



Leading national distributor and service provider
to the Australian electrical market

HALF YEAR RESULTS | 2023

Presenters



- CALIBRATION
- TESTING

- REFURBISHMENT
- COMMISSIONING

- MAINTENANCE
- INSTALLATION

ipdgroup



Michael Sainsbury
Executive Director
& CEO



Mohamed Yoosuff
Executive Director
Strategic Development



Jason Boschetti
Chief Financial
Officer

Executive management change

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

HY23 RESULTS
PRESENTATION |

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

HY23 RESULTS
PRESENTATION |

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

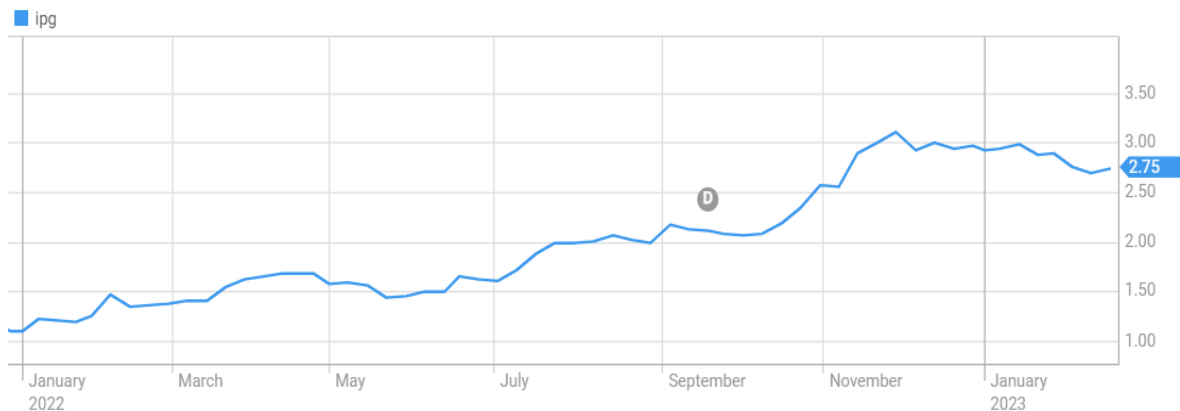


Corporate snapshot

Capital structure¹

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

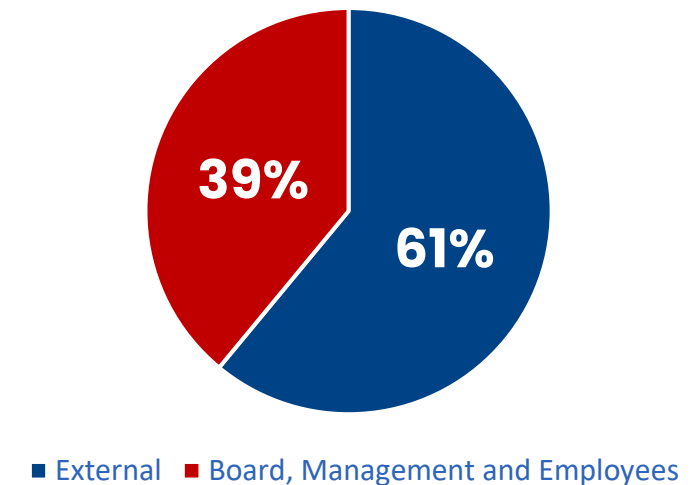
Share price¹



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 holders breakdown¹



1. Data based on 22 February, 2023

Changing electrical landscape

Australia is undergoing a distributed energy revolution²

Expected energy transition to 2050³

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



Storage capacity to increase by a factor of 30



Grid-scale wind and solar to increase 9-fold



Distributed solar PV to increase 5-fold



Electricity usage from the grid to nearly double



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%
(underlying⁴ PCP \$10.4m)

\$11.5m

 EBIT up 33.7%
(underlying⁴ PCP \$8.6m)

\$8.0m

 NPAT up 33.3%
(underlying⁴ PCP \$6.0m)

9.3 cents

 Equivalent EPS up 34.8%
(Equivalent⁵ underlying⁴ 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

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.
5. 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 ⁴ 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%)

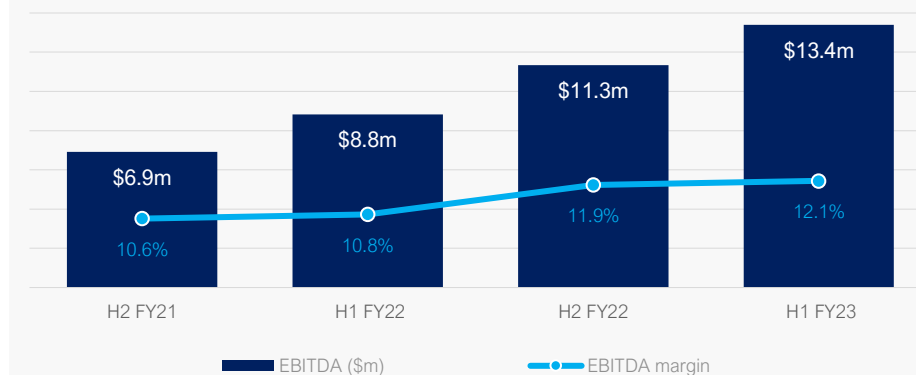
- Sales revenue of \$110.9 million was up 35.7% on the pcp. The business continues to gather momentum and gain market share as we successfully execute our growth strategy. Our customers have returned to normal operating capacity as Covid related restrictions are lifted resulting in increased customer 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 (%)

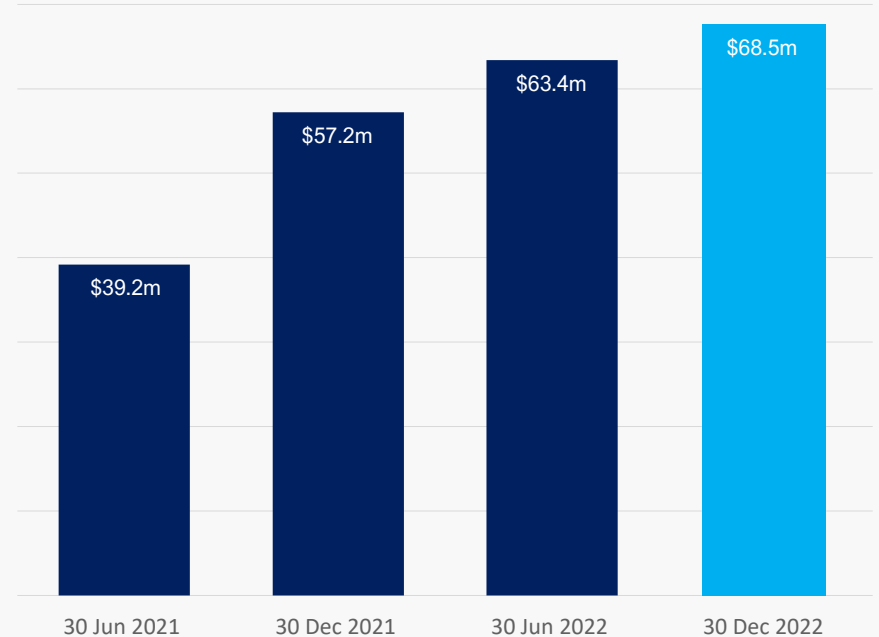


H1 FY23: Balance sheet

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

- 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.

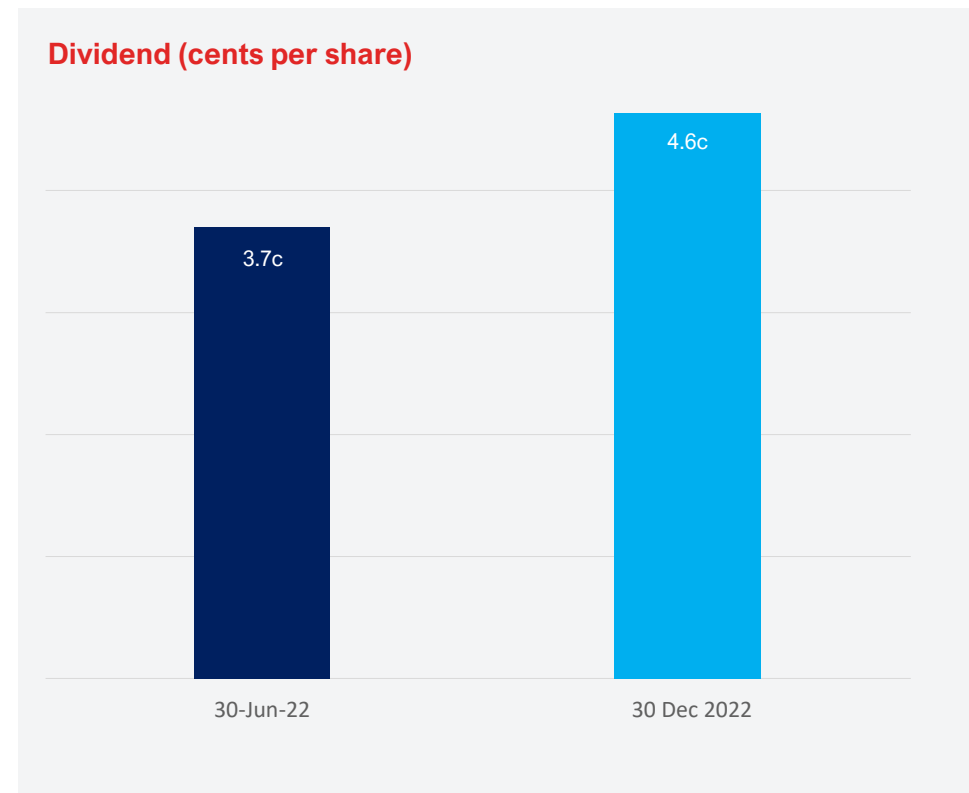
Net assets (\$m)



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%
Net working capital (NWC)	25.1	33.6	34.2%
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.



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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
- 4000m² size
- Frees up 30% capacity in main distribution centre
- Efficiency gains through proximity to head office



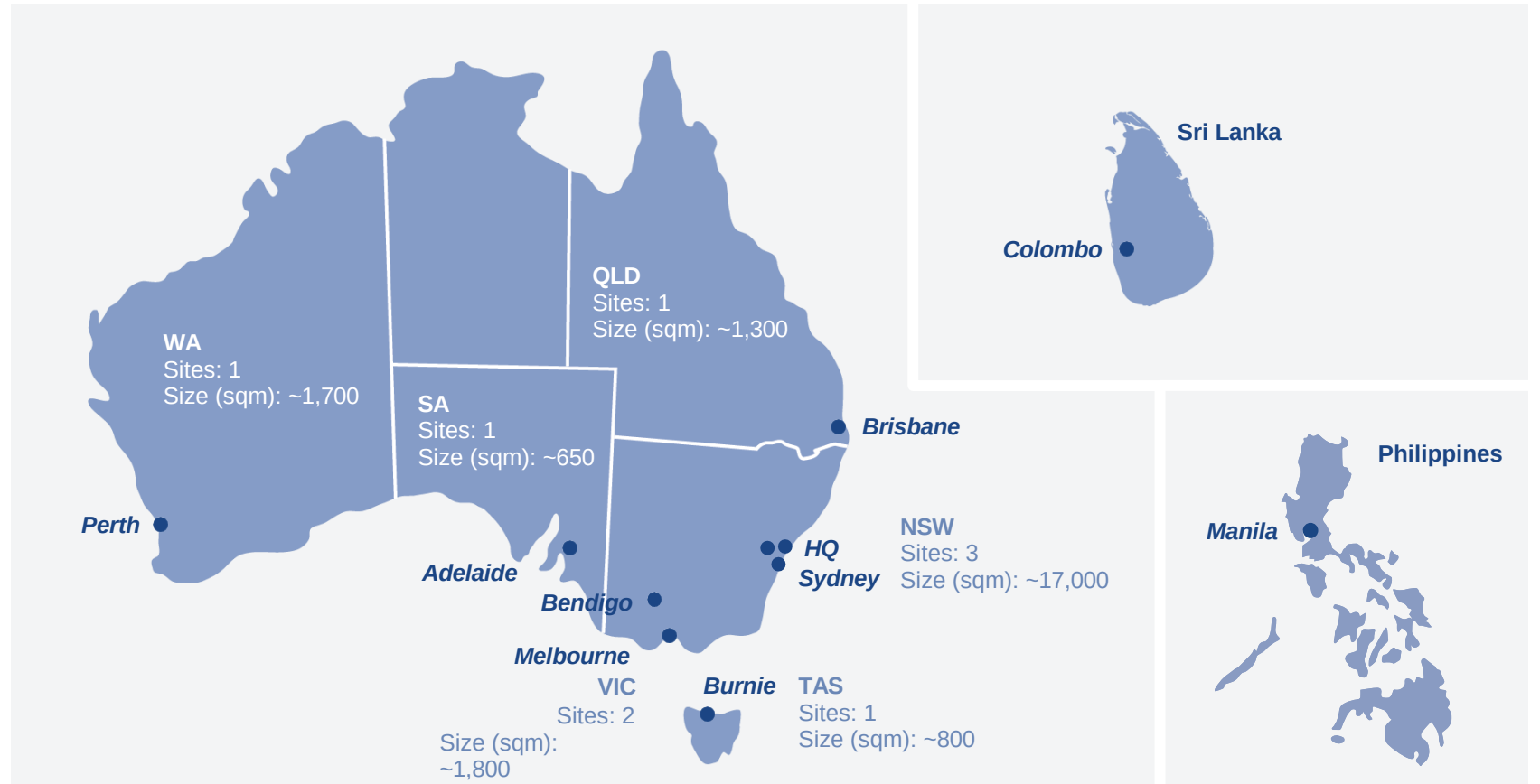
Additional business development

- 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 Lanka⁶ 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



BEES – Battery Energy Storage Systems



Strategic priorities

Acquisitions



Proven track record of successful acquisitions



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



Additional targets have been identified and preliminary discussions are taking place



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



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



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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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