



30 September 2020

Australian Securities and Investments Commission
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DIVIDEND LETTER

Attached is a letter to shareholders from the Chairman and the Managing Director and CEO regarding ASX's FY20 final dividend and full-year financial results.

Release of market announcement authorised by:
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ASX Full-Year 2020

Letter to Shareholders

From the Chairman and the Managing Director and CEO

30 September 2020

Dear fellow ASX shareholder

On 20 August 2020, ASX Limited (ASX) announced a robust result for the 2020 financial year (FY20) – a year of extraordinary health and economic challenge for the global community. The strong performance of our core businesses generated solid underlying profit growth, while investment in the resilience of our systems helped ensure the availability of ASX's markets throughout the COVID-19 pandemic. ASX's diversified business model continues to deliver attractive earnings without compromising our commitment to market integrity.

Statutory profit rose 1.4% on last year to \$498.6 million, an increase of \$6.6 million, while underlying profit increased 4.4% to \$513.8 million, a rise of \$21.8 million.

Earnings per share (EPS) grew for the eighth year in a row, with statutory EPS up 1.4% to 257.6 cents, and underlying EPS up 4.4% to 265.4 cents.

Operating revenue (as per ASX's segment reporting) increased by 8.6% to \$938.4 million, driven by growth in each of our four core businesses:

- Listings and Issuer Services delivered a 7.3% rise in revenue supported by higher secondary capital raisings
- Derivatives and OTC Markets was up 4.5% due to strong growth in Austraclear
- Trading Services rose by 11.5%, underpinned by greater cash market trading activity and higher usage of information and technical services
- Equity Post-Trade Services grew 17.0%, in line with higher cash market trading activity.

Expenses (as per ASX's segment reporting) rose 9.0%, largely as a result of heightened costs associated with COVID-19, especially higher variable costs and ASIC fees linked to market activity.








Capital expenditure was \$80.4 million, reflecting our ongoing investment to refresh ASX's technology capabilities, including our cyber resilience program. This investment is important for the ongoing reliability and security of ASX's services.

We also reduced the carrying value of our shareholding in trading venue Yieldbroker by \$15.2 million. While we remain committed to Yieldbroker and the electrification of fixed income markets, the pace of change has been slower than expected.

Final dividend

We determined a final dividend of 122.5 cents per share, fully franked, an increase of 7.2%. This brings total ordinary dividends (interim and final) for FY20 to 238.9 cents per share, 4.5% higher than last year. It is the seventh consecutive year of higher total ordinary dividends. We have continued to pay out 90% of underlying profit in dividends.

Financial highlights

	FY20	Variance (FY19)
 Statutory profit after tax	\$498.6 million	↑\$6.6m ↑1.4%
Includes \$15.2 million impairment for Yieldbroker		
Underlying profit after tax	\$513.8 million	↑\$21.8m ↑4.4%
 Operating revenue	\$938.4 million	↑\$74.6m ↑8.6%
 Total expenses (includes depreciation)	\$286.2 million	↑\$23.6m ↑9.0%
 Earnings before interest and tax (EBIT)	\$652.2 million	↑\$51.0m ↑8.5%
10th year of consecutive EBIT growth		
 Interest and dividend income	\$83.8 million	↓\$20.1m ↓19.3%
Lower RBA interest rates and lower earning spreads		
 Earnings per share (statutory and underlying)	257.6 cents (S)	↑3.5cps (S) ↑1.4% (S)
	265.4 cents (U)	↑11.3cps (U) ↑4.4% (U)
 Final dividend per share	122.5 cents	↑8.2cps ↑7.2%
90% payout ratio, fully franked		
Total FY20 dividends (interim and final)	238.9 cents	↑10.2cps ↑4.5%



ASX Limited ABN 98 008 624 691

Sustaining Australia's financial markets through COVID-19

Throughout the period, ASX's systems remained open and operational, while managing record trading volumes and volatility levels brought on by the pandemic. This was achieved with 95% of our staff working from home, which is a credit to the tirelessness and expertise of our people. It also validates the work we've done in recent years to strengthen ASX's foundations.

We made extra effort to respond to the circumstances of our customers impacted by COVID-19. Across our business we offered relief by freezing fees for some services and lengthening payment periods for others. We also extended some market-facing project delivery dates to ease resourcing pressures and allow customers to focus on their immediate operations during the uncertainty.

In addition, in conjunction with the regulator ASIC, with whom we continue to work closely, we introduced a package of temporary capital raising measures and guidance to assist companies manage their disclosure obligations and help investors stay informed during the pandemic. Companies were offered flexibility to deal with urgent financial needs, while ensuring fairness and protection for investors. The measures helped Australia's capital markets maintain their efficiency and agility.

Please see ASX's 2020 Annual Report for more detail on how we responded to the COVID-19 pandemic, including protecting the wellbeing of our people: www.asx.com.au/documents/investor-relations/asx-annual-report-2020.pdf.

Building an exchange for the future

Despite the challenges of FY20, we continued to pursue our customer-focused and technology-driven strategy. In February, we launched the S&P/ASX All Technology Index in recognition of the growth and attractiveness of technology listings on our market. It quickly proved its value, with technology being the best performing sector during the pandemic.

On the futures side, we announced we'll be adding a five-year bond contract to our interest rate suite by the end of 2020. This will provide an additional hedging point, stimulate liquidity and complement the significant government issuance planned for the coming years.

We also completed the migration to our secondary data centre, which better aligns to the technical sophistication of our primary data and liquidity centre, and strengthens the resilience of our markets overall.

'Central to ASX's ability to create long-term value is the level of trust in our actions. Sustaining that trust is something we work at every day.'

We have also been working through a consultation with the market on a revised timetable for replacing CHES, to provide more time for ASX and users to complete development and readiness activities. We are listening to the market's feedback on this important project, which will renew core technology and build a modern digital platform that will underpin Australia's financial markets for the next decade and beyond.

Another important development was the update to our sustainability framework. This new framework sharpens our focus on how we create long-term value for all our stakeholders. It brings together the activities we undertake to manage our non-financial risks, operate as a responsible corporate citizen and influence our external environment. Central to ASX's ability to create long-term value is the level of trust in our actions. Sustaining that trust is something we work at every day.

Please see ASX's 2020 Annual Report for more detail on our achievements during FY20: www.asx.com.au/documents/investor-relations/asx-annual-report-2020.pdf.

- Complete FY20 results materials, including the 2020 Annual Report and a webcast of the results presentation to analysts and media, are available on the ASX website: www.asx.com.au/about/investor-relations.htm
- ASX's AGM was held today, 30 September 2020. The webcast of proceedings and results of the meeting are available on the ASX website: www.asx.com.au/about/annual-general-meeting.htm
- Any questions you would like to ask ASX can be emailed to: investor.relations@asx.com.au

ASX was well-prepared for the impact of COVID-19 because of the work we've done to strengthen our culture and our operational and technical foundations, diversify our product and service offerings, and evolve our rules and guidance to meet the market's changing needs. We strive to continue to deliver attractive results for all our stakeholders. These include solid financial returns for our shareholders, reliability and functionality for our customers, and integrity and trust for the market's investors.

As ever, we remain very grateful for your support.

Rick Holliday-Smith
Chairman

Dominic Stevens
Managing Director and
Chief Executive Officer