

Market Release

11 February 2021

ASX Limited Half-Year Results to 31 December 2020 (1H21)

Financial highlights relative to the prior comparative period (pcp, 1H20) based on Group segment reporting

- EBIT up 1.3% to \$319.1m; however, interest earnings reduced due to lower rates – NPAT down 3.4% to \$241.8m.
- Operating revenue up 3.4% to \$470.5m – growth in listings and equity activities balancing downturn in futures.
- Solid result achieved in mixed conditions reflecting strength of diversified business.
- Higher capital investment reflecting long-term transformation of technology and operations.
- Lower interim dividend in line with reduced NPAT – down 3.4% to 112.4cps – 90% payout ratio maintained.

	1H21	Variance (pcp)
Profit after tax	\$241.8 million	↓\$8.6m ↓3.4%
Operating revenue <ul style="list-style-type: none"> • Growth in Listings and Issuer Services supported by capital raisings and elevated issuer activity • Decline in Derivatives and OTC Markets, with lower short-term interest rate futures volumes partially offset by strong issuance in Austraclear • Solid rise in Trading Services, underpinned by greater cash market trading and higher demand for information services • Higher Equity Post-Trade Services in line with lift in cash market activity 	\$470.5 million	↑\$15.6m ↑3.4%
Total expenses (includes depreciation) <ul style="list-style-type: none"> • Increased costs to support initiatives and variable market-related activity • Guidance for full-year increased to growth of 8-9% 	\$151.4 million	↑\$11.6m ↑8.2%
EBIT <ul style="list-style-type: none"> • Solid operating result given mixed conditions 	\$319.1 million	↑\$4.0m ↑1.3%
Net interest income <ul style="list-style-type: none"> • Lower interest rates on ASX's own capital and lower investment spreads on assets held by ASX as collateral 	\$26.7 million	↓\$17.4m ↓39.5%
Earnings per share <ul style="list-style-type: none"> • Decrease in line with lower profit 	124.9 cents	↓4.4cps ↓3.4%
Interim dividend per share <ul style="list-style-type: none"> • 90% payout ratio, fully franked 	112.4 cents	↓4.0cps ↓3.4%
Capital expenditure <ul style="list-style-type: none"> • Capital investment in the long-term transformation of technology and operations • Guidance for full-year increased to \$110-115 million due to required additional capacity to cater for greater volumes, coupled with expanded scale, scope and testing program for CHES replacement 	\$54.5 million	



Mr Dominic Stevens, ASX Managing Director and CEO, said: “The strength of ASX’s diversified business is evident in the overall result for the first half of the 2021 financial year. Operationally, ASX delivered solid revenue growth of 3.4%, up \$15.6 million to \$470.5 million on the same time last year. However, materially lower interest earnings due to the interest rate environment saw statutory profit dip to \$241.8 million, down 3.4% or \$8.6 million. The interim dividend declined in line with net profit to 112.4 cents per share and remained consistent with ASX’s 90% dividend payout policy.

“Revenue growth in our cash equities-related activities – particularly Listings and Issuer Services, and Trading Services – offset the economic impact of COVID-19 and the RBA’s yield curve control program on our Derivatives and OTC Markets business.

“There were 85 new listings across the period, up more than 50% on 12 months ago, and the total amount of capital raised also grew significantly to almost \$52 billion, up almost 24%, the bulk of the growth being IPO capital. There was a 19% increase in the on-market value traded on our cash market, rising across the period to \$5.9 billion on average each day. The 5.2% revenue growth in our information services business was supported by rising retail activity in equity markets.

“The Derivatives and OTC business continued to be impacted by the COVID-driven yield curve control measures at the short-end of Australia’s interest rate curve. While overall futures volumes were down more than 15%, 10-year bond futures volumes were up almost 17%. Austraclear revenues were up 13.1%, reflecting greater bond issuance and transaction activity. A highlight of the half was the launch of the 5-year Treasury bond futures contract. Customer feedback has been positive and market conditions remain supportive. We are also seeing strong growth in the electricity derivatives business, following a multi-year focus on liquidity, market-making schemes and broadening participation.

“ASX’s expenses rose 8.2%, slightly above guidance, to support initiatives and variable market-related activity costs. Full-year guidance has increased to reflect this. Capital expenditure was \$54.5 million for the half, with full-year guidance increased to \$110-115 million, reflecting expenditure to cater for higher volumes, the expanded CHES replacement program, and ASX’s ongoing commitment to strengthen our foundations to build an exchange for the future.

“During the period, we continued to progress our multi-year technology investment program, which will reduce the average age of our equity technology stack from eleven years in 2019 to four years by 2023. This includes the CHES replacement project, for which the scale, scope and testing program were increased, and a new go-live date set for April 2023.

“Regrettably, the refresh of the ASX Trade equity platform led to an outage on 16 November 2020 – ASX’s first major outage since September 2016. The incident overshadows the significant improvements we have made to operational resilience via our Building Stronger Foundations program in recent years. The program has seen customer-facing incidents fall circa 78% from 2016 levels and outages across our five main market systems at their lowest levels since the ASX-SFE merger. There will be learnings from the recent incident as we continue to improve and enhance our platforms and processes. While we are deeply sorry for the disruption, it is in the interests of our stakeholders that we continue to contemporise our technology.

“As expected, the challenges arising from COVID were felt during the half and are likely to continue for at least the short-term. ASX remains well positioned to serve Australia’s financial markets and our shareholders, given our mix of businesses, product and operational expertise, and commitment to investing in the technology that supports our industry’s integrity and growth.”



- Please see the accompanying speaking notes and presentation slides for more detail and insights.
- Complete results materials will be available on the [ASX market announcements page](#).
- A webcast of today's 10.30am (Sydney time) presentation will be available on the [ASX website](#).

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APPENDIX – ASX half-year results to 31 December 2020 (1H21) based on the Group’s segment reporting

Group income statement	1H21 \$m	1H20 \$m	Variance \$m	Variance %
Operating revenue	470.5	454.9	15.6	3.4%
Operating expenses	(126.1)	(114.4)	(11.7)	(10.3%)
EBITDA	344.4	340.5	3.9	1.1%
Depreciation and amortisation	(25.3)	(25.4)	0.1	0.8%
Total expenses	(151.4)	(139.8)	(11.6)	(8.2%)
EBIT	319.1	315.1	4.0	1.3%
Net interest income	26.7	44.1	(17.4)	(39.5%)
Profit before tax	345.8	359.2	(13.4)	(3.7%)
Income tax expense	(104.0)	(108.8)	4.8	4.4%
Profit after tax	241.8	250.4	(8.6)	(3.4%)

Operating revenue	1H21 \$m	1H20 \$m	Variance \$m	Variance %
Listings	88.7	87.4	1.3	1.5%
Issuer services	38.9	27.2	11.7	43.3%
Listings and Issuer Services	127.6	114.6	13.0	11.4%
Equity options	7.2	8.9	(1.7)	(18.5%)
Futures and OTC clearing	106.9	120.9	(14.0)	(11.6%)
Austraclear	30.5	26.9	3.6	13.1%
Derivatives and OTC Markets	144.6	156.7	(12.1)	(7.7%)
Cash market trading	31.6	27.9	3.7	12.8%
Information services	56.3	53.5	2.8	5.2%
Technical services	42.3	43.5	(1.2)	(2.7%)
Trading Services	130.2	124.9	5.3	4.2%
Cash market clearing	34.2	30.0	4.2	14.0%
Cash market settlement	33.9	28.7	5.2	18.2%
Equity Post-Trade Services	68.1	58.7	9.4	16.1%
Operating revenue	470.5	454.9	15.6	3.4%

Key activity indicators	1H21	1H20	Variance	Variance %
All Ordinaries Index (end of period)	6,850.6	6,802.4	48.2	0.7%
Number of new listed entities (IPOs)	85	55	30	54.5%
New and secondary capital raised	\$51.9 billion	\$42.0 billion	\$9.9 billion	23.6%
Daily average cash on-market value	\$5.9 billion	\$4.9 billion	\$1.0 billion	19.3%
Futures daily average contracts traded	559,624	663,389	(103,765)	(15.6%)
OTC cleared notional value	\$3,779.6 billion	\$7,059.2 billion	(\$3,279.6 billion)	(46.5%)

Variances expressed favourable/(unfavourable).