



NZX Investor Day

2 December 2020

Today's Agenda

Welcome & Strategy Overview

9.30am



Capital Markets 2029

9.55am

Issuer Relationships

10.05am

Secondary Markets

10.25am

Environment and Energy

10.45am

Dairy Derivatives

10.55am

Morning Tea

11.15am

Data and Insights

11.30am



Smartshares

11.50am

Wealth Technologies

12.10pm

Key Performance Indicators

12.30pm

Close & Lunch

1.00pm

Important notice

This investor presentation should be read in conjunction with the financial statements in the 2020 interim report, which provides additional information on many areas covered in this presentation.

This presentation contains forward looking information, statements and targets. These reflect our current assumptions, which are subject to market outcomes, particularly with respect to market capitalisation, total capital raised, secondary market value and derivatives volumes traded, and funds under management and administration growth.

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

Actual outcomes could be materially different. We give no warranty or representation as to our future performance (financial or otherwise) or any future matter. Except as required by law or NZX listing rules, we are not obliged to update this presentation after its release.

We are doing what we said we would.... delivering a growth business

NEW ZEALAND'S EXCHANGE

2018

Removed Blockages



- Sold the non core businesses
- Enabled liquidity growth through pricing and policy changes, alongside trading functionality
- Rebuilding of our customer relationships
- Technology projects completed - clearing & settlement upgrades, data centre and telecoms infrastructure. Further work identified and advanced
- Built our international profile through partnership development
- De-risked the balance sheet through issuing the sub note and implementing the derivatives mutualised default fund

2019

Delivered Results and Proof Points



- Capital raised – \$18.7b (up 95.7% on 2018)
- On market liquidity – 54.3% (up 5.3%)
- Data revenue – (up 17.7%)
- Dairy derivatives lots traded – 359k (up 3.8%)
- Smartshares FUM – \$3.97b (up 36% on 2018)
- Wealth Technologies – \$2.3b (up 15.6% on 2018)
- Staff engagement – Gallup Survey result 4.15 (the 7th successive lift) with 94% participation

2020

Growing Our Market



- Growth in issuance and IPO's
- Growth in liquidity
- Growth in participation
- Delivery of partnerships for growth – Dairy and Carbon
- Refined strategy
- Driving towards more mature and transformed capability

The environment in which we operate supports growth and the NZX strategic direction

Shifting dynamics support growth in NZX issuance

The current economic environment has highlighted the value of the public markets, **access to capital is in high demand** to shore up balance sheets and for growth – **public markets and the capital they provide** have a critical role in assisting the **rebuilding** of the New Zealand economy and creating **greater prosperity** for everyone

Global markets and partnerships set the scene for future growth opportunities

Expansion in areas of **dairy and carbon** support new essential markets for the New Zealand economy globally, **partnerships** with global players enhance NZX's position as a leading player in these markets and **greatly enhances capability and speed to market**

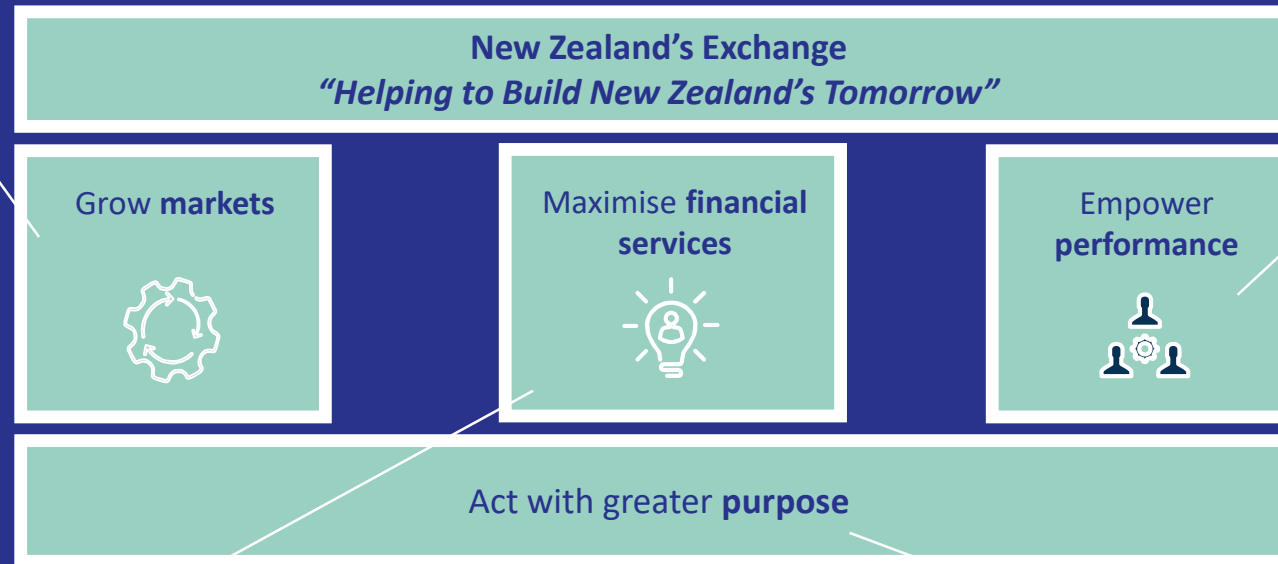
Capital flows will help drive markets growth

Net inflows increasing and expected to keep growing, **NZX footprint in financial services market helps drive market development** and future revenue generation from both funds management and technology services



The heart of our strategy remains the same

Grow Markets – The previously named ‘**Refocus Core**’ and ‘**Grow Opportunities**’ are consolidated under ‘**Grow Markets**’ with particular focus on driving listings, leveraging the New Zealand advantage

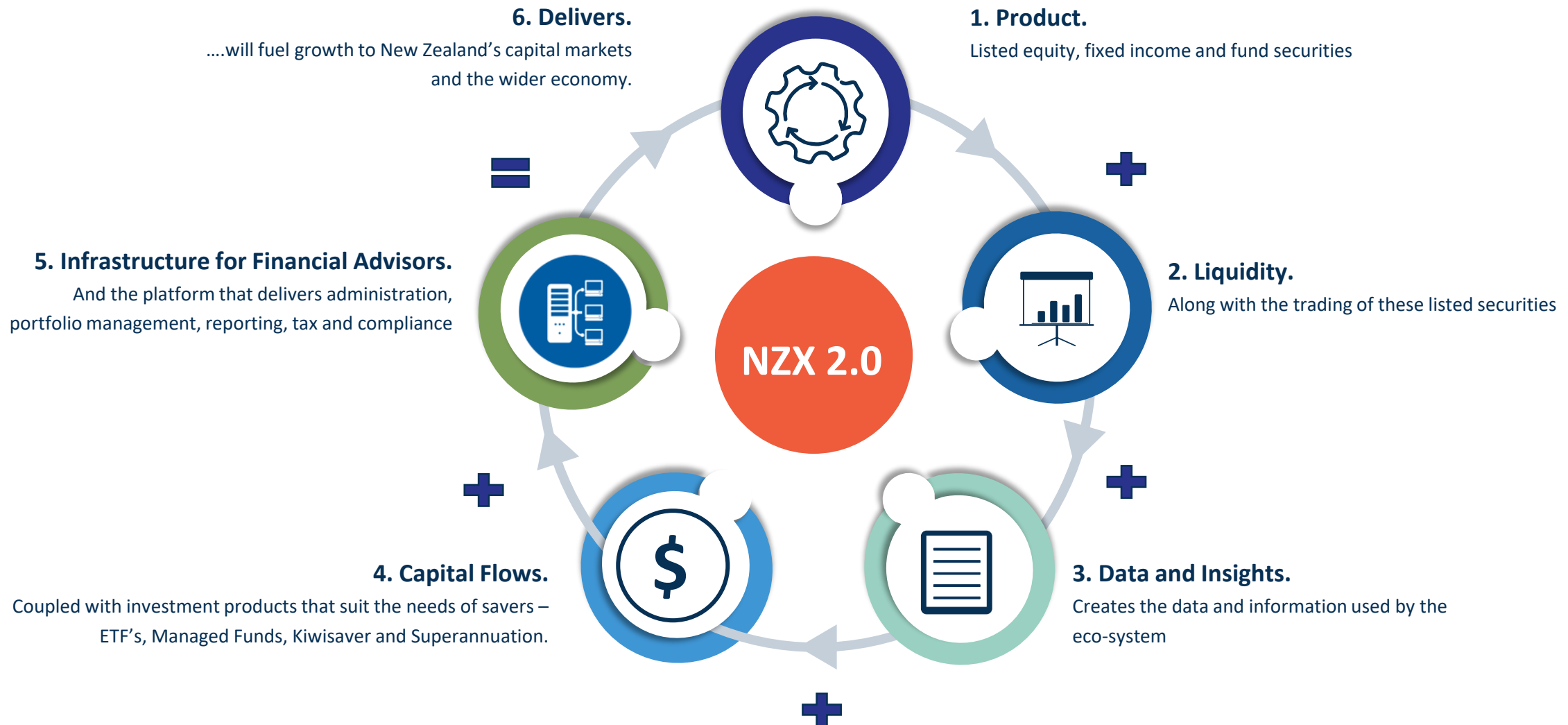


Empower Performance – ensuring the right technical and people capabilities creating efficiencies in execution and innovation to drive growth

Maximise Financial Services previously named ‘Maximise Options’, to deliver super-normal growth and sustain the business in the long term

“By combining the needs of our customers, with innovation and modern technology we build enduring markets to deliver capital pathways, investment opportunities and economic success for New Zealand”

However, NZX is building an integrated business to support the growth of NZ capital markets



Clear business priorities for 2021 support growth across the board

We will focus on **growing markets**, with the near term primary focus being on gaining new equity listings

We will focus on all markets but in the near term the primary focus in this highly competitive environment will be **Driving New Listings and Participation** through growth of all markets

We will **maximise financial services** through driving execution and operating earnings

A continued focus on **growing Wealth Technologies FUA** and **operating earnings** net of CAPEX and **driving Smartshares FUM and operating earnings**

We will **empower performance** through operational excellence, advanced capability, innovative delivery and risk reduction

Ensuring excellence in **operational basics**, excellence is achieved with the right capabilities which will drive efficiencies and support growth ambitions

Our maturing, growth business requires the right building blocks to empower performance



Empowering our performance will be supported by initiatives emerging from the EY review

NZX experienced unprecedented secondary trading volume uplift during March/April (daily trading levels up almost 400% on 2019 highs) which caused some stress on parts of the market infrastructure. As a result, the NZX Board commissioned an independent report to look into the issues and look for the lessons from the experience. EY completed the report and their findings cover the themes of:

- Governance
- Wider market collaboration and engagement
- Future technology requirements and architecture
- Technical hygiene
- Communication

NZX has committed to deliver a series of recommendations within these themes

Further structural changes strengthens our regulatory model and our alignment to global best practice



Regulatory model review

NZX is finalising implementation of its revised regulatory operating and governance model, due to be delivered in December 2020.

NZ RegCo design

NZ RegCo will be:

- Structurally separate from NZX's commercial and operational activities
- Governed by a separate board, with an independent Chair (and the majority of members independent of the NZX Group)
- Targeting to operate on a cost-neutral basis.

NZX Board focus

Enables the NZX Board increased capacity to focus on NZX's commercial mandate and initiatives, to deliver shareholder value.

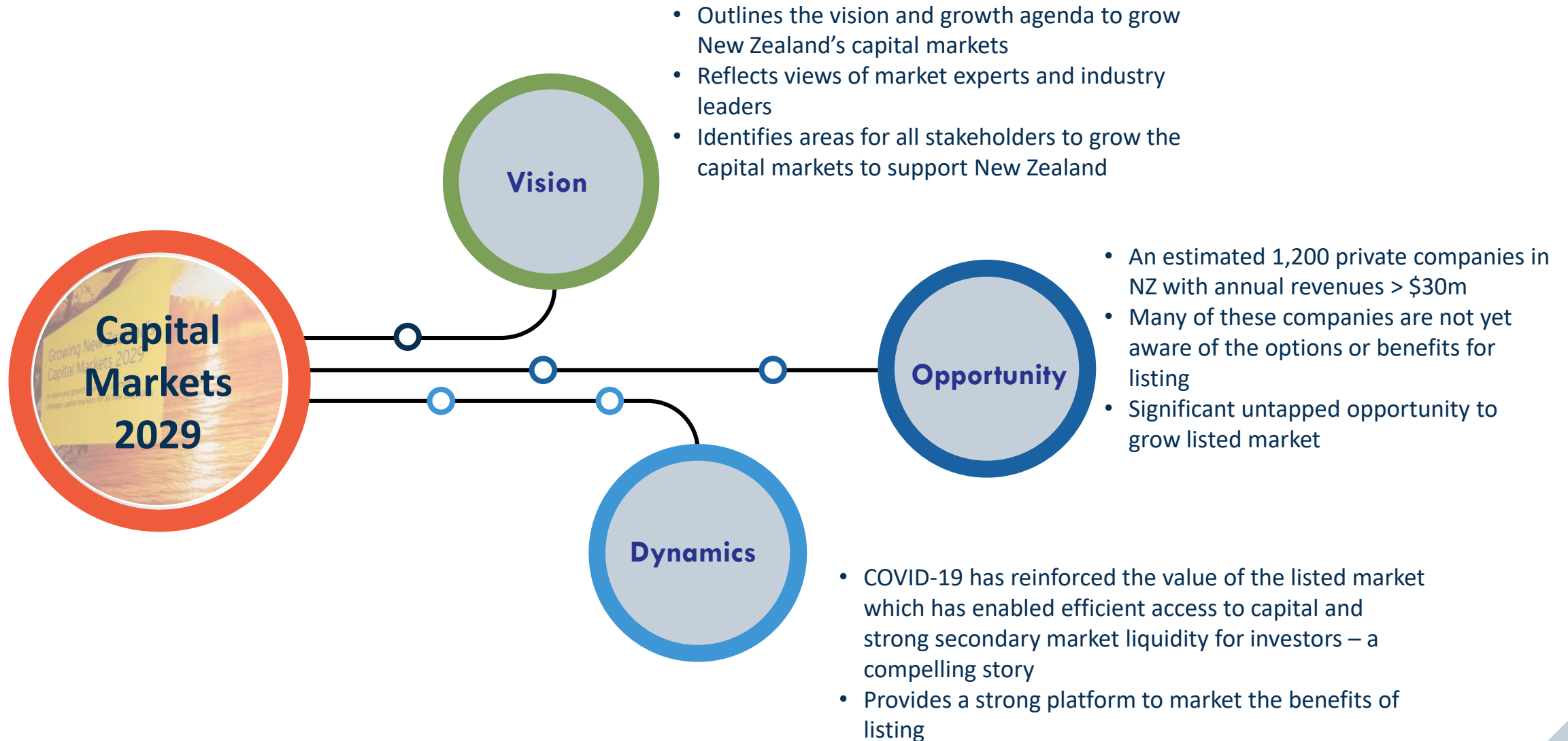
People

NZ RegCo Establishment Board led by Trevor Janes (Chair), with Elaine Campbell, Annabel Cotton, John Hawkins and Michael Heron QC. NZ RegCo CEO is Joost van Amelsfort.

Capital Markets 2029 – Update

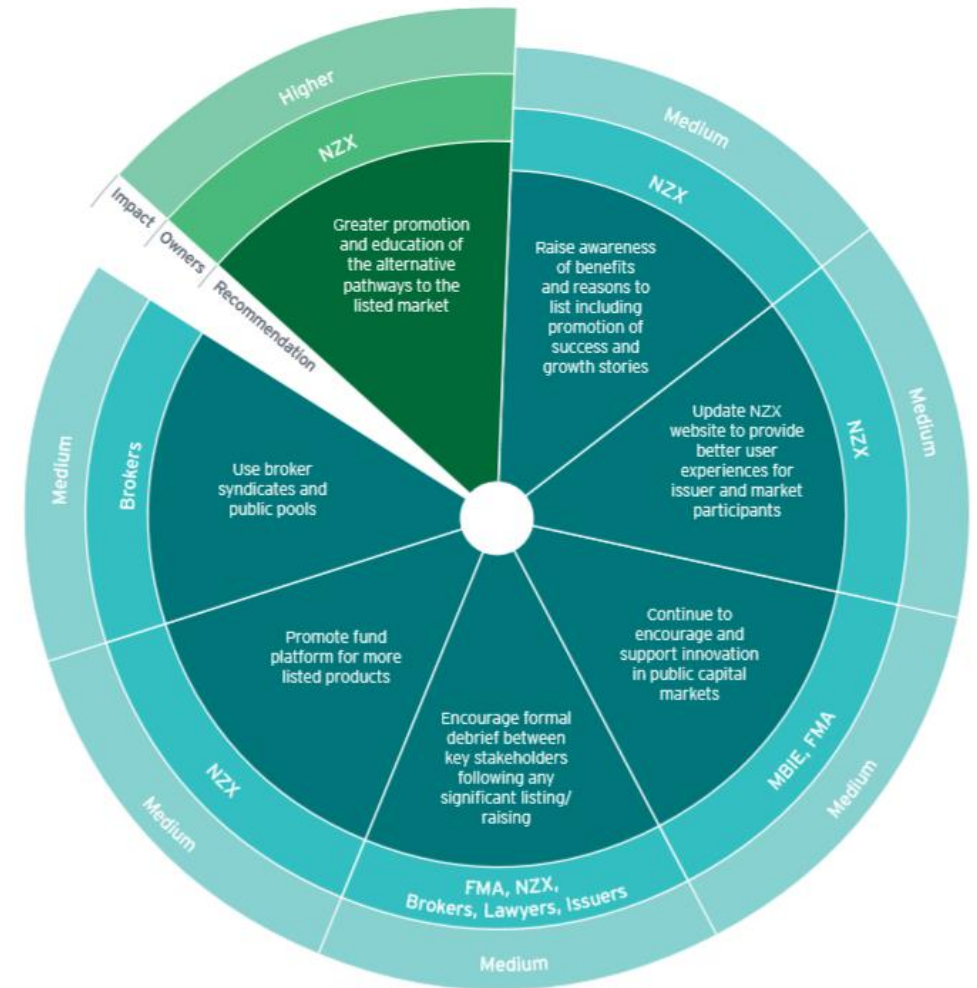


CM2029 sets the scene for growing our capital markets

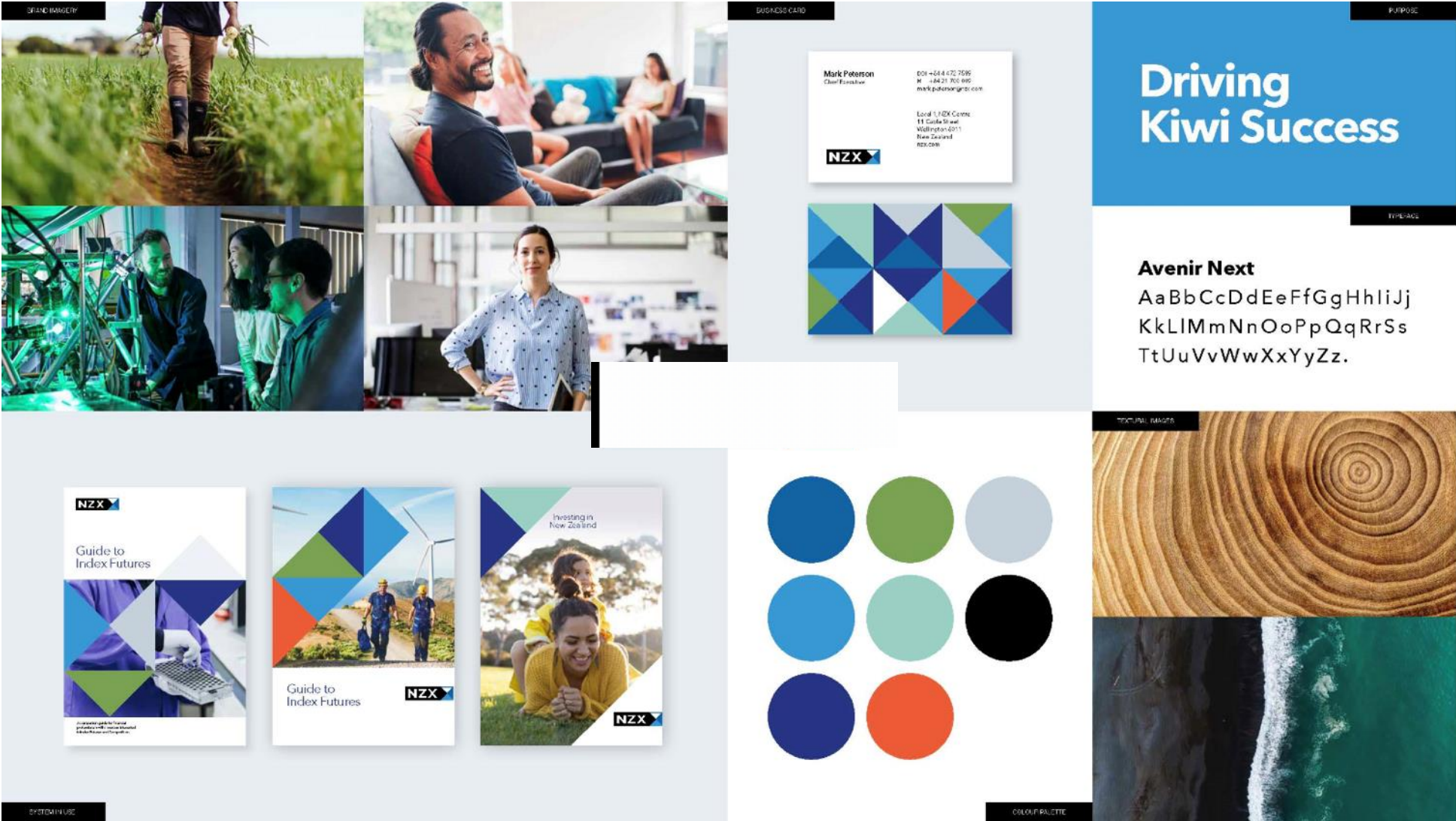


Marketing is a focus area for NZX and will help drive the sales pipeline

- Capital Markets 2029 recommended NZX increase its marketing efforts to **capture the significant opportunity**
- Our recent focus has been on removing blockages to growth. **New marketing efforts will support sales activity: this has been a missing piece**
- We will focus on:
 - **Building brand presence**
 - **Strong physical presence with a new Auckland office**
 - **Update nzx.com to support retail participation**
 - **Increased activity via sponsorships and industry events**
 - **Targeted marketing: social media and advertising**
- New activity has the twin benefit of offering support to new listings and **promoting the benefits of listing more broadly**
- **Promoting Direct Listings a high priority**: expected to be a popular pathway. Recent Listing Rule changes removes the requirement for Prospective Financial Information (PFI)



Our marketing starts with a well defined brand



Showcasing our issuers: Harmoney



Issuer Relationships



Markets have been delivering strong outcomes during 2020 with the most new listings since 2014

CAPITAL RAISED (NZ\$)

13.8 billion

Total capital raised

4.6 billion

Debt issuance raised

LISTINGS

2 IPOs

With 1 more scheduled for late December



1 foreign exempt

Scheduled for mid-December

1 direct

Scheduled for mid-December

3 reverse



1 new debt issuer

With two more scheduled for late December



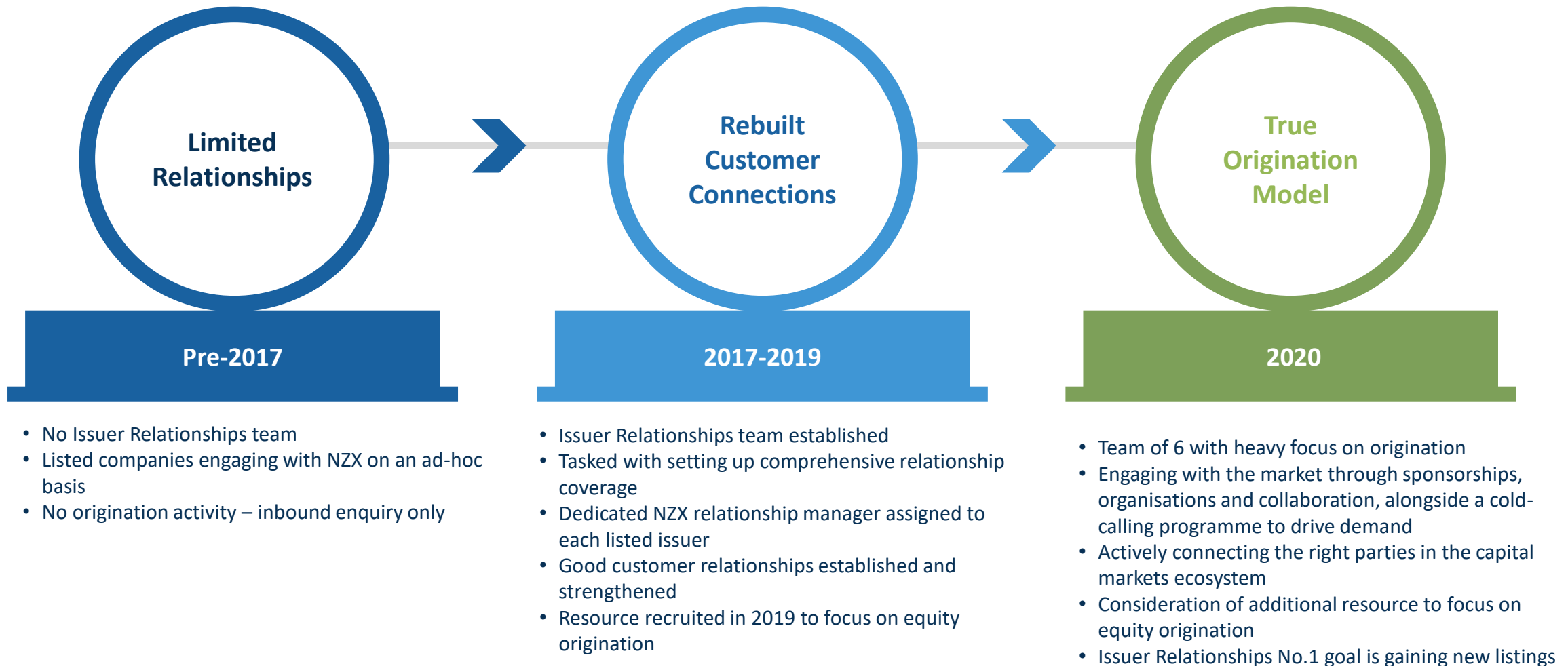
4 new ETF



Source: NZX October 2020 Shareholder Metrics

Growth is being driven by a greater focus on origination

TRANSFORMATION OF EXISTING RELATIONSHIPS, PROSPECTING AND CONVERSION SINCE 2017



The new origination model is reaching prospects previously untouched

We have identified a prospects list of over 1,200 companies that could be potential listing candidates



The removal of barriers has also widened the pathways for more companies to list

01 – IPO Primary

Provides solutions for a full range of companies looking to list and NZX has implemented a research solution provided by Smartkarma to support all listed companies particularly small caps

02 – Direct Listing

Prospective Financial Information (PFI) for direct listings has been removed – **a game changer for the listings market, expanding deal teams actively bringing companies to market**
We expect direct listings to be the route of choice for many companies such as family owned or tightly held, also those re-assessing capital structures where there is a strong focus on access to capital
Direct listings have seen significant success globally

03 – Foreign Exempt

Templated disclosure has been introduced for Foreign Exempt listings. We expect this pathway to be popular for companies with a strong presence in New Zealand, as well as those who may look to raise money in the New Zealand retail bond market

Rule changes for direct listings expected to drive companies coming to market

Actively marketing the benefits of listing and working with the ecosystem to achieve results

LEGAL



CAPITAL & ADVISERS



NZX BROKERS WITH DISTRIBUTION NETWORKS



NETWORKS



We are working with the entire capital markets community (advisers, brokers, distribution networks, lawyers, commercial banks and sponsorship networks) to solve issues and allow deals to progress. The work we are doing is really encouraging people across the market to work together to lift activity

We remain keenly focused on supporting existing NZX issuers

Strong digital engagement strategy:

- **Retail investor webinars** - attendance has dramatically increased with 630+ investors registered for the latest webinar
- **Prioritising issuers with low retail liquidity** as webinar participants
- **“Issuer Spotlight Series”** and creation of video content for new listings
- **Partnering in webinars** for high net worth US investors seeking New Zealand visas (latest company participants EROAD, Pushpay and Serko)

Research solution provided by Smartkarma:

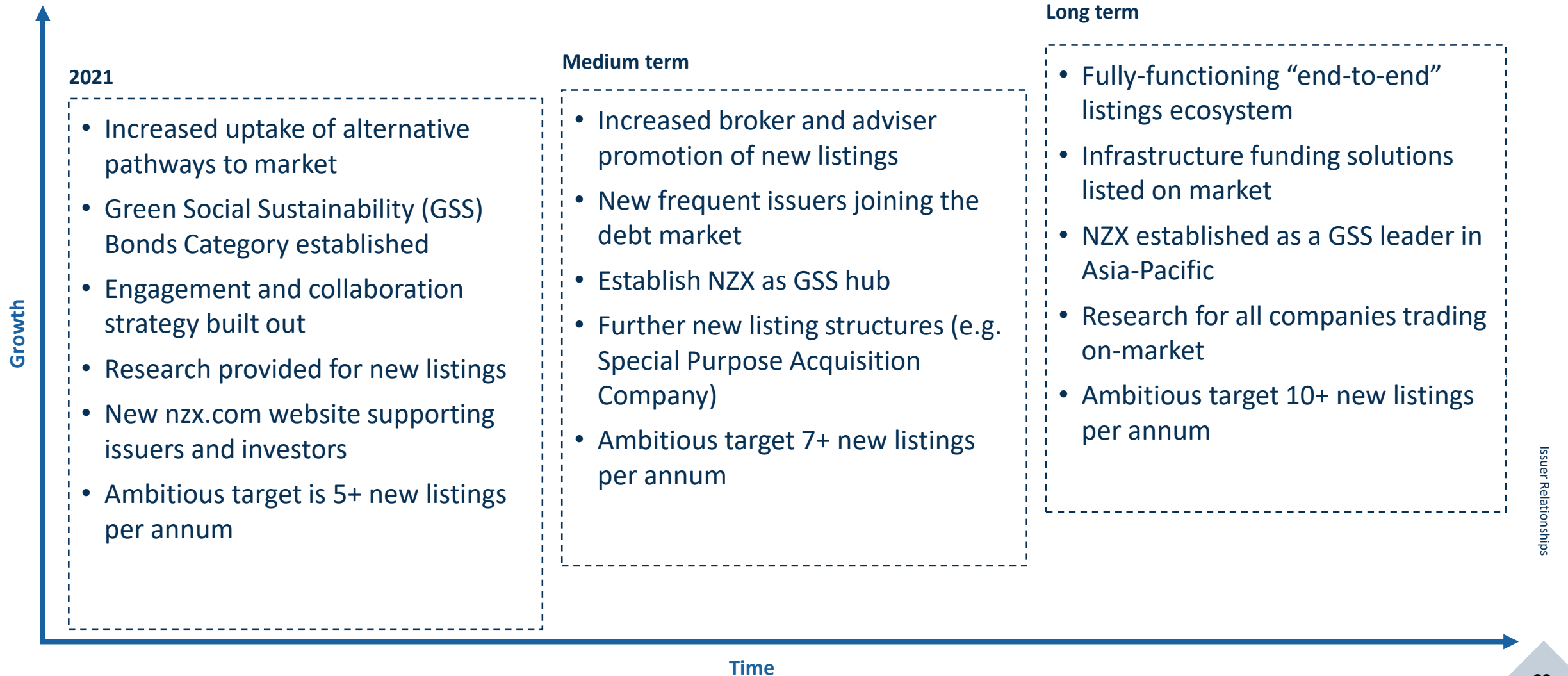
- The Smartkarma research platform is based in Singapore
- It runs a contract model with analysts who have 8+ years of experience with global investment banks
- Research analysts are sector matched to the listing candidate
- **Initiation reports, half and full year updates and material event updates will be provided**
- They will be distributed to retail investor networks

“MHM Automation presented at an NZX Retail Investor Forum in September. Companies of our scale can find it difficult to get our story out to investors given we are not covered by equity research analysts. The NZX Retail Investor Forum provided a great platform for us to tell our story. We had over 200 people attend the online presentation and were really happy with the number of questions and comments that were sent through afterwards. In the days and weeks following we saw increased liquidity in our stock which was a great result. We thank the NZX for their commitment to assisting smaller cap companies”



Richard Rookes
CEO
MHM Automation

Vision and Objectives: Drive new listings and grow market cap



Secondary Markets



Significant progress since 2017, positioned for delivery through 2021 and beyond



44.7 billion

YTD Oct total traded value +43.6% YoY



New Participants

2 Cash Trading, Clearing & Depository
2 Depository



62.5

YTD Oct on-market traded value
FY2017 = 40% (+55%)



27.9 billion

YTD Oct on-market traded value
FY2017 = \$17.4b (+56%)



4.2 billion

Depository assets under custody - Oct 20
FY2017 = \$494m (+850%)



72 thousand

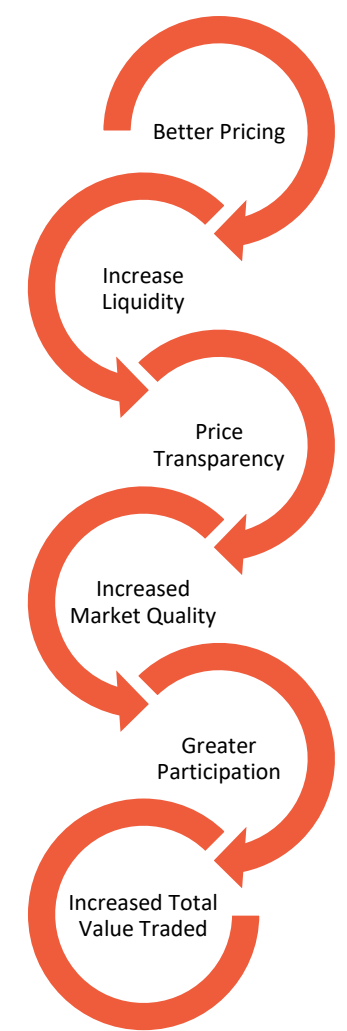
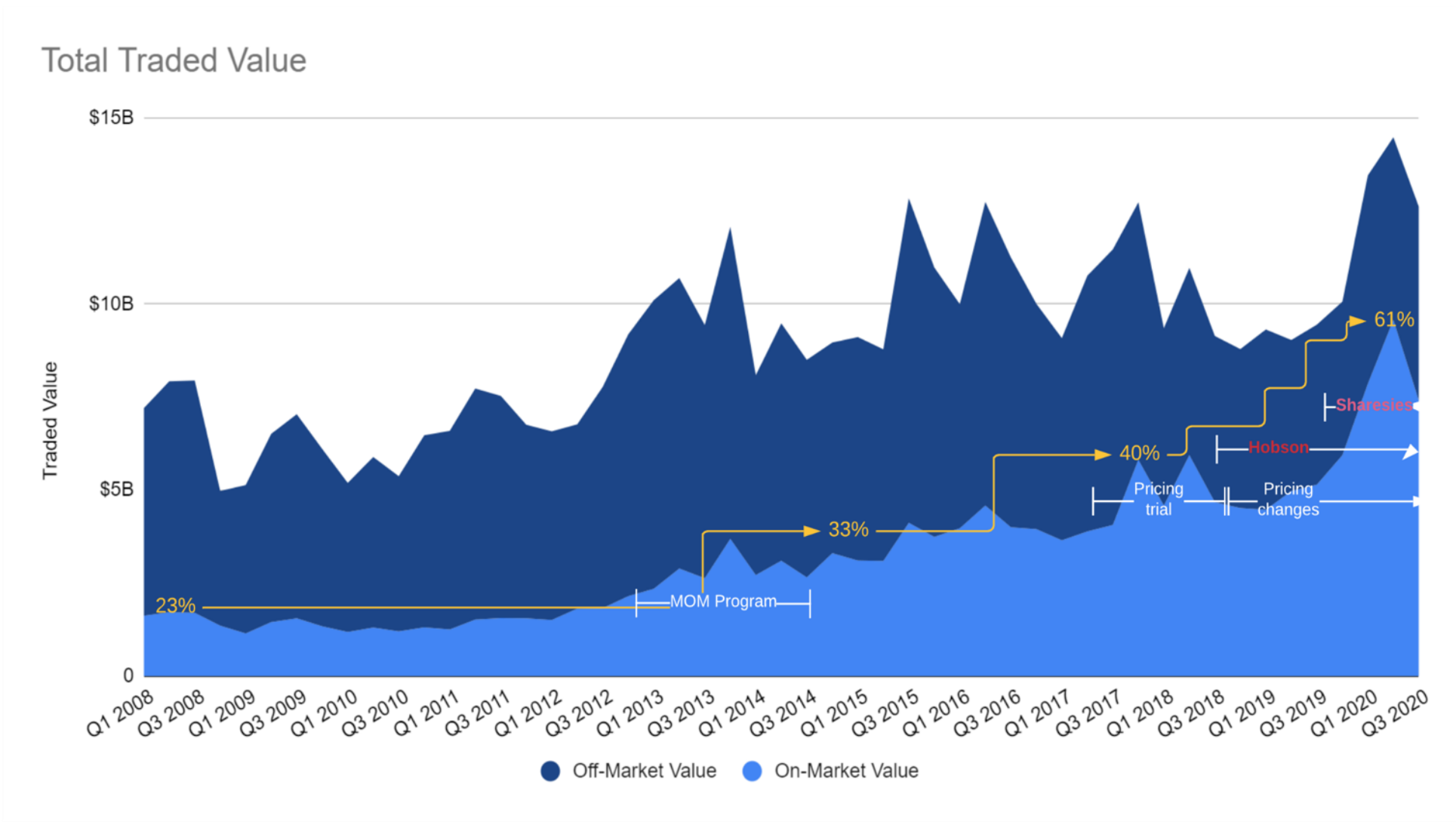
Depository transactions - Oct 20
FY2017 = 28k (+259%)

Delivery against all key elements is driving success

- New trading and clearing Participants
- Increased access through Point of Presence for Direct Market Access connectivity
- Ongoing engagement with international trading desks and buy-side businesses
- Record retail participation in the market
- Record on-market liquidity
- Active engagement with Third-Party Clearer for implementation in 2021 and new Central Securities Depository (CSD) Participants
- Trading System Upgrade expected to be delivered Q1 2021, with launch of NZX DARK, NZX's exchange based dark pool, and Self Match Prevention to follow in Q2 2021



2020 has delivered a step change in market value and distribution



Secondary Markets

2021 will heavily focus on driving participation and increasing market access...

We already have a running start:

“BNP Paribas is a leading Third Party Clearer (TPC) in Asia Pacific, with a number of clients using our services in Hong Kong, Singapore and Australia.

In line with our commitment to the ongoing development of New Zealand’s capital markets, we are pleased to bring our technical expertise in this area to become a clearing participant for the NZX equities market.

In 2021, we plan to bring our innovative TPC model to New Zealand to serve our regional and global clients’ growth objectives as they consider more cost effective ways to access the New Zealand market.”

Luc Renard - Head of Financial Intermediaries and Digital Transformation – Asia Pacific, BNP Paribas Securities Services

2021 Objectives:

- Pursue a General Clearing Participant (GCP) to unlock offshore remote broker Participation, driving greater liquidity and traded value
- Continue to drive Depository growth to increase efficiencies of the New Zealand market and capture last leg of securities settlement value chain
- Continue to reduce barriers and movement towards global standards for largest possible access to post-COVID growth story for NZX and New Zealand’s capital markets

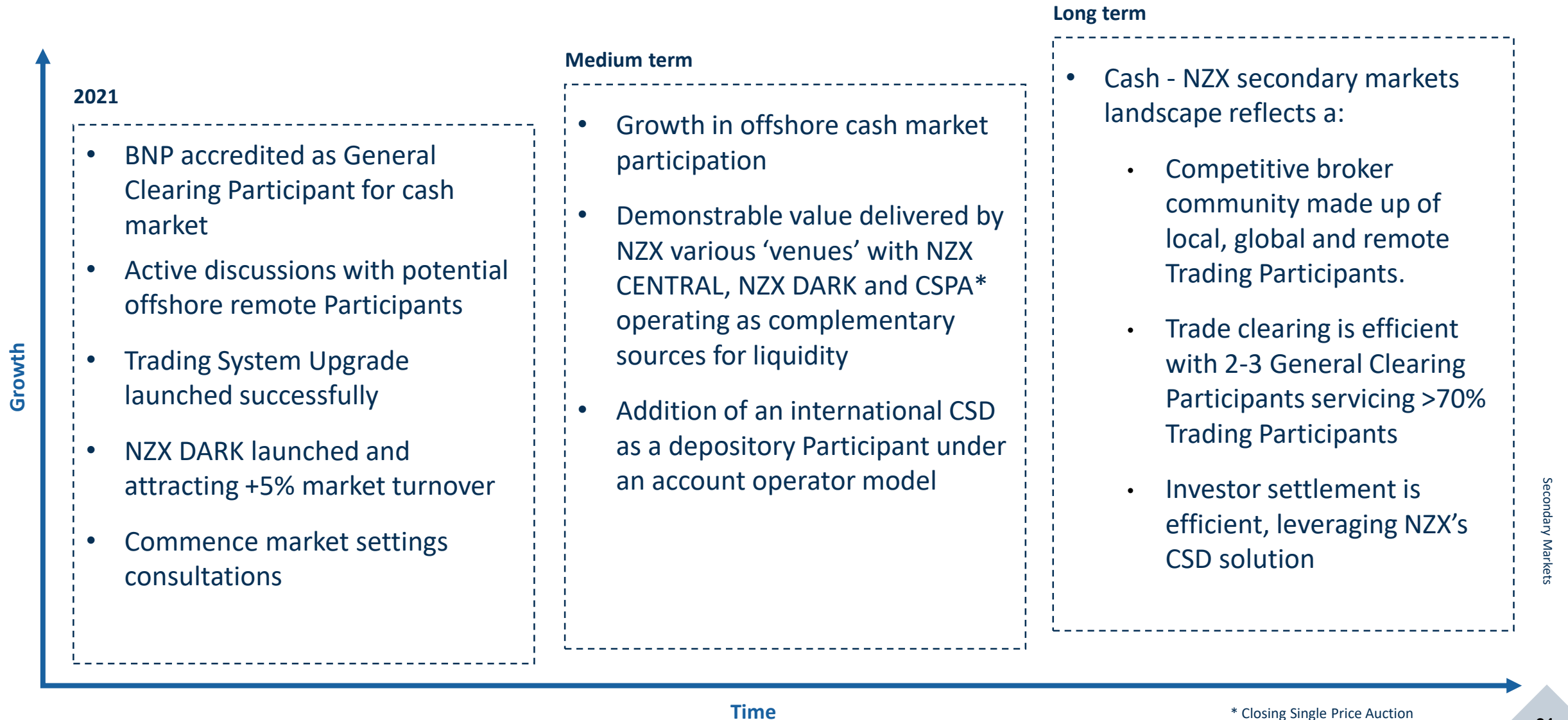
...and on optimising market structure and delivering improved functionality and efficiencies

Optimising trading tools and ensuring efficient regulation	Driving further post trade efficiencies	Aligning with to global best practice for NZX Clearing
<ul style="list-style-type: none">• Delivering Trading System Upgrade - Q1• Drive adoption of NZX DARK, and Self Match Prevention – Q2• Consult with marketplace settings to ensure NZX's markets reflect a 2021 environment and beyond. Includes crossings, price setting trades and order types	<ul style="list-style-type: none">• Scalable and stable technology supporting transaction growth• Go-live with third party clearer - ready to support new Trading Participants• Increased Depository usage and Participation to drive lower cost and more efficient settlement for market and greater revenue capture for NZX's CSD	<ul style="list-style-type: none">• Conclude second consultation on NZX Clearing's recovery and wind-down planning - implement• Working with regulators for the implementation of the Financial Market Infrastructures (FMI) Bill requirements• Achieving enhanced automation of corporate action processing and cash movements to increase efficiency and decrease risk

What further success looks like in 2021

Objectives		Potential Revenue
Liquidity	<p>\$45 billion in traded value</p> <p>67% trading on-market</p> <p>NZX DARK concentrating liquidity to NZX, converting at least 5% current off-market activity</p>	Trading and Clearing fees
Participation	Strong progress towards at least one new offshore Trading Participant	Annual participant fees, incremental additional trading and clearing fees
	One General Clearing Participant	Annual fees, clearing revenue from new Trading Participants and Stock Lending and Borrowing revenue
	Two active depository participants/clients	Depository Over The Counter settlement fees
Trading Tools	Broaden trading tools suite: design for market expanding tools completed, trading system project on track for Q2 2020	New revenue for fees relating to style, venue and type of trading

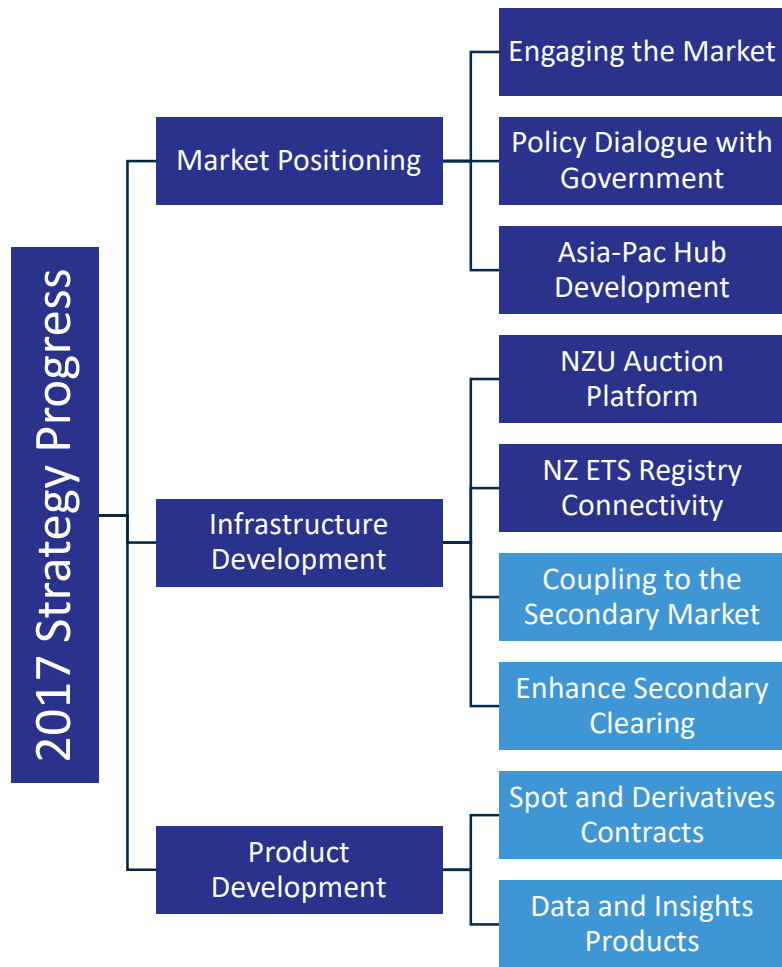
Vision and Objectives: Drive trading and expand clearing



Secondary Markets – Environment and Energy



We are delivering on the strategic objectives laid out in 2017...



Partnerships are vital to global ambitions and enhancing capability

- Cooperation Agreement with European Energy Exchange (EEX)
- EEX is a fast growing exchange
 - Strong in Europe and North American emissions markets
- Successful joint bid to implement and operate NZU Auctions
- Commercialised our exchange relationships
- Assist in bringing liquidity and connectivity to NZ market
- Exploring new opportunities for environmental markets/products in the Asia-Pac regions

“Carbon pricing is one the most effective ways to reduce emissions.

I am confident that the combined synergies and unparalleled experience of NZX and EEX will add a new dimension to the NZ ETS and auctioning will help bring carbon costs into the mainstream of NZ business and the economy.”

Peter Reitz, EEX’s Chief Executive Officer



Positioning in the environment and energy markets offers pathways to future opportunities...

The Electricity Authority (EA) contracts provide the platform for opportunities:

Electricity market operator since 1996 and are midway through current 8 year contract term

We have successfully delivered Market Operator Service Provider (MOSP) enhancement program of work

We are a trusted advisor to EA and participants

We support EA market development initiatives

- Wind offer arrangements
- Real time pricing implementation

Environment:

Appointed to operate NZU Auctions

Opportunity to align primary and secondary markets

Build out derivatives product set

Support NZ's objectives to decarbonise

Energy:

Well positioned to capitalize and support the energy sector's transitional strategic themes:

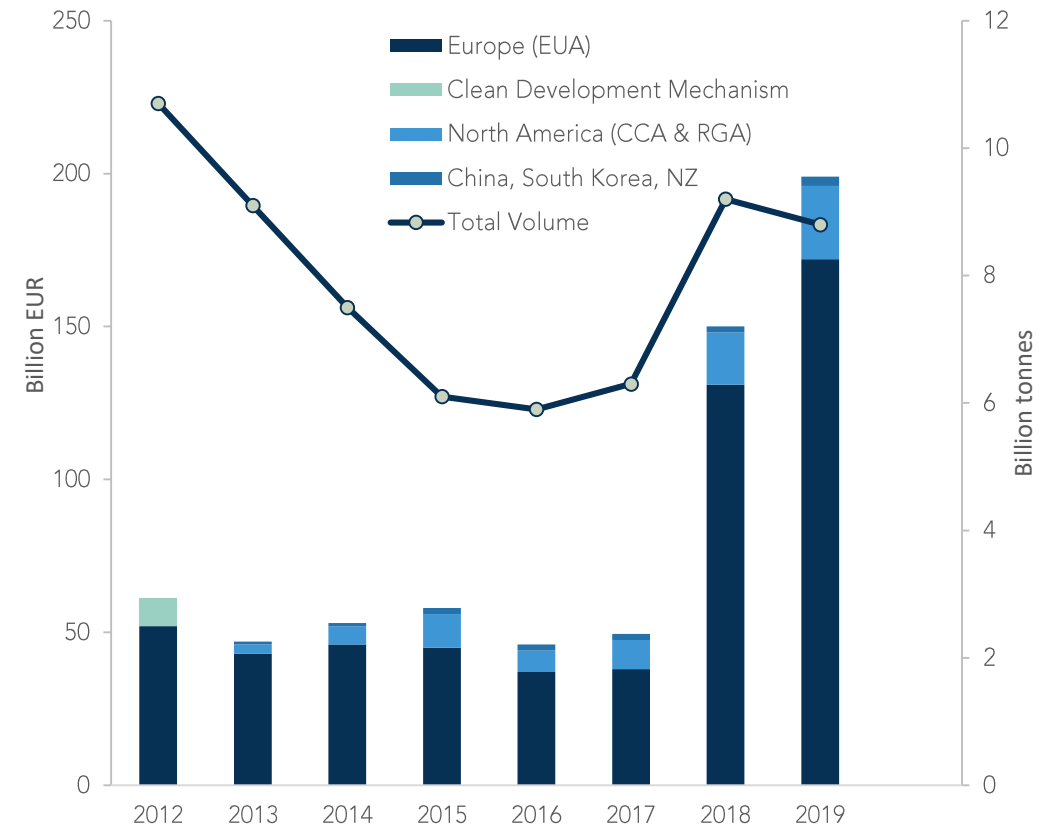
- Decarbonisation
- Digitisation
- Decentralisation

Those opportunities are enhanced by a growing global market place

Consumer sentiment for environmentally conscious goods and services is driving governments and business to reduce/offset emissions and create structures whereby:

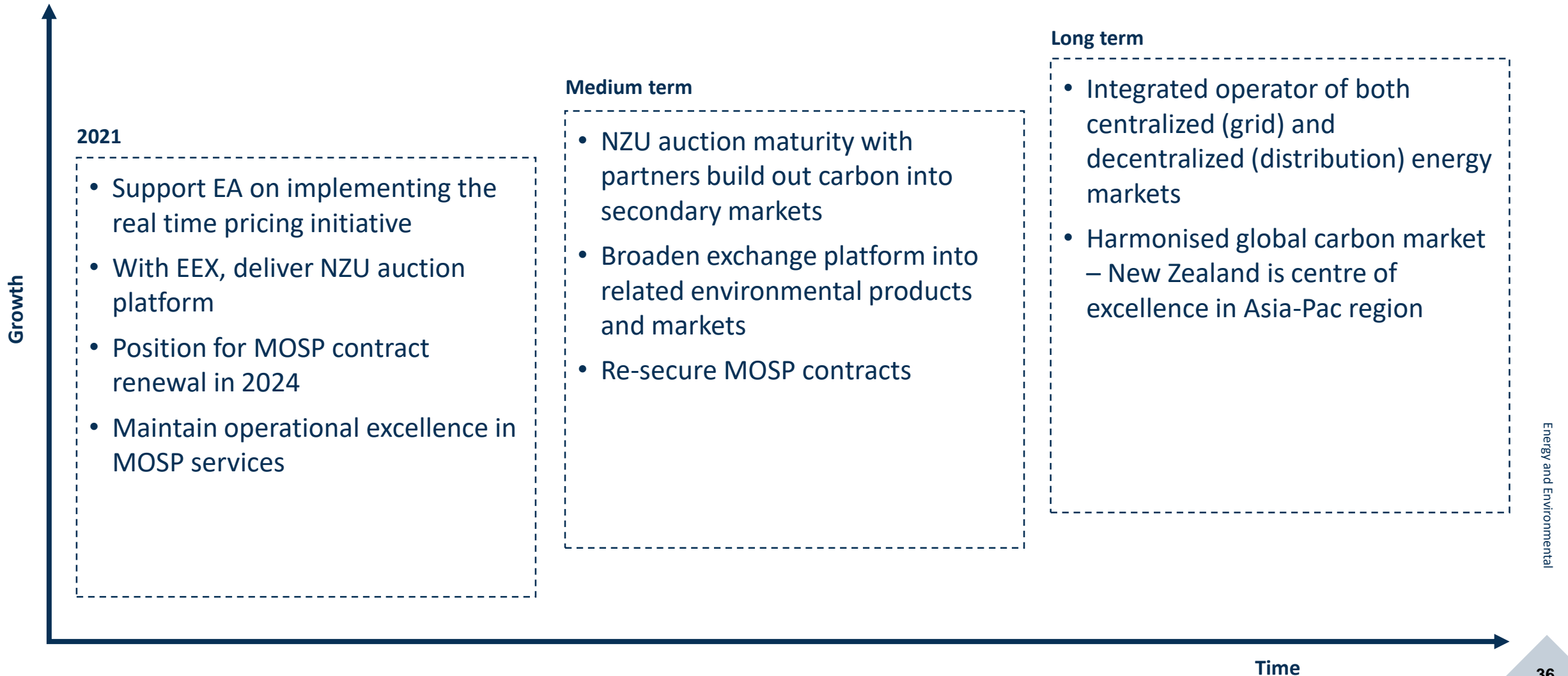
- Markets set a price for emissions reductions
- Compliance products are developed to meet Paris commitments
- Harmonisation between Emissions Trading Scheme (ETS) arrangements creates new trading opportunities – Article 6 Paris Agreement
- There is a positive outlook in volume growth in traded emissions markets
- Clear evolution into global traded products in transportation units
- There is a growing importance of voluntary products (carbon emission offsets) e.g. Australia

World Carbon Markets 2012-2019
Value by segment, total volume



Source: Refinitiv, January 2020

Vision and Objectives: Embed the current business and secure longer term opportunities

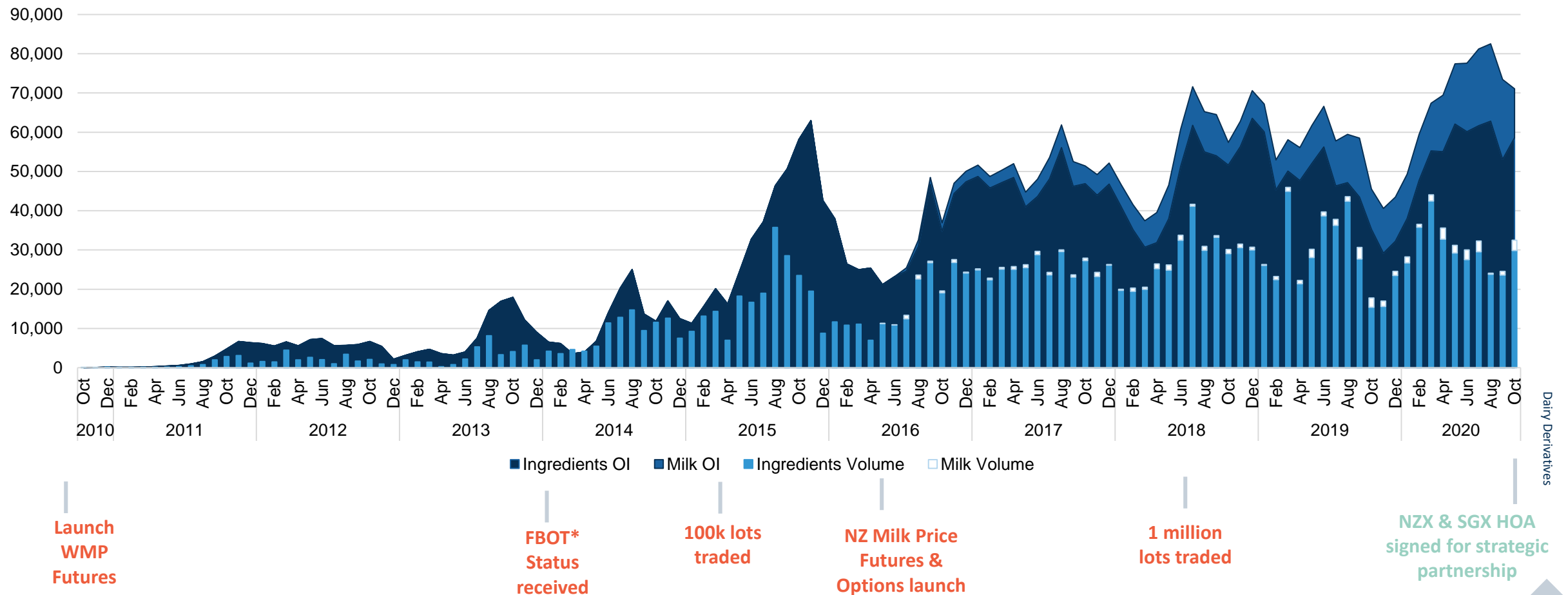


Secondary Markets – Dairy Derivatives

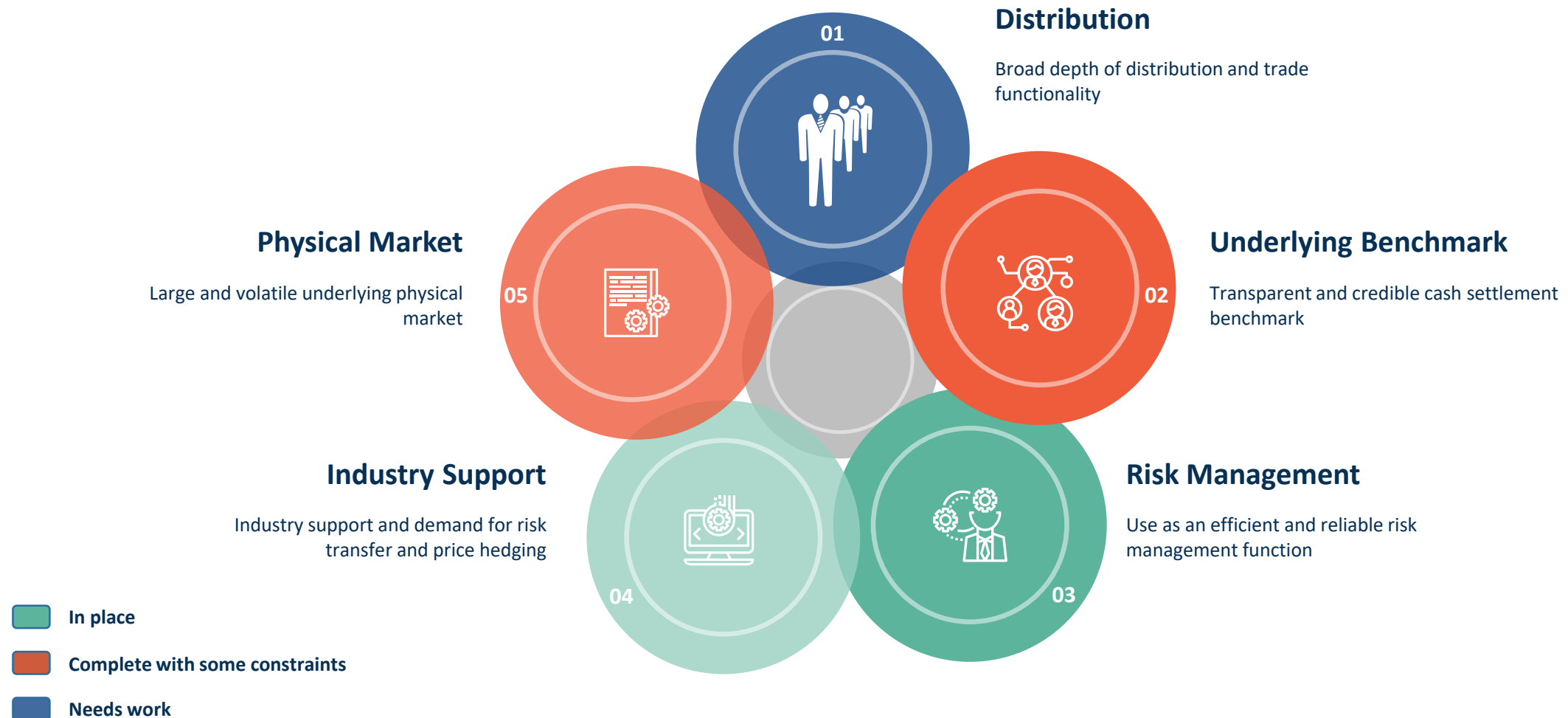


A decade of dairy – a successful foundation in the long term life cycle of a derivatives market

NZX Dairy Futures and Options – Volumes since launch
(Open Interest - shaded)



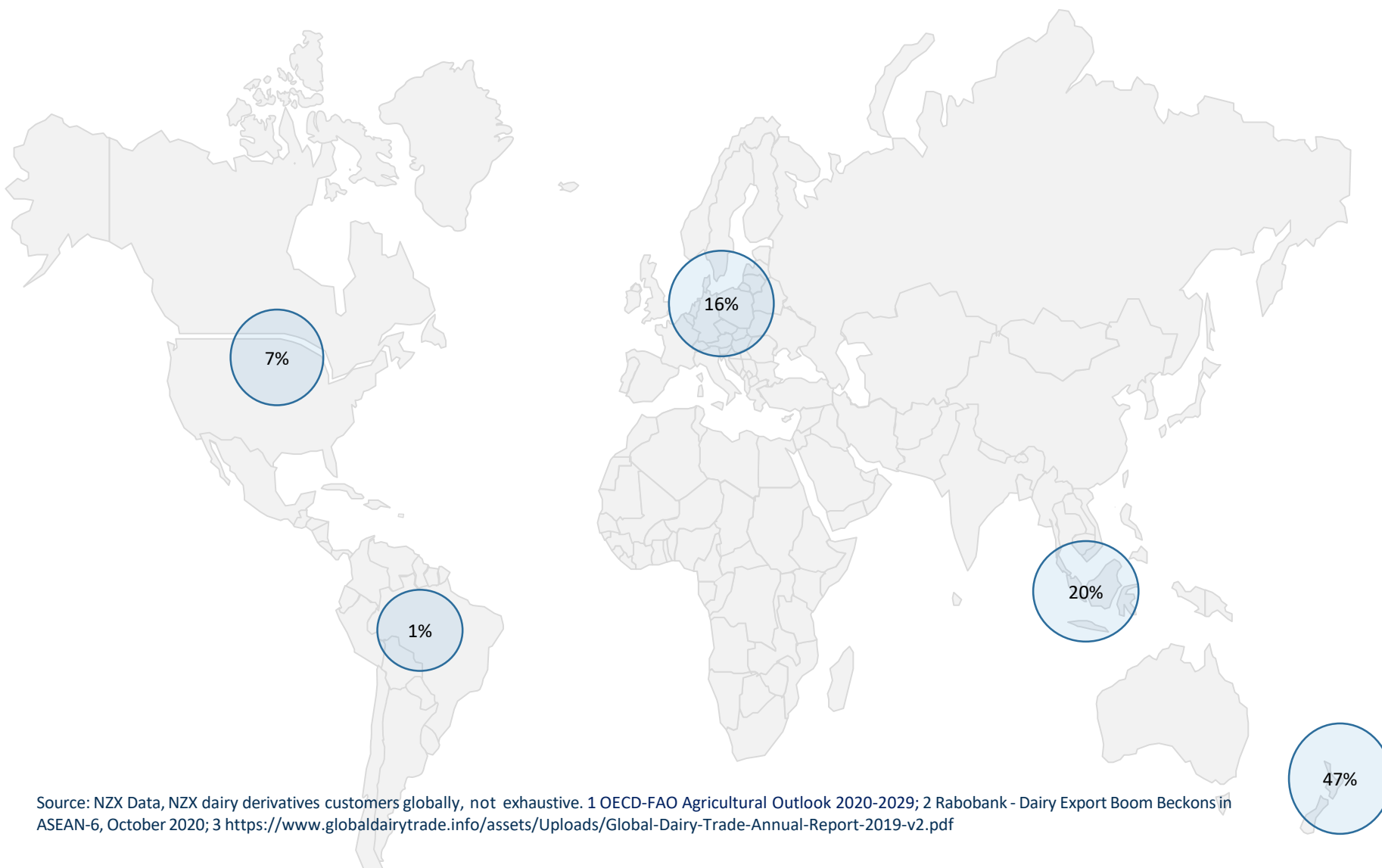
Progress on the core ingredients for success has been good, but further development is required



NZX has been a successful incubator – partnering with SGX will help drive dairy derivatives forward



The physical dairy market is global and logically supports an Asia growth strategy...



- NZX dairy derivatives are being used in over 43 locations globally
- New Zealand remains the primary source for butter and WMP on the international market and is projected to account for **~42% and 52%** of market share respectively, by 2029¹
- Rabobank forecasts the combined annual milk deficit of the ASEAN-6 (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam) countries to increase 47.3% by 2030²
- 51% of physical market volumes (GDT) are sold to Asian buyers³

Source: NZX Data, NZX dairy derivatives customers globally, not exhaustive. 1 OECD-FAO Agricultural Outlook 2020-2029; 2 Rabobank - Dairy Export Boom Beckons in ASEAN-6, October 2020; 3 <https://www.globaldairytrade.info/assets/Uploads/Global-Dairy-Trade-Annual-Report-2019-v2.pdf>

...and the partnership leverages the strengths of both parties

Consultative working partnership



NZX Dairy Derivatives

NZX

SGX

Marketing & Sales

Data & Insights

Product Development

GDT Relationship

Surveillance

Rules and Regulations

Compliance

Trading Platform

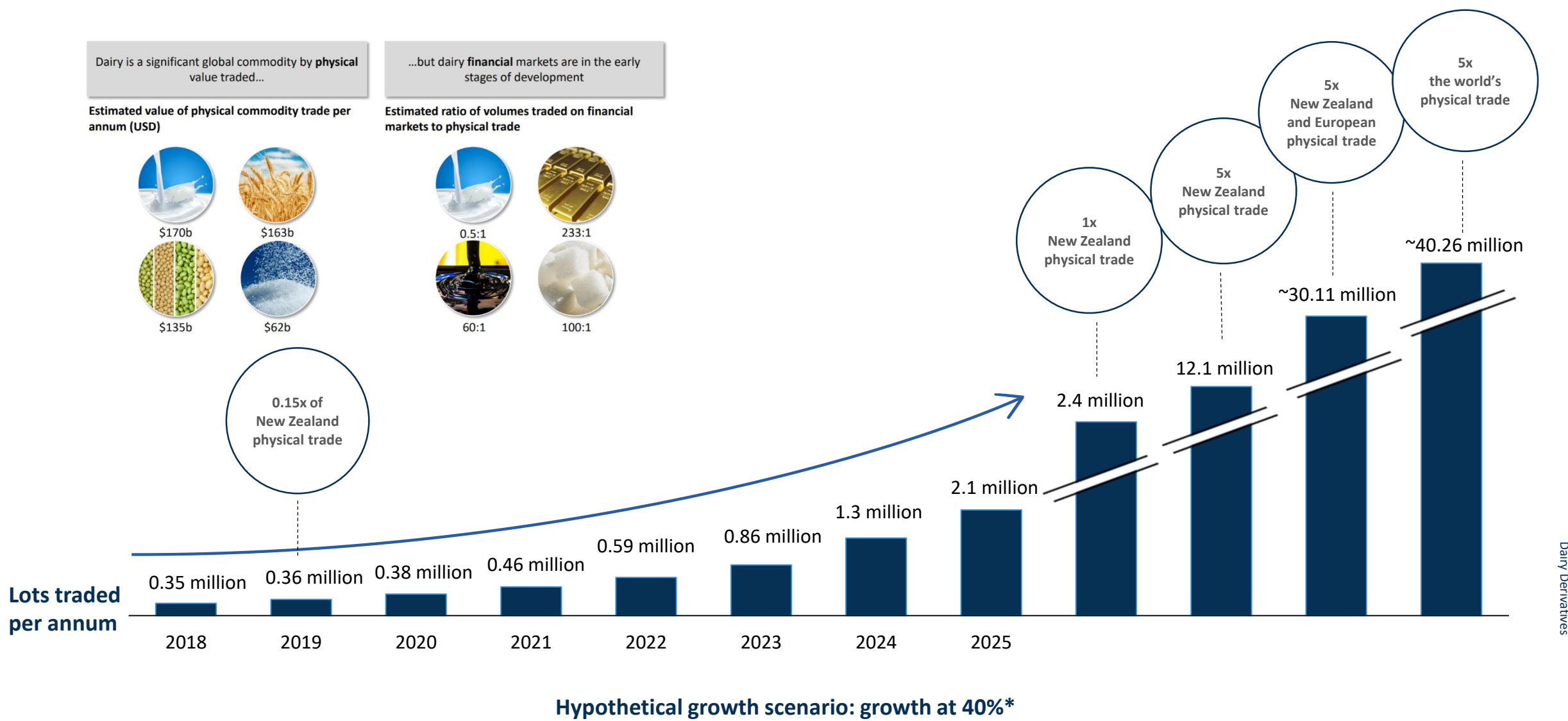
Clearing (Risk)

Operations

Data

Dairy Derivatives

Which offers a faster route to maturity



Sources: NZX Data & Insights; Fonterra. *40% average growth over 5 years under partnership. Years split into half years due to expected go-live date being in 2021

Data and Insights



Data and Insights is delivering growth with further opportunity to be captured



72

YoY increase in retail data terminals



41

Countries with professional data users



6,179

Professional terminals



22

Increase in non-display licence revenue YTD



12

Q3 YTD Revenue Growth



125

Indices provided in partnership with S&P

Data & Insights business performs a number of functions that either grow or support

GROWTH

GROW MARKET DATA REVENUE

- Disciplined relationship management
- Products aligned with customer value
- Resource sales to capture opportunity

DRIVE LIQUIDITY WITH INDICES

- Deliver local ESG indices with S&P
- Execute well on S&P partnership
- Leverage indices in funds management

CONNECT PARTICIPANTS

- Centralised management of connectivity
- Simplify and strengthen network offering
- Deliver to low latency requirements

INFORMATION DELIVERY

- Manage current external platforms
- Transform website as retail channel
- Partner to enhance institutional channels

BUSINESS INTELLIGENCE

- Automate data value chain end to end
- Deliver appropriate data governance
- Embed data culture across business

TURN DATA INTO INSIGHT

- Create product for information gaps
- Position as internal insights engine
- Provide research to drive strategy

SUPPORT

Exchange Data & Insights businesses operate in a complex environment...



GROWTH OPPORTUNITIES

- M&A activity high in the exchanges globally
- Accelerate capability building in growth areas
- Extraordinary deal size that is difficult to replicate
- Opportunity to take stakes and partner where required



TECHNOLOGY ADOPTION

- Data technologies are maturing with NZ behind in uptake
- Applications are diverse across capital markets infrastructure
- Advanced analytics growing globally and offerings adjusting
- Low latency requirements have increased



INVESTOR BEHAVIOUR

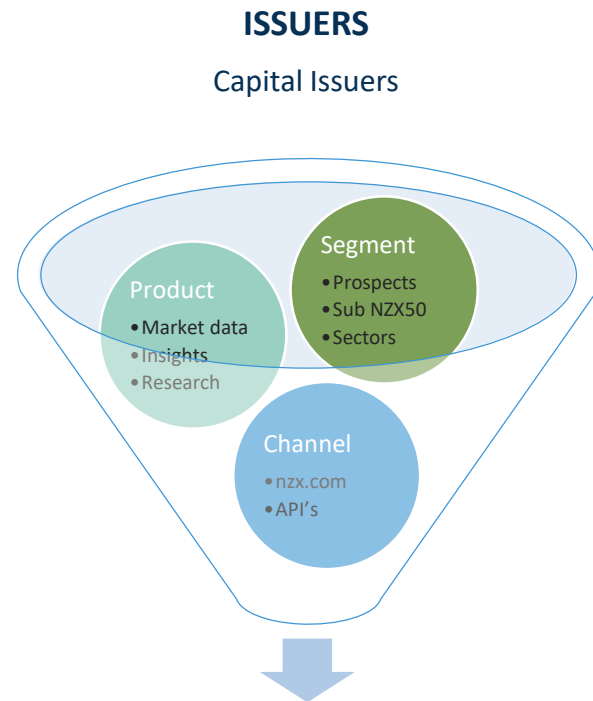
- Insight and research teams under pressure as margins reduce
- Indices data is a key area for growth for exchanges
- Alternate data sets continue to be battle ground
- ESG maintains momentum as responsible investment grows



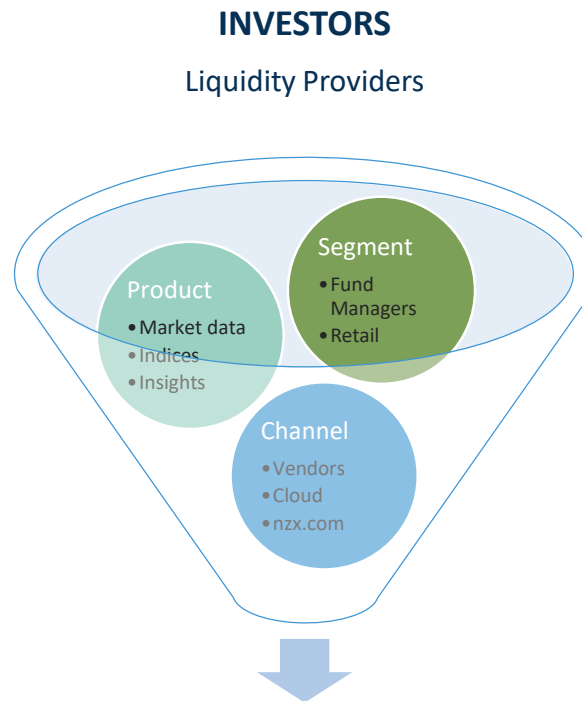
CUSTOMER RELATIONSHIPS

- Customer relationships critical to understanding wider market
- Data costs being cut puts “traditional” revenue under threat
- Compliance continues to be a burden so relationship focus
- Global relationships challenging in COVID-19 environment

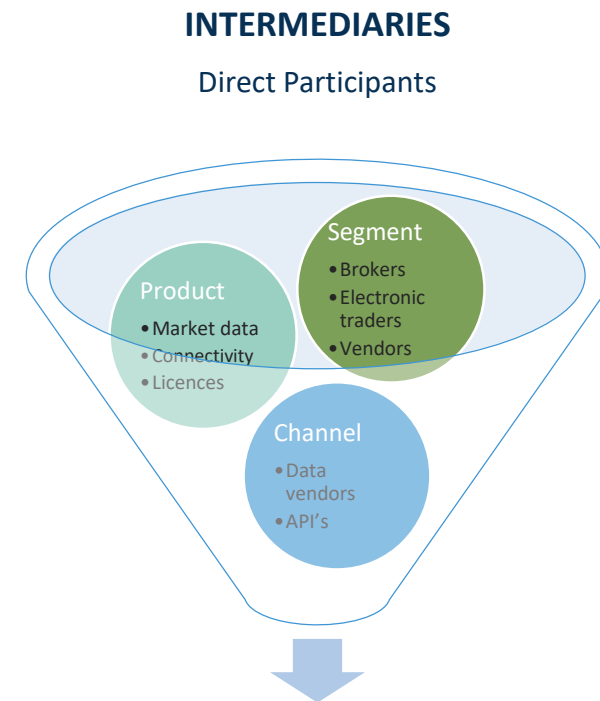
Which needs a response where products deliver clear value to prioritised customer segments



Creating awareness of our issuers so that they can access liquidity and providing relevant insights to help decision making



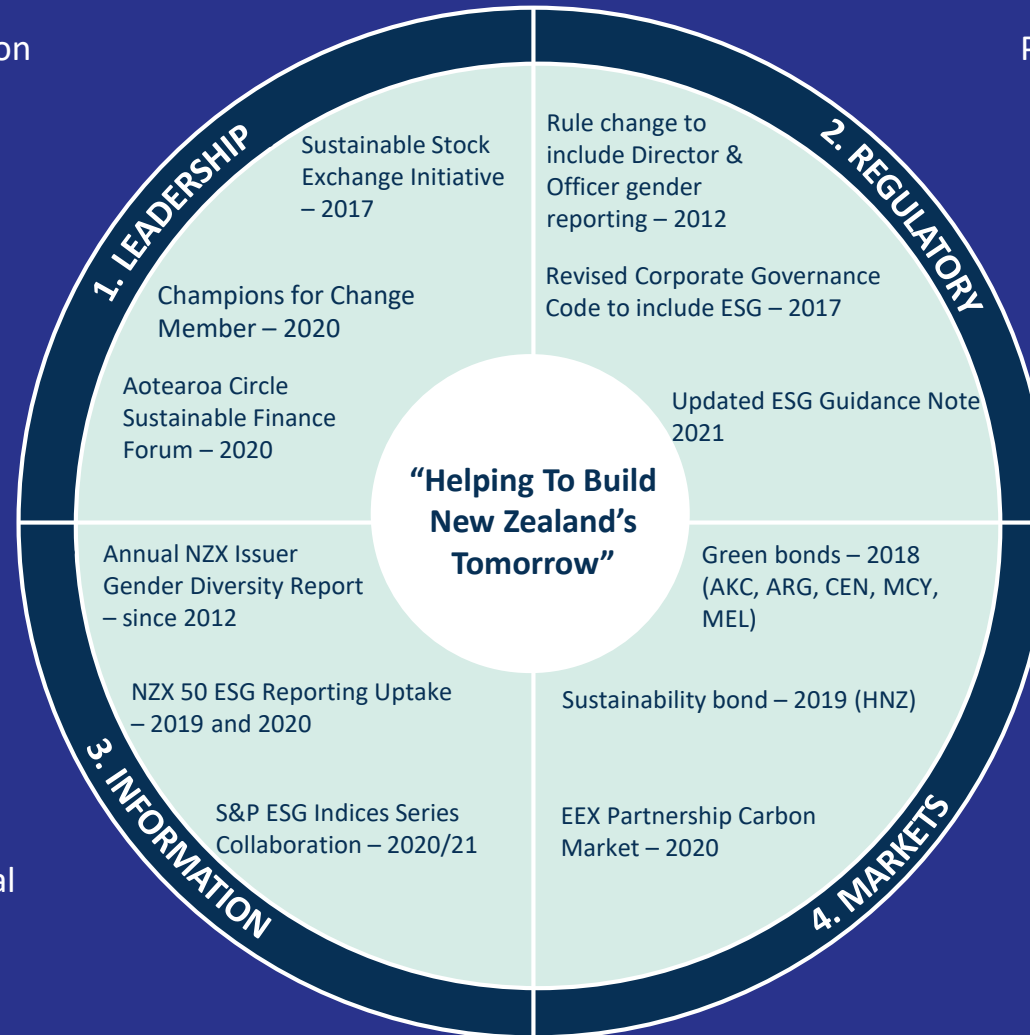
Providing relevant information that will inform investment decision making processes where gaps exist in the market



Connecting our intermediaries directly to the information they and their customers require to achieve outcomes

ESG key area for leadership to support New Zealand issuers to achieve sustainable outcomes

Participating in the conversation amongst the capital markets community to help achieve sustainable outcomes

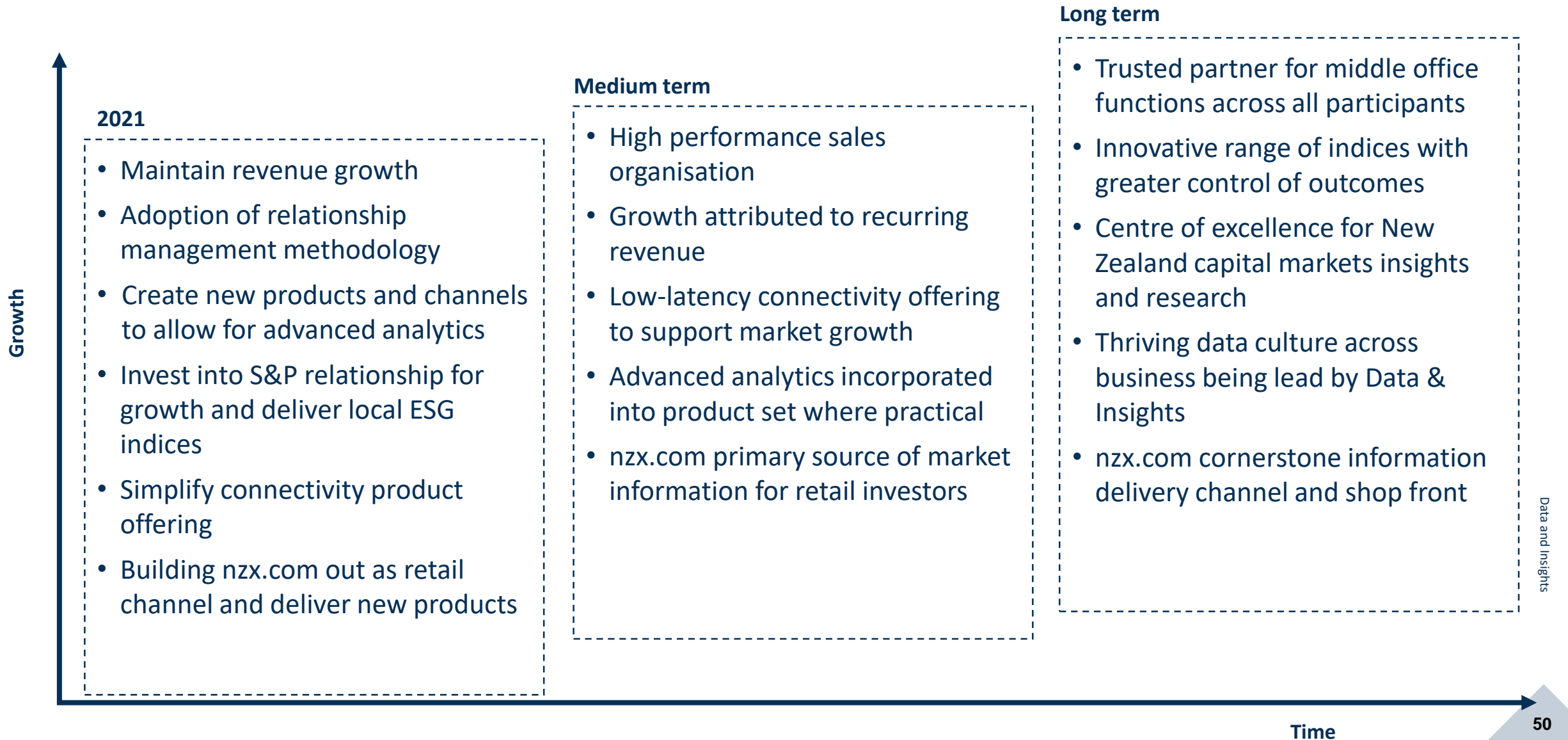


Providing a regulatory framework and applying the rule settings to support change and sustainable outcomes

Providing information and transparency to support capital markets to deliver sustainable outcomes

Delivering sustainable and transparent markets that direct flow of capital to sustainable outcomes

Vision and Objectives: Deliver a growth engine



Smartshares

► New Zealand's Exchange
Te Paehoko O Aotearoa



We are delivering well against targets



4.6 billion

FUM up 21% YTD.
(Exceeding target of +14% rolling 3yr average)



248

Qualified sales opportunities actively pursued



634 million

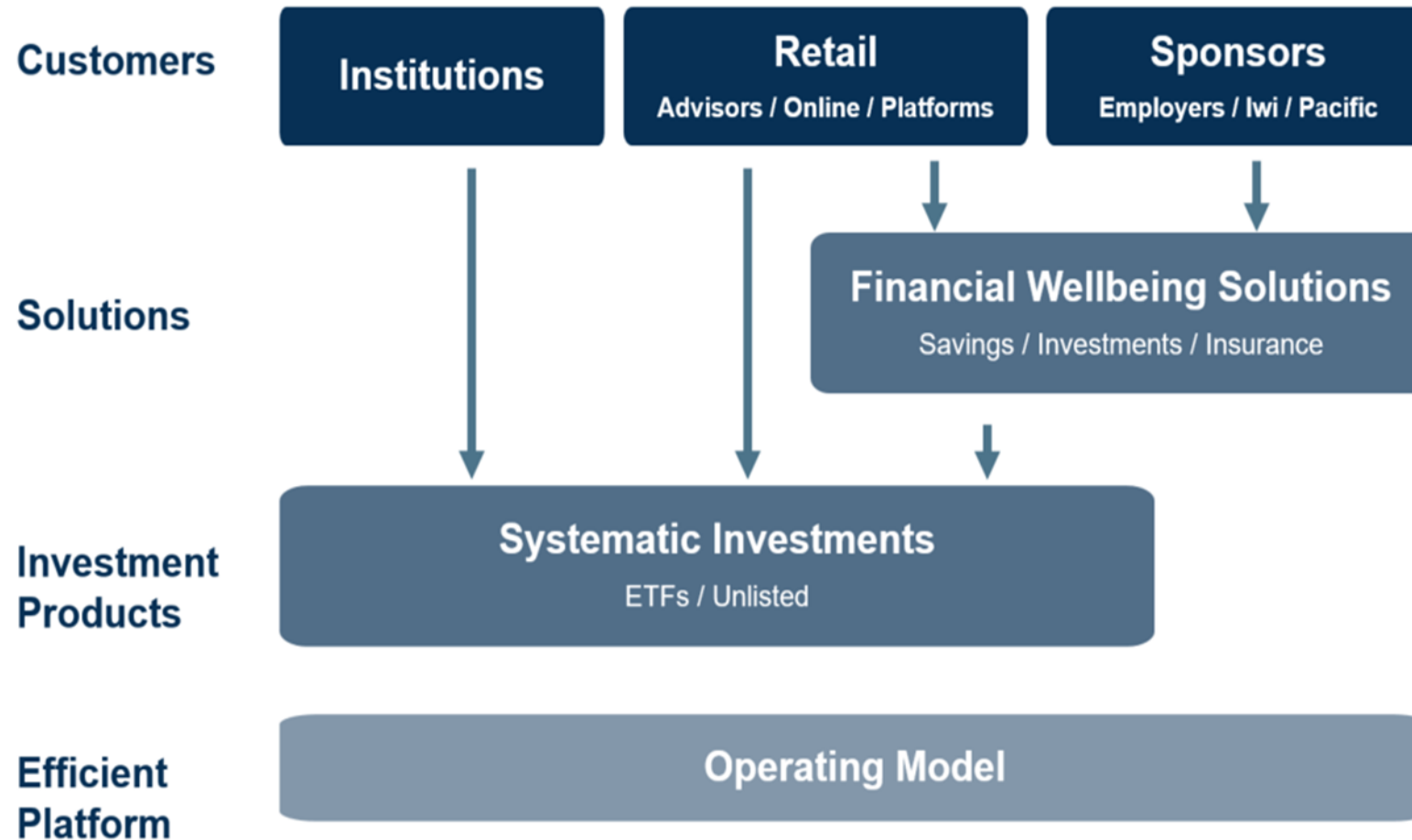
Net cash flow up 33% YTD. (Exceeding target of \$450 million by 2023)



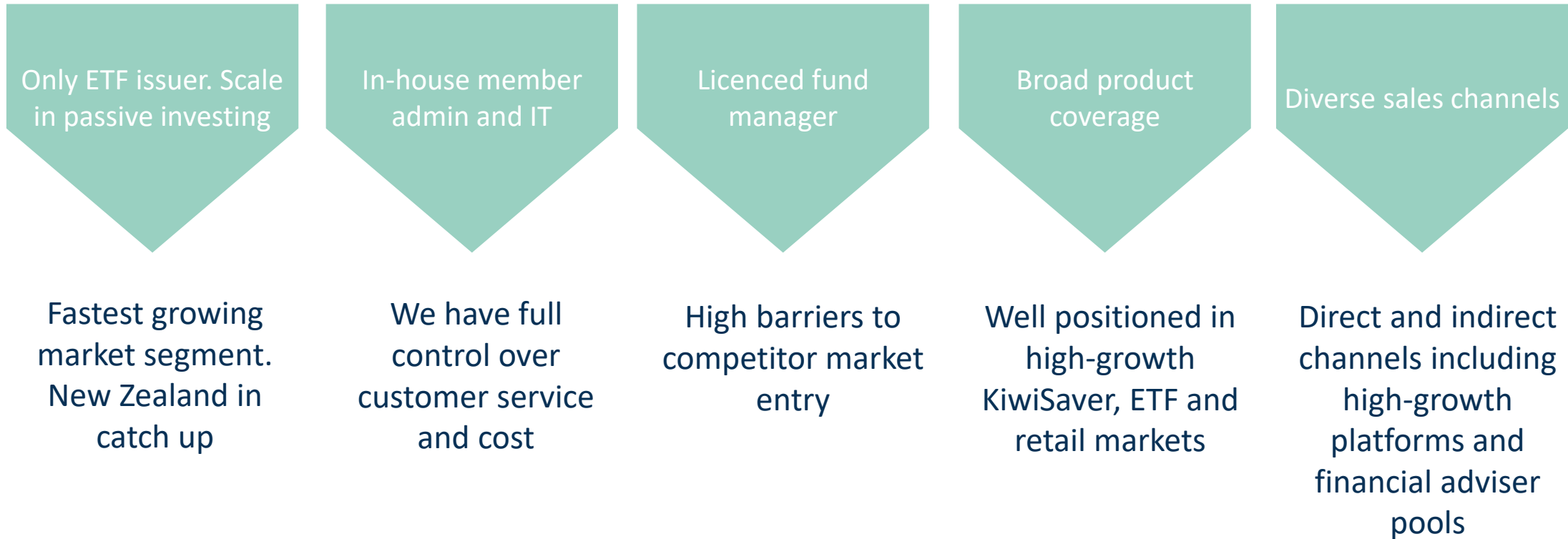
15%

YTD increase in direct Smartshares investors

Smartshares has a clear business strategy...



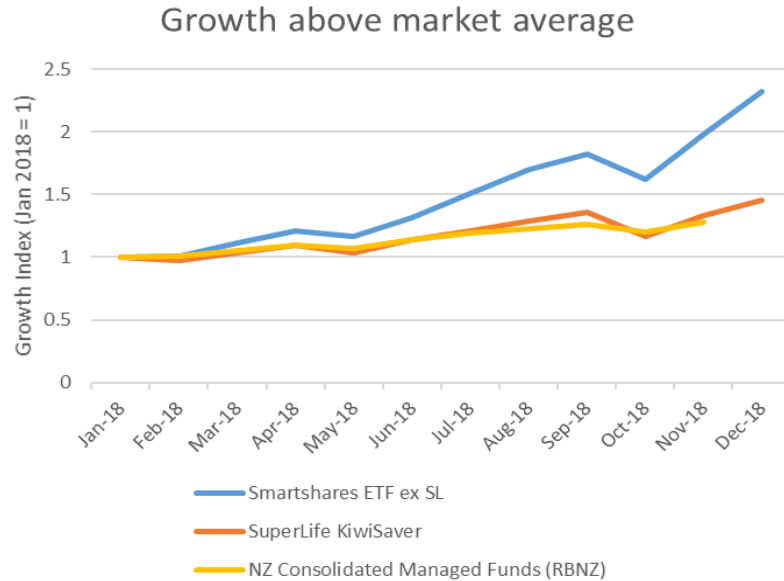
...and we have a strong competitive advantage



We are well positioned to catch global trends...

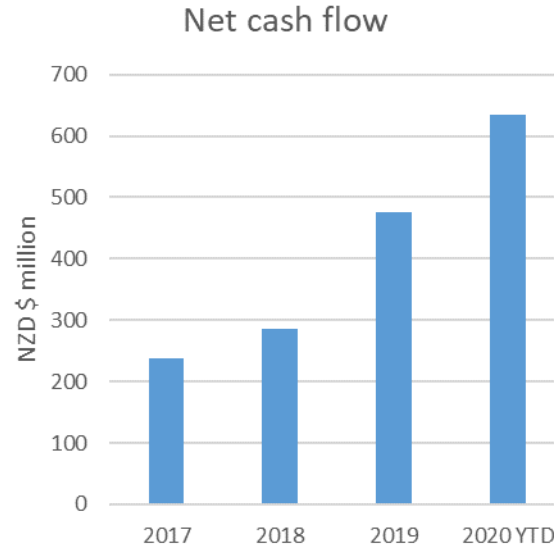
Global driver	How Smartshares is well positioned
Emerging Asia	<ul style="list-style-type: none">• Future-proofed with expertise in cross-border fund distribution: Asia Region Funds Passport• Option to cross-list high-yield NZX ETFs across the region• Proven leadership and growth in the Pacific Islands
Technology and automation	<ul style="list-style-type: none">• Developing a new generation of digital tools provide efficiency, self-service, and advice• Strong relationships with new self-directed investment platforms• Able to leverage NZX investment in data and insights
Regulatory change	<ul style="list-style-type: none">• Fee-for-service advice driving shift to ETFs and passive products• Improved disclosure driving fee transparency and margin compression – and we are already low cost
Retirement and demographic shift	<ul style="list-style-type: none">• Increased public engagement in savings• Retirement income, insurance and investment products, packaged as financial wellbeing solutions• Strong brand in relevant demographics

...and we are making the most of the opportunity



Capturing FUM growth

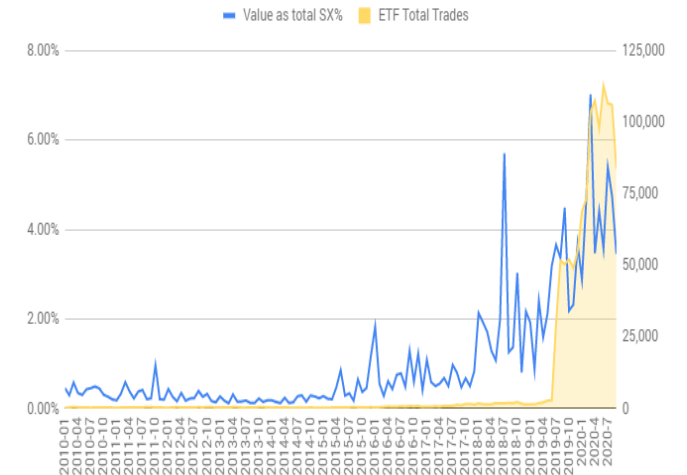
- KiwiSaver (16% CAGR)
- Retail unlisted funds
- ETF



and positive net cash flows

- 39% CAGR since 2017
- 2023 target \$450 million

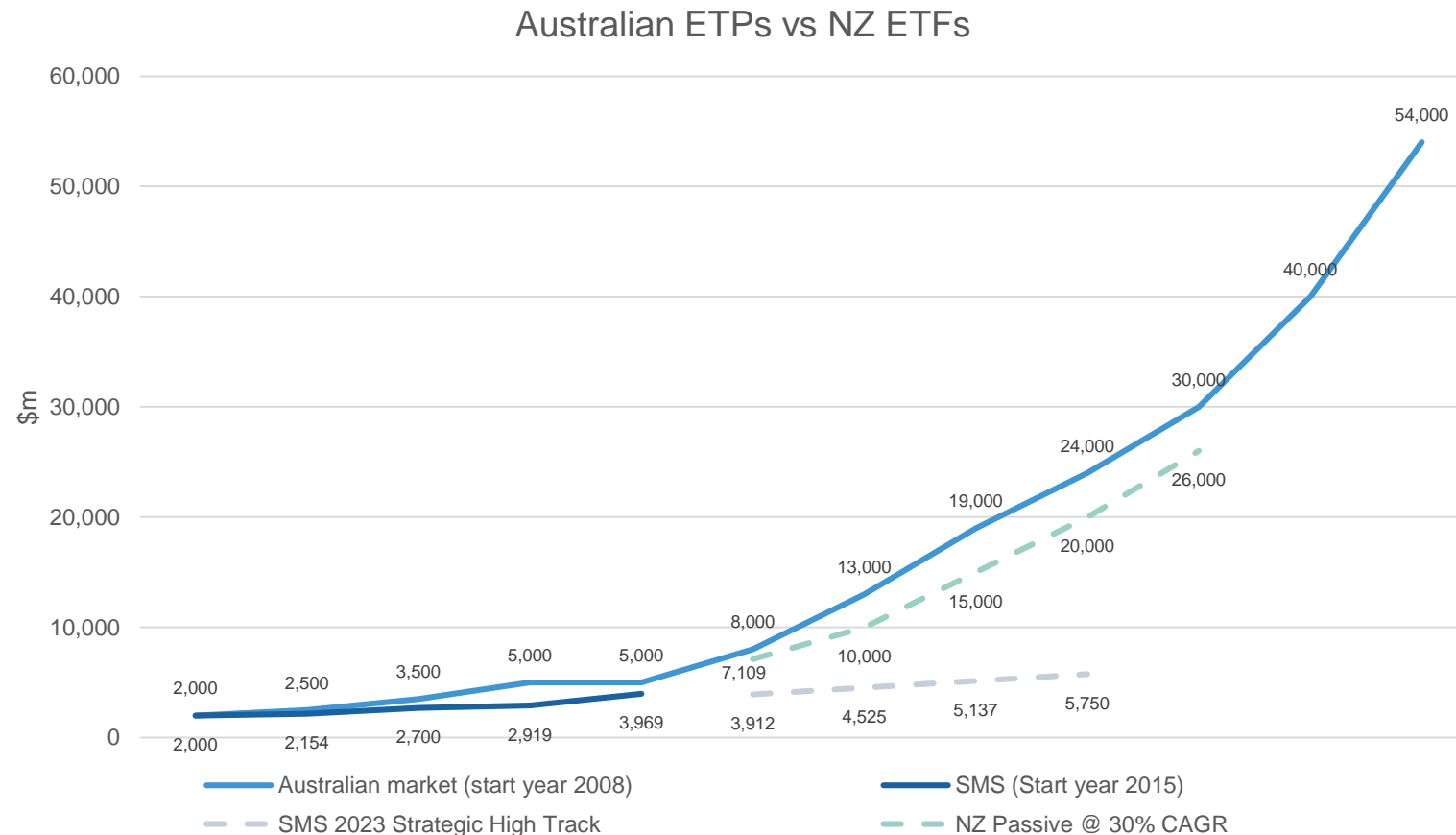
ETF value traded: now account for 4% of all NZX Main Board value



and growth in secondary trading of ETFs on the NZX

- 104% CAGR in total ETF value traded since 2017
- YTD 2020 4.4% of NZX value traded is ETF units

Can we follow the same trajectory as other ETF markets?

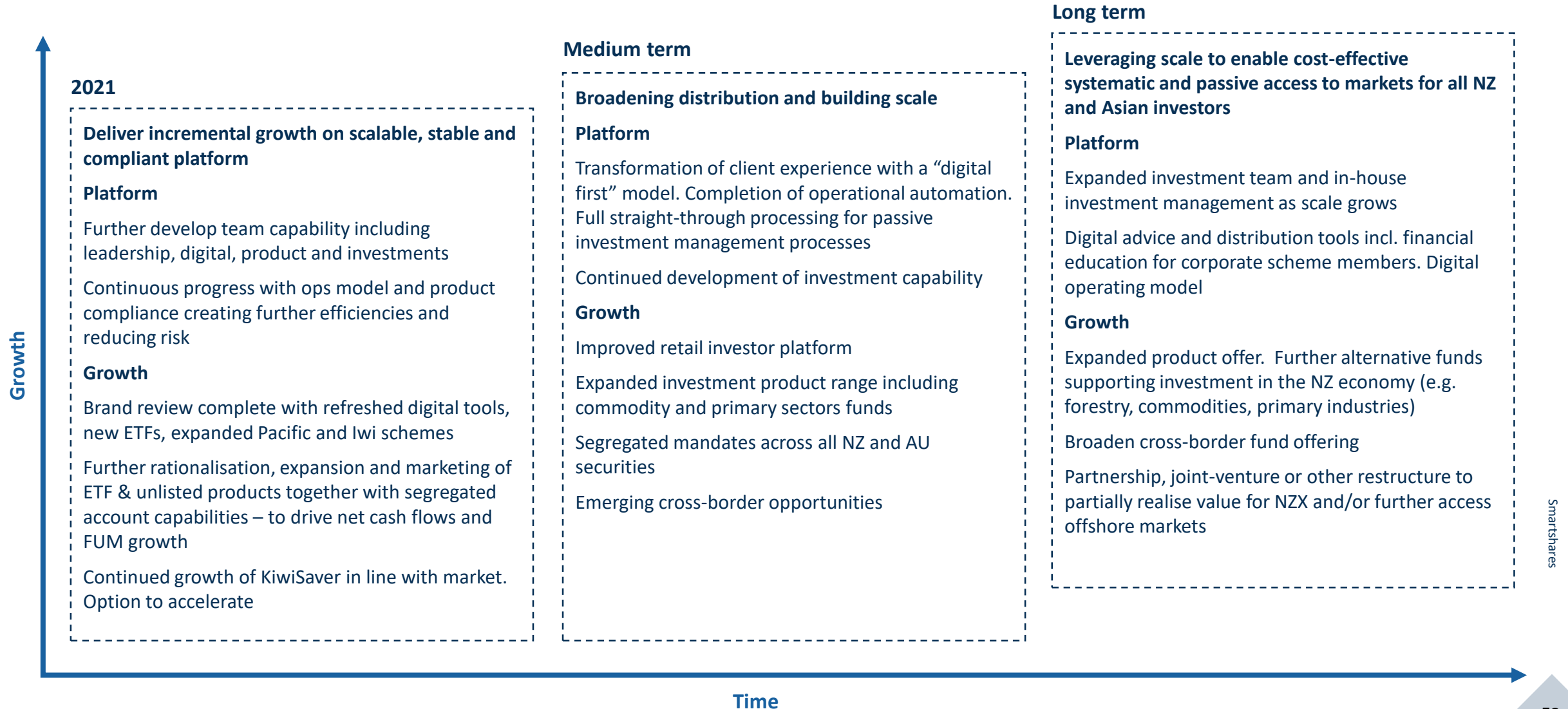


Source: Betashares; Smartshares; NZX Finance

Note: this is comparing growth curves from when both markets were @ 2b FUM

- Australian CAGR from 2b AUM to 54b = 35%
- Inflection point was the 5b mark
- Australian market 30% CAGR from 8b mark to 30b over 5 years
- If the New Zealand passive market experiences the same CAGR over the next 5 years total FUM would equal 26b
- Caveats:
 - This chart includes active and passive Exchange Traded Product (ETP) but is seen as a good proxy for Australian passive
 - Australian superannuation much more mature with mandatory and much higher contributions and self managed
 - Their total national FUM is around 7-8 times larger than New Zealand
 - The Australian ETF market is still predominantly retail (80%+).
 - Smartshares has only had a full product range since the SuperLife transaction in 2015, when the number of ETFs expanded significantly

Vision and Objectives: Further develop ETF market, grow FUM



Wealth Technologies



We are delivering against our growth strategy

2017

Removed Blockages



- Resources added to enable delivery
- Appropriate team structure put in place
- Project management discipline embedded
- NZXWT Board and governance structures put in place

\$ 1.2 billion
Funds under administration

2018
2019

Delivering Results



- Focus on platform completion
- Platform launched with 20,000 plus portfolios
- Robust operational support processes put in place
- Pipeline developed for 2020 delivery of funds under administration growth

\$ 2.3 billion
% +92

Funds under administration

2020

Growing to Scale



- Functionality enhanced adding Investment Strategy, DIMs module and various regulatory updates
- Delivered on schedule on boarding projects for JBWere, Saturn Advice and Hobson Wealth Partners
- Continue to develop sales pipeline

\$ 6.5 billion
% +182

Funds under administration

The operating model delivers revenue at both ends of the FUA scale

	Custody and operations		Technology service		Total	
	Low	High	Low	High	Low	High
FUA target (\$ billion)	5	10	30	40	35	50
Revenue ¹ bps range dependant individual customer funds under administration	5bps – 25 bps		1bps – 15bps		1 bps – 25 bps	

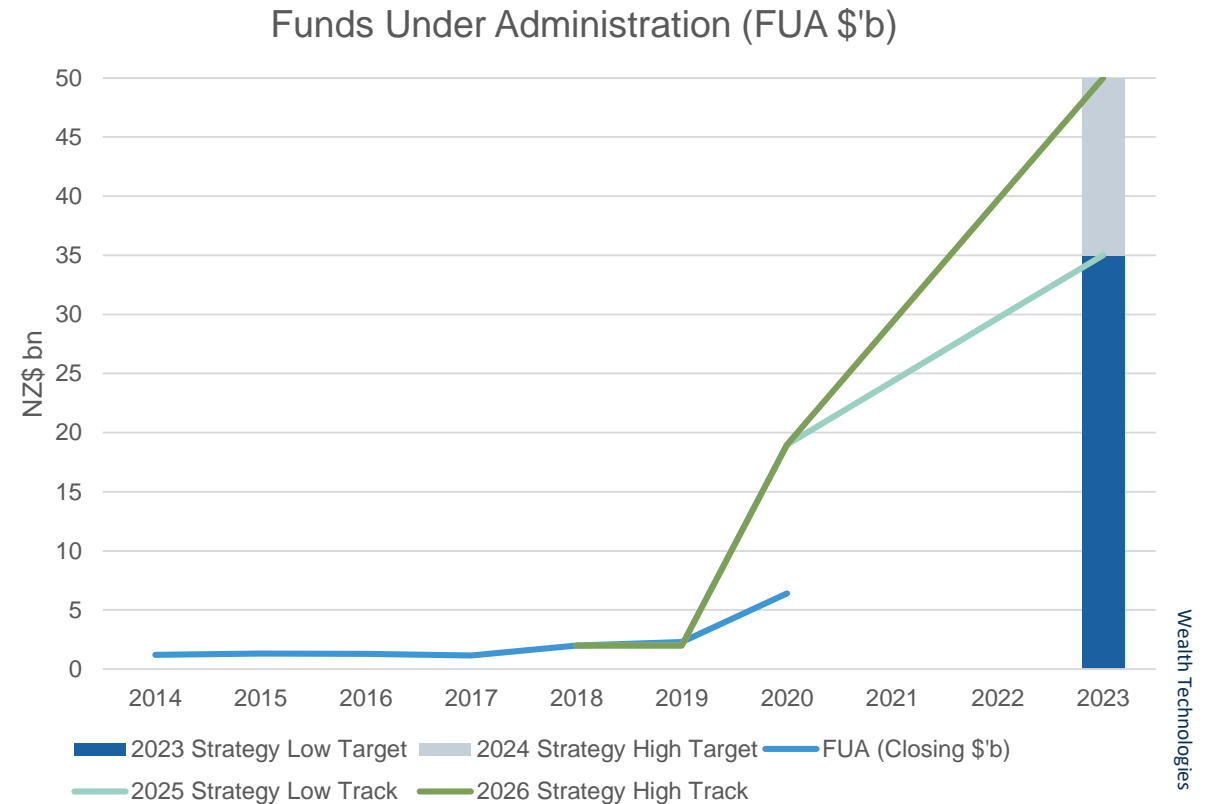
¹ Variables:

- Mix of custody and operations versus technology services
- Complexity and speed of on-boarding projects
- Mix of customer size will impact average revenue bps

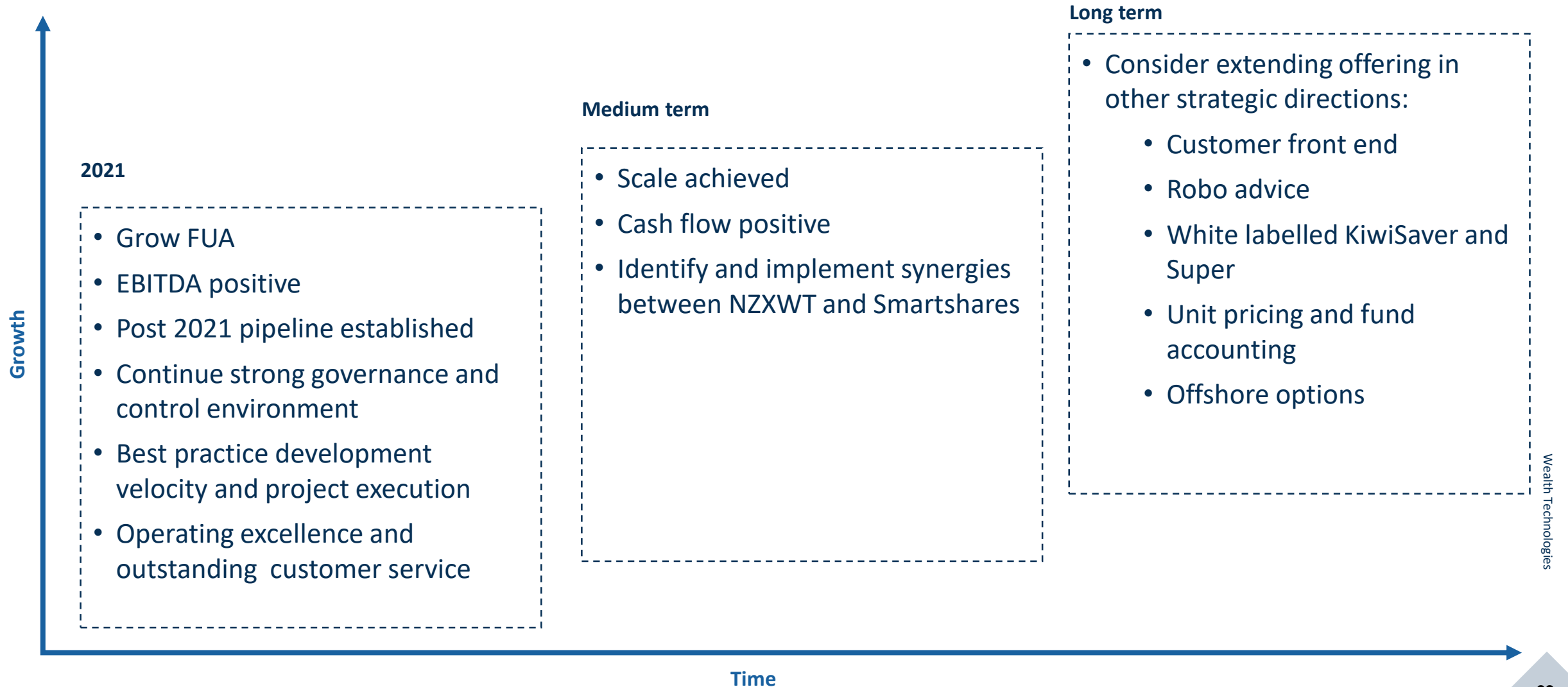
- 2020 FTEs 59
- Staff costs account for > 85% of total costs
- Sales roles added in 2020 to invest in future growth
- Operational staff to be added as required however the platform is highly scalable
- Additional development will be contingent on level of new clients and migration
- We have sufficient resources to continue to invest in the platform to remain market leading

Our pipeline is growing with significant near term opportunities to grow revenue

- Interest in the platform is strong
- With our inaugural adviser group Saturn on-board, we expect more interest and projects to come within this segment
- Currently actively engaged with five prospects for near term project activity
- Current resource level allows up to four projects per annum, resource can be added should more opportunities present themselves
- Existing advisers will transition to the new platform in 2021 and the old platform will be decommissioned



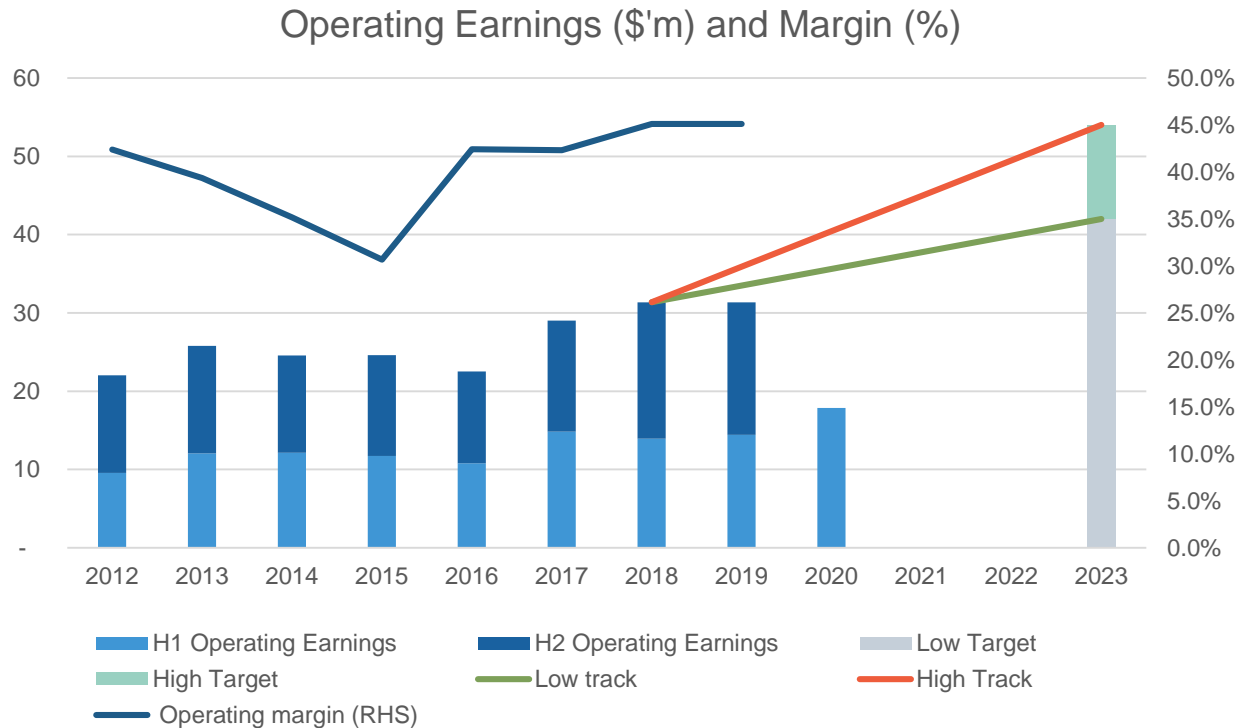
Vision and Objectives: Drive funds under administration and create value



Key Performance Indicators



Operating Earnings have grown



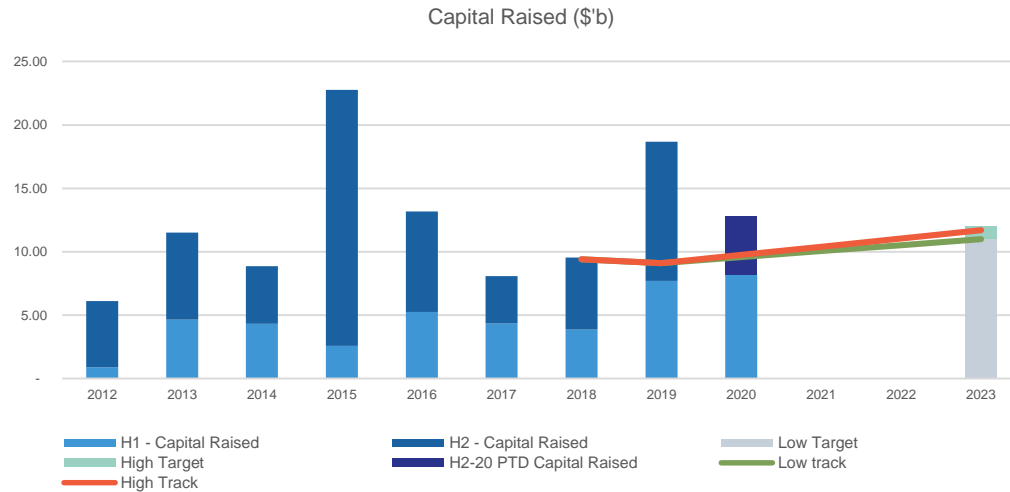
- In 2018 we **removed barriers to growth**
- There were **proof points** in 2019 indicating the five year strategy was working
- These have continued in 2020 and we are now seeing **revenue growth**
- We do see the need to for **further investment** in 2021, particularly in the Markets businesses, in order **to drive further growth**
- Our **operating margin is in line with our peers¹** and we continue to target to be above our peers by 2023

¹ Finance Technology Partners (September 2020) EBITDA Margins (median) information for Regional/Country Based Exchanges is estimated at 2020: 44% and 2021: 51%

- All prior years operating earnings have been restated for the adoption of the new accounting standard NZ IFRS 16 Leases
- Prior to 2017 continuing operations included the Agri businesses which were classified as discontinued operations from 2017 until disposal

Capital Raised and Value Traded / Cleared are strong

Issuer Relationships – Capital Raised



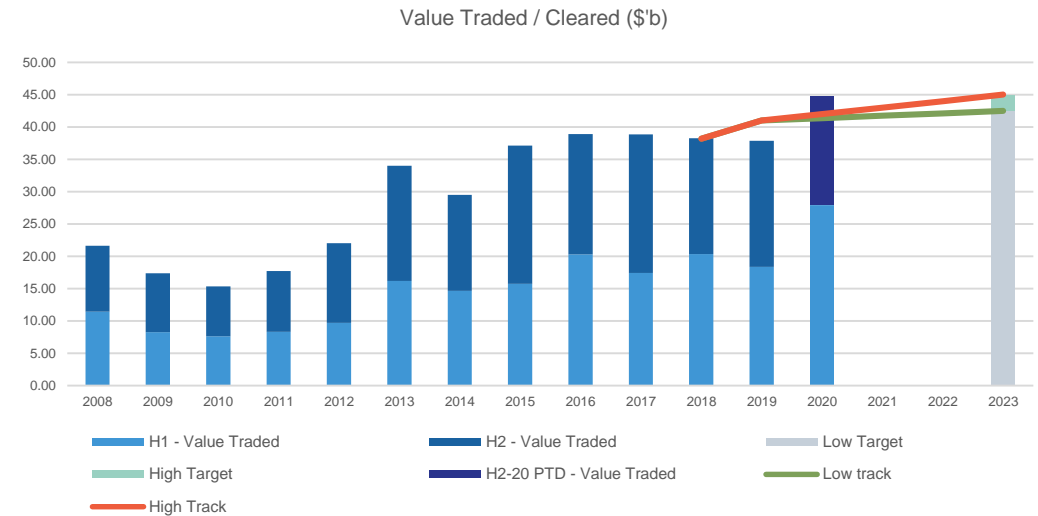
Barriers to listing have been further reduced:

- Removal of requirement for PFI for Direct Listings
- Templated disclosure for Foreign Exempt listing companies
- Research solution provided by Smartkarma

Team evolved into both a Client Relationship and True Origination model – with active pipeline development and conversion

Debt market remains strong

Secondary Markets – Value Traded / Cleared



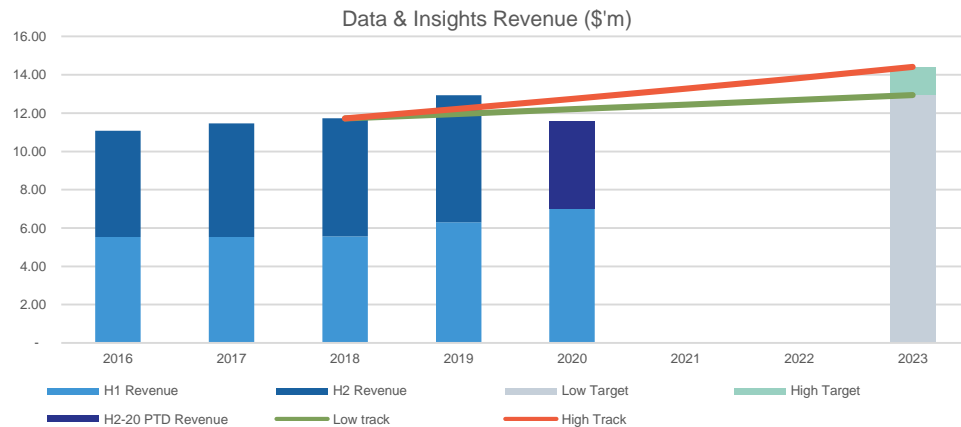
The removal of barriers and a drive towards global standards has seen a step change in participation resulting in record on market liquidity and value traded / cleared. Onboarding a General Clearing Participant will unlock remote broker Participation

Trading System Upgrade will deliver increased functionality and trading options for participants (e.g. NZX DARK)

Continue to drive growth in the NZX Depository business, to increase efficiencies of NZ market and capture last leg of securities settlement value chain

Data & Insights revenue improving better than expected and the SGX dairy partnership is a global opportunity

Data & Insights – Revenue Growth



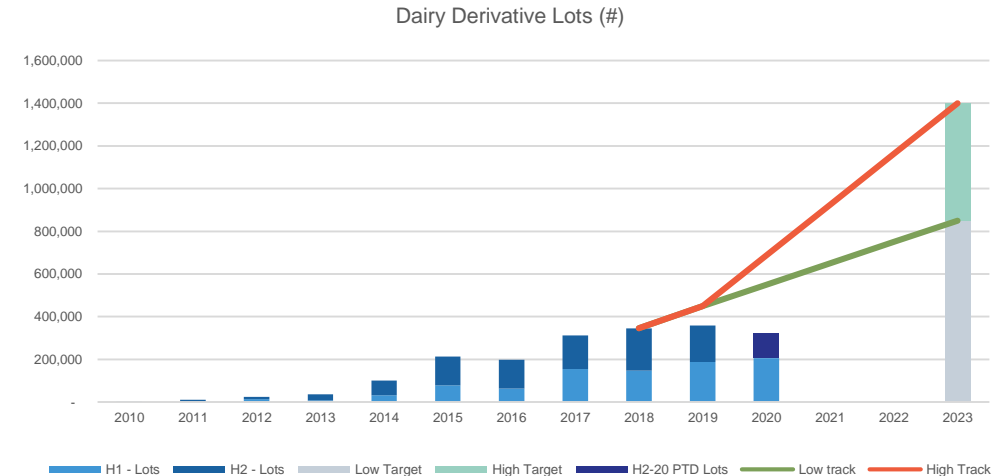
Change to relationship management / vendor partnering to reach end users is working:

- Retail terminal growth driven by COVID-19 lockdown and their activity continuing since
- Non-display application licencing increased awareness of licencing requirements
- Royalty revenue growth driven by real time data provision

Future revenue growth driven by:

- Developing value added services for issuers (e.g. collection of environmental, social and governance metrics)
- Supporting S&P indices revenue growth (e.g. ESG indices)
- Review connectivity product offering

Dairy Derivatives



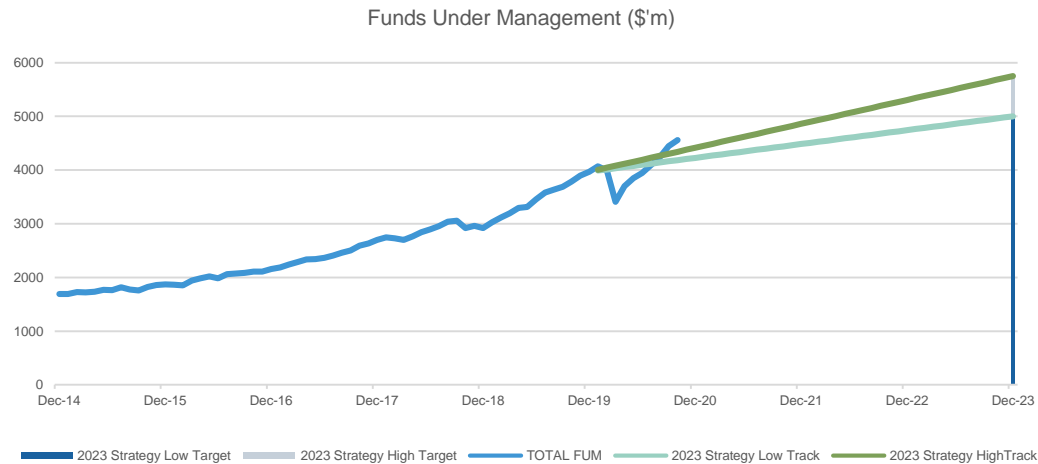
SGX strategic partnership to extend market distribution and expand global access:

- Increasing the number of trading and clearing members from four to a possible 80+; with both proprietary and speculative firms connected
- Increasing the number of independent software providers
- Providing increased trading functionality

The SGX strategic partnership would be a revenue share agreement with NZX retaining a base level of revenue

Financial Services Businesses continue to drive growth

Smartshares – Funds Under Management (FUM)



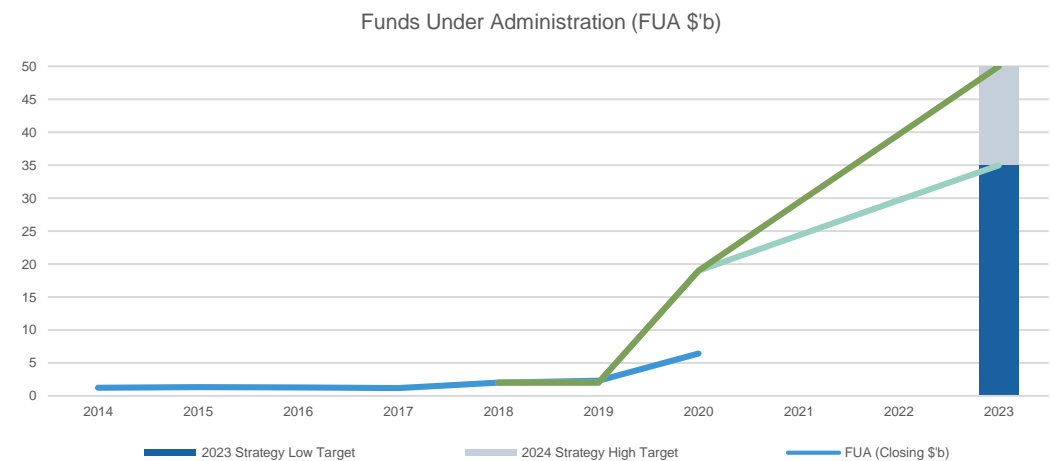
Macro drivers of the ETF market trajectory:

- ETFs penetration rate is low compared to US/Europe
- KiwiSaver future growth profile

FUM growth target 14% is being over achieved

- Net FUM inflow 2020 Oct YTD: \$634m is approx. 16% of opening FUM
- Market return 2020 Oct YTD: \$(5)m is approx. (0.1)% of opening FUM
- Sales activities: additional resources, wholesale clients offerings, strong relationships with self-directed investment platforms, Asia Regional Funds Passport opportunities

Wealth Technologies – Funds Under Admin (FUA)



Platform:

- Whilst there has been a delayed delivery of the platform compared to original plans, we now have a scalable platform with highly skilled operational team

Clients:

- Four clients on the platform with FUA >\$6 billion;
- Capabilities and capacity to execute new customer projects;
- Strong pipeline – the 2023 aspirational targets are achievable

Performance - 2021 will see positive operating earnings and we will continue to develop and enhance the platform

Investing in the Markets Business and servicing growth in the Financial Services Businesses

Gross cost base (i.e. pre capitalised personnel and overheads costs) is analysed in the graph opposite

- Personnel costs represent the majority of the gross costs (circa 70%)
- IT costs include market platform costs (>50%) and IT costs recharged to market participants (approx. 25%) such as systems connectivity charges
- Professional fees include costs relating to NZX's regulatory obligations / contractual requirements (e.g. assurance, internal audits and reviews), and costs directly relating to revenue (e.g. D&I audit royalties, and external data input costs for Data & Insight reports)

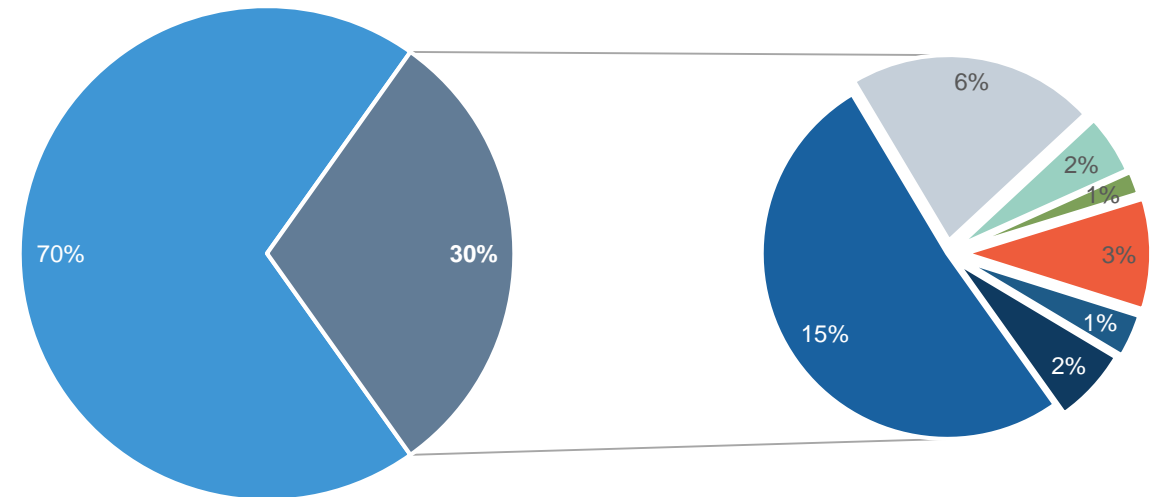
We will invest into the Markets Business including:

- Enhancing the Securities IT team (addressing the EY Technology Report) and cyber security (addressing the InPhySec Report), with related pricing to market participants being considered;
- Marketing direct listings and the market, to convert active pipeline to new issuers; and
- Providing the new Carbon managed auction service for the MfE.

For our Financial Services Businesses (Smartshares and Wealth Technologies) we will continue to service growth in 2021 and beyond

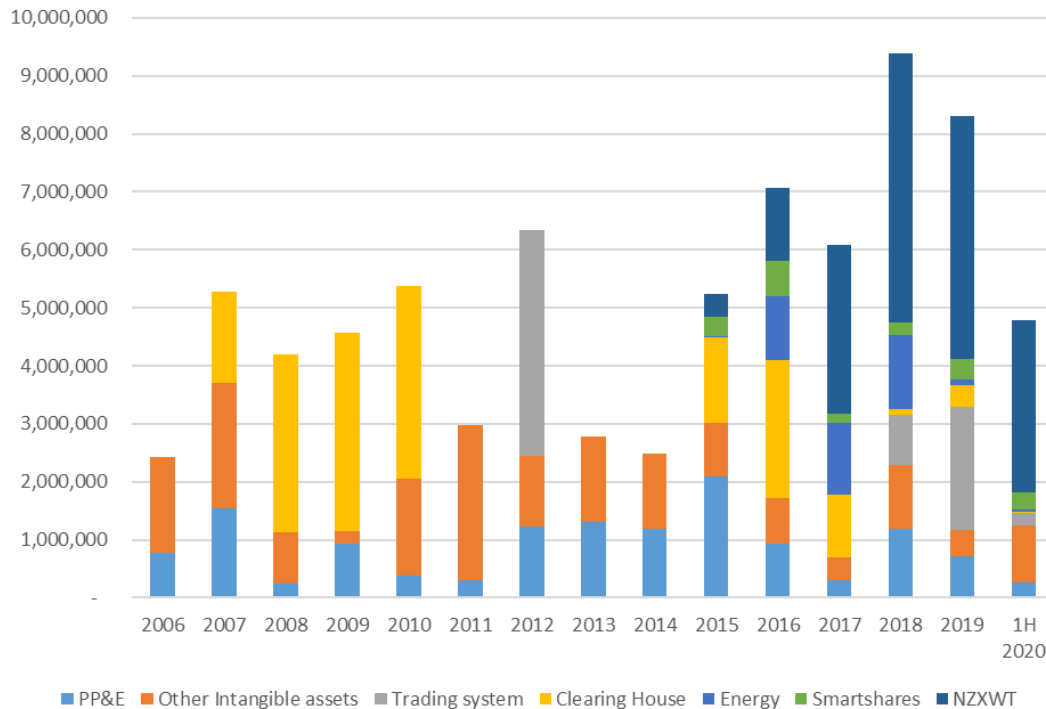
- Corporatisation of the Wealth Technologies businesses and Smartshares (e.g. implementation of Bloomberg front and middle office systems); and
- Operational costs (mainly FTEs) potentially increasing dependant on service requirements of new investors/customers reflected in FUM/FUA growth

Breakdown of H1-20 Gross Cost Base



- | | |
|--------------------------------------|---|
| ■ Personnel | ■ Info Technology |
| ■ Professional Fees | ■ Marketing |
| ■ Travel | ■ Directors Fees / Insurance / External Audit |
| ■ Rent / Utilities / Office Supplies | ■ Other Expenses |

CAPEX will be higher in 2021 before reverting to normal levels in 2022



Grow Markets

- Capex driven by specific system life cycles which result in large multi-year projects, plus the normal life cycle replacements for IT equipment and software
- Main projects in 2020 include:
 - Trading System upgrade – expected implementation at end of Q1-21 (deferred as result of COVID-19)
 - Network Transformation – which strengthens NZX’s cyber security, will be completed in 2020
- 2021 will focus on:
 - Technology upgrades, including to the enhancement to NZX technology architecture, NZX.com capabilities, the registry messaging interface and automation of the Depository system and processes;
 - Auckland office relocation; including replacement of the old ticker; and
 - Preparing for the Clearing System upgrade which is expected in 2023

Maximise Financial Services

- Wealth Technologies CAPEX relates to:
 - Continues to release further functionality into production; and
 - Migration of a new client and transfer of the OE platform clients expected in 2021
- Smartshares CAPEX relates to:
 - Front office operating system (Bloomberg AIM and BSKT) will be complete in H2-20; and
 - Digital tools – the continued delivery of digital tools for improved client servicing and efficiency

2020 deliverables are on track and we expect future growth

Progress towards 2020 deliverables can be monitored by monthly shareholder metrics

		External dependencies	2020 deliverables		Five-year aspirational target range (2023) **	
					LOW	HIGH
NZX Group	Total shareholder return (%) *	Dependent on external factors outlined below			TSR average of 9.29% to 11.29% p.a. by December 2022	
	Earnings per share *	Dependent on external factors outlined below			EPS average of 8% to 16% p.a. by December 2022	
	Operating Earnings ***	See earnings guidance	\$30.0 - \$33.5 million		\$42 million	\$54 million
Grow Markets						
- Issuer Relationships	Capital raised (total primary and secondary capital issued or raised for equity, funds and debt)	<ul style="list-style-type: none"> Listing ecosystem is dependent on other market participants No major market correction 	\$9.5 billion (average of 2017/18)		Three year rolling average: \$11 billion	Three year rolling average: \$12 billion
- Secondary Markets	Total value traded	<ul style="list-style-type: none"> Participant activity levels drive value traded No major market correction 	\$38.6 billion		\$42.5 billion	\$45.0 billion
	Dairy derivatives lots traded	<ul style="list-style-type: none"> Participant activity levels and dairy market price volatility drive lots traded 	0.45 - 0.55 million lots		0.85 million lots	1.4 million lots
- Data & Insights	Revenue growth (in subscriptions, licenses and dairy subscriptions)	<ul style="list-style-type: none"> Dependent on markets growth 	Average revenue growth: 3.0%		Three year rolling average revenue growth: 2.0%	Three year rolling average revenue growth: 4.2%
Funds Management						
	Total funds under management	<ul style="list-style-type: none"> Investment market returns No major market correction 	Continue 3-year rolling average growth: 14%		FUM December 2023: \$5.0 billion	FUM December 2023: \$5.75 billion
Wealth Technologies						
	Total funds under administration	<ul style="list-style-type: none"> Investment market returns No major market correction 	Migrate new clients onto the platform		FUA December 2023: \$35 billion	FUA December 2023: \$50 billion

* Consistent with CEO long term incentive programme, see share based payments note in the financial statements for more information;

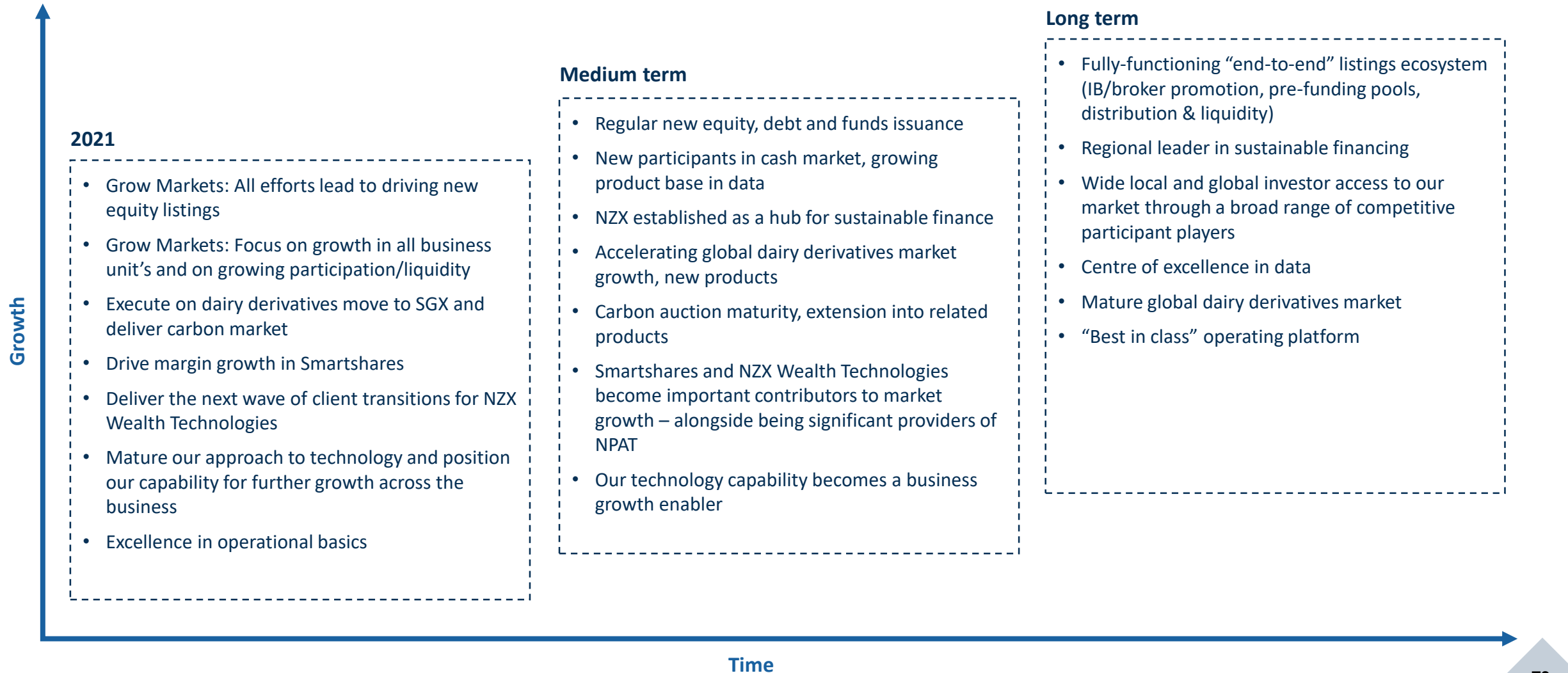
** The five year aspirational target range (2023) as presented in the Investor Presentation (February 2019) and are not financial forecasts.

*** Operating earnings are before net finance expense, income tax, depreciation, amortisation and impairment, adjustment to provision for earnout, gain and loss on disposal of business and property, plant and equipment.

Wrap Up



The wider business priorities across five years focus on growth option execution across the business



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Thank you

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