

# Market Release

13 February 2020

## ASX Limited half-year results to 31 December 2019 (1H20)

Financial highlights relative to the prior comparative period (pcp 1H19) based on the Group's segment reporting

- Solid earnings growth – EBIT up 6.0% to \$315.1m and NPAT up 1.8% to \$250.4m
- Pleasing performance by all major businesses – operating revenue up 7.1% to \$454.9m
- Core activity plus strategic initiatives drove higher shareholder returns – interim dividend up 1.7% to 116.4 cents per share
- Ongoing investment in operational infrastructure and risk management to strengthen foundations, support future growth and ensure long-term sustainability

	1H20	Variance (pcp)
<b>Operating revenue</b> <ul style="list-style-type: none"> <li>• Rise in Listings and Issuer Services supported by higher secondary raisings</li> <li>• Growth in Derivatives and OTC Markets due to higher futures and OTC activity</li> <li>• Lift in Trading Services underpinned by higher cash market trading activity and greater demand for information and technical services</li> <li>• Increased Equity Post-Trade Services in line with higher cash market activity</li> </ul>	\$454.9 million	↑\$30.2m ↑7.1%
<b>Total expenses (includes depreciation)</b> <ul style="list-style-type: none"> <li>• Heightened due to annualisation of increased head count in FY19; full-year guidance of 6-8% maintained</li> </ul>	\$139.8 million	↑\$12.5m ↑9.8%
<b>EBIT</b> <ul style="list-style-type: none"> <li>• Continued solid growth while strengthening foundations</li> </ul>	\$315.1 million	↑\$17.7m ↑6.0%
<b>Interest and dividend income</b> <ul style="list-style-type: none"> <li>• Reflects lower interest rate environment and final IRESS dividend in pcp</li> </ul>	\$44.1 million	↓\$10.8m ↓19.7%
<b>Net profit after tax</b> <ul style="list-style-type: none"> <li>• Demonstrates resilience of diversified business</li> </ul>	\$250.4 million	↑\$4.3m ↑1.8%
<b>Earnings per share</b> <ul style="list-style-type: none"> <li>• Remains positive after return of capital and lower interest earnings</li> </ul>	129.3 cents	↑2.2cps ↑1.7%
<b>Interim dividend per share</b> <ul style="list-style-type: none"> <li>• Seventh consecutive first-half increase in DPS</li> </ul>	116.4 cents	↑2.0cps ↑1.7%
<b>Capital expenditure</b> <ul style="list-style-type: none"> <li>• Investment in long-term sustainability of business on track to meet guidance of \$75-80 million</li> </ul>	\$43.4 million	



**Mr Dominic Stevens, ASX Managing Director and CEO:** “ASX has achieved a solid result for the first half of the 2020 financial year, with earnings before interest and tax up 6% to \$315.1 million - a rise of \$17.7 million - and statutory profit of \$250.4 million, up 1.8% - or \$4.3 million - compared to the same period last year.

“The result lifted revenue to \$454.9 million, a rise of 7.1%, reflecting growth from strong market activity and our core businesses. This contrasted to a decline in interest and dividend income mainly due to the lower interest rate environment and sale of our stake in IRESS. ASX continues to benefit from its diverse business model, which can weather changing market conditions. The result allowed ASX to increase returns to shareholders, with our interim dividend rising 1.7% to 116.4 cents per share.

“The key performances drivers of the result were a 9% rise in the number of daily average futures contracts traded, particularly in 30-day futures; an increase of 8% in cash market trading, with a daily average value across the period of \$4.9 billion; and demand for more technical and information services within the expanding ecosystem of our Australian Liquidity Centre (ALC).

“ASX’s overall total expenses rose 9.8%, in line with expectations, and our capex guidance is unchanged at approximately \$75-\$80 million for the full-year. We are investing in the long-term sustainability of our business by strengthening our technology, risk and governance foundations, and upgrading our operating and service capabilities to support growth opportunities.

“Our project to replace CHESS with a solution powered by distributed ledger technology remains on track to open the industry-wide test environment in July 2020. Our Symplic joint venture is also progressing, completing its first four-party e-settlement property transaction with ANZ Bank in December 2019.

“ASX announced the creation of the S&P/ASX All Technology Index, to be launched later this month. This will enhance the profile and understanding of the tech sector in Australia, and increase opportunities for investors. We also finalised a package of refreshed listing rules and guidance, which help improve company disclosures to the market, make the rules easier to understand and comply with, and enable ASX to better monitor and enforce compliance. This coincided with stage one of improved straight-through processing for the notification of corporate actions and issuance. The changes highlight our commitment to market quality and to ensure the rules and processes keep evolving to serve the interests of issuers, investors and the Australian economy.”

- 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 9.30am (Sydney time) presentation will be available on the [ASX website](#).

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**APPENDIX – ASX half-year results to 31 December 2019 (1H20) based on the Group’s segment reporting**

<b>Group income statement</b>	<b>1H20 \$m</b>	<b>1H19 \$m</b>	<b>Variance \$m</b>	<b>Variance %</b>
Operating revenue	454.9	424.7	30.2	7.1%
Operating expenses	(114.4)	(105.2)	(9.2)	(8.7%)
<b>EBITDA</b>	<b>340.5</b>	<b>319.5</b>	<b>21.0</b>	<b>6.6%</b>
Depreciation and amortisation	(25.4)	(22.1)	(3.3)	(15.1%)
<i>Total expenses</i>	<i>(139.8)</i>	<i>(127.3)</i>	<i>(12.5)</i>	<i>(9.8%)</i>
<b>EBIT</b>	<b>315.1</b>	<b>297.4</b>	<b>17.7</b>	<b>6.0%</b>
Interest and dividend income	44.1	54.9	(10.8)	(19.7%)
<b>Profit before tax</b>	<b>359.2</b>	<b>352.3</b>	<b>6.9</b>	<b>2.0%</b>
Income tax expense	(108.8)	(106.2)	(2.6)	(2.5%)
<b>Profit after tax</b>	<b>250.4</b>	<b>246.1</b>	<b>4.3</b>	<b>1.8%</b>

<b>Operating revenue</b>	<b>1H20 \$m</b>	<b>1H19 \$m</b>	<b>Variance \$m</b>	<b>Variance %</b>
Listings	86.8	85.0	1.8	2.1%
Issuer services	27.1	26.5	0.6	2.3%
<b>Listings and Issuer Services</b>	<b>113.9</b>	<b>111.5</b>	<b>2.4</b>	<b>2.2%</b>
Equity options	8.9	10.2	(1.3)	(13.0%)
Futures and OTC clearing	120.9	109.3	11.6	10.7%
Austraclear	29.6	27.3	2.3	8.3%
<b>Derivatives and OTC Markets</b>	<b>159.4</b>	<b>146.8</b>	<b>12.6</b>	<b>8.6%</b>
Cash market trading	27.9	26.0	1.9	7.6%
Information services	53.5	47.2	6.3	13.5%
Technical services	43.6	40.3	3.3	8.1%
<b>Trading Services</b>	<b>125.0</b>	<b>113.5</b>	<b>11.5</b>	<b>10.2%</b>
Cash market clearing	30.0	27.3	2.7	9.7%
Cash market settlement	28.6	27.4	1.2	4.7%
<b>Equity Post-Trade Services</b>	<b>58.6</b>	<b>54.7</b>	<b>3.9</b>	<b>7.2%</b>
<b>Other</b>	<b>(2.0)</b>	<b>(1.8)</b>	<b>(0.2)</b>	<b>(13.1%)</b>
<b>Operating revenue</b>	<b>454.9</b>	<b>424.7</b>	<b>30.2</b>	<b>7.1%</b>

<b>Key activity indicators</b>	<b>1H20</b>	<b>1H19</b>	<b>Variance</b>	<b>Variance %</b>
All Ordinaries Index (end of period)	6,802.4	5,709.4	1,093.0	19.1%
Number of new listed entities (IPOs)	55	72	(17)	(23.6%)
New and secondary capital raised	\$42.0 billion	\$61.8 billion	(\$19.8 billion)	(32.0%)
Daily average cash on-market value	\$4.9 billion	\$4.5 billion	\$0.4 billion	8.1%
Futures daily average contracts traded	663,389	608,035	55,354	9.1%
OTC cleared notional value	\$7,059.2 billion	\$2,036.5 billion	\$5,022.7 billion	246.6%

Variances expressed favourable/(unfavourable)