

29 August 2019

FINEOS reports record revenue and exceeds forecasts

FINEOS Corporation Holdings PLC (ASX:FCL), the leading provider of core systems for life, accident and health insurance (LA&H) carriers globally, is pleased to announce its financial results for the full year ended 30 June 2019 (FY19).

Key FY19 Highlights:

- Revenue of €62.8m up 16.8% on FY18 and up 2.2% on IPO Prospectus forecast
- Subscription revenue of €19.6m up 30.8% on FY18 and in line with IPO Prospectus forecast
- Statutory EBITDA of €8.1m, down 17.1% from €9.8m in FY18 but 17.4% ahead of IPO Prospectus forecast €6.9m
- Pro forma EBITDA of €8.4m, up 7.5% from €7.8m in FY18, and 18.4% ahead of IPO prospectus forecast €7.1m
- New contract wins during FY19, including three significant contracts in Q4, with a total contract value of €55m in subscription revenue over a 5 year term

Financial Result Commentary

Commenting on the results, Chief Executive Officer Michael Kelly said: “Following a successful listing on the ASX on 16 August 2019, we are pleased to announce the results for the financial year ending 30 June 2019 which saw FINEOS achieve record revenues of €62.8m as well as exceeding our IPO Prospectus forecast for the year.

Revenue growth includes a 30.8% increase in software subscription revenue over the previous financial year (FY18), driven by continued growth in revenue from FINEOS’ flagship product, FINEOS Claims, as well as upselling of new product modules to clients and the impact of a number of significant new client wins in Q4 FY19. All new subscription revenue is earned on our cloud-based SaaS pricing model, which delivers higher margins than professional services revenue.

“Services revenue for the year of €39.5 million was up 24.6% on FY18 and also up 2.9% on the IPO Prospectus forecast, reflecting new business wins with both existing and new name customers.

“Our consistent commitment to investing in R&D continued in FY19, with 36% of revenue, or €22.8 million, invested in product development to expand the capabilities of the FINEOS Platform.”

Increased headcount, primarily in Support & Cloud Operations supporting ongoing growth, as well as an increase in General and Administration (G&A) expenses relating to the FINEOS IPO resulted in a 13.2% increase in total operating expenses to €33.6 million, up from €29.7 million in FY18.

On a pro forma basis, excluding these one-off G&A costs, EBITDA was €8.4 million, up 7.5% on the €7.8 million in FY18 and 18.4% ahead of the €7.1m prospectus forecast, despite increased headcount across Cloud Operations and Sales and Marketing to support the company's growth strategy.

A statutory net loss after tax for the year of €1.8 million was reported, which was ahead of the IPO Prospectus forecast loss of €2.8m and down from a net profit after tax in FY18 of €1.4m.

Operational Highlights

During FY19 FINEOS expanded geographically, setting up new bases in Spain and Hong Kong, and overall headcount increased by 11% on FY18 to 664. Employee retention levels remained consistently high, while professional services average utilisation rate for the year was at 86%, reflecting high customer demand.

In November 2018 FINEOS' first client went live on the newly developed FINEOS Policy and FINEOS Billing product modules, meaning all of the FINEOS AdminSuite product modules are now live in production.

Kelly commented: "This is a significant milestone for FINEOS given we invested over €90m in R&D to build FINEOS AdminSuite over the past 5 years. With all product modules live in production, we now have a modern, proven and modular core solution which Life, Accident and Health insurers can use to modernise and transform their business and remove reliance on old legacy core systems. Thus, we have expanded from being the leading Claims Management solution provider to becoming a full core suite and SaaS platform provider for Life, Accident and Health. We are committed to ongoing product innovation and investment to ensure our clients maintain compliance and take advantage of technology advances in line with the continually evolving and fast moving market dynamics."

FY20 Outlook

FINEOS reaffirms its FY20 outlook as disclosed in the IPO prospectus lodged on 26 July 2019.

In relation to FY20 forecast revenue, 89% is currently classified in Order Book and Closing Deals, with the 11% remaining in Order Fill. A healthy pipeline is in place to support the remaining Order Fill balance for FY20.

During the first 8 weeks of FY20, four small new name contracts have been signed with North American Insurers, all for a minimum 5 year term.

Results call details:

Investors and analysts are invited to join a conference call hosted by Michael Kelly, CEO and Tom Wall, CFO on Thursday 29 August at 5pm AEST.

Participants can register for the conference call at the link below and will receive their dial in number upon registration:

<https://s1.conf.com/DiamondPassRegistration/register?confirmationNumber=10001826&linkSecurityString=7ab23acda>

Alternatively, if you are unable to pre-register please dial one of the numbers below and provide the **conference ID: 10001826**

Australia: 1800 908 299

Ireland: 1800 948 607

International: +61 2 9007 8048

Investor enquiries:

Orla Keegan, Head of Investor Relations

P: +353 87 379 4920

E: orla.keegan@FINEOS.com

About FINEOS:

FINEOS (ASX:FCL) is a leading provider of core systems for life, accident and health insurance carriers globally with 6 of the 10 largest group life and health carriers in the US as well as 6 of the 10 largest life and health carriers in Australia. With employees and offices throughout the world, FINEOS continues to scale rapidly, working with innovative progressive carriers in North America, Europe, and Asia Pacific.

The FINEOS Platform provides customers full end to end core administration for group, voluntary and individual across life, accident and health. The FINEOS Platform includes the FINEOS AdminSuite core product suite as well as add-on products, FINEOS Engage to support digital engagement and FINEOS Insight for analytics and reporting.

For more information, visit www.FINEOS.com