

Iress reports 2020 full-year results

Performed above reinstated guidance. Delivered growth in revenue and pro forma net profit. Positive 2021 outlook.

Iress today released its 2020 full-year results.

Pro forma revenue \$535.5m +2%	Pro forma Segment Profit \$155.6m +5%
Cash conversion 108% (87% PcP)	Pro forma ROIC 10% (11% PcP)
Pro forma EPS 35.1 Cents (35.0 Cents PcP)	DPS 46.0 Cents (46.0 PcP)

Iress chief executive, Andrew Walsh, said: “We are pleased to report 2020 results ahead of reinstated guidance, aided by good momentum in the fourth quarter. 2020 pro forma Segment Profit was \$155.6m, 5% ahead of 2019. A year into the pandemic, these results highlight the strength of the Iress business and the improving returns on our growth investments.

“To help investors assess our underlying performance and growth, we are providing additional disclosures to highlight pro forma results. Pro forma assumes we owned QuantHouse for the full year 2019 and excludes the 2020 acquisitions of BC Gateways, O&M and OneVue. A full reconciliation to statutory results is provided in the accompanying results presentation.

“Recurring revenue, which underpins our group, increased by 8%, making up over 90% of total revenue. Cash conversion moved up to 108% (87% in pcp) and pro forma return on invested capital remains strong at 10% (11% in pcp), marginally impacted by the capital raise. The group generated \$114m of free cash flow allowing us to continue to invest in growth, scale and new product development. Including the successful capital raise in May, net debt fell by 36%.”

The final dividend is 30 cents per share, franked to 40%, bringing the full year 2020 dividend to 46.0 cents per share, franked to 38% on an average-weighted basis.

“APAC was a stand-out performer with revenue up 10%. Our Australian business continues to deliver growth with consistently high returns. We made good progress in executing our growth strategies including turning QuantHouse to profitability on a monthly basis and in providing Australian super funds with a highly efficient, outsourced administration solution.

“In the UK though, we experienced a small revenue decline due to COVID-19 related delays, but despite these challenges, we achieved increased revenue in our Private Wealth growth segment and our mortgages business rebounded in the second half. While our significant growth opportunity remains clear, project timing

and new business development have been delayed with revenue growth expected in 2020 deferred to future periods.

“A highlight of the year was the acquisition of OneVue in November. Integration is now underway. We are combining the largest provider of adviser and trading software in Australia with the largest unlisted fund registry in the country. This enables us to provide the seamless execution of investment advice from Xplan. Our strategy is to build a new, highly efficient and transparent investment infrastructure-as-a service to participate in the \$3bn annual revenue pool of retail investments.

“2021 has started well for Iress and we have a positive outlook. For 2021 we expect to deliver Segment Profit in constant currency between the range of \$164m and \$168m including OneVue. Return on invested capital is expected to be in the range of 9 to 10%. Guidance assumes organic growth and improving returns on growth investments, underpinned again by 90%+ levels of recurring revenue.”

Further detail on 2021 guidance is contained in the full year results presentation.

Investor conference call

Iress CEO Andrew Walsh and CFO John Harris will host a conference call and Q&A session with the investment community at 9.30am AEST today (18 February 2021). To join the audio webcast, please click [here](#).

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About Iress

Iress (IRE.ASX) is a technology company providing software to the financial services industry.

We provide software and services for trading & market data, financial advice, investment management, mortgages, superannuation, life & pensions and data intelligence.

Our software is used by more than 9,000 businesses and 500,000 users globally. We have over 2,000 people based in Asia-Pacific, North America, Africa, the UK and Europe.

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