COMPUTERSHARE LIMITED (ASX:CPU)

FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

11 February 2015

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 1H15 Results Presentation are available for download at:
http://www.computershare.com/au/about/ir/financials/Pages/results.aspx

Melbourne, 11 February 2015 – Computershare Limited (ASX:CPU) today reported Statutory Basic Earnings per Share (EPS) of 2.79 cents for the six months ended 31 December 2014, a decrease of 88.9% on the prior corresponding period (pcp – being the six months ended 31 December 2013). Management Adjusted Earnings per Share was 28.88 cents, a decrease of 1.8% on pcp. Statutory Net Profit after Non-Controlling Interest (NCI) fell 88.9% on pcp to $15.5 million whilst Management Adjusted Net Profit after NCI dropped 1.8% to $160.6 million.

Total statutory revenues were 2.2% lower than pcp at $959.5 million. Operating cash flows decreased 23.0% versus 1H14 to $147.7 million.

An interim dividend of AUD 15 cents per share, 20% franked, has been declared. The interim dividend is AUD 1 cent higher than the interim dividend in 2014 and unchanged from the final dividend paid in September 2014, and the franked percentage is unchanged.

Headline Statutory results for 1H15 (see Appendix 4D) as follows:

	1H15	Versus 2H14	**Versus 1H14 (pcp)**
Statutory Earnings per Share (post NCI)	**2.79 cents**	Down 86.1%	**Down 88.9%**
Total Revenues and Other Income	**$959.5m**	Down 10.1%	**Down 2.2%**
Total Expenses	**$910.9m**	Down 0.5%	**Up 13.0%**
Statutory Net Profit (post NCI)	**$15.5m**	Down 86.2%	**Down 88.9%**

Headline Management Adjusted results for 1H15 as follows:

	1H15	Versus 2H14	**Versus 1H14 (pcp)**	1H15 at 1H14 exchange rates	1H15 at 1H14 exchange rates versus 1H14
Management Earnings per Share (post NCI)	**28.88 cents**	Down 6.3%	**Down 1.8%**	28.79 cents	Down 2.1%
Total Operating Revenues	**$959.5m**	Down 8.2%	**Down 1.8%**	$966.1m	Down 1.1%
Operating Expenses	**$699.0m**	Down 9.4%	**Down 1.4%**	$704.6m	Down 0.6%
Management Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	**$259.3m**	Down 5.2%	**Down 2.9%**	$260.0m	Down 2.6%
EBITDA margin	**27.0%**	Up 80 bps	**Down 30 bps**	26.9%	Down 40 bps
Management Net Profit post NCI	**$160.6m**	Down 6.3%	**Down 1.8%**	$160.1m	Down 2.1%
Cash Flow from Operations	**$147.7m**	Down 32.1%	**Down 23.0%**		
Free Cash Flow	**$137.4m**	Down 33.7%	**Down 25.9%**		
Days Sales Outstanding (DSO)	**46 days**	Up 1 day	**Up 4 days**		
Capital Expenditure	**$13.0m**	Up 36.8%	**Up 26.2%**		
Net Debt to EBITDA ratio	**2.28 times**	Up 0.15 times	**Up 0.02 times**		
Interim Dividend	**AU 15 cents**	Flat	**Up AU 1 cent**		
Interim Dividend franking amount	**20%**	Flat	**Flat**		

Reconciliation of Statutory Results to Management Results

1H15	USD 000's
Net profit after tax per Statutory Results	15,498
Management Adjustments (after tax)	
Amortisation	
Intangible assets amortisation	29,030
Acquisitions and disposals	
Restructuring provisions	3,433
Acquisition related expenses	627
Acquisition accounting adjustments	(258)
Adjustments to disposal accounting	96
Other	
Impairment of assets	109,536
Put option liability re-measurement	2,491
Marked to market adjustments - derivatives	188
Total Management Adjustments	145,143
Net profit after tax per Management Results	160,641

Management Adjustments

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 Company's performance on a comparative basis and provides a better measure of underlying operating performance. The items excluded from the Management Results in 1H15 were as follows:

Amortisation

- Customer contracts and 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 for 1H15 was $29.0 million. Amortisation of intangibles purchased outside of business combinations (eg, mortgage servicing rights) is included as a charge against management earnings.

Acquisitions and disposals

- Restructuring provisions of $3.4 million were raised related to the Olympia Corporate and Shareholder Services, Registrar and Transfer Company and Homeloan Management Limited acquisitions.
- Acquisition related net costs of $0.6 million were incurred associated with the Registrar and Transfer Company, Shareowner Services, European Global Stock Plan Services and Homeloan Management Limited acquisitions.
- The deferred consideration liability related to the Specialized Loan Servicing acquisition was re-measured resulting in a benefit of $0.3 million.
- Finalisation of accounting for the disposal of Highlands Insurance LLC and the Pepper Group resulted in an additional net charge of $0.1 million.

Other

- An impairment charge of $109.5 million was booked against the carrying value of goodwill related to the Voucher Services business. For further information refer to note 11 in the 4D as well as the Company's market announcement dated 30 July 2014 and note 34 of the 2014 Annual Report.
- The put option liability re-measurement resulted in a charge against profit of $2.5 million reflecting the FX impact on the valuation of the joint venture arrangement in India.
- 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 valuations resulting in a loss of $0.2 million relate to future estimated cash flows.

Commentary (based on Management Adjusted results)

Computershare delivered Management Earnings per Share of 28.88 cents, down 1.8% on the 1H14 result. Revenues in 1H15 were 1.8% lower at $959.5 million and Management NPAT declined 1.8% to $160.6 million. Management EBITDA fell 2.9% to $259.3 million on pcp and the EBITDA margin was 30bps lower at 27.0%.

Register Maintenance revenues were marginally lower half on half despite contribution from the Registrar and Transfer Company acquisition in the US (acquired May 2014) and a full period contribution from the Canadian Olympia asset (acquired December 2013). Improvements in the Asia region and Russia also made positive contributions to revenue, offset by lower Register Maintenance revenue in the US business.

Corporate Actions revenue was down 5.7% on pcp. Despite improvements in some regions, it was affected by lower yields on client balances following the maturity of a large deposit at the end of 1H14.

Employee Share Plans revenues fell 2.6% on pcp largely driven by lower margin income and weaker transactional activity in the UK and USA. Stakeholder Relationship Management was negatively impacted by sale of the Pepper Group and on-going weakness in hostile corporate activity. Communication Services revenues increased modestly half on half.

The Business Services segment revenues were marginally down on 1H14. Weak activity in the Bankruptcy Administration business, the impact of prior period losses of an Australian utility back office client and a significant subservicing contract in the SLS business along with the divestment of Highlands Insurance LLC, contributed to the weaker performance. However, growth in the Class Actions business and acquisition of Homeloan Management Limited in the UK during November 2014 were positive for the segment.

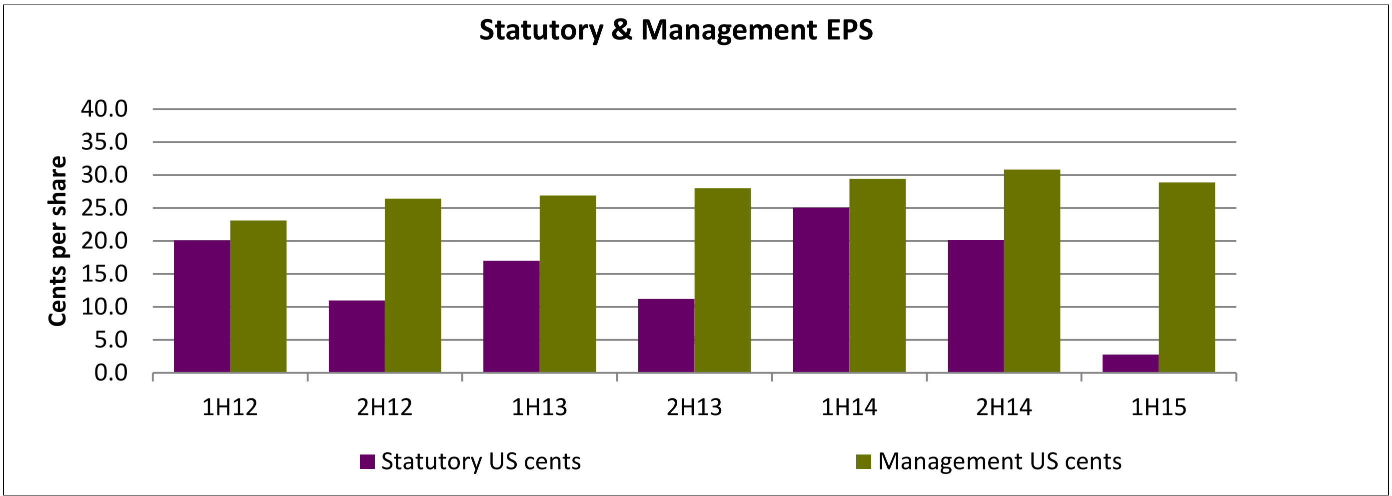
Despite the net increase in costs from recent acquisitions and disposals, total operating costs were down 1.4% on pcp benefitting from a range of cost initiatives throughout the Group and the translation impact of the strengthening US dollar.

Cash flow from operations was 23.0% lower than 1H14 at $147.7 million driven by lower revenue and an increase in DSO largely attributable to an extended margin income collection period. Payments increased against pcp as a result of the settlement of certain prior period accrued expenses.

Computershare's CEO, Stuart Irving, said, "The 1H15 results are very much in line with expectations and the Group has performed well to substantially mitigate the effect of a range of previously identified concurrent headwinds that impacted this half. We saw good progress in both our Canadian and Asian regions, there were a number of large client wins in the Australian market and we've been able to extend our mortgage servicing footprint into the UK. Our strong cost discipline continues with more business units utilising our global service model and the commencement this half of our US property rationalisation project will open up a new area to extract efficiencies over coming periods. However, the operating environment continues to be mixed with weak levels of completed M&A activity exacerbated by the persistently low interest rate environment. More volatile equity markets also impacted transactional activities across a range of businesses.

"In August we said that we anticipated Management EPS for the full year FY15 to be around 5% higher than FY14 which we confirmed at our AGM in November. This guidance assumed that foreign exchange and interest rates remained at the levels that prevailed at that time. While overall business performance continues to track to expectations, the recent material strengthening of the USD and weakening of interest rate markets has impacted our Management EPS guidance by more than 2 cents per share. Accordingly, we now expect Management EPS for the full year FY15 to be modestly higher than FY14. As usual, our assessment of the outlook assumes that equity, foreign exchange and interest rate markets remain at current levels and that anticipated corporate actions materialise as expected."

Below is a summary of Statutory and Management EPS performance since 1H12:



Regional Summary

Australia and New Zealand

Revenues in Australia and New Zealand fell 9.8% on 1H14 to $178.9 million and EBITDA decreased 13.8% to $34.9 million. The material fall in revenues can be attributed to Serviceworks' loss of its largest client to takeover as well as the depreciation of the Australian dollar. Employee Share Plans, Registry Maintenance, Communication Services and the New Zealand business revenues were lower. Corporate Actions revenue was up half on half.

Operating costs were significantly lower driven by reduced expenses in the utilities back office administration business, cost management and the weaker Australian dollar. The sale of the Fund Services business in September 2013 also helped the cost line in pcp terms.

Asia

Revenues in Asia were 9.9% higher than 1H14 at $60.3 million and EBITDA grew 20.1% to $21.7 million. Register Maintenance and the Employee Share Plans business largely drove the better results in Hong Kong. India experienced growth in their funds business due to higher assets under management offset by lower Corporate Actions revenue in pcp terms.

United Kingdom, Channel Islands, Ireland & Africa (UCIA)

Revenues and EBITDA increased 10.7% to $165.6 million on pcp and 11.1% to $61.8 million respectively. The acquisition of Homeloan Management Limited supported the region's revenue growth. The deposit protection scheme, the voucher services business and Communication Services also made positive contributions, (assisted by the strengthening British pound against pcp). The Irish business had a strong half versus pcp and the South African business also improved earnings. Employee Share Plans revenue fell, with reclassification of some revenue to the Continental Europe region following integration of the Morgan Stanley European Plans business, less transactional based activity due to equity market volatility as well as the maturity of a large SAYE scheme that impacted margin income.

Continental Europe

Revenues in the region grew 4.0% on pcp to $47.0 million and EBITDA increased 73.3% to $0.7 million. A strong performance by the Russian business, growth in the Italian business plus the reclassification of some revenue in the Employee Share Plans business contributed to the uplift. The German business was unable to match its 1H14 performance. Disposal of the Pepper Group also negatively impacted revenue.

United States

United States revenues decreased 6.0% on 1H14 to $403.7 million and EBITDA was 21.2% lower at $83.0 million. The material decline in Business Services on pcp can be attributed to the sale of Highlands Insurance LLC, loss of a significant subservicing contract in the loan servicing business and the lower number of large filings in the bankruptcy administration business. Weaker shareholder activity and reduced yields on client balances adversely impacted the investor services business. The Registrar and Transfer Company acquisition and a stronger half from the Communication Services and Class Actions businesses benefited revenue. Soft proxy solicitation activity saw Stakeholder Relationship Management revenues lower than pcp. Further synergies from recent acquisitions were also achieved.

Canada

Canadian revenues were 7.7% up on pcp at $97.1 million and EBITDA grew 15.0% to $42.4 million. Despite the drag on revenue from a weaker Canadian dollar and lower margin income, growth was underpinned by improvement in Corporate Actions revenue and a full period contribution from the Olympia asset acquired in December 2013. Employee Share Plans and Communication Services also improved on pcp, while the Corporate Trust business was slightly behind its 1H14 results.

Dividend

The Company announces an interim dividend of AUD 15 cents per share, 20% franked, payable on 18 March 2015 (record date of 23 February 2015). This is an increase of AUD 1 cent on the 2014 interim dividend that was 20% franked and follows the 2014 final dividend of AUD 15 cents per share, 20% franked, paid in September 2014.

The dividend reinvestment plan (DRP) pricing period for the interim dividend will be from 26 February to 11 March 2015 (inclusive). The Company will arrange the purchase of the relevant number of shares under the DRP on market. No discount will apply to the DRP price. DRP participation elections received after 5pm (Australian EDST) on the 24 February 2015 (day after dividend record date) will not be effective in respect of this interim dividend payment but will apply to future dividend payments unless the Company elects to suspend or cancel its DRP.

Capital Management

The Company's issued capital was unchanged during the half. There were 556,203,079 issued ordinary shares outstanding as at 31 December 2014.

Balance Sheet Overview

Total assets decreased $180.3 million to $3,627.9 million at 31 December 2014 and Shareholders' equity decreased $144.8 million to $1,122.4 million, driven largely by the impairment charge against Computershare Voucher Services. Net borrowings increased $56.9 million to $1,256.2 million since 30 June 2014. Gross borrowings at 31 December 2014 totalled $1,695.3 million (from $1,659.3 million at 30 June 2014).

The total debt facilities maturity now averages 4.2 years. There is a $124.5 million USPP tranche maturing during 2H15. The loan servicing advance facility of $150.0 million matures 31 December 2015. The debt maturity profile is outlined in the table below:

Maturity Dates		Debt Drawn	Committed Debt Facilities	Bank Debt Facility	Private Placement Facility
FY15	Mar-15	124.5m	124.5m		124.5m
FY17	Mar-17	21.0m	21.0m		21.0m
FY18	Jul-17	434.3m	450.0m	450.0m	
	Feb-18	40.0m	40.0m		40.0m
FY19	Jul-18	235.0m	235.0m		235.0m
	Feb-19	70.0m	70.0m		70.0m
FY20	Jul-19	176.0m	450.0m	450.0m	
FY22	Feb-22	220.0m	220.0m		220.0m
FY24	Feb-24	220.0m	220.0m		220.0m
Total		**$1,540.8m***	**$1,830.5m**	**$900.0m**	**$930.5m**

* Variance from gross debt represents finance leases ($37.8m), loan servicing advance facility ($93.3m) and fair value hedge adjustment on USD senior notes and amortised cost adjustment ($23.4m).

The Company's Net Debt to Management EBITDA ratio, the key gearing metric, increased from 2.13 times at 30 June 2014 to 2.28 times at 31 December 2014 following the acquisition of HML, on market purchase of shares to meet executive long term share vesting obligations, Mortgage Servicing Rights (MSR) purchases and earnout payments related to acquisitions from prior periods.

Capital expenditure for 1H15 was 26.2% higher than 1H14 at $13.0 million.

The Group's Days Sales Outstanding (DSO) was 46 days, 1 day higher than 30 June 2014.

Technology Costs

Total technology spend for 1H15 was $118.8 million, 0.8% higher than 1H14. Technology costs included $41.2 million (1H14: $34.4 million) in research and development expenditure, which was expensed during the period. The technology cost to total operating revenue ratio was 12.4% for 1H15.

Foreign Exchange Impact

Management EBITDA would have been $260.0 million, or 0.3% higher than actual 1H15, if average exchange rates from 1H14 were applied.

Taxation

The management effective tax rate for 1H15 was 23.0% (1H14: 23.2%).

Outlook for Financial Year 2015

In August the Company said it anticipated Management EPS for the full year FY15 to be around 5% higher than FY14 which was confirmed at the AGM in November. This guidance assumed that foreign exchange and interest rates remained at the levels that prevailed at that time.

While overall business performance continues to track to expectations, the recent material strengthening of the USD and weakening of interest rate markets has impacted Management EPS guidance by more than 2 cents per share. Accordingly, the Company now expects Management EPS for the full year FY15 to be modestly higher than FY14. As usual, the assessment of the outlook assumes that equity, foreign exchange and interest rate markets remain at current levels and that anticipated corporate actions materialise as expected.

Please refer to the Half Year Results 2015 Presentation for detailed financial data and the Important Notice on slide 64 regarding forward looking statements.

About Computershare Limited (CPU)

Computershare (ASX:CPU) is a global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. We also specialise in corporate trust, mortgage, bankruptcy, class action, utility and tax voucher administration, and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers.

Computershare is represented in all major financial markets and has over 16,000 employees worldwide.

For more information, visit www.computershare.com

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