



NEW ZEALAND'S EXCHANGE

Investor Roadshow 2018

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Forward-Looking Statement

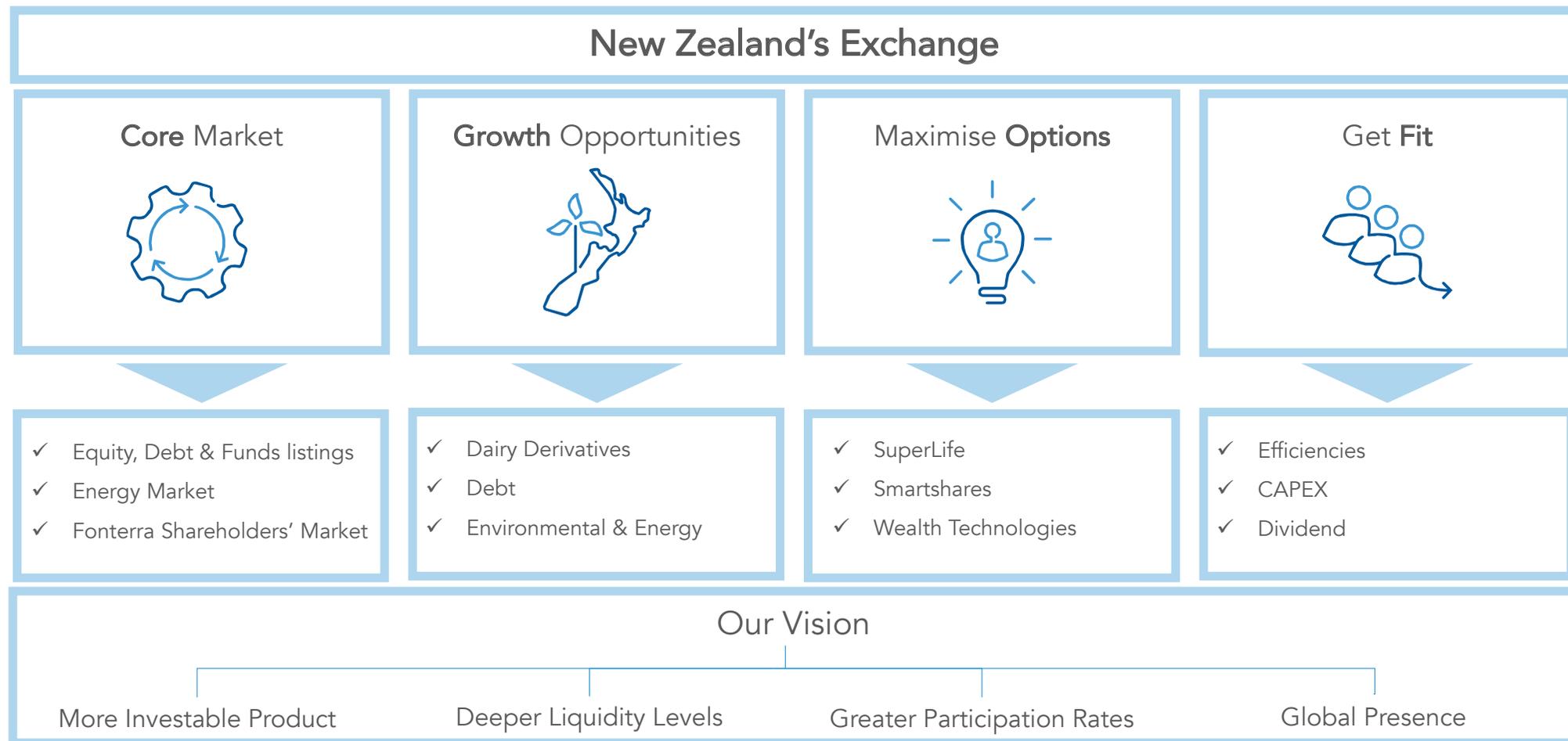
This presentation contains forward-looking statements, which often include words such as expects, anticipates, believes, intends, plan, continue or other similar words in discussion of future operating or financial performance. These forward-looking statements are based on the Board and managements' present expectations, estimates and assumptions regarding its business, performance and the current state of the markets in which it operates. As with any forecast or projection, forward-looking statements are inherently subject to risks, uncertainties and changes in circumstances. NZX's actual results may vary materially from what is expressed or implied in its forward-looking statements. Any forward looking statements contained in this presentation are relevant as at the date of this presentation. Except as required by law, NZX assumes no obligation to update or revise the content to reflect any changes in circumstances.

Benefits of Investing in New Zealand



- Trusted business environment – 1st of 190 economics for ease of doing business
- Sound macro base – low inflation, strong banking sector, flexible exchange rate
- Simple tax structure
- Priority investment sectors – primary, tourism, infrastructure, manufacturing
- Exchange connected across multiple asset classes
- 1st exchange in the world to open
- 2nd highest P/E ratio in Asia pacific
- 22% S&P/NZX 50 return in 2017

Our Refreshed Strategy



Strategy Resulted in Fundamental Reset of NZX



- Rigorous **review** of business by board and management, market consultation with more than 200 stakeholders, global analysis of peers
- **Refreshed** leadership team to ensure right skill set, team now in place
- Organisational principles **aligned** to the customer
- Resources reallocated to **high value** areas
- KPIs, remuneration, reward and recognition programme aligned to **delivery**
- Culture shift evident in improved employee **engagement** survey

Full Year 2017 Results Highlights



NPAT
\$14.8
million

61.6%

Operating earnings**
\$29.0
million

31.3%*

Funds under management
\$2.7
billion

25.8 %

Dairy derivatives
311,675
Lots traded

57.2%

Revenue

1.1%*

Expenses

11.6%*

2018 Guidance
\$28 – \$31
million

Dividend
6.1
Cents per share


* Excluding impact of 2016 Agri disposals

** 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



Results Overview

Result underpinned by significant permanent cost savings, establishment of clear and strategic delivery plan

	2017 \$000	2016 \$000	Changes 2017 v 2016
Operating revenue	\$75,325	\$77,544	(2.9%)
Operating expenses	(\$46,322)	(\$55,027)	15.8%
Operating earnings	\$29,003	\$22,517	28.8%
Net finance expenses, tax, depreciation and amoratisation and gain on sale	(\$14,166)	(\$13,335)	(6.2%)
Net Profit After Tax	\$14,837	\$9,182	61.6%

2016 result included Agri businesses which were disposed in late 2016.

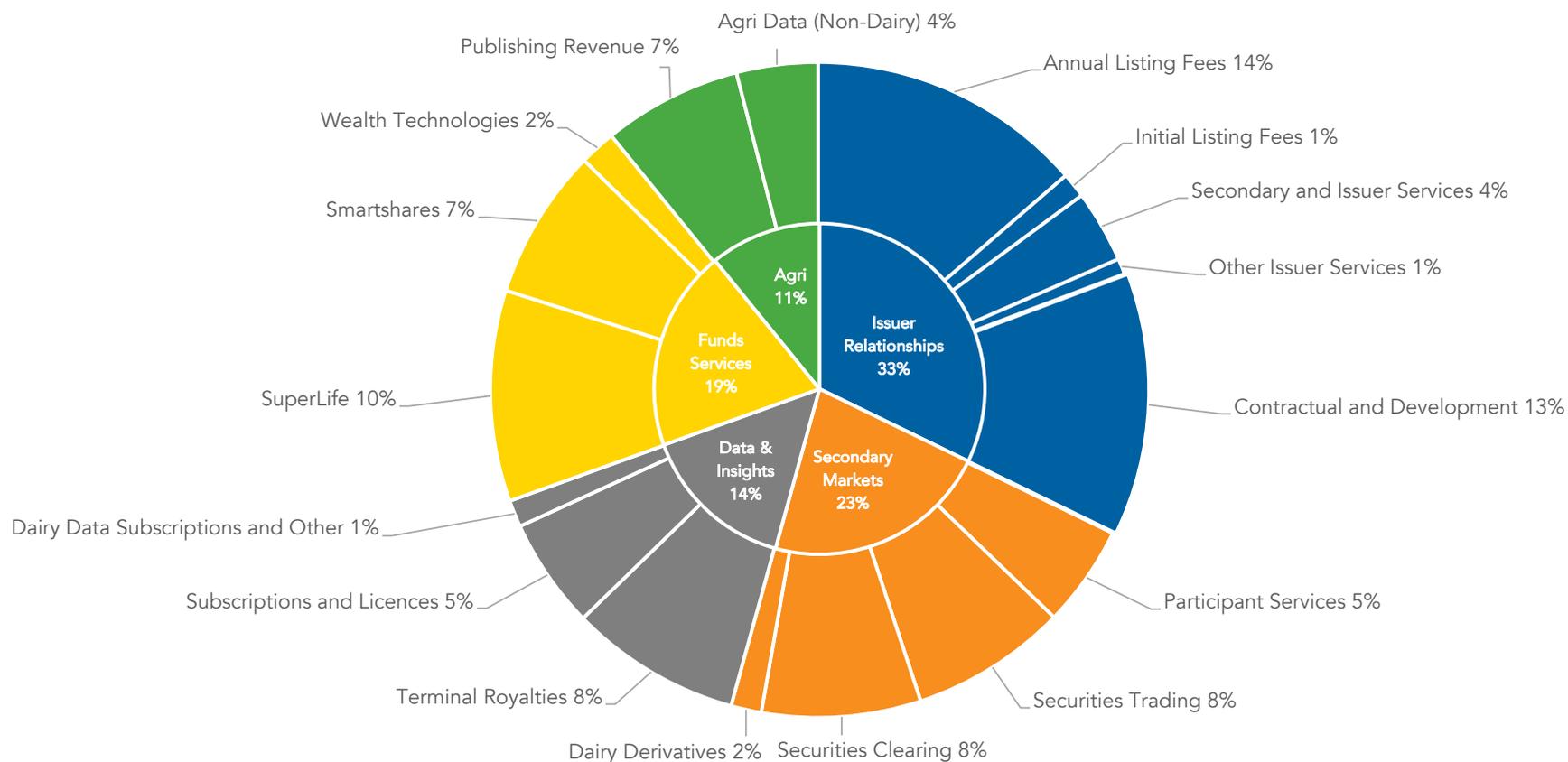
On a like-for-like basis:

- Revenue, up 1.1%
- Expenses, down 11.6%
- Operating earnings, up 31.3%

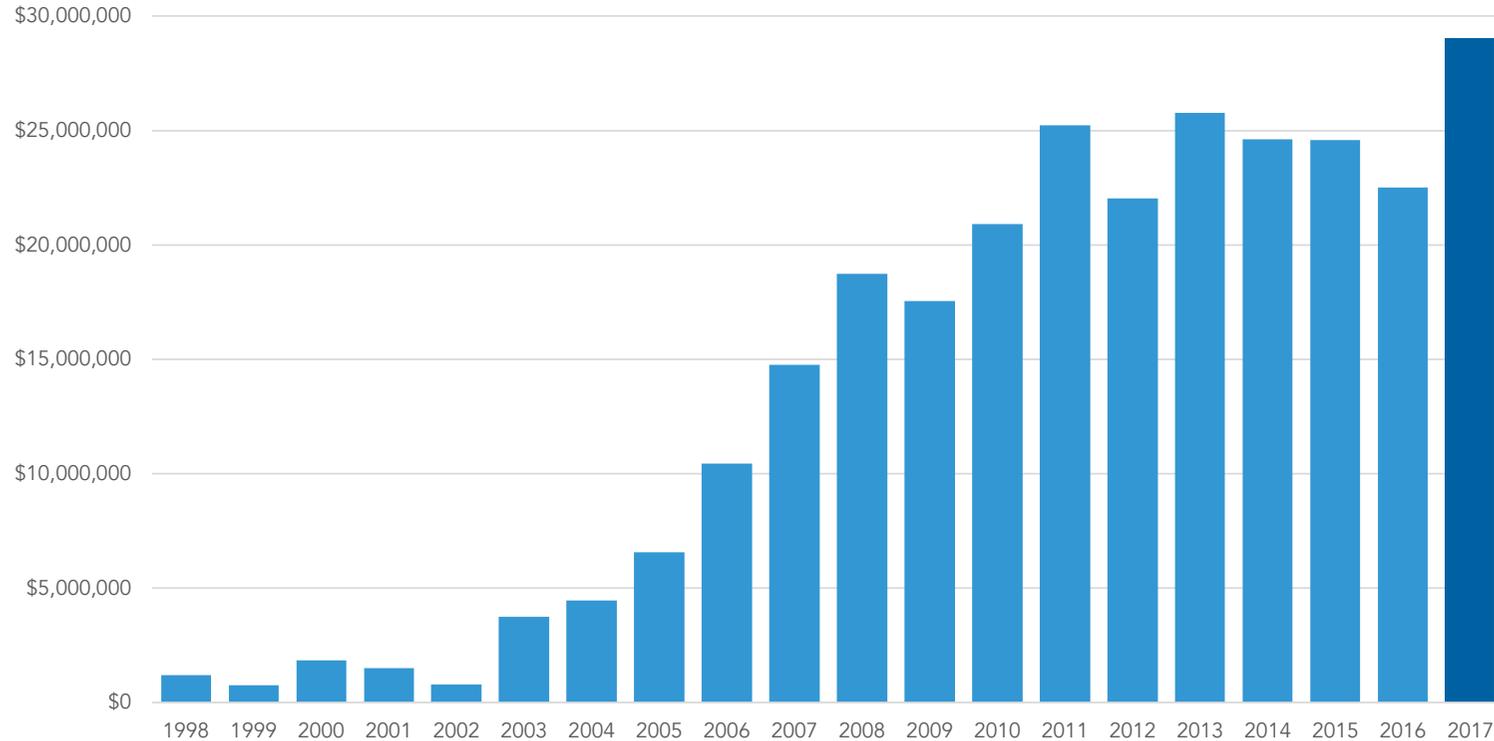


2017 Revenue Overview

NZX has a diversified revenue base



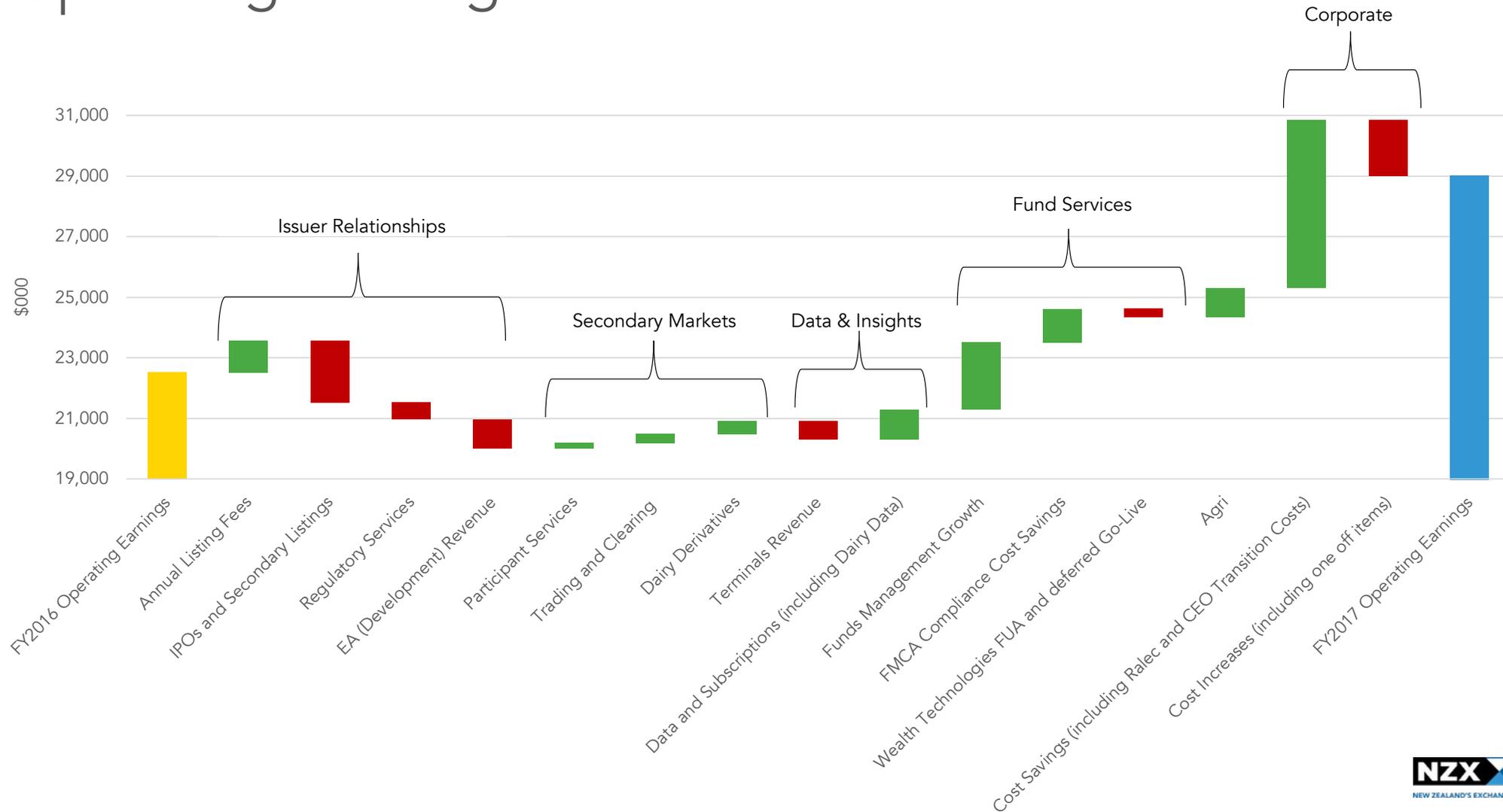
Operating Earnings of \$29.0 Million



Highlights include:

- Funds Management (Exchange Traded Funds and KiwiSaver) business;
- Dairy Derivatives market; and
- Cost control

Operating Earnings Waterfall





Operating Earnings – Divisional Results (from EBITDA)

Core Markets:

- Issuer Relationships operating earnings \$17.7 million (2016: \$19.8 million) reduced due to lower initial listing and secondary issuance fees
- Secondary Markets operating earnings \$12.3 million (2016: \$11.4 million) increase driven by dairy derivatives
- Data & Insights operating earnings \$10.0 million (2016: \$9.9 million), increased subscription and license revenue offset by increased personnel costs which are no longer being shared with Agri

Funds Services:

- Funds Management operating earnings \$4.4 million (2016: \$1.1 million) reflects growth in FUM and completion in 2016 of FMCA compliance project
- NZX Wealth Technologies (NZX WT) operating earnings \$(1.7) million (2016: \$(1.4) million). Core platform development expected to complete Q2 2018. Large client to go-live Q3 2018

Agri:

- Operating earnings improved due to 2016 disposals and the improved performance of Farmers Weekly

Year ended 31 December 2017	Core Markets \$000	Agri \$000	Funds Services \$000	Corporate \$000	Total \$000
Operating revenue	52,350	8,184	14,791	-	75,325
Operating expenses	(12,317)	(6,427)	(12,066)	(15,512)	(46,322)
Operating earnings	40,033	1,757	2,725	(15,512)	29,003

Year ended 31 December 2016	Core Markets \$000	Agri \$000	Funds Services \$000	Corporate \$000	Total \$000
Operating revenue	53,574	10,938	13,032	-	77,544
Operating expenses	(12,442)	(10,148)	(13,348)	(19,089)	(55,027)
Operating earnings	41,132	790	(316)	(19,089)	22,517

Executing the Strategy



Reshaping our business

- Full strategy reset – focus back on core markets business, divestment of non-core components, maximising value of options businesses (SuperLife, Smartshares and Wealth Technologies)
- Relentless focus on costs, efficiency improvement
- Re-orientation of culture to the customer, creation of sales and growth focused team



Advancing the market structure

- New Zealand market structure and rule set must promote integrity assist in delivering more investable product, deeper liquidity levels and greater participation rates
- Imperative that NZX progress initiatives to grow the market

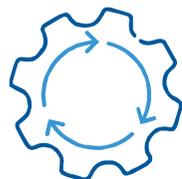


Global exchange partnerships

- Step change for NZX
- Shift focus away from regional stock exchange model to global exchange partnerships
- Offering value to current and prospective issuers, increased access for investors

Executing the Strategy for Growth

Rebuilding a strong foundation in the Core Market



Core Market

Issuer Relationships ✓

Secondary Market ✓

Data & Insights ✓

Customer engagement	Relationship managers appointed, more than 170 customers meetings completed, 100% issuer contact on target for end of Q1 2018
Framework	More than 70 listing review rules submissions received
Product suite	Engagement, consultation and marketing collateral in progress
Sales	Engagement underway, first new participant on target for Q2 2018
Increase on-market liquidity	Revised trading and clearing pricing structure will be implemented alongside rule changes to be consulted on in Q2 2018. NZX remains commitment to delivering a pricing and rule structure that promotes on-market liquidity On-market average daily value traded 50.4% in January 2018 Additional electronic trading clients added
Functionality	Dairy derivatives functionality on track for March 2018 Consultation underway for 2019 system upgrade
Post trade	Default fund consultation complete
Internal	Internal data process in place, data being delivered
B2B	Account planning underway
End user	Scoping of PRA complete, moving into development phase
Capability	Scoping for capability requirements underway



Executing the Strategy for Growth

Growing opportunities and maximising options that will continue to drive growth



Growth opportunities

Spotlight on Dairy Derivatives



2018 volume target range
400,000 – 500,000 lots

Expand global access

New calendar spread functionality March 2018, extended trading hours July 2018, options enhancements on track for second half of 2018

Boost sales and marketing

Additional New Zealand based FTE almost finalised, Asia office on target for second half of 2018, new website on target mid-2018

Extend product set

Skim Milk Powder Options launched December 2017, US Lactose consultation underway



Maximise options

Smartshares & SuperLife



2018 target FUM
growth plus 7%

Grow end users

Engaging with third party distributors, retail investor portal launched December 2017, SuperLife website launched February 2018

Smartshares direct applications up 84%, unitholders up 37.6%

Cross-sell

Ongoing discussion with third party distributors

Wealth Technologies



Go-live

Core platform development expected to be completed Q2 2018.
Large customer to go-live Q3 2018



Global exchange partnerships

Breaking away from the regional exchange model

- Create scale via global exchanges alliance model
- Major step change for NZX, shift focus away from regional stock exchange model to create partnerships with global exchanges who are committed to promoting confidence and co-operation in their respective markets
- Already executing on this vision:
 - Memorandum of Understanding signed with Hong Kong Exchanges and Clearing Limited (HKEX) in January
 - Memorandum of Understanding signed with Singapore Exchanges Limited (SGX) in March
 - Further Memorandum of Understandings to follow
 - Under the terms, NZX will promote market development initiatives across a range of areas, share relevant information, and partner on green finance and sustainability initiatives
- Customers will benefit from the increased international presence of our exchange, including access into new markets for issuers, better connection points and capital flows for participants, and a broader product offering for investors
- Additionally, it provides NZX with opportunities to promote Smartshares exchange traded funds and the dairy derivatives market
- Next steps are a Stock Connect Agreement to operationalise the strategy



NZX

S&P/NZX
10
INDEX
1213.52
8.41 / 0.688%

S&P/NZX
20
INDEX
4406.56
24.79 / 0.559%

S&P/NZX
50
INDEX
6069.14
32.18 / 0.527%

MRP \$2.84
0.01 / 0.36%

PCT \$1.24
0.005 / 0.4%

POT \$18.65
0.0 / 0.0%

OHE \$3.70
0.98 / 2.72%

OIC \$1.17
0.01 / 0.85%

OMG 0.2c
0.0 / 0.0%

Core Market



Core Markets – Revenue Overview



Core Markets revenue	2017 \$000	2016 \$000	Change FY17 v FY16
Issuer Relationships revenue	24,257	26,770	(9.4%)
Secondary Markets revenue	16,629	15,726	5.7%
Data & Insights revenue	11,464	11,078	3.5%
Total Core Markets revenue	52,350	53,574	(2.3%)

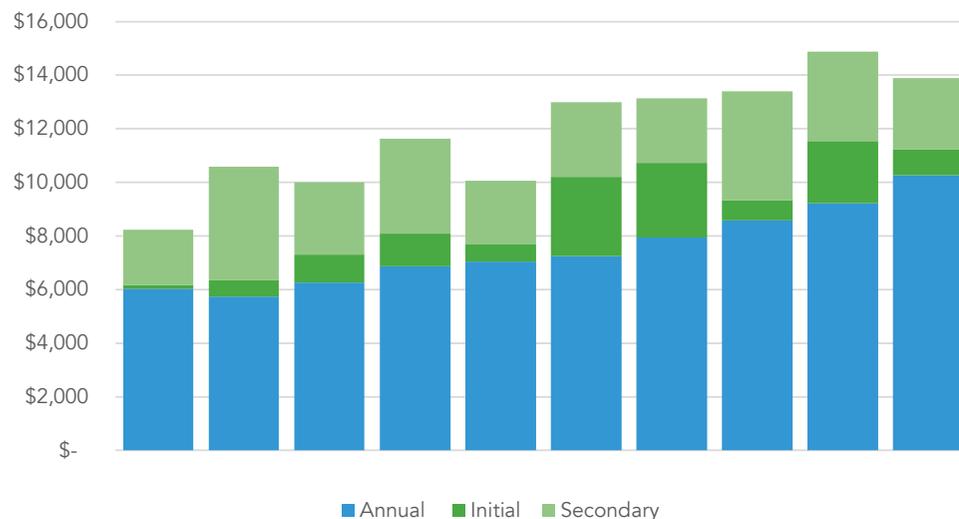




Issuer Relationships

Create a compelling and attractive proposition for our issuing customers

Issuer Fees



Notes

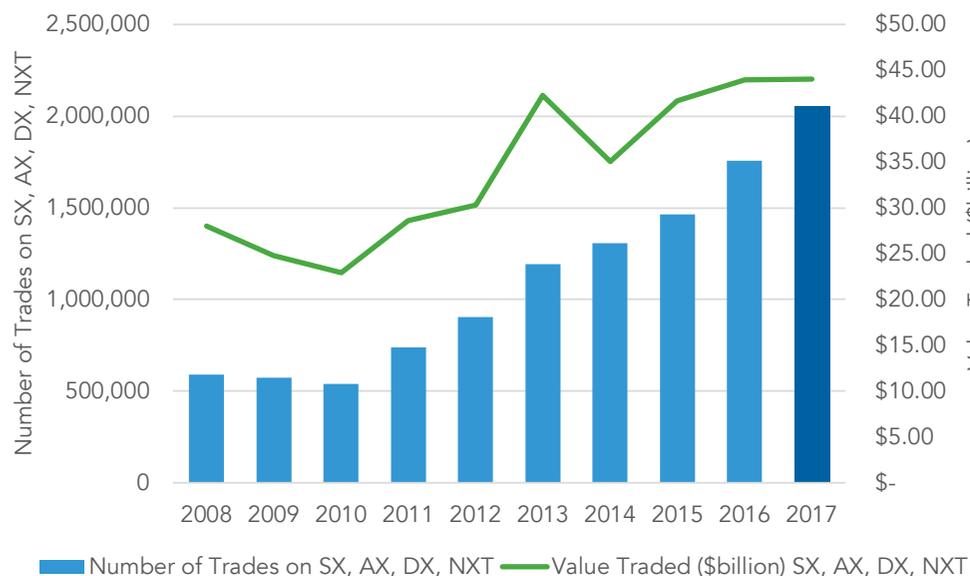
- Annual listing fee growth from increase in number and value of listed debt instruments and equity market capitalisation
- Substantial listing of new debt in 2016 not fully replicated in 2017
- Other issuer services revenue relates to activities undertaken by NZX Regulation
- Contractual and development revenue relates to the operation of electricity market (under contract from Electricity Authority) and Fonterra Shareholders' Market (under contract from Fonterra)

Revenue	2017 \$000	2016 \$000	Change FY17 v FY16
Issuer Relationships			
Annual listing fees	10,280	9,226	11.4%
Initial listing fees	931	2,330	(60.0%)
Secondary issuance fees	2,696	3,341	(19.3%)
Other issuer services	586	1,144	(48.8%)
Development revenue	428	1,493	(71.3%)
Contractual revenue	9,336	9,236	1.1%
Total Issuer Relationships revenue	24,257	26,770	(9.4%)
Strategic metrics			
Number of listed issuers	223	232	(3.9%)
Equity market capitalisation	135.2 billion	115.5 billion	17.1%
Debt market capitalisation	26.4 billion	25.7 billion	2.7%
Number of new equity listings	1	7	(85.7%)
Number of new debt listings	20	37	(45.9%)
Value of new equity listed	0.48 billion	2.1 billion	(77.1%)
Value of new debt listed	3.2 billion	6.4 billion	(50.0%)
Total secondary capital raised	4.4 billion	4.6 billion	(4.3%)



Secondary Markets

Value and Volume Traded



Notes

- Impact of pricing trial (aimed at increasing electronic trading flow) is reflected in 2017, number of trades out pace actual value traded
- Trial did not include a fixed per trade fee component, increase in number of trades does not reflect revenue collected

*Please note Dairy Derivatives revenue and trading lots are included in Growth Opportunities on page 18

Revenue

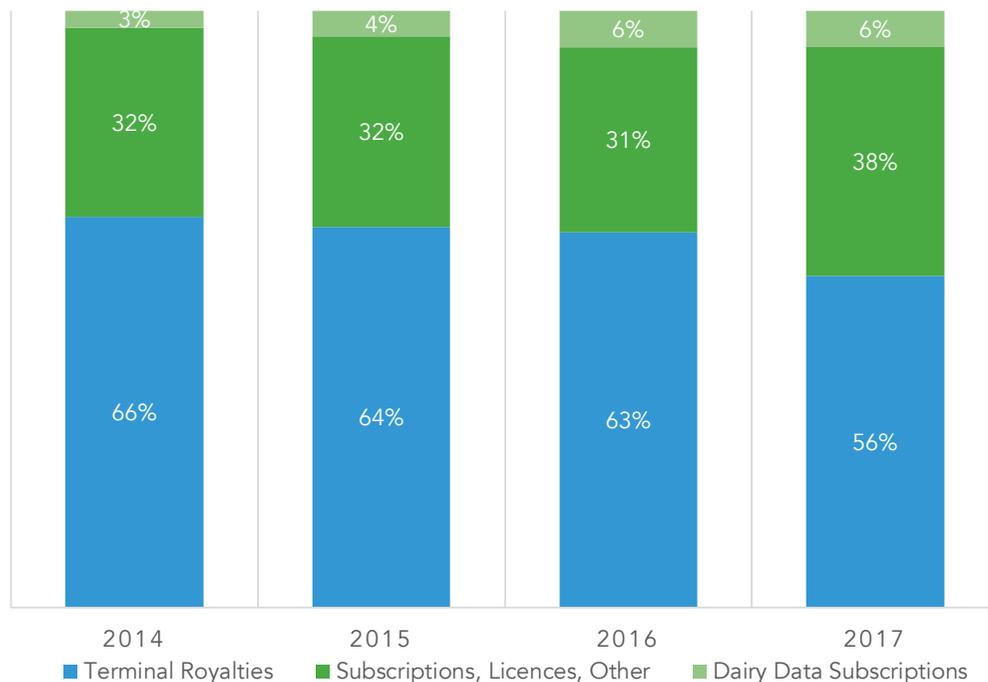
Revenue	2017 \$000	2016 \$000	Change FY17 v FY16
Secondary Markets			
Participant services revenue	3,768	3,592	4.9%
Securities trading revenue	5,817	5,765	0.9%
Securities clearing revenue	5,911	5,663	4.4%
Dairy derivatives revenue	1,133	706	60.5%
Total Secondary Markets revenue	16,629	15,726	5.7%
Strategic metrics			
Number of trades	2.05 million	1.75 million	17.1%
Total value traded	44.0 billion	44.0 billion	-
Dairy lots traded	311,675	198,303	57.2%
Number of participants	36	35	2.9%



Data & Insights

Grow existing data revenues, turn data into insights that drive decisions and sales

Percentage of Revenue



Revenue

Revenue	2017 \$000	2016 \$000	Change FY17 v FY16
Data & Insights			
Royalties from terminal	6,367	6,965	(8.6%)
Subscriptions and licences	4,099	3,288	24.7%
Dairy data subscriptions	693	672	3.1%
Other	305	153	99.3%
Total Data & Insights revenue	11,464	11,078	3.5%
Strategic metrics			
Terminal numbers (12 month average)	7,379	7,407	(0.4%)
Number of licences	97	92	5.4%
Number of proprietary security products subscription	404	395	2.3%
Number of dairy data products subscription	774	584	32.5%

Notes

- Terminal numbers remained relatively flat in 2017
- For subscriptions and licence fees we have implemented a new pricing policy around Non-Display Applications
- Opportunity to expand dairy data offering to support the Dairy Derivatives market

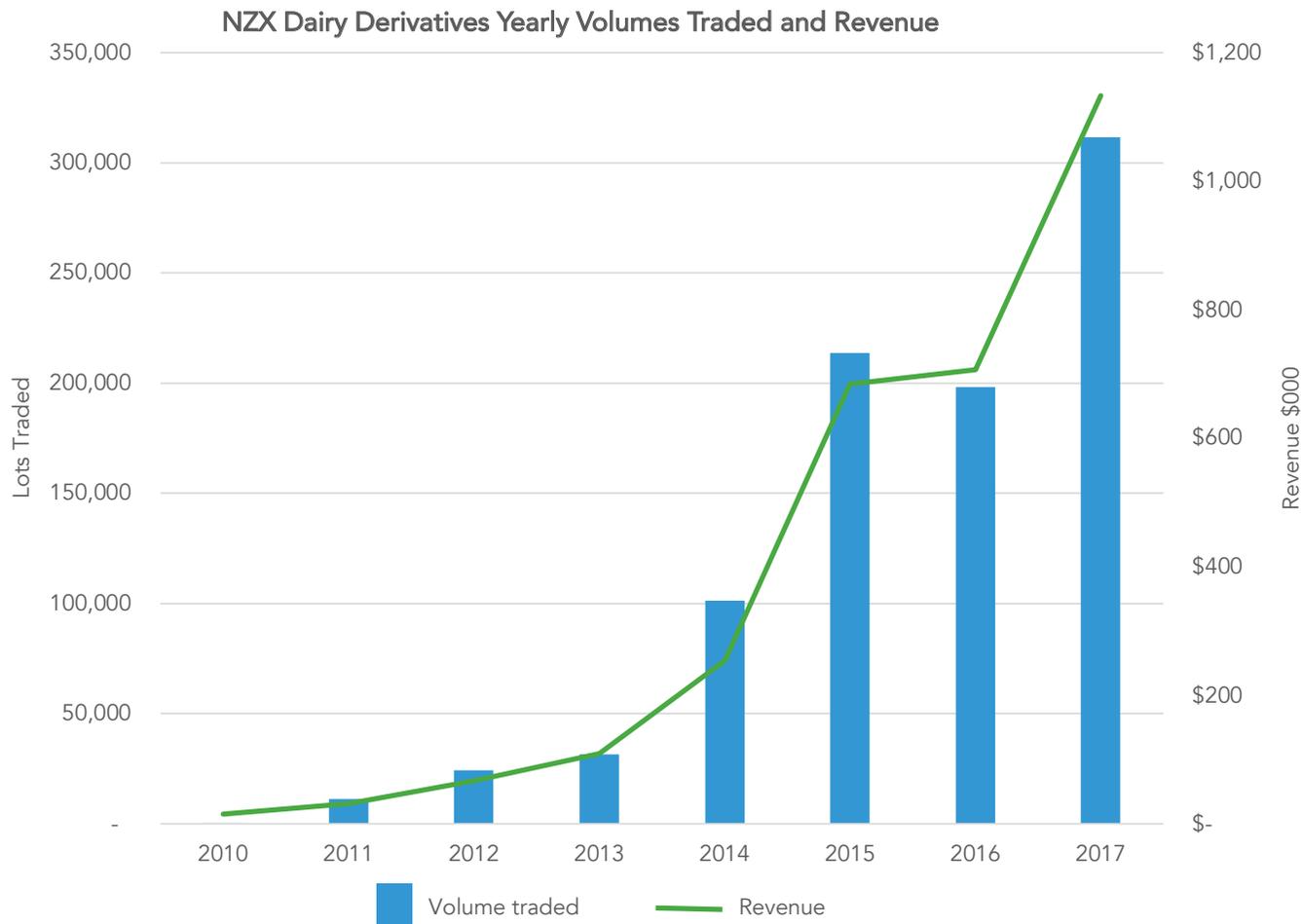


Grow opportunities aligned to New Zealand



Dairy Derivatives

Accelerate our dairy derivatives market to scale, support New Zealand's position as a global leader

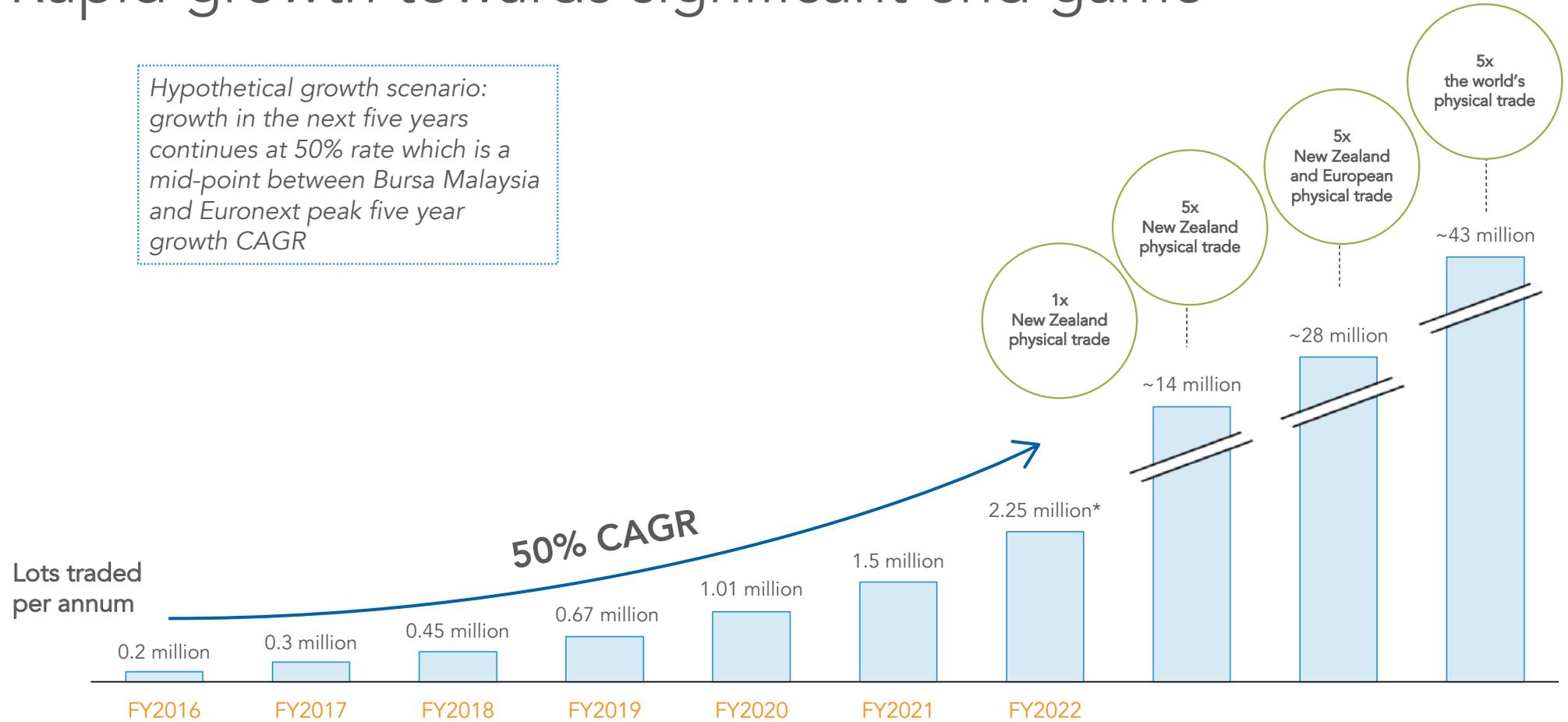


- Record volume traded up 57.2% on 2016, directly translated into revenue growth of 60.5% to \$1.13 million
- Number of active traders up 60% on prior year (note this excludes the additional users from the 15 omnibus accounts)
- Executing on our final initiatives will accurately market to scale
 - Expand global access
 - Bolster sales and marketing
 - Extend product set
 - Capital efficiency
- Already delivering – product suite extended, announced trading hours extension and further trading functionality



Rapid growth towards significant end game

Hypothetical growth scenario: growth in the next five years continues at 50% rate which is a mid-point between Bursa Malaysia and Euronext peak five year growth CAGR



Source: Euronext; Bursa Malaysia; NZX Data; AgirHQ
* Excluding cheese and whey



Maximising options



Funds Management & NZX WT

– Revenue Overview



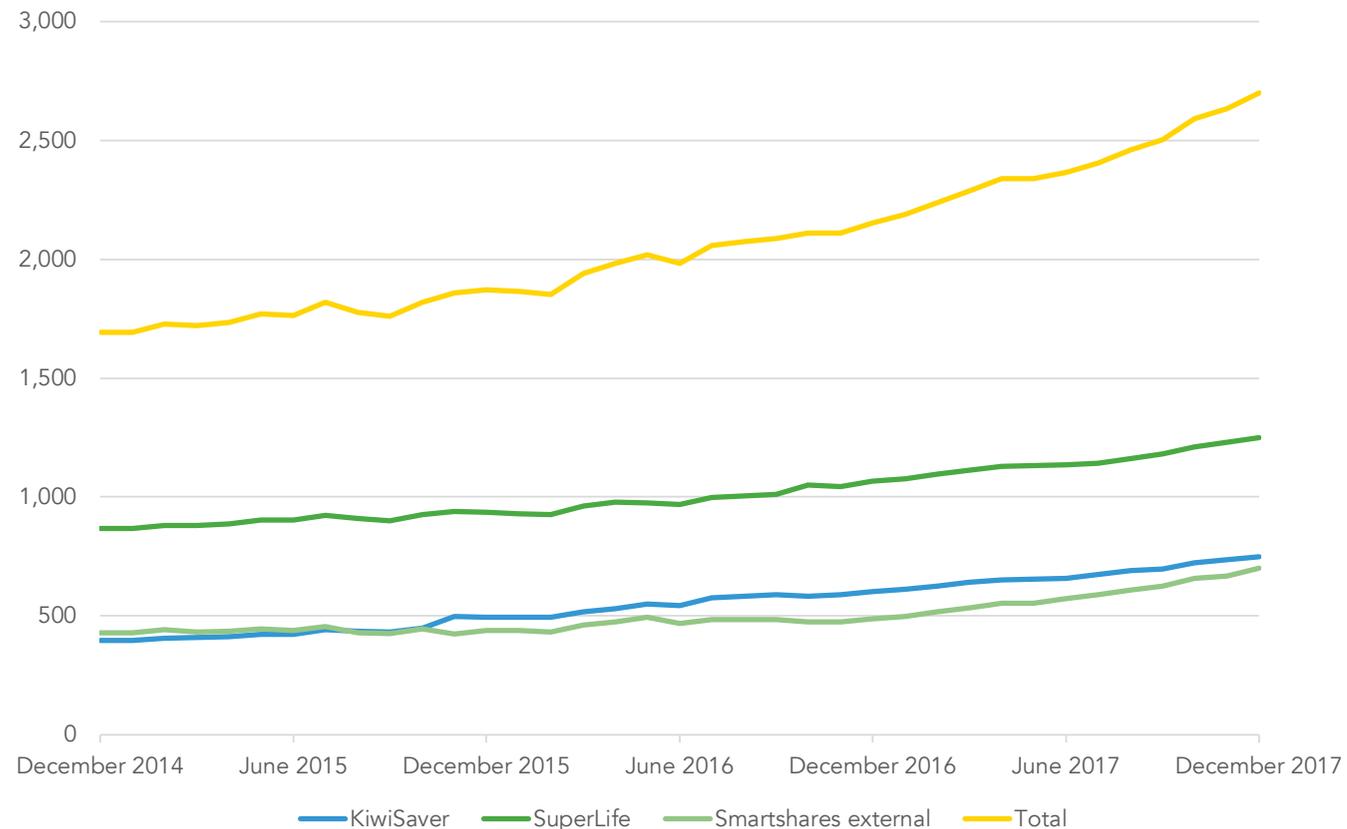
Revenue	2017 \$000	2016 \$000	Change FY17 v FY16
Funds Management			
SuperLife revenue	7,846	7,038	11.5%
Smartshares revenue	5,602	4,589	22.1%
Total Funds Management revenue	13,448	11,627	15.7%
Wealth Technologies			
Administration fees	1,163	1,365	(14.8%)
Development fees	180	40	350.0%
Total Wealth Technologies revenue	1,343	1,405	(4.4%)
Total Funds revenue	14,791	13,032	13.5%
Strategic metrics			
SuperLife member numbers	50,304	48,015	4.8%
SuperLife external FUM	1,999m	1,660m	20.4%
Smartshares external FUM	701m	487m	43.9%
Smartshares SuperLife FUM	1,430m	1,218m	17.4%
Total Smartshares FUM	2,131m	1,705m	25.0%
Total Fund Management FUM (external)	2,700m	2,147m	25.8%
Total Wealth Platform FUA (external)	1,167m	1,292m	(9.7%)

- Funds Management operating earnings \$4.4 million (2016: \$1.1 million) reflects growth in FUM and completion of FMCA compliance project
- SuperLife revenue is derived from 79% variable FUM fees and 21% fixed membership fees
- NZX WT operating earnings \$(1.7) million (2016: \$(1.4) million)



Funds Management

Funds under management growth



- Strong growth in funds management continued on back of increased retail and adviser investment
- SuperLife member numbers up 4.8%
- Smartshares unitholders (the number of investors in each ETF) up 37.6%
- Smartshares ETF direct applications up 84%
- Fresh leadership in place - Hugh Stevens joined in February 2018

Balance Sheet



	2017 \$000	2016 \$000	Change FY17 v FY16
Current assets			
Cash and cash equivalents	34,881	30,804	13.2%
Receivables and prepayments	10,940	15,923	(31.3%)
Funds held on behalf of third parties	58,890	70,847	(16.9%)
Total current assets	104,711	117,574	(10.9%)
Total non-current assets	75,078	76,390	(1.7%)
Current liabilities			
Trade payables	3,810	5,632	32.4%
Other current liabilities	24,246	14,394	(68.4%)
Funds held on behalf of third parties	58,890	70,847	16.9%
Total current assets	86,946	90,873	4.3%
Non-current liabilities			
Term loan	20,000	20,000	-
Other non-current liabilities	4,120	13,416	69.3%
Total non-current liabilities	24,120	33,416	27.8%
Net assets/equity	68,723	69,675	(1.4%)

 Cash includes \$20 million Clearing House risk capital which is not available for general use

 Additionally the Clearing House complies with International Organisation of Securities Commissions principles requiring retention of sufficient working capital (including cash of approximately \$3.9 million)

 Similarly Funds Management maintains sufficient net tangible assets (including cash of approximately \$1.6 million)

 Focused on receivables collection

 Other current liabilities includes SuperLife \$9.97 million paid 1 February 2018 (2016 classified as non-current liability \$9.09 million)

 Term loan expires January 2020, ratios comfortably met

Capital Structure



- Board completed capital structure review
- Consultation on a mutualised default fund underway to advance Clearing House's risk model to meet global standards. This is important to ensure we have an appropriate Clearing House risk structure to meet anticipated dairy derivatives market growth
- The board will explore use of a capital note to ensure NZX has a more robust balance sheet to protect the business in the unlikely case of a major market event

Dividend



Dividend

- Final fully imputed dividend of 3.1 cents per share for the 2017 financial year (2016: 3.0 cents per share). Total fully imputed dividends for the 2017 financial year are 6.1 cents per share (2016: 6.0 cents per share)

Reinvestment plan

- Board to implement reinvestment plan for 2018 interim dividend in response to shareholder feedback. Further details, including the offer document to follow

Policy

- Previous dividend policy was 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)
- New policy will come into effect for the 2018 financial year onwards and pay between 80% to 110% of adjusted Net Profit After Tax, subject to maintaining a prudent level of capital to meet regulatory requirements
- Board considers that a policy based on Net Profit After Tax is comparable with peers, and provides sufficient headroom to manage the ongoing capital structure requirements of the exchange, and pursue future relevant opportunities should they arise

2018 Earnings Guidance



- Refreshed strategy marked fundamental reset of NZX – completion of final reset initiatives in 2018 will set business up to deliver long term returns
- Divestment of non core assets in 2018 (including rural newspaper Farmers Weekly) and changes to the clearing and trading pricing structure (effective in the second half of 2018) will rebase the operating result
- NZX expects full year 2018 operating result to be in the range of \$28.0 million to \$31.0 million
- This is subject to market outcomes, particularly with respect to initial public offerings, secondary capital raising, equity trading and derivatives trading volumes. This guidance assumes no material adverse events, significant one-off expenses or major accounting adjustments. It also assumes no further acquisitions or divestments

Summary



2017 operating earnings of \$29.0 million, up 31.3%

Result underpinned by performance of Funds Management and Dairy Derivatives businesses, disciplined cost control and efficiency improvements

Refreshed strategy marked fundamental reset of NZX – completion of final reset initiatives in 2018 will set business up to deliver long term returns

Core market must deliver more investable product, deeper liquidity levels, greater participation rates, and achieve a global presence. Strong focus on these elements

2018 operating earnings expected to be in the range of \$28.0 million to \$31.0 million

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