

# *ipd* group

Leading national distributor and service provider  
to the Australian electrical market

**AGM 2022 | 28 NOVEMBER 2022**

CEO Presentation  
Michael Sainsbury



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## PRESENTATION AUTHORISED BY THE BOARD



# We power, automate and connect infrastructure to build a better world

As more countries take action to reduce carbon emissions, demand continues to grow for the products and services essential to deliver responsible economic development.

IPD Group is a vertically integrated provider of end-to-end solutions to the Australian electrical market that help make it possible.





- CALIBRATION
- REFURBISHMENT
- MAINTENANCE
- TESTING
- COMMISSIONING
- INSTALLATION

**VISION** | To build the best team, provide an outstanding end-to-end customer experience and implement solutions to the challenges faced by the industries we serve.

**MISSION** | Through early adoption of technology, provide products, solutions and services of superior quality and value that exceed expectations.

- VALUES** |
- respect
  - integrity
  - knowledge
  - leadership
  - service
  - fun



## Extension of distribution agreement with ABB

- Successful transition of additional products and customers from ABB

## HTC and Gemtek acquisition complete

- Integration into IPD offices
- System integrations of Control Logic, HTC and Gemtek executed during the financial year

## Successful listing on ASX (December 2021) raising \$20m of new capital for growth initiatives

- Share price growth of 151% since listing<sup>1</sup>

## Positive outlook for continued growth

- Continued buoyant market
- Continuing supply disruption and global trade uncertainty

1. As at 25 November 2022

# FY22 Overview

## Financial performance

Strong organic and inorganic growth for the Group

**\$180.5m**

↑ Pro forma revenue  
Up 26.6% (PCP \$142.6m)

**\$22.1m**

↑ Pro forma EBITDA  
Up 38.1% (PCP \$16.0m)

**\$18.5m**

↑ Pro forma EBIT  
Up 54.2% (PCP \$12.0m)

**\$12.6m**

↑ Pro forma NPAT  
Up 59.5% (PCP \$7.9m)

**3.7cents**

↑ Dividend<sup>1</sup> 32.1% greater  
than prospectus forecast  
(2.8c per share)

**\$63.4m**

Net assets  
(\$50.0m<sup>2</sup> as at 30 June 2021)

**\$25.4m**

Net cash  
(\$17.6m<sup>2</sup> as at 30 June  
2021)

**Zero**

0.0 LTIFR<sup>3</sup>

**90% / 10%**

Products / services  
revenue split

**18% / 27%**

ROIC<sup>4</sup> / ROCE<sup>5</sup>

1. Relates to second half of FY22

2. Pro forma per IPO prospectus

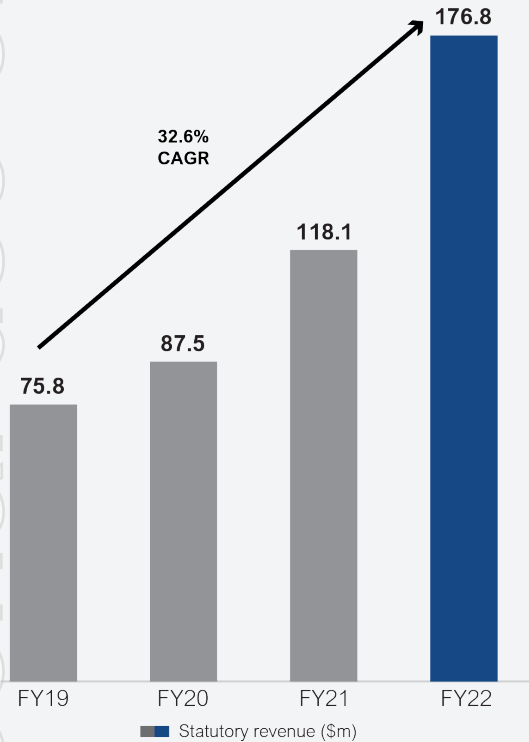
3. Lost time injury frequency rate at 30 June 2022. LTIFR Average number of lost time injuries over the past 12 months for every 1,000,000 hours worked

4. Return on invested capital (ROIC) = NOPAT / Invested Capital. NOPAT = NPAT (no debt on balance sheet). Invested capital = Equity + lease liabilities

5. Return on capital employed (ROCE) = EBIT / Capital Employed. Capital employed = Total assets – current liabilities

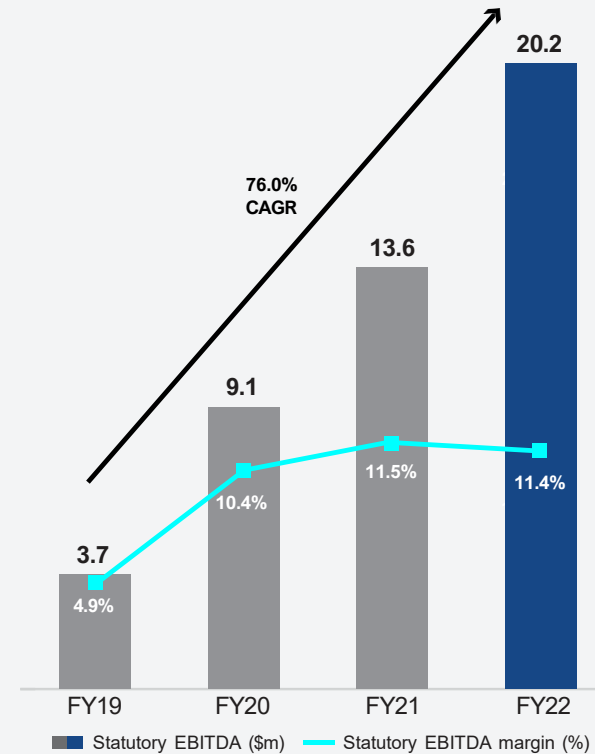
# FY22 Overview

## Statutory revenue



- Statutory revenue of \$176.8 million, up 49.7% on pcp
- Statutory revenue CAGR of 32.6%, representing both organic and inorganic growth
- Statutory revenue includes the acquisitions of Addelec in August 2019 (FY20), Control Logic in October 2020 (FY21), HTC in October 2021 (FY22) and Gemtek in April 2022 (FY22)

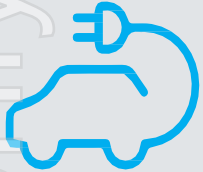
## Statutory EBITDA & EBITDA margin



- Statutory EBITDA of \$20.2 million up 48.5% on pcp, representing a statutory EBITDA margin of 11.4% (includes \$1.6 million of IPO costs)
- Statutory EBITDA CAGR of 76.0%, representing both organic and inorganic growth



# IPD are exposed to a number of high growth areas



## Electric vehicles

Public and private sector commitments to transition vehicle fleets to EVs and expand EV charging infrastructure

IPD sells EV infrastructure on behalf of ABB and provides related services (installation, commissioning, maintenance, etc)



## Renewable energy

Increased focus on compliance measures regarding 'green buildings', including NABERS and Greenstar ratings

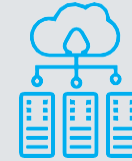
IPD's power monitoring products enable commercial buildings and utilities to monitor energy usage at a granular level



## Industrial communication systems

High profile cyber attacks on companies resulting in increased demand and investment in cybersecurity protection

IPD sell hardware and software solutions which protect enterprise's electrical infrastructure



## Data centres

Rising demand for components and systems for data centres

IPD sell various critical products to data centres and offer installation, test and commission, maintenance and ad hoc engineering services



## Modular switchboard systems

Changes in the newly introduced low voltage switchgear & control gear assemblies standard

Both Elsteel and IPD invested heavily in design and testing to provide a comprehensive modular electrical switchboard solution



# Changing electrical landscape

## Australia is undergoing a distributed energy revolution<sup>1</sup>

Expected energy transition to 2050<sup>2</sup>

### Industry drivers

#### Economic:

- Inflation and soaring electricity prices
- Rising demand for renewable electricity to drive industry expansion

#### Political:

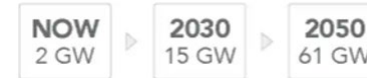
- Government renewable energy schemes and incentives
- Installation expansion into corporate and residential buildings
- Development of large scale energy storage infrastructure

#### Environmental:

- Impacts of population growth on the environment
- Growing environmental consciousness
- More companies are establishing environmental, social and governance (ESG) criteria



Storage capacity to increase by a factor of 30



Grid-scale wind and solar to increase 9-fold



Distributed solar PV to increase 5-fold



Electricity usage from the grid to nearly double



1. the-distributed-energy-resources-revolution-paper.pdf (cleanenergycouncil.org.au)

2. <https://aemo.com.au/newsroom/media-release/aemo-releases-30-year-electricity-market-roadmap>

# EV charging infrastructure market

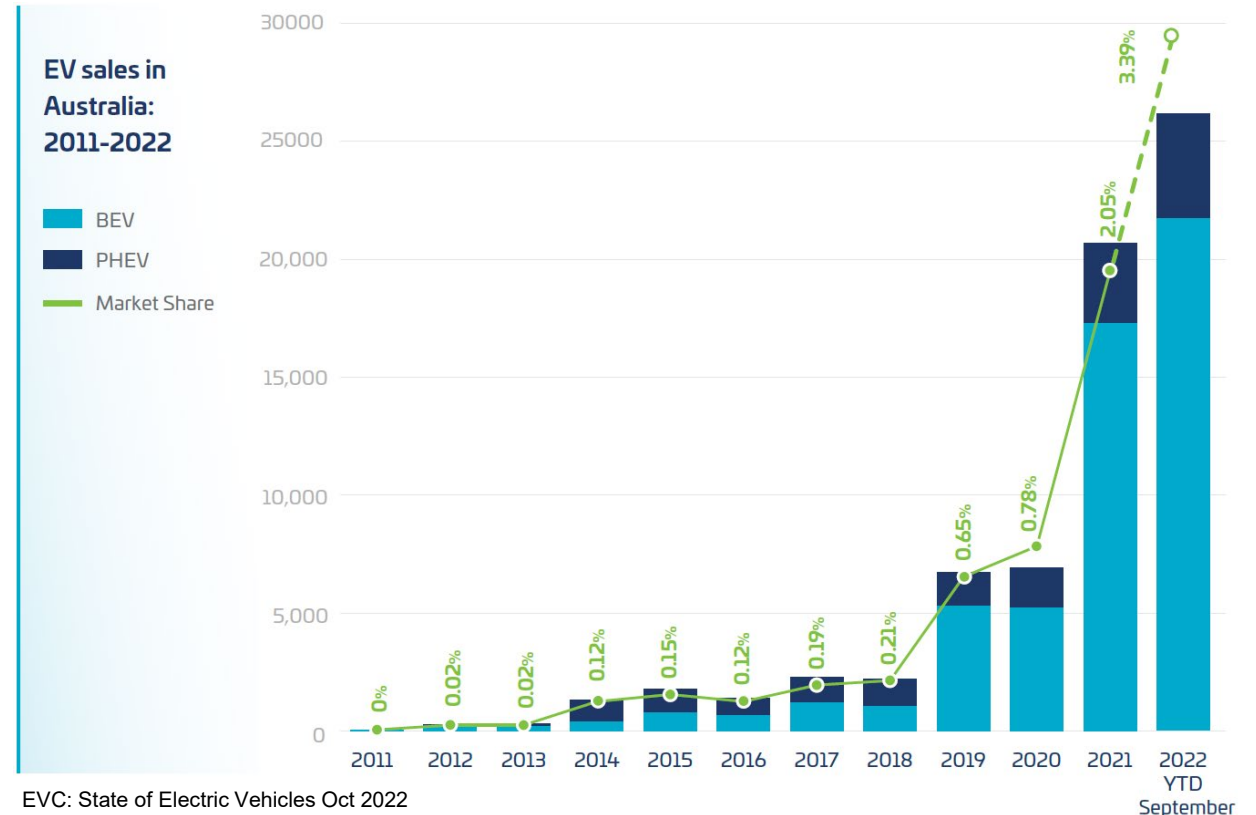
## Electric vehicle chargers uptake and investment

A once-in-a-generation opportunity

- There are some estimates that suggest Australia will have 3 million EVs on the road by 2030
- Significant long-term investment will be needed to support Australian charging infrastructure
- Based on global take up of private chargers and global directives on public charger infrastructure, Australian charging infrastructure would require \$15 billion - \$20 billion of investment over the next 10 years

### Current initiatives

- ACT mandated new zero emission vehicles by 2035
- NSW launched phase two of EV Fast Charging Grants \$633M over 4 years
- NSW Destination EV Charger grant. \$20M for regional/rural areas
- New legislation before parliament to remove fringe benefits tax (FBT) on eligible electric cars
- Introduction of the Commonwealth fleet target to ensure its fleet purchases and leases will be 75% electric by 2025
- Volvo to stop importing internal combustion engine vehicles to Australia by 2026. Audi will end development of new internal combustion engine models by the end of 2026





# EV charging infrastructure market

## Electric vehicle chargers and associated infrastructure

### Integrated Charging Solutions

#### Energy demand levels are changing

- On-site commercial charging for fleets will need to be a standard feature over the next decade as fleets migrate to the EVs
- Corporate fleets and government will lead the way forward buying the largest share of EVs initially, which will flow into the second-hand market in the following few years
- Many major building upgrades will be needed to ensure electrical infrastructure to supply adequate capacity for the new demand
- IPD Group are in a favourable position to capitalise on EV charging and subsequent electrical infrastructure upgrades

Medium Voltage Distribution



Battery Energy Storage Systems



Energy Management & Power Quality



Low Voltage & Solar Distribution Boards



EV Chargers & Management Software



Design, Installation, Service & Maintenance



# Strategic priorities

## Become a significant end-to-end solution provider to the EV charger market →

- EV hardware distribution agreement with ABB ●
- Design and project delivery skills – Gemtek ●
- Appointment of an experienced leader to the EV business Unit – David Sullivan ●
- Increase the scale of business development, engineering and project delivery staff – in progress ●
- Establish a nationwide network of licensed EV installers – in progress ●

## Expand product range →

- UPS – Uninterrupted Power Supply ●
- BESS – Battery Energy Storage Systems ●
- High efficiency motors ●
- Renewables ○



# Strategic priorities

## Acquisitions



The Group has a proven track record of successful acquisitions



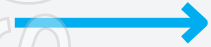
IPD continues to assess potential complementary acquisitions that add to its customer offering



Potential targets have been identified and preliminary discussions are taking place



## Strategic sales focus



Investment in resources over and above the current pool to create pull-through demand by driving specification of IPD solutions through key influencers and identify significant opportunities early in the project life cycle



Promote “packaged” solutions covering all products, create and deliver an education program for consultants, become a trusted advisor for relevant solutions to end users in key targeted vertical markets



## Buoyant Market

- Infrastructure
- Mining
- Data centres

## Regulatory Environment

- Decarbonisation
- Mandatory emission reduction
- Incentive schemes

## Electrification of the Economy

- Renewables
- Energy management
- EV Chargers

## Global Supply Chain

- Cost increase of materials and freight
- Increase inventory levels to mitigate disruption
- Extended delivery lead times continue

## COVID-19

- Lock downs relaxed
- Increase in staff travel to meet customers face to face

## Sri Lanka

- Political and economic climate in Sri Lanka back to normal
- Colombo employees have returned to the office
- Back up operations in Manila is functioning well with 11 staff already onboard



# Trading update & outlook

## Earnings guidance

Guidance is based on unaudited management accounts for the first four months of FY23 and management budget for November and December

- Record performance in FY22
- Positive momentum has continued into FY23
- Margins have remained strong, price increases from suppliers have been successfully passed on to the market

### H2 FY23 strategic investments:

- Second NSW warehouse in Sydney – IPD secured approx. 4,000sqm site in Eastern Creek
- Continued investment into inventory
- Investment into resources as we expand Gemtek and recruit specification focused business development managers across the country

\$m	H1 FY22 pro forma <sup>1</sup>	H2 FY22 statutory	H1 FY23 guidance range <sup>2</sup>
Revenue	85.5	95.0	105.3 - 108.0
EBITDA	10.8	11.3	13.0 - 13.4
EBIT	9.0	9.6	11.1 - 11.5
EBITDA margin	12.6%	11.9%	
EBIT margin	10.5%	10.1%	

1. H1 FY22 pro forma results excludes IPO related expenses, includes three months of HTC prior to acquisition, five months of costs as a listed company and excludes HTC acquisition related expenses

2. Guidance is based on unaudited management accounts for the first four months of FY23 and management budget for November and December

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Thank you for joining us.