

Market Release

20 August 2020

ASX Limited Full-Year Results to 30 June 2020 (FY20)

Financial highlights relative to the prior comparative period (FY19) based on Group segment reporting

- Solid result in challenging conditions: statutory NPAT up 1.4% to \$498.6m; underlying NPAT up 4.4% to \$513.8m
- Growth in EPS for 8th year in a row: statutory EPS up 1.4% to 257.6c; underlying EPS up 4.4% to 265.4c
- Heightened market activity due to impacts of COVID-19, accompanied by strategic initiatives drove higher shareholder returns: final dividend up 7.2% to 122.5 cents per share; total FY20 dividends up 4.5% to 238.9cps

	FY20	Variance (pcp)
Statutory profit after tax <ul style="list-style-type: none"> • Inclusive of \$15.2 million impairment for Yieldbroker 	\$498.6 million	↑\$6.6m ↑1.4%
Underlying profit after tax	\$513.8 million	↑\$21.8m ↑4.4%
Operating revenue <ul style="list-style-type: none"> • Growth in Listings and Issuer Services supported by higher secondary raisings • Increase in Derivatives and OTC Markets due to growth in Austraclear • Strong Trading Services result underpinned by greater cash market trading activity and growing usage of information and technical services • Higher Equity Post-Trade Services in line with lift in cash market activity 	\$938.4 million	↑\$74.6m ↑8.6%
Total expenses (includes depreciation) <ul style="list-style-type: none"> • Above guidance, impacted by heightened expenses related to COVID-19 	\$286.2 million	↑\$23.6m ↑9.0%
EBIT <ul style="list-style-type: none"> • Increase of 8.5%, the 10th year of consecutive EBIT growth 	\$652.2 million	↑\$51.0m ↑8.5%
Interest and dividend income <ul style="list-style-type: none"> • Lower RBA interest rates and lower earning spreads 	\$83.8 million	↓\$20.1m ↓19.3%
Earnings per share <ul style="list-style-type: none"> • Highest full-year statutory (S) and underlying (U) EPS on record 	257.6 cents (S) 265.4 cents (U)	↑3.5cps (S) ↑1.4% (S) ↑11.3cps (U) ↑4.4% (U)
Final dividend per share <ul style="list-style-type: none"> • 90% payout ratio, fully franked 	122.5 cents	↑8.2cps ↑7.2%
Total FY20 dividends (interim and final)	238.9 cents	↑10.2cps ↑4.5%
Capital expenditure <ul style="list-style-type: none"> • Investment in long-term sustainability of business, in line with guidance (\$75-80m) 	\$80.4 million	



Mr Dominic Stevens, ASX Managing Director and CEO, said: “The 2020 financial year (FY20) presented extraordinary health and economic challenges for the global community. While ASX was not immune, we did deliver a robust result for our stakeholders. The strong performance of our core businesses generated solid underlying profit growth, while investment in the resilience of our systems helped ensure the availability of ASX’s markets throughout the COVID-19 pandemic. ASX’s diversified business model continues to deliver attractive earnings across different business cycles without compromising our commitment to integrity.

“Statutory profit rose 1.4% on last year to \$498.6 million, an increase of \$6.6 million, while underlying profit increased 4.4% to \$513.8 million, a lift of \$21.8 million. Each of ASX’s four main businesses grew, with the overall performance supported by higher cash market trading and a growing appetite from our customers for technical connections and information services. While the number of new listings across the period was down, the total amount of capital raised increased materially. Given the turmoil of the final quarter, the increase reflects the strength of the ASX listed capital markets, including the responsiveness of our rules. Price discovery and liquidity remained strong, and companies were able to raise capital promptly and efficiently.

“We determined a final dividend of 122.5 cents per share, fully franked, an increase of 7.2%, bringing total FY20 dividends to 238.9 cents per share, 4.5% higher than last year.

“ASX’s expenses rose 9.0%, slightly above guidance, largely as a result of higher costs associated with the heightened market activity related to COVID-19. Capital expenditure was \$80.4 million, reflecting our ongoing investment to refresh ASX’s technology capabilities. The record trading activity and volatility experienced during the period, and the pressure this caused across the market, underscores why implementing the next generation of technology to support the digitisation of Australia’s financial markets is a priority.

“We also reduced the carrying value of our shareholding in trading venue Yieldbroker by \$15.2 million. While we remain committed to Yieldbroker and the electronification of fixed income markets, the pace of change has been slower than expected.

“Despite the challenges, there were significant achievements in FY20. In February, we launched the S&P/ASX All Technology Index in recognition of the growth and importance of technology listings on our market. It quickly proved its value, with technology being the best performing sector during the pandemic. We also completed the migration to our secondary data centre, which better aligns to the technical sophistication of our primary data and liquidity centre, and strengthens the resilience of our markets overall. And in mid-2020, we consulted on a revised timetable for replacing CHES in response to stakeholder feedback, proposing an extra 12 months for ASX and users to complete their development and readiness activities. While we haven’t yet completed our assessment of the consultation feedback, it’s pleasing that the majority of the market confirmed to ASX that they can meet the proposed implementation timetable. There is still much to do and we continue to make good progress on the project, with around 90% of the core clearing and settlement functionality available for testing in the customer development environment.

“ASX was well-prepared for the impact of COVID-19 because of the work we’ve done in recent years to strengthen our culture, and our operational and technical foundations; diversify our product and service offerings; and evolve our rules and guidance to meet the market’s changing needs. We continue to deliver attractive results for all our stakeholders, including solid financial returns for our shareholders, reliability and functionality for our customers, and integrity and trust for the market’s investors.”



- Please see the accompanying speaking notes and presentation slides for more detail and insights.
- Complete full-year results materials will be available on the [ASX market announcements page](#).
- A webcast of today's 10.30am (Sydney time) presentation will be available on the [ASX website](#) or can be viewed live [here](#).

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APPENDIX – ASX full-year results to 30 June 2020 (FY20) based on the Group’s segment reporting

Group income statement	FY20 \$m	FY19 \$m	Variance \$m	Variance %
Operating revenue	938.4	863.8	74.6	8.6%
Operating expenses	(235.7)	(214.8)	(20.9)	(9.7%)
Depreciation and amortisation	(50.5)	(47.8)	(2.7)	(5.6%)
Total expenses	(286.2)	(262.6)	(23.6)	(9.0%)
EBIT	652.2	601.2	51.0	8.5%
Interest and dividend income	83.8	103.9	(20.1)	(19.3%)
Underlying profit before tax	736.0	705.1	30.9	4.4%
Income tax expense	(222.2)	(213.1)	(9.1)	(4.3%)
Underlying profit after tax	513.8	492.0	21.8	4.4%
Significant item*	(15.2)	-	(15.2)	-
Statutory profit after tax	498.6	492.0	6.6	1.4%

Operating revenue	FY20 \$m	FY19 \$m	Variance \$m	Variance %
Listings	175.9	172.0	3.9	2.2%
Issuer services	61.2	49.0	12.2	25.0%
Listings and Issuer Services	237.1	221.0	16.1	7.3%
Equity options	18.5	19.9	(1.4)	(7.0%)
Futures and OTC clearing	242.9	233.3	9.6	4.1%
Austraclear	56.2	50.8	5.4	10.6%
Derivatives and OTC Markets	317.6	304.0	13.6	4.5%
Cash market trading	64.2	51.9	12.3	23.9%
Information services	106.8	96.5	10.3	10.7%
Technical services	85.3	81.6	3.7	4.4%
Trading Services	256.3	230.0	26.3	11.5%
Cash market clearing	65.3	54.6	10.7	19.5%
Cash market settlement	62.1	54.2	7.9	14.5%
Equity Post-Trade Services	127.4	108.8	18.6	17.0%
Operating revenue	938.4	863.8	74.6	8.6%

Key activity indicators	FY20	FY19	Variance	Variance %
All Ordinaries Index (end of period)	6,001.3	6,699.2	(697.9)	(10.4%)
Number of new listed entities (IPOs)	83	111	(28)	(25.2%)
New and secondary capital raised	\$97.2 billion	\$86.0 billion	\$11.2 billion	13.0%
Daily average cash on-market value	\$6.0 billion	\$4.6 billion	\$1.4 billion	29.0%
Futures daily average contracts traded	658,522	673,757	(15,235)	(2.3%)
OTC cleared notional value	\$12,454.3 billion	\$9,710.6 billion	\$2,743.7 billion	28.3%

*Significant item – non-cash impairment for Yieldbroker. Variances expressed favourable/(unfavourable).