COMPUTERSHARE LIMITED (ASX:CPU)

FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

12 February 2014

NOTE: All figures (including comparatives) are presented in US Dollars unless otherwise stated.

The non-IFRS financial information contained within this document has not been reviewed or audited in accordance with Australian Auditing Standards.

Copies of the 1H14 Results Presentation are available for download at:
http://www.computershare.com/au/about/ir/financials/Pages/results.aspx

MARKET ANNOUNCEMENT

Melbourne, 12 February 2014 – Computershare Limited (ASX:CPU) today reported Statutory Basic Earnings per Share (eps) of 25.07 cents for the six months ended 31 December 2013, an increase of 47.3% on the prior corresponding period (pcp – being the six months ended 31 December 2012). Management Adjusted Earnings per Share was 29.41 cents, an increase of 9.5% on pcp. Statutory Net Profit after Non-Controlling Interest (NCI) grew 47.3% on pcp to $139.4 million whilst Management Adjusted Net Profit after NCI climbed 9.6% to $163.6 million.

Total statutory revenues were 0.6% lower than pcp at $981.5 million. Operating cash flows increased 44.0% versus 1H13 to $191.9 million.

The Company also announced that the CEO and President, Mr Stuart Crosby, has advised his intention to step down with effect from 30 June 2014. He will be succeeded by current Chief Information Officer and long term employee, Mr Stuart Irving (refer to today's separate market announcement for more details).

An interim dividend of AU 14 cents per share, 20% franked, has been declared. The interim dividend is unchanged from the final dividend paid in September 2013, and the franked percentage is unchanged.

Headline Statutory results for 1H14 (see Appendix 4D) as follows:

	1H14	Versus 2H13	**Versus 1H13 (pcp)**
Statutory Earnings per Share (Post NCI)	**25.07 cents**	Up 123.2%	**Up 47.3%**
Total Revenues and Other Income	**$981.5m**	Down 7.3%	**Down 0.6%**
Total Expenses	**$806.0m**	Down 15.9%	**Down 9.9%**
Statutory Net Profit (Post NCI)	**$139.4m**	Up 123.4%	**Up 47.4%**

Headline Management Adjusted results for 1H14 as follows:

	1H14	Versus 2H13	**Versus 1H13 (pcp)**	1H14 at 1H13 exchange rates	1H14 at 1H13 exchange rates versus 1H13
Management Earnings per Share (Post NCI)	**29.41 cents**	Up 5.1%	**Up 9.5%**	30.36 cents	Up 13.0%
Total Operating Revenues	**$976.9m**	Down 5.8%	**Down 1.1%**	$1,010.3m	Up 2.3%
Operating Expenses	**$709.2m**	Down 7.8%	**Down 5.0%**	$736.7m	Down 1.3%
Management Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	**$267.0m**	Down 0.5%	**Up 10.6%**	$268.9m	Up 11.4%
EBITDA margin	**27.3%**	Up 140bps	**Up 290bps**	26.6%	Up 220bps
Management Net Profit after NCI	**$163.6m**	Up 5.1%	**Up 9.6%**	$168.9m	Up 13.1%
Cash Flow from Operations	**$191.9m**	Down 4.4%	**Up 44.0%**		
Free Cash Flow	**$185.6m**	Up 2.8%	**Up 69.2%**		
Days Sales Outstanding (DSO)	**42 days**	Down 3 days	**Down 6 days**		
Capital Expenditure	**$10.3m**	Down 59.8%	**Down 57.0%**		
Net Debt to EBITDA ratio	**2.26 times**	Down 0.21 times	**Down 0.46 times**		
Interim Dividend	**AU 14 cents**	Flat	**Flat**		
Interim Dividend franking amount	**20%**	Flat	**Flat**		

MARKET ANNOUNCEMENT

Reconciliation of Statutory Results to Management Results

HY14	USD 000's
Net profit after tax per Statutory Results	139,436
Management Adjustments (after tax)	
Amortisation	
Intangible assets amortisation	30,362
Strategic business initiatives	
Adjustment to disposal accounting	(2,599)
Business closure - reversal	(1,252)
Restructuring provisions	78
One-off items	
Acquisition related costs	351
Foreign exchange gain	(2,330)
Other	
Put option liability re-measurement	425
Marked to market adjustments - derivatives	(916)
Total Management Adjustments	24,119
Net profit after tax per Management Results	163,555

Management Adjustments

Management Results are used, along with other measures, to assess operating business performance. The Company believes that exclusion of certain items permits better analysis of the Company's performance on a comparative basis and provides a better measure of underlying operating performance. The items excluded from the Management Results in HY14 were as follows:

Amortisation

- Customer contracts and other intangible assets are recognised separately from goodwill on acquisition and amortised over their useful life in the Statutory Results. The amortisation expense of these intangibles for 1H14 was $30.4 million.

Strategic business initiatives

- The disposal accounting for the sale of Interactive Meetings Limited (IML), the interactive events technology group, was finalised, which reduced the loss on disposal recognised in June 2013 by $2.6 million.
- The Australian Fund Services business was sold after an initial decision had been made to close it. Consequently, provisions for exit costs of $1.3 million were reversed.
- Restructuring provisions of $0.1 million were raised related to Computershare's German property leases.

One-off items

- Integration and acquisition costs totalling $0.4 million related to US, UK and Canadian acquisitions were incurred.
- An accounting gain of $2.3 million was recorded as a result of foreign currency bank accounts translation.

Other

- The put option liability re-measurement, resulting in a charge against profit of $0.4 million, relates to the FX impact on the valuation of the joint venture arrangement in India.
- Derivatives that have not received hedge designation are marked to market at the reporting date and taken to profit and loss in the Statutory Results. The valuations, resulting in a gain of $0.9 million relate to future estimated cash flows.

MARKET ANNOUNCEMENT

Commentary (based on Management Adjusted results)

Computershare delivered Management Earnings per Share of 29.41 cents, up 9.5% on the 1H13 result. Revenues in 1H14 were 1.1% lower at $976.9 million. Management EBITDA was $267.0 million, up 10.6% on pcp whilst Management NPAT rose 9.6% to $163.6 million. EBITDA margin was 290bps higher than 1H13 at 27.3%, reflecting the continued realisation of cost synergies from the Shareowner Services acquisition and cost management programs within the group that saw controllable costs drop 5.8% on pcp. Cash flow from operations was 44.0% higher than 1H13 at $191.9 million.

Total revenue was marginally lower on pcp, largely as a result of the divestment of IML and the Australian Fund Services business as well as the broad based strengthening of the US dollar. Total revenue was positively impacted by the contribution from the acquisition of the Morgan Stanley EMEA employee plans business in May 2013 and growth in the loan servicing and class actions businesses during 1H14.

The low interest rate environment and maturing deposits continue to place pressure on Computershare's margin income. The record average client balances in 1H13 were not repeated, impacting the margin income contribution. In addition corporate action revenues, whilst roughly flat on the June half, were 16.8% lower than 1H13 as IPO application numbers remained soft, secondary raisings were also relatively weak and M&A was patchy. Stakeholder relationship management revenues were 10.3% lower than pcp as US mutual fund solicitation and corporate proxy activity in the rest of the world remain subdued.

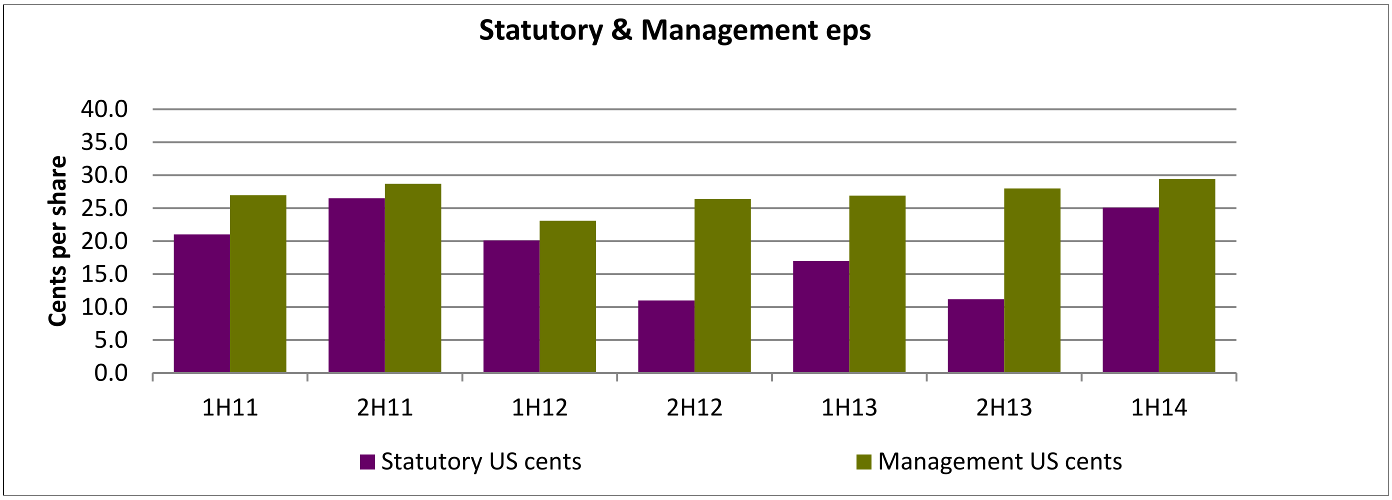
Improved earnings and group EBITDA margin was primarily an outcome of lower controllable costs. This was driven by continued large cost synergies achieved from the completion of the Shareowner Services client migration to Computershare technology. The cost line remains a key focus as the group evaluates its capacity to further leverage its offshore processing capabilities for certain operating functions. Another period of strong performance by the employee plans business also made a positive contribution to earnings.

Computershare's CEO, Stuart Crosby, said, "Our challenge continues to be growing the revenue base, as it is for many companies, while maintaining our focus on managing the expense side of the ledger. We have been relatively successful in this regard, helped by the realisation of anticipated synergies from the Shareowner Services acquisition, our recent increased utilisation of our offshore processing capabilities and a general cost focus throughout the group. Employee share plans and loan servicing have again provided significant impetus to the business during the past six months, whilst corporate action revenues were lower, hindered, in part, by ongoing low interest rates and deal activity. A pleasing outcome was the improvement in some of our US businesses, with class actions and communication services businesses in particular improving significantly in the first half.

"At our AGM in November we said that our Management eps guidance for FY14 would remain at around 5% higher than FY13, despite some encouraging early signs that the operating environment may be improving. A few months further along and we are a little more confident. We are now saying that we anticipate Management eps growth on FY13 of between 5% and 10%."

MARKET ANNOUNCEMENT

Below is a summary of Statutory and Management eps performance since 1H11:



Regional Summary

Australia and New Zealand

Revenues and EBITDA in Australia and New Zealand dropped 13.0% on 1H13 to $198.4 million and 15.5% to $40.5 million respectively. Corporate actions remained subdued despite recent IPO activity and divestment of the Fund Services business also contributed to the decline in total revenue on pcp. Registry maintenance, employee plans and communication services were largely flat in Australia whilst investor services revenues in New Zealand were pleasingly higher. Lower Australian dollar interest rates also negatively impacted margin income for the half.

Operating costs were marginally lower than 1H13 aided by reduced expenses in the utilities back office services business and as a result of the Fund Services business divestment. The significant weakening of the Australian dollar during 1H14 also affected revenue and expenses in comparative terms.

Asia

Revenues in Asia were 4.3% lower than 1H13 at $54.9 million, however EBITDA grew 7.1% to $18.0 million. A stronger performance by the Hong Kong business was offset by weaker revenues in India. Corporate actions and the employee plans business largely drove the better results in Hong Kong. India experienced growth in corporate actions revenue however this was more than offset by the fall in business services revenue in pcp terms. The fall in the Indian rupee also impacted the outcome for the half.

United Kingdom, Channel Islands, Ireland & Africa (UCIA)

Revenues and EBITDA increased 2.7% to $149.6 million on pcp and 4.4% to $55.7 million respectively. The acquisition of the Morgan Stanley EMEA employee plans business underpinned the region's performance on pcp. The operating environment for traditional UK investor services businesses remain challenging and the deposit protection scheme and voucher services business could not match 1H13 results. The Irish business had a strong half versus pcp whilst the South African business was flat.

Continental Europe

Revenues in the region fell 0.3% on pcp to $45.2 million and EBITDA decreased 88.3% to $0.4 million. The Russian and Italian registry businesses were unable to match their strong 1H13 performances. There were improved outcomes from the German and Scandinavian businesses on pcp.

United States

United States revenues increased 8.1% on 1H13 to $429.4 million and EBITDA was 46.4% higher at $105.4 million. Strong growth in loan servicing, communication services and the class actions business contributed to higher revenues on pcp. The improved EBITDA result was underpinned by continued realisation of cost synergies from the Shareowner Service acquisition. Corporate actions revenue fell and the bankruptcy administration and post-merger clean-up businesses were unable to match 1H13 results. Soft mutual fund proxy solicitation activity saw stakeholder relationship management revenues lower than pcp.

<u>Canada</u>

Canadian revenues were 6.5% down on pcp at $90.2 million and EBITDA fell 10.4% to $36.8 million. Reduced maintenance fees and corporate actions revenue in the registry business as well as market driven reductions in the communication services and corporate proxy businesses and one time investment in IT development in employee plans led to the overall fall in results for the region. Margin income was also lower than 1H13. The corporate trust business outperformed on pcp, as did the small shareholder programs/post-merger clean-up business.

Dividend

The Company announces an interim dividend of AUD 14 cents per share, 20% franked, payable on 18 March 2014 (record date of 24 February 2014). This follows the final dividend of AUD 14 cents per share, 20% franked, paid in September 2013.

The DRP pricing period for this dividend will be from 26 February 2014 to 11 March 2014 (inclusive). No discount will apply to the DRP price. DRP participation elections received after 5pm (AEST) on the dividend record date will not be effective in respect of this interim dividend payment but will apply to future dividend payments.

Capital Management

The Company's issued capital was unchanged during the half. There were 556,203,079 issued ordinary shares outstanding as at 31 December 2013.

Balance Sheet Overview

Total assets grew $69.0 million to $3,687.8 million at 31 December 2013. Shareholders' equity increased $67.6 million to $1,198.5 million over the same period. Net borrowings decreased 3.7% to $1,211.4 million (from $1,257.3 million at 30 June 2013). Gross borrowings at 31 December 2013 totalled $1,721.0 million (from $1,711.7 million at 30 June 2013).

The total debt facilities maturity now averages 4.3 years. There are no debt facility maturities during FY14. The loan servicing advance facility of $150.0 million matures 31 December 2014. The debt maturity profile is outlined in the table below:

Maturity Dates		Debt Drawn	Committed Debt Facilities	Bank Debt Facility	Private Placement Facility
FY14		Nil	Nil	Nil	
FY15	Mar-15	124.5m	124.5m		124.5m
FY16	Oct-15	296.0m	300.0m	300.0m	
FY17	Oct-16	91.4m	250.0m	250.0m	
	Mar-17	21.0m	21.0m		21.0m
FY18	Jul-17	247.5m	250.0m	250.0m	
	Feb-18	40.0m	40.0m		40.0m
FY19	Jul-18	235.0m	235.0m		235.0m
	Feb-19	70.0m	70.0m		70.0m
FY22	Feb-22	220.0m	220.0m		220.0m
FY24	Feb-24	220.0m	220.0m		220.0m
Total		**$1,565.4m***	**$1,730.5m**	**$800.0m**	**$930.5m**

***** Variance from gross debt represents finance leases ($46.1m), loan servicing advance facility ($93.4m) and fair value hedge adjustment on USD senior notes and amortised cost adjustment ($16.1m).

The Company's Net Debt to Management EBITDA ratio, the key gearing metric, fell from 2.47 times at 30 June 2013 to 2.26 times at 31 December 2013.

Capital expenditure for 1H14 was 57.0% lower than 1H13 at $10.3 million.

The Group's Days Sales Outstanding (DSO) was 42 days, 3 days lower than 30 June 2013.

Technology Costs

Total technology spend for 1H14 was $117.8 million, 9.0% lower than 1H13. Technology costs included $34.4 million (1H13:$31.2 million) in research and development expenditure, which was expensed during the period. The technology cost to total operating revenue ratio was 12.1% for 1H14.

Foreign Exchange Impact

Management EBITDA would have been $268.9 million, or 0.7% higher than actual 1H14, if average exchange rates from 1H13 were applied.

Taxation

The management effective tax rate for 1H14 was 23.2% (1H13:18.3%).

Outlook for Financial Year 2014

Having considered the results year to date and expectations for the balance of FY14, the Company is anticipating Management EPS for the full year FY14 to be between 5% and 10% higher than in FY13.

As usual, the Company's assessment of the outlook assumes that equity, foreign exchange and interest rate markets remain at current levels.

Please refer to the Half Year Results 2014 Presentation for detailed financial data and the Important Notice on slide 66 regarding forward looking statements.

About Computershare Limited (CPU)

Computershare (ASX:CPU) is a global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. We also specialise in corporate trust, mortgage, bankruptcy, class action, utility and tax voucher administration, and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers.

Computershare is represented in all major financial markets and has over 14,000 employees worldwide.

For more information, visit www.computershare.com

Certainty Ingenuity Advantage

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