

## MARKET ANNOUNCEMENT

<b>Date:</b>	31 August 2011
<b>To:</b>	Australian Securities Exchange
<b>Subject:</b>	Presentation for the Macquarie Securities Australia and New Zealand Corporate Conference in Asia

Attached is the presentation to be delivered at the Macquarie Securities Australia and New Zealand Corporate Conference in Hong Kong today, 31<sup>st</sup> August 2011.

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**About Computershare Limited**

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 services, tax voucher solutions, bankruptcy 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, payments and stakeholder engagement. Many of the world's leading organisations use these core competencies to help maximise the value of relationships with their investors, employees, creditors, members and customers. Computershare is represented in all major financial markets and has over 10,000 employees worldwide.

For more information, visit [www.computershare.com](http://www.computershare.com)

MARKET ANNOUNCEMENT

# Computershare Limited

**Stuart Crosby**  
**Chief Executive Officer**

**Macquarie Asia Conference**  
**31 August - 2 September 2011**  
**Singapore & Hong Kong**

# About Computershare:

- › Computershare (ASX:CPU) is a global leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. We also specialise in corporate trust services, tax voucher solutions, bankruptcy administration and a range of other diversified financial and governance services.
- › Since floating in 1994, Computershare has grown, mostly by acquisition, along the value chain (from software to full service provision), laterally and geographically, nearly 100 fold.
- › We now serve over 30,000 corporations and 100 million shareholder and employee accounts in more than 20 countries across five continents.
- › We have over 11,000 employees globally.
- › Our market capitalisation is around AU\$4 billion, and we are a member of the ASX50 index.

# About Computershare:

## Where we operate



# Computershare Strengths

- › Strong balance sheet, low gearing and continued robust cash generation.
- › Diversification into counter and non cyclical businesses gives stability to revenue and profit base.
- › More than 70% of revenue recurring in nature.
- › Demonstrated ability to acquire and integrate businesses that add to shareholder value.
- › Global footprint (in all major markets and 20 plus countries including China, India, Russia) supports unique cross-border transaction capabilities.
- › Consistent investment in R&D and product development provides strong platform for the future.
- › Sustained record for delivering service and product innovation, quality improvements, operational efficiencies and cost reductions.

# Trading environment

- › In a difficult environment, annuity revenue lines such as register maintenance, employee share plans, communications services, corporate trust (Canada), voucher services (UK) and the deposit protection scheme (UK) continue to hold up well.
- › Net margin income is also holding up due significantly to increased client balance capture.
- › However transactional revenue lines remain challenged, with soft corporate actions levels across the world, low levels of mutual fund solicitation projects and subdued levels of Chapter 11 bankruptcy filings in the US.
- › Cost management remains a key focus. But as foreshadowed last year there was some cost catch up in FY11. Interest costs also increased as a result of higher margins on bank facilities renewed.
- › Despite flat revenues, we maintained our levels of investment in technology. This is vital to our capacity to execute on inorganic growth opportunities, such as the proposed (subject to regulatory clearance) acquisition of the Bank of New York Mellon's shareowner services business.

# Results Highlights – FY11

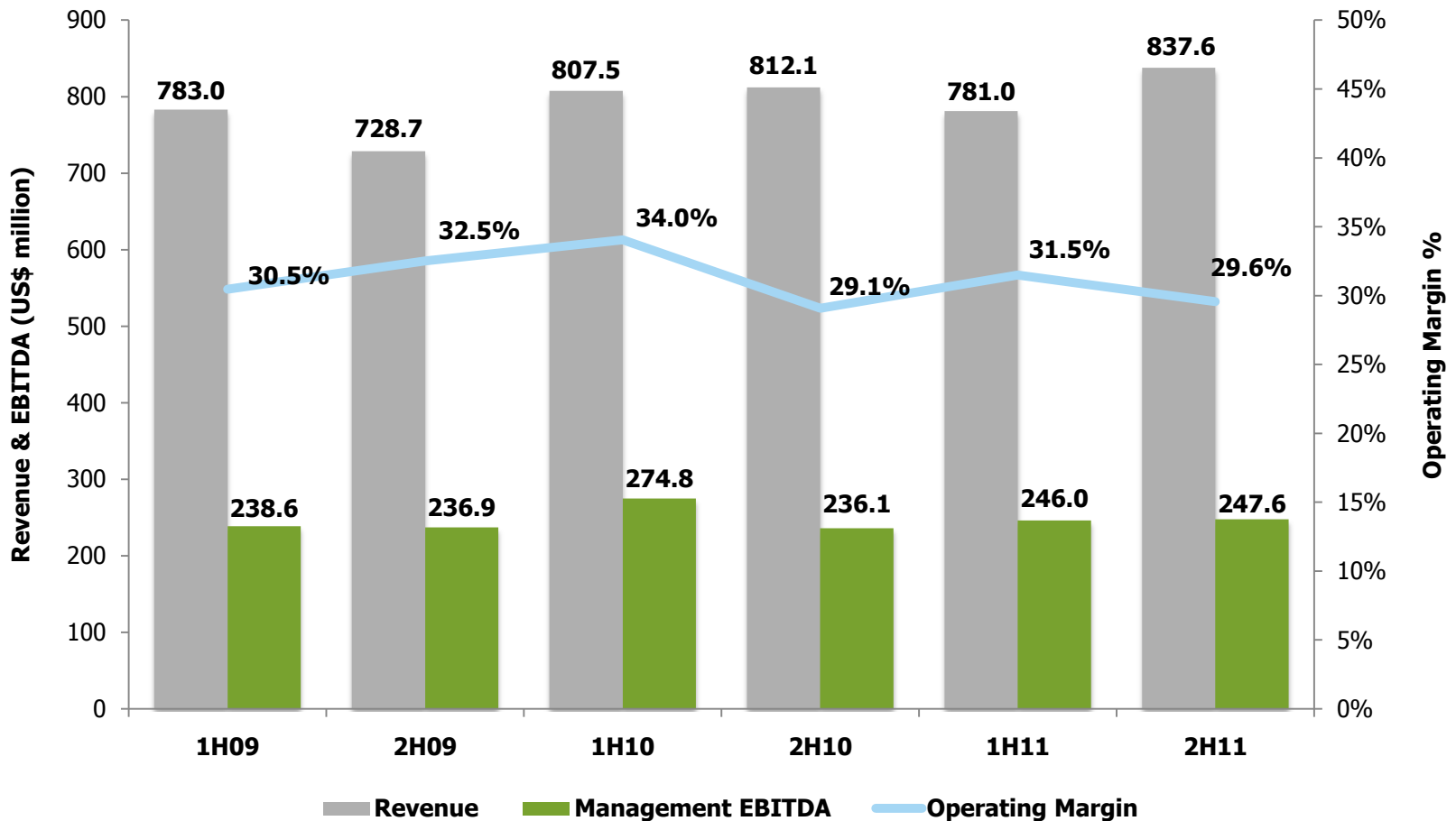
## Management Adjusted Results

	FY 2011	FY 2010	v FY 2010	FY 2011 @ FY 2010 exchange rates
Management Earnings per share (post NCI)	US 55.67 cents	US 57.80 cents	Down 3.7%	US 54.09 cents
Total Revenue	\$1,618.6	\$1,619.6	Down 0.1%	\$1,566.5
Operating Expenses	\$1,125.4	\$1,111.3	Up 1.3%	\$1,087.5
Management Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	\$493.6	\$510.9	Down 3.4%	\$479.0
EBITDA Margin	30.5%	31.5%	Down 100 bps	30.6%
Management Net Profit after NCI	\$309.3	\$321.2	Down 3.7%	\$300.7
Days Sales Outstanding	41 days	41 days	Flat	
Cash Flow from Operations	\$319.6	\$414.5	Down 22.9%	
Free Cash Flow	\$296.2	\$357.4	Down 17.1%	
Capital Expenditure	\$32.2	\$93.9	Down 65.7%	
Net Debt to EBITDA ratio	1.35 times	1.40 times	Down 0.05 x	
Final Dividend	AU 14 cents	AU 14 cents	Flat	
Final Dividend franking amount	60%	60%	Flat	

Note: all results are in USD millions unless otherwise indicated

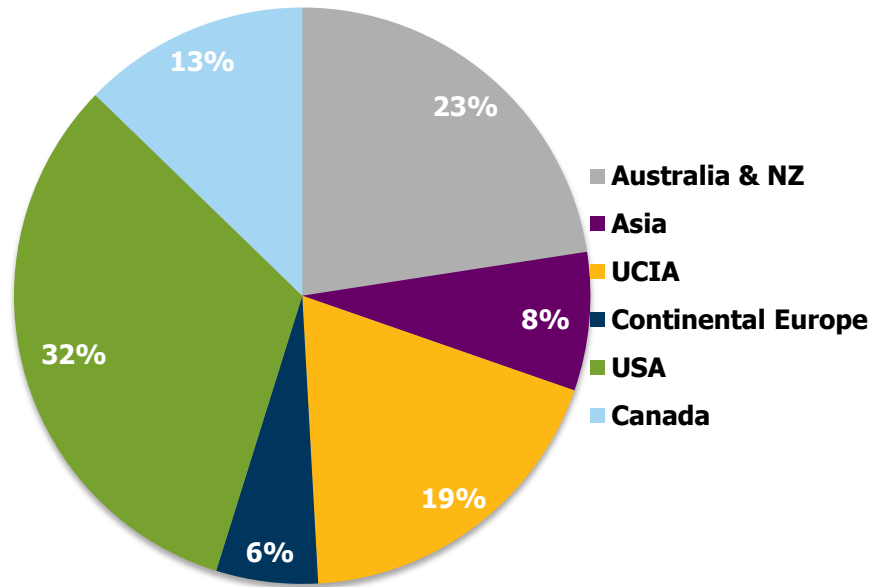
# Revenue & EBITDA

## Half Year Historical Comparisons

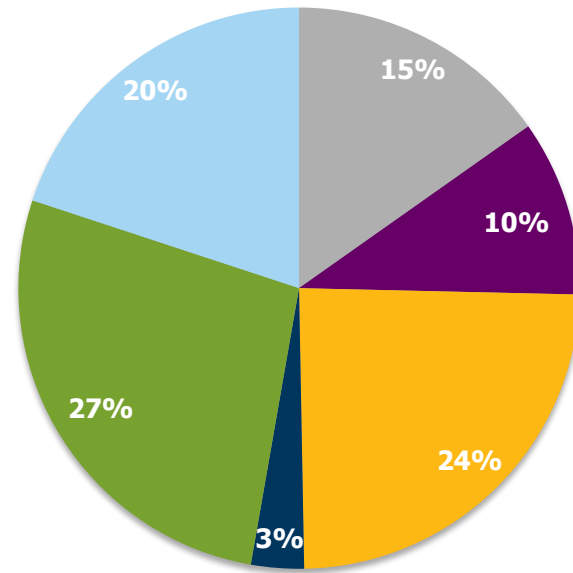


# FY 2011 Revenue & EBITDA Regional Analysis

## Total Revenue breakdown

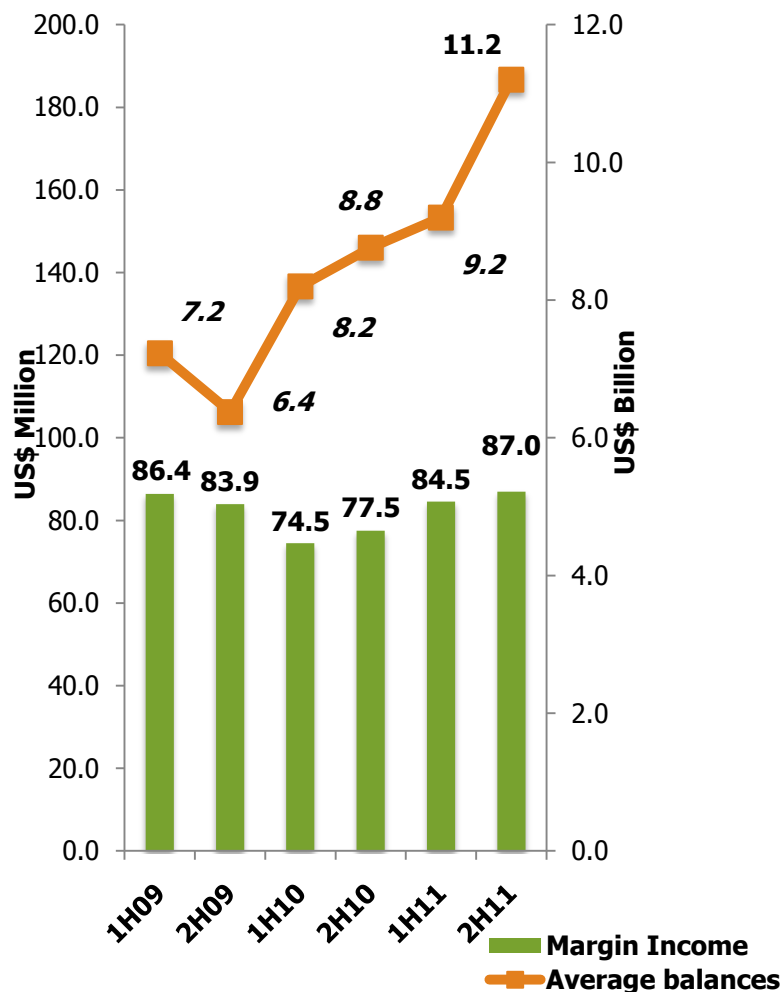


## EBITDA breakdown

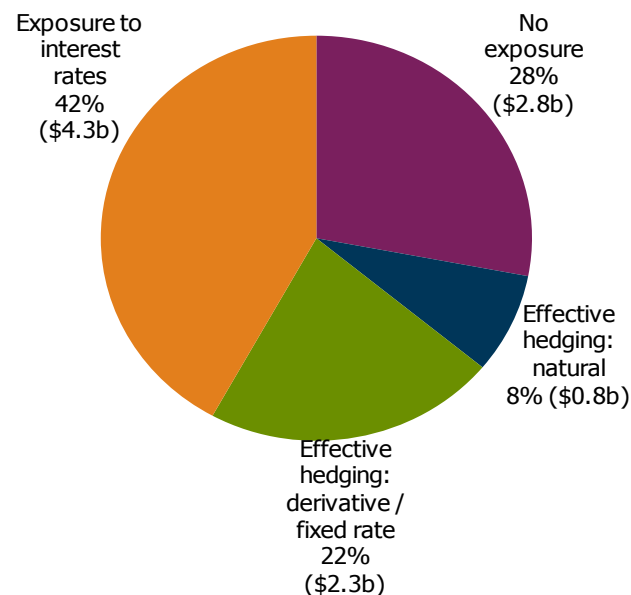


# Margin Income & Client Balances Analyses

## Margin Income Analysis



## Total funds (USD 10.2b) held during FY11



CPU had an average of USD10.2b of client funds under management during FY11.

For 28% (\$2.8b) of the FY11 average client funds under management, CPU had no exposure to interest rate movements either as a result of not earning margin income, or receiving a fixed spread on these funds.

The remaining 72% (\$7.4b) of funds are "Exposed" to interest rate movements. For these funds:

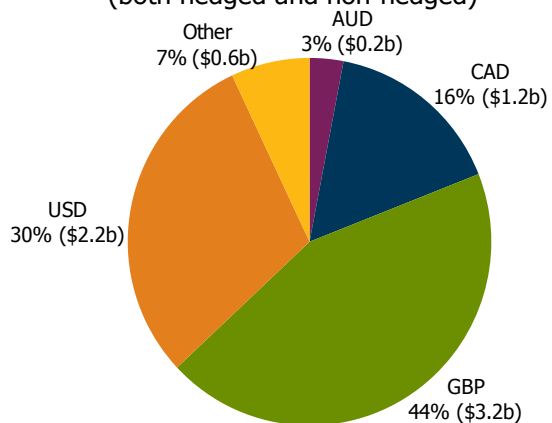
- 22% had effective hedging in place (being either derivative or fixed rate deposits)
- 8% was naturally hedged against CPU's own floating rate debt

The remaining 42% was exposed to changes in interest rates.

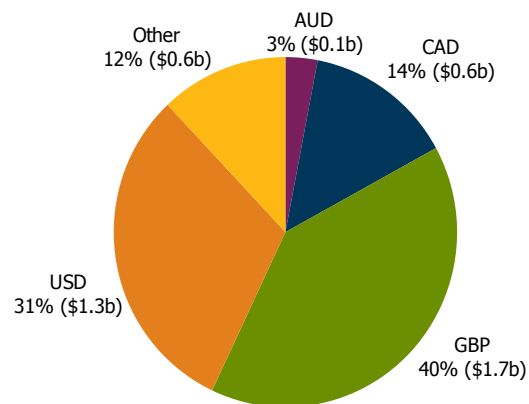
# Exposed Funds & Hedges

## Exposed Funds by Currency (FY11 Average Balances)

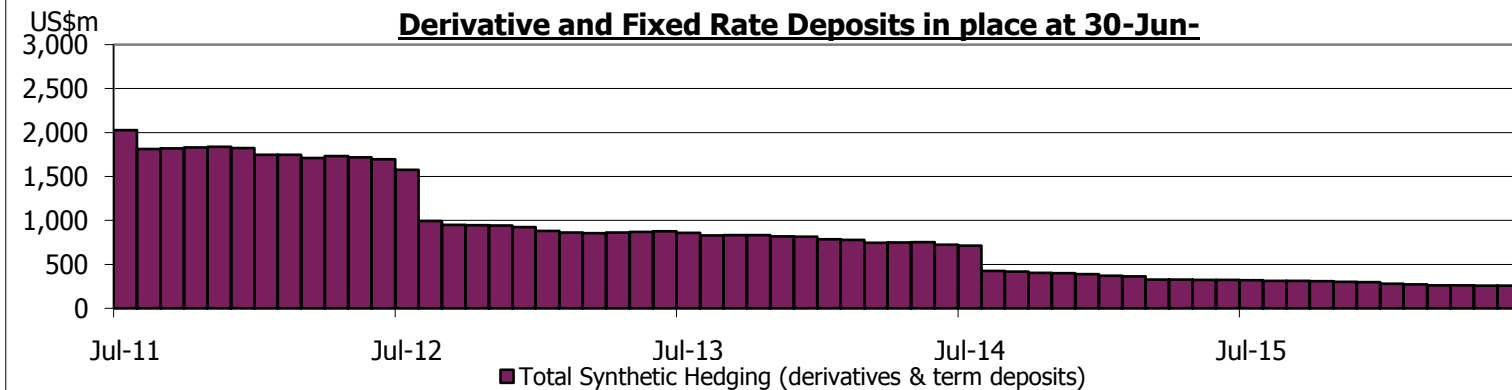
**Total Exposed Funds**  
(both hedged and non-hedged)



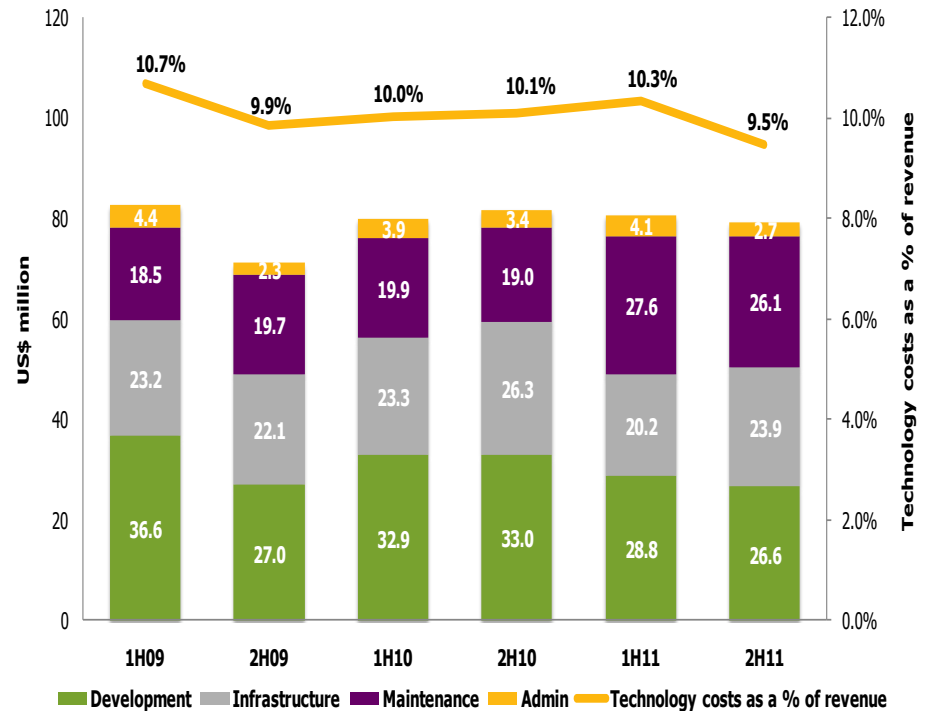
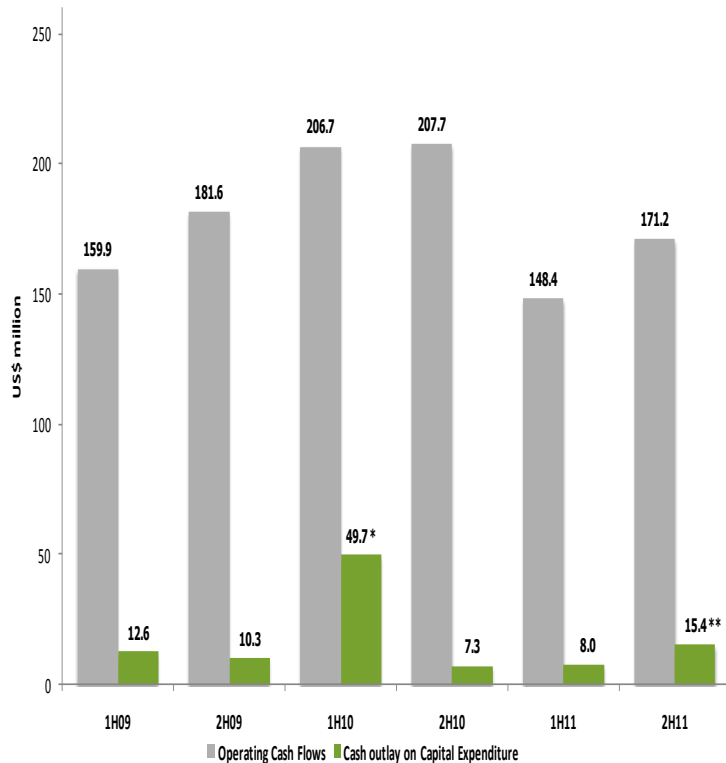
**Non-hedged Exposed Funds**



**Derivative and Fixed Rate Deposits in place at 30-Jun-**



# Free Cash Flows and Technology Spend



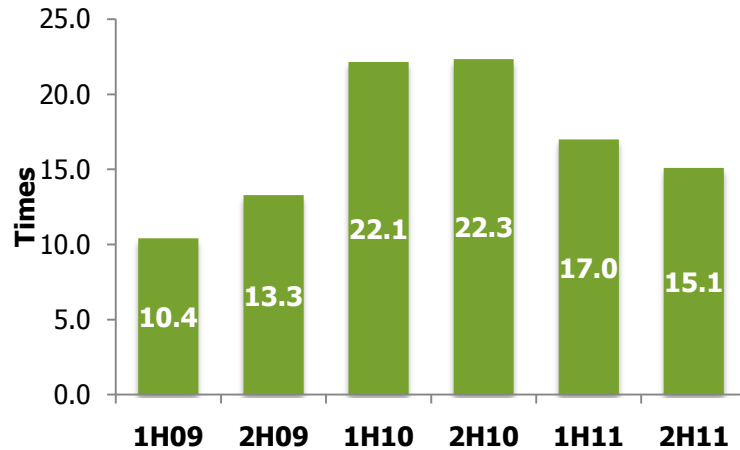
## Notes:

- \* US\$49.7m includes acquisition of Land and Buildings in the UK (US\$34.7m).
- \*\* US\$15.4m excludes assets purchased through finance leases which are not cash outlays.

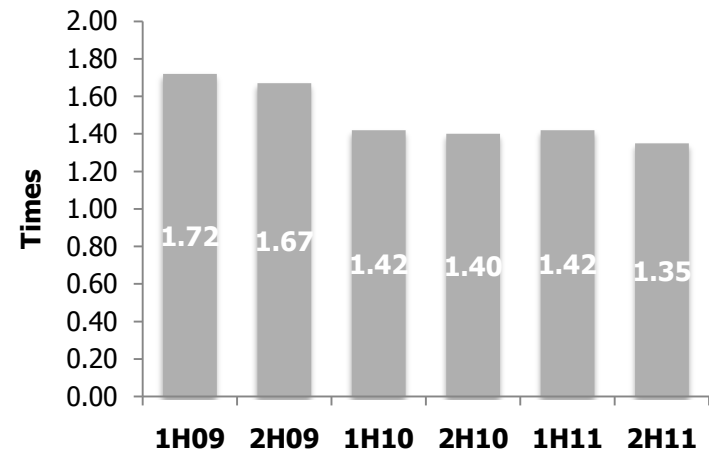
# Key Debt Ratios

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EBITDA Interest Coverage

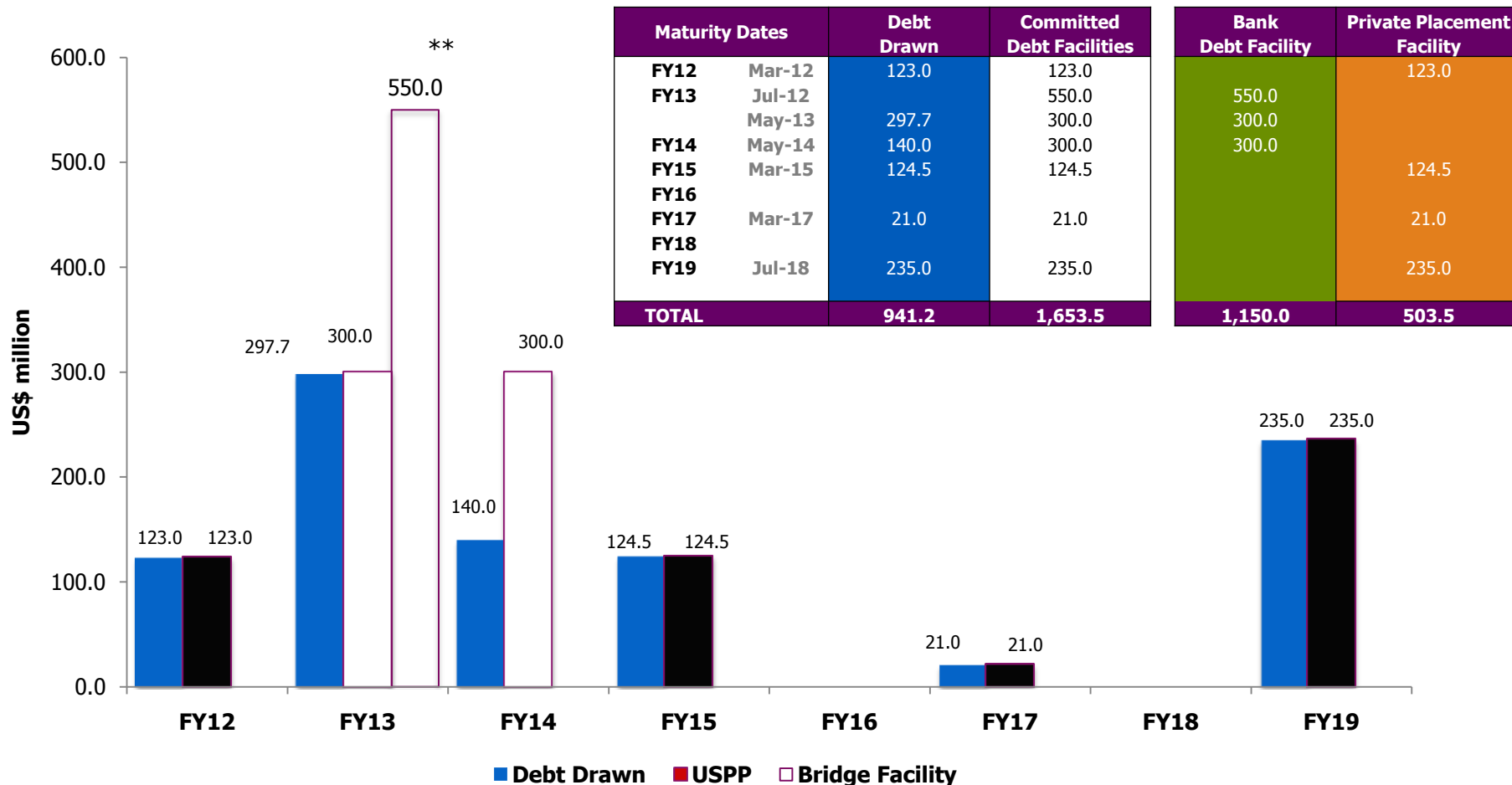


Net Financial Indebtedness to EBITDA



	Jun-11	Jun-10	Variance
	US\$ Mn	US\$ Mn	Jun-11 to Jun-10
Interest Bearing Liabilities	\$1,013.5	\$994.0	2.0%
Less Cash	(\$347.2)	(\$278.7)	24.6%
<b>Net Debt</b>	<b>\$666.3</b>	<b>\$715.4</b>	<b>(6.9%)</b>
Management EBITDA (rolling 12 months)	\$493.6	\$510.9	(3.4%)
<b>Net Debt to Management EBITDA</b>	<b>1.35</b>	<b>1.40</b>	<b>(3.6%)</b>

# Debt Facility Maturity Profile



\*\* The white \$550M FY13 bar is the Bank of New York Mellon acquisition bridge facility that matures in July 2012. This facility remains undrawn and should the BNY-M acquisition occur, we will draw on it at point of acquisition and then replace it with long term debt.

# Group Strategy and Priorities

Our group strategy remains as it has been:

- › 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.

In addition, we continue to commit priority resources in two areas:

- › Continuing to lift our market position.
- › Engaging with a range of proposals and projects around the globe that look to change the legal and/or operational structure of securities ownership and of communications between issuers and investors (we refer to these matters as “market structure”).

# Delivery Against Strategy

Delivering on the first 2 limbs of the strategy (cost & revenue) has been a key priority:

- › Operational productivity and quality continues to improve across the globe.
- › Revenue initiatives continue to offset to some extent revenue drag from GFC client losses, low interest rates and soft volumes in transactional area.
- › Our position at the top of independent service surveys evidences our quality achievements, and supports client retention and pricing.

In the last 6 months, we have announced four significant acquisition proposals:

- › Italian issuer services business Servizio Titoli (ST).
- › BNY Mellon's US shareowner services business (BMSS). Subject to HSR approval.
- › Australian utility service provider Serviceworks Group (SWG).
- › US loan servicer Specialized Loan Servicing (SLS). Subject to regulatory approval.

The ST acquisition closed in May 2011. SWG is expected to close in the next few weeks. The BMSS and SLS acquisitions are subject to regulatory approvals.

We expect the annualised contribution of SWG and SLS to management eps to be of the order of US 5 cents and to grow in future years.

## Details on integration – (HBOS and ST) and acquisition (BMSS)

- › We continue to make good progress on integrating recently acquired businesses:
  - › The HBOS EES business delivered significantly improved results in FY11 with further benefits expected in FY12.
  - › ST delivered a better than expected profit contribution to FY11 and the integration project continues to proceed well.
- › BMSS is:
  - › A major provider of stock transfer services in the US with about 950 active transfer agent clients.
  - › A vibrant employee equity administration business with about 200 employee stock purchase scheme clients.
  - › The back office for BNY Mellon's ADR Transfer Agent business.
- › If Hart Scott Rodino clearance of the BMSS acquisition is obtained, we expect to realise at least USD 70 million in synergies by the third year after closing.
- › We always expected the anti-trust approval process to be time-consuming. Our estimates of our chances of obtaining Hart Scott Rodino clearance, of the likely timeline, and of revenue attrition within the BMSS book have not changed since we announced the proposed acquisition in late April.

# Details on acquisition - SWG

- › SWG comprises 3 businesses:
  - › Serviceworks: a provider of solutions to the Utilities sector in Australia (electricity, gas, water).
  - › Connectnow: a provider of specialist home moving services to customers across Australia and New Zealand.
  - › Switchwise: an online energy market price comparison service.
- › Among the reasons that SWG is an attractive asset for us are:
  - › Significant opportunities to share infrastructure and resources, and to further integrate processes that SWG and Computershare already offer in partnership.
  - › Being part of a larger group will enable SWG to realise its potential more quickly and with less risk.
  - › All three businesses within the Group are growing rapidly in Australia due to the services delivered, the growth of existing clients and the addition of new clients.
  - › The SWG model can be replicated and optimised in domestic and international markets that are open to retail competition in energy and where water markets are being privatised or developed.
  - › Markets have been opening up around the world (30 between 1997 and 2009) and we expect that trend to continue.

## Details on acquisition - SLS

- › SLS is a fee-based primary and special servicer of US residential mortgages. It is principally a sub-servicer but it does own some Mortgage Servicing Rights.
- › Loans serviced include first liens, subordinated and home equity lines of credit.
- › SLS monitors, bills, and processes payments; manages communications with borrowers where payments are late; provides inbound and outbound call services; administers loss mitigation including loan modifications; and if necessary manages foreclosures.
- › SLS does not own, originate or take assignment of underlying residential mortgage loans, but rather earns fees for processing mortgage payments and obligations on behalf of mortgage owners.
- › Among the reasons that SLS was an attractive asset for us are:
  - › There are significant opportunities to share infrastructure and resources, and to integrate processes.
  - › Being part of a larger group offers SLS access to scalable infrastructure to support growth.
  - › Regulatory and other pressures are leading many US banks to consider outsourcing their mortgage servicing and identify sub-servicing solutions.

# Other priorities - Market Position and Market Structure

- › We continue to enhance the quality of our operational and client directed processes, and to develop and launch new and enhanced products across the full range of our businesses.
- › Third party shareholder and issuer satisfaction surveys, as well as our own market research, continue to show that the market recognises the edge that our quality and product innovation give us.
- › Our market position is also significantly enhanced by our leading role as an advocate of issuer interests, and transparency in particular, in relation to a range of market structure issues.
- › Turning to specific market structure issues:
  - › The US SEC has not said what it will do after its proxy concept release.
  - › We have invested heavily in understanding a range of EU regulatory and market structure reforms (CSD Law, Securities Law Directive, Target 2 Securities), participating in a wide range of consultation exercises, and issuer and issuer agent lobbying efforts.
  - › We continue to work on market development projects in HK, China & Russia.

# Outlook FY12

- › Over the past few years, we have provided with our annual results guidance on expected performance in the forthcoming year (in management eps terms).
- › This year the impact and duration of the high market volatility was unclear, and this made us even more cautious about guidance than usual.
- › What we said with our FY11 results was this

“A week ago, we would have said that we do not expect management eps results from Computershare’s [then] current portfolio of businesses in FY12 to be significantly different from those achieved in FY11. That guidance would have assumed that equity, interest rate and FX market conditions remain broadly consistent with then current levels for the rest of the financial year, an assumption that is no longer valid.

“In the past, high levels of volatility and uncertainty have been followed by quite strong activity levels in a range of our revenue lines, with revenues for secondary fundraisings and chapter 11 bankruptcy administration, for instance, replacing anticipated dealing, IPO and M&A income. Of course, it is by no means certain that will be the case this time.

“As usual, we will update the market on our view of the outlook at the Annual General Meeting in November.”