

IRESS announces acquisition of international market data provider QuantHouse

Established international market data provider

Total purchase price of up to €38.9 million, subject to material earnout

**Highly complementary and strategically aligned to IRESS' business and
evolving market data needs of clients globally**

All QuantHouse management and employees to join IRESS

IRESS (IRE.ASX) today announced it has acquired QuantHouse, a leading international provider of market data and trading infrastructure. The total purchase price is up to €38.9 million (on a debt and cash free basis), with a material portion subject to earnout performance criteria through to the end of 2021.

QuantHouse operates internationally, with a focus on Europe, North America and Asia, providing more than 145 data feeds from exchanges and other data providers to clients globally.

IRESS CEO Andrew Walsh said: "The provision of accurate, timely and cost-effective market data through our software and to a range of clients is an important part of IRESS' current and future business and our growth strategy.

"QuantHouse is highly complementary and strategically aligned to IRESS' existing and future activities and to its international offering, including IRESS' increasing focus on data. The acquisition will further strengthen IRESS' international market data business and provide opportunities to achieve cost synergies and scale.

"Importantly, the acquisition will expand IRESS' offering to clients globally. In particular, the acquisition will allow IRESS to provide clients with real-time access to additional services, including international exchanges, with global MSCI coverage increasing from 52% to 75%. It will also meet client demand for increased channels for data beyond desktops.

"QuantHouse will report a minor loss in 2019. From 2020 we expect QuantHouse to be EPS accretive as well as the combined businesses giving us greater scale and strategic advantage. Our focus in the short and long term will be on leveraging the combined strength of IRESS and QuantHouse for both efficiency and revenue growth."

Management and employees

QuantHouse is being sold by its co-founder and chief executive Pierre Feligioni. The QuantHouse team will continue to be led by Mr Feligioni within IRESS.

All QuantHouse people, including senior management, will be a core part of the IRESS team.

Mr Walsh said: “We warmly welcome the QuantHouse team to IRESS. QuantHouse reflects IRESS with its international, strong and entrepreneurial approach. Its highly-regarded team of experts will help IRESS further strengthen the products and services we provide to our clients. In addition, the introduction of IRESS will broaden QuantHouse’s current offer to its clients.”

Mr Feligioni said: “The QuantHouse team and myself are very excited to be a part of IRESS. Together, we can continue to innovate by growing our respective product scope and further developing a new generation of services for the best interests of both IRESS and QuantHouse clients and partners. By working together, we will speed up innovation and uncover new ways to create value.”

Financial considerations

IRESS will acquire QuantHouse for a purchase price of up to €38.9 million. A material portion of the total consideration is subject to earnout performance criteria through to the end of 2021.

The total potential purchase price represents less than 2x reported 2018 revenue of €21.2 million. QuantHouse will report a minor loss in 2019. The QuantHouse business is expected to be EPS accretive from 2020 and once fully integrated into IRESS’ business (and cost synergies realised), the EBITDA multiple will be substantially less than 10x.

IRESS expects to incur transaction costs of approximately €1.5 million and integration costs of approximately €0.4 million, the majority of which will be reported within Non-Operating Items in 2019.

The acquisition will be debt funded through existing facilities. IRESS remains conservatively geared with a leverage ratio of 1.5x Segment Profit following this transaction.

Completion

The QuantHouse acquisition was executed through simultaneous signing and completion effective today.

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 2pm AEST today.

Analysts and investors who wish to participate in the teleconference can dial 1800 558 698 or +61 (0)2 9007 3187 and quote conference ID 10000551. Pre-registration and additional dial-in details can be found [here](#).

For further details, please contact:

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About IRESS

IRESS designs, develops and delivers technology for the financial services industry. IRESS has operations in Australia, New Zealand, the United Kingdom, South Africa, Canada, and Asia.

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About QuantHouse

QuantHouse is a leading independent provider of low latency market data feeds, hosting infrastructure and algo services. QuantHouse has a broad range of clients including buysides, broker-dealers and exchanges.

QuantHouse was founded in 2006 by the current CEO, Pierre Feligioni. After seven years of growth, Standard & Poor's bought QuantHouse in 2012. After four years of expanding the global coverage, Standard & Poor's sold QuantHouse as a management buyout in 2017.

QuantHouse has 93 people, with operations in Europe, North America and Asia.