



# IPH Proposal to Acquire Xenith IP

Appendix

12<sup>th</sup> March 2019

[www.iphltd.com.au](http://www.iphltd.com.au)

# Disclaimer



This document has been prepared by IPH Limited (IPH) and comprises written materials/slides for a presentation concerning IPH and its proposal to acquire Xenith IP Group Limited (Xenith).

This presentation is for information purposes only and does not constitute or form part of any offer or invitation to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any or contract or investment decision.

The information in this presentation concerning Xenith has been prepared by IPH using publicly available information and has not been independently verified. Accordingly, IPH does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act.

The information on the merged entity of IPH and Xenith contained in this presentation, to the extent that it incorporates or reflects information on Xenith, has also been prepared using publicly available information and has not been independently verified. Accordingly, information in relation to the merged entity is also subject to the foregoing disclaimer to that extent.

Certain statements in this presentation are forward looking statements. Forward looking statements can generally be identified by the use of words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “may”, “assume” and words of similar import. These forward looking statements speak only as at the date of this presentation. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by IPH that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, IPH and its respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

Subject to any continuing obligation under applicable law or relevant listing rules of the ASX, IPH disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of IPH since the date of the presentation.

Without limiting the foregoing, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities of IPH have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (Securities Act) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in compliance with the registration requirements of the Securities Act and any other applicable securities laws or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

# IPH's Proposal to acquire Xenith IP



## IPH Proposal

- Under the IPH Proposal, Xenith shareholders will receive for each Xenith share:
  - \$1.28 cash; and
  - 0.1056 IPH shares
- Represents a total value of \$1.97 per Xenith share based on IPH's closing price on 11 March 2019

## Compelling value

- Significant premium to the recent trading price of XIP shares, the Independent Expert valuation<sup>1</sup> and QIP merger consideration<sup>2</sup>
- Significant certainty of value by means of the immediate cash component
- Ability to participate in the combined group and share in the potential upside through the equity component of the offer
- Enhanced liquidity with shares in an ASX 200 company with market capitalisation in excess of \$1.3 billion

1. Valuation range of \$1.40 - \$1.63 of a minority interest in XIP shares

2. The implied Xenith price under the QIP Merger of \$1.598 on the QIP Merger's announcement on 27 November 2018, based on 1.22 QANTM shares per Xenith share and the closing price of QANTM shares on 26 November 2018

## Offer details

- The IPH Proposal is a binding offer capable of acceptance by Xenith
- Subject to minimal conditions, substantially similar to the QIP merger
- Attached is a scheme implementation deed – based on the QIP merger document which has previously been accepted by Xenith
- IPH has provided a submission to the ACCC for the acquisition of Xenith. The proposal is subject to the same ACCC informal clearance review process as requested for the QIP merger. IPH expects the ACCC's assessment will involve consideration of the same or very similar issues as for the QIP merger and would be happy to discuss this aspect with Xenith

## IPH impact

- Immediately accretive to IPH earnings
- Funded via a mix of cash and scrip which maintains IPH's conservative gearing position

# Benefits for Xenith and its shareholders



## Vision for the combined group

- Become a leading IP services provider in secondary IP markets
- Draw on the strengths and advantages of each member firm of the IPH Group and the skills, connections and experiences of our highly regarded and experienced IP attorneys
- Focused on international growth and innovation, consistent with Xenith's strategic objectives

## Compelling value for shareholders

- Significant premium to the recent trading price of XIP shares, the Independent Expert valuation<sup>1</sup> and QIP Merger consideration<sup>2</sup>
- Significant cash consideration providing certainty of value for XIP shareholders

## Share in the financial benefits through IPH shares

- Participate in the potential upside for the combined group
- Combined market capitalisation in excess of \$1.3 billion with significant capital strength for future opportunities

## Improved liquidity for XIP shareholders

- The IPH Proposal provides enhanced stock liquidity and inclusion in the ASX 200
- Expected enhanced liquidity relative to the QIP merger

1. Valuation range of \$1.40 - \$1.63 of a minority interest in XIP shares

2. The implied Xenith price under the QIP Merger of \$1.598 on the QIP Merger's announcement on 27 November 2018, based on 1.22 QANTM shares per Xenith share and the closing price of QANTM shares on 26 November 2018

## Strategic fit

- IPH and Xenith are complementary in terms of their member firms' key service offerings as full service patent and trade mark attorneys and IP lawyers, the firms' heritage, client focused cultures and a corporate focus on innovation and growth opportunities
- Together a combined group will be positioned to exploit future corporate opportunities and respond to a changing market and regulatory, client and employee needs

## Australian IP firm with a true regional footprint

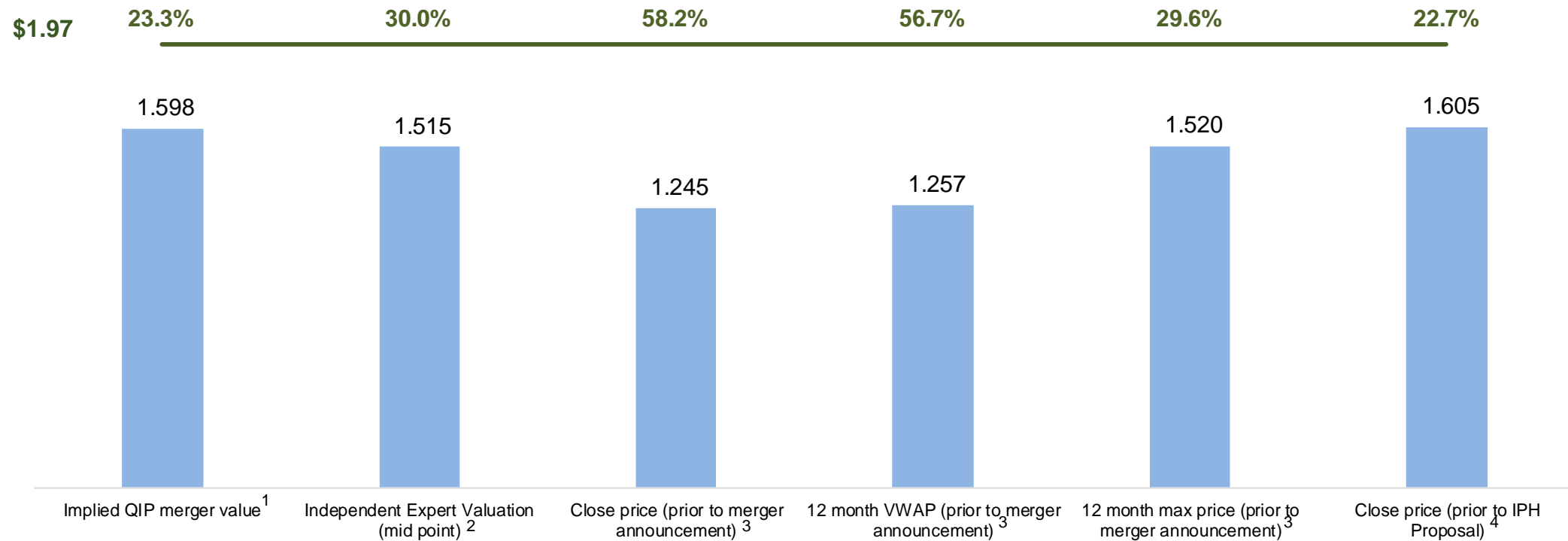
- IPH has an established and substantial Asian geographic platform in which it has invested for over 20 years. The combined group offers Xenith's IP practices, their attorneys and clients immediate benefits and opportunities across the region

## A culture that rewards and supports our people

- Each business within the IPH Group has its own distinct culture aligned to the Group's vision, which has greatly contributed to its success. We look forward to welcoming Xenith's IP attorneys who will further contribute to and enhance our overall group with a common purpose of servicing our clients
- Provide alignment and rewards through our employee incentive plan, which includes potential cash and IPH equity awards for eligible staff
- Strong career development and progression opportunities

# Offer premium

The offer price reflects a significant premium for Xenith shares



Source: Xenith Scheme booklet 20 February 2019, CapitalIQ 11 March 2019

1. The implied Xenith price under the QIP Merger of \$1.598 on the QIP Merger's announcement on 27 November 2018, based on 1.22 QANTM shares per Xenith share and the closing price of QANTM shares on 26 November 2018

2. Mid point of the valuation range of \$1.40 to \$1.63 of a minority interest in Xenith

3. As at 26 November 2018. Premiums benchmarked to the undisturbed XIP share price prior to the QIP merger announcement

4. As at 11 March 2019

# The IPH Proposal is superior to the QIP merger



## Benefits of the IPH Proposal

- ✓ **Significant premium** to recent trading in Xenith shares, Independent Expert valuation<sup>1</sup> and QIP merger consideration<sup>2</sup>
- ✓ **Significant cash consideration** provides certainty of value
- ✓ **Enhanced stock liquidity** and inclusion in the ASX 200
- ✓ **Existing platform across the Asia Pacific** with 20 years experience in the region providing significant and more immediate opportunities
- ✓ **Greater capital strength** to exploit future growth opportunities
- ✓ **A successful track record** of acquisitions, governance and a commitment to capital markets  
A demonstrated record of retention of ex-vendor principals in acquisitions, staff incentive plan and career development opportunities
- ✓ The IPH proposal is a **binding offer**, with minimal conditions, substantially similar to the QIP merger

1. Valuation range of \$1.40 - \$1.63 of a minority interest in XIP shares

2. The implied Xenith price under the QIP Merger of \$1.598 on the QIP Merger's announcement on 27 November 2018, based on 1.22 QANTM shares per Xenith share and the closing price of QANTM shares on 26 November 2018

# The IPH Proposal is superior to the QIP merger



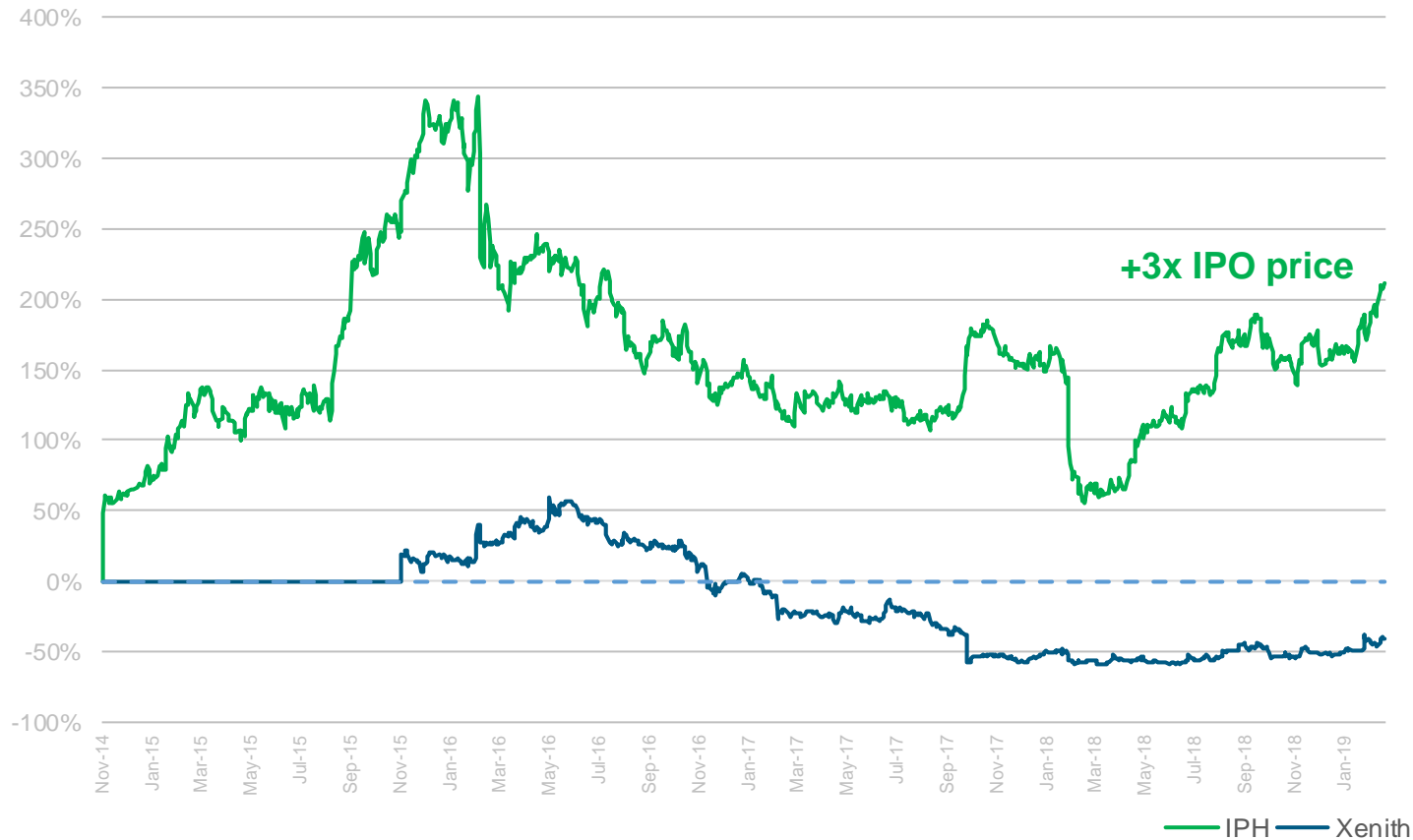
	IPH Proposal	QIP Merger
<b>Cash consideration</b>	<p>✓</p> <p>65% cash Certainty of value</p>	<p>✗</p> <p>Nil cash</p>
<b>ASX 200 index</b>	<p>✓</p>	<p>✗</p>
<b>Liquidity</b>	<p>✓</p> <p>IPH annual turnover c.140%<sup>1</sup></p>	<p>✗</p> <p>QIP annual turnover c.20%<sup>1</sup></p>
<b>Asia opportunities</b>	<p>✓</p> <p>20 years experience. IPH Asia underlying 1H2019 revenue of \$43m and EBITDA of \$17m</p>	<p>✗</p> <p>Greater risk of execution</p>
<b>Acquisition track record</b>	<p>✓</p> <p>Seven IPH acquisitions since listing. Significant capital strength for future opportunities</p>	<p>✗</p> <p>One QIP acquisition since listing</p>
<b>Offer conditions</b>	<p>Substantially similar conditions as Merger (including ACCC). Merger does not proceed</p>	<p>Substantially similar conditions as IPH Proposal (including ACCC)</p>

1. Twelve month trading volume divided by shares on issue

# Share price performance



IPH share price since IPO - reinforcing record of wealth creation for shareholders and employees



Source: CapitalIQ 11 March 2019

Pricing has been rebased to movement since IPO (past performance is not an indication of future performance).

IPH has delivered substantial returns to its investors since IPO, including ex-vendors in subsequent acquisitions

The IPH proposal enables Xenith shareholders to participate in the growth, development and potential upside for the combined group and provides enhanced liquidity relative to the QIP merger

We believe IPH's record of performance is evidenced by the promotion of new Principals, retention of clients, leading earnings margins, growth in new markets and a commitment to being accountable to capital markets



# Combined Group overview

Asia Pacific's leading IP services group



**1000+**  
Employees

**440+**  
Professional staff<sup>1</sup>

Spruson & Ferguson

AJ Park

Pizeys

Practice Insight



Griffith Hack

Shelston IP

Watermark

Glasshouse Advisory



**25.5K+**  
Patent Filings<sup>2</sup>



**9.5K+**  
Trade Mark Filings<sup>2</sup>

1. Inclusive of Principals.

2. Approximate. Total CY18 figures for Patents & Trade Marks respectively are based on IPH management estimate of internal filing information (all incoming/outgoing applications filed either directly or indirectly (through an agent) by IPH companies throughout the world, including where incoming/outgoing agent is IPH entity) combined with IP Australia data only for XIP entities as recorded on IP Australia on 28/01/19 for Patents and 31/01/19 for Trademarks. AU Trade Mark filings exclude International Registration.

# How IPH helps Xenith meet its transformational goals



## Xenith's Transformation Plan<sup>1</sup>

- 01 Our people:** Create an inspiring, innovative and high performance culture that reflects the values of our people and attracts, retains and rewards top talent
- 02 Our clients:** Ensure we are at the forefront of delivering outstanding client service both technically and commercially and that we are seen as innovative and value adding
- 03 Our shareholders:** Consistently meet our commitments – to ourselves and the market
- 04 Governance: partnership to public company:** Implement the necessary management, governance, policy, cultural and operating regimes to be a role model listed company
- 05 Growth:** Develop and implement strategies that deliver above market growth; through expansion and connection of service offerings, innovation, increasing our presence in Asia and further developing our eco-system
- 06 Digital:** Move all of our platforms to the cloud, embrace change and digital disruption across all that we do; build an innovation ecosystem; optimise all aspects of the business

## Achieved by a combination of IPH and Xenith

- ✓ An opportunity to bring our top talent together and contribute talents and skills to a combined group  
Benefits of the IPH incentive plan and opportunities for professional development and career progression
- ✓ Enhanced client offering in Australia and the Asia Pacific region  
Enhanced ability to innovate
- ✓ Potential for improved shareholder returns and enhanced liquidity as part of an ASX 200 company with market capitalisation in excess of \$1.3 billion
- ✓ Strong operational efficiencies at corporate level  
A highly experienced and credentialed Board, group governance structures and track record of successful acquisitions
- ✓ Combination with IPH provides a leading platform for Xenith's IP practices, their attorneys and clients in the Asia Pacific region  
Significant capital strength for future growth opportunities
- ✓ History of investment in market leading information technology and innovation.  
Best placed together to be at the forefront of innovation with an enhanced ability to respond to technological change due to benefits of scale and access to capital

# Leverage IPH's established Asia Pacific platform



Existing platform across the Asia Pacific region providing significant and more immediate opportunities than the QIP merger



---

IPH has an established and substantial Asia Pacific geographic platform

---

20 years experience in the region

IPH Asia underlying 1H2019 revenue of \$43m and EBITDA of \$17m

---

Offers Xenith's IP practices, their attorneys and clients immediate benefits and opportunities across the region

---

The IPH Proposal provides more significant and immediate opportunities to achieve international expansion compared to the QIP merger which carries significantly greater risk of execution

---

# Complementary service offerings



Complementary in terms of our key service offerings as full service patent and trade mark attorneys and IP lawyers

	<u>XIP</u> Service	Locations	<u>IPH</u> Service	Locations
<b>IP Services</b>				
Patents	✓	Australia	✓	Australia/New Zealand + Asia
Trade Marks	✓	Australia	✓	Australia/New Zealand + Asia
Designs	✓	Australia	✓	Australia/New Zealand + Asia
Plant Breeders Rights	✓	Australia	✓	Australia/New Zealand + Asia
<b>IP Legal Services</b>	✓	Australia	✓	Australia/New Zealand
<b>Complementary Advisory Services</b>	✓	Australia	---	---
<b>Adjacent software solutions</b>	---	---	✓	Worldwide

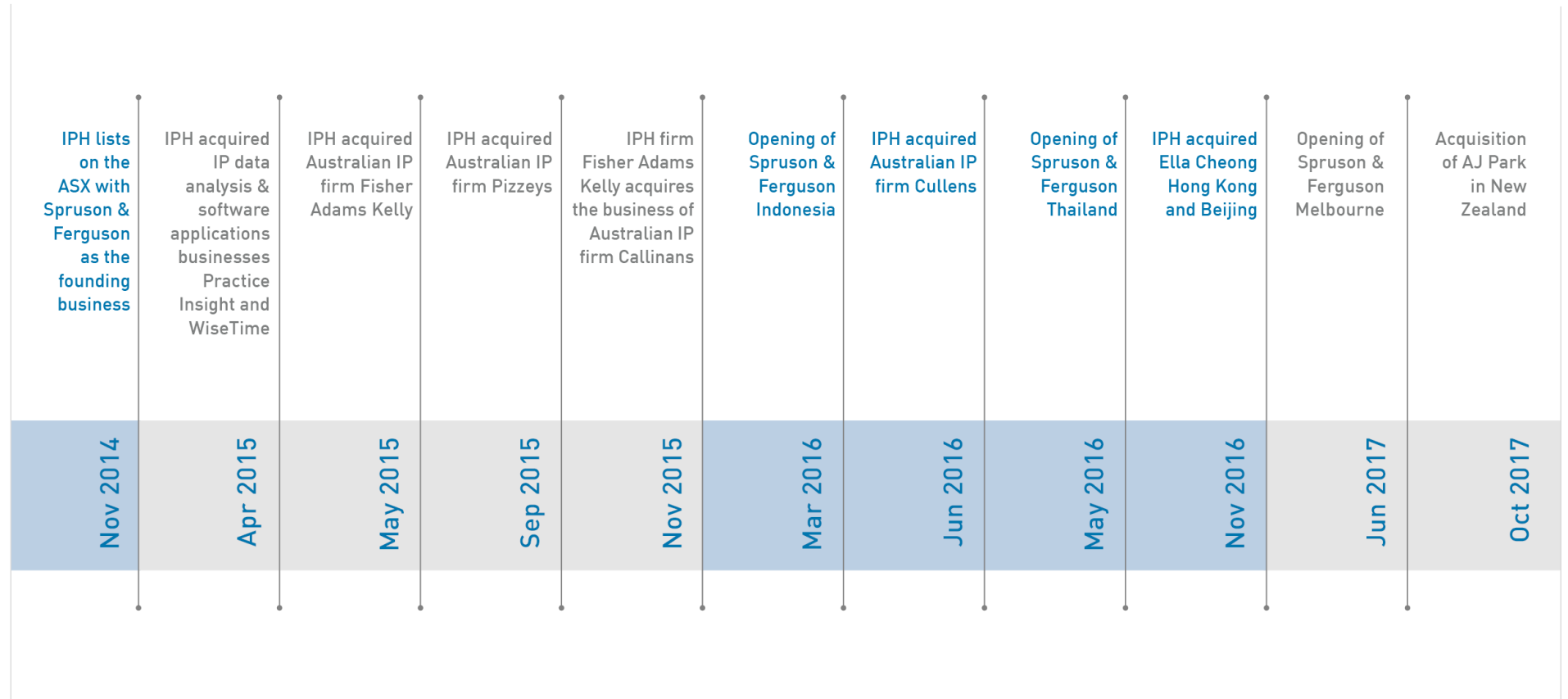
# Strong track record of acquisitions



IPH and Xenith are best positioned together with significant capital strength for future growth opportunities

IPH has a strong track record of successfully completing acquisitions with a high rate of retention of ex-vendor Principals.

Our most recent acquisition to date was the AJ Park business, bringing 200+ people into the IPH group.



# We value our people

Culture and values that focus on clients, rewarding performance and providing career growth opportunities for our people

## Attract Talent + Diversity = Opportunity



**Principals**  
● 54% Australia  
● 46% Overseas



**Professionals**  
● 30% Australia  
● 70% Overseas



**Management**  
● 61% Australia  
● 39% Overseas



**Support**  
● 36% Australia  
● 64% Overseas



**Principals**  
● 21% Female  
● 79% Male



**Professionals**  
● 58% Female  
● 42% Male



**Management**  
● 39% Female  
● 61% Male



**Support**  
● 83% Female  
● 17% Male

Note: Figures approximate as at 4th quarter FY18.

## Motivate Talent + Promotion = Growth



Promotions to Principals (FY18)

5 Female

8 Male

5 Australia

8 Overseas



Promotions to Principals (since listing)



Incentive plan engagement (FY19)



## Retain Talent + Retention = Sustainability



Pizzeys\*

Ex-vendor Principals recommitted to IPH FY18 (post initial employment agreement)

Fisher Adams Kelly Callinans\*

Ex-vendor Principals recommitted to IPH FY18 (post initial employment agreement)



Voluntary attrition amongst professional staff (to within the IP industry) FY18

\* Excludes retirements

---

# Our culture underpins our success



Each business within the IPH Group has its own distinct culture aligned to the Group's vision, which has greatly contributed to its success

**IPH is committed to building and growing a thriving business for the future.**

IPH's success is underpinned by its core values and key drivers. These have fostered sustainable performance and growth for the benefit of our employees and shareholders.

## **Our core values and key drivers**

- 1. Excellence** in service delivery to our clients
- 2. Innovation** in value creation
- 3. Integrity** in business practices
- 4. Efficiency** and **effectiveness** in operations
- 5. Empowerment** and **engagement** of our people

We welcome Xenith employees and shareholders to share, contribute and participate in our growth as a combined group.

---

# Our story

**IPH is a leading intellectual property (IP) professional services group in the Asia-Pacific region.**

As the first IP services group to list on the Australian Securities Exchange in 2014, IPH has always had an eye towards the future. From our foundation and listing, IPH has expanded its business to provide broader access to IP professional services across the Asia-Pacific.

IPH companies now operate from 15 offices across eight IP jurisdictions, employing a multidisciplinary team of more than 630 people, including 247 IP professionals. Our group businesses comprise leading IP firms Spruson & Ferguson, AJ Park and Pizzeys, which provide services for the protection, commercialisation, enforcement and management of all forms of intellectual property including patents, trademarks and designs.

We also operate in adjacent IP areas through our Practice Insight business.

IPH's success is underpinned by our core values of **excellence** in service delivery to our clients, **innovation** in value creation, **integrity** in business practices, **efficiency** and **effectiveness** in our operations and the **empowerment** and **engagement** of our people. We are constantly investing in our business to ensure we have the capability, resources and systems to create value for our clients, employees and shareholders both now and into the future.

