

# Financial Year 2004 Final Results Presentation

19 August 2004

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# Market Overview and Financial Results

Tom Honan  
Chief Financial Officer

## Summary of Results

- Normalised EPS (pre goodwill) of 19.0 cents, up 61%.
- Operating Cash Flows of \$136.1m, up 79%.
- Total revenue of \$894.7m, up 24% or up 5% excluding FY04 acquisitions.
- Operating Costs (excluding FY04 acquisitions, & cost of sales) of \$457.8m, down 1%.
- Days Sales Outstanding at 57 days.
- Final dividend increased to 5 cents per share (fully franked)

## Context of Results

- Significant gains in Revenue, Net Profit, Earnings per Share and Cash Flows.
- Increased revenues reflect improved market conditions (especially in the Asia Pacific region) and the contribution from FY04 acquisitions.
- Significantly improved profit contribution from North America.
- Delivered expected cost savings from FY03 restructuring.
- Continued focus on capital management.

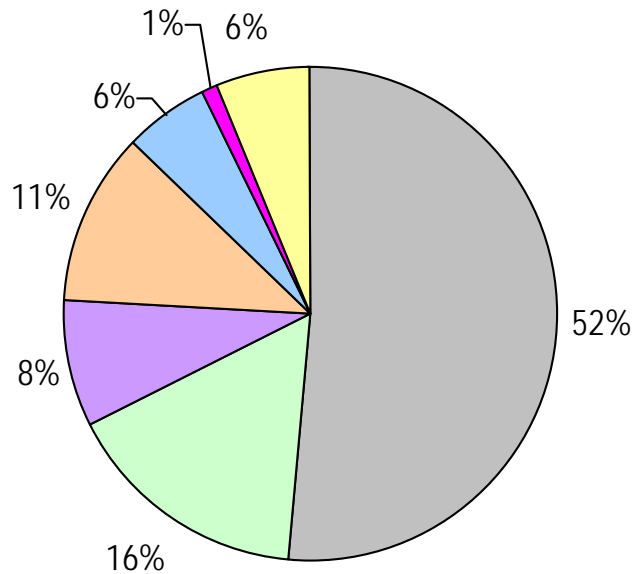
This presentation is structured around the following framework



# CPU Revenues are driven by multiple factors



Revenue Type



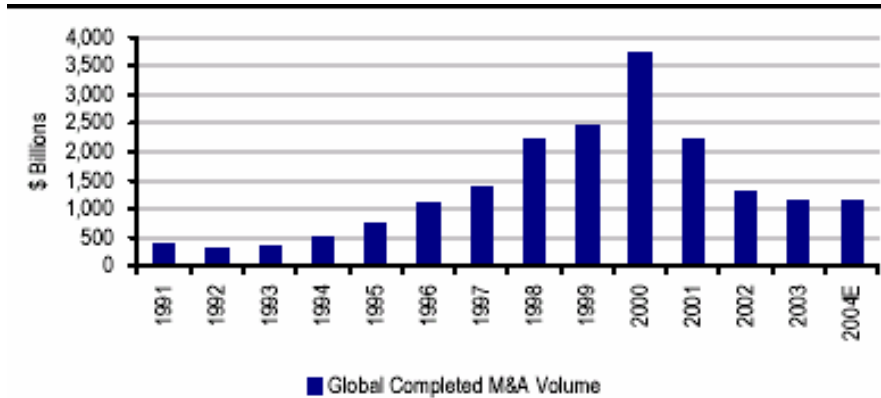
- Register Maintenance
- Corporate Actions
- Investor Relations Services
- Employee Share Plans
- Document Services
- Mutual Funds
- Technology & Other Revenue

Revenue	Driver	Risk mitigation
Register Maintenance	Growth in clients & holders	Retain existing clients, win market share
Corporate Actions	Market conditions & M&A activities	Win new business; link to key stakeholders, clients
Investor Relations Services	Growth in products & clients. Governance	Leverage from existing clients, win new clients & develop new products & service offerings
Employee Share Plans	Growth in clients	
Document Services	Growth in commercial clients & support internal business.	
Mutual Funds	Growth in clients. Governance	Broaden service range

# Global Equities Market

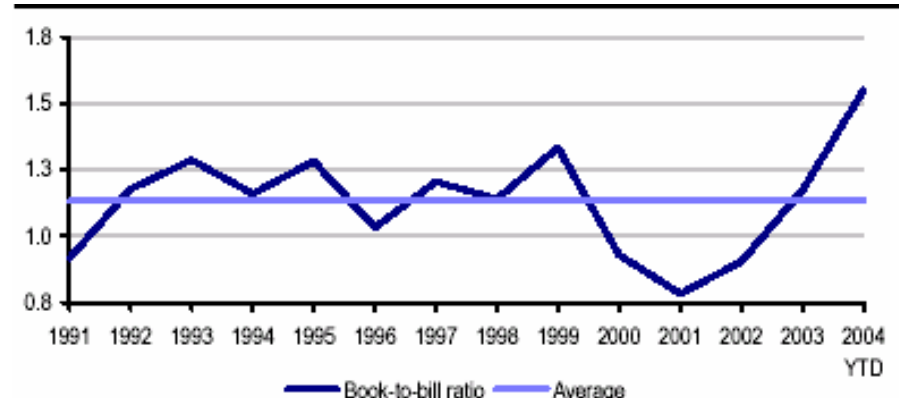


### Historical Equity Issuance Data



<b>2004 YTD Volume:</b>	\$567 bn	<b>2004 Est. Annualized Volume:</b>	\$1,134 bn
<b>2003 Total Volume:</b>	\$1,148 bn	<b>Est. 2004 vs. 2003:</b>	-1.1%
<b>1991-2003 Avg Volume:</b>	\$1,371 bn	<b>Est. 2004 vs. 1991-2003 Avg:</b>	-17.2%

### Annual M & A Book to Bill Ratio

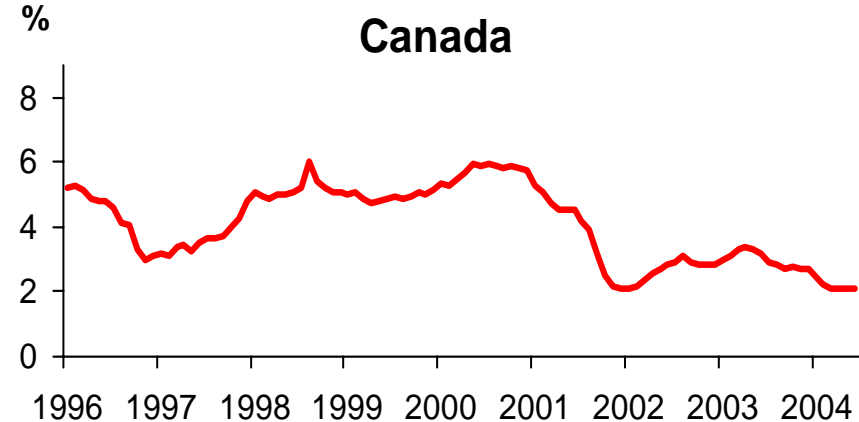
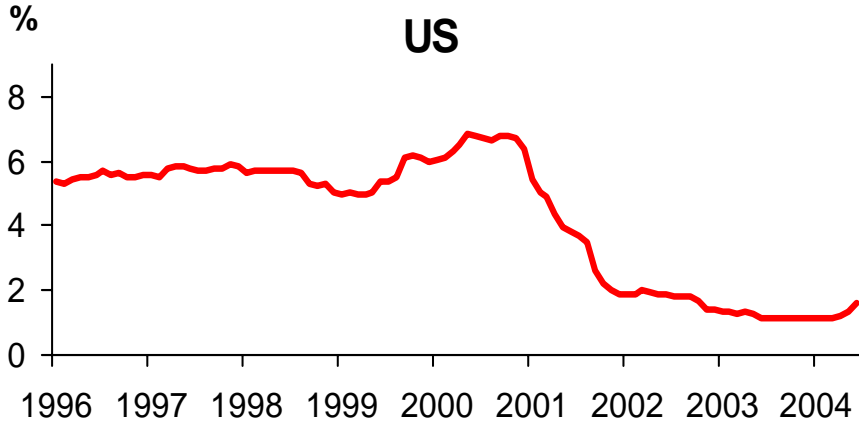
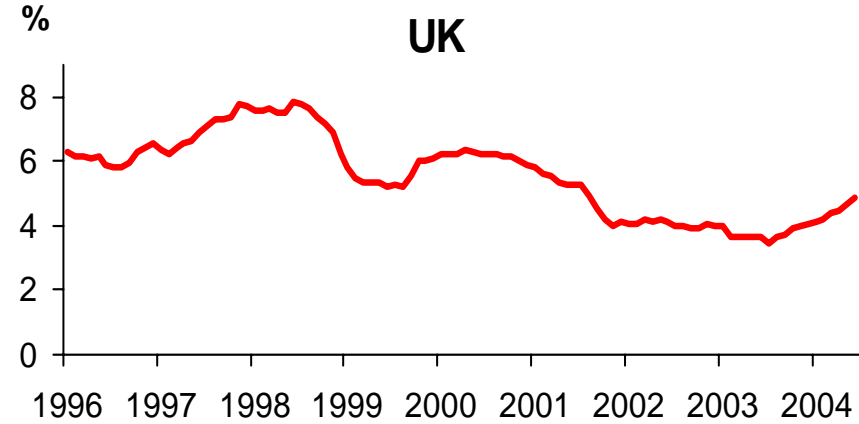
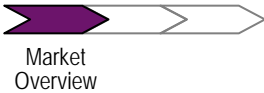


<b>2004 YTD</b>	1.55x	<b>2004 YTD vs. 2000 - 2002 Avg</b>	63.7%
<b>2000-2003 Average</b>	0.95x	<b>2003 YTD vs. 1991 - 2002 Avg.</b>	36.7%
<b>1991-2003 Average</b>	1.13x		

Source: SDC Thomson Financial and UBS Securities Australia Ltd

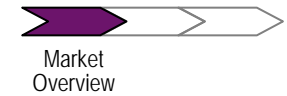
➤ CPU impact mainly felt in Australia and Hong Kong.

# Global Interest Rate Market





# Computershare Strengths



- Recurring Revenue - >70% of revenue is of a recurring nature.
- Global Diversification – across more than 15 countries.
- High Margins – EBITDA margins > 20% and increasing.
- Low Capital Requirements – Capex < depreciation expense.
- Profit increases deliver substantial free cash flow increases.
- Exposure to northern hemisphere interest rates.



# Group Financial Performance – A\$m's



	<b>FY04</b>	<b>FY03</b>	<b>Variance</b>
Sales Revenue	871.3	705.7	23%
Interest & Other Income*	23.4	14.1	66%
<b>Total Revenue</b>	<b>894.7</b>	<b>719.8</b>	<b>24%</b>
Operating Costs*	711.1	583.9	(22%)
Share of net (profit)/loss of Associates	0.1	2.0	n/a
<b>Normalised EBITDA</b>	<b>183.4</b>	<b>133.9</b>	<b>37%</b>
Non-Recurring Items	(0.7)	35.1	n/a
<b>EBITDA</b>	<b>184.1</b>	<b>98.8</b>	<b>86%</b>
<b>Pre Tax Profit</b>	<b>110.7</b>	<b>29.5</b>	<b>276%</b>
<b>NPAT after OEI</b>	<b>80.0</b>	<b>16.3</b>	<b>392%</b>
Normalised NPAT after OEI	77.8	45.8	70%

\* Excludes proceeds & disposal costs of sale of UK premises

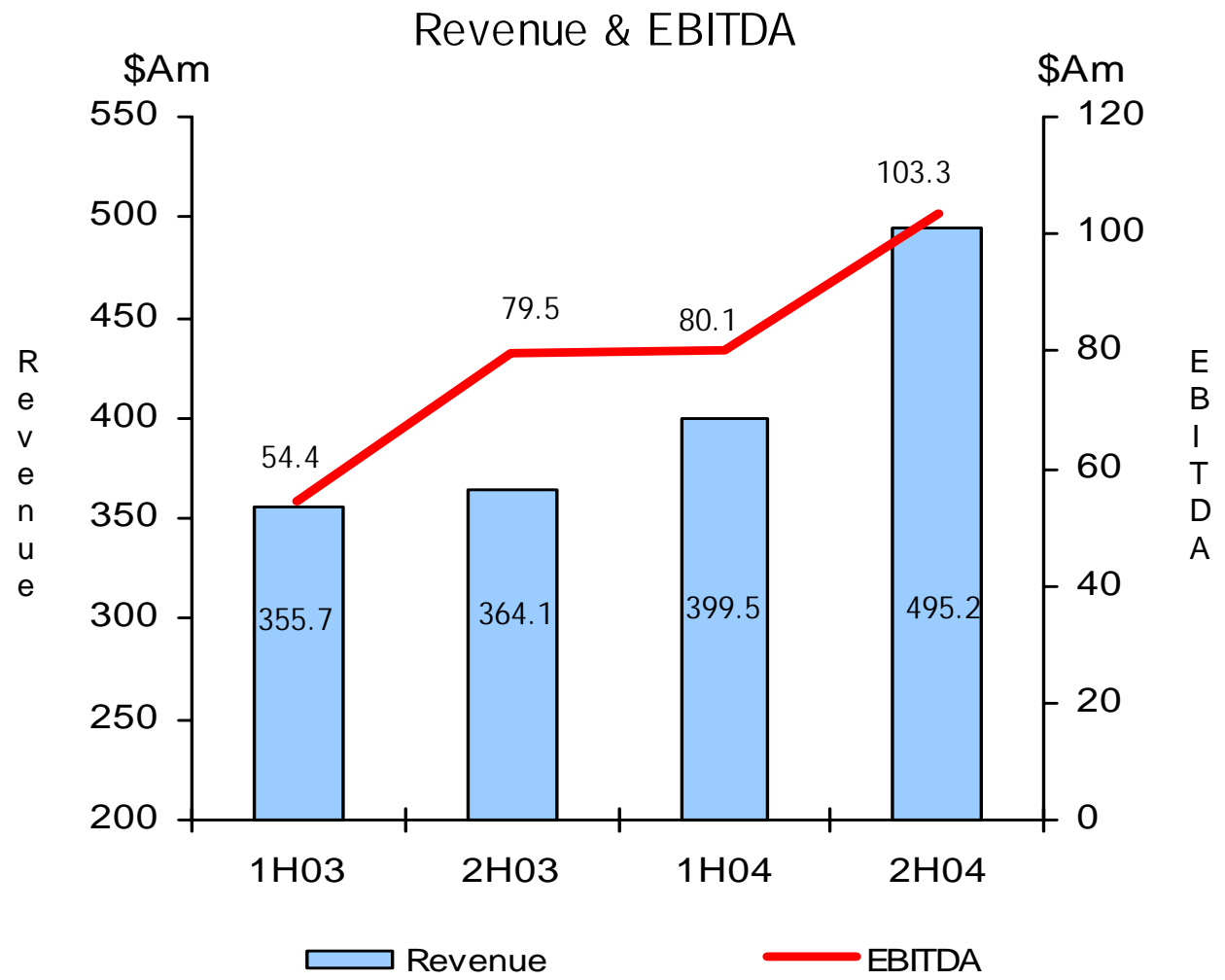
# Revenue Breakdown



	FY04	FY03	Var
Register Maintenance	459.2	459.2	0%
Corporate Actions	143.8	93.3	54%
Investor Relations Services	76.0	14.4	428%
Employee Share Plans	100.9	80.2	26%
Document Services	51.0	39.1	30%
Mutual Funds	9.8	0.0	n/a
Technology & Other Revenues	53.9	33.6	61%
<b>Total Revenue</b>	<b>894.7</b>	<b>719.8</b>	<b>24%</b>

Note: Included in the revenue results are \$56.7m of Margin Income (FY03: \$63.7m) and \$124.6m of Recoverable Income (FY03: \$107.5m). FY'03 restated for cost of sales adjustment.

# Half Year Comparisons – Revenue & EBITDA

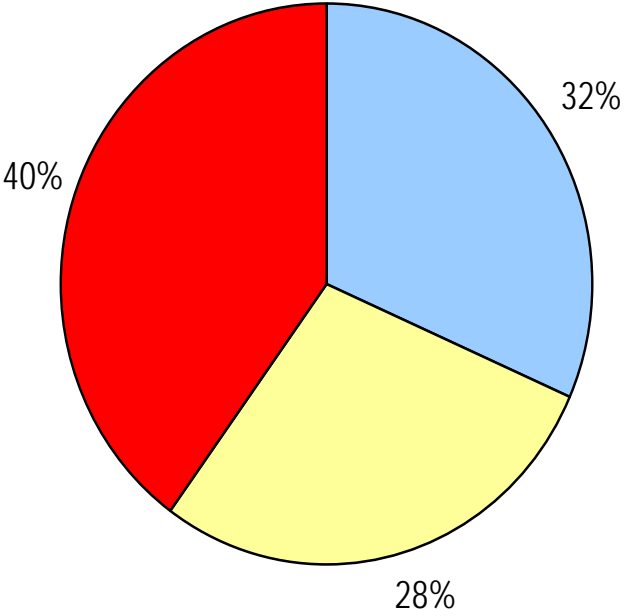


➤ Increased revenues have delivered significant improvements in EBITDA.

# Regional Analysis – Revenue & EBITDA

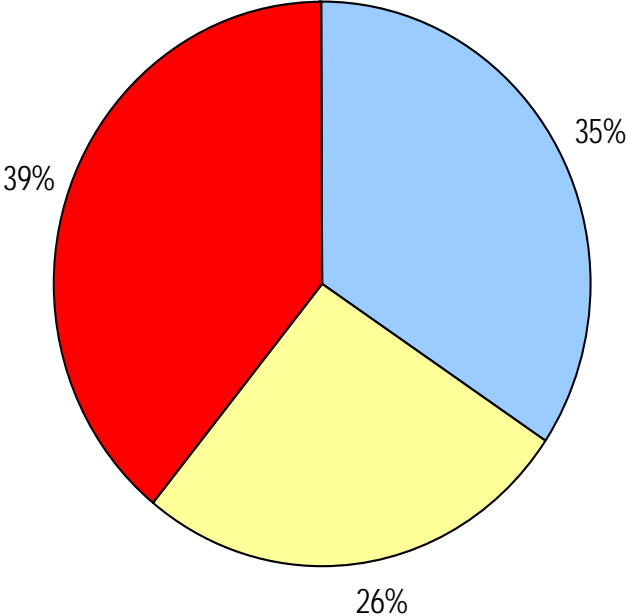


### Total Revenue Breakdown



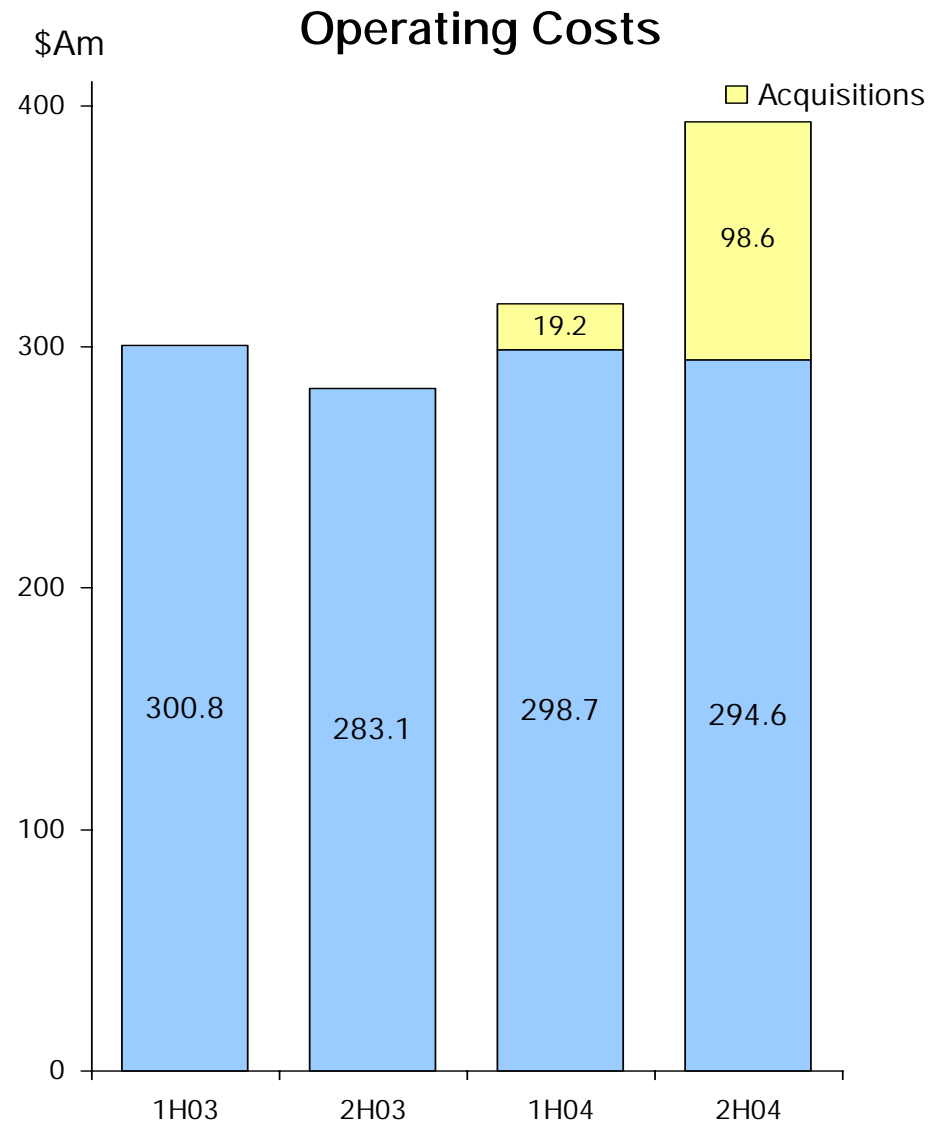
■ Asia Pacific ■ Europe ■ North America

### EBITDA Breakdown



■ Asia Pacific ■ Europe ■ North America

# Half Year Comparisons - Costs



Note: FY03 & 1 H FY04 restated for cost of sales adjustment.

# Progress on Cost Savings



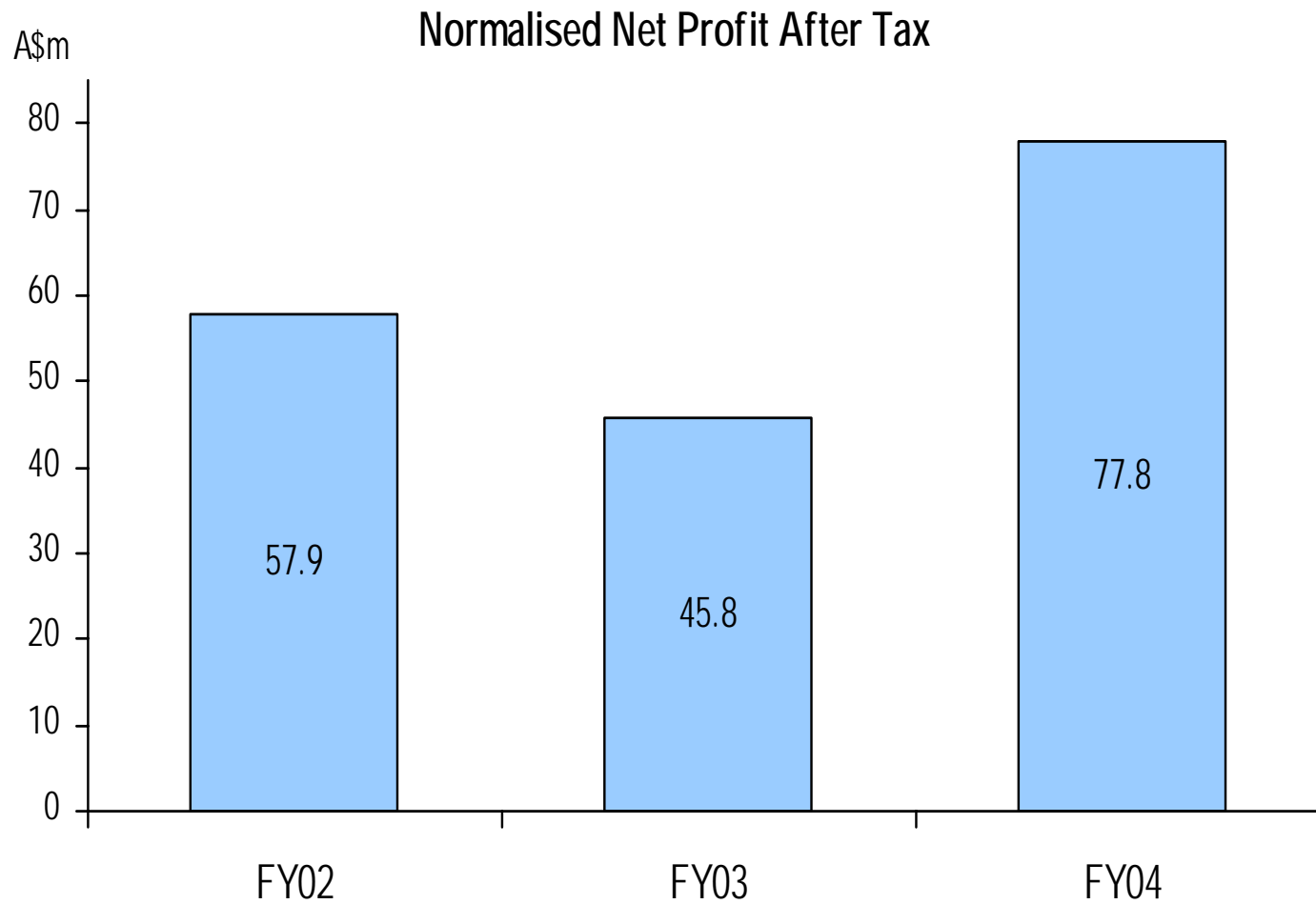
	Expected FY04 Savings	Realised FY04 Savings	Savings Excess (Shortfall)
Personnel	20.7	18.4	(2.3)
Property	0.4	0.6	0.2
Other	1.2	1.6	0.4
<b>Total</b>	<b>22.3</b>	<b>20.6</b>	<b>(1.7)</b>

- Expected personnel savings impacted by market & business growth

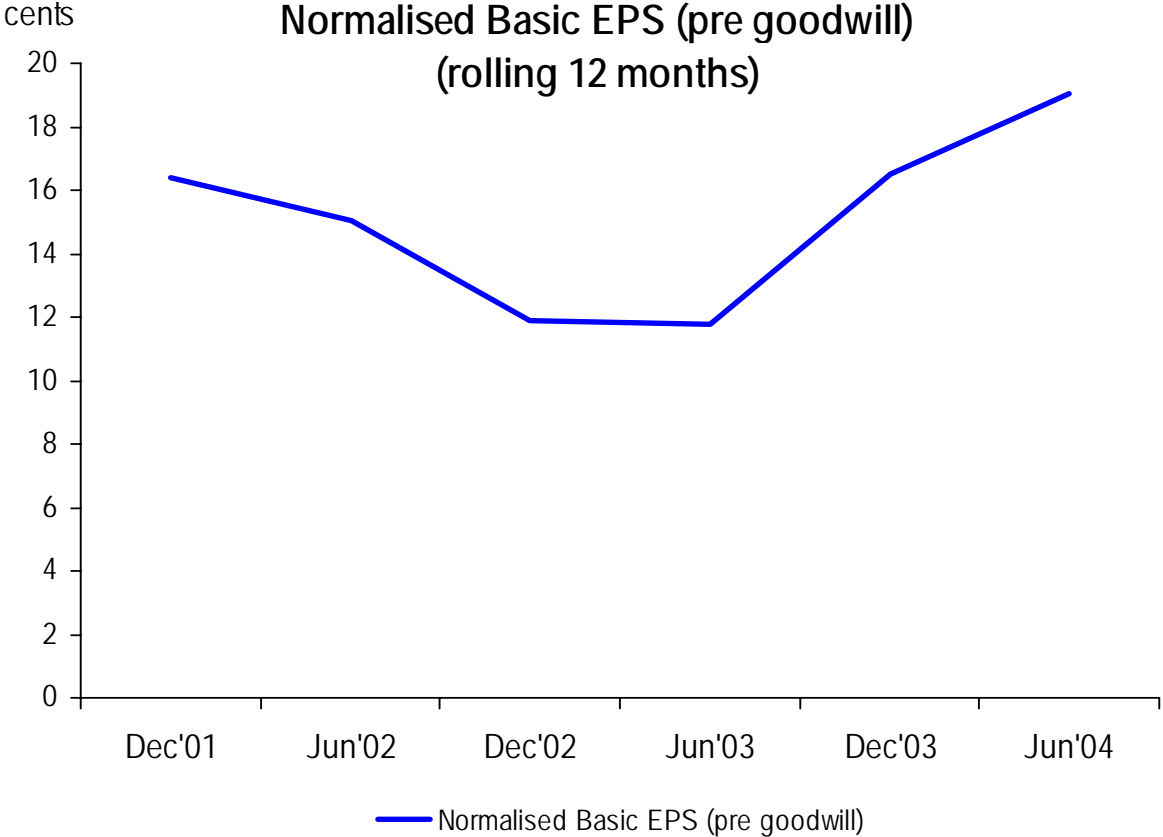
Note: cost savings translated at FY04 exchange rates.



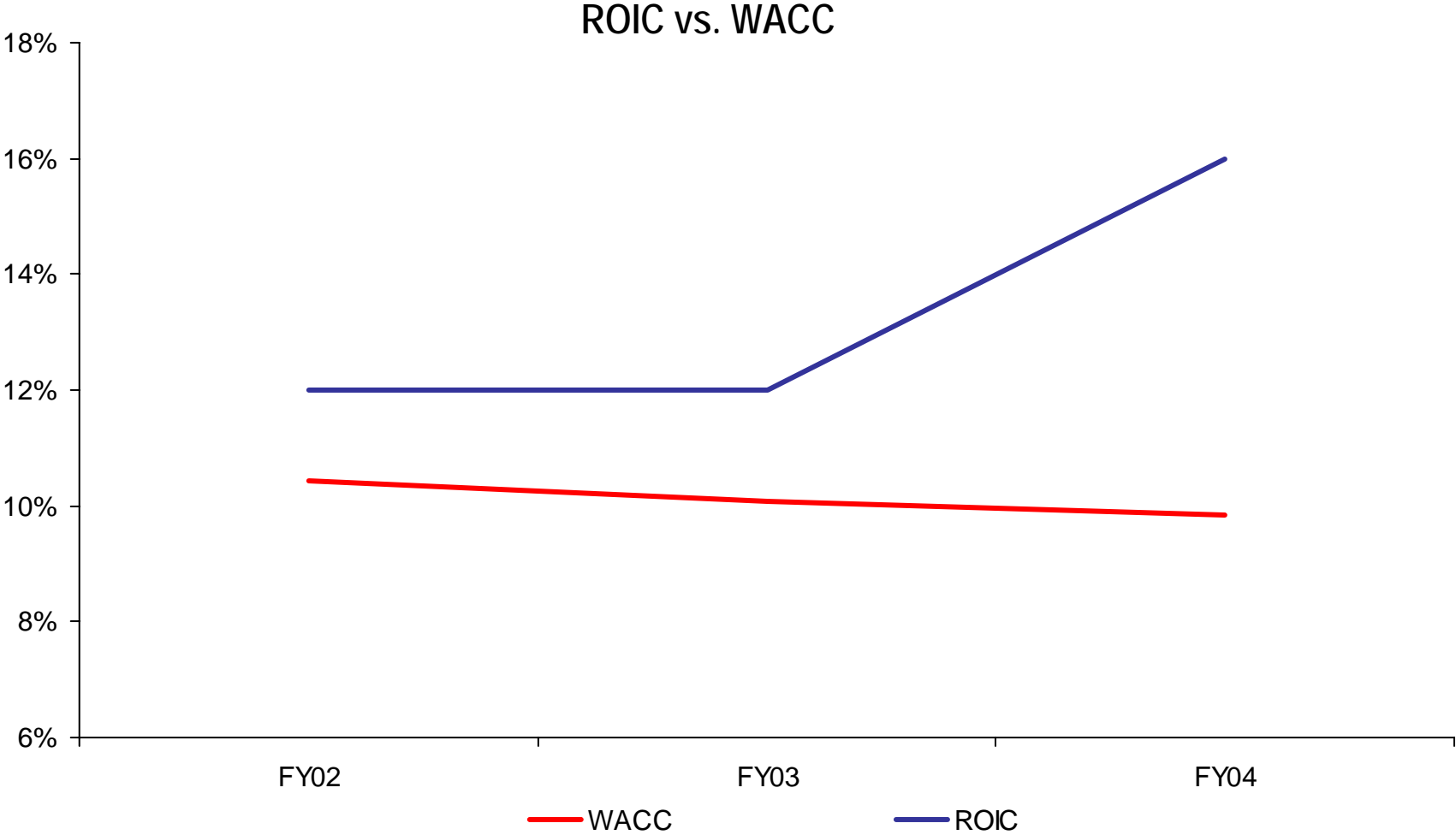
# Analysis of NPAT



# Normalised Basic EPS Performance (pre goodwill)



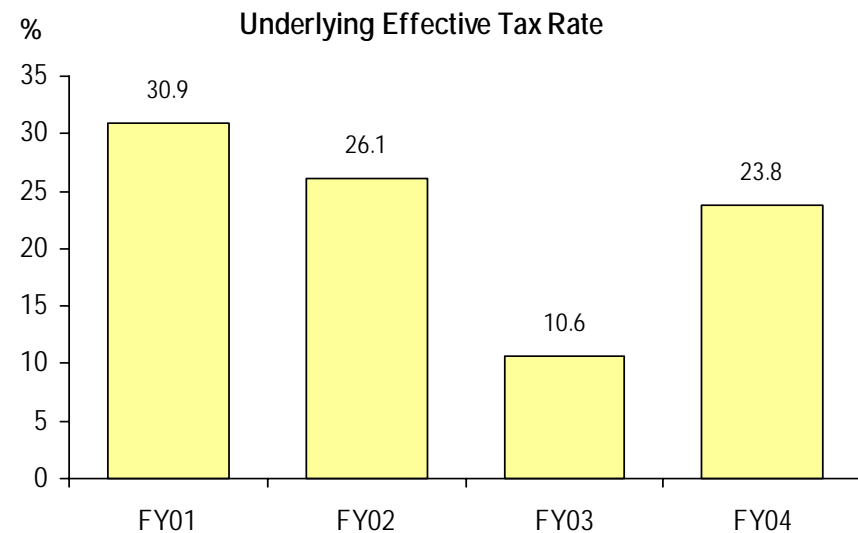
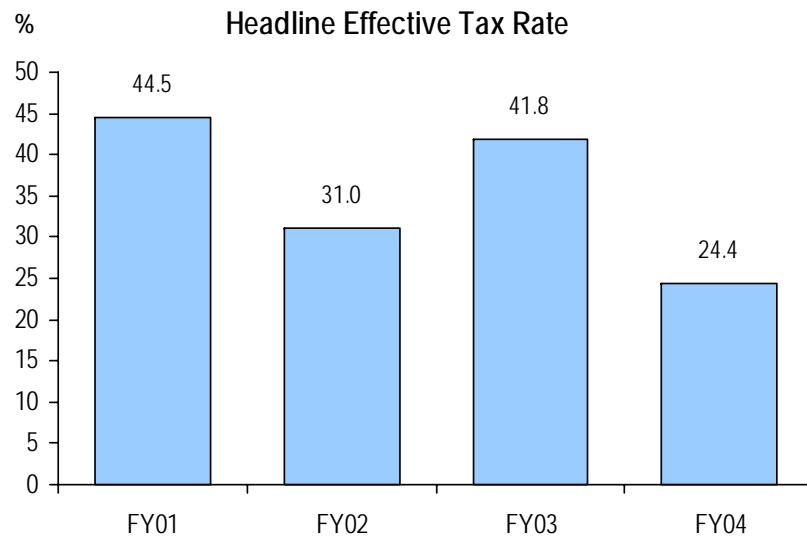
# Returns improving, Cost of Capital declining



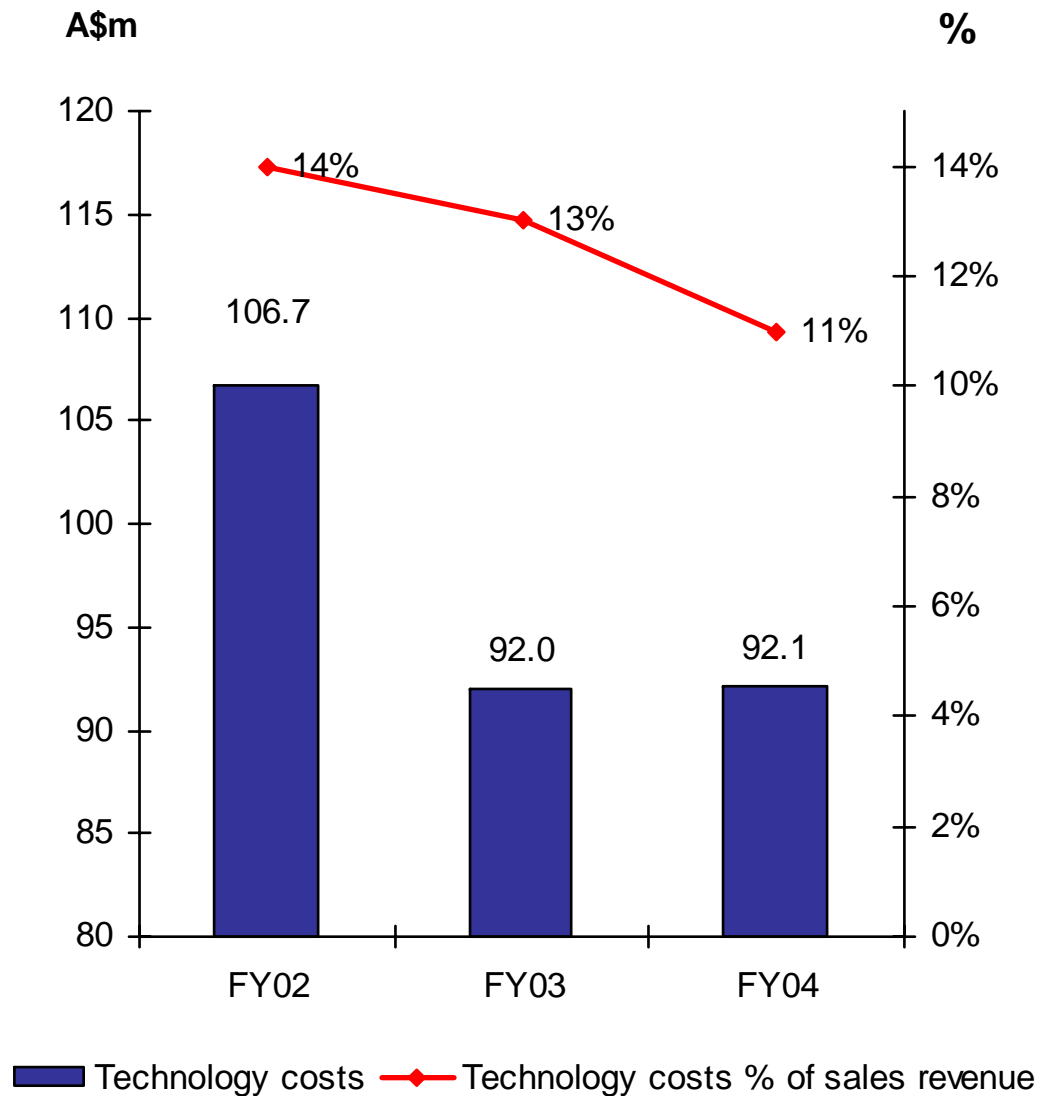
# Effective Tax Rate



- Headline effective tax rate for FY04 is 24.4% (FY03: 41.8%)
- Normalised headline effective tax rate for FY04 is 29.9% (FY03: 20.7%)
- The underlying effective tax rate being the tax rate adjusted for one off, non-recurring items and non-deductible goodwill charges for FY04 is 23.8% (FY03: 10.6%).

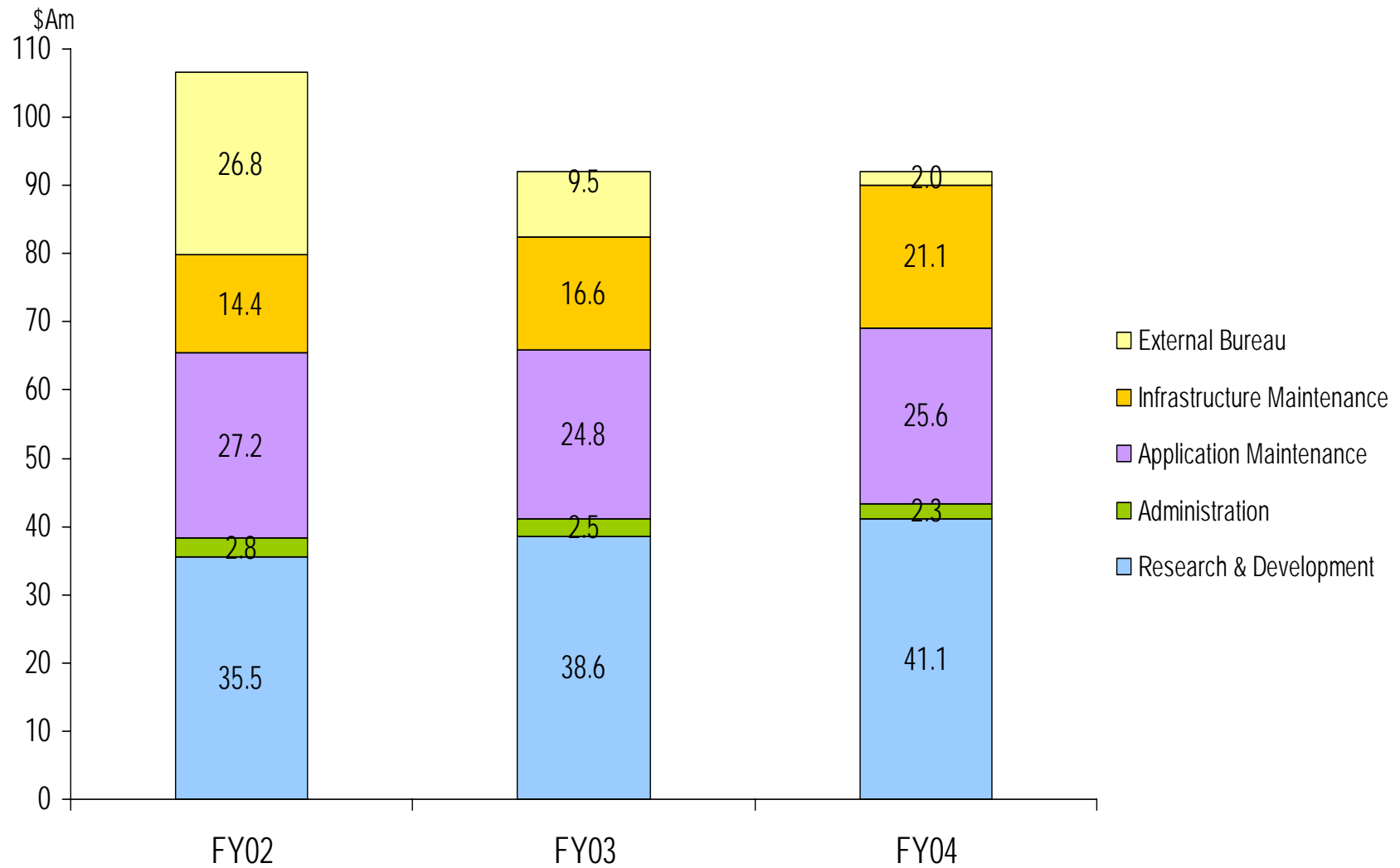


# Technology Costs – Establishing Global Platform

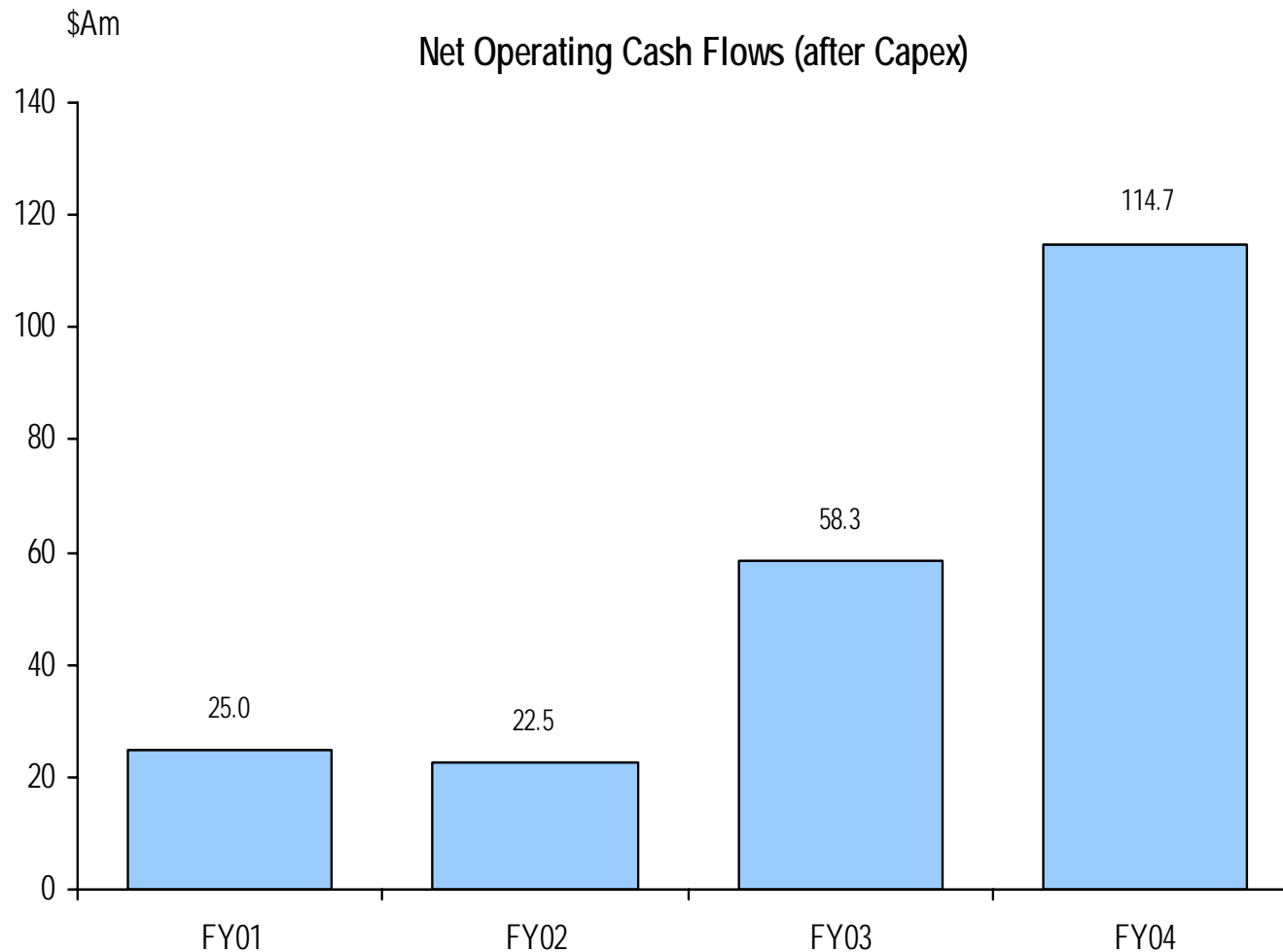


- All R & D technology costs are expensed
- FY04 includes \$7.7m in Technology costs from businesses acquired

# Analysis of Technology Costs

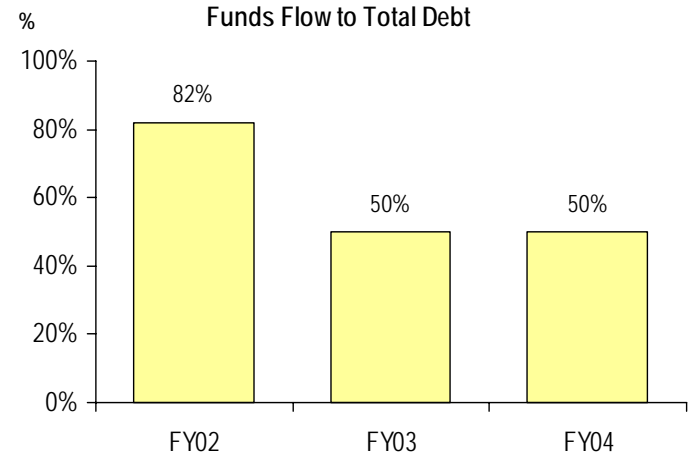
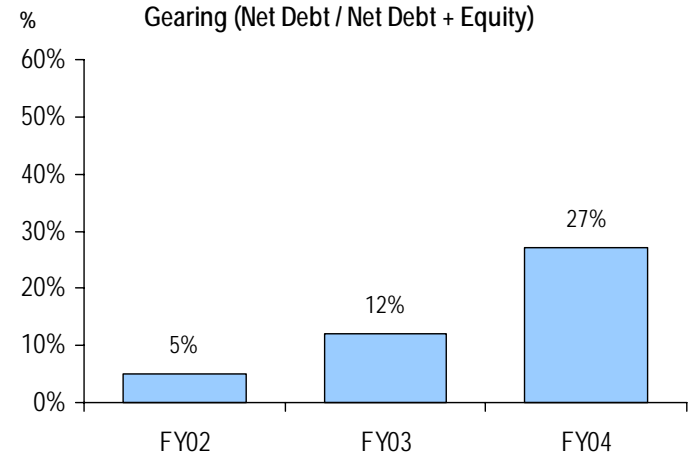
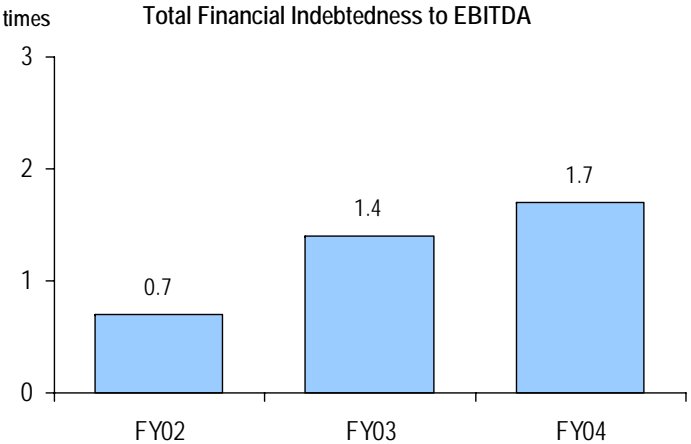
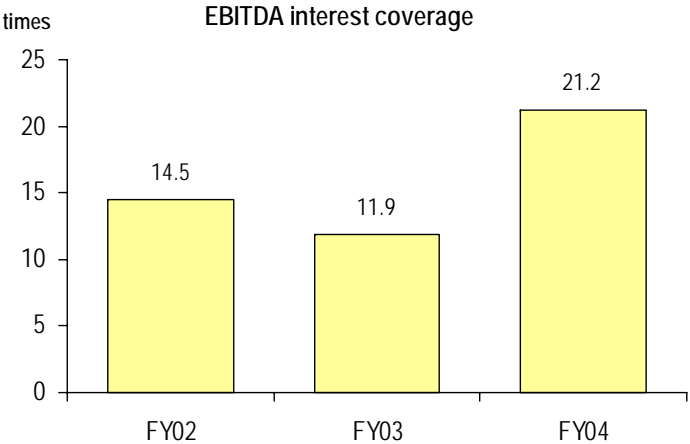


# Net Operating Cash Flows



- Increase in Operating Cash Flows
- Gearing on a net debt to equity basis – 36.6%
- Committed debt facility - A\$360m
- Debtors days outstanding have fallen from 61 to 57 days

# Key Financial Ratios

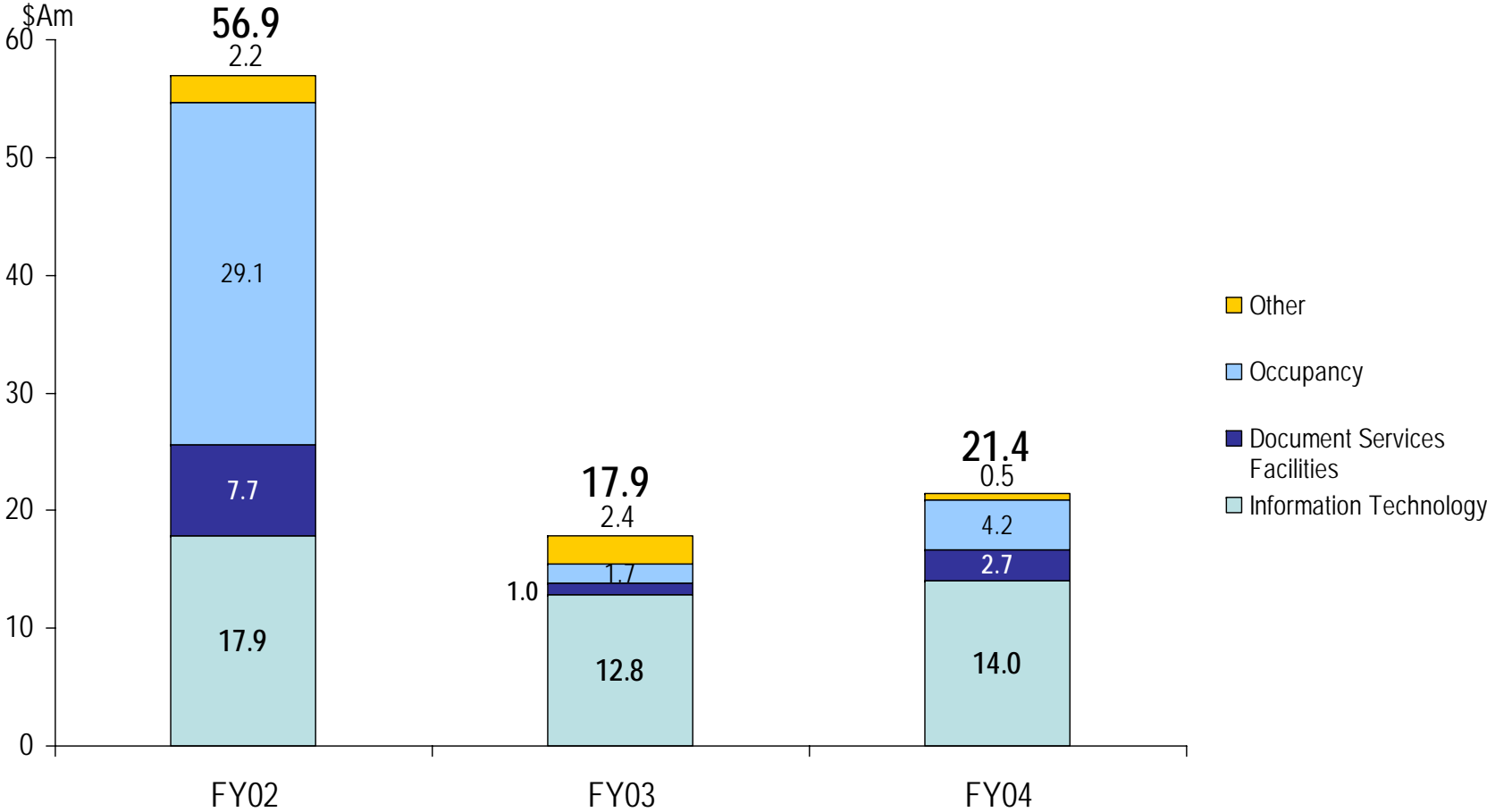




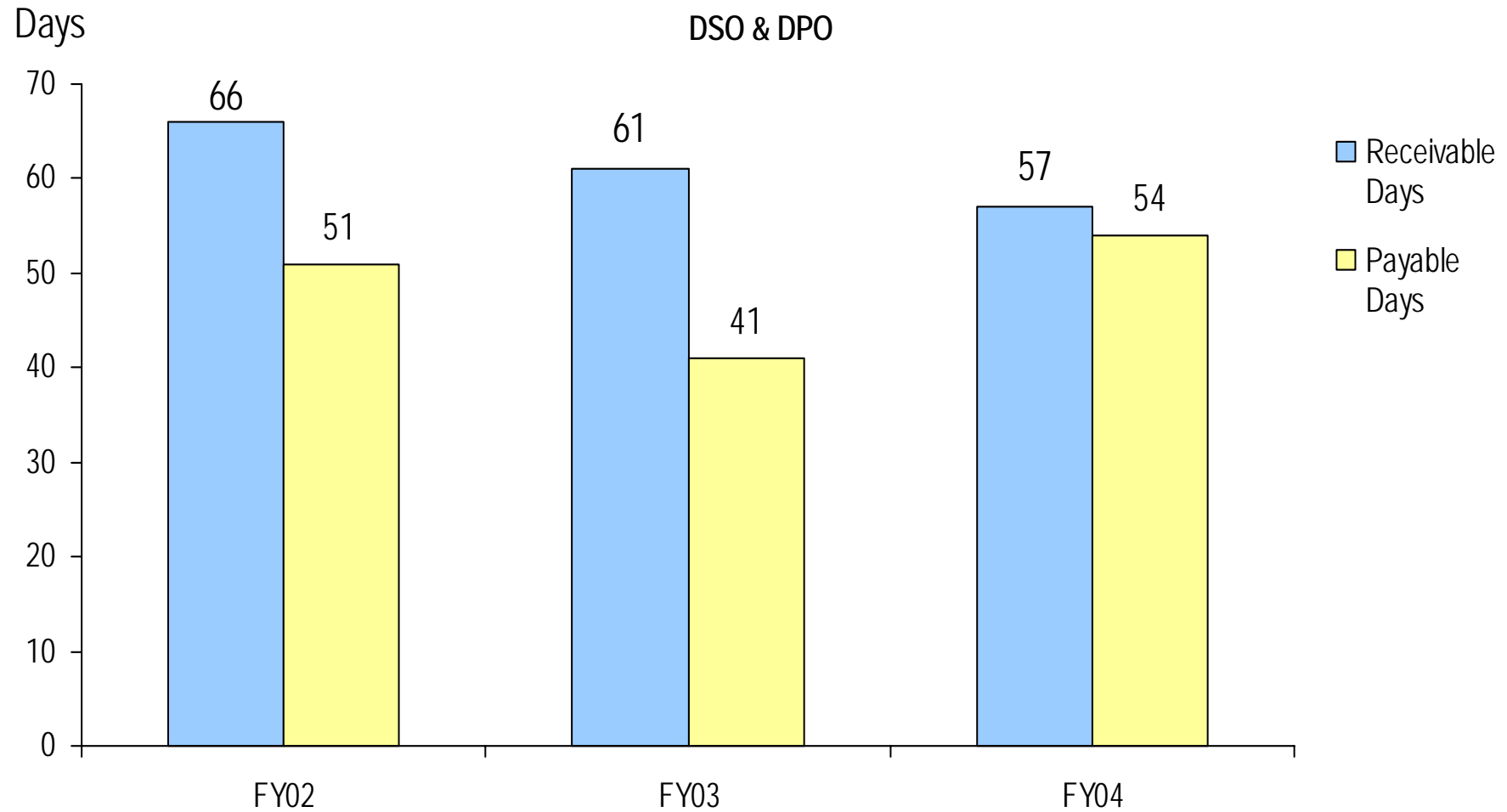
# Capital Expenditure



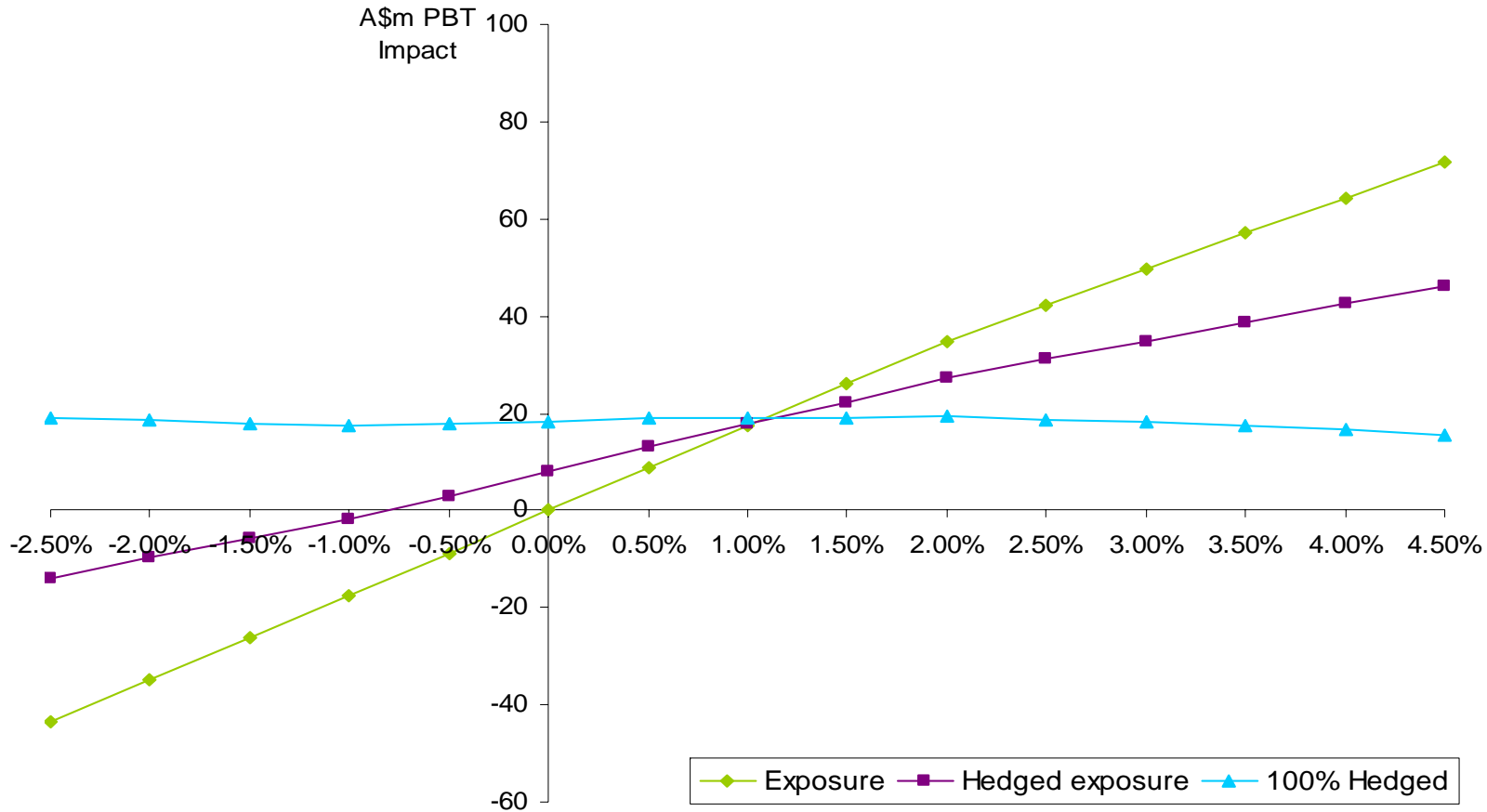
## CPU Group Capex



# Working Capital Management



# Interest Rate Sensitivity



- A 25 bps movement in global interest rates impacts PBT by A\$2.5m p.a.
- No significant change in effective hedging from last year.

## Equity Management – Fully Franked Final Dividend of 5 cps



➤ EPS – Normalised Basic (post goodwill)	12.89 cents
➤ EPS – Normalised Basic (pre goodwill)	19.02 cents
➤ Final Dividend	5 cents (fully franked)
➤ Full Year Dividend	8 cents (fully franked)
➤ Current yield *	2.5%
➤ Franking Benefit – Total return	3.6%

\* Based on share price of AUD \$3.20

# Equity Management – Preference Share Conversion



- Recent changes in Accounting Standards treat Reset Preference Shares (RPS) as debt (at 5.5% post tax).
- Announced conversion of RPS to Equity on 19<sup>th</sup> August, 2004.
- Converting on 30 September 2004 at trailing 20 day VWAP (with 2.5% discount).
- Expected dilution of approximately 6%, gross increase in EPS of 1.3 cents (or 10% in FY04).

# Equity Management – Share Buy Back: Reset Preference Shares



- Announced 19<sup>th</sup> December 2003 - Buy back a maximum of 17% (250,000 preference shares).
- Commenced 5<sup>th</sup> January 2004.
- Changes announced on 19<sup>th</sup> March 2004 – Buy back a further 500,000 shares.
- Acquired 315,193 preference shares by 16<sup>th</sup> August 2004.
- Average price AUD \$103.83.

# Equity Management – Ordinary Share Buyback



- Announced 26<sup>th</sup> May 2004 - Buy back a maximum of 27,500,000 shares.
- Commenced 10<sup>th</sup> June 2004.
- Acquired 15,970,000 shares by 16<sup>th</sup> August 2004.
- Completion expected 17<sup>th</sup> December 2004.
- Average price AUD \$3.18.

# Financial Summary



- Normalised Earnings per Share (pre goodwill) rose from 11.79 to 19.02 cents per share.
- Net operating Cash Flows were \$136.1m (an increase of 79% on FY 2003).
- Revenues increased 24% to \$894.7m.
- Normalised EBITDA up 37% to \$183.4m
- Operating expenses were \$711.1m (inclusive of cost of sales). Excluding cost of sales & acquisitions, operating costs declined 1%.
- Days Sales Outstanding were 57 days, down 4 days from June 2003.
- Capital Expenditure was in line with expectation at \$21.4 million.





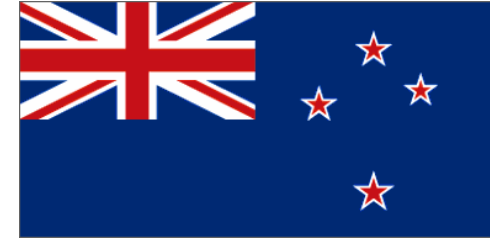
# Highlights - Financial



- Increased Revenue & Profit
- Major focus on capital management
- Capital Expenditure
- Cash Flow
- Focus on EPS for future reporting



Australia



New Zealand

## Regional Highlights – Asia/Pacific

India



Philippines



Hong Kong



# Regional Highlights – Asia/Pacific

➤ Relocated to Global Headquarters

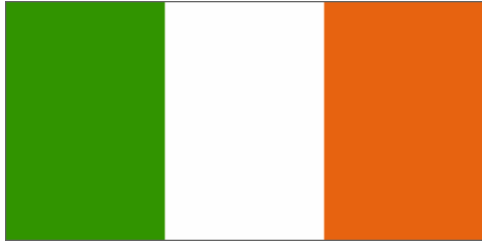


# Regional Highlights – Asia/Pacific

## ➤ Call Centre (from worst to first)



- **Australia:** Significant improvement in productivity, accuracy and efficiency
  - Introduction of Workflow / EDC resulted in 65% productivity improvement over 18 months
  - IAG significant win
  - More than 75% of clients have taken our integrated offering
- **India** – Results better than budget
- Consistent flows in IPOs from mainland **China** into **Hong Kong** with 23 IPOs won between February and July 2004



Ireland



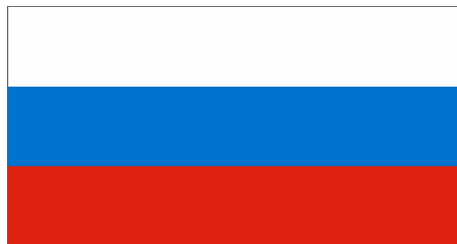
United Kingdom

## Regional Highlights - EMEA

Germany



Russia



South Africa

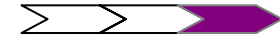


- **South Africa** significant turnaround in EBITDA
- **Germany**
  - Design and implementation of new registry system
  - All companies migrated from Deutsche Bourse system
  - Creation of Plans division
  - Now operating profitably
- **Gilts & NHS in UK**
- Appointed Geoff Price, Managing Director Plans





United States of America



CEO's  
Report



Canada

## Regional Highlights – North America

## ➤ **Georgeson**

- Integration benefits better than expected
- Major synergies starting to be realised
- Rationalization of offices underway
- Significant savings in operational areas
- Now have 35 people in sales force in US
- Inherited great staff who have added to management strength
- Plenty of upside to come
- Acquisition of Alamo to merge with GSC, creating end-to-end proxy service for Mutual Funds (print/solicitation/tabulation)

## ➤ Transcentive

- Les Trachtman, Global head of business development for Plans
- Expanding their products globally
  - Europe
  - Hong Kong, China
  - India
- Selling web-based solutions hosted in USA
- 22 New clients have been signed since acquisition
- Exceeding financial forecast

# Regional Highlights – North America

- Growing our Cross-Sell opportunities in North America
  - New Business from cross sales \$15.1 million
- Benefits spread across all business solutions
  - Analytics \$0.4 million
  - Corporate Actions \$1.0 million
  - Plans \$0.1 million
  - Post Merger Clean-up \$3.2 million
  - Document Services \$4.0 million
  - Proxy Solicitation \$1.7 million
  - Small Shareholder Plans \$3.7 million
  - Transfer Agency (Registrar) \$1.0 million

# Regional Highlights – North America



- Canada efficiency gains (overtime 5% of a year ago)
- Restructured Canadian Trust business - now showing solid growth
- Centralization of sales and marketing in North America
- Significant business wins in the US include:
  - News Corporation
  - Alltel

## ➤ Document Services

- Brilliant results
- The only global print/mail operation
- Seeking opportunities to expand in
  - Perth
  - South Africa
  - Ireland
- Alamo gives us an East coast facility

## ➤ Analytics

- Integration into Georgesons' Stock ID completed
- Appointed Paul Conn as Global Managing Director
- IR Track released
- Deal with NASDAQ and in discussions with other major exchanges
- Some work outsourced to our Philippine business
- Global development completed

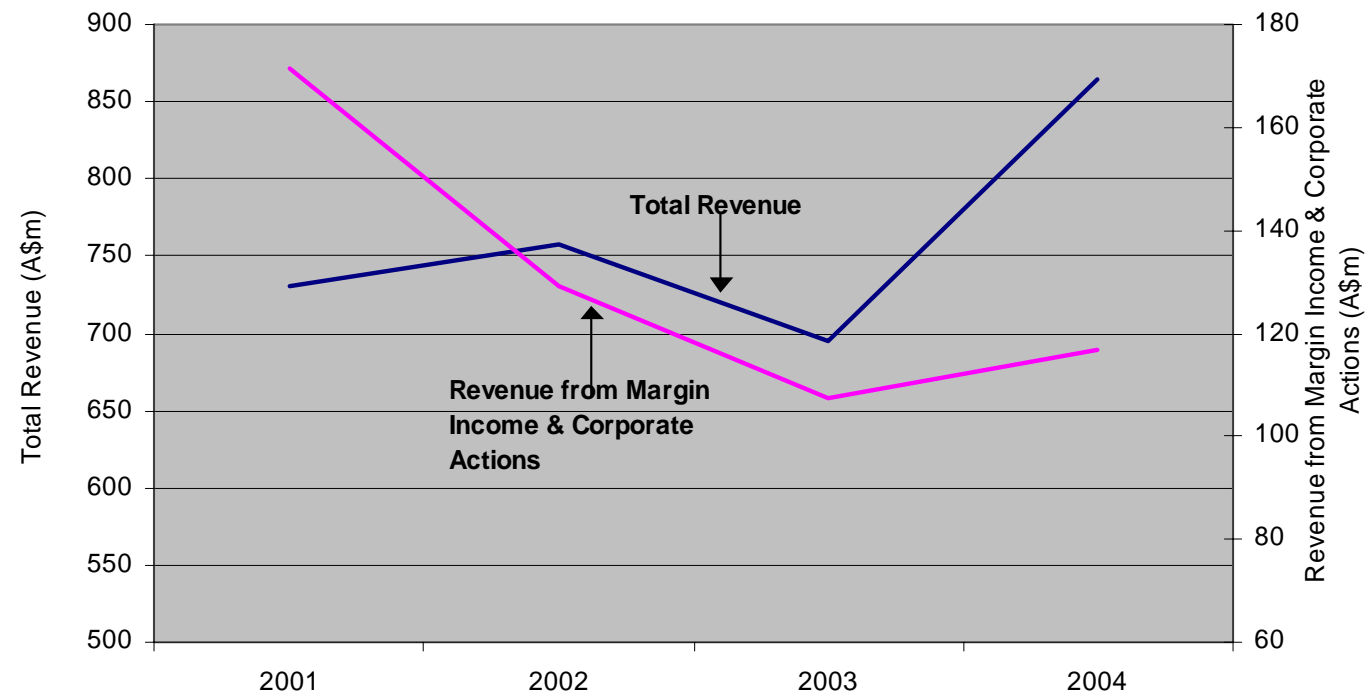
## ➤ Pepper

- ERM forecast revenues this year > \$15m plus + \$\$ to Plan Managers
- CRM expanded to Asia Pacific and North America: revenues now over \$25m per year
- SRM strong in the UK and Australia, first clients signed up in the US, adds significant value to our other businesses like SSP
- eTree
  - Australia – Landcare Australia
    - 32 Major Australian companies participating
    - 446,000 trees planted or planned
  - US – American Forests
  - Canada – Tree Canada Foundation
  - UK – Future Forests

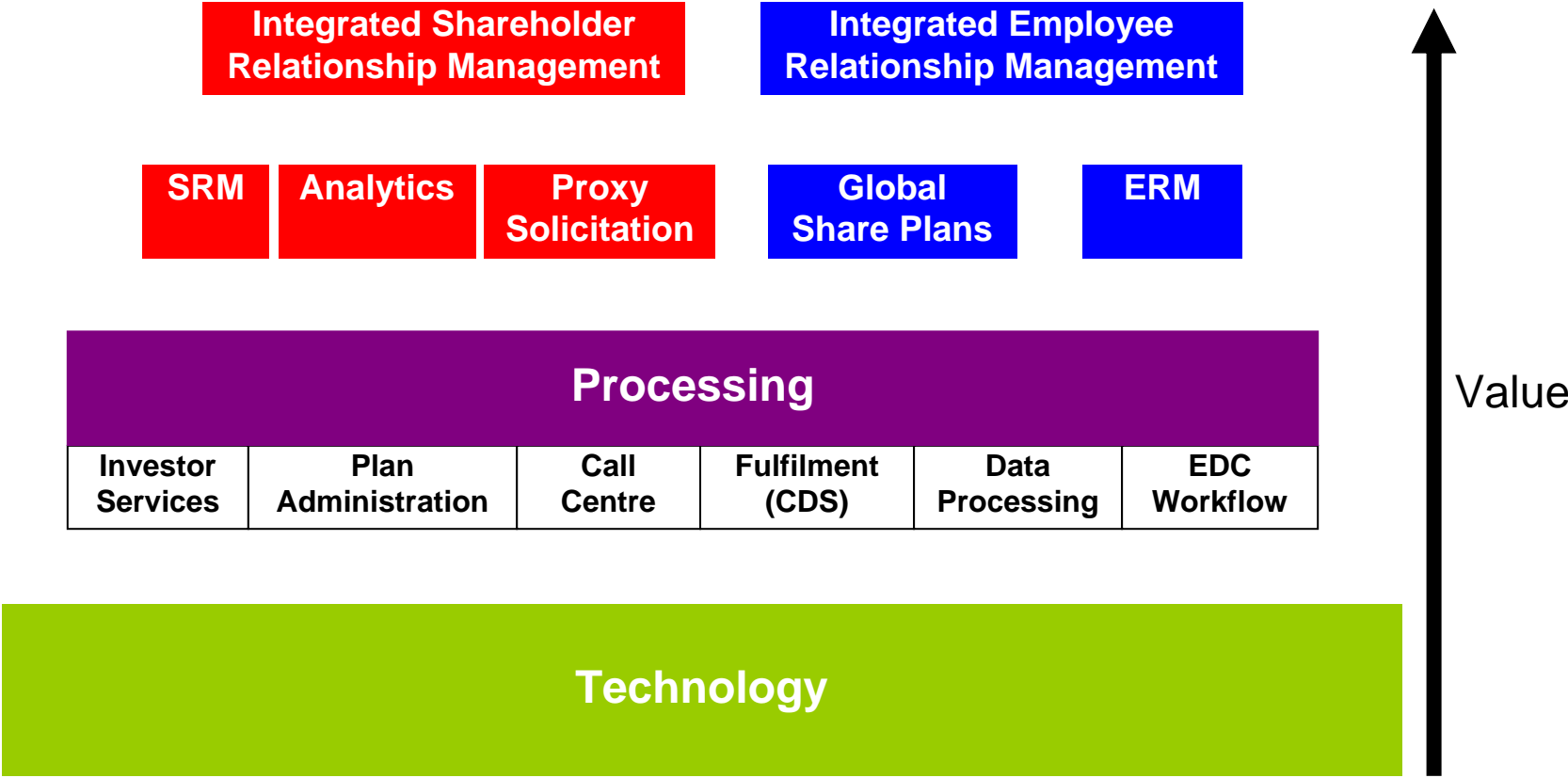


# WHERE TO FROM HERE?

## ➤ Margin Income and Corporate Action Revenue Trends



# Growth Strategy



- Revenue growth > 10%
- Growth in EPS > 20%
- **Guidance for FY 2005 will be established within the context of these metrics**

QUESTIONS?

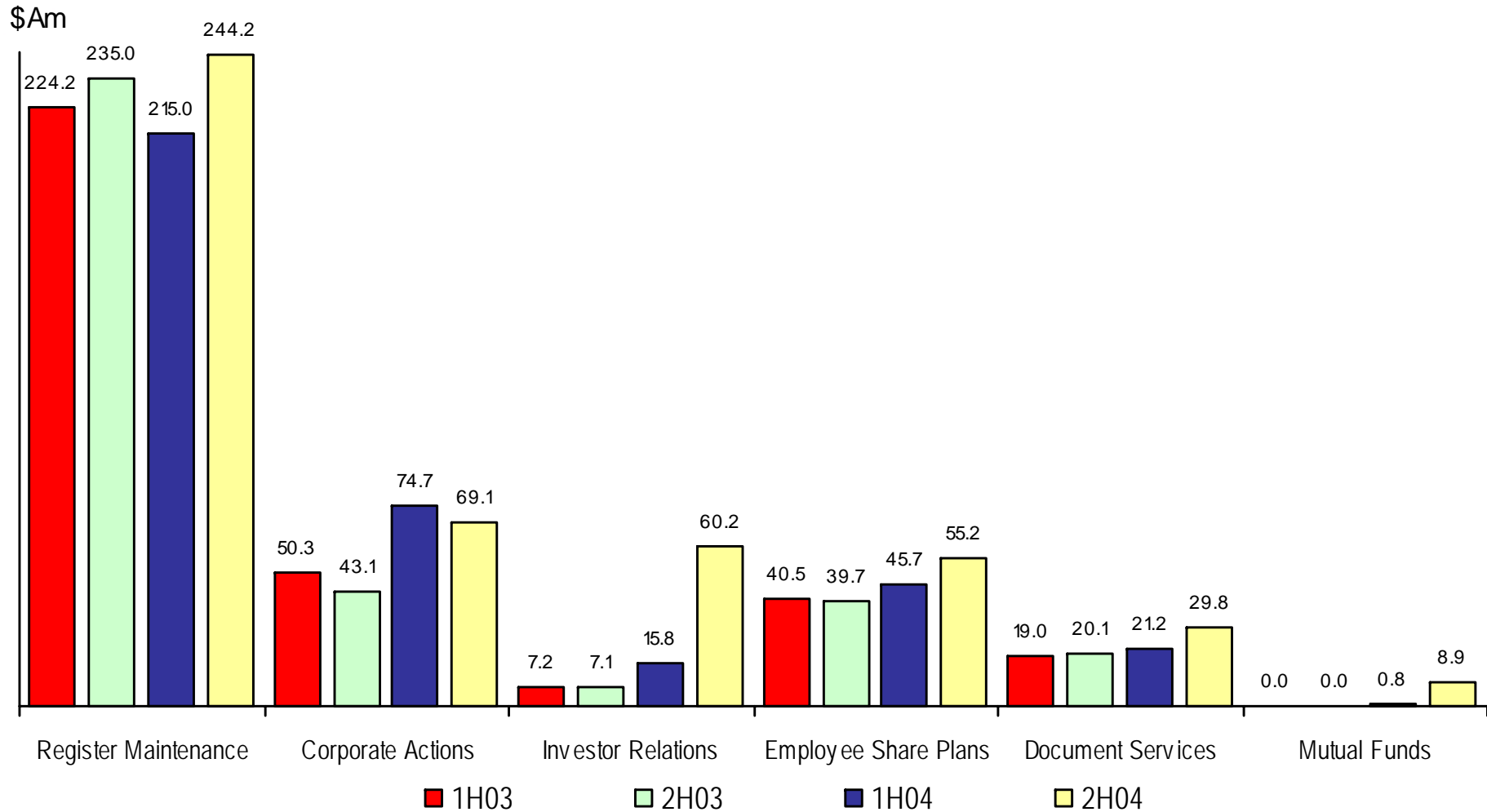
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## Group Comparisons

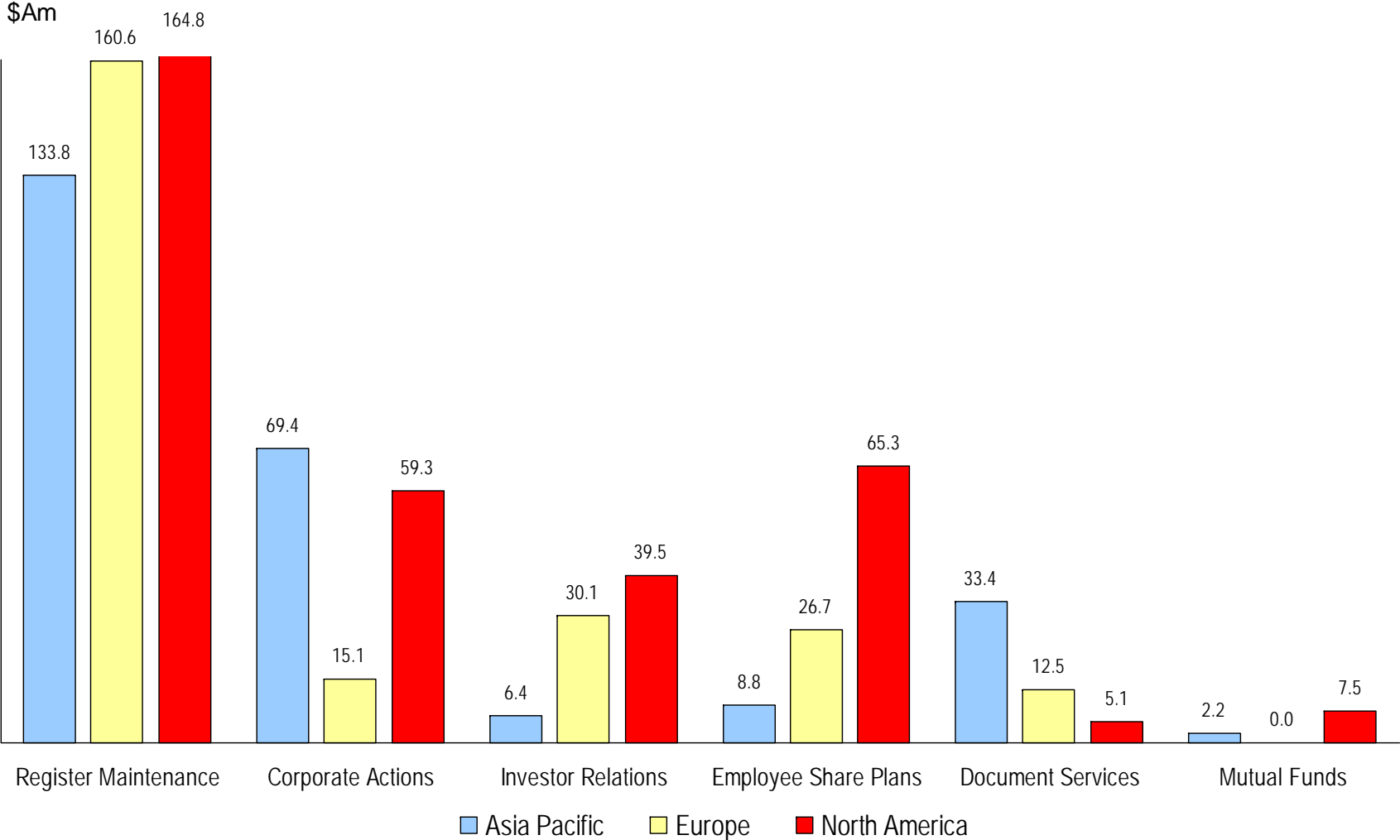
# Half Year Comparisons - Revenue



Excludes proceeds on the sale of UK premises

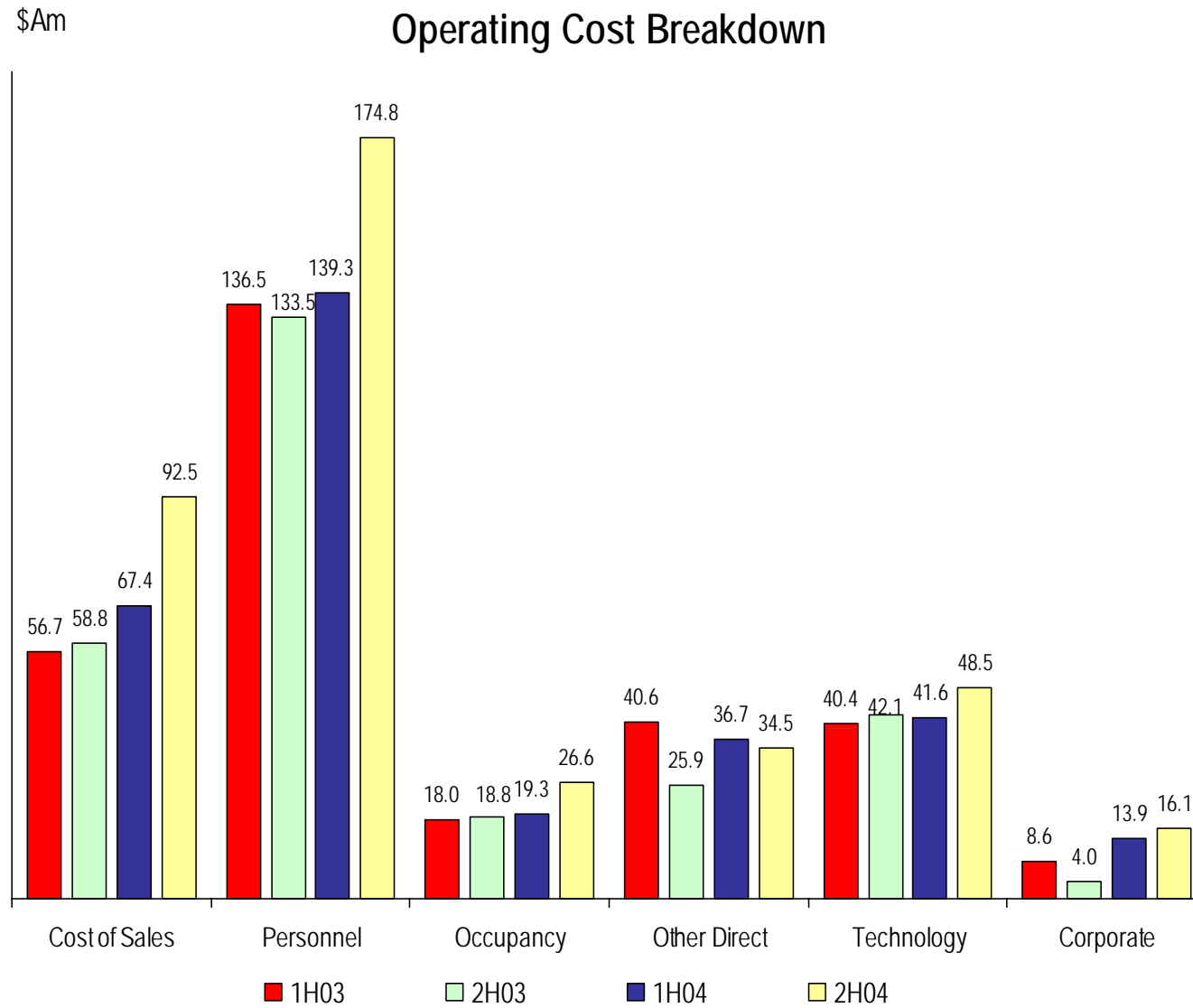


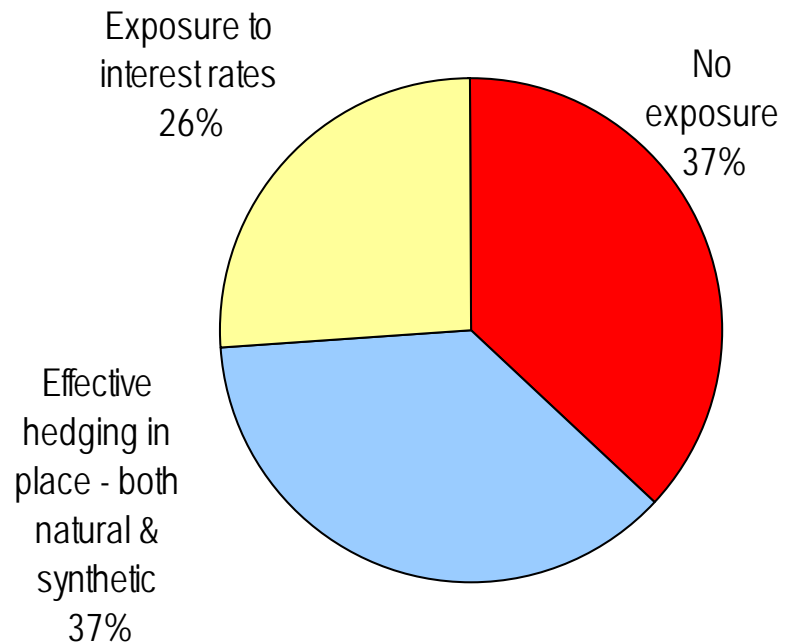
# Regional Analysis



Excludes proceeds on the sale of UK premises

# Half Year Comparisons - Costs





## Interest Rate Hedging

### Strategy:

- Minimise downside risk in current low interest rate environment

### Policy:

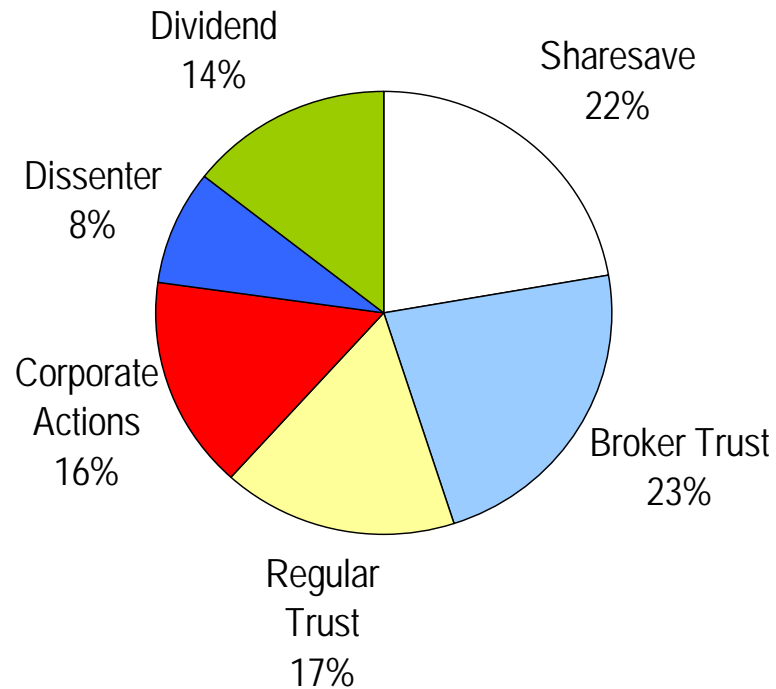
- Minimum hedge of 25% / Maximum hedge of 75%
- Minimum term 1 year / Maximum term 5 years

Current hedging: 37%

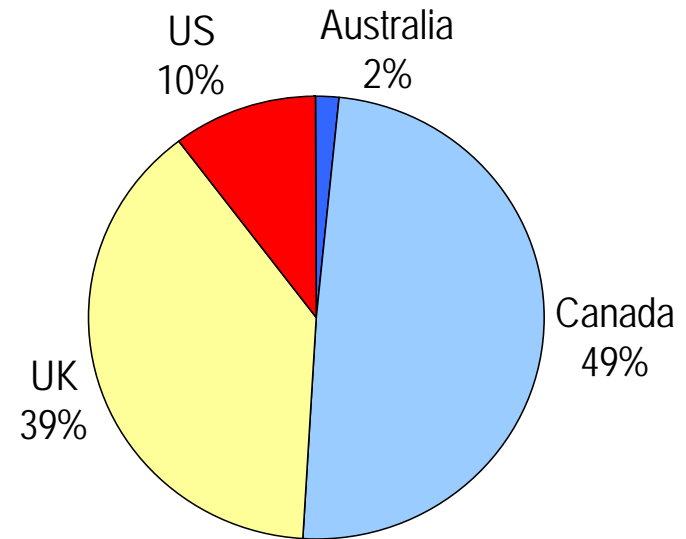
# Risk Management – Average Funds Balances for 12 months ending 30 June 2004



By Category



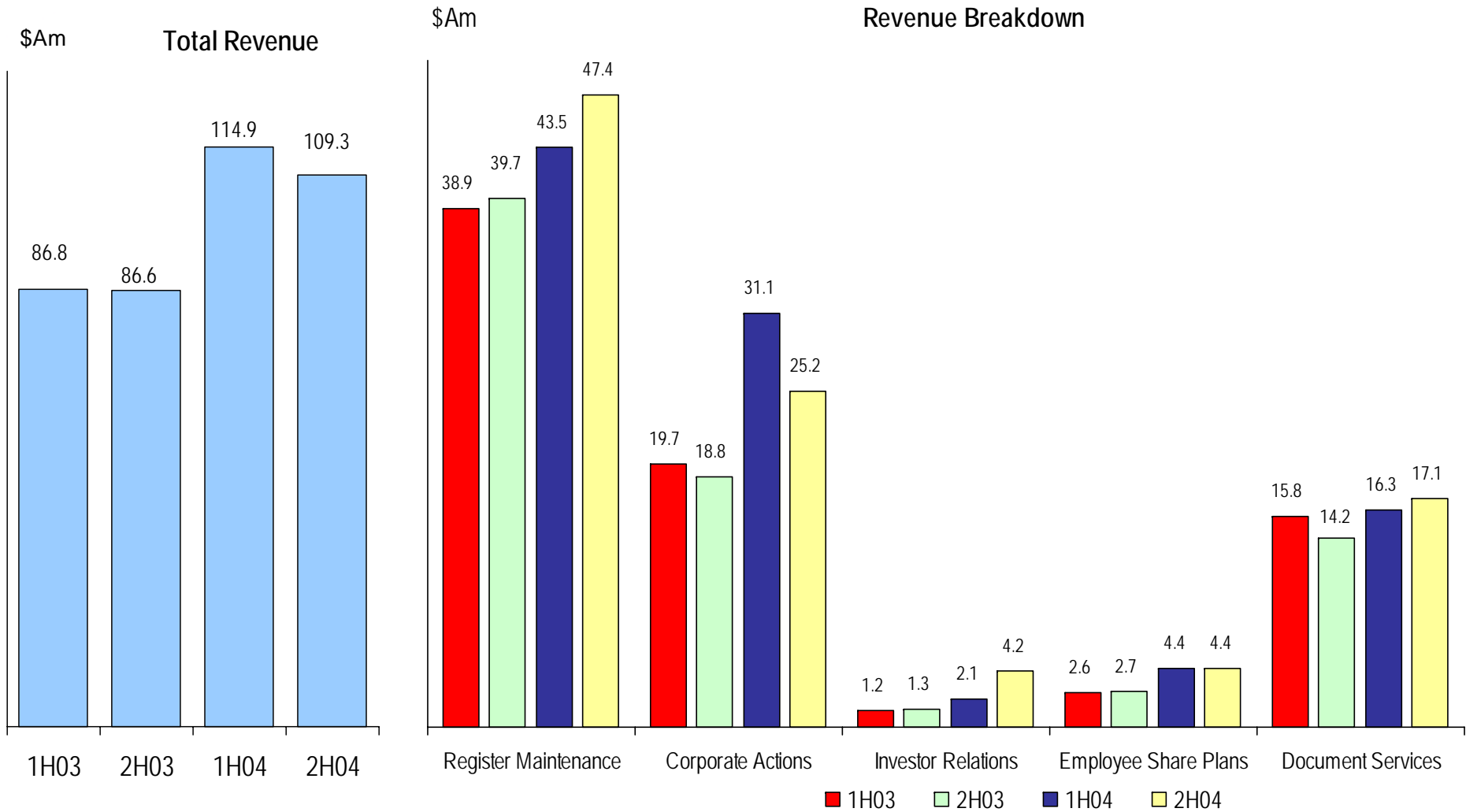
By Country



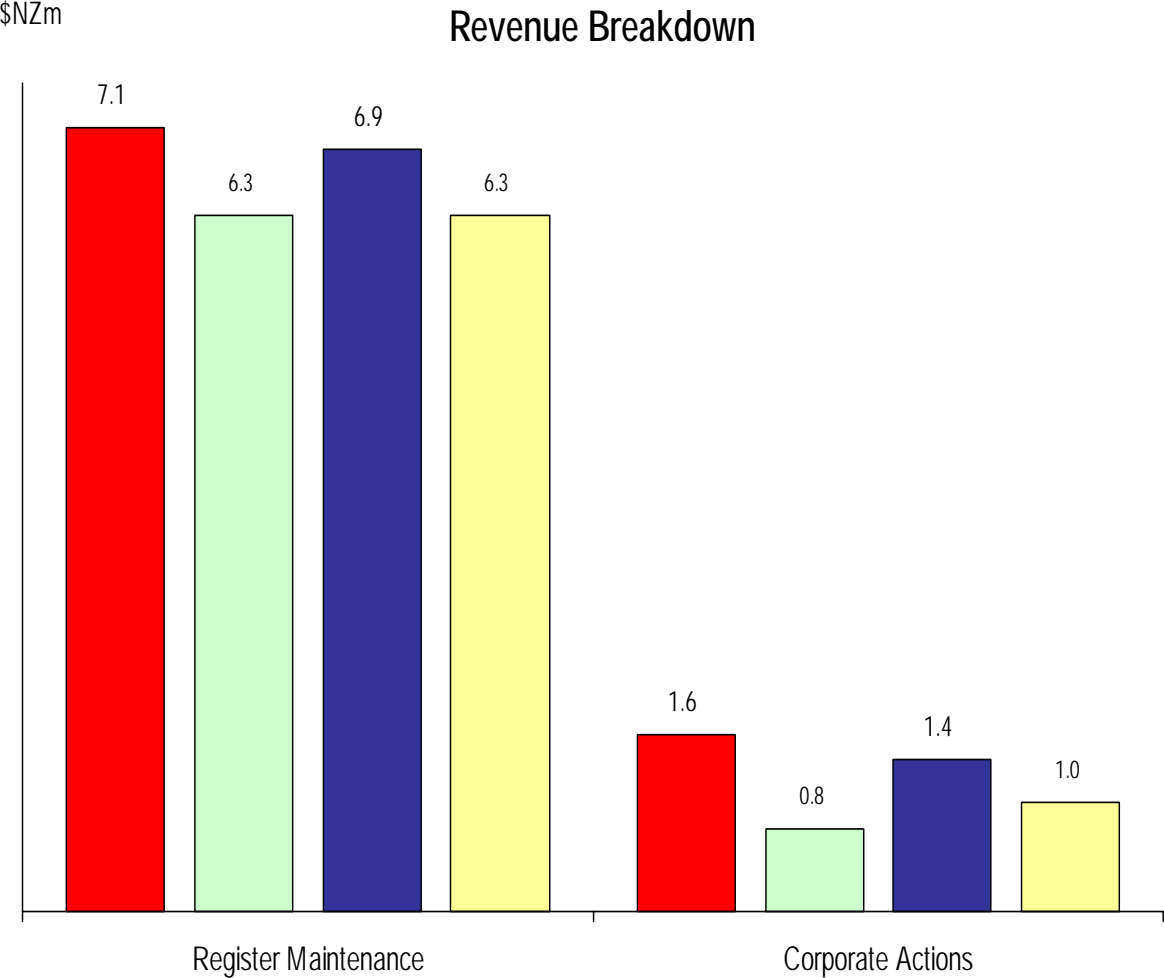
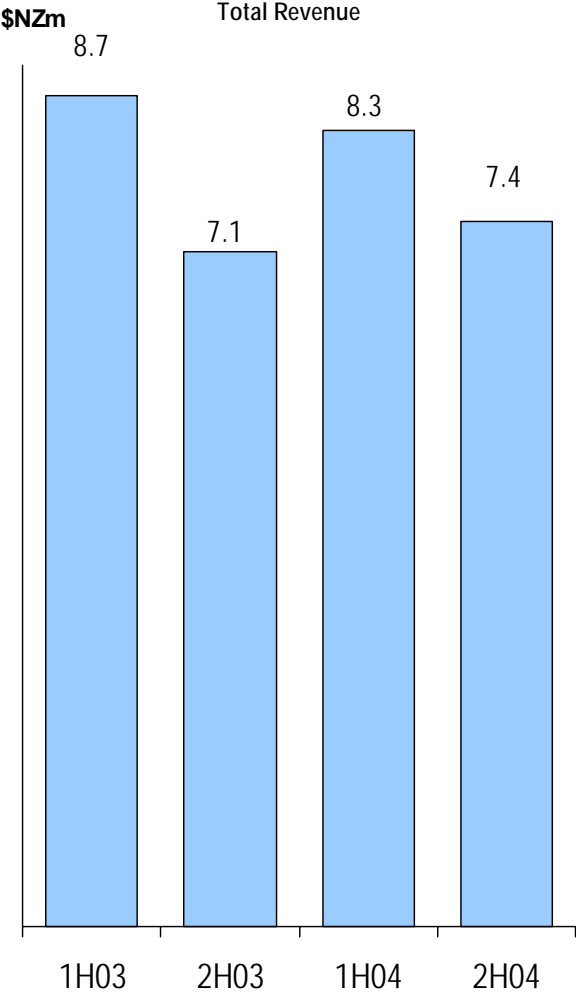
Balance range A\$2.7b to A\$4.1b  
Average fund balance A\$3.3b

## Country Summaries

# Australia Half Year Comparison

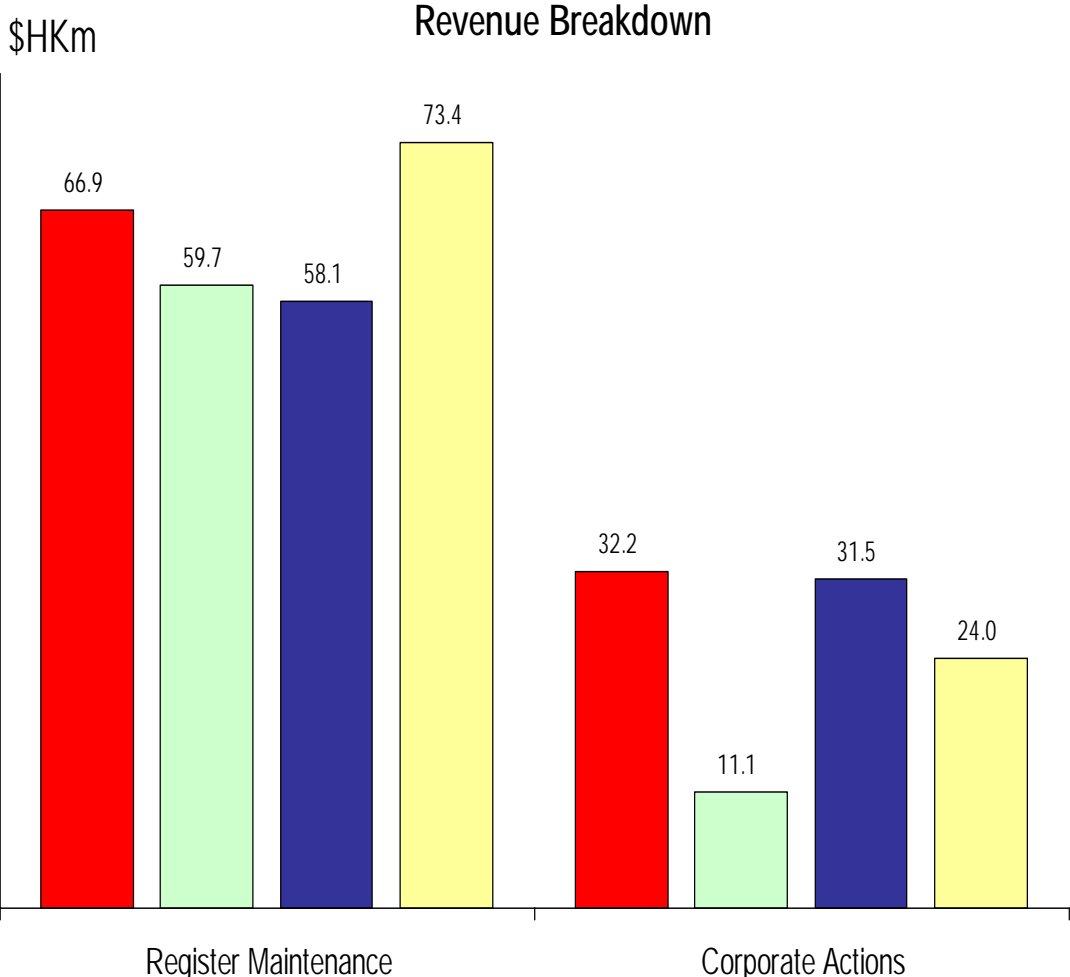
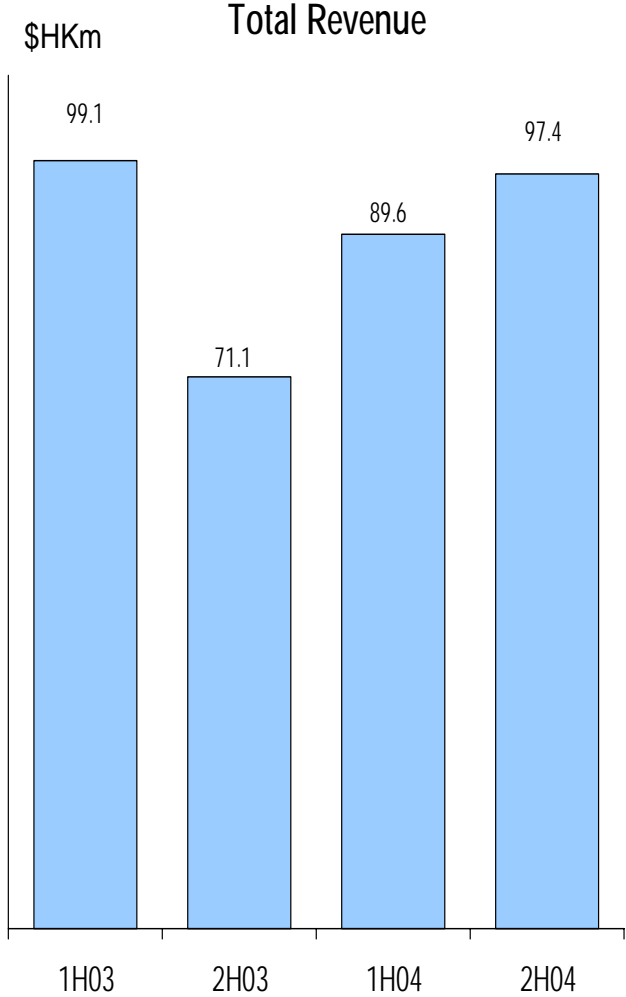


# New Zealand Half Year Comparison



■ 1H03    ■ 2H03    ■ 1H04    ■ 2H04

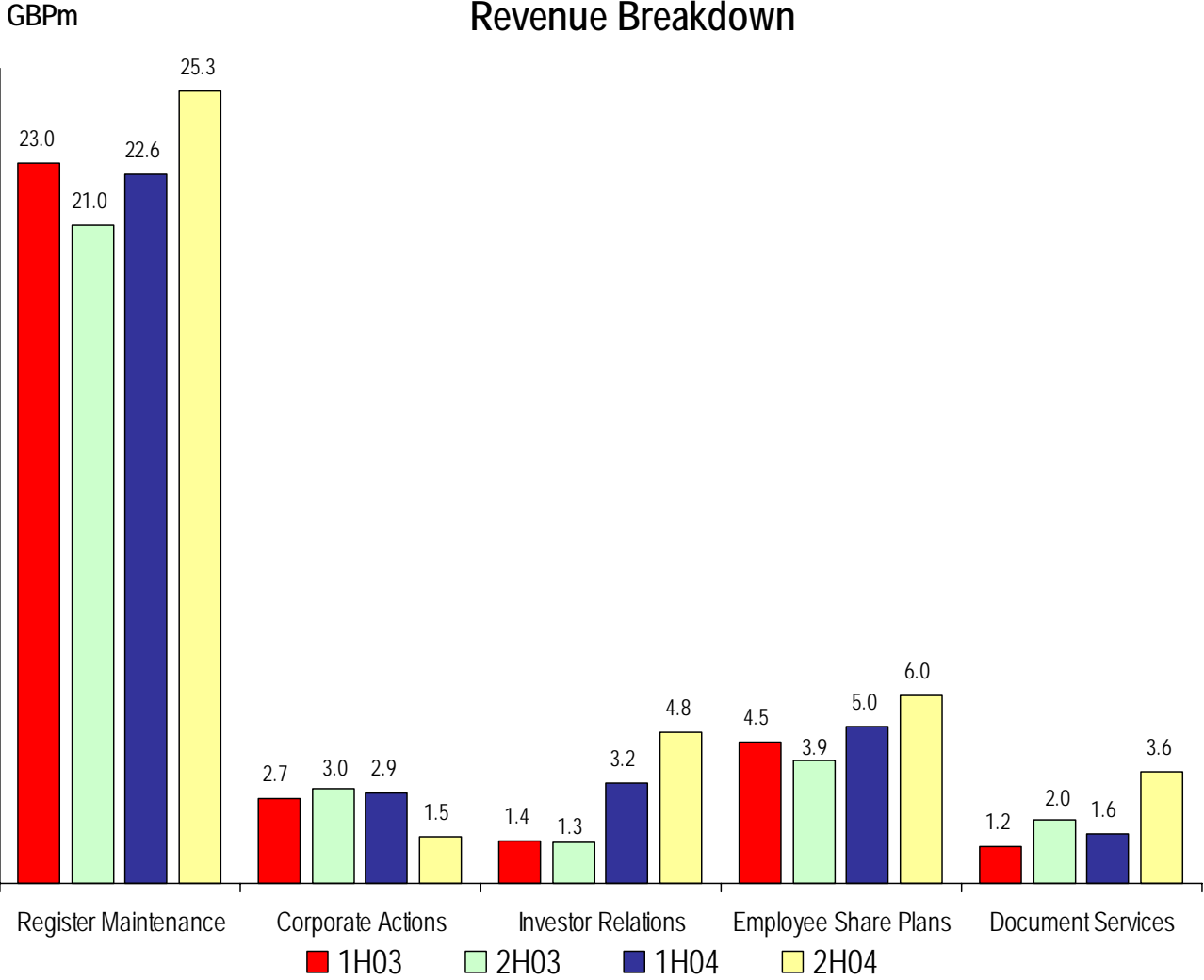
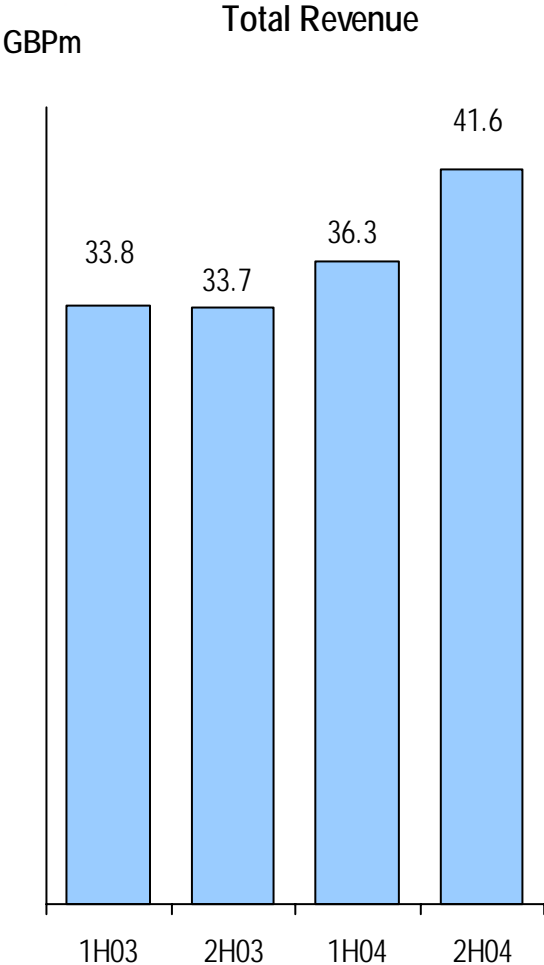
# Hong Kong Half Year Comparison



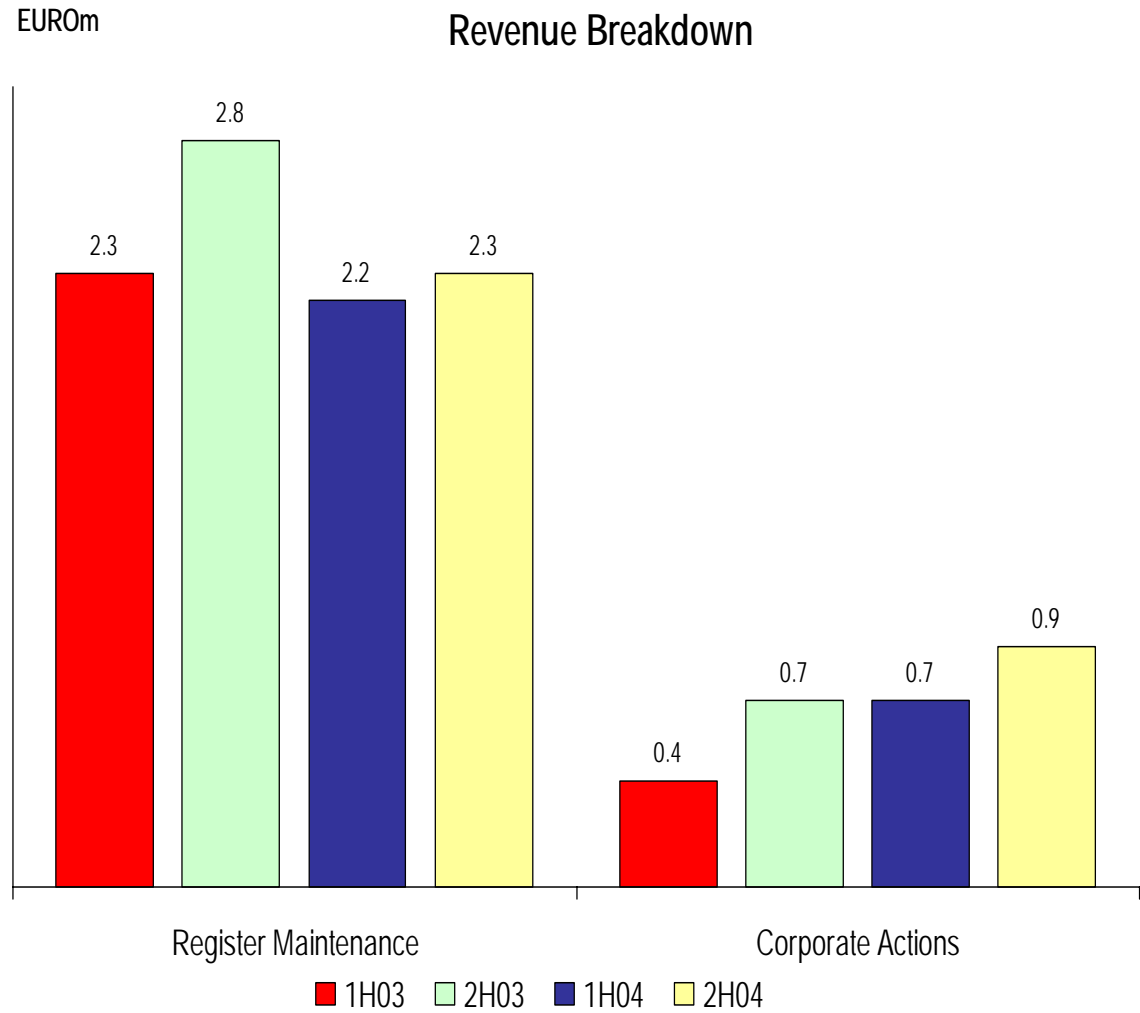
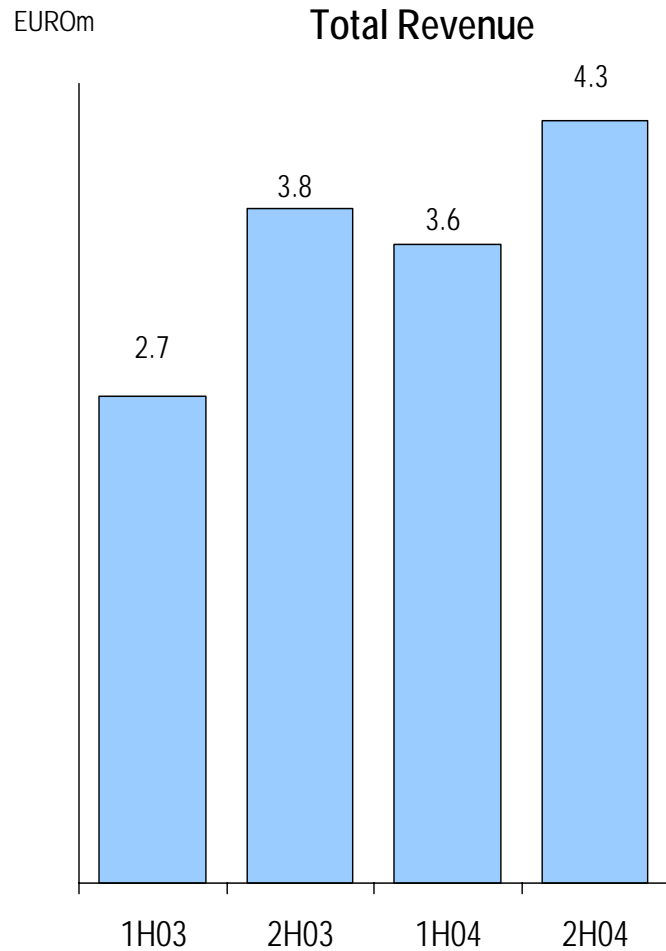
■ 1H03    ■ 2H03    ■ 1H04    ■ 2H04



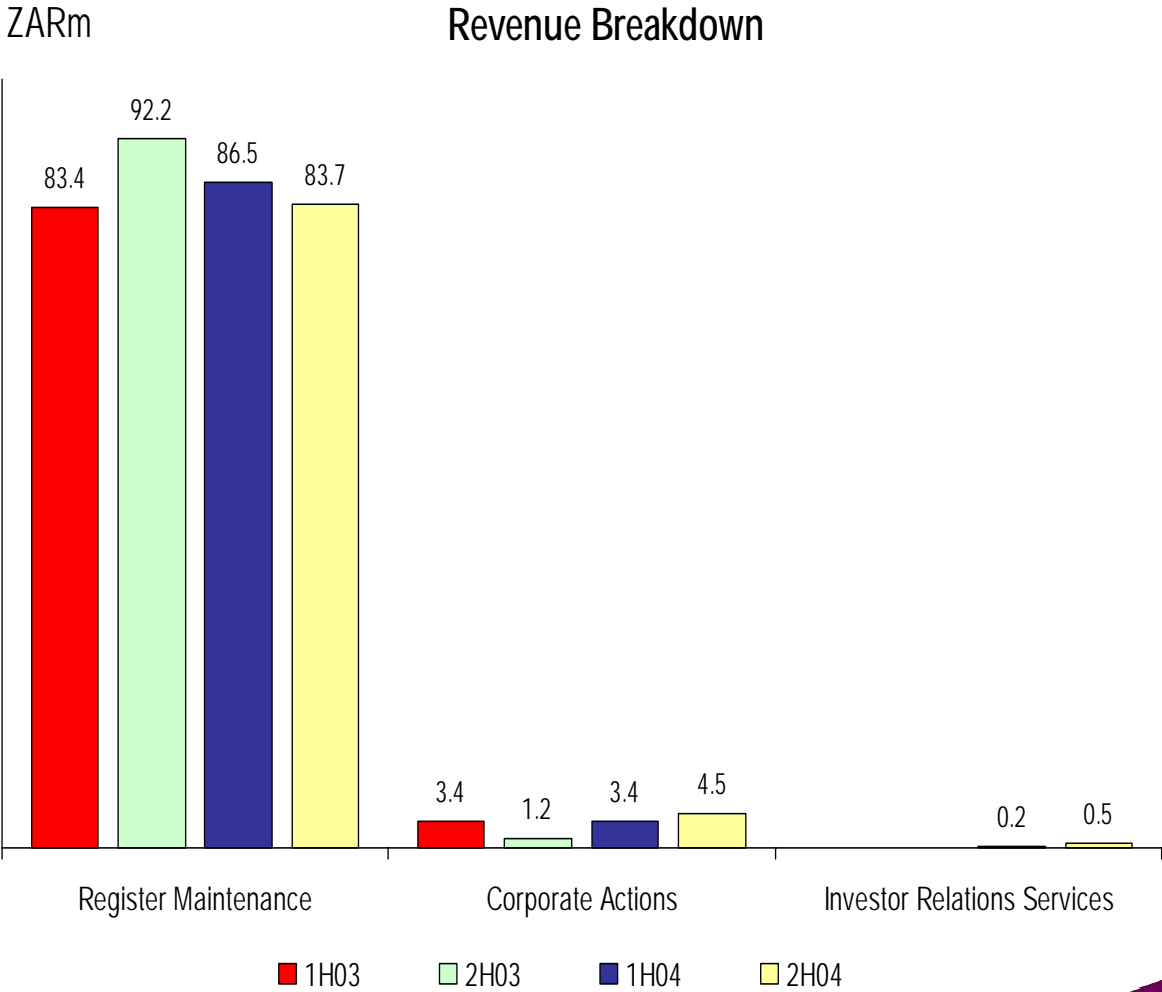
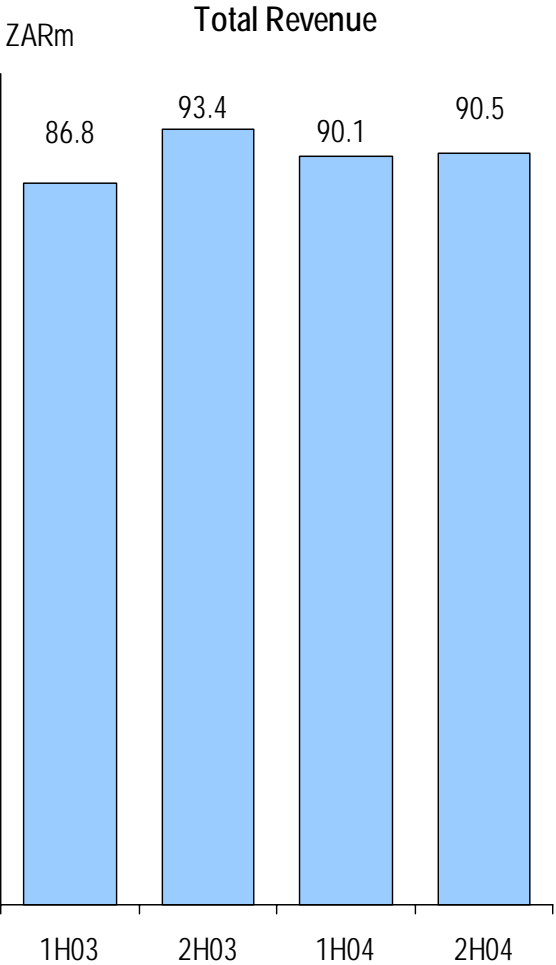
# United Kingdom Half Year Comparison



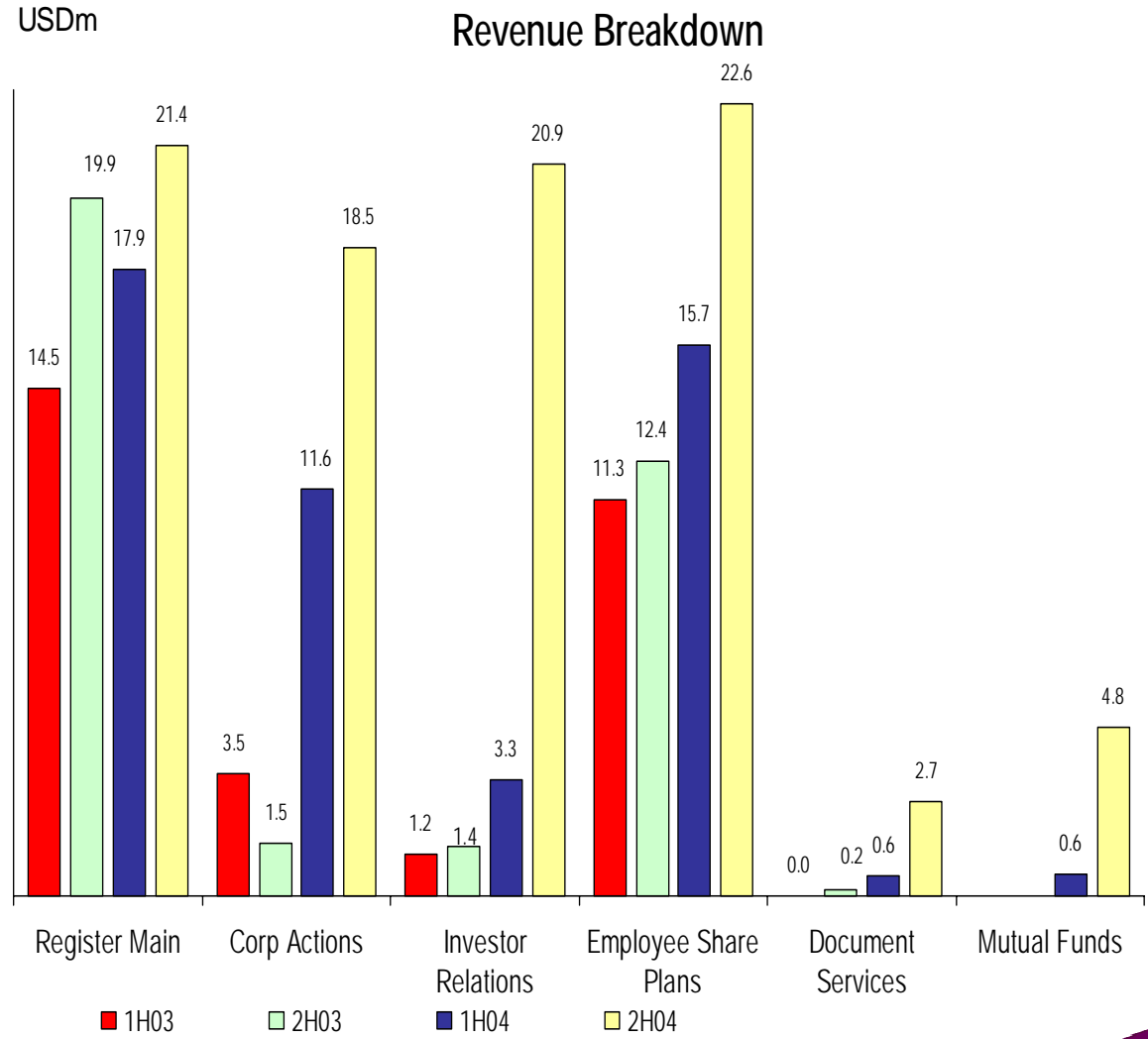
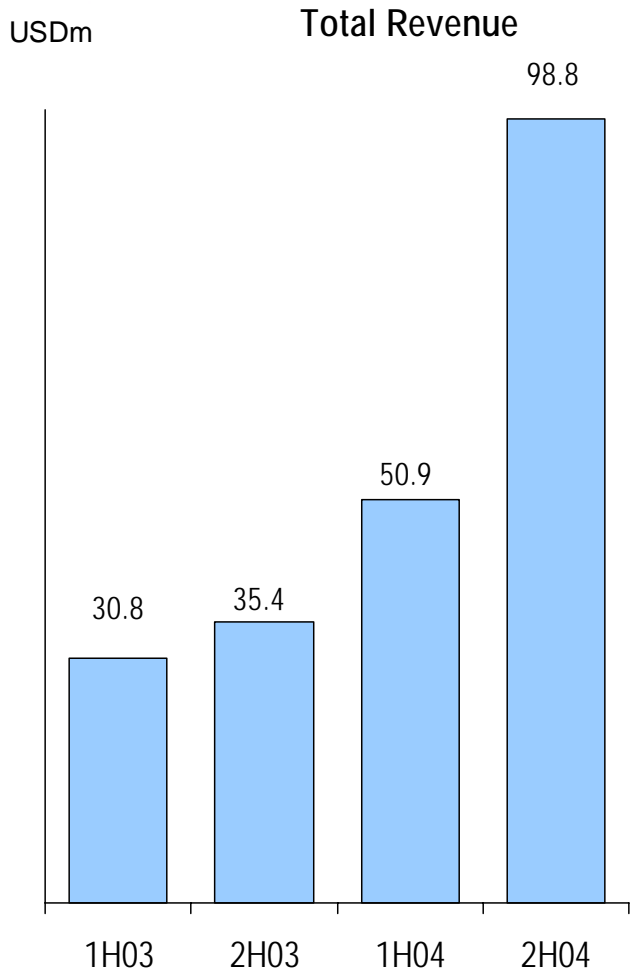
# Ireland Half Year Comparison



# South Africa Half Year Comparison



# United States Half Year Comparison



# Canada Half Year Comparison

