



SAI Global Limited
ASX:SAI

MACQUARIE
AUSTRALIA
CONFERENCE

MAY 2014



Disclaimer

This document has been prepared by SAI Global Limited (SAI) and comprises written materials/slides for a presentation concerning SAI.

This presentation is for information purposes only and does not constitute or form part of any offer to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Certain statements in this presentation are forward looking statements which can be identified by the use of words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “may”, “assume”, and words of a similar nature. These forward looking statements are based on expectations and beliefs current as of the date of this presentation, being 7 May 2014, and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performance and achievement to differ materially from any expected future results, performance or achievement expressed or implied by such forward looking statements.

No representation, warranty or assurance (expressed or implied) is given or made by SAI that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, SAI and its representative officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

Subject to any continuing obligation under applicable law or any relevant listing rules of the ASX, SAI disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of SAI since the date of this presentation.



SAI Global

We use data, process and information:

- **To reduce risk and add value to our customers' businesses.**
- **To become the partner of choice for practical business process improvement.**
- **To help our clients build a bond of trust with their customers.**



Three global businesses

Information Services

- Content led information management and workflow solutions including distribution of standards and legislation
- Information brokerage and mortgage processing services (in Australia only)
- ✓ Increasing use of intelligence to add value to content
- ✓ Australia's largest mortgage settlement services business

Assurance Services

- Management system, supply chain, product certification & verification across industries including food, health, aerospace, automotive and manufacturing
- ✓ Global business
- ✓ 30% of business in Retail Agri-food
- ✓ Highly respected "5 tick" StandardsMark

Compliance Services

- Full range of governance, risk and compliance (GRC) software applications and learning solutions
- Designed to make compliance easier, less costly and more manageable
- ✓ Industry leading SaaS based GRC platform
- ✓ Recognised global leader in online compliance training and awareness



Business snapshots

Information Services

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

Assurance Services

- 3rd party standards based certification
- 2nd party verification, inspection and test
- Value added services:
 - Supplier on-boarding
 - Supplier compliance
 - Product approvals
 - Complaints' management
- Standards facilitation
- Training
- Improvement solutions
- Product certification

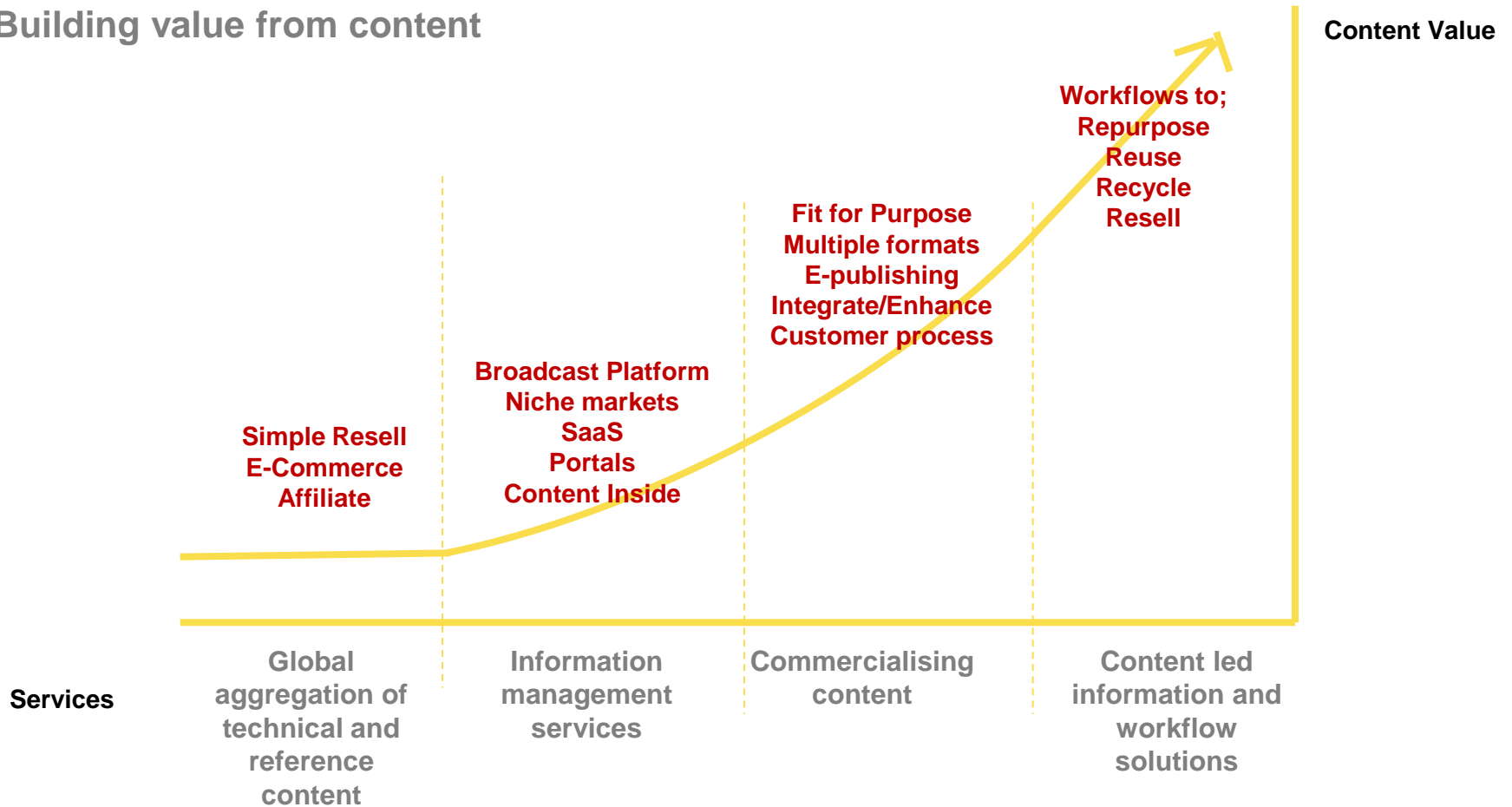
Compliance Services

- Compliance program design
- Compliance training and awareness
- GRC workflow solutions, including:
 - Policy management
 - Incident management
 - Third party risk management
 - Internal audit
 - Risk management
 - “Virtual Evidence Room” demonstrating program effectiveness and audit-readiness



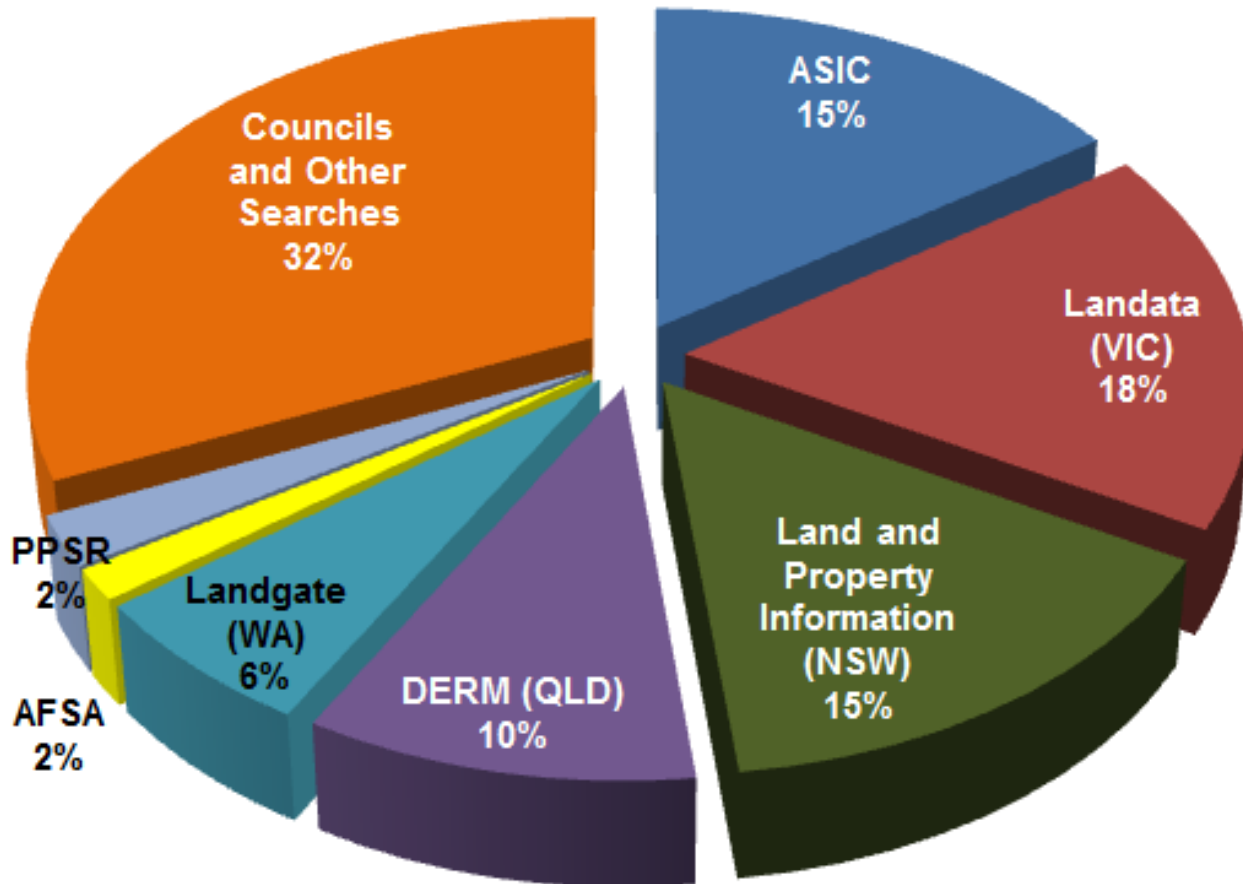
Information Services - Standards

Building value from content



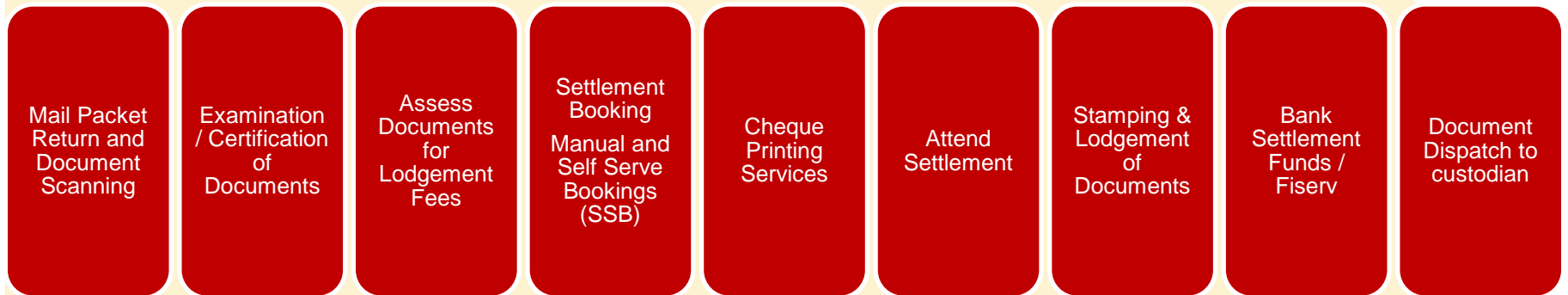


Information brokerage - sources of revenue (FY13)

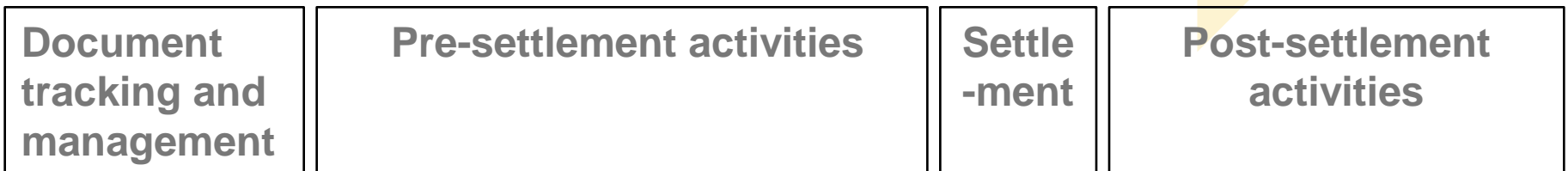




Mortgage processing solutions



“Conveyancing Manager”, “Settlement Manager” & “Settlement Room”





Compliance Services





-  **Compliance Workspace**
(regulations, legislation, standards)
-  **ERM**
-  **Audits**
-  **Living Code**
-  **Certification**
-  **Policy Management**
-  **Content Library**
-  **Instructor lec**
-  **5,000+ Translations**
-  **Third Party Risk Management**
-  **Gifts & Hospitality**
-  **Incident Management**
-  **Conflicts of Interest**
-  **Surveys & Assessments**
-  **Virtual Evidence Room**
-  **Dashboards & Reports**

 **Advisory**

 **Solutions**

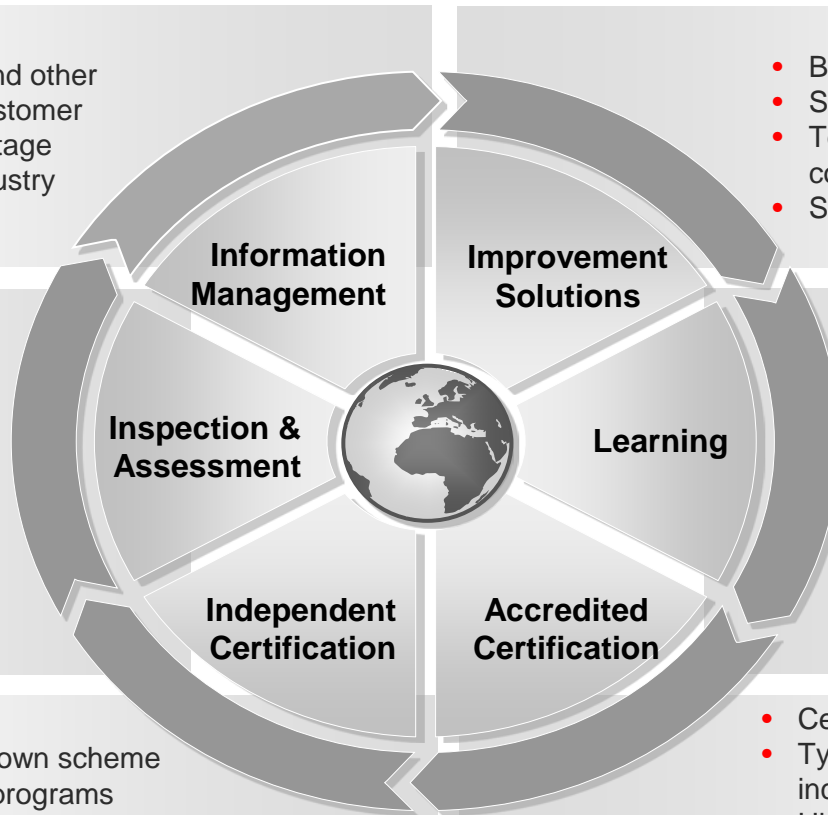


Assurance Services

- Collecting data (from audits and other sources) and turning it into customer insight and competitive advantage
- Benchmarking tailored for industry verticals

- Assessment and inspections
- Frequently bundled with improvement solution and information management
- Includes 1st and 2nd party audits
- Often a customised service offering

- Certification against a clients own scheme for their supplier compliance programs
- Certification to SAI developed schemes



- Business improvement consulting
- Supplier compliance
- Technical Services – product approvals, complaints management, supplier approvals
- Standards facilitation

- Certification focused training
- Food safety training
- Bespoke client courses
- Growing online business

- Certification to 3rd party standards
- Typically International standards (ISO), but includes nationally accredited schemes
- Highly respected “5 tick” mark for product certification



Geographic Footprint

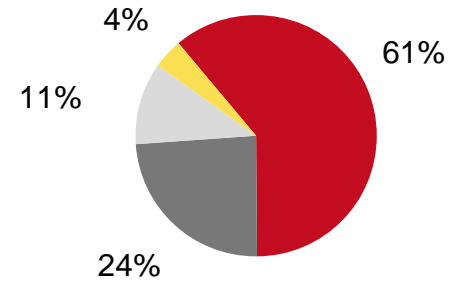
Global presence



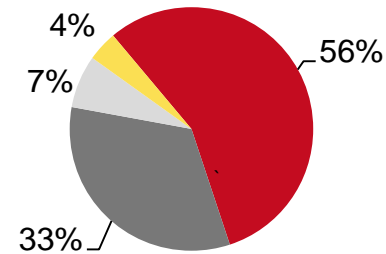
- Presence in 30 countries across Asia-Pacific, EMEA and North America
- 2,020 FTE, circa 53% outside Australia

Earnings contribution – FY13

Revenue



EBITDA



■ Australia ■ North America ■ EMEA ■ Asia



Market dynamics – competitive environment

Information Services

- **Standards:**
IHS, SDOs,
Thomson Reuters
- **Property:**
FMS, HP, Citec
Confirm, Infotrack,
Veda, Gadens,
Global X,
Mortgage Services
Australia, PEXA

Assurance Services

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

Compliance Services

- **e-Learning:**
LRN
Corpedia (NYSE)
- **GRC workflow solutions:**
Thomson Reuters,
Wolters Kluwer,
Navex,
MetricStream



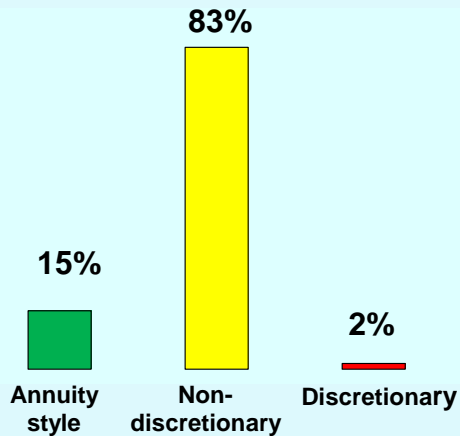
Market dynamics – revenue

Information Services

Sources of revenue

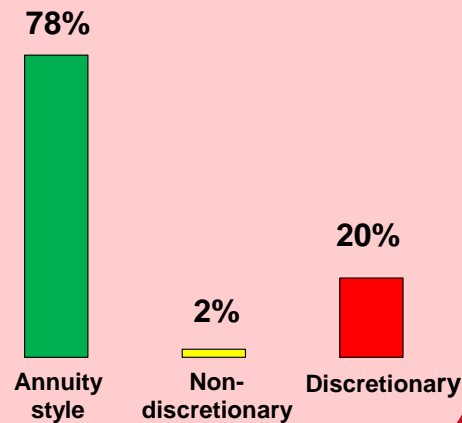
- Transactional
- Subscription

Nature of revenue streams



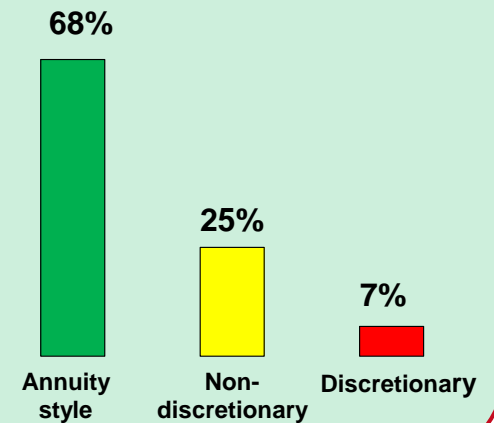
Assurance Services

- Daily rates
- Annual fees
- Fee for service (training)



Compliance Services

- Multi-year subscription
- Fee for service (professional, implementation services)





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\$1.4Bn Workflow solutions – large Information brokerage and mortgage services – A\$0.8Bn – 1Bn (Australia only) 	<ul style="list-style-type: none"> Management systems – A\$9Bn Product certification – A\$50Bn (incl. testing) Food assurance – A\$10Bn (excl. testing) 	<ul style="list-style-type: none"> Ethics online training and GRC workflow solutions – US\$1-2Bn 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%
Estimated market share	<ul style="list-style-type: none"> ST&I – circa 4% Property – circa 20% 	<ul style="list-style-type: none"> Management systems – circa 1% Food – circa 0.5% 	<ul style="list-style-type: none"> Circa 8%



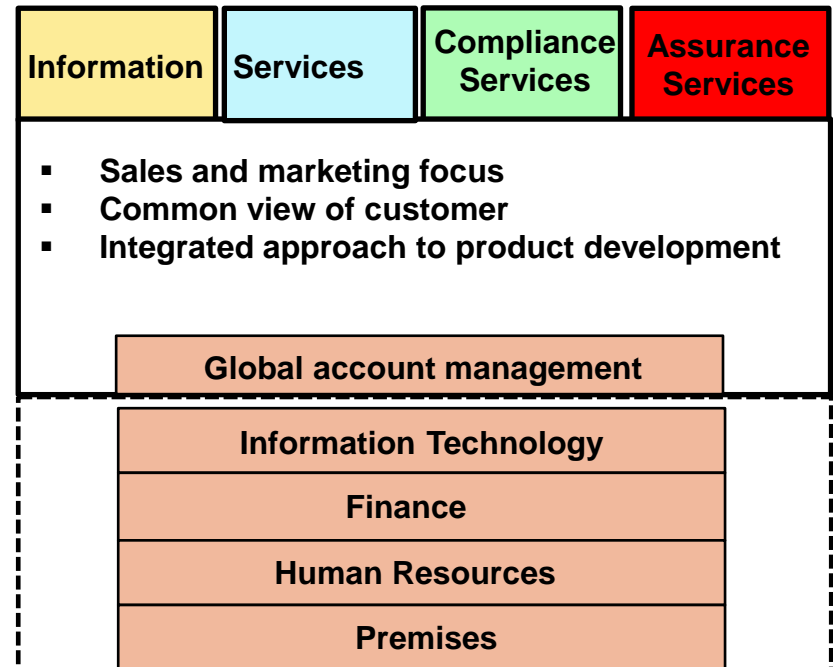
Operating structure

Current operating structure:

Information Services		Compliance Services	Assurance Services
Standards and Technical Information (ST&I)	Property: Information Brokerage and Mortgage Services		
IT	IT	IT	IT
Finance	Finance	Finance	Finance
HR	HR	HR	HR
Premises	Premises	Premises	Premises

From a “siloesd” structure.....

Future operating structure:

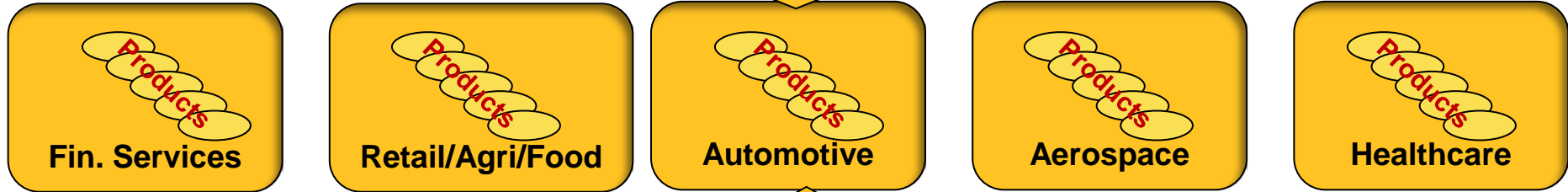


To a more integrated structure.



Future state – front end

Key Account Management – Clients and Sector

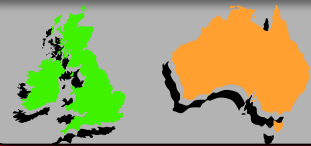


**Regional Sales / Marketing
with Global Strategy**



Regional Filter

Understanding local product variants – regulatory / cultural / market conditions

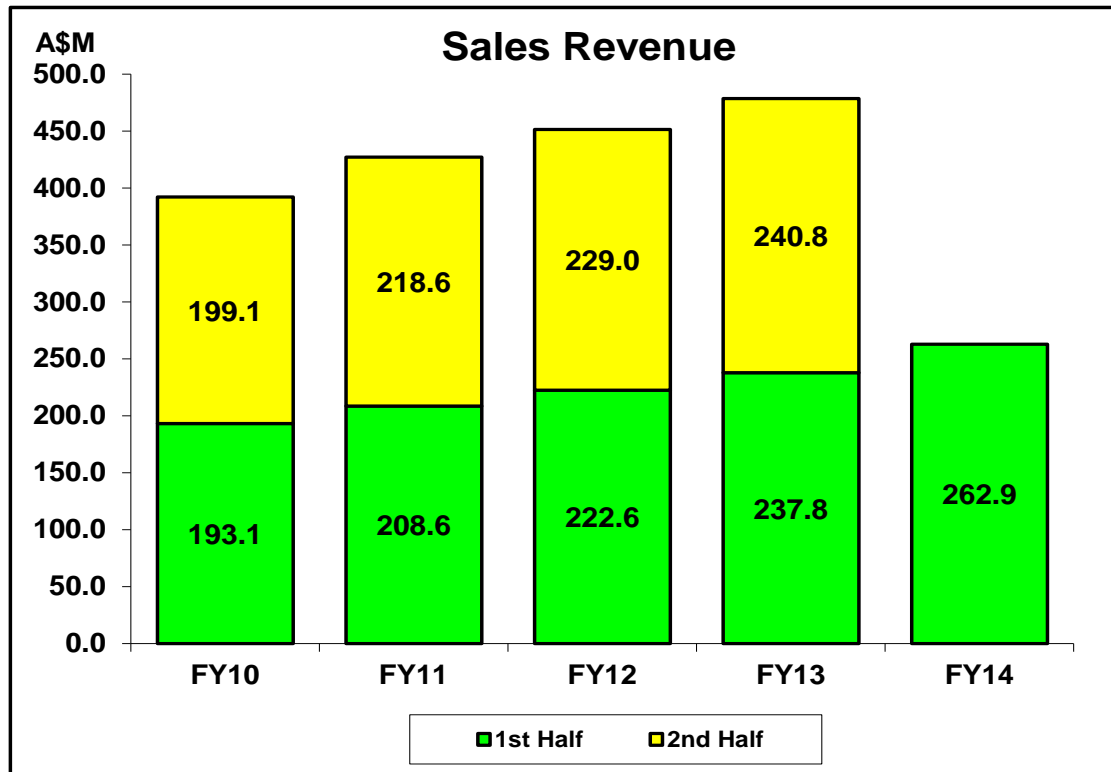


**Product and Services
SAI Global**





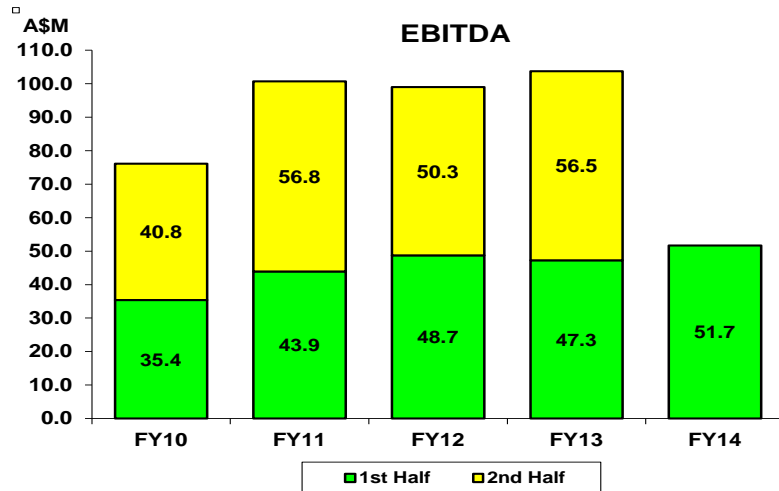
Consolidated Trends – Sales Revenue



Revenue growth continues to trend positively driven by organic and acquisition growth.....

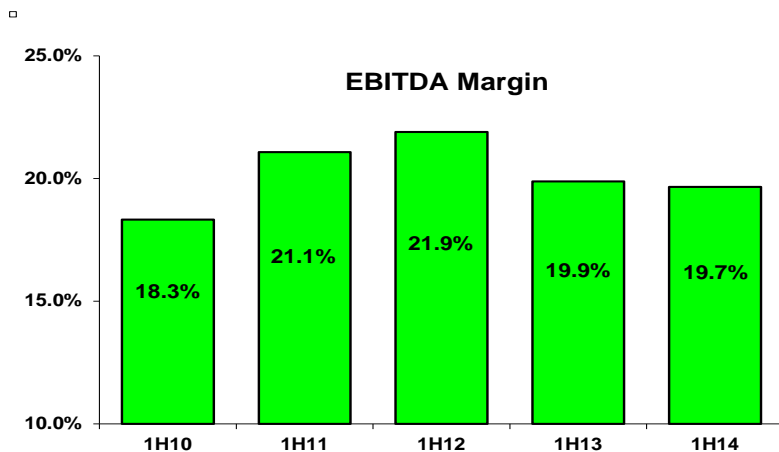


Consolidated Trends – Underlying EBITDA¹



Underlying EBITDA has “flat-lined” and operating margins have fallen.

Restoring operating leverage through a focus on costs is a key short-term priority



1. Before the impact of significant charges



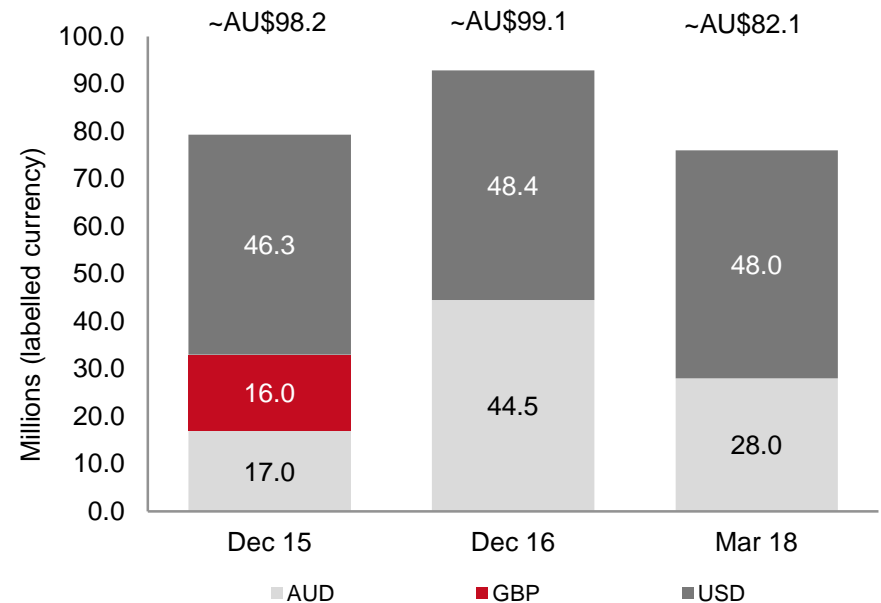
Balance Sheet

A\$m	DEC 13	JUN 13
Cash	73.0	64.0
Intangibles	530.2	515.1
Other assets	206	198.4
Total assets	809.2	777.5
Debt	279.8	272.0
Deferred revenue	72.1	75.2
Other liabilities	104.3	92.9
Total liabilities	456.2	440.1
Net assets	353.0	337.4
Net gearing¹	36.9%	38.1%
Interest cover²	8.3x	7.3x
Net asset backing (c)	167.7	161.1

¹ net debt / net debt + equity

² underlying EBITDA / interest expense

Borrowing facilities:
A\$329M (A\$49M undrawn)
committed multi-currency
syndicated facility with
three Australian majors





Cash Flow

\$M	1H FY14	1H FY13	Change
Underlying EBITDA	51.7	47.3	9.3%
Less: net financing charges	5.9	6.8	(14.4%)
Less: income tax paid	4.7	6.0	(21.3%)
Less: capital expenditure	11.7	14.5	(19.1%)
Free cash flow	29.4	20.0	47.0%

\$M	1H FY14	1H FY13	Change
Operating cash inflow	36.3	29.5	23.1%
Add back: significant charges ¹	2.5	-	
	38.8	29.5	31.7%
Add back: net financing charges	5.9	6.8	(14.4%)
Add back: income tax paid	4.7	6.0	(21.3%)
Ungearred pre-tax operating cash flows	49.4	42.3	16.8%
Underlying EBITDA	51.7	47.3	9.3%
Cash conversion ratio	95.6%	89.4%	6.0%

1. Cash outflows relating to significant charges



Outlook

- From a business perspective we will continue to focus on:
 - Completing the restructure of Compliance and managing the development of the next generation learning platform.
 - Positioning the Property business for manual and electronic conveyancing.
 - Implementing the recommendations flowing from the Information Technology review.
 - Rolling out the new support platforms.
 - Efficiency and productivity gains to improve margin and leverage at both an internal and customer level across the business.
- Each of the initiatives above will continue to require both capital investment and operational support during the second-half.
- The company has grown the cost base and invested heavily in capital projects over recent years; in part to address operational issues and globalise the business (Compliance Services); in part to accommodate major new business wins (Property Services) and in part to improve IT infrastructure generally across all of the company's operations (predominantly Assurance Services and Corporate).



Outlook

- As the company begins to move on from this phase of its development there will be increased focus on efficiency and productivity gains to improve margins and the operating leverage across the business
- In February we reiterated full-year guidance as follows:
 - Revenue growth of 8-10% in FY14.
 - Lower growth in EBITDA for the reasons stated above.
 - An NPAT result broadly in line with that achieved in FY13 (before the FY13 impairment charge).
- We are continuing to analyse opportunities to accelerate efficiency and productivity gains.
- These initiatives will always be premised upon returning the business to profitable growth and improved operating margins as soon as practicable.