



22 February 2018

ASX ANNOUNCEMENT

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

Link Group delivers strong first half results for 2018 reflecting continued commitment to our client partnerships and delivery of our growth strategy

- Statutory net profit after tax (NPAT) of \$64.3 million, up 55% on the prior corresponding periodⁱ (pcp)
- Operating EBITDAⁱⁱ of \$148.0 million, up 36%ⁱ
- Operating NPATAⁱⁱ of \$92.0 million, up 58%ⁱ
- Revenue of \$503.3 million, up 27%ⁱ
- Recurring Revenueⁱⁱ of \$414 million, representing 82% of total revenueⁱ
- Net operating cash flow of \$147.5 million, up 65%ⁱ
- Acquisition of Link Asset Services (LAS) completed on 3 November 2017
- Interim dividend of 7.0 cents per share declared (100% franked), approximately \$34.5 million

i. See Appendix 5A of the Half 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 Half 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 six months ended 31 December 2017. These results include two months of operations for LAS.

Highlighting the continued execution of its growth strategy, Link Group reported revenue of \$503.3 million and statutory NPAT of \$64.3 million. Statutory NPAT includes significant items such as costs relating to business combinations, integration and client migrations.

Link Group Chair, Michael Carapiet, said: "Link Group is pleased to report another good half year financial and operating result. These results reflect our continued commitment to our client partnerships and disciplined execution of our growth strategy.

"Link Group invests significantly in technology and places a high priority on developing expertise and loyalty in our team members to deliver innovative client solutions and a high quality customer service."

Operating EBITDA was \$148.0 million, up 36% while Operating NPATA was \$92.0 million, up 58%. 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 IDDS.

The Link Group Board has declared an interim dividend of 7.0 cents per share for those shareholders on record on 28 March 2018. The dividend will be 100% franked and will be paid on 30 April 2018. Link Group shares will trade ex-dividend on 27 March 2018. The Link Group DRP will continue with a 1.5% discount for participating eligible shareholders.

Link Group Managing Director, John McMurtrie said: "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. We remain focused on the delivery of service excellence, innovation and the retention of the high level of trust earned by our business.

"Link Group's experience confirms that diverse and inclusive teams are more productive and innovative, and we continue to foster the development of our people through training, industry leadership and collaborative workplace programs and technologies. Innovative product and service solutions will drive further process efficiency, project delivery and provide bolt-on and adjacent market opportunities that both complement and add value to our existing business.

"We have been very pleased to date with the performance and integration of LAS. LAS is a strong strategic fit for our business which provides us with immediate scale and leadership as well as geographic and product diversity across markets in 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 1H 2018 financial results reflect the continuing benefits being delivered from the integration of our Fund Administration and IDDS 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.

Revenue for 1H 2018 of \$284.3 million was down 2% as a result of the revenue reduction from the rebased Superpartners' contracts in March 2017. Excluding the impact of the Superpartners contract rebasing, revenue increased by \$4.4m or 1.6% through index related price increases, stable member growth and increased revenue from project related activity.

Operating EBITDA of \$60.0 million was down 6.0% due to the rebased Superpartners' contracts, partially offset by ongoing integration synergies.

Corporate Markets

Revenue in the Corporate Markets division was \$103.4 million (pcp \$95.5 million). Operating EBITDA was \$24.8 million, up by \$2.4 million.

Total revenues were up 8.4%, with the full year inclusion of Link Fund Solutions (acquired December 2016). Recurring Revenue increased by 4% to \$87.2 million. Growth in revenues in Corporate Markets was supported by an increase in non-Recurring Revenue, principally capital markets related activity, which has continued to trend with historical levels of activity. Non-Recurring Revenues contributed \$16.2 million in 1H 2018 (\$11.4 million in 1H 2017).

Increased Recurring Revenue was attributed to new business won in Australian and New Zealand, offset by some client losses in South Africa. Corporate Markets continues to operate in a competitive pricing environment across a number of jurisdictions.

Information, Digital and Data Services (IDDS)

IDDS revenue was \$116.6 million (pcp \$105.0 million). Operating EBITDA was \$33.8 million, a 36.7% increase.

The IDDS 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 34% of total IDDS 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 two months of operations consolidating into the Link Group results for 1H 2018.

LAS revenue for the two month period was \$105.5 million. Operating EBITDA was \$33.1 million. Whilst the two months' revenue and earnings contribution is a pleasing result, due to the timing of some non recurring and seasonal factors, the LAS result should not be extrapolated for 12 months. For the full calendar year ending 31 December 2017, the business generated revenues of £322 million (2016: £316 million) and an Operating EBITDA of £72 million (2016: £72 million).

Transition activities have advanced, with a number of work streams being progressed during and post the due diligence phase, 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. The established European-based platform provides Link Group with many opportunities to grow this part of our business. We remain confident that this transaction is a positive addition for Link Group."

Outlook

Commenting on the outlook for 2018 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 FY2018 and the strength of our cash flow is demonstrated by our pro forma leverage reducing below 2.5x (pro forma Operating EBITDA¹ / Net Debt).

"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 expand our pipeline of opportunities as well as retaining a disciplined approach to cost management."

Analyst briefing:

An investor presentation and Q&A session to discuss the Link Group's financial results for the six months ended 31 December 2017 will be held at 10:00am (AEDT) 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

¹ Includes 12 months of LAS Operating EBITDA