The Manager
Company Announcements Office
Australian Stock Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

23 August 2018

IRESS LIMITED - RESULTS FOR ANNOUNCEMENT TO THE MARKET

In accordance with the Listing Rules, please find enclosed for immediate release to the market a presentation to be provided to investors today from 09.30 am (Sydney time) relating to the company's 2018 Half Year results.

Peter Ferguson

Group General Counsel and Company Secretary

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IRESS
Half Year Results
2018

23 August 2018

For the six months
ended 30 June 2018

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Agenda

Andrew Walsh
Managing Director & CEO

John Harris
Chief Financial Officer

Who we are

World-leading solutions for data, trading, wealth and lending

12,000
professional trading and market data users

~90% revenue
is recurring subscription

9,000+
clients across SMEs to global banks

50,000+
advice software users

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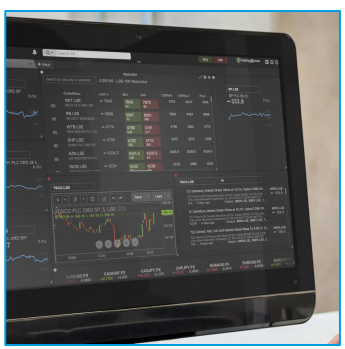
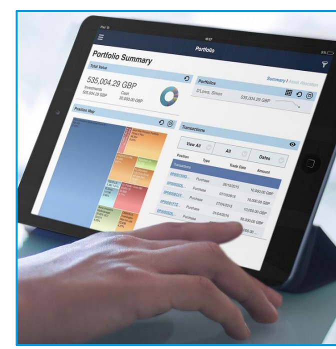
1,829 people
Over half in product and technology

11 years
XPLAN rated as #1



Market data from
153
global exchanges

Integrated with
461
third-party systems



Key growth drivers and strategic priorities

Key drivers of growth

Increasing regulatory requirements	Market consolidation increasing **business complexity**	Demand for **broader** integrated **solutions** to enable client business strategies	Demand for software that **increases efficiency** and **reduces the cost** to do business	Increasing **demand for advice**

Our strategic priorities

Service clients exceptionally	To be **essential** to our clients' success through **continued** product **investment**	Identify and deliver **scale benefits**	**Attract** and **retain** great **talent** through culture, environment and reward	**Deliver** a compelling solution and **user experience**

1H18 overview

13% Segment Profit growth v pcp (+11% constant currency)

- **+9% Australian wealth revenue growth v pcp**
  - Organic growth across broad range of clients
  - Good momentum in superannuation
- **+12% UK revenue growth v pcp** (constant currency +6% v PCP)
  - Positive currency tailwinds. Client activity in 1H18 not reflected in reported revenue
  - Increase in second half revenue growth from client projects already underway
- **+40% Lending revenue growth v pcp** (constant currency +32% v PCP)
  - Momentum in client delivery and sales in UK
  - First Australian implementation going well
- **+1% Margin expansion v pcp**
  - Revenue growth and operating leverage from investment in core processes
- **Strong cash conversion of 99%, recurring revenue ~90%**
- **1.4 leverage ratio - conservatively geared**
- **On track to meet 2018 earnings guidance**

Prior Corresponding Period (pcp) is 1H17, Previous Half is 2H17
Cash conversion ratio equals Unlevered pre-tax cashflow from operations / Segment Profit
Leverage ratio equals Net Debt / LTM Segment Profit

Top line growth and positive operating leverage

$AUDm - Actual	1H17	2H17	1H18	1H18 / 1H17	1H18 / 2H17
Operating Revenue	211.8	218.1	229.7	8%	5%
Segment Profit	59.6	65.8	67.5	13%	3%
Segment Profit Margin	28%	30%	29%	1%	(1%)
Segment Profit after SBP (3)	54.7	61.4	62.9	15%	2%
Reported NPAT	29.5	30.2	32.0	8%	6%
Basic EPS *(c per share)*	17.7	17.8	18.9	7%	6%
Dividend *(c per share)*	16.0	28.0	16.0	-	N/a
Cash Conversion (4)	**91%**	**86%**	**99%**	**8%**	**13%**

Revenue growth and operating efficiency drive **double digit segment profit growth**

$AUDm - Constant Currency(2)	1H17	2H17	1H18	1H18 / 1H17	1H18 / 2H17
Operating Revenue	211.5	218.1	223.8	6%	3%
Segment Profit	59.3	65.8	65.8	11%	-
Segment Profit after SBP (3)	**54.4**	**61.4**	**61.2**	**12%**	**-**

Segment Profit flat v Prior Half - better than February guidance; reflects 2017 remuneration adjustments

Unless otherwise stated all comparisons are with the prior corresponding period on a reported currency basis. 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-recurring items
(2) Assumes 1H17 and 1H18 are converted at the average foreign exchange rate used for 2H17 (GBP: 0.59, ZAR:10.46, CAD 0.99)
(3) Share Based Payments
(4) Unlevered, pre-tax operating cash flow / Segment Profit

Segment Summary

Revenue growth and operating leverage drives +13% Segment Profit v pcp

Segment ($AUDm)	Reported Currency					Constant Currency	
	1H17	2H17	1H18	1H18/ 1H17	1H18/ 2H17	1H18/ 1H17	1H18/ 2H17
APAC FM	57.5	57.5	56.9	(1%)	(1%)	(1%)	(1%)
ANZ WM	61.6	63.5	67.0	9%	6%	9%	6%
UK	51.6	53.9	57.7	12%	7%	6%	2%
Lending	10.7	13.0	15.0	40%	15%	32%	10%
South Africa	21.8	20.9	24.1	10%	15%	4%	5%
Canada	8.5	9.3	8.9	6%	(3%)	3%	(4%)
Revenue	**211.8**	**218.1**	**229.7**	**8%**	**5%**	**6%**	**3%**
APAC FM	42.0	41.8	40.8	(3%)	(2%)	(3%)	(2%)
ANZ WM	46.0	48.0	49.5	8%	3%	8%	3%
UK	32.8	34.5	36.9	13%	7%	6%	2%
Lending	8.2	10.4	12.1	47%	17%	39%	12%
South Africa	16.7	16.1	18.3	10%	14%	3%	3%
Canada	4.0	4.9	4.6	13%	(8%)	10%	(9%)
Direct Contribution	**149.7**	**155.6**	**162.1**	**8%**	**4%**	**6%**	**2%**
Product & Technology	(53.8)	(54.5)	(57.6)	(7%)	(6%)	(4%)	(3%)
Operations	(18.8)	(19.9)	(20.3)	(8%)	(2%)	(6%)	1%
Corporate	(17.5)	(15.4)	(16.7)	5%	(8%)	7%	(6%)
Segment Profit	**59.6**	**65.8**	**67.5**	**13%**	**3%**	**11%**	**-**

Key contributors to underlying revenue growth were wealth, South Africa and Lending

Product & Technology costs flat excluding bonus and FX, reflecting operational efficiencies. Operations and Corporate costs both down on 2H17 (excluding bonus and currency impact).

Key first half achievements

Clients	**UK delivery** Key client milestones	**Lending** Strong sales and delivery	**Data analytics** integrated for XPLAN clients
What we deliver	 **Wealth & trading** to more clients in more markets	 **Integrations** 30+ to be added in 2018	 **Digital solutions** for super funds
How we deliver	**Labs** Scaling user co-design	**Operational leverage** Improved processes and team structures	**Delivery speed** Continuous delivery underway

Segment overview

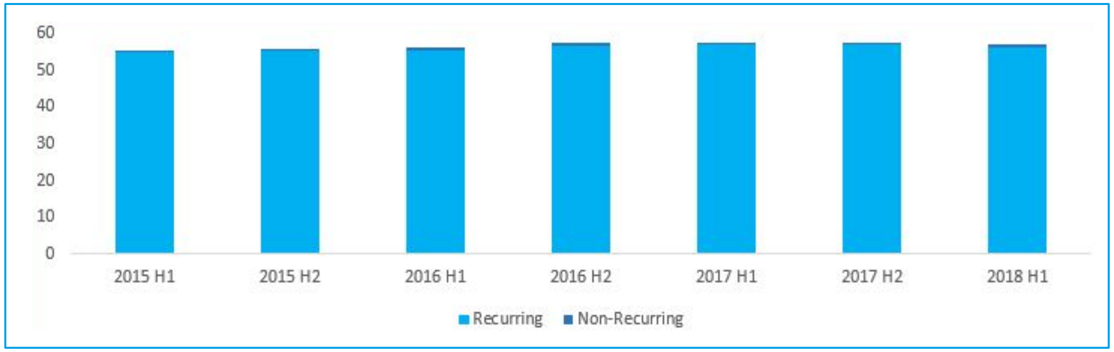
APAC Financial Markets

Revenue remains resilient despite ongoing headwinds

- Resilient revenue through buy-side demand for IRESS' portfolio solution. Good interest in wealth and trading solution for retail brokers as they expand services.
- Sell-side headwinds remain, client cost focus high.
- Deployment of online trading solution in Singapore continues, providing further opportunities in Asia.
- Trading and market data IP and expertise being leveraged across IRESS' segments and geographies.

AUD (m)	1H17	2H17	1H18	1H18/1H17	1H18/2H17
Operating Revenue	57.5	57.5	56.9	(1%)	(1%)
Direct Contribution	42.0	41.8	40.8	(3%)	(2%)
Margin	**73%**	**73%**	**72%**		

High levels of recurring revenue. Resilient over time despite ongoing headwinds



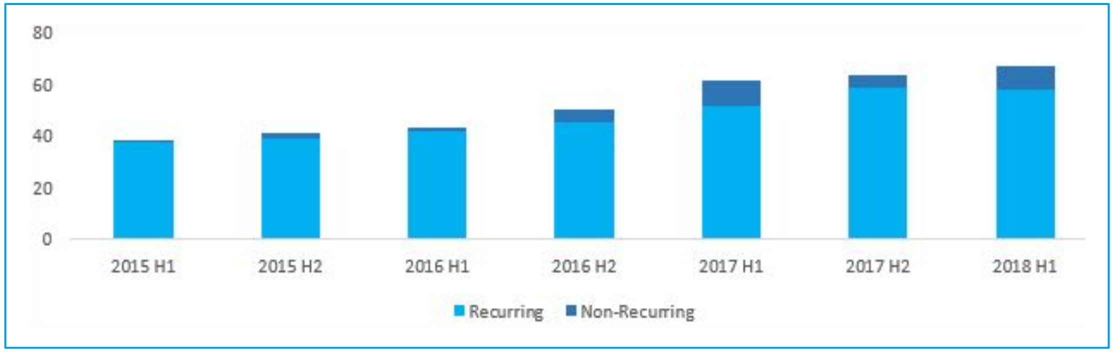
ANZ Wealth Management

Organic growth reflects increasing demand from a broad range of clients

- Organic revenue growth following increased users of CRM, portfolio and financial modelling tools.
- Strong bid activity for superannuation solutions, subject to client decisions and timing of implementations.
- Adoption of XPLAN Prime by a number of clients. Good pipeline of scaled advice opportunities varying in size and client type.
- Lucsan acquisition broadens data analytics capability. Integration with XPLAN complete. Several implementations underway.
- Margin reflects revenue mix in the half.
- Regulatory and industry change present medium term opportunities. Short term priorities around structural change may bring uncertainty.

AUD (m)	1H17	2H17	1H18	1H18/1H17	1H18/2H17
Operating Revenue	61.6	63.5	67.0	9%	6%
Direct Contribution	46.0	48.0	49.5	8%	3%
Margin	**75%**	**76%**	**74%**		

Strong recurring revenue growth over time reflecting client demand



United Kingdom

Significant client activity in 1H18. Revenue momentum expected to increase in second half.

- Operating revenue + 6% v pcp, +2% v previous half. Reported revenue growth does not reflect 1H18 activity.
- 2H18 revenue growth rate expected to increase from client projects already underway and pipeline.
- Retail and private wealth revenue +4% from 2H17 reflecting visible progress of XPLAN implementations.
- Total revenue growth offset by slower growth in sourcing (expected to be weighted to the second half), and trading and market data.
- A simplified XPLAN offering for small/medium businesses, including those using Adviser Office, continues to build momentum.

GBP (m)	1H17	2H17	1H18	1H18/1H17	1H18/2H17
Operating Revenue	30.7	31.7	32.4	6%	2%
Direct Contribution	19.5	20.2	20.7	6%	2%
Margin	**64%**	**64%**	**64%**		

Significant client activity underway in 1H18

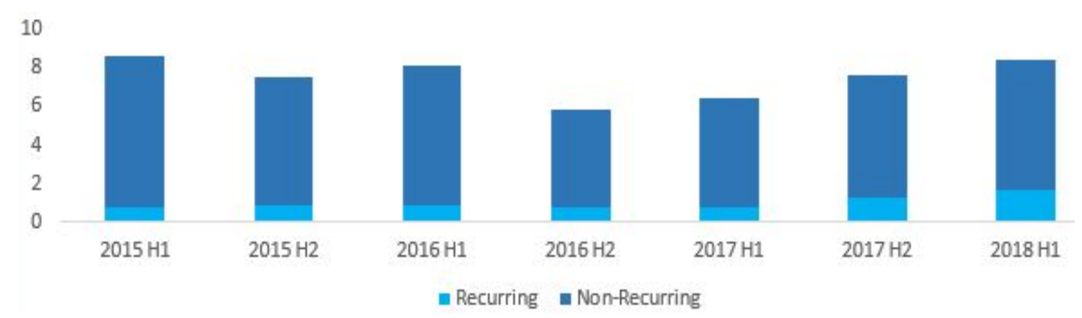
Lending

Increased implementation activity and strong pipeline driving earnings growth and margin expansion.

- Operating revenue growth +32% v pcp heightened by project delivery and implementation.
- Pleasing growth in recurring subscription revenue, increasing to about 20% of total operating revenue (~15% in 2017). Three additional client implementations underway to maintain this trend.
- A large component of revenue remains project related - the timing of which will not evenly fall between halves.
- First MSO deployment in Australia is progressing well. Second digital bank signed.

GBP (m)	1H17	2H17	1H18	1H18/1H17	1H18/2H17
Operating Revenue	6.4	7.6	8.4	32%	10%
Direct Contribution	4.9	6.1	6.8	39%	12%
Margin	**77%**	**80%**	**81%**		

Recurring revenue increasing with solid transition to subscription model



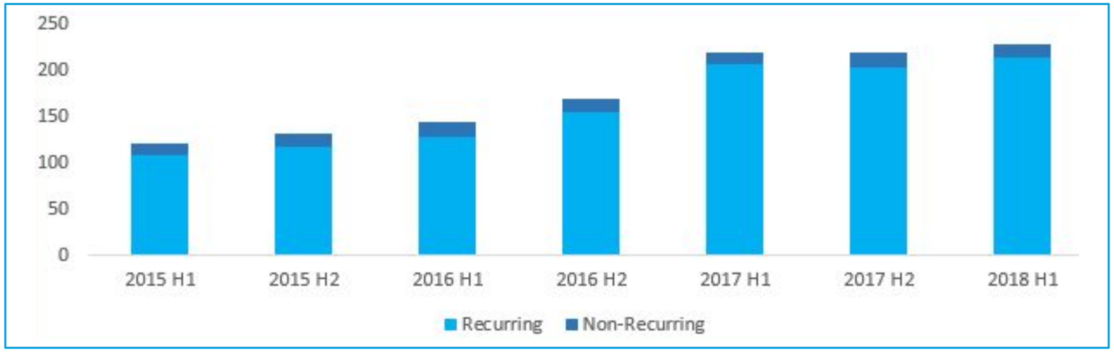
South Africa

Client momentum continues with broad demand and significant client win

- Broad demand for software across product suite offset by standalone market data terminal decline and some client cost focus.
- IRESS market data offering remains important as part of broad and integrated offering to new and existing clients.
- JSE implementation of new trading infrastructure delayed. IRESS ready to support clients through transition and rollout new products. Delay is expected to push this revenue to 2019. 2H18 revenue expected to be flat on 1H18.
- Significant new contract secured to deploy a broad integrated solution to tier one financial services business. Deployment expected in 2019.

ZAR (m)	1H17	2H17	1H18	1H18/1H17	1H18/2H17
Operating Revenue	219.3	218.5	228.4	4%	5%
Direct Contribution	167.8	168.3	173.0	3%	3%
Margin	**77%**	**77%**	**76%**		

Consistent recurring revenue growth with client demand across product suite



Canada

Recurring revenue growth, wealth implementations continue

- Recurring revenue increased during the half reflecting client wins and retention.
- Decline v 2H17 due to the timing of non recurring project revenue.
- Successful wealth deployments to five clients and pipeline of wealth client opportunities.
- Significant project underway with tier 1 bank for broad retail trading system. Expected to complete in 2019.

CAD (m)	1H17	2H17	1H18	1H18/1H17	1H18/2H17
Operating Revenue	8.5	9.1	8.8	3%	(4%)
Direct Contribution	4.1	4.9	4.5	10%	(9%)
Margin	**48%**	**53%**	**51%**		

Higher recurring revenue in 1H18 reflects wealth deployment success

Functional segments

Focused investment driving improved operational leverage

Product and Technology

AUD (m) (1)	1H17	2H17	1H18	1H18/1H17	1H18/2H17
Direct Contribution	53.8	54.5	56.2	(4%)	(3%)
% Revenue	**25%**	**25%**	**25%**		

Visible increase in operating leverage. Costs flat on 2H17 (excluding previously disclosed remuneration adjustments).

Considerable activity in the first half on team structures and how we work (capability, continuous learning, quality and speed). In addition, continued focus on continuous delivery, changes to release philosophy; cloud infrastructure and automation.

Operations

AUD (m) (1)	1H17	2H17	1H18	1H18/1H17	1H18/2H17
Direct Contribution	18.8	19.9	19.8	(6%)	1%
% Revenue	**9%**	**9%**	**9%**		

Costs flat from 2H17 reflecting focus on operating leverage and efficiencies offsetting previously disclosed remuneration adjustments, higher occupancy costs and increased information security costs.

Corporate

AUD (m) (1)	1H17	2H17	1H18	1H18/1H17	1H18/2H17
Direct Contribution	17.6	15.4	16.3	7%	(6%)
% Revenue	**8%**	**7%**	**7%**		

Costs flat excluding previously disclosed remuneration adjustments.

(1) Assumes 1H18 & 1H17 are converted at the average foreign exchange rates used for 2H17

Financial information

Financial results reflect targeted investment

Targeted non-operating costs in line with guidance:

- Business restructuring delivering efficiency, quality and operational leverage
- Changes to non-executive remuneration structure to drive oneIRESS alignment and employee retention/engagement
- Melbourne and Brisbane office refurbishment - investment in operational flexibility, retention and engagement
- Integration of businesses acquired in 2016 (Financial Synergy and INET) to deliver strategic synergies
- New ERP system and investment in information security infrastructure to ensure corporate core is scalable and robust
- Costs associated with implementation of cloud strategy which will deliver flexibility and scale benefits

Other items:

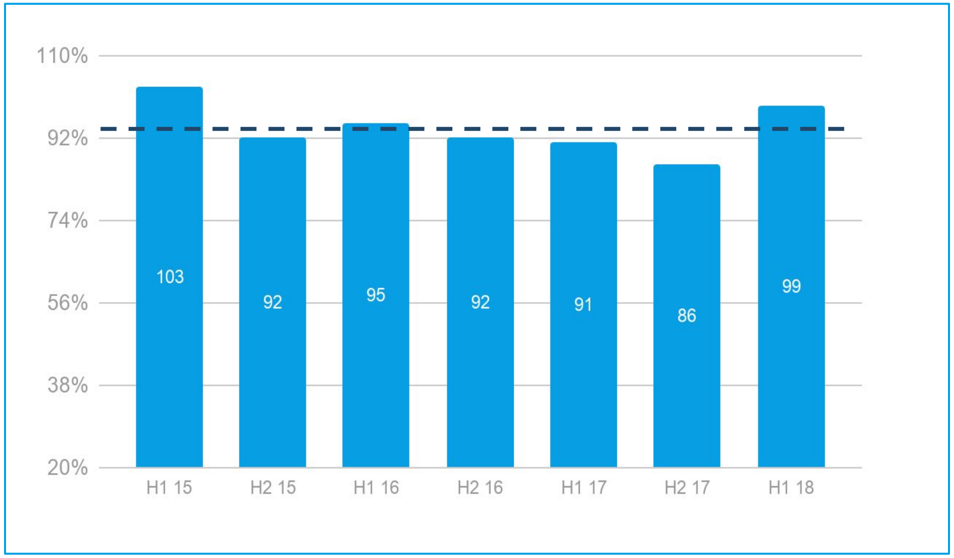
- Unrealised foreign exchange loss - translation of intercompany balances
- Net interest and financing costs - higher average monthly debt balances and higher interest rate on loan facilities
- Effective tax rate of 23.3% - positive impact of employee share plan deductions, R&D tax concessions and carry forward tax losses. Medium term ETR ~26%-28%
- New revenue accounting standard (AASB 15) now in force. No material impact on IRESS (as previously disclosed)

AUD (m)	1H17	2H17	1H18	1H18/ 1H17	1H18 / 2H17
Operating Revenue	**211.8**	**218.1**	**229.7**	**8%**	**5%**
Operating Costs	(152.3)	(152.3)	(162.2)	(6%)	(6%)
Segment Profit	**59.6**	**65.8**	**67.5**	**13%**	**3%**
Share Based Payments	(4.9)	(4.5)	(4.6)	5%	(3%)
Segment Profit after SBP	**54.7**	**61.4**	**62.9**	**15%**	**2%**
Non Operating Costs	(3.9)	(5.3)	(4.9)	(28%)	7%
Unrealised Foreign Exchange Gain/(Loss)	0.1	0.3	(0.7)	Large	Large
EBITDA	**50.9**	**56.4**	**57.3**	**12%**	**2%**
D&A - Operational	(6.0)	(6.8)	(6.5)	(9%)	5%
D&A - Acquisition Related	(6.1)	(6.2)	(6.1)	-	2%
EBIT	**38.8**	**43.4**	**44.7**	**15%**	**3%**
Net Interest and Financing Costs	(1.7)	(2.7)	(3.0)	(75%)	(8%)
Tax	(7.6)	(10.4)	(9.7)	(28%)	7%
NPAT	**29.5**	**30.2**	**32.0**	**8%**	**6%**
EPS	17.7	17.8	18.9	7%	6%
DPS	16.0	28.0	16.0	-	-
Effective tax rate	20.5%	25.6%	23.3%	(2.8%)	2.3%

Strong cash conversion, conservative balance sheet

- Cash conversion 99% reflecting timing of unbilled revenue and payments (average of 90-95% over medium term)
- Conservative balance sheet (1.4x leverage ratio)
- Increase in net debt driven largely by investment in new offices (now complete)
- Investment in cloud infrastructure: positive EBIT impact over 5 years, run rate heavily weighted to years 4 and 5. Some cash impact (net debt) anticipated in 2019.

Cash conversion



Cash conversion = Unlevered, pre-tax cash generated from operating activities (1H18: $66.8m) divided by Segment Profit (1H18: $67.5m)

Balance Sheet

AUD (m)	June 2017	Dec 2017	June 2018
Total current assets	84.1	85.2	87.4
Total non-current assets	576.9	586.8	602.5
Total Assets	**661.0**	**672.0**	**689.9**
Total current liabilities	56.0	51.6	58.8
Total non-current liabilities	212.7	212.8	227.6
Total Liabilities	**268.7**	**264.4**	**286.5**
Net Assets	**392.4**	**407.5**	**403.5**

AUD (m)	June 2017	Dec 2017	June 2018
Cash	20.7	28.6	20.0
Borrowings(1)	(194.4)	(194.4)	(209.6)
Net debt	**173.7**	**165.8**	**189.7**
Leverage (2)	**1.4**	**1.3**	**1.4**

(1) Includes derivative assets (Jun-18: Nil, Dec-17: $0.3m and Jun-17: $1.2m), derivative liabilities (Jun-18: $1.2m, Dec-17: Nil and Jun-17: Nil) and excludes capitalised borrowing costs (Jun-18: $1.4m, Dec-17: $1.9m, Jun-17: $1.0m)

(2) Leverage = Net debt divided by LTM Segment Profit

Depreciation and amortisation

D&A - Operational	1H17	2H17	1H18
Depreciation			
Plant & Equipment	3.5	4.5	4.2
Amortisation			
Software (3rd Party Purchased)	2.5	2.4	2.3
Total	**6.0**	**6.8**	**6.5**

D&A - Acquisition Related		1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20
Computer Software	Avelo	0.7	0.8	0.6	0.6	0.2	0.2	0.2	0.2
	Proquote & Pulse	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.2
	Financial Synergy	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
	INET	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8
	Lucsan	-	-	0.3	0.6	0.6	0.6	0.6	0.6
	Pathways	-	-	-	0.1	0.1	0.1	0.1	0.1
Customer Relationships	Avelo	1.4	1.4	0.9	0.8	0.6	0.6	0.3	0.3
	Financial Synergy	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
	Proquote & Pulse	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2
Brands	Proquote & Pulse	0.1	0.1	0.1	-	-	-	-	-
Total		**6.1**	**6.2**	**6.1**	**6.2**	**5.6**	**5.5**	**5.2**	**5.1**

2H18 onwards converted at the June 2018 foreign exchange rates.

Outlook

FY18 Outlook

- IRESS continues to expect 2018 Segment Profit growth to be within the range of 3-7% (on a 2017 constant currency basis[(1)]) in line with previous guidance.
- If average first half FX rates[(2)] continue for the remainder of the year, reported Segment Profit for 2018 will be in the range of $131m - $136m representing growth of 5-9% from reported Segment Profit in 2017.
- Period on period revenue and cost remains subject to the timing of client projects and ongoing industry developments and change.

(1) Average exchange rates in 2017 are as follows: GBP: 0.59, ZAR: 10.2, CAD: 0.99
(2) Average exchange rates in 1H18 are as follows: GBP: 0.56, ZAR: 9.4, CAD: 0.98

Questions

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