



Media Release

17 February 2017

ASX LIMITED HALF-YEAR RESULTS TO 31 DECEMBER 2016 (1H17)

- **SOLID PROFIT GROWTH – NPAT UP 3.0% TO \$219.4M**
- **MACRO FACTORS PLUS STRATEGIC INITIATIVES PROVIDING LONG-TERM GROWTH OPPORTUNITIES**

Highlights relative to the prior comparative period (1H16) based on Group segment reporting:

Profit after tax	\$219.4 million	↑3.0% ↑\$6.3m
Operating revenue <ul style="list-style-type: none"> • Growth in Derivatives and OTC Markets, Trading Services and Equity Post-Trade Services, supported by higher activity levels • Listings and Issuer Services lower against record secondary listings in 1H16, but increased IPOs 	\$386.6 million	↑2.8% ↑\$10.4m
Operating expenses <ul style="list-style-type: none"> • Higher investment in people and technology to support customer and growth-related projects, in line with FY17 guidance 	\$90.1 million	↑6.0% ↑\$5.0m
Earnings per share	113.4 cents	↑2.9%
Interim dividend per share <ul style="list-style-type: none"> • Fully franked, 90% payout ratio 	102.0 cents	↑2.9%
Strategic initiatives progressing well <ul style="list-style-type: none"> • Strong growth in OTC Clearing and ASX Collateral services • New futures trading platform on track for go-live in March 2017 • Extensive stakeholder engagement program underway for CHES replacement • Continued development of distributed ledger technology (DLT) as possible equity post-trade solution • ASX appointed Bank Bill Swap (BBSW) benchmark rate administrator from 1 January 2017 • New listings admission requirements in place 		



Mr Dominic Stevens, ASX Managing Director and CEO, said: “The confidence I expressed in the quality of the ASX business when I became CEO is borne out in the company’s financial results for the first six months of the 2017 financial year and its progress on key strategic initiatives.

“Overall performance for the half was pleasing with solid growth in most of ASX’s businesses. Total Group revenue grew by 2.8% to \$386.6 million, an increase of \$10.4 million, and profit after tax rose 3.0% or \$6.3 million to \$219.4 million. The result was underpinned by healthy levels of cash market and derivatives trading activity, stimulated in part by market reaction to the US Presidential election. The dip in revenue from our Listings business reflects the comparison with last year’s strong level of secondary capital raisings. While the total amount of capital raised was down for the half-year, the number of new listings was up from 77 to 86.

“We have continued to invest in the infrastructure that positions Australia’s financial markets for the future, with capital expenditure of \$20.3 million in the period and approximately \$50 million expected for the full-year. This includes a new futures trading platform, on track to go-live in March, and the development of distributed ledger technology as a potential equity post-trade solution to replace CHES. Both initiatives aim to improve industry efficiency and have benefitted from collaboration with our customers and other stakeholders. I am very conscious of the important and impactful role ASX plays and the need for us to listen to the needs of the market.”

BUSINESS HIGHLIGHTS

There was continued growth over the period in ASX’s **OTC Clearing Service**, which now has eight active clearing participants, with \$2,159.7 billion value cleared for the six months, up from \$817.4 billion this time last year. **ASX Collateral** also grew strongly, with usage more than doubling and a balance of \$11.7 billion achieved at December 2016. Valued traded on ASX’s **Centre Point** equities marketplace rose 51.2% and accounted for 10% of the on-market value traded on the ASX cash equity market for the half-year. Support for the **20 year government bond futures contract**, launched in late 2015, continued to develop, with 2,600 contracts traded on average per day across the period. Each of these offerings gives local investors greater choice and flexibility, and improves the competitiveness of Australia’s financial markets.

ASX received regulatory approval to expand the range of investment products retail clients can apply for and redeem through the **mFund Settlement Service**. The ability to offer longer-term funds enlarges the mFund opportunity within the retail managed funds market, making the service more attractive to brokers, advisers and their clients, including those in the growing SMSF sector. There are now 56 fund managers offering 170 funds via 18 brokers on the mFund Service, with funds under management exceeding \$250 million.

ASX was appointed the new administrator of the **Bank Bill Swap (BBSW) benchmark rate** for Australia’s financial markets from 1 January 2017. ASX understands the importance of BBSW to the health and integrity of our markets and has the experience, technical capability and key customer relationships to ensure BBSW remains a trusted, relevant and reliable financial benchmark.

In December 2016, ASX introduced **new listings admission rules** after an extensive consultation process. The new rules address the need to maintain standards and investor confidence in the ASX market, while providing a pathway for companies to list and access capital across their lifecycle. The new rules also keep ASX’s listing framework contemporary and aligned with global market trends. ASX is one of the ten largest listings venues in the world, with more than 2,200 listed entities. Maintaining its reputation for integrity and attractiveness as a venue to raise capital is vital.



In November 2016, ASX and ASIC, with the support of the big four audit firms, invited the 100 largest ASX-listed companies to participate in the **ASX 100 Cyber Health Check**. The Health Check is part of the Australian Government's Cyber Security Strategy and aims to benchmark the levels of cyber security awareness, capability and preparedness within Australian business. A public report on the themes emerging from the data is expected to be released in March 2017. The sharing of best practice and increased engagement by directors are important steps in building the cyber resilience of Australian business, which is of great importance to the millions of investors who hold shares in Australian companies.

Equally important is market confidence in the **robustness and reliability of ASX's systems**. Over the last five years, ASX's key trading, clearing and settlement systems have averaged a combined 99.98% system uptime. ASX has taken on valuable learnings from the equity market outage last September. It provided an opportunity to improve engagement with customers and seek their input to further strengthen ASX's systems, procedures and communications.

Mr Stevens added: "We continue to be positive about ASX's business and prospects. While ASX benefits from macro tailwinds, our strategy is to capture and enlarge that natural growth by developing new products, opening new markets and upgrading our technology. We have put in place measures to build the trust and confidence in the ASX brand, and are working hard to better understand our customers and provide the solutions they need. We have much more to do and the opportunities ahead are exciting."

Please see the accompanying presentation slides for individual business highlights.

Complete half-year results materials will be available on the [ASX website](#).

A webcast of today's 10.30am (Sydney time) presentation to analysts and media will be available [here](#).

Further enquiries

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APPENDIX – ASX half-year results to 31 December 2016 (1H17) based on the Group's segment reporting

Group income statement	1H17 \$m	1H16 \$m	Variance \$m	Variance %
Operating revenue	386.6	376.2	10.4	2.8%
Operating expenses	(90.1)	(85.1)	(5.0)	(6.0%)
EBITDA	296.5	291.1	5.4	1.9%
Depreciation and amortisation	(22.1)	(20.8)	(1.3)	(6.3%)
EBIT	274.4	270.3	4.1	1.5%
Interest and dividend income	37.5	33.7	3.8	11.3%
Profit before tax	311.9	304.0	7.9	2.6%
Income tax expense	(92.5)	(90.9)	(1.6)	(1.8%)
Profit after tax	219.4	213.1	6.3	3.0%

Operating revenue	1H17 \$m	1H16 \$m	Variance \$m	Variance %
Listings	80.7	82.4	(1.7)	(2.0%)
Issuer services	22.6	23.2	(0.6)	(2.4%)
Listings and Issuer Services	103.3	105.6	(2.3)	(2.1%)
Equity options	11.0	11.3	(0.3)	(3.0%)
Futures and OTC clearing	97.2	91.6	5.6	6.2%
Austraclear	24.8	23.9	0.9	3.7%
Derivatives and OTC Markets	133.0	126.8	6.2	4.9%
Cash market trading	23.3	20.3	3.0	14.7%
Information services	39.9	40.6	(0.7)	(1.8%)
Technical services	32.8	30.5	2.3	7.6%
Trading Services	96.0	91.4	4.6	5.0%
Cash market clearing	26.8	27.2	(0.4)	(1.4%)
Cash market settlement	26.1	23.8	2.3	9.8%
Equity Post-Trade Services	52.9	51.0	1.9	3.8%
Other	1.4	1.4	0.0	0.2%
Operating revenue	386.6	376.2	10.4	2.8%

Key activity indicators	1H17	1H16	Variance	Variance %
All Ordinaries Index (end of period)	5719.1	5344.6	374.5	7.0%
Number of new listed entities (IPOs)	86	77	9	11.7%
Capital raised, including scrip-for-scrip	\$36.8 billion	\$54.6 billion	(\$17.8 billion)	(32.5%)
Daily average cash on-market value	\$4.2 billion	\$4.1 billion	\$0.1 billion	2.6%
Equity options daily average contracts traded	393,960	386,549	7,411	1.9%
Futures daily average contracts traded	535,185	488,009	47,176	9.7%
OTC cleared notional value	\$2,159.7 billion	\$817.4 billion	\$1,342.3 billion	Large

Variances expressed favourable/(unfavourable)