



Xenith IP Group Limited

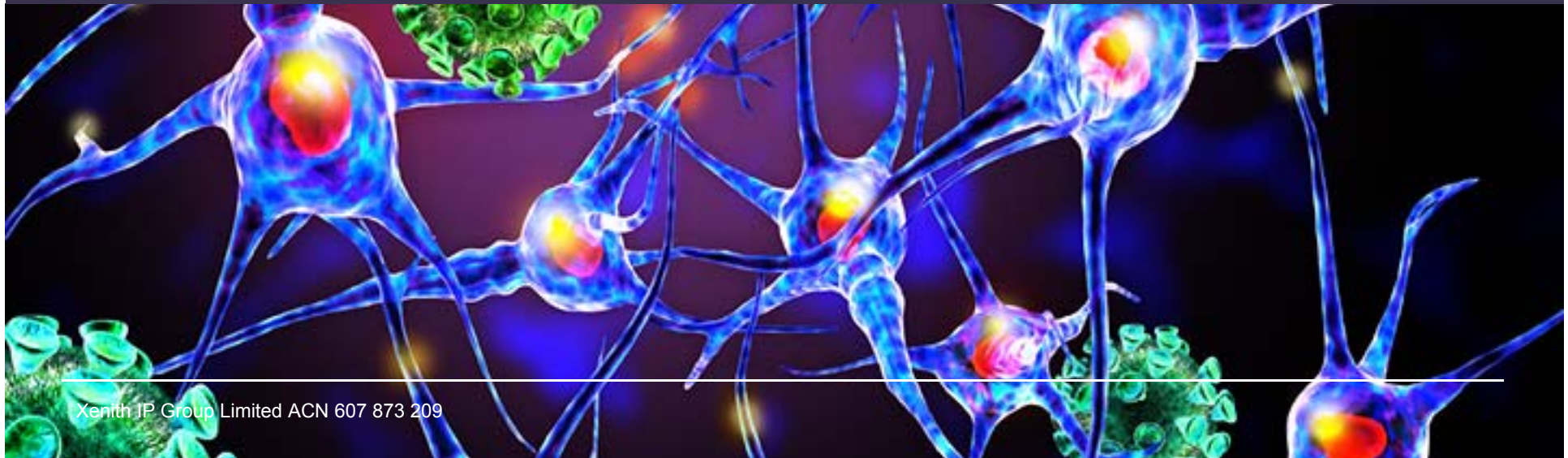
Results – Financial Year to 30 June 2017

29 August 2017

Craig Dower – CEO and Managing Director

Stuart Smith – Executive Director and Head of Corporate Development

Lesley Kennedy – CFO and Company Secretary



Disclaimer

Important notice and disclaimer

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Pro forma and Underlying financial information

Xenith uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS financial information.

Xenith considers that this non-IFRS information is important to assist in evaluating Xenith's performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business.

All dollar values in this presentation are in Australian dollars (A\$) unless otherwise stated.

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1 - Highlights

Operational Highlights

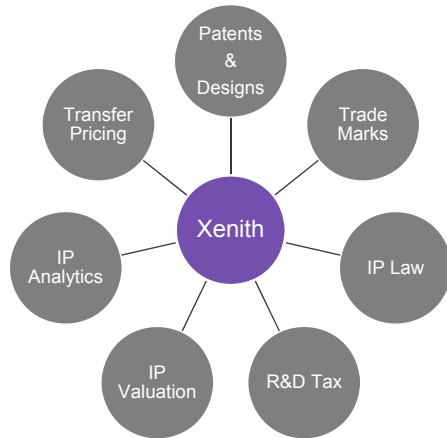
Year of transformation

- ✓ Acquisitions of Watermark and Griffith Hack provide transformational increase in scale
 - No. 2 market share for patents and trademarks in Australia
 - Expanded geographic footprint
 - Increased scope of services
 - Significantly enlarged and diversified client base
- ✓ Launch of Glasshouse Advisory
- ✓ Earn out periods complete – focus moves to execution
 - Comprehensive three year integration plan underway
- ✓ Continued development of the Company's core technology platforms to drive operational efficiencies
- ✓ Craig Dower appointed CEO and Managing Director on 9 August 2017 and Stuart Smith transitioned to Executive Director and Head of Corporate Development
- ✓ Enlarged management team positioned for focus on integration and growth.

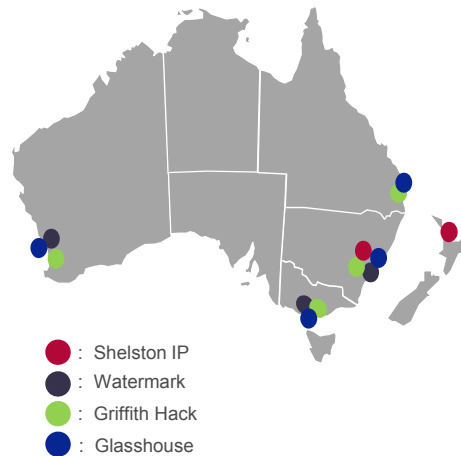
Operational Highlights

Year of transformation

Capabilities



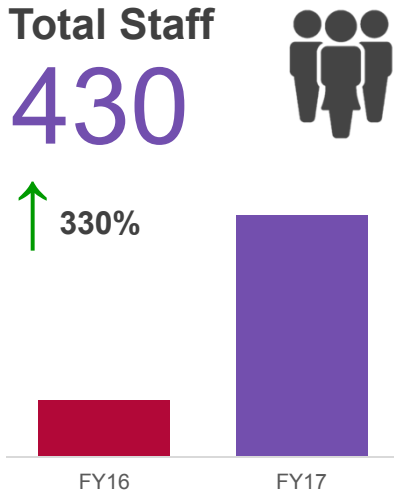
Office Locations



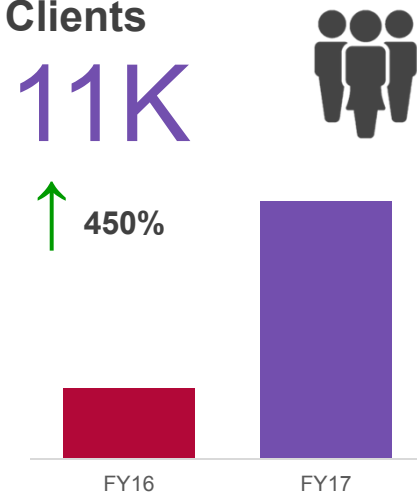
Brands



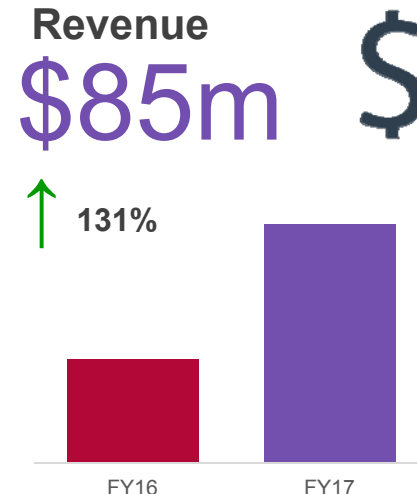
Total Staff



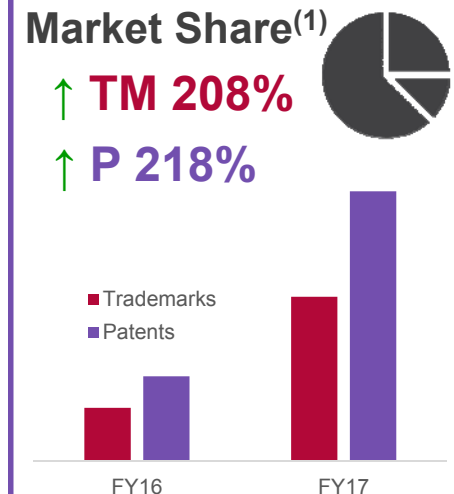
Clients



Revenue



Market Share⁽¹⁾



(1) IP Australia – market share based on AU national phase and direct national patent applications.

Financial Summary

Year of transformation

- Revenue increase includes \$47.6m from acquired entities (GH 5 months, WM 8 months)
- EPS negatively impacted by:
 - Non cash amortisation of acquired intangibles
 - One off issue of 28.3 million shares in Dec 16 ahead of completion of GH acquisition in Feb 17
- Final dividend for FY17 of 3.4 cents
 - Dividend Policy revised to 70-90% of NPATA (previously 70-90% of NPAT)
- FY17 Dividend per share of 5 cents negatively impacted by:
 - \$5.3m of one off acquisition and integration related expenses
 - The issue of 54.6m shares ahead of full earnings contribution from acquired entities
- Cash flow conversion rate of 95% of EBITDA
- Net debt \$11.3m (30 June 2016: net cash \$0.9m)
 - Debt facility increased from \$10m to \$50m - three year term
 - Leverage ratio at 30 June 2017 of 0.76 (covenant < 2)
- Successful capital raisings – Watermark \$8m and Griffith Hack \$66m.



Underlying results ⁽¹⁾	FY17	FY16	% Var
Revenue (\$m) ⁽²⁾	85.0	36.9	131%
EBITDA (\$m)	15.5	9.2	68%
NPATA (\$m)	9.7	6.0	63%
NPAT (\$m)	8.4	6.0	40%
EPS (cents)	13.5	17.7	(24%)
DPS (cents)	5.0	7.0	(29%)

(1) Refer to reconciliation of statutory to underlying/pro forma provided as an Appendix to this report.

(2) Revenue includes the gross amount of reimbursement by clients of official fees paid to national bodies. Previously these fees were recorded on a net basis. FY16 revenue has been increased by \$4.6M for comparison.

2 - Acquisitions

Acquisitions Update

	
<ul style="list-style-type: none"> • Completed on 2 November 2016 • Upfront consideration of \$15.9m⁽¹⁾ <ul style="list-style-type: none"> - \$8.5m - Cash consideration - \$7.4m - Equity consideration: XIP shares issued to vendors, subject to 2 year escrow • Valuation based on \$2.5m annualised EBITDA⁽³⁾ • Earn out payable if WM exceeded \$2.0m annualised EBITDA Actual Earn out EBITDA of \$3m exceeded earn out EBITDA cap of \$2.7m Earn out payable - \$5.5m (after deducting \$0.1m one off costs) <ul style="list-style-type: none"> - \$2.75m in cash - \$2.75m in XIP shares (at \$3.50⁽⁴⁾ per share) Actual EBITDA Performance resulted in a one off Fair Value adjustment expense through P&L of \$1.4m in FY17 • Base case valuation exceeded 	<ul style="list-style-type: none"> • Completed on 2 February 2017 • Upfront consideration of \$139.4m⁽²⁾ <ul style="list-style-type: none"> - \$83.3m - Cash consideration - \$56.1m - Equity consideration: XIP shares issued to vendors, subject to 2 year escrow • Valuation based on \$14.5m annualised EBITDA⁽³⁾ • Earn up payable if GH exceeded \$14.5m annualised EBITDA Earn up structured to meet Vendors' expectations on valuation Actual Earn out EBITDA⁽³⁾ of \$14.2m – 2% below \$14.5m floor • Base Case Valuation supported

(1) Fair value as at completion date 2 Nov 2016

(2) Fair value as at completion date 2 February 2017

(3) The Watermark and Griffith Hack Share Sale and Purchase Agreements provide for certain adjustments to Statutory EBITDA in determining Annualised Earn out EBITDA

(4) Escrow terms apply to the securities issued under the earn out arrangement.

3 – FY17 Financial Results Detail

Underlying Income Statement

Year of transformation

	FY17 \$m	FY16 \$m	Var \$m	Var %
Revenue ⁽¹⁾	85.0	36.9	48.1	131%
Expenses				
Compensation	(33.8)	(13.3)	(20.5)	154%
Disbursement Expense	(24.4)	(9.3)	(15.1)	162%
Occupancy expense	(4.7)	(1.5)	(3.2)	213%
Net foreign exchange gain/loss	(0.1)	(0.1)	0.0	0%
All other expenses	(6.5)	(3.5)	(3.0)	86%
EBITDA	15.5	9.2	6.3	68%
Depreciation and Amortisation	(3.1)	(0.4)	(2.7)	675%
Net interest expense	(0.4)	(0.3)	(0.1)	33%
Net profit before tax	12.0	8.5	3.5	41%
Income Tax Expense	(3.6)	(2.5)	(1.1)	44%
Net profit after tax	8.4	6.0	2.4	40%
NPATA	9.7	6.0	3.8	63%
EPS (cents per share)	13.5	17.7	(4.2)	(24%)

Revenue increased \$48.1m or 131%

- Acquisitions contributed \$47.6m. FY17 results do not reflect full year impact of acquired entities
- Existing business revenue increase of \$0.5m negatively impacted by forex headwinds

Expenses impacting EBITDA

- Changes largely relating to the acquisitions - refer to EBITDA bridge analysis on next slide

Depreciation and amortisation

- Includes amortisation of acquired intangibles of \$2m

Net interest expense

- Despite increase in bank debt, net interest expense supported by \$66m proceeds from Griffith Hack capital raising in Dec 2016 (completion in Feb 2017).

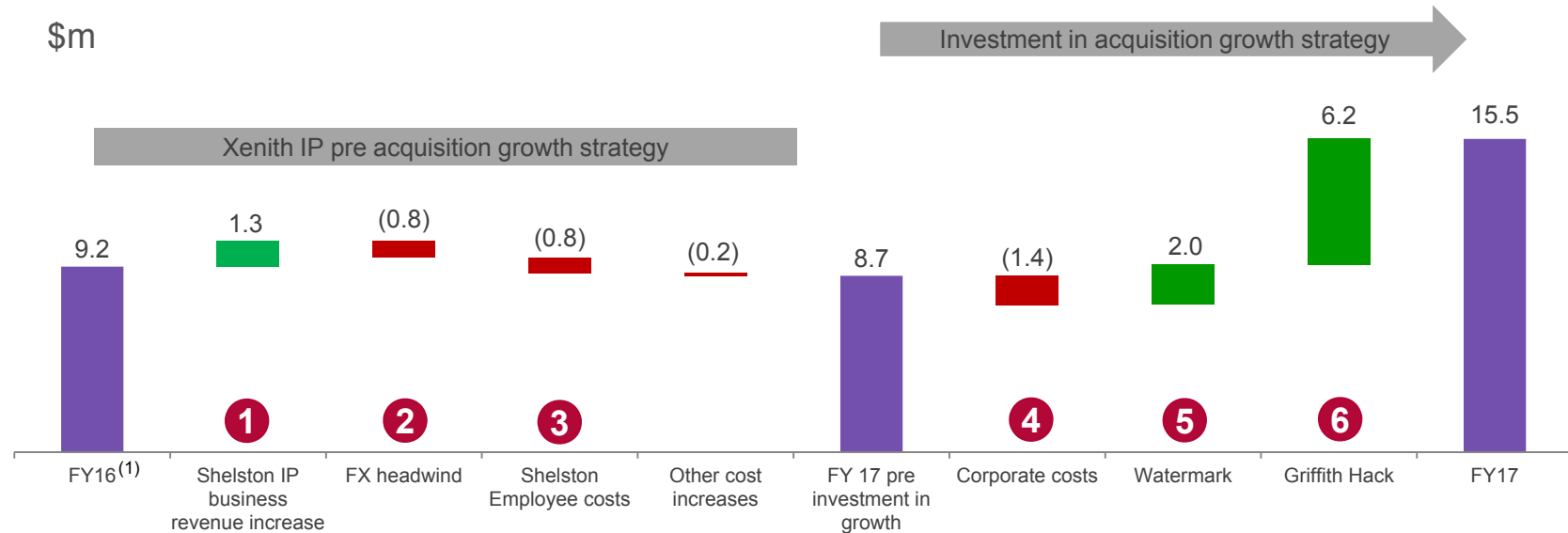
FY17 does not reflect full year impact of acquired businesses

(1) Revenue includes the gross amount of reimbursement by clients of official fees paid to national bodies. Previously these fees were recorded on a net basis. FY16 revenue has been increased by \$4.4M for comparison. Refer additional slides for Statutory to Underlying Income Statement bridge

(2) Refer to reconciliation of statutory to underlying/pro forma provided as an Appendix to this report.

Underlying EBITDA Bridging Analysis

Investment in corporate resources ahead of full year EBITDA contribution and synergies from acquisitions



- 1 Shelston IP professional fee revenue demonstrated solid growth of \$1.3m (+5%) on a constant currency basis, despite challenging pcp (AIA pull forward) market
- 2 FX headwinds in FY17 on professional fees revenue
- 3 Increase in headcount costs in Shelston IP – investment in capacity to meet future growth
- 4 Transformational acquisitions during period resulted in significantly larger and more diversified business. As noted at half year, XIP has invested in appropriate corporate resources to better manage this transformation ahead of the realisation of the synergy benefits and full year impact of EBITDA contribution. Certain executive management from Griffith Hack now form part of the XIP corporate executive
- 5 The Watermark business contributed \$2.0m in underlying EBITDA for the period
- 6 The Griffith Hack business contributed \$6.2m in underlying EBITDA for the period (after reallocating Griffith Hack executive management performing XIP group roles).

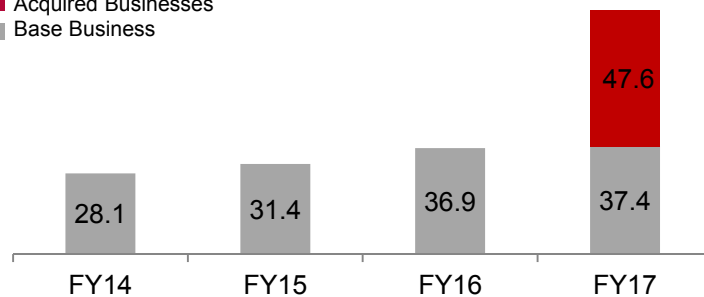
(1) FY16 EBITDA presented on a pro forma basis. Refer to reconciliation of statutory to underlying/pro forma provided as an Appendix to this report.

Revenue and EBITDA %

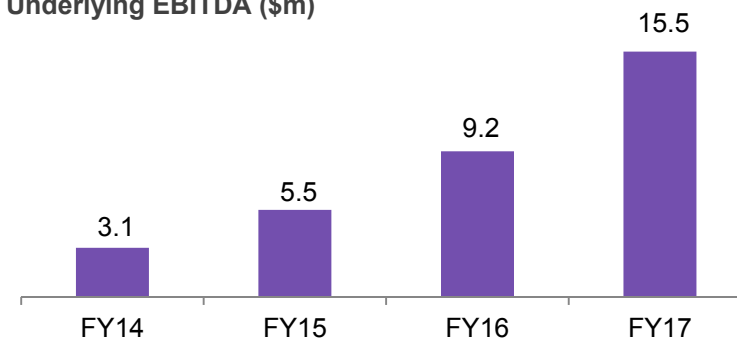
Solid growth and investment in corporate resources ahead of full year EBITDA contribution and synergies from acquisitions

Revenue (\$m)

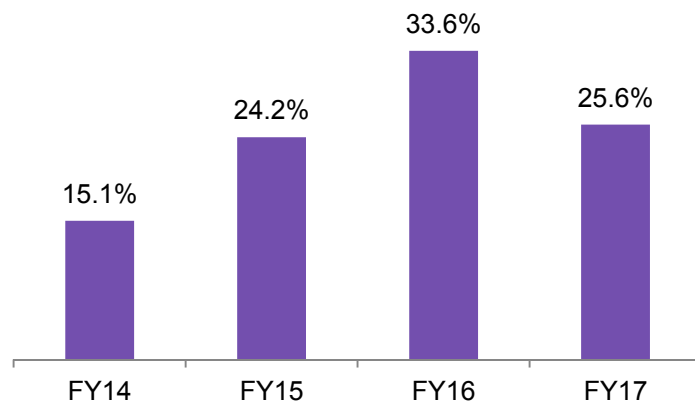
■ Acquired Businesses
■ Base Business



Underlying EBITDA (\$m)



Underlying EBITDA margin (% of professional fees)



Comments

- ☑ Revenue in Shelston IP increased \$0.5m despite foreign currency headwinds. Adjusting for currency impact professional fee revenue increased by \$1.3m or 5%
- ☑ Underlying EBITDA margin (% of professional fees) of 25.6% (FY16: 33.6%) impacted by:
 - Strategic investment in management resources to support acquisition and growth initiatives ahead of integration and synergy benefits;
 - Foreign currency headwinds relative to prior year; and
 - Temporary margin depression from inclusion of acquired entities ahead of integration post earn out.

Acquisition earn outs complete - focus now on integration to improve margins

Cash Flow

Quality EBITDA: 95% cash conversion rate

\$m	30-Jun-17	30-Jun-16
EBITDA	10.1	7.4
Non-Cash Movements	2.9	(0.1)
Working capital movements	(1.5)	(0.5)
Capital Expenditure	(1.8)	(0.5)
Cash flow before financing, investing and tax	9.6	6.3
Cash conversion ratio	95%	86%
Financing and tax cash flows		
Net interest paid	(0.7)	(0.2)
Tax paid	(1.3)	0.0
Free Cash Flow	7.6	6.1
Financing and investing Activities		
Purchase of controlled entities	(88.3)	0.0
Capital raisings	72.3	3.8
Debt drawdown/ (repayment)	10.8	(2.6)
Dividends paid	(3.5)	(4.5)
Revaluation of cash	(0.1)	0.6
Net Cash Flow for the year	(1.2)	3.5
Cash on hand	3.6	4.9

- Non cash movements include:
 - \$1.4m fair value adjustment (WM acquisition)
 - \$0.9m of Share based payments
 - \$0.6m of unrealised foreign exchange losses
- Working capital movements includes:
 - Working capital on completion of acquisitions lower than target (impacting purchase consideration paid below in financing and investing activities)
 - Receipt of \$0.9m landlord contribution to Watermark fit out
- Capital expenditure includes \$1.4m Watermark fit-out of new leased premises
- Interest paid includes \$0.4m of loan establishment fees on new bank loan facility
- FY16 Income tax paid in February 2017. Income tax instalments commenced July 2017
- \$88.3m purchase consideration for Watermark (\$7.4m) and Griffith Hack (\$80.9m) including transaction costs, net of cash acquired
- \$72.3m of cash raised, net of transaction costs, through equity raisings to fund acquisitions.

Consolidated Balance Sheet

Transformational acquisitions have significantly increased

Net Assets from \$4.5m to \$142.8m

	30-Jun-17	30-Jun-16	Var
	\$m	\$m	\$m
Assets			
Cash and cash equivalents	3.6	4.9	(1.3)
Trade and other receivables	29.0	8.3	20.7
Work in progress	2.2	0.3	1.9
Property, plant and equipment	6.6	0.9	5.7
Intangible assets	162.5	0.0	162.5
Deferred tax asset	0.0	1.4	(1.4)
Other Assets	1.9	0.3	1.6
Total assets	205.8	16.1	189.7
Liabilities			
Trade and other payables	(6.9)	(2.4)	(4.5)
Provisions	(14.9)	(2.6)	(12.3)
Borrowings	(14.9)	(4.0)	(10.9)
Deferred tax liability	(15.3)	(0.3)	(15.0)
Other liabilities	(11.0)	(2.3)	(8.7)
Total liabilities	(63.0)	(11.6)	(51.4)
Net assets	142.8	4.5	138.3
Equity			
Issued capital	141.4	3.9	137.5
Reserves	0.9	(2.5)	3.4
Retained earnings	0.5	3.1	(2.6)
Total liabilities	142.8	4.5	138.3

Balance sheet movements are largely related to acquisitions

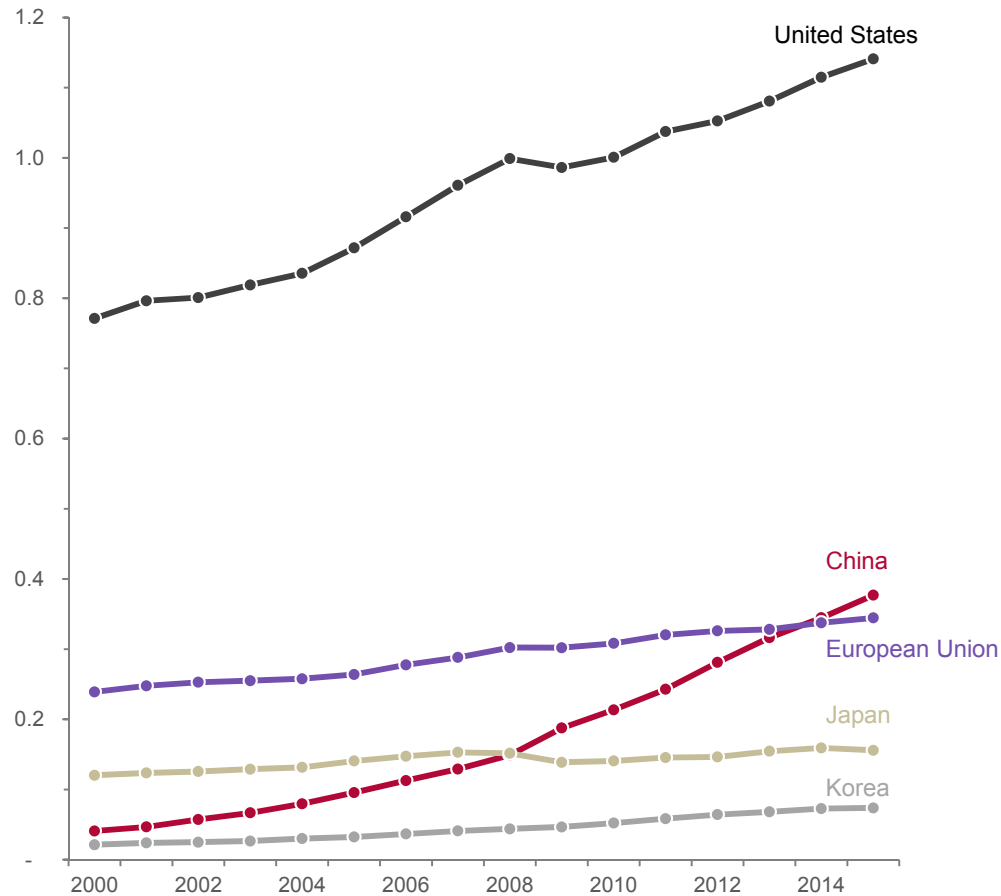
- Trade debtors and WIP of acquired entities is \$23.9m at 30 June 2017
- \$137m of shares issued in relation to the Watermark and Griffith Hack acquisitions
- \$162m of intangibles arising on the acquisitions including \$81m of goodwill
- Deferred tax liabilities largely related to acquisition intangibles
- Provisions increase includes \$5.2m of deferred contingent consideration on Watermark acquisition and employee entitlements on acquired businesses
- Other liabilities includes \$6.2m deferred lease liabilities arising from the increased lease property portfolio
- Net debt of \$11.3M (2016: net cash \$0.9M) due to acquisitions:
 - increased from \$10m to \$50m
 - 3 year term from 2 February 2017
 - Leverage ratio of 0.76 at 30 June 2017.

4 – Market Update

Key industry trends

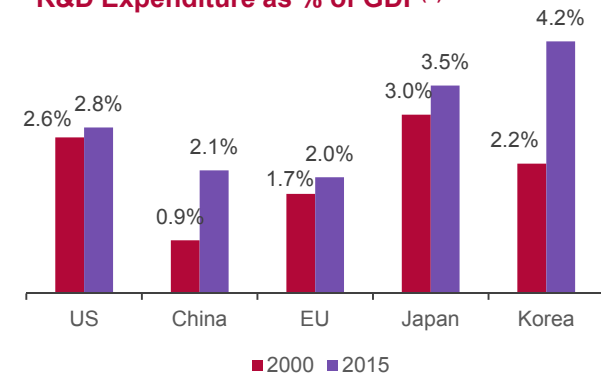
Long-term global R&D investment trends remain positive

Gross Domestic Expenditure on R&D (US\$ trillion)⁽¹⁾



- Investment in R&D is a key driver of investment in IP protection
- Long-term trends remain positive for the IP services sector:
 - Global R&D spend increasing (in absolute terms and as % of GDP)
 - US and China in particular showing strong growth
 - Xenith IP Group provides industry leading depth in traditional IP services - in conjunction with highly complementary advisory services along the innovation pathway
 - Xenith IP Group well positioned to capitalise on supportive growth dynamics in AU and Asia.

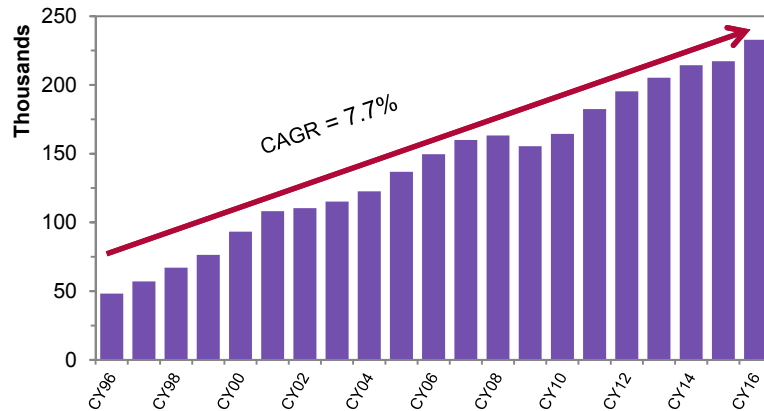
R&D Expenditure as % of GDP⁽¹⁾



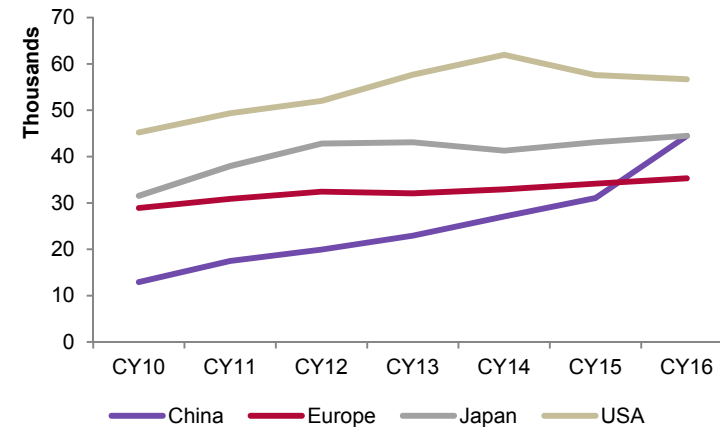
(1) OECD Data - Main Science and Technology Indicators.

Key industry trends (cont'd)

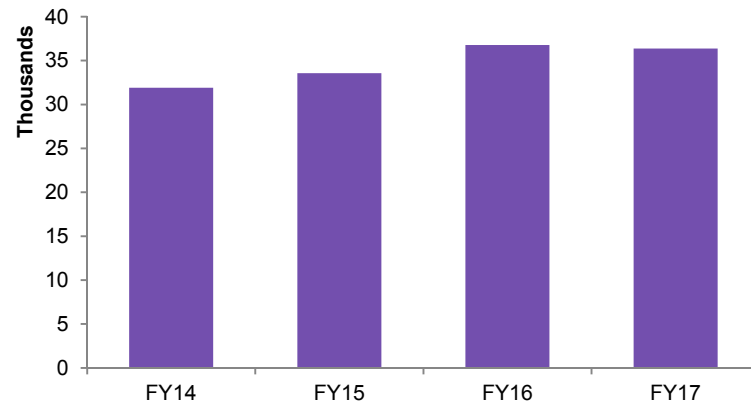
Total PCT Applications



PCT Applications in Key Jurisdictions



Australian Patent Applications



Comments

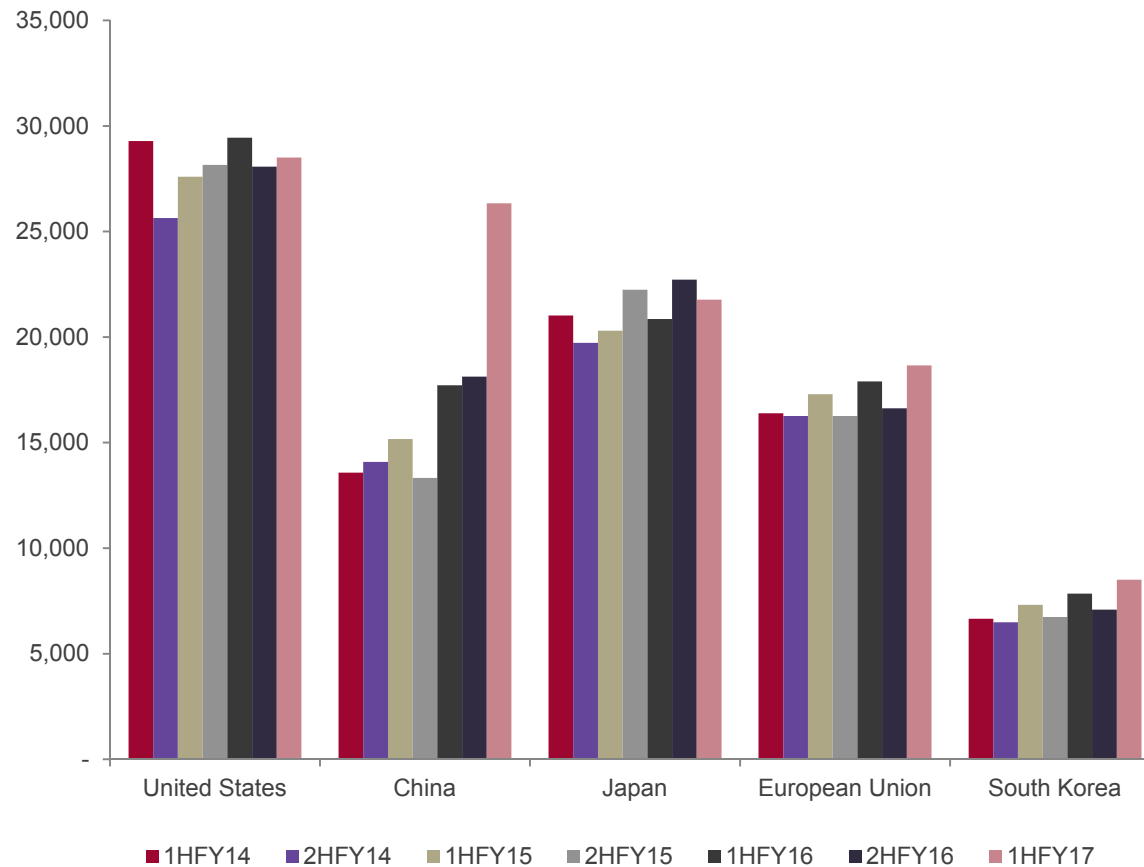
- Consistent long term growth profile of total PCT applications reflects global growth in technological innovation and IP protection
- AU patent applications substantially flat in FY17 following AIA⁽¹⁾ pull-forward effect – levels expected to revert to pre-AIA growth trends in FY18.

(1) AIA: America Invents Act. Transition provisions caused a pull-forward of PCT national phase patent filings in Australia from FY17 into FY16
Sources: PCT charts - WIPO Statistics Data Center / AU data - IP Australia.

Key industry trends (cont'd)

PCT filing statistics in primary jurisdictions trending upward

Original PCT applications by Receiving Office⁽¹⁾



- Long-term and recent trends in Patent Cooperation Treaty (PCT) filings positive
- While only a portion of original PCT applications proceed to national phase entry in Australia, this metric in primary jurisdictions provides a lead indicator of potential future national phase patent applications domestically.

(1) Source: WIPO – A PCT (Patent Cooperation Treaty) application is a single international patent application that has initial effect in over 140 countries (signatories to the treaty) for a period of up to 31 months from the earliest priority date, subsequently requiring national phase entry in each jurisdiction in which national or regional patent protection is sought.

5 – Post Acquisition Business Overview

Transformed Group

Combining three of Australia's premier IP businesses (and an associated IP Advisory business now renamed Glasshouse Advisory), to create a leading IP services group positioned to benefit from increased scale and growth opportunities.

Shelston 

griffith⁺
hack

watermark
Intellectual Asset Management


Glasshouse
Advisory

1

Create a leading Australasian IP Group

- Combined group establishes leading market share positions
- Significant scale positions Xenith to benefit from a range of strategic and financial opportunities
- Enlarged client base creates potential to cross-sell traditional and complementary advisory services
- Expanded resources strengthen value proposition for clients and staff.

2

Maximise operational efficiencies

- Increased scale creates operational efficiencies through integrated system platforms & streamlined workflows
- Independent brands under Xenith umbrella create economies of scale through shared resources and support services
- Expanded expertise from the four businesses drives establishment of best practices and systems across group.

3

Deliver enhanced shareholder value

- Opportunities for substantial revenue and cost synergies
- Sustainable EPS accretion
- Significant growth opportunities
- Diversification of revenue streams
- Expansion into high growth Asian markets.

Investment Highlights

Key areas

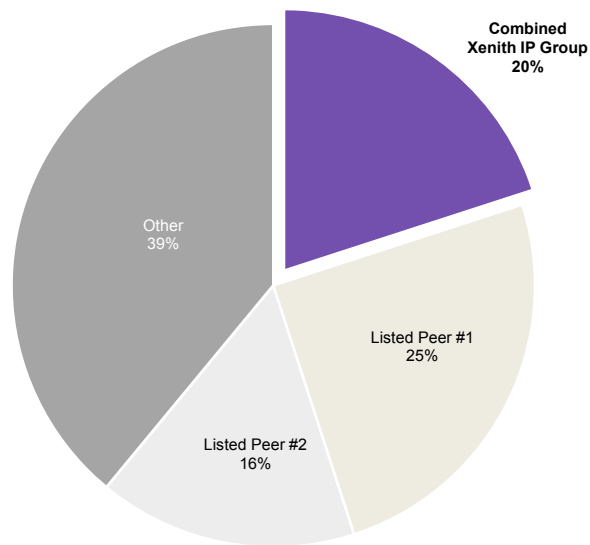
Supportive industry dynamics	<ul style="list-style-type: none"> • Long-term trends remain positive for the IP services sector, supported by increasing global investment R&D, technological innovation and globalisation • IP and intangible assets increasingly recognised as valuable currency in the knowledge economy • High barriers to entry
Robust business model	<ul style="list-style-type: none"> • Strong recurring revenues supported by long term client relationships and long-term IP process pipelines • Low working capital requirements, low levels of work-in-progress, and minimal capital expenditure requirements • Strong cash flows, high cash conversion ratios
Premium house of brands	<ul style="list-style-type: none"> • Internationally recognised premium Australian IP firms with long 100+ year histories dating from 1859 (Shelston IP, Watermark) and 1904 (Griffith Hack) and proven track records • Stable premium client base including many Fortune Global 500 companies and characterised by long tenure (28 of the top 50 clients with Xenith firms for more than 15 years)
Strong market position	<ul style="list-style-type: none"> • No. 2 market position for patent and trademark filings in Australia • Ideally positioned for extension of reach into higher growth Asian markets
Highly diversified revenue base	<ul style="list-style-type: none"> • Global client base highly diversified by geography, industry sector and service line, with top client contributing only 2% of revenue • Service lines and revenue streams further extended and diversified through Glasshouse Advisory
Industry leading systems and processes	<ul style="list-style-type: none"> • Advanced technology platform provides process automation, operational efficiency and competitive advantage • Potential for further development and integration across brands to support further process automation and margin improvement • Automated B2G interface with IP Australia implemented in Griffith Hack for rollout across the Group
Opportunities for growth	<ul style="list-style-type: none"> • Industry dynamics support organic growth in core businesses • Transformational change in scale positions the company to capitalise on growth opportunities in Asia • Glasshouse Advisory ideally positioned for growth and extension of complementary service lines in Australia and Asia • Substantial synergies and margin growth through integration of acquired businesses.

Transformational combination of three leading IP firms

Transformed Xenith IP Group achieves No. 2 position for patents and trade marks

FY17 market shares⁽¹⁾ in Australia

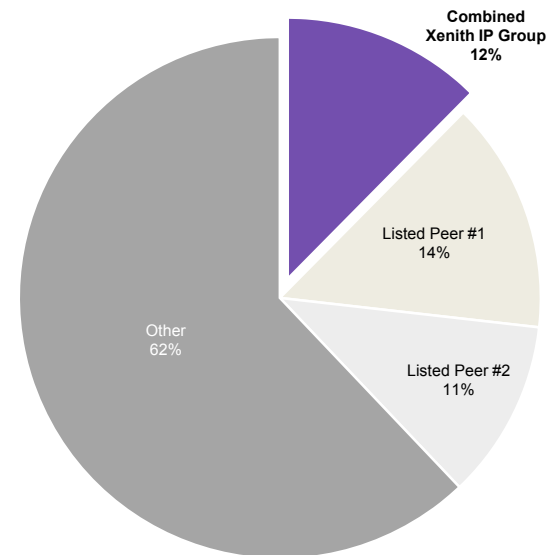
Patent filing market share⁽²⁾ (FY17)



Pro forma market share: FY17

☑ **Combined Xenith IP Group: #2**

Trade mark filing market share⁽³⁾ (FY17)



Pro forma market share: FY17

☑ **Combined Xenith IP Group: #2**

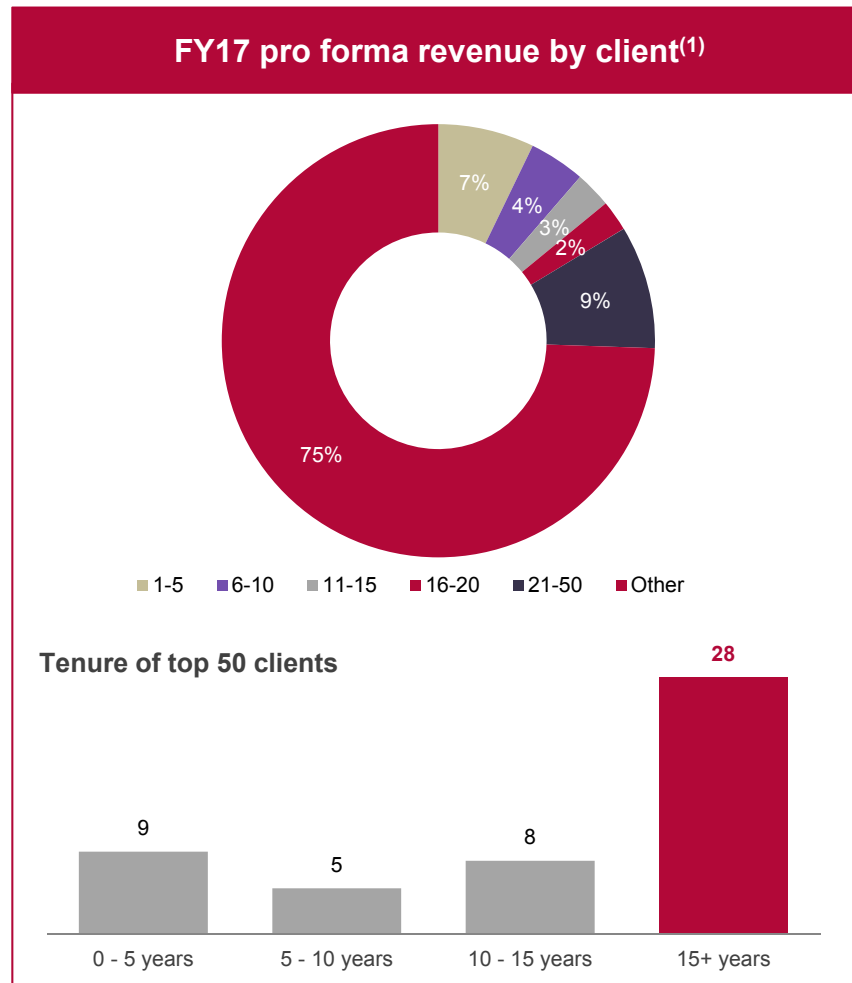
(1) Post acquisition of Watermark (completed 2 November 2016) and Griffith Hack (completed 1 February 2017) – pro forma figures for combined Xenith IP Group in FY17

(2) IP Australia – FY17 market share based on Australian national phase and direct national patent applications

(3) IP Australia – FY17 market share based on Australian trade mark applications filed through the top 50 filing agents.

Diversified and long-term client profile

Highly diversified client base - largest client representing only 2% of revenue

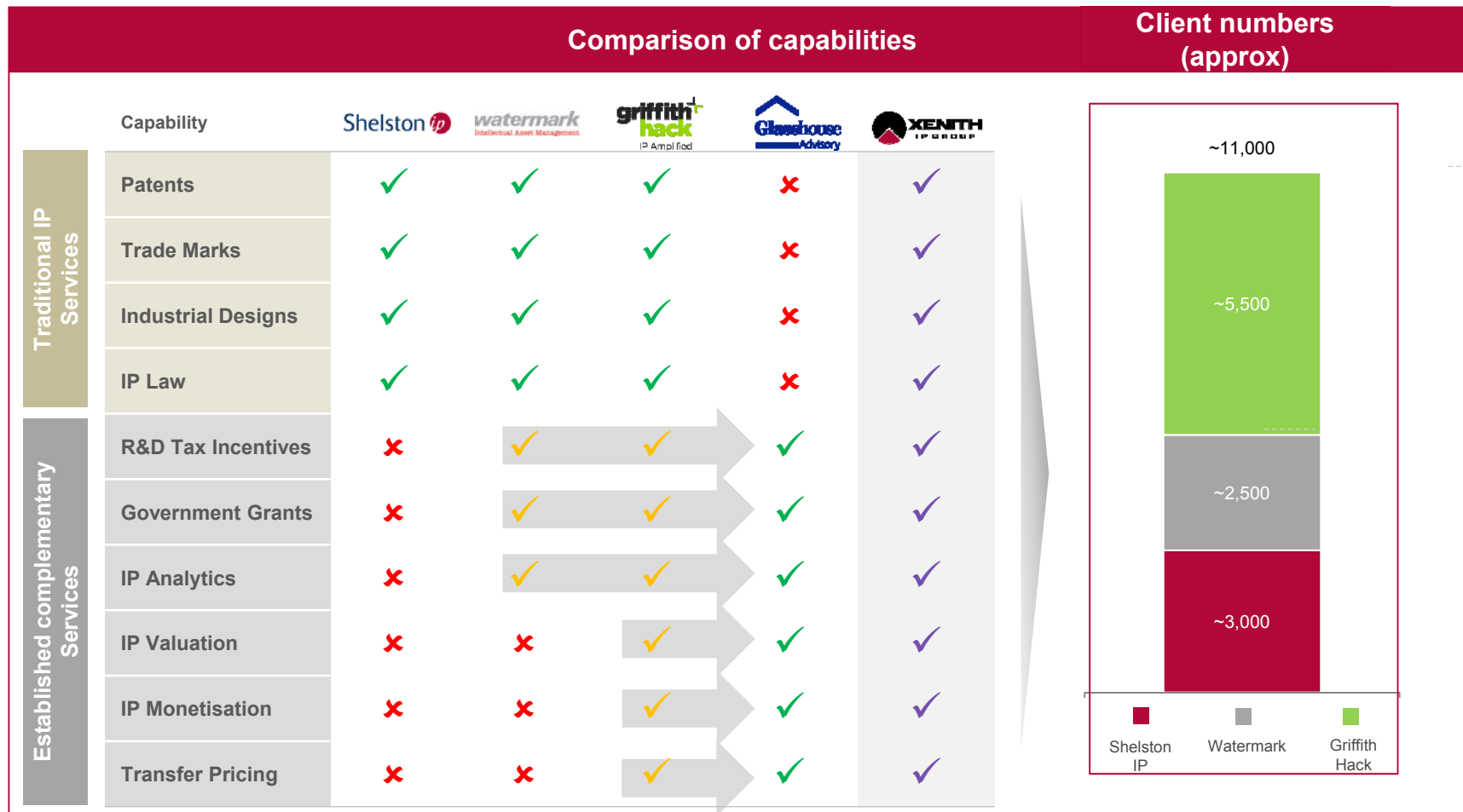


- Approximately 11,000 clients on combined basis including:
 - Major multinational corporations
 - Domestic and foreign corporations, research institutes, educational institutions and SMEs
 - Domestic professional services firms
 - Foreign associates including offshore IP & other law firms
- Client base highly diversified by geography, service line and industry
- Acquisitions provide greater diversification of revenue across the client base, with top 20 / 50 clients accounting for only 16% / 25% of revenue
- Long-term relationships:
 - **36 of the top 50 clients** with Xenith firms for **more than 10 years**
 - **28 of the top 50 clients** with Xenith firms for **more than 15 years.**

(1) Post acquisition of Watermark and Griffith Hack.

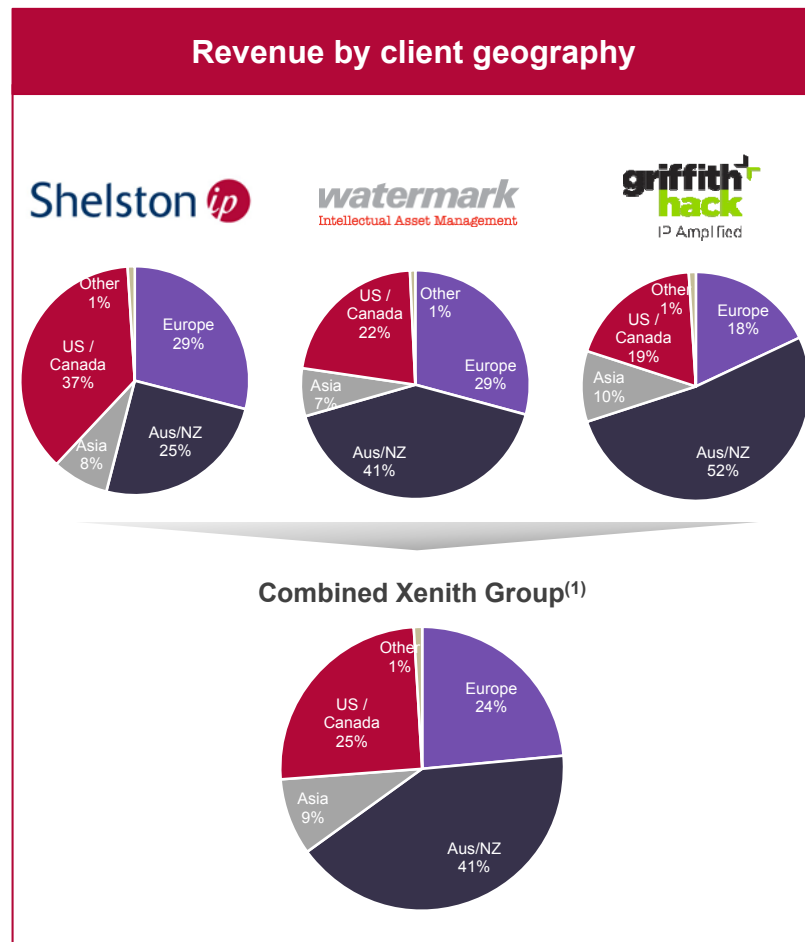
Increased scope of service offering

Large client base with potential to cross-sell traditional and established adjacent advisory services



- Client base presents significant opportunity to leverage complementary IP services across the enlarged group

Diversified and long-term client profile



- ✓ **Strong domestic market share** positions the Company to benefit from a range of significant potential strategic and financial opportunities:
 - 1 **Earlier stage involvement in the IP lifecycle** with potential for:
 - **Increased revenue opportunities and client tenure** stemming from initial IP origination services through to multi-jurisdictional application, prosecution and subsequent stages
 - **Provision of incremental advisory services** for each new application and on existing portfolios (e.g. patentability advice, patent drafting, IP searching, infringement, commercialisation, valuation and enforcement)
 - **Broader professional development of staff** through direct interaction with local clients
 - 2 Potential for outbound filings to act as **stimulus for foreign originating inbound reciprocal work flows**
 - 3 Broader scope of service offering diversifies revenue streams and **diminishes exposure to possible extension of ePCT system** to national phase entry
- ✓ **Diversified exposure to foreign currencies** and reduced exposure to USD
 - Based on current revenue mix a 1 cent movement in the AUD:USD exchange rate is expected to have a \$0.5m impact on revenue.

(1) Pro forma FY16.

Launch of Glasshouse Advisory

A key component of integration strategy

A specialist intellectual asset advisory firm launched on May 2017

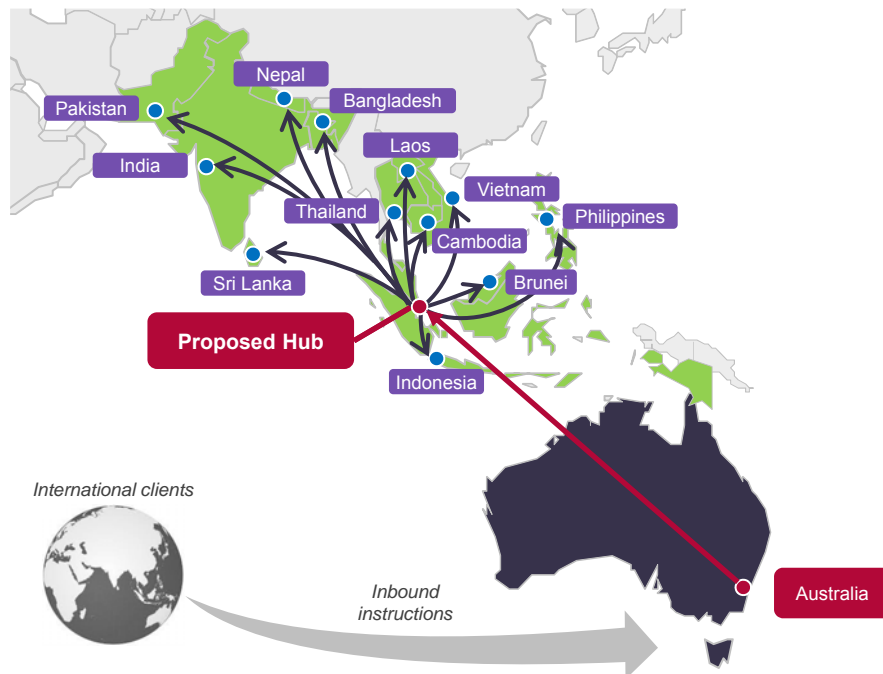
- Primarily formed from extended service lines within Griffith Hack & Watermark businesses
- Unique combination of complementary services
 - Built on deep foundations of expertise in IP
 - Enables businesses to maximise and leverage the potential of their intellectual assets
 - No equivalent depth and breadth of service offering in the market
- Independent branding allows extended service lines to be leveraged across the expanded client base
- Current Glasshouse personnel 35+ (not a start-up) with strong potential for growth and further extension of service lines
- Highly complementary with Asian growth strategy.

Overview of service lines



Progression of Southeast Asian strategy

Strong alignment of vision, values and strategic outlook across the Xenith firms provides sound basis for execution of regional growth strategies – initial momentum in Southeast Asia established



Southeast Asia – Strategic Objectives

- ✓ **“One-stop” IP filing and advisory service solution** across the region for existing and new clients
- ✓ **Regional hub and spoke model** expected to provide logistical support, capacity and local expertise
- ✓ **Single point of contact** for client instructions and reporting
- ✓ **Experienced IP professionals** (that clients already know and trust)
- ✓ **Leading systems and technology infrastructure** to support service delivery, quality control and risk management
- ✓ **Central coordination** to ensure efficiency of service delivery and consistency in prosecution strategy
- ✓ **Traditional IP services complemented** by adjacent services through Glasshouse Advisory.

Example Client Case Studies

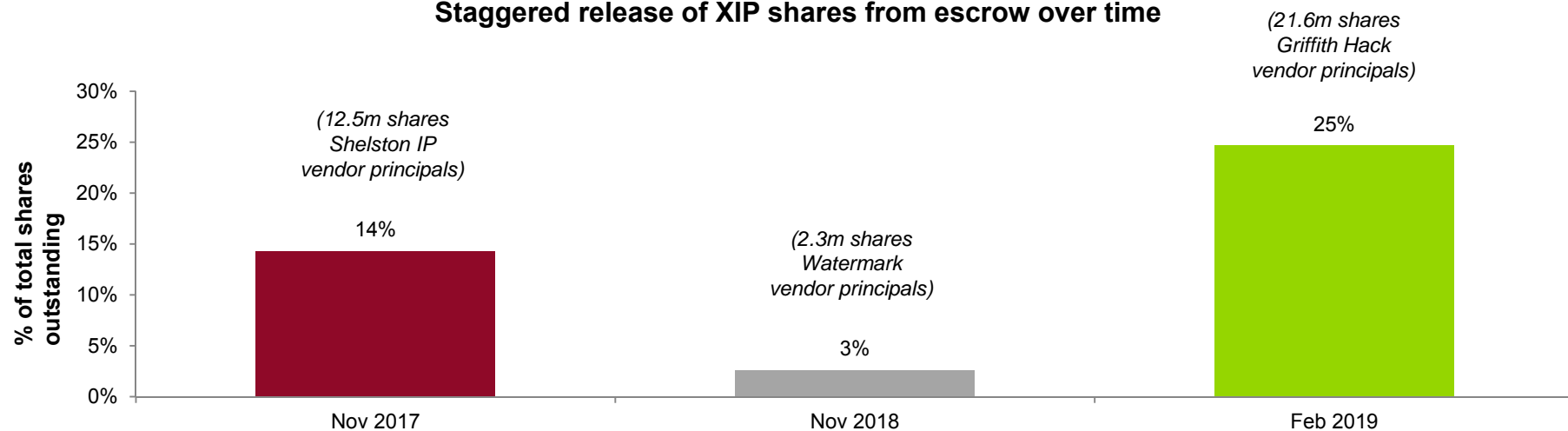
- Existing **US-based multi-national corporate clients**
- **Single point instructions** to coordinate filing and prosecution of each new patent application in **multiple countries across Asia**
- Workflows currently generating **significant incremental professional fees** from additional services.

Release of Xenith shares from escrow

No Shelston IP Vendor Principal share sales at end of escrow period

- As outlined in Xenith's prospectus dated 28 October 2015, approximately 12.5 million shares held by the Shelston IP vendor principals are due to be released from escrow on 19 November 2017
- All of those Principals also acquired additional (non-escrowed) shares through the entitlement offer associated with the Griffith Hack acquisition
- Each of the Shelston IP vendor principals has confirmed that they will not consider selling any shares, escrowed or otherwise, until the release of Xenith's 1HFY18 results at the earliest.

Staggered release of XIP shares from escrow over time



6 – Outlook

Integration Update – Progress to Date

Following completion of Watermark and Griffith Hack transactions & related activities, significant progress made in FY17 on integration – based on comprehensive 3 year integration plans

Key areas of progress – indicative examples

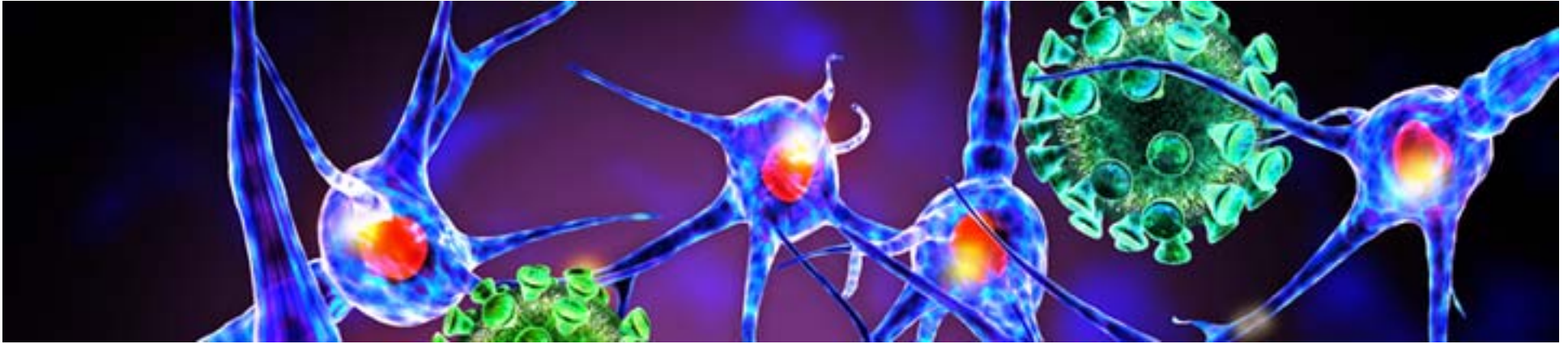
People	<ul style="list-style-type: none"> • Integrated management team established with dedicated integration project management resources • All Employees & Principals transitioned to corporate structure • Payroll systems successfully consolidated from 1 July 2017 • Performance incentive remuneration programs developed • HR programs launched to develop inspiring, innovative and differentiated culture and employee value proposition to attract and retain top talent and reward strong performance
Finance	<ul style="list-style-type: none"> • Consolidated financial reporting implemented • Insurances consolidated from 1 July 2017 • General ledger integration project planning commenced
Technology	<ul style="list-style-type: none"> • Established communications links across business units • Implemented improved back up and disaster recovery processes across the group • Domain unification project progressed and on track for completion Dec 2017 (key foundation to realising efficiencies in Operations area in H2 FY18 and beyond) • Network and communications integration in progress (including rationalisation of Perth and Sydney overlapping property footprints) • Launched Xenith Intranet
Operations	<ul style="list-style-type: none"> • Comprehensive benchmarking and analysis of workflow processes and technology platforms completed • B2G functionality improvements commenced, ahead of comprehensive process and system platform integration • Implementation of “best of breed” workflow tool across the Group commenced
Corporate Services	<ul style="list-style-type: none"> • Rationalisation of overlapping property footprints in Perth & Sydney commenced (property moves commenced late August 2017) • Consolidation of significant subscriptions • Other group procurement opportunities being actively exploited – including travel, technology licensing etc
Commercial	<ul style="list-style-type: none"> • IP Advisory division relaunched as Glasshouse • Improved professional staff productivity achieved through aligned incentives and headcount management • Established cross-selling strategies, principles and incentives (to enhance Revenue synergies).

All significant clients have been retained following completion of the acquisitions

Xenith Outlook

Focus on execution and growth

- The strategic acquisitions of Watermark and Griffith Hack and the subsequent launch of Glasshouse Advisory in FY17 have been **transformational** for Xenith, establishing a significantly larger and more **diversified platform** to support the next stages of growth and development
- With **earn-out periods concluded**, key areas of focus in the next phase of integration and strategy execution will include:
 - achieving **further cost synergies** through comprehensive three-year integration plans, systematically rationalising and leveraging IT system platforms, management resources, properties and other infrastructure across the Group
 - achieving further **productivity gains** through a combination of process automation, workflow optimisation, improved utilisation and shareholder aligned performance incentives
 - **leveraging complementary service lines** within Glasshouse Advisory across the Group's expanded client base to capitalise on differentiated market position and growth momentum in diversified revenue streams
 - extending both traditional IP and complementary services into **Asian markets**, leveraging the Group's expanded client base and extended service lines to build on initial momentum in Asia.
- Continue to focus on building an **inspiring, innovative and differentiated culture** that reflects the values of our people, attracts and retains top talent, and rewards strong performance.



Questions?

Appendix

Statutory to Underlying Income Statement

Description	2017					2016				
	Statutory \$m	Acquisition expenses \$m	Integration expenses \$m	IPO related expenses \$m	Underlying \$m	Statutory \$m	Acquisition expenses \$m	IPO related expenses \$m	Notional expenses ⁽¹⁾ \$m	Underlying Pro forma \$m
Revenue	85.0	-	-	-	85.0	36.9	-	-	-	36.9
Other income	0.2	(0.2)	-	-	-	0.1	-	(0.1)	-	-
Expenses										
Compensation	(35.1)	-	0.5	0.8	(33.8)	(12.8)	-	0.5	(1.0)	(13.3)
Disbursement Expense	(24.4)	-	-	-	(24.4)	(9.3)	-	-	-	(9.3)
Occupancy expense	(4.7)	-	-	-	(4.7)	(2.1)	-	0.6	-	(1.5)
Net foreign exchange gain/loss	(0.1)	-	-	-	(0.1)	(0.1)	-	-	-	(0.1)
All other expenses	(10.9)	3.9	0.5	-	(6.5)	(5.2)	0.3	1.6	(0.2)	(3.5)
EBITDA	10.0	3.7	1.0	0.8	15.5	7.5	0.3	2.6	(1.2)	9.2
Depreciation and Amortisation	(3.1)	-	-	-	(3.1)	(0.4)	-	-	-	(0.4)
Net interest expense	(0.7)	0.3	-	-	(0.4)	(0.2)	-	-	(0.1)	(0.3)
Net profit before tax	6.2	4.0	1.0	0.8	12.0	6.9	0.3	2.6	(1.3)	8.5
Income Tax Expense	(2.4)	(0.7)	(0.3)	(0.2)	(3.6)	(0.2)	(0.1)	(0.8)	(1.4)	(2.5)
Net profit after tax	3.8	3.3	0.7	0.6	8.4	6.7	0.2	1.8	(2.7)	6.0
NPATA	5.3	3.3	0.7	0.6	9.7	6.5	0.2	1.8	(2.6)	6.0
EPS (Cents)	6.4				13.5	20.4				17.7

(1) The prior period statutory earnings have been adjusted for comparative purposes to include notional expenses that arise on the assumption that the entity operated as a listed entity for the full year including paying the principals a salary from 1 July 2015.