



2014 Half Year Results Presentation

11 August 2014





Summary of 1H 2014 performance





Revenue overview

| Business Area | | 1H 2014 (\$M) | 1H 2013 (\$M) | Change (%) | 2010-2014 CAGR (%) | % of 1H 2014 Revenues |
|---------------------------------|--|---------------|---------------|------------|--------------------|-----------------------|
| Capital markets | <ul style="list-style-type: none"> • Capital raising • Trading and Clearing | 6.8 | 6.4 | 6.8% | 18.8% | 21.9% |
| | <ul style="list-style-type: none"> • Listing • Participant Services • Securities data | 11.0 | 9.8 | 11.0% | 4.4% | 35.0% |
| Soft commodities | <ul style="list-style-type: none"> • Dairy futures • Clear | 0.8 | 0.8 | (4.5%) | 6.6% | 2.6% |
| Agricultural information | <ul style="list-style-type: none"> • Publications • Agri Data (NZ and Aus) | 6.0 | 5.7 | 5.4% | 3.0% | 19.3% |
| Funds management | <ul style="list-style-type: none"> • Smartshares | 1.2 | 1.2 | 1.2% | 2.5% | 3.9% |
| Market operations | <ul style="list-style-type: none"> • Energy • Fonterra Shareholders Market | 5.4 | 6.4 | (14.8%) | 5.8% | 17.3% |



Summary 1H 2014 Result

| | 1H 2014 (\$M) | 1H 2013 (\$M) | Change (\$m) | Change (%) |
|-----------------------|------------------|------------------|-----------------|---------------|
| Operating Revenue | 31.2 | 30.3 | 0.9 | 2.8% |
| Operating Expenditure | 19.0 | 18.2 | 0.8 | 4.3% |
| EBITDA | 12.1 | 12.1 | 0.0 | 0.7% |
| EBITDA Margin | 38.8% | 39.9% | | |
| NPAT | 7.0 | 6.4 | 0.6 | 8.3% |
| Fully Diluted EPS | 2.7c | 2.5c | 0.2c | 8.0% |



1H 2014 Summary

| | |
|-------------------|--|
| Capital markets | <ul style="list-style-type: none">• 4 IPOs and several new debt offerings• Trading volumes up 21.9%, value down 15.6%• Data revenues up 11.4% at \$4.9M |
| Soft commodities | <ul style="list-style-type: none">• Dairy derivatives lots traded up 301.6%, CFTC approval received in January 2014• Clear Grain volumes 1.6% up on prior year, revenues down 12.9% due to exchange rates |
| Agri information | <ul style="list-style-type: none">• Advertising revenues up 17.5%; paid advertising page equivalents up 10.5% on prior year• Sale of Newsroom in January 2014 |
| Funds management | <ul style="list-style-type: none">• FuM up 13.6%, units on issue up 6.1% |
| Market operations | <ul style="list-style-type: none">• Market operations revenues down 14.8%, as a result of reduced energy development work (down 47.0%) and loss of Gas Market Contract in late 2013 |
| Expenses | <ul style="list-style-type: none">• Employee costs during the six months were driven by increased contractor costs, a small increase in staff numbers and full period impact of 2013 new hires• Other expenses overall relatively stable on pcp |
| Regulation | <ul style="list-style-type: none">• FMA annual General Obligations Review concluded that NZX complied with all its statutory obligations |



Organisational Progress (1/2)

| Business area | Strategic priority | 1H 2014 progress |
|------------------|--|--|
| Capital markets | Grow the depth and breadth of the NZ equities markets | <ul style="list-style-type: none">• Systematic management of IPO pipeline in place. 4 IPOs completed in 1H 14 with a further 5 completed or scheduled for Q3• Ministerial approval received for the exemption to continuous disclosure required for new growth market. New market expected to launch in Q4 2014 |
| | Build out market infrastructure | <ul style="list-style-type: none">• Equity index futures launched on June 16 |
| | Maintain high quality regulatory environment | <ul style="list-style-type: none">• Annual FMA General Obligations Review concluded NZX was fully compliant with its statutory obligations• New Head of Participant Compliance appointed January 2014• New Head of Market Supervision role created and appointed August 2014 |
| Soft commodities | Evolve nzx.com from data to information | <ul style="list-style-type: none">• New video content launched to profile issuers• Page views up 16.9% on 1H 2013 |
| | Broaden the product offering in the grain trading business | <ul style="list-style-type: none">• Forward contract developed, with market launch to occur in 2H 2014• MOU entered into for promotion of Clear Grain Exchange in Western Australia |
| | Continue dairy market development | <ul style="list-style-type: none">• Approval of NZX dairy derivatives market received from US CFTC• Rapid volume growth continued in 1H 2014 |



Organisational Progress (2/2)

| Business area | Strategic priority | 1H 2014 progress |
|-------------------|---|---|
| Agri Information | Expand agri data offering | <ul style="list-style-type: none">Dairy Farmgate report launched2 additional dairy data products developed, to be launched Q3) |
| | Build out online products | <ul style="list-style-type: none">Agri academy launchedTraffic to NZX Agri websites continues to grow steadily (page views up 104.3% on 1H 2013) |
| Funds management | Build the infrastructure to grow the business | <ul style="list-style-type: none">New master trust deed established to facilitate the launch of new funds and to standardise the existing ETFs |
| | Increase product range | <ul style="list-style-type: none">Core equity fund developed (launched July 2014). Investment management outsourced to Dimensional Financial Advisors |
| Market operations | Deliver increased services to the energy industry | <ul style="list-style-type: none">Two new system development projects for the EA commenced |



Revenue by business

| | 1H 2014 (\$M) | 1H 2013 (\$M) | % over pcp |
|------------------------------------|---------------|---------------|---------------|
| Securities Information | 4.9 | 4.4 | 11.4% |
| Listings | 6.2 | 5.6 | 9.7% |
| Other Issuer Services | 0.5 | 0.5 | 6.8% |
| Securities Trading | 2.3 | 2.0 | 8.3% |
| Participant Services | 1.7 | 1.5 | 14.1% |
| Securities Clearing | 2.2 | 2.2 | 2.7% |
| Total Capital Markets | 17.8 | 16.2 | 9.4% |
| Commodities Trading | 0.7 | 0.8 | (12.9%) |
| Dairy Derivatives trading/clearing | 0.1 | 0.0 | 252.0% |
| Total Soft Commodities | 0.8 | 0.8 | (4.5%) |
| Agricultural Information | 6.0 | 5.7 | 5.4% |
| Fund Management | 1.2 | 1.2 | 1.2% |
| Market Operations | 5.4 | 6.4 | (14.8%) |
| Total Revenue | 31.2 | 30.3 | 2.8% |



Revenue: Capital Markets

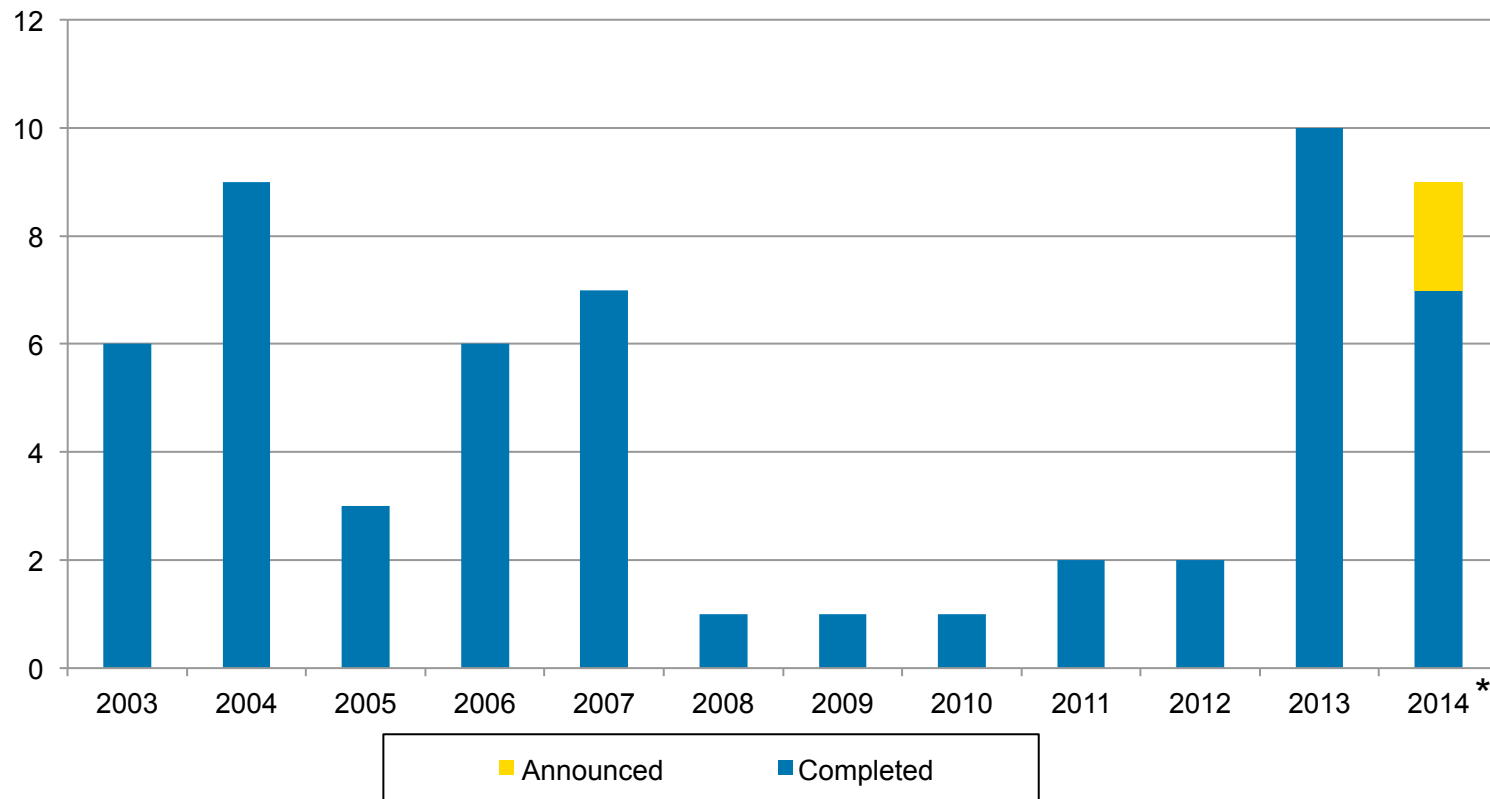
Buoyant market conditions driving growth across all revenue lines

| | 1H 2014 (\$M) | 1H 2013 (\$M) | % over pcp |
|---|---------------|---------------|-------------|
| Securities Information | 4.9 | 4.4 | 11.4% |
| Listings | 6.2 | 5.6 | 9.7% |
| Other Issuer Services | 0.5 | 0.5 | 6.8% |
| Securities Trading (less futures trading) | 2.3 | 2.0 | 8.3% |
| Participant Services | 1.7 | 1.5 | 14.1% |
| Securities Clearing (less futures clearing) | 2.2 | 2.2 | 2.7% |
| Total Capital Markets Revenue | 17.8 | 16.2 | 9.4% |



Strong IPO activity has continued in 2014

Good pipeline of small to medium sized issuers across a number of industries

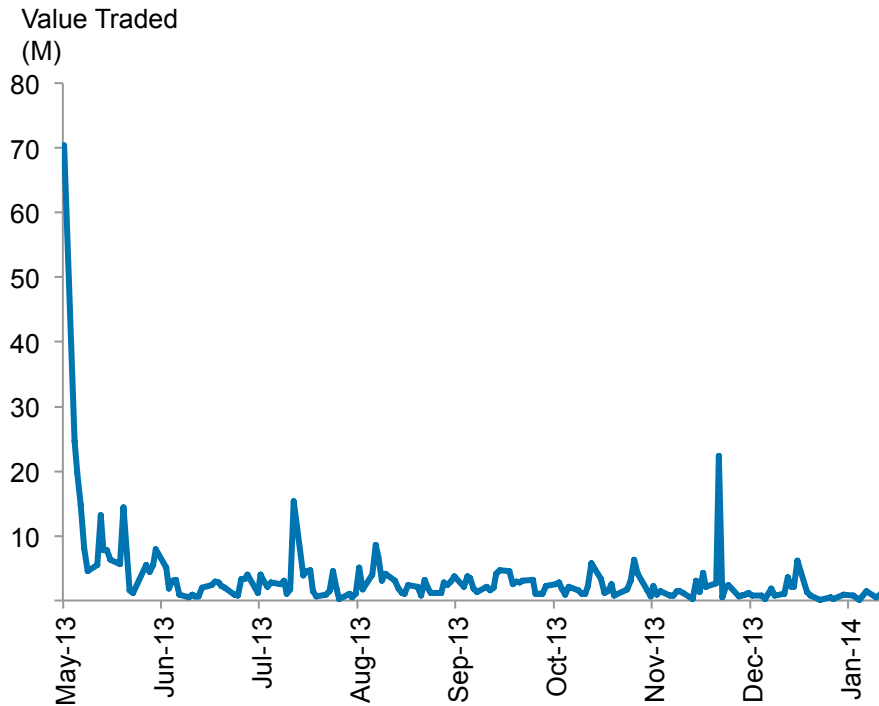


* Year to date 31 July



Ongoing listing and trading revenues from IPOs

Example of year 1 trading post IPO: Synlait



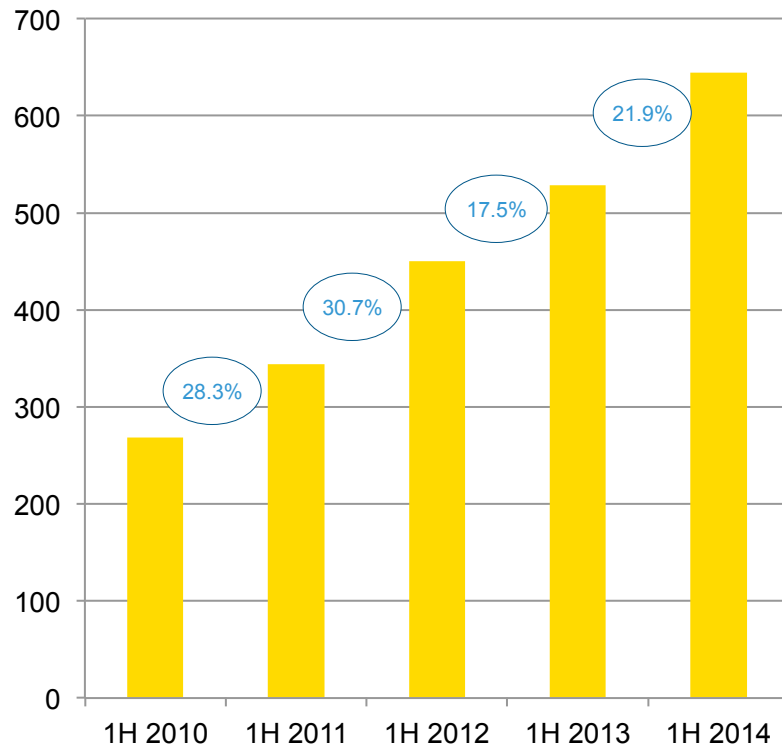
Value of an IPO

| Listing Size (\$M) | 1,500 | 400 | 60 |
|--|------------|------------|-----------|
| Approximate revenues (\$000s) | | | |
| Initial Listing Fee | 485 | 200 | 70 |
| Month 1 Trading & Clearing fees | 30 | 10 | 5 |
| TOTAL One-time | 515 | 210 | 75 |
| Annual Listing Fee | 55 | 45 | 35 |
| Annual Trading and Clearing Fees (est) | 120 | 40 | 15 |
| Total Recuring | 175 | 85 | 50 |

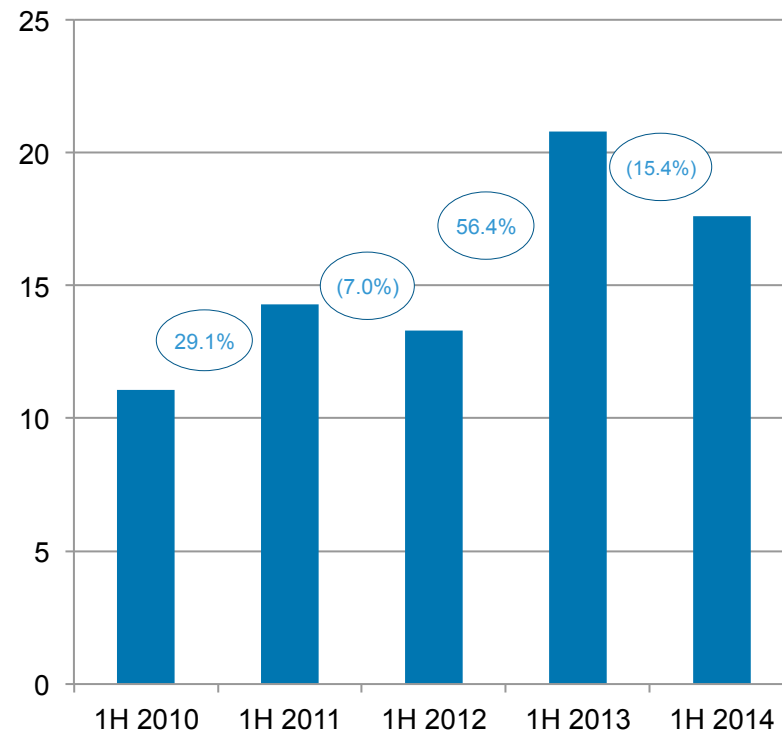


Trading volumes continue to grow; value traded down on PCP Sell downs in 1H 2013 pushed up value traded

Number of Trades (000s)



Value of trades (\$B)



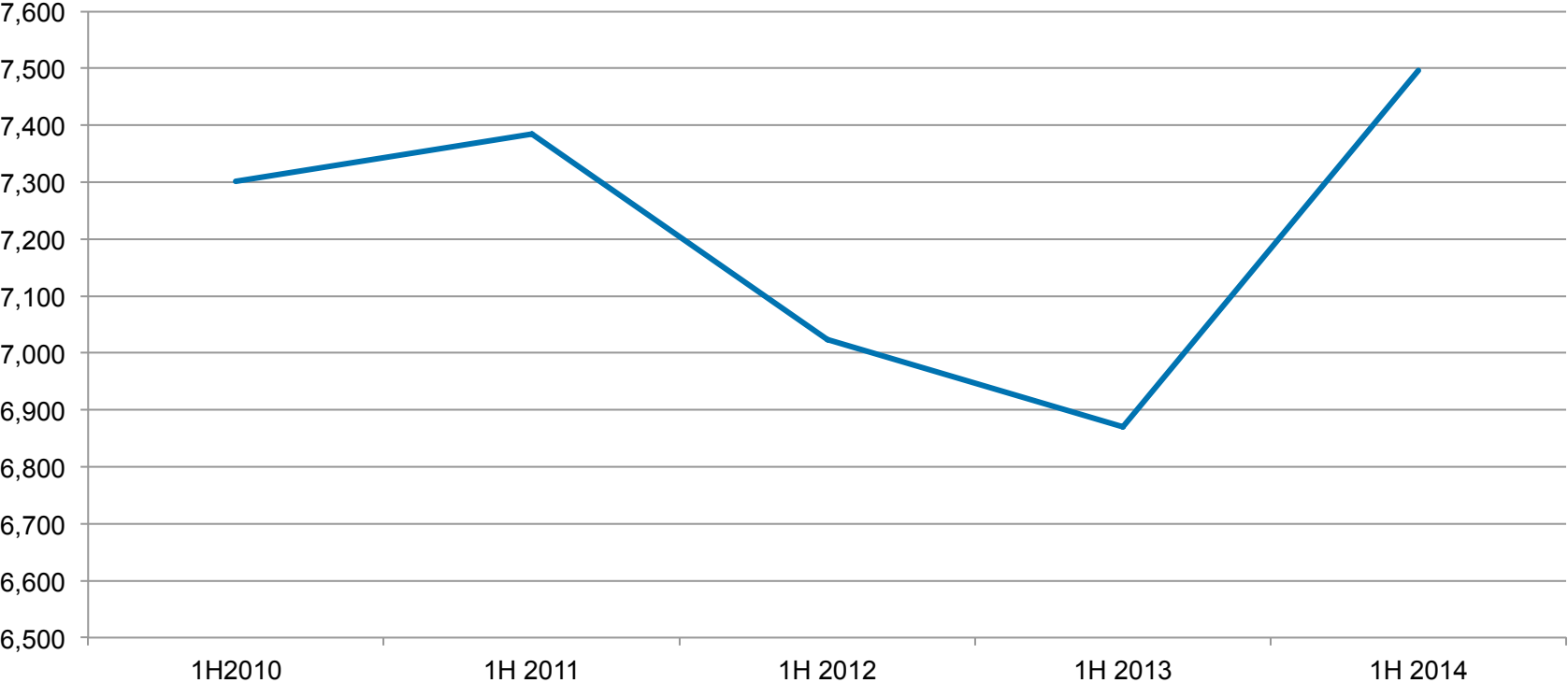
○ Change over prior year

Source: NZX Data



Positive trend in real time data terminals re-established Repricing contracts into NZD also drove securities data revenue growth

Real time Data Terminals

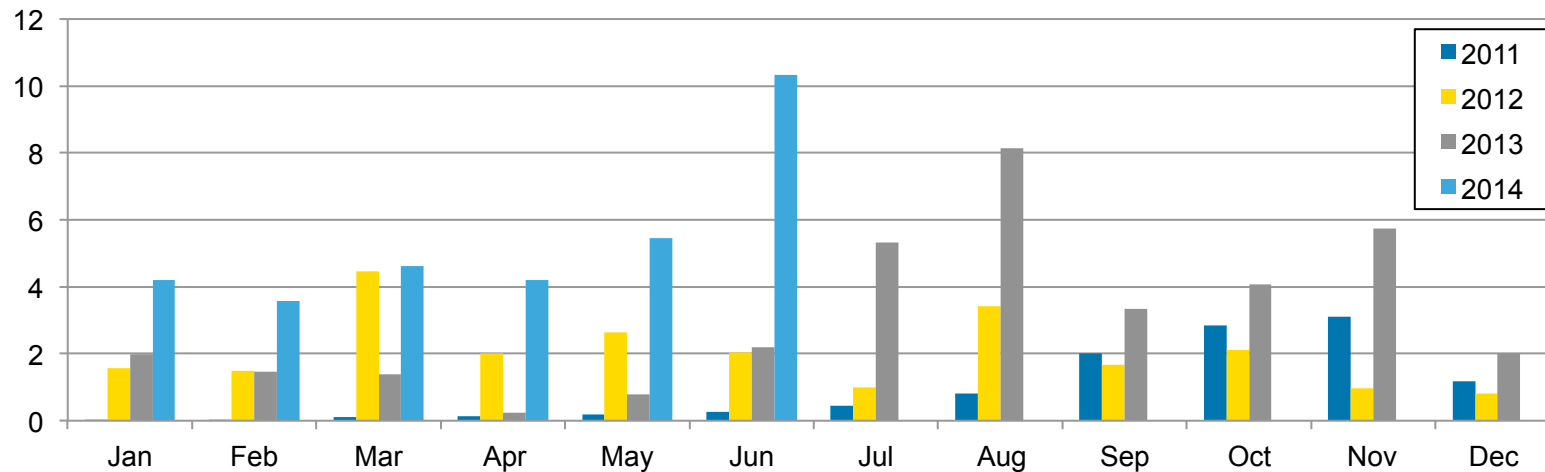




Revenue: Soft Commodities

| | 1H 2014 (\$M) | 1H 2013 (\$M) | % over pcp |
|---------------------------------------|---------------|---------------|---------------|
| Commodities Trading | 0.7 | 0.8 | (12.9%) |
| Dairy Derivatives | 0.1 | 0.0 | 252.0% |
| Total Soft Commodities Revenue | 0.8 | 0.8 | (4.5%) |

Dairy Futures Lots Traded ('000)

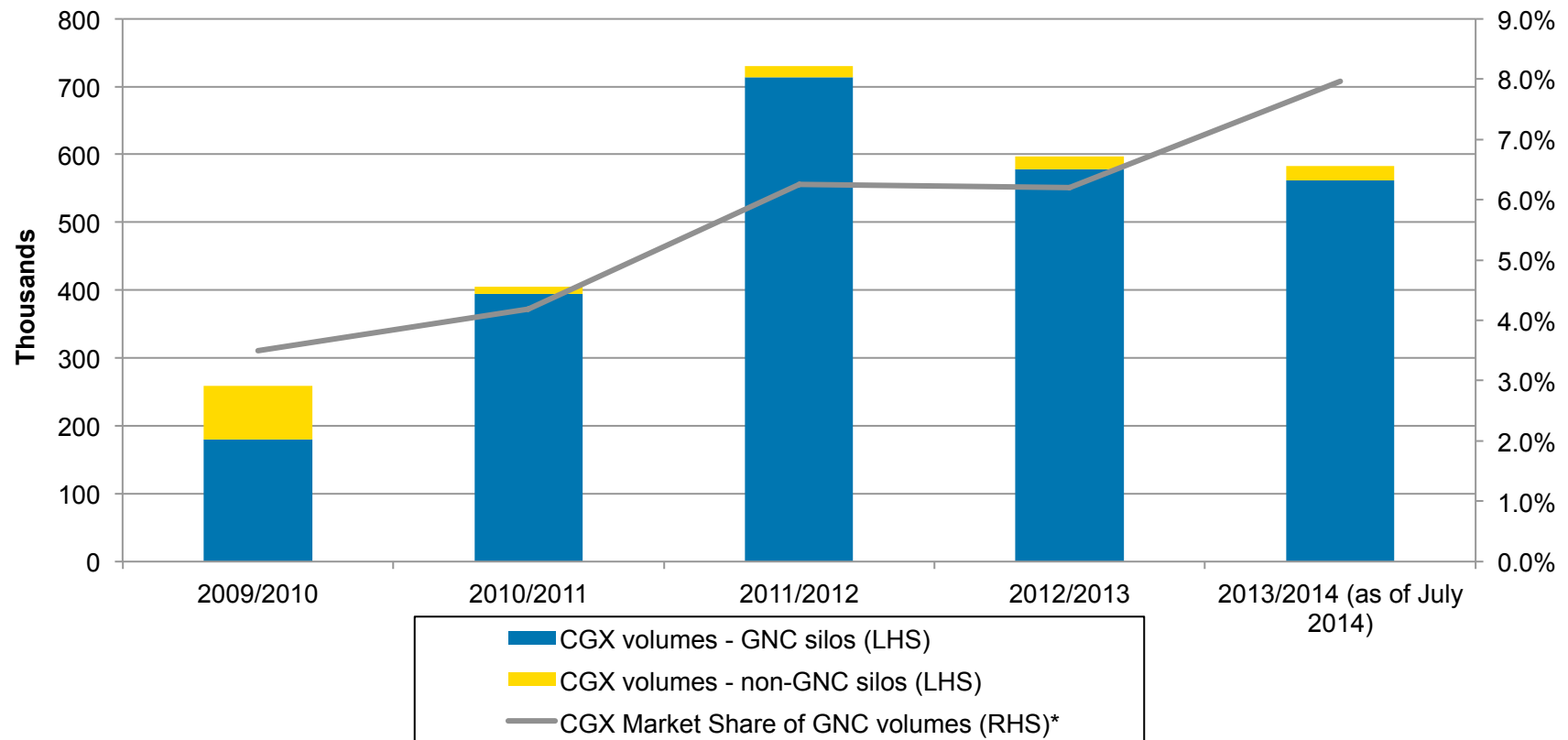


Source: NZX Data



Commodities trading

CGX tonnes traded flat, share of GrainCorp (GNC) siloed volumes up



* The market share represents the grower traded volumes on CGX out of the total estimated volumes that have been sold from GrainCorp silos

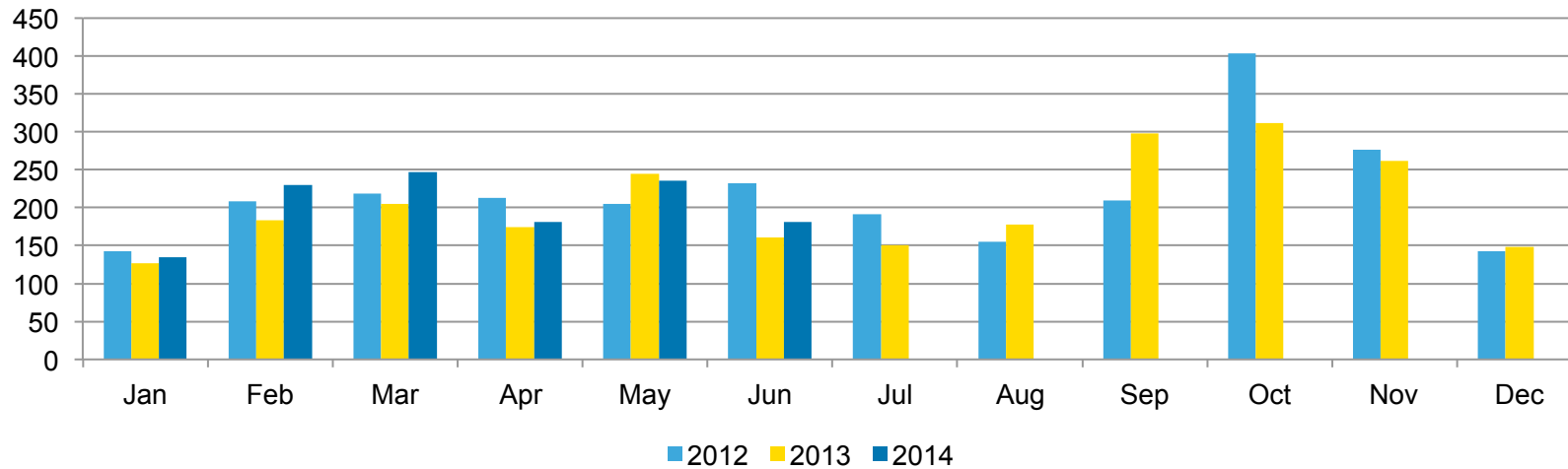


Agricultural Information

| | 1H 2014 (\$M) | 1H 2013 (\$M) | % over pcp |
|---|---------------|---------------|-------------|
| Advertising revenue | 4.0 | 3.4 | 17.5% |
| Subscription revenue – data * | 1.6 | 1.8 | (15.1%) |
| Subscription revenue – print publications | 0.4 | 0.5 | (4.2%) |
| Total Agricultural Information Revenue | 6.0 | 5.7 | 5.4% |

- Subscriptions – data revenue down in 1H 14 due to sale of Newsroom in January 2014 and high NZD reducing reported revenues from Australian operations

Total paid advertising pages

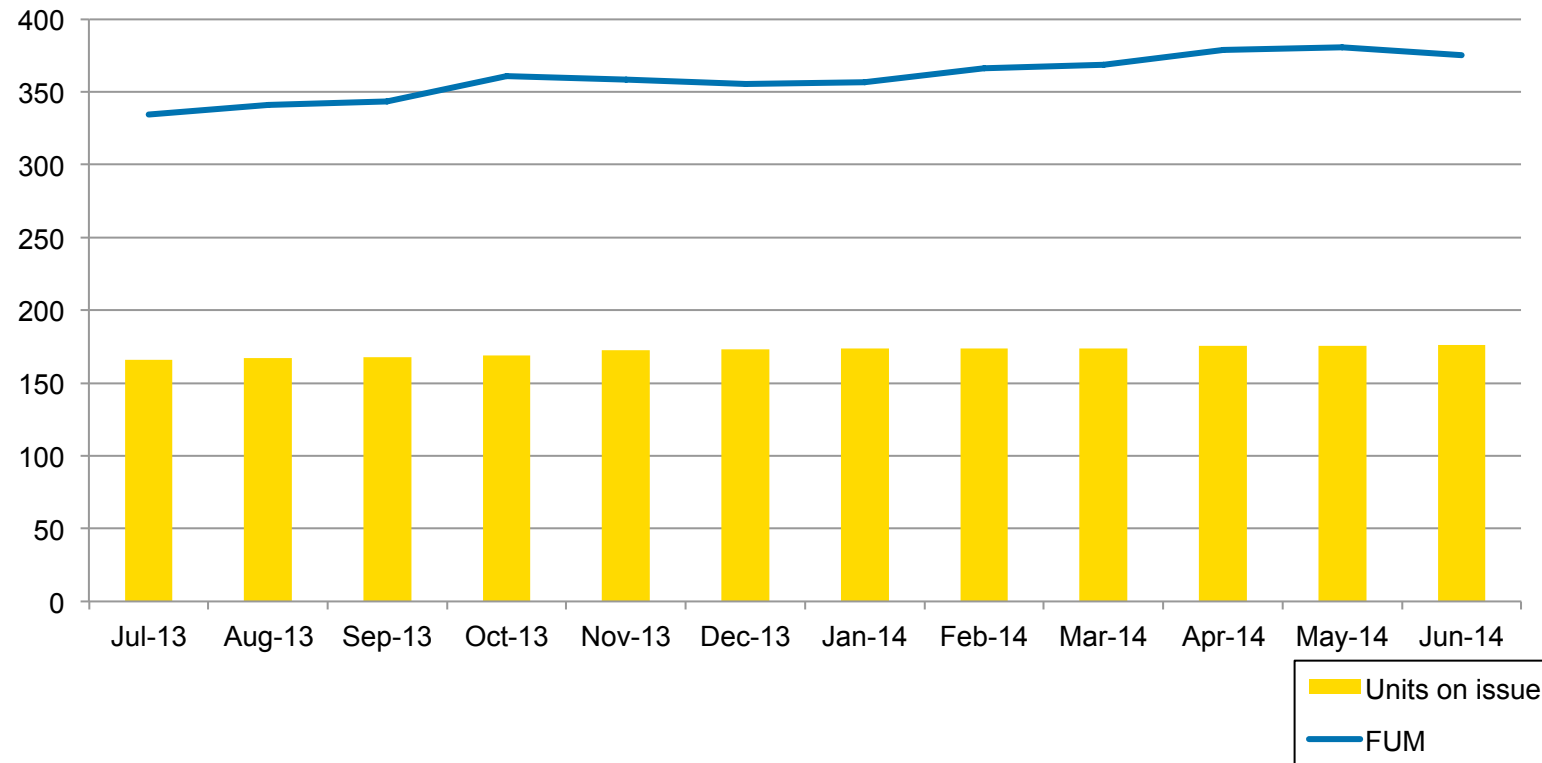




Funds Management

Steady growth in FuM and units on issue in past 12 months, timing of rebates impacted year on year revenue growth

Millions

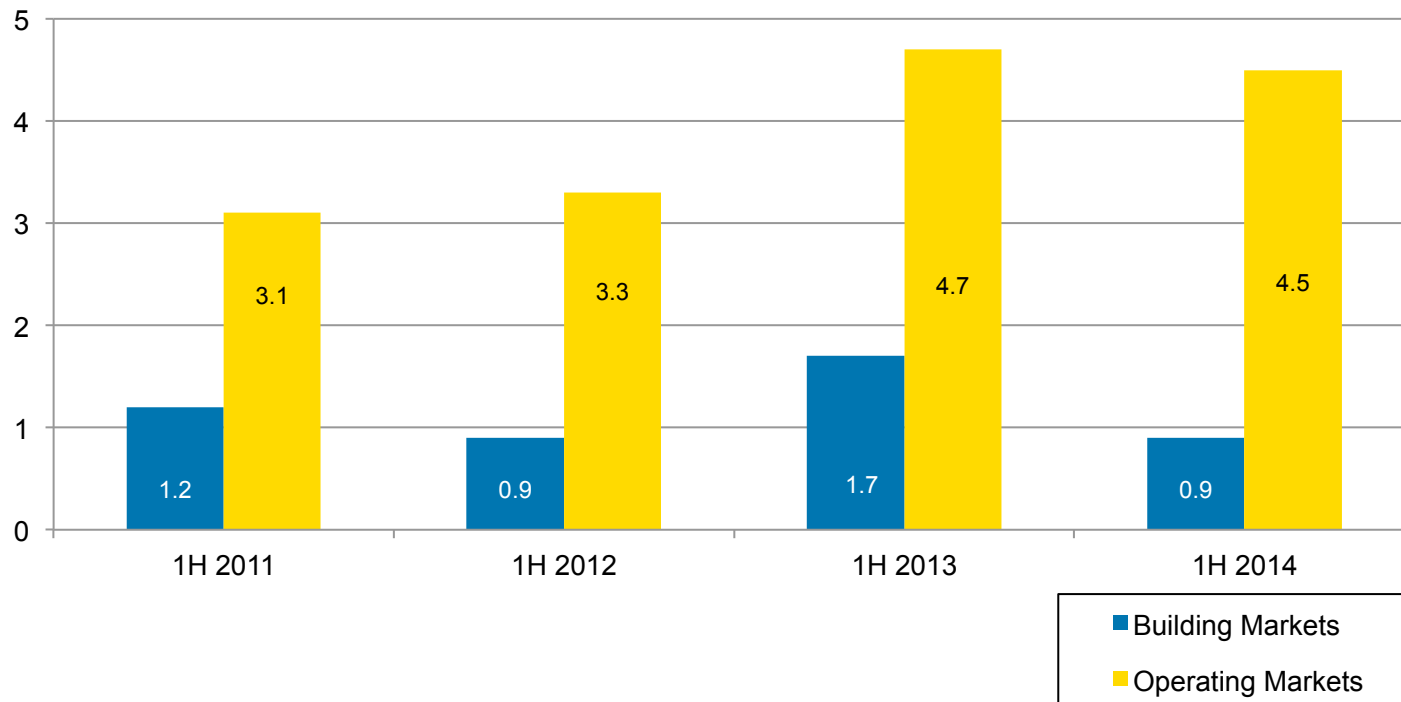




Market Operations

Lower energy consulting activity in 1H 2014, though new projects commenced that will deliver significant activity in 2H 2014

Revenue (\$M)





Expense comparison

| | 1H 2013 (\$M) | 2H 2013 (\$M) | 1H 2014 (\$M) | % 1H14 / 1H13 | |
|-------------------------------------|------------------|------------------|------------------|------------------|--|
| Employee related cash costs | 10.1 | 10.3 | 10.7 | 5.9% | Increased contractor costs, small increase in staff numbers and full period impact of 2013 new hires |
| Less capitalisation of labour costs | (0.3) | (0.1) | (0.2) | (39.8%) | Amount of resource allocated to capital projects remains limited |
| Reported Employee Related | 9.8 | 10.2 | 10.5 | 7.1% | |
| Marketing, Printing & Distribution | 1.6 | 2.0 | 1.7 | 6.7% | Increased print and distribution costs on pcp in rural publications in line with higher revenues |
| Information Technology | 2.9 | 2.9 | 2.9 | 0.4% | IT costs remain stable despite growth in activity levels |
| General & Administration | 1.9 | 1.8 | 1.8 | (5.8%) | G&A costs slightly down on pcp |
| Professional Fees | 1.3 | 1.5 | 1.7 | 31.2% | High due to Ralec litigation, costs of tax audit related work and legal costs associated with launch of new fund |
| Fund Expenditure | 0.7 | 0.4 | 0.4 | (45.4%) | Reflects one-off remediation costs in 1H 13, underlying operating costs stable |
| Total Costs | 18.2 | 18.8 | 19.0 | 4.3% | |

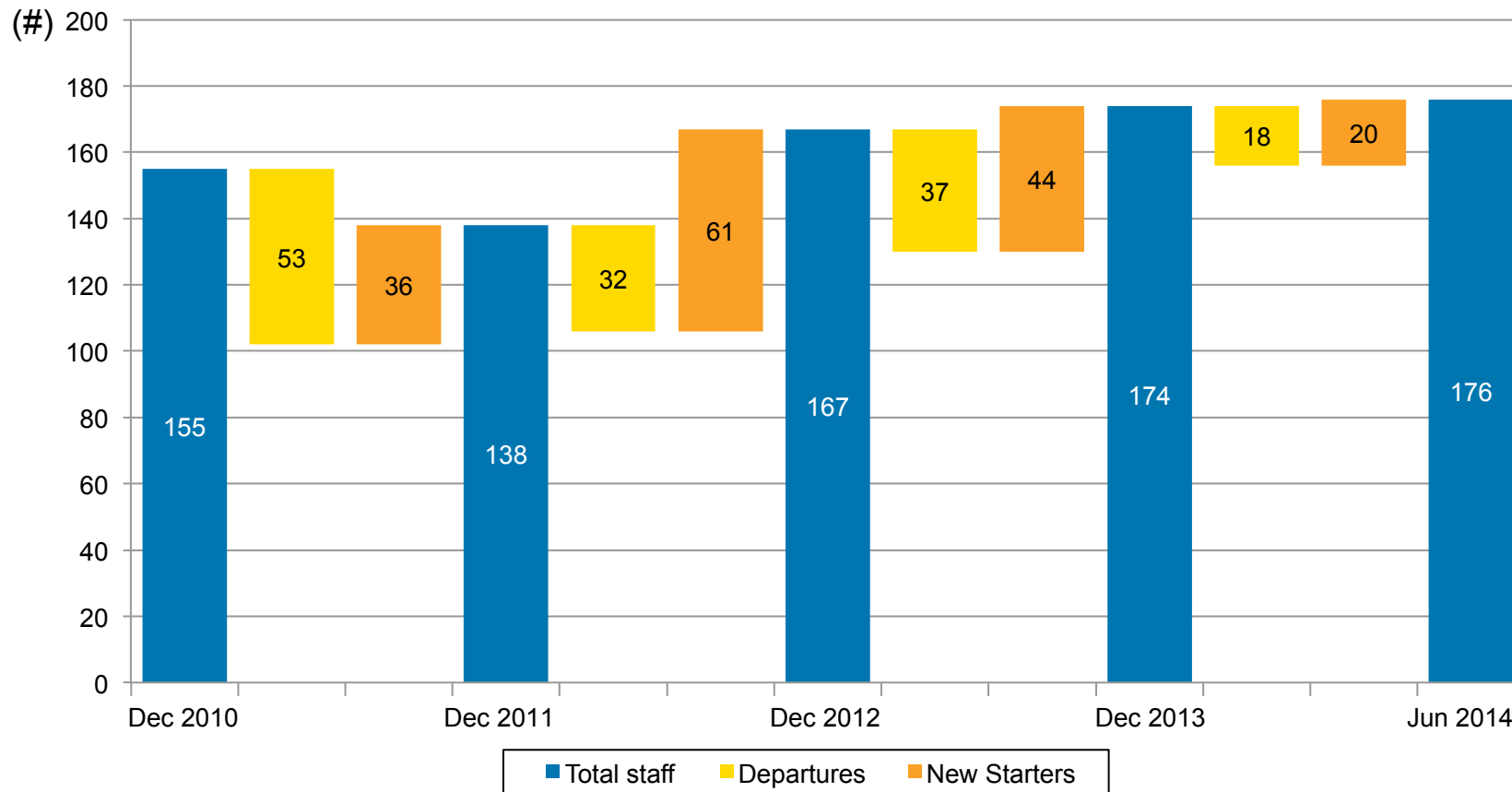


Employee Related Costs

| | 1H 2013 (\$M) | 2H 2013 (\$M) | 1H 2014 (\$M) | % 1H14 / 1H13 | |
|--|------------------|------------------|------------------|------------------|---|
| Permanent staff cash cost | 8.6 | 8.9 | 9.0 | 4.5% | Impact of new hires in current period, plus full 6 month impact of 2013 hires |
| Contractor cash cost | 1.1 | 0.9 | 1.3 | 20.4% | Increased contractor costs to provide additional resource for Energy development projects and temporary cover |
| Other staff related cost | 0.4 | 0.5 | 0.4 | (2.3%) | |
| Less capitalisation of labour costs | (0.3) | (0.1) | (0.2) | (39.8%) | Amount of resource allocated to capital projects remains flat |
| Total Reported Employee Related Costs | 9.8 | 10.2 | 10.5 | 7.1% | |



Small increase in number of staff over 1H 2014



Note: FTEs include casuals



Capex and Depreciation

| | 1H 2013 (\$M) | 2H 2013 (\$M) | 1H 2014 (\$M) | % 1H14 / 1H13 | |
|-------------------------------|------------------|------------------|------------------|---------------------|--|
| Capex | 1.3 | 1.5 | 0.7 | (47.5%) | No major capital projects in 1H 14 |
| Depreciation and amortisation | 3.2 | 3.7 | 2.7 | (15.2%) | M-co software assets became fully depreciated during 1H 2014. CGX software carrying value reduced by 2013 impairment |



Outlook





Revenue Outlook

| Business Area | Outlook – 2H 2014 | Outlook – Medium term |
|-------------------------|--|--|
| Capital markets | <ul style="list-style-type: none">• 3 IPOs completed in July 2014, further two scheduled for August 2014• New listings, market growth and fee changes expected to increase 2H 2014 annual listing fees by approximately 10% on 2H 2013.• New growth market expected to be launched Q4 2014. Expected to be EBITDA neutral in initial phases, with listing fees covering operating costs• Securities trading/clearing volumes outlook remains positive with the IPO pipeline remaining strong, albeit the election and the recent declines in dairy prices may affect market sentiment | <ul style="list-style-type: none">• KiwiSaver and increased savings rate underpinning structural shift in supply of capital• Market cap / GDP, penetration of public companies remains low versus peer markets• Growth market expected to provide a pipeline of companies to migrate to the Main Board over time• RBNZ review of high value payment activity. Potential impact for NZ Clear (RBNZ's clearing house) |
| Soft commodities | <ul style="list-style-type: none">• Lack of available grain and low grain prices will continue to impact trading volumes over Q3. Production outlook for the 2014/15 East Coast season is in line with the 2013/14 season• Dairy derivative volumes expected to continue their strong growth, though still off a low base | <ul style="list-style-type: none">• Launch of forward contract trading and greater entry into West Australian market expected to add to growth in Clear Grain trading volumes• Home markets typically have an advantage in developing spot commodity and futures markets• Review of capital requirements in response to strong growth in derivatives market |



Revenue Outlook

| Business Area | Outlook – 2H 2014 | Outlook – Medium term |
|--------------------------|---|--|
| Agricultural information | <ul style="list-style-type: none">• Momentum in rural publications business expected to continue (though 2H 2013 was stronger than drought affected 1H 2013, so year on year growth may moderate in 2H 2014)• Impact of significant reduction in forecast dairy payout may impact on advertiser confidence, though this is more likely to manifest in 2015 than 2H 2014• New data products to be launched in 2H to broaden the offering• Reported Australian data revenues impacted by exchange rates• Continuing to evaluate add-on agri data acquisitions | <ul style="list-style-type: none">• There will inevitably be a shift from print to online, though this is happening more slowly in the rural publications business than in some other sectors of print media.• Opportunities to expand reach data coverage (other commodities) and add analytical tools (initially dairy) have the potential to drive data revenue growth |
| Funds Management | <ul style="list-style-type: none">• NZ Core Equity Fund launched in July 2014. Initial \$15m of FuM invested in fund, further growth potential as this becomes more established.• Evaluating opportunities to grow FuM through acquisition | <ul style="list-style-type: none">• Double-digit growth in FuM within the NZ funds management industry expected, driven by KiwiSaver• Passive funds, ETFs in particular, continue to grow very strongly offshore• NZ market underpenetrated |
| Market Operations | <ul style="list-style-type: none">• Significant uptick in Energy consulting revenues expected in 2H due to major systems projects for the Electricity Authority commenced in Q2 2014 | <ul style="list-style-type: none">• EA contracts expire 2016. Expect to retender for these in 2015 |



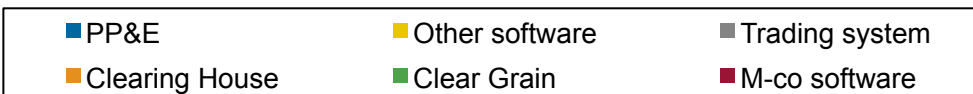
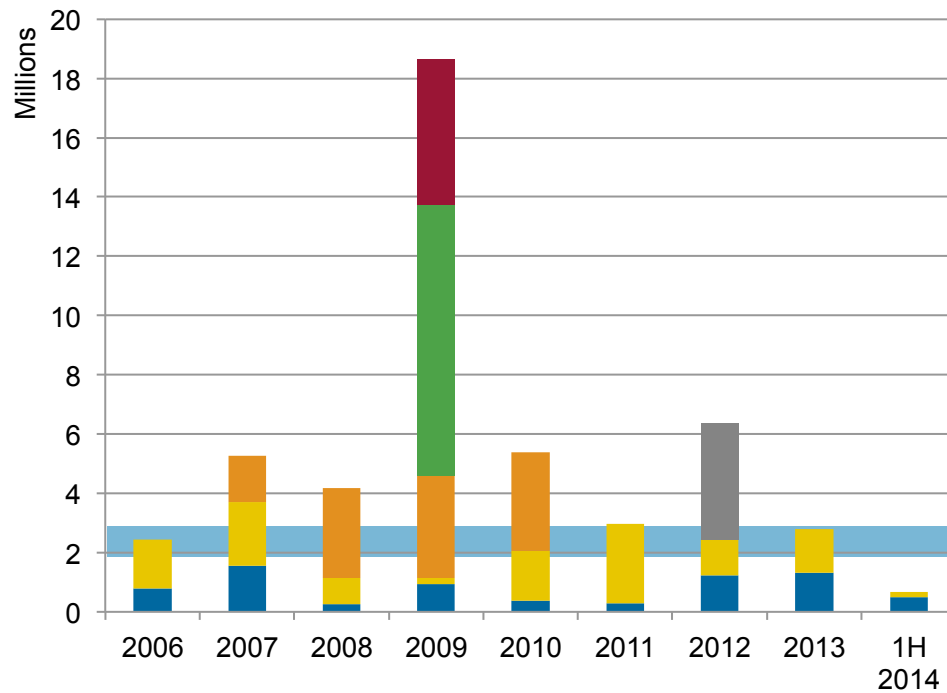
Expenses Outlook

| Business Area | Outlook – 2H 2014 | Outlook – Medium term |
|---|---|---|
| Employee Related | <ul style="list-style-type: none">Employee related costs anticipated to further increase over 1H 14 by low to mid single digit percentage as a result of additional short-term resources required for new energy projects | <ul style="list-style-type: none">In the absence of new business ventures, employee costs will grow in line with inflation |
| Marketing, printing and distribution | <ul style="list-style-type: none">Costs to continue to trend in line with revenue growth | <ul style="list-style-type: none">These costs will continue to principally be a function of the volume of agricultural print publications |
| Information Technology | <ul style="list-style-type: none">Stable on 1H 14 | <ul style="list-style-type: none">Some shift of costs from capex to opex as the software as a service model becomes more prevalent for non-core systems |
| General & Administration | <ul style="list-style-type: none">Stable on 1H 14 | <ul style="list-style-type: none">In absence of any changes to business likely to increase in line with inflation |
| Professional fees | <ul style="list-style-type: none">Costs dependent on progress of Ralec litigation and other non-operational activities. Expect similar level of costs to 1H 14 | <ul style="list-style-type: none">Professional fees will be largely driven by Ralec legal fees until this litigation is resolved |
| Fund expenditure | <ul style="list-style-type: none">Stable on 1H 14 | <ul style="list-style-type: none">Linked to growth in funds management revenue |



Capex

Investment requirements driven by system life cycles, no significant capital expenditure expected in 2H 2014



- “BAU” capital expenditure has averaged \$2-3m p.a. over recent years, with peaks driven by system implementations/renewals
- Clearing system upgrade anticipated in 2015. Initial high-level estimates are that this would be a \$2-3m project
- Likely to be some fit-out expenditure in 2015 for the refresh of the Wellington office premises which are reaching the end of their lease term
- No other major projects currently contemplated



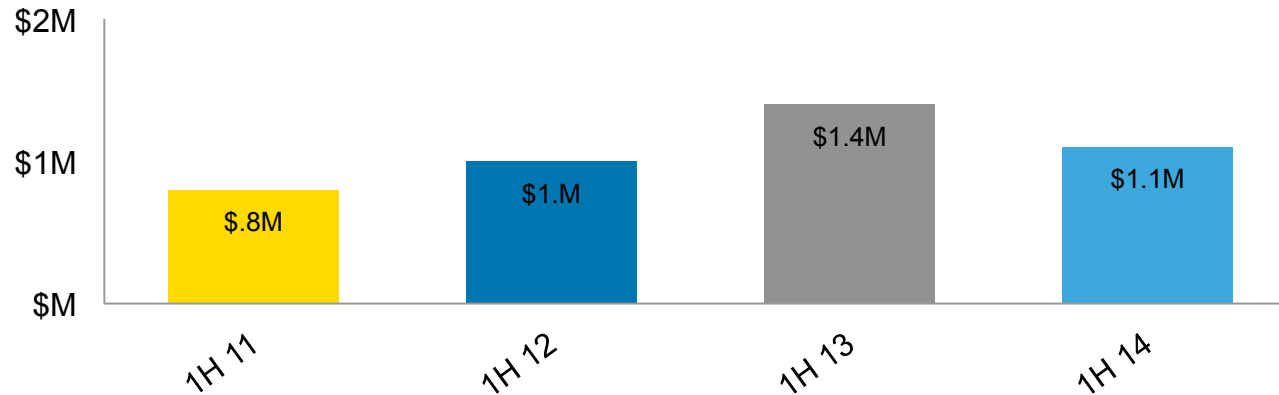
Business Review - Investments





Investments - Link Market Services

EBITDA (\$M)



| Link NZ | 1H 2014 (\$M) | 1H 2013 (\$M) | % change |
|-----------------------|---------------|---------------|----------|
| Operating Revenue | \$3.7 | \$3.7 | 0.1% |
| Operating Expenditure | (\$2.6) | (\$2.4) | 9.9% |
| EBITDA | \$1.1 | \$1.4 | (16.9%) |
| EBITDA Margin | 30.3% | 36.5% | |
| NPAT | \$0.4 | \$0.6 | (32.6%) |

Commentary

- 1H 14 performance impacted by the full period cost of new premises and a reduction in transaction activity.
- Significant success in winning new IPO mandates. Telecom Corporation of New Zealand (now Spark New Zealand) also became a Link client in 1H 2014.



Dividends





1H 2014 Dividend

- Interim 2014 dividend of 3.0 cents declared in line with previously announced dividend policy and guidance that NZX intends to pay a full year distribution for the 2014 financial year of 6.0 cents per share (subject to commitments, working capital and solvency requirements)
- Dividend to be fully imputed
- To be paid on 12 September for holdings as at 29 August





Investor Information

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