

# Market Release

15 August 2019

## ASX Limited Full-Year Results to 30 June 2019 (FY19)

- Strong financial result – statutory NPAT up 10.5% to \$492.0m; underlying NPAT up 5.7% to \$492.0m
- Growth in earnings per share for 7<sup>th</sup> year in a row – statutory EPS up 10.5% to 254.1c
- On a like-for-like accounting basis NPAT<sup>1</sup> up 12.6% and EPS up 12.6%
- Solid performance in core businesses and growth in initiatives driving shareholder returns - final dividend up 4.8% to 114.3 cents per share (cps), plus special dividend of 129.1 cps funded by proceeds of IRESS sale

Financial highlights relative to the prior comparative period (FY18) based on Group segment reporting

	FY19	Statutory variance (pcp)	Restated variance (AASB 15) <sup>1</sup>
<b>Statutory profit after tax</b>	\$492.0 million	↑\$46.9m ↑10.5%	↑\$55.2m ↑12.6%
<b>Underlying profit after tax</b>	\$492.0 million	↑\$26.7m ↑5.7%	↑\$35.0m ↑7.7%
<b>Operating revenue</b> <ul style="list-style-type: none"> <li>• Rise in Listings and Issuer Services supported by higher initial capital raisings</li> <li>• Stronger Derivatives and OTC Markets due to greater futures trading and OTC clearing activity</li> <li>• Growth in Trading Services underpinned by higher usage of Auctions, Centre Point and technical services at the ALC</li> <li>• Lift in Equity Post-Trade Services reflecting higher cleared values flowing from greater cash market trading activity</li> </ul>	\$863.8 million	↑\$41.1m ↑5.0%	↑\$52.9m ↑6.5%
<b>Operating expenses</b> <ul style="list-style-type: none"> <li>• Slightly above guidance and impacted by increased supervision levy</li> </ul>	\$214.8 million	↑\$19.3m ↑9.9%	
<b>EBITDA</b> <ul style="list-style-type: none"> <li>• Underlying rise of 5.5%</li> </ul>	\$649.0 million	↑\$21.8m ↑3.5%	↑\$33.6m ↑5.5%
<b>Interest and dividend income</b> <ul style="list-style-type: none"> <li>• Growth in collateral balances and higher investment spreads</li> </ul>	\$103.9 million	↑\$21.2m ↑25.7%	
<b>Statutory earnings per share</b> <ul style="list-style-type: none"> <li>• Highest full-year EPS on record</li> </ul>	254.1 cents	↑24.1cps ↑10.5%	↑28.4cps ↑12.6%
<b>Final dividend per share</b> <ul style="list-style-type: none"> <li>• 90% payout ratio, fully franked</li> </ul>	114.3 cents	↑5.2cps ↑4.8%	
<b>Total FY19 dividends (interim and final)</b>	228.7 cents	↑12.4cps ↑5.7%	
<b>Special dividend per share</b> <ul style="list-style-type: none"> <li>• Proceeds from sale of IRESS, fully franked</li> </ul>	129.1 cents		

<sup>1</sup>Assuming 30 June 2018 comparables were restated for impact of AASB 15 to provide a like-for-like accounting comparison.

<p><b>Capital expenditure \$75.1 million</b></p> <ul style="list-style-type: none"> <li>• Strengthening and upgrading technology capabilities</li> <li>• FY20 guidance circa \$75-80 million</li> </ul>
<p><b>Licence to operate initiatives undertaken across the organisation</b></p> <ul style="list-style-type: none"> <li>• Continued implementation of Stronger Foundations program</li> <li>• Launched customer development environment for CHES replacement project and reconfirmed timetable for project delivery</li> <li>• Enhanced approach to risk management through near real-time view of clearing house risks and new tools to improve decision-making for enterprise risk and compliance</li> <li>• Commissioning new secondary data centre to enhance operational resilience in October 2019</li> <li>• Expected to have all ASX services and third parties migrated to upgraded ASX Net communications network by September 2019</li> <li>• Undertook major consultation on listing rule amendments</li> <li>• Oversaw release of the fourth edition of the ASX Corporate Governance Council's <i>Corporate Governance Principles and Recommendations</i>, with culture and values at the centre</li> </ul>
<p><b>Strategic growth initiatives progressing across all businesses</b></p> <ul style="list-style-type: none"> <li>• Attracted more technology and foreign company listings, providing sectoral and geographic diversity for investors</li> <li>• Opened office in New Zealand</li> <li>• Launched a new data analytics platform, ASX DataSphere, to improve customer access to data and analytics</li> <li>• Grew the financial markets ecosystem in the Australian Liquidity Centre (ALC) with a rise in customer numbers and service connections</li> <li>• Substantial rise in dealer-to-dealer OTC clearing activity, which provides an efficient local solution for banks operating in Australia</li> <li>• Go-live target for Sympli to conduct financial settlements and deliver the benefits of e-conveyancing in the property market set for the end of the 2019 calendar year</li> </ul>

**Dominic Stevens, ASX Managing Director and CEO, said:** “The 2019 financial year (FY19) has delivered a number of pleasing outcomes for ASX and our stakeholders. The strong performance of our core businesses underpinned double-digit statutory profit growth, while we have continued to invest in the operation and integrity of our systems and pursued growth opportunities that aim to make business easier for our customers.

“Statutory profit rose 10.5% on last year to \$492.0 million, an increase of \$46.9 million – or up 12.6% on a like-for-like accounting basis. Each of ASX’s four main businesses grew, as did interest earnings, with the overall performance driven by higher cash and futures markets trading, and an increasing appetite from our customers for technical connections and information services.

“ASX’s diversified business model continues to deliver attractive earnings across different business cycles without compromising our commitment to operating markets of high quality. We have determined a final dividend of 114.3 cents per share, a rise of 4.8%, and we will pay a special dividend of 129.1 cents per share fully franked from the proceeds of the sale of ASX’s shareholding in IRESS.

“We believe the best use for the proceeds of ASX’s sale of its IRESS stake is to return the bulk of the funds to our shareholders and retain a portion to support investments in new and upgraded products, services and infrastructure, which will ultimately benefit the financial market community broadly.”



**Mr Stevens continued:** “ASX’s expenses rose 9.9%, slightly above guidance, with a higher than expected supervision levy. Capital expenditure was \$75.1 million, reflecting ongoing investment in strengthening ASX’s technology capabilities. These projects include the replacement of CHESS, and the upgrading of our secondary data centre and ASX Net communications network, which connects our data centres to customers in Australia and around the world.

“In FY19, underpinned by strong financial results and investments in system resilience and innovation, ASX took positive steps towards our goal of building an exchange for the future. Our strategy is technology-driven and customer-focused, and based on providing open infrastructure solutions that help our customers create new products and services, improve operational efficiency, and reduce risks and costs.

“ASX recognises that a sustainable future cannot be built on operational and financial performance alone. Hence our work to earn and preserve the confidence of all our stakeholders as a trusted, central and independent party through the evolution of our rules and the integrity of our people and processes.”

Please see the accompanying presentation slides for more detail.

**Complete full-year results materials, including ASX’s 2019 Annual Report, will be available on ASX’s [market announcements page](#).**

**There will be a live [webcast](#) of today’s 9.30am (Sydney time) presentation to analysts and media.**

**The webcast will be archived on ASX’s [website](#).**

**Media may also participate via [telephone](#).**

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**APPENDIX – ASX full-year results to 30 June 2019 (FY19) based on the Group’s segment reporting**  
 Restated pcp for impact of AASB 15 (effective 1 July 2018) to provide a like-for-like accounting comparison

Group income statement	FY19 \$m	FY18 \$m	Variance \$m	Variance %
Operating revenue	863.8	810.9	52.9	6.5%
Operating expenses	(214.8)	(195.5)	(19.3)	(9.9%)
<b>EBITDA</b>	<b>649.0</b>	<b>615.4</b>	<b>33.6</b>	<b>5.5%</b>
Depreciation and amortisation	(47.8)	(47.6)	(0.2)	(0.5%)
<b>EBIT</b>	<b>601.2</b>	<b>567.8</b>	<b>33.4</b>	<b>5.9%</b>
Interest and dividend income	103.9	82.7	21.2	25.7%
<b>Underlying profit before tax</b>	<b>705.1</b>	<b>650.5</b>	<b>54.6</b>	<b>8.4%</b>
Income tax expense	(213.1)	(193.5)	(19.6)	(10.2%)
<b>Underlying profit after tax</b>	<b>492.0</b>	<b>457.0</b>	<b>35.0</b>	<b>7.7%</b>
Significant items*	-	(20.2)	20.2	-
<b>Statutory profit after tax</b>	<b>492.0</b>	<b>436.8</b>	<b>55.2</b>	<b>12.6%</b>

Operating revenue	FY19 \$m	FY18 \$m	Variance \$m	Variance %
Listings	171.1	159.6	11.5	7.3%
Issuer services	49.1	49.2	(0.1)	(0.2%)
<b>Listings and Issuer Services</b>	<b>220.2</b>	<b>208.8</b>	<b>11.4</b>	<b>5.5%</b>
Equity options	19.9	21.9	(2.0)	(9.2%)
Futures and OTC clearing	232.9	212.5	20.4	9.6%
Austraclear	55.8	52.0	3.8	7.4%
<b>Derivatives and OTC Markets</b>	<b>308.6</b>	<b>286.4</b>	<b>22.2</b>	<b>7.8%</b>
Cash market trading	51.7	45.7	6.0	12.9%
Information services	96.3	90.1	6.2	6.9%
Technical services	81.6	74.1	7.5	10.3%
<b>Trading Services</b>	<b>229.6</b>	<b>209.9</b>	<b>19.7</b>	<b>9.4%</b>
Cash market clearing	54.4	51.9	2.5	4.9%
Cash market settlement	54.0	52.9	1.1	2.1%
<b>Equity Post-Trade Services</b>	<b>108.4</b>	<b>104.8</b>	<b>3.6</b>	<b>3.5%</b>
<b>Other</b>	<b>(3.0)</b>	<b>1.0</b>	<b>(4.0)</b>	<b>large</b>
<b>Operating revenue</b>	<b>863.8</b>	<b>810.9</b>	<b>52.9</b>	<b>6.5%</b>

Key activity indicators	FY19	FY18	Variance	Variance %
All Ordinaries Index (end of period)	6,699.2	6,289.7	409.5	6.5%
Number of new listed entities (IPOs)	111	137	(26)	(19.0%)
New and secondary capital raised	\$86.0 billion	\$81.7 billion	\$4.3 billion	5.3%
Daily average cash on-market value	\$4.6 billion	\$4.1 billion	\$0.5 billion	11.7%
Futures daily average contracts traded	673,757	613,211	60,546	9.9%
OTC cleared notional value	\$9,710.6 billion	\$6,314.3 billion	\$3,396.3 billion	53.8%

\*Significant item – non-cash impairment for Yieldbroker. Variances expressed favourable/(unfavourable).