



17 August 2018

ASX ANNOUNCEMENT

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Link Group delivers strong full year results for FY2018 reflecting continued earnings momentum, a positive eight months' contribution from LAS and a solid base to pursue our growth strategy

- Statutory net profit after tax (NPAT) of \$143.2 million, up 68% on the prior corresponding periodⁱ (pcp)
- Operating EBITDAⁱⁱ of \$335.3 million, up 53%ⁱ
- Operating NPATAⁱⁱ of \$206.7 million, up 67%ⁱ
- Revenue of \$1,198.4 million, up 54%ⁱ
- Recurring Revenueⁱⁱ of \$954 million, representing 80% of total revenueⁱ
- Net operating cash flow of \$320.3 million, up 48%ⁱ
- Acquisition of Link Asset Services (LAS) completed on 3 November 2017
- Final dividend of 13.5 cents per share declared (100% franked), taking the full year dividend to 20.5 cents, up 46%

i. See Appendix 5A of the Full Year Results Presentation for a reconciliation of statutory net profit. No pro forma adjustments have been made to statutory revenue. All comparisons are with the pcp unless indicated otherwise.

ii. See Appendix 5A of the Full Year Results Presentation for definitions for non-IFRS measures. Non-IFRS measures have not been audited or reviewed in accordance with Australian Accounting Standards.

Link Administration Holdings Limited (ASX: LNK) (**Link Group**), a leading administrator of financial ownership data, today reported its financial results for the financial year ended 30 June 2018. These results include eight months of operations for LAS.

Highlighting the continued earnings momentum, Link Group reported revenue of \$1,198.4 million and statutory NPAT of \$143.2 million. Statutory NPAT includes significant items such as costs relating to business combinations, integration and client migrations.

Link Group Chair, Michael Carapiet, said: "FY2018 was a transformational year for Link Group and we are pleased to report another good full year financial and operating result. The acquisition of LAS materially expands our footprint in Europe and has had a strong positive impact on Link Group. Whilst our global presence has grown, we remain committed to our client partnerships through service delivery excellence and our disciplined program of investment and innovation."

Operating EBITDA was \$335.3 million, up 53% while Operating NPATA was \$206.7 million, up 67%. Both Operating EBITDA and Operating NPATA benefited significantly from the inclusion of LAS from 3

November 2017 as well as recording further progress on the integration and efficiency objectives and a strong operating performance in Technology & Innovation (**T&I**).

Link Group's Board has declared a final dividend of 13.5 cents per share for those shareholders on record on 23 August 2018. The dividend will be 100% franked and will be paid on 10 October 2018. Link Group shares will trade ex-dividend on 22 August 2018. The Link Group DRP will continue with a 1.5% discount for participating eligible shareholders.

Link Group Managing Director, John McMurtrie, said: "With a global trend in increasing complexity and governance oversight facing the markets we serve, Link Group remains well placed to help our clients manage the changing regulatory landscape and drive improved outcomes for clients and their customers. We are investing across all lines of our business to deepen relationships with our clients. We continue to see growing opportunities partnering with them to support their growth and we remain focused on the delivery of service excellence, innovation and the retention of the high level of trust earned by our business.

"Our people are paramount to our success and we strive to create an environment where our employees can thrive and innovate. Whilst technology is important, it is the capacity to innovate and deliver as an entire organisation to our clients that is key.

"We have been very pleased to date with the performance and integration of LAS. LAS is a substantial existing business with strong historical growth credentials and provides a large-scale platform to support Link Group's growth across the UK and Europe. The LAS team has delivered a very good performance during what could have been a distracting time for the business. It is a testament to the strength of management, staff and client relationships that the business has continued to enjoy success by winning new business during this period.

"The FY2018 financial results reflect the continuing benefits being delivered from integration in our Fund Administration and T&I businesses. In the UK, we have established an integration team and our work to deliver targeted efficiencies is progressing well. Together with the expanded European platform, each of Link Group's businesses remain well placed to capture further opportunities in the markets in which they operate."

Fund Administration

The integration program in Link Group's Fund Administration business continues to deliver targeted synergy benefits with a strong focus on utilising technology to enhance efficiency.

As previously advised, revenue for FY2018 of \$560.0 million remained largely flat year on year following the full year impact of the revenue reduction from the rebased Superpartners' contracts in March 2017. Excluding the impact of the Superpartners' contract rebasing, revenue increased by \$12.8 million or 2.3% through index related price increases, good member growth and increased revenue from project related activity.

Operating EBITDA of \$123.1 million was up 4.2% reflecting the benefits of the Group's integration program being partially offset by the full year effect of the rebased Superpartners' contracts, with the revenue impact falling directly through to Operating EBITDA.

Corporate Markets

Revenue in the Corporate Markets division was \$214.8 million (pcp \$198.4 million). Operating EBITDA was \$54.9 million, up by \$4.2 million.

Total revenues were up 8.2%, with the full year inclusion of Link Fund Solutions (acquired December 2016). Recurring Revenue increased by 1.6% to \$173.6 million and was underpinned by robust net new client growth of 226 across all jurisdictions and strong client retention of >95%. Growth in revenues in Corporate Markets was supported by an increase in non-Recurring Revenue, principally capital markets related activity, which outperformed trend levels of activity. Non-Recurring Revenues contributed \$41.2 million in FY2018 (\$27.6 million in FY2017).

The division continues to expand its global revenues announcing the acquisition of TSR Darashaw in India (pending regulatory approval, anticipated in FY2019) and the launch of corporate registry services in

Hong Kong to complement Link Group's investor relations and stakeholder engagement services in the region.

Corporate Markets continues to operate in a competitive pricing environment across a number of jurisdictions.

Technology & Innovation (T&I)

T&I revenue was \$230.7 million (pcp \$215.9 million). Operating EBITDA was \$72.9 million, a 32.5% increase.

The T&I business continues to perform well with revenue growth from core products alongside good progress on integration milestones, including the retirement of legacy systems, data centre consolidation and vendor consolidation following the completion of the Superpartners migration program.

External revenue (now 33% of total T&I revenue) continued to grow. Revenue growth was enhanced by the steady rollout of market leading digital products, print and digital communications and a higher level of project work in New Zealand.

LAS

The LAS transaction was completed on 3 November 2017, resulting in eight months of operations being consolidated into Link Group results for FY2018.

LAS revenue for the eight month period was \$404.9 million. Operating EBITDA was \$93.8 million.

For the full fiscal year ending 30 June 2018, the business generated revenues of £330.7 million (pcp £324.9 million) and an Operating EBITDA of £72.7 million (pcp £72.7 million).

Transition activities have advanced, with a number of work streams being progressed post completion, including the rebranding and the restructure of the shared services function.

Mr McMurtrie said: "The LAS business is a strong strategic fit for Link Group with its defensive earnings profile and leading market positions in Europe. Since becoming part of the Link Group, LAS has continued to grow its operations including an expansion of the debt servicing business into the Netherlands and Italy and the expansion of the Fund Solutions business into Luxembourg, as well as winning a number of large mandates across the region. We remain confident that this transaction is positive for Link Group."

Outlook

Commenting on the outlook for FY2019 and beyond, Mr McMurtrie said: "We are pleased with the progress of our business and look forward to the opportunities that will evolve in the coming years. We are carrying good earnings momentum into FY2019 and the strength of our balance sheet and cash flow places us in a strong position to explore further growth opportunities.

"Link Group enjoys leadership positions in each of the primary markets in which it operates. We will continue to invest in our existing businesses to support and deepen our relationships with our clients. We remain focused on the delivery of service excellence as we work through our transition activities and look forward to building on the momentum of FY2018."

Analyst briefing

An investor presentation and Q&A session to discuss the Link Group's financial results for the financial year ended 30 June 2018 will be held at 10:00am (AEST) today.

A webcast of the presentation and presentation audio will be available at www.linkgroup.com

ENDS

Investor Relations Contact – Craig Curry, Link Group +61 403 747 901
Media Contact – Ben Wilson, GRACosway +61 407 966 083