

The background features a stylized map of Australia in shades of blue and purple. Overlaid on the map is a complex network of glowing lines and nodes in various colors (red, blue, green, white), suggesting a digital or electrical grid. The lines connect various points across the map, with some nodes appearing as bright, multi-colored spheres.

*ipdgroup*

Leading national distributor and service provider  
to the Australian electrical market

**HALF YEAR RESULTS | 2023**

# Presenters



• CALIBRATION  
• TESTING

• REFURBISHMENT  
• COMMISSIONING

• MAINTENANCE  
• INSTALLATION



**Michael Sainsbury**  
Executive Director  
& CEO



**Mohamed Yoosuff**  
Executive Director  
Strategic Development



**Jason Boschetti**  
Chief Financial  
Officer

# Executive management change

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## Jason Boschetti Chief Financial Officer

**Formally General Manager of Finance Jason Boschetti has been appointed as new Chief Financial Officer as of 1 January 2023**

Jason was selected two years ago as a strategic CFO succession plan appointment and he has already successfully managed many key projects, including acquisitions and integrations. His outstanding leadership played an integral role in the company's successful 2021 ASX listing.



# What we'll share today

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HY23 RESULTS  
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- Overview
- Financial performance
- Highlights
- Our focus
- Outlook

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# Overview

# We power, automate and connect infrastructure to build a better world

As more countries take action to reduce carbon emissions, demand continues to grow for the products and services essential to deliver responsible economic development.

IPD Group is a vertically integrated provider of end-to-end solutions to the Australian electrical market that help make it possible.



# Successfully navigating market changes

Improving  
global supply  
chains



Inflationary  
impacts



Appetite for  
digital  
transformation  
continues to  
increase



Skills  
shortage



Positive  
environment for  
continued  
growth



# Corporate snapshot

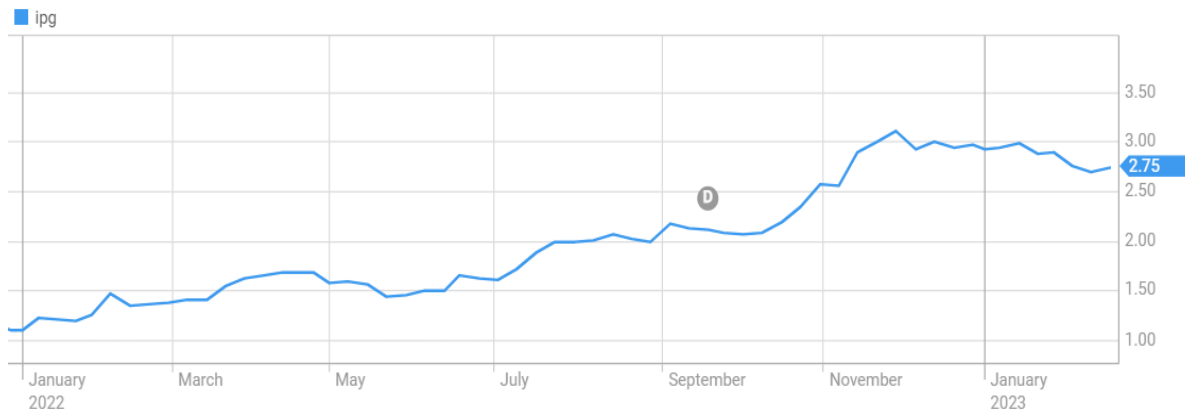
## Capital structure<sup>1</sup>

ASX Code	IPG
ASX Share price	\$2.75
IPO Date	17 <sup>th</sup> December 2021
Shares on issue	86,365,798
Debt	Nil
Market capitalisation	\$237M

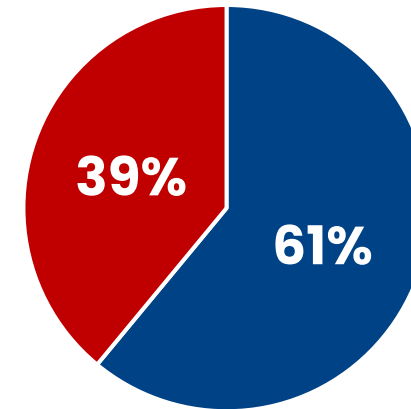
## Board of Directors

David Rafter	Non-Executive Chair
Andrew Moffat	Non-Executive Director
Michael Sainsbury	Executive Director & CEO
Mohamed Yoosuff	Executive Director - Strategic Development

## Share price<sup>1</sup>



## Share holders breakdown<sup>1</sup>



■ External ■ Board, Management and Employees

1. Data based on 22 February, 2023



# Changing electrical landscape

## Australia is undergoing a distributed energy revolution<sup>2</sup>

Expected energy transition to 2050<sup>3</sup>

### Industry drivers

#### Economic:

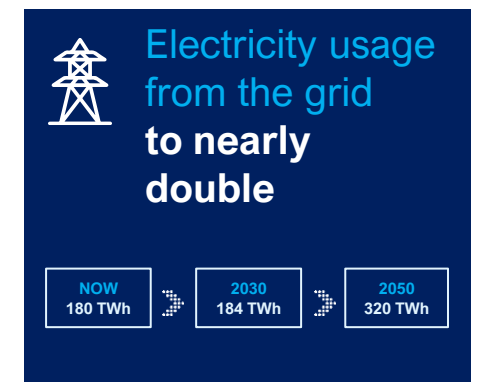
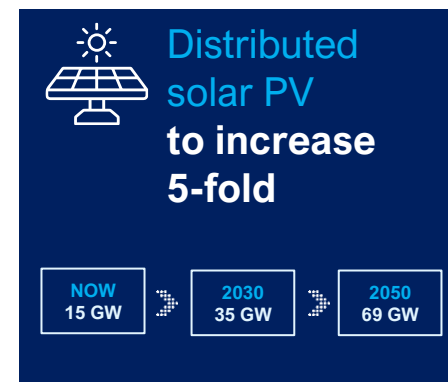
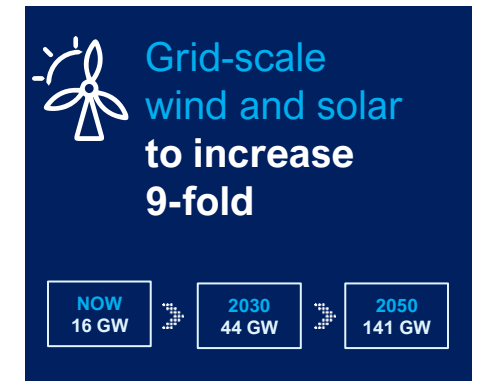
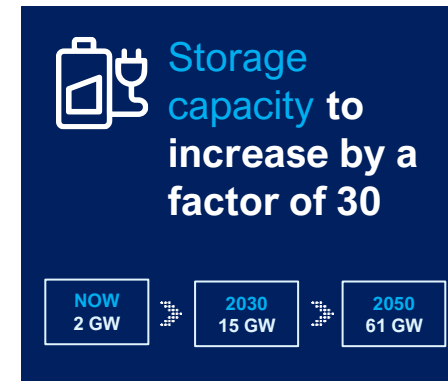
- Inflation and soaring electricity prices
- Rising demand for renewable electricity to drive industry expansion

#### Political:

- Government renewable energy schemes and incentives
- Installation expansion into corporate and residential buildings
- Development of large scale energy storage infrastructure

#### Environmental:

- Impacts of population growth on the environment
- Growing environmental consciousness
- More companies are establishing environmental, social and governance (ESG) criteria



2. the-distributed-energy-resources-revolution-paper.pdf (cleanenergycouncil.org.au)


3. <https://aemo.com.au/newsroom/media-release/aemo-releases-30-year-electricity-market-roadmap>

# 1H FY23 Overview

## Financial performance

Strong revenue growth demonstrates value of proposition


**\$110.9m**

 Revenue up 35.7%  
(PCP \$81.7m)


**\$13.4m**

 EBITDA up 28.8%  
(underlying<sup>4</sup> PCP \$10.4m)

**\$11.5m**

 EBIT up 33.7%  
(underlying<sup>4</sup> PCP \$8.6m)


**\$8.0m**

 NPAT up 33.3%  
(underlying<sup>4</sup> PCP \$6.0m)

**9.3 cents**

 Equivalent EPS up 34.8%  
(Equivalent<sup>5</sup> underlying<sup>4</sup> PCP 6.9cents)


**\$68.5m**

 Net assets  
(\$63.4m as at 30 June 2022)

**Zero**

 No borrowings

**\$21.3m**

 Net cash  
(\$25.4m as at 30 June 2022)

**4.6 cents**

 Interim dividend per share fully franked

**50%**

 Payout ratio

- Underlying 1H FY22 EBITDA and EBIT have been arrived at by adding back IPO related costs totalling \$1.6 million. NPAT has been arrived at by adding back IPO related costs after tax totalling \$1.2 million.
- Due to the IPO capital raise on the 17th December 2021 the weighted average number of ordinary shares for 31 December 2021 was 68,846,052. For comparative purposes the underlying PCP has been recalculated on the weighted average number of ordinary shares for 31 December 2022 of 86,326,215

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# Financial performance

# H1 FY23: Results



\$m	H1 FY23	Underlying <sup>4</sup> H1 FY22	% Variance
Revenue	110.9	81.7	35.7%
Gross profit	41.7	31.3	33.2%
EBITDA	13.4	10.4	28.8%
EBIT	11.5	8.6	33.7%
NPAT	8.0	6.0	33.3%
Operating expenses as % of revenue	25.6%	26.2%	(0.6%)
Gross profit margin	37.6%	38.3%	(0.7%)
EBITDA margin	12.1%	12.7%	(0.6%)
EBIT margin	10.4%	10.5%	(0.1%)
NPAT margin	7.2%	7.3%	(0.1%)

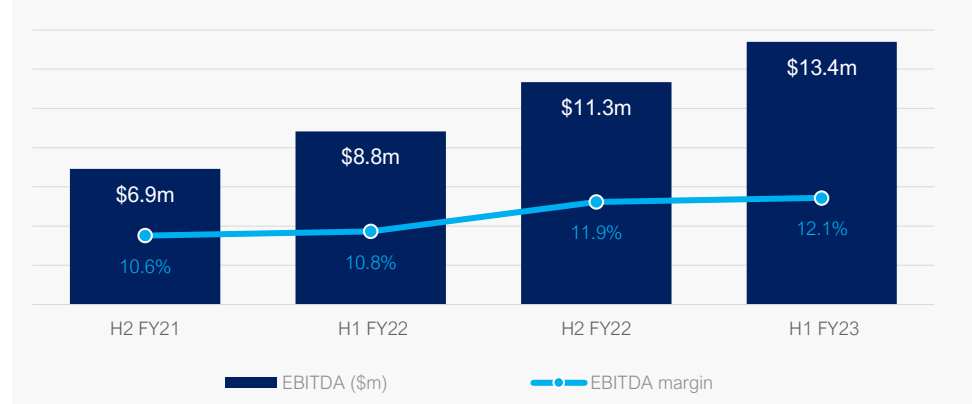
- Sales revenue of \$110.9 million was up 35.7% on the pcp. The business continues to gather momentum and gain market share as we successfully execute our growth strategy. Our customers have returned to normal operating capacity as Covid related restrictions are lifted resulting in increased customer activity and orders.
- Operating expenses as a percentage of revenue reduced by 0.6% on the underlying prior corresponding period (excluding IPO costs).
- Continued investment into resources to support strong revenue growth, expand Gemtek and recruit specification focused business development managers across the country

4. Underlying 1H FY22 EBITDA and EBIT have been arrived at by adding back IPO related costs totalling \$1.6 million. NPAT has been arrived at by adding back IPO related costs after tax totalling \$1.2 million.

Sales Growth – Statutory revenue (\$m)



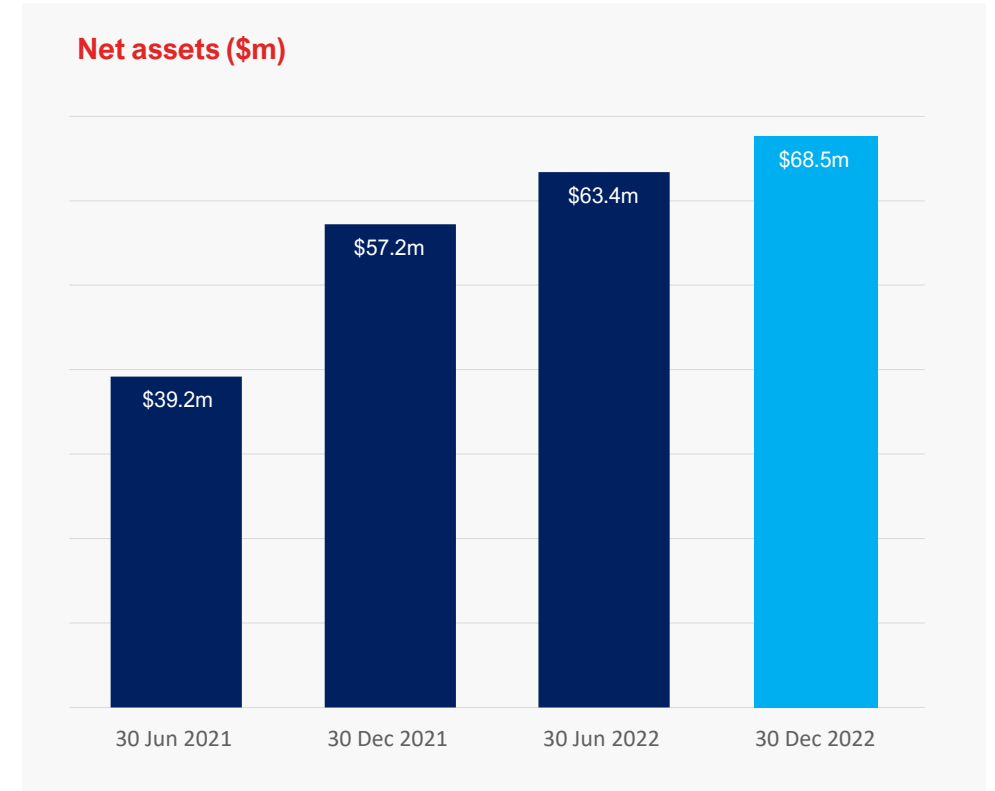
Statutory EBITDA (\$m) and EBITDA margin (%)



# H1 FY23: Balance sheet

	30 Dec 2022	30 Jun 2022
<b>\$m</b>		
Total current assets	108.8	97.0
Total non-current assets	27.4	27.8
<b>Total assets</b>	<b>136.2</b>	<b>124.8</b>
Total current liabilities	57.1	50.7
Total non-current liabilities	10.6	10.7
<b>Total liabilities</b>	<b>67.7</b>	<b>61.4</b>
<b>Net assets</b>	<b>68.5</b>	<b>63.4</b>

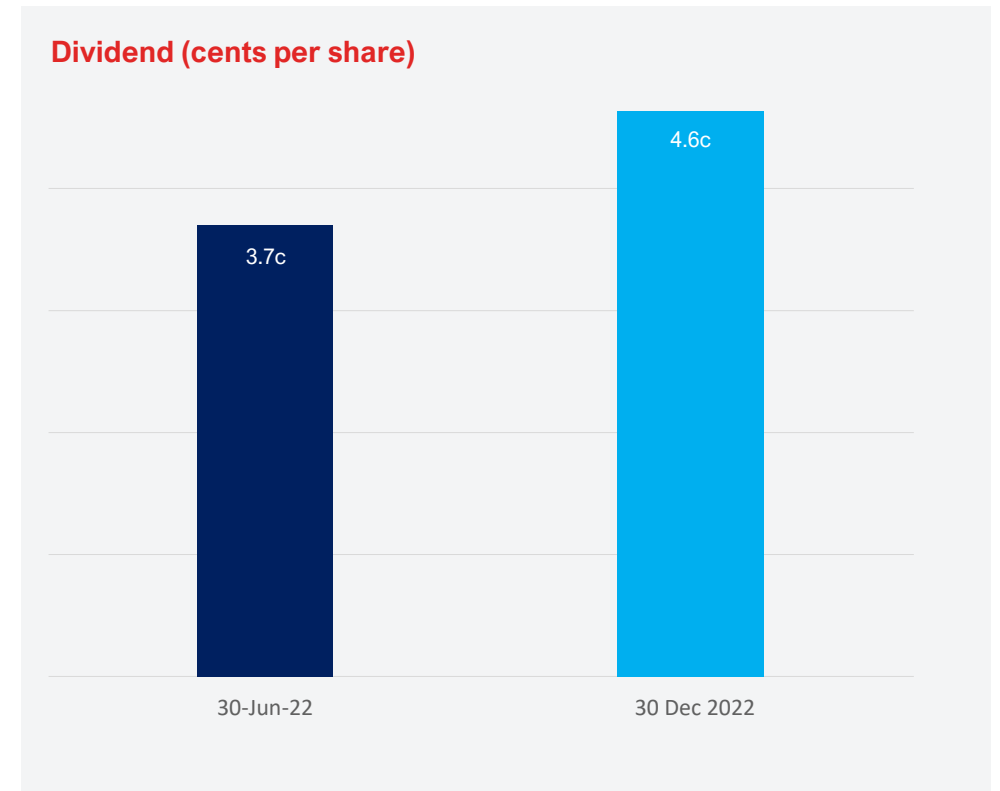
- Inventory increased by \$9.5 million on the prior corresponding period. Strategic investment into inventory has been used to support current revenue growth. Additionally some components with long lead times, ordered during the period of global supply chain disruption, were delivered on time by suppliers causing a one-off increase in inventory.
- On the 1st of January 2023, a new long-term lease commenced for a second NSW warehouse at Eastern Creek. The 4,000sqm site is now fully operational. Initially a portion of the new facility is being sublet, allowing for measured future expansion.
- As at 31 December 2022, the Group has \$68.5 million of net assets on its balance sheet, \$21.3 million in net cash, no borrowings and is well capitalized to execute on its strategic priorities.



# H1 FY23: Capital management & interim dividend

\$m	30 Dec 2021	30 Dec 2022	% variance
Current assets excluding cash	67.7	87.5	29.2%
Current Liabilities excl debt (Lease & tax liabilities)	(42.7)	(53.9)	26.2%
<b>Net working capital (NWC)</b>	<b>25.1</b>	<b>33.6</b>	<b>34.2%</b>
Revenue (rolling 12 months)	146.7	205.9	40.3%
NWC as a percentage of revenue	17.1%	16.3%	(0.7%)

- NWC as a percentage of revenue declined by 0.7% compared to the same time last year.
- The Group was not materially impacted by the RBA increases to the Australian cash rate target during the half year ended 31 December 2022 as the Group continues to have no debt and \$21.3 million in net cash on the balance sheet.
- Fully franked interim dividend of 4.6 cents per share declared for the first half of FY23.



4. Underlying 1H FY22 EBITDA and EBIT have been arrived at by adding back IPO related costs totalling \$1.6 million. NPAT has been arrived at by adding back IPO related costs after tax totalling \$1.2 million.

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# Highlights

## Delta exclusive distribution agreement signed

- Industry leading energy efficient power solutions
- Protects mission critical systems by maintaining energy under adverse circumstances



## Achieved R.Stahl product assembly partner certification

- Custom hazardous area equipment solutions
- Improved customer experience through reduced delivery times



## Warehouse addition

- Eastern Creek, Sydney
- 4000m<sup>2</sup> size
- Frees up 30% capacity in main distribution centre
- Efficiency gains through proximity to head office



## Additional business development

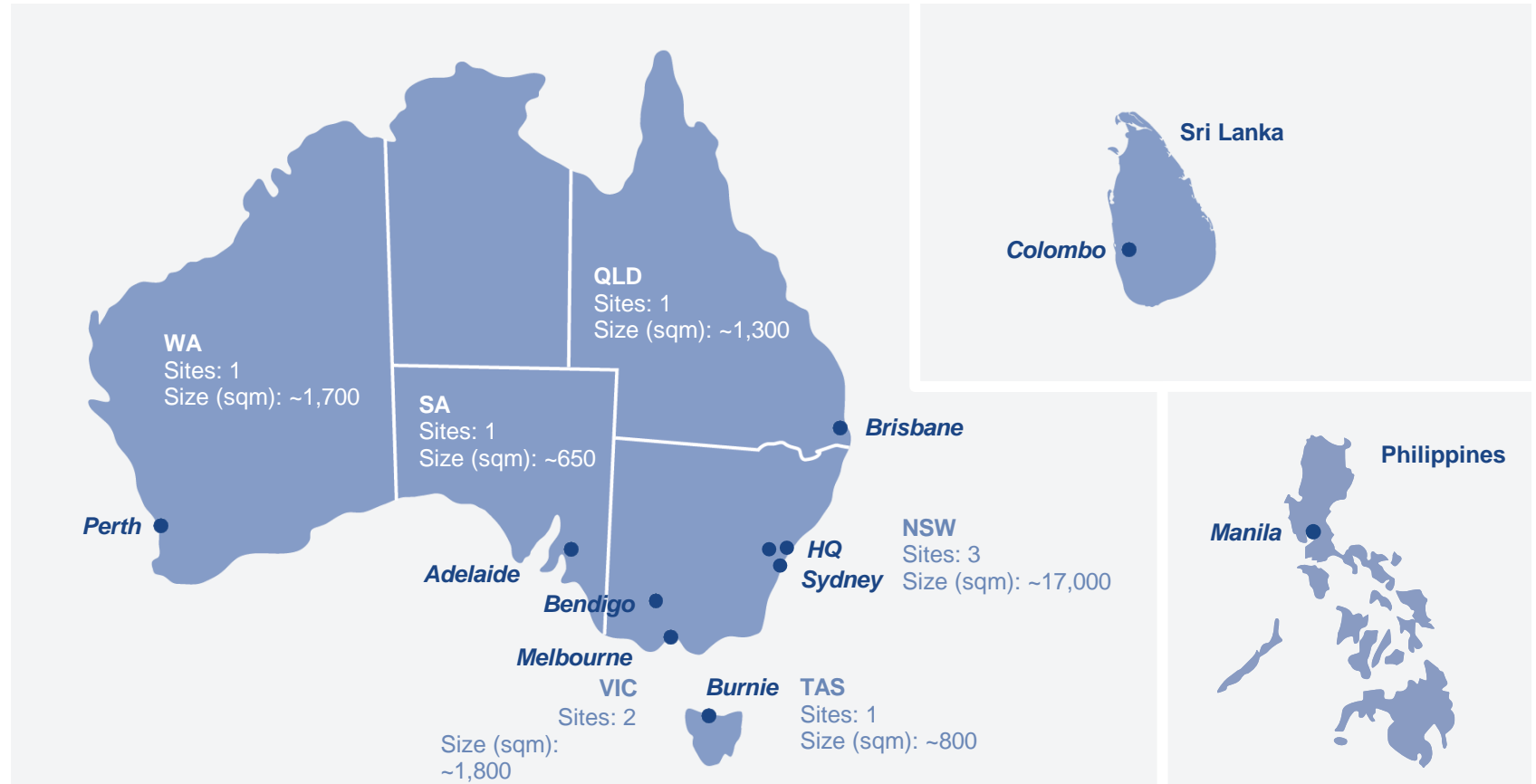
- Successfully creating demand by driving specification into commercial buildings, hospitals & data centres





# Increased support locations

**Nine offices and warehouses in six Australian states** – plus our support teams in Sri Lanka<sup>6</sup> and the addition of the Philippines ensure IPD seamlessly service customers Australia-wide.



6. Sri-Lanka is a fully owned subsidiary

# IPD are exposed to a number of high growth areas




## Electric vehicles

- IPD Group electrifying hundreds of sites for two large Australian petroleum companies
- Multiple train station upgrades in Western Australia
- IPD Group performed services such as site audits, design, hardware supply, and installations
- Opportunities to provide maintenance, repair and operation (MRO) services



## Renewable energy

- IPD Group supplied numerous energy management systems
- Assisting companies with compliance measures regarding 'green buildings' including NABERS and Greenstar ratings
- IPD Group secured business to supply a global supermarket chain with our power monitoring solution for all of their Australian stores




## Industrial communication systems

- Thousands of industrial assets rely on public cellular infrastructure for machine-to-machine (M2M) communications
- 3G networks to make way for 4G/5G technologies
- IPD Group's unique offer reduces deployment and operation costs while enhancing cybersecurity
- IPD Group succeeding with a strategy of targeting critical infrastructure such as power and water utilities, transport and resources



## Data centres

- Secured multiple projects with global data centre developers and operators
- IPD Group performed design, hardware supply, installation and commissioning services
- High voltage (HV) transformers & cabling
- High voltage (HV) and low voltage (LV) switchboards & switchgear
- Battery systems
- Energy saving power monitoring equipment



## Modular switchboard systems

- Changes to the low voltage switchboard standards
- Resulting in a significant market push to modular switchboard systems
- IPD Group invested heavily in design and testing to provide a comprehensive modular electrical switchboard solution
- Increased investment into personnel and software
- Year-on-year growth

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# Our focus

# Strategic priorities

## Become a significant end to end solution provider to the EV charger market



- |                                                                                    |   |
|------------------------------------------------------------------------------------|---|
| EV hardware distribution agreement with ABB                                        | ● |
| Design and project delivery skills – Gemtek                                        | ● |
| Appointment of an experienced leader to the EV business unit – David Sullivan      | ● |
| Increase the scale of business development, engineering and project delivery staff | ● |
| Establish a nationwide network of licensed EV installers                           | ● |
| Build a national maintenance, repair and operations (MRO) team                     | ○ |

## Expand product range



- |                                                                 |   |
|-----------------------------------------------------------------|---|
| Uninterruptible power supplies (UPS)                            | ● |
| Renewables – Rural electrification with solar off grid solution | ● |
| Industrial cyber security for OT environments                   | ● |
| BESS – Battery Energy Storage Systems                           | ○ |

# Strategic priorities

## Acquisitions



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Proven track record of successful acquisitions



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Numerous opportunities have been identified, assessed and considered not a good strategic fit



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Additional targets have been identified and preliminary discussions are taking place



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Mohamed Yoosuff's new role in Strategic Development provides experience and a focus on mergers and acquisitions

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## Strategic sales focus



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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



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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

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# Outlook

# Trading update & outlook

## FY23 outlook



Operating environment remains buoyant.



Addelec Power Services business previously affected by COVID-19 related shutdowns is experiencing a significant improvement with a pipeline of large projects.



The effect of recent interest rate increases is minimal on IPD Group business as our exposure to the residential building sector is small and the group has a net cash position with no borrowings.



Trading performance for January and February, the first two months of the 2H FY23, has been strong.



COVID-19 related issues such as long supply lead times, uncertain deliveries by overseas factories, expensive overseas freight and site shutdowns are returning to normal in most cases.



The outlook for the business remains positive.

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# Summary





## Our agility

Enabling us to respond quickly and effectively to opportunities and threats (internal and external)



## Our highly skilled workforce



## Cost advantages

Economies of scale



## Our broad, long-standing customer relationships



## Our network of leading supply partners



## Our vertically integrated & customised solutions



## Our strong health & safety track record

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# Q&A

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