IVE Group Limited
ABN 62 606 252 644

Level 3
35 Clarence Street
Sydney NSW 2000

P+61 2 9089 8550
ivegroup.com.au

ASX RELEASE – IVE GROUP LIMITED (ASX:IGL)

26 February 2024

Financial results for the Six Months to 31 December 2023

IVE Group Limited is pleased to announce its financial results for the six months to 31 December 2023.

The Group delivered a solid first half performance with revenue, EBITDA and margins up on a strong (record) prior corresponding period (pcp).

EBIT included a non-recurring Ovato (Warwick Farm) loss of $5.6m, while NPAT was also impacted by higher net finance costs.

Normalised for the Warwick Farm loss, NPAT was $26.6m, up 9.4% on pcp, and EPS was 17.3¢ps, up 5.1% on pcp. EBITDA margin improved to 13.7% from 12.9% pcp on the same basis.

Key underlying[1] financial performance indicators for the half include:

- Revenue $506.0m, up 0.6% from $502.8m pcp
- Material gross profit margin, 46.2% from 44.2% pcp
- EBITDA $65.8m, up 1.3% from $65.0m pcp
- NPAT $22.7m, down 6.5% from $24.3m pcp
- EPS 14.8¢, down 10.2% from 16.5¢ pcp
- Operating cash conversion to EBITDA 84.0%, up from 56.7% pcp
- Cash on hand $41.7m
- Net debt $165.4m, up from $124.2m at 30 June 2023, reflecting the funding of the JacPak acquisition and peak working capital seasonality, partially offset by the rebound in operating cash conversion
- Fully franked interim dividend of 9.5¢ps, unchanged from 9.5¢ps pcp

Commenting on IVE Group's FY24 H1 performance, Chief Executive Officer, Matt Aitken said:

"Given the more uncertain economic landscape, I am pleased with the first half result which was up relative to a record prior period that was partly buoyed by the post Covid-19 recovery. Importantly, during the half we also completed the Ovato integration six months ahead of the original timetable and entered the Australian fibre-based packaging sector through the cornerstone acquisition of JacPak."

1 *The underlying results are on a non-IFRS basis, exclude various non-operating items (as reconciled in the Appendix 4D and the Investor Presentation) and are not audited or reviewed.*

IVE Group Limited
ABN 62 606 252 644

Level 3
35 Clarence Street
Sydney NSW 2000

P+61 2 9089 8550
ivegroup.com.au

Cornerstone acquisition of JacPak and planned organic expansion

On 31 October 2023, the Group entered the Australian fibre-based packaging sector with the cornerstone acquisition of leading Melbourne based folding carton player, JacPak, which currently generates annual revenues of around $45m.

The total purchase consideration for JacPak was $35m including ~$28m paid on completion, $4m payable as deferred consideration (subject to 12 month performance hurdles) and the assumption of ~$3m of equipment finance leases.

During the two months since acquisition, JacPak contributed revenue of around $7m which was broadly in line with expectations.

By the end of FY24, IVE expects to unlock annual cost synergies of around $2.4m across procurement, operational efficiencies, finance and administration, after which the business is expected to contribute annual EBITDA of around $8.4m and NPAT of around $3m.

JacPak currently has $15m of available capacity for potential organic revenue growth. Over the near term, we are confident of utilising that capacity through new or expanded customer relationships which would increase JacPak's annual revenue to around $60m, EBITDA of around $11.9m and NPAT of around $5.5m.

In addition to organically growing JacPak's standalone revenues, in FY25 IVE intends leveraging the operational footprint of the Group's Silverwater commercial printing operation (via the addition of new finishing equipment) to support up to $30m of annual packaging revenues.

Over the medium term, investment in additional equipment would add a further $60m to capacity resulting in the Group achieving its stated ambition of building a packaging business with annual revenues of around $150m.

Lasoo – continued strong growth momentum

Following its successful launch in October 2022, Lasoo continues to show strong consecutive month-on-month growth with key financial metrics (monitored daily) including monthly active users (MAU), conversion rate, average basket size (ABS), gross transaction value (GTV) and commission rates continuing to track in-line with, or above, original business case expectations.

Lasoo is performing in line with FY24 expectations and remains on-track with guidance.

Based on current momentum, proof of concept and better than expected marketplace performance, we are reviewing all possible growth options (including further enhancing platform functionality and optimising marketing spend) and expect to update investors on our longer term plans for Lasoo later in FY24.

IVE Group Limited
ABN 62 606 252 644

Level 3
35 Clarence Street
Sydney NSW 2000

P+61 2 9089 8550
ivegroup.com.au

FY24 outlook and guidance

Encouraged by a solid first half and continued momentum, the Group reaffirms the FY24 underlying earnings guidance range reiterated at the AGM on 20 November 2023 with the expected FY24 impact of the JacPak acquisition (from 1 November 2023) incorporated in the updated guidance below:

	Original FY24 Guidance	JacPak (8 months)	Updated Guidance
EBITDA	$122m-$127m	$5m	$127m-$132m
EBIT	$74m-$79m	$3m	$77m-$82m
NPAT	$40m-$43m	$1m	$41m-$44m

Significant items excluded from guidance and underlying earnings include the following:

- Lasoo is expected to report an after-tax loss of $3.9m (12 months of trading compared with only 8 months in FY23) which reflects an expected 20% improvement in EBITDA; and
- Restructure and integration costs are expected to be around $12.5m, including $10.0m for the final phase of the Ovato integration (FY25 integration costs will be nil).

Capital expenditure is expected to be around $18.5m, including $4.5m relating to the final phase of the Ovato integration.

Although slightly elevated at 31 Dec 2023 due to the funding of the JacPak acquisition and peak working capital seasonality, net debt at 30 June 2024 is expected to be around 1.5x pre-AASB 16 EBITDA (or around 1.2x post-AASB 16 EBITDA), consistent with the Group's agreed internal benchmark and broadly unchanged from 30 June 2023.

Including the additional financing costs associated with the JacPak acquisition, net finance costs are expected to be around $18.5m comprising:

- $11.0m (net) relating to corporate debt; and
- $7.5m relating to leases (including non-cash impacts of AASB 16).

The Group's dividend policy remains unchanged, targeting a full year payout ratio of 65-75% of underlying NPAT.

IVE Group Limited
ABN 62 606 252 644

Level 3
35 Clarence Street
Sydney NSW 2000

P+61 2 9089 8550
ivegroup.com.au

Results briefing

Investors and analysts are invited to join a Zoom briefing hosted by Geoff Selig (Executive Chairman), Matt Aitken (CEO) and Darren Dunkley (CFO) which will be held at 11:00AM Australian Eastern Daylight Savings Time today.

Participants must pre-register for the briefing at least 30 minutes before the scheduled start. To receive a unique and necessary access code, please follow the link here.

The financial accounts and presentation slides are available on IVE Group's website.

Geoff Selig
Executive Chairman

This announcement has been approved for release by the IVE Group Board.

Contact:

Tony Jackson
Investor Relations

+612 9089 8548
+ 61 410 499 043

investors@ivegroup.com.au