

# Computershare Limited Full Year Results 2009 Presentation

Stuart Crosby  
Peter Barker

12 August 2009

CERTAINTY | INGENUITY | ADVANTAGE

 **Computershare**



# Stuart Crosby

## President & CEO

# Results Highlights

## Management Adjusted Results



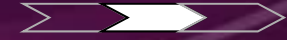
	FY09	FY08	FY09 versus FY08	FY09 at FY08 exchange rates	FY09 at FY08 rates versus FY08
Earnings per Share (Post OEI)	<b>52.11 cents</b>	<b>51.61 cents</b>	Up 1%	59.65 cents	Up 16%
Total Operating Revenues	<b>\$1,511.6m</b>	<b>\$1,582.5m</b>	Down 4%	\$1,680.1m	Up 6%
Operating Expenses	<b>\$1,035.9m</b>	<b>\$1,106.0m</b>	Down 6%	\$1,143.6m	Up 3%
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	<b>\$475.5m</b>	<b>\$479.2m</b>	Down 1%	\$536.5m	Up 12%
EBITDA margin	<b>31.5%</b>	<b>30.3%</b>	+ 120 bps	32.0%	+ 170 bps
Net Profit after OEI	<b>\$289.5m</b>	<b>\$290.4m</b>	Flat	\$331.4m	Up 14%
Days Sales Outstanding (DSO)	<b>40 days</b>	<b>44 days</b>	Down 4 days		
Cash Flow from Operations	<b>\$341.5m</b>	<b>\$347.3m</b>	Down 2%		
Free Cash Flow	<b>\$318.6m</b>	<b>\$304.5m</b>	Up 5%		
Capital Expenditure	<b>\$22.9m</b>	<b>\$42.8m</b>	Down 46%		
Net Debt to EBITDA ratio	<b>1.67 times</b>	<b>1.64 times</b>	+0.03 times		
Final Dividend	<b>AU11 cents</b>	<b>AU11 cents</b>	Flat		
Dividend franking amount	<b>50%</b>	<b>30%</b>	Up by 20%		

Note: all results are in USD except for dividend

- › Strong balance sheet, low gearing and continued robust cash generation
  - › More than 70% of revenue recurring in nature
  - › Revenues, cash-flows and margins holding up reasonably well despite the challenging environment
  - › Diversification into counter and non cyclical businesses strengthen revenue and profit base
  - › Computershare's:
    - › Globally diversified footprint (17 countries including China, India, Russia)
    - › Unique cross-border transaction capabilities
    - › Continued investment in R&D and product development
    - › Ongoing operational efficiencies and significant cost reductions
    - › Strong balance sheet and cash flow generation
    - › Demonstrated ability to acquire and integrate businesses
- Leave us well positioned for an eventual up turn in the global economy

- › We anticipate USD management earnings per share for financial year 2010 to be similar to 2009
- › Our outlook assumes that equity, interest rate and FX market conditions remain broadly consistent with current levels for the financial year





# Peter Barker

## CFO

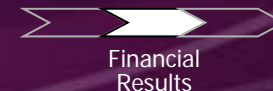


# Drivers Behind FY2009 Financial Performance



- › Corporate action environment, shift from M&A and IPO's to secondary capital raisings
- › Significant ongoing cost reductions and operating efficiencies
- › Continued investments in, and growing importance of, counter and non cyclical businesses
- › Interest rate levels and client balances
- › Market softness in 'traditional' transfer agent and associated businesses
- › Foreign exchange

# Group Financial Performance – US\$m



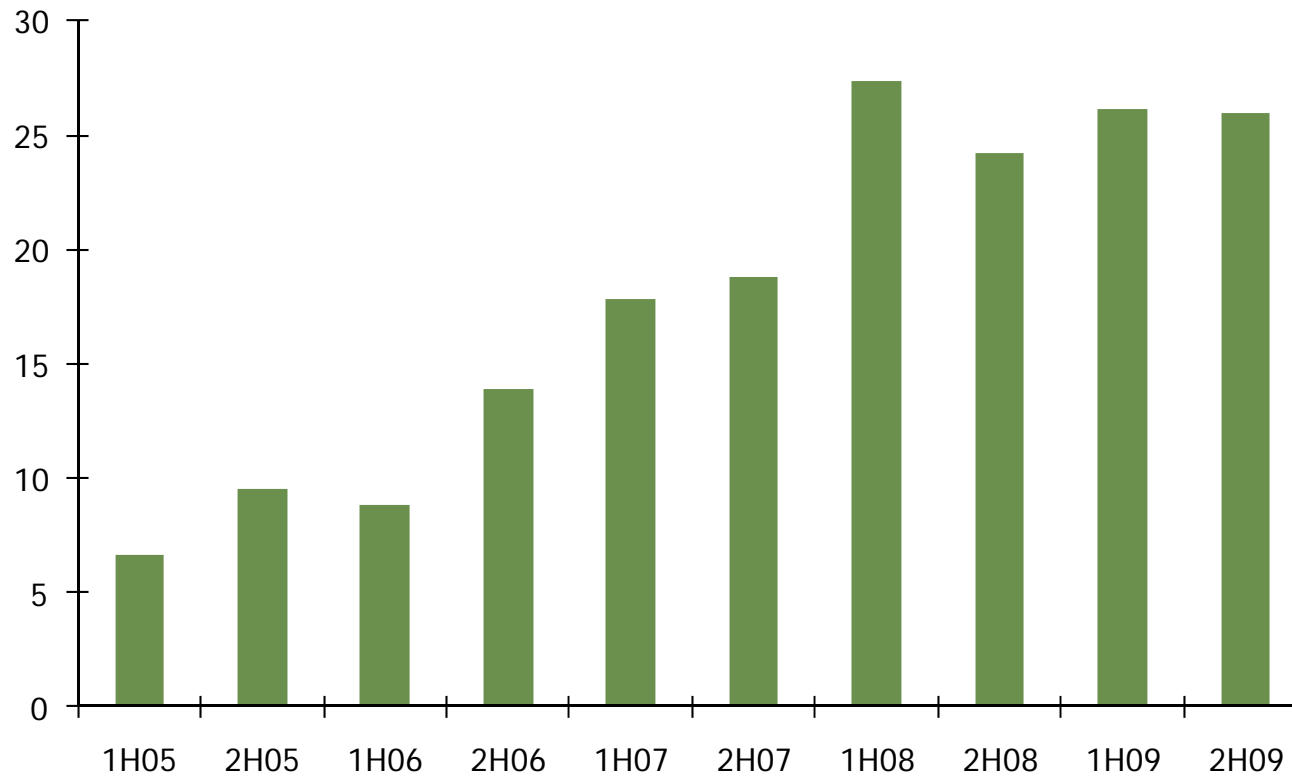
	FY09	FY08	Variance FY09 to FY08
Sales Revenue	1,494.0	1,564.0	(4%)
Interest & Other Income	17.6	18.6	(5%)
<b>Total Revenue</b>	<b>1,511.6</b>	<b>1,582.5</b>	<b>(4%)</b>
Operating Costs	1,035.9	1,106.0	(6%)
Share of Net (Profit)/Loss of Associates	0.2	(2.7)	
<b>Management EBITDA</b>	<b>475.5</b>	<b>479.2</b>	<b>(1%)</b>
Management Adjustments - Revenue/(Expense)	(31.6)	(7.3)	
<b>Reported EBITDA</b>	<b>443.9</b>	<b>471.9</b>	<b>(6%)</b>
Statutory NPAT	252.5	282.0	(10%)
Management NPAT	289.5	290.4	(0%)
<b>Management EPS</b>	<b>52.11</b>	<b>51.61</b>	<b>1%</b>
<b>Statutory EPS</b>	<b>46.02</b>	<b>50.12</b>	<b>(8%)</b>

# Analysis of Management EPS

## Half Year Comparison



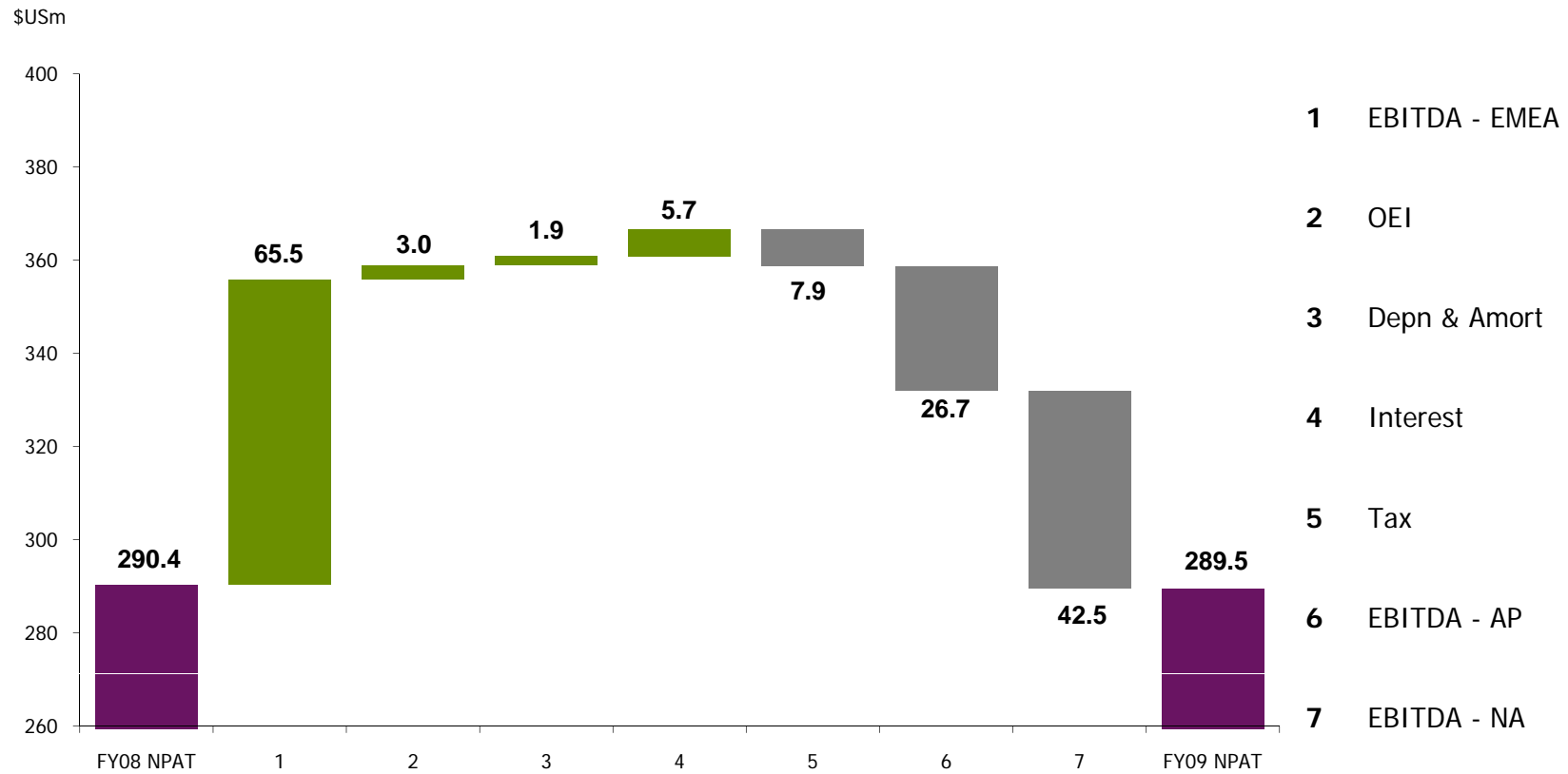
UScents



HY  
FY

6.60	9.52	8.82	13.92	17.86	18.83	27.36	24.25	26.14	25.97
16.12		22.74		36.68		51.61		52.11	

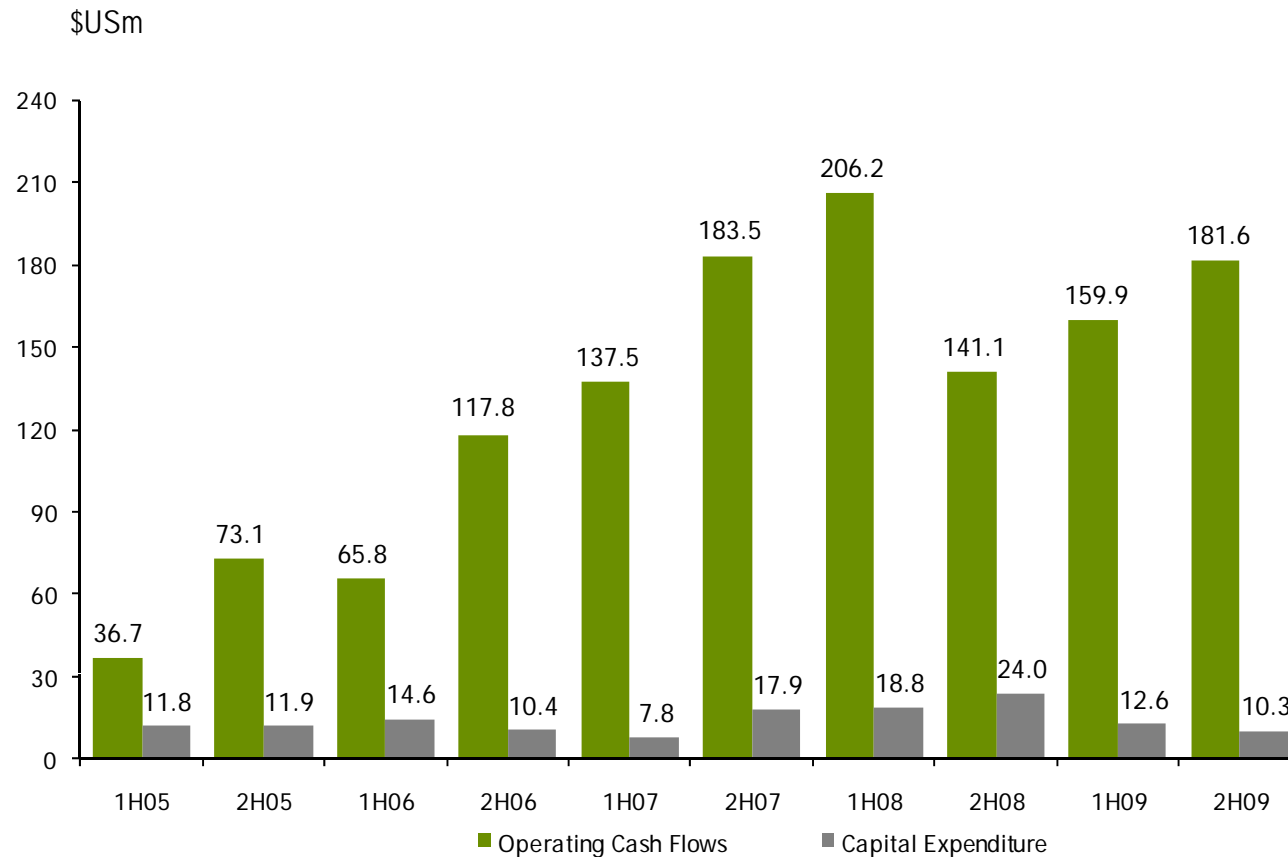
# FY09 Management NPAT Analysis



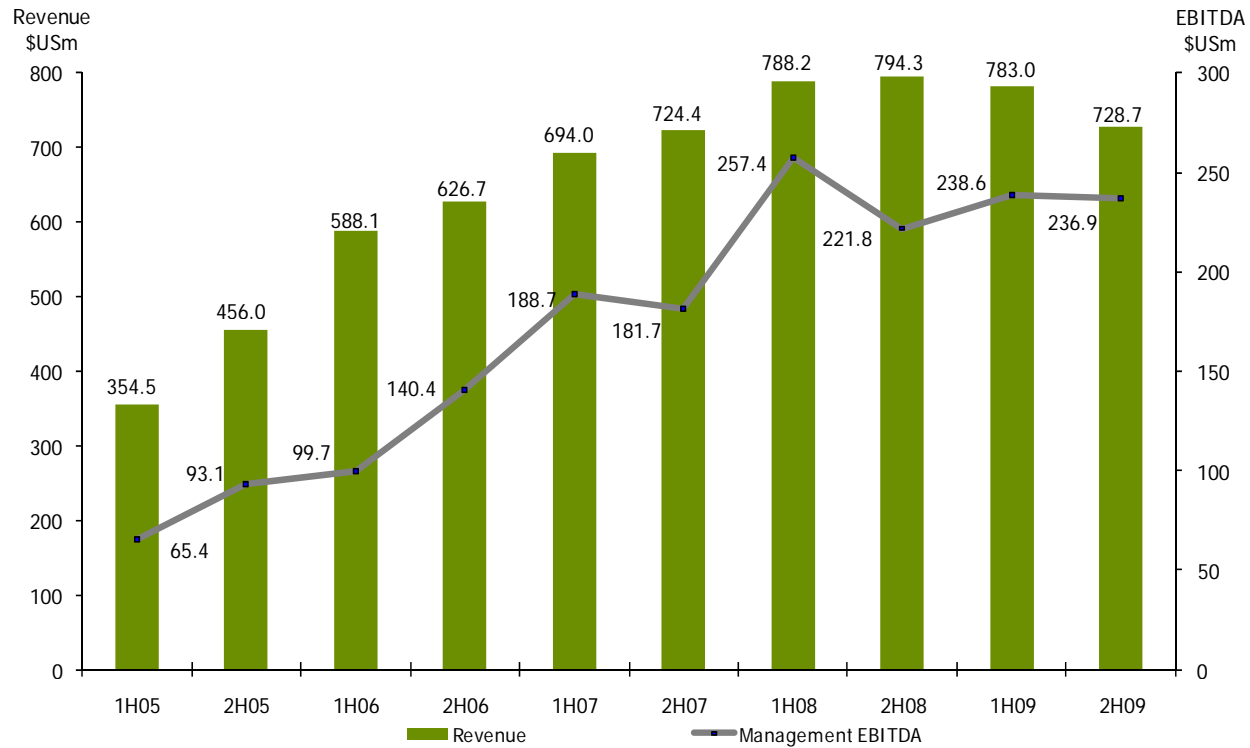
# Free Cash Flows



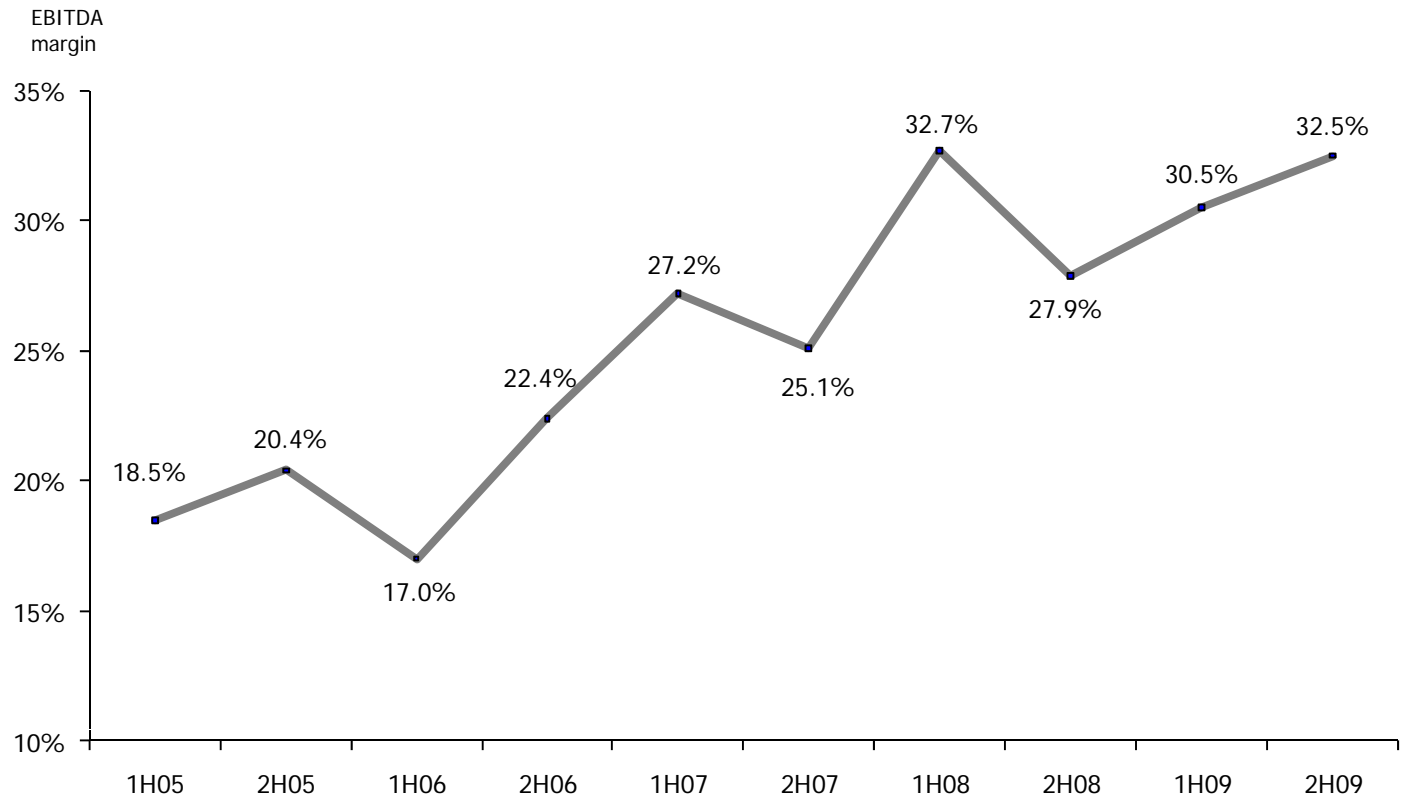
## Operating cash flow vs capital expenditure



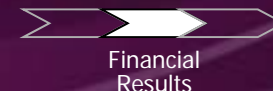
# Revenue & EBITDA Half Year Comparisons



# Management EBITDA Margin Half Year Comparison



# Revenue Breakdown – US\$m



	FY09	FY08	Variance FY09 to FY08
Register Maintenance	736.2	817.6	(10%)
Corporate Actions	313.4	303.6	3%
Fund Services	83.9	91.3	(8%)
Stakeholder Relationship Mgt	73.9	89.0	(17%)
Employee Share Plans	98.4	119.0	(17%)
Communication Services	146.6	105.3	39%
Technology & Other Revenue	59.3	56.8	4%
<b>Total Revenue</b>	<b>1,511.6</b>	<b>1,582.5</b>	<b>(4%)</b>

Note – Included in the revenue results are \$170.3m of Margin Income (FY08: \$217.5m) and \$242.4m of Recoverable Income (FY08: \$255.8m)



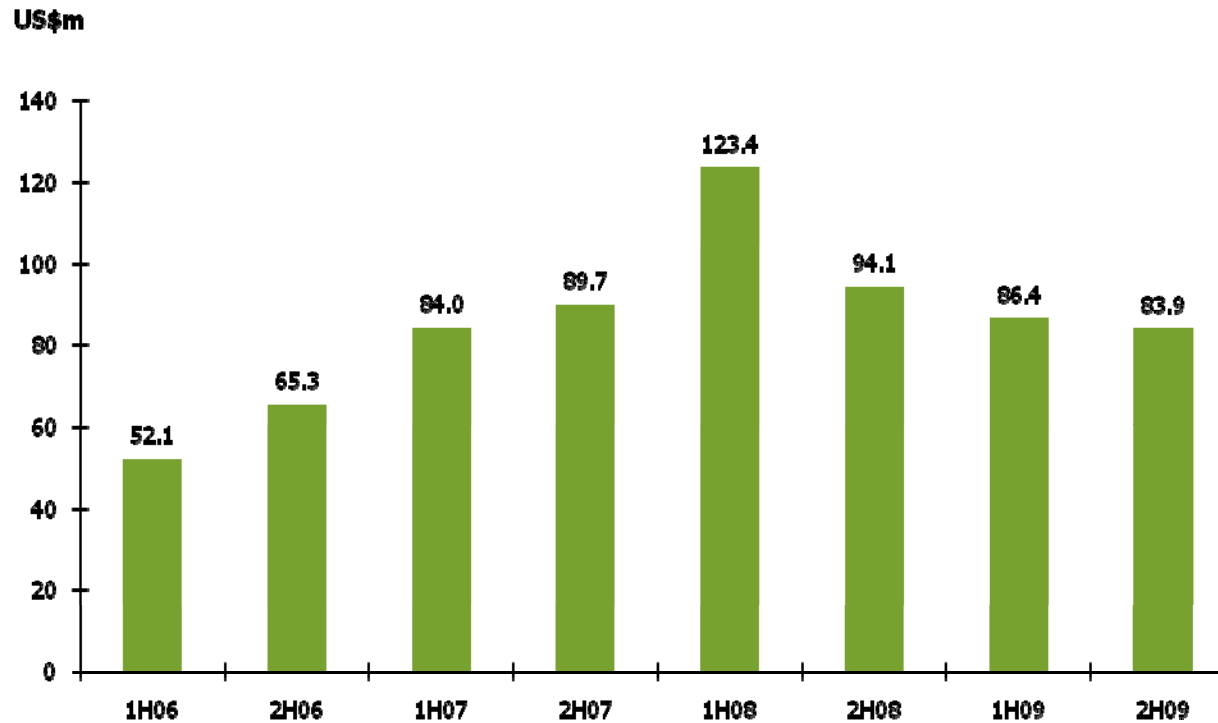
# FY10 Regional Analysis & Revenue Breakdown (effective 1H FY10 – will include comparatives)

Regional Reporting	
Current Structure	Going Forward
North America Asia Pacific Europe, Middle East & Africa	USA Canada Australia & NZ Asia Europe, Middle East & Africa
Revenue Segments	
Current Structure	Going Forward
Register Maintenance	Register Maintenance
Corporate Actions	Corporate Actions
Fund Services	Business Services*
Stakeholder Relationship Management	Stakeholder Relationship Management**
Employee Share Plans	Employee Share Plans
Communication Services	Communication Services
Technology & Other	Technology & Other

\* Business Services – KCC, Administar, IML events (from Corporate Actions), Computershare Voucher Services & Deposit Protection Scheme (from Registry Maintenance)

\*\* Fund Services now incorporated in Stakeholder Relationship Management

# Margin Income Analysis



**Average market interest rates:**

UK	4.55%	4.49%	4.78%	5.30%	5.71%	5.19%	4.16%	0.82%
US	3.70%	4.66%	5.25%	5.25%	4.85%	2.67%	1.53%	0.27%
Canada	2.79%	3.77%	4.25%	4.25%	4.45%	3.51%	2.58%	0.64%
Australia	5.50%	5.58%	6.03%	6.25%	6.52%	7.12%	6.23%	3.35%

**Average balances  
(US\$bn)\***

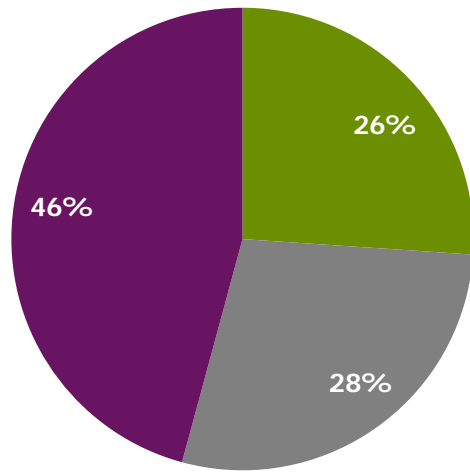
	6.4	6.4	6.4	7.0	8.7	8.7	7.2	6.4
--	-----	-----	-----	-----	-----	-----	-----	-----

\*Note: some balances attract no interest or a set margin for Computershare

# FY09 Revenue & EBITDA Regional Analysis

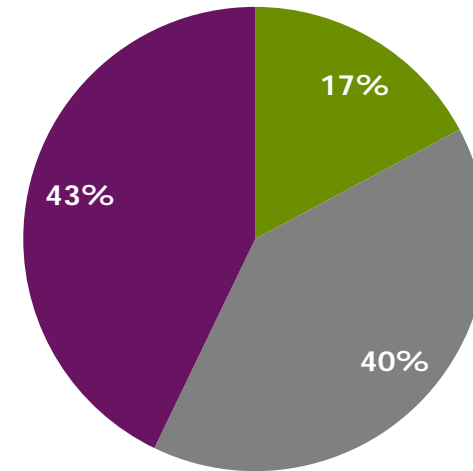


## Total Revenue breakdown



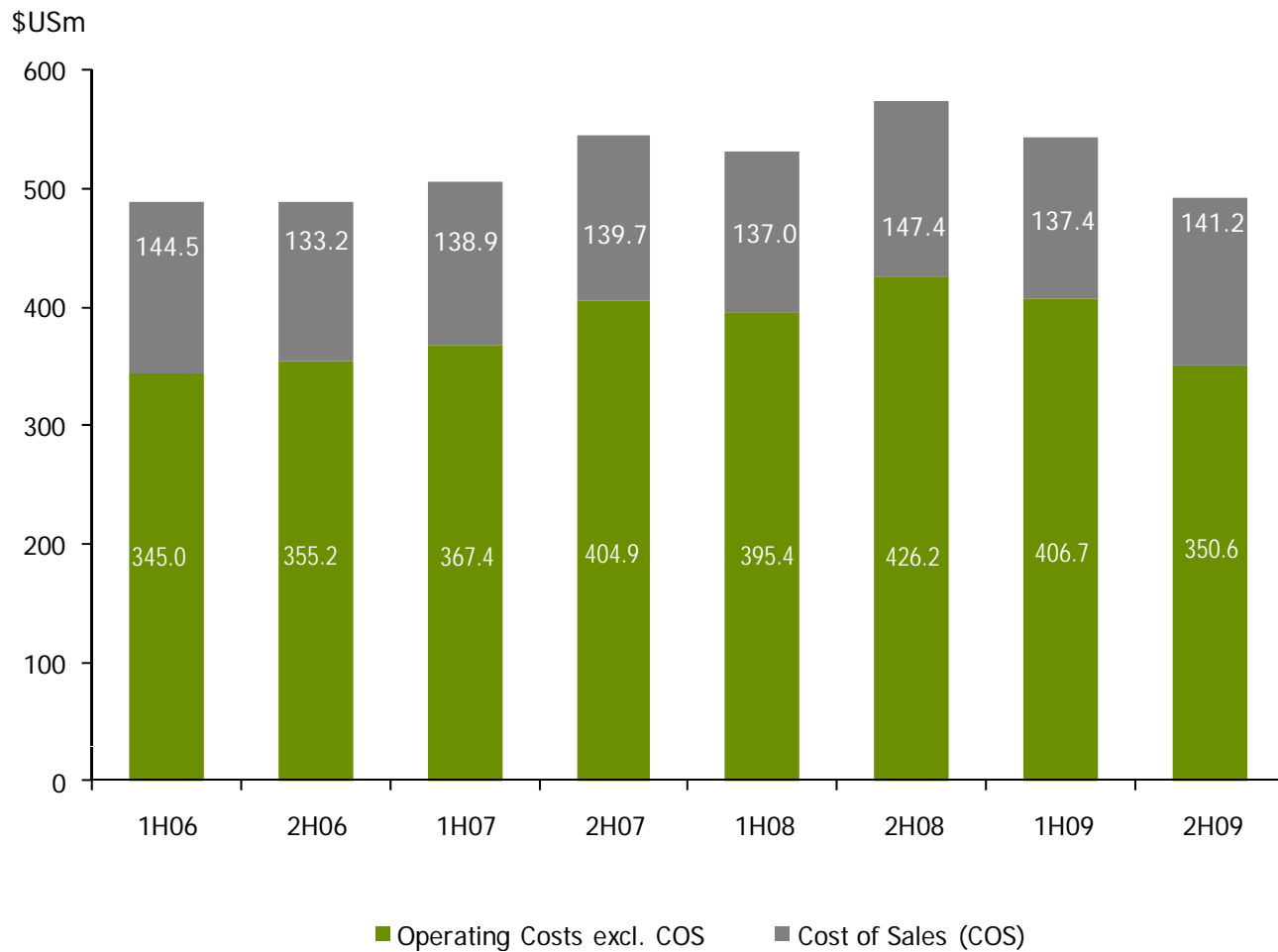
■ Asia Pacific   ■ EMEA   ■ North America

## EBITDA breakdown



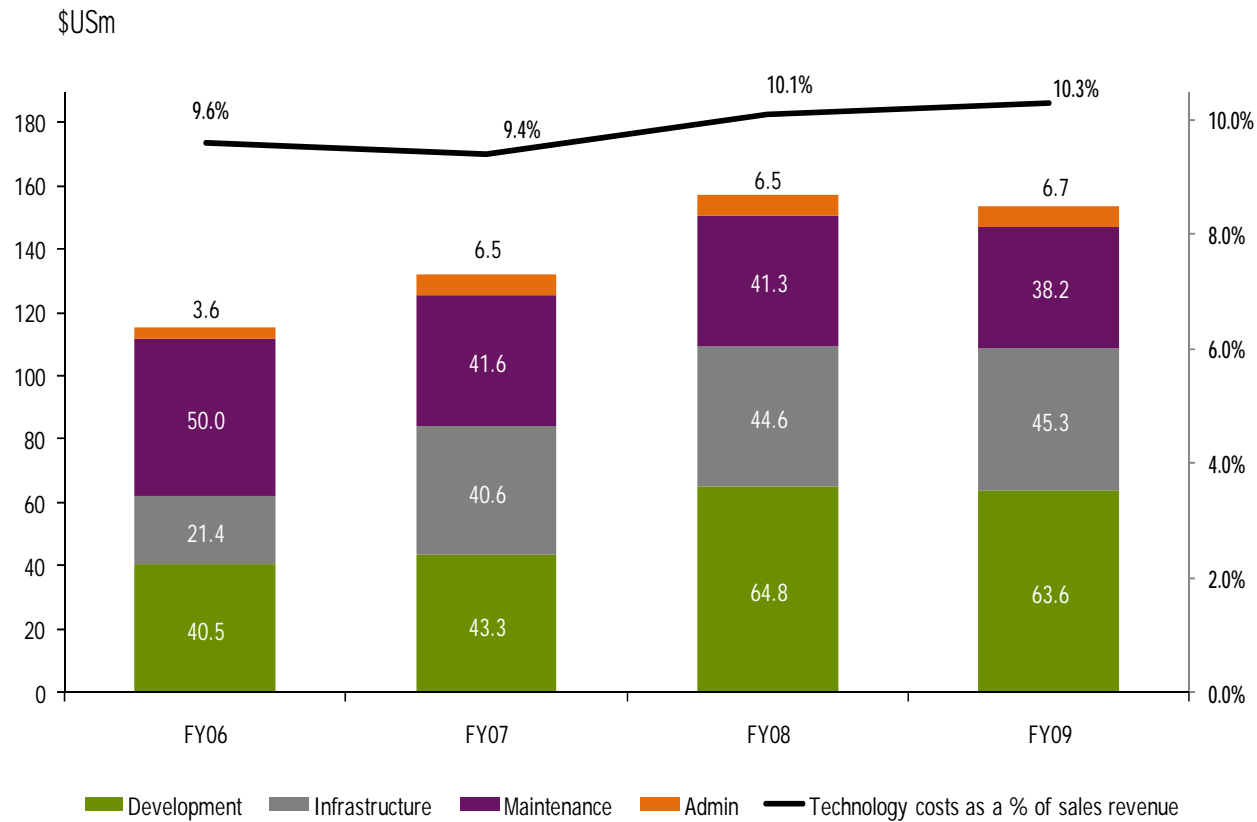
■ Asia Pacific   ■ EMEA   ■ North America

# Operating Costs Half Year Comparisons

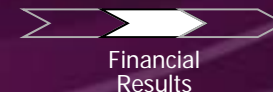


# Technology Costs

## Continued Investment to Maintain Strategic Advantage

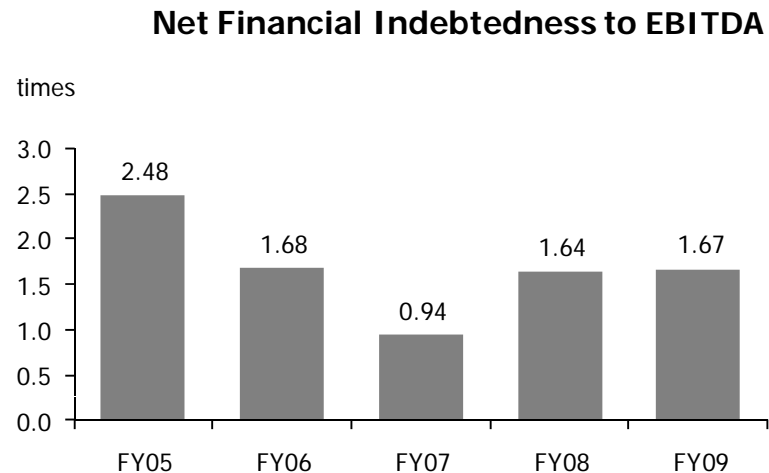
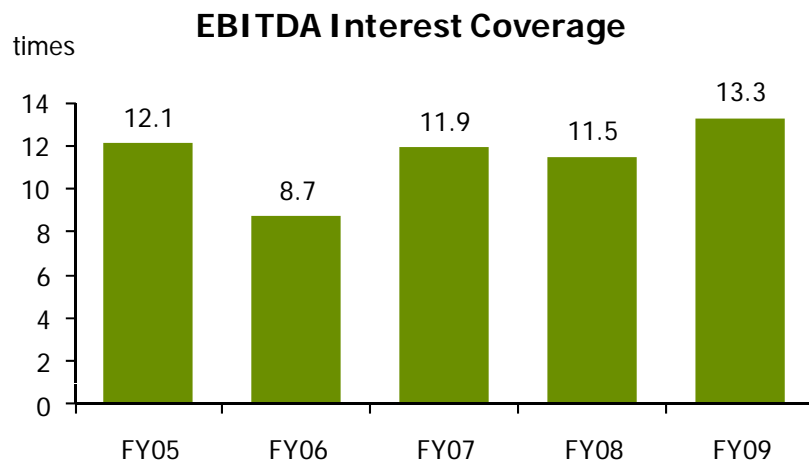


# Balance Sheet as at 30 June 2009



	Jun-09 US\$'000s	Jun-08 US\$'000s	Variance Jun-09 to Jun-08
Current Assets	537,013	516,129	4%
Non Current Assets	1,960,523	1,721,889	14%
<b>Total Assets</b>	<b>2,497,537</b>	<b>2,238,018</b>	12%
Current Liabilities	414,934	436,912	(5%)
Non Current Liabilities	1,181,434	1,030,910	15%
<b>Total Liabilities</b>	<b>1,596,369</b>	<b>1,467,822</b>	9%
<b>Total Equity</b>	<b>901,168</b>	<b>770,196</b>	17%

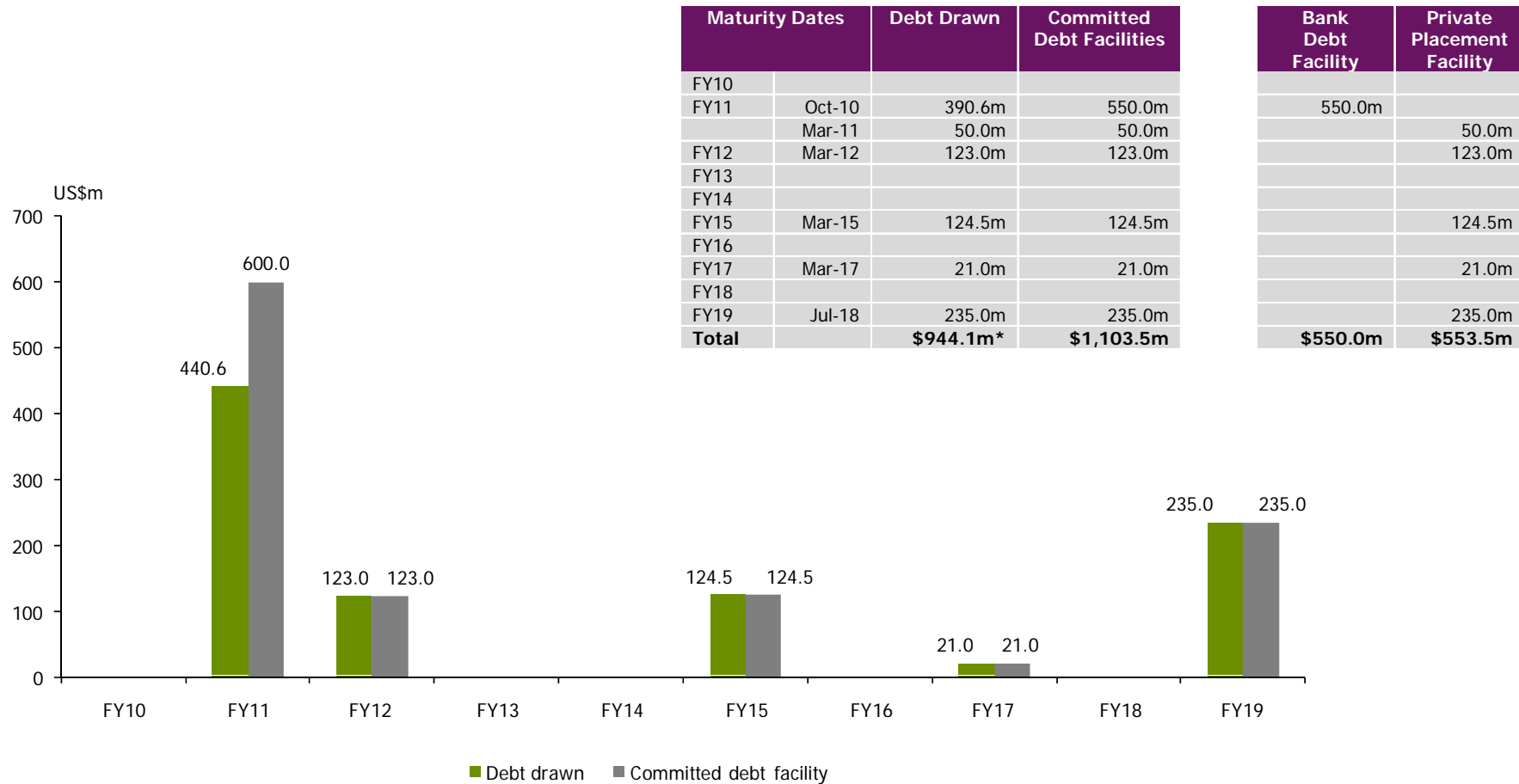
# Key Financial Ratios



	US\$m	US\$m	Jun-09 to Jun-08
Cash	180.4	124.2	45%
Interest Bearing Liabilities *	974.3	910.9	7%
<b>Net Debt</b>	<b>793.9</b>	<b>786.7</b>	<b>1%</b>
Management EBITDA	475.5	479.2	(1%)
<b>Net Debt to Management EBITDA</b>	<b>1.67</b>	<b>1.64</b>	<b>2%</b>

\* Average Tenor of drawn debt at 30 June 2009 was 4.2 years.

# Debt Facility Maturity Profile

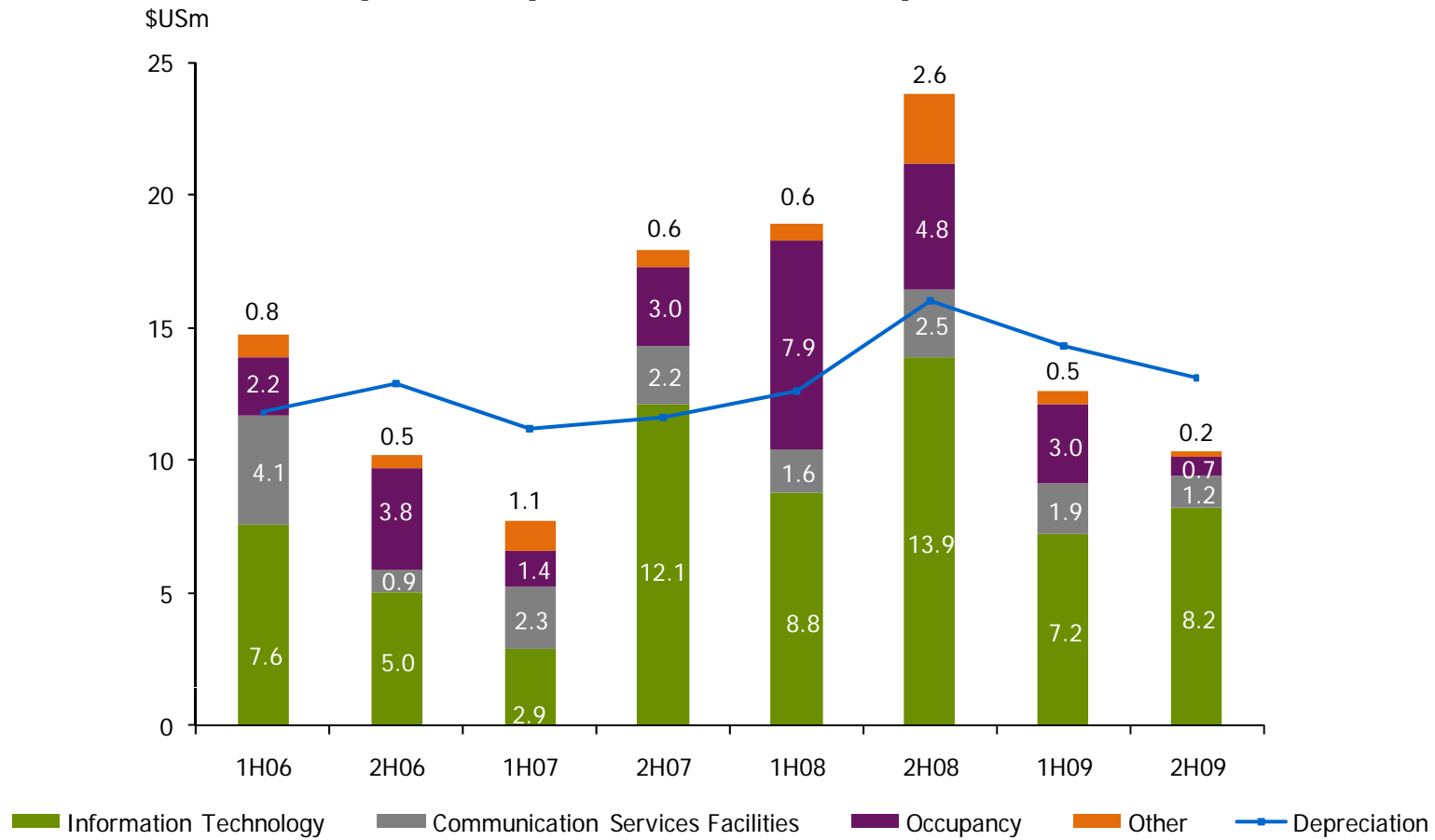


\$200M bank club facility, expiring Oct-09, cancelled by CPU 30-Jun-09

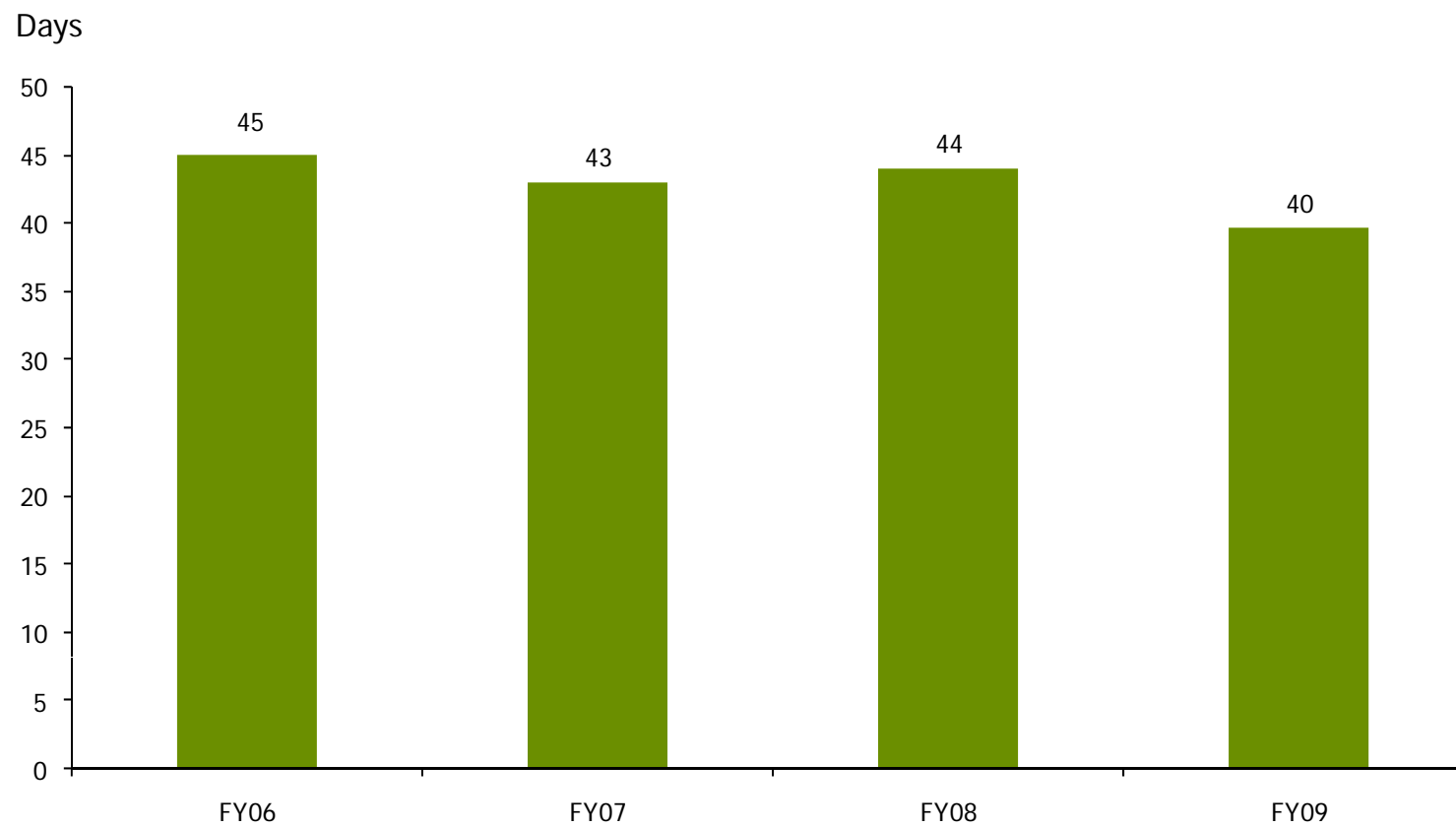


# Capital Expenditure

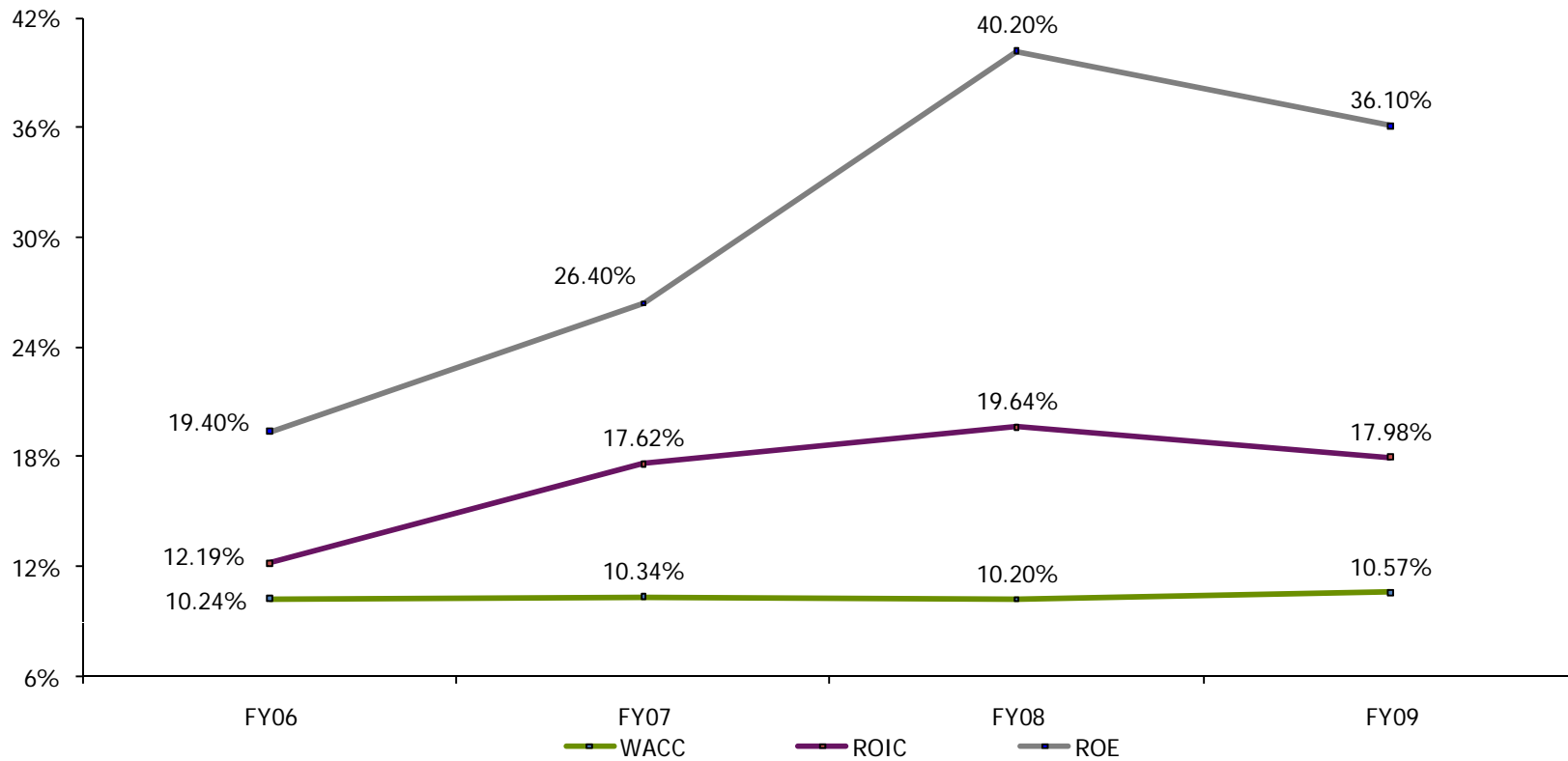
## Capital Expenditure Vs. Depreciation



## Days sales outstanding



# Return On Invested Capital Vs. WACC and Return on Equity



## Equity Management – Final Dividend of 11 cps (AU)

<b>EPS – Basic</b>	<b>US 46.02 cents</b>
--------------------	-----------------------

<b>EPS – Management</b>	<b>US 52.11 cents</b>
-------------------------	-----------------------

<b>Interim Dividend (40% franked)</b>	<b>AU 11 cents</b>
---------------------------------------	--------------------

<b>Final Dividend (50% franked)</b>	<b>AU 11 cents</b>
-------------------------------------	--------------------

<b>Current Yield*</b>	<b>2.2%</b>
-----------------------	-------------

\* Based on 12 month dividend and share price of A\$10.13 (close 10 August 2009)

# Financial Summary – Final Remarks



- › Record management EPS achieved in a 'once-in-a-generation' difficult economic environment
- › Solid revenues, disciplined expense, cost and capital expenditure management have driven solid margins and generation of free cash flow
- › Maintained strong balance sheet
- › Return on equity >35%
- › Final dividend maintained at AU 11 cents per share, franking lifted to 50%



## **Stuart Crosby President & CEO**

- › Our group strategy remains as it has been:
  - › 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
- › In addition, we are committing priority resources in two areas:
  - › Continuing to lift our market position
  - › Engaging with a range of proposals and projects around the globe that look to change the legal and/or operational structure of securities ownership and of communications between issuers and investors (we refer to these matters as “market structure”)



- › Delivering on the first two limbs of the strategy (cost and revenue) remains a key factor in protecting our profits and margins in these tough times:
  - › Operational productivity continues to improve across the globe
  - › Pay-off from revenue initiatives mitigates the declines that we would otherwise be seeing
  - › Our position at the top of independent service surveys supports client retention and pricing
- › Non-cyclical and counter-cyclical acquisitions during the year also protect our profits and margin across the business cycle
- › Our strong balance sheet and robust cashflows allow us to look at any opportunities that emerge

## Priority - Lifting our Market Position

- › We continue to enhance the quality of our operational and client directed processes
- › We continue to release a range of new and enhanced products across the full range of our businesses
- › Third party shareholder and issuer satisfaction surveys, as well as our own market research, continue to show that the market is recognising our edge in quality and product innovation
- › We expect our differentiation from our competitors to increase - the differentiation should be even clearer as some competitors work to address funding concerns, and others prepare for the exit of private equity and other non-strategic owners

## Priority - Market Structure Projects

- › A range of market structure projects are underway around the world
  - › Some are driven by brokers' and custodians' desire for back-office efficiencies - in these cases, the interests of our clients (issuers of securities) are often at risk, as back office efficiency comes at significant cost to transparency and communication between issuers and investors
  - › Others are driven by issuers responding to increasing investor power and activism by seeking better visibility of who owns their securities and better ways to communicate with them
- › Examples include the ECB's Target 2 Securities project and the "proxy plumbing" enquiries of the US SEC - similar exercises are underway in Canada, Russia, Hong Kong and the UK
- › We are actively engaged in all cases, and in all cases:
  - › Our global experience gives us a unique and widely-valued perspective, and we are active and influential participants in the debate
  - › We work to deliver our clients better transparency of their ownership and more effective communication channels with their investors

## Other Key Points at a Group Level

- › We accept that volatile foreign exchange markets will continue to bring noise to our reported results; we will continue to focus on local business profitability
- › Operating margins continue to hold up
- › Corporate actions revenue has also held up - but it remains lumpy
- › Non-cyclical and counter-cyclical businesses – Deposit Protection Scheme and Vouchers in the UK, bankruptcy and class action administration in the US, corporate trust in Canada and commercial communication services businesses everywhere – also help protect us from the immediate financial markets cycles

### › **Investor Services**

- › Client retention remains strong off the back of strong service, but client insolvency having some impact
- › Revenues also hit by dividend reductions / cessation, and by record low transaction volumes and IPO activity
- › Strong cost management has more than covered falls in transactional fees, but margin income falls harder to offset

### › **Other**

- › Fund services ramping up for some major projects
- › Plans also hurt by collapse in transaction volumes
- › Georgeson achieving good market share in “fights”; restructuring AGM service to meet rule 452 repeal opportunities
- › Bankruptcy admin – moving Administar into KCC and expanding infrastructure to take advantage of very buoyant market

- › **Investor Services**
  - › Client retention strong but insolvency biting
  - › Working on a range of industry efficiency initiatives
- › **Corporate Trust**
  - › Strong business development and growth in a tough environment
  - › Low interest rates drag against that growth
  - › Looking to take some products (eg, escrow administration) to other markets – have already written escrow business in Aust and UK
- › **Other**
  - › Plans - holding up well
  - › Georgeson – hit by lower M&A levels but still market leader
  - › CCS – good growth in value-added work (commercial and non-registry)

### > **UK**

- > Investor Services had a great FY09 – FY10 more challenging after large client losses through nationalisation, takeover, etc
- > More registry client acquisition opportunities as competitors struggle to maintain service standards in the tough environment
- > Deposit Protection Scheme and Vouchers going very well
- > Plans selling award winning global solutions to large multinationals

### > **Germany**

- > VEM stabilised and focused on integration across the CPU group

### > **Russia, Ireland and South Africa**

- > Russian market heavily impacted by GFC
- > Ireland and South Africa tracking well in a difficult environment

### › **Hong Kong and China**

- › Hong Kong IPO pipeline strong and starting to flow (hopefully)
- › Established as a credible provider of proxy services to PRC issuers (where no market for proxy services had previously existed)
- › Plans offering for foreign listed PRC issuers continues to attract clients

### › **India**

- › IPO market and mutual fund valuations bouncing back

### › **Japan**

- › IR and proxy sales through JSS (JV with MUTB) performing creditably in a difficult environment
- › Continue to engage positively with MUTB on broader opportunities



### › **Investor Services**

- › Very strong major client retention
- › Strong corporate action flows have offset lower activities in other areas
- › Investor self-service levels continue to increase
- › Brought a wide range of new products to market (eg, custodian portal, a range of on-line voting tools for investors and issuers)
- › NZ – some capital raising activity, but otherwise subdued

### › **Other**

- › CCS – cuts in discretionary spend hurting commercial revenues
- › CPM – proposed budget changes would have hurt most plans, and CPU played a strong role in addressing the threat
- › Georgeson – remain the market leader
- › Fund Services – integrated offering continues to attract clients


# Computershare Limited

## Full Year Results 2009 Presentation

Stuart Crosby  
Peter Barker

12 August 2009

CERTAINTY | INGENUITY | ADVANTAGE

 **Computershare**



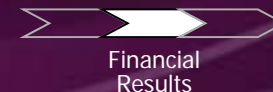
**Appendix:  
Full Year Results 2009 Presentation**

**12 August 2009**

# Appendix 1: Group Comparisons

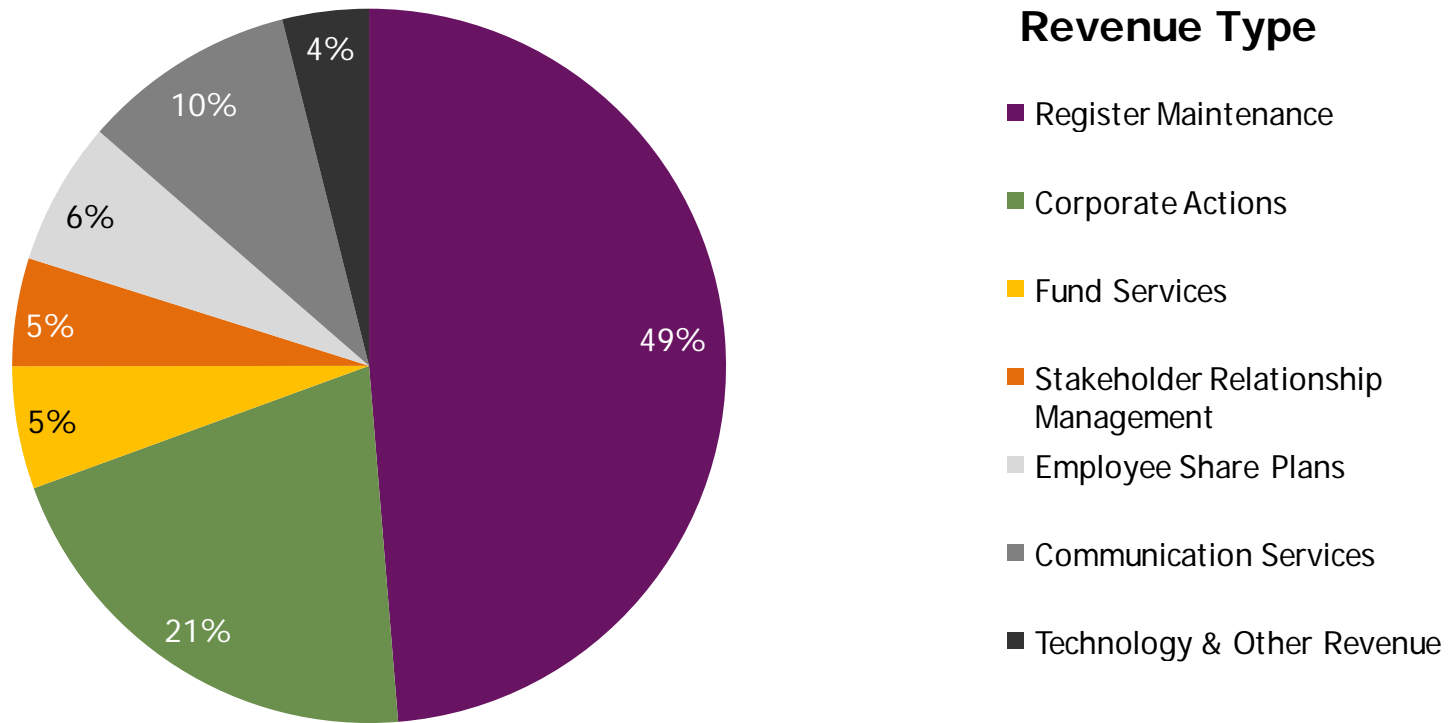
## Group Comparisons

# Behind the Headline – NPAT IMPACT

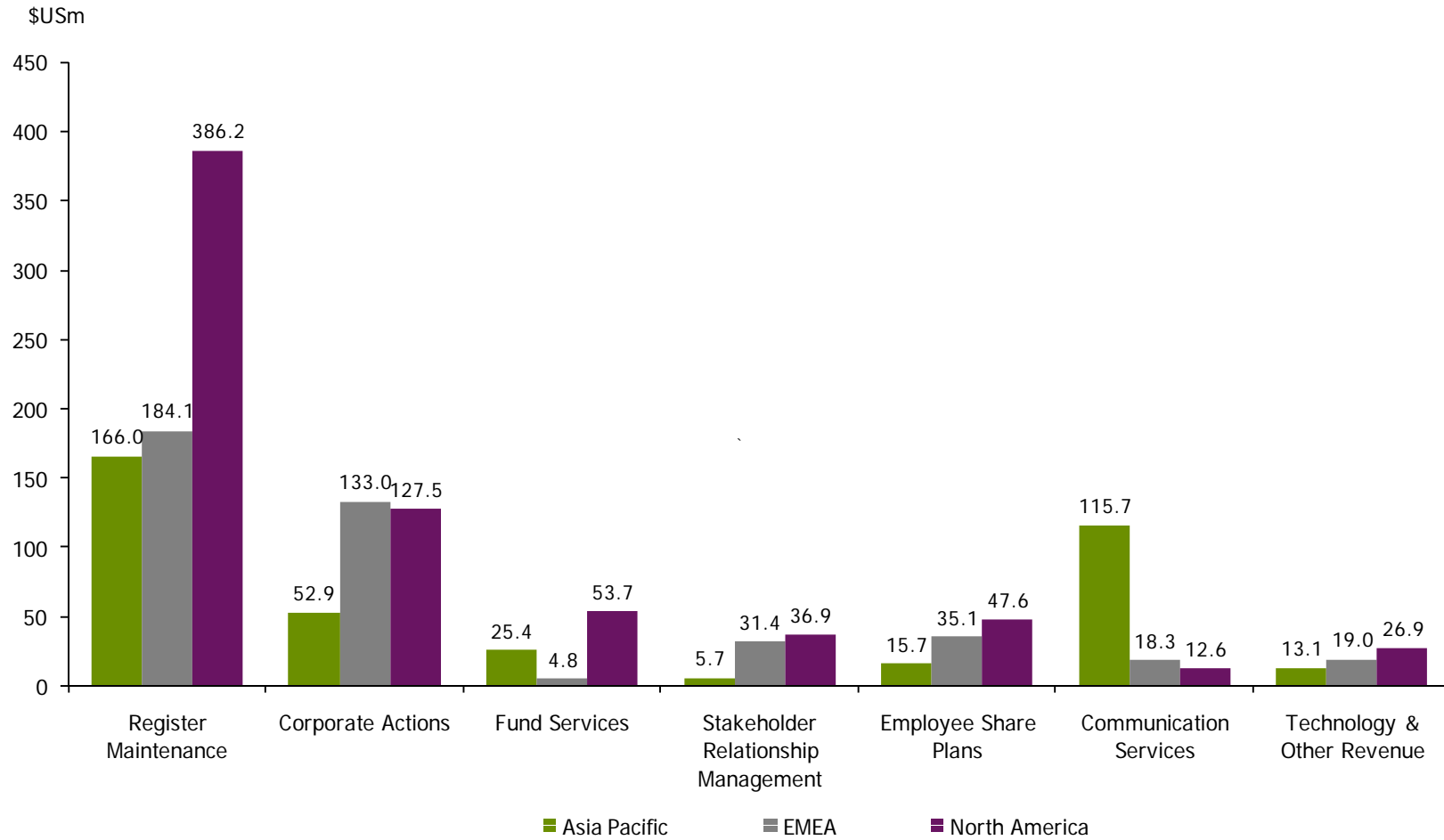


	US\$000's
<b>Net profit after tax at 30 June 2009</b>	<b>255,733</b>
Redundancy provisions	12,689
Restructuring provisions	2,524
VEM asset write-downs	12,573
Profits on sales of controlled entities and business units	(6,872)
Marked to market adjustments - derivatives	940
Intangible asset amortisation	11,946
<b>Management adjusted profit after tax at 30 June 2009</b>	<b>289,533</b>

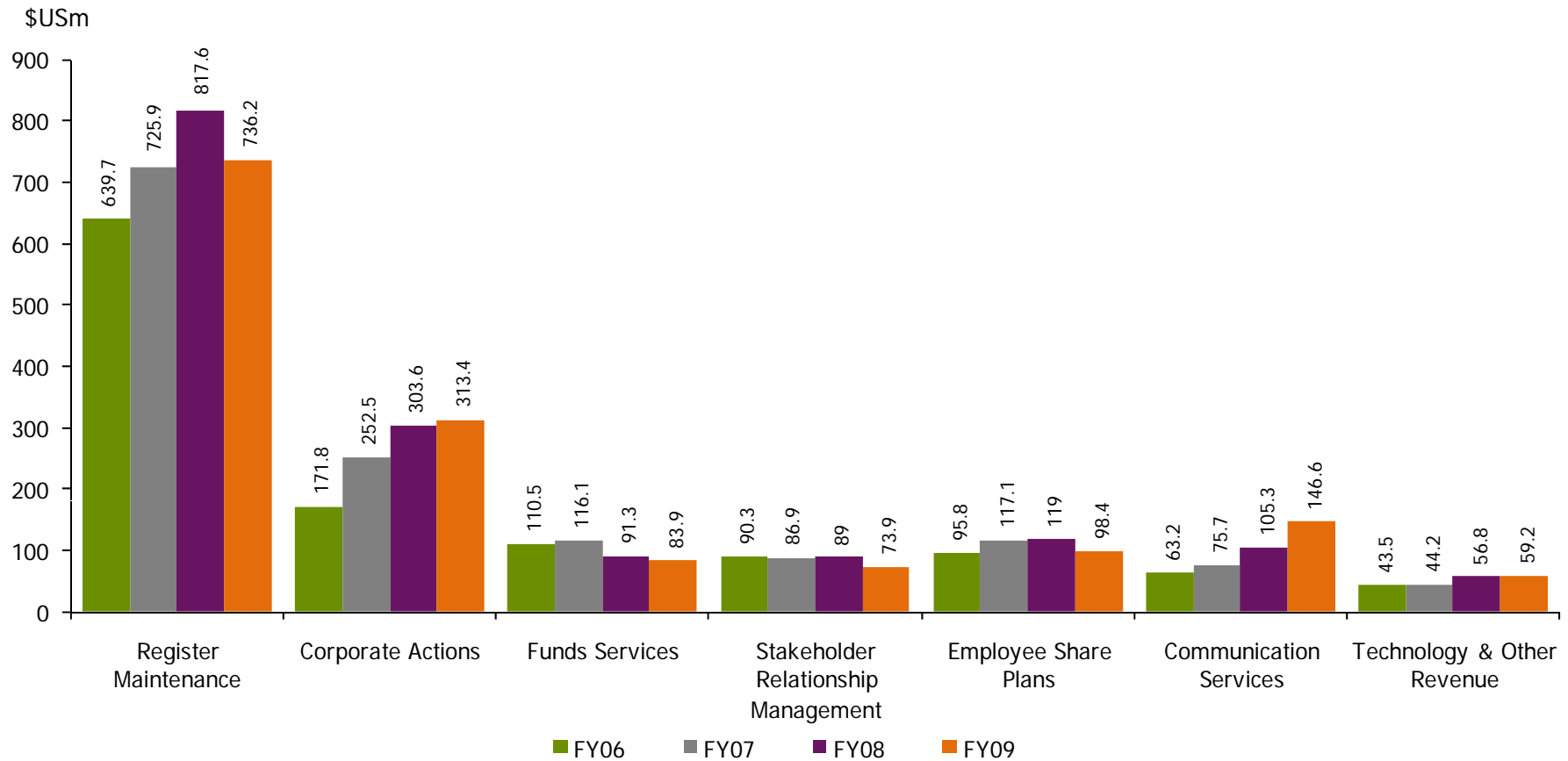
# CPU Revenues



# FY09 Revenue Regional Analysis

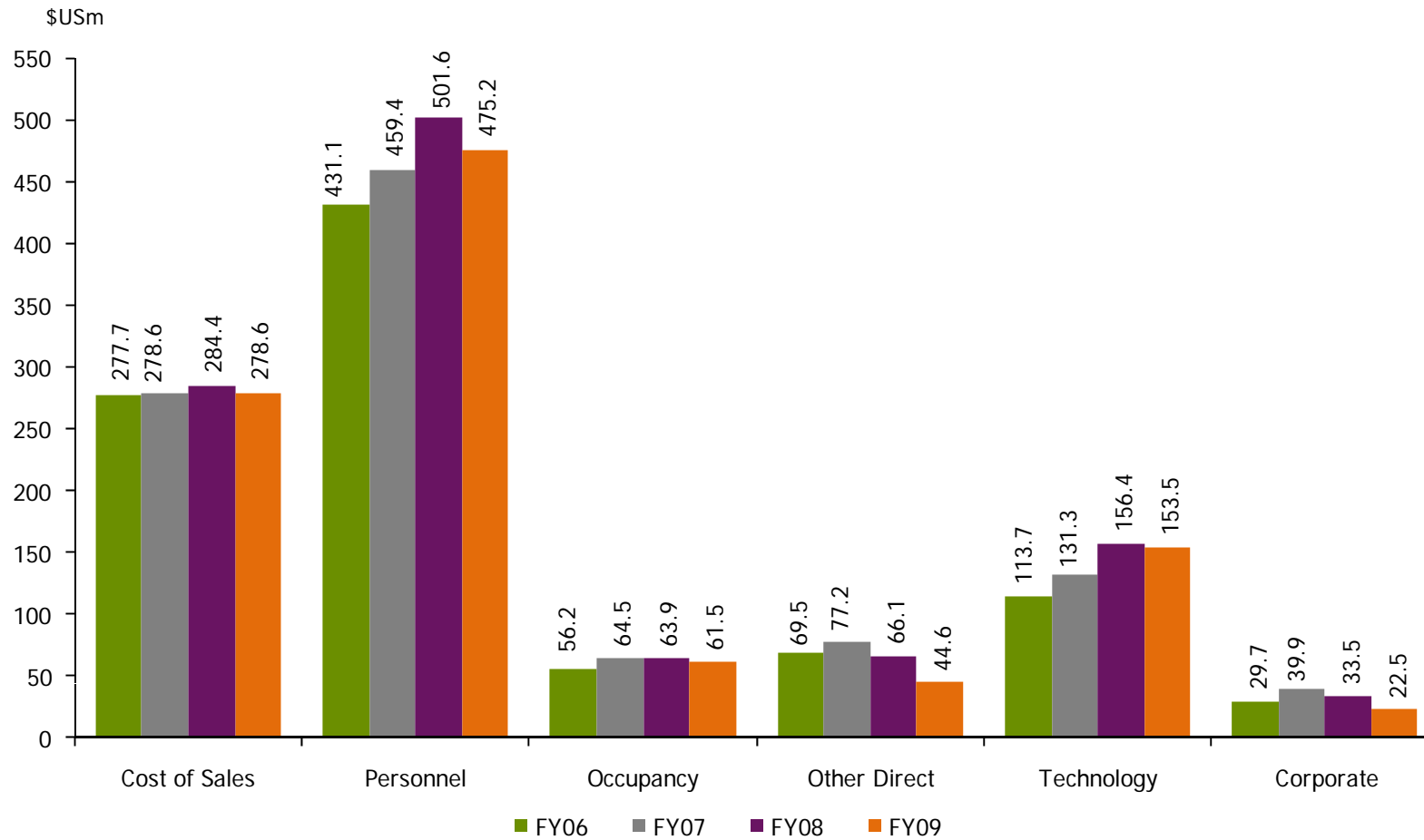


# Revenue Full Year Comparisons

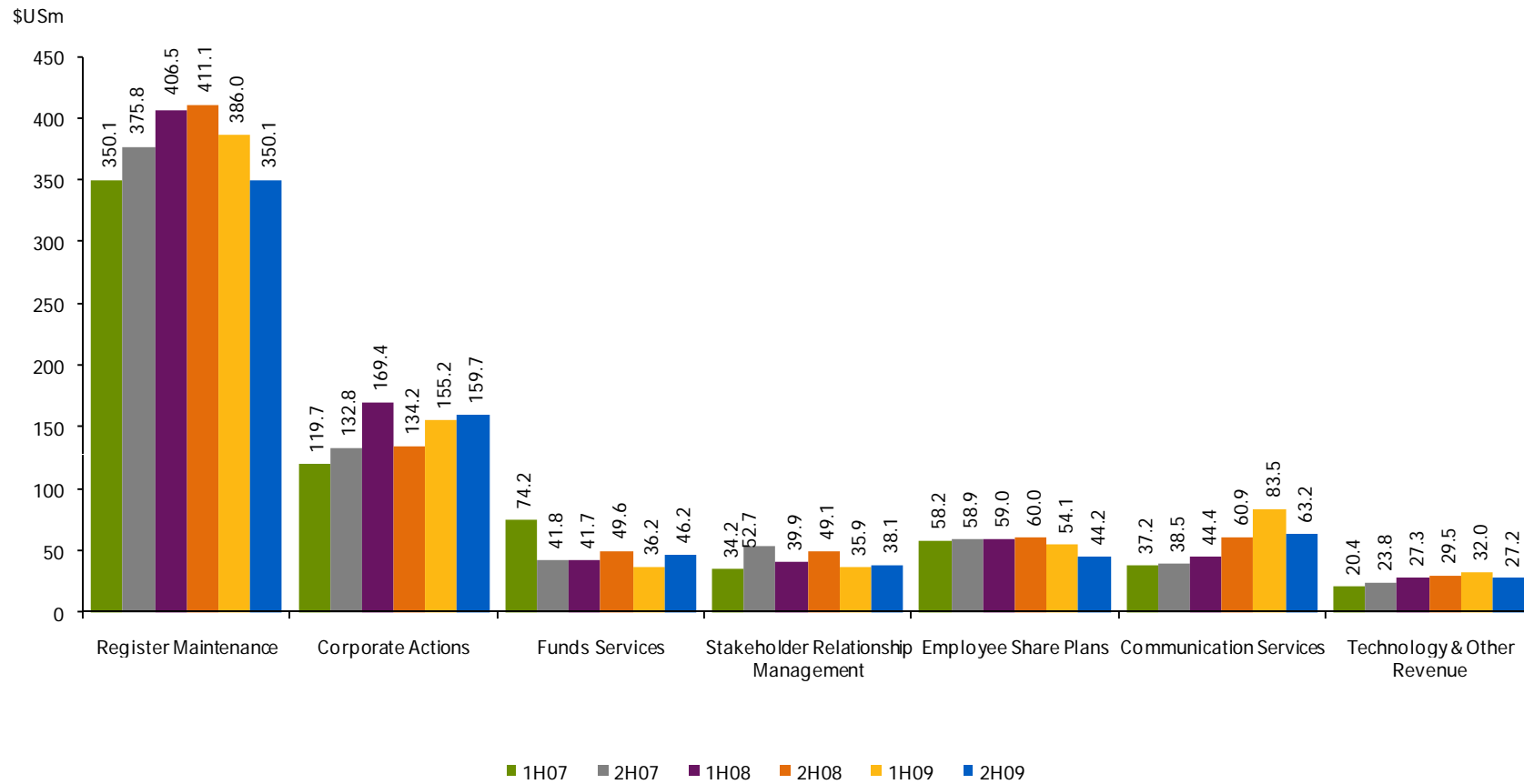




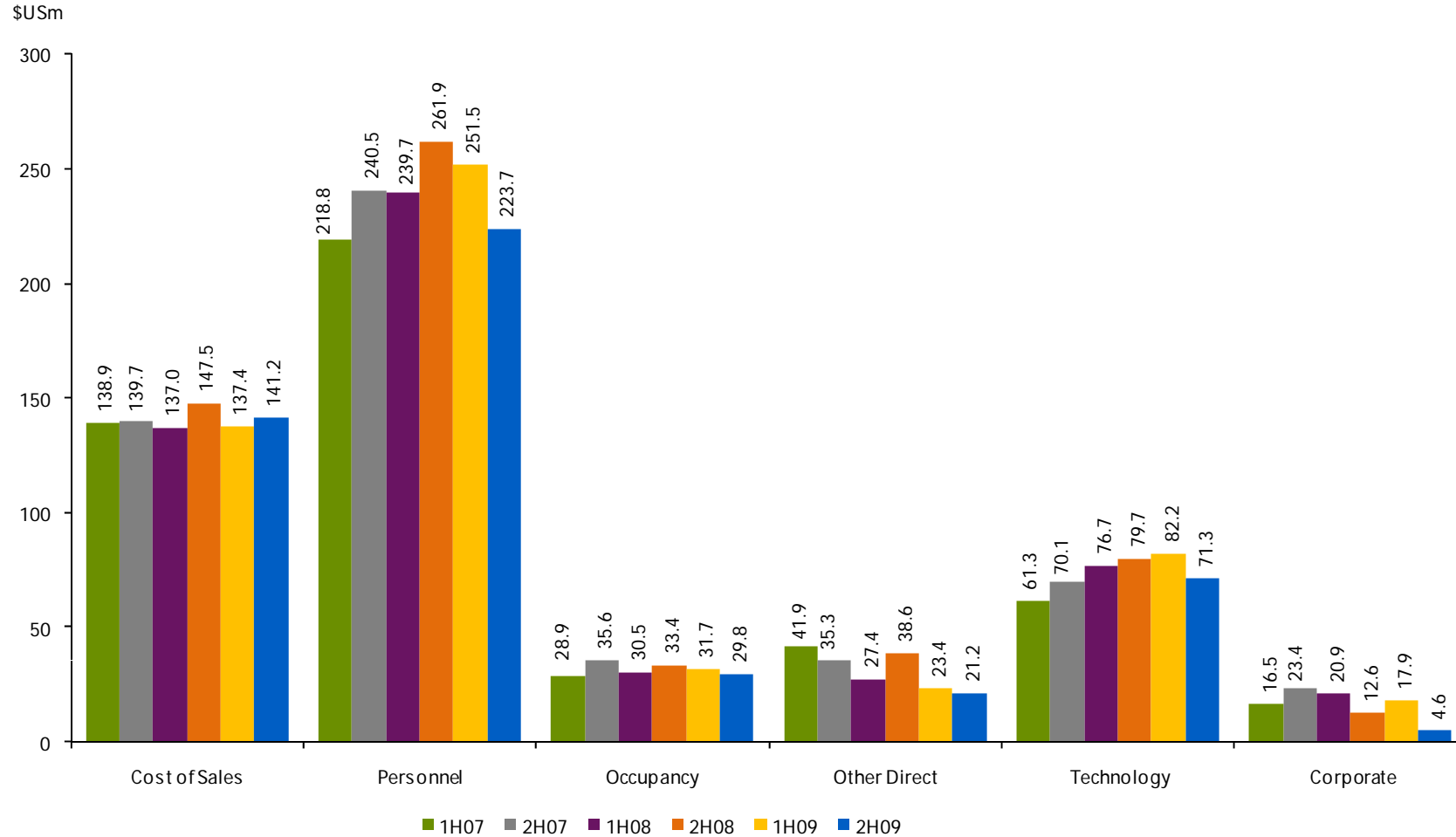
# Operating Costs Full Year Comparisons



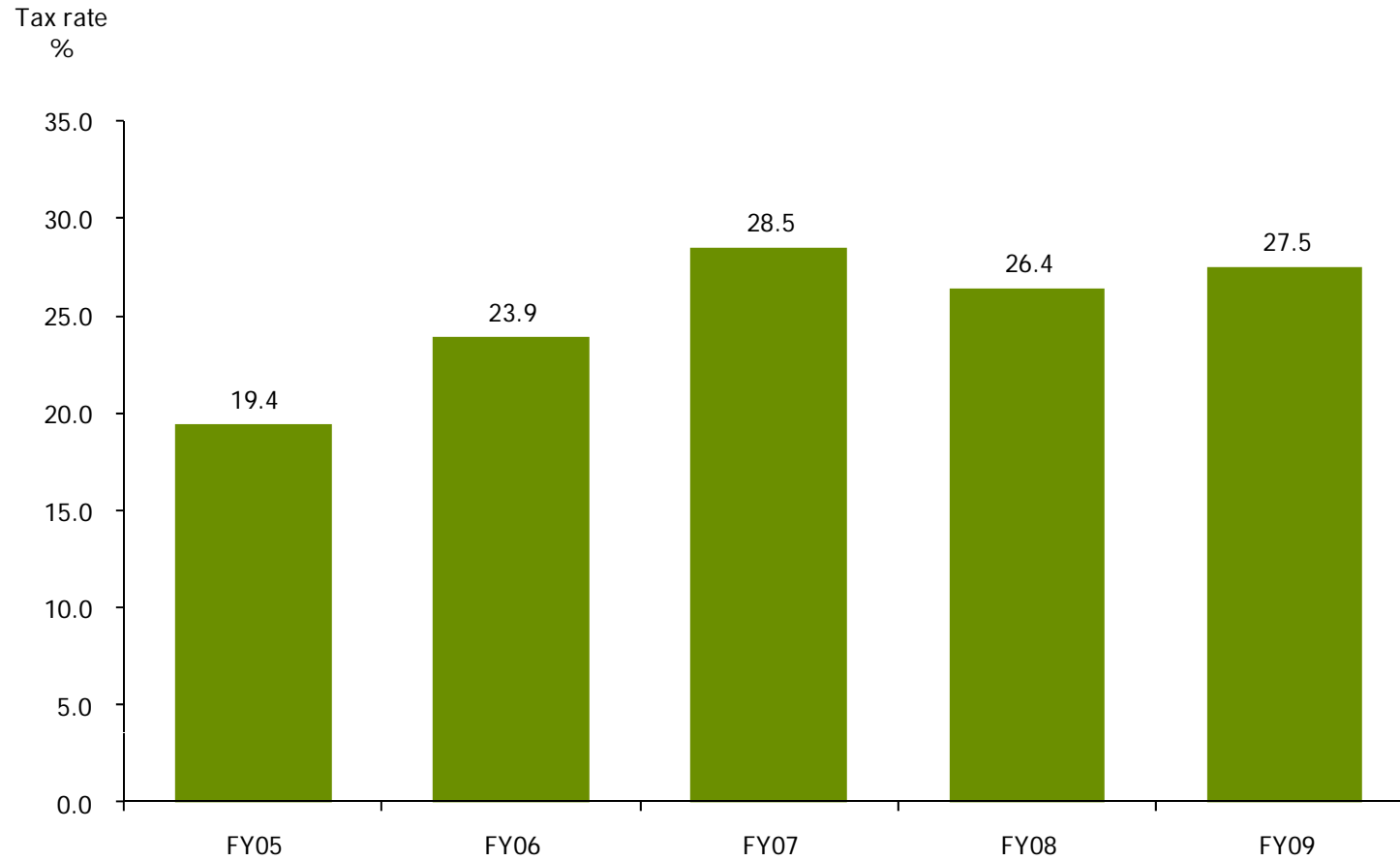
# Revenue Half Year Comparisons



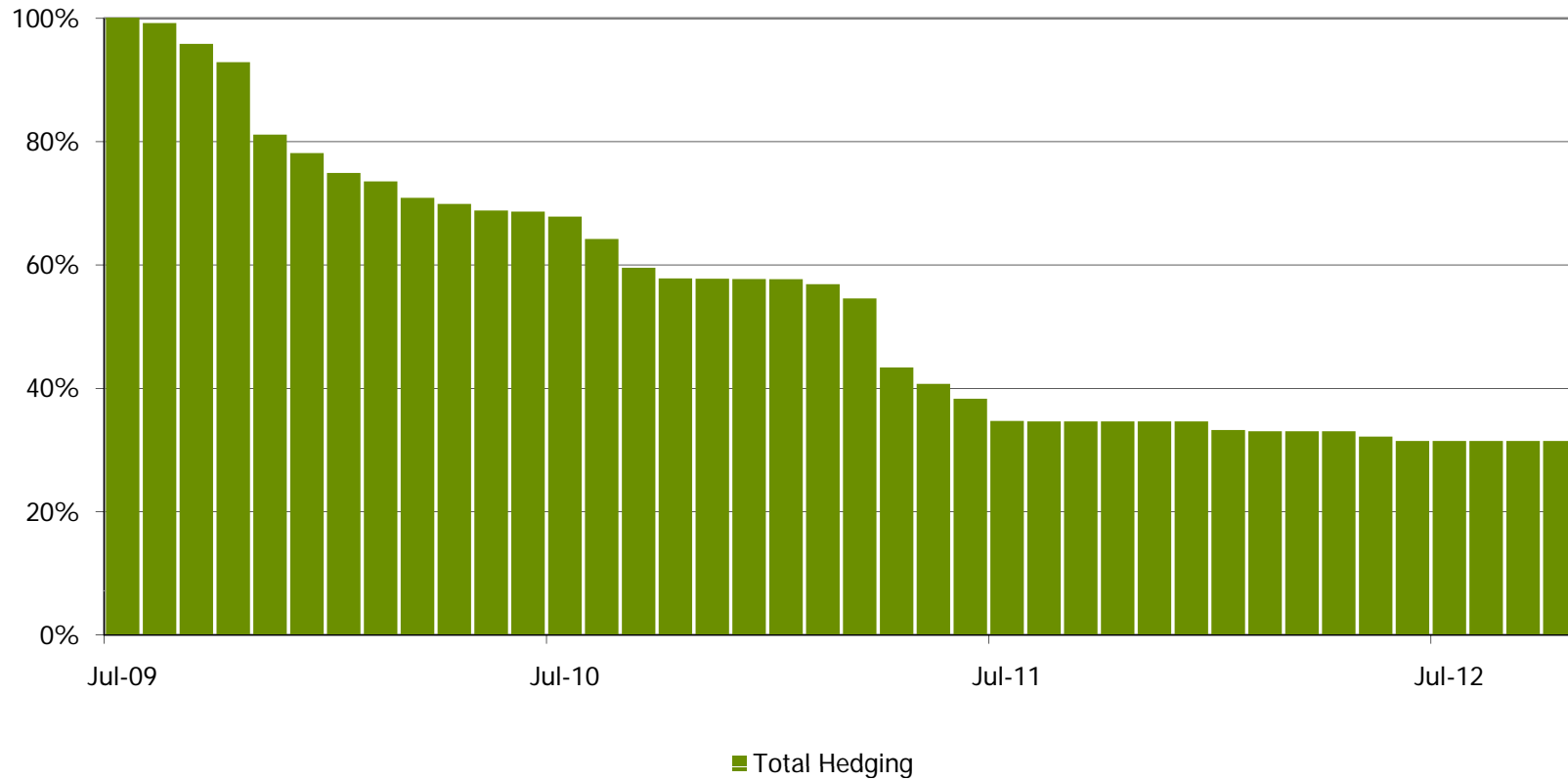
# Operating Costs Half Year Comparisons



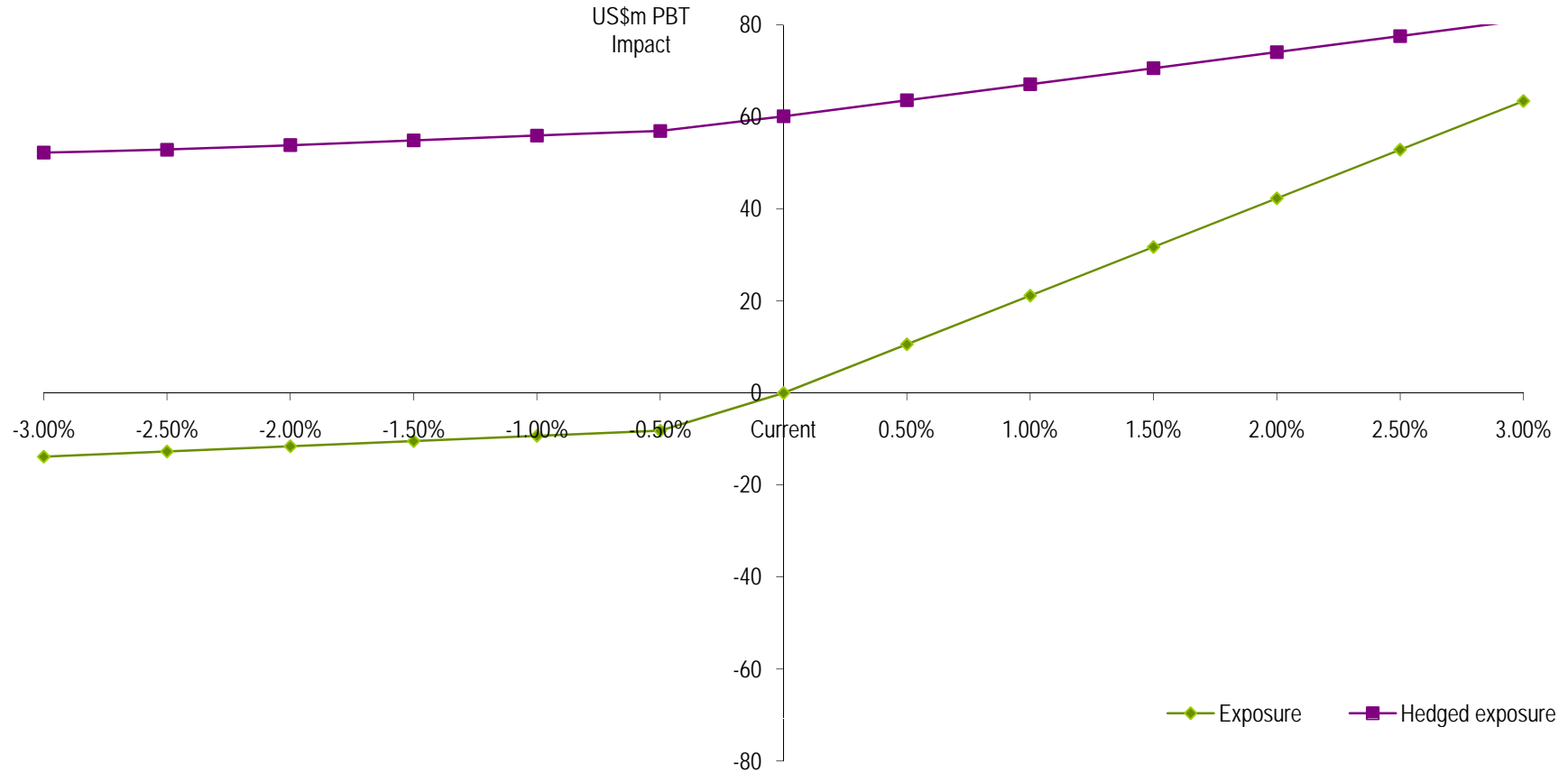
# Underlying Effective Tax Rate



## Hedging of Long Term Sustainable Balances



# Interest Rate Sensitivity



This graph outlines the sensitivity of interest rate changes when measured against core client balances (long term sustainable balances), adjusted by the impact of floating rate debt, corporate cash balances and derivative positions.

# Interest Rate Hedging Risk Management

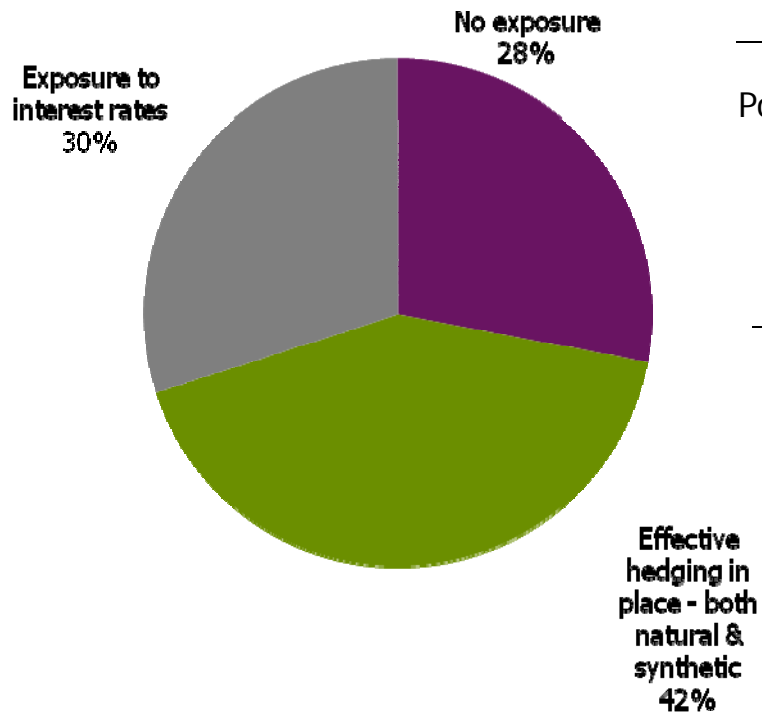
## Interest Rate Hedging

Strategy: - Protect downside risk in current interest rate environment

---

Policy: - Minimum hedge of 25% / Maximum hedge of 100%  
- Minimum term 1 year / Maximum term 5 years  
- Current hedging of balances exposed to interest rates: 52%

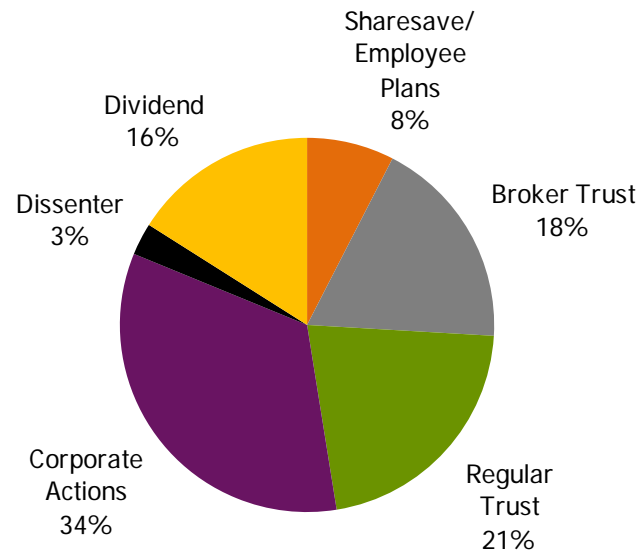
---



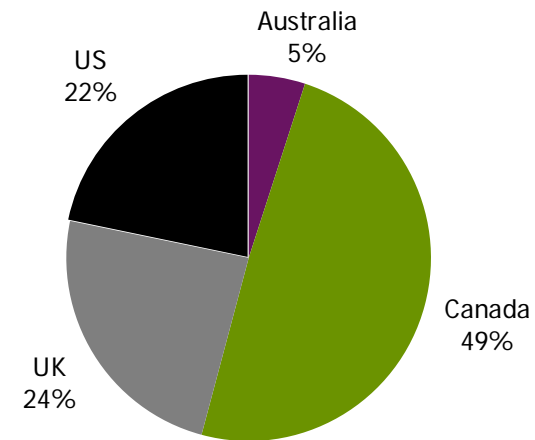
# Risk Management – Average Funds Balances for year ending 30 June 2009



### By Category



### By Country



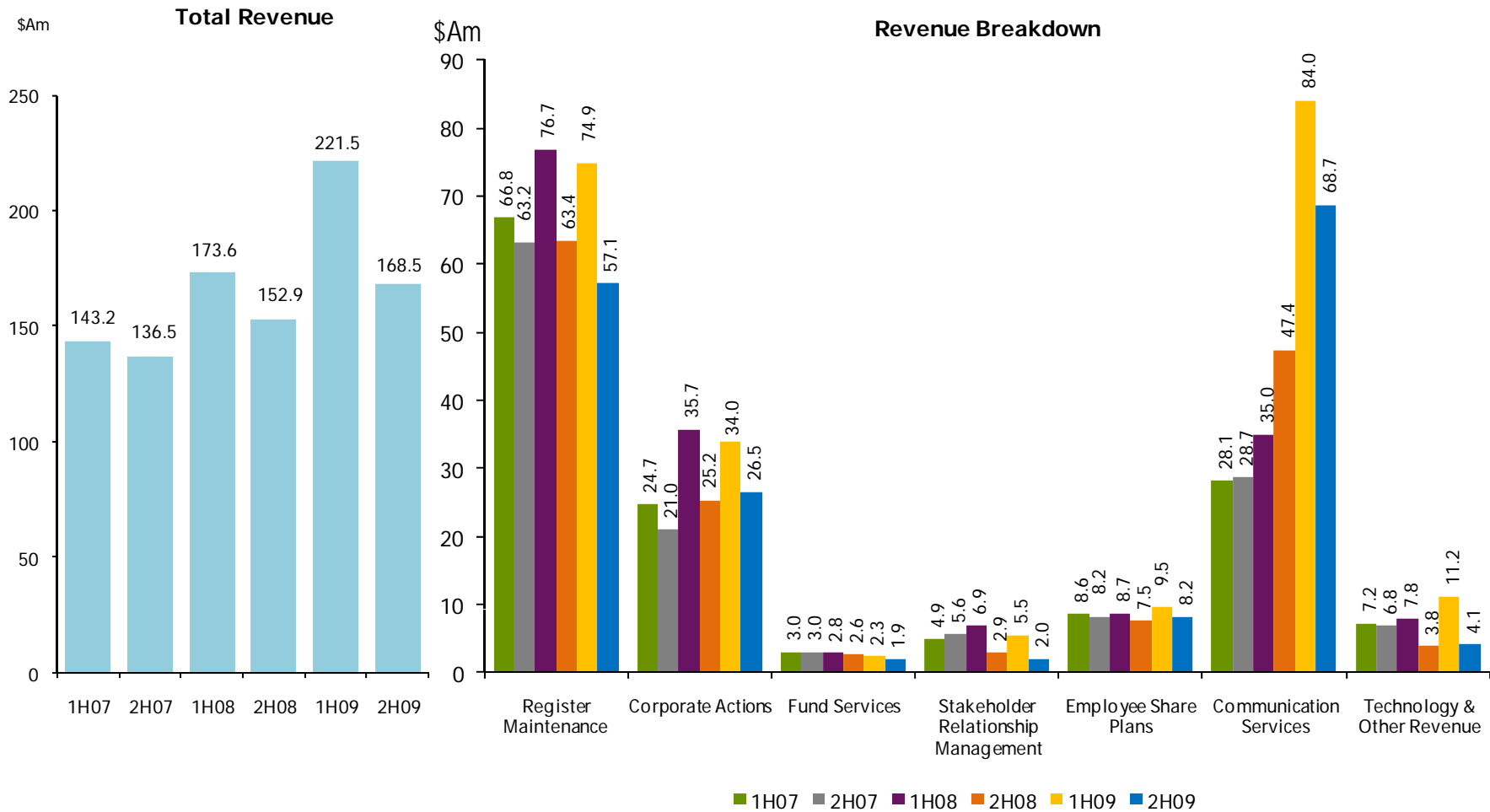
Average funds balance US\$6.8b



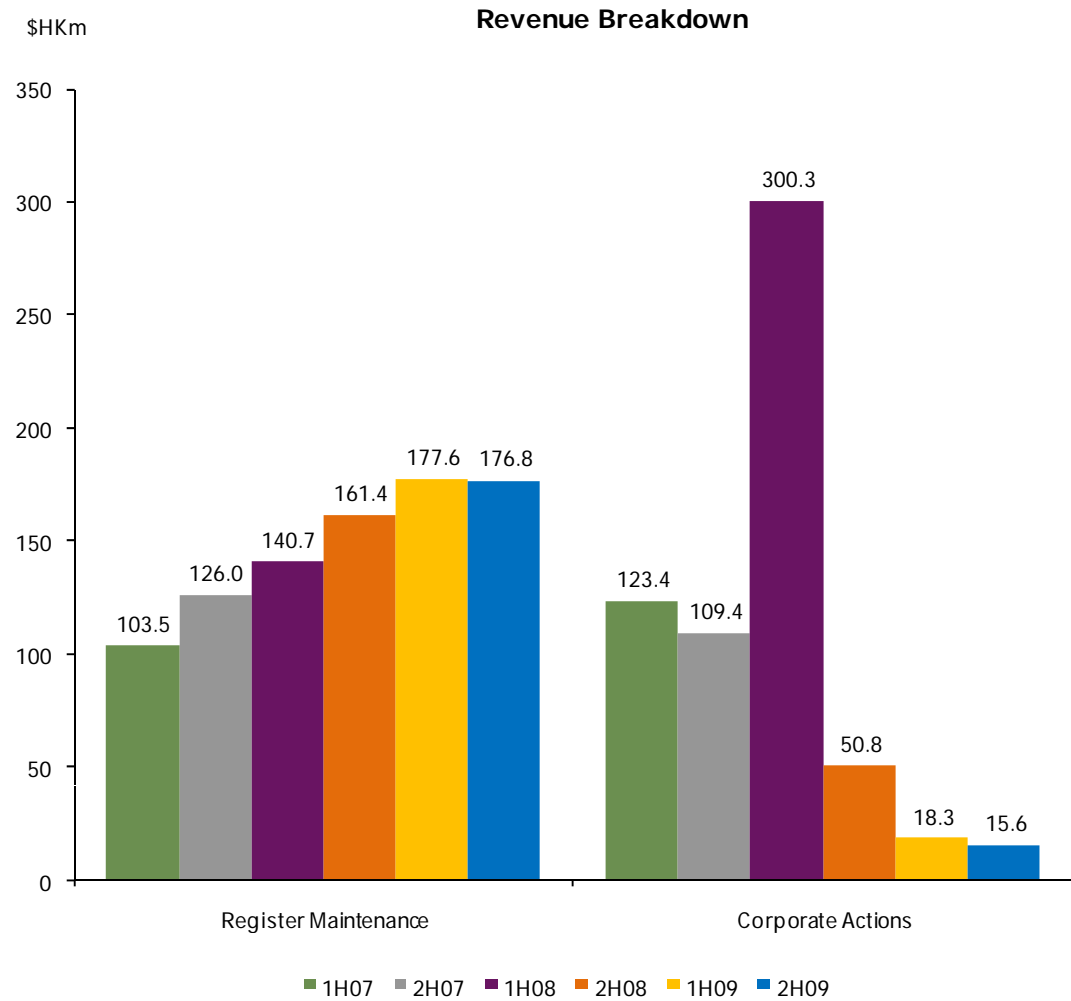
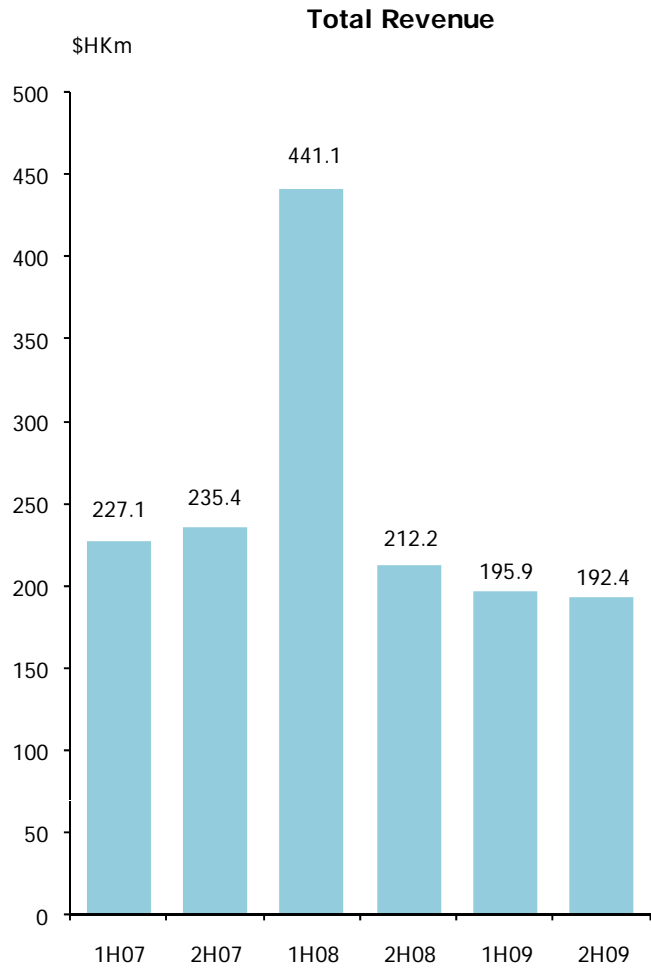
## Country Summaries

## Asia Pacific

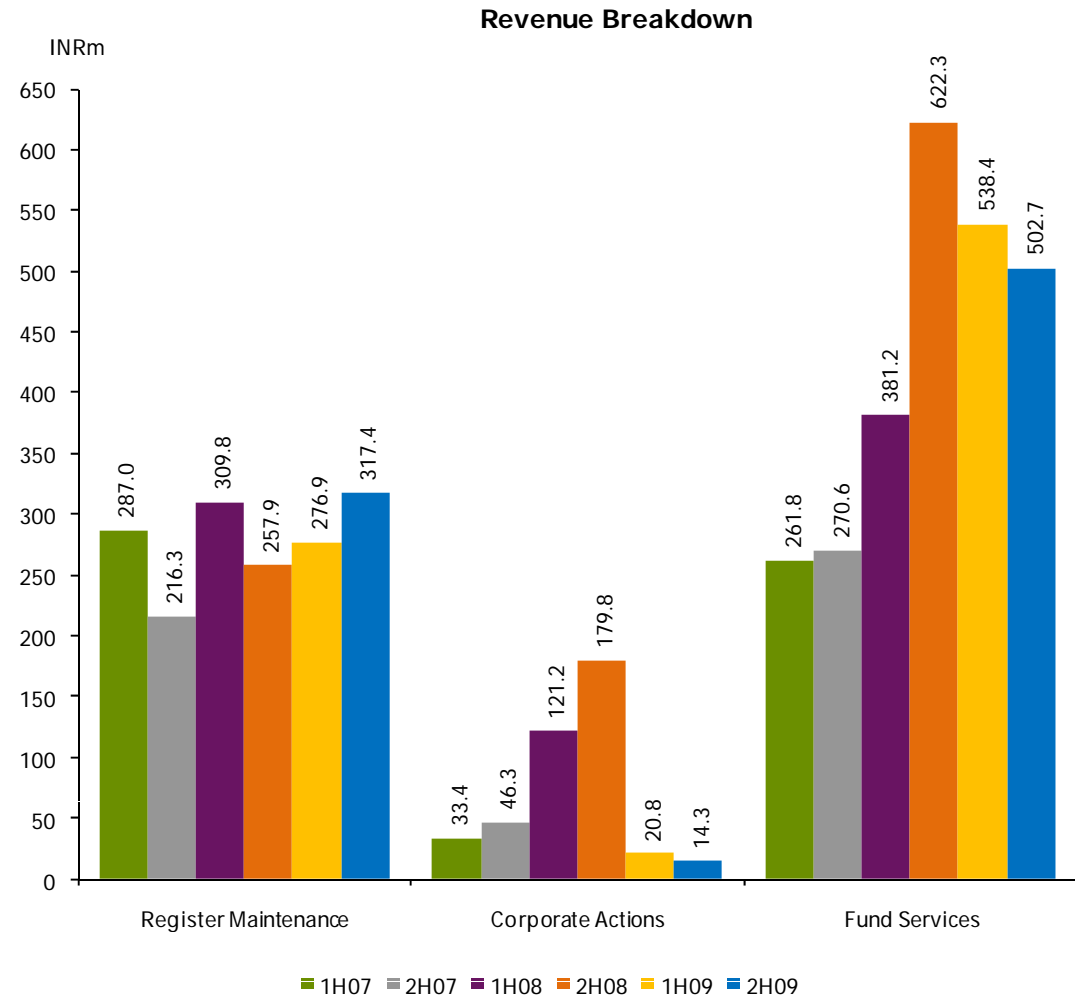
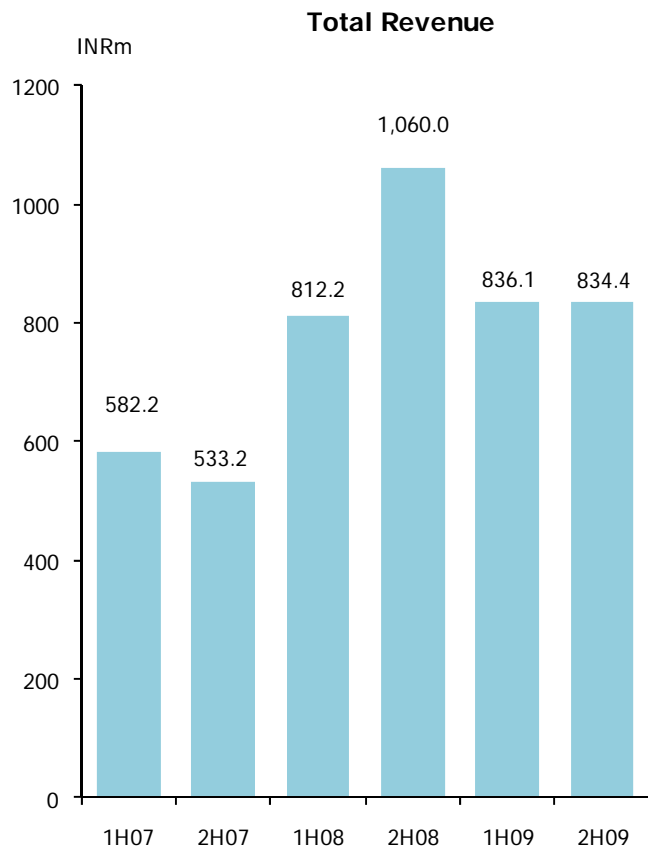
# Australia Half Year Comparison



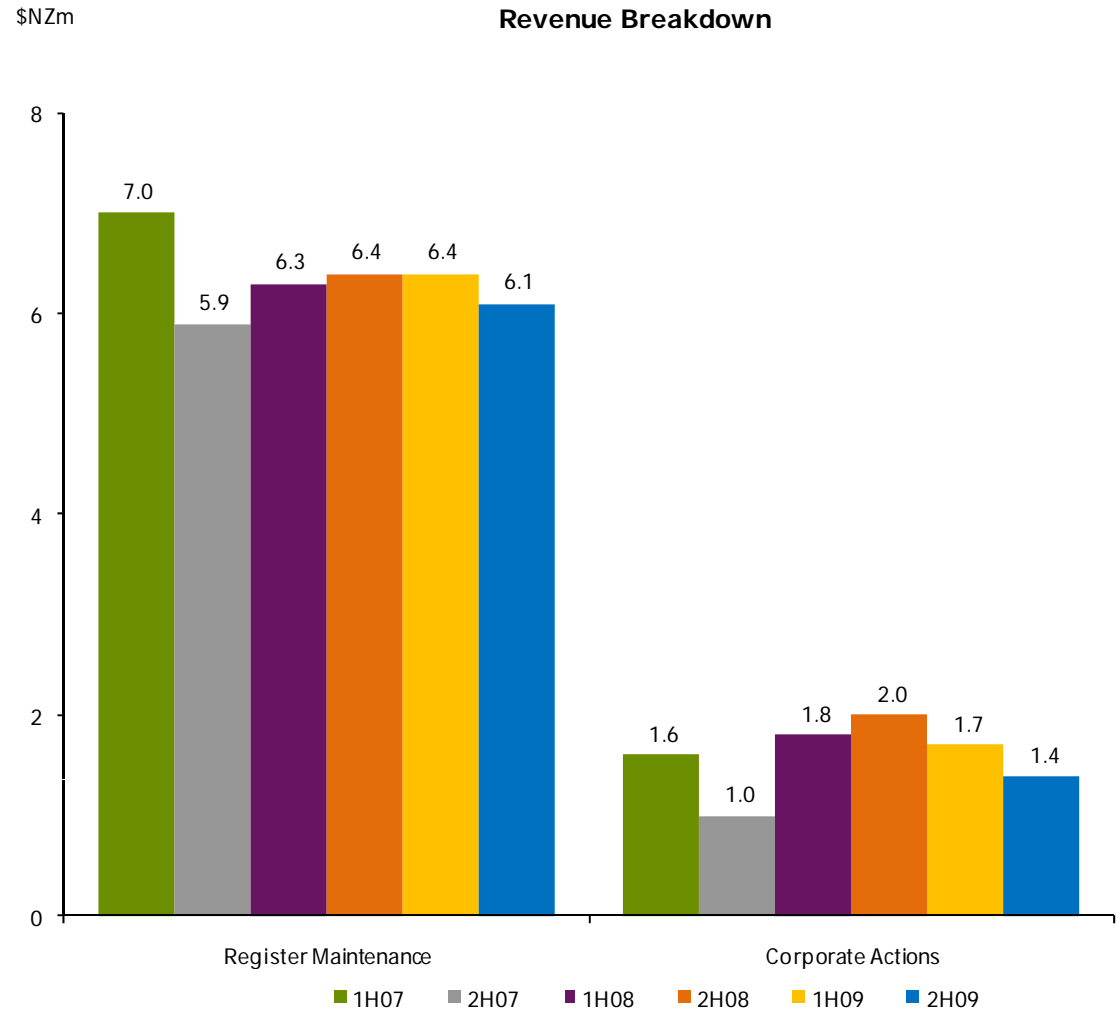
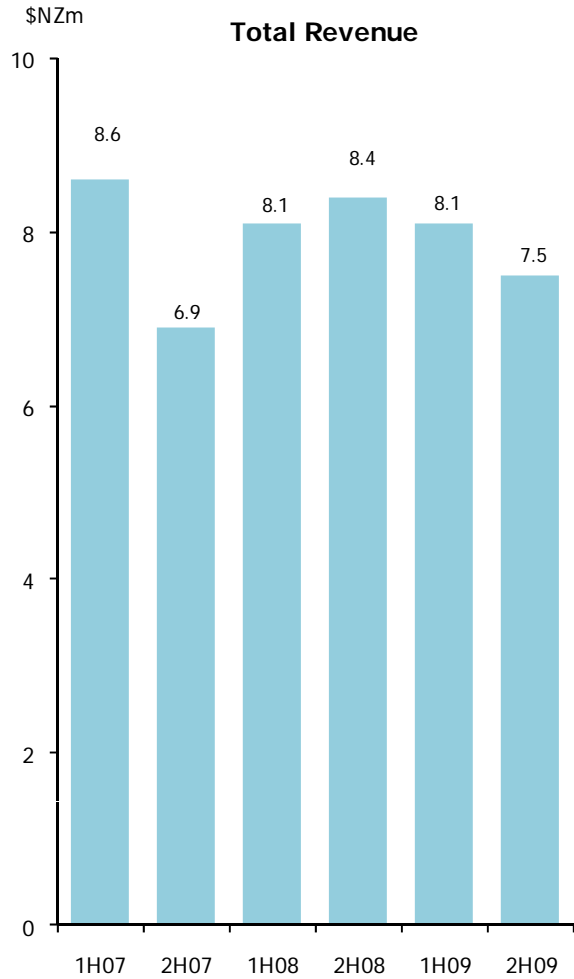
# Hong Kong Half Year Comparison



# India Half Year Comparison

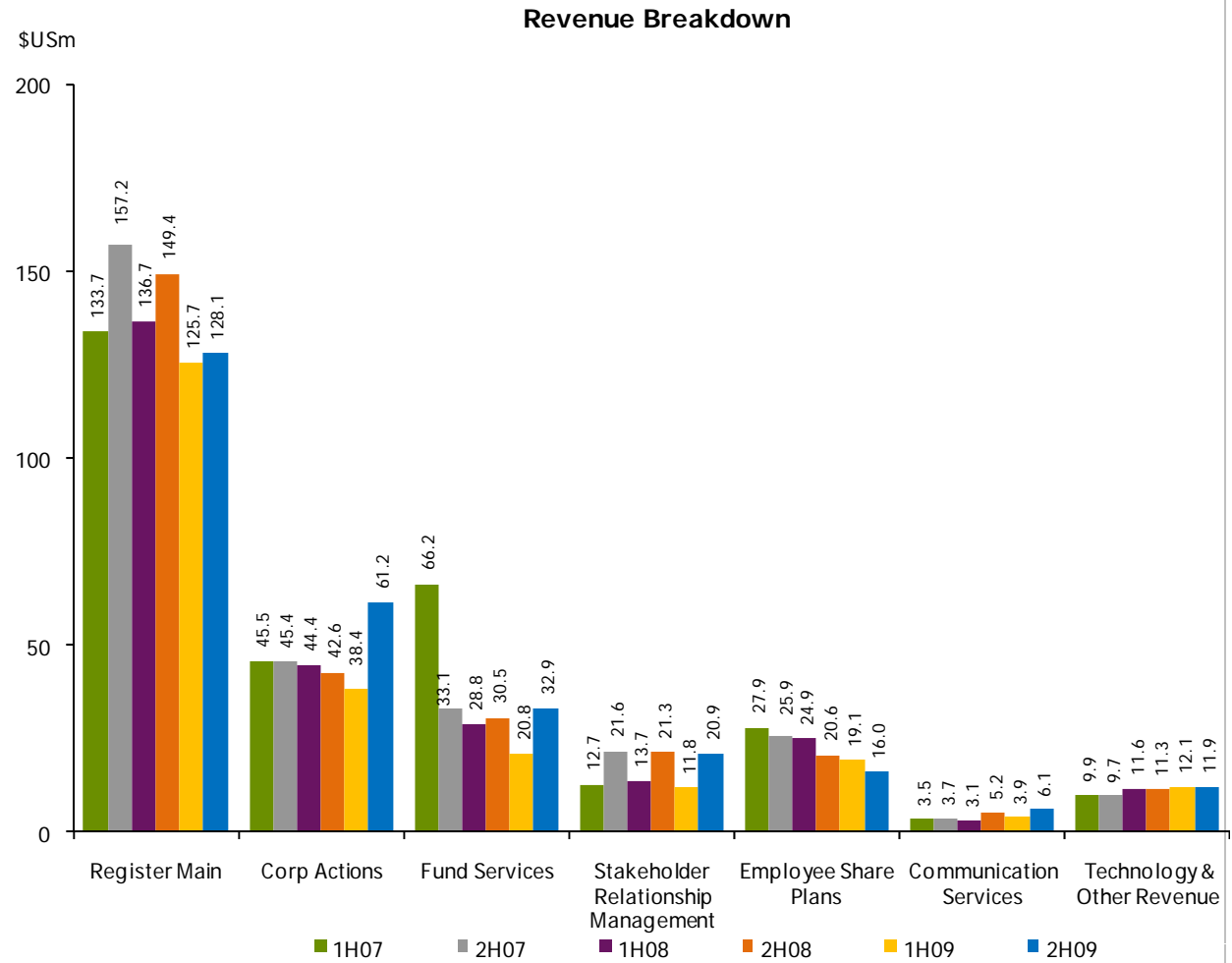
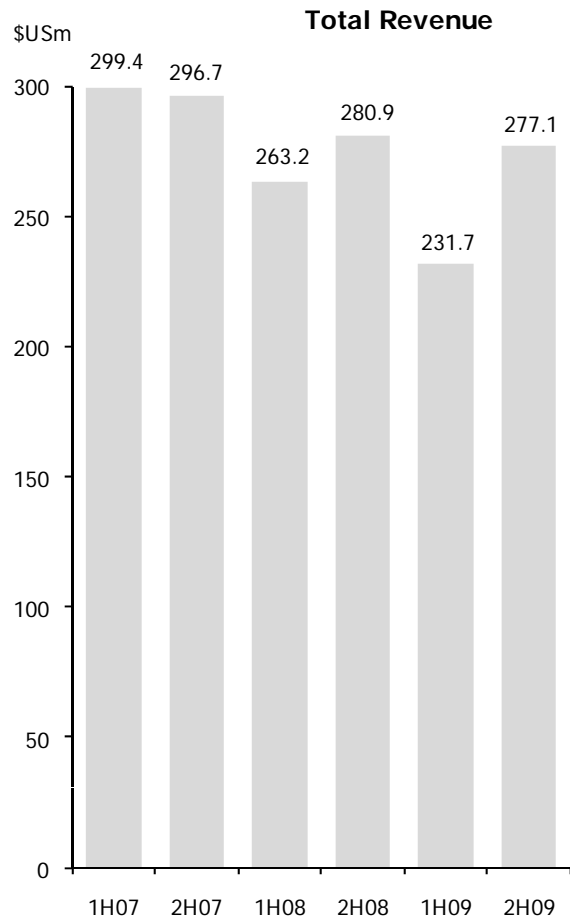


# New Zealand Half Year Comparison



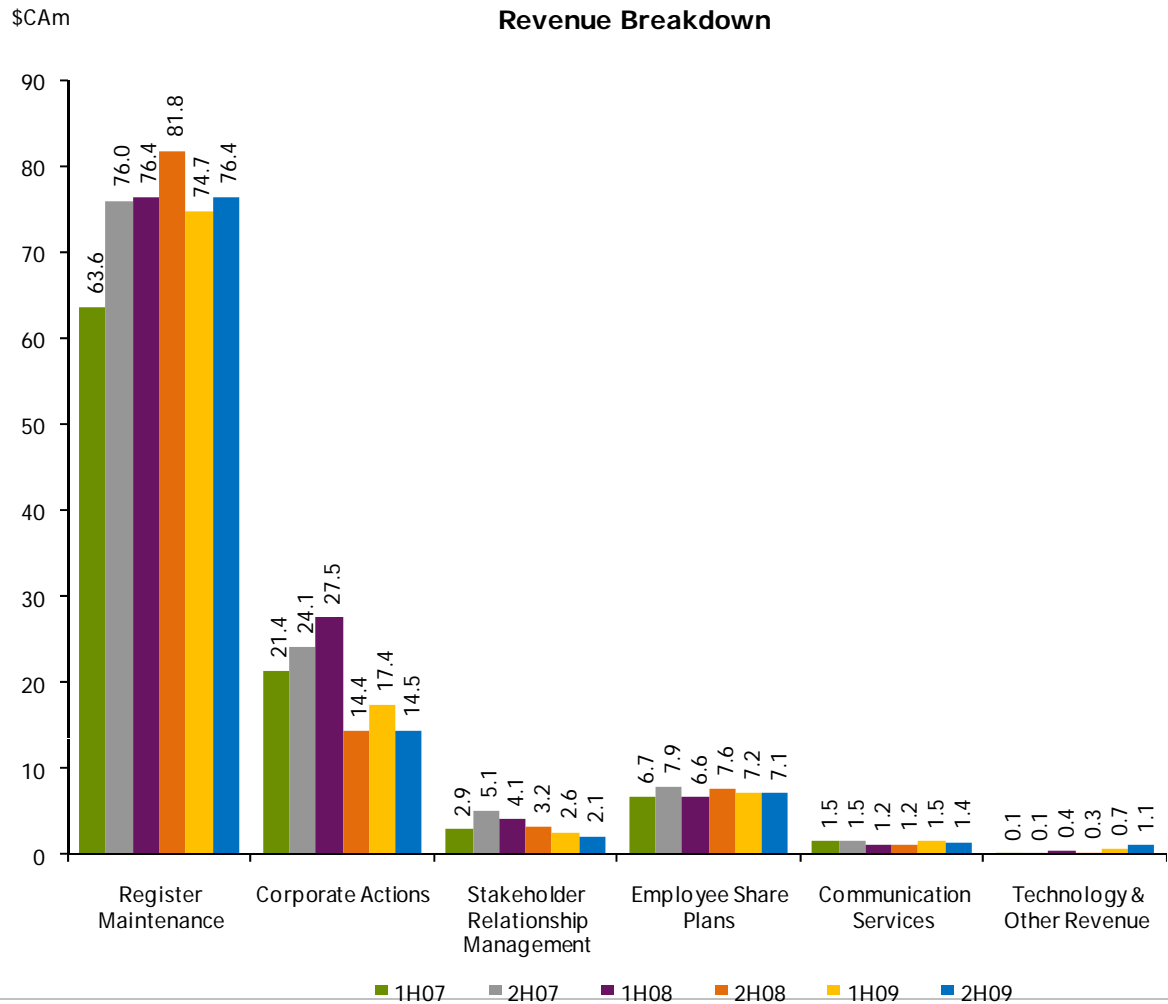
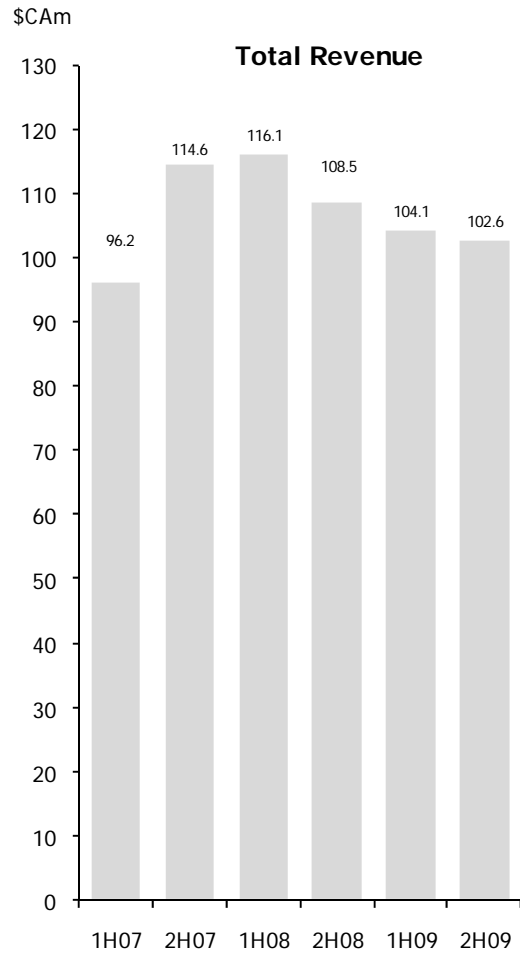
## North America

# United States Half Year Comparison





# Canada Half Year Comparison

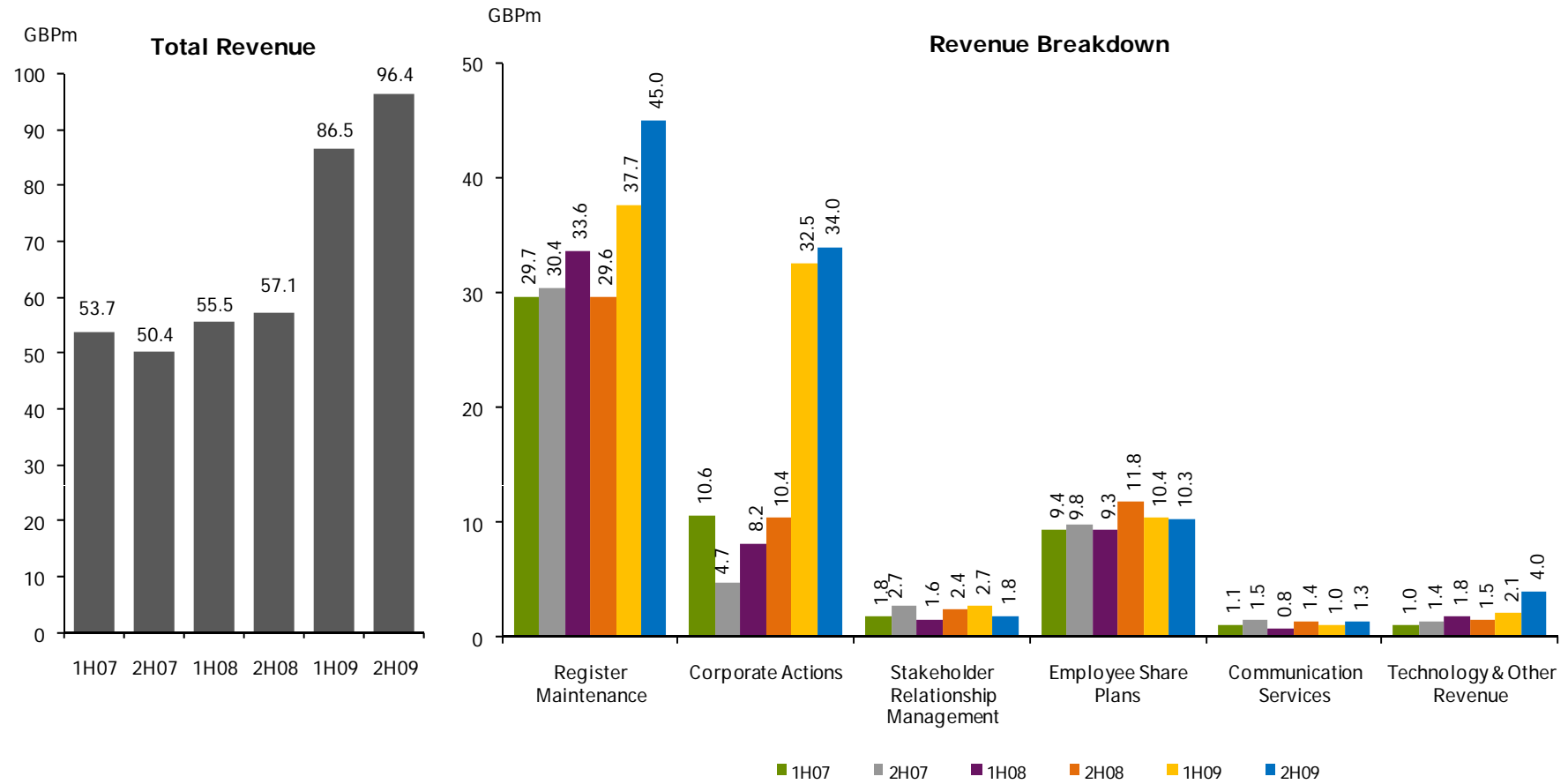


# Appendix 2: Country Summaries

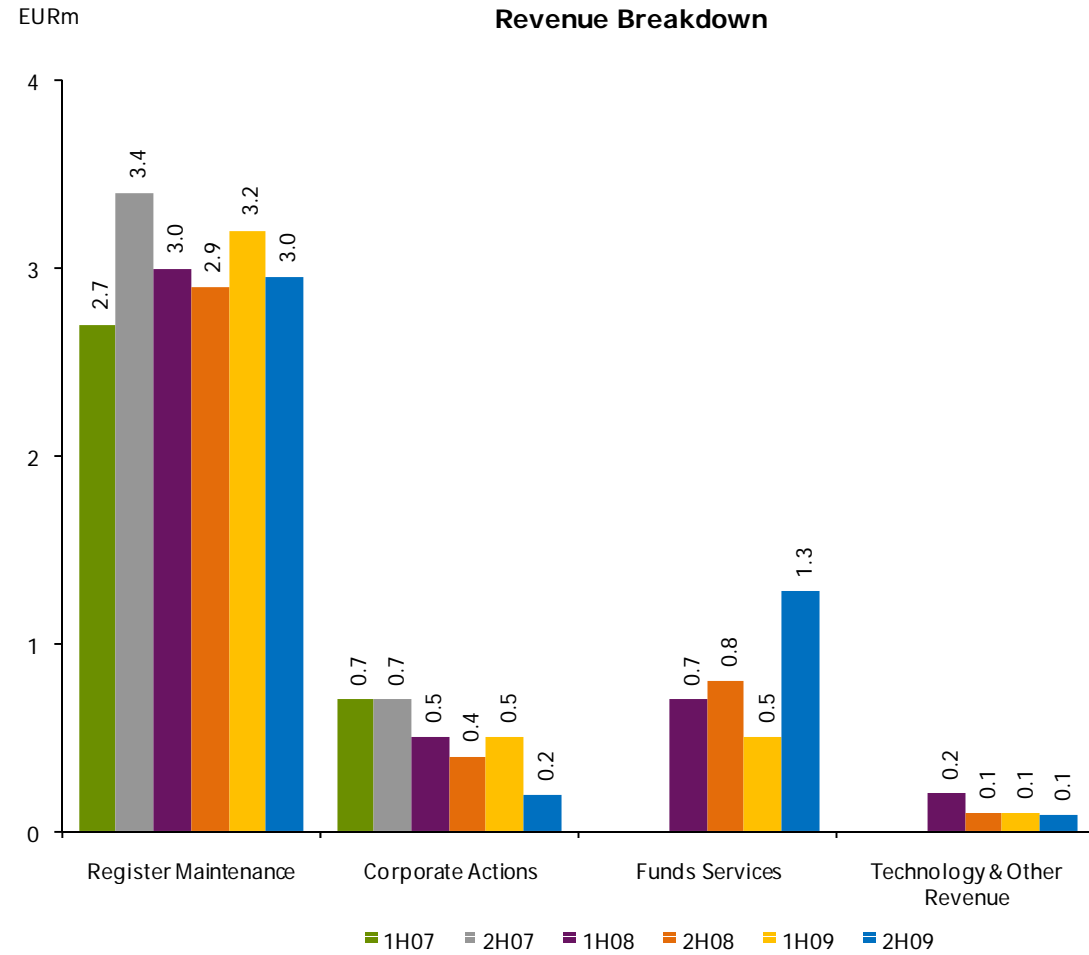
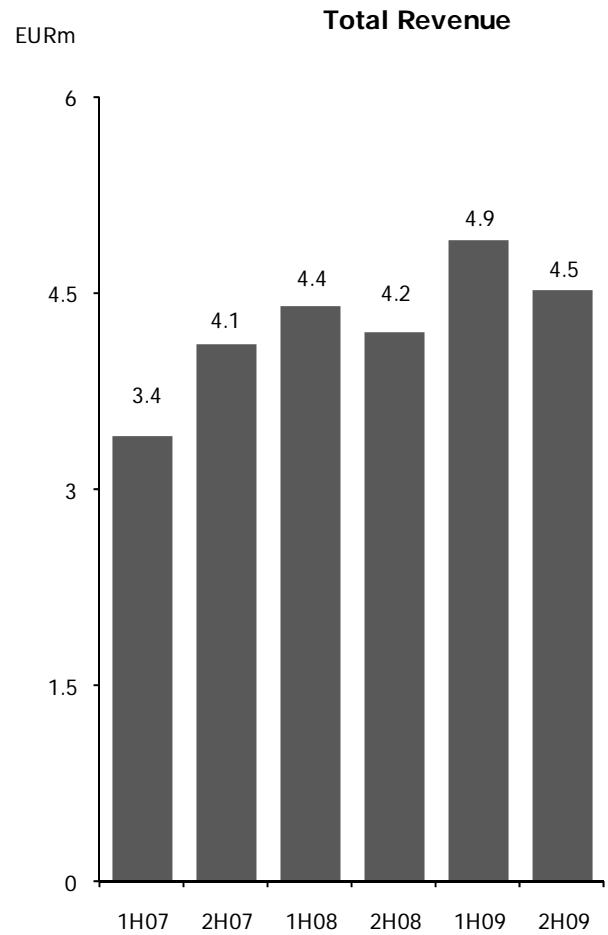


**EMEA**

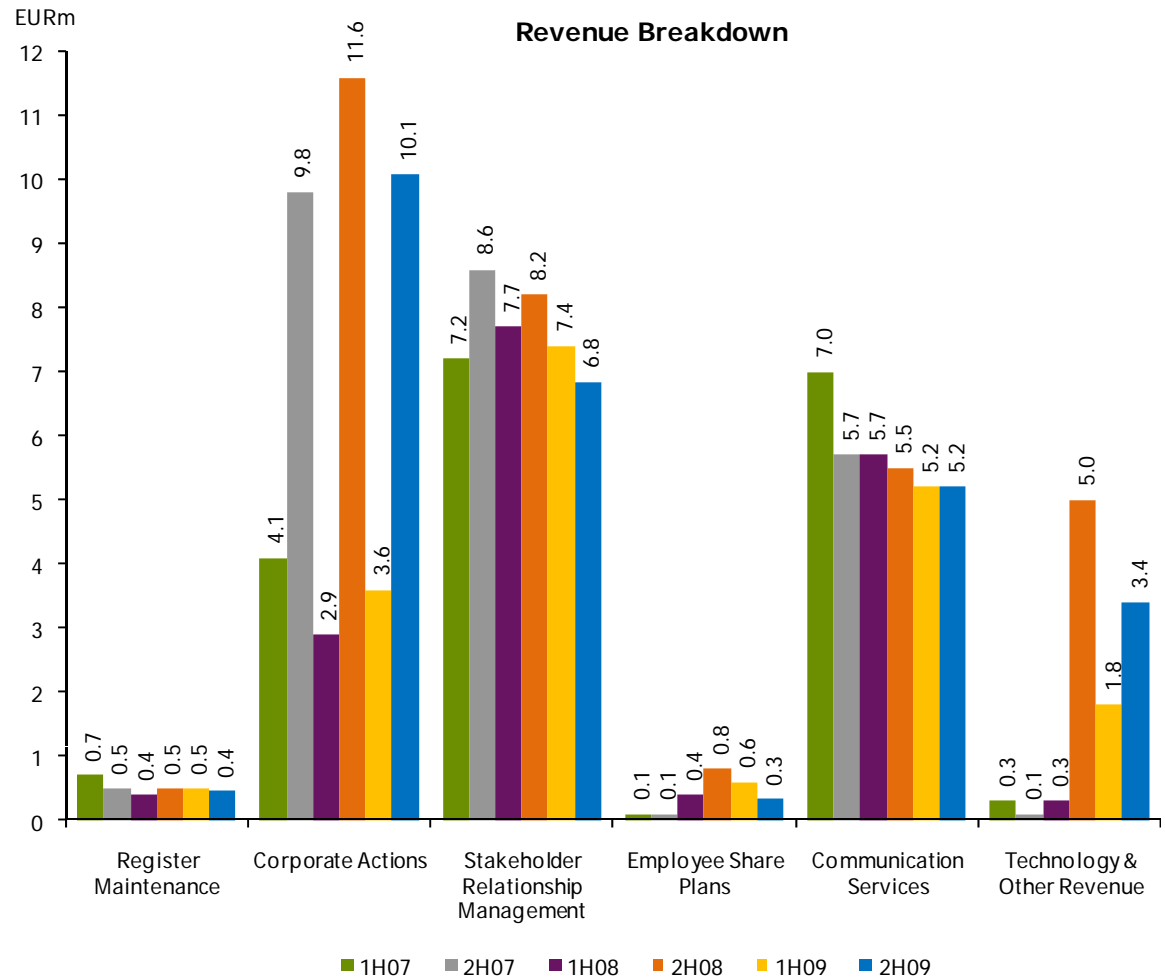
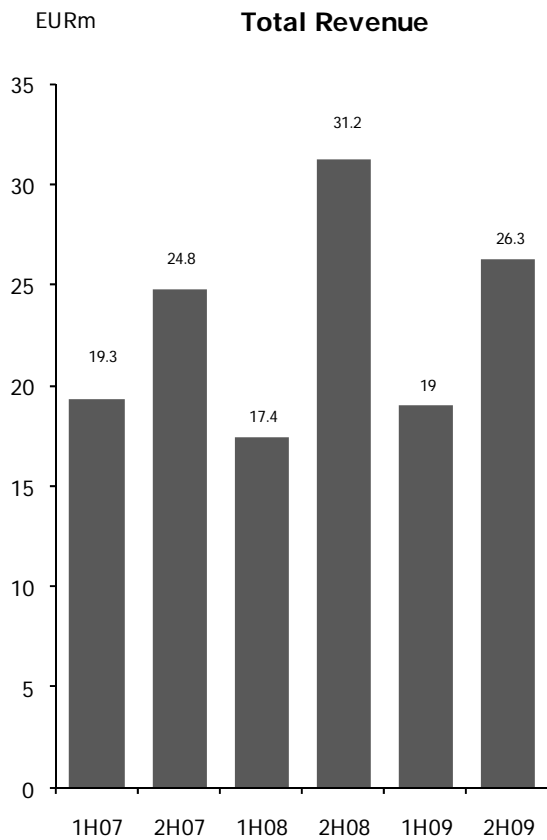
# United Kingdom Half Year Comparison



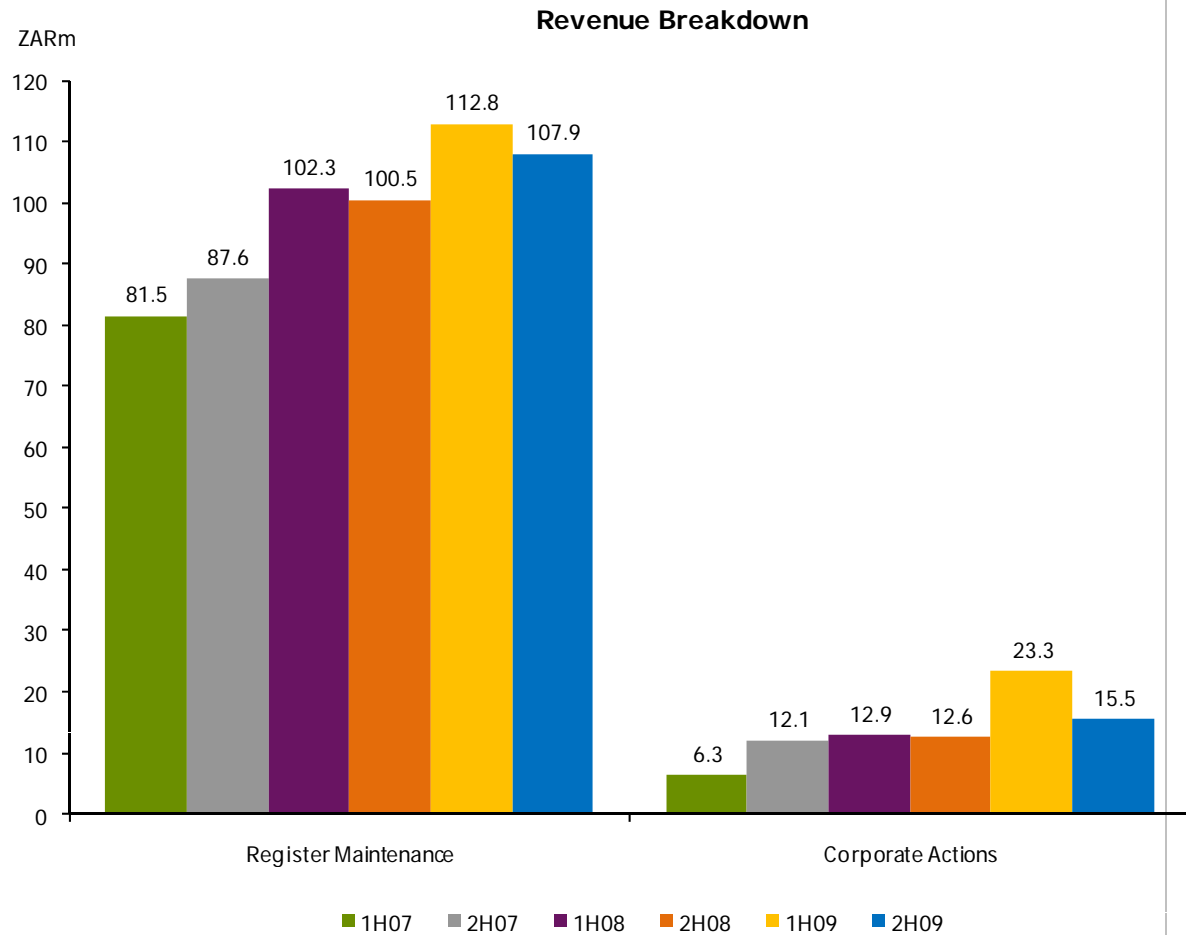
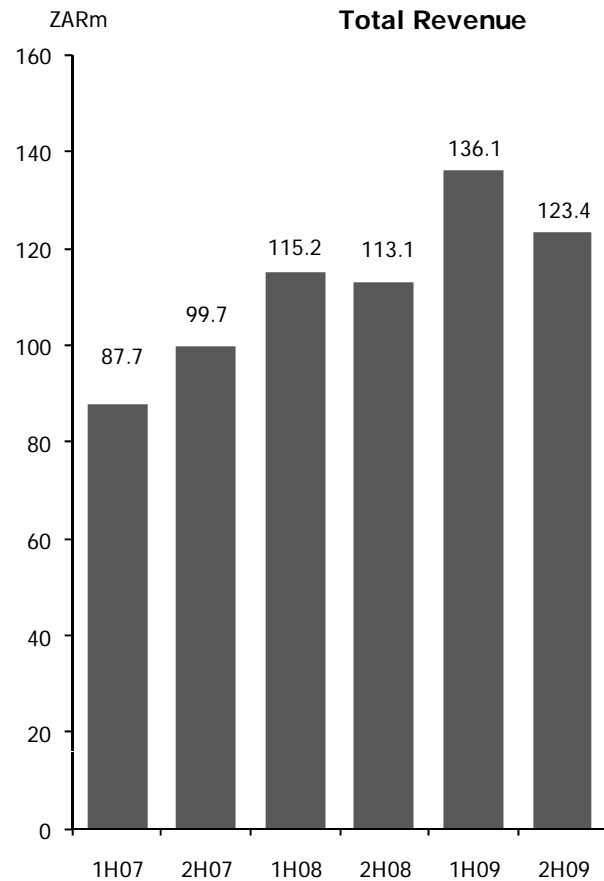
# Ireland Half Year Comparison



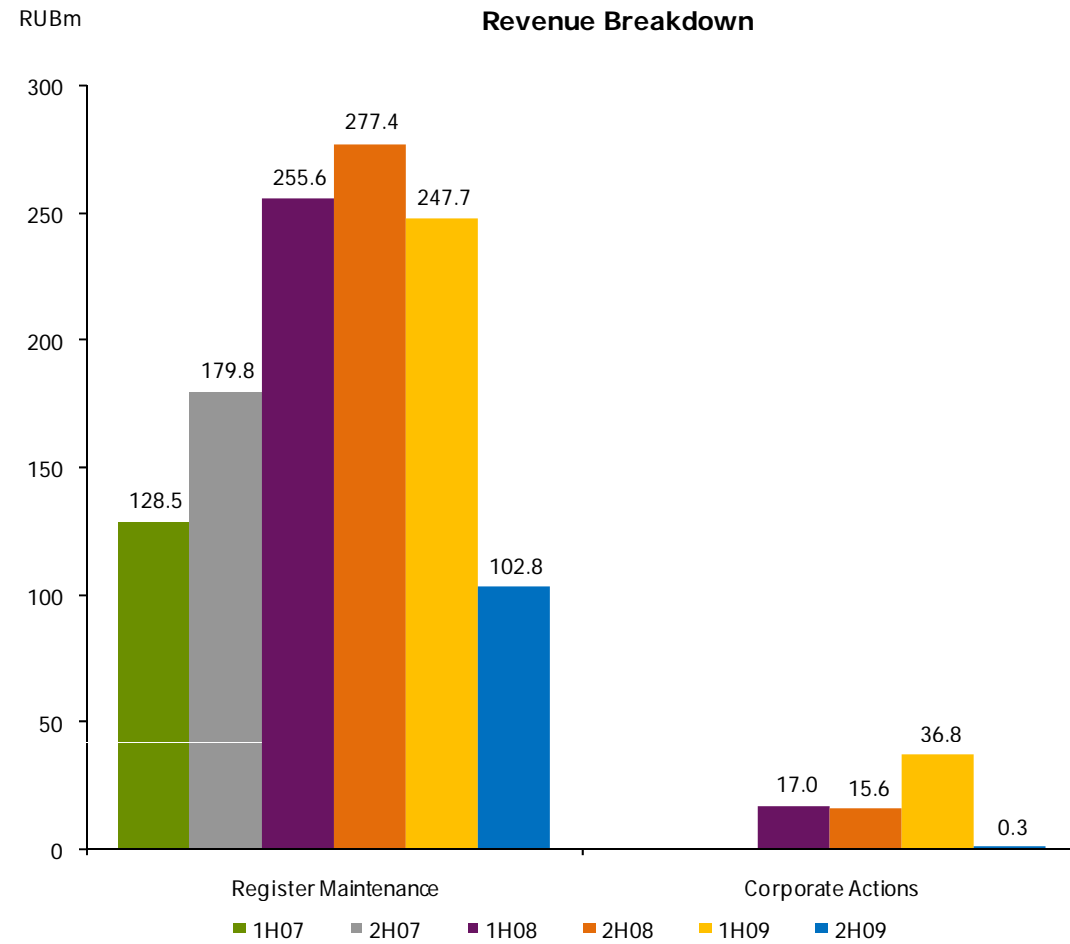
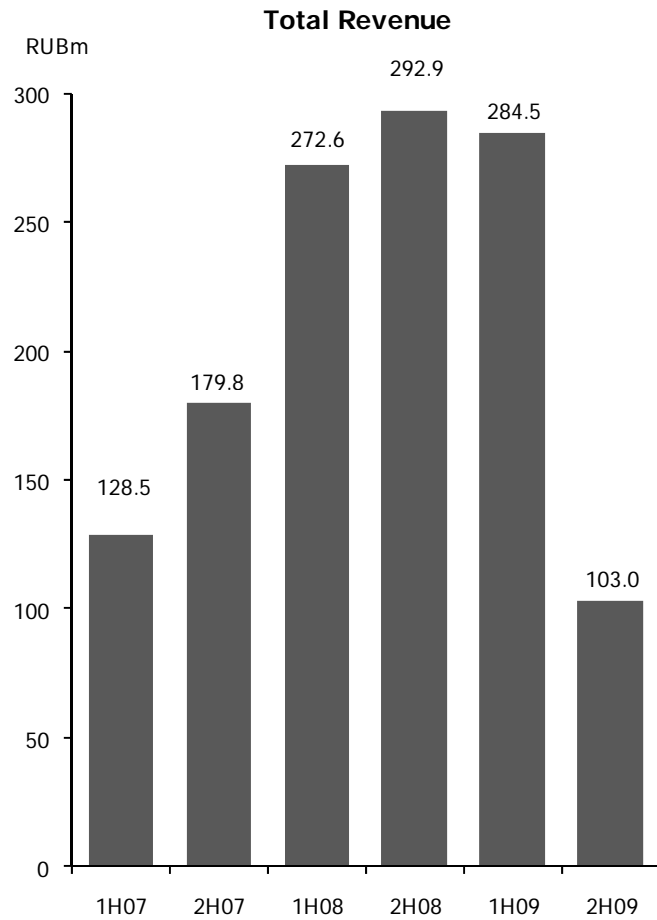
# Germany Half Year Comparison



# South Africa Half Year Comparison



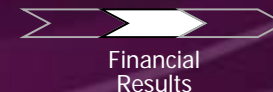
# Russia Half Year Comparison



## Assumptions



# Assumptions: Exchange Rates



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

<u>USD</u>	<u>1.00000</u>
AUD	1.31946
HKD	7.76874
NZD	1.62827
INR	47.0214
CAD	1.14155
GBP	0.61234
EUR	0.71780
ZAR	8.77224
RUB	28.6471
AED	3.67288