



Integrated Research Limited (IRI)

FY2015 Annual Financial Results

August, 2015

ABN: 76 003 588 449





Financial Results

- New Licence Sales up 46% to \$41.0m
- Total Revenue up 32% to \$70.3m
- Net Profit After Tax up 68% to \$14.3m
- No debt

Profit Margin Improvement

- Higher recurring revenue
- Product margin improvement
- Depreciating Australian Dollar

Results in Constant Currency

- New Licence Sales up 37%
- Total Revenue up 24%
- Net Profit after Tax up 41%
- Effective US\$ Exchange Rate FY14 \$A0.92
- Effective US\$ Exchange Rate FY15 \$A0.83

Key Highlights

UC Growth

- Revenue up 45%
- Enterprise & Service Provider growth
- Skype for Business adoption growing
- Maintenance retention at 96%

Payments Growth

- Revenue up 28%
- Fraud Management adoption growing
- New payment types driving sales
- ACI partnership supporting growth

Infrastructure

- Revenue up 19%
- Consistent revenue performer
- High Profit margins

Product Development

- Four new products added to portfolio
- Microsoft Lync/Skype Inflight Voice Quality
- Voice Quality 360® & Avaya IP Office
- Contact Center & Call Recording Assurance



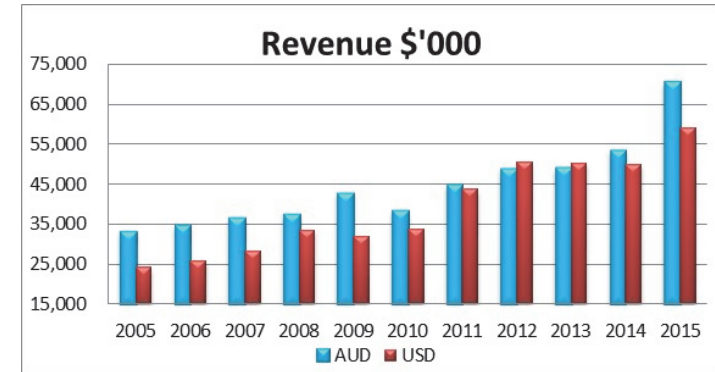
Financial Results





Financial Results

	30 June 2015 A\$000's	30 June 2014 A\$000's	% change	% change in constant currency
Licence fees	41,031	28,048	46%	
Maintenance fees	23,700	20,562	15%	
Consulting fees	5,548	4,633	20%	
Total revenue	70,279	53,243	32%	24%
R&D expenses - net	12,431	11,067	12%	
Sales, consulting & marketing expenses	35,161	26,836	31%	
General & Administrative expenses	5,220	4,707	11%	
Total expenses	52,812	42,610	24%	19%
Profit before tax	19,266	10,653	81%	
Profit after tax	14,251	8,489	68%	41%



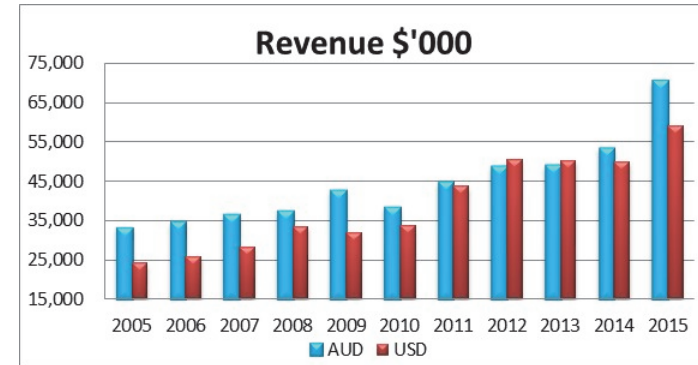
- All regions growing
- All product lines growing
- Continuing investment in Product Development





Key Profit Metrics

	30 June 2015 A\$000's	30 June 2014 A\$000's	% change
Licence fees	41,031	28,048	46%
Maintenance fees	23,700	20,562	15%
Consulting fees	5,548	4,633	20%
Total revenue	70,279	53,243	32%
Net operating expenses (ex D&A)	42,196	35,419	19%
EBITDA	28,083	17,824	58%
EBITDA margin	40%	33%	
EBIT	18,969	10,269	85%
EBIT margin	27%	19%	
Profit after tax	14,251	8,489	68%
PAT margin	20%	16%	



- Revenue growing faster than cost
- Currency tailwind benefiting IR
- Continuing move to recurring license model
- PAT Margin increased from 16% to 20%

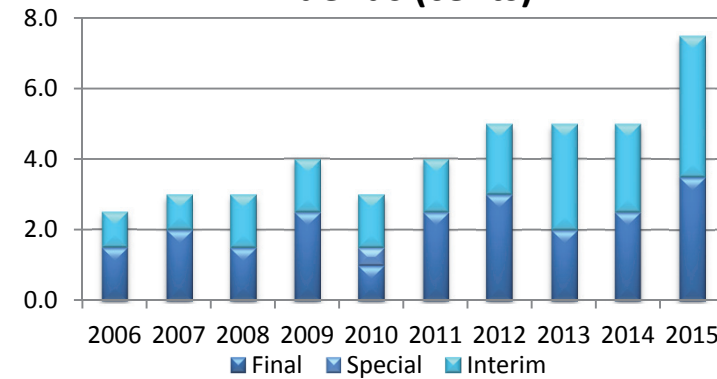




Balance Sheet

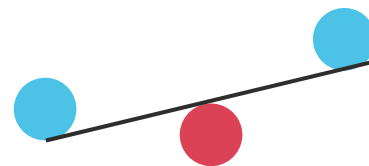
	30 June 2015 A\$000's	30 June 2014 A\$000's
Cash at bank	15,323	13,300
Receivables	38,272	22,857
Capitalised Development	17,020	16,257
Deferred Revenue	22,523	16,369
Net assets	36,132	30,747

Dividends (cents)



Shareholder Returns

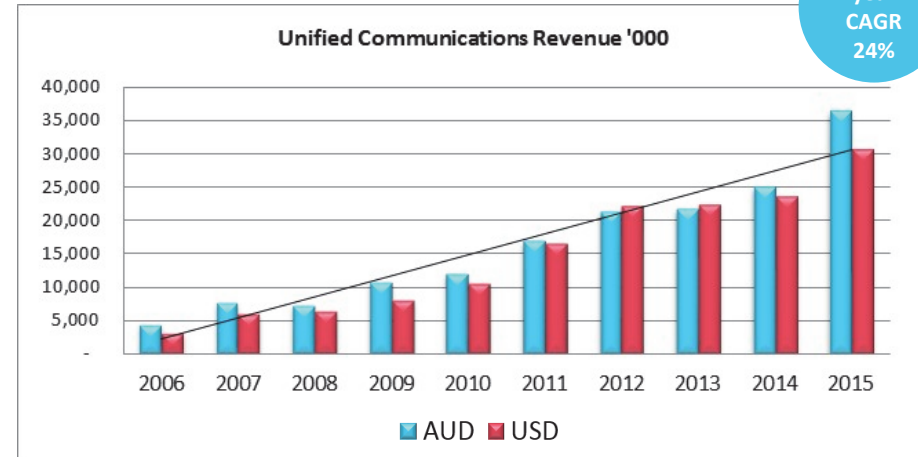
	2015	2014	2013
Basic earnings per share	8.41¢	5.03¢	5.40¢
Dividends per share	7.5¢	5.0¢	5.0¢
Franking percentage	35%	33%	36%
Return on equity	39%	28%	30%





Product Line Performance

Revenue by Product Line (\$A)	June 2015 A\$000's	June 2014 A\$000's	% change
Unified Communications	36,485	25,118	45%
Infrastructure	23,177	19,530	19%
Payments	5,069	3,962	28%
Consulting Services	5,548	4,633	20%
Total Revenue	70,279	53,243	32%



- Strong growth across all product lines
- 10+ years of consecutive UC growth
- Six years of consecutive consulting growth



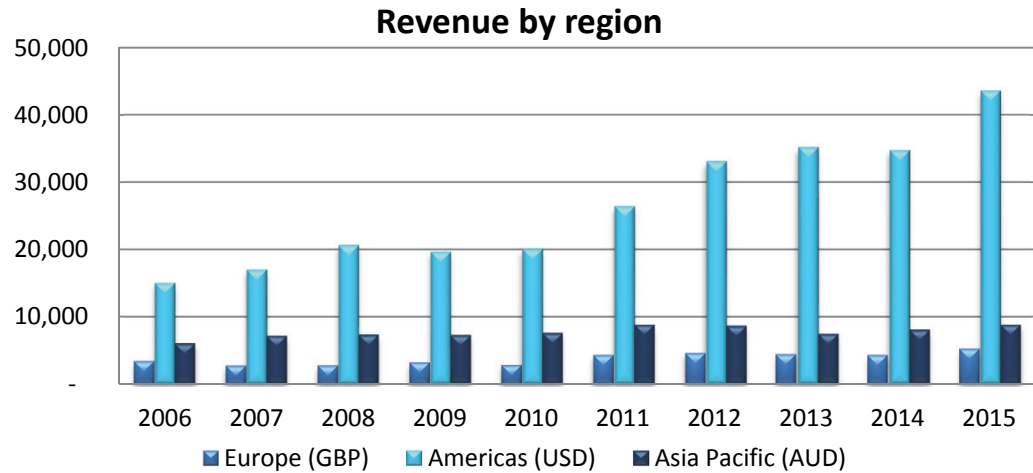


Regional Performance

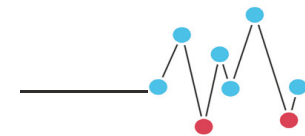
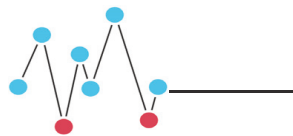
Strong and diversified Americas growth

Americas represents 75% of Company revenue

Europe and APAC momentum building

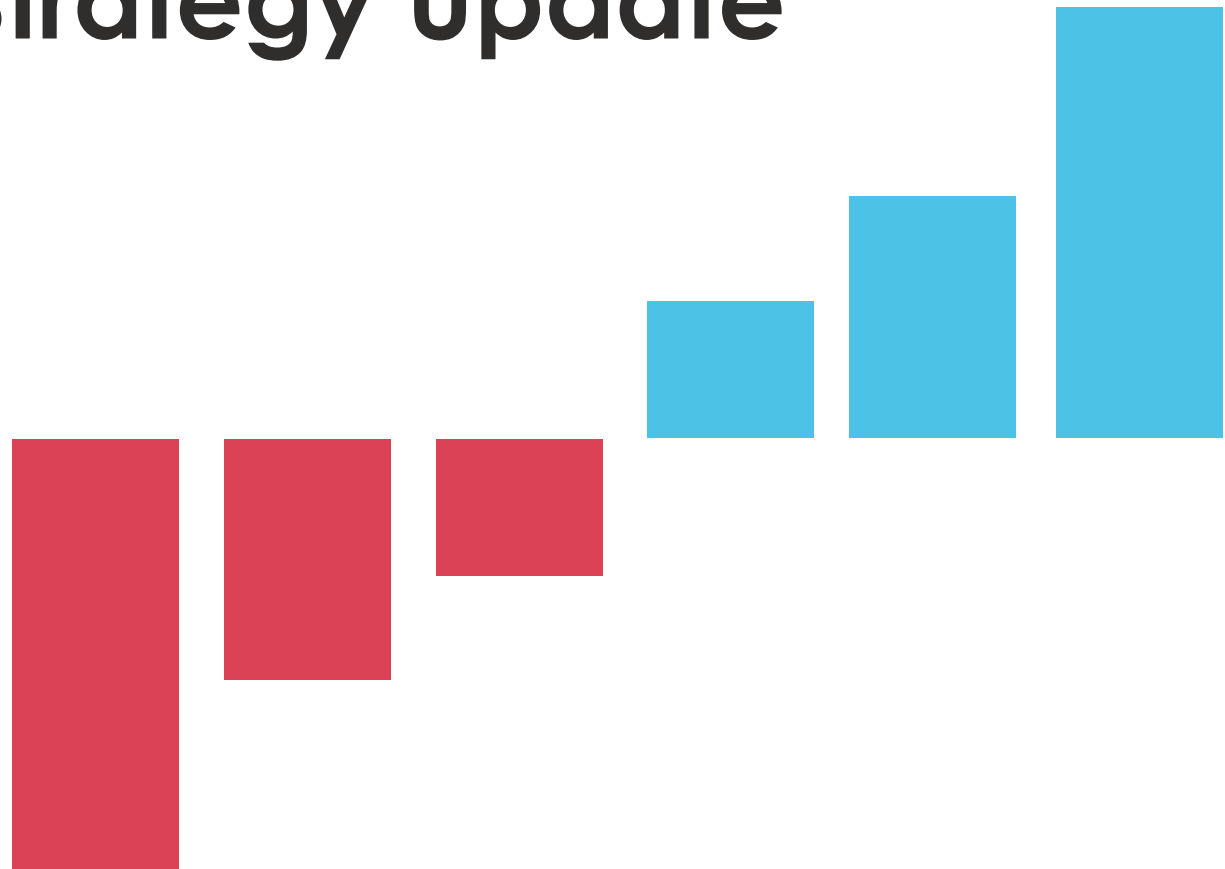


Revenue by Geographic region (In local currency)	30 June 2015 \$000's	30 June 2014 \$000's	% change
Americas (\$US)	43,621	34,759	25%
Asia Pacific (\$A)	8,866	8,100	9%
Europe (£GBP)	5,338	4,415	21%





Growth Strategy Update



WHO WE ARE

WHAT WE DO

IR

IR is the leading global provider of performance management solutions for Unified Communications, Payments and IT Infrastructure

Capabilities

Prognosis provides availability & performance management, diagnostics and actionable business insight for mission critical systems

Value Proposition

Prognosis increases technology performance, minimizes outages, reduces cost, optimizes operations, delivers business critical insight and ensures user and customer satisfaction

Competitive Advantage

- ✓ **Prognosis is** real-time, scalable, extensible & flexible
- ✓ **Prognosis supports** multiple platforms, vendors and applications
- ✓ **IR has** 1,000+ enterprise customers globally
- ✓ **IR has** 120+ of the Fortune 500 customers
- ✓ **IR has** a world-class R&D capability
- ✓ **IR is** profitable and debt-free

WHY CUSTOMERS BUY

WHY WE SUCCEED



Market & Technology Leadership

The Company: IR

- **Global, publically listed**, profitable and growing
- Over **1,000 enterprise customers** worldwide
- **120+ Fortune 500** customers
- **5 of 6 'Leaders'** in the Gartner Communications Outsourcing Magic Quadrant

The Solution: Prognosis

- **UC & CC Market Leader -13+ million** managed endpoints
- **Avaya Sponsored & Recommended** solution
- **Microsoft Gold Partner** for Communications
- **Cisco Certified** Management Solution
- **Multiple 300,000+** user deployments



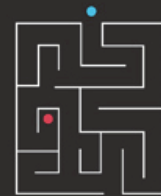


IR Strategic Initiatives

Regional Growth



Solution Strategy



Partnering



Strategic Marketing





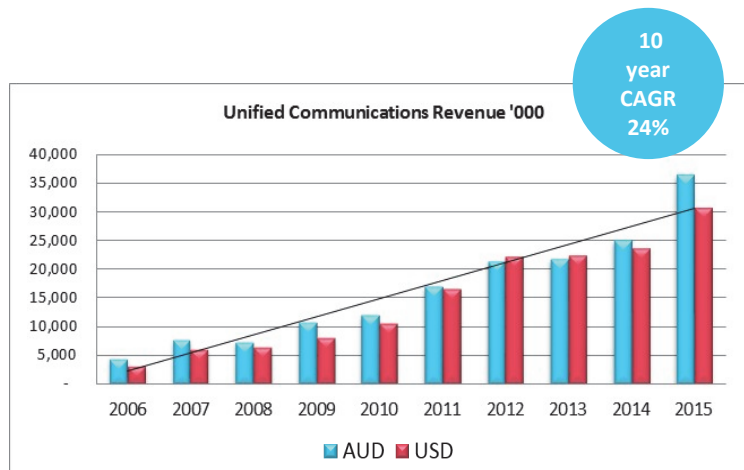
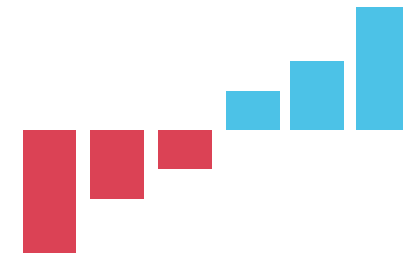
FY15 Four Pillars of Growth

New Subscription Pricing

- Lower Approval Levels
Approval by lower levels of management
- Easier Access to Budget
No CapEx approval required

Innovation (new and expanded solutions)

- Four new products added to portfolio
Contact Center, Call Recording Assurance, StressTest® & Heartbeat®
- Microsoft Skype for Business (formerly Lync)
- Voice Quality 360®
- Service Provider Solution



Strategic Marketing

- Pipeline Building
- Thought Leadership
Setting the tone for industry innovation
- Building Momentum
Market becoming aware of IR and its industry leadership
- Broader Market Reach
Expanding Demand Generation deeper and wider

Strategic Partner Engagement

- Leveraged Pipeline
- Access to Power & Budget Owners
Through large Partner contacts
- Leveraged Marketing
Using Partner channels and funding



IR grows with UC Cloud Providers

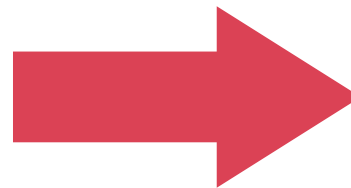


UC Service Providers are aggressively building cloud-based Unified Communications as a Service (UCaaS) offerings

“In the North American UC market over the next five years, Gartner estimates that: UCaaS will experience compound annual growth rate (CAGR) of 20% to 25%”¹

Gartner.

Communications Outsourcing & Professional Services
2014 Magic Quadrant



5 out of 6 'Leaders' rely on

ii prognosis

to power their
Communications
Outsourcing Services

1. Source: Gartner, Tech Go-to-Market: Selling Unified Communications in a Highly Disrupted Market, June 2014

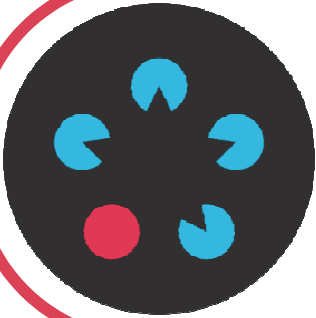


New Customers

Increasing number of New Customers using multiple solutions



IQ Services Acquisition



Acquisition Summary
 Effective 1 July 2015
 US\$1.5m Cash + Earn-Out capped at US\$3.5m
 FY16 projections EPS accretive
 Integration Project well progressed
 Joint Execution underway

Virtual Customer® Solution Methodology

Automated army of “secret shoppers” testing Unified Communications and Contact Centers to ensure high quality customer experience

- **Cloud based experience engine**
Enables fully automated outside-in testing
- **StressTest®**
Load testing on systems
Ensure they can handle peak season or Go-Live
- **HeartBeat®**
Regular (hourly, daily) testing to ensure customer experience is always performing as designed
- **Patented methodologies using Virtual Customer® process**



Market Growth Opportunity

- Expanded access to two major markets with a unique and market leading solution

Contact Center	: US\$	1.7 billion annual spend¹
Unified Communications	: US\$	13.7 billion annual spend¹

- First complete Communications Experience Management solution covering both proactive testing and real-time performance insight
- Leadership in testing new WebRTC, projected by 2019 to be utilized for 15% of enterprise voice & video communication, up from less than 1% today
- Expansion from current American market to Europe and Asia Pacific



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Thank you.
Questions?

