

MARKET ANNOUNCEMENT

Date:	9 November 2016
To:	Australian Securities Exchange
Subject:	Computershare Limited Annual General Meeting

Attached is the presentation – ‘an inflection point in earnings growth’, which is being delivered at the Annual General Meeting at 10am today, 9 November 2016.

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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, mortgage servicing, proxy solicitation and stakeholder communications. We also specialise in corporate trust, bankruptcy, class action 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 16,000 employees worldwide.

For more information, visit www.computershare.com

MARKET ANNOUNCEMENT

2016 ANNUAL GENERAL MEETING



An inflection point in earnings growth

9 November 2016

CERTAINTY

INGENUITY

ADVANTAGE

 **Computershare**

2016 ANNUAL GENERAL MEETING



Chairman's address
Simon Jones

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 **Computershare**

Company overview

A leading global provider of administration services in our selected markets

Who we are

- › Global market leader in transfer agency and share registration, employee equity plan administration, proxy solicitation and stakeholder communications
- › Also specialise in mortgage servicing, corporate trust, bankruptcy, class action administration and a range of other business services

Our capabilities

- › Renowned for our expertise in high integrity data management, high volume/high value transaction processing, reconciliation, payments and stakeholder communications
- › Many of the world's leading organisations use Computershare's services to streamline and maximise the value of relationships with their investors, employees, customers and other stakeholders

Our strategy and model

- › Our strategy is to be the leading provider of services in our selected markets by leveraging our core competencies to deliver outstanding client outcomes from engaged staff
- › We focus on new products and services to reinforce market leadership in established markets and invest in technology and innovation to deliver productivity gains and improve cost outcomes
- › We have a combination of annuity and activity based revenue streams, strong free cash flow and high ROE

Growth drivers

- › Organic: Investment in mortgage servicing and employee share plans and enterprise wide cost out programs coupled with property rationalisation benefits to drive growth and improved returns
- › Macro: Leverage to rising interest rates on client balances, corporate actions and equity market activity
- › Structural: Emerging trend of new non-share registry outsourcing due to rising compliance, technology complexity and requirement for efficient processing, payments and reconciliations

Leveraging our strengths to drive profitable growth, free cash flow and enhanced returns

Diverse and loyal customer base with many of the world's leading organisations and brands trusting us

Largest global share registrar and employee share plans administrator, only provider with globally integrated market offering

Strong market positions with high barriers to entry. Technology investments drive innovation and efficiency.

History of revenue growth, with over 70% of a recurring nature and strong underlying profit growth. Leverage to rising interest rates.

Cash generative, high return on equity business model

Focus on driving profitable growth to reward shareholders

FY16 global highlights



INDEPENDENTLY RATED

NUMBER 1 in the 2016 Capital Analytics Survey of Registrars (UK)
98% POSITIVE rating in the JP Morgan Registry Service Provider Survey (Australia)



APPOINTED

- > by the UK government to service £41 billion of mortgage assets
- > to service 200+ new registry clients
- > for China Reinsurance IPO
- > for mortgage servicing for Sainsbury's Bank
- > by Rolls Royce, Easyjet and Tesco for proxy services



COMPLETED ACQUISITIONS OF

- > Gilardi
- > Capital Markets Cooperative
- > Altavera



CAPITAL

- > Sold our global HQ in Melbourne, Australia
- > Louisville program well advanced
- > Distributed \$201.7m to shareholders by way of dividends and share buy-back



RANKED

Top 20 Most Attractive Employers in Australia by Randstad



INNOVATIVE SOLUTIONS



PROTOTYPES:

- > Demonstrated the first working blockchain model to the Australian market
- > Developing our first data insight/business intelligence dashboards for clients, delivering descriptive, comparative and prescriptive analytics over the data we manage

LAUNCHED:

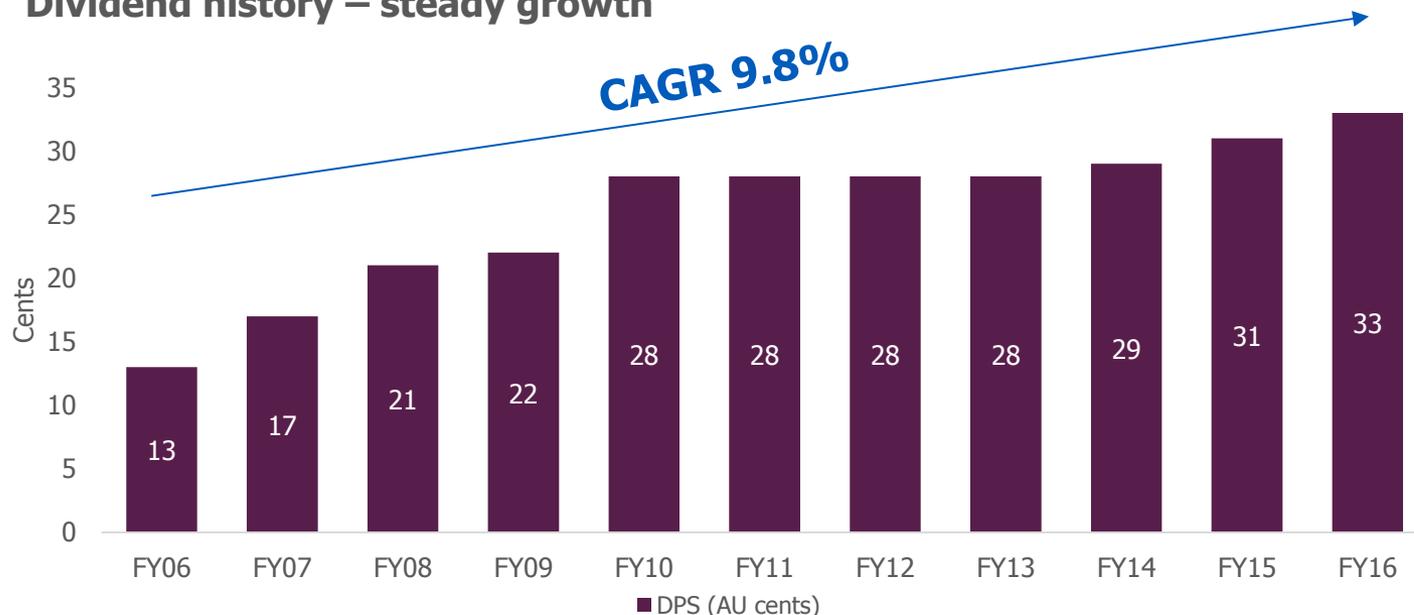
- > Enhanced functions and dashboard for employee share plan clients
- > Virtual AGM products
- > Private issuer registry product in the US
- > Investor Centre mobile, for Australian and American shareholders
- > New computershare.com corporate website

FY2016 results

Track record of consistent returns

- › Delivered EPS of 55.09 cents – in line with guidance
- › Total management revenue +5.0%, \$2,075m*
- › Management EBITDA \$557.1m*, +0.5%, excluding margin income +4.3%
- › Free cash flow \$347.5m, ROE 26.9%
- › AUD 105.2m shares bought back at accretive prices
- › Total dividend per share AUD 33 cents, +6.5%

Dividend history – steady growth



Risk management

Computershare has a well developed culture, processes and governance in place to manage risk. These are established and embedded across all parts of the organisation.

- › Primary responsibility at the individual and business level
- › Strong independent oversight by the Risk and Audit Committee
- › Effective consequence management

Computershare operates in highly regulated markets

- › Clients entrust us to execute transactions and maintain their data in a timely and accurate way
- › We continue to monitor and enhance our risk controls and consequence planning

Corporate responsibility

Community – Change A Life



DONATIONS OF OVER
AUD 970,000
SUPPORTED OUR
PROJECTS IN FY2016

PROJECTS COMPLETED IN FY2016



Kenya - Community Learning Centres

From 2012 to 2015, we funded a project run by World Vision Australia to develop three Community Learning Centres in rural Kenya. These centres are equipped with electronic encyclopaedias and other learning aids, and were designed to help communities access health and development information through technology.



WithOneSeed

Change A Life committed AUD 350,000 in 2012 to help build a small community forestry program, high in the mountains of Timor Leste. The program established Community Tree Cooperatives across 10 villages in Bagaia, covering a mountainous region of 22,000 hectares, 35 schools and a population of 14,000.



- > **6,165** people accessed information
- > **5,220** children completed training in the use of technology
- > **18** communities have been formed for the exchange of information
- > **235** youth and community members have been trained on how to generate and share local information



- > **450** farmers, **56,000** trees
- > **3** community-based nurseries with the capacity to propagate over **20,000** saplings annually
- > established a Village Learning Centre, connecting the community to the internet
- > injected over **\$150,000** into the local economy
- > certified under the International Gold Standard for Afforestation/Reforestation



2016 ANNUAL GENERAL MEETING



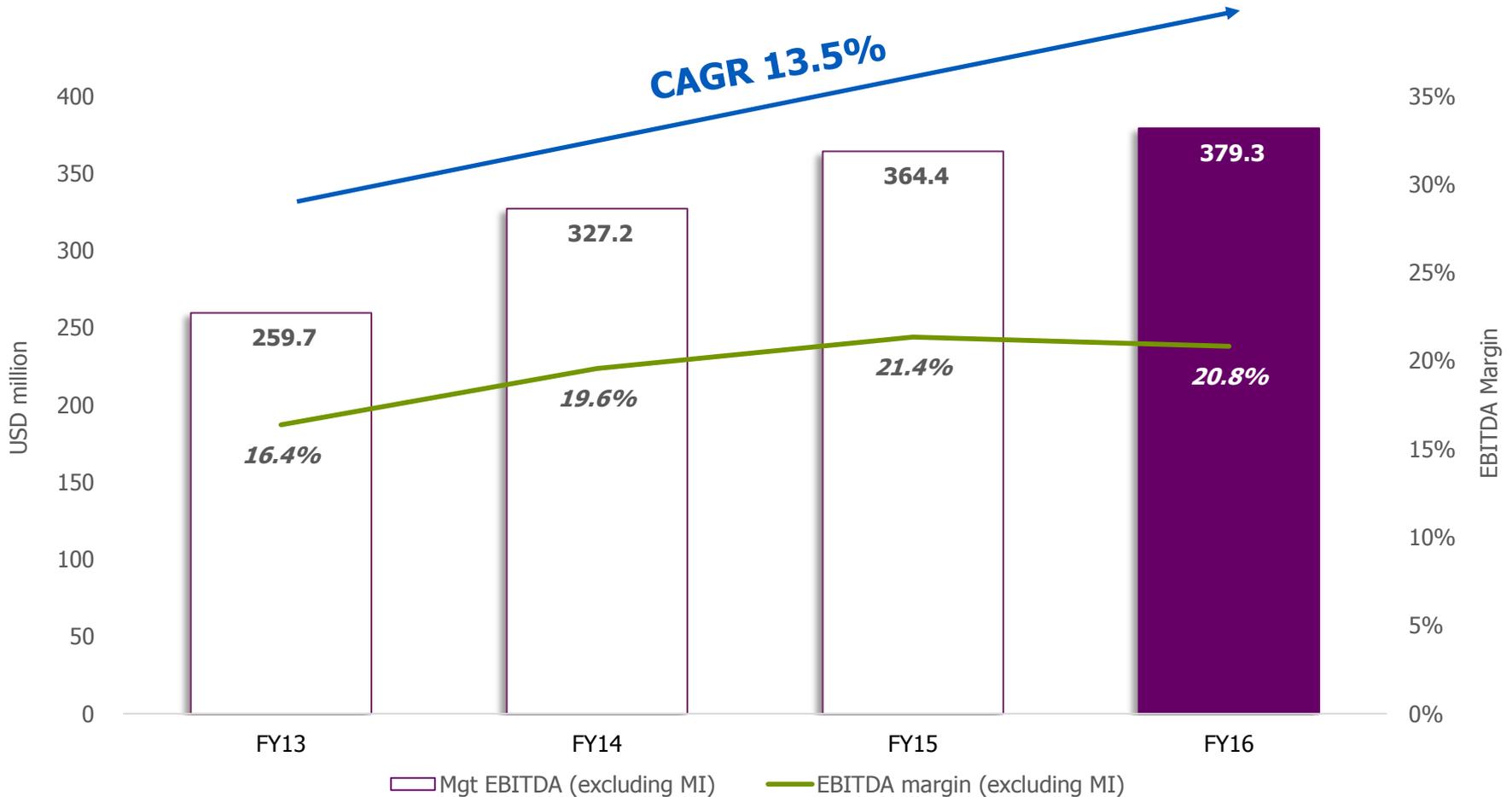
CEO's address
Stuart Irving

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 **Computershare**

Robust underlying business performance continues

Management EBITDA, excluding both margin income and the impact of exchange rate movements, has grown 46.1% since FY13

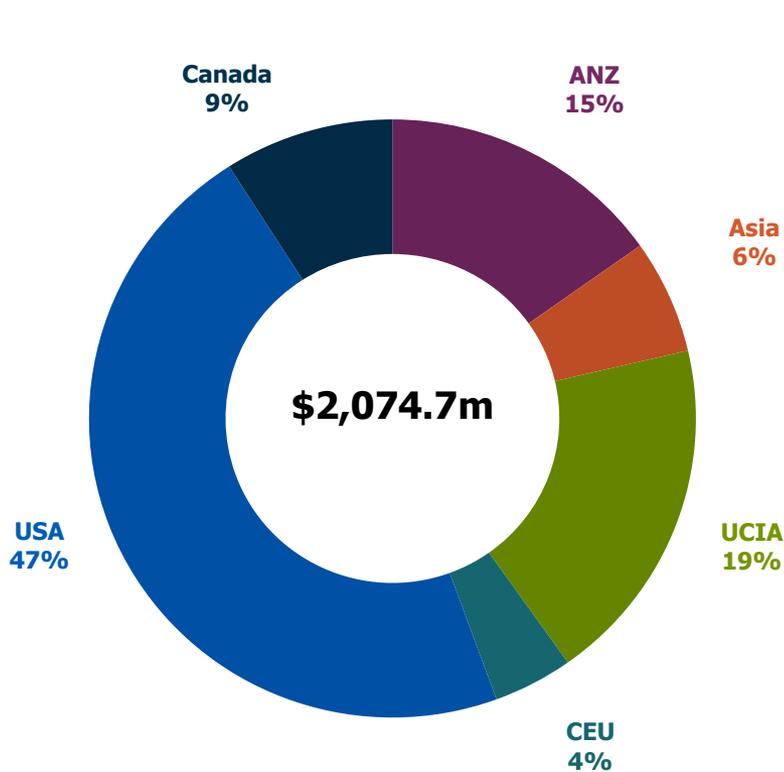


Management EBITDA translated at FY16 average exchange rates and excludes margin income.

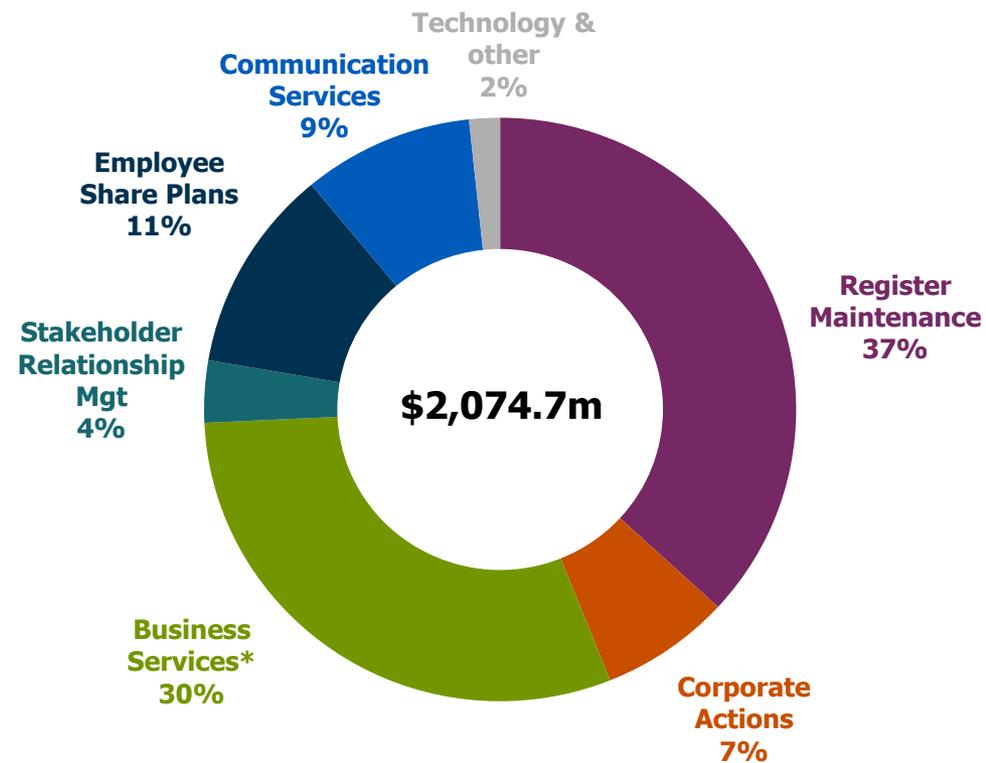
Management revenue

Computershare operates across a range of complementary businesses with a broad international footprint

By geography



By product



11 Figures are quoted in constant currency (CC). CC equals FY16 results translated to USD at FY15 average exchange rates.
* Mortgage Services revenue is \$321.1m in constant currency

Strategy: Growth, profitability and capital management

Focus on organic growth, operational excellence and capital discipline

Growth drivers

- > Mortgage servicing
- > Plans

Profit drivers

- > Registry
- > Group wide efficiency programs
- > Margin income leverage

Capital management

- > Debt leverage
- > Focus on cash generative organic growth complemented by compelling, accretive acquisitions
- > Growing dividend over time with share buy-backs

Growth: Mortgage servicing

Building scale to enhance returns

Strategy

- > Build sustainable servicing business with complementary skills and scope to leverage CPU's operational and technology expertise
- > Deploy incremental capital to deliver enhanced returns

Update

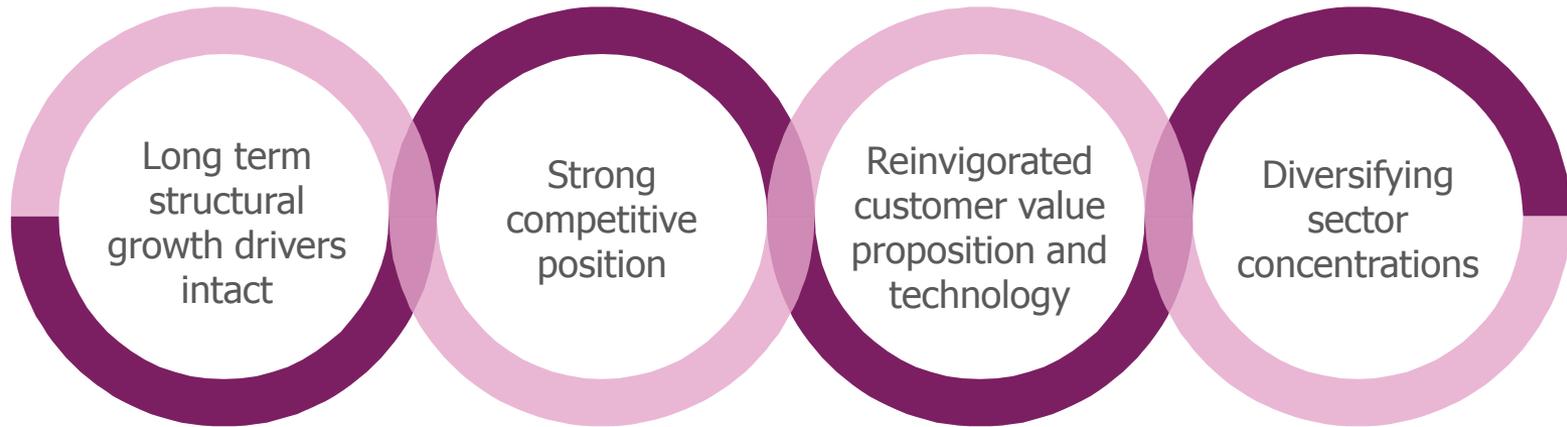
- > CMC acquisition performing well
- > UPB purchasing program underway and on-track
- > UKAR integration on-track, delivering synergies

Target scale in the US

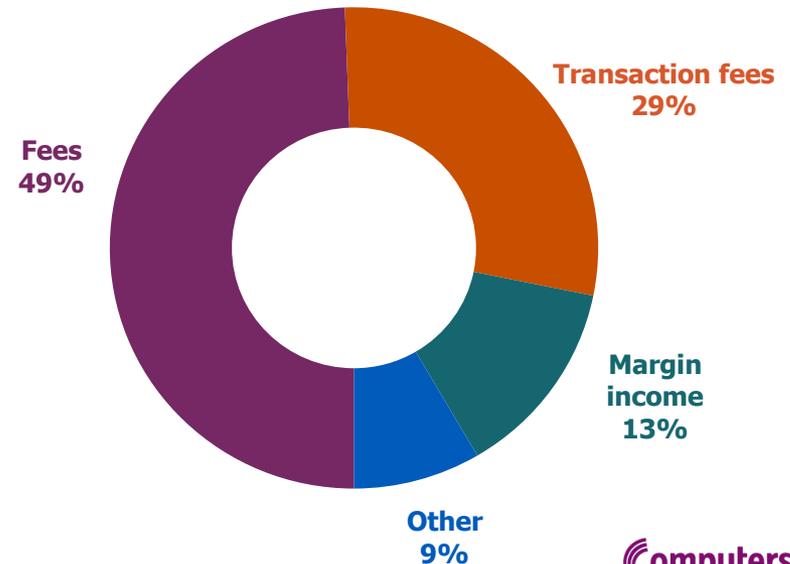
- > \$53bn of UPB at close FY16. Strategy to target scale of around \$100bn UPB:
 - Optimised blend of owned and sub-serviced revenues from performing and non-performing loans (approx. equal proportions)
 - Should generate revenues of over \$350m per annum, around 20% PBT margins and 12-14% free cash flow return*
 - Average invested capital expected to be around \$300m for FY17, increasing to around \$400m at scale

Growth: Employee share plans

Reinvigorating plans offerings to increase leverage to structural growth in equity compensation



Multiple revenue streams with growing contributions from employers and employees partially offsetting post Brexit lower margin income



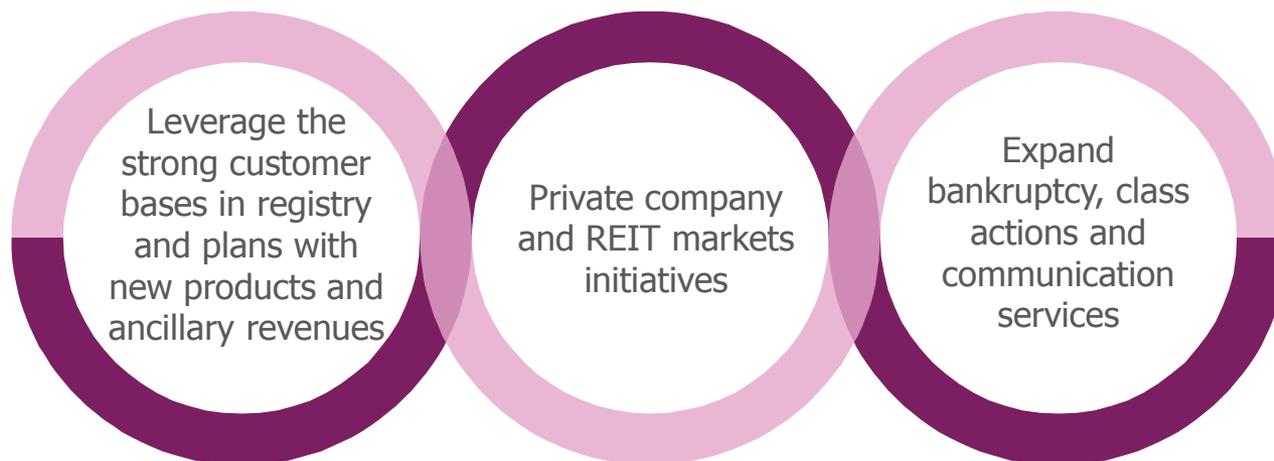
US: organic growth and profitability

Three stage strategy to drive improved performance in US registry

- > **Manage** revenue - offset/minimise attrition through corporate actions, new markets and product innovation: spin offs (increases number of shareholders), IPO's and new products
- > **Enhance** profitability - technology efficiency programs, Louisville property consolidation, process automation, productivity gains
- > **Leverage** our core assets to build broader multi product relationships with key clients

Organic revenue growth initiatives

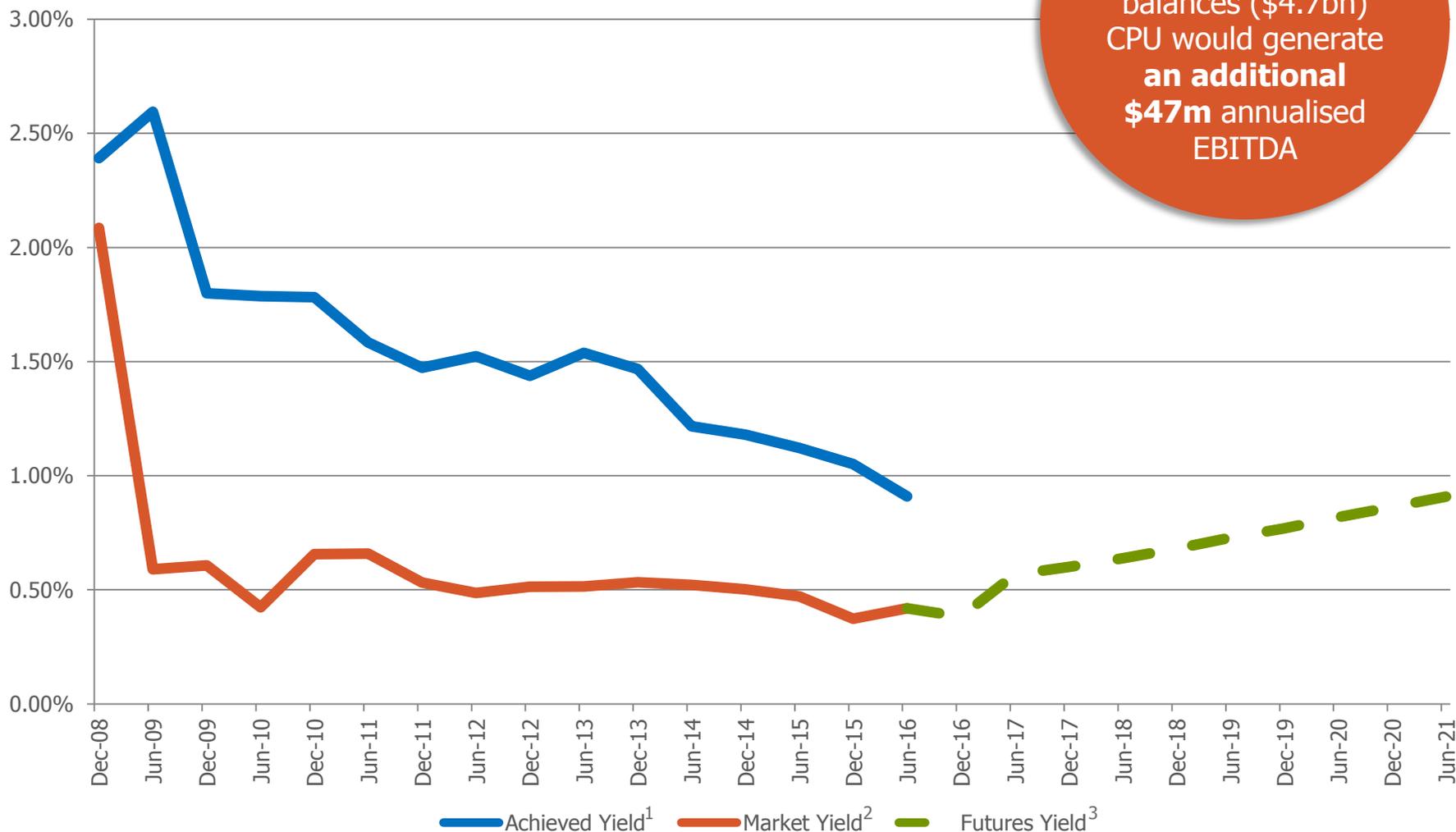
- > Computershare has identified organic growth initiatives across its US businesses to deliver additional revenue streams



Client balances

Strong leverage to rising rates

Assuming an increase of 100bps on our FY16 exposed balances (\$4.7bn) CPU would generate **an additional \$47m** annualised EBITDA



¹ Achieved yield = annualised total margin income divided by the average balance for each reporting period

² Market yield = avg. cash rate weighted according to the client balance currency composition for each reporting period

³ Futures yield = avg. quarterly implied rates weighted according to the client balance currency composition at 30 Jun 16

Structural cost review



Activity	Total cost savings estimates \$m	Expected benefit realisation (cumulative)			
		FY17	FY18	FY19	FY20
Stage 1 Louisville (unchanged)	25 - 30	15%	55%	70%	100%
Stage 2 Spans of control	~15	20%	90%	100%	
Operational efficiencies	10 - 15	-	25%	75%	100%
Procurement	5 - 8	-	50%	100%	
Process Automation	~20	-	20%	80%	100%
Other	10 - 12	-	50%	100%	
Stage 3 Further initiatives	TBD				
Total estimate	85 - 100				

* Excluding UKAR integration. Estimates of total cash costs to deliver Stage 1 remain unchanged at \$80-85 million. Total cash costs to achieve stage 2 savings estimated to be \$30-40 million inclusive of opex and capex. Stage 2 costs to be incurred in FY17 and FY18. All opex costs to be expensed and included in Management adjustments. Savings to be achieved across the Group.

FY17 outlook

Guidance affirmed

Q1 FY17 trading and guidance

- › Computershare's trading performance for Q1FY17 is consistent with the pcg
- › Given current trading and the outlook for the remainder of the year, we affirm EPS guidance for FY17
- › In constant currency, Computershare expects FY17 Management EPS to be slightly up on FY16

Assumptions

- › This outlook assumes that equity markets remain at current levels, interest rate markets perform broadly in line with current market expectations and that FY17 corporate action revenue is similar to FY16
- › Also subject to the important notice on the final slide regarding forward-looking statements

Constant currency guidance (same as provided in August 2016)

- › FY17 guidance is given in constant currency terms to better illustrate Group underlying performance
- › For comparative purposes, the base Management EPS for FY16 is 55.09 cents

Conclusion

An inflection point in earnings growth

FY16 results
resilient

FY17 EPS guidance
(slightly up in CC)
affirmed

Q1 FY17 trading
consistent with
the pcp

Clear growth
strategies –
execution on track

- > CMC delivering anticipated benefits
- > UKAR integration underway
- > Plans strengthening

Enhancing
profitability

- > Group-wide cost review expected to deliver \$85m - \$100m savings over four years
- > Leverage to rising interest rates

Capital management
Strong free cash flow
driving shareholder returns

Important notice

Forward-looking statements

- › This announcement may include 'forward-looking statements'. Such statements can generally be identified by the use of words such as 'may', 'will', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'believe', 'continue', 'objectives', 'outlook', 'guidance' and similar expressions. Indications of plans, strategies, management objectives, sales and financial performance are also forward-looking statements.
- › Such statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Computershare. Actual results, performance or achievements may vary materially from any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this announcement.