

## ASX Release

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# 2019 Annual General Meeting Chairman's Speech

### Introduction

Welcome to the Bravura Solutions 2019 AGM. Bravura enjoyed another highly successful year with strong operating and financial performance recorded across the business. After a successful IPO in November 2016, Bravura has now reported four years of excellent full year results.

The Bravura share price performed strongly during the financial year and now ranks among the top 200 listed companies in Australia after being admitted into the S&P/ASX 200 Index in October 2018. We remain confident in the strong growth outlook of the business.

Under the leadership of Tony Klim and his experienced executive team, Bravura continues to advance towards its long-term strategic goals and take advantage of a significant and growing addressable market.

With a healthy sales pipeline, a broad suite of products complemented by enhanced digital solutions and a number of compelling acquisition opportunities, Bravura is well placed to continue its growth trajectory.

### Financial results

I am pleased to report that Bravura enjoyed another year of significant growth across the business, accompanied by outstanding financial and operational performance.

In FY19, the business recorded revenue of A\$257.7m, representing growth of 16% over FY18. EBITDA grew by 27% to A\$49.1m, compared to A\$38.6m in the previous period. NPAT increased by 21% to A\$32.8m, up from A\$27.0m in the prior corresponding period. During the year, Bravura raised A\$165m for acquisitions as well as organic growth opportunities. We were very pleased with the success of the placement and the strong support shown by both our existing institutional shareholders and the broader investment community. The company is in a strong financial position with net cash of A\$194.8m as at 30 June 2019, which puts the business in an excellent position to take advantage of a pipeline of compelling investment opportunities, both organic and acquisitive.

The Board is pleased to declare a final unfranked dividend of 4.8 cents per share. Along with the interim dividend of 5.3 cents per share declared earlier in the year, Bravura delivered a full-year dividend payout ratio of 70% of FY19 NPAT. Combining this with Bravura's strong share price performance, the total shareholder return for the year was 54%, which significantly exceeded the S&P/ASX 200 Index performance of 7%.

## Midwinter acquisition

In August 2019, Bravura announced the acquisition of cloud-based SaaS provider Midwinter Financial Services for a total consideration of A\$50m. We are pleased with the progress we have made so far with integrating the Midwinter organisation into Bravura and a number of existing clients have expressed strong interest in Midwinter's product offerings.

The Midwinter team has built a strong, highly functional and well-regarded software application for the Australian financial advice market. The acquisition is a good strategic fit, with Midwinter's software solutions a natural extension to Bravura's existing product suite. We believe there is a long growth runway ahead for Midwinter that can deliver excellent returns for Bravura shareholders.

## FinoComp acquisition

In October this year, we also announced the acquisition of leading microservices provider FinoComp for a total consideration of A\$25m. FinoComp is an Australian software company that builds registry agnostic and highly flexible products and services. The FinoComp team is highly skilled and experienced, with a very strong reputation in the UK wealth management industry. The acquisition is strategically significant, allowing Bravura to drive more of our clients' mission-critical operations.

## Business overview

Bravura's mission is to develop innovative technology solutions that power the world's financial institutions. Our purpose is to deliver prosperity for our customers by providing a broad suite of modern technology solutions that drives the success of their businesses.

Bravura has long standing relationships with some of the world's largest blue-chip financial institutions. We are proud to count organisations such Fidelity International, Bank of New York Mellon, JPMorgan, Prudential, Mercer, Westpac NZ, ASB Bank, TAL, Suncorp, STANLIB, Legal & General, Schroders, Lloyds and Citi as our clients.

The strong demand for Bravura's broad and growing product range is driven by clients' need for speed to market, enhanced digital capabilities, navigating maturing and evolving financial regulation and extracting operational efficiencies. We continue to invest in developing the functionality of our product range as we look to extend our operations into new geographies.

## Market-leading position

During FY19, we successfully implemented clients across all of our key regions and enjoyed growth across both our Wealth Management and Funds Administration business units. Our clients now have more than A\$2.8 trillion of assets under administration on Bravura technology, directly or on behalf of their customers.

We have invested over A\$160m in our flagship product Sonata. This investment has positioned Sonata as a market leader in our key regions and has delivered excellent returns for shareholders. Our strong balance sheet and experienced and highly skilled Bravura management team has the company positioned for significant long-term growth.

## Growth opportunities

Bravura remains well positioned to deliver on our long-term growth strategy. The pipeline of sales opportunities in our existing geographies such as the UK, Australia and South Africa remains healthy. The addressable market continues to grow as our clients seek to address their technology needs and enhance their digital capabilities. We continue to evaluate a pipeline of acquisition opportunities while maintaining our discipline when investing shareholders' capital. We continue to invest and enhance the Bravura product suite to capitalise on strong demand in our current geographies as well as for future growth in adjacent markets and regions.

## Acknowledgments

I would like to thank our shareholders for their commitment to Bravura Solutions over the past financial year. I welcome new shareholders that have placed their confidence in the business for the next stage of Bravura's journey. We appreciate the trust you have placed in us to deliver on our strategic business goals.

2020 continues to shape as an exciting year, filled with new opportunities and challenges. Under the strong leadership of Tony Klim and his highly talented executive team, we remain confident in delivering on our strategic objectives for the year and on our ambitions for continued growth into the future.

Finally, I would like to take this opportunity to thank Tony and the more than 1,400 Bravura staff, located around the world, for their efforts and commitment during the year. The company's many achievements would not have been possible without the hard work and commitment of every member of the Bravura team, who continue to develop and deliver innovative and world-class solutions that meet our clients' needs. I will now hand over to our CEO, Tony Klim, to discuss Bravura's operational highlights and growth strategy in more detail.

# 2019 Annual General Meeting

## CEO & Managing Director Speech

### Introduction

Thank you, Neil, and good afternoon.

It was another outstanding year for Bravura Solutions with excellent performance reported across the business. I am excited to share with you what we have achieved and our long-term growth outlook.

### FY19 results

The business once again performed above our expectations, with demand from existing clients driving revenue growth. This highlights the strong relationships we build with our clients and the importance they place on our technology to run their business. We continue to strive towards our mission of developing innovative technology solutions that power the world's financial institutions.

Both Wealth Management and Funds Administration enjoyed top line growth. Sonata continued to drive growth through new clients and also project work from existing clients. As previously mentioned, demand from existing clients exceeded expectations and we are grateful for the trust our clients place in us to provide the mission-critical infrastructure needed to run their businesses. Funds Administration also exhibited growth and maintained its robust margins for the year. With a pipeline of opportunities in both segments, we look forward to continued growth this financial year.

The Wealth Management business unit delivered another year of solid operational and financial performance, underpinned by our modern technology solution, Sonata. During the year, we delivered a number of successful implementations as well as projects from existing clients. The segment recorded revenue growth of 14% to A\$176.8m and EBITDA increased 17% to A\$53.9m.

In New Zealand, ASB Bank went live on Sonata as its core platform. In the UK, Legal & General Investment Management continued its partnership with Bravura with our hosted Sonata platform deployed to support new business. In Australia, Commonwealth Super Corporation went live with Sonata as a fully managed cloud service.

In Funds Administration, our long-term partners JPMorgan and Citi both signed renewed and enhanced contracts for a further term of five years each. FY19 saw Funds Administration grow strongly by 22% to A\$80.9m. EBITDA also grew by 21% on the prior corresponding period to A\$32.3m. We are very pleased with the performance recorded in the segment and expect demand to continue as clients seek to enhance their digital capabilities.

We continue to evaluate a healthy pipeline of acquisition opportunities, while ensuring we deploy shareholder capital in the most efficient and value maximising way. Bravura ended the 2019 financial year in a very strong net cash position of A\$194.8m, giving us the capability to move quickly on organic and inorganic investment opportunities.

## Midwinter acquisition

I am delighted that Midwinter Financial Services has become part of Bravura. Midwinter bring with them a powerful and highly functional product range that continues to win market share in the Australian financial advice software market. Midwinter's award-winning financial planning software, AdviceOS, powers back office administration for financial advisers and drives online self-directed digital advice portals for superannuation funds in Australia. We are pleased to have already seen significant interest from our existing clients in understanding how Midwinter's software solutions can support their businesses and we continue to progress these sales opportunities.

The acquisition represents an excellent fit with our mission to provide best-in-class software solutions that satisfy our clients' needs and assist them in navigating complex regulatory environments.

## FinoComp acquisition

We also recently announced the acquisition of Australian software firm, FinoComp. FinoComp enables Bravura to tailor the Bravura technology proposition for new sales and capture a greater share of the technology spend from existing clients. The FinoComp team has built a suite of highly flexible and registry agnostic data analytics and performance reporting software that services some of the world's leading financial services companies. We are very excited to welcome the FinoComp organisation into Bravura. Both companies share in the same values of delivering innovative and world class software solutions to our clients.

## Industry trends and market drivers

I would like to briefly talk about the market in which we operate and the drivers for growth in our business. Bravura's clients operate in the wealth management, life insurance and funds administration segments of the financial services industry. Our clients in these segments face a remarkable and growing set of challenges.

The financial services industry is characterised by complex and continually changing regulatory requirements. 2019 proved to be no different with a raft of new regulatory changes that put further pressure on financial institutions to meet customer demands and achieve operational efficiencies. We have also seen financial institutions look to engage more with their customers. Bravura has developed enhanced digital applications that allow our clients to meet this demand.

Bravura's market-leading technology platforms address the key issues faced by the world's financial institutions. Our continued investment in our product range ensures we are well placed to assist our clients meet the demands they face in the financial services industry.

## Growth opportunities

I'd now like to spend a moment taking a closer look at Bravura's growth outlook. A healthy sales pipeline for Bravura from existing and new clients and across multiple geographies presents significant opportunity to grow our business. Our strategy continues to focus on the following drivers of growth.

**Extension of the Bravura product range.** Bravura has invested over A\$160m in developing its flagship product Sonata. Sonata is now well established and well regarded in the market as a product with rich functionality that can support a wide range of financial services products. We continue to invest in the development of our existing product suite

as well as look to acquire organisations with new products that complement and enhance our offerings and expand our total addressable market.

**New geographies.** There are a number of adjacent geographic markets that are currently demonstrating or likely to demonstrate in the near term, market characteristics similar to the ones in which Bravura currently enjoys success in, particularly continental Europe. We are evaluating potential opportunities to move into continental Europe through acquisition or to support the needs of existing clients seeking to expand into these regions.

**Adjacent markets.** We continue to explore a pipeline of acquisitive and organic growth opportunities in our current markets as well as those adjacent to us. Midwinter represents the first of these opportunities and we are delighted with the progress we have made so far. We look for acquisitions that bring complementary technology that enhance our current offering as well as open up new markets for Bravura.

## Product development

Our market-leading product Sonata has demonstrated that years of investment and development activity in collaboration with our clients has produced a world-class software solution that is delivering excellent shareholder returns. An additional A\$31.8m of R&D was invested across the product range during FY19, further extending the distance between the competition and our software solutions. Our clients continue to fund a large portion of this investment, which is ensuring our R&D investment is spent where it is most useful. 85% of the Bravura workforce are developers and consultants, highlighting the importance the organisation places on developing innovative and modern technology solutions that meet the demands of the world's financial institutions. With more than 600 developers based in Gurgaon, Warsaw, Auckland, and Melbourne, combined with continued significant investment fuelled by our clients, Bravura is extending its significant lead over competing products in functionality, breadth, and usability.

**A single unified digital platform.** Sonata is a single unified customer-centric platform that supports digital delivery to our clients across front office, middle office, and back office teams. Sonata has enhanced digital capabilities and the ability to administer a wide range of financial products. These include investment and wrap platforms, superannuation, pension and retirement products, life insurance, and private wealth.

**Self-administered and device agnostic.** Sonata's customer-centric design means that end customers can review and manage their own financial affairs using any modern device in real-time. This improved customer experience is a growing trend within the financial services industry, with institutions seeking to improve customer engagement and satisfaction.

**Continuous innovation.** Our mission is to develop innovative technology solutions that power the world's financial institutions. We invest significantly in our development team to improve the Sonata platform and meet our clients' evolving demands. Sonata's single code base enables enhancements in functionality to be shared across the entire Bravura client base. We continue to develop the capability of our Innovation Labs to provide an environment where developers generate new ideas in areas such as AI and Open Banking.

Our continuous focus on innovation and product development ensure Bravura is in an excellent position to address the industry trends and market demands of the world's financial institutions.

## The right people

I would now like to spend a moment to talk about our people. Bravura has over 1,400 employees located in 12 offices across 8 countries. The vast majority of our staff are developers and consultants whose commitment to developing and enhancing the product range is essential to the continued success of Bravura. During FY19, we welcomed over 120 additional consultants and developers to the business. We continue to invest significant resources in the right people to ensure Bravura enjoys success in the future.

## A good start to FY20

The 2020 financial year is off to a good start, with demand from existing clients, a pipeline of new sales opportunities and significant interest in Midwinter's software solutions.

In September this year, Cigna (formerly OnePath) officially went into production on Sonata after transitioning away from our heritage product, Talisman. We are pleased to report the project was executed in a controlled and efficient manner. In October this year, Bravura signed a new contract with a leading Australian fund administration outsourcer.

Clients continue to deeply embed Bravura technology into their core operating systems which is leading to increased project and professional services work. We expect to see growth across both Funds Administration and Wealth Management businesses in FY20.

We have a healthy pipeline of sales opportunities in our current geographies and potential organic and inorganic growth opportunities in new and adjacent markets.

Previous guidance given for FY20 of mid-teens NPAT growth excluding the impact of acquisitions remains in line with our expectations. Acquisitions are expected to make an additional contribution of approximately A\$3m to FY20 NPAT.

## Conclusion

We are delighted with our FY19 results which highlight the commitment and dedication of our global Bravura team in ensuring we achieve our objective of providing innovative technology solutions to the world's financial institutions. I would like to thank all of our people for their outstanding contribution.

Lastly, on behalf of the Board, I would like to thank you all for your attendance today, and for your continued support for Bravura as we continue delivering market-leading technology solutions that support the needs of current and future clients.

– 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. Our software solutions enable our clients to increase speed to market, provide a seamless digital experience and address ongoing changes in financial services regulation. Backed by over 30 years of experience, our on-premise, managed, hosted and cloud solutions are used by many of the world's leading financial institutions, who entrust trillions of dollars in assets to our systems. We support our clients with a team of more than 1,400 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).