

## MARKET ANNOUNCEMENT

<b>Date:</b>	2 May 2023
<b>To:</b>	Australian Securities Exchange
<b>Subject:</b>	<b>Macquarie Australia Conference 2023</b>

Attached is a presentation to be delivered at today's investor conference.

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This announcement was authorised to be given to the ASX by the Group CEO.

For more information, visit [www.computershare.com](http://www.computershare.com)

# MACQUARIE AUSTRALIA CONFERENCE

2 May 2023

**Stuart Irving**, Chief Executive Officer and President

**Nick Oldfield**, Chief Financial Officer

CERTAINTY

INGENUITY

ADVANTAGE



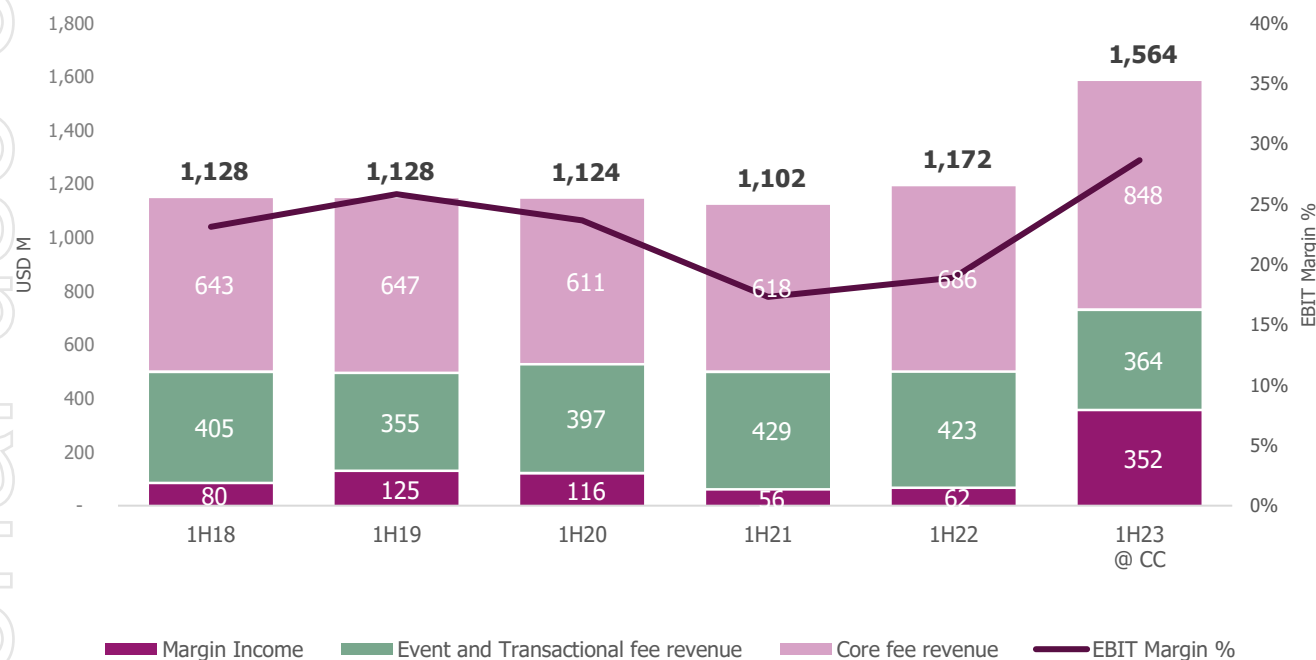
# Key Messages

✓ Integrated business model	Delivering earnings growth and resiliency through the cycle
✓ Strategy to higher quality earnings	Focus on simplifying the portfolio
✓ Strategy to more consistent earnings	Hedging Margin Income – program underway to lock in ~\$300m p.a. through to FY30
✓ Navigating 2H23 conditions	Performing in market volatility – guidance affirmed
✓ Strong free cash flow	\$2billion+ balance sheet capacity for future capital deployment

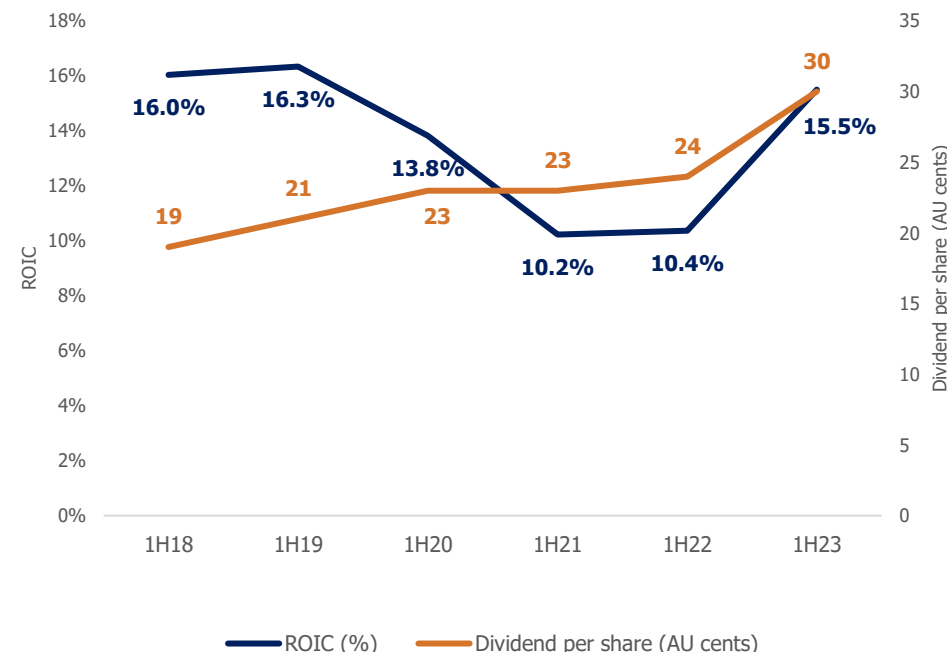
# Computershare's integrated business model

Portfolio of recurring core fees, cyclical event, transaction based revenues and margin income provides strong earnings growth

Total Revenue and EBIT margin



ROIC and Dividend Per Share



## Revenue definitions

- > Event based businesses include Corporate Actions, Stakeholder Relationship Management, Bankruptcy and Class Actions
- > Transactional revenue fees are inclusive of Registry Maintenance (holder/broker paid), Plans transactional fees, US Mortgage Servicing (servicing related fees and other fees).
- > Core fee revenues are inclusive of Register Maintenance (Issuer paid), Governance Services, UK and US Mortgage Servicing (base servicing), Plans & Vouchers (excluding Plans transactional), Corporate Trust including CCT, CCS & Utilities and Corporate and Technology Revenue. 1H18 and 1H19 includes Karvy; 1H22 includes 2 months of CCT.

Numbers translated at actual fx rates with the exception of 1H23 which is translated at the 1H22 YTD average fx rate.

# Simplifying Computershare to high quality, global growth businesses

Execution underway

## Core businesses

### Issuer Services

Register maintenance, corporate actions, stakeholder relationship management, corporate governance services

### Corporate Trust

Trust and agency services in connection with the administration of debt securities

### Employee Share Plans

Administration and related services for employee share and option plans

## Managed businesses

### Mortgage Services Claims Administration + others

Mortgage administration and related loan services.  
Rental Deposit services  
Class Action and Bankruptcy Claims administration  
Digital design and print and mail services for internal and external clients

## Key statistics

**25,000+**

Clients

**38.0m**

Shareholder accounts

**161.9k**

Entities under management

**\$218bn**

Employee Share Plan Assets under administration

**\$5.2tn**

Debt under administration

**\$78bn**

Client balances under management

**\$144bn**

Mortgage Services UPB

# Strategy to drive higher quality earnings

## Core business growth engines underpin a simpler Computershare

Core businesses characterized by strong market positions, high barriers to entry, deep moats, proprietary technologies, recurring fee revenues and attractive margins through the cycle

1H23 Actuals (\$m)	Core	Manage	Group
<b>Management revenue</b>	<b>1,142.2</b>	<b>422.0</b>	<b>1,564.2</b>
Growth	54%	-1%	34%
<b>Revenue excl MI</b>	<b>847.0</b>	<b>365.1</b>	<b>1,212.1</b>
Growth	20%	-9%	9%
<b>EBIT</b>	<b>441.8</b>	<b>6.0</b>	<b>447.8</b>
EBIT margin	39%	1%	29%
<b>EBIT excl MI</b>	<b>146.6</b>	<b>(50.9)</b>	<b>95.7</b>
EBIT excl MI margin	17%	-14%	8%

1H23 is translated at the 1H22 YTD average fx rate. Growth is vs. pcip in constant currency.



Optimising portfolio towards higher valued earnings streams

- recurring revenues
- structural underlying growth trends
- continuing to invest for business improvement



Claims Business (Class Actions and Bankruptcy) sale completed yesterday

Process ongoing to divest UK Mortgage Business

Evaluating additional disposal opportunities



Balanced approach in core businesses to generate long term earnings growth through recurring fee income and Margin Income

# Margin Income to be c. \$800m this year

Lower expected balances reduce FY24 expectations to c \$860m

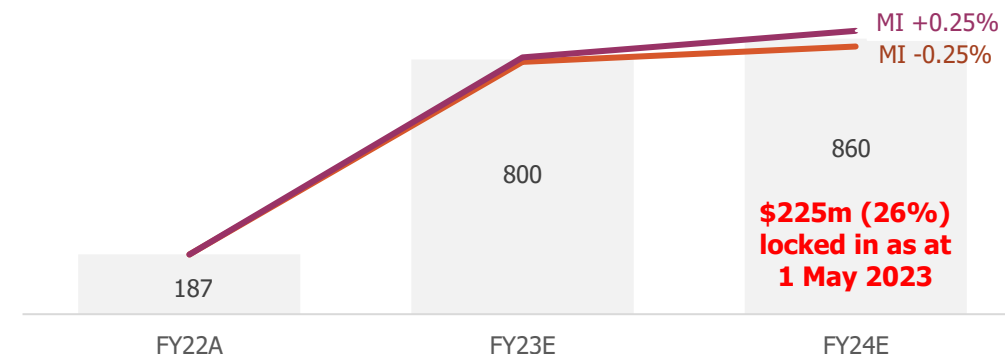
	FY23E Avg Client Balances (\$bn)	FY23E Avg Weighted Yield (%)	FY23E MI Outlook (\$m)	FY24E Avg Client Balances (\$bn)	FY24E Avg Weighted Yield (%)	FY24E MI Outlook (\$m)
Exposed: Non-hedged	14.5	3.44% ↑	500	9.6	4.56% ↑	438
Exposed: Hedged	7.4	2.58% ↑	191	9.3	2.92% ↑	272
Exposed	21.9 ↓	3.16% ↑	692	18.9 ↓	3.75% →	710
Non-Exposed	13.1	0.83% →	108	12.8	1.17% ↓	150
Total	35.1	2.28% ↑	800	31.7	2.71% ↓	860

Arrows above indicate comparison of Margin Income yields and balances against February Half Year FY23 Results Disclosure.

	Cash rate assumptions		FY23 Exposed non-hedged Balances (\$bn)	FY24 Exposed non-hedged Balances (\$bn)
	FY23 Q4	FY24		
USD	5.04%	4.56%	10.1	6.4
AUD	3.61%	3.34%	0.4	0.3
GBP	4.31%	4.33%	2.1	1.4
CAD	4.43%	3.83%	1.4	1.1
Other			0.6	0.3
Weighted Avg	4.85%	4.43%	14.5	9.6

Cash rate is average of daily market implied rates. Source: Bloomberg – World Interest Rate Probability at 20th April 2023

Margin Income - Actual and Projection (\$m)

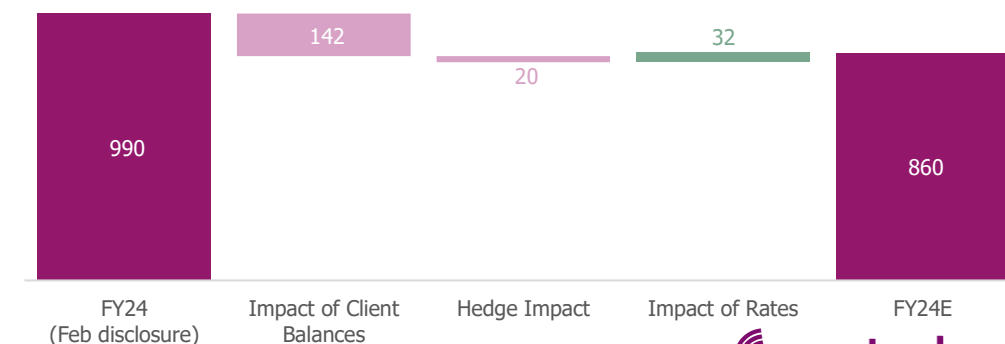


## FY24 Margin Income Projection

- › If rates moved by 25 bps (+/-) in FY23, the Q4 delta to Margin Income is roughly \$6.8m. If rates moved by 25 bps (+/-) in FY24, the delta to Margin Income is roughly \$25m per annum vs. Base case (colored lines). This assumes movements in short term floating rates impact entire non-hedged exposed balances and no impact to payout rates or other factors.
- › Margin Income and balances translated at FY22 June average FX rates.

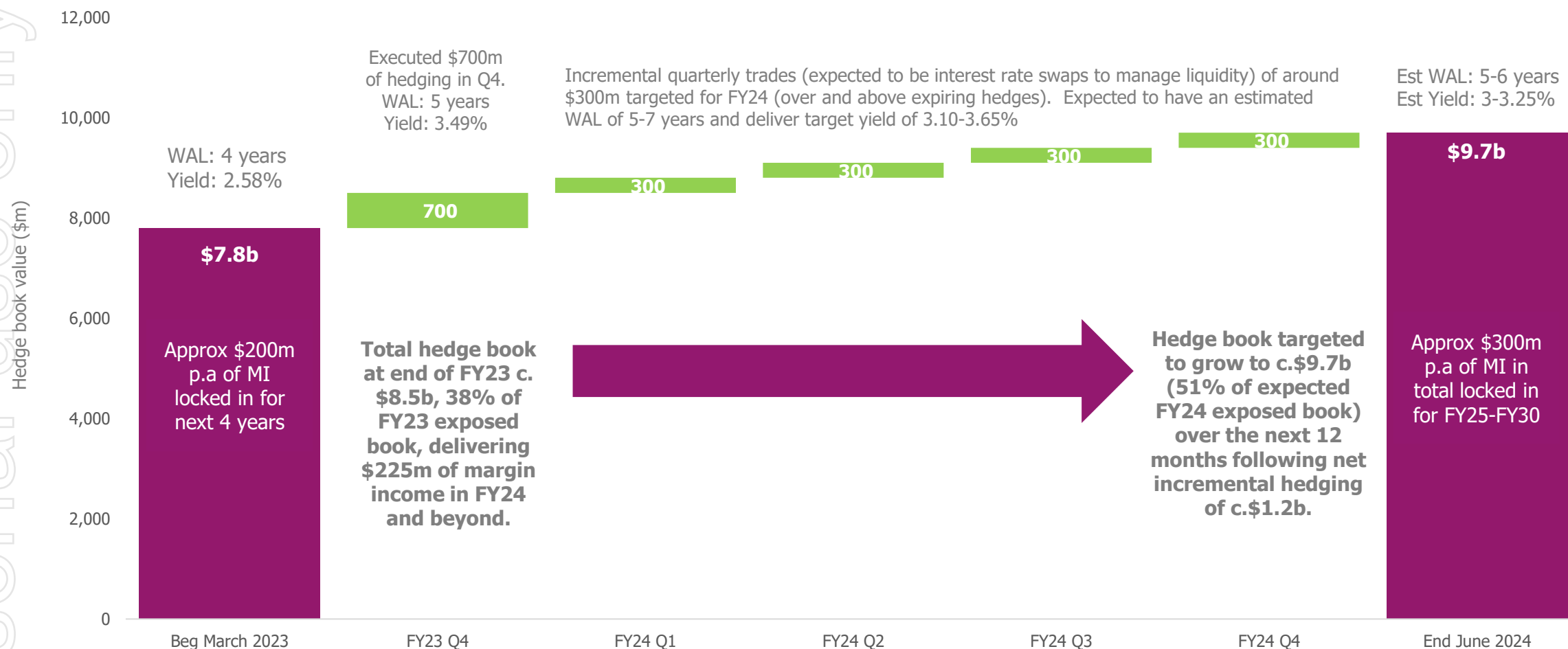
E = estimated

FY24 Margin Income Bridge (\$m)



# Strategy to deliver long term consistent margin income

\$225m locked in for FY24, targeting c.\$300m per annum from FY25 to FY30



WAL = Weighted Average Life of the hedge book.



# Performing through market volatility in 2H23

Continuing to execute, getting on with the job

## Managing through banking confidence crisis

- Deposit counterparty policy protected balances
- No US regional bank exposure that wasn't client directed, Government insured or collateralized
- Saw some redirection of balances to money market funds (MMFs) at height of crisis
- General market outflows to MMFs has helped support global bank deposit appetite

## Volatility continues to impact some client events in 2H

- Deferred large Proxy projects
- Deferred Corporate Actions, with associated balance impact
- Cost of capital weighing on M&A volumes, deferred IPOs
- Rate uncertainty delaying securitizations, with associated balance impact

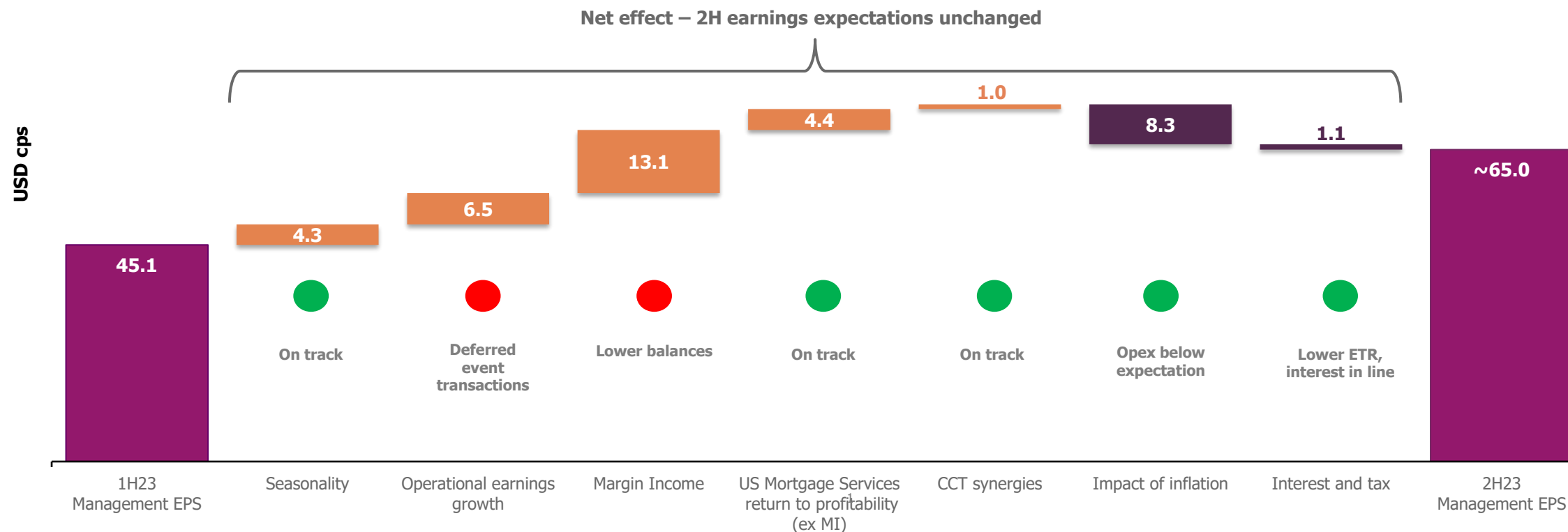
## Positive offsets in 2H

- Employee Plans Trading performing ahead of plan
- Growth continues in Governance Services
- Rate outlook has been mixed but current interest rate curves similar to the half year
- Inflationary pressures easing and operating expense lower than anticipated through active cost control

# FY23 guidance - affirmed

Management EPS expected to be up around 90%

## 1H23 to 2H23 Management EPS bridge



Tracking behind February expectations



Tracking in line with or ahead of February expectations

# Earnings drive strong cashflows – c.\$2b+ of balance sheet capacity

Substantial capital deployment options to drive future growth

## Capital allocation priorities



Maintain investment grade credit rating



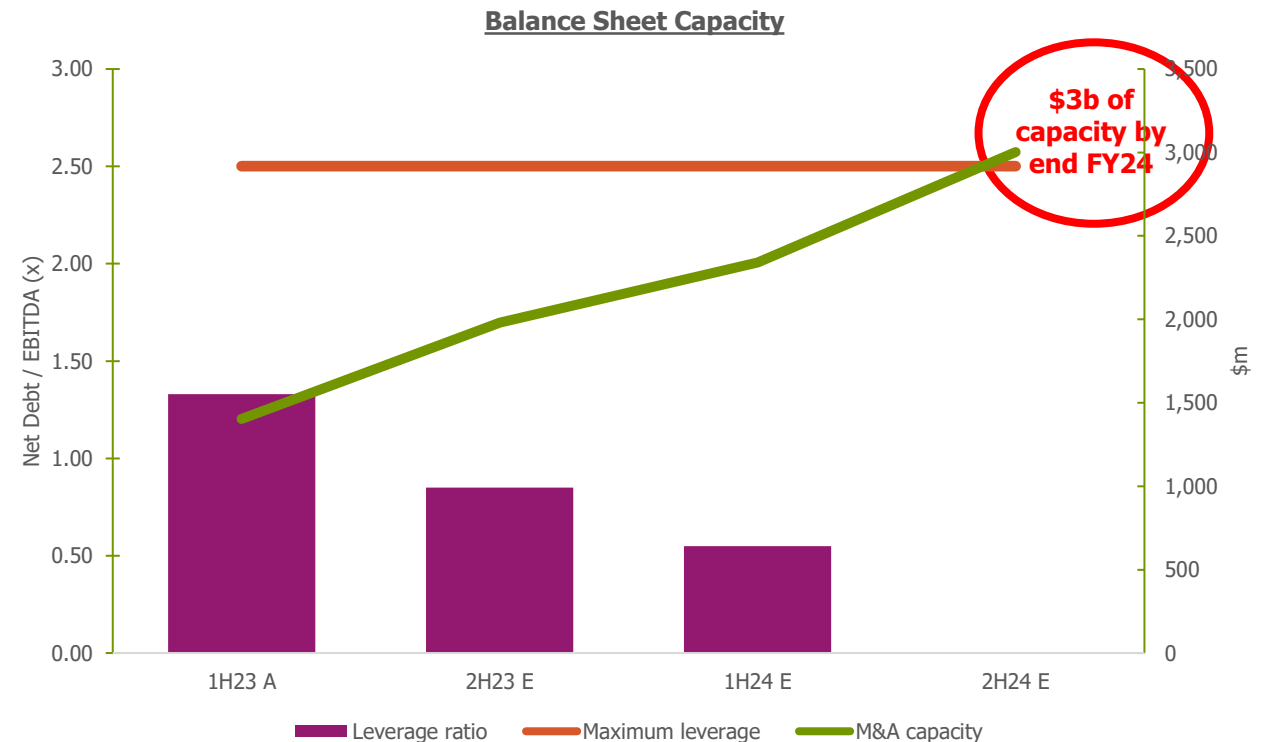
Continue to invest and improve core technology to drive business improvement



Active pipeline of M&A opportunities across the core business. \$2bn+ acquisition capacity available



Return surplus capital to shareholders through dividends and buyback



Scenario assumes EBITDA c. \$1.2b per year in FY23 and FY24. Maximum leverage reflects expectation that could go above target leverage zone of 1.75-2.25x Net Debt / EBITDA for a short-term period.

# Execution priorities – getting it done, not being distracted

Executing our strategy to build strong, efficient core businesses with greater scale and leverage to positive growth trends and increased optionality



Complete transition and integration of CCT



Release capital in parts of managed portfolio



Investments in technology to drive core business improvement



Hedge up to 50% of exposed balances in FY24 – to lock in c.\$300m p.a of MI through to FY30



Disciplined capital deployment in M&A to supplement organic growth in core and return surplus capital to shareholders

# Important notice

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