

# Computershare Limited Full Year Results 2007 Presentation

Stuart Crosby  
Tom Honan

15 August 2007

CERTAINTY | INGENUITY | ADVANTAGE

 **Computershare**



# Stuart Crosby

## President & CEO

# Results Highlights

- › **Management EPS of 36.68 cents, up 61%**
- › **Management Net Profit After OEI of \$219.4m, up 62%**
- › **Free cash flows of \$295.3m, up 86%**
- › **Total Operating Revenues of \$1,418.4m, up 17%**
- › **Operating Costs of \$1,050.9m, a 7% increase**
- › **Management EBITDA margin up from 20% to 26%**
- › **Total Dividend 17 cents (AUD) per share, up 31%**

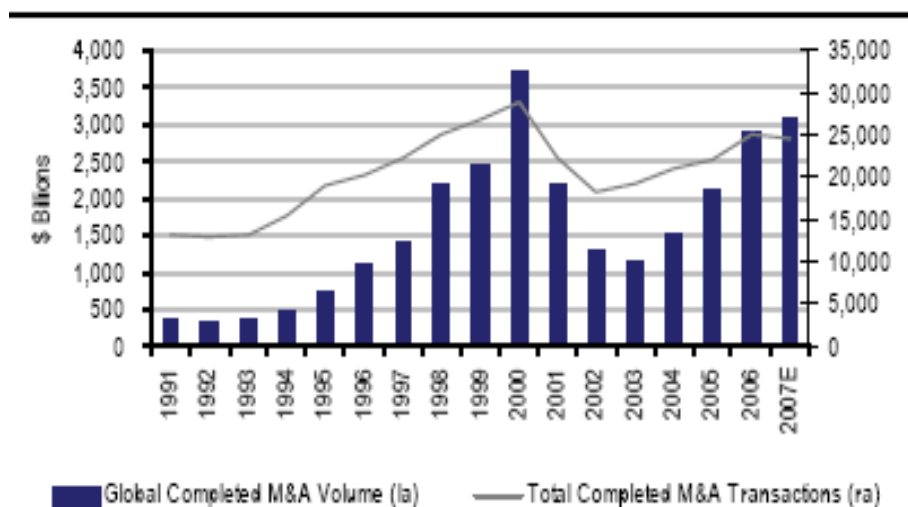
Note: all results are in USD except for dividend; all comparisons with FY06

## A Strong Result From a Broad Base

- › **Continued strong performance across all major business lines and regions**
- › **Standouts: HK, UK, Canada, Aus, US (ie, just about everywhere!)**
- › **Revenue growth a factor but margin growth just as important**
- › **Cost growth 7% vs. revenue growth 17% takes Management EBITDA margin from 20% to 26%**
- › **No material impact from recent market volatility expected**

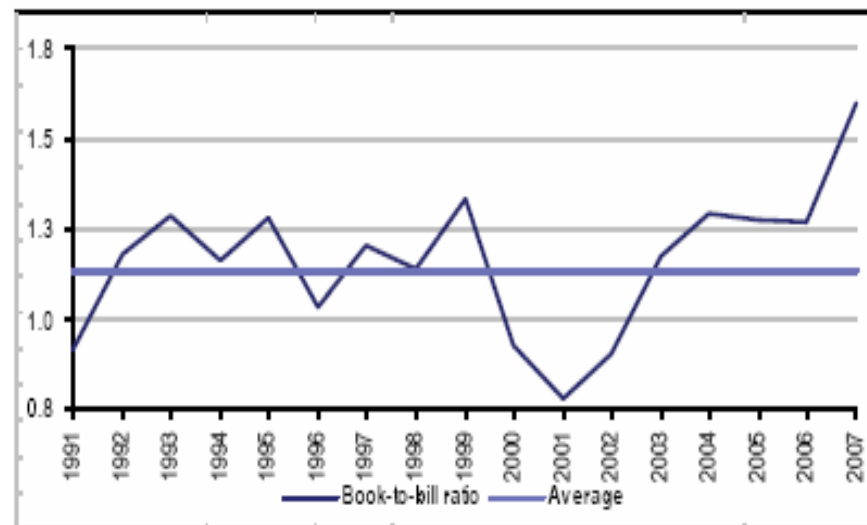
# Global Equities Market

### Completed M & A Volume



2007 YTD Total Volume:	\$1,536 bn	Est. 2007 Annualized Volume:	\$3,072 bn
2008 Total Volume:	\$2,892 bn	Est. 2007 vs. 2008:	6.2%
1991-2006 Avg Volume:	\$1,522 bn	Est. 2007 vs. 1991-2006 Avg:	101.9%

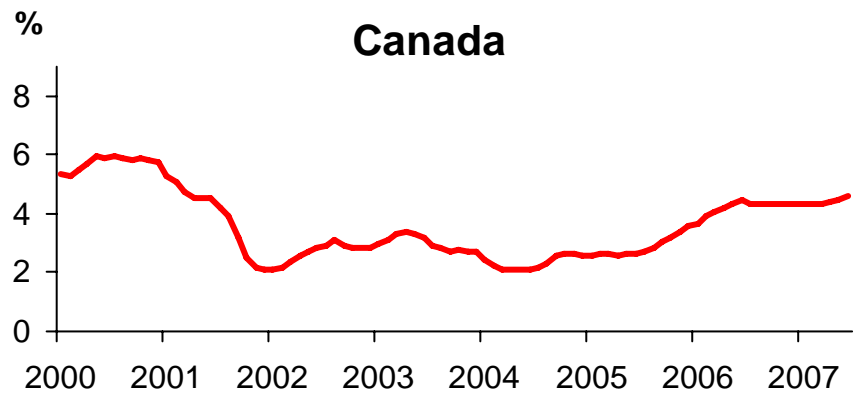
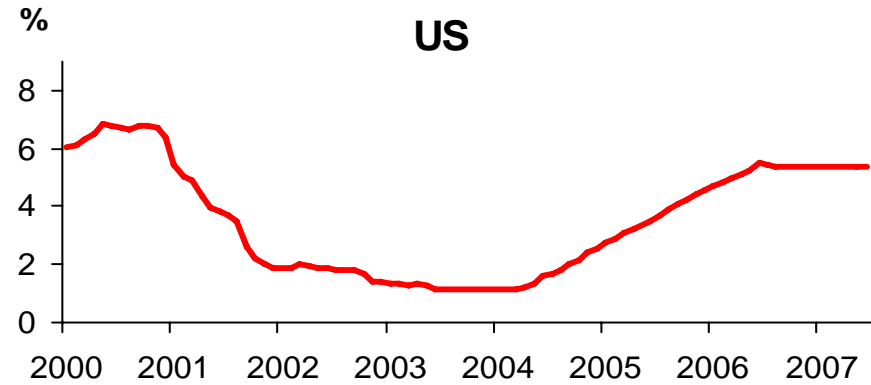
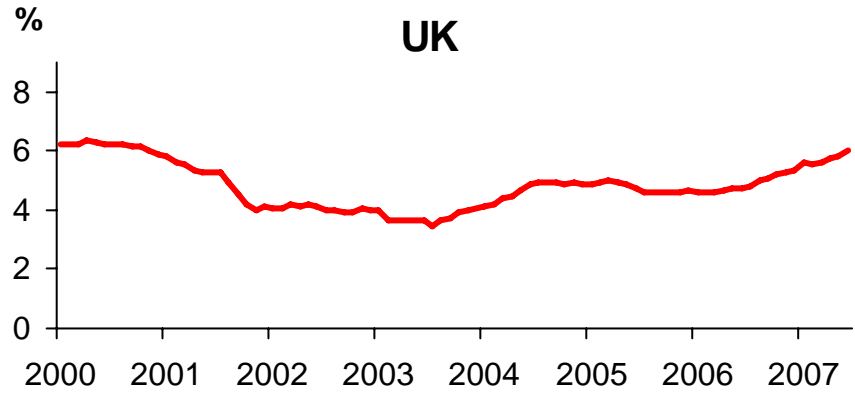
### Annual M & A Book to Bill Ratio



2007 YTD	1.60x	2007 YTD vs. 2000 - 2006 Avg	46.7%
2000-2006 Average	1.09x	2007 YTD vs. 1991 - 2006 Avg.	40.8%
1991-2006 Average	1.13x		

Source: SDC Thomson Financial and UBS Securities Australia Ltd

# Global Interest Rate Market



# Computershare Strengths

- › **More than 70% of Revenue recurring in nature**
- › **Global Diversification – across 17 countries including growth engines China, India and Russia**
- › **Exposure to global interest rates**
- › **Proven technology capabilities and innovation**
- › **Demonstrated ability to acquire and integrate businesses**
- › **Strong and sustained earnings and cashflow growth**
- › **Unique cross-border transaction capacities**



**Long-term growth in Management EPS of 20% per year remains the target, to be achieved by a combination of organic growth and acquisitions, as well as continued balance-sheet management.**

**Looking to FY08 and having regard to current equity and interest rate market conditions, we expect Management EPS to be more than 15% higher than FY07.**

## Ordinary Share buy-back

- › **Increase total buy-back program to 45 million ordinary shares, leaving 31,582,023 ordinary shares still to be purchased.**
- › **Buy-back period extended to 31<sup>st</sup> January 2008.**



# Tom Honan

## CFO

# Group Financial Performance – US\$m



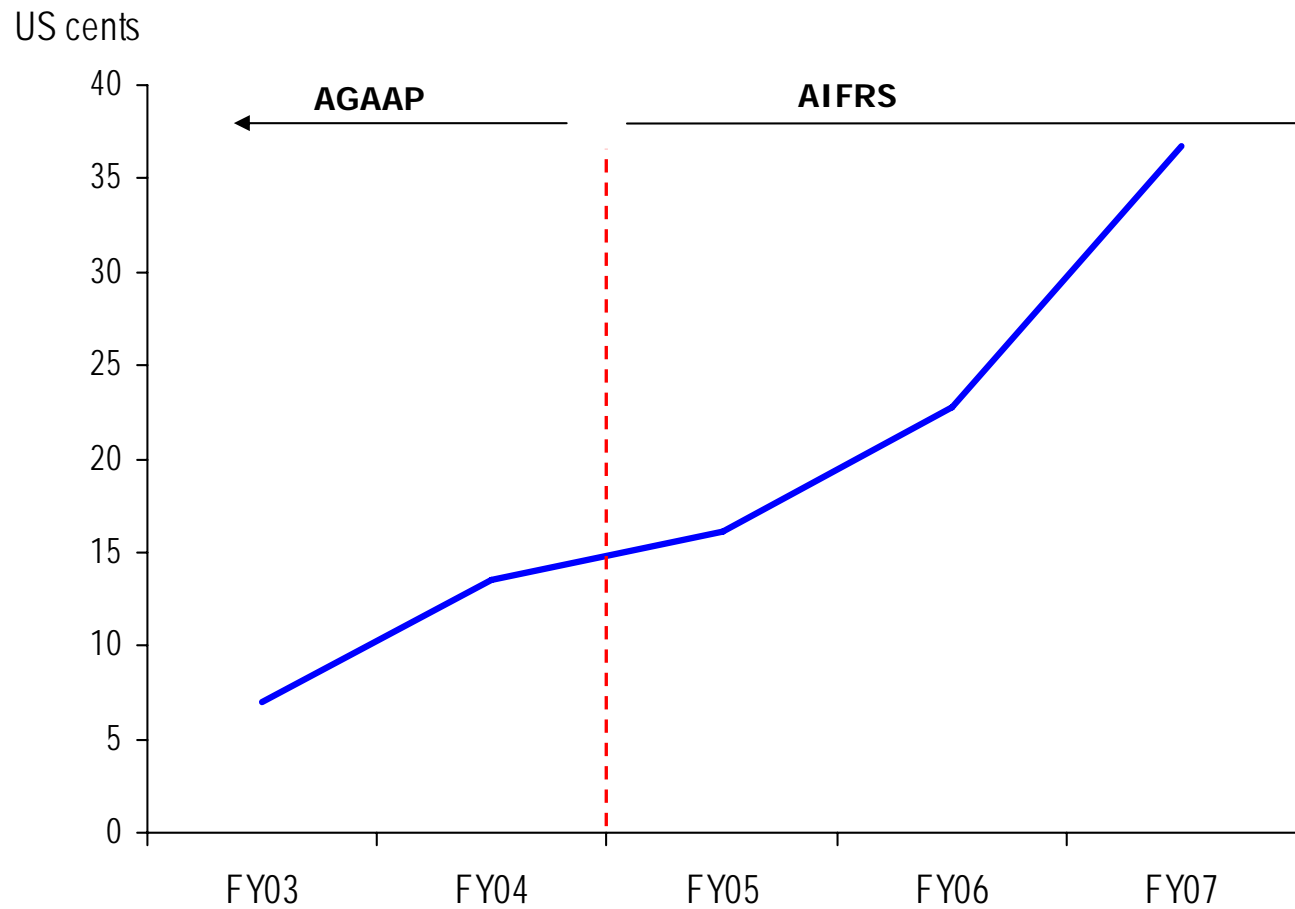
	<b>FY07</b>	<b>FY06</b>	<b>Variance</b>
Sales Revenue	1,404.2	1,198.3	17%
Interest & Other Income	14.2	16.4	(13%)
<b>Total Revenue</b>	<b>1,418.4</b>	<b>1,214.7</b>	<b>17%</b>
Operating Costs	1,050.9	977.8	(7%)
Share of Net (Profit)/Loss of Associates	(3.0)	(3.2)	
<b>Management EBITDA</b>	<b>370.5</b>	<b>240.1</b>	<b>54%</b>
Management Adjustments - Revenue/(Expense)	16.2	(1.8)	
<b>Reported EBITDA</b>	<b>386.6</b>	<b>238.3</b>	<b>62%</b>
<b>Management EPS</b>	<b>36.68</b>	<b>22.74</b>	<b>61%</b>

# Drivers behind financial performance



- Corporate action environment
- Interest rate levels
- Higher balances
- New clients
- Acquisitions
- Divestment of underperforming business
- Cost control
- Operating efficiency
- Balance sheet improvements
- Acquisition synergies
- Foreign exchange

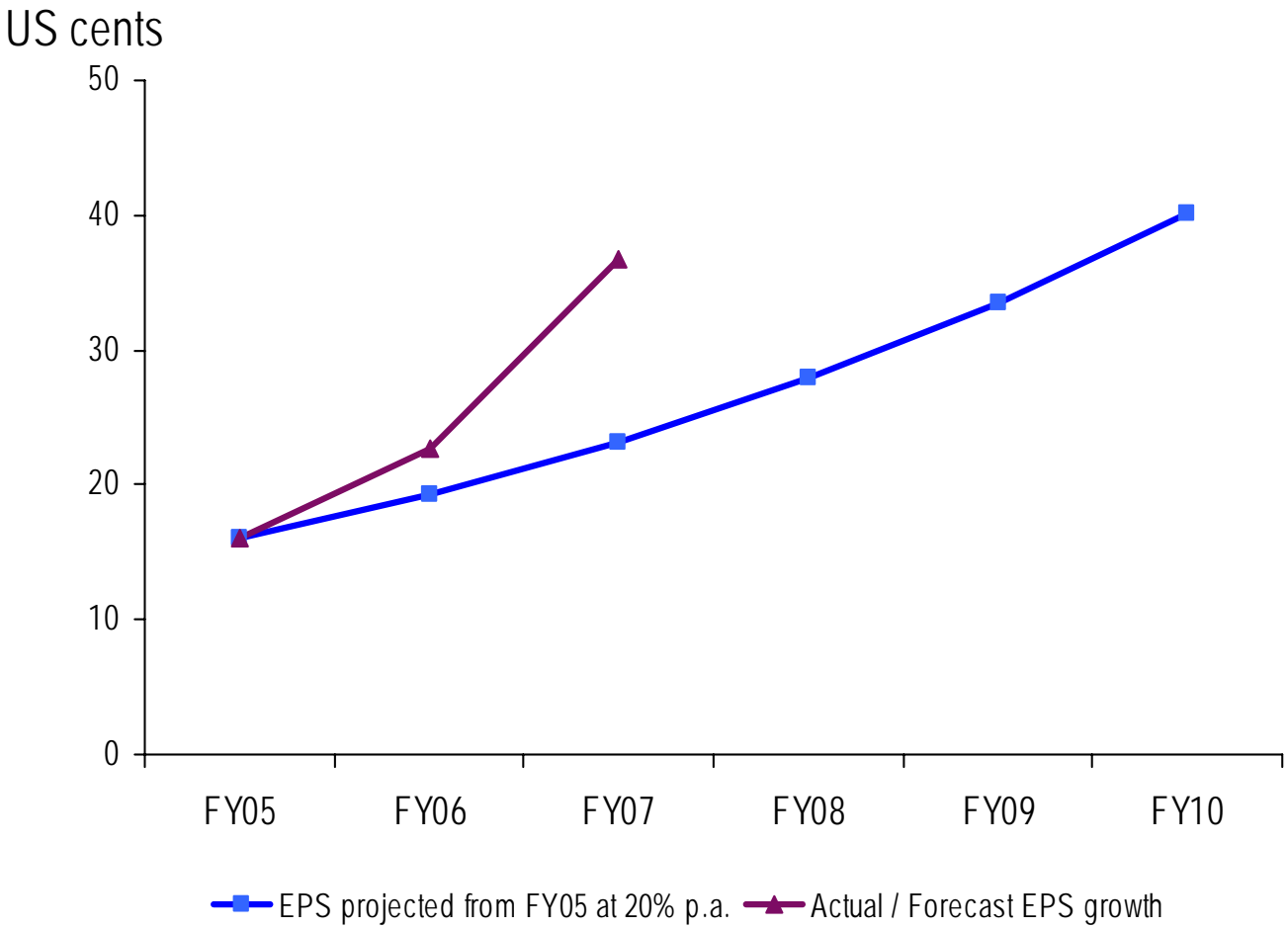
# Management EPS Performance



# EPS Growth FY05 to FY10

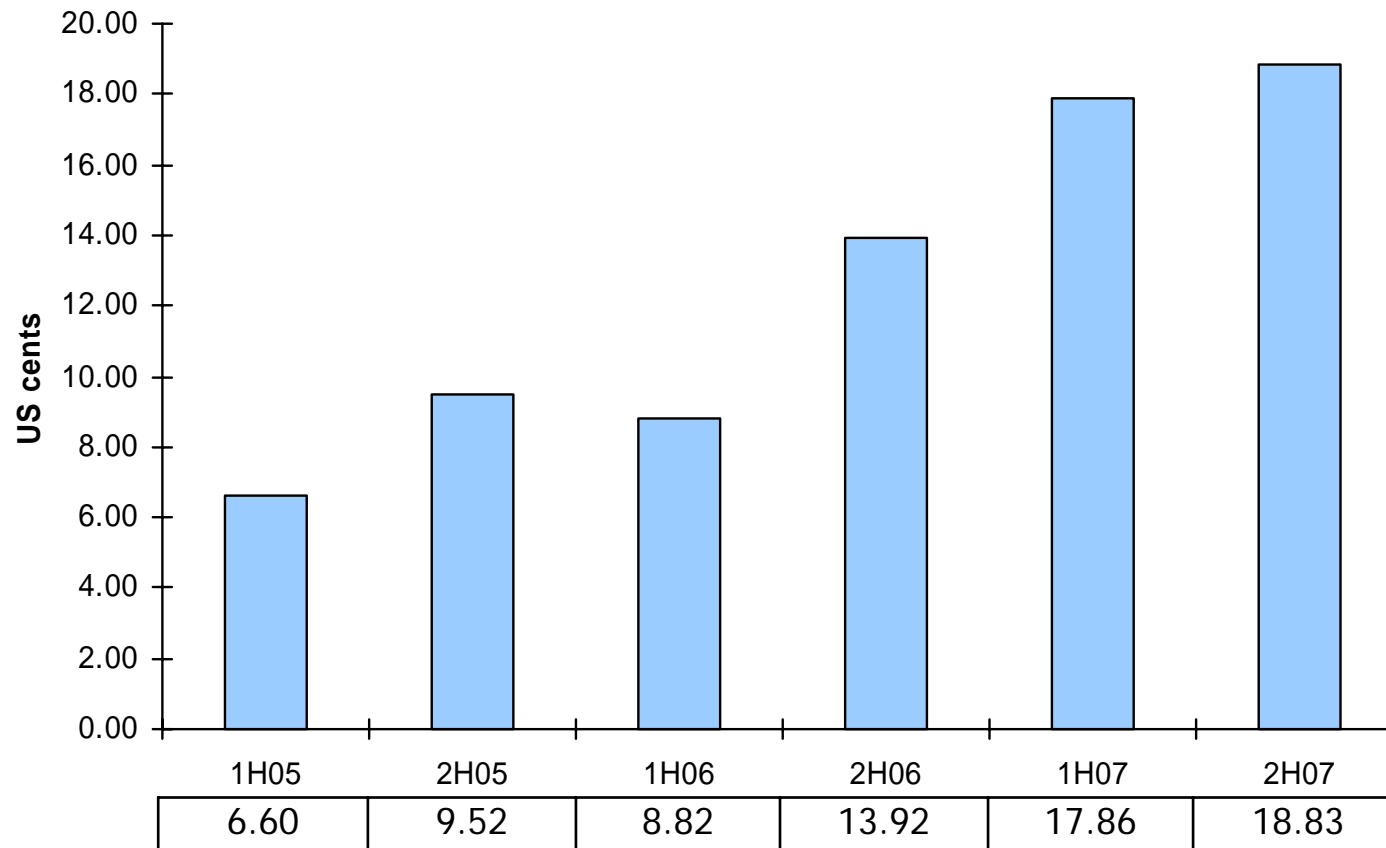


## Management EPS

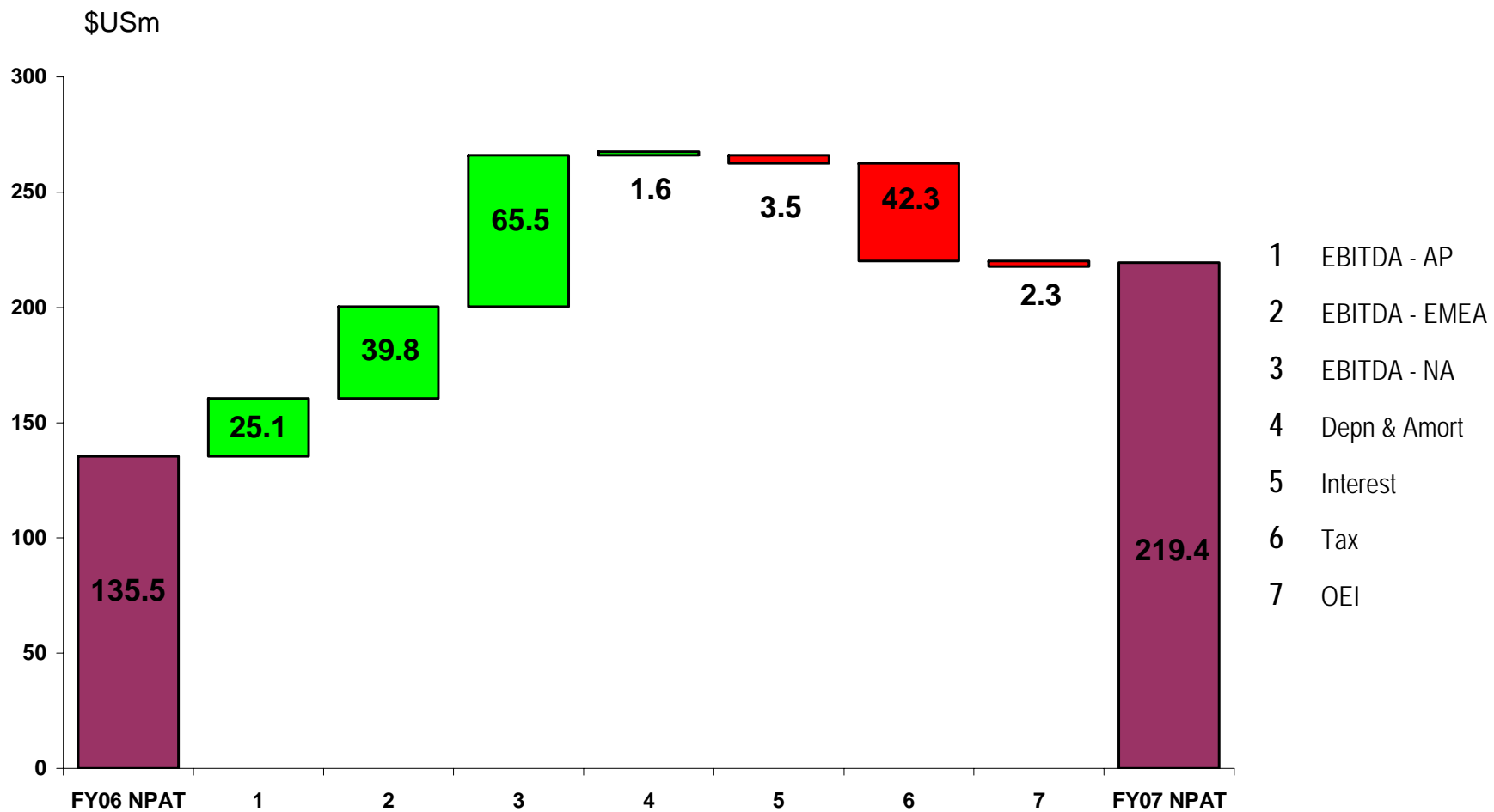




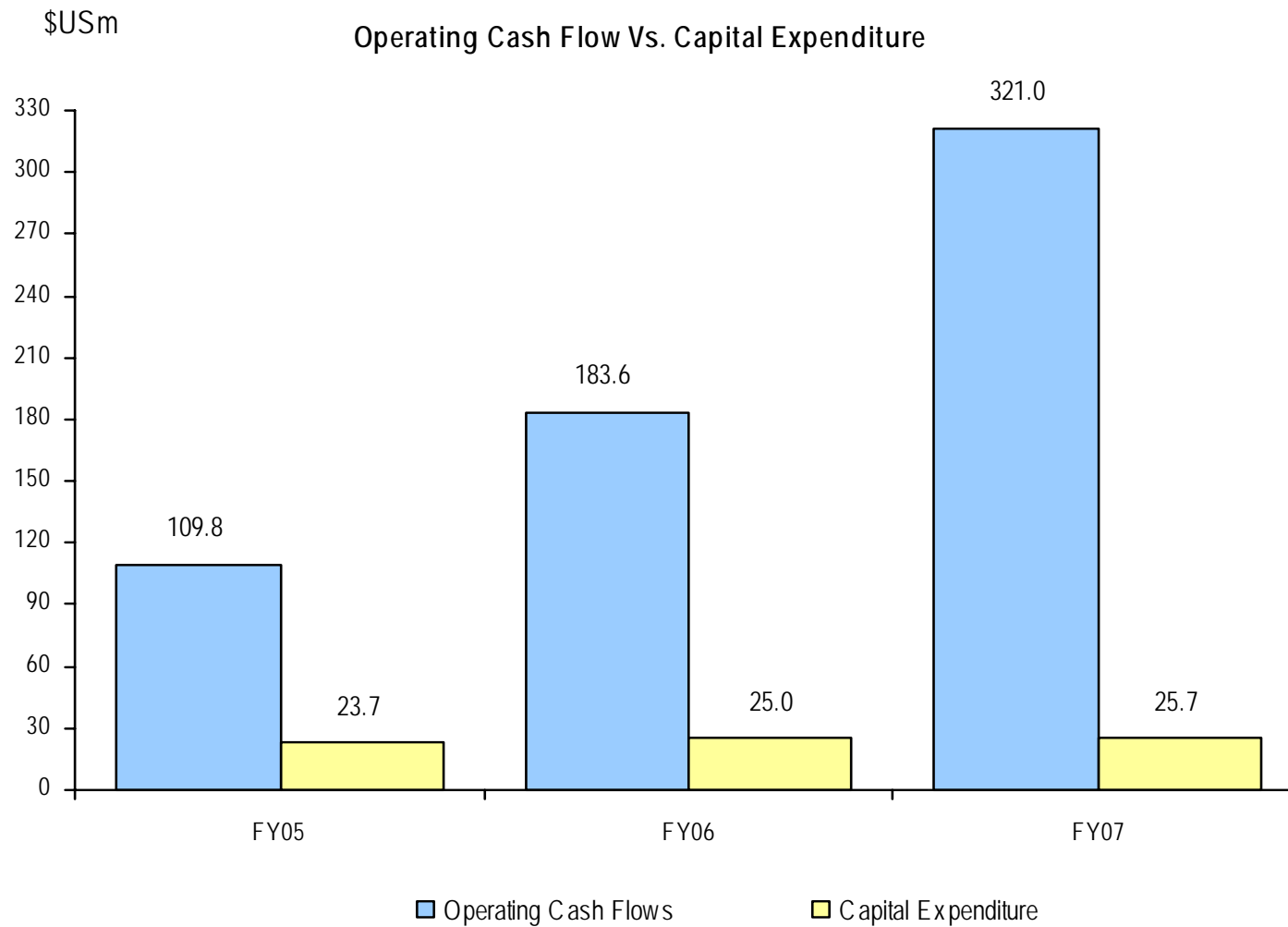
# Analysis of Management EPS – Half Year Comparison



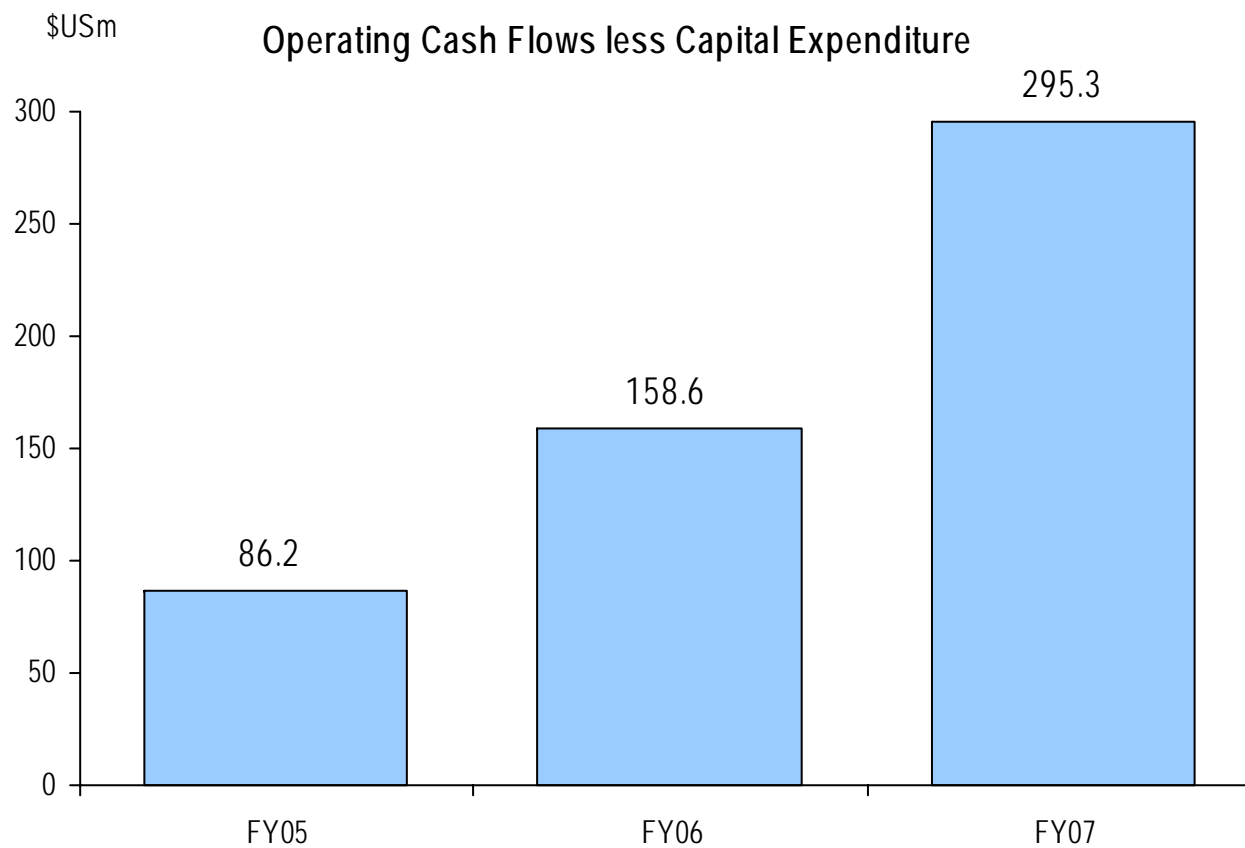
# FY07 NPAT Analysis



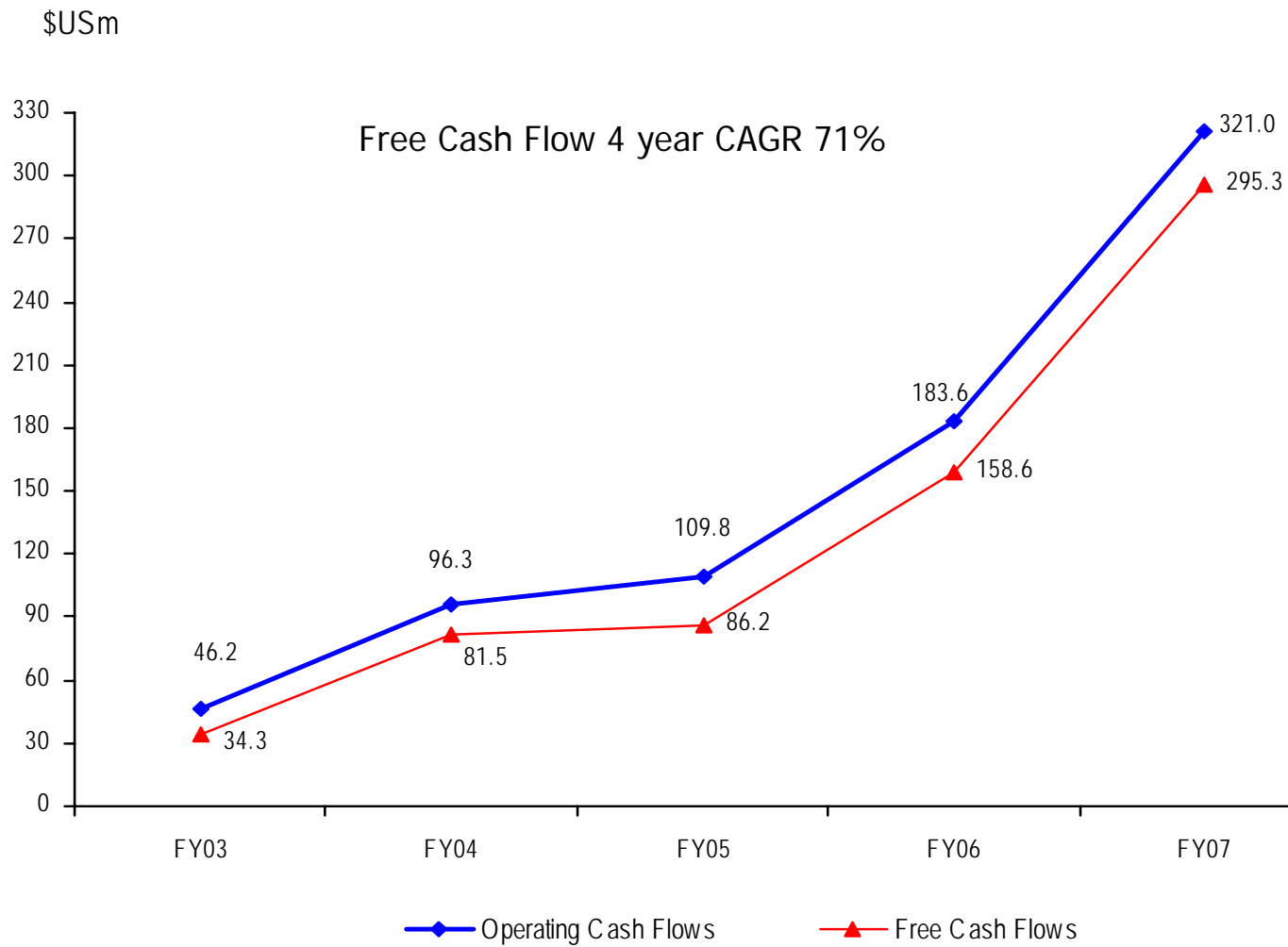
# Net Operating Cash Flows



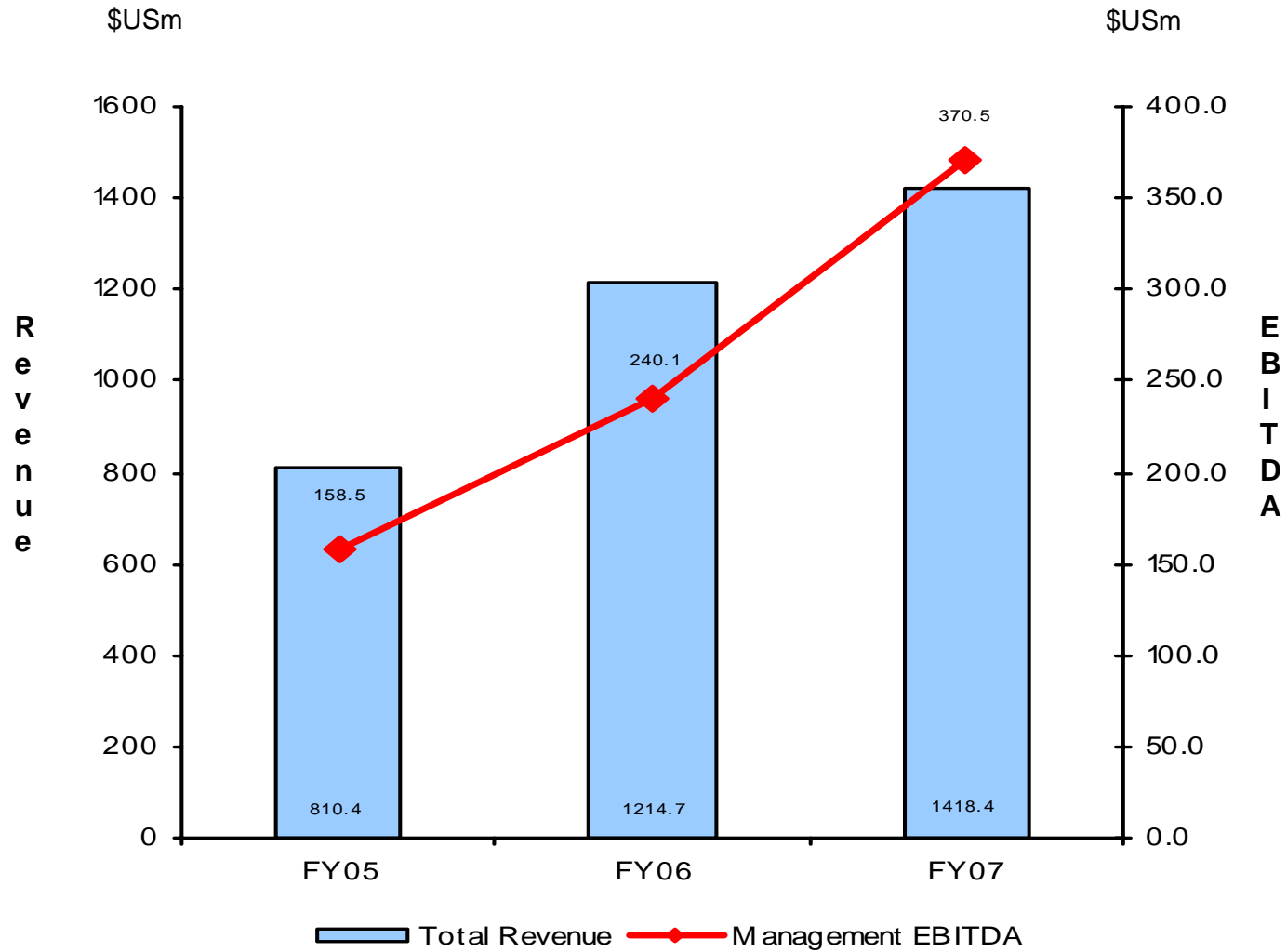
# Free Cash Flow – up 86% on FY06



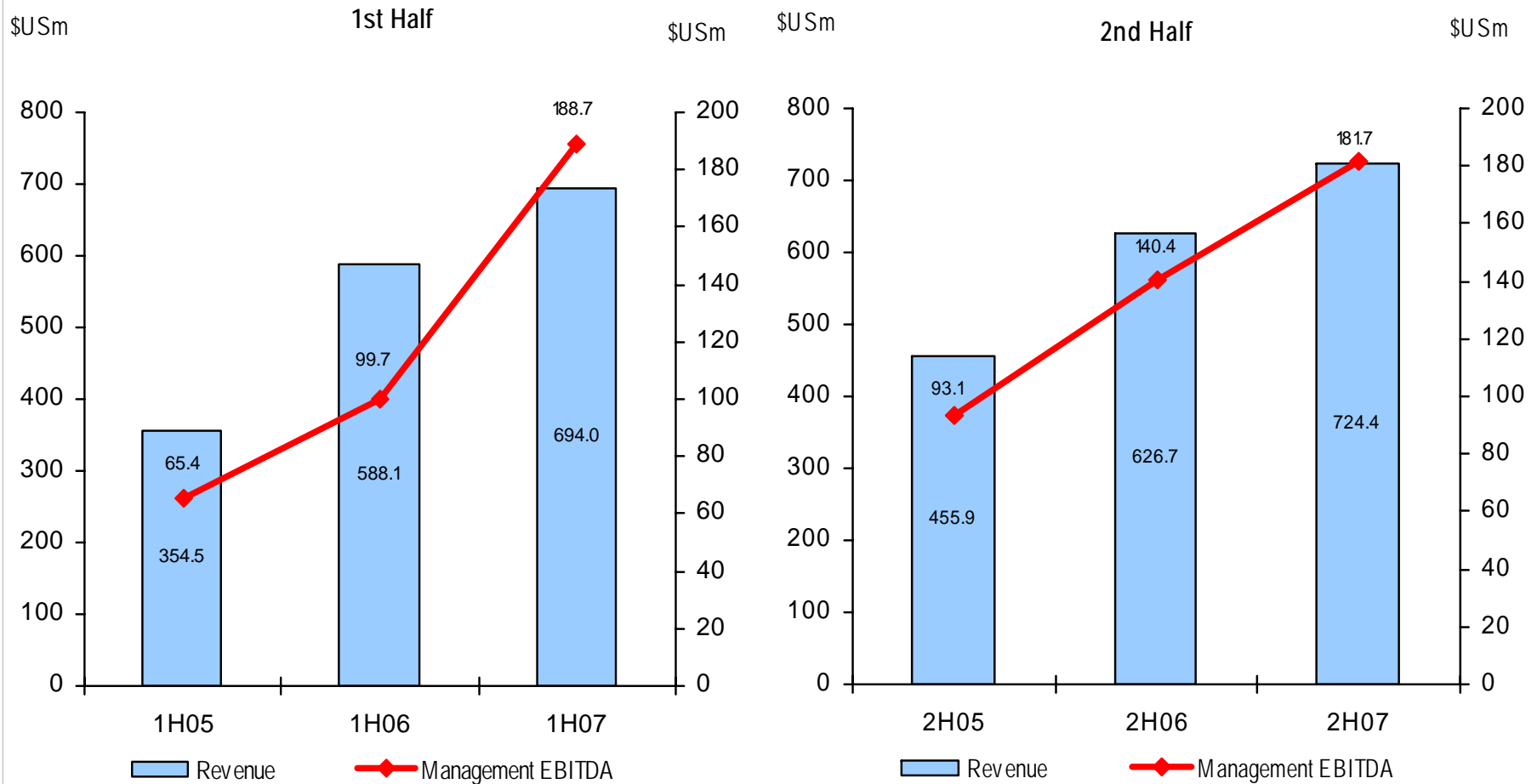
# Cash Flows



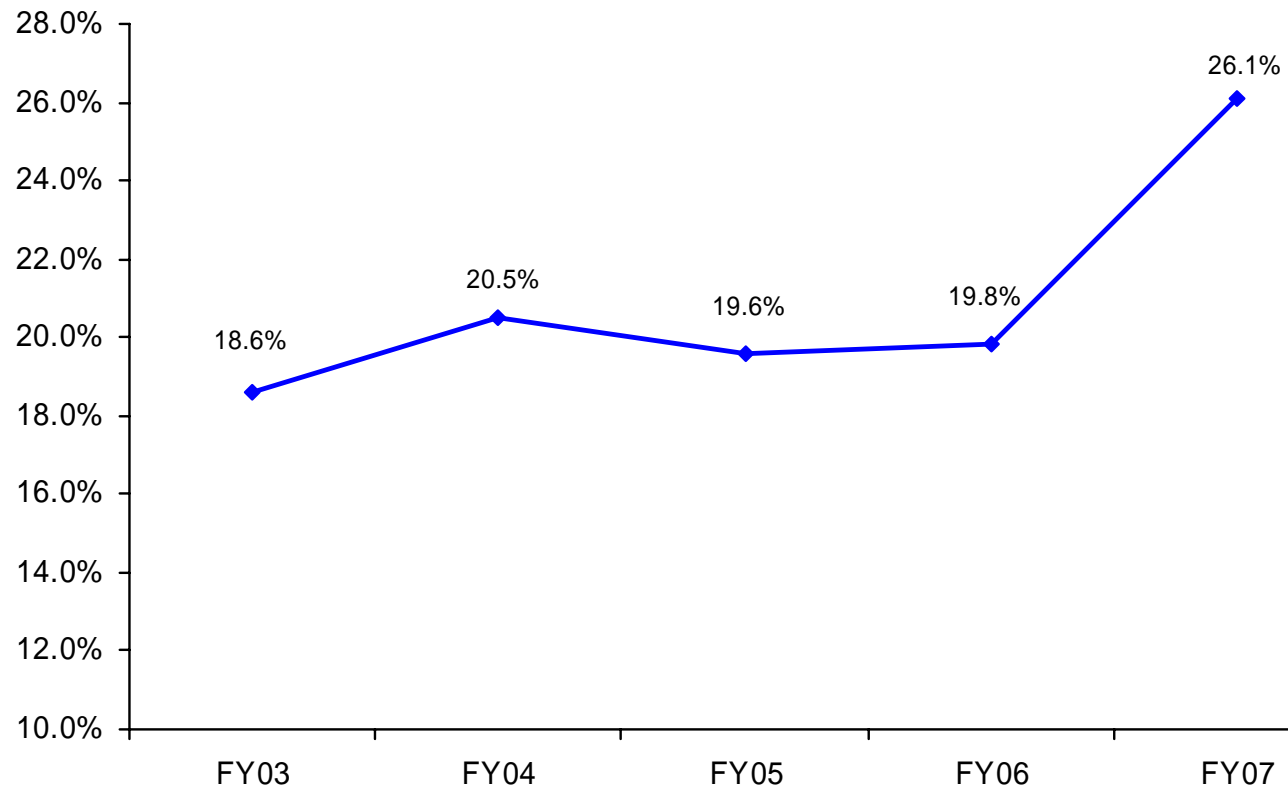
# Full Year Comparisons – Revenue & EBITDA



# Half Year Comparisons – Revenue & EBITDA

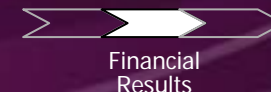


# Management EBITDA Margin





# Revenue Breakdown – US\$m



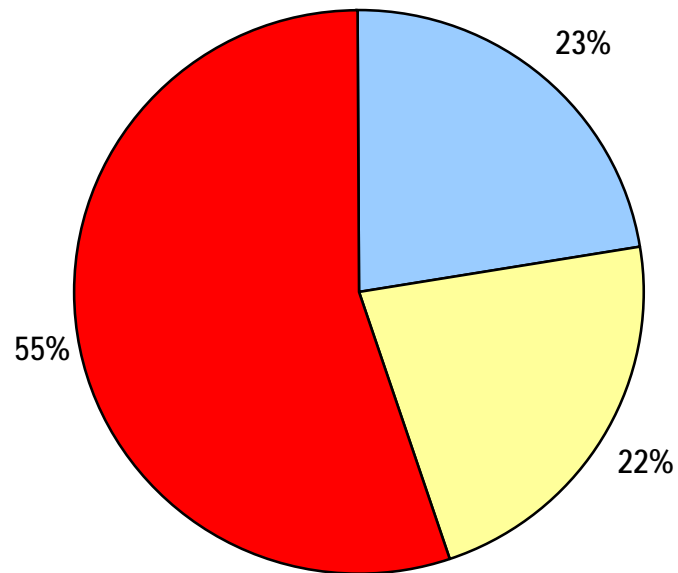
	<b>FY07</b>	<b>FY06</b>	<b>Variance</b>
Register Maintenance	725.9	639.6	13%
Corporate Actions	252.5	171.8	47%
Fund Services	116.1	110.5	5%
Stakeholder Relationship Mgt	86.9	90.3	(4%)
Employee Share Plans	117.1	95.8	22%
Communication Services	75.7	63.2	20%
Technology & Other Revenues	44.2	43.5	2%
<b>Total Revenue</b>	<b><u>1,418.4</u></b>	<b><u>1,214.7</u></b>	<b><u>17%</u></b>

Note: Included in the revenue results are \$173.7m of Margin Income (FY06: \$117.5m) and \$263.8m of Recoverable Income (FY06: \$245.6m).

# Regional Analysis – FY07 Revenue & EBITDA

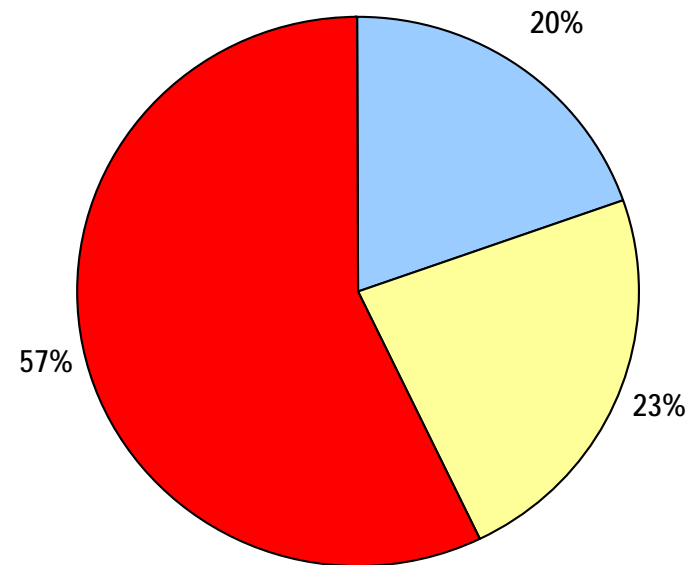


## Total Revenue Breakdown



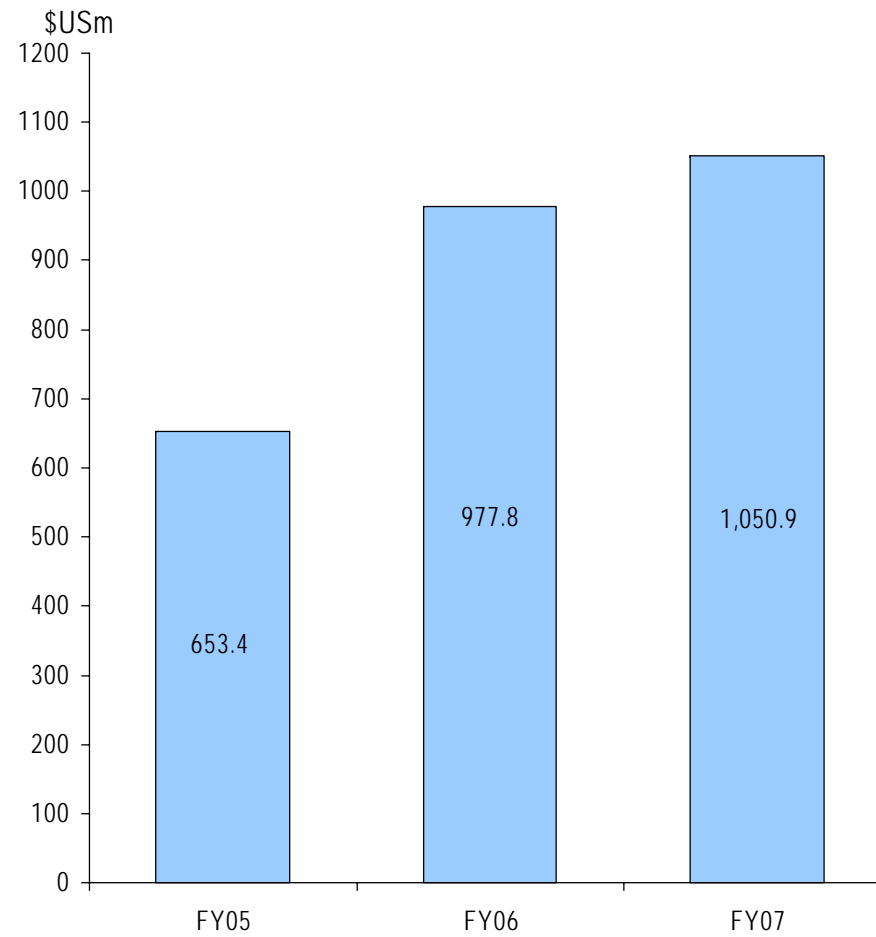
■ Asia Pacific   ■ EMEA   ■ North America

## EBITDA Breakdown

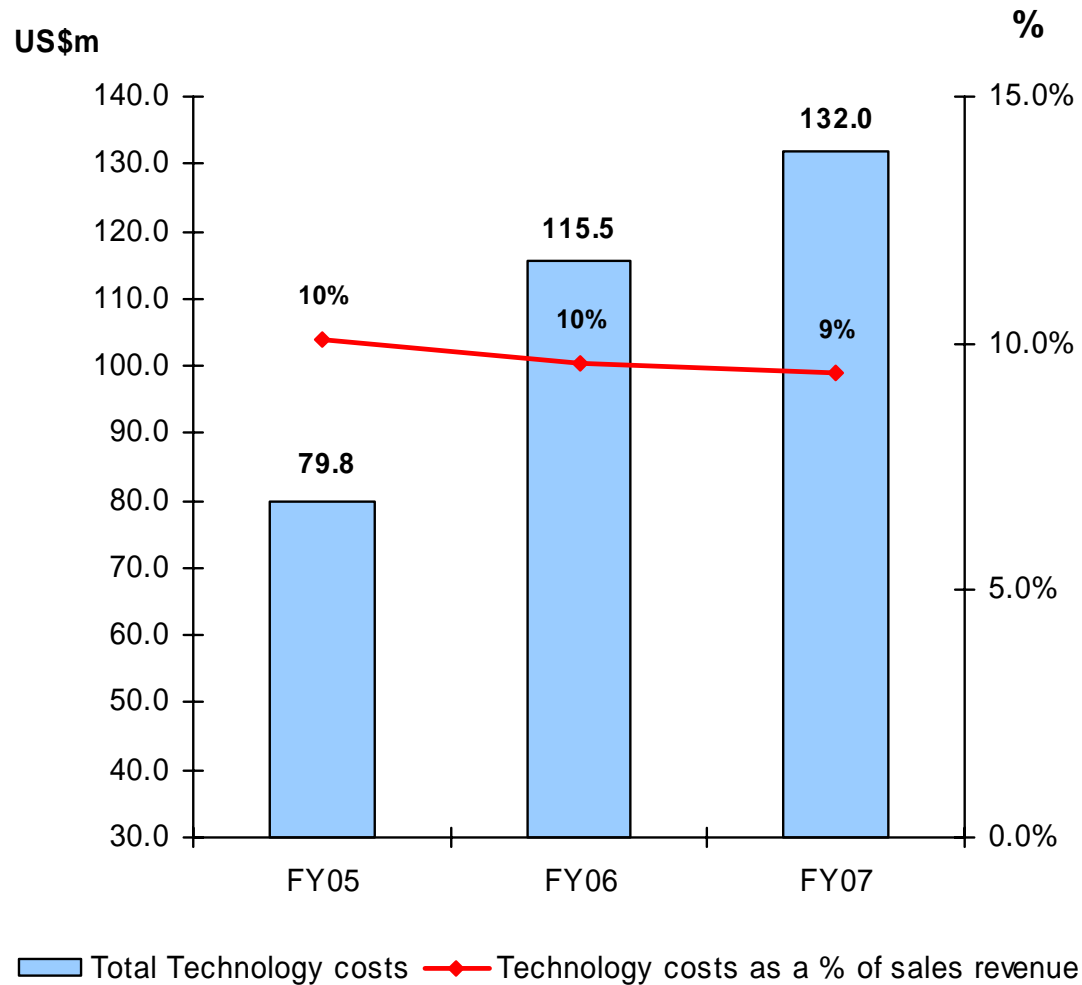


■ Asia Pacific   ■ EMEA   ■ North America

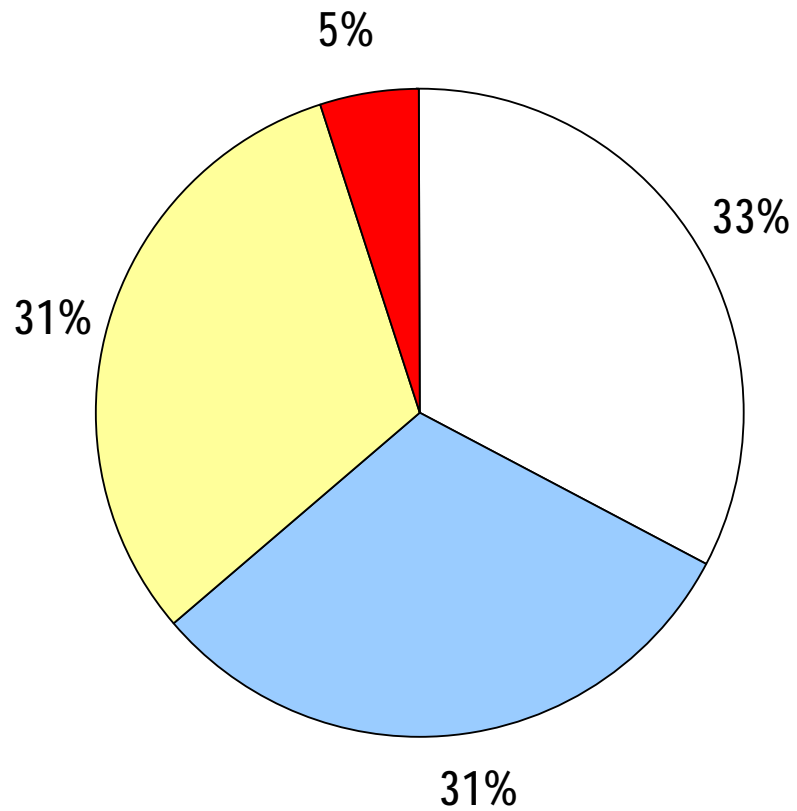
# Full Year Comparisons – Operating Costs



# Technology Costs – Establishing Global Platform



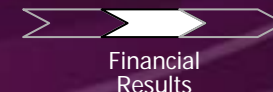
# Analysis of FY07 Technology Costs



**Total Costs** US\$132.0m  
**Development Costs** US\$43.3m

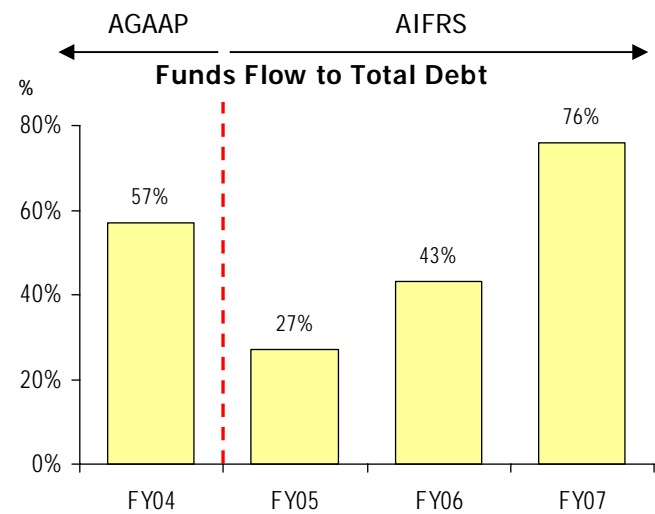
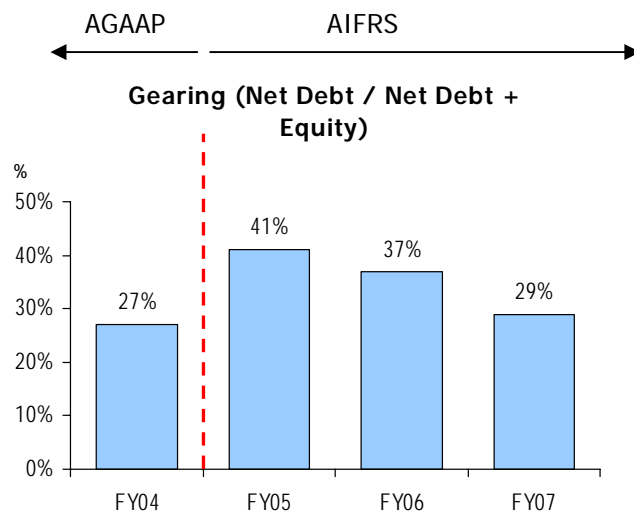
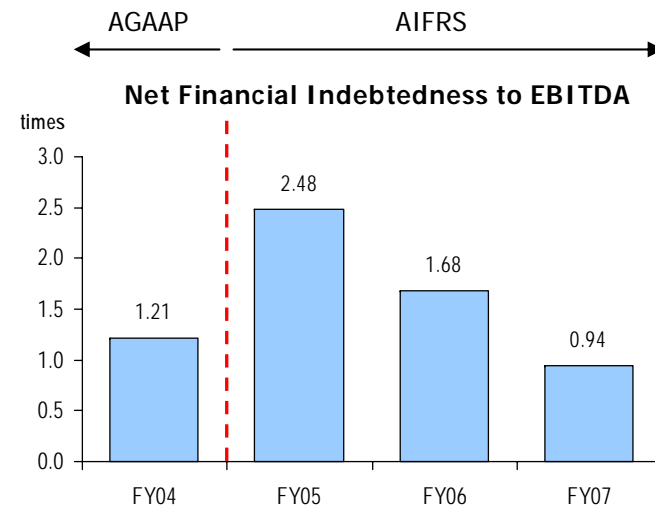
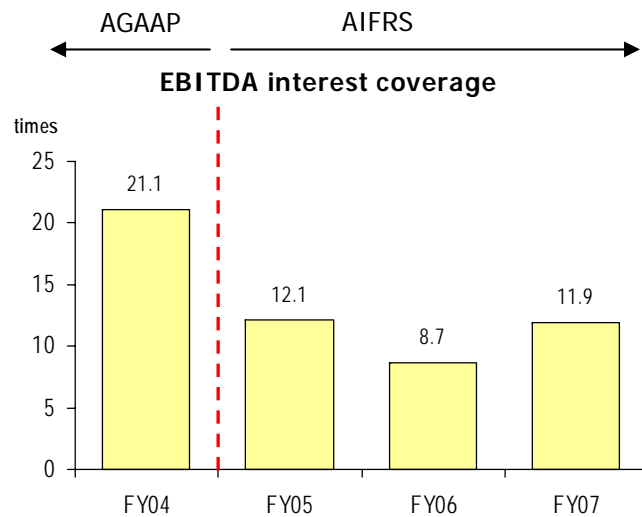
□ Development □ Infrastructure □ Maintenance □ Administration

# Balance Sheet as at 30 June 2007

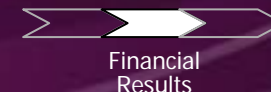


	Jun-07 US\$'000s	Jun-06 US\$'000s	Variance
Current Assets	368,891	338,475	9%
Non Current Assets	1,366,224	1,264,318	8%
<b>Total Assets</b>	<b><u>1,735,115</u></b>	<b><u>1,602,793</u></b>	<b><u>8%</u></b>
Current Liabilities	338,551	265,620	(27%)
Non Current Liabilities	563,989	637,305	12%
<b>Total Liabilities</b>	<b><u>902,541</u></b>	<b><u>902,925</u></b>	<b><u>0%</u></b>
<b>Total Equity*</b>	<b><u>832,574</u></b>	<b><u>699,868</u></b>	<b><u>19%</u></b>

# Key Financial Ratios



# Computershare Borrowings

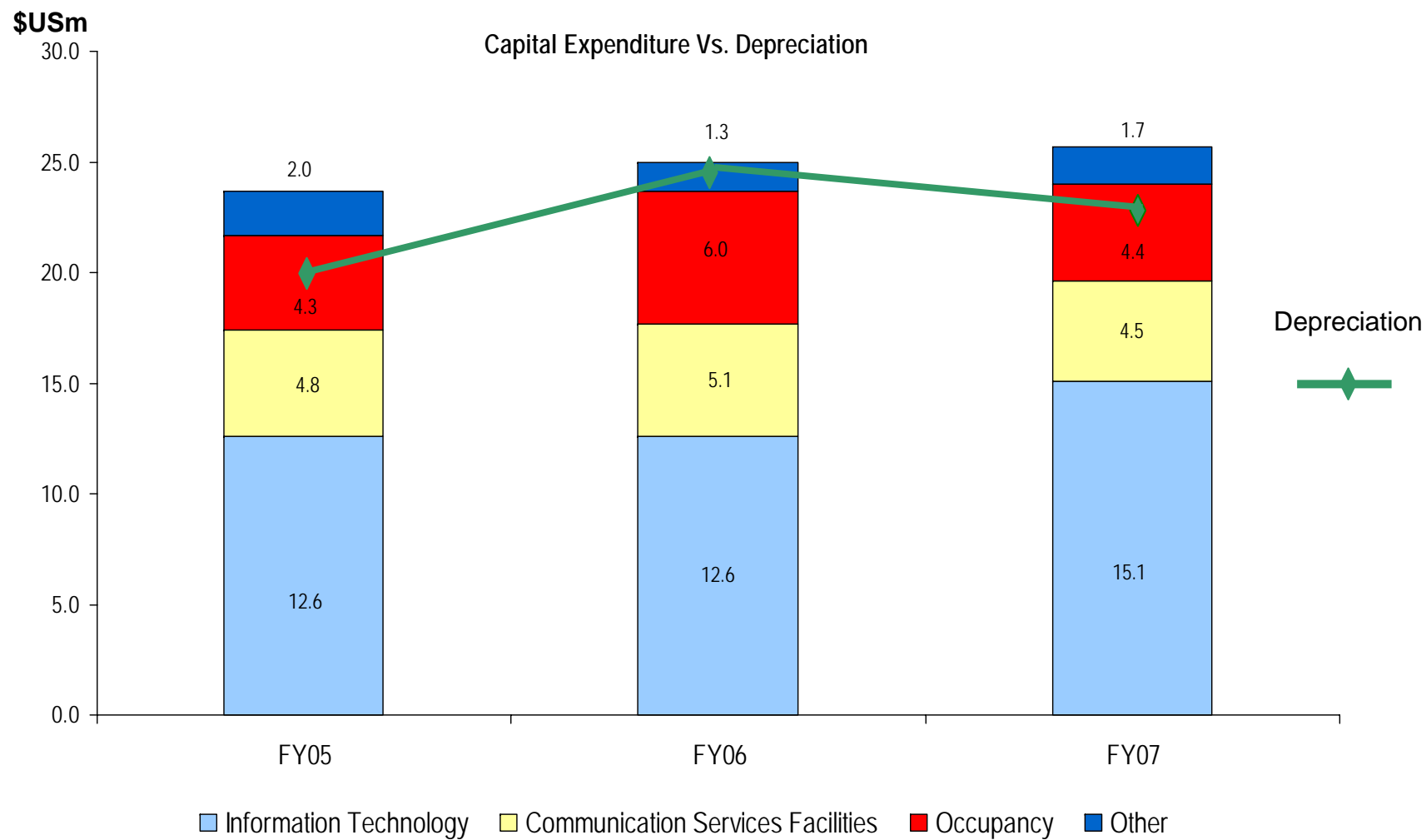


	Jun-07 US\$m	Jun-06 US\$m	Variance
Cash	86.8	72.8	19%
Interest Bearing Liabilities *	435.1	476.5	9%
<b>Net Debt</b>	<u>348.3</u>	<u>403.7</u>	<u>14%</u>
Management EBITDA	370.5	240.1	54%
<b>Net debt to Management EBITDA</b>	<u>0.94</u>	<u>1.68</u>	<u>44%</u>

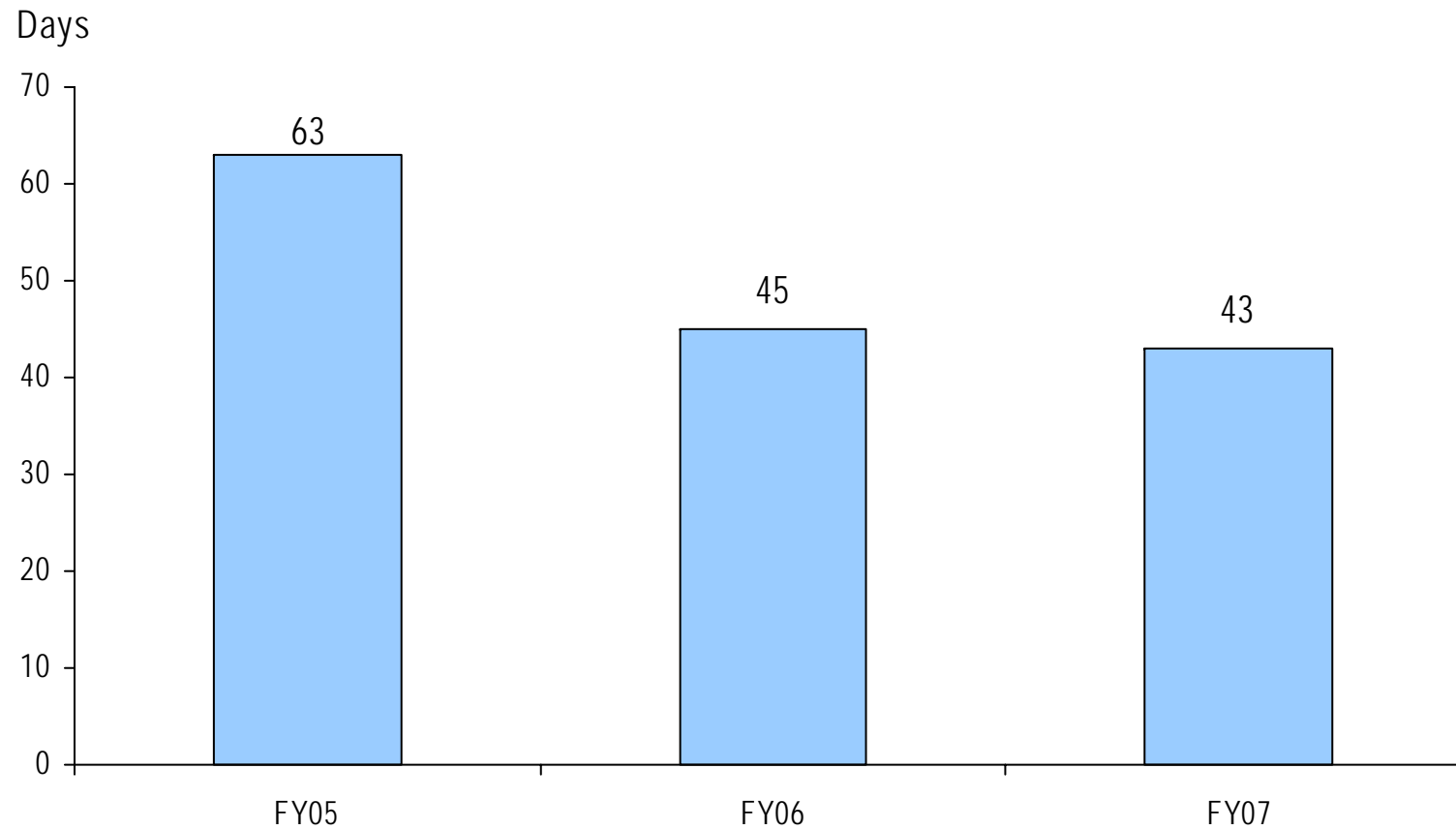
\* Average Tenor of drawn debt is 4.6 years



# Capital Expenditure



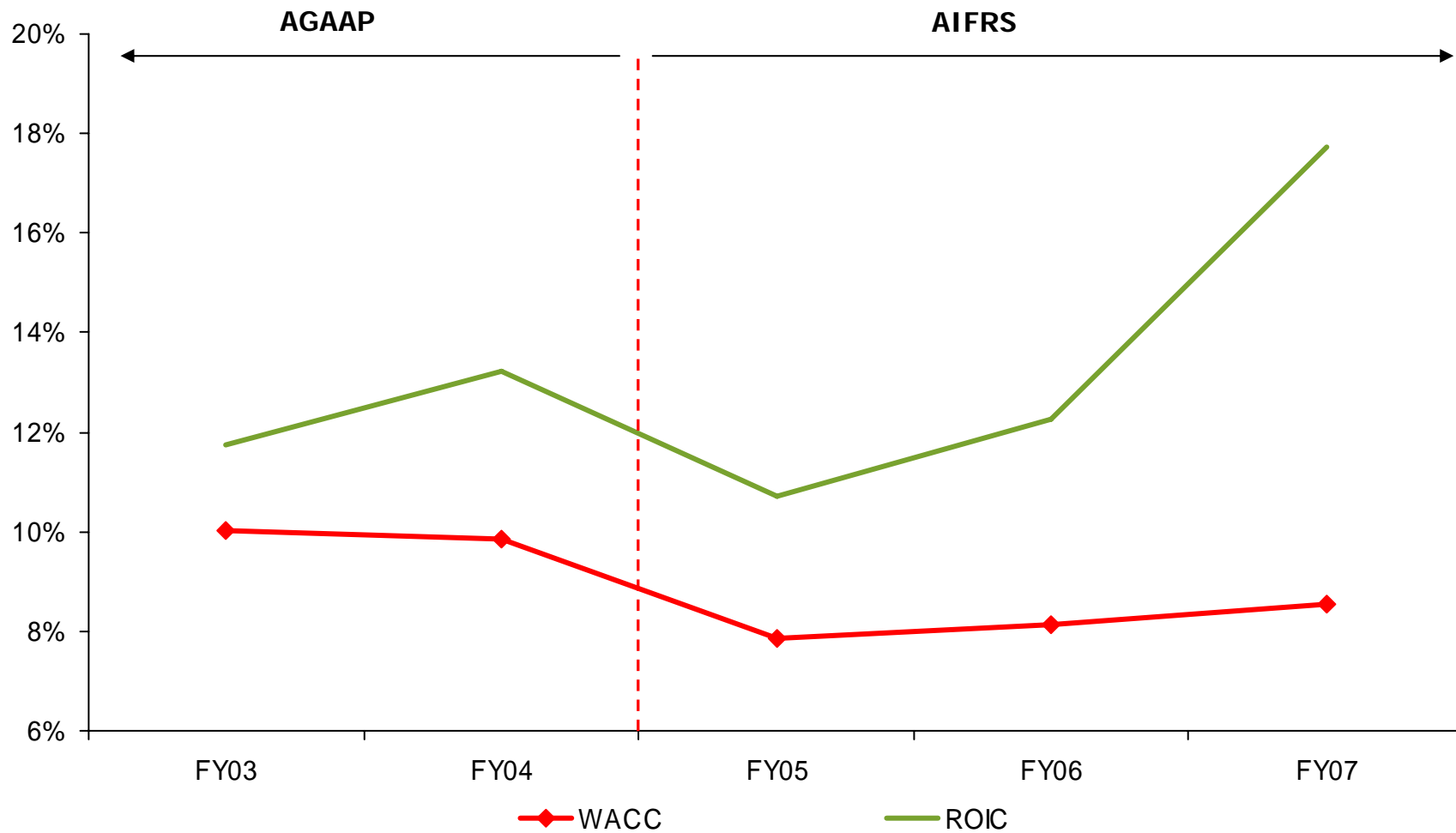
## Days Sales Outstanding



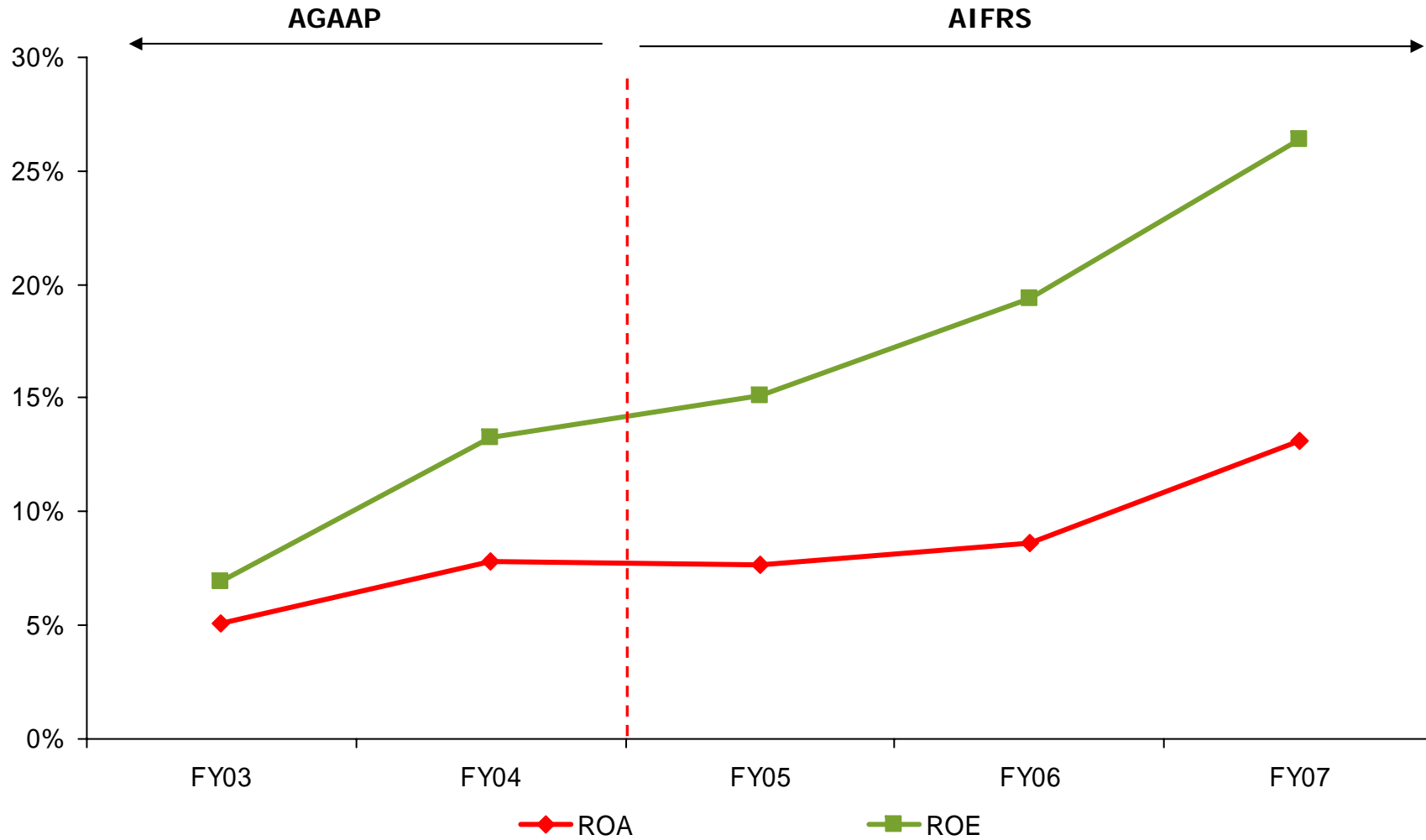
Note: historical DSO restated to exclude deferred revenue

# Return On Invested Capital Vs. WACC

Increased returns, Cost of Capital flat



# Return on Equity Vs. Return on Assets



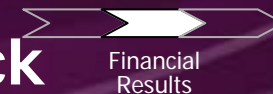
## Equity Management – Final Dividend of 9 cps (AU)



› <b>EPS – Basic</b>	<b>US 39.08 cents</b>
› <b>EPS – Management</b>	<b>US 36.68 cents</b>
› <b>Final Dividend (unfranked)</b>	<b>AU 9 cents</b>
› <b>Current Yield*</b>	<b>1.9%</b>

\* Based on 12 month dividend and share price of A\$9.14 (close 14th August 2007)

## Equity Management – Ordinary Share buy-back



- › **15<sup>th</sup> November 2006 – announced on market share buy-back of up to 25 million ordinary shares**
- › **24<sup>th</sup> May 2007 - buy-back extended to earlier of 29<sup>th</sup> November 2007 or until maximum number of shares are purchased**
- › **Acquired 13,417,977 ordinary shares as at 14th August 2007**
- › **Average price AUD \$10.56 as at 14 August 2007**
- › **Extended today to 45 million ordinary shares**

# Financial Summary – Final Remarks



## › Continued strong EPS growth - 61%

Year	Reported EPS growth
FY04	61%
FY05	28%
FY06	41%
FY07	61%

## › Free cash flow up 86% after increasing 84% last year

## › Record revenues

## › Maintained strong balance sheet lowering earnings to debt coverage by 44%

## › Return on equity > 25%

## › Dividend increased to 9 cents (AUD) per share





## **Stuart Crosby President & CEO**

## Focus unchanged:

- 1. Continue to drive operations quality and efficiency through measurement, benchmarking and technology**
- 2. Improve our front office skills to protect and drive revenue**
- 3. Continue to seek acquisition and other growth opportunities where we can add value and enhance returns for our shareholders**

## **Advice and solutions for major multi-jurisdiction M&A deals**

- › NYSE and Euronext, RBS and ABN Amro, Rio Tinto and Alcan, many more

## **Cross-border listings and services**

- › LSE and AIM DI listings, DIFX listings
- › Dedicated units for rapid inter-market stock movement for brokers and investors
- › New product opportunities

## **Foreign currency dividend and other distribution payments**

## **Award-winning global employee share plan management**

- › BHP Billiton, ANZ – won Global Equity Awards for CPU-administered plans
- › First global tax calculator delivered (Shell)

## Investor Services

- › Client retention remains strong
- › Corporate action pipeline remains robust despite recent market volatility
- › Some post-migration operational fine-tuning continues
- › Further consolidated US TA market by acquiring smaller players (USST, UMB)
- › Rolling out a suite of new services to allow our clients to take advantage of our thought leadership position on the SEC's "notice and access" reforms

## Other

- › Fund Services - continues to win vast majority of work
- › Plans – rolling out new options technology
- › Proxy – Georgeson continues to win the lion's share of large deals

## **Investor Services**

- › Strong local and cross-border corporate actions deal flow
- › Operations efficiency being enhanced by deployment of CPU best practice
- › Quality client relationships

## **Corporate Trust**

- › Steady business with excellent margin
- › Business acquired from Toronto Dominion integrated successfully

## **Proxy**

- › Georgeson dominating the Canadian proxy market

# EMEA update – UK, Russia, Germany, Ireland and South Africa



## UK

- › Lloyds TSB Registrars sold to Advent, offering new business opportunities
- › Deposit Protection Scheme live and exceeding expectations; exploring other government business opportunities
- › Launched dedicated broker / adviser portal "InSearch"

## Russia

- › CPU continues to drive consolidation – now 65% NRC and 40% NIKoil

## Germany

- › Computershare now largest and only integrated provider of AGM and registry services
- › Actively exploring other opportunities

## Other:

- › Ireland - Improving margins and good revenue growth
- › SA - Stable business in tough market - retaining market share

## Hong Kong and China

- › Have seen strong flow of China IPOs into Hong Kong (China Merchant Bank, ICBC, Citic Bank, etc) – but expect less going forward as PRC issuers go more to Shanghai and Shenzhen
- › Extending product range – Plans (good sales in China), eIPO, electronic voting (IML), allocation results hosting, more to come
- › Obtained PRC business licence. Beijing office will support PRC business development

## Japan

- › Joint venture with MUTB continues to perform well
- › Working on referral to other CPU businesses

## India

- › Mutual Fund Services still performing strongly while corporate TA tracks market

# Asia Pacific update – Australia and New Zealand



## **Investor Services**

- › Good news: better margins, a range of positive pricing outcomes

## **Communication Services**

- › Strong focus on new product development / differentiation and on production efficiency

## **Plans**

- › Continued organic growth and support for Asian initiatives; offering broadened by enhanced dealing and wealth management offerings in partnership with Citi

## **Fund Services**

- › Building a solid platform, especially with acquisition of unit trust registry provider PortfolioServer

## **Proxy**

- › Georgeson remains market leader in proxy services



## **Computershare has a strong operational and financial platform for continued growth:**

- › Healthy margins
- › Strong balance sheet to support acquisitions and capital management
- › Well positioned to take on new business lines (eg, DPS in UK)

## **The strategic focus remains unchanged:**

- › Continue to drive operations quality and efficiency through measurement, benchmarking and technology
- › Improve our front office skills to protect and drive revenue
- › Continue to seek acquisition and other growth opportunities where we can add value and enhance returns for our shareholders

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**15 August 2007**

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 **Computershare**



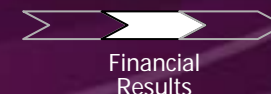
**Appendix:  
Full Year Results 2007 Presentation**

**15 August 2007**

# Appendix 1: Group Comparisons

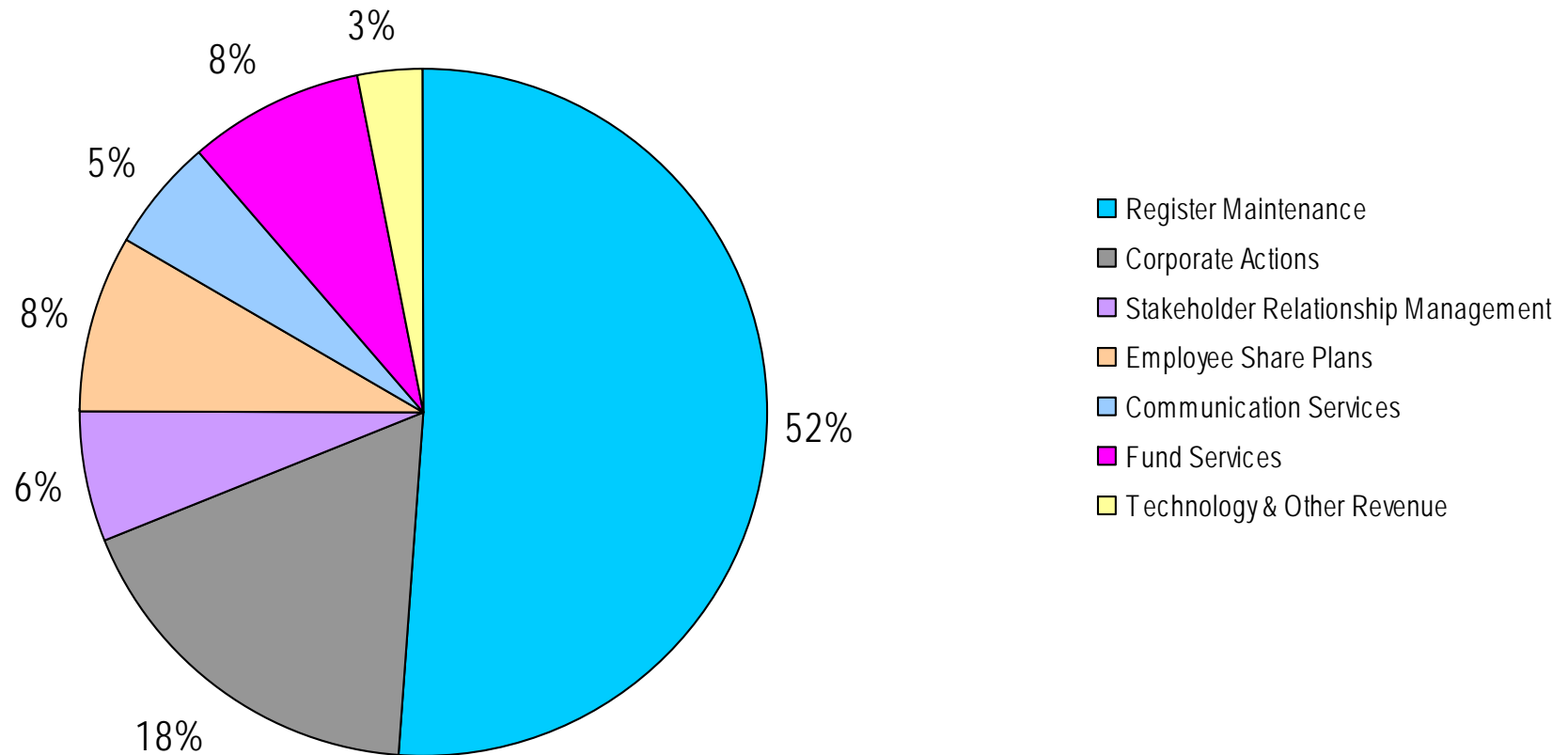
## Group Comparisons

# Behind the Headline – NPAT IMPACT

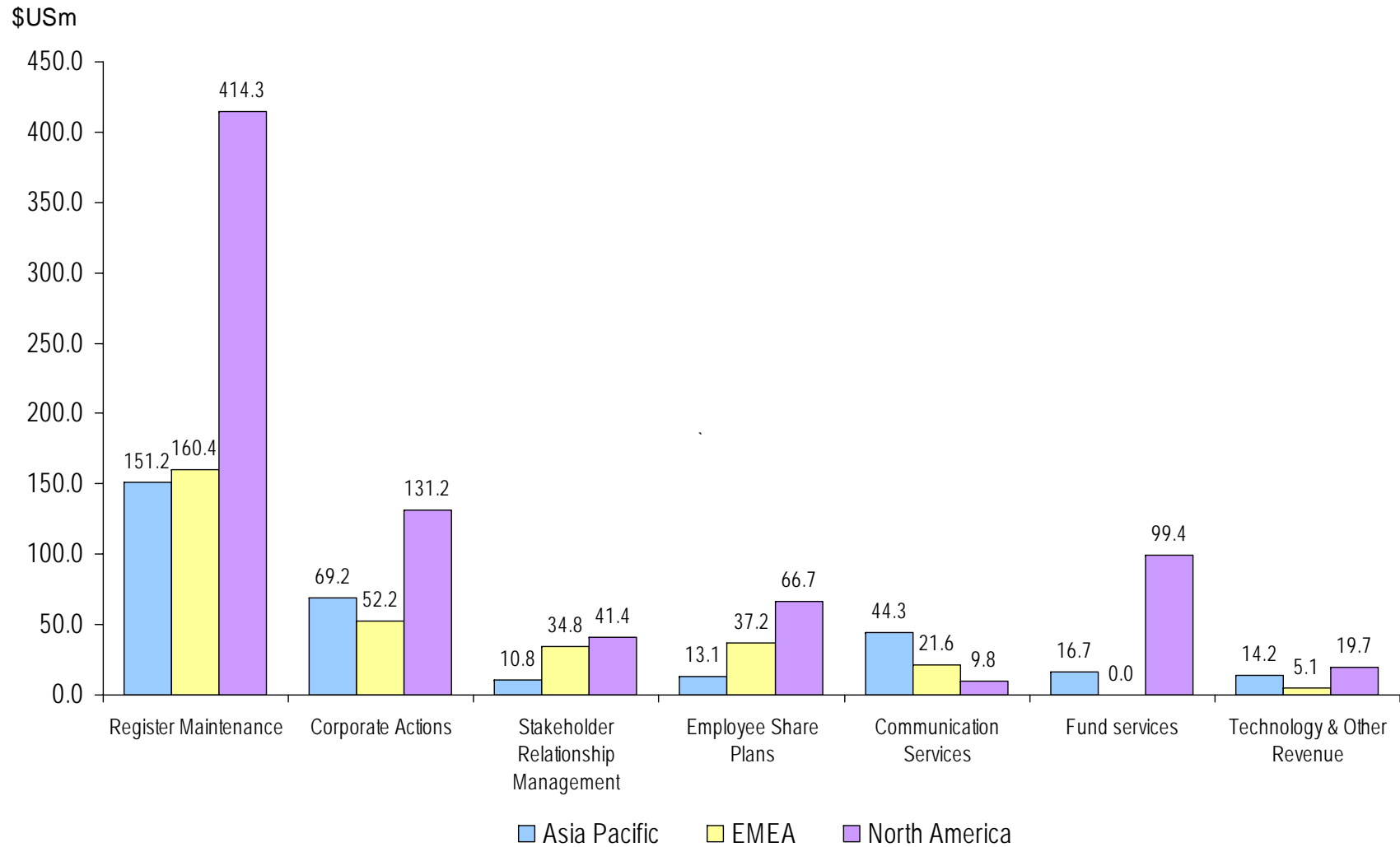


	US\$000's
<b>Net profit after tax at 30 June 2007</b>	<b><u>233,785</u></b>
Profit on sale of subsidiaries	(7,886)
Tax losses recognised	(6,819)
Acquisition provisions no longer required	(6,607)
Intangible assets amortisation	4,246
US property rationalisation	1,275
Canadian operations restructure	1,254
Marked to market adjustments - derivatives	179
<b>Management adjusted profit after tax at 30 June 2007</b>	<b><u>219,427</u></b>

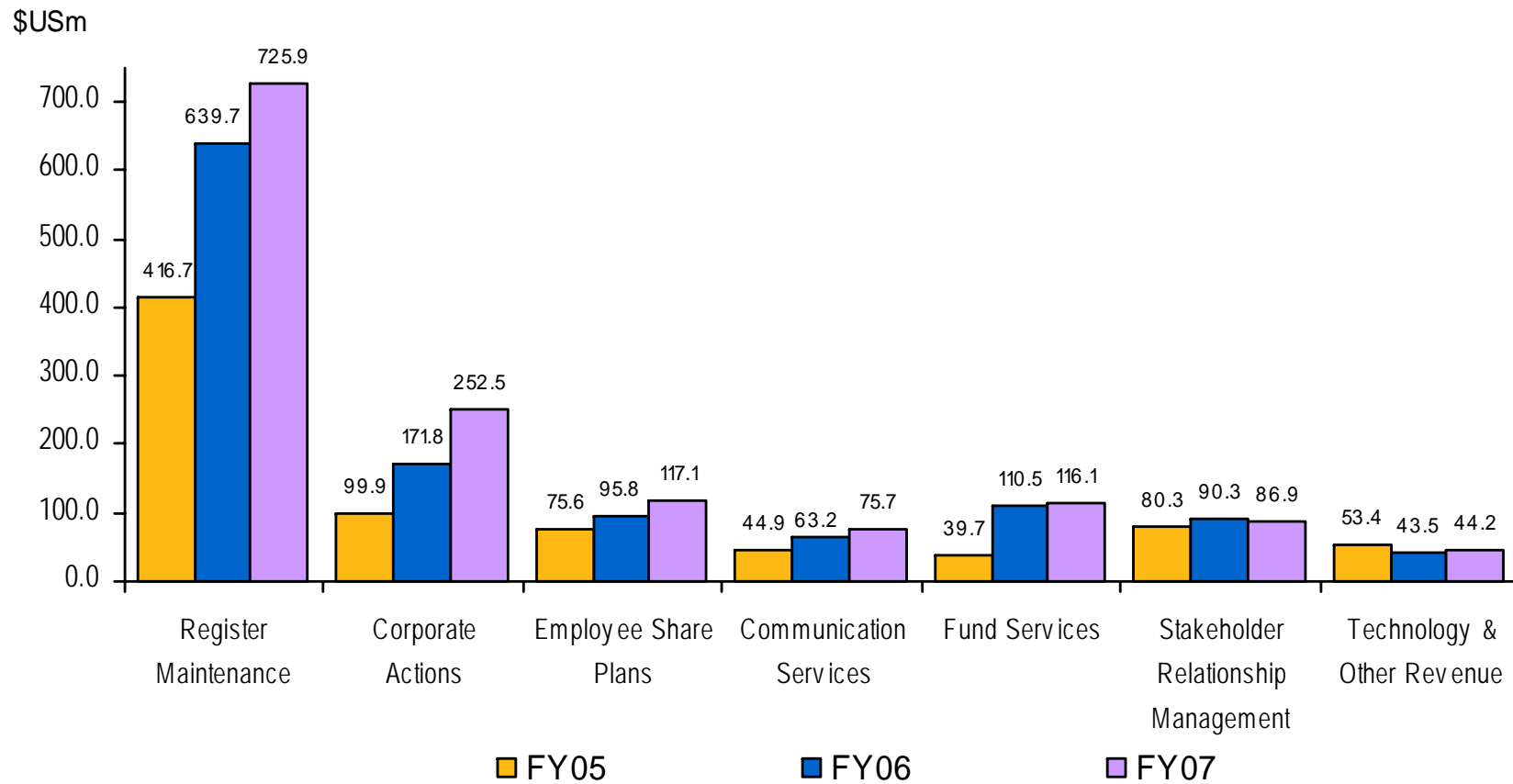
## Revenue Type



# Regional Analysis – FY07 Revenue



# Full Year Comparisons - Revenue

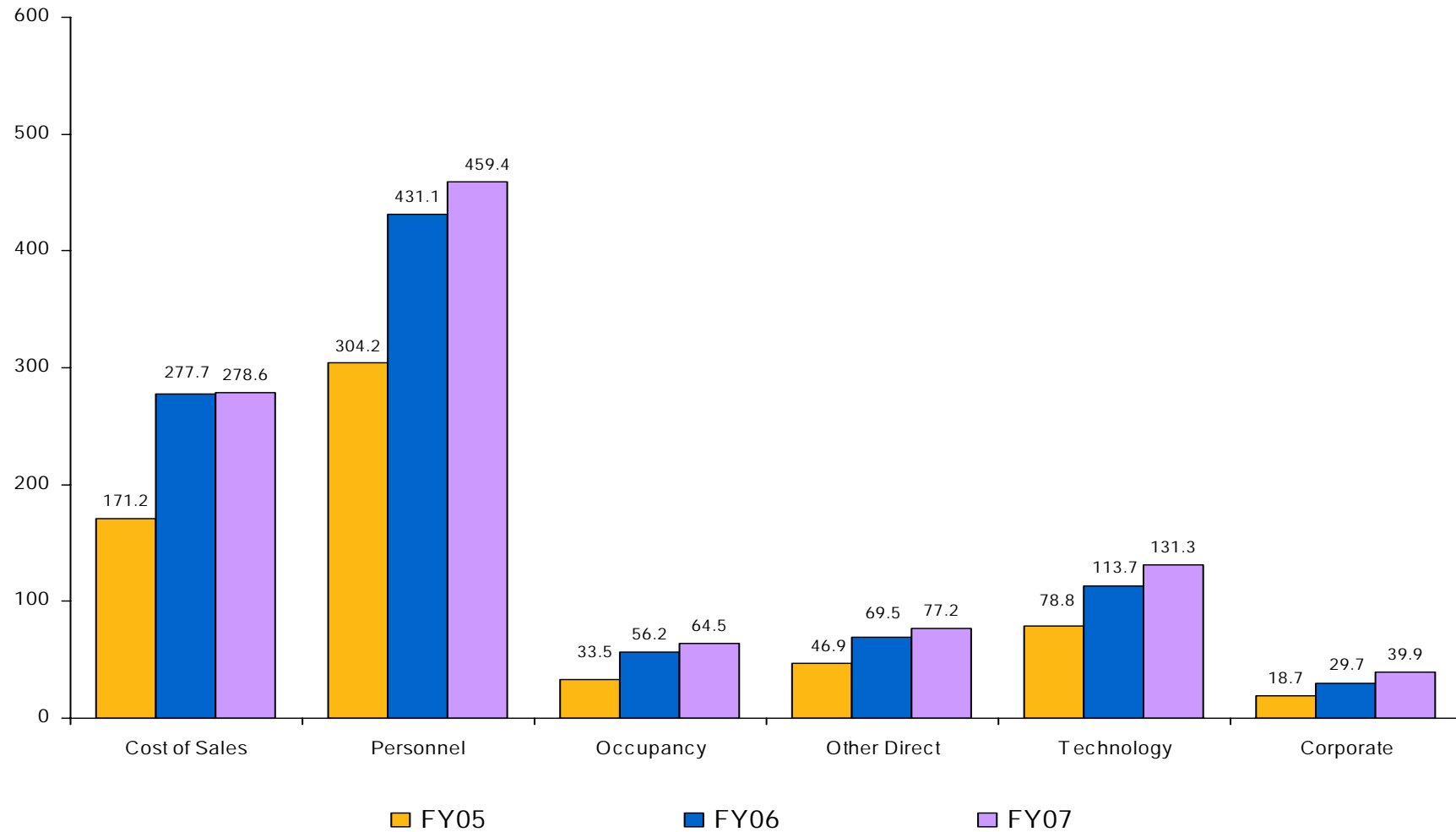




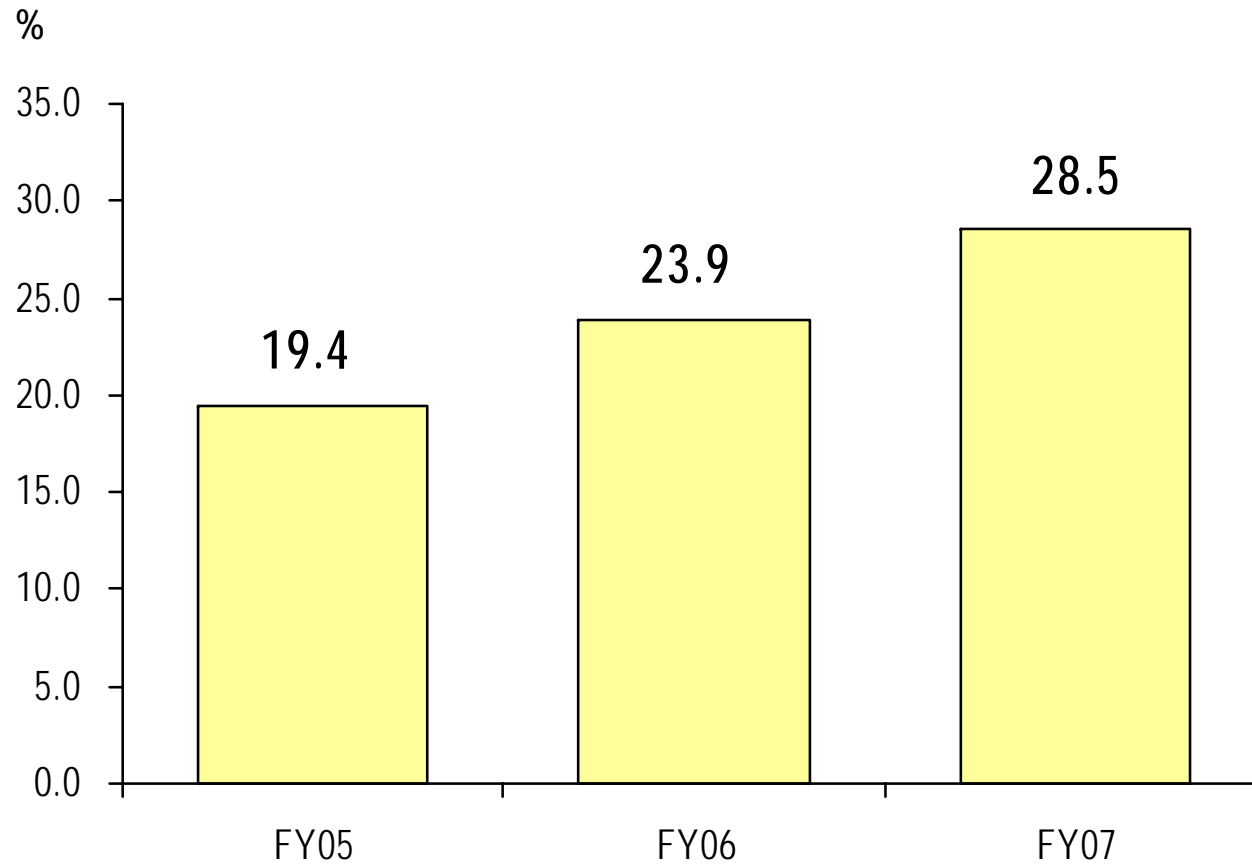
# Full Year Comparisons – Operating Costs



\$USm

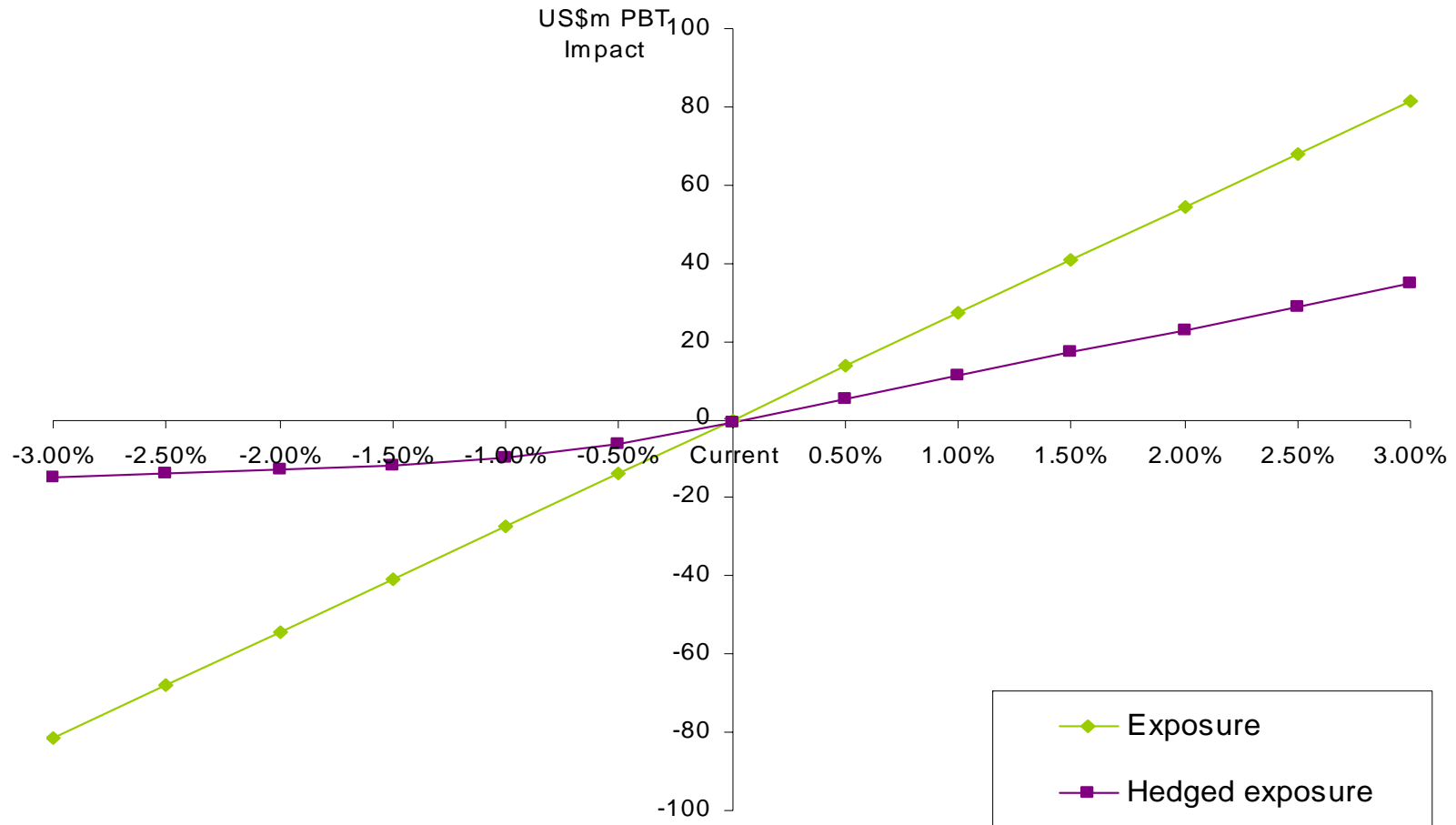


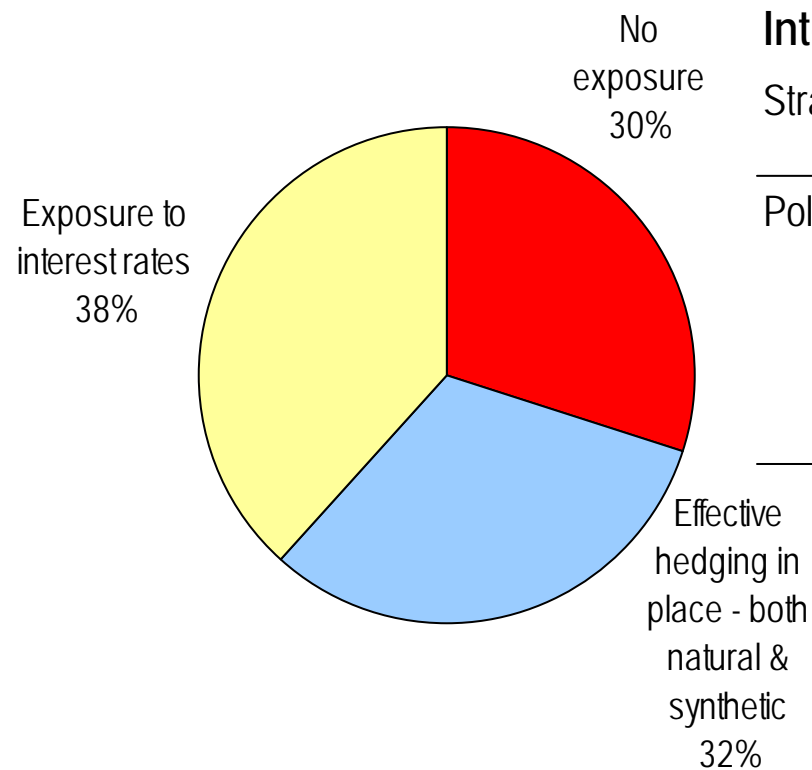
# Underlying Effective Tax Rate



Increase largely due to greater earnings in jurisdictions in which corporate tax rates are higher

# Interest Rate Sensitivity





## Interest Rate Hedging

Strategy: - Protect downside risk in current interest rate environment

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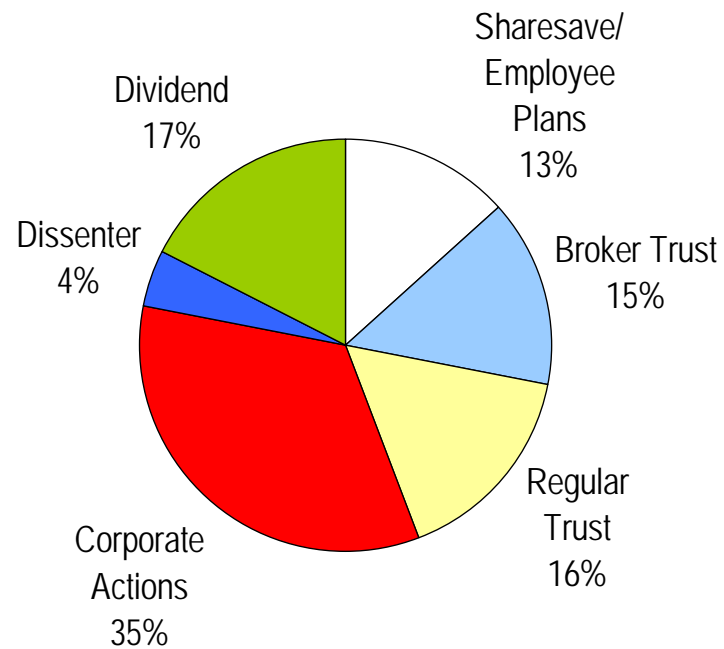
Policy: - Minimum hedge of 25% / Maximum hedge of 100%  
- Minimum term 1 year / Maximum term 5 years  
- Current hedging: 32%

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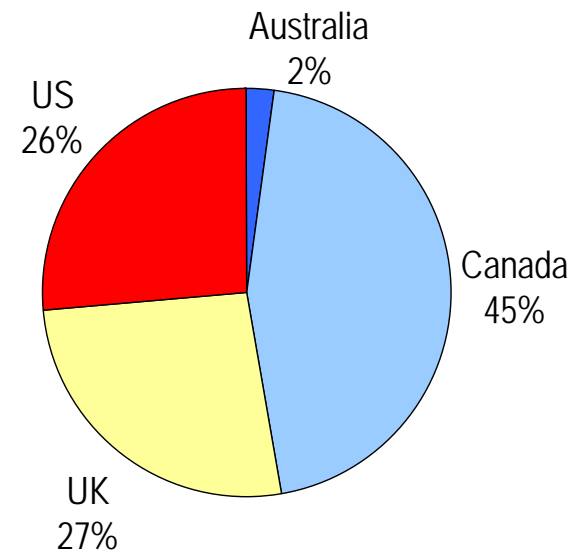
# Risk Management – Average Funds Balances for year ending 30 June 2007



By Category



By Country



Average funds balance US\$6.7b

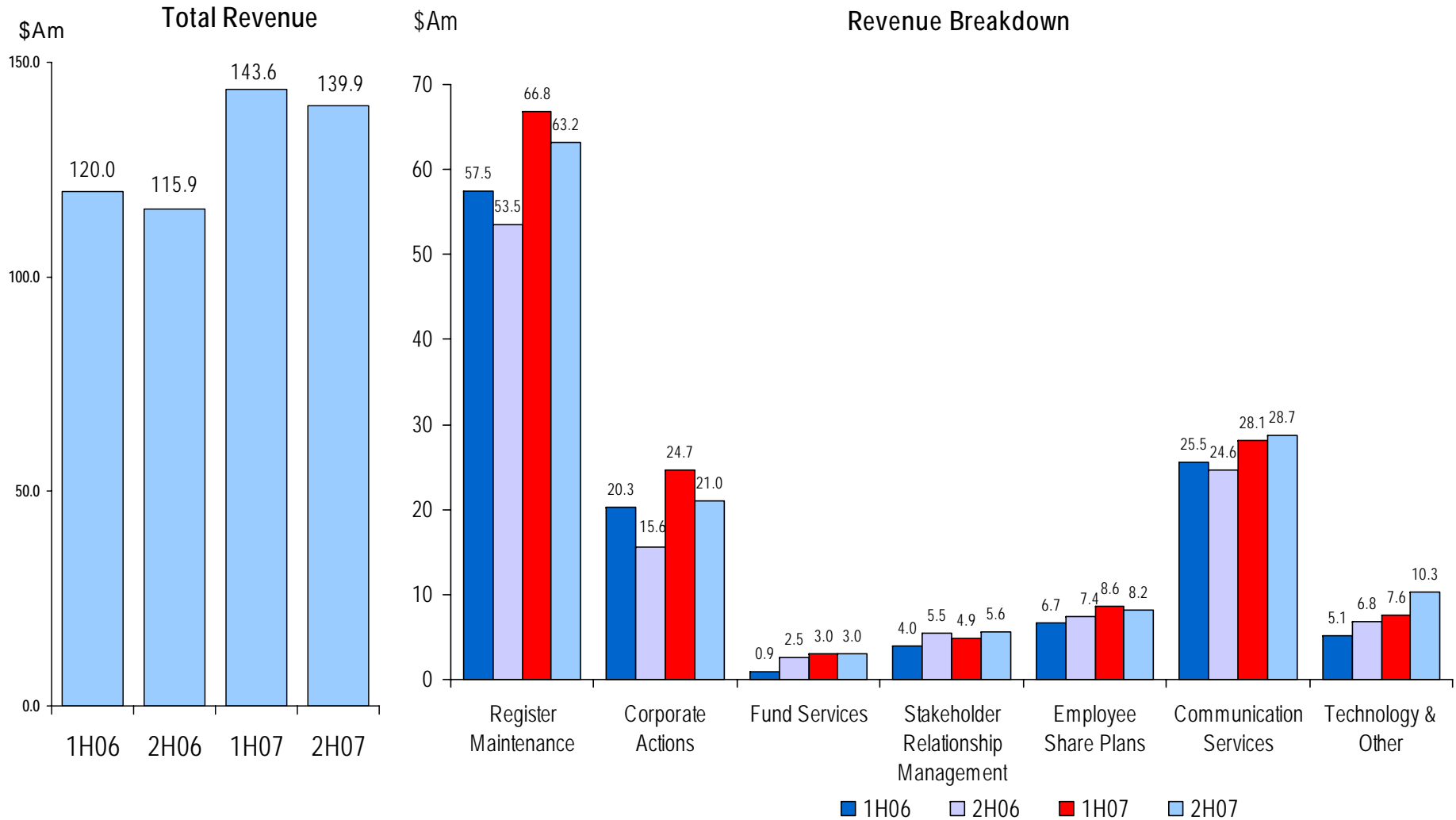
## Country Summaries

# Appendix 2: Country Summaries



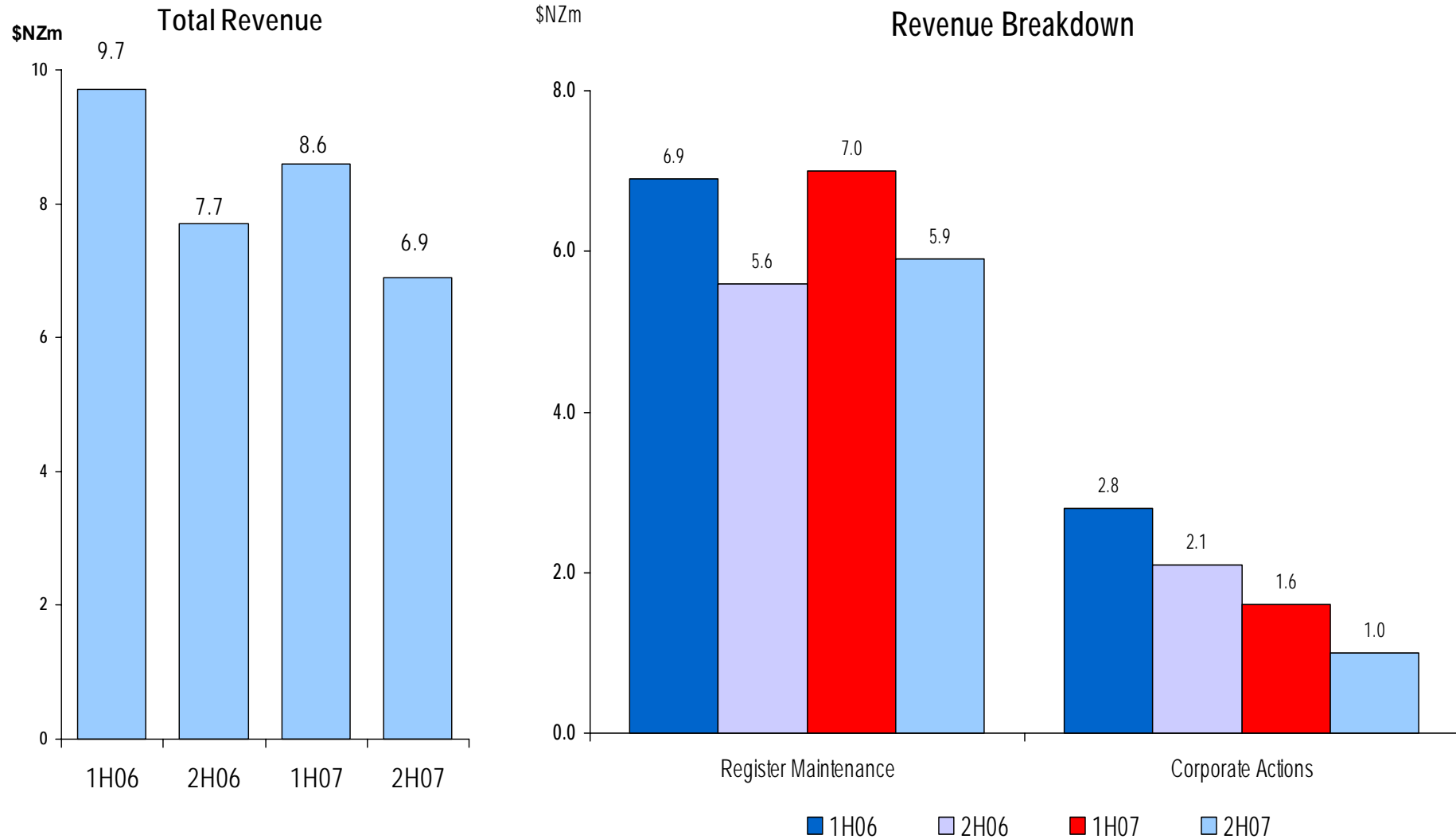
## Asia Pacific

# Australia Half Year Comparison

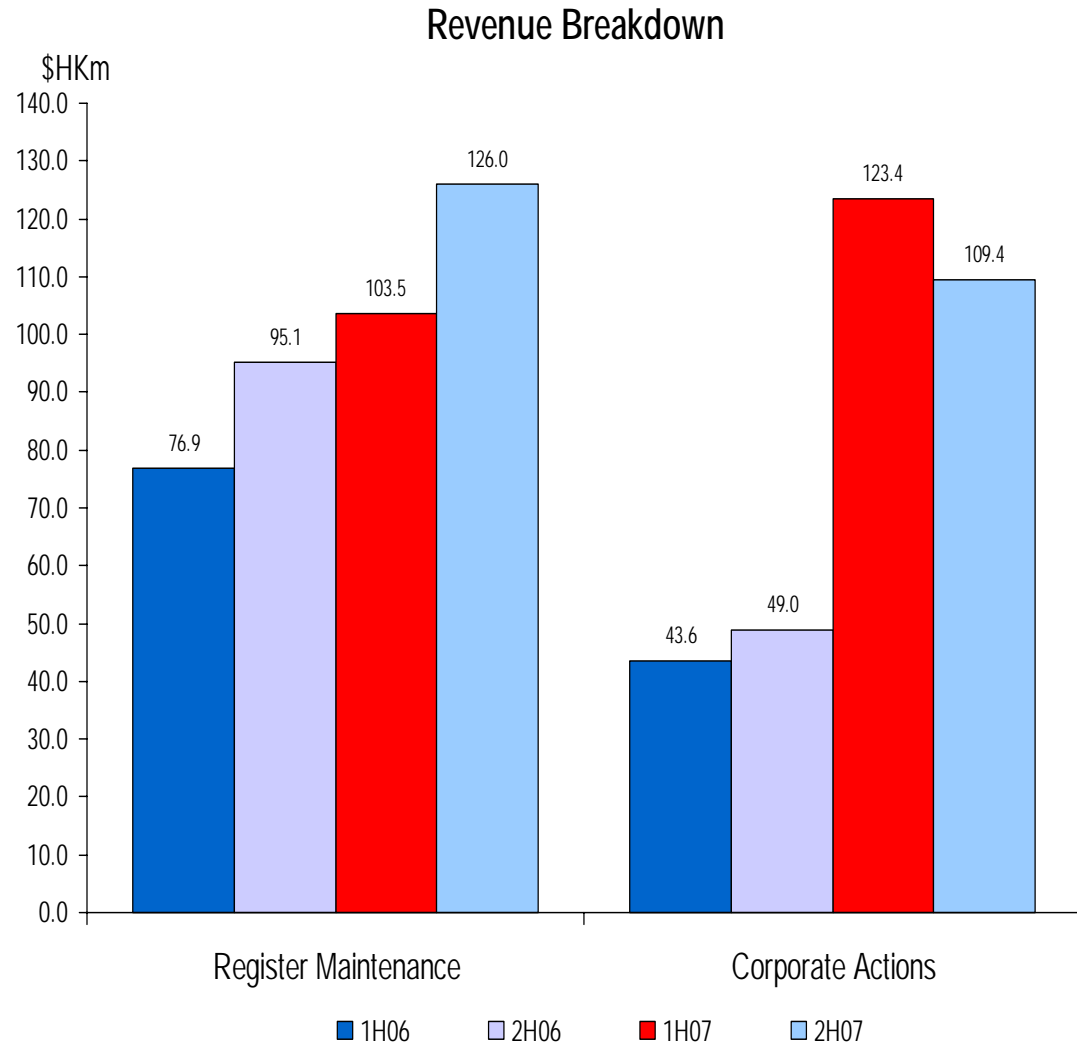
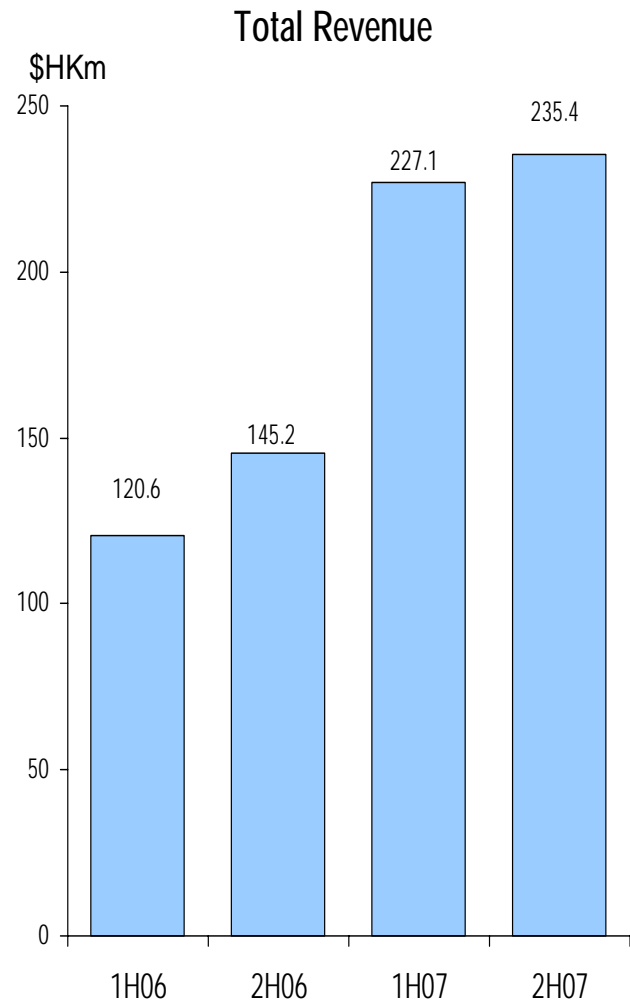




# New Zealand Half Year Comparison



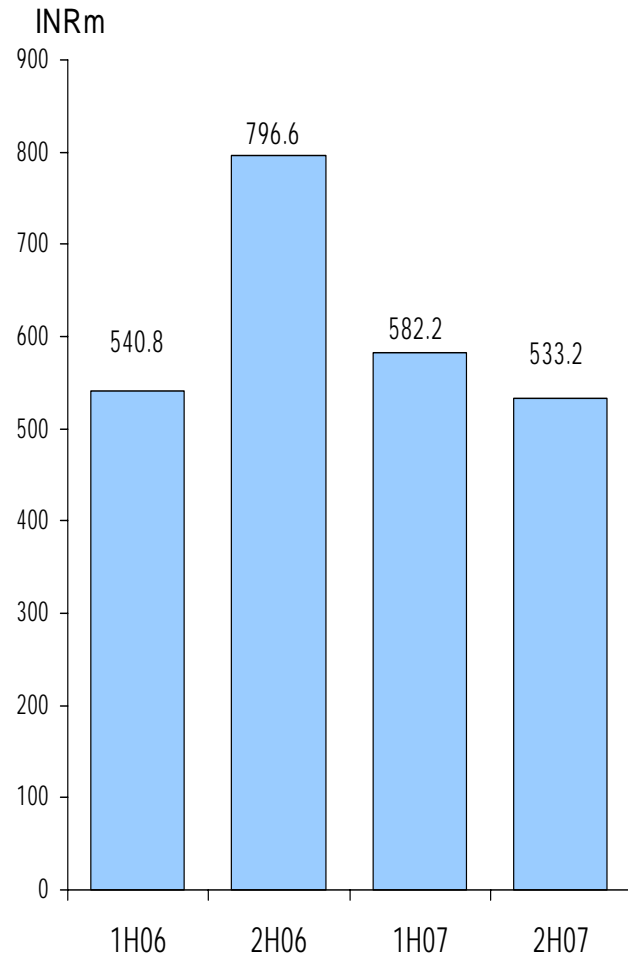
# Hong Kong Half Year Comparison



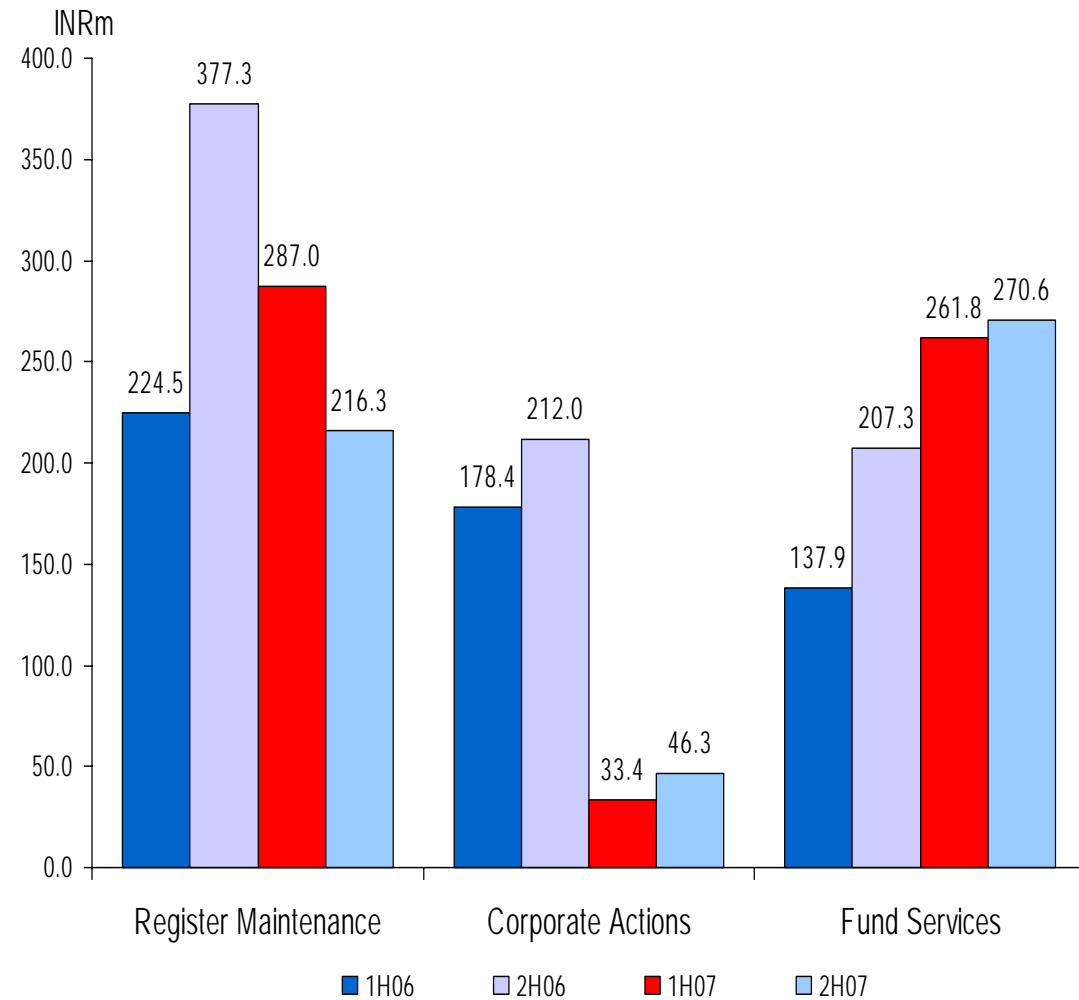
# India Half Year Comparison



## Total Revenue



## Revenue Breakdown

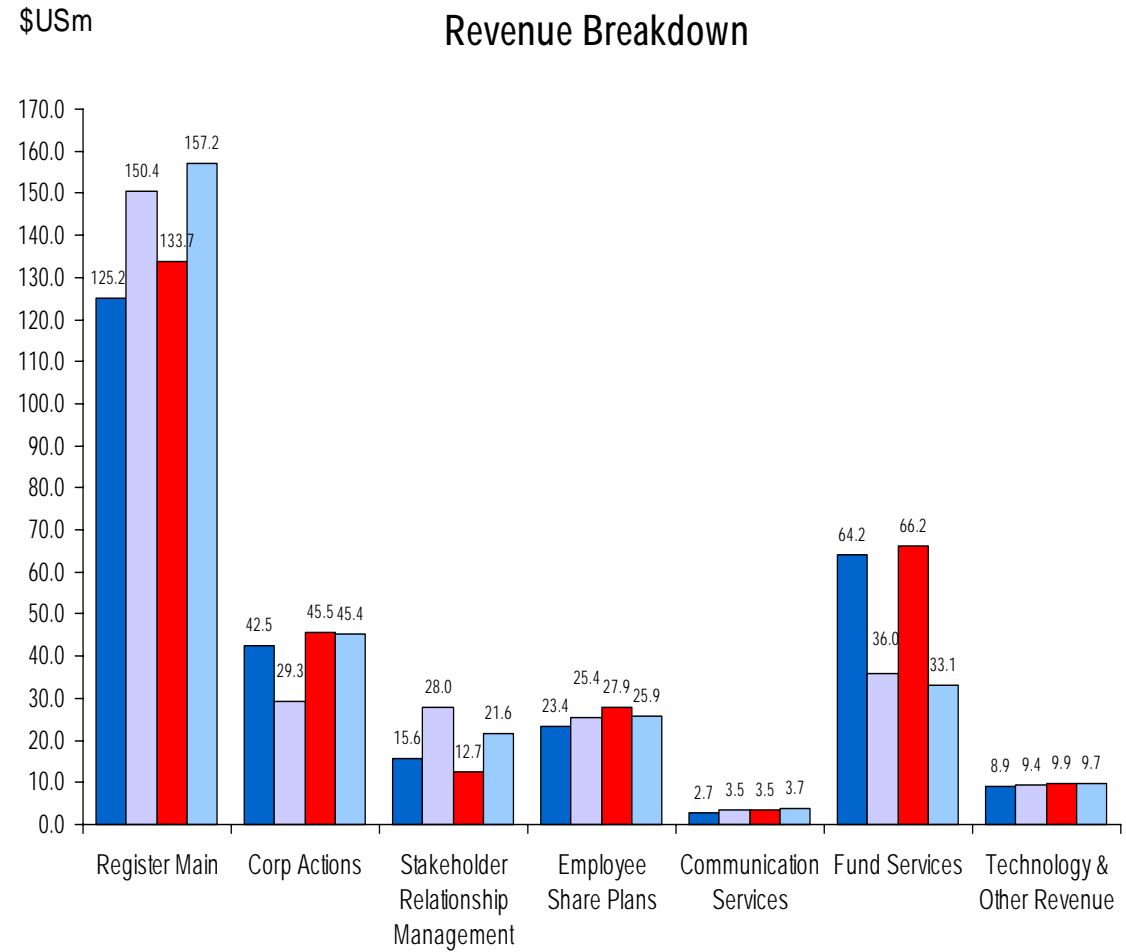
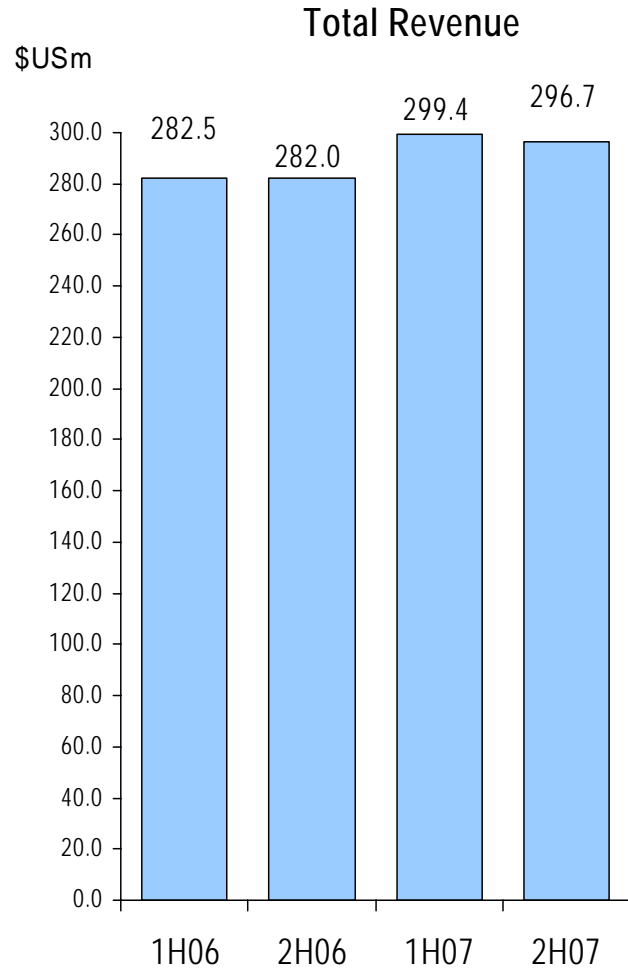


# Appendix 2: Country Summaries



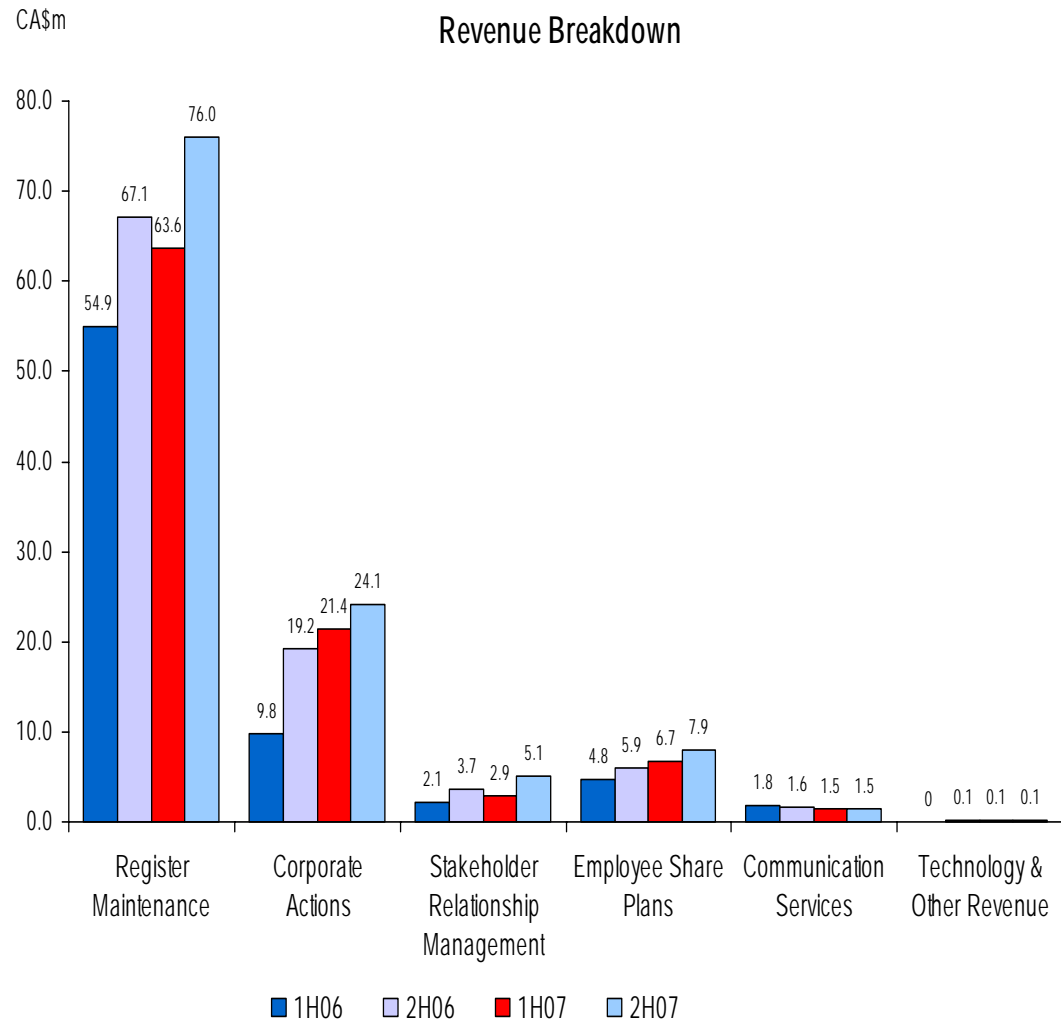
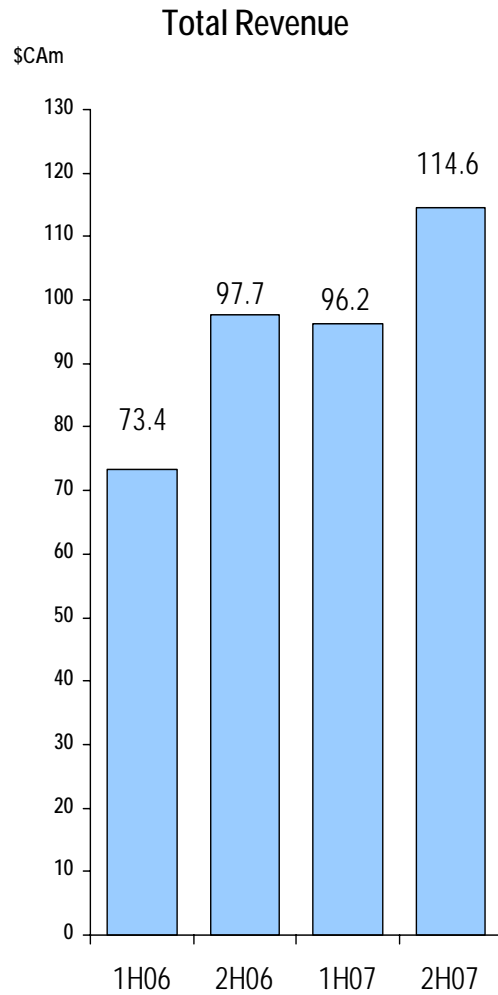
## North America

# United States Half Year Comparison



■ 1H06   ■ 2H06   ■ 1H07   ■ 2H07

# Canada Half Year Comparison

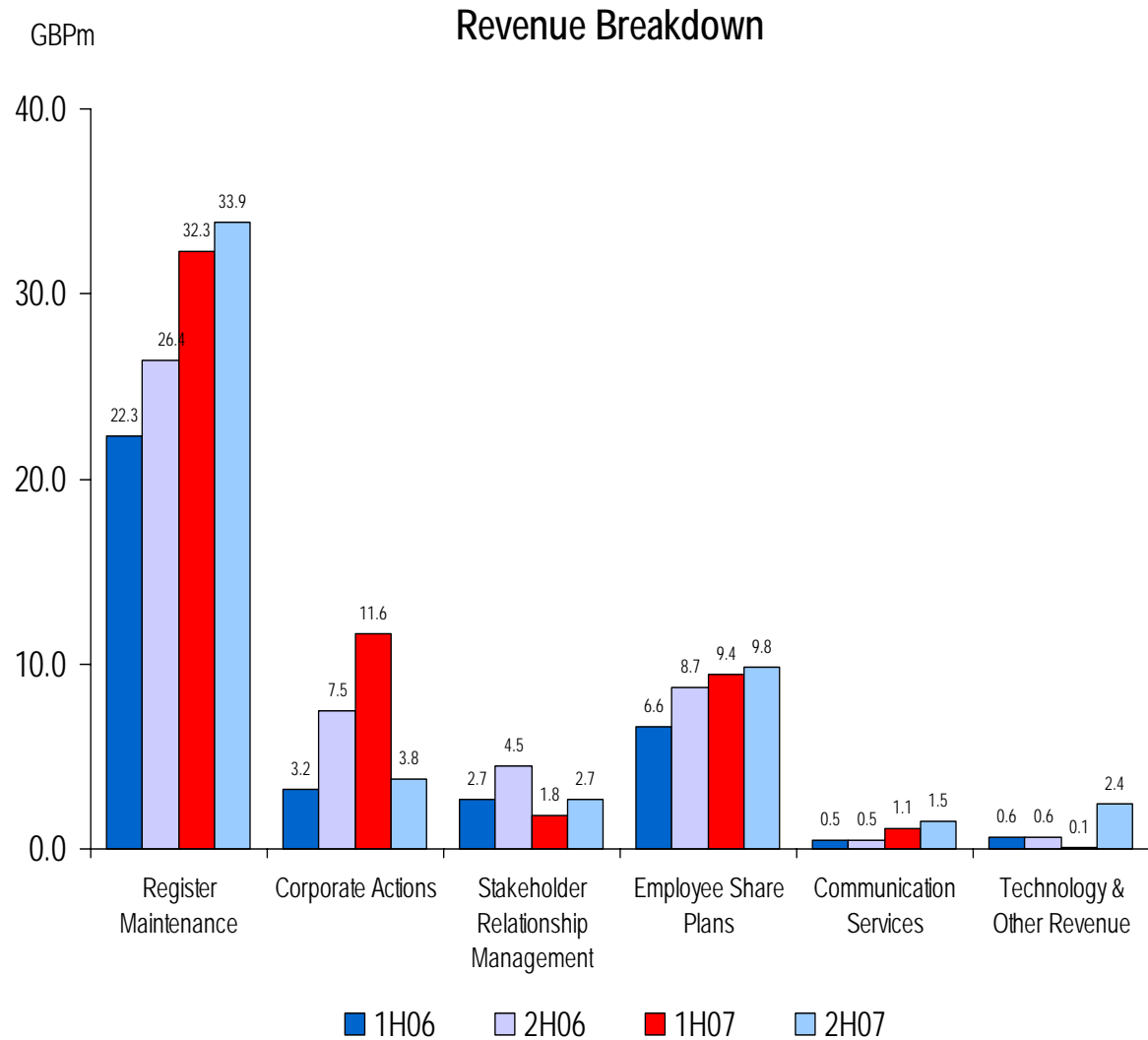
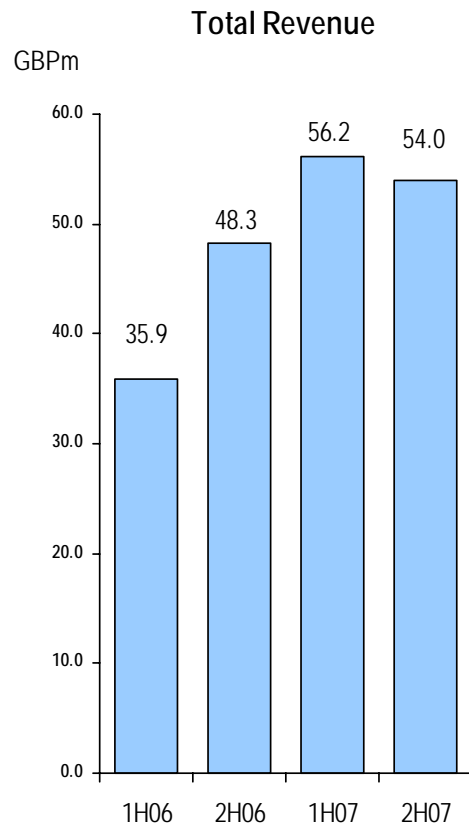


# Appendix 2: Country Summaries



**EMEA**

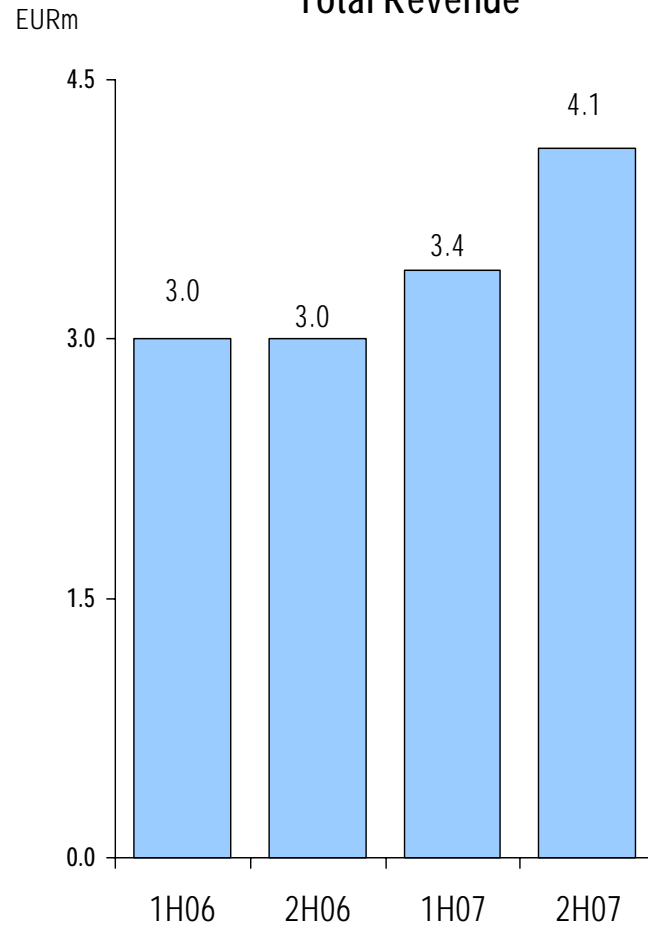
# United Kingdom Half Year Comparison



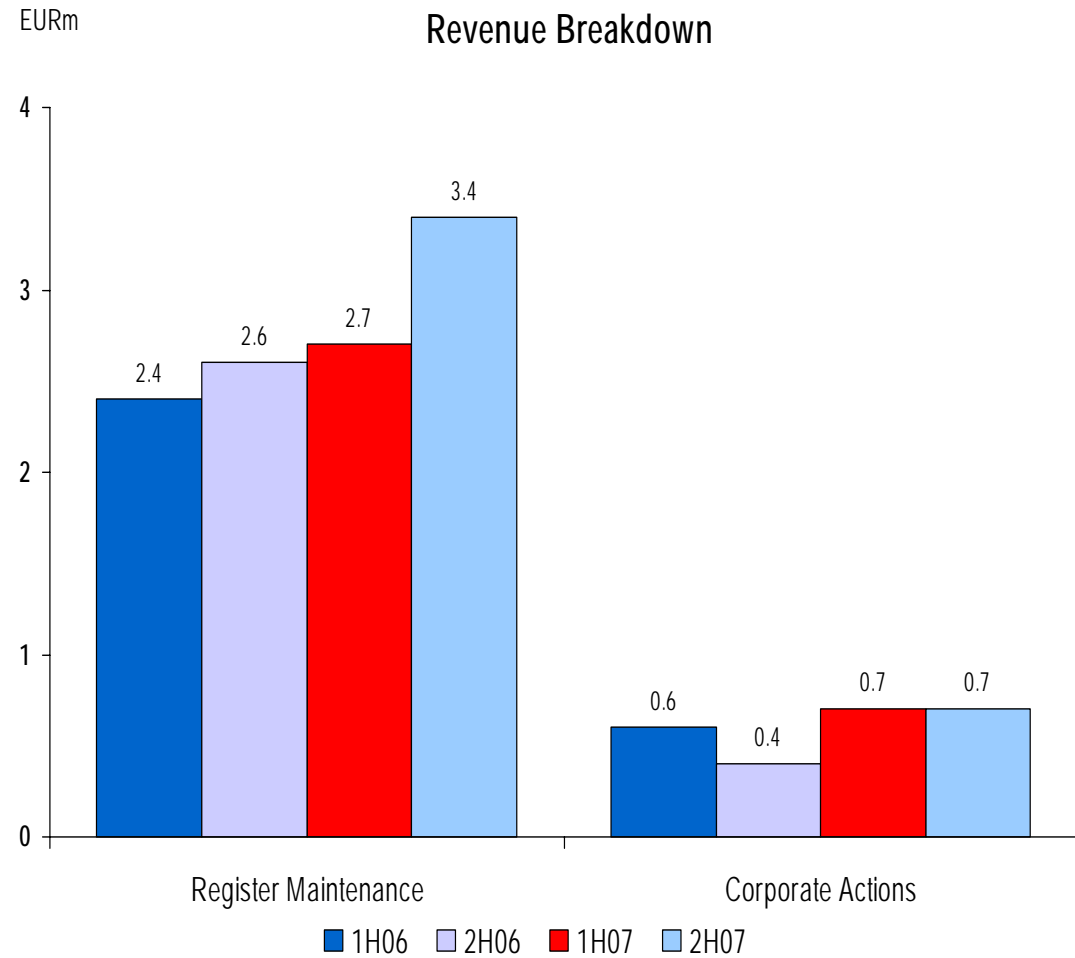


# Ireland Half Year Comparison

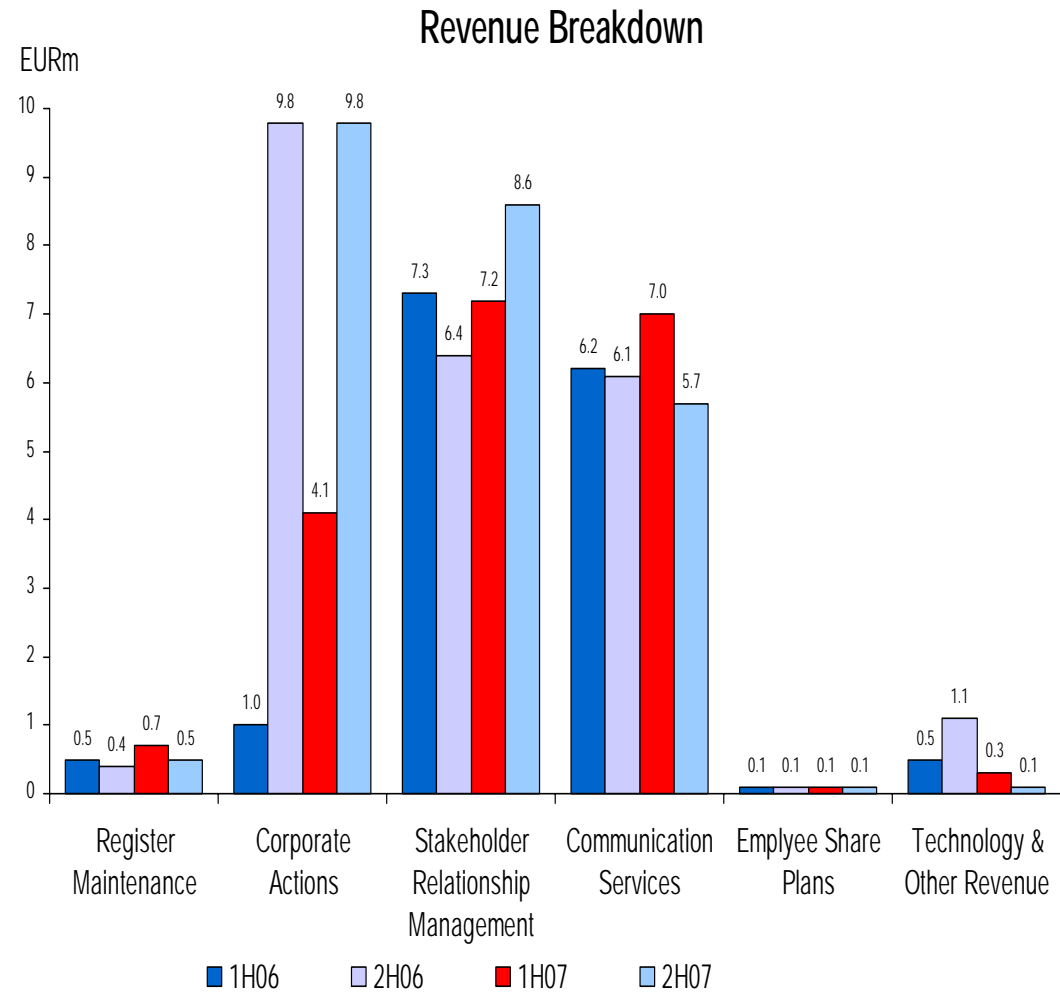
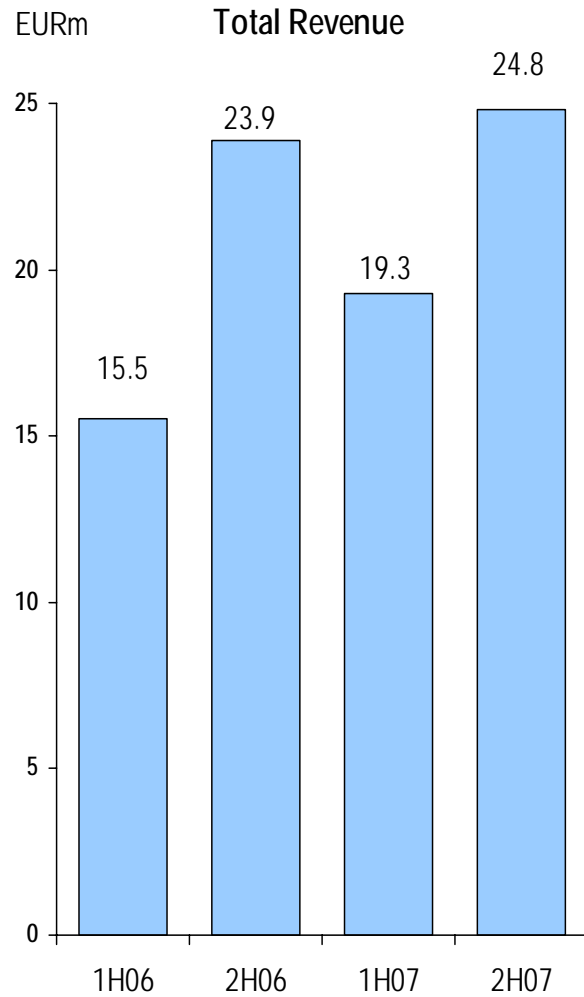
## Total Revenue



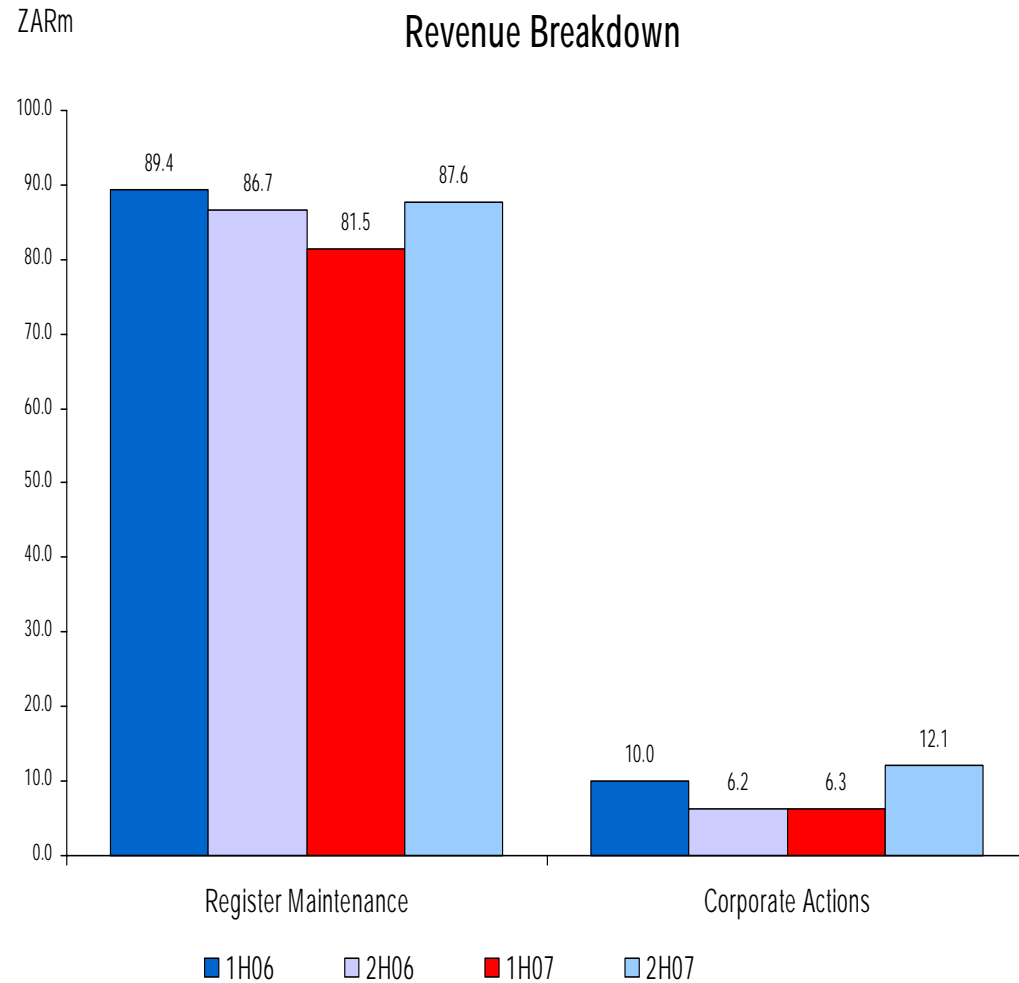
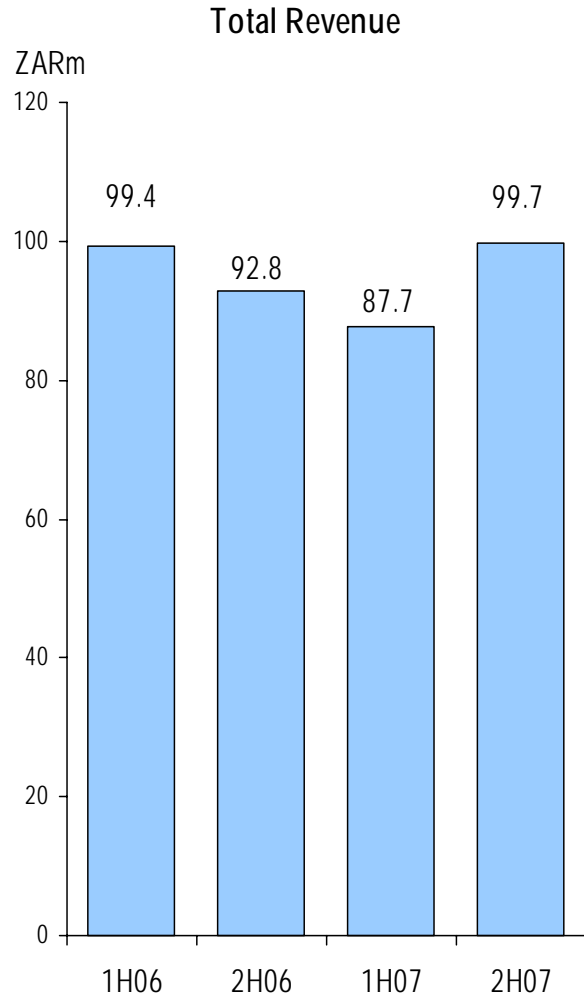
## Revenue Breakdown



# Germany Half Year Comparison



# South Africa Half Year Comparison

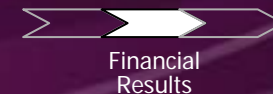


# Appendix 3: Assumptions



## Assumptions

# Assumptions: Exchange Rates



Average exchange rates used to translate profit and loss to US dollars.

<u>USD</u>	<u>1.0000</u>
AUD	1.2798
HKD	7.7909
NZD	1.4755
INR	44.2131
CAD	1.1315
GBP	0.5186
EUR	0.7662
ZAR	7.2059