

## Interim Results 2004 Presentation

26 February 2004



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## Market Overview and Financial Results

Tom Honan  
Chief Financial Officer

## Summary of Results

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- Net operating profit after tax (excluding outside equity interests) of \$42.4m, up 986%.
- Half year total revenues (excluding proceeds on sale of UK premises) of \$394.5m, up 13% or up 7% excluding recent acquisitions.
- Half year operating costs excluding the effect of recent acquisitions and excluding cost of sales was \$233.9, down 5%.
- EBITDA (excluding non recurring items) \$80.1m, up 47%
- Basic Earnings per Share 7.05 cents per share
- Interim Dividend payable of 3 cents (fully franked), 20% increase.

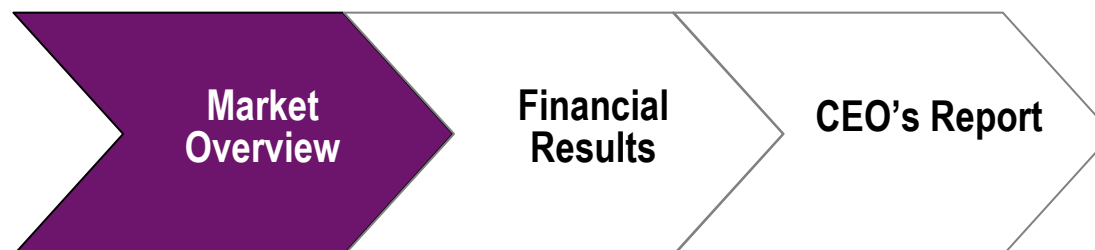
## Context of Results

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- 1H'04 EBITDA up significantly from last year.
- Revenues reflect improved market conditions (especially Asia Pacific) and the contribution from acquisitions.
- Operating costs reflect cost savings from restructuring and continued focus on cost control.
- Capital expenditure of \$7.2m (down 37%.)
- DSO 63 days, down 4 days from 30 June 2003.
- Increased 'non registry' revenues due to acquisition of Georgeson Shareholder Communications Inc.

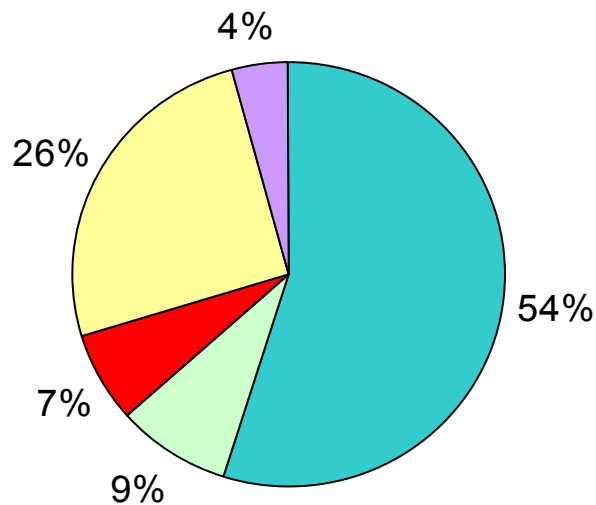
## This presentation is structured around the following framework

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# CPU Revenues are driven by multiple factors

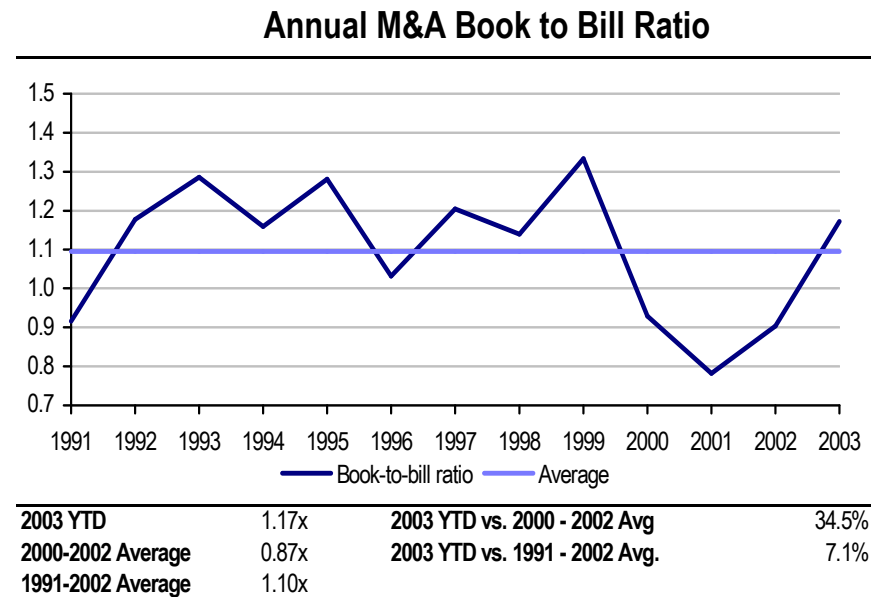
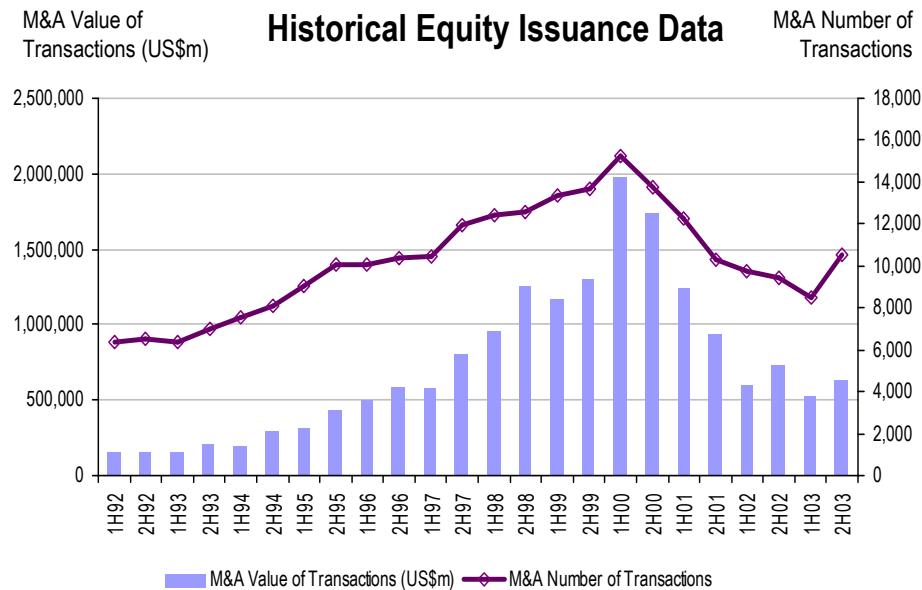
Revenue type



- Register Maint. & Recoveries
- Margin Income
- Other
- Corporate Actions
- Non Registry (incl GSC)

Revenue	Driver	Risk mitigation
<b>Register Maint &amp; Recoveries</b>	Growth in clients and holders	Retain existing clients, win market share
<b>Corporate Actions</b>	Market conditions, M&A activity	Win new business; link to key stakeholders, clients
<b>Margin Income</b>	Interest rates, hedging balances	Hedging, flow on effort from Maintenance & Corp Actions
<b>Non- Registry (includes Georgesons)</b>	Growth in non-registry businesses, clients & proxy solicitation	Increase proportion on non-registry businesses, win market share & new business

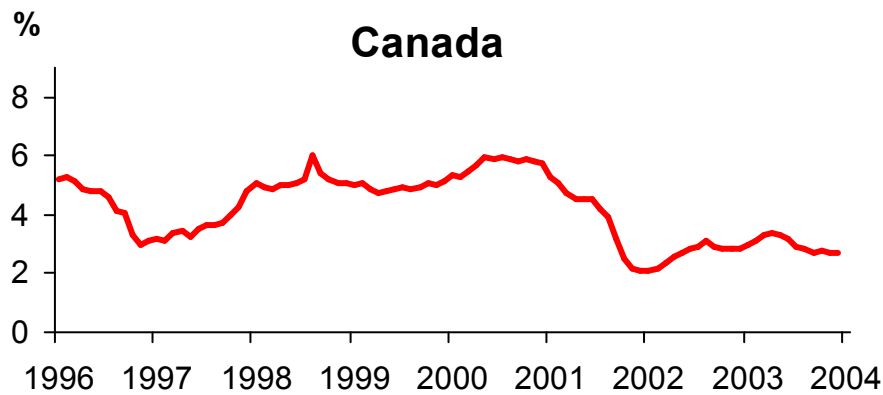
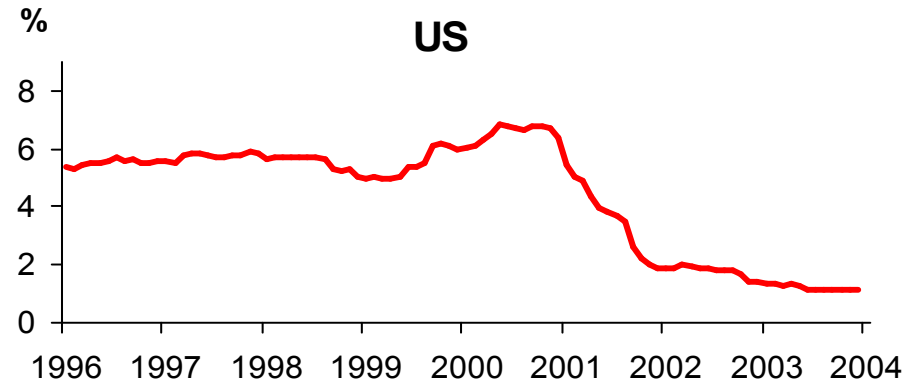
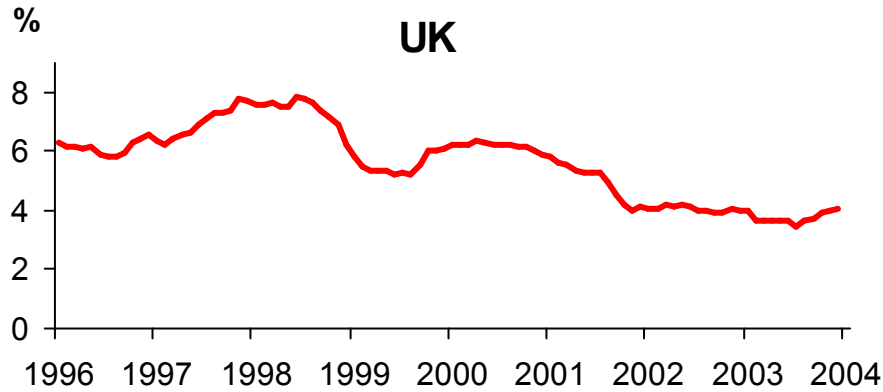
# Global Equities Market



Source: SDC Thomson Financial

- Positive for first time in four years.
- CPU impact mainly felt in Australia and Hong Kong.

# Global Interest Rate Market



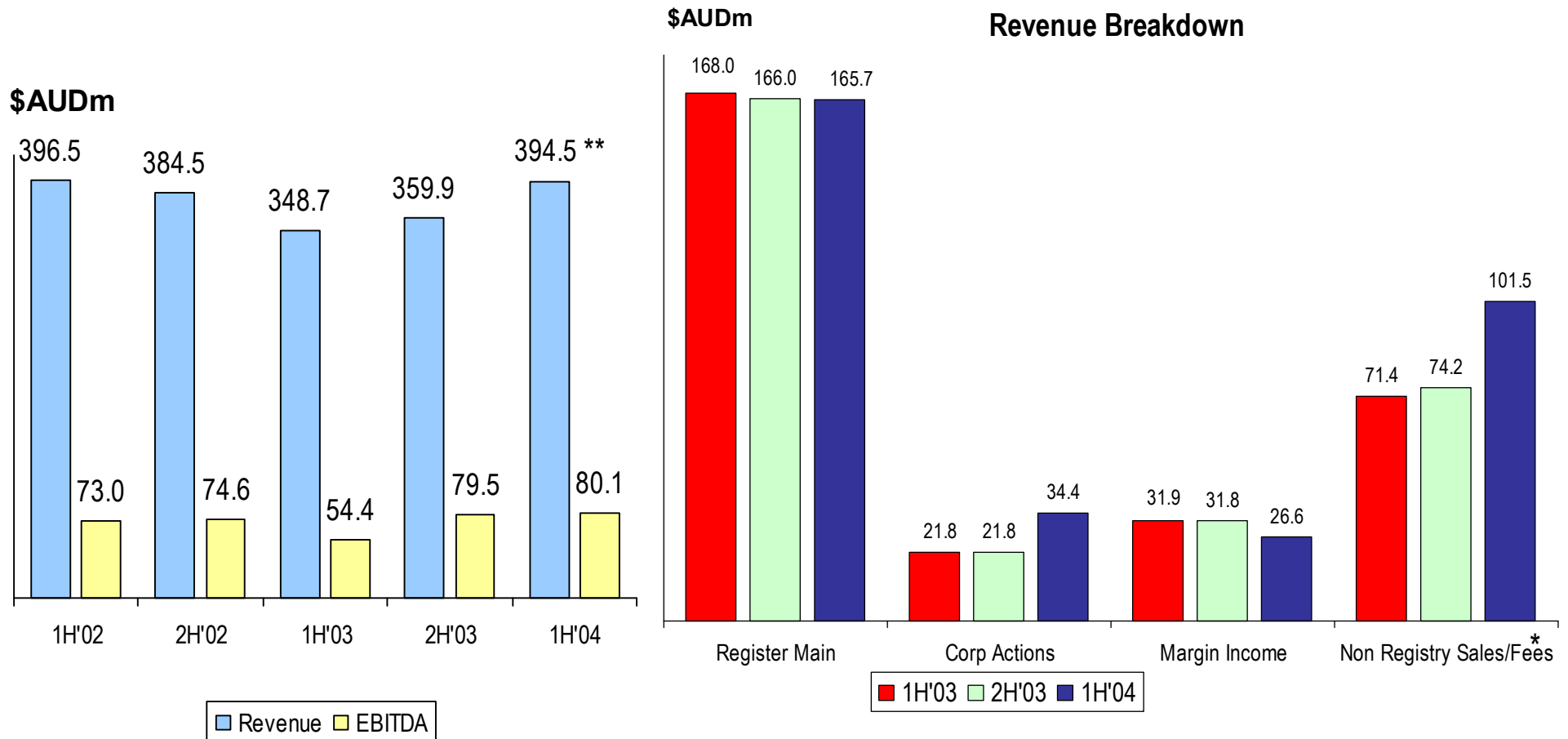




## Group Financial Performance – AUD \$m's

<b>Revenue</b>	<b>1H'04</b>	<b>1H'03</b>	<b>%Difference</b>
Registry maintenance	165.7	168.0	(1%)
Corporate actions	34.4	21.8	58%
Margin income (including sharesave admin)	26.6	31.9	(17%)
Non Registry fees/sales	101.5	71.4	42%
Recoveries	50.0	49.3	1%
Interest income	1.7	1.8	(6%)
Other	14.6	4.5	224%
<b>Total Revenue</b>	<b>394.5</b>	<b>348.7</b>	<b>13%</b>
Operating costs	312.9	293.8	(7%)
Share of losses of associates	1.5	0.5	(200%)
<b>EBITDA</b>	<b>80.1</b>	<b>54.4</b>	<b>47%</b>
Depreciation and amortisation	14.5	15.4	6%
Amortisation of goodwill	13.5	16.2	17%
Borrowing costs	3.8	3.8	0%
Other	0.0	(2.0)	NA
Non-recurring items	(5.7)	7.1	NA
<b>Pre tax Profit</b>	<b>54.0</b>	<b>13.9</b>	<b>289%</b>
Income tax	11.2	9.0	24%
NPAT before OEI	42.8	4.8	792%
NPAT after OEI	42.4	3.9	986%

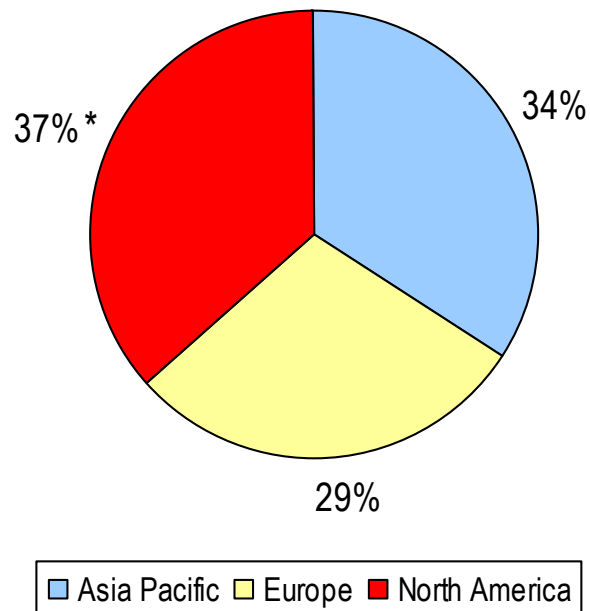
# Half Year Comparisons



\* Non registry sales/fees includes income from Georgesons    \*\* Excludes proceeds on the sale of Pavilions

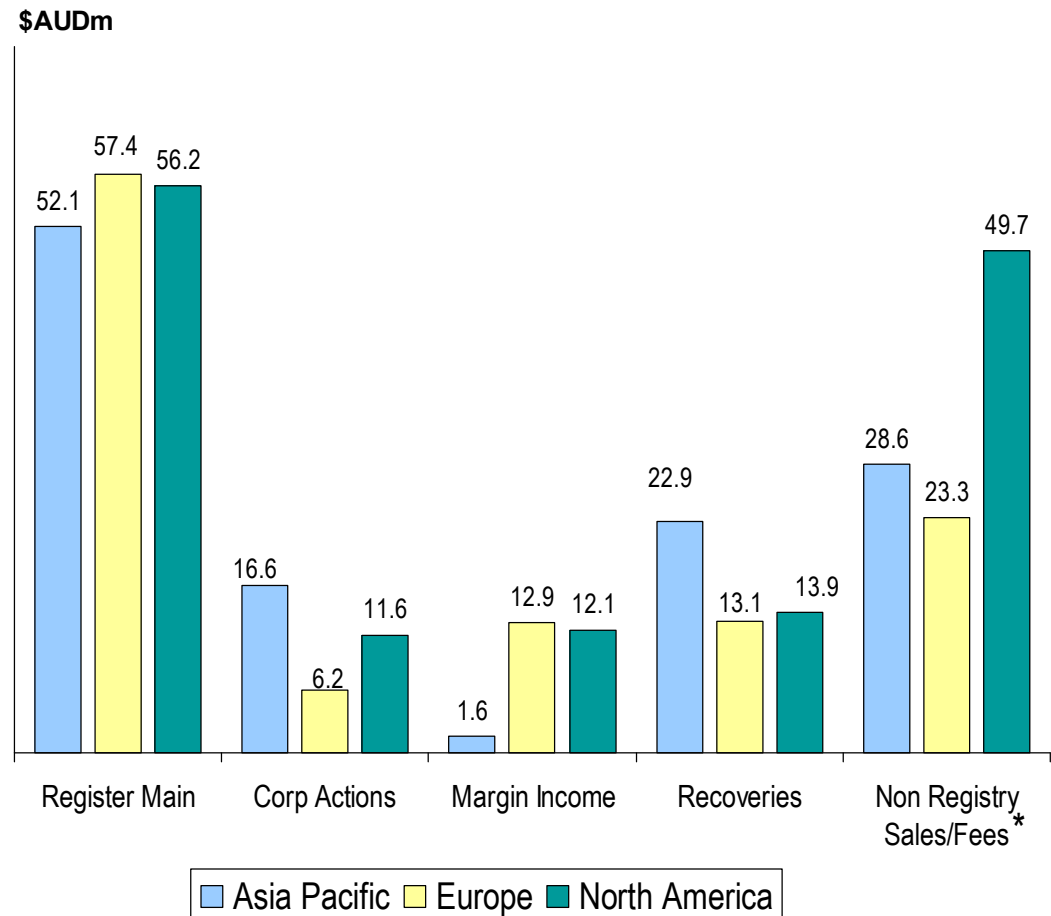
# Revenue Analysis

## Total Revenue



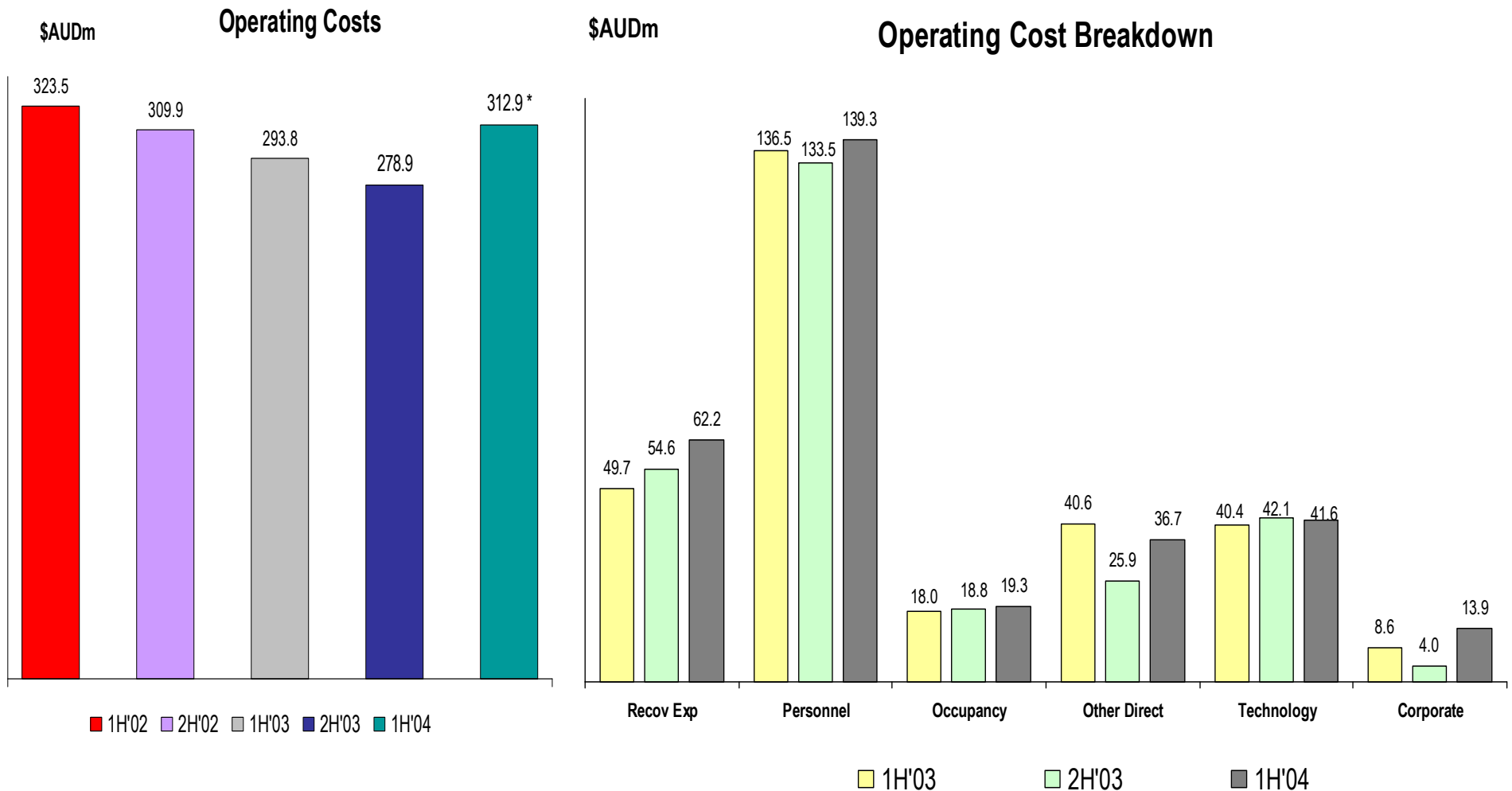
\*includes revenues from Georgesons.

## Revenue Breakdown



\*Non registry sales/fees includes revenues from Georgesons.

# Cost Analysis

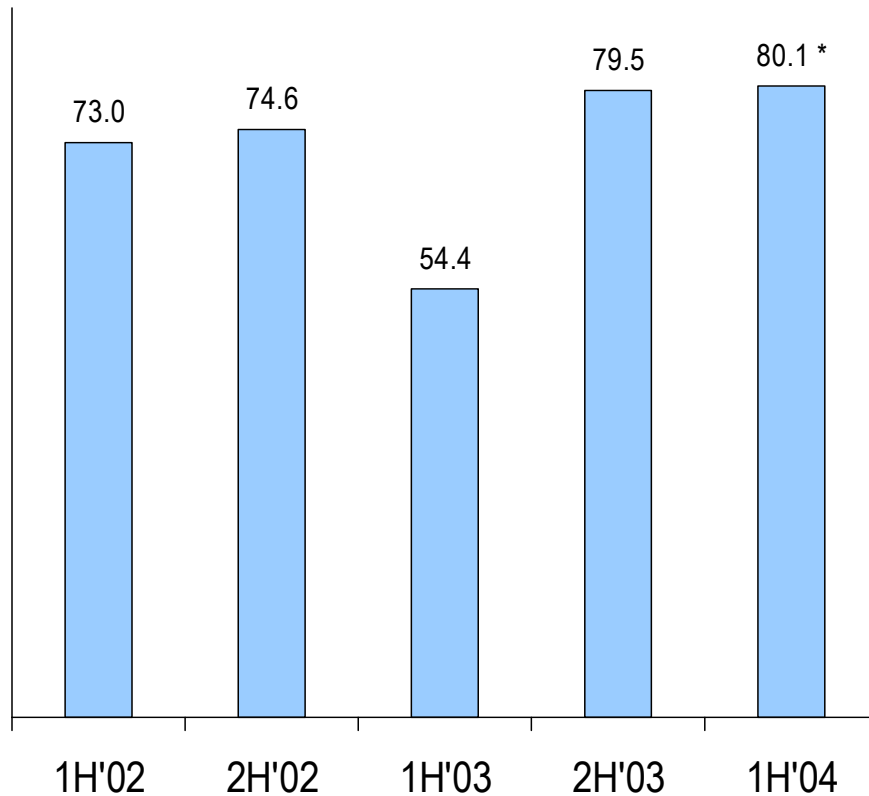


\* Includes Georgeson costs. Excludes book value of Pavilions

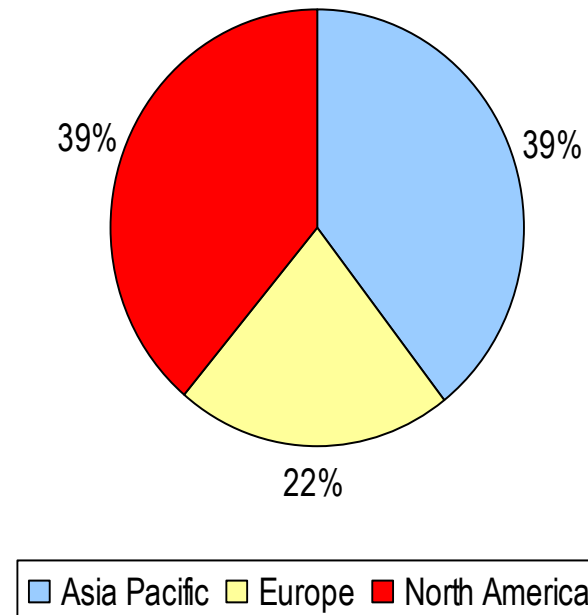
# EBITDA generated from diversified portfolio

\$AUDm

Total EBITDA



EBITDA Breakdown  
FY 2003

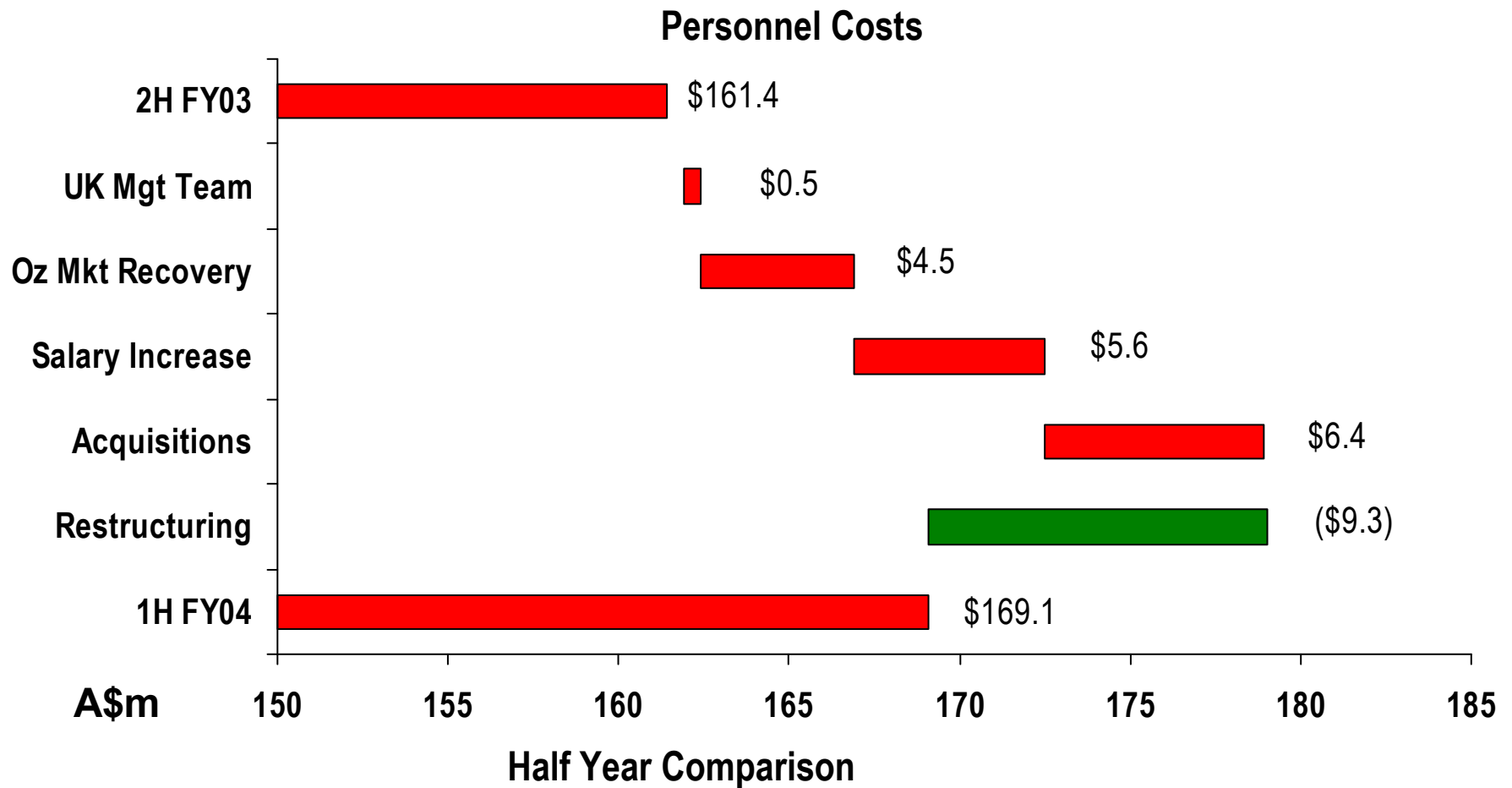


\* Excludes non recurring items

## Progress on cost savings

	<b>Expected Annualised Savings</b>	<b>1H'04 Realised Savings</b>	<b>2H'04 Expected Savings</b>	<b>Savings Excess/ (Shortfall)</b>
Personnel	21.2	9.3	9.0	(2.9)
Property	0.3	0.1	0.4	0.2
Other	1.2	0.0	1.9	0.7
<b>Total</b>	<b>22.7</b>	<b>9.4</b>	<b>11.3</b>	<b>(2.0)</b>

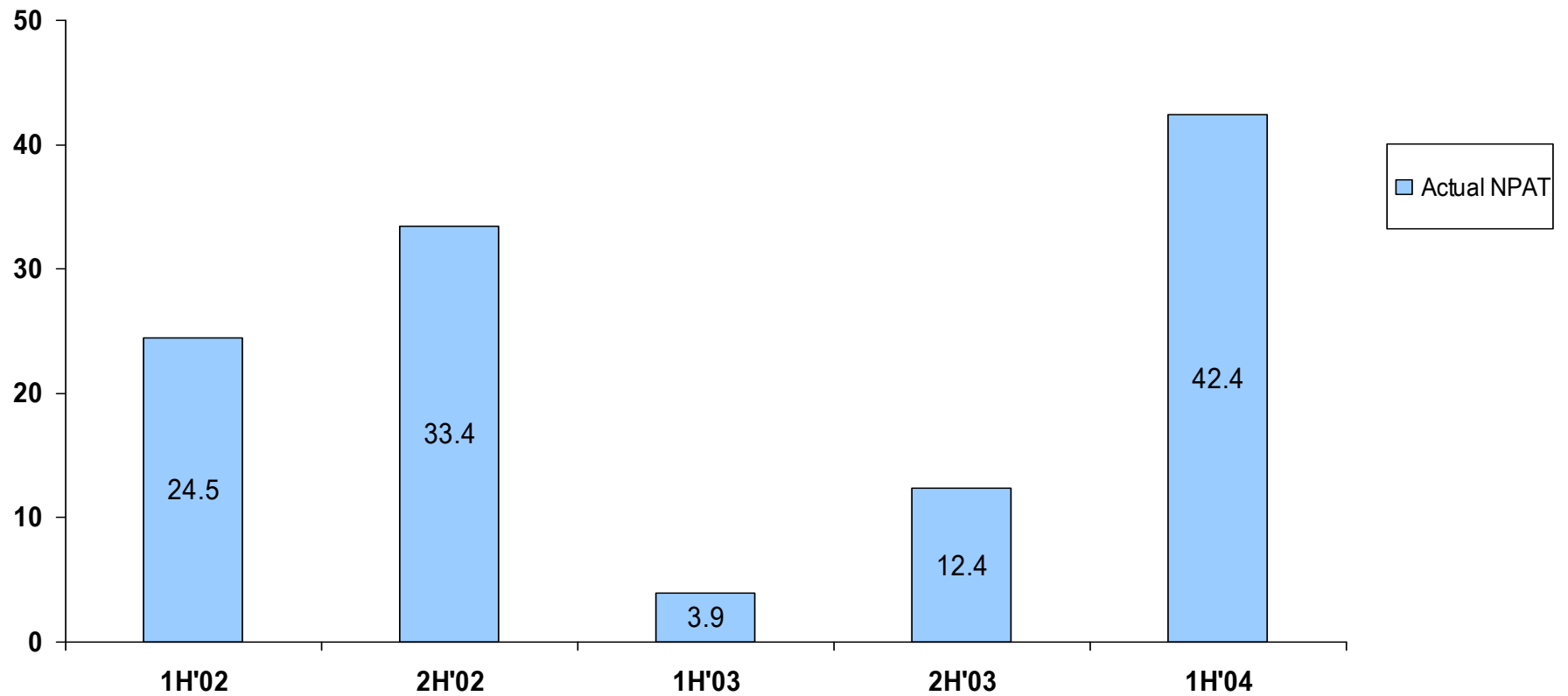
# Personnel Cost Control





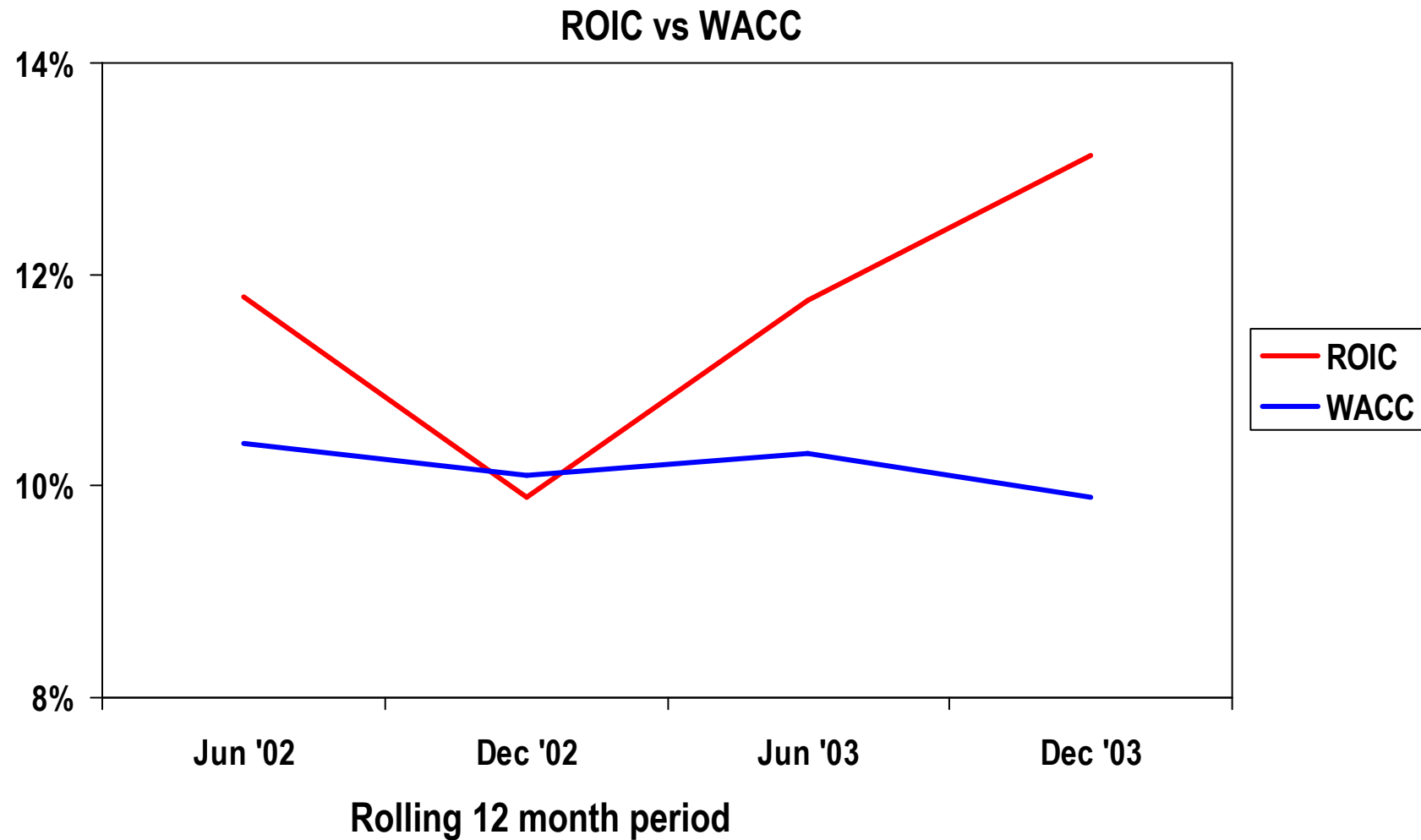
# Analysis of NPAT

\$AUDm



Note: Normalised NPAT for 1H'03 = 13.2, 2H'03 = 32.7

## Returns Improving, Cost of Capital Declining



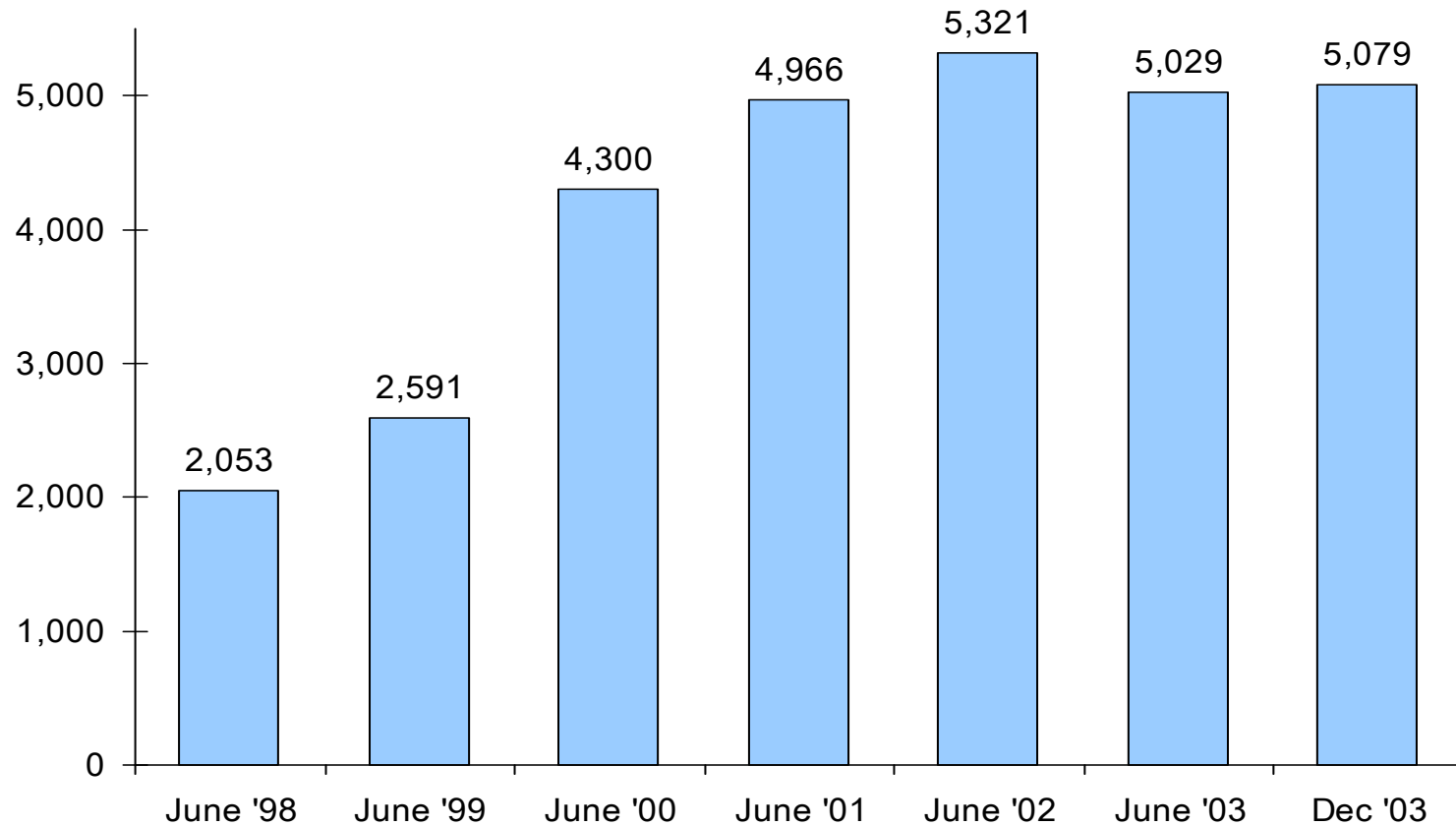
## Effective Tax Rate

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- Headline effective tax rate 1H'04: 20.8% (1H'03: 65.2%)
- Normalised headline effective tax rate 1H'04: 31.7% (1H'03: 30.3%)
- The underlying effective tax rate being the tax rate adjusted for one off, non-recurring items and non-deductible goodwill charges for the 1H'04 is 27.7% (1H'03: 10.6%)

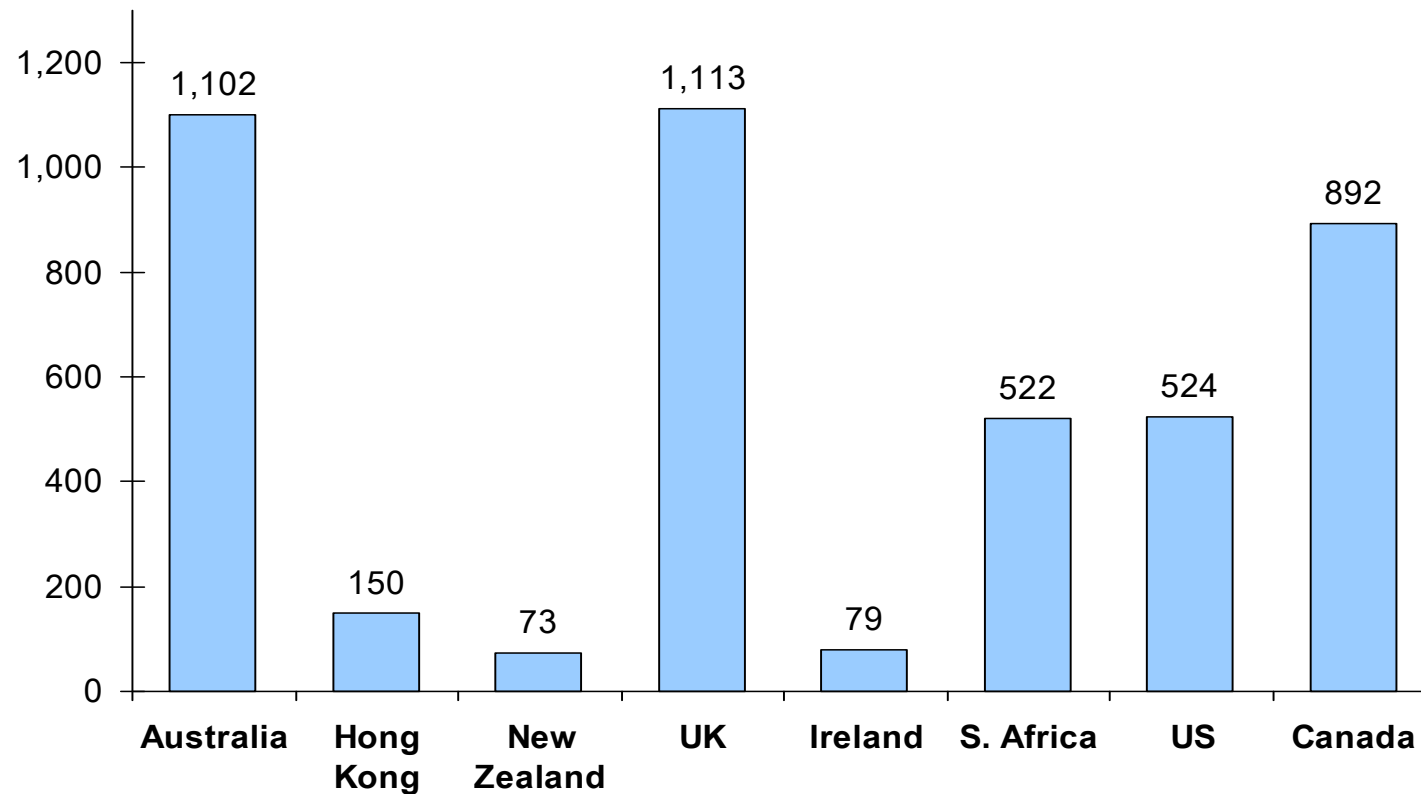
## Headcount (excluding Georgeson)

### Total FTE's



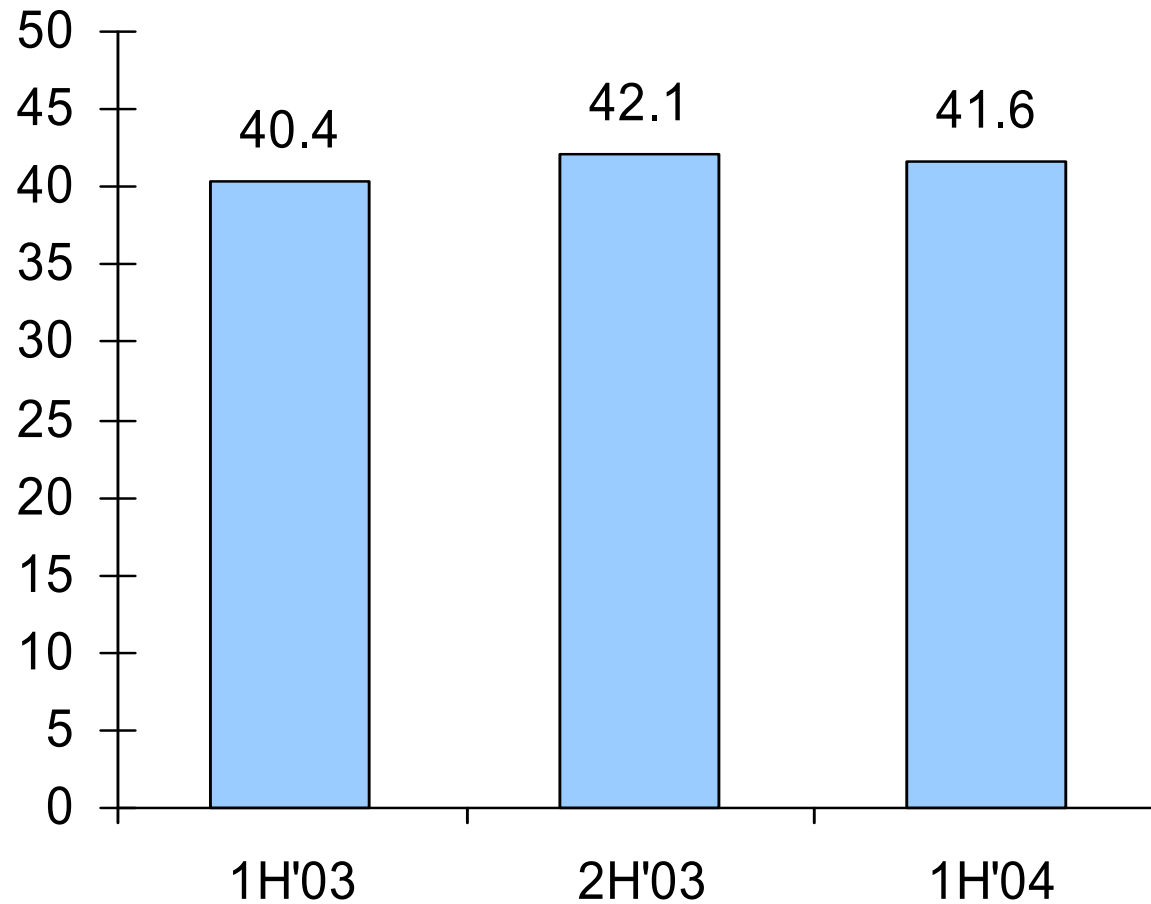
# Headcount\*

## Geographic Breakdown



\* Headcount excludes Technology, Corporate Services and Georgesons.

## Technology Costs – Establishing Global Platform



➤ All AUD \$m – internal cash costs only

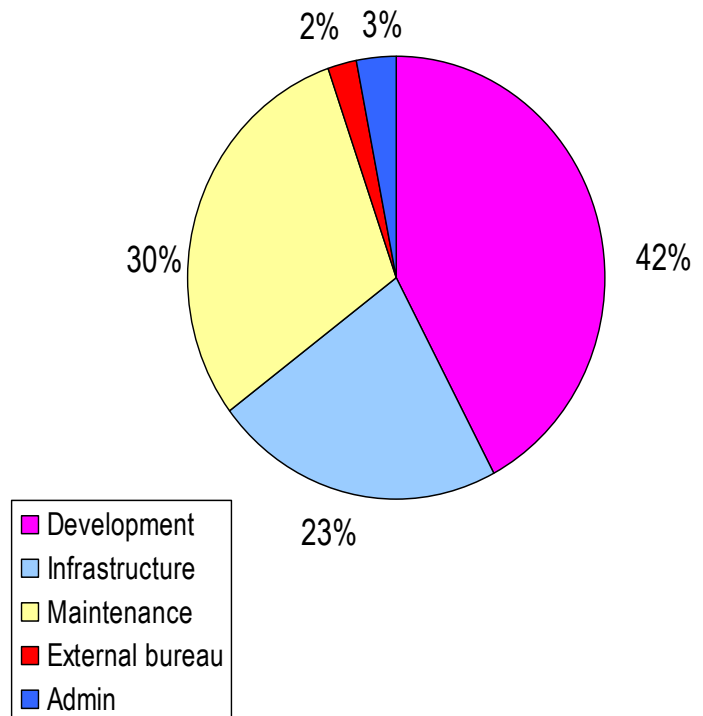
➤ All technology costs are expensed

Major events:

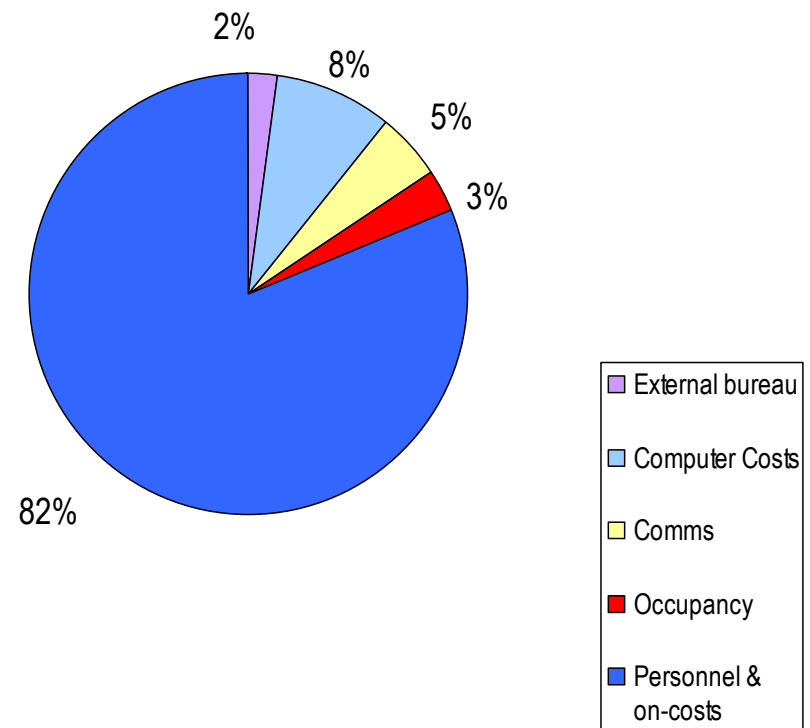
➤ Acquisition of EFA assets February 2003

# Analysis of Technology Costs

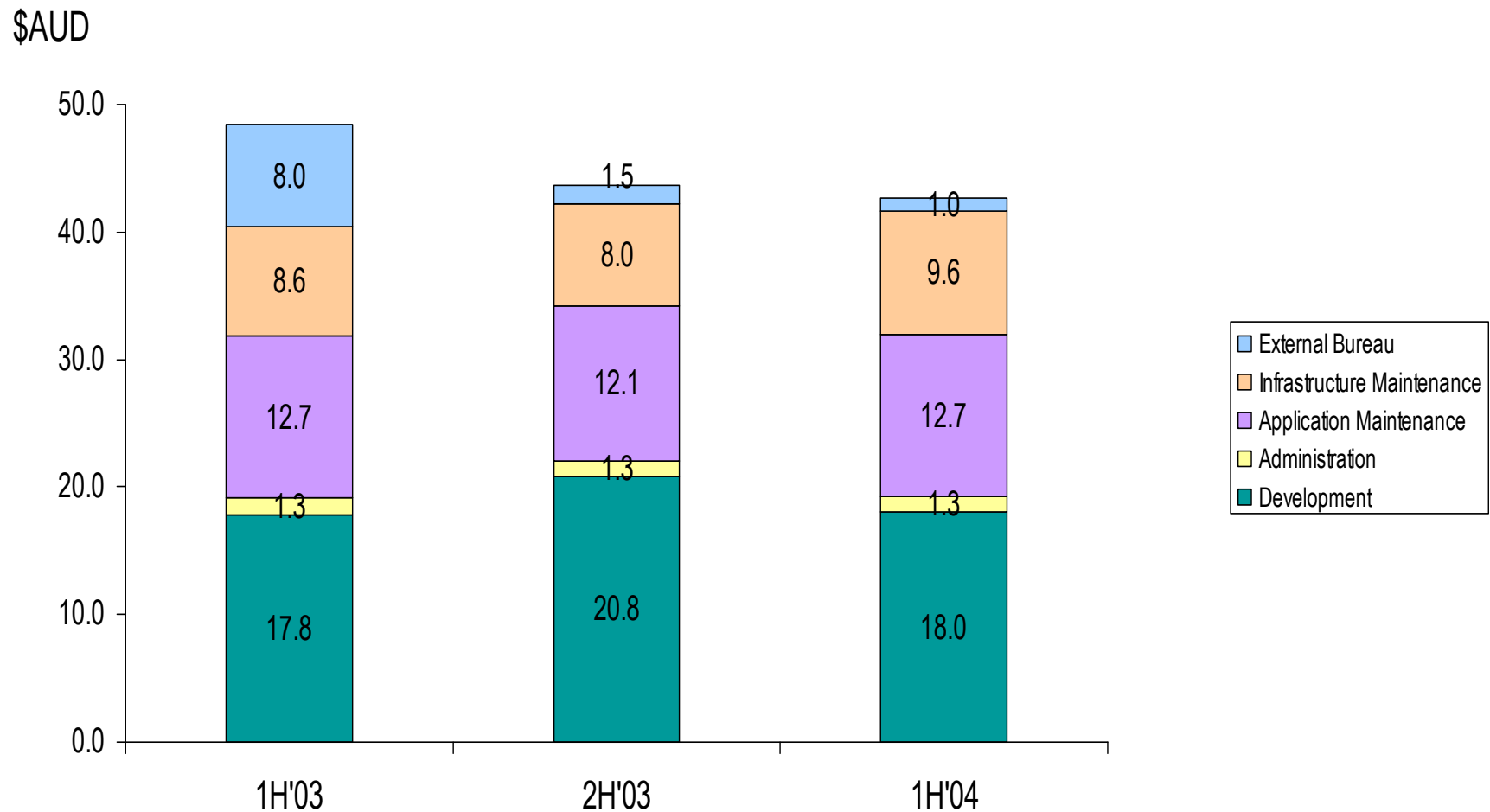
Category



Cost Type



# Analysis of Technology Costs



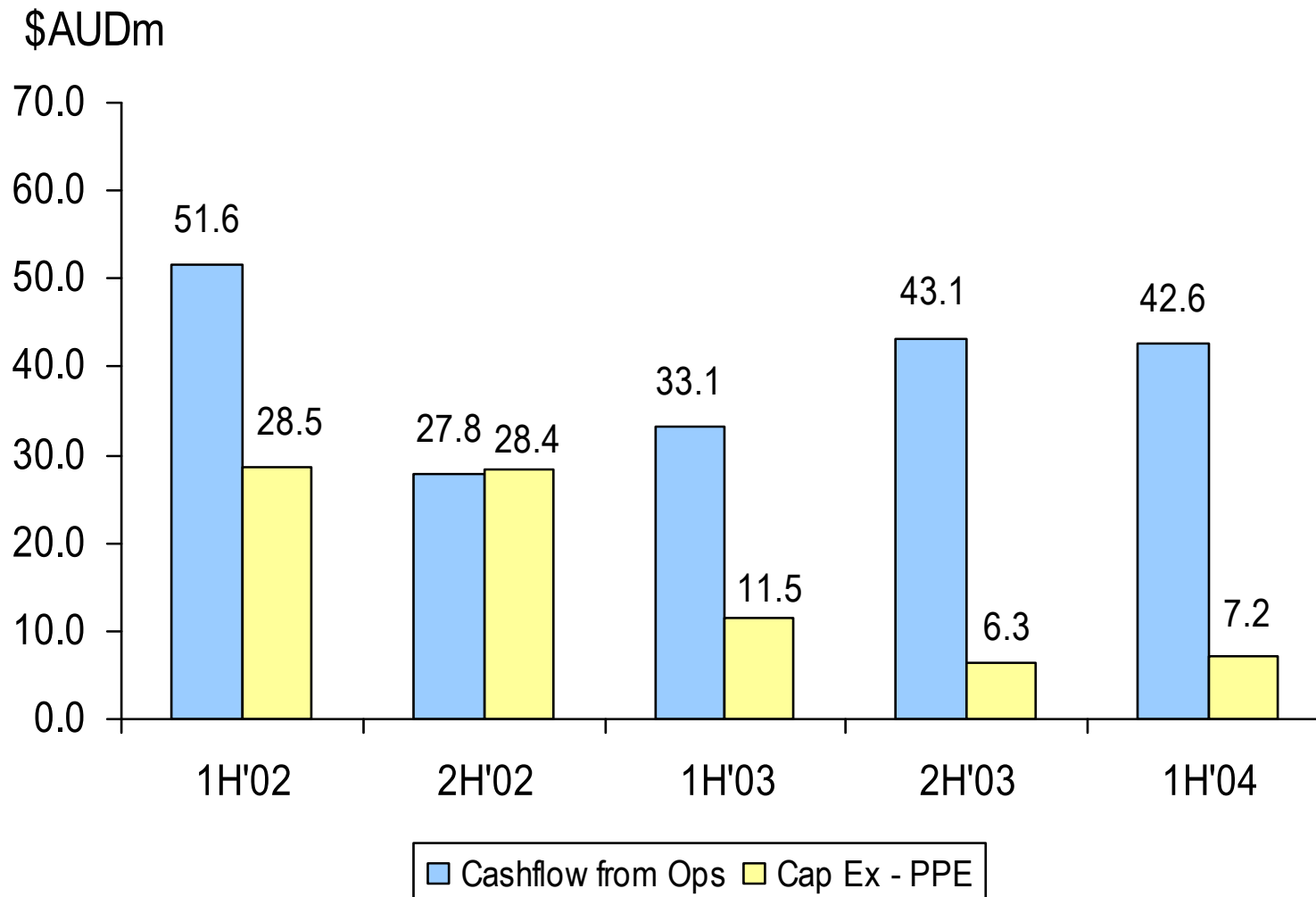


## Balance Sheet Strength

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- Net Debt / Equity = 25.7%
- Net Debt = AUD \$157.9m
- Committed Debt facility = AUD \$360m
- Net Debt / Equity has increased as a result of business acquisitions.

# Cash Flow



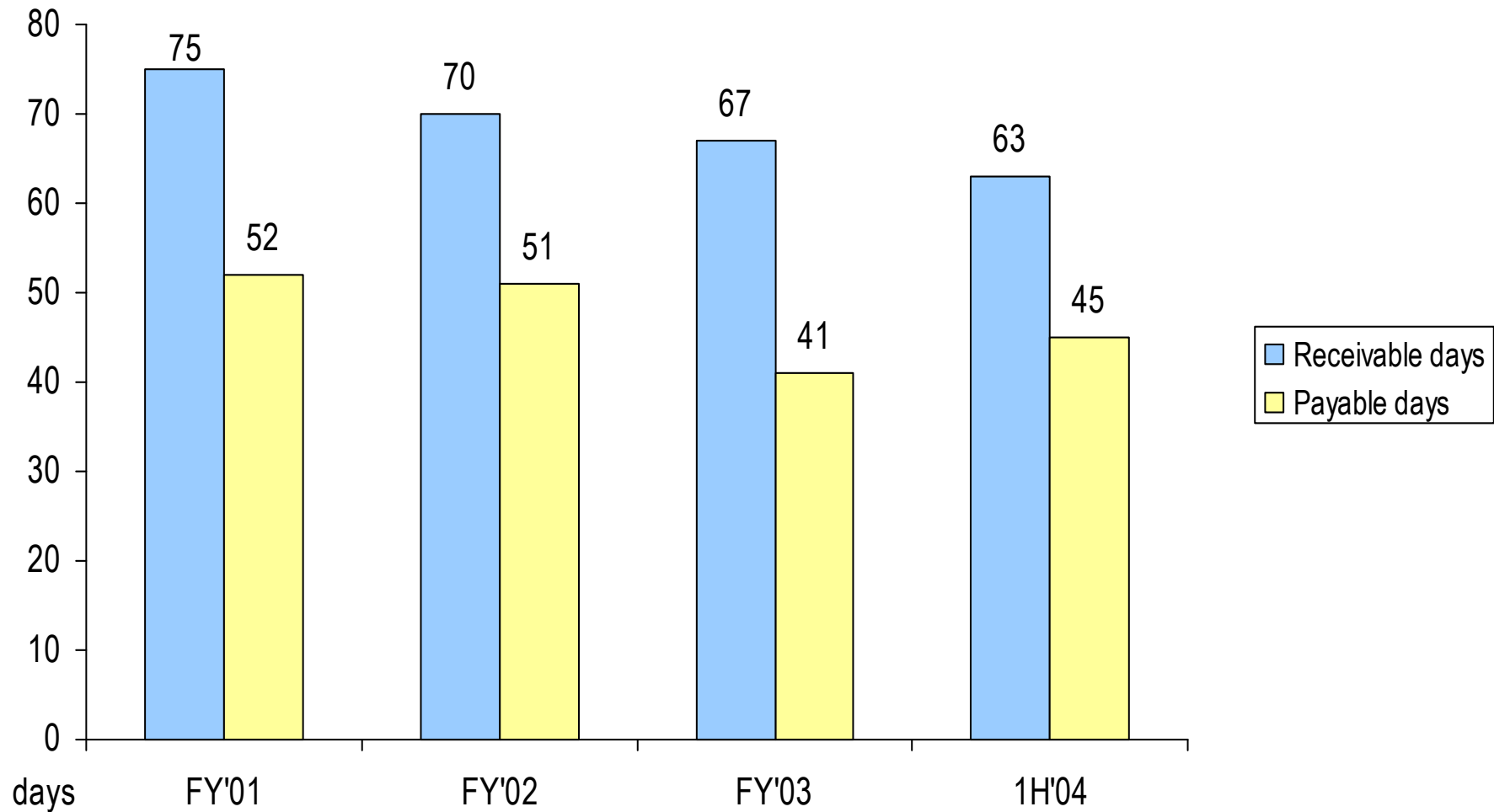
- Gearing on a net debt to equity basis – 25.7%
- Committed debt facility - A\$360m
- Debtors days outstanding have fallen from 67 to 63 days

## Capital Expenditure down 37% on 1H'03

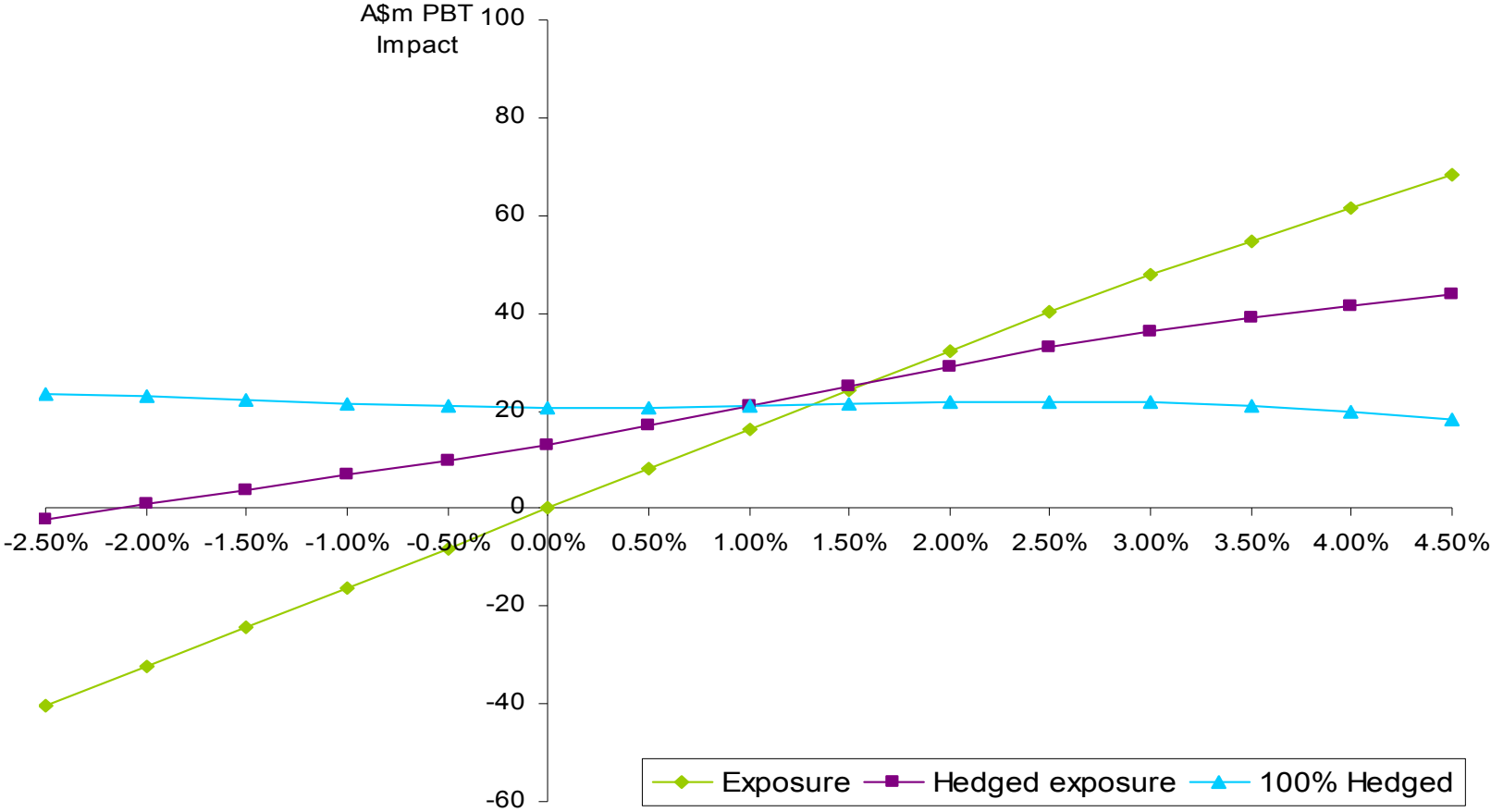
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	<b>CPU Group Capex</b> <b>AUD \$m</b>
Occupancy	0.4
Document Services Facilities	0.7
Information Technology	5.9
Other	0.2
<b>TOTAL</b>	<b>7.2</b>

## Working Capital Management Improving



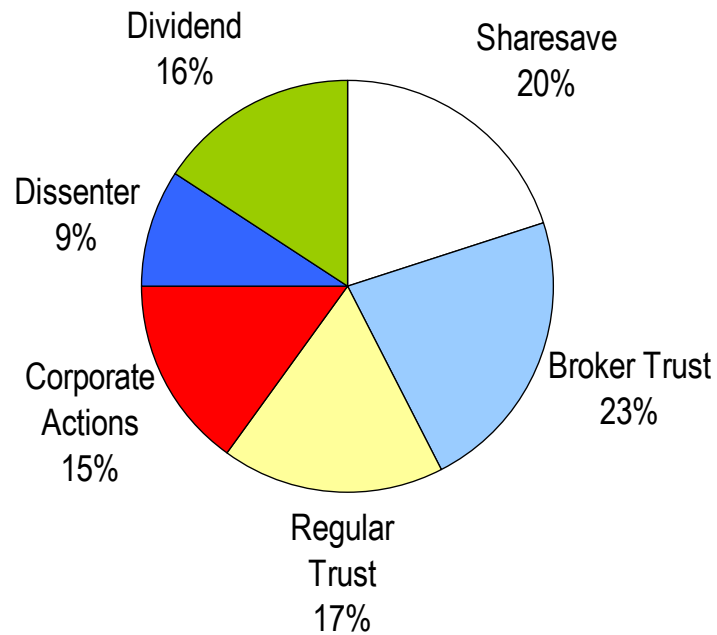
# Interest Rate Sensitivity



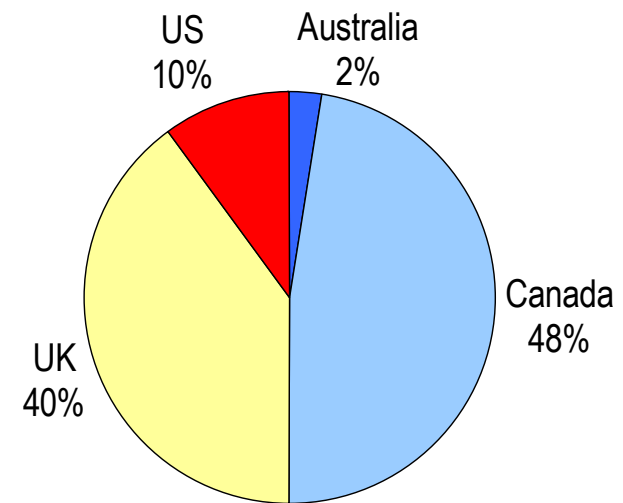
# Risk Management – Average Funds Balances for six months ending 31 December 2003



**By Category**

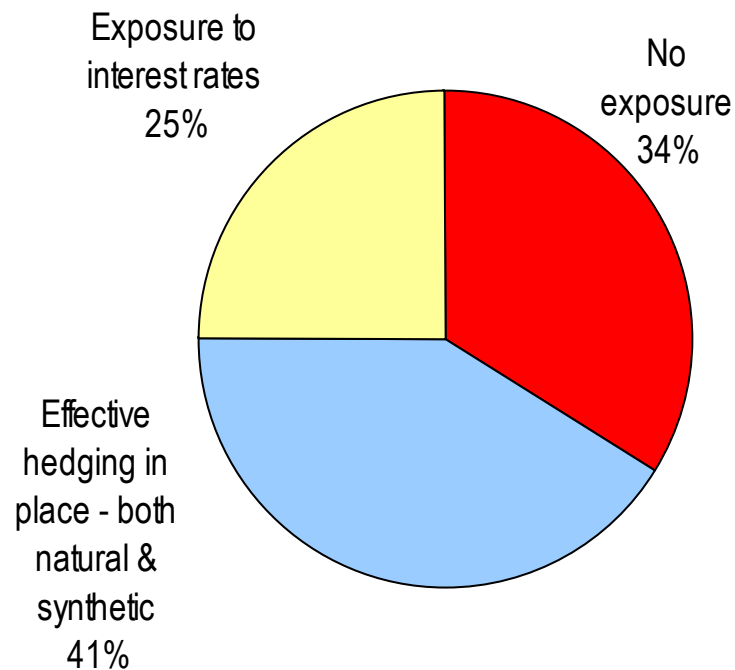


**By Country**



Balance range A\$2.7b to A\$5.3b  
Average fund balance A\$2.9b

# Risk Management – Interest Rate Sensitivity



## Interest Rate Hedging

**Strategy:** - Minimise downside risk in current low interest rate environment

- Policy:**
- Minimum hedge of 25% / Maximum hedge of 75%
  - Minimum term 1 year / Maximum term 5 years
  - Current hedging: 41%

## Equity Management – Fully Franked Interim Dividend of 3cps

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- EPS – Basic 7.05 cents
- EPS – Normalised Basic 6.00 cents
- Dividend 6 cents per year (fully franked)
- Current yield \* 1.71%
- Franking Benefit – Total return 2.4%

\* Based on share price of AUD \$3.50



## Equity Management – Share Buy Back: Reset Preference Shares

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- Announced 19<sup>th</sup> December 2003.
- Buy back a maximum of 17% (250,000 preference shares).
- Commenced 5th January 2004
- Acquired 145,528 preference shares (9.7% of total issued)
- Average price AUD \$103.63
- Scheduled to complete 5<sup>th</sup> July 2004

## Financial Summary

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- Improved EBITDA reflecting:
  - Market conditions especially in Australia and Hong Kong.
  - Benefits of restructuring.
  - Contribution from acquisitions.
- Corporate activity increased.
- Market activity level still low in North America and Europe.
- Cost savings realised.
- Margin income still declining due to rate pressure.
- Capex down 37% on last year.
- Improved working capital.
- 20% increase to dividend.



## CEO's Report

For The Six Months to 31 December 2003

Chris Morris  
Chief Executive Officer

## What has turned the business around?

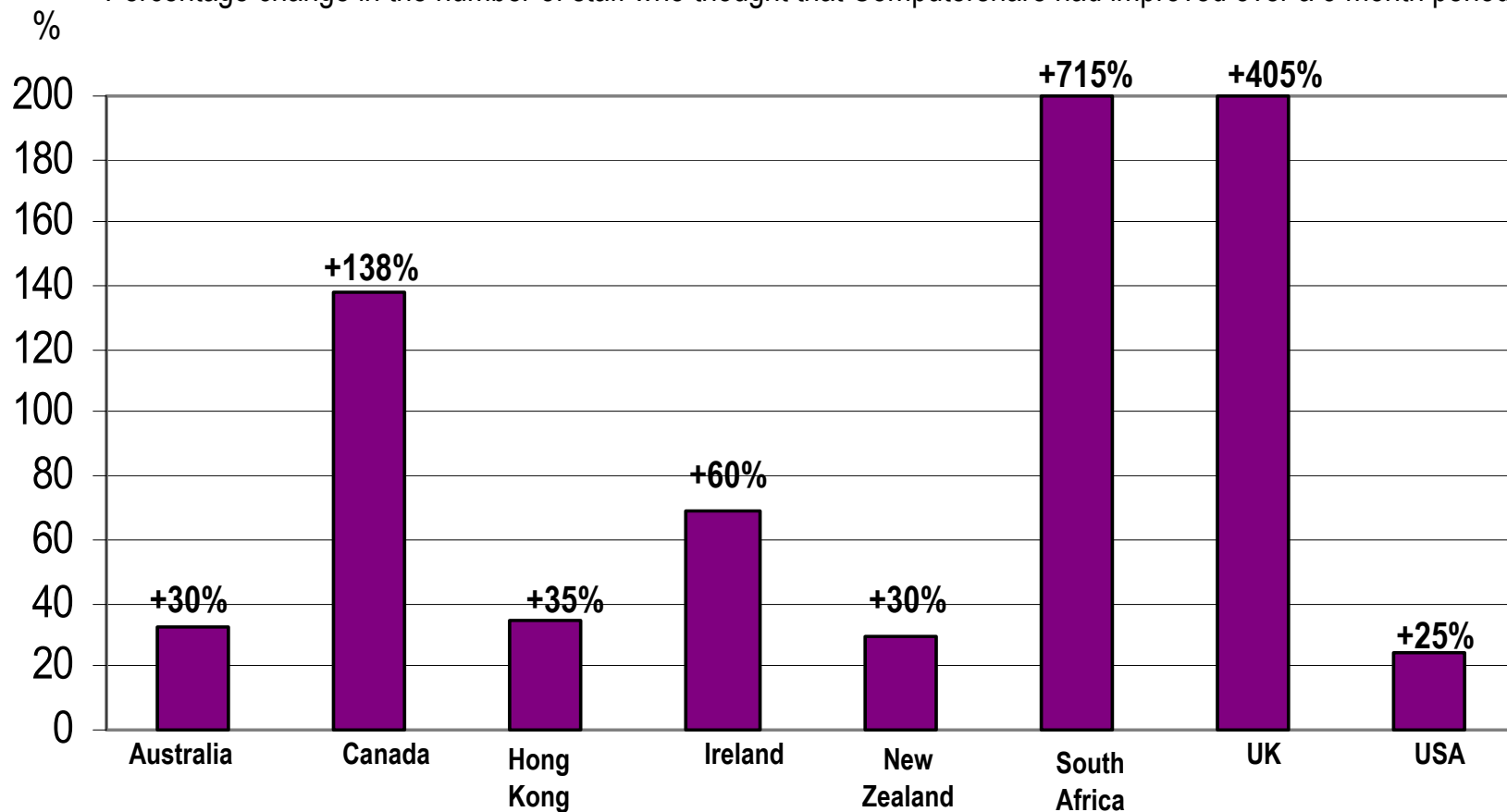
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- Improved market conditions.
- Significant improvement in financial reporting so we know where our costs are.
- Ongoing focus on cost control.
- New Time Zone structure and focus on P&L at all levels.
- Changes to management.
- Our core technology systems in all locations.
- The most significant factor is.....

# Our People

## Global comparison of results from Aug to Nov 03 survey

Percentage change in the number of staff who thought that Computershare had improved over a 3 month period



## Regional Reports - EMEA

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- General market conditions remain flat.
- Significantly growing ancillary businesses in the UK including:
  - Small Shareholder Programs.
  - Tracing unclaimed beneficiaries.
  - Dealing Services.
- Creating new business opportunities in the UK.
  - NHS Foundation Trust Hospitals (Government preferred supplier status).
- South Africa significant turnaround from FY'03 loss of \$6 million to 1H'03 profit of \$1 million and expected to be even better in 2H'04.
- Moving to increase market share in Russia.
- Computershare Germany provides a solid base to expand our services into continental Europe.

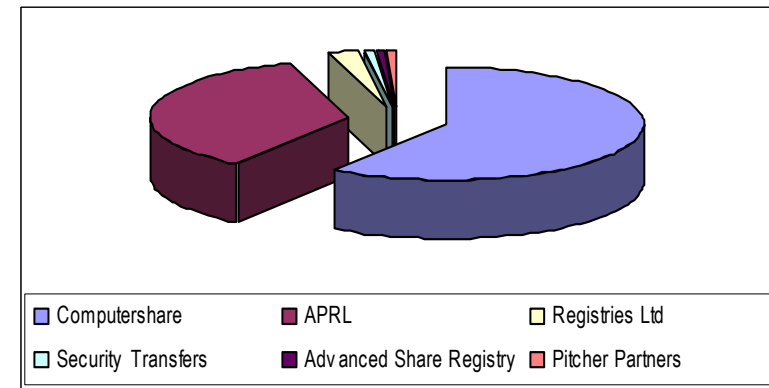
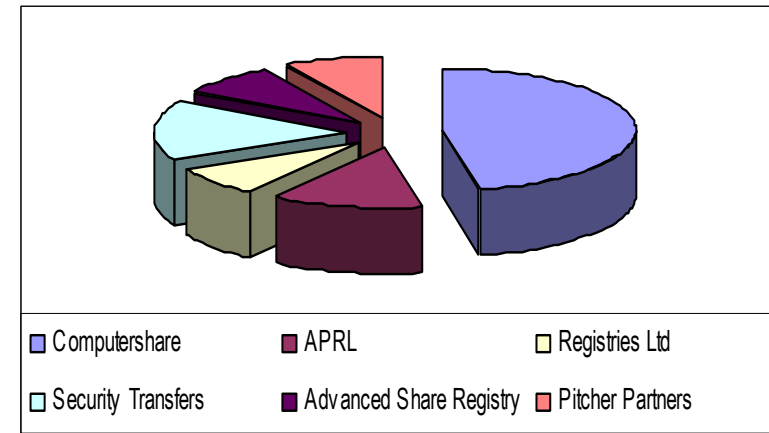
## Regional Reports – Asia Pacific

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- Significant increase in general market activity.



NUMBER OF IPO'S WON – BREAKDOWN BY SHARE REGISTRY 2003		
Share Registry	Number	%
Computershare	45	46.90%
Security Transfers	15	15.60%
APRL	12	12.50%
Registries Ltd	8	8.30%
Advanced Share Registry	8	8.30%
Pitcher Partners	8	8.30%
Other	0	0.00%
<b>Total</b>	<b>96</b>	<b>100.0%</b>
TOTAL CAPITAL RAISED (\$) - BREAKDOWN BY SHARE REGISTRY 2003		
Share Registry	Value	%
Computershare	\$5,407,200,000	59.40%
APRL	\$3,277,800,000	36.00%
Registries Ltd	\$227,500,000	2.50%
Security Transfers	\$69,700,000	0.80%
Pitcher Partners	\$77,300,000	0.80%
Advanced Share Registry	\$44,500,000	0.50%
Other	\$0	0.00%
<b>Total</b>	<b>\$9,104,000,000</b>	<b>100.0%</b>



Source: Australian Financial Review

## Regional Reports – Asia Pacific cont.

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- Significant increase in general market activity.
- Won the registry tender for IAG adding more than 1 million shareholders.
- Plans business in Australia grew by 21%.
- Hong Kong improved results and maintaining share of IPO's coming to the market.
- India places us in strategically important growth area in Asia.

## Regional Reports - North America

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- Georgeson acquisition has added strength to CPU brand resulting in increased invitations to tender from S&P Top 100.
- Winning business in the US (Florida Power, Reliant Resources, Viceroy Resources, Stanley Tool Works).
- Plans voted No 1 in recent service quality survey.
- Transcentive acquisition creating additional opportunities for cross-sell.
- Canada providing improved results particularly in Corporate Trust.

## Acquisitions – Georgeson Shareholder Communications

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- Our most significant acquisition to date.
- All Georgeson's businesses are undergoing careful analysis.
- Great fit into Pepper and Analytics businesses.
- In other CPU markets, we can expose existing CPU clients to GS services.
- There will be a natural flow into our existing dealing services.

## Acquisitions – Georgeson Shareholder Communications cont.

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- Integration being carefully managed through a dedicated team of top CPU and Georgeson executives.
- Already identified areas for significant cost savings.
  - Some outsourced operations will be brought back in-house with significant savings.
  - IT Infrastructure.
  - Administrative functions.
  - Office rationalisation.
  - Our back-end processing expertise will reduce the cost of major transactions.
- Revenues have been around US\$120 million and expect these to grow in line with increases in market activity.
- Margins will be around 20% excluding cost savings.

## Acquisitions - Transcentive

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- Specialist providers of services for all types of equity plans.
- Acquisition blends well into CPU's overall Plans business strategy and cements our position as the leading provider of Plans services globally and in the US in particular.
- Services range from bureau to full outsource.
- Strong market presence in the US – 48% of Fortune 1000 companies.
- CPU will be able to leverage off US base and take their services to another level both nationally and internationally.
- Further opportunities to cross-sell clients.

## Acquisitions – Transcensive cont.

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- Integration will be carefully managed and synergies between our two companies are expected to be extracted from:
  - Administration
  - Merging of outsourcing with CPU Plan Managers
  - Integration of Sales and Marketing functions
  - Technology expense (for both parties).
- Creates immediate global opportunities
  - Hong Kong
  - India
  - Europe
  - South Africa.

## Acquisitions - India

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- Places Computershare in strategically important, future growth area in Asia.
- Mutual Funds back office market (30% market share) – opportunities to expand overseas.
- Market leader in share registry with 40% market share – 16 million shareholders.
- Potential to leverage CPU's value-added services, to grow market share.
- Ability to partner with Indian companies as they move into international markets (ADR's, overseas companies with employees in India).
- Appointed our own Chief Financial Officer.



## Acquisitions – Deutsche Borse Computershare GMBH (JV)

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- Have purchased remaining 51% and now trading as Computershare – Germany.
- Dramatically reduced cost base.
- Moved operations to Pepper in Munich.
- New registry system live in May 2004 removing €1 million in costs.

## Acquisitions – Pepper Technologies

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- Purchased remaining 63%.
- Stakeholder Relationship Management systems that will bring added value to Computershare's global client base:
  - Shareholders – SRM
  - Employees – CRM
  - Clients – CRM.
- Innovative technology and unique approach to electronic stakeholder communications has already increased take-up rate for e-communications tenfold.
- Data mining and other technology tools helping companies to see their stakeholders as an asset rather than a cost.
- Taking Pepper to the World with over 7000 existing CPU clients – great cross-sell opportunities.

## Priorities For The Next 6 Months

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- Manage the integration of new acquisitions to capitalise on synergies and deliver full value.
- Clearly define our product offerings.
- Consolidate sales/marketing and business development teams in all regions.
- Focus effort in each region to achieve maximum cross-sell opportunities.
- To bring Europe's contribution in line with other regions.

# Outlook

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## Assumptions

- Current levels of M&A, IPO and other Corporate Action activities are sustained.
- No change in interest rates.
- Fluctuations in currency are within +/- 10%.

Revised EBITDA guidance for full year estimated to be in a range of

**\$170m - \$190m**

## Appendix A

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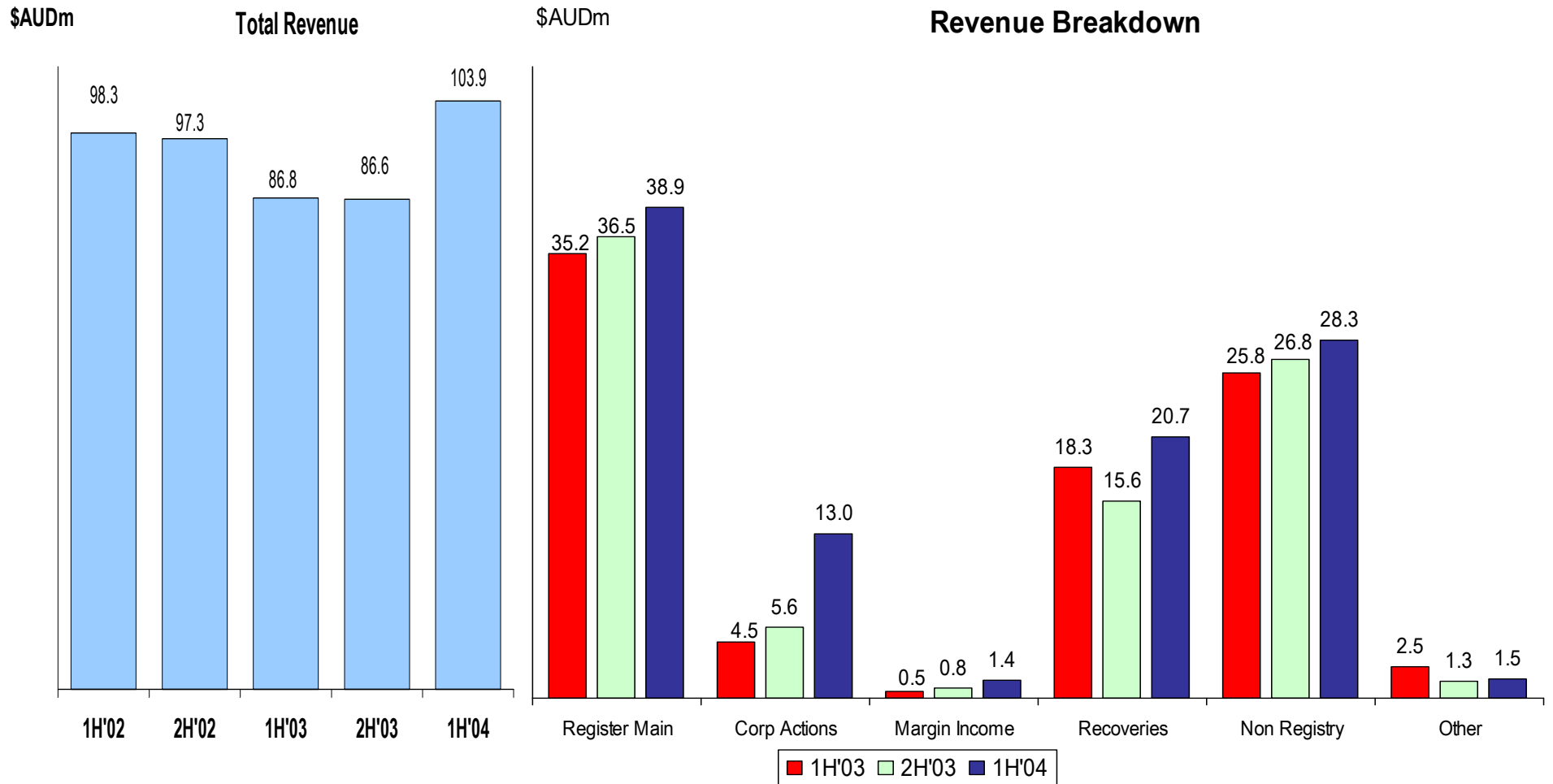
### Revenue Breakdown by Country

# Competitive Environment

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	<b>Clients</b>	<b>Competitors</b>
Australia	1,173	APRL
New Zealand	263	
Hong Kong	433	
UK	685	Lloyds, Capita
Ireland	181	
South Africa	748	
USA	1,246	BoNY, DST, (Equiserve), Mellon
Canada	2,189	CIBC Mellon

# Australia Half Year Comparison

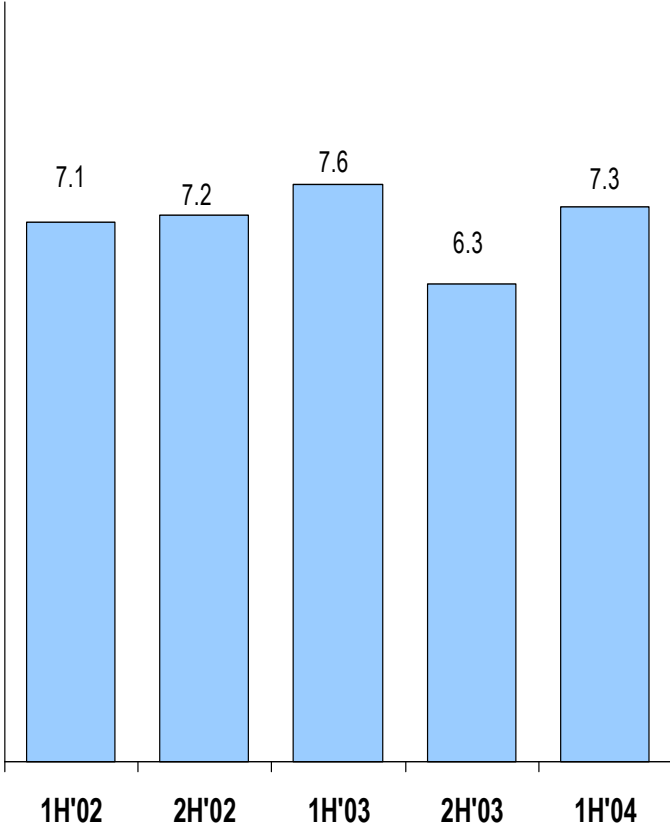


\*Excludes revenues from Georgesons.

# New Zealand Half Year Comparison

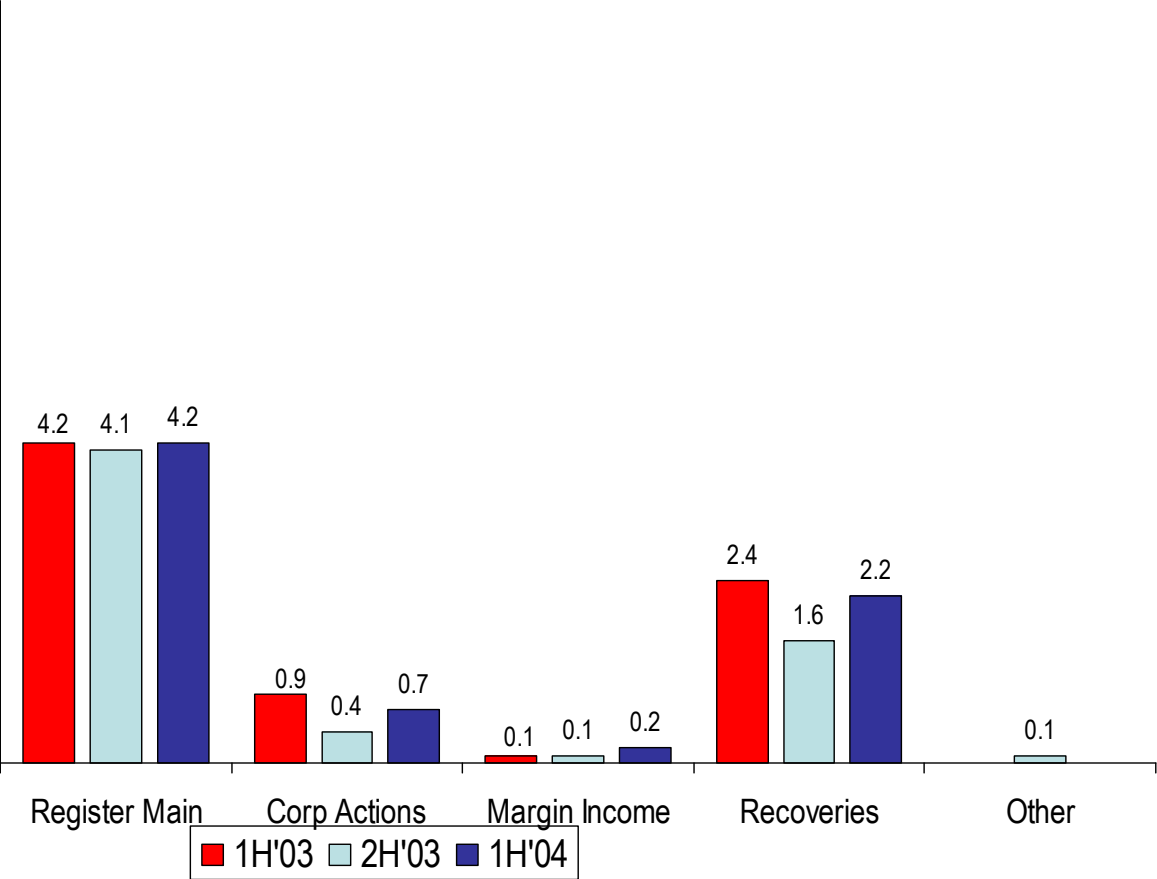
\$AUDm

Total Revenue



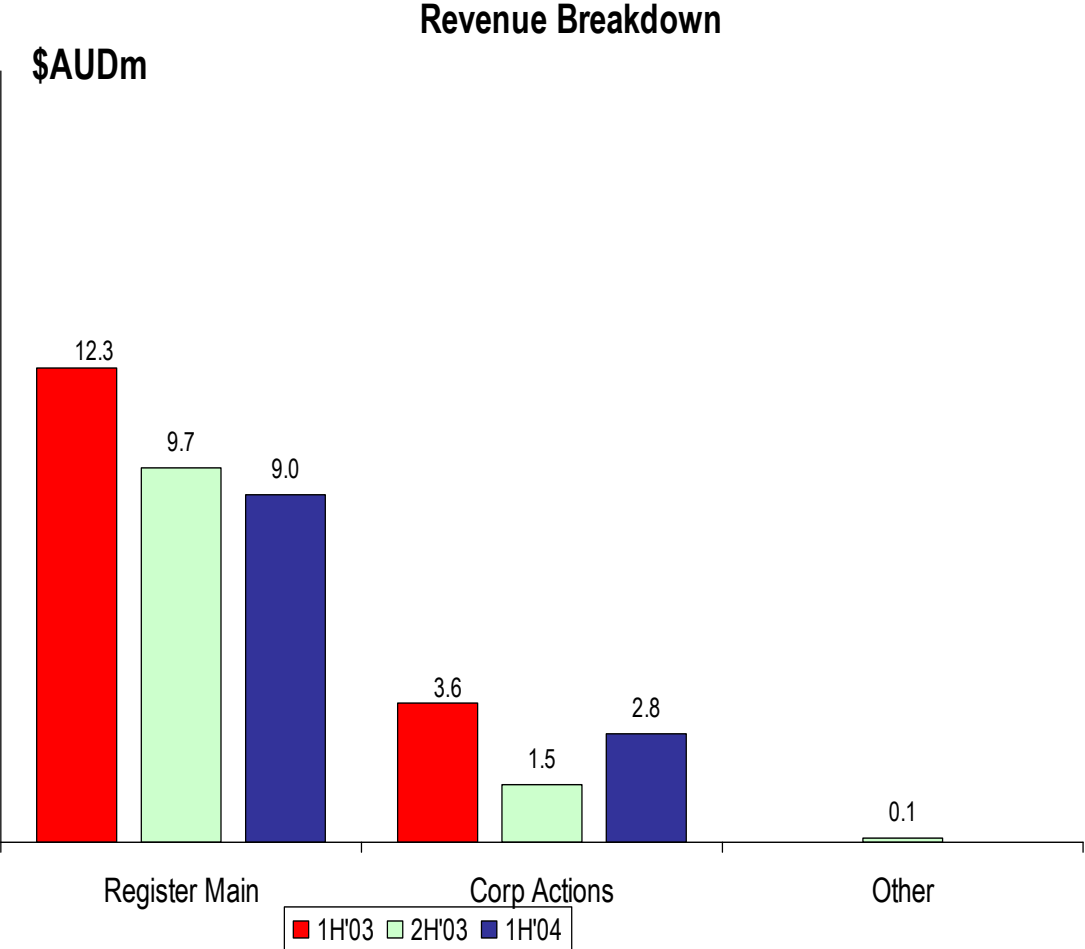
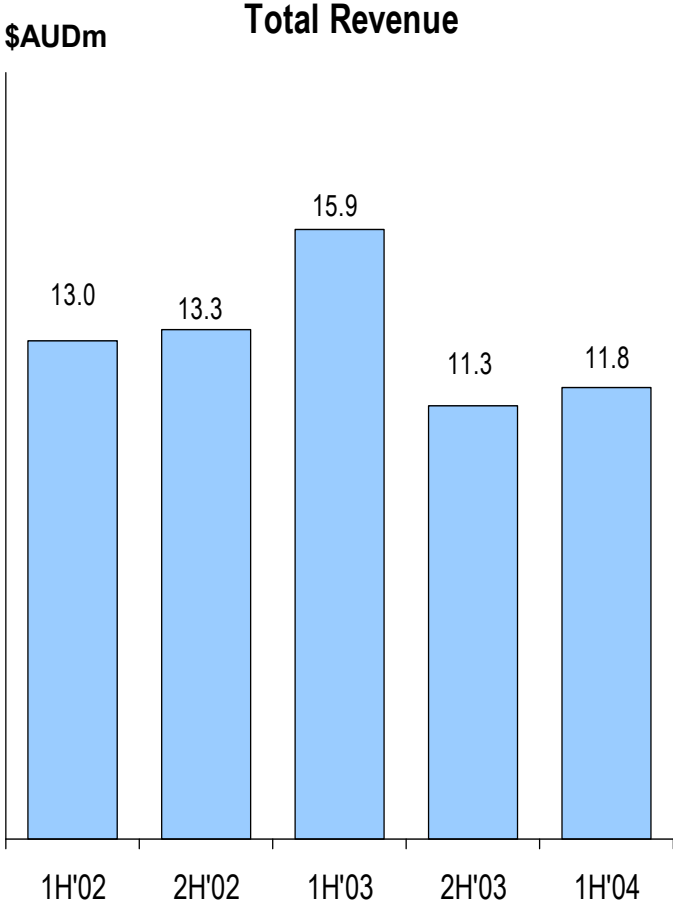
\$AUDm

Revenue Breakdown

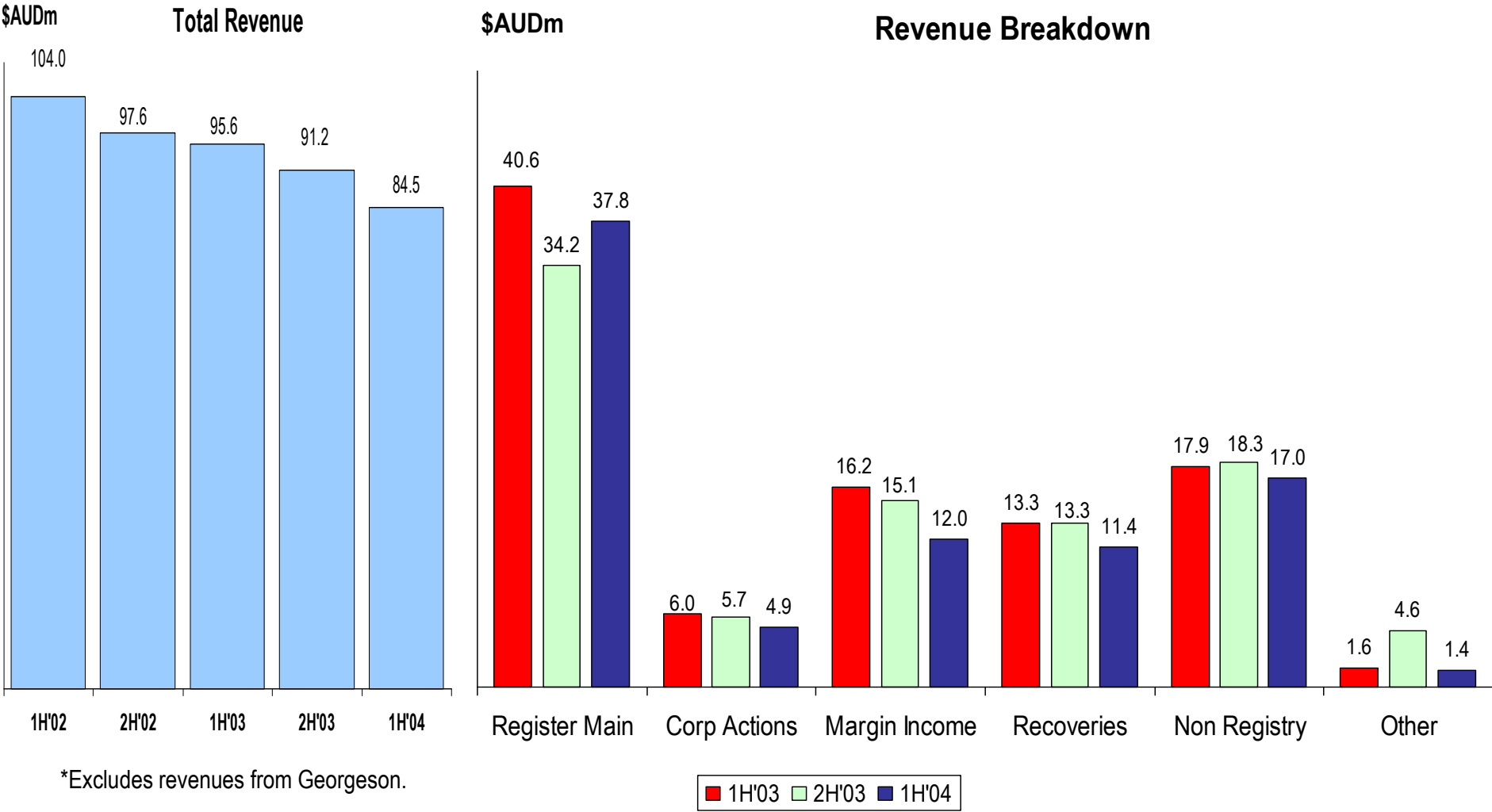




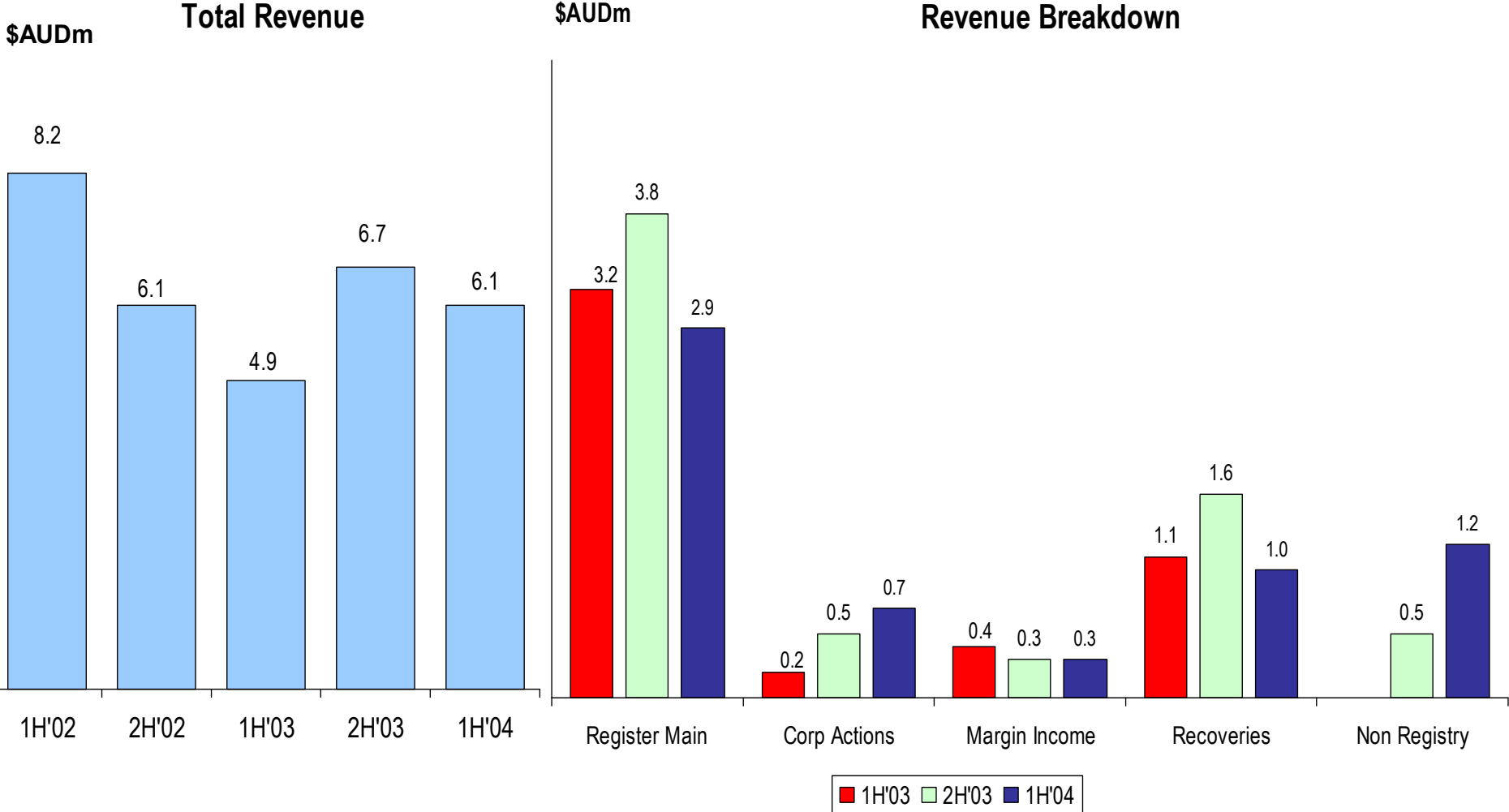
# Hong Kong Half Year Comparison



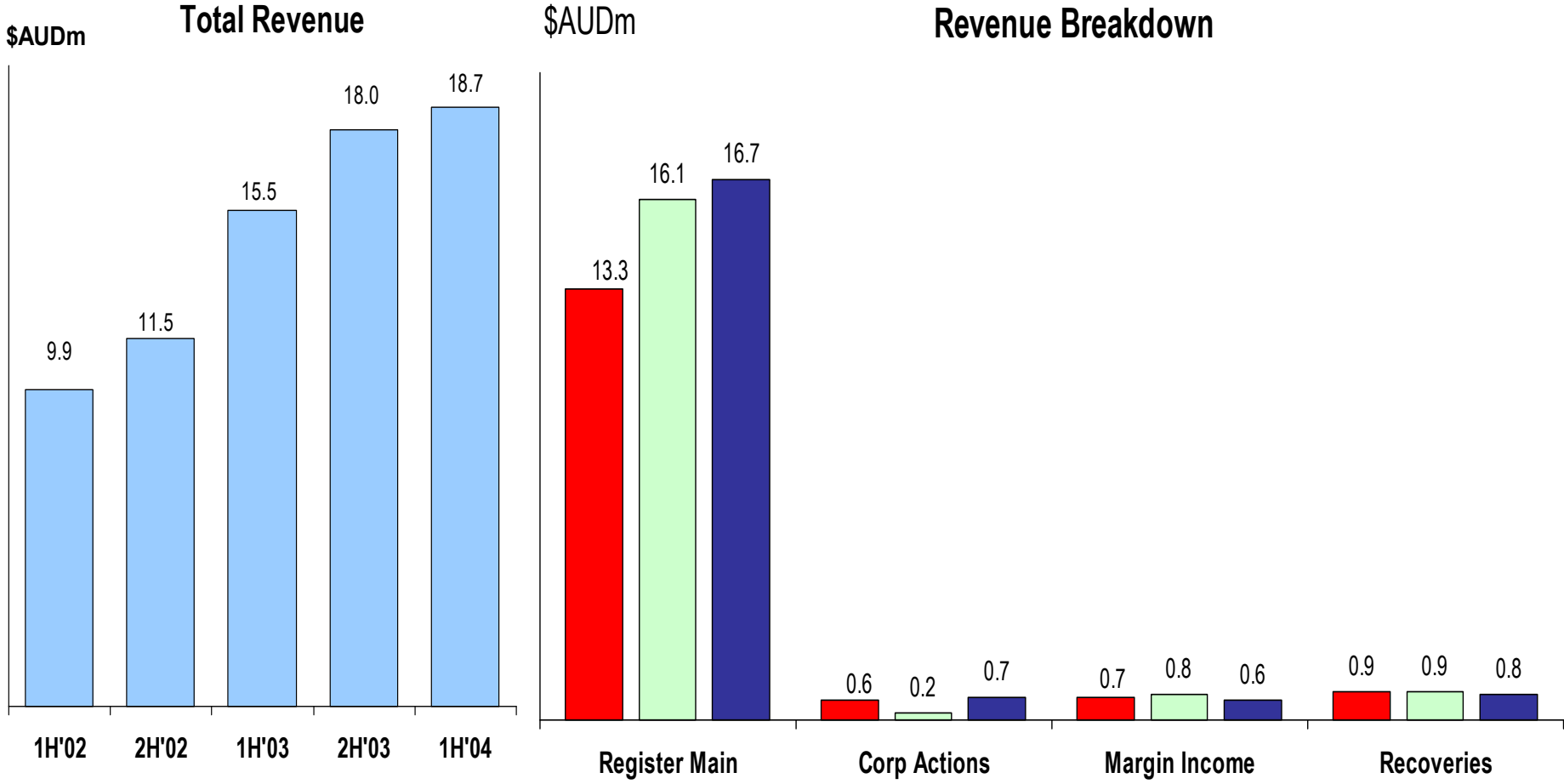
# United Kingdom Half Year Comparison



# Ireland Half Year Comparison



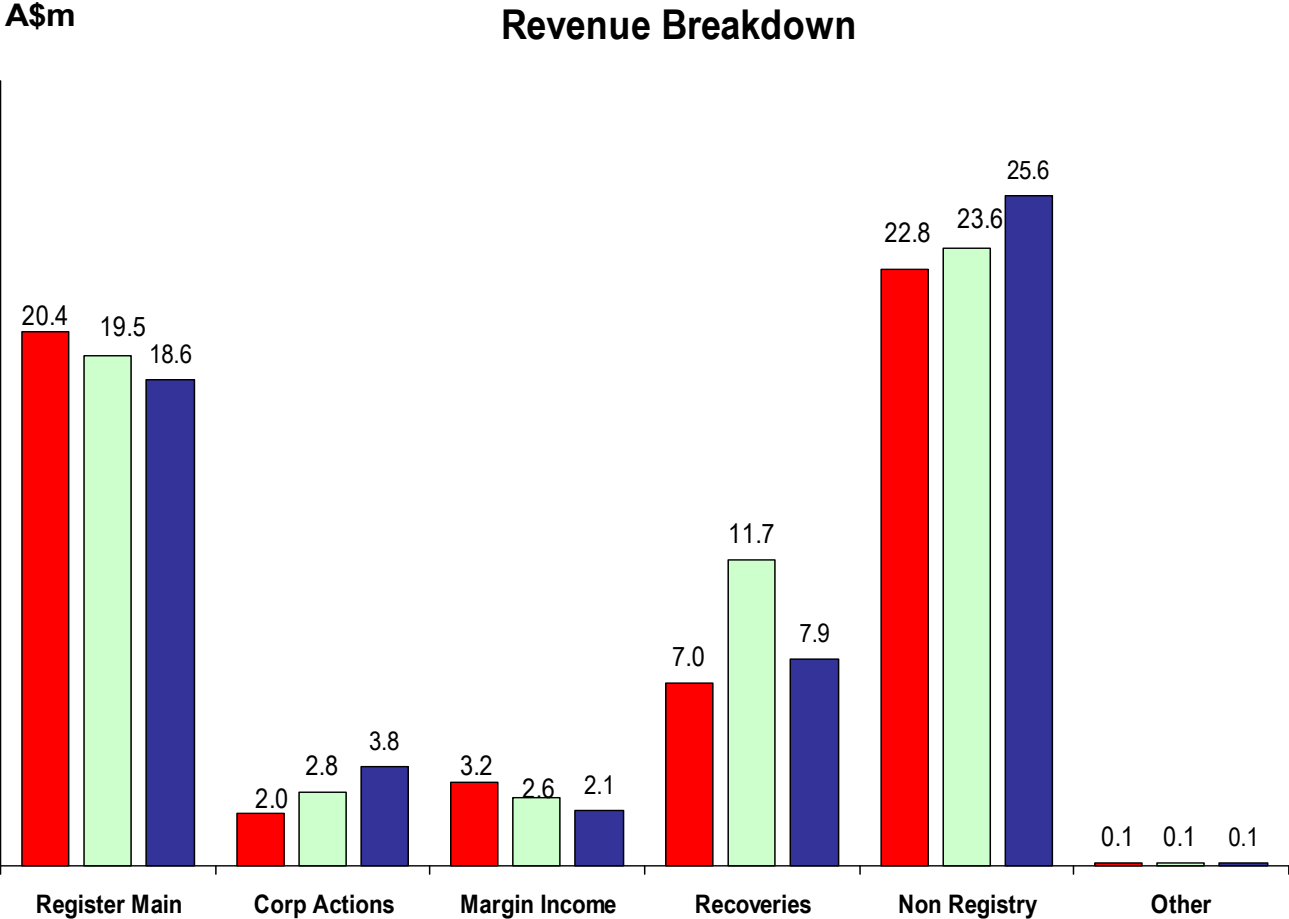
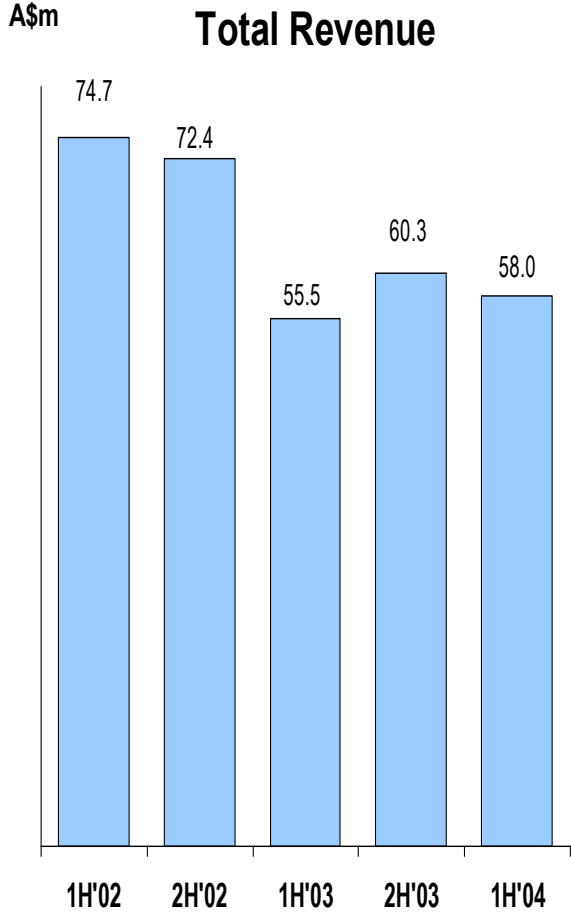
# South Africa Half Year Comparison



\*Excludes revenues from Georgesons.

■ 1H'03 ■ 2H'03 ■ 1H'04

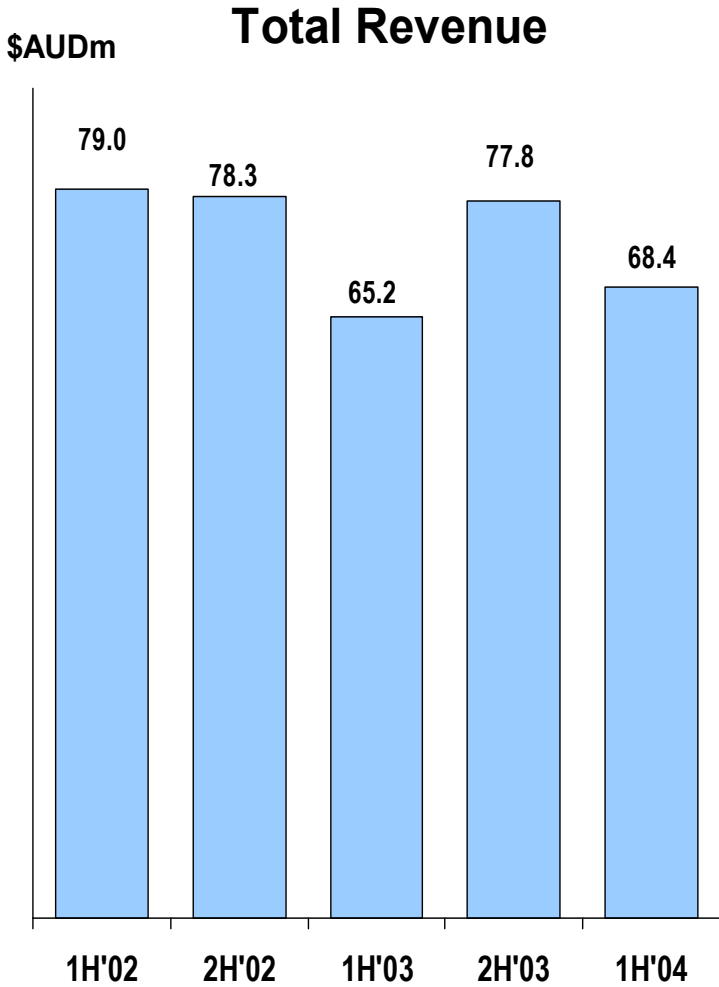
# United States Half Year Comparison



\*Excludes revenues from Georgesons.

■ 1H'03 ■ 2H'03 ■ 1H'04

# Canada Half Year Comparison



\*Excludes revenues from Georgesons.

