

Iress reports 2021 half-year results

Delivered growth in segment profit, full year guidance reaffirmed, executing on 2025 growth targets

Pro forma revenue \$298.7m +1%	Pro forma segment profit \$77.2 +3%
Cash conversion 90% (FY20: 86%)	Pro forma ROIC 9% (9% PcP)
Pro forma EPS 14.2 cents +6%	DPS 16 cents (1H 20: 16 cents)

Iress Limited (IRE.ASX) today released its 2021 half year financial results.

Iress chief executive, Andrew Walsh, said: “We are pleased to deliver solid results for the first half of 2021, in line with full year guidance. Pro forma net profit was up 9% and pro forma EPS was up 6% versus the prior comparative period.

“Recurring revenue continues to underpin Iress, making up ~90% of total revenues. Cash conversion is another highlight of our model, at 90%. With our pro forma return on invested capital consistent at 9%, and conservative balance sheet, we are able to self fund technology investments to support scale and reward shareholders. The interim dividend is declared at 16 cents per share, franked to 80%¹.”

As reported in February, Iress highlights pro forma results to provide investors with transparency on underlying performance. In this result, pro forma assumes Iress owned OneVue for the full year in 2020. A full reconciliation to statutory results is provided in the accompanying results presentation.

“The improved performance was driven by growth in Trading and Market Data, a full period contribution from OneVue and good progress with new client implementations across Super, Private Wealth and in the UK. As expected, revenue in Australian financial advice declined as a result of re-sizing of enterprise client contracts. Underlying demand remains resilient.

“The OneVue integration is meeting all milestones. The rollout of our integration between Xplan and OneVue is planned to start in the second half of the year.

“The deployment of our highly competitive Automated Super Admin offer is also progressing well. A major client went live in the half with another due to go live in early 2022. These use cases validate our offer and build market interest. Our UK results are improving too, with margin expansion, as activity levels rise and markets reopen.

¹ Reflecting final determination of the dividend by the Iress Board. A franking rate of 80% is not expected to materially impact the additional value that certain Iress shareholders may receive in connection with EQT’s scheme proposal (if it proceeds) compared to approximately 83% franking as described in Iress’ 29 July 2021 ASX announcement. Eligible Iress shareholders who are able to utilise the full benefit of available franking credits will receive a total implied value of approximately A\$15.96 per share including the franked FY21 interim dividend. As always, the ability of shareholders to use the full benefit of available franking credits will depend on their individual tax circumstances.

“Following a comprehensive Board-led review, it is clear the opportunity for Iress is greater than previously anticipated. In July we announced plans to accelerate growth and returns for shareholders with a new medium target to more than double net profit after tax by 2025, with potential for further upside. In completing the transition to a single technology platform, we will also achieve greater operating leverage and speed to market. We have built solid foundations enabling us to capture more market share in large addressable markets and are focused on executing the plan.

“With our strong operating businesses and rising returns on growth investments, we enter the second half of the year with a positive outlook.”

Having reported 1H pro forma segment profit, in constant currency, of \$77.2 million (an increase of 3% on the prior corresponding period), Iress is well placed to deliver on full year guidance. Iress reaffirms its guidance for segment profit, in constant currency, to be between \$164m and \$168m for the full year.

Earnings in 2H are expected to accelerate. Guidance assumes 16-21% growth in segment profit compared to the first half result. 2H will include an improved contribution from OneVue, and the go live of Guild in Super administration and two new live clients in UK Mortgages. The UK business has a strong revenue pipeline and scope for significant growth. December’s results will also benefit from the timing of annual leave.

Further details on the 1H 21 results are contained in the results presentation.

Investor conference call

Iress CEO Andrew Walsh and CFO John Harris will host a conference call and Q&A briefing with investors at 9.30am on Thursday 19 August 2021.

Investors who wish to participate in the teleconference should register [here](#).

Alternatively, if you would like to listen to the audio webcast, please [pre-register here](#).

Please note, you will not be able to ask questions in the webcast.

If you are unable to listen to the announcement live, a recording of the call will be provided in the investor section of our Iress website from Friday 20 August 2021.

Ends

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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 10,000 businesses and 500,000 users globally. We have over 2,250 people based in Asia-Pacific, North America, Africa, the UK and Europe.

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