# FY21 HALF YEAR RESULTS PRESENTATION

9 February 2021

Stuart Irving, Chief Executive Officer and President

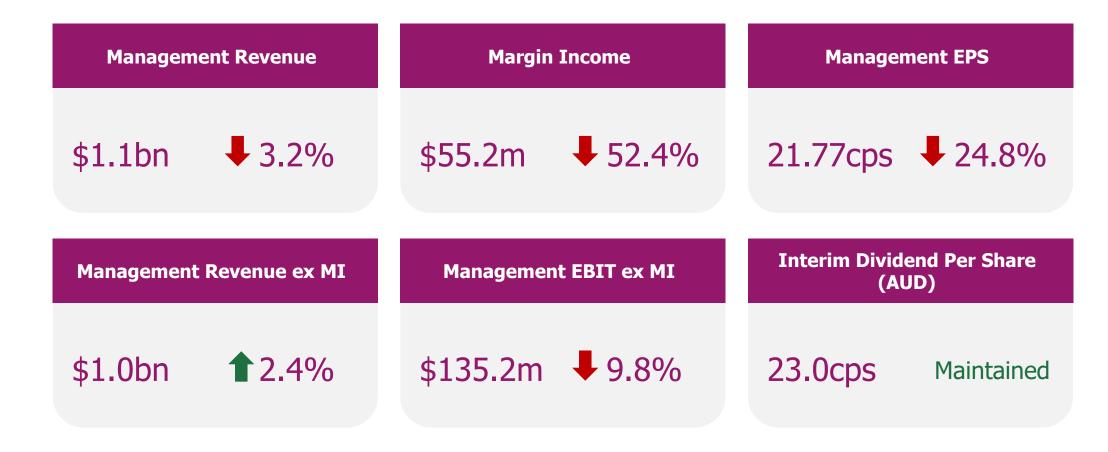
Nick Oldfield, Chief Financial Officer





## 1H21 Results

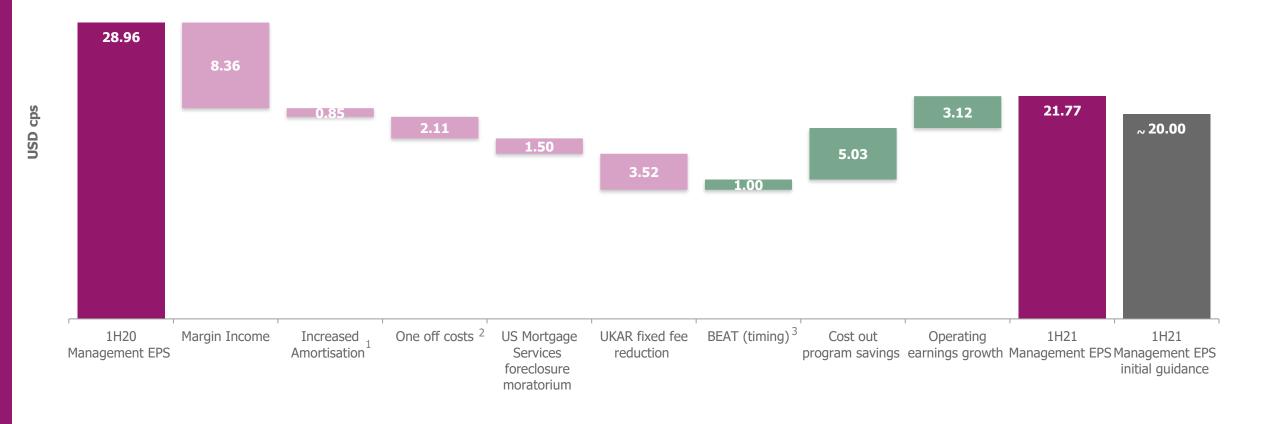
Business performance ahead of plan - interest rates impact earnings, dividend maintained and full year guidance upgraded





# 1H21 Management EPS

Strong operating performance and cost out programs driving above target 1H





# 1H21 Summary

### Growth in fee revenues and contributions from cyclical businesses

Issuer Services revenue growth

Employee Share Plans transactions recovery

Good contribution from cyclical Bankruptcy business

Consistent fee growth in Corporate Trust

Margin income client balances higher than plan

Volatile market conditions & ongoing foreclosure moratorium impacting US Mortgage Services profit, some revenues deferred

Cost out programs remain on track

Operating Performance supports positive 2H outlook



## FY21 Outlook

## We upgrade Management EPS to be down around 8% (previously down around 11%)

#### **Guidance**

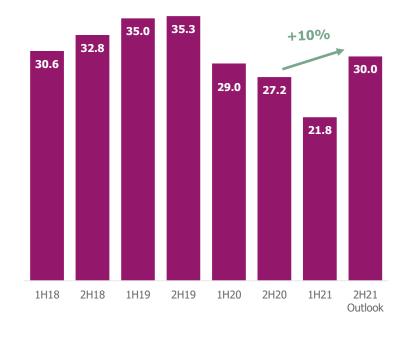
- > In constant currency, for FY21 we expect:
- Management EPS to be down by around 8%<sup>1</sup>
- We expect Management EPS for 2H21 to be around 30.0 cents per share
- EBIT ex Margin Income to be up by around 14%<sup>2</sup>

#### **Key Assumptions**

- > Margin Income revenue expected to be around \$105m
- Equity and interest rate markets remain at current levels / in line with current market expectations
- > Group tax rate between 28.0% 30.0%
- > For constant currency comparisons, FY20 average exchange rates are used to translate the FY21 earnings to USD<sup>3</sup>

# **Management EPS**

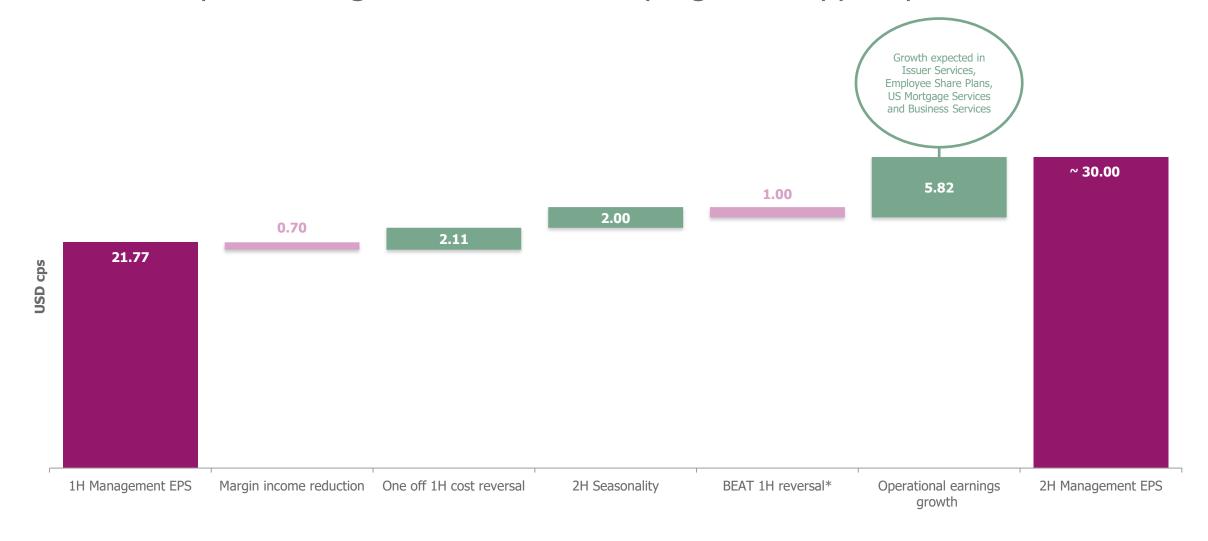
(at actual FX rates)





# 2H21 Management EPS guidance bridge

Consistent operational growth and cost out programs support positive 2H outlook





# 1H21 Management results summary

Revenue growth ex margin income, up 2.4%

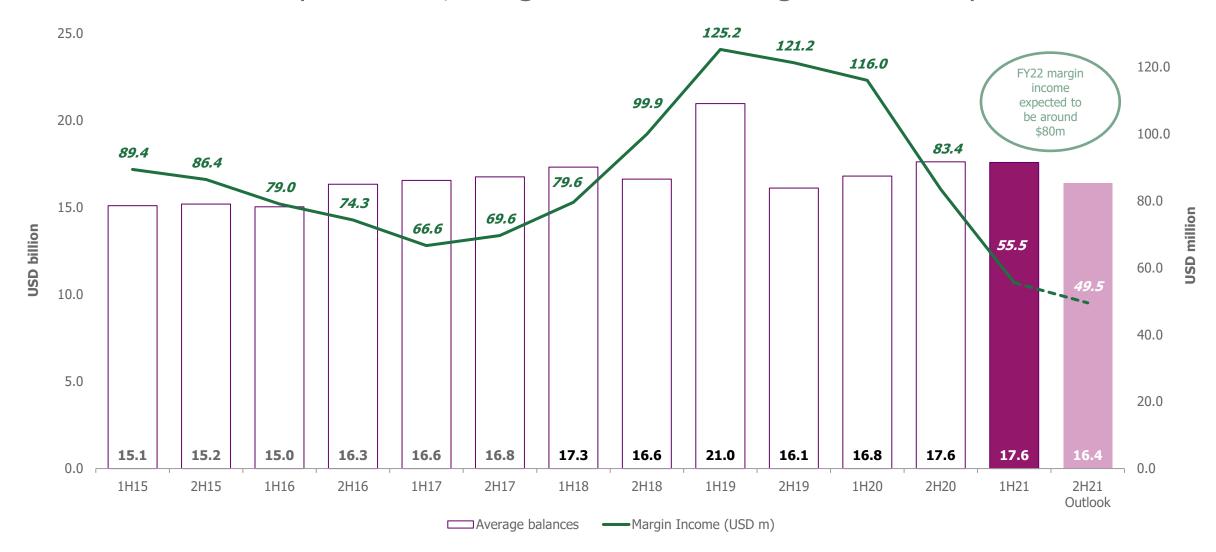
	1H21 Actual (at 1H20 CC)	1H20 Actual	Variance
Total revenue ex Margin Income	\$1,032.7	\$1,008.3	+2.4%
Margin Income	\$55.2	\$116.0	-52.4%
Total revenue	\$1,087.9	\$1,124.3	-3.2%
Operating costs	\$811.8	\$787.6	+3.1%
EBITDA	\$276.5	\$336.6	-17.9%
Depreciation	\$37.6	\$38.0	-1.1%
Amortisation	\$48.5	\$32.8	+47.9%
EBIT	\$190.3	\$265.9	-28.4%
EBIT ex Margin Income <sup>1</sup>	\$135.2	\$149.9	-9.8%
Interest expense	\$27.5	\$36.2	-24.0%
<b>Profit Before Tax</b>	\$162.8	\$229.7	-29.1%
Income tax expense	\$45.1	\$72.6	-37.9%
Management NPAT	\$117.8	\$157.0	-25.0%
Management EPS (cents)	21.77	28.96	-24.8%
Recurring Revenue	75.6%	78.3%	-270bps
EBIT ex Margin Income margin (%)	13.1%	14.9%	-180bps
ROE <sup>2</sup>	16.8%	22.8%	-600bps
ROIC <sup>3</sup>	10.1%	13.5%	-340bps
Interim Dividend Per Share (AUD cents)	23.0	23.0	Maintained

1H21 Actual
\$1,046.9
\$55.5
\$1,102.5
\$825.1
\$277.7
\$38.3
\$48.7
\$190.8
\$135.2
\$27.6
\$163.1
\$45.3
\$117.9
21.79



# Margin Income

Balances above expectations, margin income tracking in line with plan





### **Issuer Services**

## Globally integrated product offering gaining traction

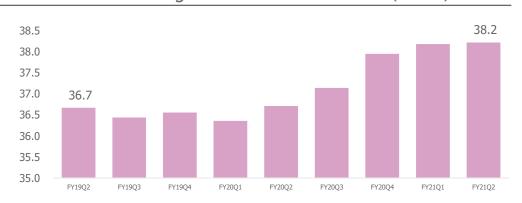
Mgmt EBIT ex	. Marg	in Income
\$102.8m	1	23.3%
Margin: 23.5%	1	160bps

Revenue breakdown	1H21 CC	1H20 Actual	CC Variance
Register Maintenance*	\$302.7	\$300.9	+0.6%
Corporate Actions*	\$65.3	\$48.5	+34.6%
Stakeholder Relationship Management*	\$35.2	\$18.1	+94.5%
Issuer Services-Other*	\$34.4	\$12.4	+177.4%
Margin Income	\$22.1	\$44.4	-50.1%
Total revenue	\$459.8	\$424.3	+8.4%
Mgmt EBITDA	\$126.7	\$129.2	-1.9%
Mgmt EBITDA margin	27.5%	30.5%	-300bps
Mgmt EBIT ex Margin Income	\$102.8	\$83.4	+23.3%
Mgmt EBIT ex Margin Income margin	23.5%	21.9%	+160bps

#### **Key Priorities**

#### \* Revenue excluding Margin Income Global managed shareholder accounts (millions)





Steady growth demonstrated since 2018



# **Employee Share Plans**

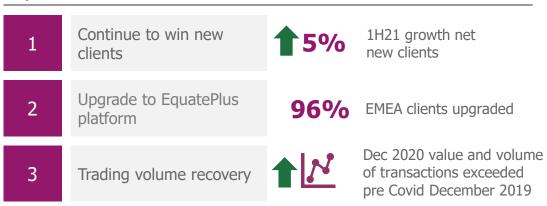
## Improved fee revenue with trading volumes recovering

Mgmt EBIT* ex. Margin Income							
\$14.6m	•	19.8%					
Margin: <b>11.2%</b>	1	220bps					

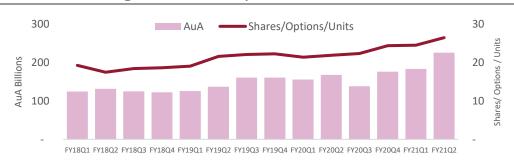
<sup>\*1</sup>H21 impacted by \$4.5m of one-off regulatory costs associated with Brexit transition. Adjusted EBIT ex MI \$19.1m +4.9%, margin 14.6%, +110bps.

Revenue breakdown	1H21 CC	1H20 Actual	CC Variance
Fee Revenue	\$67.7	\$66.5	+1.8%
Transactional Revenue	\$57.3	\$61.9	-7.4%
Other Revenue	\$5.8	\$7.0	-17.1%
Margin Income	\$2.2	\$6.3	- 65.1%
Total revenue	<b>\$132.9</b>	\$141.6	-6.1%
Mgmt EBITDA	\$19.4	\$27.1	-28.4%
Mgmt EBITDA margin	14.6%	19.1%	-450bps
Mgmt EBIT ex Margin Income	\$14.6	\$18.2	-19.8%
Mgmt EBIT ex Margin Income margin	11.2%	13.4%	-220bps

#### **Key Priorities**



#### Outstanding shares and options under administration



- > Q2 improvement in AuA as corporates continued to use equity remuneration to attract, retain and reward employees

# Mortgage Services

## Foreclosure moratorium and low rates impacting US, UK cost out on track

Mgmt EBIT ex. Margin Income							
-\$2.6m	•	111.1%					
Margin: -0.9%	•	840bps					

Revenue breakdown	1H21 CC	1H20 Actual	CC Variance
US Mortgage Services*	\$213.1	\$209.4	+1.8%
Margin Income	\$2.1	\$17.9	-88.3%
UK Mortgage Services	\$66.3	\$101.6	-34.7%
Total revenue	\$281.5	\$328.9	-14.4%
Mgmt EBITDA <sup>1</sup>	\$47.0	\$75.9	-38.1%
Mgmt EBITDA margin	16.7%	23.1%	-640bps
Mgmt EBIT ex Margin Income	-\$2.6	\$23.4	-111.1%
Mgmt EBIT ex Margin Income margin	-0.9%	7.5%	-840bps

<sup>\*</sup> Revenue excluding Margin Income

#### **Key Priorities**





Increase in subservicing UPB

\$200m

Recapture UPB pipeline since launch in December 2020

\$34.8m cost savings delivered in 1H21

#### Growth in Sub-Servicing

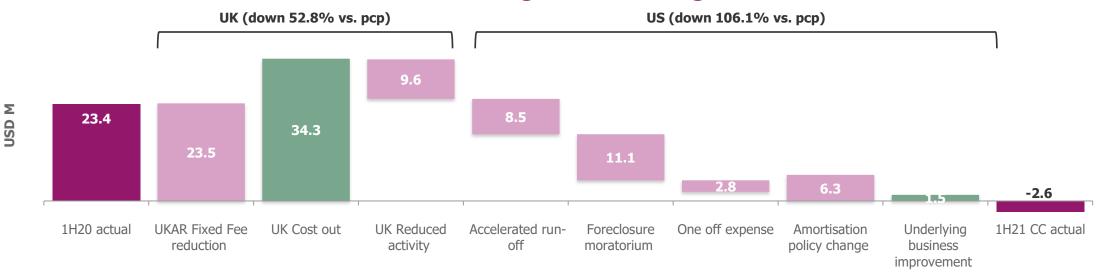




# Mortgage Services (continued)

US strategy remains on track despite near term earnings pressures

#### **EBIT ex Margin Income Bridge**



#### **US** Dashboard

MSR investment	\$65.9m 1H net spend (receipts from sales \$27.6m). 2H expected to be lower and below amortization expense for full year.	Portfolio	Lower mortgage rates driving elevated run-off levels and consequential 2.3% UPB reduction. Recapture solution deployed.
MSR pricing	Upwards pressure but remains below pcp.	Capital light revenues	Strong pipeline of servicing and fulfilment revenues delivering 2H revenue growth.
Net servicing advances	\$2.7m higher than 30 Jun 20 reflects seasonal peak; 2H decline expected	Forbearances	c. 40k loans in forbearance at 31 Dec 20, approx. 90% 30 days or more past due.



## **Business Services**

## Continued growth in Corporate Trust fee revenue, strong Bankruptcy contribution

Mgmt EBIT ex. Margin Income						
\$12.9m	1	55.4%				
Margin: 13.1%	1	360bps				

Revenue breakdown	1H21 CC	1H20 Actual	CC Variance
Corporate Trust*	\$26.0	\$24.2	+7.4%
Bankruptcy*	\$41.3	\$18.5	+123.2%
Class Actions*	\$31.5	\$45.3	-30.5%
Margin Income	\$15.8	\$32.9	-52.0%
Total revenue	\$114.6	\$120.8	-5.1%
Mgmt EBITDA	\$29.6	\$41.7	-29.0%
Mgmt EBITDA margin	25.8%	34.5%	-870bps
Mgmt EBIT ex Margin Income	\$12.9	\$8.3	+55.4%
Mgmt EBIT ex Margin Income margin	13.1%	9.5%	+360bps

<sup>\*</sup> Revenue excluding Margin Income

#### **Key Priorities**

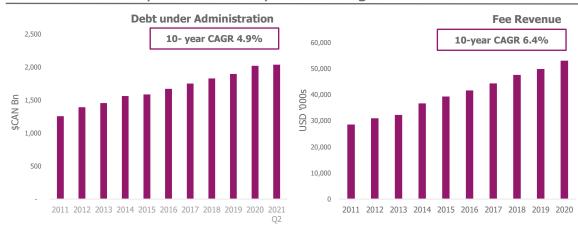
#### **Expansion in Corporate** Trust US Services Bankruptcy Revenue Growth Deliver on Global Class 3 Action opportunities

FY21 YoY growth in **44%** US Corporate Trust mandates

1H21 revenue has 2x doubled from 1H20

Class Action case Global wins in South Africa, UK and US

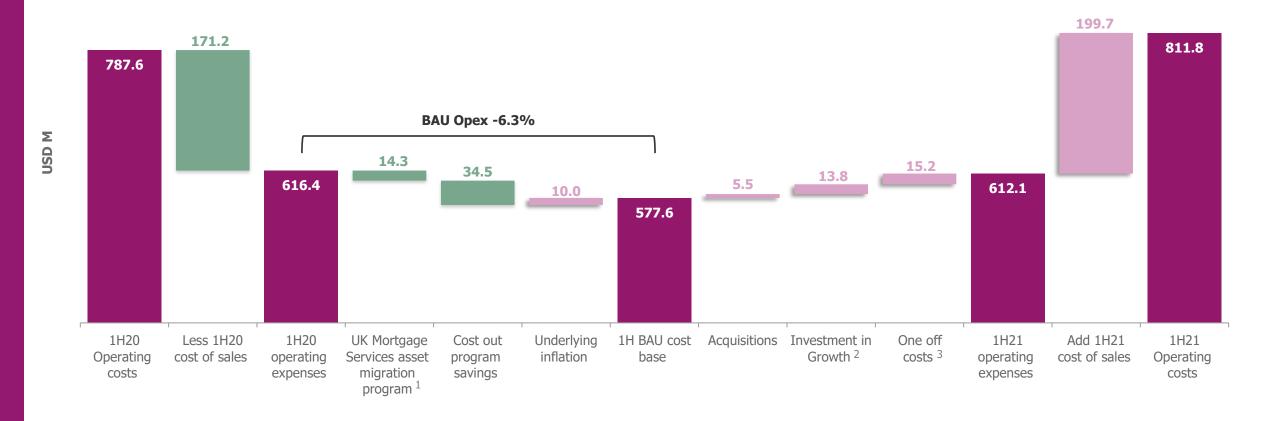
#### Corporate Trust - positive long term trends





# Operating expense analysis

Cost out programs delivering 6.3% BAU operating expense reduction





# Cost out programs – 1H21

## Expanded cost out opportunity in UK Mortgage Services

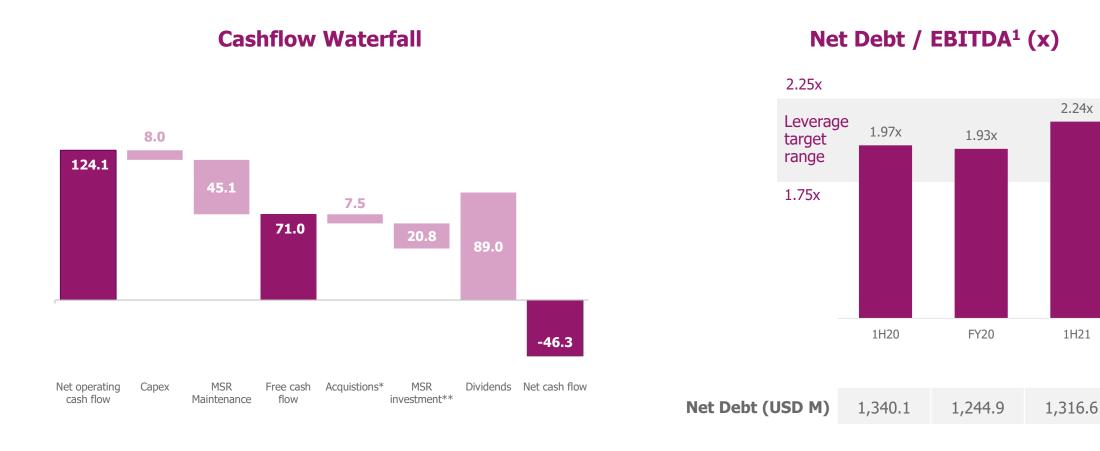
¢M	Total cost	Benefit realisation (cumulative)								
\$M Activity	savings estimates	FY17A	FY18A	FY19A	FY20A	FY21E	FY21 change vs. last disclosure <sup>2</sup>	FY22E	FY23E	Stage Total change vs. last disclosure²
Stage 1 Total	25 - 30	7.8	14.0	21.8	28.1	28.1	▶ 0.0m	28.1	28.1	▶ 0.0m
Stage 2 Total	60 - 70	5.9	35.4	54.1	62.9	64.8	▼ (0.2m)	66.6	66.6	► (0.2m)
Stage 3 Total	40 - 55			4.3	15.5	38.3	▼ (3.2m)	49.2	60.9	▶ 0.0m
Total estimate	125 - 155	13.7	49.4	80.1	106.5	131.3	<b>▼</b> (3.4m)	143.9	155.6	▼ (0.2m)
Equatex synergies	30				7.2	14.3	▼ (4.0m)	30.0	30.0	▶ 0.0m
UK Mortgage Services <sup>1</sup>	65				16.6	45.7	▲ 9.3m	64.4	64.4	▲14.4m
Total cost savings	220-250	13.7	49.4	80.1	130.3	191.2	▲ 2.0m	238.3	250.0	▲ 14.1m
Cost to achieve (post tax) <sup>3</sup>		20.5	13.4	14.8	14.8	25-30		25-30	5-10	

- > UK Mortgage Services cost out program progressing well, target upgraded from \$50m to \$65m
- > Equatex synergies still on track with cumulative benefits of \$30m expected. There are some shifts in timing of initiatives impacting the FY21 estimate



# Cash flow and leverage

1H21 Interim Dividend maintained. Net debt to EBITDA ratio within target range





## Conclusions

- > 1H21 Management EPS tracking ahead of plan
  - Computershare's operating businesses are performing: +2.4% revenue growth ex MI
  - Good growth in recurring fee revenues, c. 76% of group total
  - Contributions from increased activity in cyclical businesses
- > Record low interest rates impact MI
  - 1H21 \$55m, FY21 \$105m, FY22 c.\$80m
- > Continuing to focus on what we can control. BAU opex -6.3% with upgraded targets from cost out programs
- > Strong operating performance in 1H21 supports full year guidance upgrade
  - EBIT ex MI, up around 14% (previous guidance up around 10%)
  - Management EPS down around 8% (previously down around 11%)
- > Executing our strategy to build stronger, more efficient businesses with greater leverage to positive structural growth trends





# Statutory results

	1H21	1H20	Vs 1H20 (pcp)
Total Revenues	\$1,113.7m	\$1,125.8m	-1.1%
Total Expenses	\$1,009.7m	\$940.3m	+7.4%
Statutory Net Profit (post NCI)	\$72.6m	\$124.7m	-41.8%
Earnings per share (post NCI)	13.41 cents	23.00 cents	-41.7%

Reconciliation of Statutory Revenue to Management Results	TUST
Total Revenue per statutory results	\$1,113.7m
Management Adjustments	
Marked to market adjustments – derivatives	(\$0.2)
Gain on Disposal of the Group's shareholding in Euroclear Holding SA/NV	(\$11.0)
Total Management Adjustments	(\$11.2)
Total Revenue per Management Results	\$1,102.5m

Reconciliation of Statutory NPAT to Management Results	1H21
Net profit after tax per statutory results	\$72.6m
Managament Adiustruants (after tax)	
Management Adjustments (after tax)	
Amortisation	\$21.4
Acquisitions and Disposals	\$4.7
Other	\$19.2
Total Management Adjustments	\$45.3
Net Profit after tax per Management Results	\$117.9m

- 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 Group's performance on a comparative basis and provides a better measure of underlying operating performance.
- Management adjustments are made on the same basis as in prior years.
- Non-cash management adjustments include significant amortisation of identified intangible assets from businesses acquired in recent years, which will recur in subsequent years, asset disposals and other one-off charges.
- Cash adjustments are predominantly expenditure on acquisition-related and other restructures and will cease once the relevant acquisition integrations and restructures are complete.
- > A full description of all management adjustments is included on slide 20.
- The non-IFRS financial information contained within this document has not been reviewed or audited in accordance with Australian Auditing Standards.



# Management adjustment items

## Appendix 4D note 2

#### **Amortisation**

Customer relationships and most of other intangible assets that are recognised on business combinations or major asset acquisitions are amortised over their useful life in the statutory results but excluded from management earnings. The amortisation of these intangibles in the half-year ended 31 December 2020 was \$21.4 million. Amortisation of mortgage servicing rights, certain acquired software as well as intangibles purchased outside of business combinations is included as a charge against management earnings.

#### **Acquisitions and disposals**

- > Acquisition related expenses of \$12.5 million were incurred for the ongoing integration of Equatex and \$1.2 million were for restructuring costs associated with recent acquisitions.
- > Disposal of the Group's shareholding in Euroclear Holding SA/NV resulted in a gain of \$8.9 million.

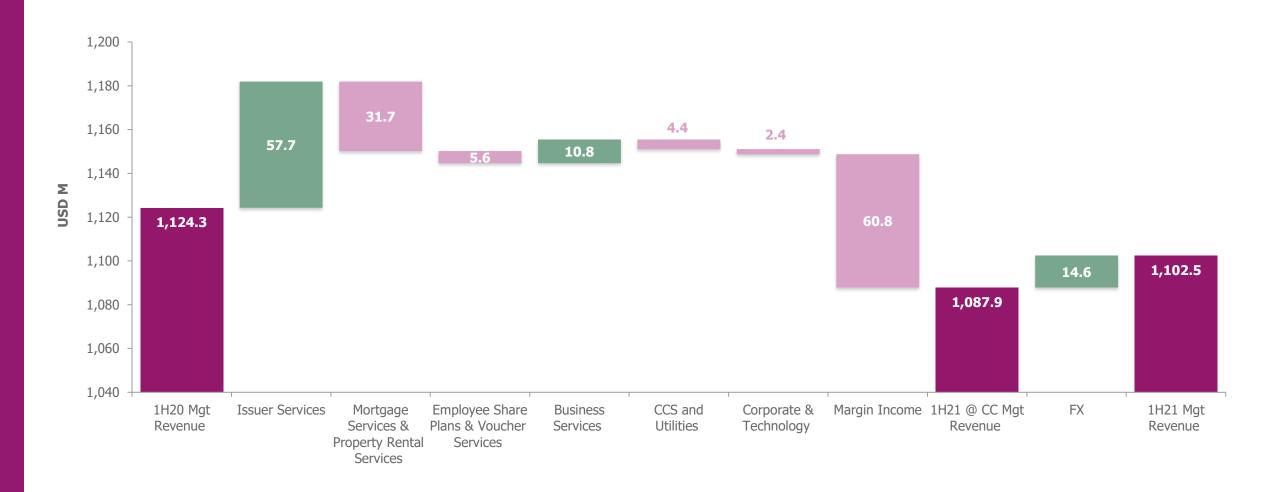
#### **Other**

- > Costs of \$19.3 million were incurred in the current reporting period in respect of major restructuring programmes spanning several years. These comprised specified significant cost-out initiatives, related workforce reductions and property rationalisations. In the current reporting period, these costs related mainly to UK mortgage services.
- > 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 marked to market valuation resulted in a gain of \$0.1 million.



# Management revenue bridge

Increased operating revenue from Issuer Services and Bankruptcy





# Management revenue by business stream

Revenues down 3.2%, +2.4% excluding Margin Income

	1H21 Rev @ CC	1H21 MI @ CC	1H21 Rev ex MI @ CC	1H20 Rev	1H20 MI	1H20 Rev ex MI	Rev CC Variance	Rev ex MI CC Variance
Issuer Services	\$459.8	\$22.1	\$437.7	\$424.3	\$44.4	\$380.0	+8.4%	+15.2%
Mortgage Services & Property Rental Services	\$294.8	\$15.0	\$279.8	\$343.9	\$32.3	\$311.5	-14.3%	-10.2%
Employee Share Plans & Voucher Services	\$139.0	\$2.2	\$136.8	\$148.8	\$6.4	\$142.4	-6.6%	-3.9%
Business Services	\$114.6	\$15.8	\$98.8	\$120.8	\$32.9	\$88.0	-5.1%	+12.3%
Communication Services & Utilities	\$78.7	-	\$78.7	\$83.1	-	\$83.1	-5.3%	-5.3%
Corporate & Technology	\$0.9	-	\$0.9	\$3.3	-	\$3.3	-72.7%	-72.7%
Total Group	\$1,087.9	\$55.2	\$1,032.7	\$1,124.3	\$116.0	\$1,008.3	-3.2%	+2.4%



# Revenue excluding Margin Income at actual FX rates

Revenue breakdown	1H21 Actual	1H20 Actual	2H20 Actual	FY20 Actual	1H19 Actual	2H19 Actual	FY19 Actual
Register Maintenance*	\$306.4	\$300.9	\$324.9	\$625.8	\$314.1	\$344.0	\$658.2
Corporate Actions*	\$66.4	\$48.5	\$44.9	\$93.4	\$47.7	\$40.4	\$88.0
Stakeholder Relationship Management*	\$35.5	\$18.1	\$40.6	\$58.7	\$35.5	\$31.8	\$67.3
Issuer Services-Other*	\$34.6	\$12.4	\$25.8	\$38.2	\$13.4	\$12.5	\$25.9
Margin Income	\$22.1	\$44.4	\$34.3	\$78.7	\$61.1	\$51.3	\$112.4
Total Issuer Services Revenue	\$465.0	\$424.3	\$470.4	\$894.7	\$471.8	\$480.0	\$951.9
US Mortgage Services*	\$213.1	\$209.4	\$205.1	\$414.5	\$146.6	\$184.4	\$331.0
US Mortgage Services Margin Income	\$2.1	\$17.9	\$6.3	\$24.2	\$12.9	\$16.9	\$29.8
UK Mortgage Services	\$68.7	\$101.6	\$95.0	\$196.6	\$128.0	\$127.1	\$255.2
Total Mortgage Services Revenue	\$283.9	\$328.9	\$306.5	\$635.4	\$287.4	\$328.5	\$615.9
Corporate Trust*	\$25.8	\$24.2	\$30.6	\$54.8	\$25.9	\$25.9	\$51.8
Bankruptcy*	\$41.3	\$18.5	\$28.8	\$47.3	\$13.2	\$25.5	\$38.7
Class Actions*	\$31.6	\$45.3	\$40.0	\$85.3	\$47.4	\$51.8	\$99.2
Margin Income	\$15.7	\$32.9	\$23.3	\$56.2	\$30.7	\$29.4	\$60.0
Karvy	-	-	-	-	\$16.9	\$0.1	\$17.0
Total Business Services Revenue	\$114.4	\$120.8	\$122.8	\$243.6	\$134.1	<b>\$132.6</b>	\$266.7

<sup>\*</sup> Revenue excluding Margin Income



# EBITDA by business stream

# EBITDA ex Margin Income \$221.3m, up 0.3%

	1H21 EBITDA @ CC	1H20 EBITDA	CC Variance	1H21 @ CC Op. Margin	1H20 Op. Margin
Issuer Services	\$126.7	\$129.2	-1.9%	27.5%	30.5%
Mortgage Services & Property Rental Services	\$53.4	\$82.1	-35.0%	18.1%	23.9%
Employee Share Plans & Voucher Services	\$23.8	\$31.8	-25.2%	17.1%	21.4%
Business Services	\$29.6	\$41.7	-29.0%	25.8%	34.5%
Communication Services & Utilities	\$10.7	\$14.0	-23.6%	13.6%	16.8%
Corporate & Technology	\$32.3	\$37.9	-14.8%	n/a	n/a
Total Group	\$276.5	\$336.6	-17.9%	25.4%	29.9%

1H21 EBITDA ex MI @ CC	1H20 EBITDA ex MI	Ex MI CC Variance	1H21 ex MI @ CC Op. Margin	1H20 ex MI Op. Margin
\$104.5	\$84.8	+23.2%	23.9%	22.3%
\$38.4	\$49.7	-22.7%	13.7%	16.0%
\$21.6	\$25.4	-15.0%	15.8%	17.9%
\$13.8	\$8.8	+56.8%	14.0%	10.0%
\$10.7	\$14.0	-23.6%	13.6%	16.8%
\$32.3	\$37.9	-14.8%	n/a	n/a
\$221.3	\$220.6	+0.3%	21.4%	21.9%



# EBIT by business stream

# EBIT ex Margin Income \$135.2m, down 9.8%

	1H21 EBIT @ CC	1H20 EBIT	CC Variance	1H21 @ CC Op. Margin	1H20 Op. Margin
Issuer Services	\$125.0	\$127.7	-2.1%	27.2%	30.1%
Mortgage Services & Property Rental Services	\$5.1	\$46.8	-89.1%	1.7%	13.6%
Employee Share Plans & Voucher Services	\$21.2	\$29.2	-27.4%	15.3%	19.6%
Business Services	\$28.7	\$41.2	-30.3%	25.0%	34.1%
Communication Services & Utilities	\$8.4	\$12.2	-31.1%	10.7%	14.7%
Corporate & Technology	\$1.9	\$8.7	-78.2%	n/a	n/a
Total Group	\$190.3	\$265.9	-28.4%	17.5%	23.6%

1H21 EBIT ex MI @ CC	1H20 EBIT ex MI	Ex MI CC Variance	1H21 ex MI @ CC Op. Margin	1H20 ex MI Op. Margin
\$102.8	\$83.4	+23.3%	23.5%	21.9%
-\$9.9	\$14.5	-168.3%	-3.5%	4.7%
\$19.0	\$22.8	-16.7%	13.9%	16.0%
\$12.9	\$8.3	+55.4%	13.1%	9.5%
\$8.4	\$12.2	-31.1%	10.7%	14.7%
\$1.9	\$8.7	-78.2%	n/a	n/a
\$135.2	\$149.9	-9.8%	13.1%	14.9%



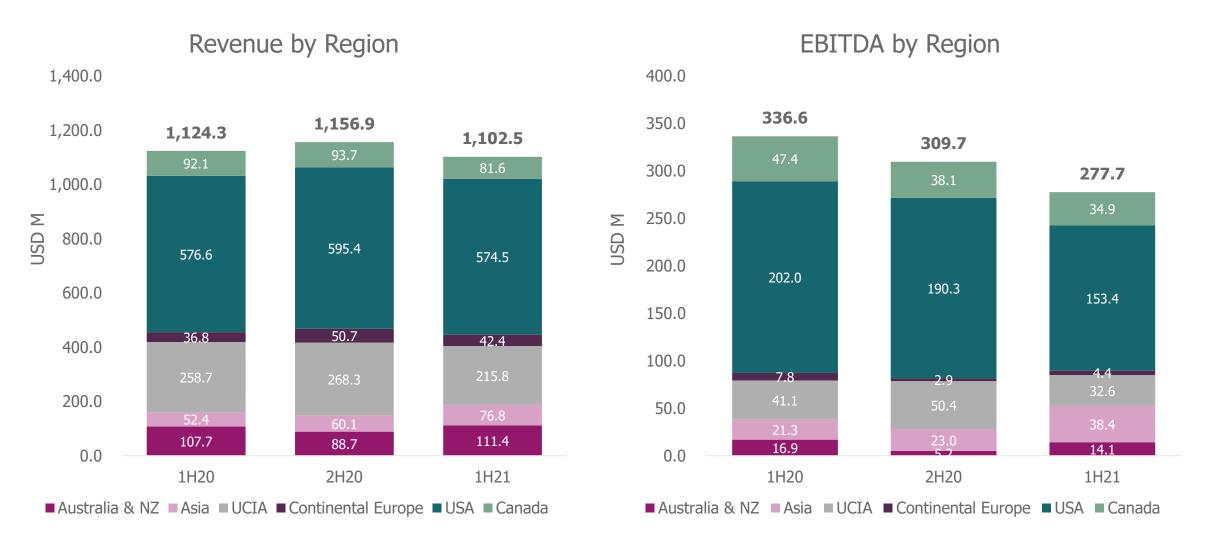
# Revenue, EBITDA and EBIT by business stream at actual FX rates

	1H21						
	REV	EBITDA	EBITDA MARGIN %	EBIT	EBIT Margin %		
Issuer Services	\$465.0	\$127.9	27.5%	\$126.2	27.1%		
Mortgage Services & Property Rental Services	\$297.8	\$53.6	18.0%	\$5.3	1.8%		
Employee Share Plans & Voucher Services	\$143.0	\$23.9	16.7%	\$21.2	14.8%		
Business Services	\$114.4	\$29.5	25.8%	\$28.6	25.0%		
Communication Services & Utilities	\$81.4	\$10.9	13.4%	\$8.6	10.6%		
Corporate & Technology	\$0.9	\$31.8	n/a	\$0.9	n/a		
Total Group	\$1,102.5	\$277.7	25.2%	\$190.8	17.3%		

1H20							
REV	EBITDA	EBITDA MARGIN %	EBIT	EBIT Margin %			
\$424.3	\$129.2	30.5%	\$127.7	30.1%			
\$343.9	\$82.1	23.9%	\$46.8	13.6%			
\$148.8	\$31.8	21.4%	\$29.2	19.6%			
\$120.8	\$41.7	34.5%	\$41.2	34.1%			
\$83.1	\$14.0	16.8%	\$12.2	14.7%			
\$3.3	\$37.9	n/a	\$8.7	n/a			
\$1,124.3	\$336.6	29.9%	\$265.9	23.6%			



# Management revenue and EBITDA at actual FX rates





# Management EBITDA excluding the impact of Margin Income and FX movements increased by 0.3% in 1H21 versus pcp





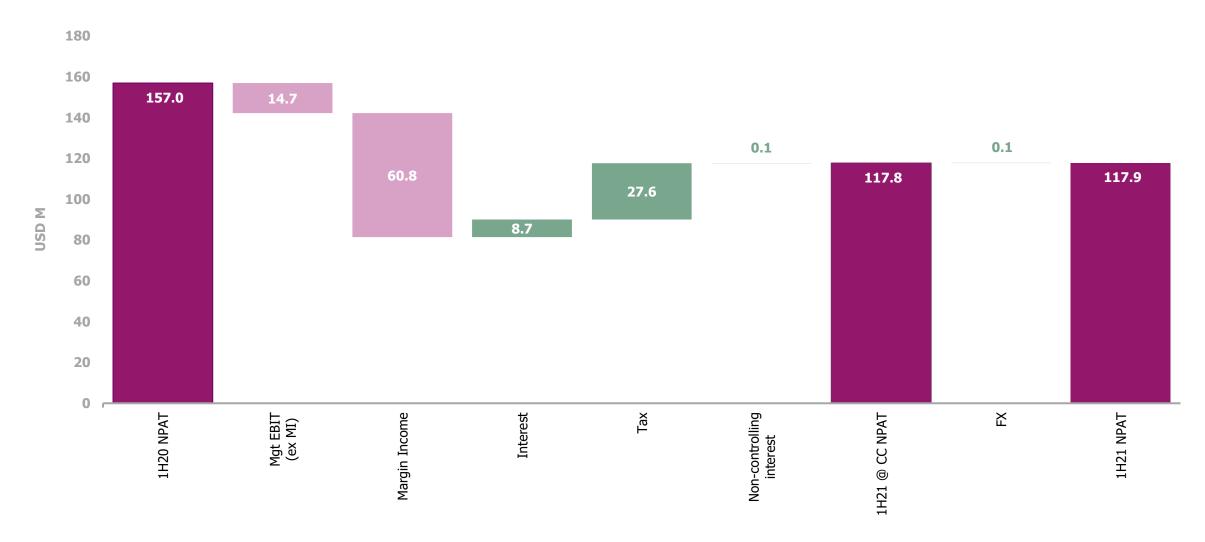
# Operating cost analysis

## Cost out programs delivering 6.3% BAU operating expense reduction

	1H21 @ CC	1H20	CC Variance	1H21
Cost of Sales	\$199.7	\$171.2	+16.6%	\$202.9
Personnel	\$494.1	\$489.9	+0.9%	\$502.3
Fixed/Perm	\$477.5	\$465.8	+2.5%	\$485.4
Variable/Temp	\$16.6	\$24.1	-31.1%	\$16.9
Occupancy	\$17.1	\$16.1	+6.2%	\$17.5
Other Direct	\$58.2	\$60.3	-3.5%	\$58.9
Computer/External Technology	\$42.7	\$50.0	-14.6%	\$43.5
Total Operating Costs	\$811.8	\$787.6	+3.1%	\$825.1



# 1H21 Management NPAT analysis





# Management EPS – AUD Equivalent

#### **Management EPS (AUD)**





## Effective tax rate

## Statutory and management (at actual FX rates)



- > The Group's statutory effective tax rate has decreased from 32.8% in 1H20 to 30.5% in 1H21.
- > The Group's management effective tax rate has decreased from 31.6% in 1H20 to 27.8% in 1H21.
- > This is due to lower BEAT recognised in 1H21 and profit mix with proportionately more profits arising in countries with lower tax rates.



# Dividend history and franking

#### 1H21 Interim Dividend maintained



Franking (%)														
1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20	1H21
20%	20%	20%	25%	100%	20%	30%	0%	0%	100%	30%	30%	30%	30%	100%



# Cash flow summary at actual FX rates

Free cash flows, \$71.0m, down -65.6% largely due to lower 1H21 profit before tax and higher tax payments

	1H21 Actual	1H20 Actual
Net operating receipts and payments	\$238.9	\$312.2
Net interest and dividends	(\$38.2)	(\$33.3)
Income taxes paid	(\$76.6)	(\$28.6)
Net operating cash flows <b>excluding</b> SLS advances	\$124.1	\$250.3
Cash outlay on business capital expenditure	(\$8.0)	(\$14.0)
Net cash outlay on MSR purchases – Maintenance <sup>1</sup>	(\$45.1)	(\$29.7)
Free cash flow <b>excluding</b> SLS advances	\$71.0	\$206.6
SLS advance funding requirements <sup>2</sup>	(\$2.7)	(\$41.5)
Cash flow post SLS advance funding <sup>2</sup>	\$68.3	\$165.1
Investing cash flows		
Net cash outlay on MSR purchases – Investments <sup>1</sup>	(\$20.8)	(\$109.6)
Acquisitions (net of cash acquired)	(\$7.5)	(\$6.8)
Other	\$12.7	\$4.6
	(\$15.6)	(\$111.8)
Net operating and investing cash flows	\$52.7	\$53.3

<sup>&</sup>lt;sup>1</sup> Maintenance MSR capex assumed to be equivalent to the amortisation charge for the period



## **Balance Sheet**

## Leverage ratio within target range 1.75x – 2.25x

	Jun-20	Variance
\$1,491.1	\$1,432.0	+4.0%
\$3,663.6	\$3,557.8	+3.0%
\$5,154.7	\$4,989.7	+3.3%
\$837.3	\$1,024.6	-18.3%
\$2,689.7	\$2,374.8	+13.3%
\$3,527.0	\$3,399.4	+3.8%
\$1,627.7	\$1,590.3	+2.4%
	\$3,663.6 <b>\$5,154.7</b> \$837.3 \$2,689.7 <b>\$3,527.0</b>	\$3,663.6 \$3,557.8 \$5,154.7 \$4,989.7 \$837.3 \$1,024.6 \$2,689.7 \$2,374.8 \$3,527.0 \$3,399.4

Net debt <sup>1</sup>	\$1,316.6	\$1,244.9	+5.8%
Net debt to EBITDA ratio <sup>1</sup>	2.24	1.93	+0.31 times
ROE <sup>2</sup>	16.8%	19.5%	-270bps
ROIC <sup>3</sup>	10.1%	12.2%	-210bps

<sup>&</sup>lt;sup>1</sup> Excluding non-recourse SLS Advance debt.



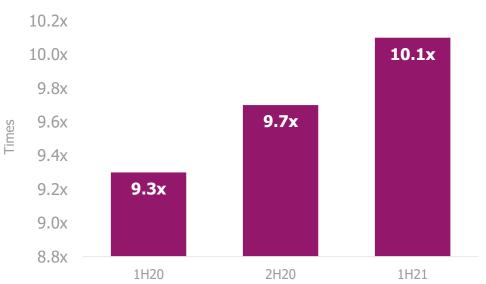
<sup>&</sup>lt;sup>2</sup> Return on equity (ROE) = rolling 12 month Mgt NPAT/rolling 12 mth avg Total Equity. -270 bps reduction reflects reduced earnings.

<sup>&</sup>lt;sup>3</sup> Return on invested capital (ROIC) = (Mgt EBITDA less depreciation & amortisation less income tax expense)/(net debt + total equity).

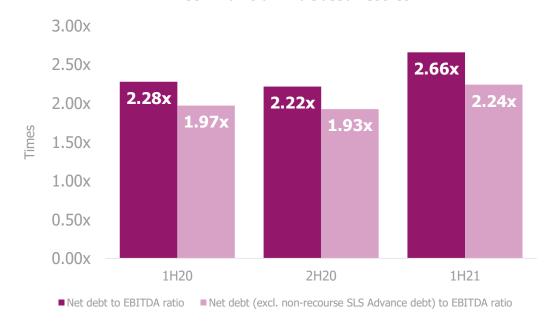
# Key financial ratios

	Dec-20 USD m	Jun-20 USD m	Variance
Interest Bearing Liabilities including SLS advance debt	\$2,154.0	\$2,029.8	-6.1%
Less Cash	(\$592.4)	(\$597.3)	-0.8%
Net Debt including non-recourse SLS advance debt	\$1,561.6	\$1,432.5	+9.0%
Net debt excluding non-recourse SLS advance debt	\$1,316.6	\$1,244.9	+5.8%
Management EBITDA	\$587.5	\$646.4	-9.1%
Net Financial Indebtedness to EBITDA	2.66 times	2.22 times	Up 0.44 times
Net Financial Indebtedness to EBITDA <sup>1</sup>	2.24 times	1.93 times	Up 0.31 times

#### **EBITDA Interest Coverage**



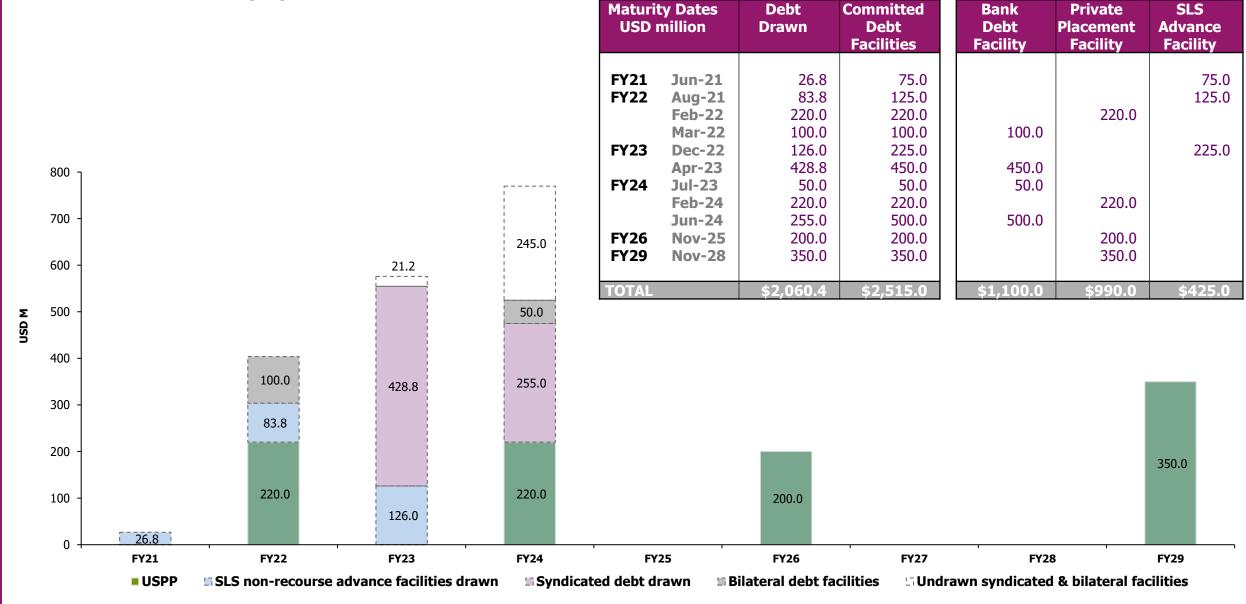
#### **Net Financial Indebtedness to EBITDA**





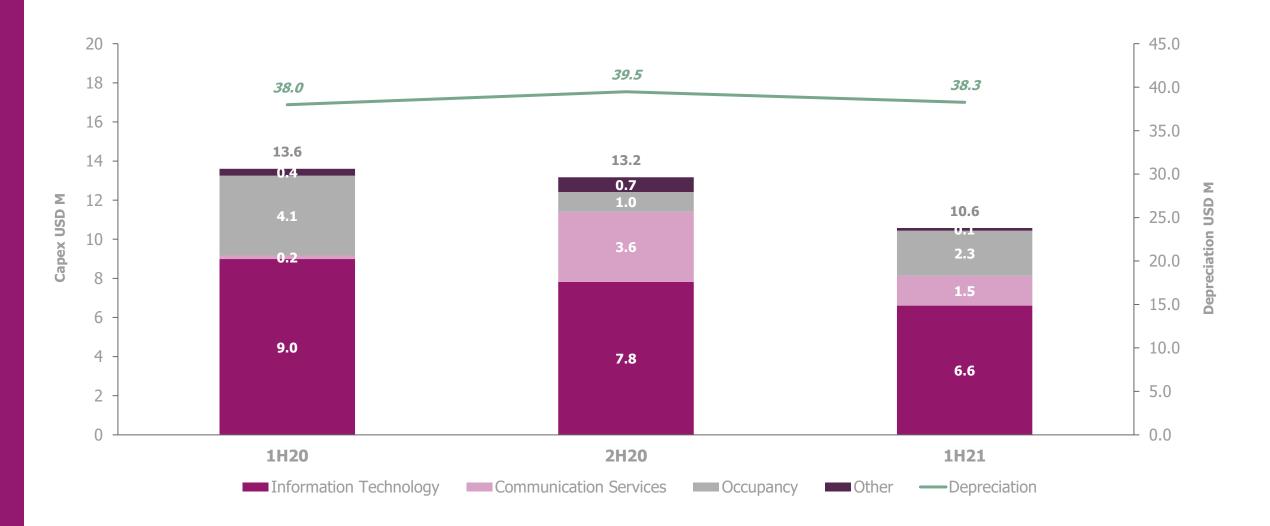
<sup>&</sup>lt;sup>1</sup> Excludes non-recourse SLS advance debt

# Debt maturity profile



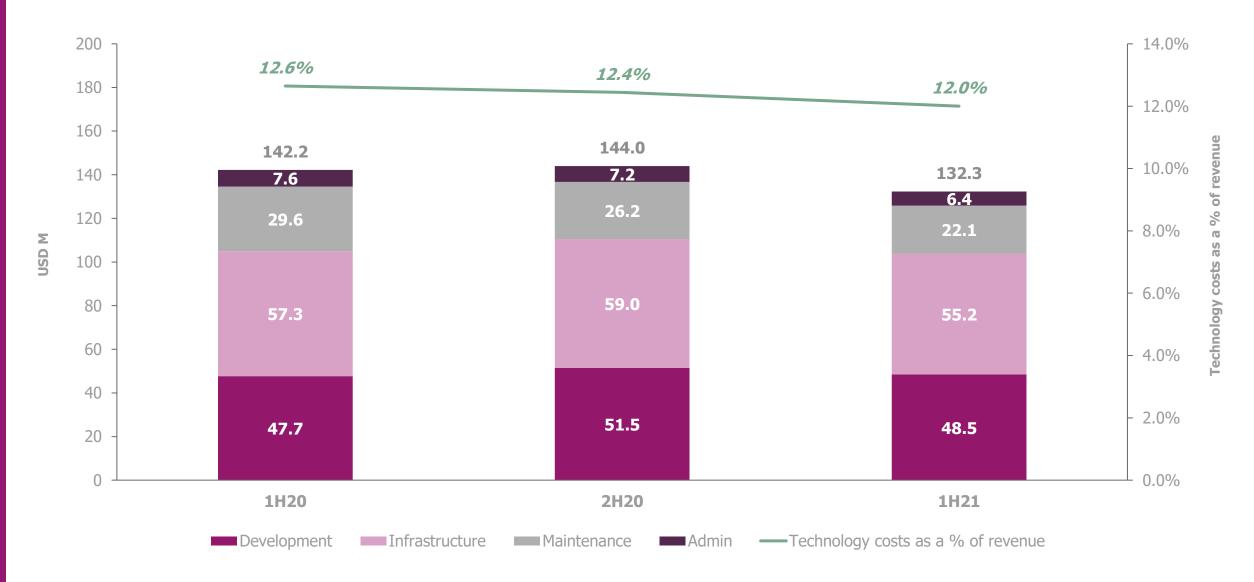


# Capital expenditure versus depreciation at actual FX rates





# Technology costs at actual FX rates





# Financial performance by half year at actual FX rates

	1H21	2H20	1H20	2H19	1H19	2H18	1H18	2H17	1H17	2H16	1H16	2H15	1H15	2H14	1H14
Total Management Revenue	\$1,102.5	\$1,156.9	\$1,124.3	\$1,228.7	\$1,127.8	\$1,173.1	\$1,127.8	\$1,110.8	\$1,003.2	\$1,035.5	\$938.7	\$1,016.5	\$959.5	\$1,045.7	\$976.9
Operating Costs	\$825.1	\$847.3	\$787.8	\$885.2	\$795.4	\$843.4	\$835.2	\$811.6	\$762.3	\$744.5	\$695.7	\$720.7	\$699.0	\$771.7	\$709.2
Management EBITDA	\$277.7	\$309.8	\$336.6	\$343.5	\$331.4	\$329.3	\$293.4	\$299.5	\$241.3	\$290.3	\$242.3	\$294.8	\$259.3	\$273.6	\$267.0
EBITDA Margin %	25.2%	26.8%	29.9%	28.0%	29.4%	28.1%	26.0%	27.0%	24.1%	28.0%	25.8%	29.0%	27.0%	26.2%	27.3%
Management Profit Before Tax	\$163.1	\$202.0	\$229.7	\$264.6	\$258.8	\$260.3	\$232.2	\$239.6	\$187.6	\$235.0	\$192.2	\$244.2	\$211.1	\$220.9	\$215.0
Management NPAT	\$117.9	\$146.8	\$157.0	\$191.5	\$189.9	\$177.9	\$166.8	\$156.7	\$140.6	\$159.7	\$143.8	\$172.1	\$160.6	\$171.5	\$163.6
Management EPS (US cents)	21.79	27.16	28.96	35.27	34.97	32.76	30.62	28.67	25.74	29.11	25.98	30.94	28.88	30.83	29.41
Management EPS (AU cents)	30.44	41.21	42.35	49.84	48.03	42.31	39.38	38.22	34.13	39.78	35.96	39.28	32.03	33.93	31.98
Statutory EPS (US cents)	13.41	19.97	23.00	28.80	47.77	23.74	31.43	21.28	27.48	13.33	15.22	24.82	2.79	20.13	25.07
Net operating cash flows^	\$124.1	\$344.1	\$250.3	\$235.0	\$176.6	\$253.7	\$199.3	\$247.0	\$173.3	\$214.5	\$158.5	\$247.3	\$169.4	\$221.7	\$223.7
Days Sales Outstanding	57	58	61	60	65	59	57	60	56	56	53	48	46	45	42
Dividend (AU cents)	23	23	23	23	21	21	19	19	17	17	16	16	15	15	14
Franking (%)	100%	30%	30%	30%	30%	100%	0%	0%	30%	20%	100%	25%	20%	20%	20%
Net debt to EBITDA*	2.24	1.93	1.97	1.84	1.88	1.33	1.58	1.60	1.91	2.12	2.06	1.86	2.10	1.96	2.09

<sup>^</sup> Excluding SLS advances

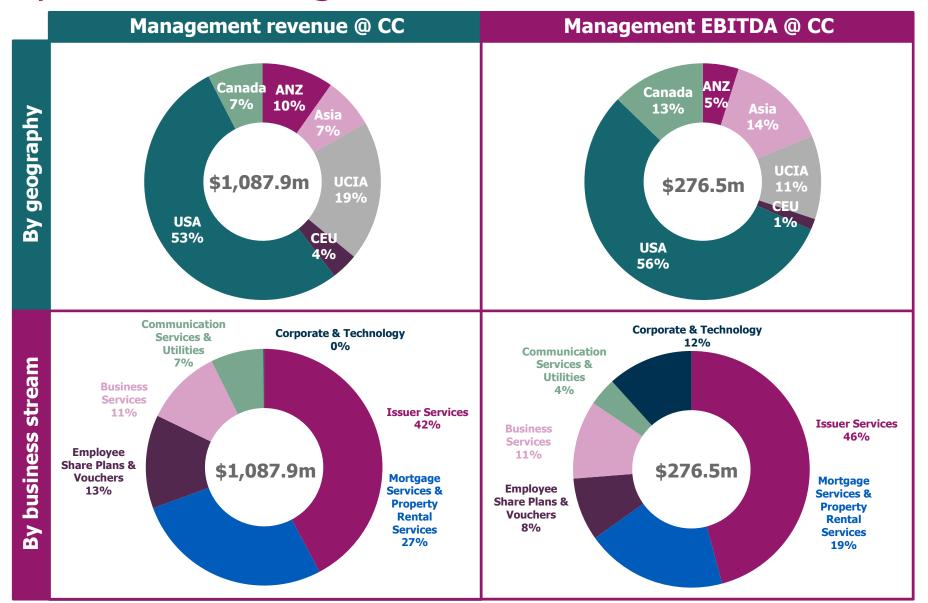
**Notable acquisitions:** Olympia Finance Group Inc (7<sup>th</sup> Oct 13), Registrar and Transfer Company (1<sup>st</sup> May 14), Homeloan Management Limited (17<sup>th</sup> Nov 14), Valiant (1<sup>st</sup> May 15), Gilardi & Co. LLC (28<sup>th</sup> Aug 15), SyncBASE Inc (1<sup>st</sup> Feb 16), Capital Markets Cooperative LLC (29<sup>th</sup> Apr 16), Equatex Group Holding AG (9<sup>th</sup> Nov 18), LenderLive Financial Services, LLC (31<sup>st</sup> Dec 18), Corporate Creations (28<sup>th</sup> February 20), Verbatim LLC (1<sup>st</sup> July 20).

**Notable divestments:** Highland Insurance (27<sup>th</sup> Jun 14), Pepper (30<sup>th</sup> Jun 14), ConnectNow (30<sup>th</sup> Jun 15), Closed Joint Stock Company "Computershare Registrar" and Computershare LLC Russia (16<sup>th</sup> Jul 15), VEM Aktienbank AG (31<sup>st</sup> Jul 15), INVeSHARE (16<sup>th</sup> Sep 16), Karvy – 50% interest (17<sup>th</sup> Nov 18)



<sup>\*</sup> Ratio excluding non-recourse SLS Advance debt and lease liabilities (the latter effective from 1H20)

# 1H21 Computershare at a glance



# High quality core industrial drives consistent operating performance

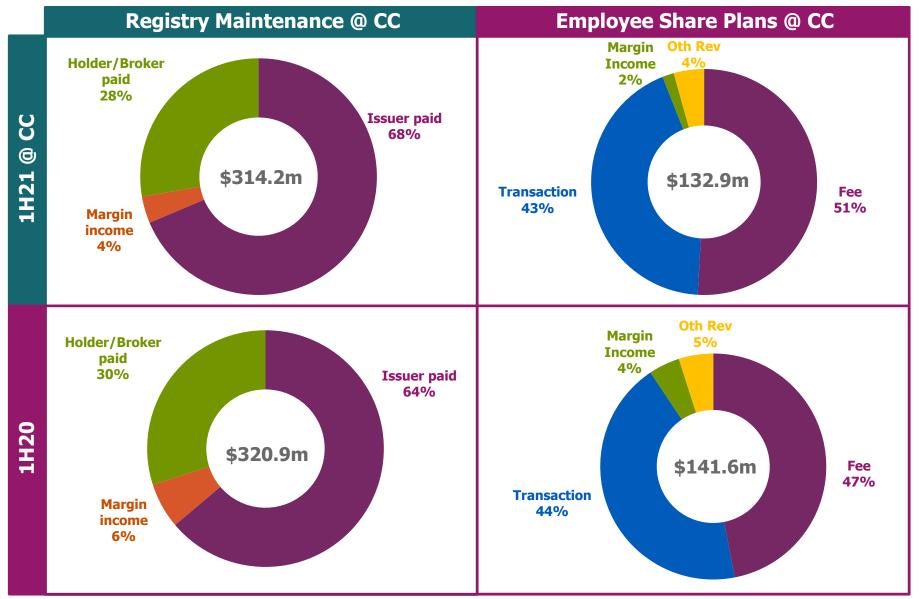
EBIT margin 23.1% - in line with 10 year 1H performance range; 17.3-25.8%\*





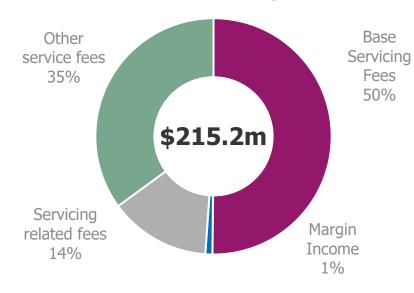


# Global Register Maintenance and Employee Share Plans revenue



# Financial snapshot – US Mortgage Services

#### **1H21** revenue composition



- Base servicing fees, \$107.9m, +4.0%
- Margin Income \$2.1m, -88.3%
- Servicing related fees \$29.8m, +26.5%
- Other services fees \$75.4m, -8.1%

	Dec-20	Jun-20	Annual Report reference	
Net Loan Servicing Advances	\$91.5	\$88.8	<ul><li>Note 16 Loan servicing advances</li><li>Note 14 Borrowings</li></ul>	<ul><li>Loan servicing advances</li><li>SLS non-recourse lending facility</li></ul>
Net MSR intangible asset	\$489.7	\$458.2	<ul><li>Note 9 Intangible assets</li><li>Note 25 Mortgage servicing related liabilities</li></ul>	<ul><li>Mortgage servicing rights</li><li>Mortgage servicing related liabilities</li></ul>
Investment in SPVs	\$32.8	\$35.6	<ul> <li>Note 13 Financial assets and liabilities at fair value through profit or loss</li> </ul>	Investment in structured entities
Other intangible assets <sup>1</sup>	\$68.8	\$70.2	Note 9 Intangible assets	Goodwill; Other
Total invested capital	\$682.8	\$652.8		
Net cash payments for MSR purchases MSR amortisation	\$65.9 \$45.1	ψ103.0	<ul><li>Cashflow statement</li><li>Note 3 Expenses</li></ul>	<ul> <li>Investing cash flow - Payments for intangible assets including MSRs</li> <li>Total Amortisation (net)</li> </ul>

<sup>&</sup>lt;sup>1</sup> Other intangibles are largely goodwill and acquired client lists related to acquisitions.



# US and UK Mortgage Services – UPB and number of loans

US Mortgage Services UPB down 2.3% (\$115.8bn v \$118.5bn)

			Perfor	ming	Non-performing		
			At 31 Dec 20	At 30 Jun 20	At 31 Dec 20	At 30 Jun 20	
		Fully-Owned MSRs <sup>1</sup>	\$28.7bn 122K Loans	\$31.5bn 131K Loans	\$9.4bn 79K Loans	\$9.2bn 85K Loans	
Servicing	U.S.	Part-Owned Scale Excess strip deals Excess strip deals \$20.8bn 111K Loans		Excess strip deals \$20.2bn 103K Loans	SPV deals \$17.8bn 95K Loans	SPV deals \$19.9bn 104K Loans	
Mortgage Sel		Subservicing <sup>3</sup>	\$28.2bn 163K Loans	\$27.8bn 163K Loans	\$10.8bn 114K Loans	\$10.0bn 110K Loans	
Σ	$\mathbf{M}$	Total US UPB	\$77.7bn	\$79.4bn	\$38.1bn	\$39.1bn	
	U.K.	Fee for Service <sup>3,4</sup>	£42.9bn 307k Loans	£44.5bn 339K Loans	£4.0bn 30K Loans	£4.5bn 33K Loans	



<sup>&</sup>lt;sup>1</sup> CPU owns the MSR outright

<sup>&</sup>lt;sup>2</sup> CPU has sold part of the MSR to a third party investor

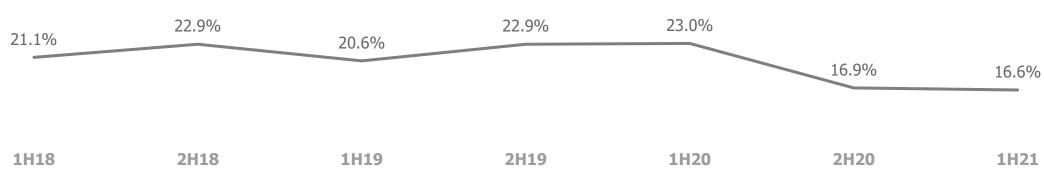
<sup>&</sup>lt;sup>3</sup> Servicing performed on a contractual basis

<sup>&</sup>lt;sup>4</sup> UK includes bureau UPB value, but excludes the number of bureau loans

# Mortgage Services Revenue and EBITDA at actual FX rates

	1H18	2H18	1H19	2H19	1H20	2H20	1H21
US Mortgage Services revenue	\$143.4	\$162.7	\$159.4	\$201.3	\$227.3	\$211.4	\$215.2
UK Mortgage Services revenue	\$122.1	\$132.9	\$128.0	\$127.1	\$101.6	\$95.0	\$68.7
Total Mortgage Services revenue	\$265.4	\$295.6	\$287.4	\$328.5	\$328.9	\$306.5	\$283.9
Total Mortgage Services EBITDA	\$56.0	\$67.6	\$59.2	\$75.3	\$75.6	\$51.7	\$47.0
EBITDA Margin %	21.1%	22.9%	20.6%	22.9%	23.0%	16.9%	16.6%

#### **EBITDA Margin**





# Mortgage services key terms

**Performing servicing:** Servicing of a mortgage which is less than 30 days delinquent. Typically loans that meet the criteria of the Government Sponsored Entities e.g. "Fannie Mae", "Freddie Mac".

**Non-performing servicing:** Servicing of a mortgage that is over 30 days delinquent up to management of the foreclosure process. Typically, non-performing servicing is performed over loans that are part of a securitization arrangement.

**Mortgage servicing rights:** Intangible assets representing an ownership right to service the mortgage for a fee for the life of the mortgage. The owner of the MSR can either service the loan itself or appoint a sub-servicer to do so.

**Servicing advances:** The owner of the MSR is required to fund various obligations required to protect a mortgage if the borrower is unable to do so. Advances receive a priority in any liquidation and are often financed in standalone non-recourse servicing advance facilities.

#### Part owned MSRs

- An Excess Strip Sale refers to the sale of a stream of cash flows associated with the servicing fee on a performing MSR. The seller of the servicing strip has the ability to service the mortgage.
- > An SPV deal refers to the sale of the rights to the MSR and associated servicing advances into an SPV. CPU typically takes a 20% equity stake in the SPV and performs all servicing on the loans via a sub-servicing fee for service relationship.

#### US mortgage services – revenue definitions

#### Base fees – Fees received for base servicing activities

- > Fees are generally assessed in bps for owned or structured deals, while subservicing is usually paid as a \$ fee
- > Subservicing fees vary by loan delinquency or category

**Margin Income** - Interest received on mortgagor funds prior to distribution

#### Servicing related fees – Additional fees received from servicing a loan

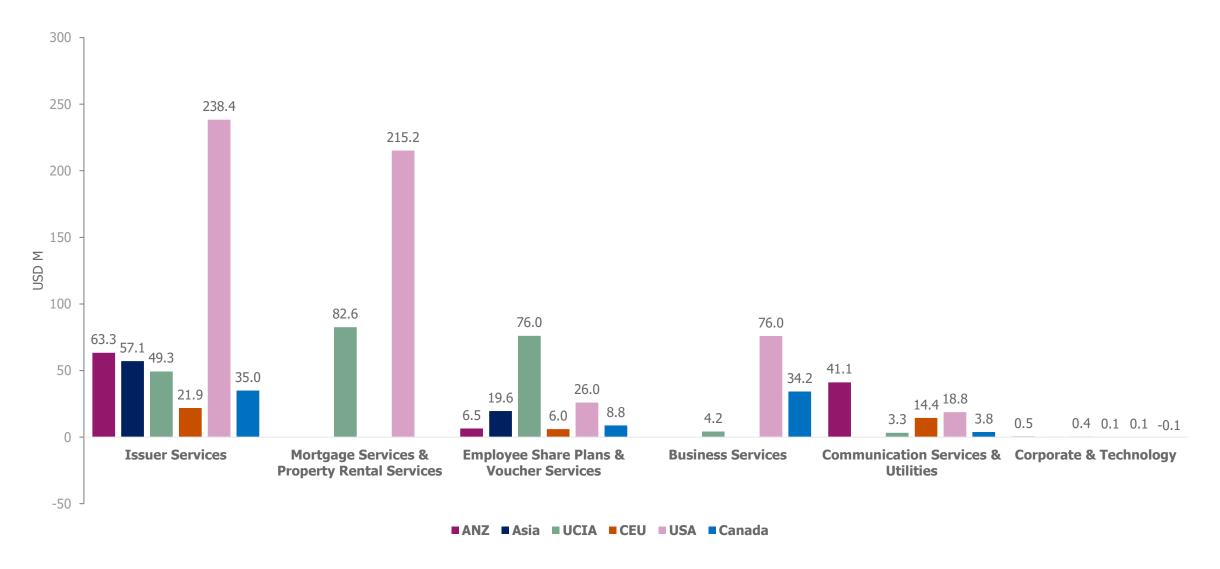
- Loss mitigation fees e.g. for loan modifications
- > Ancillary Fees e.g. late fees

#### Other service fees

> Includes valuation, real estate disposition services, loan fulfilment services and CMC Coop Services



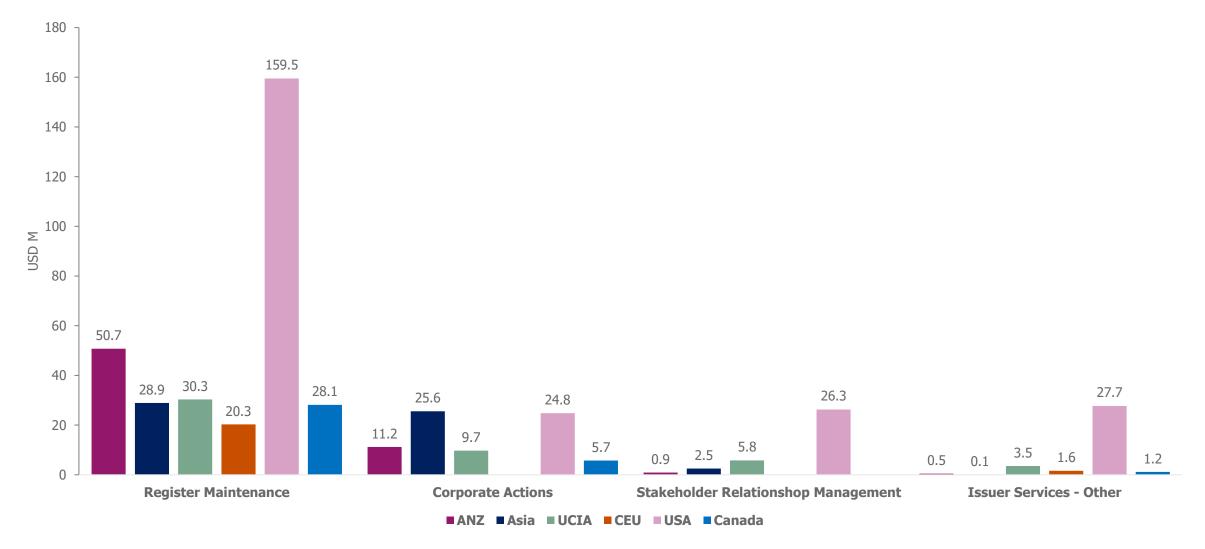
# 1H21 Management revenue at actual FX rates





# 1H21 Management revenue at actual FX rates

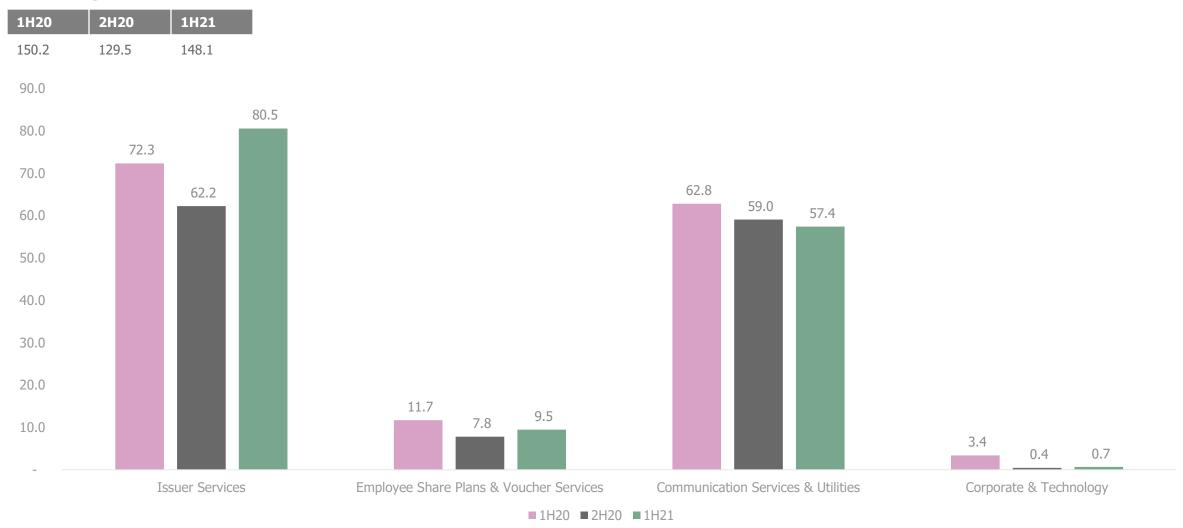
#### Issuer Services breakdown





### Australia

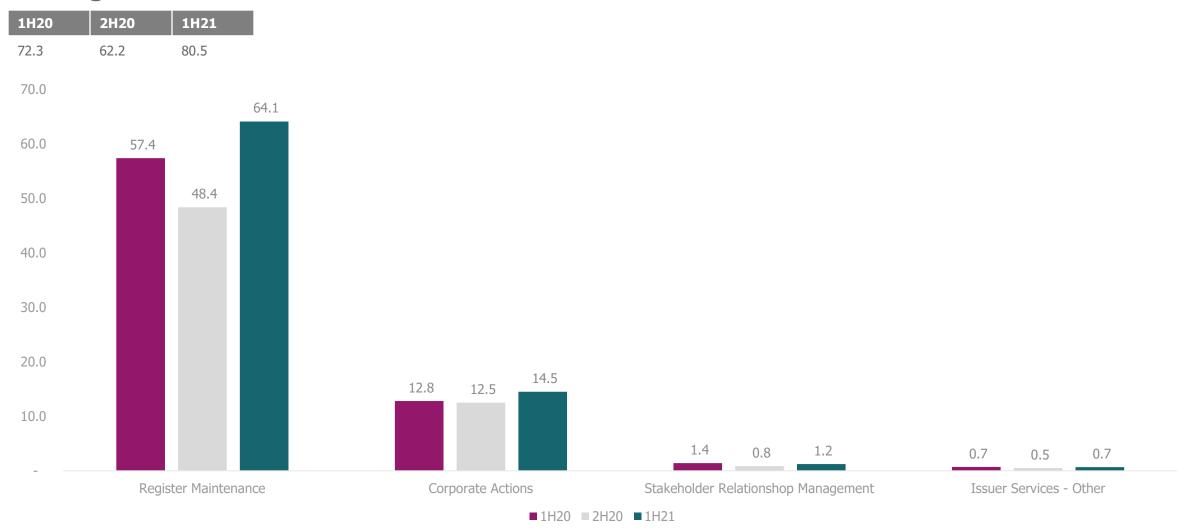
### Management revenue: AUD million





#### Australia – Issuer Services

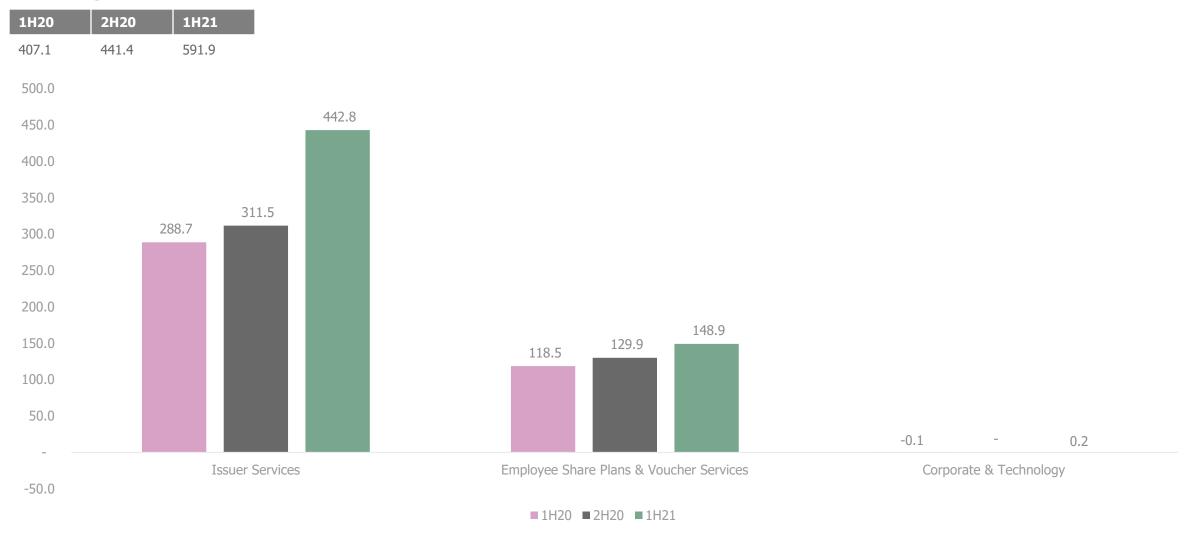
#### Management revenue: AUD million





# Hong Kong

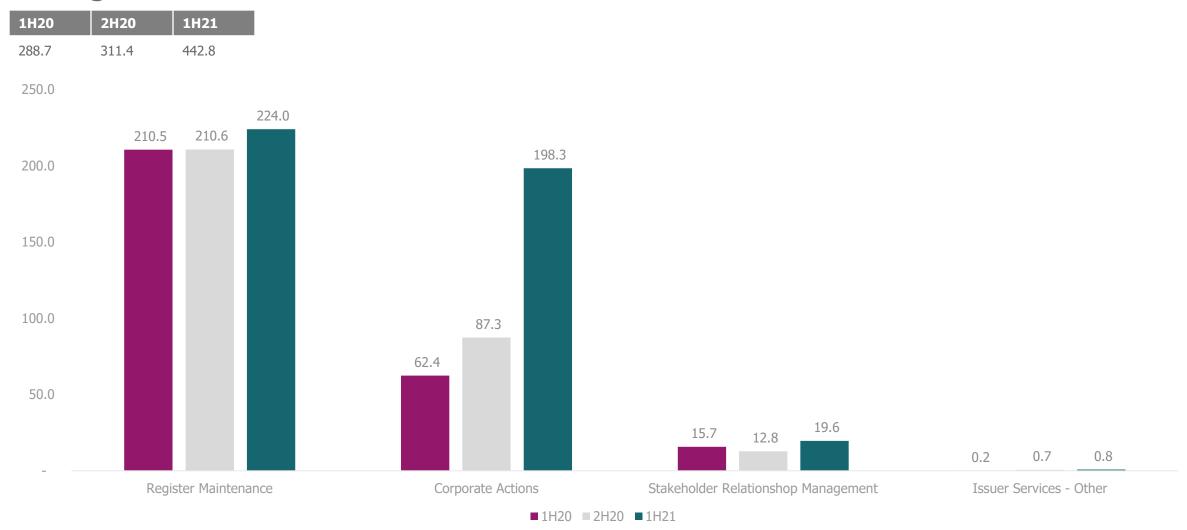
# Management revenue: HKD million





# Hong Kong – Issuer Services

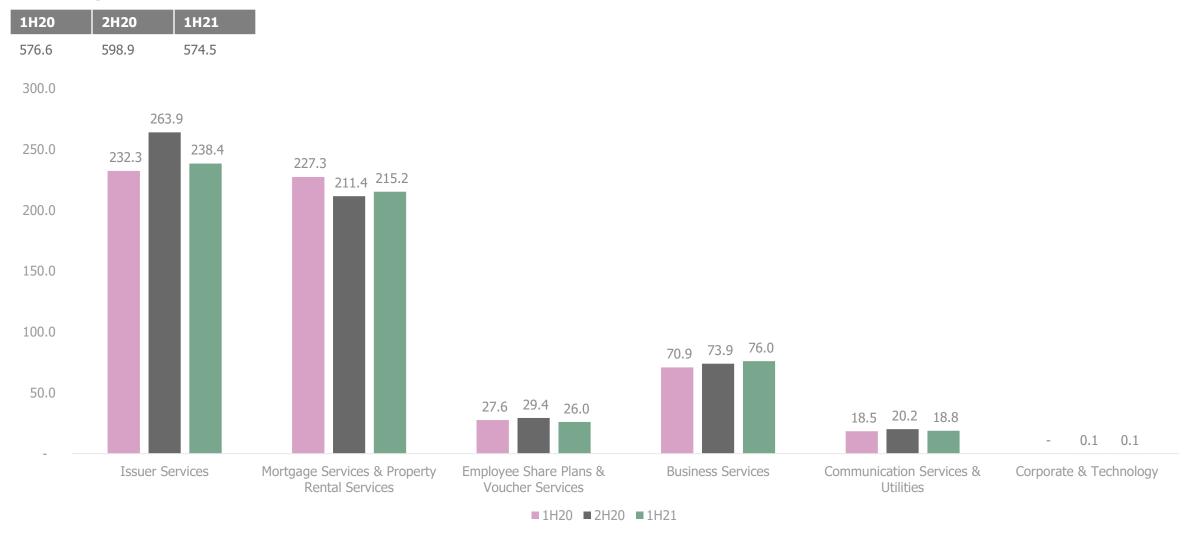
### Management revenue: HKD million





USA

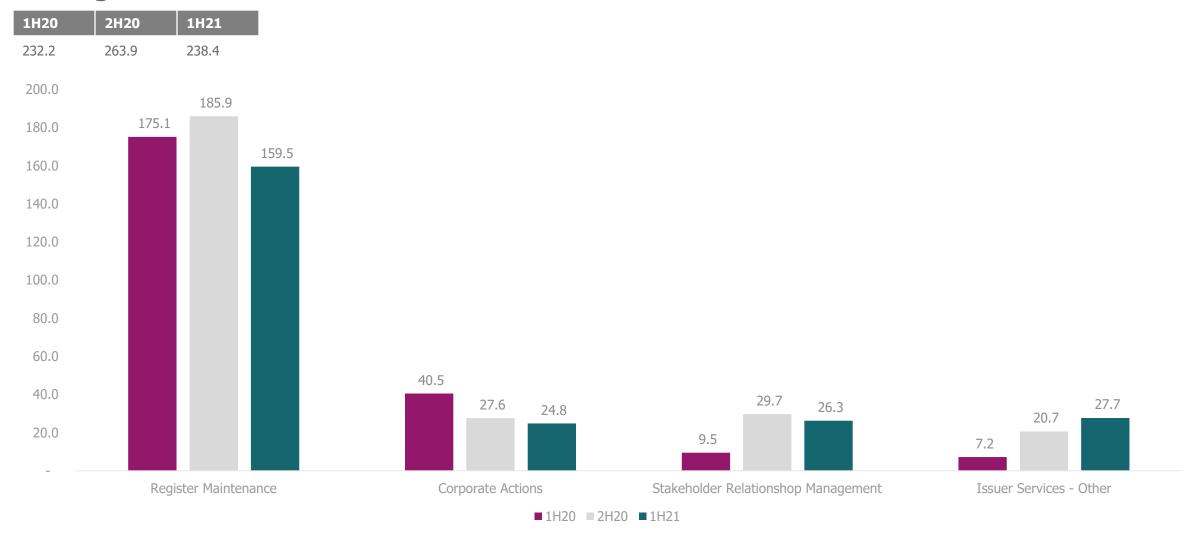
### Management revenue: USD million





#### USA – Issuer Services

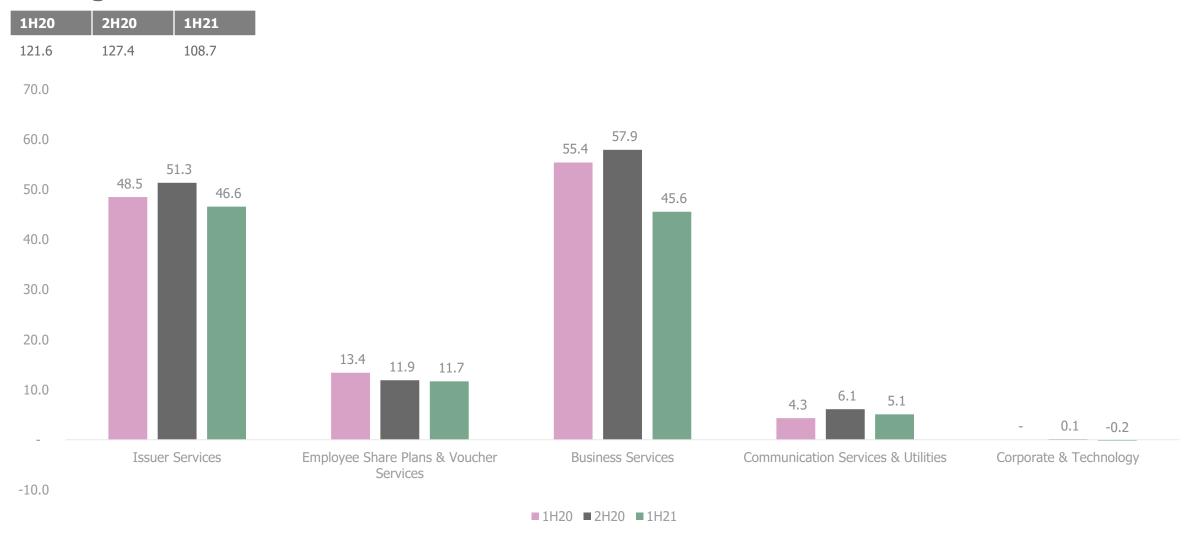
### Management revenue: USD million





### Canada

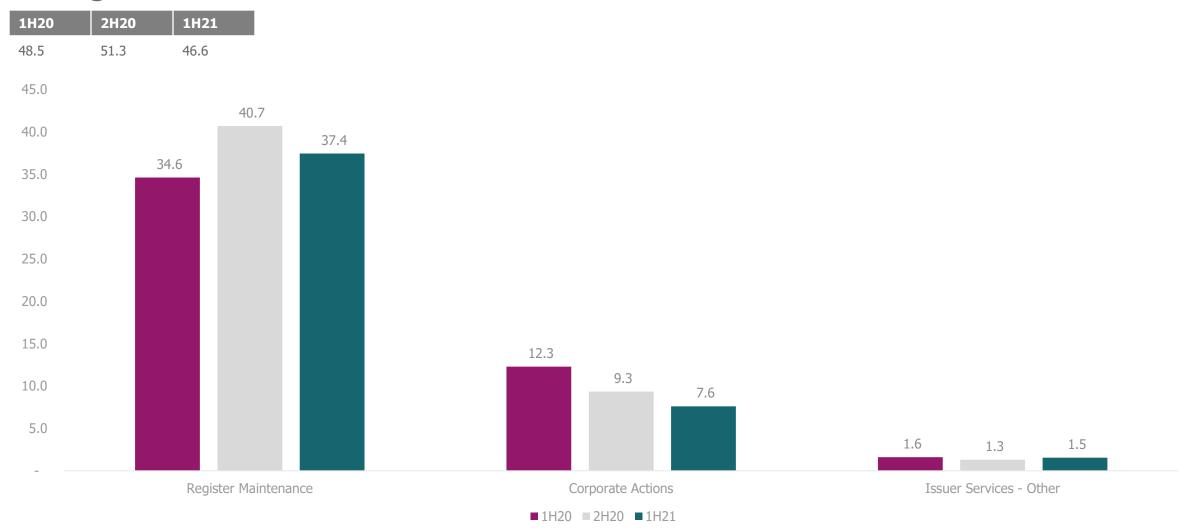
# Management revenue: CAD million





### Canada – Issuer Services

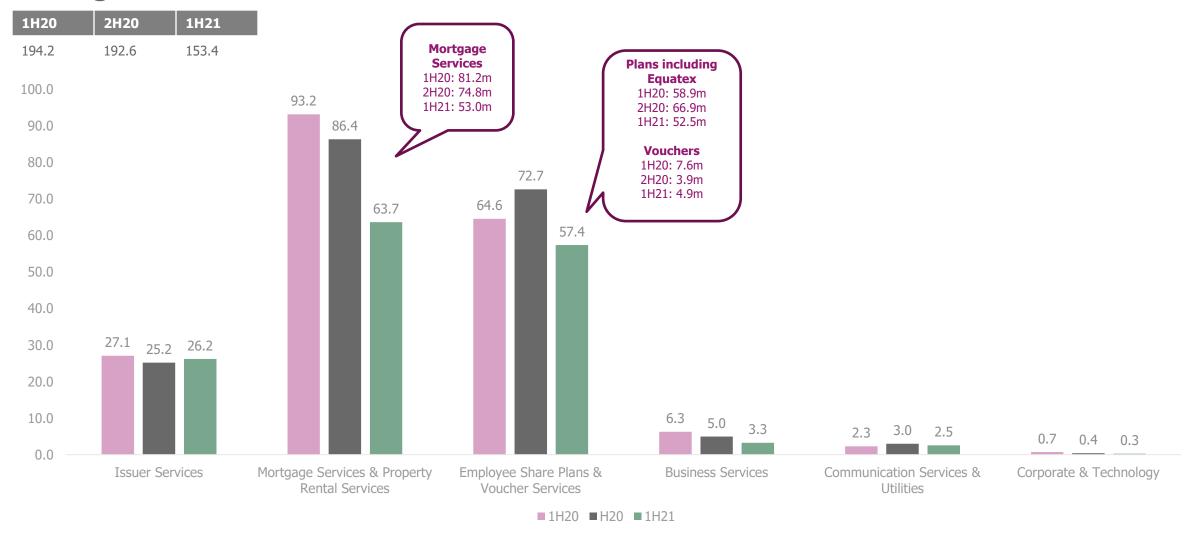
### Management revenue: CAD million





# UK, Channel Islands & Equatex

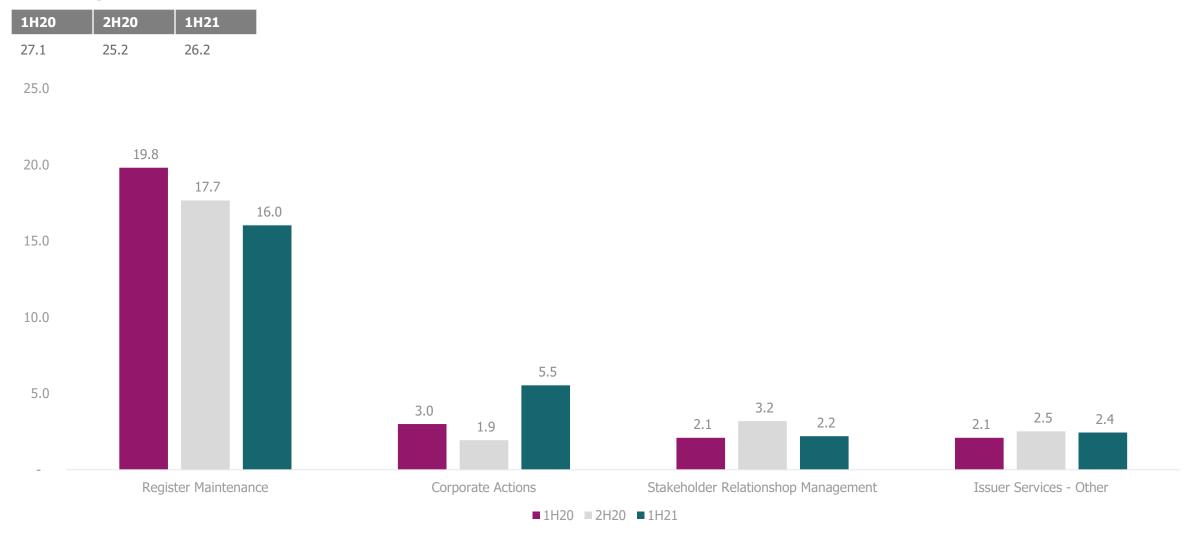
### Management revenue: GBP million





### UK and Channel Islands – Issuer Services

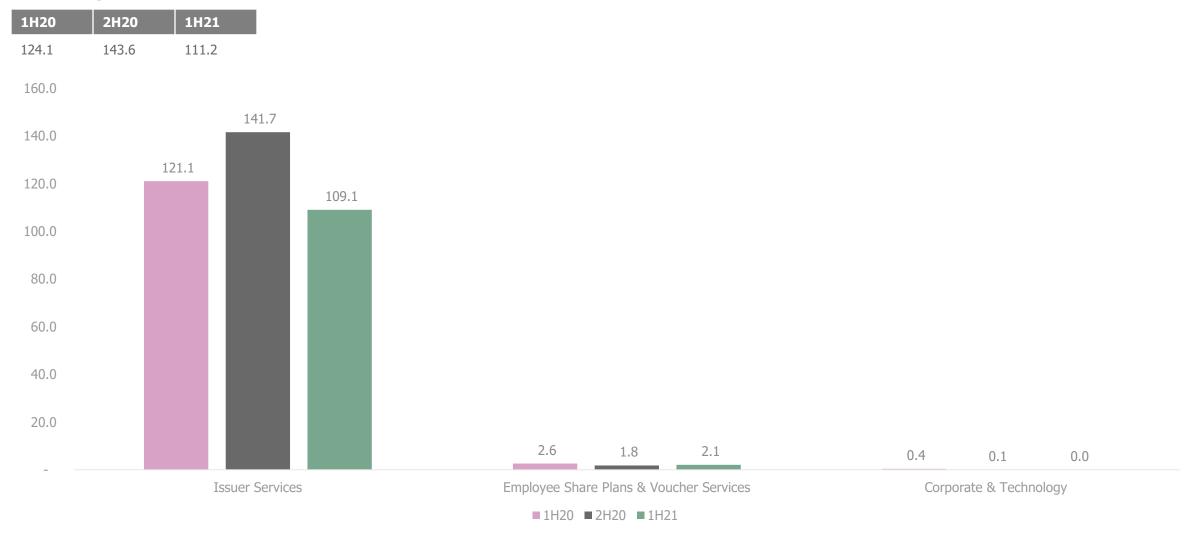
### Management revenue: GBP million





# South Africa

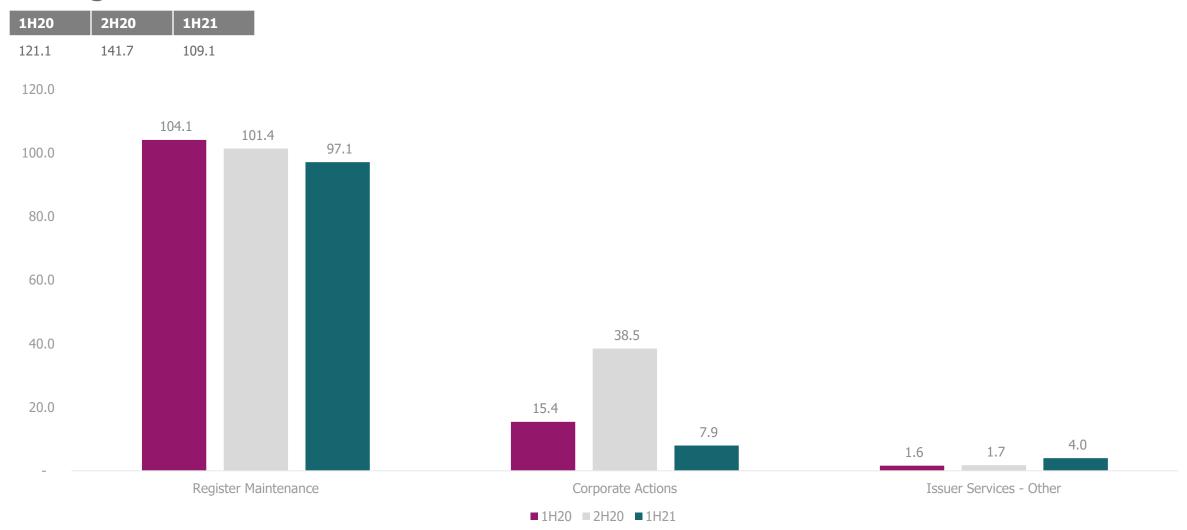
### Management revenue: RAND million





#### South Africa – Issuer Services

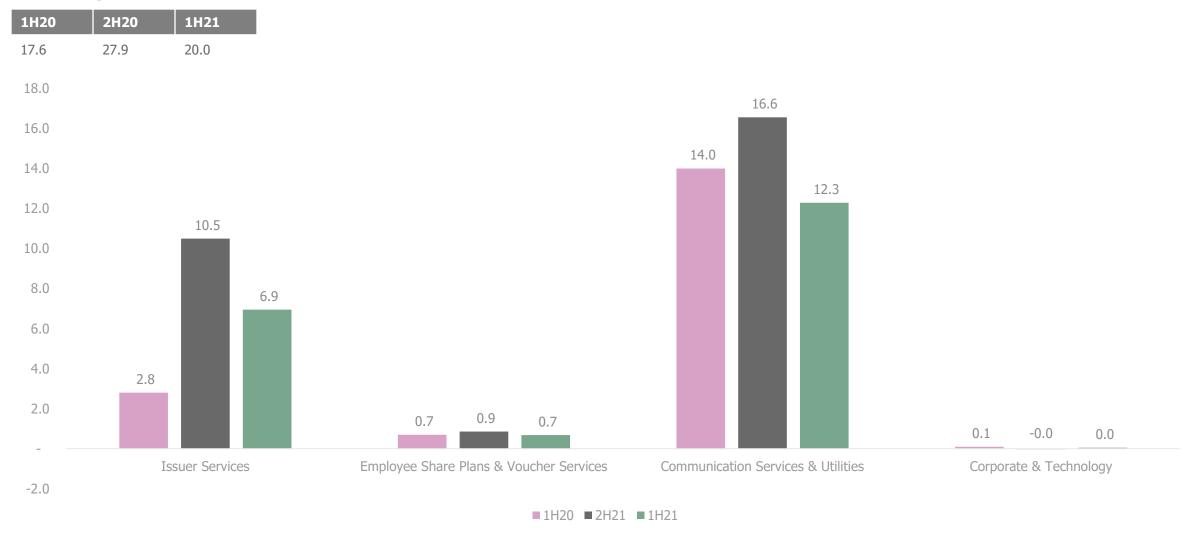
### Management revenue: RAND million





# Germany

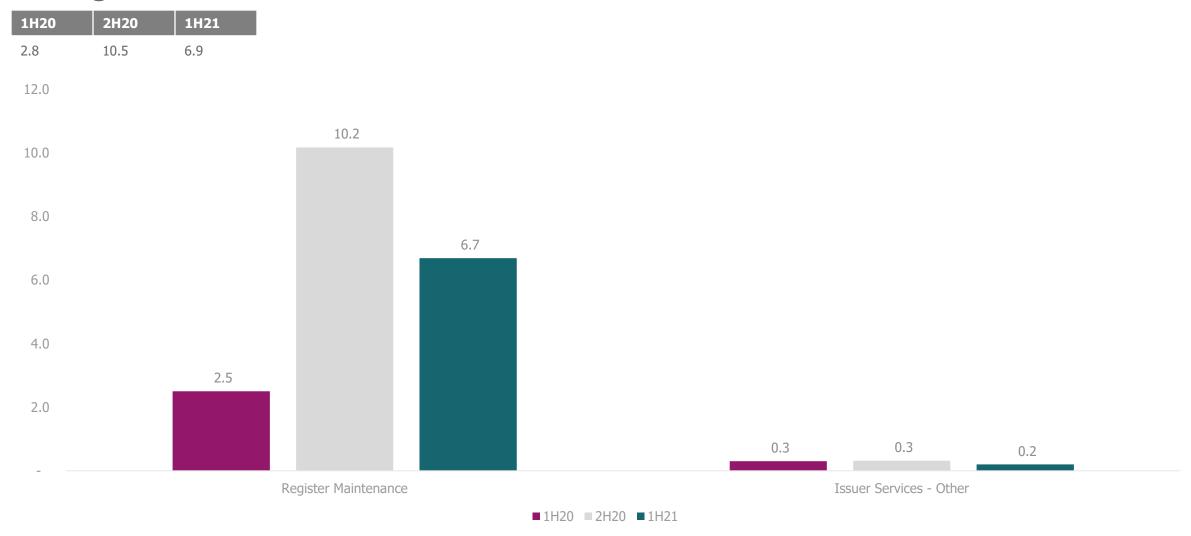
### Management revenue: EUR million





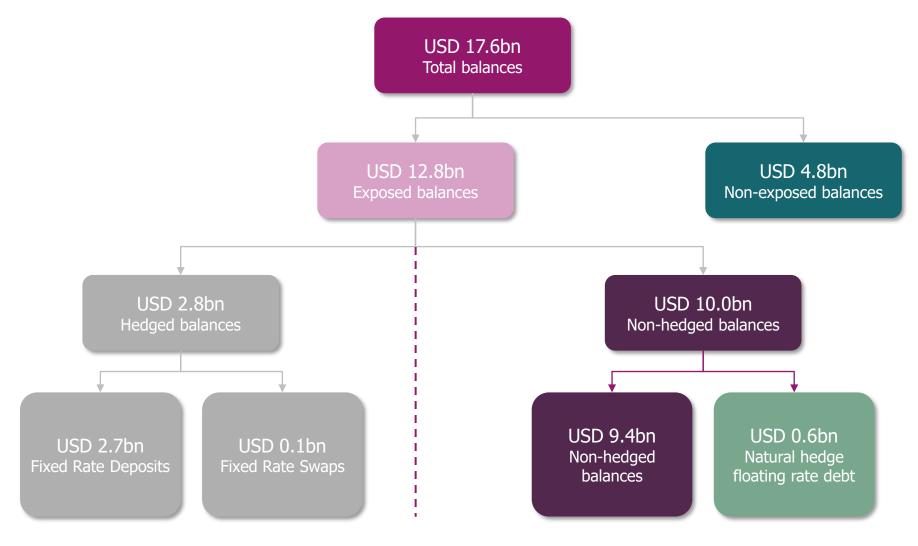
# Germany – Issuer Services

### Management revenue: EUR million





# Breakdown of average client balances for 1H21



Lagged impact from rate changes

Immediate impact from rate changes



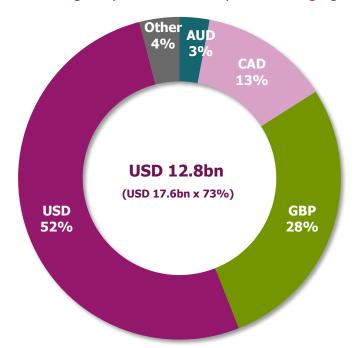
# Exposed and non-exposed 1H21 average balances by business

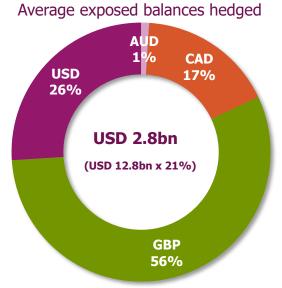
Business Activity	1H21 Balances (USD billions)		Margin income (USD millions)  Business Activity		1H20 Balances (US	Margin income (USD millions)	
	Exposed	Non-exposed	on-exposed		Exposed	Non-exposed	
Register Maintenance	2.5	0.3	11.4	Register Maintenance	2.3	0.7	20.0
Corporate Actions	1.9	1.6	10.6	Corporate Actions	1.7	1.3	24.4
Issuer Services	4.4	1.9	22.1	Issuer Services	4.0	2.0	44.4
Employee Share Plans & Vouchers	1.3	0.1	2.3	Employee Share Plans & Vouchers	1.4	0.2	6.4
Business Services	2.7	2.8	15.7	Business Services	2.4	3.0	32.9
Mortgage Services & Property Rental Services	4.3	0.0	15.5	Mortgage Services & Property Rental Services	3.8	0.0	32.3
Totals	12.8bn	4.8bn	55.5m	Totals	11.6bn	5.2bn	116.0m
	17.	6bn			16.	8bn	
Margin income	\$48.2m	\$7.3m		Margin income	\$103.7m	\$12.3m	
Average annualised yield	0.75%	0.30%		Average annualised yield	1.79%	0.47%	



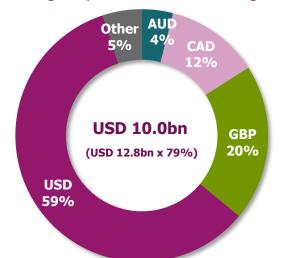
# Breakdown of 1H21 average exposed balances by currency USD exposed balances continue to be the largest component







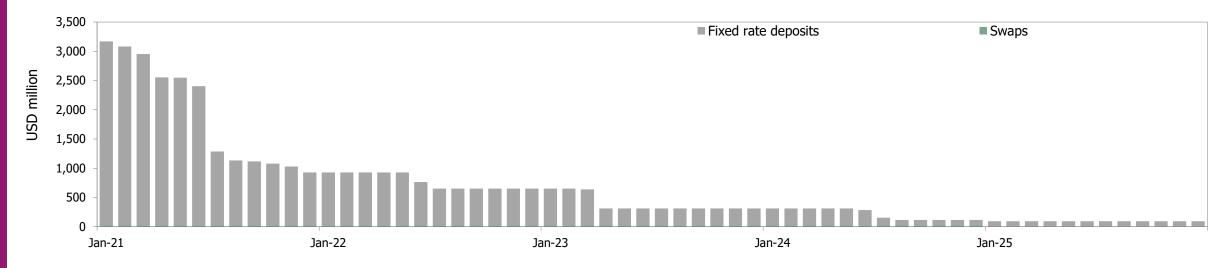
Average exposed balances un-hedged



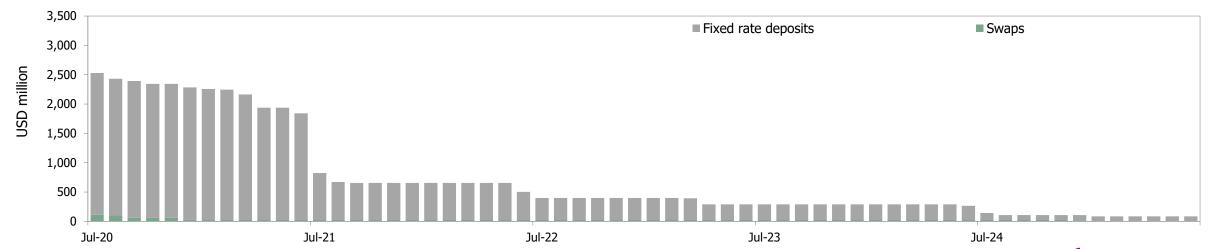


# Profile of our swap and fixed rate deposit book

#### As at 31 December 2020

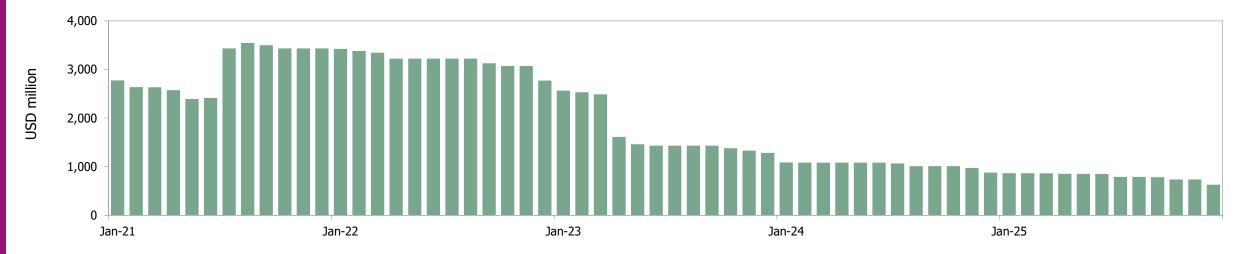


#### As at 30 June 2020

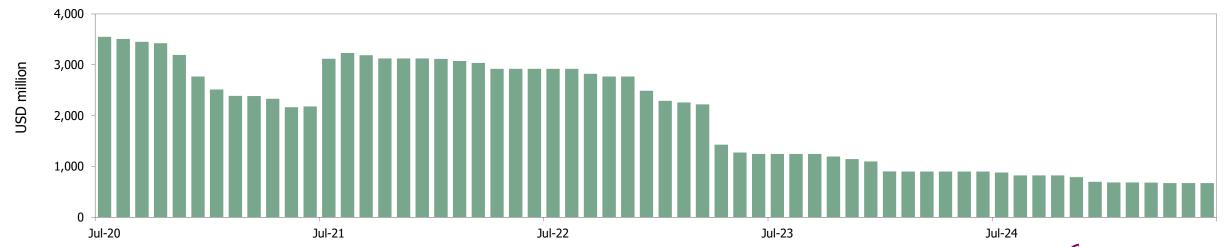


# Profile of floating rate deposits

#### As at 31 December 2020



#### As at 30 June 2020



# Exchange rates

Currency	1H21	FY20	1H20	FY19	1H19
USD	1.0000	1.0000	1.0000	1.0000	1.0000
AUD	1.3971	1.4889	1.4623	1.3933	1.3734
HKD	7.7504	7.7999	7.8321	7.8405	7.8371
NZD	1.4975	1.5683	1.5504	1.4874	1.4893
INR	74.2471	71.9578	70.4405	70.4260	70.6855
CAD	1.3315	1.3391	1.3203	1.3252	1.3117
GBP	0.7711	0.7931	0.7993	0.7716	0.7707
EUR	0.8529	0.9030	0.8999	0.8746	0.8645
RAND	16.5396	15.5385	14.7507	14.1190	14.0136
RUB	75.2164	66.6767	64.2928	65.5333	65.1752
AED	3.6730	3.6729	3.6729	3.6729	3.6729
DKK	6.3501	6.7424	6.7192	6.5256	6.4466
SEK	8.8445	9.6389	9.6044	9.1332	8.9924
CHF	0.9174	0.9782	0.9888	0.9937	0.9870



# Important notice

#### **Summary information**

- This announcement contains summary information about Computershare and its activities current as at the date of this announcement.
- This announcement is for information purposes only and is not a prospectus or product disclosure statement, financial product or investment advice or a recommendation to acquire Computershare's shares or other securities. It has been prepared without taking into account the objectives, financial situation or needs of a particular investor or a potential investor. Before making an investment decision, a prospective investor should consider the appropriateness of this information having regard to his or her own objectives, financial situation and needs and seek specialist professional advice.

#### **Financial data**

- 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 Group's performance on a comparative basis and provides a better measure of underlying operating performance.
- Management adjustments are made on the same basis as in prior years.
- The non-IFRS financial information contained within this document has not been reviewed or audited in accordance with Australian Auditing Standards.
- All amounts are in United States dollars, unless otherwise stated.

#### **Past performance**

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