



2013 Full Year Results Presentation





Contents

- Summary of 2013 performance
- Outlook for 2014
- Business review
- Revenue
- Capital structure and investments
- Dividends and dividend policy
- Investor information



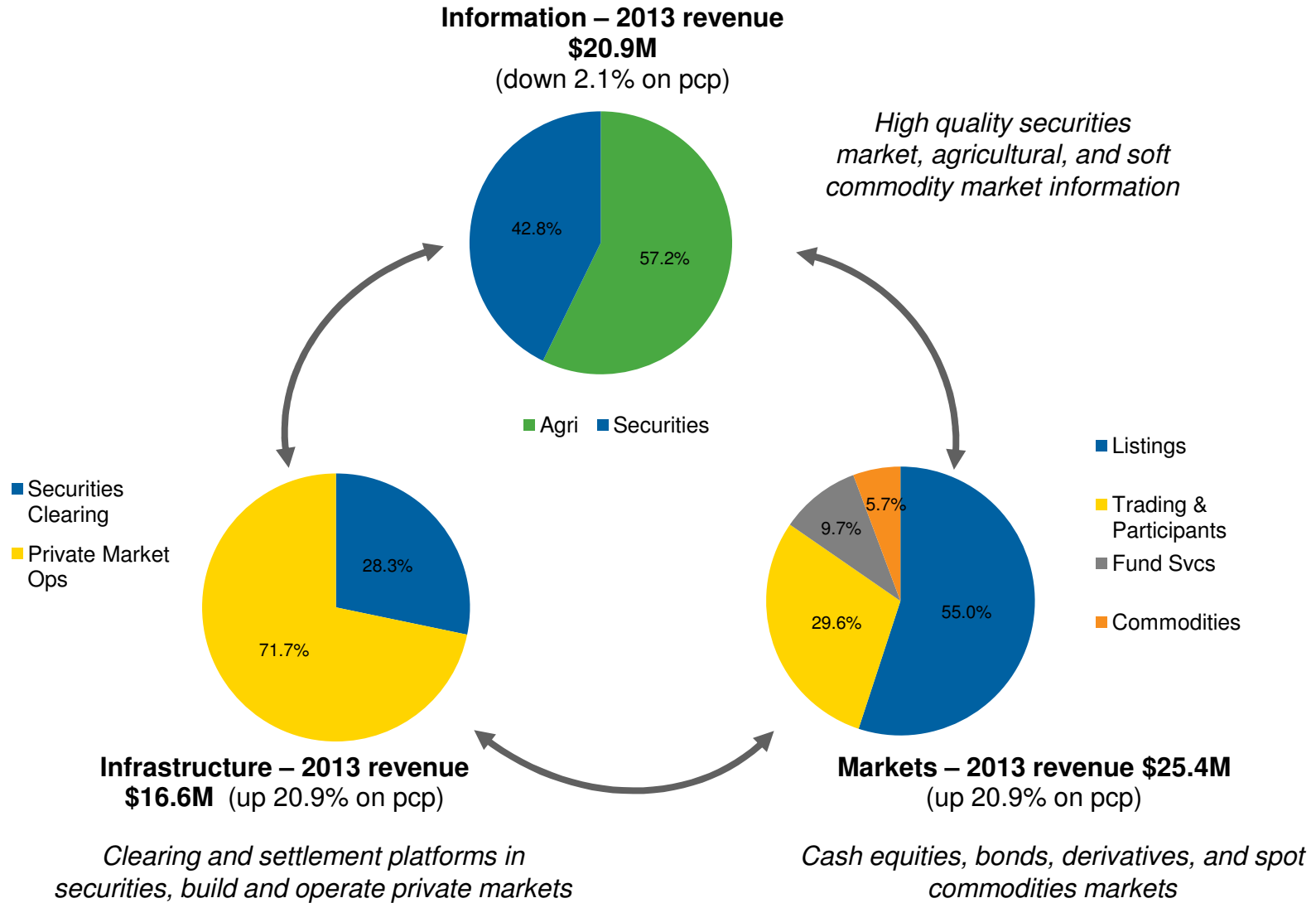


Summary of 2013 performance





Overview of the business





Overview of the business

Business Area		2013 (\$M)	2012 (\$M)	Change (%)	2010-2013 CAGR (%)	% of 2013 Revenues
Capital markets	<ul style="list-style-type: none"> • Capital raising • Trading and Clearing 	14.7	10.0	47.4%	23.0%	23.4%
	<ul style="list-style-type: none"> • Listing • Participant Services • Securities data 	20.2	19.5	3.5%	2.0%	32.3%
Soft commodities	<ul style="list-style-type: none"> • Dairy futures • Clear 	1.5	1.8	(17.8%)	20.2%	2.4%
Agricultural information	<ul style="list-style-type: none"> • Publications • Agri Data (NZ and Aus) 	12.0	12.3	(2.9%)	2.4%	19.0%
Funds management	<ul style="list-style-type: none"> • Smartshares 	2.5	2.3	8.8%	2.6%	3.9%
Market operations	<ul style="list-style-type: none"> • Energy • Fonterra 	11.9	10.0	19.0%	10.5%	18.9%





2013 Summary (1/2)

Capital markets

- 10 IPOs, \$7.5B new capital listed (63% MOM)
- Trading volumes up 32.0%, value up 39.6%
- Annual listing fees up 3.0%
- Data revenues down 0.9% at \$8.9M

Soft commodities

- Dairy derivatives lots traded up 52.0%, CFTC approval received in January 2014
- Clear Grain volumes 24.5% down on prior year with little grain available for sale in Q1 to Q3

Agri information

- Advertising revenues impacted by the worst drought in 70 years; Q1 down 14.0% and Q2 down 4.2% YoY. 2H up 2.5% YoY

Funds management

- FuM up 11.2%, units on issue up 4.5%

Market operations

- Market operations revenues up 19.0% as a result of energy development work (up 47.5%), a full year of FSM





2013 Summary (2/2)

Regulation

- Actions from 2012 FMA Oversight Review fully addressed
- Increase in both resourcing and capabilities
- New structure implemented end-2013

Organisation

- Senior team refresh sustainably complete
- Larger, more visible Auckland presence in place
 - Markets team led by Aaron Jenkins
 - Focus on listing pipeline, product development
- Reduced turnover, increased experience base

Expenses

- Increase in 2013 reflected historical under-investment
- Now positioned to grow from a strong foundation

Other

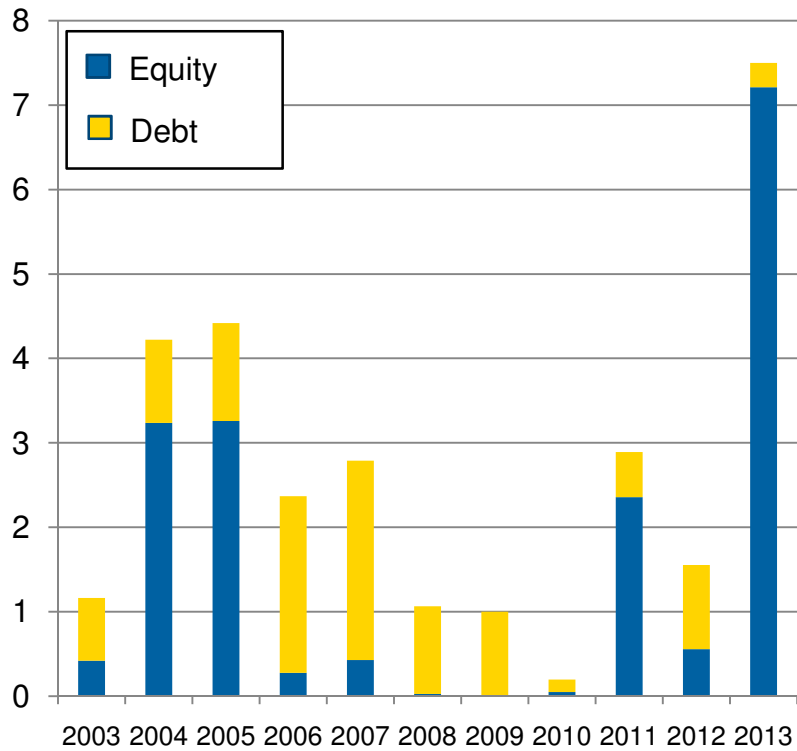
- An impairment of \$2.4m was recognised at 31 December 2013 to reduce the carrying value of Clear





Best year for IPOs in a decade

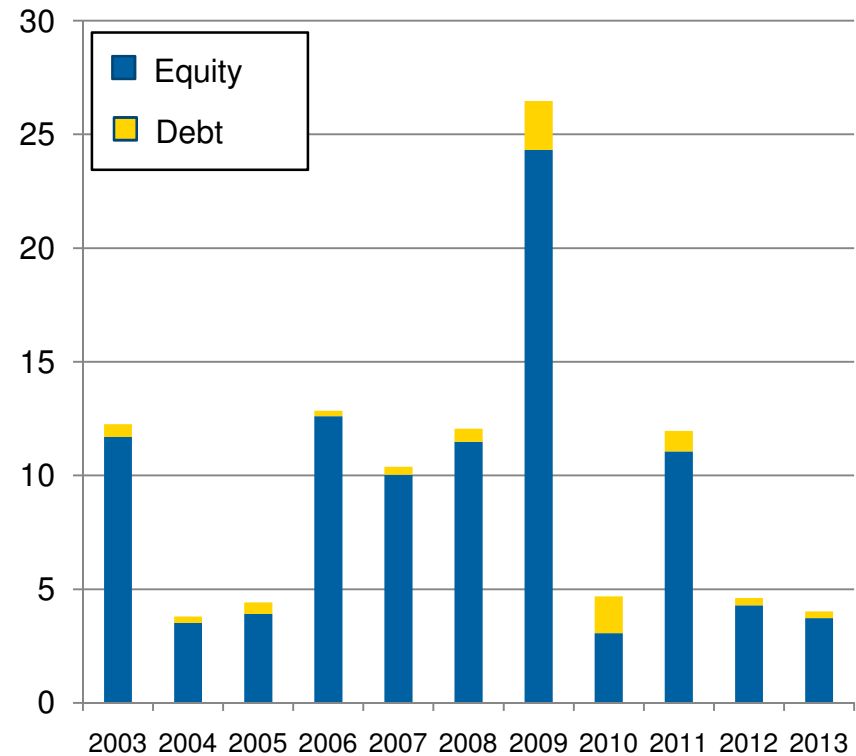
New Capital Listed (\$B)



IPOs 6 9 3 6 7 1 1 1 2 2 10

NZX 2013 revenue \$3.0M
(53% MOM)

Secondary Capital Raised (\$B)



NZX 2013 revenue \$2.6m

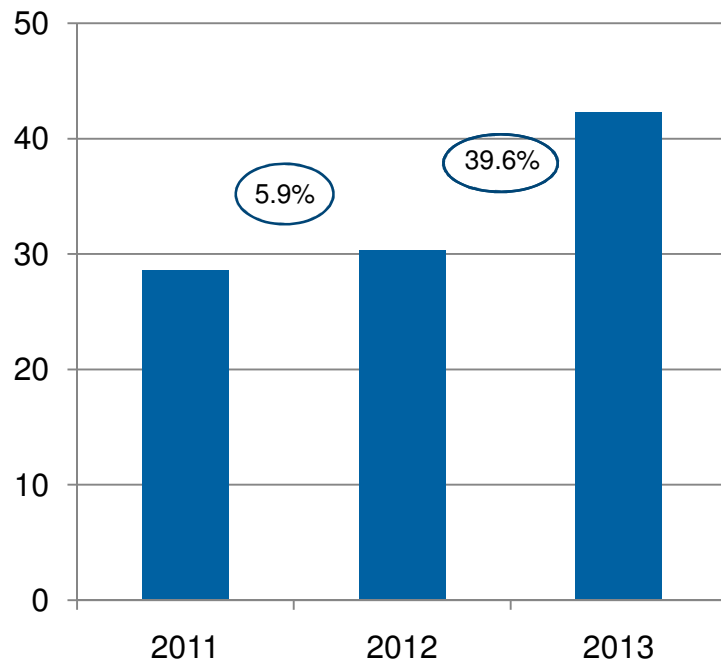
Source: NZX Data



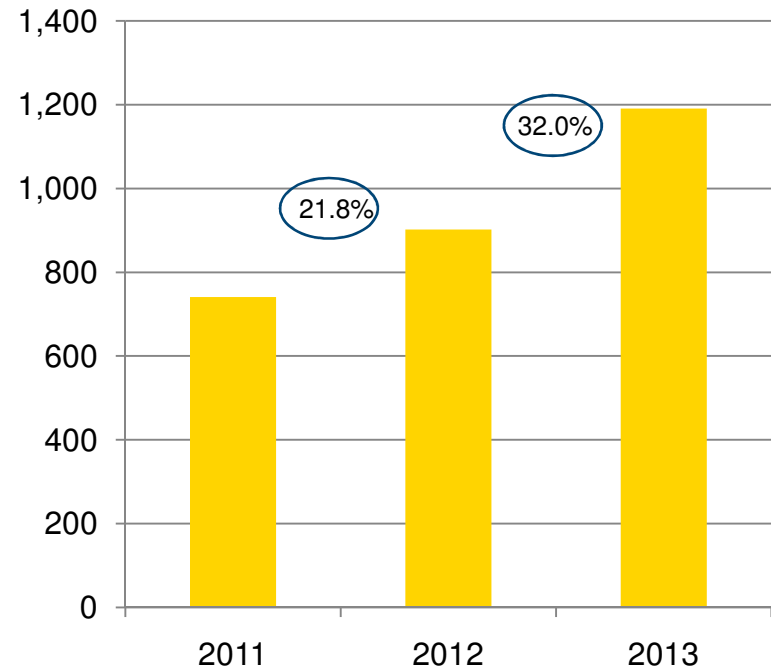



Trading activity continued to grow strongly in 2013

Value Traded (\$B)



Number of Trades (000's)



 Change over prior year

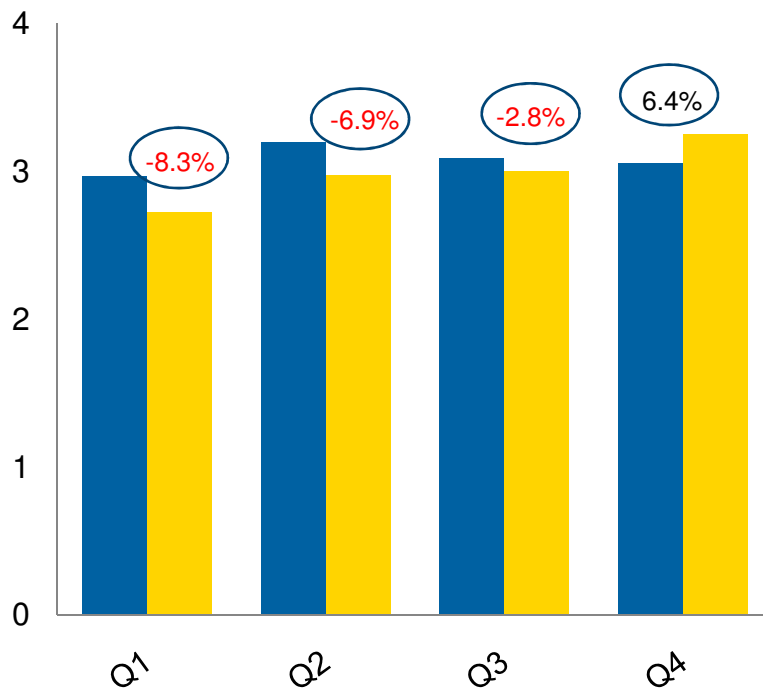
Source: NZX Data



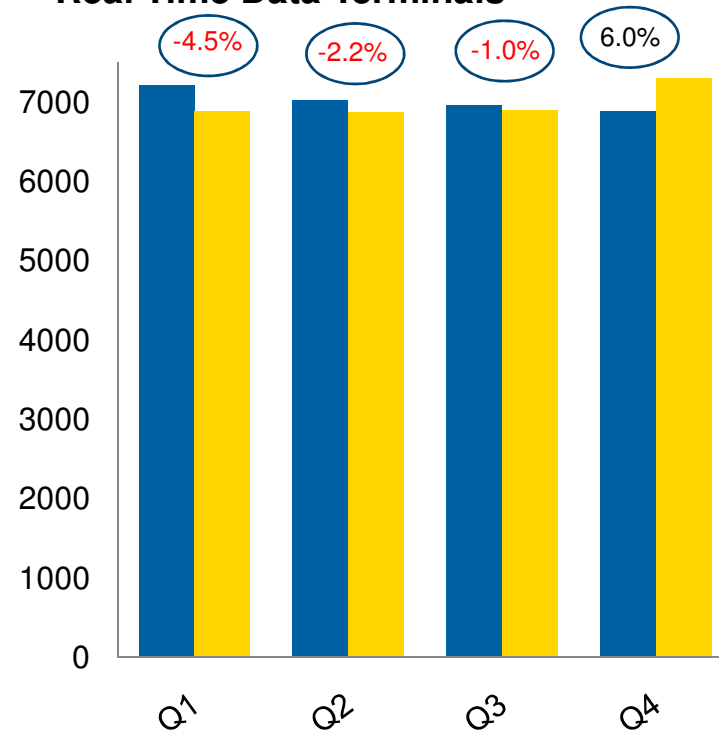


Agri information declined, securities data flat Impact of drought, terminal consolidation

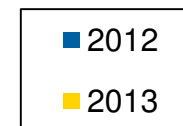
Agri Information Revenue (\$M)



Real Time Data Terminals



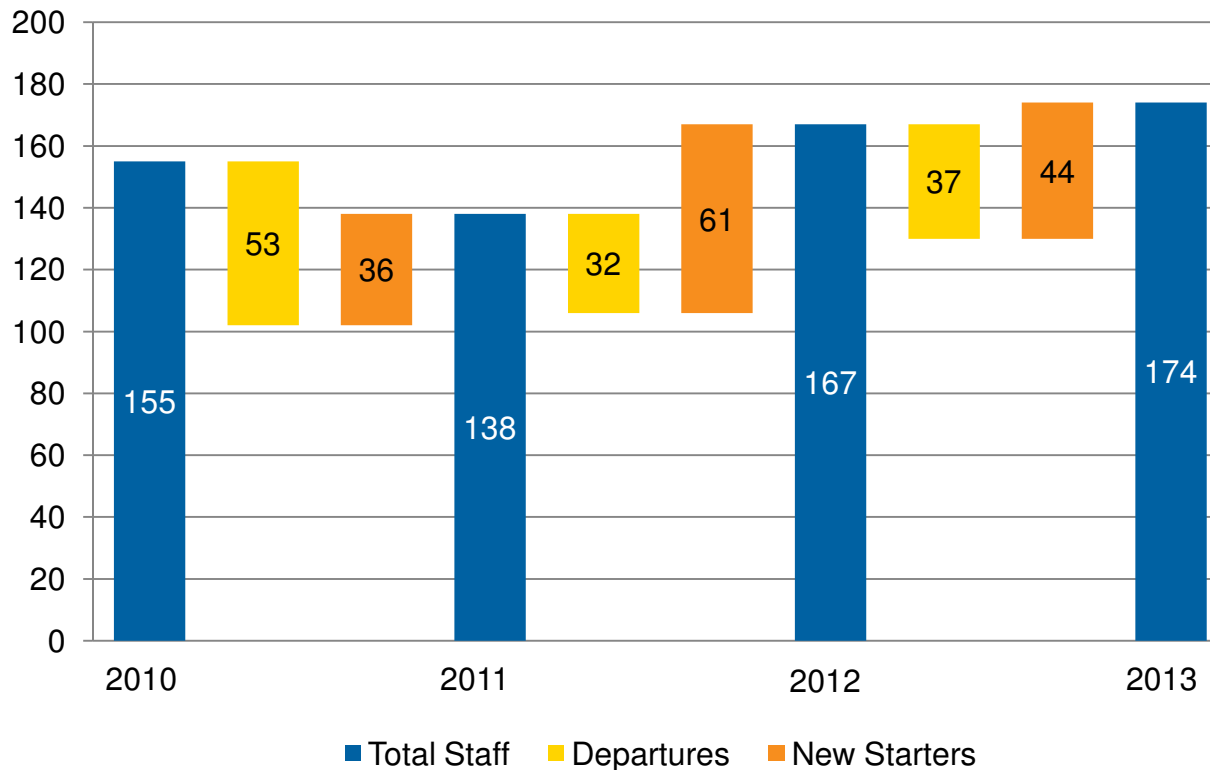
○ Change over prior year





Staff numbers stable during 2013 Attrition levels reduced

staff



Comment

- Staff numbers up 12% since beginning of 2011, up 4% since beginning 2013
- Attrition ~20% and declining
- Compensation reset to market during 2013
- Continued to build Auckland presence (~15 staff) through shifting roles

Note: FTEs, excludes casual staff.





Summary 2013 Result

	2013 (\$M)	2012 (\$M)	Change (\$m)	Change (%)
Operating Revenue	62.8	56.0	6.8	12.2%
Operating Expenditure	37.0	34.0	3.0	9.0%
EBITDAF	25.8	22.0	3.7	17.0%
EBITDAF Margin	41.0%	39.3%		
Asset Impairments	2.6	-	2.6	n/m
NPAT	12.1	9.9	2.2	22.6%
Fully Diluted EPS	4.72c	3.69c	1.03c	27.9%





Revenue by business

	FY 2013 (\$M)	FY 2012 (\$M)	% over pcp
Securities Information	8.9	9.0	(0.9%)
Listings	13.0	9.9	30.9%
Other Issuer Services	1.0	0.6	58.4%
Securities Trading (less futures trading)	4.3	3.2	33.8%
Participant Services	3.1	3.1	2.0%
Securities Clearing (less futures clearing)	4.6	3.7	24.9%
Total Capital Markets	34.9	29.5	18.2%
Commodities Trading	1.4	1.8	(22.4%)
Dairy Derivatives	0.1	0.0	649.6%
Total Soft Commodities	1.5	1.8	(17.8%)
Agricultural Information	12.0	12.3	(2.9%)
Total Agricultural Information	12.0	12.3	(2.9%)
Fund Services	2.5	2.3	8.8%
Total Fund Management	2.5	2.3	8.8%
Market Operations	11.9	10.0	19.0%
Total Market Operations	11.9	10.0	19.0%
Total Revenue	62.8	56.0	12.2%





Expense comparison

	FY 2013 (\$M)	FY 2012 (\$M)	FY 2011 (\$M)	% 13/12	
Employee related cash costs	\$20.4	\$18.6	\$17.1	9.7%	Increased staff numbers, compensation changes
Less capitalisation of labour costs	(\$0.4)	(\$0.9)	(\$2.0)	(60.1%)	Shift in capital activity to externally resourced projects, reduction in major projects
Reported Employee Related	\$20.0	\$17.7	\$15.1	13.2%	
Marketing, Printing & Distribution	\$3.6	\$3.8	\$3.8	(7.5%)	Reduced print and distribution costs in rural publications in line with lower revenues coupled with efficiencies in this area
Information Technology	\$5.8	\$5.0	\$4.2	17.2%	Refresh of non-core systems and full year of new trading platform costs
General & Administration	\$3.7	\$3.5	\$3.2	4.6%	Increased travel, telecommunications, rental and insurance
Professional Fees	\$2.8	\$3.1	\$2.4	(9.6%)	Reduction in legal fees on Ralec litigation as this has progressed more slowly through the legal process than anticipated
Fund Expenditure	\$1.1	\$0.8	\$0.8	38.2%	Reflects one-off remediation costs, underlying operating costs flat
Total Costs	\$37.0	\$34.0	\$29.5	9.0%	



Asset impairments and contingent liabilities

	FY 2013 (\$M)	FY 2012 (\$M)
Impairment of Clear Grain Exchange	(2.4)	-
Impairment of Newsroom brand asset	(0.2)	-
Total asset impairments	(2.6)	-
Tax effect	0.6	-
Impact on net earnings	(2.0)	-

Impairments – Clear and NewsRoom

- The Clear impairment is discussed further on the next slide
- NZX sold NewsRoom in January 2014. The impairment of the brand asset at 31 December 2013 reflects the sale price of the NewsRoom business

Contingent liabilities- IRD audit

- NZX received notification in November 2012 that the IRD had progressed its risk review of the NZX Group, undertaken in 2011, to a tax audit. This audit has been ongoing throughout 2013. In February 2014 the IRD has provided preliminary indication that it may challenge the treatment of items for which the Company estimates the tax effect is approximately \$1.3 million
- The IRD's position has not been finalised and no provision has been made at 31 December 2013 in respect of these items. The IRD also continues to consider other matters for which it has made requests for information





Clear grain exchange Impairment charge and legal update

Impairment charge taken

- An impairment of \$2.4m was recognised at 31 December 2013 to reduce the carrying value of Clear to an assessed fair value of \$4.7M
- The value of the business was reassessed as a result of
 - A poor trading year in 2013 which saw revenues fall 22.4% compared to the prior year
 - As the market has evolved, it has become evident that growth in volumes outside the East Coast will require different operating models which will take longer to implement
 - A number of management changes were made to the business at the end of last year to better capture these opportunities
- As a result, the forecast cash flows from the business no longer support the carrying value of the asset, necessitating the recognition of the impairment charge

Litigation ongoing

- NZX filed proceedings in the New Zealand High Court against the vendors under the sale and purchase agreement entered into with Clear Commodities Pty Limited and Clear Interactive Pty Limited in 2009 (the "Clear SPA") for breach of warranty and associated claims. The vendors have counter-claimed. NZX denies liability and is defending the counterclaim. The quantum of the counterclaim has not been finally particularised but is substantially for the value of the lost opportunity to gain earn-out payments under the Clear SPA
- An earn-out payment of A\$7M was payable if particular grain tonnages were traded. Clear traded between approximately 13% and 17% of the various tonnage targets between 2009 and 2012
- An earn-out payment (A\$7M) was also payable if an Agri-portal was completed and put into operation to the satisfaction of NZX within a specified period. The core part of the Agri-portal was to be a spot market and associated data based around the Clear Grain Exchange and one other commodity. Because Clear has not traded at the anticipated or required levels (and therefore the lack of a reference price), the Agri-Portal could not be completed and put into operation to the satisfaction of NZX
- The case is unlikely to be heard before 2015
- On the basis of NZX's assessment of the circumstances and the information available to it, NZX has made no provision in relation to this litigation



Outlook 2014





Outlook for 2014 Revenues

Business Area	Outlook
Capital markets	<ul style="list-style-type: none">• IPO activity expected to be focused on smaller to medium size listings compared to 2013• New growth market, while not having an immediate impact on revenues, will provide a pipeline for future listings• Securities trading/clearing volumes expected to remain robust and will benefit from the flow on effect of listings and sell-downs of strategic holdings in 2013• Conversion of contracts into NZD billing expected to drive mid single digit growth in this revenue line
Soft commodities	<ul style="list-style-type: none">• Profile of 2013/14 grain harvest has followed similar pattern to 2012/13, with large volume of sales early in season and limited grain now remaining in silo, suppressing the potential trading volumes in Q1 to Q3 2014• Dairy derivative volumes expected to continue their strong growth but off very low base. Equity derivatives to launch end of March 2014, subject to testing
Agricultural information	<ul style="list-style-type: none">• Improvement in forward advertising booking for rural publications evident as impact of 2013 drought now well behind the sector• Online starting to gain momentum• New data products to be launched in Q2/Q3 to broaden the offering
Funds Management	<ul style="list-style-type: none">• Launch of two new funds management products in 2014 is anticipated to drive growth in funds management beyond 2013 levels
Market Operations	<ul style="list-style-type: none">• In market operations, gas contract (\$670k of revenue) ceased at the end of 2013. Energy consulting revenues expected to be at similar levels to 2013 if major settlement project goes ahead





Outlook for 2014 Costs

Cost category	FY13 (\$M)	Outlook
Employee, Contractor & Related	\$20.0	<ul style="list-style-type: none">• Low to mid single digit growth from market alignment of remuneration and filling of vacant roles
Marketing, Printing & Distribution	\$3.6	<ul style="list-style-type: none">• Increase in line with growth in publications revenue
Information Technology	\$5.8	<ul style="list-style-type: none">• Stable compared to 2013
General & Administration	\$3.7	<ul style="list-style-type: none">• Stable compared to 2013
Professional Fees	\$2.8	<ul style="list-style-type: none">• Dependent on progress of Ralec litigation (FY13 \$0.8M). Underlying costs stable
Fund Expenditure	\$1.1	<ul style="list-style-type: none">• Slight decrease on 2013





Medium-term view

Growth opportunities across most business

Business Area	Medium-term growth opportunities
Capital markets	<ul style="list-style-type: none">• KiwiSaver, increased savings rate underpinning structural shift in supply of capital• Market cap / GDP, penetration of public companies remains low versus peer markets• FMCA provides the flexibility to operate different types of marketplaces e.g. growth market• Further infrastructure still to be developed e.g. derivatives
Soft commodities	<ul style="list-style-type: none">• Long-term, agricultural exports expected to grow at around twice GDP• Increase in size and intensity of investment will require improved risk management• Home markets typically have an advantage in developing spot commodity and futures markets
Agricultural information	<ul style="list-style-type: none">• Currently NZ's premier provider of agricultural news and information• Deep coverage of a small number of commodities (grain, dairy, forestry)• Opportunities to expand reach online coverage (other commodities) and add analytical tools (initially dairy)
Funds Management	<ul style="list-style-type: none">• Double-digit growth in NZ FuM expected , driven by KiwiSaver• Passive funds, ETFs in particular, continued to grow strongly offshore• NZ market underpenetrated
Market Operations	<ul style="list-style-type: none">• Long-term contracts in place (EA renewal in 2015/16)





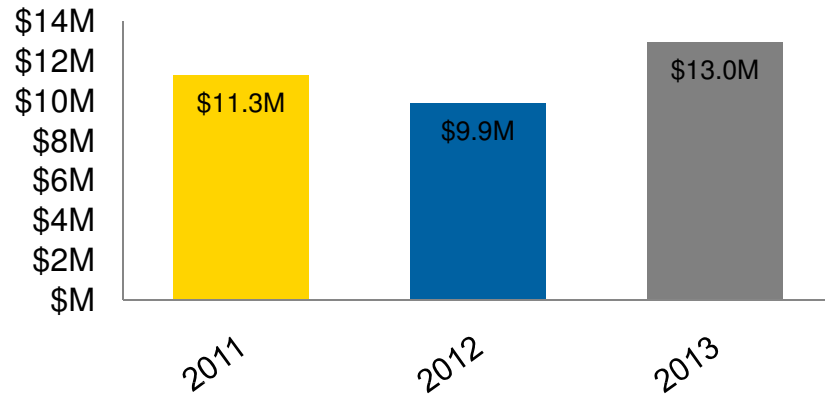
Business Review - Revenue



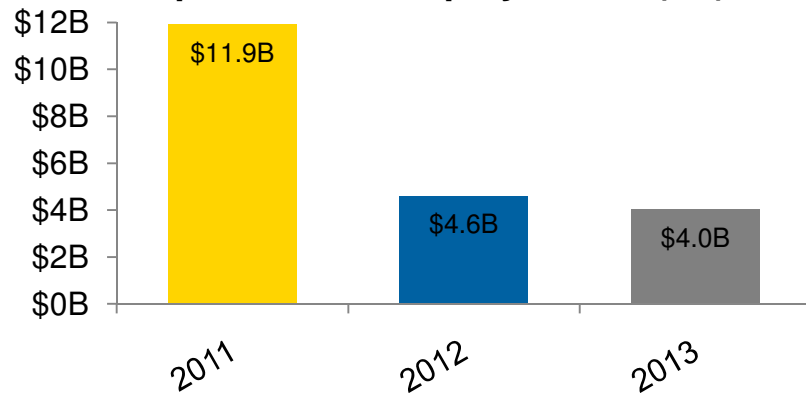


Capital Markets: Listings

Revenue (\$M)



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



Commentary

- FY13 listings revenue of \$13.0M, up 30.9% on pcp
- Revenue growth largely driven by new listings of \$7.5B
- Initial listing fees of \$3.0M comprised \$1.9M for listings >\$1B

Outlook

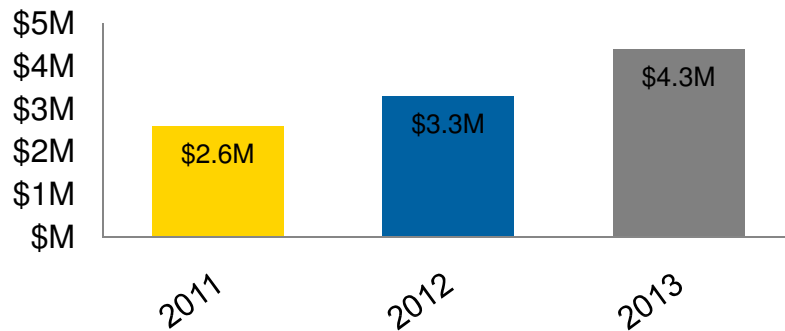
- Promising IPO pipeline for 2014
 - Genesis IPO expected in 1H 2014
 - A number of small to medium sized entities expected to list
- Outcome highly dependent on market conditions
- Listing fees review to occur during Q2 with changes effective 1 July
- Launch of new market to support smaller, growth orientated companies



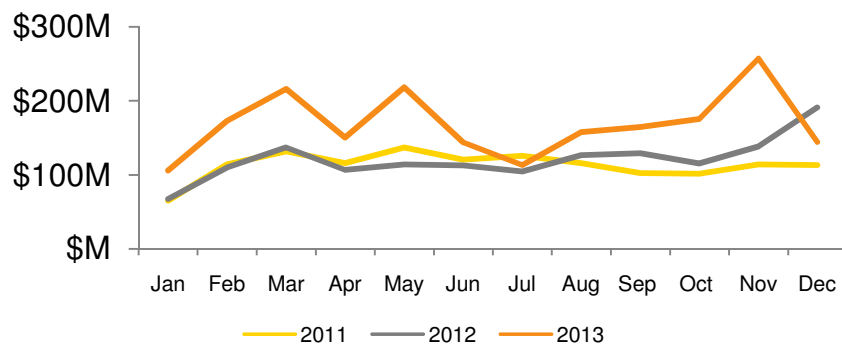


Capital Markets: Trading

Cash markets Revenue (\$M)



Average Daily Value Traded



Commentary

- Trading revenue across cash market up 33.8% on pcp on strong equity trading activity
- Significant increase of 31.4% on pcp in number of small trades with value < \$50k
- Average daily trades at 4,745 up 32.0% on pcp
- Average daily value at \$169M up 39.6% pcp

Outlook

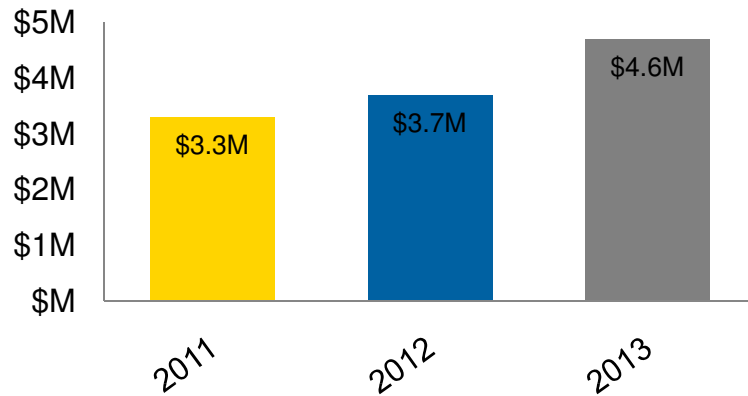
- New listings expected to continue to positively impact trading activity
- Global outlook remains uncertain despite recent rebound in the global markets
- Equity derivatives to be launched at the end of March 2014, subject to systems testing





Capital Markets: Clearing

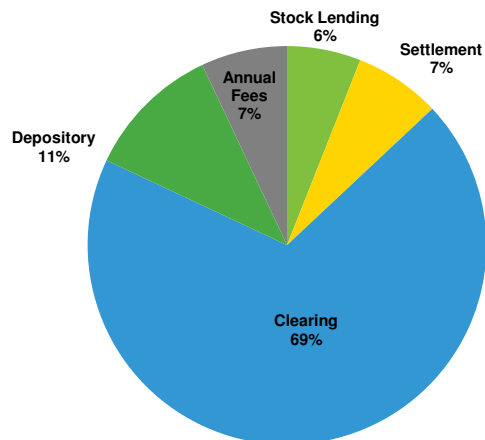
Revenue



Commentary

- Securities clearing revenue strong at \$4.6M, a 24.1% increase on pcp
- Solid growth in depository transactions with 23,914 transactions, up 20.7% on pcp
- Stock lending of \$2.8B during FY13 up 28.3% on pcp; being undertaken for both settlement and strategic purposes

Clearing House Revenue Split



Outlook

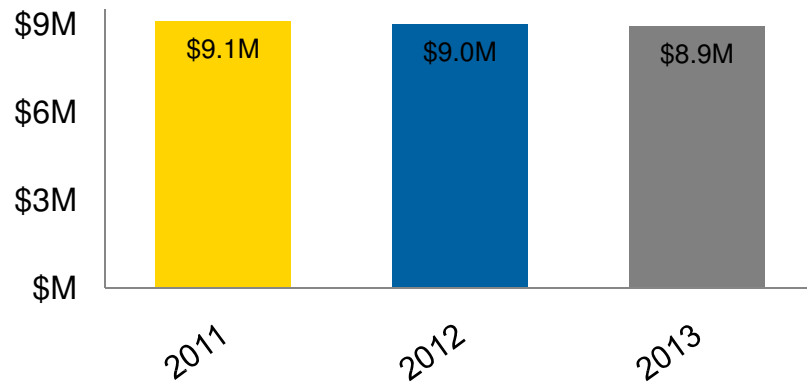
- Clearing activity strongly correlated with trading





Capital Markets: Securities Information

Revenue (\$M)



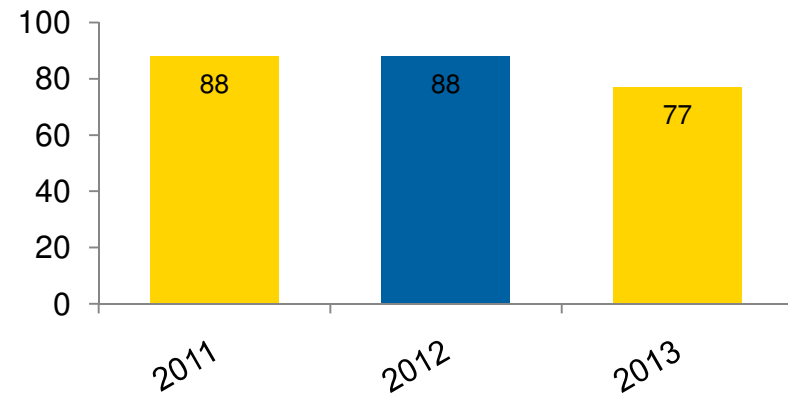
Commentary

- FY13 revenue of \$8.9M, down 0.9% on pcp
- Data terminals of 7,291 as at 31 Dec 2013 up 6.0% on pcp
- All revenue billed in NZD from September 13, eliminating exposure to USD exchange rate movement

Outlook

- Conversion of all contracts to NZD billing expected to drive mid to high single digit growth
- Ongoing sales effort focused on new subscription growth

Licenses*



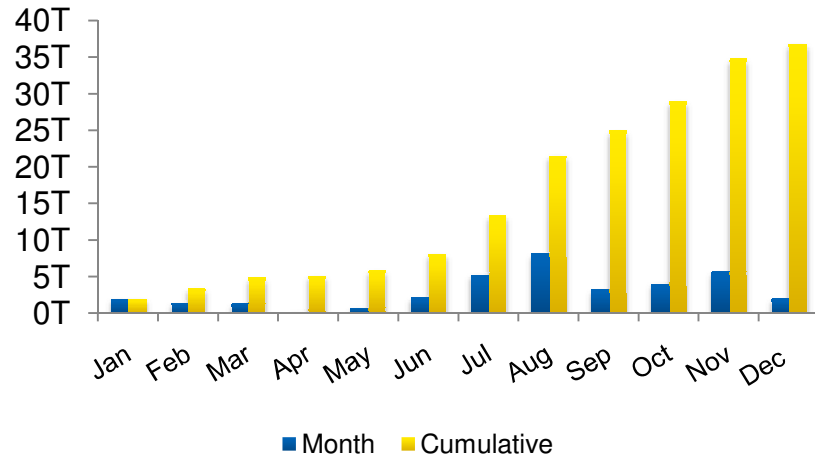
*Real time (primary) and delayed (other) data licenses





Soft Commodities: Dairy Futures

Dairy Futures Lots Traded in 2013



Competitor Dairy Futures Performance

Exchange	Contracts	Date Listed	Lots Traded
CME	SMP	10 May 10	1 (delisted)
Eurex	SMP	10 May 10	645
NYSE Liffe	SMP	10 Oct 10	19
NZX	WMP, SMP,AMF	10 Oct 10	72,333

Commentary

- Derivatives volumes in FY13 were 52.0% higher than the volumes in FY12
- Average monthly volume of 3,062 lots versus 2,015 lots in pcp
- 8,146 lots traded in August 2013, the highest monthly volume to date

Outlook

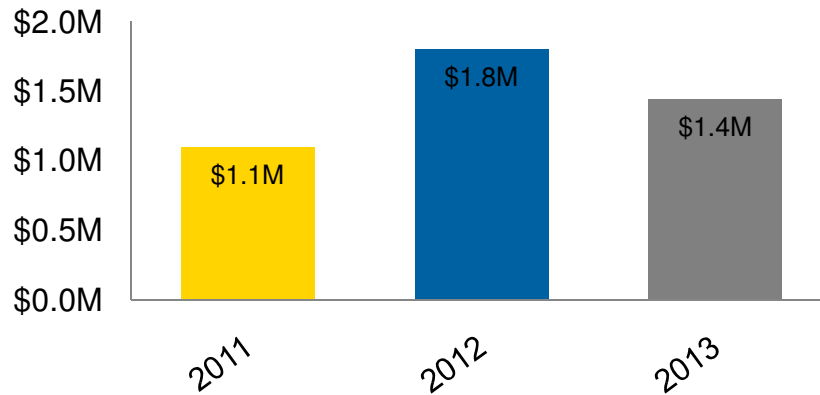
- Continuation of organic growth expected as new traders enter the market
- Growth underpinned by CFTC approval in early 2014 which enables direct access by US regulated traders
- Information products and analytics tools under development for provision to futures traders





Soft Commodities: Grain Trading

Revenue



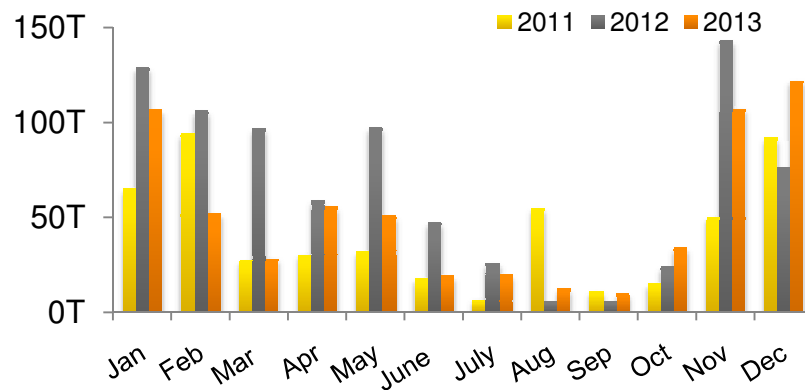
Commentary

- FY13 Revenue of \$1.4M is down 22.4% on pcp
- FY13 volume of 616,828 Tonnes down 24.5% on pcp
- Total growers who traded during FY13 was 1,706 down 17.5% on pcp

Outlook

- 2013/2014 harvest commenced during Q4; harvest to date volumes tracking 15.6% above pcp
- Low levels of unsold grain in silos indicate a similar pattern in the 13/14 harvest as 12/13 i.e. lower trading volumes in the second half of the harvest (Q1-Q2 2014)

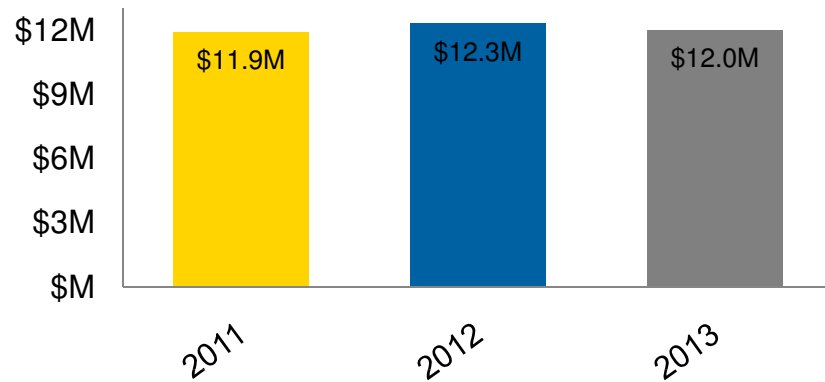
Monthly Volume (Tonnes)





Agricultural information

Revenue



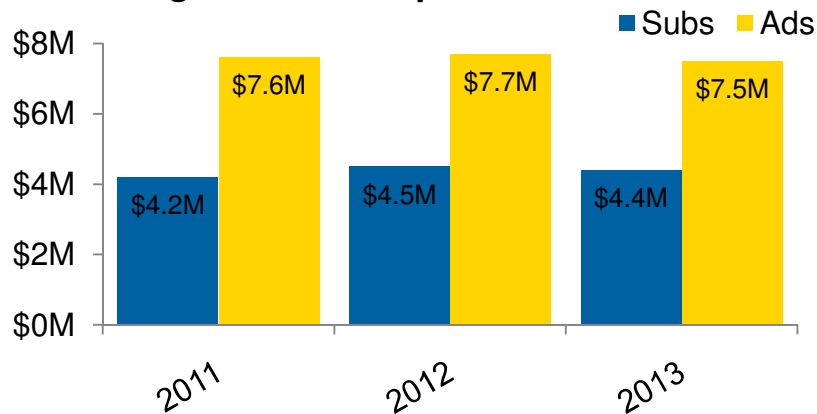
Commentary

- FY13 revenue of \$12.0M, down 2.9% on pcp reflecting a weak first half performance due to the drought and a stronger second half as on-farm spend increased

Outlook

- Low to mid-single digit growth expected as the sector rebounds from the drought and dairy prices remain high

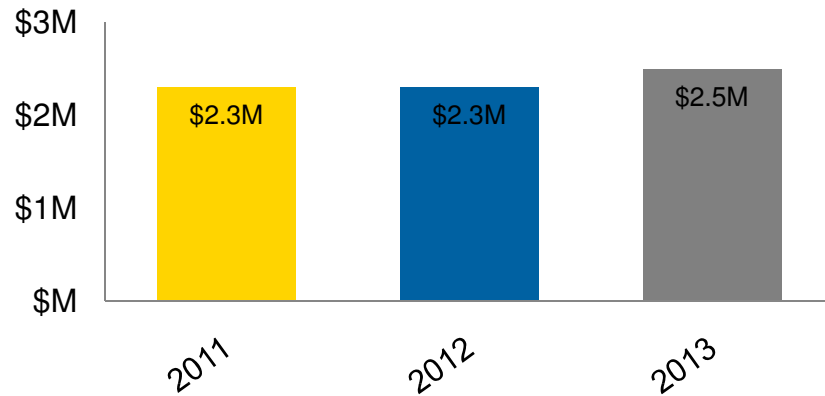
Advertising and Subscriptions Trend





Funds Management

Revenue (\$M)



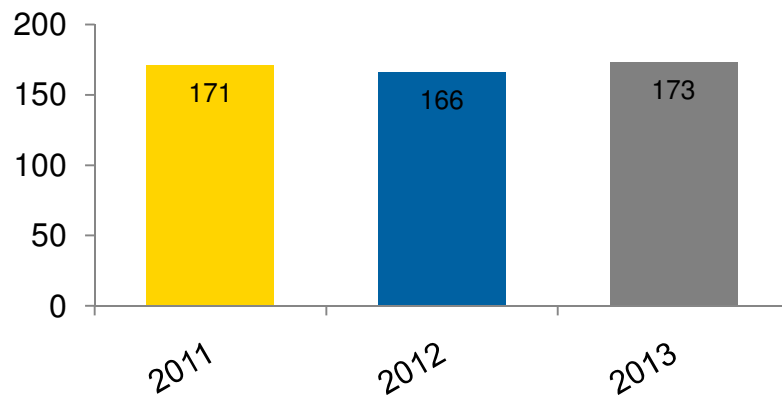
Commentary

- Revenue at \$2.5M up 8.8% on pcp
- FUM of \$355M up 11.2% on pcp
- Units on issue of 173M up 4.5% on pcp
- Continued growth in stock lending and borrowing revenue

Outlook

- Funds management sector growing with an under-representation of passive funds
- Expect to launch 2 new funds in 2014 and to improve liquidity in existing funds

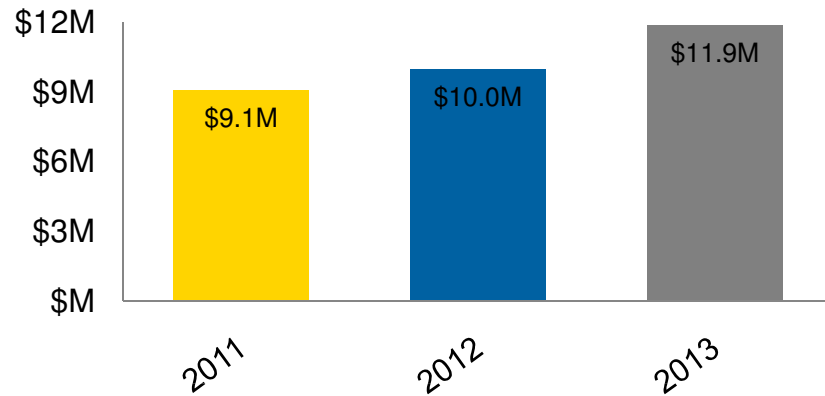
Units on Issue – ETFs (Million Units)



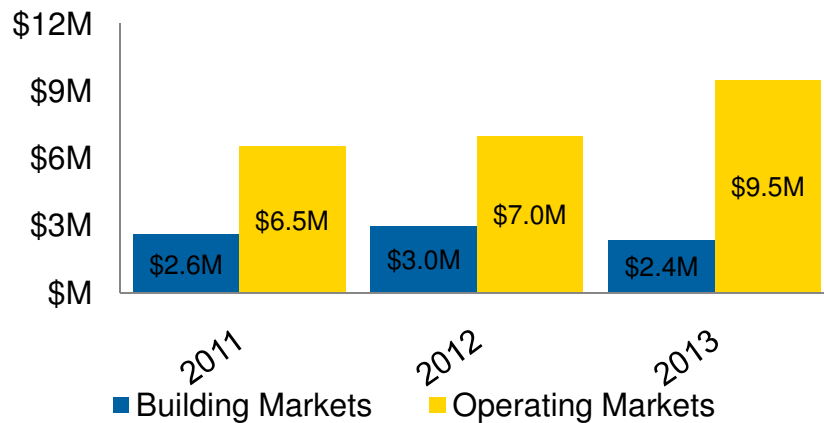


Market Operations

Revenue



Revenue



Commentary

- FY13 revenue of \$11.9M, up 19.0% on pcp
- Full year of operating Fonterra Shareholders Market
- Significant energy consulting revenue in H1

Outlook

- Gas contract (\$670k of revenue) ceased on 31.12.13.
- Energy consulting revenues expected to be at similar levels to 2013 if major settlement project goes ahead





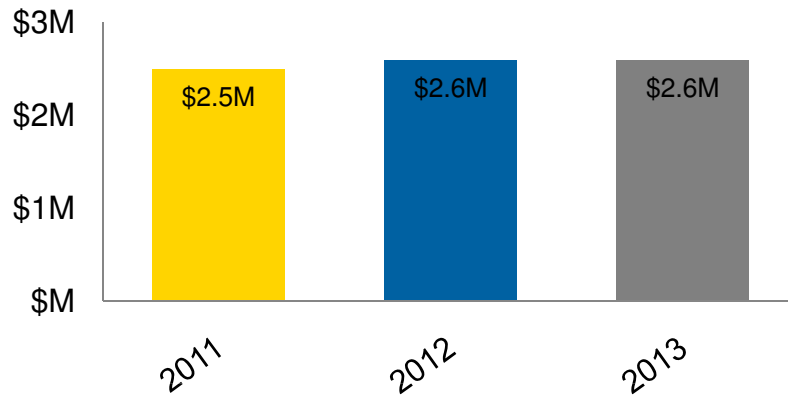
Business Review - Capital Structure and Investments





Link Market Services

EBITDA (\$M)



Commentary

- Net dividends and preference share redemptions paid to NZX in FY13 of \$1.2M
- FY13 EBITDA of \$2.6M flat on pcp
- FY13 performance impacted by the cost of shifting premises

Outlook

- Continued success in winning mandates, including new issues

Link NZ	2013 (\$M)	2012 (\$M)	% change
Operating Revenue	\$7.7	\$7.0	10.8%
Operating Expenditure	(\$5.1)	(\$4.4)	17.7%
EBITDA	\$2.6	\$2.6	(0.8%)
EBITDA Margin	33.3%	37.2%	
NPAT	\$1.1	\$1.2	(5.9%)





Balance Sheet and Capital

	31 Dec 2013 (\$M)	31 Dec 2012 (\$M)
Assets		
Cash and equivalents ⁽¹⁾	\$50.89	\$38.16
Goodwill	\$13.23	\$13.62
Other intangible assets	\$26.87	\$33.67
Other assets	\$11.97	\$15.51
Total Assets	\$102.96	\$100.96
Liabilities and Equity		
Bank overdraft	-	\$8.97
Other current liabilities ⁽¹⁾	\$50.41	\$37.57
Deferred tax	\$3.03	\$3.94
Total Liabilities	\$53.44	\$50.48
Equity	\$49.52	\$50.48
Total Liabilities and Equity	\$102.96	\$100.96

(1) Includes \$33.58M of cash held on behalf of market participants

Notes

- \$33.5M of cash held on behalf
- At 31 December 2013 total ordinary shares on issue was 255,572,949



Share Capital

	31 Dec 2013	31 Dec 2012
Ordinary shares on issue		
General	253,997,949	253,756,483
CEO shares	1,575,000	1,575,000
Total ordinary shares on issue	255,572,949	255,331,483
Restricted shares		
Employees (Team & Results)	373,624	704,415
Employees (shares that did not vest)	-	283,677
Total restricted shares on issue	373,624	988,092
Total shares on issue	255,946,573	256,319,575





Dividends and dividend policy





Q4 2013 Dividend

- Final 2013 dividend of 1.6 cents declared in line with existing dividend policy
- Dividend to be fully imputed
- To be paid on 21 March for holdings as at 7 March
- Brings total distributions in respect of the 2013 financial year to 5.6 cents per share compared to 5.1 cents per share in 2012 (Q1 2012 dividend adjusted for the share split and capital return in 2012)





2014 dividend policy

- New dividend policy to apply from 1 January 2014
 - Planned total dividend of 6.0 cents per share to be paid in respect of the 2014 financial year (subject to no material adverse changes in circumstances) as NZX transitions to new policy
 - Distributions from 2015 to be based on a target payout ratio of 80% of free cash flow (defined as operating cash flow less purchase of property plant and equipment and intangible assets)
 - NZX expects distributions to continue to be fully imputed
 - The company will revert to paying six monthly dividends in 2014
- The application of the future distribution policy will be subject to the future commitments of NZX
- The new policy aligns shareholder distributions with available cash flows and is expected to maintain an appropriately sound capital structure in line with NZX's position as a systemically important institution in the New Zealand financial markets





Investor Information

- Final dividend of 1.6 cents per share fully imputed declared
- Record date 7 March 2014 and payment date 21 March 2014
- NZX Full Financial Reports available for download from:

www.nzxgroup.com/investor-centre/reports-information

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