

FY23 RESULTS

Link Group's FY23 Operating EBIT up 15.7%

Link Administration Holdings Limited (ASX: LNK) (Link Group) today announced its financial results for the 12 months to 30 June 2023 (FY23). Group financial highlights include:

REVENUE

\$1.23 billion

FY22 \$1.18 billion
CHANGE +4.5%

OPERATING EBITDA¹

\$273.2 million

FY22 \$252.3 million
CHANGE +8.3%

OPERATING EBIT¹

\$178.1 million

FY22 \$153.9 million
CHANGE +15.7%

OPERATING NPATA EX-PEXA¹

\$89.3 million

FY22 \$88.2 million
CHANGE +1.2%

STATUTORY NPAT²

\$(417.7) million

FY22 \$(67.6) million
CHANGE nmf

DIVIDEND PER SHARE

8.5 cents

FY22 11 cents
Payout ratio⁴ 80% of NPATA

Highlights

- ✓ Link Group simplification strategy nearly complete.
- ✓ Link Group continues to deliver on guidance and the results show the resilient nature of our continuing operations. Continuing operations³ delivered revenue growth of 8.2% in FY23.
- ✓ The Link Group Board has declared a FY23 final dividend of 4.0 cents 60% franked.

FY24 Guidance

- ✓ Group Revenue (on a continuing operations basis) expected to be up at least 5% (FY23: \$955.6 million).
- ✓ Operating EBIT (on a continuing operations basis) expected to be up at least 6% (FY23: \$171.0 million).

1. See Appendix 1 of FY23 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 and Operating EBIT exclude Significant Items.

2. For more details on items impacting FY23 Statutory NPAT please see Slide 11 of Link Group's FY23 Results Presentation.

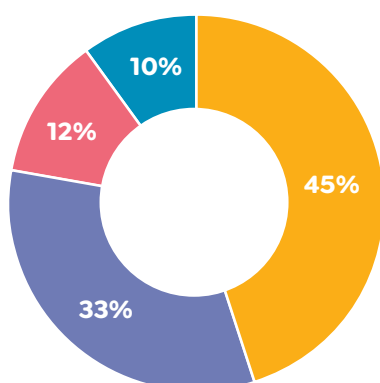
3. Continuing Operations refers to Proforma Continuing Operations, refer to Slide 27 of Link Group's FY23 Results Presentation for further detail.

4. As outlined on 22 November 2022, the target dividend policy post PEXA distribution was 60-80% of NPATA. NPATA for the purposes of calculating dividend has been adjusted to exclude non-cash impact of impairments, FV gains/losses and provisions taken on account of the FS sale and conditional settlement.

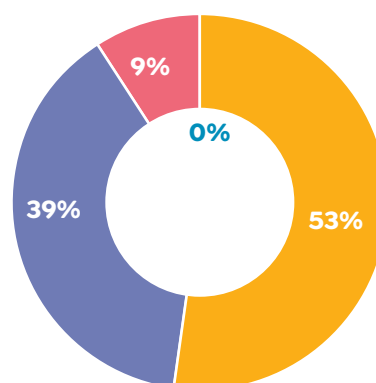
Financial Summary

A\$ MILLION	FY23	FY22	YOY CHANGE	YOY CHANGE (CC ⁵)
Revenue	1,228.2	1,175.1	4.5%	4.8%
Operating cost	(955.0)	(922.8)	3.5%	3.7%
Operating EBITDA	273.2	252.3	8.3%	8.5%
Depreciation and amortisation	(95.1)	(98.4)	(3.3%)	(2.5%)
Operating EBIT	178.1	153.9	15.7%	15.5%
<i>Operating EBIT Margin</i>	<i>14.5%</i>	<i>13.1%</i>	<i>140bps</i>	<i>134bps</i>
Operating NPATA	99.1	121.3	(18.2%)	(16.8%)
Operating NPATA ex-PEXA	89.3	88.2	1.2%	3.2%
Statutory NPAT	(417.7)	(67.6)	nmf	nmf

Revenue Contribution⁶



Operating EBITDA Contribution⁶



- Retirement & Superannuation Solutions
- Corporate Markets
- Fund Solutions
- Banking & Credit Management

5. CC reflects constant currency, removing the impact of FX rate movement from the year-on-year change.

6. Divisional revenue contribution percentage based on Gross Revenue prior to eliminations. Divisional EBITDA contribution percentage excludes Group costs.

Commenting on Link Group's FY23 results, CEO & Managing Director Vivek Bhatia said:

"FY23 Operating EBIT of \$178.1 million is up 15.7% on FY22 and 3.5% above the top end of our guidance range of \$169-\$172 million. Group revenue of \$1.23 billion for FY23 was up 4.5% compared to FY22.

Our business simplification strategy is nearly complete. We are on track to complete the Banking & Credit Management (BCM) sale in the next few days and complete the Fund Solutions (FS) sale to Waystone Group in October 2023.

FY23 Revenue growth from continuing operations³ was up 8.2% to \$955.6 million. On a proforma basis, Link Group on a continuing operations³ basis delivered an Operating EBIT margin of 17.9%."

Balance sheet, cash flow and dividend

Net operating cash flow of \$276.9 million in FY23 was up 35% on FY22. Net Operating cash flow conversion ratio of 101% was above the top-end of the 90-100% guidance range. As of 30 June 2023, net debt was \$681.5 million. Leverage ratio (Net Debt/EBITDA) at 2.6x is within the guidance range of 2.0x-3.0x.

Link Group's Board has declared a final dividend of 4.0 cents per share which will be 60% franked taking the total FY23 dividend to 8.5 cents per share. As outlined in the PEXA in-specie distribution Explanatory Memorandum, Link Group's Board (post Distribution) intends to target a dividend payout ratio of 60-80% of NPATA. The FY23 Dividend of 8.5 cents per share equates to approximately 80% of NPATA. The FY23 final dividend will be paid on 20 September 2023.

Targeted dividend payout ratio is likely to be at the lower end of the 60%-80% of NPATA range until leverage is below 2.5x. Future levels of franking will be dependent on the level of available franking credits.

Market leading and scalable platforms

Link Group provides modern, secure and scalable technology platforms known for their industrial-grade robustness and reliability. This infrastructure empowers Link Group to provide innovative solutions (leveraging AI and Robotic Process Automation (RPA)) that enable our clients to enhance overall member/shareholder experience and outcomes whilst fulfilling the changing landscape of regulatory requirements. Link Group's steadfast commitment to data security is globally recognised, evident through its ISO27001 certification, which further amplifies our protective measures.

Since FY20, Link Group has spent nearly \$300 million in capital expenditure as we continue to invest in enhancing our digital and data capabilities, implement innovative technologies and continuously evolve our market leading platforms. Capital expenditure for FY23 was \$80.7 million being 6.6% of Group Revenue.

Resilient financial performance

Link Group reported **Operating NPATA excluding PEXA¹ of \$89.3 million for FY23 was up 1.2% on FY22.** Strong FY23 Operating EBIT growth was offset by higher interest expense compared to FY22.

Link Group has reported a FY23 Statutory Loss of \$417.7 million. This includes a \$393.9 million non-cash impairment related to the FS assets and BCM goodwill, \$390.9 million provision on account of the conditional settlement announcement related to LFSL and redress⁷, \$34.5 million impairment charge related to property rationalisation, net gain on sale of \$375.7 million on the PEXA sell-down and in-specie distribution with a fair value write-down of the SMART Pension investment and \$34.6 million (net of tax) charge related to acquisition, integration and transaction costs.

Link Group's **FY23 total revenue of \$1.23 billion was up 4.5% on FY22. Adjusted for the acquisitions completed during the year, total revenue was up 3.1%.** The increase in total revenue was driven by higher member numbers in Retirement & Superannuation Solutions (RSS), higher number of shareholders from

Corporate Markets (CM) in India and higher margin income from CM in the UK and Australia, partially offset by lower revenue in FS and BCM.

Link Group reported **Operating EBIT of \$178.1 million for FY23, up 15.7% on FY22**. Operating EBIT margin of 14.5% for FY23 was 140bps higher than FY22. On a proforma basis, Link Group on a continuing operations basis delivered an Operating EBITDA margin of 26.0% and Operating EBIT margin of 17.9%.

FY23 depreciation and amortisation (D&A) of \$95.1 million, was down 3.3% on FY22. The lower D&A was mainly driven by lower amortisation of right of use (ROU) assets.

Retirement and Superannuation Solutions (RSS)

RSS delivered FY23 Operating EBIT of \$118.0 million, up 11.4%, reflecting solid momentum in underlying member growth and lower ROU amortisation.

RSS revenue for FY23 increased by 8.3% to \$554.1 million, representing 45% of Group Revenue. Adjusted for the acquisitions completed during the year, RSS revenue was up 5.7%.

Strong member growth in RSS continued with Australian and New Zealand member numbers up 7.5% year on year. On 30 June 2023, Link Group announced that its contract for the provision of super administration services to HESTA (approximately 1.0 million members) will not be renewed. HESTA plans to transition out by 2Q FY25. There is no impact on RSS' results in FY24 on account of the HESTA contract announcement.

The UK strategy continues to progress to plan with RSS now administering approximately 1.6 million member accounts, up 60% over the last 12 months. Adjusting for the HS Pension acquisition, RSS in the UK saw member numbers up 18%. The UK now accounts for 2.5% of RSS revenue in FY23. The recent acquisition and partnerships in the UK provide RSS with a solid platform to deliver strong revenue growth over the next 3-5 years.

With the HSBC partnership in Hong Kong, RSS is now one of the biggest players in the Occupational Retirement Scheme Ordinance (ORSO) pensions administration market. A local team is now in place to leverage our position in the market to increase scale and capitalise on other opportunities.

Corporate Markets (CM)

CM delivered FY23 Operating EBIT of \$84.8 million, up 59.5%, reflecting higher margin income, strong cost control and lower ROU amortisation. CM revenue for FY23 increased by 7.6% to \$416.4 million, representing 33% of Group Revenue. Adjusted for the acquisitions completed during the year, CM revenue was up 6.7%.

Australia and NZ revenue of \$184.7 million, was up 2.9% and contributed 44.3% of CM revenues. The business delivered strong client wins through the year including Ampol Ltd and hipages Group Holdings Ltd, strong retention levels and higher margin income. This was offset by weaker capital market activity, impacting corporate actions, IPOs and investor relations and therefore print and mail volumes.

UK revenue of \$167.3 million, was up 3.5% and contributed 40.2% of CM revenues. Revenue was supported by new business wins including 888 Holdings plc and Breedon Group plc, as well as a strong renewal pipeline including Taylor Wimpey plc, Pennon Group plc and Greggs plc. Margin income also contributed to the strong UK result. Similar to Australia, capital market activity was soft with low IPO activity and low market confidence slowing corporate actions and share dealing.

India had another very strong year with revenue growth of 22.2%, contributing 8.3% of CM revenues. The growth was mostly seen through the first half, driven by buoyant IPO activity.

Float balances were approximately \$1.6 billion during the year and benefited from one-off activity and the growing Equity Share Plan (ESP) business in the UK. Average central rate was approximately 3.10% with a 95% earn through with the float balance split 67% to the UK and the remaining exposed to Australian rates.

Fund Solutions (FS) and Banking & Credit Management (BCM)

FS generated \$152.7 million of revenue in FY23 representing 12% of Group revenue. FY23 revenue was down 4.8% on FY22 (down 3.2% on a constant currency basis) on the back of lower average assets under management/administration (average AuM/AuA) and prior year client exits on account of industry consolidation.

The sale of the FS businesses (excluding Luxembourg and Swiss entities), and excluding Woodford related liabilities, to Waystone Group remains on track to be completed in October 2023 (subject to the remaining conditions being satisfied, including regulatory approval in the UK and Ireland).

Link Group is also pleased to announce that it has signed a sale purchase agreement with Altum Holdings (UK) Limited for the sale of Link Fund Solutions (Luxembourg) S.A. and Link Fund Solutions (Switzerland) SA. As per Link Group's announcement on 20 April 2023, Link Group has agreed to contribute any available net consideration from this sale to the Scheme⁷ if it completes this sale prior to the date on which the distribution under the Scheme takes place. Link Group expects to complete this sale in 3Q FY24 (subject to regulatory approval in Luxembourg).

BCM generated \$120.1 million of revenue in FY23 representing 10% of Group revenue. FY23 revenue was down 8.7% on FY22 (down 9.5% on a constant currency basis) with reduced revenue from non-performing loans (NPL) and reduced revenue from origination clients in Ireland, Italy and the Netherlands as high interest rates impacted sentiment and demand for most of the year.

The BCM business sale to LC Financial Holding is expected to complete on 1 September 2023.

Commenting on the outlook for Link Group, Mr Bhatia said:

"With our simplification program nearly complete, our focus is on our market leading core businesses. RSS and CM are in good shape and both businesses have delivered revenue growth and margin improvement in FY23. These businesses remain poised to deliver good revenue growth and margins over the medium term.

As we announced on 3 August 2023, LFSL expects to issue a Practice Statement Letter in September 2023 in relation to the Scheme. The Practice Statement Letter will notify investors in the WEIF of the formal launch of the Scheme and provide further details about the key terms of the Scheme and the first court hearing in relation to the Scheme.

Link Group continues to be confident that, even if the Scheme were not approved and the Settlement were terminated, liabilities relating to the WEIF remain within LFSL and Link Group has no obligation to contribute to any of those WEIF related liabilities. Anticipated timings for implementation of the Scheme will be set out in the Practice Statement Letter.

We remain confident around the underlying quality and capacity of our core businesses – RSS and CM. For FY24, on a continuing operations basis, we expect to deliver Operating EBIT growth of at least 6%.⁸

We have updated our FY26 aspirational⁹ targets that we had first provided back in November 2021. As outlined in our Investor Presentation provided to the market today, on a continuing operations basis, we aspire to deliver mid-single digit Operating EBIT CAGR over the next 3 years through to FY26."

7. Link Group refers to its announcement dated 20 April 2023, where it confirmed that it had reached a conditional agreement with the Financial Conduct Authority (FCA) to settle its investigation into Link Fund Solutions Limited (LFSL) in respect of LFSL's role as authorised corporate director (ACD) of the LF Woodford Equity Income Fund (now known as the LF Equity Income Fund) (WEIF) (the Settlement). The proposed UK creditors' scheme of arrangement addresses WEIF related redress and claims against LFSL (the Scheme).

8. For comparative purposes FY23 Operating EBIT (proforma continuing operations) was \$171.0 million. For more details on the Proforma Continuing Operations results please refer to Slide 27 of Link Group's FY23 Results Presentation.

9. All statements in relation to future revenue, EBIT and Operating EPS aspirations are based on management estimates and reflect management's internal goals and should not be taken as forecasts or guidance.

Investor & analyst briefing being held at 9:30am AEST today

Vivek Bhatia (Group CEO & Managing Director) and Andrew MacLachlan (Group CFO) will host an investor presentation and Q&A session on Link Group's FY23 results at 9:30am (AEST) today.

To participate in the briefing, please register **HERE**.

A live webcast of the presentation will be available **HERE**.

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

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