

# 1H FY24 RESULTS

## Link Group delivers double digit Revenue and Operating EBIT growth

Link Administration Holdings Limited (ASX: LNK) (Link Group) today announced its financial results for the 6 months to 31 December 2023 (1H FY24). Group financial highlights include:

**REVENUE<sup>1,2</sup>**
**\$523.7 million**

 1H FY23 \$460.1 million  
 CHANGE +13.8%

**OPERATING EBITDA<sup>1,2</sup>**
**\$126.7 million**

 1H FY23 \$119.8 million  
 CHANGE +5.8%

**OPERATING EBIT<sup>1,2</sup>**
**\$90.8 million**

 1H FY23 \$81.9 million  
 CHANGE +10.8%

**OPERATING NPATA<sup>1,2</sup>**
**\$42.1 million**

 1H FY23 \$40.3 million  
 CHANGE +4.4%

**STATUTORY NPAT<sup>3</sup>**
**\$(34.0) million**

 1H FY23 \$(460.5) million  
 CHANGE nmf

**OPERATING EBIT MARGIN<sup>1,2</sup>**
**17.3 %**

 1H FY23 17.8%  
 CHANGE -50bps

### Highlights

- ✓ In December 2023, Link Group entered into a Scheme Implementation Deed (SID) with Mitsubishi UFJ Trust & Banking Corporation.
- ✓ Link Group continues to deliver on guidance with 1H FY24 Revenue up 13.8% and Operating EBIT up 10.8%.

### FY24 Guidance<sup>4</sup> re-affirmed

- ✓ Group Revenue (on a continuing operations basis) expected to be up at least 6.5% (FY23: \$955.6 million).
- ✓ Operating EBIT (on a continuing operations basis) expected to be up between 7% and 9% (FY23: \$171.0 million).

1. P&L information is presented on a Proforma Continuing Operations basis (excluding FS, BCM and PEXA) unless otherwise stated. Refer to Slide 24 of Link Group's 1H FY24 Results Presentation for reconciliation to Financial Statements.

2. Operating EBITDA, Operating EBIT, Operating NPATA, and Net Operating Cash Flow exclude Significant Items. See Appendix 1 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.

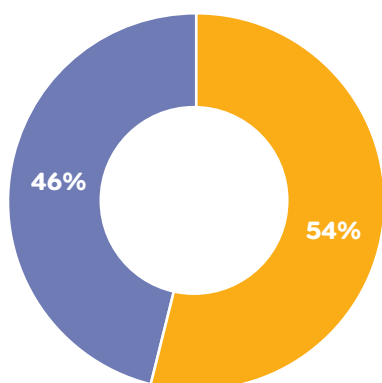
3. For more details on items impacting 1H FY24 Statutory NPAT please see Slide 18 of Link Group's 1H FY24 Results Presentation.

4. Refer to Slide 14 of Link Group's 1H FY24 Results Presentation for further detail.

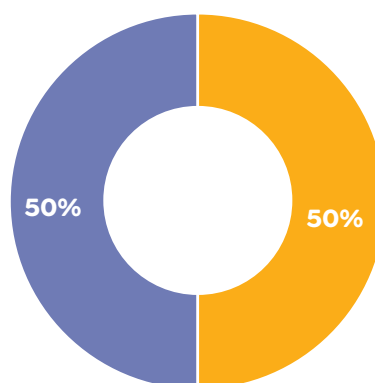
## Financial Summary

A\$ MILLION	1H FY24	1H FY23	YOY CHANGE	YOY CHANGE (CC) <sup>5</sup>
Revenue	523.7	460.1	13.8%	11.5%
Operating cost	(397.1)	(340.3)	16.7%	14.5%
Operating EBITDA	126.7	119.8	5.8%	2.9%
Depreciation and amortisation	(35.9)	(37.8)	(5.2%)	(7.3%)
Operating EBIT	90.8	81.9	10.8%	7.6%
<i>Operating EBIT Margin</i>	<i>17.3%</i>	<i>17.8%</i>	<i>-50bps</i>	
Operating NPATA	42.1	40.3	4.4%	0.6%
Statutory NPAT	(34.0)	(460.5)	nmf	nmf

### 1H FY24 Revenue Contribution<sup>6</sup>



### 1H FY24 Operating EBITDA Contribution<sup>6</sup>



- Retirement & Superannuation Solutions
- Corporate Markets

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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 1H FY24 results, CEO & Managing Director Vivek Bhatia said:

"1H FY24 Operating EBIT of \$90.8m is up 10.8% on 1H FY23 and in line with the guidance provided at our AGM held on 28 November 2023. Group revenue of \$523.7 million for 1H FY24 was up 13.8% compared to 1H FY23.

Our business simplification strategy is now complete with the sales of our Banking & Credit Management (BCM) business and Fund Solutions (FS) UK and Ireland business finalised.

We continue to execute our plans. Our focus on Retirement and Superannuation Solutions (RSS) and Corporate Markets (CM), and their ability to leverage their core capabilities, has enabled us to drive sustainable revenue growth and continue to deliver on earnings guidance."

## Balance sheet, cash flow and dividend

Net operating cash flow of \$87.8 million in 1H FY24, Net operating cash flow conversion of 68%, reflecting seasonality in trade and other receivables, staff bonus payments and an unwind of BCM and FS working capital (prior to divestment). Capital expenditure (excluding BCM and FS) for 1H FY24 was \$47.0 million being 9.0% of Group Revenue.

As of 31 December 2023, net debt was \$801.7 million and excludes \$261.2 million of cash held for the LFSL scheme settlement<sup>7</sup>. Leverage ratio (Net Debt/EBITDA) at 3.3x is above the targeted range of 2.0x-3.0x.

Consistent with Link Group's obligations under the SID with Mitsubishi UFJ Trust & Banking Corporation (The Trust Bank), there was no interim dividend declared by the Board. Subject to the Trust Bank Scheme becoming effective, the Link Board intends to pay a special dividend of 16.0 cents per share.

## Resilient financial performance

Link Group reported **Operating NPATA<sup>1</sup> of \$42.1 million for 1H FY24 was up 4.4% on 1H FY23.**

Strong 1H FY24 Operating EBIT growth was offset by higher interest expense compared to 1H FY23.

Link Group has reported a 1H FY24 Statutory Loss of \$34.0 million. This includes \$10.0 million of acquired amortization (net of tax), an Operating NPATA loss of \$2.6 million from divested businesses, \$42.6 million charge related to the redress provision including related deferred tax and \$20.8 million charge related to acquisition, integration and transaction costs (net of tax).

Link Group's **1H FY24 total revenue of \$523.7 million was up 13.8% on 1H FY23. Adjusted for the acquisitions completed during the last 12 months, total revenue was up 8.7%.** The increase in total revenue was driven by higher margin income from Corporate Markets (CM) in the UK and Australia, higher member numbers in Retirement & Superannuation Solutions (RSS) and new business wins in CM and higher number of shareholders from CM in India.

Link Group reported **Operating EBIT of \$90.8 million for 1H FY24, up 10.8% on 1H FY23.** Operating EBIT margin of 17.3% for 1H FY24 was 50bps lower than 1H FY23.

1H FY24 depreciation and amortisation (D&A) of \$35.9 million was down 5.2% on 1H FY23. The lower D&A was driven by the extension of useful lives of some software assets and lower Right of use (ROU) amortisation related to the surrender of surplus premises space.

## Retirement and Superannuation Solutions (RSS)

RSS delivered 1H FY24 Operating EBIT of \$55.8 million, up 0.8% on 1H FY23, reflecting solid momentum in underlying member growth and recent acquisitions. This was partly offset by prior client losses to industry consolidation (Energy Super) and impact of change in scope of services for AustralianSuper. RSS also increased investment in member experience which resulted in higher resourcing and technology costs.

RSS revenue for 1H FY24 increased by 6.4% to \$285.1 million, representing 53.6% of Group Revenue. Adjusted for the acquisitions completed during the year, RSS revenue was flat relative to 1H FY23.

Strong member growth in RSS continued with Australian and New Zealand member numbers up 6.6% year on year to 10.2 million. The UK strategy continues to progress to plan with RSS now administering approximately 1.8 million member accounts, up 25% over the last 12 months driven by organic increases and the HS Pension acquisition. The UK accounted for 4.0% of RSS revenue in 1H FY24. 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 providers in the Occupational Retirement Scheme Ordinance (ORSO) pensions administration market. HK accounted for 4.0% of RSS revenue in 1H FY24.

## Corporate Markets (CM)

CM delivered 1H FY24 Operating EBIT of \$55.6 million up 27.4% on 1H FY23, reflecting higher margin income and good recurring revenue growth. CM revenue for 1H FY24 increased by 23.4% to \$247.0 million, representing 46.4% of Group Revenue. Adjusted for the acquisitions completed during the last 12 months, CM revenue was up 20.0%.

Australia and NZ revenue of \$107.9 million, was up 12.6% and contributed 45% of CM revenues. The business delivered strong client wins through the year including Bendigo and Adelaide Bank Ltd and Perpetual Credit Income Trust coupled with strong retention levels, higher margin income and higher print and mail revenue. This was partly offset by weaker capital market activity, impacting corporate actions, IPOs and investor relations services.

UK revenue of \$100.1 million was up 36.8% and contributed 40.5% of CM revenues. Revenue was supported by new business wins, investor relations and share dealing activity and margin income. In the UK, Link Group has come in second in the annual Capital Analytics UK Registrars Benchmarking Survey, and improved in every category of the survey since last year.

India had another very strong performance with revenue growth of 13.9%, contributing 8.8% of CM revenues. The growth seen in the first half was driven by higher shareholder numbers. The IPO market in India only picked up late in the half and Link Group expects to see the benefit of that flow through in 2H FY24.

Float balances averaged approximately \$1.8 billion during the 1H FY24 and benefited from one-off capital markets activity and the growing Equity Share Plan (ESP) business in the UK. For the 1H FY24, average central bank rate was approximately 4.90% with a 91% earn through with the float balance split 70% to the UK and the remaining exposed to Australian rates.

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

“With our simplification program now complete, our focus is firmly on growth in our market leading businesses. As we look forward towards the future of RSS and CM, the high levels of recurring revenue, their solid performance, 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.

As we announced on 12 February 2024, the LFSL Creditors Scheme<sup>7</sup> has been sanctioned (i.e. approved) by the UK courts. Provided that no appeals are brought against the sanction of the Scheme, the Scheme is expected to become fully effective by 2 March 2024.

In December 2023, Link Group signed a Scheme Implementation Deed with Mitsubishi UFJ Trust & Banking Corporation (The Trust Bank), a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc. (MUFG). We have submitted all major regulatory approval submissions with the relevant authorities in Australia, the UK, Europe and India. We are on track to complete the transaction in May/June 2024. The preparation of the scheme booklet is progressing well and lodgement with ASIC is expected in the coming weeks.

We are reaffirming our FY24 guidance, including at least 6.5% revenue growth<sup>8</sup> and 7%-9% Operating EBIT<sup>8</sup> growth as provided to the market in November 2023.”

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 continuing operations (proforma) only. For comparative purposes FY23 Revenue was A\$955.6 million and FY23 Operating EBIT was \$171.0 million.

## Investor & analyst briefing being held at 9:30am AEDT 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 1H FY24 results at 9:30am (AEDT) 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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