



NZX LIMITED

FY2020 Results

Dear Shareholder,

On behalf of the NZX Board, I am pleased to share with you our 2020 Annual Report and Financial Results, which were released today and are available to read online [here](#).

Highlights for the year ended 31 December 2020:

- Operating earnings of \$34.4m, up 9.7%
- Record trading levels, with value traded \$53.7b, up 41.8%
- Revenue growth across Capital Markets, Smartshares, NZX Wealth Technologies
- Net profit after tax (NPAT) was \$17.6m, up 20.1%
- FY2021 operating earnings guidance range \$31.5m to \$35.5m

The extraordinary year provided the opportunity for New Zealand's capital markets to demonstrate resilience and provide essential capital funding for businesses in need. We have reported encouraging earnings growth.

The S&P/NZX 50 (Gross) finished the year at 13,092 – up a further 14% on the substantial lift the previous year. The total market capitalisation of all NZX-listed securities across equity, fixed income and fund asset classes now exceeds \$233 billion and sits at 76.6% of New Zealand GDP.

What has been most pleasing is the repositioning of NZX and our strategic direction under Mark Peterson's leadership. This has been recognised by the market with strong appreciation in the NZX share price, and a total shareholder return (TSR) of 50.3% for the year ended 31 December 2020.

I want to thank our shareholders for their patience and support during the early stages of repositioning the company. This has been a year of record activity in our market, and the environment has supported the growth in NZX's operating earnings to a new high of \$34.4 million, slightly above our guidance range.

Revenue growth came from across our three main business areas – Capital Markets with securities trading and clearing revenues up strongly, along with listing and data revenues. Smartshares has also achieved solid growth, with Funds Under Management at year-end of more than \$5 billion, up 28%, and – with the successful onboarding of new clients – NZX Wealth Technologies' Funds Under Administration reached more than \$7 billion. Higher costs in 2020 were driven by increased spend in technology, alongside investing in people and capability to support the growth and sales opportunities that are being created.

Continued growth in FY2020 has provided a strong base for FY2021, with operating earnings expected to be in the range of \$31.5 million to \$35.5 million.

Your Board has declared a final dividend of 3.1 cents per share (to be paid on 26 March 2021), taking the FY2020 dividend to 6.1 cents per share, fully imputed.

Note the change to the payment of dividends by direct credit only, if you haven't already, please check that your bank account details are up to date.

In 2020 we have also taken some very important steps towards our long-term goal of becoming a more vibrant and diverse participant in New Zealand's capital markets ecosystem.

STRATEGIC PARTNERSHIPS


This includes maintaining impetus on a global strategy to secure partnerships that offer complementary capabilities and strengths. The formation of a potential global partnership with Singapore Exchange (SGX) to grow NZX's dairy derivatives market has the potential to be an important development for NZX and the wider dairy sector. NZX is also continuing to work in partnership with the European Energy Exchange (EEX) to develop the managed auction service for the New Zealand Emissions Trading Scheme (NZ ETS) – one of the Government's main tools for meeting domestic and international climate policy targets.

FY2021 EARNINGS GUIDANCE

Our momentum continues. NZX expects full year 2021 operating earnings to be in the range of \$31.5 million to \$35.5 million, with guidance subject to market outcomes, particularly with respect to market capitalisation, total capital raised, secondary market value and derivatives volumes traded, funds under management and administration growth and technology costs.

Additionally, this guidance assumes no material adverse events, significant one-off expenses, major accounting adjustments, other unforeseeable circumstances, or future acquisitions or divestments.

Finally, a special thanks to my Board for the immense workload you have shouldered through this year. I want to also pay tribute to our team at NZX, and our CEO Mark Peterson for how he has genuinely cared for our people through these challenging and uncertain times.



James Miller

CHAIR