

Bravura Solutions Limited (BVS)			CASE:	BASE	DATE:	1/07/2021		
The Story								
BVS is a leader in providing software solutions to the Wealth Management and Funds Administration industry which is expected to continue and grow with industry consolidation, acquisitions and industry growth as well as organic penetration. As a high margin software business, operating leverage provides for outsized changes to the bottom line in response to changes in sales, something which worked against BVS in the recent Covid impacted periods. Post Covid it is expected BVS will bounce back to growth at solid but not massive rates due to the nature of their product which provides for long sales cycles but very sticky customers. The current thesis considers only ANZ and UK market penetration which it already has a strong positions, additional upside is offered beyond these markets and via good quality acquisitions. Risks are moderate to low for this well established and well run								
The Assumptions								
What	Base Year	Terminal Year	Link to story					
Revenue KPI	-	-	No specific KPI identified					
Revenue	-9.6%	3.0%	FY21 base year impacted by Covid,					
Gross Margin %	92.0%	94.2%	Marginal improvements with additional scale					
EBITDA Margin %	24.8%	37.9%	Operating leverage reducing Opex as a % of sales					
Tax	14.2%	25.0%	Australia & UK rate mix, plus tax losses					
Capital Spend	21,125	34,525	Growing at half rate of sales to provide FCF growth					
Share Count Changes	244,343	273,241	Nominal growth of 1% a year					
Discount% : EV/EBITDA	10.0%	10.0%	Market historical average assumptions for discount rates and terminal valuations					
The Cash Flows (A\$'000)								
Year	Dilution	N/A	Revenue	Gross Margin %	EBITDA %	Tax	Capex	FCFF
1	247,362	-	297,925	274,687 92.2%	79,616 26.7%	15,028	23,210	41,379
2	249,835	-	347,727	321,300 92.4%	98,739 28.4%	19,221	25,149	54,369
3	252,334	-	394,538	365,342 92.6%	117,638 29.8%	23,300	26,842	67,497
4	254,857	-	441,282	409,509 92.8%	137,393 31.1%	27,527	28,432	81,434
5	257,406	-	486,312	452,270 93.0%	157,345 32.4%	31,733	29,883	95,729
6	259,980	-	527,840	491,947 93.2%	176,709 33.5%	35,714	31,159	109,836
7	262,580	-	564,055	526,827 93.4%	194,624 34.5%	39,246	32,228	123,150
8	265,205	-	593,251	555,283 93.6%	210,202 35.4%	42,100	33,062	135,040
9	267,857	-	613,978	575,911 93.8%	222,607 36.3%	44,056	33,639	144,912
10	270,536	-	630,556	592,722 94.0%	233,692 37.1%	45,568	34,094	154,030
Terminal	273,241	-	646,523	609,025 94.2%	245,031 37.9%	47,017	34,525	163,488
The Value (A\$'000)								
Terminal Value (Diluted)			2,191,157	Cashflows discounted for dilution				
PV (Terminal Value)			767,586					
PV (FCFF of next 10yrs)			525,554					
Value of Operating Asset			1,293,141					
Adjustment for Distress			-	Failure Probability = 0% strong cash position & acquisitive market				
Adjustment for Future Options			129,314	Option Case = 10%, Market opportunities beyond ANZ & UK plus acquisition upside				
- Debt & Minority Interest			-					
+ Cash & Equivalents			56,449					
Value of Equity			1,478,904					
Value per share (Base Currency)	\$	6.05	Insider Holding%: 10.8%; 9p Rem Report; GlassDoor: Rec 65%, CEO 78% (213 Rev)					
FX Rate		1.000	Current Price	%				
Value per share (A\$)	\$	6.05	\$ 3.45	75%				
<i>Source: Methodology and Format are based on that done by Aswath Damodran (see: aswathdamodaran.blogspot.com)</i>								
<i>Disclaimer: Valuation is not to be relied on as financial advice of any sort and is prepared for personal use of the author only.</i>								