



Link Administration Holdings
Limited
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ASX ANNOUNCEMENT

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2016 Annual General Meeting – Address by the Chairman and Managing Director

Attached is a copy of the addresses to be given by the Chairman and the Managing Director at the 2016 Annual General Meeting for Link Administration Holdings Limited, to be held today.

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2016 Annual General Meeting – Address by the Chairman and Managing Director

Good morning everyone.

Welcome to the inaugural Link Group Annual General Meeting at Collins Square in Melbourne, the location of our new Melbourne office.

My name is Michael Carapiet and I am the Chairman of the Link Group Board.

It is now 10.00am, the appointed time for the holding of the Meeting and I am advised that the necessary quorum is present. I therefore have the pleasure of declaring the 2016 Link Group Annual General Meeting open.

Before we proceed with the Meeting, I have a couple of quick housekeeping points. I would appreciate if all mobile phones could be turned to silent mode and recording devices and cameras must not be used during the Meeting. In the event of an emergency, please follow the emergency exit signs and instructions of the venue staff.

The agenda for today's Meeting is as follows:

- I will present my address.
- Following that, John McMurtrie, our Managing Director, will present his review of the Company's activities.
- We will then proceed with the formal business of the Meeting.
- Following the conclusion of the Meeting, I invite those shareholders here in Melbourne today to join me, my fellow Directors and senior management for light refreshments.

Today I am joined by my fellow Directors:

- Independent Non-Executive Directors: Glen Boreham, Anne McDonald, Sally Pitkin and Fiona Trafford-Walker; and
- Link Group's Managing Director, John McMurtrie.

We are also very pleased to have announced this morning the appointment of Peeyush Gupta as an additional independent non-executive director, effective at the conclusion of today's AGM.

Peeyush has over 30 years of experience in wealth management and is currently the Chairman Charter Hall Direct Property Management and Long Wale REIT and a non-

executive Director on a range of commercial, public sector and not-for-profit boards including the National Australia Bank, iCare, SBS and Bank of New Zealand Life Insurance.

We welcome Peeyush and look forward to working with him in the future.

Also here today we have Link Group senior management as well as Link Group's auditor, KPMG, who is represented by Partners Andrew Yates and Kim Lawry.

The 2016 AGM will be a particularly special Meeting for Link Group.

Not only is it our first AGM as an ASX listed company, we are also proud to showcase our own technology to facilitate online shareholder participation.

This will make the Meeting accessible to those who are unable to be in Melbourne today.

We are really excited about our new technology and believe that it will revolutionise the way companies engage with their shareholders and it is important innovation to increase shareholder engagement.

Our technology enables shareholders to actively participate in meetings, irrespective of where shareholders are located around the world, making the meeting accessible to all shareholders.

The technology is available to shareholders across the globe, offering a new and interactive channel for shareholders to participate in shareholder meetings.

Shareholders who use our online platform will be able to watch the meeting in real-time, submit votes and ask questions online during the Meeting.

The platform enables shareholders to participate in the AGM from the comfort of their personal computers and tablet devices.

While Link Group was the first to use technology in Australasia to facilitate online participation of an AGM for its New Zealand clients, this is the first time that Link Group has used its technology to facilitate online participation by shareholders at a meeting of an Australian incorporated company.

We hope that going forward, all our clients will use our technology to facilitate online participation at meetings to encourage greater shareholder engagement and accessibility.

We are very pleased to welcome those of you participating online.

2016 has been a very exciting time for the Link Group. We ran a very successful IPO process in October last year and have had a strong first year as a listed company.

I would like to take this opportunity to thank my fellow Link Group Board members and the broader Link Group team for their efforts and contribution during the year.

The Board comprises an excellent group of senior leaders, with a broad range of skills and experience, drawing their business knowledge from a range of industries and backgrounds.

I wish to especially note our appreciation for our major founding shareholders, Pacific Equity Partners and Intermediate Capital Group for funding, developing and guiding this outstanding organisation in the years prior to our IPO.

The Board is most grateful to our recently retired directors, Paul McCullagh and Cameron Blanks, for their tremendous contribution to Link Group over many years.

For those less familiar with our organisation, Link Group is a market leading provider of technology-enabled administration solutions, with over 4,300 employees working across 11 countries.

Our clients include some of Australia's largest superannuation funds and the world's largest corporations.

Our operations are divided into 3 segments:

- Fund Administration;
- Corporate Markets; and
- Information, Digital and Data Solutions.

Our Fund Administration business is a leading provider of fund administration services in the Australian market.

In Corporate Markets, we retain leading positions in each of the markets we operate in globally and our technology and innovation is augmented through our IDDS division.

Today Link Group administers financial ownership data for over 2,500 clients globally, servicing an underlying stakeholder base of over 10 million superannuation account holders and over 25 million individual shareholders.

Our proven and experienced management team led by John McMurtrie continues to drive the growth of the business and they remain strongly committed to Link Group's growth strategy.

While we are all justifiably proud of the Company's achievements this year, none of this would be possible without the strong and loyal support of our valued clients and the commitment and hard work of the broader Link Group team.

Before concluding, I would like to extend a warm thankyou to our new shareholders for your support.

We received outstanding support during the IPO and have welcomed the continued support throughout the year.

Your Company is in excellent shape, with a strong foundation and well placed to pursue those growth opportunities that will add value for our shareholders over the long term.

The Board thanks you all, and we look forward to delivering on our commitment to service and innovation for our clients, their members and investors.

I will now hand over to our Managing Director, John McMurtrie, to discuss Link Group's operational highlights and growth strategy in more detail.

Thank you.

Managing Director's Update

Thank you Chairman. Good morning everyone.

I am delighted to present to you an operational update in our first year as a public company.

I am equally delighted that we can host you in our brand new Melbourne premises as well as allowing shareholders to participate online using our own technology.

As Michael said, we are very proud of the Company's performance during the FY2016 year.

We exceeded all of our prospectus earnings forecasts.

Since 2002, Link Group has maintained an uninterrupted record of EBITDA growth year-on-year.

Our balance sheet is strong, with net debt to EBITDA of 1.37 times giving us the resources, together with strong cash flows, to deploy significant capital when suitable business opportunities arise.

We have been able to build a business with a very high proportion of recurring revenue – in excess of 90% of our gross revenue comes from renewable contracts of three years or longer.

This allows us to take a medium to long term view particularly around technology.

All key measures of financial performance improved over the year and exceeded the Prospectus forecasts, as follows:

- Revenues of \$776 million, up 32% on the prior year and 3% higher than Prospectus;
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$191 million, up 29% on the prior year and 5% higher than Prospectus; and
- Net Profit after Tax and after adding back tax effected acquired amortisation (NPATA) of \$103 million, 8% higher than Prospectus.

Link Group relies on people who all believe that they can make a difference. Whilst technology is important to us, it is the capacity to innovate and to deliver as an entire organisation to our clients that is key.

Our culture is an important contributor to this. Based on our five core values of:

- respect;
- professionalism;
- teamwork;
- commitment; and
- integrity,

the Group's inclusive and enabling culture allows people to contribute their ideas and energy, knowing there is a framework of supportive management and appropriate risk controls to help them do their job in competitive and tightly regulated markets.

I would like to thank all of our extremely capable and skillful employees. Their ability to solve problems, deliver for clients, devise new ways of thinking and administer enormous volumes of data are highly valued by me and the rest of the executive team.

We seek to align our remuneration incentives with shareholder value creation and return. We are equally committed to gender equity and a discrimination free workplace.

We are very grateful for the efforts of all our employees, and I thank every one of them for their contribution during the year.

There are 5 drivers of future growth for Link Group:

- further penetrate our existing markets by winning new clients and providing our existing clients with additional value adding services;
- create product and service innovations and use our technology expertise to strengthen our competitive advantage;
- pursue expansion through alliances and acquisitions in our existing markets;
- realise the synergies expected from integration of the Superpartners business; and
- pursue opportunities in attractive markets adjacent to those in which we now operate.

As a global company with a strong balance sheet, high-value IT systems and a continued focus on technology, we are well positioned to deliver on our growth plan.

I have been very pleased with the Superpartners integration to date and also equally pleased with the ability of the business to remain focused during this transformational year for Link Group.

The Superpartners integration is tracking ahead of original expectations and remains within budget.

This achievement is substantial and is a strong reflection of the cultural success achieved thus far in harmonising the business, its employees, clients and other stakeholders and the move into our new Melbourne offices.

The financial benefits of the integration for Link Group are beginning to take shape through a noticeable improvement in the Operating EBITDA margin. Integration efforts implemented this year will undoubtedly reflect further rises in earnings as the full year benefit is obtained in the following financial years. Assuming no further and similar acquisitions or business combinations, Operating EBITDA margins are expected to progressively trend back to levels similar to that achieved in pro forma FY2014

All client migrations are expected to be completed in this first half of FY2017. This will represent a significant milestone, de-risking the integration program substantially. The final migration will usher in the next significant phase in the integration, being post migration operational efficiencies and the retirement of legacy systems.

As you are aware, the Link Group enjoys a high level of recurring revenue which provides great predictability and transparency in our financial results. The underlying organic contributors of price escalators and core member growth in our Fund Administration business continue to remain a positive feature of our business.

In Corporate Markets, we have seen some softness in the capital market activity this half and certainly not at the levels we experienced this time last year. Having been in this business for over 15 years, we know that these activities operate in cycles. However, our core annuities incomes in Corporate Markets remain resilient and we continue to win new business both here in Australia and overseas.

Whilst non-recurring revenue in Corporate Markets is softer, we are seeing some strength in the non-recurring project related activity in Fund Administration, as the newly migrated funds look to become more active following their migration to our platforms.

The success of the Superpartners integration program to date has provided great momentum for the business.

We have achieved 8 client migrations within 14 months, which we believe is remarkable achievement and we have received positive client feedback.

Our operating results to date suggest that the momentum on margin improvement seen through FY16 has continued into the FY17 year. This integration will underpin future earnings growth and we continue to remain confident of progressively returning Link Group Operating EBITDA margins to 34% by 2020.

As previously flagged, the completion of all the Superpartners client migrations will prompt a one-time fee reduction for those clients. This price reduction will take effect from 31 March 2017. Even with this price reduction, we remain confident that the momentum in margin growth will remain unaffected in FY17 and beyond.

Our confidence in this guidance, in part, reflects our experience in this area. Over the last 10 years, we have completed over 35 business combinations and we would regard our ability to purchase and integrate value accretive businesses as a core competence of the Link Group.

Many business combination opportunities continue to emerge to deliver additional client, product or regional expansion. Many have been passed up, some we have been outbid on, others have their own challenges – but we continue to see a lot of opportunity for the Link Group in each of our business segments.

Specifically in relation to Pillar, and as advised to the market last week, Link Group has submitted to the NSW State Government a binding proposal to acquire Pillar Administration. Link Group believes it has a compelling proposition for the State which would fully address the requirements of the enabling legislation and the sale process. We also continue to work constructively with the Australian Competition and Consumer Commission in relation to the regulatory aspects.

Our proposal now sits with the NSW State Government for their consideration. Without a doubt, there remain many other opportunities for Link, but we also remain committed to our highly disciplined approach as we explore those opportunities that add genuine value for shareholders.

In more recent times we have increased our investment in PEXA, the online property exchange, to 11.4% and we have taken an investment in Moneysoft, a personal wealth

management tool complementing the financial advice industry and a key area of focus for superfunds.

Our people, our investment and our fiscal strength has created good momentum for your Company and we look forward to capitalising on these in the years ahead.

I look forward to reporting back to you on our progress.

I will now hand back to the Chairman for the formalities of the Meeting.

ENDS