



Iress Investor Transformation Update

30 November 2023



Agenda



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Chair's introduction



Roger Sharp
Chair

- Transformation is a whole-of-company strategy fully supported by Board.
- Several transformation initiatives have been brought forward in response to headwinds at mid year.
- Program well advanced; to be completed by end of FY24.
- Iress on a path to becoming more transparent, simpler and leaner organisation targeting Rule of 40 returns.

Summary



Transformation on track

New structure, with refreshed leadership,
driving execution of strategy

Aligned business to be focused **on customers
and products**

Creating capacity to reinvest in our
core businesses

Targeting further cost efficiencies
in business units

Clear program for divestments and
further debt reduction over next 12-18 months

Guidance upgrade

Transformation update



Marcus Price
Managing Director & CEO

Focused on cash generation and leaner, organic-growth driven businesses

- Transformation driving progress towards our Rule of 40 goal:
 - Arrested cost growth momentum, further cost efficiencies to come.
 - Creating capacity for selective re-investment to grow the core.
 - Improving balance sheet.
 - Evolved UK strategy, decision to decouple businesses and sell a non-core assets.
 - Modest revenue growth, slightly up on 1H.
- Transformation remains on track:
 - Refreshed leadership team firmly in control.
 - Change management inflection point passed.
 - Customer sentiment trending positively.
- Upgrade to guidance for FY23.

Transformation accelerated, ahead of schedule



		2H 2023 Progress	1H 2024 Priorities
Reset	Transformation	✓ Transformation Office: FY23 exit run rate target achieved	Drive execution to achieve FY24 targets
	1. Structure for accountability & performance	✓ Delivery of new company performance metrics & remuneration framework	Align BU performance with refreshed reward framework
	2. Reset cost and assets	✓ Cost management, MFA sold	Create efficiencies in core cost base for reinvestment opportunities
Refocus	3. Focus on strong core markets	✓ Five-year business unit plans in place: focus on customers	Pricing discipline and growth initiatives
	4. Manage portfolio for value	↔ Divestments and portfolio separation underway	Continue divestment and disentanglement program
Build	5. Finalise technology uplift	✓ Uplifts to IressPro, Order Routing Hub, Xplan UI	Complete IOS+ technology uplift
	6. Innovate and build	↔ Design and build new product extensions & embed innovation principles across BUs	Launch Data & AI proofs of concept

Transformation update: ANZ Wealth Management



Business strategy

- Provide technology that makes it easier to deliver financial advice to more people.
- Revenue growth of 5-7% per year within medium term.

2H highlights

- Uplift of core Xplan screens - leading to increasing satisfaction with software amongst advisers.
- Advisely community launched to improve business efficiency amongst financial advisers.
- Commenced pricing discipline program.
- Introduction of SMA capability for modelling & portfolio construction.

Outlook

- Continue pricing modernisation initiatives.
- Launch refreshed product strategy to drive greater customer value.
- Capitalise on opportunities for scaled advice via super funds through Quality of Advice Review.
- Increase module cross-sell.

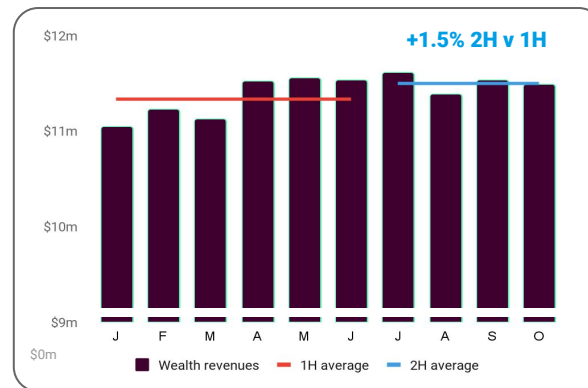
Business snapshot

Recurring revenue 98.9%

Customer retention 99%

Monthly revenue trend

ANZ wealth revenue steady in 2H23



Transformation update: APAC Trading & Market Data



Business strategy

- To be the preeminent provider of innovative trading, market data and connectivity solutions that optimise performance and enhance decision making for all market participants.
- Revenue growth of 5-7% per year within medium term

2H highlights

- Iress FIX Hub launch.
- IOS+ stability program progressed.
- Entered new partnerships for QuantHouse to expand Market Data coverage and distribution.
- Product roadmap validated with clients.

Outlook

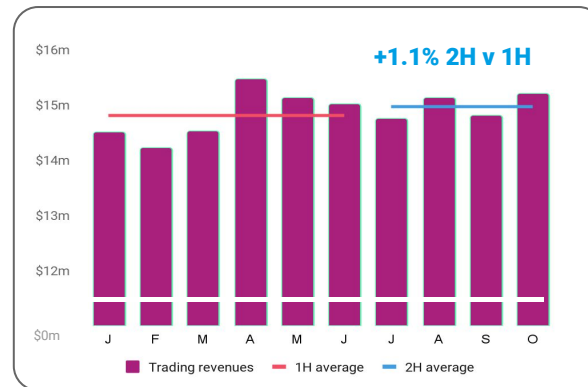
- Expand FIX Hub connections incl Asia.
- Plan to retire IOS Classic.
- Complete IOS+ stability program.
- Pricing modernisation initiatives.
- Increase market data cross-sell.
- Product roadmap to provide improved client value.

Business snapshot

Recurring revenue	98.3%
Customer retention	97.5%

Revenue trends

APAC Trading & Market Data revenue trend stabilising in 2H23.



Transformation update: Superannuation



Business strategy

- Establish Iress as leading technology provider that empowers super funds to deliver for their members
- Achieve 30-40% market share for super software, up 10% over next 3-4 years

2H highlights

- Successful migration of first stage of Commonwealth Super Corporation onto Acurity cloud platform.
- Client wins from industry mergers - CareSuper/Spirit Super and another merged entity.
- Consulting revenue remains high.

Outlook

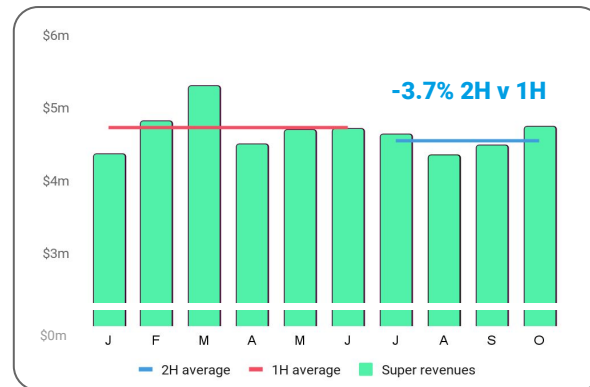
- Strong pipeline of client implementations in FY24.
- Adjacent product opportunities to be pursued (ie SuperConnector & Digital Advice).
- Improve operational profile through exit of non-strategic funds.

Business snapshot

Recurring revenue	81.9%
Customer retention	98.8%

Revenue trends

Revenue trend lower in 2H23 following loss of notable account in first quarter of 2023.



CFO update



Cameron Williamson

Chief Financial Officer

- Managed Portfolio exits progressing
- Capital management plan on track for February 2024
- Revenue/cost trends improved
- Guidance upgraded.

Transformation update: Managed Portfolio



Business strategy

- Patiently maximise value to less to enable focus and investment in the core and growth businesses.
- Ongoing process of management and capital repatriation from non-strategic assets to retire debt and release capital.

2H highlights

- UK strategy advanced - decision to treat each business separately.
- MFA sale completed for \$52m in October.
- Platforms sale progressing.
- Product and tech separation work being evaluated for Canada and South Africa to better empower local leadership.

Outlook

- Additional non-core UK business being divested.
- Focus on decoupling from core, generating strategic optionality.
- Continual assessment of Managed Portfolio assets.
- Asset sale proceeds to retire debt.

Capital management



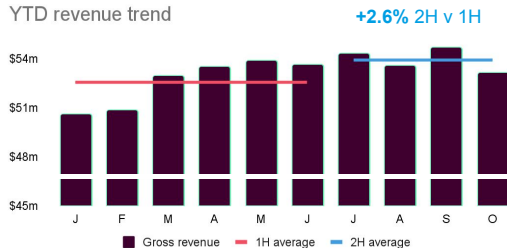
- Capital management plan on track to be shared in February 2024.
- Will address debt, dividends and R&D investment.
- Net debt level of \$308m at 31 October (vs \$375m at 30 June) and forecast to decline further as assets divested.
- 2.3x leverage ratio¹ as at 31 October, comfortably within covenants.
- No requirement to raise equity capital to delever.

1. Leverage ratio = net debt / EBITDA

Transformation initiatives moderating revenue/cost trends



YTD revenue trend



Modest revenue growth, slightly up on 1H

- Average monthly revenue +2.6% in 2H23 led by UK.
- Pricing adjustments largely implemented 1 April.
- MFA business divested, impact from October.

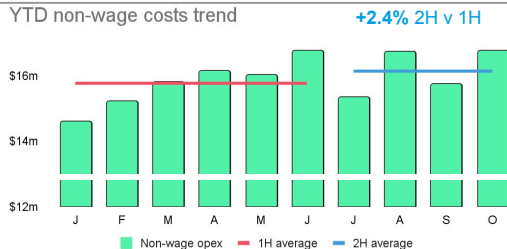
YTD staff costs trend



Staff costs trending lower

- 2H23 average monthly staff costs -3.9%, with notable reduction following cost efficiency program.
- Further efficiencies sought at business unit level in FY24.
- Investments being made into core to grow top line.

YTD non-wage costs trend



Non-wage opex higher in 2H

- Inflationary pressure on input costs continue.
- Seasonal activity impacting monthly 2H trends.
- Efficiencies targeted for FY24.

Outlook - Pathway to Rule of 40 for Iress Group



2023 Guidance Upgrade

- Underlying EBITDA trending more favourably in second half¹:

	Previous guidance	New guidance
2H FY23	\$58m-\$62m	\$63m-\$68m
FY23	\$118m-\$122m	\$123m-\$128m

- Transformation initiatives brought forward; leading to improved outlook.
- Cost base more favourable in 2H, with further efficiencies found:
 - Headcount reduction program enacted (May - Sep)
 - Full effect of cost-out program in FY24
 - Further cost optimisation opportunities continue to be evaluated at the Business Unit level.
 - Third-party vendor optimisation a focus for FY24.
- 2H revenue trending marginally ahead of 1H.

FY24 Outlook Reaffirmed - By end of FY24:

- Transformation program completed supported by specialist execution consultants.
- Significant focus on modernising pricing initiatives.
- Selective reinvestment into core businesses.
- FY24 Underlying EBITDA growth of 5-10%, expected to be \$135m- \$145m.
- FY24 Underlying EBITDA exit run rate expected to be \$150m-\$170m.

FY25 Objectives Reaffirmed - By end of FY25:

- Iress Group progressing to Rule of 40.
- Streamlined cost base.
- Capital released from Managed Portfolio.
- Significant debt reduction and balance sheet strength.

¹ On a constant currency basis

Summary and Q&A



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Guidance upgrade

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