



Solution provider to the Australian electrical market

**FY24 HALF YEAR RESULTS | 26 FEBRUARY 2024**



# Presenters



**Michael Sainsbury**  
Executive Director & CEO



**Jason Boschetti**  
Chief Financial Officer



**Mohamed Yoosuff**  
Executive Director  
Strategic Development

# What we'll share today

## FY24 Half Year Results

- Overview
- Financial Performance
- Market & Business Update
- Strategy & Outlook
- Q&A



# Overview



## Our Vision

To help build a future where sustainable electrical infrastructure creates a better life for all.



## Our Mission


To enhance every aspect of infrastructure through energy efficiency, automation and secure connectivity while prioritising the safety and wellbeing of people.

# Successfully evolving

Increasing our value proposition in a growing energy market



Power distribution, energy management and automation product distribution with complimentary custom assembly services



Complete electrical engineering services for high and low voltage projects with EV charging infrastructure specialisation



Specialists in the supply, modification, repair and design of hazardous area electrical equipment



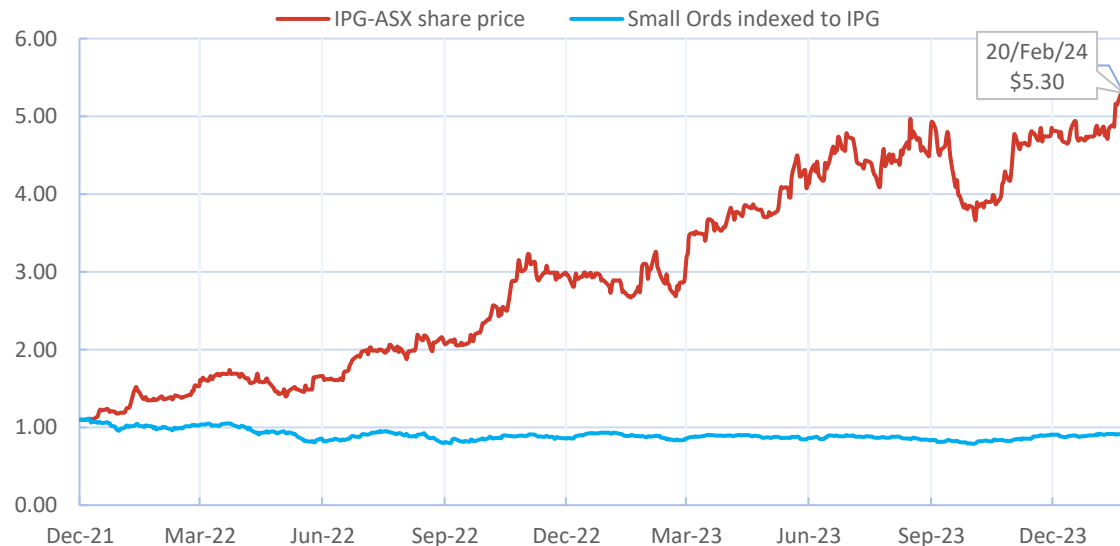
Manufacturer and distributor of electrical cables and speciality plugs

# Corporate snapshot

## Capital Structure

ASX Code	IPG
ASX Share price	\$5.30 <sup>(1)</sup>
IPO Date	17 <sup>th</sup> December 2021
Shares on issue	103,380,078
Net Debt	\$23.7M <sup>(2)</sup>
Market capitalisation	\$547M <sup>(1)</sup>

## Share Price<sup>(1)</sup>

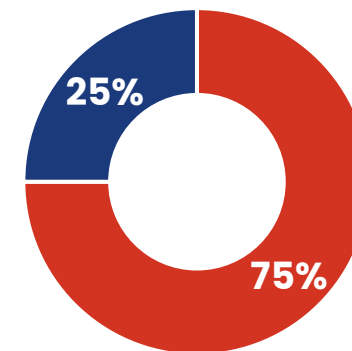


1. As at 20 February 2024
2. As at 31 January 2024

## 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 Holder Breakdown<sup>(1)</sup>



- External
- Board, Management & Employees



# HY24 Results overview



## Financial performance

Continued growth for the Group drives earnings to top end of guidance range

Revenue

**\$120.7m**

↑ Up 8.8% (PCP \$110.9m)

Underlying<sup>(1)</sup> EBITDA

**\$16.5m**

↑ Up 23.1% (PCP \$13.4m)

Underlying<sup>(1)</sup> EBIT

**\$14.0m**

↑ Up 21.7% (PCP \$11.5m)

Underlying<sup>(1)</sup> NPAT

**\$9.8m**

↑ Up 22.5% (PCP \$8.0m)

Earnings Per Share

**10.8 cents**

↑ Up 16.1% (PCP 9.3cents)

Net Assets

**\$142.7m**

(\$72.9m as at 30 June 2023)

Net Cash

**\$70.5m**

(\$23.7m of Net Debt as at 31 January 2024)

Capital Raised

**\$65.0m**

Successfully raised in Dec 2023

Products/Services  
Revenue Split

**91% / 9%**

Interim Dividend

**4.6 cents**

Dividend per share fully franked

1. Underlying EBITDA, EBIT and NPAT from ordinary activities is a non-IFRS measure reported to provide a greater understanding of business performance. Underlying EBITDA and EBIT have been arrived at by adding back acquisition related costs totalling \$362,000. Underlying NPAT from ordinary activities has been arrived at by adding back acquisition related costs after tax totalling \$253,000.



# Financial Performance

# Financial overview

## EX Engineering and growing daily trade business results in strong margin growth

Acquisition of EX Engineering and growing daily trade business delivers strong gross profit, EBITDA, EBIT and NPAT margin growth during 1H.

- EX Engineering was acquired on the 21<sup>st</sup> of July, contributing to the Group's expanding gross profit, EBITDA, EBIT and NPAT margins. EX engineering continues to track towards earn-out targets for FY24.
- Growing daily trade business has resulted in stronger gross profit margins for the Group.
- \$65 million of new capital was raised in December.
- Acquisition of CMI Operations Pty Ltd completed on 31<sup>st</sup> January 2024.

\$m	Underlying <sup>(1)</sup> 1H FY24	1H FY23	Movement % (vs last year)
Revenue	120.7	<b>110.9</b>	<b>8.8%</b>
Gross profit	48.3	<b>41.7</b>	<b>15.8%</b>
EBITDA	16.5	<b>13.4</b>	<b>23.1%</b>
EBIT	14.0	<b>11.5</b>	<b>21.7%</b>
NPAT	9.8	<b>8.0</b>	<b>22.5%</b>
Gross profit margin	40.0%	<b>37.6%</b>	<b>2.4%</b>
Operating expenses as % of revenue	26.7%	<b>25.6%</b>	<b>1.1%</b>
EBITDA margin	13.7%	<b>12.1%</b>	<b>1.6%</b>
EBIT margin	11.6%	<b>10.4%</b>	<b>1.2%</b>
NPAT margin	8.1%	<b>7.2%</b>	<b>0.9%</b>

1. Underlying EBITDA, EBIT and NPAT from ordinary activities is a non-IFRS measure reported to provide a greater understanding of business performance. Underlying EBITDA and EBIT have been arrived at by adding back acquisition related costs totalling \$362,000. Underlying NPAT from ordinary activities has been arrived at by adding back acquisition related costs after tax totalling \$253,000.

# Sales & earnings growth

## Record revenue & EBITDA results

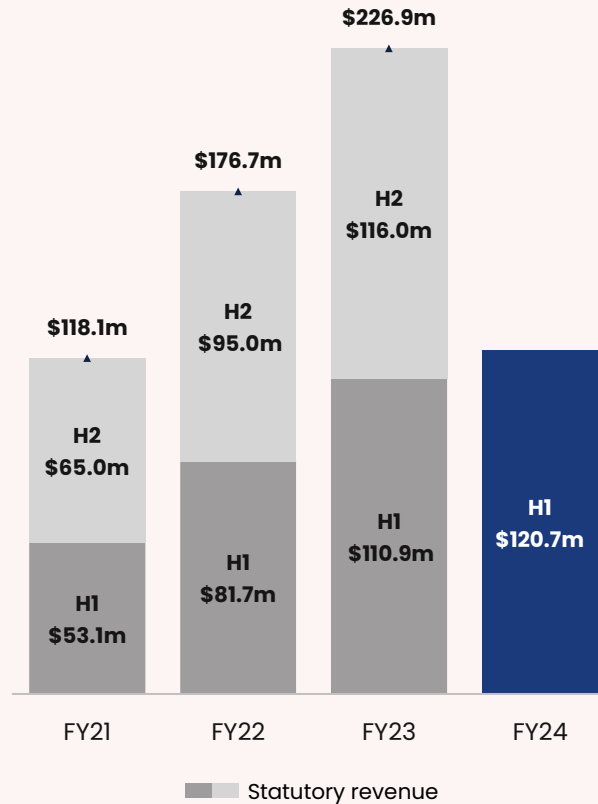
### Revenue of \$120.7million, up 8.8% on pcp

- The acquisition of EX Engineering and growing daily trade has contributed to the Groups revenue growth.

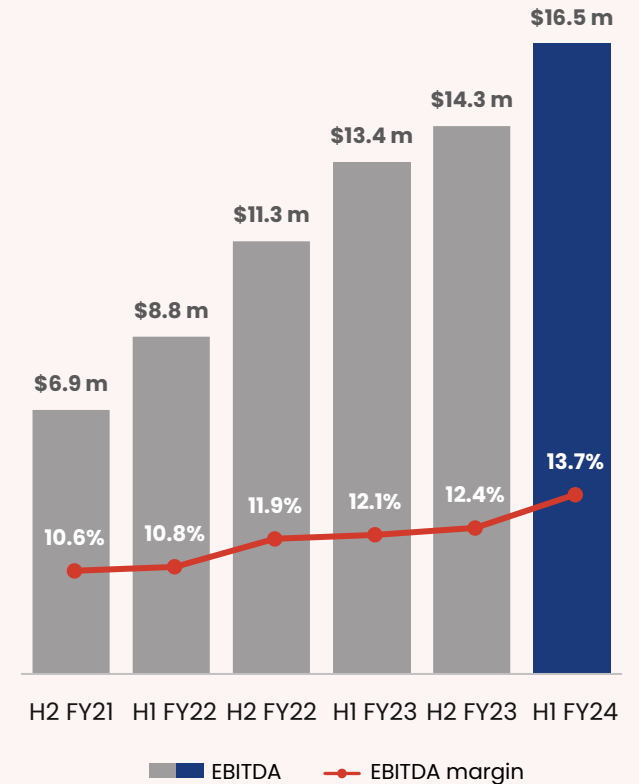
### EBITDA of \$16.5 million, up 23.1% on pcp

- Timing of some major projects into H2 FY24 has resulted in strong margin recognition in the first half of FY24.
- EX Engineering's high EBITDA margins has contributed to the Group's first half results and strengthening EBITDA margins.
- Operating expense as a % of revenue increased on the pcp as the Group recognises the full cost base of strategic investments made last year.

### Revenue



### Underlying<sup>(1)</sup> EBITDA



1. Underlying EBITDA is a non-IFRS measure reported to provide a greater understanding of business performance. Underlying EBITDA has been arrived at by adding back acquisition related costs totalling \$362,000.



# Pro-forma financial performance

## Pro-forma sales and earnings demonstrates IPD's growth

On a comparable pro forma basis, IPD delivers gross profit, EBITDA, EBIT and NPAT growth during 1H FY23

- Pro forma financials include the financial performance of EX Engineering prior to acquisition and excludes acquisition costs.
- Growing daily trade in the traditional IPD business (relative to projects) has resulted in stronger pro forma gross profit margins for the Group.
- Strengthening gross profit margins have offset the 1H FY23 operating cost increases as the Group recognises the full cost base of strategic investments made last year.
- Double digit pro forma NPAT growth, up 11.5% on pro forma pcp.
- EX engineering continues to track towards earn-out targets for FY24.

\$m	Pro forma <sup>(1)</sup> 1H FY24	Pro forma <sup>(1)</sup> 1H FY23	Movement %
Revenue	121.0	<b>116.9</b>	<b>3.5%</b>
Gross profit	48.4	<b>44.1</b>	<b>9.8%</b>
EBITDA	16.3	<b>14.5</b>	<b>12.4%</b>
EBIT	13.8	<b>12.6</b>	<b>9.5%</b>
NPAT	9.7	<b>8.7</b>	<b>11.5%</b>
Gross profit margin	40.0%	<b>37.7%</b>	<b>2.3%</b>
Operating expenses as % of revenue	26.8%	<b>25.7%</b>	<b>1.1%</b>
EBITDA margin	13.5%	<b>12.4%</b>	<b>1.1%</b>
EBIT margin	11.4%	<b>10.8%</b>	<b>0.6%</b>
NPAT margin	8.0%	<b>7.4%</b>	<b>0.6%</b>

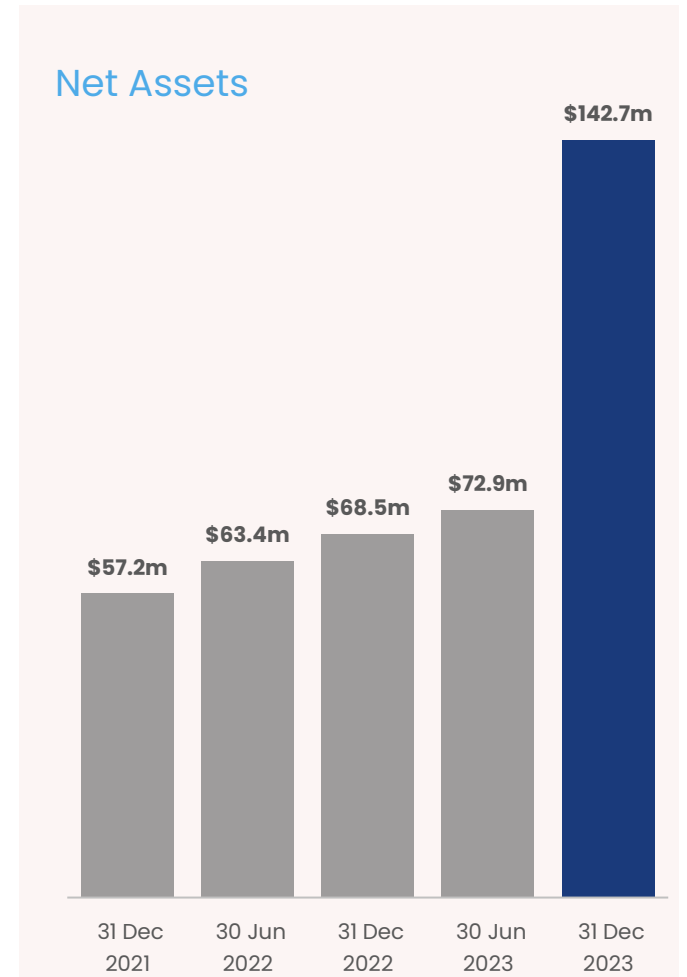
1. IPD acquired EX Engineering on 21 July 2023. The Pro forma information presented includes the financial performance of EX Engineering prior to acquisition and excludes acquisition related costs.

# Strong & flexible financial position

## Balance Sheet

\$m	As at 31 Dec 2023	As at 30 Jun 2023
Total current assets	165.6	109.1
Total non-current assets	39.6	30.5
<b>Total assets</b>	<b>205.2</b>	<b>139.6</b>
Total current liabilities	51.1	55.0
Total non-current liabilities	11.4	11.7
<b>Total liabilities</b>	<b>62.5</b>	<b>66.7</b>
<b>Net assets</b>	<b>142.7</b>	<b>72.9</b>

- As at 31 December 2023, the Group has \$142.7 million of net assets on its balance sheet after additional capital was raised in December for the acquisition of CMI Operations Pty Ltd.
- \$70.5 million in net cash as at 31 December 2023. Net cash was available for the acquisition of CMI which completed in January 2024.
- On 31 January 2024 the group utilised \$31.1 million from the newly acquired \$40.0 million CBA debt facility to partly fund the acquisition of CMI Operations.



# Continued investment for future growth

## Net working capital & dividend

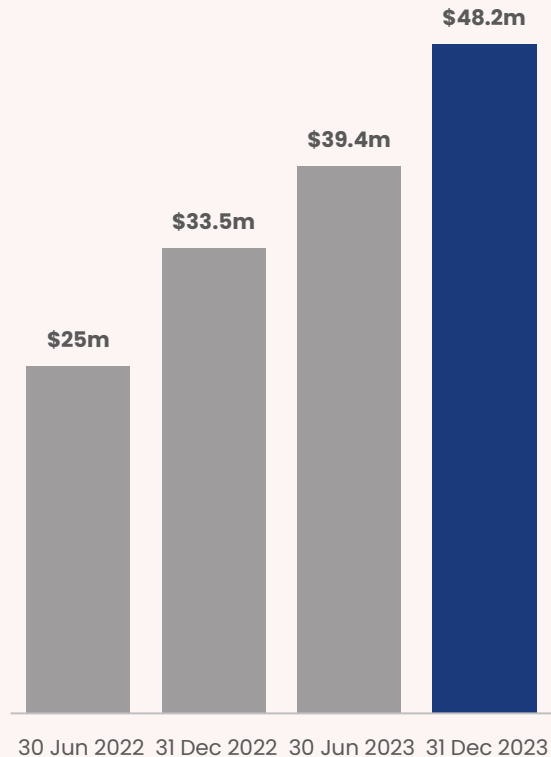
### Net working capital (NWC) of \$48.2 million

- Inventory increased by \$7.6 million on the prior corresponding period, with over \$2.5 million of this contributed by EX Engineering.
- The inventory build during H1 will be used to support the ongoing revenue growth into H2.

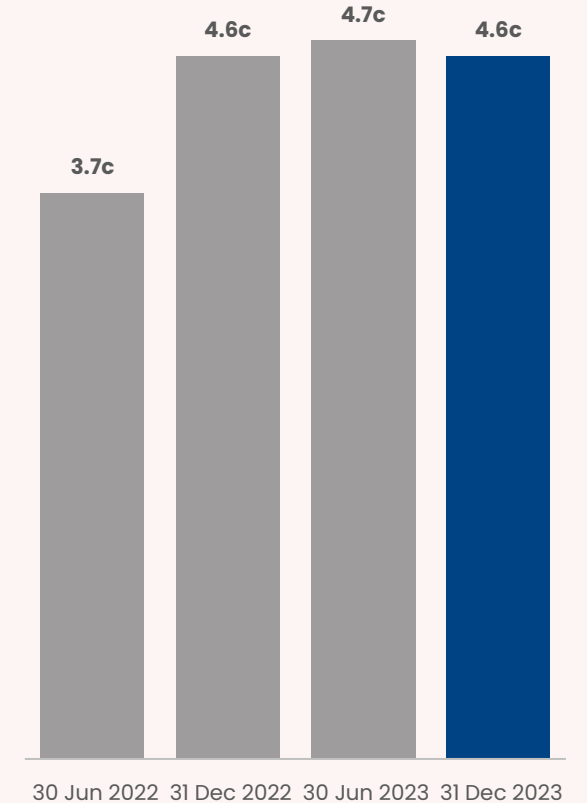
### Dividend of 4.6 cents/share

- \$9.5 million in NPAT from ordinary activities after acquisition costs for the first half of FY24, up 18.8% on pcp.
- Fully franked interim dividend of 4.6 cents per share declared for the first half of FY24.
- 4.6 cents per share equates to a payout of \$4.8 million and a payout ratio of 50%.

### Net Working Capital (NWC)



### Dividends





# Market & Business Update

# Market update

The first six months saw changes in market dynamics as the supply chain improved and certain market segments rebounded



## Diverse range of technologies

- Our diverse technologies and solutions have enhanced Group performance in focused segments.
- Continue to diversify our portfolio to adapt to the next phase of digital transformation and safeguard against market fluctuations.



## Data centre infrastructure

- Significant digital transformation initiatives are currently underway throughout Australia.
- Notable increase in demand as businesses leverage technology to enhance their competitive edge.



## EV charging & infrastructure

- The market is steadily expanding, especially in new development areas, supported by the National Construction Code (NCC), which requires new buildings to be ready for EV charging.



## Main Focus

Continued investment & expansion of strategic sales team.

**Envision :** Annual technology roadshow highlighting motor control innovations.

## Supplier Additions

**ABB :** Industry leading high efficiency motors.

**Solexy :** Wireless technology for hazardous classified areas.

## Key Projects

**55 Pitt Street, Sydney:** Equipped with Busduct, Uninterruptible Power Supply (UPS), and switchgear.

**Stack data centre:** Supplied low voltage (LV) switchgear.

**Transgrid:** Supplied communication hardware for the implementation for digital substation automation.



Gemtek's integration is set for completion by 1st July, anticipated to boost operational efficiencies.

Post-integration, Addelec will undergo rebranding to communicate a clear updated message to the market.

Addelec is poised to meet the increasing demand for efficient electrical infrastructure within the sustainable energy sector.

## Key Projects

Completed full design and construct of the High Voltage (HV) infrastructure for Cloud Carrier data centre.

Design & construct of 2 x **NRMA** 350kW rapid EV charge sites in SA.  
Supplied substations to **BP** for 16 x EV charging sites.

Secured the design & construct contract for the electrification of **Australia's largest bus depot** (170 buses) in NSW.





Continue to run as a separate organisation.

### Main Focus

Expanding nationally using the IPD Group network.

Aligning NSW and WA workshops for increased manufacturing and supply.

### Key Projects

**BARDEX (USA)** Floating production storage and offloading mooring system.

**CBH** Multiple storage wiring modifications.

**Woodside's** FPSO Dry dock support and crane variable speed drive conversion.

**Chevron** Crane panel wiring modifications.



Continue to run as a separate organisation.

### Main Focus

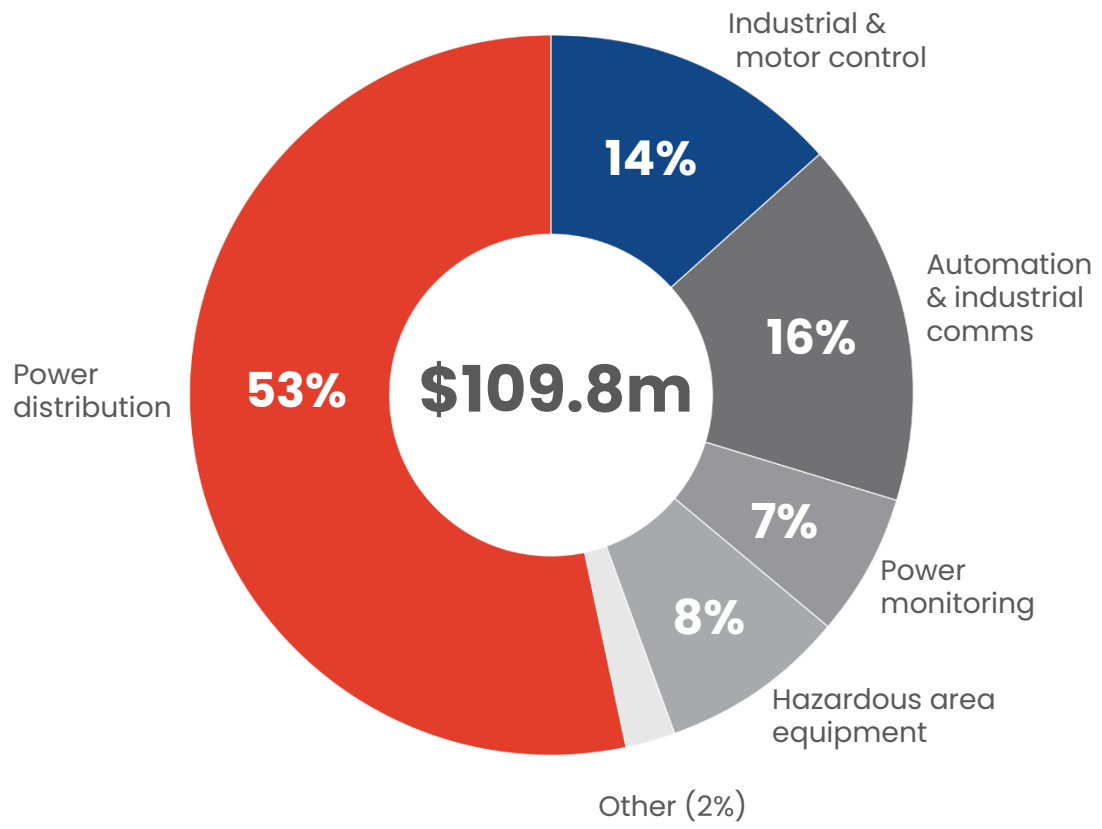
Capitalise on extensive **government investments** in infrastructure in construction, industry, and both state and federal public projects, through its electrical cable operations.

Expanding sales in the **Minto line**, including the new 11kV couplers, driven by a strong shift towards decarbonisation in Australian mining via equipment electrification.

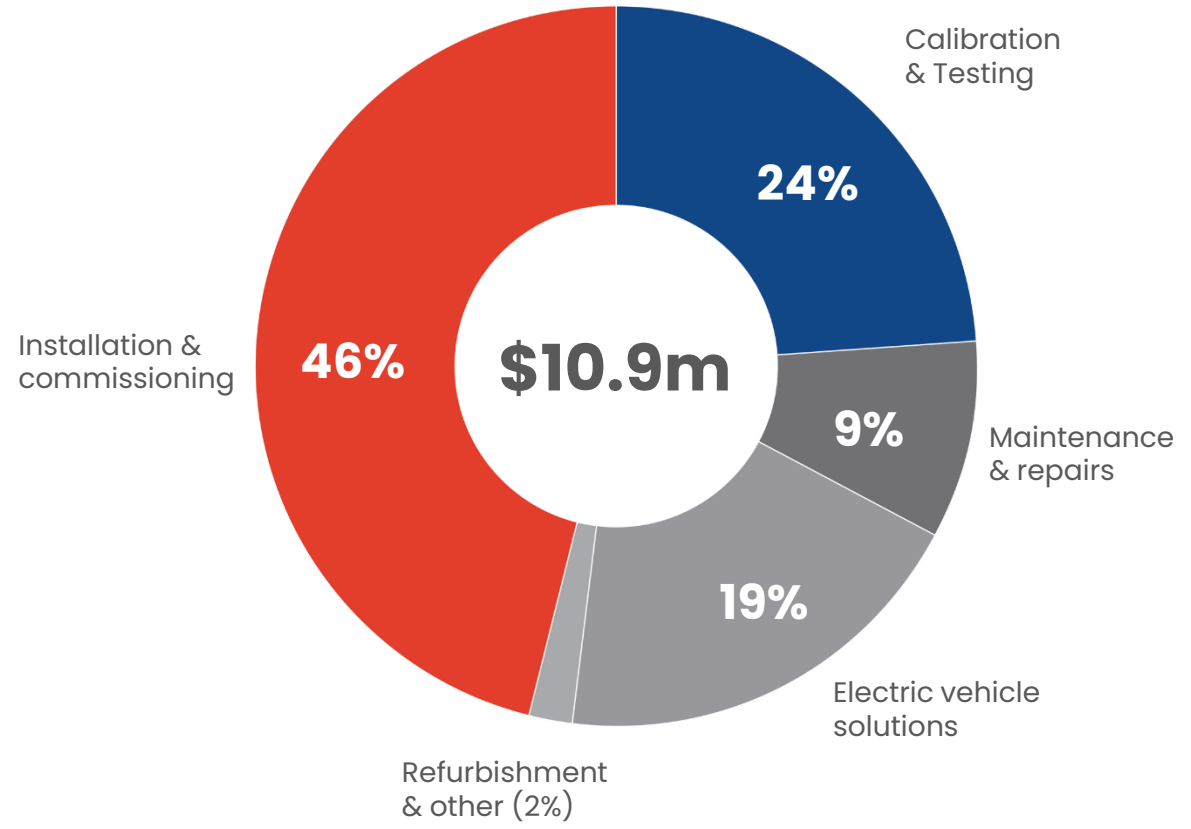
# IPD 1H FY24 – Revenue split

Strong product sales while expanding our complementary services

## Products



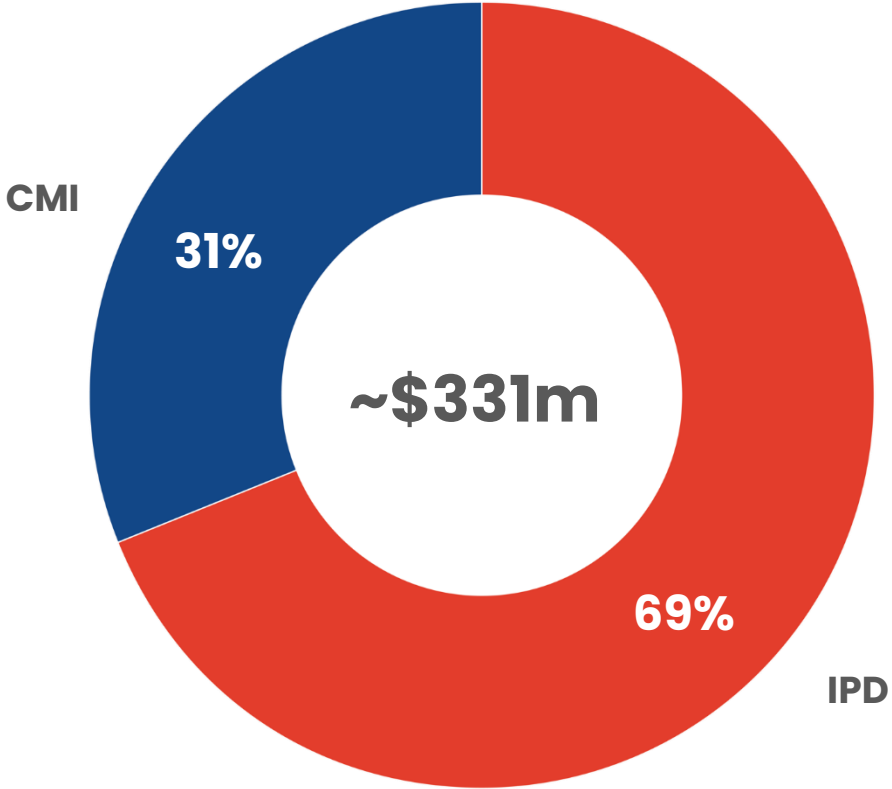
## Services



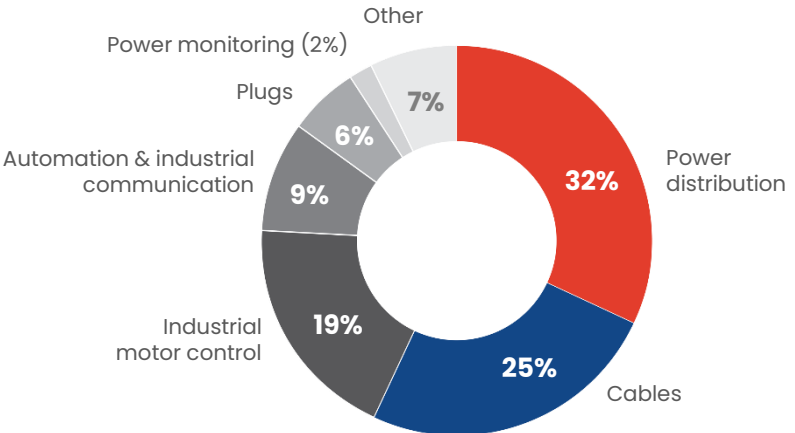
# Diversified revenue stream through CMI acquisition



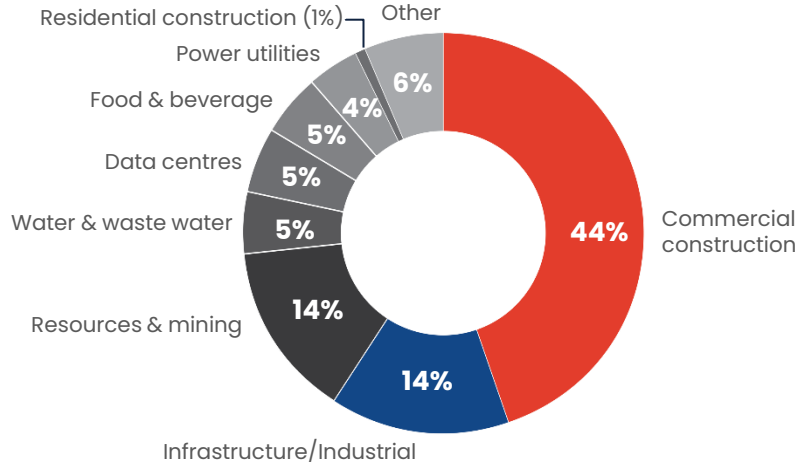
Pro forma FY23A revenue (\$M) <sup>(1)</sup>



Pro forma FY23A products by revenue <sup>(1)</sup>



Pro forma FY23A end customer markets <sup>(1)</sup>



1. Pro forma FY23A metric combines the revenue of IPD Group and CMI operations for the 2023 financial year (excluding any synergies)



# Product vendor relationships

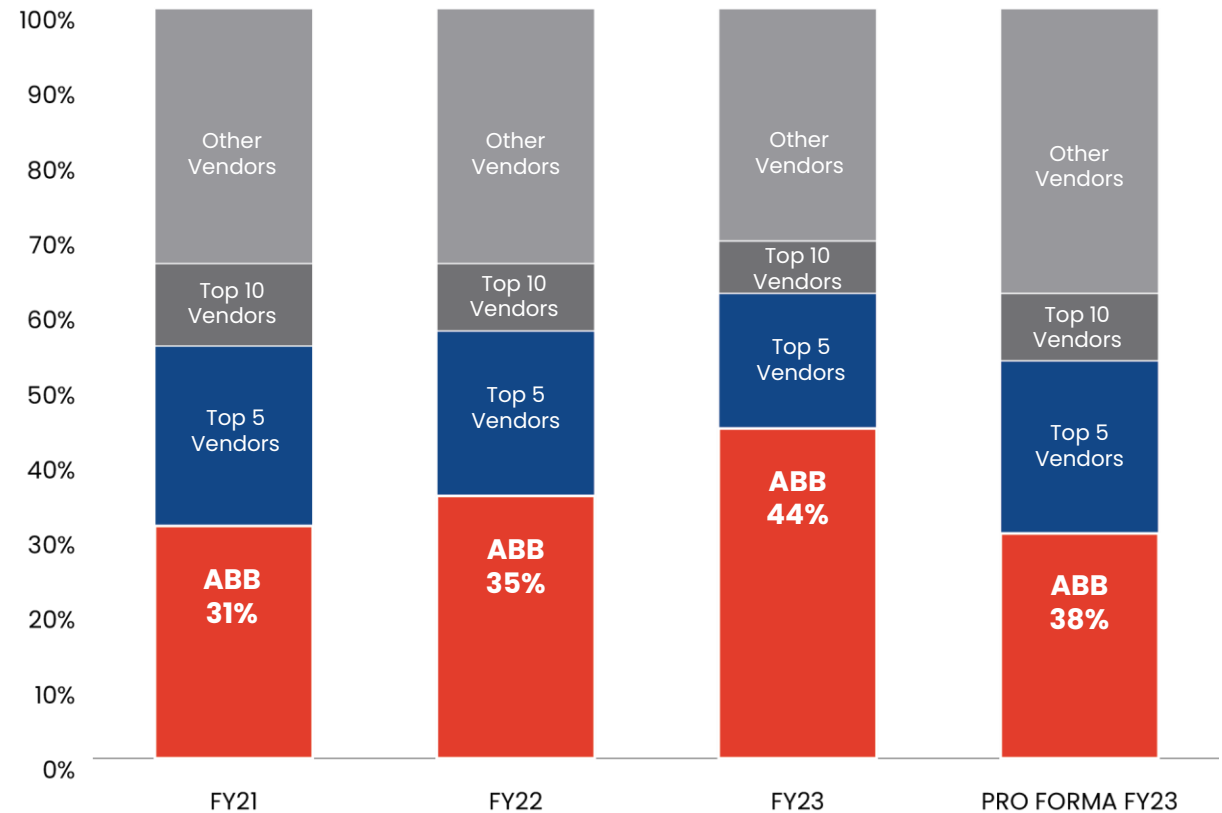
## Reducing reliance on single vendors

Recent acquisitions of Ex Engineering and CMI Operations continue to support diversification.

Contribution of the top 5 vendors would drop from 62% in FY23 to 53% on a Pro Forma FY23 basis with Ex Engineering and CMI.

The company's diverse vendor and technology portfolios offset declines in some segments with growth in others.

### Vendor concentration<sup>(1)</sup>



1. Pro forma FY23A metric combines the revenue of IPD Group and CMI operations for the 2023 financial year (excluding any synergies)

# Strategy & Outlook

# Strategic priorities

## Accelerating growth and synergy across IPD Group's portfolio

Leverage sales synergies within IPD Group companies.

Launch a lead-sharing incentive program for IPD Group businesses.

Achieving organic growth at double the market rate.

Expanding the customer base for our existing products.

Leveraging new technologies to tap into emerging market trends.

Pursue acquisitions that strategically enhance earnings.

Seek synergies for value creation and increased market share.

Achieve economies of scale by realising cost synergies through the Group's shared services model.



The outlook for our markets remains buoyant. The tailwinds from the electrification of the economy continue to have a positive impact and the Group is expecting a number of significant projects to commence in the second half of the year.

The outlook for the business remains positive.

# Q&A



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# Thank you