

Document Management Solutions | Secure Destruction Services | Data Protection Services



# Investor Presentation

28 October 2013

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## 1 Introduction

## 2 Investment Highlights

## 3 Business Strategy

## 4 Financial Overview

*Note: All dollar amounts in the presentation are US dollars unless otherwise stated. All financials in this presentation are Pro Forma for standalone corporate costs and the impact of the acquisition of an additional 51% of Recall Singapore. Further details on financials are contained in the Demerger Scheme Book.*



- **Leading information management solutions provider in large, growing and fragmented market**
  - Strong market positions: global footprint in 23 countries
  - Stable, recurring revenue streams
  - Strong cash flow
  - Initial target dividend pay-out ratio intended to be at least 60% of NPAT
  - Net debt of ~\$500M (~2.4x FY13 Pro Forma Underlying EBITDA)
- **Confident in ability to deliver revenue and Underlying Profit growth for FY14, in constant currency** <sup>(1,2,3)</sup>
  - Supported by 1Q14 trading performance and long-term fundamentals

**Well positioned to deliver profitable growth<sup>(2)</sup>**

(1) Constant currency results are presented by translating both current and comparable period foreign currency results into US dollars at the actual monthly exchange rates applicable in the comparable period.

(2) Future results, performance or achievements are subject to market conditions, unforeseen circumstances and risks, and accordingly may differ from this outlook.

(3) After adjusting for one-time demerger and standalone expenses. The second-half financial result of FY14 is expected to be stronger than the first half.



# Whiteboard Marketing Video





## Document Management Solutions (74% of FY13 Revenue)

- Storage, indexing and retrieval
- Business process automation
- Digital document management

## Secure Destruction Services (15% of FY13 Revenue)

- Secure collection
- Secure destruction
- Sale of recycled paper

## Data Protection Services (11% of FY13 Revenue)

- Offsite storage, rotation, protection and recovery of back-up data
- Cloud-based back-up/storage

**Global Provider of Information Management Solutions**

*Note: All financials are Pro Forma.*





## Document Retention Drivers

Growing information management industry

- Regulatory requirements
- Litigation
- Security
- Complexity of information

## Customer Needs

Comprehensive solutions

- Spans physical and digital
- Auditable security standards
- Standardised systems
- Easy access and retrieval

## Recall business focus

Essential business records and high value documents

- Physically verifiable
- Required by law/regulation
- Assertion of right/claim
- Customer defined

## Examples of typical documents

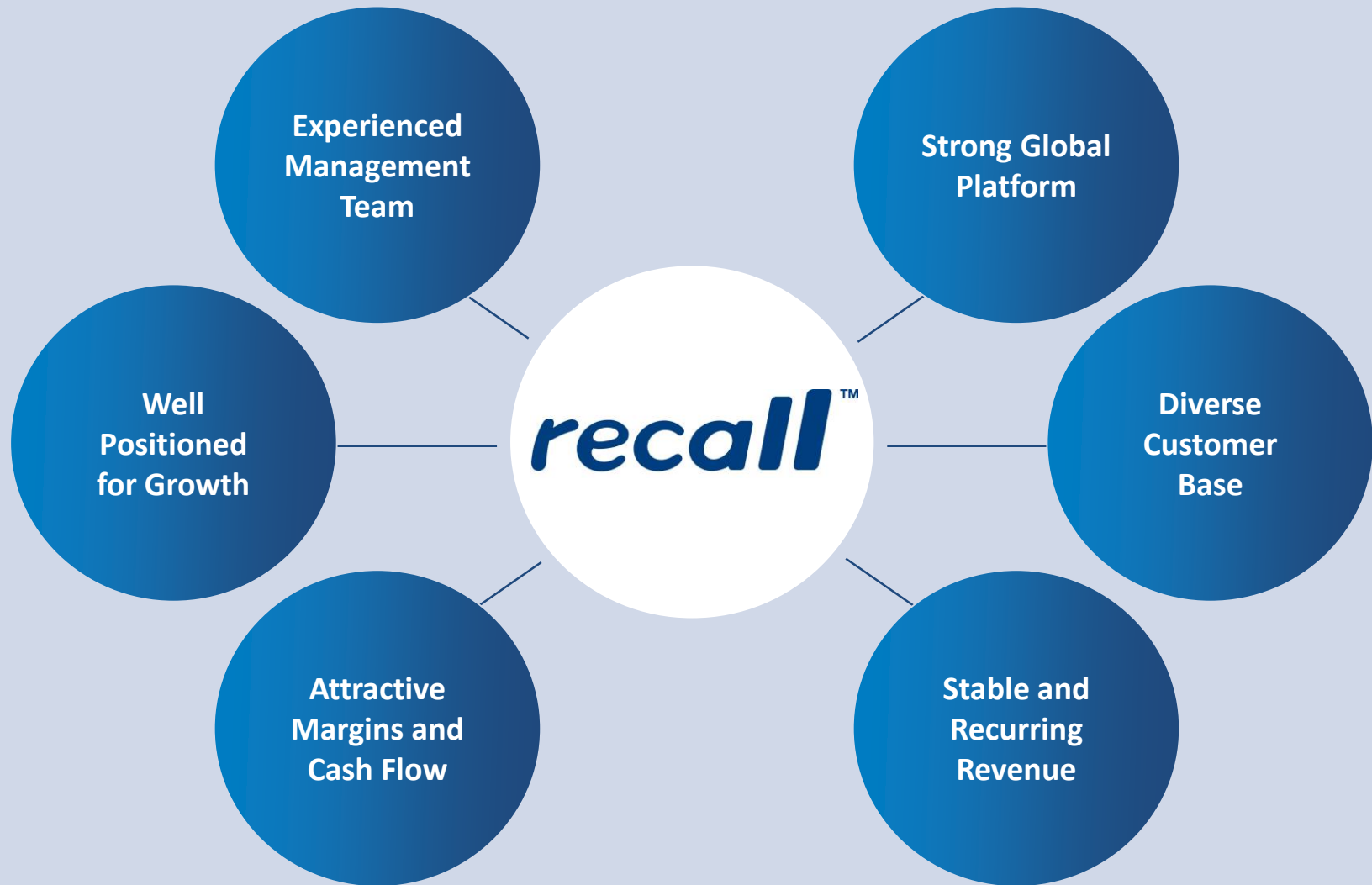
- Financial services: mortgage/loan records, customer account histories
- Insurance/legal: titles, wills and trusts; policy and claims records
- Healthcare: patient records; doctor communications



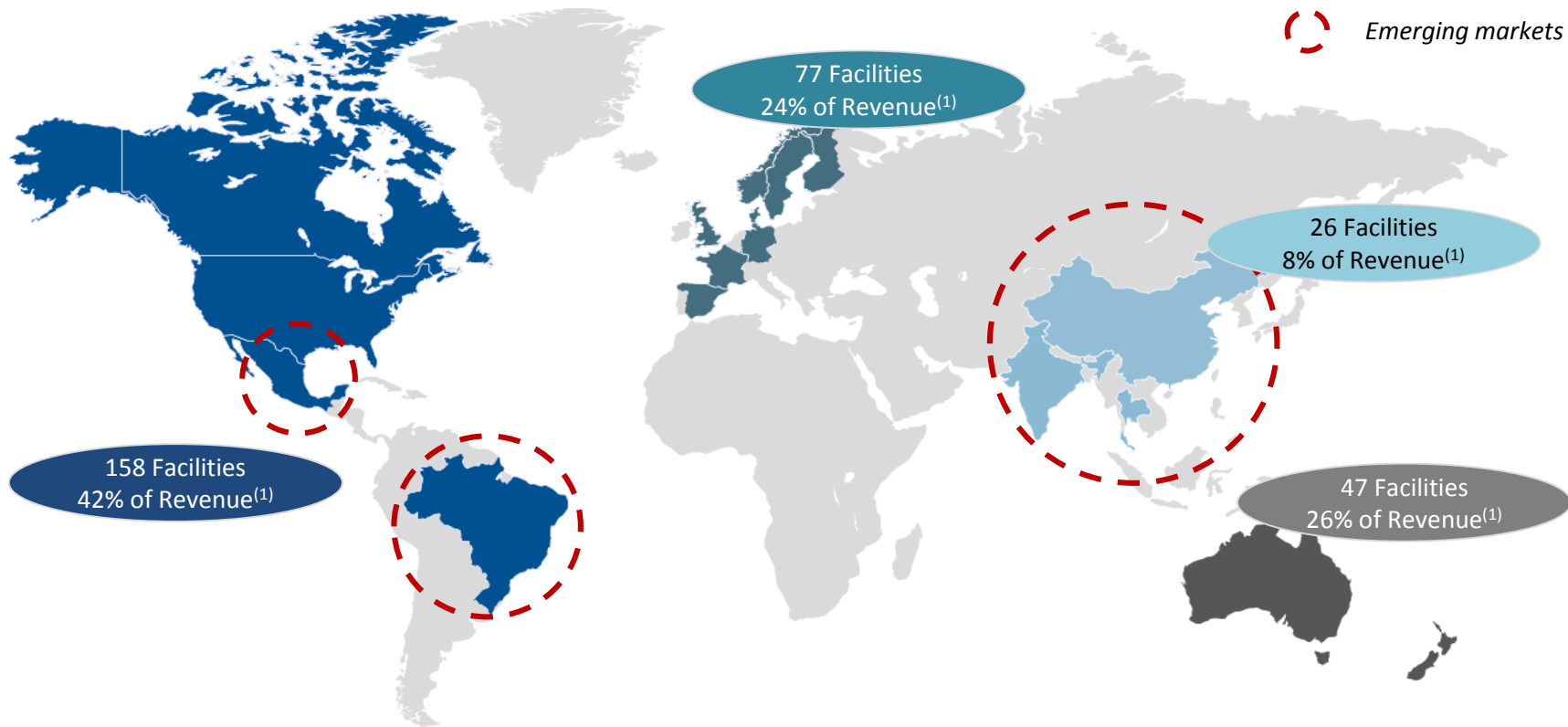


## 2. Investment Highlights





# Strong Global Platform



- Global business: 308 facilities in 23 countries
- Exposure to higher growth emerging markets
  - Enhanced through recent consolidation of Singapore JV

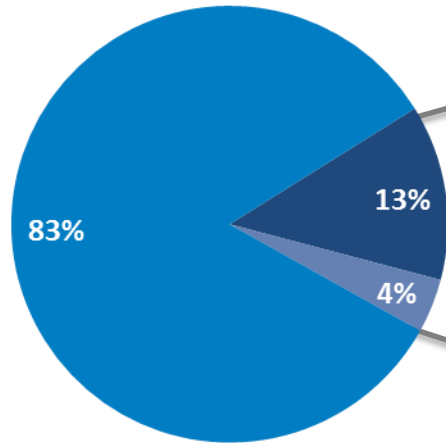
(1) FY13 Pro Forma Revenue.



# Diverse, High Quality Customer Base

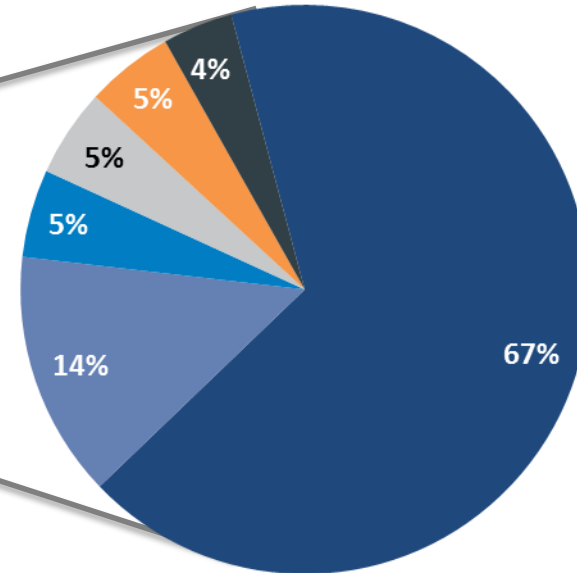
### Customer Concentration<sup>(1)</sup>

- Top 10
- 10 – 20
- Remainder



### Split of Top 20 Customers

- Financial services
- Government
- Consulting
- Technology
- Energy
- Insurance

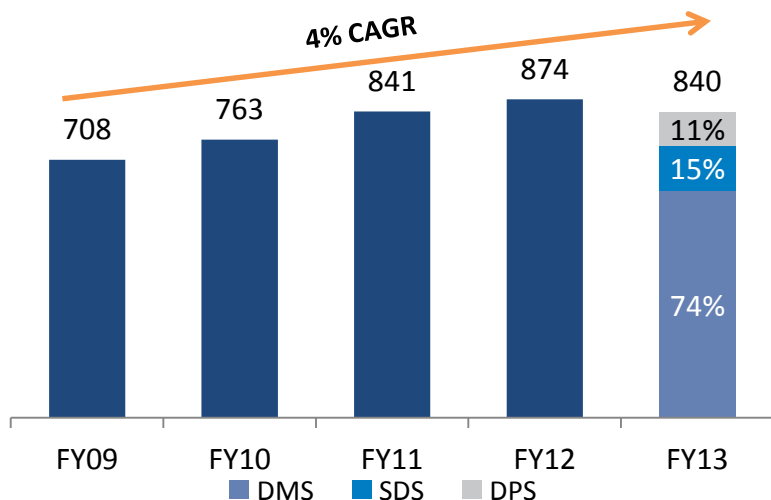


- Recall services ~80% of the Fortune 100 and >65% of the Fortune 500
- Customers include multinational companies to medium and small enterprises

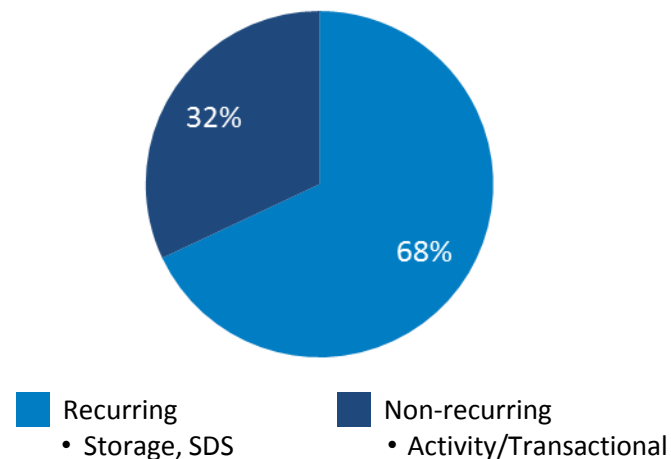
(1) Based on FY13 Pro Forma Revenue.



### Historic Revenue Growth



### FY13 Revenue – Estimated 68% Recurring



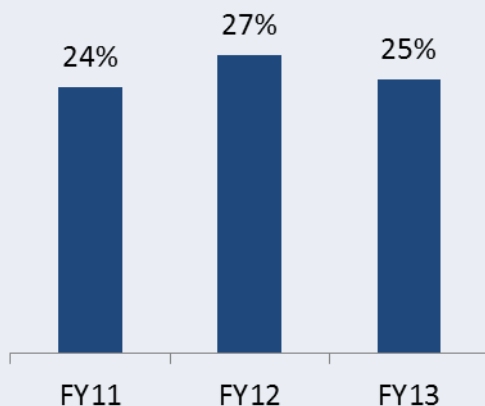
- Contract terms create high switching costs
- 16 of our top 20 customers with Recall for over 12 years

Note: All financials are Pro Forma.

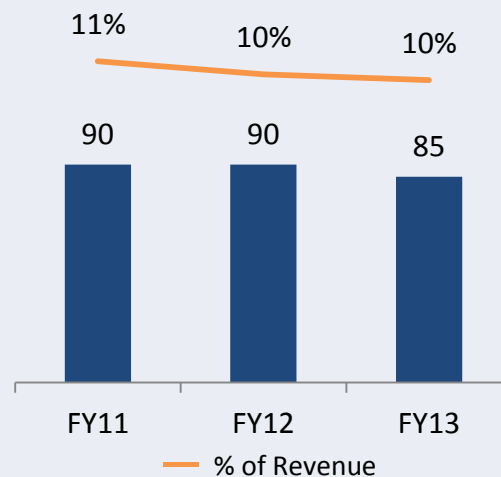


# Attractive Margins and Cash Flow

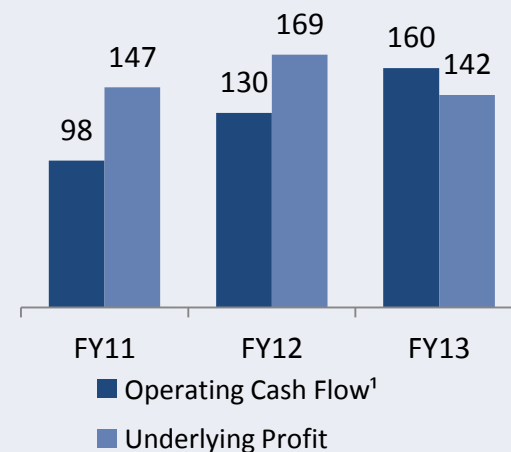
### Underlying EBITDA Margins



### Capex (\$M)



### Cash Flow (\$M)



Cash flow and margins support dividends and growth investments

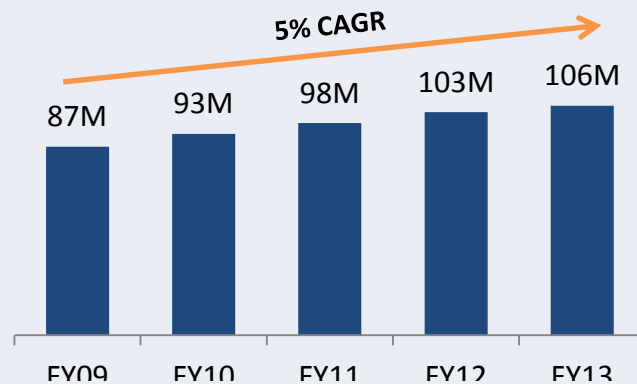
Note: All financials are Pro Forma.

(1) Net operating cash flows after capital expenditure and standalone corporate costs, before financing costs and tax.

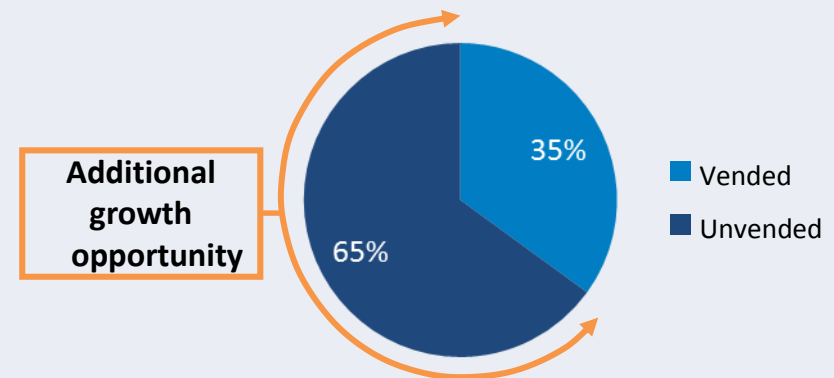


- \$20B per annum market size<sup>(1)</sup>
- Proven ongoing demand for long-term physical storage

**Consistent Growth in Cartons Stored<sup>(2)</sup>**



**Majority of \$20B Market is Unvended**



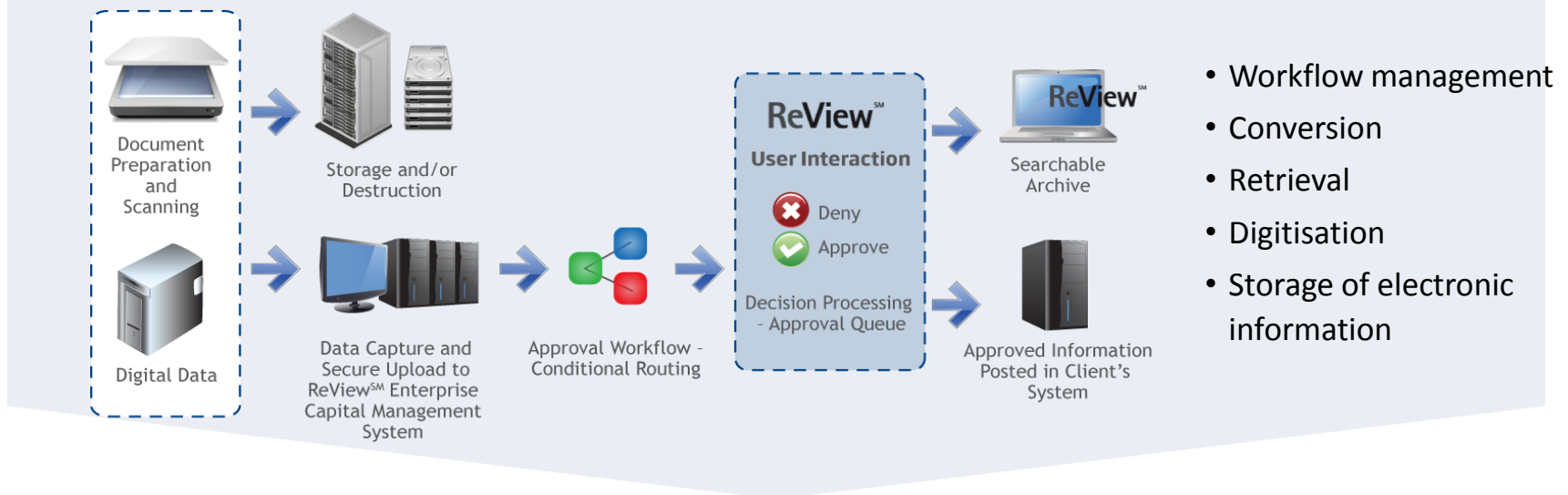
**Unvended sector presents substantial incremental growth opportunity**

(1) Recall management estimates of the global physical document management market based on industry research.

(2) Average number of cartons stored over period.

- Recall capitalising on digital growth opportunity
  - Business process and workflow solutions drive customer cost efficiencies
  - Cloud-based content management systems store, manage and back-up data
  - Tailored solutions help reduce risk and drive business value

## Recall Workflow Integration and Digital Business Solutions



**Single solution provider for management of physical and digital information**



# Experienced Management Team

- Significant information management industry experience
- Proven track record of successfully managing and growing international businesses



CEO  
**Doug Pertz**  
*Joined Recall 2013*



CFO  
**Mark Wratten**  
*Joined Recall 2012*




President, Americas  
**Mark Wesley**  
*Joined Recall 2002*



President, ANZ  
**Owen Kinnaird**  
*Joined Recall 2013*



President, Europe  
**Christian Coenen**  
*Joined Recall 2000*

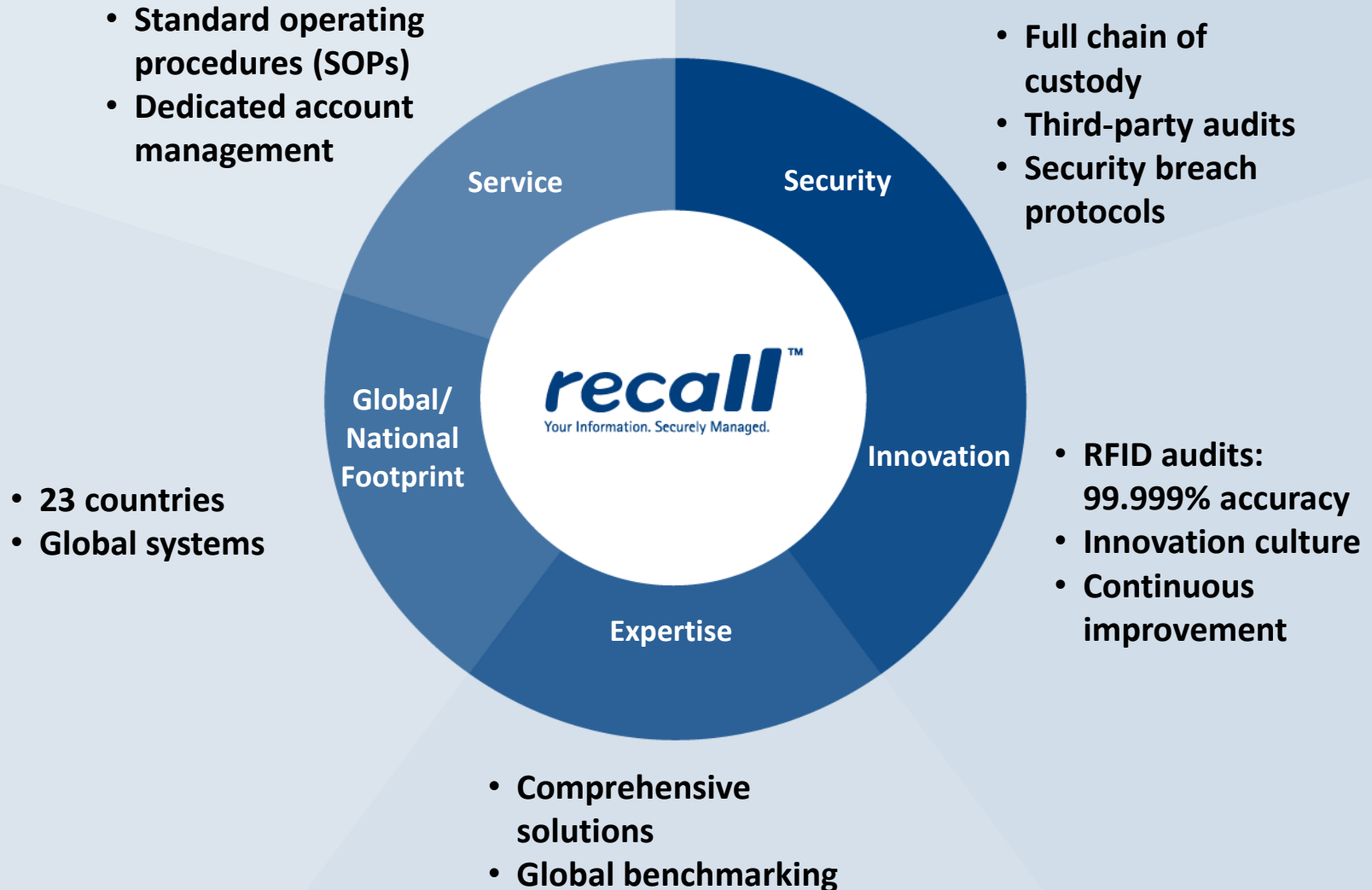


President, Asia  
**Lyn Ng**  
*Joined Recall 1996*





### 3. Business Strategy





# Examples of Key Customer Wins

Strategy Initiative	Customer Type	Solution
Gain Market Share	Large Global Bank Major NZ Insurance Co	Physical
Convert Unvended	Regional Law Firm US Healthcare Provider	Physical
Expand Service Offering	Top Brazilian Insurance Co Major Australian Airline	Digital Solution (w/Physical) Scanning & Hosting (ECM)
Geographic Expansion	Top 10 Global Bank Global Financial Services Co	Physical
Digital Innovation	Australian Hospital Global Industrial Co	Digital Solutions Paperless Hospital/Workflow

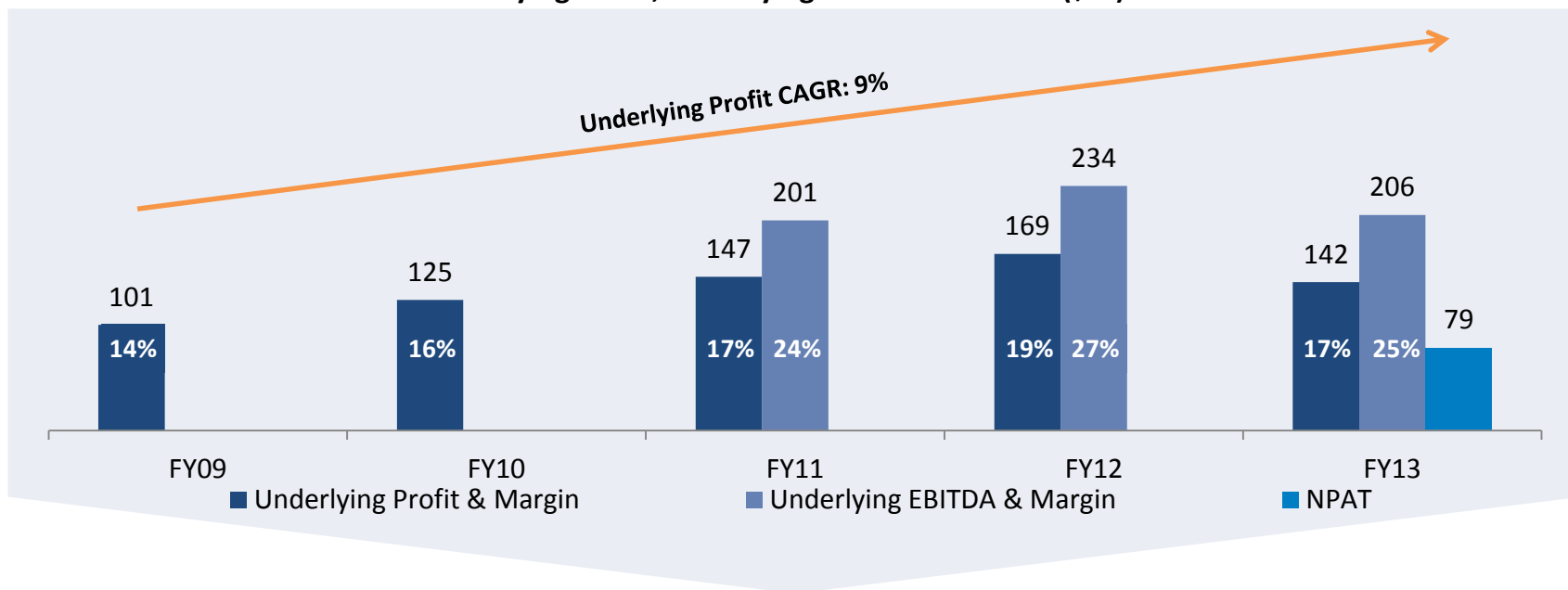




## 4. Financial Overview

- FY12: Business prepared for sale with aggressive cost-out and low business development
- FY13: Impacted by sale process, lower transactional activity, lower paper prices and normalisation of business development and other costs

**Underlying Profit, Underlying EBITDA and NPAT (\$M)**



**Growth in revenue and Underlying Profit expected in FY14<sup>(1,2)</sup>**

Note: All financials are Pro Forma.

(1) After adjusting for one-time demerger and standalone expenses.

(2) The second half of FY14 is expected to be stronger than the first half.



- Recall net debt at Demerger of approximately \$500M
- \$800M multi-currency syndicated facility
  - Combination of three-year and five-year maturities
  - Covenants:
    - Net debt<sup>(1)</sup> to EBITDA: less than 3.5x
    - EBITDA to net finance costs: not less than 3.5x

**Net debt/FY13 Pro Forma Underlying EBITDA: ~2.4x at demerger<sup>(2)</sup>**

(1) Cash adjusted to reflect Demerger transaction costs to be incurred by Recall ; approximately \$6M of the Recall Demerger transaction costs are expected to be incurred by Recall after the Demerger.

(2) Based on Pro Forma Underlying EBITDA of \$206M.



- First dividend September/October 2014
- Dividends paid in Australian Dollars
- Franking of dividends to the extent practicable<sup>(2)</sup>
  - Franking not expected until FY15
  - Franking expected to be between 20% and 40% for the foreseeable future

**Initial target dividend pay-out ratio intended to be at least 60% of NPAT**

*(1) Dividend policy will be determined by the Recall Board at its discretion and may change over time.*

*(2) Level of franking is subject to the amount of tax paid in the future, the existing balance of franking credits and other factors considered relevant by the Recall Board.*



- Total 1Q14 Pro Forma Sales Revenue: \$206M, up 3% in constant currency<sup>(1)</sup>
  - Reflects 8% growth in core DMS business: driven by growth in carton storage volumes and revenue, as well as related activities
  - Offset by lower revenue in SDS business: due to lower one-off service activity and paper prices

**Confident in ability to deliver revenue and Underlying Profit growth for FY14, in constant currency<sup>(2,3)</sup>**

*(1) Constant currency results are presented by translating both current and comparable period foreign currency results into US dollars at the actual monthly exchange rates applicable in the comparable period. Actual currency Pro Forma Sales Revenue in 1Q14 was down 0.4%.*

*(2) Future results, performance or achievements are subject to market conditions, unforeseen circumstances and risks, and accordingly may differ from this outlook.*

*(3) After adjusting for one-time demerger and standalone expenses. The second-half financial result of FY14 is expected to be stronger than the first half.*



- **Leading information management solutions provider in large, growing and fragmented market**
  - Strong market positions: global footprint in 23 countries
  - Stable, recurring revenue streams
  - Strong cash flow
  - Initial target dividend pay-out ratio intended to be at least 60% of NPAT
  - Net debt of ~\$500M (~2.4x FY13 Pro Forma Underlying EBITDA)
- **Confident in ability to deliver revenue and Underlying Profit growth for FY14, in constant currency** <sup>(1,2,3)</sup>
  - Supported by 1Q14 trading performance and long-term fundamentals

**Well positioned to deliver profitable growth<sup>(2)</sup>**

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# Appendices



**Ian Blackburne, Chairman<sup>(2)</sup>**

- Current Chairman of Aristocrat Leisure (ASX) and Director of Teekay Corporation (NYSE)
- Former Chairman of CSR and the Australian Nuclear Science & Technology Organisation
- Former Non-Executive director of Suncorp-Metway and Symbion Health



**Doug Pertz, CEO<sup>(2)</sup>**

- Joined Recall in April 2013 from Bolder Sanitation Group, where he was Chairman and CEO
- Previously CEO for a number of companies, including Clipper Windpower, IMC global and Culligan Water Technologies
- Previously group executive at Danaher and held various international management roles with Cummins Engine Company and Caterpillar



**Neil Chatfield, Independent Non-Executive Director<sup>(2)</sup>**

- Non-Executive Chairman of Seek since 2012 and Director since 2005
- Non-Executive Chairman of Virgin Australia since 2007 and Director since 2006
- Non-Executive Deputy Chairman and Director of Grange Resources since 2009 and Non-Executive Director of Transurban Group since 2009
- 30 years experience in the transport and resource industries including Director of Toll Holdings and Whitehaven Coal



**Tahira Hassan, Independent Non-Executive Director<sup>(3)</sup>**

- Non-Executive Director of Brambles since December 2011
- Formerly Nestlé Senior Vice President & Head of Global Supply Chain, Senior Vice President and Global Business Head for Nescafé Ready to Drink and Vice President, Deputy Operations, Zone Americas

(1) Recall expects to add one additional Non-Executive Director upon Demerger with one or two Non-Executive Directors to be added in the future.

(2) Initial Recall Board members.

(3) Following the Demerger, Tahira Hassan will join the Recall Board. She will also remain a member of the Brambles Board.





## **Some of the key risks associated with Recall include<sup>(1)</sup>:**

- Inability to maintain information security or inadequate contract management
- Inability to comply with regulatory obligations (including increased governmental focus on data security and privacy)
- Competition and loss of major customers
- Failure to adapt to business environment changes
- Reduction in physical paper records storage
- Disruptions to systems and technology impairing ability to provide services
- Fluctuations in commodity prices (e.g. paper prices) and raw material availability
- Inability to attract, develop and retain high performing individuals
- Insufficient growth or inability to execute strategy
- Inability to innovate or take advantage of technological advancements
- Inability to manage occupational health and safety obligations
- Impact of fires or other unexpected events

*(1) See Sections 4.4 and 4.6 of the Scheme Book for the Demerger of Recall by Brambles for a description of these and other risks.*

