



28 October 2024

Australian Securities and Investments Commission  
Mr Benjamin Cohn-Urbach  
Senior Executive Leader, Market Infrastructure  
Level 5, 100 Market Street  
SYDNEY NSW 2000

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

## 2024 AGM - ADDRESSES BY CHAIR AND MANAGING DIRECTOR AND CEO

Attached are copies of the addresses to be given by the Chair and the Managing Director and CEO at ASX Limited's Annual General Meeting today.

Release of market announcement authorised by:  
**The Board of ASX Limited**

Further enquiries:

### Media

David Park  
Manager, Media and Communications  
T +61 2 9227 0010  
M +61 429 595 788  
E [david.park@asx.com.au](mailto:david.park@asx.com.au)

### Analysts and Investors

Simon Starr  
GM, Investor Relations and Sustainability  
T +61 2 9227 0623  
M +61 416 836 550  
E [simon.starr@asx.com.au](mailto:simon.starr@asx.com.au)

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## ASX Limited 2024 Annual General Meeting

### Chair and CEO addresses

### Presentation and speaking notes

28 October 2024

(Check against delivery)

## Chair's Address

Damian Roche

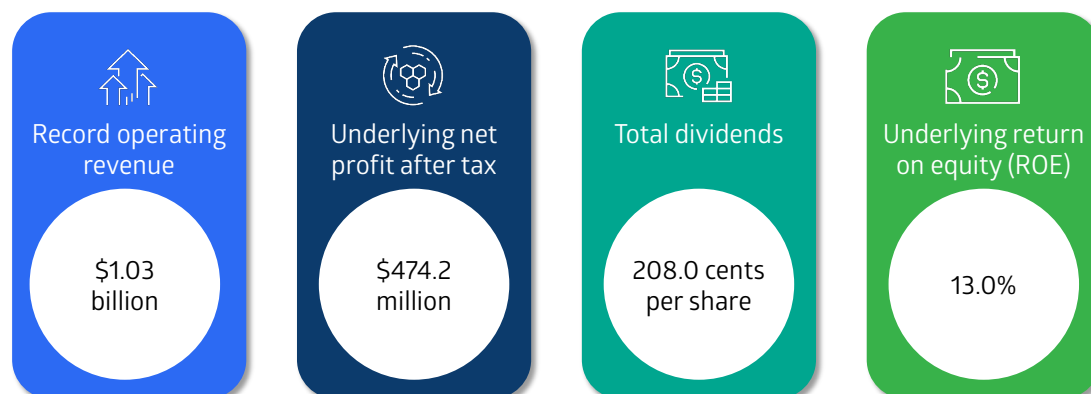


Fellow shareholders, thank you for joining us today for your Company's Annual General Meeting. Whether you are joining us in the room or online, we appreciate your participation.

During the 2024 financial year, your Board has been focused on:

- Supporting the management team to progress the implementation of the New Era strategy;
- Continuing a rigorous stakeholder engagement process as we continue to progress with CHES Replacement;
- Aligning our remuneration structure with this Strategy and with long term shareholder returns; and
- Continuing the Board renewal process.

## FY24 performance



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I will start with an overview of the financial performance of the Group over the past year.

The strength and resilience of ASX's diversified model was once again clearly demonstrated as we delivered record operating revenue of \$1.03 billion in FY24. This represented an increase of 2.4% and was achieved despite challenging market conditions. While our businesses continued to perform, we acknowledge the share price is not where we'd like it to be, however we are confident we have the right strategy in place to drive ASX's transformation.

As we guided at the start of FY24, we also increased our investment as we moved into implementing our new five-year strategy. Total expenses increased by 14.7% compared to FY23, which led to a slightly lower underlying net profit after tax (NPAT) of \$474.2 million.

The Board was supportive of the elevated level of operating expenses during the year as it was needed to meet heightened regulatory activity and the technology change underway. However, we also actively sought to address our cost profile, undertaking a targeted restructure and prioritisation process in the second half of FY24, which lowered headcount and delivered savings. This targeted action underscores that we are prepared to make tough decisions and we will continue to progress expense management initiatives.

A key achievement was the successful launch of ASX's first corporate bond which was strongly supported by the debt market, raising \$275 million. The issuance took place in February and forms part of our flexible capital management strategy.

A fully franked final dividend of 106.8 cents per share was paid on September 20, taking the total payments for the year to 208.0 cents per share. This was at the midpoint of our payout range of between 80% and 90% of underlying NPAT and we have confirmed an intention to maintain this payout range for the medium term.

Our financial performance relies on maintaining a focus on our strategic outcomes and Helen will speak more on this shortly as well as provide detail on progress for the first quarter of FY25.

A presentation slide with a dark blue background and abstract, flowing light trails in shades of blue, purple, and orange. The text 'Chair's Address' is in white, and 'Damian Roche' is in a light blue color. The ASX logo is in the bottom right corner.

## Chair's Address

Damian Roche

As we committed to you at last year's meeting, the replacement of our clearing and settlement system, CHES, had the Board's highest attention. We announced in November 2023 that we have appointed TCS as our product partner and Accenture as our delivery partner and proposed that CHES Replacement will be implemented in two main releases.

I have asked Helen to speak in more detail to CHES Replacement however I want to emphasise that the close engagement with our stakeholders, industry experts and regulators continues to be important in this project.

I do want to acknowledge that on August 13, ASIC commenced legal proceedings against ASX for what it alleges were misleading statements made in February 2022 in relation to our previous CHES Replacement project. The Board recognises the seriousness of these proceedings, and we are reviewing the allegations closely.

As this matter is before the courts, you will appreciate I am not able to share more at this time.

As a Board we recognise that remuneration is an important topic and, in our conversations with investors, we know that we need to always be considering if our framework is providing the right alignment and transparency. Each year we review our remuneration structure and we are focused on developing a framework that strikes the balance between financial and non-financial measures while also aligning with shareholder outcomes.

This year we have continued to engage and take feedback and the changes we've made are designed to support accountability and also drive a performance culture. Some of the changes we've made this year include:

- re-weighting the framework towards long-term incentives, and extending its application to all members of the Executive Team under the CEO;
- introducing underlying return on equity as a hurdle in these long-term incentives; and
- implementing an updated ASX Scorecard to align executive remuneration with strategic outcomes.

Our long term variable rewards are wholly based on financial measures while the short term variable rewards are a mix of operational and financial measures.

Having continued active dialogue with investors on remuneration helps ensure we can make adjustments and keep improving. Your Board will continue to focus on ensuring executives have appropriate hurdles and are rewarded for delivering long term shareholder value.

## Board renewal

### Non-executive Directors



David Clarke  
Appointed September 2024



Wayne Byres  
Appointed May 2024



Vicki Carter  
Appointed February 2023



Luke Randell  
Appointed April 2023



David Curran  
Appointed March 2022



Dr Heather Smith  
PSM FAIA  
Appointed June 2022



Peter Nash  
Appointed June 2019



Melinda Conrad  
Appointed August 2016



Board renewal has been a key focus of my time as Chair and much care has been taken to put in place a refreshed Board with the right blend of skills and experience covering technology, transformation, regulation, risk management and financial market operations and products.

As part of this renewal process, I will be retiring from the Board at the conclusion of today's meeting.

The Board has appointed David Clarke as the Chair Elect of ASX and, subject to finalising the votes at Resolution 5, his appointment as Chair will be effective from the conclusion of this meeting.

David has had a 35-year career in investment banking, funds management, property and retail banking. Through his career he has been both an ASX market participant and an ASX client. He has more than 20 years of experience as a non-executive director. David will address you shortly when it is time to vote on this resolution.

Including the appointment of the Chair-Elect, there will have been six new directors who have joined the ASX Board since I took the role of Chair in April 2021.

In May this year we also welcomed Wayne Byres to the ASX Board. With over 30 years' experience in financial services regulation, risk management, governance and public policy in both domestic and international roles, Wayne brings a unique perspective to our board discussions.

Both Wayne and David are seasoned leaders and their addition to your Board provides relevant skills and experience to deliver on our strategy. I hope shareholders will join me in supporting their election today.

As part of the changes to your Board, Yasmin Allen retired this year having served as a non-executive director since 2015. I'd like to thank Yasmin for her counsel and many years of diligent service.

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## Chair's Address

Damian Roche



While I cease to be Chair at the conclusion of this meeting, my interest in ASX's future, its people and enduring legacy will continue. Under the capable leadership of Helen Lofthouse and the Executive Team, I am confident ASX will continue to transform and grow.

There remains work to do and I know your Board is looking forward to achieving many more milestones under David Clarke's guidance as Chair.

I would like to thank my fellow directors for their support and counsel over the years. I would also like to thank our customers, employees and shareholders – many of whom are here in the room – for investing time, expertise and capital with the ASX.

I would now like to invite Helen to address the AGM.



## CEO's Address

Helen Lofthouse



Thanks Damian, it's a pleasure to be here with you today.

I'd like to begin by thanking you for your contribution to ASX during your time as a Director. I have especially appreciated your support during my time as CEO as we developed and launched our new five year strategy.

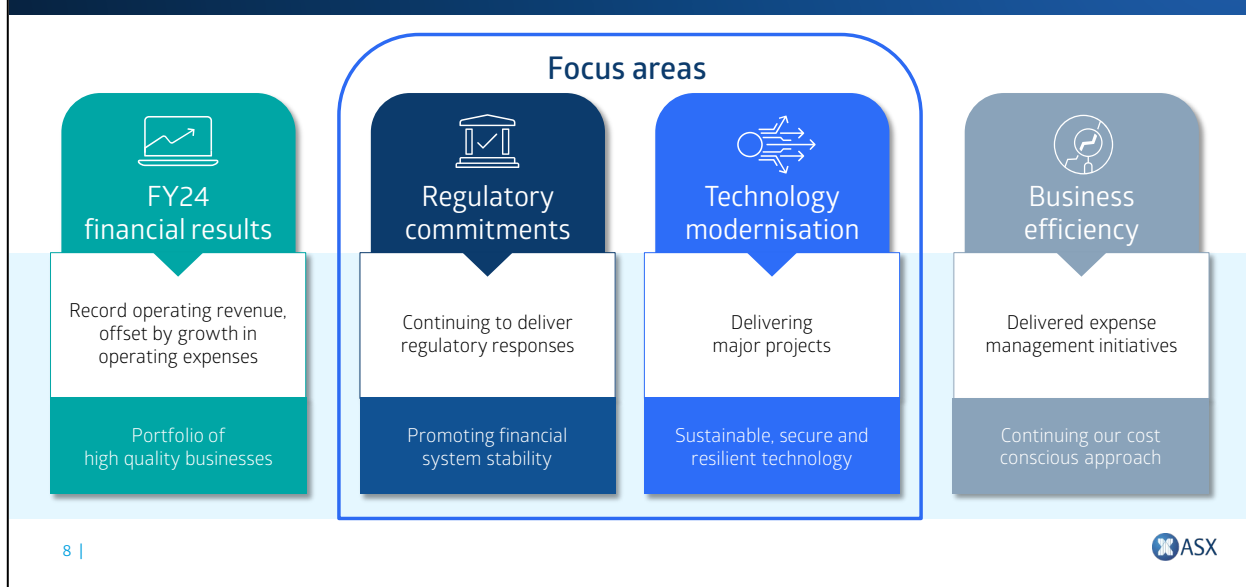
I would also like to add my welcome to David Clarke who has joined the Board as Chair Elect. Although your appointment is recent, I have enjoyed our interactions and look forward to continuing to work with you, should shareholders support your appointment as a director.

Now, let's turn to our FY24 highlights.



## FY24 highlights

Record operating revenue offset by expenses, maintaining investment in key focus areas



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FY24 was the first year of our five year strategy as we work towards delivering our vision of a 'new era ASX'. We have been transparent with our stakeholders by clearly setting out our strategic goals and targets. We understand that delivery is a key focus for our shareholders and in FY24 we have delivered in many areas.

We delivered record operating revenue in FY24, demonstrating the quality of ASX's businesses and the value that they create for the markets in which we operate. This was offset by an increase in operating expenses as we continued to invest in the focus areas for Horizon 1 of our strategy, regulatory commitments and technology modernisation.

We operate at the centre of Australia's financial system and are privileged to hold licences and operate markets that promote financial system stability. Regulatory scrutiny of ASX is appropriate given this special position that we hold in the economy and the fact that we operate critical market infrastructure. In FY24, as part of our ongoing uplift, we delivered on our commitments by publishing a series of special reports requested by our regulators and making further improvements in our stakeholder engagement.

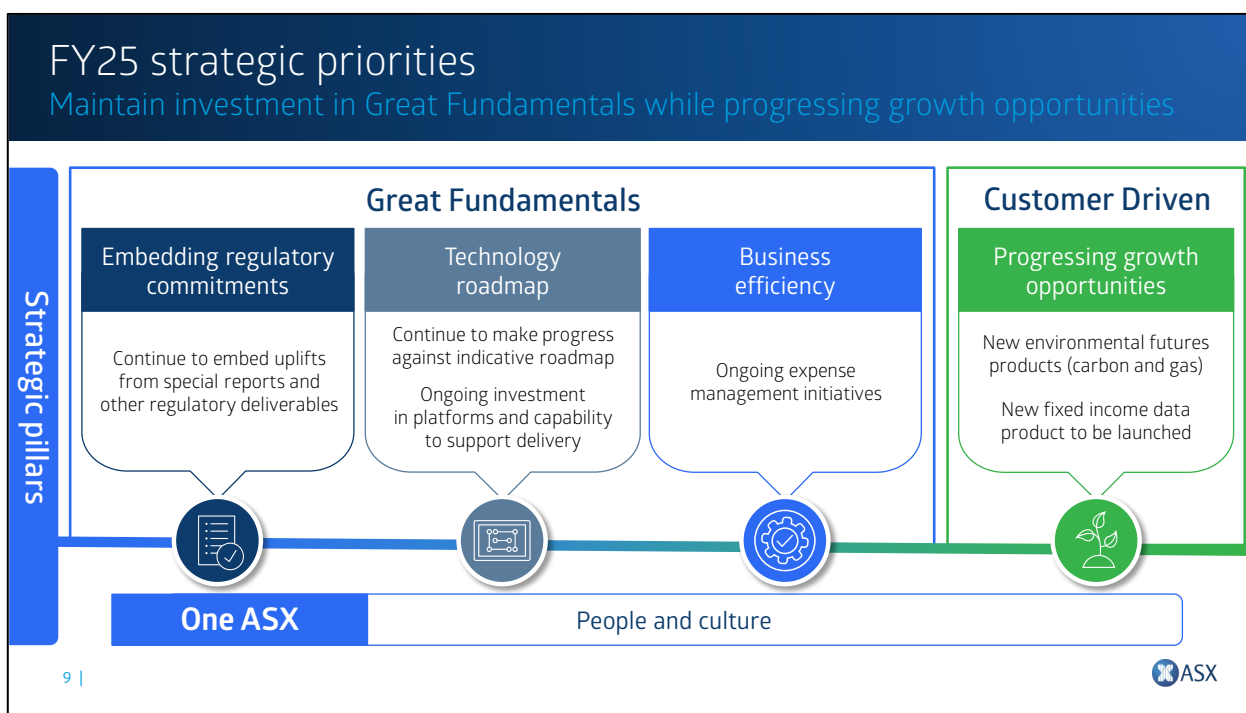
ASX is underpinned by technology and we must continue to implement sustainable, secure and resilient technology. FY24 saw us deliver a series of important updates as part of our technology modernisation program. This included upgrades to ASX Trade, with new services to increase market resilience, and the replacement of infrastructure in our data centre which delivered a series of upgrades for data services critical to our customers. We have also delivered on our current roadmap for CHES including data feed modernisation and capacity enhancements as well as security upgrades. The CHES Replacement project has

a unique set of challenges including its importance to a large and diverse group of stakeholders. In FY24, we appointed TCS as our product vendor and Accenture as our delivery vendor. We consider that the TCS product provides a reliable, supportable and scalable platform that meets the needs of the Australian market now, and into the future. We also want to work closely with market participants and we have a significant consultation process in place to facilitate this. This includes a highly engaged CHES Replacement Technical Committee and Business Committee as well as the Advisory Group for Cash Equities Clearing and Settlement. All of these forums help to ensure effective engagement with our stakeholders, which is crucial to the success of this project.

We also understand the importance of shareholder returns and we delivered a series of expense management initiatives in FY24. This included a targeted restructure as well as reducing our usage of consultants and making process improvements around employee recruitment. These initiatives are ongoing and demonstrate continued cost discipline during a period of investment for the organisation.

These investments in our key focus areas and business efficiency are crucial to long term shareholder value and I'm pleased with what we achieved in FY24.

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In FY25, we are continuing to invest in our key focus areas that form Horizon 1 of our five year strategy. We are prioritising investment in the Great Fundamentals of ASX to ensure that we are protecting long term shareholder value and positioning ourselves to capture future growth opportunities.



Our regulatory commitments are a core part of our strategy. In FY25 we will continue our multi-year journey to further uplift our risk management practises to build a better ASX. We are committed to strengthening our risk culture as well as working to address the recommendations raised in the latest RBA Financial Stability Standards report.

In terms of technology modernisation, we will continue to deliver against our indicative roadmap. In FY25, we are working towards delivering a further update to our Cash Market Trading and Derivatives Trading platforms as well as an OTC system upgrade as part of our Derivatives Clearing project. For CHES Replacement, we continue to progress work on Release 1. For Release 2, as you may have seen from the consultation paper that we published in July, we are seeking feedback on a delivery timeline to 2029. And we intend to communicate the indicative scope, plan and estimated cost in the December quarter of 2024, together with feedback from this significant industry consultation.

For business efficiency, we are investing in process simplification, automation and strategic procurement to reduce operational costs and allow our people to focus on work that adds value to our markets and customers. We are carefully prioritising the most strategic and efficient outcomes for ASX and our stakeholders.

While our primary focus is Horizon 1 of our five year strategy, we are also investing in selected Horizon 2 growth opportunities. We are focused on customer driven initiatives as we look to add value for our participants and markets.

The net zero transition is one of the greatest challenges facing this generation and will require global investment and focus. It is also a structural tailwind for ASX, because, as an exchange, we are uniquely positioned to offer the markets, connectivity and price transparency to support efficient capital allocation and risk management in this transition. This includes the recent launch of our suite of carbon futures and gas futures which form part of our transitional energy ecosystem. Although it's early days and new futures products can take time to build momentum, we have seen two-way pricing of carbon futures over various periods and good support from clearers. And we have recently seen our first delivery of Wallumbilla gas which went smoothly.

Increasing demand for data is another one of our structural tailwinds driven by growing use of automation and demand for new data and insights from our customers. As an exchange, we are a data-rich environment and are working with our customers to meet their emerging areas of demand. As an example of this, we are looking to expand our data services offering to debt market participants, in addition to our existing services in the equities and derivatives markets. Austraclear is the registry and settlement system for the vast majority of Australian Dollar denominated fixed income instruments. This means that it is a primary repository of local

fixed income market data. We launched our first debt market reference data services in FY23 and will be following this up with debt market activity services later this financial year.

Turning to our One ASX strategic pillar, our people and culture remain an important focus for me. We want to continue to nurture the best of what ASX has, while also developing our people as we execute on our strategy. The 'new era ASX' is about having a vibrant and inclusive culture that inspires growth with empowered and engaged teams. We know that our people are proud of what we do at ASX and the important role we play in the Australian economy. And our recent employee engagement survey showed that 90% of our people understand how their role contributes towards the ASX vision and strategy. We are also taking steps to improve our overall employee experience in terms of how our people do their work. This includes investing in the processes and tools that our people use and enhancing our training, development and mobility processes.

## Q1 FY25 activity and confirming guidance

'Green shoots' in listings activity, market conditions supportive of interest rate futures

### Q1 FY25 activity

- More stable macroeconomic conditions may support listings activity
  - Often a lag between more favourable conditions and IPOs taking place
- Growth in total cash market trading value driven by macro events including central bank rate cuts
- Growth in **interest rate futures volumes** and number of customers
- Demand for **data** continues to grow, planning to launch debt market activity services later in FY25

### Confirming guidance

- **FY25 total expense growth guidance of 6-9%**<sup>1</sup>
  - FY25 operating expense growth guidance of 4-7%<sup>2</sup>
- **FY25 capital expenditure expected to be \$160-180 million**<sup>3,4</sup>
  - Expected to remain at this level until FY27, then aim to start reducing
  - Primarily driven by technology modernisation program. Inherent delivery risks in the program may impact guidance

### Capital management and key performance metric

- **Capital management flexibility currently in place to support capital expenditure profile:**
  - Dividend payout ratio range of 80-90% of underlying NPAT
  - \$275 million corporate bond in place
- **Key performance metric:** medium term underlying ROE target range of 13.0-14.5%

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<sup>1</sup>Excludes any significant items

<sup>2</sup>Excludes depreciations and amortisation

<sup>3</sup>CAPEX guidance range of \$160 to \$180 million excludes \$10 to \$12 million CAPEX for new office fit out in each of FY25 and FY26

<sup>4</sup>Inherent delivery risks in the technology modernisation program (including timing, scope and stakeholder dependencies) may impact CAPEX guidance

Turning to outlook. Many of the trends that we saw in late FY24 continued into the first quarter of FY25.

More normalised macroeconomic conditions appear to be supportive of an increase in listings activity, although ongoing geopolitical instability could further impact sentiment. It's important to note that there is a lag between these more favourable conditions and IPOs taking place, while issuers work through the process to fulfil their listing obligations.

And although global IPO activity has remained muted, we are seeing some green shoots here in Australia, with 15 new listings on ASX in the first quarter including Webjet Group, following its demerger, Bhagwan



Marine and the dual listing of Alcoa. And you may have seen some companies speak publicly about their plans for a potential ASX listing.

More broadly, we have seen \$411 billion of net new capital quoted on ASX over the seven years to September 2024, which demonstrates the long term attractiveness of our market.

Total cash market trading value was up by 11% in the first quarter of FY25 as offshore macro events, including central bank rate cuts and speculation around further economic stimulus in China, drove an increase in volatility.

Turning now to interest rate futures. During COVID, we saw a decline in activity at the short end of the curve due to the RBA's yield curve target. Then, the rapid rise in interest rates drove a significant increase in activity at the short end as participants managed their risk in this environment but total volumes remained subdued. More recently, we have seen higher volumes with activity across the curve and growth in the number of customers using our rates futures markets. This is reflected in volume growth of 31% in total futures and options on futures in the first quarter of this financial year.

Moving now to guidance. We reconfirm the guidance provided at our Investor Forum and FY24 results. We expect FY25 total expense growth of 6 to 9% with operating expense growth guidance of 4 to 7% reflecting the expense management actions we are taking. FY25 capital expenditure is expected to be between \$160 and \$180 million and is expected to remain at this level until FY27, and then our aim is for CAPEX to start to reduce. As our CAPEX is primarily to support our technology modernisation program, inherent delivery risks in the program may impact this guidance.

We have the capital management flexibility in place to support this CAPEX profile. This includes a dividend payout ratio range of 80 to 90% of underlying net profit after tax and a \$275 million corporate bond raised earlier this year. And, although we did not operate the dividend reinvestment plan for the second half of FY24, it remains available to us as a capital management tool in the future.

Finally, we are focused on underlying return on equity, or ROE, as the key performance metric driving the organisation. We delivered a result at the lower end of our ROE target range in FY24, and will continue to focus on total expenses and revenue opportunities, which are the key drivers of this metric.

In conclusion, I'm proud of what we delivered in FY24 and we take good momentum into FY25. We will continue to listen to our customers and focus on delivering our five year strategy to support shareholder returns.

Thank you and I will now hand back to Damian.

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