COMPUTERSHARE LIMITED (ASX:CPU)

FINANCIAL RESULTS
FOR THE FULL YEAR ENDED 30 JUNE 2013

14 August 2013

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 FY13 Results Presentation are available for download at:
http://www.computershare.com/au/about/ir/financials/Pages/results.aspx

Melbourne, 14 August 2013 – Computershare Limited (ASX:CPU) today reported Statutory Basic Earnings per Share (EPS) of 28.25 cents for the twelve months ended 30 June 2013, a decrease of 9.2% on FY12. Management Earnings per Share were 54.85 cents, an increase of 11.7% over the prior corresponding period (pcp).

A final dividend of AU 14 cents per share 20% franked has been declared, unchanged from the final dividend of last year.

Total statutory revenues and other income increased 10.2% on FY12 to $2,046.0 million. Statutory Net Profit post Non-Controlling Interest (NCI) fell 9.2% to $157.0 million (see Appendix 4E). Management Net Profit post NCI rose 11.8% to $304.9 million. Operating Cash Flows decreased 0.2% to $334.0 million.

Headline Statutory Results (in USD unless otherwise stated) for FY13 were as follows:

	FY13	FY12*	**FY13 versus FY12**
Earnings per Share (post NCI)	**28.25 cents**	31.10 cents	**Down 9.2%**
Total Revenues & other income	**$2,046.0m**	$1,857.2m	**Up 10.2%**
Total Expenses	**$1,853.3m**	$1,630.9m	**Up 13.6%**
Statutory Net Profit (post NCI)	**$157.0m**	$172.9m	**Down 9.2%**

*refer to the restatement in note 3 of the Appendix 4E.

Headline Management Results (in USD unless otherwise stated) for FY13 were as follows:

	FY13	FY12	**FY13 versus FY12**	FY13 at FY12 exchange rates	FY13 at FY12 exchange rates versus FY12
Management Earnings per Share (post NCI)	**54.85 cents**	49.09 cents	**Up 11.7%**	55.62 cents	Up 13.3%
Total Operating Revenues	**$2,025.1m**	$1,818.7m	**Up 11.4%**	$2,050.1m	Up 12.7%
Operating Costs	**$1,515.2m**	$1,360.1m	**Up 11.4%**	$1,534.1m	Up 12.8%
Management Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	**$509.8m**	$459.0m	**Up 11.1%**	$515.8m	Up 12.4%
EBITDA margin	**25.2%**	25.2%	**Flat**	25.2%	Flat
Management Net Profit (post NCI)	**$304.9m**	$272.8m	**Up 11.8%**	$309.1m	Up 13.3%
Cash Flow from Operations	**$334.0m**	$334.6m	**Down 0.2%**		
Free Cash Flow	**$290.3m**	$294.5m	**Down 1.4%**		
Days Sales Outstanding	**45 days**	43 days	**Up 2 days**		
Capital Expenditure	**$49.5m**	$62.1m	**Down 20.3%**		
Net Debt to EBITDA ratio	**2.47 times**	2.86 times	**Down 0.39 times**		
Final Dividend	**AU 14 cents**	AU 14 cents	**Flat**		
Final Dividend franking amount	**20%**	60%	**Down from 60%**		

Reconciliation of Statutory Results to Management Results

FY13	**USD 000's**
Net profit after tax as per Statutory Results	157,014
Management Adjustments (after tax)	
Amortisation	
Intangible assets amortisation	68,125
Strategic business initiatives	
Loss on disposal of businesses	44,335
Gain on sale of equity investment	(11,827)
Business closure	10,487
Restructuring provisions	2,616
One-off items	
Acquisition integration costs	32,031
DLI performance rights reversal	(5,779)
Acquisition accounting adjustments	(5,018)
Impairment losses	4,725
Other	
Indian acquisition put option liability re-measurement	6,645
Provision for tax liability	1,715
Marked to market adjustments on derivatives	(209)
Total Management Adjustments	147,846
Net profit after tax as per Management Results	304,860

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 FY13 were as follows:

Amortisation

- Customer contracts and other intangible assets are recognised separately from goodwill on acquisition and amortised over their useful life in the Statutory Results. The amortisation of these intangibles for FY13 was $68.1 million.

Strategic business initiatives

- On 30 April 2013 the Restricted Stock Services software product was sold by the USA business at a loss of $5.4 million. On 30 June 2013 the interactive events technology group, IML, was sold to Lumi Technologies Limited at a loss of $38.9 million (refer to note 16 of Appendix 4E for related party information).
- Gain of $11.8 million was recognised on the sale of the equity investment in Solium Capital Inc in Canada.
- During FY13 it was decided to cease operating the Fund Services business in Australia. As a result, provisions for exit costs were raised and asset write downs were taken totalling $10.5 million.
- Restructuring provisions of $2.2 million related to Computershare's change to a global service model impacting the USA, Canada and Australia and $0.4 million related to German property leases were recorded.

One-off items

- Integration costs of $30.6 million related to the Shareowner Services acquisition from Bank of New York Mellon and $1.4 million related to completion of UK acquisition integrations were incurred.
- As part of the FY14 budget process it was determined that it was no longer considered 'more likely than not' that the performance condition applicable to 50% of the performance rights granted on 12 November 2009 would be met. On this basis, the personnel expense related to prior years totalling $5.8 million has been reversed. The expense in prior periods was charged against Management earnings.
- An acquisition accounting adjustment gain of $2.1 million for the true-up of provisions related to Shareowner Services as well as a contingent consideration adjustment gain of $3.1 million related to Serviceworks and $0.2 million loss related to Specialized Loan Servicing (SLS).
- Impairment losses of $4.7 million were recognised on unlisted investments and loan transactions with equity investments.

Other

- The put option liability re-measurement expense of $6.6 million related to the Karvy joint venture arrangement in India (refer to Note 3 in the Appendix 4E and the related FY12 restatement in the financial accounts).
- Provision of $1.7 million as a true-up of a tax liability associated with a previously identified business issue.
- 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 gain of $0.2 million relate to future estimated cash flows.

Commentary (based on Management Results)

Computershare delivered Management EPS of 54.85 cents in FY13, up 11.7% on FY12. This is in line with the Company's guidance of Management EPS between 10% and 15% higher than FY12. Total revenues grew 11.4% on FY12 to $2,025.1 million largely as a result of a full year contribution from the Shareowner Services and SLS acquisitions. EBITDA margins were flat year on year as transactional revenues remained weak. Management EBITDA grew 11.1% to $509.8 million, and Management Net Profit post NCI grew 11.8% to $304.9 million. Operating costs were up 11.4% on FY12 to $1,515.2 million, primarily due to the full year recognition of the Shareowner Services and SLS businesses. On a constant currency basis, total revenues grew 12.7% and operating costs grew 12.8%. Cash flow from operations decreased 0.2% to $334.0 million but increased 4.3% to $360.0 million after excluding loan servicing advances related to the SLS business.

Competition across our investor services segment has intensified in many markets which, together with the gradual attrition in registered holders across the globe, has affected register maintenance revenues. Despite pockets of activity, corporate action revenues generally remained subdued. The employee plans business performed strongly in all markets and was aided by the Shareowner Services plans contribution. Stakeholder relationship management revenues continued to suffer from weak deal flow and a lack of hostile activity. Communication services revenues improved, underpinned by increased activity in the USA as previously outsourced activity from recent acquisitions was internally captured.

The business services segment continues to drive revenue and earnings growth for the group. The full year contribution from SLS and Serviceworks was the major growth catalyst, supported by another strong result from the deposit protection scheme business in the UK. However, bankruptcy administration in the USA and the voucher services business in the UK were unable to match FY12 outcomes. The Canadian trust business and class actions administration business in the USA were flat year on year.

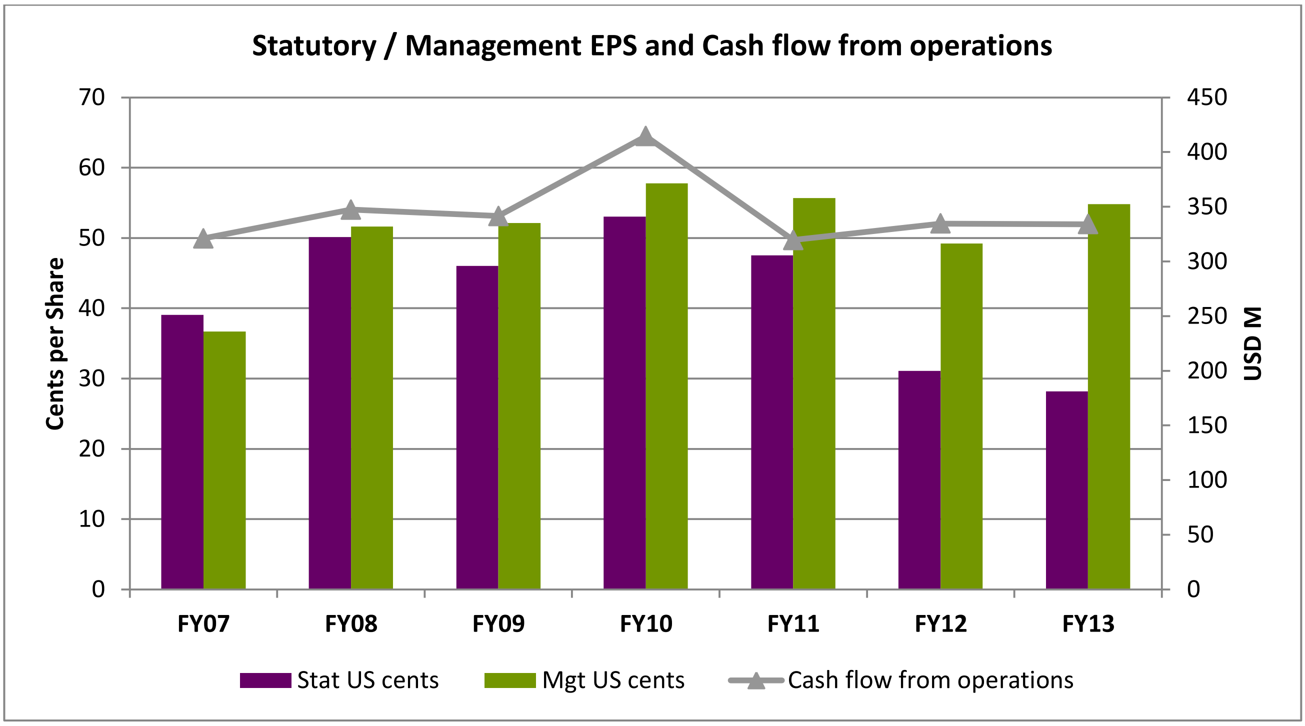
The Company continues to critically evaluate each of its portfolio assets to assess their ongoing strategic importance and the adequacy of operating performance. During the second half of the year, a range of actions were taken with respect to certain non-core or underperforming assets. The Company sold its investment in Solium Capital Inc in Canada following its decision to retain the employee option and restricted stock administration business acquired as part of the Bank of New York Mellon transaction. The Company divested both the Restricted Stock Services software product in the USA and its global interactive events technology group, IML, as it was determined that the likely future returns for these businesses would not meet internal requirements. A decision was also made to cease operating the Australian Fund Services business due to its ongoing inadequate financial performance and the prospects of any material improvement being remote.

Computershare's CEO, Stuart Crosby, said, "For a third year the economic climate remains challenging across the globe, despite the broad based improvement in equity indices and pockets of M&A. Transactional activity remains substantially lower than the peak levels experienced in 2008 and 2009. Add to this another year of very low interest rates in all of our key markets and it is plain that we will continue to have to combat a broad range of adverse factors.

"We are pleased with the portfolio clean up initiatives we have achieved during the period. While Computershare has had a very successful history of expansion by acquisition and trying new initiatives, it's equally important that we recognise when things have not worked out as we might have hoped and that we make the necessary decisions.

"While we expect to realise substantial synergies in the year ahead following the Shareowner Services integration, these benefits are anticipated to be materially offset by the impact of lower margin income returns and the recent strengthening of the US dollar. Taking this and the continuing challenges of the operating environment into account, we are anticipating Management EPS for the full year FY14 to be around 5% higher than FY13."

Below is a summary of annual Statutory and Management Earnings per Share performance and Cash flow from operations since FY07:



Regional Summary

<u>Australia and New Zealand</u>

Revenues in Australia and New Zealand increased 4.7% on FY12 to $426.5 million and EBITDA was up 0.6% to $77.4 million. Higher revenues were underpinned by a twelve month contribution from Serviceworks, partially offset by a marginally weaker Australian dollar relative to the pcp. Register maintenance revenues were impacted by fee pressure due to competitive tension, whilst corporate action revenues remained low but in line with FY12. Employee plans and communication services both grew revenue, however margins in the communication services business remain under pressure. Margin income deteriorated year on year due to falling balances and falls in Australian dollar interest rates. The New Zealand business benefitted from an increase in corporate actions in FY13. Operating costs were higher than FY12, due in part to Serviceworks' full year contribution as well as a modest increase in salaries.

<u>Asia</u>

Revenues in the Asian region rose 5.8% on the pcp to $113.0 million, although EBITDA fell 2.7% to $33.4 million. The Hong Kong investor services business continues to be affected by the weak corporate actions environment whereas the employee plans business, albeit small, continues to grow. The Indian business again saw growth in both revenue and earnings, although at lower margins compared to the broader group. Increases in assets under management and one-off project work helped the Indian mutual funds business grow revenues. Indian earnings were also negatively affected by the stronger US dollar during FY13.

<u>United Kingdom, Channel Islands, Ireland & Africa (UCIA)</u>

Revenues in the UCIA region grew 2.1% on pcp to $299.6 million and EBITDA grew 11.2% to $115.8 million. The UK investor services business revenues were flat year on year whilst employee plans and business services revenues were higher than FY12. Personnel cost savings from the HBOS EES integration and transactional activity drove the employee plans business to an improved result whilst the deposit protection scheme business benefitted from higher balances. In contrast, the voucher services business saw revenue and earnings impacted by competition. The Irish business improved earnings on a marginally lower revenue base and South Africa increased both revenue and earnings on FY12.

Continental Europe

Revenues in the region fell 2.8% on pcp to $110.2 million while EBITDA increased 7.7% to $16.1 million despite the weaker EUR year on year. The pick-up in earnings was largely due to the improvement in the German business. The Italian business was flat year on year and the Russian and Scandinavian businesses performed moderately better.

United States

USA revenues grew 28.9% on FY12 to $843.2 million and EBITDA increased 37.4% to $171.8 million. The revenue and earnings uplift was underpinned by the full year contribution from the Shareowner Services and SLS acquisitions that occurred in FY12. The full year contribution of the Shareowner Services business led to revenue growth in register maintenance, corporate actions, stakeholder relationship management, employee plans and communication services. SLS revenue more than doubled year on year, however the associated costs that accompany onboarding significant new work and increased headcount resulted in some compression in margins during FY13. The bankruptcy administration business was unable to match FY12 outcomes due to weak market conditions (low levels of bankruptcy filings) largely resulting from the success of the ongoing US Federal Reserve quantitative easing program. Class actions administration revenues were higher in FY13, however increased operating costs affected earnings. Margin income grew significantly due to the contribution of Shareowner Services' balances, despite maturing hedges and term deposits.

Canada

Canadian revenues fell 5.0% versus FY12 to $198.0 million and EBITDA decreased 14.6% to $81.6 million. The environment remains challenging, with investor services, communication services and stakeholder relationship management revenues lower than FY12. Employee plans and corporate trust revenues were flat. Earnings were impacted by lower margin income year on year as hedges rolled off. The region continues to focus on reducing operating costs to help counter weakening revenues as transactional activity remains subdued.

Dividend

The Company announced a final dividend of AU 14 cents per share, 20% franked, payable on 17 September 2013 (dividend record date of 26 August 2013). This follows the interim dividend of AU 14 cents per share, 20% franked, paid in March 2013.

In January 2013, the Company announced that it had introduced a dividend reinvestment plan (DRP) starting with the 2013 interim dividend and this DRP continues to operate for the 2013 final dividend. The DRP pricing period for the final dividend will be from 28 August to 10 September 2013 (inclusive). The Company will purchase the relevant number of shares under the DRP election on market. No discount will apply to the DRP price. DRP participation elections received after 5pm (AEST) on the dividend record date will not be effective in respect of this final 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 increased by 539,020 shares during the year as a result of the dividend reinvestment plan. There were 556,203,079 issued ordinary shares outstanding as at 30 June 2013.

Balance Sheet Overview

Total assets decreased $62.8 million from 30 June 2012 to $3,618.9 million. Shareholder's equity decreased $23.4 million to $1,130.9 million over the same period.

Net borrowings decreased to $1,257.3 million (from $1,313.0 million at 30 June 2012). Gross borrowings at 30 June 2013 amounted to $1,711.7 million (down from $1,754.4 million at 30 June 2012). Debt facilities maturity averages 4.8 years following the refinancing of a syndicated bank debt tranche in June 2013. The tranche of $250m was extended from an October 2013 maturity to July 2017 (average maturity on drawn debt is now 5.1 years).

The debt maturity profile is outlined in the table below:

Maturity Dates		Debt Drawn	Committed Debt Facilities	Bank Debt Facility	Private Placement Facility
FY14		Nil	Nil	Nil	Nil
FY15	Mar-15	124.5m	124.5m		124.5m
FY16	Oct-15	296.0m	300.0m	300.0m	
FY17	Oct-16	103.2m	250.0m	250.0m	
	Mar-17	21.0m	21.0m		21.0m
FY18	Jul-17	248.4m	250.0m	250.0m	
	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
FY22	Feb-22	220.0m	220.0m		220.0m
FY24	Feb-24	220.0m	220.0m		220.0m
Total		**$1,578.2m***	**$1,730.5m**	**$800.0m**	**$930.5m**

***** Variance from gross debt represents finance leases ($48.1m), fair value adjustment on debt ($16.2m) and the SLS advance facility ($69.2m).

The Company's Net Debt to Management EBITDA ratio, the key gearing metric, decreased from 2.86 times at 30 June 2012 to 2.47 times at 30 June 2013.

Capital expenditure for FY13 was 20.3% lower than FY12 at $49.5 million.

The Group's Days Sales Outstanding was 45 days at 30 June 2013, up 2 days from 30 June 2012.

Technology Costs

Total technology spend for FY13 was $261.3 million, 23.0% higher than FY12. Technology costs included $67.9 million (FY12: $57.7 million) in research and development expenditure that was expensed during the period. The technology cost to revenue ratio for FY13 was 12.9% (FY12: 11.7%). As advised at the time of the release of results for FY12, this ratio is expected to be elevated until the technology synergies from the Shareowner Services acquisition fully materialise. In addition, the Company has centralised a range of technology people and functions that previously sat within relevant business units, which will result in a higher reported technology cost (but no difference in real costs) going forward.

Foreign Exchange Impact

Management EBITDA would have been $515.8 million, or 1.2% higher than actual FY13 Management EBITDA had average exchange rates from FY12 applied. Management EPS would have been 55.62 cents or 1.4% higher than actual FY13 Management EPS had prior year average exchange rates applied.

Taxation

The Management effective tax rate for FY13 was 22.6% (FY12: 25.1%).

Outlook for Financial Year 2014

While the Company expects to realise substantial synergies in the year ahead following the Shareowner Services integration, these benefits are anticipated to be materially offset by the impact of lower margin income returns and the recent strengthening of the US dollar. Taking this and the continuing challenges of the operating environment into account, the Company is anticipating Management EPS for the full year FY14 to be around 5% higher than FY13.

This assessment of the outlook assumes that equity, foreign exchange and interest rate markets remain at current levels.

Please refer to the 2013 Full Year Results Presentation for detailed financial data.

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 data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to help streamline and maximise the value of relationships with their investors, employees, creditors, members and customers.

Computershare is represented in all major financial markets and has over 12,000 employees worldwide.

For more information, visit www.computershare.com

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