

May 2012

Macquarie Emerging Leaders



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Agenda

- **Company overview**
- **Divisional structure and strategy**
- **Performance & investment features**
- **SAI's property business – driving growth in FY13**
- **Trading update**
- **Questions**



Company Overview



Company overview

- FY12 revenue expected to be > A\$460 million
- Market capitalisation (30/04/12) of (approx) \$A1 billion
- Approximately 204 million shares on issue
- Board of five non-executive directors plus CEO
- Presence in 29 countries across Asia-Pacific, Europe and North America
- 1,850 employees, circa 50% outside Australia



Evolution

- **SAI Global listed in December 2003 with two business assets that had strong domestic market positions:**
 - A publishing business that had a single exclusive distribution agreement (PLA) with Standards Australia which was profitable but offered limited scope for growth
 - An assurance business that had a strong local market position but was vulnerable to competitors able to deliver services internationally
- **By pursuing a growth strategy which has included a number of significant acquisitions SAI has:**
 - Reduced reliance on the PLA through product and geographic diversification
 - Improved the competitiveness of the assurance business through expanded geographic capability
 - Added a Compliance Services business to drive organic growth



Evolution

- Today we have three global businesses: Information Services, Compliance Services and Assurance Services
- The common thread running through each business is “compliance”:
 - helping our clients understand what they need to comply with
 - providing solutions to assist our clients in meeting their regulatory compliance obligations
 - assessing system and product conformity to international and locally based Standards
- We operate in attractive market niches which are consolidating and provide a robust outlook for growth whilst possessing proven defensive characteristics



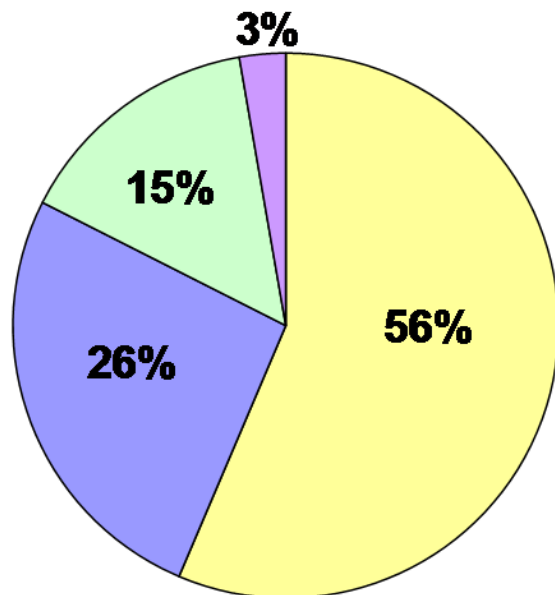
Geographic footprint - April 2012





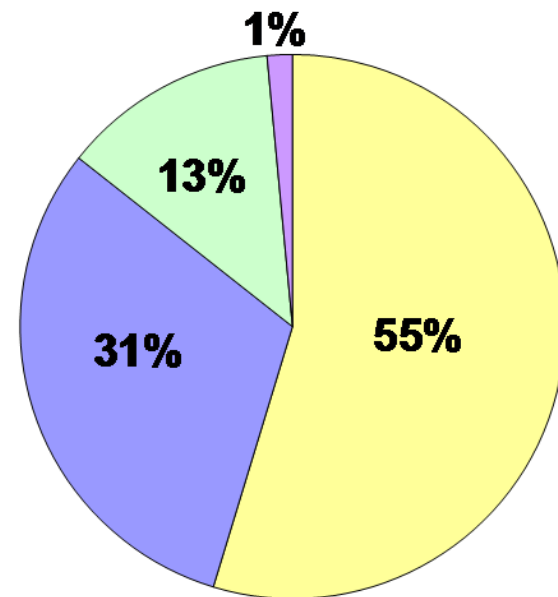
Geographic revenue and EBITDA mix

Revenue¹



Australia North America EMEA Asia

EBITDA¹



Australia North America EMEA Asia

1. Based on forecast FY12 outcomes



Divisional Structure & Strategy



Divisional structure

- **Information Services**
 - Consists of two verticals – Standards and Property
 - Provides “must-have” information and related workflow solutions which our clients can embed into their processes to achieve desired outcomes more efficiently and cost effectively
- **Compliance Services**
 - Provides technology-based solutions to enable clients to comply with their regulatory obligations, achieve sound governance frameworks, manage risk and establish strong ethical cultures
- **Assurance Services**
 - Provides independent assessment, certification and registration of products, management systems and supply chains across a broad range of sectors including agri-food, aerospace, environment and automotive



Products and services - Standards

Product/Service	Revenue Model	Est'd Market Size (USD)	Major Competitors
Standards in all forms: hardcopy, pdf, database	Transactional sales and subscription	900M	IHS, ANSI, Techstreet (Thomson), SDO ¹ s,
Related databases and workflow solutions (e.g. MSDS, materials, EHS)	Subscription	4Bn	Perinorm, UL

Refer to slide 25 for the details relating to the property business

1. Standards development organisations



Products and services - Compliance

Product/Service	Revenue Model	Est'd Market Size (USD)	Major Competitors
Advisory Services	Negotiated sale	\$4Bn	LRN, Corpedia, EY Ethicspoint/GCS, Deloitte, KPMG, PWC
News feeds and alerts	Subscription	\$100M	Wolters Kluwer
Governance, Risk and Compliance (GRC) platform	Subscription	\$2Bn	Thomson, EMC, Wolters Kluwer
Online training and awareness courseware via an LMS	Subscription	\$200M	LRN, Corpedia
Hot-line (whistleblower)	Subscription	\$100M	Ethics Point/GCS
Implementation consulting services	Negotiated sale	Same market as advisory services	All of the above



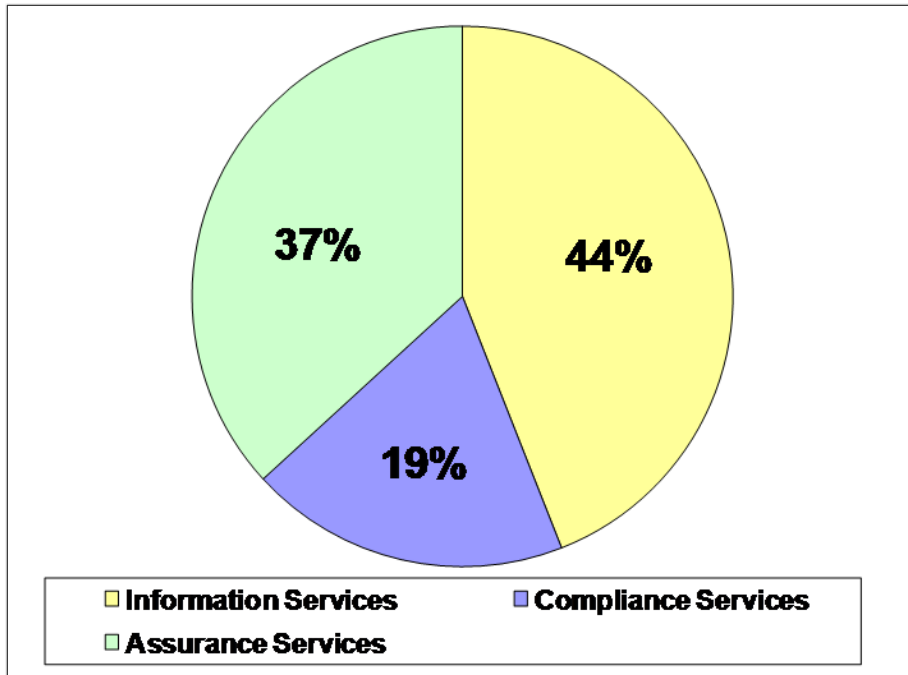
Products and services - Assurance

Product/Service	Revenue Model	Est'd Market Size (USD)	Major Competitors
Management systems: ISO 9000 and other standards or sector derivatives	Daily rates & annual fees	\$4Bn	SGS, Bureau Veritas, DNV, BSI, Lloyds
Product certification: Assesses conformity to local and international standards	Daily rates & annual fees	\$3Bn	Intertek, TUVs, UL, KIWA
Food safety and retail: Supplier compliance, GFSI Certification and inspection	Daily rates & annual fees	\$1Bn	SGS, Silliker, NSF-CMI, Steritech
Standard & system training: Supporting certification & client improvement activities	Rate per course or project	Large	All of the above, plus various national RTO's

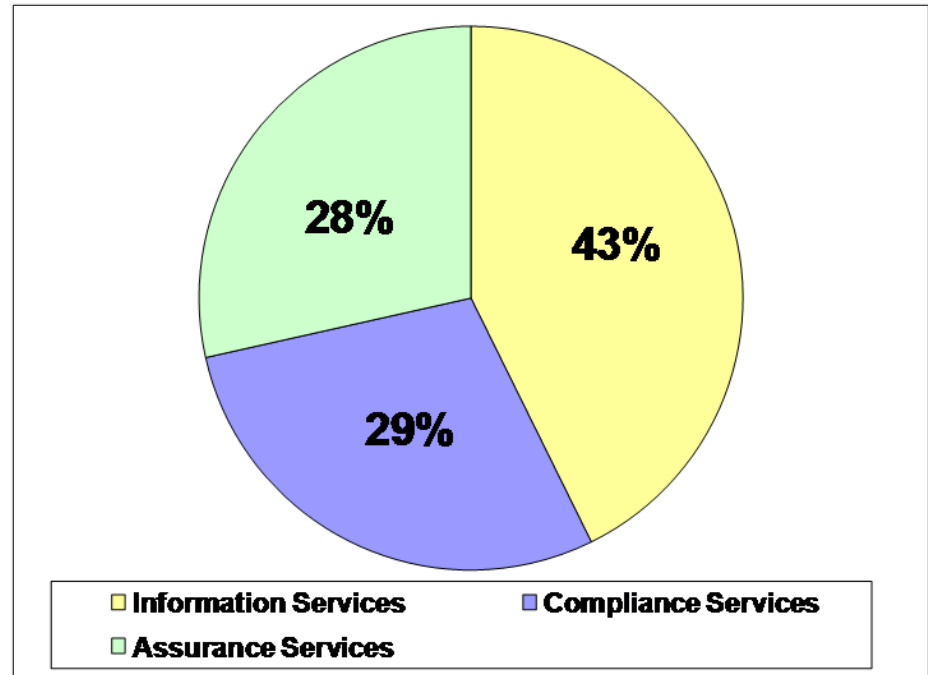


Divisional contributions

Revenue¹



EBITDA¹



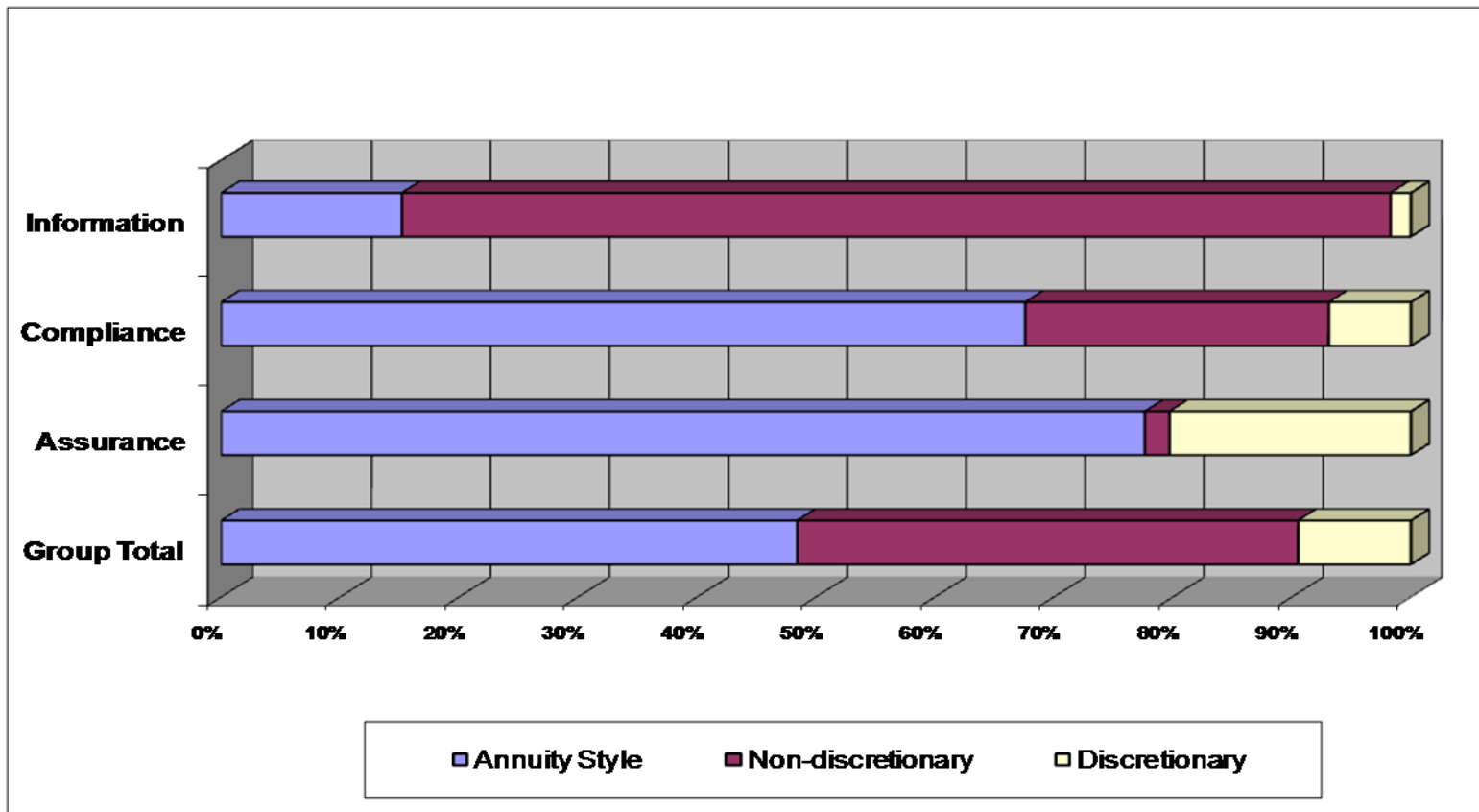
1. Based on forecast FY12 outcomes



Performance & Investment Features



Nature of revenue streams



- Annuity style = subscription arrangement or renewable contracts
- Non-discretionary = “must have” products and services for customers
- Discretionary = neither annuity nor non-discretionary revenue



Growth drivers

- **Strong industry demand drivers:**
 - Increasing regulatory compliance obligations (e.g. FCPA, UK Bribery Act, competition law, trade law)
 - Industry globalisation and outsourcing complexity
 - Demand for embeddable, lower cost, workflow solutions
- Increase SAI's exposure to higher growth products, geographic markets and business sectors
- Grow market share by increasing SAI's competitive advantage through superior technology based solutions
- Industry consolidation continues to provide attractive acquisition opportunities



Defensive characteristics

- Regulatory demand drivers – ensuring “compliance” is not a discretionary spend for corporates
- SAI has a high proportion of annuity or non-discretionary revenue streams
- Key exclusive agreements
- Leading market positions and brand in Australia underpin performance
- Whilst not immune to weak economic conditions, the business model has resilience to economic slowdowns as demonstrated during the GFC in 2009



Strategic Focus

■ Information Services

- **Standards** - Continue transformation from predominantly distribution to an added value/workflow business
- **Property** - Upgrade underlying IT architecture to accommodate recent contract wins. Enhance business development capability to take advantage of broad product set

■ Compliance Services

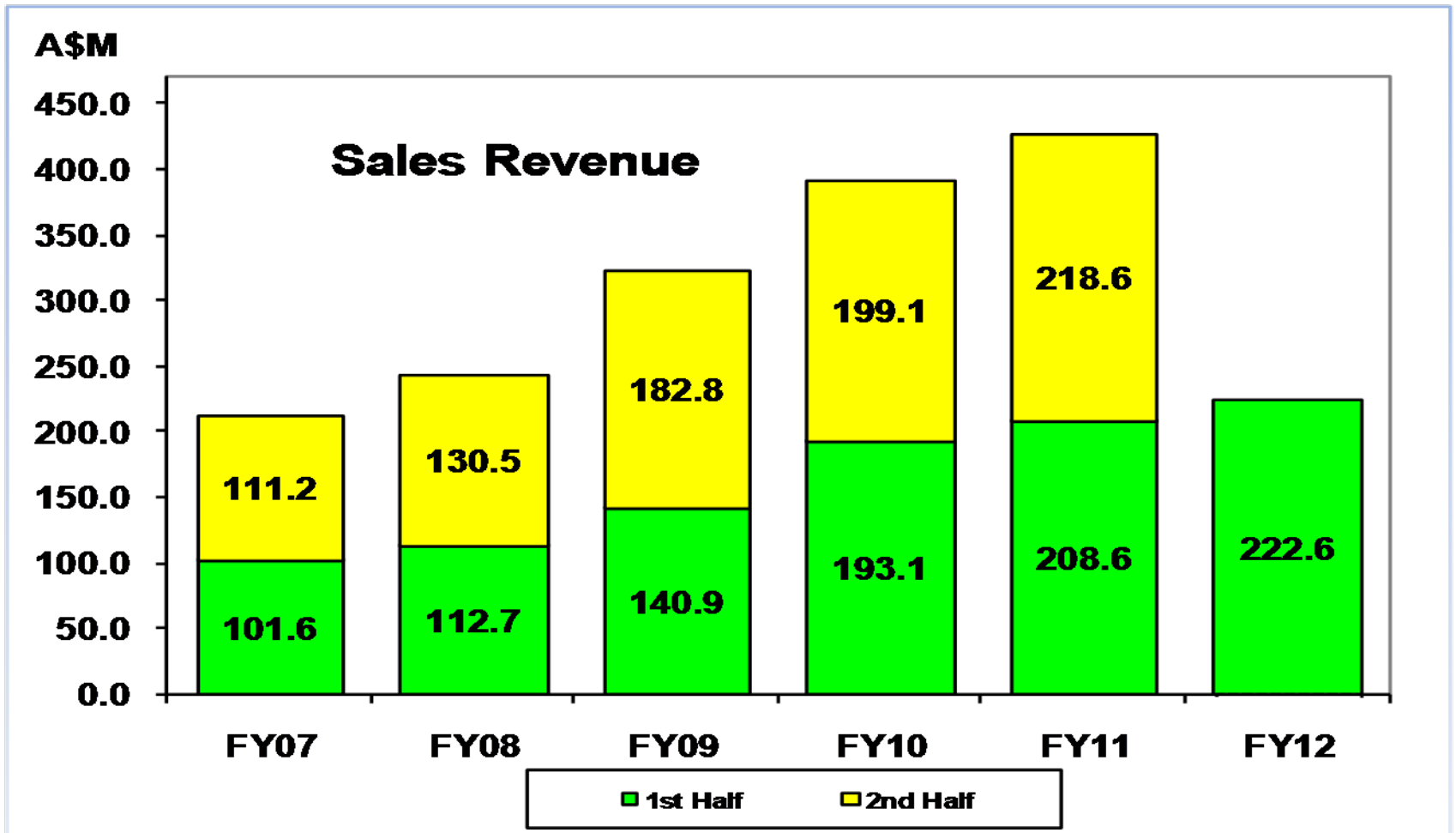
- Capitalise on leadership positions achieved in e-Learning and GRC. Aggressively pursue market leading positions in products, subject matter and market segments to address the changing regulatory framework

■ Assurance Services

- Drive to achieve competitive advantage through alignment of services with changing customer expectations, the effective use of technology and a performance culture

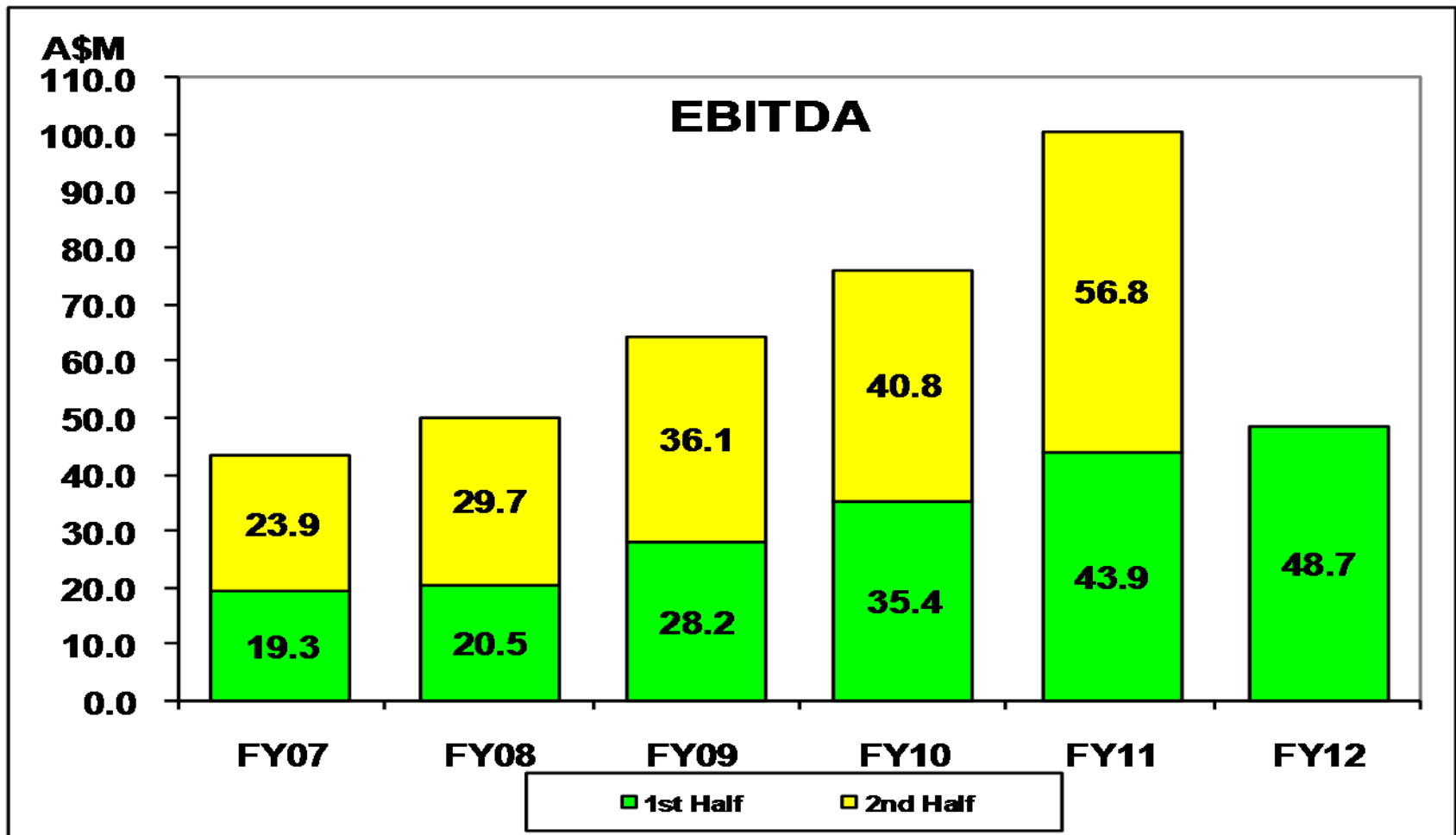


Consolidated trends - revenue



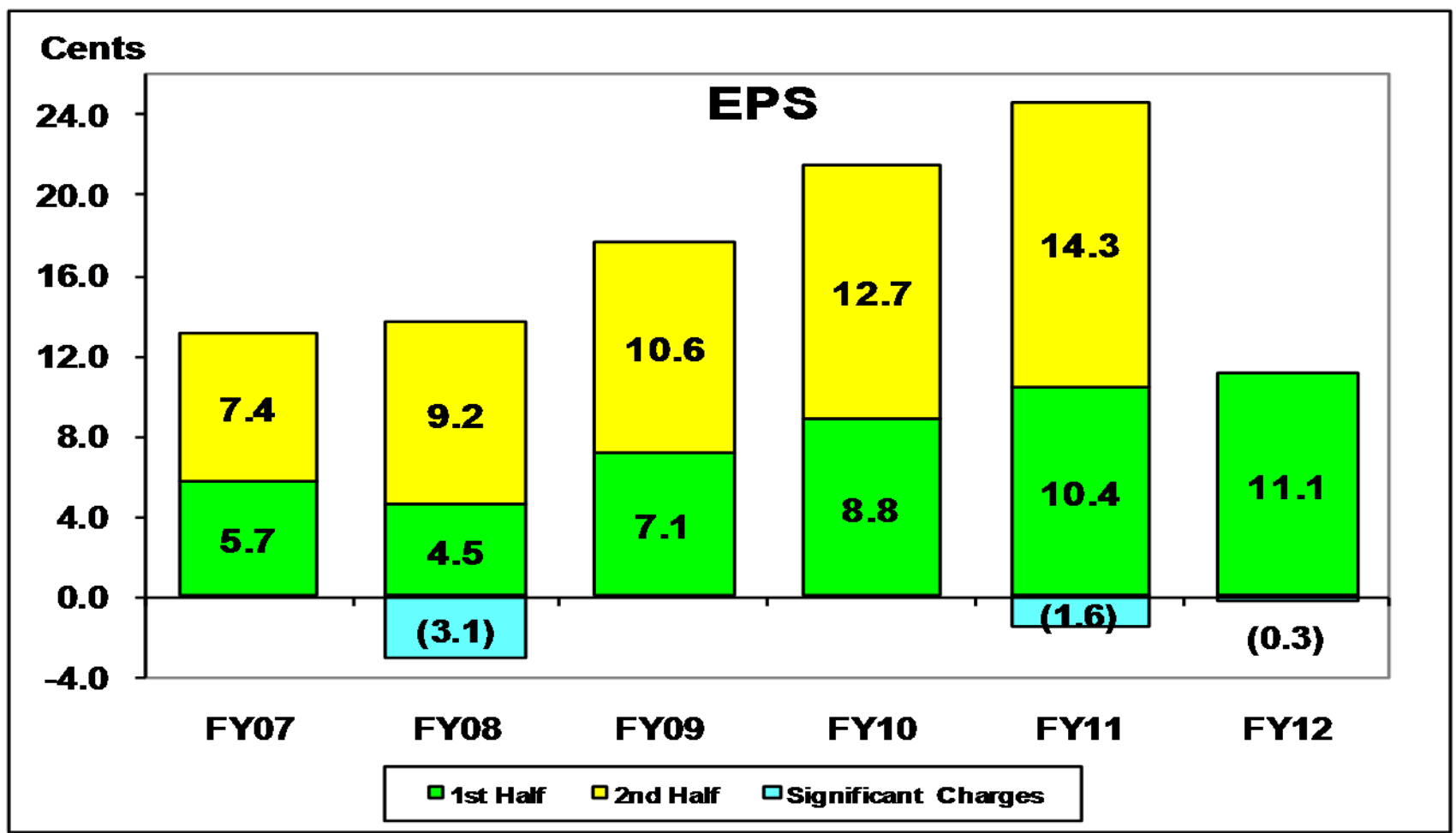


Consolidated trends - EBITDA





Consolidated trends - EPS





SAI's property business - driving growth in FY13



Australian market dynamics

Service	Revenue model	Estimated market size (\$m)	Major competitors
Information brokerage	Transactional – per document sourced or search undertaken	\$500M	<ul style="list-style-type: none"> • Leap Searching • Citec (Qld Govt) • Global X
Mortgage processing services	Transactional – per task undertaken (e.g. document checked, settlement arranged, settlement attended) or per “bundled” service	<p>\$275M</p> <p>(includes potential work not yet outsourced by financial institutions)</p>	<ul style="list-style-type: none"> • Perpetual • HP • Scott Ashwood • Gadens



Services and clients

Services

Information brokerage

Direct property:

- Land Title searches
- Council and other bodies

Indirect property/other:

- ASIC
- ITSA
- PPSR
- Court and probate
- Document tracking and management services
- Pre-settlement activities
- Settlement
- Post-settlement activities

Mortgage processing solutions

Selection of clients

Financial institutions

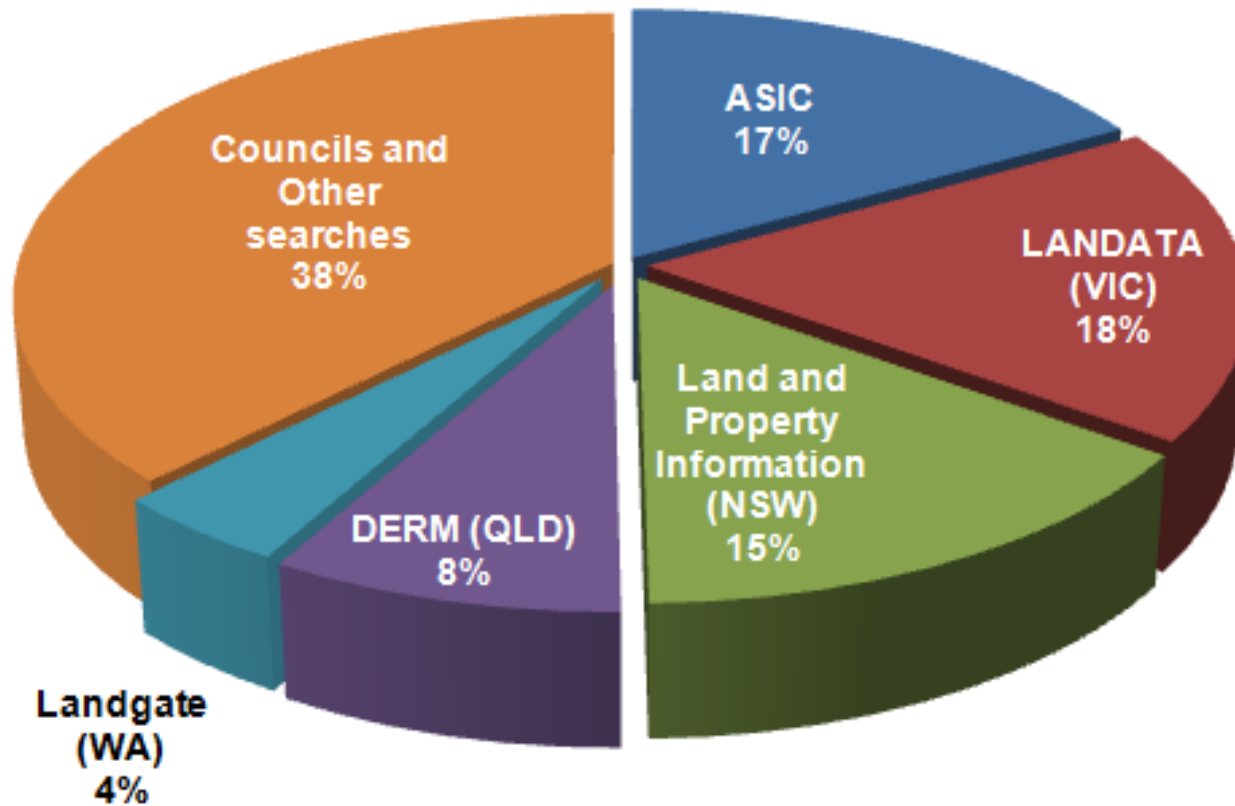


Legal firms



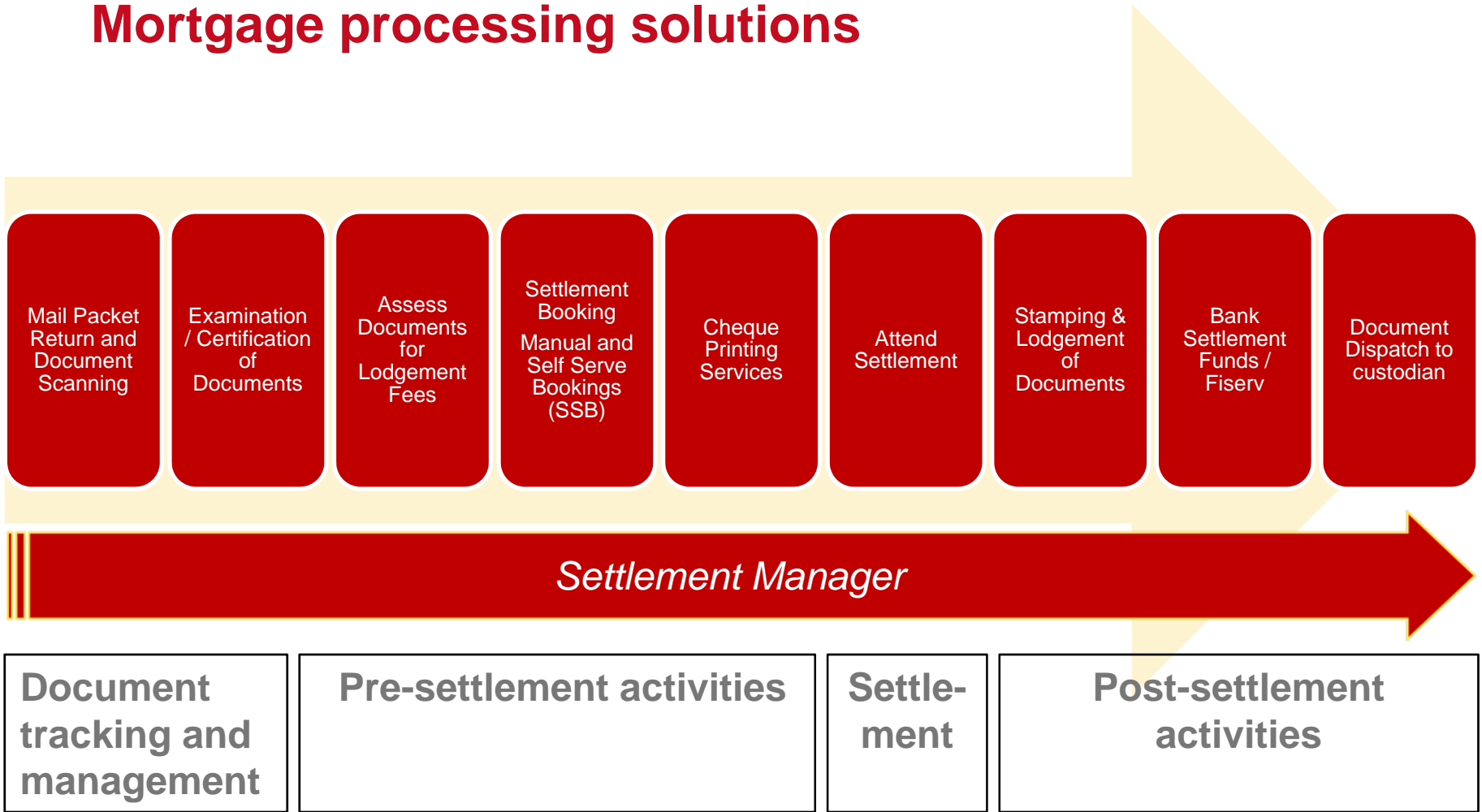


Information brokerage - sources of revenue (FY11)





Mortgage processing solutions





Mortgage processing solutions

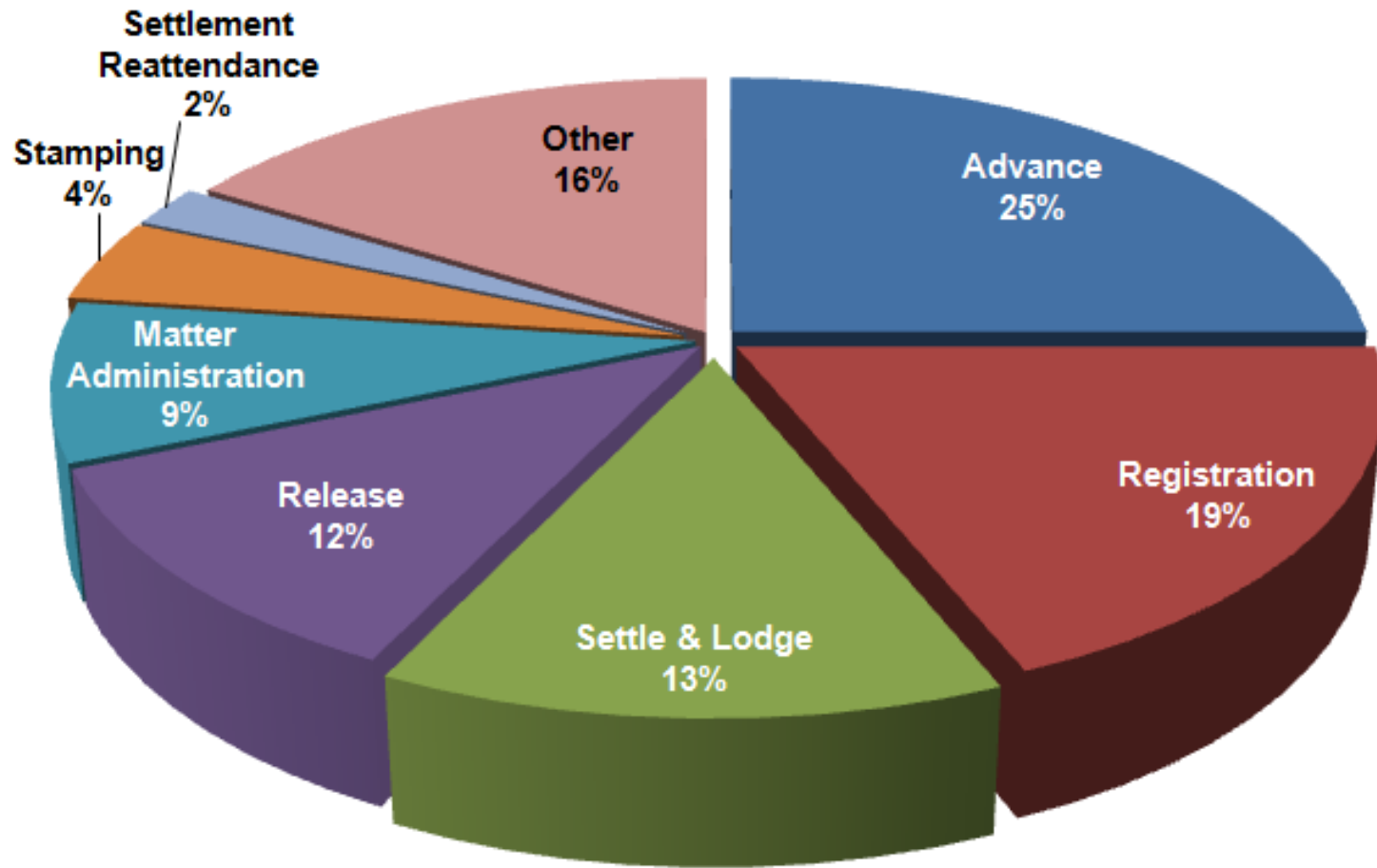
Example of Settlement Services provided to clients

Client	1	2	3	4	5	6	7	8	9	10
Mail Packet Return and Document Scanning	●						●			
Examination and Certification	●	●	●				●			
Assess Documents for Lodgement Fees			●				●			
Settlement Booking (Manual and SSB)		●	●				●		●	
Cheque Printing Services		●	●				●			
Attend Settlement: Advance	●	●	●	●	●	●	●	●	●	●
Attend Settlement: Discharge (Release)	●	●	●	●	●	●	●	●	●	
Stamping and Lodgement of Documents	●	●	●	●	●	●	●	●	●	●
Banking of Settlement Funds / Fiserv	●	●	●	●	●		●	●	●	
Custodian Dispatch	●						●			●

- Opportunities exist to expand revenue base by “filling in the boxes”

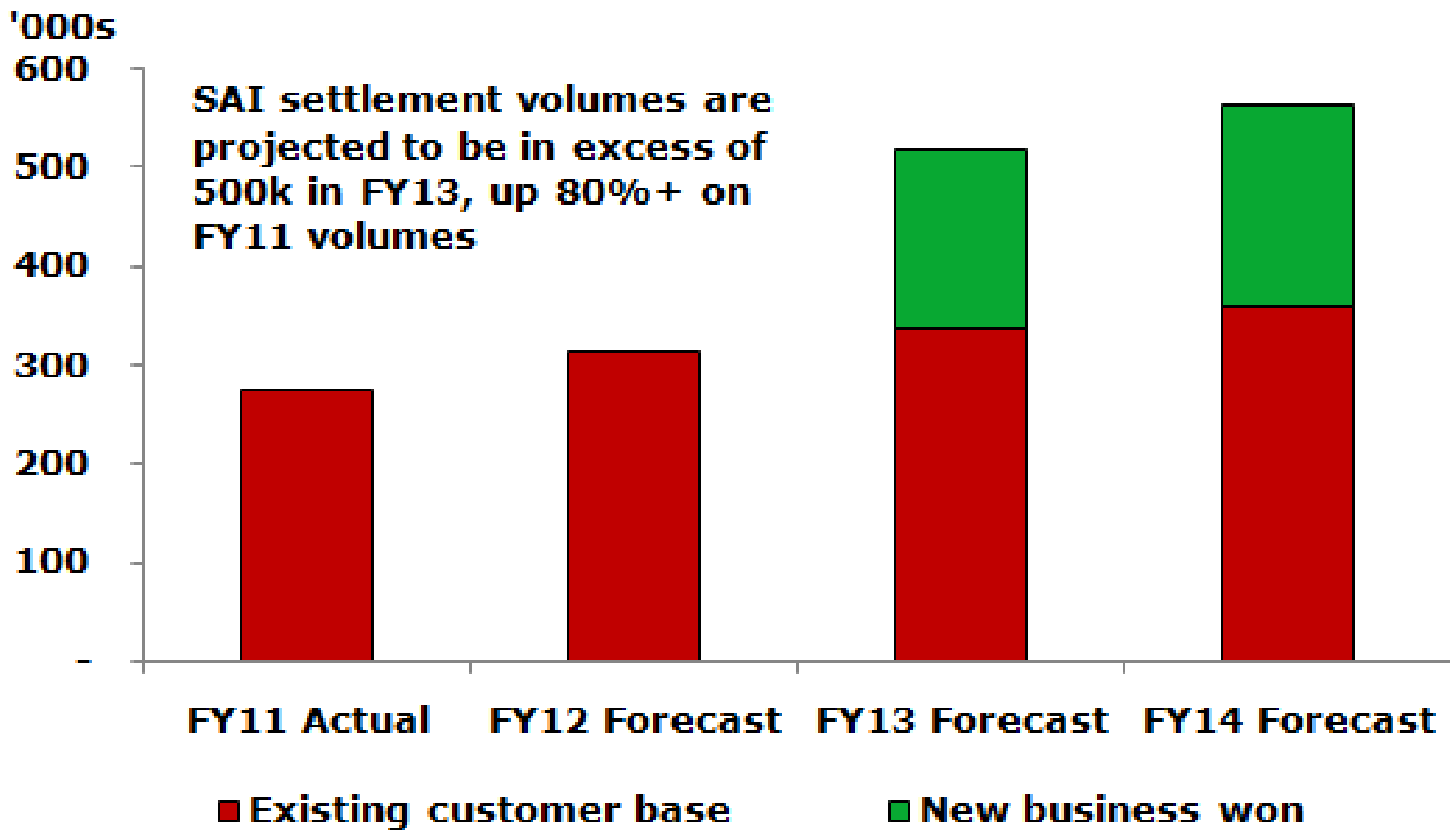


Mortgage processing solutions - sources of revenue (FY11)





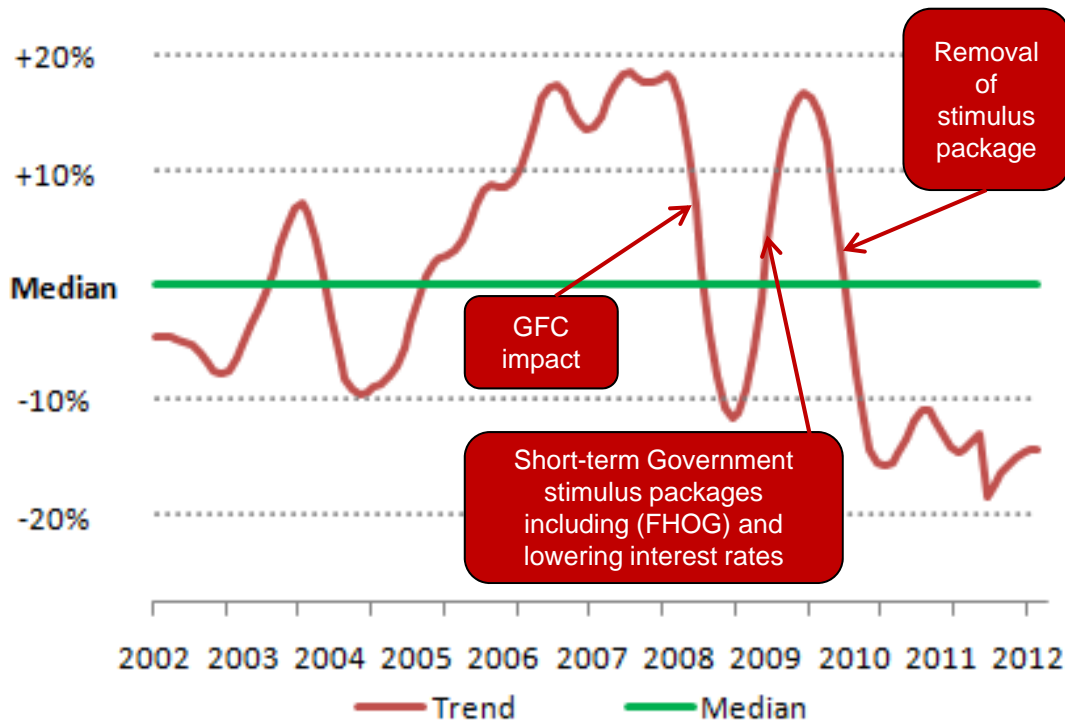
Volumes – advances and releases





Housing Finance Commitments

Number of dwelling commitments (2002 - current)
- Owner occupied housing



- The chart covers a 10 year period from 2002 and highlights the trend in property transactions sourced from ABS statistics on lending commitments for owner occupied housing by Banks and other Financial institutions
- The market is currently tracking around 15% below the ten year average

Enabling technology



- ARNECC - The Australian Registrars' National Electronic Conveyancing Council is working through the technical and operational requirements for an Electronic Lodgement Network (ELN):
 - Electronic funds transfer
 - Digital signature
 - Electronic Lodgments
 - Electronic Titles
- SAI intends to apply to ARNECC and become an Electronic Lodgment Network Operator (ELNO)
- Potential timing is within the next 12-18 months



Strategic settings

- Successfully complete the take-on of the recent large contract wins (including ANZ)
- Upgrade the underlying IT architecture and invest in “industrial strength” workflow systems
- Continue the movement towards an “electronic conveyancing” solution
- Achieve full brand awareness to reflect the end-to-end service offering
- Increase business development capability to take advantage of the new service offerings
- Continue the journey to “operational excellence”



Trading Update



Trading Update

- Revenue continues to grow
- We now expect FY12 EBITDA before significant charges to be not materially different from that achieved in FY11 (\$100.7M)
- Factors affecting the result for FY12 are:
 - trading conditions in the second-half have been slightly weaker than we expected in terms of lower sales of Standards in both Australia and Europe, and longer than anticipated lead times in converting new business pipelines into firm contracts in the Compliance Services business
 - new hiring and other costs in the property business to scale our infrastructure in preparation for the take-on of the new business wins, which includes the ANZ contract announced in October 2011
 - costs related to developing the anti-bribery/anti-corruption product suite in the Compliance Services division ahead of revenue generation
 - rationalising legacy platforms, in the Compliance Services division which has impacted both revenue and cost in the short-term



Trading Update (continued)

- Throughout FY12, and in particular in the second-half, SAI has been investing in its businesses to make sure they can take maximum advantage of growth opportunities
- This has resulted in a short-term mismatch of costs and revenue
- Strong growth in EBITDA and EPS is still expected in FY13, albeit off the slightly lower base, underpinned by new business wins in property services, a full year contribution from Compliance 360 and trend growth across the business
- SAI remains well placed to take advantage of emerging opportunities in each of its divisions
- Medium term growth expectations for each of the businesses remain unchanged as per the following slide



Expected organic growth rates

Medium-term trend organic revenue growth and margin expectations:

	Revenue Growth	EBITDA Margin ²
Information Services	6% - 8% ¹	25% - 30%
Compliance Services	8% - 12%	38% - 42%
Assurance Services	5% - 7%	16% - 20%

1. Expected to be higher in FY13 due to the impact of new business won by the property business
2. On gross revenue



Questions?



Further information about SAI's property business



SAI's property business

- SAI is the leading provider of **information brokerage** services and outsourced **mortgage processing solutions** to Australian financial institutions and conveyancers
- SAI originally entered the property information brokerage market through the acquisition of Anstat in 2005, which had a Victorian centric business generating annual revenue of circa \$11M
- This business was taken national in 2009 through the acquisition of Espreon which also added the mortgage processing solutions business
- The business is expected to generate circa \$140M in revenue FY12, growing to circa \$170M in FY13 following significant new business wins, adding an incremental of circa \$10M in EBITDA
- This section of the presentation provides a summary of the services offered by SAI's property business



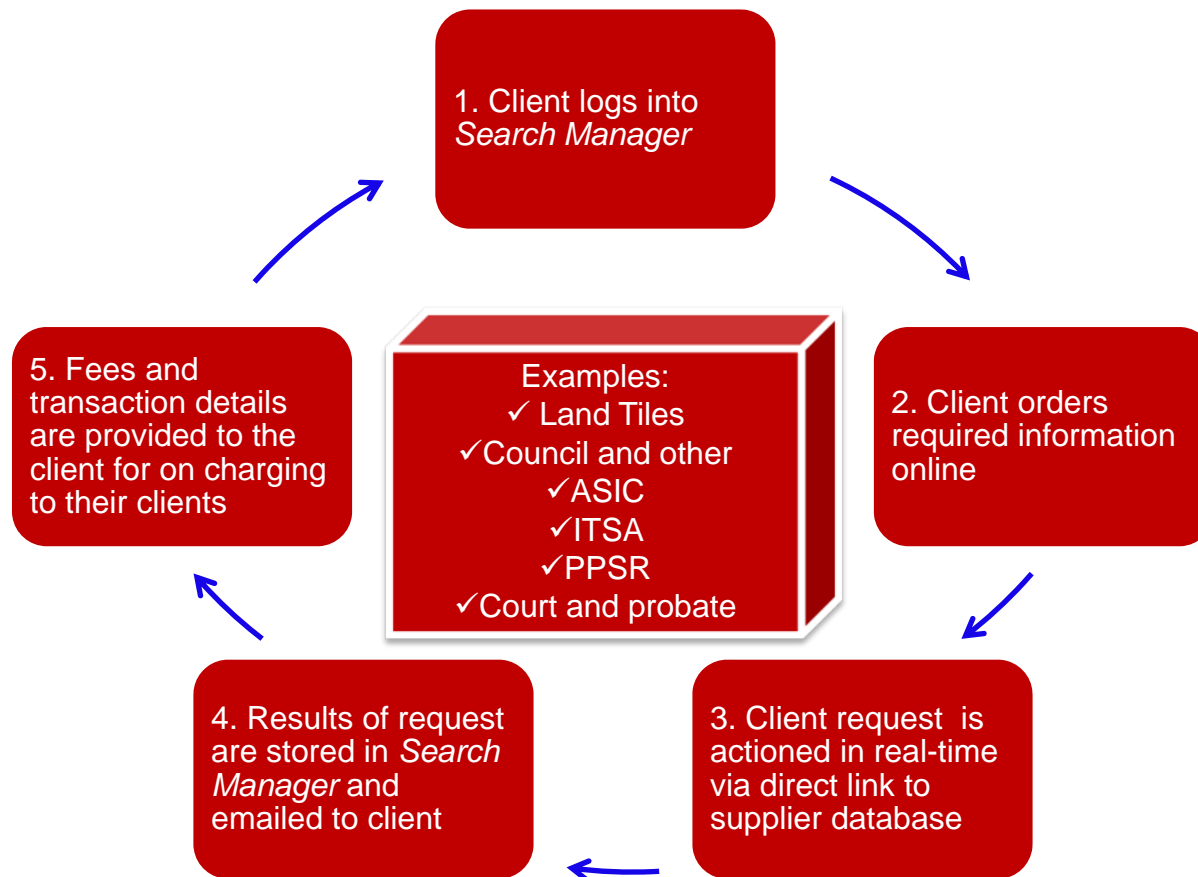
SAI's property business

Information brokerage

- Provides information and software to conveyancers, law firms, property professionals and corporations including:
 - Land and title property searches (e.g. Land and Property Information (NSW), Department of Sustainability and Environment (VIC), Department of Environment and Resource Management (QLD), Landgate (WA), Land Services Group and Land Titles Office (SA))
 - Certificates from local councils and other bodies
 - ASIC¹ director and company searches
 - ITSA² insolvency and bankruptcy searches
 - PPSR³ searches
 - Court and probate searching
- Provides specialised offline (manual) searching related activities
 - Historical title records and searches which are not available online due to their age and legacy

¹ Australian Securities & Investments Commission
² Insolvency and Trustee Service Australia
³ Personal Property Securities Register

Information brokerage - workflow





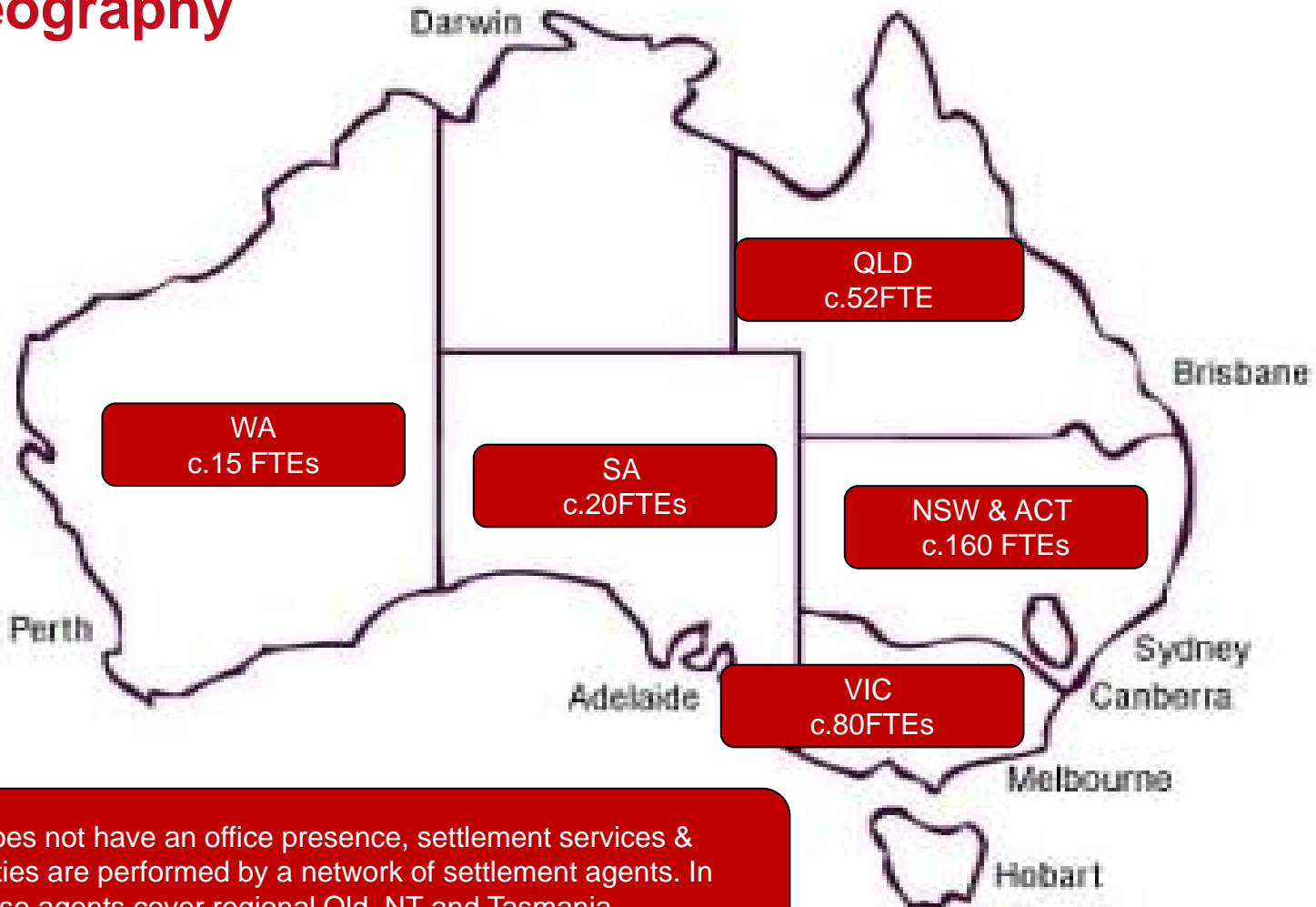
SAI's property business

Mortgage processing solutions

- Provides outsourced, end-to-end mortgage services to large, medium and small financial institutions, mortgage managers, conveyancers and solicitors, across four broad service categories:
 - Document tracking and management services
 - Pre-settlement activities
 - Settlement
 - Post- settlement activities
- Through SAI's development of this business as a core competency focused on operational excellence, SAI is able to offer clients:
 - A lower fixed cost base
 - Improved service outcomes



Geography



Where SAI does not have an office presence, settlement services & manual activities are performed by a network of settlement agents. In particular, these agents cover regional Qld, NT and Tasmania



Enabling technology

Search Manager

- Facilitates searches by connecting the client with the information provider's database
- Encompass™ – enhances the search experience by providing a visual picture of interconnecting relationships

Settlement Manager

- The workflow platform that underpins the end-to-end mortgage processing solution
- Also contains document management functionality

Conveyancing Manager

- A SaaS solution which is currently in development and expected to be released in first quarter of FY13
- Will provide a workflow solution to conveyancers nationally and integrate seamlessly with Search Manager and Settlement Manager



Demand drivers

- **Volumes of settlement transactions – advances and releases and their related property title(s)**
- **Desire of banks and other financial institutions to lower their fixed cost base**
- **Demand for other types of searches (e.g. ASIC/ITSA/PPSR) and refined searching capability**
 - **“information tailored to specific needs”**
- **Economic factors – consumer sentiment, job security, interest rates, house prices etc**
- **Move towards electronic conveyancing and away from State by State inefficient processes and procedures**