

9 December 2020

ASX ANNOUNCEMENT

Link Group business update

Link Administration Holdings Limited (ASX: LNK) (**Link Group**) presents the Link Group business update to be delivered by Link Group this morning.

The presentation includes:

- Chief Executive Officer (CEO) and Managing Director (MD) update by Vivek Bhatia, Link Group CEO & MD
- Trading update by Andrew MacLachlan, Link Group Chief Financial Officer
- Retirement & Superannuation Solutions (RSS) update by Dee McGrath, CEO RSS
- Global Transformation Program update by Paul Gardiner, Link Group Chief Technology & Operations Officer

The presentation will be virtual and will be held at 9.30am AEDT. Registration for the event can be made by visiting the Link Group website (www.linkgroup.com)

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

ENDS

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BUSINESS UPDATE

December 2020

LINKGroup

Important notice

This presentation has been prepared by Link Administration Holdings Limited (**Company**) together with its related bodies corporate (**Link Group**). The material contained in this presentation is intended to be general background information on Link Group and its activities.

The information is supplied in summary form and is therefore not necessarily complete. It should be read in conjunction with Link Group's other periodic and continuous disclosure announcements filed with the Australian Securities Exchange, and in particular, Link Group's Annual Financial Report for 12 months ended 30 June 2020. It is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs. The material contained in this presentation may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

All amounts are in Australian Dollars unless otherwise indicated. Figures presented in the presentation may also be subject to rounding.

Unless otherwise noted, financial information in this presentation is based on A-IFRS. Link Group uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards or IFRS. These measures are collectively referred to in this presentation as 'non-IFRS financial measures' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business and Link Group believes that they are useful for investors to understand Link Group's financial condition and results of operations. Non-IFRS measures are defined in Appendix 7A of the Link Group 2020 Full Year Results Presentation. The principal non-IFRS financial measures that are referred to in this presentation are Operating EBITDA, Operating EBIT, and Operating NPATA. Management uses Operating EBITDA to evaluate the operating performance of the business and each operating segment prior to the impact of significant items, the non-cash impact of depreciation and amortisation and interest and tax charges, which are significantly impacted by the historical capital structure and historical tax position of Link Group. Management uses Operating EBITDA to evaluate the cash generation potential of the business because it does not include significant items or the non-cash charges for depreciation and amortisation. However, Link Group believes that it should not be considered in isolation or as an alternative to net operating cash flow. Other non-IFRS financial measures used in the presentation may include Recurring Revenue, non-recurring Revenue, gross revenue, EBITDA, EBITA, EBIT, working capital, capital expenditure, net operating cash flow, net operating cash flow conversion ratio and net debt. Significant items comprise business combination costs, integration costs, IT business transformation and client migration costs. Unless otherwise specified those non-IFRS financial measures have not been subject to audit or review in accordance with Australian Accounting Standards.

Any past performance information included in the presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Forward-looking statements are statements about matters that are not historical facts. Forward-looking statements appear in a number of places in this presentation and include statements regarding Link Group's intent, belief or current expectations with respect to business and operations, prospects, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, financial support to certain borrowers, indicative drivers, forecasted economic indicators and performance metric outcomes.

This presentation contains words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate', 'believe', or similar words to identify forward-looking statements. These forward-looking statements reflect Link Group's current views with respect to future events and are subject to change, certain known and unknown risks, uncertainties, contingencies and assumptions which are, in many instances, beyond the control of Link Group, and have been made based upon Link Group's current expectations and beliefs concerning future developments and their potential effect upon us. These forward-looking statements may involve significant elements of subjective judgement and assumptions as to future events which may ultimately prove to be materially incorrect. There is no assurance or guarantee that future developments will be in accordance with Link Group's current expectations or that the effect of future developments on Link Group will be those currently anticipated. Actual results could differ materially from those which Link Group currently expects, depending on the outcome of various factors. Factors that may impact on the forward-looking statements made include, but are not limited to, general economic conditions in Australia; exchange rates; competition in the markets in which Link Group will operate and the inherent regulatory risks in the businesses of Link Group. Accordingly actual events, results, outcomes and achievements may be materially greater or less than estimated. The information in this presentation (including any forward-looking statement) is not intended to be relied on and does not take into account any individual financial objectives, situation or needs.

When relying on forward-looking statements to make decisions with respect to Link Group, investors and others should carefully consider such factors and other uncertainties and events and form their own views and make their own enquires. Link Group is under no obligation to update any forward-looking statements contained in this presentation, where as a result of new information, future events or otherwise, after the date of this presentation.

TODAY'S UPDATE



CEO & MD UPDATE

Vivek Bhatia
*Chief Executive Officer and
Managing Director*

- Initial observations
- Key highlights and guidance for 1H 2021
- Our strategic focus and immediate priorities



TRADING UPDATE

Andrew MacLachlan
Chief Financial Officer

- Overview of financial performance
- Update on capital structure and progress on key activities



RETIREMENT & SUPERANNUATION SOLUTIONS UPDATE

Dee McGrath
*Chief Executive Officer,
Retirement & Superannuation
Solutions*

- Business update, including market reflections
- Strategic priorities



GLOBAL TRANSFORMATION PROGRAM UPDATE

Paul Gardiner
*Chief Technology &
Operations Officer*

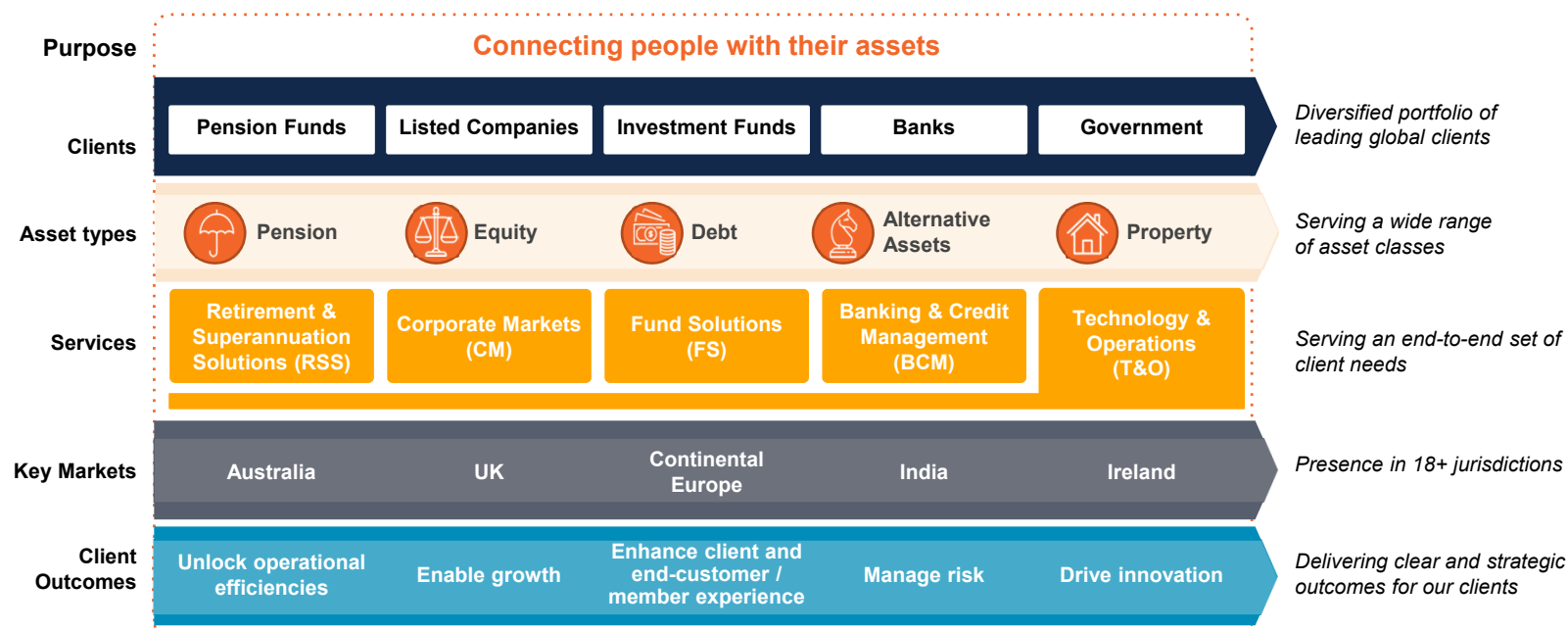
- Global Transformation Program update: progress to date; upgraded targets for FY22
- Global Transformation Program example initiatives

CEO & MD Update

Vivek Bhatia

Link Group connects millions of people with their assets

A global, digitally enabled business that connects people with their assets responsibly, securely and safely



Initial observations



Leading market position in core markets

- Serving leading global financial institutions
- #1 Australian superannuation administration
- #1 or #2 in CM core markets
- #1 independent AFM in UK



Strong client relationships

- Top 5 RSS clients renewed or on track to be renewed
- 20+ years average client relationships in RSS (top 5 clients), 10+ years in FS, 14+ years in CM (top 5 clients)



Resilient performance in a challenging environment

- 84% of revenues are recurring
- Consistently strong operating cash-flow conversion
- Providing largely non-discretionary financial services
- Impacts from macro headwinds appear to be abating



Solid foundational capabilities in place

- Global Transformation Program on track; targets upgraded
- Industry-leading platforms as a result of significant investments
- Global operating model in place



Resilience supports capital structure

- Highly resilient and diversified cash-flow given challenging environment provides confidence in existing capital structure
- Leverage drives disciplined capital deployment for focus on margin expansion
- Target debt leverage range now 2-3x Net Debt/EBITDA



Strong and committed team

- Leadership team with extensive market experience and bench-strength
- Committed and capable employees
- Access to global talent

Key areas of focus

Whilst we have built a good business with strong foundations...

... we can do better

After a period of expansion and change ...

- Simplify our business – markets, lines of business
- Maximise value from existing footprint
- Drive operational rigour on performance



Whilst we continue to enhance our core services capability ...

- Increase client value through value-added services
- Anticipate client needs better and provide consistent delivery experience



Our team has been working hard through an unprecedented period ...

- Enhance employee engagement and enablement
- Embed flexibility in our ways of working
- Ensure fewer, clearer priorities



Technology platforms are strong and scalable, but we can strengthen our public credentials as a technology-enabled business solutions innovator ...

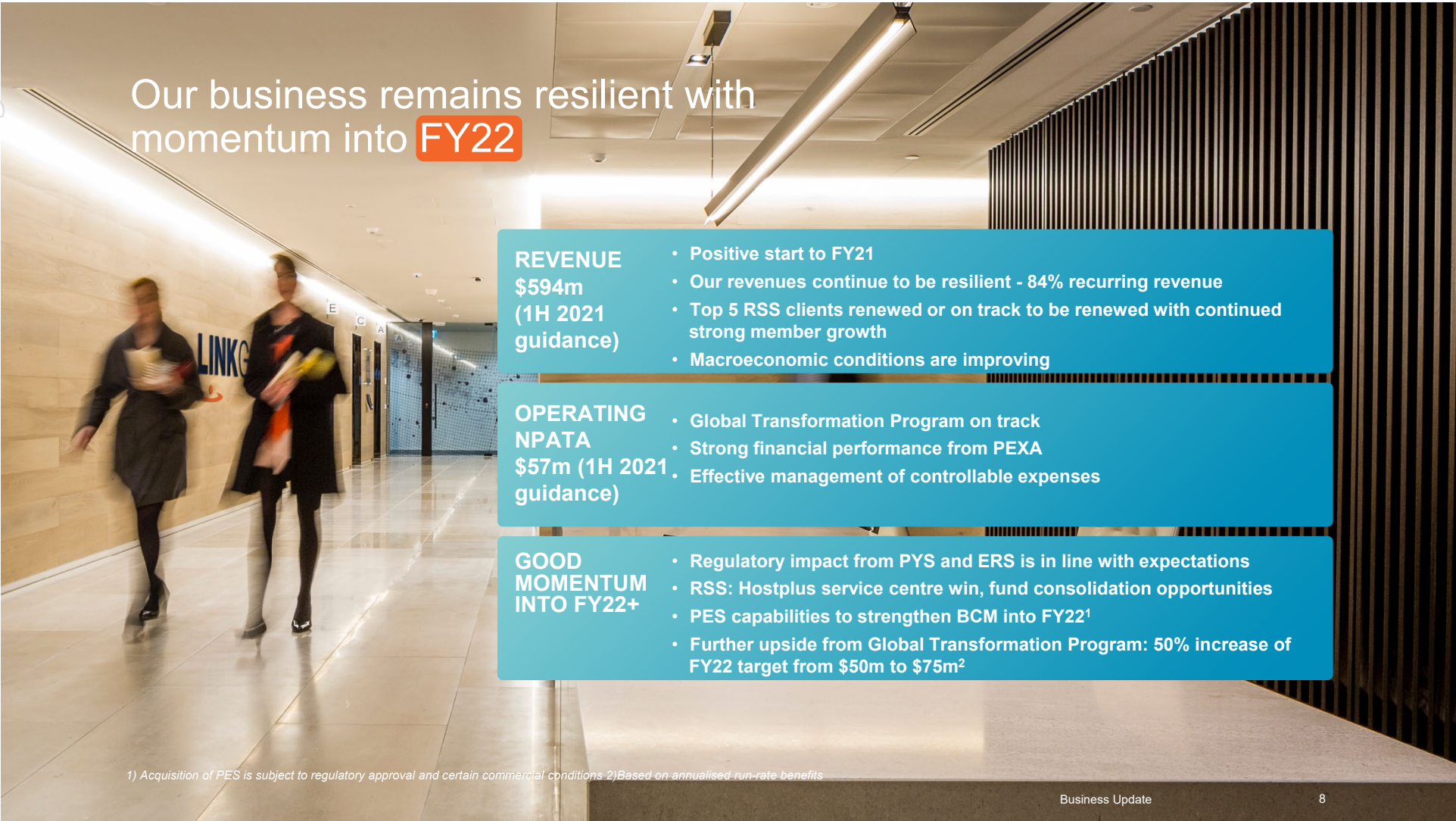
- Continue rapid shift to cloud and invest in open API-based ecosystems
- Demonstrate leadership in data and analytics
- Continue to enhance our digital assets and commercialise innovation



Greater focus on shareholder value ...

- Deliver strong EPS growth by capitalising on our investments
- Examination of structural alternatives, including PEXA separation
- Pursue selective and disciplined growth





Our business remains resilient with momentum into **FY22**

REVENUE
\$594m
(1H 2021
guidance)

- Positive start to FY21
- Our revenues continue to be resilient - 84% recurring revenue
- Top 5 RSS clients renewed or on track to be renewed with continued strong member growth
- Macroeconomic conditions are improving

OPERATING
NPATA
\$57m (1H 2021
guidance)

- Global Transformation Program on track
- Strong financial performance from PEXA
- Effective management of controllable expenses

GOOD
MOMENTUM
INTO FY22+

- Regulatory impact from PYS and ERS is in line with expectations
- RSS: Hostplus service centre win, fund consolidation opportunities
- PES capabilities to strengthen BCM into FY22¹
- Further upside from Global Transformation Program: 50% increase of FY22 target from \$50m to \$75m²

1) Acquisition of PES is subject to regulatory approval and certain commercial conditions 2) Based on annualised run-rate benefits

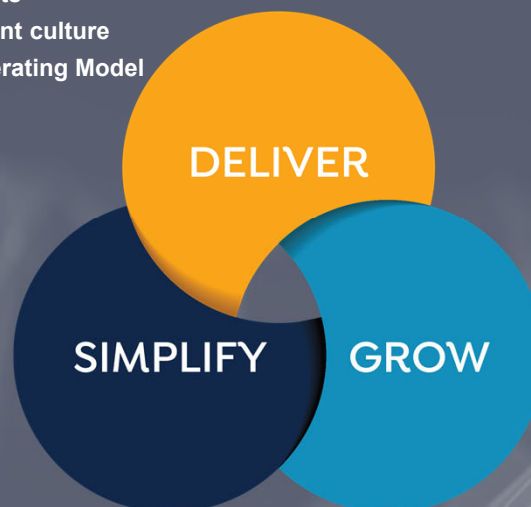
Our strategic focus: Consolidate and deliver on our commitments

DELIVER

- Focus on delivery excellence e.g. fewer, clearer priorities
- Deliver on acquisitions e.g. Luxembourg, PES
- Transform cost structure e.g. Global Hubs, Automation, Consolidate Vendors and Premises
- Enhance strategic capabilities e.g. Open API ecosystems
- Enhance technology differentiation with industry-leading platforms and value-added services e.g. Cybersecurity, Data insights
- Embed continuous improvement culture
- Continue to embed Global Operating Model

SIMPLIFY

- Strategic portfolio management (business units and geographies)
- Progress Link Property (PEXA investment) demerger
- Operating rigour & discipline



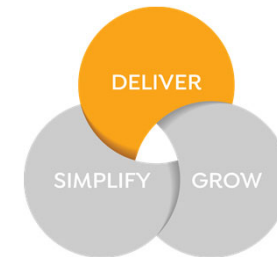
GROW

- Focus on value from core
- New products to existing clients
- Disciplined approach to new clients and markets (leveraging current footprint and expertise)

We are simplifying our business



We are focused on delivery



GLOBAL HUBS AND CoE's

5 global hubs including 400 roles in Mumbai hub – continue to expand

Global Centres of Excellence (CoEs) in place (InfoSec and Cloud) – establish additional global CoEs (Financial Crimes, RPA (Robotics), etc.)

AUTOMATION & DIGITISATION

Extend global workflow automation platform across all BUs

Expand RPA capability to deliver continued efficiencies

Enhance digital self-service e.g. UK Project Digital First

GLOBAL OPERATING MODEL

Further scale up consistent and standardised ways of working across Link Group e.g. globally consistent workforce planning & capacity solution

Global shared services e.g. Risk, Finance, People

TECHNOLOGY

Sustainable differentiation in industry-leading platforms (e.g. scaled unit costs, improved data insights and security)

Continue migration to 85%+ cloud based applications lowers cost and better responds to client needs

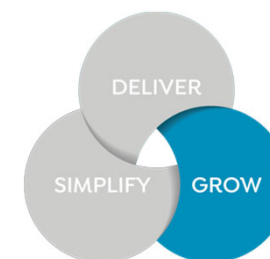
Open API ecosystem delivers value-added services to clients

Faster time-to-market with tools such as DSF¹

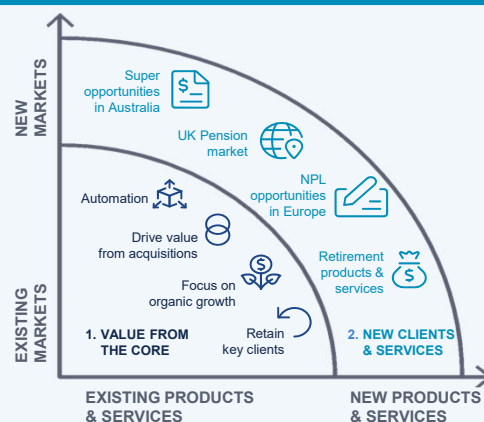
\$75m annualised cost-out by end of FY22 (increased from \$50m)

1) DSF: Digital Services Framework

We are taking a disciplined approach to growth




A DISCIPLINED APPROACH TO GROWTH



- A strong platform and positive industry dynamics to drive growth from our core services
- We are well positioned to capitalise on available opportunities – disciplined execution is the key

EXAMPLE OPPORTUNITIES

RSS  Australian pipeline of organic opportunities
Develop/grow UK footprint and Asia opportunities

CM  Shareholder pay products and services opportunity
Leverage Hong Kong position into Asia; grow in EU

FS  Regulatory-driven organic growth in UK & Ireland
Strategic bolt-on in Luxembourg

BCM  Non-performing loan (NPL) cycle opportunities in Europe
Leverage foothold in Europe with combined expertise from PES acquisition

Trading Update

Andrew MacLachlan

Trading update – 1H 2021 performance

Resilient revenue despite headwinds; Operating EBIT margin has started recovering

Summary financials²

A\$m	1H 2021 guidance
Total revenue	594
Operating EBIT	77
Operating EBIT margin	12.9%
Operating NPATA (including PEXA)	57

1H 2021 commentary

Revenue

Resilient recurring revenue:

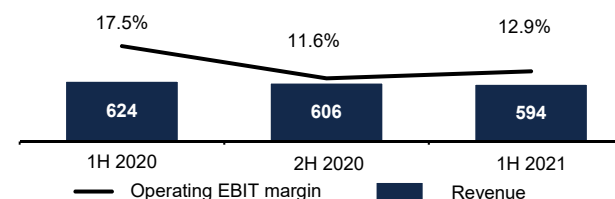
- RSS: Underlying member growth of 4.3%¹ (0.3% including PYS and ERS)
- CM: Revenue bolstered by strong virtual AGM and events performance coupled with AU holder number growth
- FS: Improving revenue with asset prices partially recovering in Europe
- BCM: Pipeline remains quiet, with activity anticipated to begin picking up in FY22

Non recurring revenue remains subdued:

- RSS: Reduced project related activity in line with reduced regulatory change program
- CM: Capital markets activity & margin income (particularly in Europe) remaining weak by historical standards

Operating expenses

- Positive impact from the Global Transformation Program
- Effective management of controllable expenses
- Lower project costs in RSS, FS and BCM



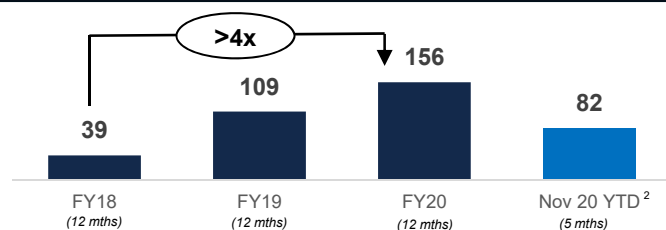
1) As at October 2020, last 12 months; Excludes client wins/losses, ERF's, redundancy trusts and impact of PYS related member account movements (to either ERF's or the ATO).

2) Based on Link Group management accounts. Operating EBIT and Operating NPATA are non-IFRS measures. Refer Appendix 1 of the Operating and Financial Review in the 2020 Annual Report for non-IFRS definitions

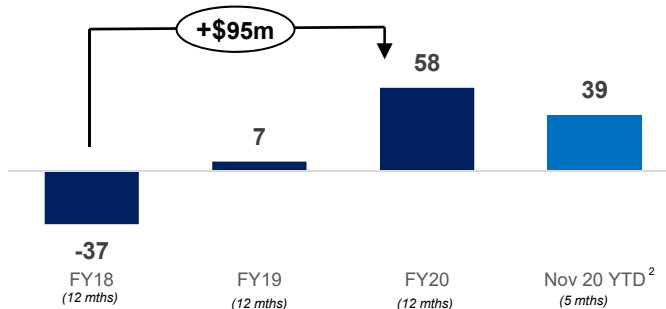
PEXA continues to grow strongly

- From FY18 to FY20 revenue has grown over 4x and operational leverage has increased Operating EBITDA by \$95m
- Cash at bank is over \$90m³

PEXA Revenue – A\$m



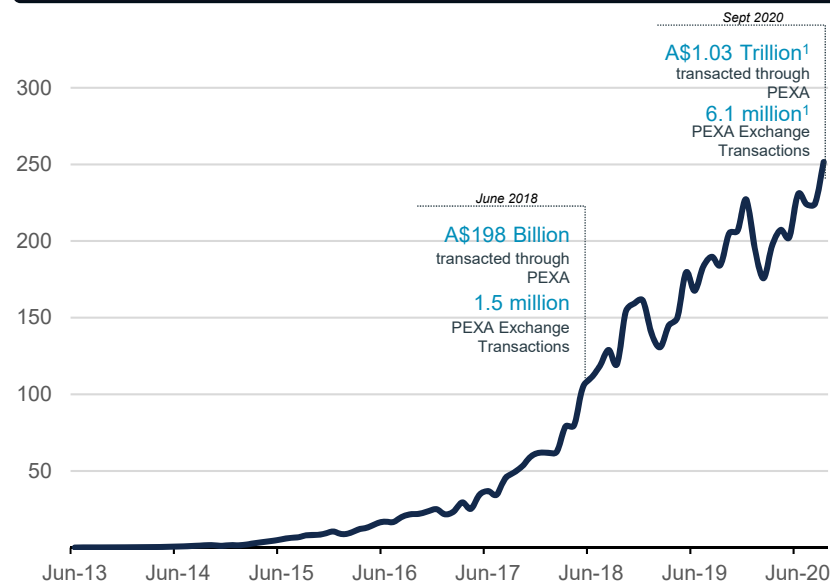
PEXA Operating EBITDA – A\$m



Note: (1) Source: PEXA Exchange Transactions to 30 September 2020 (2) Source: November 2020 PEXA management accounts (3) Source: October 2020 PEXA management accounts

- Since June 2020, monthly transactions have continued to grow as PEXA's digital platform and networks drive further penetration across Australia

All PEXA transactions¹, monthly ('000)



Capital structure

Our resilient business and the low interest rate environment support a revised debt leverage range of 2-3x net debt/EBITDA (previously 1.5-2.5x net debt/EBITDA)

Drivers

Highly stable & resilient revenue



- **84% recurring revenue** – with global diversification
- **More balanced exposure** to cyclical revenue sources

Proven stable cash flows



- **Operating cash flow conversion** remains ~100%
- **Annuity style** cash flow profile

Ahead of interest coverage target



- Current **interest cover ratio** >10x achieved with resilient earnings and low cost of debt

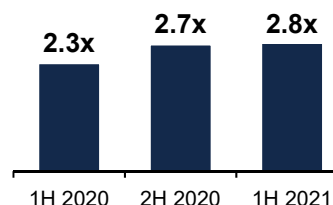
Low interest rate environment



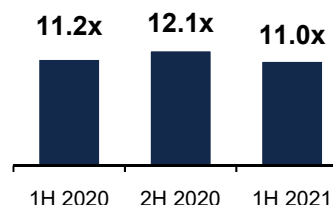
- Global interest rates '**lower for longer**'
- Favourable capital markets

Key Metrics

Debt Leverage Ratio¹



Interest Coverage Ratio



Revised target

- Given proven financial stability, strong interest coverage ratio and the long-term low interest rate environment, **we are modifying target leverage range to 2-3x ND/EBITDA**
- Revised target range **provides significant capital buffer** for future growth, and **reflects efficient use of shareholder capital** to grow the business
- **Forecast proforma leverage of 2.8x at 1H 2021²** (incl of PES and PEXA transactions), interest cover remains >10x

1) Leverage calculated in accordance with Link Group's debt agreement. 2) Proforma leverage calculation performed on the basis of PES acquisition and PEXA shareholder debt repayment occurring on 31 December 2020

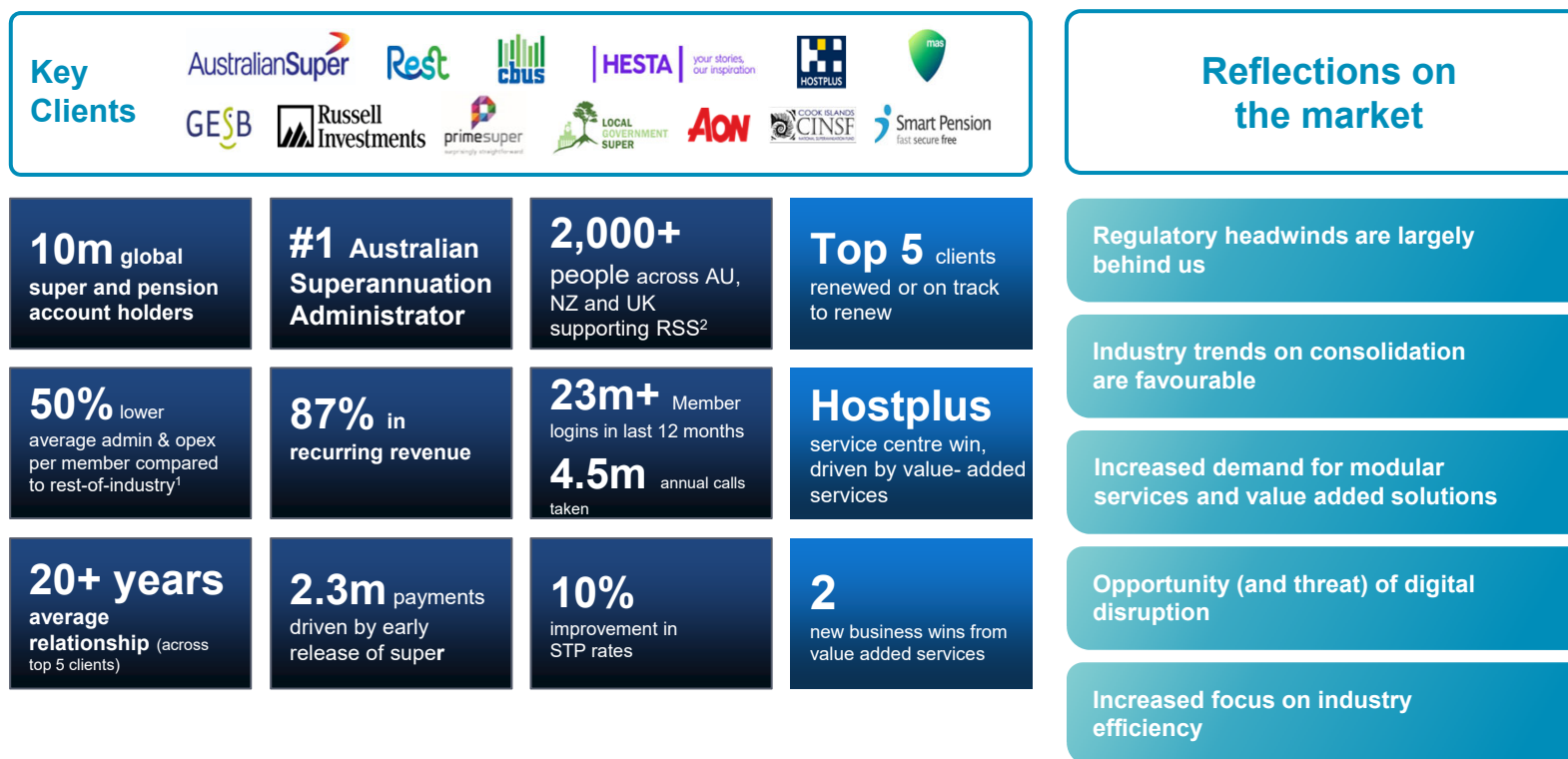
Activity update

SOUTH AFRICA SALE (CM)	<ul style="list-style-type: none">• Completed 2 November 2020
PEXA EXTERNAL FINANCING ACTIVITY	<ul style="list-style-type: none">• Credit approved banking proposals in place• Cash proceeds subject to final documentation and shareholder approval
LUXEMBOURG EXPANSION (FS)	<ul style="list-style-type: none">• Bolt-on acquisition for FS in Luxembourg• Expands exposure to largest funds market in Europe (€4.6tn)
PES ACQUISITION (BCM)	<ul style="list-style-type: none">• Continued engagement with regulators• Currently forecast to be completed by end of FY21
LINK PROPERTY DEMERGER	<ul style="list-style-type: none">• Link Property (investment in PEXA) demerger is in progress• Various work streams are underway• Expect to be in a position to confirm outcome in 2H FY21
CONSORTIUM AND SS&C PROPOSAL UPDATE	<ul style="list-style-type: none">• Engagement with Consortium and SS&C• Data-room, Management presentations and Q&A

Retirement & Superannuation Solutions (RSS) Update

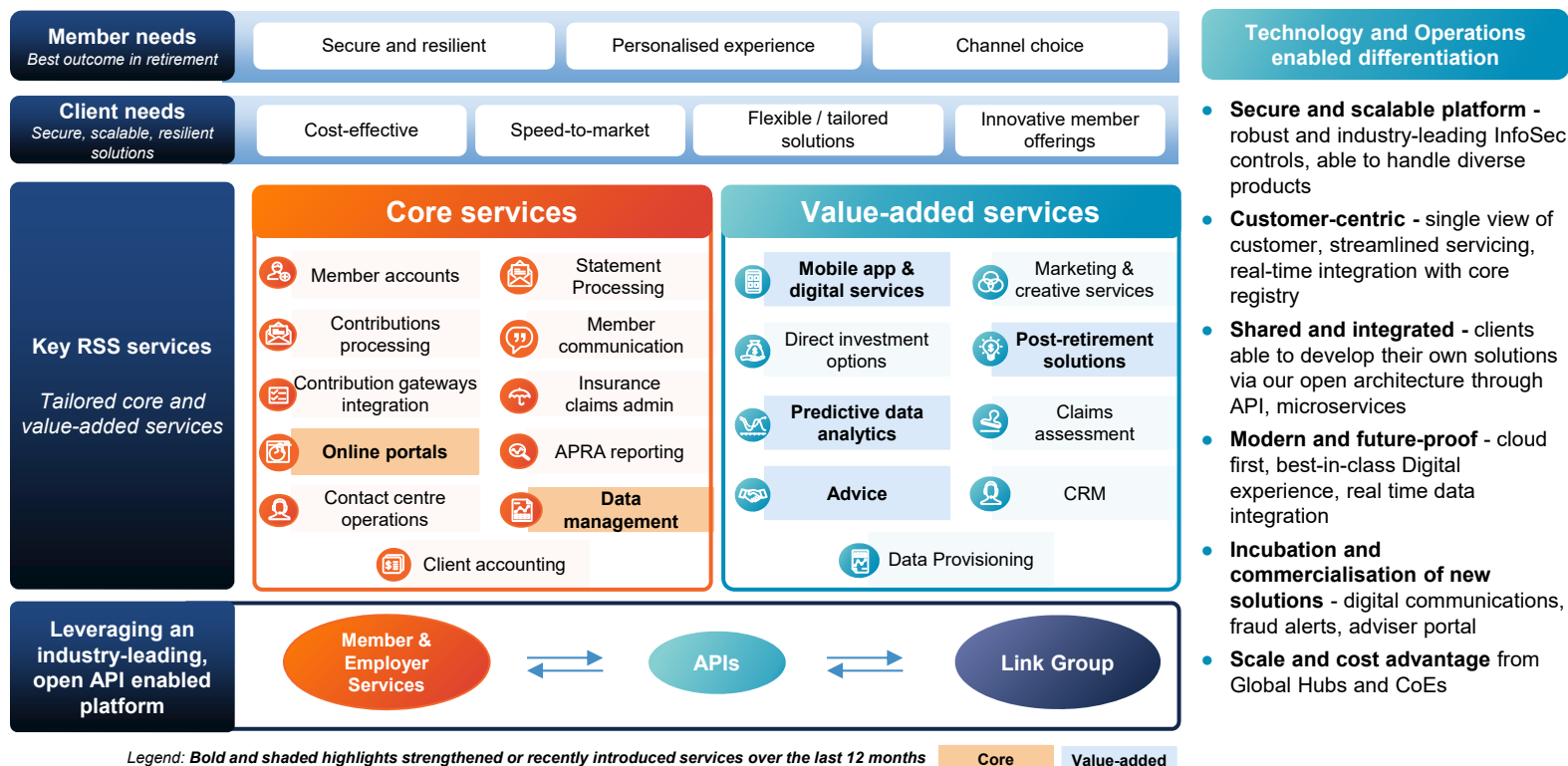
Dee McGrath

RSS business at a glance and reflections on the market



1. As at FY19 per Link Group management analysis of APRA fund-level superannuation statistics (June 2019). Excludes eligible rollover funds. 2. Includes T&O support

RSS has a differentiated client value proposition, driving high client satisfaction and recurring revenue



RSS strategic priorities

Strategic Initiatives

Measures of Success

SIMPLIFY

Create modular offerings & service propositions
through open architecture

Streamline and modernise applications
Cloud first, microservices, API

Greater operational rigour through portfolio performance management

- Client satisfaction (NPS)
- Cost leadership (avg. admin and opex per member)
- Employee engagement (eNPS)

DELIVER

Drive further cost advantage through automation (workflow and RPA) **and customer self-service**

Enhanced digital CX investment
Member app, Advisor portal, CRM & Contact Centre Portal

Further enhance member transition proposition for fund consolidation

Deepen data capabilities
through investment in Customer Experience Data Hub

- Agile delivery on time, on budget
- Talent attraction
- Retention rate
- Diversity
- Quality

GROW

Drive stronger sales pipeline conversion

Adjacent growth opportunities

Product and service innovation


Continue to leverage strategic partnerships

- Growing in new market segments
- Operational & Technology leadership
- STP / Automation

Global Transformation Program Update

Paul Gardiner

Global Transformation Program is on schedule to November 2020; with an upgraded target of \$75m annualised benefits by June 2022

	1. Centres of excellence	2. Operational efficiencies	3. Vendor consolidation and management	4. Premises strategy	Total
FY20 annualised benefits realised¹	\$3.8m	\$13.5m	\$2.3m	-	\$20m
Total to November 2020 annualised benefits¹	<ul style="list-style-type: none"> Mumbai hub scaled; now total of 400 roles, with 130 roles having been transferred from UK/Australia Global workflow automation CoE established (PEGA) 	<ul style="list-style-type: none"> Processes mapped and analysed across our Business Units globally –over 120 specific to work designed for the Mumbai hub Consistent metrics and workforce planning & capacity solutions in place 	<ul style="list-style-type: none"> Centralised supplier management in place Relationship plans for key suppliers in place 	<ul style="list-style-type: none"> Huddersfield office closed on 27 November Hubs established in Leeds and Mumbai Implemented flexible working program 	\$29m <i>Significant progress made; Program is on schedule</i>
\$75m - FY22 annualised benefit target¹ <i>Key initiatives</i>	From \$21m to \$26m <ul style="list-style-type: none"> Further scale-up of Mumbai hub to over 1,200 seats, driving efficiencies while enhancing capability and resilience 845 roles to be transferred from other offices 	From \$15m to \$27m <ul style="list-style-type: none"> Extend digitisation footprint – extend from PruDigital in UK and Link Investor Centre in Australia Extend Contact Centre Portal to enable staff to work on one system across channels & products and improve customer experience Scale-up globally our workflow automation and robotics solutions 	From \$9m to \$14m <ul style="list-style-type: none"> Progressively build in-house development capability to reduce reliance on third party vendors Implement global platforms where appropriate Deepen relationship with key suppliers (e.g. Microsoft, PEGA etc.) 	From \$5m to \$8m <ul style="list-style-type: none"> Complete closure of Beckenham office (UK) Consolidate Australian footprint across Collins Square and Parramatta Capture benefit from George Street consolidation 	\$50m <i>(Original)</i>  \$75m <i>(Revised)</i>

1) All figures listed are on an annualised run-rate basis and from 1 July 2019

Link Investor Centre - significant opportunity to drive digital self-service and improve experience through automation

Overview

- Opportunity to drive greater efficiency in the UK business and enhance customer experience by extending Link Investor Centre (a proven capability in AU) into the UK market
- Enables increased self-service and provides a single view of holdings for investors

Despite similar size of our Corporate Markets (CM) businesses in Australia and UK, Australia is ~3x+ more efficient than UK

Key metrics	AU	UK	
# of investors	7.2m ^{1,2}	6.5m ³	Australia and UK businesses are similar in size
# of mail transactions processed	355,430	602,124	Digitisation is low in UK
Total FTE	<200	~600 ⁴	Australia is ~3x+ more efficient

Opportunity to replicate Australian efficiency in UK through Link Investor Centre & business process simplification

LINK Market Services Investor Centre

View portfolio
Single view of all holdings

Update account details
Update payment instructions, communication elections and more

View payment history
Quick access to view recent payments

Fingerprint / PIN validation
Security features for peace of mind

Portfolio registration
Quick and easy on-boarding

Meetings
Access upcoming meeting details and vote online

Australian success driving market conviction

- Successfully delivers self-service digital functionality
- In the last 12 months
 - 9.5million views
 - 4 million downloads
 - 6.4 million updates

1) Number of 'active' shareholders 2) As at October 2020 3) As at July 2020 4) Includes Mumbai

Contact Centre Portal (CCP) allows Link Group staff to work on a single system and drive improved customer experience

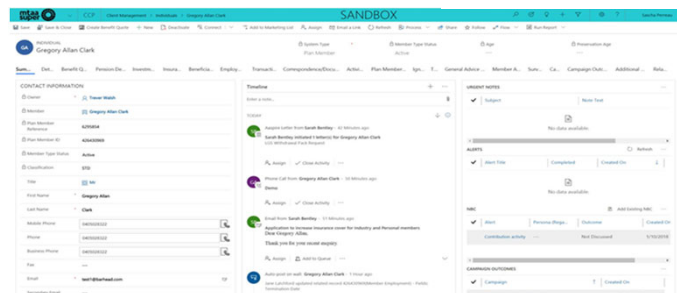
Overview

- CCP allows contact centre staff to work on a single platform across channels and products
- CCP solution is built on Microsoft Dynamics; Microsoft Dynamics is connected to Azure Cloud and will also enable us to seamlessly access key Microsoft expertise in AI, ML, RPA, chatbots and other emerging technologies

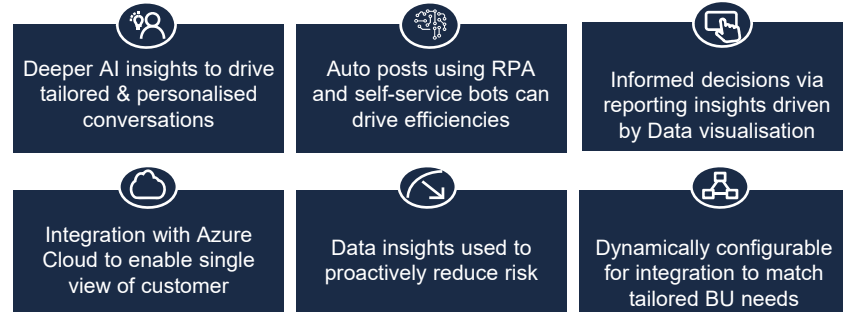
Using Microsoft's global tools, CCP will strengthen our market differentiation, deliver efficiency benefits and enhance customer experience

Link Group Contact Centre Portal

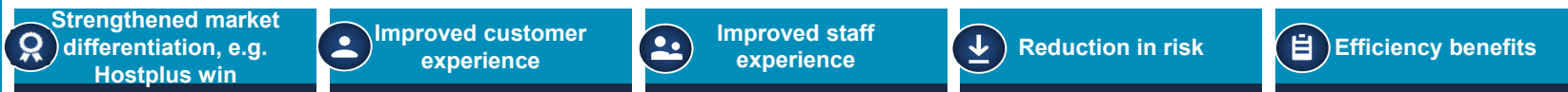
Microsoft Dynamics 365 Microsoft Azure



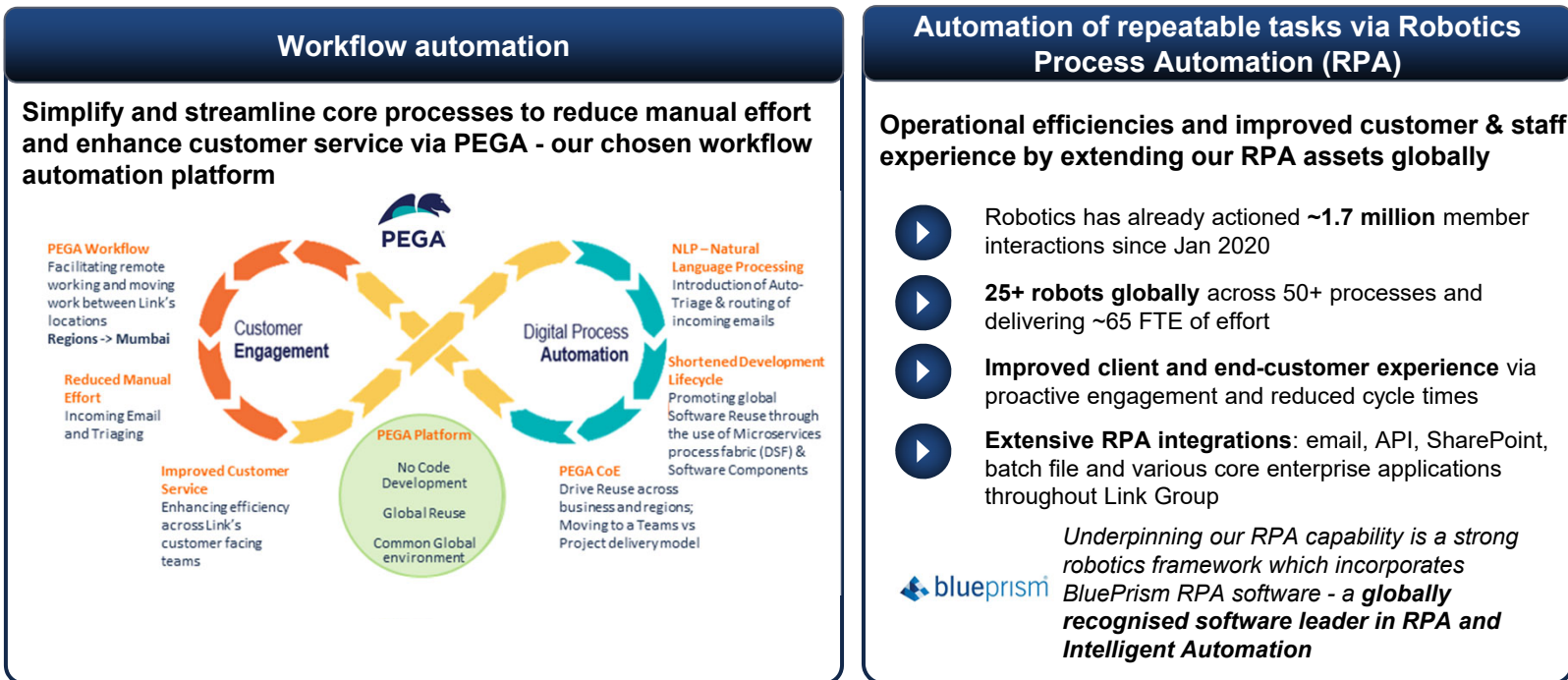
Key Building Blocks



Goals



Workflow automation and robotics will drive efficiency and improved customer experience



Using our workflow and robotics experts we find the right balance between automation process opportunities – Pega is generally aimed at digitising workflows and updating workflow systems to enable global execution; robotics complements existing systems, augments staff and creates a flexible digital workforce.

Closing Remarks

Vivek Bhatia

Recap of key messages and immediate priorities

Observations

- ✓ WE HAVE A RESILIENT AND STRONG BUSINESS
- ✓ WE HAVE SOLID FOUNDATIONS IN PLACE
- ✓ EXECUTION OF GLOBAL TRANSFORMATION PROGRAM IS WELL UNDERWAY
- ✓ RESILIENCE SUPPORTS CAPITAL STRUCTURE
- ✓ WE HAVE AN ALIGNED AND EXPERIENCED TEAM

Immediate Priorities

Continue to **engage** and listen to clients, employees, and other stakeholders

DELIVER

- Continue to pursue automation opportunities
- Continue delivery of Global Transformation Program – focus on scaling up global hubs
- Continue exploring further cost-out opportunities

SIMPLIFY

- Continue to identify simplification opportunities
- Strengthen monthly portfolio reviews
- Complete Link Property (investment in PEXA) demerger

GROW

- Disciplined pipeline management
- UK pension market opportunity
- Fund Solutions - Luxembourg bolt-on acquisition



Thank you