COMPUTERSHARE LIMITED (ASX:CPU)

FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

14 February 2018

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 1H18 Results Presentation are available for download at:
http://www.computershare.com/au/about/ir/financials/Pages/results.aspx

Strategic growth and cyclical recovery

1H18 Results overview:

Management results[1]		
Revenue $1,111.9m ▲ 10.8%	EBITDA $289.6m ▲ 20.0%	EPS 30.22 cents ▲ 17.4%
Statutory EPS	**Free cash flow**	**Dividend per share**
Actual 31.43 cents ▲ 14.4%	Actual $166.3m[2] ▲ 10.9%	Interim AU 19 cents ▲ 11.8%

CEO Overview

Stuart Irving, CEO said, "1H18 was a busy and productive period at Computershare. We delivered 20% EBITDA growth and strong free cash flow.

We made solid progress in executing our growth, profitability and capital management strategies, while also benefitting from cyclical recovery and improvements in some events based businesses.

Our Mortgage Services growth engine is performing well and now makes a meaningful contribution to group profits. Corporate Actions recorded a much improved performance from last year's cyclical low and margin income accelerated in 1H18. Stakeholder Relationship Management benefitted from a significant event and Class Actions improved too. It is rewarding to see this optionality convert to profitability. We continue to execute on our cost management programs. They are delivering expected benefits.

With our strong free cash flow we are able to deleverage, self-fund our growth strategies and increase returns to shareholders. Today we announce an 11.8% increase in the 1H18 interim dividend. We expect to continue our share buy-back in March.

Having purposefully designed these strategies to sustain multi year earnings growth, it is pleasing to deliver these results and upgrade our full year Management EPS guidance."

Growth

- Mortgage Services – EBITDA +72.1%
    - Revenues +8.9%, EBITDA $56.1m - now 19.4% of Group total
    - Margin expansion - EBITDA margins up to 21.4% (13.5% in pcp)
    - US – strategy to build scale to achieve target returns progressing well. UPB $71.1bn, +19.1%. Higher margin, capital light sub servicing balances +107.1%
    - UKAR intensive integration underway and on track. Challenger banks starting origination

- Employee Share Plans – investing for sustained growth
    - Revenues ex margin income stable, -0.5%. Transactional revenues increased above Brexit inflated pcp, +5.2%. Margin income affected by UK deposit rates
    - EBITDA $22.3m, -9.7% with lower margin income and less high margin implementation fees
    - Investing For the Future program to sustain growth - new customer facing and business development technologies – new platform successfully deployed in China, step change improvement in usage metrics
    - Increased earnings potential: $131.9bn of assets under administration, over half in the money

[1] Management results are expressed in constant currency throughout this presentation unless otherwise stated. Constant currency equals 1H18 results translated to USD at 1H17 average exchange rates.
[2] Exclude SLS advances

Profitability

- Cyclical recovery and improvements in some events based businesses:
  - Corporate Actions, revenue +31.0%
  - Margin income accelerated, $11.8m gain. Average client balances $17.3bn, +0.7bn. Yield increased to 0.92%; significant leverage to rising rates
  - Stakeholder Relationship Management revenue +167.8% (driven by a large event for a US fund)
  - Stage 1 and 2 cost out programs on track and adds further benefit in FY18. Stage 3 details in April
  - Group EBITDA margin increased to 26.0% (pcp 24.1%)
  - US tax reforms added +$2.5m to net profit in 1H18

Capital management

- Strong free cash flow[2] $166.3m, +10.9%
  - Self-funds strategic investments: $67.4m US MSR purchases, SETL (Blockchain specialist) stake now 11.3% with Board representation
  - Net debt to EBITDA ratio continued to fall to 1.58x. Ongoing strategy to simplify CPU and recycle capital: Karvy ~ $90m sale proceeds now expected in 2H18
  - AUD49.7m CPU shares acquired in buy-back - average price of $14.74
  - Buy-back expected to continue in March, post payment of unfranked dividend, up to AUD200m in total
  - AU 19 cps interim dividend, +11.8%

FY18 guidance – further upgraded

At last November's AGM, we said that we expected FY18 Management EPS in constant currency to increase by around +10% on FY17.

Given the strong 1H18 result and the outlook for 2H18, we now expect Management EPS for FY18 in constant currency to increase by +12.5% on FY17 with a positive bias.

Please refer to the 2018 Half Year Results Presentation for guidance assumptions, detailed financial data and the important notice on slide 59 regarding forward looking statements.

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