

Full-Year 2014 Investor Roadshow

ASX Limited



Elmer Funke Kupper, Managing Director and CEO

September 2014

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Financial Results FY14

Revenues
\$658.3m
6.6%

Expenses
\$153.6m
(5.1%)

EBITDA
\$504.7m
7.1%

Net profit
\$383.2m
10.0%

EPS
198.5c
1.5%

DPS
178.1c
4.6%

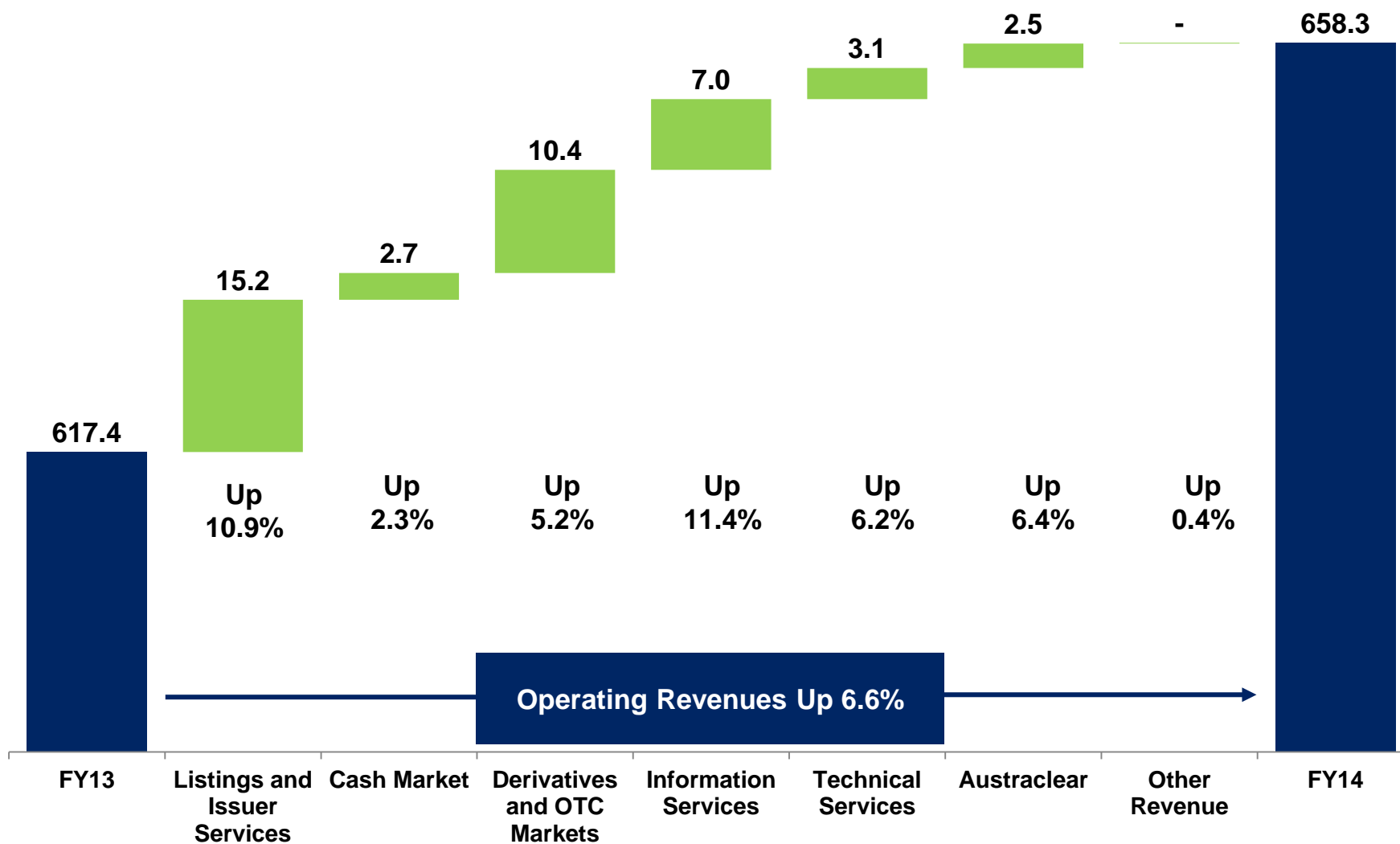
- **Profit after tax \$383.2m, up 10.0%**
 - EBITDA up 7.1% driven by revenue growth
 - EPS and DPS growth impacted by 2013 capital raising
- **Revenues \$658.3m, up 6.6%**
 - Growth in all major revenue categories over pcp
- **Expenses \$153.6m, up 5.1%**
 - Increase in staff to support new business initiatives
- **Capital expenditure \$43.2m**
 - Backed by strong capital position and AA- long-term credit rating from S&P
- **Progress in positioning ASX in changing global market**
 - Infrastructure investments – OTC clearing, client clearing, collateral management
 - Greater regulatory clarity on location requirements for critical infrastructure
 - Derivatives fee changes from 1 October 2014 to improve competitive position and support growth

Income Statement

	FY14 \$ Million	FY13 \$ Million	% Variance
Operating Revenues	658.3	617.4	6.6%
Operating Expenses	153.6	146.2	(5.1%)
EBITDA	504.7	471.2	7.1%
Depreciation and Amortisation	33.8	30.4	(11.2%)
EBIT	470.9	440.8	6.8%
Interest and Dividend	70.7	53.5	32.3%
Profit Before Tax	541.6	494.3	9.6%
Income Tax Expense	(158.4)	(146.1)	(8.5%)
Profit After Tax	383.2	348.2	10.0%
EBITDA Margin	76.7%	76.3%	

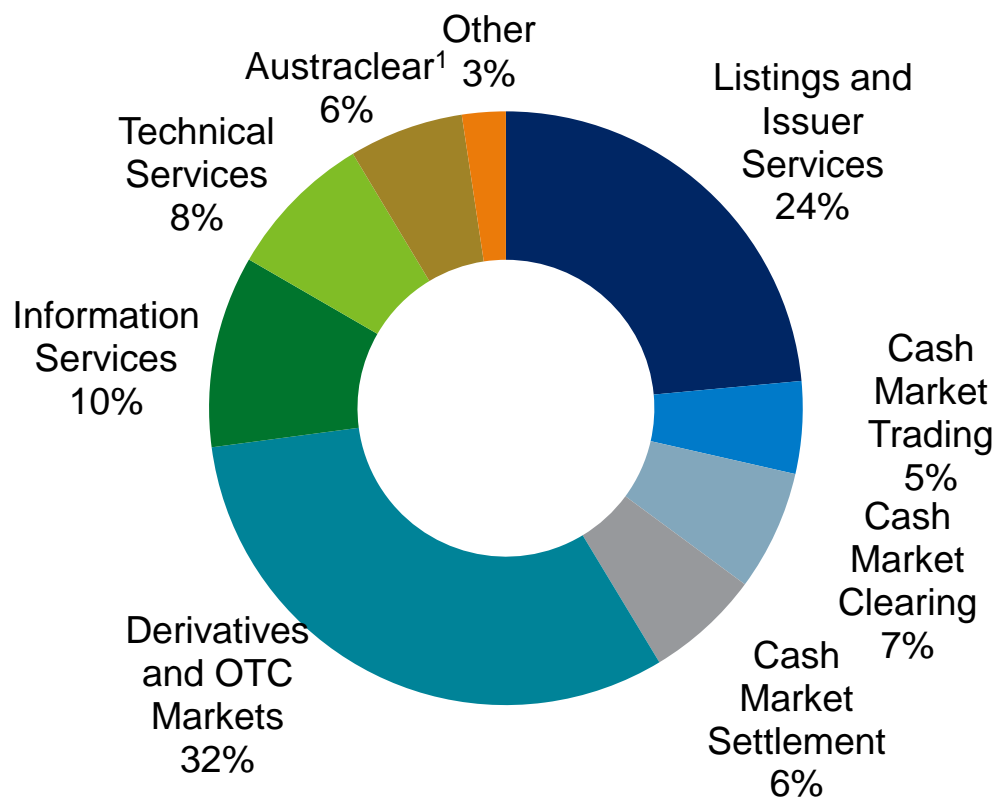
Operating revenues and operating expenses as per the Group segment reporting
 Variances expressed favourable/(unfavourable)

Revenue Movement (\$M)



Attractive Business Mix

Revenue mix for FY14 (100% = A\$658.3 million)



- Domestic leader in all segments, Asian leader in A\$ derivatives
- Cash markets 18% of total revenues (trading, clearing and settlement)
- Derivatives include interest rate, equity index, electricity and commodities futures, and single stock options
- Clearing and settlement function undertaken for entire Australian market
- Depositories (equities, fixed income) hold A\$3.1 trillion

1. Austraclear is Australia's fixed income depository, holding assets valued at A\$1.5 trillion

Leading Multi-Asset Class Exchange Group

**Global leader in
A\$ and NZ\$ markets**



- Develop investment 'supermarket'
- Continue to innovate in trade execution
- Expand Technical Services, re-engineer Information Services

**World-class, globally
connected infrastructure**



- Grow derivatives and post-trade services
- Leverage ASX Net Global to grow international client base
- Develop multi-currency capabilities

**Outstanding customer
experience**



- Invest in trading, clearing and settlement platforms
- Deepen relationships, increase growth incentives
- Build 24/6 Customer Command Centre

**Regulations that support
investors and growth**



- Maintain settings in equity markets, limit fragmentation
- Ensure Australia maintains world-class market infrastructure
- Satisfy domestic and international financial stability standards

**Employer of choice in
financial markets**



- Recruit and retain world-leading skills
- Build high performance culture
- Lead in diversity

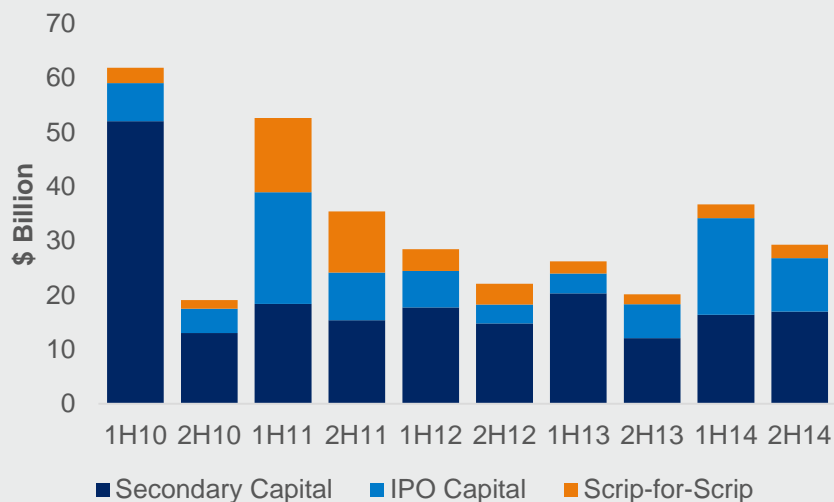
Listings and Issuer Services

Highlights

Revenue \$154.9 million, up 10.9%

- 107 IPOs (82 pcpc)
- IPO capital \$27.7 billion, up 179.2%
- Secondary capital \$38.4 billion, up 5.2%
- Number of holding statements up 6.9% on pcpc

Total Capital Raised



Areas of Focus

Listings and Issuer Services

- Rights issue timetable reduced from 26 to 19 days
- Launch of 'ASX Evolve' program for listed entities

Investment Supermarket

- Domestic equities
- Government bonds
- Corporate bonds
- ETFs
- Managed funds
- International equities (future focus)

Distribution/Market Efficiency

- Managed fund service (mFund) launched May 2014 with 45 funds quoted

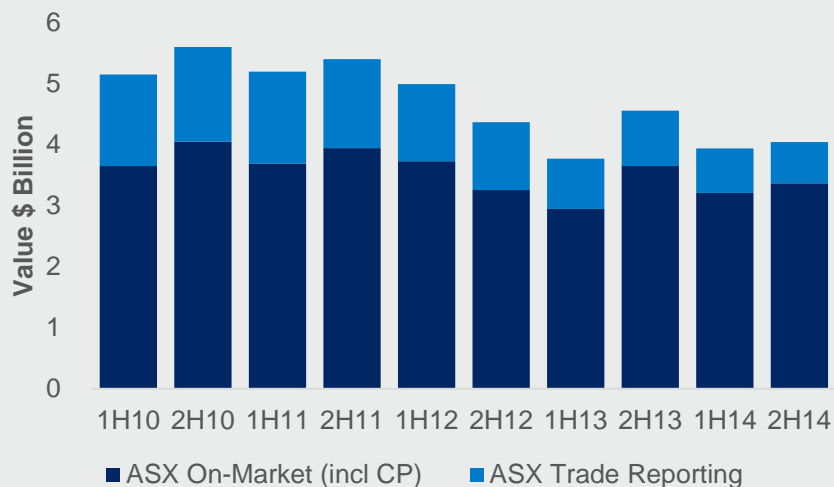
Cash Market

Highlights

Revenue \$117.3 million, up 2.3%

- Trading \$33.1 million, up 0.7%, Clearing \$43.1 million, up 3.6% and Settlement \$41.1 million, up 2.3%
- Total on-market value traded per day up 4.3%; ASX on-market trading flat
- Revenue share rebates of \$0.6 million

Daily Average Value Traded and Reported



Areas of Focus

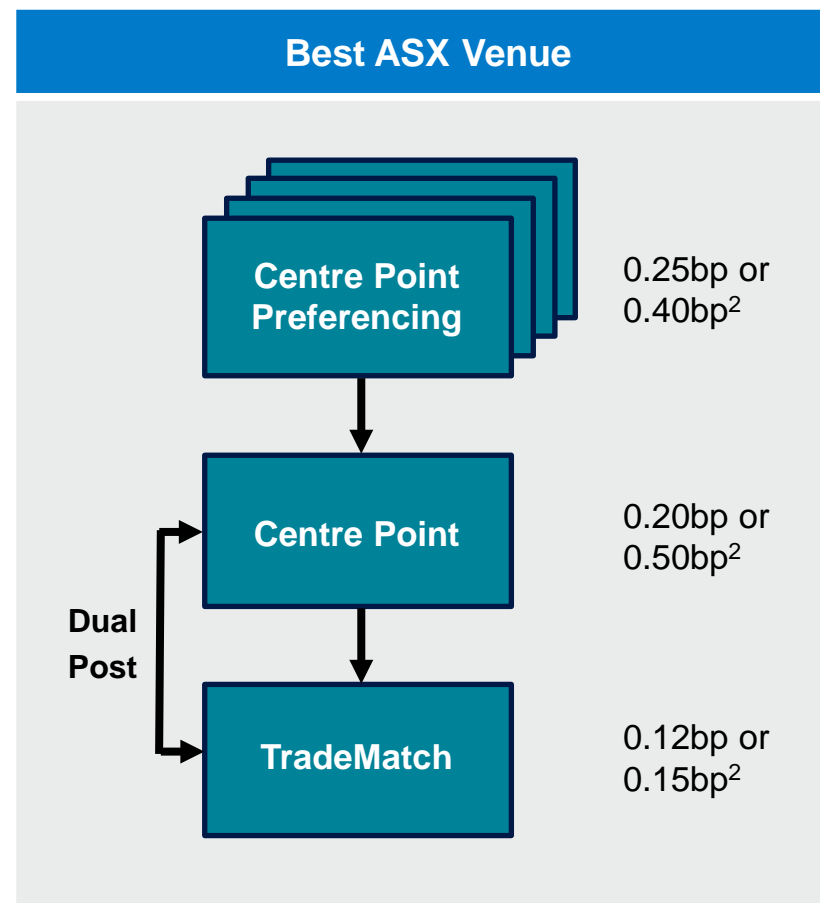
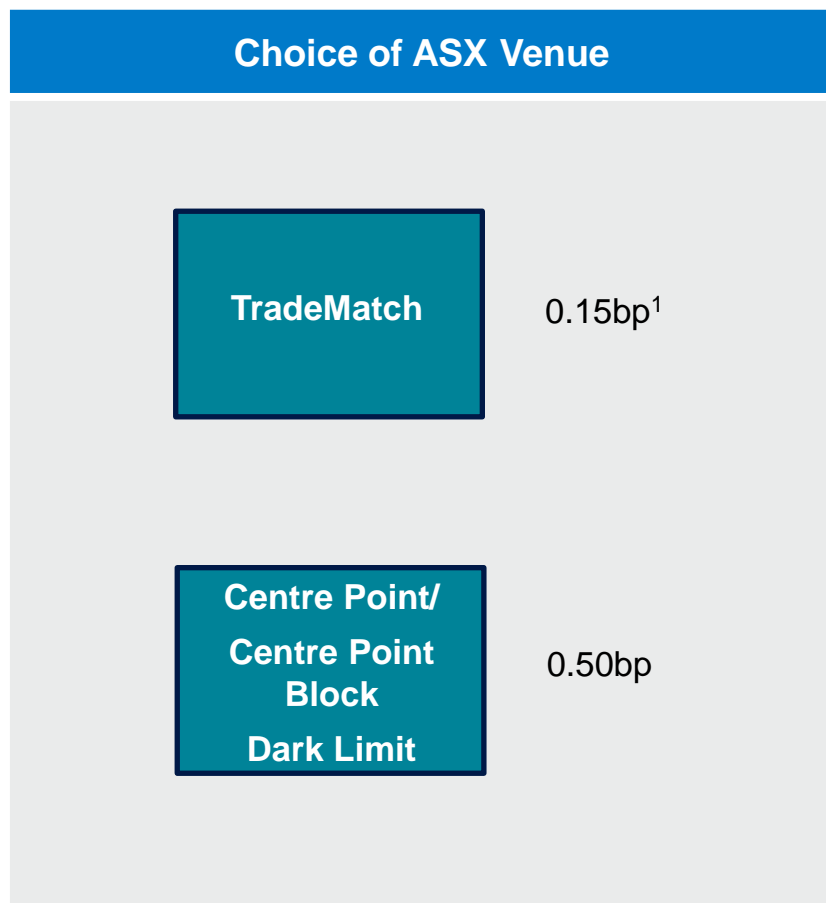
Trading

- Continued innovation and engagement with buy-side
- Centre Point 7.4% of ASX on-market value (4.5% pcp), 16.9% of trading revenue (11.0% pcp)
- On-market trading market share 91% (95% pcp)

Clearing and Settlement Code of Practice

- Positive operational performance of clearing and settlement services
- Forum has recommended T+2 settlement for cash equities from 2016
- Independent Oxera consulting report concluded that the costs of post-trading services in Australia are in line with the costs in financial centres of comparable size
- Annual fee for Trade Acceptance Service waived while Code is in place

Cash Market Trading Innovation



1. Auctions attract fee of 0.28bp

2. Lower fees available to every participant with an average daily value in Centre Point below \$10 million

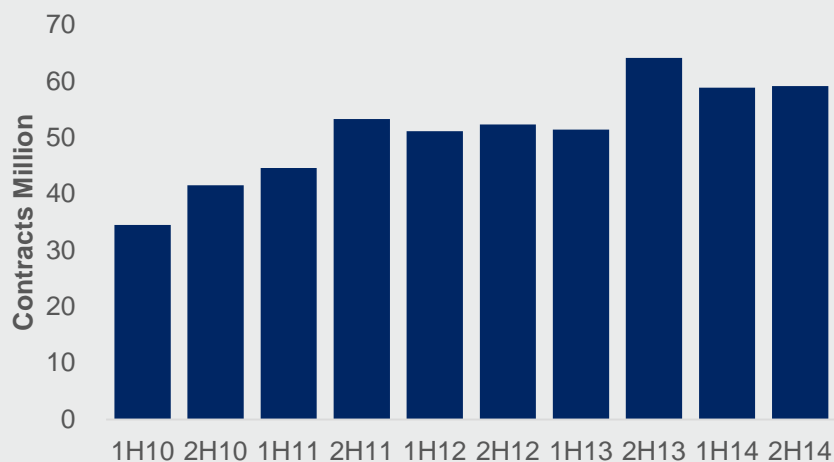
Derivatives and OTC Markets

Highlights

Revenue \$207.7 million, up 5.2%

- ASX 24 Derivatives \$185.5 million, up 9.7%
 - Contracts traded up 2.1%
 - Full year ASX Energy
 - Lower large volume rebate
- ASX Derivatives \$22.2 million, down 21.6%
 - Contracts traded down 20.8%

ASX 24 Derivative Volumes



Areas of Focus

Product Development

- Activity in VIX and sector futures below expectations
- ETOs - initiatives to stabilise and return to growth

Regulatory Standards - ASX Clear (Futures)

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

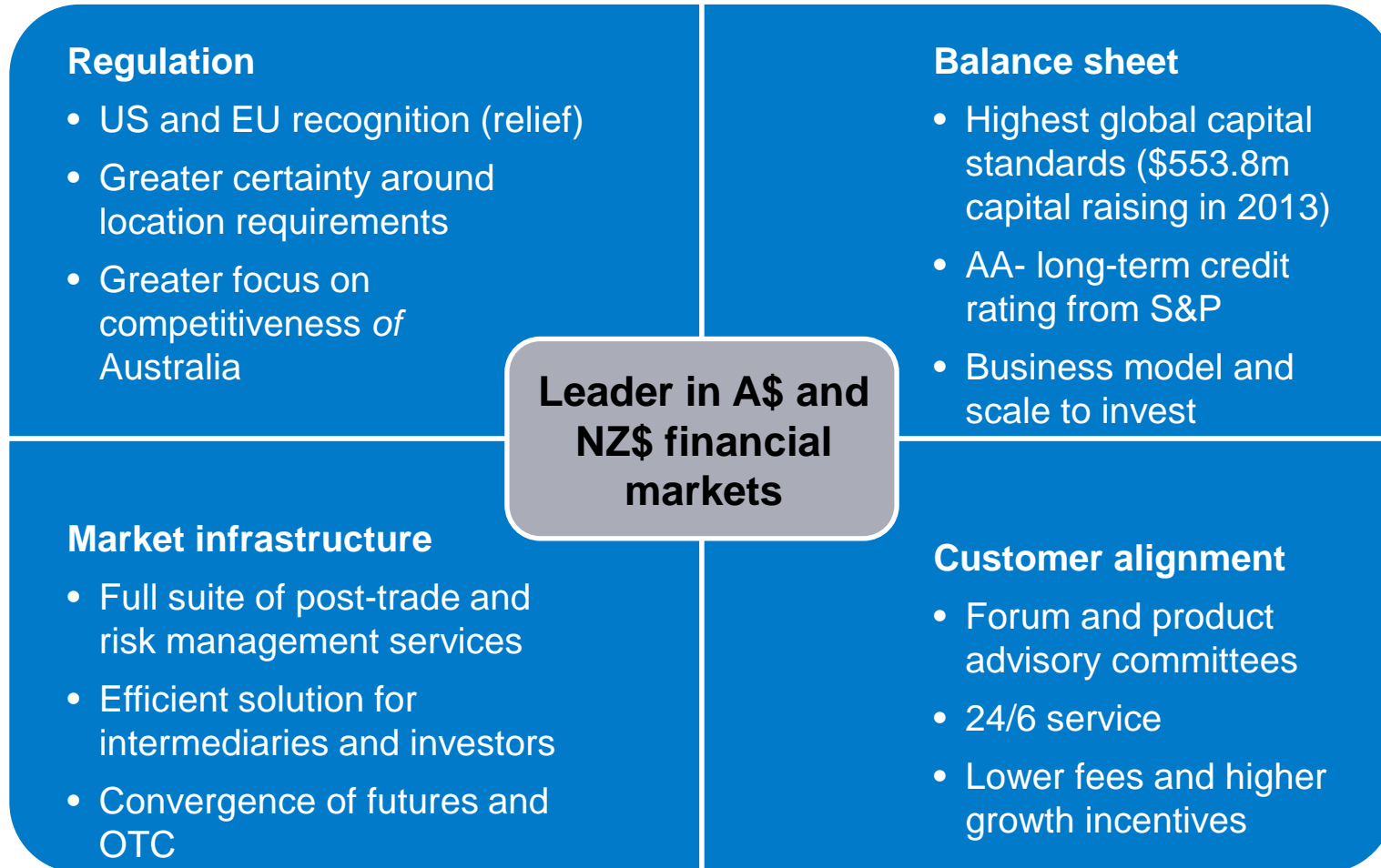
Clearing and Risk Management Services

- OTC clearing and client clearing launched; \$124 billion notional value cleared
- 'Futurisation' next phase

Customer Alignment

- Client forums for most asset classes
- Fee changes for electricity, interest rate futures and OTC clearing in FY15

Building a Globally Competitive Derivatives Market



Information and Technical Services

Highlights

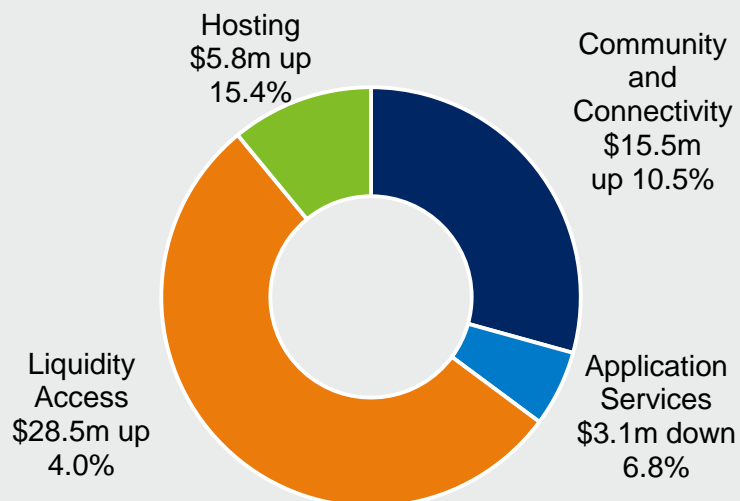
Information Services \$68.8 million, up 11.4%

- Pricing changes implemented 1 July 2013

Technical Services \$52.9 million, up 6.2%

- Hosting: 142 cabinets (117 pc), 89 customers (74 pc)
- Community and Connectivity: 50% increase in ALC service connections

Revenue Mix Technical Services



Areas of Focus

Information Services

- Alignment to changing user profiles

Technical Services

- ASX Net Global launched, connecting to Singapore, London, Chicago
- Continued sales growth in data centre services
- Enhanced ASX 24 real-time price information (ITCH)

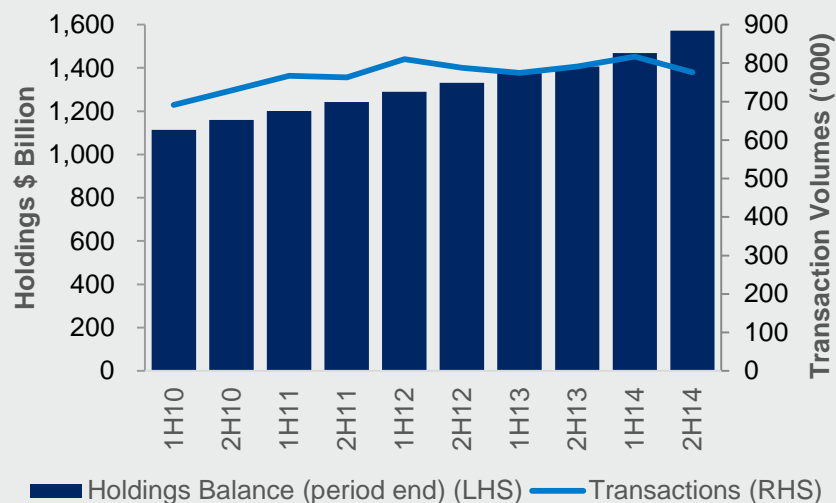
Austraclear

Highlights

Revenue \$41.1 million, up 6.4%

- Transaction volumes up 1.8%
- Average balances up 7.4% to \$1.5 trillion
- Number of debt issuances up 7.3%

Holdings and Transaction Levels



Areas of Focus

ASX Collateral Service

- Launched with support of nine foundation customers
- Reduces collateral costs for ASX clients by utilising fixed income securities within Austraclear
 - Initial use in repo market with approximately \$2 billion collateral under management at 15 August 2014

Renminbi Settlement Service

- Launched July 2014
- Provides real-time RMB settlement facility

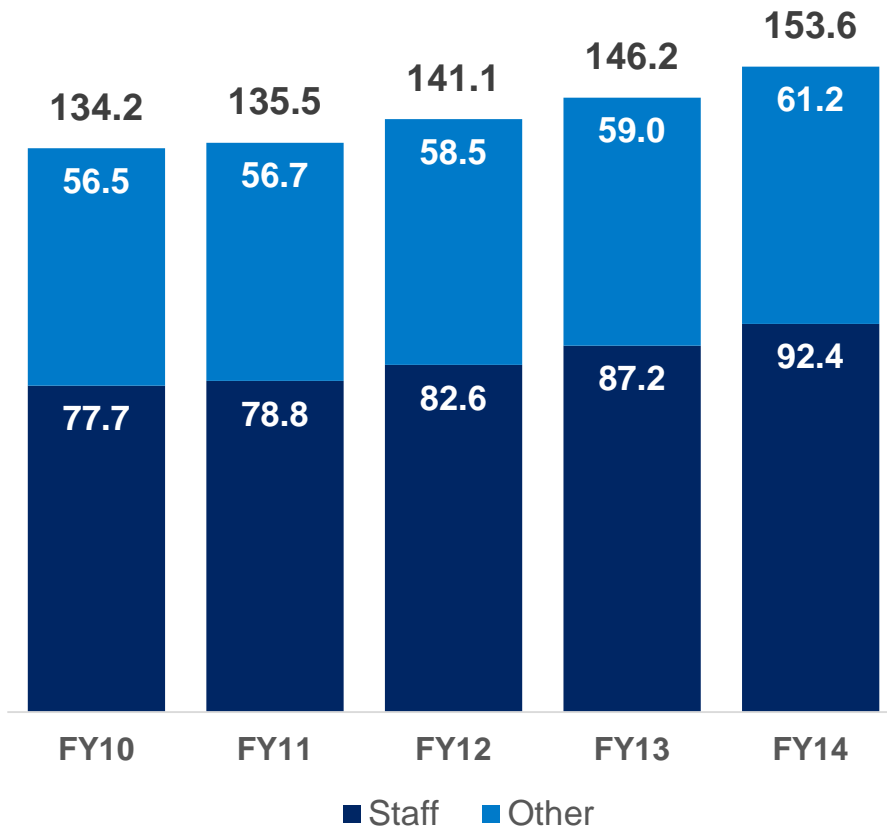
Interest and Dividend Income

	FY14 \$ Million	FY13 \$ Million	% Variance
ASX Group Net Interest Income	28.6	13.1	118.7%
Net Interest Earned on Collateral Balances	31.3	31.0	1.0%
Total Net Interest Income	59.9	44.1	35.9%
Dividend Income	10.8	9.4	15.2%
Interest and Dividend Income	70.7	53.5	32.3%

Highlights

- Total net interest income up 35.9%
- ASX Group net interest income up 118.7% following capital raising and repayment of debt facility
- Net interest earned on collateral balances up 1.0% primarily due to higher balances
 - Collateral balances average \$3.7 billion, up 5.5%
 - Investment spread 44 bps (46 bps pcp)
- IRESS dividend up 15.2%
 - Participated in IRESS pro rata rights offer in August 2013
 - Shareholding 19.2%

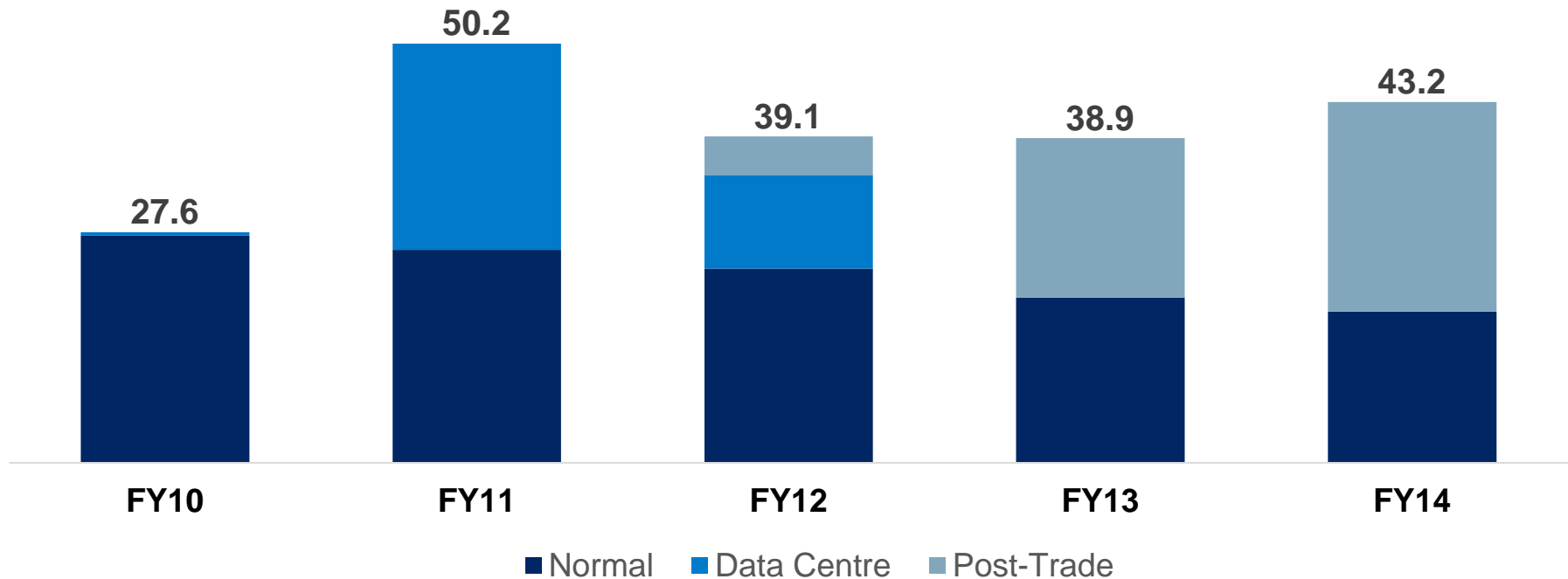
Expenses (\$M)



Highlights

- Total expenses up 5.1%
 - Staff costs up 6.0%. Average headcount up 3.7% to 534 FTEs. Increase driven by initiatives
 - Other costs up 3.8%. Higher equipment expenses to support platforms for new service offerings
 - Higher variable expenses due to increased statement processing
- Guidance FY15 operating expenses: approximately 4% increase

Capital Expenditure (\$M)



Highlights

- FY14 capital expenditure \$43.2 million
- Post-trade services investment \$25 million in FY14, \$49 million over 3 years
- Guidance FY15 capital expenditure: \$40 to \$45 million

Post Balance Date Activity

Market conditions

- Global market conditions
 - Low volatility – VIX at 7 year low
 - Benign interest rate environment
 - Limited impact from geopolitics to date
- Domestic economy
 - Resilience in business and consumer markets
 - Rising unemployment
 - Policy and federal budget uncertainty

Trading for 7 weeks to 15 August

- Total cash market average value (all lit and dark venues) per day \$4.6 billion, up 4.4%
 - ASX on-market average value per day \$3.2 billion, flat
- ASX 24 derivatives daily average volume 404,243 contracts, up 2.5%
- Total capital raised in July \$6.8 billion, up 182%

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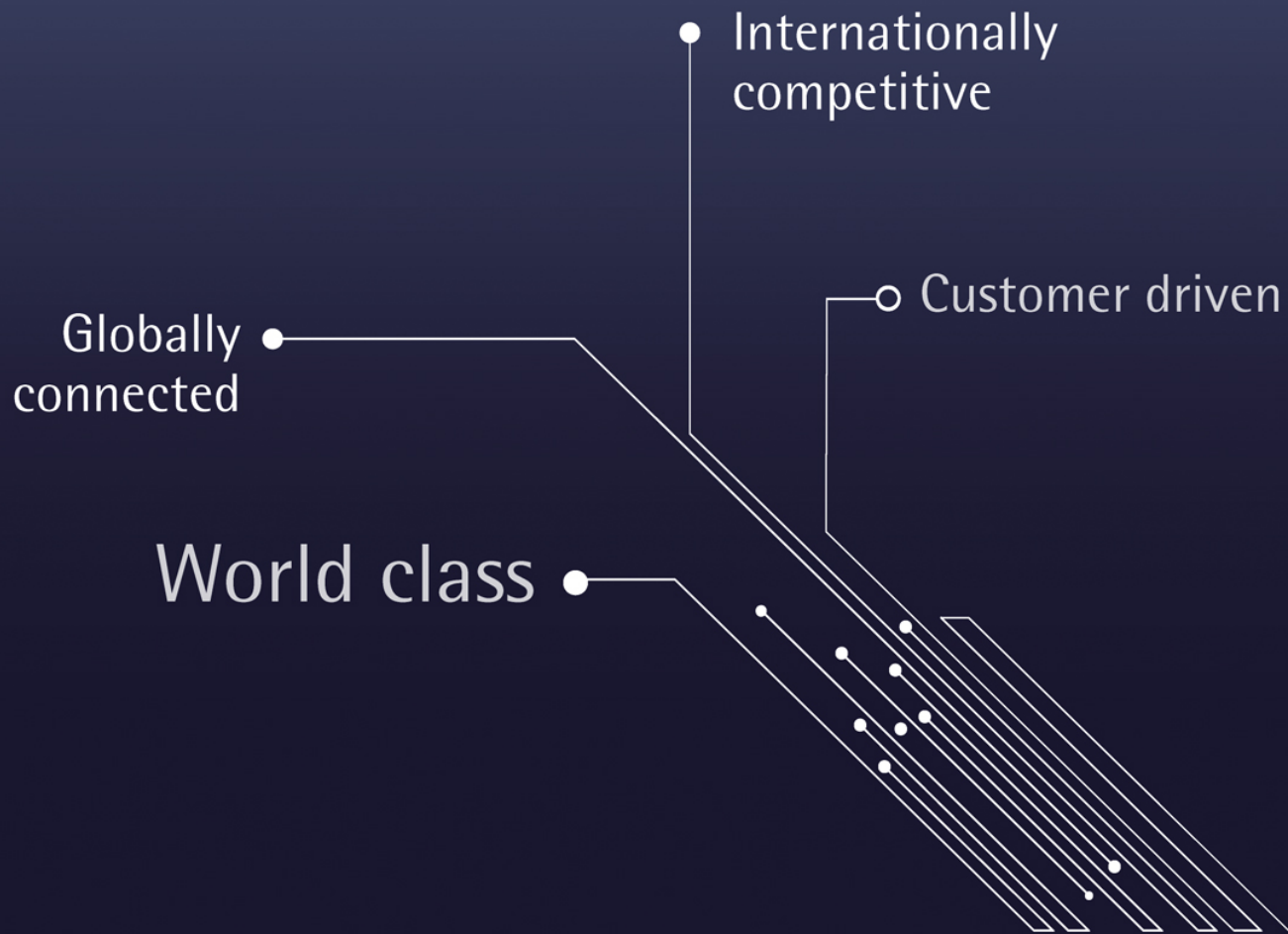
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