



ISC Reports Fourth Quarter and Year End Financial Results for 2016

March 14, 2017

REGINA, SASKATCHEWAN--(Marketwired - March 14, 2017) - 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, 2016.

Fourth Quarter 2016 Highlights

- Revenue of \$21.2 million
- EBITDA (earnings before interest, taxes, depreciation and amortization) of \$6.8 million
- EBITDA margin of 32.2 per cent
- Net income of \$2.9 million or \$0.17 per basic and diluted share

Full-Year 2016 Highlights

- Revenue of \$88.4 million
- EBITDA of \$29.5 million
- EBITDA margin of 33.4 per cent
- Net income of \$15.5 million or \$0.89 per basic share and \$0.87 per diluted share

Financial Position for the year ended December 31, 2016

- Cash of \$33.7 million
- Free cash flow of \$18.9 million
- Total long-term debt of \$23.4 million

Commenting on the Company's annual results, Jeff Stusek, President and CEO stated, "ISC achieved healthy EBITDA and adjusted EBITDA margins in 2016, albeit slightly lower than the previous year, while posting our fourteenth consecutive quarter of profitability as at December 31, 2016." Stusek continued "Despite flat economic conditions, our continued focus on our customers and our costs has shown that we can generate strong free cash flow in a challenging environment. Looking forward into 2017, you can continue to expect much the same from ISC. We intend to stay the course with our focus on our existing business while looking for opportunities which will position our company for the future."

Management's Discussion of ISC's Summary of Fourth Quarter and Year End 2016 Financial Results

(thousands of CAD dollars; except earnings per share and where noted)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015
<i>Revenue - Registries</i>				
Land Registry	\$ 13,038	\$ 14,816	\$ 54,921	\$ 56,871
Personal Property Registry	2,273	2,407	9,947	9,981
Corporate Registry	2,254	2,038	9,082	8,133
Total	\$ 17,565	\$ 19,261	\$ 73,950	\$ 74,985
<i>Revenue - Services</i>	3,427	3,166	13,639	3,166
<i>Revenue - Other</i>	209	152	786	167
TOTAL Revenue	\$ 21,201	\$ 22,579	\$ 88,375	\$ 78,318
EBITDA ¹	\$ 6,833	\$ 8,188	\$ 29,529	\$ 28,363
EBITDA margin ¹ (% of revenue)	32.2%	36.3%	33.4%	36.2%
Adjusted EBITDA ¹	\$ 7,336	\$ 8,625	\$ 33,454	\$ 30,386
Adjusted EBITDA margin ¹	34.6%	38.2%	37.9%	38.8%
Net income and total comprehensive income	\$ 2,919	\$ 4,567	\$ 15,503	\$ 15,917
Earnings per share (basic) ²	\$ 0.17	\$ 0.26	\$ 0.89	\$ 0.91

Free cash flow ²	\$	3,611	\$	6,689	\$	18,865	\$	21,489
Expenses	\$	18,248	\$	16,219	\$	67,929	\$	55,730

1. EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow are not recognized as a measure under IFRS and do not have a standardized meaning prescribed by IFRS. See section name "Non-IFRS Measures" in Management's Discussion and Analysis for the year ended December 31, 2016.

2. The calculation of earnings per share is based on net income after tax and the weighted average number of shares outstanding during the period.

2016 Results of Operations

- Total revenue for ISC for the year ended December 31, 2016, was \$88.4 million, an increase of 12.8 per cent, compared to 2015.
- Revenue for our Registries segment for 2016 was \$74.0 million, a decrease of 1.4 per cent, compared to 2015.
 - Revenue for the Land Registry was \$54.9 million for 2016, a decrease of 3.4 per cent, compared to 2015.
 - Revenue for the Personal Property Registry was stable at \$9.9 million, which represents a negligible decrease of 0.3 per cent from the same period in 2015.
 - Revenue for the Corporate Registry was \$9.1 million, up 11.7 percent or \$0.9 million, compared to the year ended December 31, 2015. The increase is due to revenue from the Common Business Identifier program.
- The revenue in our Services segment for the year ended December 31, 2016, was \$13.6 million, an increase of \$10.5 million compared to 2015. The increase was primarily due to ESC's revenue contribution of 12 months in 2016 compared to three months in 2015.
- Consolidated expenses (all segments) for 2016 were \$67.9 million, an increase of 21.9 per cent, compared to \$55.7 million for the same period of 2015.
- Depreciation and amortization costs were \$8.4 million for the year ended December 31, 2016, compared to \$5.7 million in the same period of 2015. The increase was mainly due to the additional depreciation from capital assets of our Services segment and the acceleration of depreciation of certain assets replaced by the new technology system for the Saskatchewan Corporate Registry, due to a reassessment of their useful lives.
- Capital expenses for 2016 were \$6.3 million compared to \$4.0 million for the same period in 2015. Capital expenditures were focused on the renewal and enhancement of technology supporting the Corporate Registry, the acquisition of the interest of a subcontractor in a customer contract within our Services segment and growth identification and execution.
- As at December 31, 2016, the Company held \$33.7 million in cash, compared to \$36.6 million as at December 31, 2015, a decrease of \$2.9 million. As at December 31, 2016, the Company had \$23.4 million of long-term debt.

Outlook

The following section includes forward-looking statements, including statements related to prices charged for services, the anticipated revenue outlook, changes in the economic conditions in Canada and, in particular, Saskatchewan, Ontario and Quebec, timing of any economic recovery, real gross domestic product, economic impact of energy and resource sectors, changes in transaction volumes, impact of pricing changes, changes in high-value property registrations, changes in housing re-sales, housing starts and motor vehicle sales volume, growth of active business entities, expected level and composition of capital expenditures, ability to fund capital expenditures from cash flow, planned re-investment in the business, integration of services and ability to realize synergies, consolidated EBITDA margin, continued focus and impact of cost management efforts, key drivers of expenses, anticipated modest growth of active business entities in Saskatchewan, impact of pricing adjustment to our Core Registry Services, anticipated growth of our Services segment and maintaining margins through cost efficiencies. Refer to the section "Caution Regarding Forward-Looking Statements".

Currently, the majority of the Company's revenue is linked to registry transaction volumes and values driven by economic conditions in Saskatchewan. The remaining portion of our revenue is linked to the overall economic conditions in Ontario and Quebec.

At present, the Company expects the 2017 Saskatchewan economy to be comparable to 2016, which drives our Registries segment results, with stability or some softening of growth anticipated for the central Canadian markets, impacting our Services segment.

The key drivers of expenses will continue to be wages, salaries and information technology costs. The Company will continue to manage costs prudently, maintaining appropriate margins in a challenging economy, while balancing re-investment in the business in order to improve the customer experience or integrate services and realize synergies. In 2017, the Company will also be focused on the integration of ERS into both our business and sales activities.

Based on these factors, ISC expects an EBITDA margin of between 31% and 33% in 2017.

Management expects capital expenditure in 2017 to be in the range of \$5.0 to \$6.0 million, funded from operating cash flow. This expenditure is expected to continue to focus on the maintenance, enhancement and upgrade of core technology components and enterprise systems in both our Registries and Services segments.

Registries

For the Registries segment in 2017, we expect the Saskatchewan economy to continue to be challenged and, therefore, project a neutral to slightly declining revenue environment. The delay in the economic recovery has been longer than most expected, resulting in extended difficulties in certain commodity sectors such as oil and gas and mining. According to several external forecasts, Saskatchewan's real Gross Domestic Product (GDP)

growth is expected to pick up in 2017 after a moderate contraction in 2016.

Overall, our preliminary view is that we expect revenue for the registries business to see some modest declines as a result of the continued economic softness.

External forecasts for some of the key economic drivers of our registries business, such as housing re-sales, housing starts and new motor vehicle sales are expected to show little positive movement in 2017. The 2016 Saskatchewan Consumer Price Index, used for expected pricing changes in 2017, is forecasted to be 1.1 per cent. We currently expect registry segment revenue to be down for 2017 compared to 2016 as a result of moderately lower transaction volumes.

For the Land Registry (which includes revenue from the land titles, survey and geomatics areas), housing re-sale volumes and average land values in 2017 are expected to see softening compared to those in 2016. As well, we do not expect to see the same volume of resource sector transactions as in 2016, which may result in overall lower volumes.

Regarding the Corporate Registry, with a full year of revenue related to the Common Business Identifier program, revenue for 2017 is expected to be near 2016 levels. While in 2016 we observed a decline in incorporation and registration of new businesses volumes, maintenance volumes and revenue from the filing of annual returns was positive. We expect this stability to continue into 2017. We also foresee search revenue increasing as a result of the pricing changes made in 2016.

For the Personal Property Registry, our initial view is that we expect revenues to be down slightly for 2017 compared to 2016, due to slightly lower volumes, as well as some downward price adjustments made in 2016. Provincial population and net migration, employment, retail sales and new motor vehicle sales in Saskatchewan are drivers of activity in the Personal Property Registry. A number of these areas of activity have seen declines in 2016 and we anticipate the declines will continue through 2017.

Services

The revenue in our Services segment is tied to the economic activity that its clients - law firms, financial institutions and professional firms - are undertaking on behalf of companies across Canada. The economic activity has spinoff effects in areas such as credit lending, mergers, acquisitions, incorporations and various new business start up activities that trigger activity for our Services segment.

For 2017, our current view is that we expect a slowing economy to deliver modest growth across most of the Services' business, with some 2016 new business contributing to improving margins and growing revenue in particular segments of the business. We expect some increases in our overall expenses as we continue to invest in additional sales and IT support, to address new customer solutions and continuous improvement of our software solutions for all aspects of our business.

Note to Readers

This news release provides a general summary of Information Services Corporation's results for the fourth quarters and years ended December 31, 2016 and 2015. Readers are encouraged to download the Company's complete financial disclosures. Links to ISC's Audited Consolidated Financial Statements and related Notes and Management's Discussion and Analysis for the period are available on ISC's website in the Investor section of the site at company.isc.ca.

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

All figures are in Canadian dollars unless otherwise noted.

Conference Call and Webcast

An investor conference call will be held on Wednesday, March 15, 2017 at 11:00 a.m. Eastern Time (9 a.m. Saskatchewan time) to discuss the results. Participants may join the call by dialing toll-free (844) 419-1765 or (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

Media are invited to attend on a listen-only basis.

The webcast will be available for replay 24 hours after the event at www.company.isc.ca/investor-relations/events.

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 and services 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 management's expectations and certain assumptions with respect to our registry services, corporate services and information products industry, our competitive landscape, economic conditions in Canada (in particular, Saskatchewan, Ontario and Quebec) and internationally, real estate market in Saskatchewan, economic impact of energy and resource sectors, seasonality, transaction volumes, statements regarding the future financial position or results of ISC, customer growth and diversification, dividend expectations, creation of shareholder value, growth opportunities, capital and operating expectations, real gross domestic product, changes that impact our registry services, such as changes in high-value property registrations, motor vehicle sales volume and the number of active business entities, consolidated EBITDA margin, income taxes, our ability to attract and retain skilled staff, the compensation and benefits that will be paid or provided to employees and our level of customer service, as well as goodwill and intangibles are material factors in preparing forward-looking statements. In addition, the words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indicate", "anticipate", "believe", "estimate", "predict", "project", "targets", "strive", "strategy", "continue", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases are intended to identify forward-looking statements. 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. Although ISC believes the forward-looking information contained in this release is based upon reasonable assumptions, readers are cautioned not to place undue reliance on forward-looking information as it is inherently uncertain and no assurance can be given that the expectations reflected in such information will prove to be correct. Many factors and risks could cause our actual results to differ materially from those expressed or implied by forward-looking information including those detailed in ISC's Annual Information Form, dated March 14, 2017, ISC's Audited Consolidated Financial Statements and Notes and Management's Discussion and Analysis for the fourth quarter and year ended December 31, 2016, as well as other documents filed by ISC with Canadian securities regulators through SEDAR at www.sedar.com from time to time. Investors and others should carefully consider the above-noted factors and risks and other uncertainties and potential events. 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.

Contact Information:

Investor Contact

Jonathan Hackshaw

Director, Investor Relations & Corporate Communications

306-798-2136

investor.relations@isc.ca

Pamela Keck

Manager, Investor Relations

Toll Free: 1-855-341-8363 in North America or 1-306-798-113

investor.relations@isc.ca