

“Our compliance business has driven profit growth across the group despite reduced activity levels in our property business and the currency headwinds”

Tony Scotton
Chief Executive Officer

Results Presentation

Half-Year Ended 31 December 2011

ASX Code: SAI

15 February 2011



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Agenda

1. Overview
2. Financial Overview
3. Operational Performance
4. Outlook
5. Q and A



1. Overview

Tony Scotton
Chief Executive Officer



Overview

- The reported (statutory) results below reflect a number of significant, non-recurring charges related predominantly to the acquisition of Integrity Interactive:
 - **Revenue¹** up 7.6% to \$208.9M
 - **Net Revenue²** up 11.8% to \$165.0M
 - **EBITDA** up 12.1% to \$39.7M
 - **NPAT** up 22.9% to \$16.8M
 - **EPS** steady at 8.8 cents
- Interim dividend increased to 6.3 cents per share and is fully franked
 1. Includes other income but excludes interest income
 2. Net revenue excludes the revenue that relates to the recharging of customers for fees levied on the company by providers of searches and certificates to the property services business



Overview

- The significant, non-recurring charges reflected in the reported results are as follows:

Nature of item	Amount	Impact
Integrity related transaction and restructuring charges	\$3,194k	EBITDA reduced by \$3,194k NPAT reduced by \$2,111k
Other significant, non-recurring charges	\$1,075k	EBITDA reduced by \$1,075k NPAT reduced by \$753k
Total: significant, non-recurring charges	\$4,269k	EBITDA reduced by \$4,269k NPAT reduced by \$2,864k



Overview

- Growth momentum in underlying performance¹ continues:
 - Revenue up 7.6% to \$208.9M
 - Net Revenue up 11.8% to \$165.0M
 - EBITDA up 24.2% to \$43.9M
 - NPAT up 43.9% to \$19.6M
 - EPS up 18.2% to 10.4 cents
 - Operating Cash Inflows up 20.1% to \$21.5M
- The EBITDA margin¹ expanded to 26.6% relative to net revenue and to 21.1% relative to revenue

1. Before the impact of significant, non-recurring charges



Overview

- Robust underlying growth in revenue and profitability achieved despite the lower level of activity in the property services business and the headwinds associated with the stronger Australian dollar
- Achieved a step change in the scale of the Compliance Services business through the acquisition of integrity Interactive – integration and synergy realisation are proceeding to plan
- Margin expansion is evident from the increasing scale – particularly in the Compliance business
- Growth in the Assurance business returned to trend levels and the turnaround in the standards training business contributed to margin expansion across the Assurance division



2. Financial Overview

Geoff Richardson
Chief Financial Officer

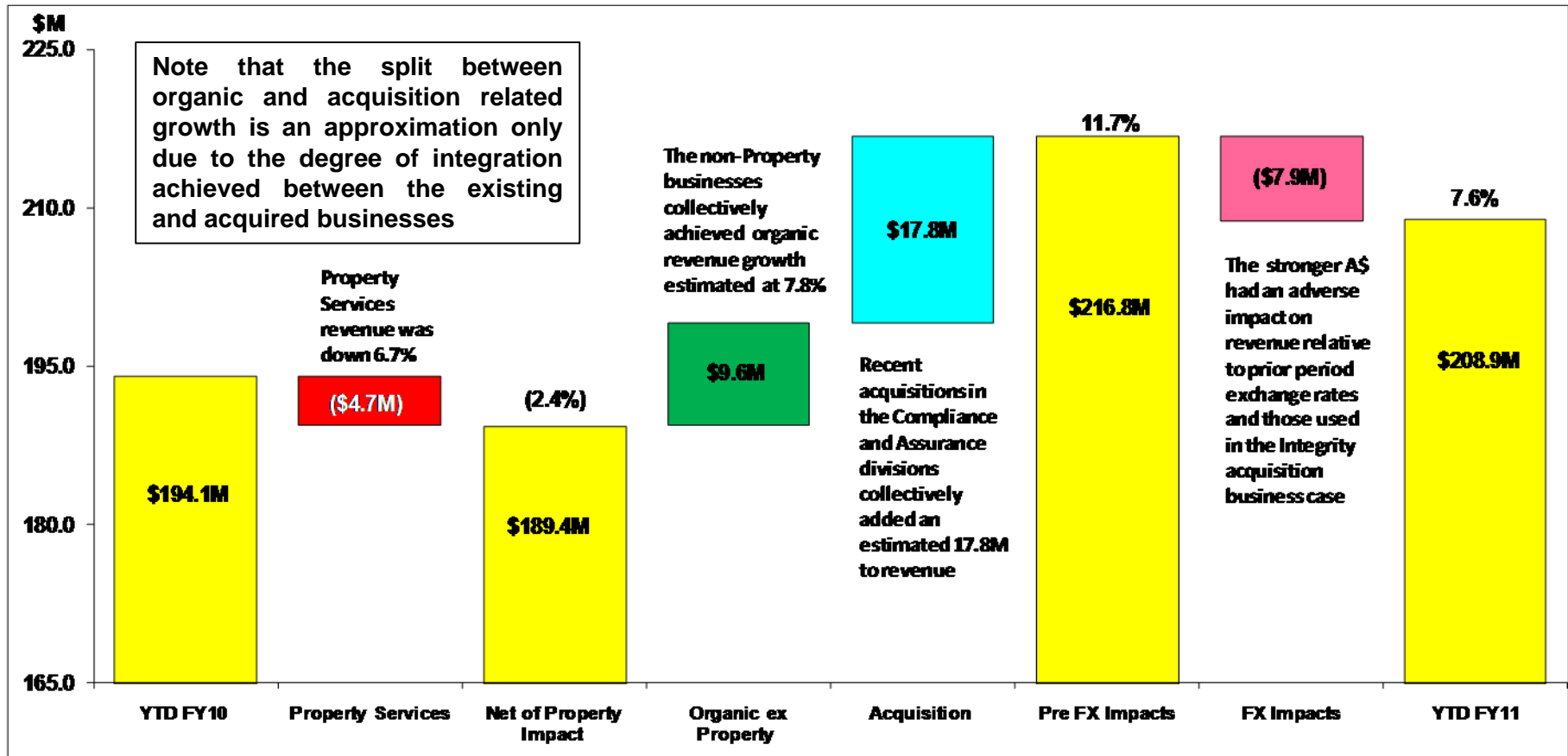
Financial Summary

\$M	1H11	Abnormal Items ¹	1H11	1H10	Change %
	Reported (Statutory)		Underlying	Reported & Underlying	
Revenue	208.6		208.6	193.1	8.0%
Other income	0.3		0.3	0.9	
Total Revenue	208.9		208.9	194.1	7.6%
Expenses	(169.2)	4.3	(164.9)	(158.7)	3.9%
EBITDA	39.7	4.3	43.9	35.4	24.2%
EBITDA Margin	19.0%		21.1%	18.3%	2.8%
Depreciation & amortization	(12.4)		(12.4)	(9.7)	28.9%
EBIT	27.2	4.3	31.5	25.7	22.5%
Finance costs - net	(5.0)		(5.0)	(4.3)	17.2%
Profit before tax	22.3	4.3	26.5	21.5	23.5%
Tax expense	(5.3)	(1.4)	(6.7)	(6.4)	5.7%
Minorities	(0.2)		(0.2)	(1.5)	
Net profit after tax	16.8	2.9	19.6	13.7	43.9%
Net Revenue	165.0		165.0	147.6	11.8%
EBITDA	39.7		43.9	35.4	24.2%
EBITDA Margin	24.1%		26.6%	24.0%	2.6%

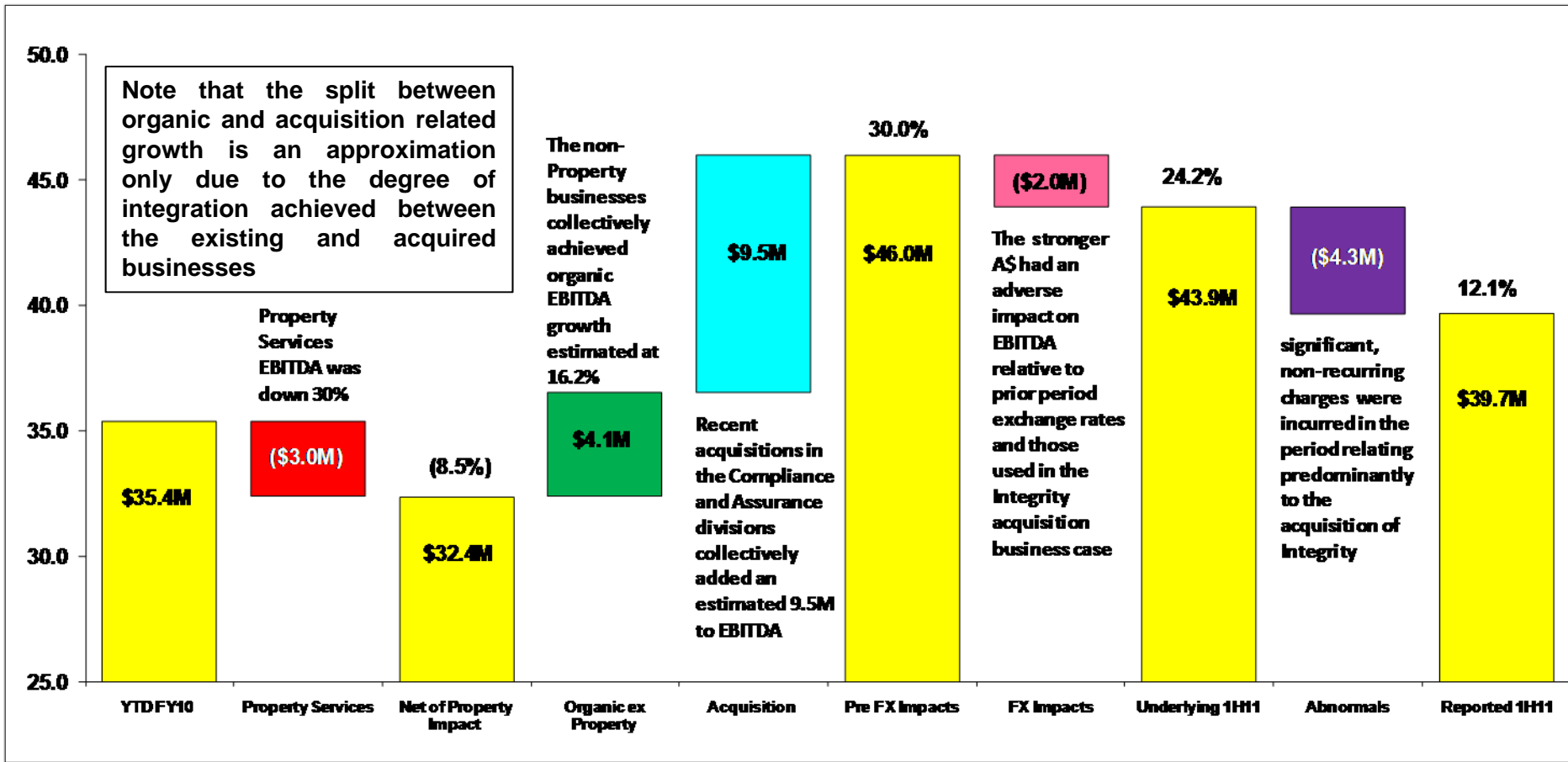
1. Significant, non-recurring charges



Revenue Analysis



EBITDA Analysis





Integrity Acquisition Accounting

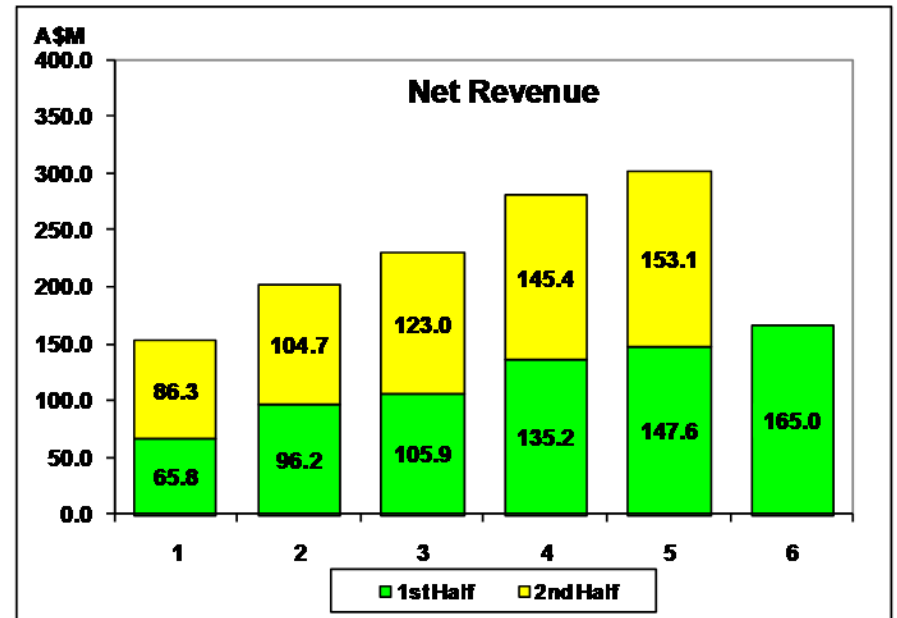
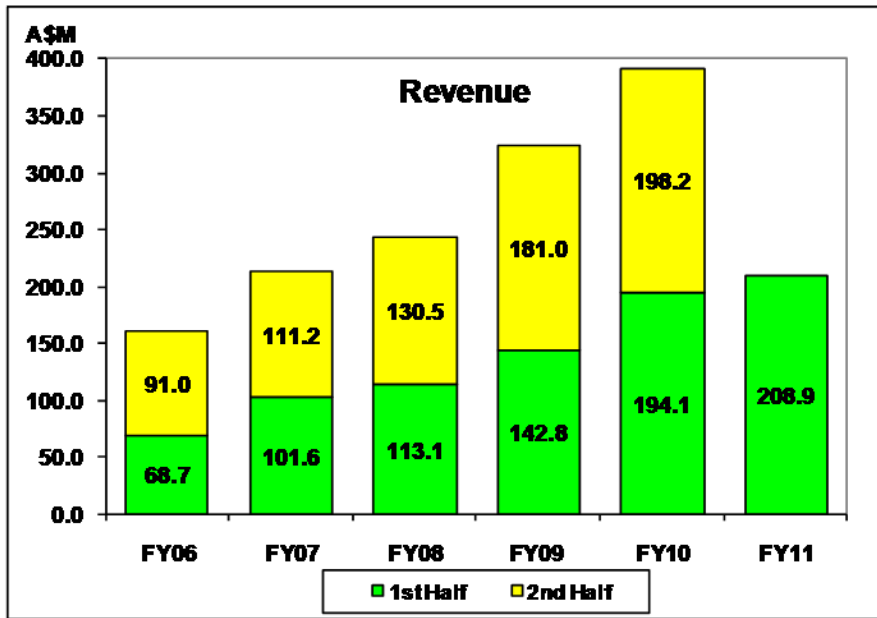
- Transaction and restructuring charges have been incurred and expensed in the first half (significant, non-recurring charges)
- No further restructuring charges are expected in the second half
- Amortization charge for intangible assets is provisional at 31 December – the purchase price allocation exercise is in progress and will be completed prior to 30 June
- We expect the amortization charge for intangibles to be higher than originally forecast but we also expect the balance of acquired deferred revenue to roll out as services are delivered
- We expect the net impact of any changes to amortization and deferred revenue from that originally anticipated to be negligible on both reported NPAT and adjusted (“cash”) NPAT

Reconciliation of Reported NPAT to Adjusted NPAT

6 Months	1H11 A\$M	1H10 A\$M	Change %
Reported NPAT	16.8	13.7	22.9%
Significant, non-recurring charges	2.9	-	
Underlying NPAT	19.6	13.7	43.9%
<u>Specific non-cash items:</u>			
Equity based remuneration	0.5	0.7	
Amortization of identifiable intangible assets	6.6	4.0	
	7.1	4.7	
Tax effect on specific non-cash items	(2.2)	(1.3)	
Non-cash items after tax	4.9	3.4	
Adjusted NPAT	24.5	17.1	43.6%
Adjusted EPS	12.9c	11.0c	17.3%



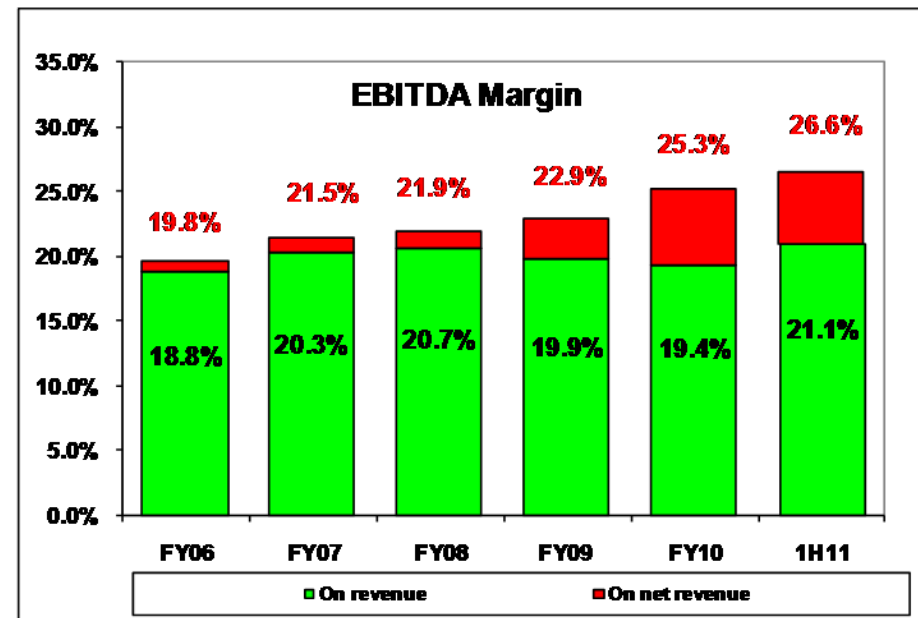
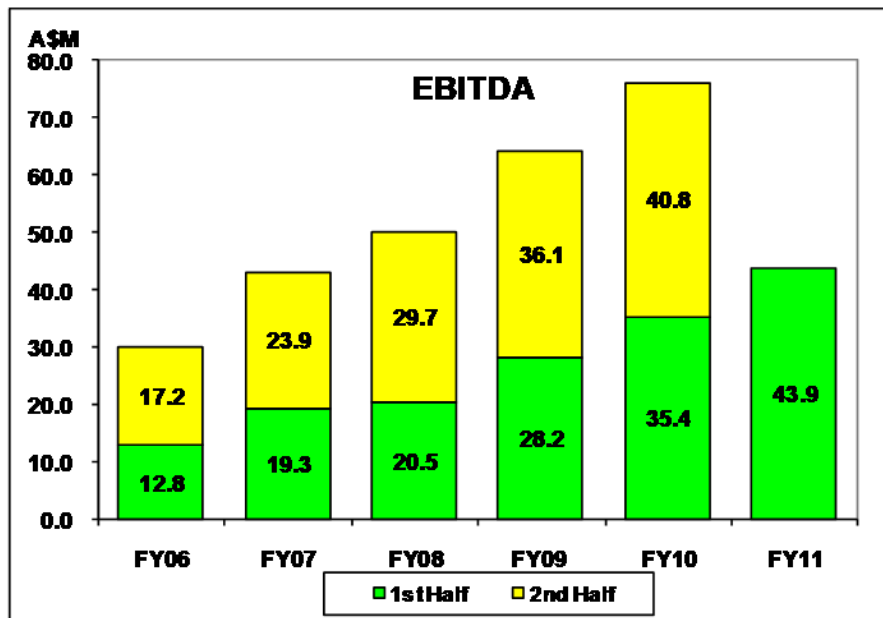
Consolidated Trends – Revenue



Net revenue excludes the revenue that relates to the recharging of customers for fees levied on SAI by providers of searches and certificates to the Property Services business



Consolidated Trends – Underlying EBITDA¹

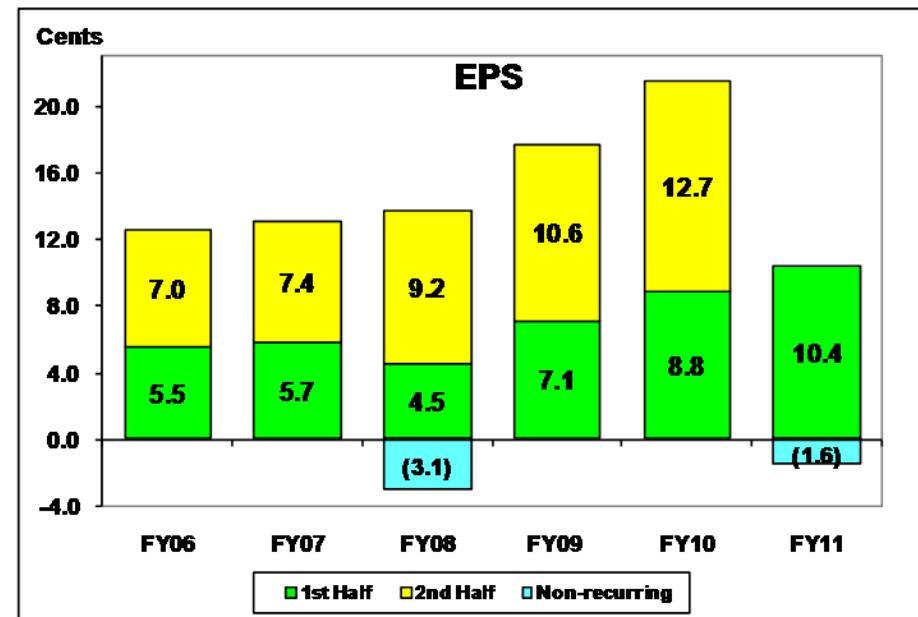
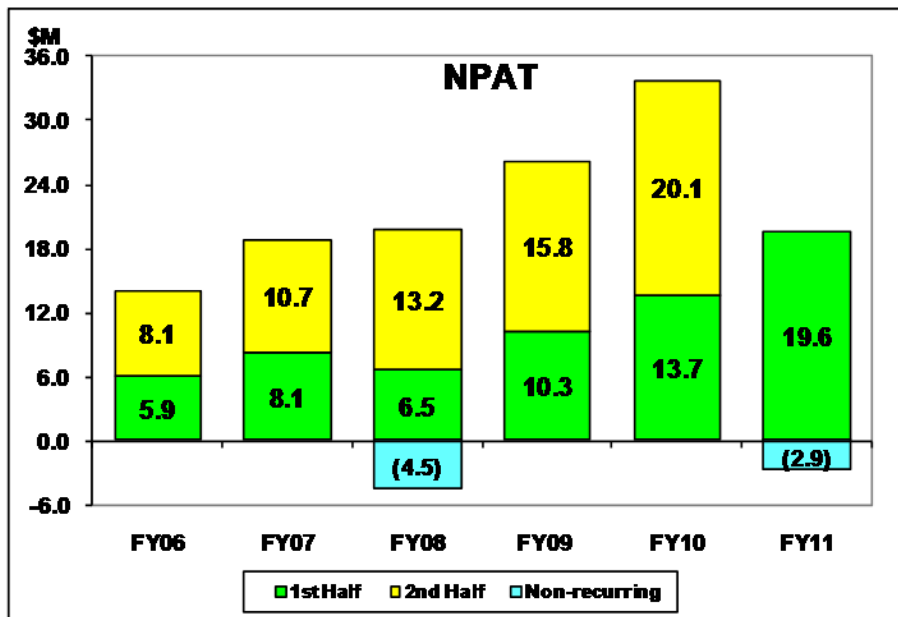


The increasing EBITDA margin reflects the leverage from greater scale - predominantly from the expanding Compliance Services business

1. Before the impact of the significant, non-recurring charges



Consolidated Trends – NPAT & EPS



In each of the past 3 first-halves underlying EPS¹ growth has exceeded 20%

1. Before the impact of the significant, non-recurring charges



Impact of Movements in Exchange Rates

- The current sensitivities of FY11 EBITDA and NPAT to movements in the value of the Australian dollar are approximately:

A\$K	GBP ¹ 1 pence	USD ² 1 cent
EBITDA	25K	200K
NPAT	10K	100K

- EBITDA and NPAT will increase if the Australian dollar weakens and will reduce if the Australian dollar strengthens

- From AUD:GBP 0.6390
- From AUD:USD 0.9930



Balance Sheet

	Dec 10 \$M	Jun 10 \$M	Change %
Cash	34.0	33.5	1.4%
Intangibles ³	516.8	366.4	41.0%
Other assets	126.2	133.0	(5.1%)
Total assets	677.0	533.0	27.0%
Debt	227.4	179.4	26.8%
Deferred revenue	63.0	52.7	19.5%
Other liabilities	76.4	88.2	(13.4%)
Total liabilities	366.8	320.3	14.5%
Net assets	310.2	212.7	45.9%
Net gearing¹	38.4%	40.7%	(2.3%)
Interest cover²	7.2x	8.1x	(0.9)x
Net asset backing (cents)	157	133	18.0%

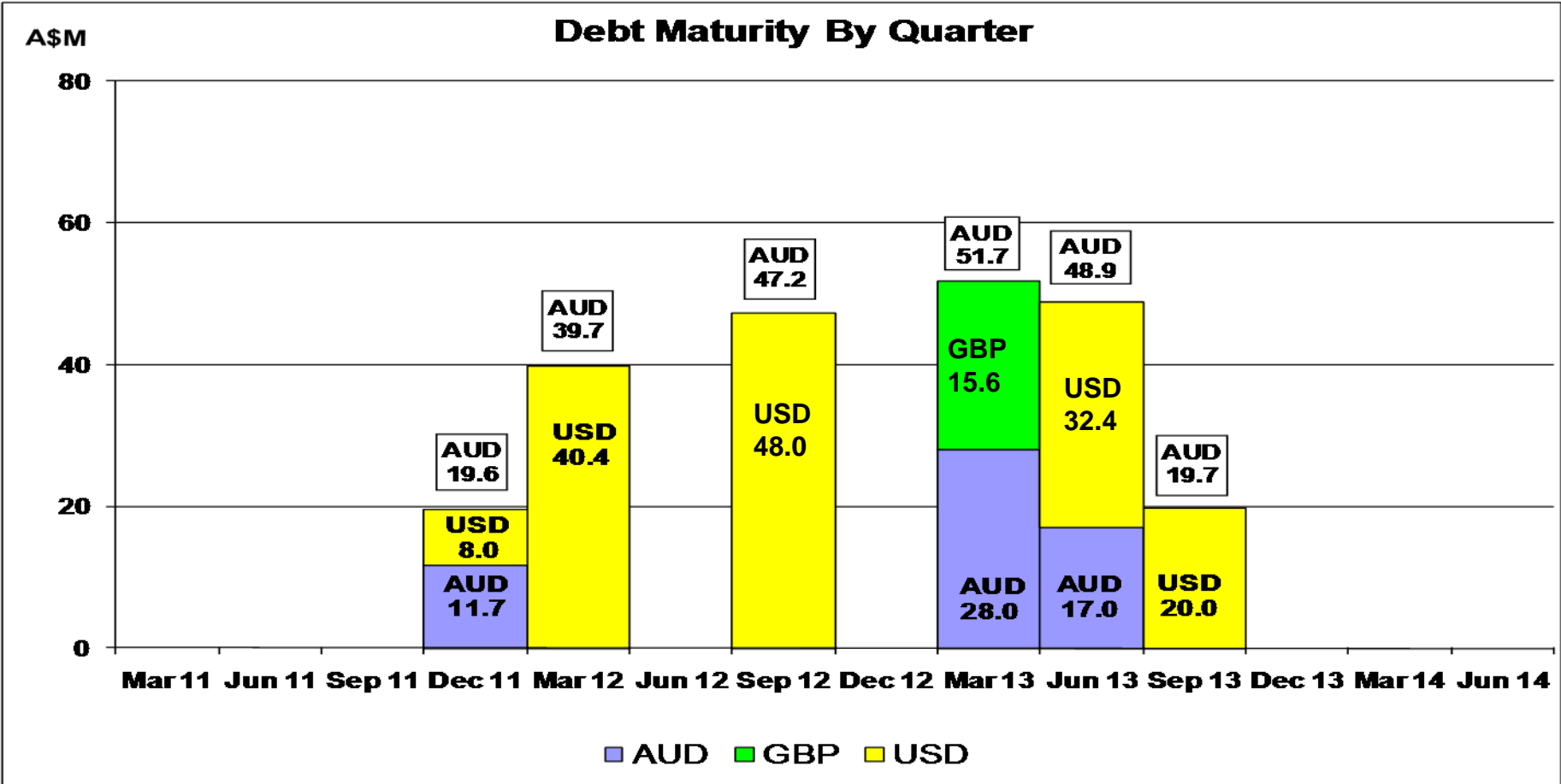
1. Net debt/(net debt plus equity)

2. EBITDA (before significant, non-recurring charges)/ interest expense

3. Intangible asset values relating to Integrity Interactive are provisional at 31 December 2011



Core Debt Maturity Analysis





3. Operational Performance

Tony Scotton
Chief Executive Officer

Information Services

6 Months

Revenue

Net revenue

EBITDA

EBITDA margin (%)

EBITDA margin on net revenue (%)

1H11

\$M

97.4

53.6

23.0

23.6%

42.9%

1H10

\$M

100.8

54.4

25.4

25.2%

46.6%

Change

%

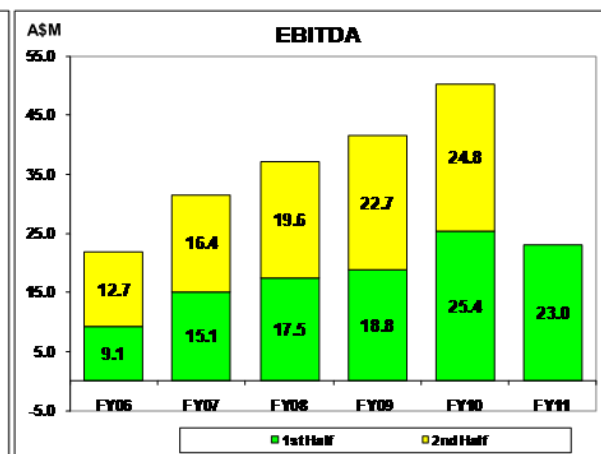
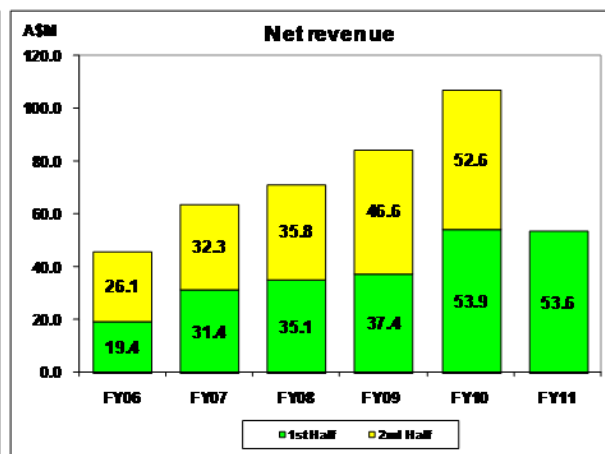
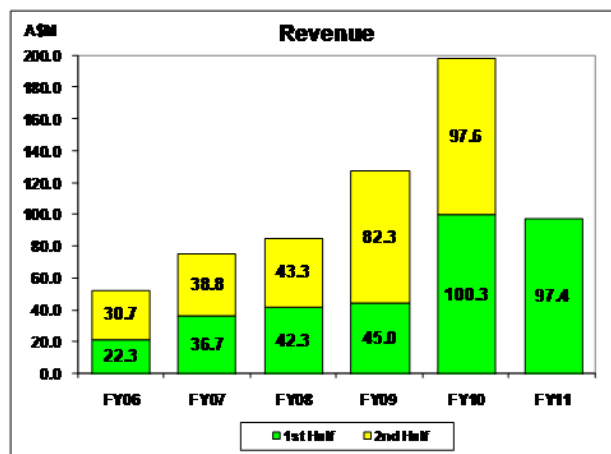
(3.4%)

(1.5%)

(9.4%)

(1.6%)

(3.7%)





Information Services

- First half performance adversely impacted by reduced activity in property services which saw revenue and EBITDA down 6.7% and 30% respectively – first half last year was inflated by the benefit of the economic stimuli (first home owner's grant)
- Non-property businesses performed well, achieving organic revenue and EBITDA growth of 9.3% and 9.2% respectively
- Operating focus has been on:
 - advancing business development through establishing relationships with trade associations, government agencies and other standards organisations
 - Continuing the IT integration within the property business
- Outlook for second half is for revenue and EBITDA growth relative to second half of FY10.



Compliance Services

6 Months

1H11
\$M

1H10
\$M

Change
%

Revenue

35.2

20.3

73.5%

EBITDA¹

12.9

4.1

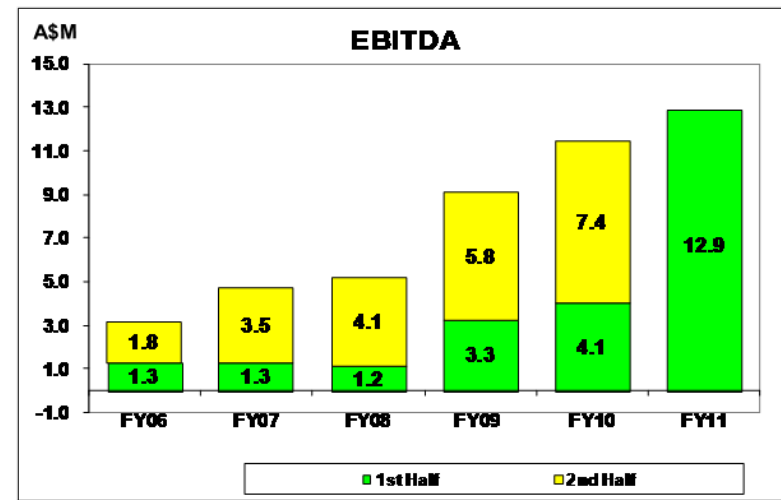
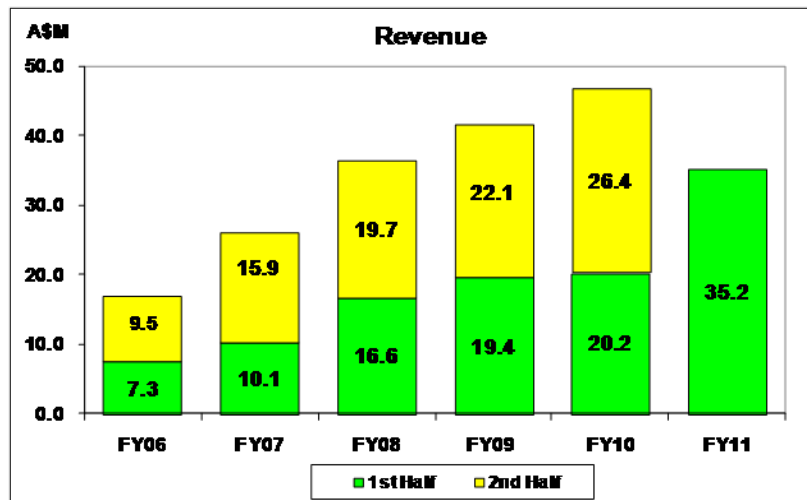
217.0%

EBITDA margin (%)

36.5%

20.0%

16.5%



1. Before the impact of significant, non-recurring charges relating to the acquisition of Integrity Interactive



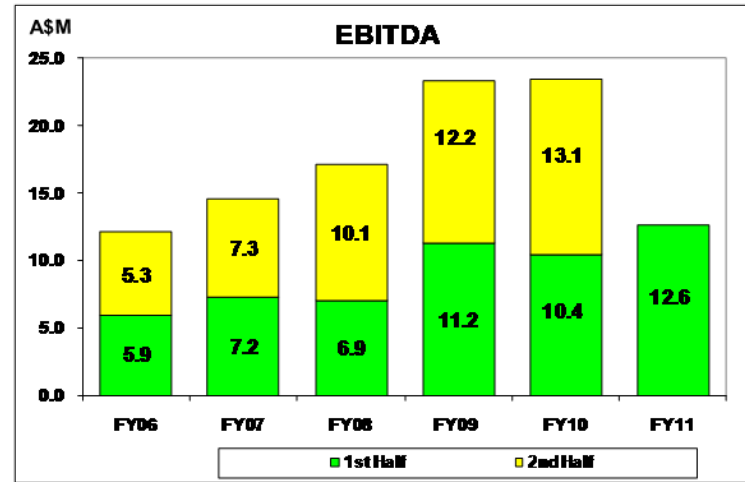
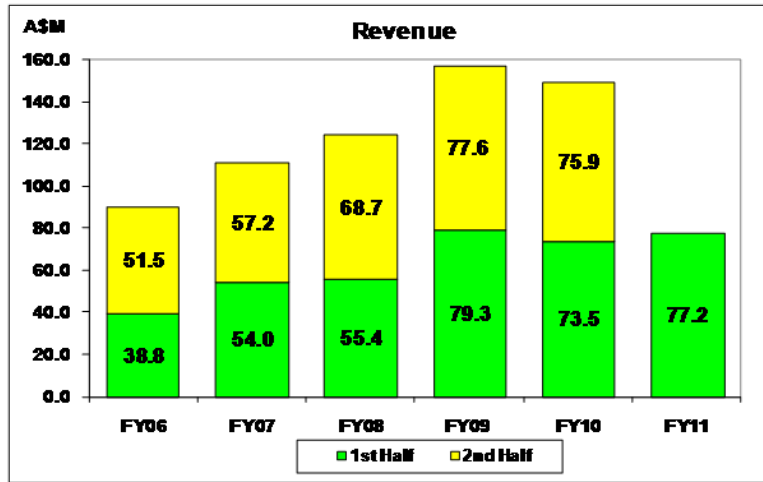
Compliance Services

- Achieved a major strategic milestone of establishing a leadership position in one product set through the acquisition of Integrity Interactive
- Now possesses an award winning and industry leading courseware in the compliance and ethics learning space underpinned by leading edge technology
- Robust organic growth plus 3.5 months' contribution from Integrity Interactive drove significant increase in revenue, profitability and margin expansion
- Operational focus has been on integrating Integrity Interactive and realising business case synergy expectations
- Outlook for the second half is for strong growth in revenue and EBITDA driven by a full 6 months' contribution from Integrity



Assurance Services

6 Months	1H11	1H10	Change
	\$M	\$M	%
Revenue	77.3	73.5	5.2%
EBITDA	12.6	10.4	21.3%
EBITDA margin (%)	16.3%	14.1%	2.2%





Assurance Services

- Top line adversely impacted by stronger Australian dollar – constant currency revenue growth was 10.1%, which includes contributions from acquisitions in the prior year
- Organic revenue growth returned to trend range at 5.2%
- Recovery in standards training business and continuing strong growth in Asia contributed to the growth in profitability and margin expansion
- Operating focus was on expanding the food business into North America, harmonising business systems and developing stronger relationships with multi-national clients
- Outlook for the second half is for revenue and EBITDA growth relative to the corresponding period despite the currency headwinds



4. Outlook

- The outlook for Compliance Services and Assurance Services remains robust
- Information Services will not repeat the excellent result achieved in FY10 due to the ongoing reduced volume of property transactions
- Expected outcomes¹, based on assumed second half average exchange rates² are:

\$M	Reported¹
EBITDA	Between 94 and 98
NPAT	Between 42 and 45
EPS (cents)	Between 21.7 and 23.2

1. Statutory results after the impact of significant, non-recurring charges
2. AUD: USD 0.9930; AUD:GBP 0.6390



5. Q & A