

# Goldman Sachs emerging leaders conference

April 2021



# Key messages



## Operational highlights - executing growth strategies

- Deployment of Automated Super Admin progressing & expected client go-lives in 2021.
- OneVue corporate and functional integration met all milestones; cost synergies ontrack
- Two lenders to go live in 2021 with MSO.
- In Australia, where the Cloud program started, two thirds of services under the program have now moved to Cloud. Global services migrated YTD increased 33% over FY2020.
- QuantHouse earnout period finalised early, enabling complete business integration.

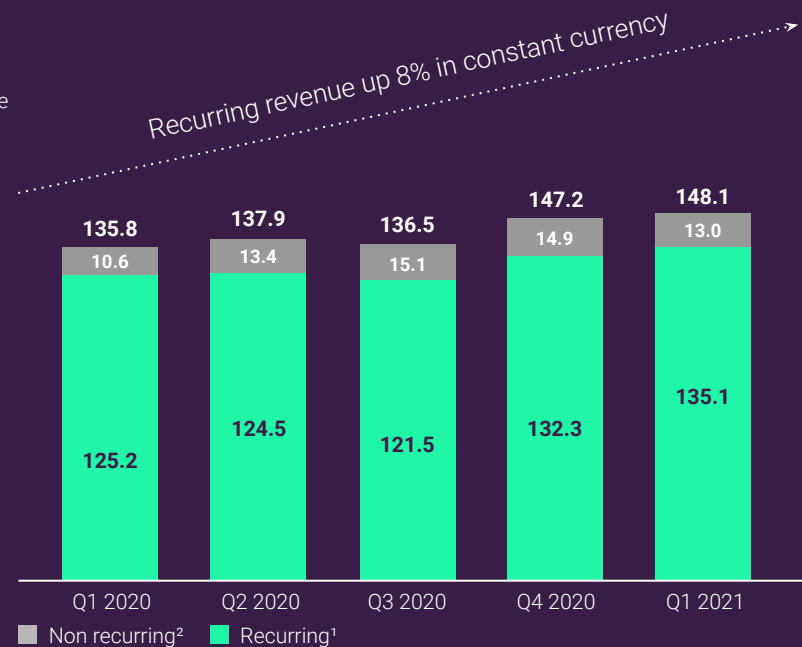
## Growth strategy - building scale in large addressable markets

- Good project activity and pipeline in the UK. Super admin and data execution continues.
- Initial integration between Xplan and OneVue on track for Q3 release.

## 2021 Guidance - Q1 in line with FY21 guidance

- Q1 performance in line with expectations. Pro forma segment profit up 2% vs PCP in constant currency, Pro forma NPAT up 11%.
- 2021 Segment Profit guidance unchanged: 7-10% growth vs. pc, 2H weighted.
- Full year NPAT now expected to exceed guidance by \$14m due to the provision release associated with finalisation of QuantHouse earnout arrangements.

## Consistent revenue growth with over 90% recurring



<sup>1</sup> Recurring revenue is made up of revenue from subscription and licence fees. The figures are presented on a constant currency basis, assuming results are converted at the average foreign exchange rates used Q120.

<sup>2</sup> Non recurring revenue is revenue from project implementation fees. The figures are presented on a constant currency basis, assuming results are converted at the average foreign exchange rates used for Q120.

# Overview of Iress

Market-leading technology for financial services



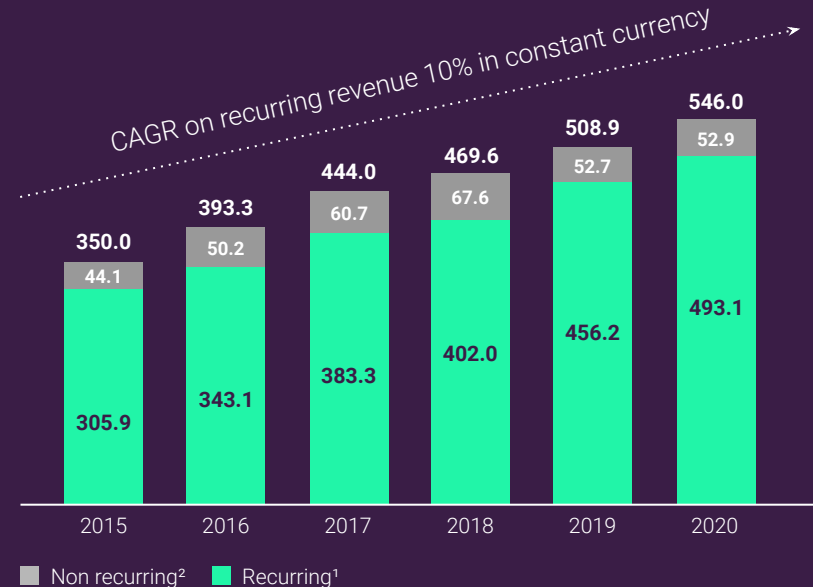
## Highlights

- Strong position in Australian financial services
- >90% recurring revenue
- Cash conversion <sup>3</sup> 108% in 2020; long term average of 90-100%
- Scale across major markets
- Investments in significant growth opportunities to leverage positive market trends
- New disclosures to increase transparency and assist investors, including pro forma metrics

## Key statistics

- 500,000+ global users
- 9,000+ clients
- 9 countries, 25 offices
- ~99% client retention last three years

## Consistent revenue growth with over 90% recurring



<sup>1</sup> Recurring revenue is made up of revenue from subscription and licence fees. The chart is taken from the FY20 results presentation and is presented on a constant currency basis converted at 2019 average foreign exchange rates

<sup>2</sup> Non recurring revenue is revenue from project implementation fees. The chart is taken from the FY20 results presentation and is presented on a constant currency basis converted at 2019 average foreign exchange rates

<sup>3</sup> Cash conversion = Cash generated from operating activities / Reported Segment Profit. The business generated \$165.6m of cash from operating activities in 2020 from a reported Segment Profit of \$152.9m.

# We help our clients find better ways to



Manage and administer  
investments



Navigate financial  
markets



Deliver high quality  
financial advice



Simplify mortgage  
applications



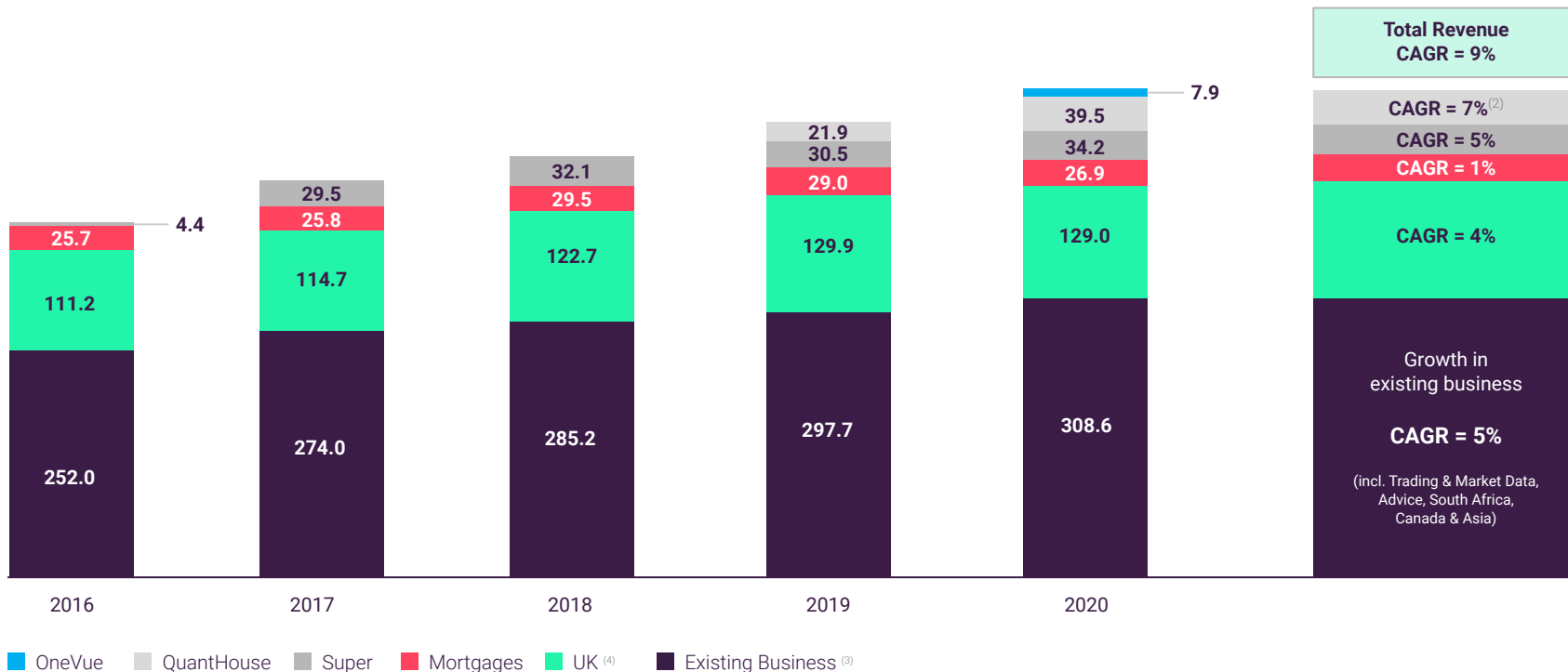
Find and compare  
insurance



Administer super funds  
and service members

# Consistent organic revenue growth with value added to acquisitions

9% revenue CAGR % FY16 to FY20 in constant currency (A\$m)<sup>(1)</sup>



<sup>(1)</sup> Figures are presented on a constant currency basis, assuming 2020 results are converted at the average foreign exchange rates used for 2019.

<sup>(2)</sup> The QuantHouse CAGR has been calculated using the 2019 pro forma revenue adjusted to include 5 months of pre acquisition revenues.

<sup>(3)</sup> Existing business is defined as business units that were part of the Iress group prior to the 2016 period incl. Trading & Market Data, Advice, South Africa, Canada & Asia.

<sup>(4)</sup> UK excludes the contribution from QuantHouse which is disclosed separately and includes revenue from the recent acquisition of O&M in 2020.

# Consistent high margins in Australia, improving returns on investments



Direct Contribution Margins (%) <sup>(1)</sup>	2016	2017	2018	2019	2020	Comments
<b>Existing Businesses</b>						
Australian Financial Advice <sup>(5)</sup>	82%	83%	81%	79%	80%	Consistently high contribution margins.
APAC Trading & Market Data <sup>(3) (5)</sup>	74%	72%	70%	71%	72%	
South Africa	78%	77%	76%	78%	79%	
Canada <sup>(3) (5)</sup>	46%	51%	52%	49%	50%	Lower contribution margin reflects project work and execution of retail/wealth strategy which has not generated significant revenue.
<b>Growth Investments</b>						
UK & Europe <sup>(3) (5)</sup>	66%	64%	66%	68%	66%	Margins to improve as the business scales. Margin trend interrupted by delayed 2020 revenue.
Mortgages <sup>(2)</sup>	62%	69%	71%	66%	68%	Reflects variations in commercial terms on implementation projects and blend of revenue as recurring level grows.
QuantHouse				25% <sup>(4)</sup>	34%	Revenue growth and improved operating leverage in Iress ownership.
Superannuation	57%	49%	51%	53%	45%	Investment in super administration growth strategy.
OneVue					31% <sup>(4)</sup>	Margin will grow as integration with Iress progresses.

<sup>(1)</sup> Direct contribution margin = Direct Contribution / Revenue where Direct Contribution = Operating Revenue less cost of sales, directly attributable staff costs (e.g. Account Managers) and operating expenses.

<sup>(2)</sup> Mortgages margins have been normalised in 2016, 2017 and 2018 to reflect staff transfers that occurred in 2H18 in operating expenses.

<sup>(3)</sup> QuantHouse has been disclosed separately.

<sup>(4)</sup> Since acquisition by Iress.

<sup>(5)</sup> Margin in 2020 adjusted for staff transfers.

# Medium-term operating outlook - Iress' organic potential



	Medium-term organic revenue trend (pa)	Margin trend	ROIC		Update
			Q121 ROIC group average (above/below)	Medium-term trend	
Group	5-10%	⬆️	n/a	⬆️	<ul style="list-style-type: none"> <li>Group performance in line with full year guidance</li> </ul>
APAC Trading & Market Data	Up to 5%	⬆️	⬆️	⬆️	<ul style="list-style-type: none"> <li>Opportunity affirmed - remains a high margin business with strong market share in Australia.</li> </ul>
APAC Financial Advice	~ 5%	⬆️	⬆️	⬆️	<ul style="list-style-type: none"> <li>Consistent trends - continued adviser demand for automation to deliver operational efficiency; customer experience and compliance uplift.</li> </ul>
Superannuation	>10%	⬆️	⬇️	⬆️	<ul style="list-style-type: none"> <li>Large growth opportunity - TAM at \$1.4b with significant scope to build long term recurring revenues. Margins at scale expected to be above the group average.</li> </ul>
UK Wealth	~10%	⬆️	⬇️	⬆️	<ul style="list-style-type: none"> <li>Recovery - TAM at \$700m with private wealth offering being the key area to drive growth.</li> </ul>
OneVue	>10%	⬆️	⬇️	⬆️	<ul style="list-style-type: none"> <li>Integration proceeding: Focus remains on growth of managed funds registry in Australia, Supporting retail investment infrastructure in revenue pool (TAM \$3bn+), and execution of advice from Xplan.</li> </ul>

Based on management estimates, 3-5 year outlook.

Trend ⬆️ Flat ⬇️ Downward ⬆️ Upward

# 2021 key priorities - Q1 delivery on track and in line with expectations



## OneVue

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Grow funds registry by value and funds

Provide investment infrastructure-as-a- service

## Recurring revenue

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Maintain high quality recurring revenue

## UK

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Grow UK revenue and margin

## Technology

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Continue momentum to Iress Cloud for client and Iress benefit

## Data

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Grow revenue from data products

## Super administration

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Successful implementations driving growth



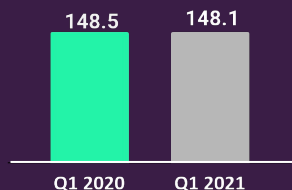
# Financial performance update



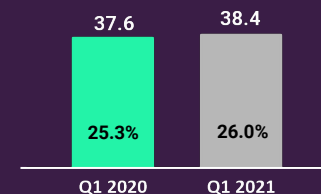
# Performing in line with FY21 guidance



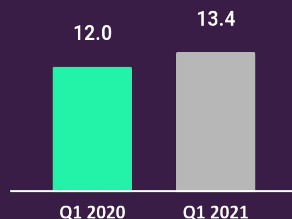
Pro forma revenue <sup>1</sup>  
**Flat**



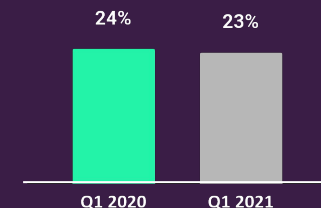
Pro forma  
Segment Profit & margin <sup>1, 2</sup>  
**Up 2%**



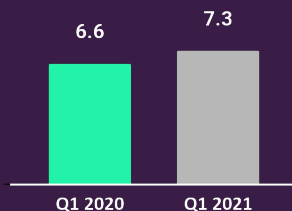
Pro forma NPAT <sup>1</sup>  
**Up 11%**



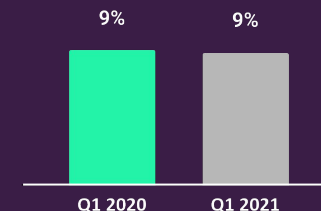
Product & Technology  
% of Revenue <sup>1</sup>  
**23%**



Pro forma earnings per share <sup>1, 3</sup>  
**Up 11%**



Pro Forma ROIC <sup>1, 4</sup>  
**9%**



<sup>(1)</sup> Pro forma adjustments adds back the pre acquisition earnings for OVH and O&M to the comparative period and excludes currency movements and a short term increase in annual leave costs as result of COVID-19 restrictions - refer to page 14 for a reconciliation.

<sup>(2)</sup> Pro forma Segment Profit margin has been calculated using Pro forma Segment Profit / Pro forma revenue.

<sup>(3)</sup> Pro forma earnings per share has been calculated using Pro forma NPAT / Weighted average number of ordinary shares used in basic earnings per share. The shares have been adjusted to include the 11.2 m shares issued to fund OneVue.

<sup>(4)</sup> Pro Forma ROIC has been calculated using the rolling 12 month Pro forma NPAT (excluding interest and finance costs) as a percentage of the addition of net debt and equity. Equity has been adjusted to include the \$115.2m used to fund OneVue.

# FY21 YTD Pro forma<sup>(4)</sup> Segment Profit +2% v pcp, Pro forma NPAT +11%



\$AUDm - Reported (unaudited)	Q1 2020	Q1 2021	Q1 21 vs Q1 20
Operating revenue	135.8	141.7	+4%
Segment Profit	36.2	34.7	(4%)
NPAT	12.7	10.6	(17%)
Basic Earnings Per Share (cents)	7.4	5.8	(22%)
ROIC	10%	8%	(2%)

\$AUDm - Constant Currency <sup>(1)</sup>	Q1 2020	Q1 2021	Q1 21 vs Q1 20
Operating revenue	135.8	148.1	+9%
Segment Profit <sup>(2)</sup>	36.2	36.3	-
Segment Profit margin	27%	25%	(2%)
NPAT <sup>(3)</sup>	12.7	11.8	(7%)
Basic Earnings Per Share (cents)	7.4	6.5	(13%)
ROIC	10%	9%	(1%)

\$AUDm - Pro forma in Constant Currency <sup>(4)</sup>	Q1 2020	Q1 2021	Q1 21 vs Q1 20
Operating revenue	148.5	148.1	-
Segment Profit	37.6	38.4	+2%
NPAT	12.0	13.4	+11%
Basic Earnings Per Share (cents)	6.6	7.3	+11%
ROIC	9%	9%	-

First quarter performance in line with expectations. Guidance affirmed.

UK business is seeing a good level of project activity and new business pipeline. QuantHouse continues to perform well.

Strong rebound in Mortgages project activity. A further two clients expected to go live in 2021.

Key superannuation projects on track for 2021 go live.

As expected, temporary decline in Australian financial advice revenue as a result of the transition of financial advice industry to independents. Xplan market share and user numbers unchanged.

Execution of OneVue strategy on track and meeting integration milestones. Corporate and functional operations integrated, and synergies in 2021 on track.

Functional cost growth ex-OVH acquisition well controlled, +1% v PCP.

Reported NPAT movements v PCP reflect FX and D&A increases from OVH acquisition. Pro forma NPAT +11% v PCP.

(1) Assumes that results are converted at the average foreign exchange rates used in Q1 20.

(2) Full Year Segment Profit guidance in Constant Currency of \$164 - \$168m (see slide 12) compares to Segment profit of \$36.3m Segment Profit for Q1 21.

(3) Constant Currency NPAT reflects Segment Profit at constant currency, with items below Segment Profit in actual currency.

(4) Pro forma adjustments adds back the pre acquisition earnings for OVH and O&M to the comparative period and excludes currency movements and a short term increase in annual leave costs as result of COVID-19 restrictions - refer to page 14 for a reconciliation.

# Segment Profit guidance affirmed. NPAT guidance increased by \$14m



## 2021 Update

**Segment Profit guidance affirmed:**  
up 7-10% on pcp

**NPAT guidance increased by \$14m to \$70m - \$77m due to early finalisation of QuantHouse earnout and provision release.**

Finalisation of the earnout payments to the vendors of QuantHouse has occurred ahead of plan.

Bringing forward the end of the earnout period allows the full integration of the businesses.

The final earnout payment of €4m will be made in two tranches subject to transition arrangements and will result in a provision release of €9m (~\$14m).

This one-off gain is non-cash and non-taxable.

The revised Effective Tax Rate (ETR) range is expected to be 22-24% (previously 26-28%).

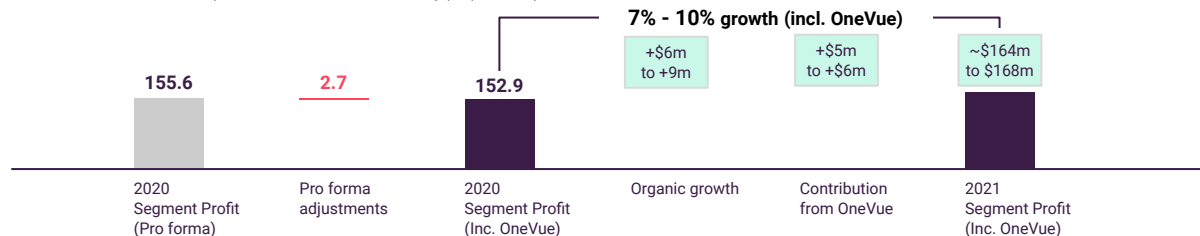
**ROIC:** As a result of the revised NPAT outlook, FY21 ROIC is expected to increase to be in the range of 11% to 12%.

**Assumptions:** Other assumptions are unchanged from February outlook statements.

## Guidance (Constant Currency) (A\$m)

	FY20	FY21 guidance		FY21 guidance - Updated	
	Inc OneVue	Total		Total	
	Actual	Low	High	Low	High
<b>Segment Profit</b>	<b>153</b>	<b>164</b>	<b>168</b>	<b>164</b>	<b>168</b>
Share based payments	(21)	(22)	(22)	(22)	(22)
<b>Non-operating items</b>	<b>(6)</b>	<b>(7)</b>	<b>(5)</b>	<b>7</b>	<b>9</b>
Depreciation & Amortisation	(39)	(49)	(48)	(49)	(48)
Net interest & Finance Costs	(8)	(8)	(8)	(8)	(8)
Tax (expense)/benefit (updated ETR 22 - 24%)	(19)	(22)	(22)	(22)	(22)
<b>NPAT</b>	<b>59</b>	<b>56</b>	<b>63</b>	<b>70</b>	<b>77</b>
ROIC	9%	9%	10%	11%	12%
EPS Reported (Cents)	32.3	28.7	32.0	36.0	39.3
EPS Adjusted (Cents)	50.4	46.6	49.6	46.6	49.6

## Segment Profit (constant currency) (A\$m)



(1) Figures are presented on a constant currency basis, assuming 2021 results are converted at the average foreign exchange rates used for 2020.

# Appendix



# Pro forma financial performance - reconciliation



SAUDm	Q1 2020				Q1 2021			
	Reported (unaudited)	Pre Acquisition of OneVue <sup>(1)</sup>	Pre Acquisition of O&M <sup>(2)</sup>	Pro forma	Reported (unaudited)	Currency <sup>(3)</sup>	Annual Leave <sup>(4)</sup>	Pro forma
Operating Revenue	135.8	11.9	0.8	148.5	141.7	6.5		148.1
Operating Costs	(99.6)	(10.5)	(0.8)	(110.9)	(107.0)	(4.9)	2.1	(109.7)
Segment Profit	36.2	1.4	(0.0)	37.6	34.7	1.6	2.1	38.4
Segment Profit Margin	27%	12%	(1%)	25%	24%	-	-	26%
NPAT	12.7	(0.6)	(0.1)	12.0	10.6	1.2	1.6	13.4
<b>Growth (%)</b>								
Operating Revenue					+4%			-
Operating Costs					+7%			(1%)
Segment Profit					(4%)			+2%
NPAT					(17%)			+11%

(1) Adjustment to include 3 months pre-acquisition OVH trading in Q1 2020 results (business was purchased 6 November 2020)

(2) Adjustment to include 2.5 months pre-acquisition O&M trading in Q1 2020 results (business was purchased 10 March 2020)

(3) Removes currency, assuming results are converted at the average foreign exchange rates used for Q1 2020

(4) Removes impact of short term increase in annual leave costs following the onset of COVID-19, calculated as the difference between the Q1 2021 Group annual leave expense and the Q1 2020 Group annual leave expense.

# Profit and loss statement



AUD (m)	Constant Currency			Reported (unaudited)
	Q1 20	Q1 21	Q1 21/ Q1 20	Q1 21/ Q1 20
<b>Operating Revenue</b>	<b>135.8</b>	<b>148.1</b>	<b>+9%</b>	<b>+4%</b>
Operating Costs	(99.6)	(111.8)	+12%	+7%
<b>Segment Profit</b>	<b>36.2</b>	<b>36.3</b>	<b>-</b>	<b>(4%)</b>
Share Based Payments	(5.4)	(5.6)	+4%	+4%
<b>Segment Profit after SBP</b>	<b>30.8</b>	<b>30.7</b>	<b>-</b>	<b>(6%)</b>
Non Operating Items	(2.2)	(1.4)	(37%)	(37%)
<b>EBITDA</b>	<b>28.6</b>	<b>29.3</b>	<b>+2%</b>	<b>(3%)</b>
D&A - Operational	(5.7)	(7.0)	+22%	+22%
D&A - Acquisition Related	(3.6)	(4.2)	+19%	+19%
<b>EBIT</b>	<b>19.3</b>	<b>18.1</b>	<b>(6%)</b>	<b>(15%)</b>
Net Interest and Financing Costs	(2.1)	(2.1)	-	-
Tax	(4.5)	(4.2)	(7%)	(16%)
<b>NPAT</b>	<b>12.7</b>	<b>11.8</b>	<b>(7%)</b>	<b>(17%)</b>
EPS Constant Currency - (Cents)	7.4	6.5	(13%)	
Effective tax rate	26.0%	26.0%		

# Glossary



<b>Pro forma</b>	Q1 2020 is adjusted to add back 2.5 months of O&M and 3 months of OneVue pre-acquisition trading results from January to March 2020 Q1 2021 is adjusted to exclude annual leave and remove currency from reported figures
<b>Pro Forma ROIC</b>	Rolling 12 month Pro Forma NPAT (excluding interest and finance costs) as a percentage of the addition of net debt and equity. Equity has been adjusted to include the \$115.2m used to fund OneVue.
<b>Recurring revenue</b>	Revenue from subscription and licence fees
<b>Non recurring revenue</b>	Revenue from project implementation fees and consulting
<b>Pro forma earnings per share</b>	Calculated using Pro forma NPAT / Weighted average number of ordinary shares used in basic earnings per share. The shares have been adjusted to include the 11.2 m shares issued to fund OneVue.
<b>Earnings Per Share</b>	NPAT/ Weighted average number of shares
<b>Earnings per Share Adjusted</b>	NPAT (Excluding share based payments, non operating items, acquisition related depreciation & amortisation)/ Weighted average number of shares



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