



31 May 2019

ASX ANNOUNCEMENT

Trading and earnings update

Link Administration Holdings Limited (ASX: LNK) (**Link Group**) today announces that for the full year ending 30 June 2019 it expects Operating EBITDA to be approximately \$350 – 360 million (FY2018: \$335.3 million) and Operating NPATA¹ to be approximately \$195 – 205 million (FY2018: \$206.7 million). The final result will be subject to the external audit of the FY2019 financial statements.

Factors influencing the earnings in 2H FY2019 to date include:

- **Link Asset Services (LAS):**
 - The lack of finality regarding the Brexit outcome in the UK is impacting business sentiment and the operating performance of Link Group's European operations. The continued uncertainty is contributing to lower levels of business related activity, capital markets and share dealing revenues, conversion of new business wins and revenue growth. By way of example, our Link Market Services business in the UK has won a number of IPO mandates that have been subsequently postponed due to Brexit uncertainty.
 - Integration and transformational activities in LAS continue to proceed well and Link Group is confident of achieving at least £15 million of efficiency benefits in the medium term, excluding the Corporate and Private Clients (**CPCS**) business.
 - As previously announced, Link Group expects to complete the divestment of the CPCS business within the next quarter (completion remains subject to one final regulatory approval).

- **Fund Administration:**

Regulatory change in the superannuation sector remains a core focus of the industry:

 - The *Treasury Laws Amendment (Protecting Your Super Package) Act 2019 (PYS legislation)* comes into effect from 1 July 2019.
 - While the principal impact of the legislation will be felt in FY2020 (after the October 2019 and April 2020 sweeps to the Australian Taxation Office), the initial impact of the account consolidation initiatives is being experienced in FY2019 as some funds move to transfer identified inactive member accounts to an eligible rollover fund (ERF) to facilitate early consolidation.
 - It is also important to recognise that the scope of regulatory change, member communication programs and adjustments to a range of fund product offerings has driven increased levels of activity through our organisation. To manage this activity, we have supplemented our workforce with additional resources to meet the demand during 2H FY2019. We continue to work with our clients to support them through this period of change. Strong member growth is an illustration of the benefit reflected in some of this activity.

Additional costs associated with the remediation of the client migration activity in 2018 have also persisted longer than previously expected. We anticipate these additional costs to continue into 1H FY2020.

Realisation of the Superpartners synergy benefits remains in line with expectations and the Rest contract remains in advanced stages of negotiation.

¹ Excluding any impact from equity accounting of PEXA.

- **Corporate Markets:** This area of the business continues to work in a competitive pricing environment across a number of jurisdictions affecting Operating EBITDA margins. We have also seen lower than expected levels of capital markets related activity across both ANZ and EMEA in 2H19.
- **Technology and Innovation:** Link Group's Technology and Innovation segment continues to perform in line with expectations.
- **PEXA:** PEXA continues to perform well and in line with expectations.

Link Group will announce its full year FY2019 results on Thursday 29 August 2019, at which time it will release its audited financial statements and a comprehensive review of its performance for the year.

Analyst Briefing

A Q&A session to discuss the Trading and earnings update will be held at 9.30am AEST on 31 May 2019. The dial in details are as follows:

Conference Call: +61 2 8038 5221
Toll free: 1800 123 296
Conference ID: 1518277 (the Conference ID will need to be quoted to join the call)

To ask a question, participants will need to dial “*1” (star, 1) on their telephone keypad.

Investor Update

Link Group will be holding an Investor Update in London on 18 June 2019, with the presentation to be lodged with the ASX.

ENDS

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