

# MARKET ANNOUNCEMENT

<b>Date:</b>	16 May 2018
<b>To:</b>	Australian Securities Exchange
<b>Subject:</b>	<b>CPU to buy Equatex – a leading European share plans business</b>

Computershare Limited (**ASX:CPU**) today announces that it has entered into an agreement to acquire Equatex Group Holding AG (Equatex), a leading European employee share plan administration business headquartered in Zurich, from Montagu Private Equity. The acquisition is subject to regulatory approvals which are expected to be obtained within six months.

Equatex was formerly the European share plans business of UBS Wealth Management. The business provides equity compensation administration services to 160 clients servicing over 1.1 million share plan participants. Equatex has an innovative range of scalable technologies and client solutions. The acquisition enhances Computershare's Employee Share Plans client base, product suite, capabilities and position in key European markets. Computershare will bring a long term commitment to the Equatex share plans business along with a market leading client service approach.

The acquisition consideration is EUR 354.5 million to be paid on completion from existing cash and debt facilities.

The acquisition is expected to be Management EPS accretive in FY19 before the full impact of synergy benefits of at least USD 30 million per annum; estimated to be delivered over 36 months. One-off costs to achieve the synergy benefits are estimated to be USD 47 million.

Computershare's CEO Stuart Irving said "We are excited by the acquisition of Equatex. It is firmly within our core competencies and is a compelling strategic fit with our existing Employee Share Plans business. This acquisition accelerates our Employee Share Plans growth strategy and we look forward to delivering additional benefits for all our clients as we integrate the Equatex business. We have been selective and disciplined in our acquisition strategy and we are delighted to welcome such a high quality business as Equatex to Computershare."

## Transaction Overview <sup>1 2</sup>

- > Transaction Enterprise Value: USD 420m
- > LTM Revenue of USD 79m and underlying EBITDA of USD 22m
- > Pro forma cost synergies of USD 30m per annum
- > Management EPS accretive in Year 1
- > Funded from existing cash and available debt facilities.
- > Post transaction net debt/EBITDA ratio to remain in the lower half of CPU's neutral zone of 1.75 to 2.25x.

<sup>1</sup> References to USD equals local currency figures translated to USD at current rates.

<sup>2</sup> Last twelve months to March 2018

**Computershare management will be holding a conference call for investors at 9.30am today, Australian Eastern Standard Time.**

A recording of the call will be available on the Investor Relations page of our website.

**Telephone conference details:**

**Callers within Australia: 1800 896 323**

**International callers: + 61 2 8088 0900.**

**Participant code for all callers: 9289542653**

**For further information contact:**

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## **About Computershare Limited (CPU)**

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, mortgage servicing, proxy solicitation and stakeholder communications. We also specialise in corporate trust, bankruptcy, class action and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers. Computershare is represented in all major financial markets and has over 16,000 employees worldwide.

For more information, visit [www.computershare.com](http://www.computershare.com)

# ACQUISITION OF EQUATEX

A LEADING EUROPEAN EMPLOYEE SHARE PLANS BUSINESS

## Accelerating our Employee Share Plans growth strategy

Stuart Irving  
CEO and President

Mark Davis  
Chief Financial Officer

16<sup>th</sup> May 2018

CERTAINTY | INGENUITY | ADVANTAGE



# Acquisition rationale – enhancing our core Employee Share Plans business

Equatex helps accelerate our growth as part of a multi-year strategy

## Transaction rationale

### Transaction Overview <sup>1</sup>

- › Transaction Enterprise Value USD 420m
- › LTM <sup>2</sup> Revenue of USD 79m and underlying EBITDA <sup>2</sup> of USD 22m
- › Pro forma cost synergies of USD 30m p.a by the end of year 3
- › Pro forma one time incremental costs to achieve of USD 47m spread over 36 months
- › Funded from existing cash and available debt facilities
- › Post transaction net debt/EBITDA ratio to remain within the lower half of CPU's neutral zone of 1.75 to 2.25x



Strong strategic fit with Computershare's core Employee Share Plans business strengthening our European scale



Impressive client list with long tenured relationships



High quality asset, attractive margins and significant cash flow generation capabilities



Scope for significant operational synergies, and enhancement of our technology capabilities



Securing technology and tools that may be utilised to advance our broader global core Employee Share Plans offering



Marginally EPS accretive in year 1 and then more meaningful contribution in following years



Post transaction balance sheet retains significant ongoing headroom and flexibility

1. References to USD equals local currency figures translated to USD at current rates. 2. LTM is equal to last twelve months to March 2018

# Complementary fit, compelling combination

Building a stronger Employee Share Plans business with enhanced scope and capabilities

## A better Employee Share Plans business

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Equatex is a leading player in the European Employee Share Plans market with a high quality client list and technology capabilities that will strengthen CPU's existing model.

The Equatex and Computershare European Employee Share Plans businesses are complementary, providing:

- + Enhanced access to European markets
- + Increased scale across both businesses
- + Additional products, solutions and technology toolkit
- + The opportunity to enhance the client and employee service offering to Equatex's clients and add to the technology toolkit for Computershare's clients
- + A more diversified client book across geographies and business sectors
- + The ability to leverage existing operational footprints to drive synergies
- + Improved capability to pursue additional clients in the European market

# Equatex Overview



Assets under Admin.  
**CHF 40 billion**



**160+**  
clients



**1,100,000+**  
Participants



**Full Share Plan Mgt.**  
Administration  
Payment Services  
Accounting & Financial Reporting



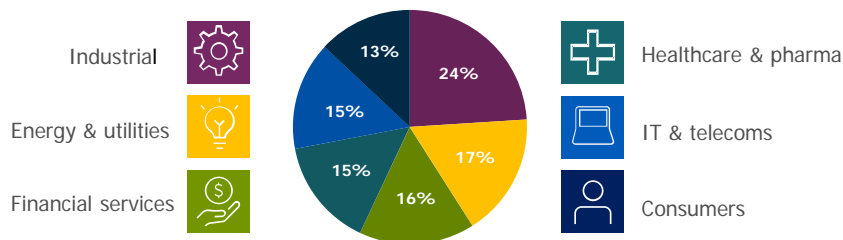
**Leading Platform**  
EquatexPlus  
Additional integrated models



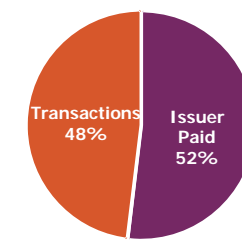
**220 people**  
**6 offices**



**4.1%**  
**4 year revenue CAGR**



**Industry**  
**Diversification <sup>1</sup>**

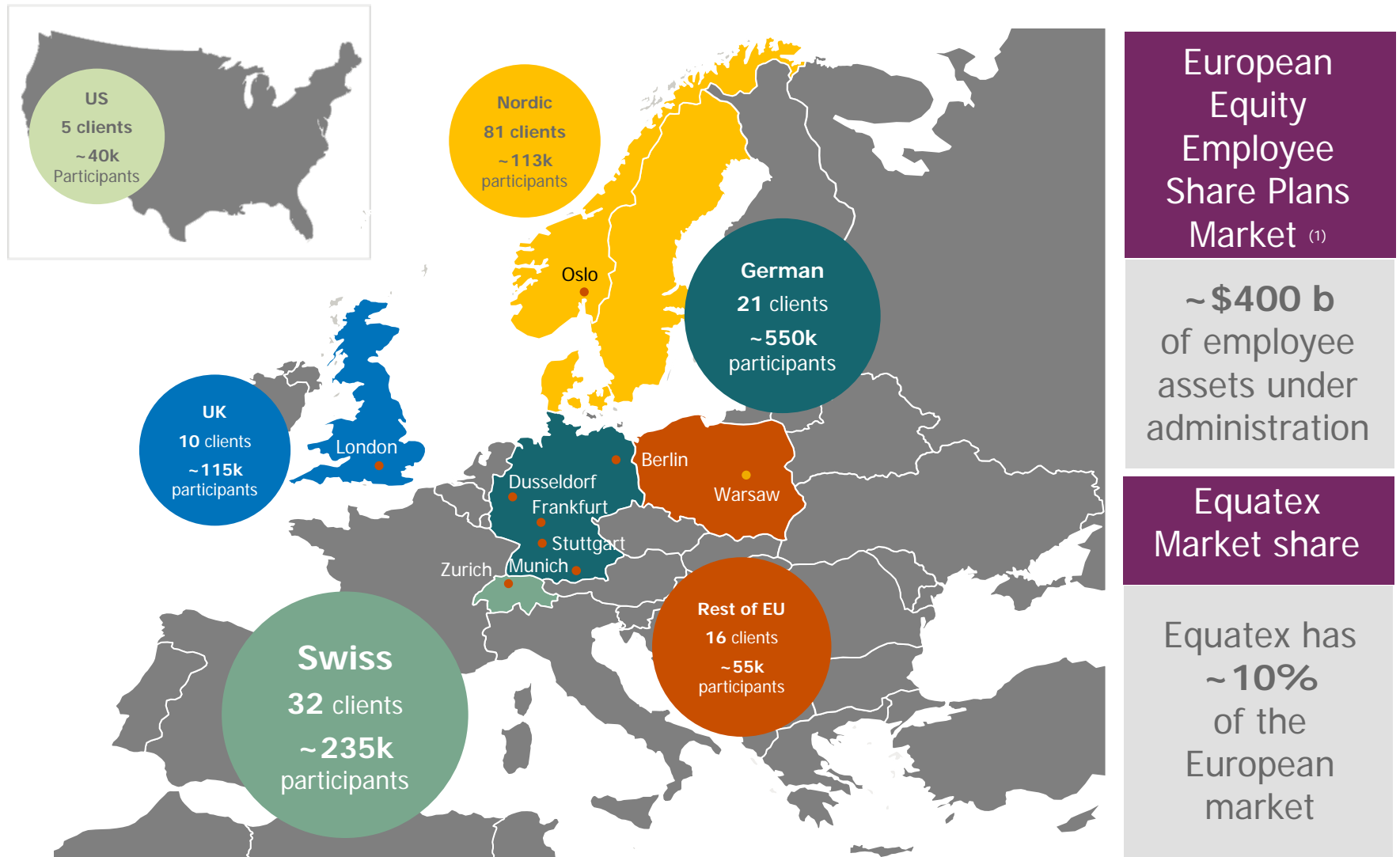


**Revenue mix**

1. Client numbers by industry

# Equatex - Strong European presence

Equatex's presence is complementary to Computershare's largely UK based business



1. EU Federation of Employee Share Ownership, Equatex estimates, Management estimates, excludes UK

# Financially attractive

Positive contribution to earnings, comfortable balance sheet position

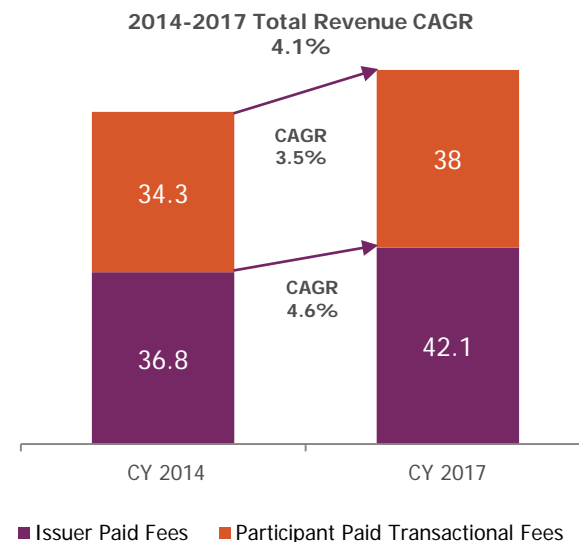
## P&L and cash flow

- › Issuer paid fees grew 6.6% in CY 2017
- › Equatex had a healthy underlying EBITDA margin of ~28% in CY 2017
- › Significant cost efficiencies leveraging off existing scale and footprint. Expected post integration cost synergies of at least USD 30m per annum
- › One time costs of ~USD 47m<sup>1</sup> spread across integration period
- › Marginally EPS accretive in year 1 and then more meaningful contribution in following years
- › Strong cash flow generation contributing to group cash position

## Balance Sheet

- › Funded from existing cash and available debt facilities in addition to a new two year facility provided by Bank of America Merrill Lynch
- › Equatex balance sheet has no external debt
- › Acquisition balance sheet will include acquired software, client contracts and goodwill
- › Post funding balance sheet retains significant headroom

## Structural growth in revenues (US m)



**Pro forma  
Leverage  
< 2x  
Net Debt to  
EBITDA**

1. Largely tax deductible.

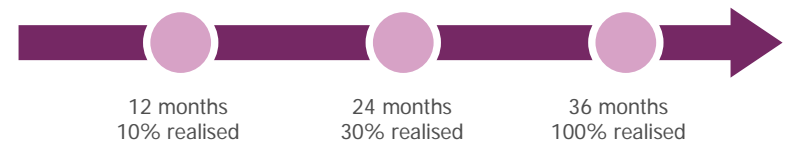
# Cost synergies and one off cost to achieve

Cost synergies are estimated to be USD 30m p.a and realised across 36 months

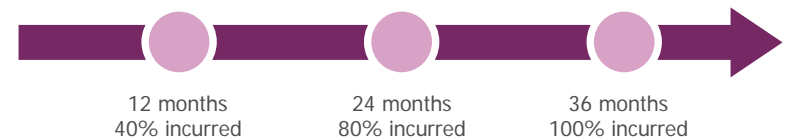
A thorough and well considered integration plan drawing on CPU's proven capabilities and experiences

Source		Details	\$m
Transaction costs	▶	<ul style="list-style-type: none"> <li>› Payments</li> <li>› Trading</li> <li>› FX</li> </ul>	~30
Commercial costs	▶	<ul style="list-style-type: none"> <li>› Marketing</li> <li>› Product</li> </ul>	
Operations	▶	<ul style="list-style-type: none"> <li>› Duplication</li> <li>› Efficiencies</li> <li>› Third party Services</li> </ul>	
IT	▶	<ul style="list-style-type: none"> <li>› Third party arrangements</li> <li>› Systems and technology across both businesses</li> </ul>	
Shared services	▶	<ul style="list-style-type: none"> <li>› Insurance</li> <li>› Premises</li> <li>› Corporate services</li> </ul>	
Other	▶	<ul style="list-style-type: none"> <li>› Governance</li> <li>› Regulatory</li> <li>› Professional advisers</li> </ul>	
<b>Total</b>		<b>Less than 15% of combined Employee Share Plans cost base</b>	

## Timeline for commencement of synergy realisation



## Timeline for incremental one off time costs



## Further potential upsides (not included above)

- › Revenue and cross sell opportunities to existing client base
- › Ability to leverage the enhanced offering into other new EMEA markets
- › Further revenue optionality into other core markets such as Australia and Asia, where Equatex has no footprint

# Accelerating our Employee Share Plans growth strategy

Buying Equatex is part of a clear, deliberate and disciplined multi-year strategy to invest in our Employee Share Plans business

- ✓ Accretive acquisition in our core Employee Share Plans business
- ✓ Complementary with CPU's existing EMEA Employee Share Plans business and ability to leverage off existing operational resources
- ✓ Equatex has a high quality client list, spread across multiple sectors, strong client retention and improving client win momentum
- ✓ Meaningful and deliverable synergies leveraging existing resource bases
- ✓ We can build further scale, become a significantly larger, more profitable Employee Share Plans business with a more efficient cost base
- ✓ Builds additional capabilities and enhances Computershare's services offerings
- ✓ Adds to our bench strength – Equatex key operational management and personnel will continue with the Group – they are experienced and well regarded
- ✓ New markets and additional cross sell revenue opportunities