bravura solutions

FY20 Results Presentation

26 August 2020

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Agenda

BRAVURA CONTINUES STRONG GROWTH

- Bravura delivered **revenue growth of 6.4%[1], EBITDA growth of 19.0%[1,2,3]** and **NPAT growth of 22.3%[1,4]**. Acquisitions delivered NPAT of A$3.0m
- **Group EBITDA margin** expanded to 21.1%[2,3] (18.8%[2,3] in FY19) reflecting **continued operating leverage expansion**
- **Recurring revenue up 7%[1]** in FY20 and comprised **77% of total revenue** (76% in FY19)
- Wealth Management **revenue up 2.0%[1]** to A$180.4m (A$176.8m in FY19) and **EBITDA down 1.8%[1]** to A$52.9m[2] (A$53.9m[2] in FY19); FY20 **EBITDA margin was 29.3%[2]** (30.5%[2] in FY19)
- Funds Administration **revenue up 16.0%[1]** to A$93.8m (A$80.9m in FY19) and **EBITDA up 32.8%[1,2]** to A$43.0m[2] (A$32.3m[2] in FY19); FY20 **EBITDA margin of 45.8%[2]** (40.0%[2] in FY19)
- Bravura invested over A$36m in the product suite during the period to capitalise on a strong and growing sales pipeline
- There is a growing demand for **digital solutions across our product suite, from adviser through to core registry,** accelerated by COVID-19, for which Bravura is well placed
- The demand for **automation** and **straight through processing (STP)** continues to grow, supported by Bravura's market leading Sonata solution
- Bravura provides **highly functional core registry offerings led by Sonata**, supported by an **ecosystem of microservices solutions**
- Despite the difficult environment, Bravura continued to provide **mission critical software infrastructure without disruption** to our client base, while also **delivering growth** during the period

1. Compared to FY19
2. The IFRS16 reporting line changes have not been applied to the calculation of EBITDA
3. Interest income of A$0.5m was reclassified from corporate costs to interest income in FY19
4. FY20 NPAT includes a A$2.3m deferred tax credit arising from the acquisitions completed during the period which will reverse over time

IMPACT OF COVID-19

- A significant proportion of Bravura's products and services are delivered remotely, so Bravura was well equipped to handle the change to remote working entirely.

- Effective contingency planning led to continued support for existing clients without disruption.

- Bravura's smooth transition to remote working allowed the implementation of a technology solution that enabled Bravura clients to bulk handle the influx of early release of superannuation requests in response to COVID-19 legislative changes in Australia.

- Current sales opportunities continue to progress albeit with a lengthening of the sales cycle.

FY20 KEY HIGHLIGHTS

Market needs continue to evolve

- Bravura's long-term growth is driven by clients' need to address speed to market for new products, the growing importance of a seamless digital experience, ongoing changes in financial services regulation, and pressure to increase operational efficiency
- Clients are placing a greater emphasis on an ecosystem of solutions. This shift is benefiting Bravura's strategy of creating an ecosystem of microservices around core registry solutions and extending coverage of the value chain into adviser technology, which is meeting this demand. Bravura will accelerate its investment in this ecosystem in FY21

Continued investment is driving strong growth opportunities

- **Bravura's sales pipeline is strong and growing**, with significant opportunities **across all key markets.** Bravura, along with existing clients, continued to develop its market leading Sonata offering, **with R&D of over A$36m** invested across the product suite
- Bravura's compelling value proposition, enhanced by an **ecosystem of microservices, digital solutions** and **automation offerings**, supports our clients in an increasingly remote engagement world while continuing to support their regulatory compliance and cost management in both Wealth Management and Funds Administration
- The acquisition of Midwinter and FinoComp add to the overall growth strategy

Strong business performance is delivering attractive shareholder returns

- **Final dividend declared of 5.5 cents per share**, bringing the full-year payout ratio to 67% of FY20 NPAT

A$m	FY19	FY20	% chg
Group			
Revenue	257.7	274.2	6%
EBITDA[1, 2]	48.6	57.8	19%
NPAT[3]	32.8	40.1	22%
Segments			
Wealth Management revenue	176.8	180.4	2%
Wealth Management EBITDA	53.9	52.9	-2%
Funds Administration revenue	80.9	93.8	16%
Funds Administration EBITDA	32.3	43.0	33%
Margins			
EBITDA margin	18.8%	21.1%	2.2%
NPAT margin	12.7%	14.6%	1.9%

1. The IFRS16 reporting line changes have not been applied to the calculation of EBITDA
2. Interest income of A$0.5m was reclassified from corporate costs to interest income in FY19
3. FY20 NPAT includes a A$2.3m deferred tax credit arising from the acquisitions completed during the period which will reverse over time

BRAVURA CONTINUES STRONG GROWTH

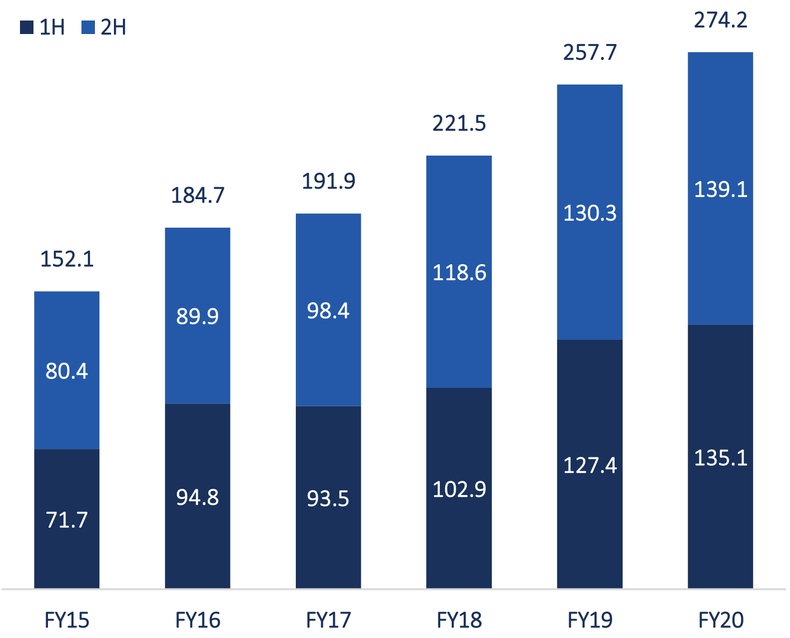
A$m	FY19	FY20	$ chg	% chg
Wealth Management[1]	176.8	180.4	3.6	2%
Funds Administration	80.9	93.8	12.9	16%
Total revenue	257.7	274.2	16.5	6%
Wealth Management[1]	53.9	52.9	-1.0	-2%
Funds Administration	32.3	43.0	10.6	33%
Corporate[2]	-37.7	-38.1	-0.4	1%
EBITDA[3]	48.6	57.8	9.2	19%
D&A	-6.5	-9.4	-3.0	46%
EBIT	42.1	48.4	6.3	15%
Net interest and FX expense	-0.6	-1.2	-0.7	111%
Profit before tax	41.5	47.1	5.6	14%
Tax expense[4]	-8.7	-7.0	-1.7	-19%
NPAT	32.8	40.1	7.3	22%
EPS (A$ cps)	15.0	16.5	1.5	10%

1. Midwinter and FinoComp acquisitions are reported within Wealth Management
2. Interest income of A$0.5m was reclassified from corporate costs to interest income in FY19
3. The IFRS16 reporting line changes have not been applied to the calculation of EBITDA
4. FY20 NPAT includes a A$2.3m deferred tax credit arising from the acquisitions completed during the period which will reverse over time

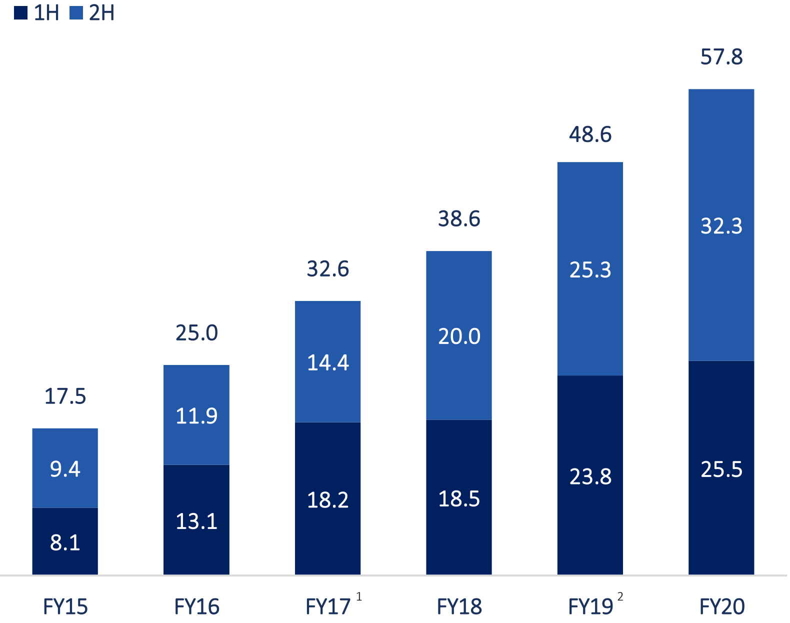
- **Wealth Management** revenue up 2.0% and EBITDA down 1.8%. EBITDA margin decreased to 29.3% in FY20 (30.5% in FY19). The lower EBITDA and margin result reflected lower licence fees of A$7.9m in FY20, compared to A$10.4m in FY19.
- **Wealth Management** sales pipeline continues to grow, with significant opportunities across all key markets.
- **Funds Administration** revenue up 16.0% and EBITDA up 32.8%. EBITDA margin increased to 45.8% in FY20 (40.0% in FY19). The segment benefited from higher licence fees of A$9.0m driven by a contract extension. Funds Administration also saw increased implementation and project work arising across its client base.
- **Corporate costs** in FY20 included approximately A$1.2m in acquisition-related expenses and benefited from improved administrative productivity.
- **Depreciation and amortisation** increased, driven by office refurbishments, IT hosting and infrastructure investments and amortisation resulting from the acquisitions. This is expected to increase further in FY21.
- **Tax expense** of A$7.0m represented an effective tax rate of 15% and included a A$2.3m deferred tax credit arising from the acquisitions completed during the period which will reverse over time.
- **NPAT** up 22.3% to A$40.1m

STRONG LONG-TERM REVENUE AND EARNINGS GROWTH

Revenue (A$m)

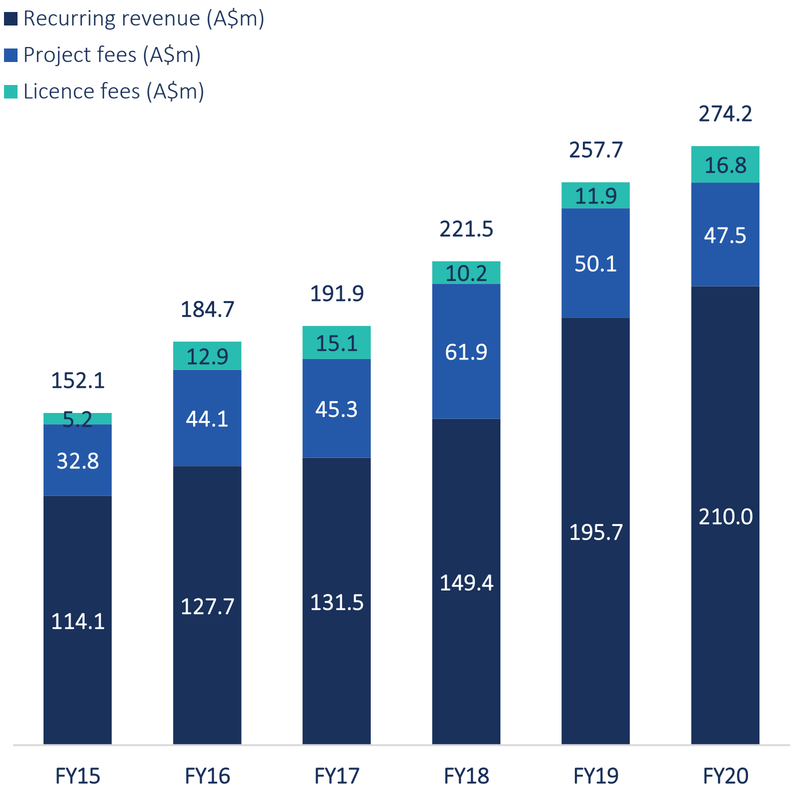


EBITDA (A$m)



1. FY17 EBITDA is presented on a pro forma basis
2. Interest income of A$0.5m was reclassified from corporate costs to interest income in FY19

STRONG GROWTH IN RECURRING REVENUE



- **Recurring revenue is up 7%** in FY20 compared to the pcp and comprises **77% of total revenue**
- Recurring revenue has grown as new clients are added and existing clients broaden their use of functionality, supported by the long-term nature of Bravura's client contracts
- Bravura's significant recurring revenue base provides a high degree of certainty around its long-term earnings profile and future cash flow expectations
- New contract wins also attract implementation fees over the initial 2 to 3 year period, as clients deeply embed Bravura's solutions into their business's core operating model

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- Recurring revenue comprises maintenance, managed services, SaaS and in-production professional services from ongoing client demand
- Project fees comprise professional services from initial implementation and development requirements
- Licence fees are earned on a one-off or recurring basis

STRONG FINANCIAL POSITION

A$m	FY19	FY20
Cash	194.8	99.1
Trade receivables	23.7	43.8
Intangible assets	113.5	196.2
Property, plant and equipment	21.2	63.4
Other assets	26.9	32.4
Total assets	380.2	434.8
Trade payables	11.6	12.9
Contract liabilities	34.9	32.0
Borrowings	0.0	0.0
Lease liabilities[1]	0.2	42.3
Other liabilities	42.1	36.9
Total liabilities	88.7	124.1
Net assets	291.5	310.8

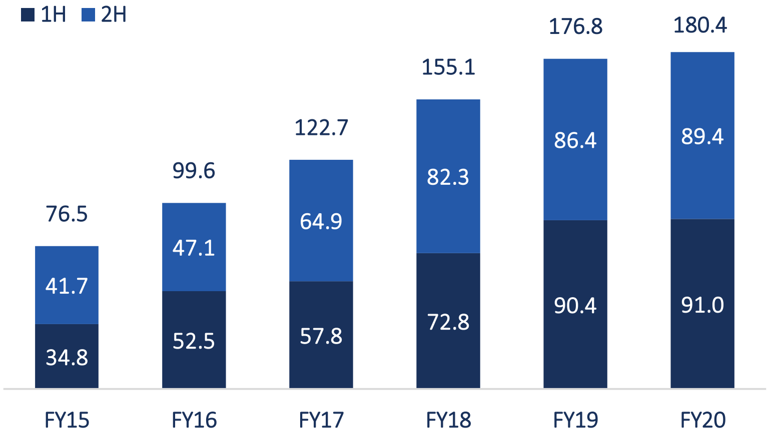
1. Increase in lease liabilities associated with IFRS16

- Bravura is in a robust financial position, with cash of A$99.1m at balance date. Bravura continues to evaluate a pipeline of additional acquisitive and organic growth opportunities.
- Bravura acquired Midwinter, a provider of award-winning financial planning software in August 2019 for A$50m.
- Bravura acquired FinoComp, a leading provider of registry-agnostic and highly flexible microservices in October 2019 for A$25m.
- Intangible assets have increased to A$196.2m and includes intangibles of A$78.9m recognised from acquisitions.
- Operating cash flow (excluding taxes paid) was A$32.4m in FY20, reflecting cash conversion of 56% (110% in FY19). Cash conversion was driven by significant early payments received in the preceding period (152% in 2H19). This is in line with the long-term trend.
- Trade receivables reduced to A$23.8m as at 31 July 2020. Had this cash been collected in FY20, cash conversion (excluding taxes paid) would have been 91%.
- Long-term cash flow is supported by predictable, long-term, client contracts.

WEALTH MANAGEMENT

A$m	FY19	FY20	$ chg	% chg
Segment revenue	176.8	180.4	3.6	2%
Segment EBITDA	53.9	52.9	-1.0	-2%
Segment EBITDA margin	30.5%	29.3%		
Licence fees	10.4	7.9	-2.4	-24%

Revenue (A$m)

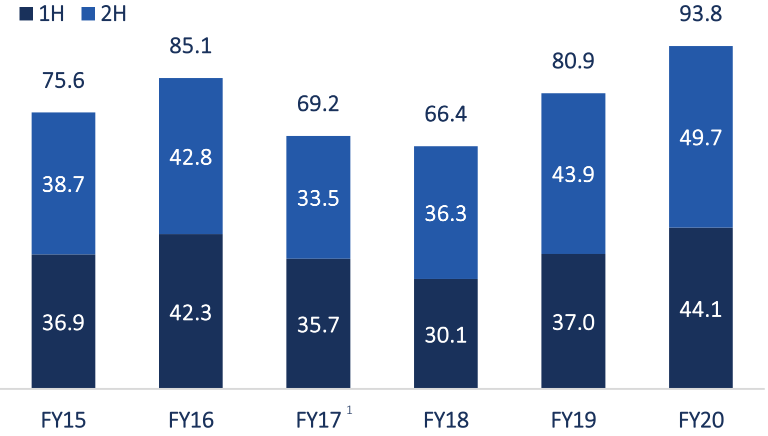


- Revenue up 2.0% and EBITDA down 1.8%. EBITDA margin decreased to 29.3% in FY20 (30.5% in FY19)
- The lower EBITDA and margin result reflected lower licence fees of A$7.9m in FY20, compared to FY19, which benefited from A$10.4m in licence fees
- The sales pipeline remains strong, with significant opportunities across all key markets. The uncertainty arising from COVID-19 has resulted in a lengthening of the sales cycle
- Bravura have seen accelerated demand from small to medium independent financial adviser groups in Australia and a growing pipeline for digital advice
- Bravura continued development work with existing clients to enhance the market leading Sonata offering, investing over A$36m in R&D across the product suite
- Amongst other sales, FinoComp signed a new contract with a new client, a UK financial services provider, to implement a broader suite of **microservices** which highlights the market demand for an **ecosystem offering.** Bravura is accelerating its investment in this product ecosystem strategy in order to capitalise on significant industry demand

FUNDS ADMINISTRATION

A$m	FY19	FY20	$ chg	% chg
Segment revenue	80.9	93.8	12.9	16%
Segment EBITDA	32.3	43.0	10.6	33%
Segment EBITDA margin	40.0%	45.8%		
Licence fees	1.3	9.0	7.7	606%

Revenue[1] (A$m)



1. FY17 revenue performance relative to FY16 was impacted by the decline in the GBP:AUD

- Revenue up 16.0% and EBITDA up 32.8%. EBITDA margin increased to 45.8% in FY20 (40.0% in FY19)
- Excluding licence fees, the segment saw EBITDA growth of 9.3% and margin expansion of 99 basis points
- The segment benefited from higher licence fees of A$9.0m driven by a contract extension. Funds Administration also saw increased implementation and project work arising across its client base
- Bravura's strong market credentials in providing core fund administration systems, digital solutions and highly advanced straight through messaging capabilities are driving a pipeline of work from new and existing clients in current and new markets

KEY MARKET THEMES

Bravura provides best-in-class, innovative solutions that provide mission critical infrastructure to the world's leading financial solutions.

Key market themes:

- ✓ **Digital solutions.** Accelerated by the global pandemic, demand has grown for enhanced digital solutions across our product suite, from adviser through to core registry, that allow financial institutions to interact digitally with their end clients.
- ✓ **Automation.** The financial services industry continues to seek internal operational efficiencies that include decreased reliance on manual processes and outsourcing.
- ✓ **Microservices ecosystems.** Microservices are self-contained software that perform single functions that can be easily linked to all registry offerings. While their sales value is smaller, these solutions are quicker to implement and there are more opportunities for each microservice. The market continues to move towards implementing an ecosystem of microservices around core registry offerings.

Bravura continues its long history of R&D investment to strengthen and enhance its leading position to capitalise on these key market themes through FY21 and into FY22

FY21 OUTLOOK

Strong sales pipeline with a growing number of transformational opportunities

- While the increased market uncertainty arising from COVID-19 provides opportunities for Bravura across digital, automation and microservices ecosystems, timing of deal closure is more difficult to predict
- Bravura's strong and growing sales pipeline is driven by transformational opportunities from new clients, supported by expansion into new markets, segments and acquisitive growth opportunities. Bravura is accelerating its R&D investment to meet the anticipated increasing demand over the medium term
- Bravura is well placed to take advantage of the strong demand for its product portfolio across all markets underpinned by clients' need for: speed to market for new products, digital capabilities, navigating maturing and evolving regulation and extracting operational efficiencies

FY21 outlook

- While the new sales pipeline remains strong, due to the wider impact of COVID-19 there is greater uncertainty in the timing of deal closures when compared to prior years. It is therefore possible that FY21 NPAT will be similar to FY20.

Appendices

STATUTORY INCOME STATEMENT

A$m	FY19	FY20	$ chg	% chg
Revenue from contracts with customers	257.7	272.4	14.7	6%
Other income	0.5	2.8	2.3	463%
Depreciation and amortisation[1]	-9.0	-19.4	-10.5	117%
Foreign exchange gain/(loss)	-0.9	-1.4	-0.5	58%
Finance costs[2]	-0.2	-2.8	-2.6	nm
Total other operating expenses	-206.6	-204.5	2.2	-1%
Profit before tax	**41.5**	**47.1**	**5.6**	**14%**
Income tax expense[3]	-8.7	-7.0	1.7	-19%
NPAT	**32.8**	**40.1**	**7.3**	**22%**

1. Depreciation and amortisation in the reporting period includes depreciation of right-of-use assets following the adoption of IFRS16 on 1 July 2019
2. Includes A$2m of accretion expense associated with lease liabilities following the adoption of IFRS16 on 1 July 2019
3. FY20 NPAT includes a A$2.3m deferred tax credit arising from the acquisitions completed during the period which will reverse over time

STATUTORY STATEMENT OF FINANCIAL POSITION

A$m	FY19	FY20
Cash	194.8	99.1
Trade receivables	23.7	43.8
Other current assets	18.1	21.9
Total current assets	**236.6**	**164.8**
Intangible assets	113.5	196.2
Other non-current assets	30.0	73.8
Total non-current assets	**143.5**	**270.1**
Total assets	**380.2**	**436.8**
Borrowings	0.0	0.0
Contract liabilities	33.3	31.5
Lease liabilities[1]	0.2	7.8
Other current liabilities	43.5	35.4
Total current liabilities	**76.9**	**74.4**
Contract liabilities	1.6	0.5
Lease liabilities[1]	3.0	34.5
Other non-current liabilities	7.2	14.7
Total non-current liabilities	**11.8**	**49.6**
Total liabilities	**88.7**	**124.1**
Total equity	**291.5**	**310.8**

1. Increase in lease liabilities associated with IFRS16

STATUTORY CASH FLOW STATEMENT

A$m	FY19	FY20
Receipts from customers	285.5	270.6
Payments to suppliers and employees	-232.6	-239.4
Interest received	0.5	1.2
Income taxes paid	-6.9	-13.0
Total operating cash flow (direct method)	**46.5**	**19.4**
Acquisition of subsidiaries	0.0	-66.6
Purchase of property, plant, and equipment	-13.3	-12.5
Payments for capitalised software development	-4.0	-8.6
Total investing cash flow	**-17.3**	**-87.8**
Proceeds from share issue	166.2	0.0
Payments of share issue costs	-4.0	-0.0
Proceeds from borrowings	0.0	0.0
Repayment of borrowings	-12.4	0.0
Lease payments[1]	0.0	-5.6
Finance costs paid	-0.6	-0.3
Dividend paid	-21.0	-20.5
Total financing cash flow	**128.2**	**-26.5**
Net increase in cash	**157.4**	**-94.8**
Effects of exchange rate changes on cash	0.5	-0.9
Cash at the end of the period	**194.8**	**99.1**

A$m	FY19	FY20
NPAT	**32.8**	**40.1**
Depreciation and amortisation	9.0	19.4
Financing costs	0.2	2.8
Share-based payments	1.6	2.4
Net unrealised exchange differences	-0.6	0.1
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other debtors, contract assets	*2.3*	*-25.1*
(Increase)/decrease in other current assets	*-0.8*	*-1.3*
(Increase)/decrease in deferred tax assets	*-1.0*	*0.9*
Increase/(decrease) in trade and other payables	*1.2*	*1.3*
Increase/(decrease) in provision for income tax	*2.9*	*-4.3*
Increase/(decrease) in contract liabilities	*-4.2*	*-2.9*
Increase/(decrease) in deferred tax liabilities	*-0.2*	*-0.9*
Increase/(decrease) in provisions and other liabilities	*3.4*	*-13.1*
Total operating cash flow (indirect method)	**46.5**	**19.4**

1. Under IFRS16, rental cash payments in relation to lease liabilities is classified within financing activities, effective 1 July 2019

BRAVURA'S ECOSYSTEM

Bravura provides digital enterprise software solutions supporting sophisticated financial services products across front, middle and back office, including digital delivery across multiple devices to advisers and end consumers.

Products

- Investment products
- Wrap platforms
- Superannuation and pension
- Life insurance
- Private wealth and portfolio admin
- Funds administration
- Microservices
- Adviser support

Front-office | Middle-office | Back-office

Processes

- New product creation
- Product distribution
- Compliance and auditing
- Administration, workflow and correspondence
- Valuations and modelling

Features

- Digital platform
- Available as an installed or hosted model
- Processes multiple financial products
- Compliant across multiple jurisdictions
- Highly secure record keeping
- Scalable, modern technology

BRAVURA ADDRESSES KEY CLIENT CHALLENGES

Challenges faced by participants…

1. Evolving and complex regulatory environment
2. Demand for mobile and “self-directed” technology
3. Need for rapid product innovation
4. Cost and margin pressures
5. Need for scalable technology in a digital age

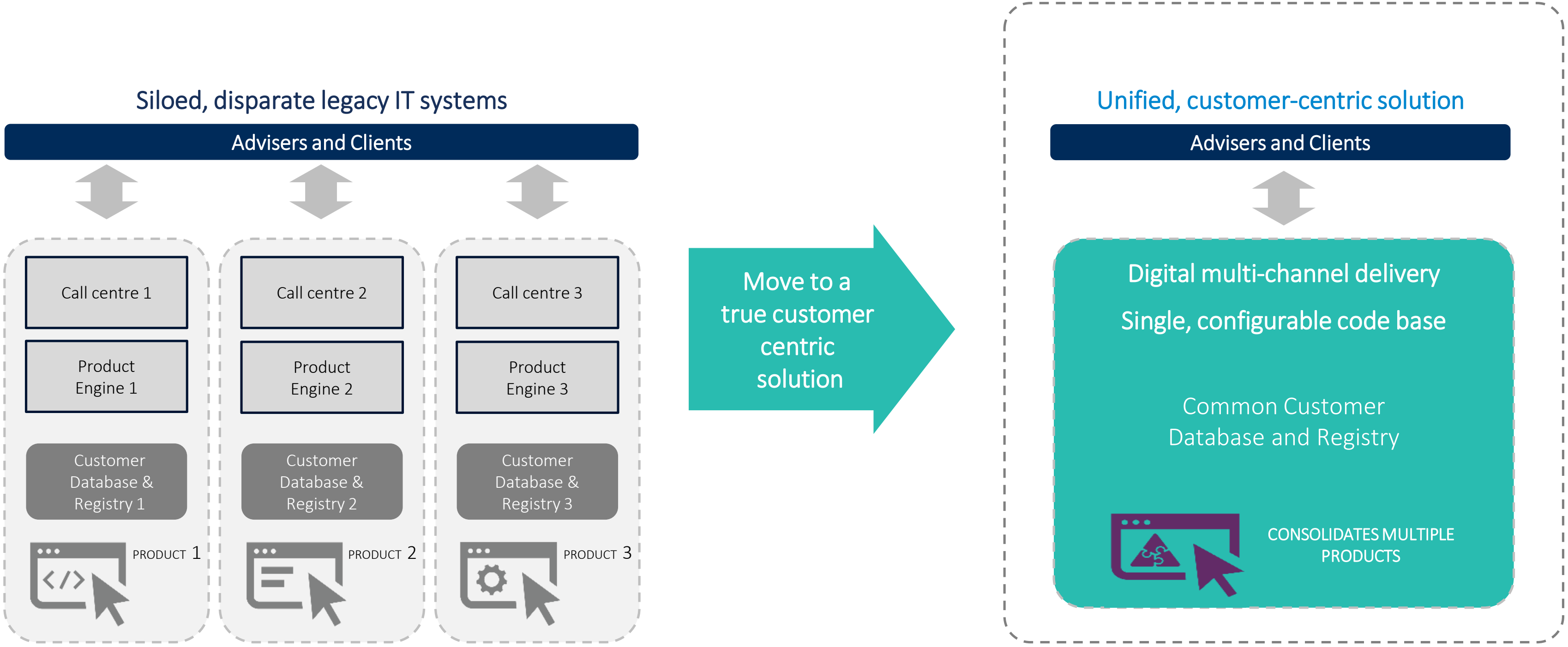
Increasing demand for modern client-centric software solutions to address these challenges

… can be solved by Bravura technology

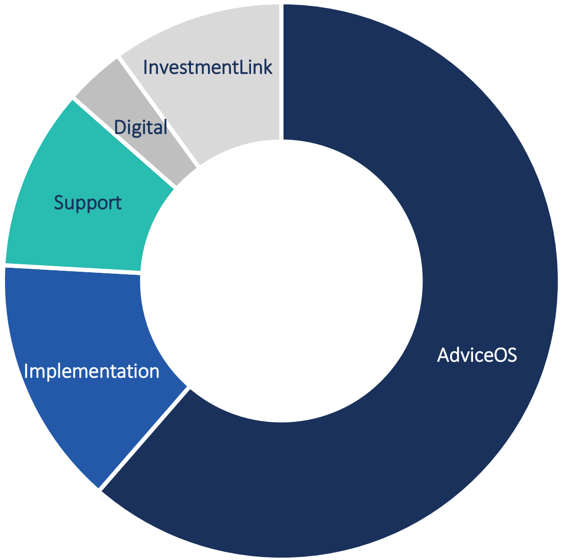
- ✓ Regulatory risk management
- ✓ Leading technology and innovation
- ✓ Rapid product development
- ✓ Scale advantages and network effect
- ✓ Software investment

Bravura addresses the key issues currently faced by industry participants

SONATA SIMPLIFIES LEGACY CLIENT SYSTEMS



MIDWINTER – FINANCIAL PLANNING SOFTWARE



midwinter

- Bravura acquired Midwinter for A$50m in August 2019.

- Midwinter tools allow financial advisers to provide comprehensive face to face financial advice. Superannuation funds also use Midwinter tools to provide self-directed digital advice to superannuation fund members. Digital advice is a rapidly developing market in which Midwinter has proven technology.

- The demand for comprehensive and flexible financial advice software is driven by:

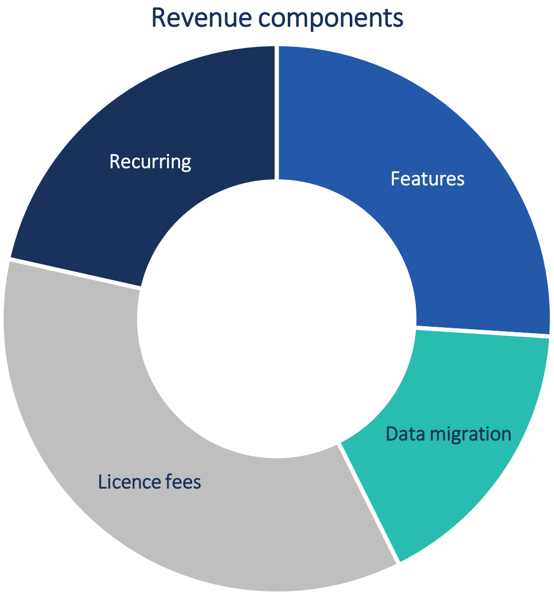
  - **Growing demand for scalable digital advice.** Demand continues to grow for financial advice that can be delivered digitally. Digital advice solutions are well placed to meet this demand.

  - **Operational efficiencies.** Financial advice firms continue to seek ways to make their businesses more efficient under the pressure of continued regulatory pressures.

  - **Navigating the complex financial advice compliance environment.** The financial advice market sees continuous regulatory change and scrutiny. Comprehensive software solutions provide a way for dealer groups to manage their compliance risk.

- Midwinter's **sales pipeline continues to grow**, driven by industry dynamics and changing adviser landscape. Midwinter is also seeing demand from **existing Bravura clients in New Zealand** and also **combined opportunities** with Bravura's market leading Sonata product.

FINOCOMP – REGISTRY AGNOSTIC MICROSERVICES



- Bravura acquired FinoComp for A$25m in October 2019.
- FinoComp builds unique, registry agnostic and highly flexible software called **microservices.**
- The demand for microservices continues to grow, driven by:
  - **An incremental deployment approach.** Microservices allow clients to move their businesses gradually onto modern technology, rather than completing a significant migration to a new platform all at once.
  - **Enhanced flexibility.** The enhanced flexibility and open API architecture of microservices allow clients to '*plug and play*' with the best software solutions in the market.
  - **Data analysis.** There is a growing demand amongst financial institutions to analyse their large data sets. A microservices architecture provides an efficient way to do this.
- Bravura intends to **continue its investment in microservices** in order to meet anticipated market demand.

For more information, visit:
www.bravurasolutions.com/investors/

investors@bravurasolutions.com