



9 June 2016

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ASX GROUP – INVESTOR PRESENTATION

Attached is a copy of an investor presentation to be delivered by ASX's Deputy CEO at the Sandler O'Neill Global Exchange and Brokerage Conference in New York City on 9 June 2016 (US time).

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Investor Presentation

ASX Group
Peter Hiom

June 2016



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ASX Group

Global leader in A\$ and NZ\$

Strong businesses anchored in attractive financial market

- Strong market fundamentals
- Diversified business, multi-asset class and vertically integrated exchange
- World-class regulations – trading, clearing, financial market infrastructure supporting end investors
- Strong financial position: AA- credit rating from Standard & Poor's

Positive financial performance for 9 months to 31 March 2016

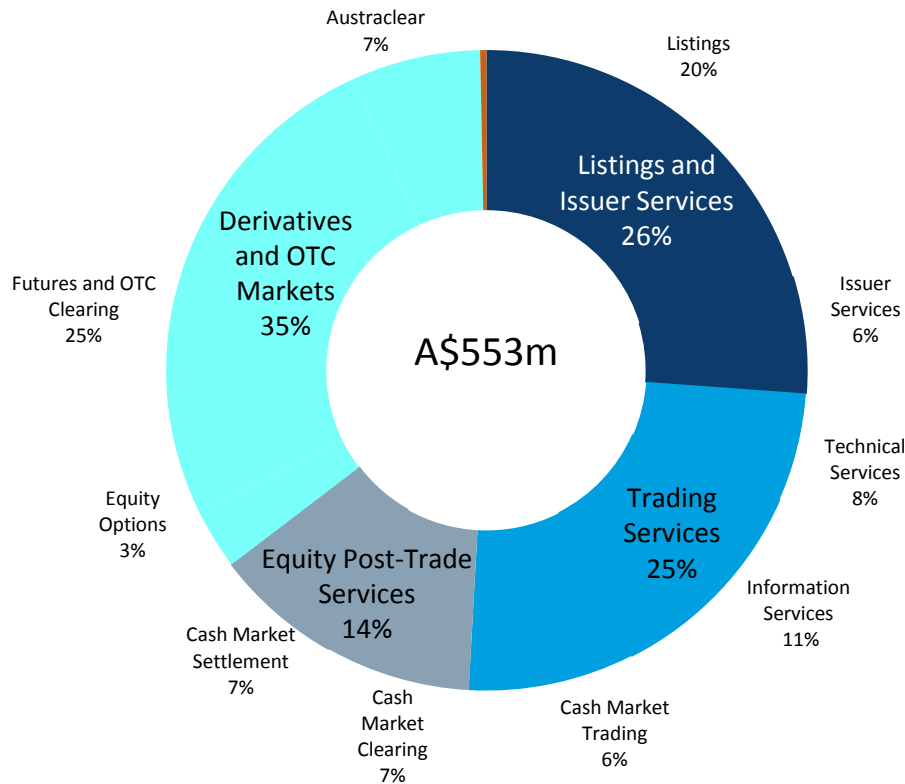
- Underlying profit after tax A\$317.4 million, up 5.9%
- Revenue growth 7.0%, supported by robust trading activity

Investment in strategic positioning

- Implementation of strategy and initiatives broadly on track
- Technology transformation underway: new trading platform for futures and equities 2016/17
- Assessment of distributed ledger technology advancing

Attractive and Diversified Business Model

YTD Mar 2016 ASX Revenues



Australian Financial Markets Position

- Largest pool of investable funds in Asia, 7th in the world
- 3rd largest equity market in Asia, 9th in the world
- Over 2,200 listed entities, market cap \$1.6 trillion
- Largest interest rate derivatives market in Asia, 4th largest globally, A\$48 trillion notional value

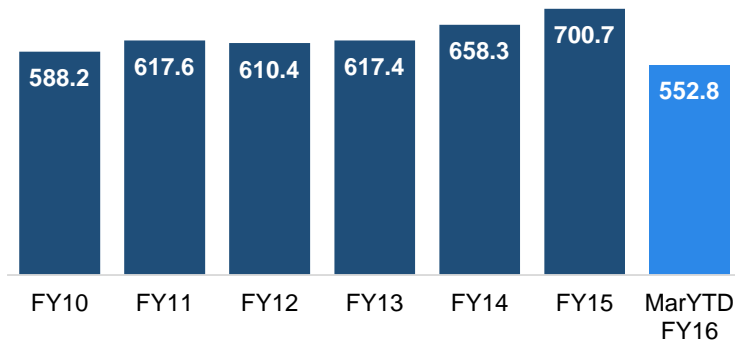
ASX Position

- 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
- Depositories (equities and fixed income) hold A\$3.4 trillion
- Cash market trading: 89% market share
- Cash market clearing and settlement conducted for entire market

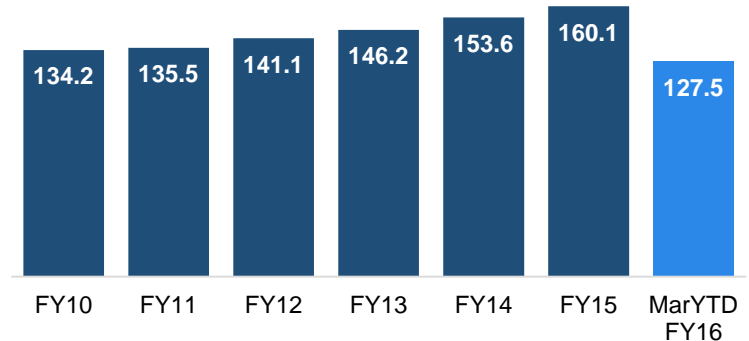
Solid Performance with growth in earnings

Dividend payout ratio 90% over the period

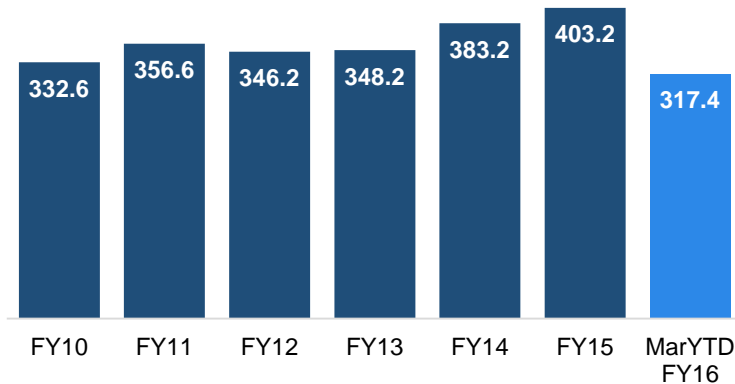
Revenues A\$m
FY10 to FY15 CAGR 3.6%



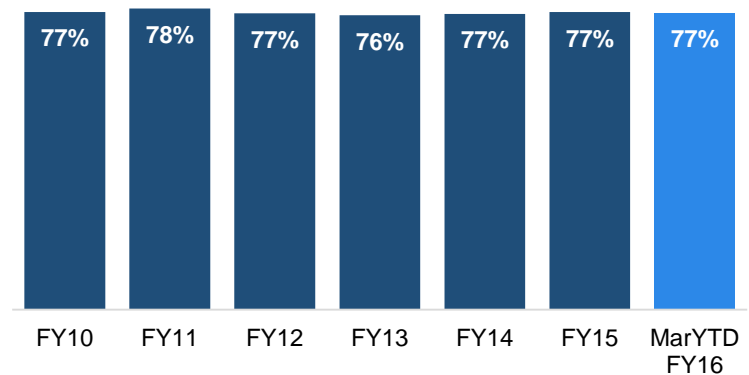
Expenses A\$m
FY10 to FY15 CAGR 3.6%



Profit after tax A\$m
FY10 to FY15 CAGR 3.9%



EBITDA Margin



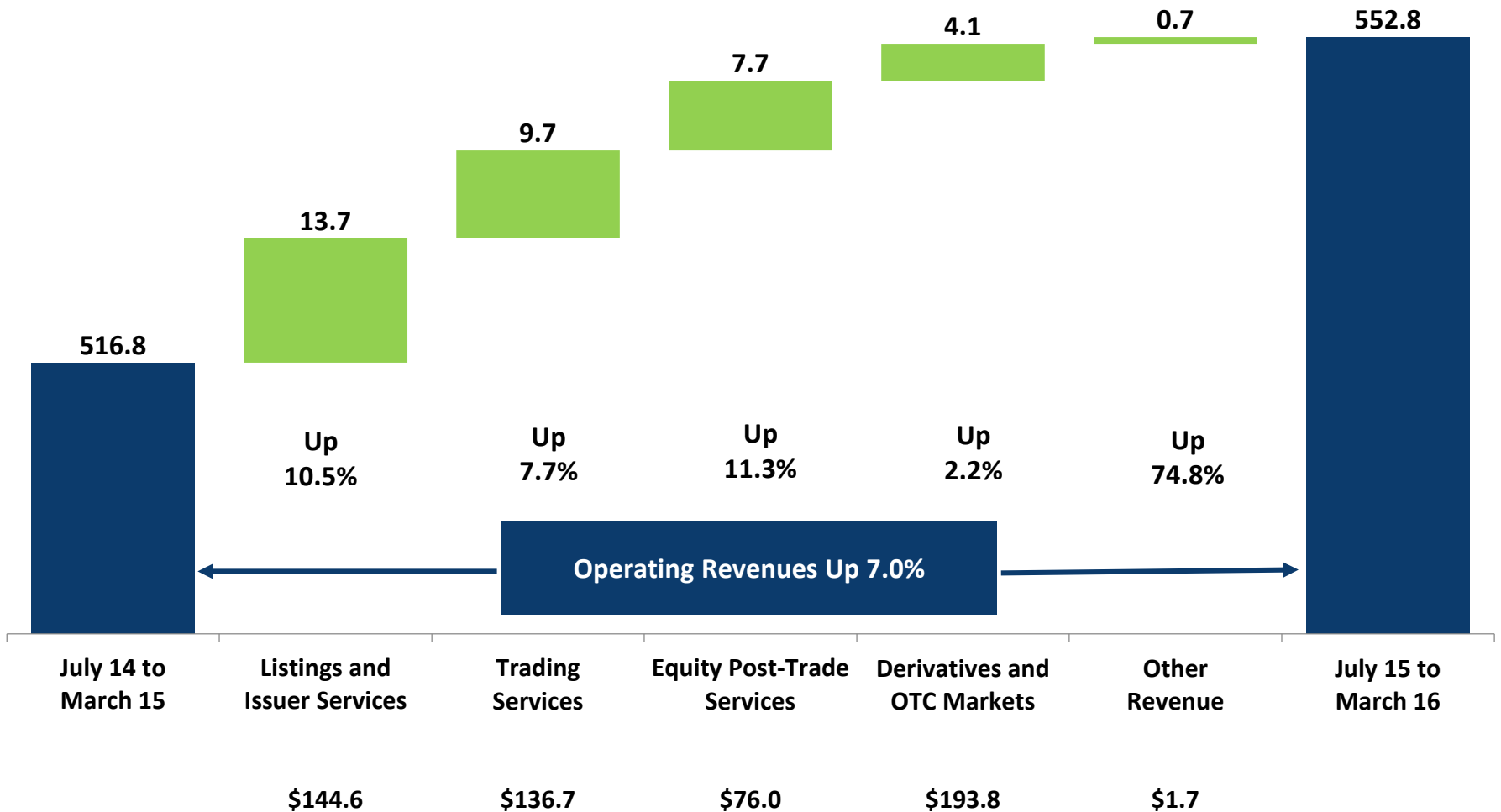
Income Statement – 9 Months to 31 March 2016

	YTD March 16 A\$m	YTD March 15 A\$m	% Variance
Operating Revenues	552.8	516.8	7.0%
Operating Expenses	127.5	120.2	(6.1%)
EBITDA	425.3	396.6	7.2%
Depreciation and Amortisation	31.3	28.2	(11.1%)
EBIT	394.0	368.4	6.9%
Interest and Dividend Income	56.7	57.9	(2.0%)
Profit Before Tax	450.7	426.3	5.7%
Income Tax Expense	(133.3)	(126.5)	(5.4%)
Underlying Profit after Tax	317.4	299.8	5.9%
Significant Items after Tax	-	(1.1)	n/a
Statutory Profit After Tax	317.4	298.7	6.2%

Unaudited result

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

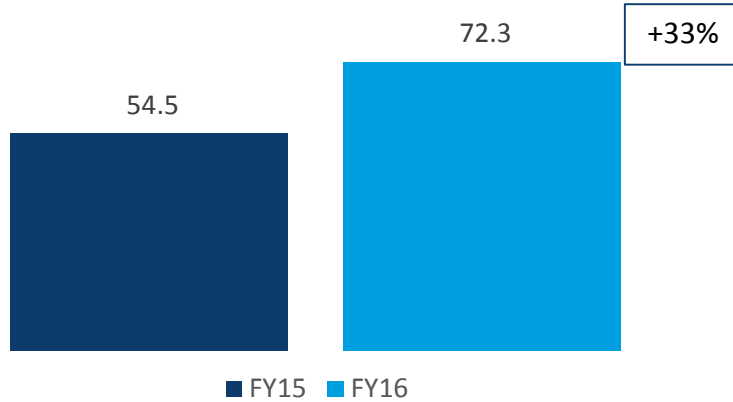
Revenue Movement – 9 Months to 31 March 2016 (A\$ Million)



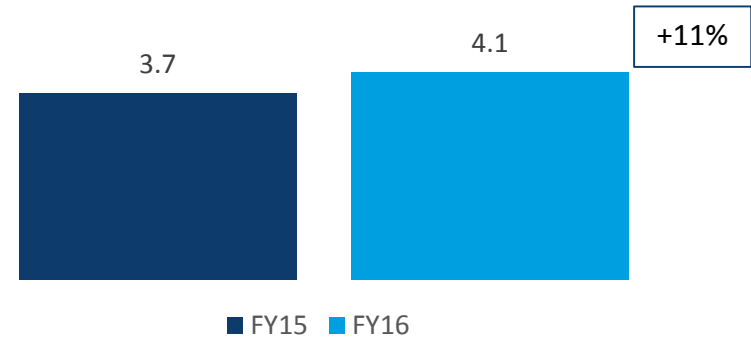
Unaudited result
 Operating revenues as per the Group segment reporting
 Variance expressed favourable / (unfavourable)

Activity Levels – YTD April 2016

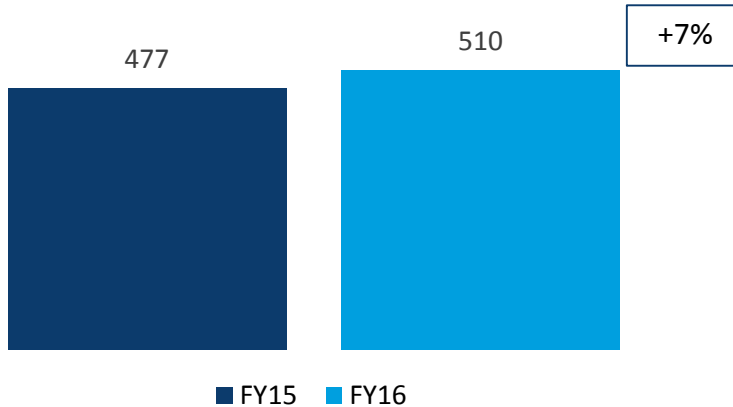
Total Capital Raised (A\$ Billion)



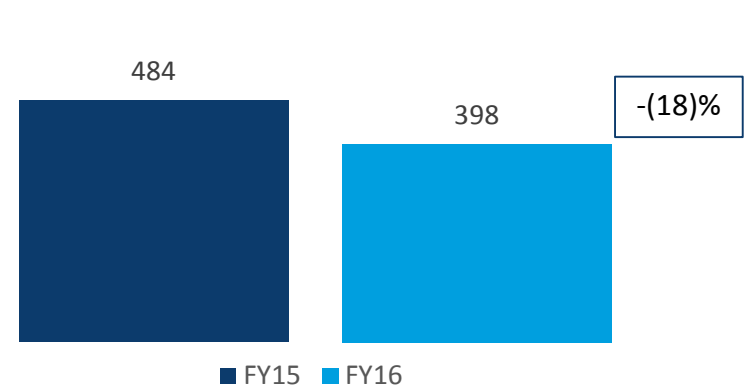
Cash Market Trading ASX Average Daily Value On-market (A\$ Billion)



Futures¹ - Average Daily Contracts ('000)



Equity Options - Average Daily Contracts ('000)



1. Consists of futures and options on futures

ASX Group Priorities

Business initiatives progressing

Global Leader in A\$ and NZ\$

- Innovate in fragmented equity market – Centre Point
- Build on leadership in A\$ and NZ\$ derivatives markets – OTC, Collateral

Investment Supermarket

- Grow listings franchise – NZ, Tech
- Extend suite of investment options – equities, debt, funds

World-Class Infrastructure

- Upgrade technology infrastructure – trading, risk, clearing
- Be leader in post-trade innovation – Distributed Ledger Technology
- Build global connectivity – Chicago, London, Singapore, HK

Outstanding Experience

- Deepen customer engagement across all services
- Deliver 24 hour service to local and global clients
- Strengthen alignment through fee reductions and rebates

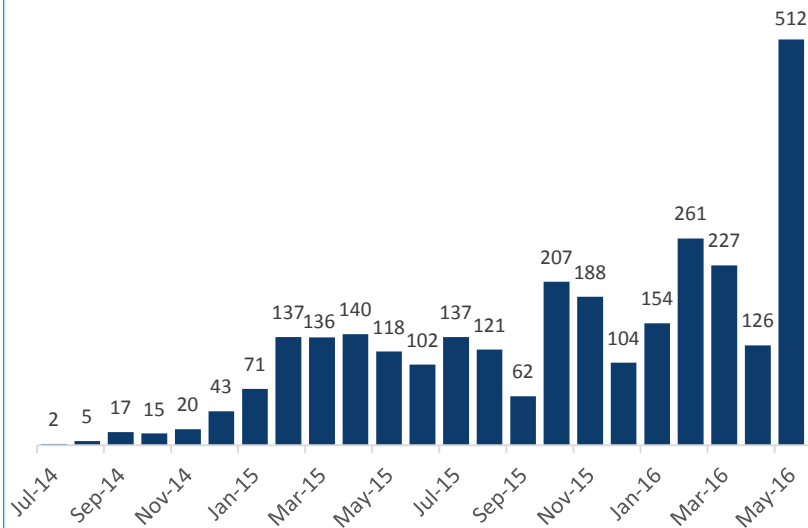
Regulatory Settings

Employer of Choice

Global Leader in A\$ and NZ\$ Markets

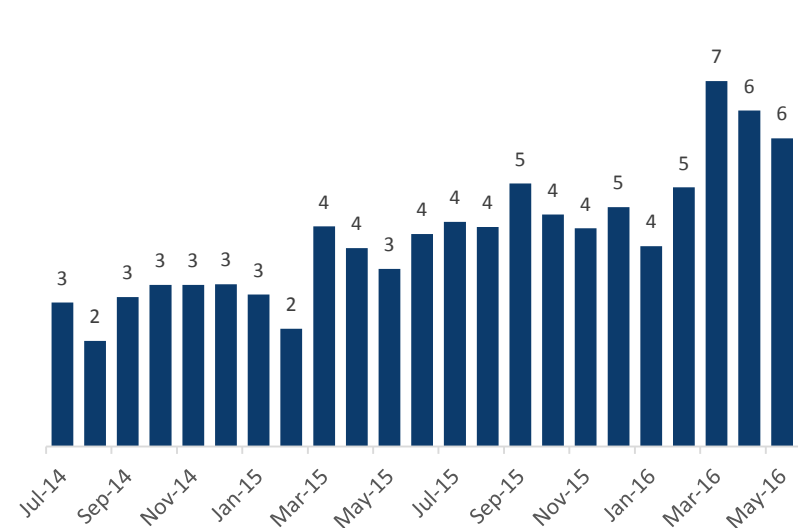
Growth in OTC Clearing & Collateral Management Services

OTC Notional Value Cleared (A\$ Billion)



- Notional value of OTC interest rate swaps cleared was A\$2.1 trillion May 16 YTD (A\$704 billion pcp)
- Six active users
- Margin optimisation service to be launched in 2016 providing institutions the ability to maximise margin offsets between Futures and OTC

Collateral Balances (A\$ Billion)



- Notable balance growth in repo transactions
- Eight active users
- Tri-party securities lending service (bond vs bond) currently under development and expected to commence in FY17

Investment Supermarket

Grow Listings Franchise (FY16 Listings)



Areas of Focus

Grow listings franchise

- Attractive and flexible capital market listing rules – 25% increase in capital raised March 16 YTD
- New Zealand simplified dual listing process – 42 NZ companies
- NZ IPOs – 4 YTD
- Technology sector – 30 listings¹ YTD
- ETFs – 161 ETFs listed totaling A\$21.3 billion

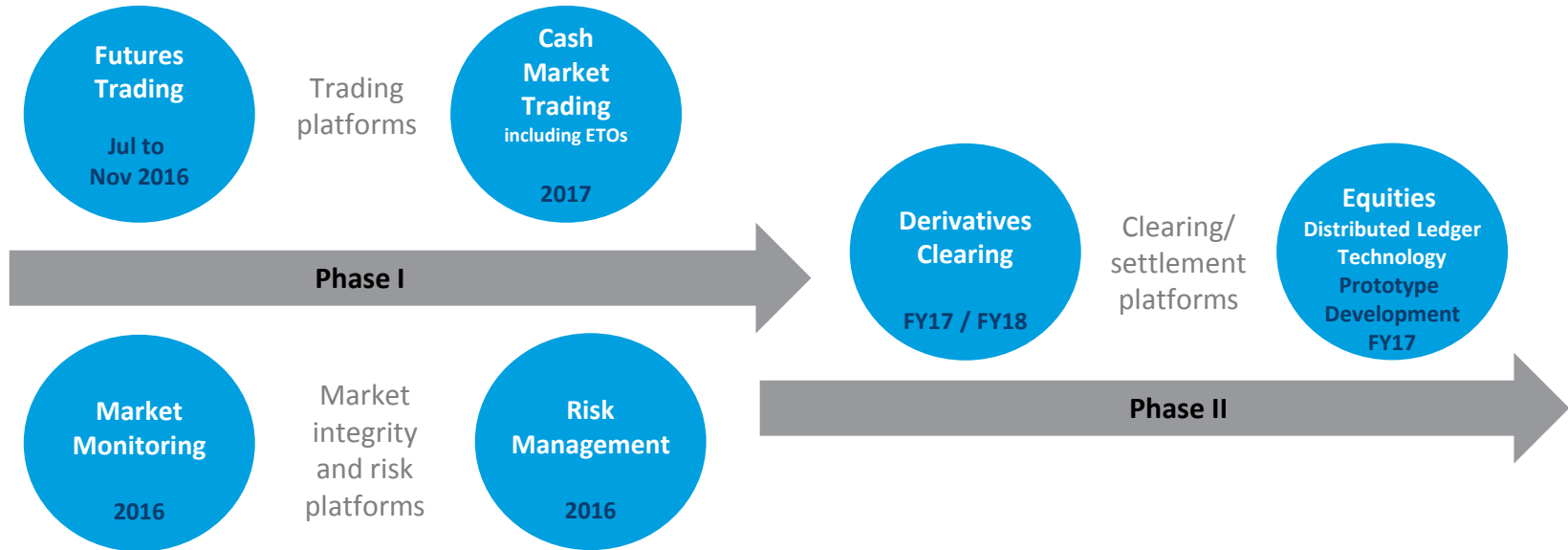
Investment Supermarket

- Domestic equities
- Government bonds
- Corporate bonds
- International shares – regulatory considerations will drive service design
- mFund expansion – 48 fund managers offering 161 funds via 18 brokers

1. Includes IPOs and backdoor listings

Technology Transformation

Key projects progressing

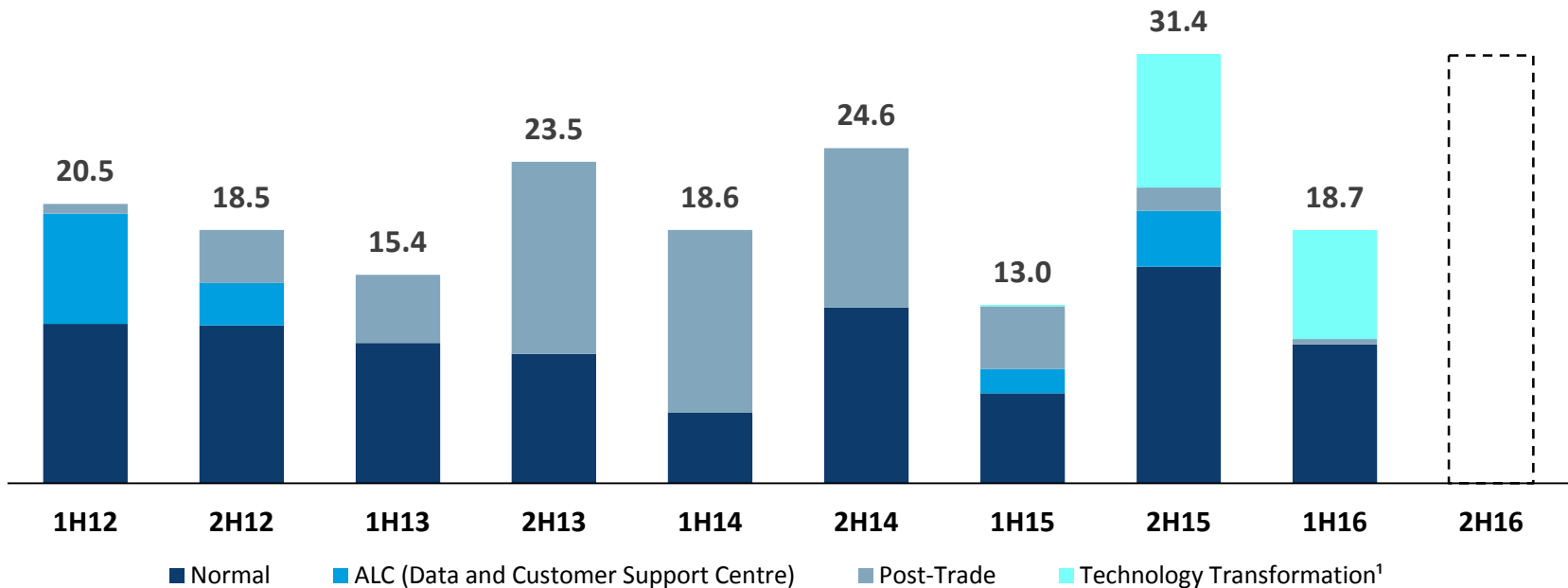


Progress

- Trading platform replacement underway
 - measures taken to de-risk implementation
 - customer engagement and readiness progressing
 - futures delivery July – November 2016, equities delivery 2017
- Market monitoring and risk management progressing, derivatives clearing on track
- Distributed Ledger Technology potential replacement for CHES. Capability assessment throughout FY17
- Managed within Group capex, approximately A\$50 million in FY16

Capital Expenditure (A\$ Million)

FY12 \$39.1m	FY13 \$38.9m	FY14 \$43.2m	FY15 \$44.4m	FY16 approx \$50m
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Highlights

- March 16 YTD expenditure A\$30.6 million
- Focus on technology transformation program
 - Phase I to be complete in FY17
 - Technology transformation A\$15.5 million March 16 YTD
- Guidance FY16 approximately A\$50 million

1. Technology transformation includes new trading platform, risk management and market monitoring systems

Opportunity for Post-Trade Innovation

Distributed Ledger Environment

Issuers/listed companies

- Improved shareholder analytics
- Streamlined/automated corporate actions
- Electronic AGMs

Investors

- Consolidated view of holdings
- Choice of real-time access to securities/cash
- Real-time dividend payments, voting
- Simplified tax preparation
- Recording of sophisticated investor requirements

Government, regulators

- Improved audit trail
- Improved analytics

Intermediaries

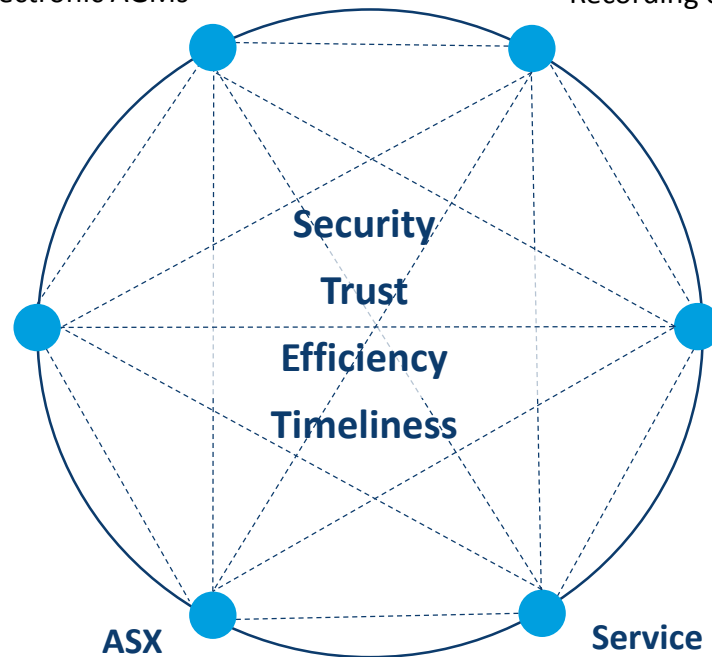
- Risk reduction
- Back-office cost reduction – reconciliations, KYC, AML, FATCA

ASX

- Lower risk and capital requirements
- Tailored liquidity and settlement services
- Data, issuer and investor services

Service innovators/Fintech

- Data analytics
- Wealth management, tax reporting



Distributed Ledger Technology

Assessing the opportunity

Current Focus

- Investment in Digital Asset Holdings (DAH) of A\$14.9m for a 5% stake plus rights to acquire additional 5%
- ASX and DAH working together to develop a beta software system to assess the technology
- Engaging with regulators, stakeholders and customers
- 6–12 month process of initial evaluation
- Development alongside existing CHES platform
- Final decision on post-trade technology in 2017

Digital Asset Holdings Investors



Regulatory Environment

Developments Last Three Years

Investors

- Equity market regulations supporting end-investors

Systemic risk

- Location requirements
- Global regulatory and capital standards adopted
- A\$ OTC interest rate swap central clearing mandate recommended along with G4 currencies

Global competitiveness

- Post-trade solutions in place
- ESMA recognition received, CFTC exemption relief
- AA- long-term credit rating from S&P

Equities Clearing Review

Safe and effective competition

- Treasurer announced commitment to putting in place safe and effective competition for cash equities clearing
- Minimum 18 month period to transition
- Changes to ASX's 15% shareholder limit to bring into line with banks and insurance companies – Treasurer can act in national interest
- Confirmation of domestic location requirements

ASX cash equities clearing and settlement

- Key customer and stakeholder commitments on engagement, pricing, access and confidential information confirmed
- 10% reduction in clearing fees from 1 July 2016
- Retain rebate schemes in FY17
- Equities trading rebate scheme discontinued from 1 July 2016

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