

MARKET RELEASE

Sydney, 30 August 2016

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES OR TO US PERSONS

Xenith IP Group Limited full year results to 30 June 2016

FY16 Financial Highlights

- Pro forma* revenue up 8% on Prospectus; pro forma* EBITDA up 23% on Prospectus
- Pro forma* revenue of \$32.2 million, up 19% on FY15
- Pro forma* EBITDA of \$9.2 million, up 67% on FY15
- Pro forma* NPAT of \$6.0 million, up 71% on FY15
- Pro forma* EPS of 18.2 cents, up 71% on FY 15
- Final fully franked dividend of 7 cents per share to be paid on 30 September 2016

*Pro forma results are presented to highlight underlying performance of the business in its current structure, adjusted for IPO costs and other one-off expenses and notional costs associated with the restructure and IPO of the business. Refer to Appendix 4E for more detailed information and reconciliation between the statutory and pro forma results.

Xenith IP Group Limited (**Xenith** or **the Company**; ASX: XIP) today announced its results for the financial year ended 30 June 2016. The Company's pro forma NPAT for the full year was \$6.0 million, up 71% on the prior corresponding period (\$3.5 million), which equates to pro forma earnings per share of 18.2 cents, up 71% on the prior corresponding period. Key financial highlights from the results are summarised below.

FY16 Financial Highlights (On a pro forma basis)

\$m (unless stated otherwise)	FY16	FY15	% Change
Revenue	32.2	27.0	19%
EBITDA	9.2	5.5	67%
EBITDA Margin (% of professional fees)	34%	24%	n/a
NPAT	6.0	3.5	71%
EPS (cents)	18.2	10.6	71%

Commenting on the FY16 result, Managing Director, Stuart Smith said, "This is a very pleasing result and a reflection of the sustained efforts undertaken by Xenith's highly experienced staff and management team since the Group's ASX listing in November 2015. It is particularly pleasing to report that the Group exceeded its Prospectus forecasts for revenue and EBITDA by 8% and 23% respectively.

“A major achievement has been the growth in EBITDA margins as a percentage of professional fees, up from 24% to 34% in FY16. The development of the Group’s technology platform is ongoing to further improve operational efficiency and provide the Company with a sustainable competitive advantage. The improved operating margins also provide the Company with significant leverage in relation to future revenue growth, particularly as the fragmented nature of the Australian IP industry continues to offer consolidation opportunities.

“Just last week we were pleased to announce the successful acquisition of the Watermark group, one of Australia’s longest established intellectual property practices. On the back of a very strong result for FY16, the addition of the Watermark group to Xenith broadens our geographical footprint, deepens our professional skills base, expands the service offering to our clients and positions the Company well for future growth, in terms of both revenue and market share.”

Business Performance

Xenith generated strong revenue and earnings growth across the year, with solid results in its core business activities. The Company benefits from the highly diversified nature of its clients across multiple industry sectors, service lines and geographies, with the top 20 clients providing only 24% of revenue.

The stable earnings profile of the business continues to be highly cash generative, producing strong free cash flow and a healthy balance sheet. Working capital is carefully managed, with work-in-progress (WIP) only \$0.3m as at 30 June 2016.

Outlook

The strong performance of the business in FY16 was supported by several factors including the one-off transition to USD invoicing for a major proportion of foreign clients and subsequent favourable currency exchange rate movements. However, the solid underlying performance in conjunction with steady industry growth positions the Company well for FY17.

The integration of the Watermark group will be a key priority, including the development of adjacent service lines to broaden the spectrum of complementary services available to our clients. Staged integration plans will be linked to continued development of the Company's technology platform, to improve operational efficiencies across a group.

Among a range of organic and inorganic growth initiatives is a significant opportunity for the Company to develop its Southeast Asian Strategy, in conjunction with a continued focus on business development in China to build on current momentum.

The Company has achieved a great deal since listing on the ASX less than a year ago and is well placed to build on its market position in FY17.

Dividend

A final fully franked dividend of 7 cents per share will be paid on 30 September 2016. Future dividends will target a payout ratio of 70%-90% of NPAT.

ENDS

For further information, please contact:

Stuart Smith

Managing Director
+612 9777 1122
stuartsmith@xenithip.com

Lesley Kennedy

CFO & Company Secretary
Ph: +61 2 9777 1146
lesleykennedy@xenithip.com

About Xenith IP Group Limited

Xenith IP Group Limited (ASX: XIP) is the holding company for the group of entities that comprise the Shelston IP business, namely Shelston IP Pty Ltd, Shelston IP Lawyers Pty Ltd, and Xenith IP Services Pty Ltd. The Group's core business is to provide a comprehensive range of IP services, including identification, registration, management, commercialisation and enforcement of IP rights mainly Patents, Trade Marks and Designs for clients in Australia, New Zealand and the rest of the world.

Additional information is available at www.xenithip.com