

# 2020 ASX Limited Full-Year Results

20 August 2020



# Agenda

FY20 overview and COVID-19 update

Dominic Stevens – CEO

Financial performance

Gillian Larkins – CFO

Strategic update

Dominic Stevens

Outlook and summary

Dominic Stevens

Q&A – analysts followed by media

Dominic Stevens and Gillian Larkins

Dominic Stevens – CEO

FY20 overview  
and COVID-19 update

# FY20 financial results

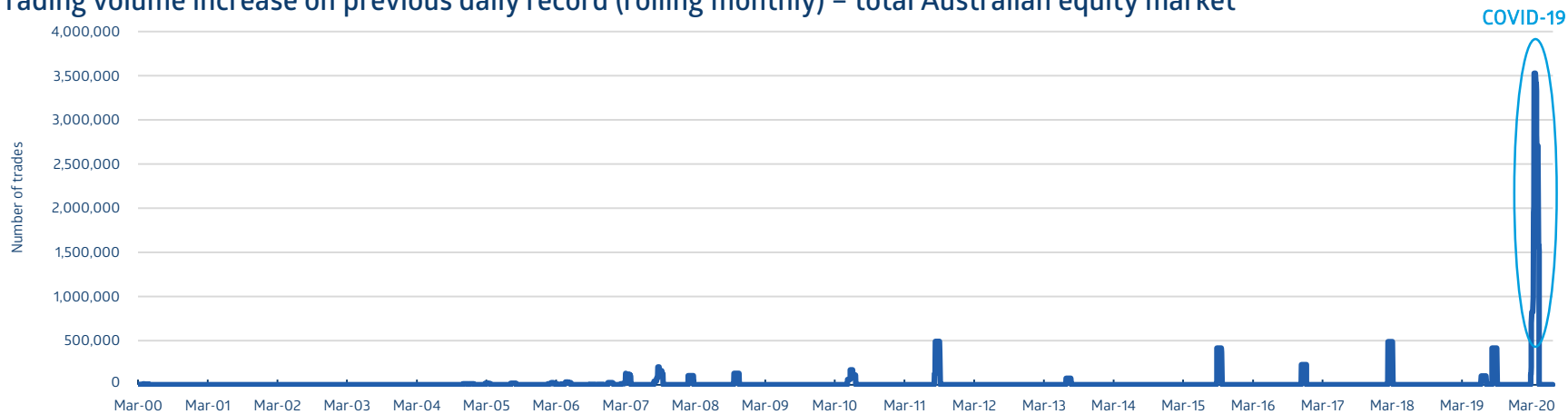
Strong revenue growth offset by lower interest income with dividends per share up 4.5%

	FY20	Change on pcp	% change on pcp	
Operating revenue	\$938.4m	\$74.6 m	8.6%	<ul style="list-style-type: none"> <li>Driven by heightened trading and steady growth in all four businesses</li> </ul>
Total expenses	\$286.2m	(\$23.6m)	(9.0%)	<ul style="list-style-type: none"> <li>Unexpected COVID-19 related costs took expense growth 1% over guidance</li> </ul>
EBIT	\$652.2m	\$51.0m	8.5%	<ul style="list-style-type: none"> <li>Highest annual growth since FY10</li> </ul>
Interest income	\$83.8m	(\$20.1m)	(19.3%)	<ul style="list-style-type: none"> <li>Due to impact of RBA's three interest rate cuts during FY20</li> </ul>
Underlying NPAT	\$513.8m	\$21.8m	4.4%	<ul style="list-style-type: none"> <li>Reflecting strong operational performance</li> </ul>
Statutory NPAT	\$498.6m	\$6.6m	1.4%	<ul style="list-style-type: none"> <li>Post \$15.2m significant item</li> </ul>
Underlying EPS	265.4cps	11.3cps	4.4%	<ul style="list-style-type: none"> <li>Eighth year of consecutive EPS growth</li> </ul>
FY20 total DPS	238.9cps	10.2cps	4.5%	<ul style="list-style-type: none"> <li>Final dividend per share 122.5cps, +8.2cps, up 7.2%</li> </ul>

# Initial reaction of markets to COVID-19

## Record volumes across our markets

### Trading volume increase on previous daily record (rolling monthly) – total Australian equity market



### NEW RECORDS SET DURING MARCH 2020

7m trades



registered in CHESSE

+122% vs previous pre COVID-19 daily record set 6 August 2019

24.5m futures



contracts traded

+11% vs previous monthly record set in March 2019

1,500 market



surveillance alerts

+38% vs previous daily record set 24 August 2019

\$169bn of bonds



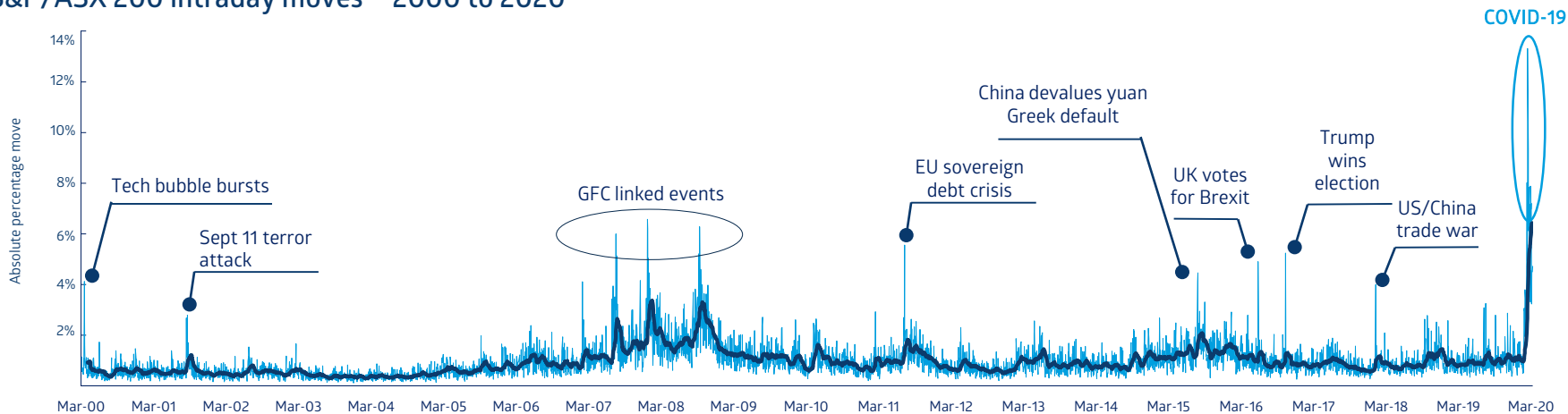
settled in Austraclear

+29% vs previous pre COVID-19 daily settlement record set 15 March 2019

# Initial reaction of markets to COVID-19

Volatility led to largest intra-day trading ranges in the history of the S&P/ASX 200

## S&P/ASX 200 intraday moves – 2000 to 2020



## IN THE WAKE OF COVID-19

100%  
uptime of ASX's  
markets



8/10  
largest intra-day  
trading ranges  
in history of S&P/ASX 200



\$31bn  
secondary capital raised  
during June '20 quarter  
second largest quarter in history  
after December quarter '09



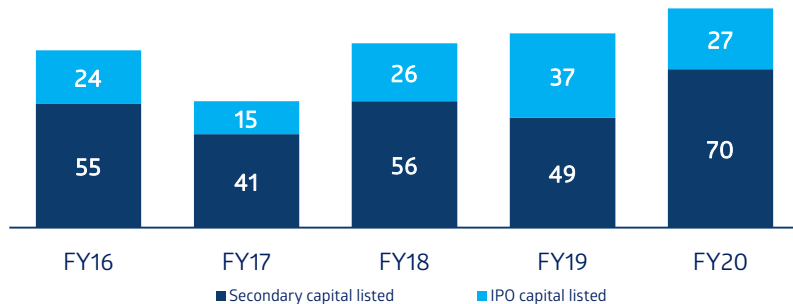
3.6m  
unique visitors to  
website in March '20  
double FY19 monthly average



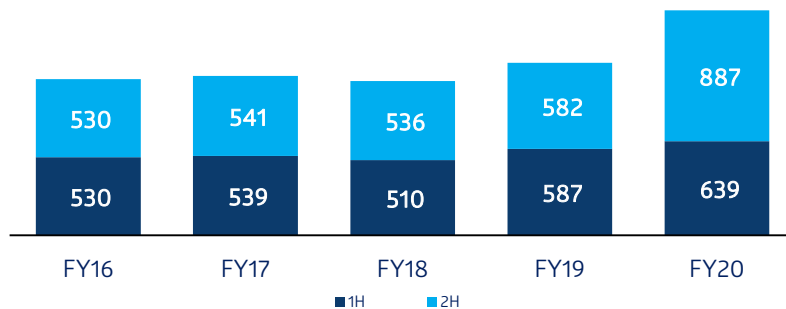
# FY20 activity drivers boosted by COVID-19 related activity

## Strong secondary raisings and equities trading; record Austraclear holdings balance

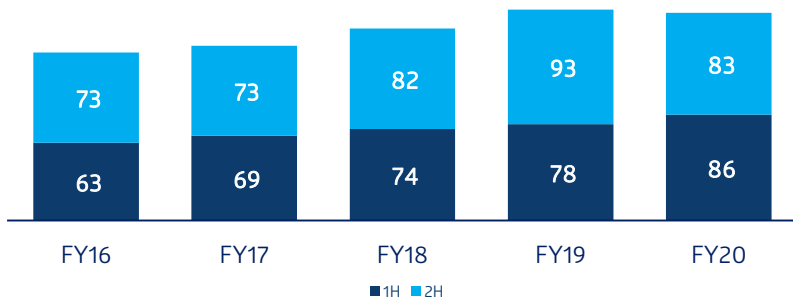
Total Capital Raised (\$billion)



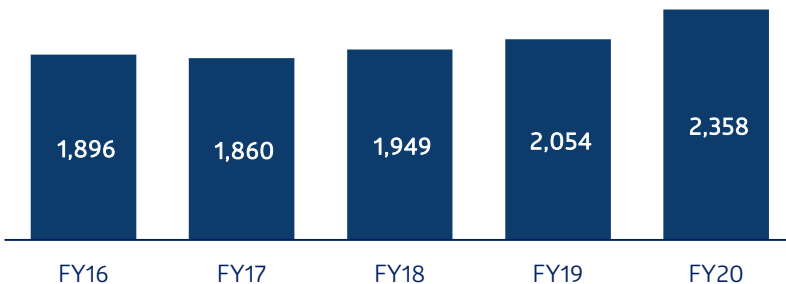
Cash Market Trading – ASX Value On-market (\$billion)



Futures - Contracts – (million)



Austraclear Securities Holdings – Spot Balance (\$billion)



# Sustaining Australia's financial markets through COVID-19

Protecting our people as we continue to operate for our customers and Australia's economy

## Trusted actions

### Safety and wellbeing of our people

- 95% of workforce transitioned to working from home (WFH) over a weekend
- Protection measures for on-site staff and an allowance for WFH costs
- Pre-existing mobile capabilities and tools enabling effective WFH and collaboration
- Wellbeing and mental health support prioritised and increased

## Resilient operations

### Access to and functioning of our infrastructure and services

- Markets remained fair, orderly and transparent despite unprecedented periods of volatility in March 2020
- Record volumes in March 2020 managed across infrastructure and services
- Clearing houses managed record initial and variation margin balances supporting financial system resilience

## Efficient markets

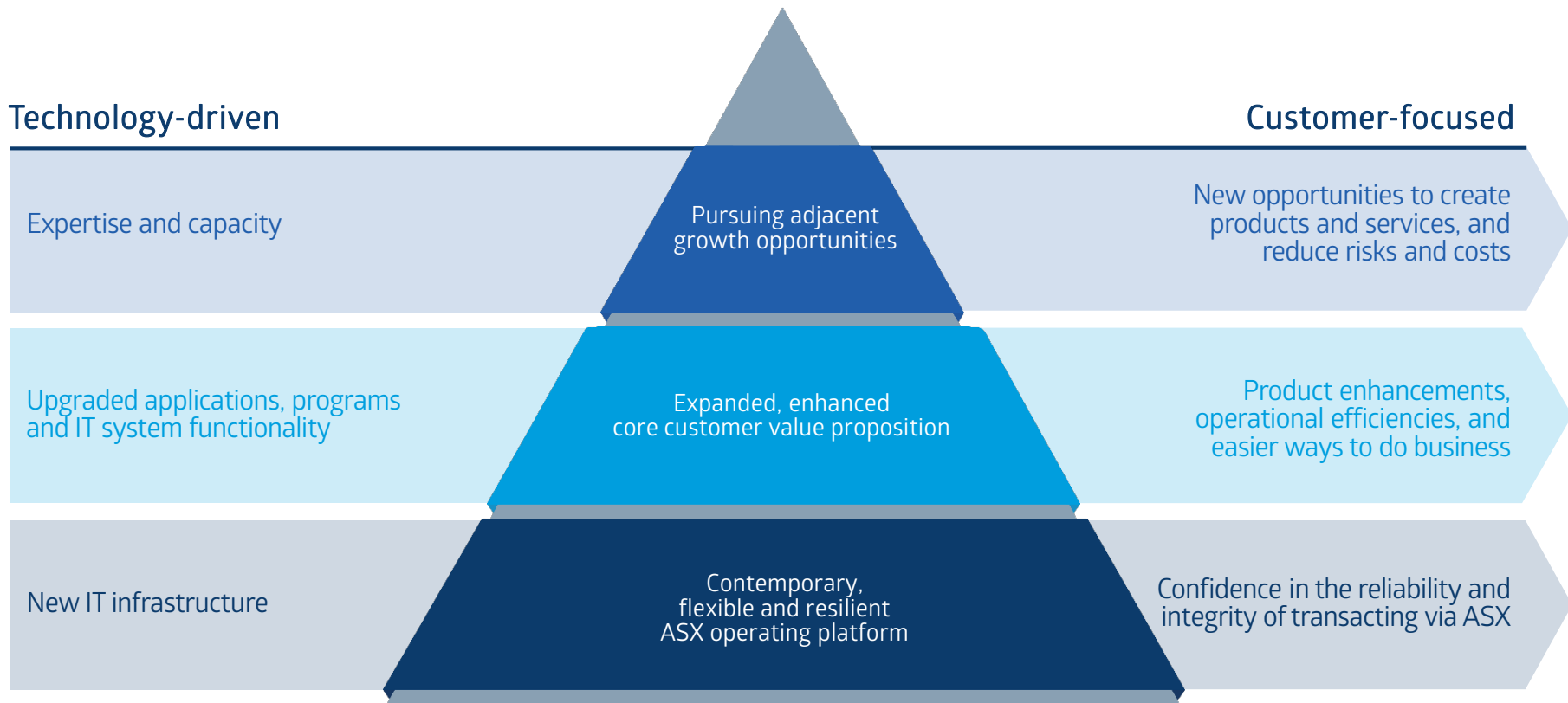
### Proactive in addressing COVID implications

- Capital raising flexibility to support listed companies
- Futures and equity markets maintained strong liquidity and price discovery
- Continued delivery of projects and additional time allocated for those requiring coordinated customer effort
- Daily engagement with customers and regulators



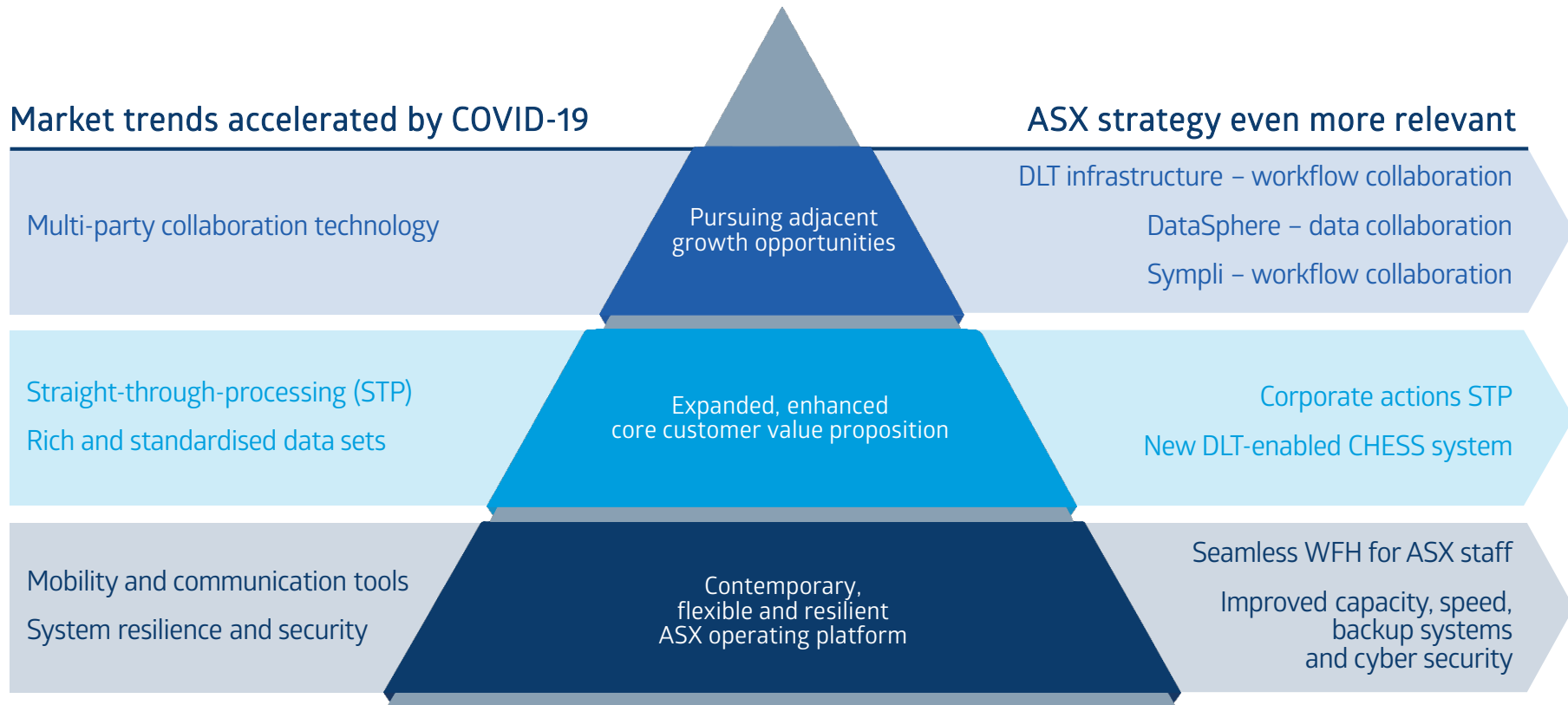
# Building an exchange for the future

Executing our customer-focused, technology-driven strategy



# COVID-19 has accelerated the trend towards digitisation of processes

Challenges arising from WFH have increased the need for digital solutions



Gillian Larkins - CFO

FY20 financial performance

# ASX financial results

## Diversified business model delivers record returns to shareholders

	FY20 \$m	2H20 \$m	1H20 \$m	FY19 \$m	FY20 v FY19
<b>Operating revenue</b>	<b>938.4</b>	<b>483.5</b>	<b>454.9</b>	<b>863.8</b>	<b>8.6%</b>
Operating expenses	235.7	121.3	114.4	214.8	(9.7%)
Depreciation and amortisation	50.5	25.1	25.4	47.8	(5.6%)
<b>Total expenses</b>	<b>286.2</b>	<b>146.4</b>	<b>139.8</b>	<b>262.6</b>	<b>(9.0%)</b>
<b>EBIT</b>	<b>652.2</b>	<b>337.1</b>	<b>315.1</b>	<b>601.2</b>	<b>8.5%</b>
Interest and dividend income	83.8	39.7	44.1	103.9	(19.3%)
<b>Underlying profit after tax</b>	<b>513.8</b>	<b>263.4</b>	<b>250.4</b>	<b>492.0</b>	<b>4.4%</b>
Significant items	15.2	15.2	-	-	-
<b>Statutory profit after tax</b>	<b>498.6</b>	<b>248.2</b>	<b>250.4</b>	<b>492.0</b>	<b>1.4%</b>
EBIT margin	69.5%	69.7%	69.3%	69.6%	-
Statutory earnings per share (EPS) (cents)	257.6	128.3	129.3	254.1	1.4%
Underlying EPS (cents)	265.4	136.1	129.3	254.1	4.4%
Dividends per share (DPS) (cents)	238.9	122.5	116.4	228.7	4.5%

- Operating revenue up 8.6% reflecting strong customer activity
- Total expenses up 9.0% due to annualisation of resources and impacts from COVID-19
- Strong EBIT growth, up 8.5% with EBIT margin maintained at 69.5%
- Interest and dividend income down 19.3% with sale of IRESS, lower investment returns and inclusion of lease financing costs
- Underlying profit after tax up 4.4%
- Significant item of \$15.2m due to an impairment of investment in Yieldbroker
- Statutory profit after tax up 1.4%

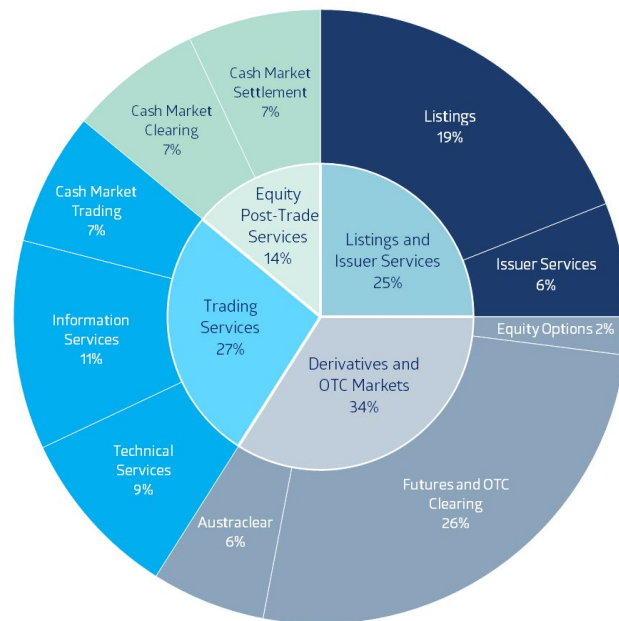
# ASX operating revenue

Up 8.6% with all businesses contributing growth

	FY20 \$m	2H20 \$m	1H20 \$m	FY19 \$m	FY20 v FY19
Listings and Issuer Services	237.1	122.5	114.6	221.0	7.3%
Derivatives and OTC Markets	317.6	160.9	156.7	304.0	4.5%
Trading Services	256.3	131.4	124.9	230.0	11.5%
Equity Post-Trade Services	127.4	68.7	58.7	108.8	17.0%
<b>Operating revenue</b>	<b>938.4</b>	<b>483.5</b>	<b>454.9</b>	<b>863.8</b>	<b>8.6%</b>

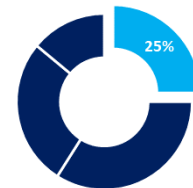
FY20 revenue classification includes the allocation of 'other revenue' into respective revenue lines. Prior period comparative balances have been restated accordingly.

FY20 operating revenue contribution by business



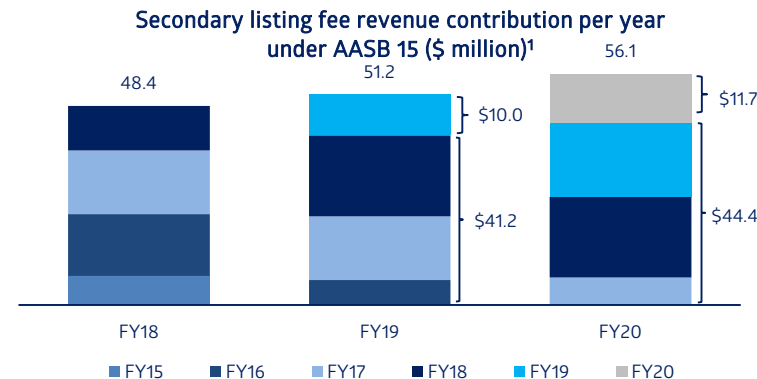
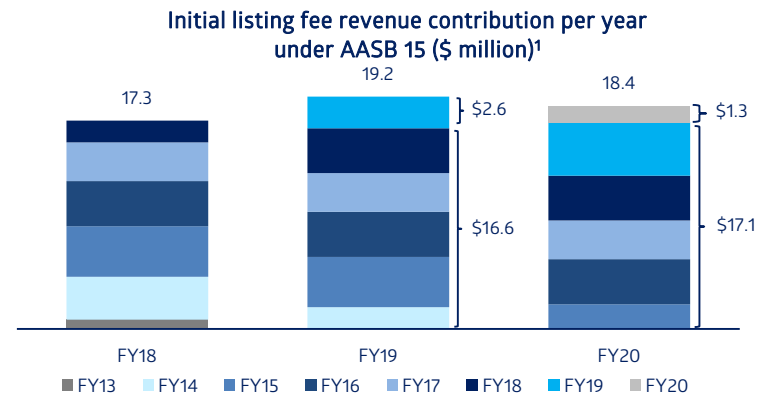
# Listings and Issuer Services

## Strong secondary capital raisings and issuer services activity



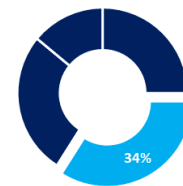
	FY20	2H20	1H20	FY19	FY20 v FY19
<b>Revenue (\$million)</b>	<b>237.1</b>	<b>122.5</b>	<b>114.6</b>	<b>221.0</b>	<b>7.3%</b>
Listings	175.9	88.5	87.4	172.0	2.2%
Issuer services	61.2	34.0	27.2	49.0	25.0%
<b>Key drivers</b>					
New listings (number)	83	28	55	111	(25.2%)
Market cap of new listings (\$billion)	27.0	17.9	9.1	37.4	(27.9%)
Secondary capital (\$billion)	70.2	37.2	33.0	48.6	44.5%
CHES holding statements (million)	19.2	11.1	8.1	14.3	34.9%

- Lower initial fee revenue due to fewer new listings more than offset by higher secondary fee revenue with heightened secondary raisings in FY20
- Issuer services growth, up 25% on pcp, as a result of the heightened activity in 2H20
- Continued growth in exchange-traded products, total market value \$66bn, up 29% on pcp



# Derivatives and OTC Markets

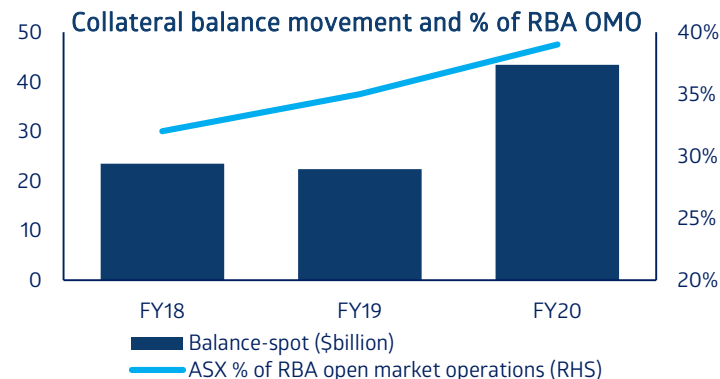
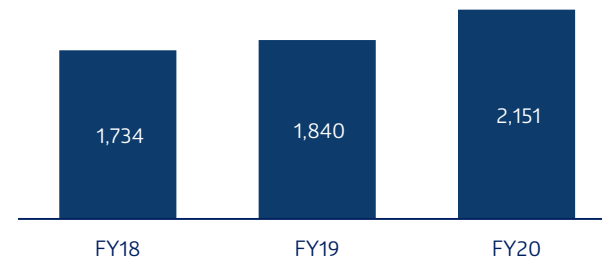
Solid growth amidst low rate climate, assisted by record Austraclear balances



	FY20	2H20	1H20	FY19	FY20 v FY19
<b>Revenue (\$million)</b>	<b>317.6</b>	<b>160.9</b>	<b>156.7</b>	<b>304.0</b>	<b>4.5%</b>
Futures and OTC	242.9	122.0	120.9	233.3	4.1%
Equity options	18.5	9.6	8.9	19.9	(7.0%)
Austraclear	56.2	29.3	26.9	50.8	10.6%
<b>Key drivers</b>					
Futures volume (million)	169.2	83.0	86.2	171.8	(1.5%)
OTC cleared value (\$billion)	12,454.3	5,395.1	7,059.2	9,710.6	28.3%
Single stock options volume (million)	65.9	32.0	33.9	73.8	(10.7%)
Austraclear holdings balance (\$billion)	2,358.2	2,358.2	2,097.0	2,054.5	14.8%

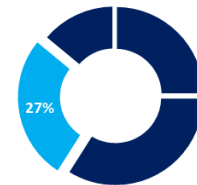
- Futures volumes slightly down on pcp, with revenue growth supported by an increased average fee reflecting a lower proprietary trading share of volume
- Austraclear security holdings and registry issuances up on pcp, particularly in 2H20 with increases in Treasury bonds and semi government securities
- Strong collateral balance growth in 2H20, with ASX increasing market share
- Income from investments in Yieldbroker and Sympli are reported through Futures and OTC, and Austraclear respectively

Austraclear registry spot issuances (\$billion)

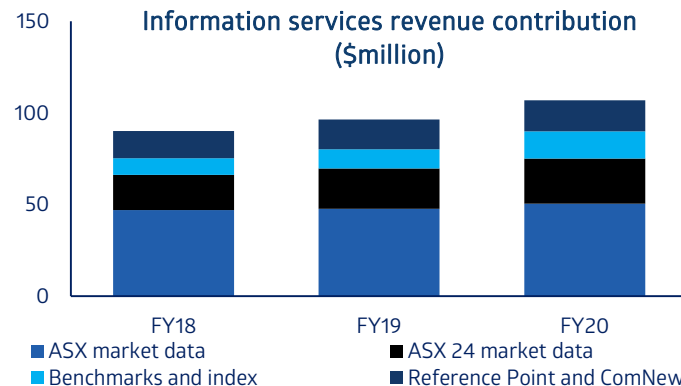
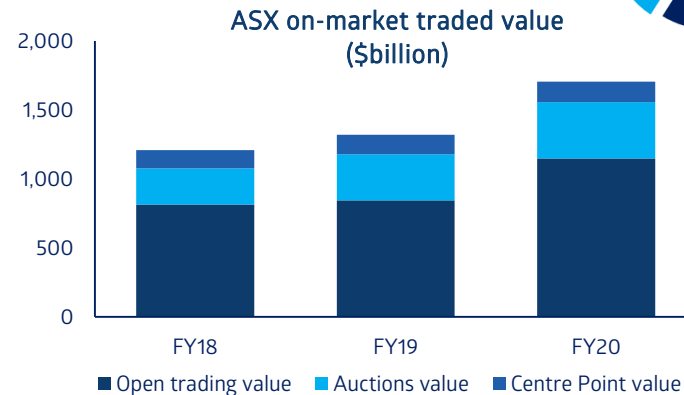


# Trading Services

## Heightened market activity and strong market data distribution growth



	FY20	2H20	1H20	FY19	FY20 v FY19
<b>Revenue (\$million)</b>	<b>256.3</b>	<b>131.4</b>	<b>124.9</b>	<b>230.0</b>	<b>11.5%</b>
Cash market trading	64.2	36.3	27.9	51.9	23.9%
Information services	106.8	53.3	53.5	96.5	10.7%
Technical services	85.3	41.8	43.5	81.6	4.4%
<b>Key drivers</b>					
Total ASX on-market value (\$billion)	1,525.6	886.8	638.8	1,169.1	30.5%
Auctions value (\$billion)	409.9	223.2	186.7	334.0	22.7%
Number of ALC cabinets (spot)	326	326	324	324	0.6%

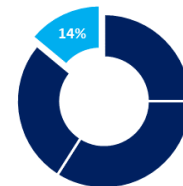


- Market volatility in 2H20 and an increase in on-market share (89.4% vs 88.6% in pcp) led to the increase in ASX on-market traded value
- Increase of equities and futures market data distribution, and index royalties received from Standard & Poor's due to customer growth
- Continued growth in Technical Services' cabinets and connectivity



# Equity Post-Trade Services

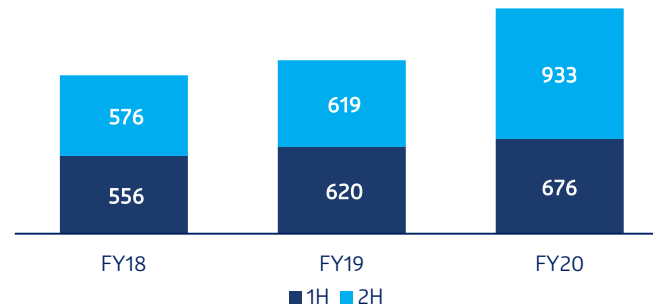
## Higher cash market and settlement activity



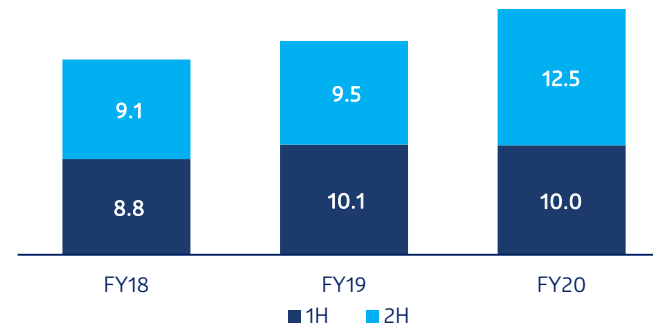
	FY20	2H20	1H20	FY19	FY20 v FY19
<b>Revenue (\$million)</b>	<b>127.4</b>	<b>68.7</b>	<b>58.7</b>	<b>108.8</b>	<b>17.0%</b>
Cash market clearing	65.3	35.3	30.0	54.6	19.5%
Cash market settlement	62.1	33.4	28.7	54.2	14.5%
<b>Key drivers</b>					
On-market value cleared (\$billion)	1,609.4	933.4	676.0	1,238.6	29.9%
Main settlement messages (million)	22.5	12.5	10.0	19.6	14.6%
Transfer and conversions (million)	29.8	18.1	11.7	21.0	41.8%
Average trades per day (million)	1.8	2.0	1.7	1.4	26.5%

- Growth in on-market value cleared, in line with higher traded value
- Growth in the main settlement messages and in transfer and conversions in line with heightened market activity
- Strong year-on-year activity resulted in large customer revenue share rebates. Clearing rebate of \$8.3m (vs \$2.5m in pcp) and settlement rebate of \$6.1m (vs \$0.9m in pcp)

On-market value cleared (\$billion)



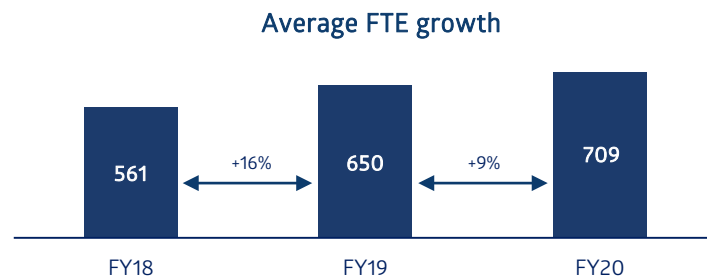
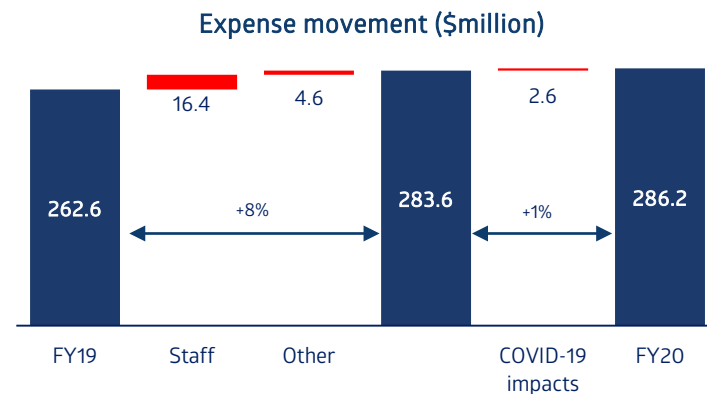
Main settlement messages (million)



# ASX total expenses

## Scheduled investment in initiatives and COVID-19 impacts

	FY20 \$m	2H20 \$m	1H20 \$m	FY19 \$m	FY20 v FY19
Staff	145.4	72.9	72.5	127.7	(13.8%)
Occupancy	9.7	5.0	4.7	17.9	46.0%
Equipment	35.4	19.3	16.1	30.7	(15.1%)
Administration	26.0	13.3	12.7	22.5	(15.6%)
Variable	10.7	6.1	4.6	8.4	(28.5%)
ASIC supervision levy	8.5	4.7	3.8	7.6	(12.9%)
<b>Operating expenses</b>	<b>235.7</b>	<b>121.3</b>	<b>114.4</b>	<b>214.8</b>	<b>(9.7%)</b>
Depreciation and amortisation	50.5	25.1	25.4	47.8	(5.6%)
<b>Total expenses</b>	<b>286.2</b>	<b>146.4</b>	<b>139.8</b>	<b>262.6</b>	<b>(9.0%)</b>
FTE (spot)	726	726	705	689	(5.5%)



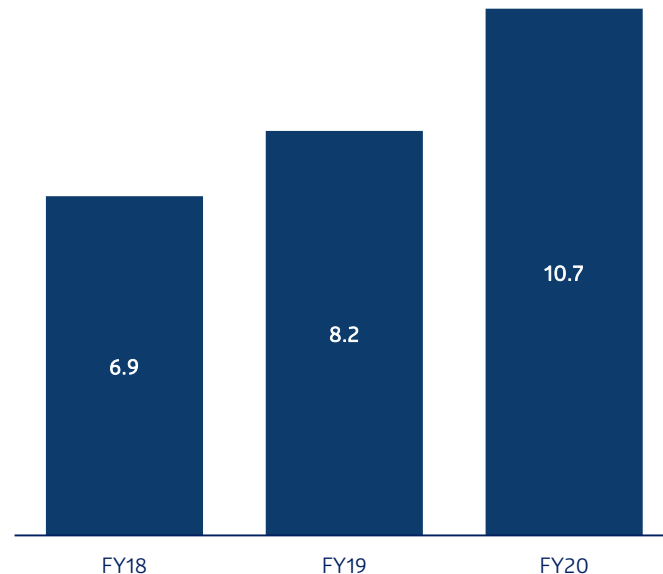
- FY21 total expense guidance 6-7%

# ASX interest and dividend income

Lower investment earnings partly offset by higher collateral balances

	FY20 \$m	2H20 \$m	1H20 \$m	FY19 \$m	FY20 v FY19
Group net interest income	11.0	3.2	7.8	23.4	(53.0%)
Lease financing cost	(3.4)	(1.7)	(1.7)	-	-
Group net interest income	7.6	1.5	6.1	23.4	(67.5%)
Net interest on collateral balances	76.2	38.2	38.0	75.4	1.2%
<b>Total net interest income</b>	<b>83.8</b>	<b>39.7</b>	<b>44.1</b>	<b>98.8</b>	<b>(15.1%)</b>
Dividend income	-	-	-	5.1	-
<b>Interest and dividend income</b>	<b>83.8</b>	<b>39.7</b>	<b>44.1</b>	<b>103.9</b>	<b>(19.3%)</b>

Average collateral balance (\$billion)



- ASX Group net interest income down 67.5% (excluding AASB 16 lease finance cost down 53.0%) reflecting lower investment returns in the current interest rate environment
- Net interest earned on collateral balances up 1.2%
  - Average collateral balances up 31.2% to \$10.7bn on pcp
  - Investment spread down to 37bps (51bps pcp)
  - Futures client charge decreased from 65bps to 45bps in December 2019
- No dividends were received in FY20 due to the sale of IRESS shareholding in 2H19

# ASX balance sheet

Financially strong with record levels of participant margins

	Jun 20 \$m	Jun 19 \$m
Cash and other financial assets	13,857.0	12,270.3
Intangibles (excluding software)	2,325.9	2,326.1
Investments	85.6	76.3
Other assets	1,146.3	657.6
<b>Total assets</b>	<b>17,414.8</b>	<b>15,330.3</b>
Amounts owing to participants	12,677.2	10,801.0
Other liabilities	1,017.2	612.9
<b>Total liabilities</b>	<b>13,694.4</b>	<b>11,413.9</b>
<b>Total equity</b>	<b>3,720.4</b>	<b>3,916.4</b>
Long-term credit rating from S&P	AA-	AA-

## Investments in adjacencies

- **Sympli**
  - 49% shareholding (further investment in FY20)
- **Digital Asset**
  - 9% shareholding\* (further investment in FY20 and July '20)
- **Yieldbroker**
  - 45% shareholding (impairment of \$15.2m in FY20) (treated as significant item)
- **Capital expenditure \$80.4 million in FY20**
  - Ongoing investment in upgrading technology for BAU and growth opportunities, including
    - CHES replacement and related infrastructure
    - Secondary data centre - *completed*
    - ASX Trade refresh
- **FY21 capital expenditure guidance is \$90-95 million**

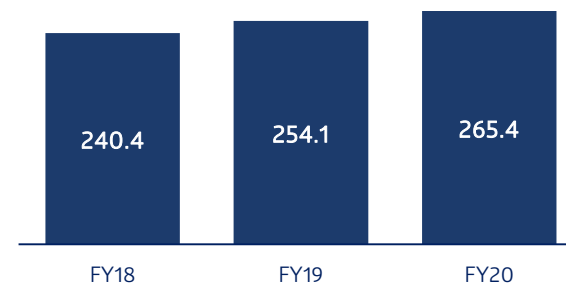
# ASX delivering to shareholders

8<sup>th</sup> straight year of growth in earnings per share

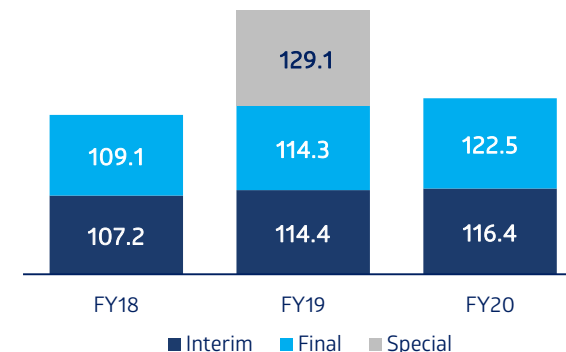
	FY20	2H20	1H20	FY19	FY20 v FY19
Underlying earnings per share (cents)	265.4	136.1	129.3	254.1	4.4%
Statutory earnings per share (cents)	257.6	128.3	129.3	254.1	1.4%
Dividends per share (cents)	238.9	122.5	116.4	228.7	4.5%
% of underlying profit paid out	90%	90%	90%	90%	-
Special dividend per share (cents)	-	-	-	129.1	-

- Statutory earnings per share up 1.4% on pcp
- Total ordinary dividends of 238.9 cents per share, up 4.5% on pcp
  - Final dividend of 122.5 cents per share, up 7.2% on pcp

Underlying earnings per share (cents)



Dividends per share (cents)



Dominic Stevens – CEO

Strategic update

# Strengthening foundations into FY21 and beyond

Building Stronger Foundations program complete; ongoing commitment to focus areas

## Clearing risk

- Continue contemporising risk management systems
- Enhanced risk analytics and near real-time capabilities
- Embed COVID learnings into risk management processes

## Market oversight

- Improve internal listing rules processes
- Evolve investment products listing rules
- Ongoing engagement with ASIC in managing COVID-19 issues



## Enterprise and technology risk





- Safely manage a return to office
- Effectively manage portfolio of technology projects
- Drive excellence in regulatory engagement and reporting

## People and culture

- Embed a customer-focused, data-driven culture
- Support employee wellbeing
- Focus on risk and compliance awareness, accountability and speaking-up

# Building an operating platform for the future

## Contemporisation of cash equities technology stack

			COMPLETED/ COMPLETING
Digital interactions	 <p><b>CUSTOMER EXPERIENCE</b></p>	<ul style="list-style-type: none"> <li>✓ www.asx.com.au and investor portal</li> <li>• Corporate actions straight-through-processing (STP)</li> <li>• Issuer portal</li> </ul>	<p>1H21</p> <p>FY21</p> <p>FY21</p>
Contemporary applications	 <p><b>MARKET OVERSIGHT</b></p> <p><b>TRADING</b></p> <p><b>CLEARING and SETTLEMENT</b></p>	<ul style="list-style-type: none"> <li>✓ Market oversight and surveillance systems</li> <li>• ASX Trade refresh</li> <li>• CHESSE replacement</li> </ul>	<p>FY20</p> <p>End 1H21</p> <p>FY22</p>
Integrated data management	 <p><b>DATA and ANALYTICS</b></p>	<ul style="list-style-type: none"> <li>✓ DataSphere</li> <li>✓ Enterprise visual analytics</li> <li>• Enterprise-wide data warehouse</li> </ul>	<p>FY20</p> <p>FY20</p> <p>FY22</p>
Modern, scalable infrastructure	 <p><b>DATA CENTRES, COMMUNICATION NETWORKS</b></p>	<ul style="list-style-type: none"> <li>✓ ALC and new secondary data centre</li> <li>✓ ASX Net upgrade</li> <li>✓ Continued investment in cyber security</li> </ul>	<p>FY20</p> <p>FY19</p> <p>Ongoing</p>



# Making business easier for customers by digitising processes

Corporate action straight-through-processing delivering source-of-truth data in seconds<sup>^</sup>

Efficiency benefits through real-time machine readable data, powering process automation and dynamic data analytics

## Investors

- Fastest possible receipt of corporate action information
  - Direct from issuer
  - Rich, structured data sets reducing errors
  - More timely and accurate decision-making



IMPROVED  
SERVICE

## Custodians and registries

- Integration of corporate actions STP data to drive efficiencies
  - Risk reduction with back office process automation
  - Machine readable rich, structured data
  - Improved investor service offerings



STANDARDISED  
DATA

## Issuers

- Data validation at point of entry – the right data first time
  - Validated for accuracy and completeness
  - Compliance with relevant aspects of Listing Rules
  - Event dashboard assists issuers



IMPROVED  
EFFICIENCY



IMPROVED  
ACCURACY

## FinTechs / Service providers

- Rich structured source-of-truth data to power new product ideas
- Global ISO standard lowers barriers for new service providers
- Increase product and service offerings to customers



IMPROVED  
TIMELINESS

# Making business easier for customers by digitising processes

## Contemporising CHESS for the back office of the 21<sup>st</sup> century

Critical market infrastructure replacement to deliver long-term benefits to all equity market users

### Investors

- Strengthened investor protections
- Consolidated digitised corporate action elections and payments
- Electronic holding statement options
- New services available for brokers to provide to their investor clients



NEW  
SOFTWARE

### Custodians and registries

- New services to offer their clients
- Improved, simplified business processes
- Multiple technology connectivity choices
- Consolidated information rich message sets using international standards



NEW  
INFRASTRUCTURE

### Issuers

- Improved processing for corporate actions
- Access to more cost-effective and innovative products
- More choice of service providers
- Greater control over data
- Cost savings from electronic holding statements



NEW ACCESS  
OPTIONS



NEW  
MESSAGING

### FinTechs / Service providers

- Extensive infrastructure and tools for third parties to develop, host and operate new services
- Smart contract and distributed ledger innovations through DAML – the Digital Asset modelling language
- Lowering barriers to entry to accelerate innovation



NEW  
FEATURES

# Expanding our customer value proposition through new products

## Developing products that create opportunities for customers

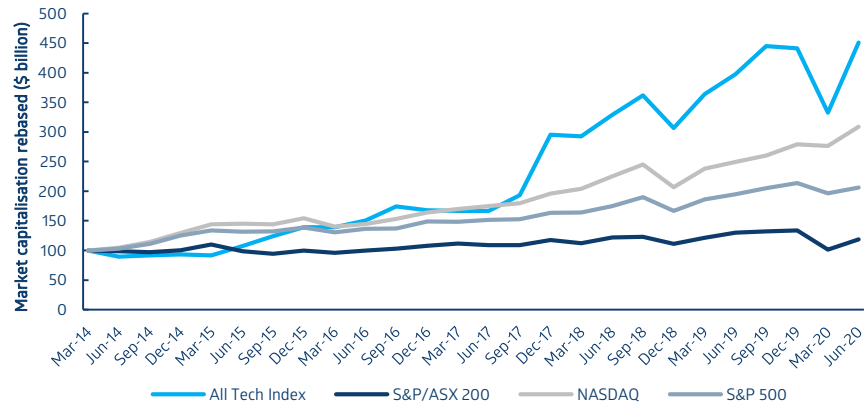
### Launched S&P/ASX All Technology Index (XTX)

- Enhances the profile and understanding of ASX's listed technology companies
- Supports the development of Australia's technology industry
- Increases opportunities for Australian investors
  - First XTX ETF launched March 2020

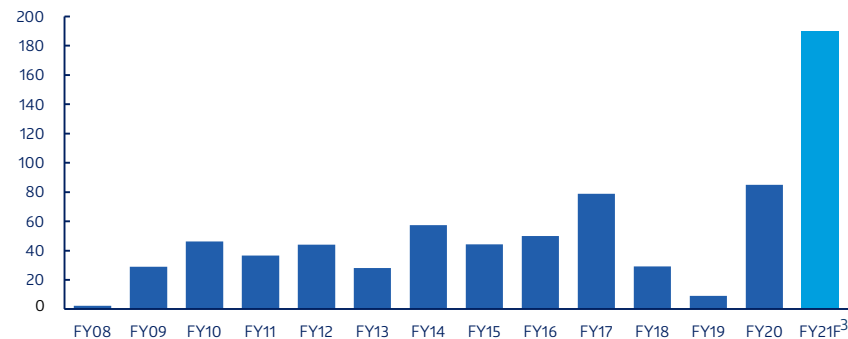
### Expanding interest rate futures suite

- Launching a five-year contract by the end of 2020
- Supportive market conditions for the new five-year contract
  - Existing issuance to support liquidity between the three and 10-year points on the yield curve
  - Increased AOFM issuance in coming years will help both new and existing bond contracts

### Growth in market cap of indices<sup>1</sup>



### AOFM<sup>2</sup> net new treasury bond issuance (\$ billions)



# Leveraging the power of collaborative technology

ASX's technology infrastructure enables innovation

	ENCOURAGING INNOVATION BY	STATUS
DataSphere	Making ASX and third party financial data easier for customers to analyse and monetise	<ul style="list-style-type: none"><li>• Workspaces and data sets available via web portal</li><li>• Prototypes in development with customers</li><li>• Progressing third party data partnerships</li></ul>
Sympli	Offering a more intuitive, efficient and cost-competitive solution, as well as providing industry resilience and choice	<ul style="list-style-type: none"><li>• Strong support for competition from industry, government and ACCC</li><li>• Expect to be connected to all four major banks by the end of FY21</li></ul>
DLT Solutions	Enabling the development of digitised multi-party workflow solutions through the distribution of source-of-truth data	<ul style="list-style-type: none"><li>• Third parties building applications to run on ASX's distributed ledger infrastructure</li><li>• Launching sandbox environment for third parties to develop, test and demonstrate DAML applications</li></ul>

Dominic Stevens – CEO

Outlook and summary

# Outlook

## Diversified business navigating mixed short-term environment

### Trading conditions

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- Cash equities continue to experience elevated volumes and volatility
- Derivatives – 90-day bank bills and three-year bond futures volumes impacted by RBA yield curve control; commodities, equity futures and longer dated bond futures volumes unaffected
- Austraclear holdings and transactions benefiting from Australian Government issuance
- Low interest rate environment will reduce net interest income
- IPOs impacted by ongoing market volatility, while secondary capital raisings expected to remain buoyant

# Summary

Delivered solid shareholder returns while responding to COVID-19 and progressing strategy

## Diversified business delivering consistent returns

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- FY20 was the 10<sup>th</sup> year of consecutive EBIT growth
- FY20 total DPS +4.5% to 238.9 cps

## Ability to respond to COVID-19 strengthened by investment and focus on technology and risk management

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- Transitioned 95% of workforce to working from home over a weekend
- Maintained functioning of our infrastructure and services enabling COVID-19 led volumes and managing volatility

## Making business easier for customers through enhanced and new products and services

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- Digitising processes and standardising data offers customers' efficiency and data analysis benefits
- Developing new products to support evolving market conditions

## Building an exchange for the future

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- Progressing contemporisation of technology stack keeping ASX at the forefront of technological change
- Creating opportunities where ASX can leverage its brand, expertise and infrastructure

# Q&A



Thank you.

# Appendices

1. Income statement
2. Balance sheet
3. Key financial ratios
4. Transaction and activity levels
5. ASX Group own cash movement
6. Accounting policy change

# 1. Income statement

	FY16 \$million	FY17 \$million	FY18 \$million	FY19 \$million	FY20 \$million
<i>Annual listing</i>	75.2	79.3	85.8	93.8	92.4
<i>Initial listing</i>	18.6	16.0	18.6	19.2	18.4
<i>Subsequent raisings</i>	45.1	46.5	58.9	51.2	56.1
<i>Other listing</i>	11.5	9.6	9.1	7.8	9.0
Listings	150.4	151.4	172.4	172.0	175.9
Issuer services	43.5	42.3	49.1	49.0	61.2
<b>Listings and Issuer Services</b>	<b>193.9</b>	<b>193.7</b>	<b>221.5</b>	<b>221.0</b>	<b>237.1</b>
<i>Equity options</i>	23.2	21.7	21.9	19.9	18.5
<i>Futures and OTC clearing</i>	195.4	197.9	212.7	233.3	242.9
<i>Austraclear</i>	48.6	50.1	51.7	50.8	56.2
<b>Derivatives and OTC Markets</b>	<b>267.2</b>	<b>269.7</b>	<b>286.3</b>	<b>304.0</b>	<b>317.6</b>
<i>Cash market trading</i>	41.0	46.3	45.7	51.9	64.2
<i>Information services</i>	80.2	82.5	90.1	96.5	106.8
<i>Technical services</i>	62.1	67.4	74.1	81.6	85.3
<b>Trading Services</b>	<b>183.3</b>	<b>196.2</b>	<b>209.9</b>	<b>230.0</b>	<b>256.3</b>
<i>Cash market clearing</i>	54.1	53.3	51.9	54.6	65.3
<i>Cash market settlement</i>	47.8	51.2	53.1	54.2	62.1
<b>Equity Post-Trade Services</b>	<b>101.9</b>	<b>104.5</b>	<b>105.0</b>	<b>108.8</b>	<b>127.4</b>
Other revenue	-	-	-	-	-
<b>Operating revenue</b>	<b>746.3</b>	<b>764.1</b>	<b>822.7</b>	<b>863.8</b>	<b>938.4</b>

Operating revenue and operating expenses as per the Group segment reporting  
Adoption of AASB 15 from FY19 and AASB 16 from FY20

# 1. Income statement

	FY16 \$million	FY17 \$million	FY18 \$million	FY19 \$million	FY20 \$million
Staff	101.1	110.6	114.6	127.7	145.4
Occupancy	14.1	14.6	16.4	17.9	9.7
Equipment	27.0	27.9	27.9	30.7	35.4
Administration	19.2	18.2	22.4	22.5	26.0
Variable	6.3	6.7	7.9	8.4	10.7
ASIC levy	2.9	2.9	6.3	7.6	8.5
<b>Operating expenses</b>	<b>170.6</b>	<b>180.9</b>	<b>195.5</b>	<b>214.8</b>	<b>235.7</b>
<b>EBITDA</b>	<b>575.7</b>	<b>583.2</b>	<b>627.2</b>	<b>649.0</b>	<b>702.7</b>
Depreciation and amortisation	42.7	46.0	47.6	47.8	50.5
<b>Total expenses</b>	<b>213.3</b>	<b>226.9</b>	<b>243.1</b>	<b>262.6</b>	<b>286.2</b>
<b>EBIT</b>	<b>533.0</b>	<b>537.2</b>	<b>579.6</b>	<b>601.2</b>	<b>652.2</b>
Net interest income	22.3	17.8	18.2	23.4	7.6
Net interest on participants' balances	37.7	47.5	50.3	75.4	76.2
Dividend revenue	13.1	13.9	14.2	5.1	-
<b>Interest and dividend income</b>	<b>73.1</b>	<b>79.2</b>	<b>82.7</b>	<b>103.9</b>	<b>83.8</b>
<b>Underlying profit before tax</b>	<b>606.1</b>	<b>616.4</b>	<b>662.3</b>	<b>705.1</b>	<b>736.0</b>
Income tax expense	(179.9)	(182.3)	(197.0)	(213.1)	(222.2)
<b>Underlying profit after tax</b>	<b>426.2</b>	<b>434.1</b>	<b>465.3</b>	<b>492.0</b>	<b>513.8</b>
Significant items <sup>1</sup>	-	-	(20.2)	-	(15.2)
<b>Statutory profit after tax</b>	<b>426.2</b>	<b>434.1</b>	<b>445.1</b>	<b>492.0</b>	<b>498.6</b>

Operating revenue and operating expenses as per the Group segment reporting  
Adoption of AASB 15 from FY19 and AASB 16 from FY20

36 | <sup>1</sup> Significant items relates to impairment of Yieldbroker (net of tax)

## 2. Balance sheet

	30 Jun 16 \$million	30 Jun 17 \$million	30 Jun 18 \$million	30 Jun 19 \$million	30 Jun 20 \$million
<b>Assets</b>					
Cash and other financial assets	7,072.8	9,085.6	9,570.1	12,270.3	13,857.0
Intangibles (excluding software)	2,317.6	2,326.6	2,326.3	2,326.1	2,325.9
Software	103.2	112.6	111.7	132.2	170.9
Investments	424.8	497.8	469.5	76.3	85.6
Other assets <sup>1</sup>	533.2	1,189.1	445.4	525.4	975.4
<b>Total assets</b>	<b>10,451.6</b>	<b>13,211.7</b>	<b>12,923.0</b>	<b>15,330.3</b>	<b>17,414.8</b>
<b>Liabilities</b>					
Amounts owing to participants (including funded commitments)	6,088.2	8,084.7	8,495.8	10,801.0	12,677.2
Other liabilities <sup>1</sup>	539.3	1,218.9	481.7	612.9	1,017.2
<b>Total liabilities</b>	<b>6,627.5</b>	<b>9,303.6</b>	<b>8,977.5</b>	<b>11,413.9</b>	<b>13,694.4</b>
<b>Equity</b>					
Capital	3,027.2	3,027.2	3,027.2	3,027.2	3,027.2
Retained earnings	576.9	622.2	666.7	801.7	603.8
Reserves	220.0	258.7	251.6	87.5	89.4
<b>Total equity</b>	<b>3,824.1</b>	<b>3,908.1</b>	<b>3,945.5</b>	<b>3,916.4</b>	<b>3,720.4</b>

<sup>1</sup> Balance due to material movement on variation and initial margin requirements on Futures

### 3. Key financial ratios

	FY16	FY17	FY18	FY19	FY20
Basic earnings per share (EPS) <sup>1</sup>	220.4c	224.5c	230.0c	254.1c	257.6c
Diluted EPS <sup>1</sup>	220.4c	224.5c	230.0c	254.1c	257.6c
Underlying EPS <sup>2</sup>	220.4c	224.5c	240.4c	254.1c	265.4c
Dividend per share – interim	99.1c	102.0c	107.2c	114.4c	116.4c
Dividend per share – final	99.0c	99.8c	109.1c	114.3c	122.5c
Special dividend per share	-	-	-	129.1c	-
Statutory return on equity <sup>3</sup>	11.4%	11.4%	11.5%	12.8%	13.6%
Underlying return on equity <sup>4</sup>	11.4%	11.4%	12.0%	12.8%	14.0%
EBITDA / Operating revenue <sup>5,6</sup>	77.1%	76.3%	76.2%	75.1%	74.9%
EBIT / Operating revenue <sup>5,6</sup>	71.4%	70.3%	70.5%	69.6%	69.5%
Total expenses (including depreciation and amortisation) / Operating revenue <sup>5,6</sup>	28.6%	29.7%	29.5%	30.4%	30.5%
Capital expenditure (\$m)	\$50.2	\$50.3	\$54.1	\$75.1	\$80.4
Net tangible asset backing per share	\$7.25	\$7.59	\$7.79	\$7.53	\$6.32
Net asset backing per share	\$19.75	\$20.19	\$20.38	\$20.23	\$19.22
Shareholders' equity as a % of total assets (excluding participants' balances)	87.6%	76.2%	89.1%	86.5%	78.5%
Shareholders' equity as a % of total assets (including participants' balances)	36.6%	29.6%	30.5%	25.5%	21.4%
Share price at end of period	\$45.76	\$53.61	\$64.39	\$82.37	\$85.38
Ordinary shares on issue at end of period	193,595,162	193,595,162	193,595,162	193,595,162	193,595,162
Weighted average number of ordinary shares (excluding treasury shares) <sup>7</sup>	193,413,893	193,415,430	193,507,104	193,576,187	193,587,739
Market value of ordinary shares on issue at end of period (\$m)	\$8,859	\$10,379	\$12,466	\$15,946	\$16,529
Market to book ratio at end of period	2.32	2.66	3.16	4.07	4.44
Full-time equivalent permanent staff – number at period end	546	554	587	689	726
Full-time equivalent permanent staff – average during the period	534	556	560	650	709

Operating revenues and operating expenses as per the Group segment reporting

1. Based on statutory net profit after tax (NPAT) including significant items and weighted average number of shares.

2. Based on underlying NPAT excluding significant items and weighted average number of shares.

3. Based on statutory NPAT including significant items.

4. Based on underlying NPAT excluding significant items.

5. Operating revenue excludes interest and dividend revenue (underlying).

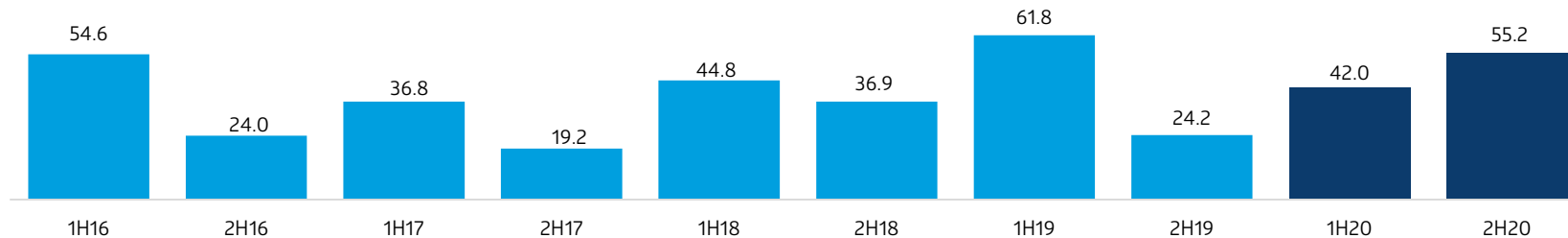
6. EBITDA – earnings before interest, tax, depreciation and amortisation; EBIT – earnings before interest and tax. These metrics along with total expenses exclude significant items.

7. Weighted average number of ordinary shares used to calculate EPS.

## 4.1 Listings and Issuer Services

	FY16	FY17	FY18	FY19	FY20
Total domestic market capitalisation (\$bn) – period end	\$1,620	\$1,777	\$1,957	\$2,069	\$1,918
Total number of listed entities (includes all stapled entities) – period end	2,204	2,239	2,285	2,269	2,188
Number of new listings	124	152	137	111	83
Average annual listing fee	\$34,101	\$35,419	\$37,569	\$41,356	\$42,214
Initial capital raised (\$m)	\$23,587	\$14,652	\$25,693	\$37,402	\$26,964
Secondary capital raised (\$m)	\$45,299	\$37,160	\$43,022	\$38,830	\$65,033
Other secondary capital raised including scrip-for-scrip (\$m)	\$9,704	\$4,156	\$12,998	\$9,783	\$5,193
<b>Total capital raised (including other) (\$m)</b>	<b>\$78,590</b>	<b>\$55,968</b>	<b>\$81,713</b>	<b>\$86,015</b>	<b>\$97,190</b>
Number of new warrant series quoted	2,959	1,828	1,967	1,849	2,060
Total warrant series quoted	2,886	2,827	2,976	2,789	2,516

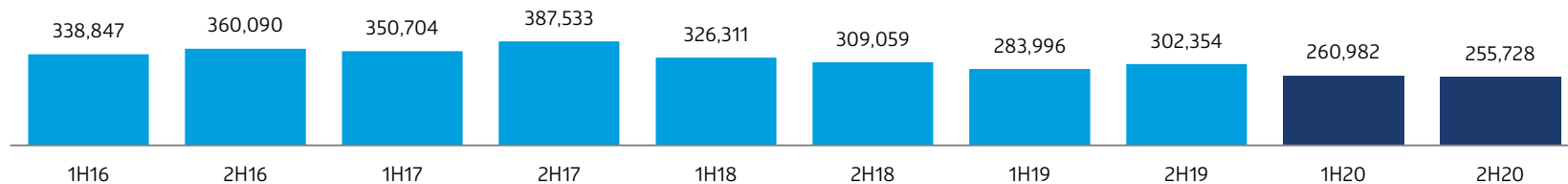
Total capital raised (including other) (\$bn)



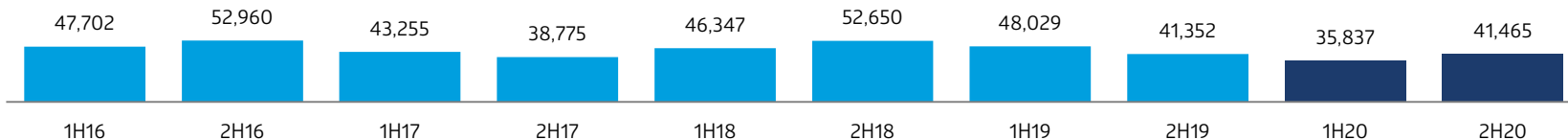
## 4.2 Derivatives and OTC Markets: Equity Options

	FY16	FY17	FY18	FY19	FY20
<i>Trading days</i>	254	253	252	252	255
Single stock options ('000)	88,701	93,295	80,091	73,825	65,894
Index options and futures ('000)	12,768	10,388	12,461	11,282	9,842
Average daily single stock options contracts	349,218	368,755	317,822	292,957	258,406
Average daily index options and futures contracts	50,269	41,060	49,449	44,770	38,596
Average fee per derivatives contract	\$0.23	\$0.21	\$0.24	\$0.23	\$0.24

Single stock options average daily contracts



Index options and futures average daily contracts





## 4.2 Derivatives and OTC Markets: Futures and OTC

	FY16	FY17	FY18	FY19	FY20
<i>Trading days</i>	257	256	255	255	257
<b>Total contracts traded - futures ('000)</b>					
ASX SPI 200	12,105	12,255	13,782	15,994	19,246
90 day bank bills	29,567	28,931	33,226	34,698	24,967
3 year bonds	50,105	53,233	56,041	60,488	58,091
10 year bonds	36,079	41,697	47,729	51,883	56,772
20 year bonds <sup>1</sup>	423	545	383	256	190
30 day interbank cash rate	4,112	2,455	1,952	4,268	5,743
Agricultural	132	91	84	93	95
Electricity	257	344	371	413	539
Other <sup>2</sup>	137	102	149	112	118
NZD 90 day bank bills	1,915	1,422	1,697	2,329	2,354
<b>Total futures</b>	<b>134,832</b>	<b>141,075</b>	<b>155,414</b>	<b>170,534</b>	<b>168,115</b>

<sup>1</sup> Introduced 21 September 2015

<sup>2</sup> Other includes VIX and sector futures

## 4.2 Derivatives and OTC Markets: Futures and OTC (continued)

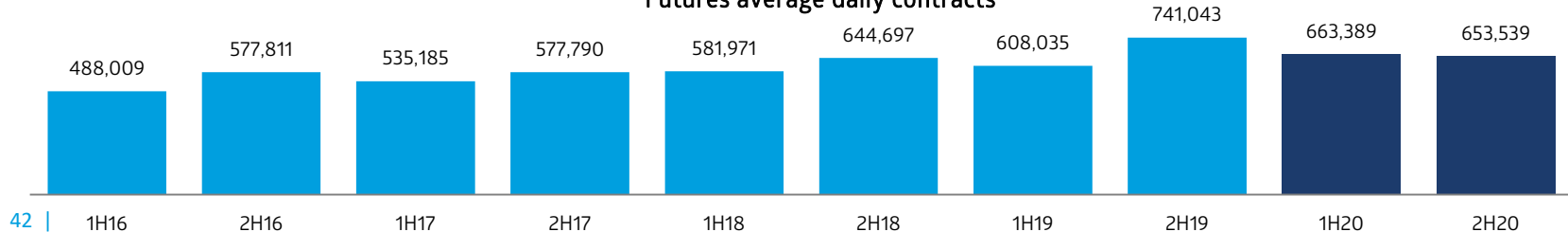
	FY16	FY17	FY18	FY19	FY20
<b>Total contracts traded – options on futures ('000)</b>					
ASX SPI 200	363	202	140	98	65
3 year bonds	356	152	85	227	177
Overnight 3 year bonds	579	478	314	279	269
Intra-day 3 year bonds	660	460	344	610	508
10 year bonds <sup>1</sup>	4	19	36	4	25
Electricity	23	27	36	56	79
Other <sup>2</sup>	6	5	-	-	2
<b>Total options on futures</b>	<b>1,991</b>	<b>1,343</b>	<b>955</b>	<b>1,274</b>	<b>1,125</b>
<b>Total futures and options on futures contract volume ('000)</b>	<b>136,823</b>	<b>142,418</b>	<b>156,369</b>	<b>171,808</b>	<b>169,240</b>
Daily average contracts – futures and options	532,386	556,321	613,211	673,757	658,522
Average fee per contract – futures and options	\$1.42	\$1.39	\$1.36	\$1.36	\$1.44
<b>OTC Markets</b>					
Total notional cleared value (\$bn) <sup>3</sup>	\$2,742.002	\$5,165.949	\$6,314.322	\$9,710.616	\$12,454.307
Open notional cleared value (period end \$bn) <sup>3</sup>	\$1,600.194	\$2,924.287	\$3,773.703	\$7,207.582	\$5,098.019

<sup>1</sup> 10 year bonds includes overnight and intraday

<sup>2</sup> Other includes options over 90 day bank bills and agricultural

<sup>3</sup> Cleared notional value is double sided

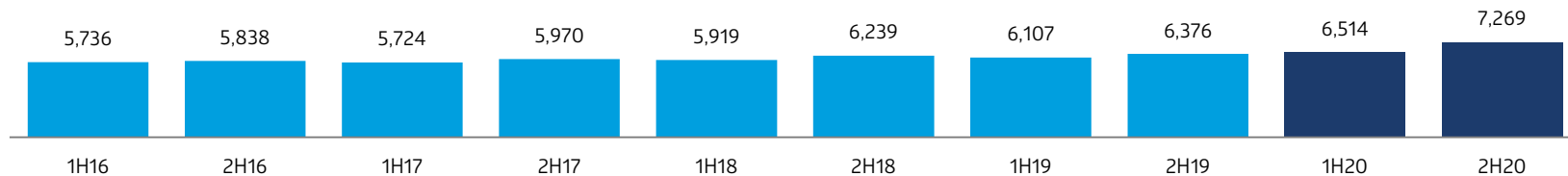
Futures average daily contracts



## 4.2 Derivatives and OTC Markets: Austraclear

	FY16	FY17	FY18	FY19	FY20
<i>Settlement days</i>	254	253	252	253	255
<b>Transactions ('000)</b>					
Cash transfers	590	582	605	610	645
Fixed interest securities	717	741	770	812	975
Discount securities	150	146	146	147	131
Foreign exchange	11	9	9	9	6
Other	2	1	1	-	-
<b>Total transactions</b>	<b>1,470</b>	<b>1,479</b>	<b>1,531</b>	<b>1,578</b>	<b>1,757</b>
Average daily settlement volume	5,786	5,844	6,076	6,239	6,889
Securities holdings (average \$bn)	\$1,857.6	\$1,915.4	\$1,908.5	\$2,003.7	\$2,142.0
Securities holdings (period end \$bn)	\$1,895.6	\$1,860.3	\$1,948.8	\$2,054.5	\$2,358.2
Average settlement and depository fee (including portfolio holdings) per transaction (excludes registry services revenue)	\$15.60	\$16.34	\$16.63	\$16.88	\$16.55
ASX Collateral (average \$bn)	\$4.9	\$10.3	\$19.9	\$21.9	\$26.9
ASX Collateral (period end \$bn)	\$4.9	\$16.2	\$23.5	\$22.4	\$43.4

Austraclear average daily settlement volume

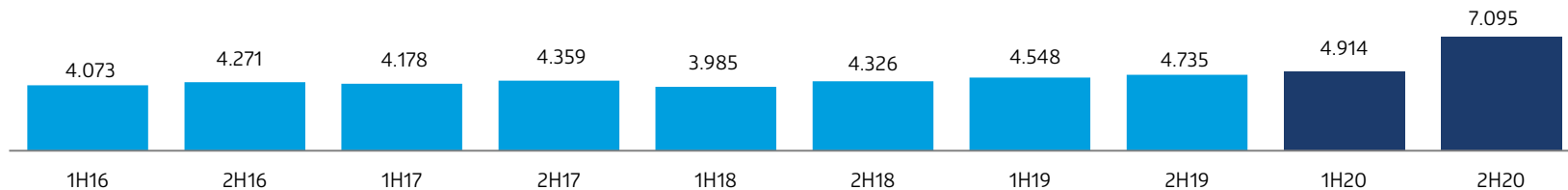


## 4.3 Trading Services: Cash Market Trading

	FY16	FY17	FY18	FY19	FY20
<i>Trading days</i>	254	253	252	252	255
Total cash market trades ('000)	235,923	266,433	292,528	359,985	460,789
Average daily cash market trades	928,829	1,053,096	1,160,826	1,428,512	1,807,015
Continuous trading value (\$bn)	\$770.805	\$735.447	\$677.893	\$722.111	\$995.319
Auctions value (\$bn)	\$209.412	\$236.983	\$262.126	\$333.979	\$409.876
Centre Point value (\$bn)	\$78.941	\$107.043	\$106.481	\$113.030	\$120.436
<b>Total cash on-market value (\$bn)</b>	<b>\$1,059.158</b>	<b>\$1,079.473</b>	<b>\$1,046.500</b>	<b>\$1,169.120</b>	<b>\$1,525.631</b>
Trade reporting value (\$bn)	\$144.991	\$167.377	\$185.316	\$211.568	\$266.053
<b>Total cash market value (\$bn)</b>	<b>\$1,204.149</b>	<b>\$1,246.850</b>	<b>\$1,231.816</b>	<b>\$1,380.688</b>	<b>\$1,791.684</b>
Average daily on-market value (\$bn)	\$4.170	\$4.267	\$4.153	\$4.639	\$5.983
Average daily value (including Trade reporting) (\$bn)	\$4.741	\$4.928	\$4.888	\$5.479	\$7.026
Average trade size (\$)	\$5,104	\$4,680	\$4,211	\$3,835	\$3,888
Average trading fee per dollar of value (bps)	0.33	0.37	0.37	0.37	0.36
Velocity (total value / average market capitalisation) <sup>1</sup>	92%	88%	83%	87%	107%
Number of dominant settlement messages (m)	17.1	17.8	17.9	19.6	22.5

<sup>1</sup> Total value transacted on all venues

Average daily on-market value (\$bn)



## 4.3 Trading Services: Technical Services

	FY16	FY17	FY18	FY19	FY20
<b>Technical Services (number at period end)</b>					
<b>ASX Distribution Platform</b>					
Australian Liquidity Centre cabinets	231	285	301	324	326
<b>Connection Services</b>					
ASX Net connections	116	123	112	104	103
ASX Net service feeds	382	437	444	447	455
Australian Liquidity Centre service connections	819	871	984	1,068	1,078
<b>ASX Service Access</b>					
ASX ITCH access	39	43	49	54	56
Futures ITCH access	45	74	80	73	71
<b>ASX Market Access</b>					
ASX sessions	1,113	1,033	922	886	882
ASX gateways	192	179	160	155	160
ASX liquidity cross-connections	57	60	64	57	55
ASX OUCH access	58	73	82	75	95
Futures gateways	208	199	251	329	245
Futures liquidity cross-connections	306	334	381	482	378

## 4.4 CCP participant collateral balances

	FY16 \$million	FY17 \$million	FY18 \$million	FY19 \$million	FY20 \$million
<b>Balances at period end</b>					
ASX Clear – initial margins	815.7	672.3	567.3	843.6	1,286.4
ASX Clear (Futures) – initial margins House <sup>1</sup>	1,293.7	2,030.9	1,920.6	2,369.7	2,763.2
ASX Clear (Futures) – initial margins Client <sup>1</sup>	3,278.6	4,856.1	4,182.7	5,548.9	6,797.1
ASX Clear (Futures) – additional <sup>2</sup> and excess	500.2	325.4	1,625.2	1,838.8	1,630.5
Commitments	200.0	200.0	200.0	200.0	200.0
<b>Total margins held on balance sheet</b>	<b>6,088.2</b>	<b>8,084.7</b>	<b>8,495.8</b>	<b>10,801.0</b>	<b>12,677.2</b>
Average daily margin balance during the period	4,565.9	6,065.8	6,916.7	8,192.6	10,744.0
ASX Clear – guarantees and equity collateral held off balance sheet	3,400.3	3,398.3	3,333.2	3,351.8	3,191.4

<sup>1</sup> Includes margins held for OTC Clearing

<sup>2</sup> Increase in additional margins resulting from larger positions and enhanced capital management and margining methodology

## 5. ASX Group own cash movement

	FY16 \$million	FY17 \$million	FY18 \$million	FY19 \$million	FY20 \$million
<b>ASX Group cash</b>					
Total cash and short-term investments	7,072.8	9,085.6	9,565.3	12,265.0	13,857.0
Less participants' margins and commitments	(6,088.2)	(8,084.7)	(8,495.8)	(10,801.0)	(12,677.2)
<b>ASX Group own cash reserves</b>	<b>984.6</b>	<b>1,000.9</b>	<b>1,069.5</b>	<b>1,464.0</b>	<b>1,179.8</b>
<b>Opening ASX Group own cash reserves</b>	<b>992.8</b>	<b>984.6</b>	<b>1,000.9</b>	<b>1,069.5</b>	<b>1,464.0</b>
Add:					
Cash generated from business activities <sup>1</sup>	440.2	482.3	529.1	535.1	524.2
Cash from sale of equity instruments	-	-	-	380.7	-
Less:					
Cash used for payment of dividends	(375.6)	(388.8)	(400.6)	(432.7)	(696.5)
Cash used for other non-current assets	(48.4)	(61.0)	(48.3)	(84.6)	(88.3)
Payments for investments	(24.4)	(16.2)	(11.6)	(4.0)	(23.6)
<b>Closing ASX Group own cash reserves</b>	<b>984.6</b>	<b>1,000.9</b>	<b>1,069.5</b>	<b>1,464.0</b>	<b>1,179.8</b>
<b>Less specific cash allocations</b>	<b>(768.3)</b>	<b>(768.3)</b>	<b>(843.3)</b>	<b>(1,094.4)</b>	<b>(1,099.9)</b>
<b>Available free cash</b>	<b>216.3</b>	<b>232.6</b>	<b>226.2</b>	<b>369.6</b>	<b>79.9</b>

<sup>1</sup> Following the reclassification of 'Cash and cash equivalent' items on the balance sheet in FY19, the amount of 'Cash generated from business activities' above will not agree to the 'net cash flow from operating activities' shown in the Consolidated statement of cash flows. The former consists of cash and other short-term money market investment while the latter only relates to cash.

## 6. AASB 16 Leases

- Under the new accounting standard AASB 16 Leases, all applicable leases are treated as finance leases. The Group has recognised right-of-use assets and lease liabilities for all its applicable leases. Applicable leases includes those greater than 12 months.
- ASX adopted AASB 16 on 1 July 2019 using the modified retrospective approach therefore comparative period balances (Balance sheet and Statement of comprehensive income) have not been restated.
- All rent expense for applicable AASB 16 leases will no longer be recognised in occupancy but will be recognised in depreciation and interest. Depreciation is allocated over the life of the asset and interest expense reflects the finance costs of the repayment of the liability. All other occupancy costs will remain within occupancy.
- In the current period, \$9.5m of depreciation and \$3.4m of interest expense has been recognised in relation to rent expense for applicable leases under AASB 16.

Refer to the table for a comparison of occupancy in FY19 to FY20 under AASB 16.

	FY20 \$m	FY19 \$m
Occupancy	9.7	17.9
EBITDA	702.7	649.0
Depreciation and amortisation	50.5	47.8
<b><i>Net Expenses</i></b>	<b><i>286.2</i></b>	<b><i>262.6</i></b>
EBIT	652.2	601.2
Interest and dividend income	83.8	103.9
<b>Statutory profit after tax</b>	<b>498.6</b>	<b>492.0</b>

Only includes line items that were affected by AASB 16



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