



## **AGM speech FY2010 Brian Mitchell – Chairman**

### **[Valued shareholders]**

I would like to begin by acknowledging all our shareholders. Many of you have been with us since Bravura Solutions was first listed in June 2006 and on behalf of the Board and the Company - I thank you for your continued support. To those shareholders that have joined us more recently, thank you for your commitment - we look forward to adding further value to your investment portfolios.

### **[Chairman's appointment]**

I am extremely pleased to have taken on the role as Chairman of Bravura Solutions in February this year and sincerely thank Neil Broekhuizen for his strong leadership and service as interim Chairman.

### **[Dedicated employees]**

I would also like to take this opportunity to thank each and every one of our employees for their continued dedication and hard work.

### **[Financial improvement – moving to a stronger financial platform]**

In May 2009, we announced a Recapitalisation Proposal in the form of a Rights Issue - the main purpose was to reduce interest bearing debt and provide working capital to continue to grow the business. At the beginning of the 2010 financial year, the proposal was approved with strong shareholder support – this same support was seen for the Rights Issue to assist the acquisition of Mutual Fund Technologies (MFT), in the United Kingdom.

We are very satisfied with the turnaround in our underlying business and are confident in the shift towards a stronger financial foundation. However, we do recognise that like many companies, we have had a difficult financial year amidst uncertain market conditions, which are likely to continue.

For the 2010 financial year, we delivered the following results:

- EBITDA excluding licence fees improved by \$13.1 million to \$3.0 million;

- EBITDA including licence fees declined by \$6.1 million to \$10.0 million, which included a negative currency impact of \$3.1 million;
- Operating cash flow improved by 11 per cent to \$14.2 million – a \$9.0 million increase over the past two years; and
- We demonstrated strong expense control with a number of key initiatives undertaken, resulting in expense reduction of \$26.0 million which included a favourable currency impact of \$9.3 million.

### **[More consistency and certainty]**

Going forward, we expect consistency and certainty to be far more important in respect to our financial management. Our revenue streams will become more predictable as we increase the percentage of recurring revenue gained from long-term contracts, whilst at the same time, reducing our reliance on licence sales. We will also continue to see a strong focus on operating cash flow in line with our 2010 achievements in this area.

In addition, we expect improved margins over time as we increase the level of activity from more cost effective support and development centres, and become more proficient at developing solutions that can be deployed across our core products.

### **[Strategic company review]**

As part of a strategic review to improve organisational efficiency and effectiveness, we engaged external consultants to work closely with the Board and senior management.

The review resulted in a revised operational structure and focused the Company on six core objectives:

1. To leverage our improved and strong financial position for significant market growth across both transfer agency and wealth management divisions as these markets recover from the recent financial crisis;
2. To expand our market leading solutions into the global emerging markets, with a special focus on Asia Pacific;
3. To lower over time the cost of software development and support activities through the expansion of our offshore centres in Poland and India;
4. To continue to seek out acquisition opportunities that enhance our value proposition to our clients and further consolidate our market leadership in the markets in which we choose to compete;

5. To continue to enhance and improve our integration capabilities to optimise the value we gain from our acquisitions; and
6. To further develop and extend the quality and level of services and support to our major global clients by further expansion of our managed services capabilities.

### **[Initiatives implemented so far]**

A number of initiatives have already been implemented in 2010 as a result of the review:

- We have reduced operating expenses through selected headcount reductions, at the same time allowing many employees to take on more senior and challenging roles;
- We restructured our global sales team and invested in additional sales capability in Asia Pacific;
- We refocused our service delivery model by appointing Strategic Key Account Managers and Relationship Managers to look after our client base in order to drive long-term improvements in client satisfaction and develop additional revenue opportunities; and
- We are in the final planning stages to add resources in to lower cost centres in Warsaw and Delhi.

### **[MFT acquisition]**

On the 10<sup>th</sup> of May this year, we announced a fully underwritten \$23.0 million non-renounceable Rights Issue to assist in funding for the acquisition of Mutual Fund Technologies (MFT), based in London. MFT is the provider of a transfer agency software solution known as GFAS, which stands for Global Fund Administration System.

We were extremely pleased with the strong shareholder support that we had for the Rights Issue, as well as the acquisition itself that will allow us to continue to strengthen our transfer agency business. MFT will enable us to not only increase our market share in the European transfer agency market, but will also create cross-selling opportunities to MFT's existing client base. Three of the top five United Kingdom fund managers (by funds under management) now run on Bravura Solutions transfer agency platforms.

Since the completion of the acquisition, a structured integration plan has been established to ensure each of the business areas are well managed and properly

integrated. The integration of 45 employees into our existing framework and structure is proceeding well and is expected to complete by the end of the year.

### **[Acquisition strategy]**

We intend to continue with our current strategy of reviewing suitable acquisition targets in line with growing the wealth management and transfer agency divisions that form our core focus. We will continue to evaluate suitable organisations based on their products, people, clients and geographic footprint in order to further our growth.

### **[Commitment to corporate governance – part of everyday practice]**

Bravura Solutions recognises the importance of good corporate governance and our approach is based on a set of values and behaviours that form the basis of everyday activities, provide transparency and protect stakeholder interests.

Bravura Solutions is committed to fostering a culture that values ethical behaviour, integrity and respect. This approach includes a commitment to excellence in governance standards, which Bravura Solutions sees as fundamental to the sustainability of our business and our performance. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and developments in corporate governance.

We will continue to engage in ongoing communication with our shareholders and encourage you to contact us at any stage should you have any questions or comments.

### **[FY2010 dividends]**

From a dividend perspective, as in previous years, there will not be a dividend distribution for the current financial year. This will continue to be reviewed, in light of the various growth opportunities available to the Company in the future.

### **[Banking covenants]**

Bravura Solutions monitors its compliance with banking covenants regularly, and throughout the 2010 financial year, has remained within all its banking covenants.

### **[Debt management]**

From a debt management perspective, we have reduced our debt levels by 36 per cent to \$33.6 million. We have also fulfilled our deferred settlement obligation of US\$7.0 million relating to the acquisition of Citigroup's Warsaw transfer agency business.

## **[Foreign exchange management]**

The current economic environment continues to cause significant volatility in foreign exchange rates. With almost three quarters of our revenue and earnings generated by overseas subsidiaries, we will always have some exposure to foreign exchange translation risk.

At the AGM last year, we indicated that we were developing policies and procedures to mitigate or reduce the impact of foreign currency risk.

We have the advantage, given the markets we operate in, of having a natural hedging policy which is actively managed by the CFO and her team.

At the same time for material specific transactions that have foreign currency exposure, we may use financial products to achieve risk mitigation. Any such use would be brought to the Board for approval.

## **[Summary]**

Going forward we expect to see the business grow and further develop on a more stable and financial footing as we continue to take measures to ensure current and future success.

We believe that our revised structure and market focus will allow us to better deliver our leading financial software solutions to our current and future client base.

While the external environment continues to challenge us, and the financial services industry experiences a slow recovery, we see consistent signs of improvement with a strengthening and growing pipeline of opportunities. However, sales cycles remain lengthier than normal for the foreseeable future.

As a demonstration of this constant improvement we anticipate EBITDA for the first half of the 2011 financial year to be in the range of \$9.0 million to \$10.0 million.

Once again, I would like to thank our shareholders and employees for their support over the last year, as well as the Board of Directors. I look forward to continuing to serve as your Chairman in 2011.

Thank you. I will now return to the formal business at hand.

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## 2010 AGM

Chaired by Brian Mitchell

19 November 2010



# Members of the Board and CFO



- **Brian Mitchell** Chairman
- **Simon Woodfull** Group CEO
- **Neil Broekhuizen** Non-executive Director
- **Matthew McLellan** Non-executive Director
- **Trevor Perry** Non-executive Director
- **Rebecca Norton** Chief Financial Officer

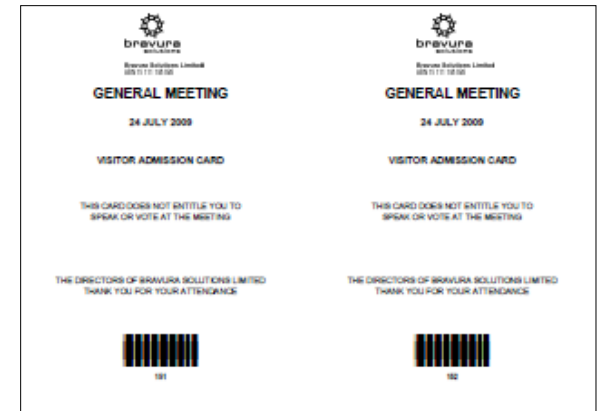
# Voting cards



Voting and speaking allowed



Speaking allowed only



No voting or speaking allowed

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## 2010 AGM – Chairman's address

Presented by Brian Mitchell



# Moving to a stronger financial platform



- Recapitalisation proposal in the form of a Rights Issue reduced interest bearing debt and provided working capital
- Satisfied with turnaround in underlying business and shift towards stronger financial foundation
- Difficult financial year and uncertain markets conditions
  - EBITDA (excl. licence fees) improved by \$13.1m to \$3.0m
  - EBITDA (incl. licence fees) declined by \$6.1m to \$10.0m
  - Negative currency impact on EBITDA of \$3.1m
  - Operating cash flow improved by 11% to \$14.2m – \$9.0m increase over 2 years
  - Strong expense control with key initiatives resulting in expense reduction of \$26.0m including favourable currency impact of \$9.3m

# More consistency and certainty



- Financial consistency and certainty expected
- More predictable revenue streams
- Greater percent of recurring revenue from long-term contracts
- Reduced reliance on licence sales
- Strong focus on operating cash flow
- Improved margins over time

# Strategic company review



- Strategic review to improve organisational efficiency and effectiveness resulted in revised operational structure and a focus on 6 core objectives
  1. To leverage our improved and strong financial position
  2. To expand into the global emerging markets
  3. To lower over time the cost of development and support
  4. To continue to seek out acquisition opportunities
  5. To continue to enhance and improve our integration capabilities
  6. To further develop and extend the quality and level of services and support to our major global clients

# Initiatives implemented so far



- Reduced operating expenses through selected headcount reductions
  - Many employees took on more senior and challenging roles
- Restructured global sales team
- Invested in Asia Pacific sales resources
- Refocused service delivery model by appointing Strategic Key Account Managers and Relationship Managers to look after our client base
- Adding resources in lower cost centres

# MFT acquisition



- 10 May - fully underwritten \$23.0m non-renounceable Rights Issue to fund MFT acquisition
  - Provider of a transfer agency software solution GFAS (Global Fund Administration System)
- Acquisition will:
  - Strengthen core transfer agency business
  - Increase market share in European transfer agency market
  - Create cross-selling opportunities to MFT's client base
  - Improve quality and predictability of earnings due to longer term annuity revenue streams
- Structured integration plan for 45 employees into our existing framework

# Commitment to corporate governance



- Recognise the importance of good corporate governance
- Approach based on value and behaviours that:
  - Form the basis of everyday activities
  - Provide transparency
  - Protect stakeholder interests
- Committed to fostering culture that values ethical behaviour, integrity and respect
- Engage in ongoing shareholder communication
- Available to answer questions at any point throughout the year

# Dividends, covenants and debt management



- No dividend distribution for FY2010
- Remained within all banking covenants
- Reduced debt levels by almost \$20m from \$52.8m to \$33.6m during FY2010
- Paid out a US\$7.0m deferred payment for the 2008 acquisition of Citigroup Poland's transfer agency business



- Significant volatility in foreign exchange rates that Bravura is exposed to:
  - Average FY2010 £1: A\$1.8 (17% decline year on year)
  - Average FY2009 £1: A\$2.16
- ForEx hedging policy in place, administered by CFO and governed by Board
  - Natural hedging to ensure assets and liabilities, and expenses and underlying revenue streams are in the same foreign currency denomination where possible
  - Minimise risk of specific transactions that have foreign currency exposure through use of financial products such as forward contracts, options and any other products that achieve risk mitigation

# Going forward



- Business growth and development
- A more stable financial footing
- Revised structure and market focus allowing for better delivery of software and services
- Slow recovery in financial services industry with consistent signs of improvement
- Strengthening pipeline of sales opportunities

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solutions

## 2010 AGM – Resolutions

Presented by Brian Mitchell



# Item 1 – Financial Statements and reports



- To receive and consider the Financial Report, Directors' Report and Auditor's Report of Bravura Solutions for the year ended 30 June 2010.

## Item 2 – Remuneration Report



- That the Remuneration Report for the Company (included in the Directors' Report on pages 33 to 45 of the 2010 Annual Report) for the year ended 30 June 2010 be adopted.

### Voting

For	Against	Undirected
406,479,811	4,732,156	737,343

The Chairman of the meeting was appointed to vote 604,271 of the undirected votes received at his discretion

## Item 3 – Re-election of Director, Trevor Perry



- That Mr Trevor Perry, who retires in accordance with Article 59.1 of the Bravura Solutions Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of Bravura Solutions.

### Voting

For	Against	Undirected
408,354,672	483,551	737,343

The Chairman of the meeting was appointed to vote 604,271 of the undirected votes received at his discretion

## Item 4 – Election of Director, Brian Mitchell



- That Mr Brian Mitchell, a Director appointed in accordance with Rule 58.1 of the Constitution, and being eligible for election pursuant to Rule 58.2 of the Constitution, is elected as a Director of Bravura Solutions.

### Voting

For	Against	Undirected
408,474,903	326,831	737,343

The Chairman of the meeting was appointed to vote 604,271 of the undirected votes received at his discretion



Thank you

