

1H FY25 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 half year ended 31 December 2024 ("1H FY25").

1H FY25 Results Highlights

- Record half-year revenues and earnings above the top end of the guidance range
- Revenue of \$176.9 million representing 46.6% growth on pcp and 2.3% growth on pro-forma pcp, alongside a record Order Book
- Core IPD business gross revenue growth of 5.2% on the pro-forma pcp, with CMI Operations gross revenues down 3.3% on the pro-forma pcp due to challenges across the commercial construction sector
- Data Centre revenue growing strongly, up 25% as a percentage of revenue on FY24
- Additional investments in the operating cost base to generate and deliver on the record Order Backlog have impacted margins in 1H FY25, as previously disclosed
- EPS of 12.9 cents for 1H FY25, up 19.4% on pcp, demonstrating the success of accretive acquisitions made in FY24
- Operating free cash flow (before interest and tax outflows) has continued to increase, rising to \$25.3 million for 1H FY25 with Operating free cash flow conversion of 107.6% for 1H FY25 (up from 50% in the pcp)
- Net debt reduced to \$2.2 million as at 31 December 2024 (down from \$8.8 million at 30 June 2024), and subsequent to 31 December 2024 the Group has repaid \$10.0 million of core debt.
- Fully franked interim dividend of 6.4 cents per share declared, up 39.1% on pcp

1H FY25 Results Summary

\$m	Statutory 1H FY25	Statutory 1H FY24	Change (%)	Pro-forma¹ 1H FY25	Pro-forma¹ 1H FY24	Change (%)
Revenue	176.9	120.7	46.6%	176.9	172.9	2.3%
Gross profit	62.3	48.2	29.3%	62.3	62.1	0.3%
EBITDA	23.6	16.1	46.6%	23.6	24.8	(4.8%)
EBIT	20.2	13.7	47.4%	20.2	21.4	(5.6%)
NPAT	13.3	9.5	40.0%	14.2	14.9	(4.7%)
Gross profit margin	35.2%	40.0%	(4.7%)	35.2%	35.9%	(0.7%)
Operating expenses as % of revenue	22.1%	27.0%	(4.9%)	22.1%	21.6%	0.5%
EBITDA margin	13.3%	13.3%	0.0%	13.3%	14.3%	(1.0%)
EBIT margin	11.4%	11.4%	0.0%	11.4%	12.4%	(1.0%)
NPAT margin	7.5%	7.9%	(0.4%)	8.0%	8.6%	(0.6%)

1. IPD acquired EX Engineering on 21 July 2023 and CMI Operations on 31 January 2024. The Pro forma information presented includes the financial performance of EX Engineering and CMI Operations prior to acquisition and excludes acquisition related costs.

1H FY25 Result Overview

Delivered record half-year revenues and earnings for the half year ended 31 December 2024. Sales revenue of \$176.9 million was up 46.6% on the pcp, and despite macroeconomic challenges impacting the commercial construction sector, group revenue was up 2.3% on the pro-forma pcp.

IPD's diverse product range has enabled the core IPD business to benefit from growth in industries such as Data Centres and Water & Waste Water. As a result, gross revenues for the core IPD business are up 5.2% on the pro-forma pcp, despite challenging market conditions.

The CMI Operations cable business is largely attached to the Commercial Construction/Buildings sector. Amidst wider macroeconomic challenges in the commercial construction sector CMI's gross revenues declined by 3.3% on the pro-forma pcp during 1H FY25. Despite challenging market conditions in Australia, CMI continues to expand through export markets and a focus on product innovation, and management remains focused on achieving revenue and cost synergies across the group.

As previously disclosed, CMI Operations' lower operating gross profit margins have had a dilutive impact on consolidated gross profit margins. Gross profit margins of 35.2% for 1H FY25 have marginally reduced on FY24 pro-forma gross margins of 35.4%, as the order book transitions from daily trade to larger, more complex and competitive orders.

These larger and more complex orders typically have longer lead times and less certainty around delivery timing. This has resulted in a proportion of orders that would previously have already become invoiced revenue now sitting in our Order Backlog.

Pro-forma operating expense as a percentage of revenue increased by 0.5% on the pro-forma pcp. There have been additional investments made in the operating cost base, including additional project teams, additional personnel & IT resources (particularly in CMI Operations), the opening of our new Brisbane office, and additional product support for expanded product ranges. This step-change in the Group's operating cost base, along with inflationary cost pressures, has impacted margins in 1H FY25.

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.

Earnings per share of 12.9 cents for 1H FY25 is up 19.4% on the pcp. This growth demonstrates the strength of management's ongoing strategic focus on M&A, and the success of accretive acquisitions made in FY24.

Strong Balance Sheet

As at 31 December 2024, the Group had \$158.1 million of net assets on its balance sheet. Inventory increased by \$1.2 million on pcp, whilst total net working capital decreased during the half year ended 31 December 2024.

In November 2024 IPD Group opened its new Brisbane office in the Brisbane airport precinct, with this expanded facility to support future growth of the Queensland operations.

The Group's \$40 million debt facility was reduced to \$31.1 million and Net Debt has reduced to \$2.2 million as at 31 December 2024.

Operating free cash flow (before interest and tax outflows) of \$25.3 million for the half-year resulted in Operating free cash flow conversion (operating cash flow before interest and tax outflows) of 107.6% for 1H FY25 (up from 50% in the pcp).

As a result of prudent cash management and strong operating free cash flow, subsequent to 31 December 2024 the Group has repaid \$10.0 million of core debt. As a result, the acquisition debt facility and associated non-current borrowings have reduced to \$21.1 million.

Dividend

On 4 October 2024, the IPD Group paid the final 2024 financial year-end dividend of \$6.4 million which was equivalent to 6.2 cents per share fully franked.

On 24 February 2025, the Directors declared a fully franked interim dividend of 6.4 cents per share, payable on 10 April 2025. This equates to a payout of \$6.6 million and a payout ratio of 50% for the half-year ended 31 December 2024.

Outlook

Whilst some of our end markets are challenging, IPD continues to capitalize on emerging opportunities driven by the transition to renewable energy, increasing demand from data centres and associated energy requirements, the expansion of EV chargers and demand for public transport electrification, and a supportive legislative environment.

Management remain focused on executing strategic priorities, long-term value creation, adapting to market conditions, and continuing to deliver sustainable growth.

1H FY25 Results Call

IPD Group Limited's CEO Michael Sainsbury and CFO Jason Boschetti will host an investor webinar at 10:30 am (AEDT) on Monday 24 February 2025.

Webcast URL: <https://webcast.openbriefing.com/ipg-hyr-2025/>

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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.

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