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SAI Global Limited
ASX Code: SAI



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Company & History

On Listing (Dec 2003):

- Formerly a subsidiary of Standards Australia
- Listed in Dec 2003 with two businesses that had strong domestic market positions:
 - **Business Publishing** – exclusive 15+5 year publishing licence agreement (PLA) to sell Australian standards but:
 - Low historical growth profile
 - Need to reduce reliance on PLA
 - **Assurance Services** – strong domestic brand and franchise, but:
 - Modest growth profile
 - Changing industry dynamics

	FY04
• Revenue	A\$97M
• EBITDA	A\$16M
• NPAT	A\$8.7M
• EPS	8.3 cents

SAI Today:

- S&P ASX 200 company
- Presence in 29 countries
- Three global businesses:
 - **Information Services**
 - **Compliance Services**
 - **Assurance Services**
- Market cap of circa A\$700M, EV A\$950M
- Shareholder base:
 - 70% Australian institutions
 - 20% foreign institutions (mainly US)
 - 10% retail

	FY12	1H13
• Revenue	A\$452M	A\$238M
• EBITDA	A\$99M	A\$47M
• NPAT	A\$45M	A18M
• EPS	22 cents	9 cents

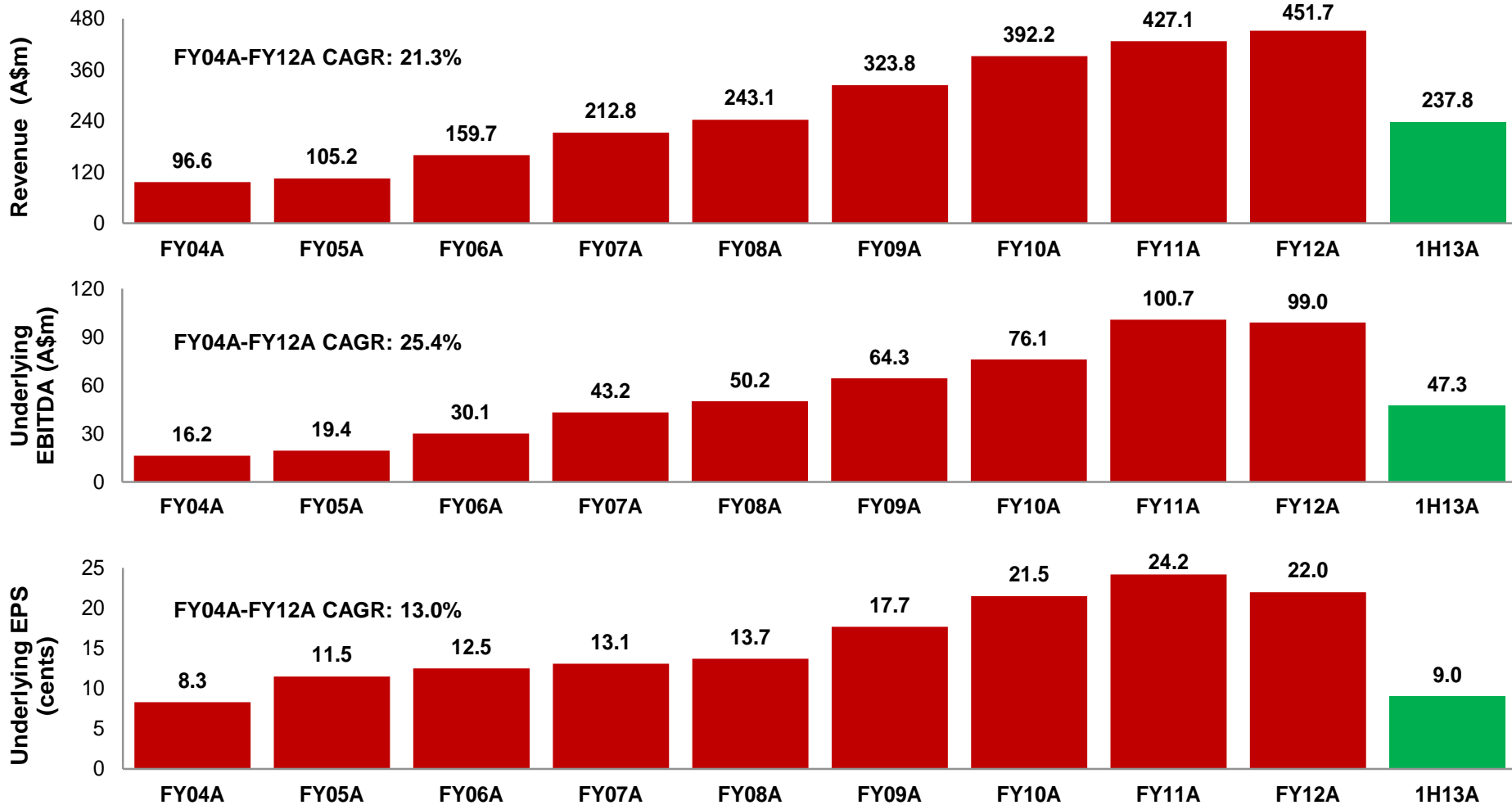


Strategic Development

SAI on listing	Strategic development	SAI today (FY12)
<p>Business Publishing</p> <ul style="list-style-type: none"> • Revenue A\$29M, EBITDA A\$8M • Strong domestic franchise but reliant on single contract (PLA) • Mature market with low growth outlook 	<ul style="list-style-type: none"> • ILI acquisition in 2006: broadened access to content, moved into workflow (database) solutions, reduced reliance on PLA • Anstat acquisition in 2006: added a legal publishing and property information business • Name changed to “Information Services” in 2009: reflect transition from publisher to provider of information workflow solutions • Espreon acquired in 2010: gave property information business a national footprint, added property settlement workflow solution 	<p>Information Services</p> <ul style="list-style-type: none"> • Rev A\$200M, EBITDA A\$50M • Two verticals: Standards, Property
<p>Assurance Services</p> <ul style="list-style-type: none"> • Revenue A\$68M, EBITDA A\$8M • Strong domestic franchise underpinned by “5 ticks” StandardsMark • Vulnerable to global competitors 	<ul style="list-style-type: none"> • Acquired EFSIS in UK in 2006: established presence in Europe, significantly enhanced presence in food assurance • Acquired QMI in North America in 2008: added scale and a leading brand in fragmented North American market • Numerous small “bolt-on” acquisitions: enhanced geographic footprint, and improved capability • Investment in technology: establish competitive advantage, drive productivity improvements 	<p>Assurance Services</p> <ul style="list-style-type: none"> • Rev A\$169M, EBITDA A\$32M • Presence in 29 countries • Recognised global player • Established position in fast growing food sector
	<ul style="list-style-type: none"> • Compliance Services division established to accelerate organic growth profile: “regulatory compliance services“ was a natural extension of the existing businesses • Acquired Easy i (2005), Midi (2007) and Integrity Interactive (2011) : delivered a leadership position in on-line ethics training and awareness • Acquired Anstat (2005), Cintellate (2009) and Compliance 360 (2012): delivering a leadership position in GRC workflow solutions 	<p>Compliance Services</p> <ul style="list-style-type: none"> • Rev A\$84M, EBITDA A\$28M • Leadership positions in ethics training and awareness, and governance, risk and compliance (GRC) solutions



Financial History





Geographic Footprint

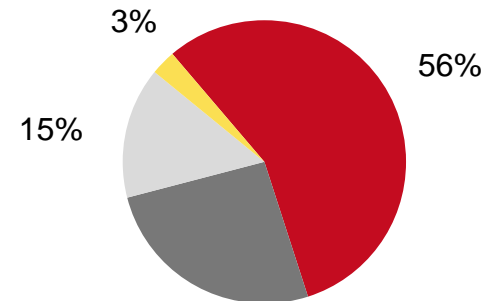
Global presence



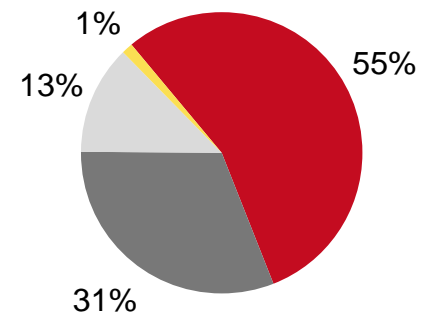
- Presence in 29 countries across Asia-Pacific, EMEA and North America
- 1,800 employees, circa 50% outside Australia

Earnings contribution – FY12

Revenue





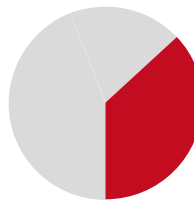
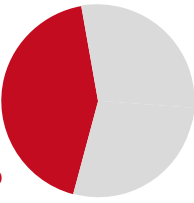
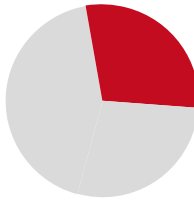
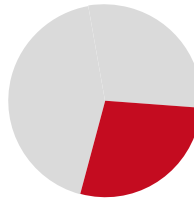
EBITDA



■ Australia ■ North America ■ EMEA ■ Asia



Financial Profile

	Information Services	Compliance Services	Assurance Services
Revenue contribution – FY12	 <p>44%</p>	 <p>19%</p>	 <p>37%</p>
EBITDA contribution – FY12	 <p>43%</p>	 <p>28%</p>	 <p>29%</p>
EBITDA margin - FY12	24.7%	33.1%	19.1%
EBITDA CAGR FY07 – FY12	9.6%	42.1%	20.8%



Business snapshot – three global businesses

Information Services

- Content led information management and workflow solutions including distribution of standards and legislation as well as mortgage processing services
- ✓ **Exclusive distribution agreement with Standards Australia and Australia's largest mortgage settlement services business**

Assurance Services

- Product, system and supply chain auditing, certification and registration across industries including food, health, and manufacturing
- ✓ **Fragmented industry with strong organic and inorganic growth opportunities**

Compliance Services

- Technology led products and services for best-in-class governance, compliance and ethics training and awareness
- ✓ **A comprehensive suite of products and services across training and awareness, governance, risk, and compliance, hotline and incident management**



Business snapshot – overview of operations

Information Services

- Distribution of regulatory standards and legislation
- Supply of information databases and workflow solutions
- Property information brokerage:
 - Land Titles
 - Property certificates
 - ASIC, ITSA, PPSR
- Mortgage processing services:
 - Pre-settlement
 - Settlement
 - Post-settlement

Assurance Services

- Auditing and certification of products, processes and systems;
 - Management systems auditing
 - Product certification
 - Local and international standards compliance certification
 - Supply chain management
 - Training and improvement services

Compliance Services

- Governance, risk management, and ethics training and awareness solutions:
 - Advisory services relating to compliance needs and solutions
 - Regulatory newsfeeds and alerts
 - Online compliance training and awareness
 - Governance, risk and compliance (GRC) platform
 - Whistleblower hot-line
 - Implementation consulting services



Business snapshot – key features

Information Services

Standards:

- One of the largest global distributors of standards
- Dominant market position in Australia
- High margin business with no customer concentration

Property:

- Australia only business
- Largest provider of information brokerage and mortgage processing services
- Revenue dependent on transaction volumes, not values
- Contracts with ANZ and CBA

Assurance Services

- Market leading position in Australia underpinned by “5 Tick” StandardsMark
- Growing presence in retail agri-food (circa 25% of revenue)
- High levels of recurring revenue (>90%) in the auditing business
- Blue chip clients in food, auto, health, manufacturing, mining and aerospace

Compliance Services

- Recognised global leader in the provision of award-winning online compliance and ethics training and awareness titles
- Industry leading SaaS-based GRC platform (Compliance 360)
- Blue chip clients across many industries including healthcare, pharma, financial services, mining and energy



Market dynamics – competitive environment

Information Services

- **Standards:**
IHS, SDO's,
Thomson Reuters,
Perinorm, UL
- **Property:**
FMS, HP, Citec
Scott Ashwood,
Leap Searching,
Veda, Gadens,
Global X

Assurance Services

- **Listed:**
Bureau Veritas,
SGS, Intertek
- **Other:**
BSI, DNV, UL,
Lloyds Register,
TUVs, NSF-CMI,
Kiwa

Compliance Services

- **e-Learning:**
LRN
Corpedia (NYSE)
- **GRC, alerts,
whistleblower:**
Thomson Reuters,
Wolters Kluwer,
Reed Elsevier,
B Wise (Nasdaq),
Navex (Riverside
Capital)



Market dynamics – revenue

	Information Services	Assurance Services	Compliance Services																								
Sources of revenue	<ul style="list-style-type: none"> ▪ Transactional ▪ Subscription 	<ul style="list-style-type: none"> ▪ Daily rates ▪ Annual fees ▪ Fee for service (training) 	<ul style="list-style-type: none"> ▪ Multi-year subscription ▪ Enterprise license ▪ Fee for service (implementation and advisory services) 																								
Nature of revenue streams	<table border="1"> <tr> <th>Category</th> <th>Percentage</th> </tr> <tr> <td>Annuity style</td> <td>15%</td> </tr> <tr> <td>Non-discretionary</td> <td>83%</td> </tr> <tr> <td>Discretionary</td> <td>2%</td> </tr> </table>	Category	Percentage	Annuity style	15%	Non-discretionary	83%	Discretionary	2%	<table border="1"> <tr> <th>Category</th> <th>Percentage</th> </tr> <tr> <td>Annuity style</td> <td>78%</td> </tr> <tr> <td>Non-discretionary</td> <td>2%</td> </tr> <tr> <td>Discretionary</td> <td>20%</td> </tr> </table>	Category	Percentage	Annuity style	78%	Non-discretionary	2%	Discretionary	20%	<table border="1"> <tr> <th>Category</th> <th>Percentage</th> </tr> <tr> <td>Annuity style</td> <td>68%</td> </tr> <tr> <td>Non-discretionary</td> <td>25%</td> </tr> <tr> <td>Discretionary</td> <td>7%</td> </tr> </table>	Category	Percentage	Annuity style	68%	Non-discretionary	25%	Discretionary	7%
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Market dynamics – size, growth and margin outlook

	Information Services	Assurance Services	Compliance Services
Estimated market size	<ul style="list-style-type: none"> ▪ Standards distribution – US\$900M ▪ Workflow solutions – US\$4Bn ▪ Property information brokerage and mortgage processing – A\$700M (Australia only) 	<ul style="list-style-type: none"> ▪ Management systems – A\$4Bn ▪ Product certification – A\$3Bn ▪ Food assurance – A\$1Bn 	<ul style="list-style-type: none"> ▪ Ethics online training courseware – US\$200M ▪ GRC workflow solutions – US\$2Bn ▪ Whistleblower – US\$100M ▪ Other compliance related – very large
Medium term organic growth outlook	<ul style="list-style-type: none"> ▪ Revenue: 4% to 6% ▪ EBITDA Margin: 25% to 30% 	<ul style="list-style-type: none"> ▪ Revenue: 5% to 7% ▪ EBITDA Margin: 16% to 20%+ 	<ul style="list-style-type: none"> ▪ Revenue 8% to 12% ▪ EBITDA Margin: circa 35%



Investment highlights

- **Experienced management team**
 - Extensive experience realising value from acquisitions
 - Management team recently strengthened
- **Amongst industry leaders in chosen markets**
 - Dominant position in standards distribution in Australia
 - The leading global provider of ethics training and awareness courseware
 - A recognised global service provider with strong brand recognition of proprietary certification mark in Australia, “5 Tick” StandardsMark
- **Defensive, recurring style revenue streams**
 - c.50% of group revenue is recurring (subscriptions and renewable contracts)
 - c.40% of group revenue is non-discretionary products and services
- **Attractive EBITDA margins**
 - EBITDA margins have averaged 21.6% from FY10 to FY12



Investment highlights

- **Significant growth opportunities in key sectors**
 - Strong organic growth expected from Compliance Services, particularly governance, risk and compliance (GRC)
 - Strong organic growth expected from food related services in the Assurance Services business
 - Further consolidation likely in the fragmented Compliance and Assurance businesses
 - Opportunities to add new verticals to the Information Services business

- **Attractive long-term demand drivers**
 - Increasing focus on corporate governance, regulation and compliance by all stakeholders
 - Continual regulation changes driving the pipeline of opportunities
 - Industry globalisation and outsourcing complexity
 - Demand for embeddable, lower cost, workflow solutions

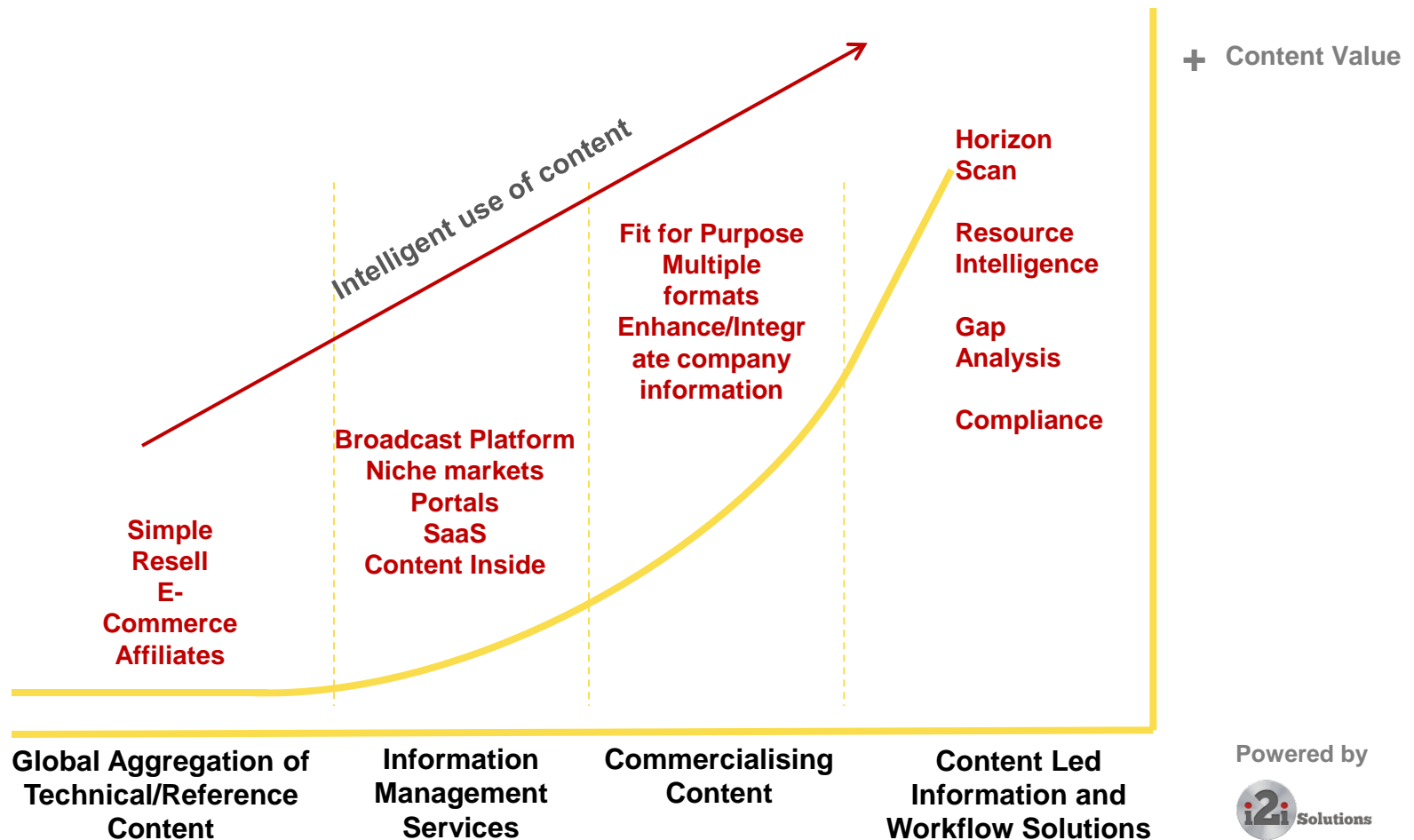


Strategy

- **Transform Information Services from predominantly distribution to added value / workflow businesses**
 - **Standards:** Continue transformation of Information Services from a distribution to an added value / workflow business whilst optimising the core business
 - **Property:** Complete CBA implementation and rollout workplace capability. Take advantage of Search Manager and Conveyancing Manager products to grow information brokerage revenue.
- **Achieve turnaround in performance of the compliance business by addressing current operational issues. Position the business to take maximum advantage of the strong demand drivers inherent in the compliance space**
- **Create differentiation in Assurance through a segmented approach delivering speed and accuracy for our base business and a portfolio of value added services at the top end**
- **Strategy execution will continue to involve pursuing acquisitions that add required capability and/or deliver market leading positions in identified markets, product sets or industry verticals**

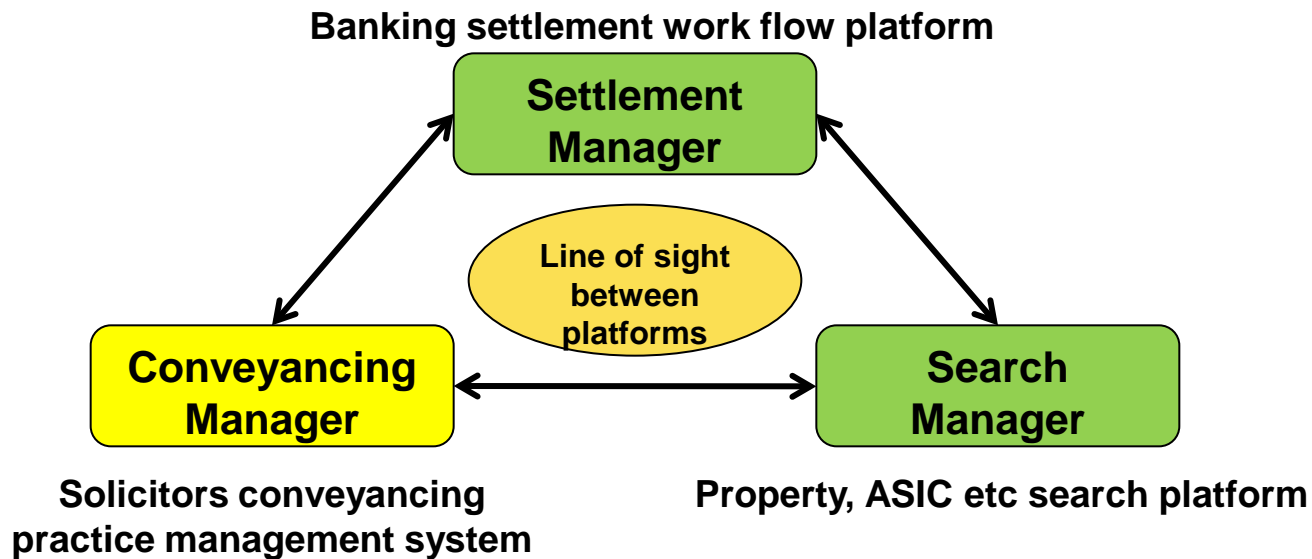


Standards - Solutions to Build Value from Content





Property – Overview of Strategy



Leading provider of mortgage services and related information

- Secure, stable, scalable technology infrastructure
- Solution development capability
- Marketing and sales strength
- Excellent operational capability
- Performance culture

2015 State

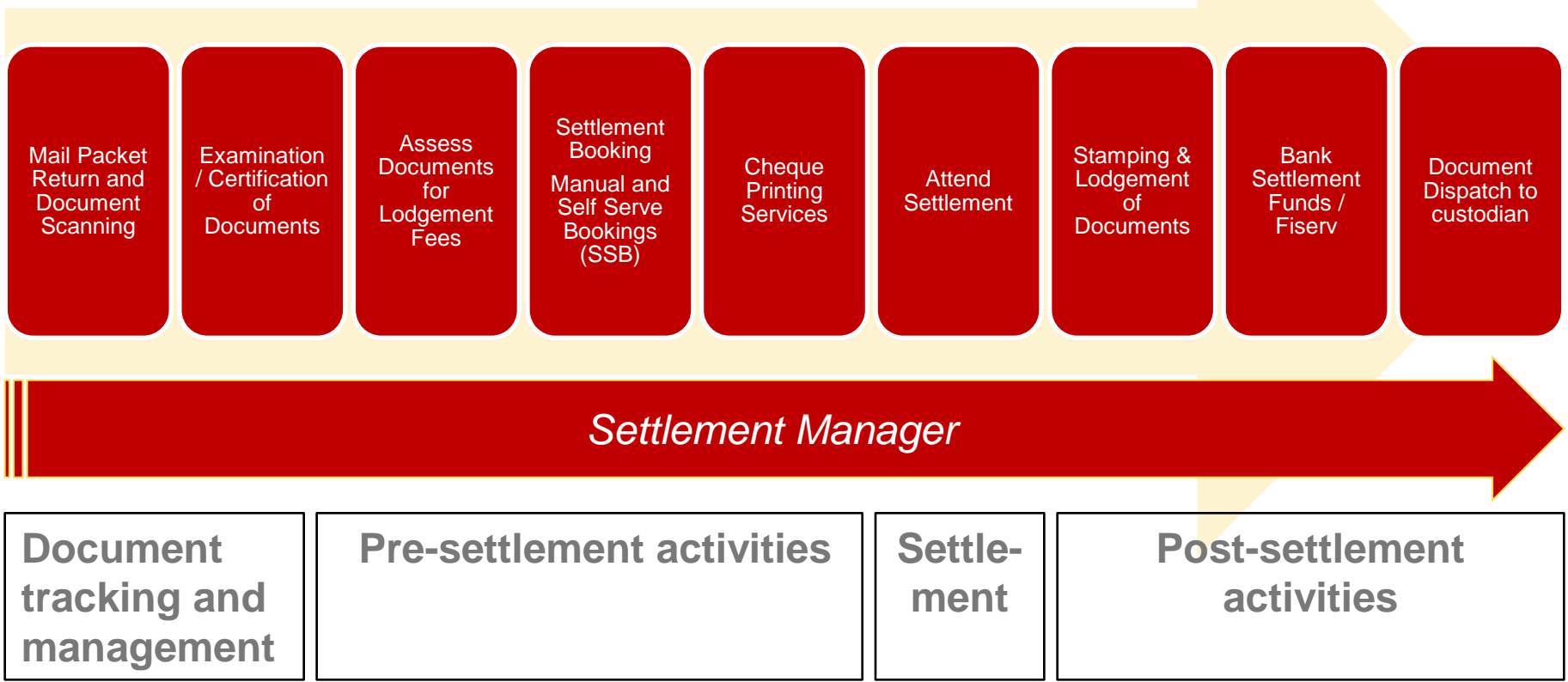
- Processing > 50% of settlements
- Scalable settlement platform
- Leading conveyancing platform
- Leading search platform
- Line of site between platforms
- Operational excellence embedded
- High brand awareness
- Partnerships adding value

Customers will see

- SAI as preferred partner
- Solutions that work with SLA's met
- Lower cost than alternatives
- Visibility through transaction cycle
- Excellent service

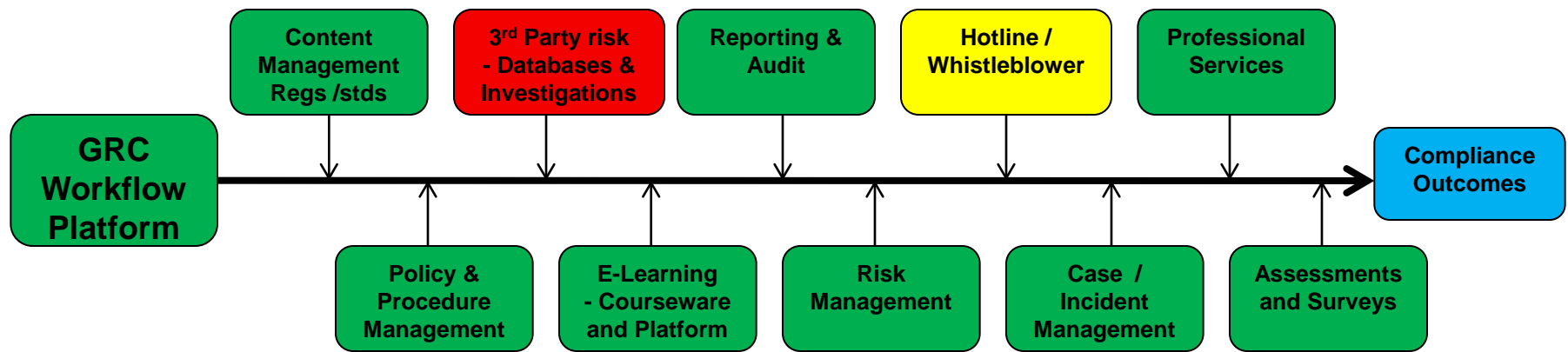


Property – Mortgage processing solutions





Compliance – Overview of strategy



SUBJECT MATTER: Ethics and code of conduct, fraud and corruption control, EHS etc

INDUSTRY VERTICALS: Healthcare, pharmaceutical, financial services, mining and energy etc

A Global Leader

- “Own” products, topics, sectors
- Suite of integrated solutions
- World class technologies
- Product management / innovation
- Excellent service delivery
- Organisation strength
- Financial strength

2015 State

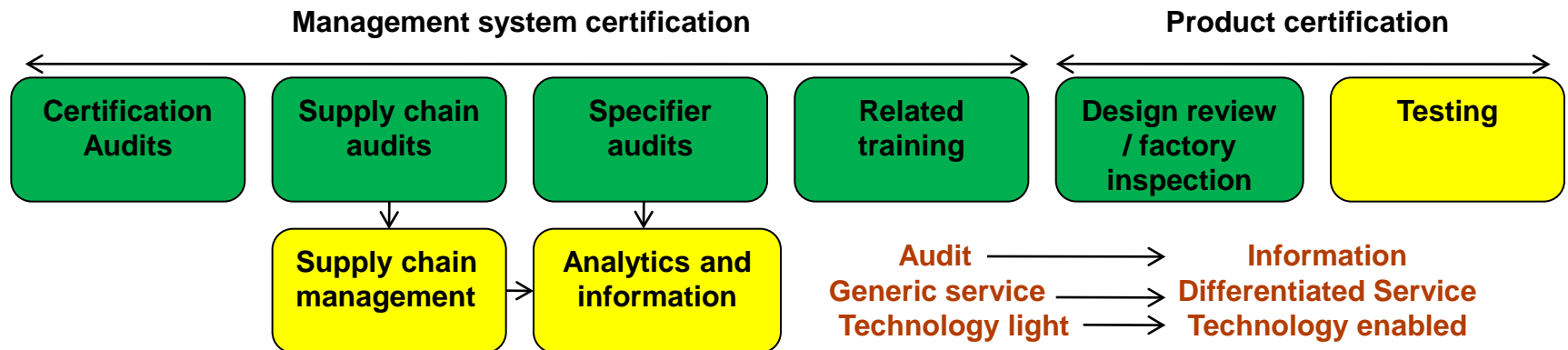
- Leader in GRC and e-learning
- Leader in ethics, code and B&C
- Integrated solutions through GRC
- Consolidated platforms and courseware engine
- Multiple delivery mechanisms
- Global consistency
- Excellent service capability

Customers will see

- Visibility through one portal
- Flexibility – online, offline, mobile
- Ability to deliver key solutions
- Everything just runs
- Expert (sales, service, product) engagement with SAI
- Service excellence



Assurance – Overview of strategy



SUBJECT MATTER:	Quality, food, environmental, health & safety etc
INDUSTRY VERTICALS:	Food, automotive, aerospace, manufacturing, mining and energy etc

Establish sustainable competitive advantage

- Global capability
- Services tailored by customer type
- Outstanding customer service
- Performance culture
- Focus on growth sectors
- Low cost core delivery engine

2015 State

- Global service delivery platform
- Latin America presence
- Stronger European presence
- Information delivery at top end
- Fast, efficient at “small” end
- SCM and analytics well developed
- Everything measured / managed
- Food sector developed globally

Customers will see

- Larger customers – valuable information on their business & supply chain
- Globally consistent approach
- Small customers – fast / efficient service
- Excellent service



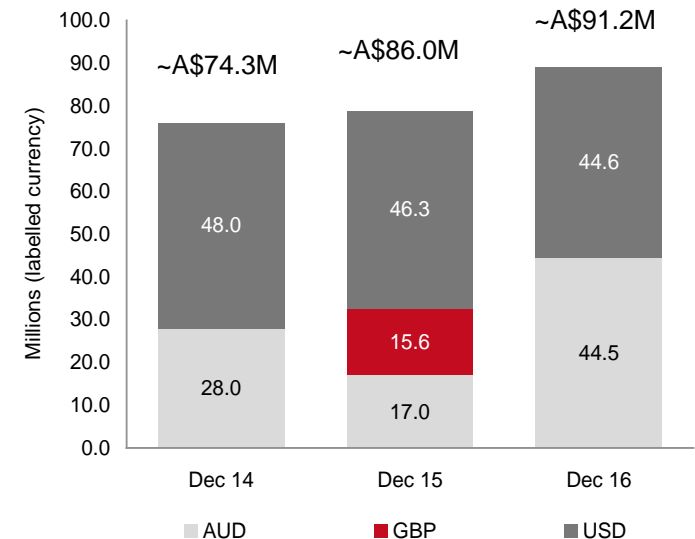
Balance Sheet

June YE: A\$m	1H13	FY12
Cash	42.3	43.9
Intangibles	551.4	557.5
Other assets	184.6	184.4
Total assets	778.3	785.9
Debt	251.6	254.0
Deferred revenue	65.7	70.7
Other liabilities	87.4	93.9
Total liabilities	404.6	418.6
Net assets	373.7	367.2
Net gearing¹	35.9%	36.4%
Interest cover²	6.8x	6.8x
Net asset backing (c)	180.5	179.8

¹ net debt / net debt + equity

² underlying EBITDA / interest expense

Borrowing facilities:
A\$350M (A\$98M undrawn)
committed multi-currency
syndicated facility with
three Australian majors





Cash Flow

June YE: A\$m	1H13	FY12	FY11
EBITDA	47.3	95.6	95.8
Less: net interest	(6.8)	(13.6)	(11.7)
Less: tax paid	(6.0)	(16.4)	(15.4)
Less: capital expenditure	(14.5)	(31.4)	(16.7)
Free cash flow	20.0	34.2	52.0
Operating cash flow	29.5	58.4	54.6
<i>Add back tax paid</i>	<i>6.0</i>	<i>16.4</i>	<i>15.4</i>
<i>Add back net interest paid</i>	<i>6.8</i>	<i>13.6</i>	<i>11.7</i>
Ungearred pre-tax operating cash flows	42.3	88.4	81.7
EBITDA	47.3	95.6	95.8
Cash conversion¹	89%	92%	85%

¹ ungearred pre-tax operating cash flows / EBITDA



Outlook

- A stronger than normal bias to the second-half result is expected as revenues increase and costs remain relatively stable
- The second-half is expected to benefit from:
 - An uplift in the property services business driven by the ANZ contract and the continuing ramp up of services provided to CBA
 - An improved performance from the Standards business
 - A stronger second-half from the Assurance business
- As noted in February, we will outline the go-forward plan for the development of the “next generation” Compliance platforms at the end of May



Outlook (continued)

- Based on trading through to the end of March expected FY13 outcomes¹ are unchanged as follows:

	Statutory & Underlying
EBITDA:	Between A\$100M and A\$105M
NPAT:	Between A\$40.5M and A\$44.0M

1. Based on assumed average second-half exchange rates of AUD: USD 1.0400; AUD:GBP 0.6500