

[TEMPLATE SHAREHOLDER EMAIL]

[Insert name and title of recipient]
[Insert company name]
[Insert address]
[Insert city] [Insert postcode]

15 August 2018

Dear [insert name],

NZX Half Year Results & Interim Report Published

NZX today reported its financial results for the six months ended 30 June 2018.¹

Today's half year financial result reflects the delivery we have made against our strategy outlined last November.

Six months into the delivery of our five-year strategy we have advanced the business materially. We have divested our non-core businesses, improved the exchange's customer service and business efficiency, increased liquidity in the secondary market, and progressed plans to simplify the New Zealand market's structure and rule set.

We are pleased with progress being made across the key strategic areas fundamental to our future growth, and remain on track to deliver within the earnings guidance range provided in February 2018.

Summary of highlights from the first half are below:

- Successful divestment of non-core businesses. Rural newspaper Farmers Weekly, red meat and forestry components of AgriHQ, and the remainder of our Melbourne agribusiness have been sold. 41 staff transitioned with the sale of these businesses and we now have just two offices in Auckland and Wellington;
- Total operating earnings were \$13.9 million² and net profit after tax was \$4.4 million;³
- Operating revenue from continuing operations increased 2.0%, with strong growth in trading and clearing fees and funds management revenues;
- Trial of a new pricing structure in secondary market over last 12 months has helped contribute an additional 33% in on-market value traded, which now represents 53.4% of

¹ Comparisons are to the six months ended 30 June 2017

² Includes operating earnings from continuing operations of \$13.2 million and discontinued operations of \$0.7 million

³ Includes net profit after tax from continuing operations of \$6.9 million and discontinued operations of (\$2.5) million (including impairment of goodwill and intangibles of \$2.9 million)

the market. On-market trading reached a new record of 56.8% in May. A new trading and clearing pricing structure was announced last week, alongside targeted policy changes and technology improvements to be introduced in October;

- While the market for initial public offerings remains challenging, \$4.4 billion of primary and secondary issuance was raised, the same as last year. Debt issuance remained strong with 10 new issuances raising \$1.7 billion on listing, and a further \$454 million in the secondary market;
- Growth in funds under management continued, with revenues up 11.1% in this business. SuperLife membership numbers increased 6.3% and Smartshares applications numbers grew 30.6%;
- Wealth technologies core platform development was completed, large client scheduled to go-live in October; and
- NZX board completed a capital structure review. Outcomes include, the issuance of subordinated notes, the implementation of a mutualised default fund for the Clearing House, and the establishment of a dividend reinvestment plan. These actions will help to ensure the exchange has a balance sheet risk profile appropriate for a business, which is a critical component of New Zealand's capital markets infrastructure.

To view the full interim report please click [here](#).

Dividend

The Board has declared an interim ordinary dividend, fully imputed, of 3.0 cents per share. Following the divestment of our non-core businesses, each shareholder will also receive a special dividend, fully imputed, of 1.5 cents per share.

There has been strong interest from retail shareholders to introduce a dividend reinvestment plan. As promised in our annual report, this has now been established and will be available for the 2018 interim and special dividends. It will be paid on 14 September 2018 and a discount rate of 2.5% will apply.

The next six months

This has so far been a year of transition for NZX. We are pleased with progress being made across the key strategic areas fundamental to our growth, and the growth of New Zealand's wider capital markets. Six months into our five-year strategy the team at NZX are optimistic about what the future holds. We hope you find our progress encouraging.



Mark Peterson, Chief Executive