



2012 First Half Results Presentation

Contents



- ▶ NZX Group Description
- ▶ IH 2012 Summary
- ▶ Outlook
- ▶ Appendices
 - Business Review
 - Capital Structure and Investments

- ▶ NZX is an integrated Information, Markets, and Infrastructure business. These three business areas are operated on an increasingly integrated fixed cost base:
 - Information - Provides high quality securities market and soft commodity market information
 - Markets - Operates cash equities, bonds, derivatives, and spot commodities markets
 - Infrastructure - Operates clearing and settlement platforms in securities and energy, and designs, builds, and operates other contracted technology platforms

- ▶ IH revenues \$26.5M, up 1% over pcp
 - Markets and related businesses impacted by a challenging global environment
 - NZX lagging the decline in trading volumes globally
 - Capital raising significantly lower than last year
 - Agri-business performed well despite an increasingly subdued rural economy
 - Strong performance in commodity trading as market acceptance of NZX's product offering grows
- ▶ IH expenses \$16.9M, up 17% over pcp
 - Includes one-time CEO transition costs, the Ralec litigation, and a number of non-recurring items totalling \$2.0M
 - Reflects reduction in capitalisation of \$1.1M as investment shifts from infrastructure development to market development and operation
- ▶ EBITDAF \$9.6M down 18% on IH11 is in line with the trading update provided to the market on 29 July
- ▶ Quarterly dividend of 1.25 cents per share fully imputed declared, to be paid on 14 September

One-off items and reclassifications



- ▶ EBIT impact of \$2.3M in one-off costs
 - CEO transition, Ralec litigation, other items (\$1.3M)
 - Revenue and expense accruals (\$1.0M)
- ▶ Change in useful life to reflect latest estimates and alignment of certain software with the trading system contract with a resulting increase of \$0.4M of amortization
- ▶ Reclassification
 - Rebates are now netted off against relevant revenues
 - Energy and Technology and Customer Services combined into Market Operations which includes the Electricity Authority contracts and the contract with Fonterra to operate the FSM

Other Items



Dividend

- ▶ Dividend of 1.25 cents per share declared in line with current policy
 - Stated policy of increase of 1 cent per share (from 11 cps paid in 2011 to 12 cps paid in 2012)
 - Post share split 12 cps equates to 5.14 cents per share
 - Combined Q1 and Q2 dividend equates to 2.64 cps
- ▶ The NZX Board will consider each subsequent quarterly dividend against free cash flow expectations and, if appropriate, may resolve to increase one or more successive quarterly payments

CEO Share Scheme

- ▶ A CEO share scheme has been agreed under the new CEO's employment contract. The scheme runs for a period of 5 years expiring mid 2017
- ▶ 1,575,000 new ordinary shares will be issued pursuant to the scheme at an issue price of \$1.19 per share, being the volume weighted average price of NZX shares for the 10 business days ended on Friday 4 May (the business day immediately preceding the CEO's start date)
- ▶ The shares will be funded by a loan from NZX which will bear interest at NZX's cost of bank funding. The shares will rank for dividends and will be held by a nominee wholly owned by NZX for the duration of the scheme
- ▶ If over the period of the scheme NZX's TSR exceeds a margin of 1% over NZX's weighted average cost of capital (to be determined annually by the Board), the CEO will receive a taxable bonus equivalent to the amount of the loan and a transfer of the shares. If the hurdle rate is not met, then on expiry of the scheme the CEO will be required to repay the loan from his own resources and receive a transfer of the shares
- ▶ The CEO will not be permitted to dispose of the share scheme shares without Board approval until 10 business days after publication of NZX's results 6 months after the end date of the scheme

IH 2012 Result - The Numbers



	IH12	IH11	Change	Change (%)
Operating Revenue (\$M)	\$26.52	\$26.14	\$0.38	1%
Operating Expenditure (\$M)	\$16.95	\$14.49	\$2.46	17%
EBITDAF (\$M)	\$9.57	\$11.65	(\$2.08)	(18%)
EBITDAF Margin	36.1%	44.6%		
NPAT (\$M)	\$3.25	\$4.51	(\$1.26)	(28%)
Fully Diluted EPS	1.27c	5.64c	(4.37c)	(77%)

Revenue Comparison



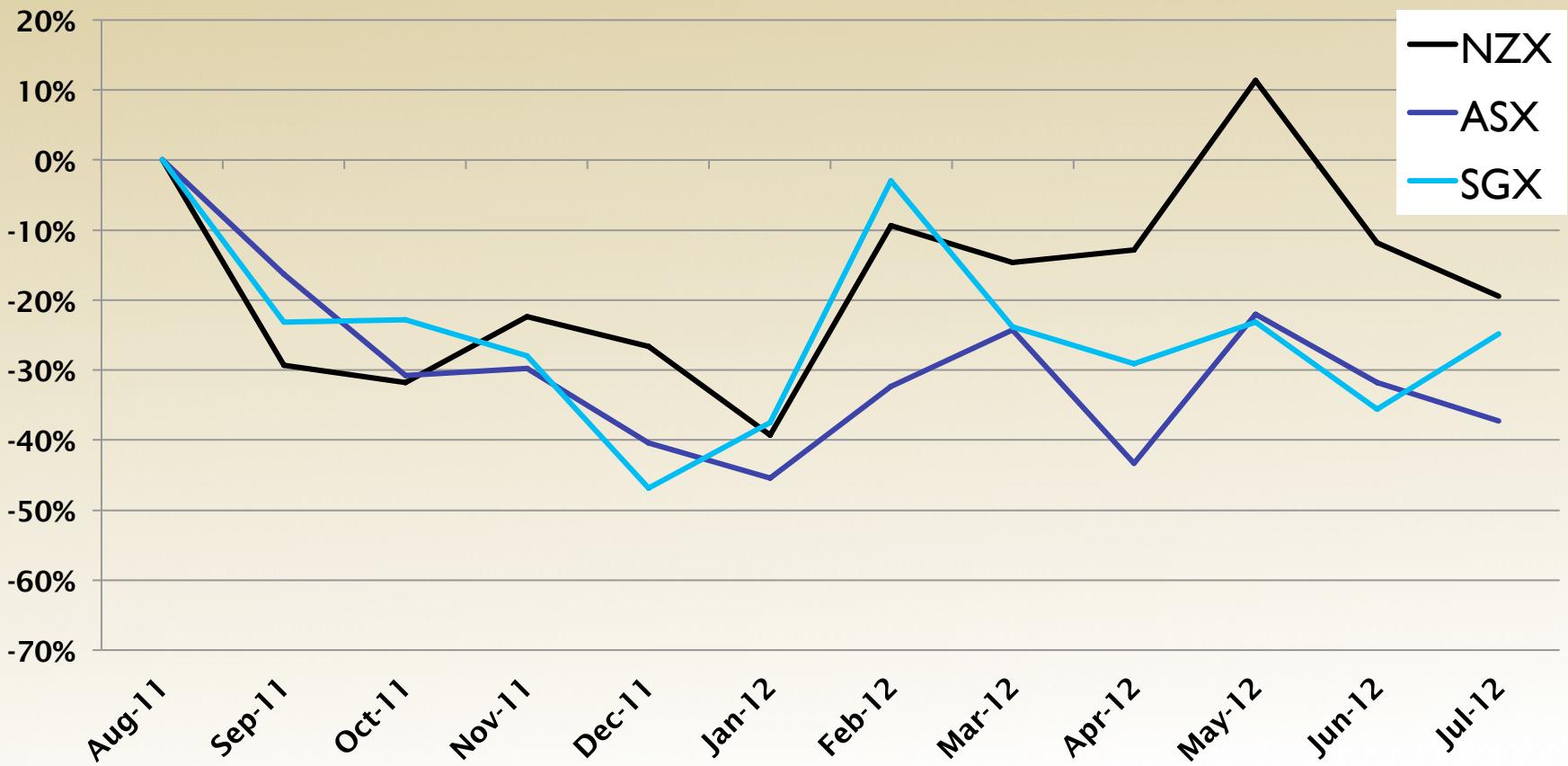
	1H 2012 (\$000's)	1H 2011 (\$000's)	% over pcp	COMMENTARY
Securities Information	4,614	4,518	2%	Fee increases offset by declining terminal numbers
Agri Information	6,165	5,721	8%	Strong Q1 growth, Q2 reflecting more subdued rural outlook
Total Information	10,779	10,239	5%	
Listings	4,092	5,309	(23%)	No IPO activity during 1H12, lower secondary raisings
Other Issuer Services	278	168	65%	Impacted by above
Securities Trading	1,564	1,207	30%	Higher trade volumes offset by sharply lower trade value
Commodities Trading	1,165	580	101%	Continued strong growth in emerging businesses
Participant Services	1,503	1,543	(3%)	Fee increase offset by reduction of one participant
Fund Services	1,136	1,139	0%	Impacted by redemption by a wholesale client
Total Markets	9,738	9,946	(2%)	
Securities Clearing	1,743	1,627	7%	Growth in stock lending offset by lower than expected trade volumes
Market Operations	4,260	4,329	(2%)	Increased energy revenue offset by lower than expected work required for the implementation of TAF
Total Infrastructure	6,003	5,956	1%	
Total	26,520	26,141	1%	

Monthly Value Traded



Source: Company data and monthly activity reports

Monthly Trades



Source: Company data and monthly activity reports

Expenses



	IH 2012 (\$000's)	IH 2011 (\$000's)	% over pcp	COMMENTARY
Employee, Contractor & Related¹	8,814	7,391	19%	Impact of one-off items, reduction in capitalisation
Information Technology	2,406	1,979	22%	Increase in connectivity costs (on-going) and some one-off charges
Professional Fees	1,578	956	65%	One-off legal fees and recruitment costs
Marketing, Printing & Distribution	2,006	2,156	(7%)	Planned cost savings achieved
Fund Expenditure	385	383	1%	Up due to tracking errors and higher than expected costs for settlement of AUD transactions
General Administration	1,759	1,623	8%	Increase in provision for doubtful debts
Total²	16,948	14,488	17%	

1. Capitalisation of staff costs 2012 IH \$366 k (2011 1H 1,390k)
2. Rebates and Incentives, netted against relevant revenues

2H 2012 Outlook

- ▶ Global uncertainties are likely to persist for the remainder of 2012 with the resulting continued impact on the capital markets globally
 - Trading volumes expected to remain flat or potentially decline further
 - Capital raising below historic averages
- ▶ Flat growth expected in NZX's securities information business with the agri-information businesses expected to grow at slower rate in the second half of the year
 - Reduction in demand for securities data
 - Rural outlook impacted by commodity price declines
- ▶ With the exception of commodities, the markets businesses are expected to show flat to low growth with some upside in listings with the potential IPOs of Mighty River Power and the Fonterra FSF. Commodities are on track for continued strong growth
- ▶ The Market Operations businesses are expected to grow strongly with the proposed implementation of the Financial Transmission Rights in the electricity market and the expected launch of the Fonterra Shareholders Market
- ▶ Selected investments are planned in three areas for the remainder 2012
 - Strengthening the organisation with the appointment of a CFO and Head of Cash Markets
 - Growth of the agri, derivatives and issuer services businesses
 - Staff to support the growth in Market Operations

Key Value Drivers - Financial



Business Area	February Annual Result Release Comment	2H Updated Outlook
Agri Information (Information)	Top line revenue growth of 9% to 11% expected	▲ 2H typically seasonally stronger and expected to be 4% to 6% higher than 1H
Securities Information (Information)	Market data terminals price adjustment of 7.7%	▲ Slight increase on 1H expected as a result of the price adjustment but offset by reduced terminal numbers
Listings (Markets)	Higher confidence in pipeline including SOE's and FSF; 1 July fee changes	▲ Annual listing fees increased 3.9%; Potential listings of Mighty River Power and Fonterra Shareholders Fund
Securities Trading (Markets)	Strong start to year; Equity futures, index changes and SOE listings to boost activity; 1 July fee changes	▲ Trading fees unchanged at 1 July review ▲ Equity futures launch in 2013
Commodities Trading (Markets)	Volume target of circa 750k tonnes traded	▲ On track to achieve volume target of circa 750k tonnes traded in FY12
Participant Services (Markets)	July 1 fee changes	▲ Annual membership fees increased by 3.9% at 1 July
Fund Services (Markets)	Unit growth of 4% to 6% and margin expansion of 5% to 7% expected	▲ Expected to be flat on 1H as reduction in FUM impacts revenue
Securities Clearing (Infrastructure)	New depository participants; circa 45% stock lending growth; 1 July fee changes	▲ Annual membership fees increased by 3.9% at 1 July ▲ Stock lending growth on track
Market Operations (Infrastructure)	Revenue growth of 8% to 10% expected	▲ Work around launch of Financial Transmission Rights launch to commence in 2H ▲ Launch of Fonterra's Trading Among Farmers market during 4Q ▲ Strong growth expected on 1H

With the exception of staff cost, other expenses flat over 1H



EXPENSE	IH 2012 (\$K)	OUTLOOK
Employee, Contractor & Related	8,814	Overall low single digit growth expected with elimination of one-off charges offset by revenue related recruitment
Information Technology	2,406	Slight increase expected due to trading system implementation
Professional Fees	1,578	Reduction expected but uncertainty around litigation costs remain
Marketing, Printing & Distribution	2,006	
Fund Expenditure	385	2H12 expected to be flat on 1H12
General Administration	1,759	
CAPITAL		
Capital Expenditure	779	Circa \$3M expected during 2H mainly associated with trading system rollout
Staff Capitalisation	366	Limited capitalisation (circa \$400k) associated with trading system rollout

Movement in staff costs



Employee, Contractor & Related Costs
(\$ '000's)



Commentary

- Selected investment in three areas
 - Strengthening the senior team and enhancing operational capabilities
 - New initiatives (derivatives, agri and issuers)
 - Additional recruiting for TAF and Energy contracts
- Reducing capitalisation reflecting a shift in focus from infrastructure investment to market development

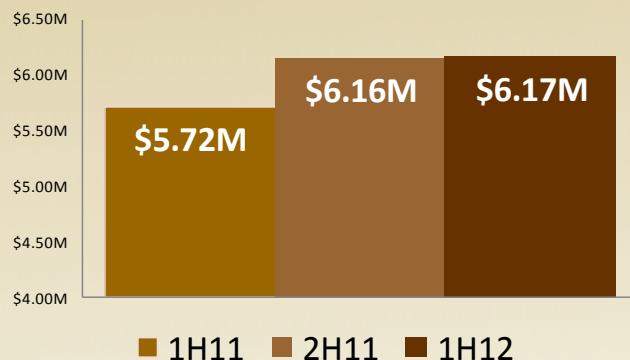
- ▶ Despite the challenging global environment, NZX remains confident in the opportunities ahead
 - Universal support for taking a new approach to capital raising for small and mid-sized business
 - Opportunities to build on our existing offering to broaden the range of products and services offered within the capital markets e.g. issuer services, agri-information, equity derivatives
 - Continued strong growth in commodity businesses
- ▶ The investment made in the clearing house and trading system over the past few years provides the infrastructure to support these developments
 - Ability for the organisation to redeploy resources from infrastructure development to market development and operation
 - Modest level of additional investment in development and operation required

Appendix – Business Review

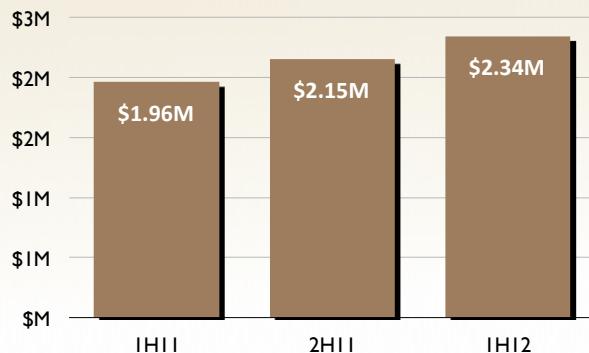
Information: Agri



Revenue (\$M)



Subscription Revenue Trend (\$M)



Commentary

- ▲ 1H12 revenue increase of \$450K up 8% on pcp
- ▲ Revenue increase driven by growth in subscriptions
- ▲ Advertising revenue in 1H12 of \$3.76M flat on pcp, reflecting a more subdued rural market in Q2

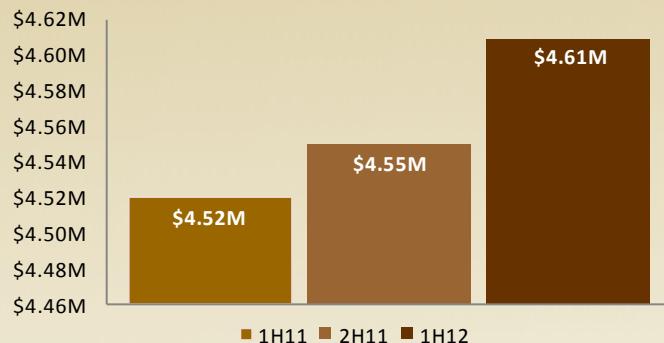
Outlook

- ▲ Agri seasonality typically results in 2H being higher compared to 1H
- ▲ Growth in subscription numbers across all products expected to continue throughout 2H
- ▲ Online presence to be significantly strengthened

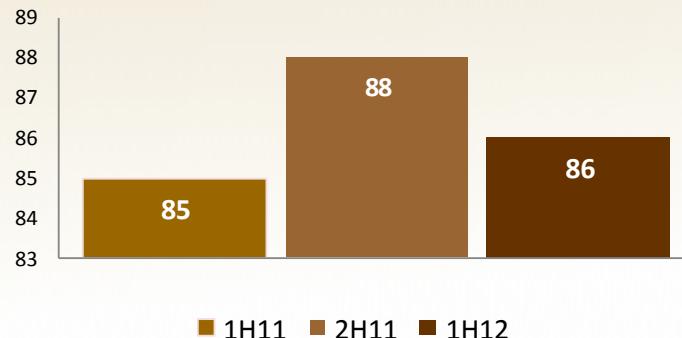
Information: Securities Market Data and Direct Products



Revenue (\$M)



Data Licences*



Commentary

- ▲ Total revenue in 1H12 of \$4.61M, up 2% on pcp
- ▲ Market data licensing and royalty revenue up 1% on pcp
- ▲ Circa 60% of royalty revenue derived in USD;
- ▲ Market data terminals (royalties) were 7,023 at end of 1H12 down 362 terminals on pcp
- ▲ Direct products (i.e. i-Search, CRC, etc) up 3% on pcp

Outlook

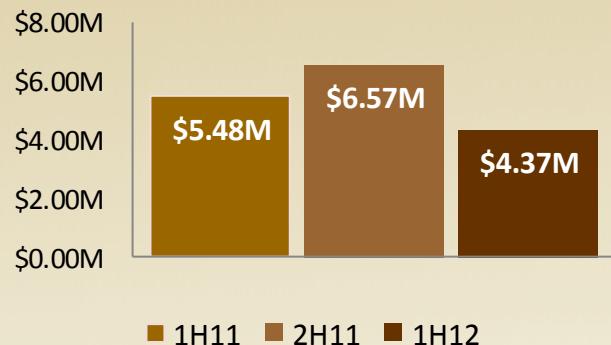
- ▲ NZD:USD cross rate remains a key driver
- ▲ Focused sales efforts in Direct Products lines by dedicated sales resource
- ▲ Expansion into a broader range of issuer services being evaluated

*Real time (primary) and delayed (other) data licenses

Markets: Listings



Revenue (\$M)



Total Capital Raised: Equity + Debt (\$B)



Commentary

- ▲ Total listings revenue down 20% vs 1H11
- ▲ Total capital raised of \$718M down 90% on pcp which included a large capital raising by AMP in 2011
- ▲ Total number of capital raising events down 19% on pcp
- ▲ Q2 significantly softer than 1Q on capital raised; no equity IPO's during 1H

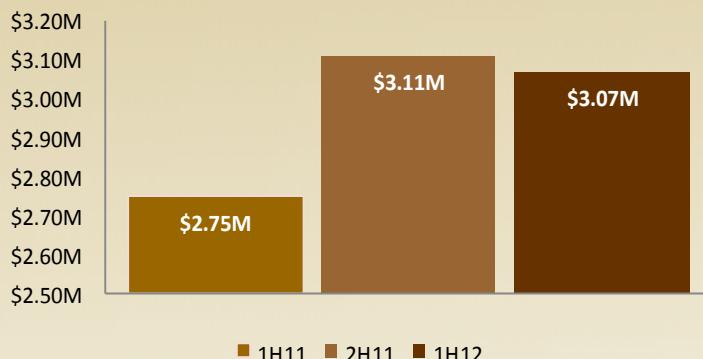
Outlook

- ▲ Potential listing of Mighty River Power and Fonterra Shareholders Fund during Q4
- ▲ Relatively higher value issuance occurs on a seasonal basis during 2H under DRPs, stock plans, etc.
- ▲ Listing fees increased by 3.9% as of 1 July

Markets: Trading (Cash Markets)



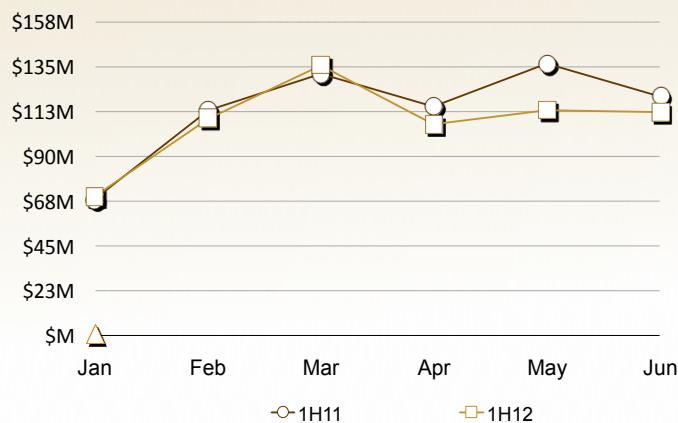
Revenue (\$M)



Commentary

- Trading revenue across cash market up 12% vs 1H11 on stronger equity trading volumes
- Average daily trades at 3,658 up 32% on pcp
- Average daily value at \$108M down 6% on pcp

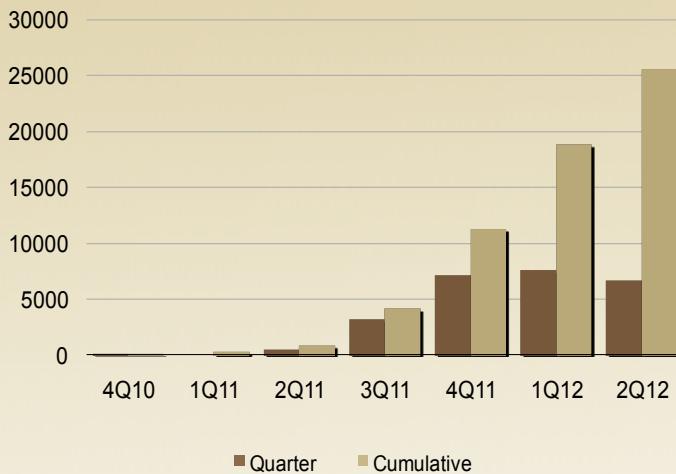
Average Daily Value



Outlook

- Impact of new listings unlikely to contribute to increased liquidity in 2H
- Market Quality review underway
- Launch of equity derivatives planned for Q1 2013

Dairy Futures Lots Traded



Commentary

- Derivatives volumes in 1H12 exceeded volumes during FY11
- Average monthly volume of 2,300 lots versus 1,732 lots in 2H11
- March 2012 was highest volume month to date with 4,475 lots traded; April, May and June remain solid with lots average above 2,000

Outlook

- Continuation of organic growth as additional participants join and new traders enter the market
- Additional information products and analytics tools under development for provision to futures traders
- Launch of equity derivatives planned for Q1 2013

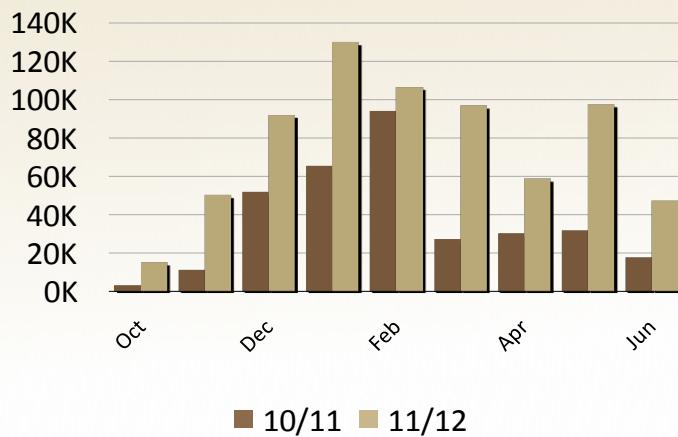
Markets: Spot Commodities (Grain)



Revenue (\$M)



Tonnes Traded Per Month



Commentary

- Strong revenue growth with 1H12 revenue of \$1.2M up 101% on pcp
- Solid growth with 2011/2012 season, season to date volume of 700kt up 100% on pcp
- Total growers who traded during 11/12 season was 1,743 versus 1,483 in pcp

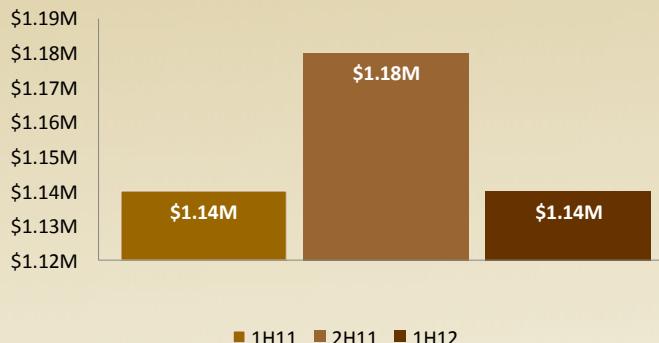
Outlook

- 2012/2013 harvest commences during 4Q
- Business initiatives being undertaken during the off-season (Jul-Sep) include South Australia expansion and trade-to-trade
- Continued increases in participation by growers and buyers

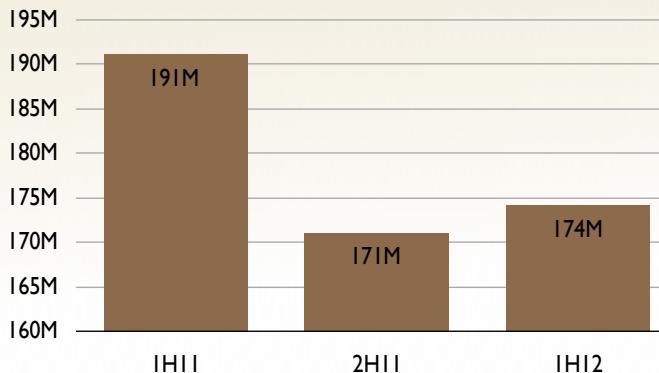
Markets: Smartshares



Revenue (\$M)



Units on Issue - ETFs



Commentary

- Revenue at \$1.14M flat on pcp
- FUM of \$290M in 1H12 vs \$341M in 1H11, a decrease of 15% as a result of a redemption by a wholesale client during 2Q12
- Positive benefits of stock lending continue to grow and flow through in terms of revenue and liquidity benefits for overall market

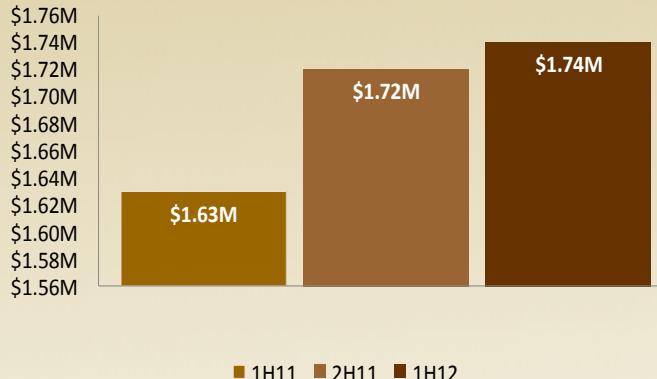
Outlook

- Continuation of upward trend in stock lending income
- Focus on driving growth in FUM and units on issue by targeted marketing to key financial planning firms
- 2H dividends from underlying holdings typically higher providing stronger revenue stream vs 1H

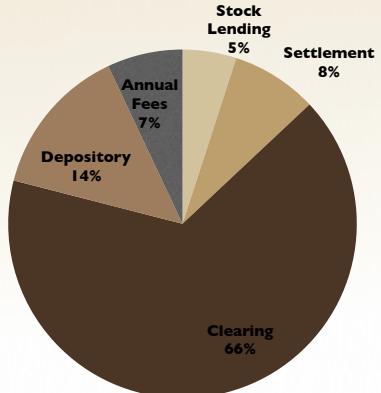
Infrastructure: Securities Clearing



Revenue (\$M)



Clearing House Revenue Split



Commentary

- Securities clearing revenue strong at \$1.74M, a 7% increase on pcp
- Solid growth in depository transactions with 9,505 transactions, up 167% on pcp
- Stock lending of \$1B during 1H12 up 63% on pcp, exceeding expectations and being undertaken for both settlement and strategic purposes

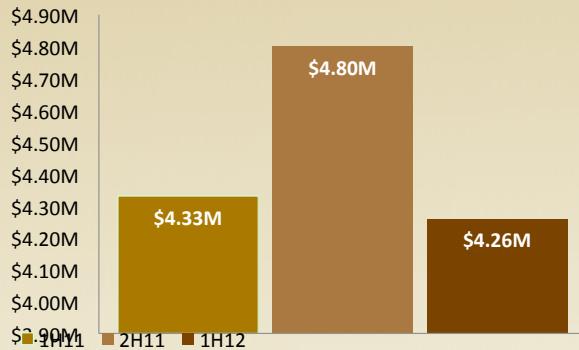
Outlook

- Focus on sales to acquire new depository participants
- Working with custodians and asset managers to increase the amount of stock available for lending
- Fees increased by 3.9% as of 1 July

Infrastructure: Market Operations



Market Operations (\$M)



Commentary

- Revenue was \$4.26M in 1H12 vs \$4.33M in 1H11, a decrease of 2% on pcp
- Revenue per plan despite delay in launch of Financial Transmission Rights
- Development of the Fonterra Farmers Shareholder Market continued

Outlook

- Financial Transmission Rights launch to commence in 2H
- Electricity Authority contracts up for renewal in 2013
- Launch of Fonterra Trading Among Farmers expected in 4Q

Appendix – Capital Structure and Investments

EBITDA (\$M)



Commentary

- Net dividends paid to NZX in 1H12 of \$650K
- Continued strong profit growth in 1H12, with EBITDA up 25% on pcp
- EBITDA approximately corresponds with free cash flow
- Currently held on NZX Balance Sheet at \$2.62M (reducing as preferred shares redeemed)

Link NZ	1H12	1H11	% change
Operating Revenue	\$3.2 m	\$2.8 m	14%
Operating Expenditure	\$2.2 m	\$2.0 m	10%
EBITDA	\$1.0 m	\$0.8 m	25%
EBITDA Margin	31.3%	29.5%	
NPAT	\$0.4 m	\$0.3 m	33%

Outlook

- Continued success in winning IPO mandates
- Potential impact of SOE listings

Balance Sheet and Capital



	30 June 2012 (\$M)	30 June 2011 (\$M)
Assets		
Cash and equivalents	\$28.9	\$26.7
Investment in Markit	-	\$25.9
Goodwill	\$13.6	\$13.2
Other intangible assets	\$32.5	\$36.1
Other assets	\$14.4	\$12.8
Total Assets	\$89.4	\$114.7
Liabilities and Equity		
Trade and other payables	\$21.7	\$20.0
Borrowings	\$13.9	\$7.5
Other liabilities	\$3.7	\$2.5
Total Liabilities	\$39.3	\$30.0
Equity	\$50.1	\$84.7
Total Liabilities and Equity	\$89.4	\$114.7

Commentary

- ▲ Reduction in shareholders equity due to \$34.4M capital return during 1H12
- ▲ \$14.1M of cash and equivalents is held of behalf
- ▲ Depreciation and amortisation of \$3.2M
- ▲ At June 30 total ordinary shares on issue was 255,756,483 following the cancellation of 1 in every 10 shares and the share split of 4 new shares for every 3 shares held

Outlook

- ▲ Depreciation and amortisation of circa \$3.2M expected for 2H
- ▲ FY12 staff capitalisation likely circa \$700K reflecting lower level of projects
- ▲ Borrowings reduced to under \$6.0M today reflecting strong cashflows since 30 June

Share Capital



	30 June 2012	30 June 2011*
Fully paid ordinary shares		
General	253,446,854	120,438,972
Former CEO related shares (Unallocated – Treasury)	309,629	-
CEO share scheme	-	907,082
Total fully paid ordinary shares	253,756,483	121,346,054
Restricted & Employee		
Employees (Team & Results)	1,273,131	997,694
Country-Wide Publishing	283,677	270,167
Total restricted shares	1,556,808	1,267,861
Total Issued Capital	255,313,291	122,613,915

*30 June 2011 unadjusted for capital reconstruction effected 25 May 2012

Investor Information



- Quarterly dividend of 1.25 cents per share fully imputed declared
- Record date 31 August 2012 and Payment date 14 September 2012
- NZX Full Financial Reports available for download from:

<http://www.nzxgroup.com/documents>

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