



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



ASX

Business Description

ASX Limited (ASX, or Australian Securities Exchange) operates Australia's primary national securities exchanges. These include the provision of securities exchange services, derivatives exchange services, central counterparty clearing services, and registry, settlement, and delivery-versus-payment clearing financial products and associated ancillary services. It also provides market data services and investor education courses. ASX merged with SFE Corporation, Australia's major exchange for commodity and non-equity derivatives, in July 2006.

Strategy Analysis

ASX says its goals are to build the franchise and reputation of the group by leveraging its platforms, growing international distribution and diversifying its revenue streams, all while preserving the regulatory soundness of the markets and facilities it operates. The strategy is to balance efficiency and effectiveness in internal business and regulatory processes, without confusing a strong cost management culture with the need to reinvest. ASX aims to invest in and remunerate its most valuable assets- its people - while administering and upgrading its technology so that service to customers remains operationally robust and internationally comparable in terms of functionality, latency, capacity and reliability. ASX sees market supervision as a core business. With government approval for alternative trading platforms imminent, ASX is rolling out its competitive response. ASX reported NPAT down 8.2% to \$171.92m for the half-year ended 31 December 2008. Revenue from ordinary activities were \$454.17m. Diluted EPS was 100.3 cents compared to 109.4 cents last year. Net operating cash flow was \$204.86m compared to \$210.69m last year. The interim dividend declared was 90.4 cents fully franked compared with 98.5 cents last year. The decrease in NPAT was caused by turmoil in financial markets globally and the slowdown in the Australian economy. The slowdown in operating revenue in 2H08 has continued throughout 1H09 as financial markets continued to decline globally, companies rapidly deleveraged and business and consumer confidence fell.

28 July 2010

Recommendation

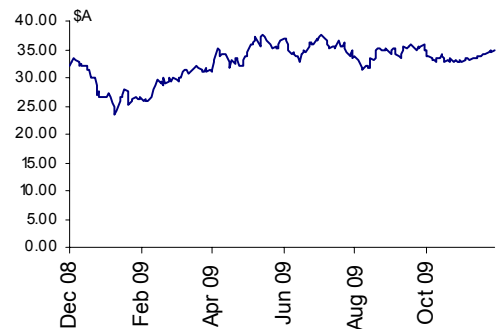
Recommendation: Underperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: ASX
Stock price: \$29.00
Market cap: \$5,034m

Y/E	30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	325.4	342.8	353.4	428.4
Adjusted e	\$m	332.1	342.8	353.4	428.4
EPS adjusted	¢	192.6	196.0	203.2	237.3
EPS growth	%	5.2	1.8	3.7	16.8
PE	x	15.1	14.8	14.3	12.2
PE relative	x	1.1	1.3	1.4	1.3
DPS	¢	172.8	176.2	183.1	212.9
Yield	%	6.0	6.1	6.3	7.3
Franking	%	100.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Exchange -Traded	96.4	10.1	52.6	-19.0%	-11.0%
Non-Exchange Traded	3.6	125.4	65.3	7.0%	15.0%
Total	100.0	135.5	117.9		
				Dividend Reinvestment Plan	Yes
				Shareholder Discounts	No

Results by Geography

Australia	100.0	100.0	100.0
Total	100.0		

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