

# **ASX Limited**

## **2010 Half-Year Results**

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**Robert Elstone, MD and CEO**  
**Alan Bardwell, CFO**

**18 February 2010**  
**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 (18 February 2010). 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 reviewed accounts.

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

All references to previous corresponding period (pcp) are for the six months to 31 December 2008.

All figures are in Australian dollars.

# Agenda

- Introduction Robert Elstone
- Financial and Operational Highlights Alan Bardwell
- Outlook and Post Balance Date Activity Robert Elstone
- Questions

# Introduction

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

# Financial Highlights – Six Months to 31 December 2009 (1H10)

- Operating revenue excluding interest and dividends of \$302.8 million, up 5.7%
- Cash operating expenses of \$68.2 million, down 2.8%
- EBITDA of \$234.6 million, up 8.5%
- Normal profit after tax of \$170.6 million, down 0.8% (Statutory NPAT \$168.0 million, down 2.3%)
- Significant items of \$2.6 million after tax (nil pcp)
- Normal earnings per share (EPS) of 99.3 cents per share (cps), down 1.1%\*
- Interim dividend for 1H10 of 89.1 cps, down 1.4%

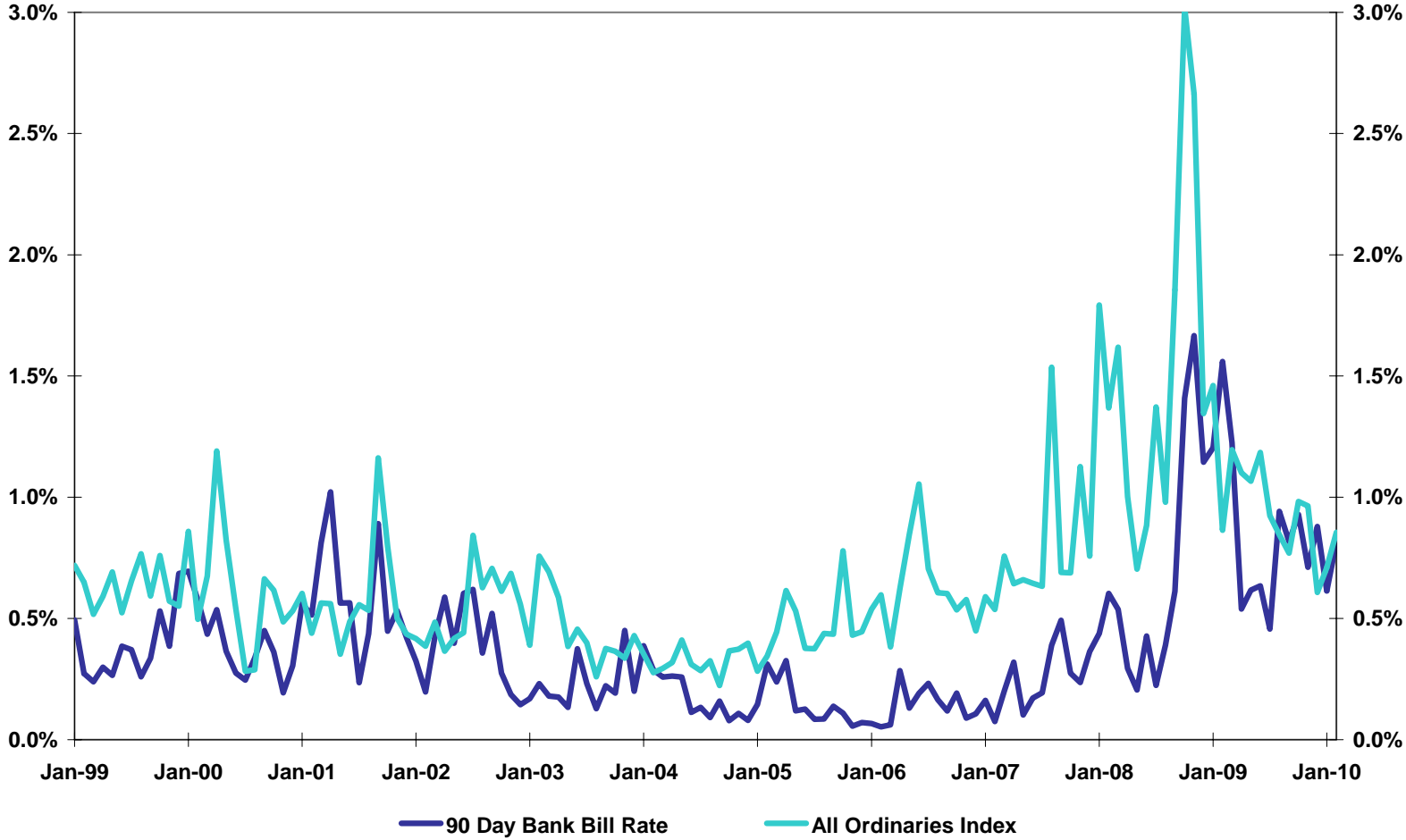
Based on ASX's normal pro-forma accounts.

Comparisons relative to previous corresponding period – six months to 31 December 2008.

\* Based on weighted average shares on issue for the six months to 31 December 2009.



# Australian Equity and Interest Rate Market Volatility



- Average absolute daily percentage change in the month



# Business Highlights – Six Months to 31 December 2009

- A rebound in financial market confidence and signs of modest risk appetite returning to the financial intermediary and investment community
- Volatility returned to more historically normal levels in both equity and fixed income markets
- Secondary capital raising activity maintained its FY09 momentum, combined with rebound of IPO activity in 2Q09
- Close to 100% availability of core systems applications
- Capital position improved as a consequence of replacement of (contingent) insurance with non-recourse subordinated debt
- Commitment to a range of initiatives to broaden trade execution service offering in the equity and futures markets



# **Financial and Operational Highlights**

**Alan Bardwell  
Chief Financial Officer**

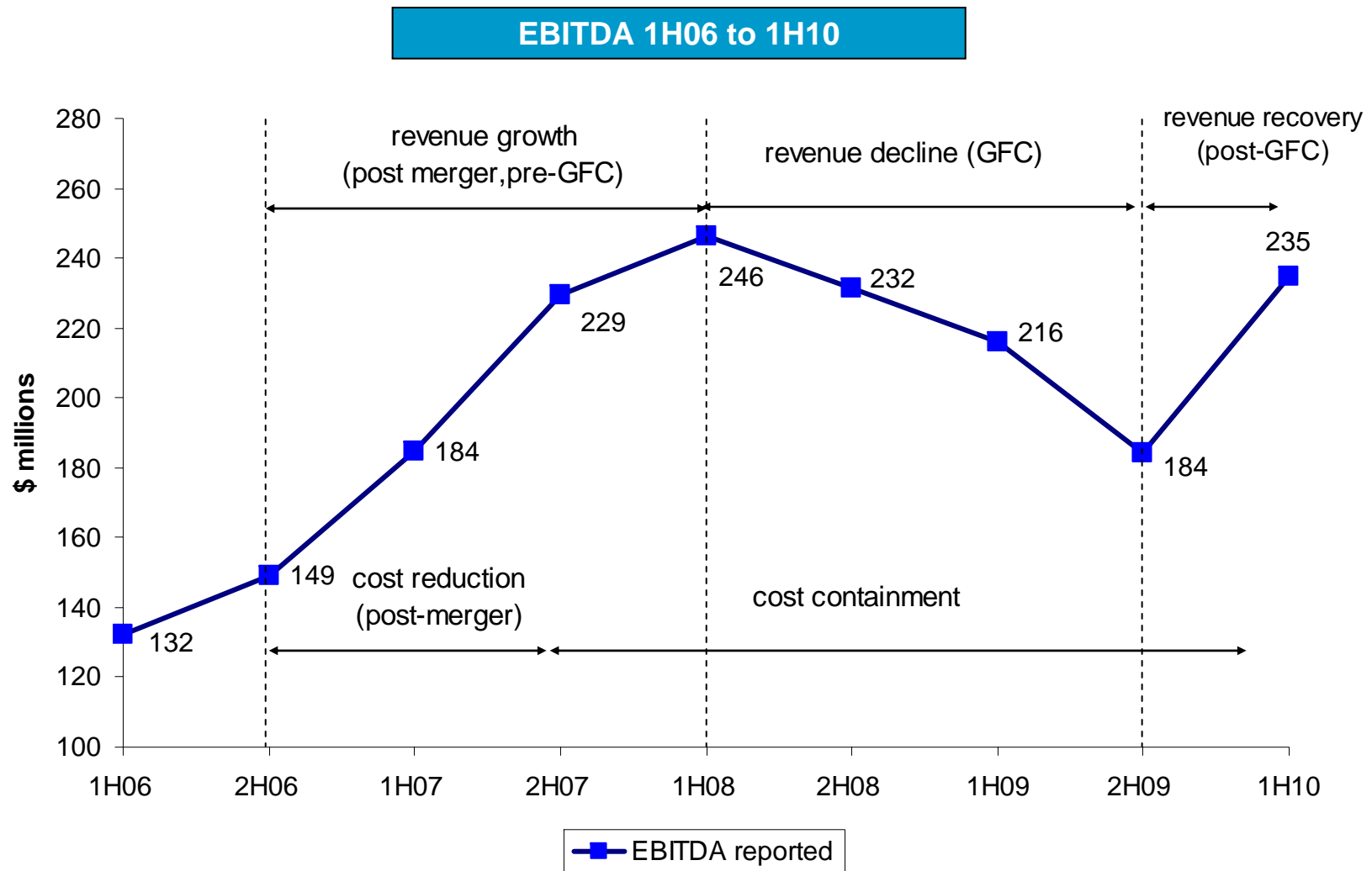
# Financial Performance – Income Statement

	1H10 \$ million	2H09 \$ million	1H09 \$ million	2H08 \$ million
Operating Revenue	302.8	252.1	286.3	300.0
Cash Operating Expenses	68.2	68.1	70.1	68.4
EBITDA	234.6	184.0	216.2	231.6
Depreciation and Amortisation	9.2	7.9	7.2	8.6
EBIT	225.4	176.1	209.0	223.0
Interest and Dividend Income	17.2	24.1	35.4	29.2
Normal Profit Before Income Tax	242.6	200.3	244.4	252.1
Income Tax Expense	72.0	58.6	72.5	73.5
<b>Normal Profit After Tax</b>	<b>170.6</b>	<b>141.7</b>	<b>171.9</b>	<b>178.6</b>
Significant Items After Tax	(2.6)	-	-	-
<b>Profit After Income Tax</b>	<b>168.0</b>	<b>141.7</b>	<b>171.9</b>	<b>178.6</b>

Based on ASX's normal pro-forma accounts.



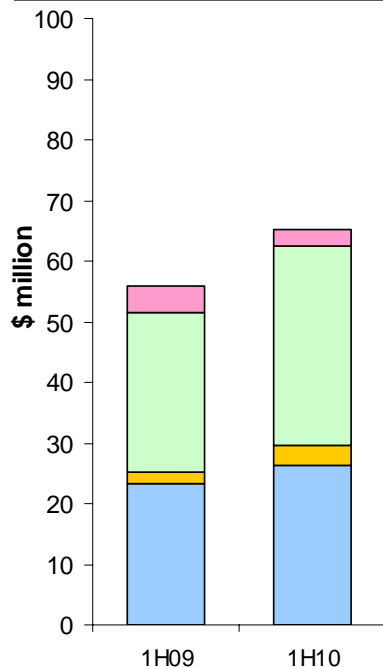
# Financial Performance - EBITDA



# Revenue Highlights – Six Months to 31 December 2009

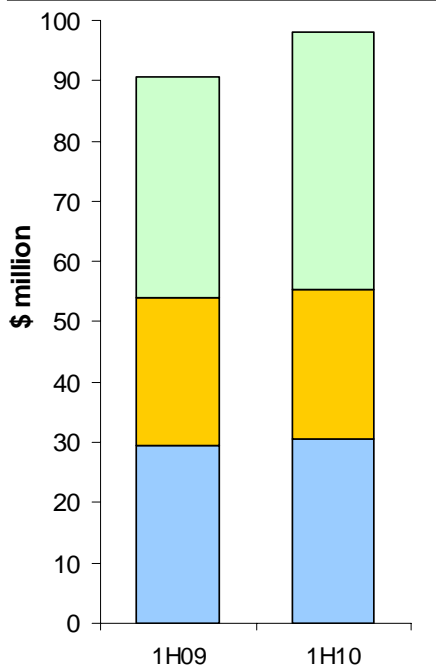
1H10 Revenue	\$65.3m	\$94.3m	\$71.9m	\$35.3m	\$14.7m	\$14.8m	\$6.5m	\$302.8m
Change From 1H09 (pcp)	↑ 17%	↑ 6%	↑ 3%	↓ 5%	↑ 2%	↑ 26%	↓ 18%	↑ 6%
	Listings	Cash Markets	Derivatives	Information Services	Technology Infrastructure	Austraclear	Other	Total

### Listings Revenue



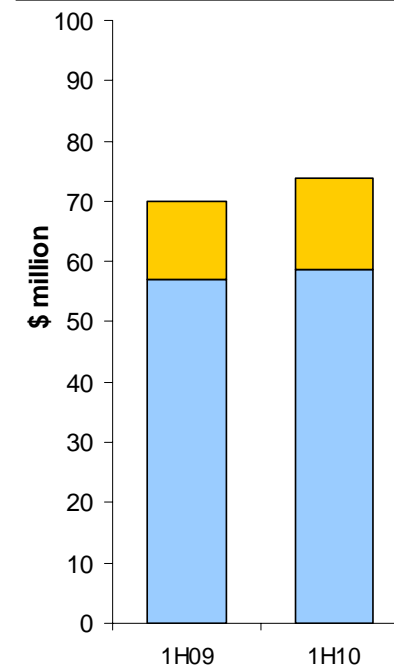
- Warrants and Debt
- Secondary Listings
- Initial Listings
- Annual Listings

### Cash Markets Revenue



- Cash Market Settlement
- Cash Market Clearing
- Cash Market Trading

### Derivatives Revenue



- ASX Derivatives
- SFE Derivatives

Based on ASX's normal pro-forma accounts.



# Financial Performance – Expenses

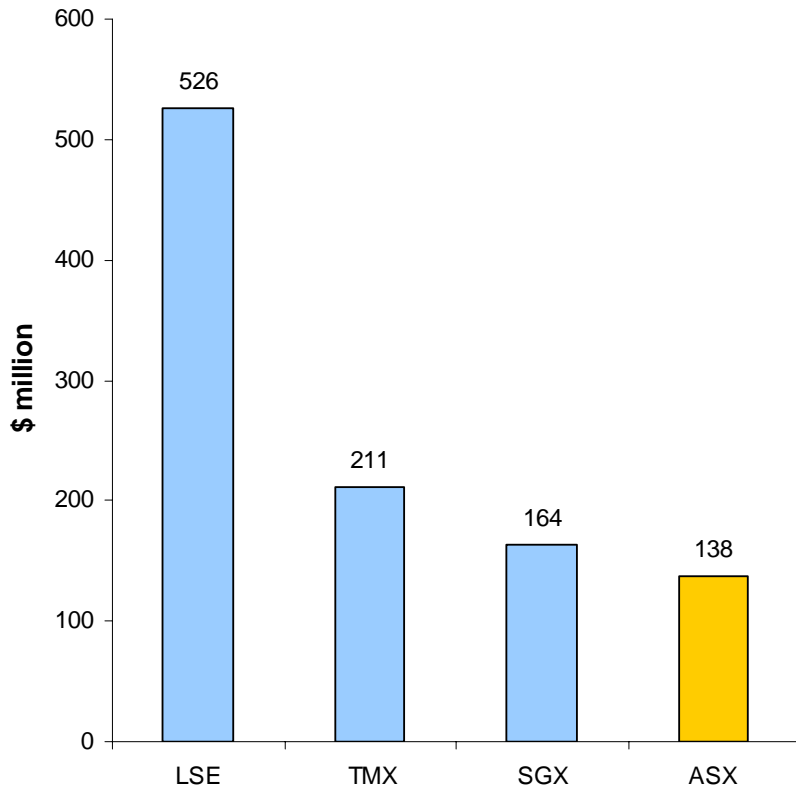
Expenses	1H10 \$ million	2H09 \$ million	1H09 \$ million	2H08 \$ million
Staff Expenses	39.6	40.1	41.7	39.9
Occupancy Expenses	6.7	6.2	6.5	6.0
Equipment Expenses	11.3	11.7	11.0	11.6
Administration Expenses	7.6	7.8	8.2	8.6
Variable Expenses	2.9	2.3	2.7	2.4
Total Cash Operating Expenses	68.2	68.1	70.1	68.4

Based on ASX's normal pro-forma accounts.

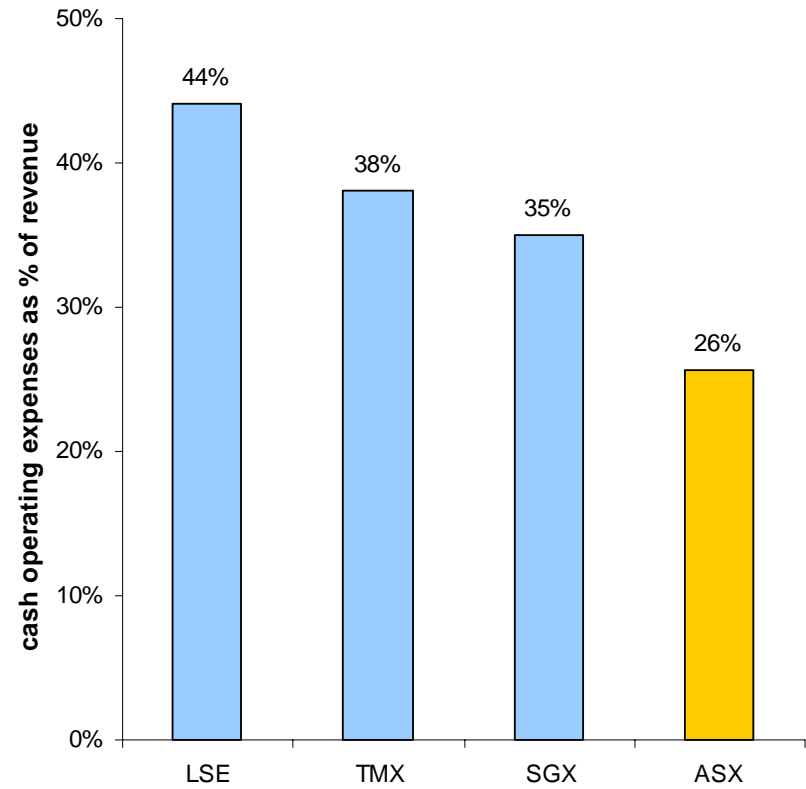


# Global Exchange Expense Comparison

Cash operating expenses of comparable exchanges converted to \$A (2009)



Cash operating expenses of comparable exchanges as % of revenue (2009)



ASX has very favourable expense management when compared to overseas exchanges of a similar size

LSE = London Stock Exchange  
TMX = TMX Group (Canada)  
SGX = Singapore Exchange



# Expenses – Significant Items

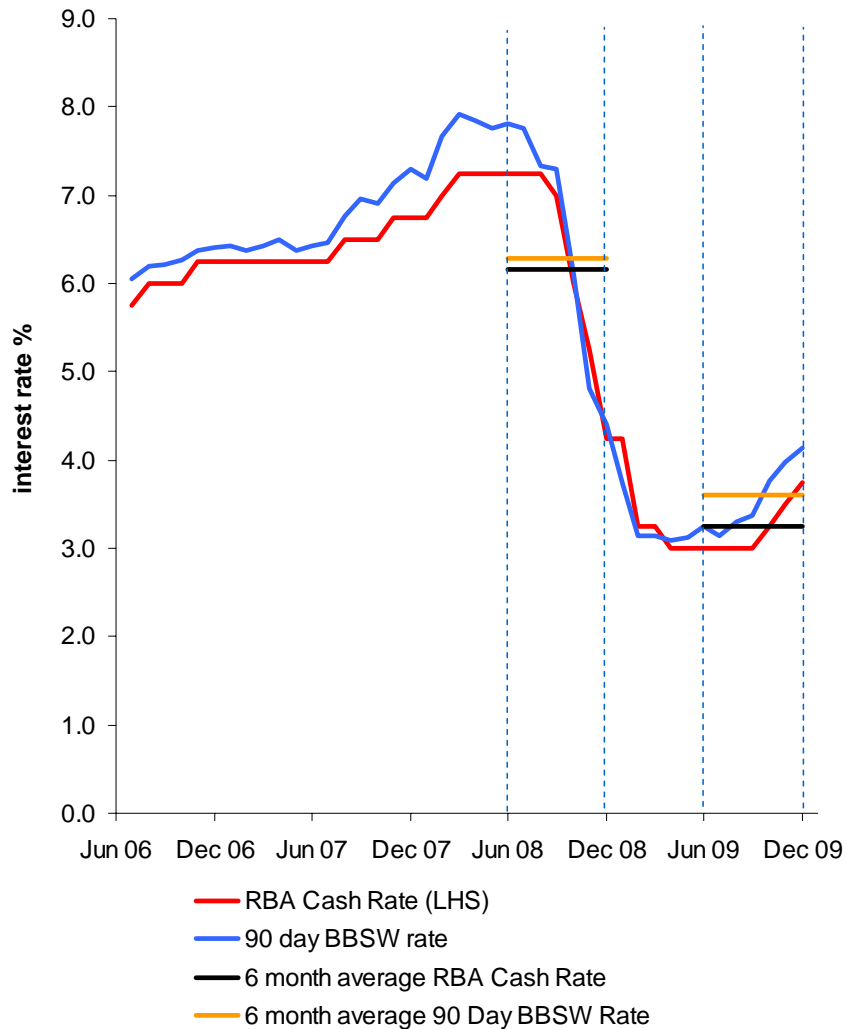
Significant Items	1H10 \$ million	Forecast 2H10 \$ million	Forecast FY10 \$ million
Market Supervision	(1.2)	(0.8)-(2.8)	(2.0)-(4.0)
Business Restructure	(2.5)	(2.5)-(4.5)	(5.0)-(7.0)
Pre-tax Significant Items	(3.7)	(3.3)-(7.3)	(7.0)-(11.0)
Tax Effect	1.1	1.0-2.2	2.1-3.3
Post-tax Significant Items	(2.6)	(2.3)-(5.1)	(4.9)-(7.7)

- Markets Supervision: Non-recurring costs associated with the Government's decision to transfer certain aspects of supervision of trading participants from ASX to ASIC by 30 September 2010
- Business Restructure: Non-recurring costs associated with diversification and upgrading of trade execution services

Based on ASX's normal pro-forma accounts.

# Interest and Dividend Income 1H10

RBA Cash Rate and 90 Day BBSW Rate



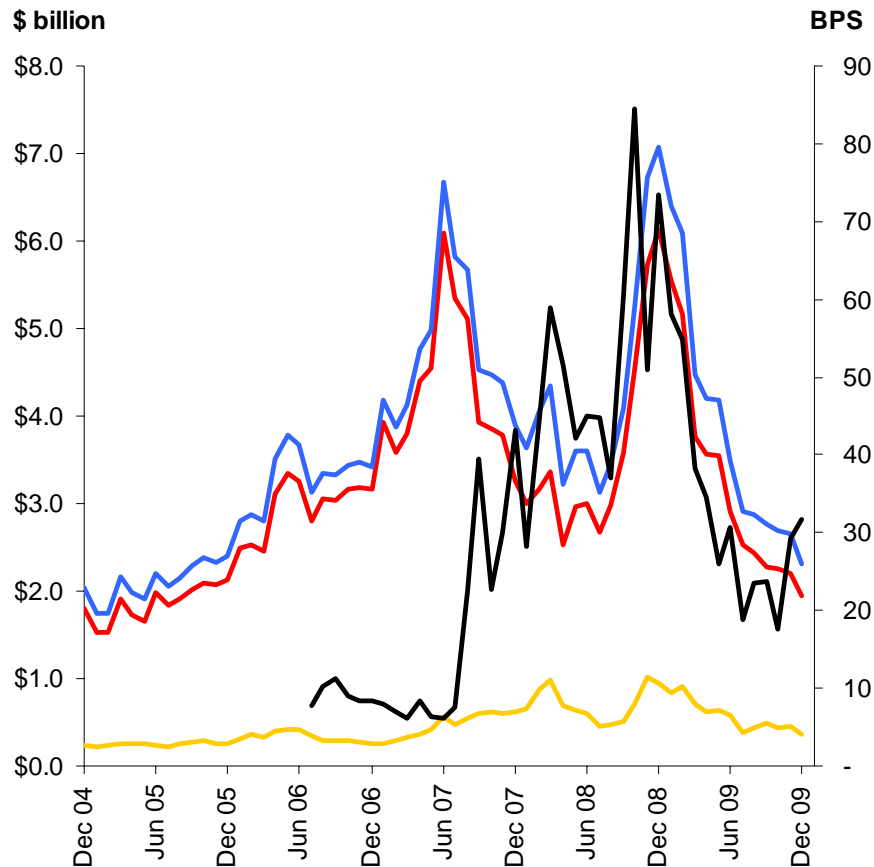
	1H10 \$ million	1H09 \$ million
Interest Income	5.9	14.0
Dividend Income	3.1	2.5

- Significant reduction in interest income attributable to lower official cash rate
- Dividend earned from investment in IRESS



# Interest on Participant Balances 1H10

## Average Monthly Cash Margins



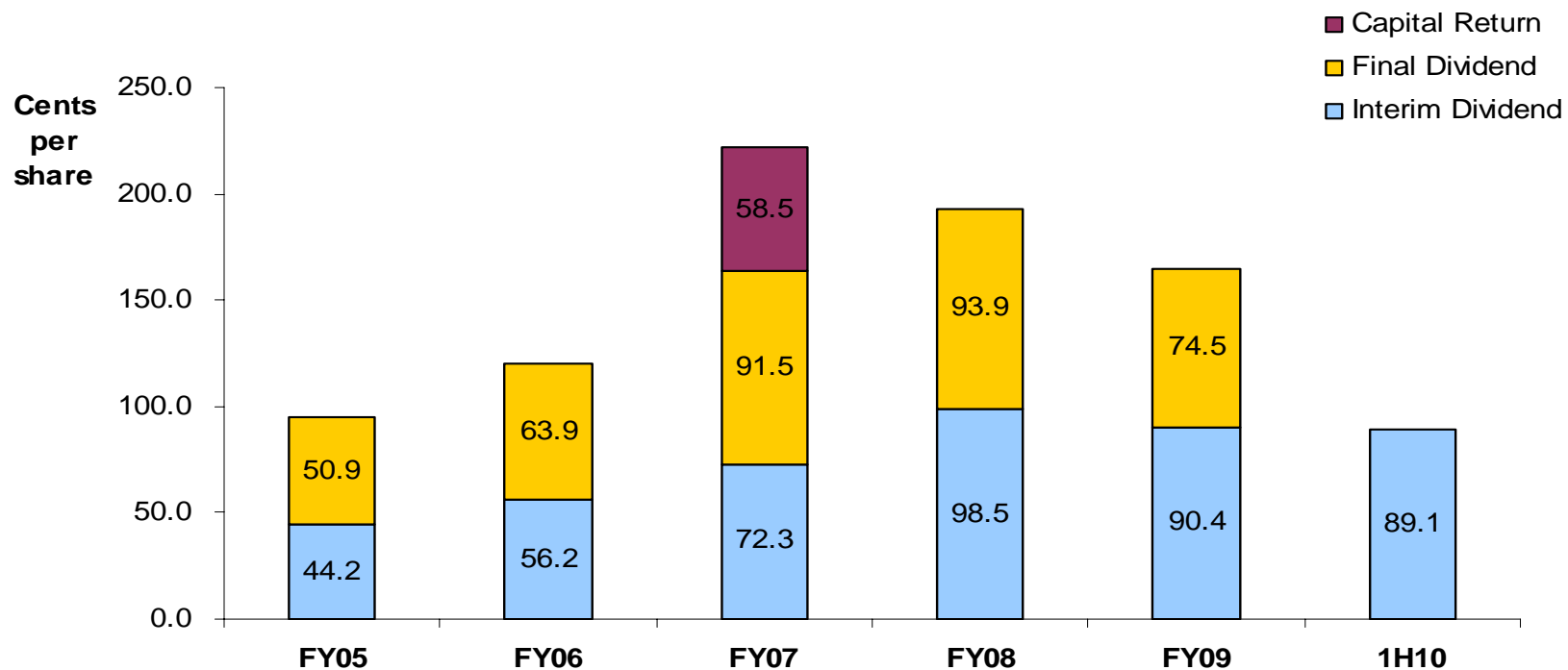
- Avg SFECC Margins (LHS)
- Avg ACH Margins (LHS)
- Total Avg Margins (LHS)
- 90 day BBSW to 90 day OIS Spread (RHS)

	1H10 \$ million	1H09 \$ million
Interest Income on Participant Balances	8.3	19.0

- Average cash collateral balance during 1H10 of \$2.9 billion, 42.9% lower than the \$5.1 billion in pcp.
- Average investment spread earned in 1H10 was 24 basis points over the official cash rate (39 basis points pcp)

# Dividends

- Dividend policy – 90% of Normal NPAT, fully franked
- Interim dividend – 89.1 cps
- Dividend Reinvestment Plan available – 1.5% discount

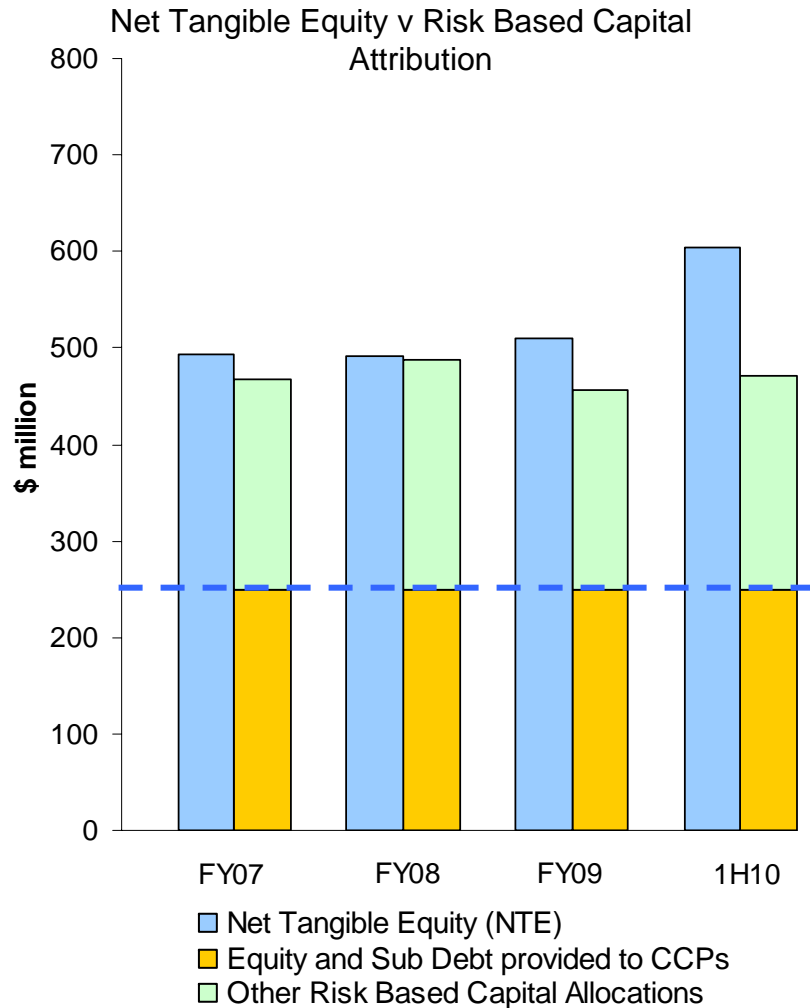


# Balance Sheet

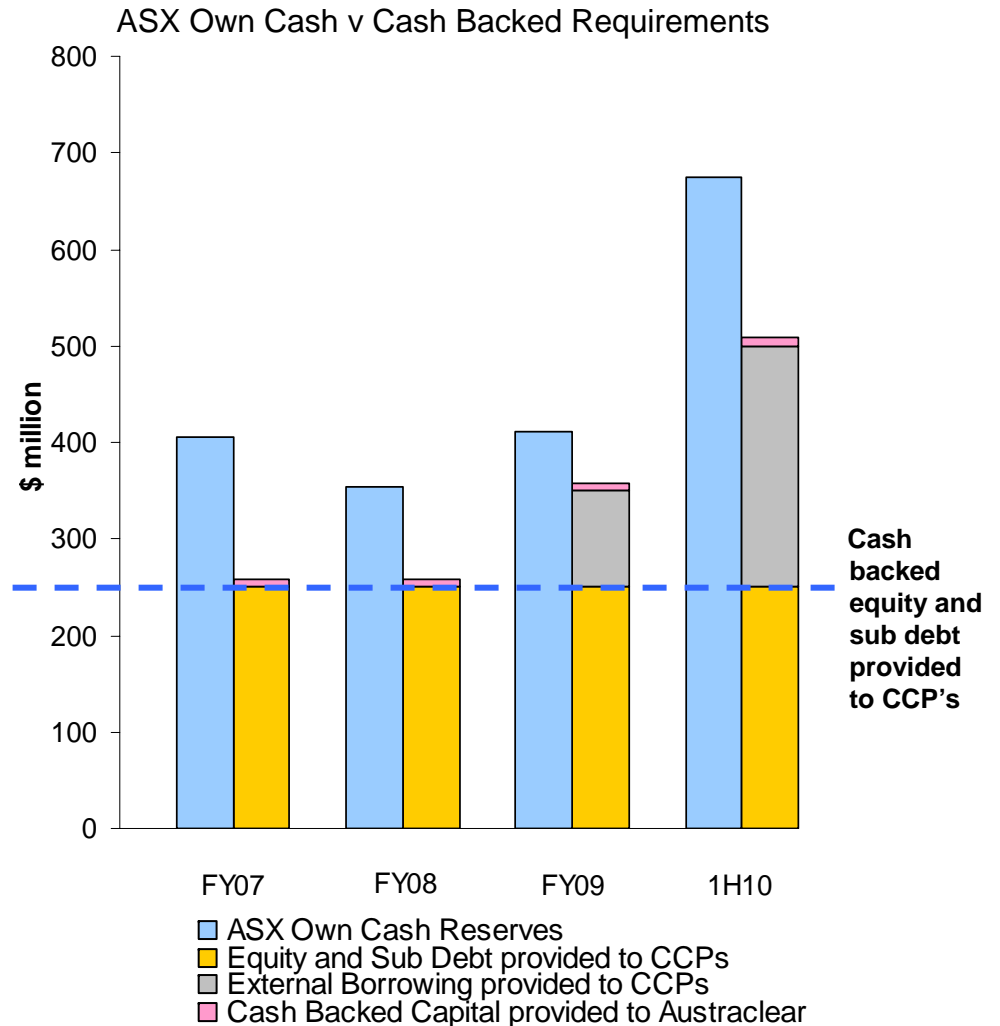
	31 Dec 09 \$ million	30 June 09 \$ million	Variance \$ million	Variance %
Cash and Available For Sale Financial Assets	3,365	4,020	(655)	(16%)
Goodwill	2,263	2,263	-	-
Other Assets	506	504	2	-
<b>Total Assets</b>	<b>6,134</b>	<b>6,787</b>	<b>(653)</b>	<b>(10%)</b>
Amounts Owing to Participants	2,691	3,609	(918)	(25%)
Borrowings	250	100	150	150%
Other Liabilities	326	305	21	7%
<b>Total Liabilities</b>	<b>3,267</b>	<b>4,014</b>	<b>(747)</b>	<b>(19%)</b>
Capital	2,392	2,362	30	1%
Retained Earnings	313	272	41	15%
Reserves	162	139	23	17%
<b>Total Equity</b>	<b>2,867</b>	<b>2,773</b>	<b>94</b>	<b>3%</b>

# Capital and Liquidity Position

## ASX Group Equity



## ASX Group Cash



# **Outlook and Post Balance Date Activity**

**Robert Elstone  
Managing Director and CEO**

# Post Balance Date Activity

- Trade execution levels for the start of 2H10 (1 January 2010 to 16 February 2010) showing marked improvement on 2H09
  - Cash markets average daily traded value \$4.8 billion (up 20% on 2H09)
  - SFE derivatives average daily volume 261,538 contracts (up 34% on non-roll months in 2H09)
  - ASX derivatives average daily volume 78,103 contracts (up 5% on 2H09)
- Implementation of expanded trade execution service offering
  - ASX Trade: a next generation, low latency trading platform
  - VolumeMatch: a facility for large order matching
  - PureMatch: an adjacent ultra-low latency execution capability
  - ASX BEST (Best Execution Services and Technology): smart order routing service
  - ASX Trade 24: upgraded futures trading platform

# Outlook

- IPO outlook healthy based on enquiry pipeline
- Volatility in equity and fixed income markets likely to be impacted by global sovereign debt quality concerns
- Confident in business growth prospects for the balance of FY10 as economic growth recovery continues in Australia
- FY11 outlook dependent on strength of local and global recovery
- Capital expenditure likely to remain in \$25-30 million range for FY10 and best current estimate for FY11 is approximately in the same range

# Questions



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