

Media Release

15 February 2018

ASX Limited Half-Year Results to 31 December 2017 (1H18)

- Continued earnings growth – NPAT up 5.1% to \$230.5m
- Strong core business performance and growth in initiatives driving shareholder returns
- Investment in technology ecosystem leverages strengths and supplements future growth

Highlights relative to the prior comparative period (1H17) based on Group segment reporting:

Profit after tax	\$230.5 million	↑\$11.1m ↑5.1%
Operating revenue <ul style="list-style-type: none"> • Growth in Listings and Issuer Services supported by higher capital raisings • Lift in Derivatives and OTC Markets due to rise in futures trading, OTC clearing and collateral management activity • Stronger Trading Services underpinned by new data products and increased technical services usage • Lower Equity Post-Trade Services consistent with lower levels of cash market trading resulting in a decrease in cleared value 	\$409.0 million	↑\$22.4m ↑5.8%
Operating expenses <ul style="list-style-type: none"> • Headline growth of 6.7% and underlying growth of 3.1%, with step changes due to higher rent, electricity, postage and ASIC levy costs as foreshadowed 	\$96.2 million	↑\$6.1m ↑6.7%
EBITDA <ul style="list-style-type: none"> • Headline rise of 5.5% or up 6.6% when normalised for step changes 	\$312.8 million	↑\$16.3m ↑5.5%
Earnings per share	119.1 cents	↑5.7cps ↑5.0%
Interim dividend per share <ul style="list-style-type: none"> • 90% payout ratio, fully franked 	107.2 cents	↑5.2cps ↑5.1%
Capital expenditure <ul style="list-style-type: none"> • Investment in existing and new technology • FY18 full-year guidance circa \$50 million 	\$13.4 million	

Strategic initiatives progressing across all businesses

- Continued success attracting technology and foreign company listings
- Managing BBSW benchmark rate, with new methodology targeted for April 2018
- New futures trading platform attracting offshore customers
- Growth within Australian Liquidity Centre (ALC) and increase in ASX Net service feeds
- Selected distributed ledger technology to replace CHESSE, progressing to full development and implementation
- Upgrading secondary data centre to complement success and sophistication of ALC
- Investing in new data and analytics products and services, and upgrading ASX Net
- Seeing increased opportunities to add value to customers through ASX's multi-dimensional technology ecosystem

Mr Dominic Stevens, ASX Managing Director and CEO, said: "ASX has achieved a strong result for the first half of the 2018 financial year, with profit up 5.1% on the same period last year to \$230.5 million and up 7.3% - or almost \$16 million - on the preceding six months. The performance was driven by higher secondary capital raisings, increased futures trading - particularly from offshore customers - and growth in technical services connections and data feeds. While cash market trading was down amid low levels of market volatility, revenue from information services increased with an expanded range of products. The share of value transacted in our premium Centre Point and Auctions services continues to grow, an indication that customers want control over their orders, efficient execution and the deepest liquidity. Collectively, 34.5% of all ASX on-market cash market value is now transacted through these two services.

"ASX's expenses rose 6.7%, or 3.1% excluding some step costs, such as higher ASIC levy (up 133%) and electricity charges (up 82%), as signalled at our last results briefing. Our capex is expected to be circa \$50 million for the full-year.

"ASX made good progress on many of our core initiatives. We continued to attract foreign (18) and technology (11) companies, with new listings drawn to Australia's large and deep pool of investable capital, expertise in funding early stage enterprises and robust regulatory environment. The market capitalisation of the ASX-listed tech sector has grown 140% in the last three years, outperforming the benchmark index. The enhancements to our OTC clearing and collateral services led to rises in activity and customer engagement. And the expansion of the ecosystem within the Australian Liquidity Centre (ALC) saw an increase in the number of technical services connections, data feeds and hosted customer cabinets (up from 270 to 298). There are now 122 customers in the ALC. The successful implementation of the new futures trading system (futures contracts traded up 7.9%) and ASX's administration of the Bank Bill Swap (BBSW) interest rate benchmark also contributed to ASX's strong first half performance.

"The quality of ASX's infrastructure and our capacity to invest allow us to leverage our strengths into new areas to supplement the growth we receive from our core businesses. In part, this is driven by the global trends sweeping our industry, including customer demands for reduced complexity, lower costs, and access to more data and analytics. We see these opportunities as complementary to our traditional areas of focus, and requiring ongoing investment in new technology. ASX's goal is to make business easier for our customers. To do that, we must be technologically out in front."



Mr Stevens continued: “Our decision to replace CHES with a next generation post-trade platform using DLT is an example of this. After extensive testing and stakeholder consultation, we are confident that DLT will meet the needs of Australia’s financial marketplace for improved functionality and efficiency, and maintain the highest regulatory and operational standards. We are now preparing to provide stakeholders in March with the scope of Day 1 functionality and how we will transition to the new system. It’s an exciting development and we think it will put Australia at the forefront of innovation in financial markets.

“Replacing CHES with DLT is not the only example of how we aim to make business easier for our customers. We are investing in new technology hardware and communications, including upgrading our secondary data centre and ASX Net communications network. We are also investing in data and analytics to make more information available to customers more easily.

“Another growth initiative we are exploring is in the area of electronic property settlement. ASX is working with InfoTrack, Australia’s leading provider of electronic conveyancing technology and services, to investigate creating an Electronic Lodgment Network Operator – or ELNO - and whether we can leverage our existing infrastructure to generate efficiencies for customers.

“The first six-months of the financial year have produced a pleasing result for ASX. Our diversified business model continues to deliver solid financial and operational performance, and attractive returns to shareholders, with our interim dividend rising 5.1% to 107.2 cents per share. We have also continued to innovate and invest in initiatives that both develop our core businesses and unlock new growth opportunities.”

Please see the accompanying presentation slides for individual business highlights.

Complete half-year results materials will be available here: <http://www.asx.com.au/about/asx-market-announcements.htm>

A webcast of today’s 10.00am (Sydney time) presentation to analysts and media will be available at: <http://www.asx.com.au/hy2018webcast>

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APPENDIX – ASX half-year results to 31 December 2017 (1H18) based on the Group’s segment reporting

Group income statement	1H18 \$m	1H17 \$m	Variance \$m	Variance %
Operating revenue	409.0	386.6	22.4	5.8%
Operating expenses	(96.2)	(90.1)	(6.1)	(6.7%)
EBITDA	312.8	296.5	16.3	5.5%
Depreciation and amortisation	(22.4)	(22.1)	(0.3)	(1.4%)
EBIT	290.4	274.4	16.0	5.8%
Interest and dividend income	38.2	37.5	0.7	2.0%
Profit before tax	328.6	311.9	16.7	5.4%
Income tax expense	(98.1)	(92.5)	(5.6)	(6.1%)
Profit after tax	230.5	219.4	11.1	5.1%

Operating revenue	1H18 \$m	1H17 \$m	Variance \$m	Variance %
Listings	88.6	80.7	7.9	9.8%
Issuer services	24.9	22.6	2.3	10.1%
Listings and Issuer Services	113.5	103.3	10.2	9.8%
Equity options	10.9	11.0	(0.1)	(0.7%)
Futures and OTC clearing	101.6	97.2	4.4	4.5%
Austraclear	25.6	24.8	0.8	2.9%
Derivatives and OTC Markets	138.1	133.0	5.1	3.8%
Cash market trading	22.6	23.3	(0.7)	(3.0%)
Information services	44.7	39.9	4.8	12.0%
Technical services	37.2	32.8	4.4	13.3%
Trading Services	104.5	96.0	8.5	8.8%
Cash market clearing	25.9	26.8	(0.9)	(3.4%)
Cash market settlement	26.3	26.1	0.2	0.9%
Equity Post-Trade Services	52.2	52.9	(0.7)	(1.3%)
Other	0.7	1.4	(0.7)	(49.7%)
Operating revenue	409.0	386.6	22.4	5.8%

Key activity indicators	1H18	1H17	Variance	Variance %
All Ordinaries Index (end of period)	6,167.3	5,719.1	448.2	7.8%
Number of new listed entities (IPOs)	77	86	(9)	(10.5%)
Capital raised, including scrip-for-scrip	\$44.8 billion	\$36.8 billion	\$8.0 billion	21.7%
Daily average cash on-market value	\$4.0 billion	\$4.2 billion	(\$0.2 billion)	(4.6%)
Equity options daily average contracts traded	372,659	393,960	(21,301)	(5.4%)
Futures daily average contracts traded	581,971	535,185	46,786	8.7%
OTC cleared notional value	\$3,137.6 billion	\$2,159.7 billion	\$977.9 billion	45.3%

Variances expressed favourable/(unfavourable)