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Macquarie Capital

Presentation to FICPI

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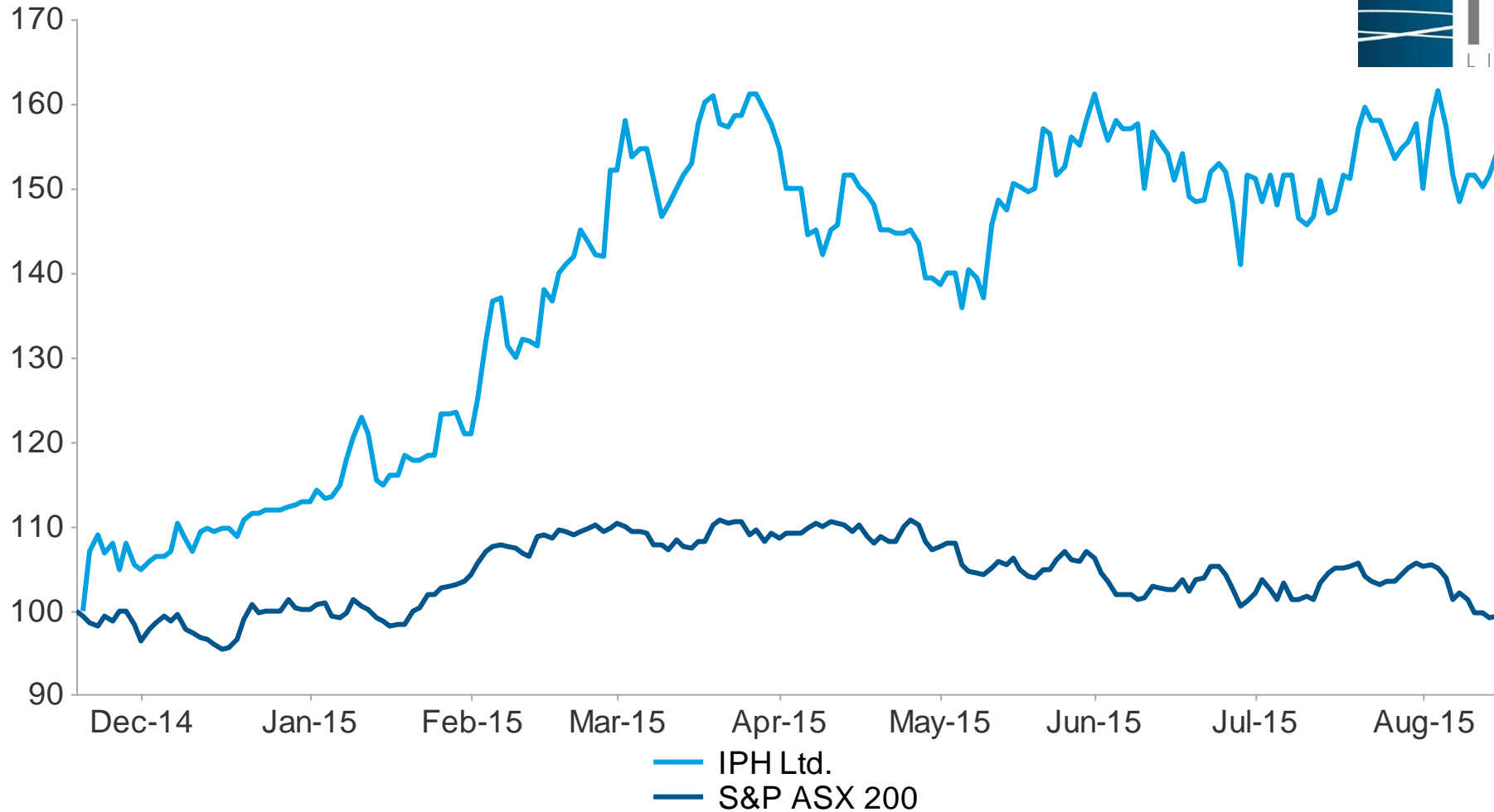
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01

IPH

IPH case study



Source: FactSet as at 19 August 2015.

IPH case study (cont.)



Listing date	19 Nov 2014
IPO size	A\$166.1m
IPO Price	\$2.10
Current share price performance ¹	+128%
Listing P/E	13.9x

Why the market likes the business

- ✓ Strong market share
- ✓ Global growth
- ✓ Attractive market
- ✓ Strong financial performance
- ✓ Acquisition opportunities

Notes: 1. Share price performance from offer price as at 18 August 2015. 2. Macquarie Research



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Why IPO

Why IPO



- ✓ Exit can be timed with favourable IPO market conditions to realise and maximise value for existing holders
- ✓ Liquidity for ongoing shareholders
- ✓ Access to capital
- ✓ Reduced individual funding commitments with a wider pool of shareholders
- ✓ Public exposure and brand promotion



03

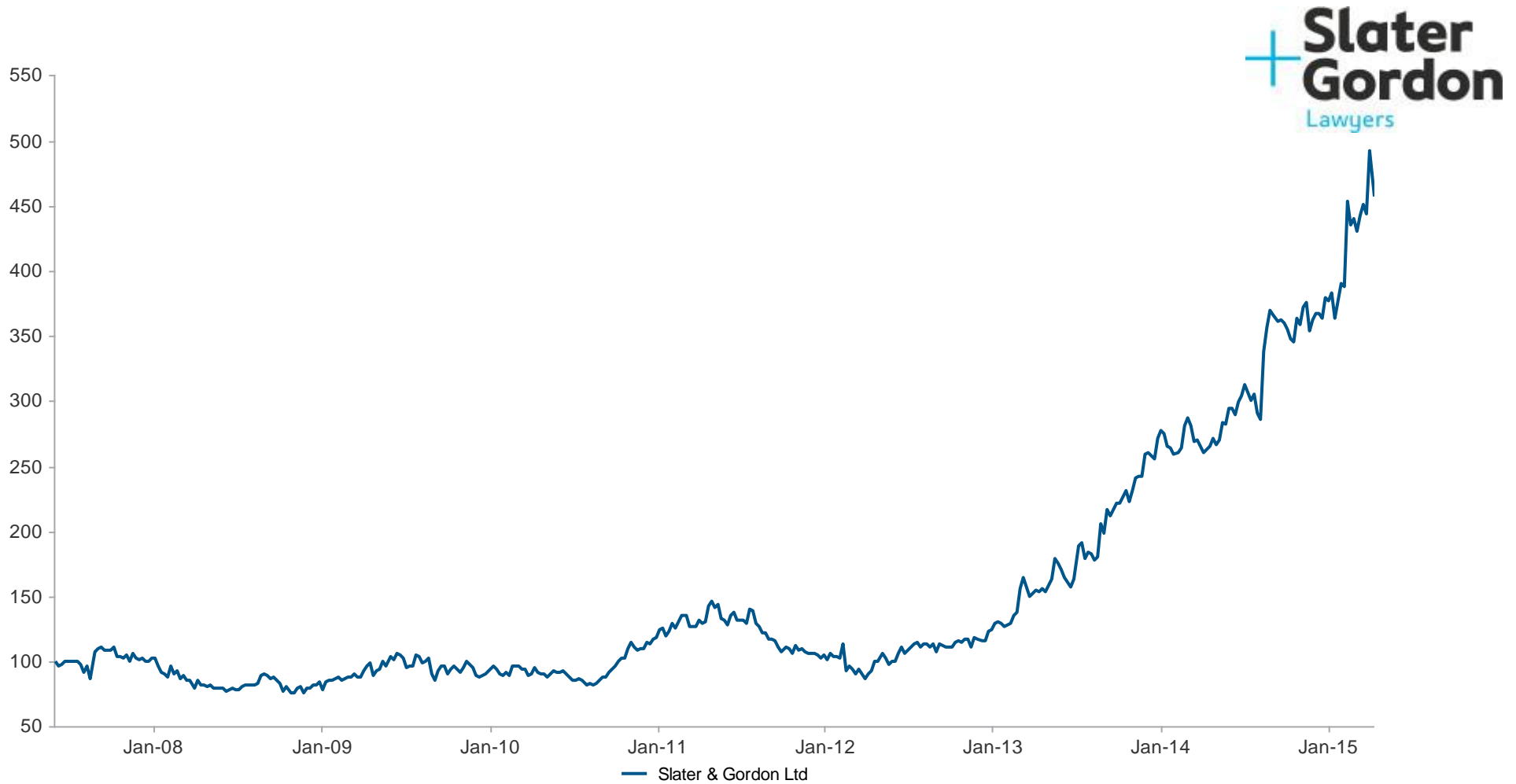
Professional services case studies

Cardno

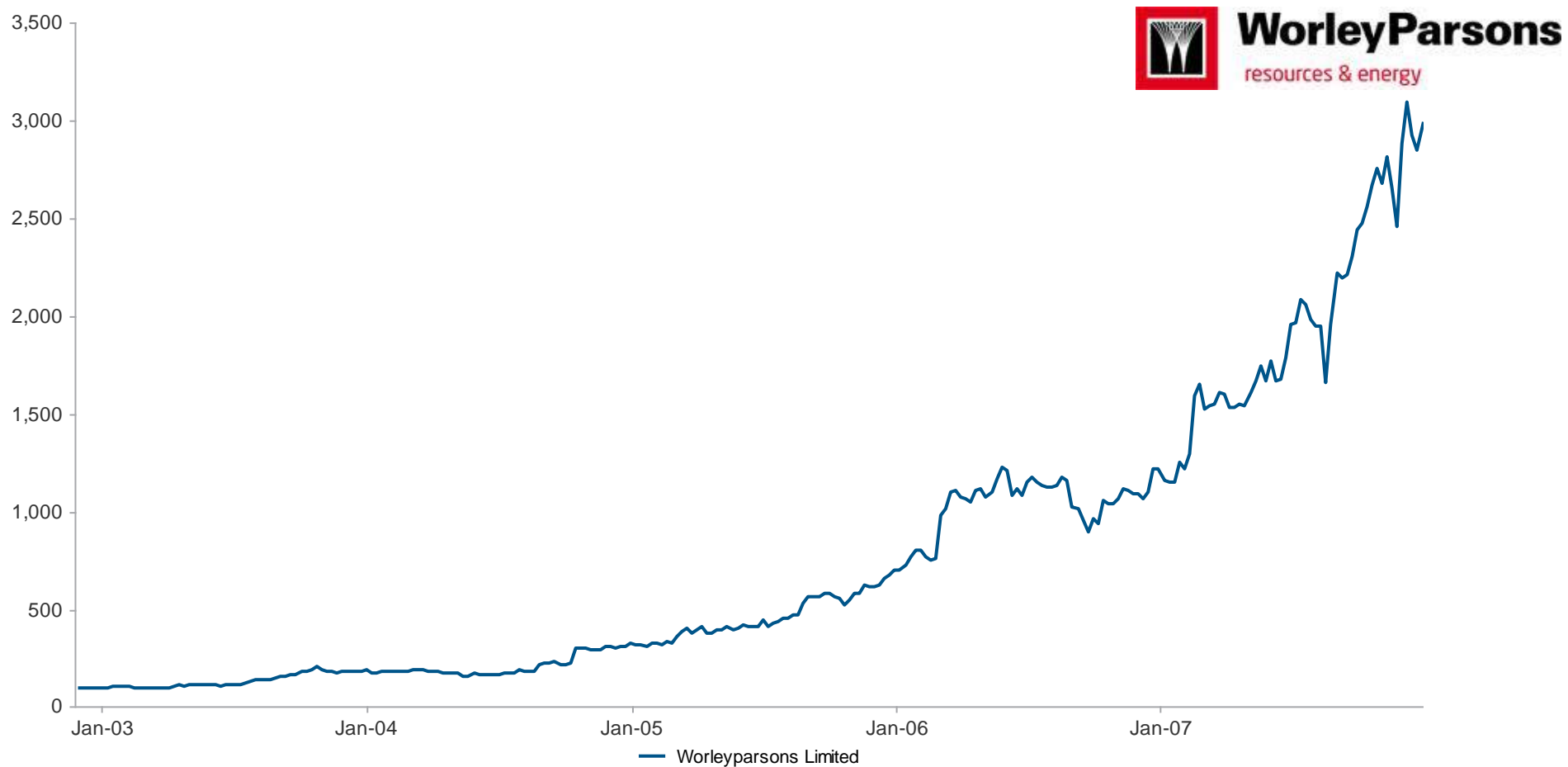


Source: FactSet as at 19 August 2015.

Slater & Gordon



Source: FactSet as at 19 August 2015.



Source: FactSet as at 19 August 2015.

Professional services companies – performance since listing



Challenges of being listed



- Increased reporting / investor relations obligations and costs
- Increased public scrutiny
- Potential loss of competitive advantage through public disclosure requirements
- Additional board and governance requirements
- Long term earnings potential may not be fully valued at the time of listing



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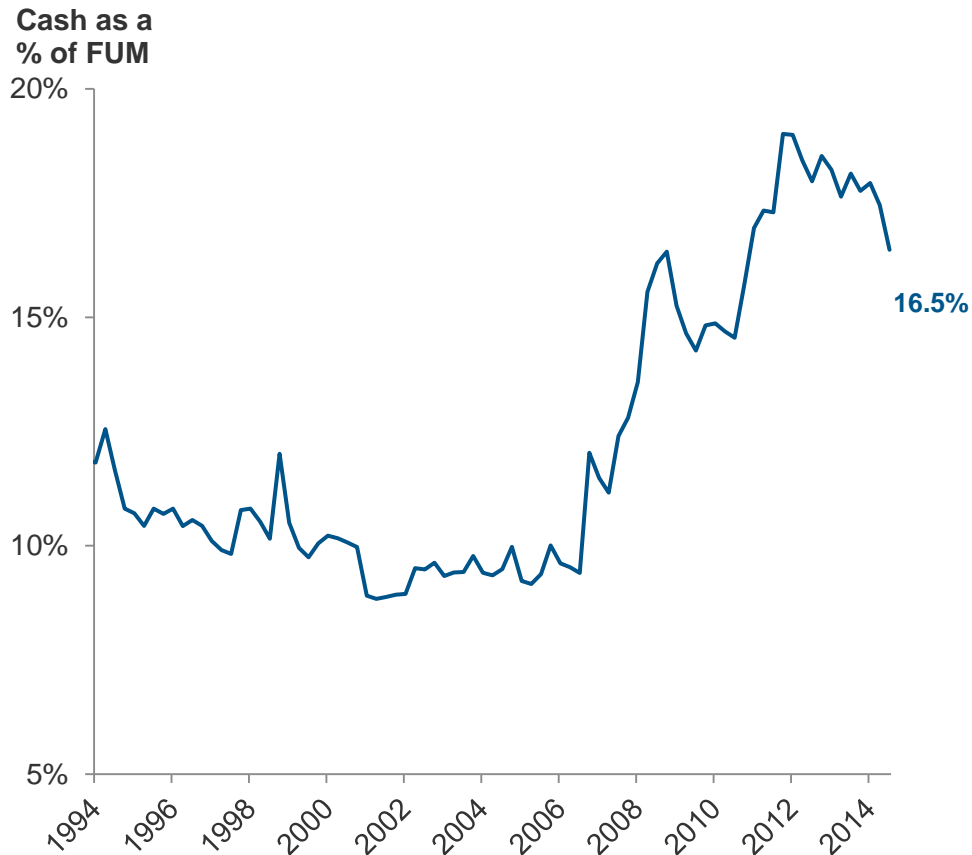
04

Current market conditions

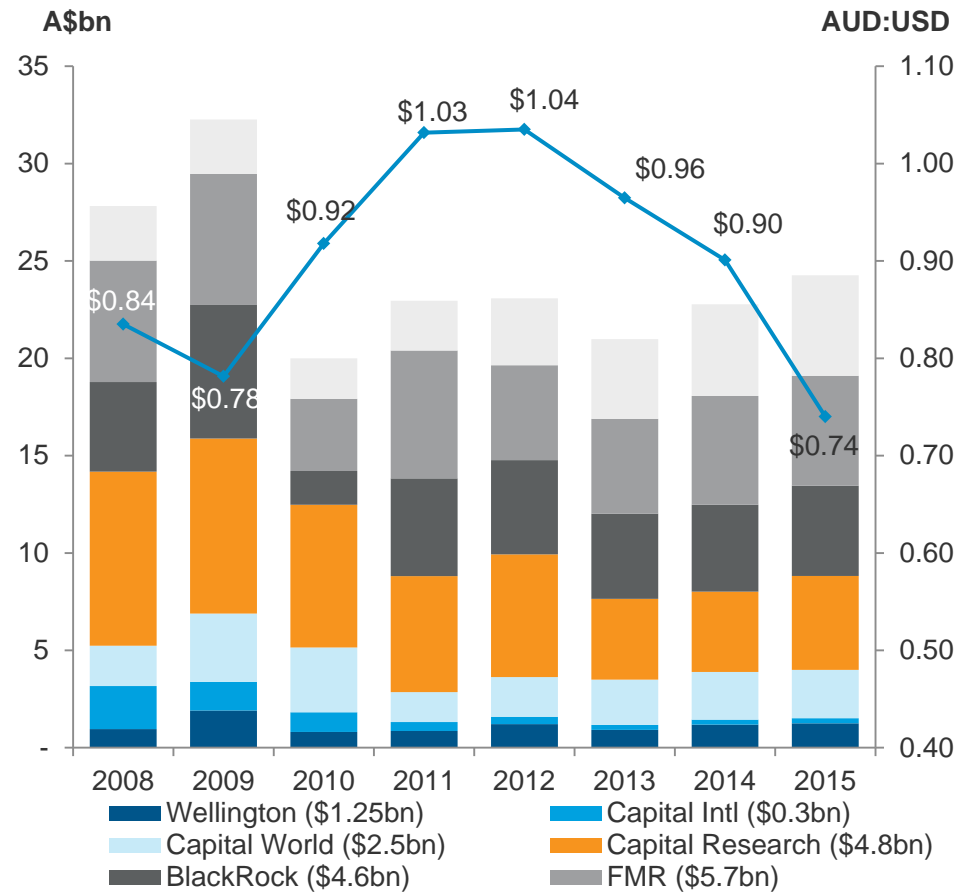
Demand for ASX equities



Superannuation funds holding high cash levels

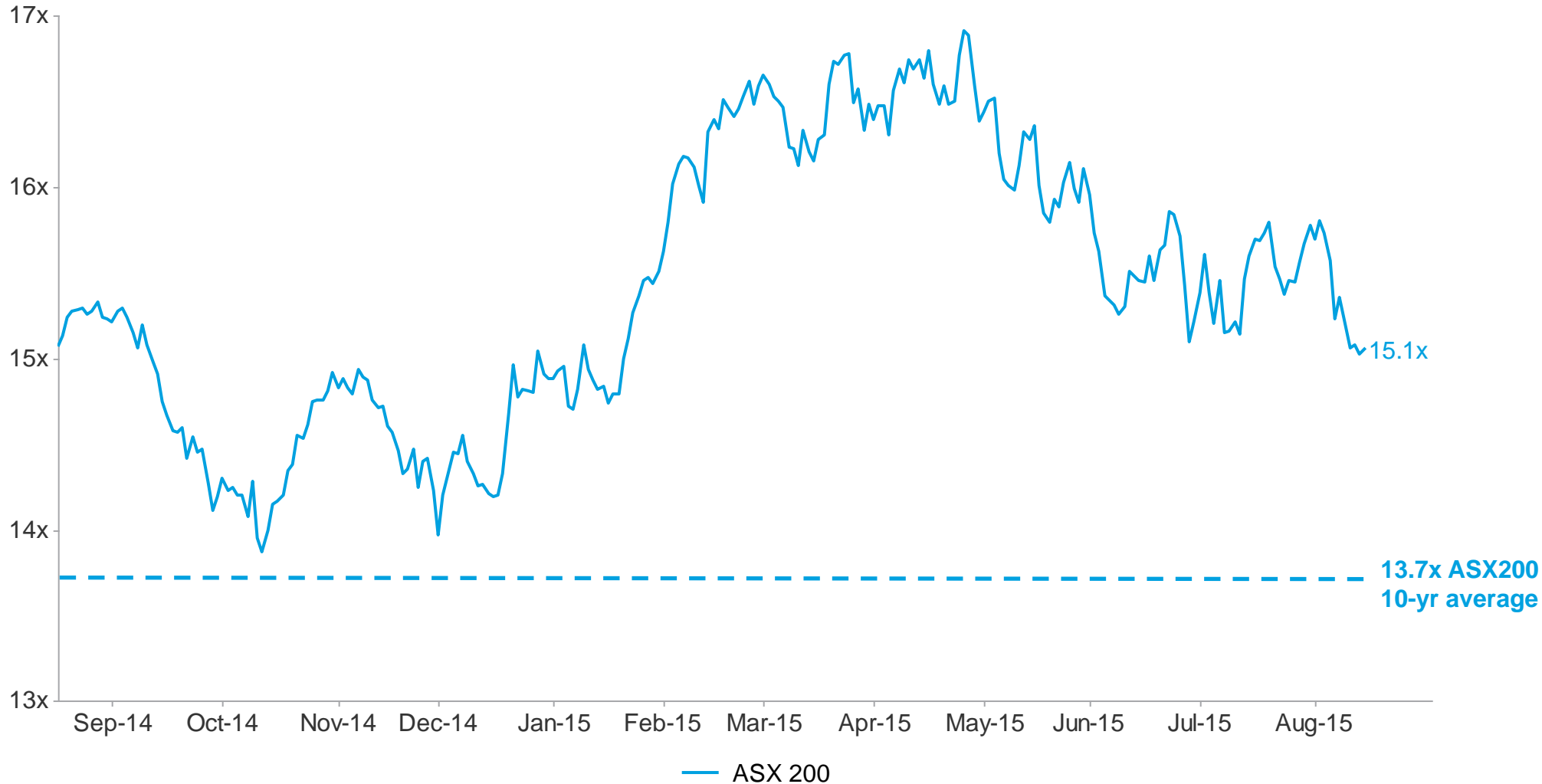


Global funds wary of AUD¹



Source: Australian Bureau of Statistics and Miraqle. Excludes FIL's and BlackRock's investments held in Australia . Note 1: AUD/USD rate is calculated as the average over the year.

Market P/E well above average

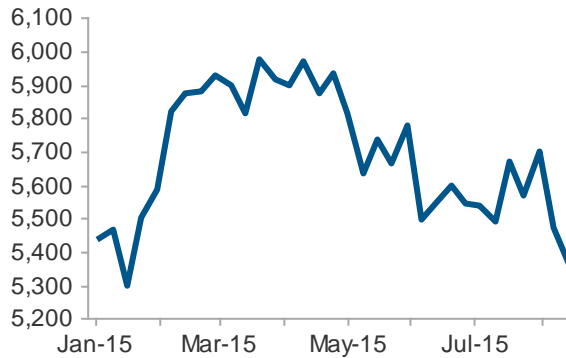


Source: Factset as at 19 August 2015.

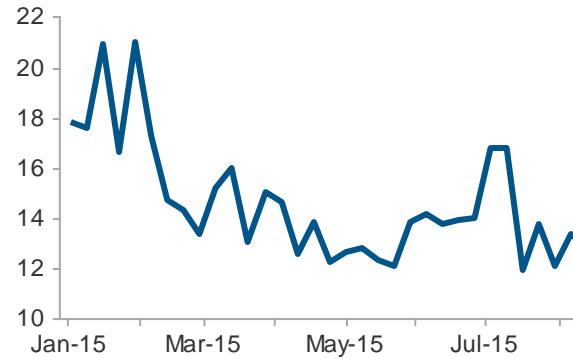
Market conditions in context



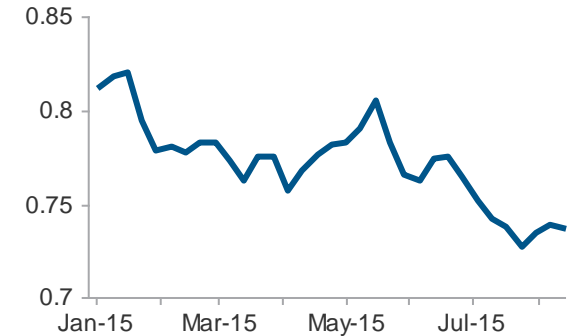
ASX200



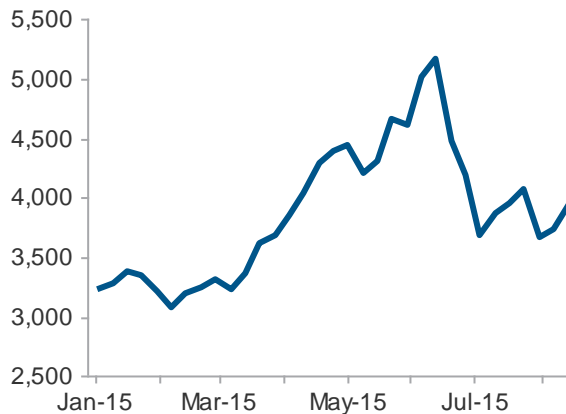
CBOE Volatility Index



AUD/USD



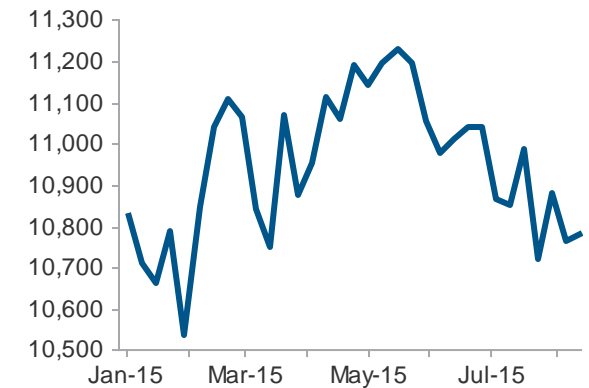
Shanghai Composite



FTSE



NYSE

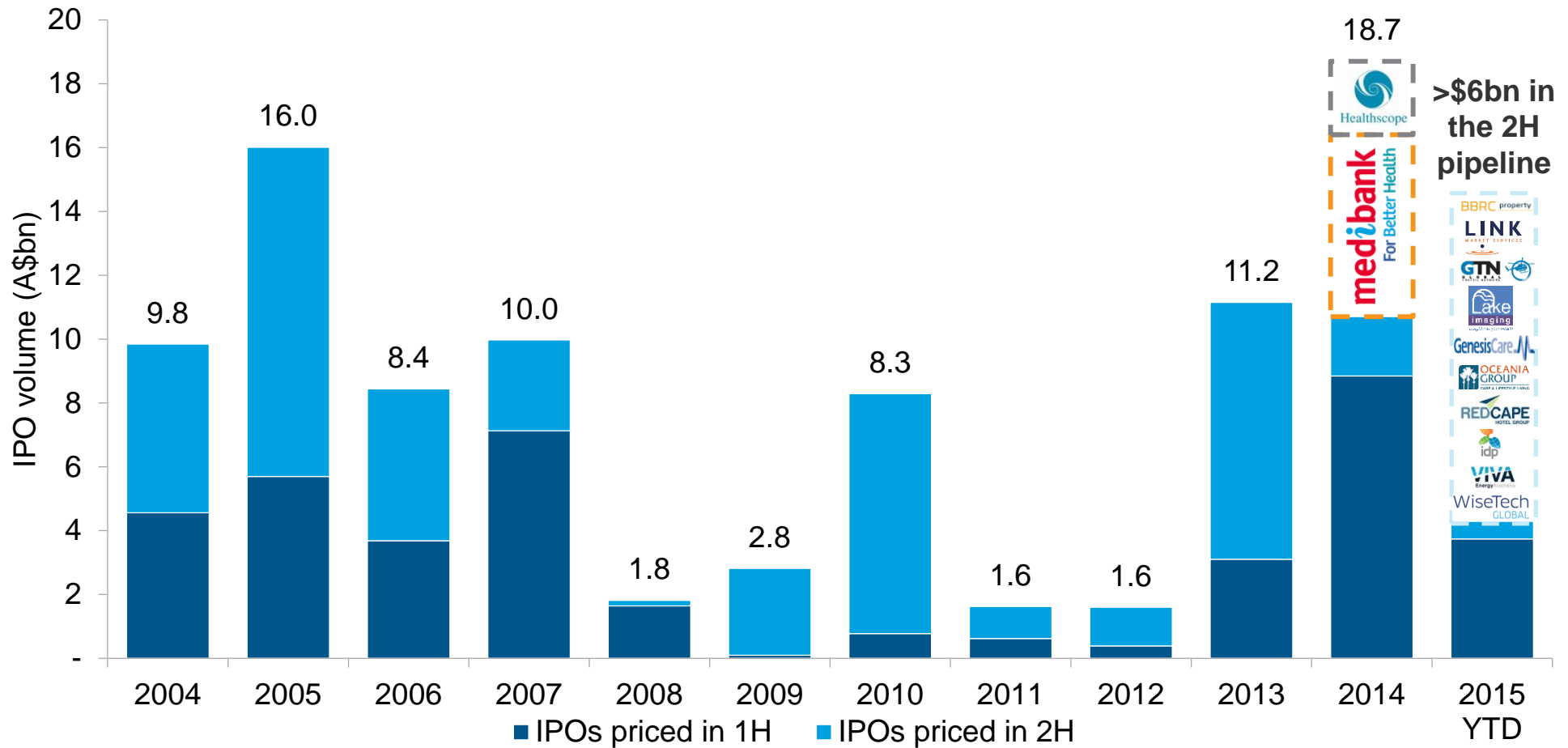


Source: FactSet as at 19 August 2015.

IPO market conditions



Market back to record levels



Source: Dealogic and IRESS, as at 18 August 2015.

Key themes



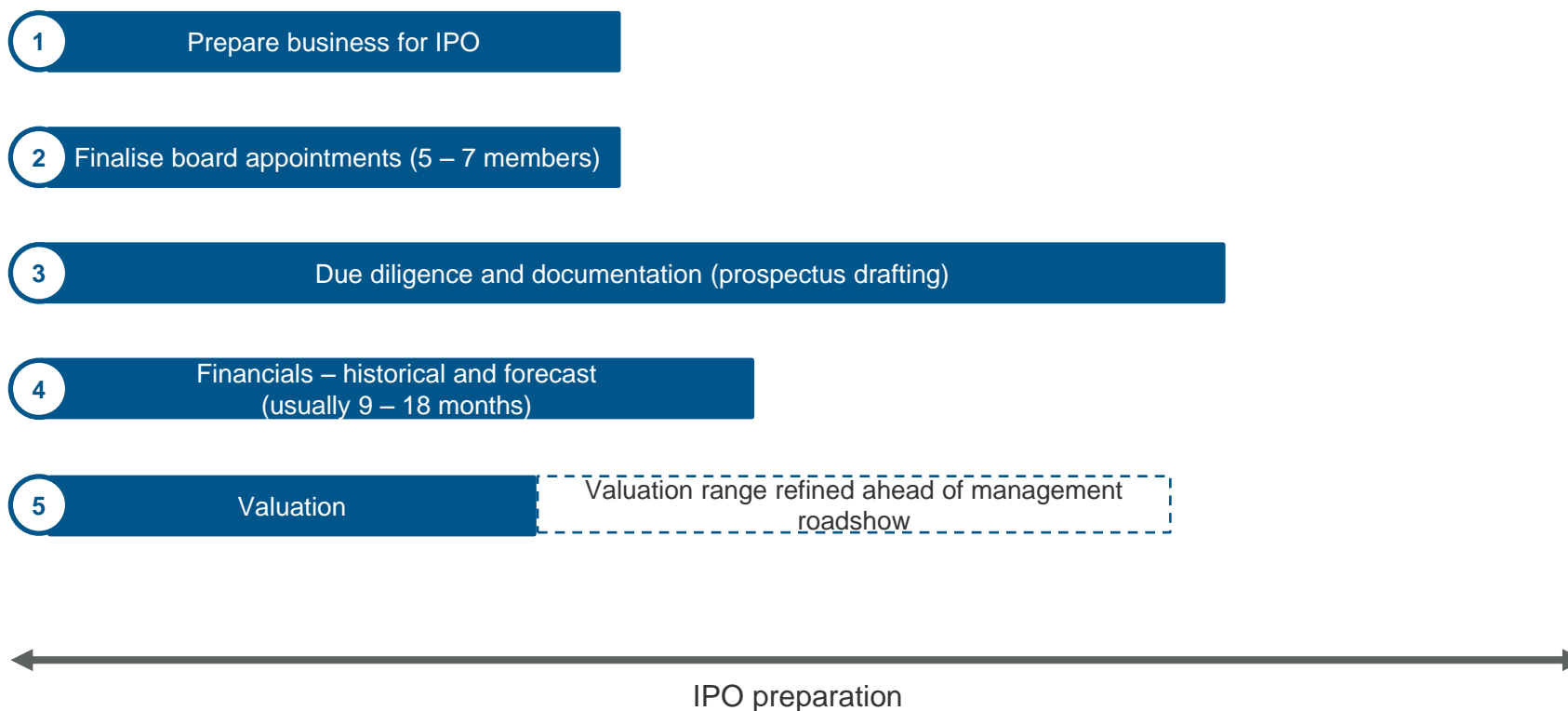
- Growth
- Strong management
- Barriers to entry
- Growth regardless of economic cycle
- Companies able to confirm growth forecasts and outlook



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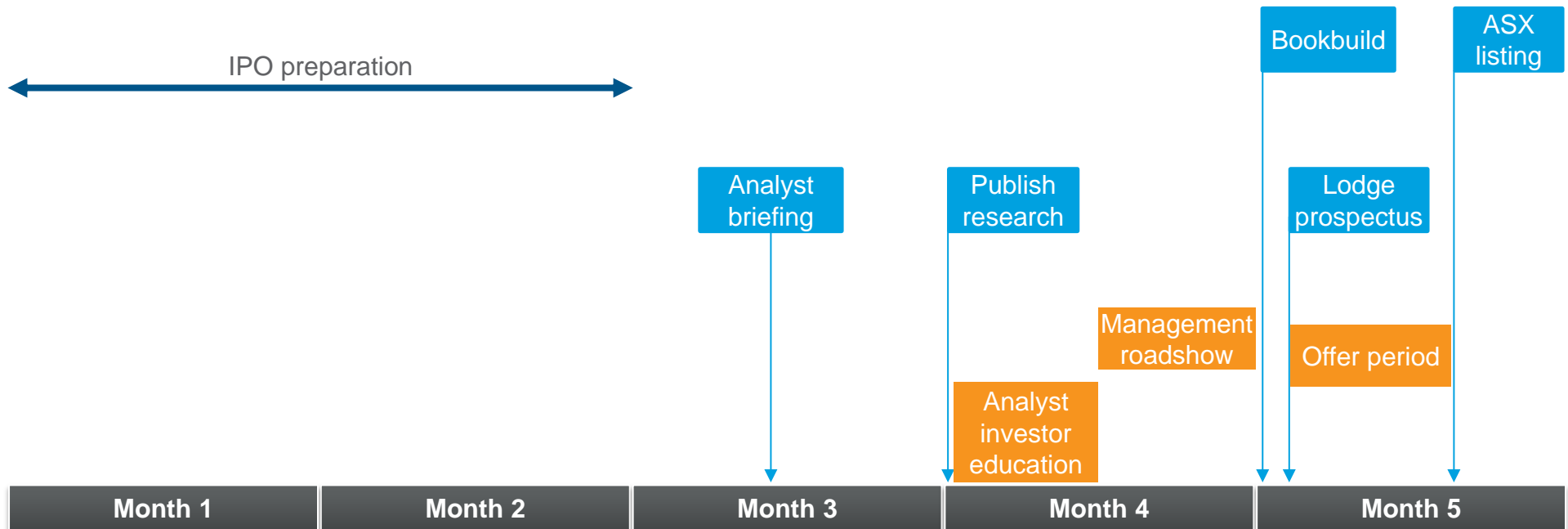
IPO preparation

IPO preparation



Indicative only.

IPO marketing



Assumes a front-end bookbuild

Market approach to valuation



Investor classes place differing emphasis on valuation benchmarks

Institutional investors

Retail investors

Price / Earnings (P/E)



key valuation metric



Enterprise value (EV) / EBITDA



Dividend yield



less important for high growth stocks



DCF



Other considerations

- | | |
|---|--|
| <ul style="list-style-type: none"> — Cashflow — Earnings quality — Balance sheet strength — Valuation benchmarks based on business life stage — Investors are likely to push for valuation at lower bound of pricing range if they perceive room for flexibility and pricing power | <ul style="list-style-type: none"> — Attracted to brand names and tangible businesses — Highly sensitive to perceived reaction of institutions as to how offer is priced — Wary of media scrutiny during pricing period |
|---|--|

Indicative listing costs



Costs of an IPO: ~\$0.5 – 2.5m¹

- Share registry costs
- Marketing expenses
- ASX listing fees
- ASIC fees
- Legal costs
- Foreign jurisdiction advice
- Accountant fees
- Insurance
- Lead manager costs

Annual public company costs: ~\$1m – \$2m¹

- Share registry
- Annual report
- AGM
- Board
- Insurance
- ASX fees
- Investor relations
- Legal / compliance
- Auditing and additional reporting advice

Note: 1. indicative only and estimated on a market capitalisation of ~\$500m on listing.