



# ASX Release

27 November 2018

## 2018 ANNUAL GENERAL MEETING

### CHAIRMAN'S SPEECH

#### Introduction

Welcome to the Bravura Solutions' 2018 AGM. Bravura Solutions has enjoyed another successful year in FY18, with the company continuing to build momentum since its successful IPO in November 2016.

During the year, Bravura had a significant change in its shareholder register, with Ironbridge Capital selling their 47% shareholding, allowing a number of new investors to become shareholders of Bravura. As a consequence of the strong share price performance and increase in market capitalisation, Bravura was admitted into the S&P/ASX300 Index in March 2018. Subsequent to year end, the company was admitted into the S&P/ASX200 Index in October 2018, and as a result Bravura now ranks amongst the top 200 listed companies in Australia.

Under the leadership of Tony Klim and his executive team, it has been a great year for Bravura in which we have continued to advance the company's strategic business goals.

With a strong pipeline of sales opportunities, a solid balance sheet position and increasing scale benefits, Bravura has entered FY19 in a compelling position to capitalise on further growth, operating leverage and investment opportunities.

#### Financial results

With respect to our financial performance, I am delighted to report that Bravura Solutions delivered another set of outstanding financial results during the year, with our business strongly exceeding its FY17 results.

In FY18, the company achieved revenue of \$221.5m, an increase of 15% over the previous year. Group EBITDA increased by 18% to \$38.6m, compared to \$32.6m in the prior corresponding period. Group NPAT increased by 27% to \$27.0m, up from \$21.4m in FY17. As at 30 June 2018 the company had net cash of \$24.8m.

On the back of these strong financial results, the Board was pleased to declare a final unfranked dividend of 4.5 cents per share for the year. Full-year dividends declared was 9.0 cents per share. Combining this with Bravura's solid share price performance, the total shareholder return was 106% for the period, which significantly exceeds the S&P/ASX300 Index performance of 8%.



## **Business overview**

At Bravura, we provide global software solutions and services for the world's leading financial services companies. Our technology is the essential administration engine that powers the wealth management and funds administration industries across the APAC and EMEA regions.

Our business services a long international client list of reputable blue-chip companies, including Fidelity International, Prudential, Scottish Friendly, Mercer, Westpac NZ, ASB Bank, TAL, Partners Life, Suncorp, STANLIB Wealth, Bank of New York Mellon, Legal & General, Schroders, Lloyds and Citi.

We are committed to supporting our clients as they continue to navigate through increasing regulatory changes and evolving industry trends. Bravura's technology solutions thoroughly address these key client requirements. We continue to enhance and grow our market offering in both the APAC and EMEA regions.

## **Market leading position**

Throughout FY18, we have achieved new client wins in all key markets which is testament to the strength of the business and its management. Our clients now have more than A\$2.8 trillion of assets under administration on Bravura technology, directly or on behalf of their customers.

Sonata has clearly demonstrated that years of development activity in collaboration with our clients has produced world-class products in a market-leading position and is delivering excellent shareholder returns. Our financial investment, combined with our fiscal strength and highly skilled Bravura team, has built outstanding momentum for the company and we look forward to capitalising on this going forward.

## **Growth opportunities**

Bravura has a strong growth outlook. As a global company with a solid balance sheet and increased scale driving operating leverage, Bravura remains well-positioned to deliver on our growth strategy. Our flagship offering, Sonata, continues its upward trajectory, with a large and growing sales pipeline in new and existing markets across wealth, investment, life insurance and pensions. Underpinning this demand is the need for digital capabilities, the ability to cope with evolving regulation, and to achieve operational efficiencies. With a large addressable market, Sonata is well placed to take advantage of this strong demand in the UK, Australia, New Zealand, and South Africa, which will support the continued market leadership Sonata, our flagship solution. Tony will elaborate further.

## **Acknowledgments**

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



We look forward to an exciting and productive year ahead filled with new opportunities and challenges, and we remain confident that the unparalleled depth of experience and technical expertise of our global Bravura team coupled with our leading market solutions will support our continued business success and our growth ambitions into the future.

Finally, I would like to take this opportunity to thank Tony, his executive team and the more than 1,300 Bravura staff, located around the world, for their efforts and contribution 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 Solutions team, who continue to develop and deliver world-class solutions to our customers. I will now hand over to our CEO, Tony Klim, to discuss Bravura's operational highlights and growth strategy in more detail.



**2018 ANNUAL GENERAL MEETING**  
**CEO & MANAGING DIRECTOR'S SPEECH**

**Introduction**

Thank you Brian, and good afternoon.

It has been quite a significant year for Bravura, having achieved several key business milestones, as well as strongly exceeding our performance of the previous year. I would like to take this opportunity to share with you the progress we have made and why I believe Bravura is well-positioned to continue its trajectory of sustainable growth.

**FY18 results**

Bravura has delivered an outstanding set of financial results in FY18, with the business exceeding its performance of the previous year across all key metrics, including revenue, EBITDA, and NPAT.

The rapid growth in Sonata continues to underpin the business's performance, contributing 55% of group revenues in FY18. Further drivers of growth have been the increase in recurring revenue and professional services margins. With continued investment and a strong sales pipeline, Sonata remains a key driver of growth for the business.

Our Wealth Management business in particular had an outstanding year, winning four new clients for Sonata, including Legal & General in the UK, Commonwealth Superannuation Corporation in Australia, ASB Bank in New Zealand, and Discovery in South Africa. It increases the total number of clients on Sonata to 24, up from 20 at the end of FY17.

Of these major client wins, the sale to Commonwealth Super in Australia was strategically significant, becoming the first Bravura client to implement Sonata as a fully managed cloud service. The sale in New Zealand, to ASB Bank, extends our already strong position for Sonata in the KiwiSaver market. In the UK, the long-term contract signed with Legal & General further endorses Sonata as a market-leading, agile business solution. In South Africa, our sale to Discovery marks Bravura's third customer in the region and the second major contract Bravura has won in South Africa in less than 12 months, consolidating Bravura's presence in this targeted market and reinforcing Sonata's position as a market leader in corporate retirement savings technology.

Our Funds Administration business performed in line with expectations, with a particularly commendable effort in the second half of the financial year. Our RUFUS SaaS offering continues to create new opportunities for growth in the UK market, giving smaller and mid-sized fund managers the ability to access a fully managed solution with standardised functionality at an attractive price point for this market. This solution saw one new sale to fund administration service provider T. Bailey Fund Services in the UK.



Bravura remains a leader in the funds administration market for its digital solutions and straight-through messaging capabilities and this, together with our SaaS offering for fund managers has created further new opportunities. Together, these underpin a good pipeline of work into FY19.

Bravura ended the 2018 financial year with a net cash position of A\$24.8m. The balance sheet is well positioned to fund further growth opportunities, both organic and acquisitive, as they arise.

### **Industry trends and market drivers**

I would like to take a few minutes 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 set of challenges.

Regulatory change in financial services continues to evolve. Customer demand for an intuitive digital experience from their financial institutions is growing. Operational efficiencies are still widely pursued by businesses to offset constant margin pressure.

For this reason, the need for a modern and scalable technology platform capable of providing complete end to end digital delivery and administration, is becoming increasingly important.

Sonata's compelling value proposition is that it provides a solution that addresses each of these challenges. In this context, we are confident that a multi-year pipeline of opportunities lies ahead to drive further growth.

### **Growth opportunities**

I'd now like to spend a moment taking a closer look at Bravura's strong growth outlook. A large and growing sales pipeline for Sonata in new and existing markets across wealth, life insurance and funds administration presents significant opportunities to expand our business. Our strategy continues to focus on the following drivers of growth.

**Continued growth in our flagship product, Sonata.** Sonata is now well established in the marketplace as a product with rich functionality that supports a wide set of financial services products. There is significant scope for long-term growth in rolling out Sonata in its core geographies, both through supporting existing customers, and through winning new customers that still suffer with the burden of outdated in-house legacy software.

**Expansion in South Africa.** I am delighted to report that we have delivered on our strategy to expand and consolidate our presence in South Africa as it aligns its regulatory model to that of our core UK and Australian markets. With impending changes driving the need for new technology solutions that support innovative life, pensions and investment offerings in the region, we are well-positioned to assist South African financial services companies with their technology needs. Bravura now has three of the top South African financial institutions as clients, and we see further growth opportunities for Sonata in that 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 operates and thrives. These include an increasingly sophisticated financial services economy, more complex financial products, and increasingly more complex financial services regulation. Bravura is actively exploring these markets for their potential as a growth opportunity for the business. Acquisitions and greenfield expansion are both under consideration.

### **Sonata development**

Sonata has clearly demonstrated that years of investment and development activity in collaboration with our clients has produced a world-class product in a market-leading position and is delivering excellent shareholder returns. We have continued that prudent investment, with an additional A\$30m invested into Sonata during FY18. Critically, our clients are largely funding and directing this investment into the most relevant areas. Bravura is home to more than 500 hundred developers based in Gurgaon, Warsaw, Auckland, and Melbourne. The strength of this R&D team, combined with continued significant investment fuelled by our clients, is extending Sonata's significant lead over competing products in functionality, breadth, and usability, and creates further operating leverage and market opportunity.

**A single unified digital platform.** Sonata is a single unified platform that supports digital delivery to our clients across front office, middle office, and back office teams. Sonata has the functionality to support digital delivery and administration of 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 device of their choice in real-time. This enhanced customer experience ultimately leads to greater customer satisfaction.

**Continuous innovation.** Our development team is continuously improving the underlying platform, delivering new product capability and driving out operational efficiencies. New Sonata functionality is now over 70% client-funded, and these enhancements are deployed for the benefit of our entire client base. We are boosting the capabilities of our Innovation Labs, which are based in EMEA and in APAC. These Innovation Labs provide an environment in which developers are able to generate new ideas in areas such as AI and Open Banking, iterate rapidly, and progress the idea to commercialisation in a compressed timeframe. In addition to innovation in the underlying platform, we also continue to extend our proposition in new areas including AI and data analytics.

All of these factors taken together mean that Bravura is in an excellent position to address the industry trends and market drivers mentioned earlier.



## **The right people**

I would now like to spend a moment to talk about our people. Bravura has over 1,300 employees located in 12 offices across 8 countries. 85% of these are developers and consultants who work directly on improving our product offerings every day. During FY18, we welcomed over 110 additional consultants and developers to the business. In London alone, total staff numbers have grown by over 45% in the past three years. To create capacity for further growth, we are excited to be moving to new larger premises at Bishopsgate in London and Sandton in Johannesburg during the first half of FY19. The new space underpins our ability to deliver best-of-breed services and emerging technology solutions to our clients.

## **A strong start to FY19**

The 2019 financial year is shaping up to be another very productive year, with a number of implementations and upgrades underway with existing and potential new clients seeking to benefit from our services, and a number of projects and initiatives underway to improve how we operate together as a team.

In October 2018, we saw ASB Bank – a leading financial services provider in New Zealand – go live into production with Bravura’s Sonata administration platform. In Australia, we also saw Commonwealth Super go live into with Sonata as a managed cloud service. And in the UK, fund administrator Smith & Williamson successfully implemented the Babel messaging platform.

Our strong pipeline of opportunities and increased operating leverage remains driven by the continued roll out of Sonata in core and new geographies, across both the wealth management and fund administrations segments.

Bravura continues to maintain a strong pipeline of development activity to meet the needs of our clients, now and into the future.

Previous guidance given for FY19 of mid-teens NPAT and EPS growth remains in line with our expectations.

## **Conclusion**

The strong results delivered in FY18 are testament to the strength of our business and more particularly, the hard work and immense dedication of our global Bravura team. I would like to thank all of our people for their outstanding contribution. I look forward to working with you all as we remain firmly committed to growth.

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 –



*For investor enquiries, please contact:*

**Rahul Badethalav**

Head of Strategy, Marketing and Investor Relations

T: +61 2 9018 7879

E: [investors@bravurasolutions.com](mailto:investors@bravurasolutions.com)

**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).