2018 Investor Day

Welcome and CEO update

Stuart Irving, Chief Executive Officer

Slide 1

Good morning everyone and welcome to Computershare's 2018 Investor Day. We appreciate you joining us here at our Melbourne office. It's good to see lots of familiar faces and plenty of new ones too.

For those of you that don't know me, my name is Stuart Irving and I am CEO. I have been at CPU for almost 20 years and this is my fourth Investor Day as CEO. Simon Jones, our Chairman is also here, along with our CFO Mark Davis, and our executive team from both Australia and overseas.

Today we are going to detail some of our plans to design and deliver multi year earnings growth. That's our key theme. So you can see it's an important day for us, but please remember it's actually your day. It's your access day to meet our team. It's your opportunity to gain a deeper and more strategic understanding of our businesses. It's your chance to have your questions answered.

We invite you to engage with all the regional and business heads here. They are at your disposal all day.

Slide 2 - Schedule

Let me tell you a little about the day. Following me, Nick Oldfield, the head of our US Mortgage Services Business, will run a group session taking you through the US mortgage life cycle value chain and where we now operate. With Nick we have also brought over some of our broader mortgage team.

Toby Wells, who many of you may well know from previous sessions, is here and he is joined by Tom Millon, who is CEO of our Capital Markets Cooperative (CMC), as well as Jeff Johnson, who runs a large part of our US Mortgage Service operations.

By structuring the presentation as a life cycle value chain this will help explain how we are building out our business model to generate multiple ancillary revenue streams and progress to the financial returns at scale that we have laid out. This is a very similar to the way we have built out Registry revenues over the years.

In February I got asked; "Why don't you cancel the share buyback and accelerate growth here by increasing MSR purchases?" Many in the room will note that this sentiment is quite a turnaround. Well, as always, it's all about discipline and being controlled as we build up a high quality and sustainable business. We are tracking to the plan, and progressing well in this key growth engine. Looking ahead, we have the capability and the opportunity to grow beyond our initial scale parameters.

After US Mortgage Services, Andrew Jones is over from Yorkshire and will present on UK Mortgage Services. Andrew, the Head of the business, and his team, have had one of the busiest years in the Group. The UKAR integration is a truly massive job, and a solid success story to date.

I am pleased to say we are delivering the expected synergy benefits, and building a platform for future organic growth. We relish this work. It's a difficult and complex integration. 100,000 mortgages in the Ripon portfolio were transferred onto our platform in (March).

The synergies are all coming through and as the Government has been selling mortgage portfolios, all our service work has been retained, and along with our unique Topaz regulatory structure they have been retained at higher prices. That was a risk we have now largely passed.

We do have a challenge though looking further out. How do we generate sustainable organic growth in this business? The UKAR book is closed and in run off. UKAR servicing related revenues have peaked. They will continue to amortise down over the coming years.

Profits, as costs come out, will grow in FY19 and are expected to peak in FY20 and then also run down. It's a tremendous contract to have won, no doubt about that, but we are also focused on the need to plan and build for sustainable organic growth as well. We need to build new servicing volumes to drive this growth.

Since the last investor day we have made good progress with our new customers, the challenger banks and financial asset holders. We expect them to generate growing servicing volumes for us. These new volumes should turn our book into positive growth in FY20/21. It's important that you understand the shapes of these revenue and profit curves. They'll feature prominently in our financial statement over the coming years.

We then have 40 minutes for lunch where for space and noise reasons we will head up to another room - a good chance to stretch the legs after all this mortgage servicing chat.

After lunch Steve Rothbloom, our Head of USA will present on Registry, our largest business. This business continues to be our unsung hero. It's a great business and we provide our customers with a great service and you see this in the excellent retention and tenure rates. It consistently generates high margins and strong free cash flows with very little capital employed. It is one of the highest quality customer franchises you will find. It also enables our capture of higher margin corporate action events, which recur albeit with unpredictable regularity.

Steve will also talk about our initiatives to grow in new and complementary revenue pools to generate organic growth and how implementing ongoing efficiency gains will drive further margin expansion. It's an impressive story in a market that has seen a decline in listings and direct shareholder numbers.

After Steve, Naz Sarkar will present on our second global growth engine, Share Plans. He'll talk about structural growth, equity as a growing share of remuneration and rising employee participation, recurring annuity revenues and latent earnings power. While earnings can move around from period to period, due to the exposure to equity markets, over the longer term, we like this business. We will we also show a glimpse of the new; the intrinsic value of data and the exciting outlook for Asian Plans.

Then we will wrap up with question time with Mark and myself and some closing remarks. Please let the presenters present and hold questions until the end of their sessions. We will aim to finish by around 2pm as I know many of you have flights to catch. For those of you that can stay on after the formal close you are of course most welcome. We'll still be here.

Slide 3 – Common themes across our business

While today's presentations cover different businesses and regions, you'll see common themes and I want to draw these out for you because they define Computershare and everything about us.

- The careful, considered and detailed forward planning of how we build and grow.
- The almost obsessive focus on execution including the most complex and difficult tasks to ensure we get the right outcomes for our customers.
- If I can say, the humility and the lack of ego across the group.
- The ability to recognise when we are making mistakes, but to then learn quickly, fix the problem and move forward successfully.
- How we are focused on building scale and importantly platforms in our core businesses to drive operating leverage and margin expansion.
- Our willingness to invest in new and emerging technologies to drive better customer experiences and internal efficiencies.
- Identifying and then growing ancillary revenues across the value chains to diversify and enhance revenues.
- The frugal and disciplined management of our capital. Delivering returns for shareholders is absolutely key to what we do and set out to achieve every day.
- And finally, our culture, which is our consistent commitment to all our stakeholders, which is simply 'to do the right thing.'

You'll see these hallmarks throughout the day.

Slide 4 – Earnings guidance is affirmed

Before we move to the first session though, let me cover off on a couple of points that investors will be focused on:

1. Earnings guidance is affirmed from the upgrade we gave in February. Today is not about providing a trading update, but needless to say guidance is affirmed.

2. The outlook for our corporate actions business is in line with the guidance assumptions we also gave in February. We have seen no significant change since then. Remember though, it is completed actions that matter for us, not announced M&A.

3. The Karvy sale is ongoing. It hasn't completed yet. The regulatory process in India continues to move forward albeit slowly. The delay is relating to the regulators considering whether the new business should be classified as a key Market Infrastructure Institution or not. We still expect a sale to complete this calendar year.

4. Capital Management is a central pillar in our strategy to enhance shareholder returns. You will remember that we have so far bought back around AUD 50m at an average price of AUD 14.74 under our current program. Our capital management policy evaluates the best way to reward shareholders including EPS accretion from the share buy-back, inorganic growth opportunities, debt elimination and dividends. Our buy-back program remains open and we will evaluate these factors in a disciplined way on an ongoing basis.

And finally, let me move to costs.

Slide 5 – Profitability: Structural cost out programs progressing well

First, our Stage 1 & 2 Cost Out programs are progressing well. There has been a slight acceleration of some initiatives into this financial year, which reflect good progress and delivering ahead of plan. Also the cost to deliver these benefits has come down. Good News.

There has also been a deferral of some of the benefits to Process Automation moving from 19 and then across to FY20 and 21.

We are still incredibly focused in this area, however automating processes in our operations also are reliant on a complex digitisation process. We also have to tackle processes that are 1 and 2 person headcount as we don't have the large 40-50 person teams doing the same thing like you may find in banks and insurance companies. We are committed and will continue to drive it hard.

Slide 6 – Profitability: Stage 3 structural cost out program

Today we are detailing our stage 3 cost out program. As is our way, we have been working on the detail here for some time but without compromising any of our focus on our Stage 1 and 2 programs. We took our time to understand the opportunities and work through the detailed analysis carefully until it was complete. We have a good track record at cost management but it's fair to say having managed costs hard over a long period of time, there is no low hanging fruit at Computershare.

We expect to achieve an additional $40m - $55m of cost savings as part of our stage 3 plans. These Stage 3 savings will come from long term projects. We are deploying more process automation, centralising support functions and advancing towards a global business stream structure.

Estimates of stage 3 cash costs to deliver benefits are $55-65m and about 90% of that is Opex. With Stage 3, that makes $125m to $155m of total savings over the next 5 years. We will also keep looking for other ongoing BAU ways to reduce our cost base.

Slide 7 - Summary

So in conclusion, we remain focused on executing our priorities and with cyclical recovery, increased event activity we are firmly on track to deliver on guidance, but more importantly, report multi year earnings growth. The quality and performance of our businesses, and our ability to execute show we are capable of that.

We started to design our future back in 2015 / 2016. We purposely planned our growth, profitability and capital management strategies back then to deliver enhanced and sustained returns for shareholders.

In FY17 we started to make some progress and returned to positive earnings growth.

This year, these strategies along with some of the tremendous optionality that CPU has that's beginning to convert into profitability we do expect 12.5% Management EPS growth with a positive bias.

We work hard to do what we say we will do. We are also providing you with greater transparency on our business; yes we do listen to you, and continue to provide improved disclosure. That is what today is all about.

We are continuing to build a simpler, more transparent, disciplined and profitable Computershare and we thank you for your interest and support by being here today.

Now let me hand you over to Nick.

US Mortgage Services – Executing the growth strategy

Nick Oldfield, CEO – US Mortgage Services

Slide 8 - Introduction

Good morning everyone. My name is Nick Oldfield and I head up our US Mortgage Services business.

Along with my colleagues -

- Tom Millon who runs our Capital Markets Co-Operative business;
- Toby Wells who leads SLS, our servicing business; and
- Jeff Johnson the COO of our US Mortgage business.

Today we are going to talk to you about our role within each stage of the US mortgage lifecycle and about how we're building a long term sustainable business that generates revenues across that mortgage lifecycle and through the economic cycle. How we support the origination process, how we service loans, how we help manage the exit process for investors and borrowers and generate revenues along the way.

We'll also talk about how we have the capacity and the opportunities in front of us in what's a very big market place to grow the business further, and the new capabilities we're adding to position ourselves to extract more revenue along the mortgage life cycle;

But let me start by providing you all with an update of where we are in terms of delivering on our growth plan.

Slide 9 – Executive Summary

Now - we're a couple of years into our five year growth plan and I am pleased to be able to report good progress on all fronts.

In particular:

We are adding scale. We've said to you before that mortgage servicing is a scale business and we needed to add more scale to make the kind of returns we'd like to.

Today we're servicing over 100,000 more loans than we were in June last year; At the end of March, our servicing portfolio totalled just over $80B in UPB, nearly half a million loans. We've increased in size by about a third since June 2017. You may recall that in the past we have talked about targeting

$100B plus in servicing so we're well on our way. And we've got the capacity, capability and opportunity to get there.

But really what will drive returns is the mix of that servicing - owned and sub-serviced, performing and non-performing. And a good contribution from our non-servicing, capital light business lines. And we're making good progress towards what we'd consider a good mix too:

- We've doubled the number of loans we sub-service since June, which now makes up 40% of the portfolio. Importantly the performing sub-servicing book is growing - almost five fold since June to c. $10B and almost 50k loans.

- Non-performing servicing though remains our core, making up 62% of the overall portfolio. And within this, sub-servicing has grown by $10B to c. $16B and c. 150k loans. At scale we anticipate non-performing being less than half the portfolio. We'd love it to be higher - it tends to be more profitable work - but by its nature, it's lumpy and less predictable, so we need a strong base of performing work to maintain our overall platform.

And as we build out the business, we're developing our operating model. Non-servicing related ancillary revenues contribute 24% of our overall revenue. This includes our Property Solutions business, Fulfilment, Due Diligence and Recovery offerings.

We're targeting increasing this share further over time, which means we need to grow these business lines at a faster pace than our servicing business to deliver on it. Our operating model is further enhanced by the investments we're making - in terms of technology, customer experience and operational process - all of which are aiding our competitive advantage. You'll hear more about these as we move through the presentation.

Slide 10 – Progress over last 12 months

Let me now recap on our progress over the last 12 months. In short we're delivering against each of the six priorities we talked about last year:

- First, a combination of scale benefits, increasing margin income, new technology implementation and operational efficiencies is driving an improvement in our financial returns.

- Two - delivering on our previous pipeline cemented the growth we're talking about today.

- Three - our third party solutions business has grown. 24% of our revenues come from non-servicing; our property solutions business itself now generates some 20% of its revenue from third party clients. 18 months ago, this was zero.

- Four - sub-servicing revenues have grown - the portfolio is up $18B - this is fee for service work, requires no capital and enhances our return on invested capital.

- Five - we've launched a recapture operation. This enables us to offer re-financing options to borrowers, reducing run-off and is particularly important for capital partners who may want to co-invest with us in MSR excess strip transactions. In a rising interest rate environment, the opportunity to develop this business line is somewhat limited but it is a very important capability to have and positions us better for the future;

- And six - our new loss mitigation platform - a workflow and processing system for the management of non-performing loans - is nearly complete.

This will enable us to reduce costs and enhance our control environment and it will be fully operational next month.

Slide 11 – Progress over last 12 months

It's now time to talk about our role supporting each stage of the mortgage lifecycle. The lifecycle starts with the origination of the loan. Now, remember, we don't originate loans ourselves. We don't lend money. But we do provide services to help our lender customers themselves process, underwrite and close the loan applications they receive. Then once the loan has been closed, lenders often want to sell that loan and an MSR is created.

We support this process - it's what's called secondary marketing. And then the loan needs to be serviced. Importantly we provide our customers the ability to service both performing and non-performing (or defaulted) loans and we provide solutions to help investors recover the value of their asset, through the exit management process.

All of these functions help deliver on the servicing mix which as I said earlier is key to the delivery of financial returns.

So, without further ado, let me handover to Tom who will start right at the beginning, with how we support the origination process in a bit more detail.

Tom Millon, CEO – Capital Markets Cooperative

Slide 12 – The mortgage lifecycle

Thanks Nick. My name is Tom Millon, I'm happy to be here, and I run the area of Computershare that helps our clients create mortgages and mortgage servicing rights, which is the first step in the mortgage lifecycle.

The lifecycle starts with mortgage origination, continues in to mortgage servicing, and can ultimately end in asset sales.

Slide 13 – US mortgage market

But first we need to understand the residential mortgage market in the US. It is a big market. Really big. The US mortgage market is one of the largest debt markets in the world. There is approximately $10 trillion worth of mortgage debt outstanding in the US. Funny thing is that I am being conservative describing the market as "only" $10 trillion. If you include multi-family properties, lending on farms, and the like, the mortgage market approaches $15 Trillion. Its size rivals that of the US Treasury debt market.

So we are swimming in a very big pool. Incidentally the $10 trillion of mortgage debt is secured by roughly $30 trillion worth of housing stock. If you add up the value of every single house in the United States you get to $30 trillion.

But it's the $10 trillion of debt we're interested in, and additionally, the $1.6 Trillion of new mortgage activity we expect in the next twelve months. Each year a certain amount of mortgages turn over - $1.6T in this year's case - either by refinance or new mortgage origination. That means 8,000,000 individual mortgage loans will be created in the next twelve months. That's a lot for us to work with.

Computershare will make a fine living in a $1.6T market. Historically speaking, $1.6T is a solid year - not too hot and not too cold - a good volume year. And we expect strong years ahead for the mortgage industry. We expect the strong economy to support a solid housing market for the foreseeable future.

Slide 14 – Demographic tailwinds support $1.6tn origination market

We have wind in our sails from demographics as well. This slide shows that the millennial population in the US, basically people in their twenties, is reaching prime home-buying age. Approximately 40 million people are moving into the age where homeownership rates spike higher.

The past ten years have been an anomaly historically. Net growth in households was entirely in the rental market, not in the homeowner market. Millennials have either been unwilling or unable to buy homes. The next ten years will be different as renters form households and become homeowners. Millennials will drive mortgage volume and opportunity for Computershare over the next ten years.

They're going to need mortgages to become homeowners, and that's where we come in.

Slide 15 – Interest rate sensitivity

Speaking of a strong economy, let's talk about interest rates. Just when it seemed like interest rates were going to stay at zero forever, rates have started to head up. In particular, the two-year US Treasury yield has picked itself up off of the floor.

Mortgage rates sit a bit farther out on the yield curve and haven't risen quite as much the 2-year Treasury, but mortgage rates are up and we welcome it. We're bullish about the mortgage market. Rising interest rates create opportunity.

The value of our servicing portfolio is going up as interest rates rise.

Margin income is rising in two ways: as rates rise and as our margin balances increase.

Rising rates usually pinch mortgage industry volume because refinance activity dries up. But this time around, refinance activity is already so low - lowest in ten years - that higher rates shouldn't push volume lower. Alternative products will emerge in a higher rate environment. That means products other than the ones insured by Fannie Mae, Freddie Mac, and Ginnie Mae.

We expect to be able to generate higher margins from these alternative products, and we are encouraging their development. The economy is strong and home purchases are strong and mortgage volume will be strong.

Slide 16 – The mortgage lifecycle

So with a strong mortgage market as a backdrop, let's get back to the mortgage lifecycle. The lifecycle begins with a potential borrower applying for a mortgage loan. The borrower typically interacts with a loan officer. The loan officer collects financial information from the borrower - that's called processing. The loan is underwritten, and if approved, the loan is funded, thereby creating a closed mortgage loan.

Again, Computershare is not an originator; we do not fund mortgages; but we support the origination process for our clients with a variety of products and services.

Slide 17 - Originations

We interact with the mortgage companies that create mortgage loans. There are about 1500 mortgage companies that matter to us. They matter because they are big enough to make money from, but not too big. So we are in the business of buying assets from and generating as much fee income as possible from as many of these 1500 "middle market" lenders as possible.

By the way, a typical lender creates between $500 million and $1 billion of mortgage volume each year. Lenders are located in every town and city across the US. They typically employ between 50 and 100 loan officers who interact with consumers creating mortgage loans.

Slide 18 – Our rapidly growing CMC network

Specifically, today at Computershare we interact with 506 of these 1500 mortgage lenders that matter. We call our mortgage company clients "patrons," specifically those lenders that are part of our business unit called the Capital Markets Cooperative, or CMC.

So we have 506 CMC patrons today. Our CMC patrons comprise over a third of the "middle market" in the huge US mortgage market. They collectively produce $320 billion of mortgage volume each year. That is a lot of volume.

Incidentally, our number of patrons continues to grow rapidly. We just crossed above 500 patrons, and a year ago we crossed above 300 patrons. So we've almost doubled size in a year. We are growing rapidly and are connected to a very large and growing universe of mortgages. We interact with our patrons in a number of ways. We manage a network of preferred investors and vendors for our patrons in exchange for fee income.

Because our patrons generate so much mortgage volume collectively, we can drive price, product, and service deals to them that they could not get on their own. And we get paid to do that.

We provide services to our patrons in exchange for fee income, of which our fulfilment solutions group is a good example. Our fulfilment group provides outsourced services to process, underwrite, and close mortgage loans on behalf of our patrons.

We perform due diligence on our patrons' mortgage loans and servicing rights.

We provide services to our patrons to generate fee income, but importantly, we become connected to them as closely as possible, all in an effort to be involved in servicing their loans and managing their assets.

Speaking of servicing, we acquire a significant amount of servicing through a process called co-issue. About $120 billion dollars of mortgage servicing is created through the co-issue process each year. So out of that $1.6 trillion market that we expect next year about a $120 billion will go through a process that's called "co-issue."

So what does "co-issue" mean? Co-issue means that when a mortgage loan is created, it is "issued" in to a mortgage-backed security and at the same time - "co" - a servicing asset created and perhaps sold to someone, hopefully us. So a mortgage loan is created, issued in to a security, and mortgage servicing is created and perhaps sold at the same time.

Incidentally, more than 90% of mortgages originate this year will end up in mortgage-backed securities that are insured by US government. The insurance is provided through Fannie Mae, Freddie Mac, or Ginnie Mae.

Computershare, at the moment buys about 10% of the co-issue servicing created each year in the US. That equates to $12 billion of servicing a year, which is 10% of the $120 billion annual market.

So we have a 10% market share, and that is growing.

When we acquire co-issue servicing, we acquire it at a discount to its fair market value. Our middle market patrons sell servicing rights to us in relatively small increments. We are able to efficiently aggregate these purchases from our patrons at attractive prices.

For example, we might pay 85 basis points for servicing with fair value of 100 basis points. So 15 basis points discount. And we do that as many times as we can.

The volume of our servicing purchases is a balance between market volumes and our own capacity to buy servicing efficiently and without error. We are on pace to buy servicing on about 60,000 loans this year, and we continue to grow market share.

As we acquire servicing, we pay particular attention to operational efficiency and service to our customers. Boarding servicing on to our systems is a data-intensive process, and there is little room for error.

We carefully manage borrower experiences as the servicing on their mortgages changes hands.

Once we have acquired servicing, the first part of the mortgage lifecycle is complete, and we move on to the business of servicing the loans.

To explain further, I will pass the presentation to Jeff Johnson, who manages these processes in our servicing business.

Jeff Johnson, President – Specialised Loan Servicing

Slide 19 – The mortgage lifecycle

Thank you Tom.

Good Morning. Every time I have the opportunity to speak about mortgage servicing, I realize in my heart, I'm a servicing guy. I enjoy discussing servicing, so thank you for being here.

Slide 20 – The customer experience

So let's talk servicing. Everything in servicing revolves around the customer. At Computershare we believe that accurate loan boarding is directly correlated to the knowledge that you are taking responsibility for a family's home.

Simply stated, we don't board loans, we build customer relationships.

- Success is driven by a combination of OCR and mapping technology, extensive edit checks, a knowledgeable team.

- Our Firm brings, on average, 10,000 new customers to our servicing platform from up to 65 different transfers monthly. Each customer record extensively reviewed - I view this as a core strength.

Once boarded, understanding the customer communication preference is critical. Effective customer engagement is directly tied to satisfaction and delinquency management.

Servicers need to know:

- Customer Communication preferences, and (phone, email, Web)
- Customer payment preferences. (check, bank auto-pay)

As shown on the slide, there are 1.8m communication events per month occurring with our servicing portfolio (mail, phone, e-communication, web).

Good servicers can report the number - great servicers have the tools to understand why. I believe we are a great servicer.

Slide 21 – The Computershare difference

The building blocks (or investments) of Computershare to support mortgage servicing has created an operating model that is truly different. Each box on its own is not game changing.

Success is driven by;

- Integrating the boxes (technology), and
- Leveraging Computershare's operational knowledge.

As I am an operator - in my words, it really comes down to integration and execution. Web design, mobile access and E communication are table stakes - we are good here, many are. The differentiation comes from understanding the interplay.

For example;

- Sending an informational e-communication sounds good, but not if it results in increased call volume.

Tools such as;

- Speech analytics, call recording and text mining create the visibility to take action.

I view access to these tools as a differentiator to continue investments in behavioural modelling, customer surveys, and workflow tools reinforce our ability to anticipate needs, understand service delivery from the eyes of the consumer and execute with confidence.

In addition, and significant, our operating environment allows for servicing event capture and reporting. Meaning, you have the confidence to engage with regulators as you have the artefacts to recreate the servicing experience of the customer. This is a non-negotiable for our firm. Every action that impacts the customer needs to be captured, timestamped and reportable.

Good servicing alone will not get you out of hot water - the combination of good servicing and the ability to paint the servicing picture is now required. In a moment, I will show one of our customer video demos.

To set this up; employing technology to provide video content specific to the consumer is impactful. The video explains to a customer, an upcoming change in "their" escrow requirement.

This is the amount set aside to pay insurance and taxes. In a little more than 2 minutes, the customer will understand the change, and be provided payment options.

The clear value is;

- It is specific to the customer.
- It is provided in advance of the change.
- It outlines options.

Slide 22 - Video

So, let's play the video.

Slide 23 – SLS loss mitigation

Upcoming in Toby's presentation, special servicing will be discussed. Simply put, the foundation of special servicing is customer engagement and solution delivery.

Without the right technology, success is unlikely. Computershare has developed a loss mitigation workflow platform that allows for; Solution development (or modifications), Customer solicitation tracking, and solution fulfilment.

The platform design...

- Accelerates the speed of program delivery and captures critical data.
- Our regulators expect this.
- Our clients request this.
- Our customers deserve this.

With our current book of business, Computershare is assisting over 1,000 families a month retain their homes. Sourced from over 12,000 families that are either in process or have been recently solicited to provide help. We are helping families - and impacting neighbourhoods.

Slide 24 – The foreclosure process

With all the investment in customer engagement solutions and training, it is difficult to believe that some customers disengage, but they do. When this occurs, at about 120 days past due, the foreclosure process begins.

Foreclosure is a legal process to convey the property back to the investor, in effect, remove the family from the home.

So - let's talk about home recycling (the Foreclosure process). During this process two things are occurring:

1. Our team continues to reach out with the intention of presenting retention solutions - help the customer.

2. At the same time, we need to protect the home asset for the investor, so we:

- Determine occupancy.
- Evaluate condition - repair if required.
- Engage local legal counsel to facilitate the foreclosure sale.
- Convey the property to the investor, or a 3rd party purchaser.

As the cycle time can be extensive, servicing accuracy and document capture are critical. Mistakes are costly in time and lost opportunity. With the programs available today, it is difficult to accept foreclosure as the outcome.

To paint a better picture, over 50% of families that enter into foreclosure find an alternative path, whether sale, reinstatement, or restructure. This is not by luck - this is based on tools and training.

Slide 25 – Technology and process investment yielding results

I am a "so what guy". I have been talking about differentiation, commitment, execution.

So, what. During the last reporting period for Freddie Mac and Fannie Mae, we achieved the following:

- #1 in our peer group in finding solutions for customers down 1 payment - keeping them from missing 2 payments in a row.
- #1 in our peer group for starting customers on trial payment plans leading to a modification - becoming current again with an affordable payment.

And, during a period when many servicer ratings have deteriorated, we have maintained or improved our servicer ratings across multiple product types with all agencies.

In the US there is only one non-bank servicer rated better than us, and we have them in our sights.

As many say, talk is cheap - performance matter. The right culture combined with the right investment builds a legacy. That is what Computershare is all about.

Thank you for your time this morning. I will now turn the stage over to Toby Wells.

Toby Wells, CEO – Specialized Loan Servicing

Slide 26 – Sub-servicing market overview

As Nick mentioned earlier, we have been very busy growing our sub-servicing business over the past year.

To do this we have to constantly stay ahead of market trends and anticipate clients' needs to ensure that we have the right resources, technology and product solutions ready to meet our changing client demands.

Today I want to share with you some exciting emerging mortgage market segments, which is a lot like the weather back home, if you don't like it, just wait a day and it will change.

Today that change is being driven by;

- Rising rates.
- Growing Investors risk appetite.
- Housing Appreciation and
- Increasing demand for expanded credit products.

All of which are shaping new and existing market segments and creating new opportunities for well positioned non-bank servicers like us.

One interesting segment is government insured loans. Since the financial crisis, Government insured loans have been the primary, if not the only, option for borrowers with imperfect credit or limited assets.

The lack of options available to these borrowers has grown government loans programs like FHA and VA, from pre-crisis lows of 5%, to a sizable 17% of the market or $1.6 trillion today.

- Large banks are retreating from government loan servicing due to the high cost of servicing.
- Non-bank lenders are filling the void by taking on the lion's share of new originations.

However, without bank demand to purchase this government servicing there is a lack of MSR liquidity.

Leaving non-bank lenders with two options...

(i) Retain government servicing portfolios or

(ii) Sell the MSR at a significant discount.

Leveraging our special servicing capabilities and recent technology investments, we are positioned to provide lenders with an effective high touch subservicing solution, while also leveraging our MSR liquidity program to purchase discounted MSRs.

Over the past year, we have completed extensive government servicing readiness programs and begun offering government subservicing to clients.

Demand for this is high, and we've boarded to over $3 billion in new government subservicing this financial year.

Re-performing loans are loans that have previously defaulted, but have subsequently cured the default and are now performing. Over the past 10 years three million loan modifications have been completed, reducing consumer debt, rates and payments.

These modified loans have performed extremely well, but given these loans have been restructured, Banks and Government agencies that own these loans have had assign a significant amount of risk capital against these assets, making them extremely expensive to hold on their respective balance sheets.

With increasing investor demand for new loan products to purchase, both banks and the agencies have seized the opportunity to sale and transfer these re-performing loans to a growing list of interested investors.

Leveraging our existing high-touch special servicing capabilities we have successfully transitioned over $8 billion in re-performing loan servicing to the platform since the beginning of our fiscal year.

Home Equity Lending is re-emerging. Since 2011, home values have appreciated greater than 40% and home equity has skyrocketed to in excess of $5 trillion dollars. During the same period of time, most homeowners with reasonably good credit have refinanced into historically low 30 year fixed rate mortgages.

This has left homeowners looking for options to access their home equity without forfeiting their existing low fixed rate mortgage. Lenders and Investors are actively developing new Home Equity Lines of Credit or HELOCS products to assist borrowers in accessing their home equity, while keeping their existing fixed rate loans in tack.

Current volumes are small, but this is an enormous market and our pipeline is robust. With that we expect volumes to steadily grow by over $2-3 billion in subservicing over the coming year.

With rising rates and increasing investor appetite, markets conditions are finally ripe for growth in non-qualified or non-QM mortgages. Non QM loans should not be confused for subprime loans. Non-QM loans simply do not meet government agency loan requirements.

Unlike subprime loans they have been fully underwritten to ensure borrowers have the ability to repay the loan. Several existing investor conduits are already in place and are set to increase over the next year.

We currently service a little over $1 billion in non-QM servicing today, we expects volumes to grow dramatically and become the primary asset supporting new resurgence in private label RMBS.

Contrary to popular belief, special servicing it is not dead - it is actually thriving! While the % of delinquent loans in the US has significantly reduced from post crisis highs of 17% to a potential floor a of 6% of outstanding mortgages today. 6% or $ 600 billion is still a sizable market opportunity.

Especially, when you consider;

- Large banks have committed to exiting default servicing and
- Non-bank servicers continue to consolidate.

These dynamics create less special servicing capacity and an opportunity for existing special servicers like us to play a larger role in a smaller but sizable market. And as interest rates rise, more special servicing opportunities are likely to emerge.

Slide 27 – The mortgage lifecycle

Now I'll talk about our exit management product solutions.

Slide 28 – Property Solutions

In past years as a special servicer we provided a number of captive products & services such as valuations and REO assets management to enhance our special servicing offering to clients.

Over the past couple of years we have invested heavily in technology and personnel needed to commercialise these products and enable them to be marketed to 3rd parties beyond our direct mortgage servicing clients.

Today, our property solutions group is tasked with developing new property related products and services needed to support lenders and investors to efficiently produce, purchase, sale and or securitize residential mortgages.

To that end our solutions group provides a robust arrangement of products and services such as;

- Property valuations products used by lenders, investors and servicers to value properties throughout the loan life cycle.
- Property inspections to evaluate the condition of the property throughout the servicing or at the time an investor looks to purchase a loan.
- REO or asset management - where they look to resale foreclosed properties. Either though traditional real estate brokers or electronic auctions.
- Title and settlement services (confirming liens held against the home) to both lenders, at origination, investors evaluating the purchase of new loans or servicers evaluating options to workout the loan.

We estimate the size of the property solutions market to be sizable at approximately $3 billion, highly fragmented with multiple providers.

Similar to servicing we are anticipating consolidations to a few large scale providers, as buyers look to consolidate vendors and reduce overall cost of procurement, creating ample opportunity for us to expand beyond our current roster of servicing clients and generate more revenue from this space.

Slide 29 - Third party appraisal management

This slide is an example of BPO or Broker Price Opinion - these are typically performed for servicing loss mitigation or investor loans purchases.

In this case we provide the technology for independent real estate brokers in the field;

- They complete the property review, identify comparisons, and provide an opinion of value.
- We supplement with additional property data and analysis.
- QC the data and broker opinion.
- Once approved a report is sent to the investor or servicer.

This product retails between $90 to $110 and provides 30 to 40% margins depending on customer requirements.

We currently complete between on average 9k valuations per month and have grown our 3rd party valuation business from ~12% to over 30% today.

Slide 30 - REO

REO Management is the process by which we manage the sale of properties which we have previously foreclosed upon. This example demonstrates the economics of this business.

Here we have an estimated property value of between $225k-233k. We outperformed and sold the property for $235k and netted $213k for our client or investor. We typically are paid a 1% fee or in this case $2,350.

Overall, the future is bright for our property solution group, with a large prospective market and with the right people and technology, we are confident in our ability to provide meaningful stand-alone 3rd party fee income over the coming year, and for this group to become a more meaningful revenue contributor to our overall business.

Nick Oldfield, CEO – US Mortgage Services

Slide 31 – Execution priorities for the next 12 months

Thank you Toby. To close out, I first want to take you through our priorities for the next 12 months, as we go through the next stage of our long term plan.

First - we still need to add more scale. We have to maintain and build on our current co-issue volumes. We're targeting a minimum $12B through that channel over the next 12 months. And just like we did last year, we need to execute on some of the new servicing opportunities we have in our current pipeline.

Second - we expect to further grow our ancillary business lines - both in terms of Fulfilment, Due Diligence and Property Solutions and increase their relative share beyond the 24% we have today.

Third, we need to enhance our recapture model - more geographic and product coverage will enable us to maximize our ability to recapture as many loans as we can, when people look to refinance and or take out additional financing against their properties;

Fourth - you heard from Tom that loan on boarding is critical and from Jeff in terms of how we're making investments in improving our customer experience. We have to keep on improving in these areas if we're to continue to differentiate ourselves and make us the preferred servicing partner for our clients;

And fifth - we have active projects underway aimed at further enhancing our operating margins - both in terms of automating some of our processes and measuring and improving our productivity - leveraging some of the IT and operational expertise of the Computershare global groups.

Finally, we need to manage our capital. You will have seen that our invested capital at the end of December was over $400M - this was the peak for this financial year, reflecting two things:

(a) Seasonal servicing advances made in November & December for taxes and insurance; and

(b) The fact we had not completed an excess strip sale in the first half of the financial year.

As at the end of March, our invested capital had fallen below $400m as advance collections have come in and we have gone past the seasonal peak. I expect it to fall further as we head towards 30 June as we are working on completing a couple of transactions to sell the excess strip on pools of MSRs.

And we will complete further excess transactions in FY19. We work with a range of partners on these transactions - from major financial institutions to mortgage REITs and financial sponsors - and the market appetite for this asset class, particularly in a rising interest rate environment - is strong.

These excess strip transactions are important to us for a number of reasons:

Firstly, they help generate capital which we can re-invest back into the business, effectively helping us add more scale for the same amount of capital;

Second, they help defray some of the prepayment risk in the MSR; and

Third, they help enhance our overall financial returns.

Slide 32 – Conclusions and key takeaways

So to conclude, let me summarise the key points I'd like you to takeaway today:

We're building a long term sustainable business that generates revenues across the mortgage lifecycle and through the economic cycle.

We support the origination process, we service loans and we help manage the exit process for investors and borrowers.

We have the capacity and the opportunities in front of us that give us the confidence that we can grow the business further. Importantly we're adding new capabilities - from property valuations, to due diligence on closed loans and mortgage recapture - so we're positioning ourselves to extract more revenue along the mortgage life cycle in future;

We're operating in a very large market place.

We're improving market share but we still have a long runway ahead of us in terms of growth opportunity.

The dislocation that we've talked about in the past - the challenges faced by some of our larger, listed peers - has been borne out over the last 12 months and we have seen a number of servicing transfers away from our competitors, which we have been able to benefit from.

We firmly believe that the market opportunity - for Computershare to emerge as a credible and well positioned alternative - is a real and significant one;

We're making a series of investments - in service quality, customer experience and operational efficiencies - which help differentiate us from our competitors.

We bring an operators perspective to a market often seen through the lens of bankers and financial traders.

This is the Computershare difference which is driving sustainable competitive advantage.

Our network of customers, patrons and investing partners puts us in a unique position to create our own opportunities to drive future servicing volume, helping us better manage run-off and creating further demand for our ancillary services.

And finally, the external economic environment is favourable to what we are seeking to do. Interest rates are steadily rising - our sweet spot - this is driving margin income, reducing run-off and creating new product servicing opportunities. Corporate tax rates are falling. And the regulatory environment is stable, all of which gives us confidence that we are in a good position to deliver the growth that we are targeting.

Thank you all for listening.

UK and Ireland Mortgage Services – Executing to plan

Andrew Jones, Head of UK and Ireland Mortgage Services

Slide 33 – Introduction

Good afternoon, I am Andrew Jones CEO of CPU's mortgage servicing business in the UK and Ireland.

Slide 34 - Executive Summary

I wanted to start with a quick summary of how the business has performed over the last 12 months. The UKAR contract is still a big part of our business and it continues to perform well and very much in line with expectations. We still expect the contract to deliver £600m pounds of revenue and £100m of PBT over its term.

UKAR have recently sold another £6bn pounds and positively we are in the final stages of agreeing contract terms with the winning bidder. This effectively means that 70% of the book that we originally took on from UKAR has now been sold and servicing has been retained on every single asset sold.

You will recall that when we signed the UKAR contract we highlighted that the potential to lose servicing as assets were sold was a significant risk and it's great to see that this risk has now been significantly mitigated. UKAR have a number of sales processes under way and we are continuing to work hard to retain servicing as these transactions conclude.

When we signed the UKAR contract in May 2016 we indicated that contract profitability would peak in FY20 and we still expect this to be the case. The Integration programme remains very much on track with the first migration of £12bn pounds of assets from the UKAR UFSS platform to the CPU iConnect platform now complete. This involved the migration of circa 100,000 customers and is 4-5 times bigger than any migration we have previously completed. The remainder of the assets will be transferred to the iConnect platform over the next 6-8 months and we will then decommission the entire ex UKAR IT infrastructure driving significant savings.

In addition to the above the implementation of Process Automation is also progressing well with 11 processes now live and circa 4,000 hours of effort now being saved every month. From an origination point of view we now have 3 clients originating these being Sainsbury's, Marks & Spencers Bank, and Vida Homeloans. We expect origination volumes to be around £1.5bn in FY18 and this will grow considerably over coming years.

Positively we still expect to be a business that is growing organically by FY20 / 21. This is effectively the point at which the value of loans originated by our lending clients will off-set the run-off of our back book.

Finally, the Topaz business also continues to grow strongly and now oversees circa £12bn pounds of assets that are serviced by the CLS business. As you will recall Topaz is a complementary product that we offer that provides a regulatory wrapper for clients who do not have the required regulatory permissions. In the last 12 months Topaz has secured a number of new mandates as existing CLS clients has sold assets.

So overall CLS in the UK is very much on track with the delivery of the strategy that we set out 2 years ago when we secured the UKAR contract.

Slide 35 - Key areas of strategic focus

We have four main areas of strategic focus that we are looking to progress. The first of these is to create a business that is growing organically in terms of both UPB and EBITDA by FY20 / 21.

As you will recall, we are currently servicing circa £59bn pounds of assets which redeem at 10-12% per year. With the launch of Sainsbury's, Vida and Marks & Spencer we are now originating loans again and this is starting to off-set the run off. By the time that we get to FY20 / 21 we expect the volume of origination to be greater than the volume of run-off and at that point we will be a business that is growing organically.

In terms of the broader growth of the business, we continue to focus on the three main areas of the mortgage market in the UK which are challenger banks, asset traders and retail banks. Over the next 12-18 months we plan to deliver two more lending clients and progress a significant retail banking opportunity. We believe that these opportunities will further support our progress towards organic growth.

Our second area of focus is retaining servicing as UKAR and other CLS clients sell assets. UKAR have a number of asset disposal programmes on the go and we continue to work to retain servicing. When we signed the UKAR contract back in 2016, UKAR owned £40bn of assets. With the completion of the most recent sales process this will be down to £12bn. In the not too distant future we expect UKAR to look at the sale of the residual business.

Our third area of focus is on driving out costs through Integration, digital and process automation. As well as significant savings in the IT area as a result of consolidating onto a single platform we also expect to deliver a significant improvement in operational productivity over the next 5 years. The majority of this benefit will be delivered in the next 2-3 years.

Our final area of focus is on Geographical and Product expansion. In the product area we have seen a strong performance form Topaz and we continue to look at other complementary products that we can launch. In terms of geographic expansion we expect this to be more reactive as and when opportunities arise which we feel offer opportunities to create value.

Slide 36 – Growth initiatives - Challenger Banks

The next few slides focus on the three main market opportunities that we face.

In terms of the challenger bank sector of the market we believe that market dynamics remain strong. Non high street lenders still only represents 8% of the market versus the pre-crisis levels of closer to 15% and we still expect this share to return to pre-crisis levels. This will create growth opportunities for our existing lenders and also other players coming into the market.

In terms of our offering we focus on our best in class new lending solution which is fully digitally enabled and which has only been developed in the last 2 years.

Our transactional cost model is also appealing to new entrants who want to avoid significant set-up costs. We also now have the benefit of three successful launches behind us and in a market where other players have struggled to get clients live our track record is a real asset to us.

It's also positive to see our clients appearing frequently in the best buy tables and this is helping to drive volume.

It's also good to see that our clients are offering mortgages across a range of product types including residential, buy to let and limited company buy to let.

Slide 37 – Growth initiatives

This slide simply provides a bit more detail on how we expect lending volumes to grow over the next few years. This slide focuses on the new lenders that we are already working with and does not focus on any other prospects that we might contract with in the future.

The block represents the overall size of the portfolio starting at £59bn and then dropping slightly before recovering. The green line shows the run off of the book as loans redeem. The purple line shows New Lending volumes.

As you can see lending volumes grow quite rapidly over the next 2-3 years. The line is quite bumpy as we will see volumes rise and fall slightly as fixed rate products come to the end of their term.

The small red circle show the inflexion point at which new lending volumes in a given month exceeded book run off.

The exact position of this inflexion point if clearly dependent on the rate of run-off which is quite predictable and also the pace of new lending growth which is more difficult to precisely predict.

This is why we have given the range of FY20 - FY21.

The position of the inflexion point will also of course be impacted by any new business that we win.

If we win further lending clients then the inflexion point will be pulled forward.

If we were to win a significant back book then the inflexion point will push out.

Slide 38 - Future revenue and profit expectations

This chart is designed to provide a bit more clarity on how the volumes that we looked at on the previous slide impact profitability over the coming years.

The blue line on this chart shows UKAR revenues which reduce gradually over time as the book runs off and the fixed fee falls away after the first four years.

The red line shows non UKAR related revenues which grow over time as our challenger bank clients grow.

This revenue profile drives three phases of profitability.

In the first phase profitability grows slowly due to the fact that we are investing in integration work to drive future synergy benefits.

In the second phase we achieve peak levels of profitability in this period as the full value of the UKAR synergies are realised and the contribution from challenger banks continues to grow.

In the third phase profitability rises again as the book grows and scale benefits are realised.

Slide 39 – Growth initiatives – Asset traders

This is the sector of the market where we have seen the most activity over the last 12 months.

Our focus has been mainly defensive but it’s been positive to see that we have been able to retain servicing on all of the assets sold by our existing clients including UKAR, Skipton and Uni Credit. Not only have we retained servicing but we have also been able to sell add on services through Topaz as these transactions have concluded. We see a number of further trades coming down the pipeline especially in Ireland where we expect £8bn pounds to trade over the next 12 months.

In terms of our key strengths in this sector of the market the relationships we have with the major asset acquirers are crucial. On top of the relationships that we already had we have also secured Blackstone, PIMCO and Goldman as clients in the last 12 months. PIMCO are particularly critical as they are very active in the UK market at the moment.

Our scale and our ability to price aggressively are also key in this sector where the buyers tend to be very price sensitive.

Our migration experience is also key when we win clients that are not currently on our platform and the recent migration of £12bn of assets from the UKAR platform is a great credential in this context.

Slide 40 – Growth initiatives – Retail Banks and Insurers

This is the newest sector of the market for us and represents circa 90% of all mortgages in the UK. This sector also includes the big insurers who are increasingly looking to enter the UK mortgage market.

Computershare

Market dynamics continue to be strong for us with the banks still under pressure to reduce cost to income ratios. Our scale is key in this sector as it allows us to compete with the big Retail banks from a pricing perspective.

Our migration experience is also important as is the credibility that we gain from servicing clients like UKAR.

We have existing relationships with TSB and Aviva in this market which represent circa 10% of our portfolio.

We have also recently secured a relationship with Prudential through their acquisition of assets from UKAR.

Slide 41 - Continued growth of Topaz

As we have talked about already we have also seen continued growth in Topaz over the last 12 months. 12 months ago Topaz was overseeing £800m pounds of assets that CLS service and it is now overseeing £12bn.

Just as a quick reminder, Topaz offers Legal Title and Master Servicing solutions to clients who want to originate and acquire mortgage assets but who do not have the required regulatory permissions.

Loans are effectively serviced under Topaz's permissions using sub brands of Topaz like Jasper and Rsinca which are brands that we set up this year to service the assets acquired from UKAR by Blackstone and Prudential. A key facet of this model is that our clients continue to own the beneficial title in the mortgages. Computershare do not take any credit risk and the mortgages never sit on the CPU balance sheet.

Topaz takes responsibility for setting policy, setting interest rates and overseeing the servicing of the mortgages. When we are originating mortgages Topaz also take responsibility for managing interactions with brokers. Topaz charges a bps fee for these services which enables CLS to earn an incremental margin over and above our core servicing fees.

In parallel with the development of Topaz, we are also looking to seek out other opportunities to commercialise complementary revenue streams across the mortgage value chain.

Slide 42 - Integration and cost out

The next couple, of slides focus on our cost out agenda.

The integration programme is all about migrating all of our mortgages onto the CLS iConnect platform. The integration programme continues to progress to plan with circa £12bn of assets already migrated from the UKAR UFSS platform to the CLS iConnect platform. The remaining migrations are scheduled to take place over the next 6-8 months after which we will decommission the UKAR platform. We expect the benefits from the programme to start to flow through in FY19 with the first full year of benefits in FY20.

The stats on the right of the slide give you a sense of the size and scale of the programme. In total 550,000 customers are being migrated.

A significant amount of development work needs to be done to fill functional gaps between the two platforms and positively 74% of this has already been completed. We are very pleased with the level of code quality we are seeing with only 6 defects per million lines of code - this means that we need to do very little bug fixing in live. Over 600 operational colleagues need to be retrained, of whom 200 have already been through their training.

Circa 41,000 days of effort have already been invested in the programme, with a similar level of investment still to go.

Slide 43 - Integration and Cost Out - Process Automation and Digital

The other area where we continue to drive out cost is through Process Automation and Digital. We plan to deliver a significant improvement in operational productivity through initiatives in this space. predominately over the next 2-3 years.

We have already automated 11 processes with circa 4,000 hours per month saved. These processes tend to be high volume and involve very repetitive activity. A further 50 processes have been identified for Process Automation deployment and we will gradually roll-out across these process over the coming years.

Our focus to date has been on both the UKAR platform and the CPU platform but as the migration process is now underway we are focusing 100% on the CPU platform.

We also see significant opportunity to drive savings through digital. We are in the final stages of deploying a web based new lending solution that will enable consumers to originate mortgages on line.

In addition, we see opportunities for digital solutions to support retention lending when customers come to the end of fixed terms products and to support execution of contract variations. We also see opportunity to expand our existing post completion self service capability.

There is also a significant opportunity to shift customers from paper based communication to on-line communication.

The great thing about all of this is that it not only saves us money but it also strengthens our proposition.

Digital is a key area of focus for the retail banks and the more that they can accelerate the delivery of their digital road maps by migrating to us the more attractive we will be to them.

In addition to all of the above we continue to look at opportunity to further reduce cost in support functions as we bring the operational parts of the business together.

Slide 44 - Conclusions

So in conclusion, our "fee for service" capital light servicing model continues to perform in line with expectations.

Both the UKAR contract and the integration programme continue to perform in line with expectations.

Beyond integration, we have developed a further cost out programme which will deliver further savings in FY19 and beyond.

New lending is growing well and it is great to see three of our new lending clients up and running. We remain on track to deliver organic growth by FY20 / 21.

We are also seeing good growth in our complementary revenue streams, especially from Topaz

Global Registry – Leveraging our leading franchise

Steve Rothbloom, President – Computershare USA

Slide 45 – Introduction

Good afternoon and welcome to the registry portion of our presentations. Many of you have heard from me over the years but for those who don't know me, I am Steve Rothbloom, and I head up the US businesses for CPU. Today I am going to concentrate on our registry business across the globe and how we are continuing to leverage our industry leading franchise.

In the past, we spent a great deal of effort and concentration on acquiring and combining the players in this area. This effort has enabled CPU to build both scale and expertise in the registry business globally that continues to set us apart from our competitors.

More recently, over the past several years our focus has been on transforming the business. The first steps have emphasized quality, cost and efficiency - such as establishing our Louisville location for example, that we have shared with this group in prior years. We're now combining that with a great push toward providing our clients with our combined suite of front office and product offerings globally. That transformation will be the focus of this presentation.

Slide 46 – Leveraging our leading franchise

Specifically, our strategy is to further capitalize on our already established market leadership by unleashing our full suite of complex issuer compliance services for issuers and their shareholders and employees, while continuing our efforts toward improving operational efficiencies.

The registry business continues to generate high quality top line revenue and earnings for Computershare. With client retention over 98 percent globally, and even higher among the largest most complex clients, we are the largest and most sought after provider. We're well positioned in a very stable market.

With traditional money-centered banks now completely out of the market following Wells Fargo's sale of their registry business to Equiniti, we are no longer are competing with banks that historically had been able to cross sell banking products and credit, which were not in our arsenal.

We have proven over the years that when you operate the largest registry business across the globe and you are trusted by your clients you will gain significant related non-annuity revenue. That means our registry business leads to high margin corporate actions, share trading and other related offerings in our registry suite of products. As a result we've continued to move and grow our business organically, and even more encouraging is our ongoing investment in real growth opportunities for the future. For many major transactions - especially across international borders - issuers look to Computershare over all other competitors globally combined.

All this effort on the front end continues to be supported by significant operational efficiencies throughout the organization, including Louisville, our Global Service offering, and Process Automation as our top examples. All this is made possible by delivering on the most important aspect of our business, and that is the highest level of quality in service and product to our clients.

Slide 47 – Global Registry – High quality revenues and margin expansion

The chart on global registry clearly illustrates the success we have had over the years in the way we have managed our business by maintaining our high quality revenue while realizing strong margin expansion. This story remains consistent year on year and shows the result of maintaining high quality levels, strong retention of our client base, in a stable business that provides recurring revenue in a capital light environment. And leaving the low interest rate environment will continue to provide more tailwind to our earnings.

Slide 48 – Revenue analysis

As you have seen over the years - and 2018 is no exception - we have a very predictable product mix with strong cash flows and improving margins. On the right side you see the Computershare registry separated by region, with North America at over 60% of the business, APAC at 25% and EMEA nearing 15%. Over time, while we have been able to consistently maintain our issuer and corporate actions fees we've also been able to expand our product offering and the related revenue it generates to the holder and broker base. This has led to a steady rise in our earnings, which we predict will continue into the future.

The key here is to provide stakeholders with value added products and services that not only provide revenue and earnings to CPU but also build a loyal and satisfied based of clients. Overall our revenue and ebitda is up over the prior year by over 4% and 12% respectively and our margin of 33.7% is up 240 basis points from just year ago.

Slide 49 – Most trusted provider with impressive, loyal customer base

The picture here speaks for itself - we have the franchise globally. Basically more than one in every two major organizations globally trust their business with CPU as our share of the major indices illustrate. And the clients that choose us are impressive. You can see here many of the largest, most respected companies across every major sector -- banks, consumer, oil and gas, retail, technology, this covers every industry globally.

What's great about our track record around the world is most of our clients stay with us more than 20 years, generating additional M&A and other service opportunities for CPU during that time. And what is by far the most very satisfying aspect and the most critical is that we are at the top of the charts in client satisfaction in independent surveys in every region.

Quality is fundamental, without that our registry business wouldn't even get to the starting gate. From there, as a trusted provider, our registry business brings along more opportunities as it carries us through the race. And again when you look at our competition throughout the world -- with the exit of Wells Fargo Bank there are no more banks competing with CPU.

Slide 50 – Evolving market structures

Our expertise in the registry business globally has provided a great foundation and has earned us a strong reputation for insight and leadership with constituencies around the world including clients, key regulators, exchanges, and depositaries. In many cases we are even the voice that leads industry forums on behalf of our competitors.

When you look at current developments in market structure, we are paving the way. These include discussions on shareholder rights directive in Europe and the impacts that Brexit related risks and opportunities can have on the market. We have a seat at the table for the renewed interest in Dematerialization efforts in Hong Kong. We're key players in the ongoing and recent discussions involving the SEC on proxy reform and of course the ASX CHESS replacement project. In all these, our goal is to deliver benefits to our clients and their stakeholders while defending and growing CPU influence and business.

Our industry leadership is also quite relevant and ongoing in many other areas. These include blockchain, including our development of solutions with SETL who presented with us to this audience two years ago, emerging opportunities to develop efficiencies in the communications and voting process, private markets which I will cover in a bit more detail shortly, and hybrid and virtual shareholder meetings.

Slide 51 – US Register maintenance revenues and direct shareholder numbers

You can see that despite continued attrition of underlying shareholder accounts and a drop off in the public issuer market, we continue to maintain revenue levels in the registry business. And much of this has been in years where interest on balances was near zero and that is finally changing.

The current trend toward higher interest rates will add even more value here. This accomplishment was made possible by our organic growth initiatives, including a renewed focus on front office and an increase in IPO and spinoffs which means in FY18 our shareholder numbers actually increased. Having the best and largest franchise really makes a difference not only in registry revenue but also, as you'll see shortly, in corporate actions and the ability to sell thru our full suite of product offerings, along with the other services CPU provides including proxy, employee plans, mutual funds and class actions.

Slide 52 – Registry – organic growth initiatives

The total issuer market globally is half the size that it was in the past couple of decades since many issuers are staying private for much longer for various reasons, while we have experienced approx.

There's 2 percent attrition of registered shareholders annually. But we have been able to continue to offset attrition for the shareholder base that we serve; some of it a result of large corporate actions, specifically spin offs, but also in part thanks to our move toward new markets, and new organic growth initiatives that include enhanced investor tools that help drive shareholder growth.

You might be surprised to know the immense scale of private markets. Private equity and debt markets in the US totaled more than $2.4 trillion in 2017. This extraordinary growth exceeded public stock and bond markets, and has become a major focus for us over the past few years. There are more than 100k private and thinly traded companies - 25 x the size of the market for actively listed companies needed the same services CPU offers to the public market place.

Just in the past year we brought on 50 new private clients, and we expect that number to continue to grow. Two exciting and well known examples are our recent direct listing of Spotify who started in the private market and we began working with for over a year before this offering. Brewdog in the UK is a unique privately listed entity where we developed an online application and funding website to support their requirements and today they have raised over 55million pounds and has 76k shareholders.

Computershare expertise and creative solutions in this space and many others have provided services sought after by issuers around the globe.

Globally, our ability to handle the unique requirements of cross-border transactions is simply not matched anywhere else. It's services and expertise like this that proves that our registry offering is far from a commodity but much more of a value added expertise led service that issuers and their stakeholders are looking for from Computershare.

Slide 53 – Registry – organic growth initiatives

We're also focusing our organic growth efforts on services for investors. When we look at our track record with shareholders it begins with a laser focused attention to quality and service delivery.

If the shareholders of our clients are happy and positively engaged, then we can interest them in additional tools to make their lives easier. This in turn brings in revenue and/or reduces our cost of delivery through technological developments. Additionally we have been successful at presenting new fee based offerings directly to the investor, generating new revenue streams for us, in some cases also shifting the cost burden away from the issuer. These fees are part of the message discussed earlier with holding our revenues steady while moving earnings in an upward trend all while shareholder accounts very gradually decline.

Here are some impressive statistics on our global footprint today. We have 24m accounts with on line membership, and that number continues to grow. In 2017 alone we processed 90m payments transactions. In the US, the number of shareholders we service is up approximately 6 % since last year to 17.6 - breaking the shareholder attrition trend for at least one year. And also in the States, participation in DSPP and DRP programs has been a big area of concentration for us and currently we have in our programs 25.4 m shares at a $9b value.

These are key assets that provide an opportunity to leverage and drive fee based transaction volumes and develop new services for investors.

Slide 54 – Registry – organic growth initiatives execution update

In the past Computershare like all our registry competitors were pretty much a one-trick pony... we all started and almost ended the day with the registry business strictly focused on our primary recordkeeping offering.

As I mentioned in my opening we have spent the last couple of years really focused on our go to market strategy. This includes how we sell to our clients and prospects, how we position our product offering, and the way we package and price our product.

This strategy is our new execution road map, and includes major enhancements. As part of this transformation, we have significantly streamlined our sales coverage and now have a much more disciplined approach, making it much easier for our clients and prospects to work with us. We have also segmented our markets with tailored value propositions, offering and service delivery models, and we have added to that sales and service expertise for specific industries and disciplines.

This includes targeting a different sales and service approach to our larger client base with a full service white glove approach while providing a lighter touch service for the smaller end of our client base that does not demand the same service requirement but the quality of our delivery remains A rated to both groups. In the vast growing private market arena we have developed indirect sales channels to reach mass audiences that we were unable to contact effectively in prior years. Overall, our new strategy is showing results - improving win and retention rates while generating a $7m impact to EBITDA.

And probably one of the most rewarding success stories this year has been our reinvigorated approach to IPO appointments. The results there were quite satisfying - a 20% increase in IPO wins in both the UK and the US a big validation of our renewed efforts in this area.

Slide 55 – Registry facilitates higher margin corporate actions

Here you see the real positive connection between registry and corporate actions, and the impact corporate actions have had on our business. Again, this is during times where interest rates were near zero and transaction fees were our main revenue driver. Registry is the primary entry point to all other value added services that we provide our client base, and corporate actions are by far the largest benefactor from our scale in the business. By securing over 95% of the deals our clients are involved in we generate a consistent 20% revenue flow on top of our base registry revenue every year. And due to the complexity and volatility of this type of deal flow, the margins we realize on corporate actions is much higher even in the lower interest rate environment that we've had over the past several years.

Many of the deals we handled this past year were even more complex than usual, but thanks to our scale and expertise, our clients were confident we would be able to handle the volume and add value back to the issuer.

Many of you might believe corp actions are lumpy and unpredictable but how we see it and the chart confirms this business is very consistent, the names and size of deals might move around a bit but the additional revenue from corp actions globally is an every year part of our business.

Slide 56 – US Corporate actions activity

This chart illustrates that the deal size of these transactions has remained quite steady but the volume of the projects has shown a steady upward progression.

Slide 57 – Delivering efficiency gains

We have spent some time with you in prior years taking you through our work to reduce costs, increase efficiency and improve service quality for our issuers and their stakeholders.

In the US, our move from high cost facilities in NJ, MASS and Chicago and consolidating into Louisville has been extraordinarily successful. We've realized over $30 m in savings, AND we now have a strong loyal dedicated employee base of more than 700 people in Louisville, providing much more than registry operations. We have class actions, mutual funds, plans and front office relationship staff in Louisville as well.

Our Louisville project plus our span of control effort, which reduced management layers across all regions, has significantly streamlined our registry operation. We have process automation efforts underway across North America, and in the UK and Australia. We continue to build on our global service model that we established after the BNY Mellon acquisition. That model has now been implemented in almost every region - the quality of service is great, our clients are satisfied, and we've seen significant cost savings.

Slide 58 - Conclusions

Before I open up for your questions I will sum up where I think we are today and where we'll be in the near future.

We have never been positioned better, and we are able to focus solely on bringing the business to the next level. Here's why.

We have an industry leading global registry franchise with significant scale and deep expertise in every region. Quality is at an all-time high - although we always have to watch that like a hawk. We have stable and recurring revenue that has upheld given the declines in US shareholder numbers (of course as you see, 2018 is a positive exception).

With interest rates going up, our strong client retention and our organic growth initiatives underway our trend looks promising. And our focus on cost, efficiency and quality is clearly paying off.

Going forward, we'll stay focused on trends in the market and our clients' expectations to make sure we continue to deliver these results.

Thanks again and I'll be happy to answer any questions you might have.

Global Employee Share Plans – Building a global growth engine

Naz Sarkar – Head of United Kingdom, Channel Islands, Ireland and Africa

Slide 59 – Conclusions

Good afternoon everyone, my name is Naz Sarkar and I am the regional Head of the UCIA region. Today I'm going to be presenting on our global Employee Share Plans business.

As we've talked about before at our investor days, this is a large, global business for us and we have a clear strategy to drive margin improvement and earnings growth. I'm going to spend some time this afternoon talking you through our growth strategy, how that's aligned to what we're seeing in the market, and I'm going to share with you some examples of the work we're doing, including one particular highlight from Asia.

Slide 60- Building a global growth engine

Let me start with a brief overview of our business and why we see value in investing to build a global growth engine. The Global Plans Market continues to show positive signs of growth. The penetration and popularity of Plans has, and is forecast to increase across our focus regions.

When we look at the seven key large country markets that we consider being a good proxy for the global Employee Share Plans market, we've seen growth. This growth is set to continue as we expect deferred equity compensation to be a growing part of remuneration, around the world and we expect companies to increasingly outsource these services to 3rd party providers. Our strategic focus is to combine best-in-class service and technology in order to grow our client base and maximise the value of assets under management; and drive strong revenue and earnings growth.

Slide 61 – Global Employee Share Plans Revenue

On this slide we see the 5 year revenue performance of our global plans business. You can see that whilst markets can be volatile and unpredictable, if you look through the cycles, you see that despite that and the impact of historically low interest rates on our margin income we have seen revenue growth in the period. Issuer paid fees have increased steadily reflecting the growth in underlying volume.

Slide 62 - Revenue analysis

I won't spend a long time in the detail of the first half financials as these were recently shared at our results presentation. As I indicated in the previous slide, transactional revenue in the plans business is exposed to equity market fluctuations and some limited plans in the UK (the SAYE plans) are also impacted by interest rates.

In the first half of this financial year, we had some pressure on revenue reflecting these challenges, but were pleased to see transaction fee revenue grow again, particularly given Brexit inflated last year's base, up over 5% driven by stronger equity markets. Revenue overall was affected by lower margin income on UK SAYE balances.

We also recorded fewer high margin, one-off, implementation fee related projects. Our investment in technology and operations to drive sustained growth has continued and our earnings in the first half of the year reflected this.

Slide 63 - Competitive strengths aligned with customer needs

When I think about our strategy and approach to the plans market, the starting point has to be our corporate clients, they're at the heart of what we do - ensuring we satisfy their needs, and working with them to implement the most effective share plan for them and their employees.

There's some interesting research carried out by GEO, the Global Equity Organisation which is really salient to this. In their 2017 insights survey which covered 163 large global companies from 17 countries, they asked respondents to rate the importance of different criteria for the selection of an external plan administrator.

Quality of service is considered most important in the selection of an external plan administrator, closely followed by global reach and regulatory/industry compliance. Interestingly, price only plays a secondary role in the selection of an external plan administrator, which indicates the value that companies place on having an administrator who excels in these other qualitative areas.

When I look then at our business and its alignment to these criteria, it's pleasing to see that our competitive strengths are well matched, with a clear global footprint, full service capability, deep market understanding, global franchise and strong track record in innovation and efficiency.

Slide 64 - Underlying structural growth in the Global Employee Share Plans market

One of the overall findings of the GEO insights survey was that equity-based compensation continues to be an important topic on company agendas. When we look at seven of the large country markets that we consider being a good proxy for the global Employee Share Plans market, we believe that there will continue to be growth in this market around the world.

Through our own research, Employee Share Plan revenue pools available to 3rd party providers are estimated to be over $2.2bn by 2020. We estimate that the market overall experienced CAGR in 2013-2016 of over 5% and the forecast for 2016-2020 is estimated to be over 4%. Within the headline growth rate, there is a blend of the more mature markets with slightly lower growth rates for example the US, and markets such as China and Hong Kong where there is double digit growth.

In the US for example, where the market accounts for approximately half of the total global revenue pool, Computershare's positioning overall is less strong than in other markets due to the dominant position of brokers, wealth managers, and 401K providers. In China and Hong Kong on the other hand, whilst the market is considerably smaller than the US and employee share plans have historically not been as popular, following the success of companies like Alibaba and Tencent, we expect to see an increase in companies offering equity based remuneration.

Market growth in China and Hong Kong is expected to exceed a CAGR of over 12% in the period to 2020. I'll talk in more detail about the work we're doing in this region later in the presentation.

Slide 65 - $130bn of Assets under Administration - latent earnings power

One measure of growth in the market is to look at Assets under Administration. In 6 month period from June '17 to Dec'17 our Assets under Administration has grown by over 4% to circa $130bn and reflects the structural growth that I indicated earlier.

Over half of the units are in the money which creates opportunities for future transaction fees. Once again, the latent earning potential for the business, that is our opportunity to secure future transactional revenue, is increasing.

Slide 66 - Growing levels of participation and issuance

Another dimension of structural market growth is increasing participation levels and there is evidence that this is also increasing in Employee Share Plans globally. If we look at the UK market for example, based on the latest ProShare industry survey, the 426 Companies offering a UK SIP now have over 3m total eligible participants -an increase of 7% - and more than 1 million active employee participants.

And, based on HMRC's Statistics for the number of shares awarded in UK SIPs increased 31%, and the value of the awards in the same period grew by 46%. In order to position ourselves well to capture some of this growth, we're helping our clients improve take-up with their Contributory Plans. We've created communication campaigns with creative designs and clients can choose from variety of services, from online communications and education on plans to video and even virtual reality tools. In the US market, based on our own data, in 12 months, we have helped our ESPP clients increase participation in their plans by 24%. We've done this in part with a brand awareness campaign that is underway to make Computershare synonymous with ESPP expertise.

We expect that as we broaden communications for clients we'll be able to support them in achieving higher participation levels which is something that research has shown matters to them.

Slide 67 - Growing market share and client wins

One way of gauging the quality of our client proposition is to look at the net movement in our client book from one period to the next. If I look at the 12 months from Dec 2016, we started the period with over 1,000 clients. We've managed to secure new business and add 9% more clients to our book and overall the number of client wins was greater than the number of client losses. 3% of our client book was lost due to competitive reasons, whilst 5% of our book was lost for other non-competitive reasons such as M&A activity, client bankruptcy or wind-up of the plan. The net position of 1% growth in our client book is clearly more favourable if we exclude non-competitive losses.

Some of the notable wins this year have been in Asia where we secured our first Singapore client, Olam, in addition to which we signed DBS, the largest bank in Singapore and SEA Ltd, the largest technology start-up company in South East Asia.

And it's not just about winning new clients but retaining our existing clients, for example in the first half of this financial year, over $17.5m of total contractual value over 12 clients was renewed in the EMEA region.

Slide 68 - A high quality global client base

To illustrate further the strength and quality of our client relationships, this slide highlights the strong customer base that we have established and the longevity of our client relationships. The average relationship with our top clients in each of our key regions is over 12 years. These clients represent over 50% of our total global Employee Share Plans revenue. As you can see, in the mature market of the US, our average relationship tenure is over 15 years. In China and Hong Kong - a newer market, the average length of tenure is 8 years.

Slide 69 – Improving client loyalty and customer satisfaction

Our recent focus has been to improve the quality of service to both our corporate clients and their employee participants in our EMEA region. If we look at the results from the EMEA region, we can see the signs for both have improved considerably in the last 12 months. We measure client satisfaction, using a quarterly Net Promotor Score (NPS). We send a survey to our UK, European and Irish Plans clients every quarter, and our response rate is consistently above 65% so we consider the results to be a robust measure. The client NPS score in EMEA improved by over a 6 fold increase in the 12 months to December 2017. This was a fantastic result and reflects the success of the Investing For the Future programme of work that is now nearing completion in EMEA.

In terms of participant satisfaction, we undertake monthly participant surveys, with approximately 4000 participants responding each month. In the EMEA region, In the 12 months Dec'17, the percentage of participants that scored 'satisfied' or 'very satisfied' increased from 68% to 81%.

Some of the things that we've been working on that we believe have supported these increases in satisfaction are the increased focus we have given to user experience. We're also placing greater focus on participant communications, which we believe will continue to lift improvement in participant satisfaction even further.

Slide 70 - Leveraging our expertise and data analytics capability

Our strong local market knowledge and expertise, combined with the wealth of plans data, built over many years, is helping us to engage with clients earlier in the plans design cycle and is also enabling us to help drive improved participant take-up rates. During calendar year 2017 we won over 40 mandates where an employee share plan was introduced to the company for the first time. In all of these cases we are finding that our engagement with the client is starting earlier, our input in to the design is greater and our product and revenue outcomes are better. All because of our local and global expertise and increasingly deploying our data and modelling capabilities.

The GEO survey highlighted that Companies consider communication services and participant experience as the most important area for investment in technology. We are using analytics to help clients redesign and enhance their plans to help increase maximum utilisation and participation.

Slide 71 - Accelerating our growth in China and Hong Kong plans market

I've talked about how we're investing in our business and the benefit its driving and there's one example in the last few months that really stands out for me. Throughout ASIA, we have seen a growing realisation of the tremendous role that share plans can play in fostering loyalty, rewarding employees and increasing productivity.

To help companies reach even higher levels of engagement and retention, we developed a new tailor made platform specifically for the growing share plan market in ASIA, which will deliver a dramatically-improved customer experience by making use of the best technology and cutting edge design that works well on desktop computers, tablets and smartphones. These investments in systems will generate good ongoing returns. In October 2017, we undertook the first client migration to our brand new Employee Online 2.0 platform. As a technology company with high expectations of online interaction, Baidu are rightly difficult to impress and presented a challenging initial use case.

[VIDEO PLAYS]

Slide 72 – Expanding our regional market leadership

Computershare is the largest provider of Employee Share Plans in China & Hong Kong. In the year to December 2017 we grew the number of clients by 15% and the number of underlying participants by 13%. Additionally, as I indicated earlier, this is a market that is expected to grow at a compound annual growth rate of between 12 and 16%.

Our new tailor made platform is already indicating improving participation levels and this is expected to drive acceleration in new client mandates and increased participant numbers. And finally, we have just started to tap the Chinese domestic “A” shares market with the provision of services to this very important segment of the market. All of this combined means that we are confident that this market will continue to be an important driver of growth in our global plans business.

Slide 73 - Key Messages

So here are the key messages from my presentation today:

1. There is structural growth in deferred equity compensation plans.

This growth is not even and we expect growth rates in Asia and China/Hong Kong to be particularly strong. There is also structural growth in participation levels.

2. Computershare is growing, particularly in growth markets and our overall client win and retention rates are good.

3. Our investment in this business is bearing fruit and we have seen marked improvement in client and participant satisfaction which then translates in to improved customer loyalty and long term earnings potential.

4. We have and we are building a huge level of relevant data and by developing modelling, analytics and communications capabilities, we are driving further growth.

5. Our latent earnings potential is significant and continues to grow. We are well positioned for future transaction based revenue growth.

6. We have the first mover advantage in large and growing China and Hong Kong market including recent breakthrough service for China ‘A’ Shares

7. All of this supports our view that this is a significant growth engine for Computershare and we have a clear strategic plan to deliver on this opportunity.

That plan is based around strong market dynamics that work in our favour, an industry need that aligns with Computershare's core strengths, an ability to differentiate ourselves, all of which give us confidence that we can deliver the scale required for the returns that we anticipate.

Thank you.

Closing Remarks

Stuart Irving, Chief Executive Officer

Slide 74/75 – Closing remarks

Thank you for your questions. Let me wrap up what has been a full day.

I hope you have learned more about our strategies, seen more of our progress and have confidence in our ability to deliver multi year earnings growth. As I said this morning, there is a common theme across our businesses; purposeful design.

We started to design our future back in 2015/16. We purposefully planned our growth, profitability and capital management strategies back then to deliver enhanced and sustained returns for shareholders. In FY 17 we started to make some progress and return to positive earnings growth.

This year, these strategies along with some of the tremendous optionality that CPU has across its platform, underpins our confidence that we will deliver our earnings guidance. We work hard to do what we say we will do. We are complementing this performance with greater transparency on our businesses. I hope you have found the additional disclosure and insights useful today. This is what today is all about.

We are continuing to build a simpler, more transparent, disciplined and profitable Computershare. There is more to come.

Thank you for your ongoing interest and support and we look forward to keeping you updated as we progress.

Thank you.