Research as a Service

QANTM Intellectual Property Ltd

Company Update – Investor Briefing

Investor Briefing: Reiterates EBITDA margin target

Commercial & Professional Services

22 May 2023

QANTM Intellectual Property Ltd (ASX:QIP) owns a group of intellectual property (IP) services businesses operating under the independent brands of Davies Collison Cave (DCC), FPA Patent Attorneys and Sortify.tm. It is a major player in the mature and regulated Australian patent, trade marks and IP legal services market with ~16.2% market share (YTD FY23) in its key patents segment (68% of revenue) and a diversified mix of local and foreign clients (~45%/55% split; ~50% US$ revenue). The key points from the Investor Briefing (9-May) were: (1) Unchanged outlook commentary (vs. 23-Feb) – i.e. QIP expects continued organic revenue growth based on current trading momentum, underlying EBITDA margin improvement, and cash conversion normalisation in H2 FY23; (2) An increased sense of urgency around transformation programme execution with IP management platform upgrades and redundant data centre decommissioning scheduled in coming months; (3) Reiteration of EBITDA margin target (low-30s medium-term vs. ~27% currently); (4) Australian patent market share gains (up 1.6 pts yoy to 16.2% YTD FY23), and 4.6% yoy growth (YTD FY23) in both Australian and Asian patent applications; (5) Sortify's recent Benelux launch; (6) <10% staff turnover in CY22; (7) Competitive advantages of depth and breadth of service offering and industry coverage, and client relationships; and (8) Asian growth opportunities via M&A/strategic alliances/JVs and further organic gains. Our forecasts remain intact. Our recent initiation report is available at QANTM Intellectual Property RaaS Initiation Report 18 April 2023.

Business model

QIP has three core offerings: (1) Patent and trade mark attorney services (88% of service charge revenue); (2) IP-focused litigation and legal services (12% of service charge revenue); and (3) Legal technology services via Sortify's online trade marks registration platforms and tools. QIP produces ~$97m service revenue from a diverse mix of local and foreign clients (est. ~45%/55% revenue split) with no client accounting for >2%. It has sizeable US$ exposure (~50% of service charges vs. primarily A$ costs). QIP generates service charges from event-driven fixed fees (est. ~55%) and hourly rate fees (est. ~45%). Patent applications trigger various workstreams that extend over several years. On the cost side, employees account for ~80% of the total. QIP's two key areas of **strategic focus** are: (1) Completing its business transformation programme (tech modernisation and business simplification) and subsequently realising EBITDA margin improvements (low-30s medium-term target vs. ~27% currently); and (2) Geographic expansion via DCC/FPA (Asia focused - medium to long-term aim for >25% of revenue from Asia vs. ~8% currently) and Sortify's trade marks platform.

Briefing Highlights: Reiterates outlook comments and targets

Investor Briefing highlights encompassed: (1) Unchanged outlook comments – QIP expects continued organic revenue growth based on current trading momentum, underlying EBITDA margin gains, and cash conversion normalisation in H2 FY23; (2) Increased sense of urgency around transformation programme execution (IP management platform upgrades and data centre decommissioning scheduled in 2023); (3) Reiteration of low-30s medium-term EBITDA margin target; (4) Australian patent market share gains (up 1.6 pts yoy to ~16.2% YTD FY23); (5) <10% staff turnover; (6) Competitive advantages of depth and breadth of service offering and industry coverage, and client relationships; and (7) Asian growth opportunities.

DCF valuation of $1.57/share or $217m market cap

Our QIP DCF valuation is unchanged at $1.57/share (9.7% WACC). This implies EV/underlying EBITDA multiples of 8.7x for FY23f and 8.1x for FY24f. As a cross-reference, QIP is trading at FY24f EV/underlying EBITDA discounts of: (1) 60% to its closest peer, the ASX-listed IP services group IPH Ltd (ASX:IPH), on 11.8x (and a 56% P/E discount); and (2) 17% to a group of five UK-listed legal services firms. Meanwhile, applying the FY23f EV/EBITDA multiple implied by IPH's recent Smart & Biggar (Canadian) acquisition gives an equity value of $1.23/share on a minority interest/portfolio basis (7.0x using a 35% control premium).

Historical earnings and RaaS estimates (in A$m unless stated)

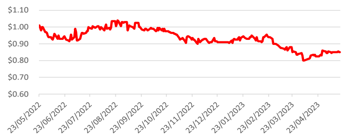
Year end	Revenue	EBITDA adj.*	EBITDA	NPAT	EPS adj.* (c)	P/E adj.* (x)	EV/EBITDA adj.* (x)	Dividend yield (%)
06/22a	127.3	26.3	21.6	7.1	9.3	9.1	5.3	7.6
06/23f	134.8	27.9	23.5	8.2	9.5	9.0	5.1	7.1
06/24f	139.9	29.9	28.4	12.2	11.0	7.7	4.7	8.9
06/25f	145.5	32.4	31.6	14.7	12.3	6.9	4.2	11.9

Sources: Company data; RaaS estimates for FY23f-FY25f; *Adjusted for non-recurring items

Share Details

ASX code	QIP
Share price (19-May-23)	$0.85
Market capitalisation	$118M
Shares on issue	138.6M
Net debt at 31-Dec-22	$31.8M
Free float (inc. all vendors/ excl. non-insider vendors)	~55%/ ~74%

Share Performance (12 months)



Initiation Report

QANTM Intellectual Property (ASX:QIP) RaaS Initiation Report 18 April 2023

Upside Case

- Meets or exceeds target of low-30s EBITDA margins by FY26/FY27
- Uptake/expansion of Sortify's online trademarks platform exceeds expectations
- Earning-accretive M&A/expansion in Asia

Downside Case

- Lower-than-expected transformation programme benefits/EBITDA margins
- Prolonged economic downturn → R&D/ innovation spend may not be insulated
- Changes to regulation (e.g. local agents)

Catalysts

- Sustained progress with EBITDA margin expansion / transformation programme benefits
- Sustained operating and free cash flow growth (as transformation programme spend ↓ and benefits ↑) leading to ↑ DPS and/or ↑ capital management opportunities
- Material accretive expansion via acquisition and/or organic growth (e.g. new offices, Sortify)

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Investor Briefing Highlights

- QIP held an Investor Briefing on 9 May 2023 where a panel comprising the seven members of its executive team presented. This note covers the key points and new information that we gleaned. Our **earnings forecasts and valuation remain intact** following the Investor Briefing.
- Our recent **initiation report** can be downloaded here QANTM Intellectual Property (ASX:QIP) RaaS Initiation Report 18 April 2023.

Outlook commentary – Reiterated its February comments

QIP reiterated the following outlook comments from its H1 FY23 results presentation:

Exhibit 1: Outlook commentary

	QIP's outlook comments*	RaaS comments
1. **Organic revenue growth**	*"Expect continued organic revenue growth, on the back of current trading momentum"*	• QIP also remarked that following a strong Q2, its businesses performed well in Q3 and are maintaining momentum into Q4 • RaaS forecast: 4.2% organic service charge revenue growth for FY23** (est. 5.8% growth in H1 / 2.8% forecast growth in H2) • Beneficiary of continued FX tailwinds (lower A$/US$) in H2 FY23
2. **Market share** (per patents and trade marks applications)	*"Expect continued strong market share in Australia, with further growth in Asia"*	• Australian patent market share (Q1-Q3 FY23): ~16.2% (up 1.6 points on pcp) • Australian trade mark filing rankings (Q1-Q3 FY23): Sortify #1; DCC #2
3. **EBITDA margins** (underlying on service revenue)	*"Expect continued margin improvement as a result of cost management and strategic initiatives"*	• H1 FY23a: 26.5% (up 0.4 points on pcp) • RaaS forecast: 27.6% for FY23f (up 0.4 points yoy) with 28.7% for H2 (up 0.4 points yoy)
4. **Cash flow/ cash conversion**	*"Expect cash conversion to normalise in 2H23 due to timing of receipts and one-off costs"*	• H1 FY23a operating cash flow (OCF): $2.2m (vs. $7.3m in pcp) • H1 FY23a cash conversion#: 52% (vs. 98% in pcp) • RaaS OCF forecast: $14.6m for FY23f (vs. $16.0m in pcp)

Source: QIP Investor Briefing Day Presentation; *QIP made the same comments on 23 February 2023 in its H1 FY23 Results Presentation; **Adjusted for incremental Sortify revenue (acquisition effective 1 October 2021) vs. FY23f service charge revenue growth (organic and acquisition-related) of 4.6%; # Gross operating cash flow / Statutory EBITDA

- QIP also commented that despite the challenging global economic backdrop: (1) It is confident that the IP services industry will remain resilient; and (2) It is not currently aware of material reductions in client R&D budgets (which are a key driver of patent applications and work streams).

Transformation programme and low-30s EBITDA margin target

- QIP indicated there is an increased sense of urgency around the execution of its **transformation programme** which is a key catalyst for EBITDA margin expansion.
- Following the migration of its technology infrastructure to Microsoft Azure (completed in December 2022), QIP advised it is on track to deliver two key technology modernisation programme milestones in 2023, namely:
- Completing the IP management platform upgrades (to Clarivate's latest version) at FPA (go live scheduled for late May) and DCC (go live scheduled for August).
- The decommissioning of the now redundant data centres (scheduled to commence shortly).
- Into FY24 and FY25, there are opportunities to automate various manual processes utilising Sortify's automation expertise (following the completion of several smaller initial automation projects in FY23).

QIP also **reiterated its target of low-30s EBITDA margins** (based on service revenue) in the medium-term. Our forecasts assume a progressive increase in EBITDA margins to ~30% in FY26/FY27.

Patent and trade mark applications (Q1-Q3 FY23)

QIP disclosed some patent and trade mark applications data for the nine months to 31 March 2023 which served to highlight its year-on-year market share gains in both areas:

- **Group patent applications**[1] totalled ~7,400 for the nine months (est. 4.5% growth on pcp). Within this:
    - **Australian patent applications** (~56% of group total) were up 4.6% on the pcp (to est. 4,150 for the nine months). For Q3 FY23, we estimate applications were ~1.0% higher than the pcp (following growth of 9.8% in Q1 FY23 [reported], ~3.7% in Q2 FY23 [RaaS est.], and 6.8% in H1 FY23 [reported]).
    - **Asian patent applications** (16% of group total) also grew 4.6% relative to the pcp (to est. ~1,200) as the 21% increase in Q3 FY23 offset flat filings in H1 FY23.
    - **Rest of World** (i.e. local clients filing overseas – primarily in US and Europe) **and Patent Cooperation Treaty (PCT) applications** growth was ~4.3% (RaaS est.) for the nine months (reflecting 9.8% yoy growth in H1 FY23 [reported] and an ~8% decline in Q3 [RaaS est.]).
- QIP's **Australian patent market share** was ~16.2% for the nine months representing a 1.6 point increase on the pcp.

Exhibit 2: QIP's Australian patent market share data (based on patent applications for DCC and FPA)

	FY21	H1 FY22	Q1-Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23	H1 FY23	Q3 FY23	Q1-Q3 FY23
Australian patent applications market share	15.8%	14.8%	14.6%	16.7%	15.0%	15.9%	17.0%	16.5%	15.7%*	16.2%
Change on pcp (pts)	*+1.1*	*(0.2)*	*n.d.*	*n.d.*	*(0.8)*	*n.d.*	*n.d.*	*+1.7*	*n.d.*	*+1.6*

Source: QIP announcements; *RaaS estimate for Q3 FY23

- **Group trade mark applications** grew 1.6% on the pcp (to ~4,500 for the nine months to 31 March 2023). Within this, **Australian trade mark applications** were up 1.4% yoy (to est. 2,550 or 57% of the total) as Sortify's full nine-month contribution (vs. six months in the pcp) counteracted the decline in DCC's filings (down ~25% [RaaS est.] for the nine months). DCC's performance was broadly akin to the 20% decrease for the top-10 Australian agents, and attributable to demanding comparables and slower economic conditions/new business registrations. Alternatively, Sortify's Australian filings grew by ~5% (RaaS est.) relative to Q1-Q3 FY22 which reflected its market share gains as it became the #1 filer.

Sortify – Recent Benelux trade mark registration platform launch

- In Q3 FY23, Sortify's trade mark filing rankings were #1 in Australia, #2 in New Zealand, and #13 in the larger UK market. In Singapore (launched June 2022), it was the #10 filer in April 2023.
- Turning to Sortify's further international expansion:
- It launched its Benelux online trade marks registration platform (www.trademarksonline.be/) in April 2023.[2] The Benelux market size is broadly akin to New Zealand and Singapore (with ~26k trade marks applications in CY20 and CY21 vs. ~30k in both New Zealand and Singapore in CY21).
- Another launch in an Asian country is scheduled in the coming months.

Staff (~80% of underlying costs)

- QIP currently has **~380 staff** (vs. 382 staff at 30 June 2022).

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[1] Patent applications are a lead indicator of future patent service charges, whilst also typically generating ~15%-20% of patent service charges and providing a proxy for market share. QIP has previously cautioned that applications filings can fluctuate on a quarterly and/or half yearly basis due to filing timing issues.

[2] Benelux trade marks are registered via the Benelux Organisation for Intellectual Property (BOIP) and provide protection in three countries - Belgium, the Netherlands, and Luxembourg - under the Benelux Convention on Intellectual Property.

- It experienced <10% **staff turnover** in 2022 (CY) across its operating businesses. This was broadly in line with the ~8% turnover rate in FY21.

Competitive positioning

QIP emphasised two attributes in relation to its competitive positioning in the IP services market:

- Its **depth and breadth of service offering and industry coverage** (i.e. full specialist IP services offering and multi-disciplinary capabilities) which facilitates diversified client engagement opportunities. For instance, it regularly drafts patent applications and advises on patent portfolios that span several disciplines (e.g. engineering, chemistry and technology).
- **Client relationships** (DCC and FPA) which encompass: (1) Long-standing, returning clients generating repeat revenue streams; and (2) Newer clients in emerging growth areas (e.g. life sciences, quantum computing, AI) and in China (with est. 40% growth in DCC's inbound work from China in FY23).
- Current clients include Apple, Silicon Quantum Computing (SQC), Gilead, Canva, Atlassian, Fortescue Metals, Fortescue Future Industries, and WearOptimo.
- QIP also noted that: (1) Its client base is a staff recruitment and retention drawcard; and (2) Although patent application drafting for local clients is a lower margin revenue stream, it tends to forge strong relationships and recurring work streams/engagements.

Asian growth opportunities - M&A and organic

QIP stated that it aims to increase Asian revenue from ~8% currently to 20%-25% over time (which is broadly consistent with its FY22 Annual Report comment [>25% of group revenue in the medium to longer term]).

- **M&A:** It continues to explore a "*pipeline of targeted M&A opportunities, plus strategic alliances, that meet our selection criteria*" in Asia. We note that:
- In addition to acquisitions, expansion activity could encompass strategic alliances and joint ventures.
- QIP flagged its interest in Thailand, Indonesia, India, and Vietnam.
- It has a $36m (US$25.5m) debt facility for acquisition funding of which $24m is currently available to be drawn. QIP is not currently considering any opportunities that would require >$24m debt funding (i.e. the current pipeline comprises smaller, non-transformational potential transactions).
- **Organic**: QIP will also consider opening additional offices in Asia (following the relatively recent opening of DCC's Hong Kong office in August 2022). It highlighted:
- The organic growth that both FPA and DCC have experienced to date in the region. For instance, FPA's Asian revenue has grown from 3.4% to 10.1% of FPA's total revenue over the past five years (after its Singapore office opened in 2018).
- The significant patent filing activity of Singaporean scientific and research institutions which presents a further potential organic growth opportunity in this jurisdiction.

RaaS
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Exhibit 3: Financial Summary

QANTM Intellectual Property Ltd					
Profit and Loss (A$m)					
Y/E 30 June	**FY21a**	**FY22a**	**FY23f**	**FY24f**	**FY25f**
Service charge revenue	92.4	96.6	101.0	105.4	110.0
Associate revenue	26.7	30.7	33.8	34.5	35.5
Total revenue	**119.1**	**127.3**	**134.8**	**139.9**	**145.5**
Other income	1.9	3.2	2.1	2.1	2.2
Recoverable expenses	(25.4)	(29.3)	(31.6)	(32.4)	(33.5)
Net revenue	95.6	101.2	105.4	109.6	114.2
EBITDA - statutory	**23.7**	**21.6**	**23.5**	**28.4**	**31.6**
EBITDA - underlying	**26.1**	**26.3**	**27.9**	**29.9**	**32.4**
Depreciation	(0.9)	(1.1)	(1.2)	(1.2)	(0.9)
Amort (intang & leases)	(6.4)	(7.1)	(7.1)	(6.7)	(6.6)
EBIT	**16.4**	**13.4**	**15.2**	**20.5**	**24.1**
Interest	(1.6)	(2.4)	(3.5)	(3.1)	(3.1)
Tax	(4.4)	(3.9)	(3.5)	(5.2)	(6.3)
NPAT - statutory	**10.4**	**7.1**	**8.2**	**12.2**	**14.6**
NPAT - underlying	13.5	12.8	13.1	15.3	17.2
Cash flow (A$m)					
Y/E 30 June	**FY21a**	**FY22a**	**FY23f**	**FY24f**	**FY25f**
EBITDA - statutory	23.7	21.6	23.5	28.4	31.6
Interest	(0.9)	(1.7)	(2.8)	(2.5)	(2.4)
Tax payments	(5.4)	(4.6)	(4.0)	(5.2)	(6.3)
Working capital chgs	2.5	0.7	(2.2)	(1.4)	(1.6)
Operating cash flow	**19.8**	**16.0**	**14.6**	**19.3**	**21.3**
Capex	(0.8)	(0.5)	(2.2)	(0.9)	(0.9)
Capitalised dev costs	(0.8)	(0.4)	(0.5)	(0.6)	(0.6)
Free cash flow	**18.2**	**15.1**	**11.9**	**17.9**	**19.8**
Acquisitions	(0.7)	(6.7)	(0.5)	(0.5)	0.0
Acq'n related costs	(0.4)	(1.1)	(0.1)	0.0	0.0
Cash flow pre financing	17.1	7.3	11.2	17.4	19.8
Equity	0.0	0.0	0.0	0.0	0.0
Borrowings (net)	(1.8)	8.2	1.9	(1.5)	(3.5)
Other financing (leases)	(5.2)	(5.0)	(4.0)	(3.8)	(3.8)
Dividends paid	(10.5)	(8.7)	(8.7)	(9.9)	(12.1)
Net cash flow	**(0.4)**	**1.7**	**0.5**	**2.2**	**0.4**
Balance sheet (A$m)					
Y/E 30 June	**FY21a**	**FY22a**	**FY23f**	**FY24f**	**FY25f**
Cash	5.7	7.4	7.9	10.1	10.5
Accounts receivable	36.9	38.2	40.5	41.8	43.1
Other current assets	2.3	2.6	3.1	3.1	3.1
Total current assets	*44.9*	*48.2*	*51.5*	*55.0*	*56.7*
PPE	2.3	1.6	2.6	2.3	2.3
Goodwill	48.8	54.8	54.8	54.8	54.8
Intangibles	25.9	29.4	26.2	23.2	20.3
Other non current assets	13.2	8.7	8.0	10.9	9.7
Total non current assets	*90.2*	*94.6*	*91.7*	*91.2*	*87.2*
Total Assets	**135.0**	**142.8**	**143.2**	**146.2**	**143.9**
Accounts payable	13.5	14.1	13.6	14.1	14.5
Current debt	2.0	3.6	1.5	1.5	1.5
Lease liabilities (current)	4.5	3.6	3.2	2.9	2.9
Other curr liab (inc AL prov)	8.5	9.5	9.9	8.5	8.5
Total current liabilities	*28.5*	*30.9*	*28.1*	*26.9*	*27.3*
Non-current debt	19.9	27.6	32.0	30.5	27.0
Other non current liabs	13.8	12.4	10.3	12.8	11.1
Total long term liabilities	*33.7*	*39.9*	*42.3*	*43.3*	*38.0*
Total Liabilities	**62.2**	**70.8**	**70.4**	**70.3**	**65.4**
Net Assets	**72.8**	**71.9**	**72.7**	**75.9**	**78.5**
Share capital	297.4	298.9	300.1	301.0	301.0
Retained earnings	(1.9)	(3.4)	(3.8)	(1.5)	1.1
Reserves	(222.4)	(223.2)	(223.2)	(223.2)	(223.2)
Minorities	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)
Total Shareholder funds	**72.8**	**71.9**	**72.7**	**75.9**	**78.5**

Share price (19 May 2023)						A$ 0.85
Half yearly (A$m)	**H1 FY21a**	**H2 FY21a**	**H1 FY22a**	**H2 FY22a**	**H1 FY23a**	**H2 FY23f**
Service charge revenue	46.6	45.8	48.9	47.7	52.0	49.0
EBITDA - statutory	12.8	10.9	10.5	11.1	11.2	12.2
EBITDA - underlying	**13.5**	**12.6**	**12.8**	**13.5**	**13.8**	**14.1**
EBIT - statutory	9.1	7.3	6.2	7.2	6.9	8.4
NPAT - statutory	**6.0**	**4.4**	**3.4**	**3.7**	**3.4**	**4.9**
NPAT - underlying	7.1	6.4	6.5	6.3	6.7	6.4
EPS (reported)	4.4	3.3	2.5	2.8	2.5	3.5
EPS (underlying)	5.2	4.7	4.7	4.6	4.8	4.6
Dividend (cps)	4.0	3.4	3.0	3.5	2.8	3.2
Operating cash flow	9.2	10.6	7.3	8.7	2.2	12.4
Free Cash flow	8.0	10.2	6.8	8.3	(0.1)	11.9
Segments (half yearly)	**H1 FY21a**	**H2 FY21a**	**H1 FY22a**	**H2 FY22a**	**H1 FY23a**	**H2 FY23f**
Patents	31.9	32.3	33.5	31.5	35.4	32.8
Trade Marks	7.9	7.9	9.5	10.3	10.4	10.2
Legal Services	6.8	5.5	5.7	6.0	6.2	6.1
Service charge revenue	**46.6**	**45.8**	**48.9**	**47.7**	**52.0**	**49.0**
Associate revenue	12.0	14.8	13.8	16.9	16.6	17.1
Total revenue	**58.6**	**60.5**	**62.7**	**64.6**	**68.6**	**66.2**
Other income	1.0	0.9	1.1	2.1	1.2	1.0
Recoverable expenses	(11.3)	(14.0)	(13.1)	(16.1)	(15.7)	(15.8)
Net revenue	48.2	47.4	50.6	50.6	54.1	51.3
Employment	(28.5)	(28.9)	(31.3)	(28.9)	(32.7)	(29.6)
Technology	(2.2)	(3.3)	(3.7)	(4.4)	(3.9)	(3.7)
Occupancy	(1.0)	(0.9)	(1.1)	(1.0)	(0.9)	(1.1)
Other costs	(3.7)	(3.4)	(4.1)	(5.2)	(5.3)	(4.5)
EBITDA - statutory	**12.8**	**10.9**	**10.5**	**11.1**	**11.2**	**12.3**
EBITDA - underlying	13.5	12.6	12.8	13.5	13.8	14.1
Growth, Margins, Leverage, Returns		**FY21a**	**FY22a**	**FY23f**	**FY24f**	**FY25f**
Service charge rev growth		2.3%	4.6%	4.6%	4.3%	4.3%
Total revenue growth		2.2%	6.9%	5.9%	3.8%	4.0%
EBITDA margin (underly/service charge)		28.3%	27.2%	27.6%	28.3%	29.4%
EBITDA margin (underlying/total rev)		21.9%	20.7%	20.7%	21.3%	22.2%
EBITDA margin (stat/service charge)		25.7%	22.3%	23.2%	26.9%	28.7%
EBIT margin (stat/total revenue)		13.8%	10.5%	11.2%	14.6%	16.5%
NPAT margin (stat/service charge)		11.2%	7.4%	8.1%	11.6%	13.3%
Net Debt		16.1	23.8	25.6	21.9	17.9
Net debt/underlying EBITDA (x)		0.6	0.9	0.9	0.7	0.6
ND/ND+Equity (%)		18.1%	24.8%	26.0%	22.4%	18.6%
EBIT interest cover (x)		10.2	5.7	4.4	6.7	7.8
ROA		12.2%	9.6%	10.6%	14.2%	16.6%
ROE		14.3%	9.9%	11.3%	16.4%	19.0%
NTA (per share)		(1.3)	(9.0)	(6.0)	(1.5)	2.4
Working capital		23.3	24.0	27.0	27.7	28.6
WC/Sales (%)		19.6%	18.9%	20.0%	19.8%	19.7%
Pricing		**FY21a**	**FY22a**	**FY23f**	**FY24f**	**FY25f**
No of shares (y/e)	(m)	136	137	139	140	140
Weighted Av Dil Shares	(m)	136	139	140	141	141
EPS (statutory)	cps	7.7	5.3	5.9	8.7	10.6
EPS (underlying)	cps	9.9	9.3	9.5	11.0	12.3
EPS growth (statutory)		7.4%	(31.1%)	10.9%	47.6%	20.8%
EPS growth (underlying)		(4.8%)	(6.2%)	1.6%	15.9%	12.3%
PE (x) - statutory		11.1	16.1	14.3	9.7	8.0
PE (x) - underlying		8.6	9.1	9.0	7.7	6.9
DPS	cps	7.4	6.5	6.0	7.6	10.1
DPS Growth		4%	(12%)	(8%)	27%	33%
Dividend yield		8.7%	7.6%	7.1%	8.9%	11.9%
Dividend imputation		100%	100%	100%	100%	100%
EV/EBITDA (x) - underlying		5.0	5.3	5.1	4.7	4.2
FCF/Share	cps	13.4	10.9	8.5	12.7	14.1
Price/FCF share (x)		6.4	7.8	10.0	6.7	6.0
Free cash flow Yield		15.7%	12.8%	10.0%	15.0%	16.6%

Sources: Company data, RaaS Advisory estimates

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

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This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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- provide general advice to retail and wholesale clients in relation to
    - Securities
- deal on behalf of retail and wholesale clients in relation to
    - Securities

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In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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