



Integrated Research Limited 2019 Financial Year Results

RECORD RESULT WITH MILESTONE ACHIEVEMENTS

Revenue exceeds \$100 million; Profit exceeds \$20 million

Sydney, Australia, 22 August 2019 – Integrated Research (ASX:IRI) a leading global provider of performance management software for critical IT infrastructure, payments and communications today released its results for the financial year ended 30 June 2019.

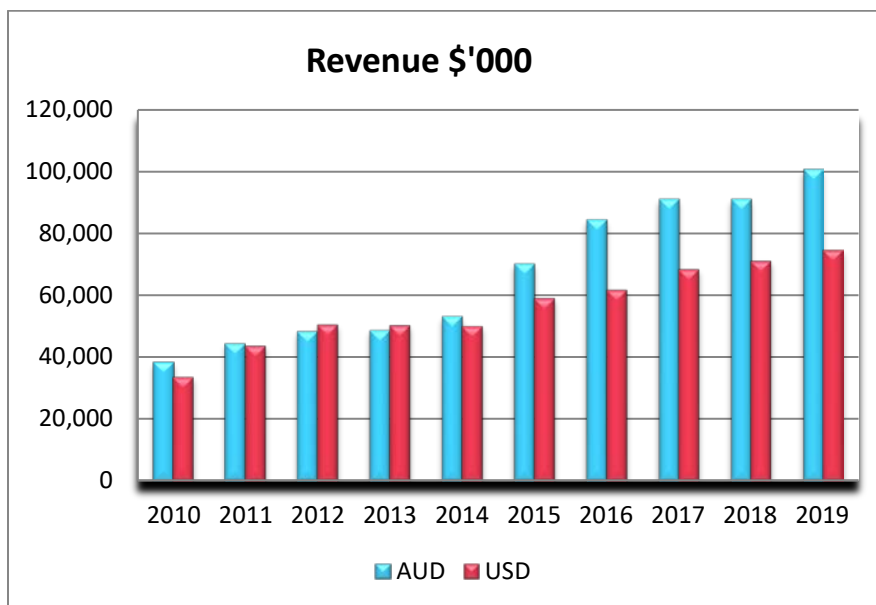
The Company is pleased to announce that it surpassed milestones of \$100 million revenue and \$20 million profit for the first time in its corporate history.

The Company achieved a profit after tax increase of 14% to \$21.9 million over the previous financial year. The result is at the top end of the guidance provided to the ASX on 15 July 2019. Supporting this result, new licence sales increased by 19% to \$62.8 million and total revenue increased by 11% to \$100.8 million.

Product line revenue performance was as follows:

- Payments increased by 92% to \$16.0 million
- Infrastructure, which includes HP-Nonstop, increased by 28% to \$26.3 million
- Unified Communications and Contact Centre (UC) decreased by 7% to \$51.0 million

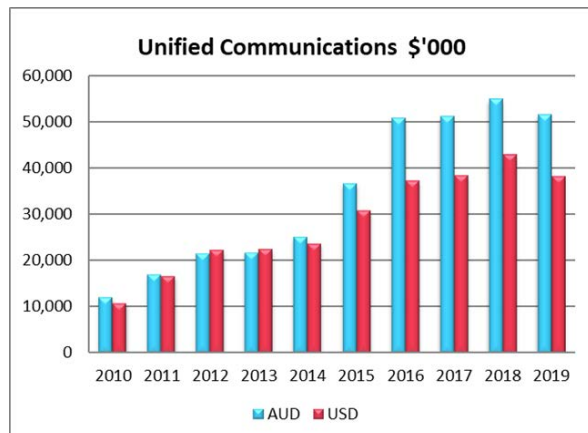
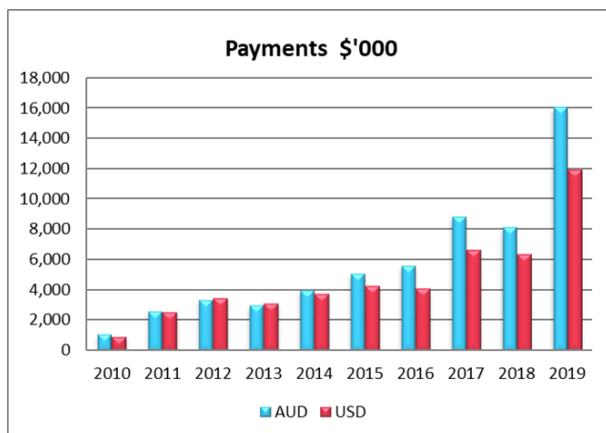
Over 95% of the Company’s revenue was derived outside of Australia. The following chart highlights the Company’s exceptional revenue growth in both Australian and US currencies for the last ten years.



Some of the more significant sales during the year came from major brands such as Airbus, Barclaycard, CenturyLink, DXC Technology, IAG, Target, Walgreens, Mastercard, Visa and Westpac.

Paul Brandling, Chairman of Integrated Research said, “I am very pleased with the overall 2019 financial performance achieved through the diversified geographic and product portfolio. IR’s software solutions are increasingly important to enterprise customers and the results provide the confidence and capacity to continue investing in innovation and building new products to expand IR’s value proposition.”

Incoming Chief Executive Officer, John Ruthven said, “I am thrilled to have joined Integrated Research at such an exciting time in the Company’s history. I look forward to leading the next phase of growth, extending our strong track record in innovation, driving superior customer engagement and enhancing our employee experience.”



Payments revenue increased by 92% over the prior year to \$16.0 million driven by a combination of new and renewal business. Whilst there is some cyclical undertone to the result, there are clear signs that the revenue stream is growing. There were nine new payments customers added over the year facilitating a near doubling of new licence sale growth on the preceding financial year. Existing customers who renewed their Prognosis solution were happy to add capacity, additional modules and commit to licence terms for three to five years.

Infrastructure revenues increased by 28% to \$26.3 million as a result of the cyclical upswing compounded by additional capacity sales. Licence transactions sold during the year were closed on a multi-year term basis with maturities ranging from three to five years.

Unified Communications (UC) revenue declined 7% over the previous year to \$51.0 million with growth from Cisco customers offset by lower licence sales in Avaya and Microsoft Skype for Business. The Company continued to achieve new revenue growth with service providers.

The Company continues to invest in its future with gross spending on research and development representing 19% of revenue (FY18:19%). Total staff numbers increased by 4% over the year to take total head count to 270 – including significant growth in the R&D team.

The Company’s margins remain strong. The Company’s EBITDA margin (measured as EBITDA/revenue) has been at 40% for the last three years. The Company’s NPAT margin (measured as NPAT/revenue) was 22% compared to 21% for the previous year. The Company’s Net Profit after tax increased by 12% using a constant currency.



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

Financial result highlights (\$'000)	FY2019	FY2018	Change
Revenue from licence fees	62,774	52,591	19%
Revenue from maintenance fees	24,995	25,893	(3%)
Revenue from SaaS fees	669	117	472%
Revenue from testing solution services	4,995	5,207	(4%)
Revenue from professional services	7,387	7,367	0%
Total revenue	100,820	91,175	11%
Research & development expenses (net)	17,888	15,335	17%
Sales & marketing expenses	49,787	45,703	9%
General and administrative expenses	5,557	5,849	(5%)
Total expenses	73,232	66,887	9%
Other gains	1,312	1,560	(16%)
Earnings before interest and tax	28,900	25,848	12%
Net profit before income tax	29,647	26,271	13%
Net profit after income tax	21,851	19,180	14%

Dividends

Directors have declared an interim dividend of 3.75 cents per share franked to 100 per cent. This takes the total dividend for the year to 7.25 cents per share compared to the prior year of 6.5 cents per share. Integrated Research maintains a strong financial position with a total cash position at 30 June 2019 of \$9.3 million.

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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 1200 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

