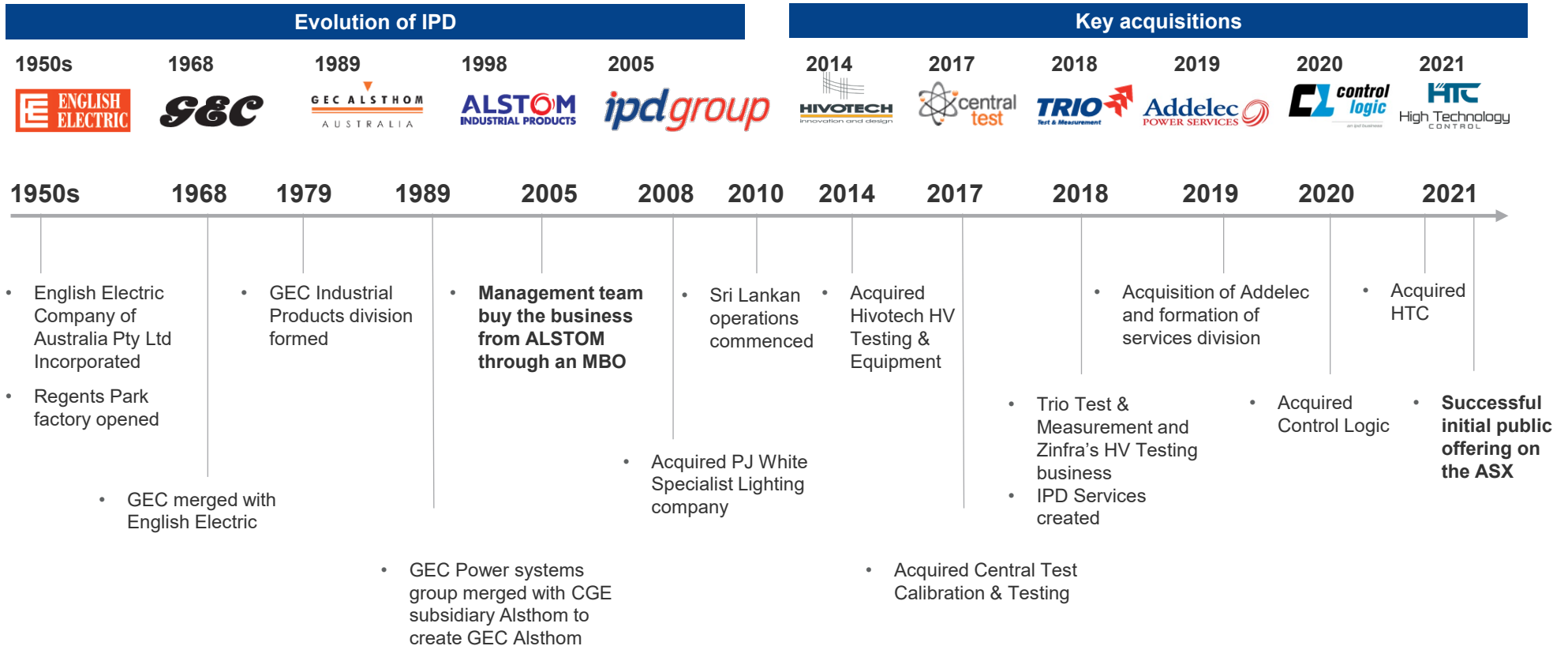
IPD's business is split between the sale of infrastructure products and the provision of services to businesses across Australia

	Products	Services
<b>H1 FY22 pro forma revenue split<sup>1</sup></b>	<p>89%</p>	<p>11%</p>
<b>Description</b>	Sale and distribution of a range of electrical infrastructure products and solutions	Specialist provider of low and high voltage electrical services
<b>Brands</b>		
<b>Customer types</b>	Switchboard manufacturers, OEMs and system integrators, electrical wholesalers, electrical contractors and power utilities	Data centers, healthcare, power generation, power utilities, industrial, mining, roads and rail infrastructure
<b>End users / industries</b>	Commercial construction, residential construction, infrastructure, mining, power utilities, healthcare and education	
<b>Locations</b>	Sydney, Brisbane, Melbourne, Adelaide, Perth	Sydney, Melbourne, Bendigo, Burnie (Tasmania)
<b>Revenue model</b>	Sale of products and solutions	Project management, labour and materials

Notes: 1. Revenue split based on gross revenue including rebates

# IPD'S HISTORY OF GROWTH

Reliably serving Australia for over 65 years



Record HY performance

# PROFIT AND LOSS

## Record half year performance

- The Group continues to perform very strongly, recording record half year revenues and profits
- Strong performance across all product and customer segments during H1 FY22
- Revenue growth of 54% on pcp including 23% organic growth
- Gross profit margins reduced in line with the forecast, reflecting the lower margins on the additional products and customers transitioned from ABB
- The underlying EBIT margin (excluding IPO costs) has increased from 8.8% to 10.5%, as the Group benefits from the operational leverage of recent acquisitions
  - the Group expects further benefits to be realised in FY23

## Underlying profit and loss (before IPO costs)<sup>1</sup>

\$m	H1 FY22	H1 FY21	% change
Revenue	81.7	53.1	54%
<b>Gross profit</b>	<b>31.3</b>	<b>21.0</b>	<b>49%</b>
Other income	0.5	0.1	400%
Operating expenses	(21.4)	(14.4)	49%
<b>EBITDA</b>	<b>10.4</b>	<b>6.7</b>	<b>55%</b>
Depreciation and amortisation	(1.8)	(2.0)	(10%)
<b>EBIT</b>	<b>8.6</b>	<b>4.7</b>	<b>83%</b>
Net interest expense	(0.2)	(0.3)	(33%)
<b>PBT</b>	<b>8.4</b>	<b>4.4</b>	<b>91%</b>
Income tax expense	(2.4)	(1.3)	85%
<b>NPAT</b>	<b>6.0</b>	<b>3.1</b>	<b>94%</b>
Gross profit margin	38.3%	39.6%	(1.3%)
EBITDA margin	12.7%	12.6%	0.1%
EBIT margin	10.5%	8.8%	1.7%

Notes: (1) The underlying results are a non-IFRS measure reported to provide a greater understanding of business performance. EBITDA and EBIT have been calculated by adding back IPO related costs totalling \$1.6 million. NPAT has been calculated by adding back IPO related costs after tax totalling \$1.2 million. Refer to page 17 for a reconciliation

# SALES GROWTH AND MARGINS

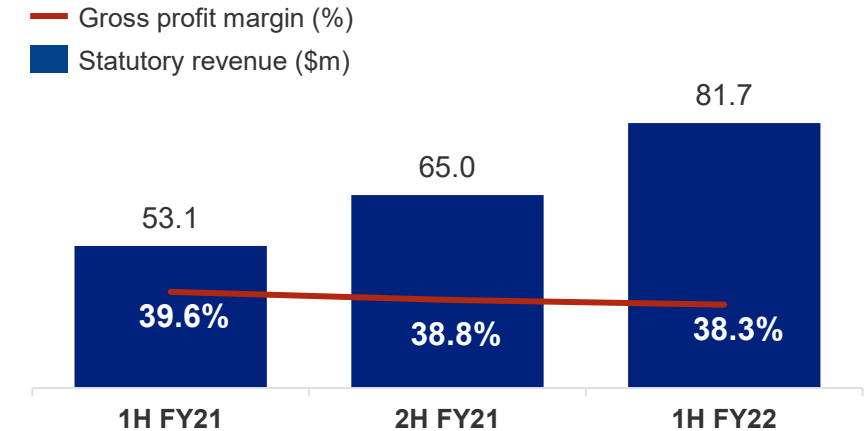
## Record half year results achieved

- Statutory revenue of \$81.7m, up 54% on pcp
  - strong revenue growth has been achieved despite the effect of lockdown in some states as well as global supply chain issues
  - products revenue of \$72.8m, up 58% on pcp
  - services revenue of \$8.9m, up 25% on pcp
- 0.5% decline in gross profit margins on pcp as expected, due to new transitional business from ABB
- Proforma revenue of \$85.7m, up 23% on pcp, showing the strong organic growth the Group has achieved

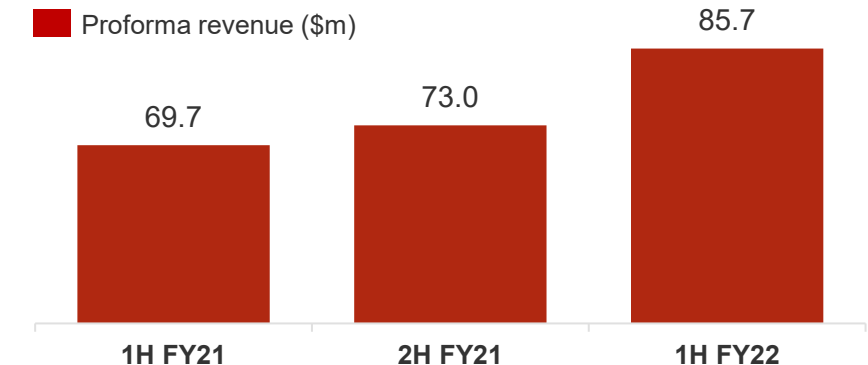
## Sales growth highlights

- Successful execution of the expanded distribution agreement with ABB (effective 1 September 2021)
- Significant growth in the automation and control products by Control Logic
- Elsteel Techno revenue continues to grow due to changes in compliance standards resulting in an uplift in demand from switchboard builders
- On 1 October 2021, IPD Group Ltd acquired 100% interest of High Technology Control Pty Ltd (HTC)

## Statutory revenue and gross profit margins



## Proforma revenue<sup>1</sup>



Notes: (1) Includes the revenue contribution of all acquisitions which have occurred over the period. Refer to page 17 for a reconciliation



# CAPITAL MANAGEMENT

## Strong balance sheet

- Strong balance sheet with \$57.2m net assets, no debt and a closing cash balance of \$19.8m
- \$31.3m of inventory on balance sheet, reducing the risks associated with supply chain issues
- Trade receivables have increased inline with sales growth
- Consolidation of office and warehouse locations with Control logic and HTC

## Cash flow

- IPD Group's business model is highly capital efficient
- Operating cashflows of \$5.5m for H1 FY22
- Operating cashflow and cash conversion have reduced to 63% from 100% on pcp as expected, due to:
  - additional working capital requirements required to service revenue growth (up 54% on pcp)
  - continued investment in inventory, reducing the risks associated with supply chain issues

## Balance sheet

\$m	31 Dec 21	30 Jun 2021	30 Jun 2021
	Statutory	Proforma <sup>1</sup>	Statutory
Cash	19.8	17.6	12.6
Trade and other receivables	35.2	27.1	27.0
Inventories	31.3	23.2	23.2
Other current assets	1.2	3.9	0.7
<b>Total current assets</b>	<b>87.5</b>	<b>71.8</b>	<b>63.6</b>
Right-of-use assets	12.5	13.2	13.2
PP&E	2.9	2.7	2.7
Intangibles	10.1	5.2	5.2
Deferred tax assets	3.0	1.9	1.9
Other non-current assets	-	2.6	-
<b>Total non-current assets</b>	<b>28.6</b>	<b>25.6</b>	<b>23.0</b>
<b>Total assets</b>	<b>116.1</b>	<b>97.4</b>	<b>86.5</b>
Trade and other payables	37.9	28.3	28.0
Current tax liabilities	2.0	1.0	1.0
Lease liabilities	2.4	2.5	2.5
Provisions	4.8	3.1	3.3
<b>Total current liabilities</b>	<b>47.1</b>	<b>34.9</b>	<b>34.8</b>
Lease liabilities	11.4	12.1	12.1
Provisions	0.4	0.4	0.4
<b>Total non-current liabilities</b>	<b>11.8</b>	<b>12.5</b>	<b>12.5</b>
<b>Total liabilities</b>	<b>58.9</b>	<b>47.4</b>	<b>47.3</b>
<b>Net assets / equity</b>	<b>57.2</b>	<b>50.0</b>	<b>39.2</b>

Note: 1: 30 June 2021 Proforma balance sheet is as per prospectus

Strategic initiatives and outlook

# STRATEGIC INITIATIVES

## Integration of IPD, Control Logic and HTC

- Integration of product businesses will allow:
  - one invoice, one statement – key customer offering
- Removing current duplication in sales process by creating a uniform sales structure
  - aimed to increase the ability for the sales team to promote IPD’s complete offer to customers
- Common shared services for the Group
- Consolidating geographical locations for both sales and warehousing in every state. All entities are now collocated in every state
- Digital transformation and cloud migration facilitating a more robust cyber security posture as well as business continuity plan
- Single centralised ERP, CRM and communication systems

## Acquisitions

- The Group has a proven track record of successful acquisitions
- IPD continues to assess potential complementary acquisitions that add to its customer offering
- Potential targets have been identified and preliminary discussions are taking place

## Electric vehicles (EV) market

- IPD is well placed to capitalise on EV infrastructure stimulus and the growing consumer demand
- Wholesalers have begun holding stock
- **Sold 65 units of EV charges**
- Adelec is well placed to install and maintain EV infrastructure
- Large pipeline of enquiries in excess of \$750k
- We have dedicated a business development resource in Queensland with further expansion into Western Australia and Victoria being considered
- Currently exploring suitable EV software platforms to support our offer in fleet / private networks

## New products

- IPD continues to explore extensions to its product range with existing partners as well as new manufacturers
- A number of new portfolio opportunities are currently under evaluation to determine market size, opportunity and appropriate supply chain partners

## Strategic sales focus

- Investment in resources over and above the current pool to create pull-through demand by driving specification of IPD solutions through key influencers and identify significant opportunities early in the project life cycle
- Promote “packaged” solutions covering all products, create and deliver an education program for consultants, become a trusted advisor for relevant solutions to end users in key targeted vertical markets

# TRADING UPDATE AND OUTLOOK

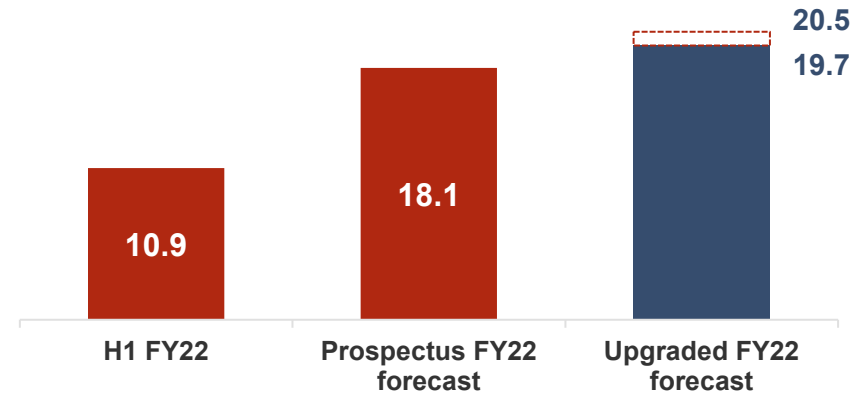
## First month of H2 FY22

- Continued strong trading in the first month of H2 FY22

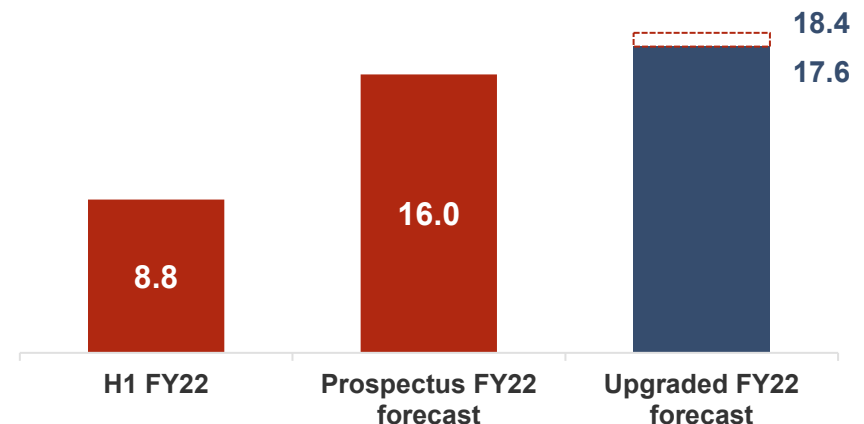
## FY22 forecast upgrade

- Positive outlook for continued growth; earnings guidance upgraded against FY22 prospectus forecast
- FY22 statutory EBITDA forecast range between \$17.6m and \$18.4m, up from \$16.0m per prospectus forecast
  - the statutory forecast includes the impact of \$1.6m of IPO costs
- Equates to a FY22 proforma EBITDA forecast range between \$19.7m and \$20.5m, up from \$18.1m per prospectus forecast
- The Group has intentionally built higher than usual inventory levels as it seeks to mitigate the global supply chain related risks, while maintaining the high standards of customer service
- Increased inventory levels provides protection against significant cost increases by suppliers

## Proforma EBITDA (\$m)



## Statutory EBITDA (\$m)



# IPD ARE EXPOSED TO A NUMBER OF HIGH GROWTH AREAS

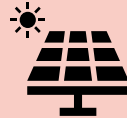
## Electric vehicles



Public and private sector commitments to transition vehicle fleets to EVs and expand EV charging infrastructure

*IPD sells EV infrastructure on behalf of ABB and provides related services (installation, commissioning, maintenance, etc)*

## Renewable energy



Increased focus on compliance measures regarding 'green buildings', including NABERS and Greenstar ratings

*IPD's power monitoring products enable commercial buildings and utilities to monitor energy usage at a granular level*

## Industrial control systems



High profile cyber attacks on companies resulting on increased demand and investment in cybersecurity protection

*IPD sell hardware and software solutions which protect enterprise's electrical infrastructure*

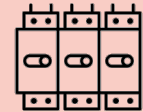
## Data centres



Rising demand for components and systems for data centres

*IPD sell various critical products to data centres and offer installation, test and commission, maintenance and ad hoc engineering services*

## Modular switchboard systems



Changes in the newly introduced low voltage switchgear & control gear assemblies standard

*Both Elsteel and IPD have invested heavily in design and testing to be able to provide a comprehensive modular electrical switchboard solution*

**Key areas of growth**

# GROWTH STRATEGY

<p><b>Increase spend from existing customers</b></p>	<ul style="list-style-type: none"> <li>• IPD have invested and continue to invest to drive organic growth in areas including branding and promotion, innovation and new product introduction, sales and distribution and operations.</li> </ul>
<p><b>Growth by acquisition</b></p>	<ul style="list-style-type: none"> <li>• <b>Proven track record</b> of successful acquisitions, having executed eight acquisitions since the MBO in 2005, all of which have been financed <b>with no debt</b> from <b>internally generated funds</b> and the issue of shares</li> <li>• The Australian electrical market remains relatively <b>fragmented</b> and there is an opportunity for IPD to <b>drive industry consolidation</b> through a program of <b>targeted strategic acquisitions</b></li> </ul>
<p><b>Growth in the services division</b></p>	<ul style="list-style-type: none"> <li>• IPD is committed to looking after its customers for the <b>complete product lifecycle and beyond</b></li> <li>• One of IPD's core focuses is to <b>improve awareness of its service offering</b> to existing customers and grow this division <b>organically and inorganically</b></li> </ul>
<p><b>Increase product offerings</b></p>	<ul style="list-style-type: none"> <li>• IPD will seek to offer more products to its customers through <b>entering</b> into supply agreements with <b>new manufacturers</b> and <b>extending agreements</b> with existing suppliers to <b>sell new product ranges</b></li> <li>• IPD has <b>identified several product ranges</b> which it currently does not distribute including power quality products, emergency lighting and high efficiency motors</li> </ul>
<p><b>Targeting key growth sectors</b></p>	<ul style="list-style-type: none"> <li>• IPD sells products and provides services to a <b>wide range of growing industries</b></li> <li>• There are five particular product areas where IPD believes it is <b>well positioned to benefit from growth</b>, being electric vehicle charging systems, renewable energy, industrial control systems, data centres and modular switchboard systems</li> </ul>
<p><b>Realising efficiencies in current business structure</b></p>	<ul style="list-style-type: none"> <li>• IPD has a <b>proven track record</b> of <b>integrating newly acquired businesses</b></li> <li>• There are a <b>range of efficiencies and synergies available to the Company</b>, including near-term opportunities from the acquisition of HTC and integration of Control Logic</li> </ul>

# KEY BUSINESS HIGHLIGHTS

1	Strong market fundamentals supporting long-term growth and consistent demand
2	Broad suite of infrastructure products and services offered nationwide
3	Long-standing partnerships with global supply partners
4	Diverse, long tenured and loyal customer base supporting a quality revenue base
5	Efficient and timely national logistics operation with a portfolio of accreditations and a strong health and safety record
6	Competitive strengths and proven strategies to drive growth
7	High quality and experienced board and management team

Questions





# P&L RECONCILIATION

\$m	H1 FY22	H1 FY21
<b>Statutory revenue</b>	<b>81.7</b>	<b>53.1</b>
Impact of HTC acquisition	4.0	-
<b>Proforma revenue</b>	<b>85.7</b>	<b>53.1</b>

\$m	H1 FY22	H1 FY21
<b>Statutory EBITDA</b>	<b>8.8</b>	<b>6.7</b>
Offer costs	1.6	-
<b>Underlying EBITDA</b>	<b>10.4</b>	<b>6.7</b>
Public company costs	(0.1)	-
Impact of HTC acquisition	0.5	-
<b>Proforma EBITDA</b>	<b>10.9</b>	<b>6.7</b>

\$m	H1 FY22	H1 FY21
<b>Statutory EBIT</b>	<b>7.0</b>	<b>4.7</b>
Offer costs	1.6	-
<b>Underlying EBIT</b>	<b>8.6</b>	<b>4.7</b>

\$m	H1 FY22	H1 FY21
<b>Statutory NPAT</b>	<b>4.8</b>	<b>3.1</b>
Offer costs	1.6	-
Tax impact	(0.4)	-
<b>Underlying NPAT</b>	<b>6.0</b>	<b>3.1</b>