

March 2016

**Broadridge Financial Solutions, Inc.**

# **Investor Presentation**



## Forward-Looking Statements

The Broadridge March 2016 Investor Presentation and other written or oral statements made from time to time by representatives of Broadridge may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature, and which may be identified by the use of words such as "expects," "assumes," "projects," "anticipates," "estimates," "we believe," "could be" and other words of similar meaning, are forward-looking statements. In particular, information about our future performance objectives are forward-looking statements. These statements are based on management's expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. These risks and uncertainties include those risk factors discussed in Part I, "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended June 30, 2015 (the "2015 Annual Report"), as they may be updated in any future reports filed with the Securities and Exchange Commission. All forward-looking statements speak only as of the date of the presentations and are expressly qualified in their entirety by reference to the factors discussed in the 2015 Annual Report.

These risks include: the success of Broadridge in retaining and selling additional services to its existing clients and in obtaining new clients; Broadridge's reliance on a relatively small number of clients, the continued financial health of those clients, and the continued use by such clients of Broadridge's services with favorable pricing terms; changes in laws and regulations affecting Broadridge's clients or the services provided by Broadridge; declines in participation and activity in the securities markets; any material breach of Broadridge security affecting its clients' customer information; the failure of Broadridge's outsourced data center services provider to provide the anticipated levels of service; a disaster or other significant slowdown or failure of Broadridge's systems or error in the performance of Broadridge's services; overall market and economic conditions and their impact on the securities markets; Broadridge's failure to keep pace with changes in technology and demands of its clients; Broadridge's ability to attract and retain key personnel; the impact of new acquisitions and divestitures; and competitive conditions. Broadridge disclaims any obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

## Explanation of the Company's Use of Non-GAAP Financial Measures and Definitions of Terms

In certain circumstances, results have been presented that are not generally accepted accounting principles measures ("Non-GAAP") and should be viewed in addition to, and not as a substitute for, the Company's reported results. These Non-GAAP measures are indicators that management uses to provide additional meaningful comparisons between current results and prior reported results, and as a basis for planning and forecasting for future periods. In addition, Broadridge believes this Non-GAAP information helps investors understand the effect of these items on reported results and provides a better representation of the Company's performance. Our Non-GAAP historical and projected earnings results are adjusted to exclude the impact of certain significant events from our GAAP results such as Acquisition Amortization and Other Costs.

Please see the Appendix provided at the end of this presentation entitled "Reconciliation of Non-GAAP to GAAP Measures" for reconciliations of our historical Non-GAAP measures to the comparable GAAP measures and the definitions of terms used in the presentation.

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# Broadridge Has Deep Connections Across Four Client Segments

- Retail Bank Brokerage
- Small Regional Brokerage
- Independent Advisors and RIAs
- Retail Clearing Houses
- Discount Brokers

**80,000**  
Financial  
Advisors

**1,100**  
Banks &  
Brokers

- Institutional Broker-Dealers
- Bank-Owned Institutional Broker-Dealers
- Institutional Clearing Houses

**140,000,000**  
Individual Accounts  
(Globally)



**6,700**  
Institutional  
Investors

**10,000**  
Corporate Issuers  
USA & Canada

**250**  
Retirement Service  
Providers

- Corporate Issuers
- Corporate Treasury

- Asset Managers
- Investment Managers
- Mutual Funds
- Retirement Plan Providers
- Hedge Funds
- Fund Administrators

**45,000**  
Global Corporate  
Issuers

**800**  
Mutual Fund  
Families

# Broadridge's Technology-Driven Solutions

- Regulatory Communications
- Customer Communications
- Retail / Wealth Advisor Solutions
- Tax Services
- Data and Analytics
- Digital Solutions
- Managed Services



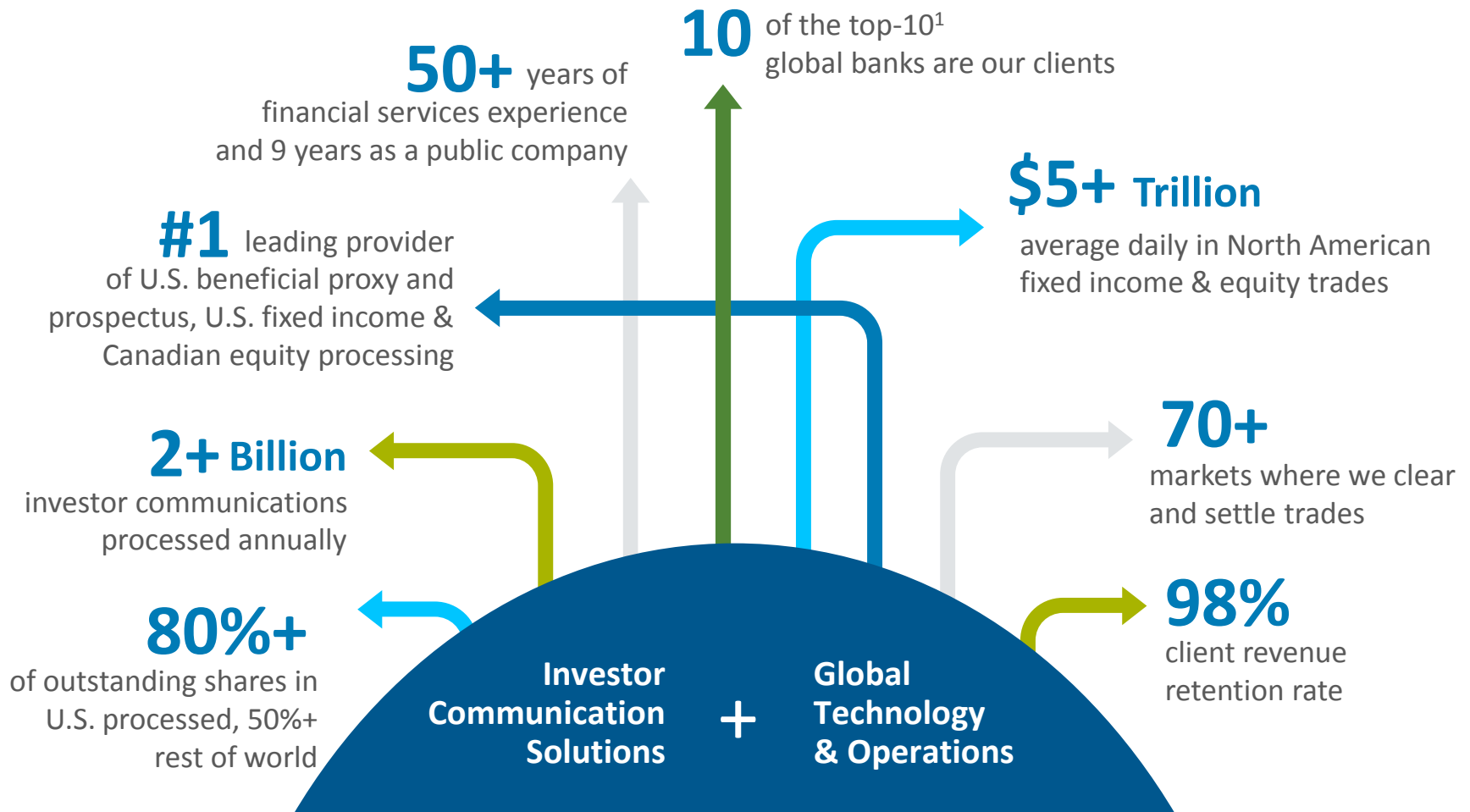
- Global Trade Processing (e.g., Equity, Fixed Income, Accenture Post Trade Processing)
- Enterprise Retail Trade Processing
- FX&L / SWIFT Messaging / Reconciliations
- Data and Analytics
- Revenue and Expense Management
- Managed Services

- Corporate Issuer Solutions
- Data and Analytics
- FX&L / SWIFT Messaging / Reconciliations

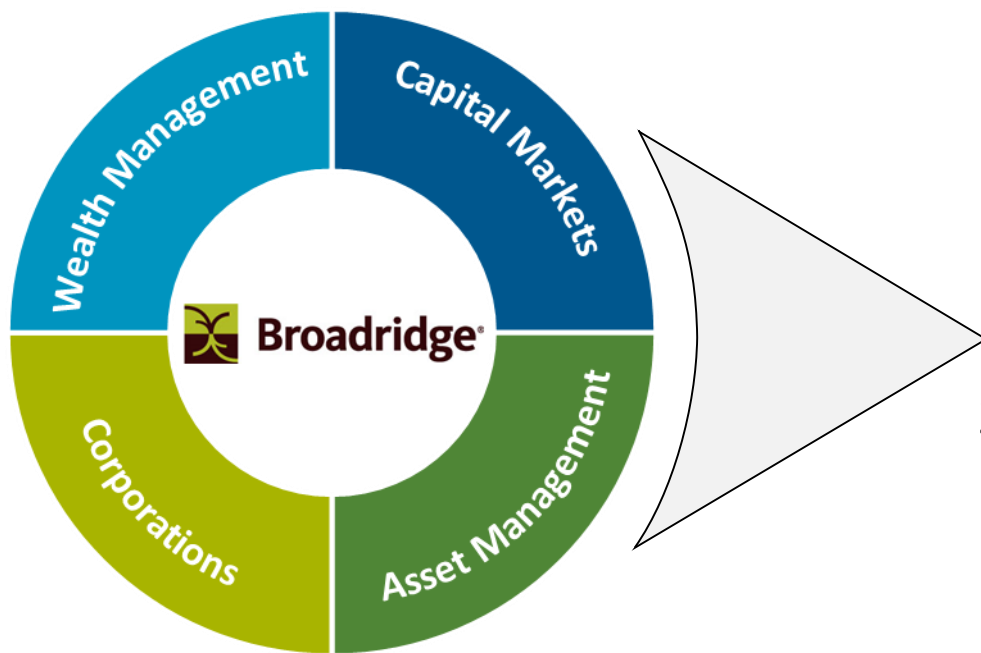
- Customer Communications
- Retirement Fund Trade Processing
- Data and Analytics
- Revenue and Expense Management
- Investment Management Solutions
- Managed Services

# Broadridge's Unique Franchise in Financial Services

*Our solutions range from SaaS to customized managed services supporting full outsourcing*



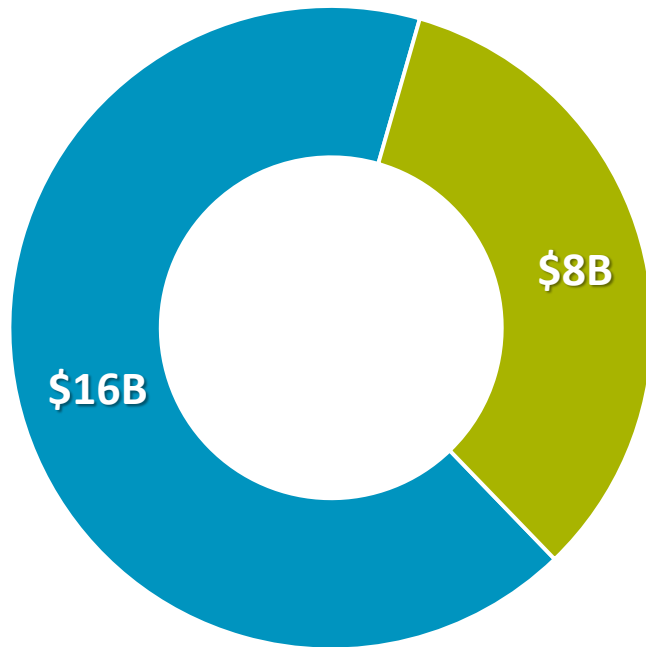
# We Report Two Operating Segments



1. Investor Communication Solutions
2. Global Technology & Operations

# \$24B Market Opportunity Bolstered By Key Market Trends

## Current Addressable Market



- Global Technology & Operations
- Investor Communication Solutions

## Key Market Trends

### Mutualization

Strong drive to standardize duplicative, non-differentiating industry capabilities

### Digitization

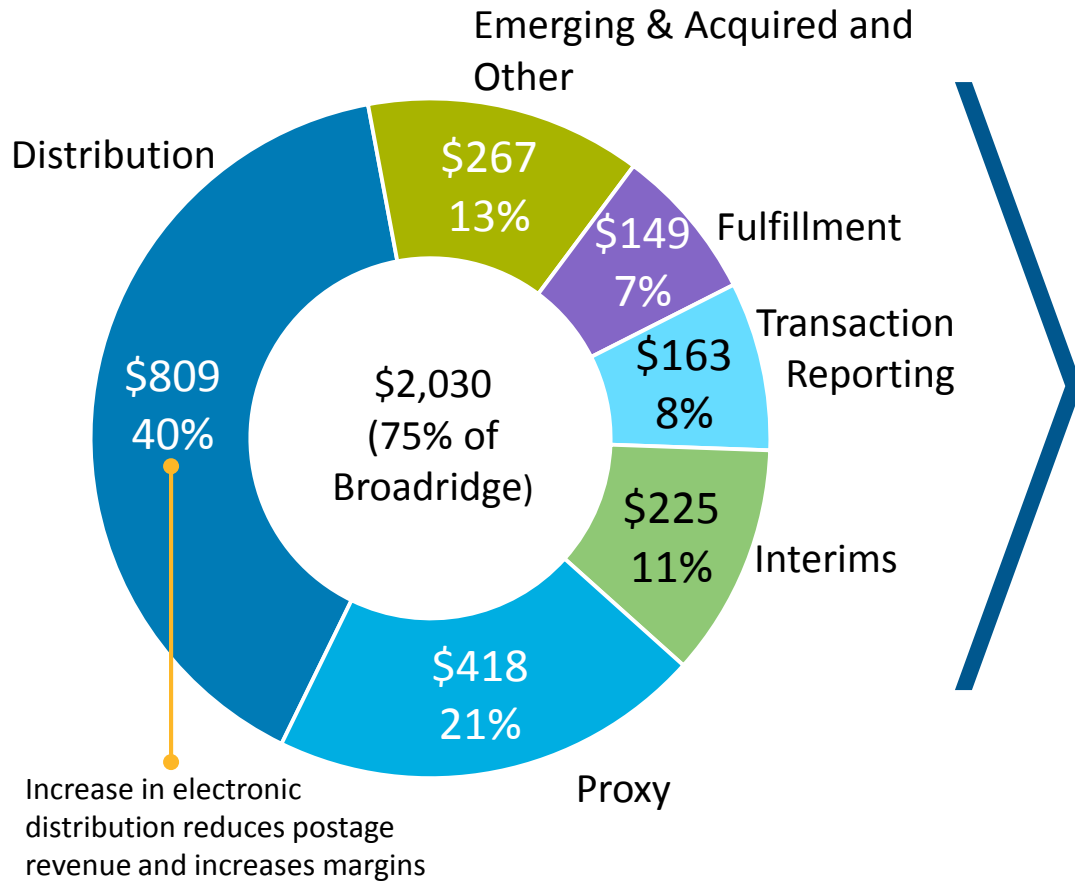
Digital technologies that enable lower cost, higher touch interactions

### Data and Analytics

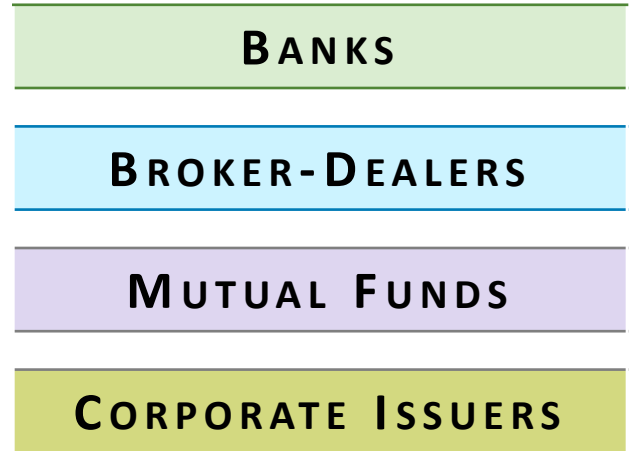
Network and data assets that enable clients to create unique value

# ICS Revenue Overview

## By Product<sup>1</sup>



## Broad Client Base





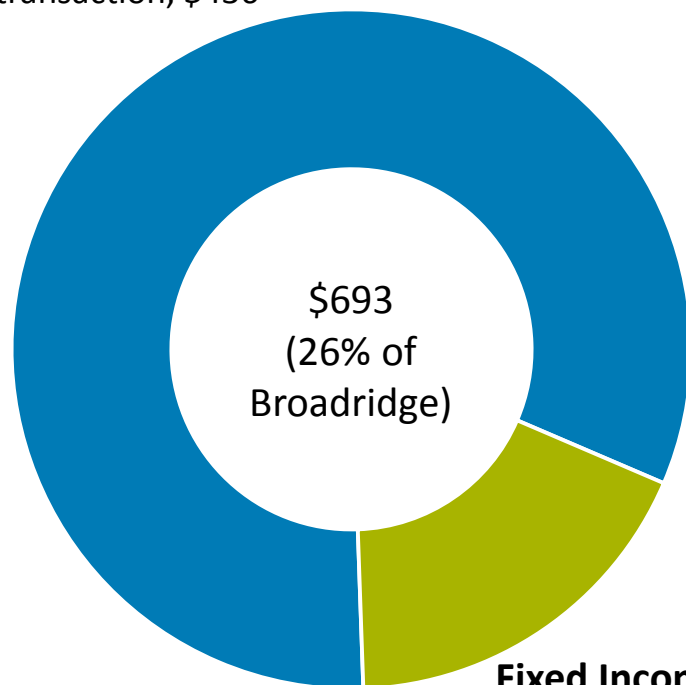
# GTO Revenue Overview

## By Product<sup>1</sup>

### Equity (82%)

Transaction-Based, \$135

Non-transaction, \$436



\$693  
(26% of  
Broadridge)

### Fixed Income (18%)

Transaction-Based, \$58

Non-transaction, \$64

## Strong Market Position

Clears and settles in over 70 countries

Processes on average over \$5 trillion in equity and fixed income trades per day in U.S. and Canadian securities

Provide fixed income trade processing services to 16 of the 22 primary dealers of fixed income securities in the U.S.

# Sustainable Growth, Operational Excellence, and a Sound Capital Deployment Strategy Will Drive Performance

## Top Quartile Total Shareholder Return

### Sustainable Growth

7–10% Recurring Fee  
3-Year CAGR  
(FY14–FY17F)

- Drive organic growth in current markets
- Exploit adjacencies

### Operational Excellence

Margin<sup>1</sup> Expansion  
from 16% to ~18%  
(ending FY17F)

- Realize efficiencies
- Increase operational leverage

### Capital Strategy

Target ~45% payout ratio<sup>2</sup>  
and share repurchases  
contributing 3–4% to TSR

- Consistent, strong FCF
- Balance investing and returning cash to shareholders

- Strong and resilient franchise
- Ubiquitous presence in financial services

- Deep industry expertise
- Powerful service profit chain culture

1. Represents Earnings Before Interest and Taxes Margin; Broadridge also reports an Adjusted Operating Income Margin. 2. Dividend subject to Board approval

# Broadridge Has a Strong and Predictable Business Model

## 98% client revenue retention rate

Consistently high retention rate reflects the strength of our client relationships

Long-term contracts

## 90%+ of total revenue is recurring

Diverse revenue distribution

- Over 1,100 broker-dealers
- ~10,000 corporate issuers
- ~800 mutual fund families

## Expanding portfolio of growth products

Growth products now contribute ~25% of recurring fee revenue vs. ~10% in FY10

Note: All Broadridge results and statistics are for FY ended 6/30/15 other than 5-year average revenue retention rate.

## Strong Performance Provides Platform For Growth

	FY11	FY15	FY11-FY15 CAGR
<b>Total Revenue</b>	\$2.2B	\$2.7B	6%
<b>Recurring Fee Revenue</b>	\$1.3B	\$1.7B	7%
<b>Adjusted Operating Income</b>	\$305M	\$497M	13%
<b>Adjusted Operating Income Margin</b>	14.1%	18.5%	110 bps average p.a.
<b>Closed Sales</b>	\$113M	\$146M	7%

Note: Unaudited.

Note: Adjusted Operating Income and Adjusted Operating Income Margin are Non-GAAP measures. See the Appendix for reconciliations to closest GAAP measures.

# Revenue Growth History and Objectives

## 3-Year compounded annual growth rates (CAGRs)

	<u>FY11–FY14</u>	<u>FY15–FY17F</u>
<b>Recurring Fee Revenue</b>		
Net New Business	5%	5%–7%
Internal Growth	1%	0%–1%
Acquisitions	2%	~2%
	<b>8%</b>	<b>7%–10%</b>
<b>Total Revenue</b>		
Recurring Fee	5%	4%–6%
Event-Driven	0%	~0%
Distribution/Other	1%	~1%
	<b>6%</b>	<b>5%–7%</b>

# Executing Our Capital Stewardship Strategy To Enhance Shareholder Value

Priority

Committed to a strong dividend



Targeting ~45% of net earnings

Targeting tuck-in acquisitions to drive growth



Selectively targeting about \$400-\$600M from FY15 to FY17

Share repurchases



Increase targeted levels of share repurchases

Maintain investment grade credit rating



Using debt capacity for investments and capital return

- Target 2:1 Adjusted Debt/EBITDAR ratio



## Our Acquisition Track Record Is Strong

### **Broadridge has invested \$777M in 15 key acquisitions since becoming a public company**

- FY07 – FY09: Investigo, Access Data
- FY10 – FY13: City Networks, StockTrans, NewRiver, Matrix, Forefield, Paladyne
- FY14: Bonaire, Emerald Connect
- FY15: Trade Processing Business from M&T Bank Corporation's Wilmington Trust Retirement and Institutional Services Unit (WTRIS), Fiduciary Services and Competitive Intelligence unit from Thomson Reuters Lipper division, TwoFour Systems, Direxxis LLC
- FY16: QED Financial Systems

### **Our acquisitions portfolio is creating significant value for shareholders**

- Portfolio IRR tracking to 20%+ as of year ended 6/30/15
- Contributed meaningful recurring fee revenue and EBITDA in FY15

Note: Including acquisitions completed through Q2 FY16.

Note: Investment amounts reflect cash paid for acquisitions (net of cash acquired).



# Broadridge's Investment Thesis

- Resilient, predictable business model
- Large market opportunity aligned with powerful industry trends
- Unique franchise and ubiquitous presence
- Track record driving growth through new products and tuck-in acquisitions
- Low capital intensity and strong free cash flow enable effective capital stewardship
- Proven track record delivering top quartile TSR
- Experienced management and highly engaged associate team focused on delivering strong TSR



# Appendix



# FY16 Guidance (as of Q2 FY16 Earnings Call)

## Broadridge Financial Solutions, Inc.

Recurring fee revenue growth	10 - 12%
Total revenue growth	8 - 10%
Adjusted Operating income margin	~18.4%
Effective tax rate	~34.8%
Adjusted Diluted earnings per share growth	8 - 12%
Diluted earnings per share growth	7 - 12%
Free cash flows	\$350M - \$400M
Closed sales	\$120M - \$160M

## Segments

ICS Total revenue growth	10 - 12%
ICS Pre-tax margin	~18.9%
GTO Total revenue growth	4 - 6%
GTO Pre-tax margin	~17.3%

Note: Current guidance remains unchanged from FY2016 guidance issued in August 7, 2015 webcast.

Note: Guidance does not take into consideration the effect of any future acquisitions, additional debt and/or share repurchases.

## Reconciliation of Non-GAAP to GAAP Measures – Adjusted Operating Income

(Unaudited)	Fiscal Year Ended June 30,	
	2015	2011
Adjusted Operating income (Non-GAAP)	\$ 497.1	\$ 304.6
Acquisition Amortization and Other Costs	(30.2)	(19.2)
IBM Migration Costs	-	(6.3)
Operating income (GAAP)	\$ 466.9	\$ 279.1
Adjusted Operating income margin (Non-GAAP)	18.5%	14.1%
Operating income margin (GAAP)	17.3%	12.9%

(1) Adjusted Diluted EPS growth (Non-GAAP) is adjusted to exclude the impact of Acquisition Amortization and Other Costs.

(2) Adjusted Operating income margin % (Non-GAAP) is adjusted to exclude the impact of Acquisition Amortization and Other Costs.

# Reconciliation of Non-GAAP to GAAP Measures – FY16 Guidance

(Unaudited)

<b>Earnings Per Share Growth Rate (1)</b>	<b>FY16 Guidance</b>
Adjusted Diluted earnings per share (Non-GAAP)	8% - 12% growth
Diluted earnings per share (GAAP)	7% - 12% growth

<b>Operating Income Margin (2)</b>	<b>FY16 Guidance</b>
Adjusted Operating income margin % (Non-GAAP)	~18.4%
Operating income margin % (GAAP)	~17.3%

(1) Adjusted Diluted EPS growth (Non-GAAP) is adjusted to exclude the projected impact of Acquisition Amortization and Other Costs. Fiscal year 2016 Non-GAAP Adjusted Diluted EPS guidance estimates exclude estimated Acquisition Amortization and Other Costs, net of taxes, of \$0.18 per share.

(2) Adjusted Operating income margin % (Non-GAAP) is adjusted to exclude the projected impact of Acquisition Amortization and Other Costs. Fiscal year 2016 Non-GAAP Adjusted Operating income margin % guidance estimates exclude estimated Acquisition Amortization and Other Costs of \$34 million.

Note: Guidance does not take into consideration the effect of any future acquisitions, additional debt, and/or share repurchases.

# Definitions

**Acquisition Amortization and Other Costs** represent amortization charges associated with acquired intangible asset values as well as other deal costs associated with the Company's acquisition activity.

**Adjusted Debt/EBITDAR Ratio** is calculated as  $(\text{Debt} + 8x \text{ Rent Expense}) / (\text{EBITDA} + \text{Rent Expense})$ .

**Adjusted Operating Income** is a Non-GAAP measure and is defined as operating income adjusted to exclude the impact of Acquisition Amortization and Other Costs.

**Closed Sales** represent the expected recurring annual revenues for new client contracts that were signed by Broadridge during the periods referenced. The amount of the closed sale is generally a reasonable estimate of annual revenues based on client volumes or activity, excluding pass-through revenues such as distribution revenues. These types of sales were previously described as recurring revenue closed sales.

**Distribution revenues** consist primarily of postage-related expenses incurred in connection with our Investor Communication Solutions segment.

**Earnings results and related metrics** that are provided on a consolidated basis are Non-GAAP measures as they are adjusted to exclude the impact of certain significant events from our GAAP results such as the impact of Acquisition Amortization and Other Costs.

**Event-Driven revenues** are based on the number of special events and corporate transactions we process. Event-driven activity is impacted by financial market conditions and changes in regulatory compliance requirements, resulting in fluctuations in the timing and levels of event-driven fee revenues. As such, the timing and level of event-driven activity and its potential impact on revenues and earnings is difficult to forecast.

**Free Cash Flows (FCF)** is a Non-GAAP measure and is defined by Broadridge as net cash flows provided by operating activities, less capital expenditures, software purchases and capitalized internal use software.

**IBM Migration Costs** are the costs incurred by Broadridge in connection with the migration of its data centers to IBM.

**Net New Business** refers to recurring revenue from closed sales less recurring revenue from client losses.