

MARKET ANNOUNCEMENT

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Date:	24 March 2021
To:	Australian Securities Exchange
Subject:	Acquisition of Wells Fargo Corporate Trust Services and Entitlement Offer

Computershare Limited (ASX: CPU) today announces that it has entered into an agreement to acquire the assets of Wells Fargo Corporate Trust Services (“CTS”), a leading US based provider of trust and agency services to government and corporate clients (the “Acquisition”).

The Acquisition is expected to generate attractive financial returns for shareholders. The purchase price of US\$750m represents an EV/LTM EBITDA acquisition multiple of 8.9x (pre synergies). After including stand-up capex, regulatory capital requirements and full run-rate synergies it represents an EV/LTM EBITDA acquisition multiple of 5.9x¹. The Acquisition is expected to be at least 15% Management EPS accretive on a pro forma FY21 basis including full run-rate synergies². Based on ongoing organic growth and cost savings, there is a clear pathway to CTS generating 15%+ return on invested capital by FY25³.

The Acquisition consideration will be funded through a combination of debt and equity. Computershare today announces the launch of an A\$835m (US\$634m)⁴ underwritten pro-rata accelerated renounceable entitlement offer with retail rights trading (“Entitlement Offer”). This structure is intended to deliver fairness to all eligible shareholders.

With over 80 years of experience in the corporate trust sector, CTS is currently appointed to administer corporate trust services to ~26,000 mandates across a range of securities and bond issuances, enabling the business to generate growing fee income and high quality, recurring revenue streams.

CTS is a highly strategic fit with Computershare’s existing Canadian and US corporate trust operations and its growth strategy. The combination is expected to accelerate Computershare’s position in the attractive US corporate trust market to a top 4 position⁵. With enhanced scale, the Acquisition is expected to allow Computershare to have greater exposure to positive, long term

¹ Purchase price plus US\$257m of upfront transaction costs, regulatory capital and liquidity and stand up capex equates to ~US\$1.0bn total capital deployed. EBITDA on last twelve months’ basis as at 31-Dec-20, with pro forma adjustments to IT costs, detailed on page 21 of the Investor Presentation. Post-synergy multiple includes US\$80m of pre-tax full run rate cost synergies expected to phase in over five years post Acquisition close. US\$103m in stand up capex and US\$115m in regulatory capital (excludes transaction costs).

² Assumes full run rate pre-tax synergies of US\$80m p.a. expected to phase in over 5 years post acquisition close.

³ CTS return on invested capital (ROIC) target by FY25 assuming consensus forward interest rate curve as at 18 March 2021.

⁴ The equity will be raised in AUD, conversion made to USD assuming a AUD/USD exchange rate of 0.76.

⁵ Source: Refinitiv US Capital Markets Review 2020.

For personal use only

MARKET ANNOUNCEMENT

structural growth trends in trust and securitisation products. Client deposit balances and money market fund balances of over US\$60bn will also transfer across as part of the Acquisition.

Computershare brings a long-term commitment to the corporate trust business with investment in new technologies and product development. The transition plan to separate and then integrate the business is well advanced, with US\$80m of anticipated pre-tax annual cost savings to be achieved over a five-year period post acquisition.

The Acquisition is subject to regulatory approvals and other customary closing conditions, which are expected to be obtained during the second quarter of FY22.

Computershare's CEO Stuart Irving said, "We are delighted to announce the acquisition of Wells Fargo Corporate Trust Services. It is a clear fit with our successful Canadian corporate trust operations and existing US operations. CTS provides scale with a top four market position, a platform for ongoing growth and increased leverage to long term growth trends and interest rates."

The Acquisition allows us to integrate CTS' deep client relationships and market expertise to deliver additional recurring fee revenue. We also see the potential for improved returns and margin expansion through new product development and innovative technologies, Computershare's core competencies. We welcome the proven and experienced CTS team to Computershare, and we look forward to working with them as we deliver on our growth strategy."

Leverage

Computershare remains committed to maintaining a prudent balance sheet. Pro forma net debt to LTM Management EBITDA at completion of the Acquisition is expected to be ~2.5x⁶. Leverage is expected to reduce to within Computershare's target neutral zone of 1.75x – 2.25x within 12 months' post completion of the Acquisition.

FY21 Guidance Unchanged

Computershare maintains FY21 Management EPS guidance down around 8%, on a pre-Entitlement Offer basis.

On a constant currency basis, Computershare expects:

- Management EPS for 2H21 to be around 30.0 cents per share, adjusted for the Entitlement Offer.⁷
- EBIT ex margin income to be up by around 14%⁸

Entitlement Offer

The Entitlement Offer is an underwritten pro-rata accelerated renounceable entitlement offer with retail rights trading under which eligible shareholders will be entitled to subscribe

⁶ Expected net debt / LTM Management EBITDA of the combined group on a pro forma basis at assumed transaction close at 1-Oct-2021.

⁷ For comparative purposes, FY20 Management EPS is 56.12 cents per share in FY20 constant currency. The 2H21 Management EPS of 30.0 cents per share has not been adjusted for the shares that will be raised as part of the Entitlement Offer.

⁸ The base FY20 Management EBIT ex Margin Income is \$298.7m in FY20 constant currency.

For personal use only

for 1 new Computershare share (“New Share”) for every 8.8 shares held on the record date of Monday, 29 March 2021, at a price of A\$13.55 per New Share (“Offer Price”).

The Offer Price represents:

- an 8.7% discount to the theoretical ex-rights price (TERP)⁹ of A\$14.84
- a 9.6% discount to last close price of A\$14.99 on the ASX on 23 March 2021

The Entitlement Offer will raise approximately A\$835m (US\$634m)¹⁰ and comprises:

- an institutional entitlement offer: eligible institutional shareholders will be invited to subscribe for a pro-rata number of New Shares. The institutional entitlement offer opens today, Wednesday, 24 March 2021 and closes on Thursday, 25 March 2021. Institutional entitlements not taken up, along with entitlements of ineligible institutional shareholders, will be sold under an institutional shortfall bookbuild and any proceeds in excess of the Offer Price will be paid to the relevant shareholders; and
- a retail entitlement offer: eligible retail shareholders in Australia and New Zealand will be invited to subscribe for a pro-rata number of New Shares. Eligible retail shareholders who wish to apply to participate in the retail entitlement offer must do so by 5.00pm (Melbourne time) on Monday, 19 April 2021. Eligible retail shareholders may also sell their entitlements on ASX, with trading to commence on Monday, 29 March 2021 and conclude on Monday, 12 April 2021. Retail entitlements not taken up, along with entitlements of ineligible retail shareholders, will be sold under a retail shortfall bookbuild and any proceeds in excess of the Offer Price will be paid to the relevant shareholders.

Eligible retail shareholders should carefully read the retail offer booklet and accompanying personalised entitlement and acceptance form, which are expected to be made available on Wednesday, 31 March 2021.

Approximately 61.6 million New Shares will be issued under the Entitlement Offer (11.4% of the existing issued capital). New Shares issued will rank equally with existing ordinary shares from their time of issue.

Additional Information

Further details of the Acquisition and Entitlement Offer, including applicable dates for the Entitlement Offer, are set out in the accompanying Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

⁹ TERP is the theoretical ex-rights price at which New Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which New Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal TERP.

¹⁰ The equity will be raised in AUD, conversion to USD made assuming a AUD/USD exchange rate of 0.76.

For personal use only

Investor Call

Computershare management will be holding a conference call for investors at 10.30am today, Australian Eastern Standard Time. A recording of the call will be available on the Investor Relations page of Computershare's website after the call.

Telephone conference details:

- Participants must pre-register for the call using the link below
- You will be provided with the dial in number, the Passcode, and your unique access PIN following registration
- Pre-Registration Link: <https://s1.c-conf.com/diamondpass/10013187-yq5ps7.html>

For further information, contact:

Michael Brown
Investor Relations
Ph +61 (0) 400 248 080
michael.brown@computershare.com.au

Important Notice

Future performance and forward-looking statements

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position, including Computershare's FY21 guidance, the outcome of the Acquisition and performance and any synergies of the combined businesses following the Acquisition and the outcome of the Entitlement Offer are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and certainties and other factors which are beyond the control of Computershare, its directors and management including any further impacts of COVID-19 on Computershare's continued trading and operations. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumption on which these statements are based. These statements may assume the success of Computershare's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Except as required by law or regulation, none of Computershare, its representatives or advisers assumes any obligation to update these forward-looking statements. No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Computershare as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Computershare, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Not for distribution or release in the United States

This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs. This announcement has been prepared for release in Australia. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States, or in any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold to, directly or indirectly, persons in the United States or persons that are acting for the account or benefit of persons in the United States, unless they have been registered under the U.S. Securities Act (which Computershare has no obligation or intention to do or procure) or are offered or sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

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

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. Computershare also specialises in corporate trust, mortgage, bankruptcy, class action, utility and tax voucher administration, and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers.

Computershare is represented in all major financial markets and has over 12,000 employees worldwide.

For more information, visit www.computershare.com

For personal use only