



Half Year Results Presentation

Six months to 31 December 2014.

26 February 2015



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Today's Presenters

David Griffith, Managing Director

Dr. Andrew Blattman, Director Asia

Malcolm Mitchell, Chief Financial Officer

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HY15 Highlights

- Successful IPO in November 2014
- Significant net benefits derived from foreign exchange movements
- Strong growth from Spruson & Ferguson Asia
- Pro forma NPAT of \$13.4m (EPS 8.5c)
- Underlying earnings in line with Prospectus forecasts
- Pro forma operating cash flow of \$18.7m
- Net debt of \$8.5m
- Dividend of 3.5c/share (2.5c franked) declared
- Malcolm Mitchell's appointment as Group CFO confirmed

Operations Update

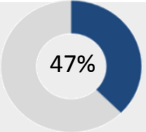
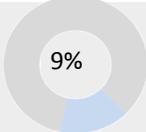
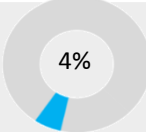
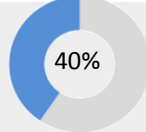
■ Australia

- Retained No.1 market share position (patent filing)
- Total patent applications filed in line with previous year
- Trade mark applications filed down on previous year (-15%)
- Revenue up against budget
 - primarily due to US\$ strengthening against A\$

■ Asia

- Retained No.1 market share position (patent filing) for Singapore
- Total Asian patent applications up on previous year (7%)
- Revenue up against budget
 - Increased prosecution (examination)
 - Increased filing
 - Stronger US\$

Business Snapshot

	Australia			Asia
Business	Patents & Designs	Trade Marks	Legal	Patents & Designs
HY15 Revenue ¹				
Revenue Model	<ul style="list-style-type: none"> Services are charged on an hourly rate, fixed price basis or a combination of the two. Pricing is based on AUD, SGD, USD, Euros, and Malaysian Ringgits scales of charges with exchange rates reviewed regularly 			
Market Position ²	#1	#2	NA	#1
Offices	<ul style="list-style-type: none"> Sydney 	<ul style="list-style-type: none"> Sydney 	<ul style="list-style-type: none"> Sydney 	<ul style="list-style-type: none"> Singapore Kuala Lumpur Shanghai
Countries Served Include	Australia, New Zealand, Papua New Guinea and the Pacific Islands	Australia, New Zealand, Papua New Guinea and Pacific Islands	Australia	Singapore, Indonesia, Malaysia, China, Thailand, Laos, India, Nepal, Pakistan, Philippines, Hong Kong, Taiwan, Vietnam, Cambodia, Sri Lanka, Macau, Bangladesh, Mongolia and Brunei
Services	<ul style="list-style-type: none"> Advising on invention patentability and freedom to operate (including patent searches) Drafting patent and design applications across all technologies; Filing and prosecuting patent and design applications locally and internationally; Managing patent and design renewal fee payments; and Providing advisory services 	<ul style="list-style-type: none"> Advising on trade mark registrability and freedom to operate (including trade mark searches); Filing and prosecuting trade mark applications locally and internationally; Managing trade mark renewal fee payments; and Providing advisory services 	<ul style="list-style-type: none"> Acting in IP litigation and dispute resolutions Providing IP related and commercial advice 	<ul style="list-style-type: none"> Advising on invention patentability and freedom to operate (including patent searches) Drafting patent and design applications across all technologies; Filing and prosecuting patent and design applications locally and internationally; Managing patent and design renewal fee payments; and Providing advisory services

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Notes:

1. Revenue is based on service charges only – excludes expense recoveries

2. Market position measured as:

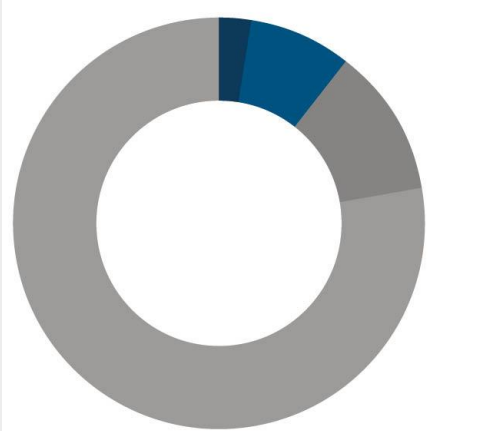
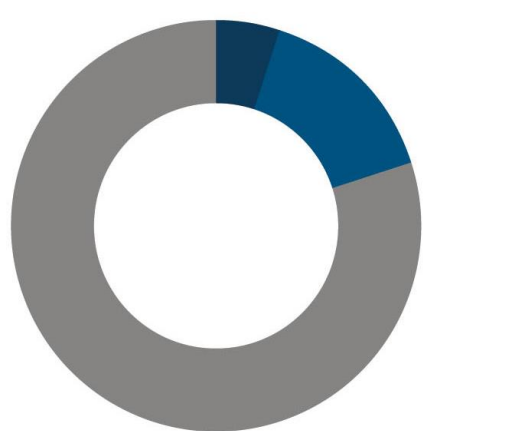
- By number of patent applications filed at the Australian Patent Office in FY14
- Top 50 Agents only - by number of trade mark applications filed at the Australian Trade Mark Office in FY14
- By number of patent applications filed at the Singapore Patent Office in CY14

IPH's Hub Strategy



- Key to IPH's strategy is its operation of IP service hubs
- S&F operates two key IP hub (Sydney and Singapore) offices – “one-stop” service for clients co-ordinating IP applications in 25 countries across Asia Pacific
- IPH's hub strategy has established a strong position in Asia Pacific which provides clients with
 - The services of a tier 1 IP firm
 - Best of breed patent attorneys
 - Efficiency and cost reduction by dealing with one firm for multiple countries
 - Long standing and vetted relationships with agents in Asian countries

Who are IPH's clients?

Blue Chip	Highly Diversified (3,000+ active clients in FY14)	Long Standing Relationships																
<ul style="list-style-type: none"> Broad spread of blue chip, multinational clients predominantly from the USA, Europe and Japan Many Fortune Global 500 companies – in FY14, had active matters for over 125 Fortune Global 500 companies Other clients include domestic corporates and public sector research institutions 	<p>Revenues by Client in FY14¹</p>  <table border="1"> <tr> <td>■ Largest client</td> <td>2.6%</td> <td>■ 2-5 clients</td> <td>8.0%</td> </tr> <tr> <td>■ 6-20 clients</td> <td>11.9%</td> <td>■ Other</td> <td>77.6%</td> </tr> </table>	■ Largest client	2.6%	■ 2-5 clients	8.0%	■ 6-20 clients	11.9%	■ Other	77.6%	<p>Tenure of Top 20 Clients²</p>  <table border="1"> <tr> <td>■ 10-14 years (1)</td> <td>5%</td> <td>■ 15-24 years (3)</td> <td>15%</td> </tr> <tr> <td>■ 25+ years (16)</td> <td>80%</td> <td></td> <td></td> </tr> </table>	■ 10-14 years (1)	5%	■ 15-24 years (3)	15%	■ 25+ years (16)	80%		
■ Largest client	2.6%	■ 2-5 clients	8.0%															
■ 6-20 clients	11.9%	■ Other	77.6%															
■ 10-14 years (1)	5%	■ 15-24 years (3)	15%															
■ 25+ years (16)	80%																	

Notes:

- Revenue is based on service charges only – excludes expense recoveries
- Based on top 20 clients in FY14

Future Growth Initiatives

1	Asian Growth	<ul style="list-style-type: none"> Maintain and grow patent market share in Singapore Increase patent market share in other Asian countries Re-commence trade mark practice business in Asia¹ Leverage client relationships in Asia and Australia 	Short Term
2	Efficiency Gains	<ul style="list-style-type: none"> Continued investment in IT and case management systems to drive efficiency 	Short / Medium Term
3	Acquisitions	<ul style="list-style-type: none"> 1st IP firm to list on ASX – uniquely placed to capitalise on a fragmented market Opportunities to acquire small IP firms with quality clients in Australia and Asia 	Medium Term
4	Other Secondary Markets	<ul style="list-style-type: none"> Existing footprint allows opportunities to expand into other secondary and emerging markets 	Medium Term

Investment Highlights

1 Long track record	<ul style="list-style-type: none">▪ IPH Limited (“IPH”) is the holding company of Spruson & Ferguson (“S&F”)▪ S&F, established in 1887, is a leading Intellectual Property (“IP”) firm in Asia Pacific▪ Top-tier firm with a strong reputation and brand
2 Strong business model	<ul style="list-style-type: none">▪ S&F operates as an IP service hub, offering a “one-stop” service into 25 countries in Asia Pacific▪ Utilisation of local agents provides an efficient, professional and reliable business model▪ Leading IT and case management systems which ensure efficient operations
3 Market leading position	<ul style="list-style-type: none">▪ Australia (# 1 by patent applications filed¹ and # 2 by trade marks applications filed²)▪ Singapore (# 1 by patent applications filed³)
4 Positive IP sector dynamics	<ul style="list-style-type: none">▪ IP is often fundamental to the operations and value of many of the world’s leading companies▪ IPH believes IP protection is becoming increasingly important in the higher growth Asian region▪ Regulated on a country by country basis – requires local expertise in each jurisdiction▪ IP has a long life cycle which supports consistent revenues and earnings
5 Top tier, diverse client base	<ul style="list-style-type: none">▪ Range of blue chip multinationals domiciled in the USA, Europe and Japan▪ Highly diverse revenues, largest client 2.6%⁴▪ Most of its top 20 clients have been clients for 25+ years

1. Source: IP Australia – By number of patent applications filed at the Australian Patent Office in FY14

2. Source: IP Australia – Top 50 Agents only - by number of trade mark applications filed at the Australian Trade Mark Office in FY14

3. Source: IPOS – By number of patent applications filed at the Singapore Patent Office in CY13

4. FY14 Service Charge Revenue

Investment Highlights

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Experienced Board, management & personnel

- Strong board with complementary skill sets
- Long standing, experienced management team
- Highly qualified and experienced professional IP team

7

High barriers to entry

- Entrenched market position, large pipeline of work, established brand name, track record, hub strategy and efficient operating platform provide significant competitive advantages

8

Attractive financial profile

- Track record of revenue and earnings growth
- Strong margins, low overheads, low WIP, low capital requirements and low gearing generates strong cashflow and the ability to offer a high dividend payout ratio

9

Substantial growth opportunities

- Asia – increase market share, re-commence trade mark practice
- NZ – increase market share, new regulatory regime favorable to S&F
- Acquisitions – ability to consolidate fragmented markets in Australia and Asia
- Other secondary markets – geographic expansion

HY15 Financial Results

Income Statement

- Underlying earnings in line with Prospectus forecasts
- Significant benefits derived from recent currency movements

Six months ended 31 December 2014	Statutory Income Statement	Restructuring & IPO Adjustments ¹⁾	S&F Law pre Restructuring Income ²⁾	Other Pro forma Adjustments ³⁾	Pro forma Earnings HY15	Pro forma Earnings HY14	Foreign Exchange Effects ⁴⁾	Constant Currency Earnings	Prospectus Pro forma Full Year Forecast
\$'m									
Total revenue	42.5		0.7		43.2	38.3	(2.2)	41.0	82.8
Compensation	(14.1)	1.0	0.0	(0.8)	(13.9)	(12.7)	0.2	(13.7)	(27.2)
Recoverable expenses	(6.5)		(0.3)		(6.8)	(6.3)	0.2	(6.6)	(13.9)
Occupancy	(1.3)		0.0		(1.3)	(1.3)	0.0	(1.3)	(2.7)
Other	(5.9)	3.4	(0.3)	(0.1)	(2.9)	(3.5)	0.1	(2.8)	(6.0)
Total expenses	(27.8)				(24.9)	(23.8)		(24.4)	(49.8)
EBITDA	14.7				18.3	14.5		16.6	33.0
EBITDA %	34.6%				42.4%	37.9%		40.5%	39.9%
Depreciation & Amortisation	(0.5)		0.0		(0.5)	(0.5)	0.0	(0.5)	(1.3)
EBIT	14.2				17.8	14.0		16.1	31.7
Interest expense	(0.2)		0.0		(0.2)	(0.2)	0.0	(0.2)	(0.4)
NPBT	14.0				17.6	13.8		15.9	31.3
Tax (expense)/benefit	(0.8)	(2.0)	0.0	(1.4)	(4.2)	(3.2)	0.4	(3.8)	(7.5)
NPAT	13.2	2.4	0.1	(2.3)	13.4	10.6	(1.3)	12.1	23.8

Notes:

1) Adjustments to reflect the expenses arising from the recognition of leave balances, establishment of long-term incentive plan balances, and the IPO, offset by the recognition of deferred tax balances.

2) Pre-reconstruction earnings of S&F Law which are not consolidated in the Statutory Income Statement, net of S&F Law pre-reconstruction distributions received.

3) Adjustments to reflect the incremental effect on principals' remuneration and public company costs of the restructuring, and the tax profile post-reconstruction.

4) Estimated net benefit derived from movement in foreign exchange rates compared to prospectus forecast rates.

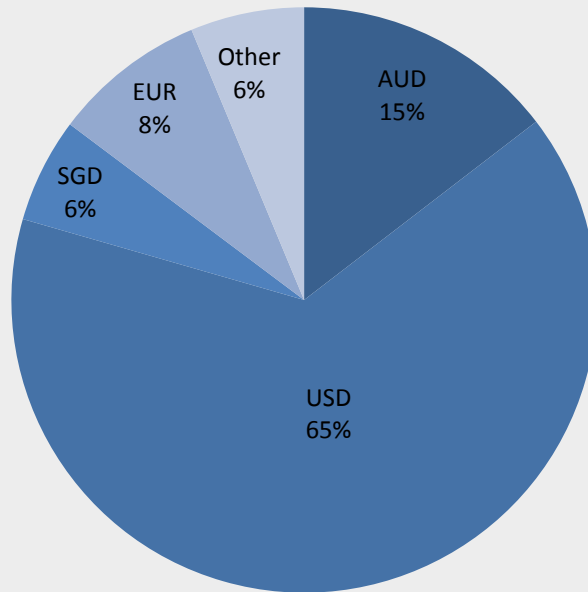
Segment Breakdown

- Strong first half performance from Spruson & Ferguson Asia

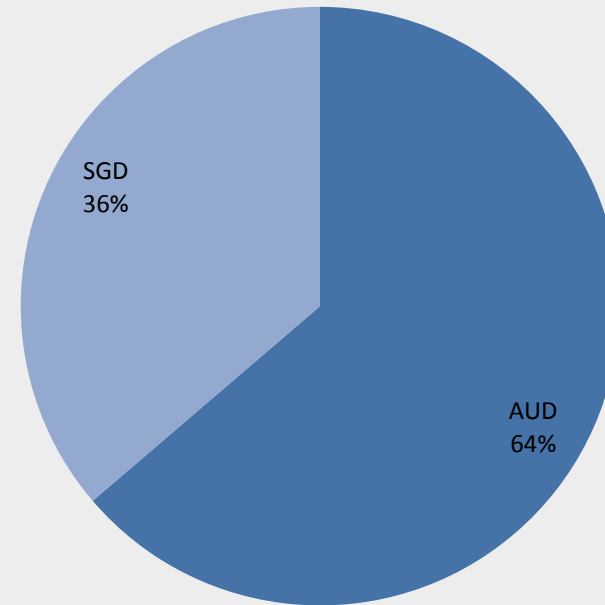
Six months ended 31 December 2014	Australia Pro forma Earnings ¹⁾	Asia Pro forma Earnings	Eliminations ¹⁾	Group Pro forma Earnings HY15	Pro forma Full Year Forecast
\$'m					
Total revenue	24.9	19.3	(1.0)	43.2	82.8
Total expenses	(16.1)	(9.8)	1.0	(24.9)	(49.8)
EBITDA	8.8	9.5	0.0	18.3	33.0
EBITDA %	35.3%	49.2%		42.4%	39.9%
Depreciation & Amortisation	(0.4)	(0.1)		(0.5)	(1.3)
EBIT	8.4	9.4	0.0	17.8	31.7
Interest expense	(0.2)	0.0		(0.2)	(0.4)
NPBT	8.2	9.4	0.0	17.6	31.3
Tax expense	(2.7)	(1.5)		(4.2)	(7.5)
NPAT	5.5	7.9	0.0	13.4	23.8

Currency Sensitivity

Service Charge Income by Currency ¹⁾



Expenses net of Other Income by Currency ²⁾



Notes:

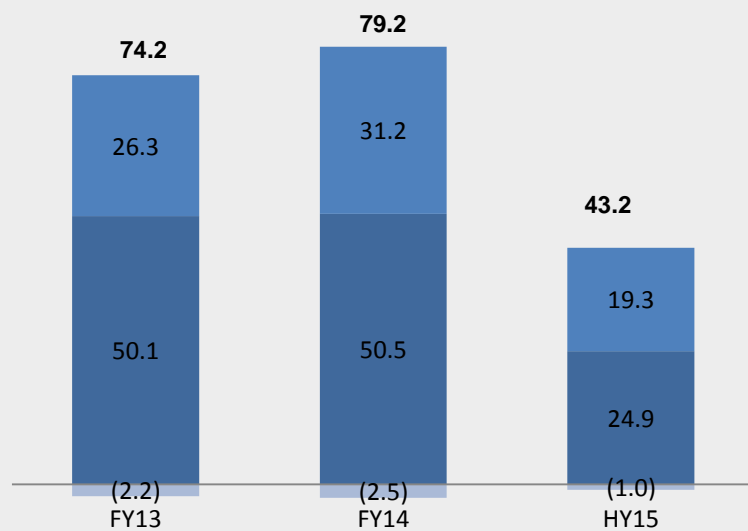
1) Based on Prospectus forecast pro forma Service Charge Income (\$63.6m), applying the Prospectus forecast foreign exchange rates of (USD/AUD 0.9250 & SGD/AUD 1.1900).

2) Based on Prospectus forecast pro forma "Expenses net of Other Income" (\$30.6m), being Expenses (\$49.8m) net of Recovery Income & Sundry Income (\$19.2m), applying the Prospectus forecast foreign exchange rate of (SGD/AUD 1.1900). Recovery Income has been netted with Expenses to eliminate foreign currency rechargeable amounts. Other Income has been netted with expenses because it is predominantly denominated in the same currency as Expenses.

Pro forma Revenue and EBITDA – FY13, FY14 & HY15

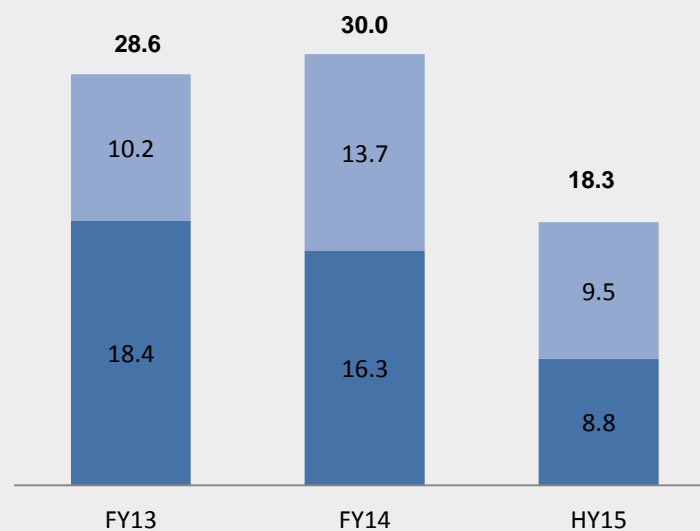
Revenue \$'m

■ Australia ■ Asia ■ Interco



EBITDA \$'m

■ Australia ■ Asia



Operating Metrics

Unit Volumes

- Australian Patent application volumes in line with previous year but below target, in a flat market.
- Singapore Patent application volumes are up on previous year and are in line with target.
- Australian Trade marks application volumes are down on target and previous year.

Y/E 30 June	Pro forma historical			Actual	Prospectus forecast
	FY12	FY13 ³	FY14	HY15	FY15
Patent applications filed – Sydney office ¹	4,674	5,303	4,523	2,249	4,870
Patent applications filed – Singapore office ²	4,662	5,056	5,263	2,731	5,680
Trade mark applications filed – Sydney office	2,305	2,271	2,127	925	2,160

Notes:

1. All patent applications filed by the Sydney office either directly or indirectly through an agent, including through the Singapore office in the case of Asian applications.
2. All patent applications filed by the Singapore office either directly or indirectly through an agent, including through the Sydney office in the case of Australian, New Zealand and Papua New Guinea applications.
3. In FY13 patent application volumes were inflated by the "Raising the Bar" legislation which brought forward many patent application.

Cash Flow Statement

- Low CAPEX & minimal working capital requirements = Strong cash generation
- Dividends of \$22.1m (including pre-IPO distributions) paid in the period

Six months ended 31 December 2014	Statutory Cash Flow Statement	Restructuring & IPO Adjustments ¹⁾	Pro forma Adjustments ²⁾	Pro forma Cash Flow	Foreign Exchange Effects ³⁾	Constant Currency Cash Flow	Prospectus Pro forma Full Year Forecast	Prospectus Statutory Full Year Forecast
\$'m								
EBITDA	14.7	4.5	(0.9)	18.3	(1.7)	16.6	33.0	30.4
Non-cash movements	2.2	(2.2)	0.2	0.2		0.2	0.2	0.8
Change in working capital	0.7			0.7		0.7	(1.2)	(1.2)
Capital expenditure	(0.5)			(0.5)		(0.5)	(2.4)	(2.4)
Operating cash flow before financing activities and tax	17.1			18.7		17.0	29.6	27.6
Income taxes paid	(1.3)	(1.1)	(1.4)	(3.8)	0.4	(3.4)	(7.5)	(3.9)
Net interest paid	(0.2)			(0.2)		(0.2)	(0.4)	(0.6)
Net borrowing proceeds/(repayments)	7.2			7.2		7.2	4.2	4.2
Net operating cash flow before dividends	22.8			21.9		20.6	25.9	27.3
Dividends paid (including pre-Offer distribution)	(22.1)							(26.9)
Net cash flow	0.7	1.2	(2.1)		(1.3)			0.4

Notes:

1) Adjustments to reflect the net cash flows arising from the restructuring & IPO, and the notional tax payments thereon.

2) Adjustments to reflect the net cash flow effect of the tax profile post-reconstruction and of annualising principals' remuneration and public company costs.

3) Estimated net cash effect arising from the movement in foreign exchange rates and the tax thereon.

Consolidated Balance Sheets

	Statutory Balance Sheet as at 30 Jun 2014	Restructuring & IPO Adjustments ¹⁾	Pro forma Balance Sheet as at 30 Jun 2014	Statutory Balance Sheet as at 31 Dec 2014
\$'m				
Cash and cash equivalents	4.3	(7.8)	(3.5)	4.8
Trade and other receivables	20.3	0.7	21.0	20.7
Other current assets	1.1	0.1	1.2	1.1
Total current assets	25.7	(7.0)	18.7	26.6
Total non-current assets	1.7	2.0	3.7	3.4
Total assets	27.4	(5.0)	22.4	30.0
Loans and borrowings	6.1	10.7	16.8	13.3
Other liabilities	21.2	(7.3)	13.9	16.4
Total liabilities	27.3	3.4	30.7	29.7
Net assets	0.1	(8.4)	(8.3)	0.3
Equity				
Issued capital	0.4	12.1	12.5	12.5
Reserves	(4.7)	(9.8)	(14.5)	(14.8)
Non-controlling interest	0.5	(0.6)	(0.1)	0.0
Retained profits	3.9	(10.1)	(6.2)	2.6
Total equity	0.1	(8.4)	(8.3)	0.3

- Net debt of \$8.5m
- Undrawn bank facilities of \$16.7m available

Changes in Equity

Six months ended 31 December 2014	Share Capital	Minority Acquisition Reserve	Equity Benefits Reserve	FCTR	Non- controlling interests	Retained Profits	Total Equity
\$'m							
As at 30 June 2014	0.4	(4.5)	0.0	(0.3)	0.6	3.9	0.1
Pre-offer FY14 distributions					(0.5)	(7.7)	(8.2)
Offer & restructuring	11.3	(10.3)			(0.2)		0.8
Net initial recognition adjustments & IPO costs	0.8		0.6			(2.4)	(1.0)
Proforma equity as at 30 June 2014	12.5	(14.8)	0.6	(0.3)	(0.1)	(6.2)	(8.3)
Retained profits (excluding net initial recognition & IPO costs)					0.3	15.3	15.6
Pre-offer FY15 distributions					(0.2)	(6.5)	(6.7)
Foreign Currency Translation				(0.3)			(0.3)
As at 31 December 2014	12.5	(14.8)	0.6	(0.6)	0.0	2.6	0.3

Appendices

- Industry Overview
- History

What is IP?

Types of IP

Patents	A temporary monopoly right granted for a device, substance, method or process that is new, inventive, and useful
Trade Marks	May consist of any stylised letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent, or a combination of any of those things
Designs	Overall appearance of a product resulting from one or more visual features of the product
Other IP	Copyright, domain names, circuit layouts, plant breeder's rights and confidential information and 'business know how'

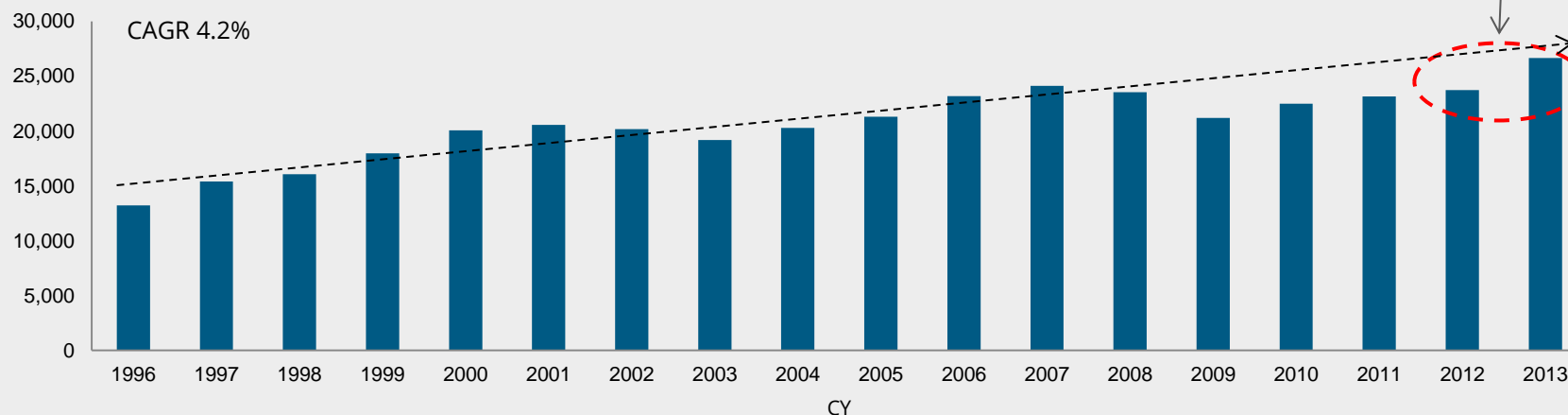
Stages of IP Lifecycle

Patent Applications	Timelines	Up to 31 months	Generally 2-5 years	Up to 20 years
	Scale	<ul style="list-style-type: none"> Over 9,700 applications filed by the Group (directly or indirectly) in FY14 	<ul style="list-style-type: none"> Over 28,000 patent applications in the prosecution phase as at August 2014 	<ul style="list-style-type: none"> Over 10,000 patents in renewal phase where Group may receive income through a management fee or direct service charge, as at August 2014
	Phase	Filing	Prosecution	Renewal / Management / Enforcement
Trade Mark Applications	Timelines	Up to 6 months	Up to 21 months	Indefinite
	Scale	<ul style="list-style-type: none"> Over 2,100 applications filed by the Group (directly or indirectly) in FY14 	<ul style="list-style-type: none"> Over 2,800 trade mark applications in the prosecution phase as at August 2014 	<ul style="list-style-type: none"> Over 35,000 trade marks in renewal phase where Group may receive a management fee or direct service charge income, as at August 2014
	Phase	Filing	Prosecution	Renewal / Management / Enforcement

S&F generates revenues from all stages of the IP lifecycle

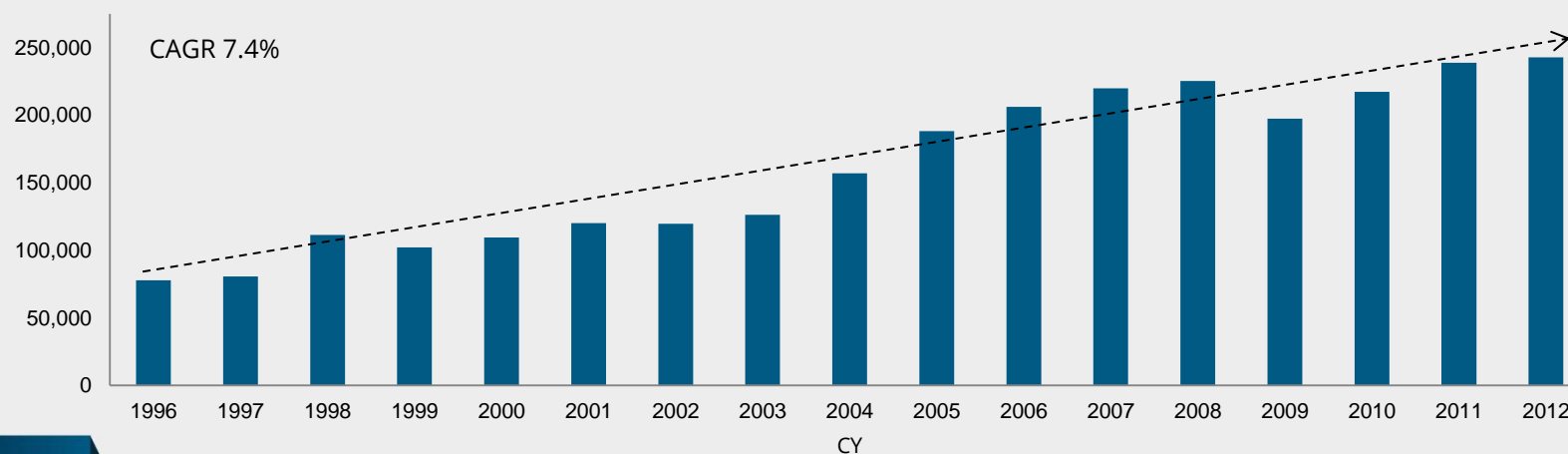
Industry Growth - Patents

Non-Resident Patent Applications Filed in Australia¹



Significant increase in filings between 2012 and 2013 reflects impact of Raising the Bar

Non-Resident Patent Applications Filed in Asia²

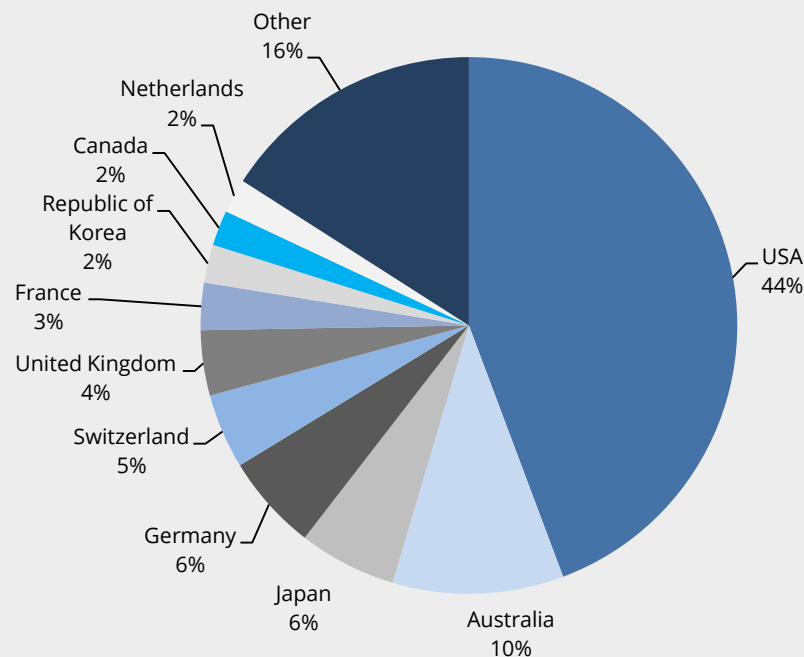


1. Source: WIPO and IP Australia – Australia – based on complete standard patent applications only, excludes provisional and innovation patent applications CY1996 – CY2013
2. Source: WIPO – Asia excludes Japan – based on patent applications filed from CY1996 – CY2012

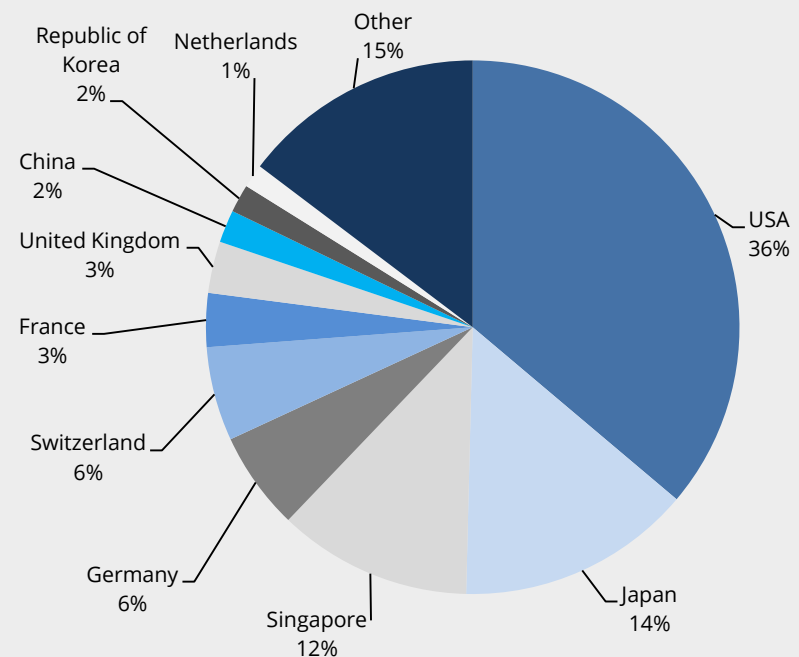
Patent Application Filings by Country of Origin

- Most patent applications filed in Australia and Singapore originate from the USA, Europe and Japan
- Local clients represent a relatively small proportion of applications

Australia¹



Singapore²



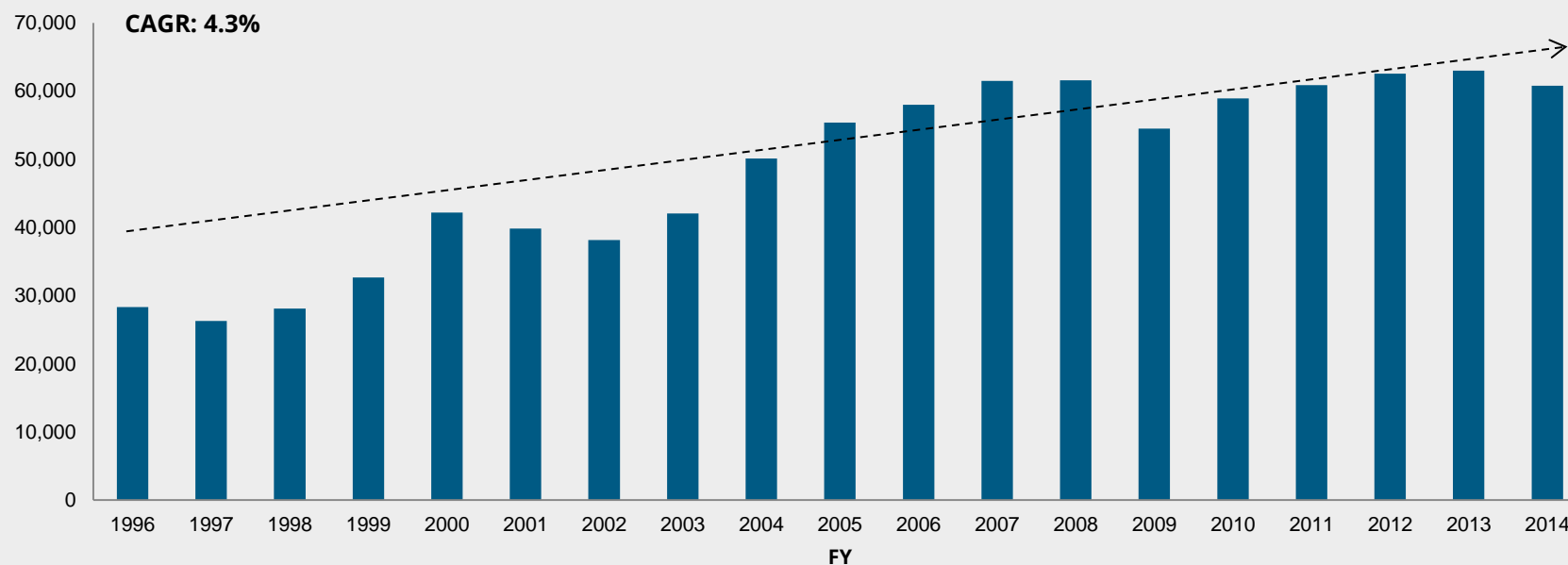
Notes:

1. Source: IP Australia for CY13. Complete standard patent applications only, excludes provisional and innovation patent applications
2. Source: Intellectual Property Office of Singapore for CY13

Industry Growth – Trade Marks

- Trade Marks represent 12% of S&F's FY14A service charge revenues
- Opportunity to increase market share

Trade Mark Applications Filed in Australia¹



History

