

23 March 2020

ASX ANNOUNCEMENT

COVID-19 pandemic, market volatility and withdrawal of guidance

Link Administration Holdings Limited (ASX: LNK) (**Link Group**) provides the following update on the effect that the COVID-19 pandemic is having on its business operations and actions Link Group is taking globally in response to what is a rapidly evolving set of circumstances.

- Link Group's focus remains on safeguarding the well-being of its employees, clients and other stakeholders as well as ensuring continuity of service for its clients
- The majority of contracted revenue is with large financial institutions derived from non-discretionary services
- Link Group has a resilient earnings profile supporting operating cash flow, with approximately 80% of revenue recurring in nature, however some of the businesses are impacted by market volatility
- Given the challenges in forecasting some revenue streams, Link Group is withdrawing guidance for FY2020
- Link Group's liquidity position is supported by cash reserves and committed, undrawn credit facilities
- Debt serviceability and leverage is comfortably within existing bank covenants
- Additional initiatives have been taken to reduce costs and support operating cash flow recognising the increased activities in RSS and Corporate Markets

Link Group Managing Director, John McMurtrie, said: "We recognise the serious and unprecedented challenges which COVID-19 and market volatility presents and we have implemented our response plan to safeguard the well-being of our employees, clients and other stakeholders and support operations across all business units.

"With over 80% of Link Group revenues recurring in nature, the defensive qualities of Link Group's earnings profile will support operating cash flow during this period of volatility. However, there are some areas of our business such as Corporate Markets and Link Fund Solutions that are negatively affected by market volatility and reduced margin income on float balances. Forecasting these revenues is challenging in a volatile environment where the global policy response from governments appears to be escalating."

Link Group is appropriately capitalised and has adequate undrawn and committed credit facilities to support liquidity. The first refinance obligation on any portion of these facilities does not fall due until January 2022. As at 29 February 2020, Link Group had \$126 million of cash and net debt of \$773 million. Link Group's leverage ratio was 2.6x (3.0x pro forma for Pepper European Services (**PES**)), excluding any cash benefit from a potential capital return from PEXA, which continues to experience strong growth with over \$50 million in cash reserves. With annual debt servicing costs of approximately \$20 million per annum, Link Group's interest cover ratio is around 15 times Operating EBITDA¹.

The business continues to take action to conserve cash and is implementing a number of initiatives to reduce costs, subject to continuing to meet the needs of its clients. Taking account of today's update, and the pending acquisition of PES, Link Group will remain comfortably within its debt covenants.

This announcement was authorised for lodgement by the Link Group Board.

ENDS

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¹ Operating EBITDA is a non-IFRS measure and has not been audited or reviewed in accordance with Australian Accounting Standards.