



# 2015 Half Year Results

30 June 2015

Andrew Walsh - Managing Director & CEO

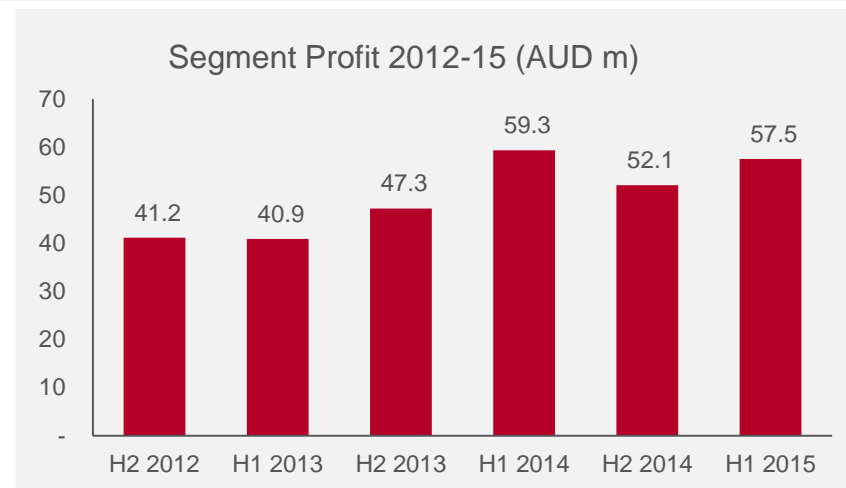
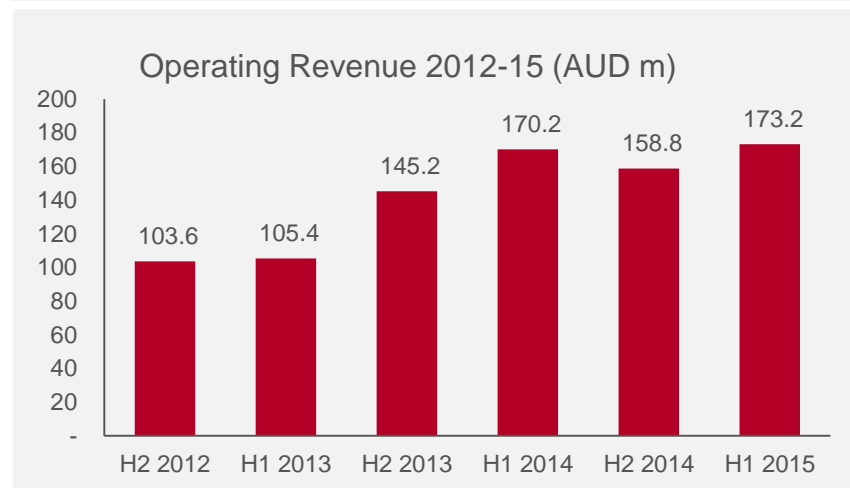
John Harris - CFO

20 August 2015

# Overview of first half result

## Focus on quality, predictable revenue

	1H14	2H14	1H15	1H15 / 1H14		1H15 / 2H14	
				Δ	%	Δ	%
<b>Operating Revenue (\$Am)</b>	170.2	158.8	173.2	▲3.0	▲1.8%	▲14.4	▲9.1%
<b>Segment Profit<sup>(1)</sup> (\$Am)</b>	59.3	52.1	57.5	▼(1.8)	▼(3.0%)	▲5.4	▲10.4%
<b>Reported Profit<sup>(2)</sup> (\$Am)</b>	30.1	20.6	28.5	▼(1.6)	▼(5.3%)	▲7.9	▲38.3%
<b>Dividend (c per share)</b>	16.0	25.5	16.0	▲0.0	▲0.0		
<b>Effective tax rate (%)</b>	12.7	28.9	20.7				



Unless otherwise stated all comparisons are with the prior corresponding period (30 June 2014) on a reported currency basis.

The numbers and calculations in this report are subject to rounding.

Financial information in this report is extracted or calculated from the half year & annual financial statements which have been subject to review or audit.

(1) Segment Profit represents earnings before interest, tax, depreciation, amortisation, share based payments & non-core non-recurring items. Refer to slide 17 for detailed breakdown.

(2) Reported Profit represents profit after income tax

# Overview of half year result

Focus on quality, predictable revenue

## Strong underlying business

- Total Revenue \$173.2m, up 9% on 2H14 and up 2% on 1H14
- Financial markets business highly resilient, momentum in wealth management
- Strategic progress with Enterprise Lending

- Strength in core businesses, including highly resilient financial markets business and continued, strong demand in wealth management.
- Financial markets business remains highly resilient in the context of external business challenges and two unexpected client developments. Result negatively impacted by BBY collapse, and CIMB withdrawal.
- Momentum in wealth management remains strong. Strong performance in Australia.
- Significant growth delivered in South Africa across financial markets and wealth.

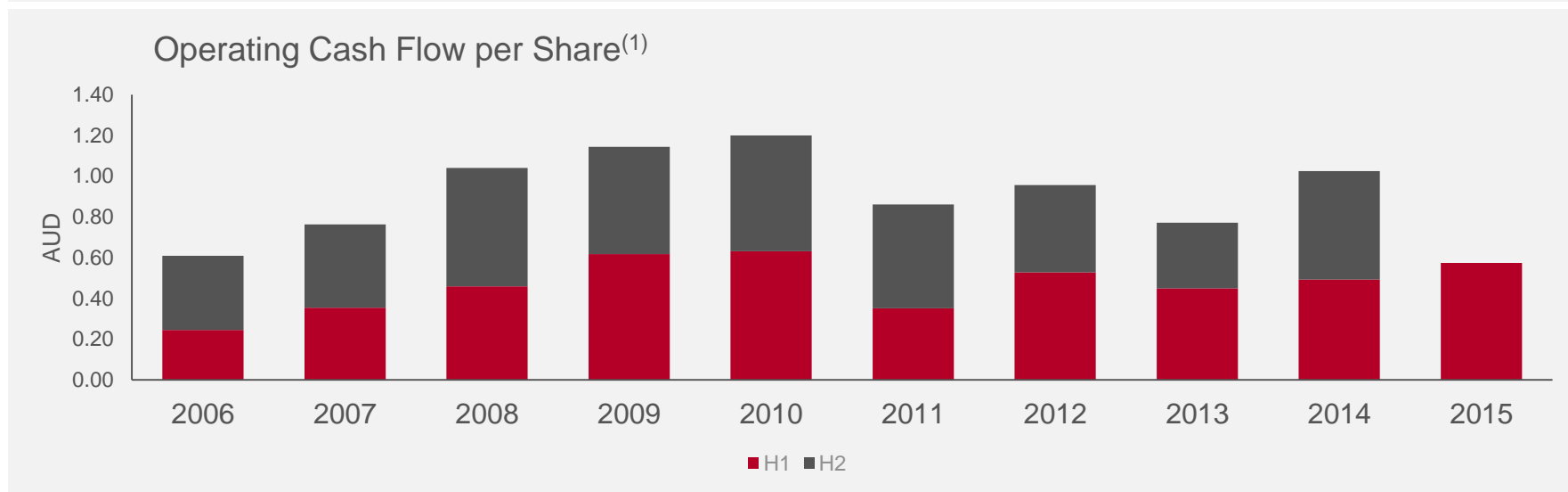
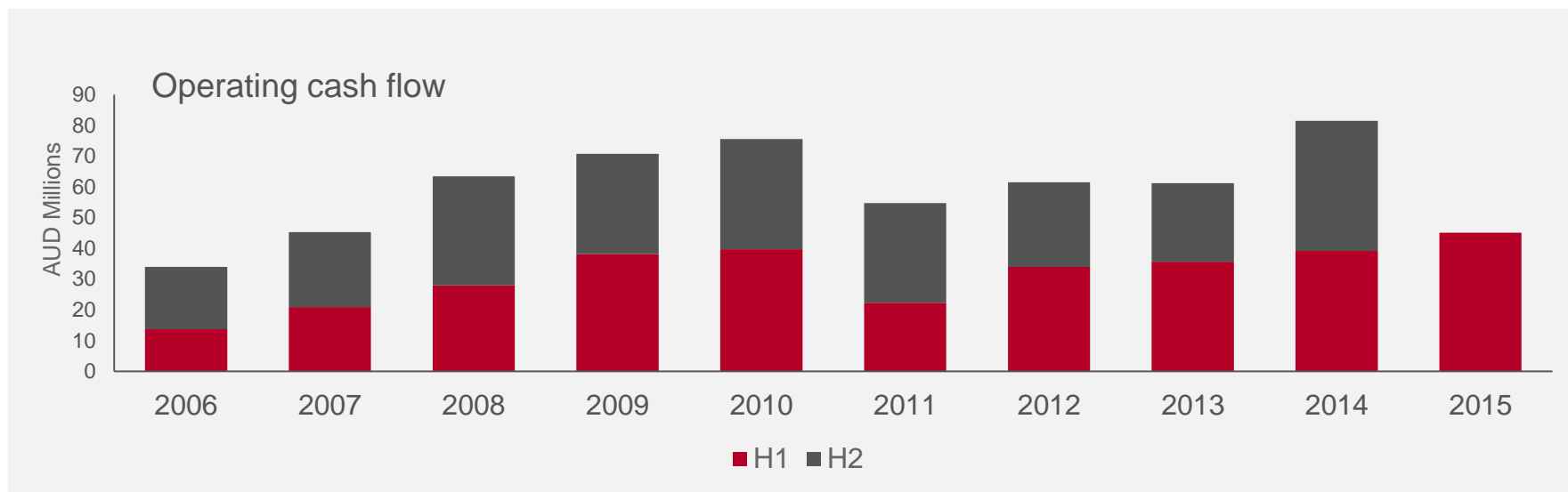
## UK strategy on medium-term growth

- Operating Revenue in UK (ex Enterprise) is flat on 2H14 (GBP)
- Significant investment in implementation capacity
- Strong demand reflected in pre-sales and implementation activity

- Wealth management in the UK experiencing demand from firms where growth strategies heavily dependent on technology.
- Integrated, comprehensive, and flexible wealth platform appealing to wide range of participant needs.
- Sales and implementation mirrors the nature of projects and opportunities, where current operational activity is ahead of the flow through of revenue.
- Competitive and integrated product suite across trading, portfolio management, market data, CRM and advice, directly relevant to integrated private wealth firms.

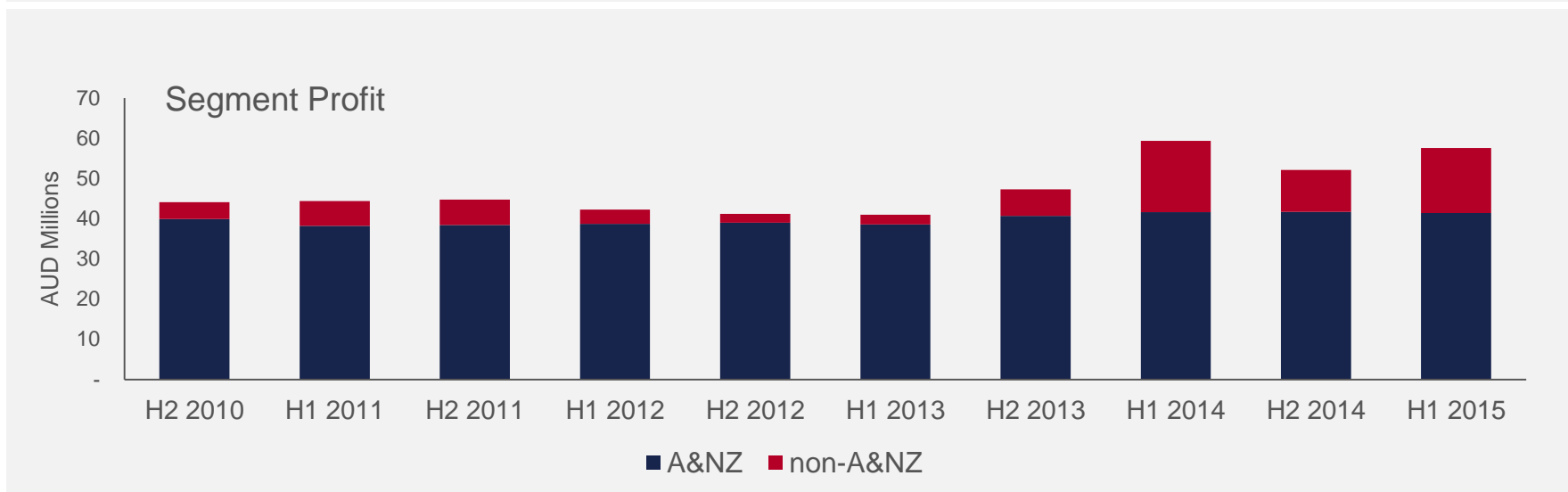
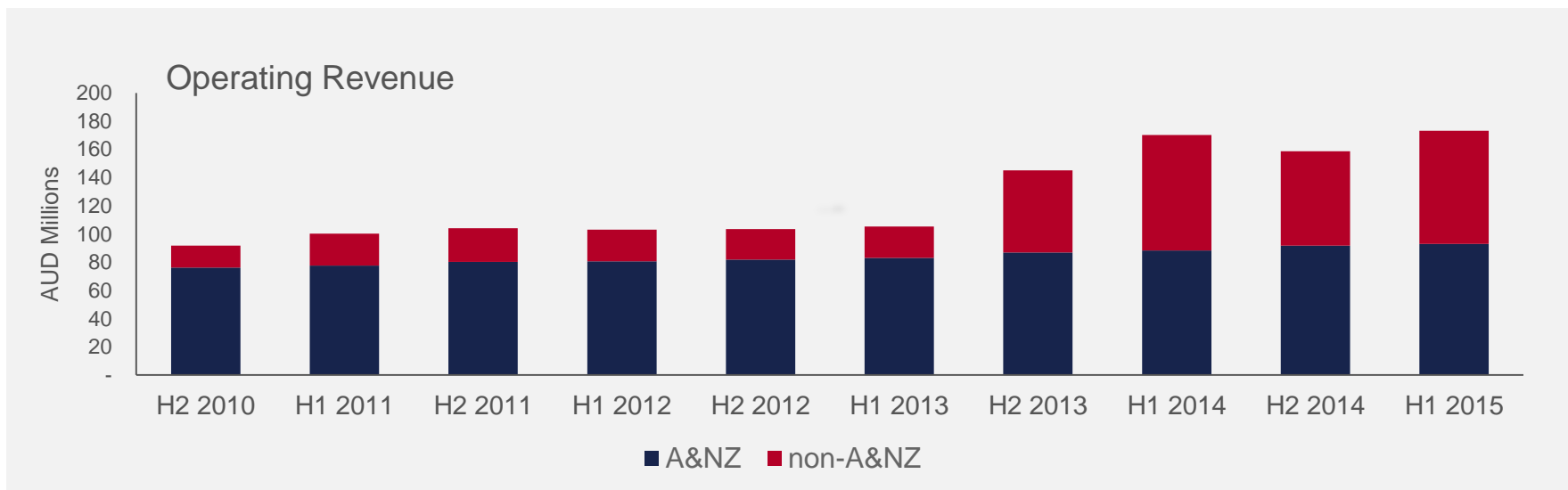
# 2015 half year result

## Recurring revenue, strong cash flow



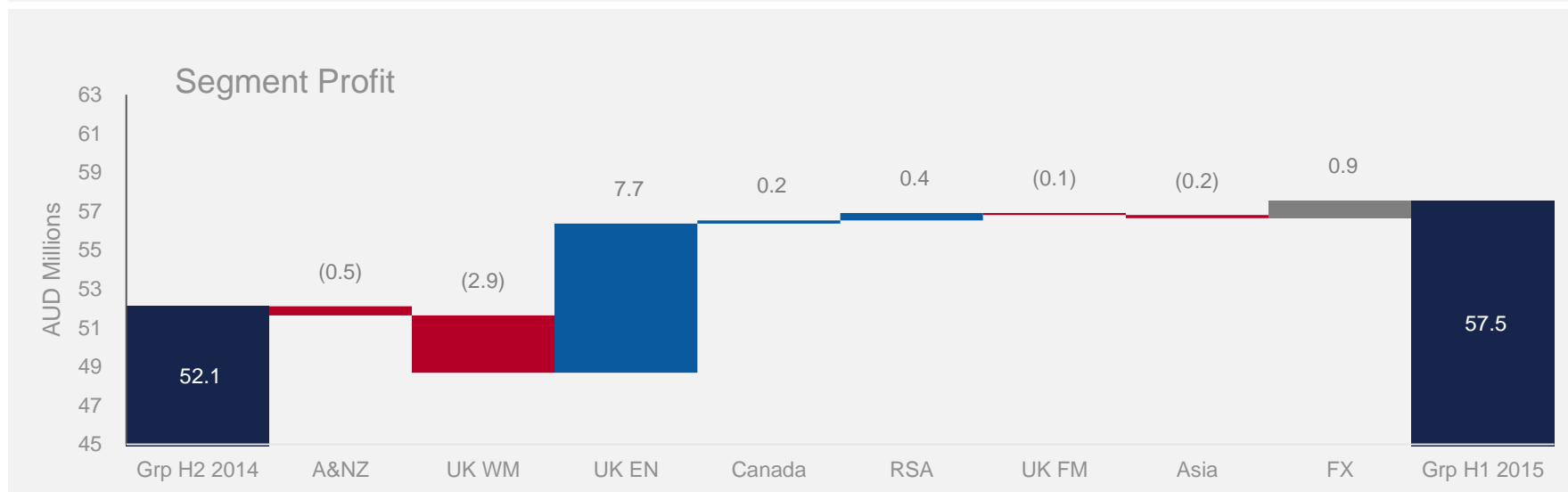
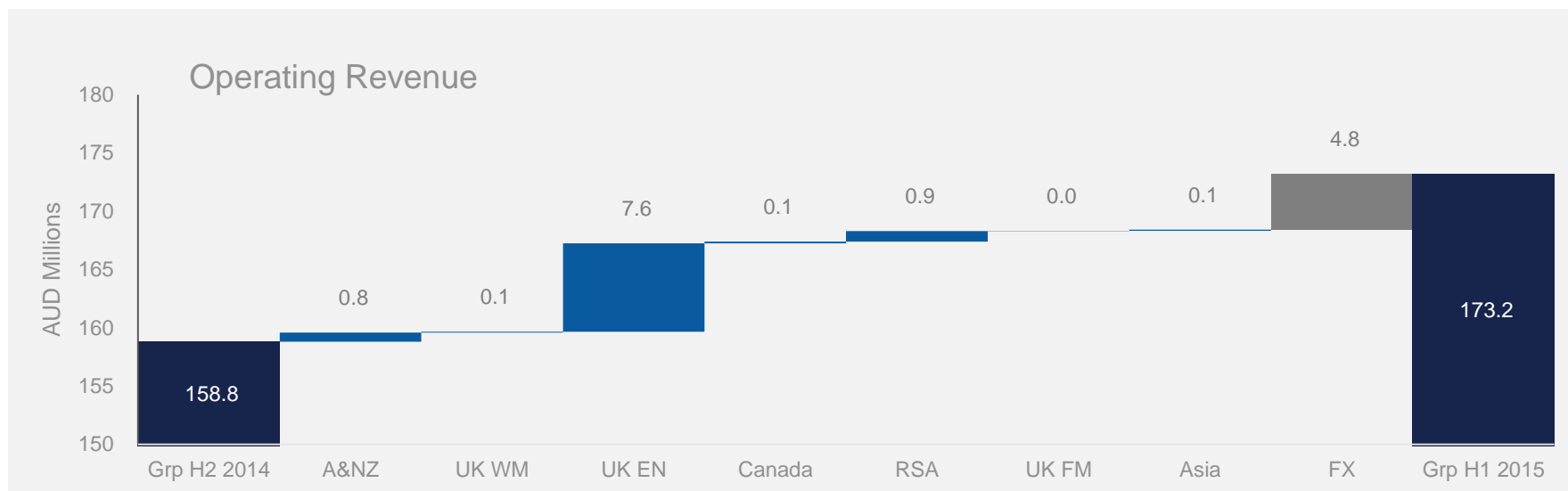
# 2015 first half result

Highly resilient and solid momentum



# 2015 first half result

Highly resilient Australian business, volatility from UK Enterprise



# Segment profit margins

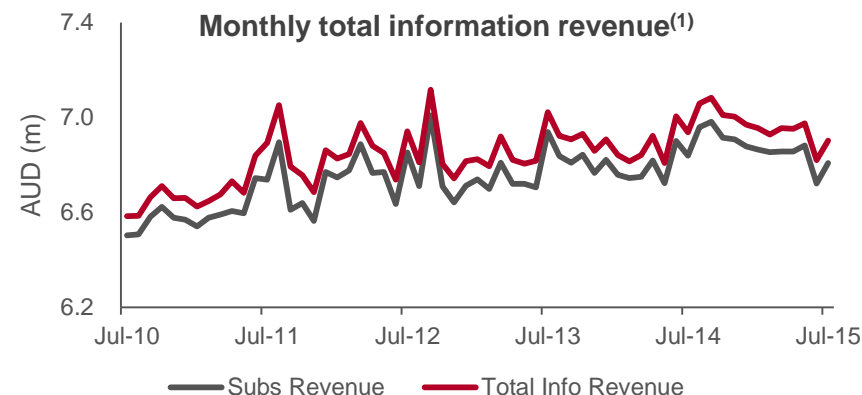
Segment Profit Margins <sup>(1)</sup>		H1 2013	H2 2013	2013	H1 2014	H2 2014	2014	H1 2015
Australia & New Zealand	AUD	46.3%	46.9%	<b>46.6%</b>	47.1%	45.4%	<b>46.3%</b>	44.5%
Canada	CAD	25.0%	28.5%	<b>26.7%</b>	30.1%	11.6%	<b>21.0%</b>	13.2%
South Africa	ZAR	31.7%	27.3%	<b>29.5%</b>	25.6%	31.6%	<b>28.7%</b>	32.7%
UK (ex Lending)	GBP	(190.4%)	9.8%	<b>1.9%</b>	19.8%	26.5%	<b>23.1%</b>	18.7%
<b>Group (ex A&amp;NZ)</b>	<b>AUD</b>	<b>10.8%</b>	<b>11.2%</b>	<b>11.0%</b>	<b>21.7%</b>	<b>15.5%</b>	<b>18.8%</b>	<b>20.1%</b>
<b>Group (ex Lending)</b>	<b>AUD</b>	<b>38.8%</b>	<b>35.6%</b>	<b>37.0%</b>	<b>35.8%</b>	<b>36.2%</b>	<b>36.0%</b>	<b>33.4%</b>
UK Enterprise Lending	GBP	n/a	4.5%	<b>4.5%</b>	28.5%	(26.4%)	<b>13.1%</b>	31.3%
<b>Group</b>	<b>AUD</b>	<b>38.8%</b>	<b>32.5%</b>	<b>35.2%</b>	<b>34.9%</b>	<b>32.8%</b>	<b>33.9%</b>	<b>33.2%</b>

- Halves continue to reflect shorter-term timing differences between operational activity and expected revenue
- UK margin reflect increase in capability and capacity anticipating wealth implementations
- Australia & New Zealand impacted by bad debt provision
- AUD cost allocations impacting comparable margins, and will be ongoing influence

# Australia and New Zealand Financial Markets

	Results			1H15 / 1H14		1H15 / 2H14	
	1H14	2H14	1H15	Δ	%	Δ	%
Operating Revenue \$Am	53.8	55.0	54.2	0.4	0.7	(0.8)	(1.5)
Segment Profit \$Am	25.2	25.4	23.4	(1.8)	(7.2)	(1.9)	(7.7)
Margin %	46.9	46.1	43.2				

- Revenue was down 1.5% on 2H14 and up 0.7% on 1H14, reflecting client impacts (withdrawal of CIMB, BBY administration). As a result, Segment Profit was down \$1.9m on 2H14 (7.7%) and down \$1.8m (7.2%) on 1H14.
- The impact to ongoing recurring revenue of the BBY administration was previously indicated at less than 1% per annum. A portion of this has been mitigated with transferring users/clients, and new participants as clients to IRESS.
- The financial markets business remains highly resilient and performed solidly in the context of ongoing challenges, particularly those faced by sell-side clients. Revenue run rate at near constant January level.
- We continue to invest in developing our financial markets solutions to maintain and strengthen our market-leading position accompanied by high focus on service.



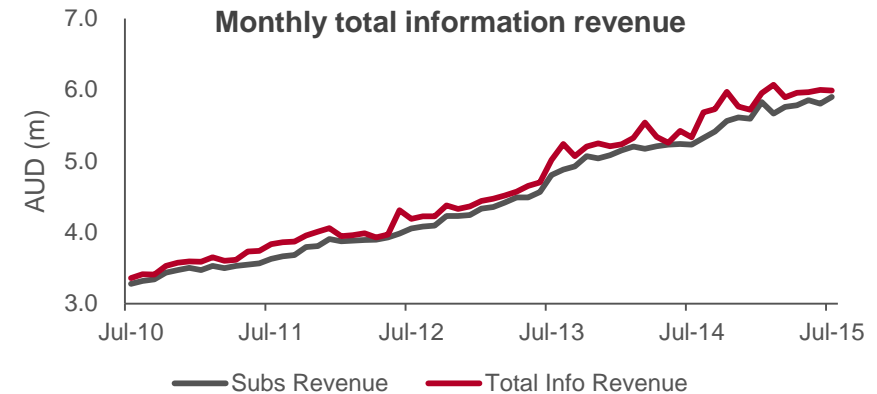
- IRESS' next generation online market data and trading solution is being received very positively by clients – to be formally launched in the second half.
- IRESS is actively planning with clients for the transition from IOS to IOS+. Intention to have majority completed end of 2016.
- IRESS Private Wealth traction with retail brokers, with several implementations going live in the second half of 2015.
- Currently 29 of 33 Chi-X brokers rely on IRESS for connectivity and smart routing. Additional 4-5 new Chi-X participants to use IRESS connectivity and BMR (Best Market Router), expecting to be live H2.



# Australia and New Zealand Wealth Management

	Results			1H15 / 1H14		1H15 / 2H14	
	1H14	2H14	1H15	Δ	%	Δ	%
Operating Revenue \$Am	34.5	36.8	38.8	4.2	12.3	1.9	5.3
Segment Profit \$Am	16.4	16.3	18.0	1.6	9.9	1.6	10.0
Margin %	47.4	44.3	46.3				

- Segment Profit in wealth management rose 10.0% on 2H14 and 9.9% on 1H14.
- Sustained growth reflects strong demand for XPLAN to offset regulatory inefficiency, compliance, and enhance digital engagement with clients. Client strategies aligned to capable and scaled vendor delivery.
- Evolving advice landscape will see expanded delivery channels. Unified wealth platform key to supporting omni-channel model – XPLAN well positioned to deliver.
- XPLAN remains a clear market leader in Australia with continued investment in development to maintain position.
- During the half, Investment Trends named XPLAN the top financial planning application for the eighth consecutive year and in July it was selected as the number one choice for advisers.



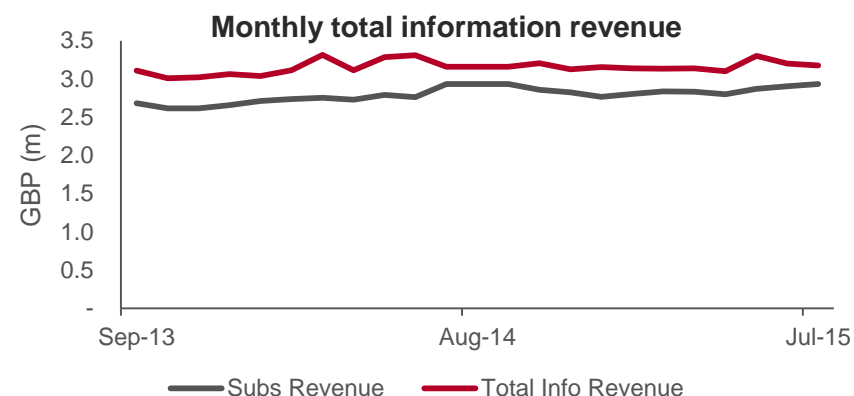
- New partnership with the Commonwealth Bank (CBA) to deploy XPLAN across all CBA advice businesses, and the introduction of XPLAN Prime, a scaled digital advice solution. Very strong interest in XPLAN Prime had followed and development is progressing well.
- Acquisition of Innergi completed 1 July. Innergi enables financial advice practices and superannuation funds to better engage with their clients, and now an integrated content channel in XPLAN.
- Key developments during the half: WealthSolver launched for investment and platform research and comparison; trading and market data enabled in Client Portal; cashflow modelling engagement tools extended, strategic integrations expanded with CLASS Super, Cleardocs, Macquarie payments gateway, Innergi financial content.

# United Kingdom

## Wealth Management

	Results			1H15 / 1H14		1H15 / 2H14	
	1H14	2H14	1H15	Δ	%	Δ	%
Operating Revenue £m	20.4	19.9	20.0	(0.5)	(2.3)	0.0	0.2
Segment Profit £m	4.4	5.8	4.3	(0.1)	(1.8)	(1.5)	(26.0)
Margin %	21.4	29.2	21.5				

- Wealth revenue in local currency was flat on 2H14 and down 2.3% PCP. AUD results have benefited from weakening dollar.
- Direct wage expense was up 14% on 2H14 and up 2.2% PCP as the business invested in capability, anticipating implementation activity. Offsets the margin growth in H214 highlighted in February results.
- This investment in wealth capability and capacity will deliver the flow through of revenue.
- XPLAN now accounts for 10% of current total wealth run-rate revenue.
- Exchange quote/comparisons are up 1.5% 2H14 and down 0.9% on 1H14 (normalised and excl annuity quotes). Annuity quote requests up 29.8% on 2H14 and down 14.2% on 1H14, following budget changes. Total new business transactions +2.0% PCP.
- Data centre management with third-party now migrated to IRESS as intended at acquisition.



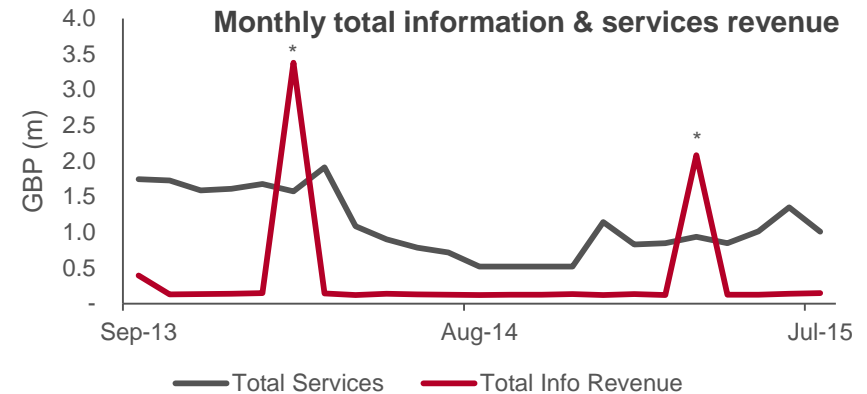
- Range of successful small-medium implementations of XPLAN. Significant implementations underway including Private Wealth projects in initiation.
- XPLAN now deployed to multi-currency/asset site in EU. Creating opportunities for other such EU deployments.
- Successful and impacting AdviserOffice releases during 2015 reflecting comprehensive support strategy and strong retention.
- Platform and provider investment datafeeds now representing 90% of UK assets under administration.
- Regulatory burdens (and anticipation) and the need for scale have continued to see advisory consolidation and growing demand for broad technology solutions. Expect this trend to continue and to drive our activity. Legacy asset trail commission ceases 6 April 2016.
- Impact of Sesame Bankhall Group (SBG) closing its network for investment and pension advisers will be partially mitigated with movement of SBG users to other networks using XPLAN.
- XPLAN Mortgage launched, part of a strategic mortgage broking solution offering across advice, research and loan application.

# United Kingdom

## Enterprise Lending

	Results			1H15 / 1H14		1H15 / 2H14	
	1H14	2H14	1H15	Δ	%	Δ	%
Operating Revenue £m	12.0	4.7	8.6	(3.4)	(28.6)	3.9	82.5
Segment Profit £m	3.4	(1.2)	2.7	(0.7)	(21.7)	3.9	316.3
Margin %	28.5	26.4	31.3				

- One-off revenue lead to an increase of 82.5% on 2H14 and a 28.6% decrease on 1H14. The nature of revenue continues to be a key theme in this business and performance PCP or on prior periods is driven by timing of fees.
- Enterprise Lending revenue will remain uneven as IRESS transitions from license fee and services-based revenue to higher recurring levels of revenue.
- Costs in recent periods reflecting reduced headcount (incl contractors) as the business focuses on its core product strategy and scaled delivery.
- Medium-term operating model agreed with Nationwide with recurring base maintenance fee in place. IRESS acting as expert partner in software development for MSO V1. MSO V1 continues to provide market-leading efficiency benefits for Nationwide and strong basis for V2 opportunities.

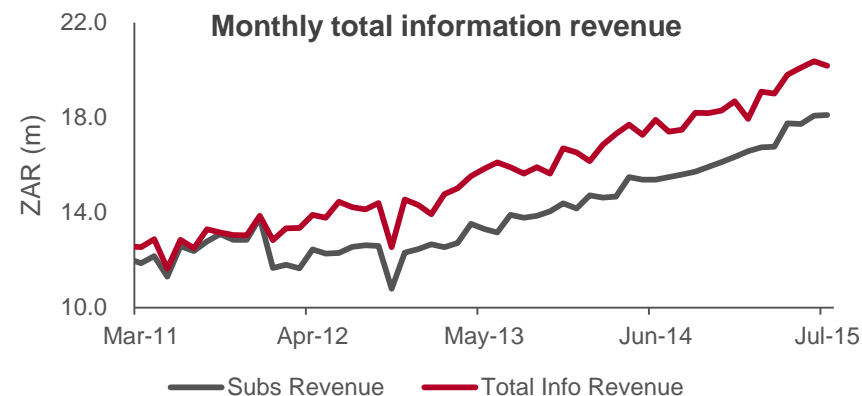


\* Initial license fee arising on a transaction entered into prior to IRESS acquiring Avelo

- The new version of our Mortgage Sales & Origination solution (MSO v2) brings functional, services-based framework and lower cost of service and implementation. This meets IRESS' strategy to access a broader range of lending institutions in addition to the Tier 1 market.
- IRESS has successfully signed the UK's first digital-only bank, Atom, as the first client to deploy MSO v2. IRESS will provide a fully managed and hosted service to ATOM. Deployment expected in 2016.
- Well advanced with discussions with other prospects and a good pipeline of quality opportunities.
- Confident in strategy and medium/long-term growth in this business, however expect 2016 to bear direct financial impact of this revenue transition from larger upfront payments to lower but recurring levels.

	Results			1H15 / 1H14		1H15 / 2H14	
	1H14	2H14	1H15	Δ	%	Δ	%
Operating Revenue Rm	107.3	112.6	121.0	13.7	12.7	8.3	7.4
Segment Profit Rm	27.5	35.6	39.6	12.1	43.9	4.0	11.2
Margin %	25.6	31.6	32.7				

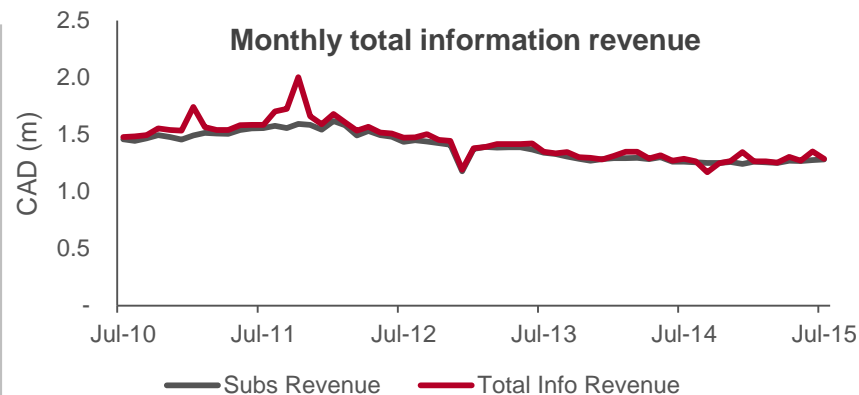
- Strong ZAR revenue growth during the half of 7.4% on 2H14 and 12.7% on 1H14 reflecting market conditions, growth in revenue with existing clients and increase in sales in strategic products in 2H14.
- People costs in the half are not indicative of annualised level due to delayed recruitment, and salary adjustments expected during 2015.
- New client implementations and organic growth across trading, market data, retail wealth and private wealth.
- Market data investments contributing to strong impact during the half with IRESS Professional take up.
- Trading services continue to show differentiated strength with local relevance. Several new SA order management implementations in H1, with further implementations in SA and Namibia in H2.



- Private Wealth contributing to results, which has come from phased implementation of larger sites, and boutique retail advisory firms.
- Expect continuing opportunities for Private Wealth through differentiated and integrated capabilities across retail advisory needs.
- Several institutional XPLAN projects underway, implementation to occur over next 24 months.
- Algo trading enhancements and volumes have contributed to strong variable revenue during the half. This continues to remain an important and differentiated product in this market
- All order flow now operating through IRESS SmartHub and providing opportunities for expanded trading across asset classes, particularly funds and platforms. Historical message-based revenue gradually transitioning to more predictable recurring revenue.

	Results			1H15 / 1H14		1H15 / 2H14	
	1H14	2H14	1H15	Δ	%	Δ	%
Operating Revenue C\$m	9.4	9.1	9.2	(0.2)	(1.8)	0.1	1.5
Segment Profit C\$m	2.8	1.1	1.2	(1.6)	(56.9)	0.2	15.6
Margin %	30.1	11.6	13.2				

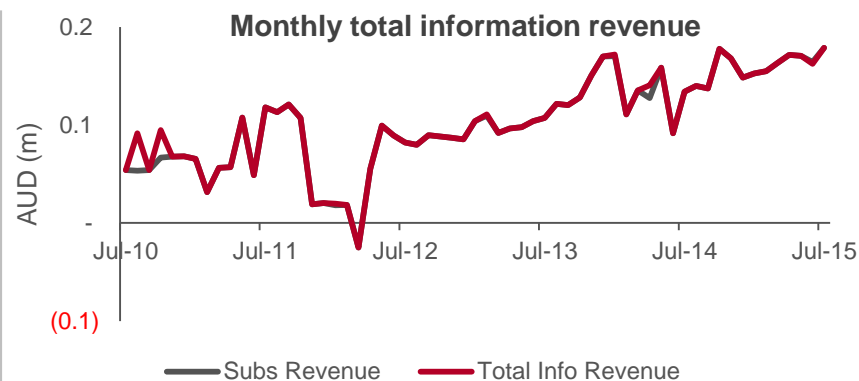
- Operating revenue up 1.5% on 2H14 and Segment Profit up 15.6% on 2H14. Compared with 1H14, revenue was down 1.8% and Segment Profit down 56.9% on a small base reflecting investment in people and wealth diversification and growth.
- Cost increases were driven by investment in people and infrastructure, including new premises. This investment is now largely complete, leading to a 15.6% (local currency) increase in Segment Profit on 2H14.
- MD Financial a top five wealth manager in Canada (~C\$40bn under administration) commenced implementation of Private Wealth solution spanning retail asset management platform and advice.
- Additional implementation of Private Wealth solutions has extended backoffice integrations. This continues to add local relevance in pre and post trade trading for investment advisers.



- Our next generation of retail online market data and trading solution will be launched with a tier one Canadian bank.
- CRM2 continues to be a driver for clients to review current technology estates. Complex and dated technology architectures are under significant pressure as regulation and D2C demands increases cost and complexity.
- Deployment of Q1 enterprise IRESS release enabling efficient global product developments across all clients in region.
- Release of IRESS SmartHub services in Canada and onboarding of the first clients to production has been completed.
- Market structure continues to evolve with the addition of Aequitas NEO. Now 3 listing exchanges in CA, with trading across 11 venues. Ongoing enhancements to the IRESS' BMR (Best Market Router) continues to provide compliance and dynamic multi-market algorithms for trade performance.

	Results			1H15 / 1H14		1H15 / 2H14	
	1H14	2H14	1H15	Δ	%	Δ	%
Operating Revenue A\$m	0.9	1.0	1.2	0.3	30.8	0.2	17.2
Segment Profit A\$m	(1.9)	(1.7)	(2.1)	(0.1)	(6.0)	(0.4)	(20.6)

- Revenue increased steadily in Asia over the half, up 17.2% on 2H14 and up 30.8% on 1H14 in local currency. Increased costs relate to market data cost allocations during the half and are non-operating.
- The net loss operating limit remains \$4 million per annum, but subject to allocated costs, this level may be exceeded temporarily.
- Despite a competitive market, IRESS has made solid progress and continues to concentrate efforts on a number of Tier 1 relationships in Singapore and Malaysia.



- Revenue growth over the period was driven by growth in use and functionality on CFD platform in Singapore with existing clients and several retail and private wealth implementations. Three of the top four local Singaporean CFD brokers use IRESS.
- Differentiated white-label CFD capability into Hong Kong & Japan, and cash trading in Malaysia adding to revenue momentum.
- Opportunities evident with smaller asset managers in Singapore and Malaysia for unified private wealth platform.
- Advanced discussions underway for implementation of cash equity order management platforms.

- Implementation activities support recurring revenue and growth over time.
- Investments anticipating future revenue continue to be carefully managed.
- Enterprise Lending is a potential source of high growth but more difficult to predict due to heavy dependence on client-driven timetables and long lead times. Until revenue reflects the benefits of business re-positioning, results should not be extrapolated based on a single half.
- Assuming foreign exchange at constant levels, and after allowing for first half experience, IRESS expects Segment Profit growth in 2015 at the lower end of our previously indicated range.
- IRESS' outlook remains focussed on the medium-long term and includes ongoing assessment of organic and acquisition opportunities, that align to our strategy and continue to build meaningful regional businesses.

# Appendices



# Segment Profit to NPAT

## Segment profit to NPAT (in \$Am)

<b>Segment Profit</b>	<b>57.543</b>
Share based payments	(5.038)
Non-core non recurring items	<u>9.465</u>
<b>EBITDA</b>	<b>61.970</b>
Depreciation and Amortisation	(12.461)
Net interest and finance expense	<u>(13.573)</u>
<b>NPBT</b>	<b>35.936</b>
Tax expense	<u>(7.446)</u>
<b>NPAT</b>	<b>28.490</b>
<b>Treasury breakdown (media release)</b>	
Net interest expense	(3.308)
Amortisation of debt establishment costs	(0.571)
Movement in fair value of external swaps	<u>(9.694)</u>
Net interest and finance expense	(13.573)
Unrealised foreign exchange gain on internal funding arrangements	<u>8.668</u>
<b>Total Treasury</b>	<b>(4.905)</b>

## Non-recurring expenses (in \$Am)

### Primary balances comprise:

Unrealised FX gain on internal funding arrangements	8.668	b
Net operational unrealised Foreign Exchange Gain/Loss	0.974	c
Other	<u>(0.177)</u>	
	<b>9.465</b>	



### Swaps Provide an effective hedge of FX from 2013 funding structure

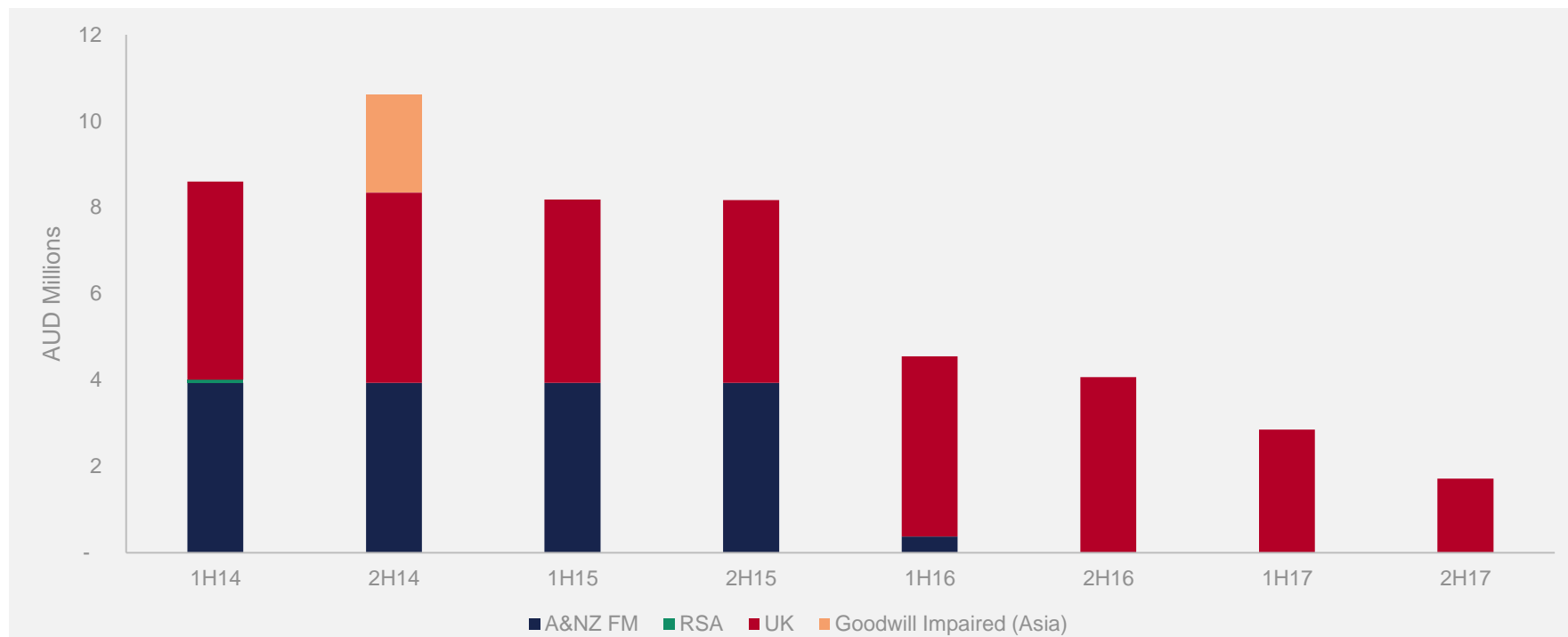
Unrealised FX from Ops	9.759	
Realised FX from Ops	<u>(0.117)</u>	
<b>Net FX from Ops</b>	<b>9.642</b>	b + c
Financing income/(expense)	<u>(9.694)</u>	d
<b>Net FX losses recognised</b>	<b>(0.052)</b>	

# Balance Sheet

\$Am	30 Jun 14	31 Dec 14	30 Jun 15
<b>Current Assets</b>			
Cash assets	68.2	74.9	75.0
Trade receivables	19.0	24.7	27.4
Other receivables	14.8	9.9	9.6
Tax Assets	-	-	-
Other financial assets	-	-	-
<b>Total current assets</b>	<b>102.0</b>	<b>109.5</b>	<b>112.1</b>
<b>Non-Current Assets</b>			
Plant and equipment	9.3	9.7	10.3
Computer software	24.3	19.3	13.9
Goodwill	381.8	398.5	423.3
Intangible assets	16.4	15.6	14.8
Deferred tax assets	22.6	21.4	26.6
Other financial assets	-	-	-
<b>Total non-current assets</b>	<b>454.5</b>	<b>464.4</b>	<b>488.9</b>
<b>Total Assets</b>	<b>556.4</b>	<b>574.0</b>	<b>601.0</b>

\$Am	30 Jun 14	31 Dec 14	30 Jun 15
<b>Current Liabilities</b>			
Trade payables	(14.1)	(14.1)	(12.6)
Other payables	(21.6)	(12.4)	(16.5)
Borrowings Current	-	-	-
Current tax payables	(1.5)	(1.8)	(1.8)
Provisions	(7.3)	(6.5)	(7.5)
<b>Total current liabilities</b>	<b>(44.6)</b>	<b>(34.8)</b>	<b>(38.3)</b>
<b>Non-Current Liabilities</b>			
Borrowings	(178.2)	(179.1)	(178.8)
Derivative liability	(7.1)	(12.9)	(22.6)
Provisions	(6.2)	(4.9)	(4.8)
Deferred tax liabilities	(5.7)	(11.4)	(14.7)
<b>Total non-current liabilities</b>	<b>(197.3)</b>	<b>(208.2)</b>	<b>(220.9)</b>
<b>Total Liabilities</b>	<b>(241.9)</b>	<b>(243.0)</b>	<b>(259.3)</b>
<b>Net Assets</b>	<b>314.6</b>	<b>330.9</b>	<b>341.7</b>

# Strategic Charges



AUD m	Description	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17
<b>A&amp;NZ FM</b>	Peresys Software	3.934	3.934	3.934	3.934	0.381	-	-	-
<b>RSA</b>	Peresys Customer List	0.073	-	-	-	-	-	-	-
	Business est. share grants	0.468	0.321	0.270	0.164	0.112	-	-	-
	Initial Avelo share grants	0.793	0.750	0.651	0.741	0.732	0.741	0.008	-
<b>UK</b>	Enterprise Software	0.179	0.179	0.179	0.179	0.179	0.179	0.179	0.179
	Avelo Software	1.606	1.609	1.606	1.606	1.606	1.606	1.122	-
	Avelo Customer List	1.542	1.545	1.542	1.542	1.542	1.542	1.542	1.542
<b>Scheduled Strategic Charges</b>		<b>8.595</b>	<b>8.338</b>	<b>8.182</b>	<b>8.166</b>	<b>4.552</b>	<b>4.068</b>	<b>2.851</b>	<b>1.721</b>
Goodwill Impaired (Asia)			2.265						
<b>Total Strategic Charges</b>		<b>8.595</b>	<b>10.603</b>	<b>8.182</b>	<b>8.166</b>	<b>4.552</b>	<b>4.068</b>	<b>2.851</b>	<b>1.721</b>

# Disclaimer

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## AUSTRALIA

Melbourne | +61 3 9018 5800  
Sydney | +61 2 8273 7000  
Perth | +61 8 6211 5900  
Brisbane | +61 7 3011 4700  
Adelaide | +61 3 9018 5800

## NEW ZEALAND

Auckland | +64 9 300 5571  
Wellington | +64 4 462 6850

## ASIA

Hong Kong | +852 3965 3343  
Singapore | +65 6672 6288

## CANADA

Toronto | +41 6 907 9200

## SOUTH AFRICA

Johannesburg | +27 11 492 1111  
Durban | +27 31 492 0400  
Cape Town | +27 21 657 8800

## UNITED KINGDOM

Warwick | +44 845 068 1000  
Cheltenham | +44 330 440 4500  
London | +44 203 397 4580