9 April 2014

The Manager
Company Announcements Office
Australian Stock Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Investor Presentation 9 April 2014

Please find **attached** investor update presentation, which was presented by Andrew Walsh, CEO & Managing Director, to the Commonwealth Bank of Australia on 9 April 2014.

Yours sincerely,

Peter Ferguson
Company Secretary

IRESS Limited
A.B.N. 47 060 313 359

Corporate Office:
Level 18, 385 Bourke Street
Melbourne Vic Australia
Tel: (03) 9018 5800
Fax (03) 9018 5844

Sydney Office:
Suite 4, 14 Martin Place
Sydney NSW Australia
Tel: (02) 8273 7000
Fax: (02) 8273 7003

www.iress.com.au

CBA CONFERENCE CALL
UK UPDATE

9 APRIL 2014

UNITED KINGDOM - WEALTH MANAGEMENT

- Trading update:
  - 2013 revenue of £12.8m, segment profit of £2.7m
  - Revenue is 90% recurring, supplemented by product related and project services
  - 2014 will reflect full year contribution, smooth over H1 and H2.
  - Anticipated 2014 segment profit margin 20-25% (25-30% for Avelo WM, excl pre-existing IRESS UK loss).
- Wealth Management demonstrates highly predictable recurring revenue, with similar cost characteristics, almost fully aligned to product. Results in operating leverage on revenue growth, and margin contraction on revenue fall.
- Recurring revenue % and Segment Profit margin to grow over time with revenue growth from implementations and conversions. AU WM is reasonable proxy.
- Strong demand for XPLAN from broad set of existing clients, and strong pipeline of net new opportunities
  - Business focus on efficiency and effective compliance oversight driving technology need
  - Business consolidation and new distribution models supported by technology
  - XPLAN appeal: flexibility, integrated back-front office and multi-channel functionality, high-levels of automation and integration, cloud-based solution, ongoing investment, independence and scale
- Client transitions from AdviserOffice to XPLAN underway. Sales, account management & support teams actively involved in deployment, proving scale benefits
- Revenue growth unlocked by additional functionality to existing users, access to additional users through integrated offer, additional services
- XPLAN propositions will be tailored for various UK market segments to optimise positioning
- Additional opportunities for broader and deeper platform and fund manager integrations, adding value to integrated platform

UNITED KINGDOM – 2014 UK BUDGET

- UK WM comprises the Exchange and Trigold sourcing systems, which enable product quotation & comparison, and electronic new business lodgement across life insurance, pensions, annuities, investment products and mortgages
  - Accessed directly via online portal, integrated by D2C proprietary solutions & third-party software vendors, and tightly integrated by IRESS products
  - IRESS provides value-added sourcing functionality, infrastructure, and services supporting product distribution and efficient market integration
  - Clients span product manufacturers, lenders, D2C models, intermediaries
  - Sourcing revenue is overwhelmingly recurring subscription-based for range of services. Revenue is not based explicitly on quote volumes. Small portion of UK WM revenue (2%) based on electronic new business volumes
  - Exchange maintains strategic relevance and growth: quote/comparison volumes (normalised) +15% Q1 2014 pcp, and new business volumes (normalised) +31% Q1 2014 pcp

- UK retirement reforms announced 19 March 2014
  - Remove requirement for retirees to buy annuity, and permits withdrawal with tax consequences
  - Removes post-retirement restrictions to promote at-retirement choice, rollover competitiveness, and pre-retirement voluntary savings
- Expect market impact on annuity volumes, before allowing for provider innovation and other activity. Annuities will maintain role in retirement planning
- Annuities are an important Exchange service, representing ~20% of comparison quotes, and currently <10% of total new business. Estimated potential impact <1% of UK WM revenue, in time
- New annuity providers continuing with business plans and Exchange membership H1
- Increase in need for at-retirement financial planning, education, cashflow planning
- Electronic new business will see demand for enhanced efficiencies via Exchange
- New products and demands in response to optionality, eg flexible drawdown, buy-to-let

UNITED KINGDOM – ENTERPRISE

- Mortgage Sourcing & Origination (MSO) platform - a large-scale software solution to leading lending institutions, providing integration and automation of mortgage origination and multi-channel distribution through a single solution
- Competitively differentiated solution with proven transformational impacts on mortgage processing efficiency and workflow for retail lenders
- IRESS & Nationwide Building Society confirmed as ‘Best use of IT in Retail Banking’ at FSTech Awards for Nationwide’s unified mortgage platform based on MSO
- Trading update:
  - 2013: Revenue £7.5m, Segment Profit £0.3m
  - Overweight 2014 H1 result expected - project revenue and non-recurring license fee
  - Underweight 2014 H2 result expected, remains difficult to predict. Several key clients actively reviewing all levels of investment decisions amidst regulatory and political cost pressures
  - Ongoing operational and strategic engagement with key clients across their needs at this time
- Work associated with Mortgage Market Review (effective April 2014) has been a strong source of demand
- Technology growth drivers in UK retail lending are regulatory change in UK and EU, government borrowing incentives, competitive mortgage deals driving lending volumes, and under-investment in mortgage technology by banks - the need for efficiency is paramount
- UK Retail Banks are dealing with unprecedented regulatory and political pressures making all decisions and investments volatile, which infer our own cost responses
- Enterprise MSO business is a source of high growth potential in UK and other markets but is more difficult to predict with contribution between halves expected to be uneven. Costs are more directly aligned to client projects allowing significant cost adjustments with revenue falls, but less operating leverage on upside

UNITED KINGDOM – FINANCIAL MARKETS

- Experienced team based in London responding to opportunities regionally for price, feature and service competitive solutions
- Disciplined focus based on selected products and services leveraging local and regional capability
- Demand for market data, trading and private wealth solutions:
  - Clients operating multiple jurisdictions who seek localised yet consistent technology solutions
  - Observed levels of system integration and workflow automation low
  - Feedback on product suite confirms differentiation and opportunity
  - Interaction within existing wealth client base is high, particularly integrated wealth managers and discretionary fund managers
- Investment at similar level to 2013, and based on high quality delivery and support as revenue gradually builds.

CONTACT IRESS

AUSTRALIA		NEW ZEALAND		ASIA	
Melbourne	| +61 3 9018 5800	Auckland	| +64 9 300 5571	Hong Kong	| +852 3965 3341
Sydney	| +61 2 8273 7000	Wellington	| +64 4 462 6850	Singapore	| +65 6672 6288
Perth	| +61 8 6211 5900				
Brisbane	| +61 7 3011 4700				
Adelaide	| +61 3 9018 5800				

CANADA		SOUTH AFRICA		UNITED KINGDOM	
Toronto	| +41 6 907 9200	Johannesburg	| +27 11 492 1111	Warwick	| +44 845 068 1000
		Durban	| +27 31 203 7500	Cheltenham	| +44 330 440 4500
		Capetown	| +27 21 657 8800	Cirencester	| +44 128 585 2200
				London	| +44 203 397 4660

Email | **enquiries@iress.com**
Web | **www.iress.com**