

Computershare Limited Half Year Results 2009 Presentation

Stuart Crosby
Peter Barker

11 February 2009

CERTAINTY | INGENUITY | ADVANTAGE

 **Computershare**



Stuart Crosby

President & CEO

Results Highlights

	1H09	vs 2H 08	vs 1H 08
Management earnings per share	26.14 cents	up 8%	down 4%
Operating revenues	\$783.0m	down 1%	down 1%
Operating costs	\$544.1m	down 5%	up 2%
Management EBITDA	\$238.6m	up 8%	down 7%
EBITDA margin	30.5%	+ 260bps	- 220bps
Management net profit after OEI	\$145.2m	up 8%	down 7%
Free cash flows	\$147.3m	up 26%	down 21%
Interim Dividend	AU 11 c	flat	up 10%
Dividend franking	40%	vs 30%	vs 20%

Note: all results are in USD except for dividend

- › Strong balance sheet, low gearing and robust cash generation
- › More than 70% of revenue recurring in nature
- › Revenues, cash-flows and margins holding up very well despite the challenging environment
- › Continued strong investment in R&D and product development
- › Global diversification across 17 countries including long term growth engines China, India and Russia
- › Proven technology capabilities and innovation
- › Demonstrated ability to acquire and integrate businesses
- › Unique cross-border transaction capabilities

Unchanged from the AGM – we expect USD management earnings per share for financial year 2009 to be about the same as last year, perhaps marginally behind.

This assumes equity, interest rate and FX market conditions remain broadly consistent with current levels for the rest of the financial year.

While USD guidance is flat on FY08, AUD guidance at current forex rates is now about 30% up on last year (at August 08 rates).

FY08 Mgt EPS	USD 51.6 cps
AUD/USD @ 8/08 0.87	AUD 59.3 cps
AUD/USD @ 2/09 0.67	AUD 77.2 cps



Peter Barker

CFO

Drivers behind financial performance

- › Corporate action environment
- › Interest rate levels
- › Balances
- › Acquisitions
- › Cost reductions and operating efficiencies
- › Foreign exchange
- › Balance sheet management

Group Financial Performance – US\$m



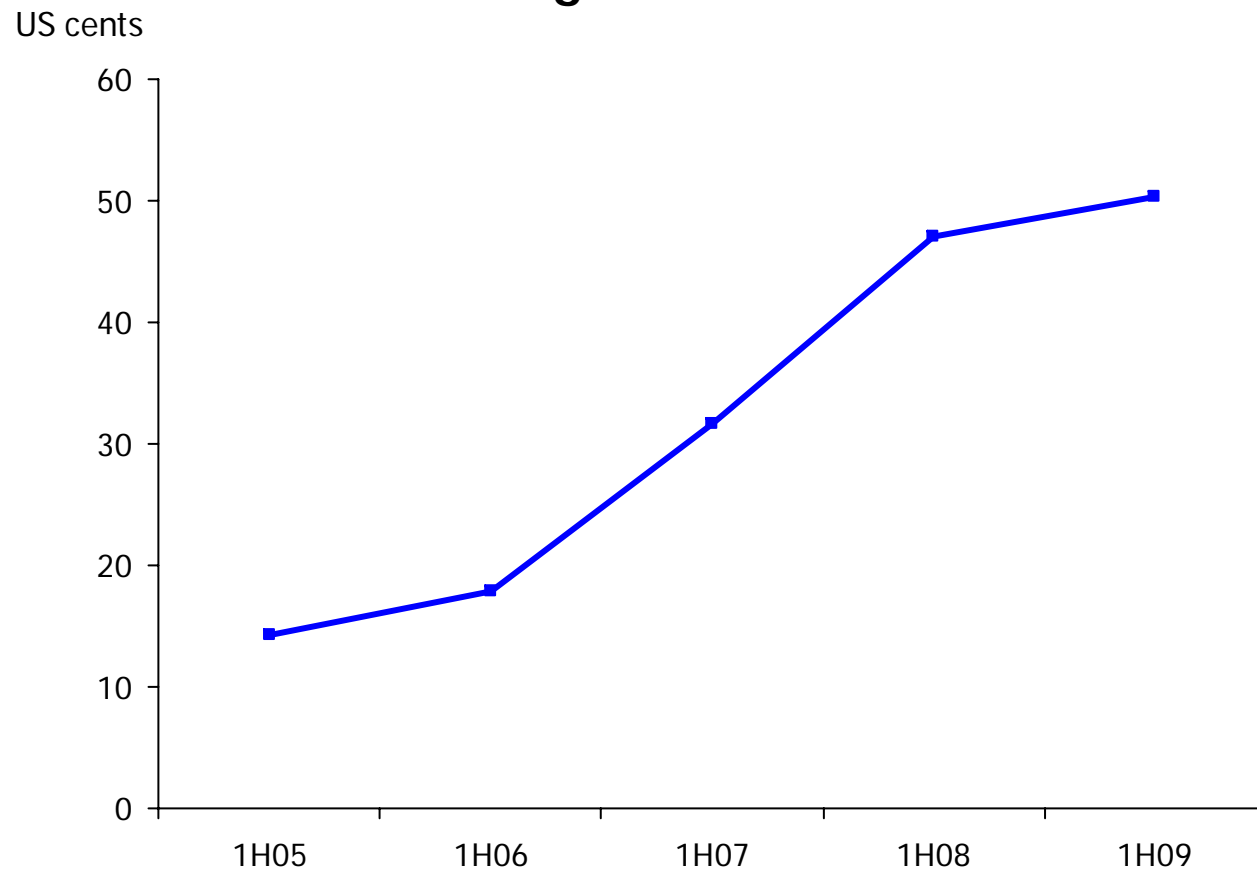
Financial
Results

	1H09	2H08	Variance 1H09 to 2H08	1H08	Variance 1H09 to 1H08
Sales Revenue	772.7	784.2	(1%)	779.8	(1%)
Interest & Other Income	10.3	10.1	2%	8.5	22%
Total Revenue	783.0	794.3	(1%)	788.2	(1%)
Operating Costs	544.1	573.6	(5%)	532.4	2%
Share of Net (Profit)/Loss of Associates	0.3	(1.1)		(1.6)	
Management EBITDA	238.6	221.8	8%	257.4	(7%)
Management Adjustments - Revenue/(Expense)	(16.1)	(8.2)		0.9	
Reported EBITDA	222.5	213.6	4%	258.3	(14%)
Management EPS	26.14	24.25	8%	27.36	(4%)

Management EPS Performance



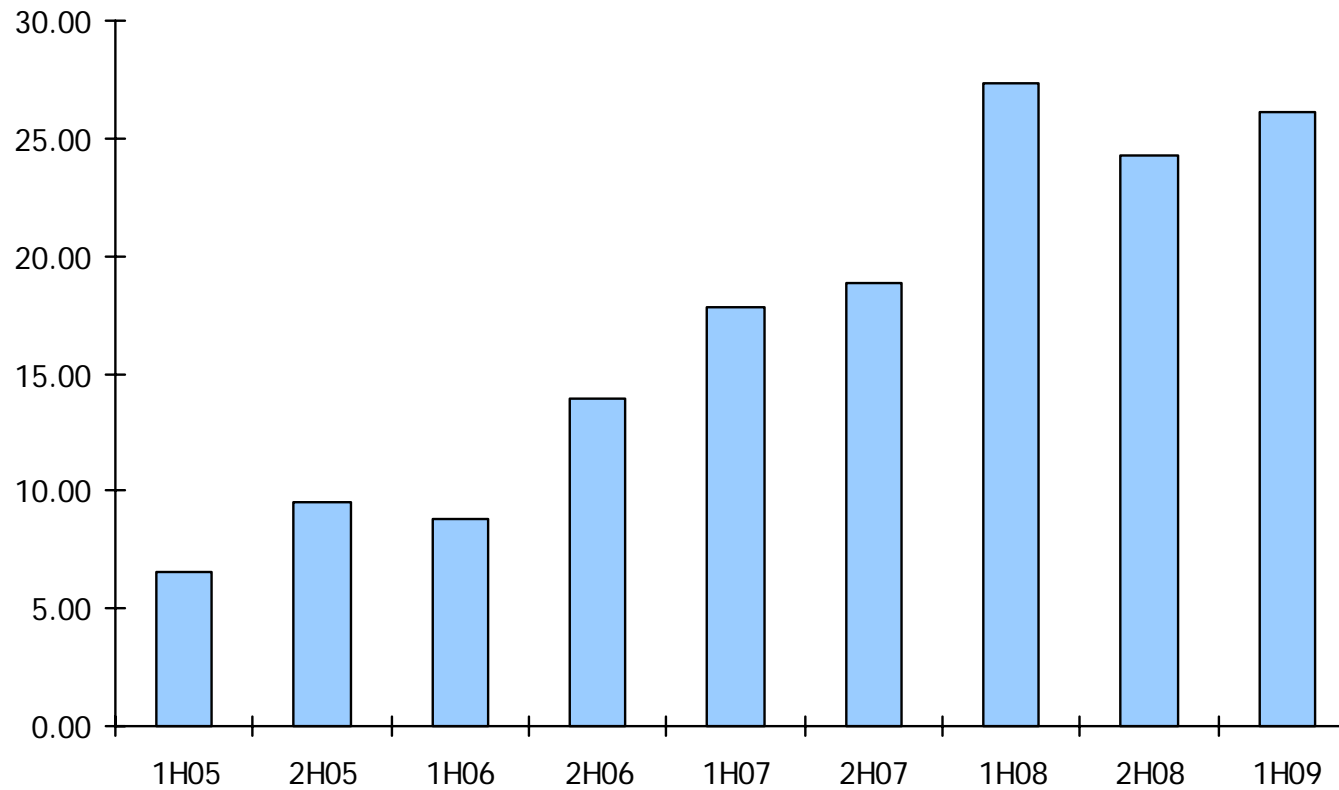
Rolling 12 months



Analysis of Management EPS – Half Year Comparison



US cents

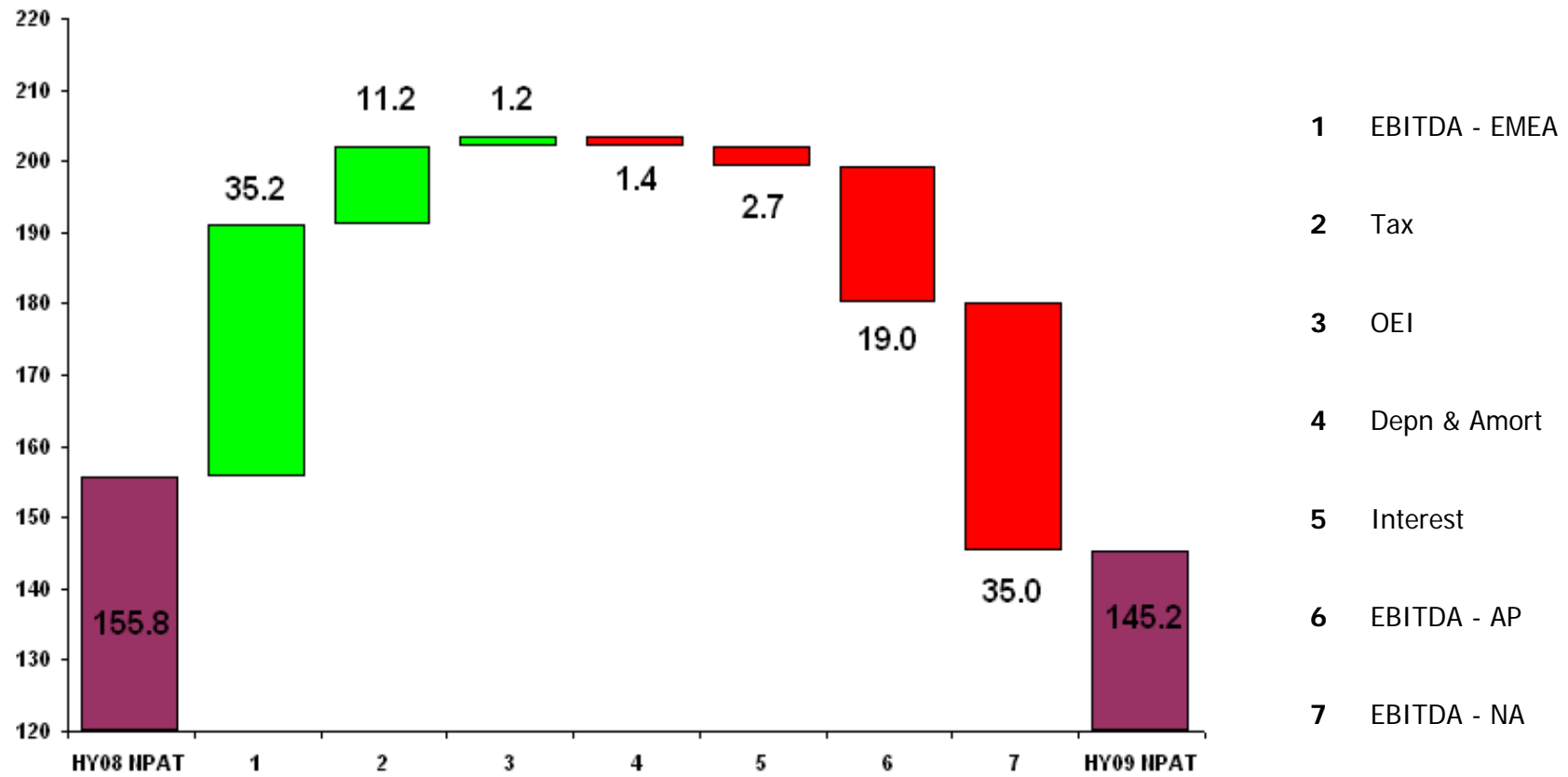


6.60	9.52	8.82	13.92	17.86	18.83	27.36	24.25	26.14
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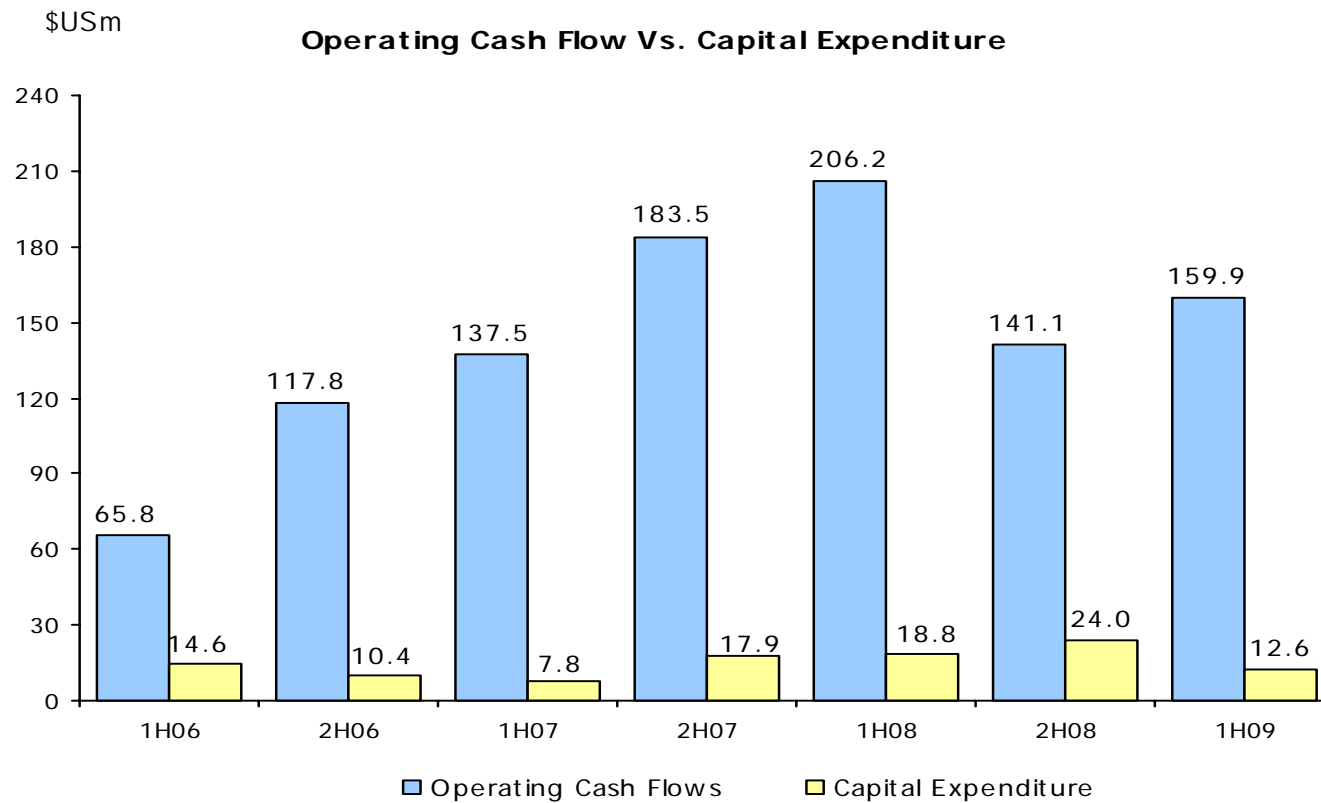
HY09 Management NPAT Analysis



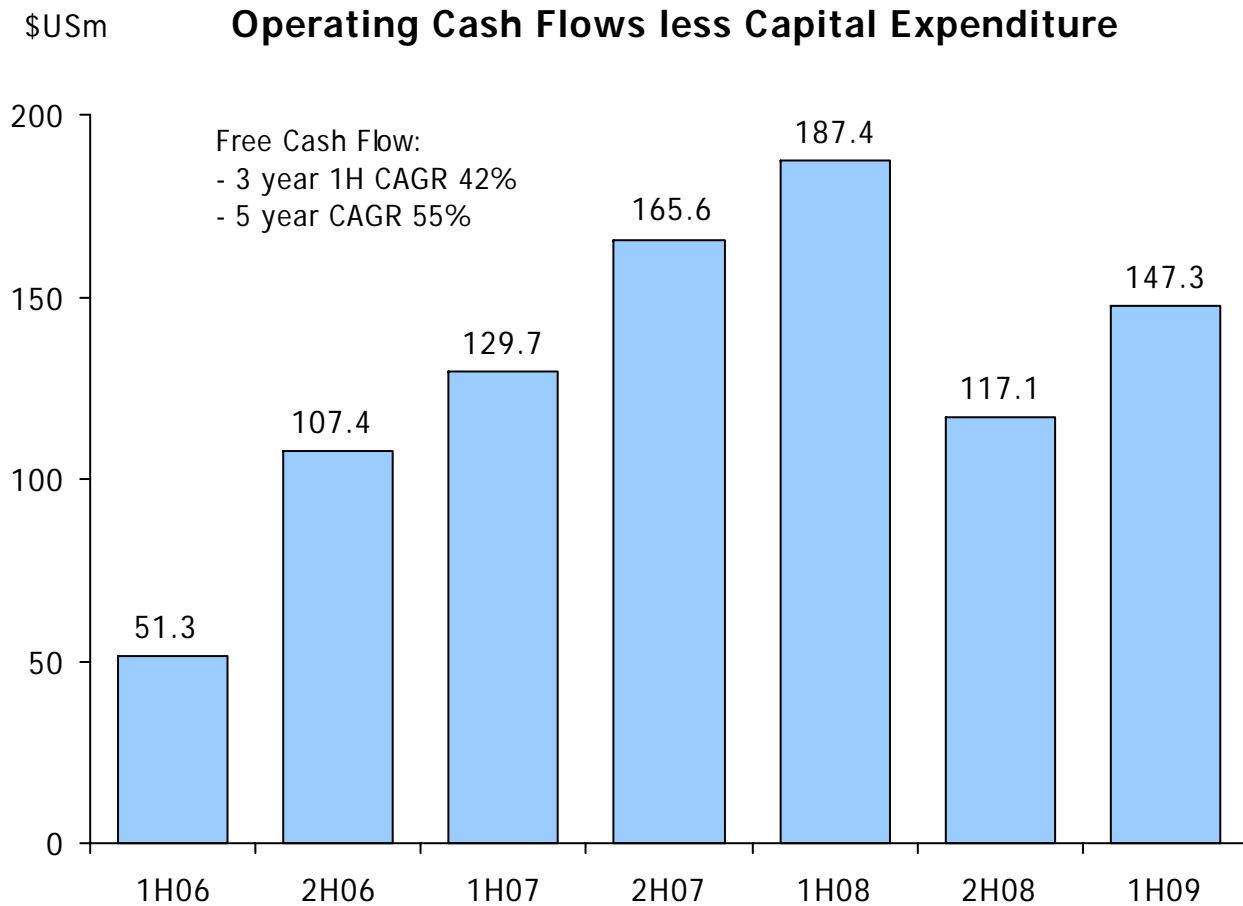
\$USm



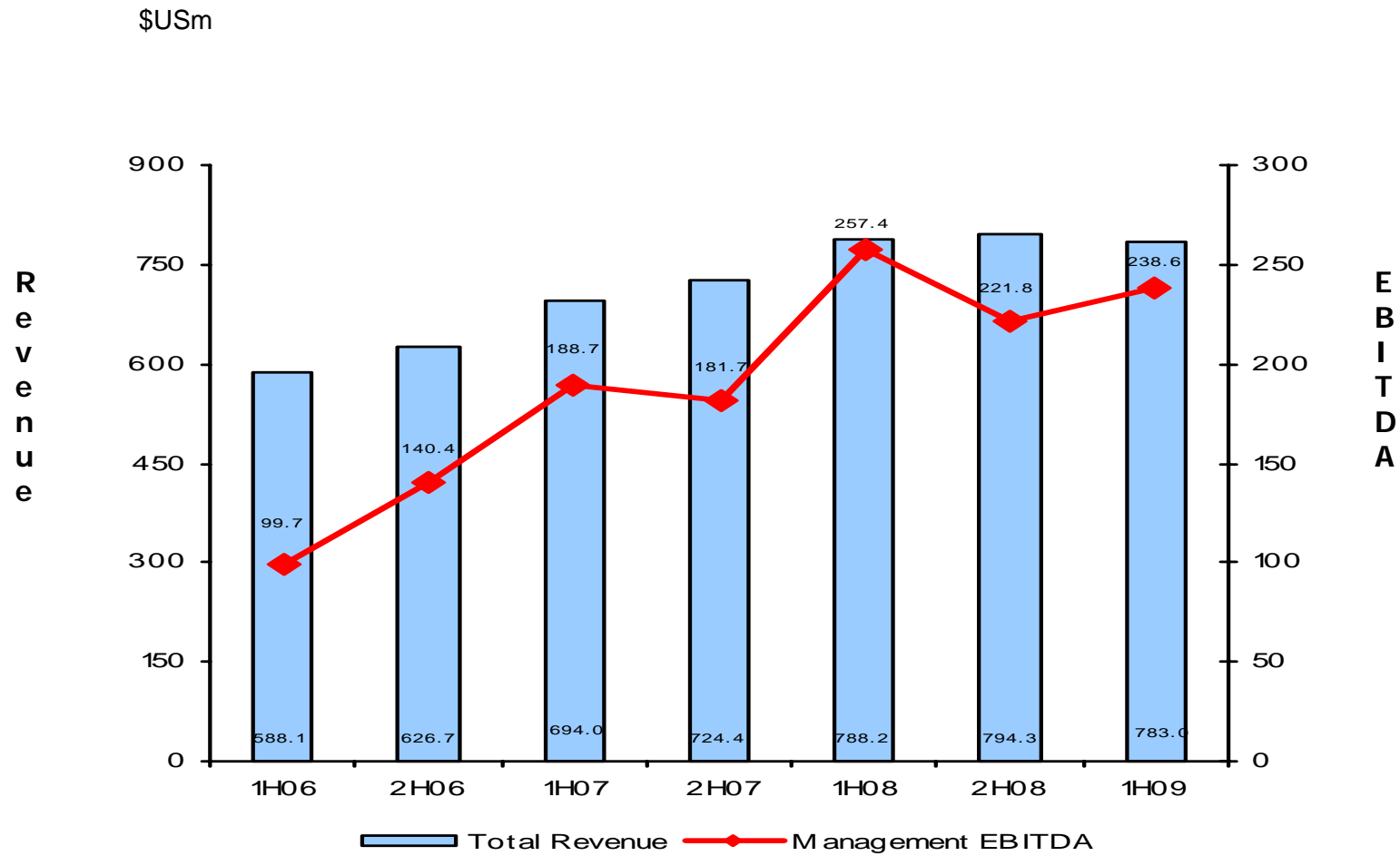
Net Operating Cash Flows



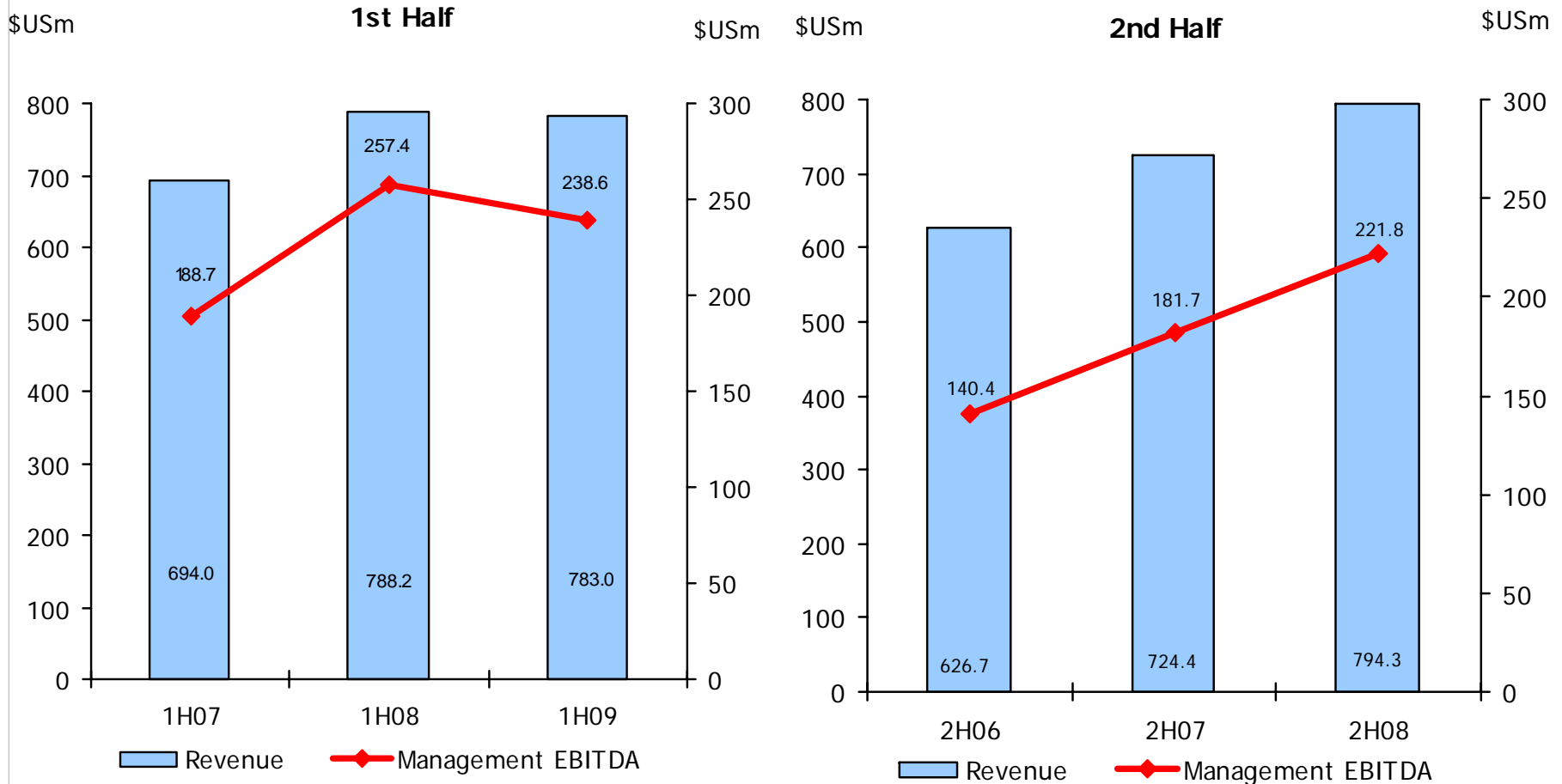
Free Cash Flow



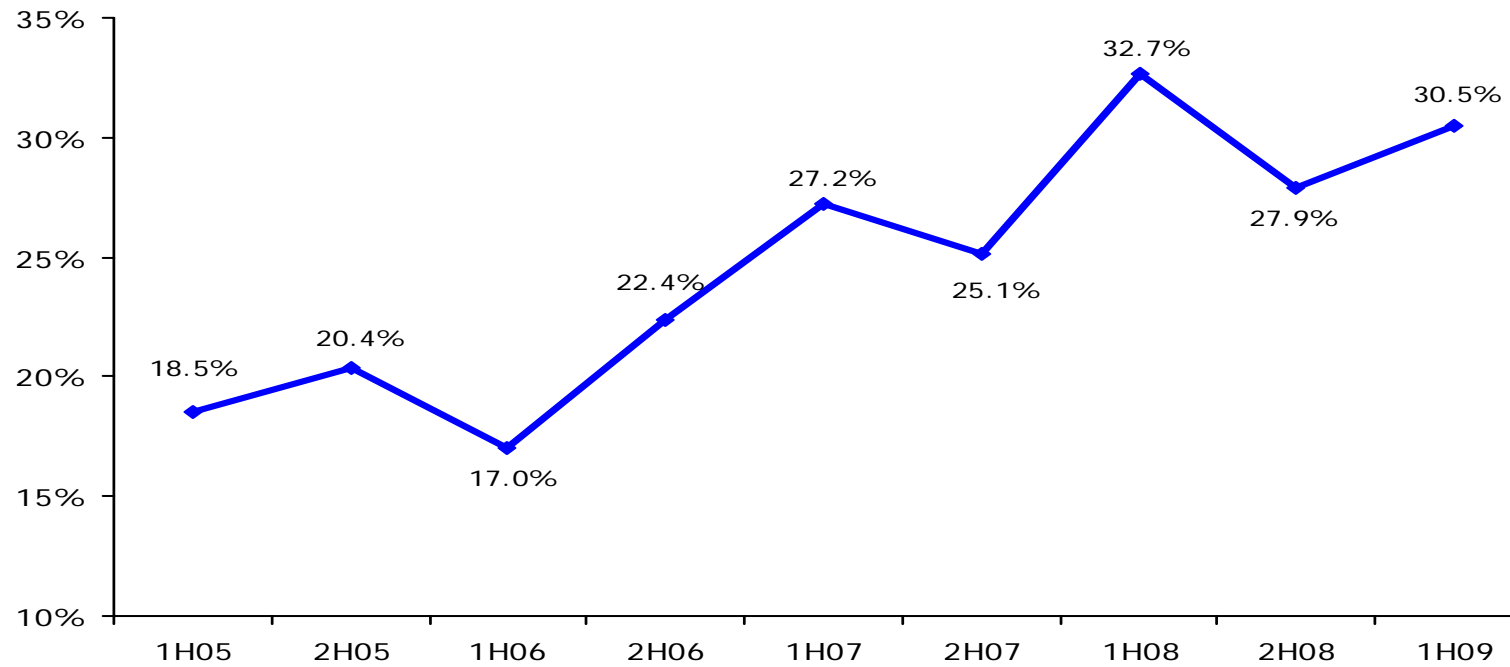
Half Year Comparisons – Revenue & EBITDA



Half Year Comparisons – Revenue & EBITDA



Management EBITDA Margin



Revenue Breakdown – US\$m

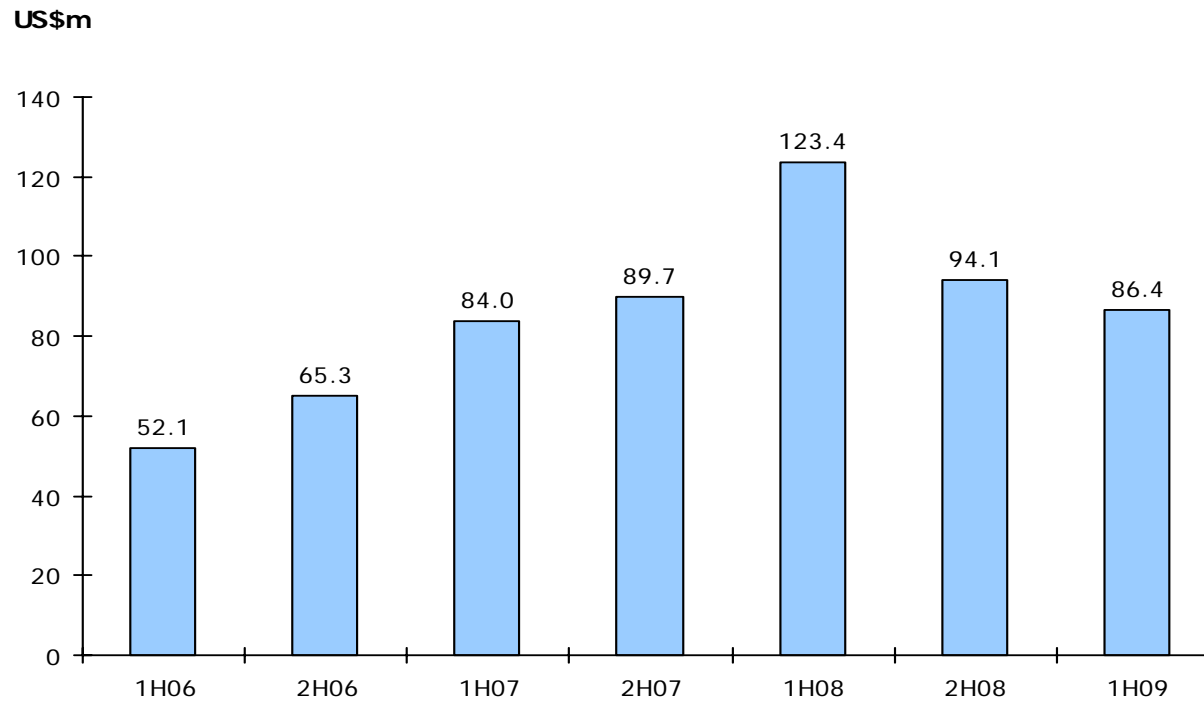


Financial
Results

	1H09	2H08	Variance 1H09 to 2H08	1H08	Variance 1H09 to 1H08
Register Maintenance	386.0	411.1	(6%)	406.5	(5%)
Corporate Actions	155.2	134.2	16%	169.4	(8%)
Fund Services	36.2	49.6	(27%)	41.7	(13%)
Stakeholder Relationship Mgt	35.9	49.1	(27%)	39.9	(10%)
Employee Share Plans	54.1	60.0	(10%)	59.0	(8%)
Communication Services	83.5	60.9	37%	44.4	88%
Technology & Other Revenue	32.1	29.5	9%	27.3	18%
Total Revenue	783.0	794.3	(1%)	788.2	(1%)

Note: Included in the revenue results are \$86.4m of Margin Income (2H08: 94.1m; 1H08: \$123.4m) and \$116.4m of Recoverable Income (2H08:139.5m; 1H08: \$116.3m).

Margin Income analysis



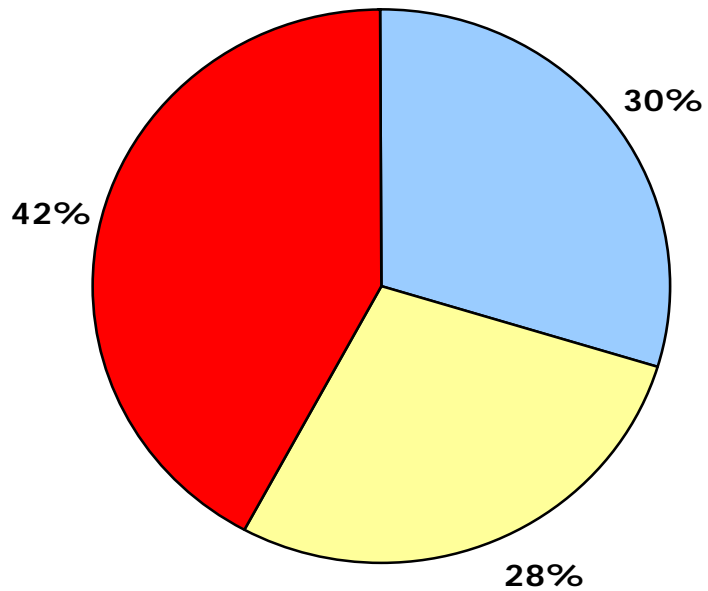
Average interest rates:							
UK	4.55%	4.50%	4.78%	5.31%	5.71%	5.19%	4.16%
US	3.70%	4.66%	5.25%	5.25%	4.85%	2.67%	1.53%
Canada	2.79%	3.77%	4.25%	4.25%	4.45%	3.51%	2.58%
Average balances (US\$bn)*	6.4	6.4	6.4	7.0	8.7	8.7	7.2

*Note: some balances attract no interest or a set margin for Computershare

Regional Analysis – 1H09 Revenue & EBITDA

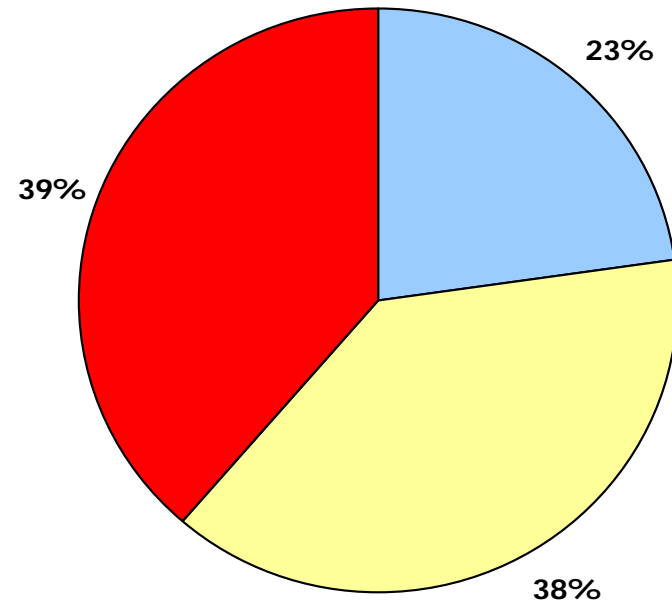


Total Revenue Breakdown



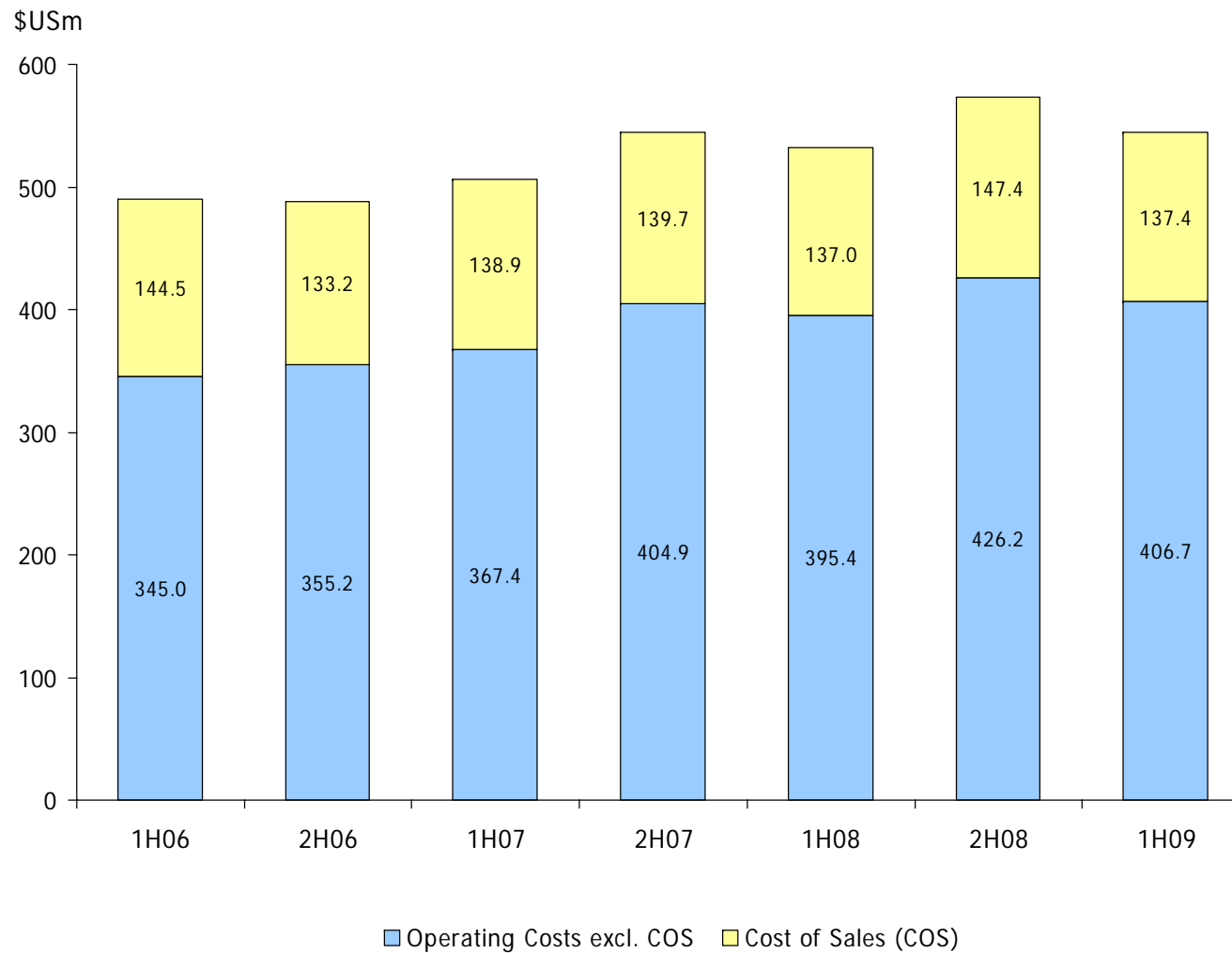
■ Asia Pacific ■ EMEA ■ North America

EBITDA Breakdown

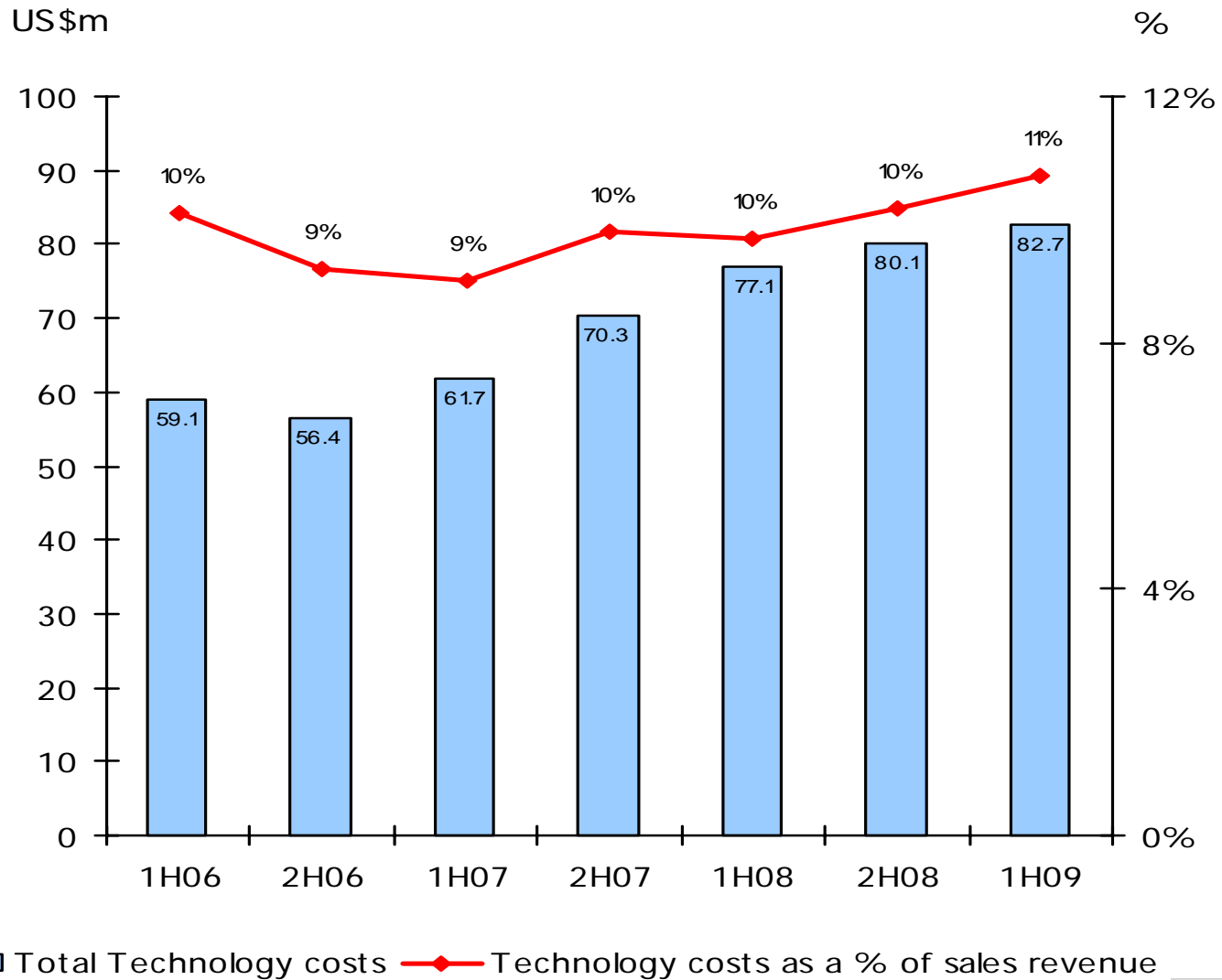


■ Asia Pacific ■ EMEA ■ North America

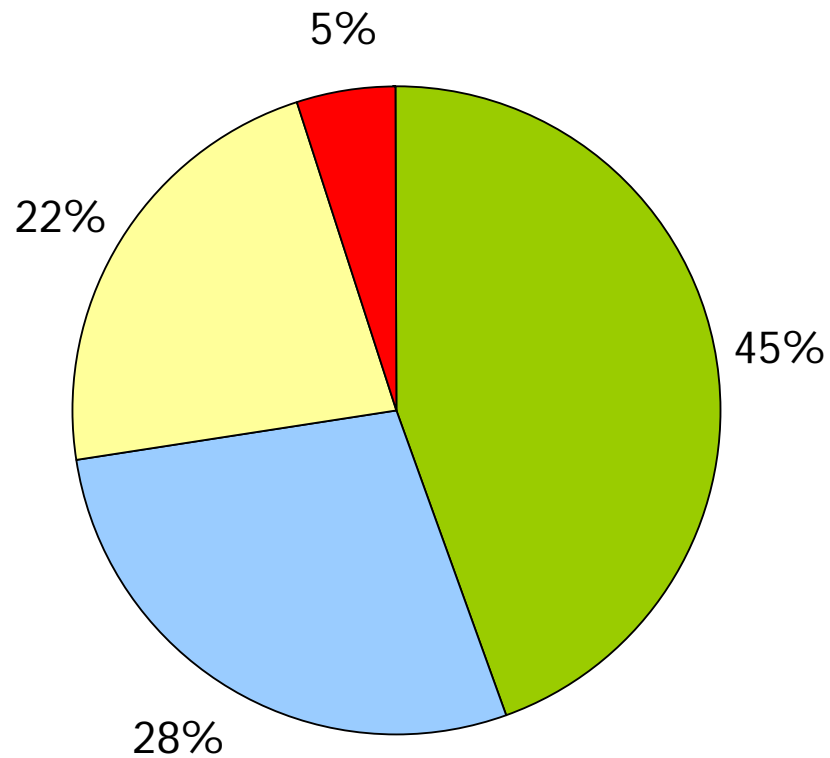
Half Year Comparisons – Operating Costs



Technology Costs – Continued Investment to Maintain Strategic Advantage



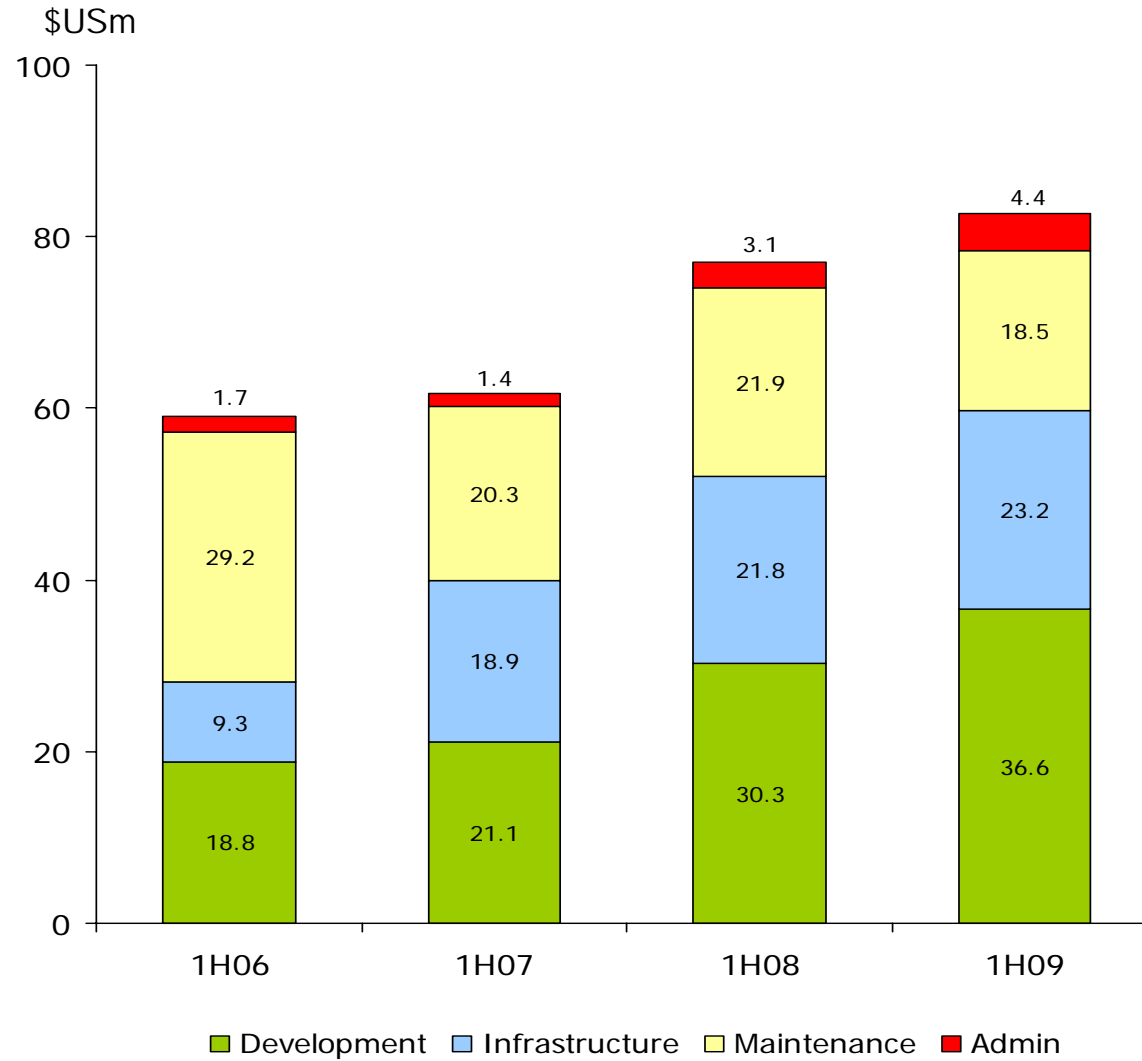
Analysis of 1H09 Technology Costs



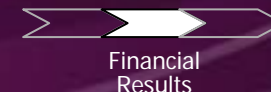
Total Costs **US\$82.7m**
Development Costs **US\$36.6m**

■ Development ■ Infrastructure ■ Maintenance ■ Administration

Analysis of Technology Costs



Balance Sheet as at 31 December 2008

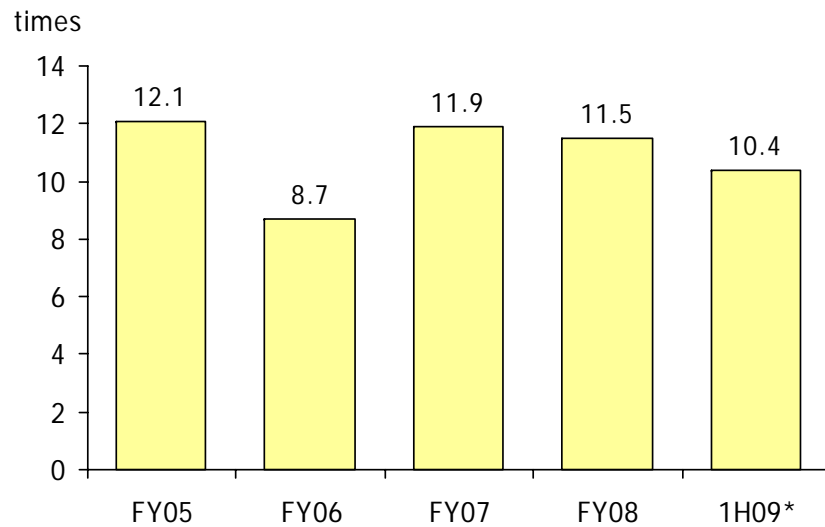


	Dec-08 US\$'000s	Jun-08 US\$'000s	Variance Dec-08 to Jun-08	Dec-07 US\$'000s	Variance Dec-08 to Dec-07
Current Assets	439,046	516,129	(15%)	369,763	19%
Non Current Assets	1,754,871	1,721,889	2%	1,520,793	15%
Total Assets	2,193,917	2,238,018	(2%)	1,890,556	16%
Current Liabilities	321,255	436,912	(26%)	332,971	(4%)
Non Current Liabilities	1,082,008	1,030,910	5%	874,854	24%
Total Liabilities	1,403,263	1,467,822	(4%)	1,207,825	16%
Total Equity	790,654	770,196	3%	682,731	16%

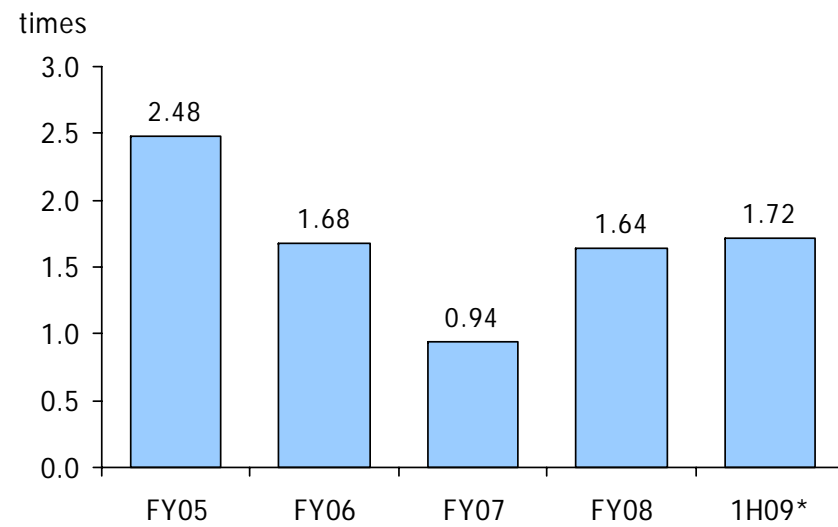
Key Financial Ratios



EBITDA interest coverage

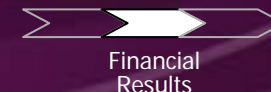


Net Financial Indebtedness to EBITDA



* Rolling 12 months

Computershare Borrowings



	Dec-08 US\$m	Jun-08 US\$m	Variance Dec-08 to Jun-08	Dec-07 US\$m	Variance Dec-08 to Dec-07
Cash	155.7	124.2	25%	108.0	44%
Interest Bearing Liabilities *	947.2	910.9	4%	747.4	27%
Net Debt	791.6	786.7	1%	639.3	24%
Management EBITDA **	460.4	479.2	(4%)	439.1	5%
Net Debt to Management EBITDA	1.72	1.64	5%	1.46	18%

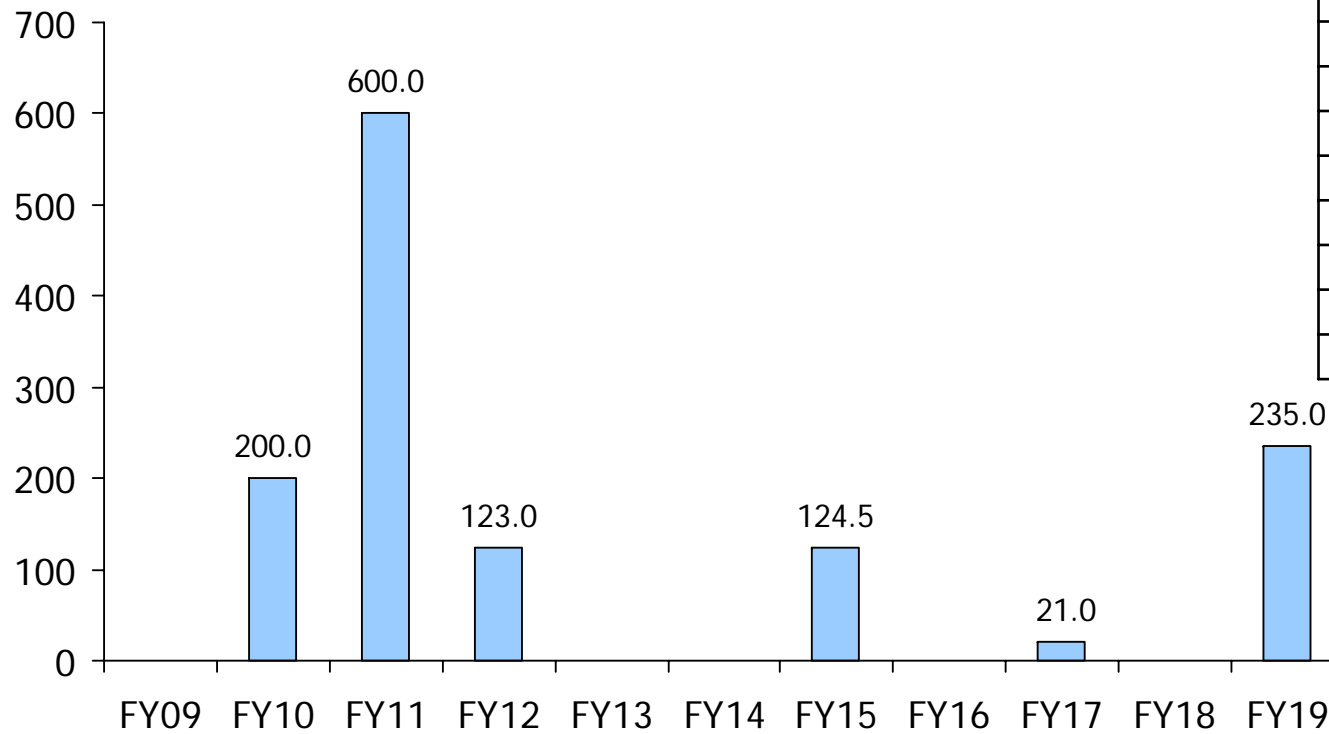
* Average Tenor of drawn debt at 31 December 2008 was 4.8 years.

** Rolling 12 months

Debt Facility Maturity Profile



US\$m

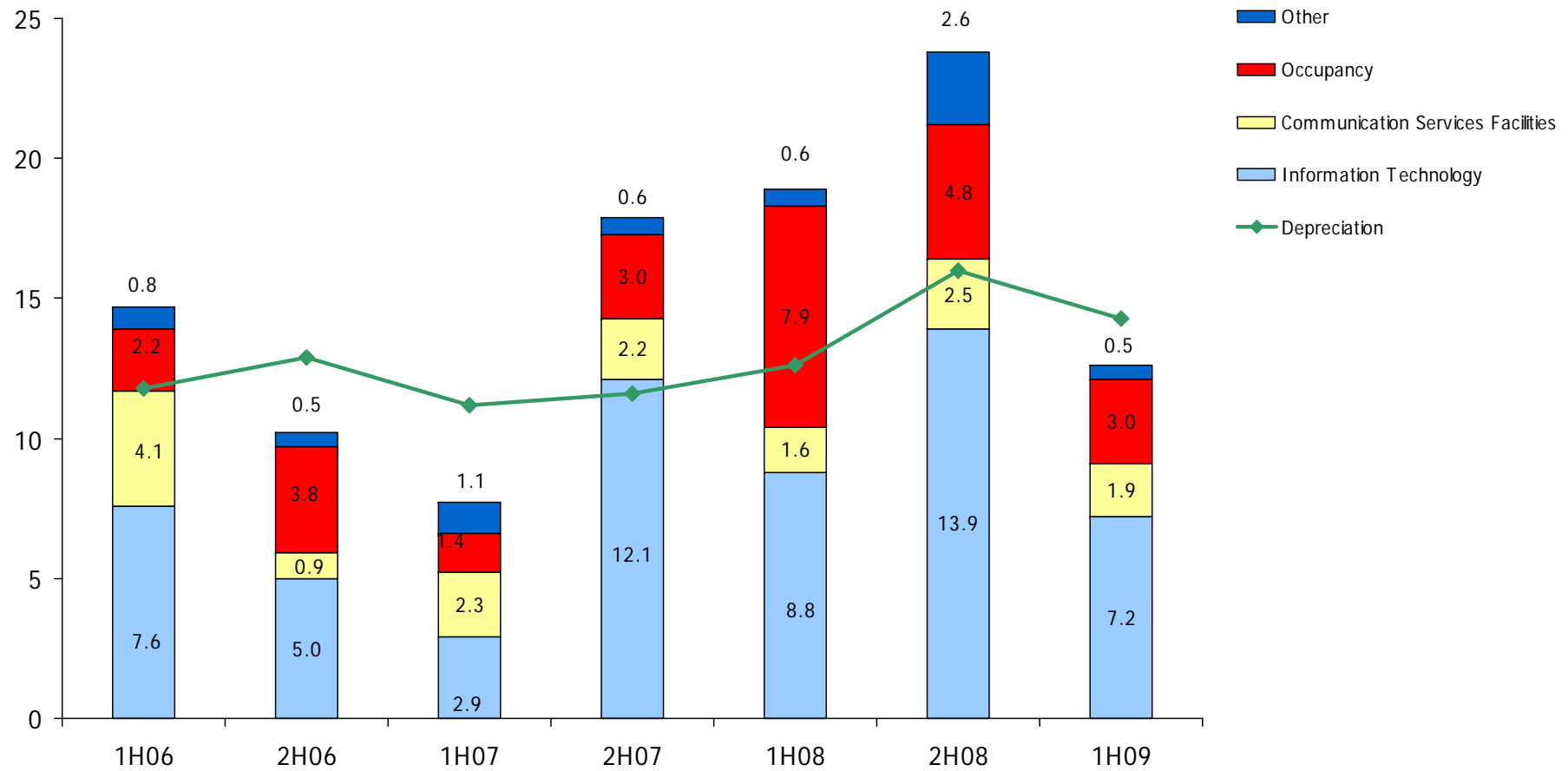


Debt Facility Maturity Profile (USD \$m)		Debt Facility utilised
FY09	nil	nil
FY10	200.0	nil
FY11	600.0	402.7
FY12	123.0	123.0
FY13	nil	nil
FY14	nil	nil
FY15	124.5	124.5
FY16	nil	nil
FY17	21.0	21.0
FY18	nil	nil
FY19	235.0	235.0
Total	1303.5	906.2

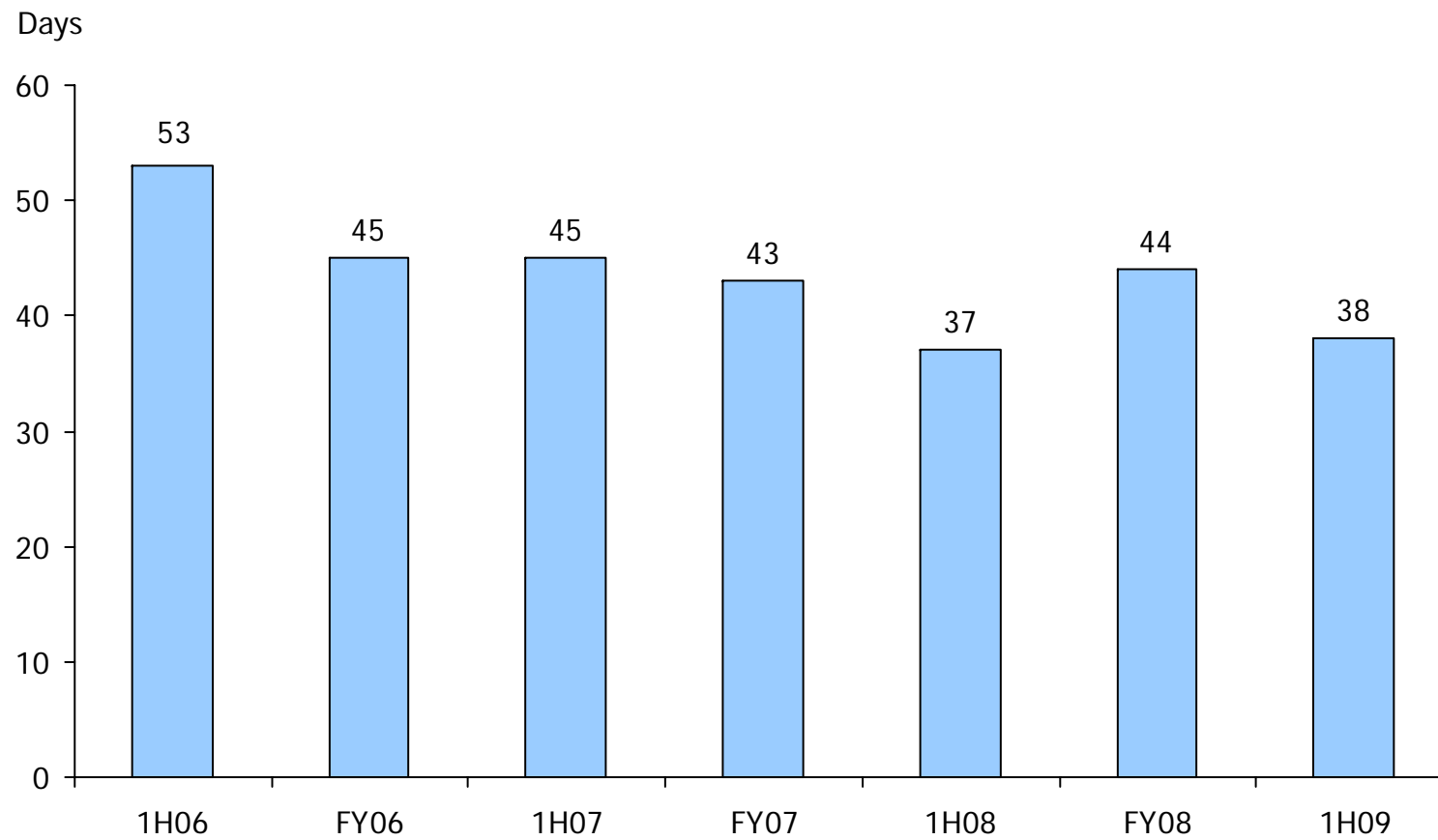
Capital Expenditure

Capital Expenditure Vs. Depreciation

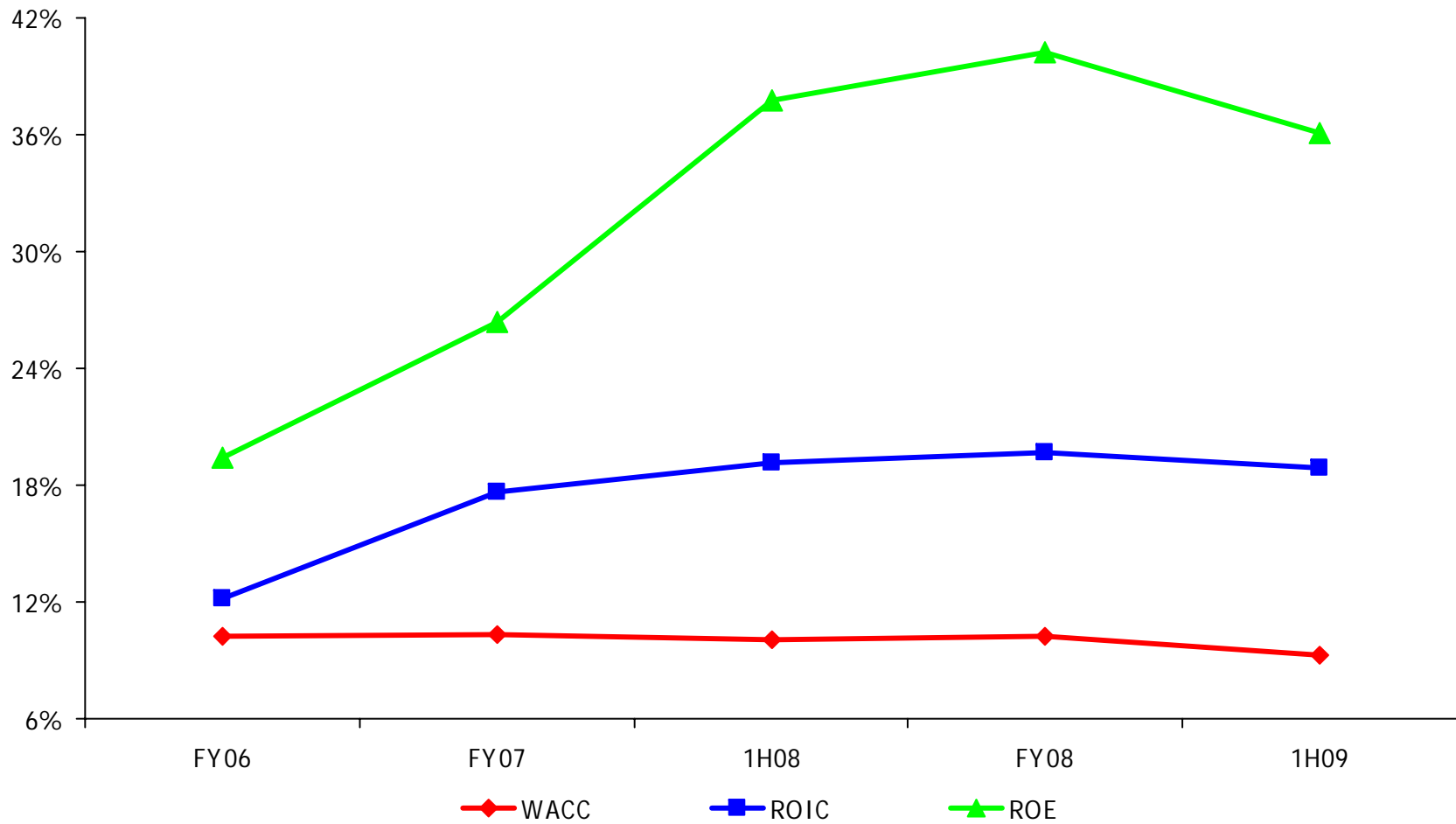
\$USm



Days Sales Outstanding



Return On Invested Capital Vs. WACC and Return on Equity



Equity Management – Interim Dividend of 11 cps (AU)



› EPS – Basic	US 23.55 cents
› EPS – Management	US 26.14 cents
› Interim Dividend (40% franked)	AU 11 cents
› Current Yield*	3.4%

* Based on 12 month dividend and share price of A\$6.52 (close 10 February 2009)

Financial Summary – Final Remarks



- › Maintained revenues, margins and EPS
- › Continued solid generation of free cash flow
- › Maintained strong balance sheet
- › Disciplined cost management
- › Return on equity >35%
- › Dividend maintained at 11 cents (AUD) per share, 40% franked



Stuart Crosby
President & CEO

Long term strategy unchanged:

- › Continue to drive operations quality and efficiency through measurement, benchmarking and technology
- › Improve our front office skills to protect and drive revenue
- › Continue to seek acquisition and other growth opportunities where we can add value and enhance returns for our shareholders

But the current environment also offers a once in a generation opportunity to lift our market position. Our strong balance sheet and cash flows allow us to invest in further service enhancements and new products for our clients at a time when many of our competitors are having to focus on refinancing and basic survival. We intend to take maximum advantage of this opportunity.

Delivery against long term strategy



Delivering on the first 2 limbs of the long term strategy (cost and revenue) has been a key factor in protecting our profits and margins in these challenging times:

- › operational productivity continues to improve across the globe (eg, increasing self service, some specialised off-shoring);
- › pay-off from revenue initiatives, especially in business as usual, continues to accelerate; and
- › operational improvements are putting us on top in independent service surveys everywhere they're offered, protecting our pricing power and strengthening our client retention.

We continue to be interested in value accretive acquisitions, but we will remain prudent about gearing in a world where we expect debt and equity capital to be scarce and expensive. We will carefully monitor our debt maturities and refinancing profile.

Delivery on the opportunity to lift our market position

- › We are consolidating our leading market position by releasing a range of new and enhanced products around the world.
- › We continue to invest in R&D (1H09 R&D spend USD 36.6M, up 20% on 1H08).
- › Third party shareholder and investor satisfaction surveys, as well as our own market research, show that the market is recognising our growing quality edge.
- › We expect this differentiation to increase as we continue to invest in and roll out service enhancements and new products, in an environment where many competitors are distracted by balance sheet and business viability issues.

Other key points at a group level

- › The strong US dollar continues to drag on non-US markets contribution to reported earnings (GBP and AUD down > 20%, CAD down > 12% since August 08).
- › Credit spreads have reduced, cutting slippage in interest rate hedges (natural and synthetic).
- › Operating margin has held up well at 30% despite the reduction in margin income.
- › Corporate action revenues have held up well but remain lumpy.
- › Less market cycle related businesses – Busy Bees vouchers in UK; Administar class actions in US; Canadian Corporate Trust; commercial CCS businesses generally – also help.
- › Acquisition hurdles are now materially higher for both strategy fit and valuation, but some interesting opportunities are emerging.

Investor Services

- › Client retention remains strong off the back of robust service delivery
- › Benefiting from investment in and rationalisation of “business as usual” capacities over past 12 to 18 months
- › Strong cost management materially mitigates the collapse in transactional revenue streams
- › Revamped web portal with enhanced reporting tools for issuers well received

Other

- › Fund Services - continues to win vast majority of (limited) available work; pipeline promising
- › Plans – also hurt by collapse of transaction volumes
- › Writing good business in Administar (class action and bankruptcy admin), but limited earnings impact until FY10
- › Proxy – very few M&A fights, but we are winning the majority of “name” friendly deals, eg, Merrill Lynch/Bank of America, Johnson & Johnson/Mentor and Omrix, IBM/ILOG and Abbott/Advanced Medical Optics

Investor Services

- › BCE not proceeding reduced 1H09 result
- › Strong cost management and delivery of operational improvements protecting performance
- › Benefiting from quality client relationships

Corporate Trust

- › Steady business with excellent margin, and holding up well in this tough environment
- › New ABS programs emerging

Plans

- › Good take up of new Tax Free Saving Account product

Proxy

- › Georgeson continues to be the leading proxy provider in Canada

EMEA update – UK, Russia, Germany, Ireland and South Africa



UK

- › CIS performing strongly, with good revenues from recapitalisation transactions
- › Deposit Protection Scheme continues to exceed expectations
- › Busy Bees integration going well – targets being met or exceeded
- › Plans – market leader and good pipeline
- › HBOS takeover by Lloyds will impact annuity revenues
- › Gilts register very active

Germany

- › VEM balance sheet reviewed; operations stabilised – focus on the strategic integration

Russia, Ireland and South Africa

- › Tracking creditably given the difficult business environment
- › Exchange rates hurt SA and Russia

Dubai

- › Representative and sales office opened

Hong Kong and China

- › HK IPOs have dried up
- › Working to expand service offering to investors
- › Beijing office now established and PRC Plans service being relocated there from Sydney

Japan

- › Joint venture with MUTB continues to perform well
- › Working on expanding range of cooperation

India

- › Strong cost management mitigating revenue damage from collapse of mutual fund AUM-based revenues and lack of IPOs

Asia Pacific update – Australia and New Zealand



Investor Services

- › Good news continues: better margins, a range of positive pricing outcomes
- › OK corporate action flows, but most capital raising in placements, not broader offers
- › Steady flow of new product being well received – custodian portal, meetings tools; issuer reporting tools

Communication Services

- › QM integration successful – some premises rationalisation to be completed
- › Investment in inbound processing technology paying dividends

Plans

- › Organic growth continues, with new options technology now being rolled out
- › Strong support for China and other regional business development

Fund Services

- › Revenue line hurts as assets under management falls
- › Now has a solid platform and well positioned to grow

Proxy

- › Georgeson remains market leader in proxy services

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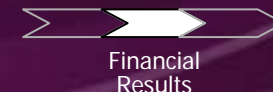
**Appendix:
Half Year Results 2009 Presentation**

11 February 2009

Appendix 1: Group Comparisons

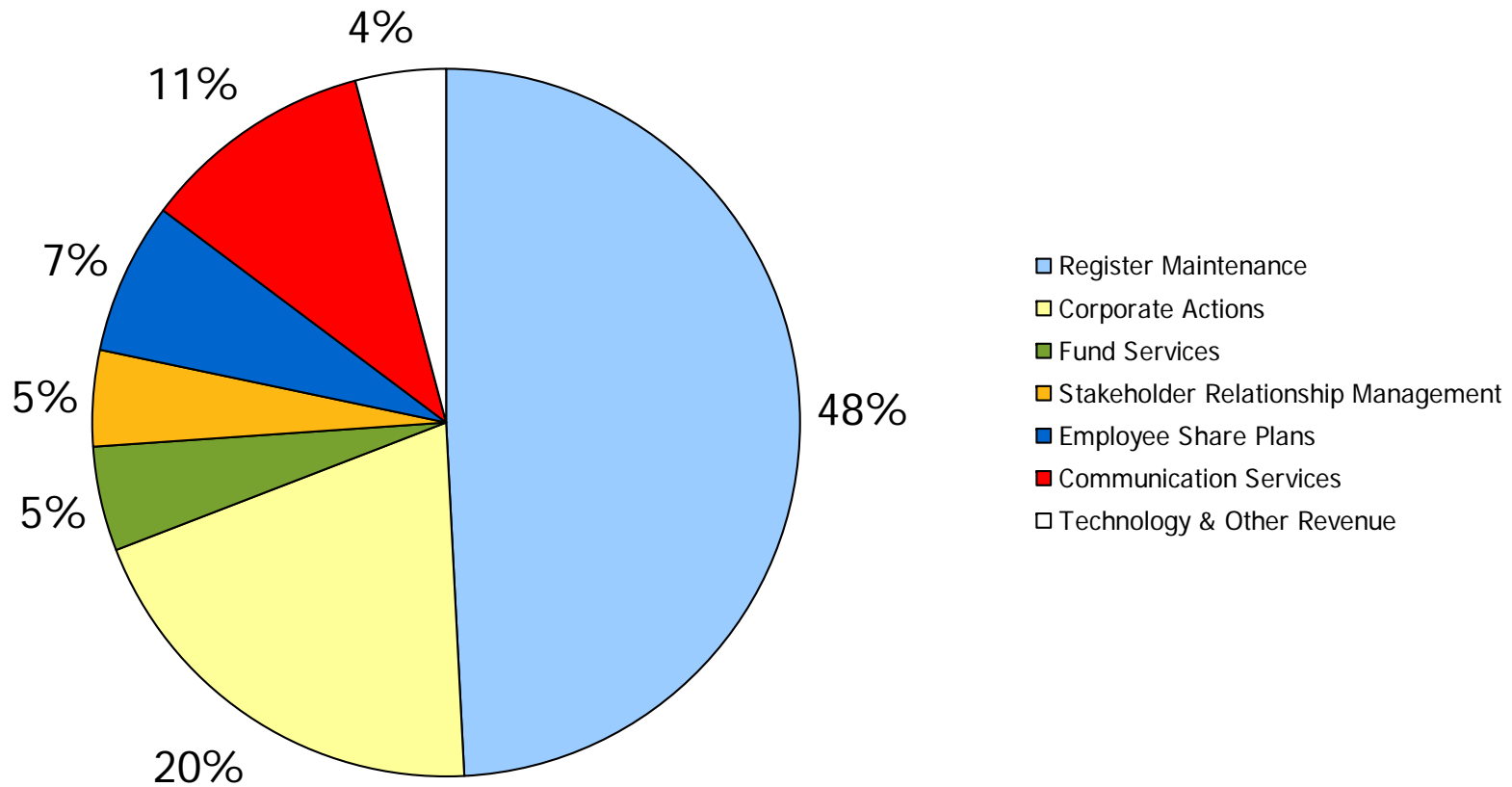
Group Comparisons

Behind the Headline – NPAT IMPACT

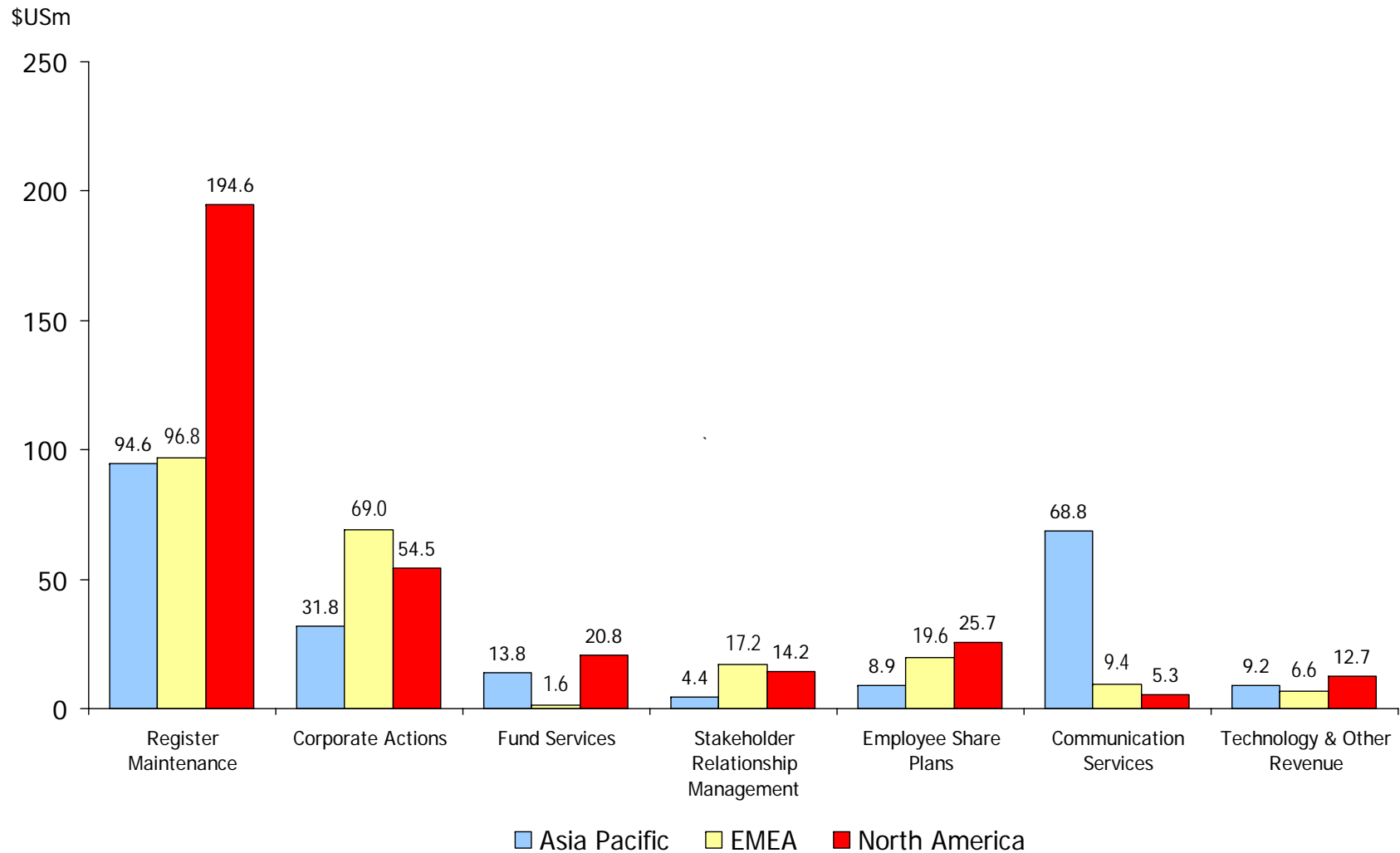


	US\$000's
Net profit after tax at 31 December 2008	<u>130,871</u>
Redundancy provisions	4,813
Acquisition provisions no longer required	(642)
VEM asset write-downs	14,025
Profits on sales of controlled entities and business units	(6,857)
Marked to market adjustments - derivatives	844
Intangible asset amortisation	2,192
Management adjusted profit after tax at 31 December 2008	<u>145,246</u>

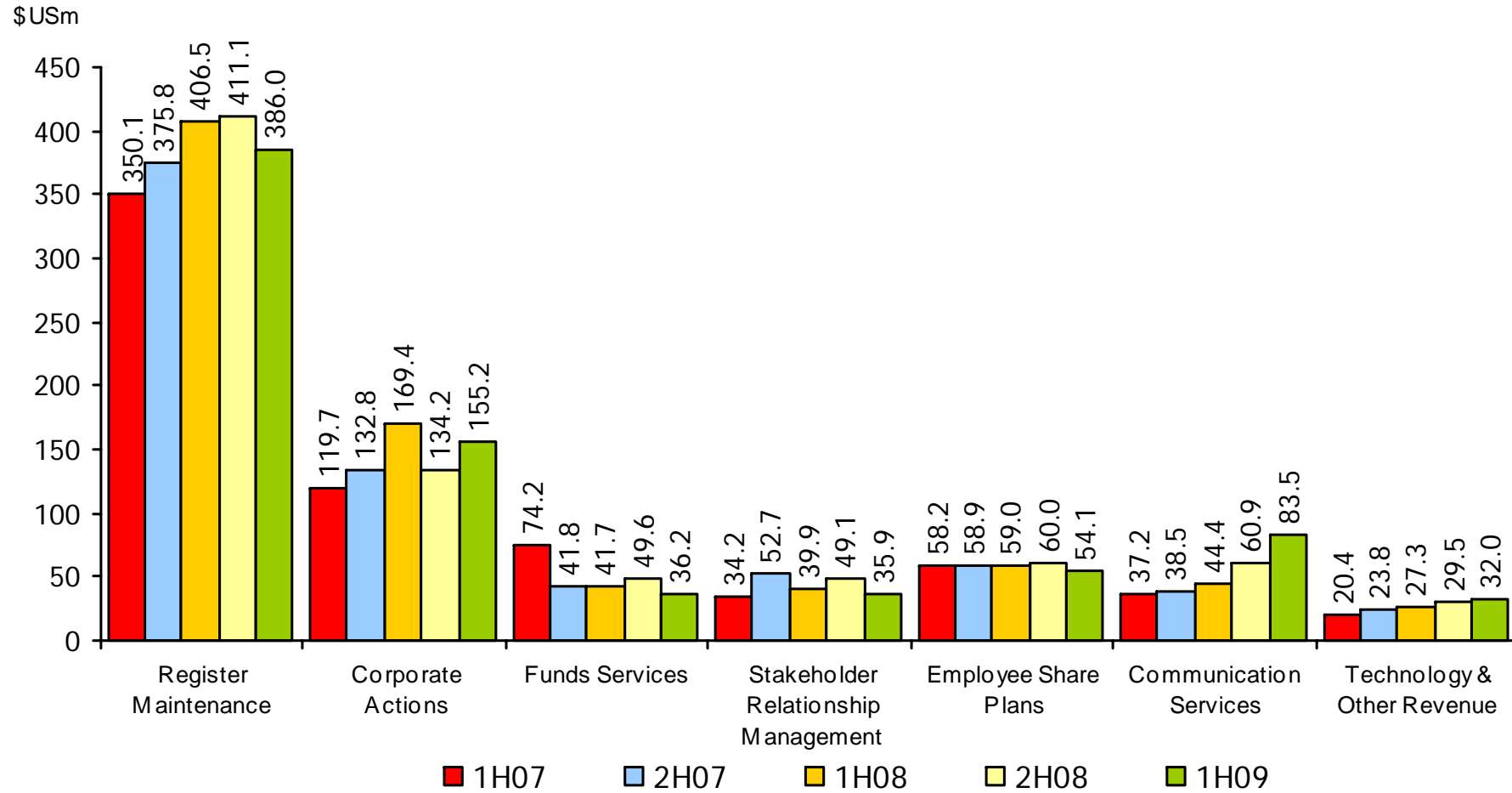
Revenue Type



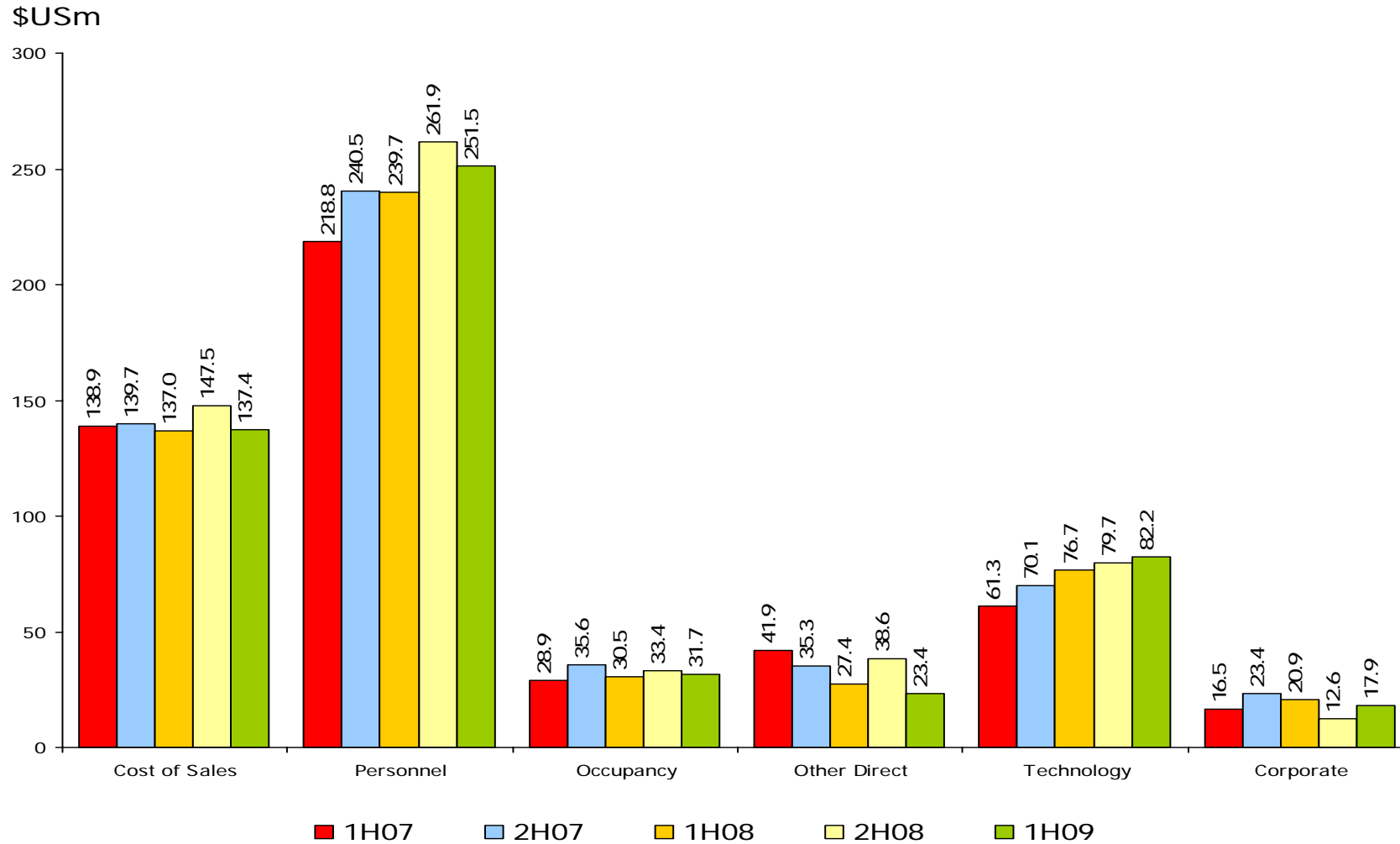
Regional Analysis – 1H09 Revenue



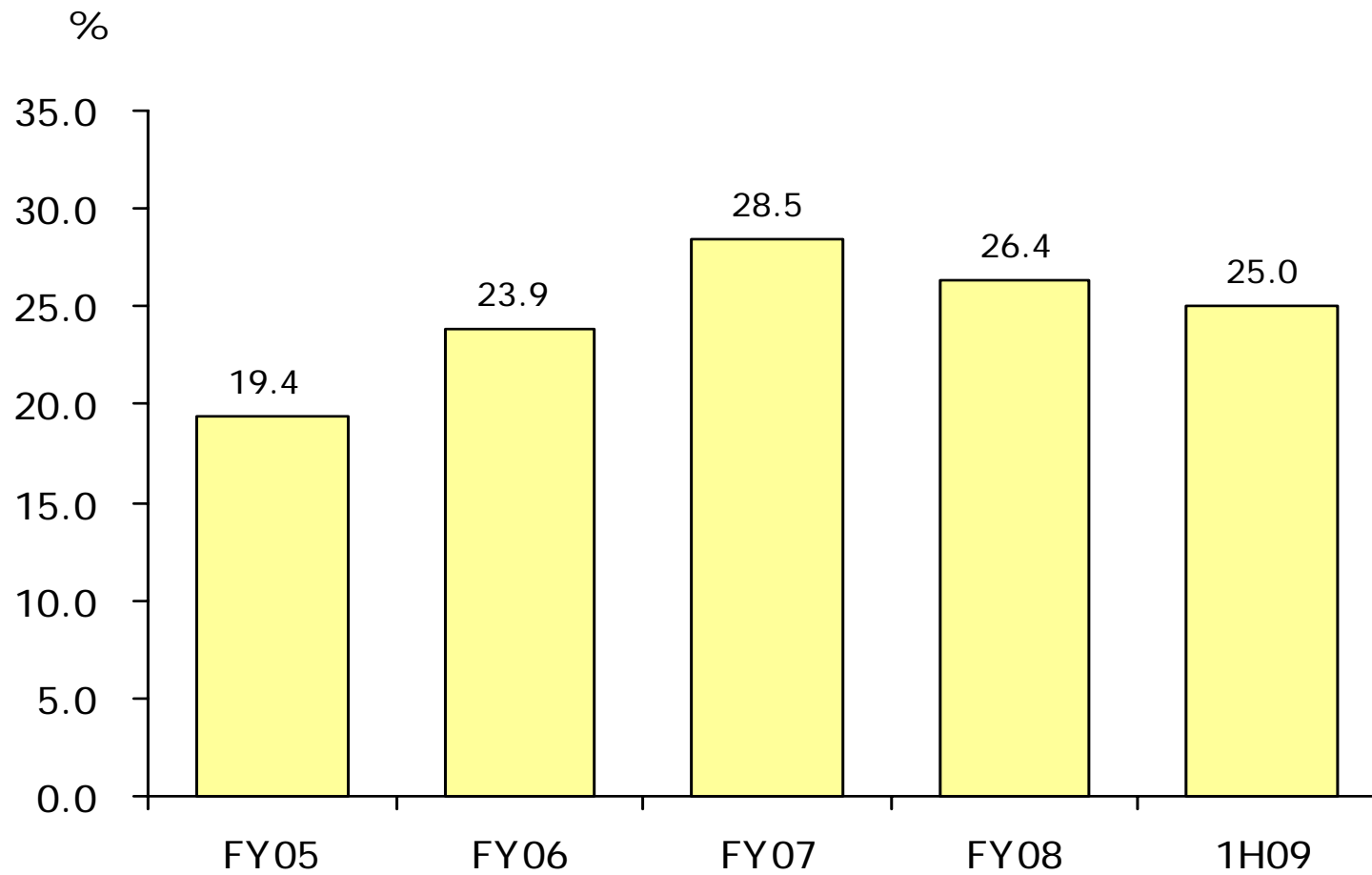
Half Year Comparisons - Revenue



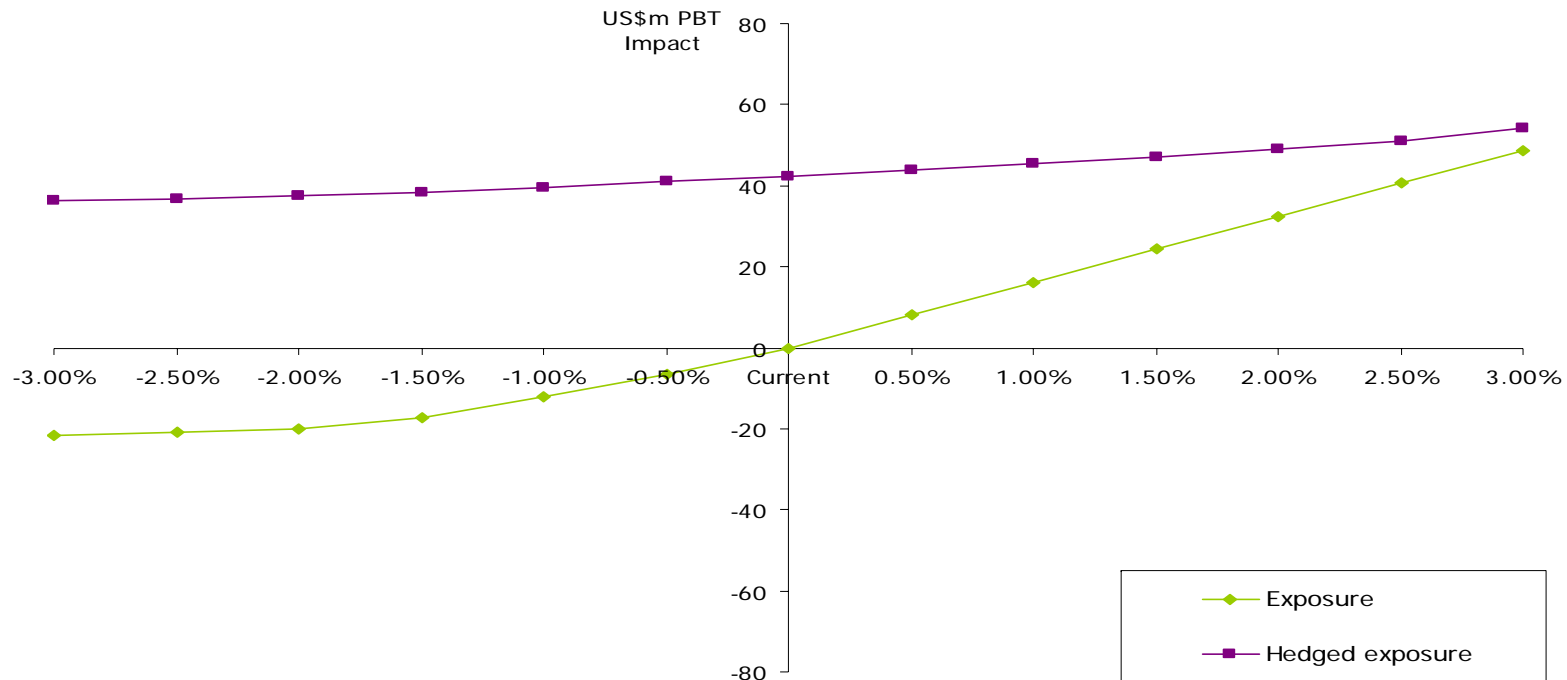
Half Year Comparisons – Operating Costs



Underlying Effective Tax Rate

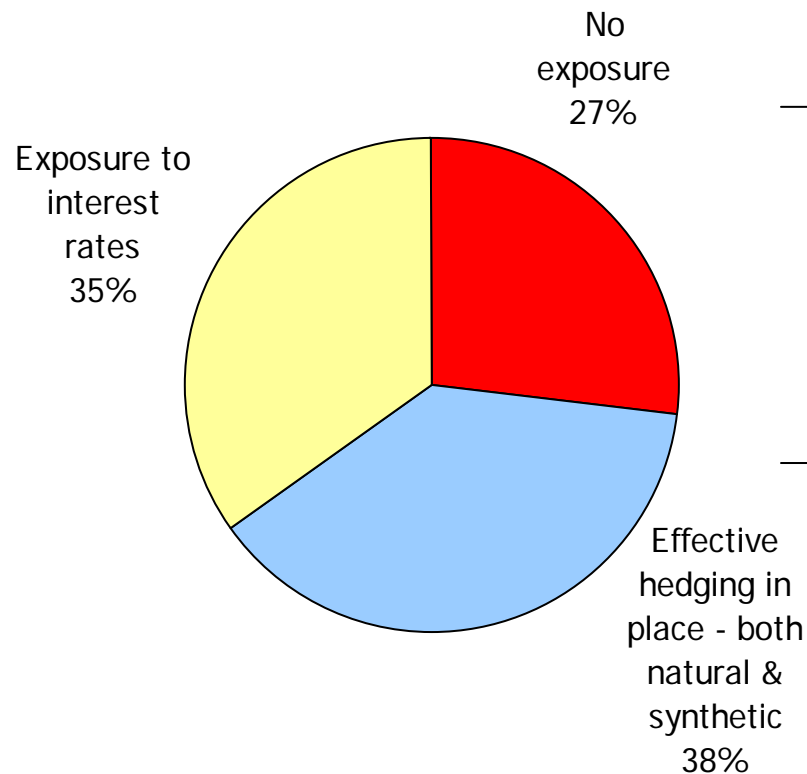


Interest Rate Sensitivity



This graph outlines the sensitivity of northern hemisphere interest rate changes when measured against core client balances (long term sustainable balances), adjusted by the impact of floating rate debt, corporate cash balances and derivative positions.

Risk Management - Interest Rate Sensitivity



Interest Rate Hedging

Strategy: - Protect downside risk in current interest rate environment

Policy: - Minimum hedge of 25% / Maximum hedge of 100%*

* Board approved

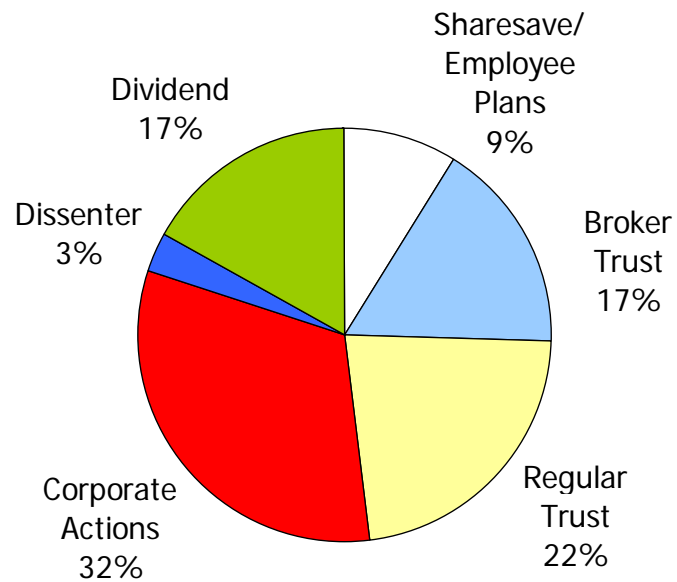
- Minimum term 1 year / Maximum term 5 years

- Current hedging of balances exposed to interest rates: 52%

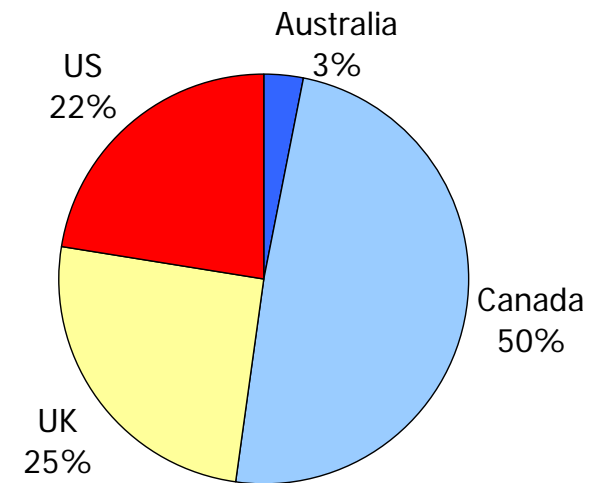
Risk Management – Average Funds Balances for the six months ending 31 December 2008



By Category



By Country

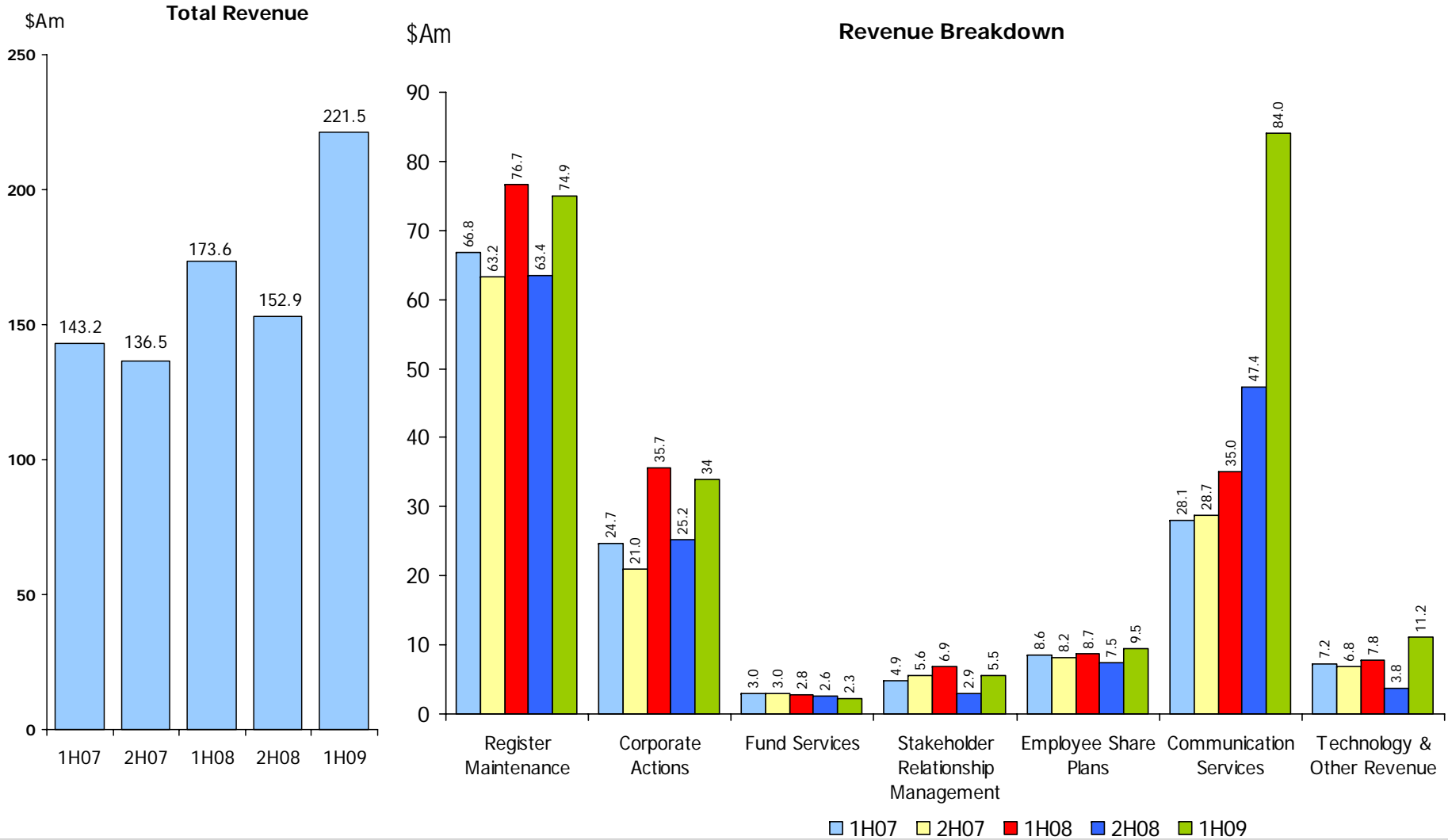


Average funds balance US\$7.2b

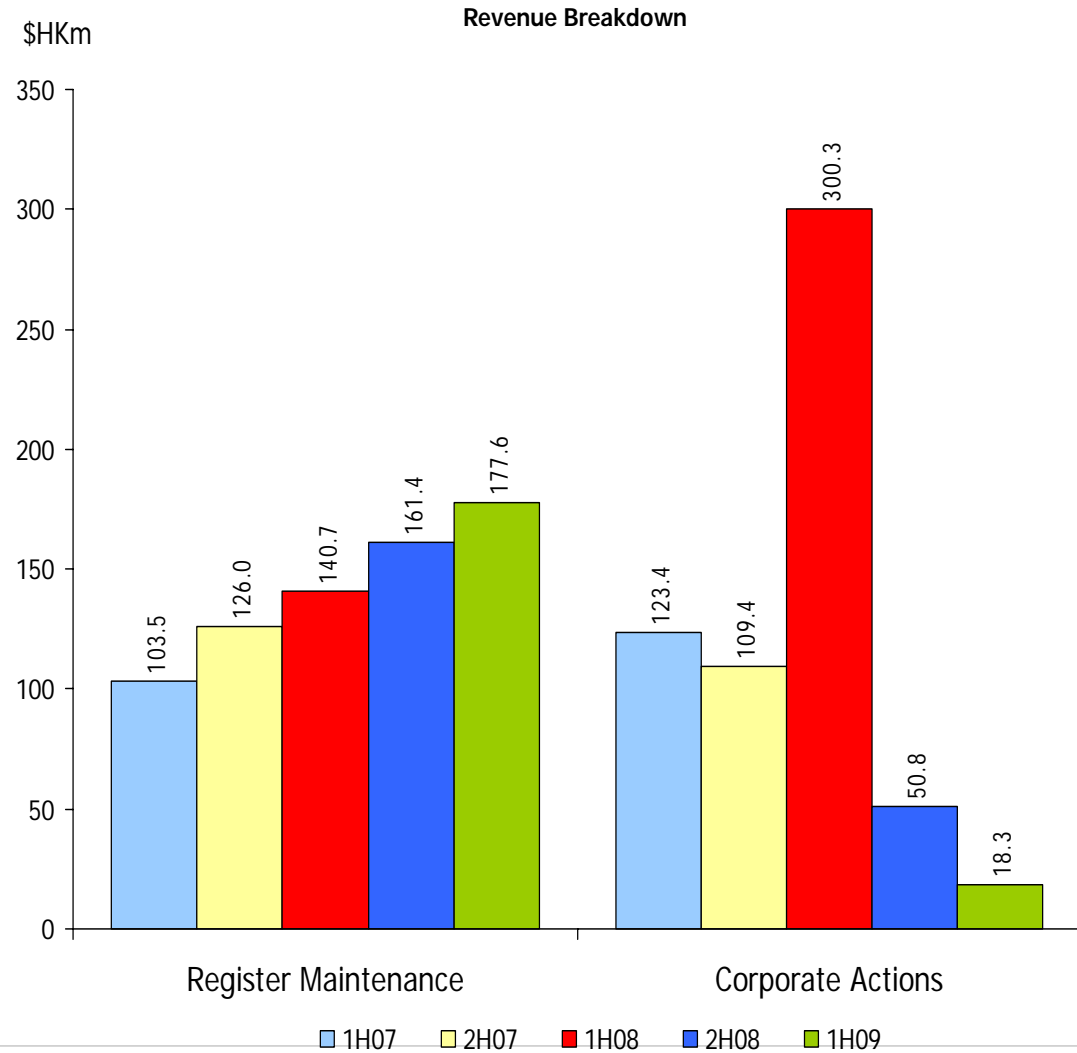
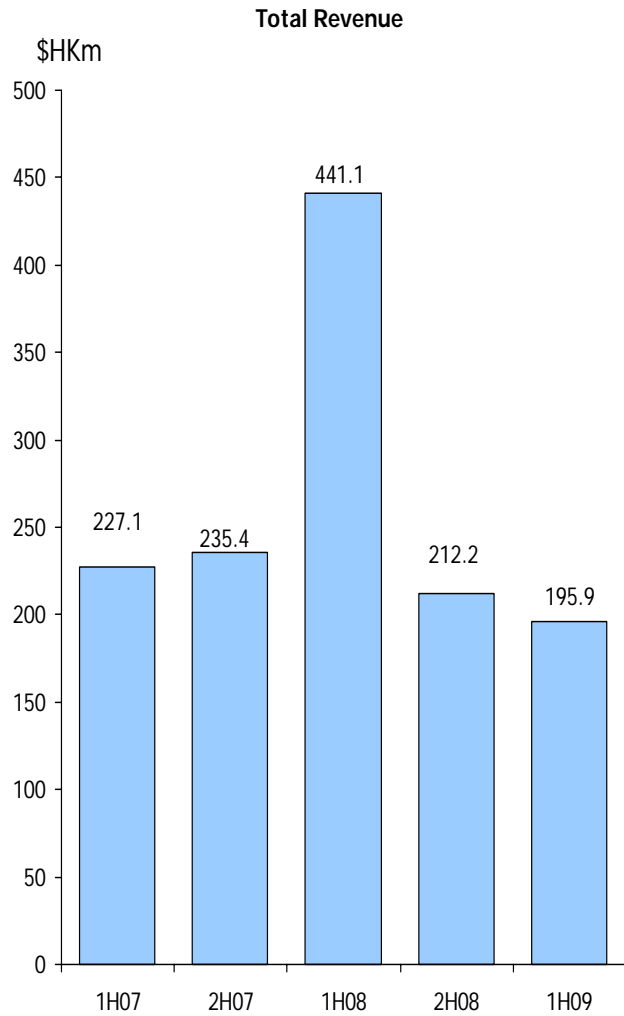
Country Summaries

Asia Pacific

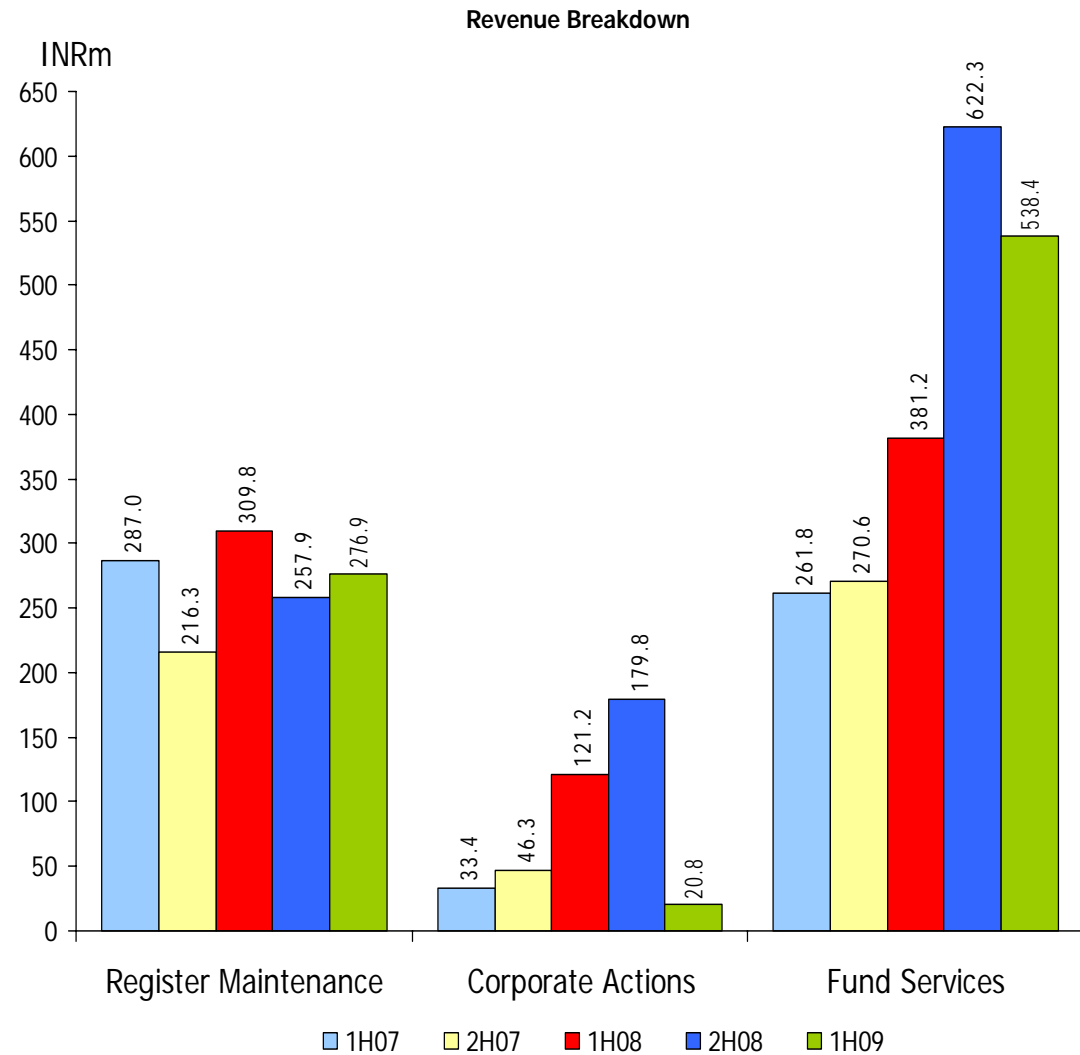
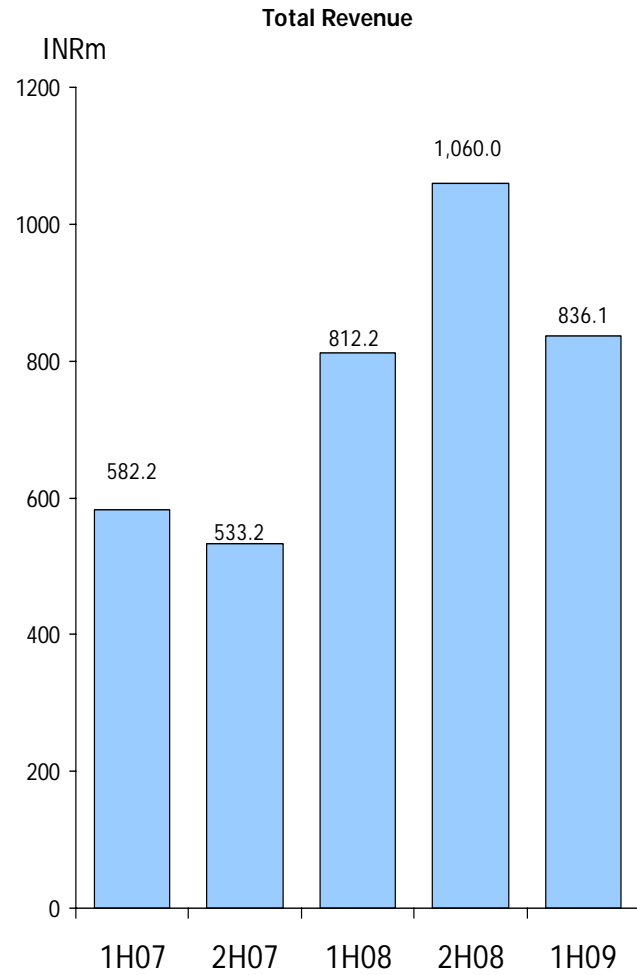
Australia Half Year Comparison



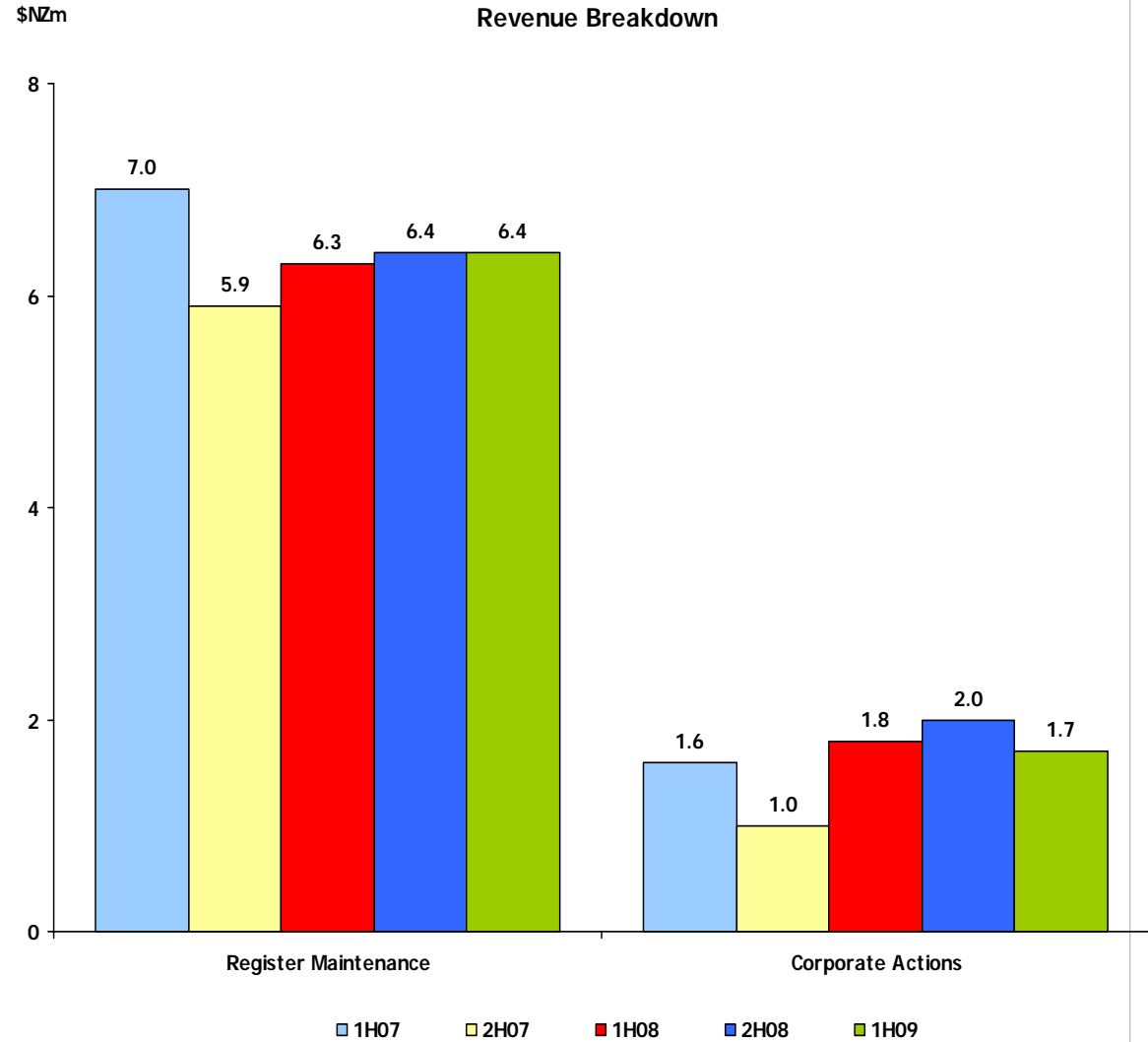
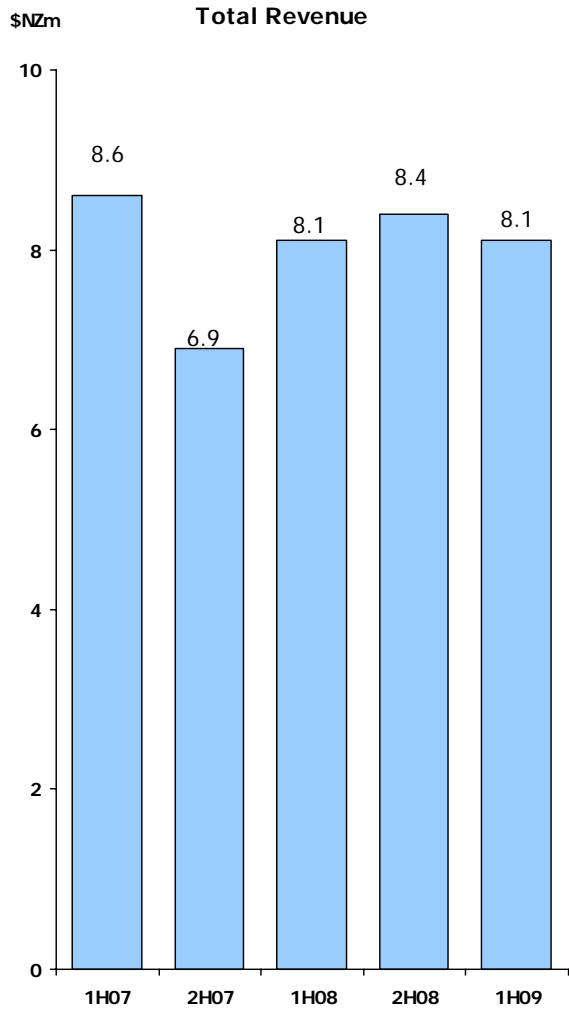
Hong Kong Half Year Comparison



India Half Year Comparison

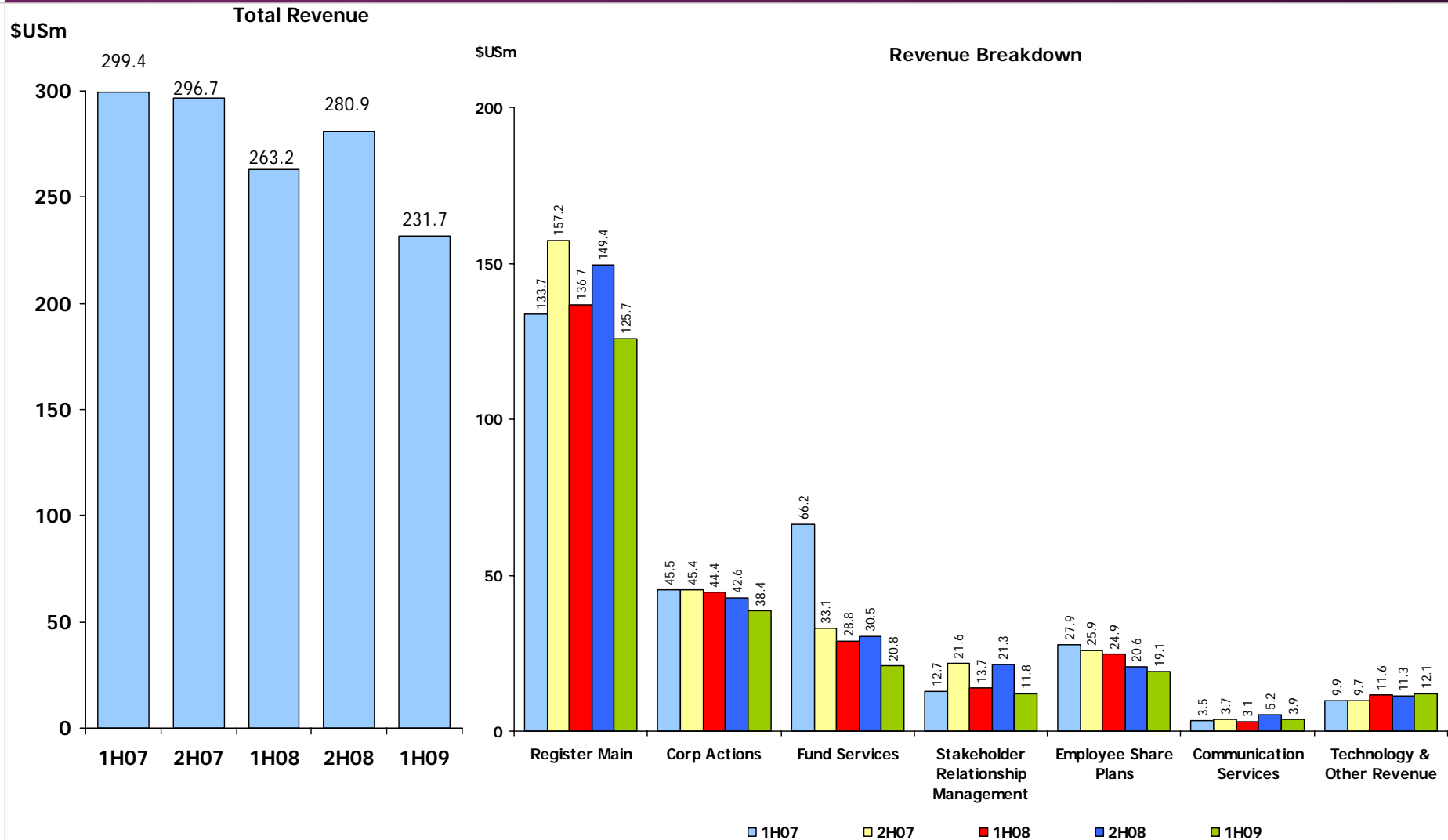


New Zealand Half Year Comparison

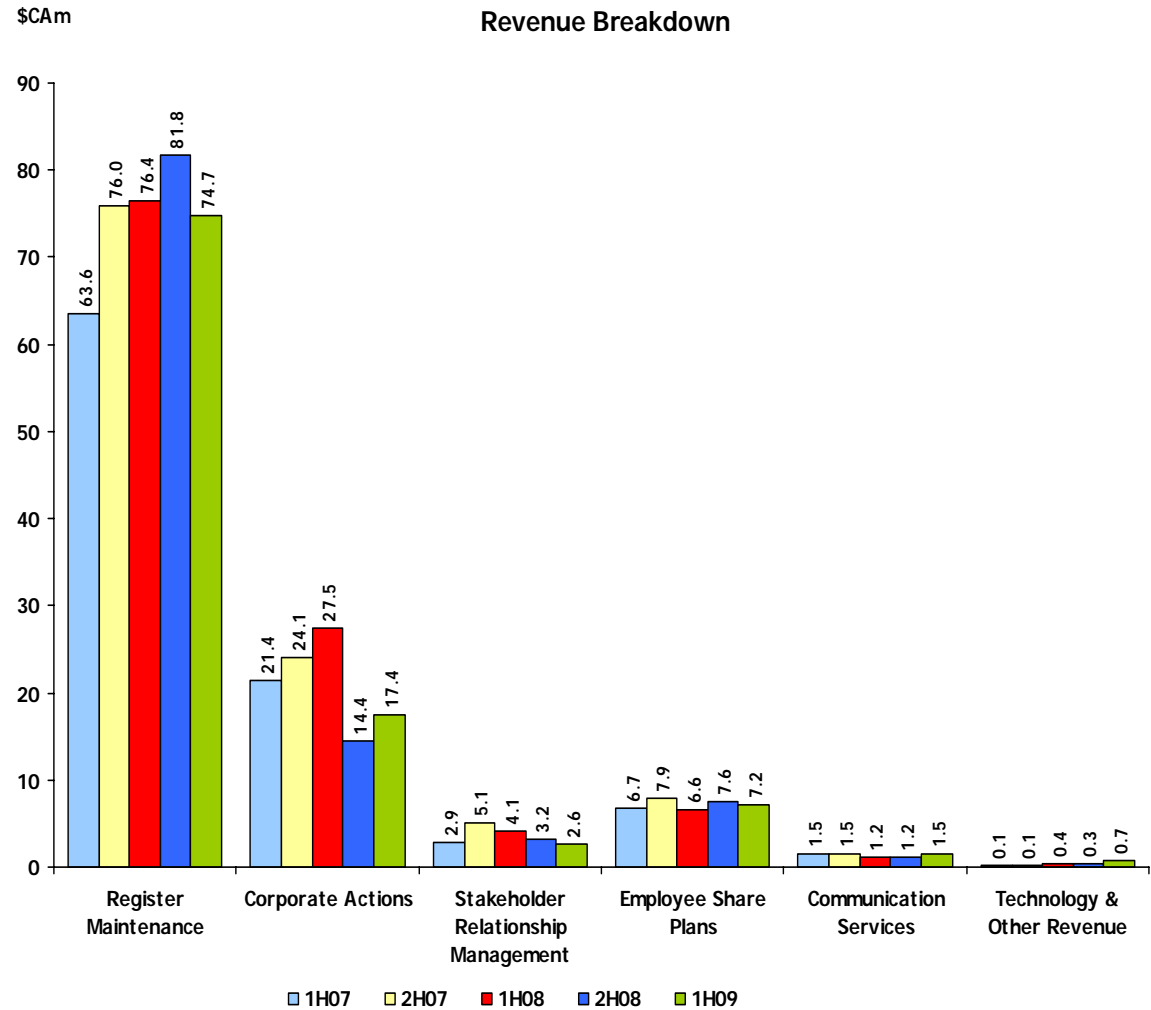
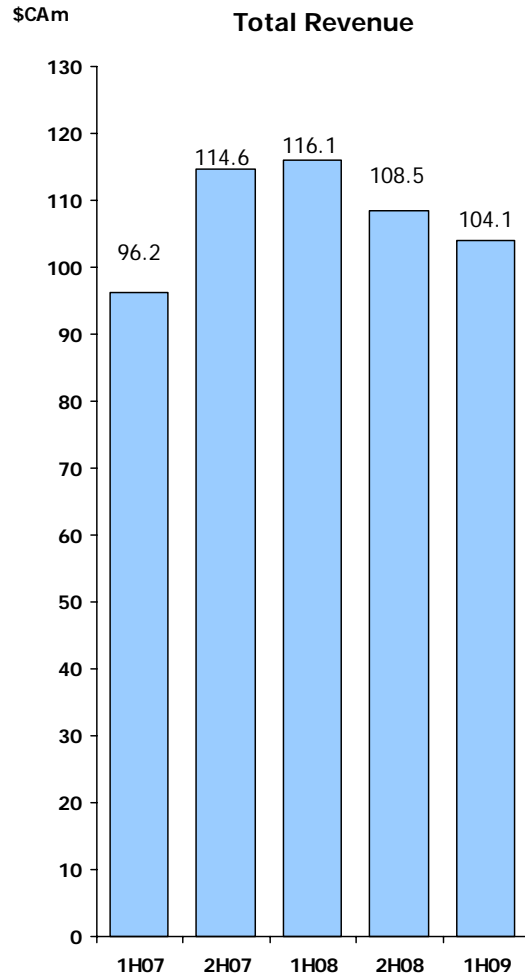


North America

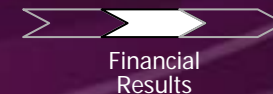
United States Half Year Comparison



Canada Half Year Comparison

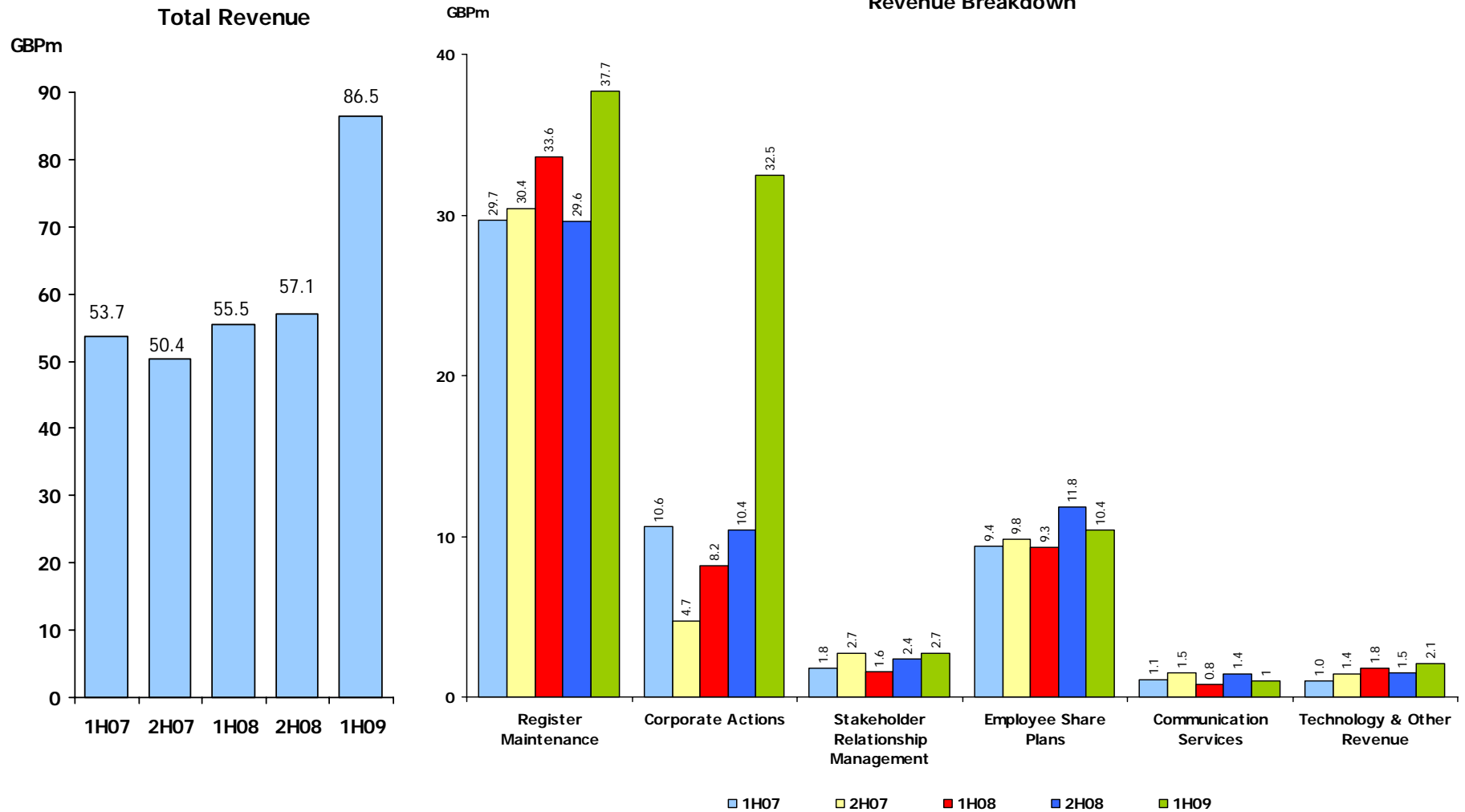


Appendix 2: Country Summaries

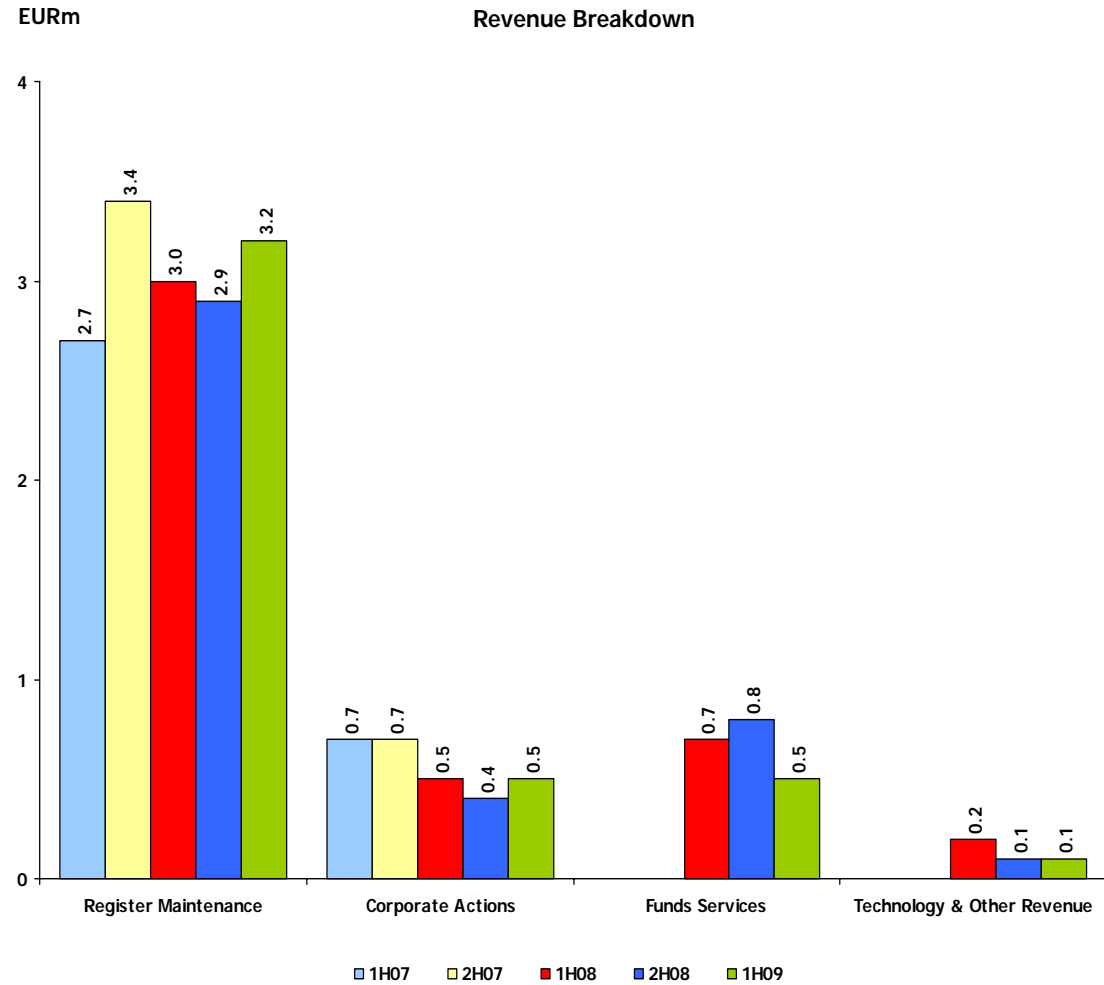
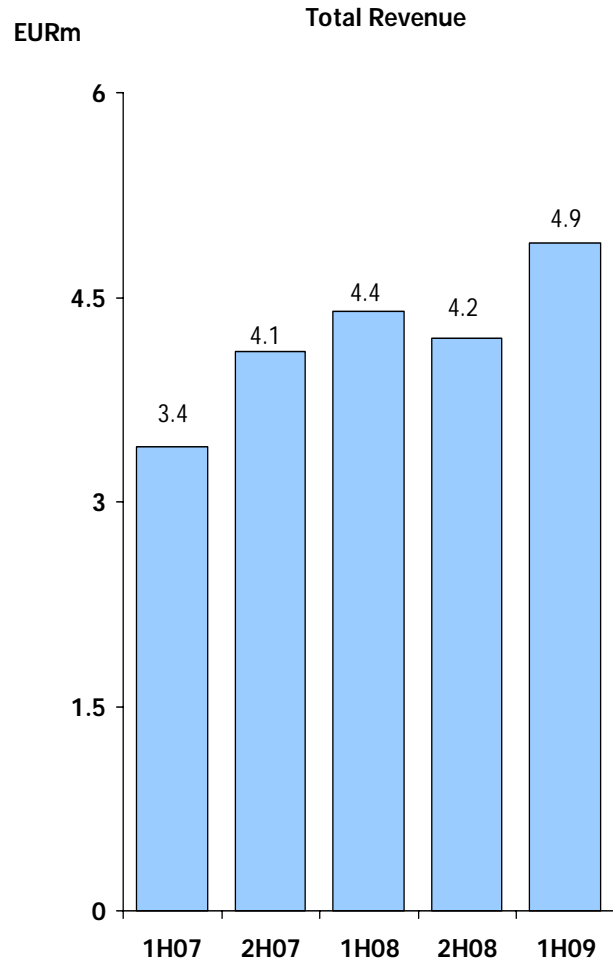


EMEA

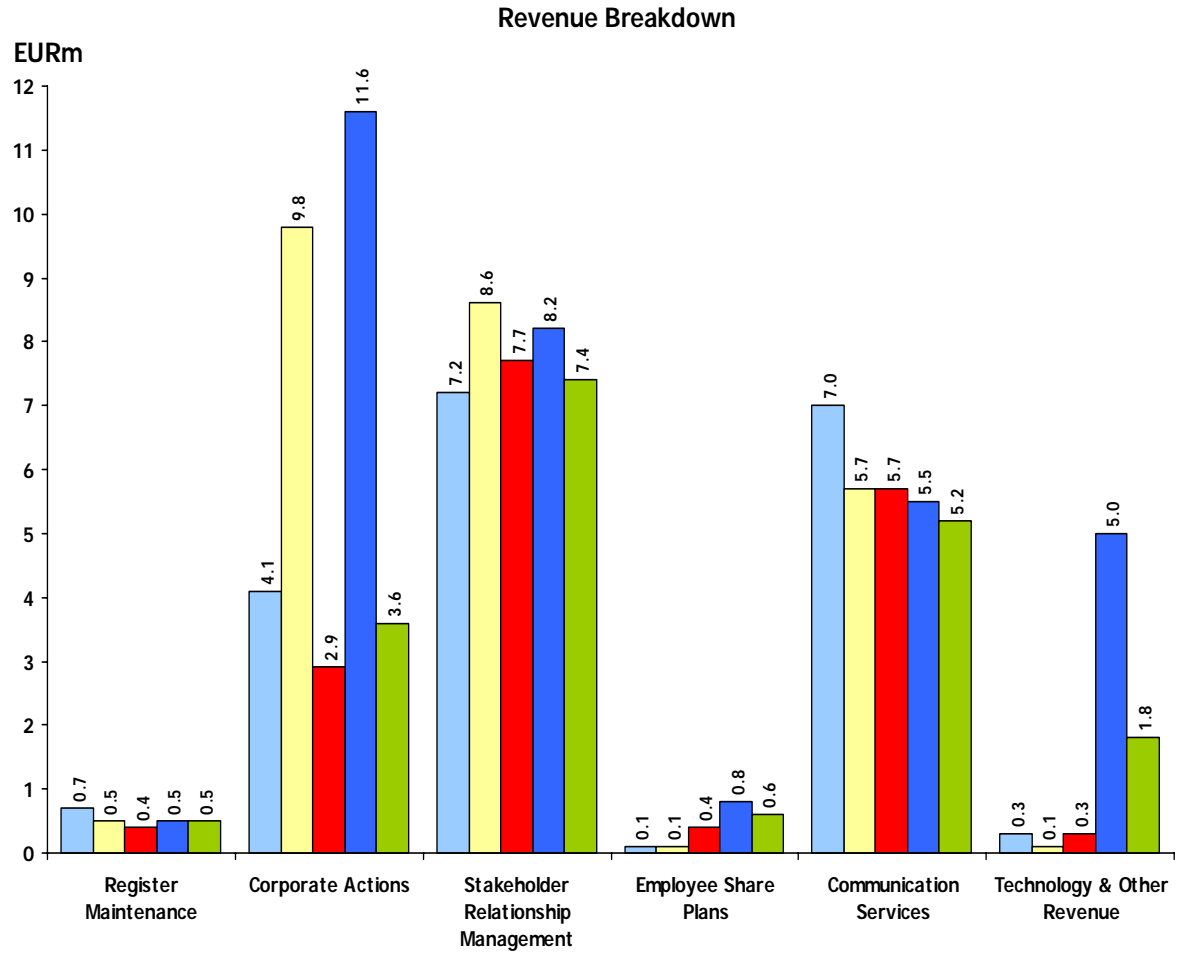
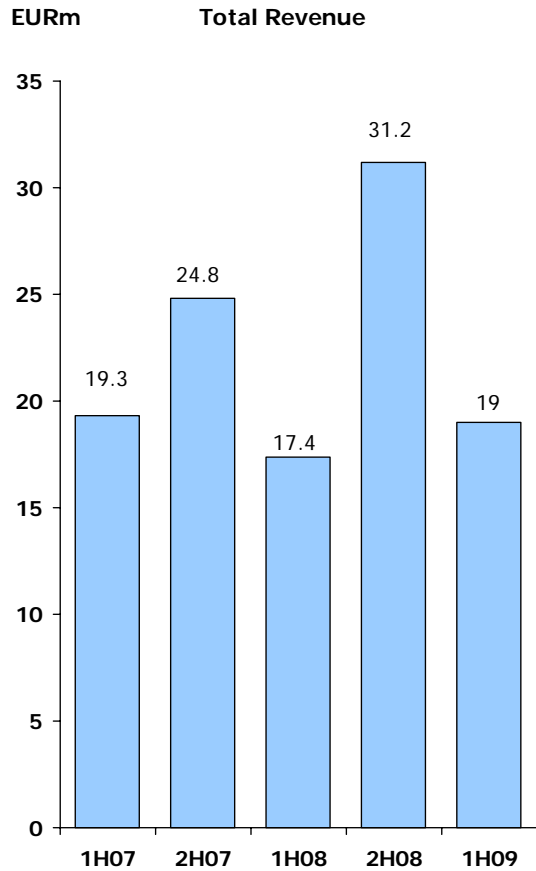
United Kingdom Half Year Comparison



Ireland Half Year Comparison

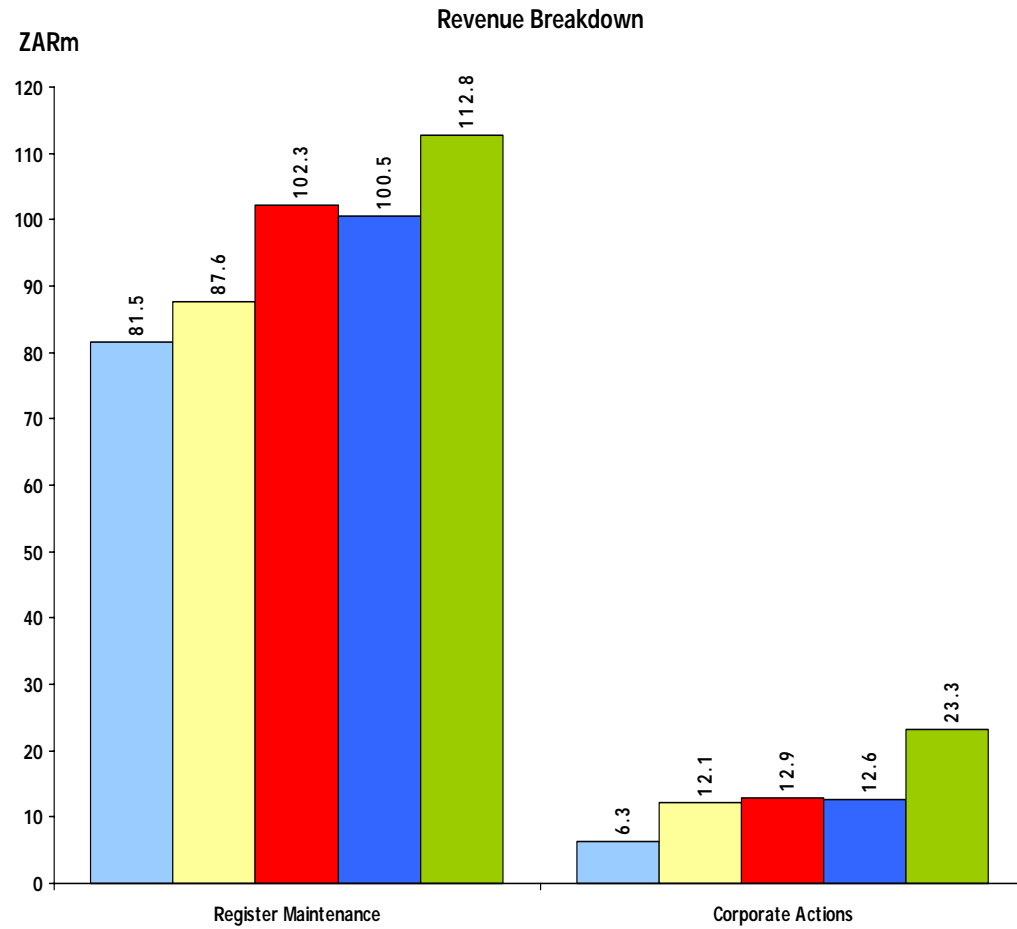
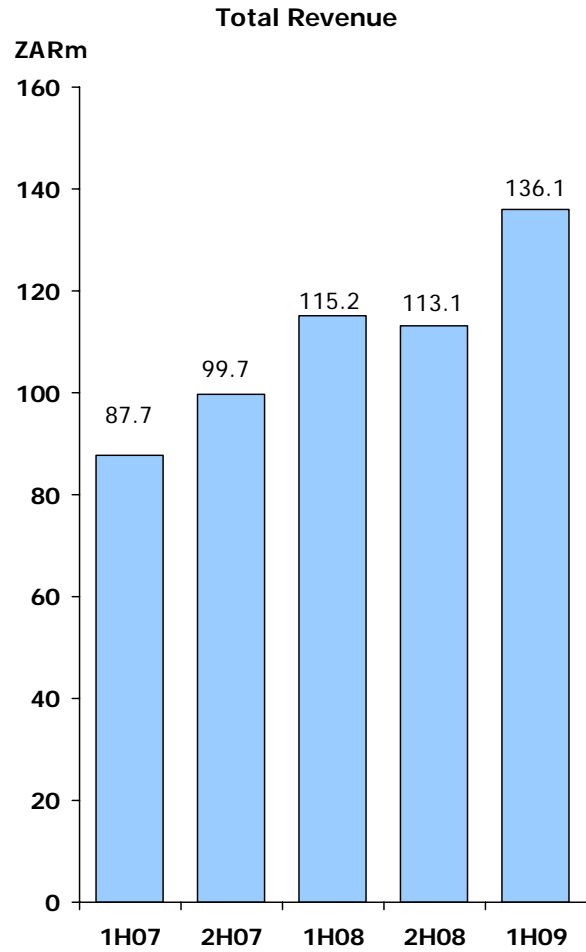


Germany Half Year Comparison



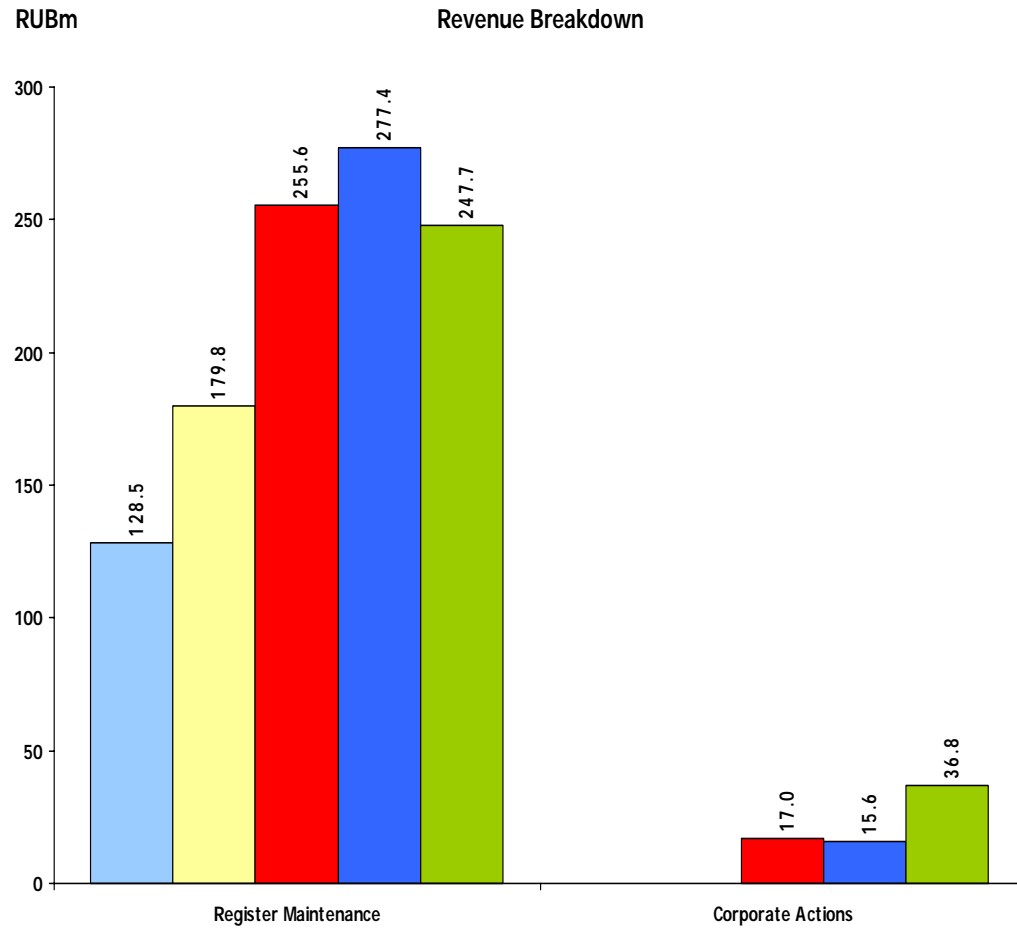
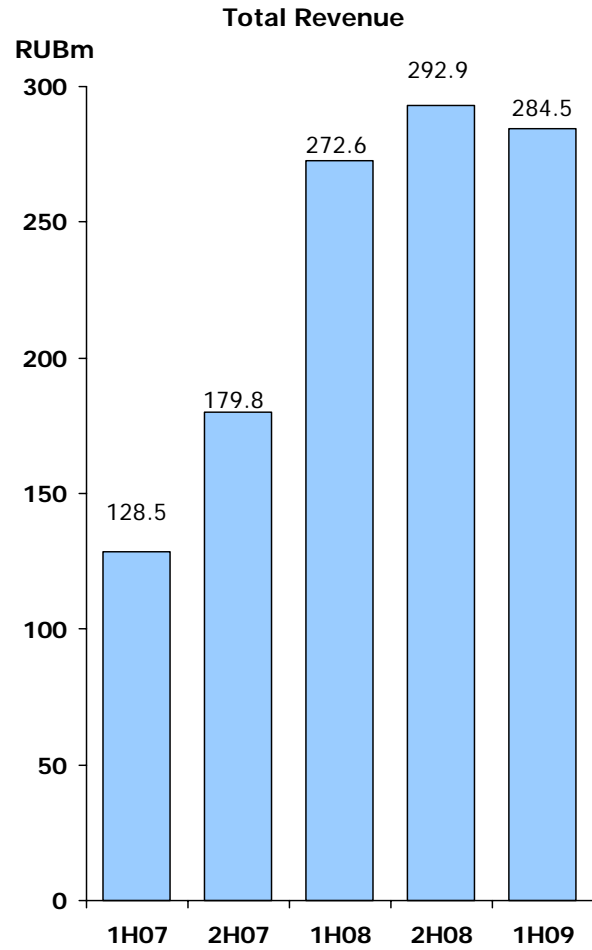
1H07 2H07 1H08 2H08 1H09

South Africa Half Year Comparison



■ 1H07 ■ 2H07 ■ 1H08 ■ 2H08 ■ 1H09

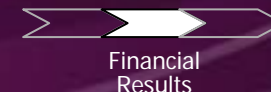
Russia Half Year Comparison



■ 1H07
 ■ 2H07
 ■ 1H08
 ■ 2H08
 ■ 1H09

Assumptions

Assumptions: Exchange Rates



Average exchange rates used to translate profit and loss to US dollars.

<u>USD</u>	<u>1.0000</u>
AUD	1.22137
HKD	7.78347
NZD	1.48857
INR	45.13201
CAD	1.08330
GBP	0.55332
EUR	0.69183
ZAR	8.39167
RUB	24.96159