

Market Release

14 February 2019

ASX Limited Half-Year Results to 31 December 2018 (1H19)

- Strong result amid market volatility – statutory NPAT up 6.8% to \$246.1m
- Continued growth in earnings per share – statutory EPS up 6.7% to 127.1 cents
- On a like-for-like accounting basis NPAT¹ up 10.2% and EPS up 10.1%
- Solid performance in all major businesses and increased interest income drove higher shareholder returns – interim dividend up 6.7% to 114.4 cents per share
- Investing in technology, risk management and operational infrastructure to strengthen foundations and create opportunities for growth that leverage ASX's core competencies

Financial highlights relative to the prior comparative period (pcp 1H18) based on segment reporting

	1H19	Statutory variance (pcp)	Restated variance (AASB 15) ¹
Profit after tax	\$246.1 million	↑\$15.6m ↑6.8%	↑\$22.8m ↑10.2%
Operating revenue <ul style="list-style-type: none"> • Growth in Listings and Issuer Services supported by higher capital raisings • Stronger Derivatives and OTC Markets due to rise in futures trading, Austraclear volumes and collateral management activity • Lift in Trading Services underpinned by higher cash market trading and expansion of customer ecosystem at the ALC • Rise in Equity Post-Trade Services reflecting higher cash market activity 	\$424.7 million	↑\$15.7m ↑3.8%	↑\$26.0m ↑6.5%
Operating expenses <ul style="list-style-type: none"> • Consistent with guidance 	\$105.2 million	↑\$9.0m ↑9.4%	
EBITDA <ul style="list-style-type: none"> • Increase of 5.6% with EBITDA margin for the half of 75% 	\$319.5 million	↑\$6.7m ↑2.1%	↑\$17.0m ↑5.6%
Interest and dividend income <ul style="list-style-type: none"> • Growth in collateral balances and elevated short-term rates 	\$54.9 million	↑\$16.7m ↑43.8%	
Earnings per share <ul style="list-style-type: none"> • Highest half-year EPS on record 	127.1 cents	↑8.0cps ↑6.7%	↑11.7cps ↑10.1%
Interim dividend per share <ul style="list-style-type: none"> • 90% payout ratio, fully franked 	114.4 cents	↑7.2cps ↑6.7%	

¹Assuming 31 December 2017 comparables were restated for impact of AASB 15 to provide a like-for-like accounting comparison.



‘Licence to operate’ initiatives undertaken across the organisation

- Outlined new features and implementation timetable to replace CHES with distributed ledger technology
- Continued multi-year program to upgrade technology and operational risk management functions with investments in staff, physical hardware, systems and improved governance
- Embedding enhanced approach to risk management
- Nearing completion of upgrade to ASX Net communications infrastructure
- Move to new secondary data centre on-track
- Restructured Listings Compliance team and consulting on listing rule changes to enhance market quality

Strategic growth initiatives progressing across all businesses

- Continued to attract technology and foreign company listings
- Announced decision to open office in New Zealand
- Commenced OTC client clearing and expanded number of FlexClear users
- Increased offshore futures trading customers
- Launched US\$ payment capability in Austraclear
- Growth in customer numbers and service connections in the Australian Liquidity Centre
- Developed a new data analytics platform to improve customer access to data and analytics in 2H19
- Go-live target for Sympli to conduct financial settlements in 2H19

Mr Dominic Stevens, ASX Managing Director and CEO, said: “ASX has achieved a strong result for the first half of the 2019 financial year, with statutory profit of \$246.1 million, up 6.8% - almost \$16 million - or up 10.2% on a like-for-like accounting basis, compared to the same period last year. Each of our four businesses grew solidly, as did interest earnings, amid a period of heightened volatility, emphasising the benefit of ASX’s diverse business model.

“The result reflects the balanced approach we take to investing in the integrity of our core businesses and pursuing growth initiatives. It has allowed ASX to deliver another attractive return to shareholders, with our interim dividend rising 6.7% to 114.4 cents per share.

“The key performance drivers of our businesses were a 38% increase in capital raised to \$62 billion, underpinned by the demerger and listing of Coles; a greater than 5% rise in the number of futures contracts traded, particularly in SPI equity futures; an increase of more than 15% in cash market trading amid market volatility; and the continued expansion in the number and variety of financial market participants in ASX’s Australian Liquidity Centre (ALC), spurring demand for our technical and information services.

“ASX’s overall expenses rose 9.4%, which was in line with guidance, and our capex guidance is unchanged at approximately \$70-\$75 million for the full-year. Both reflect ASX’s commitment to strengthening our foundations and upgrading our capabilities to support growth opportunities.

“We made good progress on our core initiatives across the period, including the program to replace CHES with distributed ledger technology; upgrade of our secondary data centre to strengthen market resilience; and restructure of our Listings Compliance team to enhance the quality of market oversight.”



Mr Stevens continued: “ASX also pursued new business opportunities, which leverage our expertise and infrastructure, and provide opportunities for customers. One example is the development of a new data platform to provide clients with more ASX data and analytical tools. Another is our investment in Symplici, a joint venture focused on delivering the benefits of e-conveyancing in the property market.

“ASX is subject to increasingly complex technology and risk environments. Throughout the half, we took steps to strengthen ASX’s operational and technological foundations, which help ensure our resilience and create a solid platform for growth. ASX plays a critical and privileged role in Australia’s financial markets as a trusted, central and independent party. We work hard to enhance this to meet the rising expectations of our stakeholders.”

Please see the accompanying speaking notes and presentation slides for more detail and highlights.

Complete half-year results materials will be available on the [ASX market announcements page](#).

A webcast of today’s 10.30am (Sydney time) presentation to analysts and media will be available on the [ASX website](#).

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APPENDIX – ASX half-year results to 31 December 2018 (1H19) based on the Group's segment reporting

Restated pcg for impact of AASB 15 (effective 1 July 2018) to provide a like-for-like accounting comparison

Group income statement	1H19 \$m	1H18 \$m	Variance \$m	Variance %
Operating revenue	424.7	398.7	26.0	6.5%
Operating expenses	(105.2)	(96.2)	(9.0)	(9.4%)
EBITDA	319.5	302.5	17.0	5.6%
Depreciation and amortisation	(22.1)	(22.4)	0.3	1.5%
EBIT	297.4	280.1	17.3	6.2%
Interest and dividend income	54.9	38.2	16.7	43.8%
Profit before tax	352.3	318.3	34.0	10.7%
Income tax expense	(106.2)	(95.0)	(11.2)	(11.8%)
Profit after tax	246.1	223.3	22.8	10.2%

Operating revenue	1H19 \$m	1H18 \$m	Variance \$m	Variance %
Listings	85.0	78.3	6.7	8.6%
Issuer services	26.5	24.9	1.6	6.3%
Listings and Issuer Services	111.5	103.2	8.3	8.0%
Equity options	10.2	10.9	(0.7)	(6.4%)
Futures and OTC clearing	109.3	101.6	7.7	7.6%
Austraclear	27.3	25.6	1.7	6.7%
Derivatives and OTC Markets	146.8	138.1	8.7	6.3%
Cash market trading	26.0	22.6	3.4	15.2%
Information services	47.2	44.7	2.5	5.5%
Technical services	40.3	37.2	3.1	8.3%
Trading Services	113.5	104.5	9.0	8.6%
Cash market clearing	27.3	25.9	1.4	5.7%
Cash market settlement	27.4	26.3	1.1	3.8%
Equity Post-Trade Services	54.7	52.2	2.5	4.8%
Other	(1.8)	0.7	(2.5)	large
Operating revenue	424.7	398.7	26.0	6.5%

Key activity indicators	1H19	1H18	Variance	Variance %
All Ordinaries Index (end of period)	5,709.4	6,167.3	(457.9)	(7.4%)
Number of new listed entities (IPOs)	72	77	(5)	(6.5%)
Capital raised, including scrip-for-scrip	\$61.8 billion	\$44.8 billion	\$17.0 billion	37.8%
Daily average cash on-market value	\$4.5 billion	\$4.0 billion	\$0.5 billion	14.1%
Futures daily average contracts traded	608,035	581,971	26,064	4.5%
OTC cleared notional value	\$2,036.5 billion	\$3,137.6 billion	(\$1,101.1 billion)	(35.1%)

Variances expressed favourable/(unfavourable)