

25 February 2021

ASX ANNOUNCEMENT

Strong foundations supporting continued resilience and a platform for growth for Link Group

<p>Revenue</p> <p>\$597 million pcp \$624 million</p>	<p>Operating EBITDA¹</p> <p>\$137 million pcp \$163 million</p>	<p>Operating NPATA¹</p> <p>\$65 million pcp \$81 million</p>	<p>Interim Dividend</p> <p>4.5 cents per share pcp 6.5 cents per share</p>
<p>Net Operating Cash Flow¹</p> <p>\$192 million pcp \$181 million</p>	<p>Statutory NPAT</p> <p>\$31 million pcp \$29 million</p>	<p>Earnings per share</p> <p>5.8 cents pcp 5.2 cents</p>	<p>Operating EPS¹</p> <p>12.3 cents pcp 15.2 cents</p>

Disciplined execution in the first half, with a focus on:

Simplifying our business

- ✓ Sale of Link Market Services (South Africa) completed
- ✓ Terminated acquisition of Pepper European Services (PES)
- ✓ Process to crystallise value from PEXA Investment² underway

Delivering shareholder value

- ✓ Global transformation program has delivered \$32 million of annual cost savings. Targeted benefits of \$75 million by the end of FY 2022 affirmed³
- ✓ A number of key accounts renewed with over 70% of RSS revenue re-contracted over the last 18 months
- ✓ 4.5 cents per share interim dividend

1. See Appendix 1 of 1H 2021 Investor Presentation for a reconciliation of Non-IFRS measures and definitions for non-IFRS measures. Non-IFRS measures have not been audited or reviewed in accordance with Australian Accounting Standards. Operating EBITDA, Operating NPATA, Operating earnings per share and Net Operating Cash Flow exclude Significant Items.

2. Link Group holds (via its wholly owned subsidiary Link Property Pty Ltd) a 44.18% interest in Torrens Group Holdings Pty Ltd (TGH). TGH is the ultimate holding company of Property Exchange Australia Limited (PEXA). As a minority investment, the financial results of PEXA are equity accounted in the financial statements of Link Group.

3. Based on annualised run-rate benefits.

Medium to longer term outlook improving:

- ✓ Increased focus on delivering organic growth
- ✓ Australian superannuation market is evolving quickly, with Link Group well placed to support clients and further industry consolidation
- ✓ Challenging environment in Europe expected to abate leading to increased transaction volumes as well as a lift in non-performing loan activity
- ✓ The acquisition in Luxembourg⁴ delivers Fund Solutions increased scale and capability in that market
- ✓ Corporate markets to continue benefitting from virtual/hybrid meetings

Continued delivery on our strategic priorities, providing platform for growth

Link Administration Holdings Limited (ASX: LNK) (**Link Group**) today announced its half year result for the 6 months to 31 December 2020.

Link Group reported revenue of \$597 million with Operating EBIT of \$79 million and Operating NPATA of \$65 million. Link Group recorded statutory net profit after tax of \$31 million, which includes significant items such as costs relating to business combinations, integration, client migrations and gains or losses on investments.

Link Group's CEO & Managing Director, Vivek Bhatia, said "Link Group has successfully navigated some challenging external conditions, demonstrating financial resilience. Our financial performance was underpinned by high levels of recurring revenue and strong free cash flows. We have clear strategic priorities that will continue to strengthen our capability to capture future opportunities."

The Group reported Operating EBITDA¹ of \$137 million and Net Operating Cash Flow of \$192 million for the 6 months to 31 December 2020, having navigated the impacts of Brexit, COVID-19 and superannuation regulatory reforms including *Protecting Your Super (PYS)*, *Putting Members Interests First (PMIF)* and *Early Release Scheme (ERS)*.

PEXA continues to perform strongly and demonstrate further market penetration, recording revenue of \$99.3 million and Operating EBITDA of \$51.5 million for 1H 2021².

Mr Bhatia said: "During the first half, we undertook a number of important steps in the delivery of our global transformation program. We have already delivered \$32 million of annualised benefits and affirm the target of annualised benefits of \$75 million by the end of FY 2022. Link Group's balance sheet is strengthening, with Net Debt/Operating EBITDA at 31 December 2020 decreasing to 2.4x and our interest cover ratio remaining above 11x.

"Link Group has demonstrated financial resilience during 1H 2021, providing a strong platform from which the business can resume earnings growth in FY 2022. Our core businesses have strong market positions and clear strategic ambitions. Trading to date has been in line with expectations, with European activity remaining subdued due to the extended COVID-19 related lockdowns in key jurisdictions." Mr Bhatia said.

4. Subject to regulatory approval, completion anticipated by end of FY 2021.

RSS

- Successful completion of PYS, PMIF & ERS regulatory projects for RSS clients, completing ~2.4 million ERS payments representing ~\$18 billion
- Contract renewals representing over 70% of RSS revenue in last 18 months, with Cbus and HESTA renewals announced in 1H FY21
- Strong underlying member growth of 5.4%
- UK operations strengthening, supporting ~700,000 members with further opportunities for growth in this market

Corporate Markets

- Broad increase in shareholder numbers supporting revenue growth
- Successfully delivered virtual solution for AGM and other corporate meetings
- Historically low interest rates reducing margin income
- Decreased dividend activity and shareholder transactions in the UK impacting revenue
- Successful divestment of Link Market Services (South Africa), further simplifying our portfolio

Fund Solutions

- Positive AuA growth, despite decrease in asset markets following impact of COVID-19
- New clients and new fund launches driving positive net inflows and volumes in 1H 2021
- Acquisition of Casa4Funds⁴ in Luxembourg strengthens capability and increases scale in that large funds market

Banking & Credit Management

- Subdued NPL activity during COVID-19 inhibiting revenue growth
- Growth in new lending administration across UK and the Netherlands
- Anticipate strong recovery in NPL activity in the medium term

PEXA

- PEXA momentum continues with record level of transactions in December 2020, driving higher revenues. PEXA processed over 1.5 million transactions in 1H 2021, up 28% on the pcp
- PEXA continues to build on its existing strong footprint with integration with ACT now complete and operations commencing in this jurisdiction in 2H 2021
- Platform delivered exceptional operating leverage, lifting Operating EBITDA to \$51.5 million (up 90% on pcp)
- PEXA key won the 2020 Australian Financial Review BOSS Most Innovative Companies – Best Service Innovation award and named in second place of the Most Innovative Companies – Technology list

Interim Dividend

Link Group's Board has determined an interim dividend of 4.5 cents per share for shareholders with a record date of 4 March 2021. The dividend will be 60% franked and paid on 9 April 2021. Link Group shares will trade ex-dividend on 3 March 2021. The DRP will continue for participating eligible shareholders with a 1.5% discount.

Investor & Analyst Briefing

Link Group CEO & Managing Director, Vivek Bhatia, and Chief Financial Officer, Andrew MacLachlan, will host an investor presentation and Q&A session to discuss the Link Group's financial results for the six months ended 31 December 2020 at 9:30am (AEDT) today.

A webcast of the presentation will be available on the Link Group website (www.linkgroup.com)

The release of this announcement was authorised by the Link Group Board.

ENDS

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