

## ASX Release

23 August 2019

### Bravura achieved an outstanding FY19 result across all key metrics

**Bravura Solutions Limited (ASX:BVS) (Bravura)** has today announced its full-year results for the period ended 30 June 2019. Bravura is again pleased to report another year of strong growth across the broad product suite coupled with continued operating leverage expansion.

#### Strong FY19 financial results across all key financial metrics

- Group FY19 revenue increased 16% to A\$257.7m (A\$221.5m in FY18).
- Group FY19 EBITDA increased 27% to A\$49.1m (A\$38.6m in FY18).
- Group FY19 NPAT increased 21% to A\$32.8m (A\$27.0m in FY18).
- Group EBITDA margin increased to 19.0% (17.4% in FY18).
- Group FY19 EPS<sup>1</sup> increased 19% to 15.0cps.
- Unfranked final dividend declared of 4.8cps.

#### Bravura delivers strong market-leading growth

- The FY19 result was driven by robust growth across the Bravura product suite.
- Sonata continued to deliver strong revenue growth and now makes up almost all of the Wealth Management segment.
- A number of clients successfully went into production and additional projects for new and existing clients commenced.

#### Wealth Management segment result reflects continued operating leverage expansion

- Wealth Management FY19 revenue increased 14% to A\$176.8m (A\$155.1m in FY18).
- Wealth Management FY19 EBITDA increased 17% to A\$53.9m (A\$46.2m in FY18).
- Wealth Management FY19 EBITDA margin expanded to 30.5% (29.8% in FY18).

#### Funds Administration delivered growth resulting from increased implementation and project work

- Funds Administration FY19 revenue increased 22% to A\$80.9m (A\$66.4m in FY18).
- Funds Administration FY19 EBITDA increased 21% to A\$32.3m (A\$26.7m in FY18).
- The segment benefitted from increased implementation and project work arising from a renewed and enhanced contract with a significant global client, as well as improved utilisation from the existing client base.

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<sup>1</sup> EPS based on NPAT over time-weighted average total shares outstanding

## Strong performance delivers excellent shareholder returns

- FY19 return on equity<sup>2</sup> of 22% and FY19 return on assets<sup>3</sup> of 20%.
- Unfranked final dividend declared of 4.8cps, with full-year dividends representing 70% of FY19 NPAT.

## Solid financial position

- Operating cash flow<sup>4</sup> was A\$46.5m, representing cash conversion of 95% (120% in FY18).
- Cash conversion (excluding taxes paid) was 109% (127% in FY18).
- Solid financial position with net cash of A\$194.8m as at 30 June 2019.
- Equity raising successfully completed on 8 May 2019 to enhance balance sheet flexibility and provide additional capacity to take advantage of organic and acquisitive growth opportunities. Approximately 28.7m shares were issued through the placement.

Commenting on the group performance, Mr Klim, Chief Executive Officer said:

*“Bravura has again achieved an outstanding set of full year results. The FY19 result was driven by robust demand across the Bravura product suite combined with operating leverage expansion. We have seen continued and significant project work from our existing client base, in addition to several new contract wins.”*

## Summary of FY19 financial performance

A\$m	FY18	FY19	\$ chg	% chg
Wealth Management	155.1	176.8	21.7	14%
Funds Administration	66.4	80.9	14.5	22%
<b>Total revenue</b>	<b>221.5</b>	<b>257.7</b>	<b>36.2</b>	<b>16%</b>
Wealth Management	46.2	53.9	7.7	17%
Funds Administration	26.7	32.3	5.6	21%
Corporate <sup>5</sup>	-34.4	-37.1	-2.7	8%
<b>EBITDA</b>	<b>38.6</b>	<b>49.1</b>	<b>10.5</b>	<b>27%</b>
D&A	-7.1	-6.5	0.6	-8%
<b>EBIT</b>	<b>31.5</b>	<b>42.6</b>	<b>11.1</b>	<b>35%</b>
Net interest and FX expense	-0.7	-1.1	-0.4	49%
<b>Profit before tax</b>	<b>30.8</b>	<b>41.5</b>	<b>10.7</b>	<b>35%</b>
Tax expense <sup>6</sup>	-3.7	-8.7	-5.0	133%
<b>NPAT</b>	<b>27.0</b>	<b>32.8</b>	<b>5.8</b>	<b>21%</b>
<b>EPS (A\$ cps)<sup>7</sup></b>	<b>12.6</b>	<b>15.0</b>	<b>2.4</b>	<b>19%</b>

<sup>2</sup> Return on equity is based on NPAT over time-weighted average total equity

<sup>3</sup> Return on assets is based on EBITDA over time-weighted average total assets

<sup>4</sup> Operating cash flow includes taxes paid

<sup>5</sup> Corporate costs include interest income

<sup>6</sup> FY18 tax expense included the benefit from utilisation of A\$1.8m of deferred tax assets

<sup>7</sup> EPS based on NPAT over time-weighted average total shares outstanding

### Wealth Management performance

Revenue increased 14% to A\$176.8m in FY19, up from A\$155.1m in FY18. EBITDA increased 17% to A\$53.9m in FY19, up from A\$46.2m in FY18. Strong revenue growth resulted from new contracts, successful client implementations and the commencement of additional projects for new and existing clients.

EBITDA margin expanded to 30.5% in FY19, up from 29.8% in FY18. The increase reflects continued operating leverage expansion.

Sonata continued to deliver strong revenue growth and now makes up almost all of the Wealth Management segment.

A\$m	FY18	FY19	\$ chg	% chg
Wealth Management revenue	155.1	176.8	21.7	14%
Wealth Management EBITDA	46.2	53.9	7.7	17%
<b>Wealth Management EBITDA margin</b>	<b>29.8%</b>	<b>30.5%</b>		

### Funds Administration performance

Funds Administration revenue increased 22% to A\$80.9m, up from A\$66.4m in FY18. Funds Administration EBITDA increased 21% to A\$32.3m, up from A\$26.7m in FY18. The segment benefitted from increased implementation and project work arising from a renewed and enhanced contract with a significant global client, as well as improved utilisation from the existing client base. The result also reflects one-off ramp up costs in 1H19 to support the increased demand.

A\$m	FY18	FY19	\$ chg	% chg
Funds Administration revenue	66.4	80.9	14.5	22%
Funds Administration EBITDA	26.7	32.3	5.6	21%
<b>Funds Administration EBITDA margin</b>	<b>40.2%</b>	<b>40.0%</b>		

## Market outlook

**Large addressable market.** Bravura’s product functionality supports the pensions, life insurance, investment products, and wrap platform markets across its key markets in the UK, Australia, New Zealand and South Africa, which comprises a large number of financial services companies. Organisations in these markets are still running multiple legacy or competitor systems, resulting in high cost structures. This leads to a lack of product flexibility, difficulty in responding quickly to changes in regulatory regimes, and tardiness in meeting the emerging requirements of the current digital world.

**Strong pipeline of opportunity.** Bravura has a strong sales pipeline across its key markets and across its geographic regions, comprising a number of established financial institutions evaluating the suitability of Bravura’s products and digital offerings to replace their legacy or competitor systems. The strong pipeline is driven by sales opportunities from new clients and significant project activity from existing clients. Bravura has good visibility of its sales pipeline over a 12- to 18-month period. The UK market and political uncertainty may impact timing of new UK sales in the short-term.

**Sonata is well positioned.** The continued investment in Sonata, funded by both Bravura and its clients, supports client demand and extends the product’s market-leading position. Strong growth, increasing scale and greater efficiency, are driving increased operating leverage. Following significant product investment and the accumulation of deep market knowledge and expertise, Bravura is well positioned to continue to capitalise on the significant market opportunity.

**Pipeline of client opportunities supports Funds Administration.** Bravura’s strong market credentials in providing digital solutions and straight through messaging capabilities is driving a pipeline of contracted work from existing clients. A pipeline of opportunities is expected to support growth into FY20.

Commenting on the market outlook, Mr Klim said:

*“We see continued long term demand from our client base across the Bravura product suite, with structural changes in the global financial services industry providing a long growth runway. Our clients continue to deeply embed our products as mission critical technology platforms which is driving new project activity.”*

## Guidance

As a result of strong recurring revenue and new sales opportunities, full-year 2020 NPAT growth is expected to be in the mid-teens.

## Teleconference details

A teleconference and webcast briefing for analysts and investors will be held at 9:15am Australian Eastern Standard Time (AEST). Participants can pre-register for the teleconference here:

<https://s1.c-conf.com/diamondpass/Bravura-10001529-invite.html>

Conference ID: 10001529

Direct phone number: +61 2 9007 3187

Country	Toll Free Phone Number
Australia	1800 558 698
Canada/United States	1 855 336 4664
Hong Kong	800 906 986
New Zealand	800 480 392
Singapore	800 852 3140
United Kingdom	0808 168 3761

Webcast link: <https://webcast.openbriefing.com/5439/>

The webcast is accessible 15 minutes before the briefing starts.

– ENDS –

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## About Bravura Solutions Limited

Bravura Solutions Limited is a leading provider of software solutions for the wealth management, life insurance, and funds administration industries. Our solutions are underpinned by functionally rich technology that enables modernisation, consolidation, and simplification. Backed by over 30 years of experience, our installed or managed hosted solutions are used by many of the world's leading financial institutions. Our business comprises more than 350 direct and indirect blue-chip clients. In excess of A\$2.8 trillion (£1.6 trillion) in assets are entrusted to our systems. We support our clients with a team of more than 1,300 people in 12 offices across Australia, New Zealand, United Kingdom, Europe, Africa, and Asia.

To learn more, visit [www.bravurasolutions.com](http://www.bravurasolutions.com).