



SILVERBRIDGE

Financial results

12 month period ending 30 June 2016

Agenda

1. Financial highlights
2. Operational highlights
3. Segment performance
4. Financial results
5. Operational focus areas
6. Summary and questions



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2

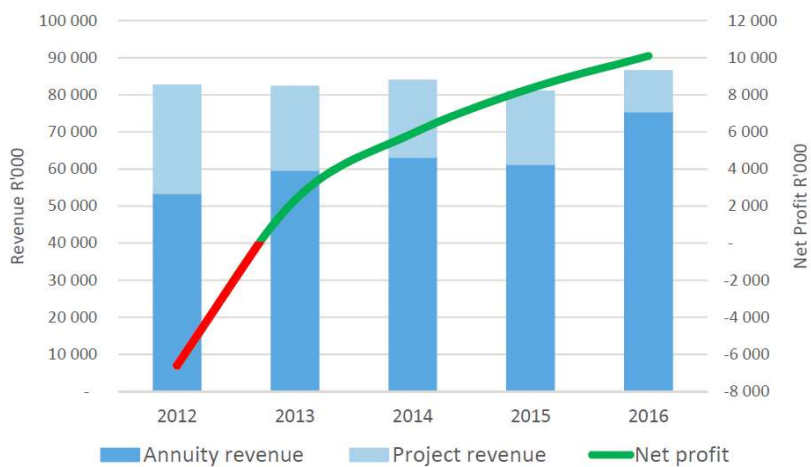
Financial highlights

- Revenue increased by 7%
- Total operating costs increased by 6%
- Net profit up 21% to R10.1m
- HEPS up 21% to 29.1c
- Cash balance improved from R18.2m to R27.0m
- Dividend up 20% to 6c per share



3

Five year graph



4

Operational highlights

- Continued to do small to medium sized implementations
- Africa continued to be a focus for new business
- Developed new products to unlock new software rental revenue
- Good stability of our clients' solutions
- Client relationships remain healthy
- New cloud based hosting and outsourcing contracts secured



5

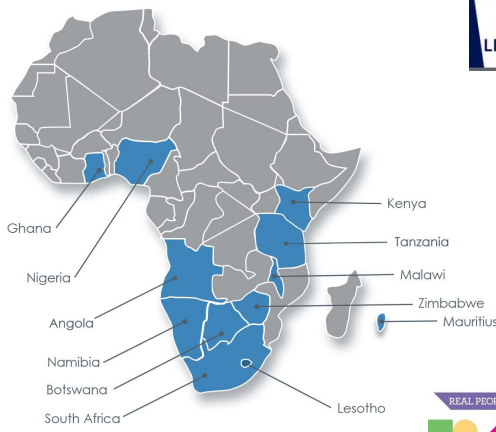
What we do

- We build our own software that enables financial services
- We consult on the implementation of our software
- We implement and support our software
- We rent out our software on a usage basis for administration of financial services contracts
- We host and manage the environments on which our software is installed
- We execute business processes on behalf of our clients



6

Some of our customers

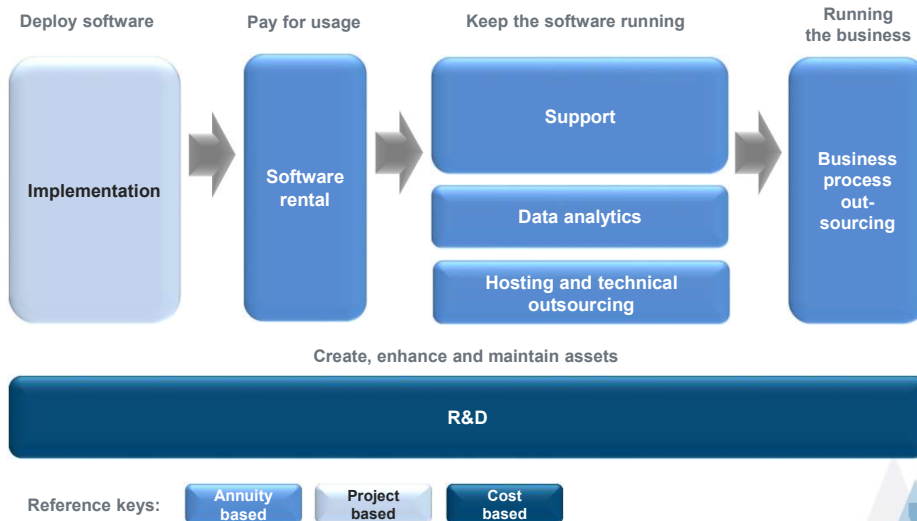


7

Segment performance



Operational model



Software rental and maintenance

R'000	F2016	F2015
Software rental revenue	36 977	33 443
<i>growth (y-o-y)</i>	11%	(10%)
Gross profit	30 083	25 436
<i>margin</i>	81%	76%
Allocated indirect costs	(7 002)	(5 302)
Segment result	23 081	20 134
<i>margin</i>	62%	60%

- Revenue up 11% mainly from new complimentary products
- Improvement in both gross and overall segment margin
- Software rental remains a core focus going forward

Implementation

R'000	F2016	F2015
Implementation revenue	11 027	19 678
<i>growth (y-o-y)</i>	(44%)	(5%)
Gross profit	5 252	9 816
<i>margin</i>	48%	50%
Allocated indirect costs	(4 568)	(8 934)
Segment result	684	882
<i>margin</i>	6%	4%

- Revenue declined by 44% from the transition to smaller projects as well as reduced time and cost to implement (from improved efficiencies)
- Segment result margin improved to 6%
- We are happy with our implementation delivery model



11

Support

R'000	F2016	F2015
Support revenue	36 245	27 822
<i>growth (y-o-y)</i>	30%	7%
Gross profit	16 470	12 078
<i>margin</i>	45%	43%
Allocated indirect costs	(14 458)	(13 142)
Segment result	2 012	(1 064)
<i>margin</i>	6%	(4%)

- Increased revenue due to transition toward higher value-added offerings
- Revenue includes R171k for Data Analytics
- Gross profit margin increased to 45%
- Segment result improved significantly to R2m



12

Hosting and outsourcing

R'000	F2016	F2015
Hosting and outsourcing revenue	2 193	-
<i>growth (y-o-y)</i>		
Gross profit	(1 369)	-
<i>margin</i>	(62%)	-
Allocated indirect costs	(558)	-
Segment result	(1 927)	-

- New segment offering a range of complementary managed services
- The segment had direct costs of R3.6m and carried R0.5m of indirect costs
- Revenue only generated in second half despite carrying costs for the full year. First half costs of R1.2m.
- We envisage the segment to become profitable as it achieves scale



13

Research & development (R&D)

R'000	F2016	F2015
R&D direct cost	(6 603)	(5 663)
<i>growth (y-o-y)</i>	17%	(11%)
<i>% of software rental revenue</i>	18%	17%
Capitalised	1 885	1 167
Allocated indirect costs	(7 095)	(4 444)
Segment result	(11 813)	(8 940)

- Increased focus on developing new products that can generate future revenue
- On-going development of the Eco-suite and keeping existing assets relevant



14

Segment summary

R'000	F2016	F2015
Revenue	86 442	80 943
<i>growth (y-o-y)</i>	7%	(3%)
Direct costs	(42 609)	(39 276)
<i>growth (y-o-y)</i>	8%	(10%)
Capitalised	1 885	1 167
Gross profit	45 718	42 834
<i>margin</i>	53%	53%
Indirect costs	(33 681)	(31 822)
<i>growth (y-o-y)</i>	6%	(4%)
Operating profit	12 037	11 012
<i>margin</i>	14%	14%

Revenue up 7%

Total operating costs increased by 6%

Gross and operating margins stable



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15

Financial results



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Statement of comprehensive income

R'000	F2016	F2015
Revenue	86 442	80 943
<i>growth (y-o-y)</i>	7%	(3%)
Total costs (incl. other income)	(74 405)	(69 931)
<i>growth (y-o-y)</i>	6%	(7%)
Operating profit	12 037	11 012
<i>margin</i>	14%	14%
Net profit	10 090	8 343
<i>margin</i>	12%	10%
HEPS (cents)	29.1	24.1
<i>growth (y-o-y)</i>	21%	42%

- Revenue increased by 7%
- Net profit and HEPS increased by 21%



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17

Statement of financial position

R'000	F2016	F2015
Non-current assets	15 810	14 766
Current assets	47 229	37 191
<i>Trade & other receivables</i>	13 422	14 782
<i>Revenue recognised not yet invoiced</i>	4 737	2 684
<i>Withholding tax rebates receivable</i>	1 312	1 511
<i>Income tax receivable</i>	802	-
<i>Cash and cash equivalents</i>	26 956	18 214
Total assets	63 039	51 957

- Further improvement in cash position, a consequence of the operating performance and careful working capital management



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18

Statement of financial position

R'000	F2016	F2015
Equity	47 988	39 188
Non-current liabilities	1 098	308
Current liabilities	13 953	12 461
<i>Trade & other payables</i>	<i>11 764</i>	<i>10 048</i>
<i>Provisions</i>	<i>-</i>	<i>-</i>
<i>Income tax payable</i>	<i>1 791</i>	<i>1 785</i>
<i>Deferred revenue</i>	<i>398</i>	<i>628</i>
Total equity & liabilities	63 039	51 957
<i>NAV per share (cents)</i>	<i>138.4</i>	<i>113.0</i>

- No debt



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19

Summarised cash flow statement

R'000	F2016	F2015
<i>Generated from operations</i>	<i>15 455</i>	<i>12 817</i>
<i>Net interest</i>	<i>1 367</i>	<i>467</i>
<i>Taxation paid</i>	<i>(3 894)</i>	<i>(1 362)</i>
Net from operating activities	12 928	11 922
Cash from investing activities	(2 448)	(1 642)
Cash from financing activities	(1 738)	-
Net cash movement	8 742	10 280
Cash at beginning	18 214	7 934
Cash at end of period	26 956	18 214

- Improved operating cash flow
- Cash generated from operations includes a working capital inflow of R1.1m



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20

Operational focus areas



Group structure



Looking forward


- Cloud based solutions
- Analytics solutions
- Software as a Service (SaaS)



Leveraging the core business

Business model \ Market	Life	Pensions and savings	Short term	Health
Software products	Design Build Install			
Implementation and support	Operationalise Customise Optimise			
Cloud hosting	Hosting			
BPO	Administration			
Data analytics	Data services			
Advisory	Optimisation			
Software as a Service				

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Financial services expertise • Assets more than just software • Our software caters for both small and large insurers • Brand awareness • Experience in Africa 	<p style="text-align: center;">Challenges</p> <ul style="list-style-type: none"> • Sales effort for new offerings • Identify relevant digital technology trends • Adapting to new technologies and ways of working
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Large market • Disruption in financial services due to digitalisation • Financial services growth in the rest of Africa • Shift to cloud-based solutions • Expanding offering to existing clients 	<p style="text-align: center;">Pressures</p> <ul style="list-style-type: none"> • Ongoing pressure on pricing and margins from clients • Obtaining and retaining key skills in the market • Growth in the SA economy • New disruptive competition


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25

In conclusion

- We continued to improve profitability and our overall cash position
- We have expanded our offering within our own market and into other verticals
- We have entered the cloud hosting and outsourcing market
- We remain busy with projects and securing new business, while continuing to support our existing clients
- Overall we are positive and remain focused on efforts to enable ongoing growth both within our core business as well as new areas


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26

Questions

