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ASX RELEASE – IVE GROUP LIMITED (ASX:IGL)

11 September 2023

Bell Potter Emerging Leaders Conference Presentation

IVE Group Limited (ASX: IGL) advises that Executive Chairman, Geoff Selig, will give the attached presentation at the Bell Potter Emerging Leaders Conference which will be held tomorrow.

A copy of the presentation will also be made available on IVE Group's [website](#).

Geoff Selig
Executive Chairman

This announcement has been approved for release by the Executive Chairman.

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IVE Group Limited (ASX : IGL)

Bell Potter Emerging Leaders Conference

12 September 2023

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idea > execution



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No recommendation, offer, invitation or advice

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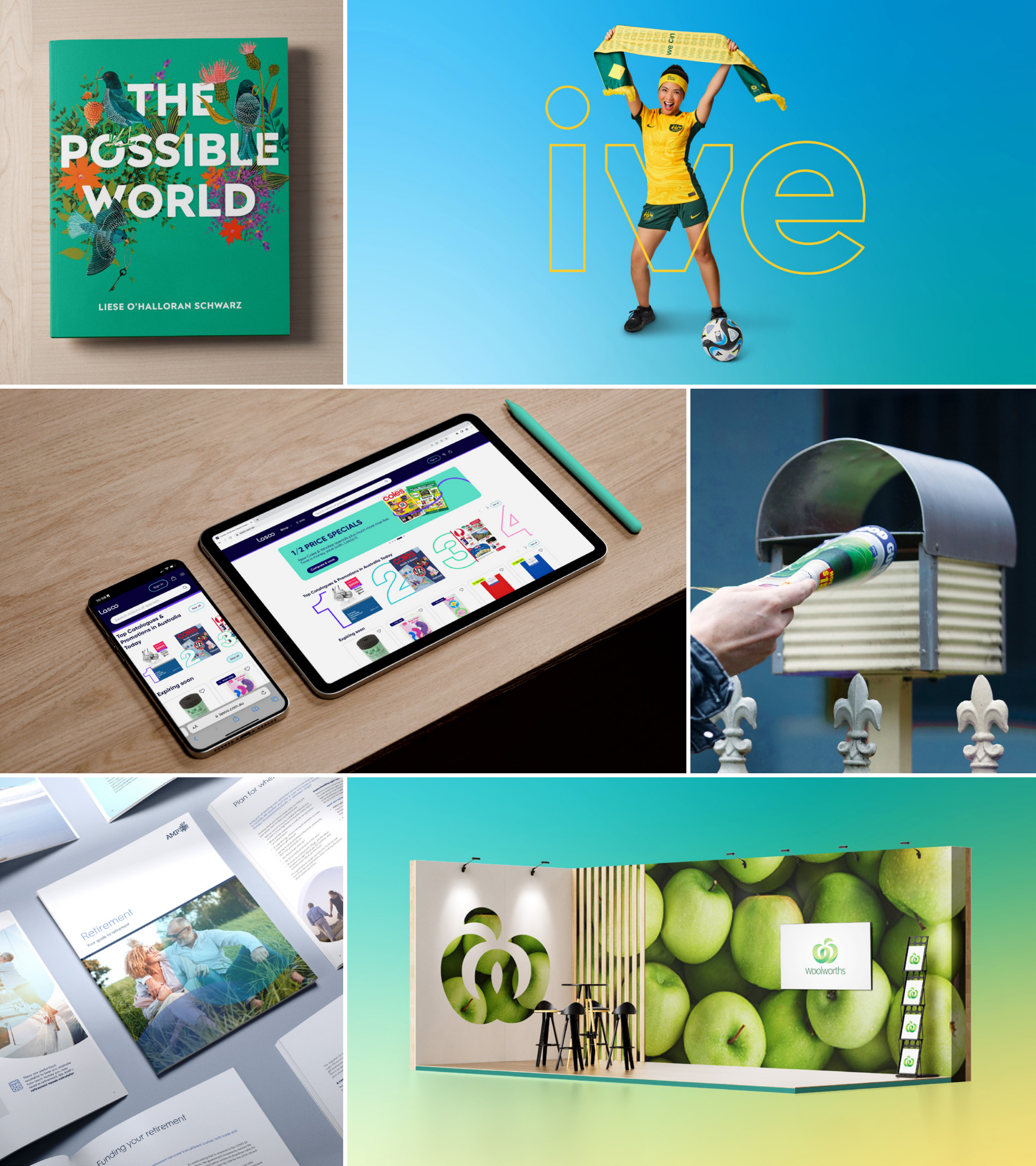
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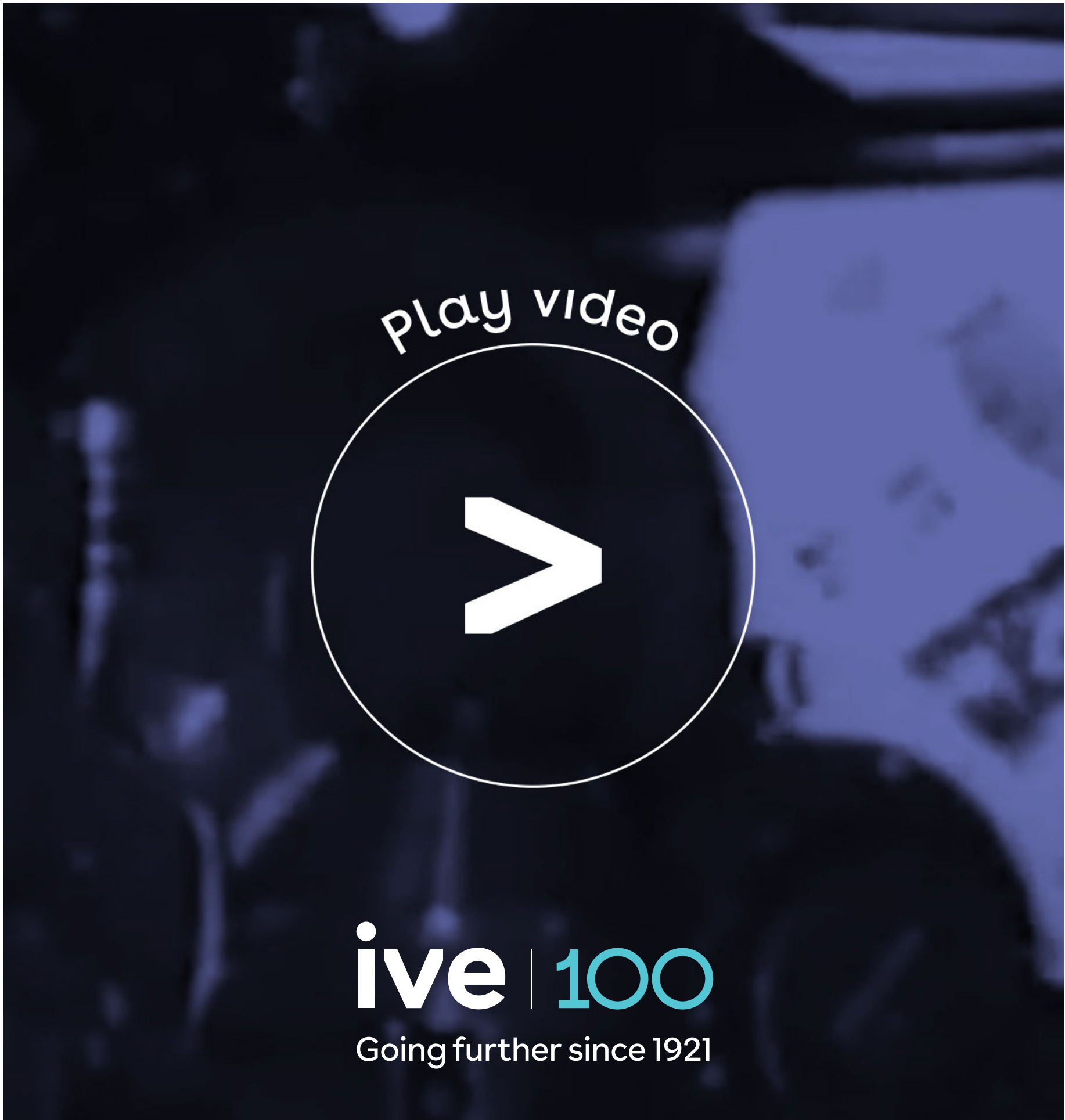
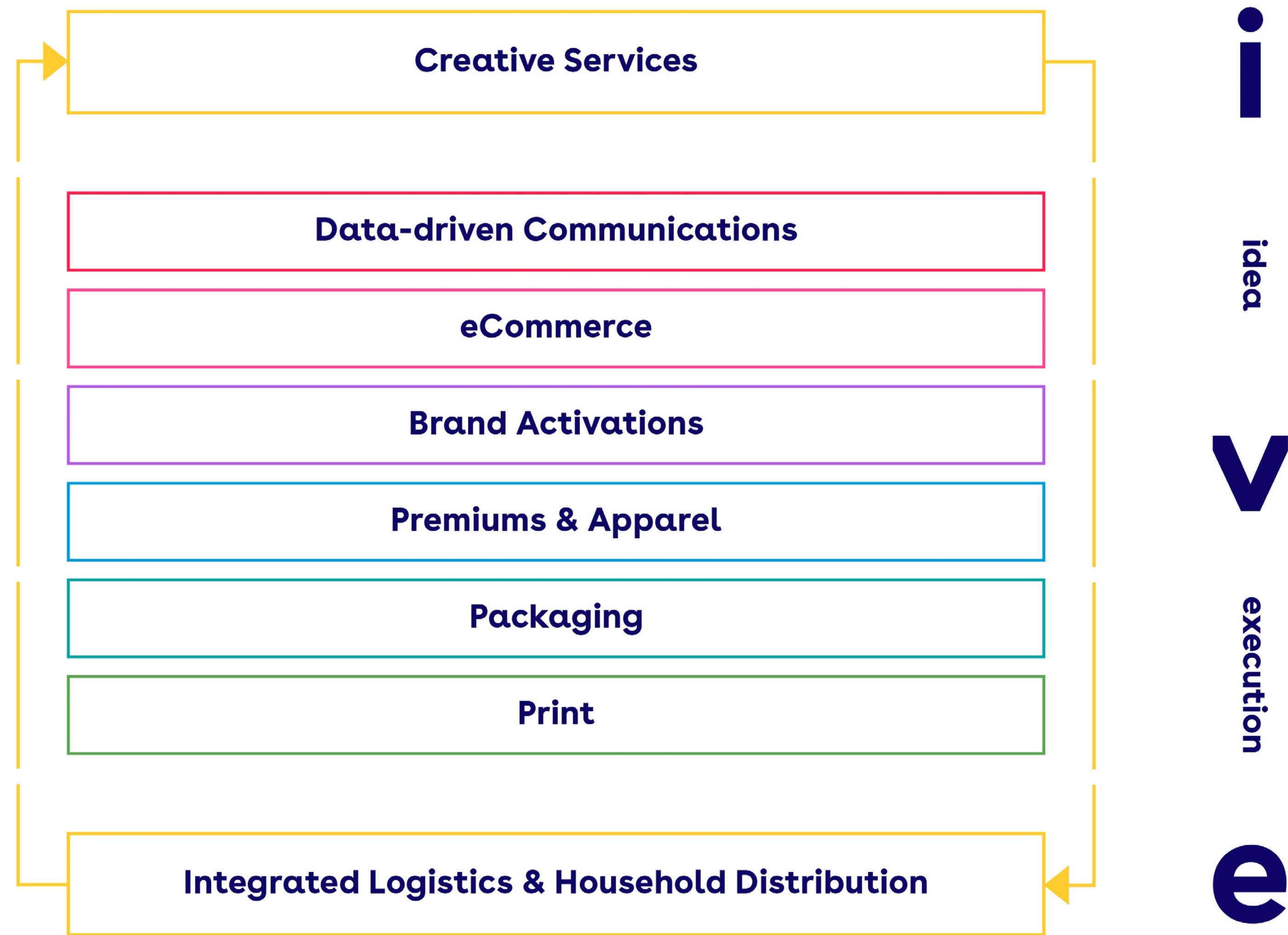
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IVE's integrated service offering

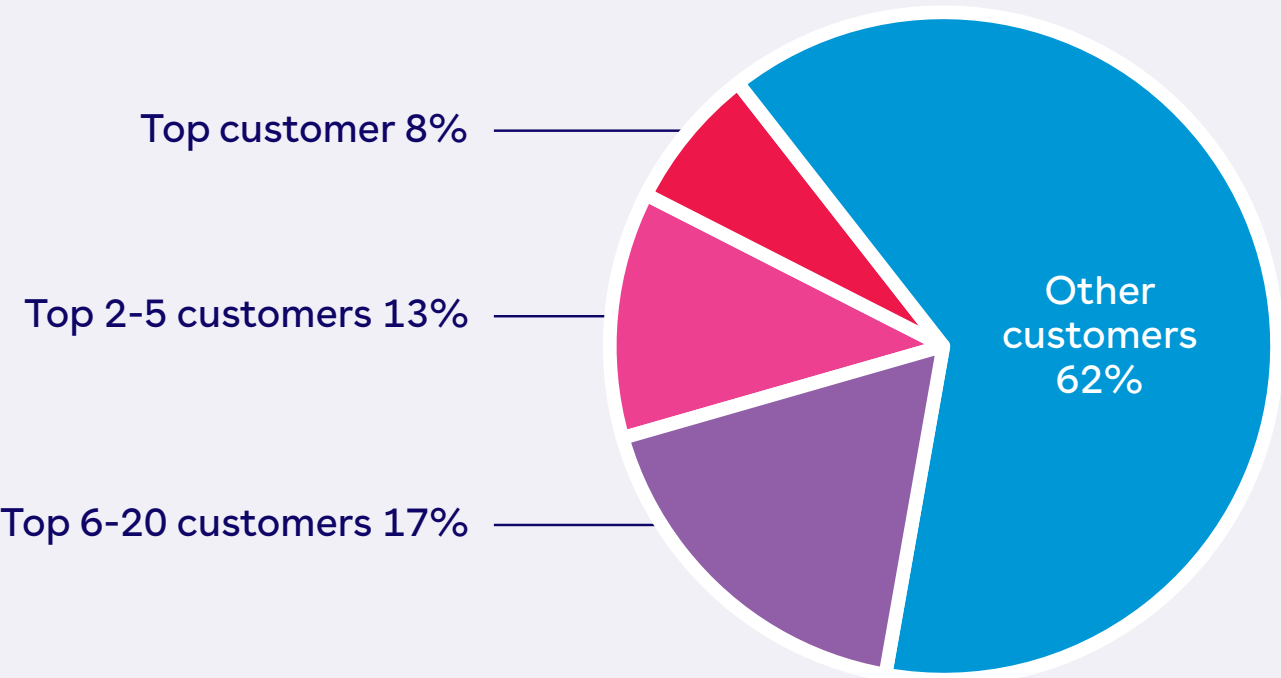


Our clients

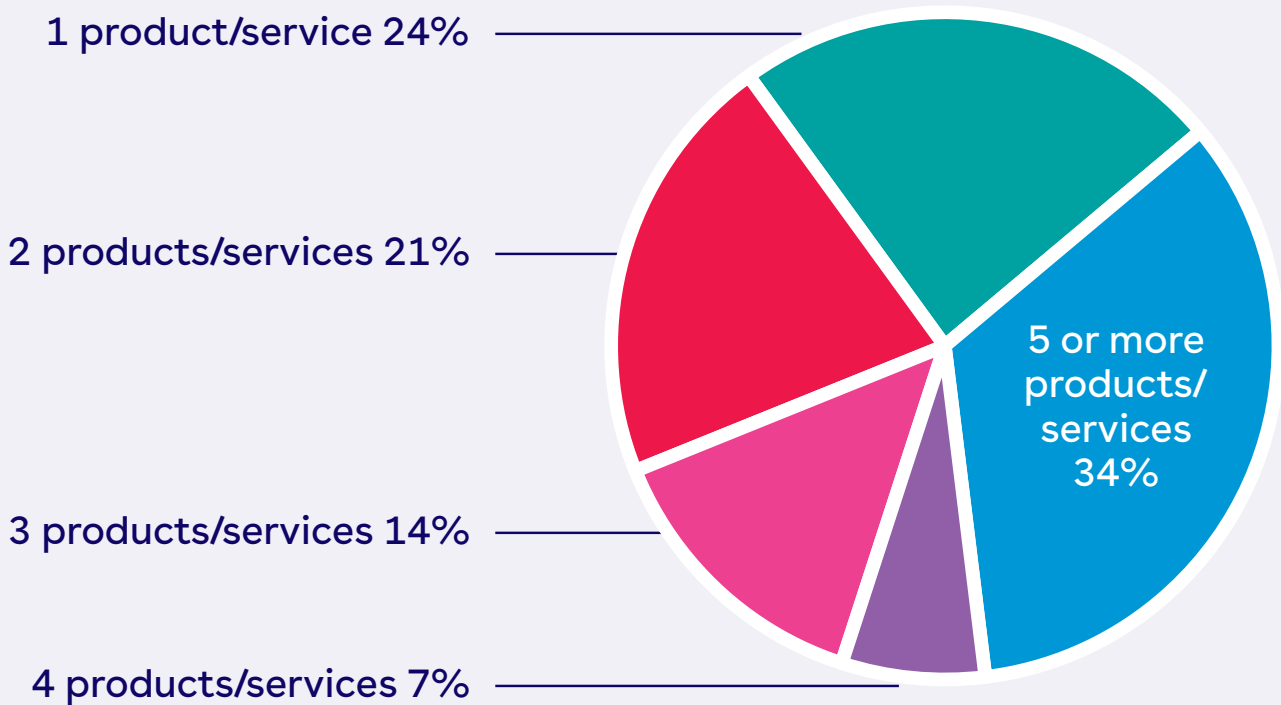


Customer diversity and longevity

Revenue concentration by customer¹



Customer product penetration¹



1 Based on FY23 revenues.
2 Based on 1H FY23 revenues.

Revenue sector analysis²

	%
Retail	46.6
White goods, electronics, furniture, clothing	24.1
Supermarkets	10.8
Health / personal products	9.9
Food / beverage	1.8
Financial / Corporate Services	10.3
Publishing	5.7
Media	4.6
Government	3.4
Health	3.2
Tourism / Entertainment	2.7
Manufacturing	2.2
Trade	2.2
Other*	19.1
Total	100.0

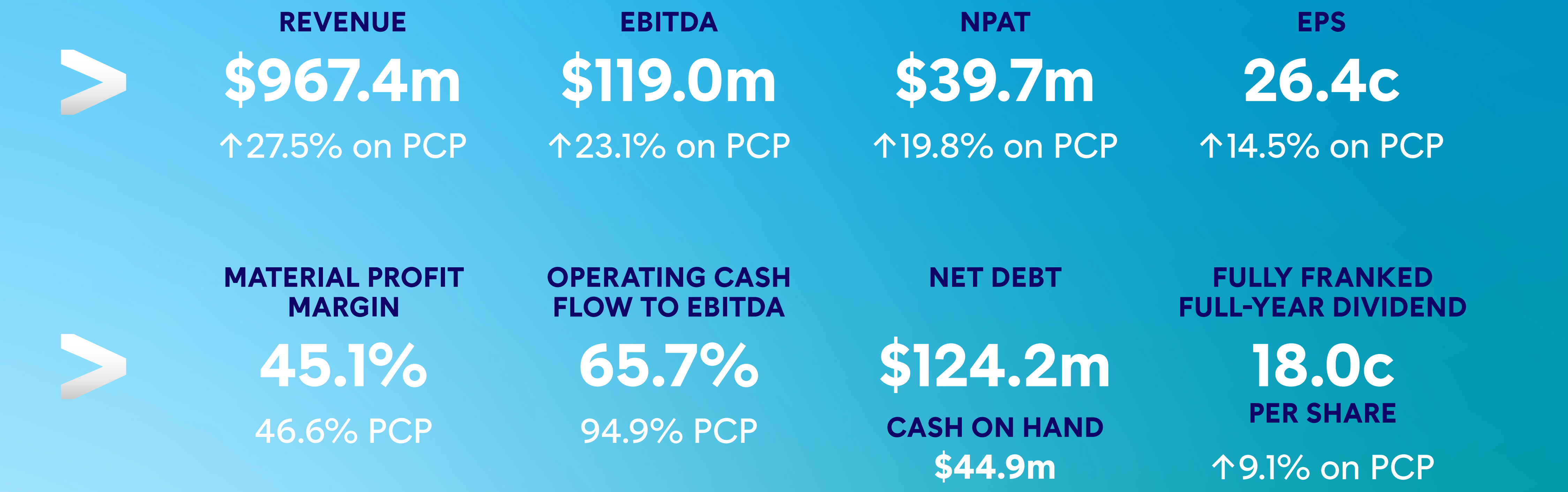
*Other includes agency, telecommunications, charity/not-for-profit, service, food, advertising agency, education, broker, associations, automotive, transport, utilities, IT, property, building / construction, legal

Relationship tenure of top 20 customers²



Underlying financial performance dashboard

A strong full year performance and maiden contribution from Ovato acquisition



*The underlying financial results are on a non-IFRS basis, exclude various non-operating items and are not audited or reviewed.
Refer Appendix A in IVE Group Limited's FY23 Results Presentation.*

Business updates



Ovato acquisition and integration

- > IVE completed the acquisition of Ovato, IVE’s primary competitor in catalogue and publications printing, on 13 September 2022

> The integration of Ovato revenue into IVE’s manufacturing footprint is progressing well and generating meaningful synergies from leveraging the Group’s operating assets and cost base

> Ovato’s estimated FY23 contribution to the Group is as follows:
 - \$136m of revenue;
 - \$11m of EBITDA; and
 - \$4m of NPAT.

> Integration is now expected to be completed by March 2024, three months ahead of the previously advised timetable

> Following the final phase of the integration, Ovato is expected to deliver revenue of around \$145m, EBITDA of around \$25m and NPAT of around \$13m

> A further \$5.5m of restructuring costs and \$4.5m of capital expenditure is anticipated in FY24
- > The revised integration timetable will result in reduced operational risk and accelerated synergy emergence, however, the incremental financial impact in FY24 will be modest with the full integration synergies unable to be realised until the end of FY24 when final site costs (primarily related to the \$4m lease expiry) are exited and all production efficiencies captured

> Key remaining integration milestones include:
 - 1H FY24: final NSW asset relocations have commenced from Warwick Farm into Huntingwood and Silverwater to complete integration;
 - final phase of revenue transfer to IVE sites completed by March 2024;
 - remaining assets held for sale to be removed to execute site exit plans; and
 - exit and make good of Warwick Farm site to be completed by March 2024, ahead of June 2024 as previously advised.

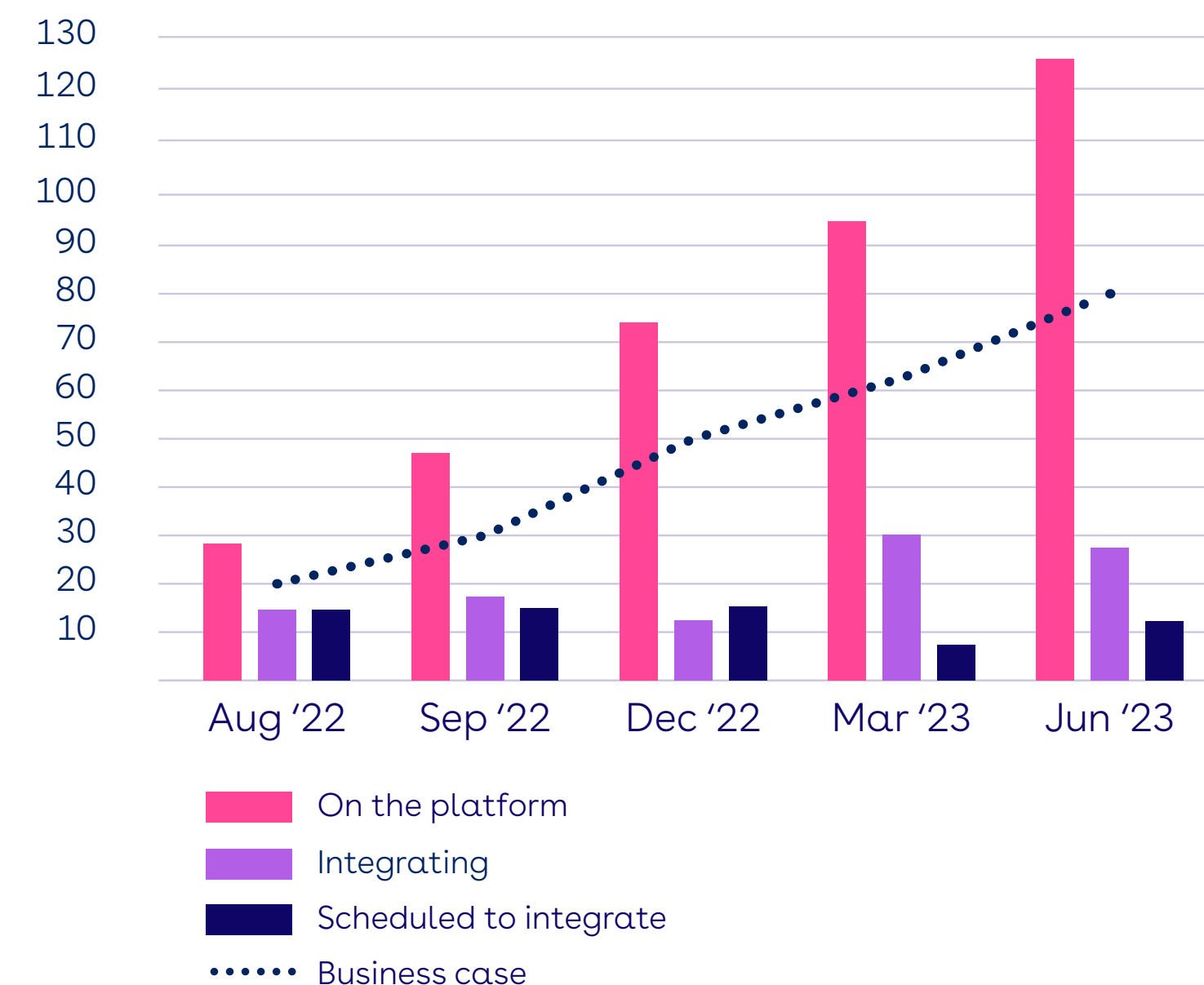


Lasoo – leading e-Commerce marketplace for specials

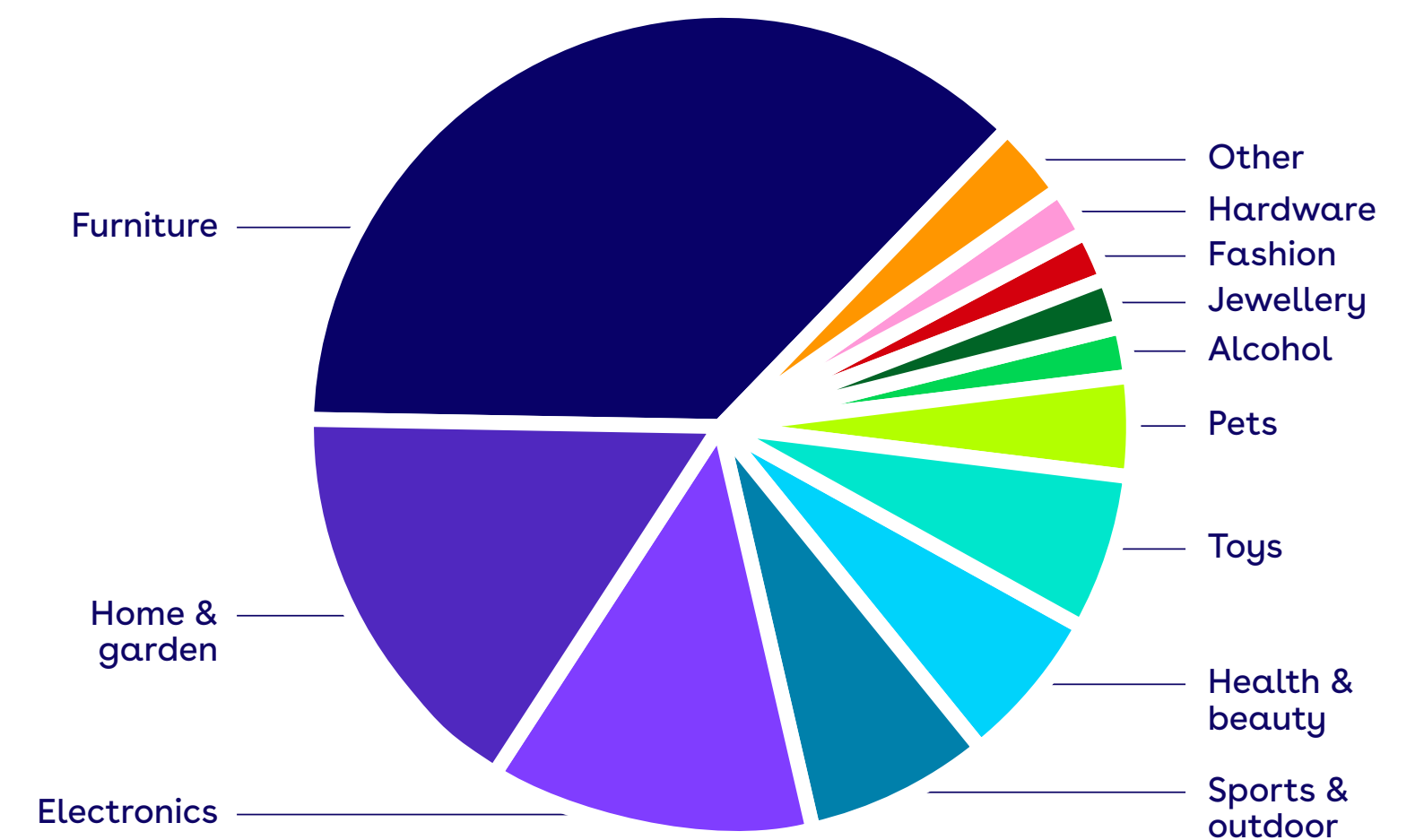
IVE spent \$4.7m to completely redesign and rebuild the Lasoo platform

- > Following its successful launch in October 2022, the new Lasoo platform continues to show strong consecutive month-on-month growth across all relevant metrics
- > Key financial metrics (monitored daily) including unique monthly users, conversion rate, average basket size, gross transaction value (GTV) and commission rates are tracking broadly in accordance with or above expectations
- > Activity levels remain strong with more than 126 fully integrated retailers on the platform (compared with only 28 live prior to launch) underpinning a broad and deep product/category offering
- > Consistent with guidance, Lasoo contributed an after-tax loss of \$4.0m (for 8 months of trading) primarily reflecting costs associated with the consumer go-to-market campaign and team buildout costs
- > The Group is encouraged by the progress and growth of Lasoo since its launch in late 2022 and intends providing a comprehensive update on the business later in FY24

Lasoo retailer onboarding momentum



Lasoo sales split by category



Lasoo

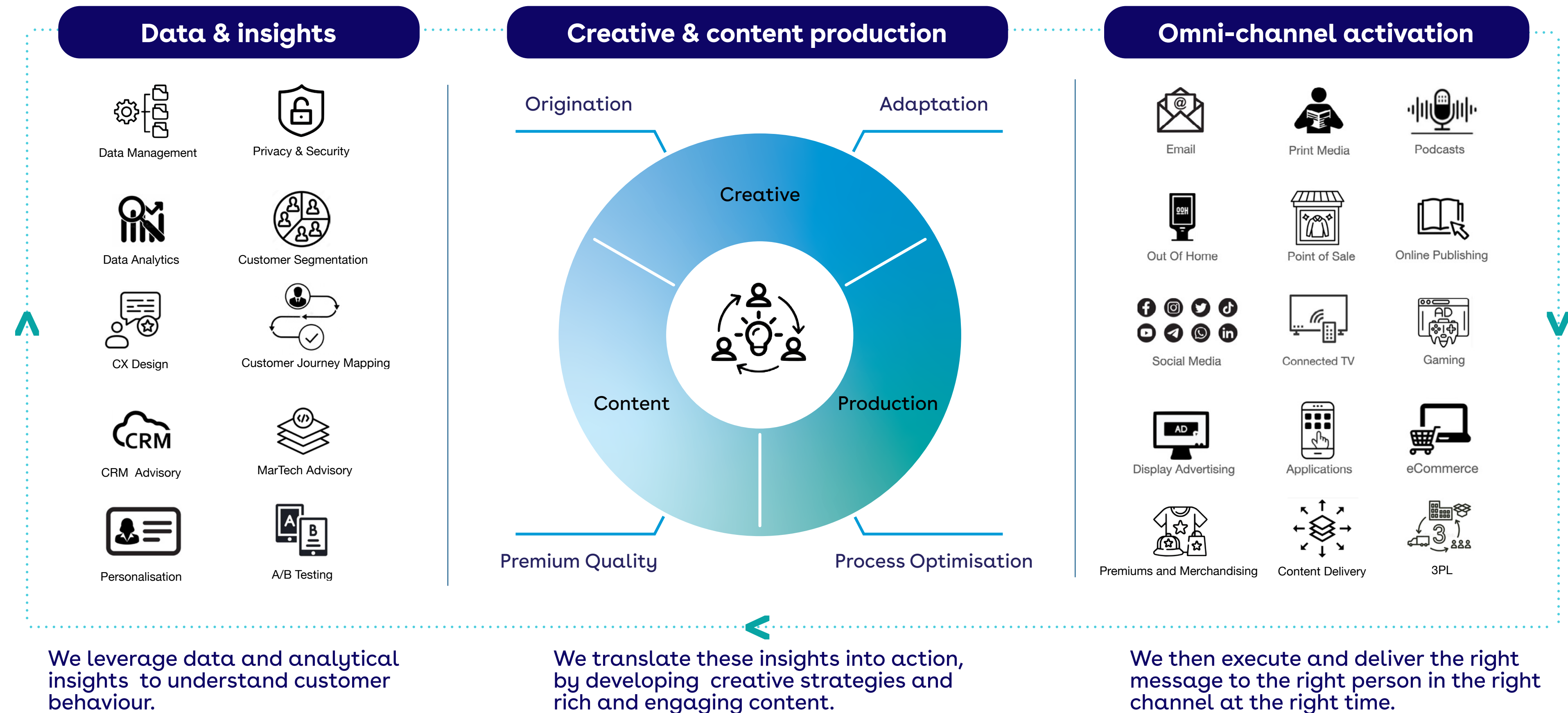
Brands now available to buy on special on Lasoo



Strategic initiatives

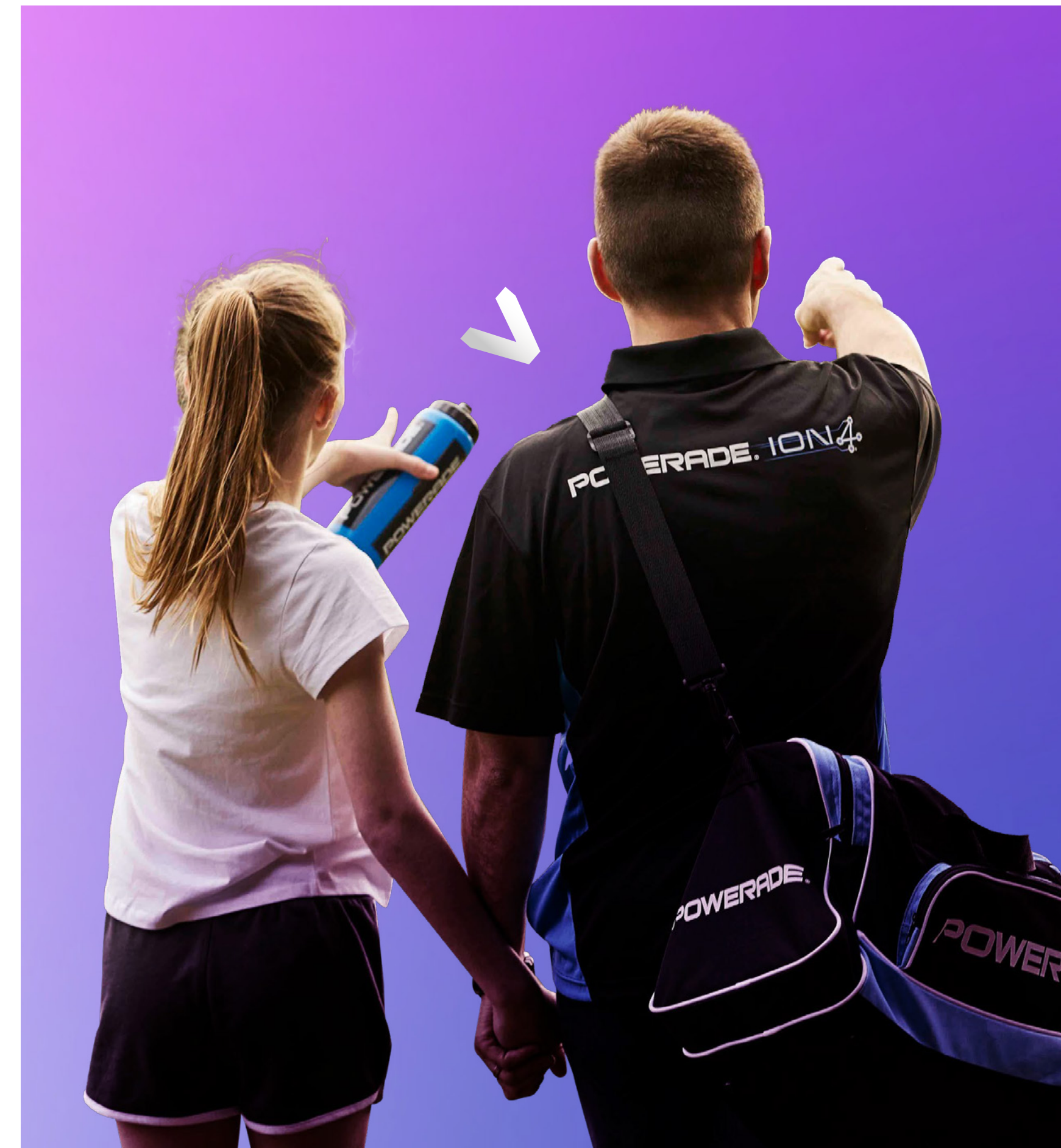


Expansion of Content Creation offering



Apparel and uniforms

- > Having developed a garment sourcing component to IVE's Premiums & Merchandising business, apparel and corporate uniforms was identified as a natural and growing product adjacency
- > The corporate uniform market is estimated to be ~\$1.2bn and growing at around 5.3% CAGR underpinned by general wear and tear as well as attrition (typically higher in uniformed roles)
- > Although a relatively new player to this market, the Group's unique service proposition includes:
 - Extensive client base – a significant number of IVE's ~3,000 customers have a material recurring uniform spend;
 - Intimate brand knowledge and access to brand collateral;
 - Ability to leverage our scale to disrupt existing pricing structures;
 - In-house creative design resources;
 - Complements our established national warehousing and distribution capabilities;
 - Capital and resources to build our own team and/or the potential to acquire an existing apparel business; and
 - Strong ESG sourcing credentials and innovative ideas around sustainability with respect to discarded uniforms.
- > Current major IVE apparel and corporate uniform clients include Certis (Sydney/Adelaide airport security, Sydney Trains security), Surf Lifesaving NSW, Transport NSW and Woolworths
- > The Group also has a strong pipeline of opportunities including several promising RFPs/trials in progress



Packaging update

- > During 2022, the Group completed an in-depth analysis of the Australian packaging industry
- > Key success indicators include an identified pathway to establish a packaging business that has the potential to generate \$150m of revenue within 3-5 years, with sustainable returns and medium-term growth prospects that align with IVE's sustainability agenda and unlocks synergies with the existing business
- > The higher margin, shorter run, folding cartons segment and the primary (food) packaging focused flexibles segment were identified as the areas of most interest
- > The ~\$700m folding cartons market makes up a large percentage of the preferred packaging format for large food and beverage customers, is growing and provides sustainable returns and sound growth prospects for mid-tier players
- > Moreover, cartonboard's sustainability credentials are sound and the segment offers strong potential synergies

- > With current folded carton revenues of \$10m p.a., the segment further complements IVE's existing printing and logistics capability, as well as offering cross-selling opportunities into the broader IVE Group
- > Beyond the three largest competitors who compete aggressively in the long run (high volume) folding carton space, the mid-to-small tier players focused on the shorter run, higher margin, folding carton segment offer opportunities for IVE to play a consolidating role
- > Due to similarities with many existing businesses and its aligned ESG credentials, the fibre-based folding carton segment is IVE's initial and primary area of focus
- > While optimistic of advancing IVE's packaging strategy in FY24 via a modest beachhead acquisition, we remain prudent and disciplined regarding asset selection and purchase price



Outlook and guidance*

Following two consecutive years of growth on all key financial metrics (EBITDA, NPAT & EPS), the Group is well placed to deliver healthy returns to shareholders over the year ahead.

Notwithstanding prevailing economic uncertainty, we expect the core fundamentals of IVE will once again underpin our financial performance and further strengthen our market position(s).

The Group's FY24 underlying earnings guidance range

- > EBITDA \$122m - \$127m (up 3%-7% on FY23)
- > EBIT \$74m - \$79m (up 4%-11% on FY23)
- > NPAT \$40m - \$43m (up 1%-8% on FY23)

Significant items excluded from guidance and underlying earnings

Consistent with the prior year, FY24 guidance (and underlying earnings for the purposes of determining dividends) excludes the following items:

- > Lasoo is expected to report an FY24 after-tax loss of \$3.9m (full year of trading compared with 8 months in FY23), which reflects an expected 20% improvement in EBITDA; and
- > Restructure and integration costs (including \$5.5m for final phase of Ovato integration) expected to be \$8m.

Revenue and margin

Revenues are expected to increase in FY24 with growth forecast across all parts of the business with the exception of web offset printing (catalogues and publications) and household distribution. A modest decline of around \$20-\$25m is expected in this segment reflecting the following *largely one-off* factors:

- > Decision to cease production in WA;
- > Closure/failure of Ovato customer (EziBuy);
- > Closure of customer publications; and
- > Impact of commercial repricing as a result of meaningful increases in paper prices.

MGM is expected to remain stable across FY24.

Net finance costs expected to be around \$16-17m, with prospects for some moderation in FY25 as working capital levels normalise.

Capital expenditure is expected to be around \$14.0m (excluding \$4.5m of Ovato integration related capital expenditure).

The Group's balance sheet remains strong, augmented by a recently established \$40m acquisition facility to support a range of growth initiatives:

- > Complete the final phase integration of Ovato assets into the Group's footprint to maximise transaction value consistent with previously advised financial metrics;
- > Identify and execute on an appropriate packaging acquisition consistent with the Group's previously advised packaging strategy;
- > Continue to invest in, and drive further growth across, the Lasoo platform;
- > Materially grow the breadth and depth of IVE's Content Creation offering; and
- > Continue to drive ongoing efficiency and performance across the business more broadly.

**Outlook and guidance is subject to the risks as outlined in the Risk Management Framework on pages 31-32 of IVE Group Limited's 2023 Annual Financial Report*



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