



Integrated Research Limited Half Year Financial Results

Sydney, Australia, 15 February 2018 – Integrated Research (ASX: IRI), a leading global provider of proactive performance management software for critical IT infrastructure, payments and communications ecosystems today released its results for the six month period ended 31 December 2017.

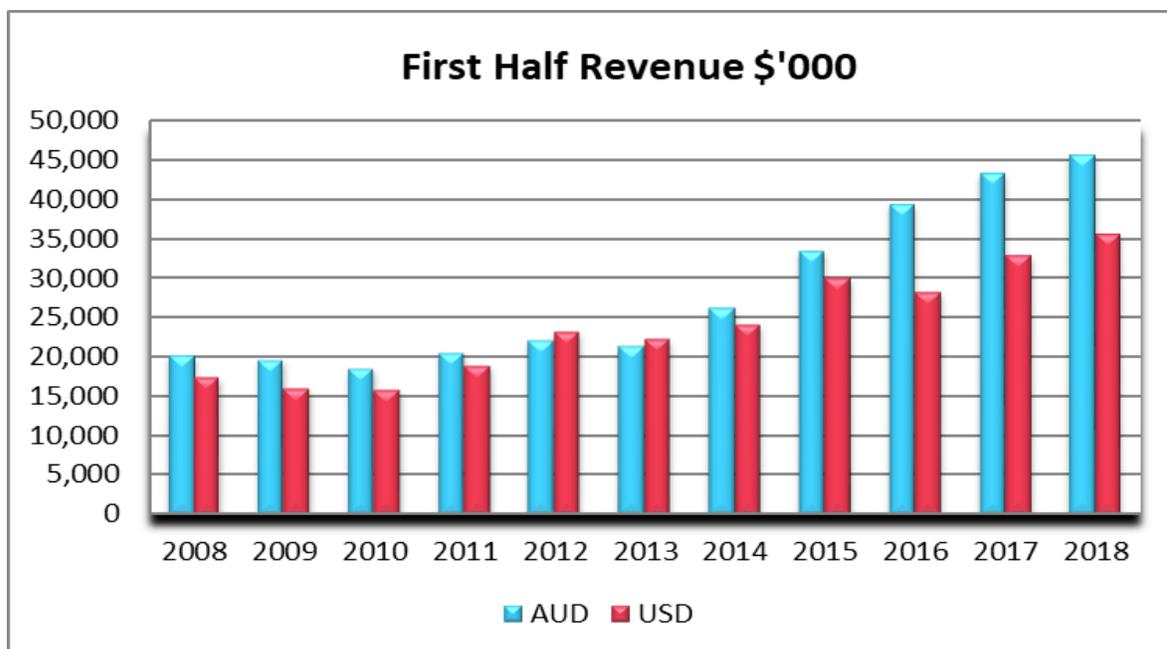
The Company is pleased to announce a record first half result with profit after tax increasing by 20% to \$9.3 million when compared to the prior corresponding period. The result is within the guidance provided to the ASX on 19 January 2018. Strong customer demand saw licence sales from Unified Communications grow by 25%. This was partially offset by the usual cyclical downturn in infrastructure sales after the exceptionally strong performance last financial year. Overall licence sales increased by 7% to \$25.6 million and total revenue increased by 5% to \$45.7 million.

The Company continues to have robust renewal rates for both Unified Communications and Infrastructure which is more than 96% and is comparable to historical rates.

Steve Killelea, Chairman of Integrated Research said, “It is pleasing to see the strong growth in Unified Communications during the half. Recent developments, such as IR joining Cisco’s SolutionsPlus Program where Cisco’s global sales channel will be compensated for Prognosis sales and the emergence of Avaya from Chapter 11, places IR in a strong position going forward”.

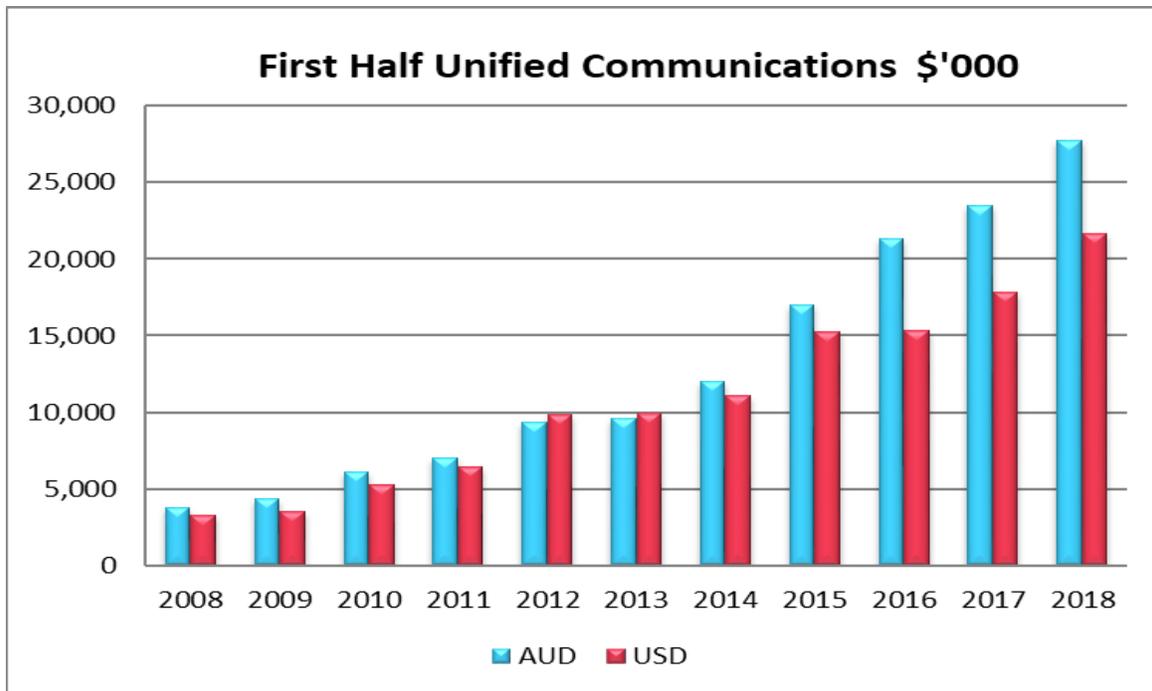
Over 95% of the Company’s revenue was derived from over 75 countries outside of Australia.

The following chart highlights the Company’s revenue growth in both Australian and US currencies for the first half of the 2018 financial year and the ten prior equivalent periods.



Some of the more significant sales during the half year period came from major brands such as Coles, Bosch, Euroclear, Deloitte, Visa, State of Missouri, Zions Bank, Synchrony Financial, ABSA and DXC Technology.

Revenue from Unified Communications increased by 18% to \$27.8 million over the prior corresponding period with strong licence sales growth from Microsoft and Cisco platforms. Although there was a decrease in licence sales on the Avaya platform, Avaya emerged from Chapter 11 in December 2017 as a stronger company. Avaya is expanding its sales and marketing operations to aggressively target new growth, which should provide more confidence to their customers. As a long-term strategic partner of Avaya, IR anticipates stronger Prognosis sales.



John Merakovsky, CEO of Integrated Research said, “The growth in Unified Communications validates our product investment decisions and execution of IR’s strategy, with particularly strong growth in the Americas and Asia Pacific. We have increased R&D investment in line with future growth opportunities, including new cloud related services and value-added areas such as call recording assurance and data analytics.”

In September 2017 IR announced it had entered an agreement with Cisco to join its SolutionsPlus Program. From 2018, IR is one of a select group of companies with Cisco-certified products available for purchase through the Cisco Global Price List. The arrangement provides sales commissions and quota retirement for Cisco channel partners and sales teams. This opens up a new global sales channel for IR as well as further proof of the value Prognosis delivers to enterprises and service providers.

The Company continues to invest in its future with gross spending on research and development representing 18% of revenue. The Company’s operating margin (i.e. profit/revenue) for the current half was 20% compared to 18% for the previous corresponding period. The Company continues to aggressively build for growth with total staff numbers increasing by 14% over the half to take total head count to 256.



The results would have been stronger but for an appreciating Australian dollar. When growth was adjusted to constant currency, new licence sales would have increased by 8%, revenue by 7%, and profit after tax by 25%.

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

Half Year Ending			
Financial result highlights (\$'000)	December 2017	December 2016	% Change
Revenue from licence fees	25,567	23,917	7%
Revenue from maintenance fees	13,532	13,602	(1%)
Revenue from testing solution services	2,815	2,134	32%
Revenue from consulting	3,778	3,686	3%
Total revenue	45,702	43,339	5%
Research & development expenses	7,376	7,559	(2%)
Sales, consulting & marketing expenses	22,138	22,153	(0%)
General and administrative expenses	2,836	3,605	(2%)
Total expenses	32,350	33,317	(3%)
Net profit before income tax	13,062	10,516	24%
Net profit after income tax	9,266	7,730	20%

Dividends

Directors have declared a fully franked interim dividend of 3.0 cents per share. Integrated Research maintains a strong financial position and remains free of debt with a total cash position at 31 December 2017 of \$9.6 million (31 December 2016: \$9.5 million).

-ends-

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 75 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

