



17 August 2023

Australian Securities and Investments Commission
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ASX LIMITED – 2023 FULL-YEAR RESULTS MARKET RELEASE

Attached is a copy of the market release relating to the 2023 Full-Year Financial Results.

Release of market announcement authorised by:

Johanna O'Rourke

Group General Counsel and Company Secretary

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Market Release

17 August 2023

ASX Limited Full-Year Results to 30 June 2023 (FY23)

Financial highlights relative to the prior comparative period (FY22) based on Group segment reporting

- Statutory net profit after tax of \$317.3m, impacted by significant items of \$173.8m¹
- Underlying net profit after tax of \$491.1m, down 3.4% on FY22
- Resilience of diversified business model underpinned operating revenue of \$1,010.2m, down 1.2%
- Final dividend of 112.1c contributed to a full year dividend of 228.3c, fully franked, down 3.4%
- Strategic highlights: refreshed purpose and vision, renewed executive leadership, new five year strategy, program for increased stakeholder engagement, revised capital management settings

	FY23	Variance (pcp)
Statutory net profit after tax <ul style="list-style-type: none"> • Impacted by significant items of \$173.8 million representing CHES replacement derecognition charge, CHES replacement Partnership Program costs and reversal of Yieldbroker impairment 	\$317.3 million	↓\$191.2m ↓37.6%
Underlying net profit after tax	\$491.1 million	↓\$17.4m ↓3.4%
Operating revenue <ul style="list-style-type: none"> • Growth in listings revenue • Increased demand for information and technical services • Weaker equity trading and securities and payments activity 	\$1,010.2 million	↓\$12.5m ↓1.2%
Total expenses (includes depreciation) <ul style="list-style-type: none"> • Increased costs within guidance • Driven by staff, administration and CHES-related review costs 	\$374.6 million	↑\$41.1m ↑12.3%
Earnings before interest and tax (EBIT) <ul style="list-style-type: none"> • Driven by lower operating revenue and increased total expenses 	\$635.6 million	↓\$53.6m ↓7.8%
Interest income <ul style="list-style-type: none"> • ASX Group cash benefited from increases in RBA cash rate 	\$70.8 million	↑\$29.7m ↑72.4%
Statutory earnings per share <ul style="list-style-type: none"> • Impacted by significant items recognised in the period 	163.9 cents	↓98.8 cents ↓37.6%
Underlying earnings per share <ul style="list-style-type: none"> • Decrease in line with lower profit 	253.7 cents	↓9.0 cents ↓3.4%
Statutory return on equity	8.7%	↓5.0%
Underlying return on equity <ul style="list-style-type: none"> • Introduced as key performance metric 	13.4%	↓0.3%
Final dividend determined per share <ul style="list-style-type: none"> • 90% payout ratio, fully franked 	112.1 cents	↓7.9 cents ↓6.6%
Total FY23 dividends (interim and final)	228.3 cents	↓8.1 cents ↓3.4%
Capital expenditure <ul style="list-style-type: none"> • Temporary pause in CHES replacement project 	\$98.7 million	↓\$6.5m ↓6.2%

¹ Significant items represent CHES replacement project derecognition charge and associated costs, CHES replacement Partnership Program costs and reversal of Yieldbroker impairment



Overview: key strategic highlights and solid underlying financial result

ASX today delivered solid underlying performance for FY23 with Group operating revenue reaching \$1.01 billion, down just 1.2%. Statutory net profit after tax (NPAT) was \$317.3 million, impacted by the previously disclosed derecognition of capitalised CHESS replacement costs in December 2022. Excluding one-off charges, underlying NPAT decreased 3.4% to \$491.1 million.

Managing Director and CEO Helen Lofthouse said: “In one of the fastest tightening monetary cycles on record, with geopolitical tension and lower equity trading volumes, ASX has delivered a resilient underlying financial result. This is the second time the Group has achieved a full year operating revenue performance of over \$1 billion, underscoring the strength of our diversified business model.

“This month marks one year since I became CEO of ASX and it has been a period of reset and considerable change. We launched our purpose, defined a new vision, developed a five year strategy, renewed our values and refreshed the executive team. To realise our vision of a new era ASX, we have also revised our capital management settings to support our focus on near term priorities of regulatory commitments and technology modernisation.”

Performance in ASX’s four lines of business was mixed. Declines in revenue for Markets and Securities and Payments in FY23 were offset by higher revenue in Listings and Technology and Data. Earnings before interest and tax reduced by 7.8% for the year but net interest income was significantly boosted from higher interest income on ASX Group cash balances.

Total expenses were up 12.3%, driven by increased investment in risk management and technology related activities as well as CHESS-related review costs. Capital expenditure of \$98.7 million was 6.2% lower, reflecting the temporary pause in CHESS replacement. As previously indicated at the Investor Day in June, ASX expects capex to increase to between \$110 million and \$140 million in FY24 and remain at this level for the medium term given the strategic focus on technology modernisation, including investment in CHESS resilience and replacement.

Total dividends for the year of 228.3 cents per share, fully franked, represent a payout ratio of 90% of underlying NPAT. As previously stated ASX has introduced a dividend payout ratio range of between 80% and 90% from FY24.

Focus on regulatory commitments and technology modernisation

Since making the difficult but necessary decision to revisit the solution design for CHESS replacement last November, ASX understands the importance of restoring trust and confidence with stakeholders, including our regulators. Today, ASX published the second of three special reports required by ASIC. Today’s report confirms ASX is making good progress on implementing the 45 recommendations from the external review into aspects of CHESS replacement. ASX had already been undertaking work to uplift delivery capability across the organisation and the additional recommendations will lead to further improvement in de-risking project delivery, enhancing arrangements for predictable change and better alignment between ASX and its vendors.

ASX also increased stakeholder engagement activity during the year, particularly in relation to CHESS replacement. Significant developments during the year included the establishment of the CHESS replacement Technical Committee, the commencement of the CHESS replacement Partnership Program and the recent announcement of the cash equities clearing and settlement Advisory Group.



CHESS resilience and replacement form a major part of ASX's technology modernisation program which also includes a planned upgrade to Derivatives Clearing and Markets Trading. As part of its technology modernisation strategy, ASX will also make investments into platforms such as cloud, digital and data as well as continuing to enhance delivery capability.

Ms Lofthouse said: "Prioritising our regulatory commitments and executing the multi-year technology modernisation program is a key focus for me and my executive team. We're conscious that we face heightened risk in these areas and we are taking action to manage and mitigate these risks."

Outlook and guidance

Looking ahead, ASX expects that reduced inflationary pressures and growing confidence around the peak for interest rate levels should be positive for cash market trading volumes, subject to further geopolitical events. Cash market average daily volume in FY23 remained broadly in line with pre-pandemic levels and we see a solid pipeline of corporates considering listing on ASX as conditions improve.

ASX reiterates guidance provided in June at the Investor Day. FY24 total expense growth is expected to be between 12% and 15% with an operating expense review underway expected to bring this expense growth figure down in FY25. Capital expenditure for FY24 will be between \$110 and \$140 million, driven by investment in technology modernisation. We have the capital management flexibility in place to support this investment including the proposed launch of a corporate bond of between \$200 and \$300 million in the first quarter of FY24.

Ms Lofthouse said: "The strength of ASX's core businesses has allowed us to deliver a solid underlying performance during a period of volatility and uncertainty. We remain excited about the opportunities ahead and are committed to ensuring the long term sustainability of ASX."

- 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 10.00am (Sydney time) presentation will be available on the [ASX website](#) or can be viewed live [here](#).

Further enquiries:

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APPENDIX – ASX half-year results to 30 June 2023 (FY23) based on the Group's segment reporting

Group income statement	FY23 \$m	FY22 \$m	Variance \$m	Variance %
Operating revenue	1,010.2	1,022.7	(12.5)	(1.2)
Operating expenses	(337.7)	(283.2)	(54.5)	(19.3)
EBITDA	672.5	739.5	(67.0)	(9.1)
Depreciation and amortisation	(36.9)	(50.3)	13.4	26.6
Total expenses	(374.6)	(333.5)	(41.1)	(12.3)
EBIT	635.6	689.2	(53.6)	(7.8)
Net interest income	70.8	41.1	29.7	72.4
Underlying profit before tax	706.4	730.3	(23.9)	(3.3)
Tax expense	(215.3)	(221.8)	6.5	2.9
Underlying profit after tax	491.1	508.5	(17.4)	(3.4)
Significant items	(173.8)	-	(173.8)	-
Statutory profit after tax	317.3	508.5	(191.2)	(37.6)

Operating revenue	FY23 \$m	FY22 \$m	Variance \$m	Variance %
Annual listing	108.3	108.8	(0.5)	(0.4)
Initial listing	23.0	22.9	0.1	0.8
Subsequent raisings	78.3	73.1	5.2	7.0
Investment products and other listing	9.0	9.1	(0.1)	(1.1)
Listings	218.6	213.9	4.7	2.2
Equity options	17.3	15.5	1.8	11.9
Futures and OTC clearing	211.8	211.8	-	-
Cash market trading	63.3	71.3	(8.0)	(11.3)
Markets	292.4	298.6	(6.2)	(2.1)
Information services	144.8	130.5	14.3	10.9
Technical services	96.0	91.4	4.6	5.1
Technology and Data	240.8	221.9	18.9	8.5
Issuer services	61.1	78.5	(17.4)	(22.2)
Cash market clearing	68.5	76.0	(7.5)	(9.7)
Cash market settlement	66.3	77.1	(10.8)	(14.0)
Austraclear (including Sympli)	62.5	56.7	5.8	10.2
Securities and Payments	258.4	288.3	(29.9)	(10.4)
Operating revenue	1,010.2	1,022.7	(12.5)	(1.2)

Key activity indicators	FY23	FY22	Variance	Variance %
All Ordinaries Index (end of period)	7,401.5	6,746.5	655.0	9.7
Number of new listed entities (IPOs)	57	217	(160)	(73.7)
New and secondary capital raised	\$51.7 billion	\$255.3 billion	(\$203.6 billion)	(79.7)
Daily average cash on-market value	\$5.6 billion	\$6.7 billion	(\$1.1 billion)	(15.5)
Futures daily average contracts traded	555,674	533,197	22,477	4.2
OTC cleared notional value ¹	\$7,308.5 billion	\$4,638.6 billion	\$2,669.9 billion	57.6

Variances expressed favourable/(unfavourable).

¹ Cleared notional value is double sided.