



23 March 2022

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 FY22 interim dividend and half-year results.

Release of market announcement authorised by:
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ASX Half-Year 2022

Letter to Shareholders

From the Chairman and the Managing Director and CEO

23 March 2022

Dear fellow shareholders

On 10 February 2022, ASX announced a strong result for the first half of the 2022 financial year (1H22), reflecting the robustness of ASX's diversified business model, which delivers consistent performance through different cycles.

Group revenue was up 6.6% to \$501.4 million, an increase of \$30.9 million, and profit after tax increased by 3.5% to \$250.3 million, a gain of \$8.5 million on the prior corresponding period.

Today we paid a fully franked interim dividend of 116.4 cents per share, up four cents per share, or 3.5% on the interim dividend in the prior year. This maintains ASX's dividend policy of paying out 90% of underlying profit.







ASX's Listings business had a particularly strong half, with a record \$90.3 billion in capital raised and 150 new listings in the period, the highest number since 1H08. There was also a 6% increase in on-market cash equity trading – the second highest half on record – with a daily average value across the period of \$6.2 billion.

Our Markets business continued to be impacted by the Reserve Bank's current policy settings and the low interest rate environment, with futures volumes subdued. There are encouraging signs that markets expect a normalisation of monetary conditions in the near term, which could help stimulate trading of ASX's short-term interest rates contracts. Pleasingly, we saw a significant rebound in 90-day bank bill contracts during the period and demand for our electricity derivative products continued to climb, having now grown at circa 20% per annum for the last five years. These products will play an important role in the decarbonisation of energy production.

We saw strong revenue growth in our Securities and Payments business, which includes equities Clearing and Settlement services, and Austraclear. ASX's Technology and Data business also performed well due to the higher demand for market data, connectivity and data centre services.

ASX's expenses rose 7.6%, reflecting continued investment in initiatives coupled with growth in market activity. Full-year guidance has been increased to 7-8% growth. Capital expenditure was \$54 million, with our full-year guidance remaining at \$105-115 million.

Financial highlights

	1HY22	Variance (pcp)
 Operating revenue	\$501.4 million	↑\$30.9m ↑6.6%
 Total expenses (includes depreciation)	\$163.0 million	↑\$11.6m ↑7.6%
 Earnings before interest and tax (EBIT)	\$338.4 million	↑\$19.3m ↑6.0%
 Net interest income	\$21.7 million	↓\$5.0m ↓18.9%
 Net profit after tax	\$250.3 million	↑\$8.5m ↑3.5%
 Interim dividend per share	116.4 cents	↑4.0cps ↑3.5%

Contemporising our technology

ASX continues to focus on modernising and upgrading its technology, and delivering value for our customers. During the period, we launched Synfini, our 'DLT as a Service' platform, which is powered by the same technology underpinning CHES replacement. The platform allows customers to leverage our distributed ledger technology (DLT) infrastructure to build their own enterprise DLT applications and solutions.

We achieved a significant milestone with our CHES replacement project by opening the Industry Test Environment (ITE) in November, giving CHES software vendors access to our fully integrated external solution. The environment provides a valuable opportunity to develop and stress test systems, and enhance the overall resilience of the new infrastructure. We look forward to opening ITE to all CHES users in coming months.

A related initiative was the launch of electronic CHES holding statements and notifications, whereby investors have the option to replace paper with digital delivery through a simple election process via their brokers. This provides a faster, more efficient service for investors, saves on printing and postage costs for companies, and is positive for the environment by minimising paper usage.



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The transformation of our technology has been a multi-year, multi-project undertaking, with much achieved already. The age of some of our core equity technologies is set to drop from over 20 years to an average of less than five years. We have also improved ASX's operating resilience, with incidents falling by 85% over the last five years. There was only one severity 1 incident in the three years to December 2021, compared to five in the three years prior, and 12 in the three years before that.

Further detail on ASX's strategy, which began in 2016, to embrace changes in technology and digitisation to provide Australia's financial markets with innovative, resilient and world-leading markets infrastructure, is available in the 1H22 results presentation and speaking notes.

CEO retirement announced

Subsequent to the reporting period, Managing Director and CEO, Dominic Stevens, announced his intention to retire this calendar year. He was appointed ASX CEO in August 2016 and was an ASX non-executive director for the three years prior. A global search for Mr Stevens' successor is underway.

Mr Stevens will continue as CEO until the commencement of his successor. This will ensure stability for the company, assist in an orderly transfer of executive responsibility, and maintain ASX's focus on providing safe and secure critical financial market infrastructure.

Explaining his decision at ASX's half-year results, Mr Stevens said

"I am now in my ninth year at ASX and my sixth as CEO, having been a non-executive director for three years before that. The last six years in particular have been a tremendous journey of transformation for ASX and the team. I am incredibly proud of what we have accomplished for our customers, staff, shareholders and our industry.

When discussing the future and the best time to transition, the Chairman and I agreed that after the completion of CHES replacement, ASX will be in a position to leverage the significant foundational work put in place. This new phase for the company, which would take us to the back end of this decade, would not be something I could commit to. So, it was important to begin the transition soon, such that a new CEO is able to be brought up to speed as these projects completed. This will enable ASX to hit the ground running as it enters its next strategic phase in 2023, under new leadership and with long-term commitment.

The work the team has done, and the investment the company has made, have put ASX in the best position to maintain its place as a top 10 global exchange and the pre-eminent financial market intermediary in Australia. It has been a privilege to serve as CEO, and I am extremely proud of the company's achievements.

ASX is in a strong financial and operational position. And with the transformation of critical systems, platforms and infrastructure complete or nearing completion, the company is optimally-placed to go from strength to strength.

In the meantime, I remain fully committed to the role and will continue to lead the company and support our customers and other stakeholders to ensure a smooth transition to the new executive leader."

Against the backdrop of the ongoing challenges of COVID and the uncertainty caused by geopolitical events, ASX is well-positioned to serve Australia's financial markets, given our mix of initiatives and investments, the quality and expertise of our people, and the strength and diversity of our core business. The second half of this financial year is off to a solid start. We are excited about the opportunities ahead and remain committed to building an exchange for the future – one that will benefit all our stakeholders.

- Complete 1H22 results materials, including the announcement about the CEO's plan to retire, are available on the Investor Relations page of the ASX website: <https://www2.asx.com.au/about/asx-shareholders/financial-results>
- Any questions you would like to ask ASX can be emailed to: investor.relations@asx.com.au

Thank you for your support.

Yours sincerely,

Damian Roche
Chairman

Dominic Stevens
Managing Director and
Chief Executive