



Link Administration Holdings Limited
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Link Group delivers full year results exceeding Prospectus earnings forecasts

Result Highlights

Statutory:

- Revenue of \$775.9 million, 3% ahead of FY16 Prospectus forecast and up 32% on the prior corresponding period ('pcp');
- Statutory net profit after tax of \$42.5 millionⁱ, which is above the FY16 Prospectus forecast of \$27.5 million statutory net profit after tax; and
- Recurring Revenue \$698.9 million, 1% ahead of FY16 Prospectus forecastⁱⁱ and up 31% on the pcp.

Pro forma:

- Operating EBITDA of \$190.6 million, 5% ahead of FY16 Prospectus forecast and up 29% on the pcp;
- Operating EBITDA margin 25%, ahead of FY16 Prospectus forecast of 24%;
- NPATA before significant items of \$102.7 million, 8% ahead of FY16 Prospectus forecast;
- Net operating cash flow of \$193.6 million, 10% ahead of FY16 Prospectus forecast; and
- Final dividend of 8.0 cents per share declared – partially franked to 18.7%.

Link Administration Holdings Limited ('Link Group'), a leading administrator of financial ownership data, today reported its financial results for the 12 months ended 30 June 2016, exceeding its Prospectus earnings, revenue and cash flow forecasts.

Link Group Managing Director John McMurtrie said: "Link Group is enjoying strong momentum with revenue and profit growth across all business units and we are making progress on all of our strategic growth initiatives."

For the twelve months to 30 June 2016, Link Group reported revenues of \$775.9 million and a statutory net profit after tax of \$42.5 million, after taking into account costs associated with the company's 2015 initial public offering as well as significant items which include costs relating to business combinations, integration, client migrations and IT business transformation.

Pro forma Operating EBITDA was \$190.6 million, 5% ahead of the FY16 Prospectus forecast of \$181.2 million and up 29% on the pcp. Pro forma NPATA before significant items was \$102.7 million, being 8% ahead of the FY16 Prospectus forecast. Pro forma results have been presented on a basis consistent with the Prospectus dated 30 September 2015.

The Link Board has declared a final dividend of 8.0 cents per share, which is also ahead of the FY16 Prospectus forecast by 7%. The dividend will be 18.7% partially franked and will be paid on 10 October 2016. The stock will trade ex-dividend on 28 September 2016.

Mr McMurtrie said: "This is a very pleasing result, exceeding our FY16 Prospectus earnings forecasts and continues significant year on year increases in revenue and Operating EBITDA. The business delivered growth in each of its divisions and our operational performance is strong. This business is characterised by a high level of recurring revenue, robust cashflow and we are well positioned to continue our earnings momentum and pursue our five strategic growth initiatives alongside our strategic and operational priorities."

Fund Administration

Revenue for FY16 of \$561.9 million was strongly up compared with the pcp of \$413.8 million. This was driven by the increased contribution from the 2014 acquisition of Superpartners and stronger fee for service activity.

Operating EBITDA was \$96.1 million (pcp \$70.2 million), exceeding the FY16 Prospectus forecast by 3% and driven by higher revenues and the initial benefits from the Superpartners integration synergies.

The Operating EBITDA margin of 17% remains consistent with the prior year and in line with management expectations as Link Group continues to transition Superpartners clients on to its proprietary platforms.

The Superpartners integration program has achieved significant milestones in FY16 with MTAA Super, HESTA, AustSafe, Hostplus and Cbus already fully migrated. The migration of AustralianSuper, the last remaining significant Superpartners client migration, remains on track to be completed by 31 December 2016.

Link Group also completed the acquisition of the AON administration business in the New Zealand market, the first opportunity to expand the Fund Administration business outside of Australia.

Corporate Markets

Revenue in the Corporate Markets segment increased to \$197.5 million (pcp \$160.0 million). Operating EBITDA was \$56.9 million (pcp \$50.4 million), exceeding the FY16 Prospectus forecast by 4%.

The increased revenue is attributable to stronger capital markets activity in Australia, contributions from Link NZ, D.F. King (Europe) and HCE Haubrok, as well as organic growth in other overseas markets.

Operating EBITDA margins improved in the 2H FY16 largely driven by the weighting of European business to the second half and lower unit operating costs in Australia.

Information, Digital and Data Services ('IDDS')

IDDS revenue was \$206.5 million (pcp \$148.4 million). Operating EBITDA was \$43.9 million (pcp \$34.1 million), exceeding the FY16 Prospectus forecast by 10%.

The underlying IDDS business continues to perform well with good revenue growth from the core products combining with the rollout of new digital products such as membership cards and mobile apps for members as part of a strategy to facilitate and enhance member engagement.

Escrow Arrangements

Link Group has announced that the following Link Group fully paid ordinary shares (Shares) subject to voluntary escrow will be released from voluntary escrow at 4:00pm on Wednesday, 7 September 2016.

- PEP Shareholders: 89,095,461
- ICG Shareholders: 14,989,759
- Management: 24,728,014
- Eligible Employees: 430,697

(together, the “Escrowed Shares”).

Following the release there will be no escrow restriction on the shares held by PEP Shareholders and ICG Shareholders. A further 600,000 Shares held by Management will remain subject to escrow until 29 June 2020ⁱⁱⁱ.

Outlook

Commenting on the 2017 financial year, John McMurtrie said: “We are carrying good momentum into the 2017 financial year. Management’s priorities for the new year will remain focused on delivering the next phase of margin improvement through the integration of the Superpartners business and continuing to execute on each element of our defined growth strategy.”

“Link has commenced the 2017 financial year with a robust balance sheet and a business model which delivers strong cashflow. This provides us with the ability to continue to invest in our existing businesses and the flexibility to grow inorganically where we can identify strategically and financially attractive opportunities.”

END

Analyst briefing:

An investor presentation and Q+A session to discuss the company’s financial results for the full year ended 30 June 2016 will be held at 10:30am (AEST) today.

A webcast of the presentation and presentation audio will be available at <http://linkgroup.com>

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ⁱ See Appendix 5A of the Full Year Results Presentation for a full reconciliation of statutory to pro forma results.

ⁱⁱ ‘Recurring Revenue’ and other non-IFRS financial measures have been calculated on a basis consistent with the disclosure in the Prospectus. See slide 31 of the Full Year Results Presentation for the full definition of ‘Recurring Revenue and other non-IFRS terms.’

ⁱⁱⁱ Unless the board determines to reduce the escrow period in accordance with the terms of escrow.