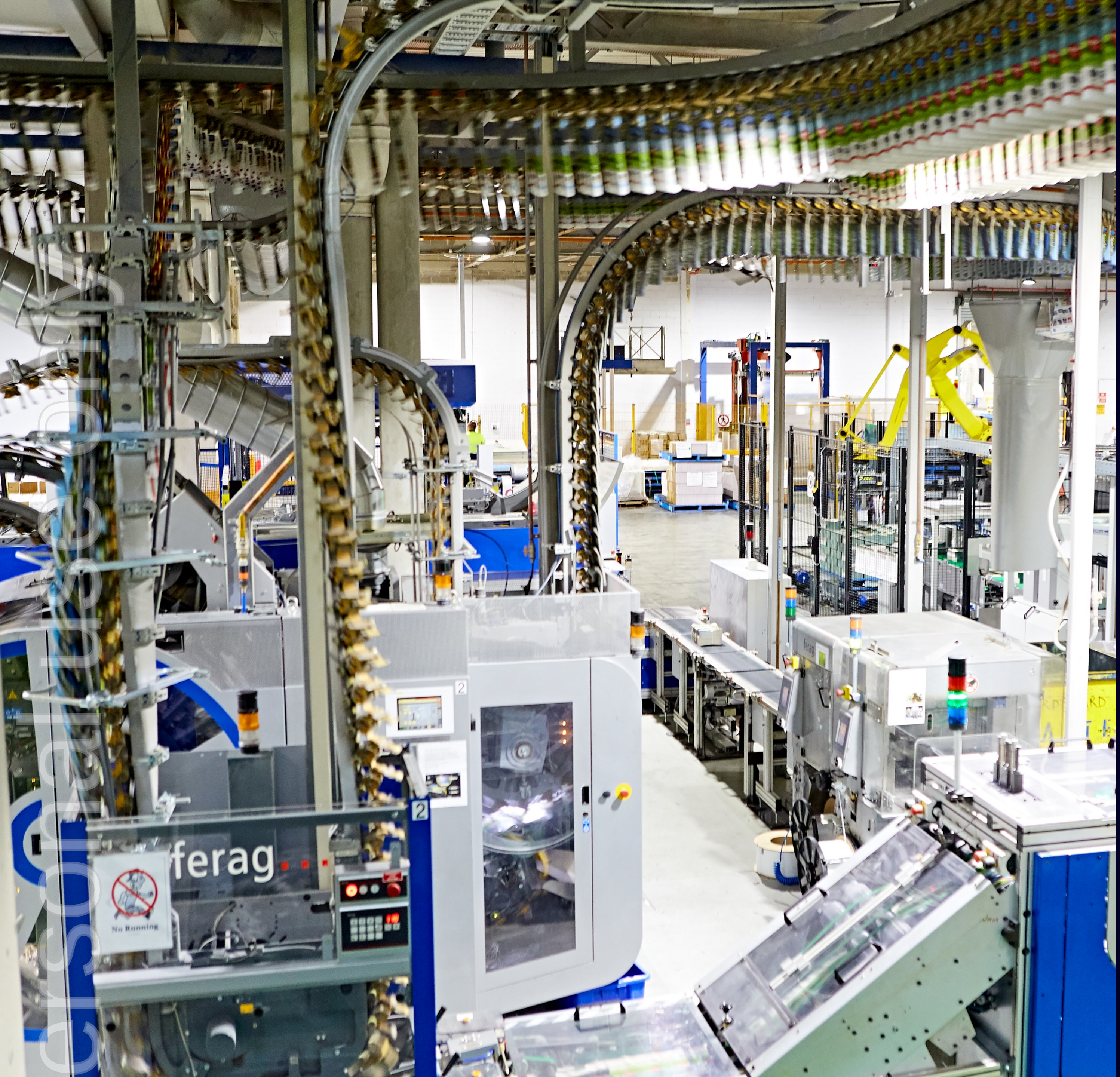


OVATO

H1 FY21

Investor Presentation

ASX: OVT

25 February 2021

The Board has approved this announcement for release.

H1FY21: Balance sheet & operational restructure

Ovato has responded to higher leverage and weaker print revenues resulting from COVID-19 by :

- Removing print capacity and reducing the fixed cost base, primarily by ceasing heatset printing at the Clayton site and significantly lowering overheads
- Undertaking an extensive balance sheet restructure to deleverage the business thus reducing net debt to $34.7M[1] at 31 December 2020

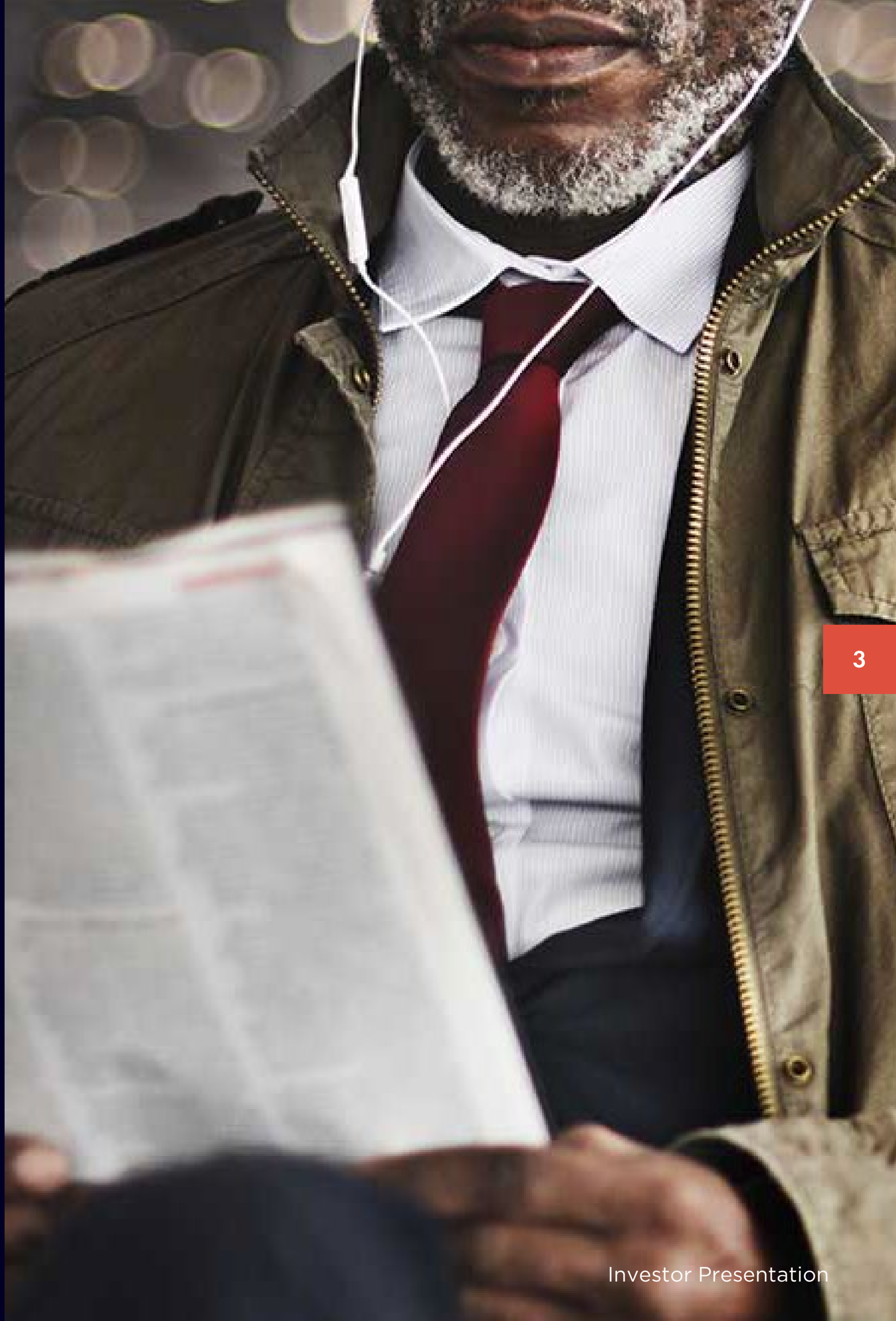
Key aspects include :

- Renegotiation of the Print Australia Enterprise Agreement (EA) with reduced redundancy scales and more flexible work practices
- Reduction of the $40M corporate bond to $15M with note holders consenting to the conversion of the $15M into equity by a further issue of shares in Ovato (subject to existing shareholder approval)
- A Court approved Creditors’ and Members’ Scheme of Arrangement resulting in certain debt being forgiven and the liquidation of certain companies within the Group allowing the closure of the Clayton plant
- Negotiation with landlords allowing the exit of some onerous property leases, the negotiation of reduced rental with another, and the deferral of equipment financing loans
- Establishment of a new $17M secured debt facility to cash back the existing ANZ bank guarantee facility
- Raising of $40M in new equity, which was used for debt reduction, scheme funding and working capital improvement

1. Excludes lease liabilities under AASB16

Our Vision

We are creating a smarter and sustainable business to deliver integrated marketing solutions that turn audiences into customers



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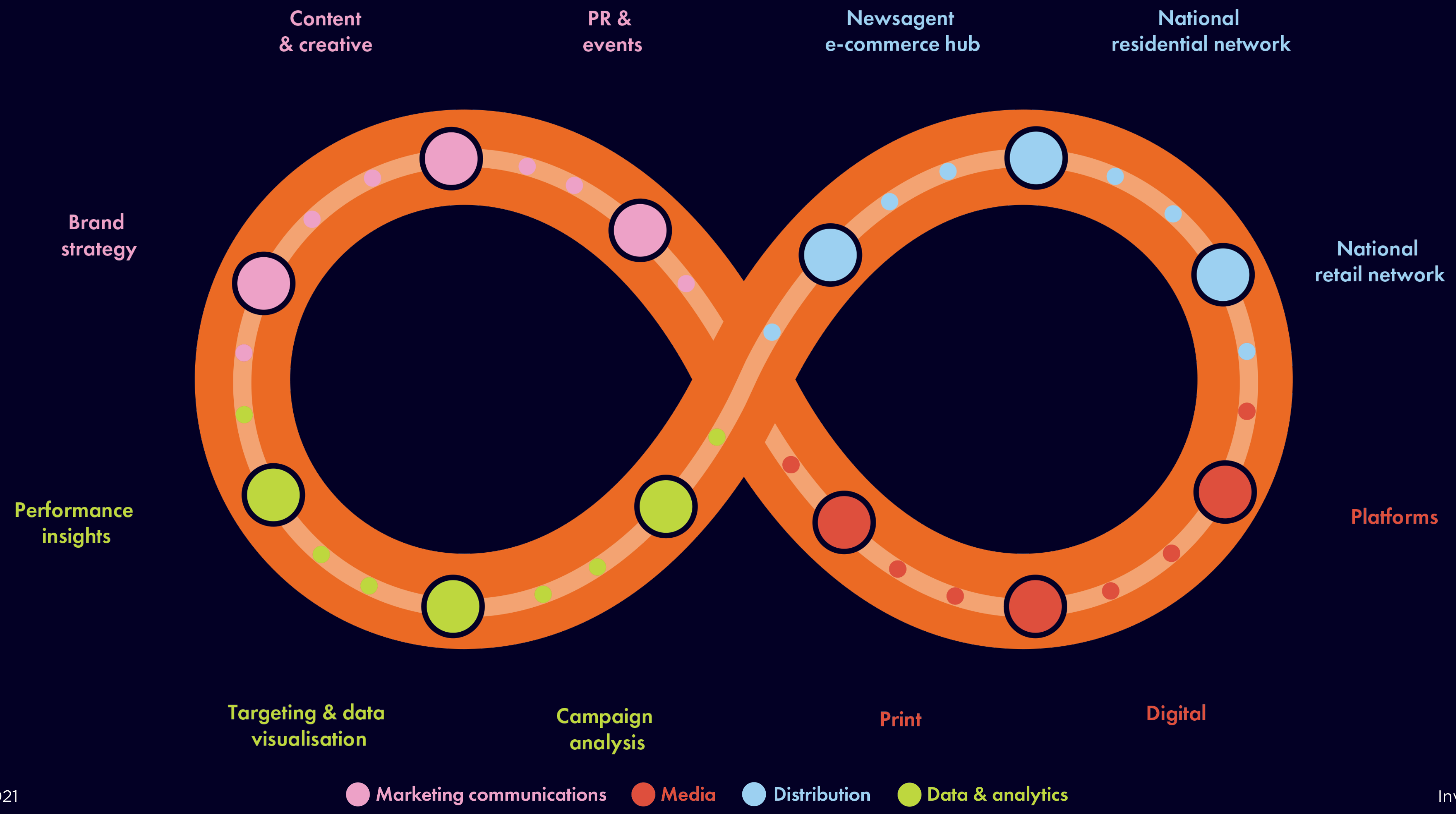
Our integrated capabilities



Outlook

- The restructure has reset our balance sheet and allowed us to reduce our manufacturing footprint and fixed cost base to better match future demand
- Our new Ovato Print Australia Enterprise Agreement allows us to be more flexible in managing our workforce and to affordably adapt to future changing demand
- We are evolving other parts of the business to take advantage of growth areas that sit well within our existing infrastructure and which do not require material capital investment
- Books, packaging, retail distribution and marketing services are seeing increased opportunities
- Heatset catalogue printing and residential distribution volumes are not returning as quickly as expected due to lingering impacts of COVID-19
- It is expected that FY21 EBITDA before significant items will be at or about the lower end of the previous provided guidance range of $31M-$35M
- Guidance for fiscal 2022 will be provided at the AGM in November 2021

Financial Overview H1 FY21

Sales[1]	EBITDA[1]	Net Debt[2]	Net Loss
$236.2M	**$22.3M**	**$34.7M**	**($9.7M)**
down 28.2% pcp	down 10.7% pcp	Down $38.2M vs June 20	$48.6M pcp improvement

- Sales at Ovato Australia $191.2M[1] down 29.6%
- Australian heatset print revenues COVID-19 impacted down 36%
- Ovato NZ sales down 21.5%

- Australian Book Printing & Retail Distribution EBITDA[1] up vs prior year
- Marketing Services EBITDA[1] in line year on year
- Heatset Print/Residential Distribution continue to be COVID-19 impacted
- EBITDA[1] includes $19.9M JobKeeper and Wage Subsidy income which mostly offset lower revenues

- Decreased net debt[2] vs June 2020 due to :
  - Equity issue $40M
  - $40M Bond compromise to $15M
  - ANZ $7M overdraft facility repaid
  - New $17M ScotPac facility

- Net loss of $9.7M vs $58.3M last year better by $48.6M pcp
- Net loss before significant items was $0.9M higher pcp
- Significant items were $43.8M lower pcp

1. Before significant items
2. Excludes AASB16 lease liabilities

Debt

Net Debt $M[1]	H1 FY21	H1 FY20	Var $
Net Debt[1]	34.7	90.9	(56.2)

- Corporate Bond reduced from $40M to $15M with that amount expected to convert to equity at an EGM in March 2021 (subject to shareholder approval)
- ANZ $7M overdraft facility was repaid in December 2020 from equity proceeds
- Commerzbank principal repayments deferrals agreed – subject to loan documentation and Euler Hermes approval expected in March 2021 (new proforma balance sheet as at 31st December 2021 is shown on page 15). Transferring $14M from current to non-current liabilities
- New three year ScotPac A$17M facility[2] in place December 2020 – used to cash back ANZ bank guarantees (this cash is shown as other current asset in balance sheet)

1. Excludes AASB16 lease liabilities
2. The ScotPac facility was reduced by A$7.5M in Feb 2021 with a three year NZ$ RFF secured by the Ovato NZ debtor book

Financials

Income Statement

$M	H1 FY21	H1 FY20	Var %
Sales Revenue (before significant items)	236.2	328.9	(28.2%)
EBITDA (before significant items) [1]	22.3	25.0	(10.7%)
Depreciation & Amortisation	(10.1)	(10.7)	(6.0%)
Depreciation - ROUA	(7.8)	(8.0)	-
EBIT (before significant items)	4.5	6.3	(29.5%)
Finance Costs	(4.2)	(3.9)	-
Finance Costs - ROUA	(4.6)	(5.1)	-
Net (Loss) After Tax (before significant items)	(3.3)	(2.4)	-
Significant items post tax	(6.4)	(55.9)	-
Net (Loss) before tax	(14.9)	(57.0)	-
Net (Loss) (after significant items)	(9.7)	(58.3)	-

1. Includes in H1 FY21 $18.3M in JobKeeper and $1.6M in Wage Subsidy from the Australian and New Zealand Government schemes

Operations Summary

Net Sales Revenue[1] ($M)	H1 FY21	H1 FY20	Var $	Var %
Ovato Australia Group	191.2	271.7	(80.4)	(29.6%)
Ovato New Zealand Group	44.9	57.2	(12.3)	(21.5%)
TOTAL GROUP	236.2	328.9	(92.8)	(28.2%)

EBITDA[1] ($M)	H1 FY21	H1 FY20	Var $	Var %
Ovato Australia Group	19.9	22.3	(2.3)	(10.5%)
Ovato New Zealand Group	2.4	2.8	(0.3)	(11.7%)
TOTAL GROUP	22.3	25.0	(2.7)	(10.7%)

1. Before significant items

Key Metrics

	H1 FY21	H1 FY20	Var $
Cash Flow from Operating Activities ($m)	4.3	(18.4)	22.8
Net Cash Flow[1] ($m)	13.1	(46.3)	59.3
Net Debt[2] ($m)	(34.7)	(90.9)	56.2
EBITDA[3] / Sales Revenue[3] (%)	9.5 %	7.6%	

1. Cash from operations, cash used in investing activities, repayment of lease liabilities, cash backing guarantees and proceeds from share issue
2. Excludes AASB16 lease liabilities
3. Before significant items

Reconciliation of Cash Flow

$M	H1 FY21	H1 FY20	Var $
EBITDA (Before significant items)[1]	22.3	25.0	(2.7)
AASB16 Lease Interest Payments	(4.6)	(5.1)	0.5
Borrowing costs	(5.6)	(4.4)	(1.1)
Income tax refunds/ (paid)	(0.0)	(0.0)	0.0
Movement in trade working capital	5.6	(10.0)	15.6
Working capital - onerous lease and makegood provisions payments	(0.4)	(3.3)	2.9
Trading Cash flow	17.3	2.1	15.2
Significant items	(13.0)	(20.6)	7.6
Cash Flow from Operations	4.3	(18.4)	22.8
Asset sales	0.1	0.8	(0.7)
Capital Expenditure	(0.2)	(19.1)	18.9
Cash funds given up to liquidator under the scheme of arrangement	(2.0)	0.0	(2.0)
Receipts from subleases, excluding the financing component	0.8	0.3	0.5
AASB16 Lease principal payments	(11.8)	(9.9)	(1.9)
Cash-backing ANZ guarantees and other ANZ facilities	(17.1)	0.0	(17.1)
Equity Issue (net of transaction costs)	39.0	0.0	39.0
Net Cash Flow (excl repayment/proceeds from borrowings)	13.1	(46.3)	59.3
Gain on translation of Foreign Cash / Debt	0.2	0.0	0.1
Write down in Corporate Bond	25.0	0.0	25.0
Reconciliation to Net Debt movement	38.2	(46.2)	84.5

1. EBITDA includes $18.3M of JobKeeper and $1.6M of Wage Subsidy received in H1 FY21 from the Australian and New Zealand government schemes

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Balance Sheet Metrics

	Dec-20	Dec-19
Total Assets ($m)	380.5	470.1
Shareholders Funds ($m)	47.2	68.8
Net Debt ($m)	34.7	90.9
Lease Adjusted Net Debt ($m)	117.9	195.3
Net Tangible Assets per share (cps)	0.01	0.09
Trade Working Capital ($m) [1]	27.6	54.3
Debtor Days	31.2	32.5

1. Includes an impact of $15.4M write-down in net working capital liabilities as part of the scheme of arrangement

Significant Items

$M	Cash	Non Cash	Total
Gain on forgiveness of corporate bond	-	25.0	25.0
Gain on scheme of arrangement – creditors	-	10.9	10.9
Gain on scheme of arrangement – liquidated entities	-	1.8	1.8
Impairment – PP&E and Inventory	-	(23.0)	(23.0)
Impairment – ROU Assets	-	(2.6)	(2.6)
Redundancies/Other restructuring costs[1]	(21.9)	1.8	(20.1)
Financing Costs	(0.2)	(1.8)	(2.0)
Sub Total	(22.0)	12.1	(10.0)
Gain/(Loss) on sale of PP&E	0.1	(0.5)	(0.5)
Total	(22.0)	11.6	(10.5)

1. includes $9.0M to be paid in H2 FY21 relating to Onerous Lease Payments and Makegood costs

Balance sheet after Commerzbank deferrals

$M	31/12/20	Post Commerzbank
Current Assets	193	193
Non Current Assets	187	187
Total Assets	380	380
Current Liabilities	202	188
Non Current Liabilities	131	145
Total Liabilities	333	333
Net Assets	47	47
Current Ratio	96%	103%

- We have agreed amortisation deferrals with Commerzbank which as at 31 December are subject to final documentation and approval from Euler Hermes (German Government export credit agency)
- Current ratio will be restored

Disclaimer

The material in this presentation is a summary of the results of Ovato Limited (OVT) for the half year ended 31 December 2020 and an update on Ovato's activities and is current at the date of preparation, 25 February 2021. Further details are provided in the Company's half year accounts and results announcement released on 25 February 2021.

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