

FY24 Financial Result above top end of guidance range

IPD Group Limited (ASX:IPG, "IPD" or the "Group") is pleased to release the Group's financial results for the financial year ended 30 June 2024 ("FY24").

FY24 Results Highlights

- Record revenues and earnings above the top end of the guidance range
- Record Order Book
- Revenue of \$290.4 million representing 28.0% growth on pcp
- Underlying¹ EBIT of \$34.3 million representing 46.6% growth on pcp
- Underlying¹ NPAT of \$23.3 million representing 44.7% growth on pcp
- Underlying EPS of 24.2 cents for FY24, up 30.1% on pcp
- Total fully franked dividends of 10.8 cents per share declared for FY24, up 16.1% on pcp
- Strong balance sheet, with \$150.7 million of net assets at period-end (including net debt of \$8.8 million and Net Debt/Underlying EBITDA of 0.2x)
- Raised \$65.0 million of new equity capital in December 2023
- Successful completion of the acquisition of EX Engineering Pty Ltd ("EX Engineering") on 21 July 2023
- Successful completion of the acquisition of CMI Operations Limited ("CMI Operations") on 31 January 2024

FY24 Results Summary

| \$m | Underlying¹ | | |
|------------------------------------|-------------------------------|-------------|-------------------|
| | FY24 | FY23 | Change (%) |
| Revenue | 290.4 | 226.9 | 28.0% |
| Gross profit | 107.8 | 86.8 | 24.2% |
| EBITDA | 40.1 | 27.7 | 44.8% |
| EBIT | 34.3 | 23.4 | 46.6% |
| NPAT | 23.3 | 16.1 | 44.7% |
| EPS (cents per share) ² | 24.2 | 18.6 | 30.1% |
| Gross profit margin | 37.1% | 38.2% | (1.1%) |
| Operating expenses as % of revenue | 23.6% | 26.3% | (2.7%) |
| EBITDA margin | 13.8% | 12.2% | 1.6% |
| EBIT margin | 11.8% | 10.3% | 1.5% |
| NPAT margin | 8.0% | 7.1% | 0.9% |

1. Underlying EBITDA, EBIT and NPAT from ordinary activities is a non-IFRS measure reported to provide a greater understanding of business performance. Underlying EBITDA and EBIT have been arrived at by adding back acquisition related costs totalling \$1,221,000. Underlying NPAT from ordinary activities has been arrived at by adding back acquisition related costs after tax totalling \$855,000.

2. Weighted average number of ordinary shares used in the calculation of earnings per share of 96,039,605 (30 June 2023: 86,345,843)

FY24 Result Overview

Delivered record revenues and earnings for the financial year ended 30 June 2024. Sales revenue of \$290.4 million was up 28.0% on the pcp, while underlying NPAT of \$23.3 million was up 44.7% on the pcp.

As expected, CMI Operations' lower operating gross profit margins have had a dilutive impact on consolidated gross profit margins, resulting in a 1.1% reduction on the pcp. The relatively lower operating costs of EX Engineering and CMI Operations have contributed to the Group's increasing EBITDA, EBIT and NPAT margins. Both acquisitions will continue to have an accretive impact on the consolidated group EBITDA, EBIT and NPAT margins.

Completed two key strategic acquisitions:

- On 21 July 2023, IPD acquired EX Engineering, a Perth-based business that specialises in the design, stocking, supply, modification, and repair of electrical hazardous area equipment (known as Ex equipment). This work involves a critical focus on safety, including adherence to rigorous certification processes, which results in significant barriers to entry to this segment. Work has commenced on expanding IPD's hazardous area capabilities into the east coast at Wetherill Park, with IPD now set up and assembling level one hazardous area equipment.
- On 31 January 2024, IPD acquired CMI Operations, a leading distributor of electrical cables and manufacturer & distributor of plug brands in Australia, from ASX-listed Excelsior Capital Limited (ASX:ECL) for total consideration of \$92.1 million, subject to customary working capital and net debt adjustment. The CMI Operations acquisition was funded through a combination of a fully-underwritten \$65m equity raising and a new \$40m debt facility. The CMI Operations acquisition extends IPD's product suite, increases supplier diversity, strengthens its overall value proposition with existing customers, and broadens customer reach.

Enhancing its EV infrastructure team by merging Addelec and Gemtek to capitalise on the growing EV infrastructure market. The integration was completed on 1 July 2024, with this integration anticipated to boost operational efficiencies. Post-integration, the merged business is poised to meet the increasing demand for efficient electrical infrastructure within the sustainable energy sector.

Underlying operating expense (excluding acquisition-related costs) as a percentage of revenue decreased by 2.7% on the pcp as a result of the lower operating costs from EX Engineering and CMI Operations. There is an ongoing focus on enhancing operational efficiency by maximising economies of scale across the organisation and leveraging internal and external synergies to boost value creation.

Acquisition related expenses amounted to \$1.2m during FY24, with all acquisition expenses now fully recognised. Even after incurring these strategic acquisition costs, IPD continued to deliver a strengthening statutory NPAT results of \$22.4 million, up 39.1% on the pcp.

Strong Balance Sheet

As at 30 June 2024, the Group had \$150.7 million of net assets on its balance sheet after the acquisition of EX Engineering and CMI Operations. In December 2023 a \$65 million capital raise was successfully completed for the acquisition of CMI Operations and in January 2024 IPD entered into a new \$40 million debt facility to partially fund its 100% acquisition of CMI Operations, which completed on 31 January 2024. After careful cash management, net debt has reduced to \$8.8 million as at 30 June 2024.

With the combination of CMI Operations, net working capital increased to \$76.9 million. Inventory increased by \$29.0 million from 31 December 2023, with \$28.9 million of this increase contributed by CMI Operations and EX Engineering.

Operating free cash flow conversion (Operating cash flow before interest and tax outflows) rose 37ppt, from 51% in FY23 to 88% in FY24.

Dividend

On 10 April 2024, the IPD Group paid an interim 2024 financial year-end dividend of \$4.8 million which was equivalent to 4.6 cents per share fully franked.

On 30 August 2024, the Directors declared a final fully franked dividend of 6.2 cents per share, payable on 4 October 2024. This equates to a payout of \$6.4 million.

Total dividends declared for FY24 were 10.8 cents per share (FY23 9.3 cents per share), equating to a total payout of \$11.2 million and a payout ratio of 50%.

Outlook

The outlook for our markets remains buoyant, driven by the transition to renewable energy, increasing demand from data centres and their energy requirements, the growing number of EV chargers, and a supportive legislative environment.

IPD's long-tenured senior management, best-in-class customer service, wide range of products and services, along with a strong balance sheet and strategic focus on M&A, place us in a unique position to continue our growth.

The Board will provide an update on Q1 trading performance at the IPD Group Limited AGM on 26 November 2024.

FY24 Results Call

IPD Group Limited's CEO Michael Sainsbury and CFO Jason Boschetti will host an investor webinar at 10:30am (AEST) on 30 August 2024.

Webcast URL: <https://webcast.openbriefing.com/ipg-fyr-2024/>

For further information, please visit our website <https://ipdgroup.com.au> or contact us directly at investorrelations@ipd.com.au.

The release has been authorised by the IPD Group Limited Board of Directors.

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About IPD

As a provider of electrical solutions in energy management and automation, IPD is dedicated to enhancing electrical infrastructure. The company focuses on energy efficiency, automation, and secure connectivity, prioritising the safety and wellbeing of people. Committed to innovation, IPD plays a pivotal role in the electrification and decarbonisation of the economy, paving the way for a cleaner, interconnected tomorrow.