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NZX Q1 2014 Revenues and Operating Metrics

NZX's Q1 2014 revenue report released today shows total group revenue for Q1 2014 of \$15.1 million, up 6.6% compared to the same period last year. Growth was driven by continued strength in the capital markets business, as well as a strong rebound in rural advertising and increased volumes in NZX's soft commodities businesses.

Capital markets revenue increased by 13.5% due to strong secondary listings activity, high trading volumes and growth in securities information revenue.

Securities trading volumes remained strong with the total number of trades up 35.2%, though the total value traded was down 20.1% compared to Q1 2013, when several high value sell downs occurred in the market. The growth in volume traded positively impacted securities trading revenue, which was up 13.1% on the previous period.

While the first quarter saw no new listings in the equity market, there was significant activity in the secondary capital market over the period with \$480 million of capital raised (a 147.4% increase on the previous comparable period).

Securities information revenue saw strong growth (up 17.2% on the previous period), largely attributable to a change to billing contracts in NZD, along with an increase in real-time terminals.

NZX CEO Tim Bennett commented: "We are pleased 2014 is off to a positive start for NZX, with revenue growth in the first quarter driven by strong capital markets and soft commodities activity, coupled with a rebound in rural publishing."

"Although we did not see any equity market listings in the first quarter, we were delighted to welcome Genesis Energy to the Main Board in mid-April, the final company to list in the Government's share offer programme."

"The programme has been critical for the development of New Zealand's capital markets, with the newly listed companies now comprising 7.3% of total market capitalisation, which combined with the impact of KiwiSaver and an increased savings rate, is underpinning a structural shift in the capital markets."

"We have a good pipeline of companies seeking to list this year and beyond, depending on market conditions. These potential listings are both on the Main Board and our new market planned for launch mid-year. We are talking to companies that are considering listing from a range of industries; from agriculture to tourism, transportation to energy."

Revenue by business line

Capital Markets – Capital markets revenue was up 13.5% in Q1 2014 compared to the prior comparable period, driven largely by significant secondary capital raisings (up 147.4% on the prior period contributing to a 14.8% increase in listings revenue) and strong trading volumes (up 35.2% on the prior period). A 5.9% increase in real-time data terminals, coupled with NZD



billing also contributed to revenue growth. New capital listed was up 327.7% on the prior period, as a result of significant new capital listed in the debt market.

Soft Commodities – Soft commodities were strong performers over the quarter, with revenues up 40.7%. Tonnes traded on Clear Grain Exchange were up 58.2%, resulting in a 36.1% uplift in revenues. With the vast majority of the 2013-14 grain harvest having been sold by the end of Q1 2014, volumes are expected to drop off significantly in Q2 2014.

NZX's dairy derivatives market continues to grow, with an increase in lots traded of 156.1% on the prior period.

Agricultural Information – Advertising pages were up 18.8% on the prior period, as the agricultural sector recovered from the drought that negatively impacted the first half of 2013. Subscription numbers were up 7.4% generally, contributing to overall revenue growth of 8.0%. Data revenues were down on the prior period as a result of the impact of a strengthening New Zealand dollar on reported Australian revenues and the sale of the NewsRoom business.

Funds Management – Funds under management increased by 8.0% due to a 3.5% growth in units on issue coupled with continued growth in market values. Q1 revenues were however down 5.8% due to the timing of recognition of rebates.

Market Operations – Market Operations revenue dropped 13.8% on the prior period as a result of lost revenue from the Gas Allocation Agent role (as announced on 30 September 2013) and reduced project activity compared to the prior period.

NZX Regulation Metrics

NZX also released its Q1 2014 regulation metrics today. These show that NZX Regulation commenced 28 investigations during the quarter in relation to Issuers, in addition to the 11 investigations that were ongoing at the beginning of the quarter. Eight investigations remained ongoing at the end of the quarter. Nine investigations in relation to participants were commenced during Q1 2014, with one investigation remaining ongoing at quarter end.

The NZ Markets Disciplinary Tribunal also released its 2013 annual report during Q1 2014, which provides further information about NZX Regulation's enforcement activities.

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