

# **ASX Limited**

## **2008 Full-Year Results**

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**Robert Elstone, MD and CEO**

**Alan Bardwell, CFO**

**Eric Mayne, CSO**

**14 August 2008**  
**Sydney, Australia**



# Disclaimer

The material contained in this document is a presentation of general information about ASX's activities current as at the date of this presentation (14 August 2008). 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.

To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this material is accepted by ASX or any of its related bodies corporate.

## Important Notes

The financial statistics, including comparables, in this report are based on ASX's pro-forma income statement which itself is not audited, but is based upon externally audited accounts. The pro-forma income statement is presented as if ASX and SFE were combined during the relevant periods.

There have been no material changes to accounting policies during the period.

All references to previous corresponding period (pcp) are for the 12 months to 30 June 2007.

All figures are in Australian dollars.






# Agenda

- Introduction Robert Elstone
- Financial and Operational Highlights Alan Bardwell
- Markets Supervision Highlights Eric Mayne
- Outlook and Post Balance Date Activity Robert Elstone
- Questions
- Close

# Introduction

**Robert Elstone**  
**Managing Director and CEO**

# Financial Highlights – FY08

- Operating revenue up 11.2% to \$614.7 million 
- Cash operating expenses down 1.5% to \$136.7 million 
- Normal profit after tax up 16.9% to \$365.9 million 
- EPS up 14% to 214 cents per share\* 
- Full-year dividend up 17.5% to 192.4 cents per share 

Based on ASX's normal pro-forma accounts.

Comparisons relative to previous corresponding period – 12 months to 30 June 2007.

\* Based on weighted average shares on issue for the 12 months to 30 June 2008.

# Financial Progress since Merger

	<b>FY08</b> \$ million	<b>FY06</b> \$ million	<b>Variance</b> \$ million	
Operating Revenues	<b>614.7</b>	450.4	164.3	↑
Cash Operating Expenses	<b>136.7</b>	168.8	32.1	↓
<b>EBITDA</b>	<b>478.0</b>	<b>281.6</b>	<b>196.4</b>	↑
Depreciation and Amortisation	<b>15.9</b>	14.5	(1.4)	↑
<b>EBIT</b>	<b>462.1</b>	<b>267.1</b>	<b>195.0</b>	↑
Net Interest and Dividend Income	<b>57.1</b>	38.1	19.0	↑
Normal Profit Before Income Tax	<b>519.2</b>	305.2	214.0	↑
Income Tax Expense	<b>153.3</b>	90.2	(63.1)	↑
<b>Normal Profit After Tax</b>	<b>365.9</b>	<b>215.0</b>	<b>150.9</b>	↑

Based on ASX's normal pro-forma accounts.  
Comparisons relative to previous corresponding period – 12 months to 30 June 2006.



# Business Highlights – FY08

- Global credit dislocation and volatile equity market sentiment around the world
- Nonetheless, record trade execution volumes for cash equities and SFE derivatives
- Declining average cost of cash market trading, clearing & settlement
- Record levels of rebates paid to qualifying LPR Participants
- Global de-leveraging impacted listing activity and risk margin levels in 2H08
- Best practice availability of core systems applications
- New business development initiatives
  - Launch of ASX CFDs
  - Listing of 'ishares' ETFs on international indices



# **ASX Financial and Operational Highlights**

**Alan Bardwell  
Chief Financial Officer**

# Financial Performance – Income Statement

	FY08 \$ million	FY07 \$ million	Variance \$ million	Variance %
Operating Revenue	614.7	552.7	62.0	11.2%
Cash Operating Expenses	136.7	138.8	2.1	1.5%
EBITDA	478.0	413.9	64.1	15.5%
Depreciation and Amortisation	15.9	15.0	(0.9)	(6.2%)
Interest and Dividend Income	57.1	43.7	13.4	30.7%
Normal Profit Before Income Tax	519.2	442.6	76.6	17.3%
Income Tax Expense	153.3	129.5	(23.8)	(18.4%)
<b>Normal Profit After Tax</b>	<b>365.9</b>	<b>313.1</b>	<b>52.8</b>	<b>16.9%</b>
Significant Items After Tax	0.0	22.8	22.8	
<b>Profit After Income Tax</b>	<b>365.9</b>	<b>290.3</b>	<b>75.6</b>	

Based on ASX's normal pro-forma accounts.  
Comparisons relative to previous corresponding period – 12 months to 30 June 2007.



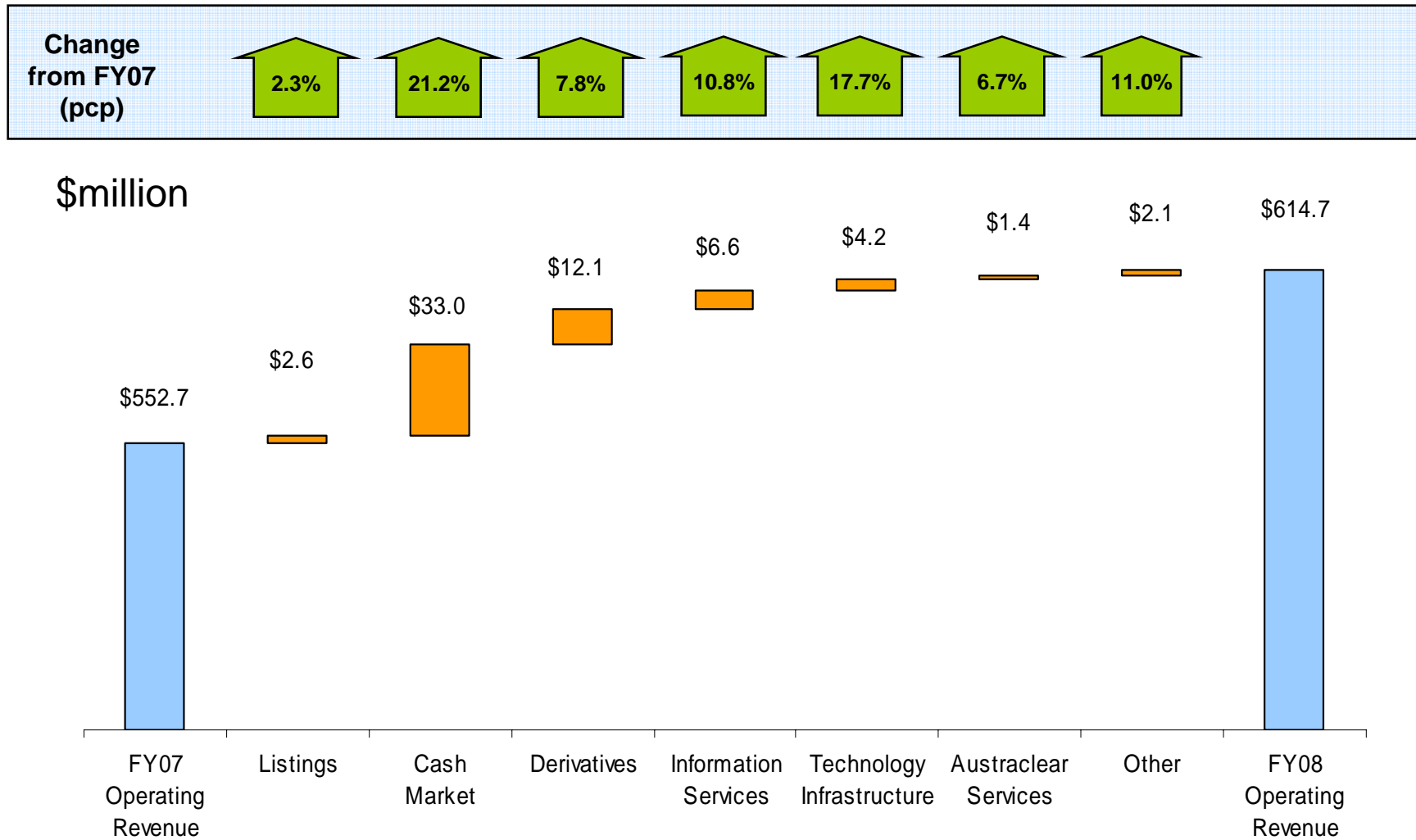
# Financial Performance – Half-Year

	1H08 \$m	1H07 \$m	Variance		2H08 \$m	2H07 \$m	Variance	
			\$m	%			\$m	%
Operating Revenue	314.7	259.7	55.0	21.2%	300.0	293.0	7.0	2.4%
Cash Operating Expenses	68.2	75.2	6.9	9.3%	68.5	63.6	(4.8)	(7.7%)
EBITDA	246.4	184.5	61.9	33.6%	231.6	229.5	2.2	1.0%
Depreciation and Amortisation	7.3	7.6	0.3	4.0%	8.6	7.4	(1.2)	(16.6%)
Interest and Dividend Income	28.0	21.4	6.6	30.9%	29.1	22.4	6.7	30.4%
Normal Profit Before Income Tax	267.1	198.3	68.8	34.7%	252.1	244.3	7.8	3.2%
Income Tax Expense	79.7	59.0	(20.7)	(35.3%)	73.6	70.5	(3.1)	(4.2%)
<b>Normal Profit After Tax</b>	<b>187.4</b>	<b>139.3</b>	<b>48.1</b>	<b>34.5%</b>	<b>178.5</b>	<b>173.8</b>	<b>4.7</b>	<b>2.7%</b>
Significant Items After Tax	0.0	17.2	17.2	100.0%	0.0	5.6	5.6	100.0%
<b>Profit After Income Tax</b>	<b>187.4</b>	<b>122.1</b>	<b>65.3</b>	<b>53.4%</b>	<b>178.5</b>	<b>168.2</b>	<b>10.3</b>	<b>6.2%</b>

Based on ASX's normal pro-forma accounts.



# Revenue Highlights – FY08



Based on ASX's normal pro-forma accounts.  
 Comparisons relative to previous corresponding period – 12 months to 30 June 2007.



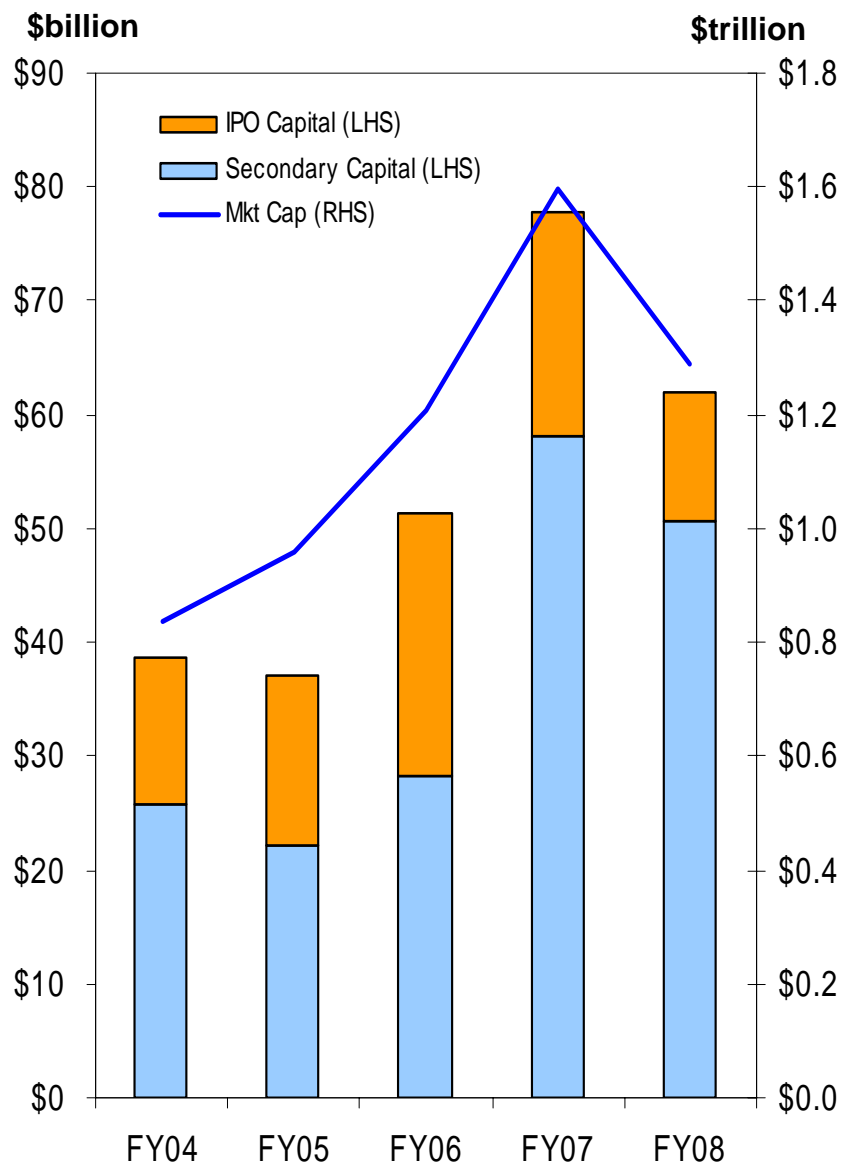
# Revenue – Half-Year Analysis

	<b>1H08</b> \$m	<b>1H07</b> \$m	<b>Variance</b>		<b>2H08</b> \$m	<b>2H07</b> \$m	<b>Variance</b>	
			\$m	%			\$m	%
Listings	66.6	56.4	10.2	18.1%	53.6	61.2	(7.6)	(12.3%)
Cash Market	96.3	73.1	23.2	31.6%	92.5	82.7	9.8	11.9%
Derivatives	83.1	73.7	9.4	12.8%	83.8	81.0	2.8	3.4%
Information Services	33.3	26.1	7.2	27.6%	34.7	35.3	(0.6)	(1.7%)
Technology Infrastructure	13.2	11.6	1.6	13.8%	14.5	11.9	2.6	21.3%
Austraclear Services	11.0	10.0	1.0	10.0%	10.9	10.5	0.4	3.4%
Other Revenue	11.2	8.8	2.4	27.3%	10.0	10.4	(0.4)	(2.7%)
<b>Operating Revenue</b>	<b>314.7</b>	<b>259.7</b>	<b>55.0</b>	<b>21.1%</b>	<b>300.0</b>	<b>293.0</b>	<b>7.0</b>	<b>2.4%</b>

Based on ASX's normal pro-forma accounts.



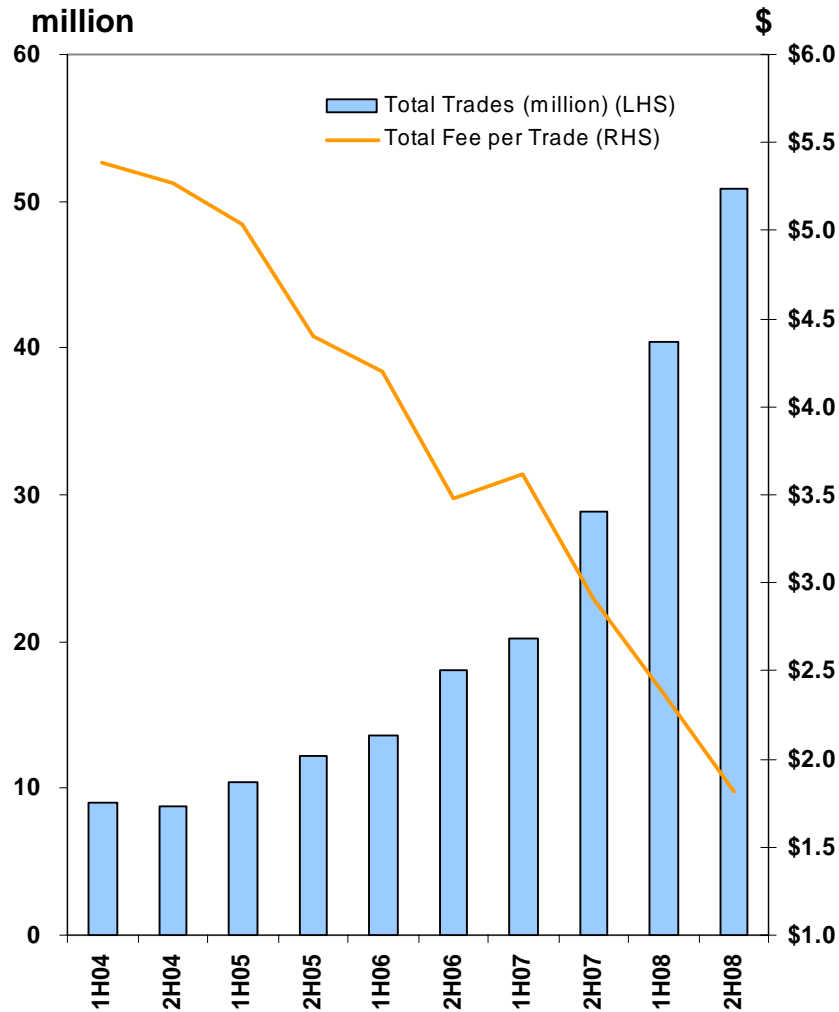
# Market Activity - Listings



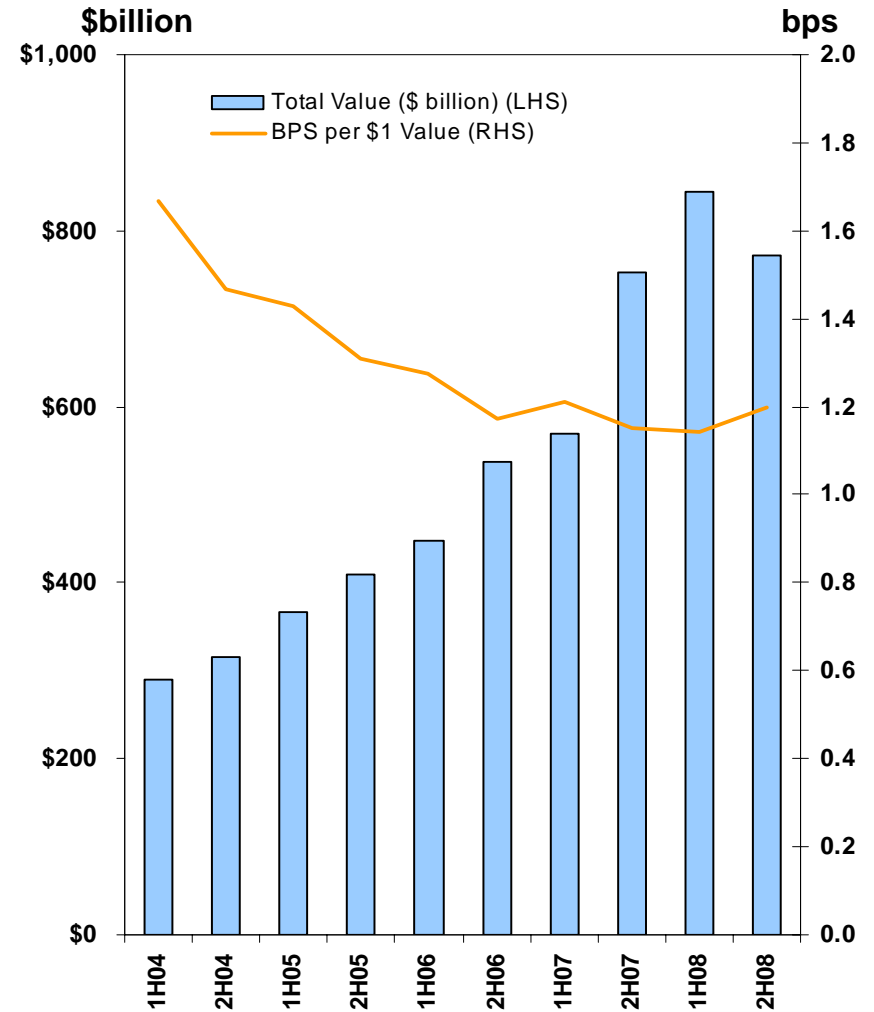
- 236 new listings in FY08 (284 pcp)
- 2,226 listed entities at 30 Jun 08 (2,090 pcp)
- \$61.8 billion of total capital raised in FY08 (\$77.9 billion pcp)
  - \$11.2 billion of initial capital raised in FY08 (\$19.7 billion pcp)
  - \$50.6 billion of secondary capital raised in FY08 (\$58.2 billion pcp)
- \$1.3 trillion total domestic market capitalisation at 30 Jun 08 (\$1.6 trillion 30 Jun 07)
- 7,177 new warrants listed in FY08 (5,873 pcp)

# Market Activity – Cash Market

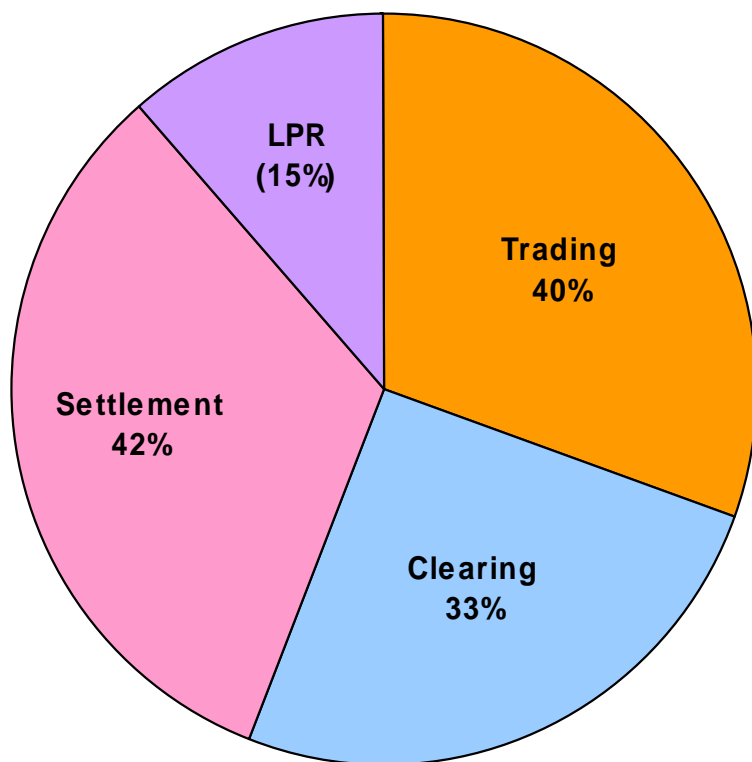
ASX Cash Market – Volume



ASX Cash Market – Value



# Cash Market Revenue Composition

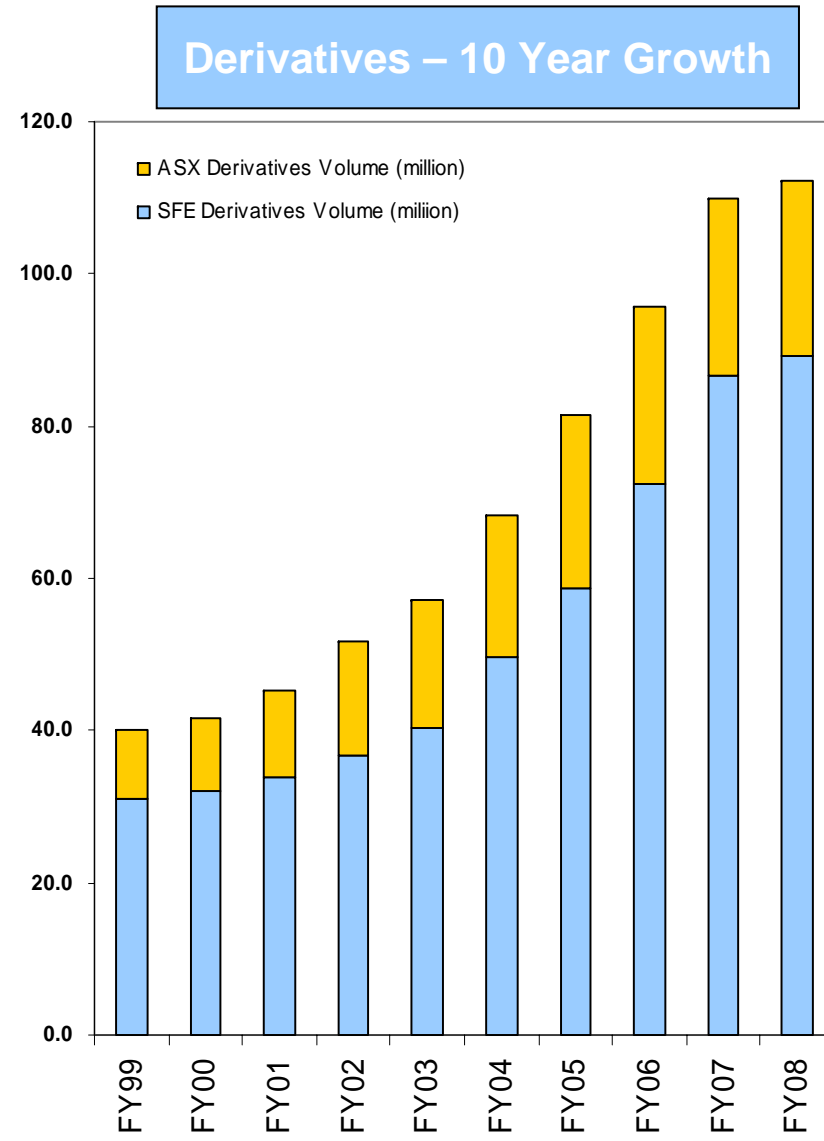
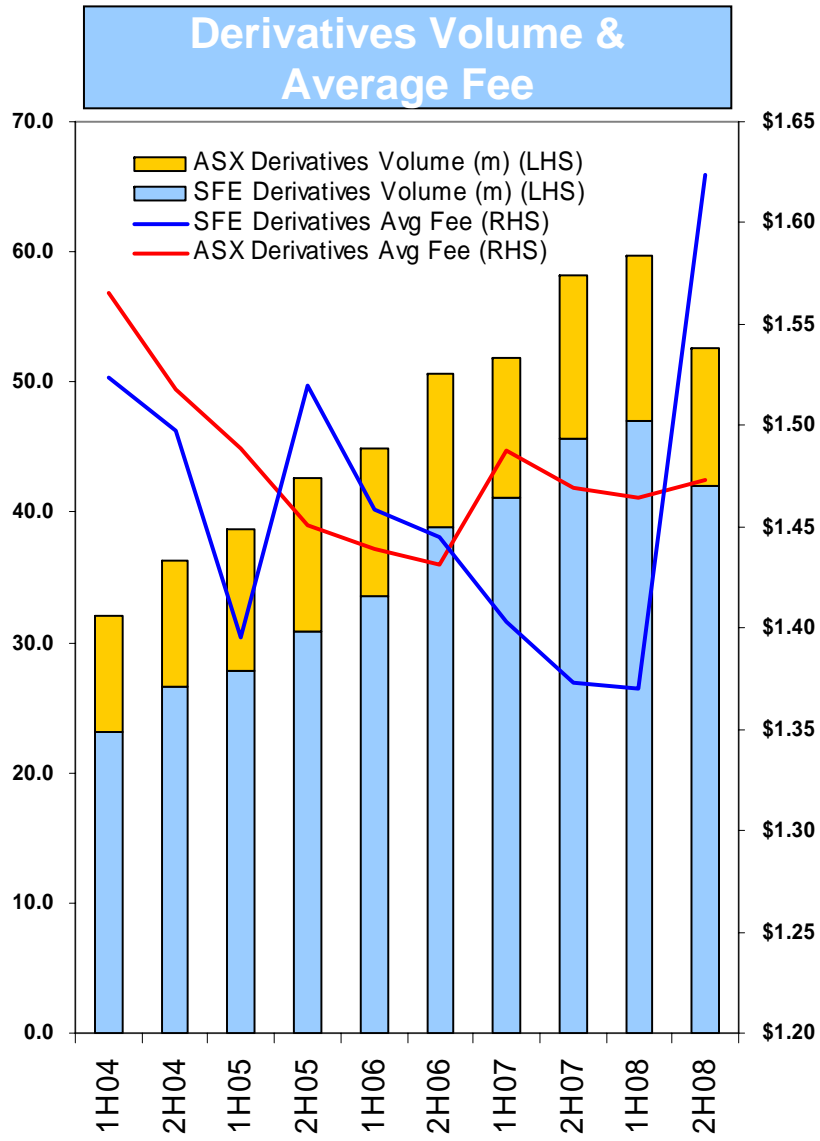


	FY08 \$million	FY07 \$million	Variance %
<b>Gross Cash Market</b>	\$217.0	\$180.3	20.4%
<b>Rebate</b>	\$ 28.2	\$ 24.5	15.3%
<b>Net Cash Market</b>	\$188.8	\$155.8	21.2%

Based on ASX's normal pro-forma accounts.  
Comparisons relative to previous corresponding period – 12 months to 30 June 2007.



# Market Activity – Derivatives



# Financial Performance – Expenses

	<b>FY08 \$million</b>	<b>FY07 \$million</b>	<b>Variance \$million</b>	<b>Variance %</b>
Staff Expenses	<b>77.9</b>	75.2	(2.7)	(3.6%)
Occupancy Expenses	<b>12.7</b>	16.0	3.3	20.6%
Equipment Expenses	<b>23.3</b>	25.6	2.3	8.9%
Administration Expenses	<b>17.3</b>	17.4	0.1	0.8%
Variable Expenses	<b>5.5</b>	4.6	(1.0)	(21.0%)
<b>Total Cash Operating Expenses</b>	<b>136.7</b>	<b>138.8</b>	<b>2.1</b>	<b>1.5%</b>

Based on ASX's normal pro-forma accounts.  
Comparisons relative to previous corresponding period – 12 months to 30 June 2007.



# Financial Performance – Expenses Half-Year

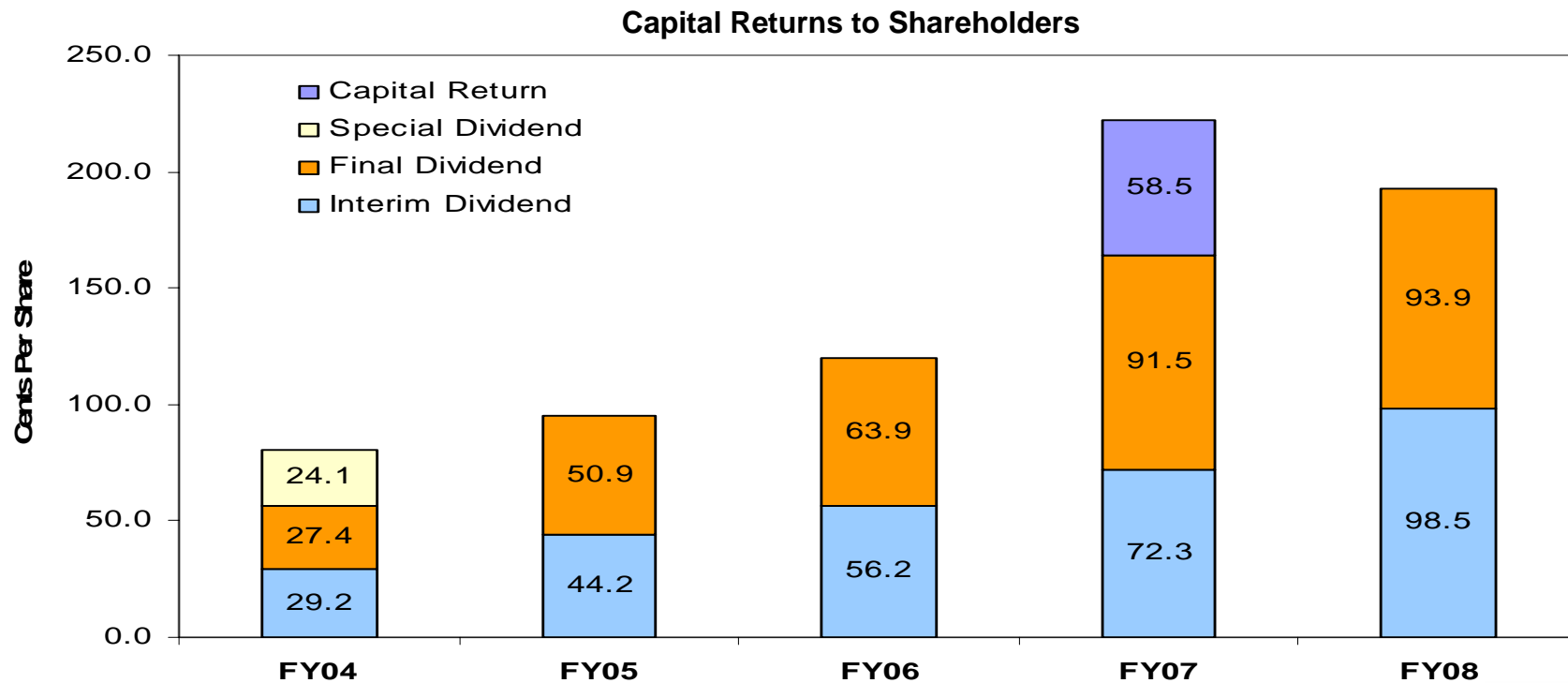
	<b>1H08</b>	<b>1H07</b>	<b>Variance</b>		<b>2H08</b>	<b>2H07</b>	<b>Variance</b>	
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>%</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Staff Expenses	<b>38.0</b>	41.0	3.0	7.3%	<b>39.9</b>	34.2	(5.7)	(16.7%)
Occupancy Expenses	<b>6.7</b>	9.0	2.3	25.6%	<b>6.0</b>	7.0	1.0	14.3%
Equipment Expenses	<b>11.7</b>	13.6	1.9	14.0%	<b>11.6</b>	12.0	0.4	3.3%
Administration Expenses	<b>8.5</b>	9.5	1.0	10.5%	<b>8.8</b>	7.9	(0.9)	(11.4%)
Variable Expenses	<b>3.3</b>	2.1	(1.2)	(57.1%)	<b>2.2</b>	2.5	0.3	12.0%
<b>Cash Operating Expenses</b>	<b>68.2</b>	<b>75.2</b>	<b>7.0</b>	<b>9.3%</b>	<b>68.5</b>	<b>63.6</b>	<b>(4.9)</b>	<b>(7.7%)</b>

Based on ASX's normal pro-forma accounts.



# Capital Structure and Management

- Dividend policy – 90% of Normal NPAT, fully franked
- Full-year dividend – 192.4 cents, up 17.5% pcp
- Adequate capital held as surplus over risk requirement
- ASXCC – investment and funding vehicle for the CCPs



# **ASX Markets Supervision**

**Eric Mayne**  
**Chief Supervision Officer**

# Markets Supervision Highlights

- ASXMS manages all core ASX supervisory activities
- Chief Supervision Officer (CSO) reports to subsidiary Board
- ASXMS Board restructured 1 Aug 08
  - Alan Cameron appointed chair; only 1 of 5 directors also on main Board
- CSO chairs ASX Corporate Governance Council
  - Revised Principles and Recommendations released Aug 07 for 1 Jan 08 start
- ASX supervision activities
  - Integrated Disciplinary Tribunal from 31 Mar 08; max fine increased to \$1m
  - Joint seminars with ASIC on JORC Code and continuous disclosure
  - Joint action with ASIC on market manipulation, margin loans held by directors and Participant behaviour
  - Supervision action post sub-prime crisis including capital liquidity returns
  - Supervision of ASX CFD market
  - Market guidance and consultation on continuous disclosure and short selling
  - Operating Rules Review substantially completed
- Expansion of supervisory resources
  - 23% rise in headcount for FY08 (19 FTE), 8% (8 FTE) rise for FY09
  - Substantial progress on supervision technology projects

# Markets Supervision Highlights

- Monitoring and enforcement activity for FY08
  - 131,257 company announcements processed (up 11%)
  - 447 price queries issued (down 28%) resulting in 394 subsequent market announcements
  - 92 referrals to ASIC (up 19%) including
    - 27 possible breaches of insider trading
    - 23 possible breaches of continuous disclosure
    - 20 possible breaches of market manipulation
  - \$1,068,100 in fines imposed by the Disciplinary Tribunal against 22 participants for 60 rule contraventions (up 137%)
  - \$281,500 in fines imposed by SFE Business Conduct and Market Practices Committees (up 150%)
  - Review of 1,291 annual reports of listed entities (companies and trusts) showed that corporate governance reporting continues to improve
  - Review of directors' trading published (DINs and blackout trading)
  - All futures expiries conducted in an orderly manner

# **Outlook and Post Balance Date**

**Robert Elstone**  
**Managing Director and CEO**



# Post Balance Date – Activity Levels

- 15 new entities listed 1 Jul – 13 Aug (down 69% pcp)
- 2,237 companies now listed on the exchange (up 115 on pcp)
- Monthly record of 10.2 million cash market trades for July 08 (\$126.7 bn)
- Total cash markets trades for 1 Jul – 13 Aug were 14.2 million (up 56% on pcp)
- Cash markets daily average volume of 443,754 1 Jul – 13 Aug (up 51% on pcp)
- Futures markets daily average volume of 272,642 1 Jul – 12 Aug (down 18% on pcp)
- 2.2 million equity options contracts traded 1 Jul – 13 Aug (down 33% on pcp)

# Outlook and Initiatives FY09

- Development of new listings initiative targeted at attracting unlisted funds and structured products
- Second generation of CFD products
- Additional energy derivatives to be listed including coal, gas, NZ electricity, and emission futures (subject to timing of ETS)
- Continued investment in capacity of all systems
  - Equity market platform Q3 FY09
  - Futures market platform Q2 FY09
- Co-location of Participant trading hardware
  - Cash markets scheduled for Q2 FY09

## Outlook and Initiatives FY09

- Increase in ASXMS resources and significant investment in supervision and surveillance technology tools
- Alan Cameron begins as Chairman of ASXMS Board
- David Gonski to shortly succeed Maurice Newman as Chairman of ASX Limited
- ASX AGM 24 September 2008
- Overall market sentiment could remain subdued
- ‘Cautious optimism’ about ASX’s outlook based on continued investment in platforms and people, product and service innovation and strong all-round performance across all functions

# Questions

# **ASX Limited**

## **2008 Full-Year Results**

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**Robert Elstone, MD and CEO**

**Alan Bardwell, CFO**

**Eric Mayne, CSO**

**14 August 2008**  
**Sydney, Australia**

