

21 January 2021

ASX ANNOUNCEMENT

Link Group half year 2021 update – preliminary result above guidance

Link Administration Holdings Limited (ASX: LNK) (**Link Group**) provides the following update on its preliminary results for the half year ended 31 December 2020, which are subject to independent review by Link Group's external auditor.

The preliminary 1H FY2021 results¹ and the comparison against the guidance provided to investors on 9 December 2020 are highlighted below:

	1H 2021 (preliminary) ² \$ million	1H 2021 (previous guidance) ³ \$ million
Total revenue	\$597	\$594
Operating EBIT	\$79	\$77
Operating NPATA	\$65	\$57
Debt Leverage Ratio ⁴	2.4x	2.8x
Interest Cover Ratio ⁴	11.2x	11.0x

The key reasons for the outperformance against the trading update provided on 9 December 2020 are:

- positive revenue momentum across the business during December 2020 generating an Operating EBIT of \$2 million above guidance;
- PEXA⁵ performance during December 2020, delivering another record month of transaction volumes on the PEXA Exchange, and contributing to \$3 million outperformance in Link Group's Operating NPATA guidance. PEXA 1H FY2021 revenue and Operating EBITDA were \$104 million and \$51 million, respectively; and
- a lower than anticipated effective tax rate, driven by a larger than forecasted use of unrecognised tax losses. In this half year period, the lower effective tax rate has had a positive impact on Operating NPATA of \$3 million. Our expectations for the effective tax rate for the year ended 30 June 2021 are revised to 27 – 28%.

¹ 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.

² Preliminary 1H 2021 result, subject to independent review by Link Group's external auditor.

³ 1H 2021 guidance provided in the Link Group Investor Update on 9 December 2020.

⁴ Leverage and interest cover calculated in accordance with Link Group's debt agreement.

⁵ Link Group holds (via its wholly owned subsidiary Link Property Pty Ltd) a 44.18% interest in Torrens Group Holdings Pty Ltd (**TGH**). TGH is the ultimate holding company of Property Exchange Australia Limited (**PEXA**).

Link Group CEO & Managing Director, Vivek Bhatia, said, “pleasingly, the business continued to perform well through December 2020. Revenue was above expectations and, together with continued control of operating expenses, resulted in a higher than forecast Operating EBIT for the first half.

“PEXA continues to build on its strong business model benefiting from increased transaction volumes on the PEXA Exchange and increased penetration of the national electronic conveyancing market. Importantly, Operating EBITDA for 1H FY2021 was \$51 million compared to the FY2020 full year Operating EBITDA of \$58 million, further demonstrating the high operating leverage in this business.

“Link Group achieved strong cash flow conversion in excess of 100% for the first half. This is expected to lower Link Group’s leverage to 2.4x net debt to Operating EBITDA, which is within our guidance range of 2-3x net debt to Operating EBITDA. On a pro forma basis, assuming the PES acquisition⁶ and PEXA refinancing⁷ are completed, Link Group’s net debt to Operating EBITDA would be approximately 2.5x and the interest cover ratio would remain above 11x reflecting the strong financial foundations of the business.”

Link Group will announce its 1H 2021 results on Thursday, 25 February 2021.

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

ENDS

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⁶ Acquisition of Pepper European Services as announced on 31 January 2020 – remains subject to regulatory approval and certain commercial conditions precedent and currently assumed to complete prior to 30 June 2021.

⁷ PEXA refinancing as announced on 27 August 2020 – subject to PEXA shareholder approval, the proceeds from external debt will be used to partially repay shareholder loans.