



COMPUTERSHARE LIMITED (ASX:CPU)

**FINANCIAL RESULTS
FOR THE FULL YEAR ENDED 30 JUNE 2019**

14 AUGUST 2019

NOTE: All figures (including comparatives) are presented in US Dollars (unless otherwise stated).

The non-IFRS financial information contained within this document has not been reviewed or audited in accordance with Australian Auditing Standards.

Copies of the FY19 Results Presentation are available for download at:
<https://www.computershare.com/corporate>

Delivering growth, investing for sustained returns

FY19 Results overview

		Management results ¹			
Revenue		EBITDA		EPS	
\$2,411.4m	4.8%	\$685.9m	10.2%	71.46 cents	12.8%

Statutory EPS		Return on Equity		Dividend per share	
Actual		Actual		Final	
76.57 cents	38.8%	26.4%	30bps	AU 23 cents	9.5%

¹ Management results are expressed in constant currency unless otherwise stated. Constant currency equals FY19 results translated to USD at FY18 average exchange rates.

CEO Overview

Stuart Irving CEO said, "Computershare delivered a strong performance with Management EPS increasing by 12.8% in constant currency terms. Earnings were slightly ahead of guidance with improved contributions from all major business lines, margin income gains and a reduced tax rate.

The sound execution of our purposefully designed strategies continues to deliver. Management EBITDA margins increased to 28.4%, up 130 basis points, and return on equity again exceeded 26%.

Given the large contribution from significant one off events that increased FY18 results, we are pleased to surpass this benchmark and deliver ongoing growth.

We continue to lay the foundations for sustained growth with disciplined investments in our growth engines, tight cost controls and selective complementary acquisitions."

Results Summary

Equatex outperformed our initial expectations, making a pleasing contribution to Employee Share Plans' second half results. Integration to a single, market leading technology platform is well underway.

US Mortgage Services delivered a better performance in 2H with margins achieving target levels at 20% PBT towards the end of the year. UPB exceeded \$100bn, with solid growth in capital light sub-servicing. There is scope to carefully scale to c. \$150bn UPB. In UK Mortgage Services, the previously announced delay in migrating loans to our platform is disappointing, and with the decline in the fixed fee revenue, is impacting FY20 Management EPS. Restructuring is underway to improve profitability.

Register Maintenance, our largest business, delivered another excellent result, with revenue growth and further margin expansion despite weaker corporate actions activity.

Margin income increased by \$71.2m to \$251m. Average client balances and achieved yields were higher.

Our disciplined cost out programs continue to progress well, with \$30.7m of additional benefits achieved during the period resulting in over \$80m of gross benefits being realised over the last three years.

MARKET ANNOUNCEMENT

Computershare's strong balance sheet, with the leverage ratio below the midpoint of the target range, supports our ongoing capital management strategy. Today we announce a new AUD\$200m on market share buy-back and an AU 23 cents per share final dividend, +9.5%.

For FY20 in constant currency, we expect Management EPS to be down by around 5.0%.

This guidance is adversely impacted by the delay of platform migration benefits for UK Mortgage Services, as previously announced, and the adoption of IFRS16 accounting for leases. Excluding these two elements, our FY20 forecast would be for Management EPS to increase by around 5.0%.

Growth

- Employee Share Plans – Equatex outperforming initial expectations
 - Growth engine delivering to plan; revenue growth, +29.6%, EBITDA growth, +31.6%
 - Equatex acquisition completed, made a pleasing contribution to 2H results. Integration to single market leading technology platform is well underway and on track. \$30m synergy benefit target affirmed
 - Enhanced exposure to structural growth trends in equity remuneration and HR data analytics. Improvements in customer offering and satisfaction scores (NPS) driving significant new client wins
- Mortgage Services – Strong 2H performance in the US with scope for sustained growth
 - Revenue +18.0%, aided by LenderLive acquisition. High margin ancillary revenues +31.0%
 - UPB \$101.8bn, +25.7%. Capital light sub-servicing growth continued, +34.9%
 - Carefully building additional scale with scope to grow to circa. \$150bn
 - Disappointing delay in migrating final UK loans to CPU platform, as announced at Investor Day. Restructuring underway to restore profitability in FY21
- Issuer Services - Continuing growth and margin expansion in our largest business
 - Register Maintenance revenue +2.4% with excellent growth in US, +5.3%
 - Despite anticipated weak corporate actions activity, segment EBITDA increased 10.2%, assisted by margin income
 - Purposefully designed strategies to leverage core registry skills and strong client relationships in to new, large complementary revenue pools – gaining traction

Profitability

- Continued margin expansion with margin income gains
 - Group EBITDA margin continues to expand, +130 basis points to 28.4% - Consistent range of last 10 reporting periods: 24.1% – 29.4%, reflects high quality core businesses
 - Strong margin income contribution at \$250.7m. Higher achieved yield at 1.74% on \$12.1bn balances exposed to interest rates. \$18.5bn average total client balances
 - Stages 1, 2 & 3 Cost out programs progressing well - \$80.1m of cumulative gross savings over last three years. Opex growth controlled to 2.7%
 - Lower Group management effective tax rate, 26.5% - benefit from favourable 1H settlement of legacy issue

MARKET ANNOUNCEMENT

Capital management

- Strong balance sheet supports ongoing capital management
 - Leverage ratio 1.84x, below midpoint of target range, 1.75x – 2.25x, following acquisitions of Equatex and LenderLive, and growth investments
 - New AUD\$200m on market share buy-back announced, final dividend declared at AU 23cps, +9.5%

Please refer to the 2019 Full Year Results Presentation for guidance assumptions, detailed financial data and the important notice on slide 60 regarding forward looking statements.

For further information:

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