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Event Transcript

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Start of Transcript

Vivek Bhatia: Good morning, everyone. I would like to acknowledge the Gadigal people of the Eora Nation, traditional custodians of the land on which we present today and pay my respects to the Elders past, present and emerging. I extend that respect to all Aboriginal and Torres Strait Islander people on this update today.

My name is Vivek Bhatia and I am joined today by Andrew MacLachlan, our Group Chief Financial Officer. On behalf of the Executive Leadership Team, Andrew and I would like to thank you for your time today as we present our full year results for the financial year 2023. Today I will start by providing you with an overview of our operational and financial results. Andrew will then walk you through the detail of our financial update, including our divisional results and then I'll return to summarise, provide an outlook and open for Q&A.

Over the last 12 months, the Executive Team and I have remained focussed on serving our clients, simplifying and growing our business and supporting our people in line with what we have said and committed to do in FY23. Link Group's digitally enabled platforms connect over 100 million people globally with their assets safely, securely and responsibly. I am pleased to advice that we have once again delivered on our guidance with the results showing the resilient nature of our continuing operations. Our FY23 operating EBIT of [$178.3 million - slide 4] was up 15.7% and 3.5% above the top end of our guidance range we provided over 12 months ago. The underlying performance of our core businesses have remained strong. We have remained focussed on delivering on our strategic goals of simplify, deliver and grow.

Our core businesses of RSS and Corporate Markets have delivered full year revenue growth of 8.2% and a combined EBIT growth of 23.4%. Other operating EBIT margin on a continuing operations basis was up 221 bps to 17.9%. As outlined on this slide, we have continued to build on and grow Corporate Markets in RSS through five bolt-on acquisitions reinforcing our strategy of strengthening our core businesses and positioning them for future growth. Last but not least, I am pleased to advise that the Link Group Board has declared a final dividend of $0.04 per share which will be 60% franked. This makes the total dividend for FY23 at $0.085 per share which, on the current share price, represents a dividend yield of 6.3%.

Turning to our financial performance I wanted to call out a few specific items ahead of Andrew's more fulsome summary that he will provide shortly. Our FY23 revenue was up 4.5% year-on-year, our FY23 Group revenue on a continuing operations basis, that is excluding FS and BCM, was up 8.2% on FY22. Operating NPATA excluding PEXA was up 1.2% and was impacted by higher interest expense. For FY23, we reported a statutory loss of $418 million, this is consistent with the number we pre-released on 3 August 2023. Since the expected sale of the FS business to Waystone and the announcement of the conditional settlement with the FCA, our over two financial years from a statutory and accounting standards perspective, we expect to book approximately $265 million gain in FY24 once the sale is complete and the scheme is implemented. There are several moving parts here, mainly driven by accounting standards and Andrew will provide a more detailed explanation shortly.

Our balance sheet remains strong with leverage ratio at 2.6 times which is in the middle of our range. During the year, we have spent over $120 million on CapEx and bolt-on acquisitions with the aim of strengthening up core businesses and continued re-investment into maintaining our best-in-class solutions and technology platforms. We continue to focus on our sustainability, environmental and social goals as we strive to build a sustainable, diverse, caring and inclusive organisation. We also continue to focus on our ability to minimise our impact on the environment and I'm pleased to advise that we remain on track to achieving our planned goals. We will be releasing our inaugural Taskforce on Climate-Related Financial Disclosure, our TCFD report, next month.

In FY23, I am pleased that we raised and contributed over $540,000 in financial and in-kind giving and volunteering back to the communities in which we operate. We are also very proud of the diversity of our people and the richness that brings to the business. We continue to deliver on our 40:40:20 goals. Finally, our steadfast commitment on data security is globally recognised and evident through our ISO27001 certification which now has 94% global coverage and further amplifies our protective measures.

As previously stated, the simplification journey that we committed to undertake is largely complete and delivered. The sale of our BCM business is on track to complete in the next few days with all regulatory approvals now received. The sale of our FS business to Waystone Group also remains on track and we expect completion in October 2023, subject to a couple of regulatory approvals. We have also signed a sale and purchase agreement for the sale of our FS businesses in Luxembourg and Switzerland. We expect to complete the sale by third quarter of FY24 subject to regulatory approval in Luxembourg.

The LFSL creditor scheme is progressing to plan. As we announced on 3 August, LFSL expects to issue a practice statement letter in September 2023. The practice statement letter is a very important step forward and it will notify the investors of the LF Woodford Equity Income Fund of the formal launch of the scheme. This will provide further details about the key terms of the scheme and the first court hearing in relation to the scheme. Both BCM and Fund Solution businesses possess sound fundamentals and we are proud of their excellent people and leadership. Ultimately we know that these businesses will be better placed to achieve their full potential for its people and its clients under different ownership. As we dedicate our focus and resources on our two-market leading core business of Corporate Markets and RSS.

As we look forward towards the future of our core businesses, our high levels of recurrent revenue, solid performance from these core businesses, as well as the geographic and sector diversification of our overall client base continues to provide us with a high degree of resilience and a strong foundation from which we can deliver consistent and sustainable growth. Revenue growth on a continuing operations basis was 8.2% and excluding acquisitions completed during the year, it was 6.3%. On a continuing basis, the operating margin excluding the margin income was 13.6%. Going forward, undoubtedly Link Group will be a higher growth and higher margin business as you can see from the numbers on this slide. I will now hand over to Andrew to take us through the financial summary.

Andrew MacLachlan: Thank you, Vivek and good morning, everyone. I'm going to provide more detail on the financials first at a Group level and then at a business unit level before handing back to Vivek to provide an update on our outlook. I'd also direct people to the appendices at the back of this presentation which provide more detailed reconciliations of our operating to statutory results. As Vivek mentioned earlier, we've once again delivered on our guidance. Our operating EBIT performance for the financial year '23 of $178.1 million was 3.5% higher than the top end of our guidance range of $169 million to $172 million.

Overall Group revenue was $1.23 billion which was 4.5% up in constant currency terms on the prior year. Group revenues excluding acquisitions was up 3.1% for the year. Group revenue saw benefits from higher member numbers in RSS, higher number of shareholders in Corporate Markets in India and higher margin income from Corporate Markets in the UK and Australia. This was offset by lower revenue and Fund Solutions, BCM and lower capital markets-related revenue for Corporate Markets in the UK and Australia.

Operating costs were up 3.5% for the year but were up only 2.1% once adjusted for the acquisition. Benefits from our now completed global transformation program and the ongoing contribution from our India hub offset some of the inflationary pressures experienced in staff and vendor costs. We've also continued to see our federated operating model start to deliver benefits as our businesses take greater control of their costs. At the operating NPATA level, we've reported earnings of $99.1 million which includes a PEXA contribution of $9.9 million. As you're aware, the PEXA in-specie distribution was implemented in January ’23. For the financial year ’23, operating NPATA excluding PEXA contribution was $89.3 million, up 1.2% from a year ago and was mainly impacted by the higher interest cost on our corporate debt.

As Vivek mentioned, our statutory NPAT loss of $417.7 million was impacted by a number of factors which I’ll talk to in the next slide. There are several components to walk through when bridging from operating NPATA to our statutory NPAT and we have disclosed these in our update to the market on 3 August ’23. Our operating NPATA, excluding PEXA, of $89.3 million was impacted by the following. Gain on sale of $406.8 million on the PEXA selldown and the in-specie distribution. You’ll remember we recognised $47.9 million in the first half of ’23 related to the PEXA on market sale in November ’22. The remaining $358.9 million fair value gain recognised in the second half is a result of the PEXA in-specie distribution implemented in early January ‘23. We’ve taken the $31.1 million fair value write down on the carrying value of our investment and SMART Pension as a result of the valuation work done following their latest equity raise in May ’23. Our UK strategy remains independent of our investment in SMART Pension as evidenced by the HS Pension acquisition and recent partnership deals.

Like everyone else in the market, we continue to look and assess our property requirements. With the expected sale of our FS and BCM businesses, the properties aligned with those businesses forms part of the sale perimeter. We’ve now had time to look at the work preferences of our people in the UK and Australia. Weekly office visits still remain well below pre-COVID levels so we have therefore taken a non-cash impairment of approximately $34.5 million on our surplus real estate footprint both here in Australia and the UK. This reflects actual office occupancy in a flexible work environment.

A non-cash impairment charge of $25.3 million relates to the BCM good will of which $15.4 million was recognised in the first half of ’23. In the second half of ’23, we’ve taken an additional impairment for our BCM business, reflecting the agreed sale price to LCFH announced on 17 March ’23. A non-cash impairment charge of $368.6 million relates to the Fund Solutions assets. $448.9 million of this was recognised in the first half of ’23 but in the second half of ’23, we’ve written back $80.3 million, mainly driven by the accounting standards given the recognition of the provision in respect to the conditional settlement with the FCA also in the second half of ’23.

Also for the financial year, we’ve incurred approximately $34.6 million net of tax related to transaction, acquisitions and operating model changes. As you’ll recall, we had incurred $14.4 million in the first half. Breaking this down further, approximately $23 million relates to transaction costs associated with the DND scheme, the PEXA distribution, the BCM sale, the FS sale and settlement. As you would have seen from our disclosures on 3 August, we’ve taken a $390.9 million provision related to the announcement of the conditional settlement with the FCA and redress. This amount is post-tax and after discounting for the time value of money as required by the accounting standards.

Considering that the expected sale of the FS business to Waystone and the announcement of the conditional settlement with the FCA are over two financial years, from a statutory and accounting standards perspective we expect to book approximately $265 million gain in FY24 once the sale is complete and the scheme is implemented. This accounting treatment does bring an element of noise in our statutory results; however, we’ve strived to provide as much disclosure on this element as possible to assist investors. I would also highly recommend you read note 16 in our financial statements that we lodged this morning.

Improved operating EBITDA performance and timing benefits have seen us deliver net operating cashflow of $276.9 million and a conversion ratio of 101% at the top end of our 90% to 100% guidance range. CapEx for FY23 was $80.7 million or 6.6% of Group revenue. Since FY20, Link Group has spent over $310 million in CapEx as we continue to invest in our digital capabilities, innovative technology and market leading platforms. Free cashflow of $40.7 million was an improvement from the same time last year due to lower transaction related costs and no PEXA related CGT payment in the current period, partially offset by higher interest costs on our corporate debt.

Looking at finance expenses, we've seen a significant increase in costs mainly driven by the impact of higher rates given our debt is 100% floating. It will also be beneficial to look at note 19 of our financial statements to see a breakdown of finance costs that impact our P&L. We ended the period with net debt of $681.5 million, in line with prior year. Our leverage ratio of 2.6 times is in the middle of preferred guidance range of two to three times. Our interest cover remains at a comfortable 5.8 times.

As we've disclosed back in April '23 and again on 3 August '23, we expect our pro forma leverage ratio at the end of June '24 to be at the upper end of our two to three times range. Our leverage forecast assumes a normal level of working capital movement, 90% to 100% cash conversion ratio, CapEx spend at the top end of the 4% to 6% of revenue range, tax paid at a 28% to 30% effective rate, interest expense on corporate debt which I previously noted is 100% floating and is contingent on the FS sale and LFSL scheme implementation occurring during FY24. We remain focussed on our core businesses and their ability to reinforce their market leading position. We will continue to assess bolt-on acquisitions on a case-by-case basis and we'll prioritise strategic deals over a slight delay for our leverage ratio to return to the mid-point of our preferred range.

Looking now at each of our businesses in turn, starting with Retirement and Super Solutions or RSS. RSS revenue for FY23 increased by 8.3% to $554.1 million. With underlying revenue excluding acquisitions for FY23 up 5.7%. RSS underlying revenue growth was underpinned by higher member numbers, indexation and contribution from the UK, partially offset by the impact of unclaimed super money and previously announced client exits on account of industry consolidation. Project activity which is reflected in non-recurring revenue was in line with expectations.

Strong member growth in RSS continued with ANZ member numbers up 7.5% year-on-year. This member growth largely reflects continuing growth in members at our largest clients. Off shore, RSS has made great progress over the last 12 to 18 months. The UK now administers around 1.6 million pension accounts with the HS Pensions acquisition completed in the first half of '23. In July '23, Link Group also signed a multi-year partnership with Cushon, now part of the NatWest Group in the UK. The UK margin profile will be lower than that achieved in Australia as the business model is different. RSS now also has a strong foothold in Hong Kong after our acquisition and agreement with HSBC for the provision of digital pension and value-added services to HSBC's ORSO clients for a period of 10 years.

The Hong Kong market is currently undergoing significant regulatory change and this is where we see an opportunity to step in and provide these services on behalf of current administrators to consolidate the industry and provide scale benefits. The corporate ORSO market is akin to the corporate super market in Australia. We believe the HSBC transaction will be a significant consolidation opportunity, not only in the ORSO market but also in the adjacent MPF market. I note in Hong Kong, it's a FUM based revenue model and we expect the Hong Kong region to be a material contributor to the RSS division over the next three to five years.

Turning now to Corporate Markets. Corporate Markets delivered a good performance with revenues of $416.4 million which was up 7.6% compared to the PCP. On a constant currency basis, revenue was up by 8%. Australia and New Zealand revenues of $184.7 million was up 2.9% and contributed 44.3% of Corporate Markets revenues. The business delivered strong client wins through the year, including Ampol and hipages Group. Its revenue growth was also assisted by higher margin income. This was partially offset by weaker capital market activity impacting corporate actions, IPOs, investor relations and therefore print and mail volumes.

Fund Solutions in Australia is now operationally integrated within Corporate Markets and is now called Fund Services. Corporate Markets is the only scale provider of listed and unlisted registry services in Australia. In the UK, revenues of $167.3 million was up 3.5% and contributed 40.2% of Corporate Markets revenues. Revenue was supported by new business wins as well as a strong renewal pipeline. Margin income also contributed to the strong UK result. Similarly, as in Australia, Capital Markets activity was soft with low IPO activity and low market confidence slowing corporate actions and share dealing.

I'm pleased to report India had another very strong year with revenue growth of 22.2% contributing 8.3% of corporate market revenues. The growth was mostly seen through the first half driven by buoyant IPO activity. Float balances across Corporate Markets were approximately $1.6 billion during the year and benefited from one-off activity in the second half and the growing equity share plan business in the UK. Average base interest rates were approximately 3.1% with a 95% earn through and the float balance split 67% to the UK with the remaining exposed to Australian rates. We expect float balances for FY24 to be in the $1.3 billion to $1.4 billion range.

I'll finish with Fund Solutions and Banking and Credit Management. Both these businesses have been classified as discontinued businesses and are held for sale in our balance sheet as of 30 June '23. Revenues for both these businesses was $272.6 million for the year, down 6.6% with operating EBIT of $7.1 million down 54%. I'll now hand back to Vivek to provide an update on our outlook.

Vivek Bhatia: Thank you, Andrew. Looking forward to FY24, Link Group is a simpler, focussed and more importantly, a growth-oriented business. Our modern, secure and scalable technology platforms are known for their industrial grade robustness and reliability. Our innovative solutions leverage artificial intelligence and robotic process automation to enable our clients to enhance their overall member or shareholder experience and outcomes whilst fulfilling the changing landscape of regulatory requirements.

RSS is Australia's number one superannuation solutions provider with a 41% market share. It is also Link Group's largest division, generating 57% of Group revenue on a continuing basis and about 58% of operating EBITDA.

Corporate Markets, which is our fast growing and geographically diverse business generates 43% of Group revenue on a continuing basis and contributes 42% of the operating EBITDA. It continues to make strong strides in securing market share across its broad range of products, with India performing exceptionally well again in FY23.

As you can see from the table on the bottom right, going forward Link Group will be a higher margin business and we remain optimistic about the opportunities that present themselves in the future. Both of our businesses have solid fundamentals, blue-chip clients, experienced and dedicated people and robust technology platforms. These attributes make them market leading businesses with a strong runway for growth.

Link Group on a continuing basis i.e. with RSS and Corporate Markets, generates over $950 million worth of revenue and has delivered circa $248 million of operating EBITDA in FY23. On a proforma basis, Link Group on a continuing basis delivered an operating EBITDA margin of 26% and an operating EBIT margin of 17.9%.

The next two slides provide the focus areas and some key highlights of our core businesses. As you are aware, RSS has a purpose built, flexible technology and services ecosystem that is actively growing into a global retirement solutions business. RSS currently administers more than 11.6 million super and pension members on its platforms across four jurisdictions, including 10 million in Australia.

Our focus for FY24 builds upon the expansion of RSS into Hong Kong, continued growth in the UK on a solid platform and consolidating and building upon its market leadership position in Australia. RSS continues to expand on its service offering to deliver on data, digital and retirement capabilities to serve its clients and their members. The focus on IT security as well as adoption of innovative solutions turbocharged the robust, comprehensive & scalable platforms to deliver on the changing regulatory landscape and the evolving expectations of members in the sector.

Corporate Market provides an unmatched ecosystem of technology led solutions which are unparalleled in the market and provide a wide range of services for clients to operate in the listed and unlisted space. As the slide shows, Corporate Markets is focused on the key verticals and we are already seeing benefits of this renewed focus of offering an ecosystem of platforms and services to its clients in a bundled and integrated way.

Corporate Markets is a strong number 1 or 2 in the markets it operates in. The UK has continued now to see an improvement in its performance over the last couple of years. New client wins in Australia have been driven by the range and quality of services on offer and now also the Fund Services business in Australia is integrated into Corporate Markets and provides the only scale solution for a combined listed and unlisted registry services in the country.

India has been a great success with number of shareholders more than doubling since December 2020. With now still only less than 10% of the Indian population having exposure to the Indian stock markets, there remains significant runway for growth over the medium term as the capital markets there goes through a boom cycle.

Now turning attention to the outlook for FY2024, noting that our guidance is on a continuing operations basis only. On this slide, we have provided more detail and metrics around our thinking. We expect Group revenue to grow at least 5% and Group operating EBIT growth of at least 6% in FY24.

As we have previously stated, we expect leverage ratio to be at the upper end of our 2 times to 3 tunes range as at June '24 which is contingent on the FS sale and the LFSL scheme implementation occurring during FY24.

Back in November 2021, we had provided the market a five year or a 2026 aspirational targets for our businesses. We felt that it is now appropriate to provide an update on these targets, given our simplification agenda is largely complete and also reflects in our continuing businesses going forward as well as the changing operating conditions that we have seen today.

As you can see on this slide, we have updated our growth rates to FY26 and provided three year CAGRs for our core businesses. We expect RSS to deliver a three year CAGR growth of 4% to 6% for revenue and 4% to 6% for operating EBIT. This assumes HESTA transitioning out towards the end of calendar '24 as previously announced.

We expect Corporate Markets to deliver a three year CAGR growth of between 5% and 7% for revenue and 7.5% to 9.5% for operating EBIT.

The final component of our simplification strategy is to streamline our corporate centre to reflect a simpler, less complex organisation. We anticipate that we should have a smaller corporate centre and more fit for purpose by the end of FY24. At a Link Group level we expect to deliver a three year revenue CAGR of 4% to 6% and an operating EBIT CAGR of 5% to 7%.

In closing for today, I'd like to highlight a few things. We are very well positioned to deliver operating EBITDA and operating EBIT growth in FY24 and over the medium term. You can see that it is underpinned by our scale, expertise of our people and proprietary technology platforms that are market leading.

As mentioned we are expecting Group revenue on a continuing operations basis to be up at least 5% in FY24 and operating EBITs to be up at least 6%. Going forward we will be a simpler, more focused and a growth oriented business. We continue to deliver to our guidance, with increasingly consistent business and financial performance, as we successfully deliver for our clients and shareholders. Our focus is now on strategic growth to reinforce and further expand our core businesses.

RSS and Corporate Markets are great businesses and both of them have delivered revenue growth and margin improvement in FY23 in challenging operating conditions. Both businesses have strong recurring revenue profiles, good cash flow conversion and are either number 1 or 2 in the markets and verticals that we operate in.

We are confident that our core businesses have the strength, the diversity and resilience required to navigate the current operating conditions, as evidenced by their strong performance over the last two years. The underlying quality, capability and capacity of our core businesses remains extremely sound and they are poised to deliver solid revenue and margin growth over the medium term.

Before we move to Q&A, I would like to thank my entire leadership team and every single one of our 7,200 employees globally for their ongoing dedication and focus. I'd like also to thank you for your attendance today and now we'll open up for questions.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you are on a speakerphone, please pick up the handset to ask your question. Your first question comes from Ed Henning with CLSA. Please go ahead.

Ed Henning: (CLSA, Analyst) Thank you for taking my questions. Just firstly I wanted to touch on both your '24 and your aspirational targets for '26. Can you just talk about in your divisions your RSS, how much of the growth is in Hong Kong and the UK and then Corporate Markets, how much of the growth is beyond the Australian business? Just to get a feel of where the growth is coming from please for the first one.

Vivek Bhatia: Thanks Ed for the question. So when we look at RSS, we see significant underlying member growth within our clients in Australia. We have seen that over the last couple of years. So you can take that same rate of growth that we currently see in the members and we see that going forward as well.

In terms of international growth, as Andrew said, we see a material contribution from [HSBC] transaction in Hong Kong over the next three to five years in RSS. Whereas in the UK, we have since the - I just mentioned - acquisition in earlier calendar '23. We now see a good solid platform for future growth. Plus the transaction with Cushon, which is an at best Group Company now. We will see that as also turbo charging the growth. So we do see a decent amount of growth coming from overseas. We also see a very reasonable amount of growth coming from Australian business as well in RSS.

Coming to Corporate Markets, we see India growing solidly over the forecast period. We are definitely of the view that Capital Markets there is in a boom cycle and we definitely see us being a very - a credible number 1 or number 2 player depending on which metric you look at. Us getting our fair share of growth in that market.

Plus we see a good amount of growth returning to Australia and the UK in that forecast period. Not probably in '24 but definitely in '25 and '26. We do see some return of corporate action activity, whether that's IPO or other corporate actions in terms of turbo charging the growth in those two home markets as well. I don't know whether you want to add something?

Andrew MacLachlan: No.

Ed Henning: (CLSA, Analyst) That's great. Have you included any bolt-on acquisitions in your forecast? How are you thinking about those or is that going to augment growth more or how should we think about that?

Vivek Bhatia: Yes, great question Ed. So we do not factor in that into our numbers at the moment. We have got some - a couple of very small, tiny bolt-ons that we have line of sight on. Apart from that we haven't really factored that in.

Andrew MacLachlan: Obviously you've got the full year impact of the acquisitions that we did this year flowing into next year.

Ed Henning: (CLSA, Analyst) Okay, no that's helpful. Then just a second question from me. Following the loss of HESTA, have you taken any learnings from this or changing your approach to renewing some of your other key contracts? What is your confidence around retaining some of those key clients?

Vivek Bhatia: Yes, look I think every time you lose a major client it is always a time for self-reflection; could we do something different, should we have done something different in the past, can we do something different in the future? We always continuously live and learn. That's I guess our motto from a business perspective. We do believe that we have a market leading proposition, whether that's through the platforms that we have, the services on offer and the quality of people on offer as well.

We are strongly of the view that when you look at the HESTA loss, we should also look at the re-signing of Rest, which only happened a couple of months before HESTA but sometimes probably gets lost in the noise. Rest has 1.9 million members as opposed to HESTA's one million members. They went through a robust 18 month RFP/RFQ process with more than nine players in the market that they evaluated and at the end of that decided to re-sign with us on a five year contract.

So we have learnings from both of those exercises and as a result of that we still remain very confident and optimistic about our chances on upcoming renewals.

Ed Henning: (CLSA, Analyst) That's very helpful. Thank you.

Vivek Bhatia: Thanks Ed.

Operator: Thank you. Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. Your next question comes from Nigel Pittaway with Citi. Please go ahead.

Nigel Pittaway: (Citi, Analyst) Good morning guys. Perhaps on a similar vein; I mean obviously the loss of a HESTA contract does basically increase the concentration risk within RSS that was already pretty significant and now is even more significant. It means you're very dependent on those renewals that are coming up. Is there anything you can say about that and is there something you are doing to try and mitigate that as we move forward?

Vivek Bhatia: I think Nigel, as you know, whether the HESTA result was the same or different, the focus on us on renewing the other contracts doesn't change. That remains a clear focus for us on every single renewal that happens with any of our major clients. From our perspective we focus on delivering the right service. We ensure that we have the right proposition. We have that at the right price point and ensuring that we can assist our clients through their strategy over the upcoming period in terms of delivering to the outcomes that they aspire to deliver to their members.

So that remains a clear focus area for us. We continue to work with all our clients in that endeavour. As I have said before, we remain confident that when funds go through robust RFP and RFI processes over a period of time that we have the clear ability to show our wares, to show the proposition and to show why we are a market leading platform to choose.

Nigel Pittaway: (Citi, Analyst) Okay, thanks for that. Then is there a period coming up where you think you might be in a position to give investors a bit more comfort over security of tenure of your major contracts? Is there a way in which you can ensure you've got them all locked in over a certain period of time? Is that something or you've just got to play with the RFPs when they come up and just play as best you can?

Vivek Bhatia: Yes, so I think the RFP processes are run by clients. I don't dictate the timing of those. That is a process that the Trustee Board and Super fund needs to run. We have flagged as you know, we have Australian Super, who is in the middle of our RFP process. So I don't want to comment too much on that. Apart from the fact that I remain confident that we have the right capability to put forward the proposition that has served them in the past and we believe will serve them very well in the future as well.

They have a timeline which probably goes towards the end of the year or beginning of next year from a calendar perspective. We will work with them on their timeline to be able to deliver that outcome for them. Now, as you know their contract at the moment is up to middle of 2025. So there is a significant runway before they need to make a decision on how they renew their contract.

With Cbus, their current contract is due in the middle of ’24 and again we are working with them on their preferred choice of process as well. Again, I would probably just focus around the fact that our job here is to deliver on the requirements today and more importantly ensure that we are positioned in the best possible way to deliver on their requirements for the future rather than worry about whether we can short change an RFP process, which is definitely not something that we intend to do. That is their process to run and we will work with them on their timelines and their process.

Nigel Pittaway: (Citi, Analyst) Okay, thank you for that. Then maybe just - I’m sorry if I missed this as you went through but where are you with your retirement platform launch?

Vivek Bhatia: So we have got a soft launch on the retirement platform. We have got a couple of products on it. We announced that and we are working with a number of our clients at this point in time to incorporate that as an offering. So we call it the Pathfinder platform and we can provided some more information at a later stage on that. Suffice to say that that is a platform that has been built purposefully for what we believe is an ever increasing need of providing high quality advice and also to ensure that we can give our clients the ability and the platform to give other products such as longevity products to their members as they move from accumulation to retirement.

Nigel Pittaway: (Citi, Analyst) Okay thank you for that. Then maybe just finally a quick point of clarification; the significant items guidance of $20 million to $30 million for FY24, is that net of the $255 million gain or is that separate?

Andrew MacLachlan: Separate.

Nigel Pittaway: (Citi, Analyst) Separate yes okay. Very good. All right, thanks very much.

Vivek Bhatia: Thanks Nigel.

Operator: Thank you. Your next question comes from Siddharth Parameswaran with JP Morgan. Please go ahead.

Siddharth Parameswaran: (JP Morgan, Analyst) Good morning gentlemen. Just my first question is on Corporate Markets. I wanted to understand just the decline that occurred in recurring revenues from FY22 to FY23. I was hoping you could just give some colour around that and in particular if there were any contract losses either in Australia or in the UK?

Vivek Bhatia: I think - and I’ll get Andrew to explain but the way to think about it is the margin income sits in the non-recurring revenue side and because that has expanded, the proportion of recurring revenue has fallen and there’s no contract losses.

Andrew MacLachlan: No, I mean it continues to be a competitive market Sid, so as we’ve always said, competitive market with lots of competition for both renewals and new business. So you see that being reflected as well.

Siddharth Parameswaran: (JP Morgan, Analyst) Okay, so some pricing changes. Okay. Is that across both the UK and Australia? I mean your comments on price intentions.

Andrew MacLachlan: They’re both competitive markets clearly, yes.

Siddharth Parameswaran: (JP Morgan, Analyst) Okay great. Thank you for that. Another question then just on RSS. Vivek, we’ve had a few different questions around the HESTA loss but I just want to ask a question about what feedback you had from HESTA as to the reason they made a change. I was hoping you might be able to provide some feedback on what explanations they gave on their reason for a change?

Vivek Bhatia: I think Siddharth from my perspective, I respect their decision and their choice based on the work and the analysis that they have undertaken on what platform better suits them going forward. That's probably all I will say on that point.

Siddharth Parameswaran: (JP Morgan, Analyst) Okay, thank you gentlemen.

Vivek Bhatia: Thanks Siddharth.

Operator: Thank you. There are no further questions at this time. I'll now hand back to Mr Bhatia for closing remarks.

Vivek Bhatia: Thank you very much for taking the time and attending today's presentation and we wish you a very good day ahead. Thank you.

End of Transcript