COMPUTERSHARE LIMITED (ASX:CPU)

FINANCIAL RESULTS
FOR THE FULL YEAR ENDED 30 JUNE 2021

10 AUGUST 2021

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.

This announcement was authorised to be given to the ASX by the Board.

Copies of the FY21 Results Presentation are available for download at
https://www.computershare.com/corporate/investor-relations/financial-information/results

MARKET ANNOUNCEMENT

FY21 Results overview

Strong second half performance – delivered on earnings guidance

Management Revenue	Management Revenue ex MI	Management EBIT ex MI
\$2.3bn ⬇ 0.8%	\$2.2bn ⬆ 3.6%	\$336.4m ⬆ 12.6%
Margin Income (MI)	**Management EPS[1]**	**Final Dividend Per Share (AUD)**
\$104.3m ⬇ 47.7%	52.03 cps ⬇ 7.3% vs. Guidance: -8% ⬆ 0.7%[2]	23.0 cps ⬆ Maintained

[1] Management EPS of 52.03 cps is calculated on a pre-rights issue basis. Weighted average number of shares (WANOS) was 540,879,593, down 7.3% vs FY20 Management EPS of 56.12. FY21 Management EPS including rights issue is 50.30 cps. FY20 Management EPS adjusting for the bonus element in the 2021 rights issue is 55.57 cps.

[2] FY21 Management EPS revised guidance assumed EPS would be down around 8.0% vs FY20 Management EPS of 56.12. This is a 70 basis point improvement (7.3% v 8.0%).

CEO Overview

Stuart Irving, CEO, said "Computershare has delivered an improved operating performance in the second half of the year, with a 39% increase in earnings compared to the first half. This enabled us to report Management earnings per share (EPS) for the full year in line with the upgraded guidance we provided in February.

However, EPS for the year was down overall. This was due to record low interest rates reducing margin income and government restrictions on mortgage foreclosures, along with elevated levels of mortgage refinancing, impacting Mortgage Servicing in the United States. We expect some recovery in FY22 as restrictions are lifted.

Positively our key operating businesses of Issuer Services and Employee Share Plans are performing well, benefitting from higher activity levels and stronger equity markets. Overall Management revenue increased, and with disciplined cost controls, margins expanded, excluding the impact of interest rates.

Issuer Services grew revenues across all major business lines. Register Maintenance enjoyed a recovery in shareholder paid fees, new client wins and increased market share. Corporate Actions volumes increased in all our major regions as a result of clients raising capital, improved IPO markets, especially in Hong Kong, and strong M&A activity. In addition, we are successfully building scale in the new Governance Services adjacencies, Registered Agent and Entity Management. Our ability to provide a full suite of solutions and managed services in a combined offer is a clear competitive strength.

Employee Share Plans more than doubled earnings (excluding margin income) in the second half of the year compared to the same period last year. We are making good progress implementing our market-leading platform EquatePlus across Europe and Australia, with over three million participants now live. Transactional revenues recovered as equity markets rallied and units under administration continued to grow as more companies issued equity deeper into their organisations.

A highlight of the year was the announcement in March of our agreement to acquire the assets of Wells Fargo Corporate Trust Services, a leading US provider of trust and agency services to government and corporate clients. On track to complete later this year, the acquisition accelerates our scale in the attractive US corporate trust market. It also provides Computershare with greater exposure to long term growth trends in trust and securitisation products as well as the interest rate environment. The business is to be renamed Computershare Corporate Trust (CCT).

I would like to thank our existing and new shareholders for supporting our rights issue to partially fund the acquisition. We have a clear plan to grow and integrate the business and enhance earnings for shareholders.

With our high level of recurring revenue and capital light businesses, Computershare continues to generate strong free cash flow. Our year-end leverage measure of 1.07 times net debt to EBITDA reflects the proceeds of our completed capital raise. We expect this to increase towards the top of our target neutral zone once the CCT acquisition completes.

FY22 outlook – profitable growth

We expect to deliver earnings growth in FY22. We are making good progress in executing our growth strategies despite challenges in some of our business lines. Our goal is to build stronger, more efficient businesses with greater scale and leverage to positive growth trends.

Management EPS is expected to increase by around 2% in constant currency, after accounting for the impact of the rights issue.

Guidance assumes over 4% EPS growth in our existing business lines. The CCT acquisition is expected to complete in October/November. Accretive on an annualised basis, it should add over 4 cps to earnings in FY22, given its partial second-half weighted contribution to the year. The rights issue will impact us by around 5.6 cps in FY22.

Finally, I would like to thank our teams for continuing to deliver exceptional client outcomes despite the challenges of remote working and numerous false starts of pandemic recovery."

Final dividend

The Board has declared a final dividend of AU 23 cents per share, 60% franked. The record date is 18 August 2021. The dividend will be paid to eligible shareholders on 13 September 2021. This is a payout ratio of 67.4% for FY21.

Please refer to the FY21 Full Year Results Presentation for guidance assumptions, detailed financial data and the important notice on slide 77 regarding forward-looking statements.

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