

FY18 Results Presentation

Bravura Solutions Limited

28 August 2018

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FY18 KEY HIGHLIGHTS

SONATA UNDERPINS FY18 PERFORMANCE, WITH OUTSTANDING RESULTS ACROSS KEY METRICS

- In FY18, Bravura delivered **revenue growth of 15%¹**, **EBITDA growth of 18%¹**, and **underlying NPAT growth of 27%¹**
- **Achieved client wins in all key markets**, comprising the UK, Australia, New Zealand and South Africa
- **Sonata revenue up 32%¹** in FY18, contributing 55% to group revenue
- **A\$30m invested in Sonata development** in FY18, of which 71% was client-funded and client-directed
- Wealth Management FY18 EBITDA margin expanded ~500bps to 30%, underscoring **significant operating leverage**
- **Solid balance sheet** with net cash of A\$24.8m² capable of supporting additional growth opportunities
- **Excellent returns** with ROE³ of 25% and ROA of 20%⁴ and full-year dividends declared representing 71% of FY18 EPS
- Sales pipeline strong, underpinning **FY19 guidance of EPS growth in the mid-teens**

1. Compared to FY17

2. As at 30 June 2018

3. Return on equity is based on NPAT over average total equity

4. Return on assets based on EBITDA over period average total assets

FY18 KEY HIGHLIGHTS

Continued strong revenue growth with increasing operating leverage



- Bravura's growth profile is underpinned by a continually evolving regulatory environment, end-consumer demand for an intuitive digital interface, and the need to deliver operational efficiencies in financial services
- Wealth Management Revenue up 26%¹ to A\$155.1m** offsetting the previously flagged expiry of a Funds Administration contract to drive **Group Revenue up 15%¹ to A\$221.5m**
- Wealth Management EBITDA up 52%¹ to A\$46.2m** ahead of Funds Administration EBITDA and investment in Corporate, to increase **Group EBITDA up 18%¹ to \$38.6m**
- Both Funds Administration and Wealth Management are expected to grow in FY19

Investment in Sonata is continuing to drive strong growth



- Achieved client wins** in all key markets, comprising the UK, Australia, New Zealand, and South Africa, with a strong pipeline of opportunities coupled with increased operating leverage
- Sonata's compelling value proposition to assist clients in tackling regulatory changes, digital, and the need for a modern and scalable technology platform has resulted in **Sonata revenue up 32%¹ to A\$122.5m** in FY18 and now makes up 55% of total revenue

Strong business performance is delivering attractive shareholder returns



- Final dividend declared of 4.5 cents per share**, bringing full-year dividends declared to 9.0 cents per share, representing 71% of FY18 EPS
- Return on equity² of 25%** in FY18 underpinned by Bravura's consistent and long-term investment in product development, deep market knowledge and expertise, sound business model, driving significant operating leverage

1. Compared to FY17

2. Return on equity is based on NPAT over average total equity

3. FY17 NPAT reconciliation provided on slide 17

A\$m	FY17	FY18	% chg
Group			
Revenue	191.9	221.5	15%
EBITDA	32.6	38.6	18%
Underlying NPAT ³	21.4	27.0	27%
Segments			
Wealth Management Revenue	122.7	155.1	26%
Wealth Management EBITDA	30.3	46.2	52%
Funds Administration Revenue	69.2	66.4	-4%
Funds Administration EBITDA	31.7	26.7	-16%
Sonata			
Sonata revenue	92.8	122.5	32%
Sonata clients	20	24	20%
R&D as a % of Sonata revenue	26%	24%	

OUTSTANDING FY18 RESULTS ACROSS KEY METRICS

A\$m	FY17 ¹	FY18	\$ chg	% chg
Wealth Management	122.7	155.1	32.4	26%
Funds Administration	69.2	66.4	-2.8	-4%
Total revenue	191.9	221.5	29.6	15%
Wealth Management	30.3	46.2	15.9	52%
Funds Administration	31.7	26.7	-5.0	-16%
Corporate	-29.4	-34.4	-5.0	17%
EBITDA	32.6	38.6	6.0	18%
D&A	-8.3	-7.1	1.2	-14%
EBIT	24.4	31.5	7.1	29%
Net interest and FX expense	-0.8	-0.7	0.1	-7%
Tax expense	-2.2	-3.7	-1.5	68%
Underlying NPAT	21.4	27.0	5.7	27%
Net significant items ²	-6.9	0.0	6.9	nm
Reported NPAT	14.4	27.0	12.6	87%
Underlying EPS³ (A\$ cps)	10.0	12.6	2.6	27%
Reported EPS³ (A\$ cps)	6.7	12.6	5.9	87%

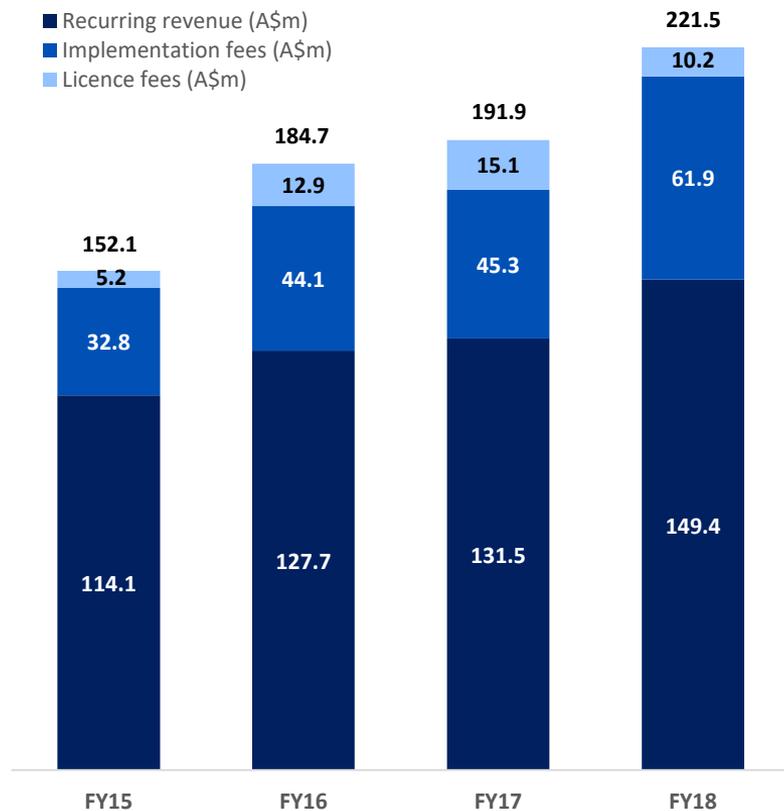
1. FY17 NPAT reconciliation provided on slide 17

2. Net significant items in FY17 comprised A\$2.8m of IPO transaction costs and A\$4.2m of net interest costs

3. FY17 EPS presented on a constant share count basis

- **Wealth Management** revenue up 26% and EBITDA up 52% following new client wins, continuing project work and increasing demand from existing clients
- **Sonata** revenue up 32% and now makes up 55% of total revenue (48% in FY17)
- **Wealth Management** EBITDA margin increased to 30% in FY18 (25% in FY17), reflecting the strong operating leverage inherent in the underlying business model
- **Funds Administration** revenue down 4% following the previously flagged contract expiry in 1H18. 2H18 revenue increased 8% on 2H17 and increased 20% on 1H18, with FY18 EBITDA margin at 40%
- **Corporate cost** growth highlights investment in corporate and governance functions to support increased demand and geographic coverage
- **Underlying NPAT** up 27% to A\$27.0m

STRONG GROWTH IN RECURRING REVENUE

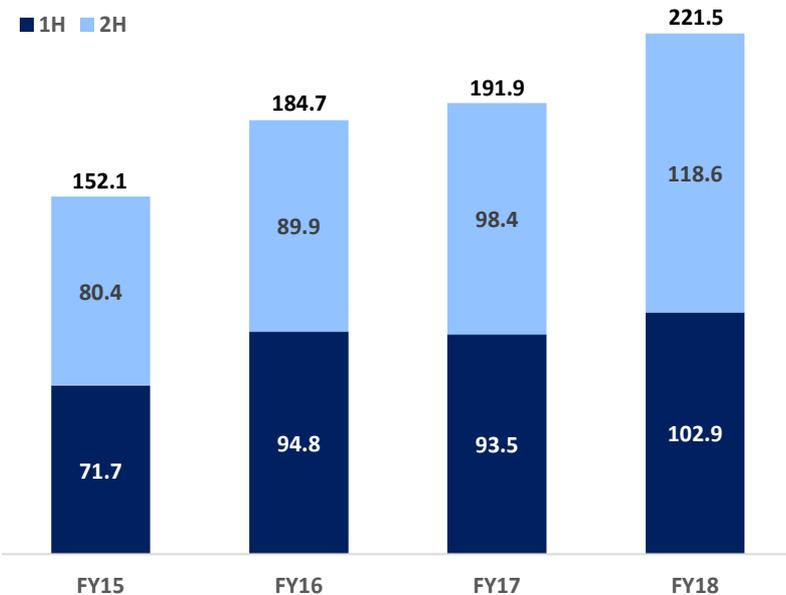


- Recurring revenue is up 14% in FY18 compared to the pcp and comprises 67% of total revenue
- Recurring revenue has grown as new clients are added and existing clients broaden their use of functionality, underpinned by the long-term nature of Bravura's customer contracts
- Bravura's significant recurring 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

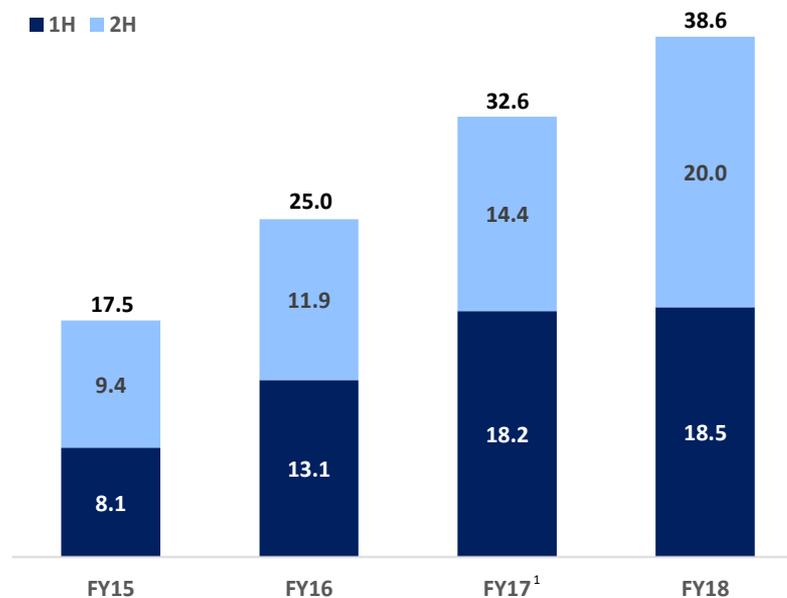
- Recurring revenue comprises maintenance, managed services, and in-production professional services from ongoing client demand
- Implementation fees comprise professional services from initial implementation requirements
- Licence fees are earned on a one-off or recurring basis

STRONG REVENUE AND EARNINGS GROWTH

Revenue (A\$m)



EBITDA (A\$m)



1. FY17 EBITDA is presented on a pro forma basis

STRONG FUNDING POSITION

A\$m	30 Jun 2017	30 Jun 2018
Cash	17.1	36.9
Trade and other receivables	39.5	42.4
Intangible assets	110.0	112.7
Property, plant, & equipment	9.2	11.6
Other assets	6.3	8.7
Total assets	182.0	212.3
Trade payables	6.5	5.0
Deferred revenue	27.4	39.1
Borrowings	5.7	12.2
Other liabilities	36.5	41.9
Total liabilities	76.0	98.1
Net assets	106.0	114.2

1. Operating cash flow includes taxes paid

2. FY17 cash conversion represents operating cash flow adjusted for IPO transaction costs

3. Return on equity is based on NPAT over average total equity

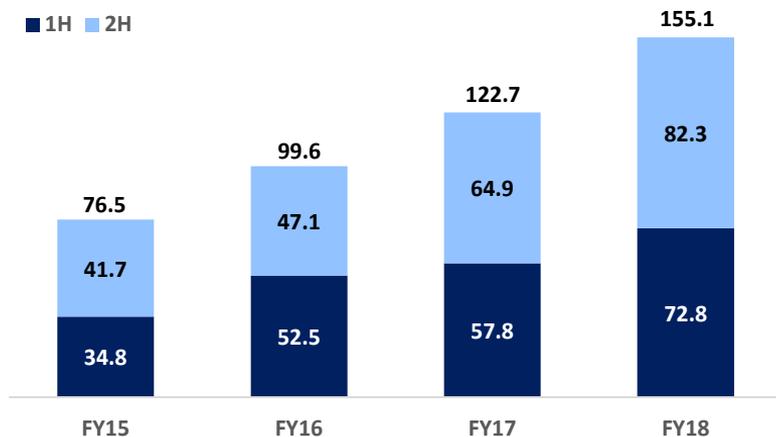
- The balance sheet is in a robust financial position, with **net cash of A\$24.8m**
- At balance date, A\$12.2m was drawn down on the working capital facility
- Bravura has **significant investment capacity** to take advantage of organic and acquisitive growth opportunities
- Bravura's **total asset base of A\$212.3m** is underpinned by significant product development, deep market knowledge and expertise and long-term contracts
- Operating cash flow¹ was A\$46.2m during the period, reflecting **cash conversion of 120%**, up from 61%² in FY17, arising in part from favourable timing of cash receipts compared to the prior period. Cash conversion of ~70-80% is expected over time
- Long-term cash flow is underpinned by **predictable, long-term, customer contracts**

RETURN ON EQUITY³ = 25%

WEALTH MANAGEMENT

A\$m	FY17	FY18	\$ chg	% chg
Segment revenue	122.7	155.1	32.4	26%
Segment EBITDA	30.3	46.2	15.9	52%
<i>Sonata revenue</i>	92.8	122.5	29.7	32%
Segment EBITDA margin	25%	30%		

Revenue (A\$m)



- Revenue up 26% and EBITDA up 52% following new client wins, continuing project work and increasing demand from existing clients
- Sonata revenue up 32% and now makes up 55% of total revenue (48% in FY17)
- EBITDA margin increased to 30% in FY18 (25% in FY17), reflecting the strong operating leverage inherent in the underlying business model
- Achieved client wins in all key markets, comprising the UK, Australia, New Zealand, and South Africa with a strong pipeline of opportunities coupled with increased operating leverage
- The need for a scalable and digital technology platform to replace legacy IT systems that can respond to changes in regulation, continues to underpin demand over the long-term

KEY SONATA METRICS

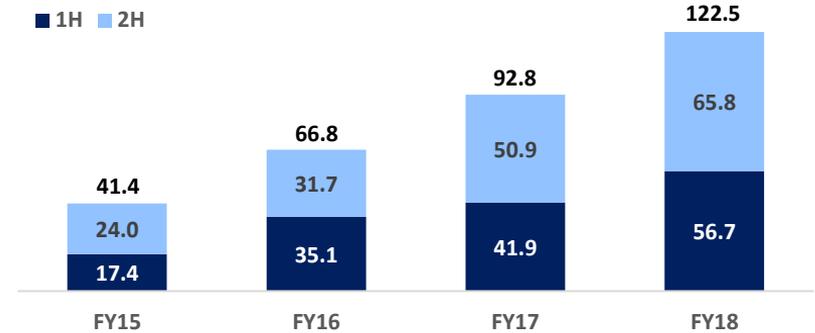
Consistent growth in Sonata customers



Rising Sonata revenue per client (A\$m)



Strong growth in Sonata revenue (A\$m)



- Clients across investment products and wrap platforms, superannuation, pension and retirement products, life insurance, private wealth and portfolio administration
- Increasing interest in the provision of Sonata as a managed service
- Introducing new modules for increased functionality
- New geographies as financial services matures in emerging economies

CONTINUING EXPANSION IN SONATA R&D LEVERAGE

A\$m	FY14	FY15	FY16	FY17	FY18
Sonata client development revenue	5.0	11.2	13.9	13.5	28.9
Sonata client development costs	-5.4	-12.0	-11.1	-13.7	-21.0
Net Sonata client development (costs) / revenue	-0.4	-0.8	2.8	-0.2	7.9
Strategic development operating expense	-1.7	-2.2	-2.1	-2.5	-2.4
Strategic development capital expense	-5.5	-8.8	-4.0	-7.7	-6.3
Total strategic development expenditure	-7.2	-11.0	-6.1	-10.3	-8.7
Net Sonata development	-7.6	-11.8	-3.3	-10.5	-0.8
Sonata revenue	22.1	41.4	66.8	92.8	122.5
Total expenditure ¹	-12.6	-23.0	-17.2	-24.0	-29.7
Total R&D expenditure as a % of Sonata revenue	57%	56%	26%	26%	24%

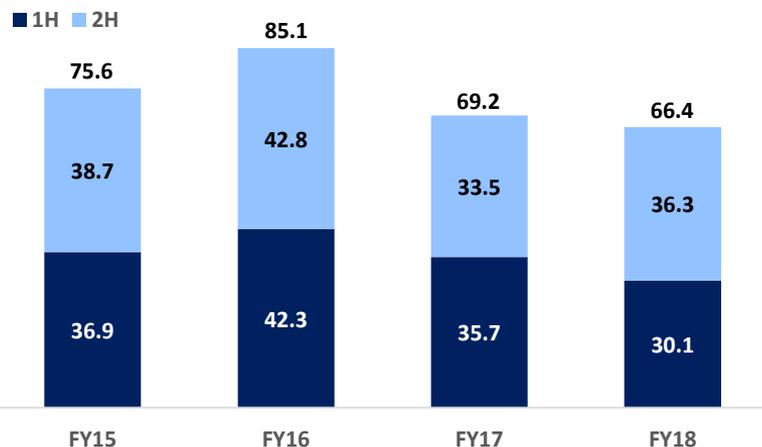
- Net Sonata development was a significant improvement on prior periods
- Capitalised R&D expenditure has declined to A\$6.3m in FY18 (A\$7.7m in FY17)
- Development expenditure is now majority client-funded, with 71% of Sonata R&D expenditure in FY18 funded by clients (57% in FY17)
- All expenditure, including strategic and client-funded, adds to Sonata capability, creating further operating leverage and market opportunity

1. Total expenditure represents the sum of Sonata client development costs and total strategic development expenditure

FUNDS ADMINISTRATION

A\$m	FY17	FY18	\$ chg	% chg
Segment revenue	69.2	66.4	-2.8	-4%
Segment EBITDA	31.7	26.7	-5.0	-16%
Segment EBITDA margin	46%	40%		

Revenue¹ (A\$m)



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

- Revenue down 4% following the previously flagged contract expiry in 1H18. 2H18 revenue increased 8% on 2H17 and increased 20% on 1H18, with FY18 EBITDA margin at 40%
- Bravura's strong market credentials in providing digital solutions and straight through messaging capabilities underpins a pipeline of contracted work from existing clients
- A pipeline of opportunities with new clients as well as existing clients is expected to underpin growth into FY19
- Bravura's SaaS offering creates new opportunities for growth in the UK market giving smaller and mid-sized fund managers the ability to access a fully managed digital solution with standardised functionality at an attractive price point for this market

FY19 OUTLOOK

Strong sales pipeline



- Bravura is well placed to take advantage of strong demand in the UK, Australia, New Zealand, and South Africa
- Strong demand underpinned by the need for digital capabilities, evolving regulation, and extracting operational efficiencies
- Both Wealth Management and Funds Administration are expected to grow in FY19

Increased scale driving operating leverage



- Strong growth, increasing scale, and greater efficiency are driving increased operating leverage
- Increasing investment in Sonata continues to support client demand and extends the product's market-leading position

FY19 earnings guidance



- **As a result of strong recurring revenue and new sales opportunities, full-year 2019 EPS growth is expected to be in the mid-teens**

Appendices



STATUTORY INCOME STATEMENT

A\$m	FY17	FY18	\$ chg	% chg
Wealth Management	122.7	155.1	32.4	26%
Funds Administration	69.2	66.4	-2.8	-4%
Revenue from continuing operations	191.9	221.5	29.6	15%
Total operating expenses	-156.5	-182.9	-26.4	17%
IPO transaction costs	-2.8	0.0	2.8	nm
EBITDA	32.6	38.6	6.0	18%
Depreciation and amortisation	-8.3	-7.1	1.2	-14%
EBIT	24.4	31.5	7.1	29%
Foreign exchange gain/(loss)	-0.8	-0.2	0.6	-79%
Net interest expense	-4.2	-0.6	3.6	-86%
Income tax benefit/(expense)	-2.2	-3.7	-1.5	68%
Reported NPAT	14.4	27.0	12.6	87%

FY17 INCOME STATEMENT RECONCILIATION

A\$m	pre-IPO pro forma	post-IPO pro forma	reported
Wealth Management	122.7	122.7	122.7
Funds Administration	69.2	69.2	69.2
Revenue from continuing operations	191.9	191.9	191.9
Wealth Management	30.3	30.3	30.3
Funds Administration	31.7	31.7	31.7
Corporate	-29.4	-29.4	-29.4
IPO transaction fees			-2.8
EBITDA	32.6	32.6	29.9
Depreciation and amortisation	-8.3	-8.3	-8.3
EBIT	24.4	24.4	21.6
Net interest expense			-4.2
Foreign exchange gain/(loss)		-0.8	-0.8
Income tax benefit/(expense)	-2.2	-2.2	-2.2
NPAT	22.3	21.4	14.4

STATUTORY BALANCE SHEET

A\$m	30 Jun 2017	30 Jun 2018
Cash	17.1	36.9
Trade and other receivables	37.2	39.1
Other current assets	4.1	5.2
Total current assets	58.4	81.2
Intangible assets	110.0	112.7
Other non-current assets	13.7	18.4
Total non-current assets	123.6	131.1
Total assets	182.0	212.3
Borrowings	5.7	12.2
Deferred revenue	27.4	39.1
Other current liabilities	37.5	39.9
Total current liabilities	70.6	91.2
Borrowings	0.0	0.0
Other non-current liabilities	5.4	6.9
Total non-current liabilities	5.4	6.9
Total liabilities	76.0	98.1
Total equity	106.0	114.2

STATUTORY CASH FLOW

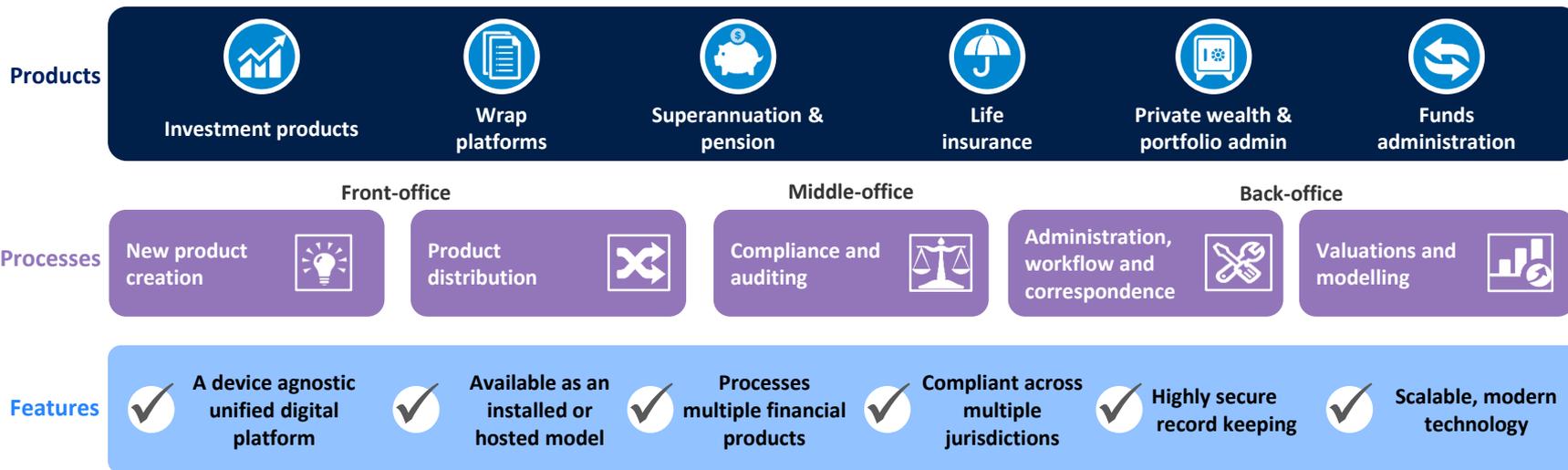
A\$m	FY17	FY18
Receipts from customers	208.8	255.7
Payments to suppliers and employees	-187.4	-206.8
Payments of IPO transaction costs	-3.9	0.0
Income taxes paid	-1.6	-2.7
Total operating cash flow (direct method)	15.9	46.2
Purchase of property, plant, and equipment	-3.6	-7.2
Payments for capitalised software development	-7.7	-6.3
Total investing cash flow	-11.3	-13.5
Proceeds from share issue	114.6	0.0
Proceeds from borrowings	13.6	6.4
Dividend paid	0.0	-19.3
Other financing cash flow ¹	-143.7	-0.6
Total financing cash flow	-15.5	-13.5
Net increase in cash	-10.7	19.2
Effects of exchange rate changes on cash	-1.3	0.7
Cash at the end of the period	17.1	36.9

A\$m	FY17	FY18
EBITDA	32.6	38.6
<i>Trade, other debtors, and accrued revenue</i>	-17.9	-2.9
<i>Deferred revenue</i>	1.3	11.7
<i>Prepayments</i>	0.9	-1.1
<i>Deferred tax assets</i>	-0.7	-1.4
<i>Trade creditors</i>	3.5	-2.4
<i>Provisions for income taxes payables</i>	1.2	0.8
<i>Deferred tax liabilities</i>	-0.4	1.6
<i>Provisions and other liabilities</i>	2.6	3.1
Change in working capital	-9.5	9.4
Tax	-1.6	-2.7
Other items	-5.4	0.9
Total operating cash flow (indirect method)	15.9	46.2

1. Other financing cash flow in FY17 includes payments of IPO costs (A\$7.4m), repayment of working capital facilities (A\$20.2m), redemption of redeemable preference shares (A\$62.7m), and repayment of term facilities (A\$46.2m)

WHAT SONATA DOES

An enterprise digital software solution supporting sophisticated financial services products across front, middle and back office including digital delivery across multiple devices to advisors and end consumers.



SONATA 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

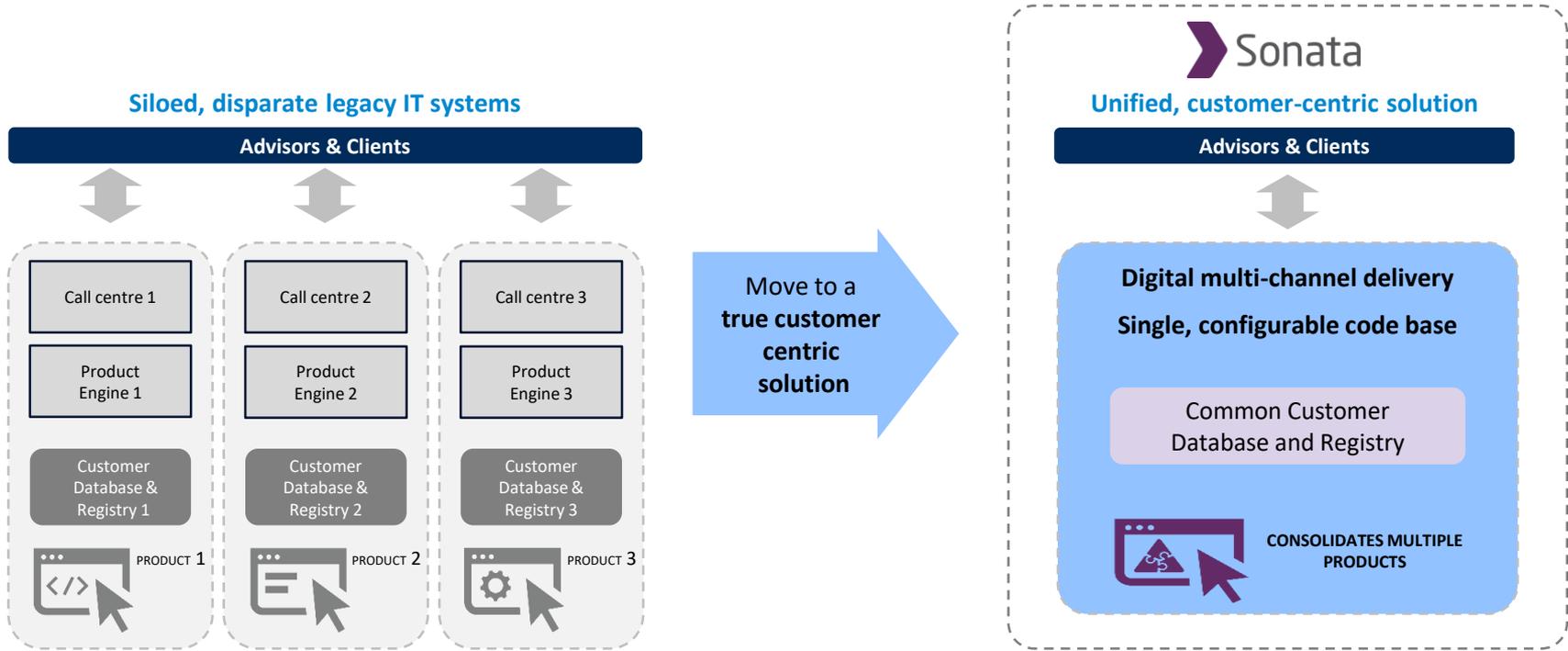
... can be solved by Sonata

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

Sonata addresses the key issues currently faced by industry participants

Sonata

SONATA SIMPLIFIES LEGACY CLIENT SYSTEMS



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