

# Computershare Limited Full Year Results 2006 Presentation

Chris Morris  
Tom Honan

16 August 2006



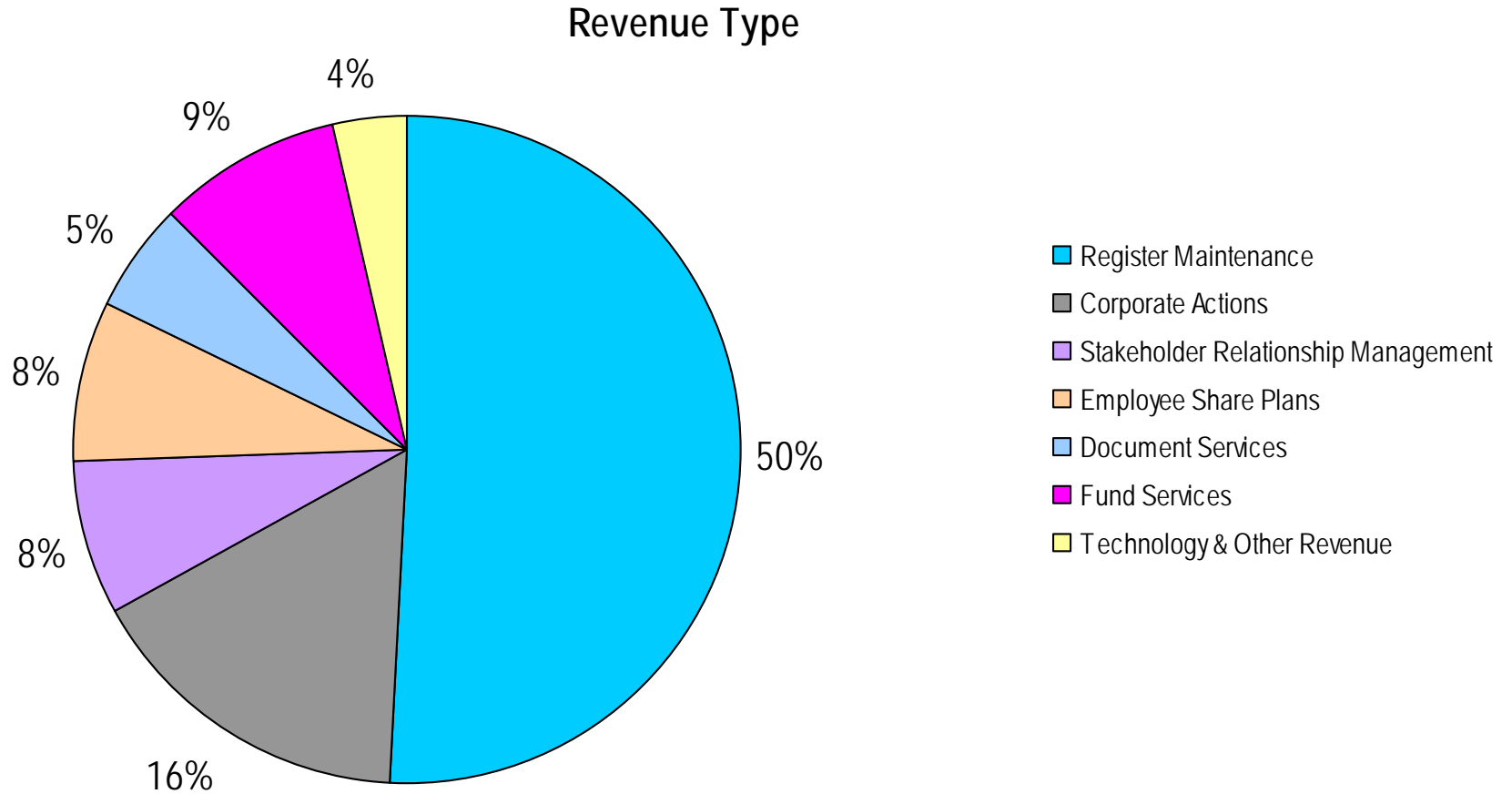
# **Tom Honan**

## **Chief Financial Officer**

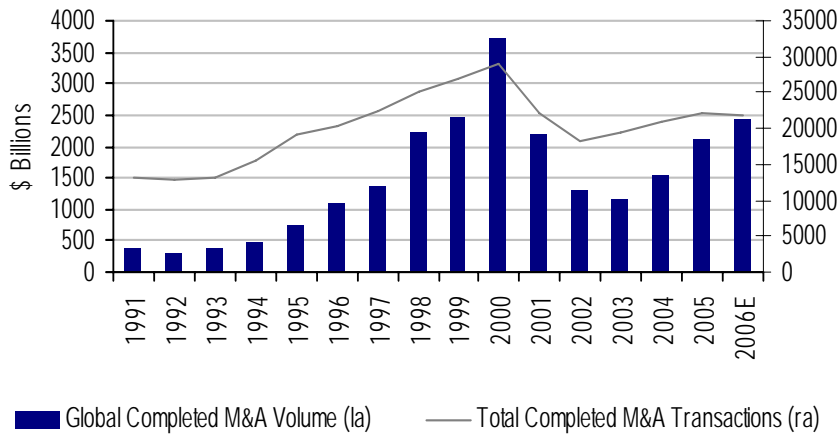
# Summary of Results

- › **Management EPS of 30.44 cents, up 41%**
- › **Management Net Profit After OEI of A\$181.4m, up 49%**
- › **Total Revenue of A\$1,626.1m, up 50%**
- › **Operating Cash Flows of A\$245.8m, up 67%**
- › **Operating Costs of A\$1,309.0m, a 50% increase**
- › **Days Sales Outstanding at 54 days, down 8 days**
- › **Final Dividend of 7 cents per share.**

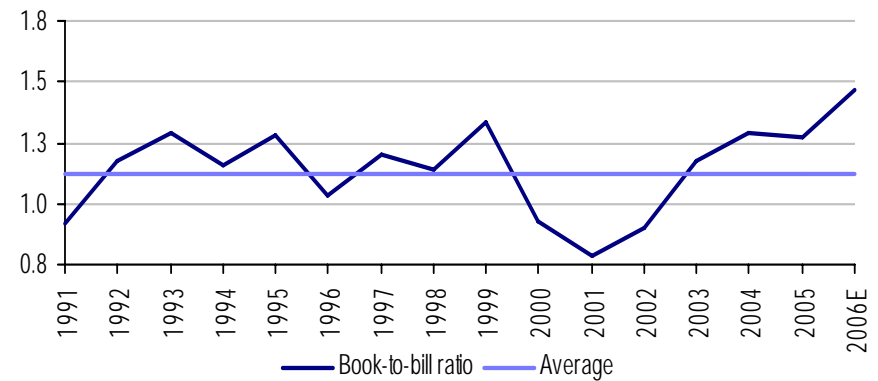
# CPU Revenues continue to diversify



## Historical Equity Issuance Data



## Annual M & A Book to Bill Ratio

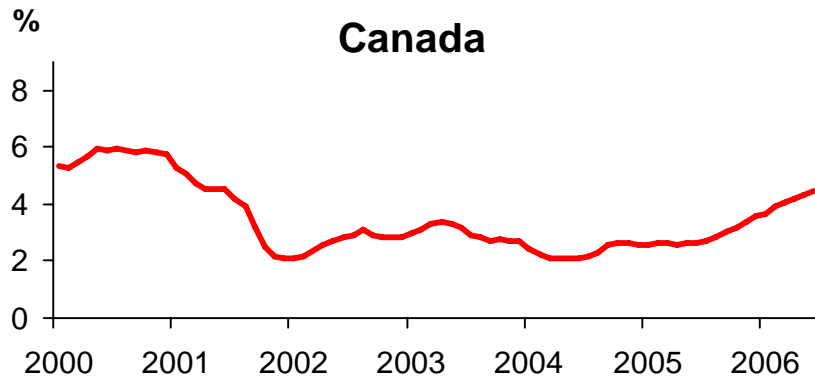
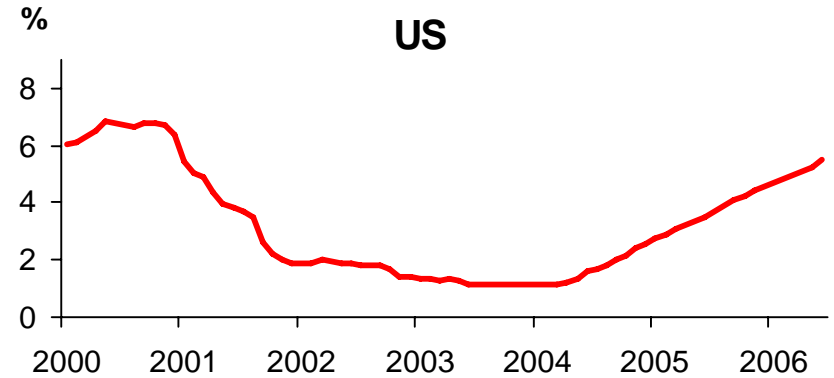
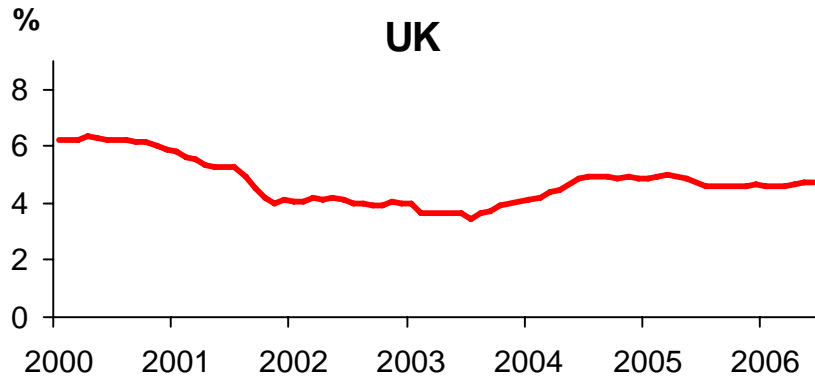


2006 YTD Total Volume	1,412bn	2006 Est. Annualised Volume:	2,421bn
2005 Total Volume	2,108bn	Est. 2006 vs. 2005:	14.8%
1991-2005 Average	1,429bn	Est. 2006 vs. 1991- 2005 Avg:	69.4%

2006 YTD	1.47x	2006 YTD vs. 2000 - 2005 Avg	38.7%
2000-2005 Average	1.06x	2006 YTD vs. 1991 - 2005 Avg.	30.5%
1991-2005 Average	1.13x		

Source: SDC Thomson Financial and UBS Securities Australia Ltd

# Global Interest Rate Market



# Computershare Strengths

- › **Recurring Revenue – 70% of revenue is of a recurring nature**
- › **Global Diversification – Across 17 countries**
- › **Exposure to northern hemisphere interest rates**
- › **Technological innovation and capabilities – enhanced by acquisitions**
- › **Integration of businesses – Equiserve ahead of schedule**
- › **Continued strong EPS growth.**





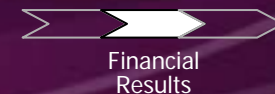
# Group Financial Performance – A\$m

	AIFRS FY06	AIFRS FY05	Variance
Sales Revenue	1,604.1	1,057.7	52%
Interest & Other Income	22.0	25.5	
<b>Total Revenue</b>	<b><u>1,626.1</u></b>	<b><u>1,083.2</u></b>	<b><u>50%</u></b>
Operating Costs	1,309.0	873.1	(50%)
Share of Net (Profit)/Loss of Associates	(4.2)	(1.8)	
<b>Management EBITDA</b>	<b><u>321.3</u></b>	<b><u>211.9</u></b>	<b><u>52%</u></b>
Management Adjustments - Revenue/(Expense)	(2.4)	(12.7)	
<b>Reported EBITDA</b>	<b><u>318.9</u></b>	<b><u>199.2</u></b>	<b><u>60%</u></b>

# NPAT – FY05 AGAAP to AIFRS – Full Year

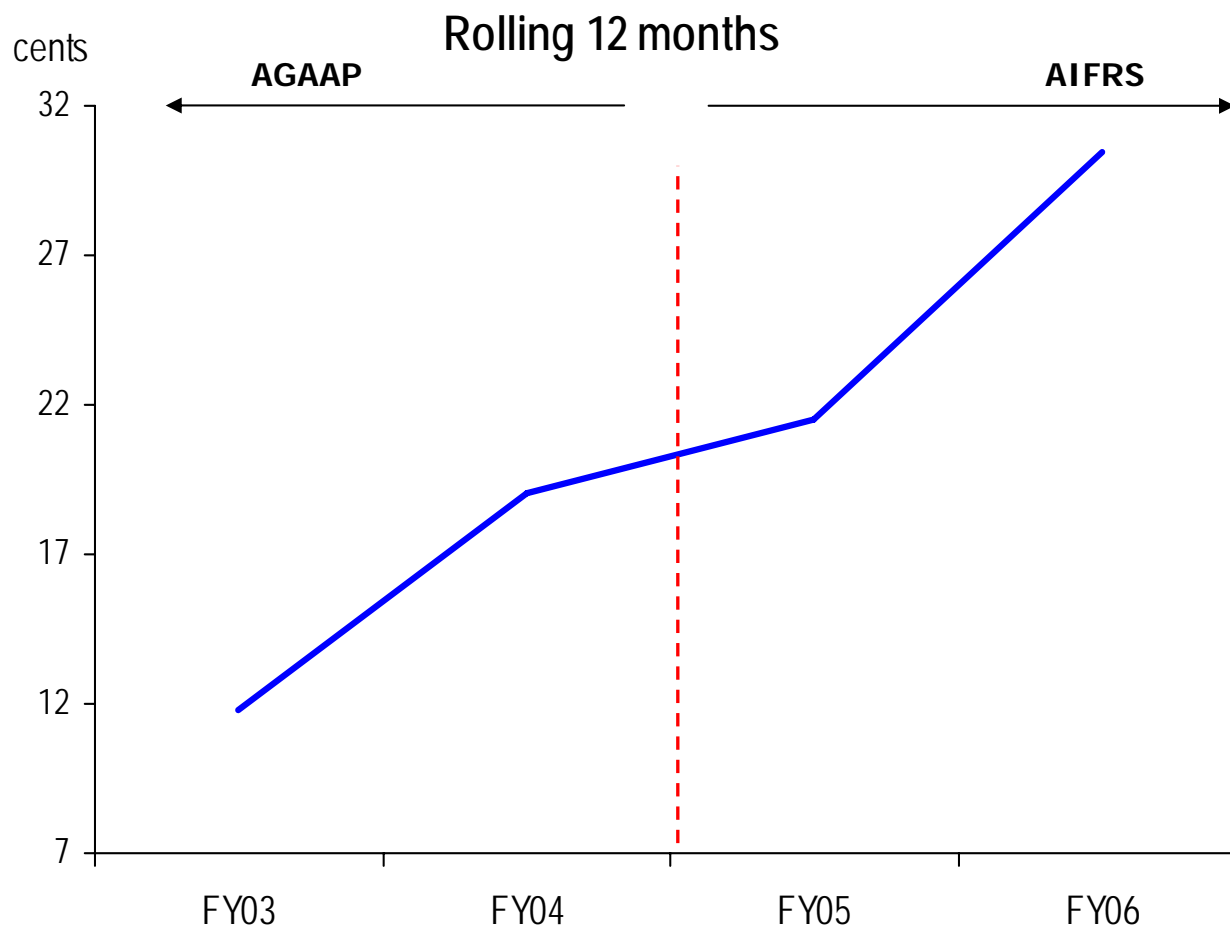
	A\$'000s		
<b>Net profit after tax under AGAAP 30 June 2005</b>	<b>101,462</b>	<b>Basic EPS AGAAP</b>	<b>17.91 cents</b>
Write back of goodwill amortisation	41,707		
Share based remuneration expense	(9,971)		
Business combinations	(5,394)		
Other	(2,413)		
<b>Net profit after tax under AIFRS 30 June 2005</b>	<b><u>125,391</u></b>	<b>Basic EPS AIFRS</b>	<b>22.19 cents</b>
Management Adjustments			
- Profit on sale	(9,003)		
- Business combinations	5,394		
<b>Management profit after tax under AIFRS 30 June 2005</b>	<b><u><u>121,782</u></u></b>	<b>Management EPS AIFRS</b>	<b>21.54 cents</b>

# Behind the Headline – NPAT IMPACT

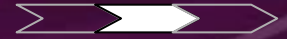


<b>Net profit after tax under AIFRS at 30 June 2006</b>	<b><u>182,558</u></b>
Derivatives marked to market	1,344
Intangibles amortisation	948
UK Redundancies	5,208
Profit on sale of Markets Technology	(9,867)
UK Property Sale Adjustment	1,268
Georgeson tax losses recognised	(1,507)
Acquisition Adjustments	
Equiserve	(208)
CDS Germany	1,637
<b>Management Adjusted profit after tax at 30 June 2006</b>	<b><u>181,381</u></b>

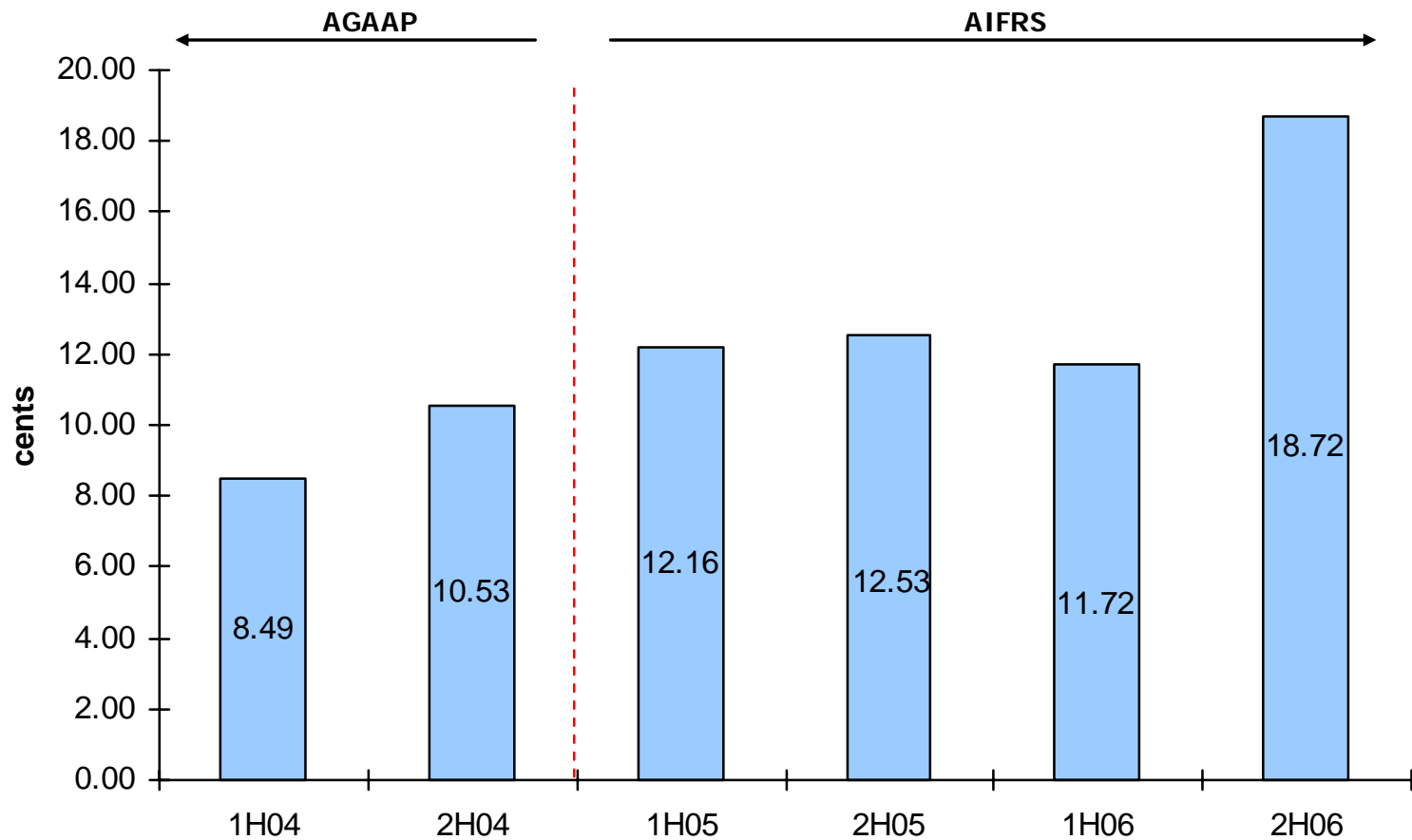
# Management EPS Performance



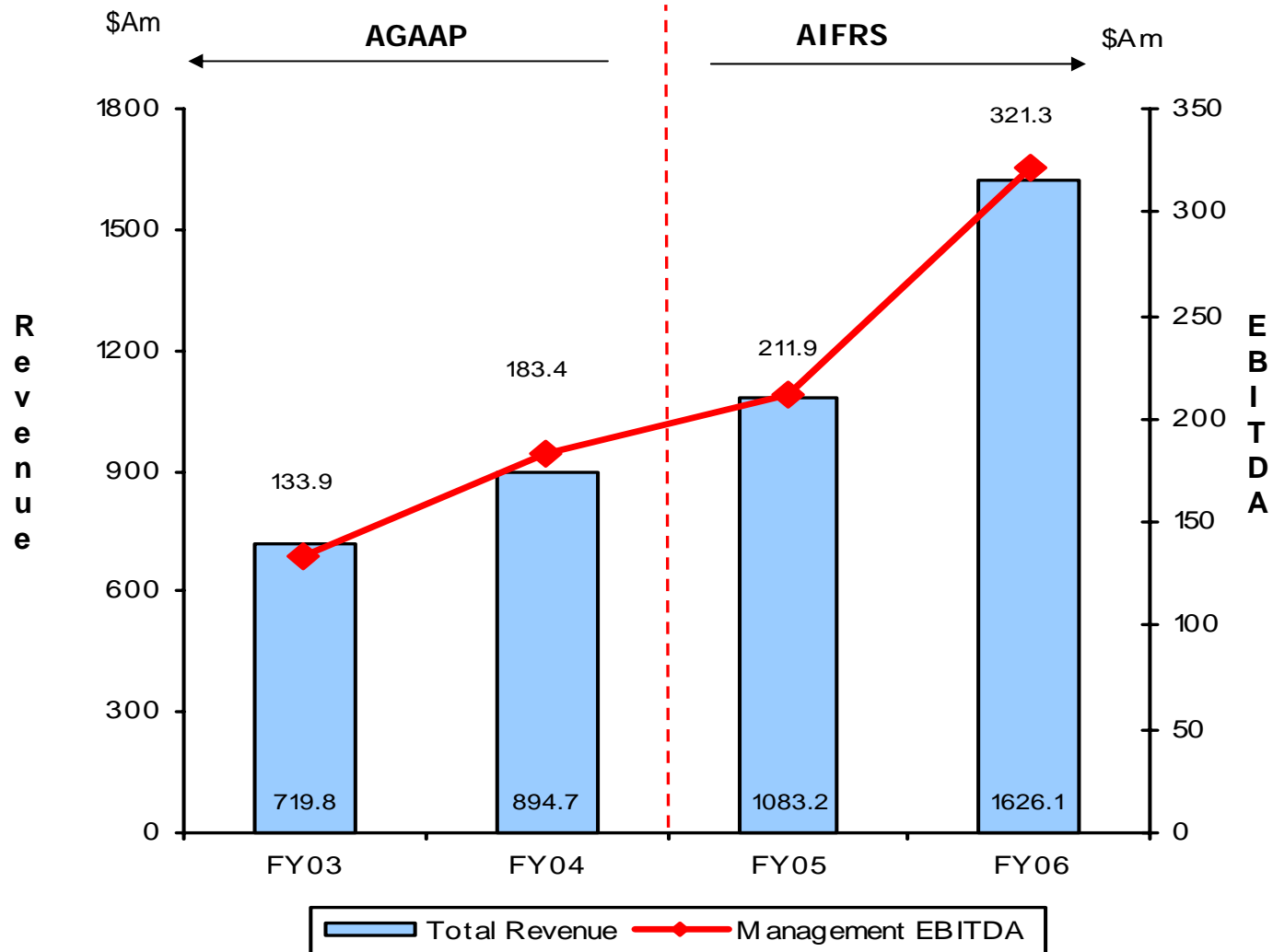
# Analysis of Management EPS – Half Year Comparison



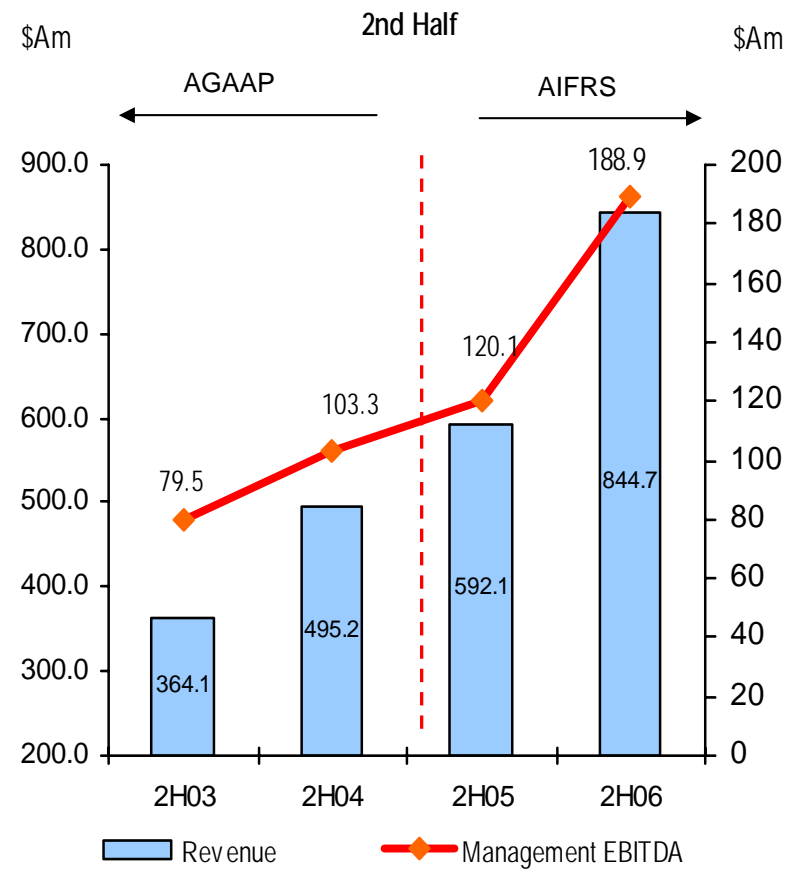
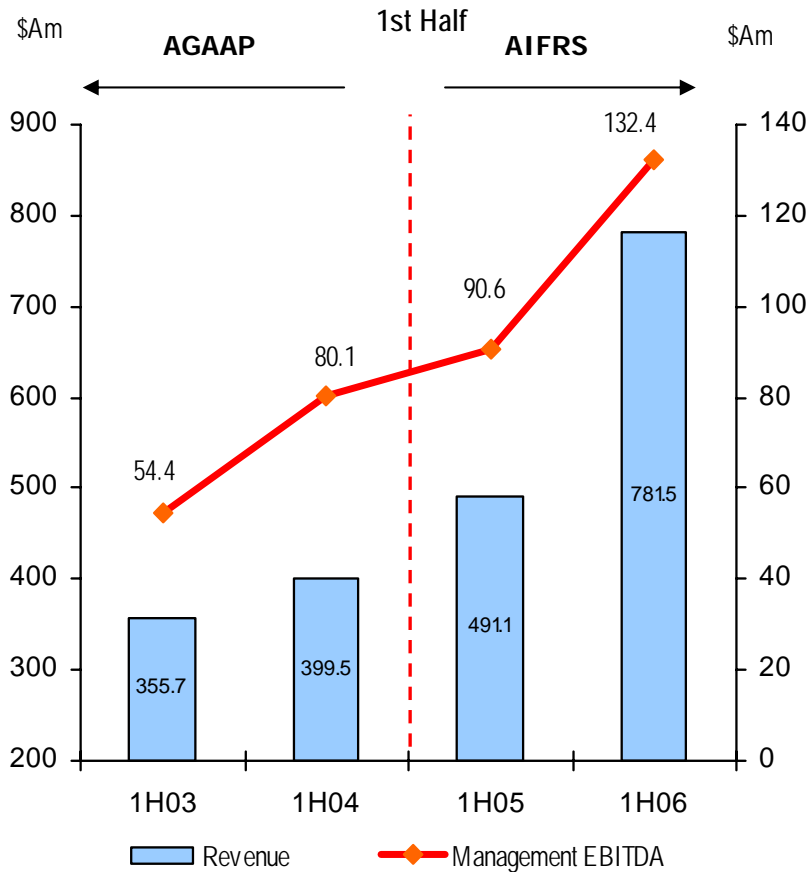
Financial  
Results



# Full Year Comparisons – Revenue & EBITDA



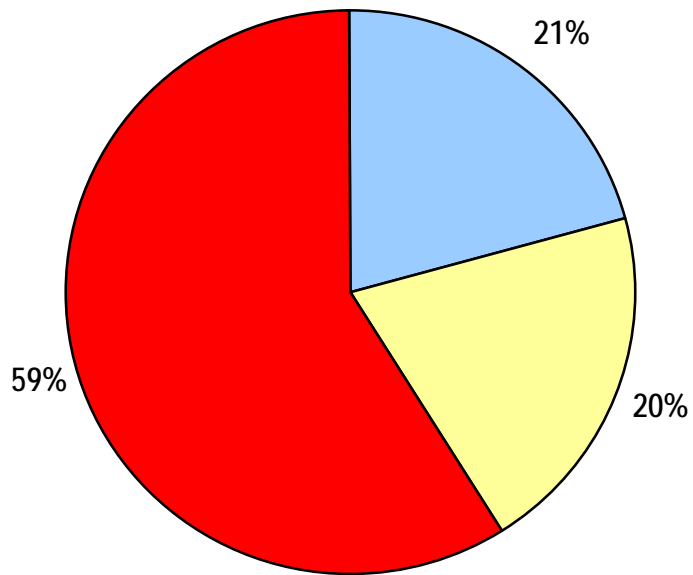
# Half Year Comparisons – Revenue & EBITDA





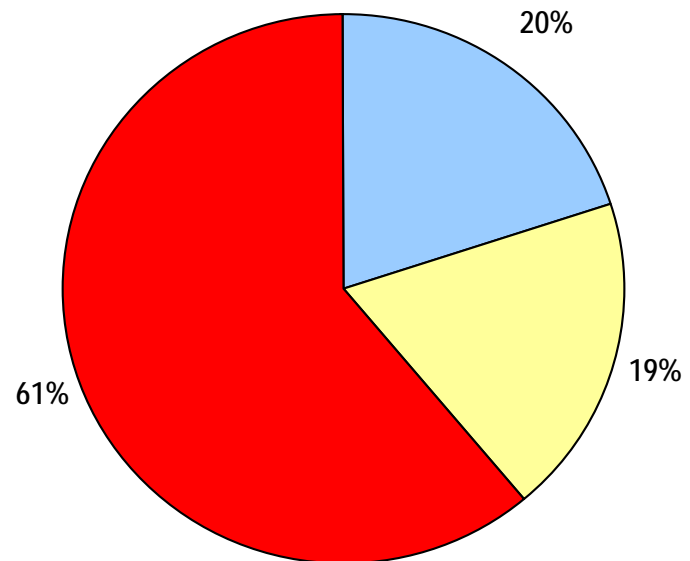
# Regional Analysis – FY06 Revenue & EBITDA

## Total Revenue Breakdown



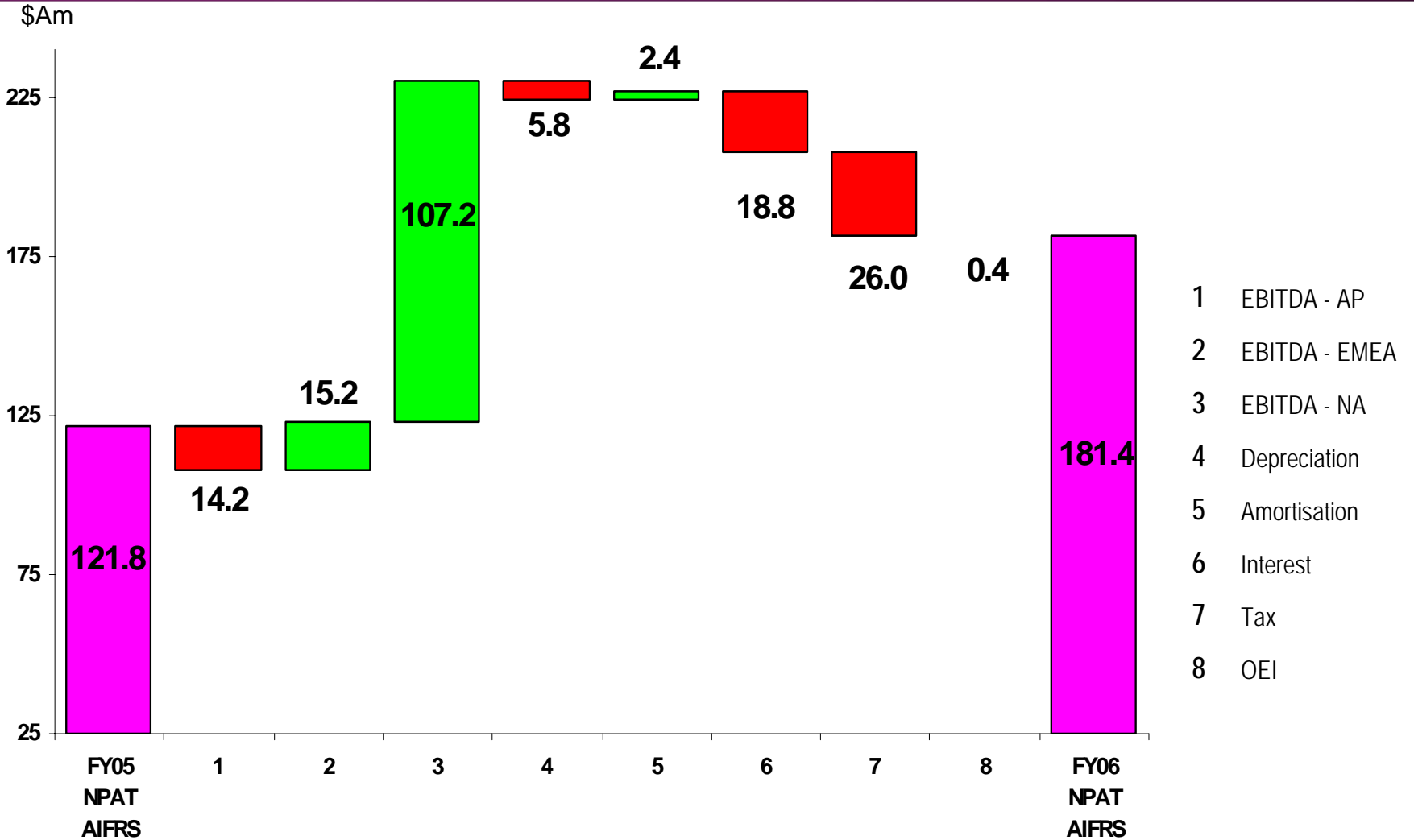
■ Asia Pacific   ■ EMEA   ■ North America

## EBITDA Breakdown

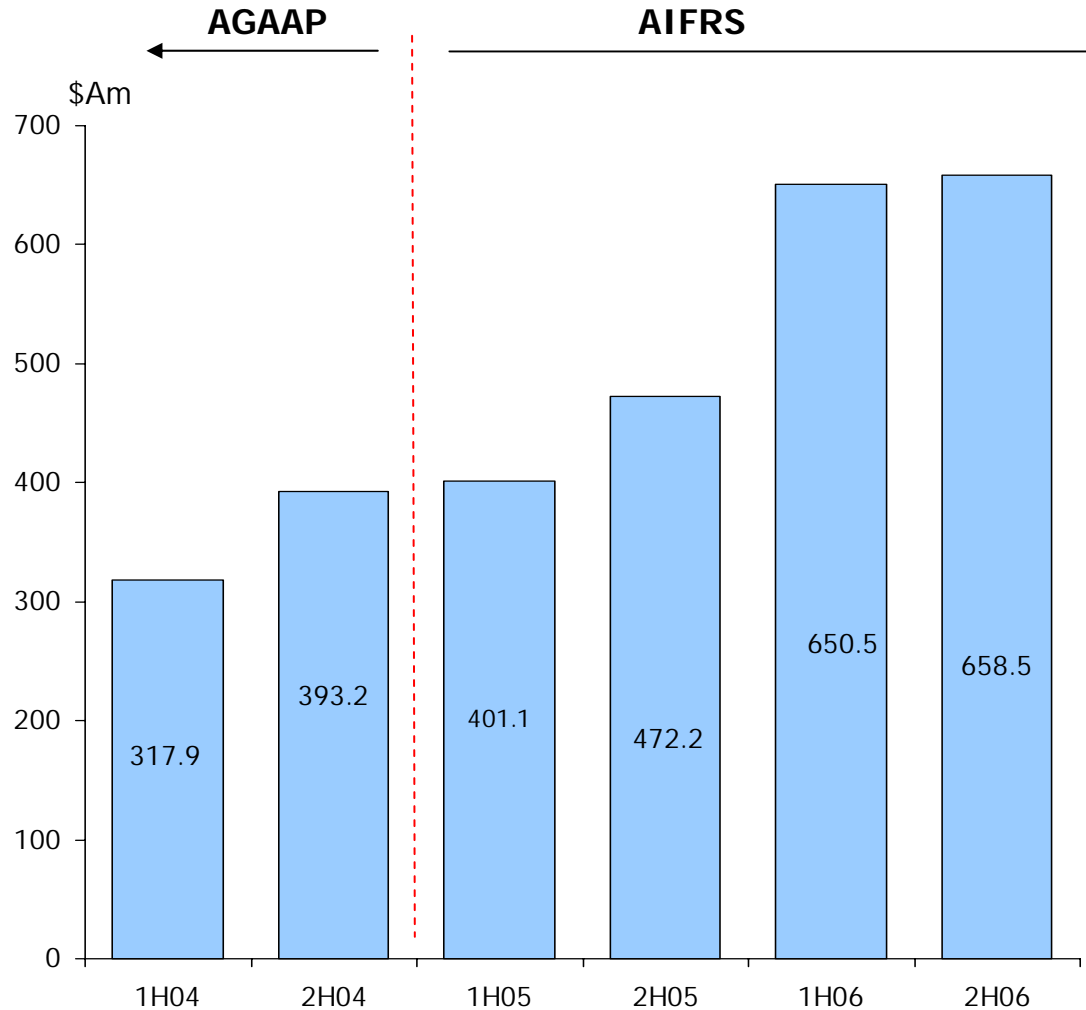


■ Asia Pacific   ■ EMEA   ■ North America

# FY06 NPAT Analysis



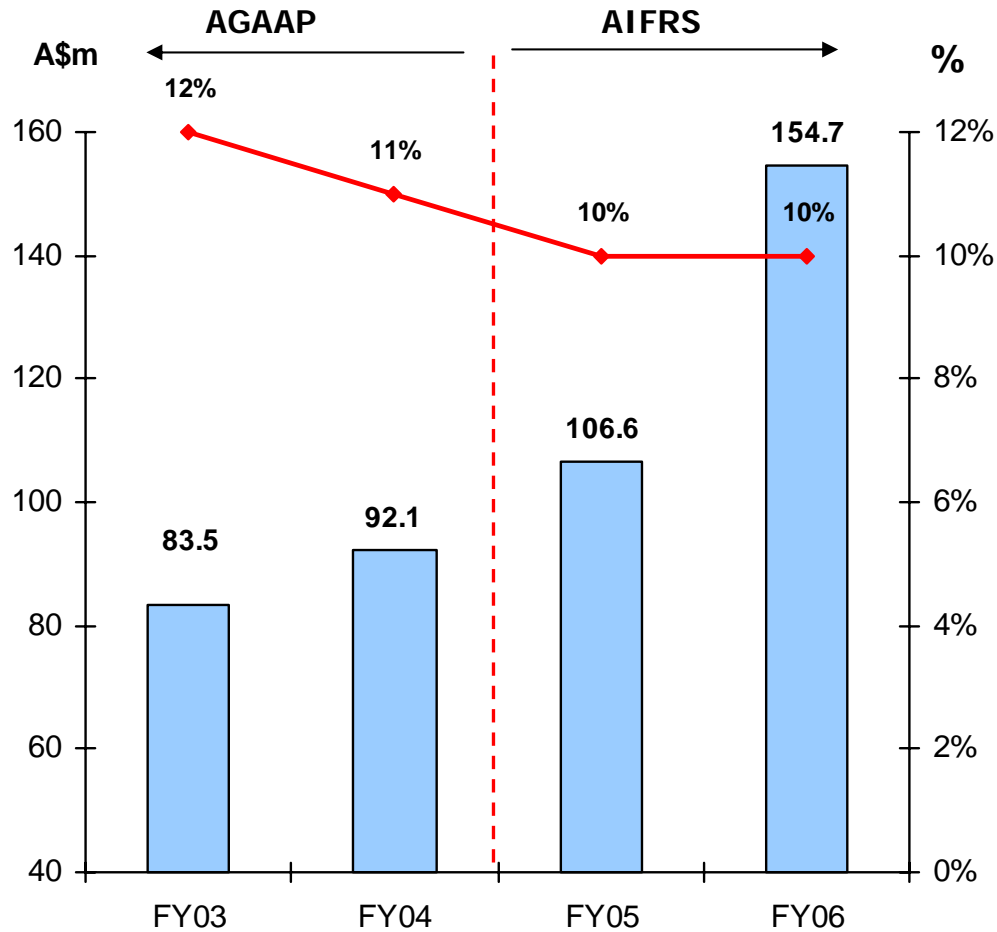
# Half Year Comparisons – Operating Costs



# Technology Costs – Establishing Global Platform

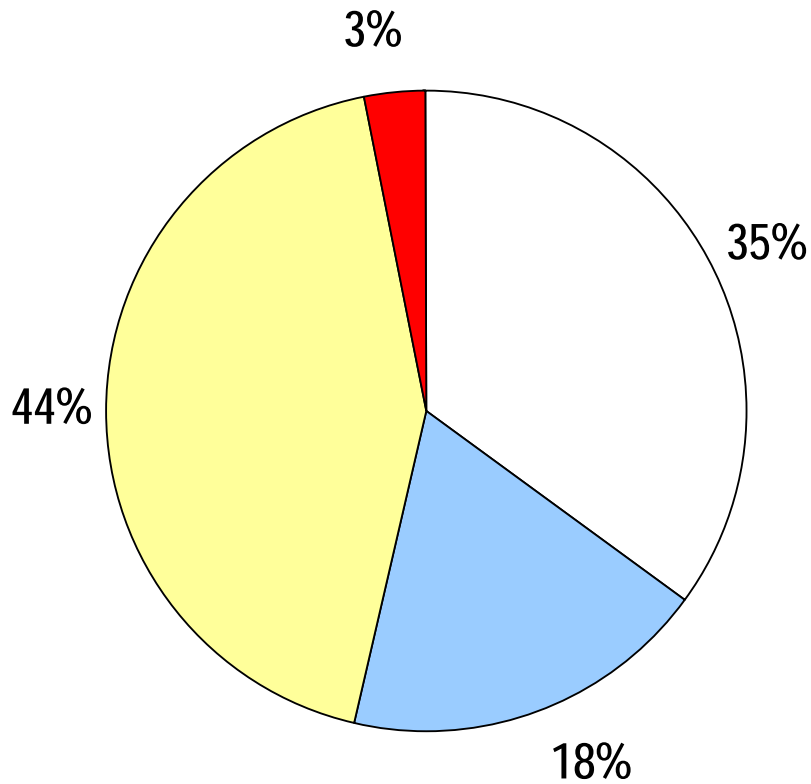


Financial Results



■ Total Technology costs 
 ◆ Technology costs as a % of sales revenue

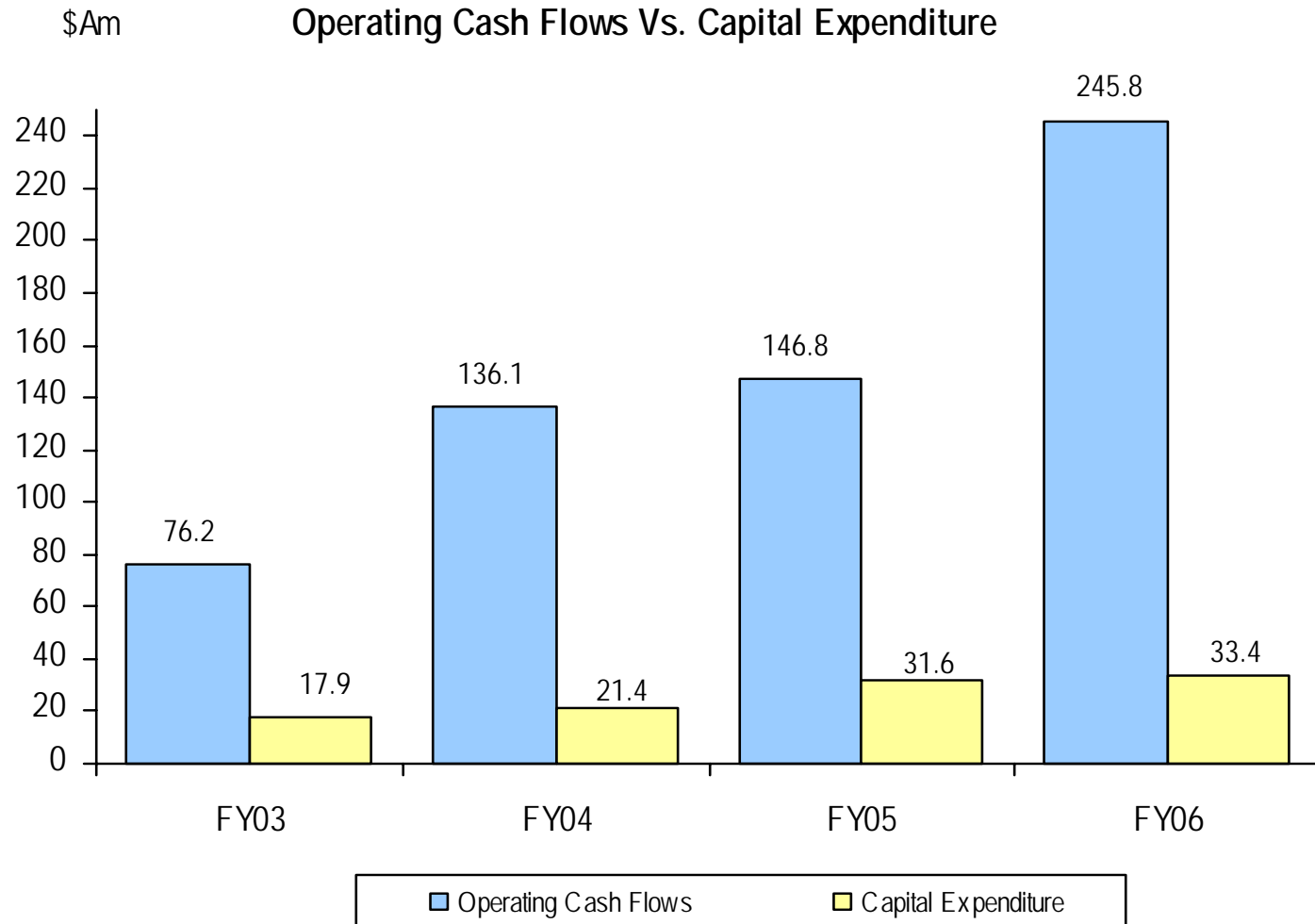
# Analysis of FY06 Technology Costs



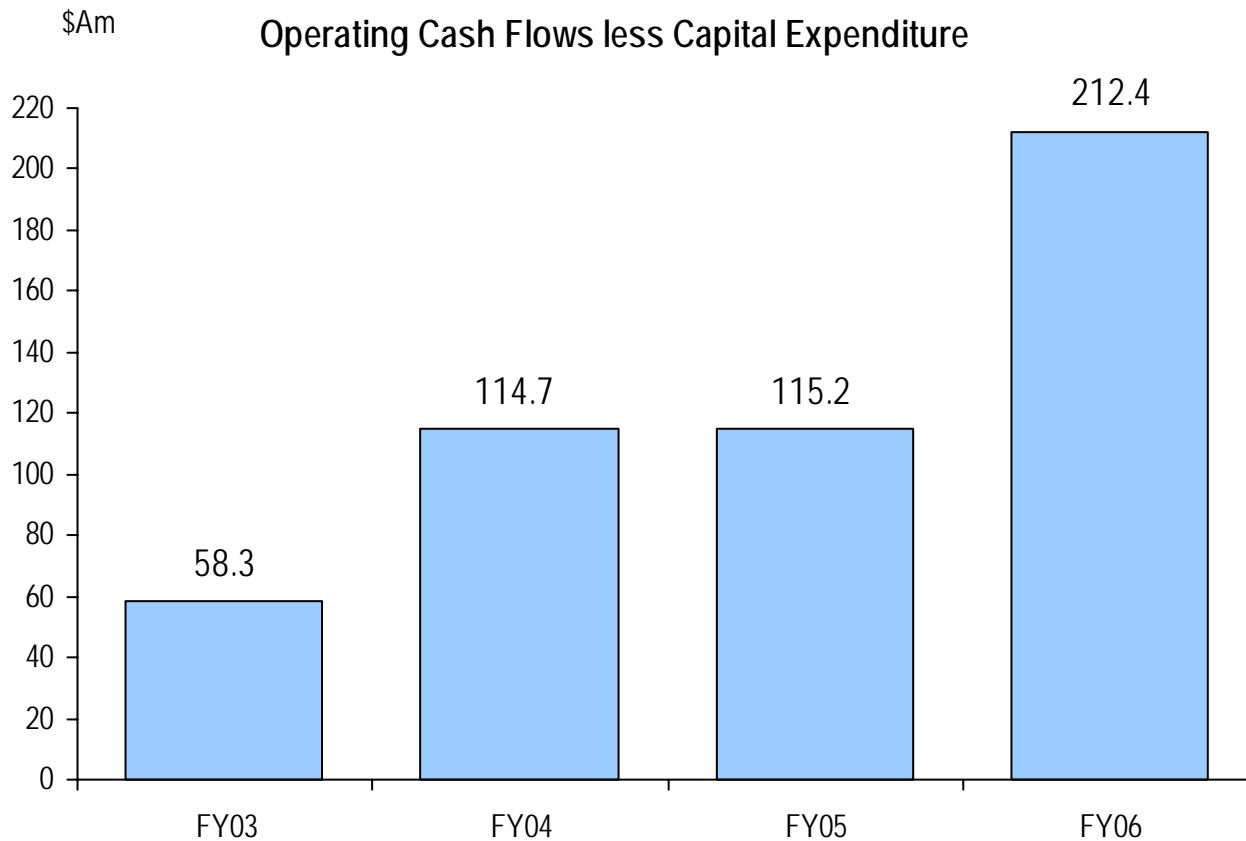
<b>Total Costs</b>	<b>\$Am</b>	<b>154.7</b>
<b>Development Costs</b>	<b>\$Am</b>	<b>54.2</b>

□ Development □ Infrastructure □ Maintenance □ Admin incl. External Bureau

# Net Operating Cash Flows



# Free Cash Flow – up 84% on FY05



# Balance Sheet as at 30 June 2006



	AIFRS FY06 A\$'000s	AIFRS FY05 A\$'000s	Variance
Current Assets	457,646	495,224	(8%)
Non Current Assets	1,709,463	1,546,037	11%
<b>Total Assets</b>	<b><u>2,167,109</u></b>	<b><u>2,041,261</u></b>	<b><u>6%</u></b>
Current Liabilities	359,140	485,003	26%
Non Current Liabilities	861,690	764,660	(13%)
<b>Total Liabilities</b>	<b><u>1,220,830</u></b>	<b><u>1,249,663</u></b>	<b><u>2%</u></b>
<b>Total Equity</b>	<b><u>946,279</u></b>	<b><u>791,598</u></b>	<b><u>20%</u></b>



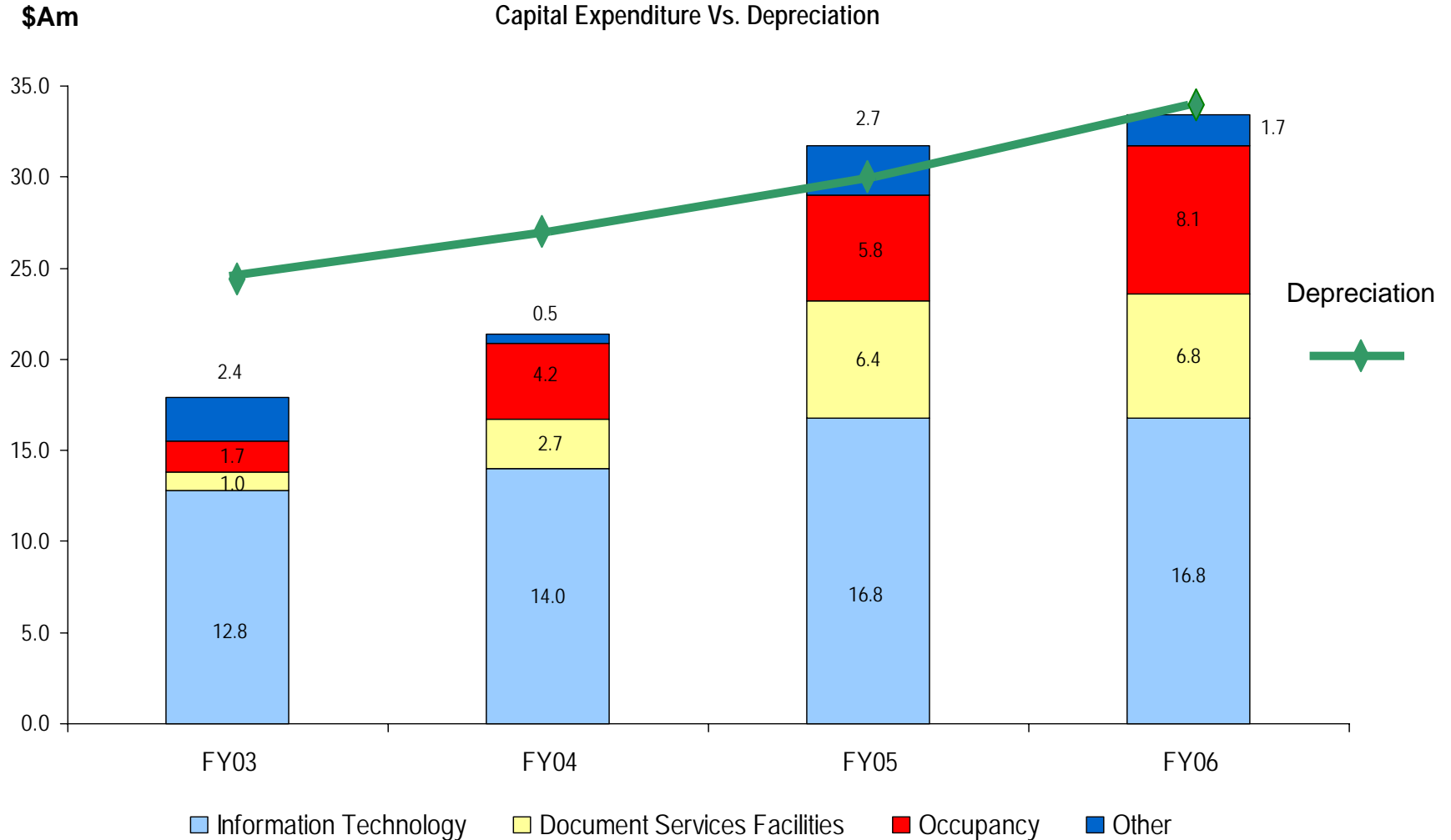
# Computershare Borrowings



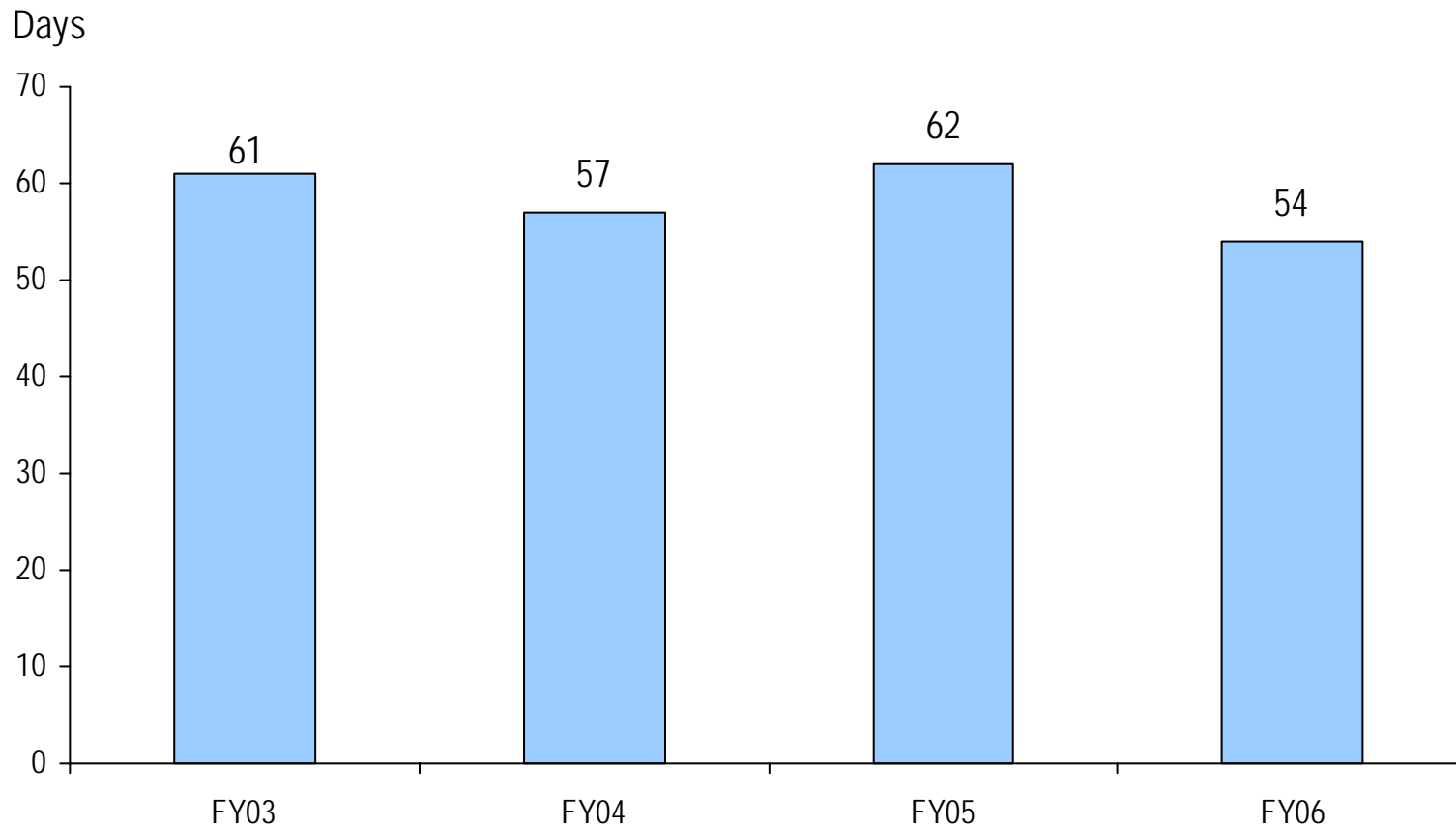
	AIFRS FY06 A\$m	AIFRS FY05 A\$m	Variance
Cash	98.4	157.1	(37%)
Interest Bearing Liabilities *	644.3	683.4	6%
Net Debt	<u>545.9</u>	<u>526.3</u>	<u>(4%)</u>
Management EBITDA	321.3	211.9	52%
Coverage	<u>1.7</u>	<u>2.5</u>	<u>0.8</u>

\* Average Tenor of drawn debt is 5.2 years

# Capital Expenditure

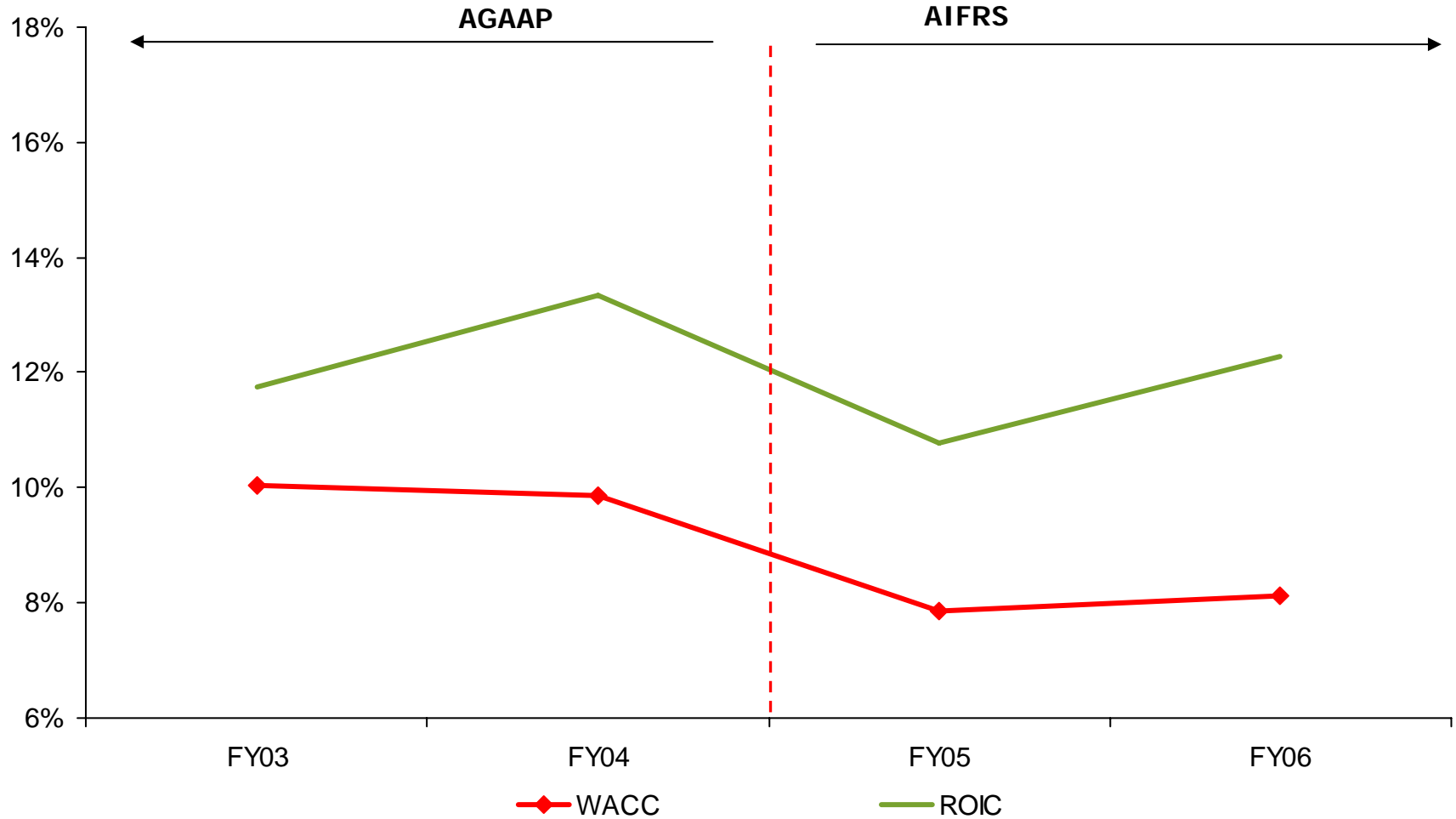


## Days Sales Outstanding

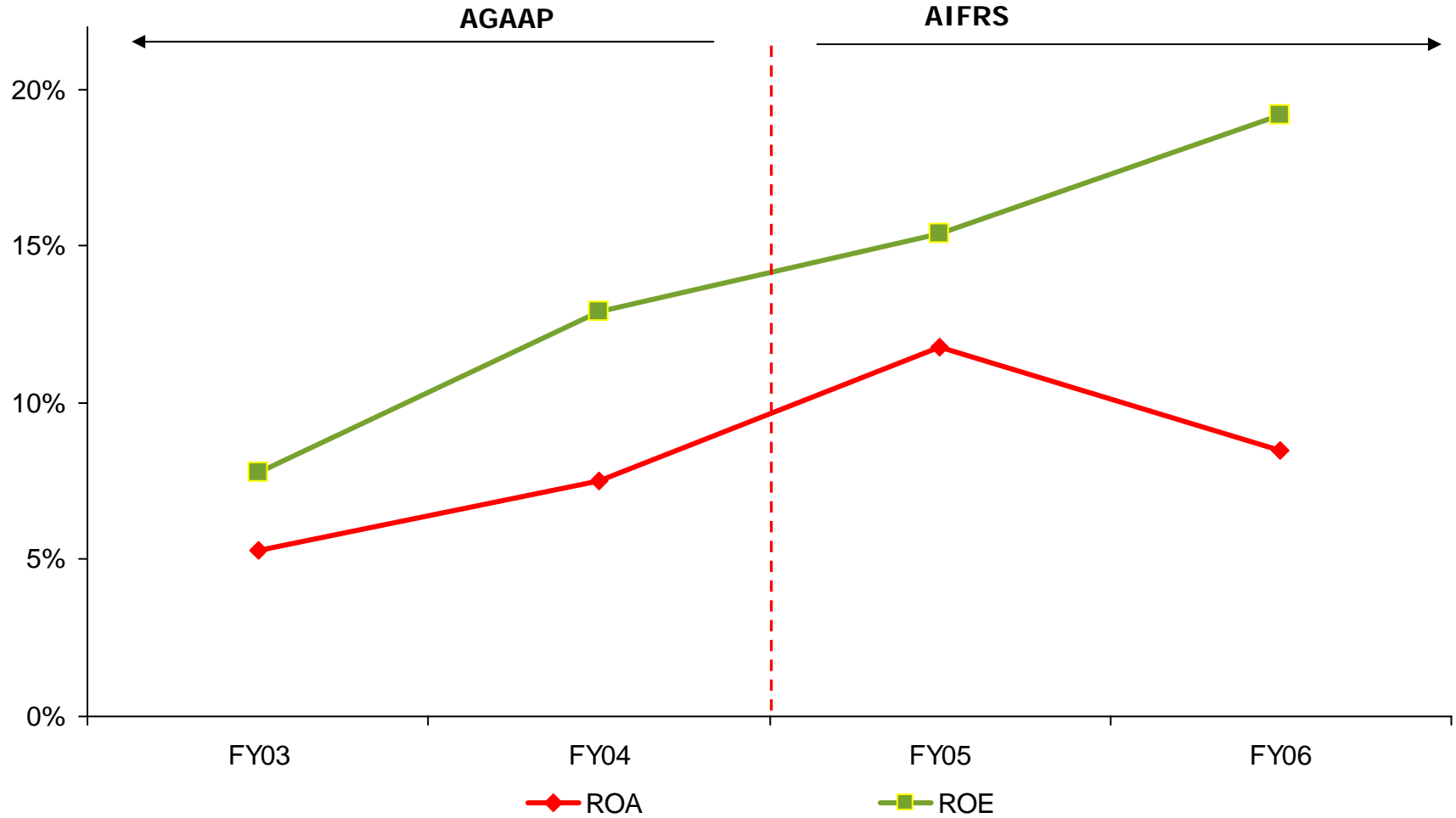


# Return On Invested Capital Vs. WACC

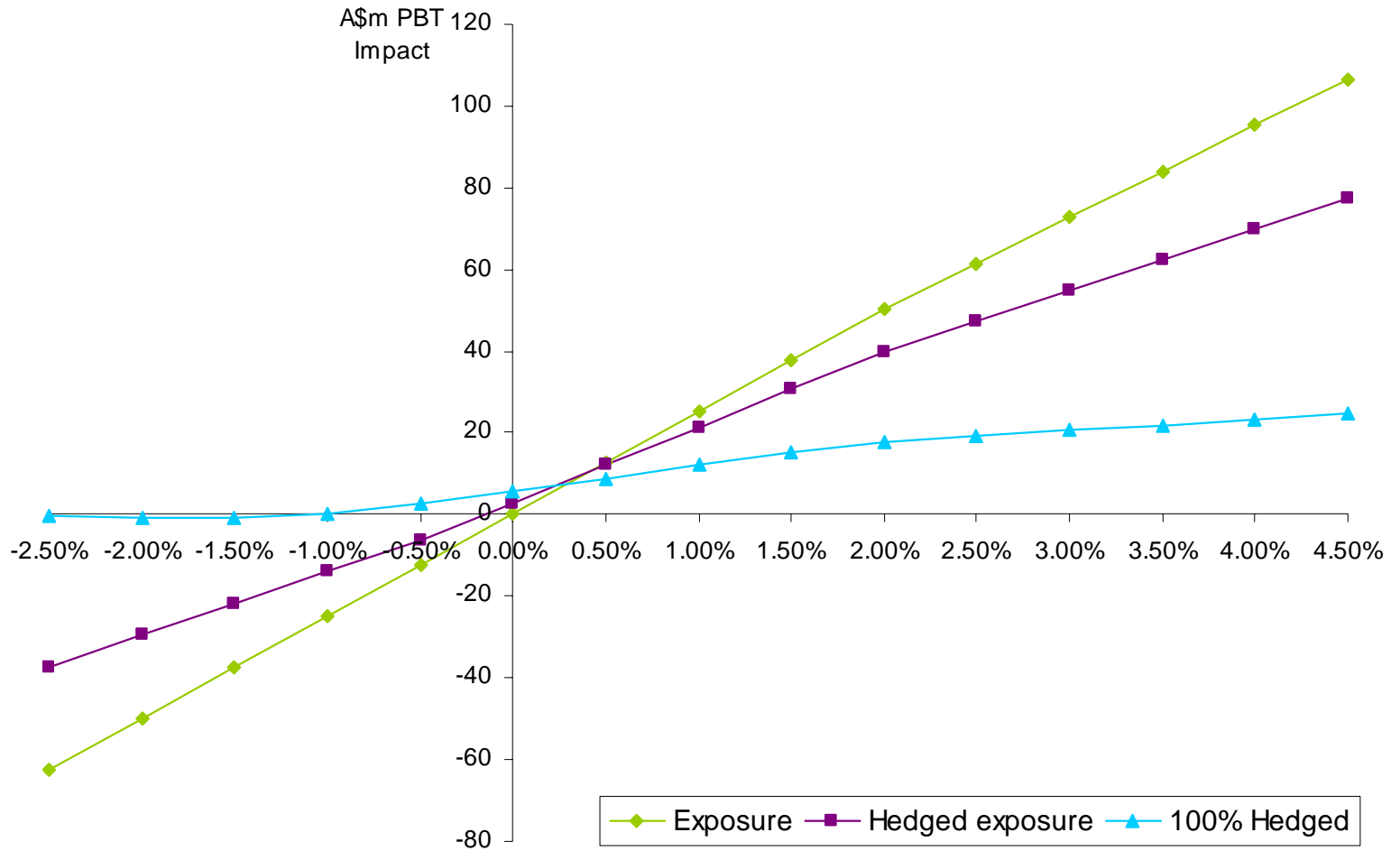
Increased returns, Cost of Capital increases slightly



# Return on Equity Vs. Return on Assets



# Interest Rate Sensitivity



# Equity Management – Final Dividend of 7 cps

› <b>EPS – Basic</b>	<b>30.63 cents</b>
› <b>EPS – Management</b>	<b>30.44 cents</b>
› <b>Final Dividend (unfranked)</b>	<b>7.0 cents</b>
› <b>Current Yield*</b>	<b>1.7%</b>

\* Based on 12 month dividend and share price of \$7.45 (close 15th Aug 06)

- › **Continued strong EPS growth - 41%**  
after 5 years of growth > 20% CAGR
- › **Free cash flow up 84%**
- › **Record revenues**
- › **Maintained strong balance sheet**  
lowering earnings to debt coverage by 32%
- › **Final dividend increased to 7 cents per share**





# Chris Morris

## CEO

# Key Challenges over the past year

- Equiserve Integration
  - › Conversions ahead of schedule
  - › Synergies ahead of forecast
- United Kingdom
  - › Restructure of the entire business
  - › The right people
  - › Results turnaround
- Global Operations
  - › 24/7 Call Centre
  - › Cross border Workflow capability

# Key Challenges over the past year

(continued)

- Constant Review of Business Profitability
  - › All businesses (eg. US and UK Plans)
  - › Customer profitability analysis
  - › Divestment where it makes sense
    - › Markets Technology
    - › Analytics
- Shared Services focus
  - › Centralised regionally
  - › All costs allocated
  - › User pays system
  - › Know your client

# Financial Highlights – FY06

- Exceeded our EPS guidance of at least 29c, 41% up on last year
- Grew:
  - › Revenue by 50% to over \$1.6 billion
  - › EBITDA by 52% to \$321.3 million
  - › Operating cash flows by 67% to \$246 million

## Computershare the only global provider

### Extract from a tender for global registry and plans services

- › In particular, our proposed solution produces tangible and unique benefits for XYZ:
  - › Certainty and reliability across all service components provided by Computershare
  - › Cost and time savings through the consolidation of service providers
  - › Mitigation of risk through our streamlined and integrated business processes
  - › Enhanced market knowledge and investor insight for XYZ, through linking shareholder and employee information on one technology platform
- › Computershare is the only company with the partnerships, global presence, capability and proven integrated technology systems to meet all of XYZ's requirements, both now and in the future.

# A sample of some Major Deals

- Asia Pacific
  - › Bank of China IPO
  - › NRMA Meeting Services
  - › Industrial and Commercial Bank of China IPO
- EMEA
  - › Standard Life demutualisation
  - › BAA takeover by Ferrovial Consortium
  - › Unilever and British American Tobacco registry wins
- North America
  - › AT&T Inc. and SBC merger, followed by BellSouth merger
  - › United AirLines reorganisation
  - › Over 90% of Mutual Fund Proxy transactions in FY06

# Growth Opportunities

- Asia Pacific
  - › Japan
  - › China
- EMEA
  - › Continental Europe
  - › UK business
- North America
  - › Mutual Funds
  - › Further Transfer Agent consolidation
- Globally
  - › Plans
  - › Related businesses



# Executive Management changes

(effective 16<sup>th</sup> November 2006)

- The Chairman, Sandy Murdoch, is to resign as Chairman but continue as a Non-Executive Director following this year's AGM (held on 15<sup>th</sup> Nov 2006)
- CEO & President, Chris Morris, is to become Executive Chairman
- Chief Operating Officer, Stuart Crosby, is to become CEO and President of Computershare Limited and a Director per the Company's Constitution

# Financial Outlook

Management remains comfortable with its target of long term Earnings per Share growth of around 20% per annum\*

\* On the assumption that equity, interest rate and FX market conditions remain relatively stable

QUESTIONS ?

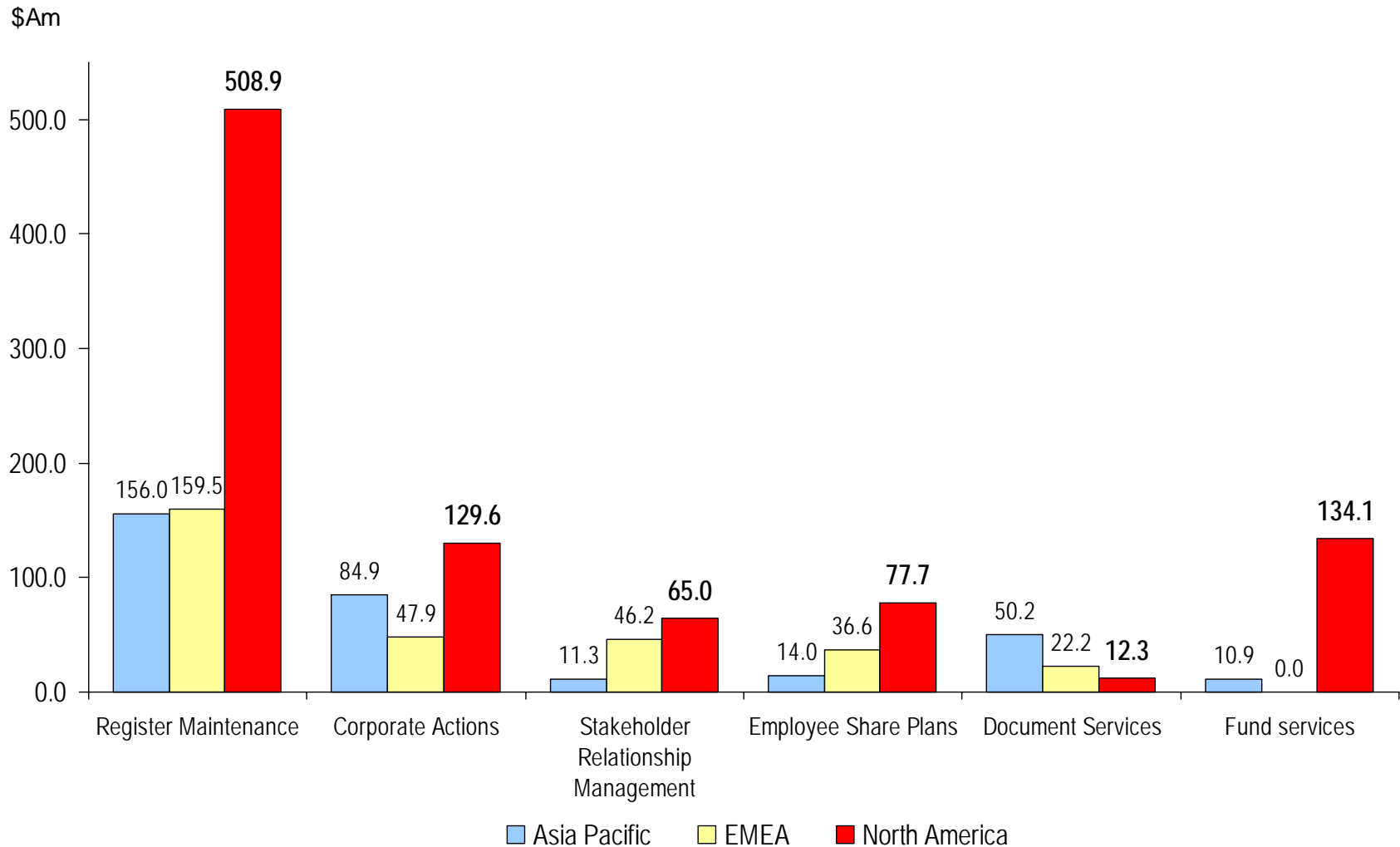


**Appendix:  
Full Year Results 2006 Presentation**

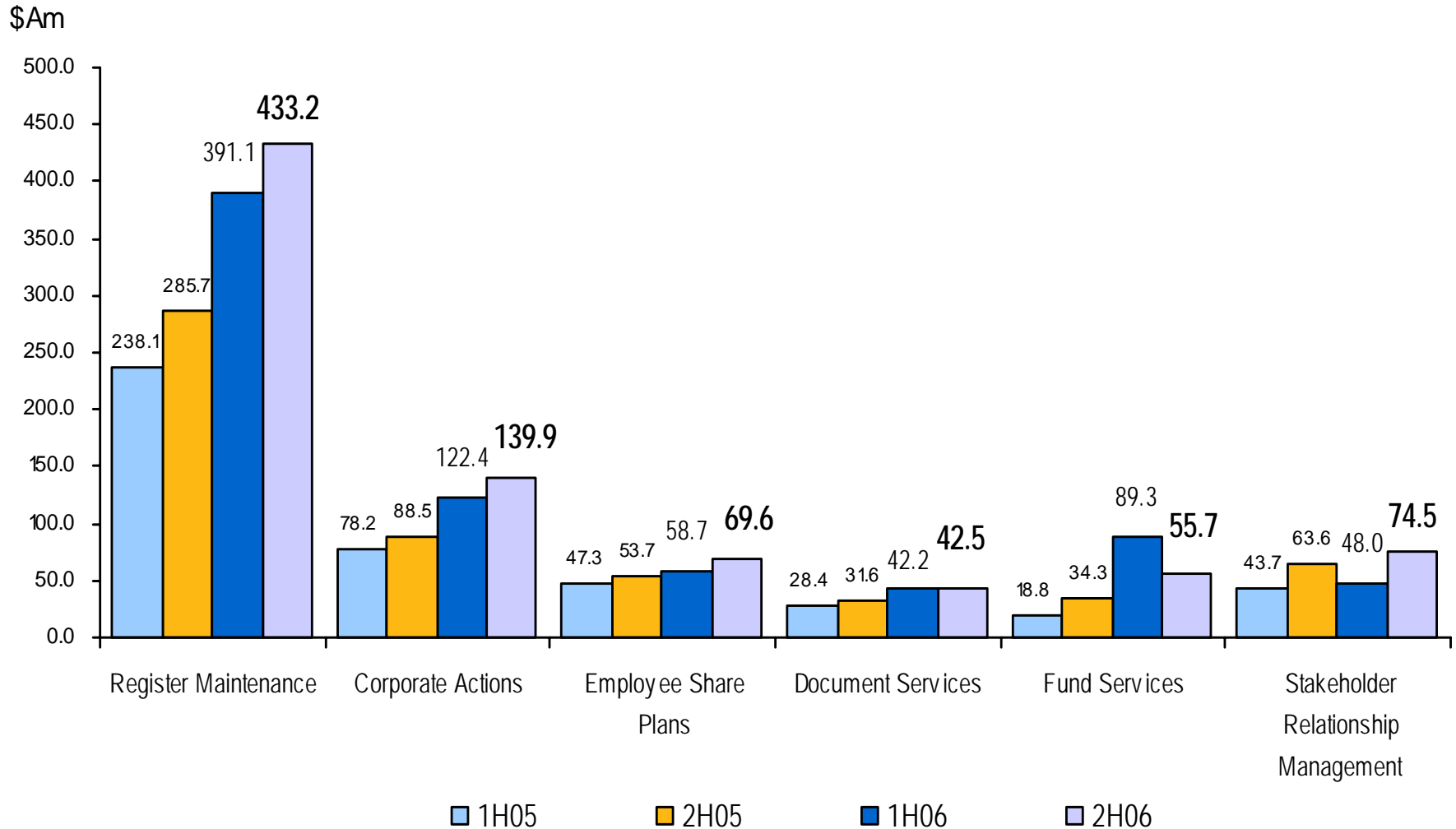
**16 August 2006**

## Group Comparisons

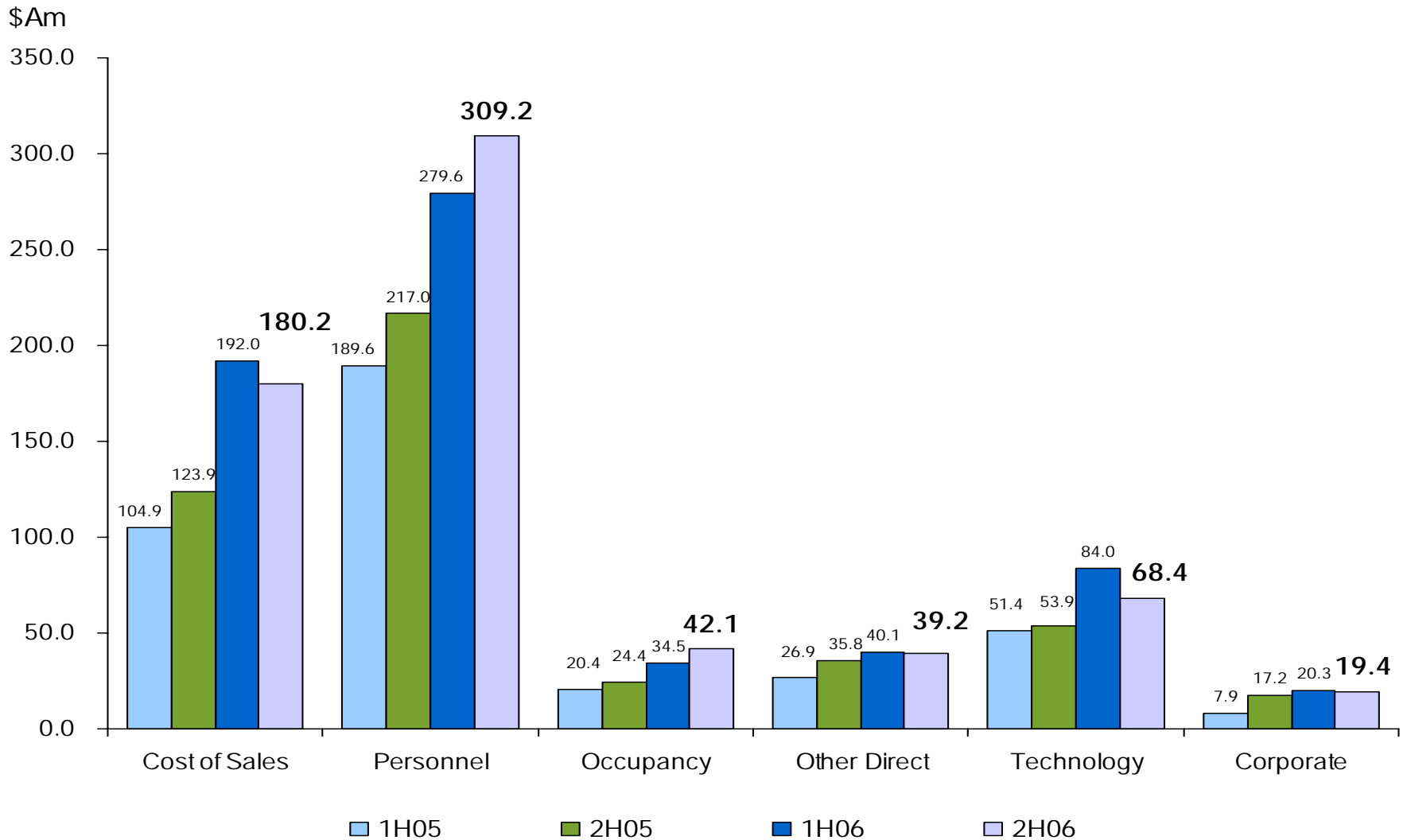
# Regional Analysis – FY06 Revenue



# Half Year Comparisons - Revenue



# Half Year Comparisons – Operating Costs





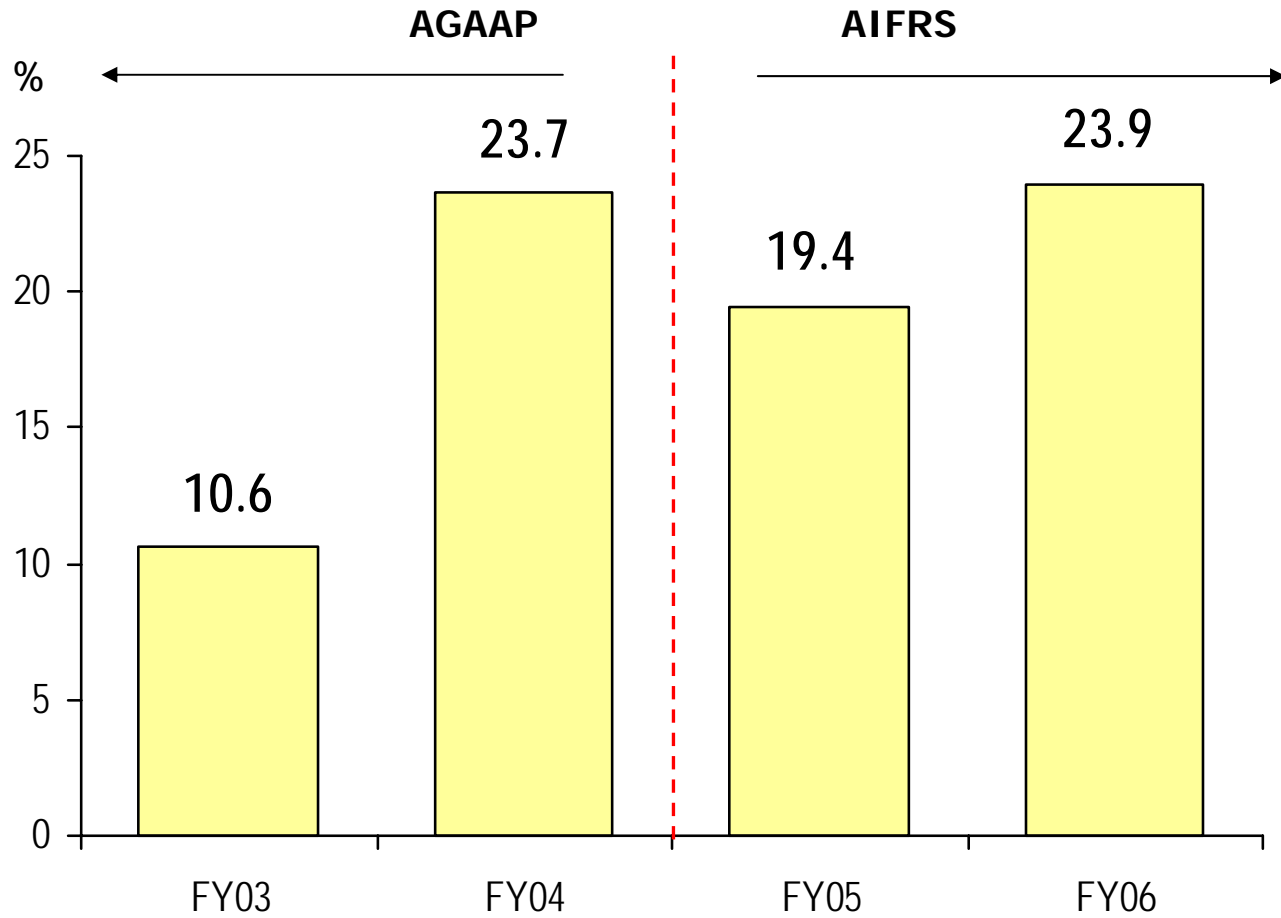
# Revenue Breakdown – A\$m



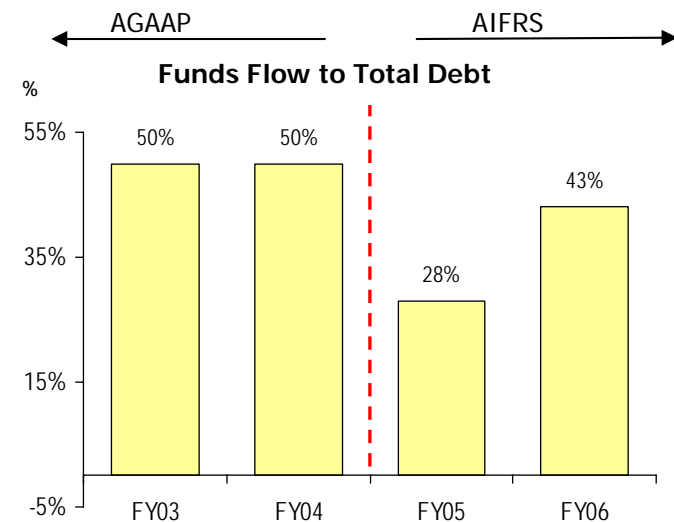
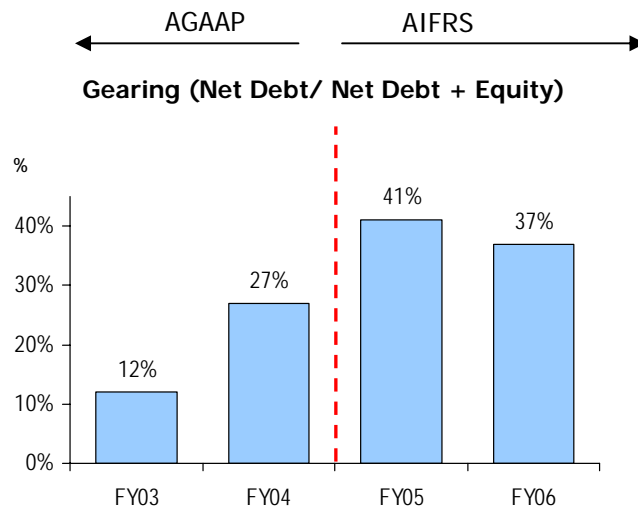
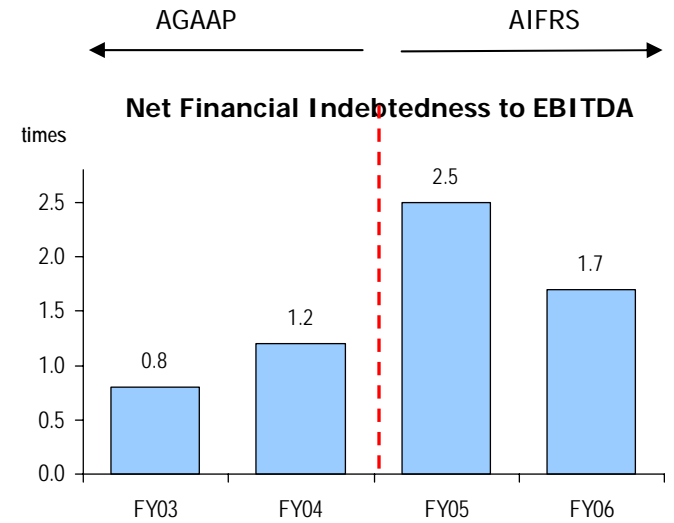
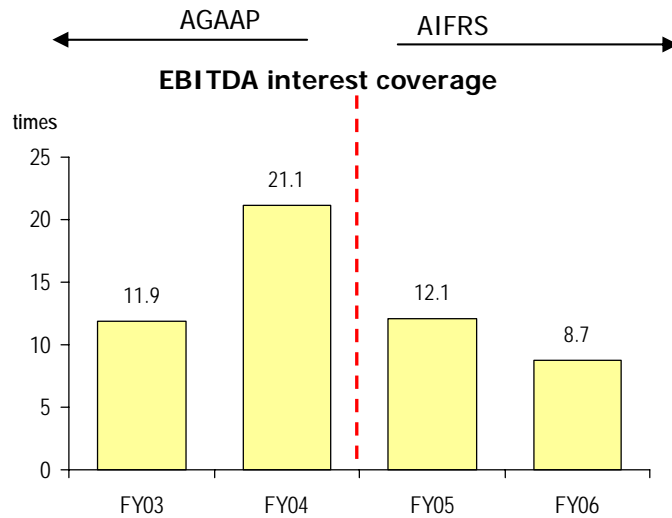
	<b>FY06</b>	<b>FY05</b>	<b>Variance</b>
Register Maintenance	824.4	523.8	57%
Corporate Actions	262.3	166.7	57%
Fund Services	145.0	53.1	173%
Stakeholder Relationship Mgt	122.5	107.3	14%
Employee Share Plans	128.3	101.0	27%
Document Services	84.6	60.0	41%
Technology & Other Revenues	59.0	71.3	(17%)
<b>Total Revenue</b>	<b><u>1,626.1</u></b>	<b><u>1,083.2</u></b>	<b><u>50%</u></b>

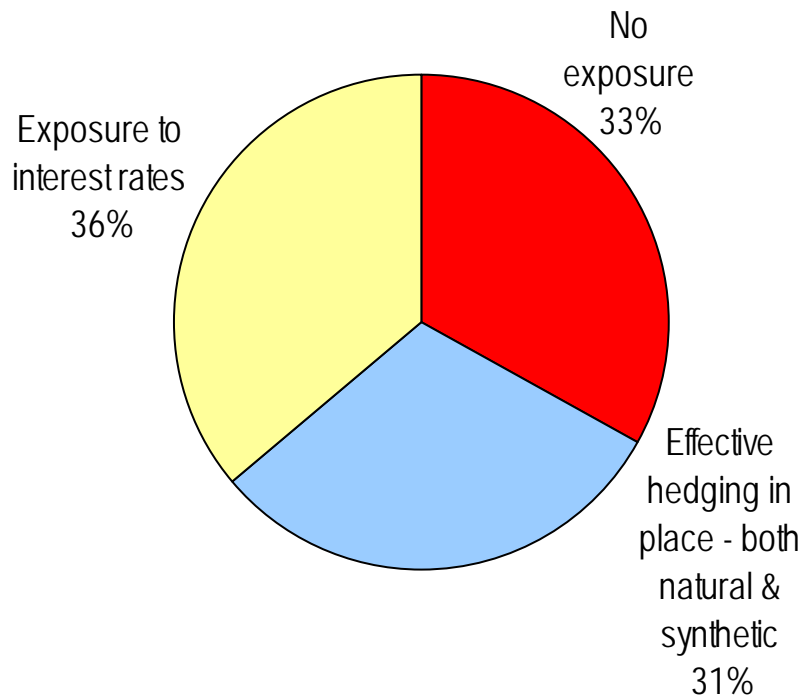
Note: Included in the revenue results are \$157.3 m of Margin Income (FY05: \$79.6 m) and \$328.8m of Recoverable Income (FY05: \$202.3 m).

# Underlying Effective Tax Rate



# Key Financial Ratios





## Interest Rate Hedging

Strategy: - Protect downside risk in current rising interest rate environment

---

Policy: - Minimum hedge of 25% / Maximum hedge of 75%

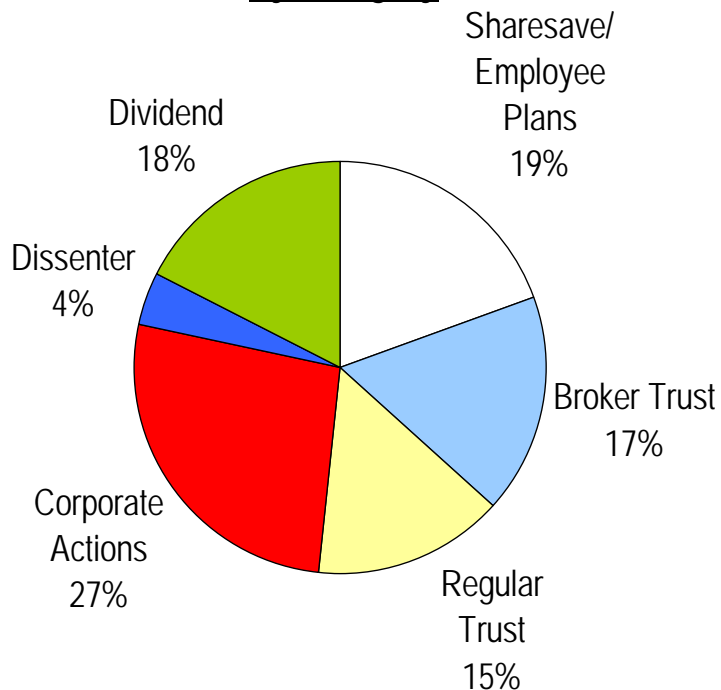
- Minimum term 1 year / Maximum term 5 years

---

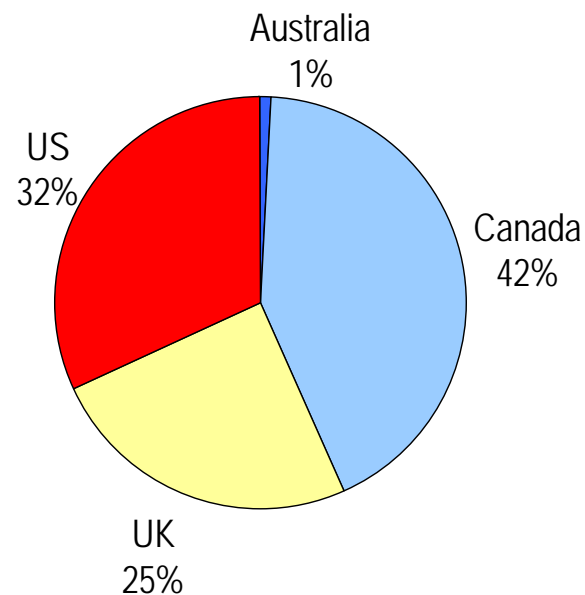
- Current hedging: 31%

# Risk Management – Average Funds Balances for year ending 30 June 2006

By Category



By Country

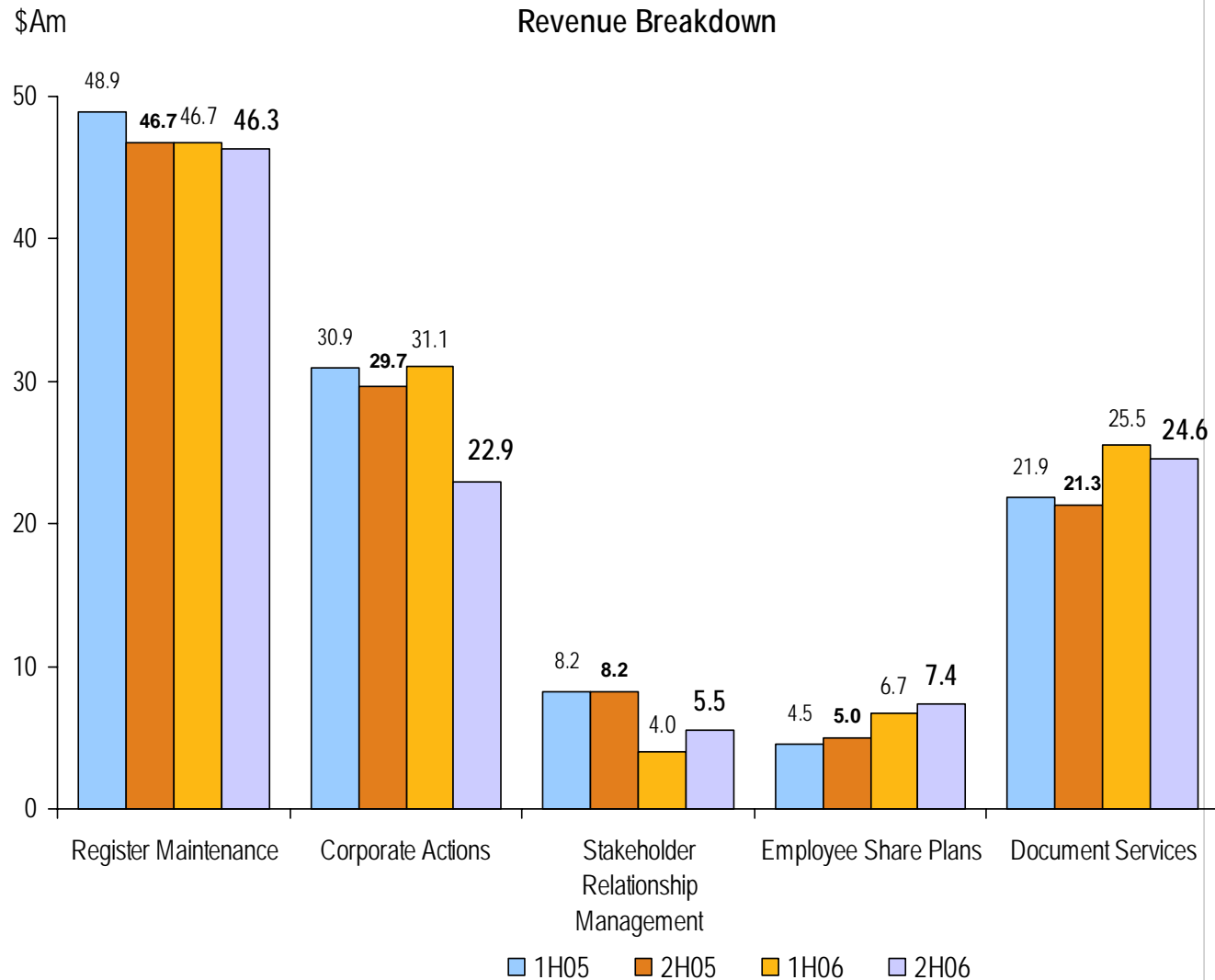
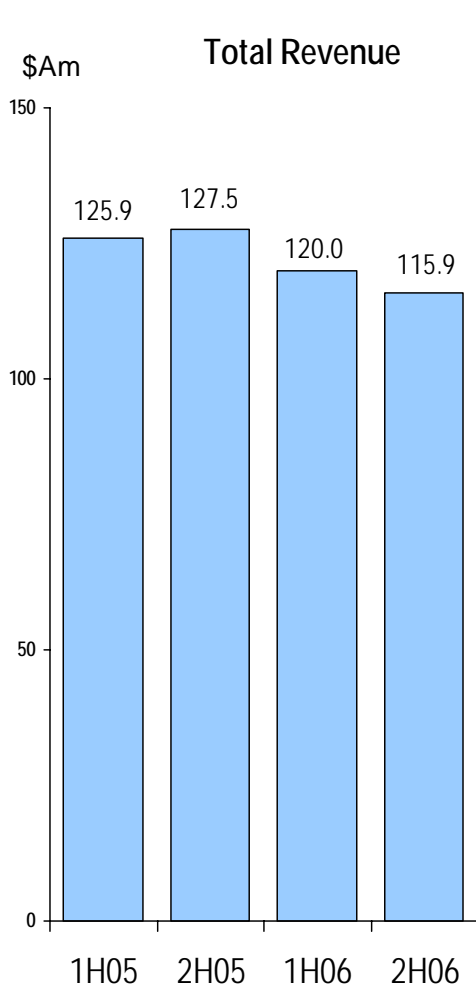


Average fund balance A\$6.4b

## Country Summaries

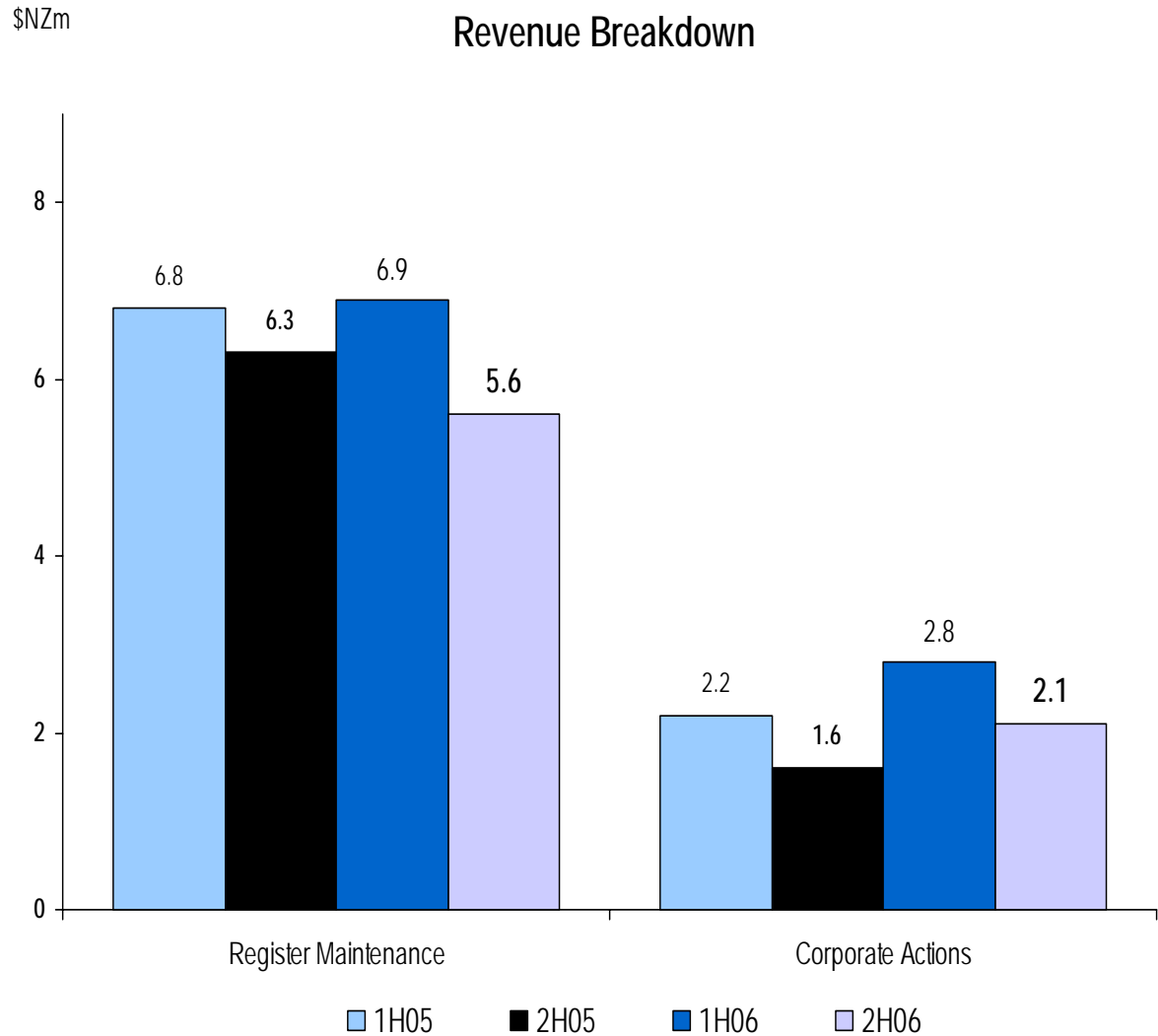
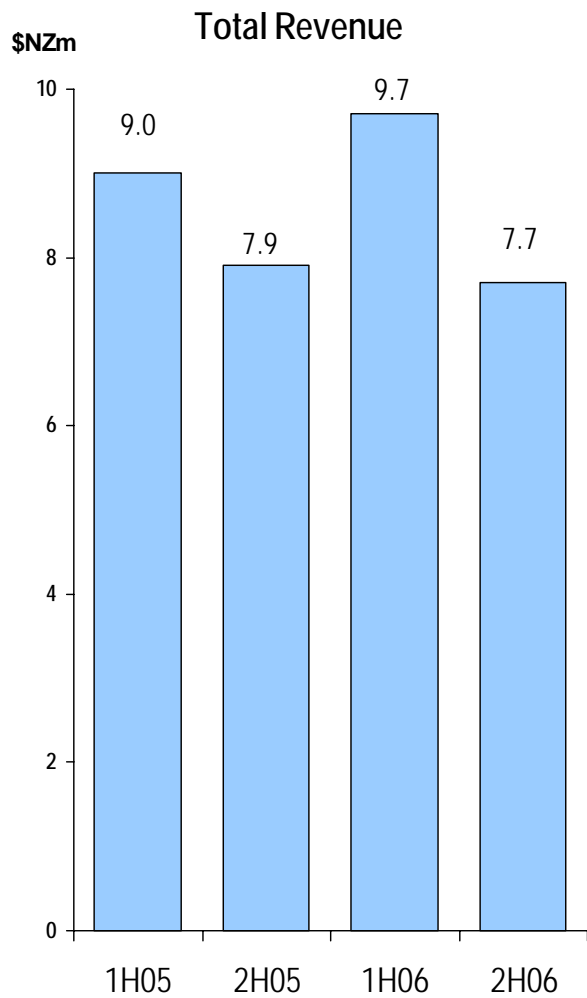
## Asia Pacific

# Australia Half Year Comparison



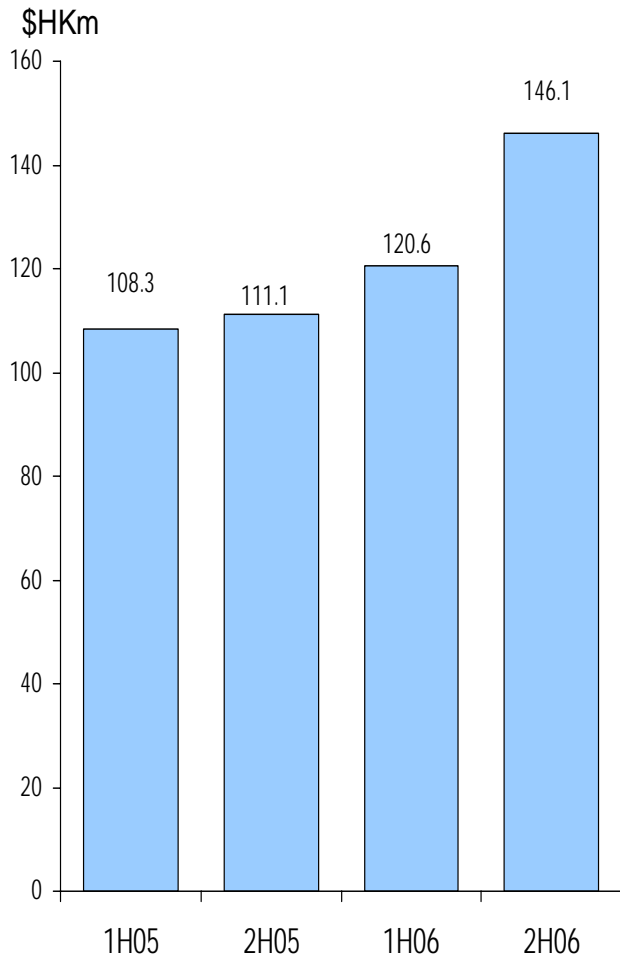


# New Zealand Half Year Comparison

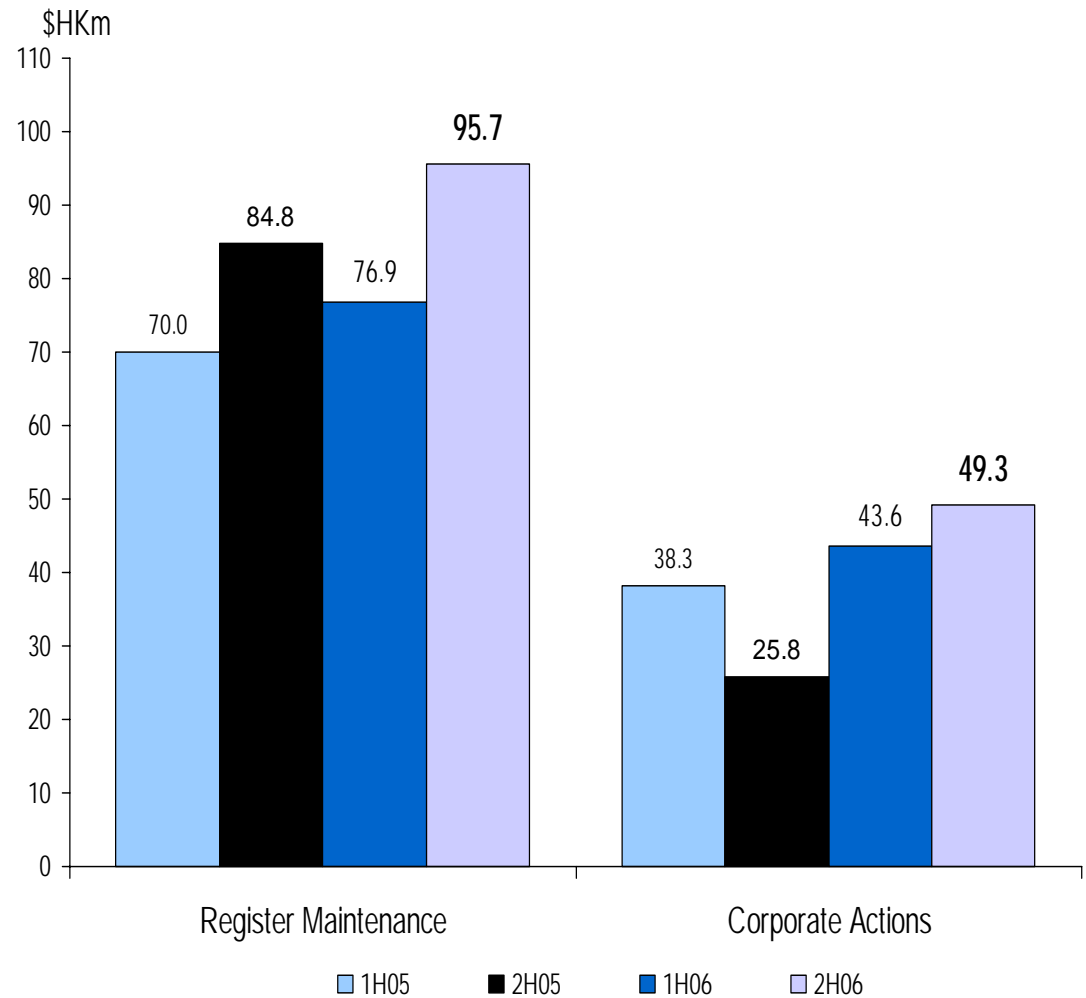


# Hong Kong Half Year Comparison

## Total Revenue

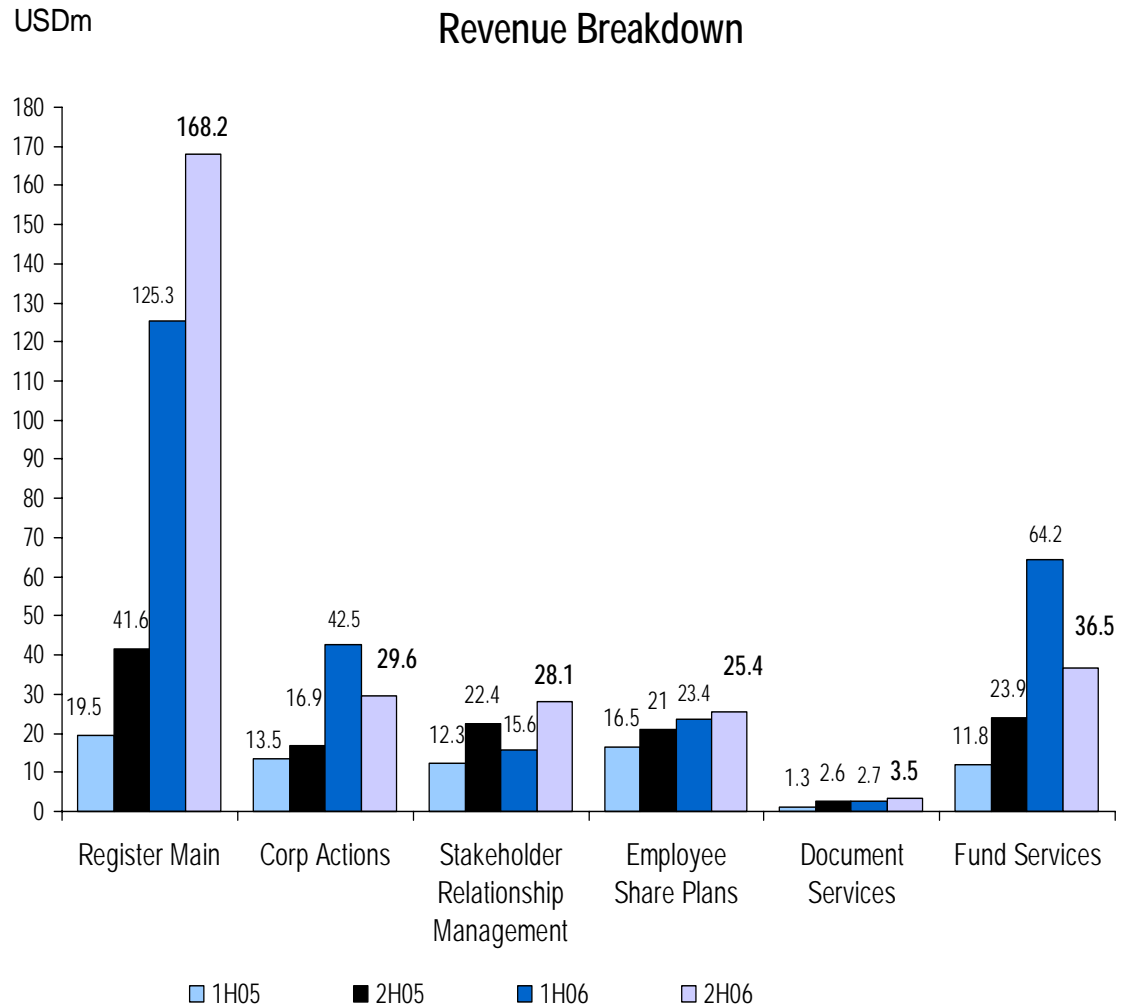
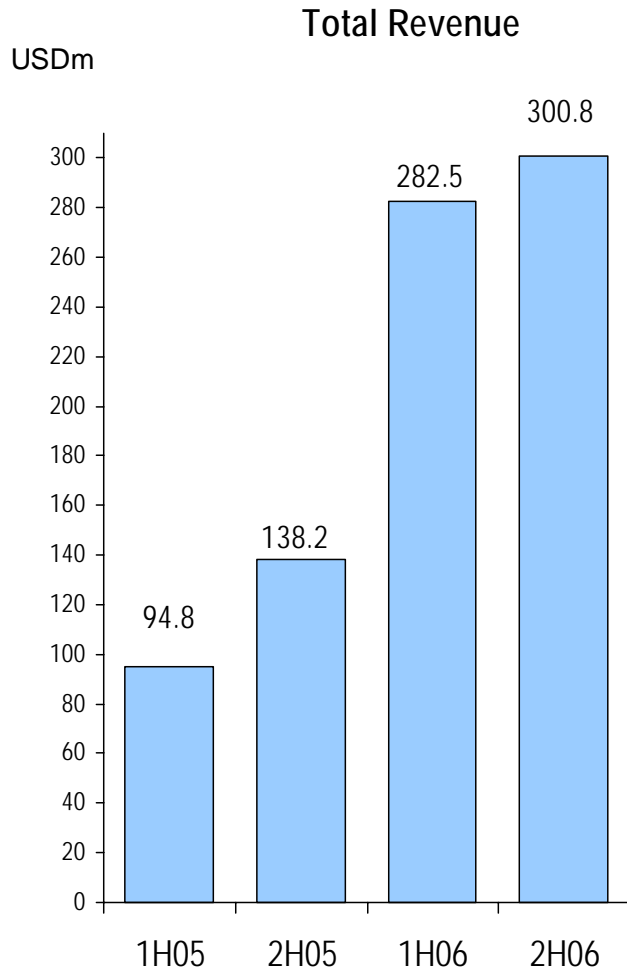


## Revenue Breakdown

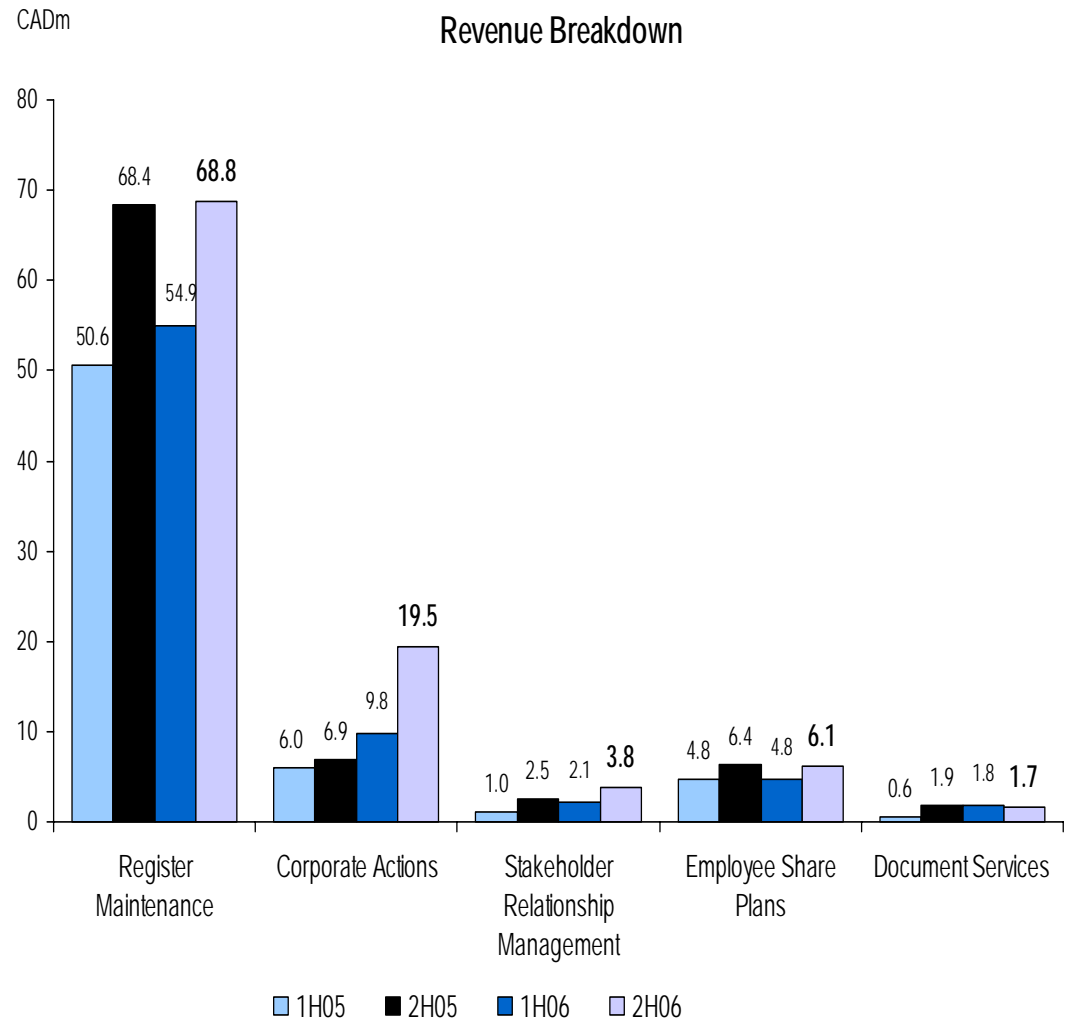
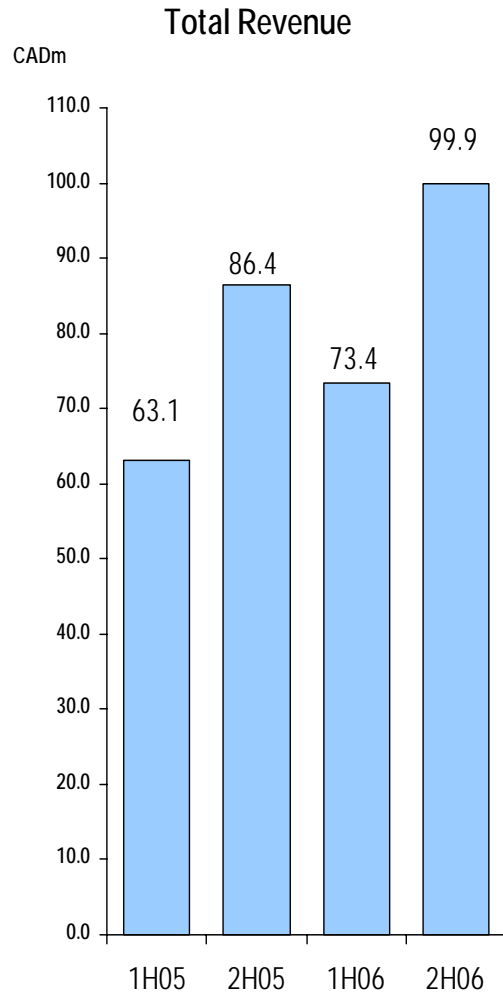


## North America

# United States Half Year Comparison



# Canada Half Year Comparison

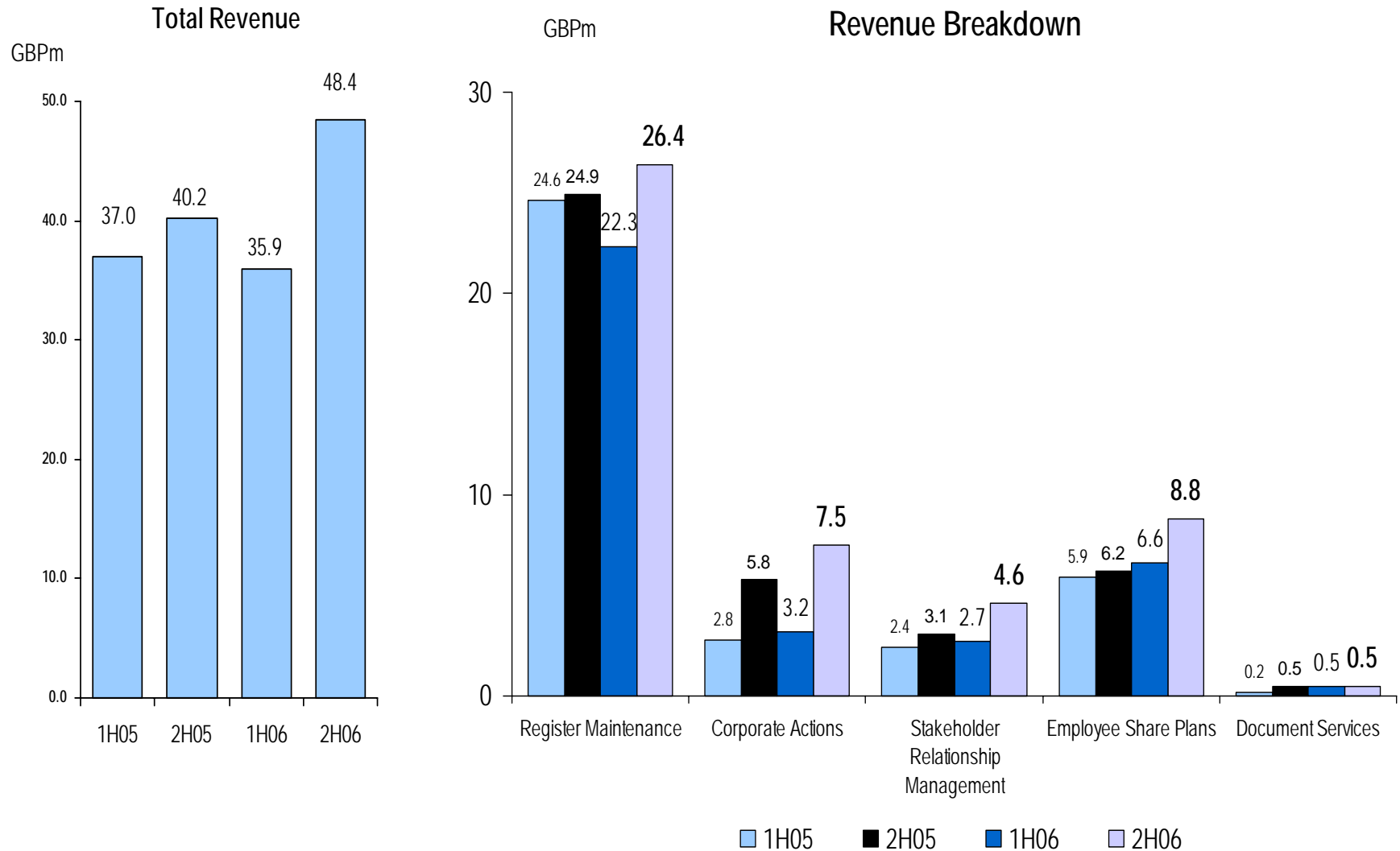


# Appendix 2: Country Summaries

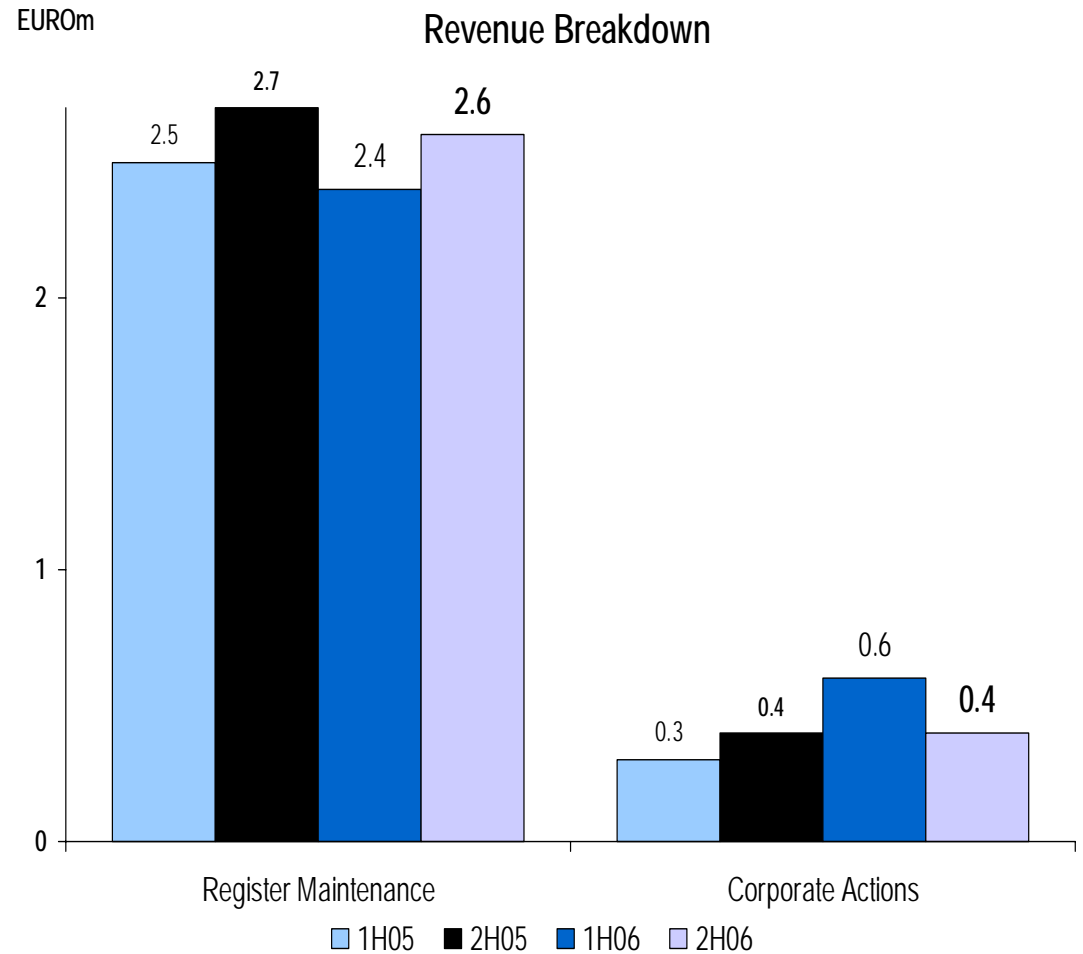
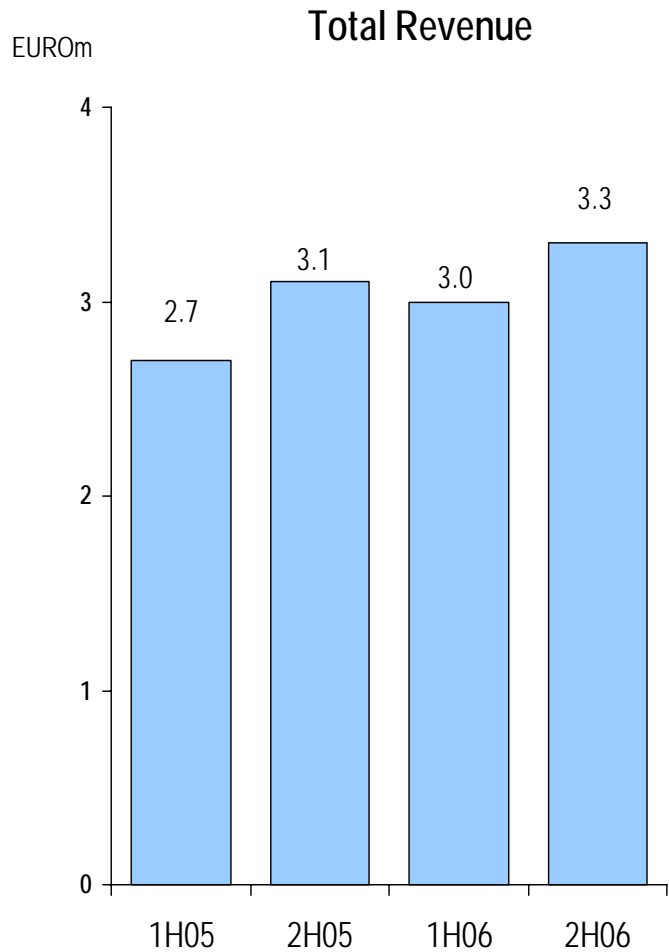


**EMEA**

# United Kingdom Half Year Comparison

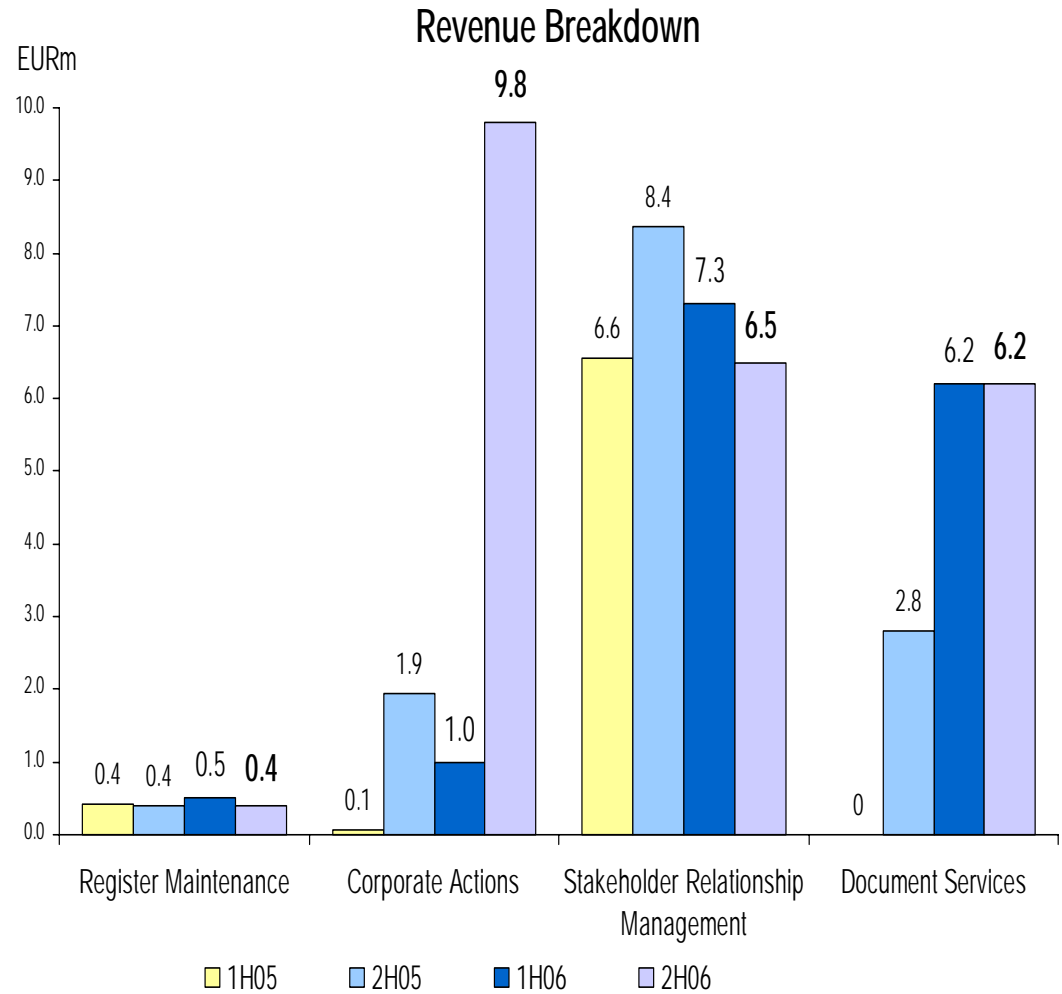
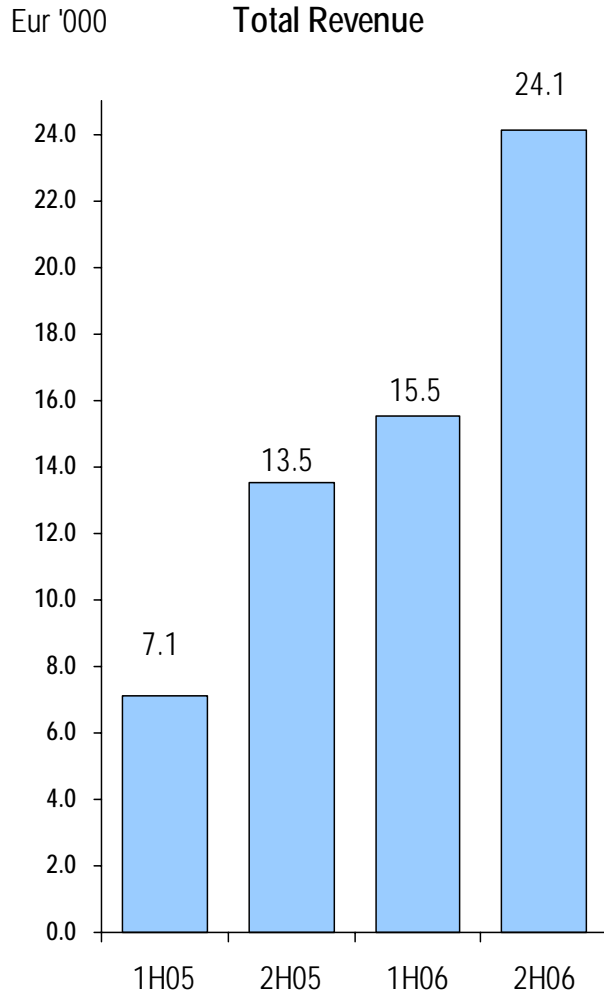


# Ireland Half Year Comparison



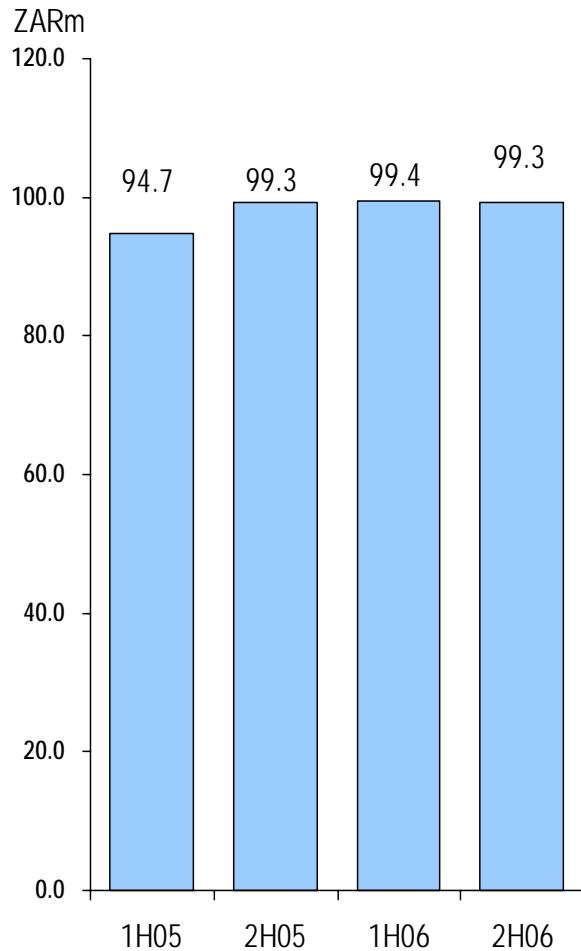


# Germany Half Year Comparison



# South Africa Half Year Comparison

## Total Revenue



## Revenue Breakdown

