



**LINK GROUP 2019 ANNUAL GENERAL MEETING
FRIDAY, 15 NOVEMBER 2019**

CHAIRMAN'S ADDRESS - MR MICHAEL CARAPIET

Good morning everyone.

Welcome to the 2019 Link Group Annual General Meeting.

My name is Michael Carapiet and I am the 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.
- 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.

The past year has been a transformative one for Link Group. There have been many positive strategic and operational initiatives undertaken and completed during the year.

40% of our revenues are now coming from outside Australia across 14 jurisdictions. Reflecting this, we moved to a global operating model and refreshed the Executive Leadership Team with several key external appointments in Human Resources & Brand, Risk & Compliance, Retirement & Super Solutions as well as internal promotions in other executive roles.

These changes have added greater strength, depth and global experience to the senior executive team, as we continue to seek growth opportunities and respond to changing business, economic and political environments.

We also increased our shareholding in PEXA to 44.2%, settled the sale of the Corporate and Private Client Services business and in August, we announced the proposed sale of our South African business.

For the 12 months ended 30 June 2019, Link Group has delivered:

- Revenues of \$1.4 billion (\$1.2 billion excluding CPCS), up 17% on the prior year

- Operating EBITDA of \$356 million (\$321 million excluding CPCS), up 6% on the prior year
- Operating NPATA of \$202 million, down 3% on the prior year
- Statutory Net Profit After Tax of \$320 million, up 123% on the prior year

Off the back of these financial results, the Board was pleased to declare a final dividend of 12.5 cents per share for the year, representing for the full year, a total dividend of 20.5 cents per share, in line with the prior year. The final dividend was paid on 10 October, 2019.

Following a review of our businesses, we divested our CPCS business to Apex Group Ltd for a cash-free, debt-free consideration of £240 million (A\$434 million), with the transaction completing in late June 2019. The sale of CPCS allows us to focus on the businesses that will benefit more readily from our technology and core administration capabilities. The bulk of the proceeds from this sale was utilised to reduce debt.

The separation of the Asset Services business from Capita was also completed during the year. I cannot overstate the importance of this separation as this gives us the flexibility to better control costs.

The three business units run out of the UK and Europe performed well in view of Brexit uncertainty, with revenues in 2018-19 up on the previous financial year.

The Board remains committed to the continual development of a diverse workforce, inclusive culture, maintaining our corporate governance practices, delivering on our clients' expectations, remaining vigilant about information security and data privacy, and delivering returns to shareholders.

In FY2019, many of our clients were presented with challenging operating environments.

For example, in Australia the Royal Commission into Misconduct in Banking, Superannuation and Financial Services Industry, legislative changes including Protecting Your Super and Putting Members Interest First, and overall heightened regulatory oversight have resulted in much of our focus being on addressing these challenges.

In Europe, we have worked closely with our clients to develop alternative operating scenarios to deal with the prolonged uncertainty and a range of potential outcomes from Brexit.

With the benefit of scale and expertise, our ability to help our clients manage growing regulatory complexity, is a key competency.

Link Group continues to invest significantly across our business lines to deepen client relationships and support client growth through tailored service offerings. We remain

focused on the delivery of service excellence, innovation and upholding the high level of trust placed in us.

It was most pleasing to see our efforts being endorsed by our client partners as evidenced by a number of significant client renewals secured during the year.

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 experienced group of senior directors, with a broad range of skills and business knowledge, drawn from a diverse range of industries and backgrounds.

Link Group's progress this year would not have been possible without the hard work and commitment of every member of the Link Group team.

We continue to have a strong foundation and are well placed to execute on a series of initiatives to drive shareholder value especially in the medium to longer term.

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

Thank you.

MANAGING DIRECTOR'S SPEECH - MR JOHN MCMURTRIE

Thank you to the Chair. Good morning everyone.

I am pleased to present to you this operational update in our fourth year as a public company.

As Michael said, it has been a transformative year for Link Group, that has brought both successes and challenges.

FY2019 saw our business navigate challenging macro and regulatory pressures. However, our conviction remains strong that our medium to long term strategy remains appropriate. We have strong businesses operating in attractive markets, with good prospects for growth.

With more than 6,500 employees across 5 key business units, Link Group touches nearly all the major elements of household wealth – from pension and superannuation, managed investments and equities, to debt and property.

We do this by partnering with thousands of financial market participants to deliver services, solutions and technology platforms that enhance the user experience and make scaled administration simpler. We help manage regulatory complexity, improve data management and provide the tools to connect people with their assets, leveraging analysis, insight and technology.

The past year saw us take several important steps towards becoming a global organisation. These include realigning our business units and functions to support improved and consistent execution and service delivery for all our clients on a global basis.

Our business today reflects five global business units being Retirement & Superannuation Solutions, Corporate Markets, Fund Solutions, Banking & Credit Management and Technology & Operations, supported by our global Human Resources & Brand, Finance, Legal and Risk & Compliance shared services functions.

This new structure will allow us to operate as a cohesive, integrated global business that supports improved execution and service delivery for our clients, which remains our key focus.

A re-cut of the historical financials on this basis will be provided to the market ahead of the 1H2020 operating results.

Looking forward, Link Group is already executing on a series of initiatives to drive both short and medium term shareholder value

1. The integration of LAS allowed us to launch a single, global transformation programme that will capture all existing efficiency programmes. We anticipate the one-off costs to be \$50-\$60m over the next 3 years which will produce sustainable cost reductions of at least \$50m per annum.

2. We have launched an on-market share buy-back program to purchase up to 10% of issued capital. As at the date of this meeting, we have purchased approximately one million shares.
3. We continue to assess the optimisation of the Group's business portfolio, having announced the divestment of our CPCS business in early 2019 and the divestment of Link Market Services (South Africa) in August 2019.
4. Earlier this week we also announced our entry into the UK pension market, which I will address in more detail shortly.

We also have additional strategic options available to us that are currently under consideration. These include:

1. Further organic and inorganic expansion of LFS and BCM into Europe and Asia
2. And in relation to PEXA, we are looking at potential capital returns once the business has moved into a stronger positive cash flow position, most likely in the second half of calendar 2020

Before we touch on innovation and technology at Link Group, I'd like to briefly address the ASX's CHES replacement project.

As a technology enabled organisation, Link is supportive of the ASX's plans to update their core platform. We acknowledge that the project has the potential to drive positive outcomes, however to date, we have not seen sufficient evidence from the ASX that the project will support competition within Australia's financial services sector.

Our Corporate Markets business operates in a competitive and highly price sensitive market. Our focus continues to be on providing a cost effective registry service to our listed clients.

We invest heavily to maintain our position in the market, and over the years have been first to market with a range of investor tools that have received market recognition. For example, our Investor Centre mobile app that provides retail investors with real-time portfolio access to all of their shareholdings, administered by Link Group. We are pleased to advise that this app was voted Financial Services App of the Year in Financial Standard's MAX Awards this year – the third year running that Link has won this award.

This is just one example of how our clients and their own customers benefit from our investment in technology and innovation. We invest over 5% of revenues on capex, a large component of which is technology related - investing across new product innovations, data analytics, data security, process automation, web and connectivity tools.

One of the key pillars of Link Group's innovation agenda is to partner and invest in organisations that are aligned with our strategic goals, as we cannot expect to generate all of the best ideas internally.

We have made investments in PEXA, the market leading electronic settlement platform in Australia and Leveris, which is a challenger alternative to traditional banking technology.

These are all examples of how we are always looking for cutting edge investments in financial administration technology that are aligned with our service strengths and can provide a pathway for future growth, and we are pleased to have announced our investment in Smart Pension earlier this week.

This strategic partnership with Smart Pension, a leading workplace pension platform in the UK, marks the progression of our UK pension strategy.

Subject to approval, this provides Link Group with an immediate, established presence in the UK pension administration market, which is the third largest pension market globally at US\$2.9 trillion. There is also the future potential to leverage Smart Pension's technology in other regions such as Europe and Asia, as well as the opportunity to leverage key features of their technology to our existing platforms in markets such as Australia and New Zealand.

The UK is a logical and attractive market for the expansion of our Retirement and Superannuation Solutions business, given the parallels between the UK's auto-enrolment requirements and legislated superannuation guarantee in Australia, and Link Group's vast experience in this area, as evidenced by our position as the leading administrator in Australia.

Importantly, Link Group will also take over the administration business of Smart Pension, including the administration of the fast growing Smart Pension Master Trust. The Master Trust also provides for a strong position from which Link Group execute other growth opportunities in the UK pension administration space.

We remain confident that our medium term growth potential remains strong, whilst we manage through some short term challenges.

At our full year results presentation in August 2019, we provided the market our earnings expectations for FY2020.

And we re-confirm this guidance.

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

- Underlying member growth in RSS has remained strong
- The number of superannuation accounts swept to the ATO has been in line with our expectations, and whilst the level of inbound inquiry has abated somewhat, it still remains at elevated levels as we work through the next phase of regulatory change
- Our Corporate Markets business is trading in line with expectations at the revenue line but is continuing to feel margin pressure from strong levels of competition in its core markets of Australia and the UK.

- Our European based businesses continue to perform in line with expectations, notwithstanding the continuing uncertainty surrounding Brexit.
- PEXA continues to perform ahead of expectations, maintaining its strong momentum from FY2019.
- Our global transformation program is on track and is expected to deliver \$50 million of annual cost savings by the end of FY2022. The integration of our group functions is complete, we are rationalising our global vendors and are well advanced on our premises strategy with new premises in Leeds to be opened in December and the first 60 roles have now transferred to our Mumbai centre of excellence. We are also well advanced on a global program to further streamline our management structure across the Group.
- The FCA investigation regarding Woodford equity income fund remains on-foot. Link Funds Solutions has a longstanding and deeply experienced management team who have been effectively managing the Woodford issues on a day to day basis to ensure investors' best interests are represented at all times. The team have been working closely with the FCA and other stakeholders to deliver the best possible outcome. However, as the matter remains confidential and subject to ongoing investigation by the FCA, there is nothing further we can say at this point in time.

I'd like to thank all our people for their hard work, commitment and dedication that has seen us work together through a challenging year for the business.

We acknowledge and thank all our clients for continuing to entrust us with the critical role of servicing their own customers and investors, and for working with us as a trusted partner.

Although we have some short term headwinds to navigate, I am confident that Link Group remains well positioned to take advantage of future opportunities and that the steps taken to re-shape our business in FY2019 will provide a sound foundation from which to do so.

I strongly believe that Link Group's people, the diversification of our business lines and our demonstrated capacity to innovate and deliver market-leading technology platforms and services are at the heart of our business. These attributes have been, and will continue to be, instrumental in our ability to achieve our long term strategic goals.

Before handing back to the Chair, I would also like to acknowledge and thank John Hawkins for the outstanding contribution he has made to the success of this organisation. As announced at last year's AGM, John will be retiring later this month, after spending the last 18 years with Link Group. John has overseen tremendous growth in the business and we wish John well as he pursues a career as a Non-Executive Director. John will also continue as Link appointed director of PEXA and will also continue to work with us on a consulting basis.

Thank you John. On behalf of the Board, I would also like to acknowledge and thank John Hawkins for his many years of service at Link Group.