



# Media Release

14 April 2016

## ASX LIMITED EARNINGS UPDATE FOR THE NINE MONTHS TO 31 MARCH 2016

The following unaudited results are relative to the prior corresponding period (pcp – nine months to 31 March 2015) and based on the Group’s segment reporting:

<b>Statutory profit after tax</b>	\$317.4 million	up 6.2%
<b>Underlying profit after tax</b>	\$317.4 million	up 5.9%
<b>Operating revenues</b>	\$552.8 million	up 7.0%
<ul style="list-style-type: none"> <li>Growth in all major business lines: Listings and Issuer Services, Trading Services, Equity Post-Trade Services, and Derivatives and OTC Markets</li> </ul>		
<b>Operating expenses</b>	\$127.5 million	up 6.1%
<ul style="list-style-type: none"> <li>Acceleration of investment in post-trade services</li> <li>FY16 guidance expense growth updated to approximately 6%</li> </ul>		
<b>Capital expenditure</b>	\$30.6 million	
<ul style="list-style-type: none"> <li>FY16 capital expenditure guidance remains approximately \$50 million</li> <li>New futures trading platform go-live target of July-November 2016</li> </ul>		
<b>Strategic positioning</b>		
<ul style="list-style-type: none"> <li>Greater certainty on market structure for cash equities clearing</li> <li>Assessment of distributed ledger technology (blockchain) as a potential post-trade solution for the cash equities market underway</li> <li>CEO renewal: senior executives managing the business with Chairman oversight</li> <li>No change in corporate strategy or initiatives, with measures taken to de-risk transition to new trading platform</li> </ul>		
<b>Key market activity indicators</b>		
<ul style="list-style-type: none"> <li>Listings: total capital raised - \$62.9 billion, up 25.4%</li> <li>Cash equities: ASX on-market average value traded per day - \$4.1 billion, up 12.7%</li> <li>Derivatives: daily average number of futures and options contracts traded – 512,024, up 6.3%</li> </ul>		

ASX’s financial performance for the nine months to 31 March 2016 was positive. Trading activity levels in cash and derivatives markets grew from the half-year, as did ASX’s OTC clearing service with record activity levels in February 2016. Listings and capital raising activity was lower in the third quarter of FY16 compared to the first six months of the year. Overall, revenues were up 7% to almost \$553 million and profit was up 6% to more than \$317 million.



T+2 settlement of sharemarket trades was successfully introduced on 7 March 2016. The reduction in the settlement period from three to two days has provided efficiencies for investors and market participants, and kept Australia at the forefront of global best practice.

ASX's technology transformation is progressing, with measures taken to de-risk the transition to a new trading platform. The new trading platform is on target to go-live between July and November 2016 for futures, with equities (including equity options) to follow in 2017. This timeframe supports the delivery of a high-quality platform, assists the change process for customers, and paves the way for a smooth transition for the whole market.

Last month the ASX Board affirmed its commitment to the assessment of distributed ledger technology. ASX is working closely with its partner Digital Asset and collaborating with customers and industry stakeholders, including Government and regulators, to build an understanding of the benefits and implications of the technology. Any new system must meet the highest regulatory and operational standards before implementation.

ASX has greater certainty to continue this work following the Treasurer's announcement on 30 March 2016 that approval of any new equities clearing licence applications will not be recommended until regulatory conditions are in place for safe and effective competition. The Treasurer has said this is expected to take at least 18 months. ASX supports well-regulated, open and competitive financial markets. It also welcomes the Government's decision to make ASX's ownership restrictions consistent with banks and insurance companies.

On 21 March 2016 the ASX Board accepted the resignation of Mr Elmer Funke Kupper as Managing Director and CEO after almost four-and-a-half years. Two senior executives have been appointed to manage the business with oversight from the Chairman while a search for a new CEO is conducted.

**Mr Rick Holliday-Smith, ASX's Chairman** said: "ASX is well positioned for future opportunities. Our business is globally competitive, committed to innovation and customer service, and we are investing in the infrastructure critical to Australia's financial markets.

"The Board is now focussed on CEO renewal. In the interim, I am overseeing the business, with day-to-day operations managed by two members of ASX's skilled and experienced senior executive team reporting directly to me."

Further detail about ASX's performance for the nine months is contained in the following slides.

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# FY16 Third Quarter Update

ASX Limited

14 April 2016



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The material contained in this document is a presentation of general information about the ASX Group's activities current as at the date of this presentation (14 April 2016). It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes, as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with or without professional advice, when deciding if an investment is appropriate.

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This document may contain forward-looking statements with respect to the financial condition, results of operations, and business strategy of the ASX Group. These forward-looking statements are based on estimates, projections and assumptions made by the ASX Group about circumstances and events that have not yet taken place. Although the ASX Group believes the forward-looking statements to be reasonable, they are not certain. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond the ASX Group's control, and which may cause actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results). The ASX Group makes no representation or warranty as to the accuracy of any forward-looking statements in this document and undue reliance should not be placed upon such statements.

Forward-looking statements may be identified by words such as "aim", "anticipate", "assume", "continue", "could", "estimate", "expect", "intend", "may", "plan", "predict", "should", "will", or "would" or the negative of such terms or other similar expressions that are predictions of or otherwise indicate future events or trends.

The forward-looking statements included in this document speak only as of the date of this document. The ASX Group does not intend to update the forward-looking statements in this document in the future.

# Financial Results – 9 Months to 31 March 2016

Revenues  
\$552.8 m  
7.0%

Expenses  
\$127.5m  
(6.1%)

EBITDA  
\$425.3m  
7.2%

Underlying NPAT  
\$317.4m  
5.9%

Statutory NPAT  
\$317.4m  
6.2%

## Positive revenue growth of 7.0%

- Growth in all major categories compared to pcp supported by robust trading activity
- Impact of futures fee reductions \$11.2m vs \$10.5m pcp, continued growth in OTC clearing
- Lower average listings activity in the third quarter of FY16 compared to 1H16

## Expense growth of 6.1%

- Acceleration of investment in post-trade services
- CEO transition arrangements
- Updated FY16 guidance expense growth of approximately 6%

## Capital expenditure \$30.6 million

- FY16 guidance unchanged at approximately \$50 million
- Q4 expenditure in line with scheduled technology transformation investments

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

# Financial Results – 9 Months to 31 March 2016 (continued)

Revenues  
\$552.8 m  
7.0%

Expenses  
\$127.5m  
(6.1%)

EBITDA  
\$425.3m  
7.2%

Underlying NPAT  
\$317.4m  
5.9%

Statutory NPAT  
\$317.4m  
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## CEO Renewal

- Elmer Funke Kupper resigned 21 March after 4.5 years in the role
- CEO renewal progressing at accelerated pace
- Rick Holliday-Smith, Chairman with executive oversight in the interim
- Peter Hiom and Amanda Harkness managing the business, commercial/regulatory separation maintained

## Regulatory

- Greater certainty on market structure for equities clearing following Treasurer's announcement
- ASX ownership restrictions to be made consistent with banks and insurers

## Continued investment in strategic positioning

- Implementation of strategy and initiatives broadly on track
- Expected delivery of the new trading platform: futures in July-November 2016, equities in 2017
- Assessment of distributed ledger technology underway

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

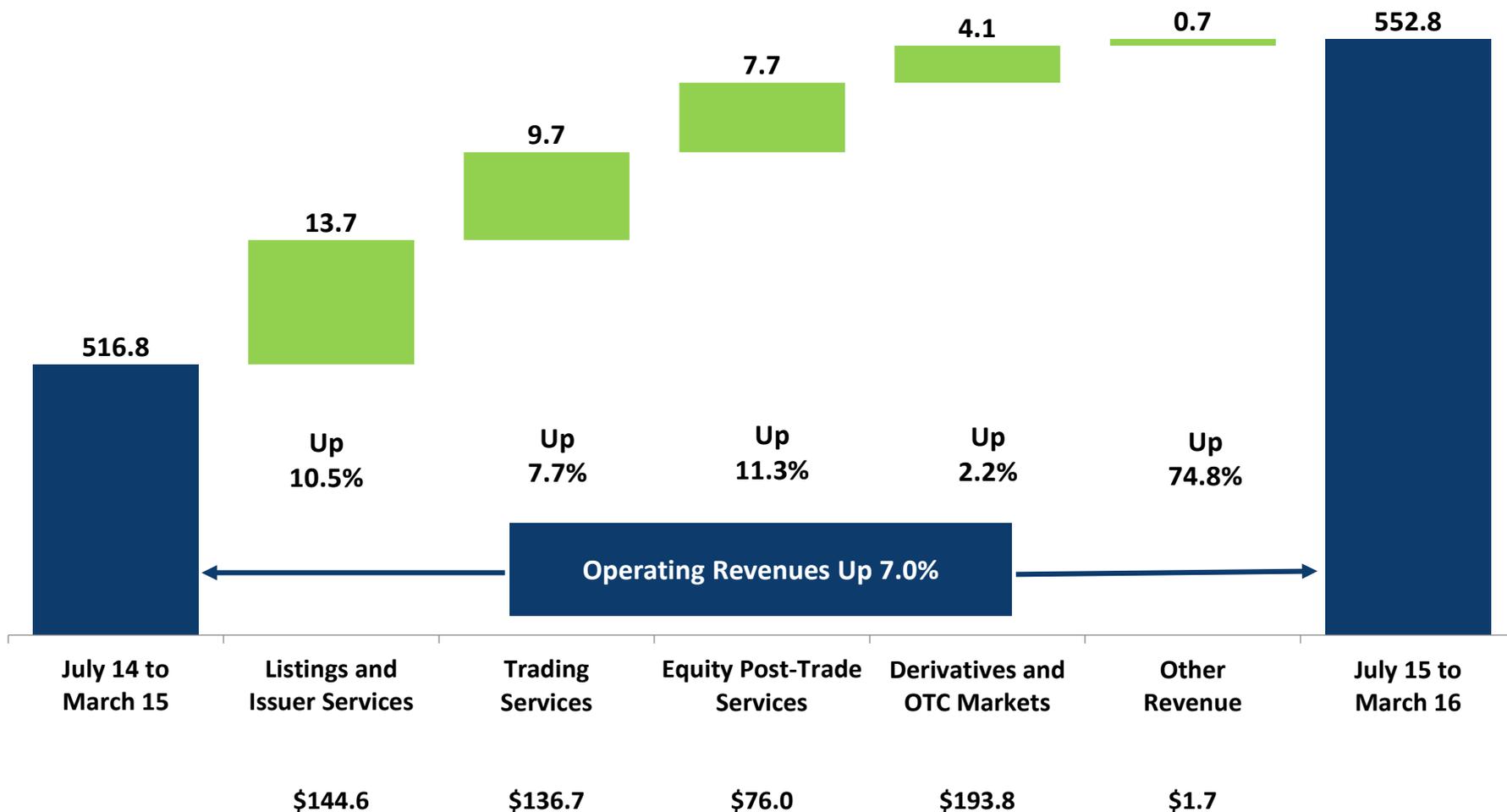
# Income Statement – 9 Months to 31 March 2016

	YTD March 16 \$m	YTD March 15 \$m	% Variance
Operating Revenues	552.8	516.8	7.0%
Operating Expenses	127.5	120.2	(6.1%)
<b>EBITDA</b>	<b>425.3</b>	<b>396.6</b>	<b>7.2%</b>
Depreciation and Amortisation	31.3	28.2	(11.1%)
<b>EBIT</b>	<b>394.0</b>	<b>368.4</b>	<b>6.9%</b>
Interest and Dividend Income	56.7	57.9	(2.0%)
<b>Profit Before Tax</b>	<b>450.7</b>	<b>426.3</b>	<b>5.7%</b>
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
<b>Statutory Profit After Tax</b>	<b>317.4</b>	<b>298.7</b>	<b>6.2%</b>

Unaudited result

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

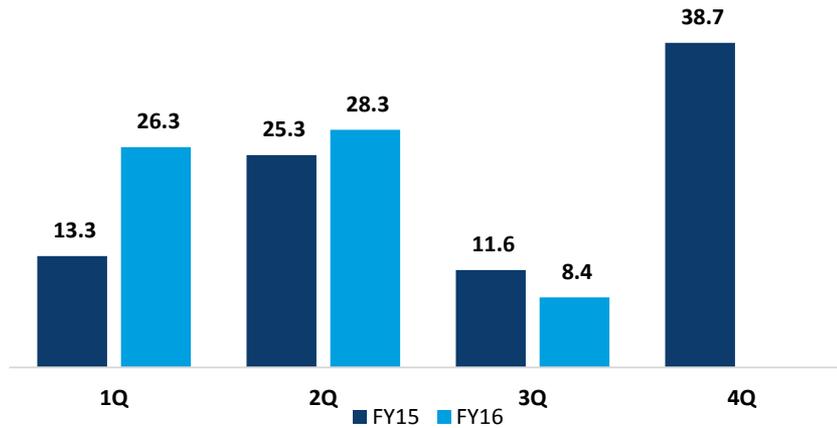
# Revenue Movement – 9 Months to 31 March 2016 (\$ Million)



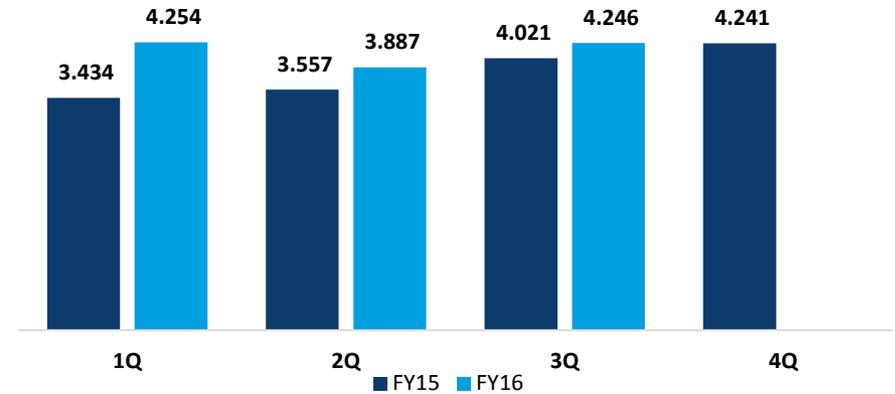
Unaudited result  
 Operating revenues as per the Group segment reporting  
 Variance expressed favourable / (unfavourable)

# Activity Levels

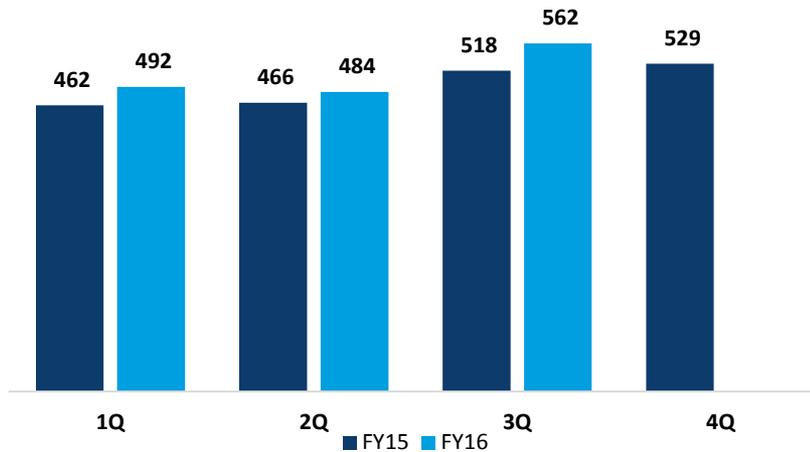
Total Capital Raised (\$ Billion)



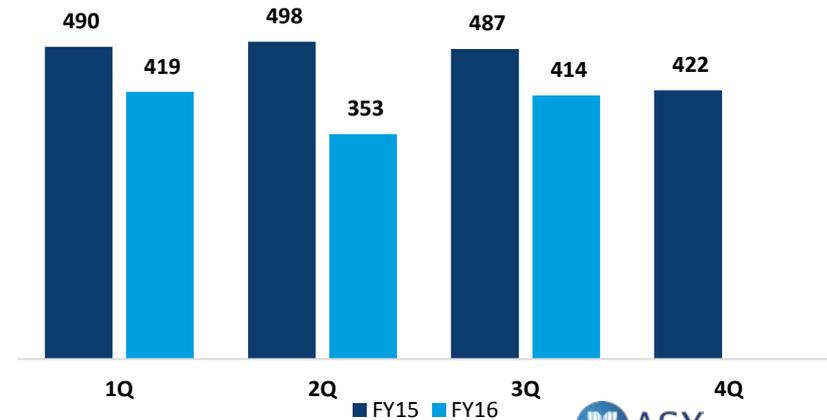
Cash Market Trading  
ASX Average Daily Value On-market (\$ Billion)



Futures<sup>1</sup> - Average Daily Contracts ('000)



Equity Options - Average Daily Contracts ('000)



1. Consists of futures and options on futures

## Operating Expenses – 9 Months to 31 March 2016

	YTD March 16 \$m	YTD March 15 \$m	% Variance
Staff	76.0	73.4	(3.5%)
Other	51.5	46.8	(10.1%)
<b>Total Operating Expenses</b>	<b>127.5</b>	<b>120.2</b>	<b>(6.1%)</b>

- Staff costs up 3.5%
  - Average headcount up 0.8% to 530 FTEs
  - 547 FTEs at 31 March 16, up from 534 at 31 December 2015
  - CEO transition arrangements
- Other costs up 10.1%
  - Higher equipment and administration costs to support accelerated initiatives
  - Higher variable costs due to increased CHES holding statements and postage costs
- Guidance FY16 updated: approximately 6% expense increase

# Financial Results – 9 Months to 31 March 2016

Revenues \$552.8 m 7.0%	Expenses \$127.5m (6.1%)	EBITDA \$425.3m 7.2%	Underlying NPAT \$317.4m 5.9%	Statutory NPAT \$317.4m 6.2%
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