

MARKET ANNOUNCEMENT

Date:	9 November 2016
To:	Australian Securities Exchange
Subject:	2016 AGM – CEO’s Address

Attached is the CEO’s address delivered at the Annual General Meeting today, 9 November 2016.

For further information contact:

Michael Brown
Investor Relations
Ph +61 400 248 080
michael.brown@computershare.com.au

About Computershare Limited (CPU)

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, mortgage servicing, proxy solicitation and stakeholder communications. We also specialise in corporate trust, bankruptcy, class action 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.

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MARKET ANNOUNCEMENT

Computershare 2016 Annual General Meeting

CEO's speech

Stuart Irving, Chief Executive Officer and President

Thank you Simon and let me also welcome our shareholders to our AGM. It's always nice to see familiar faces and I hope you know we always appreciate your support.

Today, I would like to update you on the progress of our key strategies to improve returns for shareholders.

We are focused on three key areas:

1. Driving growth
2. Enhancing profitability and
3. Complementing this with capital management.

I'm pleased to say that, given the progress we're making on these three fronts, our confidence in our earnings outlook is rising.

Let me talk about some of the fundamentals.

As you know, a strengthening US Dollar and declining interest rates have been a big factor in our results in recent times. This chart, stripping away these factors which are outside our control, shows that our management EBITDA since 2013 has grown by over 46%. That's an annual growth rate of 13.5%.

Let me remind you about what we do, and where we operate.

With our headquarters in Melbourne, we operate in 20 countries, with over 16,000 employees.

We generate over \$2 billion US dollars of revenue, with almost half of that generated in the US itself. That's why we report in US dollars.

Australia and NZ contribute around 15% of group revenues.

Traditional businesses of registry, corporate actions and plans are just over 50% of group revenues, with business services now 30% as we execute our mortgage service growth strategy. That equates to over \$320 million dollars of revenue in mortgage services alone.

Let me talk you through the highlights of our strategy.

The first pillar is growth. Let me be clear - there has to be growth. Investors demand it. Valuations require it and of course as you know, growth is in Computershare's DNA.

But it has to be sensible growth that is profitable and comes with good returns on capital.

Our focus is on organic growth. Our business, run well, is capable of delivering improved returns. That's our main focus. Our investment in mortgage servicing and plans will help drive that growth and I'll talk to these businesses later.

The second pillar of our strategy is to enhance profitability in our more mature businesses, and I'll update you later today on the second phase of our productivity plan to help drive efficiencies in these businesses.

Our third pillar is capital management. We use capital management to complement our earnings and ensure these cash flows are used to drive the best returns for shareholders. We are in this business for the long term. We optimise the leverage on our balance sheet.

On the acquisitions front: they have to make compelling, strategic sense. They have to bring a capability or entry to a market that we would have far more difficulty and cost in building the same ourselves. And it has to be a business we can build and grow.

And finally, our dividend, as Simon showed earlier, is an important part of how we think about rewarding shareholders. We have never cut our dividend. Our ambition is to continue to reward shareholders with a steady growing dividend over time.

I'll now give you more details on mortgage servicing.

We have been in this business now for almost five years. We started small and we have been building scale and learning through the journey. We have strong systems and robust processes that we continue to invest in.

At its core, it's an administration business that operates in a highly regulated market, requires complex transactions to be accurately managed in a timely way for large numbers of stakeholders. That's what we do well at Computershare.

So what is the prize here then?

To help you understand the opportunity, we lay out some financial metrics on this page on what we are trying to achieve. We are looking to build the US business to service approximately \$100 billion US dollars of UPB. We believe at that point the business will have an optimised blend of revenues in owned and sub-serviced loans in both the performing and non-performing sectors. That blend is the best way to build a sustainable business that delivers the right return on our capital.

Once we reach that scale we should generate over \$350 million US dollars of US mortgage servicing revenues.

Our cash return on capital, which includes tax and the cost of replacing the mortgage rights that amortise, should be around 12-14%. On a \$400 million dollar capital base that's around \$50 million of free cash flow for shareholders.

This year we took two significant steps forward in executing our growth plans in mortgage servicing. I'm pleased to say that since completion, CMC has grown and our purchasing programme to build scale is on track.

In the UK, where we were appointed by the UK Government to service the UKAR mortgage book, integration is also on track and the expected synergies are beginning to be realised.

Our second long term growth engine is employee share plans.

Our central view is that equity will continue to be an important and growing part of employees' remuneration and that companies will continue to want to reward, retain, incentivise and align their employees through equity ownership.

Post Brexit we have seen an interest rate cut in the UK, which will mean a further impact on margin income in this business, although this is partly being offset by transaction fees as many UK based employees of non-UK listed companies take advantage of the lower pound.

We have also been investing in this business to strengthen our offering to clients, with new technology developments to improve our competitive position.

Technology is also a major part of our strategy to improve our profitability in the US.

The US is an important market for us due to its size and scale and we give it a considerable focus. We have our largest registry business there and our goals are to manage revenue, enhance profitability and leverage our assets.

Through the quality of our service over time we have earned our clients' trust. These relationships are long standing. It is a great base on which we can enhance our performance. We have a strong focus on offsetting attrition through increasing the number of shareholders we serve, either through IPOs or spin-offs. One of the highlights of 2016 was the progress we made in our new Louisville operations centre.

We have also identified a broader suite of other organic growth initiatives across our US business. We expect these to deliver additional revenue streams over time. Our plans are to target new markets such as private companies and REITs, leverage our strong customer bases in registry and plans and expand our other businesses such as class actions.

While we have been focusing on driving improvements in the areas we can control, let's not forget the other major potential driver of profitability in the future - our significant leverage to rising interest rates. Last year our average daily balance was over \$15.7 billion US dollars. Our strategy has been to grow these balances.

The interest we earn on the cash balances has fallen by over \$70 million US dollars since 2013 and will fall again in FY17 as we feel the further impact of lower rates.

We include that in our earnings guidance.

If the yield we achieved on these balances increases by 1%, we would earn at least an extra \$47 million dollars of profit before tax on an annualised basis.

Let me return to today's priorities and again focus on what we can control.

Today, we are announcing the details of the second stage of our group-wide structural cost review.

Louisville was the start. That program is underway and well advanced. Our assumptions on the savings, costs to deliver and timings are unchanged. We show them here again for completeness.

But we have also been working hard on identifying other areas for productivity gains. And we are now sufficiently certain that we can disclose these and the expected savings and costs.

For stages 1 and 2 we expect to be able to deliver benefits of between \$85 - \$100 million dollars.

The new stage 2 should deliver between \$60 - 70 million. That's significant.

These benefits will take time and investment to achieve. Some are technical and complex, others are sensitive.

Once again, technology is a major contributor to these efficiencies.

We have started to execute on these initiatives this year and expect the benefits to really start to flow next year and beyond.

However, we will not stop here. We will continue to work the cost line harder.

Now, moving on, let me comment on how the year has begun. Trading for the first quarter of the new financial year has been consistent with the same period as last year.

Encouragingly, our growth, profitability and capital management initiatives combined, are more than offsetting the headwind of lower interest rates and reduced margin income.

Given current trading and the outlook for the remainder of the year, we affirm EPS guidance for FY17.

In constant currency, we expect Management Earnings Per Share to be slightly up on FY16.

So as we conclude this presentation, let's recap on the highlights.

Our FY16 results were resilient. We have set out our strategy, we are building our capability, and investing for growth.

In FY17 that positive inflection point is approaching. We have affirmed earnings guidance and the first quarter has been consistent for us. That's a start and I look forward to giving another update in February.

It's also appropriate at this point for me to thank the Board for their continued support and guidance as well as my senior management team around the globe, especially Mark Davis our CFO, who diligently looks after all the numbers.

I am fortunate to interact with all the hardworking Computershare staff around the world who give so much towards the success of this company and, as both a manager and shareholder, I am grateful for their contribution.

I will now pass back to Simon as we will be taking questions from shareholders before moving on to the formal business of the meeting.

Thank you very much.