



# ASX Limited – Earnings update to 31 March 2013

1 May 2013

# Disclaimer

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## Nine Months to 31 March 2013



**Revenue**  
**\$457.1m**  
**0.6%**

**Expenses**  
**\$107.5m**  
**(2.6%)**

**Interest &  
Dividends**  
**\$42.5m**  
**3.9%**

**Statutory  
Net Profit  
(unaudited)**  
**\$260.7m**  
**1.7%**

**Underlying  
Net Profit**  
**\$260.7m**  
**(0.3%)**

- Underlying net profit \$260.7m, down 0.3%
  - Improvement from half-year result following stronger third quarter, up 10.7%
- Revenue performance
  - Improved market activity in recent months, including cash equities
  - YTD growth in all businesses except Cash Market and Information Services
- Regulatory environment in cash equities business stabilising
  - Clearing market structure retained, Code of Practice consultation under way
- Expenses up 2.6% – guidance of 3.5% for FY13 unchanged
- Capital expenditure \$26.1m – guidance of up to \$40m for FY13 unchanged
  - Depreciation and amortisation up 16.4%
  - Good progress across key initiatives
  - Focus on post-trade services – OTC clearing, client clearing, collateral management

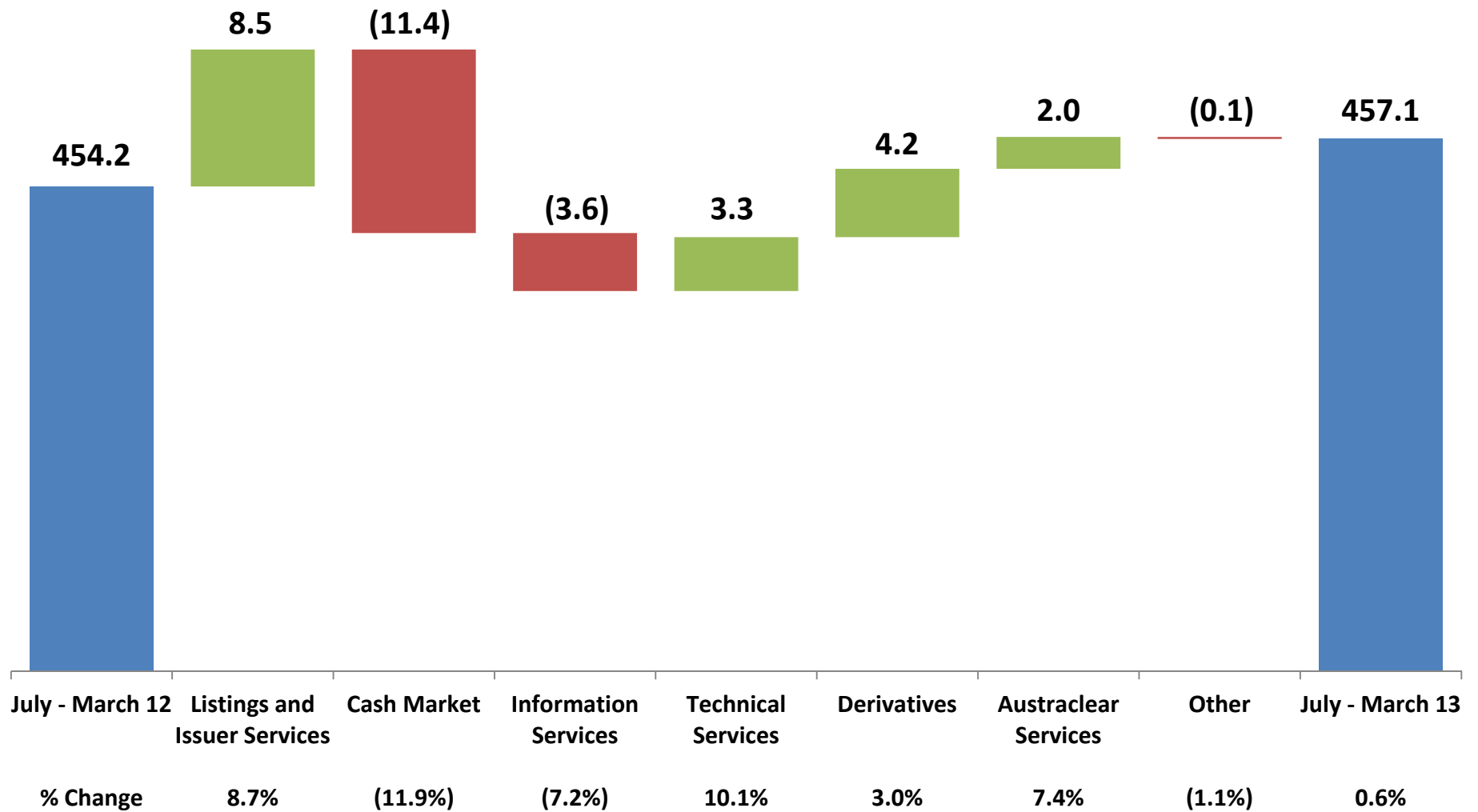
# Income Statement



	1H13 \$M	% Variance	YTD Mar 2013 \$M	YTD Mar 2012 \$M	% Variance
Operating Revenue	304.8	(3.3%)	457.1	454.2	0.6%
Cash Operating Expenses	71.3	(1.3%)	107.5	104.8	(2.6%)
<b>EBITDA</b>	<b>233.5</b>	<b>(4.6%)</b>	<b>349.6</b>	<b>349.4</b>	<b>0.1%</b>
Depreciation and Amortisation	15.4	(19.5%)	22.9	19.7	(16.4%)
<b>EBIT</b>	<b>218.1</b>	<b>(5.9%)</b>	<b>326.7</b>	<b>329.7</b>	<b>(0.9%)</b>
Interest and Dividend	25.2	-	42.5	40.9	3.9%
<b>Profit Before Tax</b>	<b>243.3</b>	<b>(5.3%)</b>	<b>369.2</b>	<b>370.6</b>	<b>(0.4%)</b>
Income Tax Expense	(72.2)	5.4%	(108.5)	(109.0)	0.5%
<b>Underlying Net Profit</b>	<b>171.1</b>	<b>(5.3%)</b>	<b>260.7</b>	<b>261.6</b>	<b>(0.3%)</b>
Significant Items After Tax	0.0	100.0%	0.0	(5.3)	100%
<b>Statutory Net Profit</b>	<b>171.1</b>	<b>(2.5%)</b>	<b>260.7</b>	<b>256.3</b>	<b>1.7%</b>

Variations expressed favourable/(unfavourable)  
All comparisons are to prior comparative period (pcp)

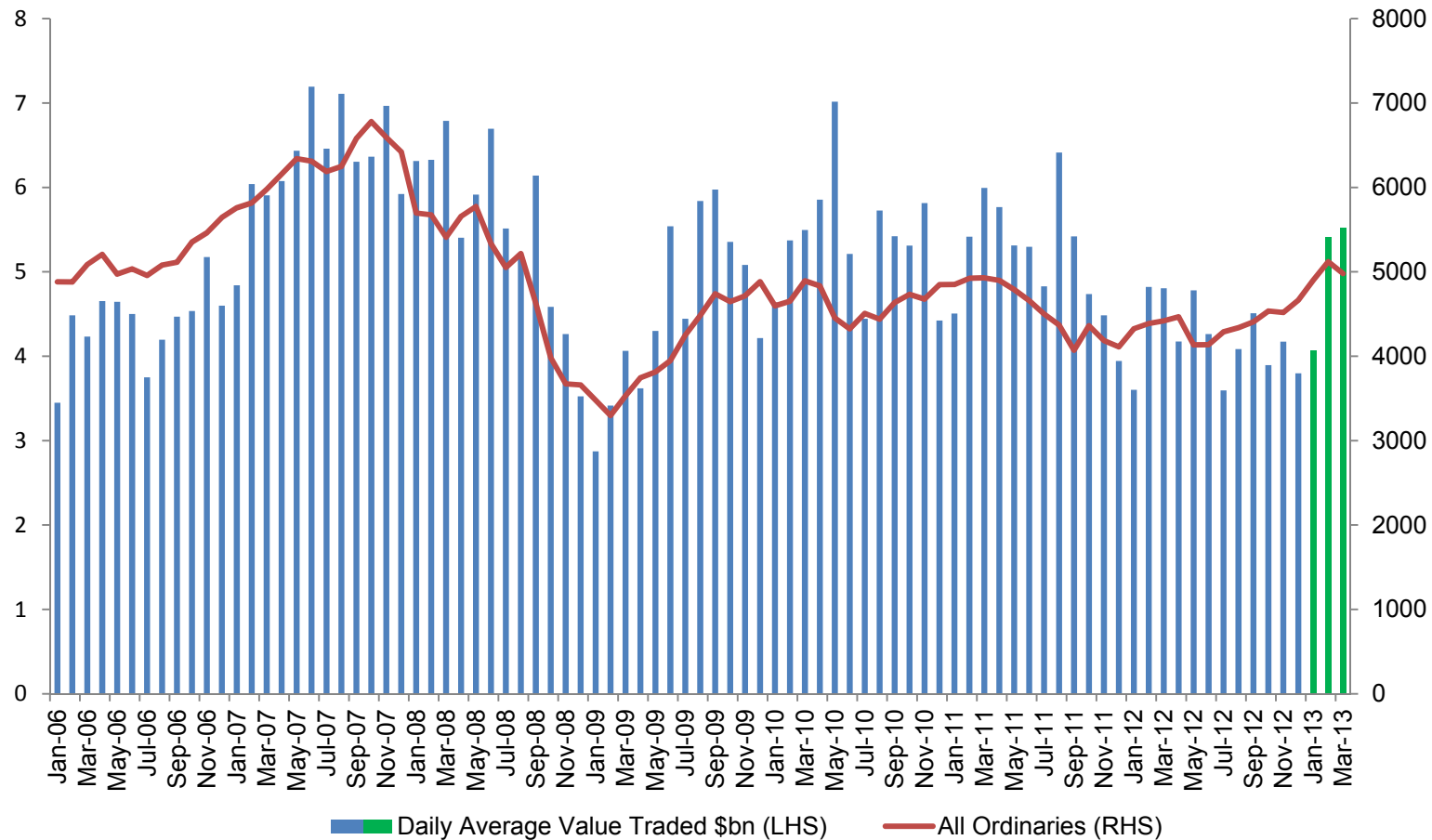
# YTD Revenue Movement (\$M)



# Equity Market Performance



## Daily Average Value Traded \$bn<sup>1</sup> and All Ordinaries Index



1. Total market including on-market (ASX and Chi-X) and off-market

# Revenue Impact Third Quarter



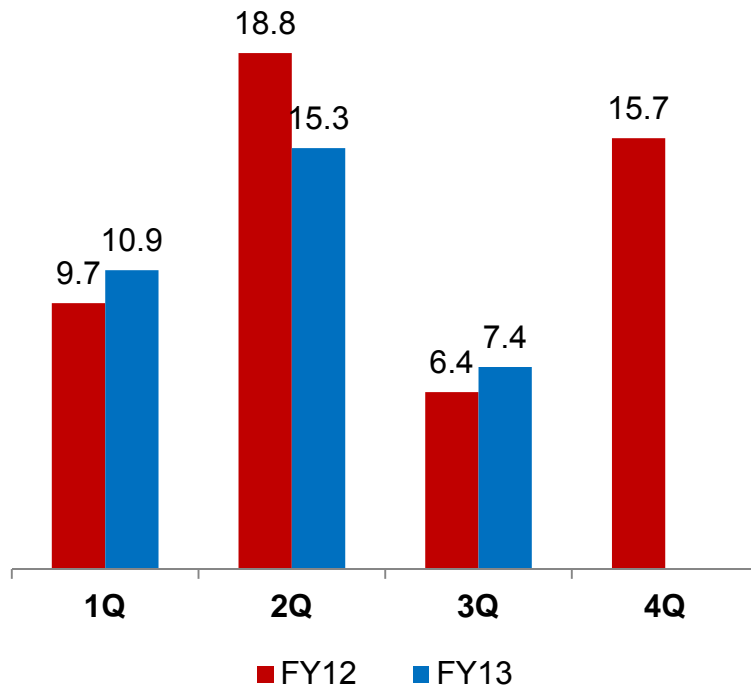
	3Q13 \$M	% Variance	YTD Mar 2013 \$M	% Variance
<b>Listings and Issuer Services</b>	31.9	12.0%	105.5	8.7%
<b>Cash Market</b>	29.2	2.4%	84.1	(11.9%)
<b>Information Services</b>	15.5	3.1%	46.1	(7.2%)
<b>Technical Services</b>	12.3	12.7%	36.9	10.1%
<b>Derivatives</b>	50.0	14.8%	144.3	3.0%
<b>Austraclear</b>	9.6	7.2%	28.7	7.4%
<b>Other</b>	3.9	4.1%	11.5	(1.1%)
<b>Total Revenue</b>	<b>152.3</b>	<b>9.5%</b>	<b>457.1</b>	<b>0.6%</b>

Variances expressed favourable/(unfavourable)  
All comparisons are to prior comparative period (pcp)

# Drivers – Listings and Cash Market

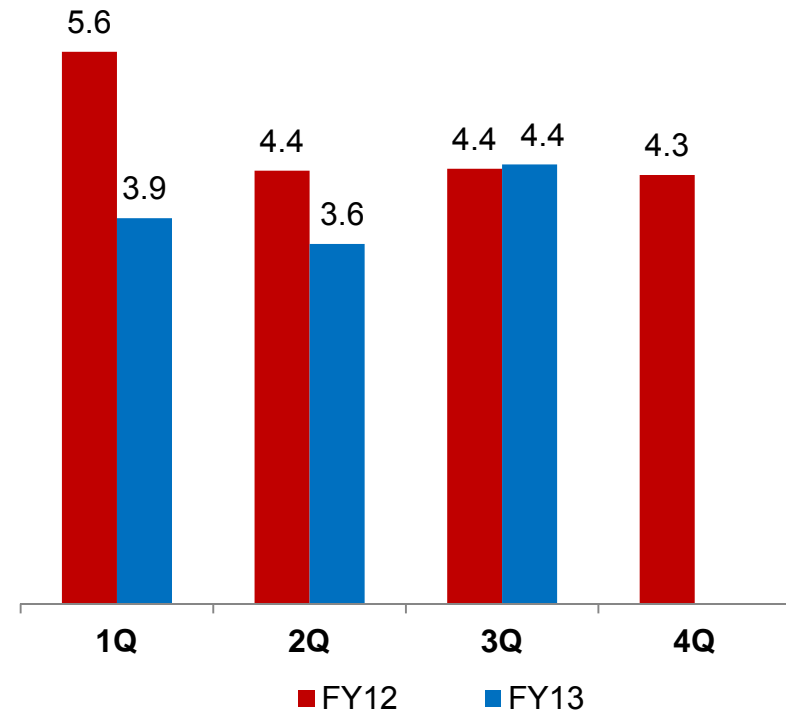


### Listings Total Capital Raised \$Billion



- 3Q13 up 14.1%
- YTD down 3.9%

### ASX Cash Market Average Daily Value Traded \$Billion



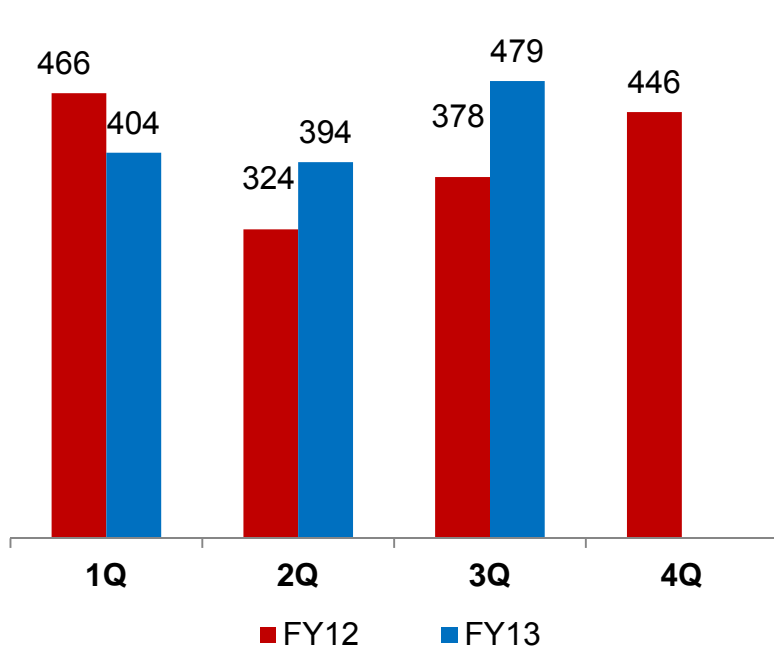
- 3Q13 up 1%
- YTD down 16.9%



# Drivers – Derivatives

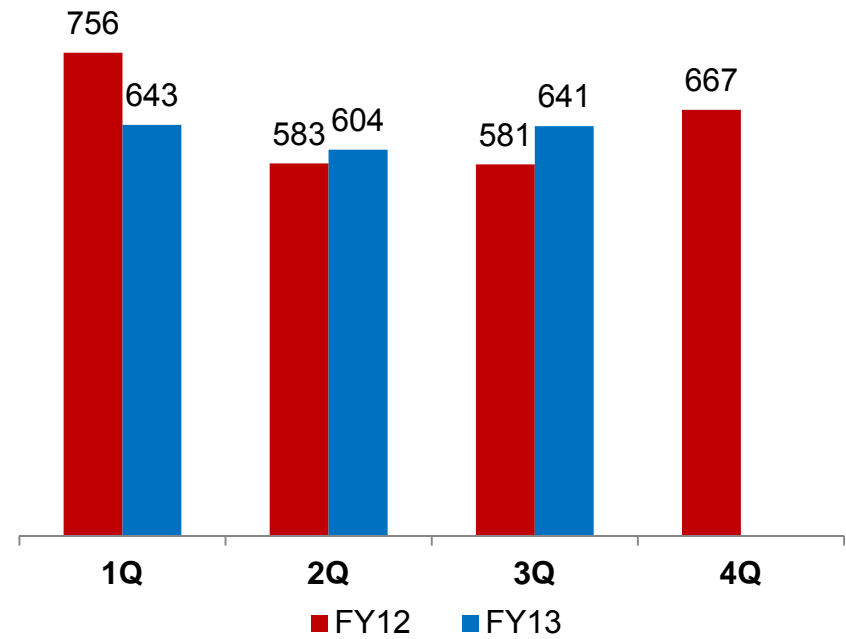


**ASX 24 Derivatives  
Daily Average Contracts ('000)**



- 3Q13 up 26.6%
- YTD up 8.8%

**ASX Derivatives  
Daily Average Contracts ('000)**

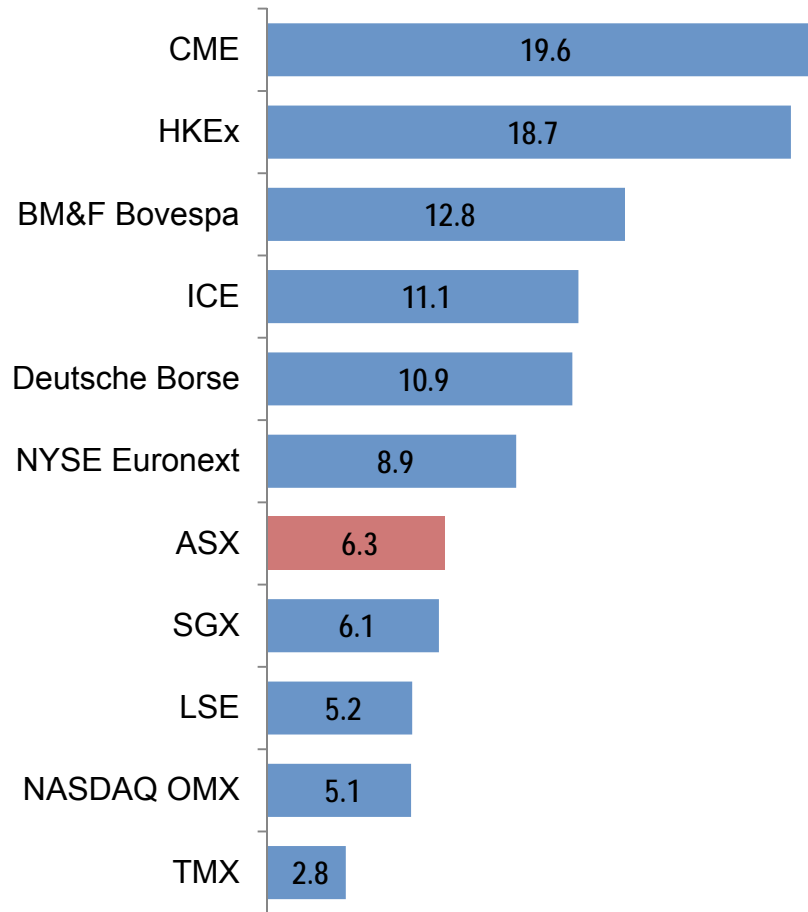


- 3Q13 up 10.3%
- YTD down 1.9%

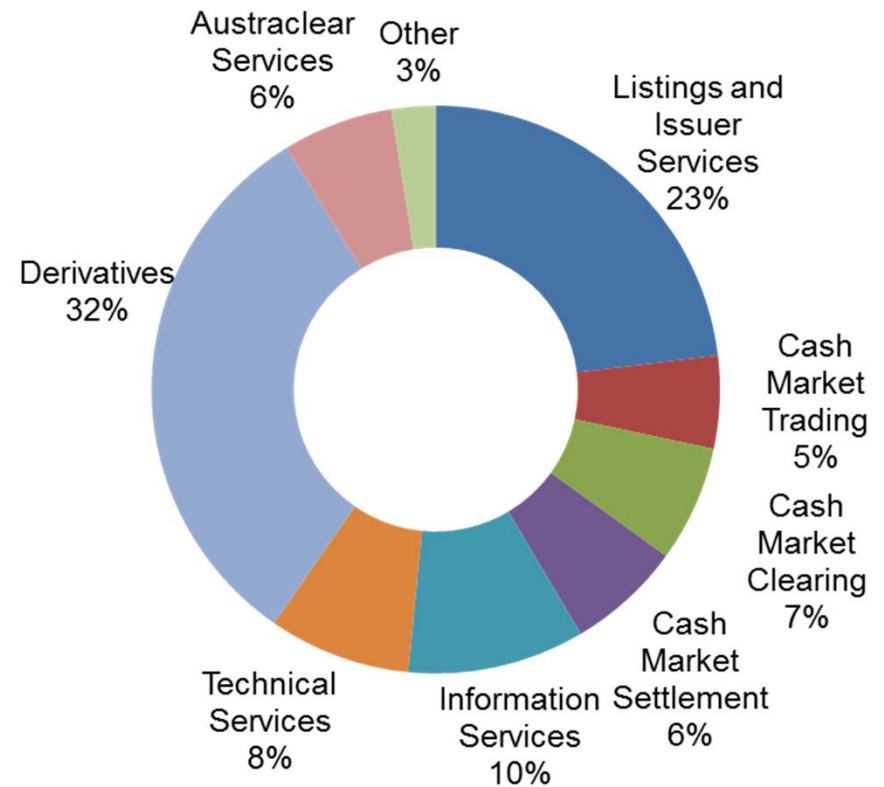
# Strength of ASX Business Model



**Market Capitalisation 31/3/13 (A\$bn)**



**Revenue Mix 31/3/13 YTD**



# Regulatory Developments



Cash Market Trading	Clearing and Settlement
<ul style="list-style-type: none"><li>• Recent developments<ul style="list-style-type: none"><li>– Best Execution March 13</li><li>– Meaningful Price Improvement May 13</li></ul></li><li>• Further reviews under way<ul style="list-style-type: none"><li>– Supervision cost recovery</li><li>– High frequency trading</li><li>– Dark pool licensing</li></ul></li><li>• Essential to retain current tick sizes</li><li>• YTD share of on-market value traded 95.5%<ul style="list-style-type: none"><li>– Enhancements to ASX execution services announced</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Announcement by Treasurer in Feb 13 to retain market structure for two years</li><li>• Draft Code of Practice released<ul style="list-style-type: none"><li>– Establishing senior forum of customers and industry stakeholders</li></ul></li><li>• New Financial Stability Standards for clearing and settlement</li><li>• ASX investment in post-trade services<ul style="list-style-type: none"><li>– OTC derivatives clearing</li><li>– Client clearing</li><li>– Collateral management</li></ul></li></ul>

# Business Initiatives Update

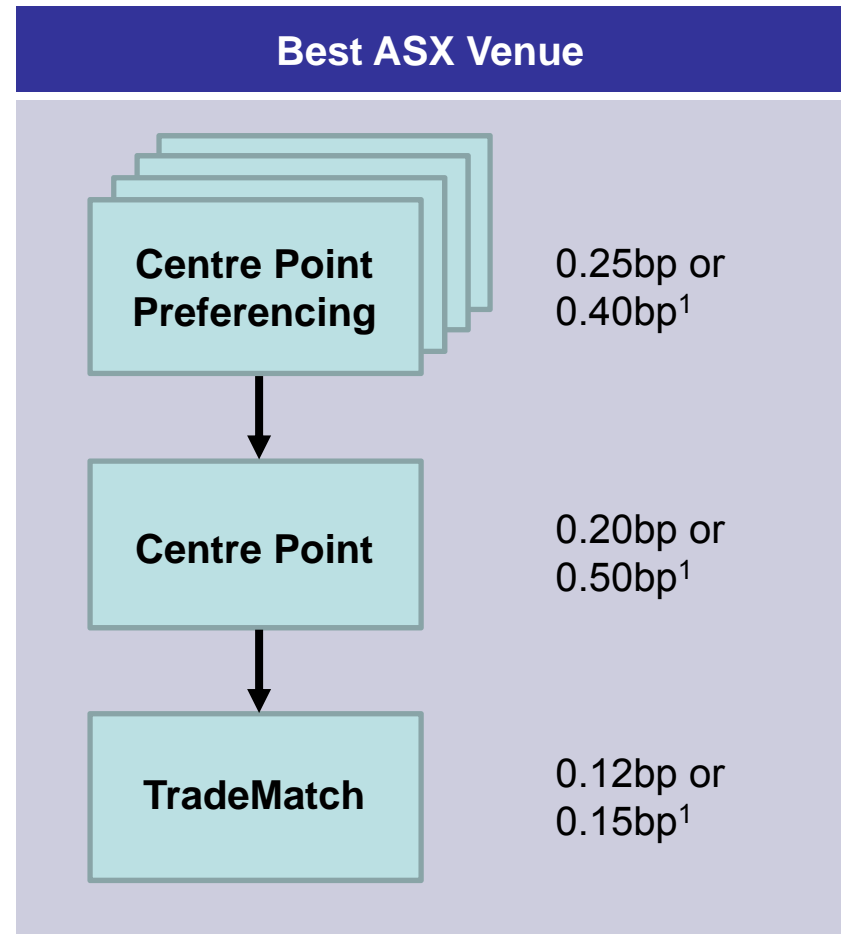
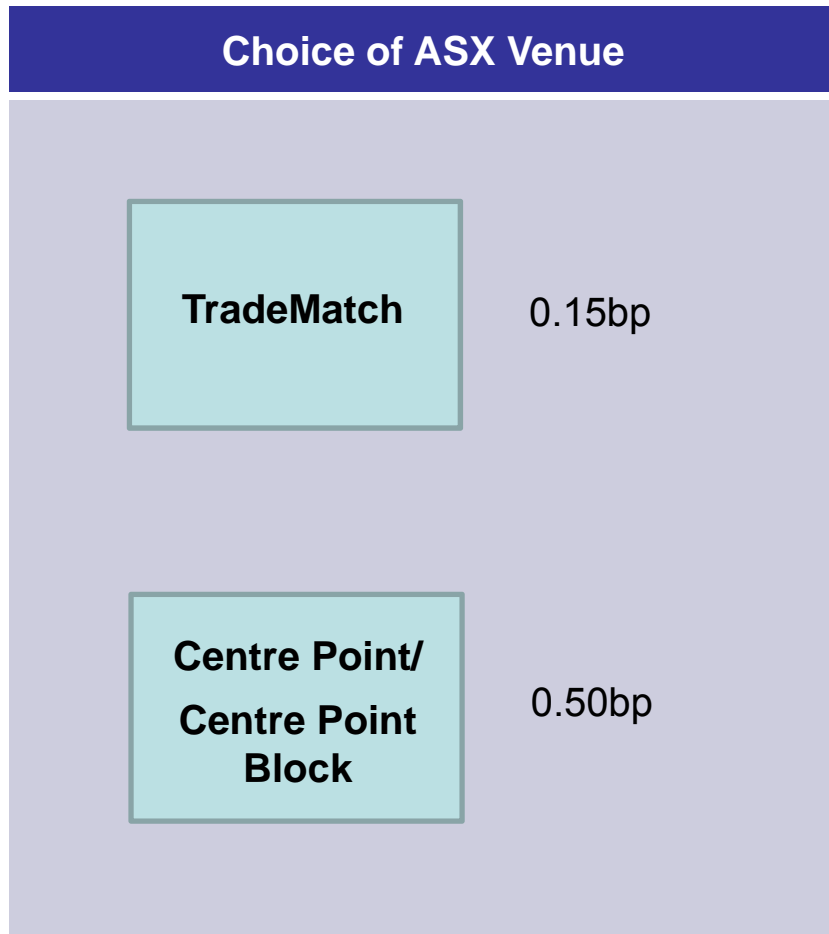


Business Area	Revenue YTD \$M	Current Focus
<b>Listings and Issuer Services</b>	105.5	<ul style="list-style-type: none"> <li>• Listings                             <ul style="list-style-type: none"> <li>– Enhanced reporting for mining, oil and gas</li> <li>– Capital raising flexibility</li> <li>– Timetable for rights issues</li> <li>– Equity Research Scheme pilot</li> </ul> </li> <li>• Product expansion                             <ul style="list-style-type: none"> <li>– Australian Government Bonds</li> <li>– Managed Funds Service</li> <li>– Bookbuild</li> </ul> </li> </ul>
<b>Cash Market Trading</b>	24.1	<ul style="list-style-type: none"> <li>• Product development                             <ul style="list-style-type: none"> <li>– Centre Point enhancements – sweep and preferencing</li> <li>– Low latency access and data services</li> </ul> </li> </ul>
<b>Information Services</b>	46.1	<ul style="list-style-type: none"> <li>• Market connectivity                             <ul style="list-style-type: none"> <li>– ASX Best enhancements</li> <li>– Global connectivity through ASX Net</li> </ul> </li> </ul>
<b>Technical Services</b>	36.9	<ul style="list-style-type: none"> <li>• Customer alignment                             <ul style="list-style-type: none"> <li>– Fee review Information Services</li> <li>– Revenue sharing arrangements for cash market trading</li> </ul> </li> </ul>

## Business Initiatives Update (Cont'd)

Business Area	Revenue YTD \$M	Current Focus
<b>Cash Market Clearing</b>	30.3	<ul style="list-style-type: none"> <li>• Clearing               <ul style="list-style-type: none"> <li>– Cash Market margining</li> <li>– Market structure review completed</li> </ul> </li> </ul>
<b>Cash Market Settlement</b>	29.7	<ul style="list-style-type: none"> <li>• Settlement               <ul style="list-style-type: none"> <li>– Fee unbundling</li> </ul> </li> <li>• Customer alignment               <ul style="list-style-type: none"> <li>– Revenue sharing arrangements implemented</li> <li>– Code of Practice</li> </ul> </li> </ul>
<b>Derivatives</b>	144.3	<ul style="list-style-type: none"> <li>• Product development               <ul style="list-style-type: none"> <li>– VIX and sectoral futures</li> <li>– Equity option market enhancements</li> <li>– Electricity product expansion</li> </ul> </li> <li>• OTC Markets               <ul style="list-style-type: none"> <li>– OTC interest rate swap clearing – 7 working party members</li> <li>– OTC client clearing – 9 end users providing input</li> </ul> </li> </ul>
<b>Austraclear</b>	28.7	<ul style="list-style-type: none"> <li>• Collateral management service               <ul style="list-style-type: none"> <li>– Commencing July 2013 – 12 foundation customers</li> <li>– Later phases include CHESS and global collateral pools</li> </ul> </li> </ul>

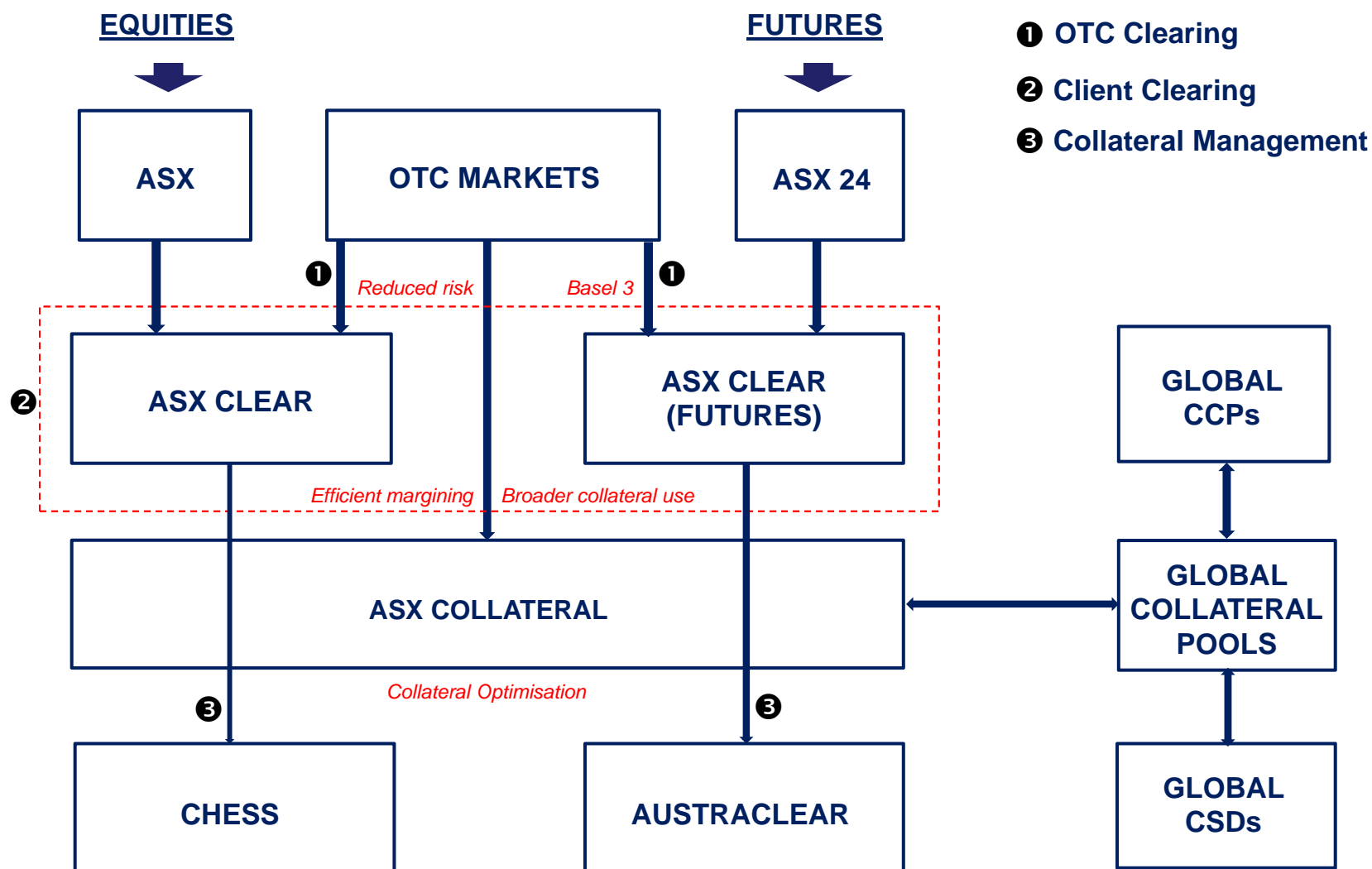
# Cash Market Trading Innovation



**March 2013 value traded per day: TradeMatch \$3.6bn, Centre Point \$198m**

1. Lower fees available to every participant with an average daily value in Centre Point below \$10 million between 1 January – 30 March 2013

# Post-Trade Services Innovation





# Interest and Dividend Income

	YTD March 2013 \$M	YTD March 2012 \$M	% Variance
Own Interest Income	11.2	16.7	(32.9%)
Net Interest on Collateral Balances	21.9	15.0	46.5%
<b>Total Interest Income</b>	<b>33.1</b>	<b>31.7</b>	<b>4.6%</b>
Dividend Income	9.4	9.2	1.5%
<b>Interest and Dividend Income</b>	<b>42.5</b>	<b>40.9</b>	<b>3.9%</b>

## Highlights

- ASX Group interest down 32.9% due to lower interest rates
- Net interest earned on collateral balances up 46.5% due to higher balances and earning rates:
  - Average collateral balances \$3.4 billion, up 28% from \$2.6 billion pcp
  - Average investment spread 46 bps over the official cash rate, up 35% from 34 bps pcp



# Expenses

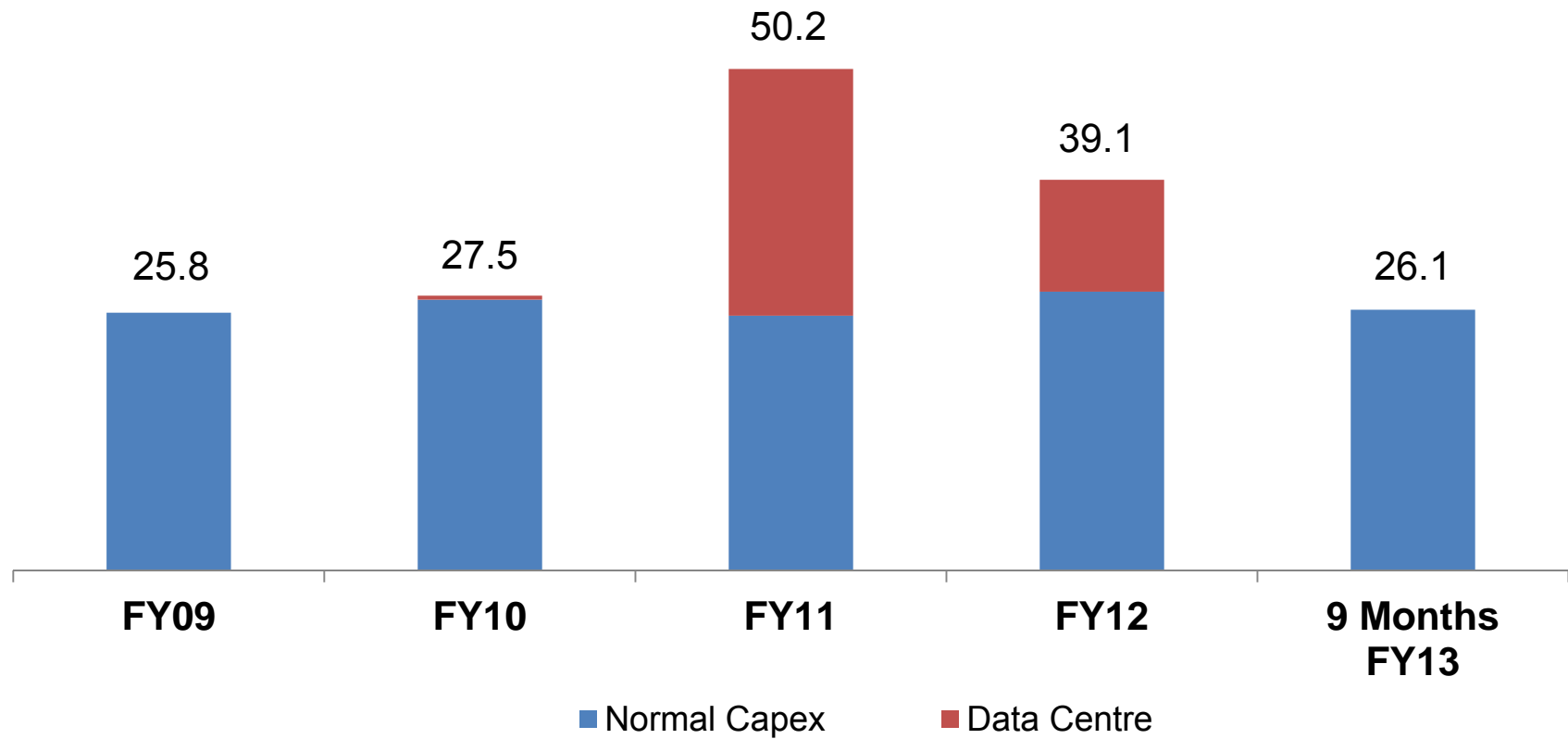


	YTD March 2013 \$M	YTD March 2012 \$M	% Variance
Staff	64.6	61.5	(5.0%)
Occupancy	10.2	12.0	14.6%
Equipment	16.3	15.8	(2.9%)
Administration	11.0	9.5	(16.5%)
Variable	2.8	2.8	(2.0%)
ASIC Levy	2.6	3.2	20.5%
<b>Operating Expenses</b>	<b>107.5</b>	<b>104.8</b>	<b>(2.6%)</b>

## Highlights

- Staff: 517 FTEs at 31 March 2013 compared to 505 at 30 June 2012
- Occupancy: consolidation of office space
- Equipment and Administration: expanded infrastructure and initiatives
- FY13 guidance unchanged – up to 3.5% expense growth

# Capital Expenditure (\$M)



□ Guidance FY13: up to \$40 million (unchanged)

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