

Computershare Limited Half Year Results 2008 Presentation

Stuart Crosby
Tom Honan

13 February 2008

CERTAINTY | INGENUITY | ADVANTAGE

 **Computershare**



Stuart Crosby

President & CEO

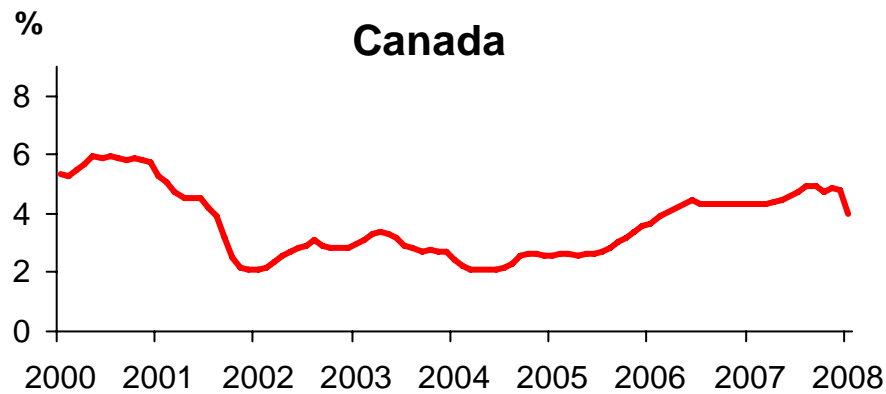
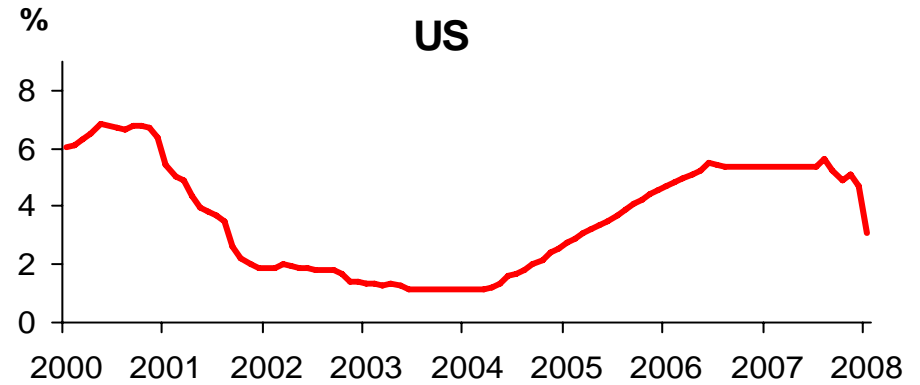
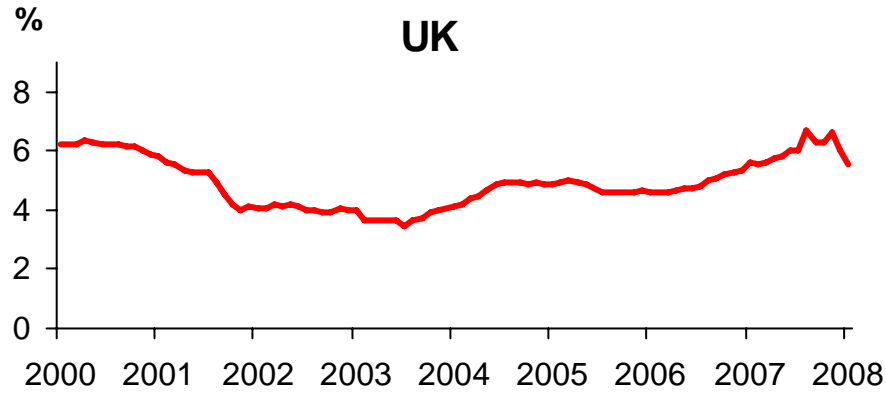
Results Highlights

- › **Management EPS of 27.36 cents, up 53%**
- › **Management Net Profit After OEI of \$155.8m, up 46%**
- › **Free cash flows of \$187.4m, up 44%**
- › **Total Operating Revenues of \$788.2m, up 14%**
- › **Operating Costs of \$532.4m, up 5%**
- › **Interim Dividend of 10 cents* (AUD) per share, up 25%**
- › **Return to dividend franking – 20% franked**

Note: all results are in USD except for dividend; all comparisons with 1H07

*20% franked

Global Interest Rate Market



Computershare Strengths

- › **More than 70% of Revenue recurring in nature**
- › **Global Diversification – across 17 countries including growth engines China, India and Russia**
- › **Proven technology capabilities and innovation**
- › **Demonstrated ability to acquire and integrate businesses**
- › **Strong and sustained earnings and cashflow growth**
- › **Unique cross-border transaction capacities**

In light of the excellent half year result and despite recent equity and interest rate market conditions, we expect Management EPS to be approximately 40% higher than last year.



Tom Honan

CFO

Group Financial Performance – US\$m



	1H08	1H07	Variance
Sales Revenue	779.8	687.9	13%
Interest & Other Income	8.5	6.1	39%
Total Revenue	788.2	694.0	14%
Operating Costs	532.4	506.3	(5%)
Share of Net (Profit)/Loss of Associates	(1.6)	(1.0)	
Management EBITDA	257.4	188.7	36%
Management Adjustments - Revenue/(Expense)	0.9	10.3	
Reported EBITDA	258.3	199.0	30%
Management EPS	27.36	17.86	53%

Drivers behind financial performance

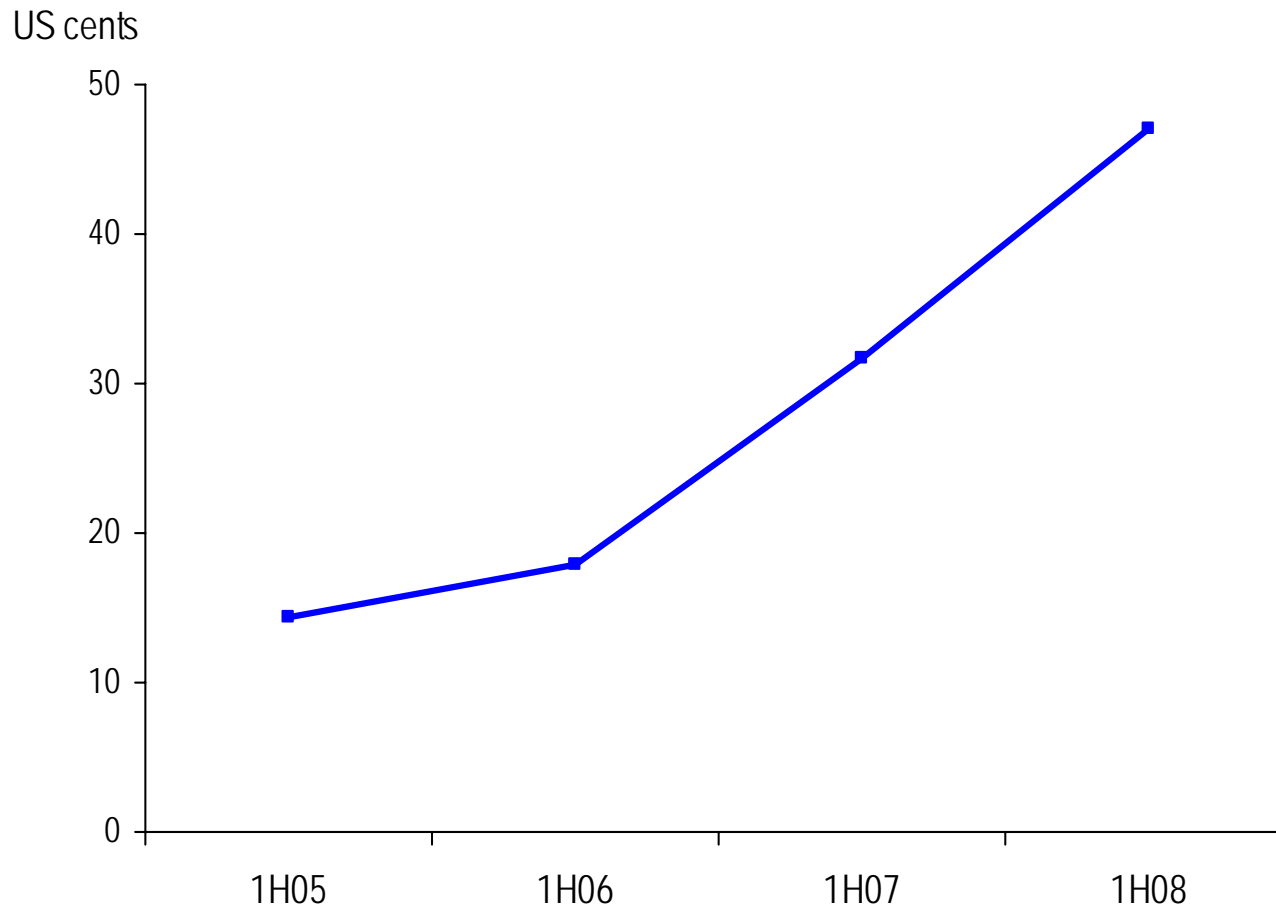


- Corporate action environment
- Higher balances
- Revenue enhancements
- New clients
- Acquisitions
- Cost control
- Operating efficiency
- Balance sheet improvements
- Acquisition synergies
- Foreign exchange

Management EPS Performance

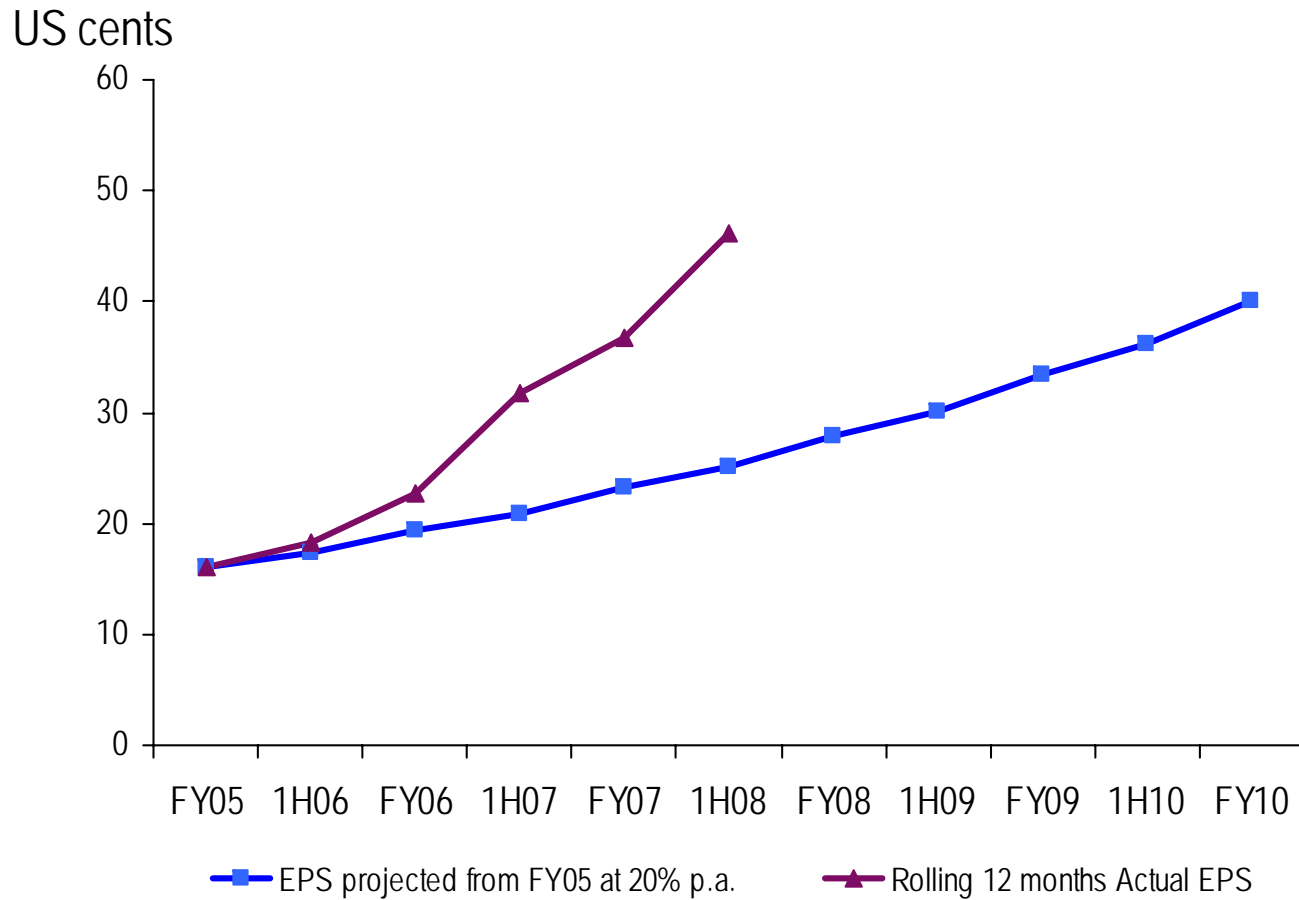


Rolling 12 months

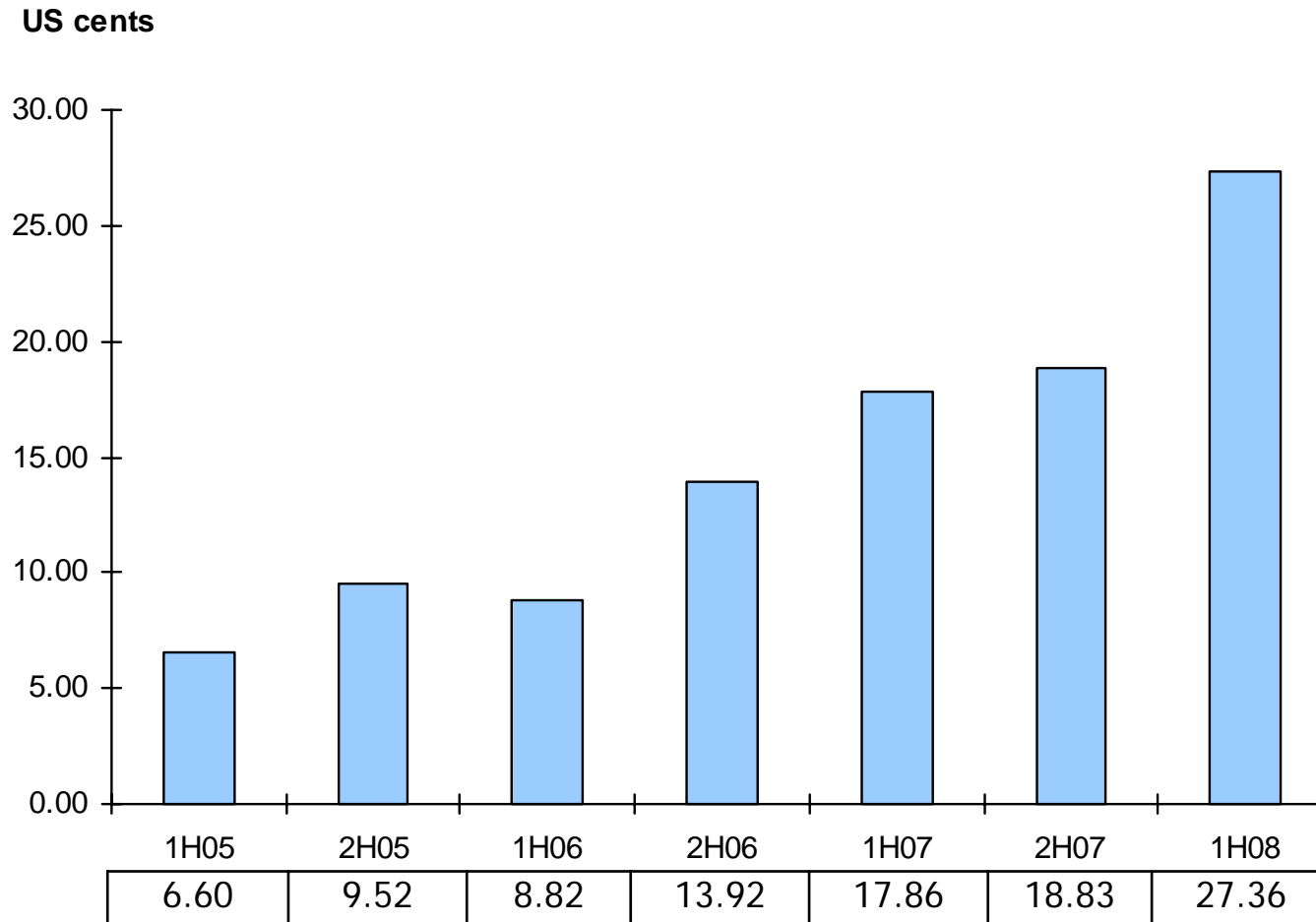


EPS Growth FY05 to FY10

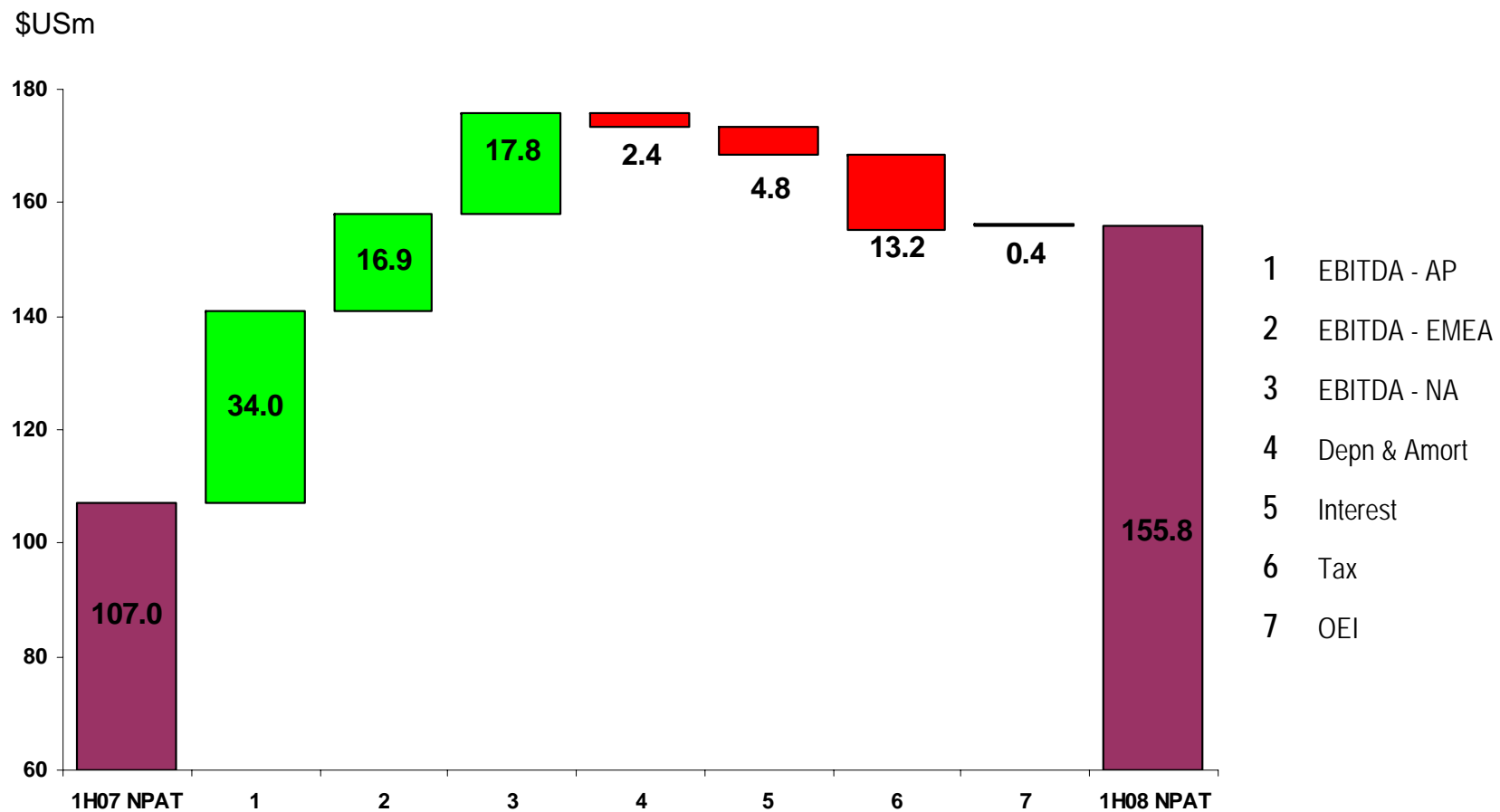
Rolling 12 months Management EPS



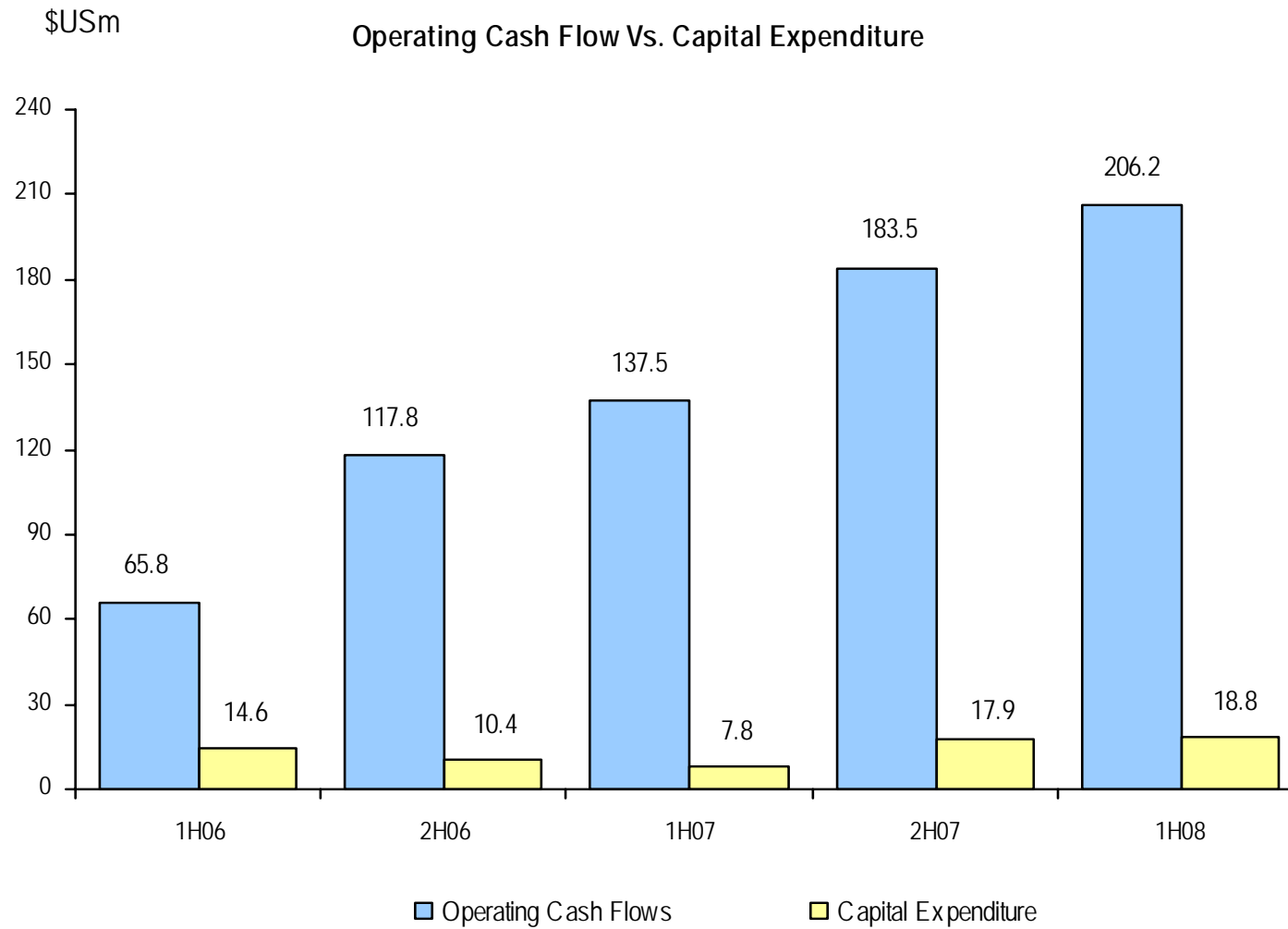
Analysis of Management EPS – Half Year Comparison



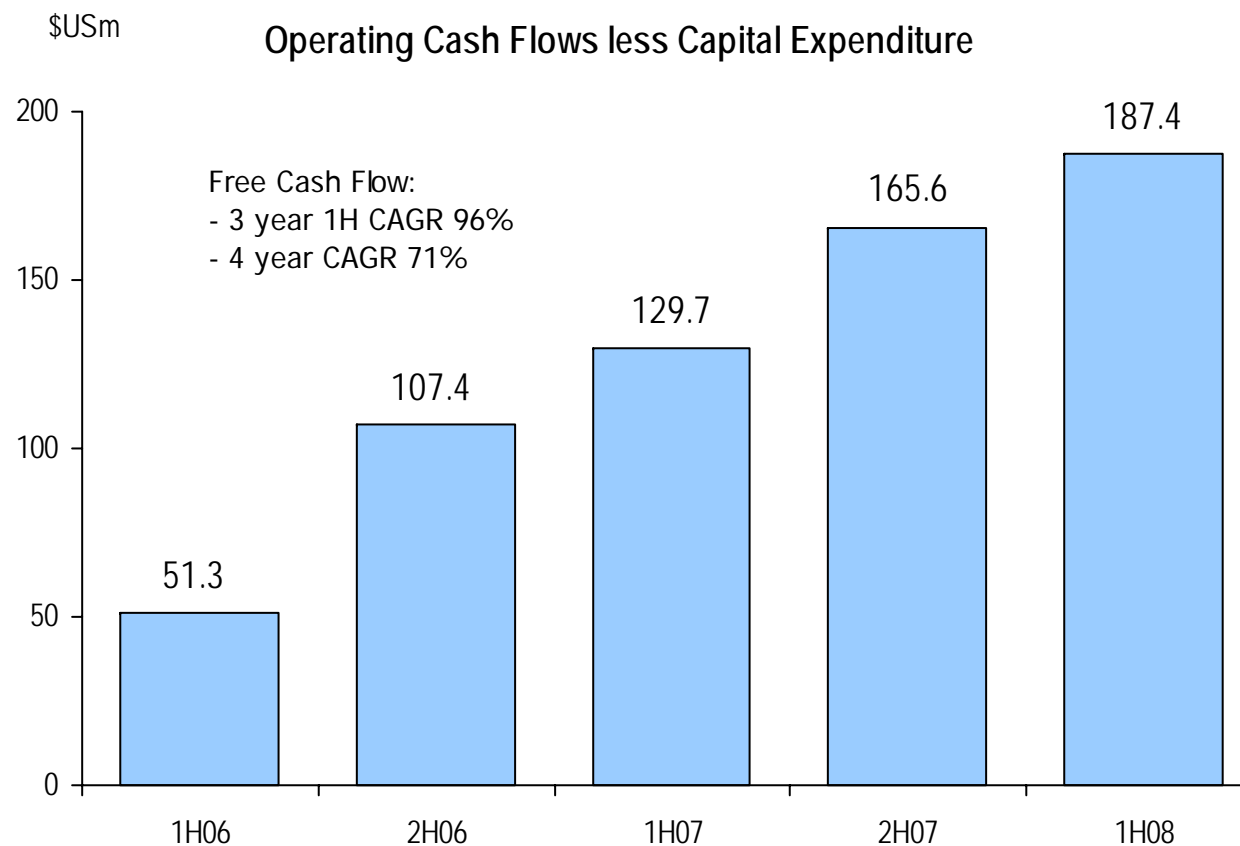
1H08 NPAT Analysis



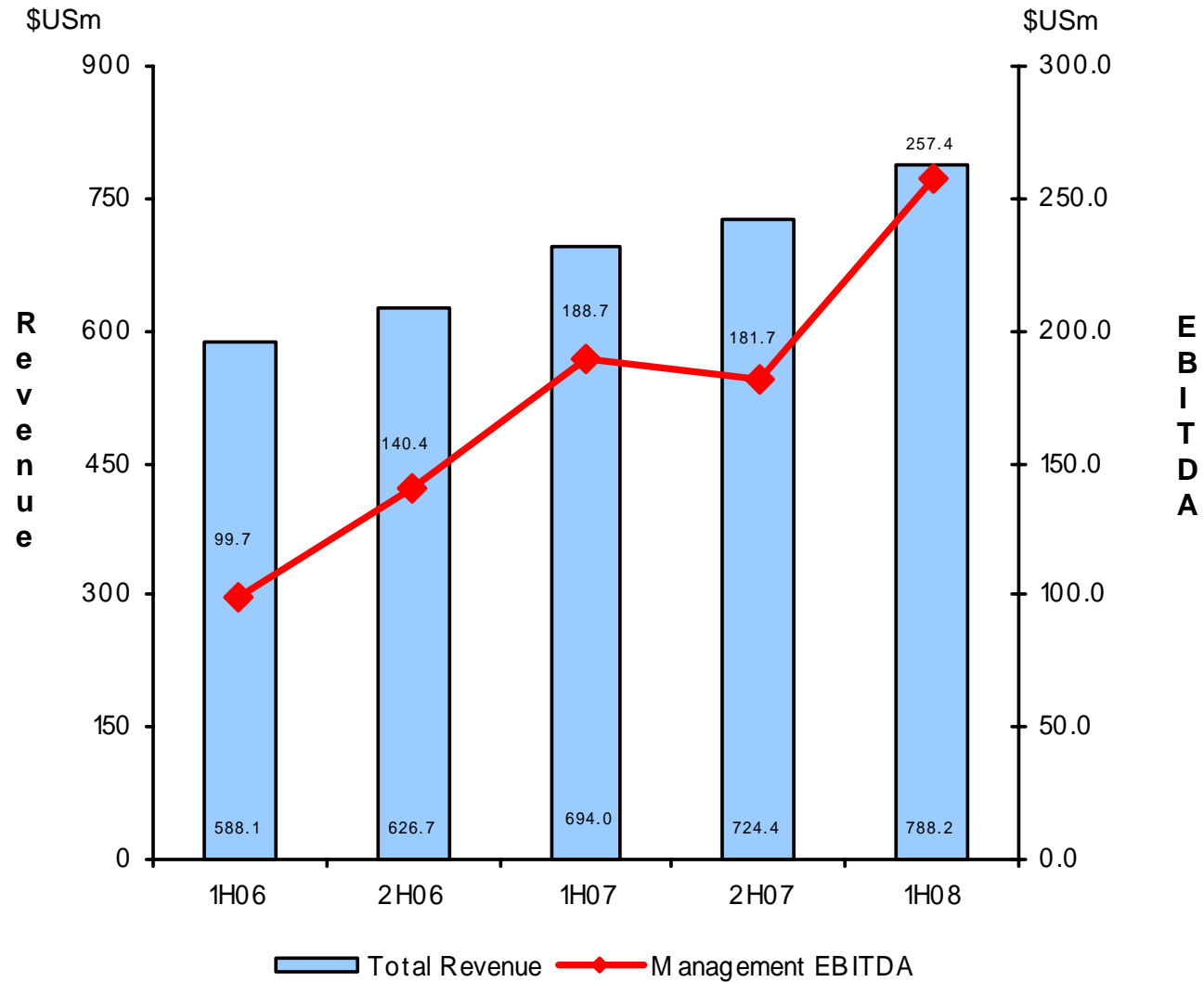
Net Operating Cash Flows



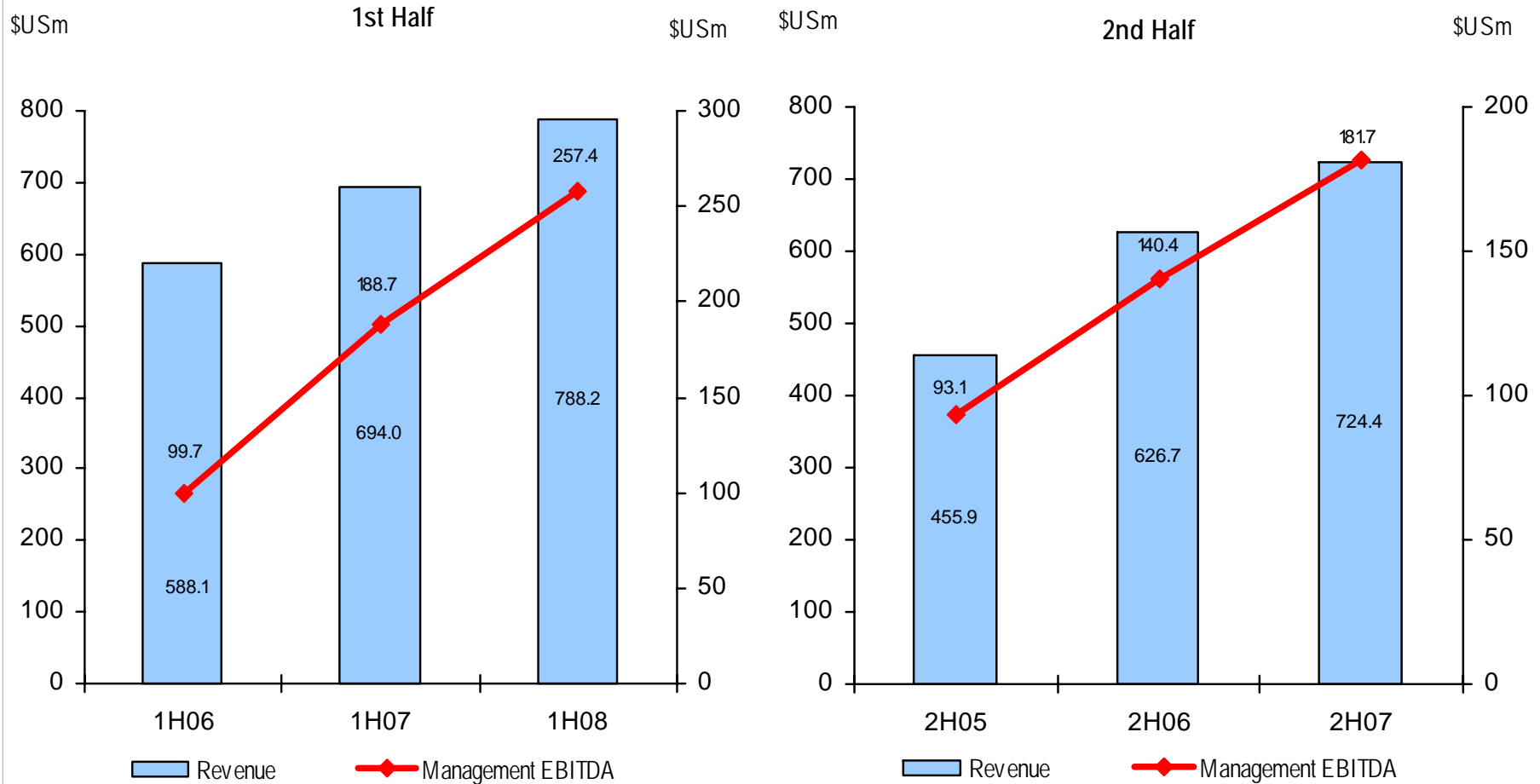
Free Cash Flow – up 44% on 1H07



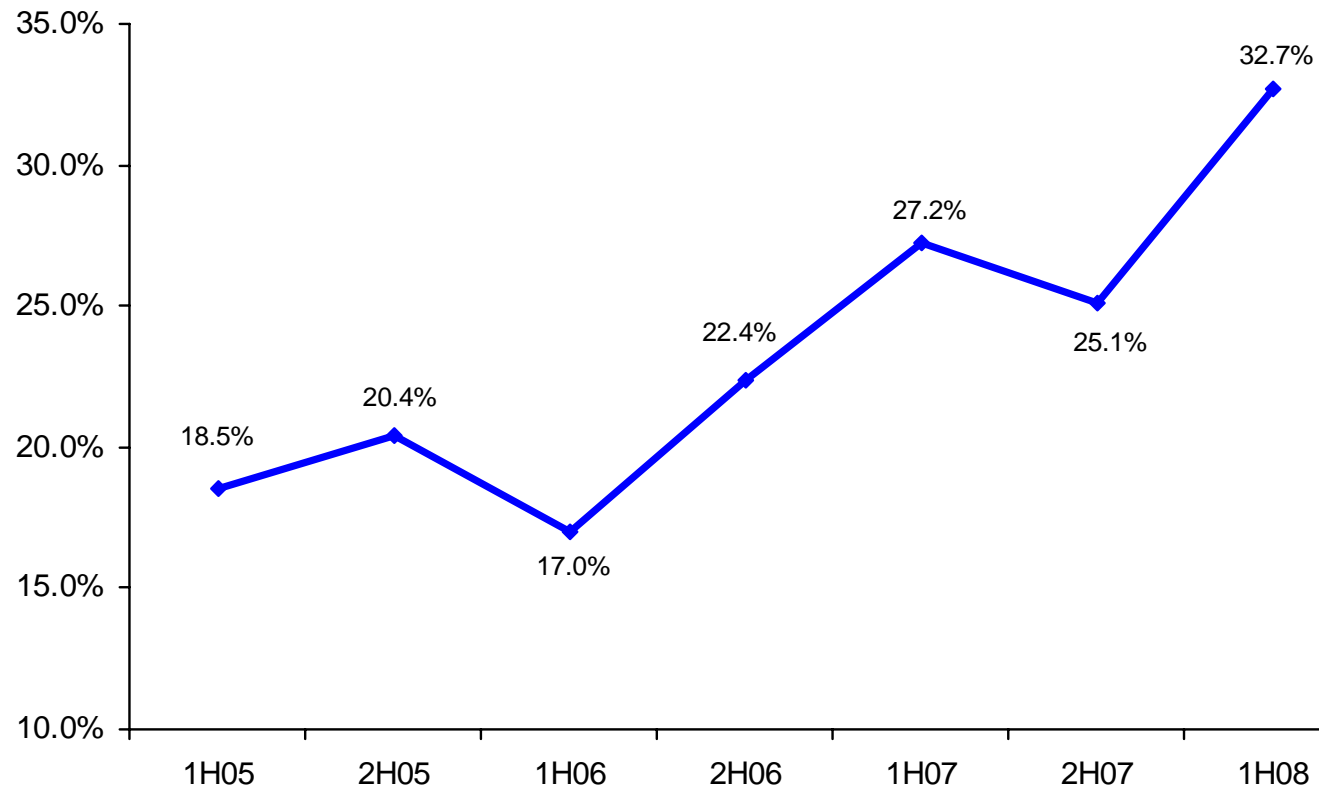
Half Year Comparisons – Revenue & EBITDA



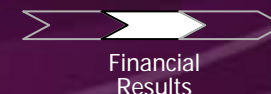
Half Year Comparisons – Revenue & EBITDA



Management EBITDA Margin



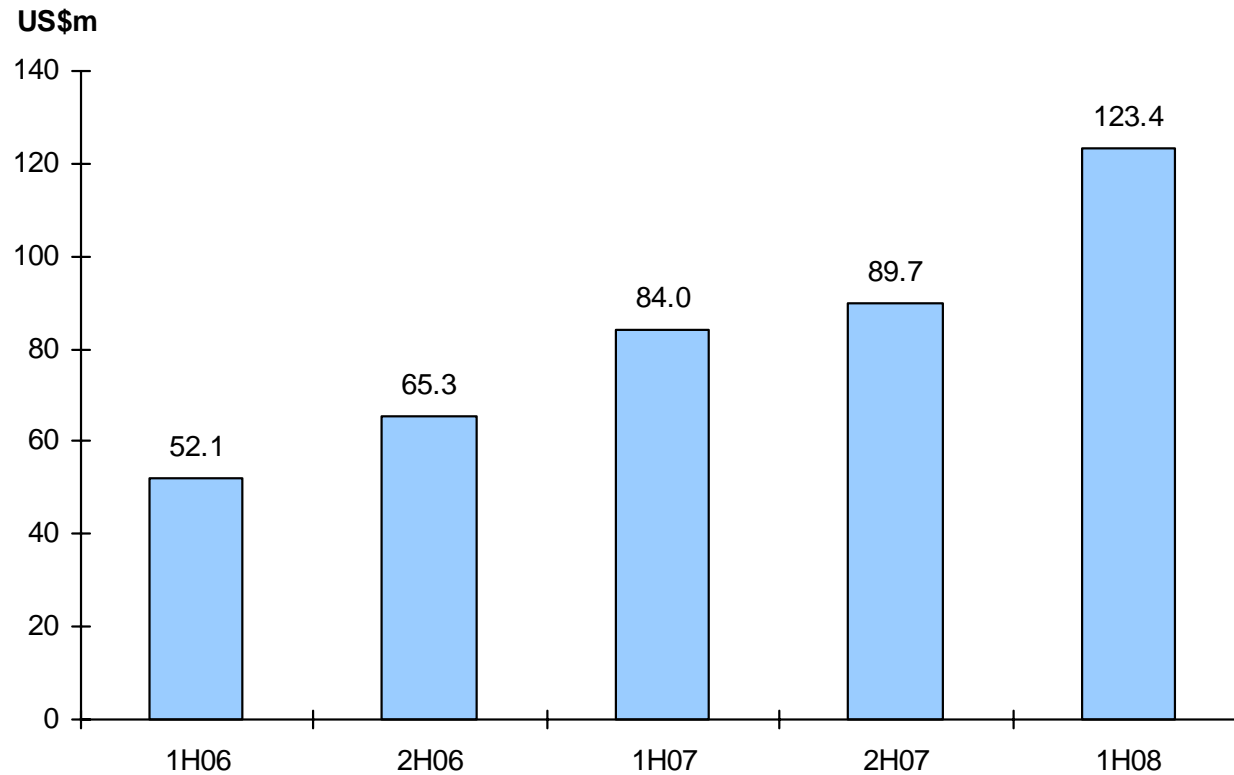
Revenue Breakdown – US\$m



	1H08	1H07	Variance
Register Maintenance	406.5	350.1	16%
Corporate Actions	169.4	119.7	42%
Fund Services	41.7	74.2	(44%)
Stakeholder Relationship Mgt	39.9	34.2	17%
Employee Share Plans	59.0	58.2	1%
Communication Services	44.4	37.2	19%
Technology & Other Revenues	27.3	20.4	34%
Total Revenue	<u>788.2</u>	<u>694.0</u>	<u>14%</u>

Note: Included in the revenue results are \$123.4m of Margin Income (1H07: \$84.0m) and \$116.3m of Recoverable Income (1H07: \$132.9m).

Margin Income analysis



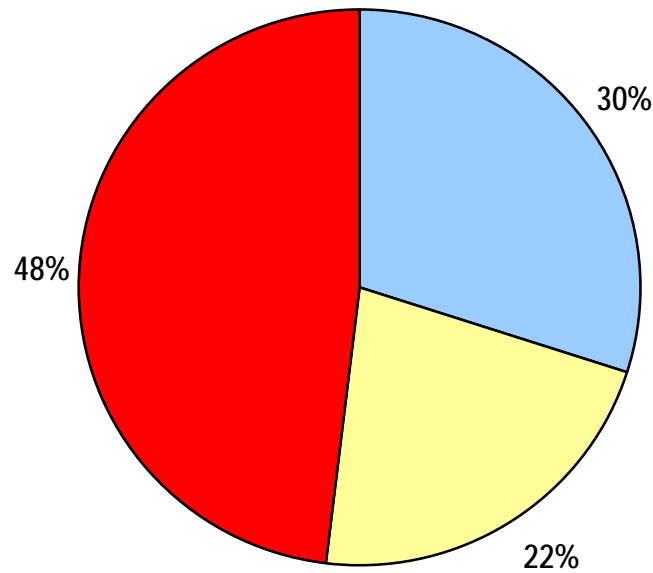
Average Interest rates:					
UK	4.55%	4.50%	4.78%	5.31%	5.71%
US	3.70%	4.66%	5.25%	5.25%	4.85%
Canada	2.79%	3.77%	4.25%	4.25%	4.45%
Average balances (US\$bn) *	6.4	6.4	6.4	7.0	8.7

*Note: some balances attract no interest or a set margin for Computershare

Regional Analysis – 1H08 Revenue & EBITDA

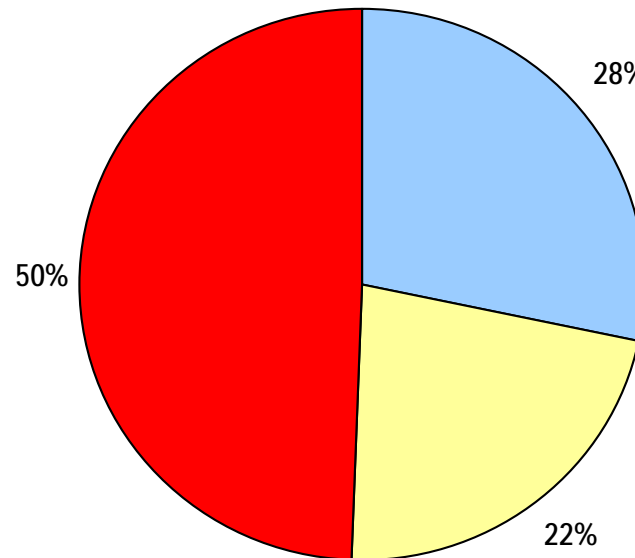


Total Revenue Breakdown



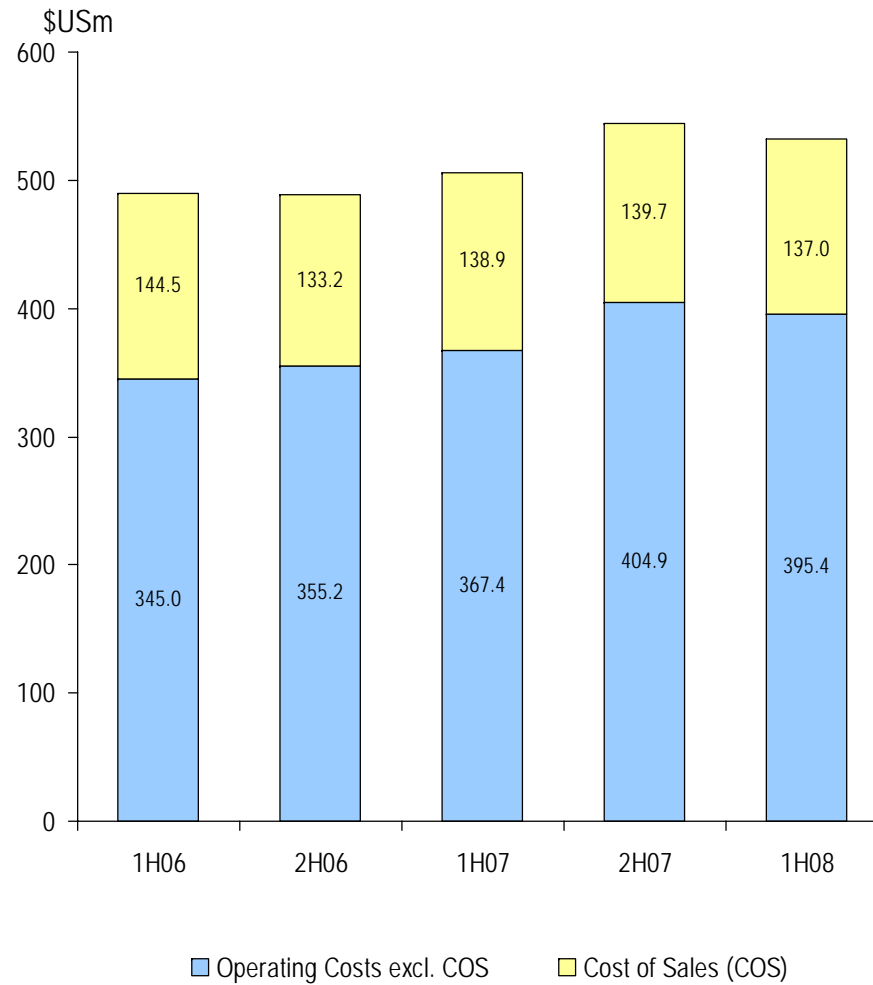
■ Asia Pacific ■ EMEA ■ North America

EBITDA Breakdown



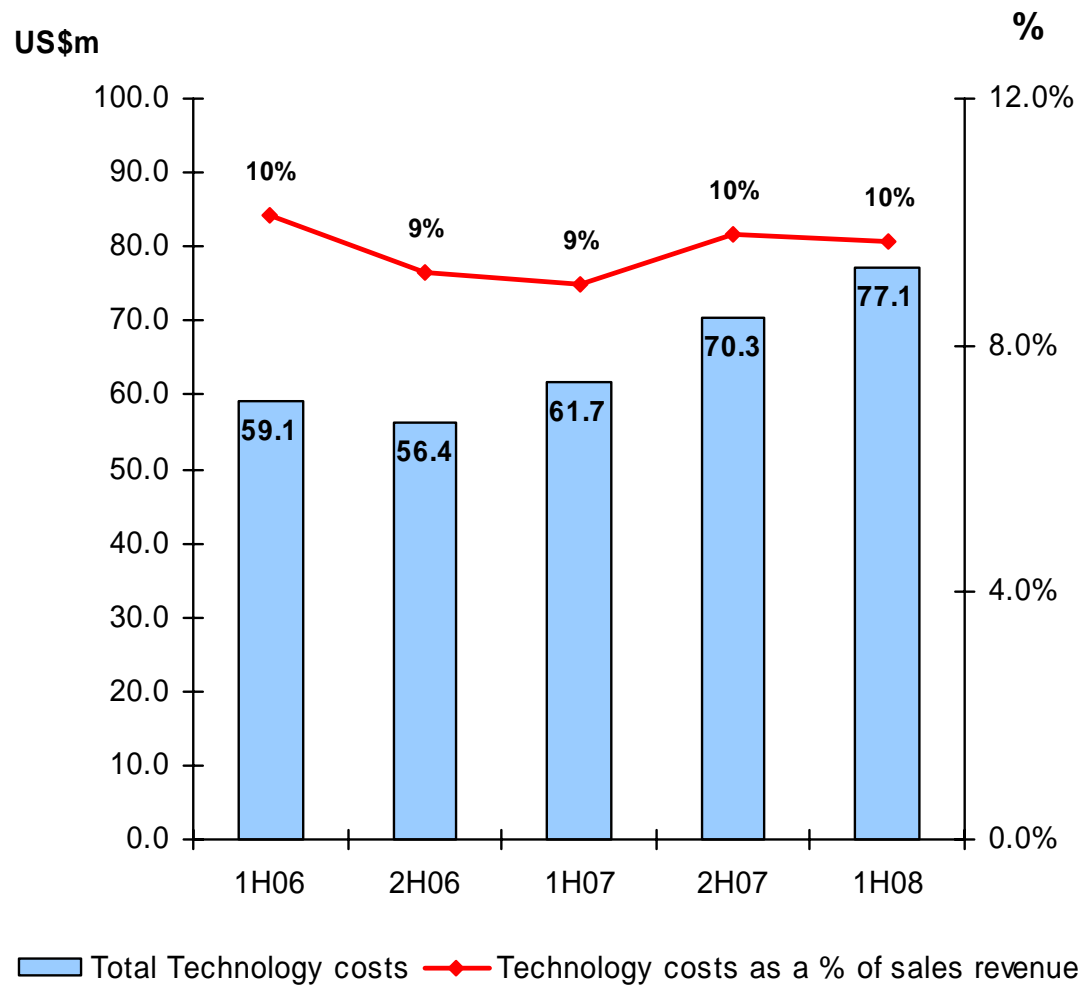
■ Asia Pacific ■ EMEA ■ North America

Half Year Comparisons – Operating Costs

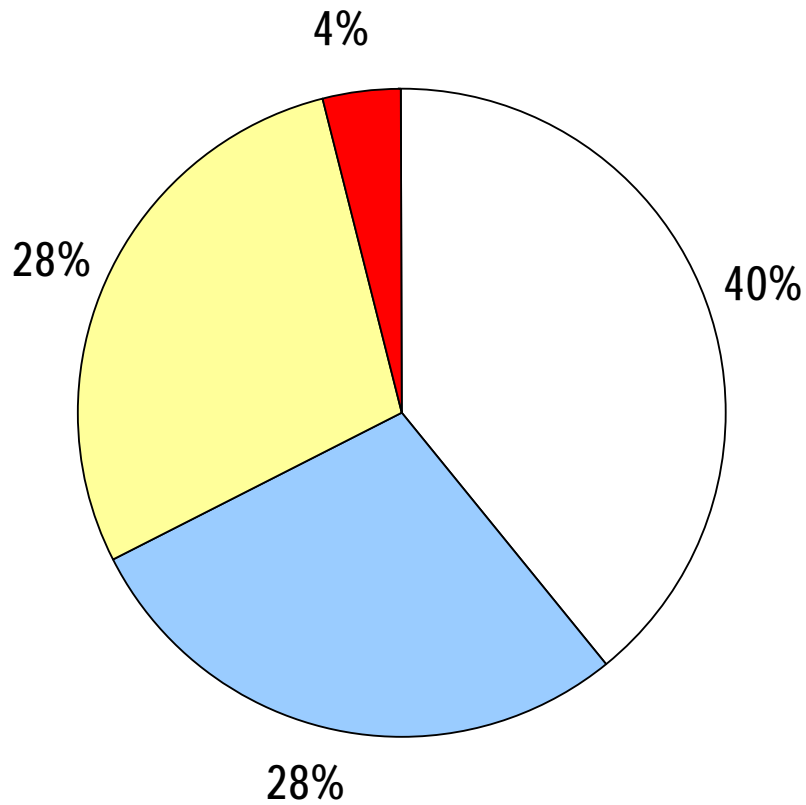


Technology Costs – Establishing Global Platform

Financial Results



Analysis of 1H08 Technology Costs



Total Costs US\$77.1m
Development Costs US\$30.3m

□ Development □ Infrastructure □ Maintenance □ Administration

Balance Sheet as at 31 December 2007



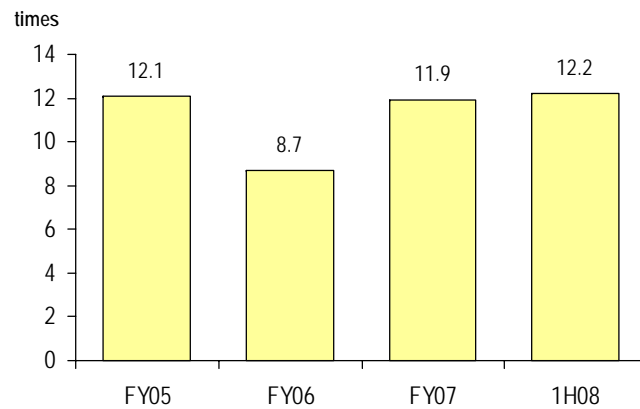
	Dec-07 US\$'000s	Jun-07 US\$'000s	Variance
Current Assets	369,763	368,891	0%
Non Current Assets	1,520,793	1,366,224	11%
Total Assets	<u>1,890,556</u>	<u>1,735,115</u>	<u>9%</u>
Current Liabilities	332,971	338,550	2%
Non Current Liabilities	874,854	563,990	(55%)
Total Liabilities	<u>1,207,825</u>	<u>902,540</u>	<u>(34%)</u>
Total Equity*	<u>682,731</u>	<u>832,575</u>	<u>(18%)</u>

* After buy-back of US\$297.5m.

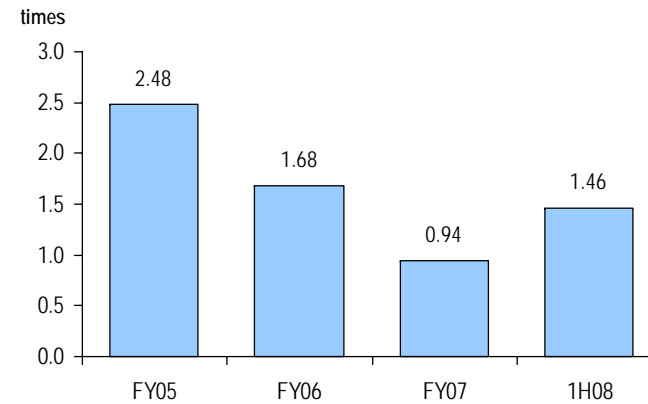
Key Financial Ratios



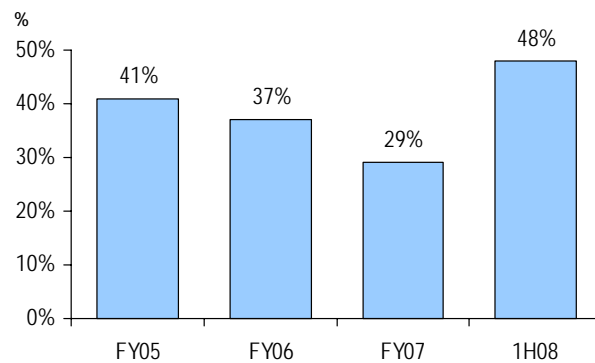
EBITDA interest coverage



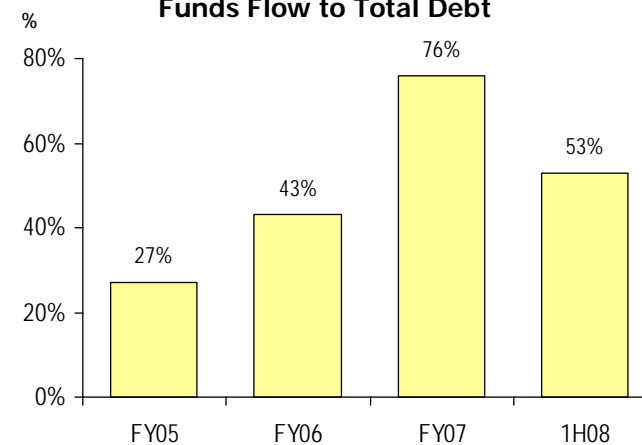
Net Financial Indebtedness to EBITDA



Gearing (Net Debt / Net Debt + Equity)



Funds Flow to Total Debt



Computershare Borrowings

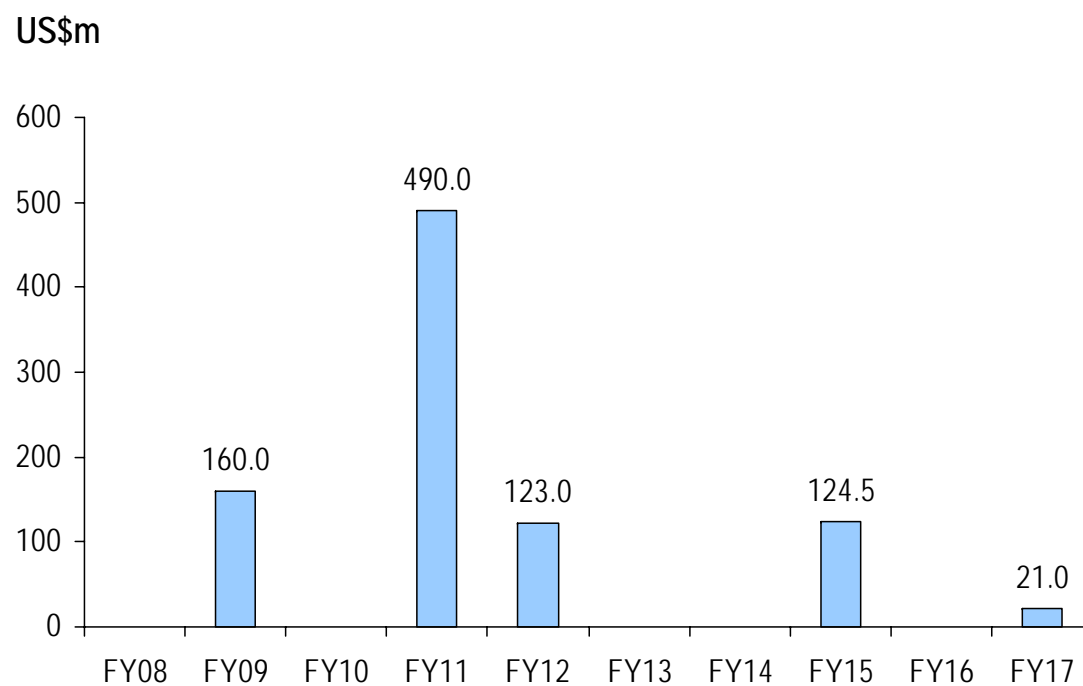


	Dec-07 US\$m	Jun-07 US\$m	Variance
Cash	108.0	86.8	24%
Interest Bearing Liabilities *	747.4	435.1	(72%)
Net Debt	<u>639.4</u>	<u>348.3</u>	<u>(84%)</u>
Management EBITDA**	439.1	370.5	19%
Net debt to Management EBITDA	<u>1.46</u>	<u>0.94</u>	<u>(55%)</u>

*Average Tenor of drawn debt is 4 years

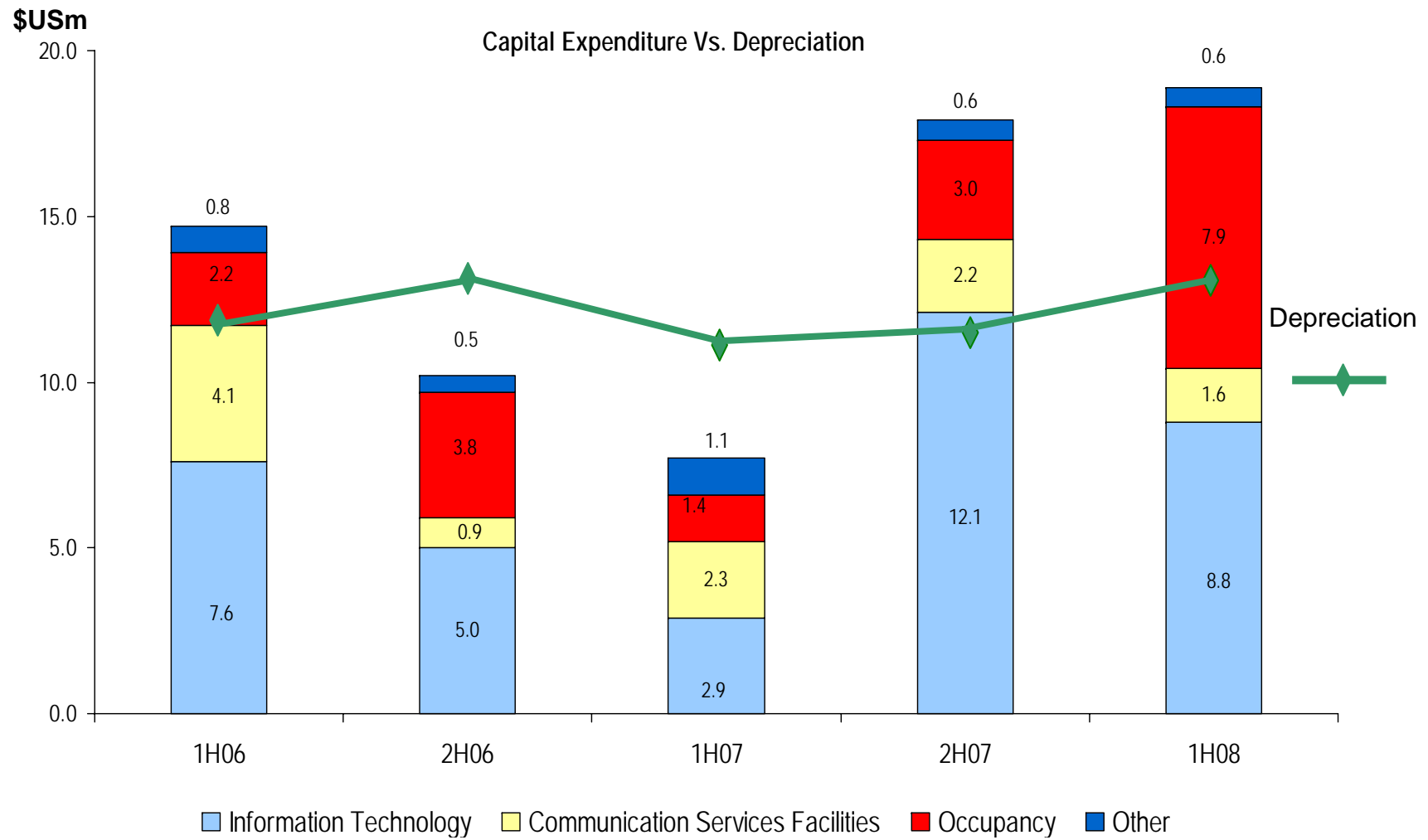
** Rolling 12 months

Debt Facility Maturity Profile



FY08	Nil
FY09	\$160.0m
FY10	Nil
FY11	\$490.0m
FY12	\$123.0m
FY13	Nil
FY14	Nil
FY15	\$124.5m
FY16	Nil
FY17	\$21.0m
Total	\$918.5m

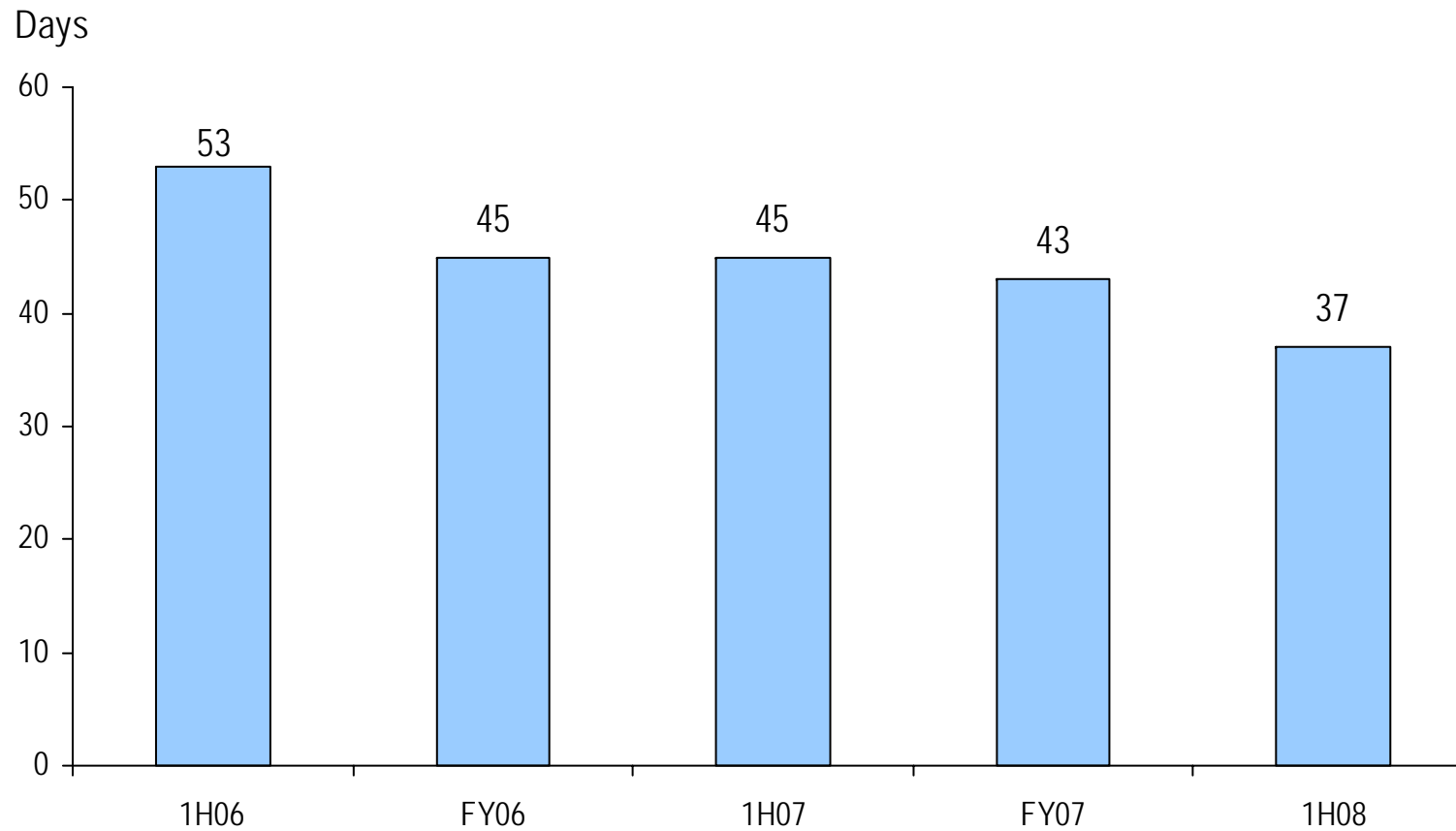
Capital Expenditure



Working Capital Management

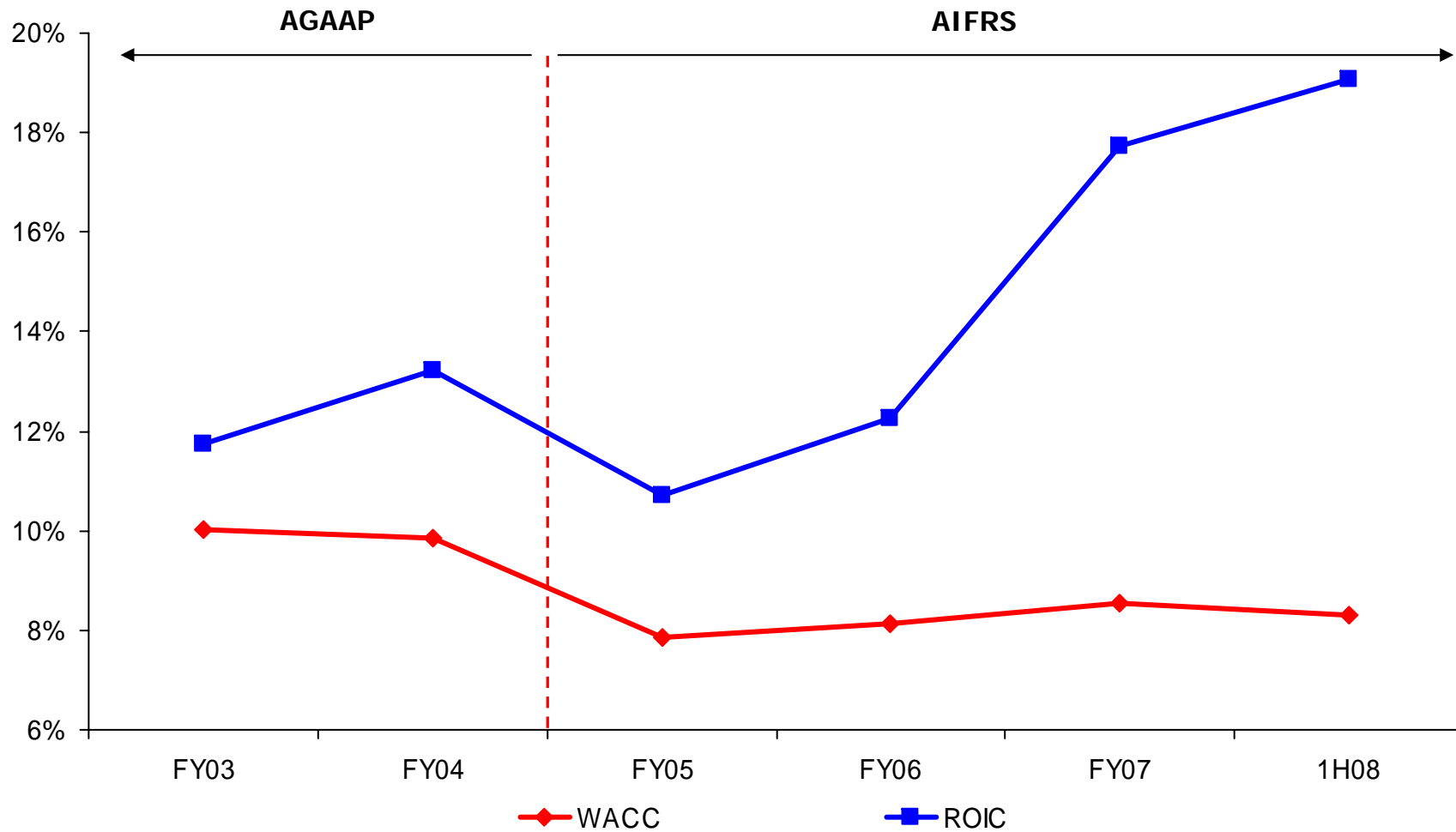


Days Sales Outstanding

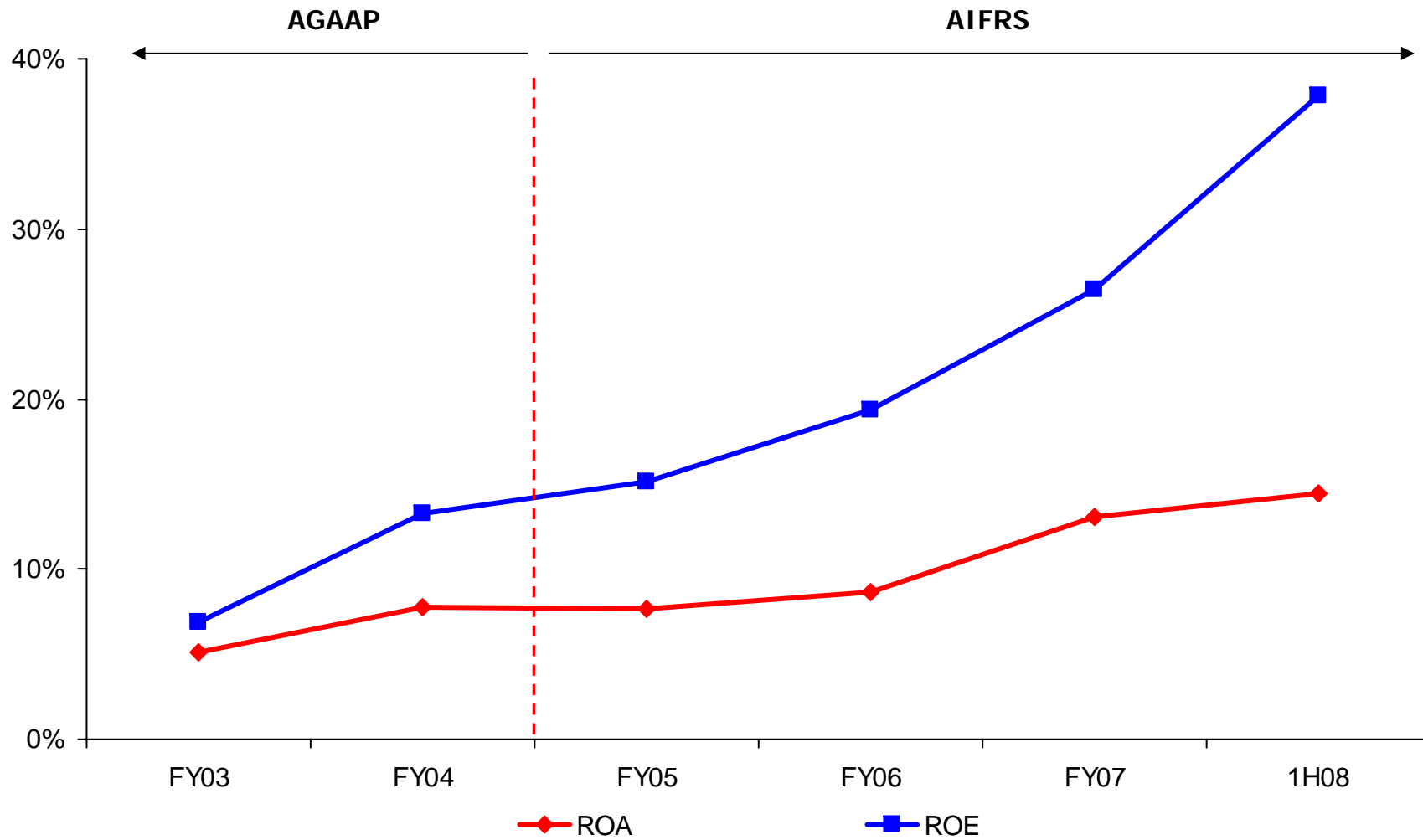


Return On Invested Capital Vs. WACC

Increased returns, Cost of Capital flat



Return on Equity Vs. Return on Assets



Equity Management – Interim Dividend of 10 cps (AU)

› EPS – Basic	US 27.20 cents
› EPS – Management	US 27.36 cents
› Interim Dividend (20 % franked)	AU 10 cents
› Current Yield*	2.5%

* Based on 12 month dividend and share price of A\$7.56 (close 12 February 2008)

Equity Management – Ordinary Share Buy-back



- › **Acquired 45,000,000 ordinary shares**
- › **Average price AUD \$9.91**

Financial Summary – Final Remarks



- › **Continued strong EPS growth - 53%**
- › **Free cash flow up 44%**
- › **Record revenues**
- › **Maintained strong balance sheet**
- › **Return on equity > 35%**
- › **Dividend increased to 10 cents (AUD) per share, 20% franked**



Stuart Crosby
President & CEO

Focus unchanged:

1. Continue to drive operations quality and efficiency through measurement, benchmarking and technology
2. Improve our front office skills to protect and drive revenue
3. Continue to seek acquisition and other growth opportunities where we can add value and enhance returns for our shareholders

Taking advantage of M&A opportunities in a changed environment



Year to date transactions include:

- › Datacare
- › UMB
- › Administar
- › RSS
- › VEM
- › QMT

- › In total, over US\$300m in 8 transactions YTD after nearly US\$100m in 7 transactions last year

- › Strong cash-flows and balance sheet, position us to take full advantage of opportunities that emerge from current business environment

Specific initiatives – quality differentiation and shareholder communications



- › Over the past few years, we have made many significant improvements to client and stakeholder servicing
- › We're now investing in taking service excellence to a new level
- › The timing is ideal for this exercise, as increasing numbers of issuers and employers see untapped value in the relationships with their investors/employees that Computershare manages for them

Specific initiatives – quality differentiation and shareholder communications



- › In parallel, the introduction of e-communication initiatives in a range of markets offers much more efficient channels of communication with these stakeholders
- › Computershare is a thought leader in e-communication developments, which are generating meaningful new revenues and assisting in strengthening client relationships
- › The Georgeson consulting and solicitation offering rounds out our investor communications offering – we are reshaping the market face of Georgeson to fit evolving requirements

Electronic shareholder communications – around the grounds



- › USA – notice and access reforms in first year; better than expected uptake of the products we'd prepared
- › Australia – only 10% of shareholders electing to receive hard copy annual reports, with good uptake of integrated Computershare on-line report and hosting services
- › UK - into second year of the deemed consent regime, with good uptake of new products
- › Canada, HK, Ireland, SA, NZ, Japan – watch developments in other markets with great interest but no change implemented as yet.

Generally – we are ideally placed to lever our data and experience of the wide range of regulatory approaches across different markets

Investor Services

- › Client retention remains strong off the back of robust service delivery
- › Corporate action pipeline changing shape, but holding up better than many predicted
- › Good returns from investment in “business as usual” capacities over past 12 to 18 months

Other

- › Fund Services - continues to win vast majority of work, but lower volumes than recently
- › Plans – rolling out new options technology
- › IML (wireless voting), GSC (subsidiary management and governance services), RSS (insider dealing program management) cross sell strong
- › Encouraging pipeline for Administar (class action and bankruptcy admin)

Investor Services

- › Strong local and cross-border corporate actions deal flow continues, but deals generally smaller in size
- › Operations efficiency being enhanced by deployment of CPU best practice
- › Quality client relationships

Corporate Trust

- › Steady business with excellent margin
- › No adverse effect as yet from Sub-prime

Proxy

- › Georgeson dominates the Canadian proxy market

EMEA update – UK, Russia, Germany, Ireland and South Africa



UK

- › Market more rational on price post ownership change at main competitor
- › Deposit Protection Scheme continues to exceed expectations
- › Investment in adviser relationships in the IPO/DI sector continues to bear fruit
- › Change in corporate actions mix, but good pipeline still
- › Good new business prospects in Plans space

Russia

- › CPU continues to drive consolidation – now 65% NRC and 40% NIKoil

Germany

- › VEM acquisition nearly complete, materially extending the range of our service offering to German corporates

Other:

- › Ireland - Improving margins and good revenue growth, esp. in ETF space
- › IML – rolling up distribution network globally – acquisitions complete in Australia, Belgium; other jurisdictions in progress

Hong Kong and China

- › IPO pipeline continues to hold up much better than expected – continue to monitor market conditions
- › PRC opportunities continue to take shape. Plans still the most developed; other areas remain interesting but rate of progress hard to predict
- › Beijing office now established

Japan

- › Joint venture with MUTB continues to perform well
- › Working on expanding range of cooperation

India

- › Reliance Power (we processed 6M IPO applications in 8 days) is the largest (in applications) IPO ever!
- › UTI MF book also won and migrated

Asia Pacific update – Australia and New Zealand



Investor Services

- › Good news continues: better margins, a range of positive pricing outcomes

Communication Services

- › QM takeover offers opportunity to take CCS Australia to a new level in a rationalised industry

Plans

- › Organic growth continues. Strong support for China and other regional business development

Fund Services

- › Now has a solid platform and well positioned to grow into Asia as well as Australia

Proxy

- › Georgeson remains market leader in proxy services

Computershare has a strong operational and financial platform for continued growth:

- › Healthy revenues
- › Strong understanding of cost structures and margins
- › Strong balance sheet to support acquisitions and capital management
- › Well positioned to take on new business lines (eg, Administar in US)

The strategic focus remains unchanged:

- › Continue to drive operations quality and efficiency through measurement, benchmarking and technology
- › Improve our front office skills to protect and drive revenue
- › Continue to seek acquisition and other growth opportunities where we can add value and enhance returns for our shareholders

Specific current priorities and expectations



- › Continue to take advantage of M&A opportunities
- › Strong focus on taking service quality to next level
- › Leverage shareholder communications opportunities from regulatory change

EPS growth expectations for FY 08 upgraded to approximately 40%

Computershare Limited

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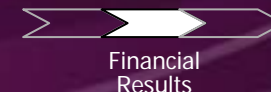
**Appendix:
Half Year Results 2008 Presentation**

13 February 2008

Appendix 1: Group Comparisons

Group Comparisons

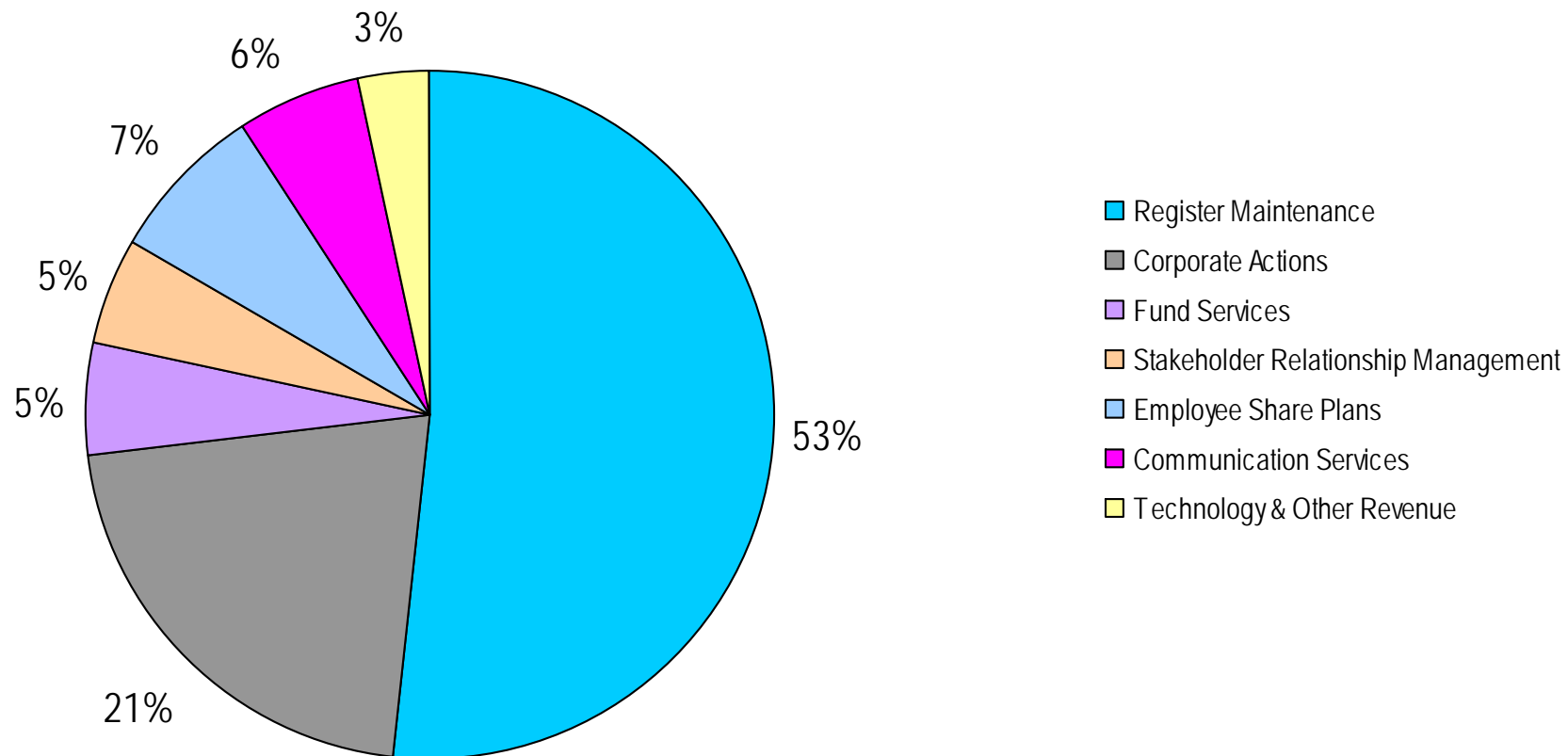
Behind the Headline – NPAT IMPACT



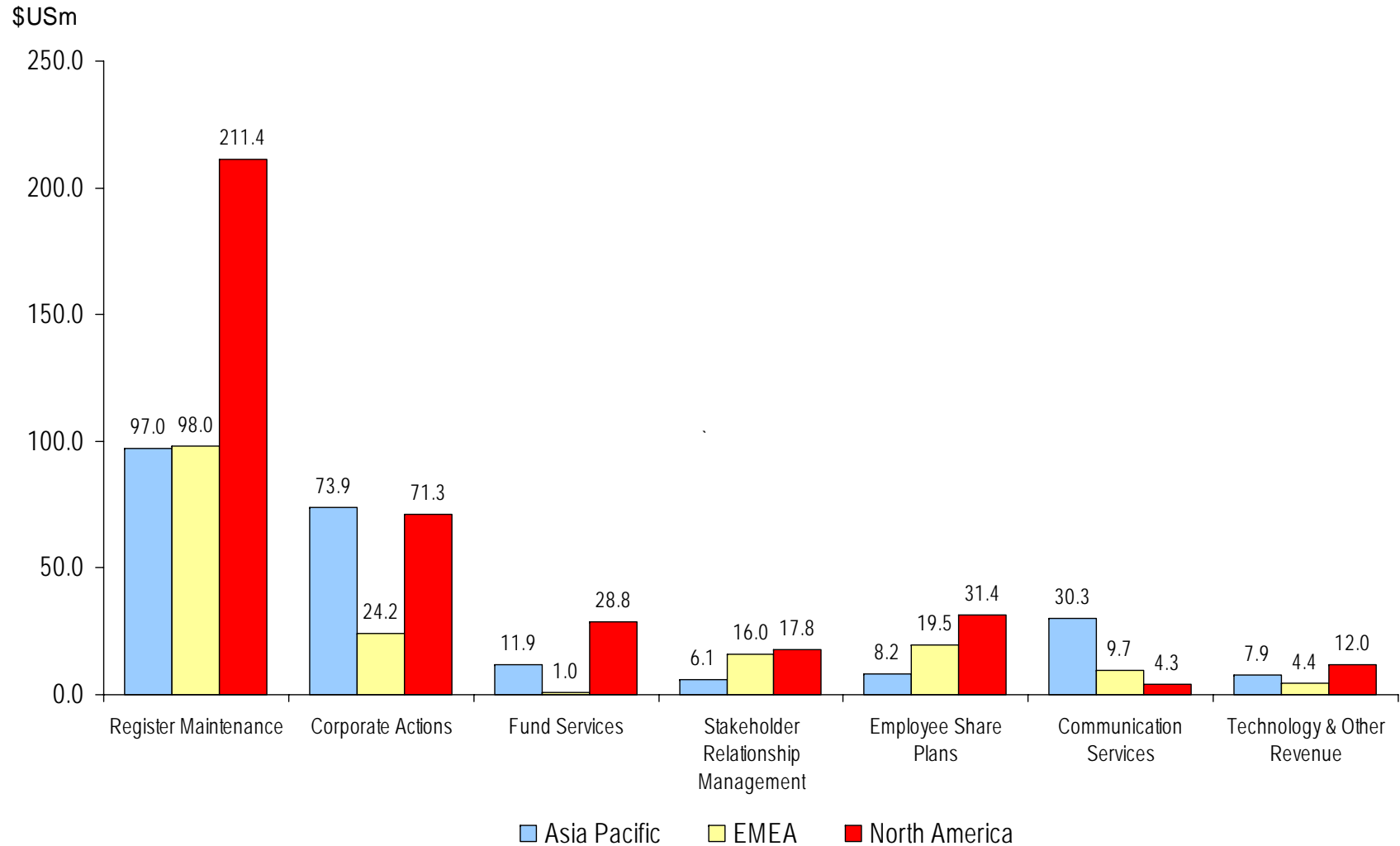
	US\$000's
Net profit after tax at 31 December 2007	<u>154,934</u>
Acquisition provisions no longer required	(272)
Intangible assets amortisation	1,546
US property rationalisation	710
Marked to market adjustments - derivatives	(1,113)
Management adjusted profit after tax at 31 December 2007	<u>155,805</u>

CPU Revenues

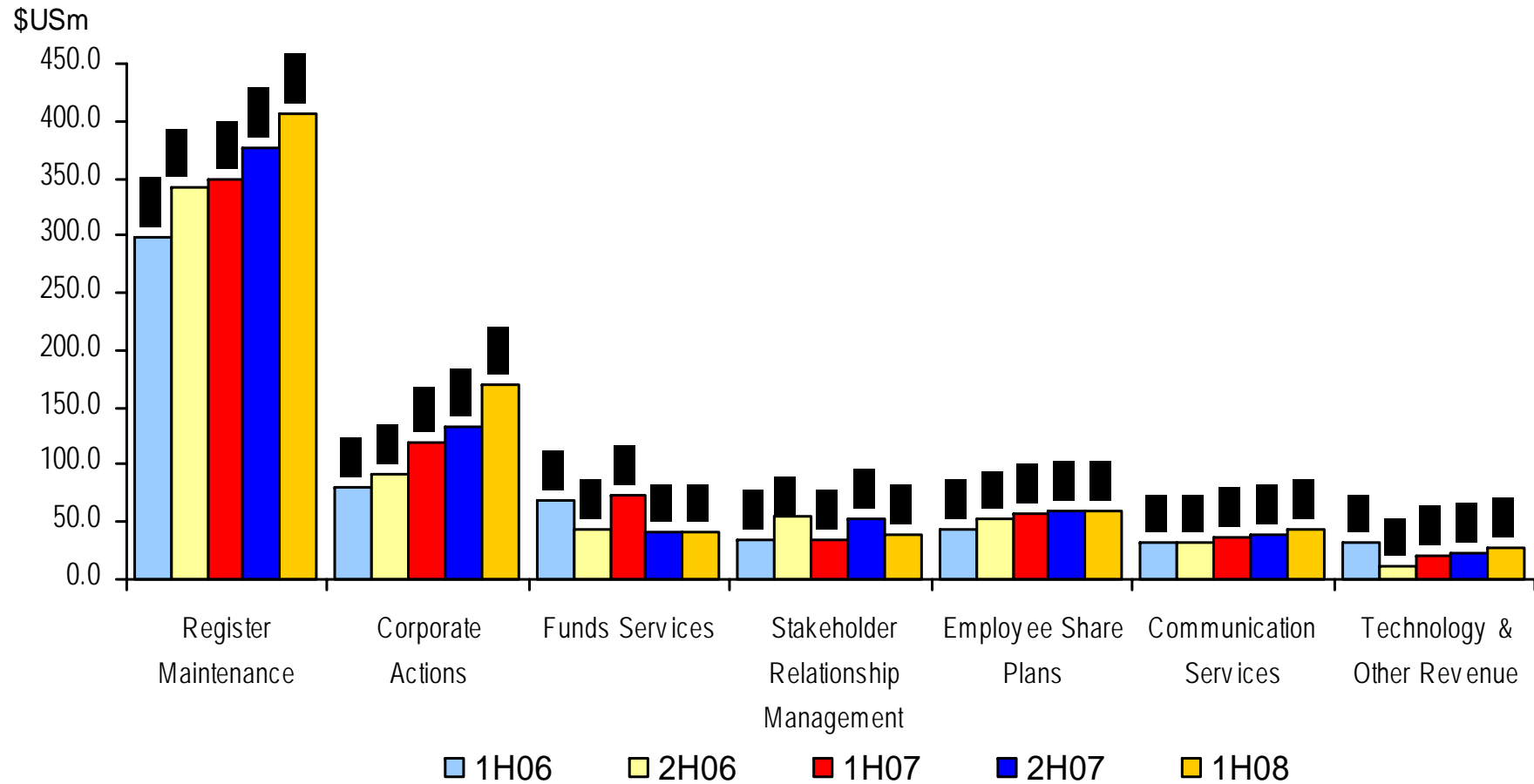
Revenue Type



Regional Analysis – 1H08 Revenue



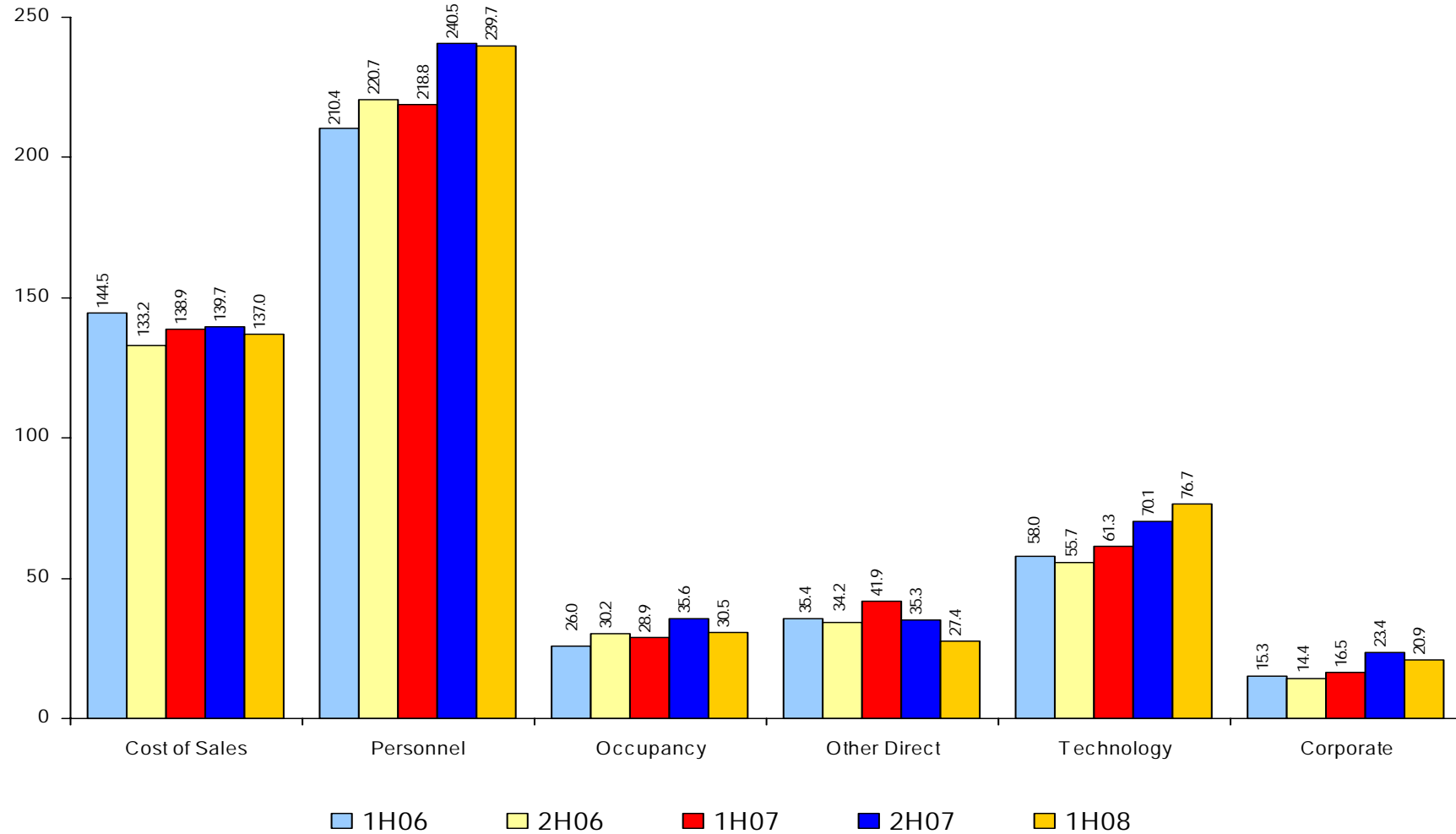
Half Year Comparisons - Revenue



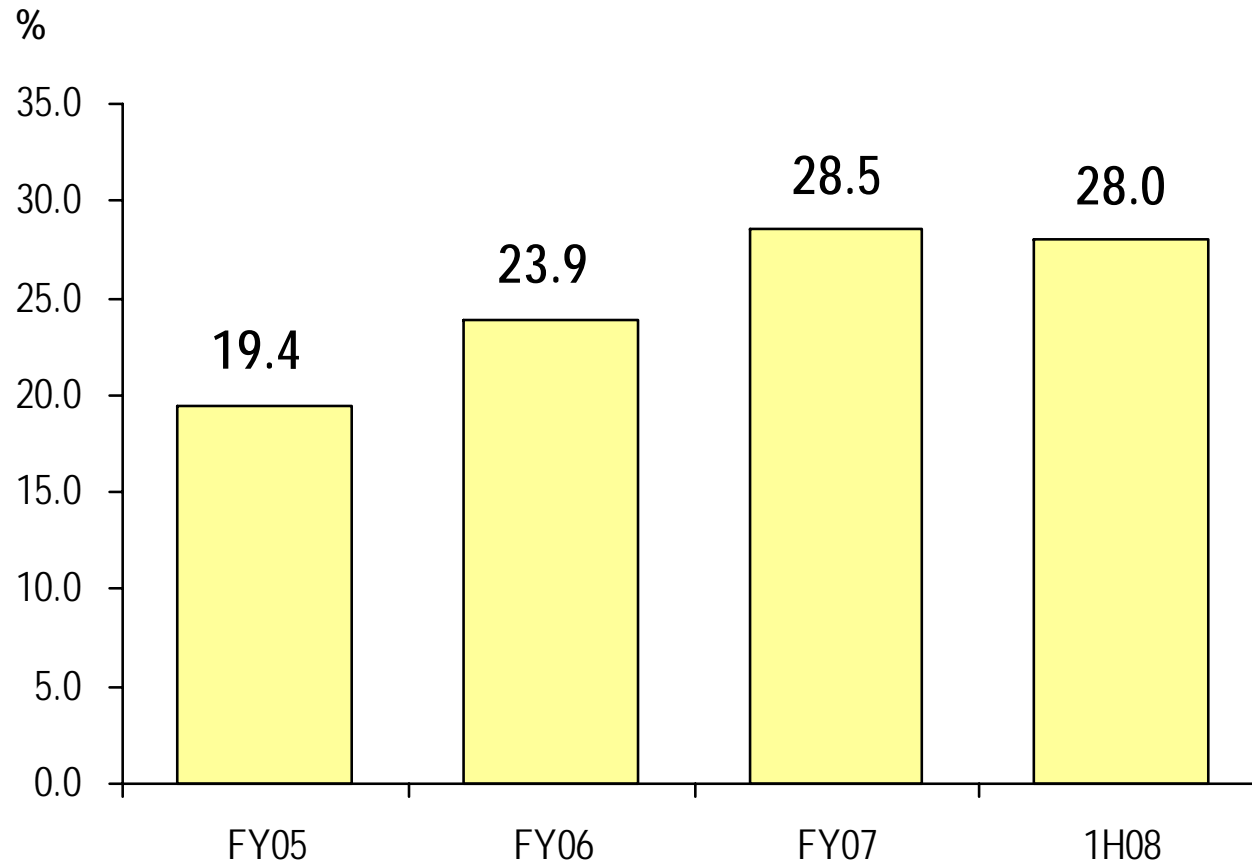
Half Year Comparisons – Operating Costs



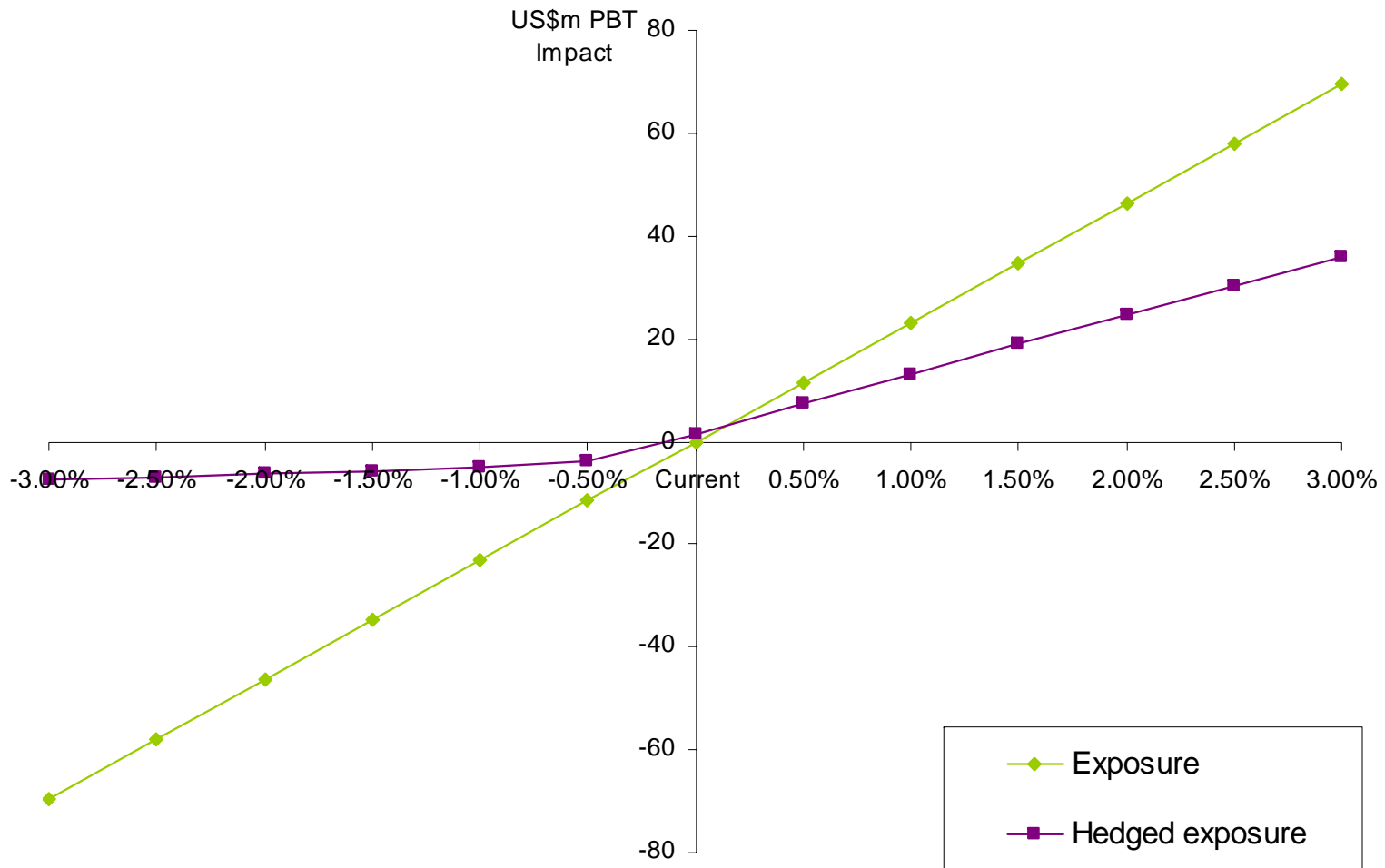
\$USm

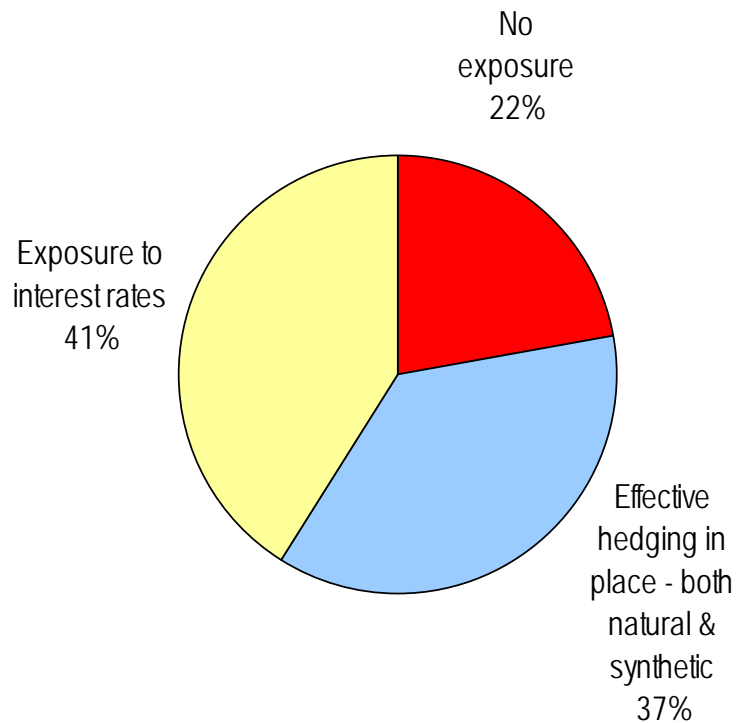


Underlying Effective Tax Rate



Interest Rate Sensitivity



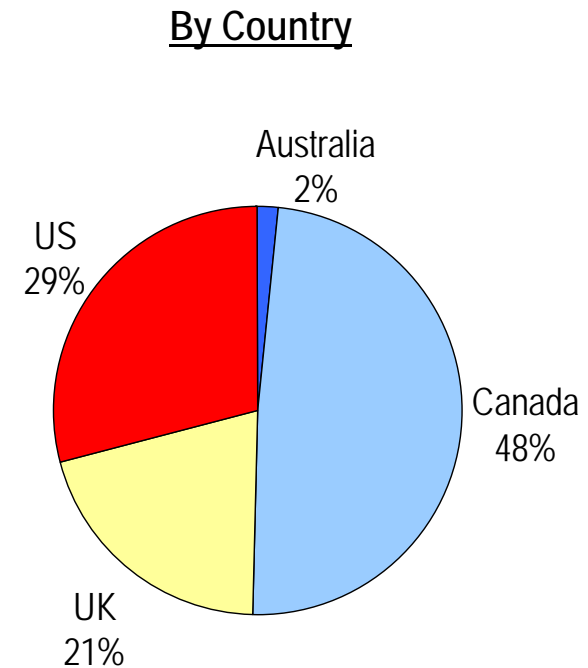
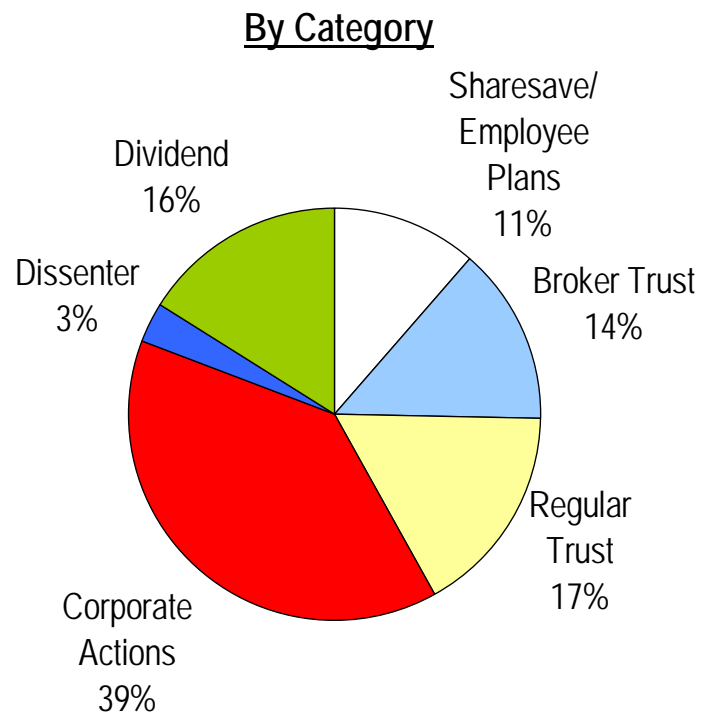


Interest Rate Hedging

Strategy: - Protect downside risk in current interest rate environment

Policy: - Minimum hedge of 25% / Maximum hedge of 100%
- Minimum term 1 year / Maximum term 5 years
- Current hedging: 37%

Risk Management – Average Funds Balances for year ending 31 December 2007



Average funds balance US\$8.7b

Appendix 2: Country Summaries



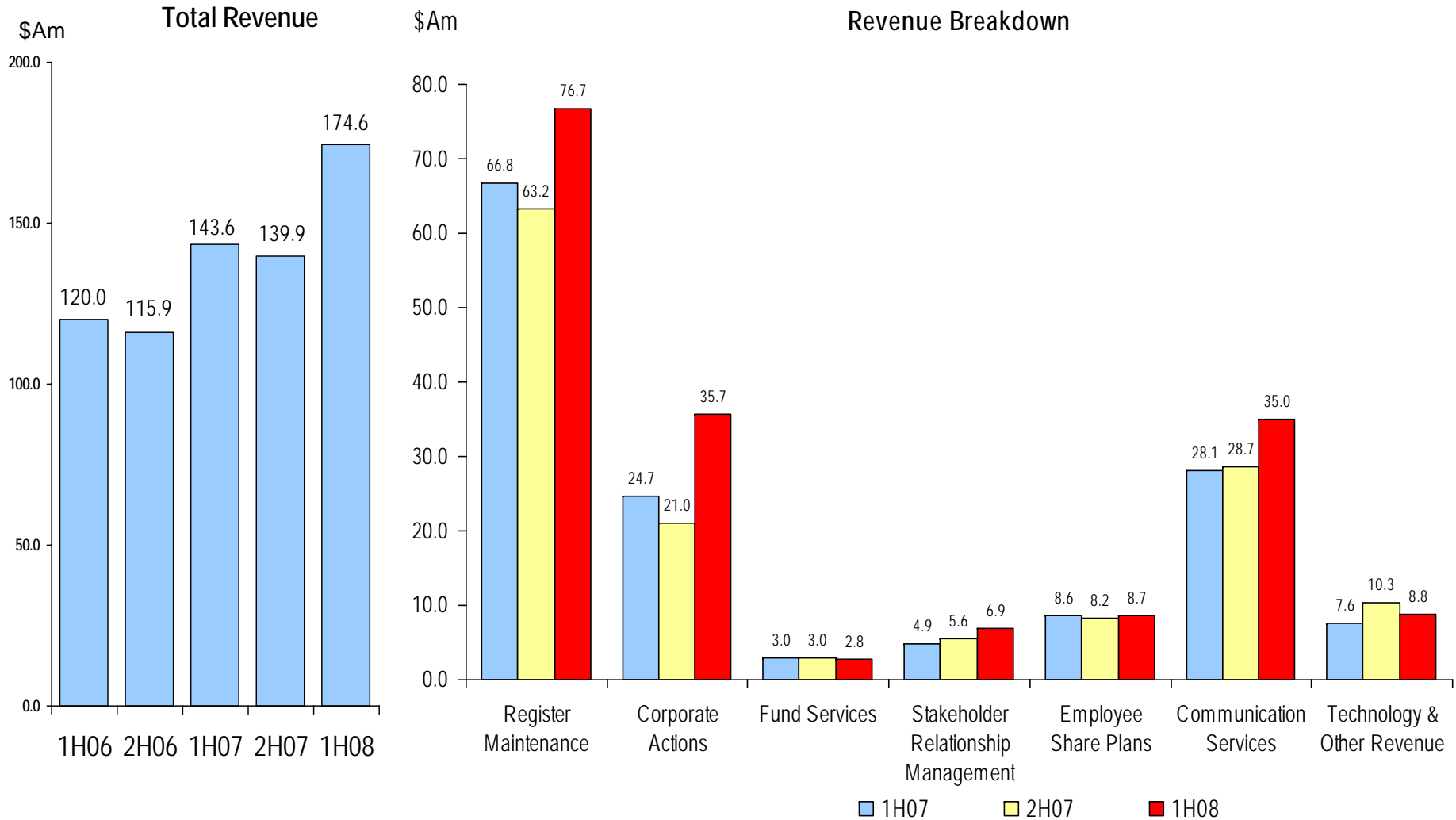
Country Summaries

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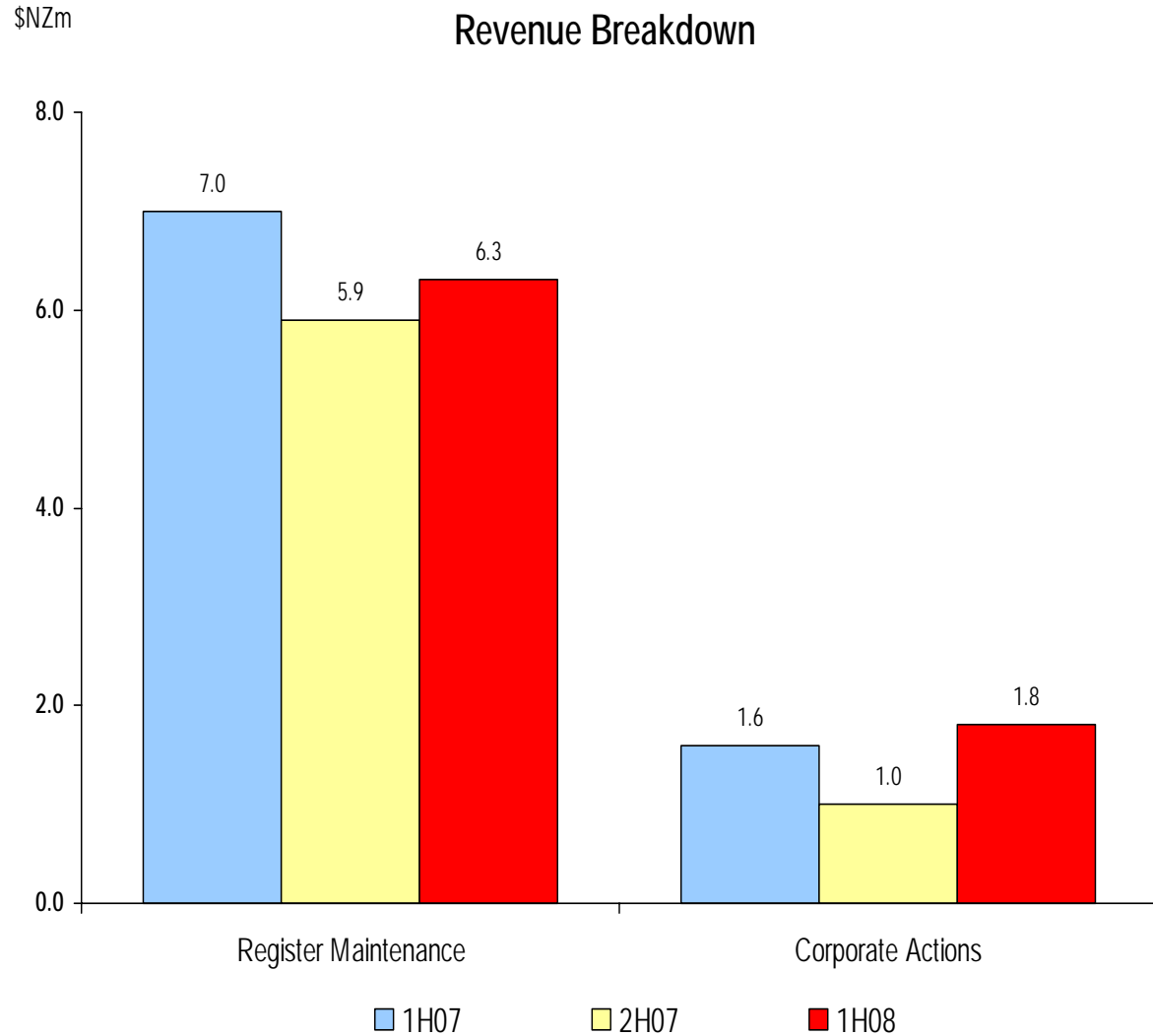
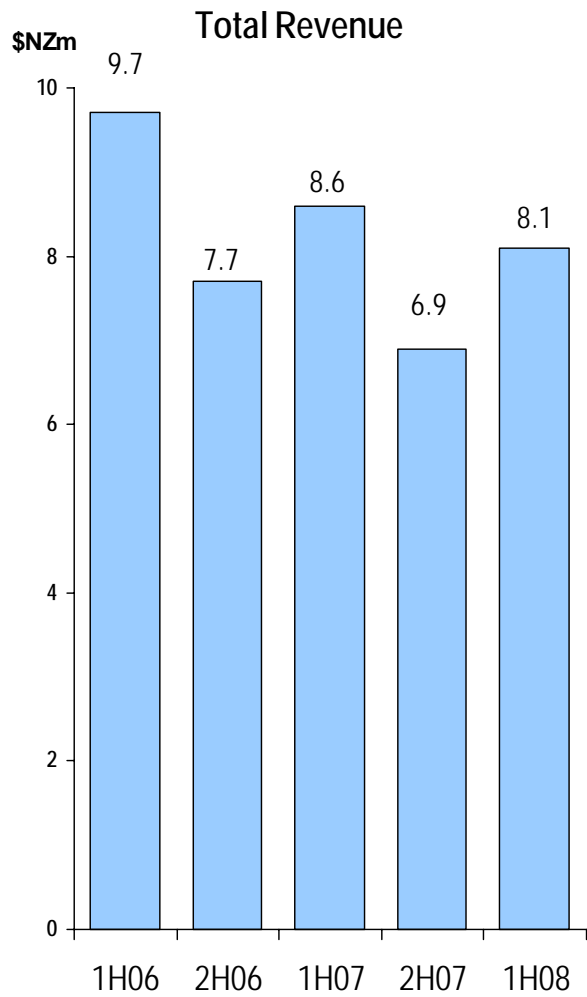


Asia Pacific

Australia Half Year Comparison



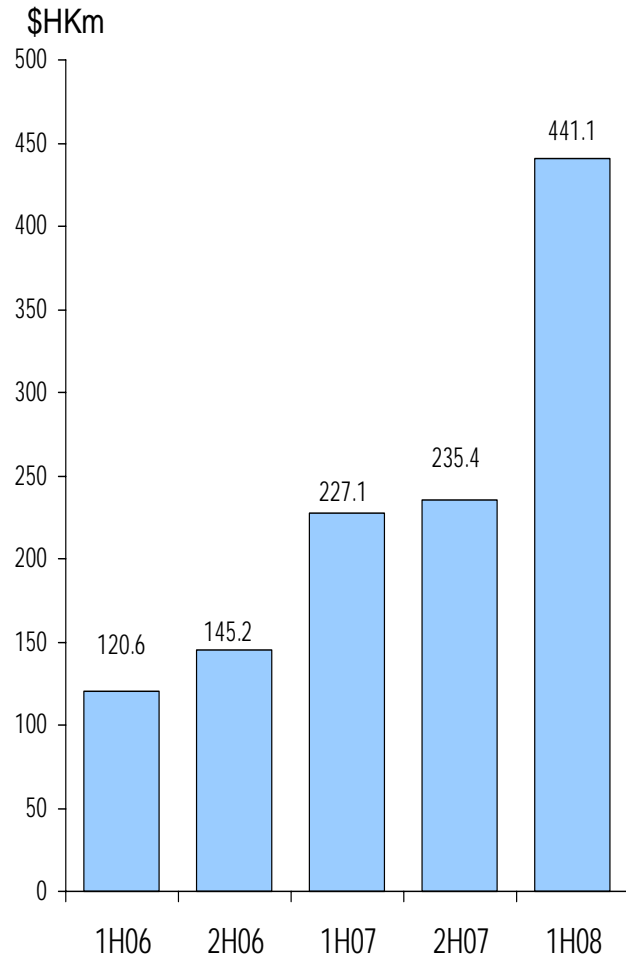
New Zealand Half Year Comparison



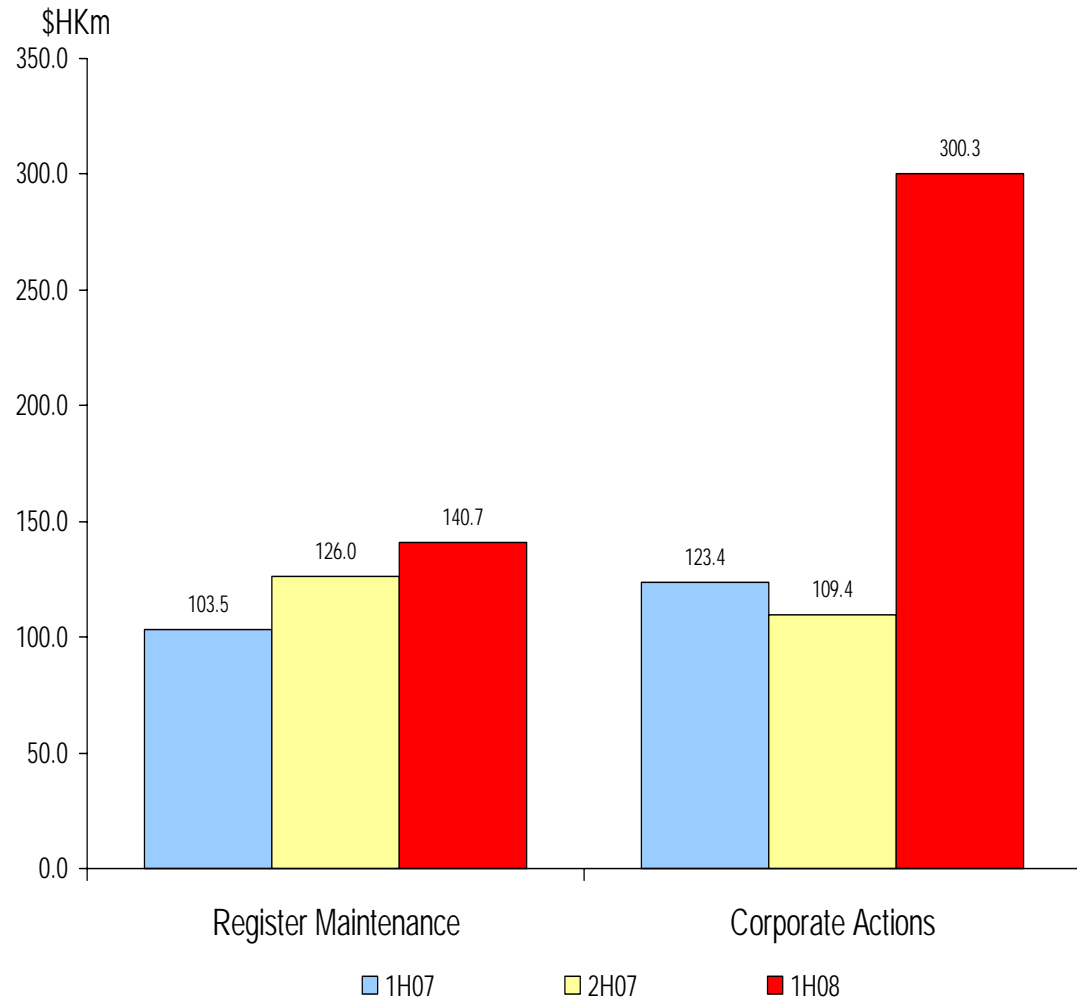
Hong Kong Half Year Comparison



Total Revenue



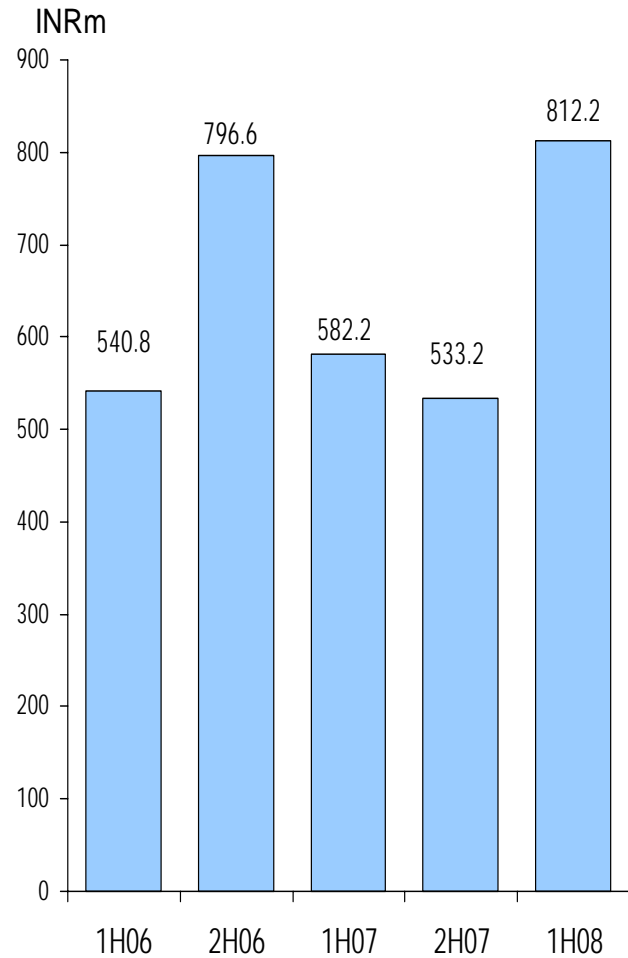
Revenue Breakdown



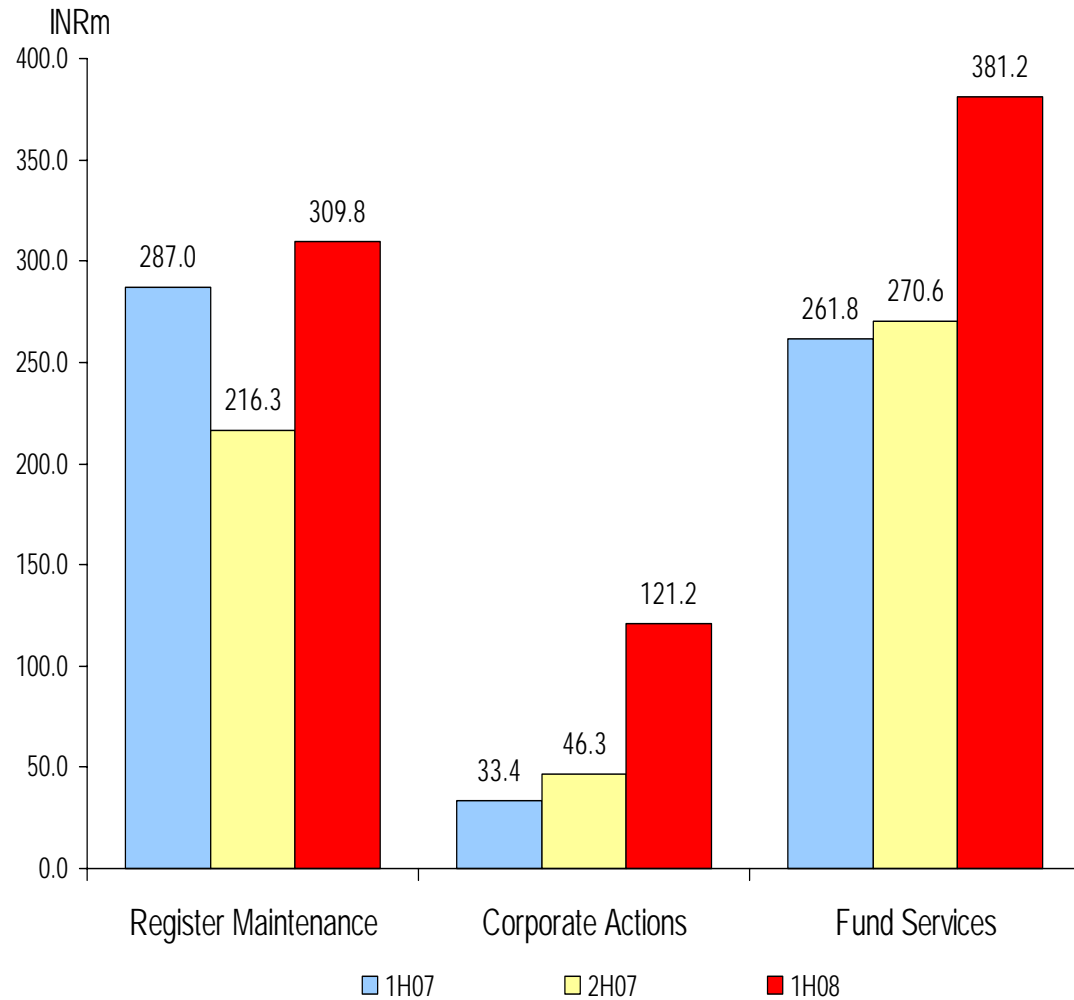
India Half Year Comparison



Total Revenue



Revenue Breakdown

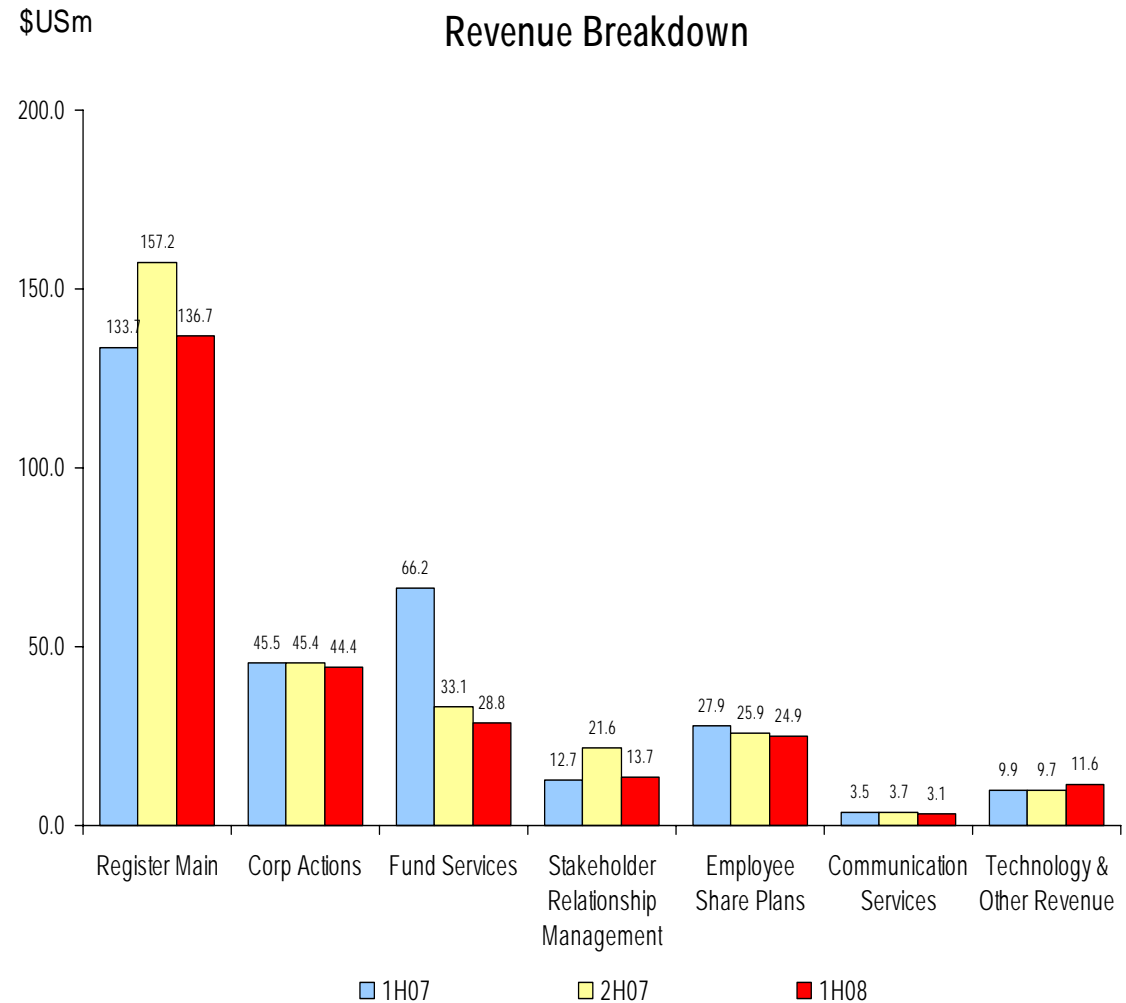
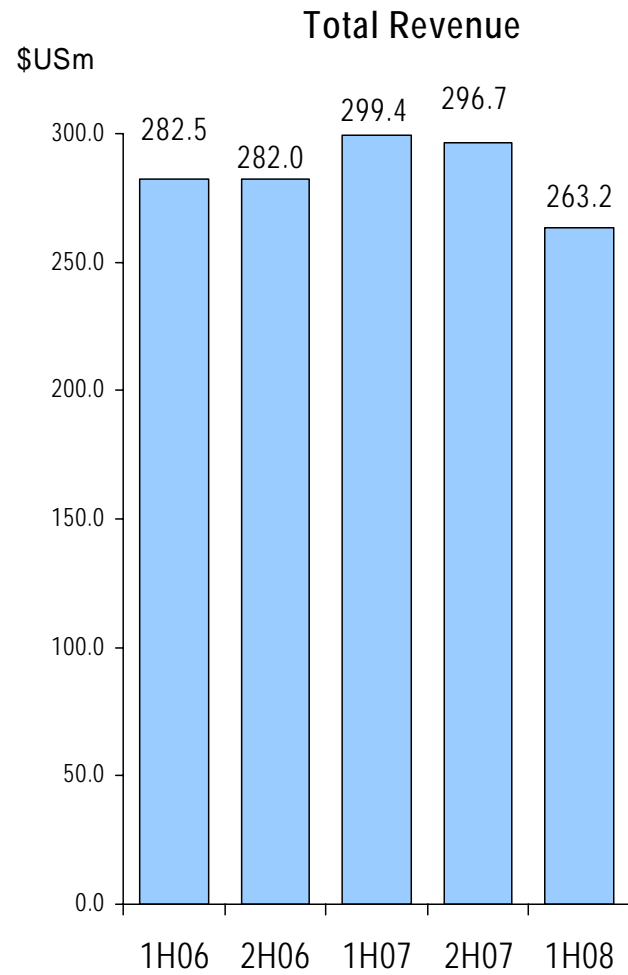


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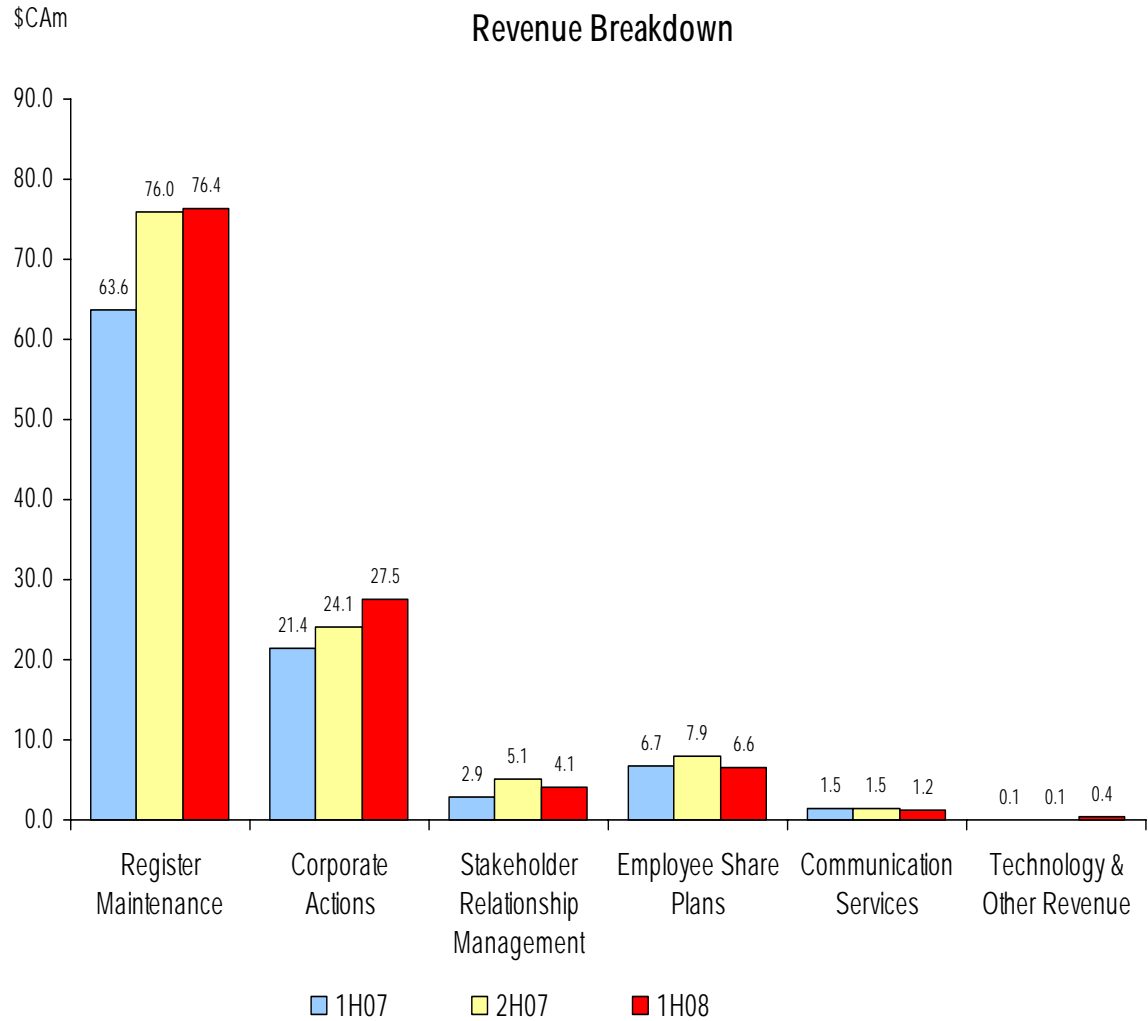
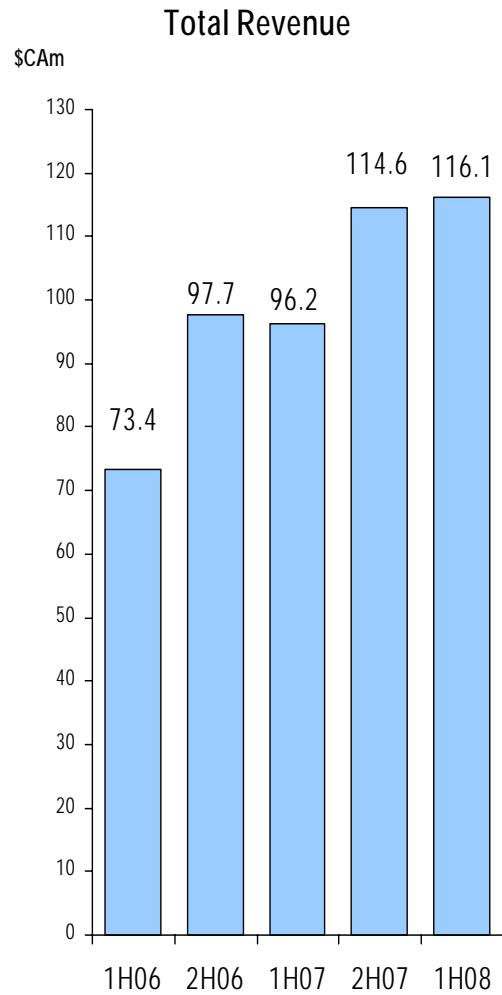


North America

United States Half Year Comparison



Canada Half Year Comparison

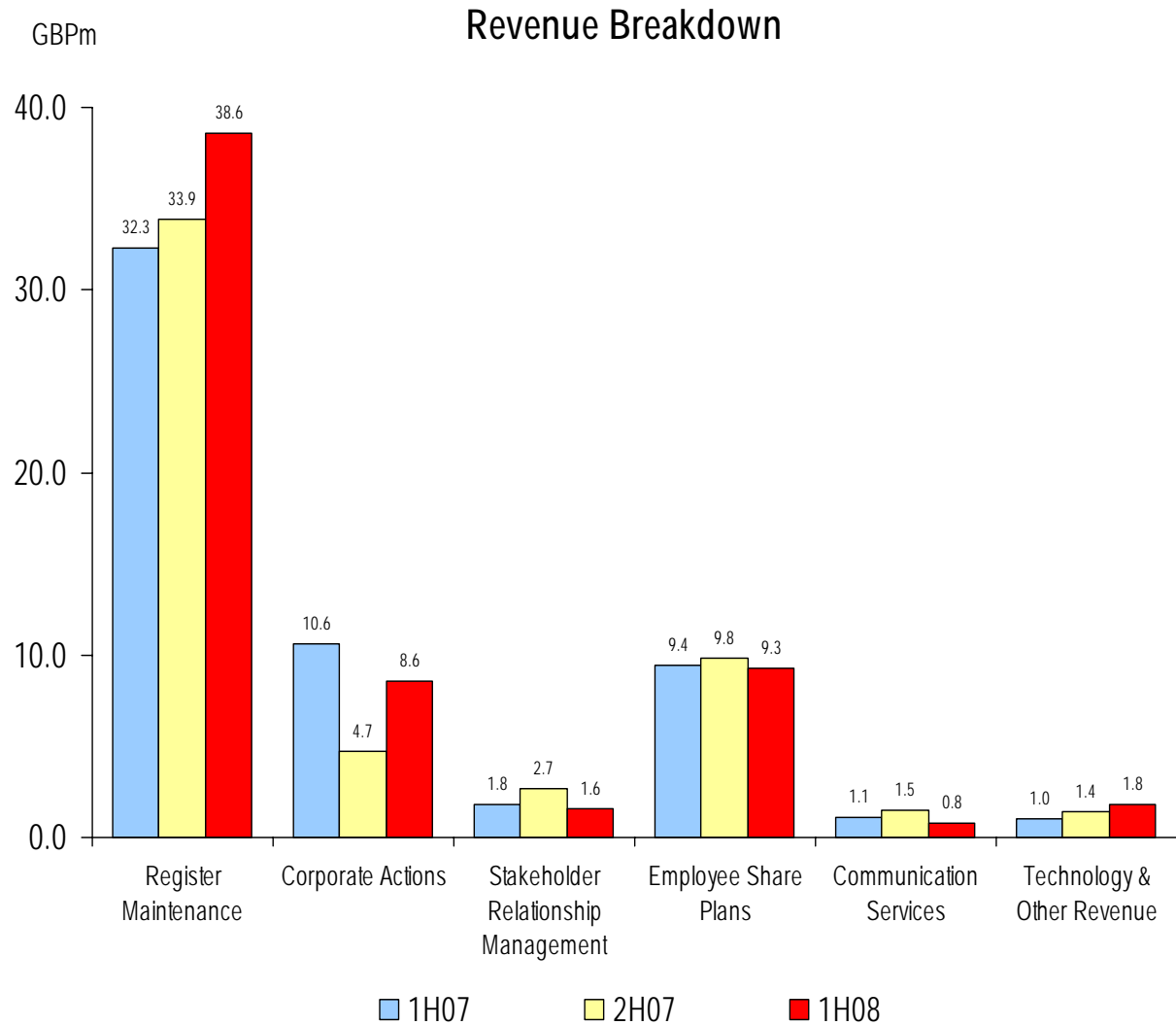
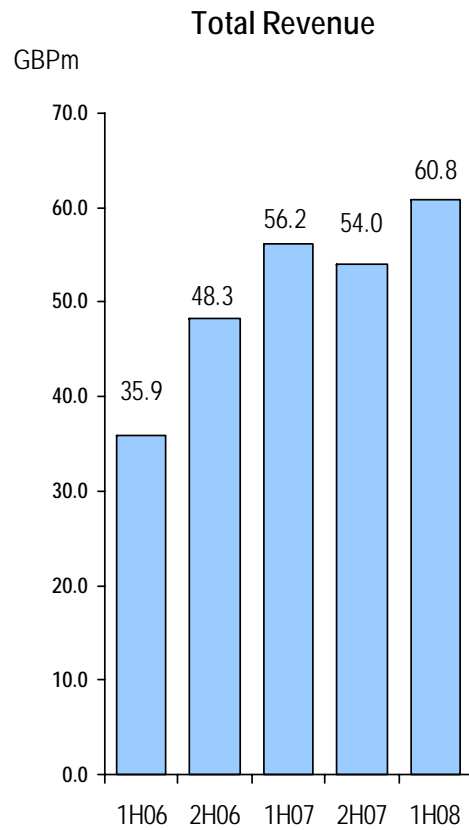


Appendix 2: Country Summaries

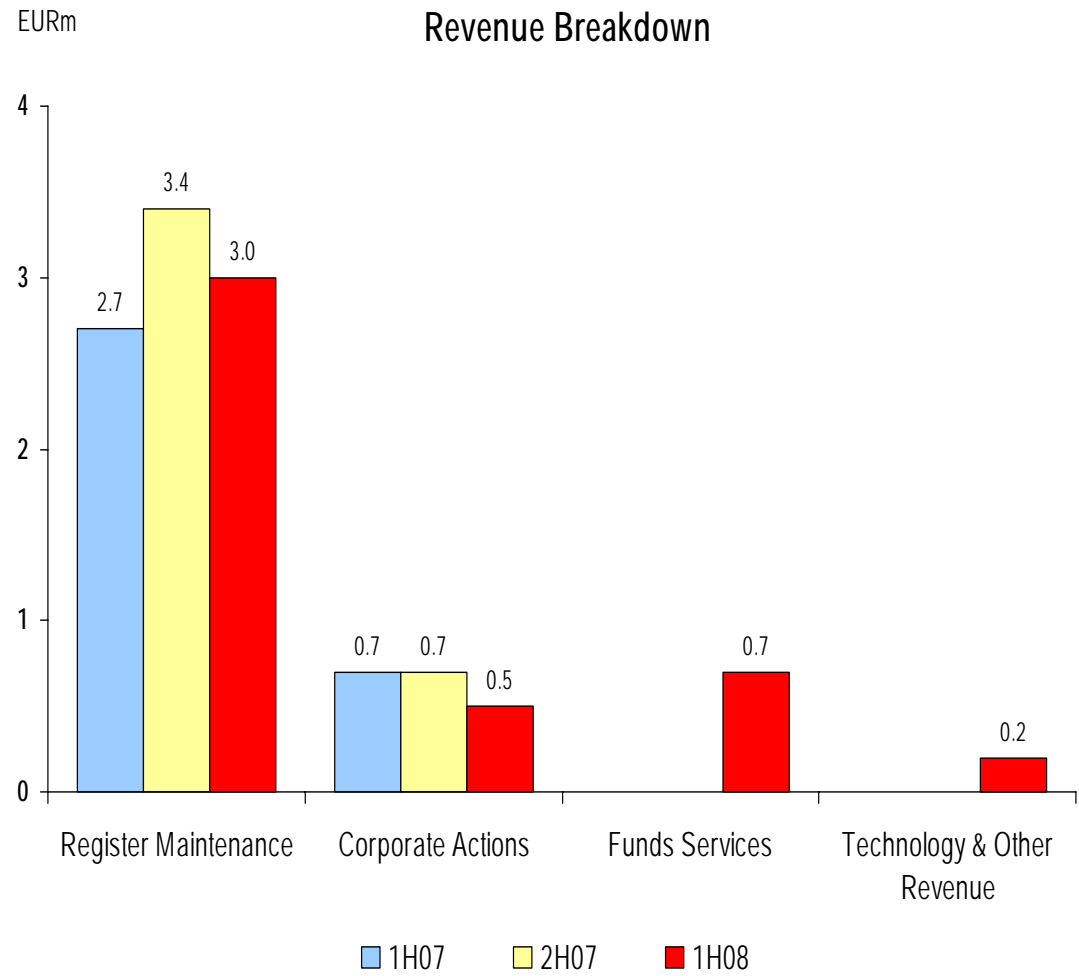
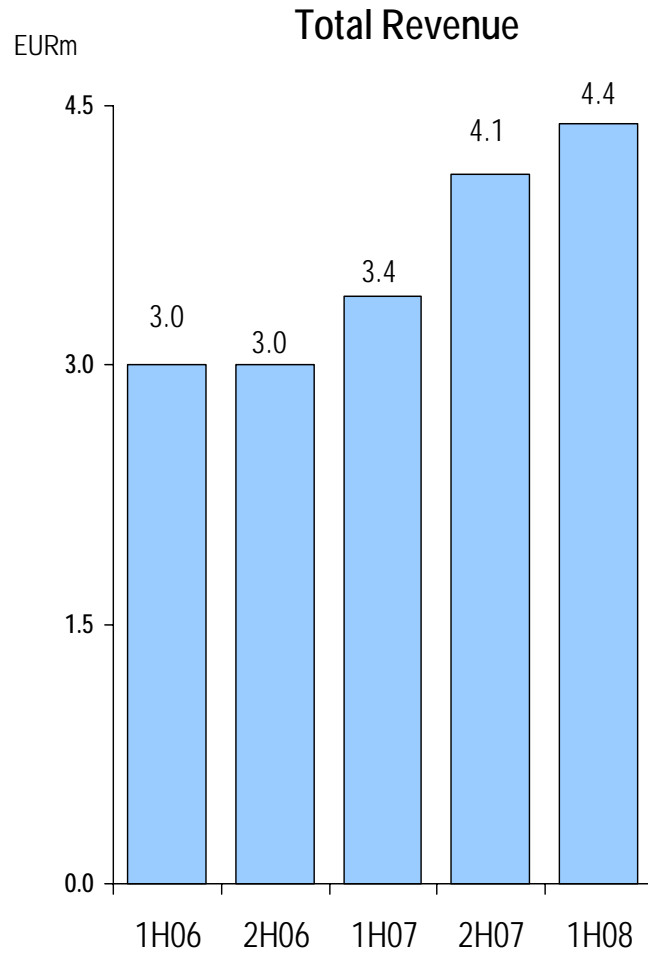


EMEA

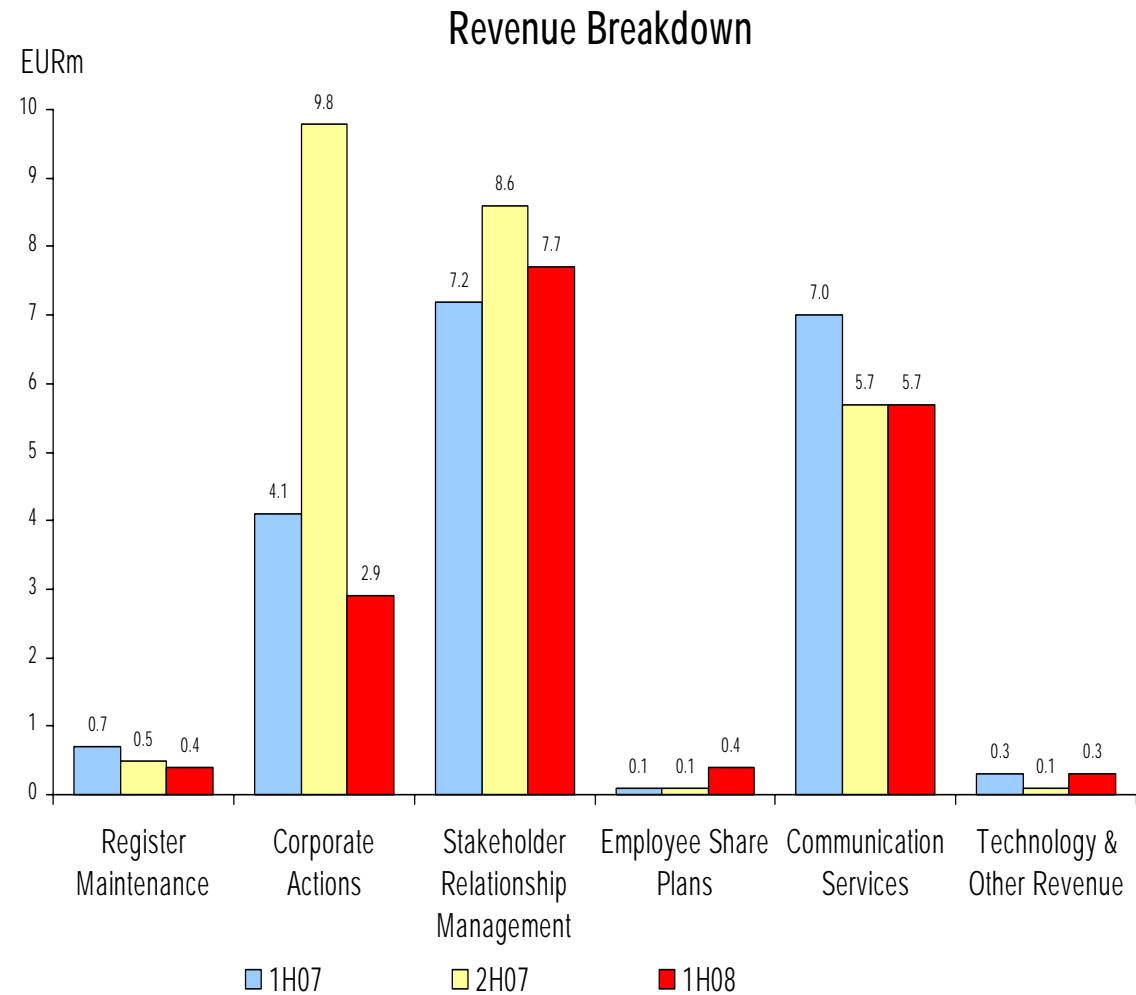
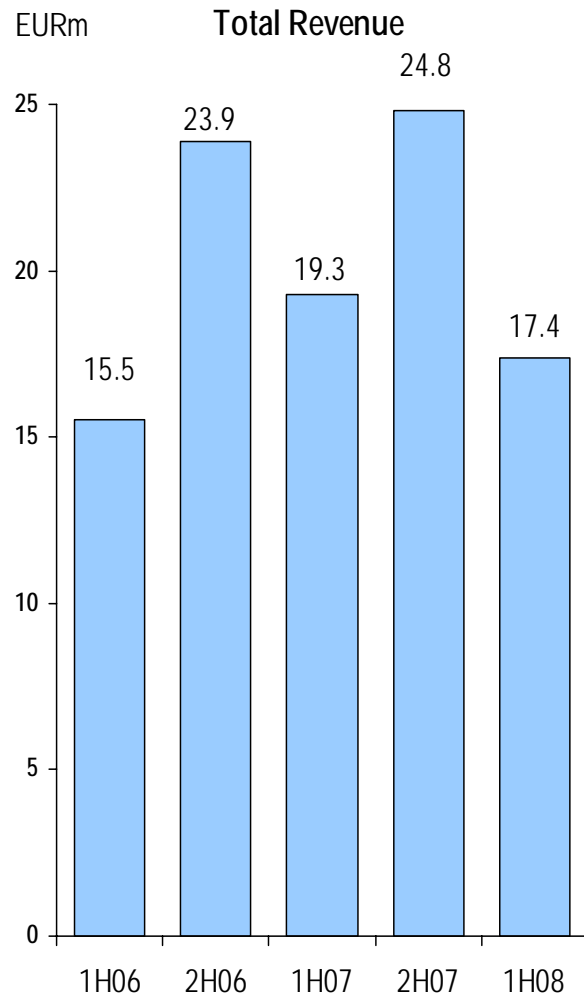
United Kingdom Half Year Comparison



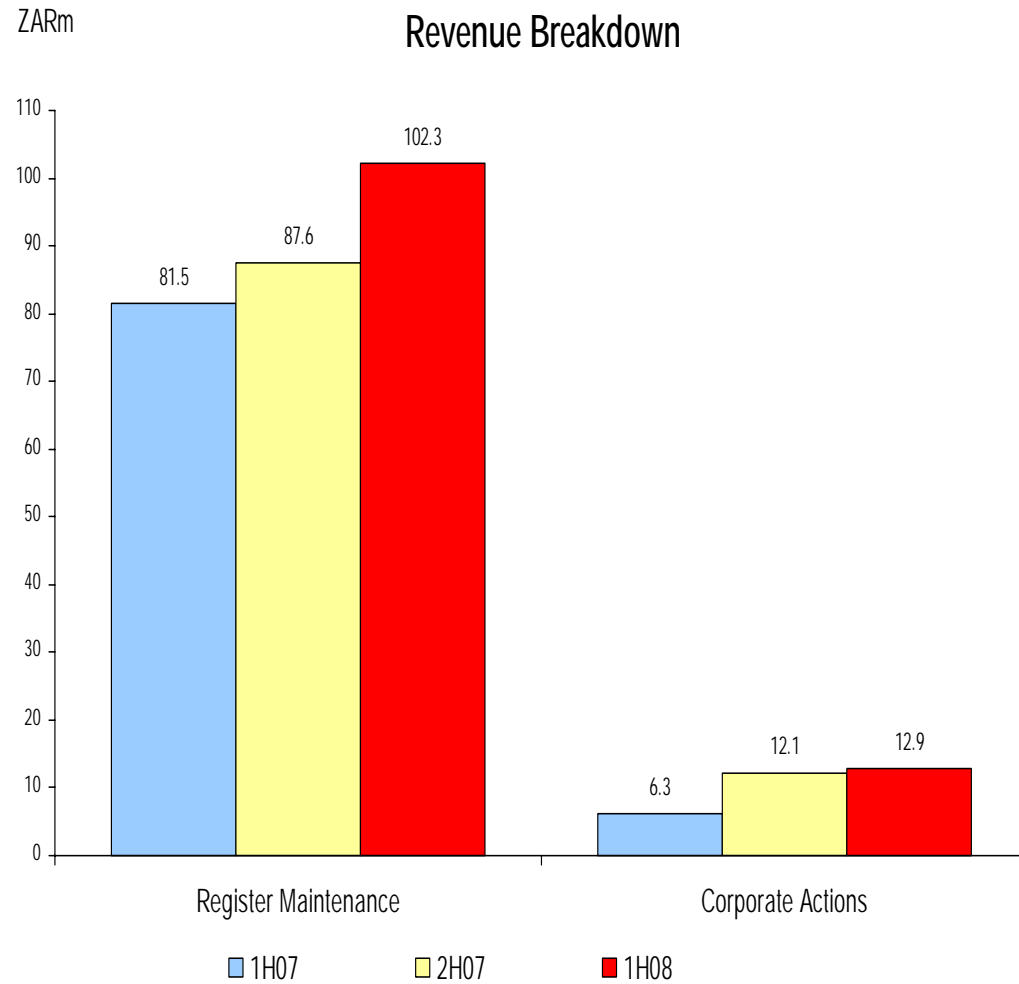
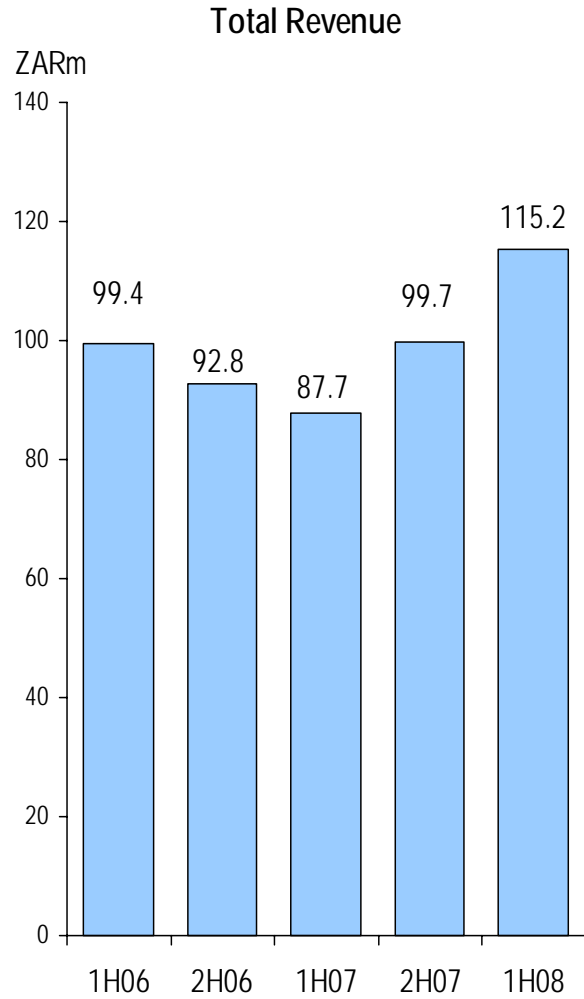
Ireland Half Year Comparison



Germany Half Year Comparison

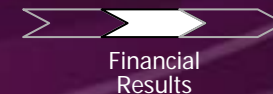


South Africa Half Year Comparison



Assumptions

Assumptions: Exchange Rates



Average exchange rates used to translate profit and loss to US dollars.

<u>USD</u>	<u>1.0000</u>
AUD	1.15385
HKD	7.78792
NZD	1.32490
INR	44.07212
CAD	1.02133
GBP	0.49185
EUR	0.71329
ZAR	6.92475