

# Financial Year 2003 Results Presentation

28 August 2003

## Market Overview and Financial Results

Tom Honan  
*Chief Financial Officer*

## Summary of results

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- Normalised EPS – 6.1 cents
- EBITDA in line with guidance at \$133.9 m
- Reduction of over \$60 m in operating costs – 10% on an annualised basis
- Generated operating cash flows of \$76.2 m
- Capital Expenditure of \$17.9 m, 68% down on prior year
- Share Buy-Back - 18.7 m shares acquired at an average of \$2.05
- Final ordinary share dividend 2.5 cents, fully franked
- Net Debt - \$77.7 m, Funding Capacity of A\$250 m

## Context of the Results

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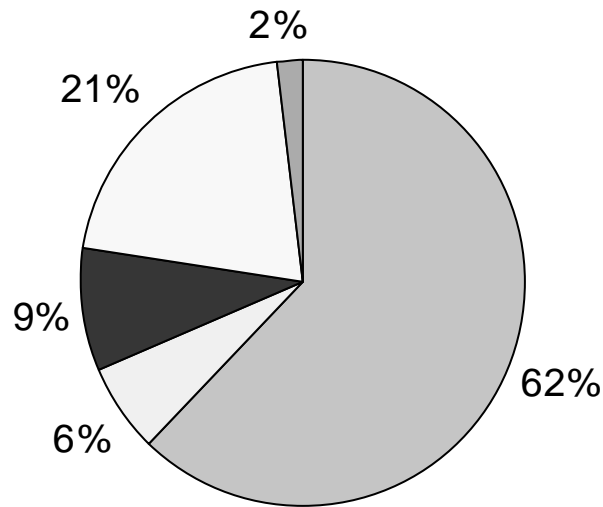
- Normalised EBITDA in line with guidance, higher end of expectations
- Revenues impacted by slow down in corporate actions activity and low interest rates
- Operating cost savings of \$60 m, in excess of revenue declines
- Continued spend on Technology development
- Restructuring costs of \$35.1 m, providing ongoing savings of \$22.7 m per year
- Capital expenditure down 68%

# This presentation is structured around the following framework



# CPU Revenues are driven by multiple factors

**Revenue type**



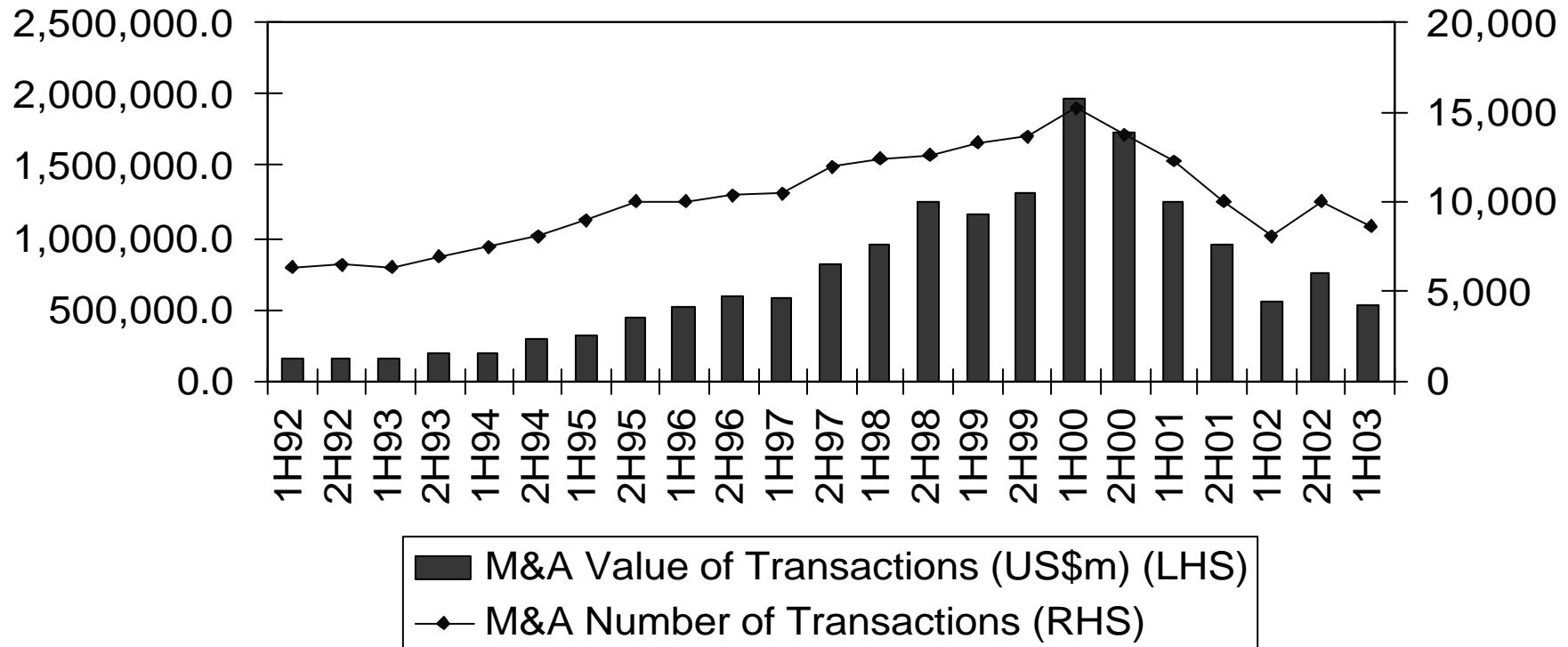
- Register Maint. & Recoveries
- Corporate Actions
- Margin Income
- Non Registry
- Other

Revenue	Driver	Risk mitigation
Register Maint. & Recoveries	Growth in clients and holders	Retain existing clients, win market share
Corporate Actions	Market conditions, M&A activity	Win new business; link to key stakeholders, clients
Margin Income	Interest rates, hedging balances	Hedging, flow on effect from Maintenance & Corp Actions
Non- Registry	Growth in non-registry businesses	Increase proportion on non-registry business

# Global Equities Market

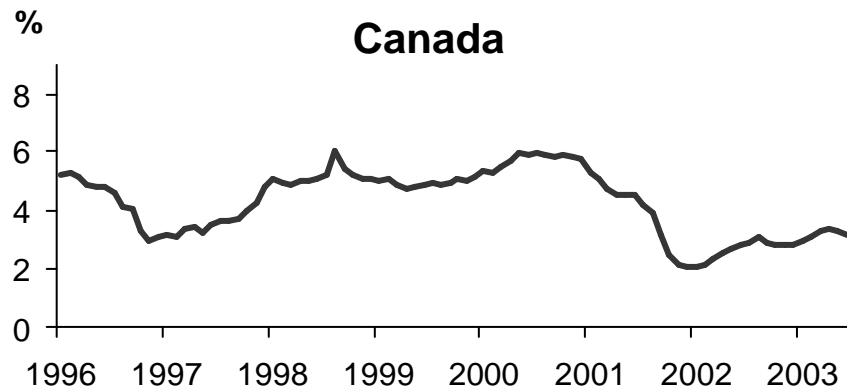
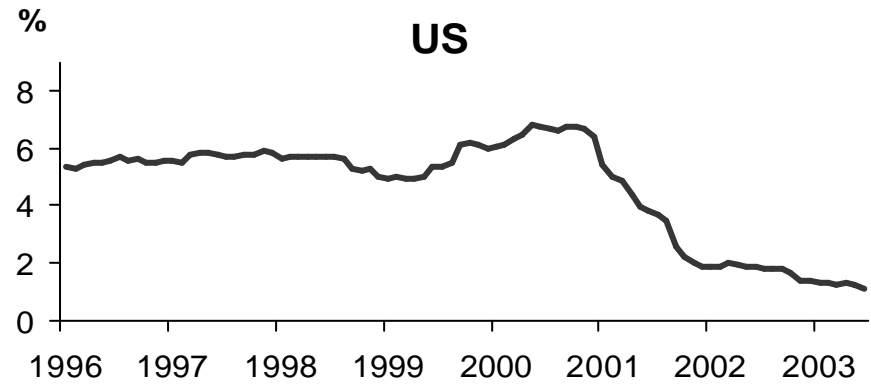
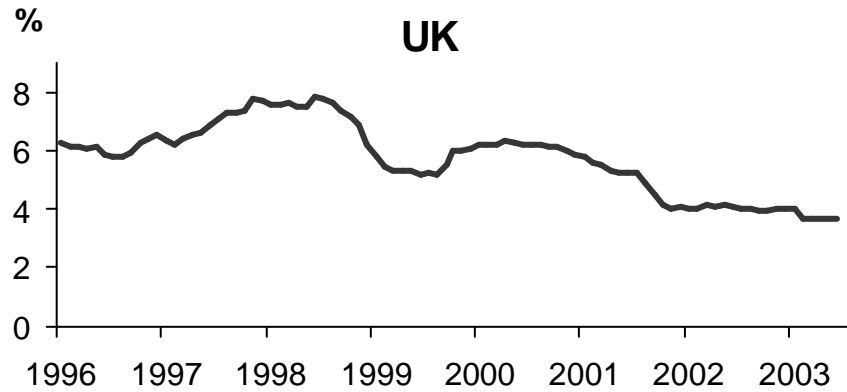
**Corporate Activity Data**

M&A Value of Transactions (US\$m)      M&A Number of Transactions



Source: Thomson Financial

# Global Interest Rate Market







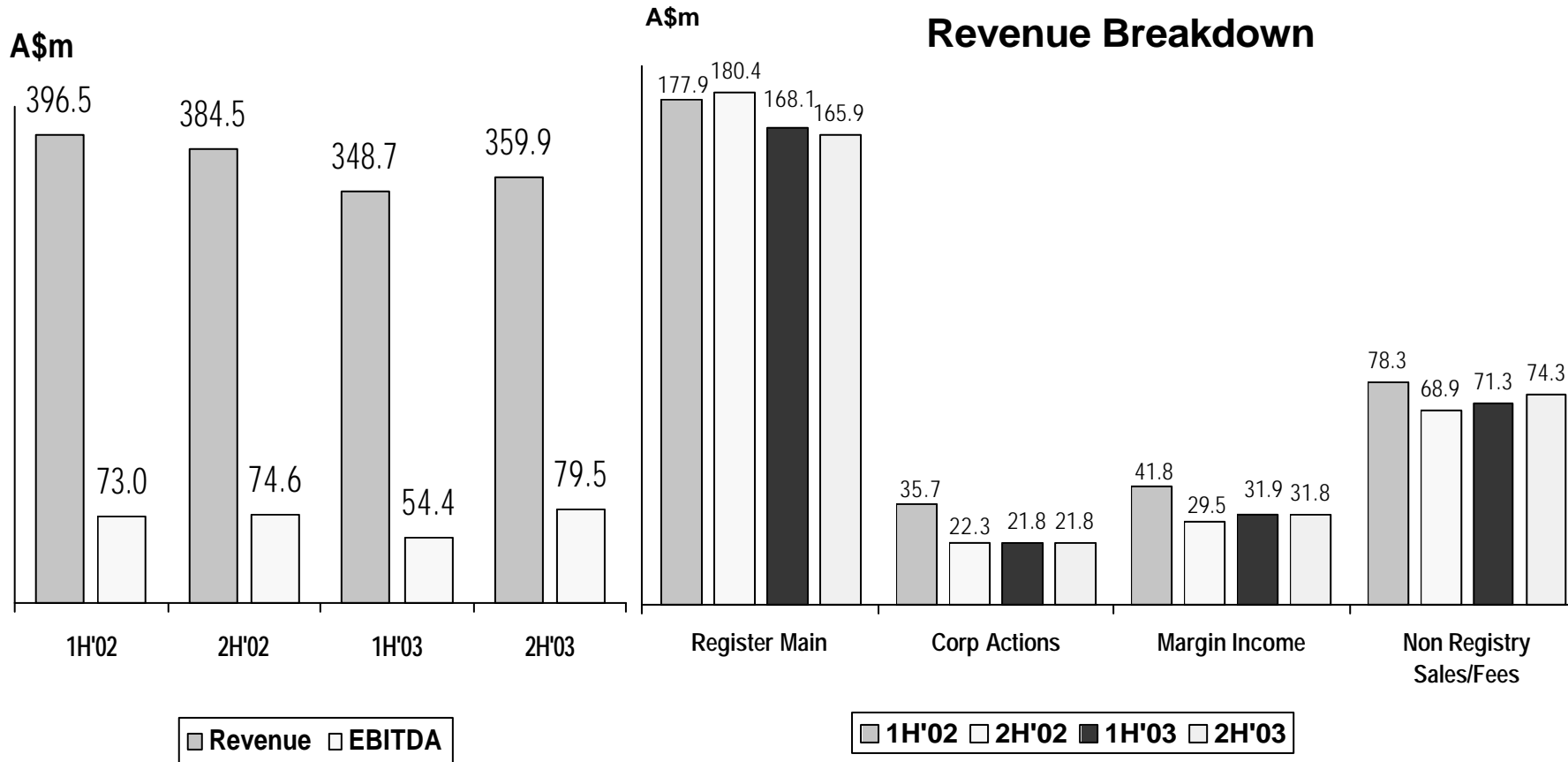


# Group Financial Performance

A\$m's

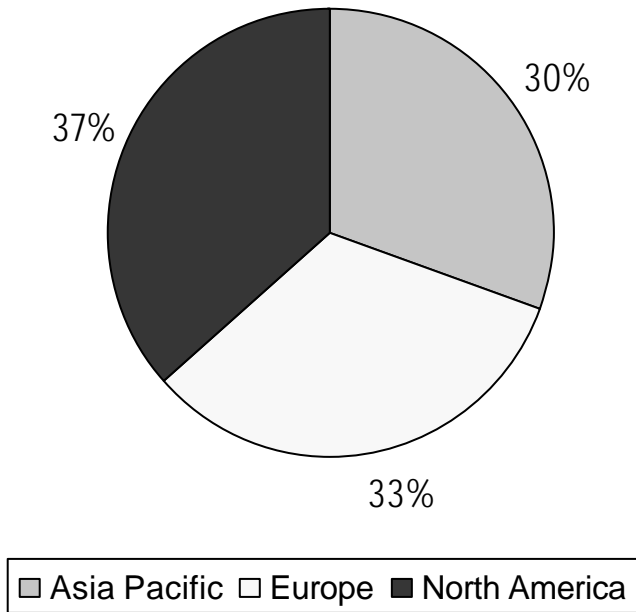
<b>Revenue</b>	<b>2003</b>	<b>2002</b>	<b>%Difference</b>
Registry maintenance	334.0	358.3	(6.8%)
Corporate actions	43.6	58.0	(24.7%)
Margin income (including sharesave admin)	63.7	71.3	(10.7%)
Non Registry fees/sales	145.6	147.2	(1.1%)
Recoveries	107.5	121.1	(11.2%)
Interest income	3.6	4.2	(13.9%)
Other	10.5	20.9	(49.7%)
<b>Total Revenue</b>	<b>708.6</b>	<b>781.0</b>	<b>(9.3%)</b>
Operating costs	572.7	633.4	(9.6%)
Share of losses of associates	2.0	0.0	
<b>EBITDA</b>	<b>133.9</b>	<b>147.6</b>	<b>(9.3%)</b>
Depreciation and amortisation	29.5	25.3	16.7%
Amortisation of goodwill	31.3	29.9	4.7%
Borrowing costs	8.3	10.2	(18.4%)
Other	0.3	(1.5)	
Non-recurring items	35.1	0.0	
<b>Pre tax Profit</b>	<b>29.5</b>	<b>83.7</b>	<b>(64.8%)</b>
Income tax	12.3	26.0	(52.6%)
NPAT before OEI	17.1	57.8	(70.3%)
NPAT after OEI	16.3	71.3	(77.2%)
Normalised NPAT after OEI	41.1	57.9	(29.0%)

# Half Year Comparison



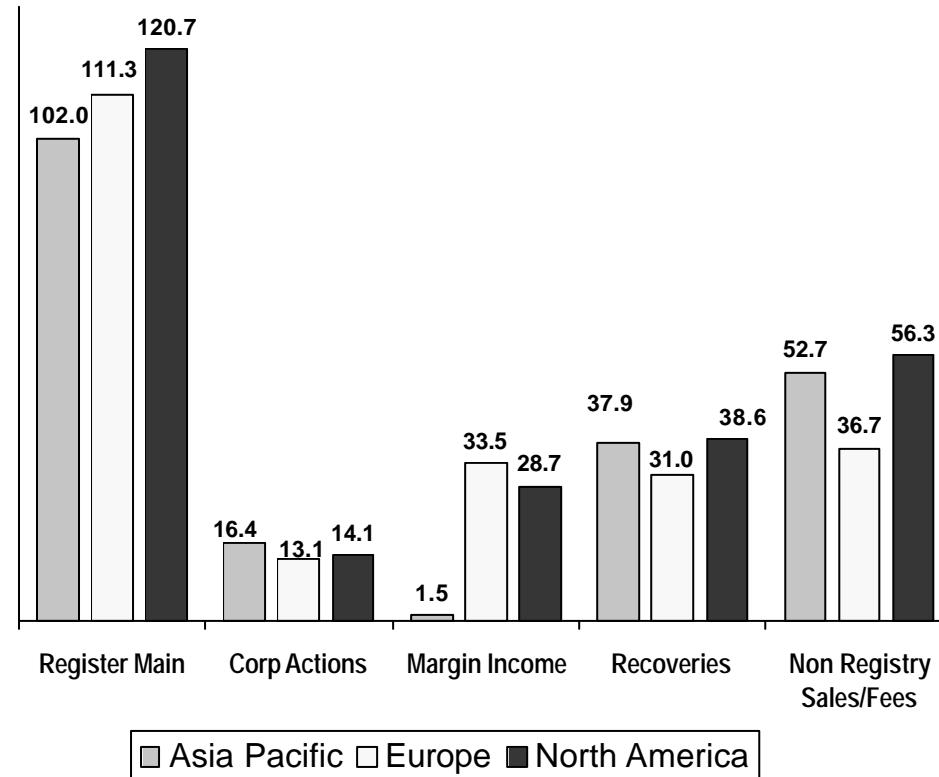
# Revenue Analysis

## Total Revenue



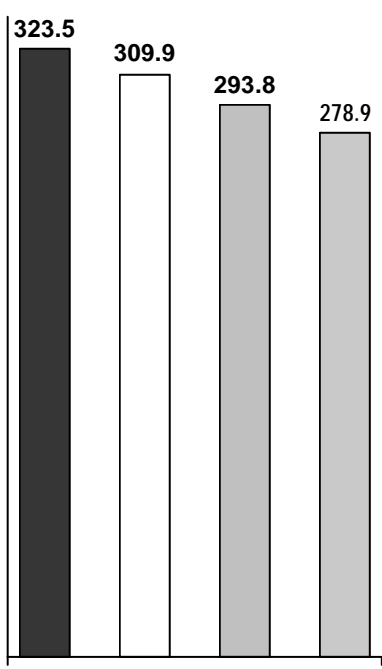
A\$m

## Revenue Breakdown

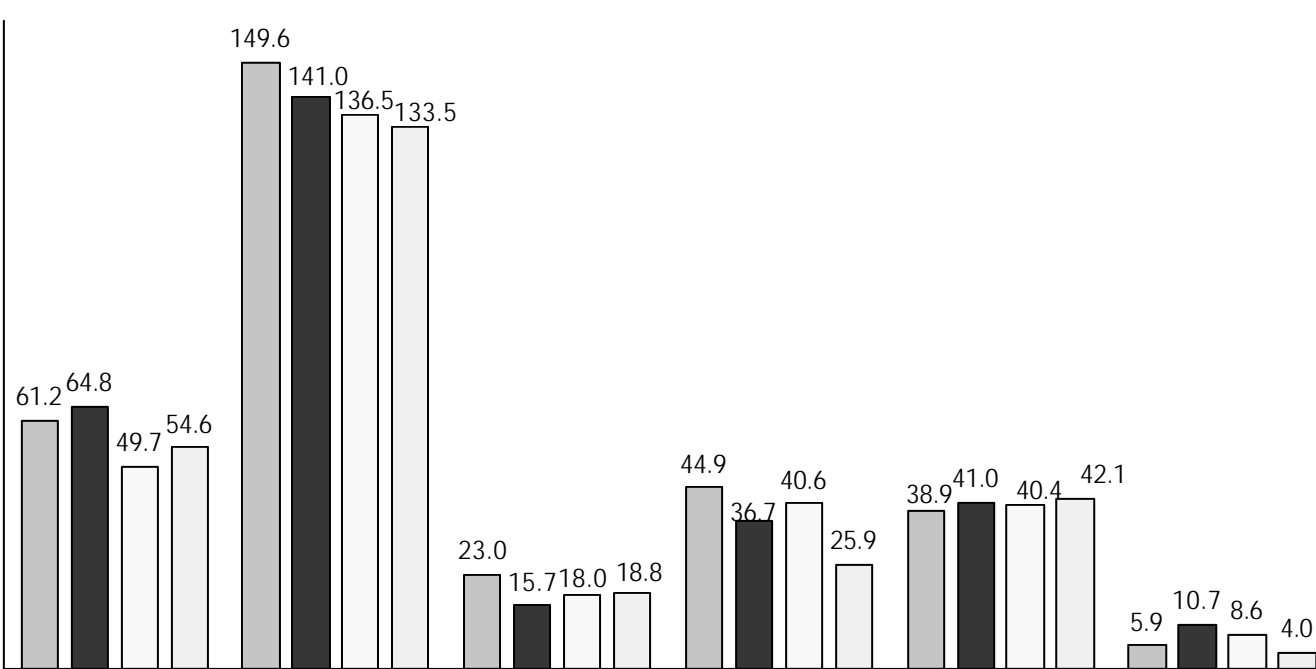


# Cost Analysis

A\$m Operating Costs



A\$m Operating Cost Breakdown



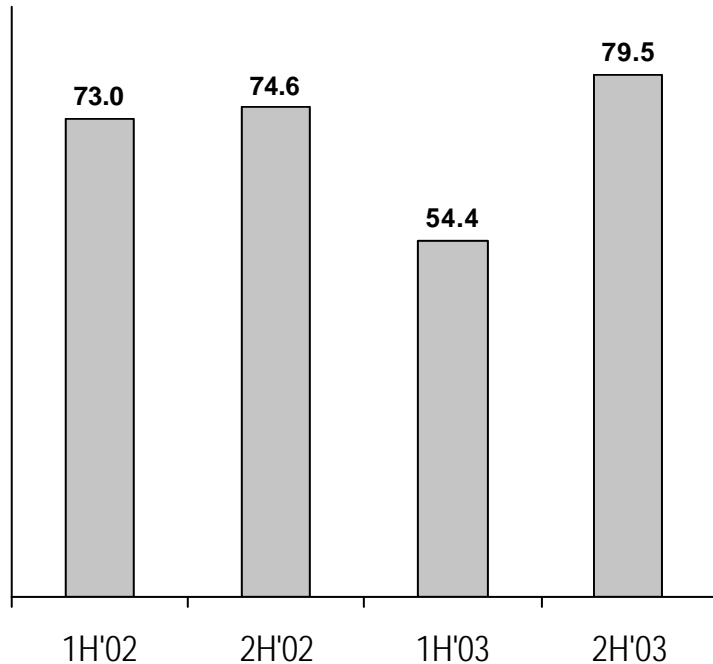
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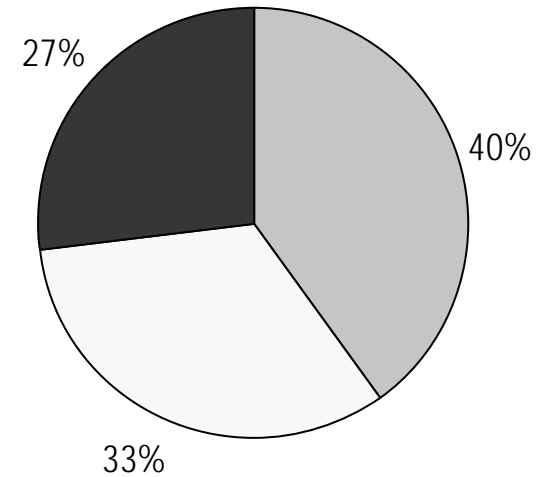
# EBITDA generated from diversified portfolio

A\$m

## Total EBITDA



## EBITDA Breakdown FY 2003



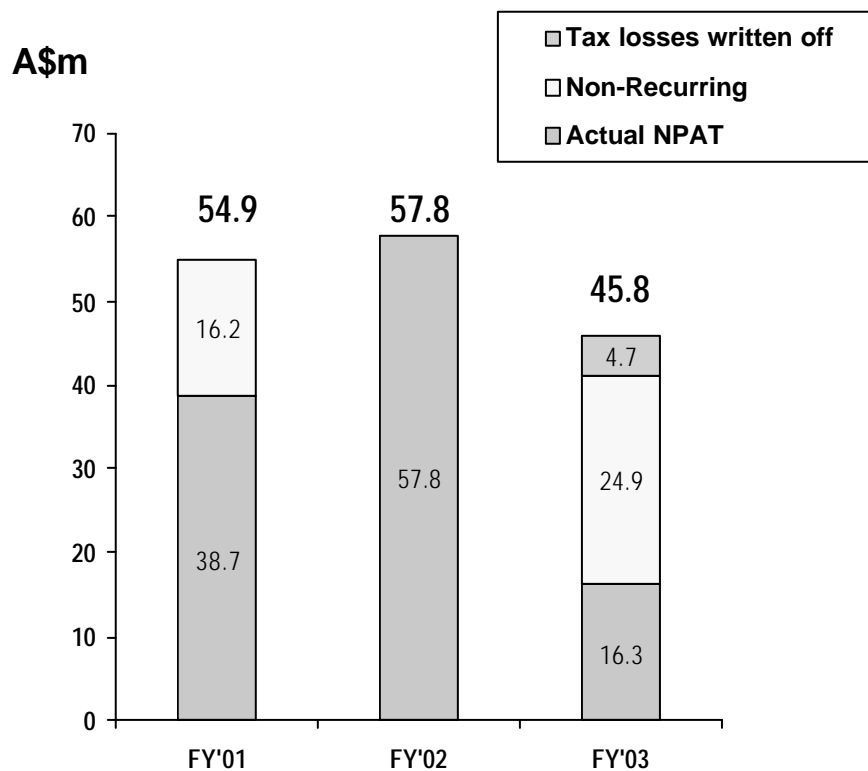
■ Asia Pacific □ Europe ■ North America

# Restructuring costs of \$35.1 m will provide ongoing cost savings of \$22.7 m per annum

	Restructure Costs	Annualised Savings	Savings realised in FY 03
Redundancies	23.2	21.2	3.5
Property write offs	9.7	0.3	0.0
Other restructure costs	2.2	1.2	0.0
<b>Total</b>	<b>35.1</b>	<b>22.7</b>	<b>3.5</b>



# Analysis of NPAT



## Explanation

- Normalised NPAT for FY'03 was \$41.1 m
- Normalised NPAT for FY'03 after tax losses written off was \$45.8 m

Note: Actual NPAT + Non-Recurring + Tax losses written off = Normalised NPAT





## Effective Tax Rate

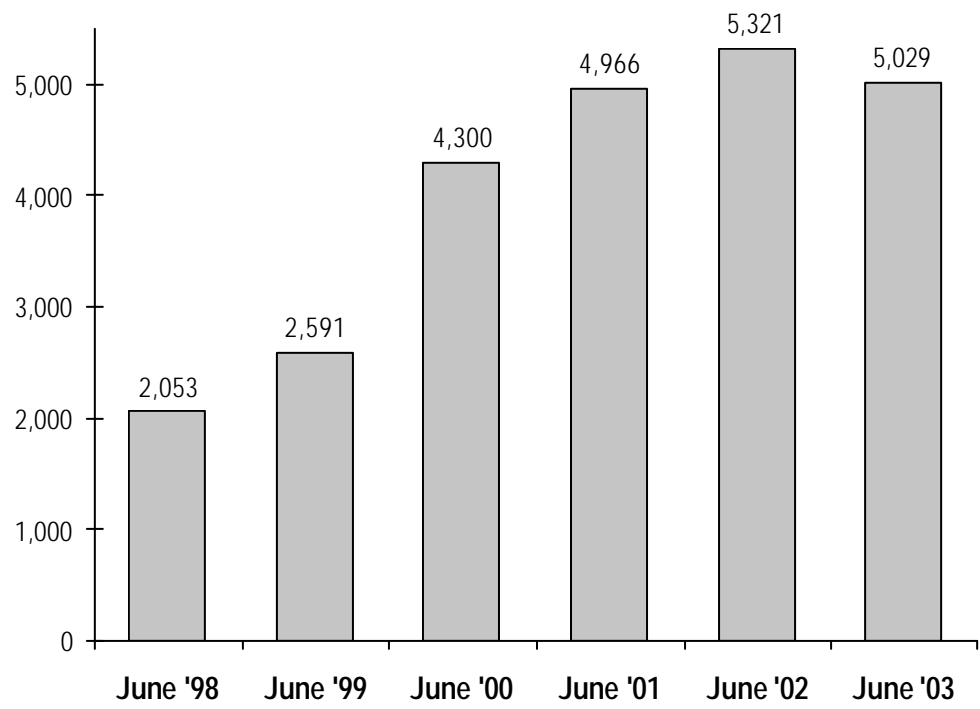
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- Headline effective tax rate FY'03 41.8% (FY'02 31.0%)
- Normalised headline effective tax rate FY'03 20.7% (FY'02 31.0%)
- Headline rate adversely affected by benefit of losses not brought to account \$6.2 m



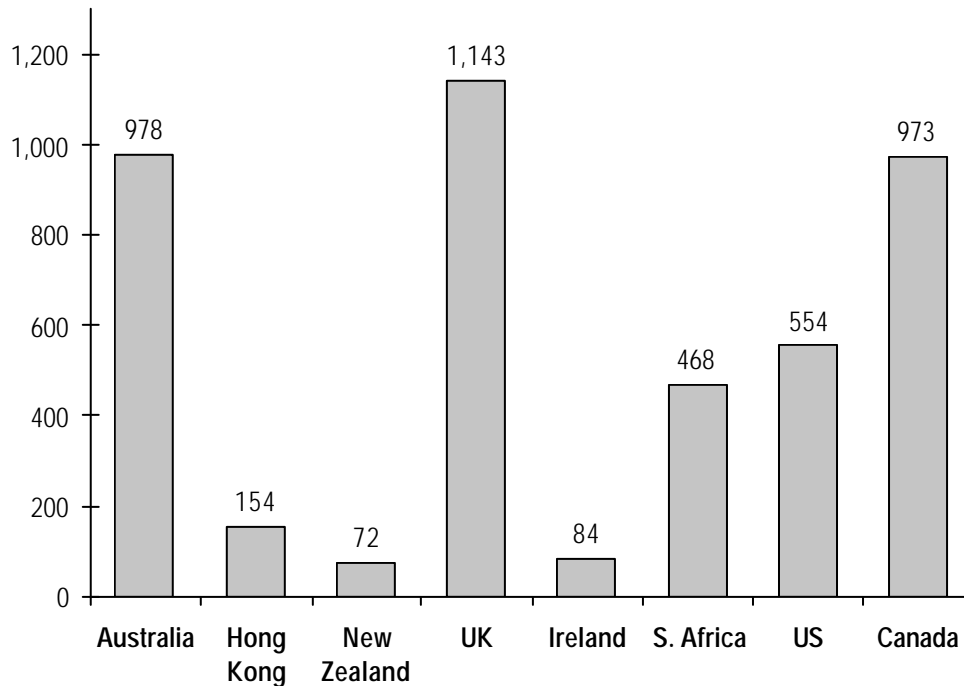
# Headcount

## Total FTE's



# Headcount \*

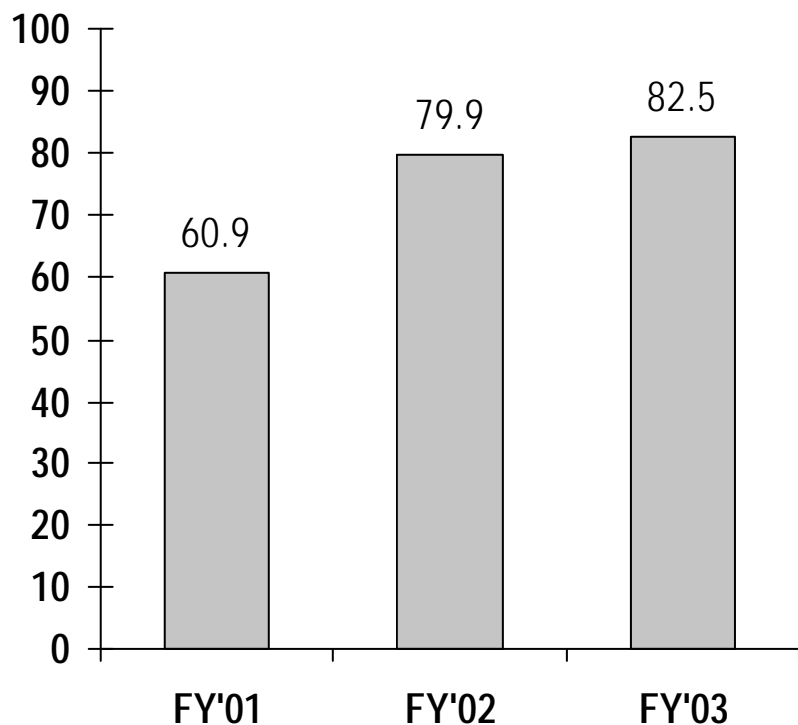
## Geographic Breakdown



- Gross reduction of 575 FTEs
- Redundancy programs in Australia, UK, Canada & South Africa
- Headcount increases in high growth businesses (i.e. Non Registry)

\* Headcount excludes Technology and Corporate Services

# Technology Costs – Establishing Global Platform



All A\$m – internal cash costs only

All technology costs are expensed

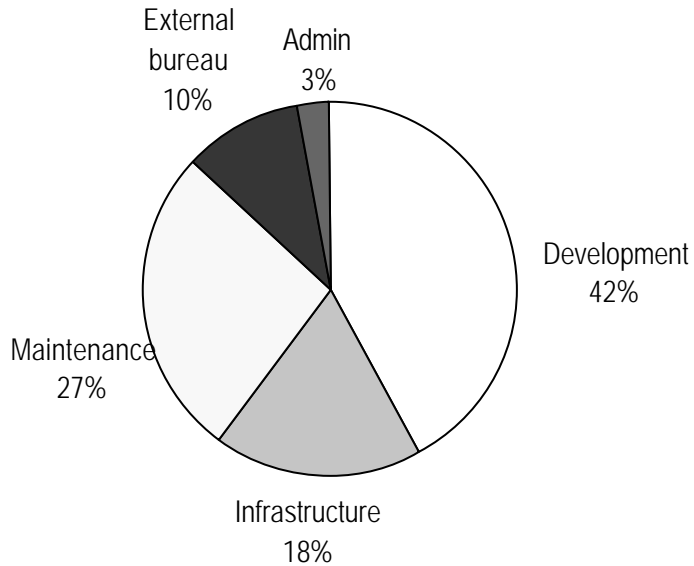
Major events:

- SCRIP implementation: US, Canada, South Africa and Hong Kong
- Global Options system development (including BP)

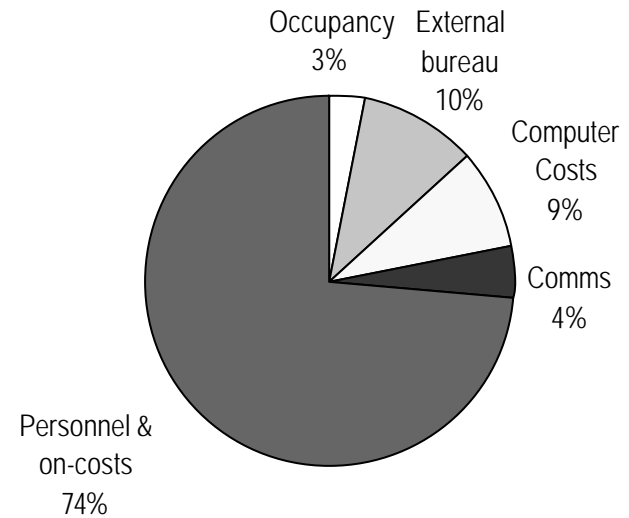


# Analysis of Technology Costs

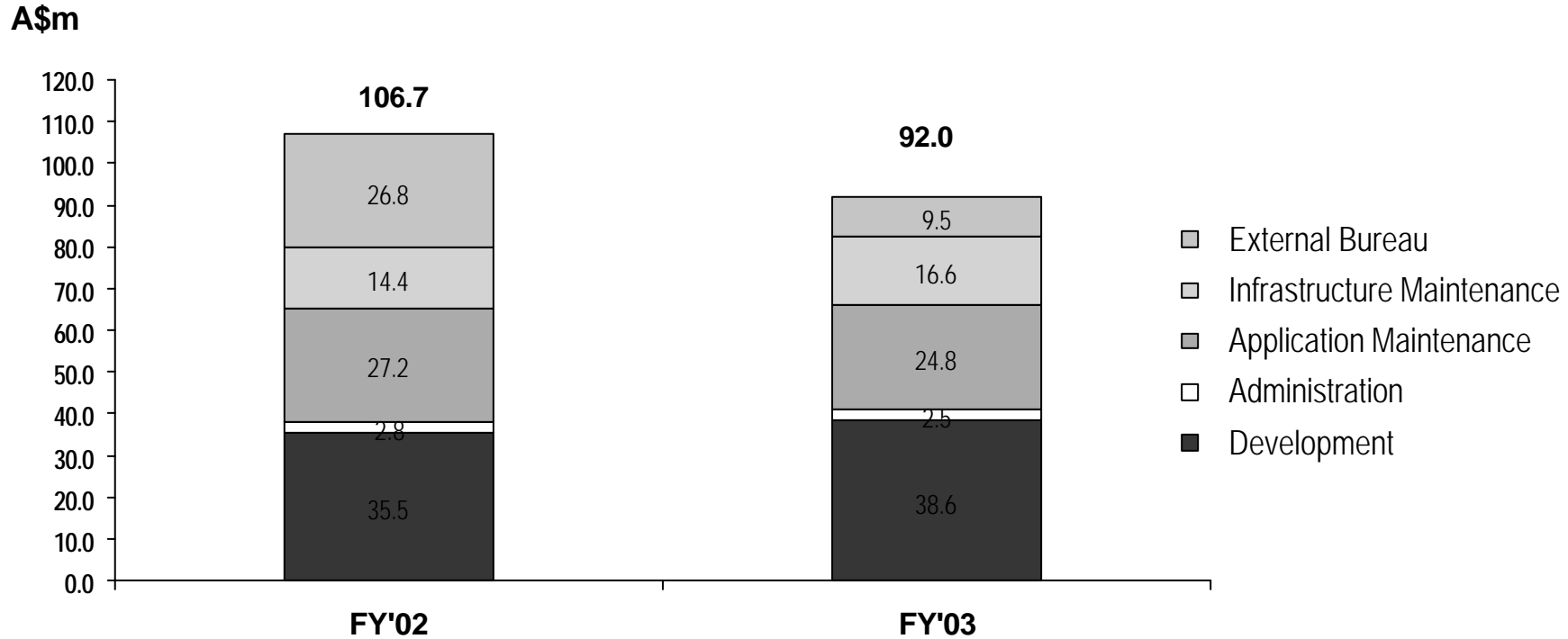
### Category



### Cost Type



# Analysis of Technology Costs



## Balance Sheet Strength

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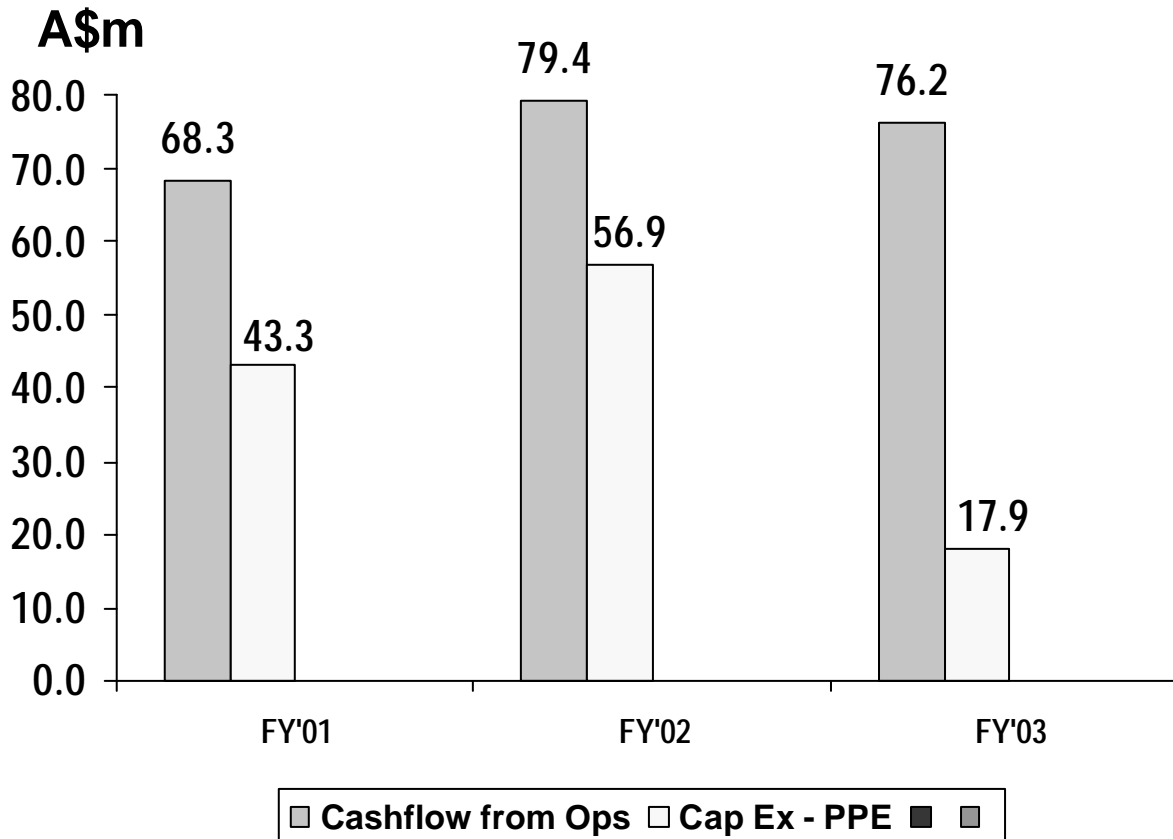
Net Debt / Equity = 13.2%

Net Debt = A\$ 77.7m

Committed Debt facility = A\$ 250m

Net Debt / Equity has increased as a result of the share buy-back, increased dividends and business acquisitions and investments.

# Cash Flow



- Gearing on a net debt to equity basis – 13.2%
- Committed resources A\$250m
- Debtors days outstanding have fallen from 70 to 67 days



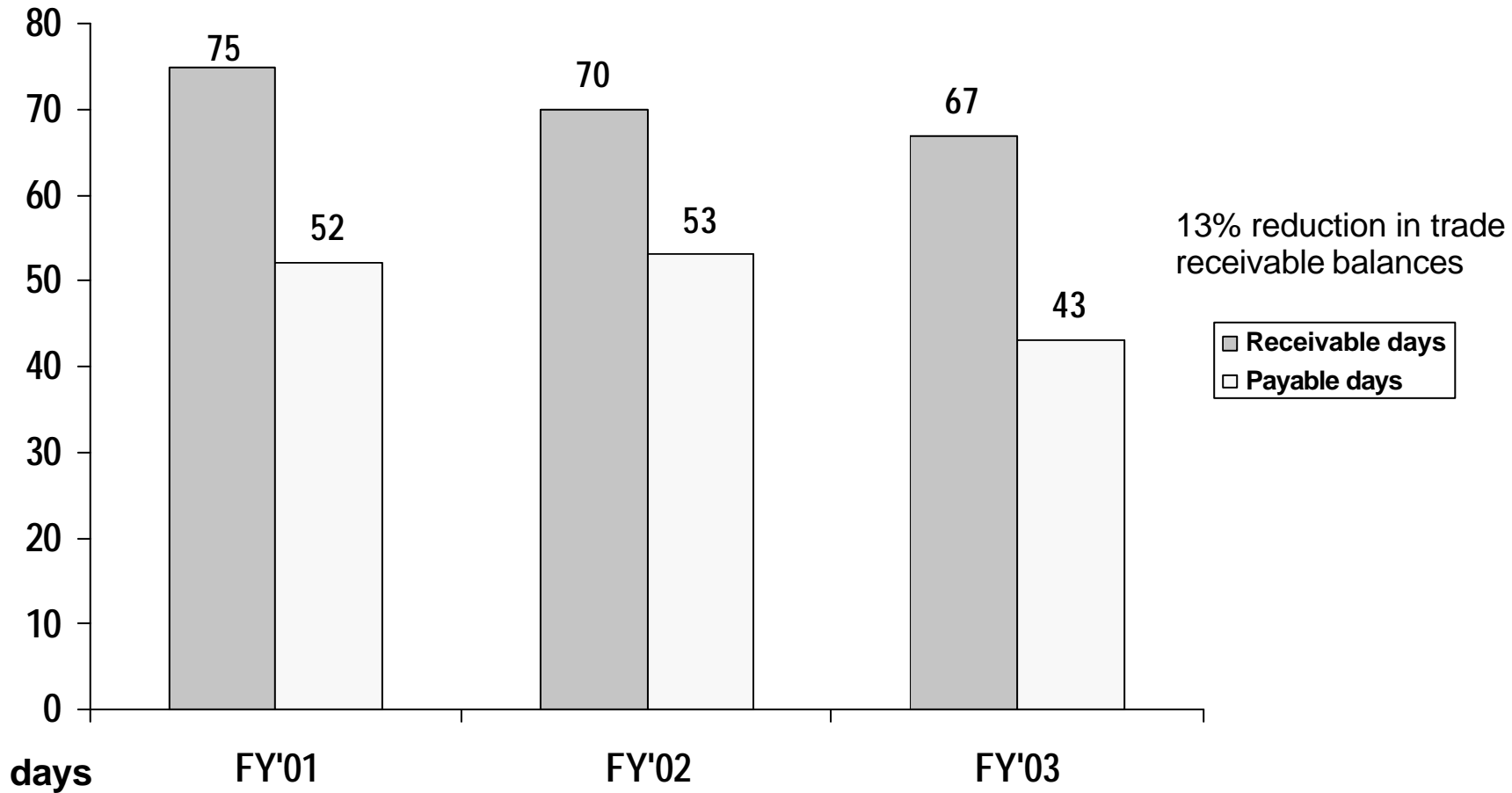
## Capital Expenditure down 68% from June '02

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	CPU Group Capex A\$ M
Occupancy	1.7
Document Services Facilities	1.0
Information Technology	12.8
Other	2.4
TOTAL	<u>17.9</u>

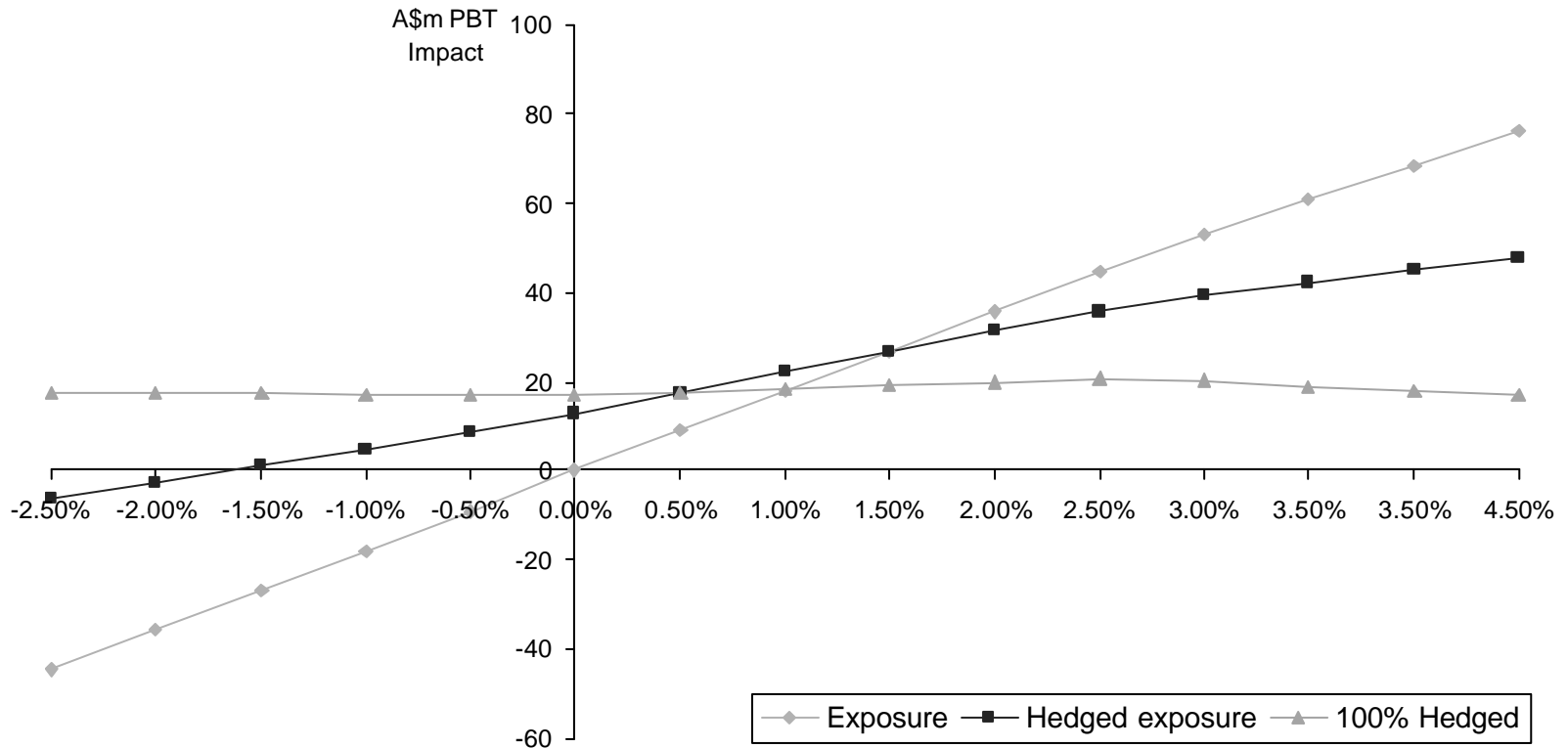


# Working Capital Management Improving but not enough



# Margin Income – Interest Rate Sensitivity

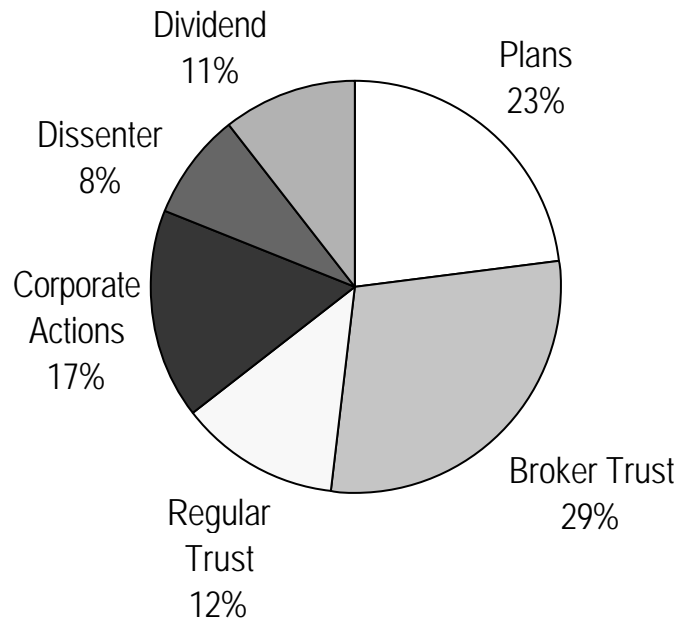
## Margin Income Exposure



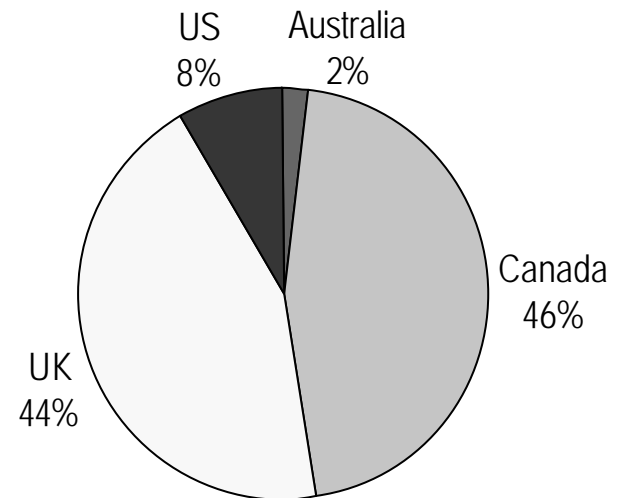


# Risk Management - Funds Balances at 30 June 2003

By Category

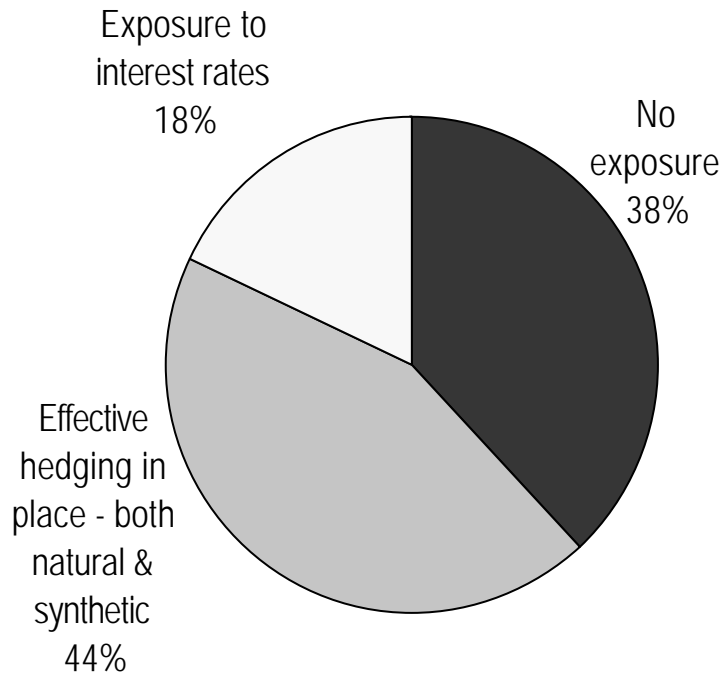


By Country



FY03 average balance range A\$3.1b – A\$5.4b

# 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: 44%



## Equity Management – Fully Franked Final Dividend of 2.5 cps

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- EPS – Normalised 6.1 cents
- Dividend 5.0 cents per year
- Current yield \* 2.6%
- Franking Benefit – Total return 3.7%

\* Based on share price of A\$ 1.90

# Equity Management – Share Buy Back

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- Commenced 11<sup>th</sup> September 2002
- Acquired 18,710,000 shares
- Average price A\$2.05
- Completed 11<sup>th</sup> March 2003

# Financial Summary

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- EBITDA strong given market conditions
- Significant cost reductions
- Capex down 68% on last year
- Working capital slowly improving
- Share buy back, increased dividends
- Substantial debt capacity
- Major improvement in reporting time frames and quality



## CEO's Report

Chris Morris  
*Chief Executive Officer*



# Focus during the year

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- Reducing costs
- Use of technology to gain sustained efficiencies
- Implementation of a client-centric model
- Board structure
- Our people

# Reducing Costs

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- Reduction in operating costs of 10%
- Gross reduction in FTE numbers of 575
- Capital expenditure down by 68%
- On-going cost base reduced substantially
- Businesses now positioned to withstand further decline and/or benefit from increase in market activity/interest rates

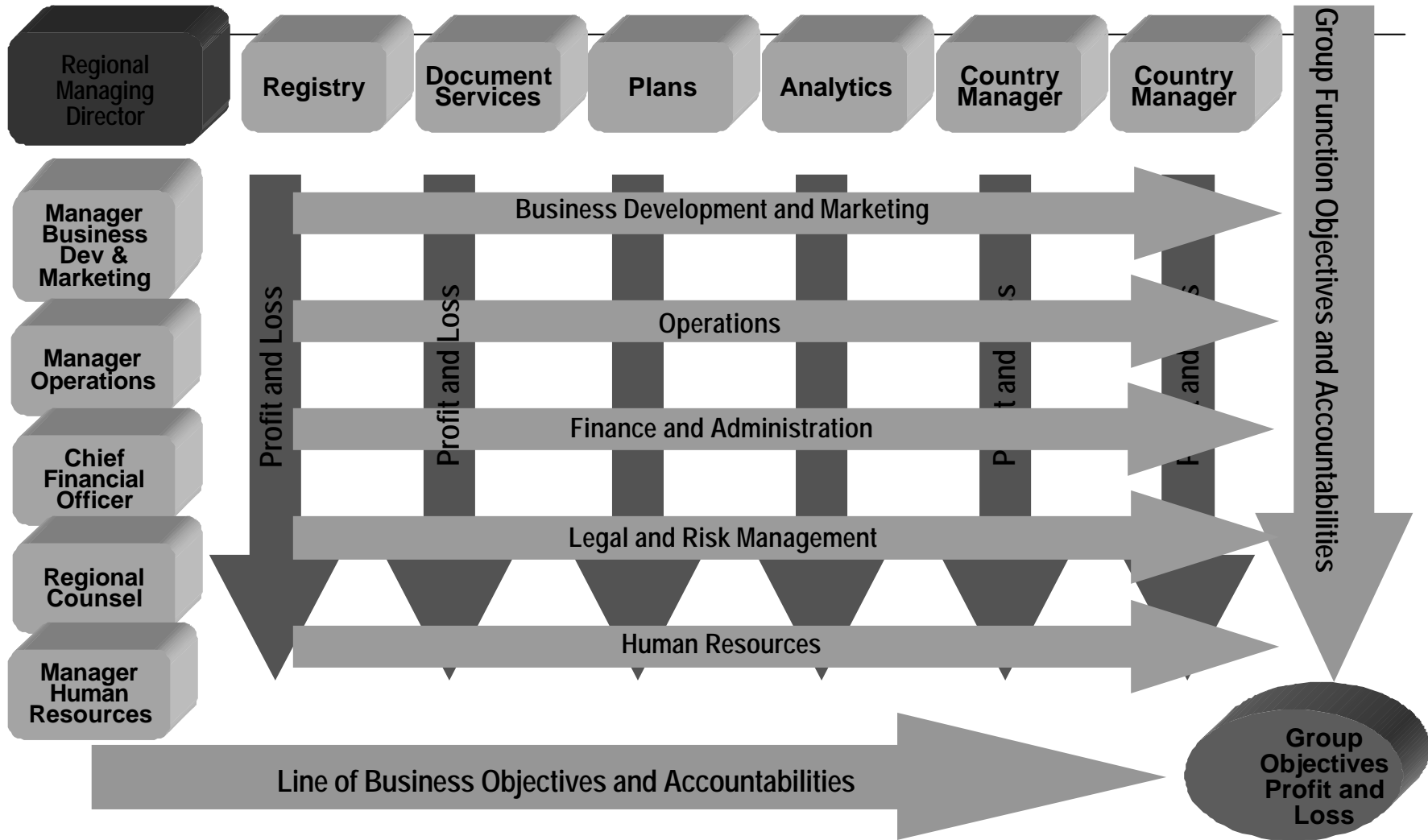
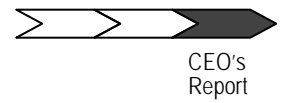
- Migrated systems in US/Canada/South Africa/Hong Kong
- Global options management and dealing platform
- Total redesign of web site
- New global platform live
- Workflow allowing flexibility in operations

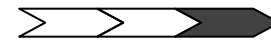
# Management of the business

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- Client focussed teams
- Shared services across all businesses
- P&L accountability

# Management of the Business

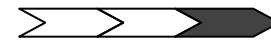




## Asia/Pacific

- Won majority of IPO's in Australia
- 50% increase in holders under management (Fixed Interest)
- 22% increase in value of employee plans under management





## North America

- Acquired Fifth Third Bancorp registry and plans businesses (retained all clients – no additional staff)
- Acquired Charles Schwab Employee stock Purchase Plan business
- Independent customer surveys place Computershare No 1 in service quality
- Dealing service volumes for employee plans up 80%

## EMEA Region

- Acquired 27% ComputersharePepper AG (option on a further 10%)
- Acquired 30% National Registry Company of Russia
- Plans Business – strong growth

# The Board of Directors

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- 5 Australia
- 2 USA
- 1 United Kingdom
- 6 Non Executive

# Our Executive Group

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- Chris Morris                      CEO
- Rob Chapman (New)      EMEA
- Steven Rothbloom              North America
- Stuart Crosby                      Asia/Pacific
- Paul Tobin                          Legal Counsel
- Paul Conn                          Global Services
- Tom Honan                          CFO
- Penny Maclagan                  Technology Services

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	Asia / Pacific	EMEA	NA
Time Zone	S. Crosby	*R. Chapman	S. Rothbloom
Business Development & Marketing	*W.Angus	TBA	*M. Deleray
Finance	*T.Ristevski	D.Corney	*S.Tulloch
Operations	*G.Giannini	*K.Rayner	*W.Newling

*\* Appointed FY2002/03*

## FOCUS FOR THE YEAR

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- To complete the restructure in Canada
- To re-engineer the business in the UK
- Leverage off our global reach
- Improve and extend our cross selling opportunities
- Continue to achieve cost reductions
- Seek to acquire related businesses

Key drivers for increased profitability continue to be interest rates and corporate actions

➤ EBITDA in range \$140 million to \$160 million

# Financial Year 2003 Results Presentation

28 August 2003



## Appendix A

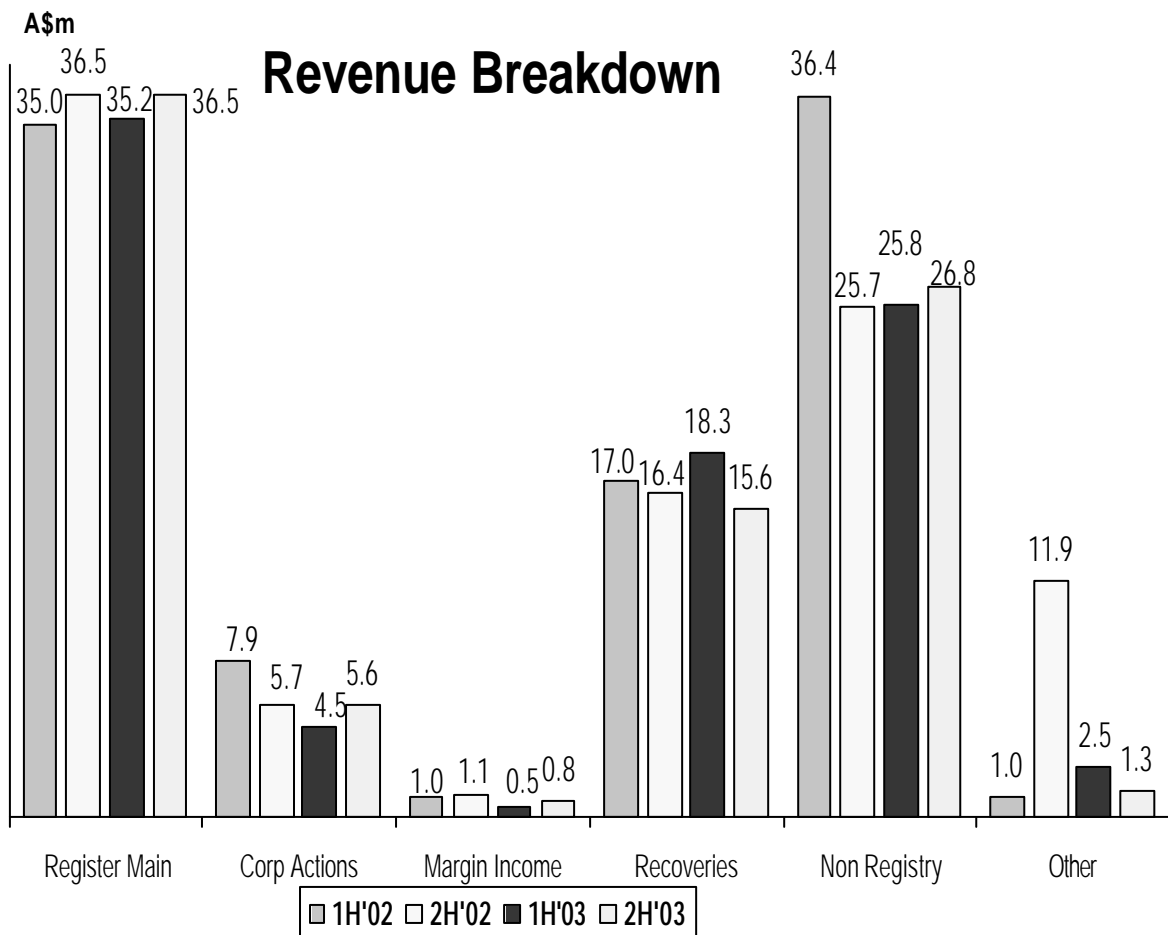
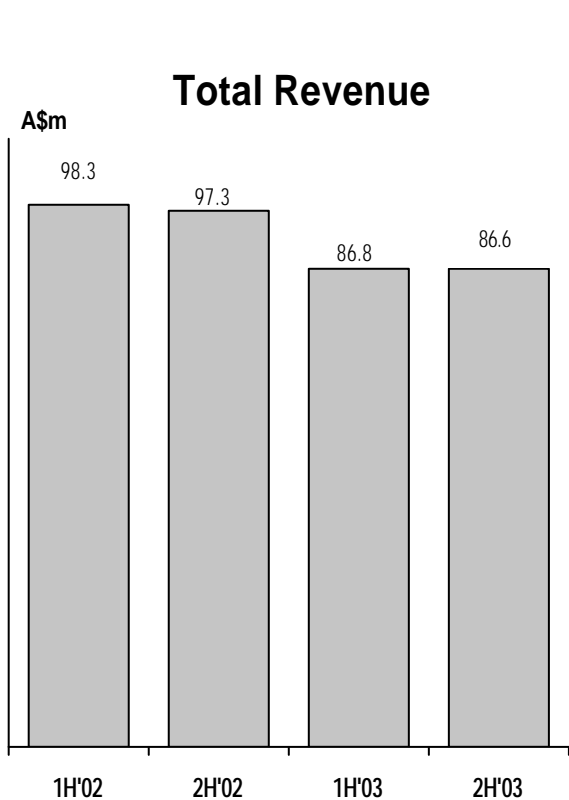
### Revenue Breakdown by Country

# Competitive Environment

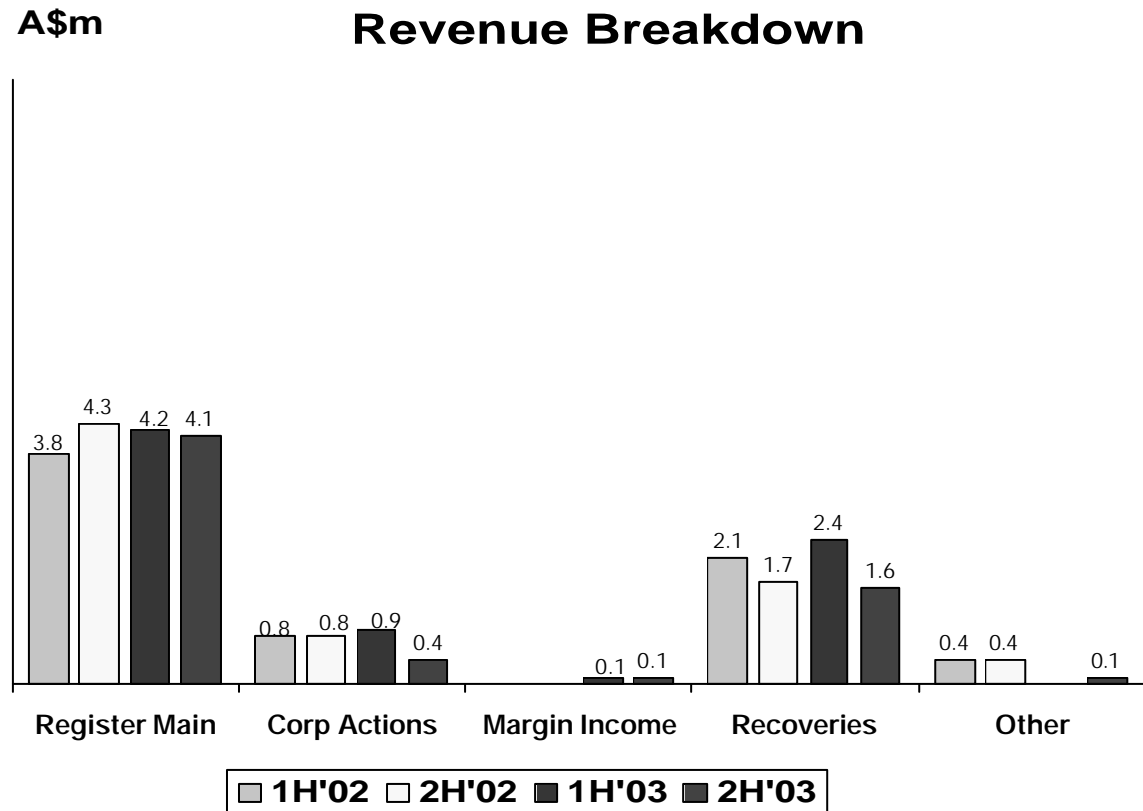
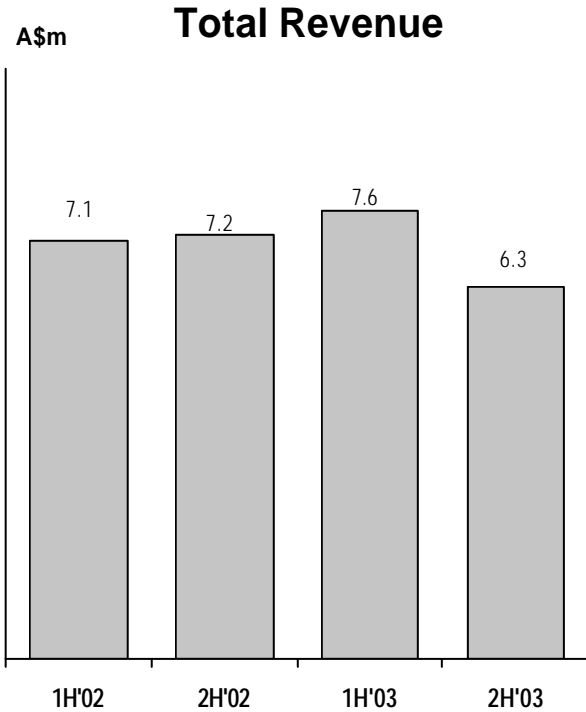
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	<b>Clients</b>	<b>Competitors</b>
Australia	1,209	APRL
New Zealand	266	
Hong Kong	416	
UK	682	Lloyds, Capita
Ireland	175	
South Africa	582	
USA	1,245	BoNY, DST, Mellon
Canada	2,289	CIBC Mellon

# Australia - Half Year Comparison

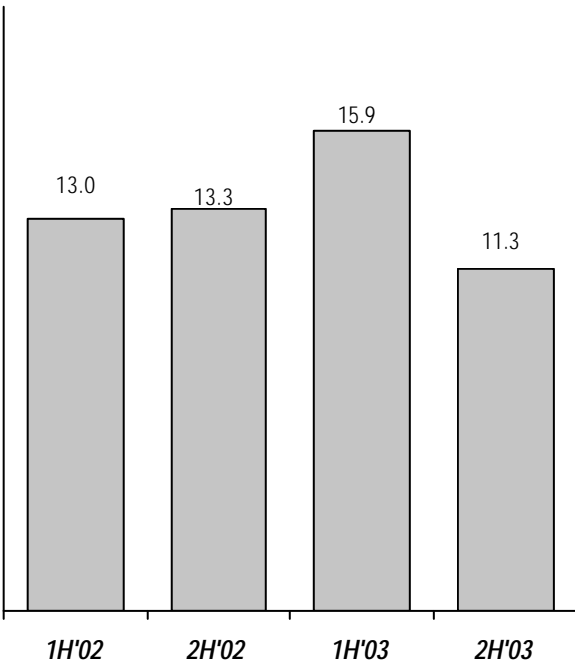


# New Zealand - Half Year Comparison



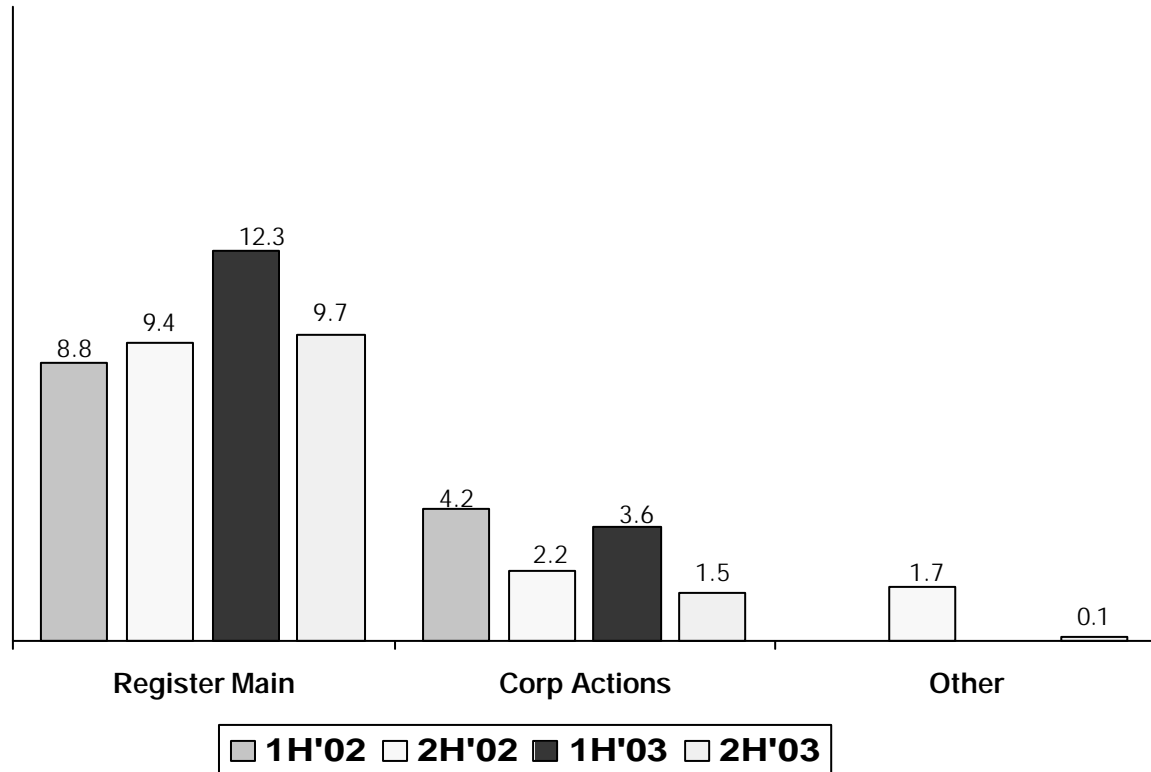
# Hong Kong - Half Year Comparison

A\$m Total Revenue

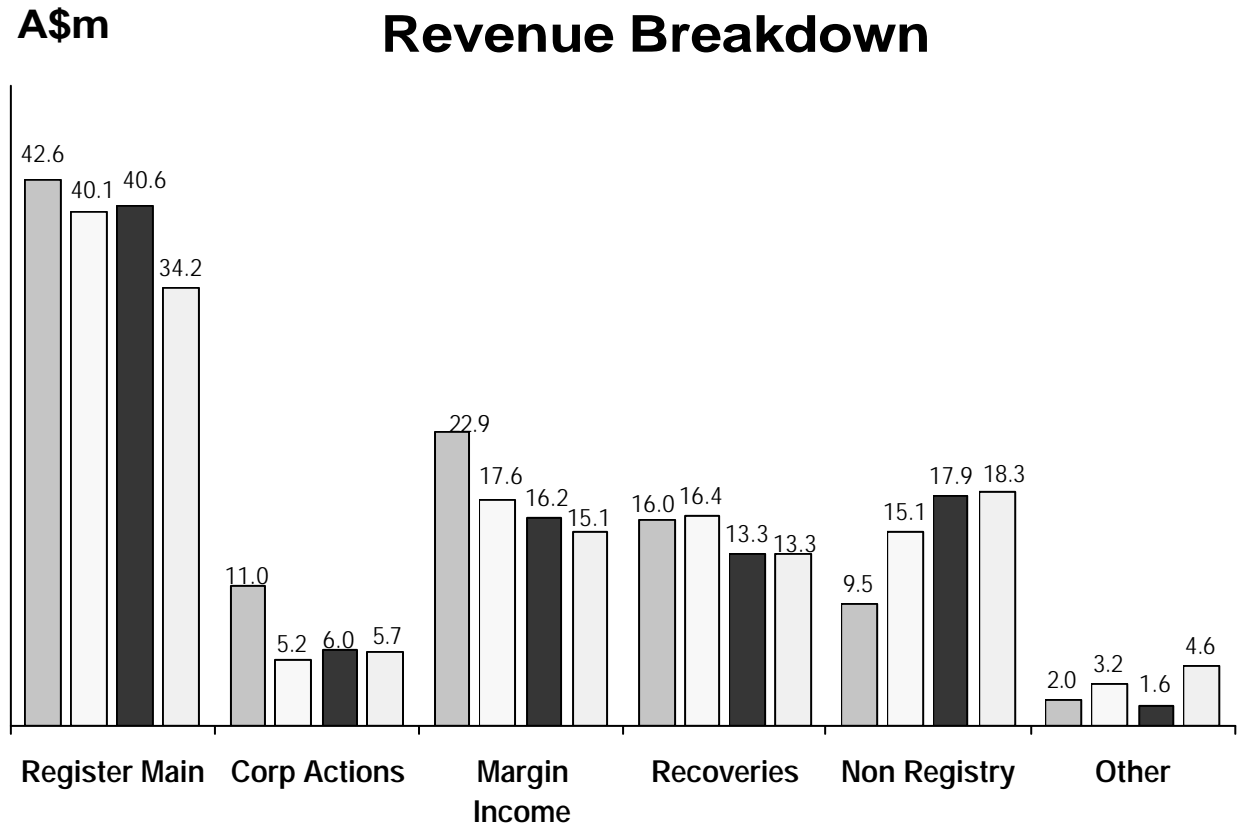
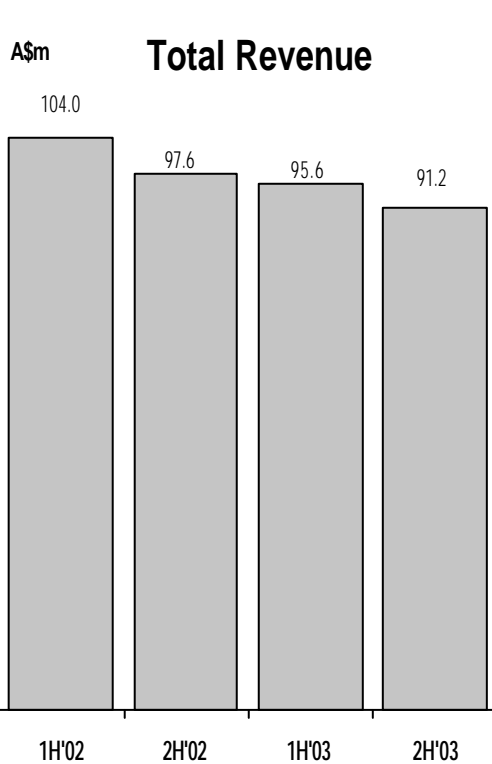


A\$m

Revenue Breakdown

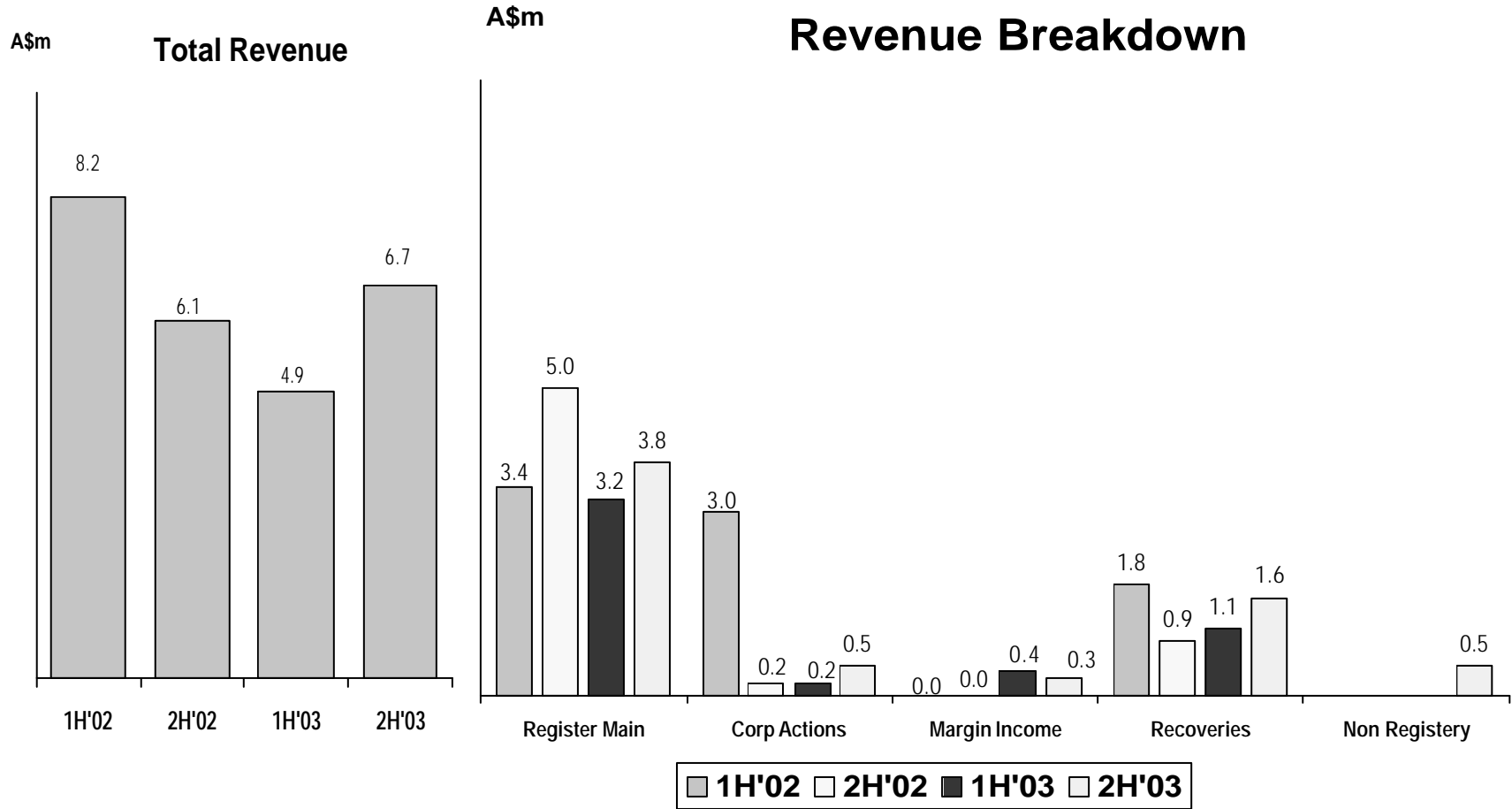


# United Kingdom - Half Year Comparison

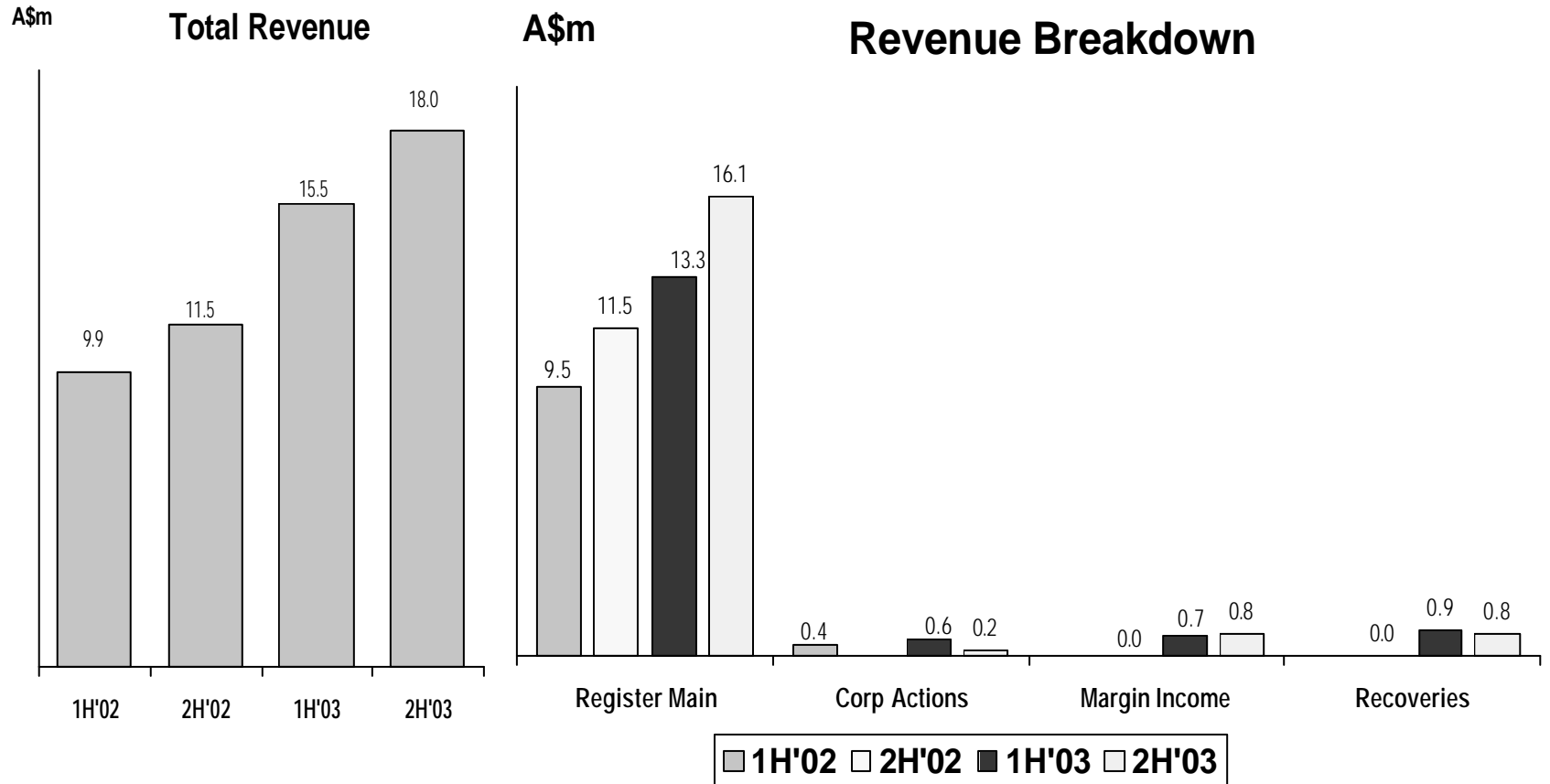


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  2H'03

# Ireland - Half Year Comparison

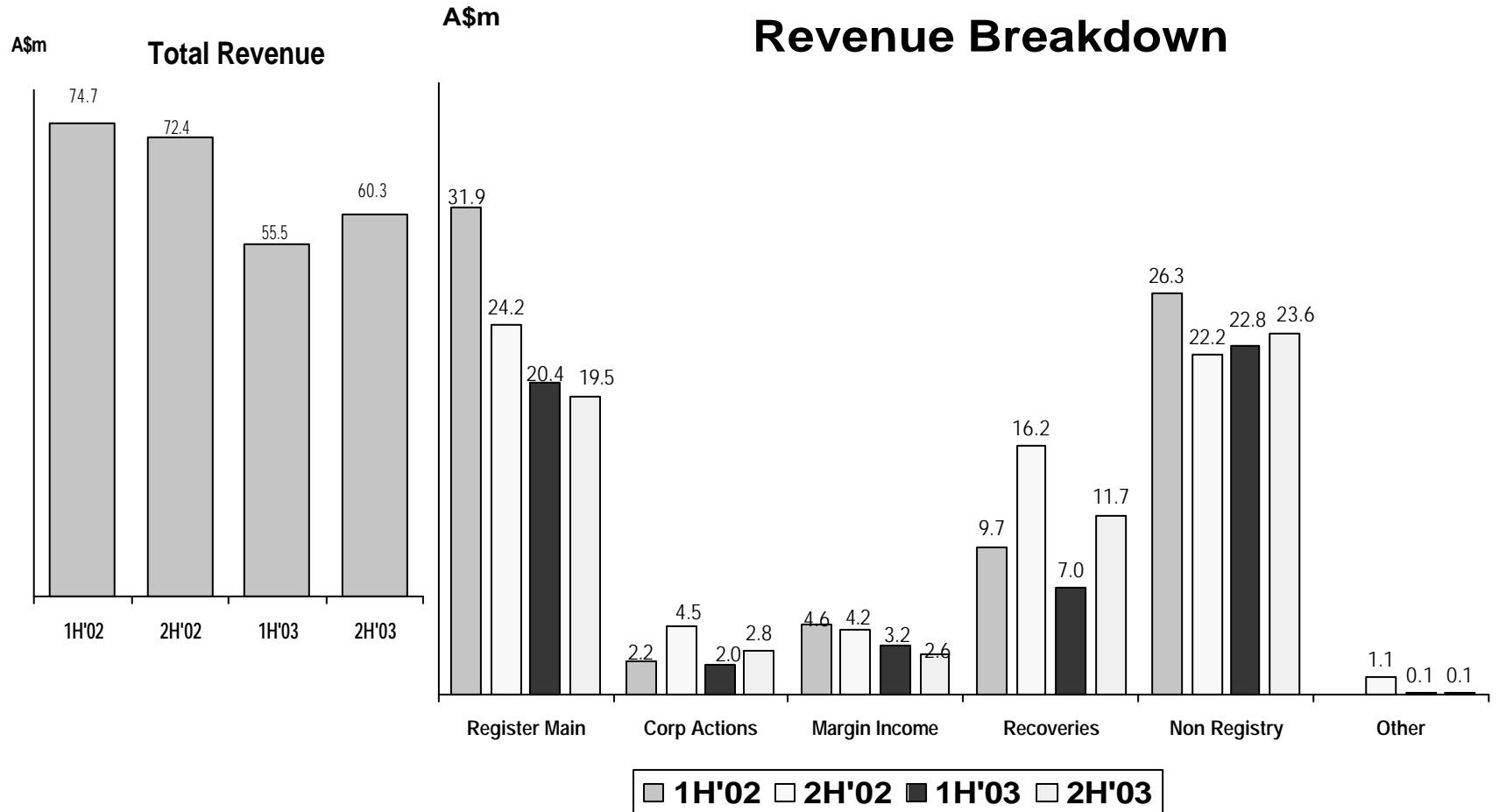


# South Africa - Half Year Comparison





# United States - Half Year Comparison



# Canada - Half Year Comparison

