



4 May 2016

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ASX LIMITED – PRESENTATION TO INVESTORS

Attached is a copy of an ASX presentation to investors that will be delivered at the Australian Macquarie Securities Conference held in Sydney on 4 and 5 May 2016.

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Investor Presentation

ASX Limited

4 May 2016



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Forward-looking statements may be identified by words such as "aim", "anticipate", "assume", "continue", "could", "estimate", "expect", "intend", "may", "plan", "predict", "should", "will", or "would" or the negative of such terms or other similar expressions that are predictions of or otherwise indicate future events or trends.

The forward-looking statements included in this document speak only as of the date of this document. The ASX Group does not intend to update the forward-looking statements in this document in the future.

Financial Results – 9 Months to 31 March 2016

Revenues
\$552.8 m
7.0%

Expenses
\$127.5m
(6.1%)

EBITDA
\$425.3m
7.2%

Underlying NPAT
\$317.4m
5.9%

Statutory NPAT
\$317.4m
6.2%

Positive revenue growth of 7.0%

- Growth in all major categories compared to pcp supported by robust trading activity
- Impact of futures fee reductions \$11.2m vs \$10.5m pcp, continued growth in OTC clearing
- Lower average listings activity in the third quarter of FY16 compared to 1H16

Expense growth of 6.1%

- Acceleration of investment in post-trade services
- CEO transition arrangements
- FY16 guidance expense growth of approximately 6%

Capital expenditure \$30.6 million

- FY16 guidance unchanged at approximately \$50 million
- Q4 expenditure in line with scheduled technology transformation investments

Unaudited result
Operating revenues and operating expenses as per the Group segment reporting
Variance expressed favourable / (unfavourable)

Financial Results – 9 Months to 31 March 2016 (continued)

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CEO Renewal

- Elmer Funke Kupper resigned 21 March after 4.5 years in the role
- CEO renewal progressing at accelerated pace
- Rick Holliday-Smith, Chairman with executive oversight in the interim
- Peter Hiom and Amanda Harkness managing the business, commercial/regulatory separation maintained

Regulatory

- Greater certainty on market structure for equities clearing following Treasurer's announcement
- ASX ownership restrictions to be made consistent with banks and insurers

Continued investment in strategic positioning

- Implementation of strategy and initiatives broadly on track
- Expected delivery of the new trading platform: futures in July - November 2016, equities in 2017
- Assessment of distributed ledger technology underway

Income Statement – 9 Months to 31 March 2016

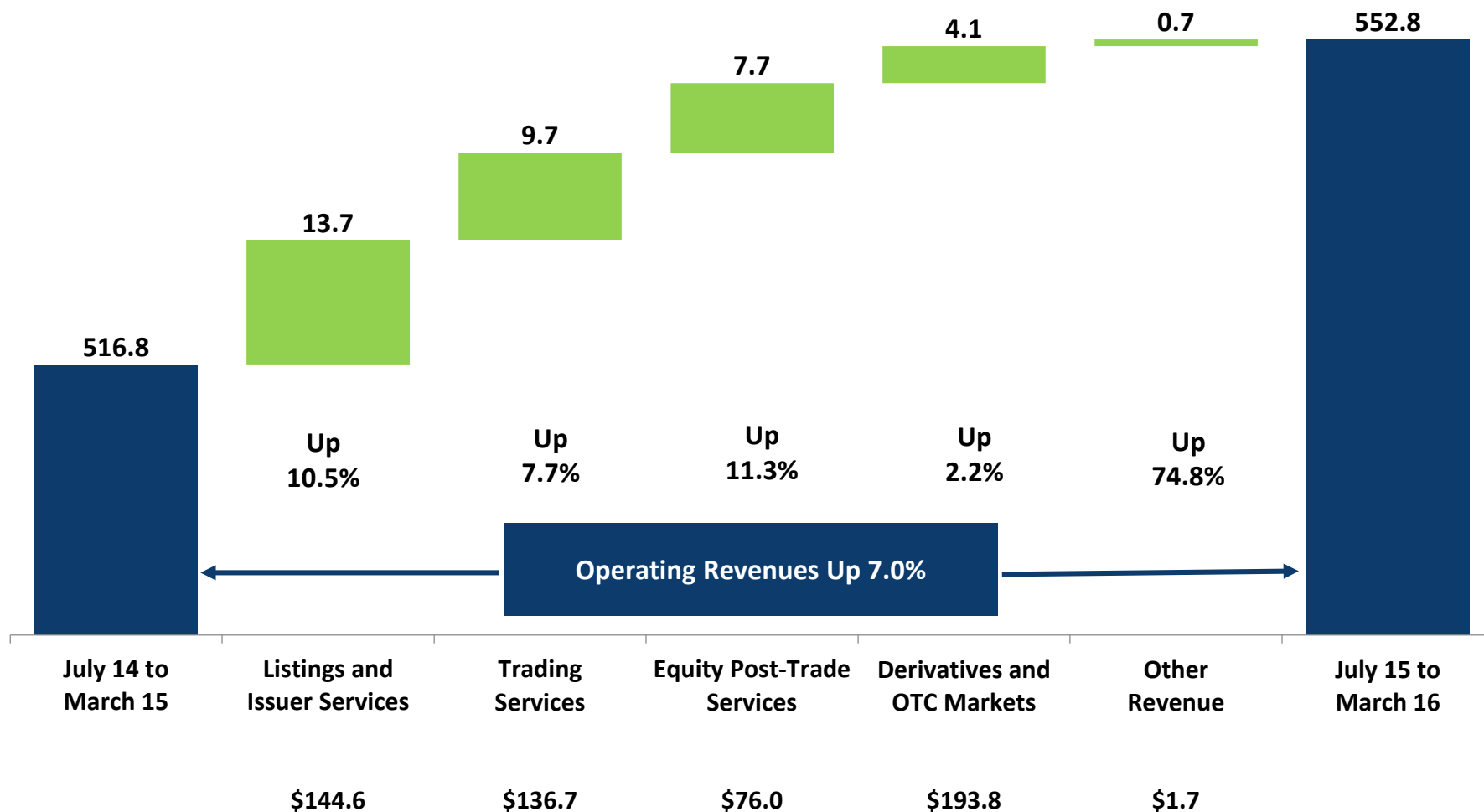
	YTD March 16 \$m	YTD March 15 \$m	% Variance
Operating Revenues	552.8	516.8	7.0%
Operating Expenses	127.5	120.2	(6.1%)
EBITDA	425.3	396.6	7.2%
Depreciation and Amortisation	31.3	28.2	(11.1%)
EBIT	394.0	368.4	6.9%
Interest and Dividend Income	56.7	57.9	(2.0%)
Profit Before Tax	450.7	426.3	5.7%
Income Tax Expense	(133.3)	(126.5)	(5.4%)
Underlying Profit after Tax	317.4	299.8	5.9%
Significant Items after Tax	-	(1.1)	n/a
Statutory Profit After Tax	317.4	298.7	6.2%

Unaudited result

Operating revenues and operating expenses as per the Group segment reporting

Variance expressed favourable / (unfavourable)

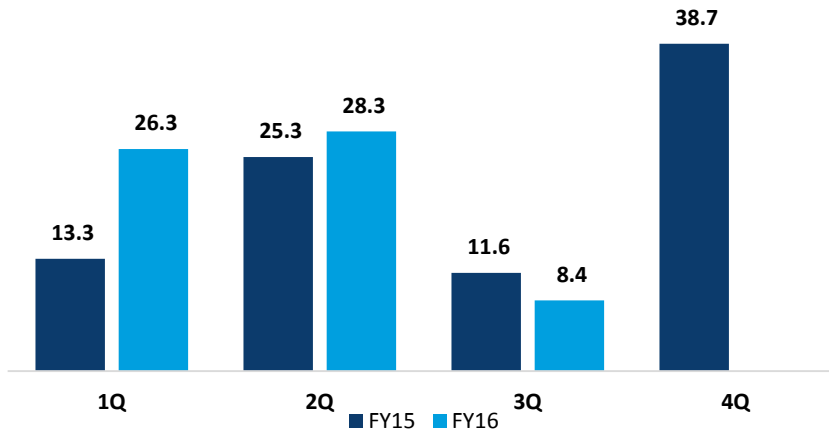
Revenue Movement – 9 Months to 31 March 2016 (\$ Million)



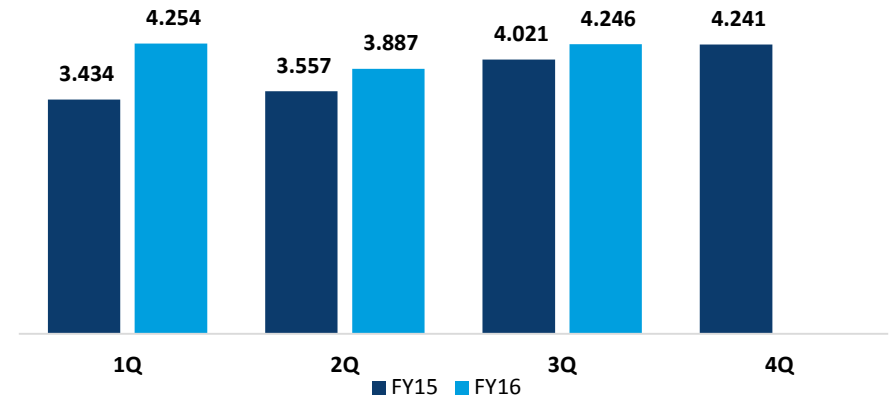
Unaudited result
Operating revenues as per the Group segment reporting
Variance expressed favourable / (unfavourable)

Activity Levels

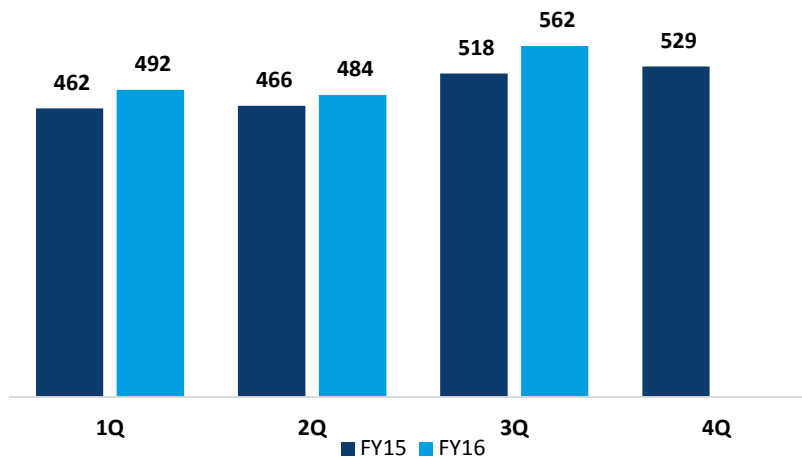
Total Capital Raised (\$ Billion)



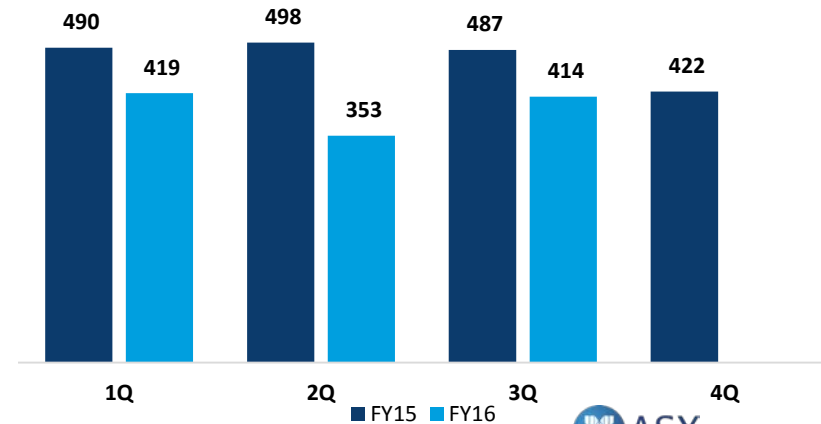
Cash Market Trading
ASX Average Daily Value On-market (\$ Billion)



Futures¹ - Average Daily Contracts ('000)



Equity Options - Average Daily Contracts ('000)

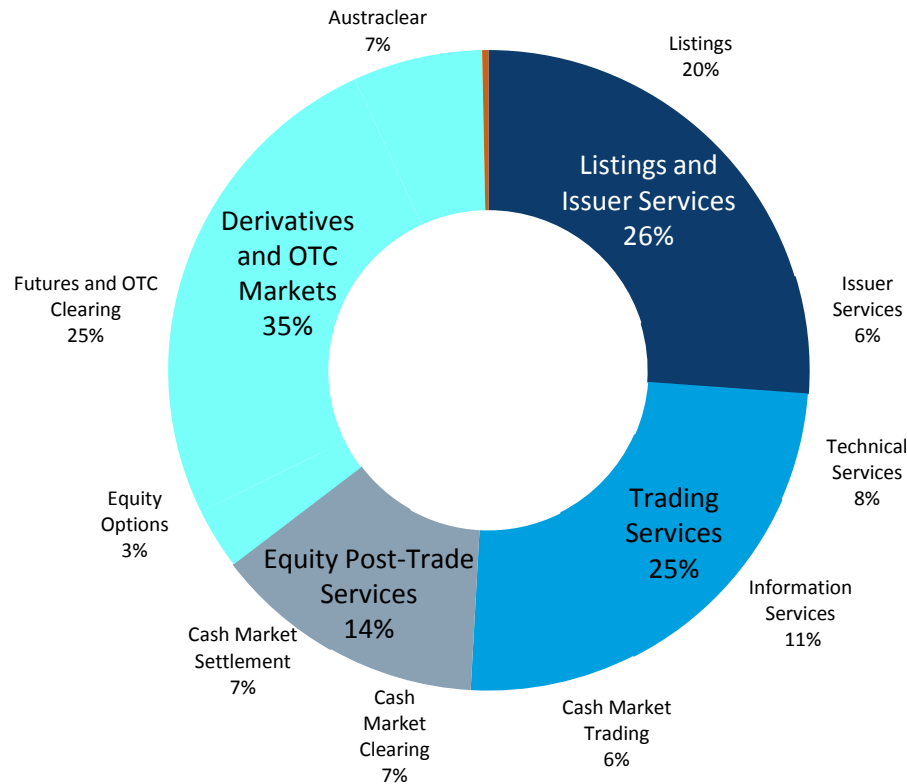


1. Consists of futures and options on futures

Attractive and Diversified Business Model

YTD Mar 2016 ASX Revenues

100% = \$553m



- Domestic leader in all segments, Asian leader in A\$ derivatives
- Derivatives and OTC includes interest rate, equity index, electricity and commodities futures, single stock options and clearing for OTC A\$ interest rate swaps
- Depositories (equities and fixed income) hold \$3.4 trillion
- Cash market trading: 89% market share
- Cash market clearing and settlement conducted for entire market

ASX Group Priorities

Business initiatives progressing

Global Leader in A\$ and NZ\$

- Innovate in fragmented equity market – Centre Point
- Build on leadership in A\$ and NZ\$ derivatives markets – OTC, Collateral

Investment Supermarket

- Grow listings franchise – NZ, Tech
- Extend suite of investment options – equities, debt, funds

World-Class Infrastructure

- Upgrade technology infrastructure – trading, risk, clearing
- Be leader in post-trade innovation – Distributed Ledger Technology
- Build global connectivity – Chicago, London, Singapore, HK

Outstanding Experience

- Deepen customer engagement across all services
- Deliver 24 hour service to local and global clients
- Strengthen alignment through fee reductions and rebates

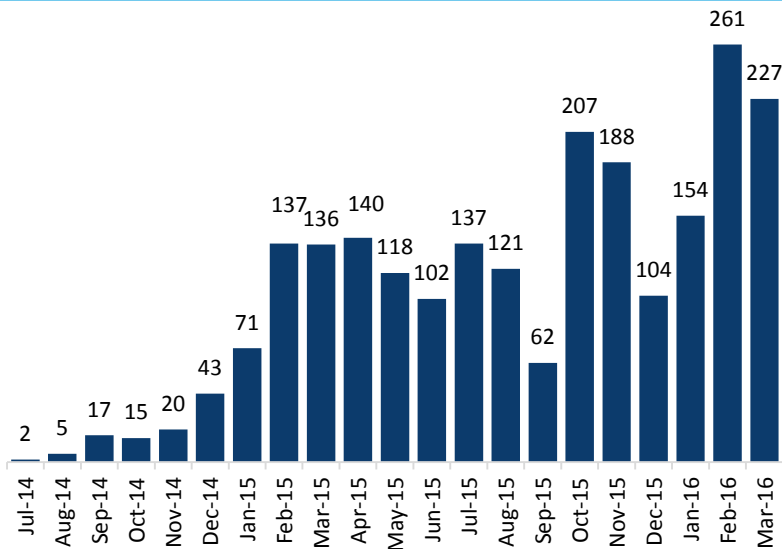
Regulatory Settings

Employer of Choice

Global Leader in A\$ and NZ\$ Markets

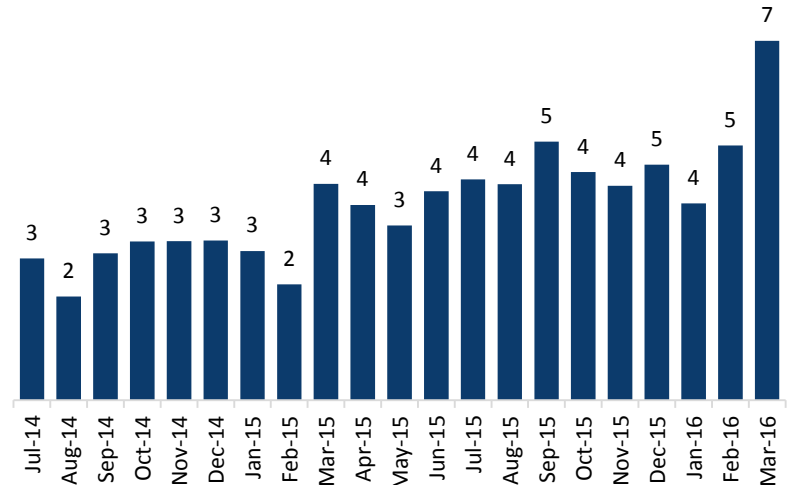
Growth in OTC Clearing & Collateral Management Services

OTC Notional Value Cleared (\$ Billion)



- Notional value of OTC interest rate swaps cleared was \$1.5 trillion March 16 YTD (\$445 billion pcg)
- Six active users
- Margin optimisation service to be launched in 2016 providing institutions the ability to maximise margin offsets between Futures and OTC
- Futures and OTC fee rebates could increase by \$2-3 million in 2H16 compared to 1H16

Collateral Balances (\$ Billion)



- Notable balance growth in repo transactions
- Eight active users
- Tri-party securities lending service (bond vs bond) currently under development and expected to commence in FY17

Investment Supermarket

Grow Listings Franchise (FY16 Listings)



Areas of Focus

Grow listings franchise

- Attractive and flexible capital market listing rules – 25% increase in capital raised March 16 YTD
- New Zealand simplified dual listing process – 42 NZ companies
- NZ IPOs – 4 YTD
- Technology sector – 30 listings¹ YTD
- ETFs – 161 ETFs listed totaling \$21.3 billion

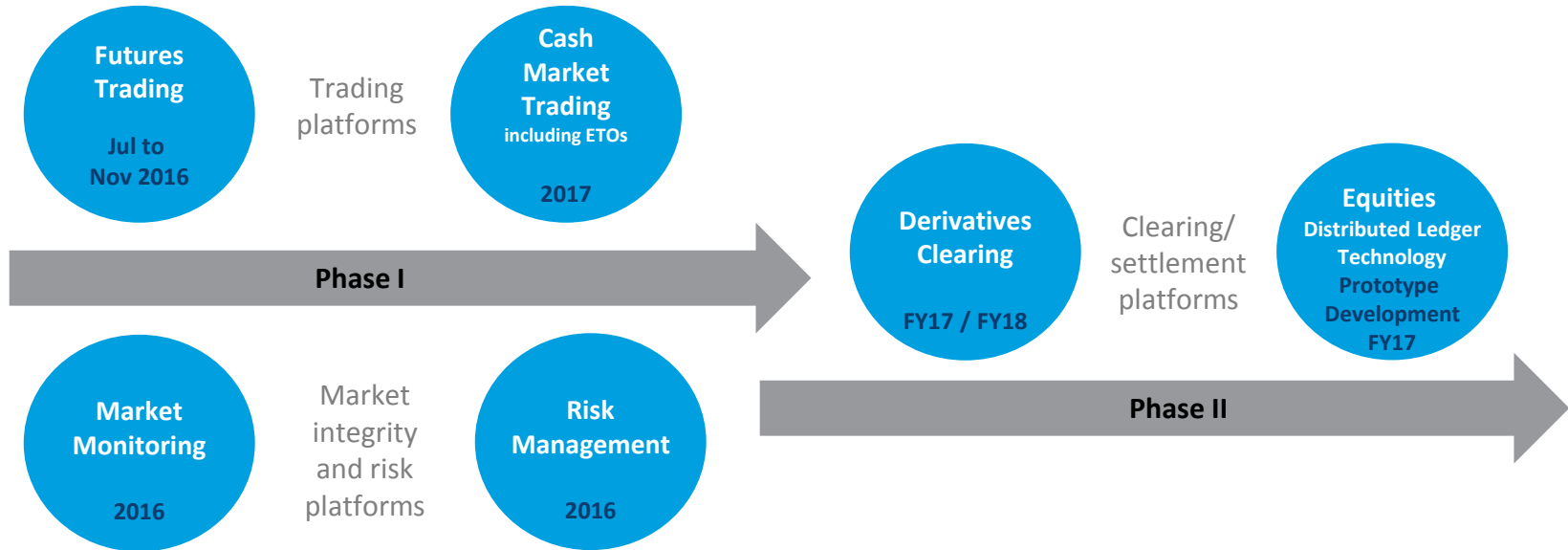
Investment Supermarket

- Domestic equities
- Government bonds
- Corporate bonds
- International shares – regulatory considerations will drive service design
- mFund expansion – 48 fund managers offering 161 funds via 18 brokers

1. Includes IPOs and backdoor listings

Technology Transformation

Key projects progressing

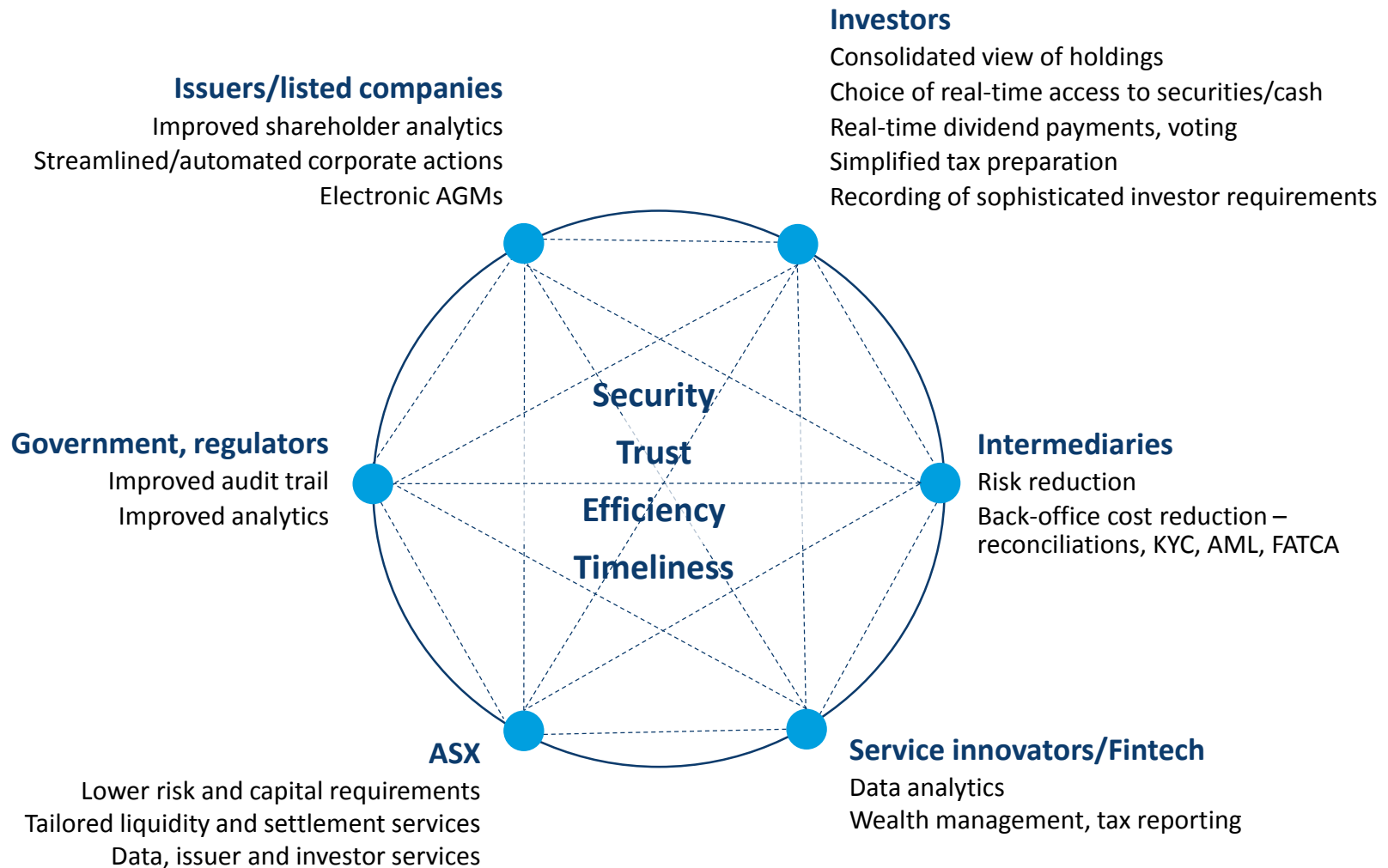


Progress

- Trading platform replacement underway
 - measures taken to de-risk implementation
 - customer engagement and readiness progressing
 - futures delivery July – November 2016, equities delivery 2017
- Market monitoring and risk management progressing, derivatives clearing on track
- Distributed Ledger Technology potential replacement for CHESS. Capability assessment throughout FY17
- Managed within Group capex, approximately \$50 million in FY16

Opportunity for Post-Trade Innovation

Distributed Ledger Environment



Distributed Ledger Technology

Assessing the opportunity

Current Focus

- Investment in Digital Asset Holdings (DAH) of \$14.9m for a 5% stake plus rights to acquire additional 5%
- ASX and DAH working together to develop a beta software system to assess the technology
- Engaging with regulators, stakeholders and customers
- 6–12 month process of initial evaluation
- Development alongside existing CHES platform
- Final decision on post-trade technology in 2017

Digital Asset Holdings Investors



BNP PARIBAS



CME Group



Broadridge



InnoVentures

Regulatory Environment

Developments Last Three Years

Investors

- Equity market regulations supporting end-investors

Systemic risk

- Location requirements
- Global regulatory and capital standards adopted
- A\$ OTC interest rate swap central clearing mandate recommended along with G4 currencies

Global competitiveness

- Post-trade solutions in place
- ESMA recognition received, CFTC exemption relief
- AA- long-term credit rating from S&P

Equities Clearing Review

Safe and effective competition

- Treasurer announced commitment to putting in place safe and effective competition for cash equities clearing
- Minimum 18 month period to transition
- Changes to ASX's 15% shareholder limit to bring into line with banks and insurance companies – Treasurer can act in national interest
- Confirmation of domestic location requirements

ASX cash equities clearing and settlement

- Key customer and stakeholder commitments on engagement, pricing, access and confidential information confirmed
- 10% reduction in clearing fees from 1 July 2016
- Retain rebate schemes in FY17
- Equities trading rebate scheme discontinued from 1 July 2016

Operating Expenses – 9 Months to 31 March 2016

	YTD March 16 \$m	YTD March 15 \$m	% Variance
Staff	76.0	73.4	(3.5%)
Other	51.5	46.8	(10.1%)
Total Operating Expenses	127.5	120.2	(6.1%)

- Staff costs up 3.5%
 - Average headcount up 0.8% to 530 FTEs
 - 547 FTEs at 31 March 16, up from 534 at 31 December 2015
 - CEO transition arrangements
- Other costs up 10.1%
 - Higher equipment and administration costs to support accelerated initiatives
 - Higher variable costs due to increased CHESS holding statements and postage costs
- Guidance FY16 approximately 6% expense increase

Capital Expenditure (\$ Million)

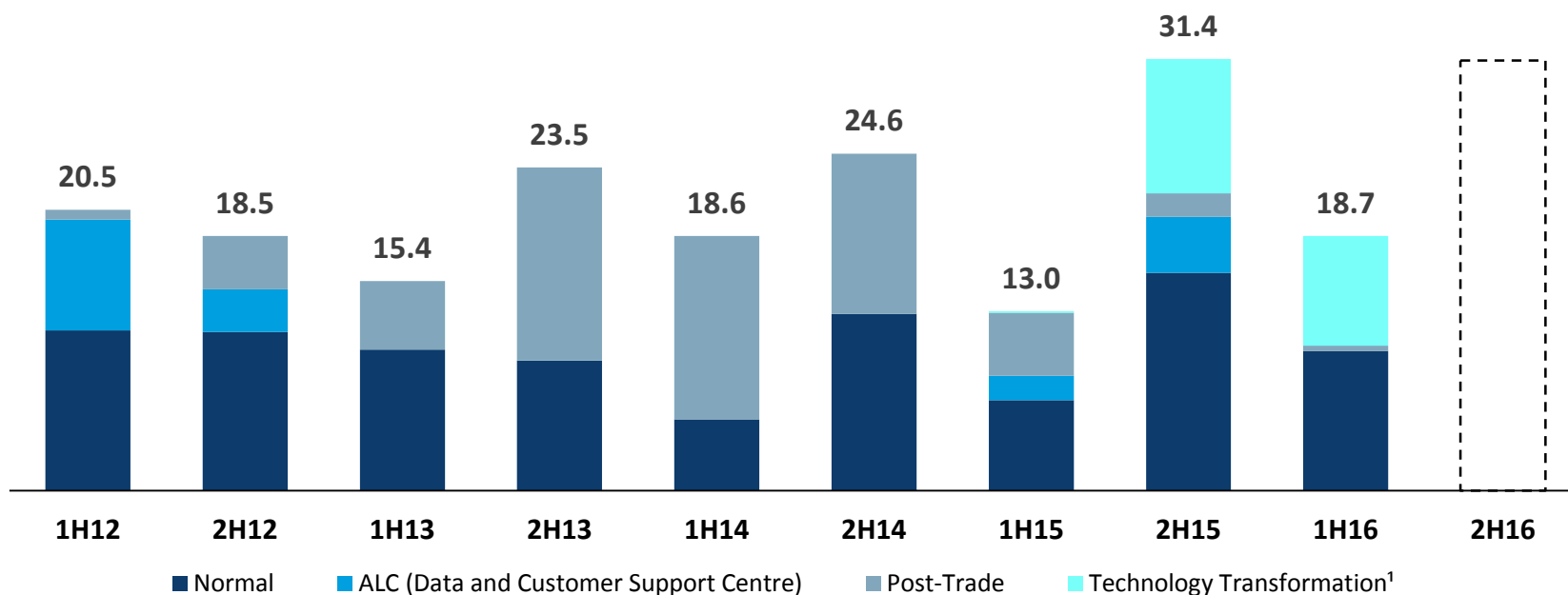
FY12 \$39.1m

FY13 \$38.9m

FY14 \$43.2m

FY15 \$44.4m

FY16 approx \$50m



Highlights

- March 16 YTD expenditure \$30.6 million
- Focus on technology transformation program
 - Phase I to be complete in FY17
 - Technology transformation \$15.5 million March 16 YTD
- Guidance FY16 approximately \$50 million

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Expense growth of 6.1%, FY16 guidance of approximately 6%

- Acceleration of investment in post-trade services
- CEO transition arrangements, renewal underway

Capital expenditure \$30.6 million, FY16 guidance unchanged at approximately \$50 million

- Measures taken to de-risk technology implementation

Continued investment in strategic positioning

- Implementation of strategy and initiatives broadly on track
- Greater certainty on market structure for equities clearing, assessment of Distributed Ledger Technology underway