



4 May 2016

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ASX LIMITED – PRESENTATION TO INVESTORS

Attached is a copy of an ASX presentation to investors that will be delivered at the Australian Macquarie Securities Conference held in Sydney on 4 and 5 May 2016.

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Investor Presentation

ASX Limited

4 May 2016



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The forward-looking statements included in this document speak only as of the date of this document. The ASX Group does not intend to update the forward-looking statements in this document in the future.

Financial Results – 9 Months to 31 March 2016

Revenues
\$552.8 m
7.0%

Expenses
\$127.5m
(6.1%)

EBITDA
\$425.3m
7.2%

Underlying NPAT
\$317.4m
5.9%

Statutory NPAT
\$317.4m
6.2%

Positive revenue growth of 7.0%

- Growth in all major categories compared to pcp supported by robust trading activity
- Impact of futures fee reductions \$11.2m vs \$10.5m pcp, continued growth in OTC clearing
- Lower average listings activity in the third quarter of FY16 compared to 1H16

Expense growth of 6.1%

- Acceleration of investment in post-trade services
- CEO transition arrangements
- FY16 guidance expense growth of approximately 6%

Capital expenditure \$30.6 million

- FY16 guidance unchanged at approximately \$50 million
- Q4 expenditure in line with scheduled technology transformation investments

Unaudited result
Operating revenues and operating expenses as per the Group segment reporting
Variance expressed favourable / (unfavourable)

Financial Results – 9 Months to 31 March 2016 (continued)

Revenues \$552.8 m 7.0%	Expenses \$127.5m (6.1%)	EBITDA \$425.3m 7.2%	Underlying NPAT \$317.4m 5.9%	Statutory NPAT \$317.4m 6.2%
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CEO Renewal

- Elmer Funke Kupper resigned 21 March after 4.5 years in the role
- CEO renewal progressing at accelerated pace
- Rick Holliday-Smith, Chairman with executive oversight in the interim
- Peter Hiom and Amanda Harkness managing the business, commercial/regulatory separation maintained

Regulatory

- Greater certainty on market structure for equities clearing following Treasurer's announcement
- ASX ownership restrictions to be made consistent with banks and insurers

Continued investment in strategic positioning

- Implementation of strategy and initiatives broadly on track
- Expected delivery of the new trading platform: futures in July - November 2016, equities in 2017
- Assessment of distributed ledger technology underway

Unaudited result
Operating revenues and operating expenses as per the Group segment reporting
Variance expressed favourable / (unfavourable)

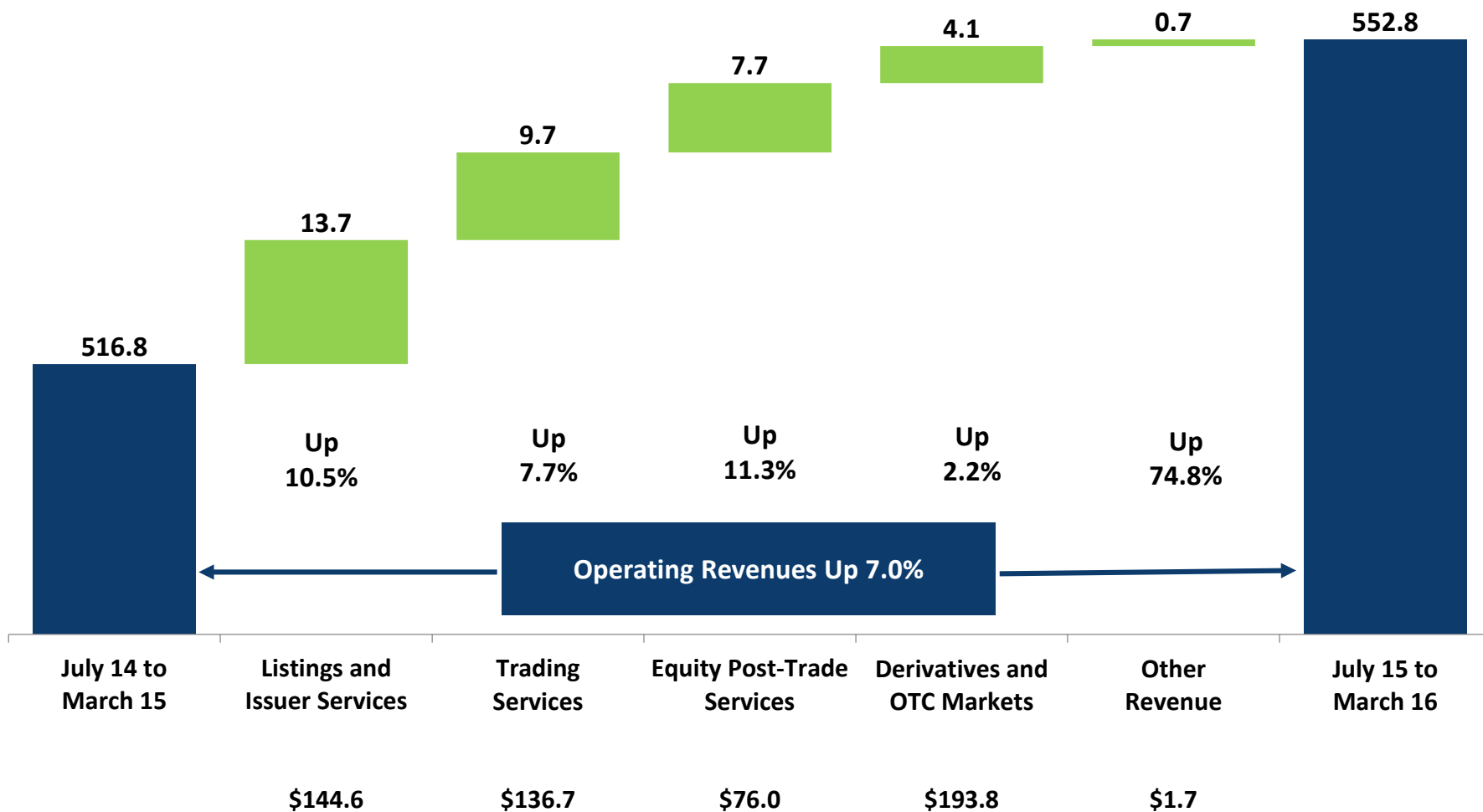
Income Statement – 9 Months to 31 March 2016

	YTD March 16 \$m	YTD March 15 \$m	% Variance
Operating Revenues	552.8	516.8	7.0%
Operating Expenses	127.5	120.2	(6.1%)
EBITDA	425.3	396.6	7.2%
Depreciation and Amortisation	31.3	28.2	(11.1%)
EBIT	394.0	368.4	6.9%
Interest and Dividend Income	56.7	57.9	(2.0%)
Profit Before Tax	450.7	426.3	5.7%
Income Tax Expense	(133.3)	(126.5)	(5.4%)
Underlying Profit after Tax	317.4	299.8	5.9%
Significant Items after Tax	-	(1.1)	n/a
Statutory Profit After Tax	317.4	298.7	6.2%

Unaudited result

Operating revenues and operating expenses as per the Group segment reporting
Variance expressed favourable / (unfavourable)

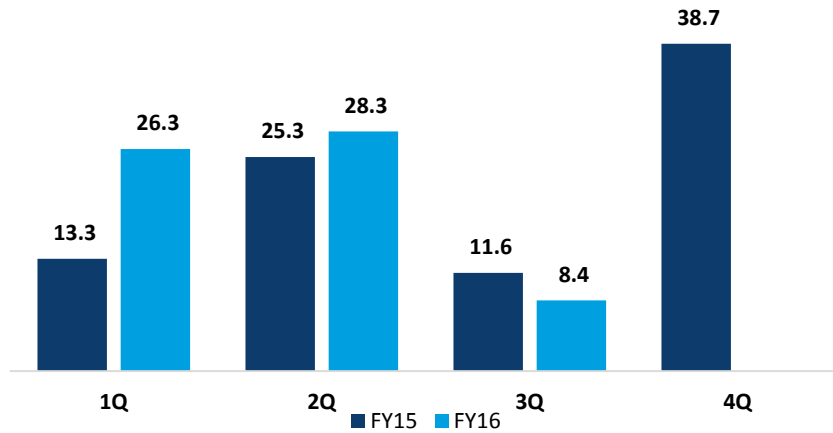
Revenue Movement – 9 Months to 31 March 2016 (\$ Million)



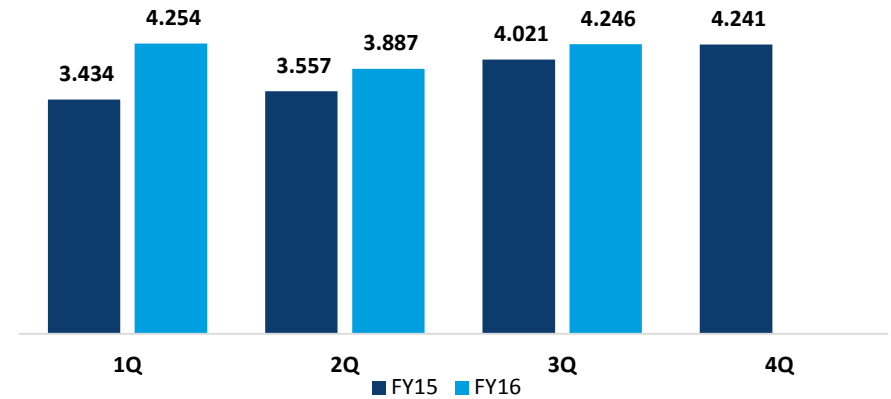
Unaudited result
 Operating revenues as per the Group segment reporting
 Variance expressed favourable / (unfavourable)

Activity Levels

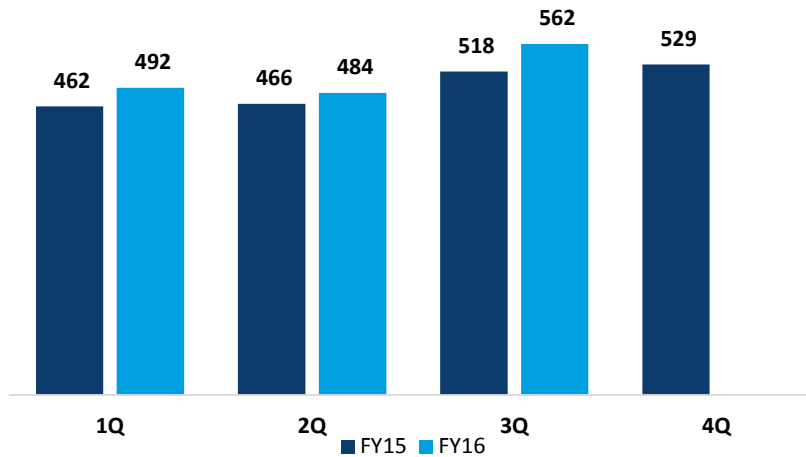
Total Capital Raised (\$ Billion)



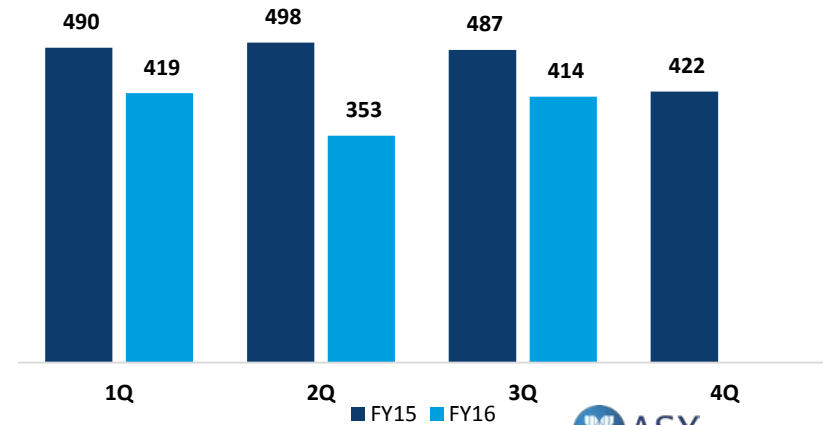
Cash Market Trading
ASX Average Daily Value On-market (\$ Billion)



Futures¹ - Average Daily Contracts ('000)



Equity Options - Average Daily Contracts ('000)

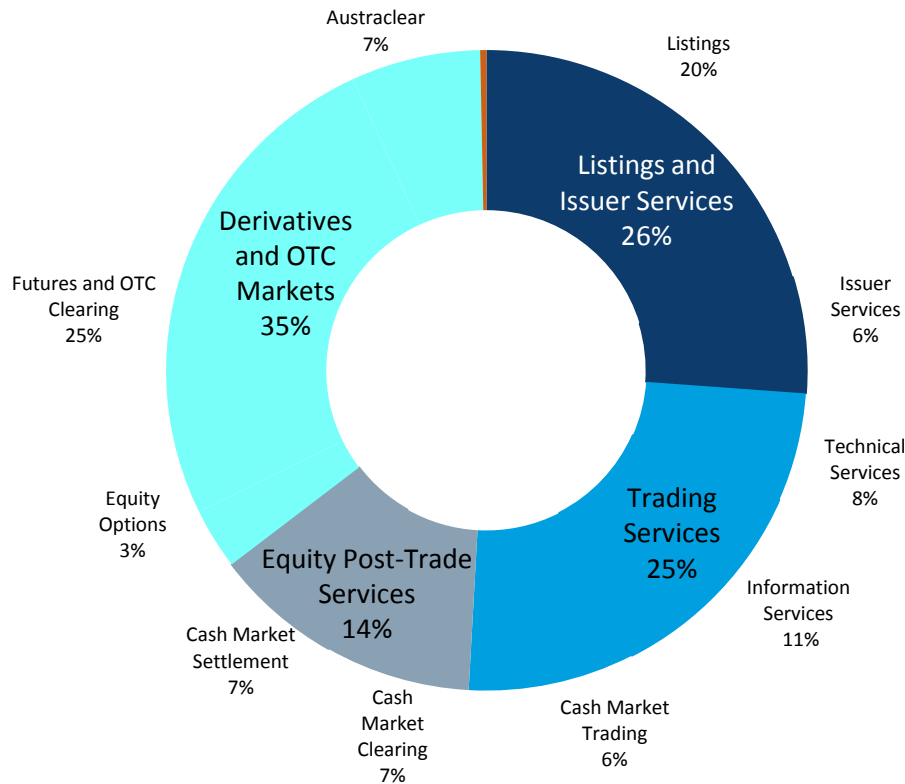


1. Consists of futures and options on futures

Attractive and Diversified Business Model

YTD Mar 2016 ASX Revenues

100% = \$553m



- Domestic leader in all segments, Asian leader in A\$ derivatives
- Derivatives and OTC includes interest rate, equity index, electricity and commodities futures, single stock options and clearing for OTC A\$ interest rate swaps
- Depositories (equities and fixed income) hold \$3.4 trillion
- Cash market trading: 89% market share
- Cash market clearing and settlement conducted for entire market

ASX Group Priorities

Business initiatives progressing

Global Leader in A\$ and NZ\$

- Innovate in fragmented equity market – Centre Point
- Build on leadership in A\$ and NZ\$ derivatives markets – OTC, Collateral

Investment Supermarket

- Grow listings franchise – NZ, Tech
- Extend suite of investment options – equities, debt, funds

World-Class Infrastructure

- Upgrade technology infrastructure – trading, risk, clearing
- Be leader in post-trade innovation – Distributed Ledger Technology
- Build global connectivity – Chicago, London, Singapore, HK

Outstanding Experience

- Deepen customer engagement across all services
- Deliver 24 hour service to local and global clients
- Strengthen alignment through fee reductions and rebates

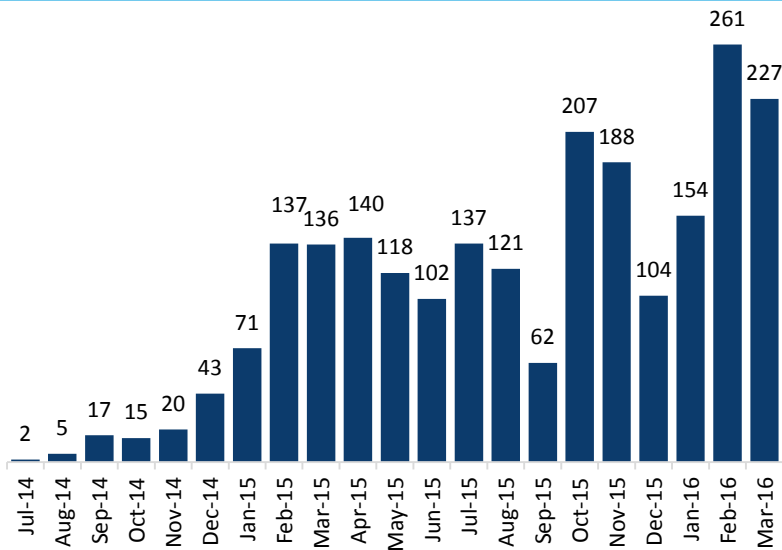
Regulatory Settings

Employer of Choice

Global Leader in A\$ and NZ\$ Markets

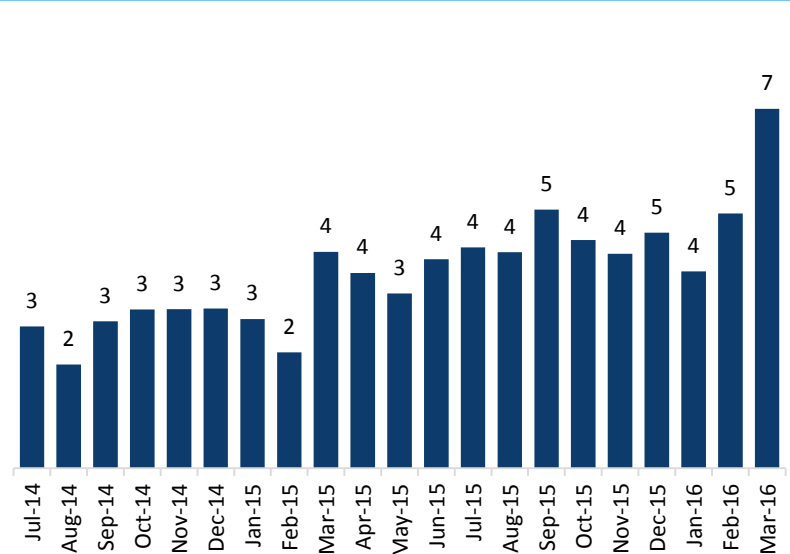
Growth in OTC Clearing & Collateral Management Services

OTC Notional Value Cleared (\$ Billion)



- Notional value of OTC interest rate swaps cleared was \$1.5 trillion March 16 YTD (\$445 billion pcq)
- Six active users
- Margin optimisation service to be launched in 2016 providing institutions the ability to maximise margin offsets between Futures and OTC
- Futures and OTC fee rebates could increase by \$2-3 million in 2H16 compared to 1H16

Collateral Balances (\$ Billion)



- Notable balance growth in repo transactions
- Eight active users
- Tri-party securities lending service (bond vs bond) currently under development and expected to commence in FY17

Investment Supermarket

Grow Listings Franchise (FY16 Listings)



Areas of Focus

Grow listings franchise

- Attractive and flexible capital market listing rules – 25% increase in capital raised March 16 YTD
- New Zealand simplified dual listing process – 42 NZ companies
- NZ IPOs – 4 YTD
- Technology sector – 30 listings¹ YTD
- ETFs – 161 ETFs listed totaling \$21.3 billion

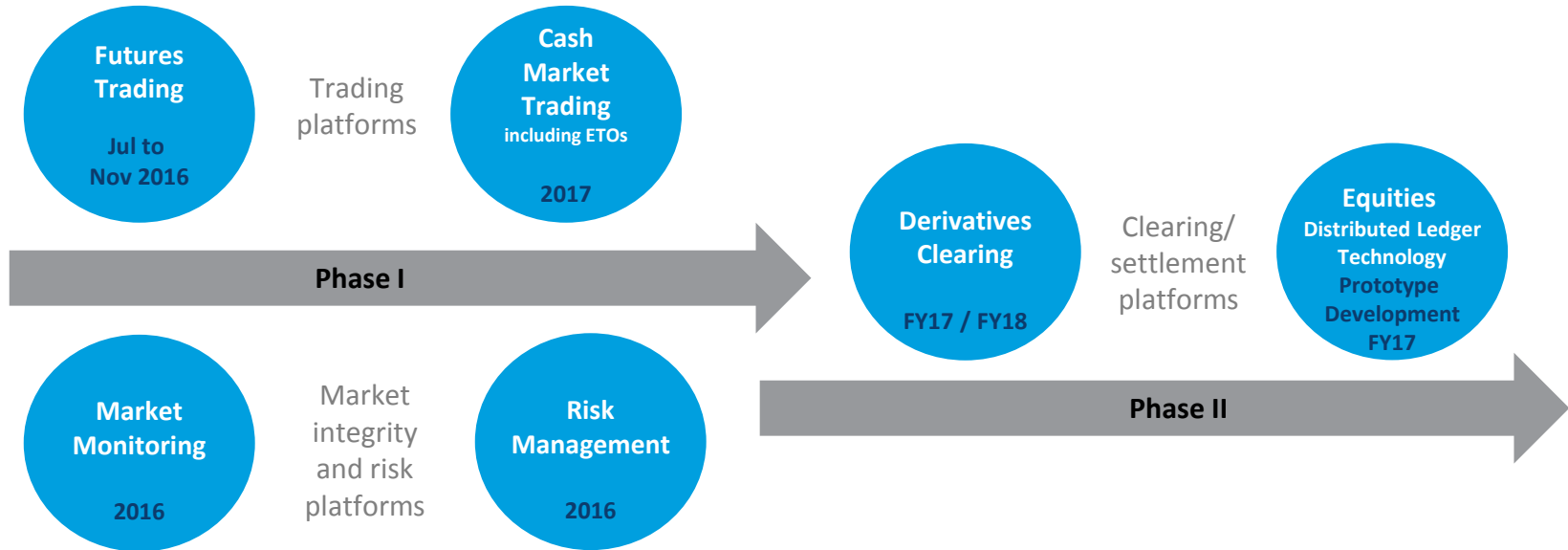
Investment Supermarket

- Domestic equities
- Government bonds
- Corporate bonds
- International shares – regulatory considerations will drive service design
- mFund expansion – 48 fund managers offering 161 funds via 18 brokers

1. Includes IPOs and backdoor listings

Technology Transformation

Key projects progressing

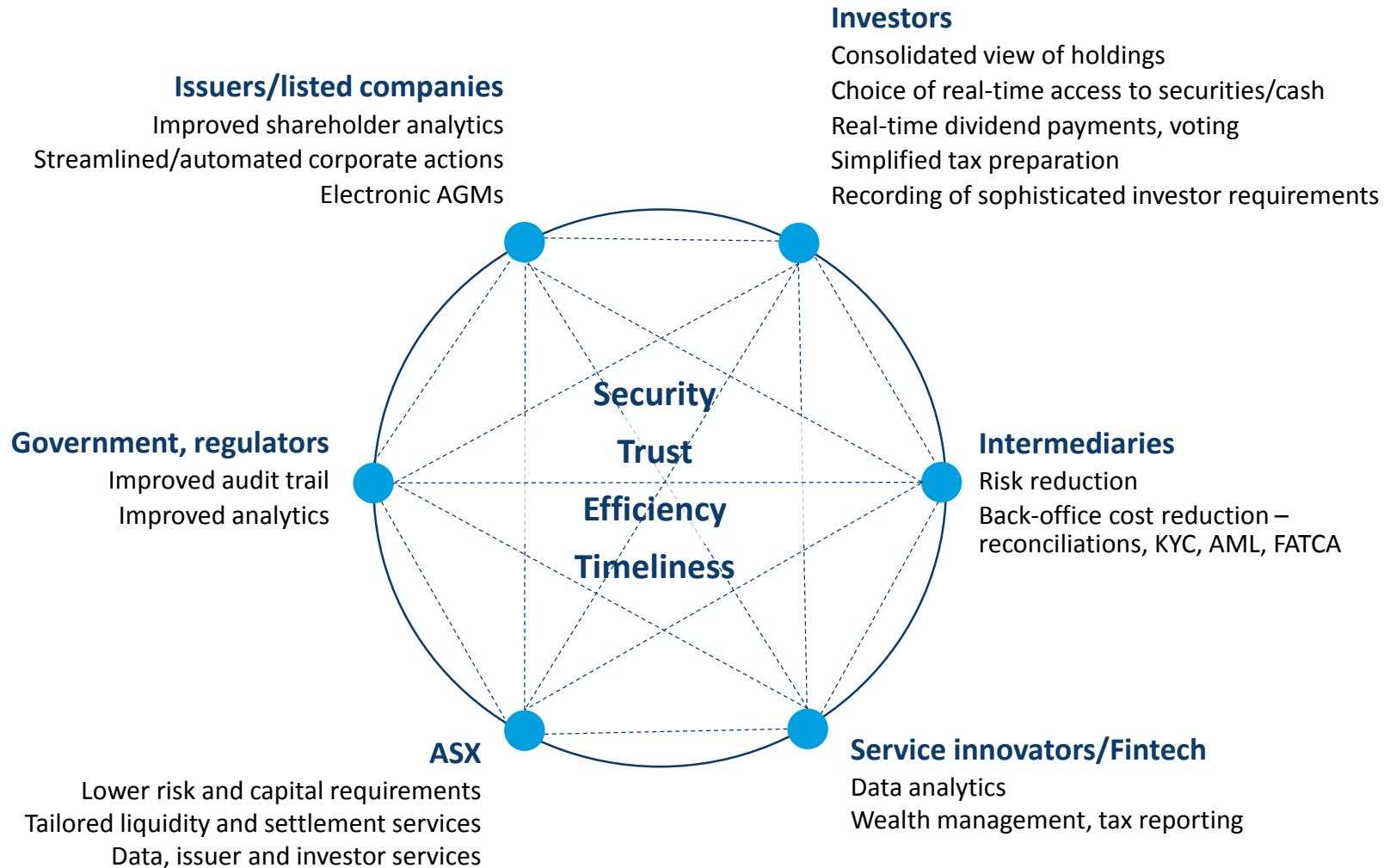


Progress

- Trading platform replacement underway
 - measures taken to de-risk implementation
 - customer engagement and readiness progressing
 - futures delivery July – November 2016, equities delivery 2017
- Market monitoring and risk management progressing, derivatives clearing on track
- Distributed Ledger Technology potential replacement for CHES. Capability assessment throughout FY17
- Managed within Group capex, approximately \$50 million in FY16

Opportunity for Post-Trade Innovation

Distributed Ledger Environment



Distributed Ledger Technology

Assessing the opportunity

Current Focus

- Investment in Digital Asset Holdings (DAH) of \$14.9m for a 5% stake plus rights to acquire additional 5%
- ASX and DAH working together to develop a beta software system to assess the technology
- Engaging with regulators, stakeholders and customers
- 6–12 month process of initial evaluation
- Development alongside existing CHES platform
- Final decision on post-trade technology in 2017

Digital Asset Holdings Investors



Regulatory Environment

Developments Last Three Years

Investors

- Equity market regulations supporting end-investors

Systemic risk

- Location requirements
- Global regulatory and capital standards adopted
- A\$ OTC interest rate swap central clearing mandate recommended along with G4 currencies

Global competitiveness

- Post-trade solutions in place
- ESMA recognition received, CFTC exemption relief
- AA- long-term credit rating from S&P

Equities Clearing Review

Safe and effective competition

- Treasurer announced commitment to putting in place safe and effective competition for cash equities clearing
- Minimum 18 month period to transition
- Changes to ASX's 15% shareholder limit to bring into line with banks and insurance companies – Treasurer can act in national interest
- Confirmation of domestic location requirements

ASX cash equities clearing and settlement

- Key customer and stakeholder commitments on engagement, pricing, access and confidential information confirmed
- 10% reduction in clearing fees from 1 July 2016
- Retain rebate schemes in FY17
- Equities trading rebate scheme discontinued from 1 July 2016

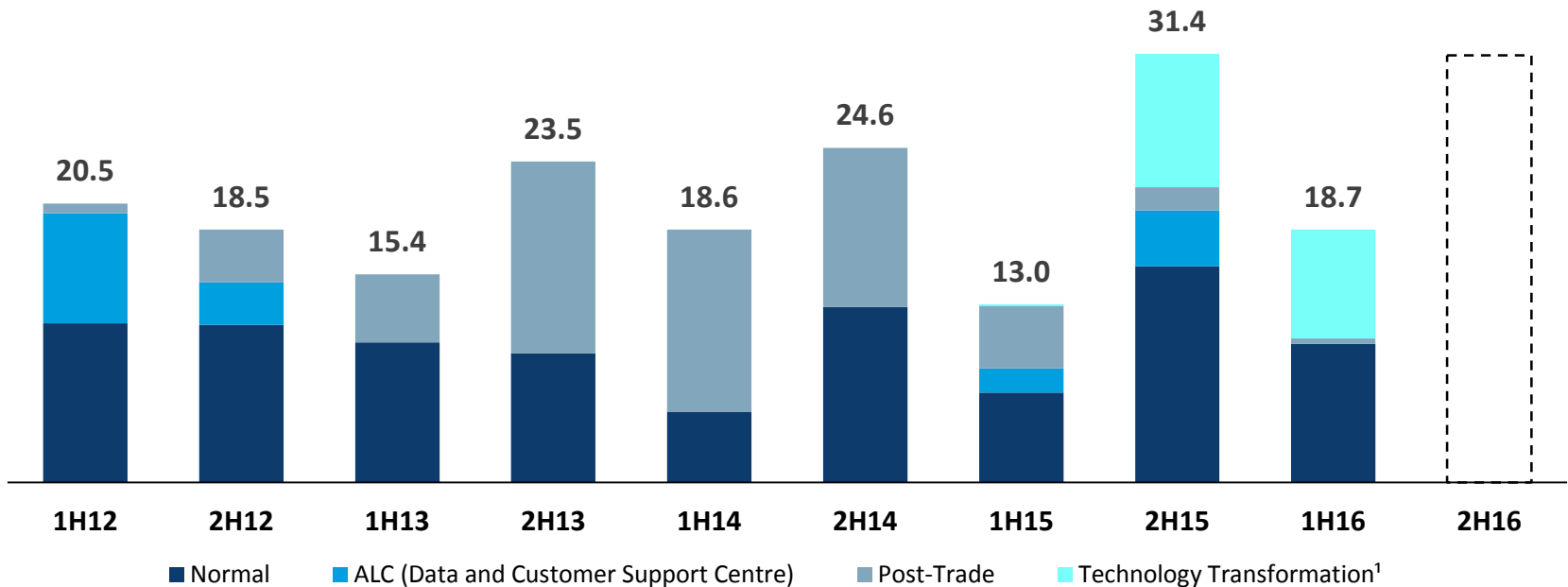
Operating Expenses – 9 Months to 31 March 2016

	YTD March 16 \$m	YTD March 15 \$m	% Variance
Staff	76.0	73.4	(3.5%)
Other	51.5	46.8	(10.1%)
Total Operating Expenses	127.5	120.2	(6.1%)

- Staff costs up 3.5%
 - Average headcount up 0.8% to 530 FTEs
 - 547 FTEs at 31 March 16, up from 534 at 31 December 2015
 - CEO transition arrangements
- Other costs up 10.1%
 - Higher equipment and administration costs to support accelerated initiatives
 - Higher variable costs due to increased CHES holding statements and postage costs
- Guidance FY16 approximately 6% expense increase

Capital Expenditure (\$ Million)

FY12 \$39.1m	FY13 \$38.9m	FY14 \$43.2m	FY15 \$44.4m	FY16 approx \$50m
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Highlights

- March 16 YTD expenditure \$30.6 million
- Focus on technology transformation program
 - Phase I to be complete in FY17
 - Technology transformation \$15.5 million March 16 YTD
- Guidance FY16 approximately \$50 million

1. Technology transformation includes new trading platform, risk management and market monitoring systems

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Expense growth of 6.1%, FY16 guidance of approximately 6%

- Acceleration of investment in post-trade services
- CEO transition arrangements, renewal underway

Capital expenditure \$30.6 million, FY16 guidance unchanged at approximately \$50 million

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Continued investment in strategic positioning

- Implementation of strategy and initiatives broadly on track
- Greater certainty on market structure for equities clearing, assessment of Distributed Ledger Technology underway

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