



FY17 Third Quarter Update

Dominic Stevens

4 May 2017



Agenda

- Results overview
- Summary and outlook
- Q & A



Highlights - financial results – 9 months to 31 March 2017



- ↑ Revenue up \$17.3 million to \$570.1 million with continued solid performance across all businesses
- ↑ Expenses up \$7.6 million, in line with guidance
- ↑ EBITDA up \$9.7 million
- ↑ Interest and dividend income up \$5.7 million due to higher margin balances
- ↑ NPAT up 3.2% to \$327.5 million
- ↔ Capex of \$31.1 million, on track for approximately \$50 million as per guidance

Income statement – 9 months to 31 March 2017



	March 17 YTD \$m	March 16 YTD \$m	Variance \$m	Variance %
Operating revenues	570.1	552.8	17.3	3.1%
Operating expenses	135.1	127.5	(7.6)	(5.9%)
EBITDA	435.0	425.3	9.7	2.3%
Depreciation and amortisation	33.3	31.3	(2.0)	(6.3%)
EBIT	401.7	394.0	7.7	2.0%
Interest and dividend income	62.4	56.7	5.7	9.9%
Profit before tax	464.1	450.7	13.4	3.0%
Income tax expense	136.6	133.3	(3.3)	(2.5%)
Profit after tax	327.5	317.4	10.1	3.2%

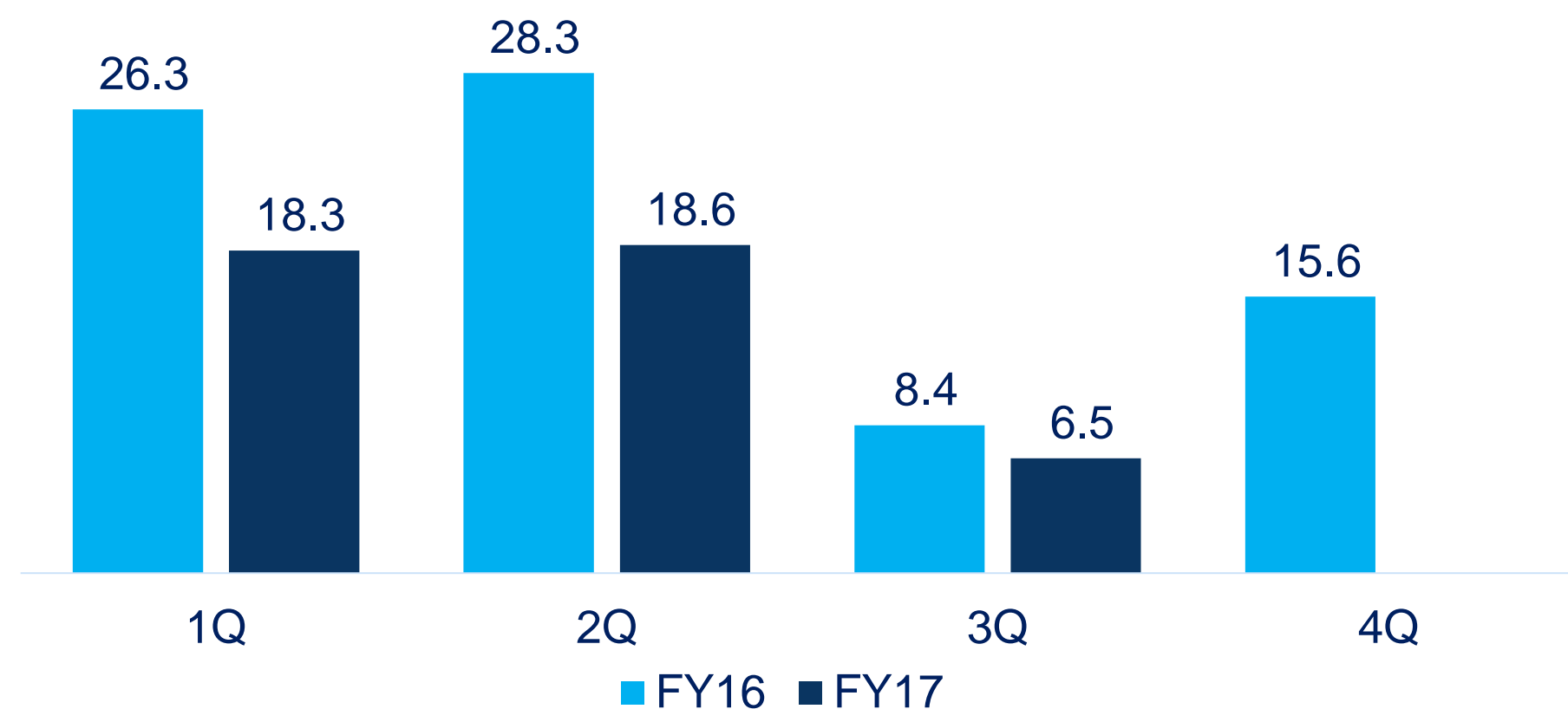
Unaudited result
 Operating revenues and operating expenses as per the Group segment reporting
 Variance expressed favourable / (unfavourable)

Highlights - activity levels

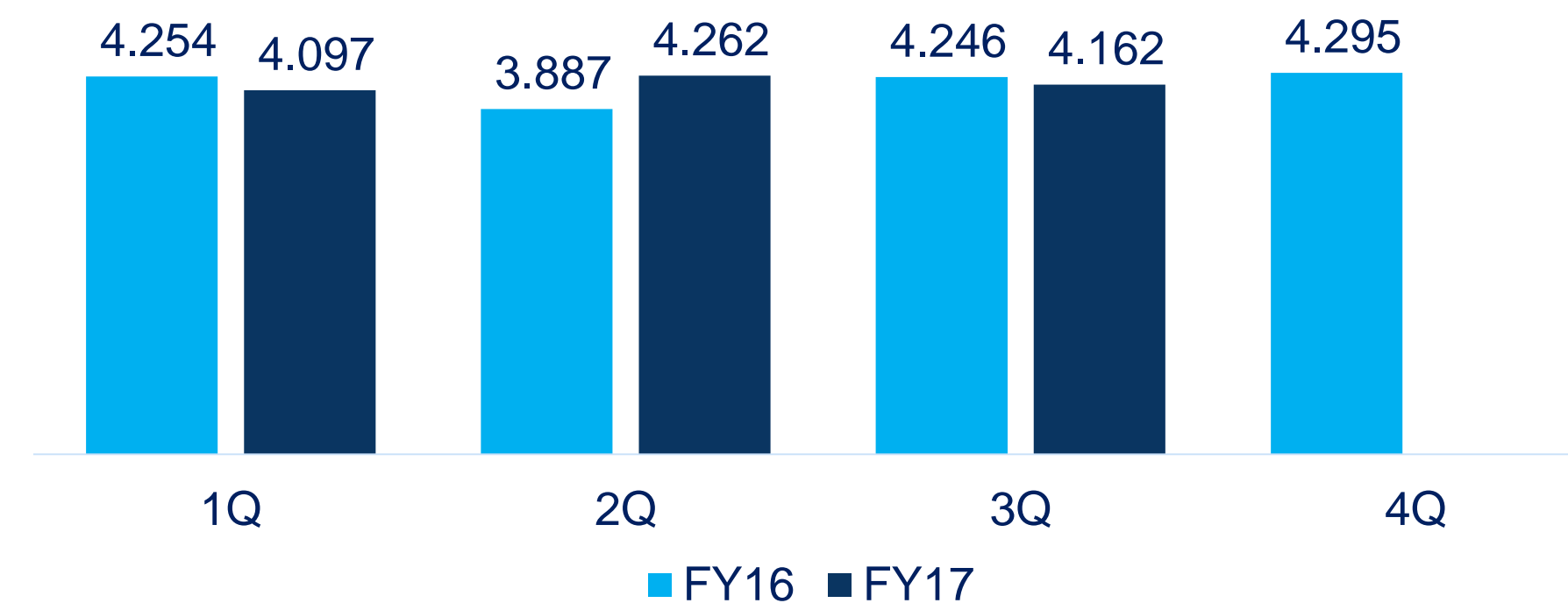


Growth in trading, lower capital raisings

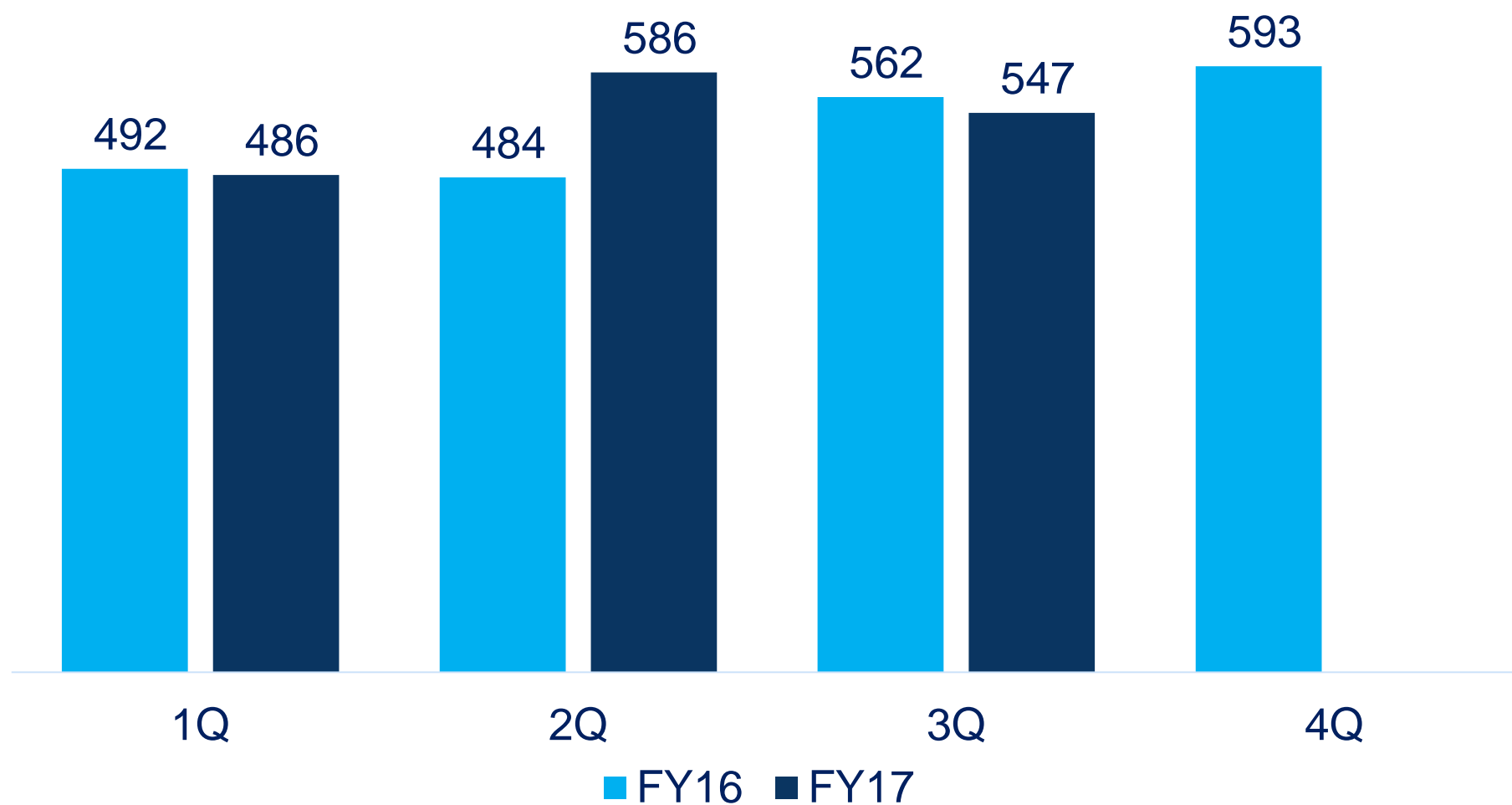
Total capital raised (\$billion)



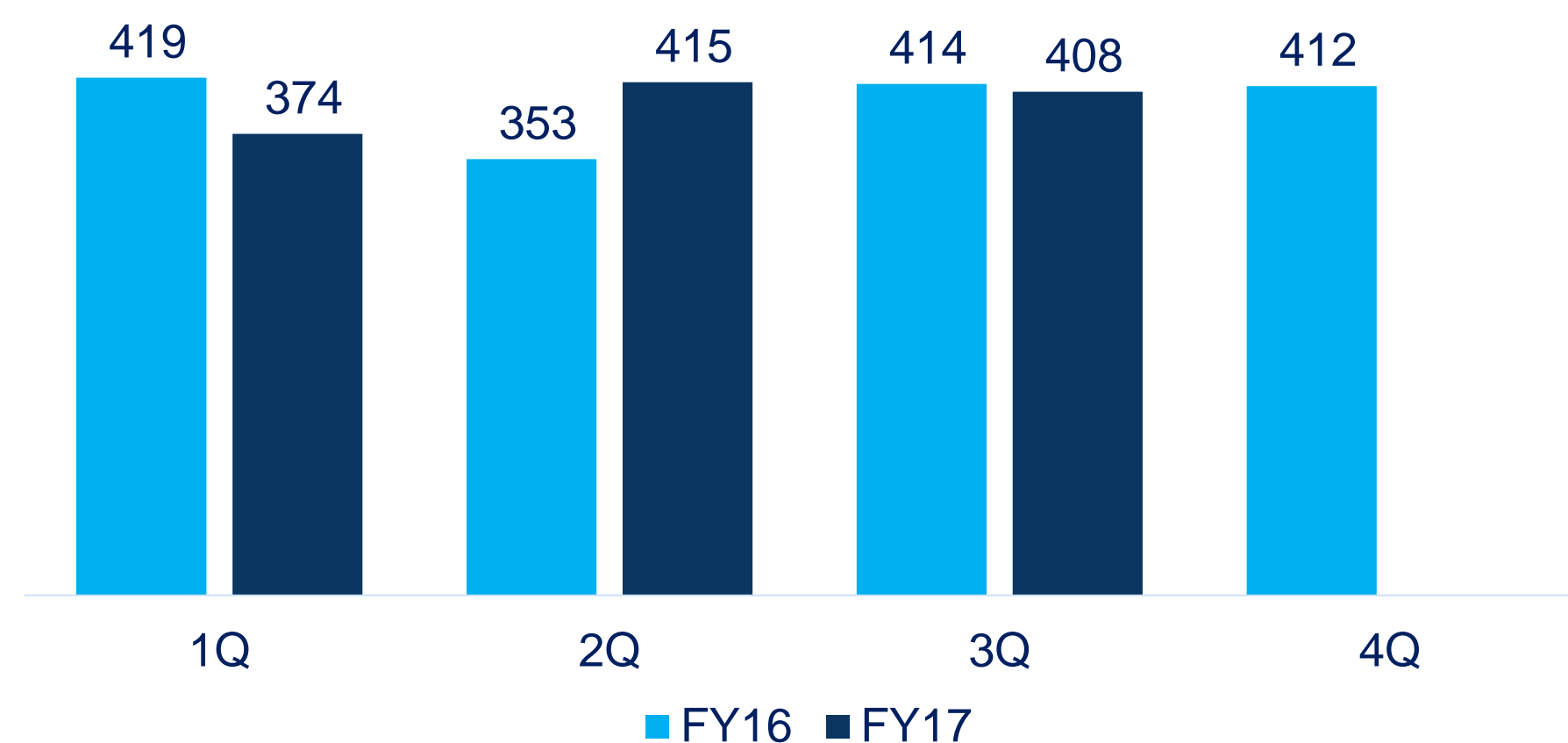
Cash market trading ASX average daily value on-market (\$billion)



Futures¹ – average daily contracts ('000)



Equity options - average daily contracts ('000)



1. Consists of futures and options on futures

Revenue – 9 months to 31 March 2017



Solid diversified revenue growth

Highlights

Revenue \$570.1 million, up 3.1%

↑ Listings and Issuer Services

- Revenue \$144.7 million, up 0.1%
- Lower capital raised, increased IPOs and annual listing fees

↑ Derivatives and OTC Markets

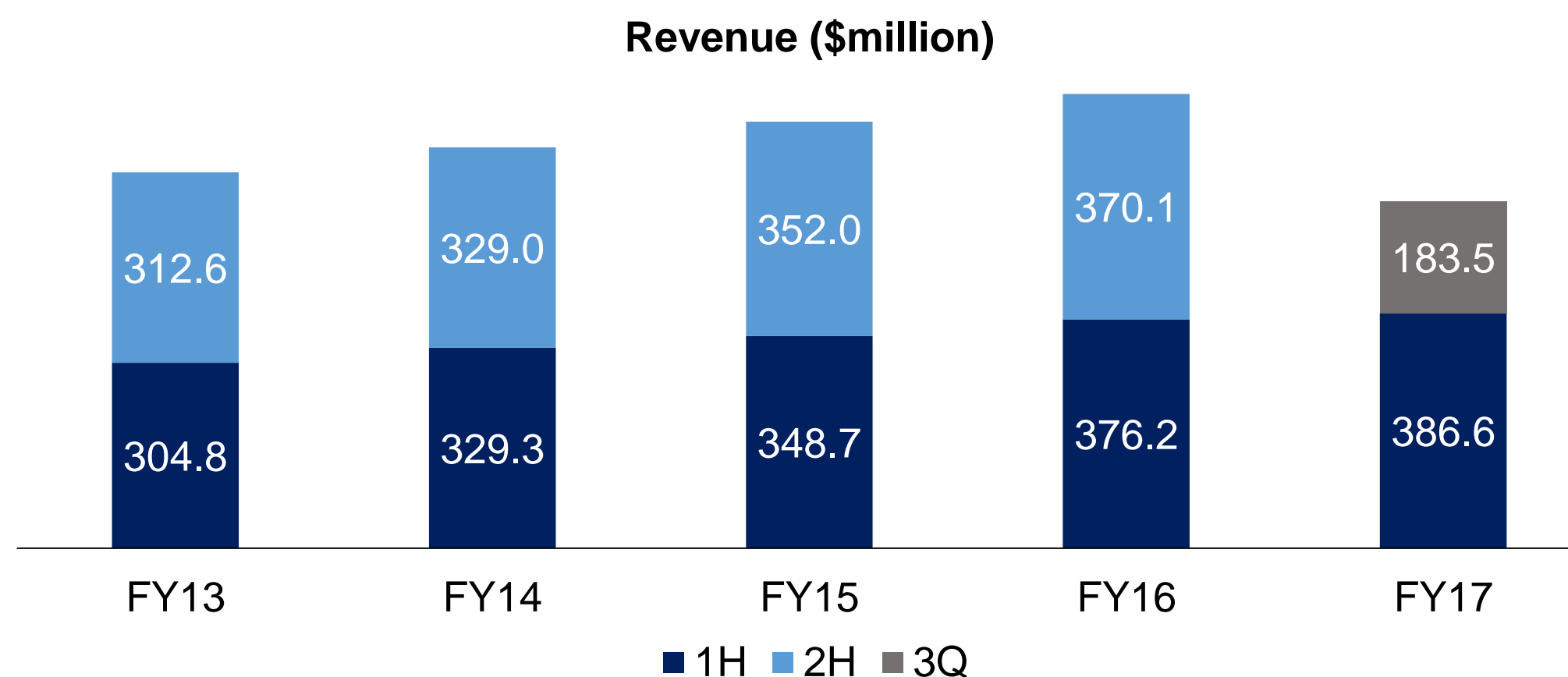
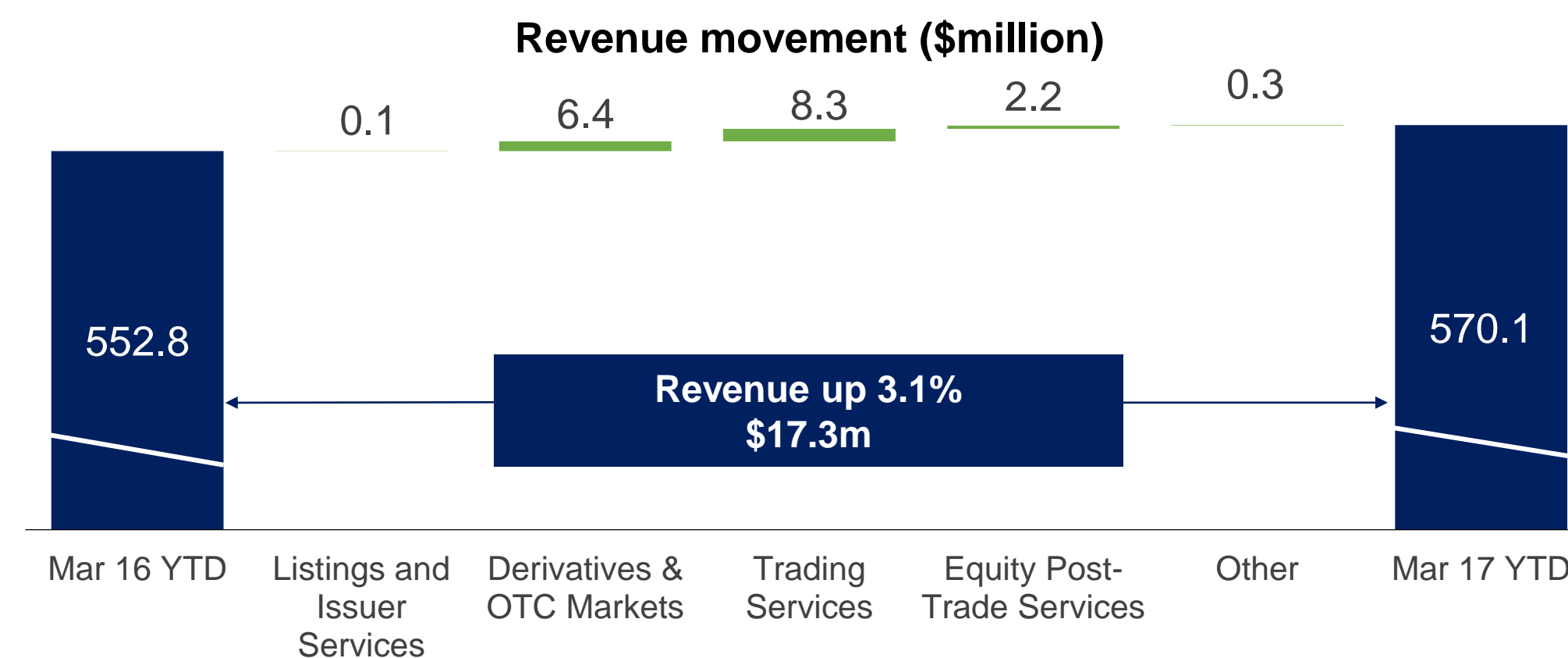
- Revenue \$200.2 million, up 3.3%
- Higher futures volume and strong OTC growth

↑ Trading Services

- Revenue \$145.0 million, up 6.0%
- Growth in equities trading and increased use of Centre Point

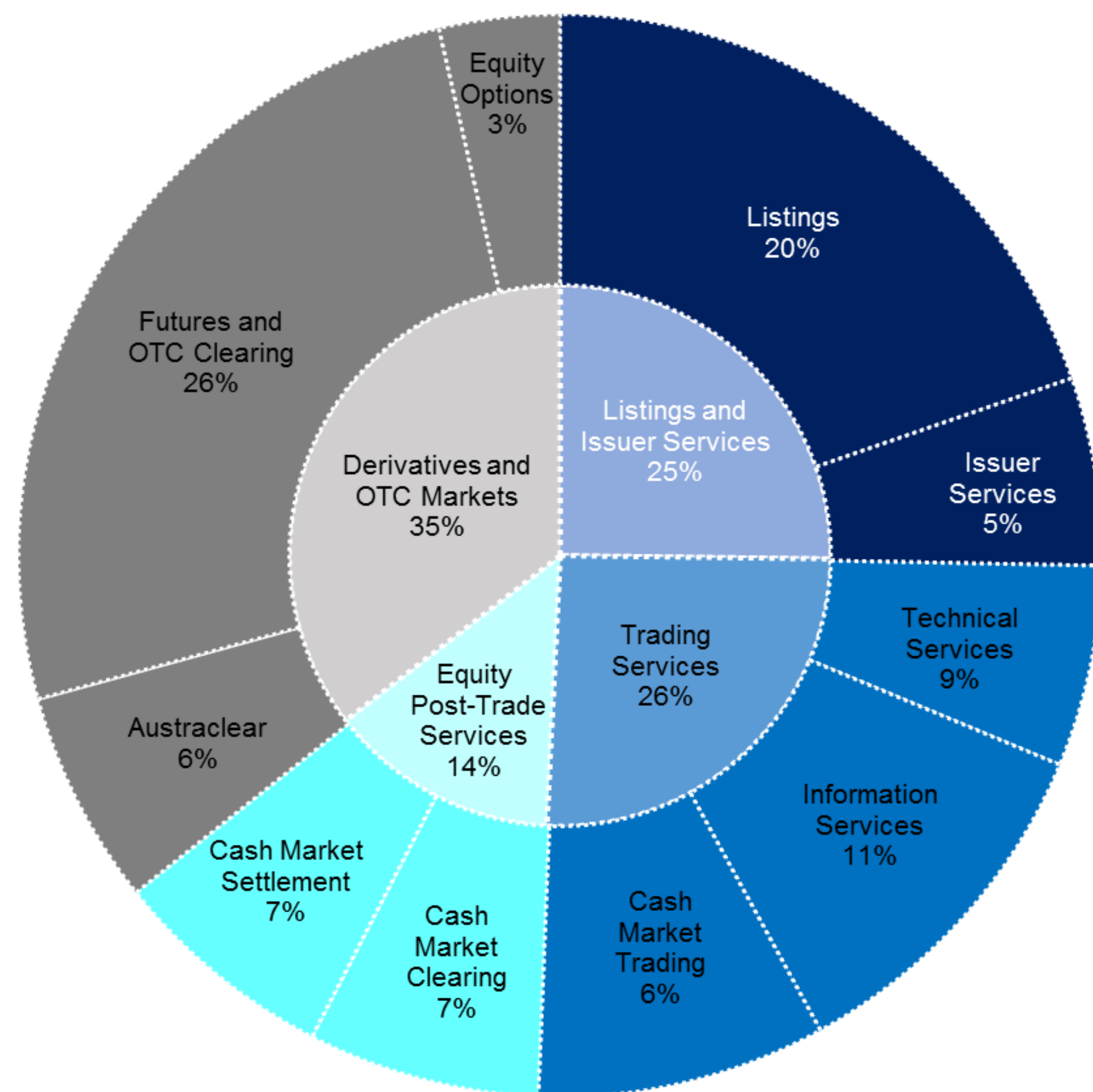
↑ Equity Post-Trade Services

- Revenue \$78.2 million, up 2.8%
- Increased volume and use of settlement services



Revenue composition – March 2017 YTD

Attractive and diversified business model



- Domestic leader in all segments, Asian leader in A\$ derivatives
- Derivatives and OTC includes interest rate, equity index, electricity and commodities futures, single stock options and clearing for OTC A\$ interest rate swaps
- Equity sub register holdings of \$1.8 trillion
- Fixed income holdings of \$2.0 trillion
- Cash market trading: 87.7% market share
- Cash market clearing and settlement conducted for entire market

Large mature financial markets and a stable economy

Investable assets	<ul style="list-style-type: none">• One of the top 5 largest pools in the world at \$2.2 trillion and projected to continue to grow strongly
Capital formation	<ul style="list-style-type: none">• 2,224 listed entities• 114 IPOs YTD• 33 foreign listings YTD¹• 34 technology sector listings YTD¹
Equities	<ul style="list-style-type: none">• Market capitalisation of \$1.8 trillion• Among 10 largest in the world and 3rd largest in Asia (on free-float basis)
Derivatives	<ul style="list-style-type: none">• Largest interest rate derivatives market in Asia and top 5 globally• Annual notional turnover \$50 trillion

1. Includes IPOs and backdoor listings

Strong core value proposition



Underlying macro drivers plus ASX initiatives drive growth

	Listings	Trade execution	Clearing and settlement
Core customer value proposition	<ul style="list-style-type: none"> Initial and ongoing access to capital Lower cost of capital Listings integrity Branding 	<ul style="list-style-type: none"> Ongoing liquidity Hedging and risk transfer Market integrity Efficient and timely access Data services 	<ul style="list-style-type: none"> Capital efficiency Risk reduction/netting Operational efficiency Settlement certainty
Macro growth drivers	<ul style="list-style-type: none"> Demand for financial assets Savings system Capital needs 	<ul style="list-style-type: none"> Globalisation of markets Automation of OTC markets 24 hour trading 	<ul style="list-style-type: none"> Regulatory developments Operational efficiency goals Capital efficiency needs
ASX initiatives <ul style="list-style-type: none"> - World-class infrastructure - Outstanding experience - Investment supermarket 	<ul style="list-style-type: none"> Expansion of listing franchise (NZ, tech, offshore) ETF/ETP listings mFund expansion 	<ul style="list-style-type: none"> New futures platform Offshore customer acquisition 20 year bond futures Serial options ASX Benchmarks (BBSW) Centre Point innovation ALC technical solutions 	<ul style="list-style-type: none"> CHES replacement OTC Clearing Futures/OTC cross margining Client clearing ASX Collateral

Progress across all businesses

Listings

- ✓ Expanding listings franchise
- ✓ Success in attracting offshore listings
- ✓ Growing technology listings

Derivatives and OTC Markets

- ✓ New futures trading platform implemented
- ✓ Continued growth in OTC Clearing, increased hours of operation
- ✓ Increased activity from offshore investors and traders

Trading Services

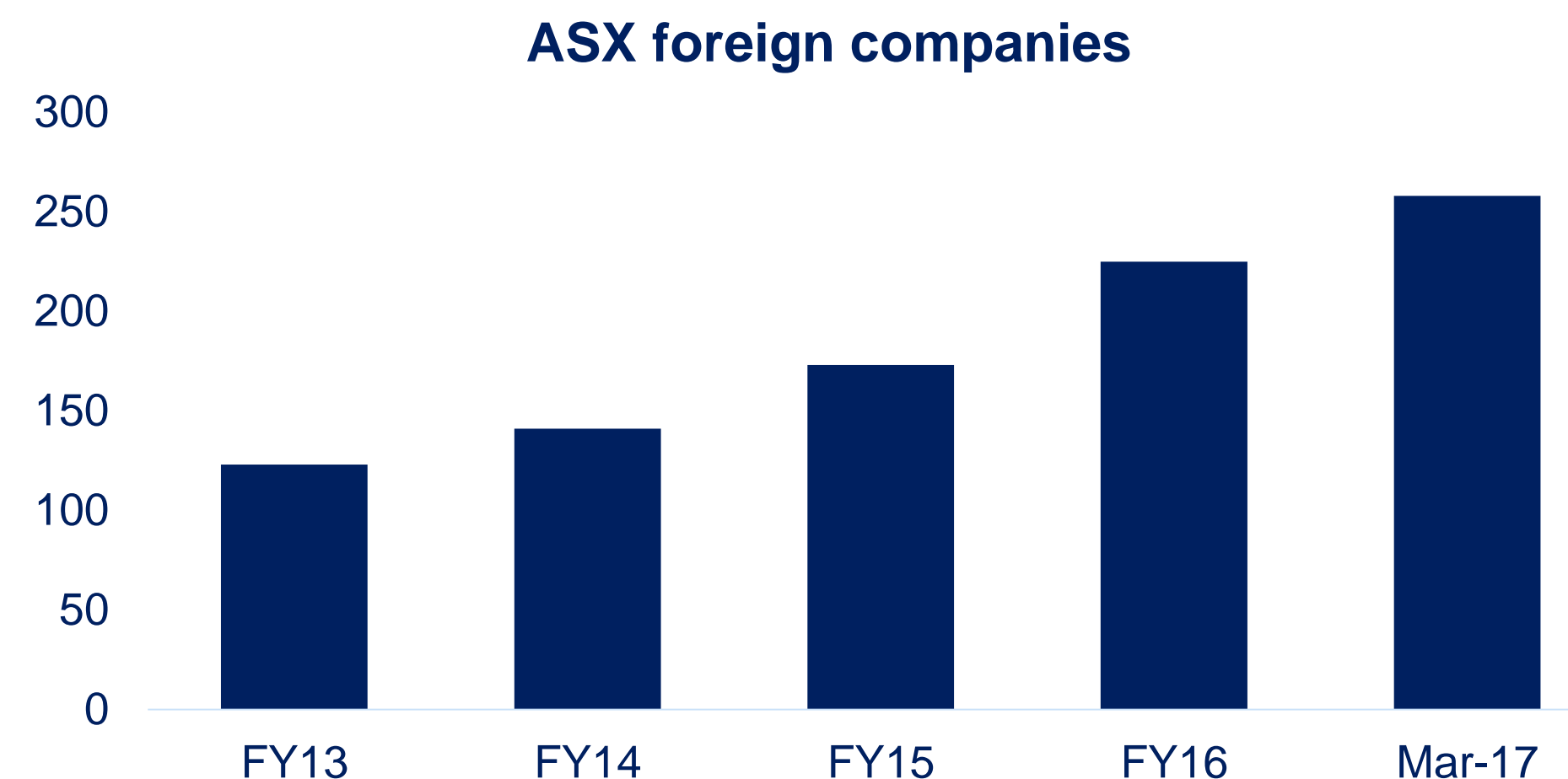
- ✓ Centre Point continues to grow as trading venue of choice
- ✓ Commenced BBSW administration, new methodology from second half 2017
- ✓ Value proposition of ALC driving further users, connections and ASX Net usage

Equity Post-Trade Services

- ✓ Dual focus on CHES replacement program
 - Significant stakeholder consultation
 - Building enterprise grade base-level DLT equity post-trade functionality to assist our decision on next steps late 2017

Success in foreign and technology listings, flat result on record pcg

	Mar 17 YTD	Mar 16 YTD	Var	Var %
Revenue (\$million)	144.7	144.6	0.1	0.1%
Listings	112.6	112.2	0.4	0.3%
Issuer Services	32.1	32.4	(0.3)	(0.7%)
Key drivers				
Number of IPOs	114	93	21	22.6%
IPO capital (\$billion)	11.5	16.9	(5.4)	(31.9%)
Secondary capital (\$billion)	31.8	46.0	(14.2)	(30.9%)
CHES holding statements (million)	10.3	10.7	(0.4)	(3.1%)



Highlights

Revenue \$144.7 million, up 0.1%

- Lower total capital raised offset by higher average fees
- Focus on technology sector and offshore listings including New Zealand, Israel, Ireland and the US
 - 33 foreign listings in YTD March 2017, 258 entities listed at March 2017¹
 - 34 technology sector listings YTD March 2017, 201 entities listed at March 2017¹
- 2,224 listed entities vs 2,203 pcg
- Secondary capital raised \$31.8 billion vs \$46.0 billion pcg (inclusive of large bank raisings in the pcg)
- Exchange-traded products (ETPs) – 203 listed at March 2017 with a market cap of \$27.4 billion

1. Includes IPOs and backdoor listings

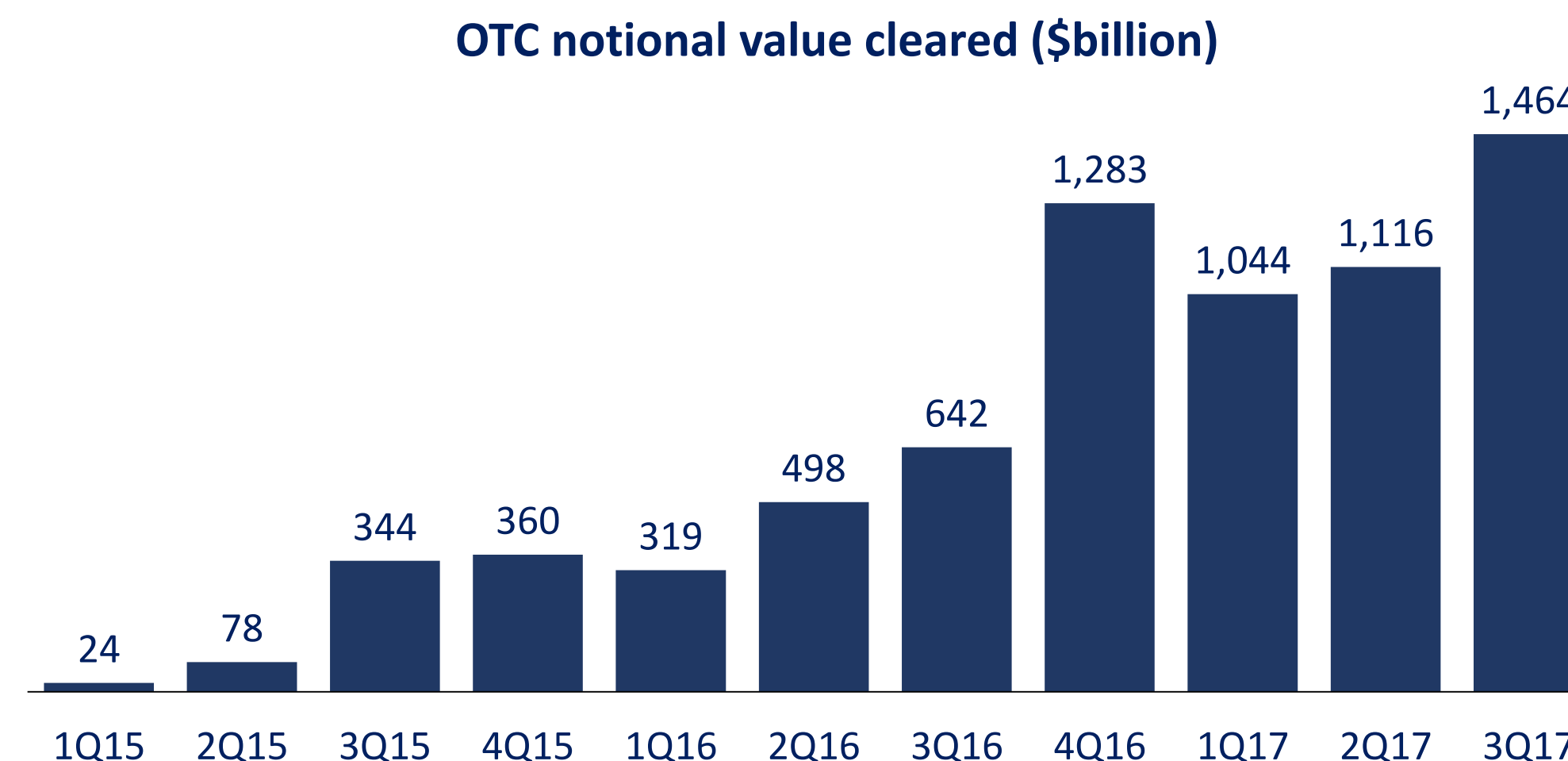
Unaudited result

Operating revenue as per the Group segment reporting

Variance relative to the prior comparative period (Mar 16 YTD pcg) expressed favourable / (unfavourable)

Focus on global distribution and OTC service extension

	Mar 17 YTD	Mar 16 YTD	Var	Var %
Revenue (\$million)	200.2	193.8	6.4	3.3%
Futures and OTC	146.8	140.6	6.2	4.4%
Equity Options	16.1	17.1	(1.0)	(5.9%)
Austraclear and Collateral	37.3	36.1	1.2	3.3%
Key drivers				
Futures volumes (millions)	104.0	98.3	5.7	5.8%
OTC cleared value (\$billion)	3,623.5	1,459.4	2,164.1	148.3%
Equity options volumes (millions)	76.5	75.5	1.0	1.3%



Highlights

Revenue \$200.2 million, up 3.3%

- Higher futures volume and OTC activity
- Mixed activity in 3Q17, March particularly strong, January – February subdued
- 4Q16 saw strong futures activity driven by volatility during that period
- Equity options contracts up 1.3%, revenue impacted by changing product mix
- Austraclear transactions up 1.4%, holdings up 4.3%
- New futures trading platform implemented in March 2017

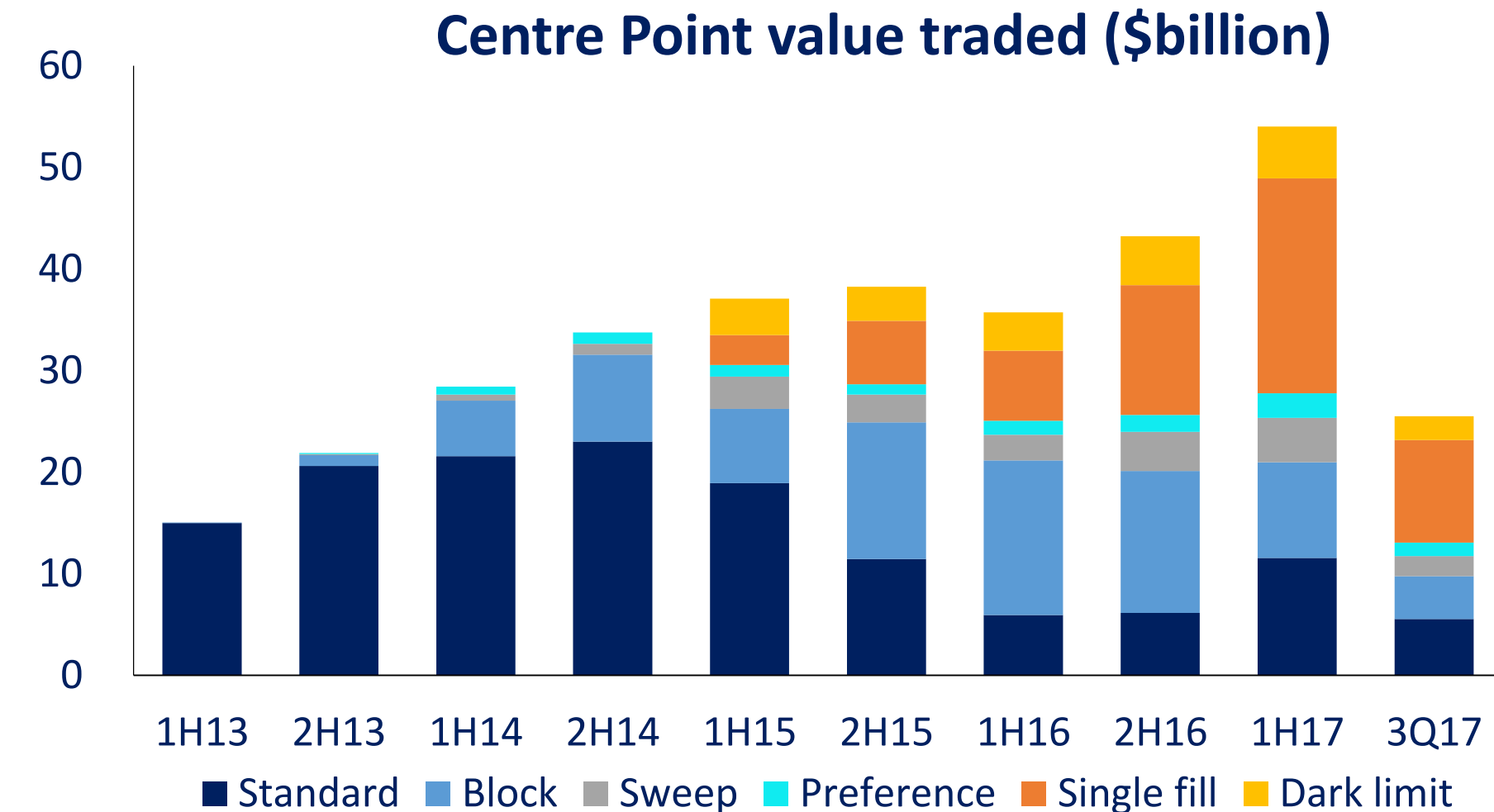
New futures trading platform – implemented March 2017

- Replaced proprietary SYCOM platform originally introduced in the late 1990s
- Approximately 50 ASX participants plus 30 other customers connected:
 - Broad range of global data vendors and software providers
- Significant testing and preparation involving close collaboration with customers:
 - Go-live rehearsals
 - Alignment to technology architecture strategy
 - Recognition of customer engagement throughout the process
- New platform provides customers with richer functionality and technical enhancements including:
 - Real-time platform and user interface monitoring
 - Improved latency
 - Enhanced pre-trade risk management
- Smooth go-live with positive customer feedback received



Continued strong growth in Centre Point

	Mar 17 YTD	Mar 16 YTD	Var \$	Var %
Revenue (\$million)	145.0	136.7	8.3	6.0%
Cash Market Trading	34.4	30.3	4.1	13.4%
Information Services	61.3	60.0	1.3	2.0%
Technical Services	49.3	46.4	2.9	6.4%
Key drivers (\$billion)				
Open trading value	549.7	578.0	(28.3)	(4.9%)
Auctions value	171.9	155.9	16.0	10.3%
Centre Point value	79.5	54.7	24.8	45.3%



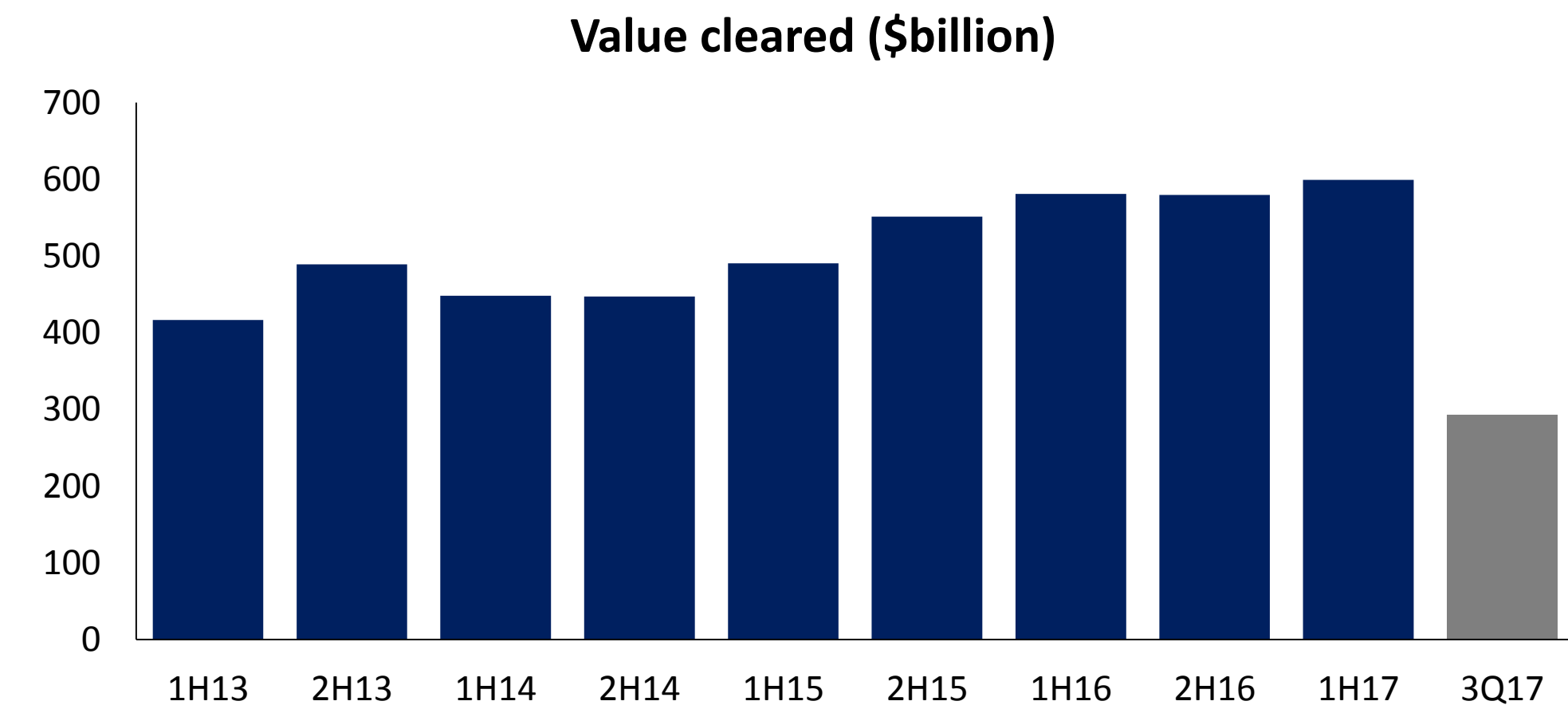
Highlights

Revenue \$145.0 million, up 6.0%

- Daily average ASX on-market value traded \$4.2 billion, up 1.1% on pcp
- Centre Point value traded up 45.3% on pcp, represents 10% of ASX on-market value traded
 - Increased utilisation of advanced order types including:
 - Block – users define a minimum acceptable quantity (MAQ)
 - Single fill - orders executed only where the MAQ is filled by a single opposing order
 - Sweep – in one transaction, seamlessly interact with dark liquidity in ASX Centre Point and lit liquidity in ASX TradeMatch
- Auctions value traded up 10.3% on pcp, represents 22% of ASX on-market value traded
- On-market trading market share 87.7% vs 88.7% pcp

Growth in value cleared and settlement messages

	Mar 17 YTD	Mar 16 YTD	Var	Var %
Revenue (\$million)	78.2	76.0	2.2	2.8%
Cash Market Clearing	39.7	40.4	(0.7)	(2.0%)
Cash Market Settlement	38.5	35.6	2.9	8.4%
Key drivers				
On-market value cleared (\$billion)	856.3	830.4	25.9	3.1%
Dominant settlement messages (million)	13.6	12.7	0.9	6.3%
Average trades per day (million)	1.02	0.90	0.12	13.8%



Highlights

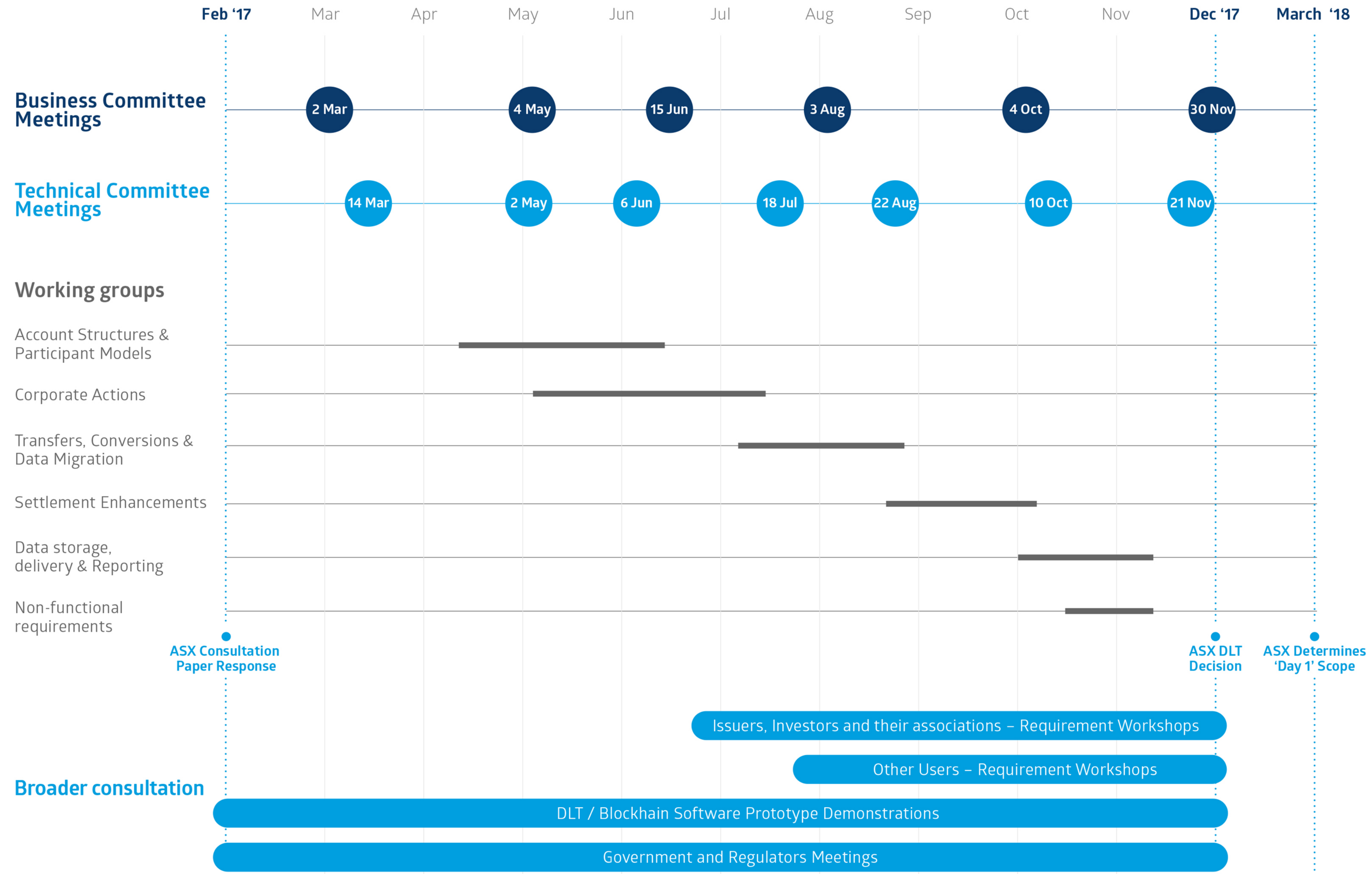
Revenue \$78.2 million, up 2.8%

- Value cleared up 3.1% on pcp
- Dominant settlement messages up 6.3% on pcp
- CHES replacement – distributed ledger technology project progress on track – decision late 2017
 - Stakeholder consultation and prioritisation of business requirements continue
 - Summary of consultation papers and ASX response released in Feb 2017
 - Working groups to discuss, elicit and capture stakeholder requirements will run from May to Dec 2017
 - ISO20022 messaging Technical Committee formed with engagement via meetings and webinars

CHES replacement



Significant stakeholder engagement on business requirements



Expenses - 9 months to 31 March 2017



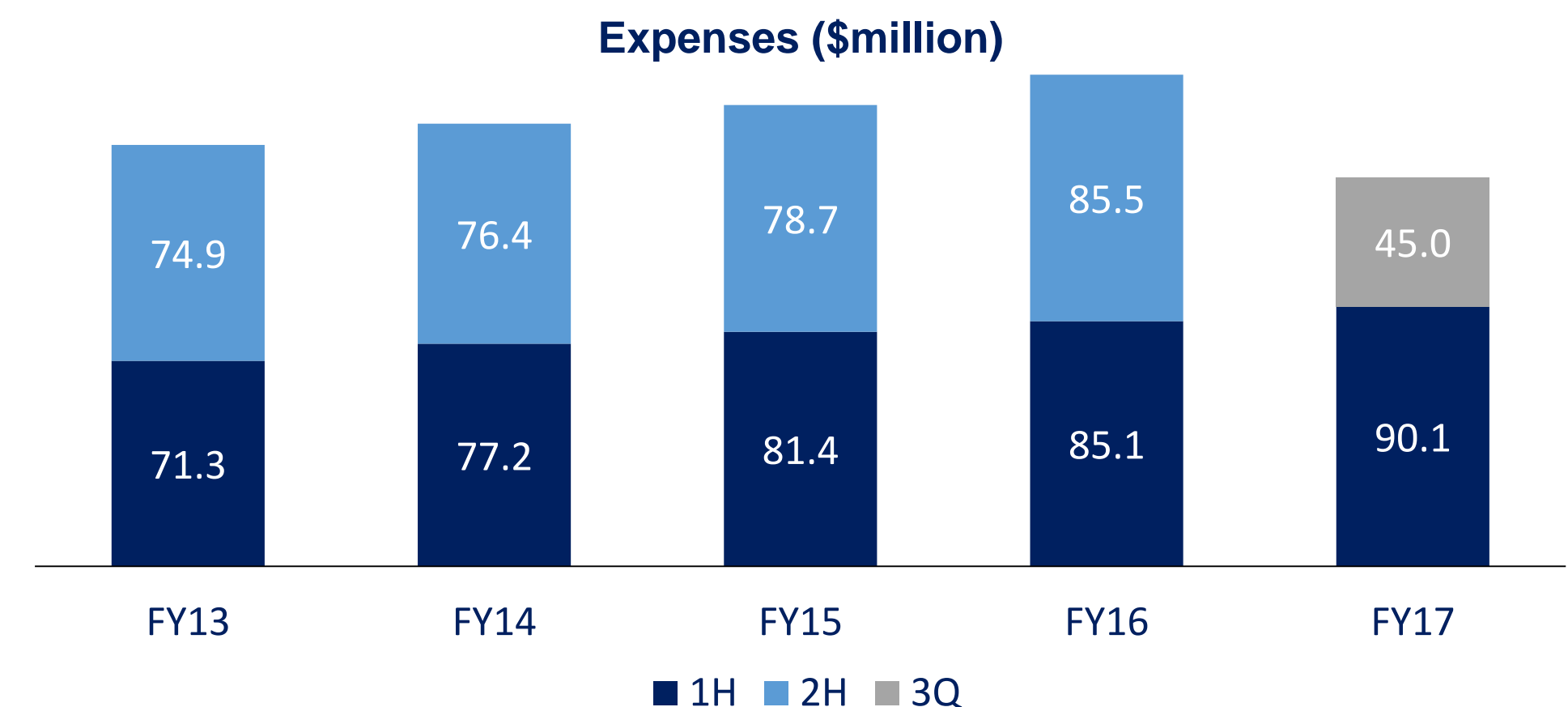
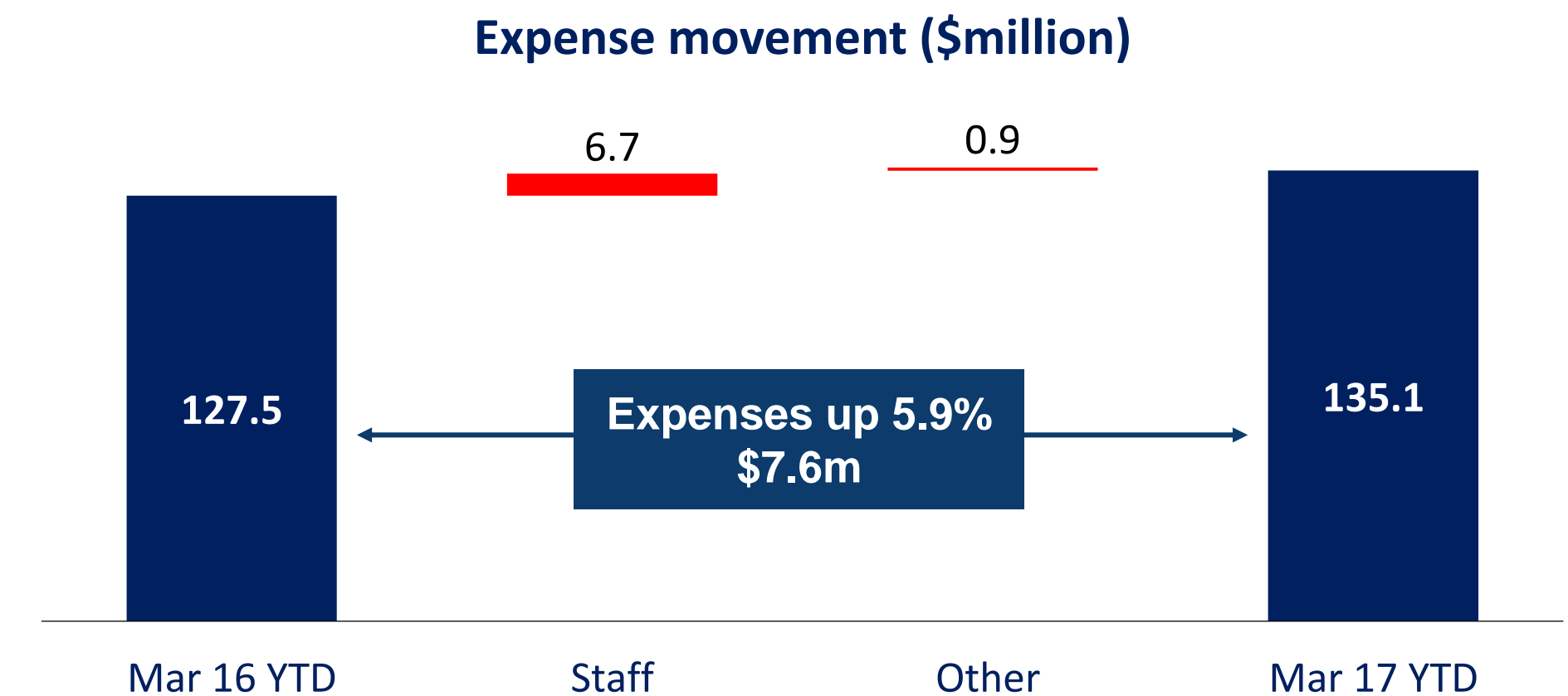
In line with guidance

Highlights

Operating expenses up 5.9%

Higher investment in staff to support customer and growth-related initiatives

- Staff costs up 8.8%
 - Average headcount up 4.9% to 556 FTEs
 - Increase focused on business development and technology
- Other costs up 1.7%
 - Higher equipment costs supporting new technology platforms
- FY17 guidance 6.0% increase (unchanged)

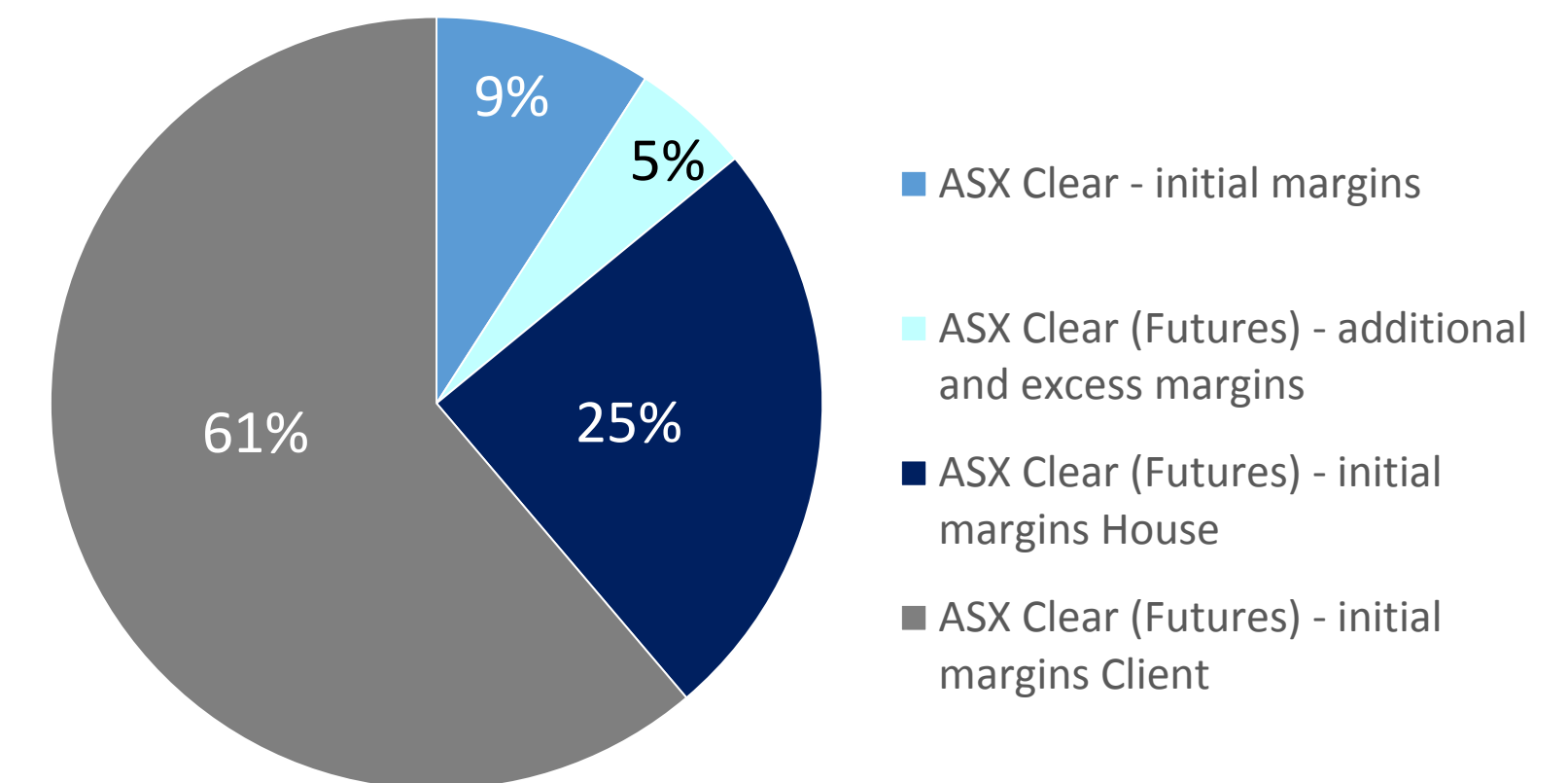


Unaudited result
 Operating expenses as per the Group segment reporting
 Variance relative to the prior comparative period (March 16 YTD pcp) expressed favourable / (unfavourable)

Growth in margins driving net interest income

\$million	Mar 17 YTD	Mar 16 YTD	Var \$	Var %
ASX Group net interest income	13.8	17.1	(3.3)	(19.5%)
Net interest earned on collateral balances	34.6	26.5	8.1	30.9%
Total net interest income	48.4	43.6	4.8	11.0%
Dividend income	14.0	13.1	0.9	6.1%
Interest and dividend income	62.4	56.7	5.7	9.9%

Margins held on balance sheet March 2017
(total \$6.5 billion)



Highlights

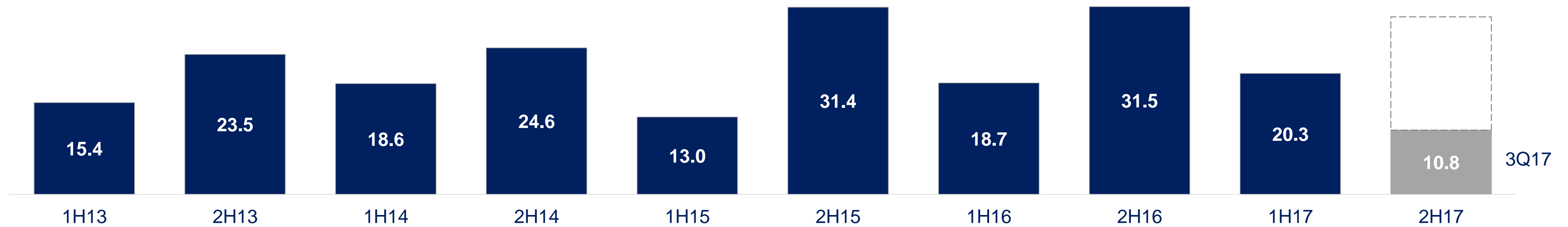
- ASX Group net interest income down 19.5% due to lower interest rates
- Net interest on collateral balances up 30.9%
 - Average collateral and commitment balances up 30.5% to \$5.8 billion from \$4.4 billion pcp
 - Balance growth in 3Q17 from increased futures positions
 - Investment spread 38 bps YTD (40 bps pcp)
- Investment spread for FY17 expected to be approximately 35 bps

Capital expenditure



Continued investment in line with guidance

Capital expenditure (\$millions)



Highlights

- March 2017 YTD capital expenditure \$31.1 million
- Successful go-live of futures trading platform in March 2017
- Inclusive of DLT development for potential CHES replacement
- Future focus on upgrading post-trade platforms and further service enhancements
- FY17 guidance approximately \$50 million (unchanged)

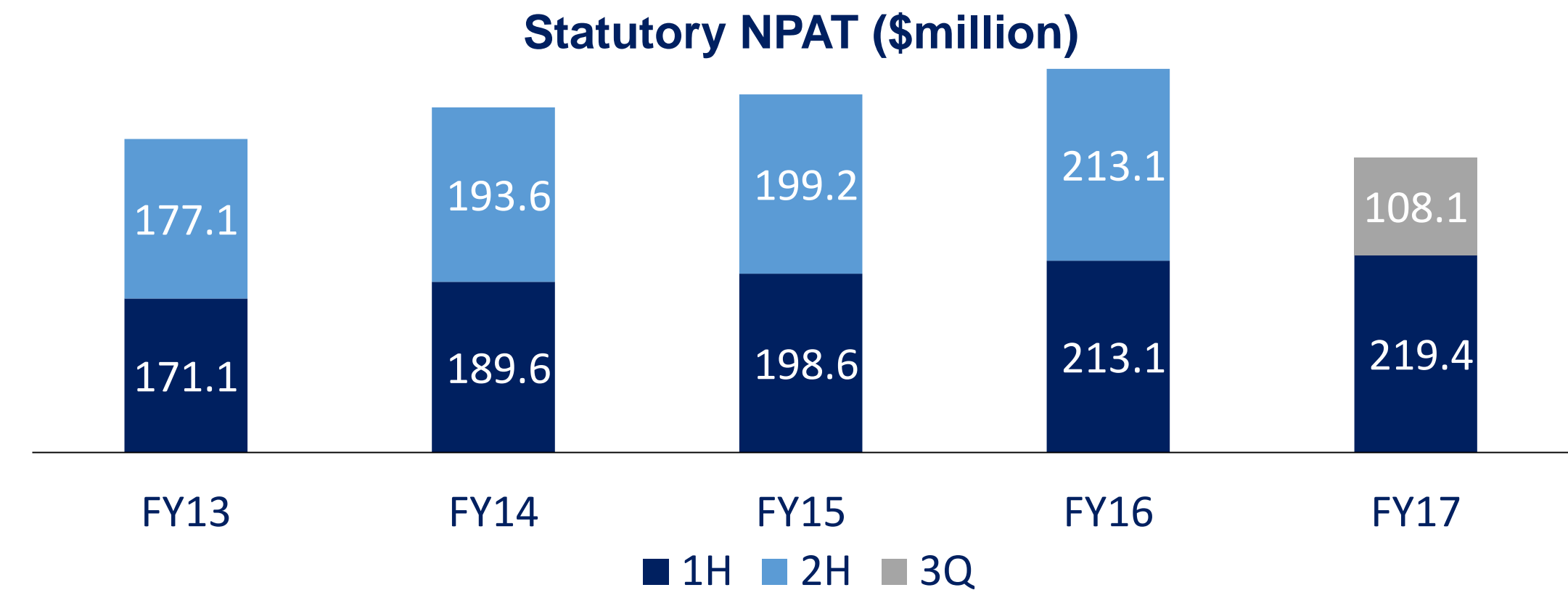
Summary and outlook



Solid result, initiatives gaining traction

Highlights

- March 17 YTD NPAT \$327.5 million, up 3.2% on pcp
- Five year NPAT CAGR 3.9% (FY11-16)
- Strong balance sheet underpinned by AA- long-term S&P credit rating



Outlook

- Global uncertainty continuing with pockets of volatility, however VIX below long-term averages
- ASX's investment in technology and new services gaining traction, further service developments underway including OTC client clearing
- 4Q17 will be impacted by level of volatility, noting 4Q16 was particularly volatile with high levels of market activity
- Consultation with stakeholders on CHES replacement continuing
- Distributed ledger technology decision expected late 2017, enterprise-grade functionality development on track



Q & A

Thank you.



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