

## MARKET ANNOUNCEMENT

<b>Date:</b>	4 May 2021
<b>To:</b>	Australian Securities Exchange
<b>Subject:</b>	<b>Macquarie Australia Conference 2021</b>

Attached is a presentation to be delivered at today's investor conference.

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This announcement was authorised to be given to the ASX by the CEO.

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

MARKET ANNOUNCEMENT

# MACQUARIE AUSTRALIA CONFERENCE 2021

May 2021

**Stuart Irving**, President and Chief Executive Officer

CERTAINTY

INGENUITY

ADVANTAGE

Computershare

# Computershare at a glance

A technology-enabled administrator of financial assets

- ISSUER SERVICES
- BUSINESS SERVICES
- EMPLOYEE SHARE PLANS
- MORTGAGE SERVICES
- COMMUNICATION SERVICES
- CORPORATE AND TECHNOLOGY



**25,000**  
clients

**12,600**  
people

Over **\$1 trillion**  
payments facilitated

**\$187 billion**  
AUA in  
Employee  
Share Plans

**1 million**  
mortgages  
serviced

**50%** of  
employees  
supported with  
a Covid  
payment

Note: All numbers as at 30 September 2020.

# Trading update – FY21 guidance unchanged

## Management EPS to be down around 8%, pre-Entitlement Offer<sup>1</sup>

– In constant currency, for FY21 we expect:

- Management EPS to be down by around 8%, on a pre-Entitlement Offer basis<sup>1</sup>
- We expect Management EPS for 2H21 to be around 30.0 cents per share, on a pre-Entitlement Offer basis<sup>2</sup>
- EBIT ex margin income to be up by around 14%<sup>3</sup>

### Guidance

For the first three months of 2H FY21:

#### Better than February expectations

Shareholder paid fees in US Issuer Services starting to pick up



New client wins for full range of Issuer Services' solutions



Ongoing recovery in Employee Share Plans' trading volumes



#### In line with February expectations

Margin income balances and yields



Corporate Actions volumes in Issuer Services



Contributions from Corporate Creations and Verbatim acquisitions



#### Behind February's expectations

Government support and low cost capital reducing levels of corporate bankruptcies



Extension to US Mortgage Services foreclosure moratorium now expected into FY22



1. For comparative purposes FY20 Management EPS is 56.12 cents per share in FY20 constant currency. Percentage calculated relative to prior calendar period. 2. The 2H21 Management EPS of 30.0 cents per share has not been adjusted for the shares that will be issued as part of the Entitlement Offer. 3. The base FY20 Management EBIT ex margin income is \$298.7m in FY20 constant currency. 4. Key assumptions underpinning guidance: Margin income revenue expected to be around \$105m, Equity and interest rate markets remain at current levels / in line with current market expectations and Group tax rate between 28.0% - 30.0%. 5. Refer to Slide 69 of the FY21 Half Year Results Presentation dated 9 February 2021 for constant currency conversion rates.

# Computershare's commitments

Increasing leverage to structural growth trends

Building scale in new Issuer Services, Corporate Trust and Employee Share Plans growth markets

Developing new products and innovations

Protecting our company, communities and customers

Strong free cash flow supports growth strategies and shareholder distributions

Ongoing efficiency programs

Consistent dividend history

High levels of recurring revenue with leverage to equity markets and interest rates

# Issuer Services

Globally integrated product offering gaining traction

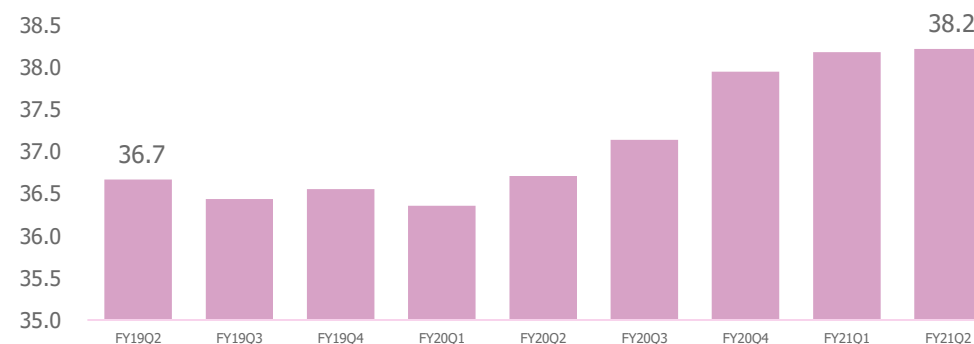
Mgmt EBIT ex. Margin Income	Revenue breakdown	1H21 CC	1H20 Actual	CC Variance
\$102.8m <span style="color: green;">↑</span> 23.3%	Register Maintenance*	\$302.7	\$300.9	+0.6%
Margin: <span style="color: green;">↑</span> 160bps	Corporate Actions*	\$65.3	\$48.5	+34.6%
	Stakeholder Relationship Management*	\$35.2	\$18.1	+94.5%
	Issuer Services-Other*	\$34.4	\$12.4	+177.4%
	Margin Income	\$22.1	\$44.4	-50.1%
	<b>Total revenue</b>	<b>\$459.8</b>	<b>\$424.3</b>	<b>+8.4%</b>
	<b>Mgmt EBITDA</b>	\$126.7	\$129.2	-1.9%
	Mgmt EBITDA margin	27.5%	30.5%	-300bps
	<b>Mgmt EBIT ex Margin Income</b>	\$102.8	\$83.4	+23.3%
	Mgmt EBIT ex Margin Income margin	23.5%	21.9%	+160bps

\* Revenue excluding Margin Income

## Key Priorities

1	Continue momentum with client registry wins	Registry Global Net Wins <sup>1</sup>	FY18	FY19	FY20	1H21
			293	354	195	139
2	Expand and cross sell registered agent services	Units Under Management <b>up 9.5% year over year</b> , with 5,800 units added in 1H				
3	Extend our entity management capability	1,500 client entities added globally, now operating in 8 different countries				

## Global managed shareholder accounts (millions)



Steady growth demonstrated since 2018

Notes: Unless otherwise specified, percentage differences relevant to 1H20 are on a constant currency basis <sup>1</sup> Excludes uncontrollable losses (eg Delisting, M&A). Corporate Creations acquired in February 2020. Verbatim acquired in July 2020.

# Employee Share Plans

Improved fee revenue with trading volumes recovering

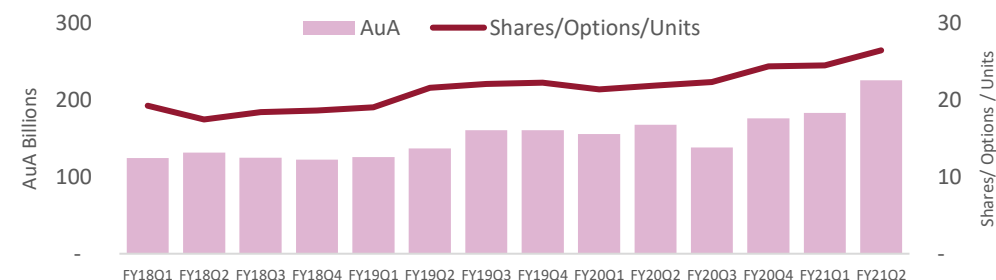
Mgmt EBIT* ex. Margin Income	Revenue breakdown	1H21 CC	1H20 Actual	CC Variance
\$14.6m ↓ 19.8%	Fee Revenue	\$67.7	\$66.5	+1.8%
Margin: 11.2% ↓ 220bps	Transactional Revenue	\$57.3	\$61.9	-7.4%
	Other Revenue	\$5.8	\$7.0	-17.1%
	Margin Income	\$2.2	\$6.3	- 65.1%
	<b>Total revenue</b>	<b>\$132.9</b>	<b>\$141.6</b>	<b>-6.1%</b>
	<b>Mgmt EBITDA</b>	\$19.4	\$27.1	-28.4%
	Mgmt EBITDA margin	14.6%	19.1%	-450bps
	<b>Mgmt EBIT ex Margin Income</b>	\$14.6	\$18.2	-19.8%
	Mgmt EBIT ex Margin Income margin	11.2%	13.4%	-220bps

\*1H21 impacted by \$4.5m of one-off regulatory costs associated with Brexit transition. Adjusted EBIT ex MI \$19.1m +4.9%, margin 14.6%, +110bps.

## Key Priorities

1	Continue to win new clients	↑ 5%	1H21 growth net new clients
2	Upgrade to EquatePlus platform	96%	EMEA clients upgraded
3	Trading volume recovery	↑	Dec 2020 value and volume of transactions exceeded pre Covid December 2019

## Outstanding shares and options under administration



- > Q2 improvement in AuA as corporates continued to use equity remuneration to attract, retain and reward employees
- > Outstanding shares & options under administration up 9% per annum post Equatex acquisition


# Mortgage Services

Foreclosure moratorium and low rates impacting US, UK cost out on track

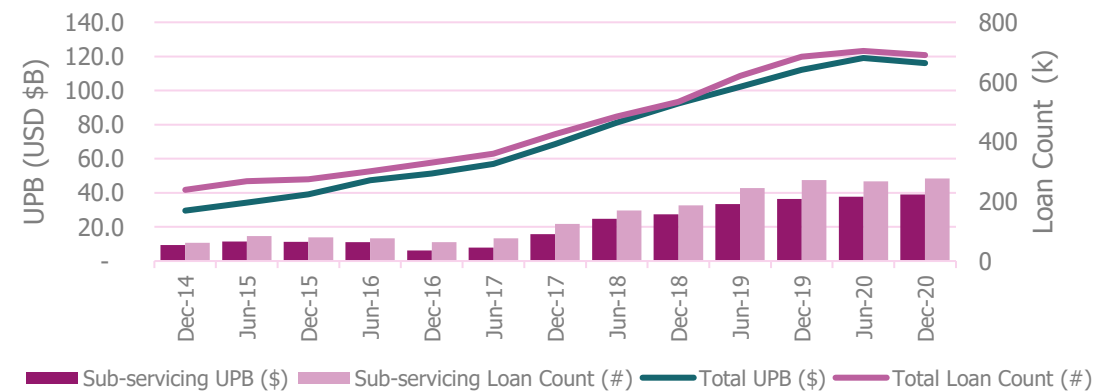
Mgmt EBIT ex. Margin Income	Revenue breakdown	1H21 CC	1H20 Actual	CC Variance
<p><b>-\$2.6m</b> ↓ 111.1%</p> <p>Margin: <b>-0.9%</b> ↓ 840bps</p>	<p>US Mortgage Services*</p> <p>Margin Income</p> <p>UK Mortgage Services</p> <p><b>Total revenue</b></p> <p><b>Mgmt EBITDA<sup>1</sup></b></p> <p>Mgmt EBITDA margin</p> <p><b>Mgmt EBIT ex Margin Income</b></p> <p>Mgmt EBIT ex Margin Income margin</p>	<p>\$213.1</p> <p>\$2.1</p> <p>\$66.3</p> <p><b>\$281.5</b></p> <p>\$47.0</p> <p><b>16.7%</b></p> <p>-\$2.6</p> <p>-0.9%</p>	<p>\$209.4</p> <p>\$17.9</p> <p>\$101.6</p> <p><b>\$328.9</b></p> <p>\$75.9</p> <p>23.1%</p> <p>\$23.4</p> <p>7.5%</p>	<p>+1.8%</p> <p>-88.3%</p> <p>-34.7%</p> <p><b>-14.4%</b></p> <p>-38.1%</p> <p>-640bps</p> <p>-111.1%</p> <p>-840bps</p>

\* Revenue excluding Margin Income

## Key Priorities

1	Growth in US capital light revenues	<b>+3.2%</b>	Increase in sub-servicing UPB
2	Expansion of recapture capability	<b>\$200m</b>	Recapture UPB pipeline since launch in December 2020
3	Delivery of UK cost out program		\$34.8m cost savings delivered in 1H21

## Growth in Sub-Servicing



Notes: <sup>1</sup> UK Mortgage Services EBITDA loss making (\$0.6m) in 1H21 and 1H20. 1H21 UK Mortgages EBIT loss of (\$1.1m), US Mortgages EBIT ex Margin Income margin -0.7%.



# Business Services

Market leading Canadian Corporate Trust business creates base for US expansion

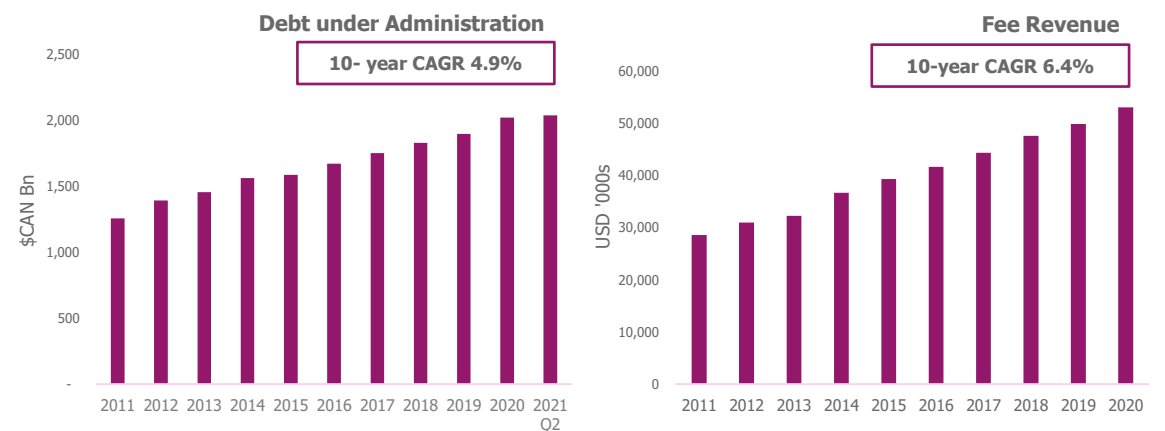
Mgmt EBIT ex. Margin Income		Revenue breakdown			
		1H21 CC	1H20 Actual	CC Variance	
\$12.9m	↑ 55.4%	Corporate Trust*	\$26.0	\$24.2	+7.4%
Margin: 13.1%	↑ 360bps	Bankruptcy*	\$41.3	\$18.5	+123.2%
		Class Actions*	\$31.5	\$45.3	-30.5%
		Margin Income	\$15.8	\$32.9	-52.0%
		<b>Total revenue</b>	<b>\$114.6</b>	<b>\$120.8</b>	<b>-5.1%</b>
		<b>Mgmt EBITDA</b>	\$29.6	\$41.7	-29.0%
		Mgmt EBITDA margin	25.8%	34.5%	-870bps
		<b>Mgmt EBIT ex Margin Income</b>	\$12.9	\$8.3	+55.4%
		Mgmt EBIT ex Margin Income margin	13.1%	9.5%	+360bps

\* Revenue excluding Margin Income

## Key Priorities

1	Expansion in Corporate Trust US Services	↑ 44%	FY21 YoY growth in US Corporate Trust mandates
2	Bankruptcy Revenue Growth	2x	1H21 revenue has doubled from 1H20
3	Deliver on Global Class Action opportunities	Global	Class Action case wins in South Africa, UK and US

## Corporate Trust - positive long term trends



# On the 24<sup>th</sup> March 2021, Computershare announced the acquisition of the Wells Fargo Corporate Trust business (“CTS”)

## Clear strategic fit, expanding North American corporate trust operations

- Geographic expansion in US
- Extension of current Canadian and US operations

## A market leading US corporate trust position

- Moves Computershare from #8 to a top 4 market position in the US<sup>1</sup>

## Stable, capital light, recurring revenue stream

- Long tenured appointments, average contract expected life of ~9 years
- High proportion of recurring revenue
- Capital light business

## Increasing exposure to long term growth in trust and securitisation products

- US bond issuances and securitisations have grown at ~7% and ~8% p.a. respectively for the last 25 years<sup>2</sup>

## Expected to retain highly experienced management team

- CTS management team has an established track record
- ~26 average years of industry experience

## Scope for product improvement and technology innovation

- Material cost synergies reaching US\$80m p.a. (from year 5) targeted in operations, IT, and other areas
- Additional revenue synergies not captured

## Separation and integration plan well advanced

- Clear transition plan for CTS
- 24 month Transitional Services Agreement (“TSA”) period

## Attractive financial returns

- 15%+ EPS accretion on a pro-forma FY21 basis<sup>3</sup> including full run rate synergies<sup>4</sup>, and EPS neutral excluding synergies<sup>3</sup>
- Clear pathway to 15%+ ROIC for CTS over time<sup>5</sup>

1. Source: Refinitiv US Capital Markets Review 2020. Trustee ranking by gross proceeds. 2. Source: Refinitiv. 3. FY21 Management EPS accretion as if the acquisition was effective from 1 July 2020. Calculated in accordance with AASB 133, with adjustments to reflect the bonus element of the Entitlement Offer. Excludes one-off post-tax transaction costs of US\$35m, integration costs of US\$89m, and amortisation of intangibles recognised as a result of the acquisition. 4. Assumes full run rate annual pre-tax synergies of US\$80m expected to phase in over 5 years post acquisition close. 5. CTS ROIC target in FY25 driven by organic business growth and synergies, assuming consensus forward interest rate curve as at 18 March 2021.

# CTS is a leading US corporate trust service provider

- CTS offers trustee, agency and fiduciary/custody services in connection with securities and related transactions backed by a variety of asset classes
- Established player with over 80 years of operating history
- Comprehensive and diverse product offering delivered through two main business divisions:

## Conventional Debt and Specialised Services

Offers trustee, agency and fiduciary services on bond and debt programs for corporations and government entities

## Structured Products and Services

Offers trustee, agency and fiduciary/custody services in connection with securities and related transactions backed by a variety of asset classes

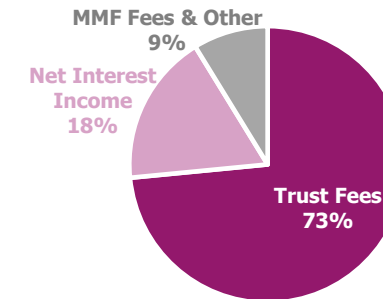
- ~125 products across all major asset classes
- Total balances have been growing at ~7% p.a. for the last three years
- Deposits are placed with eligible accounts and earn margin income
- Money Market Funds ("MMFs") are placed with eligible funds and earn a fee

**~9 years**  
Avg. contract  
expected life

**~2,000**  
Full time  
employees

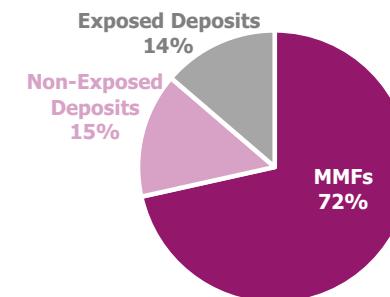
**~26,000**  
Mandates

### Fee-Based Revenue Mix<sup>1</sup>



**LTM  
Revenue:  
US\$477m**

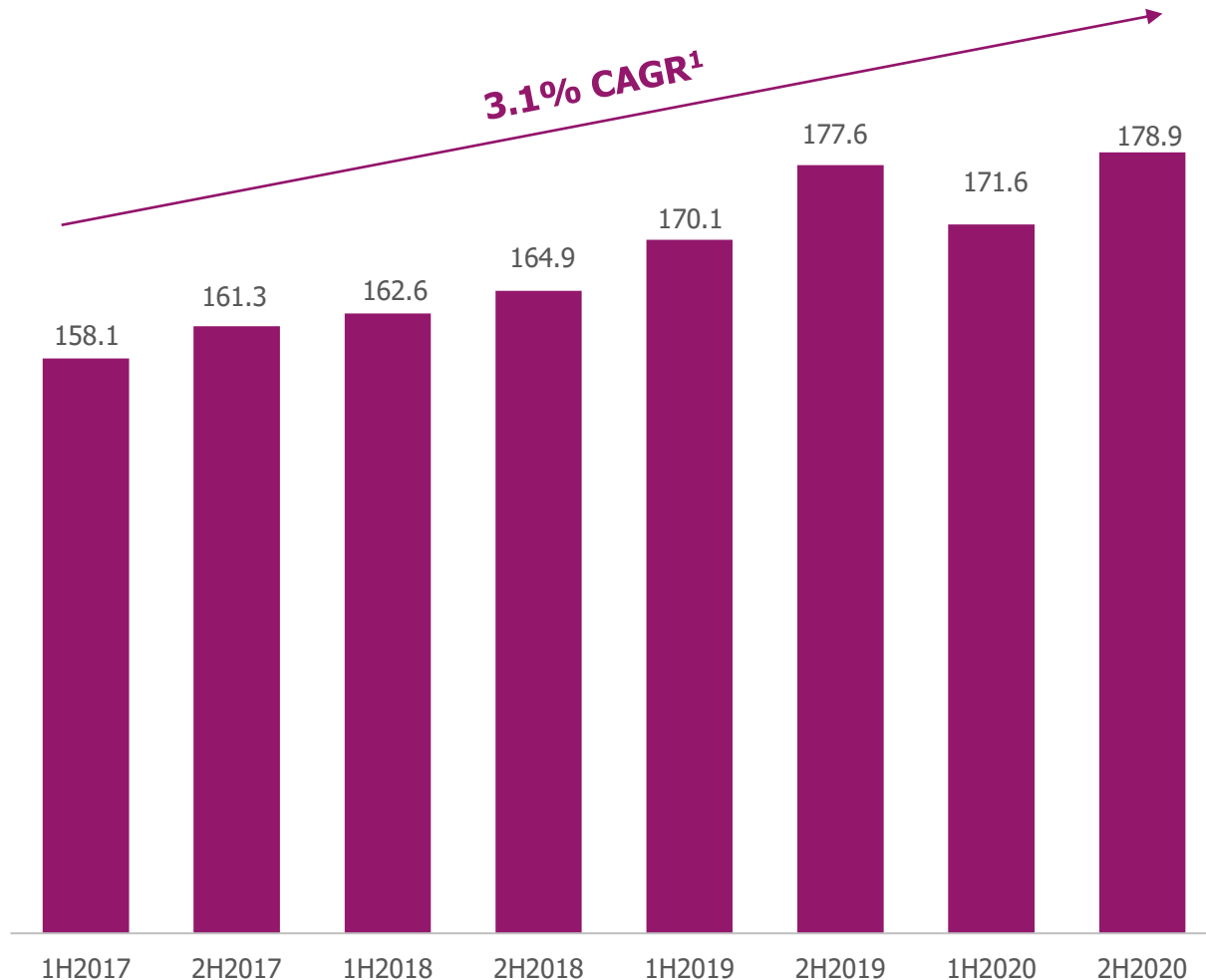
### Sizeable Client Balances<sup>2</sup>



**Total  
Balances:  
US\$62bn**

# High quality recurring trust fee revenue

Trust Fees per CY half (US\$m)



- Trust fees are durable and recurring in nature; derived from trustee, agency and fiduciary/custody services provided on long dated contracts
- Generated from serving in variety of fee-based capacities per mandate
- ~75%<sup>2</sup> recurring revenue<sup>3</sup>
- Fees earned upfront and throughout life of a transaction
- Highly diversified revenue stream – varied client composition and broad product/service offering with low concentration risk
  - No single client contributes more than 5%<sup>4</sup>
  - Average client relationship (top 10) of ~20 years
  - Trust fee revenues derived from long-dated contracts (~9 years average contract expected life)

1. Annualised CAGR of trust fees between CY17 and CY20. 2. Year ended 31 December 2020. 3. Recurring revenue is a non-IFRS financial measure which may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures. See page 3 for further information. 4. Excluding affiliated entities (Wells Fargo Bank N.A. contributed ~6% in CY20).

# Significant opportunity to drive meaningful efficiencies

## Three main categories of efficiencies identified

### A Operations and IT

Transformation programs including deployment of new technologies, automation and digitisation to enhance client experience and product suite

### B Shared services functions

Leveraging Computershare's global shared service functions. Existing corporate services not transitioning from Wells Fargo

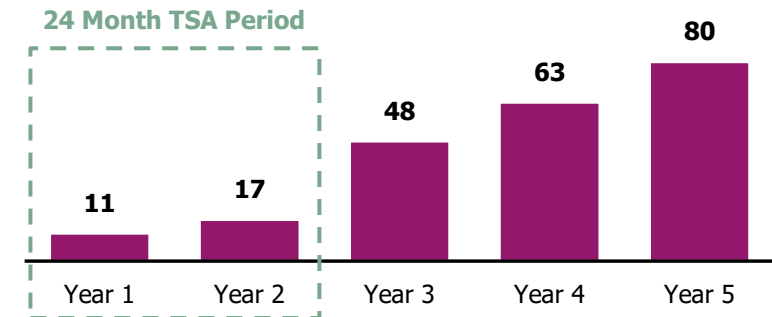
### C Front office and other admin.

Front and middle office investments for efficiency and growth

## Realisation of efficiencies expected to occur over five years

- Time frame for synergy realisation acknowledges 24-month transitional period post completion
- Forecast execution expenses of US\$210m to transition and integrate the business, incurred over the TSA period, plus US\$21m of transformation costs to achieve synergies (all pre-tax) incurred over five years<sup>1</sup>
- Stand-up capex of US\$103m incurred over the first 12 months and funded on day one
- Full run rate synergies represent ~20% of CTS CY20 operating costs
- Integration benefits with existing corporate trust operations limited until post transition

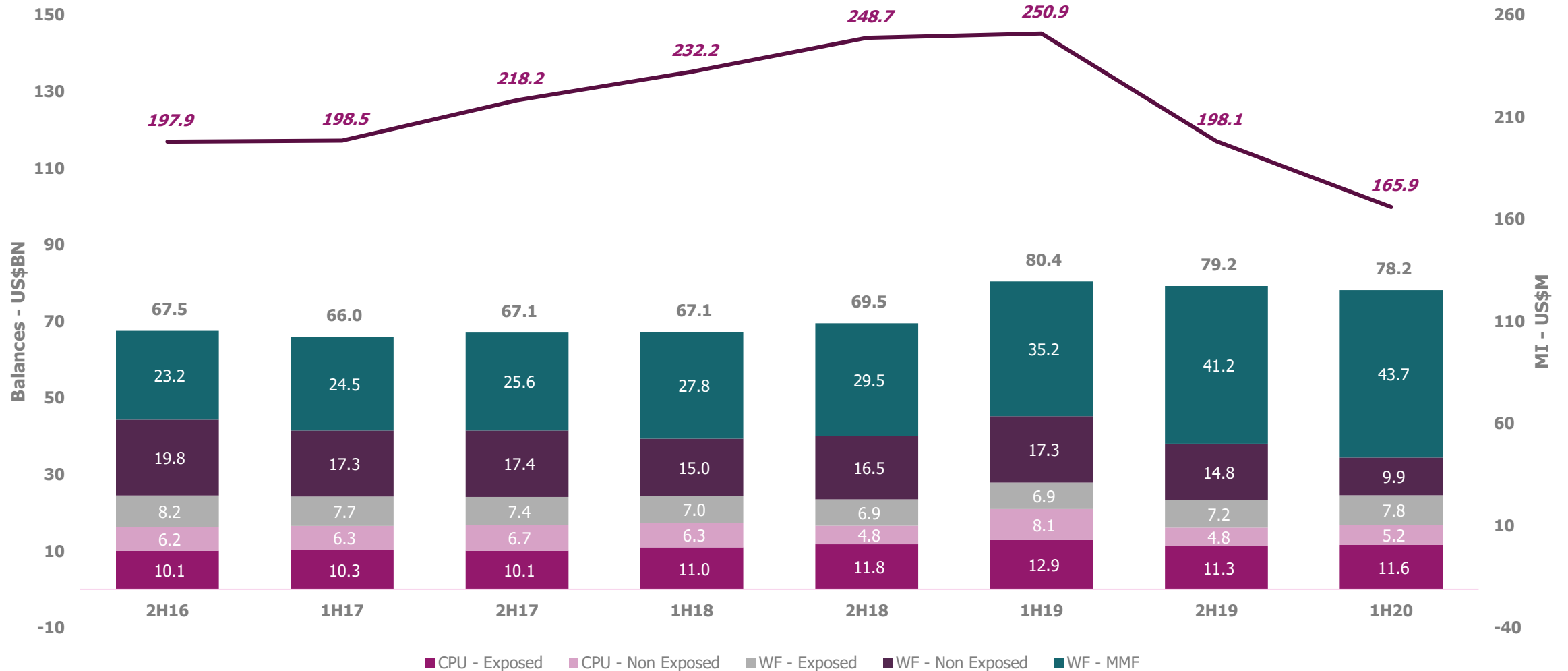
### Cost Synergies (US\$m)<sup>2</sup>



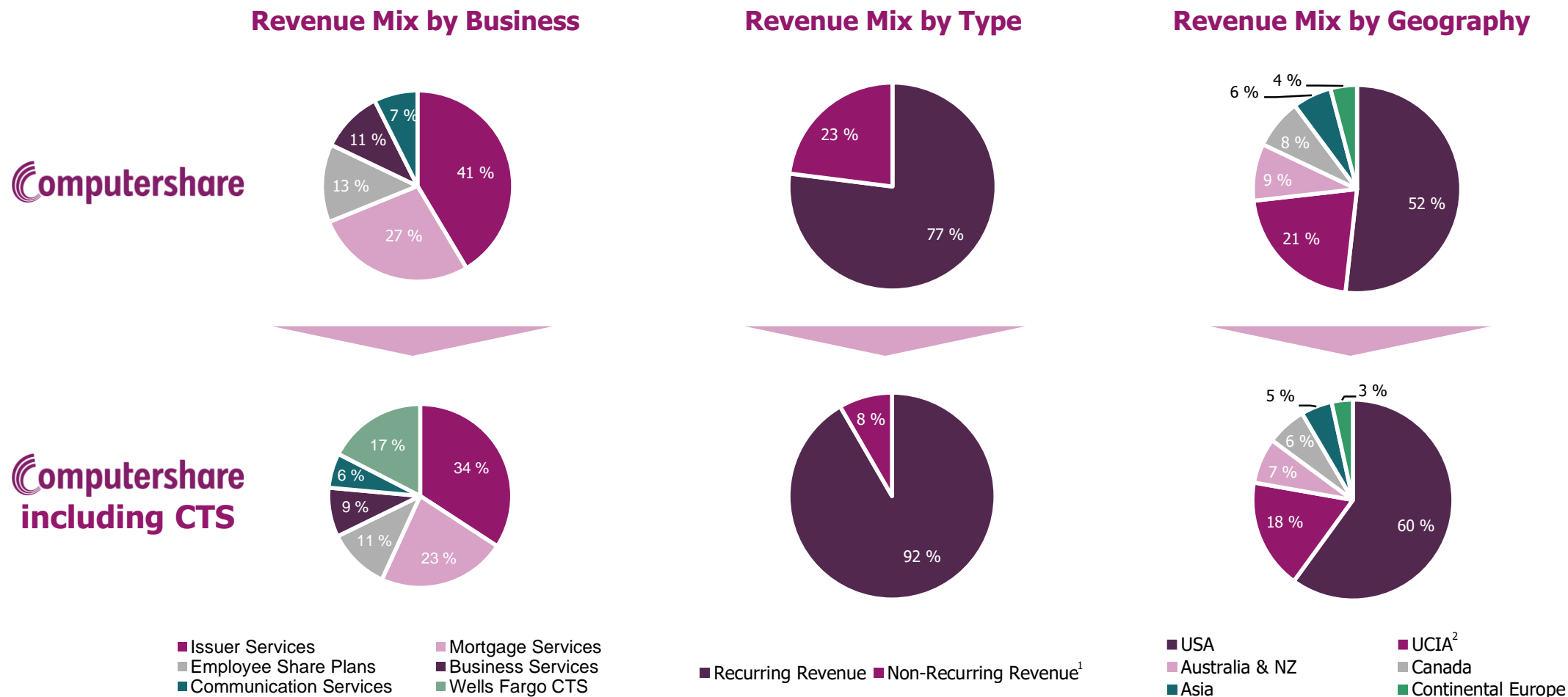
12 1. Funded from ongoing operating cashflow. 2. Realisation of cost synergies assumes transitional services appropriately delivered by vendor and within the time frame envisaged at time of announcement (24 months), and business is ready for full separation post TSA.

# Computershare & CTS - \$78 billion in combined cash balances

Increased leverage to rising rates



# Acquisition enhances the proportion of high quality revenue in Computershare's portfolio and leverage to long term growth trends



Source: Company filings. CTS management. LTM figures as at 30-Dec-20. Pie charts may not add up to 100% due to rounding. 1. Recurring revenue is a non-IFRS financial measure which may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures. See page 3 for further information. 2. United Kingdom, Channel Islands, Ireland and Africa.

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