



**LINK GROUP 2020 ANNUAL GENERAL MEETING  
TUESDAY, 27 OCTOBER 2020**

**CHAIR ADDRESS – MR MICHAEL CARAPIET**

Good morning everyone.

Welcome to the 2020 Link Group Annual General Meeting, our first fully virtual meeting.

My name is Michael Carapiet, Chair of the Link Group Board.

The agenda for today's Meeting is as follows:

- Firstly, I will present my address.
- Following that, John McMurtrie, our Managing Director, will present his review of Link Group's activities.
- We will then proceed with the formal business of the Meeting.

Given the unique circumstances of this past year, I would like to take a moment to reflect on FY2020.

This has been a year dominated by the COVID-19 pandemic. While it has thrown up some hurdles, the pandemic has also highlighted the resilience and agility of our business, our technology and our people.

The safety and wellbeing of our people globally has been, and remains, our key priority. We are proud of how Link Group has responded to this crisis by maintaining service levels for clients, while also delivering the technology required to enable the vast majority of our people to work remotely.

We took early and proactive measures to manage our cash flow and reduce our cost base. These measures ensured that we continued to prudently manage our liquidity and overall financial position during this pandemic.

Notwithstanding the impact of COVID-19 on the broader economy, PEXA, Australia's first digital property settlement platform, continues to deliver pleasing growth and earnings. We remain confident about delivering significant value for shareholders from our investment in PEXA as it expands and looks for new business opportunities.

We also announced an agreement to acquire Pepper European Servicing from Pepper Group. PES is a highly complementary fit for Link Group's Banking & Credit Management division, increasing scale, revenue diversity and growth opportunities in the loan servicing market. This transaction is subject to certain commercial conditions precedent and regulatory approval, and with positive engagement we forecast completion to occur in early calendar 2021.

In addition, we entered the fast-growing UK pension administration market through a strategic global partnership and investment in Smart Pension, a leading workplace pension platform provider and master trust in the UK.

Our new operations hub in Mumbai, a key part of our global transformation program, is now up and running successfully. We have a number of people working from state-of-the-art premises in this hub, providing operations processing for Corporate Markets and Link Fund Solutions, as well as technology services and support. We expect this hub to continue to develop and grow in FY2021.

The creation of long-term sustainable shareholder value remains of paramount importance at Link Group. While it remains difficult to predict the length and severity of this global pandemic, FY2020 shows the resilience of our business as we have seen steady progress against our goals over the last year. The steps we have taken will set us up well to take advantage of future growth opportunities and we remain committed to our medium to longer-term strategy.

I would also like to address the non-binding, conditional, indicative proposal that was received by Link Group, by a consortium comprising Pacific Equity Partners, Carlyle Group and their affiliates. As communicated yesterday, a Revised Proposal was received from the Consortium providing for an acquisition of Link Group at a cash price of \$5.40 per share.

This also included a scrip alternative, being a cash offer for Link Group ex-PEXA, of \$3.80 per share, along with the ability to take an indirect interest in Link Group's PEXA holding.

I'd like to emphasise that the Revised proposal remains non-binding, indicative and continues to have a number of conditions attached.

Our focus remains on protecting shareholders' interests, our people and the continuity of Link Group's services to its clients.

My fellow Board directors and I are currently undertaking a detailed consideration of the Revised Proposal, including obtaining advice from our financial, legal and tax advisers.

As mentioned, the Board remains focused on maximising value for our shareholders and will continue to constructively consider any proposal for Link Group and alternative structures that are consistent with this objective, and will continue to keep you updated on any material developments.

And now, before I hand over to our Managing Director, John McMurtrie, to present his review of Link Group's activities, I would like to take a moment to acknowledge John's contribution.

In August 2020, we announced that John McMurtrie would retire as Managing Director, with Vivek Bhatia to succeed John as Managing Director and Chief Executive Officer of Link Group.

John has been instrumental in the growth of Link Group and I know he will be missed by our people and clients alike. On behalf of the Board, I would like to personally thank John for his unwavering focus and dedication during his almost two decades of service to Link Group.

And now, over to John for his last address as Managing Director.

## **MANAGING DIRECTOR ADDRESS – MR JOHN MCMURTRIE**

Thank you to the Chair for those kind comments and good morning everyone. I am not one for drawn out farewells but safe to say I will walk away with many fond memories of my time at Link Group. It has been an immense honour and a privilege to lead this organisation and to work with so many great people, from the team at Link Group to our clients, shareholders and other stakeholders.

I have also committed to remain with the group in an advisory capacity, so it is not a final farewell as yet. Now, back to the business at hand.

As Michael mentioned, our priority in FY2020 has been the safety of our people and the continuity of service to our clients. And I am pleased to say that we have successfully delivered on both fronts.

Our quick response, together with our scale and expertise allowed us to keep our people safe and enabled over 90% of our people to work remotely in a matter of weeks. In parallel, we supported our clients to respond to government regulatory requirements while continuing to provide our normal service to our clients and their customers.

Our teams worked incredibly hard to develop and implement the technology systems and operational processes required for the Early Release Superannuation scheme in Australia, in under four weeks. Since the scheme commenced in April, we have processed more than two million early release super payments and facilitated approximately \$17 billion in payments to Australians in financial hardship, with approximately 97% of these transactions processed in the five-day recommended timeframe.

Outside of our virtual meeting technology, in our Corporate Markets business, market regulators in Australia and the UK permitted temporary measures to help companies raise equity to weather the economic impact of the Coronavirus pandemic.

For many issuers, this temporary capital raising relief has been key in supporting them during COVID-19, as well as potentially delivering much needed capital to leverage opportunities. I am pleased to say that Link Group was instrumental in assisting 147 clients in raising \$17.8 billion of equity in the June quarter.

For the property sector, PEXA was essential in digitally supporting the industry. Its world-first technology and platform allowed practitioners to continue to settle transactions in an environment where they might otherwise have failed.

Against the backdrop of a global pandemic, we delivered a satisfactory underlying financial performance.

For the 12 months ended 30 June 2020, Link Group delivered:

- Revenue of \$1.23 billion
- Operating EBITDA of \$294 million

- Operating NPATA of \$144 million
- Statutory Net Loss After Tax of \$114 million

The statutory loss is primarily due to the non-cash impairment of the Corporate Markets EMEA intangibles and write down of Link Group's minority investment in Leveris.

We started the year down ~\$60 million in revenue as a result of the regulatory impact of the Australian Government's Protecting Your Super package and prior year client losses in our Retirement & Superannuation Solutions business. I'm pleased to say that we recovered from this position well, closing the year with revenue down just 3.1%.

PEXA has been a highlight with volumes continuing to grow, increasing a further 37% in FY2020. In FY2020, PEXA contributed \$23.6m to the Group's Operating NPATA (up from just \$2m in 2019).

Off the back of these financial results, the Board was pleased to declare a final dividend of 3.5 cents per share for the year, representing for the full year, a total dividend of 10 cents per share.

The final dividend was paid on 25 September 2020.

As Michael mentioned, the creation of shareholder value is of critical importance to us. Our focus is on executing on the elements that we see as key to the growth and sustainability of our businesses.

I'm pleased to advise that we have retained a number of key clients including HESTA in Australia and Prudential in the UK, who are a client of our Fund Solutions business. We also identified and won new business including the Macquarie Group share register in Corporate Markets and on-boarded two large global asset managers as transfer agent in our Fund Solutions business in Australia, and also Schroders Personal Wealth in the UK.

I would like to also address the Consortium's Revised Proposal, which highlighted a number of areas that have impacted our RSS business including:

- >\$800k of lost contract accounts including TWU Super, Care Super, Austsafe and Kinetic Super
- Reduced client accounts as a result of PYS and ERS
- The Government's recently announced "Your Future, Your Super" initiative to "staple existing super accounts to an individual member to prevent account duplication

Whilst we recognise that these have had an impact on the financial results of RSS, I would add the following additional context:

- in the past 18 months we have re-signed 15 clients on long-term contracts, including AustralianSuper, REST and Hesta. Together these clients represent approx. 6.3 million members and over 70% total RSS annual contracted revenue earned in Australia.

- The financial impacts of PYS and ERS have been highlighted in all of our results presentations and are well understood. By the time we enter the next financial year, we expect that the majority of this immediate financial impact to be behind us. Conversely, we anticipate that the recent volume of regulatory change and increased regulatory oversight will create further opportunities for us, as we are able to offer superannuation funds a high-quality outcome underpinned by our leading technology, scale and breadth of service.

We delivered \$14.7 million of efficiency benefits from our global transformation program, supported by continued investment in our technology capabilities. We remain on track to achieve the targeted \$50 million by FY2022.

We refer to the Consortium's Revised proposal which suggests that three out of four initiatives are behind schedule – this is not the case. The timing of the benefits will vary according to the scheduling of activity. For example, the benefits obtained through premises consolidation and the creation of centres of excellence were scheduled to be weighted toward the 2<sup>nd</sup> half of the transformation program. Our management team have confidence that these benefits will be realised by FY2022, as planned.

As previously mentioned, we are leveraging our leadership position in the Australian superannuation market through our partnership with Smart Pension in the UK, and pending regulatory approval, will expand our banking and credit management business through our acquisition of PES.

We continue to explore opportunities to maximise the value of our portfolio investments. PEXA in particular is performing very well and we are well progressed on releasing some of this value through the introduction of external debt.

Link Group has a number of attractive market opportunities to drive medium-term growth.

- We anticipate growth in the non-performing loan market in Europe as the impact of COVID-19 continues to be felt and financial institutions begin to offload these loan portfolios, similar to after the GFC. With the acquisition of PES, we will be one of the largest, independent non-performing loan servicers in Europe.
- We have entered the Luxembourg market in Fund Solutions, the largest funds market in Europe and are already seeing some positive growth in Australia having on-boarded two local clients. Opportunity exists here for market consolidation to help grow our presence in this market.
- In RSS, the increasing pressure on superannuation funds to provide high quality outcomes for members will accelerate existing trends in the industry around fund consolidations. We have seen continued member growth amongst our client base, as members select to join lower cost, higher performing funds.
- The UK is at the beginning of their journey for broad-based pension savings with the introduction of auto-enrolment and we believe we can capitalise on this

through our partnership with Smart Pension, which has given us a foothold in the UK market. There are a number of opportunities in the pipeline and we expect these to keep increasing.

- I have mentioned just a handful of the growth opportunities in front of Link Group. We also expect further growth from PEXA and growth in our Corporate Markets business in India and HK – additional examples of long-term sustainable growth opportunities that exist today.

Importantly, we also have the credentials to execute and deliver on these opportunities:

- Our businesses have the scale to securely, accurately and efficiently provide large volume technology-enabled administration and platforms.
- We are leading players in the markets in which we operate; holding no. 1 or no. 2 positions in key sectors and markets.
- We have a strong executive team guiding these businesses, ably supported by technical and operational specialists and subject matter experts in the areas we operate to best leverage the opportunities at hand.
- We also have strong capability in technology, information security and risk and compliance, with over \$250 million invested each year on information technology
- Our global transformation program is enhancing our ability to leverage our scale and building capacity to provide specialised local services, supported by the strength and breadth of Link Group's global operations and knowledge base.
- We have a strong balance sheet and a clear pathway to de-leverage further as we continue to execute on opportunities that enhance these benefits for our clients and shareholders. Our acquisition of PES and entry into the UK pension markets are clear examples of this.

In reflecting on the start of this financial year, there are a number of key operational highlights

- Resilience remains a feature with 1Q FY21 revenue of \$297 million and Operating NPATA of \$22.6 million
- PEXA has continued its strong momentum with revenue for 1Q F21 of \$47.0 million, and net contribution from PEXA to Link Group's Operating NPATA being \$7.4 million
- Global transformation activity is progressing well, with a number of initiatives for FY2021 already in place
- The Early Release of Superannuation program is expected to conclude by the end of 2020. To date we have experienced approximately 92,000 account closures or 4% of total claims paid.
- In RSS, we are well progressed in our negotiations with two further clients on contract renewals.
- Our debt leverage remains at a comfortable 2.8x, with proforma debt leverage, including the PES acquisition and the proceeds received from PEXA's debt raising, also at 2.8x

- PEXA is in the process of obtaining external debt, which will facilitate a cash return to Link Group. We expect this to occur before the end of CY2020
- The regulatory approval process for the PES acquisition is ongoing, with completion expected in early 2021
- We have received regulatory approval for the sale of our South African registry business, with completion expected in early November 2020

Before I hand back to Michael, with this being my last address as Managing Director, I would like to sincerely thank every single person at Link Group for their commitment and loyalty.

While there are many others to thank for their support over my years at Link Group, I'd like to take this opportunity to extend my personal thanks and appreciation to the Link Group Board, our clients and shareholders. Your support has helped build Link Group into the organisation that it is today.

I have great faith that there is a very bright future ahead for Link Group, and wish you a safe and successful year ahead.

Thank you John.

Once again, I would like to acknowledge and thank John for the outstanding contribution he has made to the success of this organisation.

Driven by John's vision and dedication, Link Group has evolved from a small Australian share registry business into a respected, market-leading global provider of technology-enabled administration solutions, with more than 6,500 employees and some of the world's largest corporations, pensions funds and financial institutions amongst its clients. We wish John well for the future and look forward to working with him in an advisory capacity.

John's successor, Vivek Bhatia, is an experienced chief executive with 22 years of experience in insurance, financial services, government and management consulting. Vivek brings extensive experience in strategy and transformation, digital, ventures and innovation.

On behalf of the Board, I would like to thank everyone in Link Group who has worked so tirelessly during this period, and all of our loyal clients and shareholders during an especially difficult time for everyone, both personally and professionally.

My fellow Board members and I look forward to FY2021 being a safe and positive year for all of us.