



Integrated Research Limited 2017 Financial Year Results

Sydney, Australia, 17 August 2017 – Integrated Research (ASX:IRI) a leading global provider of high availability performance management, business intelligence and proactive diagnostic software today released its results for the financial year ended 30 June 2017.

The Company is pleased to announce another record result with profit after tax increasing by 16% to \$18.5 million compared to the previous financial year. The result is within the guidance provided to the ASX on 13 July 2017. New licence sales increased by 17% to \$53.4 million and total revenue increased by 8% to \$91.2 million.

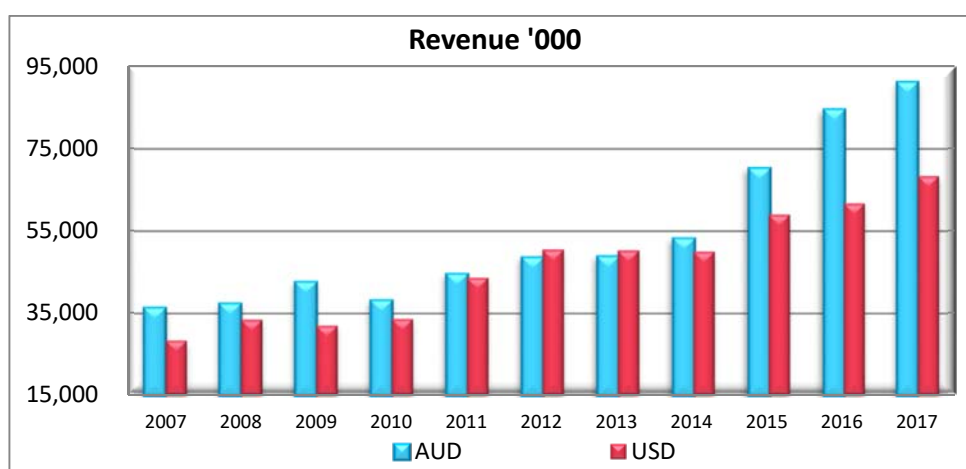
Product line revenue growth was as follows:

- Revenue from Payments increased by 58% to \$8.8 million
- Revenue from Infrastructure, which includes HP-Nonstop, increased by 17% to \$24.4 million
- Revenue from Unified Communications and Contact Centre (UC) increased by 1% to \$51.1 million, in constant currency terms the growth was 6%

Revenue from Payments and Infrastructure sales grew strongly, reflecting the growth in payments transactions worldwide and the continued importance for our customers to be able to manage new payment technologies. The strong results were underpinned by a healthy addition of new logo customers, plus a number of substantial customers renewing early. Significant sales included Royal Bank of Canada, Allied Irish Bank, First Data Corporation, Citi-Banamex, TD Ameritrade and Westpac.

Over 95% of the Company's revenue was derived outside of Australia. The reported results were impacted by an appreciating Australian dollar. Adjusted to constant currency, licence fees would have increased by 22% and profit after tax by 28%.

The following chart highlights the Company's revenue growth in both Australian and US currencies for the 2017 financial year and the ten preceding years.



Steve Killelea, Chairman of Integrated Research said, "The Company is pleased with the strong performances in Payments and Infrastructure. This highlights the diversified nature of the business and its income streams, diluting the risk and dependency on a single product set. It is also pleasing to see that our investment in Microsoft Skype for Business has been successful and now represents a third of Unified Communications sales."

Licence sales from Microsoft Skype for Business customers more than doubled and is now nearly one third of UC sales. The UC results would have been stronger were it not for Avaya customers delaying their purchasing decisions in reaction to Avaya's Chapter 11 status. On 7 August, Avaya announced a Plan Support Agreement with its major debtors to reduce US\$3 billion of debt and the sale of its networking business to Extreme Networks, which will enable the company to focus on its unified communications and contact centre business. Once this plan is formally approved in the coming months, we anticipate a rebound in licence fees from this channel.

In September 2016, IR launched the world's first Microsoft Certified Network Assessment Solution for Skype For Business Online. Our solution has enabled IR to recruit 39 new Microsoft certified partners to the IR Global Partner Program.

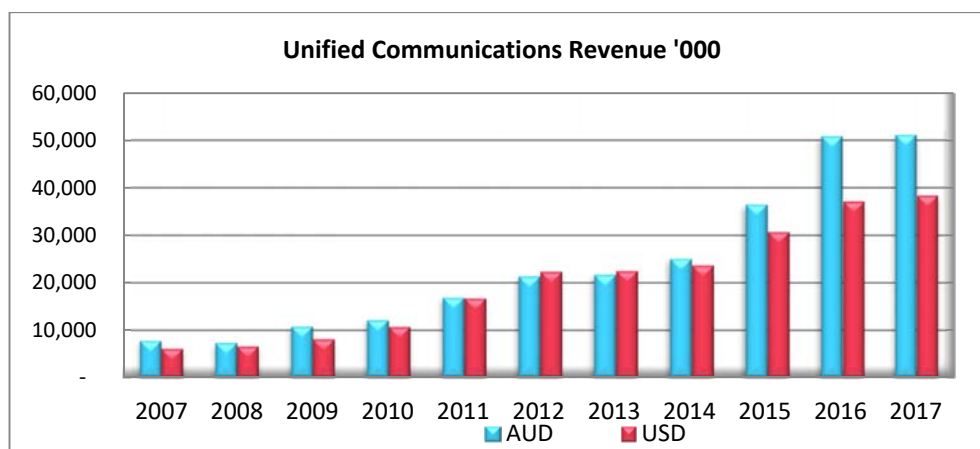
IR remains the only vendor to maintain certification with all major unified communications platforms, providing a competitive advantage as many large organisations use multiple vendors. IR continues to invest in future growth areas such as cloud-based management of unified communications. Other significant innovations include machine learning to detect speech in recordings, which has been incorporated into the Call Recording Assurance product line to support regulatory compliance in contact centres.

In May 2017, Nemertes Research, a global research-advisory and strategic-consulting firm published the results of its 2017 Unified Communications and Collaboration Total Cost of Operations survey. The independent survey discovered that performance management tools reduce operational costs by more than 50%. Furthermore, it identified that IR customers spend 33% less on ongoing operations than the next competitor's customers.

In November 2016, leading analyst firm IDC recognized IR for bringing real-time visibility, insight and control to complex Unified Communications and Collaboration environments. "IR was named as an IDC Innovator for its competitive advantage derived from its unique intellectual property and 100% software-based probeless design," said Rich Costello, Senior Analyst, IDC.

In August 2017, Avaya recognized IR as one of only two outstanding channel partners with an excellence award for successful partnering with Avaya channels and sales teams and driving strategic value in the market place.

Some of the more significant UC sales included Bank of America, Dimension Data, Dell, HP (now DXC), Deloitte, Starbucks, United Airlines and USAA.



On 14 July, 2017, John Merakovsky was appointed to the position of Chief Executive Officer. Mr Merakovsky is a veteran of the digital industry with 25 years experience working in technology and digital companies. This includes extensive experience in commercialising technologies as an entrepreneur and Managing Director/CEO of various companies. “I am pleased to be leading IR into its next phase of growth”, said Mr Merakovsky. “This unique Australian company has a strong international footprint and a track record of leveraging its IP and know-how into new global markets. On the back of a record result in FY17, the Company has a solid foundation from which to explore new strategic growth opportunities, whilst continuing to outperform in its core markets.”

The table below summarises the Company’s key revenue, expense and profit results compared to the previous corresponding period:

Financial result highlights (\$'000)	FY2017	FY2016	Change
Revenue from licence fees	53,441	45,725	17%
Revenue from maintenance fees	26,871	27,153	(1%)
Revenue from testing solution services	4,073	4,288	(5%)
Revenue from consulting	6,784	7,366	(8%)
Total revenue	91,169	84,532	8%
Research & development expenses	14,862	13,582	9%
Sales, consulting & marketing expenses	43,605	44,983	(3%)
General and administrative expenses	6,086	5,962	2%
Total expenses	64,553	64,527	0%
Net profit before income tax	25,881	21,352	21%
Net profit after income tax	18,520	16,029	16%

Dividends

Directors have declared a final fully franked dividend of 3.5 cents per share, compared to 3.5 cents and 60% franked in FY16. When taking franking credits into account, this represents a grossed-up (inclusive of the franking) benefit of up to 5.0 cents compared to 4.4 cents in FY16 for eligible investors. Integrated Research maintains a strong financial position with total cash at 30 June 2017 of \$14.1 million and no debt.

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About Integrated Research (ASX:IRI) – Integrated Research is the leading global provider of proactive performance management software for critical IT infrastructure, payments and communications ecosystems. More than 1000 organizations in over 60 countries - including some of the world’s largest banks, airlines and telecommunication companies rely on IR Prognosis to provide business critical insights and ensure continuity-critical systems deliver high availability and performance for millions of their customers across the globe. For further information, visit www.ir.com

