

## MARKET ANNOUNCEMENT

<b>Date:</b>	6 May 2015
<b>To:</b>	Australian Securities Exchange
<b>Subject:</b>	<b>Macquarie Equity Conference - Sydney</b>

Attached is the presentation to be delivered at the Macquarie Equity Conference held in Sydney, Australia through 6-8<sup>th</sup> May 2015.

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**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)

MARKET ANNOUNCEMENT

# Computershare Limited

Mark Davis

Chief Financial Officer

# About Computershare

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- > Computershare is represented in all major financial markets and has over 15,000 employees worldwide.
- > Since floating in 1994, Computershare has grown over 100 fold, mostly by acquisition, along the value chain (from software to full service provision), laterally and geographically.

# Where we operate



# Latest Results

## Key Metrics – 1H15

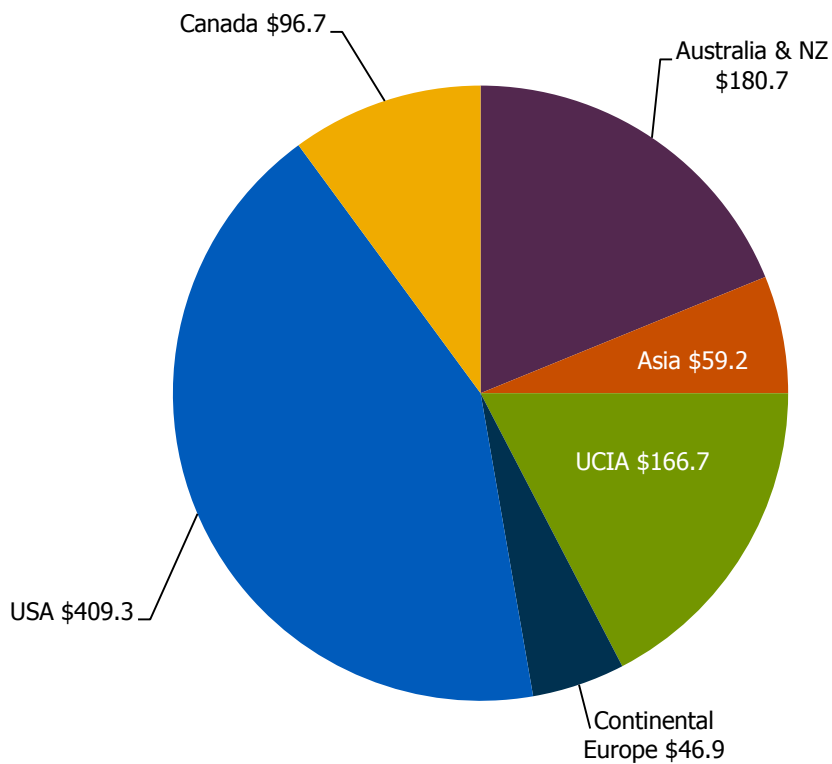
	1H15	vs 1H14	vs 2H14
Management earnings per share	28.88 cents	down 1.8%	down 6.3%
Operating revenues	\$959.5m	down 1.8%	down 8.2%
Operating costs	\$699.0m	down 1.4%	down 9.4%
Management EBITDA	\$259.3m	down 2.9%	down 5.2%
EBITDA margin	27.0%	down from 27.3%	up from 26.2%
Management net profit after OEI	\$160.6m	down 1.8%	down 6.3%
Cash flow from Operations	\$147.7m	down 23.0%	down 32.1%
Interim Dividend	AU 15 cents	up AU 1 cent	Flat
Dividend franking	20%	Flat	Flat

Note: all results are in USD except for dividend

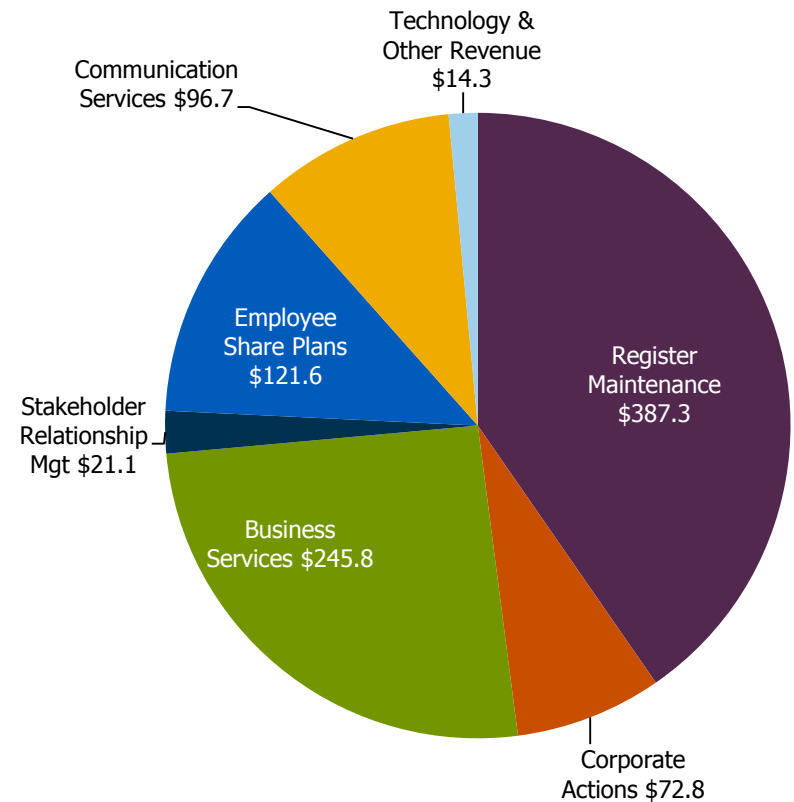
# 1H15 Revenue

## Regional and Segment analysis

### 1H15 Management Revenue by Geography

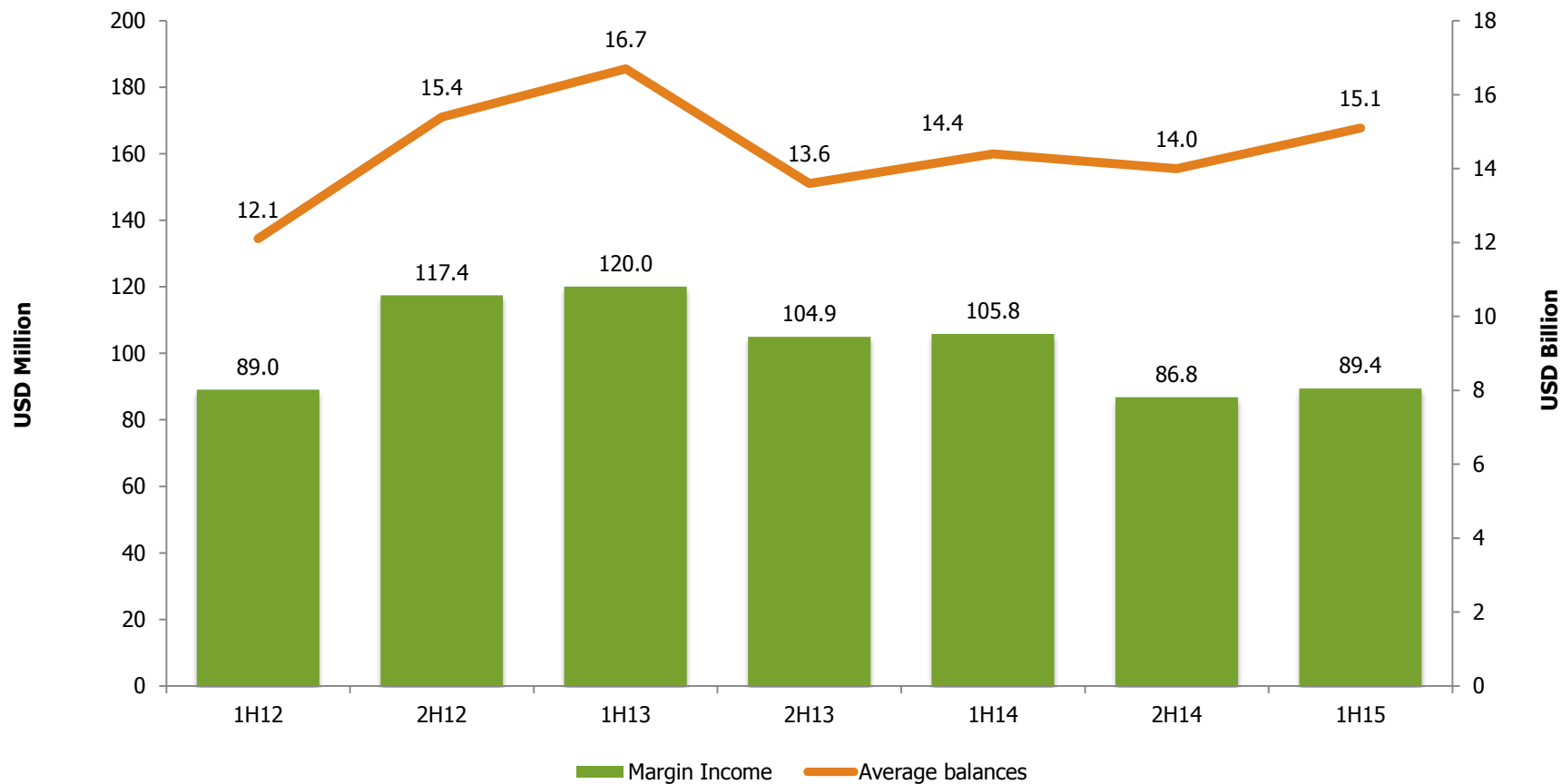


### 1H15 Management Revenue by Segment



Note: all amounts are in USD millions

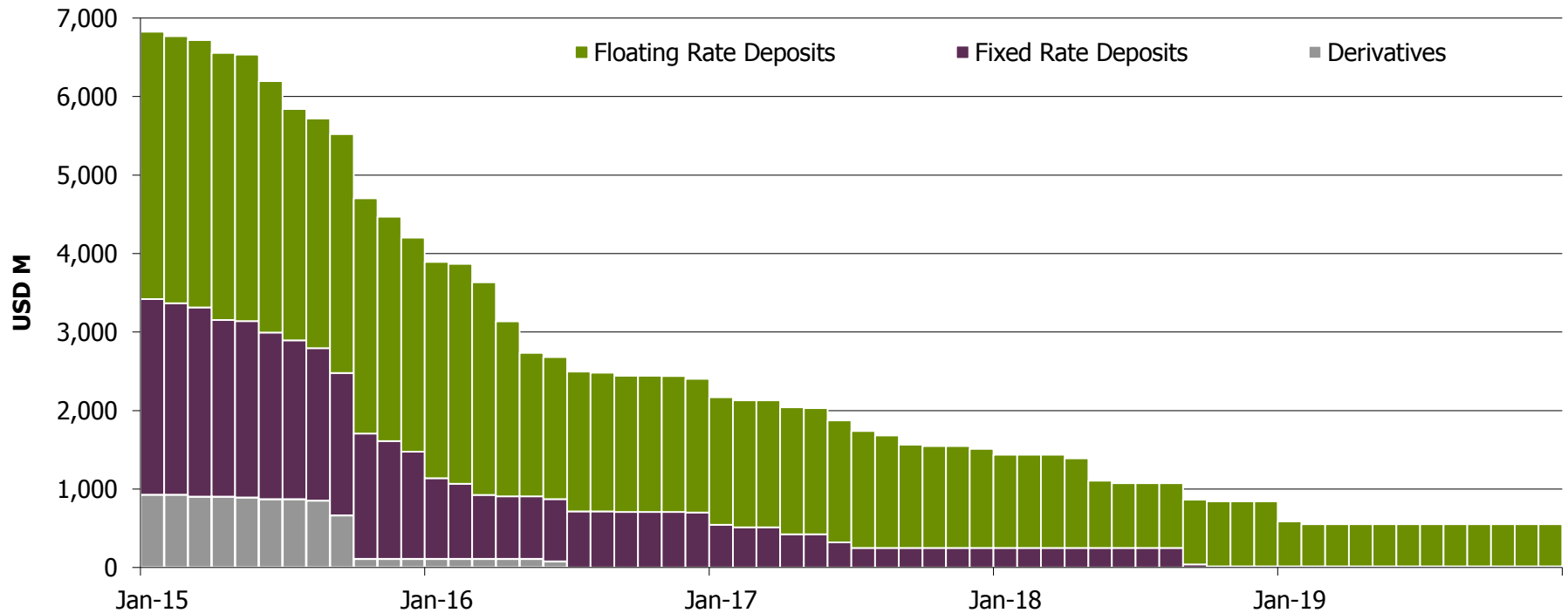
# Margin Income Analysis



Compression in yields on margin income book has been a significant headwind in recent reporting periods.

# Client Balances

Fixed and Floating Term Deposits at 31 Dec 2014  
Including Fixed Rate Derivatives



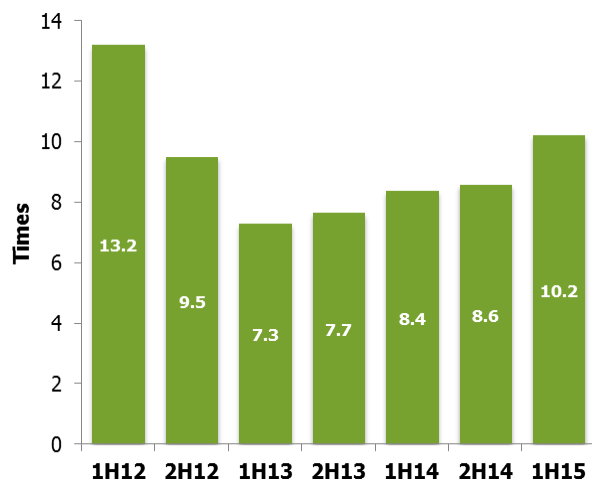
In the short term, margin income challenges are set to continue due to the combined effect of lower reinvestment returns on maturing deposits and some short term investment limitations in some parts of the book (eg. Deposit Protection Scheme balances).

This is expected to more than offset the anticipated near term rate increases priced into future implied yields in some markets.

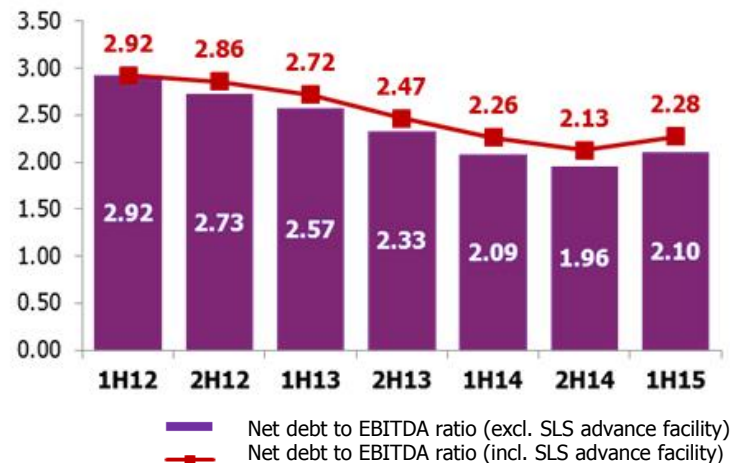


# Key Financial Ratios

### EBITDA Interest Coverage



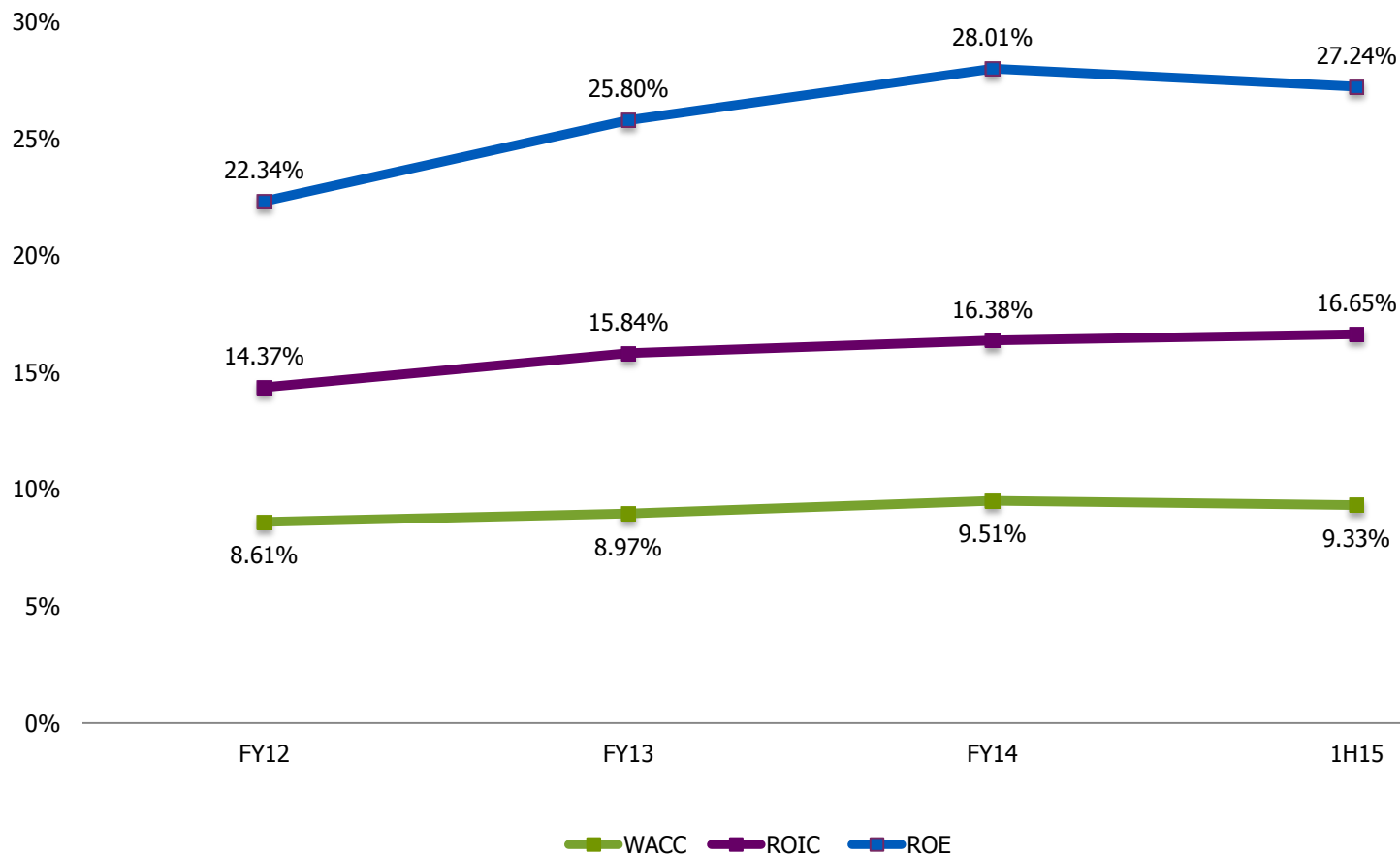
### Net Financial Indebtedness to EBITDA



## Balance Sheet

	Dec-14	Jun-14	Variance
	USD M	USD M	Dec-14 to Jun-14
Interest Bearing Liabilities	\$1,695.3	\$1,659.3	2.2%
Less Cash	(\$482.0)	(\$509.0)	(5.3%)
<b>Net Debt</b>	<b>\$1,213.3</b>	<b>\$1,150.2</b>	<b>5.5%</b>
Management EBITDA	\$532.9	\$540.6	(1.4%)
<b>Net Financial Indebtedness to EBITDA</b>	<b>2.28 times</b>	<b>2.13 times</b>	<b>Up 0.15 times</b>

# Return On Invested Capital vs. WACC and Return on Equity



ROIC = (Mgt EBITDA less Depreciation less Income Tax expense)/(Total Debt add Total Equity less Cash).

# Operating Environment

## Registry

- › In a world of now limited acquisition opportunities, cost and product innovation focus remain key.
  - On the cost side, the US premises rationalisation strategy presents the most material opportunity with April 2015 launch of new Louisville KY operations centre.
  - We are taking a measured approach to Louisville expansion. Optimally the larger it can be the better. This would include significant one off costs whilst the benefits are not expected until beyond FY17.
  - Increased focus and investment in product innovation an important global priority.
- › Recent acquisition of Olympia in Canada and R&T in the USA both met expectations and the Valiant (Canada) acquisition just closed.
- › Client satisfaction and retention is strong across the globe but price competition remains a feature of most markets.

## Corporate Actions

- › The overall environment of low interest rates, lower levels of retail participation, fewer secondary market capital raisings and the withdrawal of a range of larger announced M&A deals are combining to lead to persistently weak levels of corporate action revenues.
- › Some offsetting benefits through new product and pricing strategies.

# Operating Environment (cont.)

## Plans

- > While growth achieved in recent years did not materialise again in 1H15 due to a variety of factors, we remain optimistic about business opportunities globally, particularly in Europe and Asia.
- > With the significant integration requirements of recent European acquisitions now behind us, our focus has moved to investments required in service, product and systems to preserve and extend our market leading global offering.
- > Few anti-trust constraints to undertake acquisitions but contingent on desired assets becoming available at sensible prices.

## Stakeholder Relationship Management

- > New opportunities being driven by shareholder activism and cross selling out of registry book in Asia but decent stream of lucrative proxy fight mandates remain somewhat elusive.

# Operating Environment (cont.)

## Business Services

### > Mortgage Services (UCIA & USA)

- Acquired Specialized Loan Servicing in the USA in late 2011 and Homeloan Management Limited in November 2014 and remain optimistic about the market opportunity for both.
- SLS growth strategy:
  - > To acquire and subservice legacy MSR product both with and without capital partners (on balance sheet) with some on balance sheet transactions scheduled to close Q4FY15.
  - > Increasing our credibility and track record to service performing agency product.
  - > Establish long term special and performing servicing flow arrangements.
- HML growth strategy:
  - > Pursuing a range of opportunities to achieve synergies and operational efficiencies.
  - > New large scale opportunities coming to market (eg. UKAR).
  - > With strengthening UK mortgage market there are a range of opportunities with both new entrants and mortgage asset acquirers.
  - > Ongoing need for banks to reduce costs.

# Operating Environment (cont.)

## Business Services

- > Corporate Trust (Canada)
  - Business continues to perform strongly across the board but the recent interest rate decrease and slowing oil & gas royalty business expected to have further impact in FY16.
- > Deposit Protection Scheme (UCIA)
  - We have successfully delivered and developed the DPS over the last 10 years.
  - Strong ongoing business performance with growing private rental sector.
  - Contract under formal tender process in line with UK Government policy and some structural changes anticipated with new licences to run deposit schemes being offered.
- > Voucher Services (UCIA)
  - Government has appointed National Savings & Insurance to be sole administrator of new scheme which is expected to launch early 2016 and old scheme will move in to run off mode.

# Operating Environment (cont.)

## Business Services

- > Class Action & Bankruptcy Administration (USA)
  - Class actions administration business performing well with solid growth experienced over last two years providing a sound platform for the future.
  - Bankruptcy administration market activity well below historical levels but anticipated to increase when interest rates begin to rise.
  
- > Utility Services (ANZ)
  - Ongoing CEO strategic review.
  - Focus remains on right sizing business whilst retaining and expanding client base.
  - Some management changes implemented, transition underway.

# Operating Environment (cont.)

## Communication Services

- > Relatively larger Australian business continues to reposition away from traditional outbound mail services to inbound and outbound digital solutions.
- > Efficiencies and security that flow from our integrated offering remains a highly valued component across a number of business lines.
- > A range of new commercial opportunities particularly in the northern hemisphere businesses continue to be realised.

## Other

- > Foreign Exchange
  - USD has continually strengthened against key earnings currencies throughout FY15.
  - Assuming recent USD spot rates persist, FX will continue to be a drag on translated profits into our USD reporting currency in FY16.
- > Regulatory Overlay
  - Cost of risk and compliance continuing to rise in line with increasing regulatory complexity, most notably in UK and US, but ultimately this should help preserve and enhance competitive advantage.



# Group Strategy and Priorities

- › Our group strategy remains as it has been:
  - Continue to seek acquisition and other growth opportunities where we can add value and enhance returns for our shareholders.
  - Improve our front office skills to protect and drive revenue.
  - Continue to drive operations quality and efficiency through measurement, benchmarking and technology.
- › We continue to prioritise our focus on those areas that best assure our future by:
  - Protecting profitability in mature businesses via new revenue and cost initiatives.
  - Investing in growth initiatives for businesses that offer that potential.
  - Evaluating new business opportunities but with high investment hurdle thresholds.
  - In regards to our asset portfolio, we recently concluded our prioritised “asset clean up” initiative, we continue to robustly assess the performance, future opportunities and prospects of all operating assets.