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# Bravura Investor Presentation

5 May 2020

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## 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 2019 to 31 December 2019

2. Based on FY19 revenue



**bravura**  
solutions



High degree of recurring revenue



Strong net cash position



Significant operating leverage



A\$265.4m revenue over last 12 months<sup>1</sup>



A\$175m+ invested across the product suite



70+ blue chip clients



5-year revenue CAGR of 14%<sup>2</sup>



Presence in 8 countries with 1,400+ FTEs



85% of staff are developers and consultants



5-10 year long-term client contracts



5.5 years average length of service



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

# SEGMENT OVERVIEW



## Wealth Management



## Funds Administration

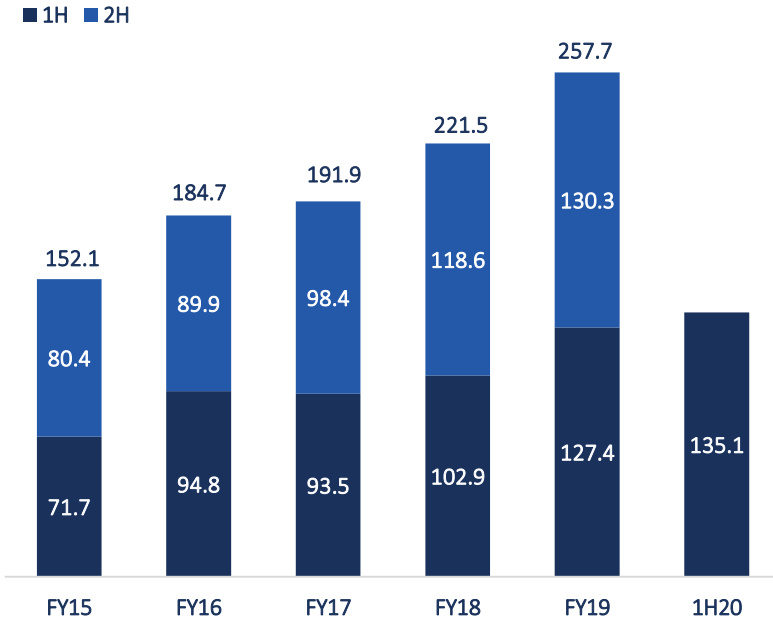
Revenue contribution <sup>1</sup>	67%	33%
EBITDA contribution <sup>1</sup>	57%	43%
Number of clients <sup>2</sup>	64	13
Key clients	<p><b>Fidelity, Prudential, Scottish Friendly, Mercer, Westpac NZ, TAL, Partners Life, Suncorp, STANLIB Wealth and Aegon</b></p> <p>Contracts and relationships spanning over 10 years with all top six Australian bank-based wealth management businesses, measured by assets under advice</p>	<p><b>Bank of New York Mellon, Legal &amp; General, Schroders and Citi</b></p> <p>Bravura's funds administration software supports in excess of 285 investment management companies</p>
Key products	Sonata, Garradin, Babel, AdviceOS, Digital Advice, Microservices, ePASS, SuperB, Calibre, Talisman	Babel, RUFUS, GTAS, GFAS
Client locations	Australia, UK, New Zealand, South Africa, Hong Kong, Vietnam and Thailand	UK, Ireland, Luxembourg, Poland and Singapore

1. Based on revenue and EBITDA from 1 January 2019 to 31 December 2019

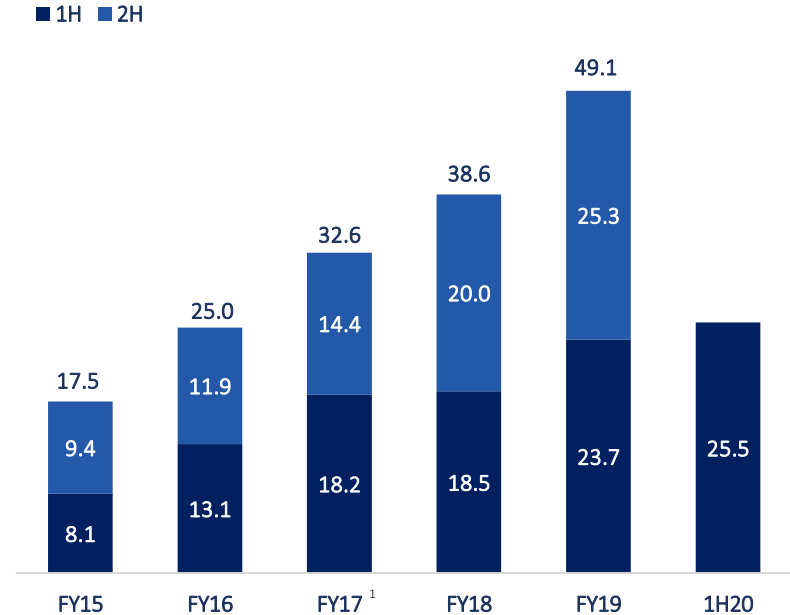
2. As at 31 December 2019

# STRONG LONG-TERM REVENUE AND EARNINGS GROWTH

Revenue (A\$m)



EBITDA (A\$m)



1. FY17 EBITDA is presented on a pro forma basis

# STRONG FINANCIAL POSITION AS AT 31 DECEMBER 2019

A\$m	30 Jun 2019	31 Dec 2019
Cash	194.8	100.3
Trade receivables	23.7	41.4
Intangible assets	113.5	192.8
Property, plant and equipment	21.2	68.6
Other assets	26.9	31.1
<b>Total assets</b>	<b>380.2</b>	<b>434.2</b>
Trade payables	6.3	4.5
Contract liabilities	34.9	32.0
Borrowings	0.0	0.0
Lease liabilities <sup>1</sup>	3.1	45.9
Other liabilities	44.4	48.2
<b>Total liabilities</b>	<b>88.7</b>	<b>130.6</b>
<b>Net assets</b>	<b>291.5</b>	<b>303.6</b>

1. Increase in lease liabilities associated with IFRS16

- Bravura is in a robust financial position, with cash of A\$100.3m as at 31 December 2019. 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\$192.8m and includes intangibles of A\$78.4m recognised from acquisitions (subject to finalisation at year end)
- Operating cash outflow (including taxes paid) was A\$3.8m in 1H20, reflecting cash conversion of -15% (34% in 1H19). Cash conversion (excluding taxes paid) was 21% (45% in 1H19). Cash conversion was as expected, driven by early payments received in the preceding period (152% in 2H19) and in line with the long-term trend
- Long-term cash flow is supported by predictable, long-term, client contracts

# 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

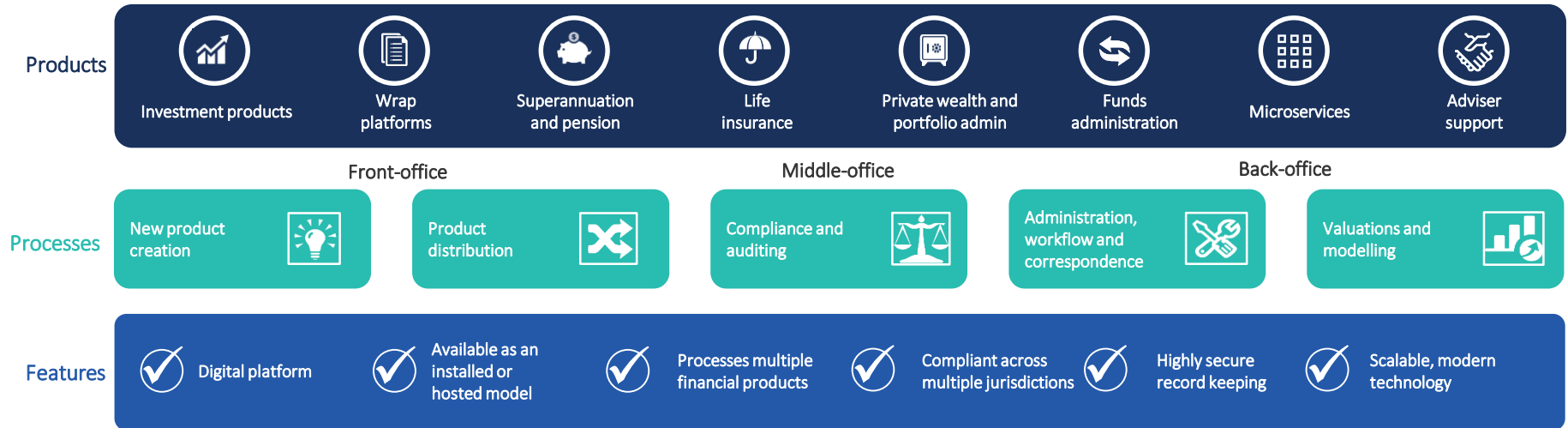
✓ Software investment

Bravura addresses the key issues currently faced by industry participants

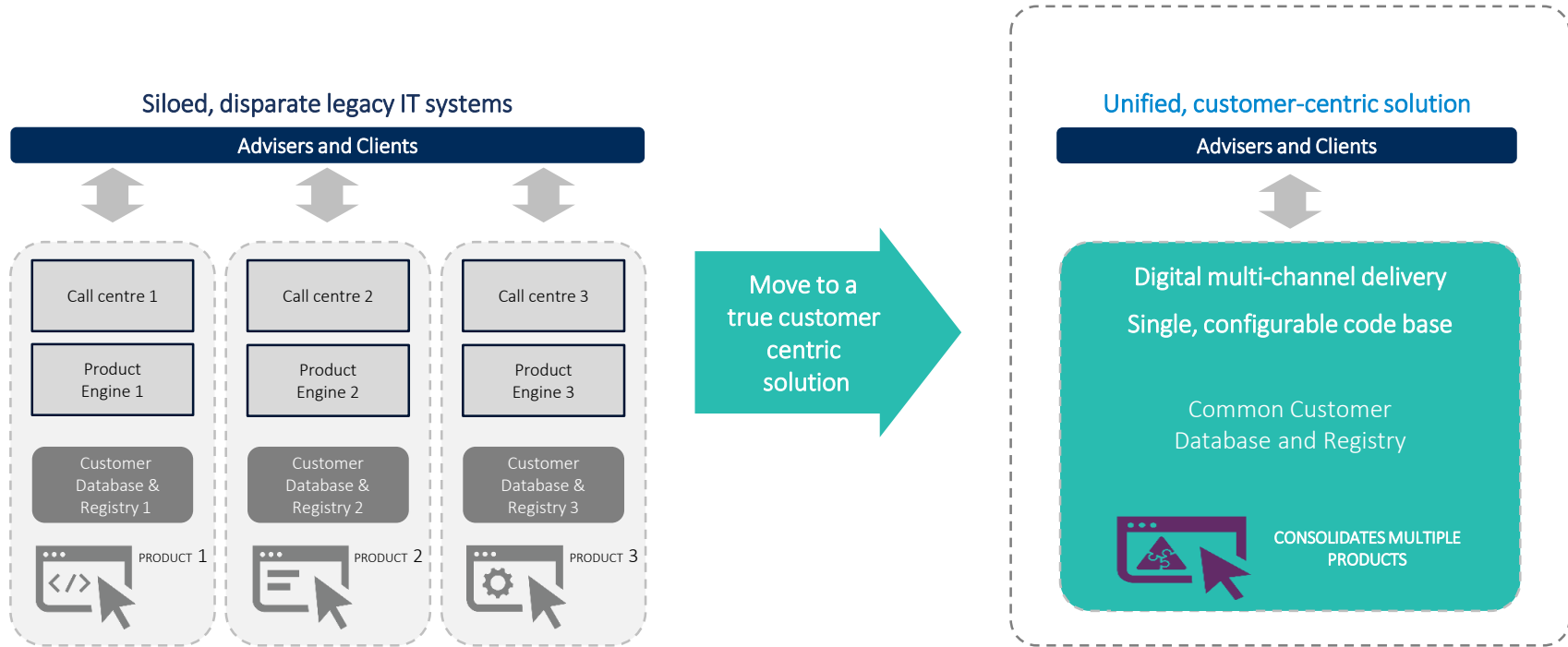


# BRAVURA'S ECOSYSTEM

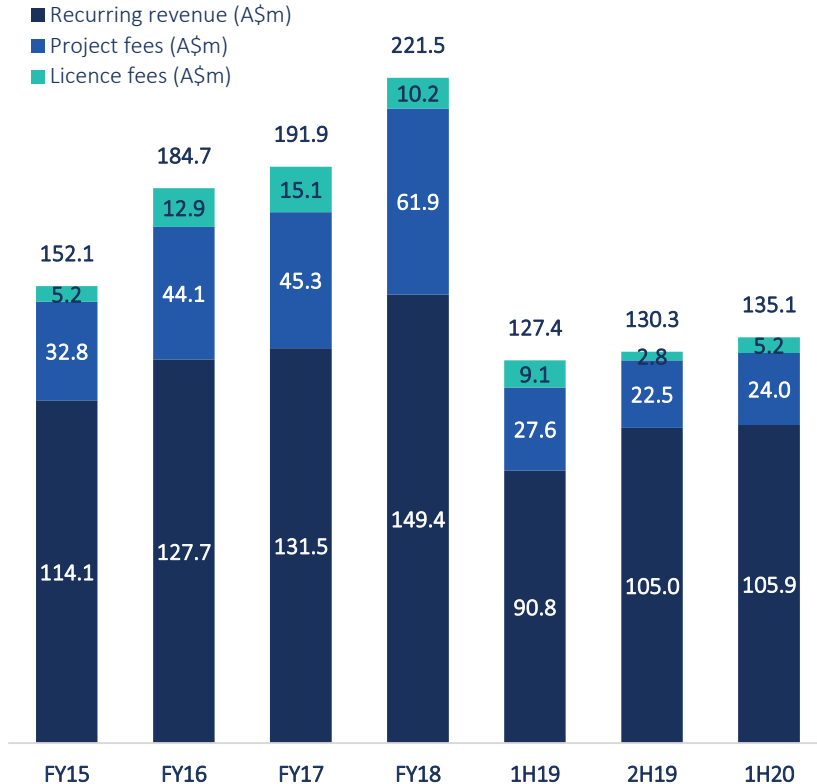
Bravura provides digital enterprise software solutions supporting sophisticated financial services products across front, middle and back office, including digital delivery across multiple devices to advisers and end consumers.



# SONATA SIMPLIFIES LEGACY CLIENT SYSTEMS



# STRONG GROWTH IN RECURRING REVENUE



- **Recurring revenue is up 17% in 1H20 compared to the pcp and comprises 78% 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, 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

# MIDWINTER – FINANCIAL PLANNING SOFTWARE

## AdviceOS Financial Adviser Platform

- Used by financial advisers to deliver personal services, managing relationships and providing advice documents face to face or via telephone
- The platform provides efficient and compliant processes and includes an adviser-focused CRM

## Digital Solutions

- Scalable online advice to end consumers via web or mobile devices
- Self-directed advice enables financial advice to be provided on a large scale. This allows institutions to develop relationships and build trust with consumers as well as provide cost-effective advice

- 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
- Midwinter is well placed to capitalise on continued change in the Australian financial advice industry. Midwinter has also received significant interest from New Zealand financial institutions and has significant potential in Bravura’s other operating geographies
- Midwinter has approximately 60 employees based in Australia

# FINOCOMP – REGISTRY AGNOSTIC MICROSERVICES

## Regulatory tools

### TierDrop

MIFID II 10%  
depreciation  
reporting

### CoCa

MIFID II  
Ex-post costs  
and charges  
disclosure

### ForeSight

Advanced  
transaction  
projection  
engine

## Intermediary tools

### Cobalt

Cost base  
calculation  
engine (CGT)

### Insight

Investor  
performance  
reporting  
tool

### MPM

Model  
portfolio  
manager

## Back office components

### SSAD

Single source  
of asset data

### Charge Def

Adviser and  
platform  
charge rate  
cards

### Toro

Charge  
calculation  
engine

- Bravura acquired FinoComp for A\$25m in October 2019
- FinoComp’s software adds functionality to Bravura and brings new Wealth Management clients as well as cross-sell opportunities to Bravura’s existing clients and combined offerings across the Bravura product suite
- FinoComp has approximately 35 employees in Australia and the UK and comprises seasoned senior management, mathematicians and experienced developers with diverse backgrounds specialising in critical infrastructure
- Enables Bravura technology to be introduced into a new market of clients without the need for significant replatforming projects

# 1H20 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 procuring an ecosystem of solutions; this shift is benefitting Bravura's increased focus on greater product modularisation and a market proposition that involves a broader product portfolio across all our offerings including our strategic acquisitions

## Continued investment is driving strong growth opportunities



- Wealth Management **sales pipeline remains strong**, with significant opportunities **across all key markets**
- Bravura's compelling value proposition which supports clients in managing new regulation, digital and cost pressures underpins Wealth Management's strong sales pipeline
- The acquisition of Midwinter and FinoComp are strategic and provide **long-term growth opportunities**

## Strong business performance is delivering attractive shareholder returns



- Interim dividend declared of 5.5 cents per share**, bringing the half-year payout ratio to 68% of 1H20 NPAT

1. Compared to 1H19  
 2. Return on equity is based on NPAT over time-weighted average total equity  
 3. The IFRS16 reporting line changes have not been applied to the calculation of EBITDA; EBITDA has been calculated in the same way as prior periods  
 4. 1H20 NPAT includes a one-off A\$1.7m deferred tax credit arising from the acquisitions completed during the period which will reverse over time

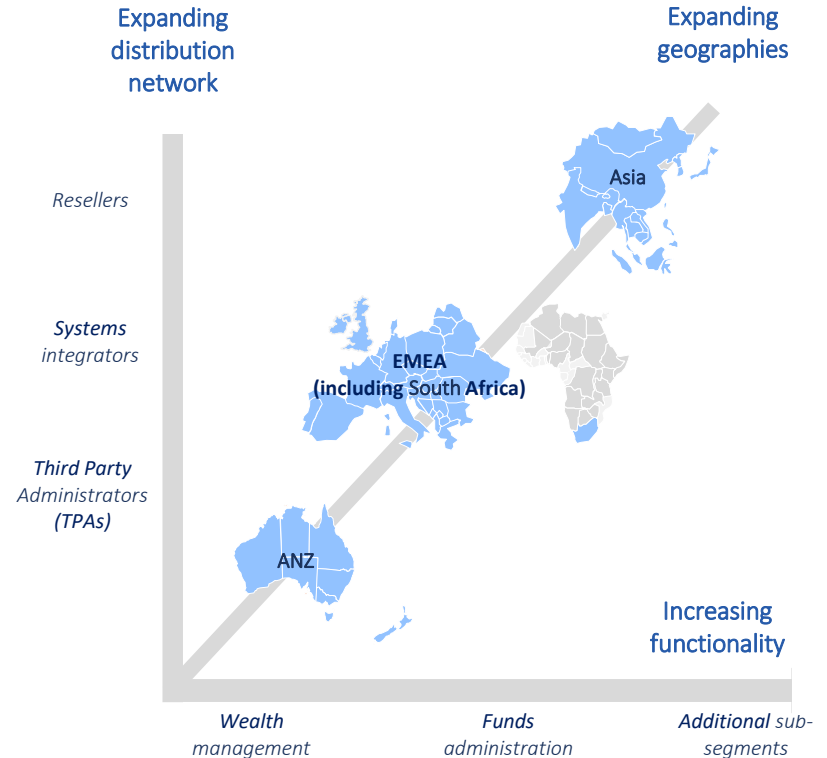
A\$m	1H19	1H20	% chg
<b>Group</b>			
Revenue	127.4	<b>135.1</b>	6%
EBITDA <sup>3</sup>	23.7	<b>25.5</b>	7%
NPAT <sup>4</sup>	16.3	<b>19.8</b>	21%
<b>Segments</b>			
Wealth Management revenue	90.4	<b>91.0</b>	1%
Wealth Management EBITDA	29.4	<b>26.0</b>	-11%
Funds Administration revenue	37.0	<b>44.1</b>	19%
Funds Administration EBITDA	13.7	<b>19.6</b>	44%
<b>Margins</b>			
EBITDA margin	18.6%	<b>18.8%</b>	0.2%
NPAT margin	12.8%	<b>14.6%</b>	1.8%

# STRATEGIC GROWTH PRIORITIES

## Growth drivers

- ✓ UK Life & Pensions regulatory changes and moves to digital driving system upgrades
- ✓ Next generation Australian & New Zealand wrap and investment platforms driving the need for new technology
- ✓ Superfunds in Australia demanding a differentiated solution from their technology provider
- ✓ Midwinter adds to Bravura's capabilities to provide solutions for the advisor, digital portfolio management and tools and calculators' space
- ✓ FinoComp enhances Bravura's microservices capabilities and offerings, enabling the expansion of Bravura's ecosystem of solutions and addressable market
- ✓ Acquiring businesses or products that add to Bravura's broad suite of products

## Execution of growth drivers



## Strong sales pipeline with a growing number of transformational opportunities



- Bravura's strong sales pipeline is driven by continuing project activity with existing clients and significant sales opportunities from new clients, supported by expansion into new markets, segments and acquisitive growth opportunities. These opportunities are increasing in terms of size and complexity. The nature of these transformational opportunities (M&A/competition activities, regulatory approvals, cost profiles), provide Bravura with a considerable growth runway, but make timing of closure more difficult to predict
- 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
- The acquisition of Midwinter and FinoComp are strategic and provide long-term growth opportunities

## Increased scale driving operating leverage



- Strong growth, increasing scale and greater efficiency are driving operating leverage expansion
- Increasing product investment continues to support client demand and deepen product functionality
- Bravura's broad suite of products, complemented by enhanced digital and cloud solutions, is extending Bravura's market-leading position

## FY20 earnings guidance



- Full-year 2020 NPAT growth excluding the impact of acquisitions is expected to be in the mid-teens. Acquisitions are expected to make an additional contribution of ~A\$3m of FY20 NPAT





For more information, visit:  
[www.bravurasolutions.com/investors/](http://www.bravurasolutions.com/investors/)  
[investors@bravurasolutions.com](mailto:investors@bravurasolutions.com)