COMPUTERSHARE LIMITED (ASX: CPU)

FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

15 February 2017

NOTE: Comparisons are against the prior corresponding period. All figures (including comparatives) are presented in US Dollars (unless otherwise stated).

The non-IFRS financial information contained within this document has not been reviewed or audited in accordance with Australian Auditing Standards.

Copies of the HY17 Results Presentation are available for download at:
http://www.computershare.com/corporate/investor-relations/financial-information/results

Execution on track for sustained earnings growth

1H17: Solid results

- In constant currency* terms
  - Management EPS 27.12 cents, +4.4%
  - Management EBITDA $250.5m, +3.4%
  - Management EBITDA excluding both margin income and the impact of FX movements +10.6%

- Free cash flow (ex SLS advances) $150.0m, +3.9%,
- Net debt to EBITDA 1.91 times (excluding non-recourse SLS advance debt) (2.12 times at 30 June 2016)
- Interim dividend AU17 cents, +6.3%

Delivering on growth, profitability and capital management strategies

- **Growth**
  - Significant UKAR contribution in first full period of ownership. Integration synergies ahead of schedule. Positioned for growth with new “challenger bank” client wins.
  - Strong growth in US mortgage services revenue, +16.3%. UPB $57.4bn with MSR monthly purchases as planned. CMC providing access to MSR product at a discount to market. Anticipated returns at scale affirmed.
  - Employee Share Plans EBITDA +18% with increased transaction volumes driven by rising equity markets and GBP currency volatility. Competitive position enhanced with product refresh.

- **Profitability**
  - Register Maintenance profits increased on slightly lower revenues, -2.7%, with contributions from new products mitigating shareholder attrition. Louisville cost savings tracking ahead of plan. Despite weak Corporate Actions revenue, -16%, combined segment EBITDA margin increased to 31.3% v 29.9% pcp.
  - Group wide stage 1 and 2 cost out programs underway. $85m – $100m total annualized savings target per annum.
  - Margin income fell again to $69.9m, -$9.2m due to lower interest rates and lower returns on reinvestments. Annualized achieved yield was 0.8%. Continued growth in client balances, averaged $16.6bn.

- **Capital management**
  - Balance sheet continues to deleverage providing capacity for growth and enhanced shareholder returns. Free cash flow (ex SLS advances) $150.0m. Net debt to EBITDA at 1.91 times, in lower half of 1.75 – 2.25 times Board policy.
  - Completed disposals of Australian head office premises and Inveshare investment during the period.
  - Further capital recycled into growth, competitive enhancements and increased interim dividend AU17 cents, +6.3%.

Outlook for FY17 – Modest EPS upgrade

At the November 16 AGM, we expected Management EPS to be slightly up on FY16 in constant currency. With increased confidence, we now expect Management EPS for FY17 to be between 56-58 cents in constant currency (FY16 55.09).

Assumptions for 2H17: Equity markets remain at current levels, interest rate markets perform in line with current market expectations and that FY17 corporate actions revenue is similar to FY16.

Sustained earnings growth

Mr Stuart Irving, CEO said, "Having set clear strategies to deliver sustained earnings growth it is encouraging to see our execution is on track and earnings growth is emerging. Management EPS, in constant currency, was up 4.4% versus the pcp.

"Excluding FX movements and margin income, which was again affected by lower interest and reinvestment rates, Management EBITDA increased by 10.6%, a solid performance.

"We are focused on building our two main organic growth engines, Mortgage Services and Employee Share Plans and improving our profitability across the group through efficiencies and cost reductions.

Cost out program

"As we laid out at the AGM, we have commenced a fundamental review of our cost structure. Business simplification and process automation are relevant disciplines and technologies for us. We affirm our expectation that stage 1 and 2 should deliver between $85m - $100m of annualized savings."

Capital management

Mr Mark Davis, CFO said, "Our business model generates predictable recurring revenues and strong free cash flow. We also continue to recycle capital to drive profitable growth and enhanced returns. We disposed of our Australian head office premises and investment in Inveshare in the period. We continue to see our balance sheet deleverage. Net debt to EBITDA (excluding non-recourse SLS advance debt) is down to 1.91 times, in the lower half of the Board's 1.75 – 2.25 policy range. This strength increases our capacity to fund growth and distributions."

The Board has declared an interim dividend of AU17 cents, +6.3%, 30% franked. The dividend is payable on 22 March 2017 (dividend record date 27 February 2017). Refer to separate ASX dividend filing for additional details.

Management EBITDA	Management earnings per share (EPS)	Statutory earnings per share (EPS)
Constant Currency	Constant Currency	Actual
$250.5m	27.12 cents	27.48 cents
3.4% ▲	4.4% ▲	80.6% ▲

*Constant currency equals 1H17 results translated at 1H16 average exchange rates

Please refer to the FY17 Half Year Results Presentation for detailed financial data and the important notice on slide 52 regarding forward looking statements.

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About Computershare Limited (CPU)

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