

IRESS ANNOUNCES ACQUISITION OF INET BFA IN SOUTH AFRICA

INET BFA – established South African market data vendor

Total cash purchase price of R149.6 million (A\$14.0m)

Acquisition strengthens IRESS in South Africa

IRESS (IRE.ASX) today announced it has entered into an agreement to acquire INET BFA, an established South African provider of market data, analysis tools and financial data feeds, for a cash purchase price of R149.6 million (A\$14.0m). INET BFA is a long-standing data and software vendor, owned by South African publisher Media24.

Strengthening IRESS in South Africa

IRESS chief executive, Andrew Walsh, said: "IRESS' strategy in South Africa is to continue to expand its role as the essential provider of integrated trading, market data and wealth management solutions to existing and new clients.

"The acquisition of INET BFA aligns with and supports this strategy, strengthening IRESS in South Africa and building on our local performance and momentum. INET BFA's highly-regarded market data breadth and presence will complement and extend IRESS' integrated trading and portfolio services. The acquisition will allow us to offer a broader range of integrated solutions, and functional enhancements.

"Since entering the South African market in 2007, IRESS has established itself as a competitive and scaled provider with a diversified product and revenue footprint. IRESS has made deliberate investment that supports sustained organic growth over time, and the acquisition of INET BFA is in line with this strategy."

About INET BFA

INET BFA is a long-standing provider of market data, analysis tools and financial data feeds, covering South African, African and global, pricing and company financial information and research. INET BFA delivers data feeds and financial analysis solutions to South Africa's investment managers, auditors, corporations and government institutions. INET BFA is owned by South African publisher Media24, a subsidiary of global internet and entertainment group, Naspers (NPN.JSE).

People

“I am very pleased the INET BFA team will be bringing their expertise to IRESS in South Africa. This is a team with long-standing and far-reaching knowledge of local market data. They will be a great complement to our existing capability in South Africa.

“The strengths of both businesses, underpinned by our people in combined teams, will be a major advantage for us.”

As part of this transaction, 118 people will join IRESS. This represents all INET BFA people, with the exception of the chief executive, Andrew Philbrick, who has pre-existing plans to pursue other personal interests.

Ray Pretorius, IRESS’ Managing Director in South Africa, will oversee IRESS’ combined business of over 265 people.

Financial considerations

The cash consideration for the transaction is R149.6 million (A\$14.0m). Integration costs are expected to be in the order of R16 million (A\$1.5m) over the course of 12 to 18 months as the two businesses combine.

The acquisition costs will be met through available cash and existing debt facilities.

After management adjustments that include calendar-year alignment, revenue of INET BFA in 2016 is estimated at R134 million, and similarly EBITDA is estimated at R10.5 million. Management expects the contribution by INET BFA, after initial integration efforts in 2017, to reflect an acquisition EBITDA multiple of well below 10x.

Annualised revenue for the combined South African business will be in excess of R400 million which represents around 10% of Group revenue.

Approvals

The transaction is subject to commercial arrangements and conditions for a transaction of this type, and is expected to complete no later than the end of November.

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About IRESS

IRESS is a principal supplier of financial markets, wealth management, and mortgage systems in Australia, New Zealand, the United Kingdom, Asia, Canada, and South Africa.

All product streams support a diverse range of roles and offer front, middle and back-office functionality for clients that range from financial service institutions through to independent operators.

IRESS is a progressive, service-based organisation that employs over 1500 people globally, with local knowledge and industry experience.

IRESS strives for excellence in relationships with clients and industry bodies alike. IRESS is client-driven, responsive and promotes a culture that supports working with customers and the industry to face challenges and keep pace with industry developments.

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