



NEWS RELEASE

ISC® REPORTS FOURTH QUARTER AND YEAR-END FINANCIAL RESULTS FOR 2019

3/17/2020

REGINA, Saskatchewan, March 17, 2020 (GLOBE NEWSWIRE) -- Information Services Corporation (TSX:ISV) ("ISC" or the "Company") today reported on the Company's financial results for the fourth quarter and year ended December 31, 2019.

Commenting on ISC's results, Jeff Stusek, President and CEO stated, "In 2019, we delivered \$133 million in revenue and \$39 million in EBITDA – both new records for us. As always, the strength of our Registry Operations segment helped lay the foundation for these results, strongly supported by our Services and Technology Solutions segments." Stusek continued, "Registry Operations is more efficient than ever. Services has built a reputation for responsive customer service, which is leading to the winning of new customers and expansion of services offered to existing customers. Technology Solutions is continuing to gain traction as a key piece of our portfolio. Looking ahead, I am optimistic about our future and growth potential."

Fourth Quarter 2019 Highlights

- Revenue was \$37.9 million for the quarter, an increase of \$6.9 million or 22.3 per cent compared to the fourth quarter of 2018 largely due to the completion of milestones in current contracts within Technology Solutions and continued growth in Services.
- Net income for the quarter was \$7.3 million or \$0.42 per basic and diluted share compared to \$3.2 million or \$0.18 per basic and diluted share in 2018. The year-over-year increase is mainly due to the increased revenue in Technology Solutions and Services.

- EBITDA for the fourth quarter of 2019 was \$12.3 million, compared to \$8.1 million for the same quarter last year due to increased results in all segments.
- The EBITDA margin for the fourth quarter of 2019 was 32.5 per cent compared to 26.1 per cent in the same quarter in 2018. The unusual increase in the quarter was due to the recognition of licence revenue with milestone achievements in our Technology Solutions segment.
- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was \$12.7 million for the quarter compared to \$8.3 million in the same quarter last year.
- Free cash flow for quarter was \$9.5 million, an increase of \$3.6 million compared to the fourth quarter of 2018 due to higher results of operations.
- On November 6, 2019, our Board declared a quarterly cash dividend of \$0.20 per Class A Limited Voting Share ("Class A Share"), paid on January 15, 2020, to shareholders of record as of December 31, 2019.

Year-end 2019 Highlights

- Revenue was \$133.0 million for the year, an increase of \$13.8 million or 11.6 per cent compared to \$119.1 million for the previous year. The increase was due to the higher revenue generated by Services and Technology Solutions.
- Net income for the year was \$19.4 million or \$1.11 per basic and diluted share compared to \$18.6 million or \$1.06 per basic share and diluted share last year. The increase was the result of increased results in all segments and lower overall corporate costs for 2019.
- EBITDA for the year was \$39.0 million compared to \$38.1 million last year, an increase of \$0.9 million.
- The EBITDA margin for the year was 29.3 per cent compared to 32.0 per cent for 2018. The reduction in year-over-year EBITDA margin was due to the impact of the contingent consideration adjustment in 2018, which produced the unusual 2018 margin. Absent the contingent consideration adjustment, the EBITDA margin for 2018 would have been 29.0 per cent.
- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was \$40.0 million for the year, up compared to \$35.6 million last year, with an adjusted EBITDA margin of 30.1 per cent for 2019, compared to 29.9 per cent last year.
- Free cash flow for the year increased to \$30.0 million, compared to \$27.4 million for the same period of 2018 due to higher results of operations.
- On February 19, 2019, the Company announced that its wholly owned subsidiary, ESC Corporate Services Ltd. ("ESC"), acquired substantially all the assets used in the business of Securefact Transaction Services, Inc. ("Securefact") for \$6.8 million by way of an asset purchase agreement.
- On October 9, 2019, the Company announced that our wholly owned Irish subsidiary, Enterprise Registry Solutions Limited ("ERS"), signed an agreement with the Irish Aviation Authority to implement and support its

new Safety Regulation System. The total value of the implementation contract is approximately \$7.0 million, with a subsequent agreement expected for system support and maintenance. The new system is expected to go-live in 2021.

- In September 2019, the Company made the decision to close three regional service centres in Saskatchewan due to a steadily declining need for counter service and customers' adoption of online services offered by the Company.

Financial Position as at December 31, 2019

- Cash of \$23.7 million compared to \$28.7 million as at December 31, 2018, a decrease of \$4.9 million.
- Total debt of \$18.0 million compared to \$20.0 million as at December 31, 2018, down \$2.0 million.

Subsequent Event

- On March 17, 2020, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before April 15, 2020, to shareholders of record as of March 31, 2020.

Management's Discussion of ISC's Summary of Fourth Quarter and Year-end 2019 Financial Results

(thousands of CAD dollars; except earnings per share and where noted)	Quarter Ended December 31, 2019	Quarter Ended December 31, 2018 (restated) ²	Year Ended December 31, 2019	Year Ended December 31, 2018 (restated) ²
Revenue				
Registry Operations	\$ 18,069	\$ 16,780	\$ 70,399	\$ 70,259
Services	13,519	11,591	51,230	42,384
Technology Solutions	9,333	6,276	24,246	21,225
Corporate and other	(2,979)	(3,632)	(12,907)	(14,737)
Consolidated revenue	\$ 37,942	\$ 31,015	\$ 132,968	\$ 119,131
Consolidated expenses	\$ 28,308	\$ 25,887	\$ 105,342	\$ 96,349
Consolidated EBITDA ¹	\$ 12,330	\$ 8,084	\$ 39,026	\$ 38,124
Consolidated EBITDA margin ¹ (% of revenue)	32.5 %	26.1%	29.3%	32.0%
Consolidated adjusted EBITDA ¹	\$ 12,684	\$ 8,266	\$ 40,028	\$ 35,578
Consolidated adjusted EBITDA margin ¹	33.4 %	26.7%	30.1%	29.9%
Consolidated net income	\$ 7,347	\$ 3,158	\$ 19,400	\$ 18,637
Earnings per share (basic)	\$ 0.42	\$ 0.18	\$ 1.11	\$ 1.06
Earnings per share (diluted)	\$ 0.42	\$ 0.18	\$ 1.11	\$ 1.06
Free cash flow ¹	\$ 9,550	\$ 5,928	\$ 29,996	\$ 27,411

¹ EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other companies, refer to section 8.8 "Non-IFRS financial measures". Refer to section 2 "Consolidated Financial Analysis" in Management's Discussion & Analysis for the year ended December 31, 2019 for a reconciliation of EBITDA and adjusted EBITDA to net income. Refer to section 6.1 "Cash Flow" in Management's Discussion & Analysis for the year ended December 31, 2019 for a reconciliation of free cash flow.

2 On January 1, 2019, the Company adopted IFRS 16 using the full retrospective method and therefore the 2018 comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. Refer to Note 2 of the Financial Statements for the years ended December 31, 2019 and 2018 for further details.

2019 Results of Operations

- Total revenue was \$133.0 million, up \$13.8 million (+11.6 per cent) compared to 2018.
- Registries segment revenue was \$70.4 million, flat compared to 2018.
 - Land Registry revenue was \$48.9 million, down \$1.1 million (-2.3 per cent) compared to 2018.
 - Personal Property Registry was stable at \$10.2 million compared to 2018.
 - Corporate Registry revenue was stable at \$10.2 million compared to 2018.
- Services segment revenue was \$51.2 million, up \$8.8 million (+20.9 per cent) compared to 2018.
- Consolidated expenses (all segments) were \$105.3 million (+9.3 per cent) compared to \$96.3 million for 2018.
- Net income for the year ended December 31, 2019, was \$19.4 million or \$1.11 per basic and per diluted share. For the year ended December 31, 2018, net income was \$18.6 million or \$1.06 per basic and per diluted share.
- Capital expenditures for 2019 were \$3.9 million, compared to \$2.8 million in 2018.

Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities and our future financial position and results, including expected revenue, EBITDA, EBITDA margin and capital expenditures. Refer to “Caution Regarding Forward-Looking Information” in Management’s Discussion & Analysis for the year ended December 31, 2019.

ISC has built a strong, sustainable and growing business underpinned by our two largest segments, Registry Operations and Services. These two segments deliver consistency and growth, respectively, while our Technology Solutions segment focuses to become a meaningful contributor to our consolidated results in the years to come.

In 2020, we expect to deliver continued organic growth, driven by our Services segment, through the expansion of offerings to existing customers as well as the acquisition of new customers throughout the year. The Company will also explore appropriate acquisition targets which are complementary to or add value to existing lines of business. The diversification of our business remains a key part of our strategy, which we will continue to pursue. We also expect to spend between \$2.0 million and \$4.0 million on business as usual capital expenditures.

Although we expect Saskatchewan's economy to remain flat in 2020 as it pertains to the registries, Registry Operations will continue to be a strong contributor to results in 2020, due largely to the high level of operational efficiency and the resulting strong cash flow this segment generates on a consistent basis. In Technology Solutions, as projects continue to move into the implementation and completion phases in 2020, we expect to recognize increased revenue and profitability on those contracts. Many of those will move into maintenance and we will continue to pursue new contracts in both the registry and regulatory sectors.

In addition, we are monitoring the potential impact of the current outbreak of the novel coronavirus (COVID-19) on our people, operations and business. The situation is evolving rapidly and we will continue to assess any effect on the Company's operations and the economies in which we operate.

Based on the previous details, in 2020 the Company revenue is expected to be between \$135.0 million and \$139.0 million, EBITDA to be between \$37.0 million and \$41.0 million and an EBITDA margin between 26.0 per cent and 30.0 per cent.

Note to Readers

The Board of Directors ("Board") of ISC is responsible for review and approval of this disclosure. The Audit Committee of the Board, which is comprised exclusively of independent directors, reviews and approves the fiscal year-end Management's Discussion and Analysis and financial statements and recommends both to the Board for approval. The interim financial statements and MD&A are reviewed and approved by the Audit Committee.

This news release provides a general summary of ISC's results for the years ended December 31, 2019 and 2018. Readers are encouraged to download the Company's complete financial disclosures. Links to ISC's financial statements and related notes and MD&A for the period are available on our website in the Investor Relations section at www.company.isc.ca.

Copies can also be obtained at www.sedar.com by searching Information Services Corporation's profile or by contacting Information Services Corporation at investor.relations@isc.ca.

All figures are in Canadian dollars unless otherwise noted.

Conference Call and Webcast

The Company will hold an investor conference call on Wednesday, March 18, 2020 at 11:00 a.m. ET (9 a.m. MT) to discuss the results. Participants may join the call by dialing toll-free 1-844-419-1765 or 1-216-562-0470 for calls outside North America. Simultaneously, an audio webcast of the conference call will also be available at the following link www.company.isc.ca/investor-relations/events. The audio file with a replay of the webcast will be available about 24 hours after the event on ISC's website at the link above. Media are invited to attend on a listen-only basis.

About ISC®

Headquartered in Canada, ISC® is the leading provider of registry and information management services for public data and records. Throughout our history, we have delivered value to our clients by providing solutions to manage, secure and administer information through our Registry Operations, Services and Technology Solutions segments. ISC® is focused on sustaining its core business while pursuing new growth opportunities. The Class A Shares of ISC® trade on the Toronto Stock Exchange under the symbol ISV.

Cautionary Note Regarding Forward-Looking Information

This news release contains forward-looking information within the meaning of applicable Canadian securities legislation including, without limitation, those contained in the "Outlook" section hereof and statements related to the industries in which we operate, growth opportunities and our future financial position and results including expected revenue, EBITDA and capital expenditures. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to changes in the condition of the economy, including those arising from public health concerns reliance on key customers and licences, dependence on key projects and clients, securing new business and fixed-price contracts, identification of viable growth opportunities, implementation of our growth strategy, competition and other risks detailed from time to time in the filings made by the Company including those detailed in ISC's Annual Information Form for the year ended December 31, 2019 and ISC's audited Consolidated Financial Statements and Notes and Management's Discussion and Analysis for the fourth quarter and year ended December 31, 2019, copies of which are filed on SEDAR at www.sedar.com.

The forward-looking information in this release is made as of the date hereof and, except as required under applicable securities legislation, ISC assumes no obligation to update or revise such information to reflect new events or circumstances.

Investor Contact

Jonathan Hackshaw

Director, Investor Relations & Capital Markets

Toll Free: 1-855-341-8363 in North America or 1-306-798-1137

investor.relations@isc.ca

Source: Information Services Corporation