



# Financial Results

**year ending 30 June 2012**



**SILVERBRIDGE**

# Agenda



Operations and segments

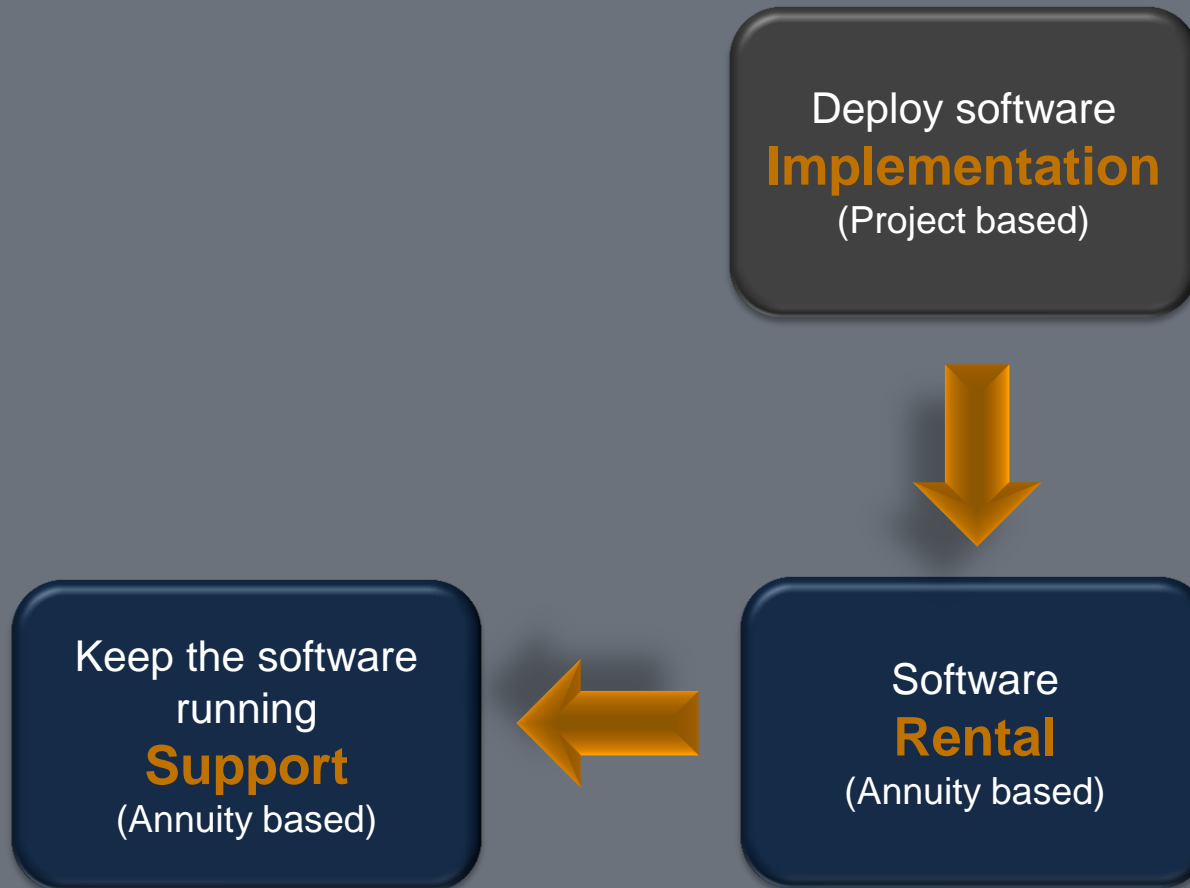
Financial overview

Business overview

Conclusion

Questions

# Operational model



**It would seem that the business remains under pressure?**

**Yes, but the pressure is on implementation – annuity portion remains healthy**



# Implementation

- Pressure from two large projects
  - Absa – nature of the engagement changed, we took the decision to complete the project and secure annuity revenue
  - Metropolitan – overspend on development of modules for future roll-out in Africa
- Projects now complete, client relationship maintained, annuity revenue secured
- Other projects successfully completed.

R `000	H2 2012 (6 m)	H1 2012 (6m)	FY 2012	FY 2011 (12m normalised)	FY 2011 (16m as reported)
Implementation revenue	8 604	20 567	29 171	31 400	41 867
Segment result	(12 361)	(2 375)	(14 736)	(3 903)	(5 204)
Segment result %	(144%)	(12%)	(51%)	(12%)	(12%)



# Support

- Improvement versus prior year and in H2 versus H1
- Capacity constrained due to allocation to implementation
- Performance would have been better if more capacity was available

R `000	H2 2012 (6 m)	H1 2012 (6m)	FY 2012	FY 2011 (12m normalised)	FY 2011 (16m as reported)
Support revenue	10 897	9 184	20 081	18 119	24 158
Segment result	263	(1 131)	(868)	(1 977)	(2 636)
Segment result %	2%	(12%)	(4%)	(11%)	(11%)



**Why does the implementation segment have such an impact?**



# Impact of large projects on SilverBridge

- SilverBridge still small in relation to size of some of its projects
- Annuity revenue base is still too small
- Effect of lost revenue

R `000

FY 2012

Implementation revenue

29 171

Add back lost revenue in Absa

8 901

Add back lost revenue in Metropolitan

9 127

Adjusted implementation revenue

47 199





**What are you doing to improve your performance and manage the risks of large projects?**



**Operations and segments**

## Software rental

- Increase in rental revenue mainly from new clients
- Completed projects have secured future annuity revenue

R `000	H2 2012 (6 m)	H1 2012 (6m)	FY 2012	FY 2011 (12m normalised)	FY 2011 (16m as reported)
Rental	16 157	14 760	30 917	23 967	31 956
License fees	0	2 407	2 407	5 515	7 353
<b>Total software rental</b>	<b>16 157</b>	<b>17 167</b>	<b>33 324</b>	<b>29 482</b>	<b>39 309</b>



# R&D

- R&D was focused on the Eco Suite – a preconfigured system for implementing more efficiently and enabling partners

R `000	H2 2012 (6 m)	H1 2012 (6m)	FY 2012	FY 2011 (12m normalised)	FY 2011 (16m as reported)
R&D expensed	4 783	6 089	10 872	9 857	13 142
R&D capitalised	0	0	0	4 348	5 797

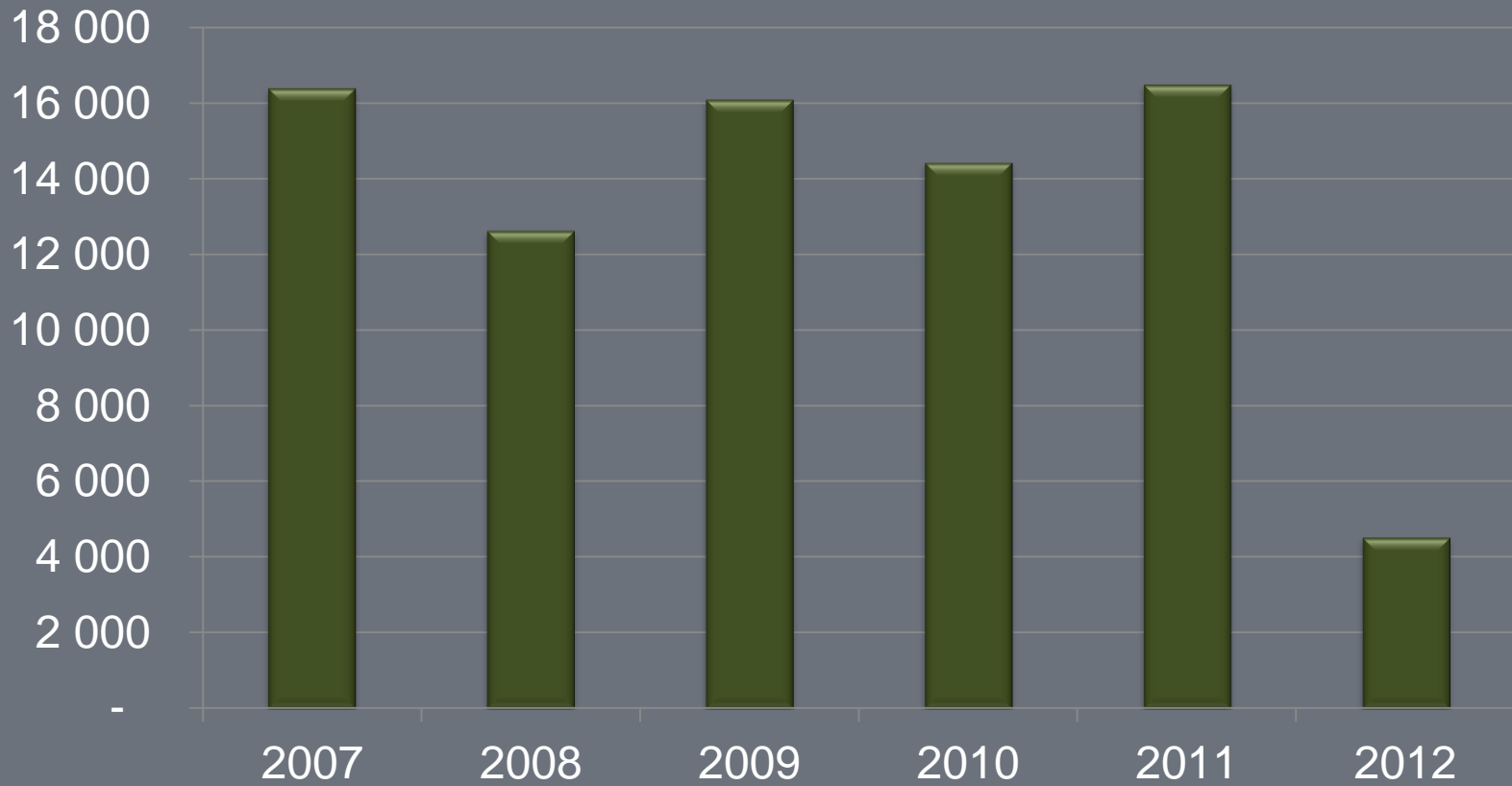


**How sustainable is the business in terms of cash flow, working capital and revenue?**

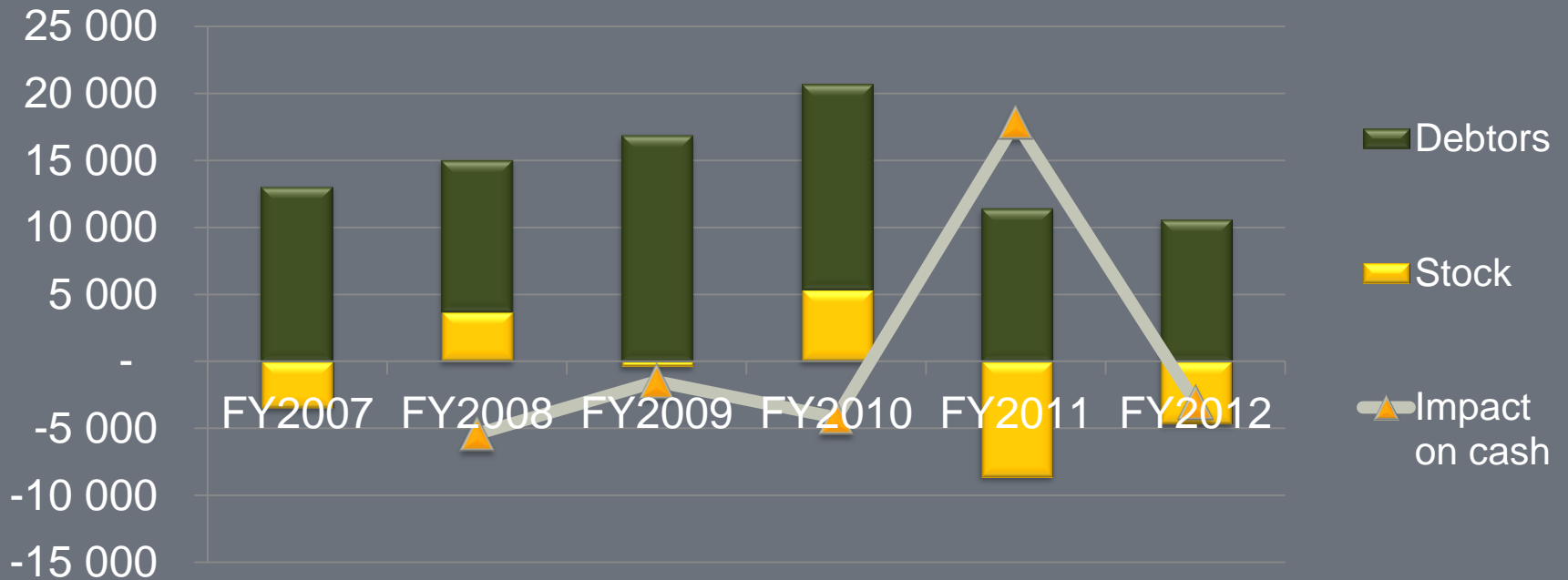


**Operations and segments**

# Cash position R'000

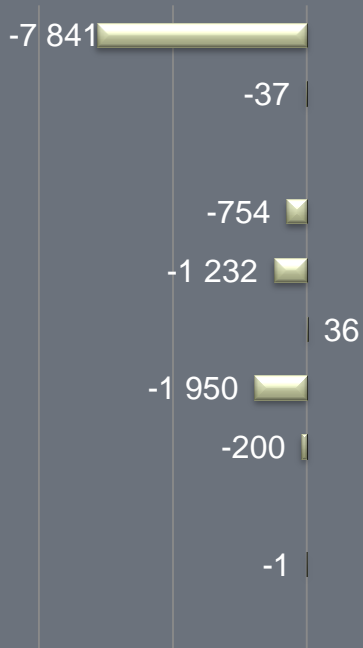


# Working capital

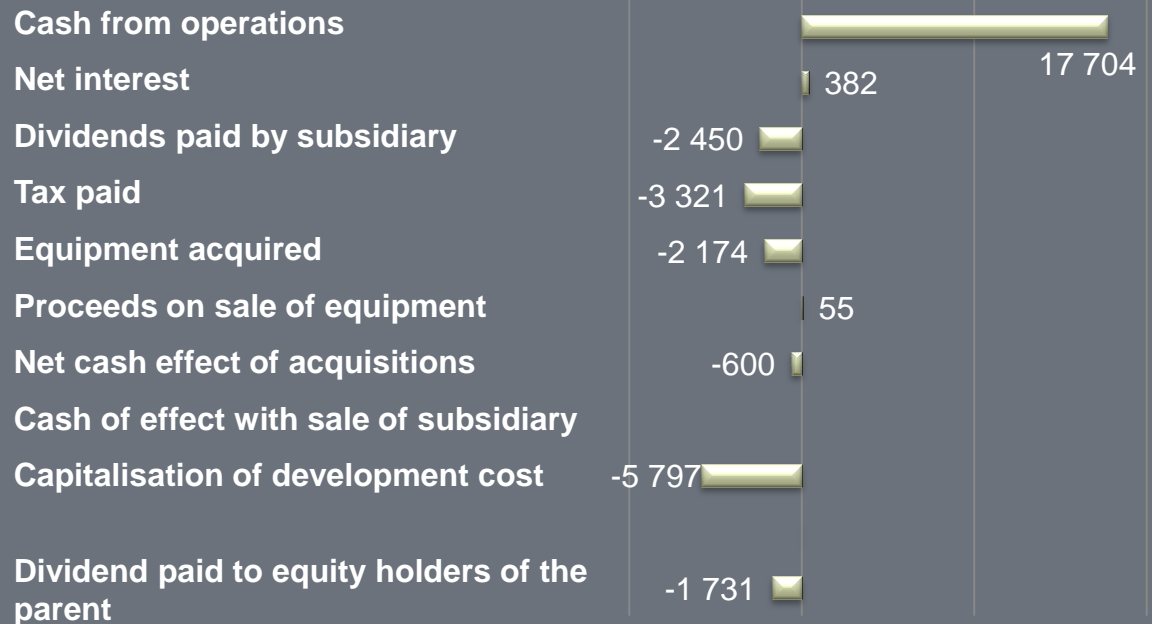


# Summarised cash flow statement

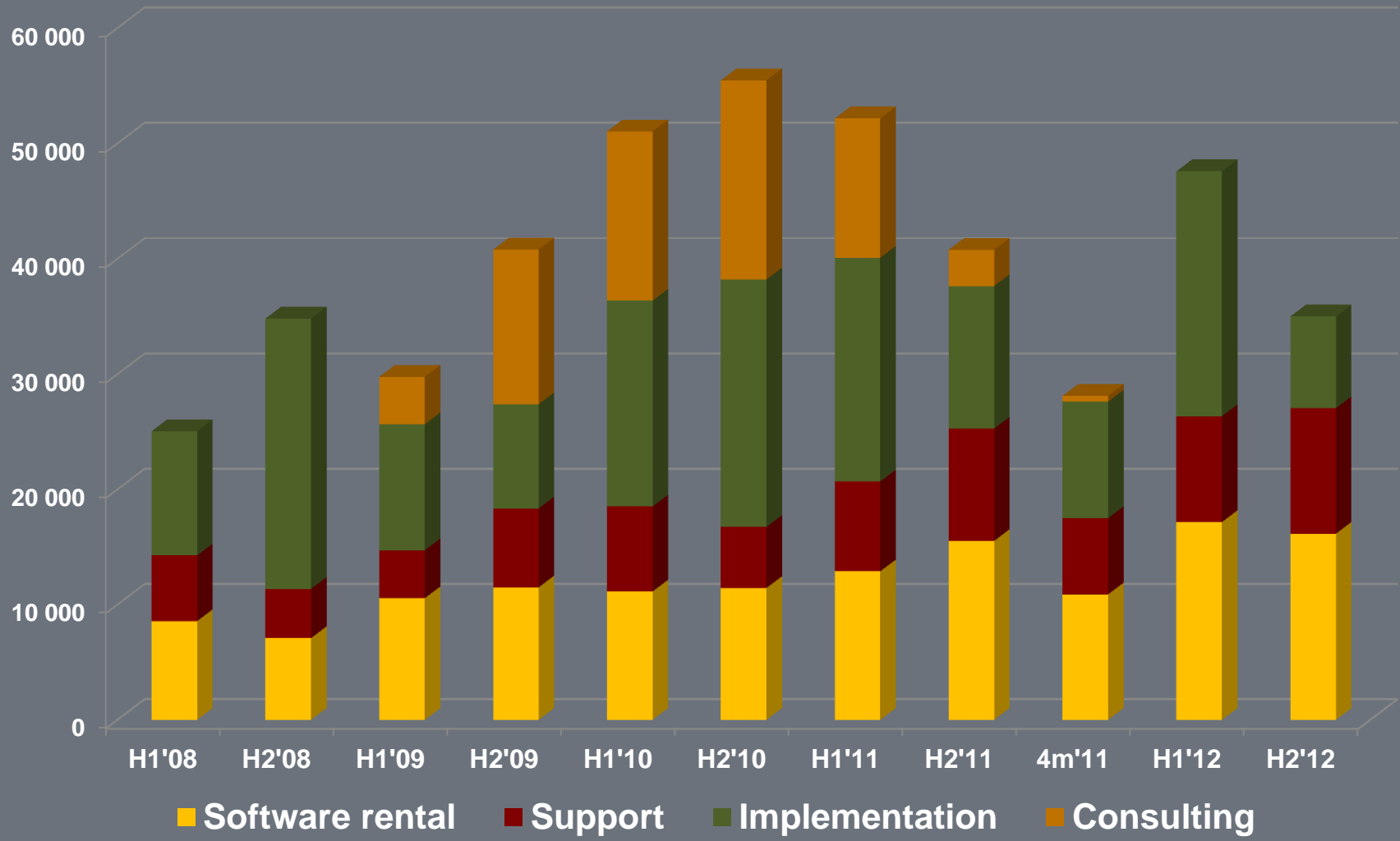
F2012



F2011



# Revenue composition



■ Software rental ■ Support ■ Implementation ■ Consulting





# SilverBridge is a sustainable business

- Revenue
  - Growing annuity revenue base
  - NGL project on track
  - Healthy project pipeline provided we can execute profitably
- Cash flow and working capital
  - Business not capital intensive
  - Expect positive cash flow in year ahead
  - Bank overdraft in place to manage working capital
  - No debt/capital raised



# Financial overview



Financial overview

# Statement of comprehensive income

- Reduced revenue from implementation
- Increase in annuity revenue

## *12 Month period ended 30 June 2012*

R `000	2012 (12 months)	2011 (16 months)
Revenue	82 576	121 042



# Statement of comprehensive income

- Costs reduced by over R20 million over the past two years
- Profits under pressure from implementation challenges

*Period ended 30 June 2012*

R `000	2012 (12 months)	2011 (16 months)
Revenue	82 576	121 042
EBITDA	1 045	973
Operating profit	(4 103)	(3 004)
Operating profit margin (%)	(5%)	(2%)



# Statement of comprehensive income

R `000	2012 (12 months)	2011 (16 months)
Revenue	82 576	121 042
Operating loss	(4 103)	(3 004)
Operating profit margin (%)	(5%)	(2%)
Impairment of intangible assets	0	(27 689)
Impairment loss recognised on non- financial assets	(466)	0
Impairment loss recognised on withholding tax	(2 140)	0
Loss with sale of subsidiary	(668)	0
Loss with disposal of associate	(76)	0
Fair value adjustment	0	11 737
Net finance income	(8)	348
Taxation	858	(5 656)
Minorities	0	(518)
Attributable earnings (loss)	(6 603)	(24 782)
Weighted average shares in issue	34 675	34 675
HEPS (cps)	(16.9)	8.5



# Statement of financial position - assets

- Focus on cash management and working capital

*Period ended 30 June 2012*

	2012	2011
Non Current Assets	17 938	17 406
Current Assets	16 454	34 028
Trade and other receivables	10 388	11 450
Cash and cash equivalents	4 521	16 500
Income tax receivable	833	5 548
Revenue recognised not yet invoiced	712	530
Total Assets	34 392	51 434



# Statement of financial position – equity and liabilities

- No debt
- Have not raised additional capital

*Period ended 30 June 2012*

R `000	2012	2011
Equity	21 462	27 484
Non-current liabilities	0	0
Current liabilities	12 930	23 950
Total equity and liabilities	34 392	51 434



# Financial overview conclusion

- Financial performance of last two years impacted the business
- Challenges mainly from implementation
- Measures in place to continue a turnaround - enabling efficiency and quality is key
- SilverBridge has all the ingredients to be a profitable business





# SilverBridge business overview

We build software that enables financial services

We consult on the implementation of our software

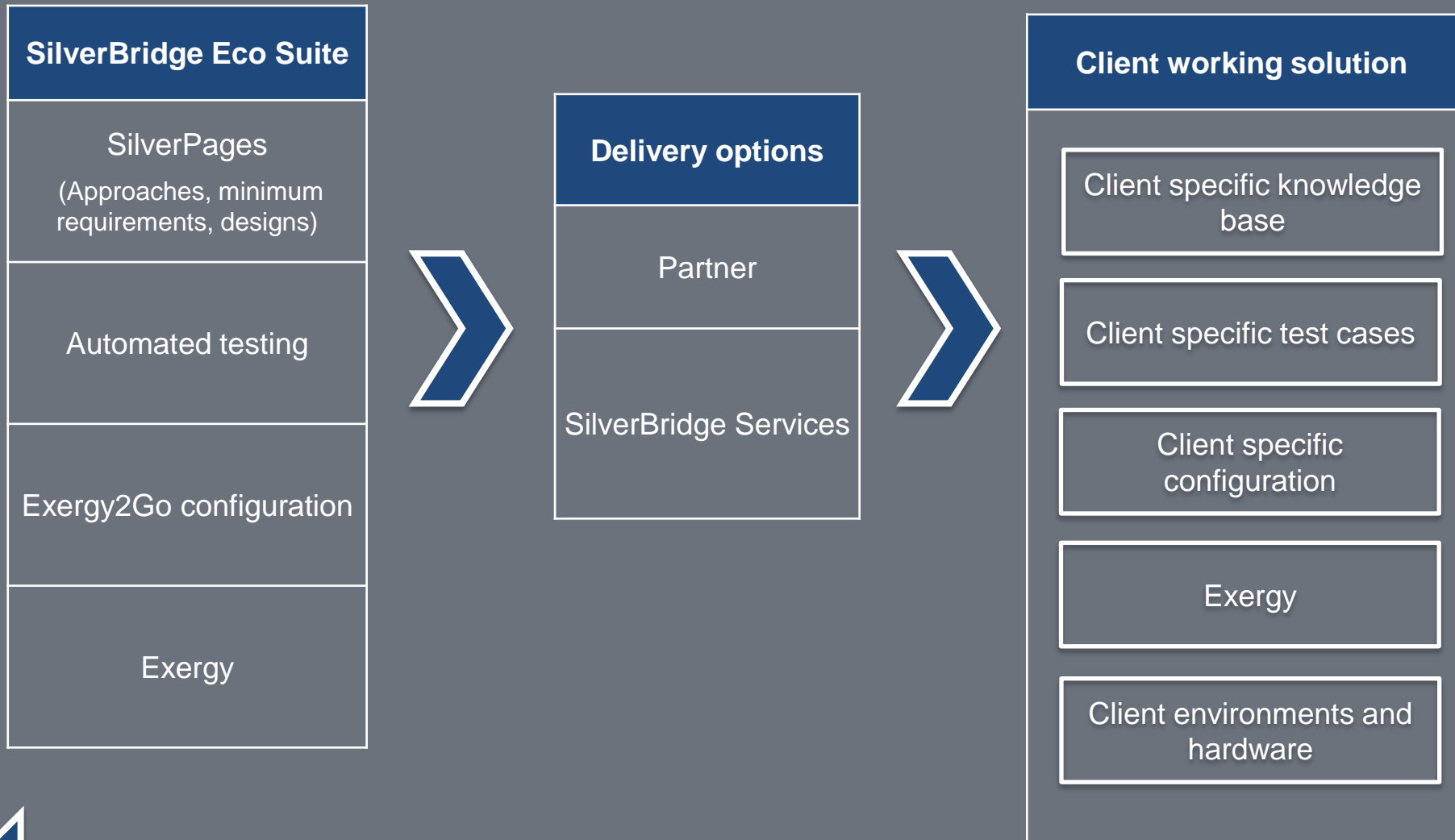
We implement and support our own software\*

We rent out our own software for administration of life insurance contracts

\*We have started enabling partners to implement and support our software



# Operational re-refresh



# Strategic focus for the period ahead

Focus on our current markets in life assurance

Ensure that our offering meets the market's need for solutions that make their operations more efficient

Make sure that our investments build our competitive advantage



# Our position

## *Strong points*

### **Strengths**

- Financial services expertise
- Customisable products and services

### **Opportunities**

- Life insurance
- Mobile market
- Delivering through partners

## *Pressure points*

### **Challenges**

- Relatively small company
- Complexity of environment

### **Pressures**

- Retaining specialist skills
- Dealing with Tier 1 clients



# In conclusion

We are working in a highly complex environment

We are focusing on making implementations simpler and improving quality

We are busy with major projects and securing new business

We continue to maintain the implementations of all our clients





# Questions