



**COMPUTERSHARE LIMITED (ASX:CPU)**

**FINANCIAL RESULTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**10 February 2016**

**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 1H16 Results Presentation is available for download at:  
<http://www.computershare.com/au/about/ir/financials/Pages/results.aspx>

Melbourne, 10 February 2016

**1H16 Results overview:**

- **Resilient performance in line with expectations**
- **Business performance largely in line with the prior corresponding period in constant currency terms**
- **Macro-economic factors driving lower Management EPS - the stronger US Dollar and lower yields on client balances impacting results as anticipated**
- **Operating margin impacted by the HML acquisition and some anticipated cost growth**
- **Good progress made on growth strategies and capital management**
- **FY16 earnings guidance reiterated, albeit we are seeing some softening in the operating environment**

Computershare Limited (ASX:CPU) today reported Statutory Basic Earnings per Share (EPS) of 15.22 cents for the six months ended 31 December 2015, an increase of 445.5% on the prior corresponding period (six months ended 31 December 2014).

Management Earnings per Share were 25.98 cents in 1H16, a decrease of 10.0% over the prior corresponding period (pcp). On a constant currency basis Management Earnings per Share were 27.17 cents, 5.9% lower than 1H15.

An interim dividend of AU 16 cents per share, 100% franked has been declared. The interim dividend paid in March 2015 was AU 15 cents per share, 20% franked.

Computershare's CEO, Stuart Irving said, "We are pleased with the progress made on a range of fronts during the period. Substantial inroads have been made on several strategically important areas that we expect will support future growth and improved shareholder returns. The underlying business performance was broadly in line with the prior period and our expectations.

"The Company has articulated a clearer capital management strategy, we have made significant progress on the buyback initiated in September 2015 and we have increased the dividend over the prior corresponding period. We have also adopted a new policy on dividend franking, providing shareholders access to maximum franking credits allowable each period, leading to a fully franked dividend in March 2016."

**Headline Statutory Results (see Appendix 4D) for 1H16 were as follows:**

	<b>1H16</b>	1H15	<b>1H16 versus 1H15</b>
Earnings per Share (post NCI)	<b>15.22 cents</b>	2.79 cents	<b>Up 445.5%</b>
Total Revenues & other income	<b>\$941.5m</b>	\$959.5m	<b>Down 1.9%</b>
Total Expenses	<b>\$826.0m</b>	\$910.9m	<b>Down 9.3%</b>
Statutory Net Profit (post NCI)	<b>\$84.3m</b>	\$15.5m	<b>Up 443.9%</b>

Statutory earnings per share growth of 445.5% largely attributable to the impairment charge of \$109.5 million booked against the carrying value of goodwill related to the Voucher Services business in 1H15.

## MARKET ANNOUNCEMENT

### Headline Management Results for 1H16 were as follows:

	1H16	1H15	1H16 versus 1H15	1H16 at 1H15 exchange rates	1H16 at 1H15 exchange rates versus 1H15
Management Earnings per Share (post NCI)	<b>25.98 cents</b>	28.88 cents	<b>Down 10.0%</b>	27.17 cents	<b>Down 5.9%</b>

Total Operating Revenues	<b>\$938.7m</b>	\$959.5m	<b>Down 2.2%</b>	\$1,007.6m	<b>Up 5.0%</b>
Operating Costs	<b>\$695.7m</b>	\$699.0m	<b>Down 0.5%</b>	\$748.8m	<b>Up 7.1%</b>
Management Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	<b>\$242.3m</b>	\$259.3m	<b>Down 6.6%</b>	\$258.2m	<b>Down 0.4%</b>
EBITDA margin	<b>25.8%</b>	27.0%	<b>Down 120bps</b>	25.6%	<b>Down 140bps</b>
Management Net Profit (post NCI)	<b>\$143.8m</b>	\$160.6m	<b>Down 10.5%</b>	\$150.4m	<b>Down 6.4%</b>
Free Cash Flow (ex SLS Advances)	<b>\$148.4m</b>	\$159.1m	<b>Down 6.7%</b>		
Net Debt to EBITDA ratio (ex SLS Advances)	<b>2.06 times</b>	2.10 times	<b>Down 0.04 times</b>		
Interim Dividend	<b>AU 16 cents</b>	AU 15 cents	<b>Up AU 1 cent</b>		
Interim Dividend franking amount	<b>100%</b>	20%	<b>Up from 20%</b>		

### Revenue Segments

Revenue Stream (USD millions)	1H16 Actual	1H16 Constant Currency	1H15 Actual	% variance in constant currency terms
Register Maintenance	\$342.0	\$367.1	\$387.3	(5.2%)
Corporate Actions	\$76.9	\$82.6	\$72.8	13.5%
Business Services	\$287.9	\$302.5	\$245.8	23.1%
Employee Share Plans	\$104.8	\$112.4	\$121.6	(7.6%)
Communication Services	\$80.7	\$94.9	\$96.7	(1.9%)
Stakeholder Relationship Management	\$31.2	\$31.8	\$21.1	50.7%
Other Revenue	\$15.2	\$16.2	\$14.3	13.3%
<b>Total Revenue</b>	<b>\$938.7</b>	<b>\$1,007.6</b>	<b>\$959.5</b>	<b>5.0%</b>

Business Services experienced strong revenue growth driven by a full period contribution by HML and growth in the SLS business. Opportunities continue to emerge in mortgage servicing, with focus on business mix (MSRs/sub-servicing and performing/non-performing) in the USA to balance sustainable revenue growth with appropriate levels of capital deployment. The CMC acquisition and UKAR preferred supplier status further evidence inorganic and organic opportunities in this market segment.

Corporate Action revenues grew largely on the back of M&A activity in the USA, however earnings in this segment remain historically low due to the current interest rate environment that continues to persist in major markets.

Employee Plans revenue was lower than 1H15 despite continued growth in Hong Kong and Canada. A reduction in equity trading activity by participants due to volatile markets, exacerbated by weak mining and energy indices, sectors typically accommodating large employee schemes, combined to deliver the weaker outcome.

### Acquisitions and Disposals

During 1H16 the Company disposed of its Russian businesses in response to increasing regulatory risk surrounding foreign ownership of registry assets in this jurisdiction. The Russian Government subsequently introduced legislation prohibiting registrars with foreign ownership or indirectly under foreign control from managing companies of strategic importance. The Company also disposed of the German business, VEM following final regulatory approval. In August 2015 Computershare acquired Gilardi, a leading class actions administrator in the USA. The acquisition provides a strong strategic fit alongside our existing KCC business in a sector that continues to grow and is expected to deliver healthy returns on invested capital in the next few years.

### Growth Opportunities and Execution Priorities

The Company continues to see significant opportunities in the mortgage servicing space and the business remains willing to deploy capital in the employee plans segment should appropriate risk adjusted returns be on offer and is prioritising investment in service, product and systems. Likewise, an increase in the interest rate outlook globally will have a meaningful impact on earnings.

Innovation and efficiency have been prioritised, through investment in projects such as the US property rationalisation and initiatives launched in the UK as well as the introduction of an Innovation Garage with the aim of increasing competitiveness and productivity. While higher costs have been experienced in 1H16 as anticipated when we provided our FY16 guidance, our focus on costs remains a key priority and we have opened up new cost initiatives during the period.

### Outlook for Financial Year 2016

The Company previously said it expected the Group's underlying business performance to be broadly similar to FY15 but it anticipated Management EPS would be around 7.5% lower than FY15 primarily due to the dual effects of the stronger USD and lower yields on client balances. The Company reiterates its guidance. However, the Company is seeing some softening in the operating environment.

Changes since initial guidance provided in August 2015:

- Share buy-back commenced
- Gilardi acquisition completed
- Ongoing strengthening of the USD (but no impact to constant currency comparisons)
- Deterioration in global equity markets driving weaker transactional activity, particularly amongst energy and mining employee share plan clients
- Weaker interest rate outlook, however any further changes in cash rates are expected to be immaterial to FY16 results

This assessment of the outlook assumes that equity, foreign exchange and interest rate markets remain at current levels and that FY16 corporate action activity is similar to FY15.

Guidance assumes that any potential contribution from the recently announced Capital Markets Cooperative LLC acquisition and the UKAR transaction will be immaterial in FY16.

### Dividend

The Company announces an interim dividend of AU16 cents per share, 100% franked, payable on 16 March 2016 (dividend record date of 22 February 2016). This dividend is unchanged on the 2015 final dividend of AU16 cents per share, 25% franked, paid in September 2015. The interim dividend paid in March 2015 was AU 15 cents per share, 20% franked. The significant increase in the franking percentage represents a change in Company policy that now looks to distribute all available franking credits to shareholders at the earliest opportunity.

The dividend reinvestment plan (DRP) pricing period for the interim dividend will be from 25 February to 9 March 2016 (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 23 February 2016 (day after 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 reduced from 556,203,079 ordinary shares on issue as at 30 June 2015 to 549,006,373 ordinary shares as at 31 December 2015 as a result of the share buy-back announced on 18 August 2015. Under the buyback program the Company had purchased 7,196,706 ordinary shares as at 31 December 2015 for a total consideration of AUD 78,335,555 at an average price of AUD 10.88 per share.

**Please refer to the 2016 Half Year Results Presentation for detailed financial data and the important notice on slide 53 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 and utility 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 15,000 employees worldwide.

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

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