

17 August 2011

Results Presentation

Year Ended 30 June 2011

ASX Code: SAI

“ We have delivered another record result, expanded margins and continued the transformation of SAI’s business ”

Tony Scotton
Chief Executive Officer



Disclaimer

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Agenda

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



1. Highlights

Tony Scotton
Chief Executive Officer



Highlights

- Delivered statutory NPAT of \$45M - at the top end of the guidance range of \$42M to \$45M
- Delivered underlying¹ NPAT of \$48M also at the top end of the guidance range
- Delivered underlying² EBITDA of \$100.7M
- Final dividend increased to 8.0 cents per share, fully franked.
- Full year dividend of 14.3 cents per share fully franked (12.8 cents in FY10)

1. Excludes significant charges of \$3.2M after tax

2. Excludes significant charges of \$4.9M before tax



Highlights

- Achieved robust organic growth in revenue and profitability - despite the lower level of activity in the property business and the headwinds associated with the stronger Australian dollar
- Transformed the Compliance business through the acquisition of Integrity Interactive and successfully implemented the integration plan
- Invested in people and technology in the property business - both were instrumental in securing a national mortgage settlement services contract with ANZ Bank
- Company is well placed to take advantage of emerging opportunities in each of our divisions



2. Financial Overview

Geoff Richardson
Chief Financial Officer



Financial Overview

\$M				FY10	Change
	FY11 Statutory	Significant Charges	FY11 Underlying	Statutory & Underlying	Underlying %
Revenue	427.1		427.1	392.2	8.9%
Other income	2.4		2.4	0.8	
Total Revenue	429.5		429.5	393.0	9.3%
Expenses	(333.7)	4.9	(328.7)	(316.9)	3.7%
EBITDA	95.8	4.9	100.7	76.1	32.3%
EBITDA Margin	22.4%		23.6%	19.4%	4.2%
Depreciation & amortization	(23.7)		(23.7)	(19.5)	21.5%
EBIT	72.1	4.9	77.0	56.6	36.0%
Finance costs - net	(11.7)		(11.7)	(8.8)	32.2%
Profit before tax	60.4	4.9	65.3	47.8	36.7%
Tax expense	(15.4)	(1.7)	(17.1)	(12.6)	35.9%
Minorities	(0.2)		(0.2)	(1.5)	
Net profit after tax	44.8	3.2	48.0	33.7	42.4%
Net Revenue	340.1		340.1	300.8	13.1%
EBITDA	95.8		100.7	76.1	32.3%
EBITDA Margin	28.2%		29.6%	25.3%	2.6%



Overview

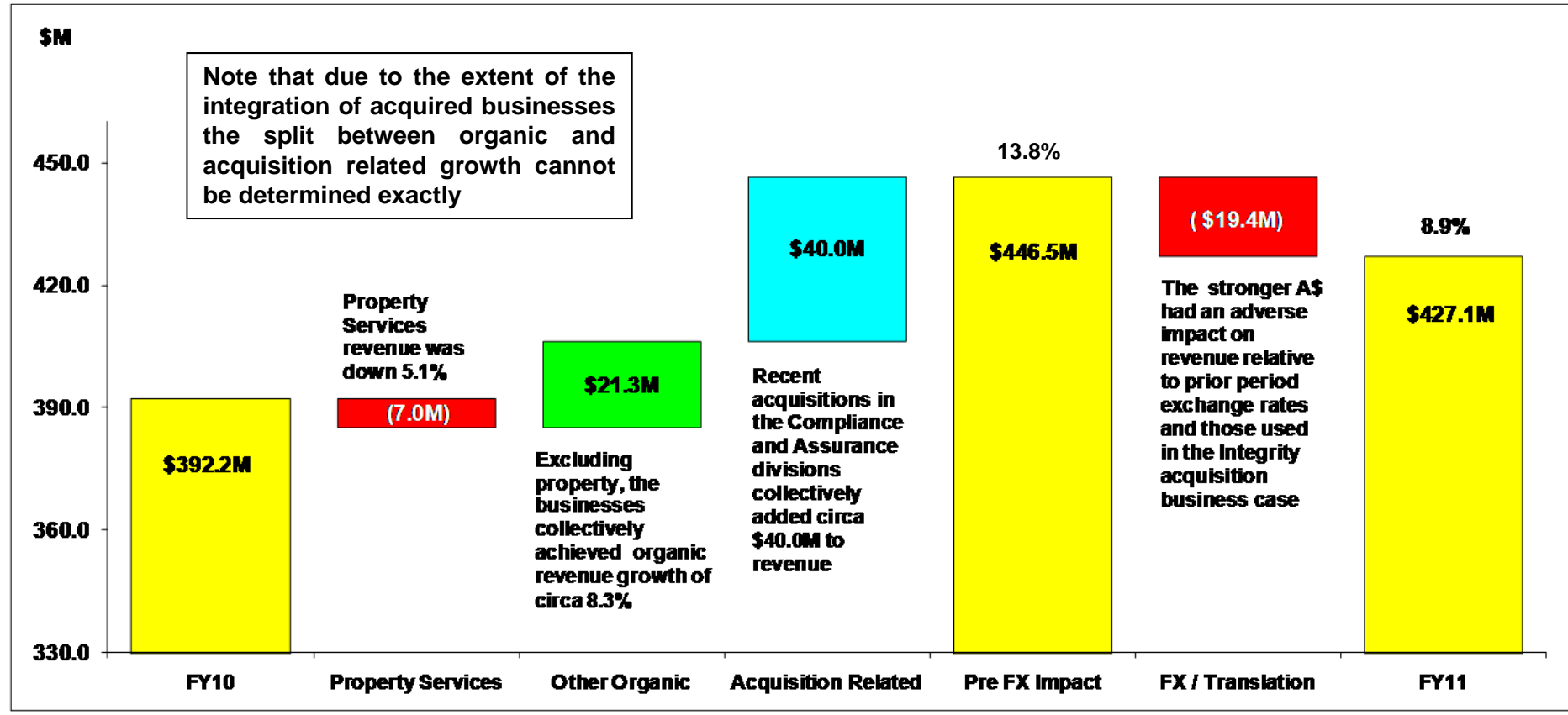
- The significant charges incurred are as follows:

Nature of item	Amount	Impact
Integrity related transaction and restructuring charges	\$3,823k	EBITDA reduced by \$3,823k
Other significant charges ¹	\$1,123k	EBITDA reduced by \$1,123k
Total significant charges	\$4,946k	EBITDA reduced by \$4,946k NPAT reduced by \$3,209k

1. professional fees incurred as a result of receiving an unsolicited offer for one of the Company's divisions which failed to progress to completion

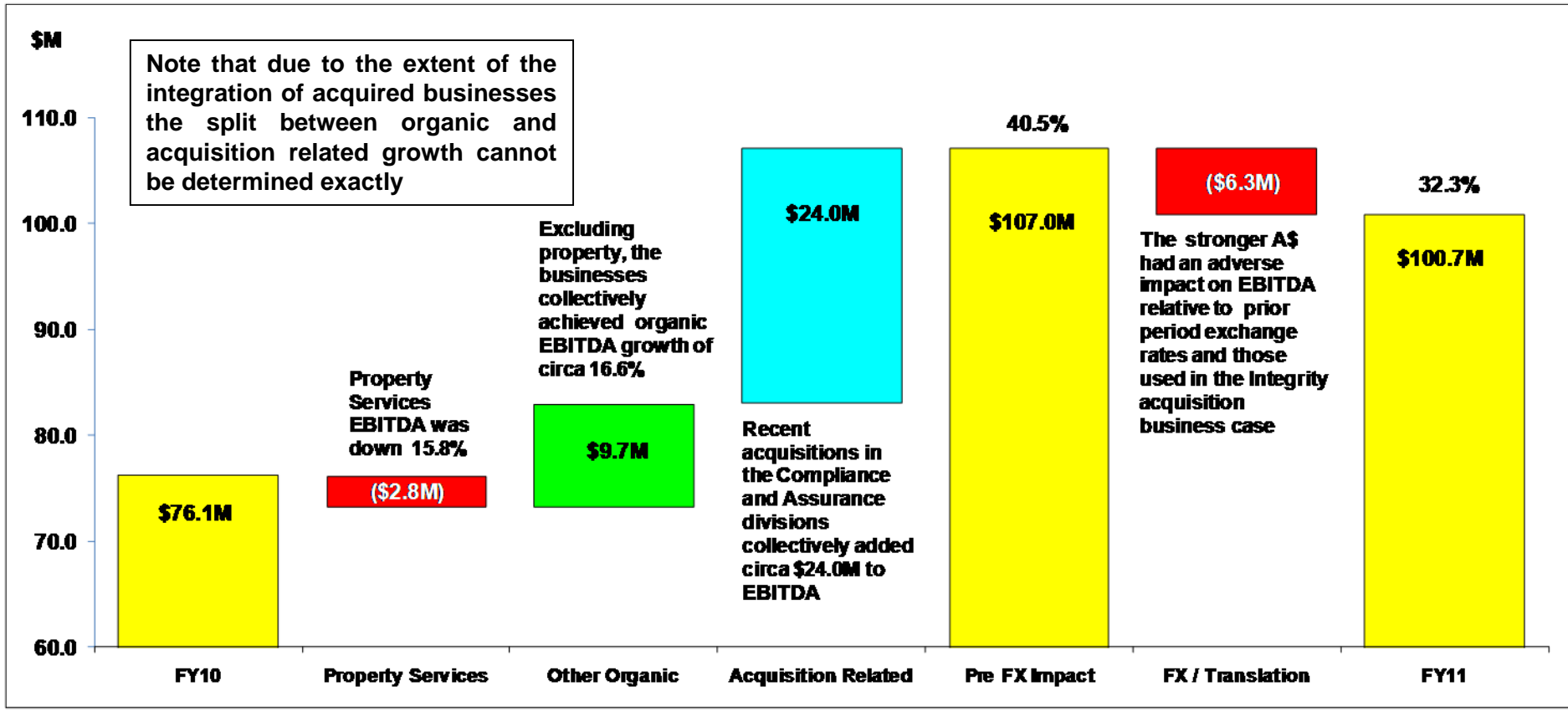


Revenue analysis





EBITDA analysis





Reconciliation of Reported NPAT to Adjusted NPAT

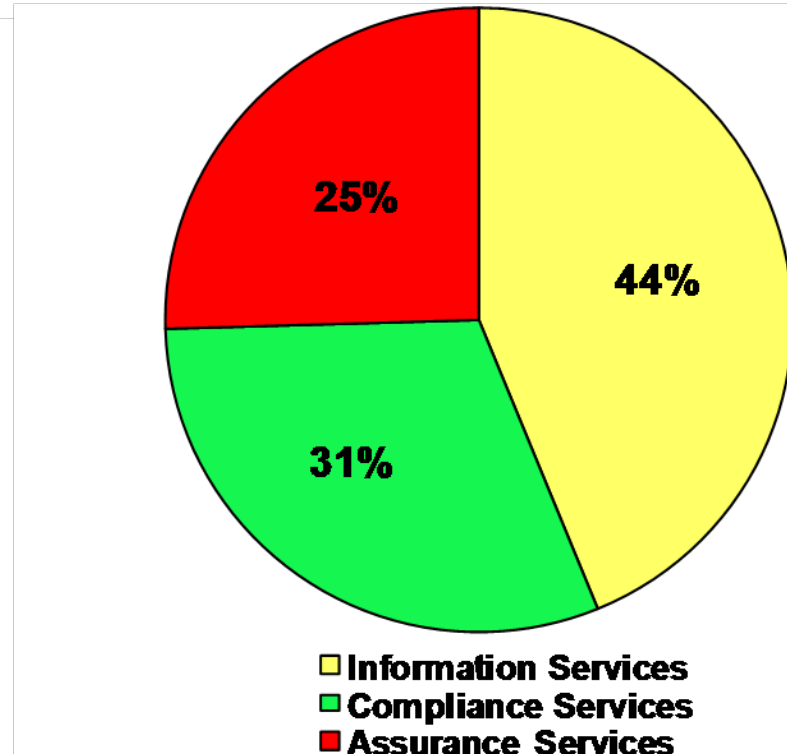
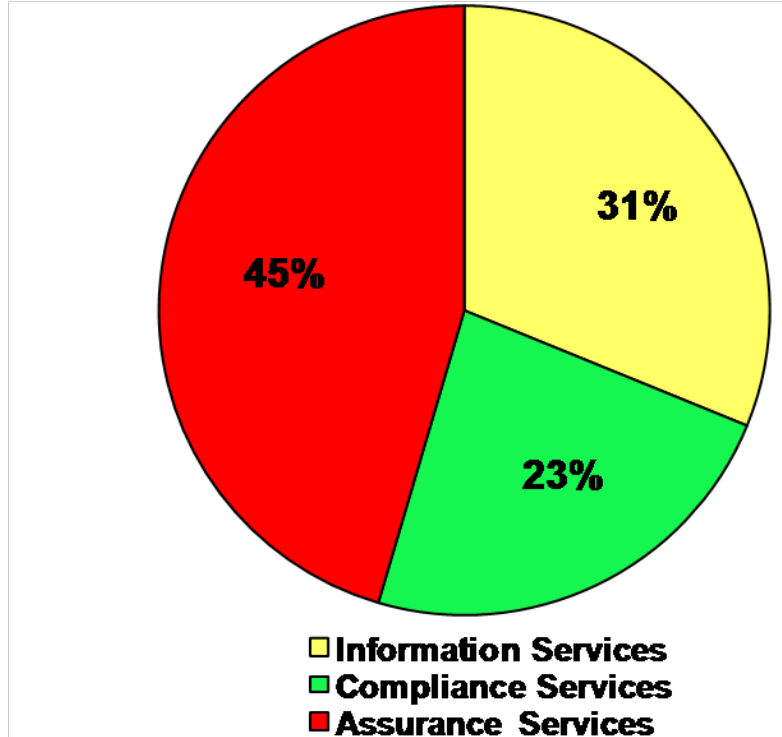
	FY11 A\$M	FY10 A\$M	Change %
Reported NPAT	44.8	33.7	33.0%
Significant charges	3.2	-	
Underlying NPAT	48.0	33.7	42.5%
<u>Specific non-cash items:</u>			
Equity based remuneration	2.2	1.6	35.4%
Amortisation of identifiable intangible assets	11.7	7.7	51.5%
	13.8	9.2	50.4%
Tax effect on specific non-cash items	(4.1)	(2.4)	70.5%
Non-cash items after tax	9.7	6.8	43.3%
Adjusted NPAT	57.8	40.5	42.6%
Adjusted EPS	29.8c	25.8c	15.5%



Service mix – by Revenue & EBITDA

Revenue¹ Mix

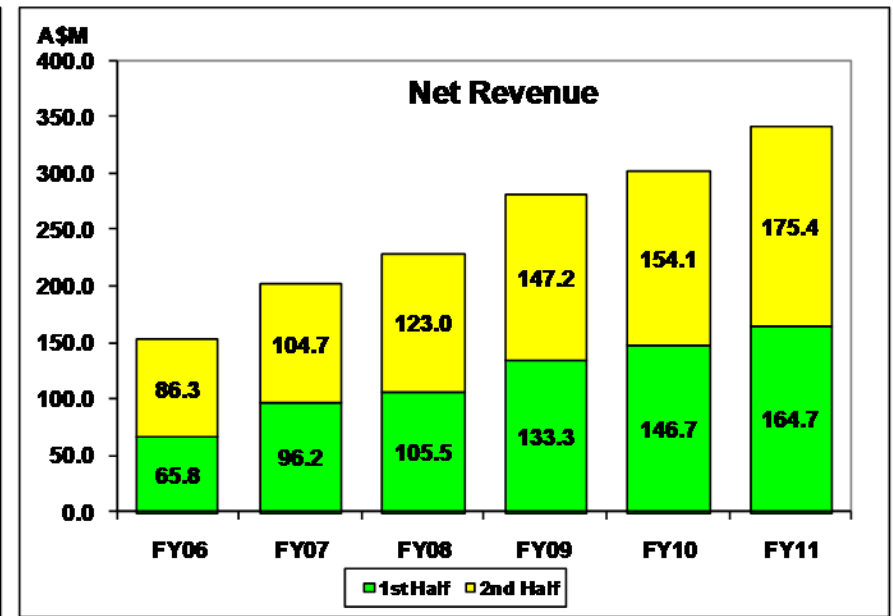
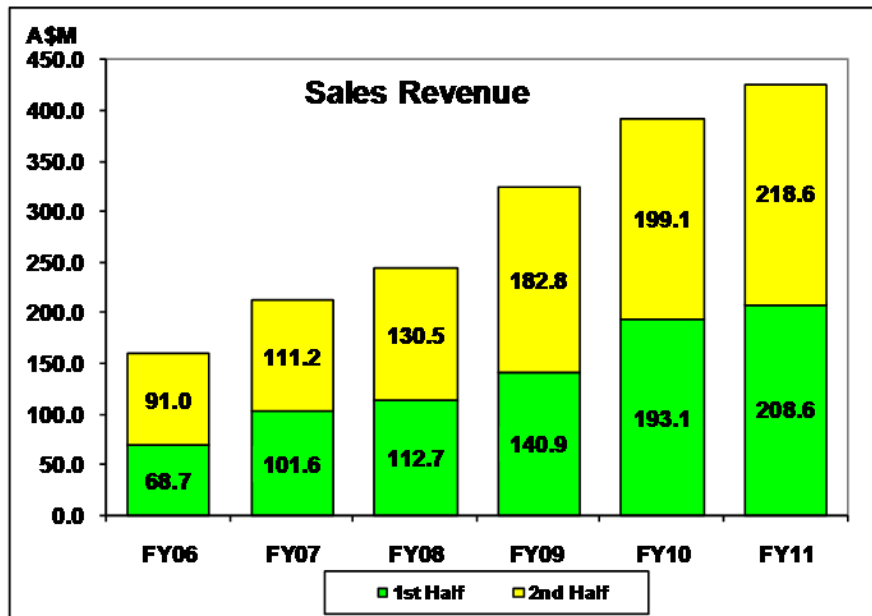
EBITDA Mix



1. Based on net revenue. Net revenue excludes the revenue which relates to the recharging of customers for fees levied on SAI by providers of searches and certificates to the property services business



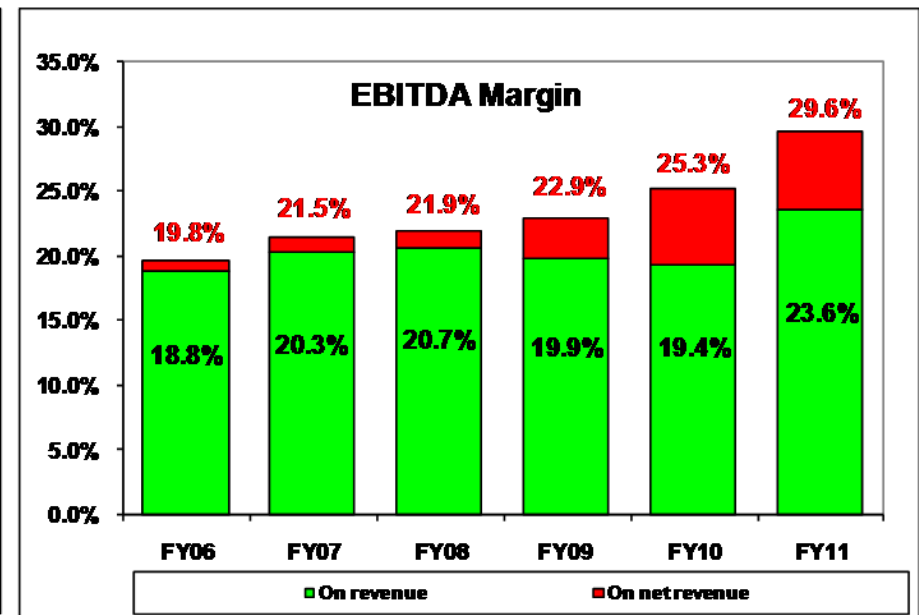
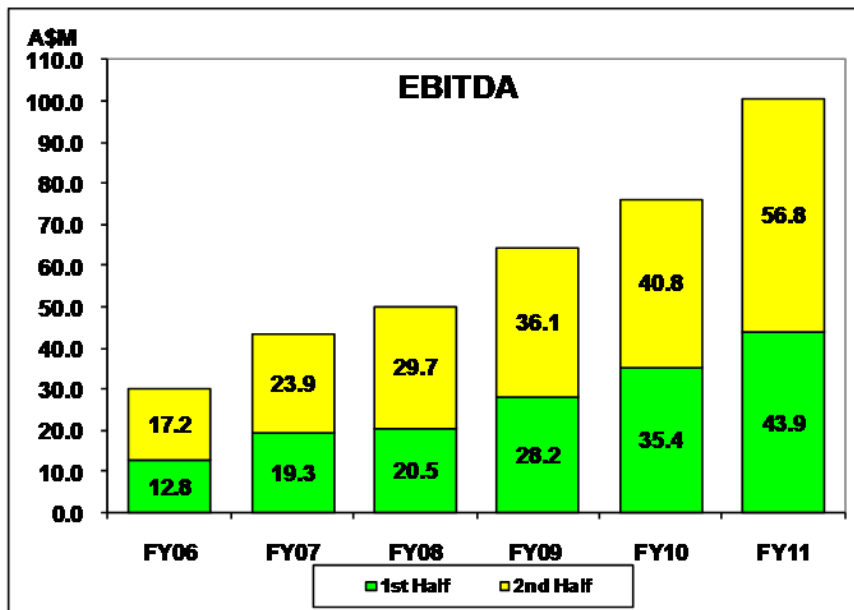
Consolidated Trends - Revenue



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

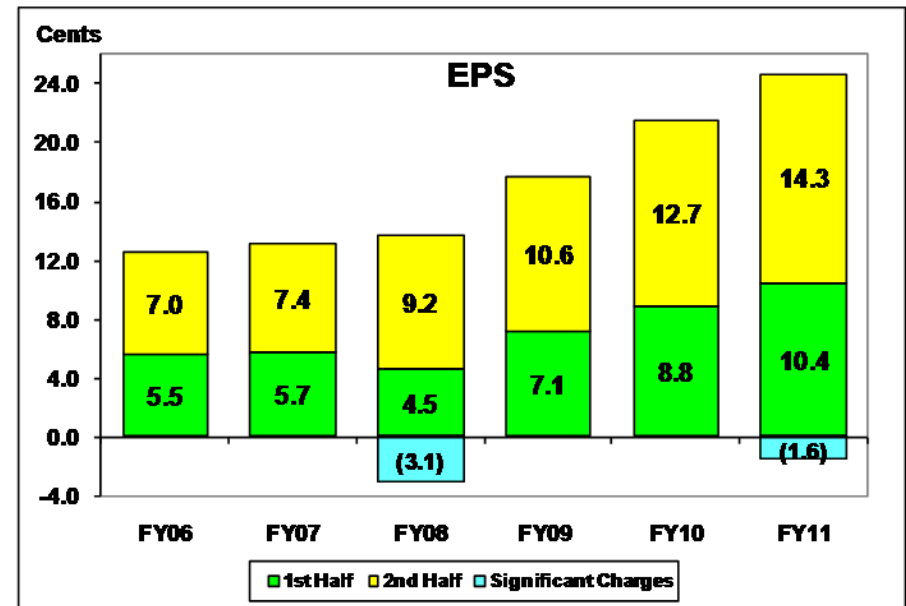
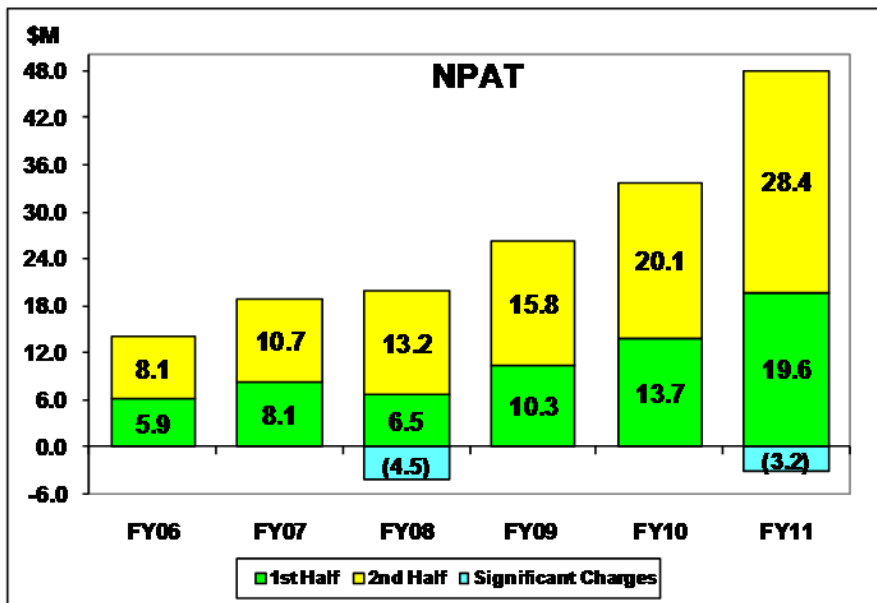


The increased EBITDA margin reflects the leverage from greater scale – predominantly from the addition of Integrity Interactive to the Compliance Services division

1. Before the impact of significant charges



Consolidated Trends – NPAT & EPS



We have continued to grow EPS and at the same time have expanded the capital base and reduced the balance sheet gearing ratio



Sensitivities to Movements in Exchange Rates

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

A\$K	GBP 1 pence from 0.6500	USD 1 cent from 1.0500
Revenue	705	858
EBITDA	177	313
NPAT	85	140

- Values will increase if the Australian dollar weakens and will reduce if the Australian dollar strengthens



Balance Sheet

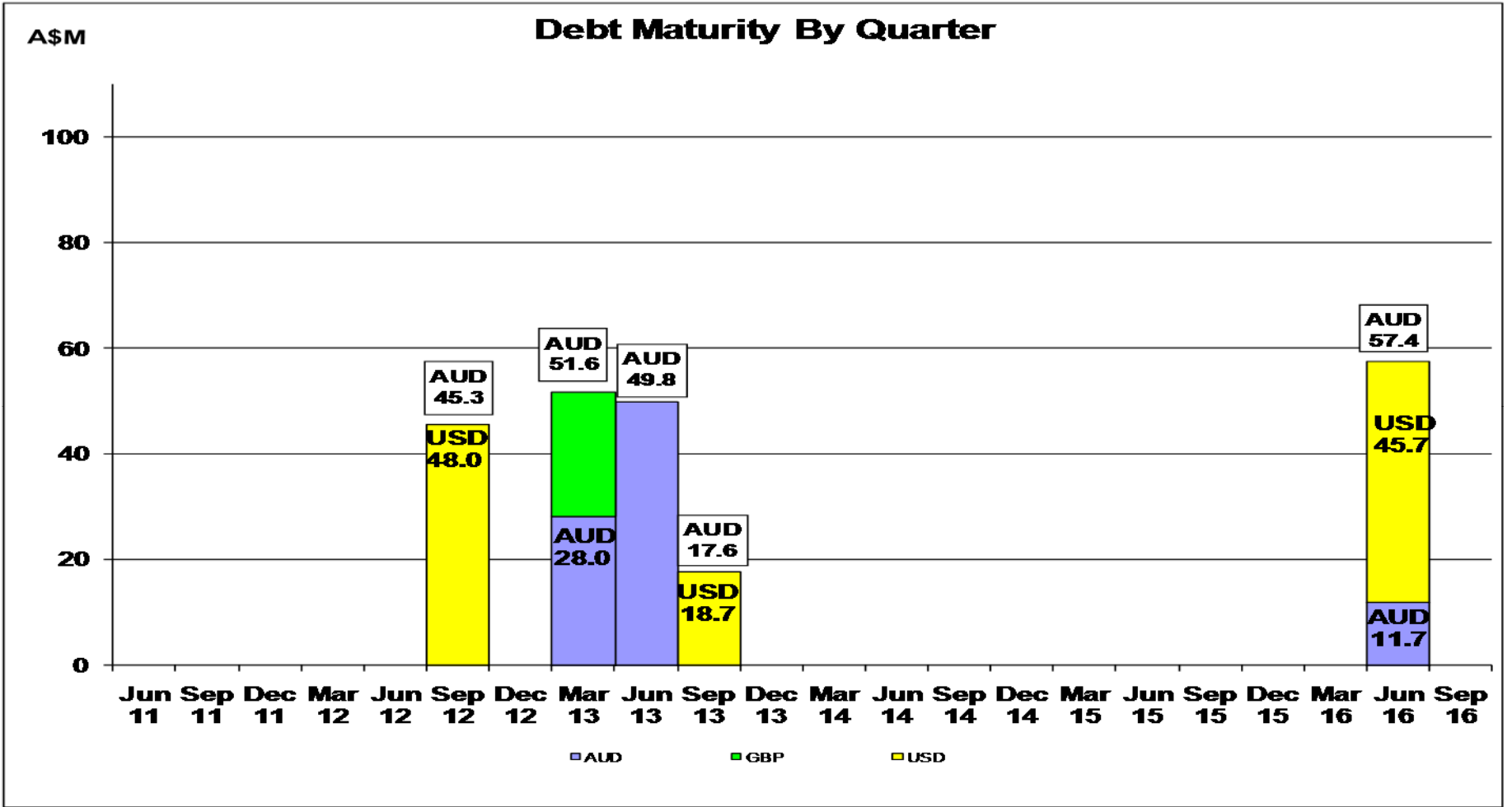
	June 11 \$M	June 10 \$M	Change %
Cash	52.3	33.5	56.3%
Intangibles	502.3	366.4	37.1%
Other assets	141.1	124.6	13.2%
Total assets	695.7	524.5	32.6%
Debt	221.7	179.4	23.6%
Deferred revenue	60.9	52.7	15.4%
Other liabilities	86.3	79.7	8.3%
Total liabilities	368.9	311.8	18.3%
Net assets	326.8	212.7	53.6%
Net gearing¹	34.1%	40.7%	(6.5%)
Interest cover²	7.6x	8.1x	(0.5)x
Net asset backing (cents)	164.2	133.3	23.2%

1. Net debt/(net debt plus equity)

2. Underlying EBITDA/ interest expense



Core Debt Maturity Analysis





3. Operational Performance

Tony Scotton
Chief Executive Officer



Information Services

12 Months

Revenue

Net revenue¹

EBITDA

EBITDA margin on revenue (%)

EBITDA margin on net revenue (%)

FY11

\$M

193.6

106.6

48.9

25.2%

45.8%

FY10

\$M

197.9

106.5

50.1

25.3%

47.1%

Change

%

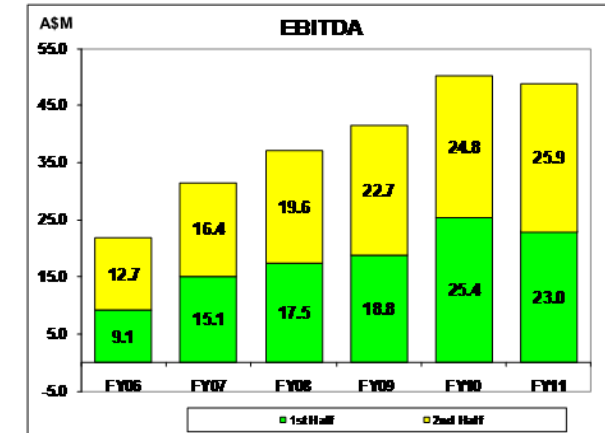
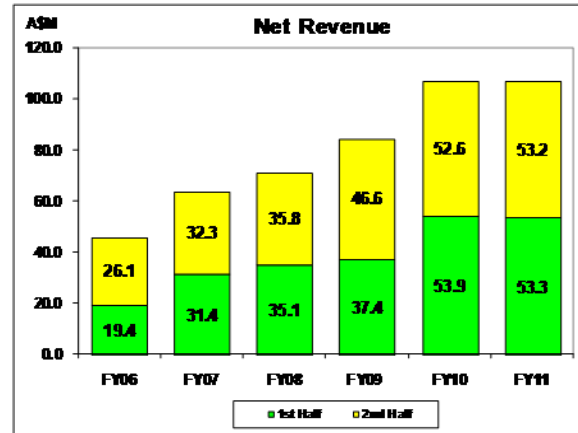
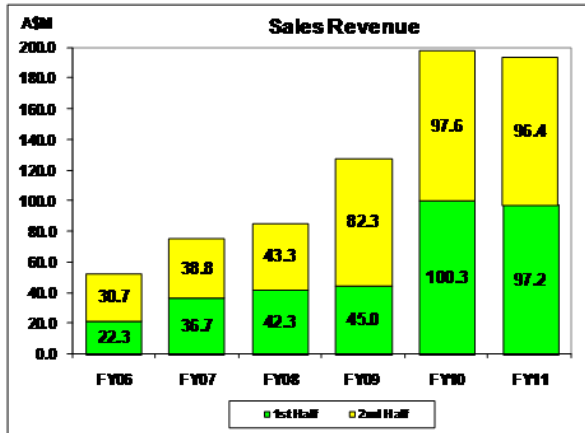
(2.2%)

0.1%

(2.6%)

(0.1%)

(1.2%)



1. Revenue less the property services revenue that relates to the recovery of charges from authorities from which certificates are sourced



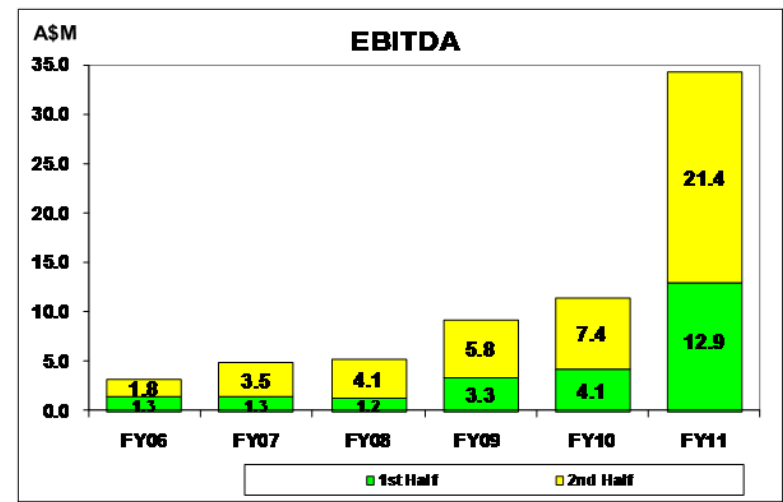
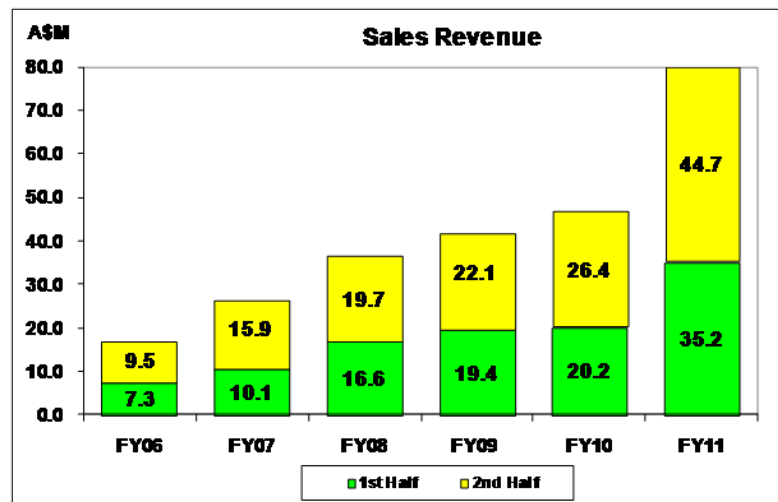
Information Services

- Performance was adversely impacted by reduced activity in property - property revenue and EBITDA down 5.1% and 15.8% respectively
- Standards business performed well achieving constant currency organic revenue growth of 7.7%
- Awarded a contract to provide national mortgage settlement services to ANZ Bank. Contribution to profit in FY12 will be limited due to lead time and upfront investment required. Full incremental revenue of circa \$10M per annum expected from FY13
- Focus remains on transforming the standards business from a predominantly distribution business into a content diversified, added value workflow business, and pursuing further opportunities in the property business through operational excellence and leading edge technology
- Outlook for FY12 is for revenue growth in trend range of 4% to 6%



Compliance Services

12 Months	FY11	FY10	Change
	\$M	\$M	%
Revenue	79.9	46.6	71.5%
EBITDA	34.3	11.4	199.8%
EBITDA margin (%)	42.9%	24.5%	18.4%





Compliance Services

- Strong top line growth driven by contribution from Integrity Interactive plus robust organic growth - despite the impact of a stronger Australian dollar
- Double digit organic revenue growth achieved in constant currency terms
- Achieved a major strategic milestone of establishing a leadership position in one product set through the acquisition of Integrity Interactive
- Significant operating margin expansion realised as a result of the operating leverage across the expanded business
- Outlook for FY12 remains favourable driven by new legislation, for example the UK Bribery Act. Double digit revenue growth is expected
- Margin expansion likely to be tempered by intention to invest in the business to take full advantage of emerging opportunities



Assurance Services

12 Months

FY11

FY10

Change

\$M

\$M

%

Revenue¹

155.4

149.4

4.0%

EBITDA

28.4

23.5

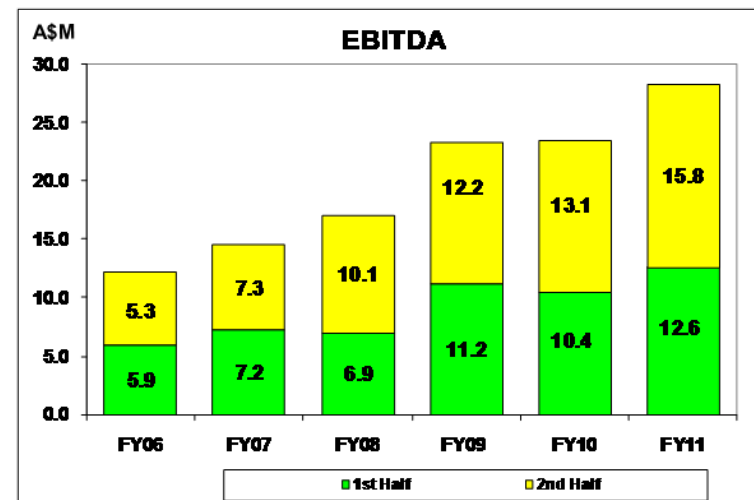
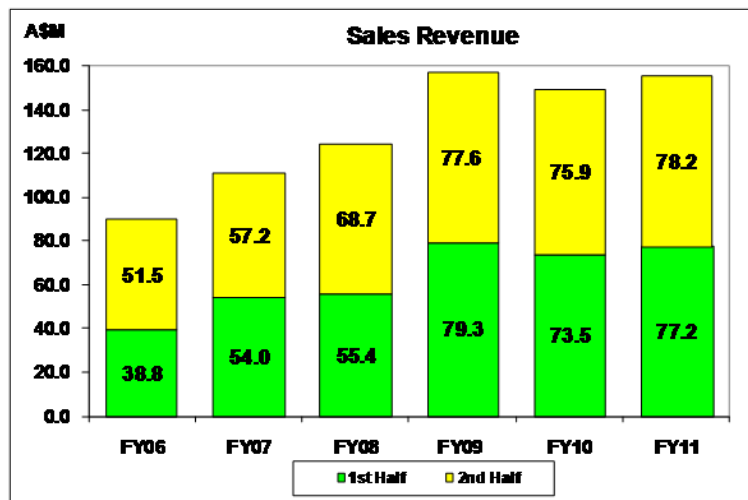
20.8%

EBITDA margin (%)

18.3%

15.7%

2.5%



1. Revenue was adversely impacted by the impact of the stronger Australian dollar. On a constant currency basis the division achieved revenue growth of 6.7%



Assurance Services

- Top line adversely impacted by the stronger Australian dollar – organic revenue growth returned to the top end of the trend range (5% to 7%) at 6.7%
- EBITDA margins expanded to 18.3% on the back of a recovery in the standards training business, continued strong growth in Asia, and a significant improvement in North America
- Opportunities continue to emerge in the food safety and related services
- Focus remains on driving competitive advantage through technology solutions and establishing capability beyond certification
- Outlook for FY12 is for organic revenue growth to remain towards the top of the trend range and for the EBITDA margin to expand further



4. Outlook

- Financial markets are volatile and economic growth in major economies is stalling
- Whilst not immune to the impacts of further economic deterioration, SAI's businesses have demonstrated their resilience through tough times
- We will monitor the situation closely and respond accordingly
- Notwithstanding the current turmoil, we see exciting opportunities emerging across our divisions, in particular:
 - Banking workflow opportunities (Information Services)
 - Opportunities arising from the UK Bribery Act (Compliance Services)
 - Food assurance, including in the food retail space (Assurance Services)



4. Outlook (continued)

- We intend to invest in new people and technology to take maximum advantage of these opportunities
- This investment is expected to temper EBITDA margin expansion in FY12 – but will position the group well for further operating margin expansion in FY13
- A continuing strong Australian dollar is detrimental to revenue but natural hedges reduce the impact on NPAT and EPS
- We expect to see revenue and profit growth across all of our businesses in FY12
- Dividends are expected to grow in FY12 and be fully franked



5. Q & A