MEDIA RELEASE

20 August 2015

ASX Limited full-year results to 30 June 2015

Highlights relative to the prior corresponding period (FY14 pcp):

- Profit after tax $397.8 million, up 3.8%

- Underlying profit (excluding significant items) $403.2 million, up 5.2%
  - Revenues $700.7 million, up 6.4%
  - Interest and dividend income $71.9 million, up 1.8%
  - Operating expenses $160.1 million, up 4.2%
  - Depreciation and amortisation $38.6 million, up 14.3%

- Impact of fee reductions in interest rate and electricity futures $17.8 million before tax, partially offset by removal of other rebates

- Restructuring charge of $7.7 million pre-tax to support the technology transformation program and other changes
  - Excluded from underlying profit and when determining the final dividend

- Earnings per share (EPS) 205.7 cents, up 3.6%; underlying EPS 208.4 cents, up 5.0%

- Full-year dividends 187.4 cents per share fully franked, up 5.2%
  - Final dividend 95.1 cents, up 5.8%
  - 90% payout ratio of underlying profit

- Capital expenditure $44.4 million
  - Technology transformation program underway

- Post GFC regulatory settings largely in place
  - Outcome from Council of Financial Regulators review of cash equities clearing expected soon

- Significant investment in long-term strategic positioning of ASX in changing market environment
  - Higher customer engagement and improved service delivery
  - Products and services that give investors flexibility and choice
  - World-class trading and post-trade infrastructure
  - Leading skills and team engagement

Mr Elmer Funke Kupper, ASX Managing Director and CEO, said "In FY15, ASX delivered positive earnings growth, supported by activity increases across all major markets. Underlying net profit after tax was up 5.2% to $403.2 million. At the same time, ASX implemented attractive fee reductions in its derivatives business and opened a world-class 24-hour Customer Support Centre. These investments improve the alignment with ASX customers and create a more sustainable business.

"ASX is awaiting the Government's decision on the review of the market structure for clearing cash equities. A continuation of the current model for five years would give ASX certainty to invest in the 'once in a generation' replacement of CHESS. In addition, ASX has committed to implement a new equities clearing fee schedule that would provide savings to its clients.

"ASX is excited by the potential its investment program has to deliver efficiencies to customers, provide product and service innovation, and ensure Australia's market infrastructure remains world-class."

Business highlights (based on the Group's segment reporting)

Operating revenue for the full-year to 30 June 2015 (FY15) was $700.7 million, up 6.4% on FY14.

Below is a summary of the revenue performance across ASX's main business areas as per the Group's segment reporting. All comparisons are against the pcp.

Listings and Issuer Services – revenue $176.6 million, up 13.9%

Listings revenue includes annual listings fees, fees related to capital raisings and revenue from structured products.

Listings revenue was $143.3 million, up 12.8%. New listing activity was strong, with 120 IPOs compared to 107 in the previous year. Total capital raised (including secondary) was $88.9 billion, up 34.7%.

The Exchange Traded Product (ETP) segment, which includes exchange-traded funds and listed investment companies, grew in FY15, with funds under management (FUM) exceeding $18.5 billion compared to $11.8 billion in the pcp. The number of ETPs increased from 96 to 140, with 40.2% of FUM allocated to ETPs based upon offshore equity markets.

Issuer Services revenue rose 19.0% to $33.3 million, driven by an 11.1% rise in the number of holding statements to 13.1 million, and higher revenues from corporate actions.

ASX continues to improve its listings franchise and expand the 'investment supermarket' for investors. There are 39 New Zealand companies listed on ASX, with work to simplify and reduce the costs of the dual listings process underway. There were 30 IPOs from the technology sector in FY15 compared to 12 in the pcp.

ASX's mFund, which brings efficiencies and convenience to the system by allowing investors to apply for and redeem unlisted managed funds, has 30 fund managers offering 101 funds via 11 ASX brokers. ASX is hopeful of being able to add international equities to its product suite later this calendar year, subject to regulatory clearance.

ASX believes there is a significant opportunity to grow the corporate bond market in Australia and supports the immediate adoption of the Murray Inquiry recommendation for a simplified disclosure regime for large listed corporates issuing 'simple' corporate bonds.

Cash Market – revenue $125.2 million, up 6.7%

Cash Market revenue consists of fees from the trading ($35.5 million), clearing ($47.1 million) and settlement ($42.6 million) of ASX-quoted equities, debt securities, warrants and ETPs.

All three revenue components grew, supported by a rise in overall equity market activity and continued customer support for new ASX execution services.

Total on-market value traded per day across all venues increased 16.9%. ASX's on-market value traded per day was up 15.9% to $3.8 billion. ASX's on-market trading market share in FY15 averaged 90% (91% pcp).

ASX continued to deliver innovative execution services to meet the needs of end-investors for more choice and control over their orders in a fragmented marketplace. Particularly popular were Centre Point, ASX's anonymous mid-point matching service, and the auctions at the start and end of each trading day. Together, they accounted for 27.8% of ASX on-market activity and 47.9% of trading revenue. ASX is increasing the number of options available on Centre Point based on end-investor feedback.

In FY15, ASX operated a rebate system, whereby the revenue growth in each of the three Cash Market businesses was shared with its clients. In FY15, ASX accrued a total of $7.3 million in revenue rebates, compared to $0.6 million in the pcp.

This rebate system will continue to operate until the Government has announced its decision on the future market structure for clearing cash equities. The rebates will cease at the end of the quarter following the Government's announcement.

The Government initiated a review of the market structure for clearing cash equities in February 2015. ASX is currently the sole provider of this service and believes it is the right model for a market the size of Australia.

ASX has recommended that the current market structure be extended for five years. This would give ASX certainty to proceed with a significant investment in Australia's equities clearing and settlement infrastructure, including a 'once in a generation' replacement of CHESS.

If the current structure is retained, ASX has also committed to implement a new clearing fee schedule that would provide savings of approximately $7.3 million per annum to its clients (based on FY15 volumes), and to strengthen the Code of Practice that sets out how ASX manages the infrastructure on behalf of the market. The Code was first introduced in August 2013 and has delivered outcomes consistent with a competitively dynamic marketplace. It is an effective form of industry-led regulation that supports collaboration and service innovation.

A Government decision in relation to the review is expected soon.

Derivatives and OTC Markets – revenue $206.2 million, down 0.7%

Derivatives and OTC Markets is ASX's largest business accounting for 29.4% of Group revenues. The business consists of two components:

- Equity derivatives, which includes single stock options and index options
- Futures and options on futures, which includes interest rate, equity index, electricity and commodity contracts, as well as ASX's OTC clearing service. Interest rate futures account for the majority of traded volume.

Revenue from equity derivatives grew 10.9% to $24.6 million, assisted by a change in the mix of customers and products traded. Activity levels declined by 3.3%.

Revenue from futures was down 2.1% to $181.6 million. Higher volumes were offset by fee reductions ASX introduced in the electricity market on 1 July 2014 and in the interest rate futures and OTC clearing business on 1 October 2014. The fee changes had an impact on revenues of $17.8 million in FY15, which was partially offset by the removal of other rebates. Based on current activity levels, the full-year impact on revenue is expected to be $24 million in FY16.

The new fee schedules create a more sustainable business and position ASX to compete for liquidity in an evolving global market structure. They are also part of the next phase in the development of ASX's Derivatives and OTC Markets business, which will see fresh investment in key platforms, the launch of new products that further integrate the exchange-traded futures and OTC markets (a process known as 'futurisation'), and improved alignment between ASX and its clients.

ASX's 49% investment in Yieldbroker in November 2014 is part of this strategy. Yieldbroker operates an electronic market for Australian and New Zealand debt securities and interest rate derivatives. The other investors in Yieldbroker are many of Australia's and the world's leading banks.

OTC clearing volumes have improved since the innovation was launched in FY14. In FY15, OTC cleared value rose to $805.9 billion with almost all of this value being cleared in the second half. The OTC clearing service provides Australian investors with a solution where their risk and collateral is managed under Australian law.

The strong support from ASX shareholders for the capital raising ASX conducted in mid-2013 helped position the company to meet the highest global regulatory standards. During FY15, ASX was one of the first exchanges to be granted regulatory recognition by the European Securities and Markets Authority (ESMA), which enables ASX to provide clearing services to European-owned banks on a competitive basis. ASX also offers clearing of proprietary trades in A$ interest rate swaps for US bank branches, and was the first to be granted an exemption from DCO registration by the US regulator, the CFTC.

Information Services – revenue $73.7 million, up 7.0%

Information Services includes the provision of real-time cash and derivatives market information, news about listed companies, and index and reference data.

Revenues increased following the implementation of a revised fee schedule that better reflects the different profiles of investors and traders, and the way they utilise data.

In September 2014, ASX introduced a standardised process for entities to announce certain corporate actions and for the straight-through-processing of that information, delivering significant efficiencies to customers. Corporate action information, such as dividends, interest payments and capital returns, is critical for assessing the activities and performance of a company when making investment decisions.

Technical Services – revenue $57.3 million, up 8.3%

Technical Services provides market access, data network, order routing and data centre services to ASX clients and third parties.

The primary driver of higher revenue continued to be the growth of the financial markets community within ASX's main data centre – the Australian Liquidity Centre (ALC). The number of customers increased from 89 to 95 and the number of cabinets hosted in the ALC increased from 142 to 188. There was also a 9.2% increase in the multilateral cross-connections between customers within the ALC.

Austraclear – revenue $45.3 million, up 10.4%

Austraclear provides settlement, depository and registry services for A$ debt securities, including government and corporate bonds.

The growth in revenue was driven mainly by increases in earnings from registry services and higher balances in the depository. Average balances held in Austraclear increased 13.3% to $1.7 trillion and reached almost $1.8 trillion at 30 June 2015.

ASX's collateral management service, launched in FY14, averaged approximately $2.9 billion under management in FY15. The collateral service reduces collateral costs for clients by allowing them to use fixed income securities held in Austraclear as collateral for financial market transactions.

Interest and dividend income – $71.9 million, up 1.8%

Interest income on ASX's own cash balances declined 5.7% to $26.9 million due to lower average interest rates. Interest income on participant collateral balances increased 3.1% to $32.3 million, with average balances higher across the period.

Over the next two years, ASX will gradually reposition its investment of clearing house capital and collateral balances in line with new RBA guidelines. This will gradually reduce the investment earnings rate. The net earnings impact will depend on market activity and corresponding collateral balances. The impact in FY16 is not expected to be material.
Dividend income from ASX's shareholding in IRESS rose 17.5% to $12.7 million. ASX's shareholding in IRESS remains just over 19%.

Expenses – $160.1 million, up 4.2%

Underlying expenses were well controlled and in line with guidance given at the beginning of the year.

Staff expenses are the largest expense category, accounting for 60.2% of total operating expenses. Staff expenses grew by 4.4% following annual remuneration review increases and higher incentives and recruitment costs.

Measured in full-time equivalents (FTE), average headcount was 524 FTEs compared to 534 in the pcp.

ASX has commenced its technology investment program, which will see the company replace its trading, risk management and market surveillance systems over the next 18 to 24 months. To facilitate this upgrade and to make changes in other areas of the company, ASX incurred a restructuring charge of $7.7 million pre-tax. These costs have been excluded from underlying profit and when determining the final dividend.

In FY16, underlying expenses are expected to increase by approximately 3.5%. In addition, ASX expects to invest $2.5-3.0 million in new resources to develop its data business, support Asian sales and prepare for the replacement of its CHESS clearing and settlement platform. These are positive initiatives for the company. This additional investment in resources is expected to lead to a total expense increase in FY16 of around 5.0%.

Capital expenditure – $44.4 million, up 2.8%

Capital expenditure was in line with market guidance. It was driven by ongoing investment in core services and the construction of the Customer Support Centre. The Centre opened in April 2015 and brings together ASX's operations, market surveillance and technology teams to service ASX's domestic and growing international customer base.

ASX expects capital expenditure in FY16 to be in the range of $45-50 million, consistent with the guidance given when ASX announced its technology investment program in February 2015. The technology program will improve the ability of the exchange to innovate and bring products to market quickly, make it easier for clients to connect to ASX and reduce their internal operating costs.

Post balance date activity

Market activity levels in the first seven weeks of FY16 (up to 14 August 2015) were:

- Total cash market average value per day (all lit and dark venues) was $5.1 billion, up 11.9% on the pcp
    - ASX on-market average value per day was $3.8 billion, up 16.8%
- ASX 24 derivatives daily average volume was 416,446 contracts traded, up 2.1% on the pcp
- Total capital raised in July 2015 was $9.2 billion, up 35.0% on the pcp. There were 14 IPOs in July
- OTC cleared notional value was $235.7 billion.

Complete full-year results materials, including ASX's 2015 Annual Report, will be available on the ASX website:
http://www.asx.com.au/about/asx-market-announcements.htm

A webcast of today's 10.00am (Sydney time) presentation to analysts will be available:
http://www.asx.com.au/fy2015webcast

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Appendix – ASX full-year results to 30 June 2015

Group income statement	**FY15 $m**	**FY14 $m**	**Variance $m**	**Variance %**
Operating revenues	700.7	658.3	42.4	6.4%
Operating expenses	(160.1)	(153.6)	(6.5)	(4.2%)
EBITDA	**540.6**	**504.7**	**35.9**	**7.1%**
Depreciation and amortisation	(38.6)	(33.8)	(4.8)	(14.3%)
EBIT	**502.0**	**470.9**	**31.1**	**6.6%**
Interest and dividend income	71.9	70.7	1.2	1.8%
Profit before tax	**573.9**	**541.6**	**32.3**	**6.0%**
Income tax expense	(170.7)	(158.4)	(12.3)	(7.7%)
Underlying profit after tax	**403.2**	**383.2**	**20.0**	**5.2%**
Significant items	(5.4)	-	(5.4)	-
Statutory profit after tax	**397.8**	**383.2**	**14.6**	**3.8%**

Operating revenues	**FY15 $m**	**FY14 $m**	**Variance $m**	**Variance %**
Listings and Issuer Services	**176.6**	**154.9**	**21.7**	**13.9%**
Cash Market	**125.2**	**117.3**	**7.9**	**6.7%**
Trading	*35.5*	*33.1*	*2.4*	*7.4%*
Clearing	*47.1*	*43.1*	*4.0*	*9.2%*
Settlement	*42.6*	*41.1*	*1.5*	*3.6%*
Derivatives and OTC Markets	**206.2**	**207.7**	**(1.5)**	**(0.7%)**
Information Services	**73.7**	**68.8**	**4.9**	**7.0%**
Technical Services	**57.3**	**52.9**	**4.4**	**8.3%**
Austraclear	**45.3**	**41.1**	**4.2**	**10.4%**
Other	**16.4**	**15.6**	**0.8**	**4.8%**
Total operating revenues	**700.7**	**658.3**	**42.4**	**6.4%**

Key activity indicators	**FY15**	**FY14**	**Variance**	**Variance %**
Listings and Issuer Services				
All Ordinaries Index (end of period)	5451.2	5382.0	69.2	1.3%
Number of new listed entities (IPOs)	120	107	13	12.1%
Capital raised, including scrip-for-scrip	$88.9 billion	$66.0 billion	$22.9 billion	34.7%
Cash Market				
Daily average cash on-market value	$3.805 billion	$3.284 billion	$0.521 billion	15.9%
Derivatives and OTC Markets				
ASX daily average contracts traded	474,426	492,460	(18,034)	(3.7%)
ASX 24 daily average contracts traded	493,520	461,148	32,372	7.0%
OTC cleared notional value	$805.9 billion	$124.4 billion	$681.5 billion	-

Variances expressed favourable/(unfavourable)