



Bravura Solutions Investor Presentation

5 May 2021

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Company Overview

OUR PURPOSE.

Making our customers successful.

OUR MISSION.

We develop innovative technology solutions that power the world's financial institutions.

Who we are



bravura
solutions

Bravura is a market-leading provider of enterprise software and software-as-a-service to the wealth management and funds administration industries

1. Based on revenue from 1 January 2020 to 31 December 2020

2. Based on FY20 revenue



bravura
solutions



86% recurring revenue



Strong net cash position



Significant operating leverage



~A\$255m revenue over last 12 months¹



A\$210m+ invested across the product suite



Blue chip clients



5-year revenue CAGR of 13%²



Presence in 6 countries with 1,400+ FTEs



84% of staff are developers and consultants



5-10 year long-term client contracts



6.3 years average length of service



4 development centres in Australia, New Zealand, India and Poland



bravura
solutions



Products and Services

PRODUCTS AND SERVICES

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
- Financial planning software
- Microservices



Processes

Front office

- New product creation
- Product distribution

Middle office

- Compliance and auditing

Back office

- 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'S PRODUCTS

Sonata

Customer-centric solution that streamlines the administration of a range of financial products, unifies legacy platforms, increases efficiencies and facilitates compliance with regulatory changes.

Microservices

Microservice products include workflow automation, data analytics, client reporting, performance, regulatory compliance and complex pensions.

AdviceOS

Financial planning software that allows financial advisers to provide comprehensive face to face financial advice and for superannuation funds to provide self-directed digital advice to superannuation fund members.

GTAS, GFAS, Rufus

Supports administration of retail and institutional funds administration by investment managers and third-party administrators (TPAs). Multi-jurisdictional and multi-currency platform that supports the administration of managed funds.

Babel

Messaging platform that connects message providers to financial product distributor platforms and back office functions of investment managers using a range of message media.

ePASS

eBusiness application for super and pension. Allows wealth managers to deliver online services to employers, members and advisers.

Garradin

Private wealth and portfolio administration that minimises the need for multiple systems and ensures operations are streamlined. Garradin maximises tax outcomes with its rules-based tax platform.

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

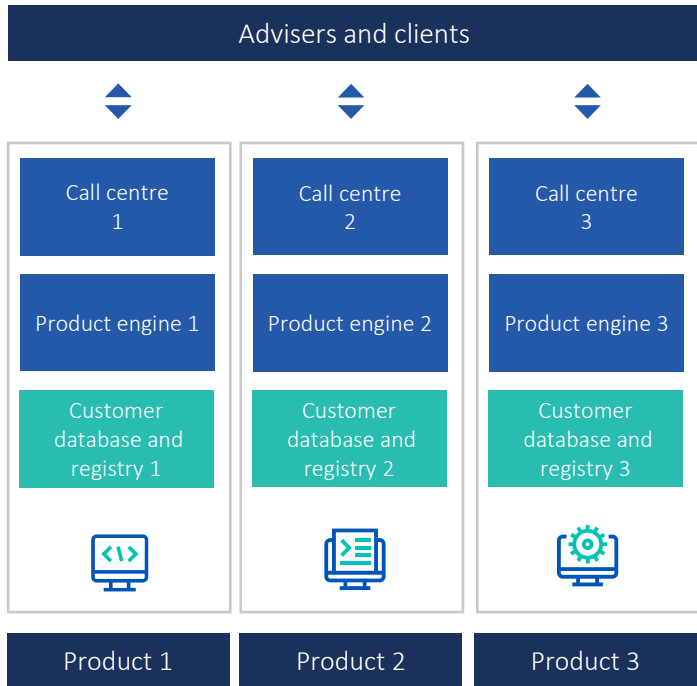
✓ Scale advantages and network effect

✓ Software investment

Bravura addresses the key issues currently faced by industry participants

SONATA SIMPLIFIES LEGACY CLIENT SYSTEMS

Siloed, disparate legacy IT systems

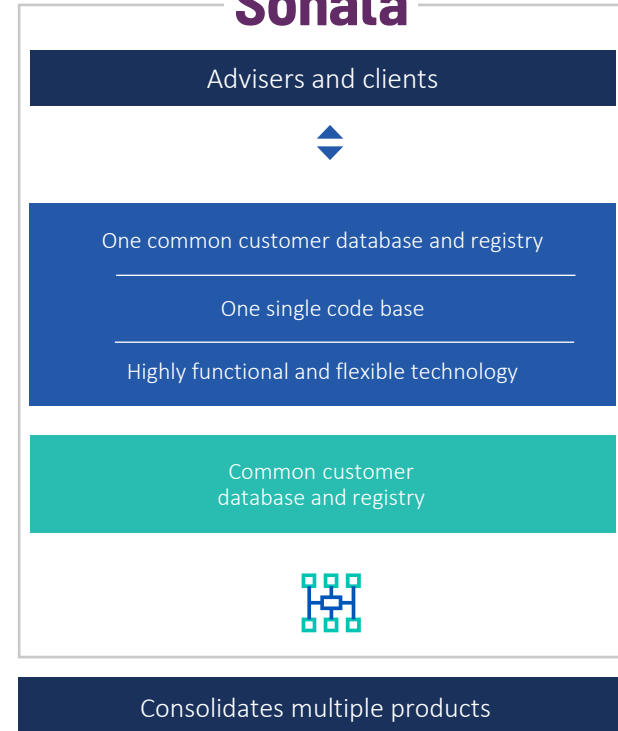


Move to a
true customer-
centric solution



Unified, customer-centric solution

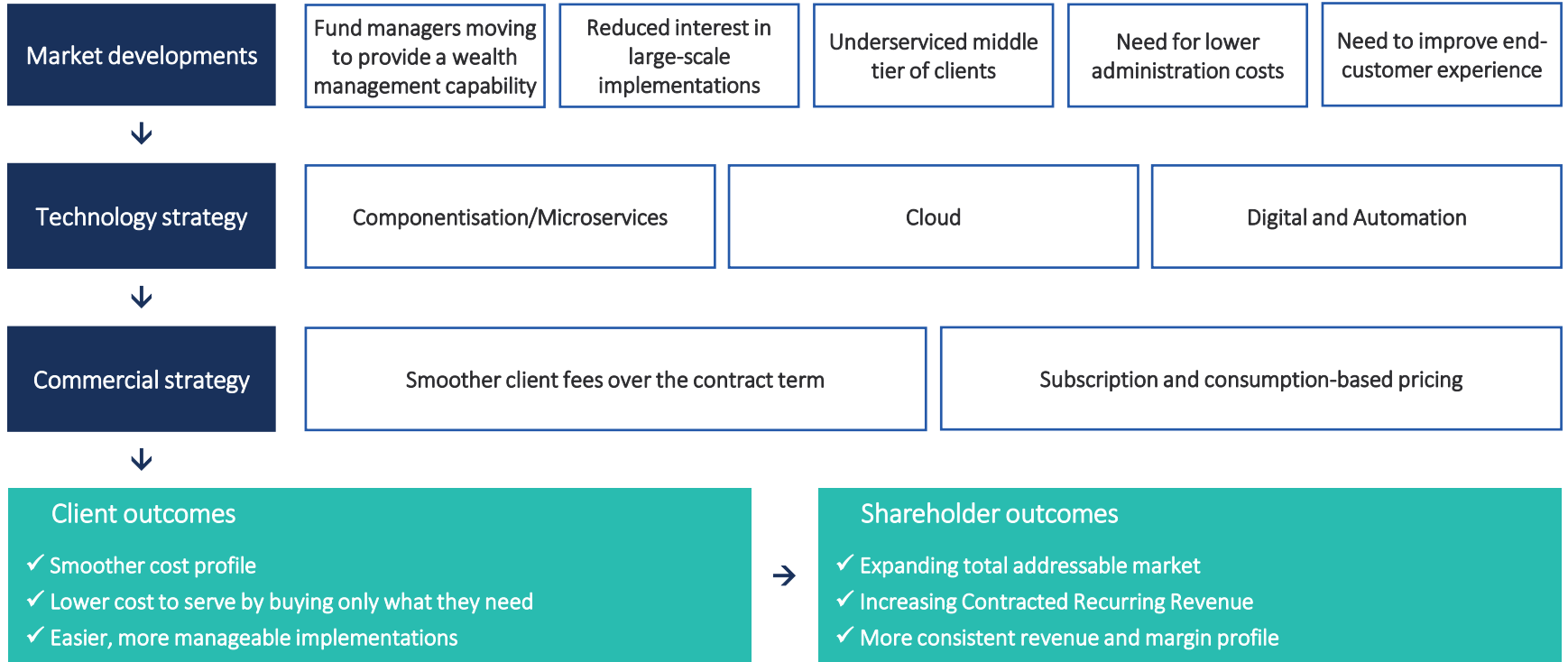
Sonata





Strategy

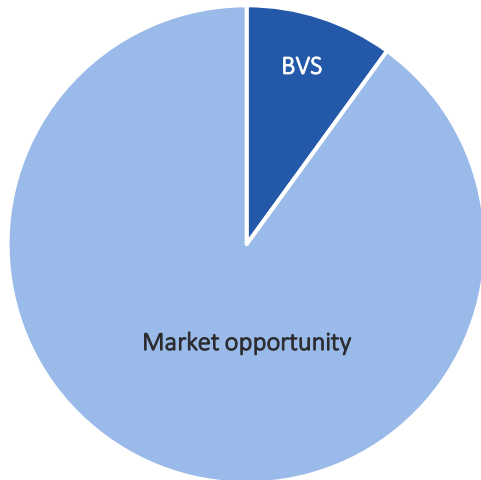
STRATEGY



TOTAL ADDRESSABLE MARKET¹

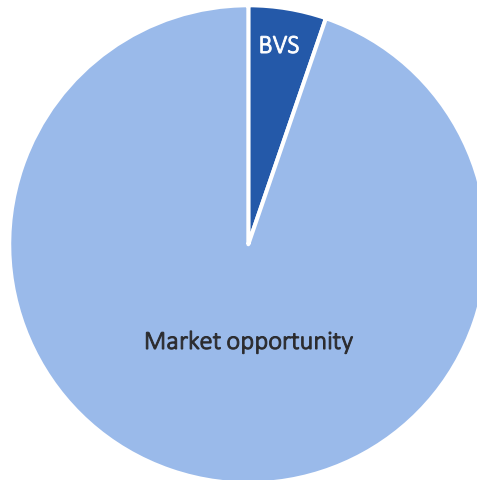
UK total addressable market

~GBP1.2b



Australia total addressable market

~A\$1.0b



UK

- Total addressable market (TAM) in the UK is estimated at ~GBP1.2b per annum of client IT spend.
- The TAM comprises funds administration, platforms, DFMs, corporate DC, and SIPP/SSAS.

Australia

- Bravura estimates its TAM in the Australia ~A\$1.0b per annum of client IT spend.
- The TAM comprises superannuation, platforms, advice, investment management, and asset administration.

Market share and market drivers

- Bravura estimates its market share in both regions to be in the single digits, representing significant upside potential.
- Bravura's long-term growth is driven by clients' need to address speed for new products, the growing importance of a seamless digital experience, ongoing changes in financial services regulation, and pressure to increase operational efficiency.

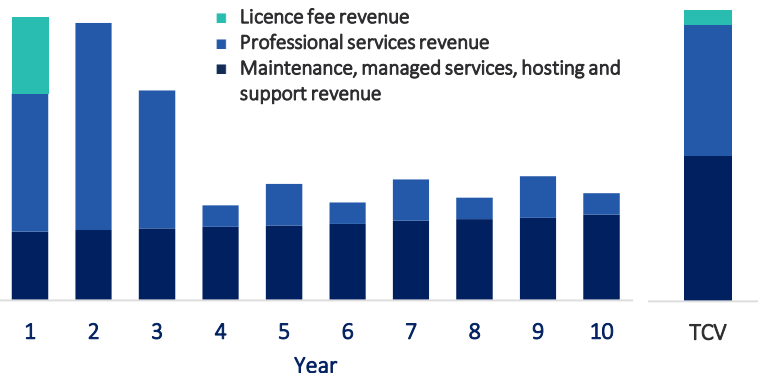
1. Based on management estimates.

TRADITIONAL TO SUBSCRIPTION-BASED TRANSITION

Bravura's transition from traditional contracts to subscription-based contracts is underway, underpinned by R&D, product componentisation, Sonata Alta development, digital products and recent acquisitions.

Traditional client revenue mix

- **Traditional** revenue model (upfront licence, implementation fees, ongoing maintenance, managed services, hosting and support fees)
- **~50%** Contracted Recurring Revenue
- **Material** upfront licence fees
- **Varied** revenue and margin profile
- **Existing** TAM, **current** share of value chain, **current** TCV

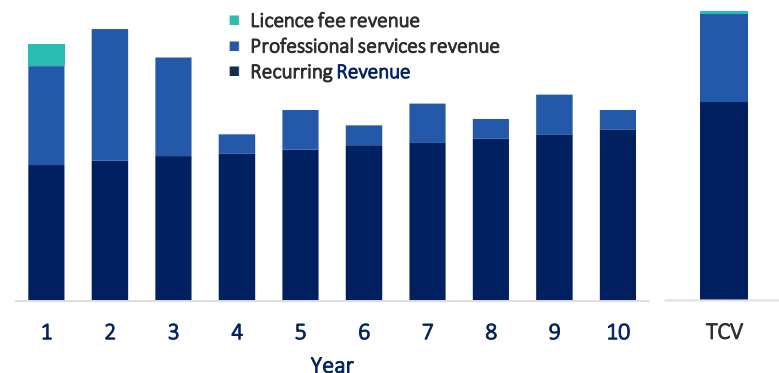


Subscription-based client revenue mix

- **Subscription and consumption-based** revenue model (software and implementation fees smoothed over the term of the contract and varying with usage)
- **~70%** Contracted Recurring Revenue
- **Smaller** upfront licence fees
- **Consistent** revenue and margin profile
- **Increased** TAM, **greater** share of value chain, **higher** TCV

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1H21 Results

1H21 RESULT IN LINE WITH GUIDANCE

A\$m	1H20	1H21	\$ chg	% chg
Wealth Management ¹	91.0	75.2	-15.8	-17%
Funds Administration	44.1	40.5	-3.6	-8%
Total revenue	135.1	115.7	-19.4	-14%
Wealth Management ¹	26.0	18.5	-7.6	-29%
Funds Administration	19.6	16.9	-2.7	-14%
Corporate	-20.2	-19.7	0.5	-2%
EBITDA ²	25.5	15.8	-9.7	-38%
D&A	-4.4	-5.8	-1.4	33%
EBIT	21.1	10.0	-11.1	-53%
Net interest and FX expense ³	0.4	0.6	0.1	34%
Profit before tax	21.6	10.5	-11.0	-51%
Tax expense	-1.8	-1.5	0.3	-14%
NPAT ⁴	19.8	9.0	-10.7	-54%
EPS (A\$ cps)	8.1	3.7	-4.5	-55%

1. The Delta Financial Systems acquisition is reported within Wealth Management.

2. Bravura has consistently included occupancy costs as accounted for under IFRS16 in the calculation of EBITDA.

3. Includes A\$0.9m (1H20: A\$1.0m) of accretion expense associated with lease liabilities accounted for under IFRS16.

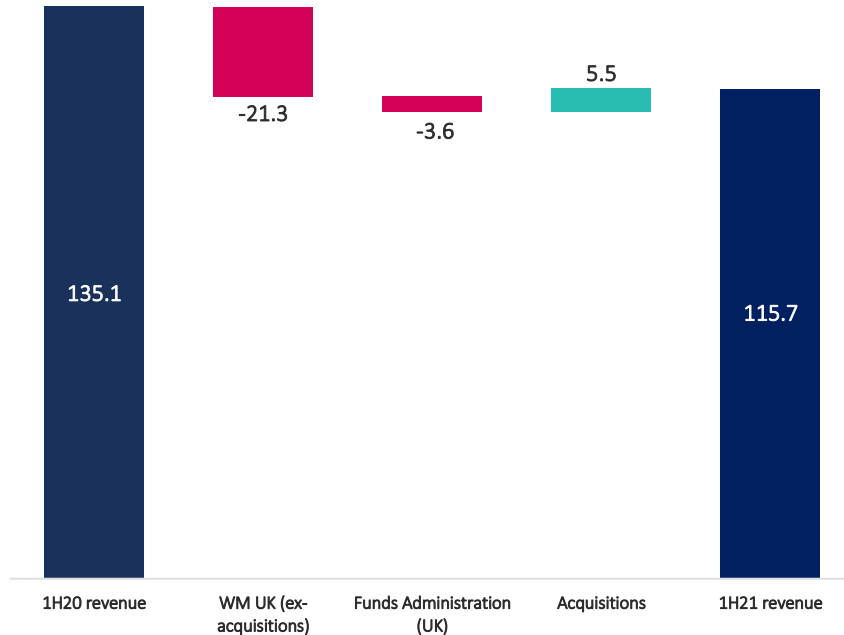
4. 1H20 NPAT included a A\$1.7m deferred tax credit arising from acquisitions completed during the period which will reverse over time.

- **Wealth Management** revenue down 17% and EBITDA² down 29%. EBITDA margin² decreased to 25% (29% in 1H20). The lower result was attributable to a COVID-related decline in UK professional services work, partly offset by a full-period contribution of acquisitions completed in 1H20.
- **Funds Administration** revenue down 8% and EBITDA down 14%. EBITDA margin² decreased to 42% (44% in 1H20). The result was also negatively impacted by a COVID-related decline in UK professional services work, albeit to a lesser extent than Wealth Management. In addition, the result was impacted by lower licence fees during the period due to timing of renewals and new sales.
- **Corporate costs** declined 2%, reflecting tight cost control and lower acquisition costs compared to the pcp.
- **Restructuring.** As a result of reduced professional services work, headcount was reduced by ~5%. The reduction in headcount resulted in A\$2.6m in restructuring costs in the period. Restructuring is expected to reduce costs by ~A\$5.5m in 2H21 compared to 1H21 and deliver A\$11.5m on an annualised basis.
- **Depreciation and amortisation** increased by A\$1.4m compared to pcp, arising from the amortisation of intangibles from recent acquisitions.
- **Tax expense** of A\$1.5m represented an effective tax rate of 14%.
- **NPAT** down 54% to A\$9.0m (A\$19.8m in 1H20⁴).

1H20 to 1H21 REVENUE BRIDGE

1H20 to 1H21 revenue waterfall bridge (A\$m)

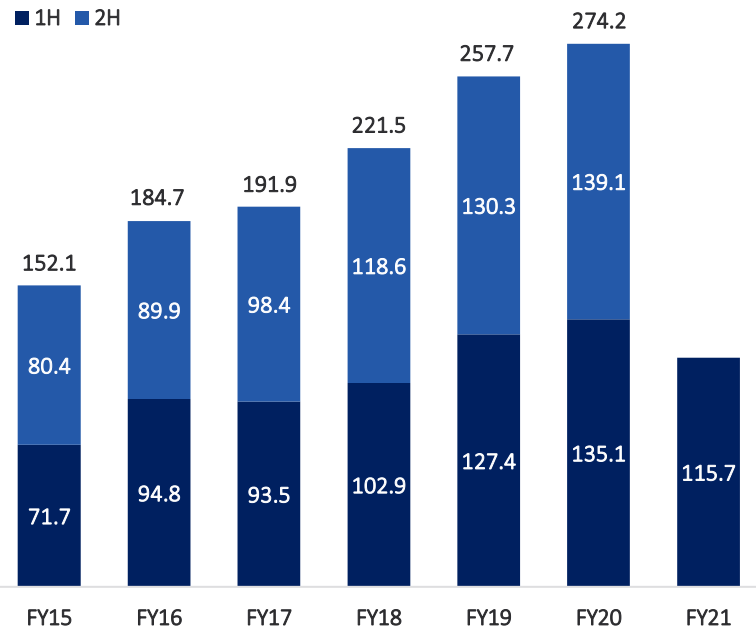
- addition to revenue
- reduction to revenue



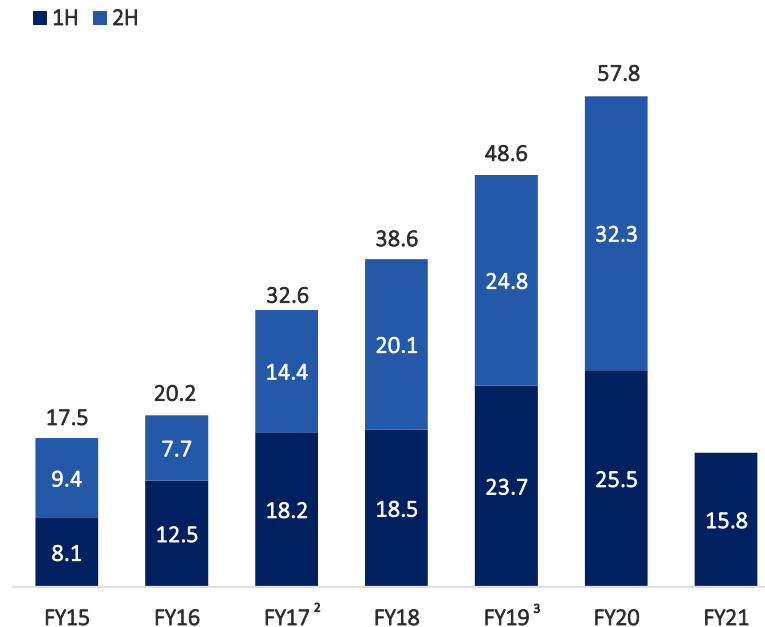
- Bravura saw group revenue decline 14% in 1H21 compared to 1H20.
- The revenue decline was entirely attributable to lower revenues in the UK.
- In the UK, COVID-19 and the resultant lockdowns and market uncertainty has slowed down or delayed project work with existing clients and slowed the closing of new deals with new prospects.

LONG-TERM REVENUE AND EBITDA

Revenue (A\$m)



EBITDA¹ (A\$m)



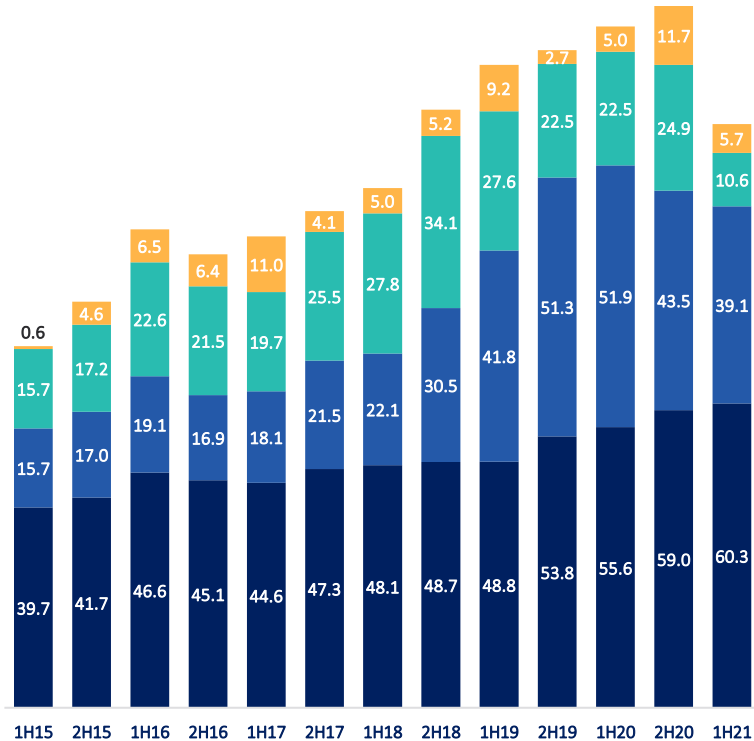
1. Bravura has consistently included occupancy costs as accounted for under IFRS16 in the calculation of EBITDA.

2. FY17 EBITDA is presented on a pro forma basis.

3. Interest income of A\$0.5m was reclassified from corporate costs to interest income in FY19.

RECURRING REVENUE BY HALF-YEAR

- Licence fees (A\$m)
- Project fees (A\$m)
- Recurring revenue, attached (A\$m)
- Recurring revenue, contracted (A\$m)



Bravura's commercial strategy is to grow our Recurring Revenue base

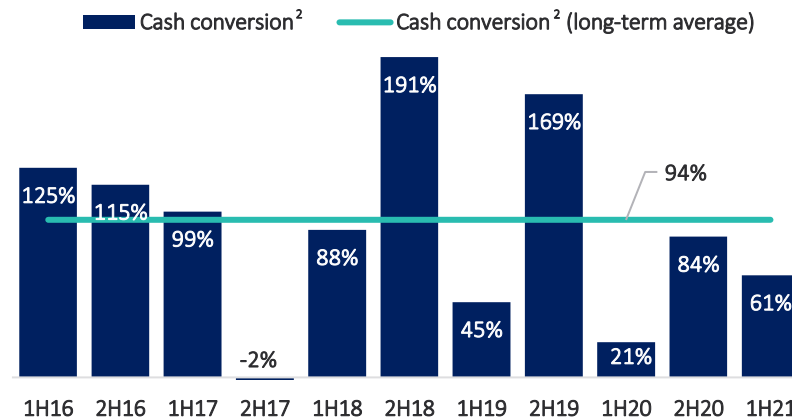
- **Contracted Recurring Revenue** was up **8%** in 1H21 compared to the pcp.
- Attached Recurring Revenue declined in the UK due to market uncertainty, resulting in some project work being delayed and/or reprioritised causing an overall decline in Recurring Revenue of 8%.
- The decline in non-recurring revenue is almost all in the UK and related to the completion of implementation work for deals closed in prior financial years, which has not been replaced by implementation work from new deals.

-
- **Recurring Revenue** comprises revenue that is contracted for the contract term plus project work post initial implementation.
 - **Contracted Recurring Revenue** comprises revenues contracted for the contract term and typically includes maintenance, managed services, hosting, cloud and SaaS.
 - **Attached Recurring Revenue** comprises in-production professional services from ongoing client demand (attached services).
 - **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	30 Jun 2020	31 Dec 2020
Cash	99.1	56.4
Trade receivables	43.8	50.1
Contract assets	19.6	18.6
Intangible assets	196.2	239.7
Property, plant and equipment	63.4	58.0
Other assets	12.8	14.7
Total assets	434.8	437.4
Trade payables	12.9	9.5
Contract liabilities	32.0	32.3
Borrowings	0.0	0.0
Lease liabilities	42.3	38.2
Other liabilities	36.9	50.1
Total liabilities	124.1	130.2
Net assets	310.8	307.3

- Bravura is in a robust financial position, with cash of A\$56.4m at balance date. Bravura continues to evaluate a pipeline of additional acquisitive and organic growth opportunities.
- Bravura acquired Delta Financial Systems (Delta) for A\$42m in October 2020.
- Intangible assets have increased to A\$239.7m.
- Operating cash flow¹ (excluding taxes paid) was A\$9.6m, reflecting operating cashflow to EBITDA conversion of 61% (21% in 1H20), consistent with the long-term trend.

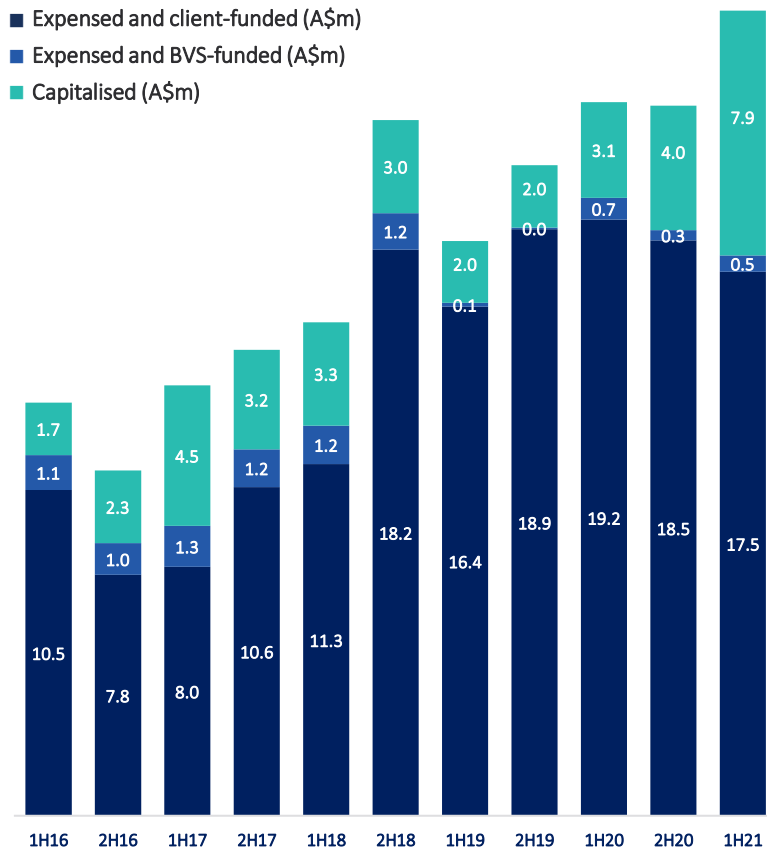


1. Further detail on operating cash flow is provided on slide 29.

2. Cash conversion refers to operating cash flow to EBITDA conversion.

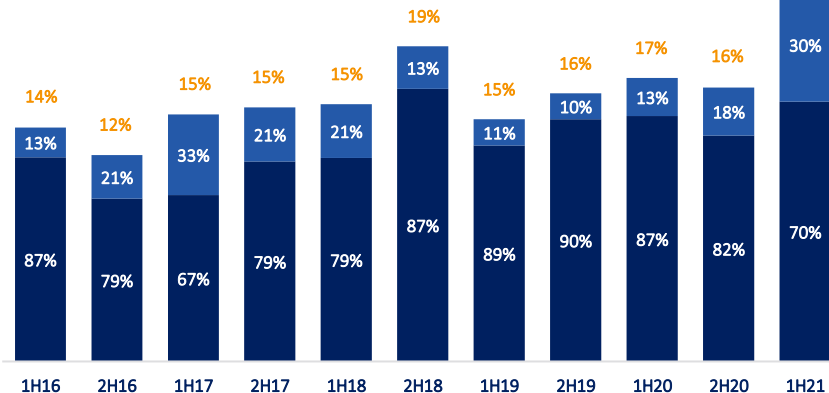
RESEARCH AND DEVELOPMENT (R&D)

- Expensed and client-funded (A\$m)
- Expensed and BVS-funded (A\$m)
- Capitalised (A\$m)



- R&D relative to sales has historically ranged from 15 to 20%.
- R&D capitalisation has historically ranged from 10 to 30%.
- Bravura’s current R&D program is focused on subscription-based services predominantly for the development of a suite of microservices, Sonata Alta, GFAS enhancements and the extension of digital advice capability.
- The R&D program seeks to strengthen Bravura’s product functionality relative to competitors and expanding Bravura’s total addressable market.

- R&D spend expensed
- R&D spend capitalised
- R&D spend (% of group revenue)



LOOKING FORWARD - NO CHANGE TO FY21 GUIDANCE

Outlook

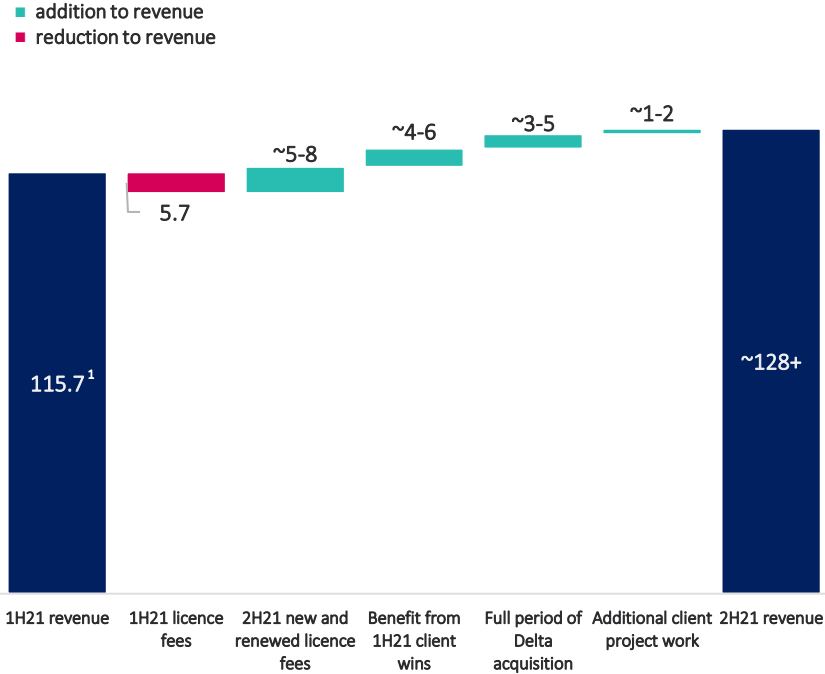
- ✓ Industry structural demand for SaaS, microservices, cloud and subscription-based services is strengthening
- ✓ COVID-19 has accelerated digital transformation
- ✓ Bravura is starting to see increasing market confidence as a result of vaccine rollouts in the UK
- ✓ As vaccines rollout, Bravura anticipates a resumption in UK demand in FY22 from projects postponed due to COVID-19
- ✓ Bravura will emerge stronger as a result of the strategic initiatives and investment in R&D to develop componentisation of products during FY21
- ✓ Bravura is significantly increasing its total addressable market via the rollout of its modular product ecosystem

FY21 guidance

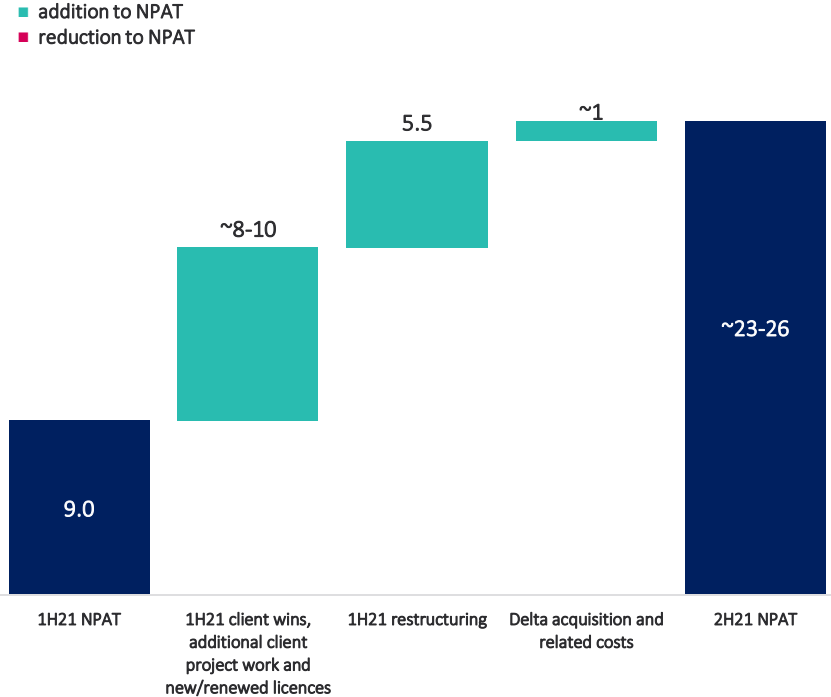
The impact of COVID-19 in the UK and South Africa is expected to continue to affect the business in 2H21. However, the sales pipeline is strong. Accordingly, Bravura anticipates delivering revenue growth from 1H21 to 2H21 in excess of 10% and achieving FY21 NPAT of A\$32m to A\$35m.

2H21 BRIDGE TO GUIDANCE

1H21 to 2H21 revenue waterfall bridge (A\$m)



1H21 to 2H21 NPAT waterfall bridge (A\$m)



1. 1H21 revenue of A\$115.7m included A\$5.7m of one-off licence fees.



For more information, visit:
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