



# Link Group 2019 Annual General Meeting

15 November 2019



# Important notice

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This presentation has been prepared by Link Administration Holdings Limited (**Company**) together with its related bodies corporate (**Link Group**). The material contained in this presentation is intended to be general background information on Link Group and its activities.

The information is supplied in summary form and is therefore not necessarily complete. It should be read in conjunction with Link Group's other periodic and continuous disclosure announcements filed with the Australian Securities Exchange, and in particular, Link Group's full year results for the financial year ended 30 June 2018. It is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs. The material contained in this presentation may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

All amounts are in Australian Dollars unless otherwise indicated.

Unless otherwise noted, financial information in this presentation is based on A-IFRS. Link Group uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards or IFRS. These measures are collectively referred to in this presentation as 'non-IFRS financial measures' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business and Link Group believes that they are useful for investors to understand Link Group's financial condition and results of operations. Non-IFRS measures are defined in Appendix 5A of the Link Group 2018 Full Year Results Presentation. The principal non-IFRS financial measures that are referred to in this presentation are Operating EBITDA and Operating EBITDA margin. Management uses Operating EBITDA to evaluate the operating performance of the business and each operating segment prior to the impact of significant items, the non-cash impact of depreciation and amortisation and interest and tax charges, which are significantly impacted by the historical capital structure and historical tax position of Link Group. Management uses Operating EBITDA to evaluate the cash generation potential of the business because it does not include significant items or the non-cash charges for depreciation and amortisation. However, Link Group believes that it should not be considered in isolation or as an alternative to net operating cash flow. Other non-IFRS financial measures used in the presentation include Recurring Revenue, gross revenue, EBITDA, EBITA, EBIT, Operating NPATA, working capital, capital expenditure, net operating cash flow, net operating cash flow conversion ratio and net debt. Significant items comprise business combination costs, integration costs, IT business transformation and client migration costs. Unless otherwise specified those non-IFRS financial measures have not been subject to audit or review in accordance with Australian Accounting Standards.

Forward-looking statements are statements about matters that are not historical facts. Forward-looking statements appear in a number of places in this presentation and include statements regarding Link Group's intent, belief or current expectations with respect to business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, financial support to certain borrowers, indicative drivers, forecasted economic indicators and performance metric outcomes.

This presentation contains words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate', 'believe', or similar words to identify forward-looking statements. These forward-looking statements reflect Link Group's current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond the control of Link Group, and have been made based upon Link Group's expectations and beliefs concerning future developments and their potential effect upon us. There can be no assurance that future developments will be in accordance with Link Group's expectations or that the effect of future developments on Link Group will be those anticipated. Actual results could differ materially from those which Link Group expects, depending on the outcome of various factors. Factors that may impact on the forward-looking statements made include, but are not limited to, general economic conditions in Australia; exchange rates; competition in the markets in which Link Group will operate and the inherent regulatory risks in the businesses of Link Group.

When relying on forward-looking statements to make decisions with respect to Link Group, investors and others should carefully consider such factors and other uncertainties and events. Link Group is under no obligation to update any forward-looking statements contained in this presentation, where as a result of new information, future events or otherwise, after the date of this presentation.



# 01 Welcome from the Chair

# Agenda

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1. Chair's Address
2. Managing Directors Address
3. Meeting Formalities
4. Consideration of Reports and Questions
5. Resolutions

# Board composition



**Michael Carapiet**  
Independent Chair



**John McMurtrie**  
Executive Director and  
Managing Director



**Andrew (Andy) Green**  
Non Executive Director



**Glen Boreham**  
Non Executive Director



**Fiona Trafford-Walker**  
Non Executive Director



**Peeyush Gupta**  
Non Executive Director



**Anne McDonald**  
Non Executive Director



**Sally Pitkin**  
Non Executive Director

## Committee Structure



# Innovation and technology for shareholders

## Facilitating online shareholder participation

- **Our technology enables shareholders to view presentations, vote on resolutions and ask questions online**
- **LinkVote App allows shareholders attending the meeting capability to vote with their mobile devices instead of traditional voting cards**

Link Group's  
Meeting Platform



Online capability &  
Mobile vote app at  
meeting

**In 2018 we saw continual growth in shareholder engagement by use of Link Group's hybrid technology by Issuers in Australasia**

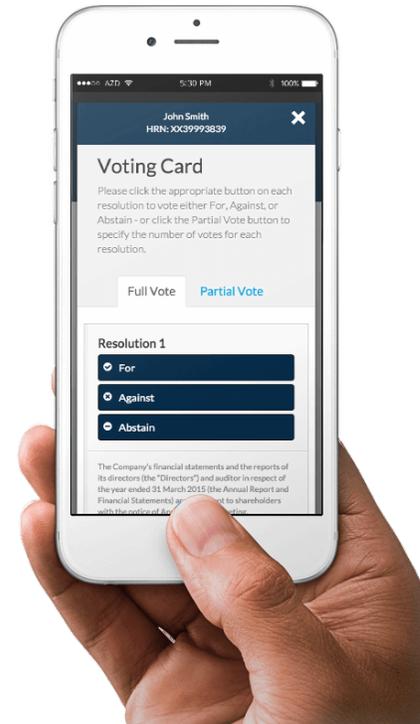


Image courtesy  
of webscope

The future of shareholder engagement & participation delivered through innovative solutions is a priority for Link. As our clients focus on new ways to increase engagement with their shareholders, we continue to improve our technology based solutions to improve investor experience.

**Link Group launched the world first 'Integrated Voice' meeting technology**



# 01 Chair's Address

# Key financial metrics

Revised guidance met. Political uncertainty and regulatory changes have weighed on operating performance

## Revenue

**\$1,403 million**

Up **17%** on pcp

## Operating EBITDA<sup>1</sup>

**\$356 million**

Up **6%** on pcp

## Operating NPATA<sup>1</sup>

**\$202 million**

Down **3%** on pcp

**Operating earnings per share<sup>1</sup> of 37.9 cents**

Down **9%** on pcp

## Recurring Revenue<sup>2</sup>

**\$1,123 million**

Up **18%** on pcp

## Net Operating Cash Flow

**\$339 million**

Up **6%** on pcp

## Statutory NPAT

**\$320 million**

Up **123%** on pcp

**Final dividend declared of 12.5 cents per share**

**Total FY 2019 dividend 20.5 cents per share  
Inline with pcp**

**100% franked**

1. Operating EBITDA, Operating NPATA and Operating earnings per share excludes significant items. See appendix 6A of Link Group 2019 Full Year Results Presentation for a reconciliation of Operating EBITDA to statutory EBITDA and Operating NPATA to statutory NPAT.

2. See Appendix 6A for definitions for non-IFRS measures. Non-IFRS measures have not been audited or reviewed in accordance with Australian Accounting Standards.

# Globally aligned business units

Global business units providing consistency and coordination, driving stronger business performance and further efficiencies



**Retirement and Superannuation Solutions**



**Fund Solutions**



**Corporate Markets**



**Banking and Credit Management**



**Technology and Operations**

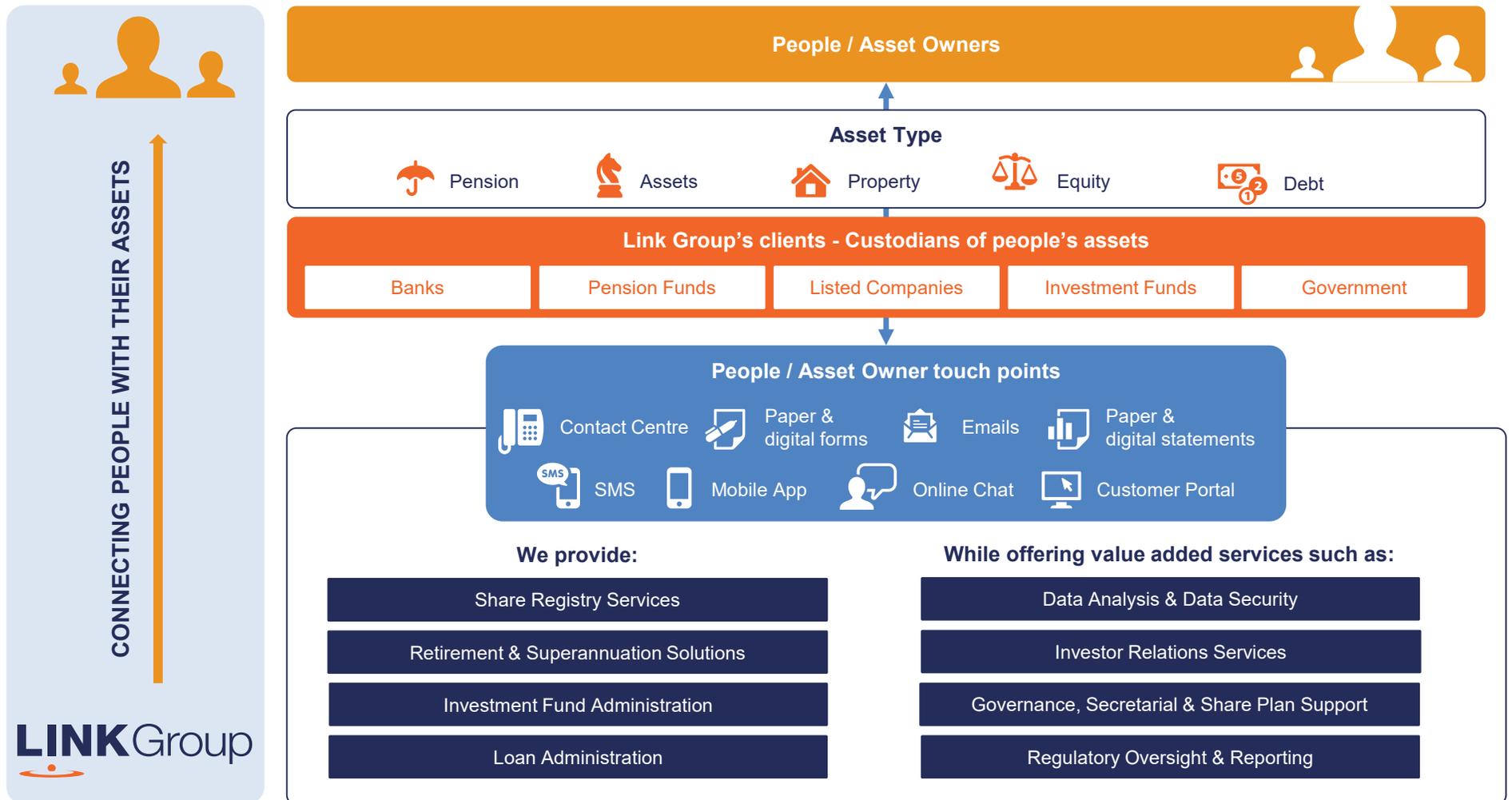


**Property (PEXA investment)**

# 02 Managing Director's Address

# Connecting people with their assets

Link Group has a closely aligned platform of services and common users. There are multiple opportunities to leverage this platform to provide growth



# Shareholder value initiatives

Executing on a series of initiatives to drive shareholder value in both short and medium term

## Actioned/underway initiatives



**Global transformation program delivering savings of at least \$50M by end of FY 2022**



**Portfolio optimisation (sale of CPCS and LMS South Africa<sup>1</sup>)**



**On market share buyback of up to 10% of issued capital**



**UK pensions strategy to become a new engine of growth**

## Future options under consideration



**Further expansion of BCM and LFS into Europe**



**PEXA capital returns**

1. Subject to regulatory approval.

# Technology and innovation

We invest heavily in innovation and technology to ensure we can provide our clients and their customers with leading edge solutions



## Targeted partnerships and investment

- Leveris – *end to end digital retail banking and lending solutions*
- PEXA – *market leading property exchange platform*
- Smart Pension – *award winning UK pension platform*
- MoneySoft – *digital wealth management solutions*



## Ongoing investment in capex on technology

- Over the last ten years, Link Group has invested over \$300 million in the development and implementation of its market leading platforms
- ~ 5% of revenue invested into capex each year



## Award winning mobile apps

- Investor Centre mobile app (2019)
- *miraqle* mobile app (2018)
- Link Group / Cbus employer mobile app (2017)



## Emerging technologies

- Robotic process automation
- Artificial intelligence

An immediate, credible market entry point into the fast-growing US\$2.9 trillion UK pension market

## Market Characteristics

UK pensions market is the third largest with US\$2.9tn in total assets<sup>2</sup>

|                                | UK                                   |
|--------------------------------|--------------------------------------|
| Population                     | 66.4m <sup>1</sup>                   |
| Size of Economy                | 5 <sup>th</sup> largest <sup>3</sup> |
| No. of people in the workforce | 32.7m <sup>1</sup>                   |
| Unemployment                   | 3.9% <sup>1</sup>                    |
| Pension assets                 | US\$2.9tr <sup>2</sup>               |

## Auto Enrolment

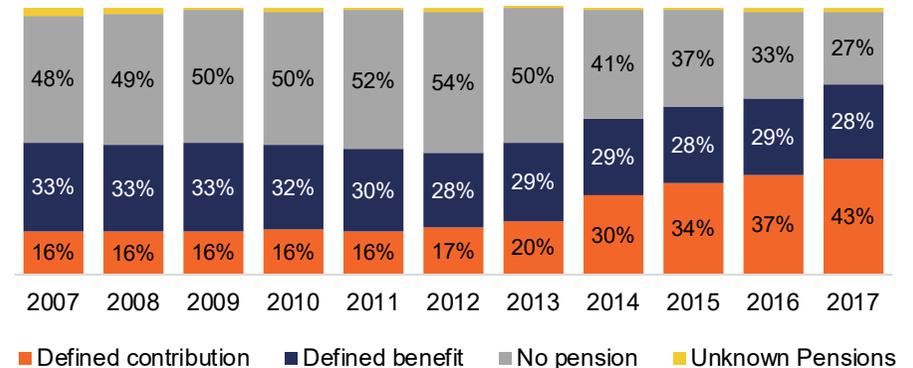
- Covers all members of the workforce
- Asset pool will grow rapidly from the current level (UK pension assets have grown at a CAGR of 7.1% for the last decade<sup>2</sup>)
- With the total minimum workplace pension contribution being 8% (*5% contributed by the employee and 3% by the employer*)

1. UK Office of National Statistics  
 2. WillisTowersWatson: Global Pension Assets Study 2019  
 3. Worldbank.org

## Market Direction

The UK market is moving rapidly towards a Defined Contribution

Proportion of employees with workplace pension (by type)<sup>1</sup>



## Smart Pension

- Immediate, credible entry point into the UK pension market
- Aligned with Link Group's core capabilities, providing a pathway to future growth
- Ability to bring Smart Pension's workplace pension platform to a number of markets
- Includes take-over of Smart Pension's administration business, including Smart Pension Master Trust

# Outlook

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Medium term growth potential remains strong, whilst managing through short-term challenges



**FY 2020 Operating EBITDA<sup>1</sup> of the continuing business (excluding CPCS and LMS South Africa<sup>2</sup>) is expected to be stronger in 2H and overall, broadly in-line with FY 2019.** Growth in other businesses is projected to offset a lower contribution from RSS



**RSS guidance FY 2020:** revenues of \$480m-\$500m and Operating EBITDA of \$60m-\$70m



Global transformation to deliver **\$50m of annualised savings** by end of FY 2022.



**On market share buyback of up to 10%**

1. Excludes the impact of AASB 16 (see appendix 6A of Link Group 2019 Full Year Results Presentation for more details).
2. Subject to regulatory approval.