

Half-Year 2015 Results Presentation

ASX Limited



Elmer Funke Kupper, Managing Director and CEO

March 2015

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Financial Results 1H15

Revenues
\$348.7m
5.9%

Expenses
\$81.4m
(5.4%)

EBITDA
\$267.3m
6.0%

Net profit
\$198.6m
4.7%

EPS
102.7c
4.5%

DPS
92.3c
4.6%

- **Profit after tax \$198.6m, up 4.7%**
 - EBITDA up 6.0% driven by revenue growth
- **Revenues \$348.7m, up 5.9%**
 - Growth in all major revenue categories over pcp
 - Initial impact from fee reductions in electricity and interest rate futures \$4.6 million
- **Expenses \$81.4m, up 5.4%**
 - FY15 underlying expense growth (excluding one-off charge) expected to be approximately 4%
 - One-off restructuring charge of approximately \$6.5 million expected in 2H15 to support technology program
- **Capital expenditure \$13.0m**
 - FY15 capital expenditure guidance unchanged: \$40-45 million
 - Forward capital expenditure guidance \$40-50 million per annum, including technology investment program
- **Significant investment in positioning ASX in changing financial market environment**
 - Focus on growth in new services launched in last two years: OTC clearing
 - Improved alignment with customers: fee reductions, customer forums, investment in Yieldbroker
 - Forward program to upgrade IT platforms: trading systems to be replaced in next 18-24 months

Income Statement

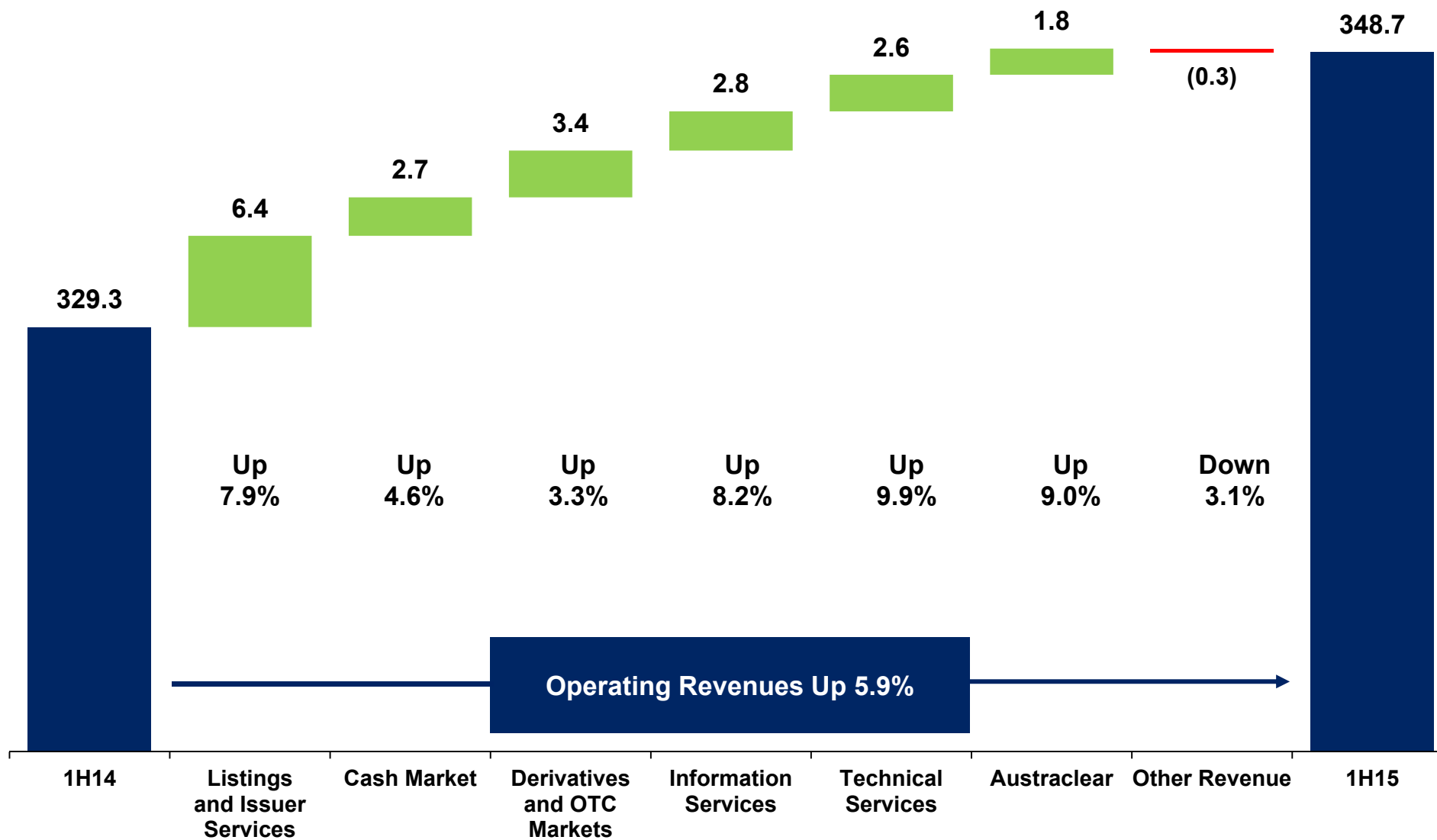
	1H15 \$ Million	1H14 \$ Million	% Variance
Operating Revenues	348.7	329.3	5.9%
Operating Expenses	81.4	77.2	(5.4%)
EBITDA	267.3	252.1	6.0%
Depreciation and Amortisation	18.6	16.3	(14.0%)
EBIT	248.7	235.8	5.5%
Interest and Dividend	34.4	34.2	0.3%
Profit Before Tax	283.1	270.0	4.8%
Income Tax Expense	(84.5)	(80.4)	(5.0%)
Profit After Tax	198.6	189.6	4.7%
EBITDA Margin	76.6%	76.5%	

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

Revenue Performance

	1H15 \$ Million	1H14 \$ Million	% Variance to PCP
Listings and Issuer Services	87.9	81.5	7.9%
Cash Market	61.9	59.2	4.6%
Derivatives and OTC Markets	103.2	99.8	3.3%
Information Services	36.7	33.9	8.2%
Technical Services	28.8	26.2	9.9%
Austraclear	22.3	20.5	9.0%
Other Revenue	7.9	8.2	(3.1%)
Operating Revenues	348.7	329.3	5.9%

Revenue Movement (\$M)



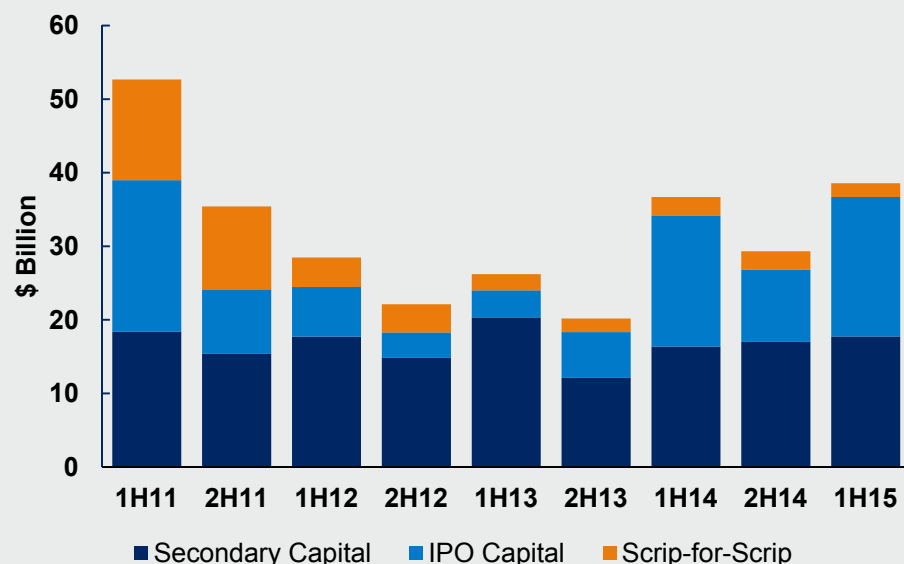
Listings and Issuer Services

Highlights

Revenue \$87.9 million, up 7.9%

- Higher annual listing fees and issuer services revenue
- 71 IPOs (69 pc), IPO capital \$19.0 billion, up 6.4%
- Secondary capital \$19.6 billion, up 3.8%
- Number of holding statements up 4.4% on pc

Total Capital Raised



Areas of Focus

Listings and Issuer Services

- Growth in ETFs – 104 ETFs listed totalling \$15 billion
- Focus on technology and New Zealand listings
- Review of ASX listing requirements
- ‘ASX Evolve’ program for listed entities – equity research scheme, improved online company information

Investment Supermarket

- Corporate bonds
- International equities
- Managed funds

Distribution/Market Efficiency

- Managed fund service (mFund) launched May 2014
- At the end of December, 22 fund managers offered 75 funds via 10 ASX brokers

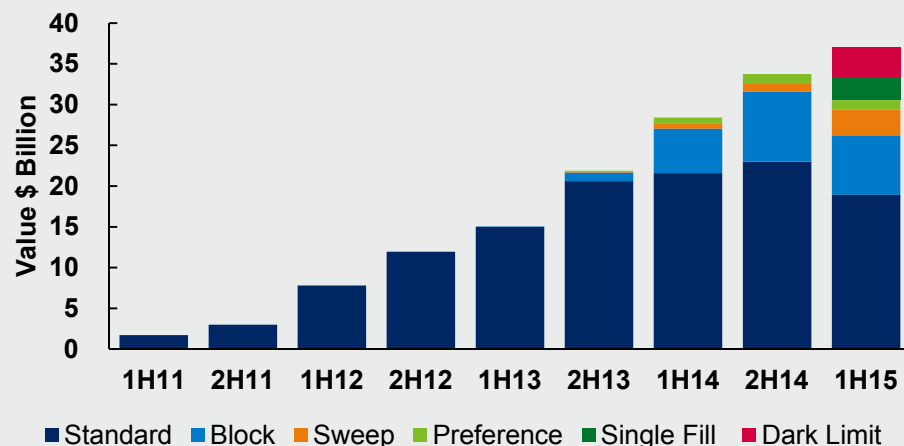
Cash Market

Highlights

Revenue \$61.9 million, up 4.6%

- Trading \$17.4 million, up 5.1%, Clearing \$23.0 million, up 6.2% and Settlement \$21.5 million, up 2.5%
- Total on-market value traded per day up 10.1%; ASX on-market trading up 8.9%
- Revenue sharing scheme accrual \$2.2 million

Centre Point Value Traded



Areas of Focus

Trading

- Increased use of ASX auctions, 20.1% of ASX on-market value
- Centre Point 8.1% of ASX on-market value
- On-market trading market share 90% (91% pcp)
- Technology program will replace trading platform in CY16

Clearing and Settlement

- 'Cover 2' capital standard for equities clearing house, AA- long-term credit rating from S&P
- Customer engagement under the Code of Practice including transition to T+2 in 2016 and replacement of CHES in the medium-term
- Government review of market structure for clearing. Continuation of current model would provide market and investment certainty

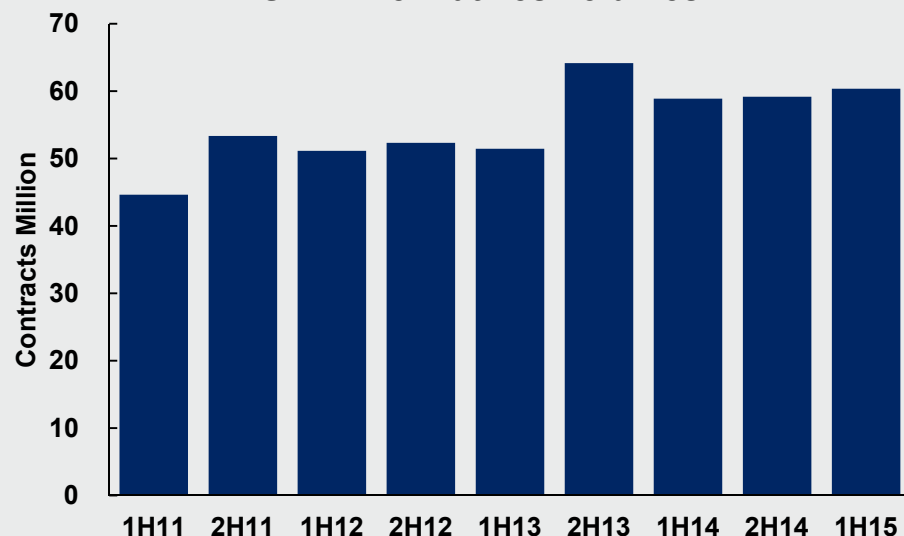
Derivatives and OTC Markets

Highlights

Revenue \$103.2 million, up 3.3%

- ASX 24 derivatives \$90.4 million, up 0.6%
 - Contracts traded up 2.5%
 - Higher rebates and fee cuts
- ASX derivatives \$12.8 million, up 27.1%
 - Contracts traded up 1.8%
 - Product mix change
 - One-off rebate accrual in 1H14¹

ASX 24 Derivatives Volumes



Areas of Focus

Product Development

- ETOs – continued focus on education and marketing
- Energy – launch of gas futures CY15
- Deliverable Swap Futures regulatory approval

Regulatory Standards

- ‘Cover 2’ capital standard, AA- long-term credit rating from S&P
- CFTC no-action relief, ESMA transitional relief

Clearing and Risk Management Services

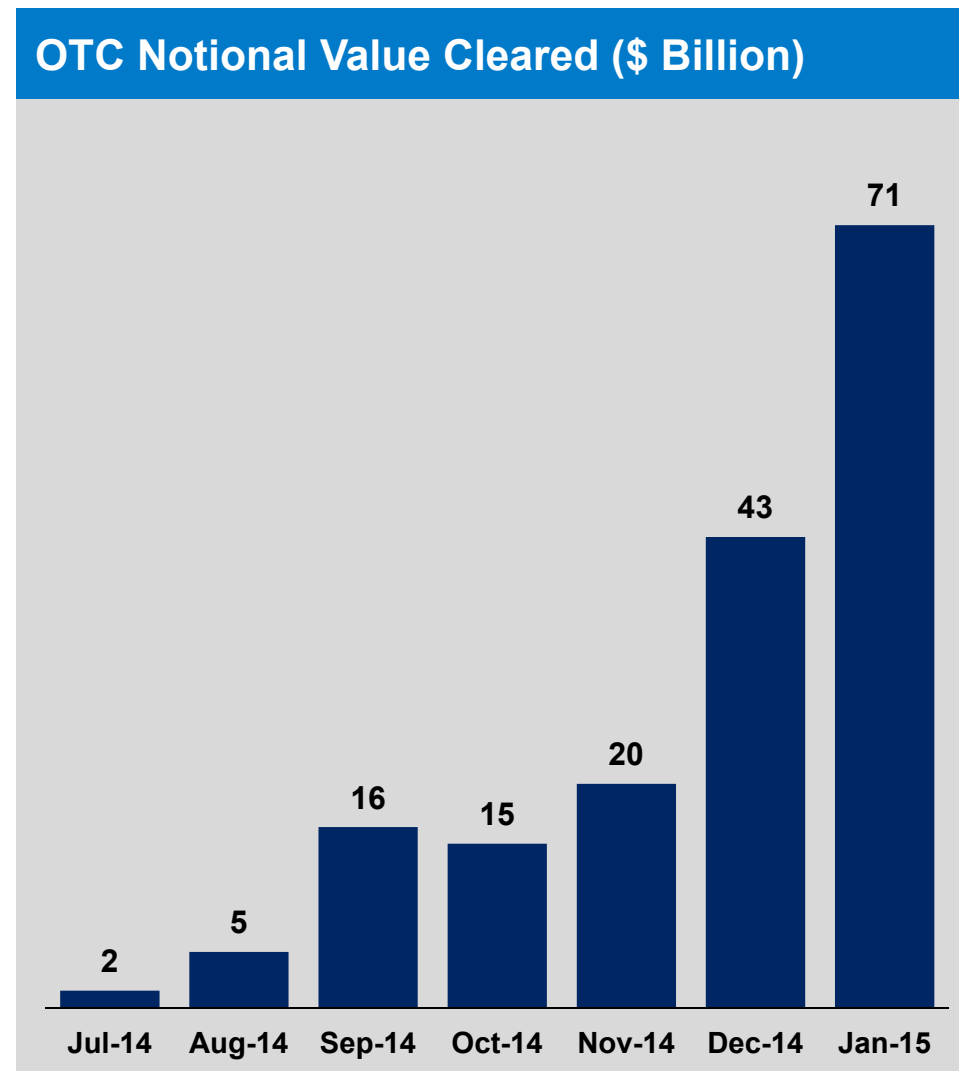
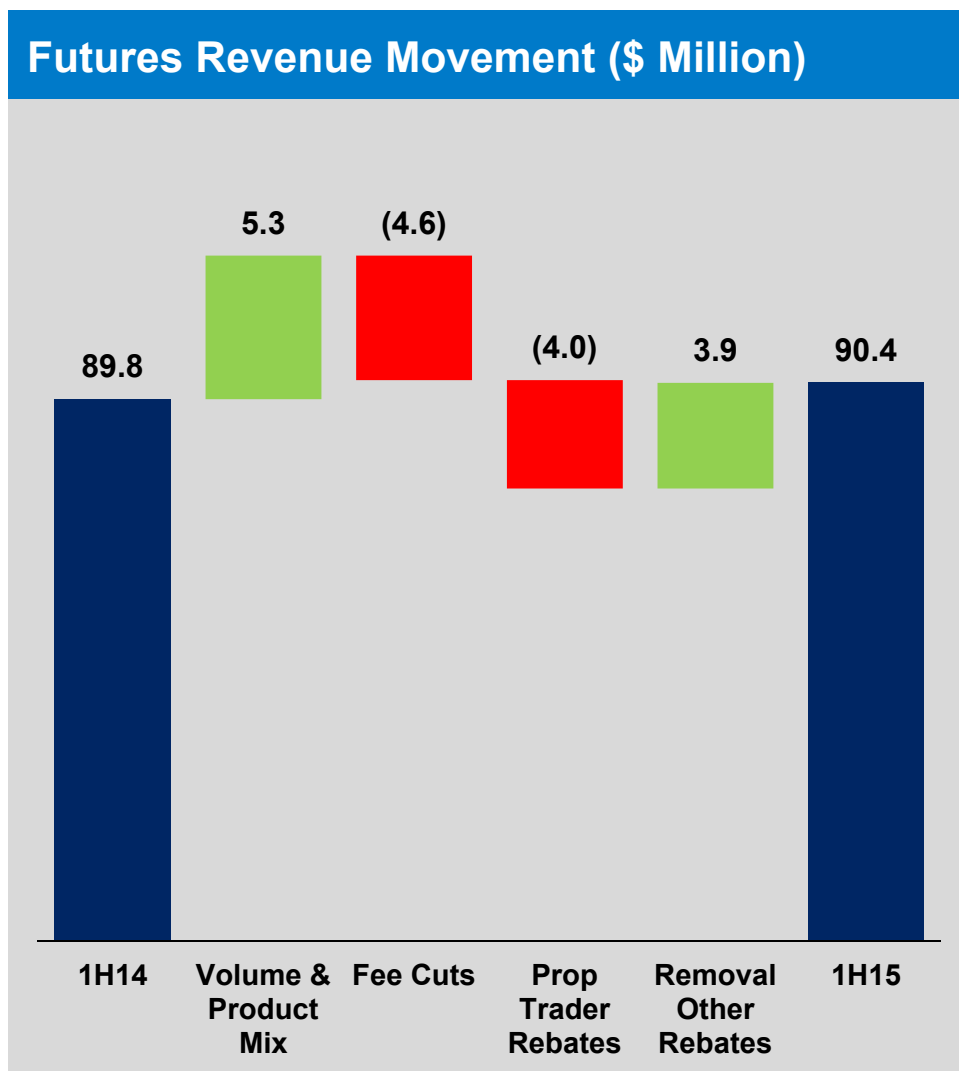
- Pick-up in OTC activity in recent months
- Futures client clearing commenced

Customer Alignment

- Client forums established for all asset classes
- Fee cuts and rebate changes for electricity, grains, interest rate futures and OTC clearing – 1H15 impact \$4.6 million; ongoing impact \$17 million pa
- Acquired 49% shareholding in Yieldbroker for \$65 million

¹Excluding this one-off impact, revenue grew by 10.6%

ASX 24 Revenue and OTC Clearing Growth



Information and Technical Services

Highlights

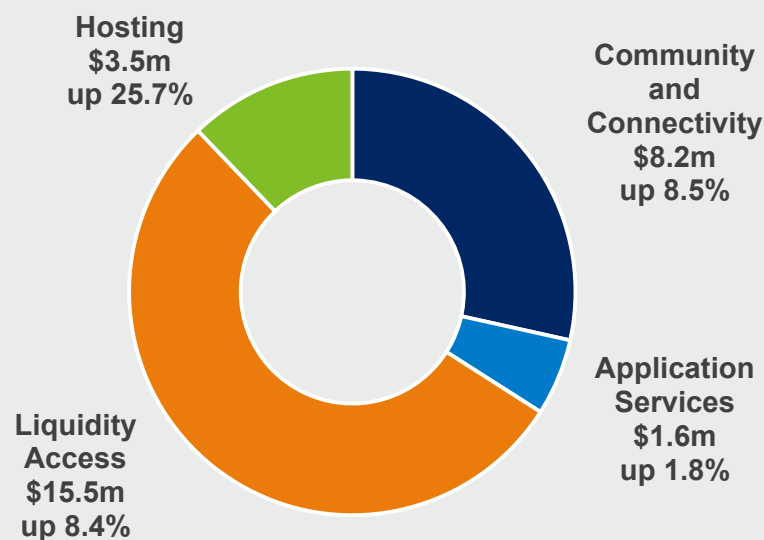
Information Services \$36.7 million, up 8.2%

- Pricing changes implemented 1 July 2014

Technical Services \$28.8 million, up 9.9%

- Hosting: 179 cabinets (133 pc), 93 customers (82 pc)
- Community and Connectivity: 26% increase in ALC service connections

Revenue Mix Technical Services



Areas of Focus

Information Services

- Alignment to changing user profiles

Technical Services

- Established new global hub site in CME's Aurora Data Centre in Chicago; adds to linkages to Singapore and London
- Continued sales growth in data centre services including non-trading application hosting
- Enhanced ASX 24 real-time price information (ITCH)

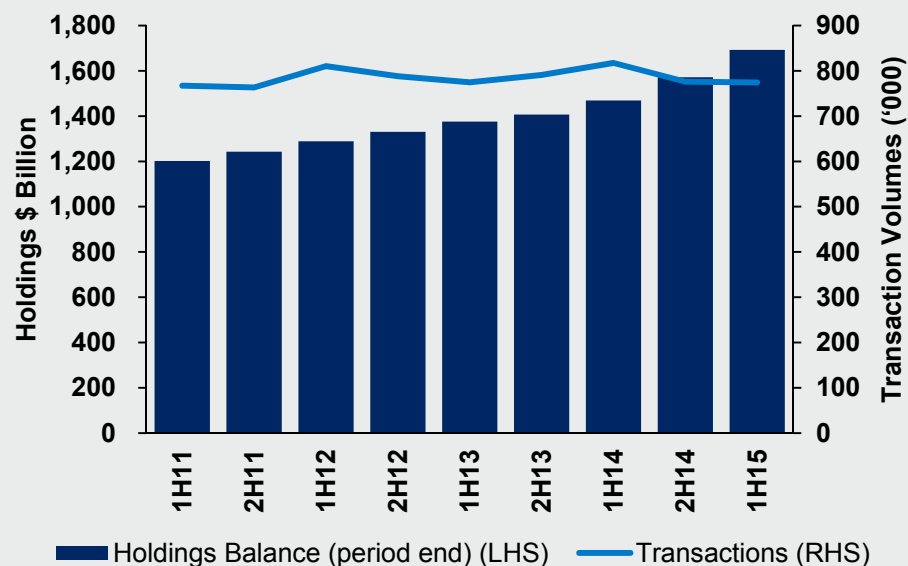
Austraclear

Highlights

Revenue \$22.3 million, up 9.0%

- Transaction volumes down 5.3%
- Average balances up 12.9% to \$1.6 trillion
- Number of debt issuances up 9.5%

Holdings and Transaction Levels



Areas of Focus

Renminbi Settlement Service

- Launched July 2014
- Provides real-time RMB settlement facility
- Bank of China appointed RMB clearing bank
- Cooperation agreement between ASX and Bank of China to increase role of RMB in financial markets

ASX Collateral Service

- Reduces collateral costs for ASX clients by utilising fixed income securities within Austraclear
- Utilised in repo market with approximately \$3 billion collateral under management at 6 February 2015
- Expansion of service to include equities held in CHESS

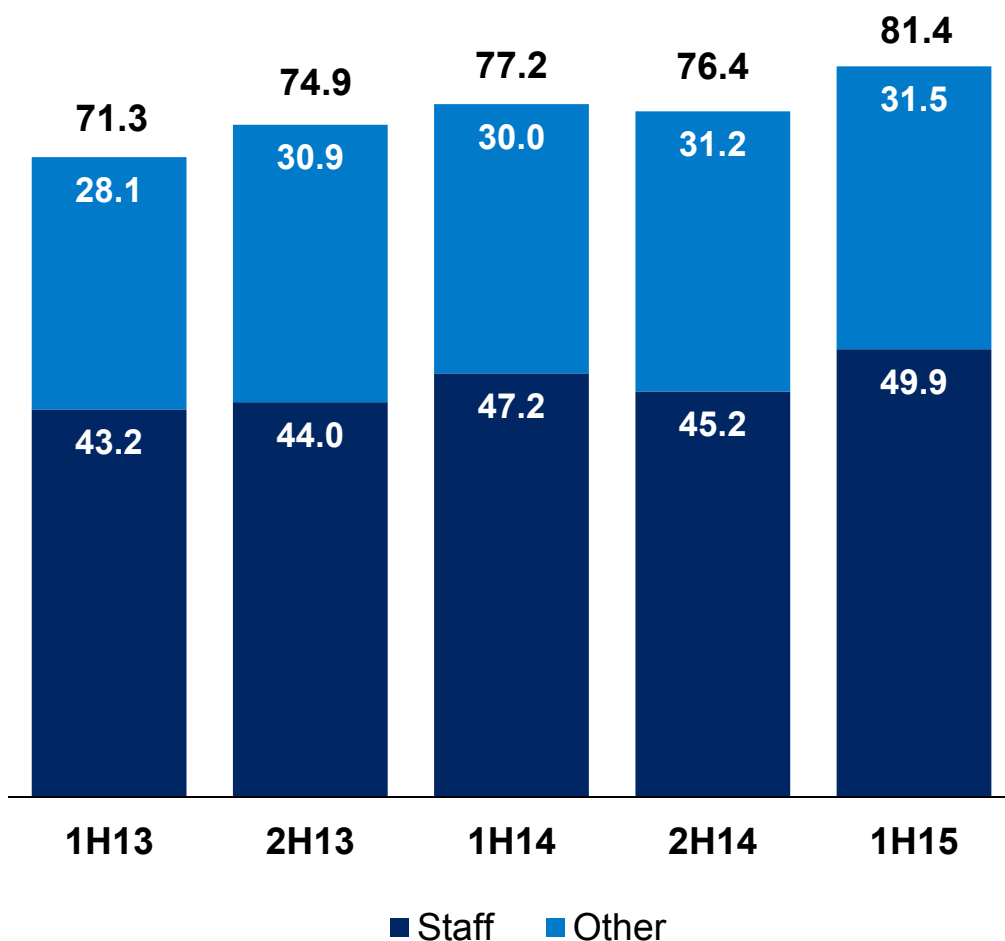
Interest and Dividend Income

	1H15 \$ Million	1H14 \$ Million	% Variance
ASX Group Net Interest Income	14.9	14.5	2.7%
Net Interest Earned on Collateral Balances	14.6	16.4	(11.3%)
Total Net Interest Income	29.5	30.9	(4.7%)
Dividend Income	4.9	3.3	46.5%
Interest and Dividend Income	34.4	34.2	0.3%

Highlights

- Total net interest income down 4.7%
- ASX Group net interest income up 2.7% from higher cash balances
- Net interest on collateral balances down 11.3%
 - Collateral balances average \$3.8 billion, versus \$4.0 billion pcp
 - Investment spread 40 bps (44 bps pcp)
- IRESS dividend up 46.5%
 - Shareholding 19.3%

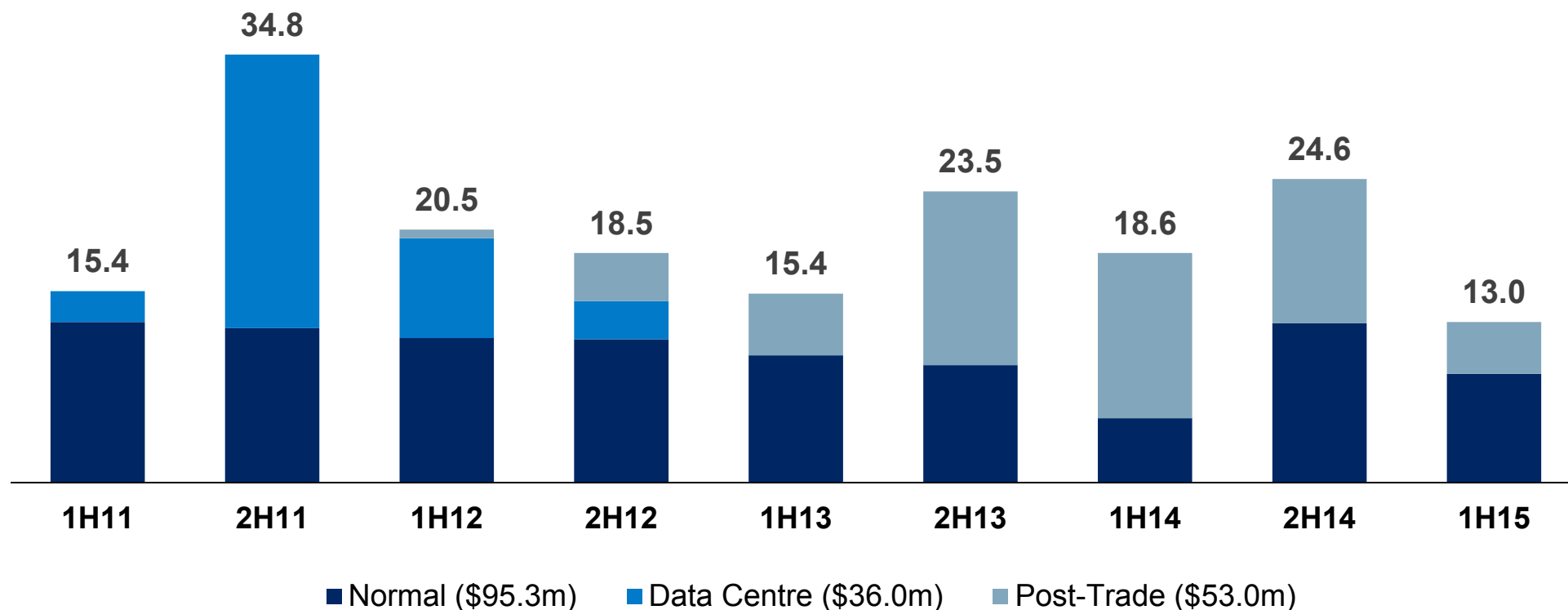
Expenses (\$M)



Highlights

- Total expenses up 5.4%
 - Staff costs up 5.6%. Average headcount down 1.1% to 526 FTEs. Salary increases and lower staff capitalisation
 - Other costs up 5.1%.
- Guidance FY15 operating expenses: approximately 4% increase (underlying)
- One-off restructuring charge expected in 2H15 of approximately \$6.5 million pre-tax

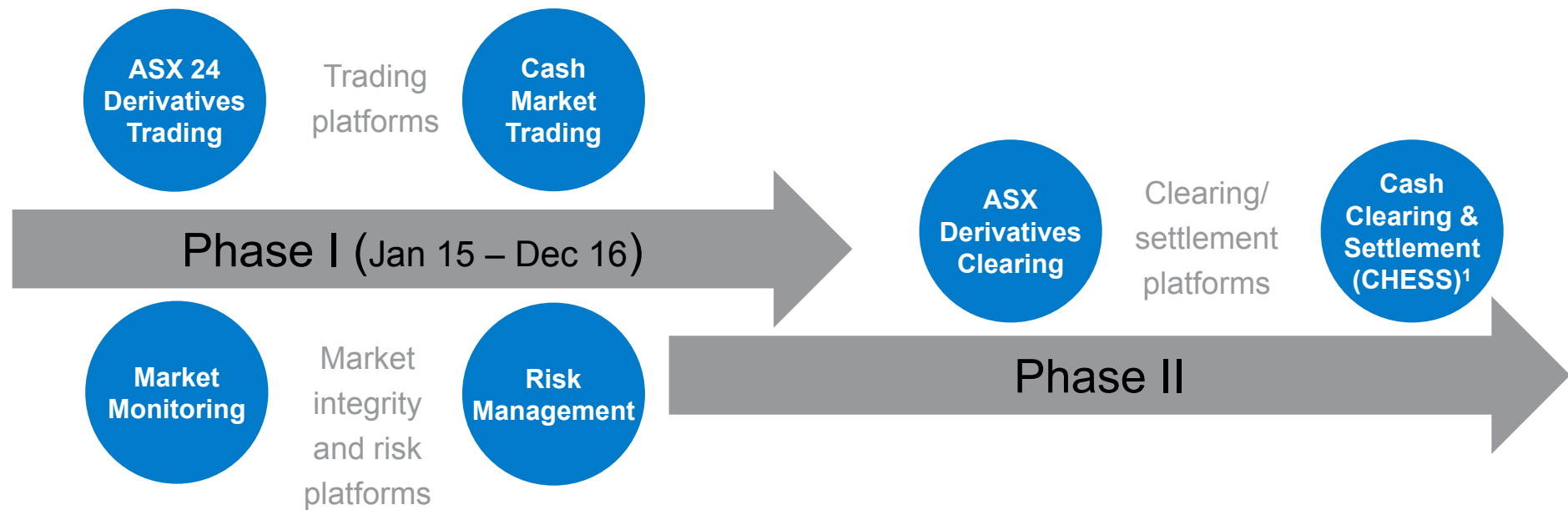
Capital Expenditure (\$M)



Highlights

- Average total capital expenditure since 2011: \$41 million per annum
- Guidance FY15 capital expenditure unchanged: \$40-45 million
- Guidance FY16: \$40-50 million inclusive of technology transformation program

Technology Transformation



Delivery Capabilities

- Backed by delivery track record (Data centre, OTC Clearing and ASX Collateral)
- Supported by global vendors with world-class technologies
- Phased approach and deep client engagement

Capital Expenditure

- Managed within Group capex envelope of \$40-50 million pa
- Phase I capex up to \$35 million over two years

¹Decision expected in FY16 once there is clarity on clearing market structure

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World class

Globally connected

Internationally competitive

Customer driven



ASX