Computershare Limited
ABN 71 005 485 825
Yarra Falls, 452 Johnston Street Abbotsford
Victoria 3067 Australia

MARKET ANNOUNCEMENT

Date:	15 November 2023
To:	Australian Securities Exchange
Subject:	**2023 AGM – Chairman's and CEO's speeches**

Attached are the Chairman's and CEO's speeches delivered at the Annual General Meeting today, 15 November 2023.

For further information contact:
Michael Brown
Investor Relations
Ph +61 (0) 400 24 8080
michael.brown@computershare.com.au

This announcement was authorised for release to the ASX by the Group CEO.

For more information, visit www.computershare.com

MARKET ANNOUNCEMENT

Computershare 2023 Annual General Meeting

15th November 2023

Paul Reynolds – Chairman

Slide 2 - Chairman's address

Good morning, everyone. I am Paul Reynolds, Chair of Computershare and I welcome you to our 2023 annual general meeting.

We are delighted to offer our shareholders and proxy holders the choice of participating in today's meeting in person in our offices here at Yarra Falls, or via our Computershare built meeting platform.

The AGM is an important opportunity for shareholders to hear from and put questions to the Board, the CEO and the external auditor. I encourage shareholders to use the various platforms available to participate. All attendees can watch a live webcast of the meeting, and shareholders and proxies also have the ability to ask questions and submit votes online.

There is a quorum present, and I now open the meeting. Let me commence our business with some introductions. Next to me is our CEO, Stuart Irving. All of your Non-Executive Directors are present today - Tiffany Fuller, Joe Velli, Lisa Gay, Abi Cleland, and John Nendick.

Also attending today's meeting is Group General Counsel and Company Secretary, Dominic Horsley and Marcus Laithwaite from PricewaterhouseCoopers, our external auditor.

Marcus is available to answer any questions you have about the conduct of the audit of Computershare's financial statements, the preparation of the content of the Auditor's Report, the accounting policies adopted by CPU in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Information on how to access the Notice of Meeting was distributed to all shareholders and I will take the Notice of Meeting as read.

Slide 3 - FY23 Results

Let me now turn to our performance in FY23. This slide highlights some of the key numbers.

I am pleased to report Computershare performed well, delivering record earnings in volatile market conditions.

As you may remember, we report our results in US dollars and in constant currency.

For FY23, Management Earnings Per Share was up 89%. That includes an extra four month's benefit from our Corporate Trust acquisition (CCT).

Management revenue increased by 27% to over $3.3bn.

With higher interest rate yields, we achieved a new all-time high level of margin income for the group at $792m, however we know higher rates can also have an impact on other parts of our businesses. Our transaction and event-based revenues were impacted by lower volumes and activity levels. Encouragingly, we saw some recovery later in the year, which included some benefits of seasonality.

With these earnings, our balance sheet continues to strengthen. Debt leverage now stands at less than one times, and we have the financial firepower to patiently pursue attractive acquisitions.
We are also pleased to share these strong earnings with shareholders. We declared a final dividend of 40 cents per share, which is another new record for Computershare. As you may have seen, the $750m AUD share buyback announced along with the results is now underway.

Stuart will talk more about our performance and strategies later.

Slide 4 - Long term shareholder returns

While the results for the year are impressive, at Computershare we are focused on the long term. Our goal is to build high quality businesses that can perform through the cycle. This chart shows our long-term track record.

Since FY18, which takes us through spells of both falling and rising interest rates, not to mention a global pandemic, Computershare has delivered over 14% CAGR in Management EPS. Return on Invested Capital has averaged over 15%, and dividends per share have increased at an average annual compound rate of nearly 12%. This is top quartile performance.

We are pleased to share these strong earnings with shareholders. Over the last six years, we have distributed over $1.6bn in dividends.

It is the disciplined execution of our long-term strategies for growth, profitability and capital management that contribute to our earnings performance and enable us to deliver these consistent returns for shareholders.

We have also made good progress in building a more balanced, stronger Computershare with a focus on higher quality earnings from our core businesses of Issuer Services, Employee Share Plans and Corporate Trust. We are simplifying the group to increase our focus on our core businesses, help investors understand our performance and deliver higher returns for shareholders.

Slide 5 - Working towards our ESG goals

Our environmental, social and governance (ESG) measures are becoming more sophisticated, and we are making progress in having a greater positive impact on our staff, communities and the environment.

In October we released our ESG Report, which I encourage all shareholders to read. It outlines our journey and goals and how we align with global disclosure standards and frameworks.

We are committed to using less carbon, having greater diversity across our organisation and contributing to our communities.

As you will have seen around the world, the risk of a Cyber Attack is real and growing. Whilst no company is immune, we continue to invest to protect our clients and their data. We have more work to do in this evolving space as new risks come to bare, but I can assure you it is one of the board's highest priorities.

Acknowledgements

Before I hand over to Stuart, I would like to acknowledge the exceptional contributions across the Group. As I said last year, it is a very special organisation with a very special culture.

While I have spoken a lot about earnings, people come first, and they always should. It is a great privilege for me to work with my fellow directors and all of the dedicated team at Computershare.

I would also like to thank our customers and our shareholders. Thank you for your support and investment in our success.

Stuart Irving – CEO and President

Slide 6 - CEO's address

Thank you, Paul. Congratulations on your first AGM presentation as Chair. Not too bad for a Glaswegian.

I'd like to add my welcome to our shareholders and guests today. It's always a great pleasure to address shareholders directly. As a business that has championed the rights of shareholders for many years, it is an important day in our year. I do have an apology from one of our shareholders though, our founder, a Mr Chris Morris…"Sorry I can't come, opening a big hotel next to my casino in Townsville. First AGM in 30 years I have missed, but I know CPU is in good hands. PS, please come visit."

Now on to business.

Slide 7 - Computershare's integrated business model

So, how did we achieve these record results in FY23.

At Computershare we have a unique, integrated business model with a portfolio of recurring core fees, cyclical and transaction-based revenues and margin income that allows us to deliver robust earnings and high returns through the cycle.

Our financial strategy starts with consistently growing core fee revenues. These revenues were up 14% in FY23, including a full year contribution from CCT.

These high quality, recurring revenues account for over half of the group's total. That's why we have been building our scale and exposure to underlying growth trends such as equity-based remuneration, rising governance requirements, and the growth in demand for corporate trust services. There are long growth runways for Computershare here.

We then have the more cyclical trading and event-based revenues shown in the middle bar on this chart. Corporate actions, employee share trading, proxy campaigns for example. They are market facing so can be impacted by wider economic conditions, but they do enhance our margin. They were down 13% this year due to the impact of rapidly rising rates and weaker market conditions primarily in the first half. Positively a number of these transactions and events recovered in the second half.

And finally, we purposefully seek to collect and manage client cash balances. Without the underlying businesses we would have no margin income. Balances are an embedded feature of our model and an important part of our strategy. We recorded record margin income in FY23 as global interest rates increased.

So, putting all of this together, it's the combination of three income streams that drives strong earnings and high returns through the cycle, our unique integrated model.

Slide 8 - Simplifying Computershare to high quality, global growth businesses

Another important part of our strategy has been to simplify Computershare. This is an area where we have had to be patient to realise the best outcome for shareholders. We have executed well and made good progress.

In May we sold the Bankruptcy and Class Actions business. As a reminder, this business was cyclical and transaction driven, and it was not meeting our target returns.

Last month, we also announced the sale of our US Mortgage Services business for estimated gross proceeds of $720m. US Mortgage Services has underperformed against group margin and ROIC targets. We know it is also more capital intensive than our core businesses and has high levels of regulatory risk. Closing the deal is subject to regulatory approval, which is progressing well, and we expect to complete the transaction in the 4th quarter of this financial year.

Why are these transactions important?

These transactions highlight the earnings power of the simpler Computershare. On this page we show the results for the Group both including and excluding the divestments of the Claims and US Mortgage Services businesses for the whole of FY23.

So, in simple terms, what is the net effect of these divestments?

On a proforma basis, FY23 group revenue falls by about $500m. EBIT is broadly similar although the margin increases from around 32% to over 37%. EBIT ex MI improves from $257m to $318m.

The divestments are also firmly in line with our strategy to improve the quality and consistency of our earnings.

The proceeds from these sales will enhance Computershare's flexibility to pursue strategic investments and consider further capital management opportunities. We thank the management and employees of these businesses for their hard work and successes along the way and wish them the very best for their next chapters.

Simplifying the group also allows us to intensify our focus on growing and strengthening our core businesses.

Our goal is to grow our high quality, cash generative, capital light businesses that can self-fund growth, and then balance this with consistent returns to shareholders.

Slide 9 - Improving the consistency of our earnings

Improving the consistency of our earnings is another part of our strategy to build a better Computershare.

We are looking to protect margin income against potential declines in future interest rates.

As part of our disciplined treasury management policy, we have already locked in a total of $1.4bn of margin income for shareholders, with around 80% of this to be paid over the next five years.

We are aiming to hedge around half of our exposed balances, around $9bn post the sale of US Mortgage Services. As old hedges mature, we will replace them with new hedges at current market rates.

We expect to generate a yield of around 3% on the hedge book which should provide circa $270m per annum of locked in margin income over the period, irrespective of moves in interest rates. As you can see on this chart, we are getting on with this program.
This program locks in margin income and reduces the volatility of Margin Income earnings. As a result, fluctuations in interest rates will only have an immediate impact on our unhedged balances.

Future Computershare margin income earnings should therefore be more predictable than in previous years.

Slide 10 - FY24 year to date trading update

I'll now provide an update for trading in the first few months of the new financial year, FY24.

Overall, our results to date are consistent with what we expected when we gave our initial guidance in August. We are affirming this guidance today.

As usual at the AGM we produce this slide which shows the unders and overs so far. That is, which areas are performing better than we initially expected back in August, what is in line and what is behind. This year these factors broadly net off.

On the positive side of the ledger, the recovery in Employee Share Plans trading activity has continued and it is good to see the latent earnings power we have talked about in this business coming through. Corporate Actions have also been stronger than we anticipated, especially on the client balances side and we have had a good share in the IPO markets. At CCT, our market share is solid, and issuance is slowly picking up.

Margin income overall is in line with our expectations. Rates have been positive and we're achieving our desired yield from our banking partners as they have strong demand for balances. In the legacy business, balances have slightly improved since year end however, we have seen a change in the mix of balances in CCT.

Overall CCT balances are up by around $1bn since year end although CCT margin income is lower than we expected.

Let me explain this.

Within our overall CCT balances, cash in money market funds is up $2bn and cash in bank deposits which generate higher yields, is down $1bn.

This change is simply a reflection of the type of new debt issuance we are seeing across the market. We have seen lower issuance in debt products that generate higher margin income for us such as mortgage-backed securities.

Correspondingly, we have seen stronger volumes in other debt products where cash is held in lower yielding money market funds and non-exposed deposits.

This change in mix is cyclical and the overall yield we receive should recover when mortgage-backed securities issuance levels improve.

So overall, group performance to date, as usual, has some ups and downs, but so far, we are broadly in line with guidance.

Slide 11 - FY24 Outlook

So, let's move to Outlook. In August we said we expected Management EPS for FY24 to be around 116 cents per share, growth of 7.5% year on year. That's unchanged.

And for the avoidance of all doubt, our Management EPS guidance does not account for any impact from the buyback or the disposal of US Mortgage Services.

On this basis, we continue to expect margin income to be around $840m. This accounts for the cyclical mix shift in CCT balances I talked about earlier.

Slide 12 - Financial strength

I'd like to close by highlighting our balance sheet and the optionality it provides us. With management EBITDA rising by almost 70% last year, our debt leverage ratio improved to 0.85x at June 30th and is continuing to trend lower.

Based on achieving guidance for FY24, at the end of this financial year we should have over $2.5bn of acquisition firepower. This includes funding the completion of the share buyback and receiving the expected proceeds from the sale of US Mortgage Services.

So, what will we do with this balance sheet capacity?

We will pursue acquisitions that strengthen our core and add to our earnings, but we will be patient in making sure we buy the right assets at the right prices. We are happy to maintain a conservative and robust balance sheet as we wait for these opportunities to unfold. We won't be rushing in or seeking out new or unproven verticals or buying earnings to offset any future downturn in interest rates. We will continue to reward shareholders for your support.

And we will continue to invest in our businesses to drive technology innovation. This has been a founding principal of ours and it continues to serve Computershare well.

Slide 13 - Computershare's commitments

In closing, Computershare's future excites me as much today as it did when I joined the company as a wee whipper snapper 26 years ago. This is because we always strive for better, we never rest on our laurels, and we have lots of great people here at the company.

My thanks to every one of my colleagues at Computershare and our Board for your efforts over the past year.