



New Zealand's Exchange

NZX Investor Day
16 November 2017

Source: data points represent our dairy derivatives customers globally, not exhaustive

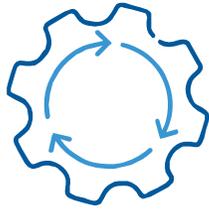


Forward-looking statement

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.

Welcome

TODAY'S AGENDA



1.45pm

NEW ZEALAND'S
EXCHANGE

2.10pm

REFOCUS CORE

3.05pm

BREAK

3.20pm

GROW
OPPORTUNITIES

4.05pm

MAXIMISE
OPTIONS

4.40pm

GET FIT



MARK PETERSON
Chief Executive Officer

JOANNA LAWN
Head of Issuer Relationships

BENJAMIN PHILLIPS
Head of Markets Development & Clearing

JEREMY ANDERSON
Head of Data & Insights

KATHRYN JAGGARD
Executive Consultant

AARON JENKINS
Head of Funds Management

LISA BROCK
Head of Wealth Technologies

MARK PETERSON
Chief Executive Officer





New Zealand's sense of self, our national identity, is shaped by a sense of inclusiveness, and by our desire to play a part.

The markets NZX run, and the wealth and growth we all help to generate are integral to New Zealanders' prosperity, and New Zealand companies getting ahead.

We are all generating opportunities for a country we are all proud to call our own.

We are New Zealand's Exchange



A strongly performing NZX contributes significant value to New Zealand



52.4million

NZX's direct GDP contribution



24.6billion

GDP contribution of S&P/NZX 50 companies



12.5percent

Increase in NZX's direct GDP contribution since 2014



61.9billion

Combined revenue of S&P/NZX 50 companies



33,800

Jobs in closely related financial sector



96,300

Employees across S&P/NZX 50 companies



- ▶ Each of us have views on the opportunities and challenges for **New Zealand**.
- ▶ The common theme is that we all want our capital markets to continue to **grow** and be **successful**.
- ▶ NZX, as the exchange operator, is passionate about working with **our customers** and stakeholders towards making that happen.

The process so far



Your inputs

- Gained first hand understanding of solutions needed to grow our market
- More than 200 stakeholder interviews

Internal analysis

- Historical financials review
- Business by business review
- Capital structure review

Global analysis

- Of peers, markets and key trends, including potential disruptors

Rigorous review by
Board and Leadership

**Five year
strategic plan**

NZX



This process resulted in a **RESET**



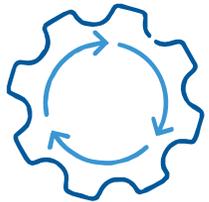
- ▶ NZX and New Zealand **interlinked**
- ▶ No business without **core** market
> *reconnect with customers*
- ▶ **Growth** linked to New Zealand
> *incumbent on us to capture*
- ▶ **Options** for New Zealanders
> *and they are working*
- ▶ **Get fit** > *must do better*

When we stood back – our future **strategy** was clear



New Zealand's Exchange

Refocus core



Grow opportunities

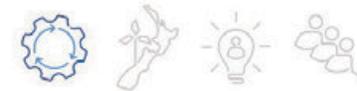


Maximise options



Get fit

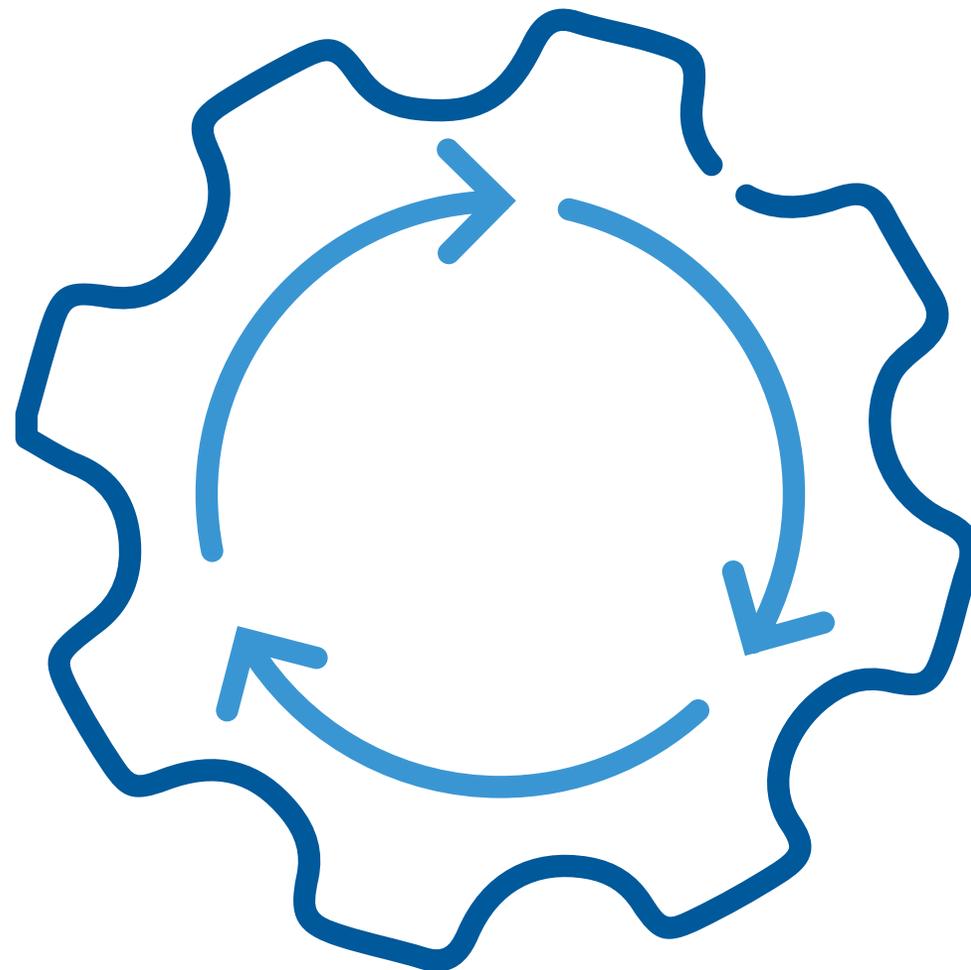




Refocus our **core** market: issuance, secondary, data

Before ...

- ▶ Inward
- ▶ Compliance
- ▶ Order taking
- ▶ Harvest
- ▶ Siloed



... Now

- ▶ Outward
- ▶ Customers
- ▶ Selling
- ▶ Add value
- ▶ Functional

Grow opportunities aligned to New Zealand



Debt

Continue building a vibrant listed debt market

Dairy

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

Environment and Energy

Collaborate and grow environmental and energy markets



Maximise options that will pay off



Create fitness – we're too small to be fat



Simplicity and clarity

Relentlessness and execution

Efficiency and effectiveness



We're already delivering



We haven't been sitting
on our hands



Completed projects

Organisation wide
engagement (board,
executive team,
management, staff)



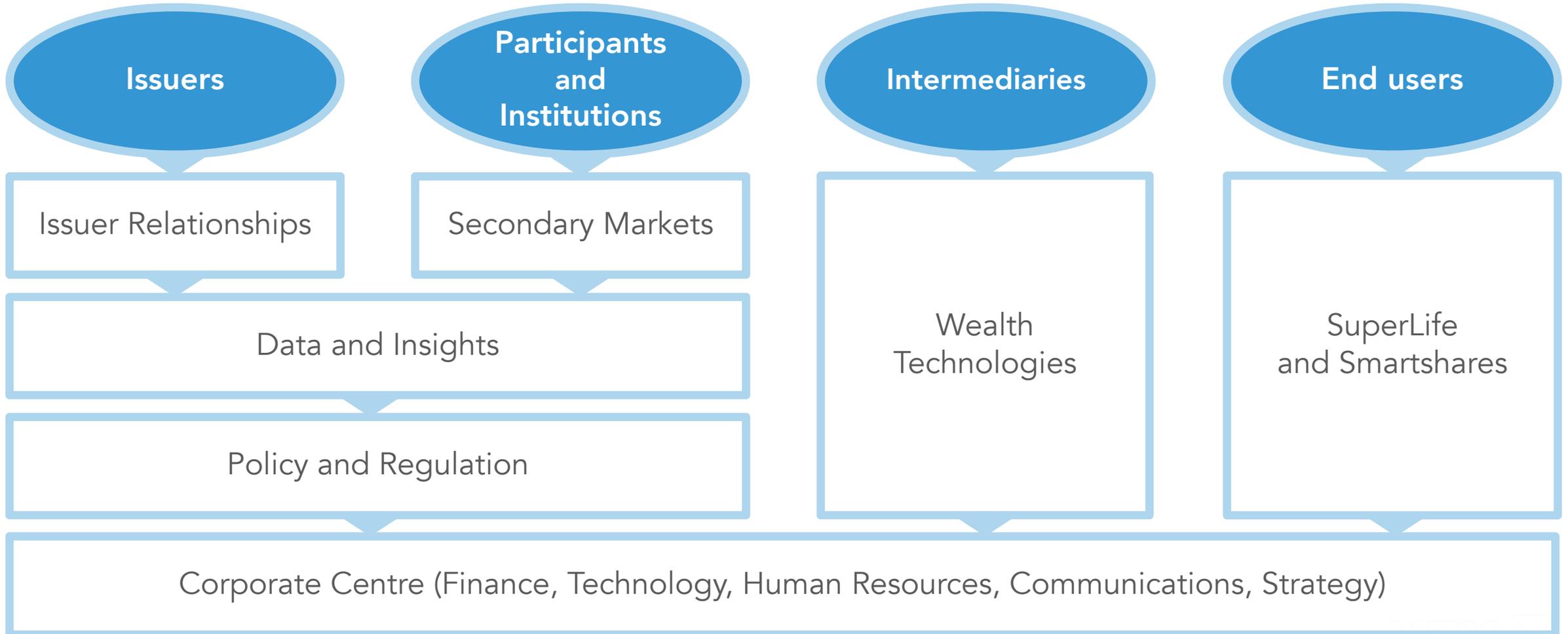
Created clarity

Structure and
compensation aligned to
strategy



New team

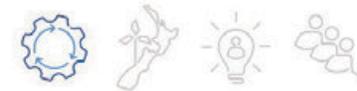
Organising principle: start from the customer





Refocus our core

Joanna Lawn, Head of Issuer Relationships
Benjamin Phillips, Head of Markets Development & Clearing
Jeremy Anderson, Head of Data & Insights



Focused on regenerating our core markets business, which is our fundamental growth platform, and the basis of our social licence to operate.

- Create a compelling and attractive proposition for our issuing customers
- Drive secondary market development
- Grow existing data revenues, turn data into insight that drives decisions and sales

Create a compelling and attractive proposition for our issuing customers

Joanna Lawn, Head of Issuer Relationships



Oceania Healthcare
Chief Executive Officer
Earl Gasparich at the
company's listing
event in May 2017.

*CREDIT: Jerry Yelich O'Connor
from National Business Review*

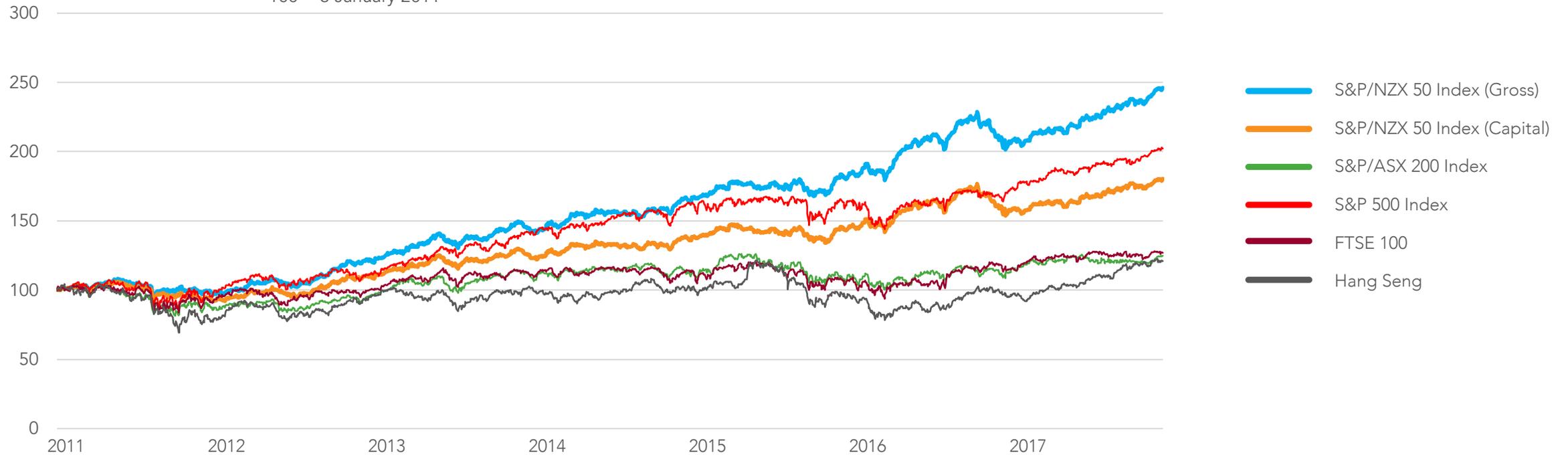
Strong foundations: S&P/NZX 50 outperforms



Index has recently outperformed against main international markets

S&P/NZX 50 Index performance compared to global indices

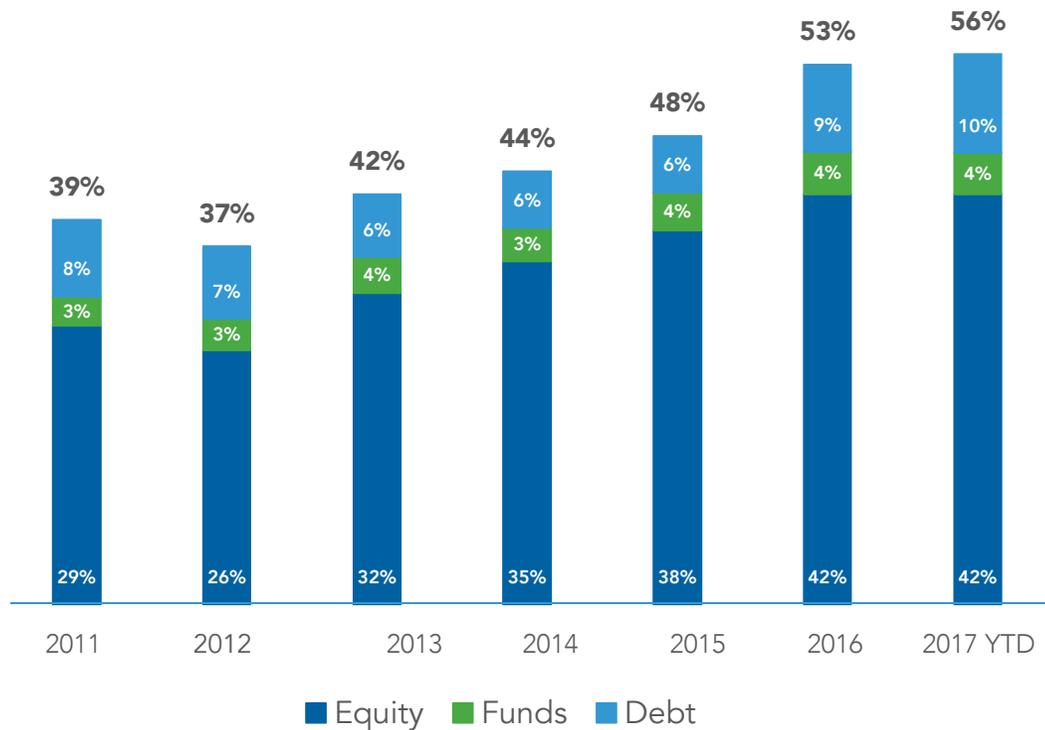
100 = 3 January 2011



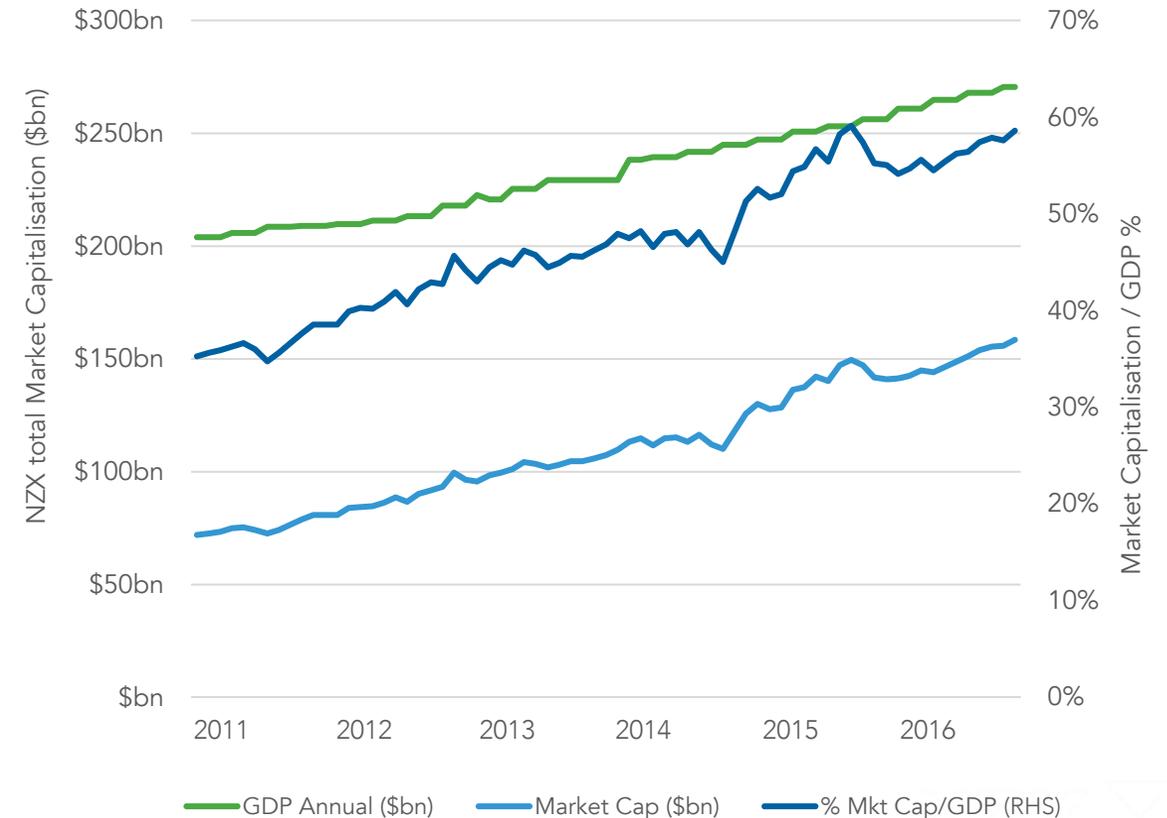
Strong foundations: market growth outperforms GDP



NZX listed issuance as a percentage of GDP

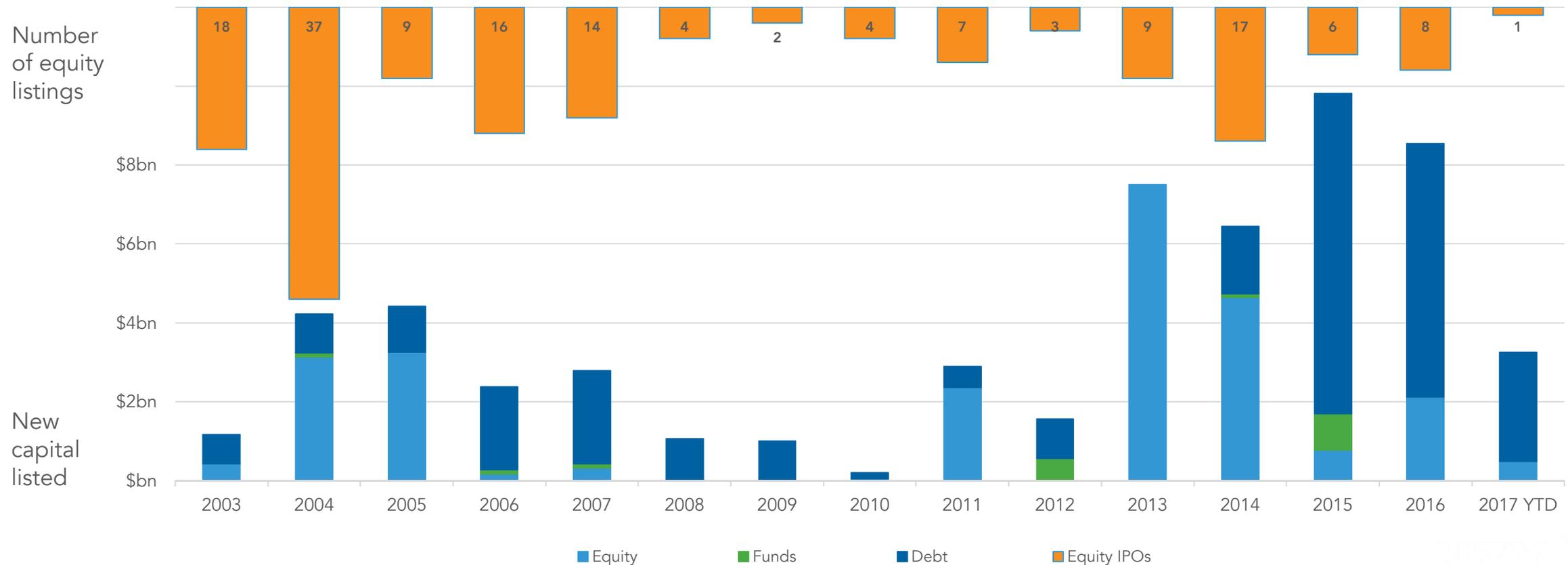


NZX listed issuance market capitalisation and GDP



Source: NZX Data, RBNZ

Multiple opportunities to grow issuance: equity, debt and funds



Source: NZX Data

We have a great story to tell, we should share it more



 **8,146**
S&P/NZX 50 index hit record high
in October 2017

 **7.8 billion**
Sovereign fund allocation into
New Zealand investments

 **12.6**
KiwiSaver CAGR growth since inception

 **300 billion**
Estimated KiwiSaver by 2037

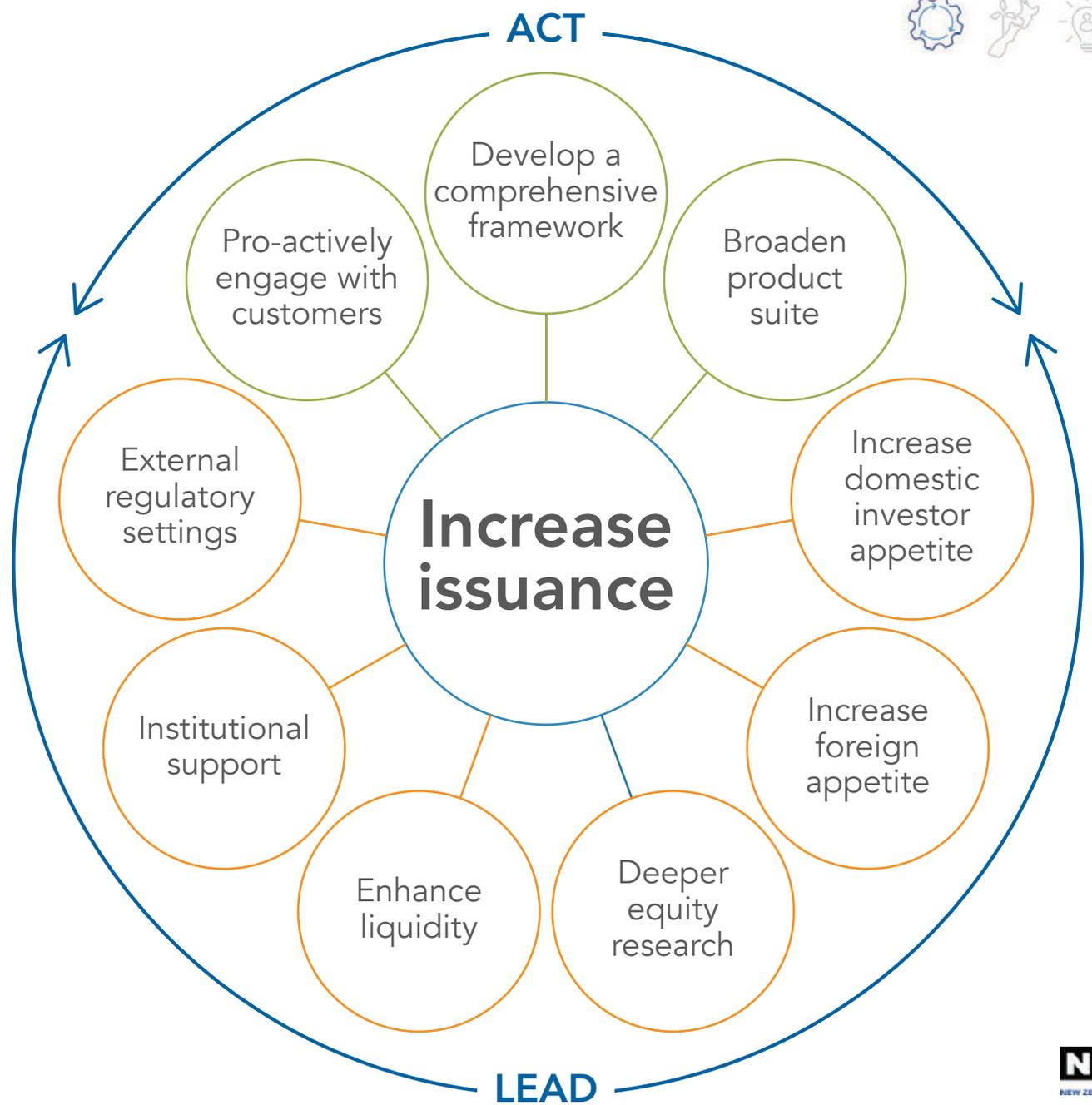
 **2.7 billion**
Debt issuance in 2017

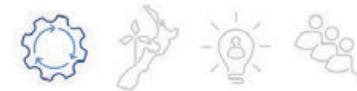
 **16**
Debt instrument CAGR
increase, 2015 to 2017



Action on multiple interdependent fronts required to develop the market

Equity, Debt & Funds





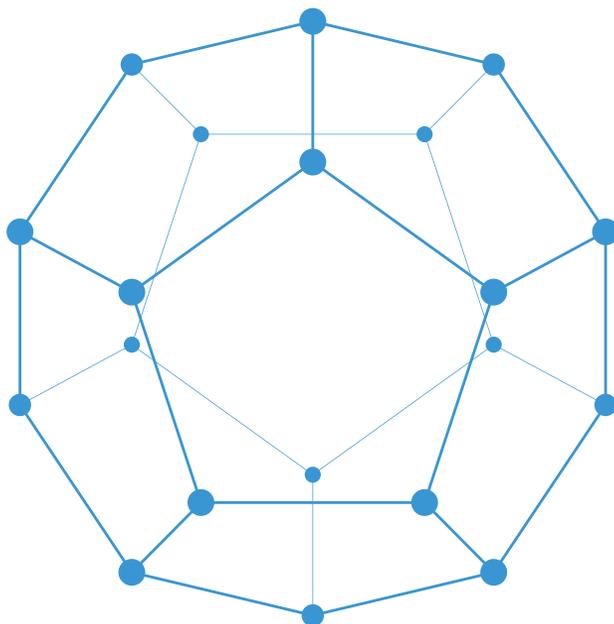
Establish an enhanced customer engagement programme



- ▶ Build a customer focused team
 - Align sales resources to create dedicated team for existing and prospective customers
 - Enhance knowledge of debt and funds
 - Reallocate resources from compliance to sales
- ▶ Ensure our customers receive the right experience every time
 - Consistent service across all NZX touch points from day one
 - Move from ad-hoc engagement to proactive pipeline management
 - Deliver insightful information in a relevant and timely manner



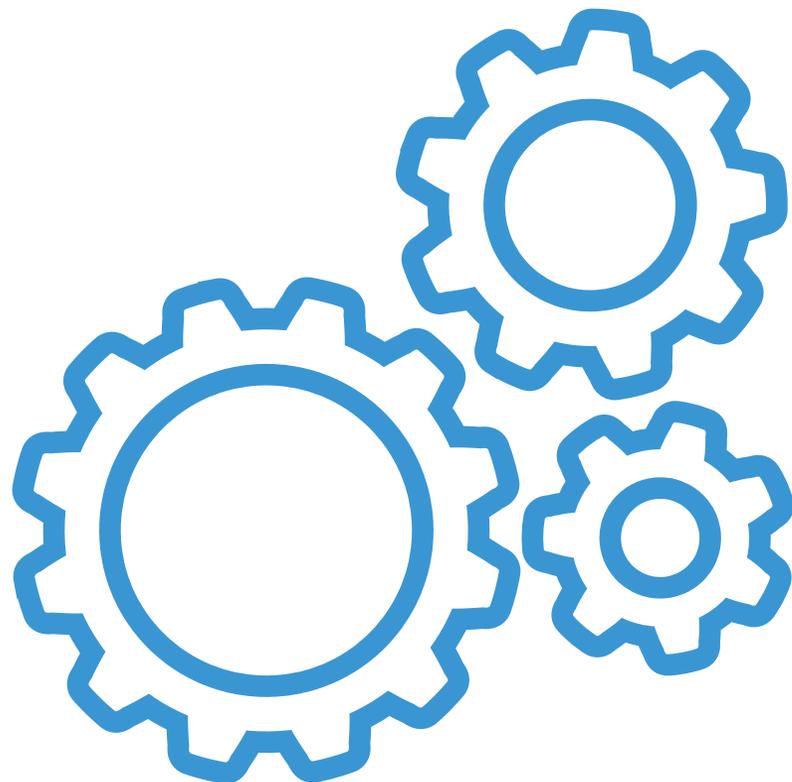
Develop a comprehensive facilitation framework



- ▶ Simplified rules and structure
 - NZX Main Board Listing Rule review underway – phase one on review scope closes tomorrow, engagement high
- ▶ Actively market our market to domestic and international fund managers
- ▶ Enhance interest in small to mid cap stocks



Create a compelling product suite



- ▶ Leverage New Zealand's demand for debt
 - Wholesale
 - Foreign exempt
 - Green bonds
- ▶ Pursue equity dual and foreign exempt listings
- ▶ Create fit for purpose funds offering
- ▶ Explore new product sets and markets



These actions will
result in better
outcomes
for the market



- ▶ Improved retention of existing issuers
- ▶ Accelerated growth in debt market, creation of a platform for global expansion
- ▶ Deep awareness of the benefits of listing
- ▶ Listings maximised throughout the economic cycle

Go forward plan:

Issuer relationships



2018 plan

Five year plan

Customer engagement

- Align the customer elements of the NZX
- Focus the dedicated sales team on existing and prospective customers
- Enhance debt and funds knowledge

- Enhance and refine

Framework

- Implement revised listing rules and facilitation tools
- Develop fit for purpose funds offering
- Market to grow awareness (domestic, international and co-marketing)

- Focus on broader issuance ecosystem efficiency and effectiveness

Product suite

- Extend debt products (wholesale, foreign and green bonds)
- Foreign exempt/dual listings

- Optimise product / market footprint

Drive secondary market development

Benjamin Phillips, Head of Markets Development & Clearing



Liquidity facilitates issuance; issuance facilitates liquidity



Primary

Engage and sell
to grow issuance



Secondary

Grow liquidity through
market development

We have a great story to tell, we should share it more



17%

S&P/NZX 50 Gross Index YTD return



2nd

Second highest P/E ratio in Asia Pacific



79% YOY

Most liquid global dairy derivatives market



Leading

World leading energy market



146 CAGR

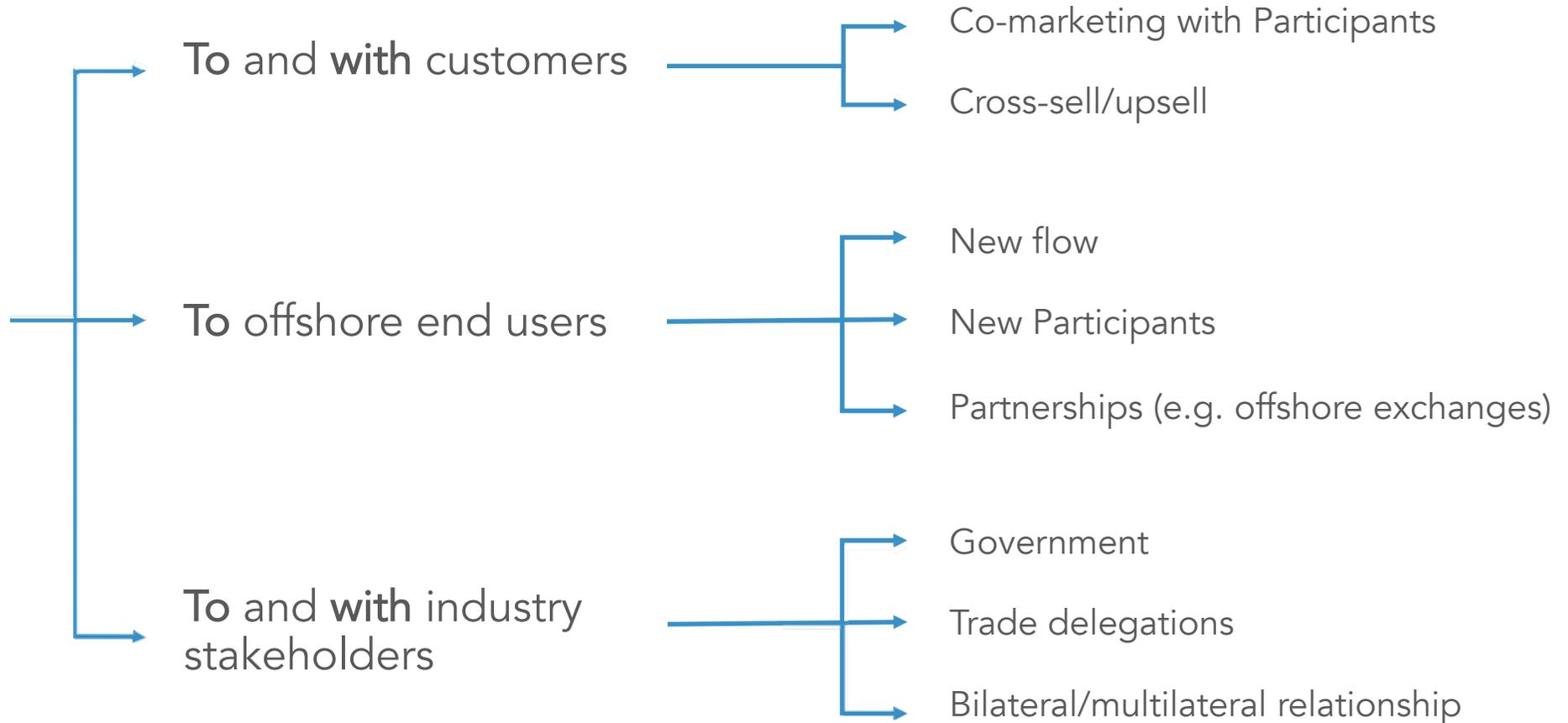
Debt Market Capitalisation 2015 – 2017



\$13.5 billion

Single platform, multi-currency,
multi-asset class clearing capability

Opportunity to market the market at many levels





Action on multiple fronts required to develop the market



Multiple opportunities to drive wider participation



From a single sales proposition to a multiple market opportunity ...

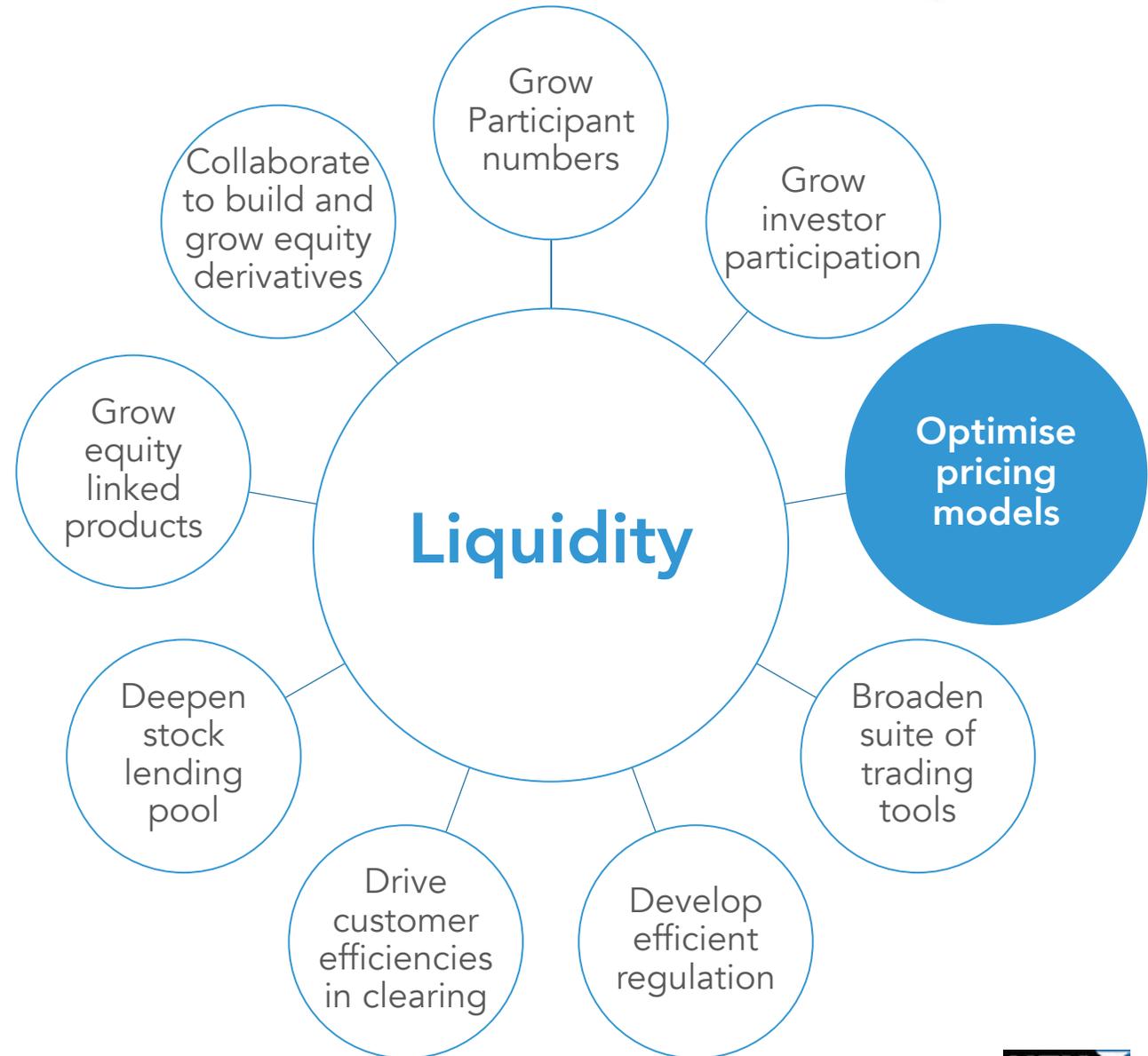
- Debt Market
- Energy and Environmental Markets
- Clearing and Depository
- Equity Derivatives
- Equity Market
- Dairy Derivatives Market



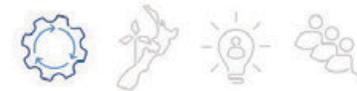
Optimise pricing models to facilitate liquidity



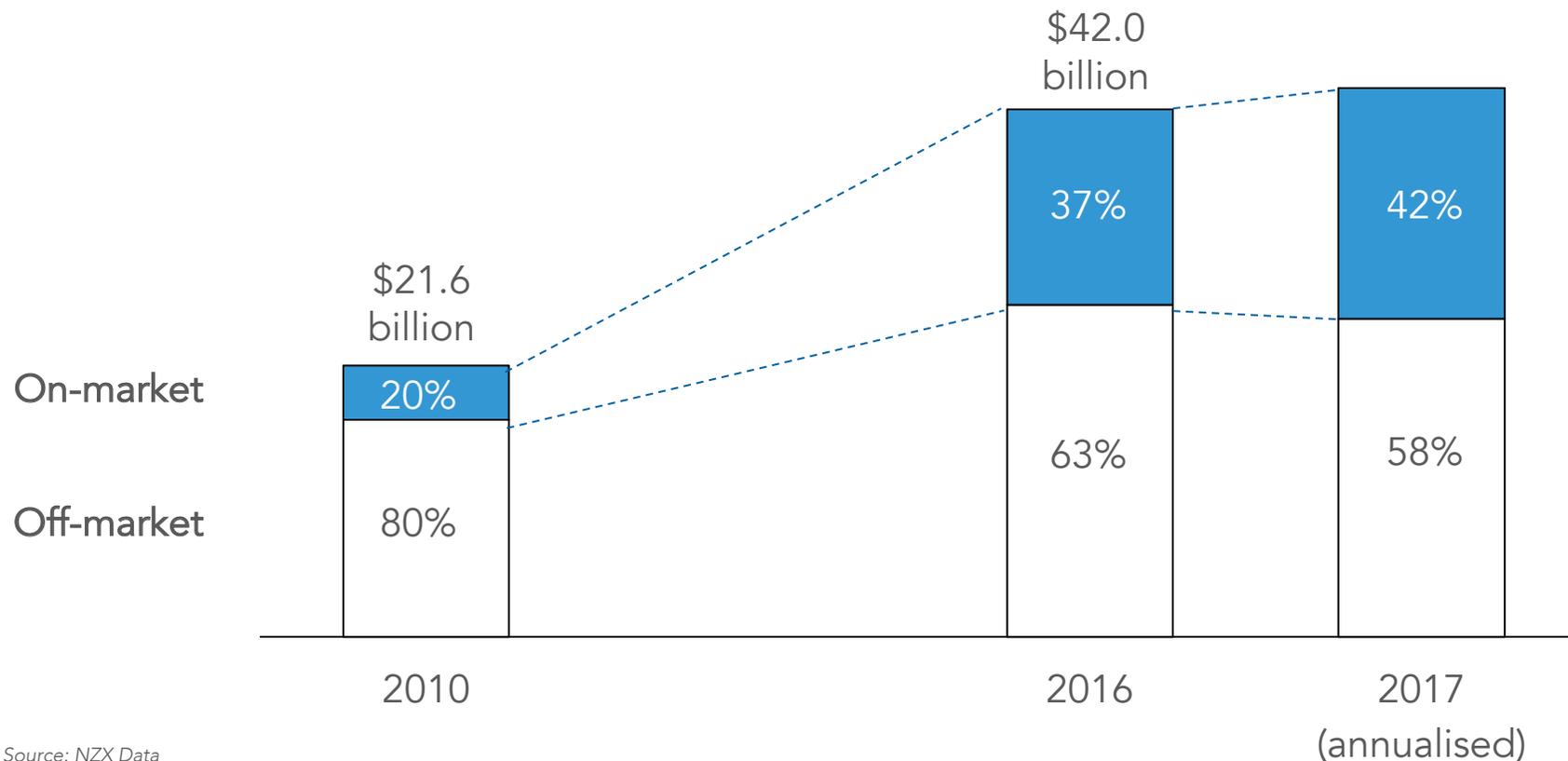
- ▶ Optimise NZX price architecture
- ▶ Trial currently operating to facilitate new electronic flow
 - Average daily on-market value up 11%, of which 8.9% was from trial clients
 - On-market trade volume up 25.4%
- ▶ Review broader cost landscape of participation and seek opportunities to rationalise



We have already made progress towards improving liquidity



Total cash market trading



2010-2017
CAGR

19.4%

5.1%

Broaden the suite of trading tools that customers require



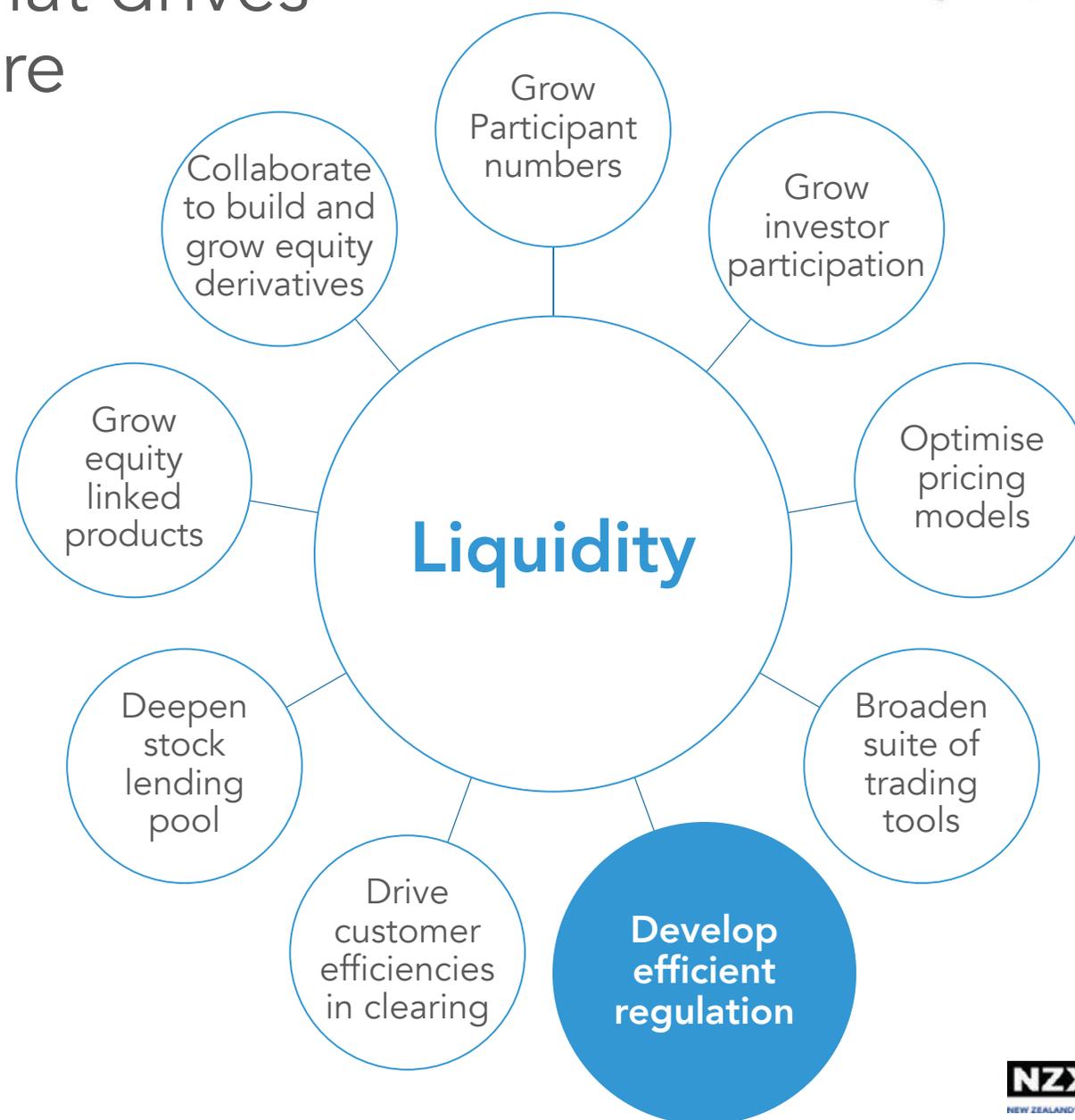
- ▶ Implement known requirements and work with industry to facilitate (e.g. calendar spreads; operating hours)
- ▶ Consult with market Participants and stakeholders on new tools and order types
- ▶ Opportunity to leverage upcoming system upgrade – consultation and stakeholder engagement to begin shortly





Develop efficient regulation that drives growth and continues to ensure market integrity

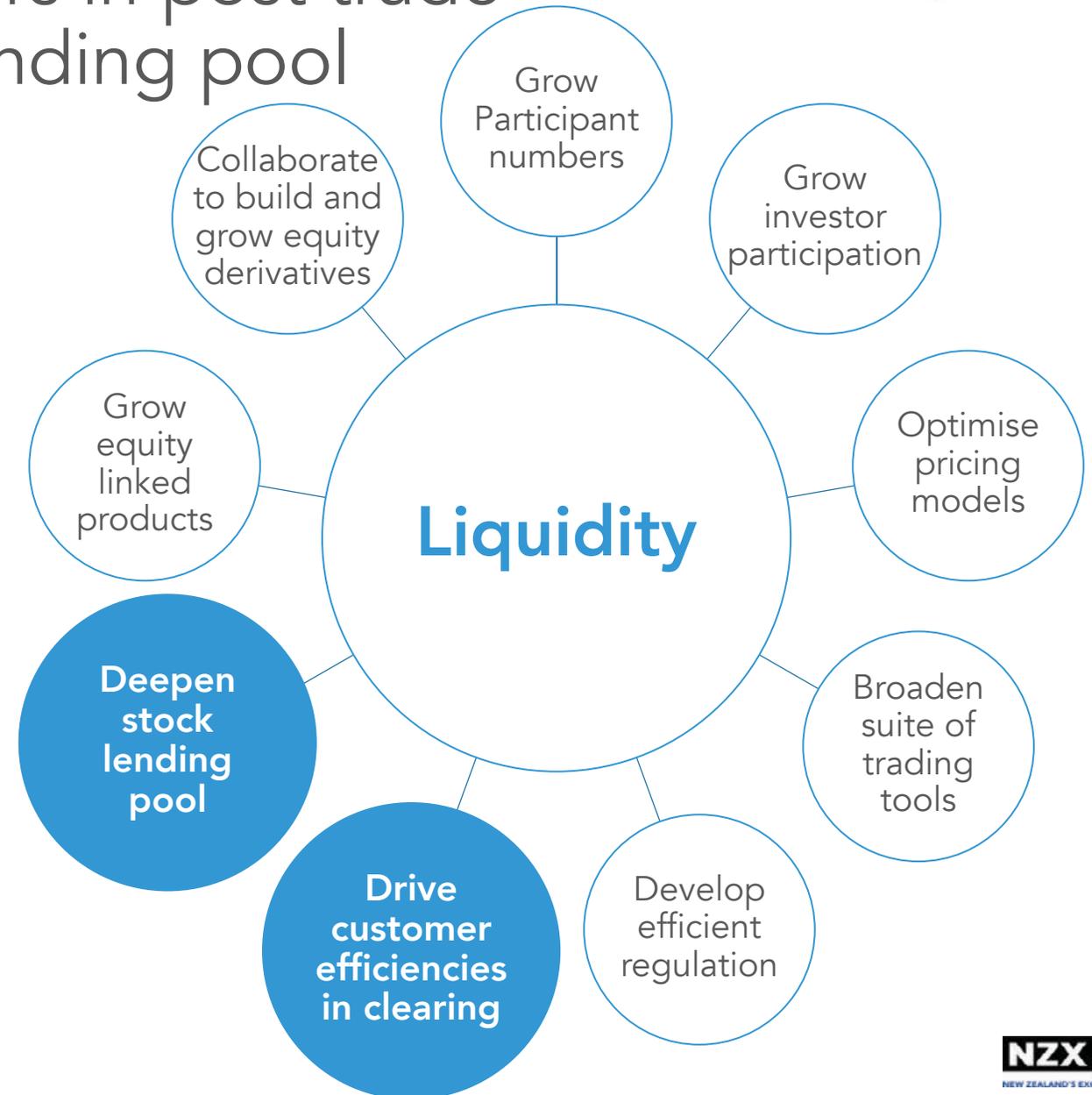
- ▶ Facilitate access – e.g. streamlined onboarding program supported by templates and tools
- ▶ Continue to streamline compliance – e.g. remove surplus requirements
- ▶ Seek to reduce total system cost for Participants
- ▶ Engage industry in consideration of rule settings which facilitate transparency and price discovery



Drive efficiencies for customers in post trade clearing and deepen stock lending pool



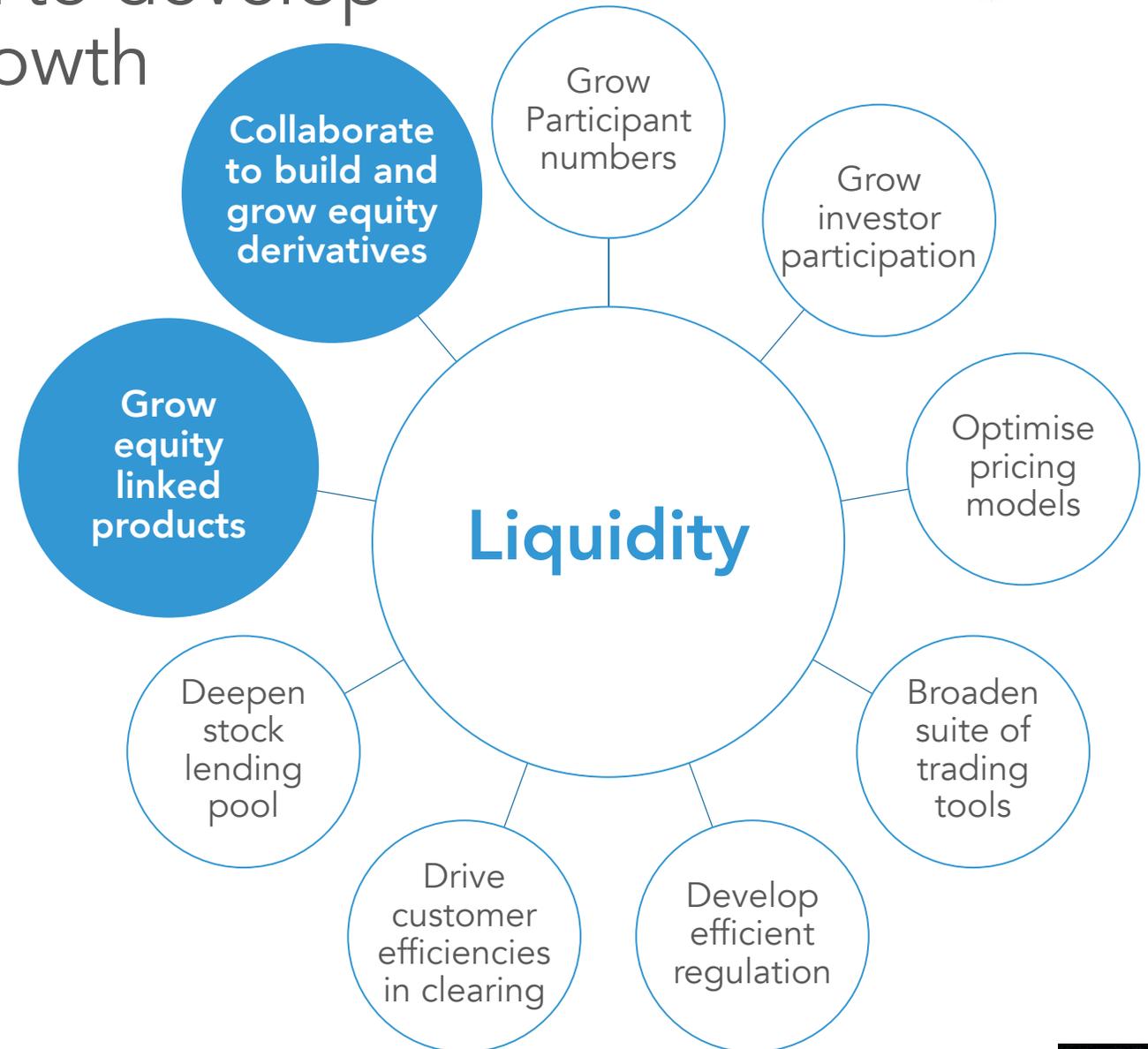
- ▶ Seek to remove cost and reduce operating complexity by extending NZX Clearing services (2 systems to 1)
- ▶ Collaborate with the market to strengthen market enablers such as stock lending
- ▶ Ensure cost savings and operational efficiencies e.g., automation to deliver straight-through processing



Collaborate with the market to develop related products to drive growth



- ▶ Develop and promote equity-linked products that drive liquidity
- ▶ Engage with equity market Participants and investors to develop a vibrant equity derivatives market



Go forward plan:

Secondary market



2018 plan

Five year plan

Marketing the market

- Collaborate with Participants and stakeholders to market the market

- Build out

Participation

- Target Participants with multiple footprint

- Seek licensing, equivalence and partnering in international jurisdictions

Pricing

- Widen the pricing/Participation trials
- Optimise NZX price architecture

- Periodically review pricing
- Engage on wider participant cost landscape

Tools and Functionality

- Build out Dairy Derivatives
- Engage with market for input on trading tools and system upgrade

- Upgrade trading system
- Review tools and functionality
- Extend points of presence in other jurisdictions

Efficient regulation

- Streamline compliance, reduce total system cost
- Engage industry in consideration of rule settings

- Refine

Post trade

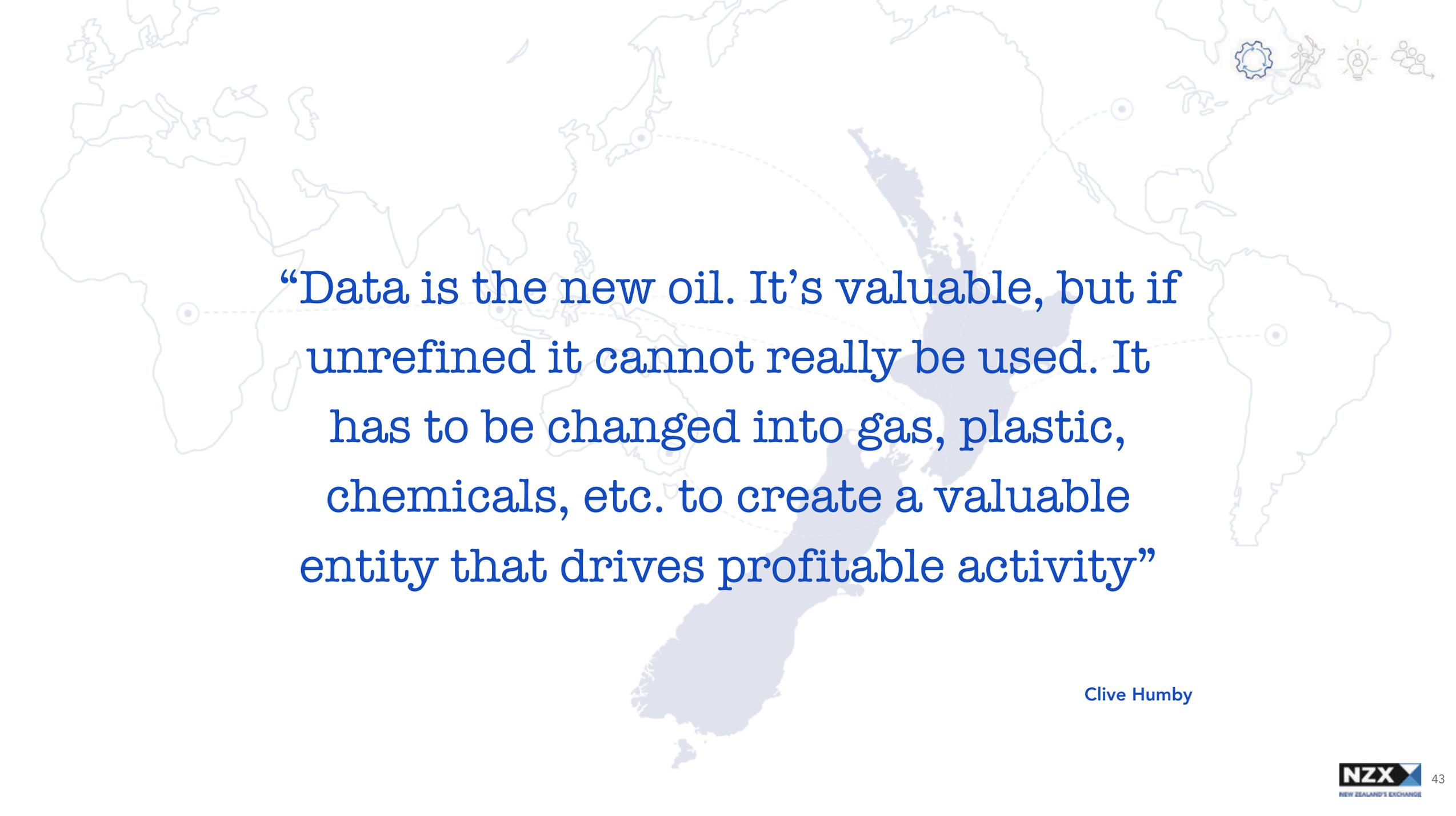
- Drive cost reduction and efficiencies of scale
- Enact stock lending and default fund

- Continue to enhance and develop in line with customer needs

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

Jeremy Anderson, Head of Data & Insights





“Data is the new oil. It’s valuable, but if unrefined it cannot really be used. It has to be changed into gas, plastic, chemicals, etc. to create a valuable entity that drives profitable activity”

Clive Humby

Data analytics is a major opportunity



13% CAGR

Global exchange sector data revenue growth, 2010 – 2015



90% Growth

Dairy derivatives data terminals, 2017



~10 billion

Global exchange groups data revenues, 2016



600,000

Global data terminal clients

Four areas for opportunity in data and insights



| | | What we have... | ...how we can build |
|----------|---------------------------------------|--|---|
| 1 | Internal | Massive data asset | Opportunities to compare, benchmark, upsell and cross-sell (leveraging issuance engagement) |
| 2 | B2B | Established model with existing distributors | Widen reach to existing and new outlets (leverage secondary) |
| 3 | End user | Strong insight pedigree and brand | Develop products and commoditise |
| 4 | Direct distribution capability | Re-platformed, centralised data warehouse underway | Mass customisation, self service and transacting capability |



1

Internal: opportunity to compare, benchmark, cross-sell and upsell, leveraging issuance engagement

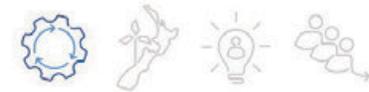


| | Issuer A | Issuer B | |
|------------------------|----------|----------|-------------------------|
| Listing fees | ✓ | ✓ | ✓ In place ✗ Missing |
| Securities data | ✓ | ✓ | |
| Derivatives data | ✓ | ✗ | |
| AgriHQ data | ✗ | ✗ | |
| Dairy Derivatives fees | ✓ | ✗ | |

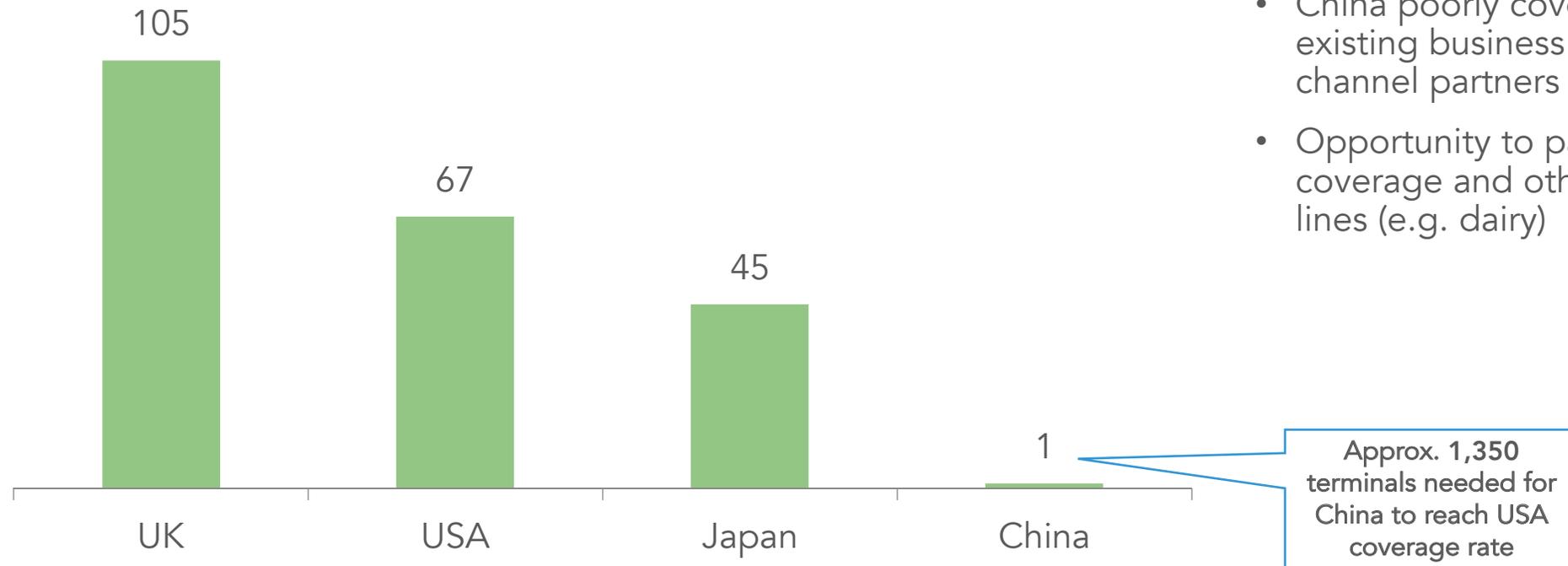
← Cross-sell opportunity

2

B2B coverage: China example



Terminals distributing NZX data per \$trillion GDP



- China poorly covered by existing business to business channel partners
- Opportunity to partner for coverage and other business lines (e.g. dairy)

3

Opportunity to productise end user capability: Dairy example

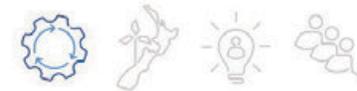


| | Capabilities we have | Natural extension |
|--------------------------------|---|---|
| Sourcing the data | <ul style="list-style-type: none"> Local supply Global demand | <ul style="list-style-type: none"> Comprehensive global supply and demand Stock levels/reserves |
| Processing and analysis | <ul style="list-style-type: none"> Bespoke reports Manual processing | <ul style="list-style-type: none"> Automated processing and transacting Analyst talent focused on value-add |
| Price referencing | <ul style="list-style-type: none"> Limited local milk price prediction | <ul style="list-style-type: none"> Global price reference Validation and benchmarking |
| Forecasting | <ul style="list-style-type: none"> Limited prior to Global DairyTrade auctions | <ul style="list-style-type: none"> Continuous, real-time Across all commodities |

Example price research agencies

- Argus; Platts; OPIS: oil and gas; energy and feedstock
- Informa IEG: primary; livestock supply and demand and import/export





4

We have invested in centralised data assets – processing and transacting opportunity

| | |
|-----------------------|---|
| Initial data sets | ✓ |
| Automated product | ✓ |
| Operational reporting | ✓ |
| Visualisation | ✓ |
| Integrated platform | ✗ |
| Transacting | ✗ |

- ✓ In place
- ✓ Progressed
- ✗ Work to do
- ✗ Missing

This enables self service, real time manipulation and report generation as well as automated periodic reporting



Go forward plan:

Data and insight



2018 plan

Five year plan

Internal

- Develop internal data products that enable sales
- Enact CRM system and processes

- Support core growth with data and insight

B2B

- Extend reach through co-marketing campaigns to grow penetration
- Partner for market access

- Extend

End user

- Drive data insights that match customer demand and grow market
- Scope requirements for dairy PRA

- Upsell/cross-sell
- Align insights with all growth opportunities
- Piggy-back dairy growth with a PRA

Capability

- Complete and bed in centralisation
- Deliver basic transactional capability

- Automate analytics for self-service
- Build out channel capability



Grow opportunities aligned to New Zealand

Kathryn Jaggard, Head of Strategy



Our success is linked to New Zealand's success. Grow opportunities aligned to the New Zealand advantage – our debt, dairy, environmental and energy markets

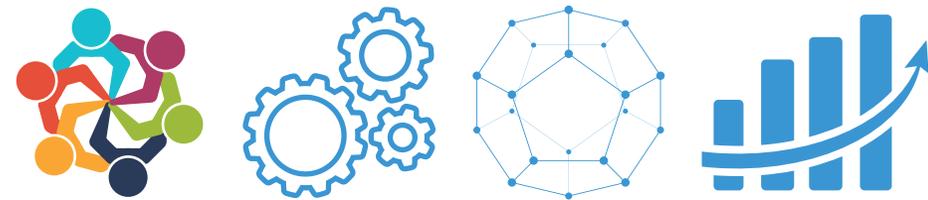
- Continue building a vibrant listed **debt** market
- Accelerate our **dairy derivatives** market to scale, support New Zealand's position as a global leader
- Collaborate and grow **environmental** and **energy** markets





Continue building a vibrant listed debt market

- Customer engagement programme
- Specific rules to facilitate debt issuance
- Extend debt product suite





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





Our dairy journey so far

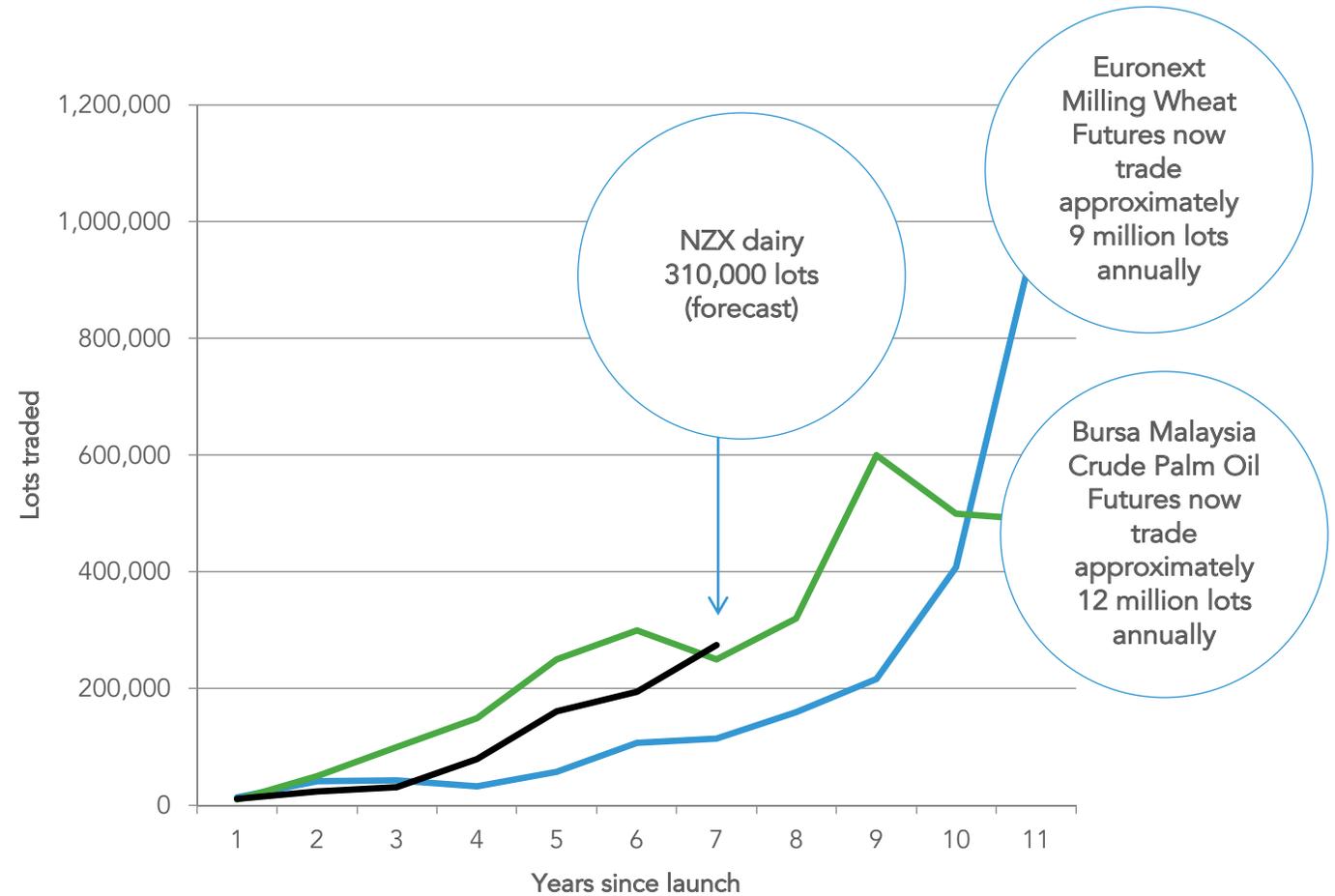
Source: NZX Data; Rabobank.
 * Based on forecast 2017 revenue and volume

Derivatives markets take time to develop



| | |
|-----------------------------------|-----------|
| Chicago Board of Trade: Grain | 152 years |
| Intercontinental Exchange: Coffee | 59 years |
| Bursa Malaysia Crude: Palm Oil | 37 years |
| Euronext: Milling Wheat | 21 years |
| NZX: Dairy Derivatives | 7 years |

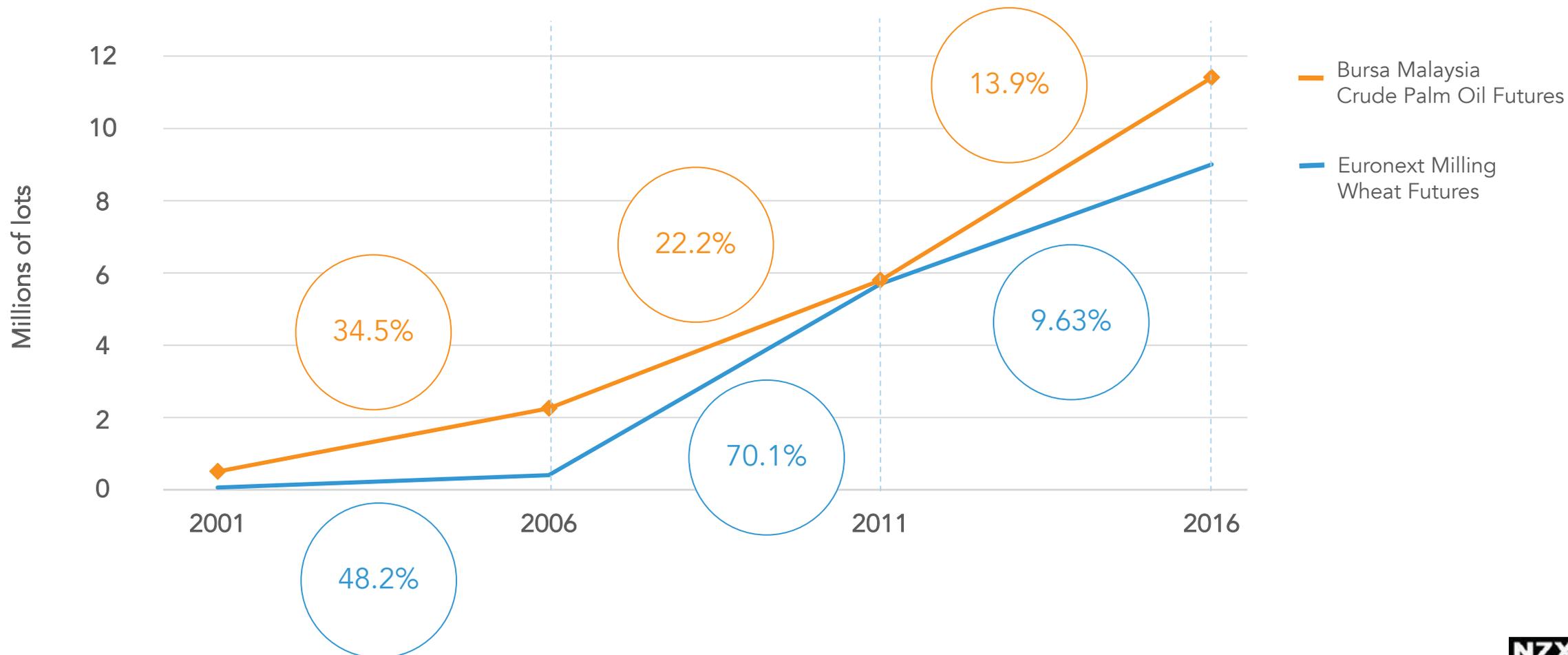
We are punching above our weight.





Comparables point to sustained consistent high growth potential

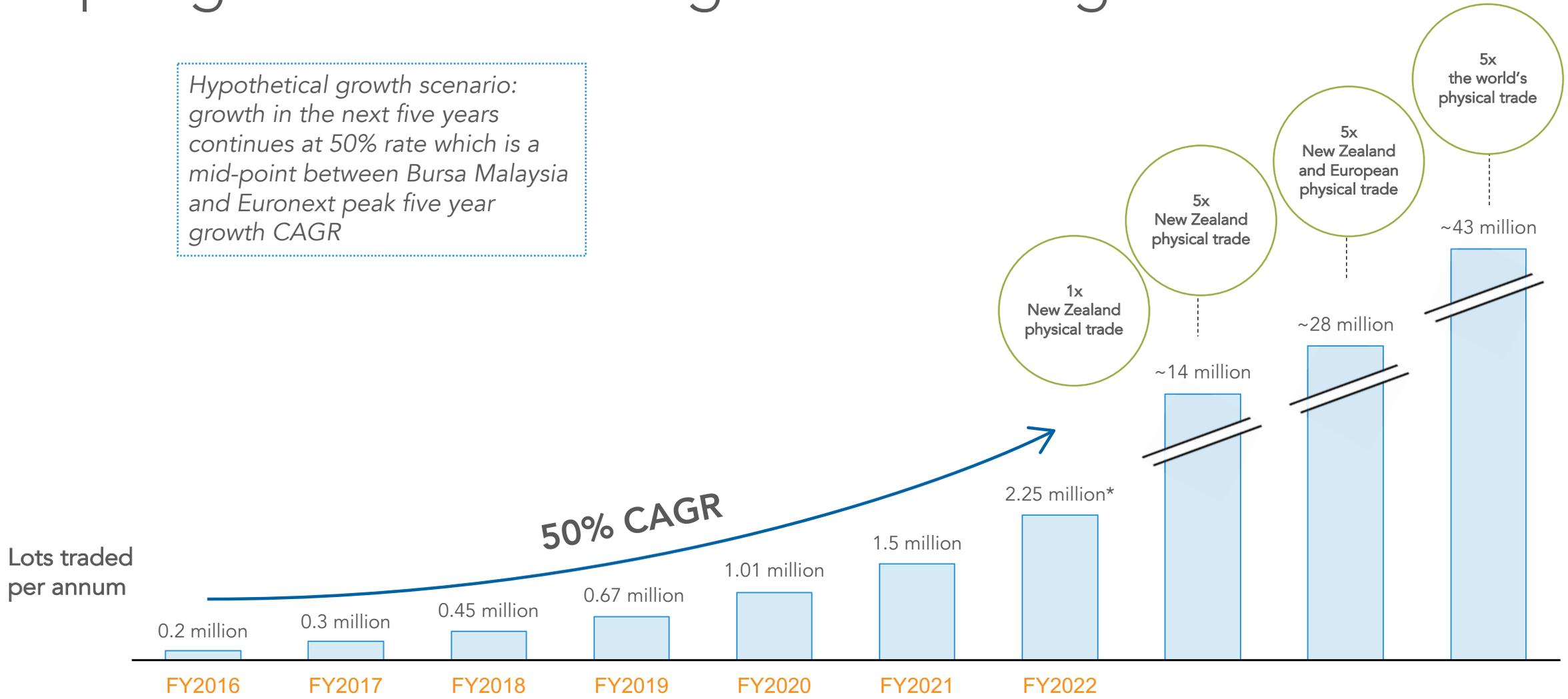
Growth driven by inflection points driven either by volatility or market structure changes



Rapid growth towards significant end game

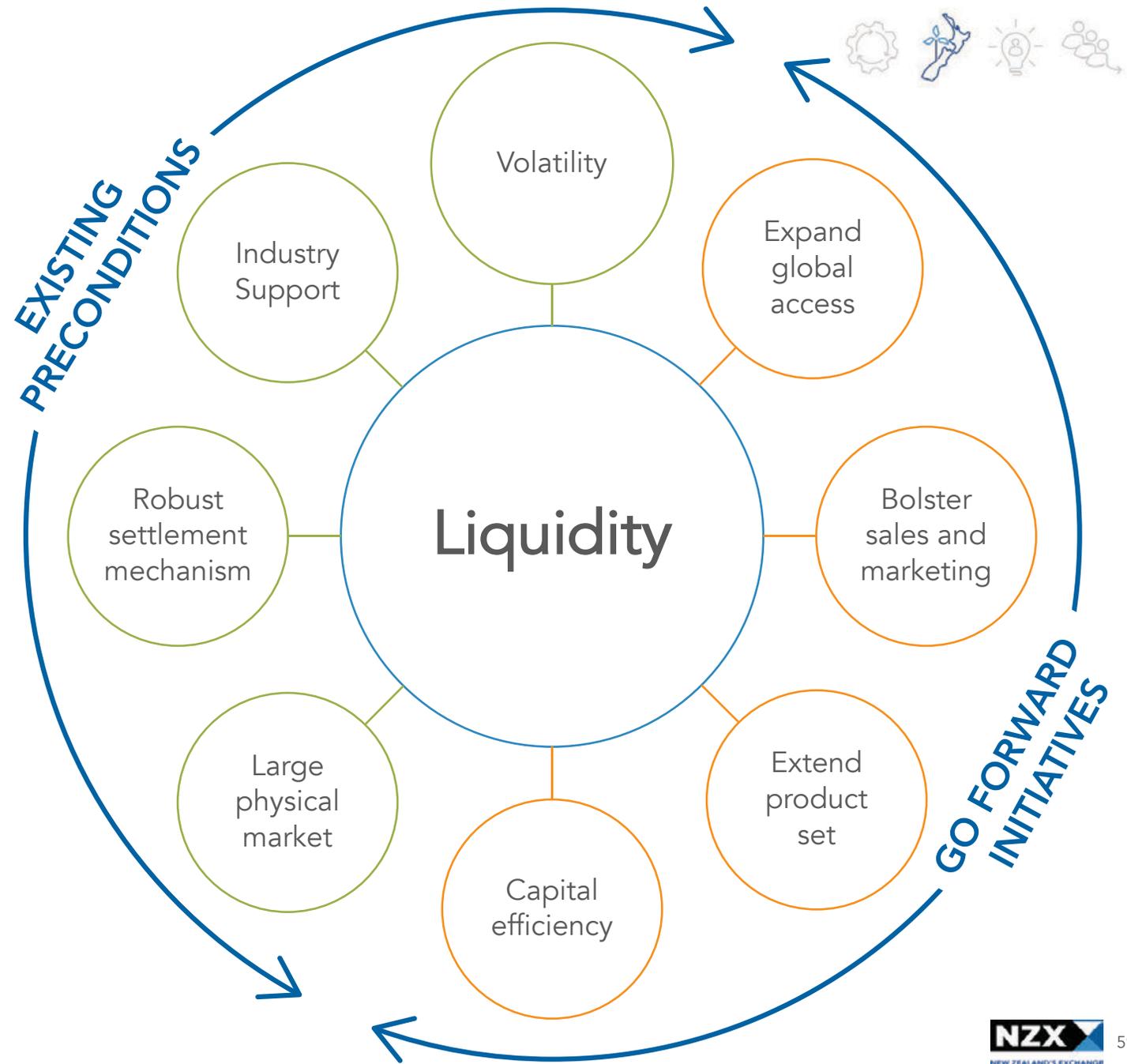


Hypothetical growth scenario: growth in the next five years continues at 50% rate which is a mid-point between Bursa Malaysia and Euronext peak five year growth CAGR



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

Executing on our initiatives will accelerate us to **scale**





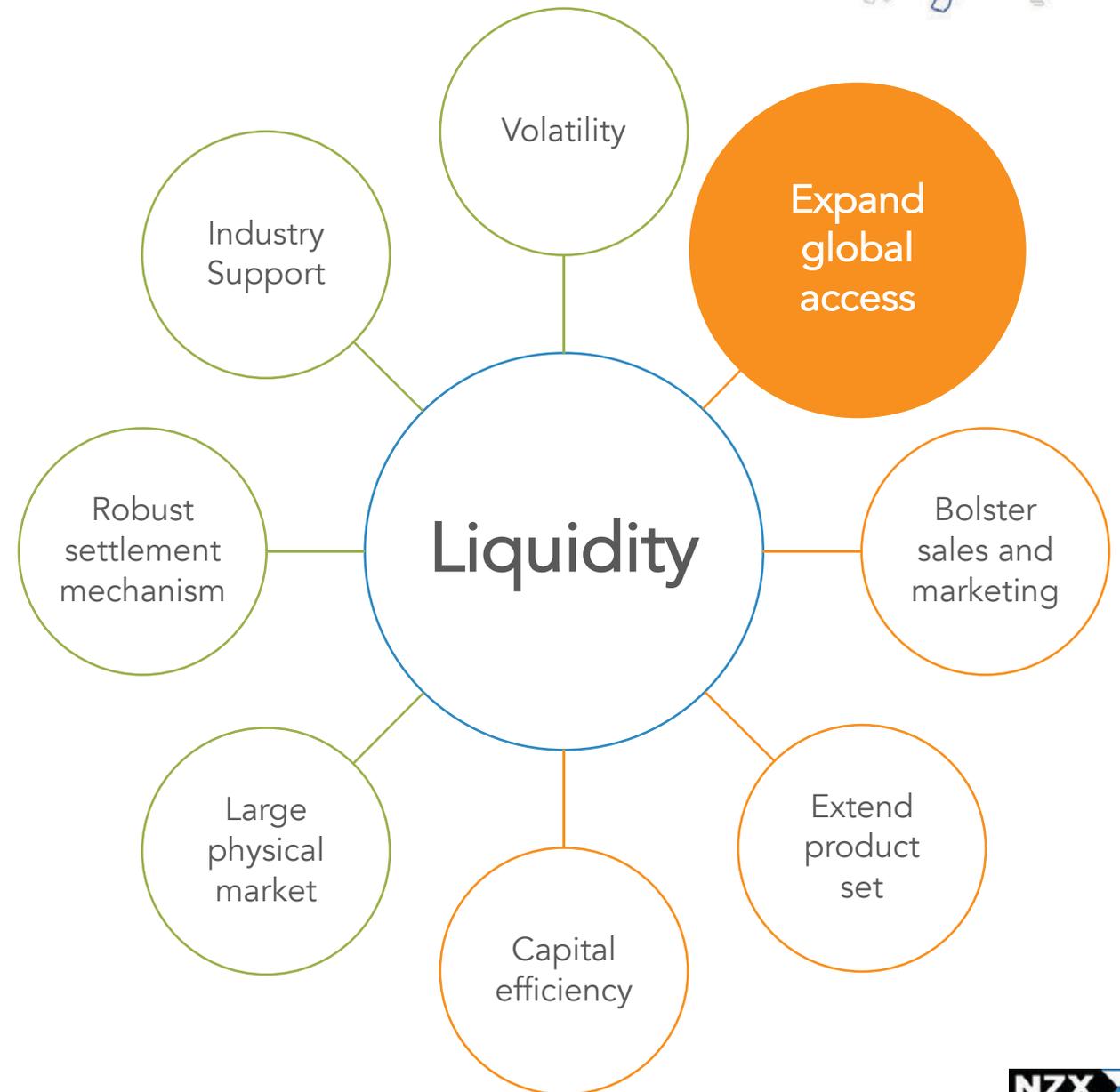
Executing on our initiatives will accelerate us to **scale**

From...

- ▶ 14 hour trading window
- ▶ Limited trading functionality
- ▶ 5 global clearing Participants
- ▶ 1 global software vendor

To...

- ▶ 20 hour trading window to capture Asia and Europe
- ▶ Trading functionality to facilitate entry of liquidity providers (calendar spreads delivery March 2018)
- ▶ Access channels expanded through adding software vendors, general clearing participants





Executing on our initiatives will accelerate us to **scale**

From...

- ▶ Excellent capability, customer engagement through derivatives and data, but limited presence in Asia and Europe
- ▶ Deep, but fragmented data offering
- ▶ Limited online offering

To...

- ▶ More feet on the street, grow awareness, boost sales particularly in Asia
- ▶ Deep, centralised data offering
- ▶ Transform online offering





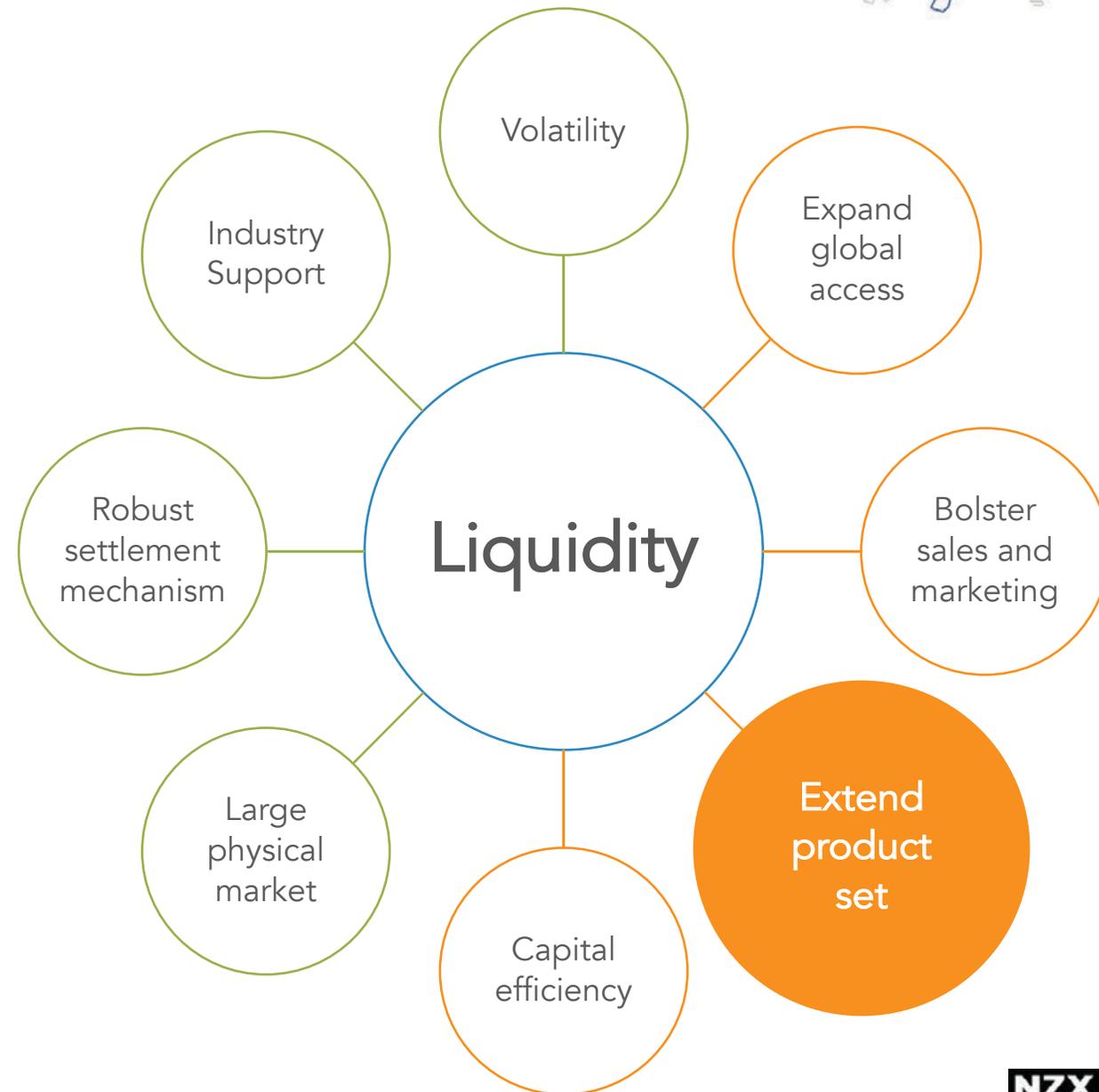
Executing on our initiatives will accelerate us to **scale**

From...

- ▶ Broad range of oceanic products
- ▶ Successful launch of NZ Milk Price Futures and Options
- ▶ Skim Milk Powder Options to launch in December

To...

- ▶ Continue to innovate and launch oceanic linked derivatives contracts
- ▶ Understand further global opportunities





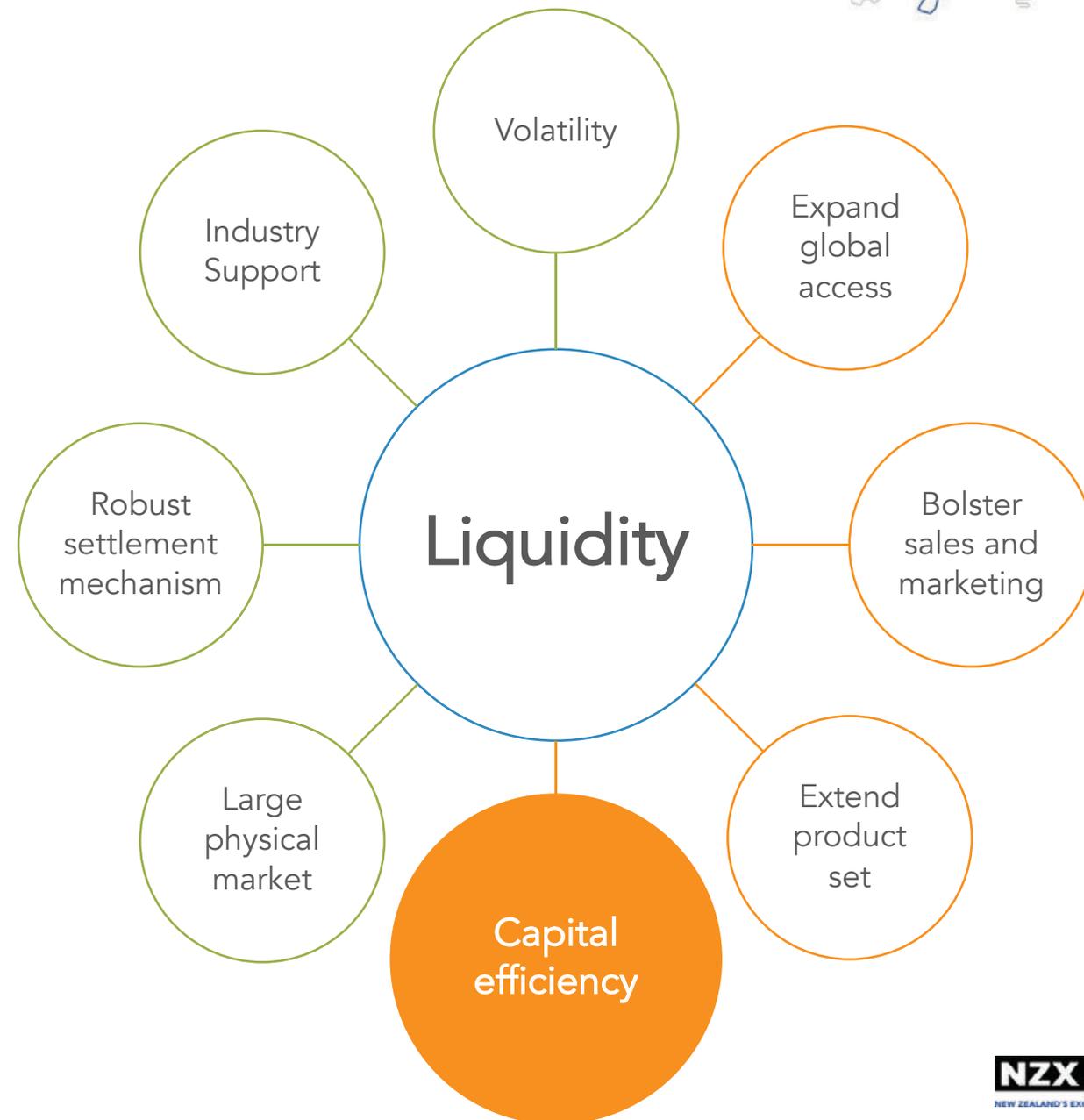
Executing on our initiatives will accelerate us to **scale**

From...

- ▶ Robust clearing, risk management infrastructure
- ▶ Well managed capital consumption

To...

- ▶ Enhance capital efficiency to support growth
- ▶ Consultation on mutualised default fund underway





We are well on our way

- ▶ Already a vibrant market, potential is significant
- ▶ Punching above our weight, have the unique preconditions, foundation to accelerate to maturity
- ▶ Know what to do to deliver



Collaborate and grow environmental and energy markets



Environmental
finance



Carbon
Market



Energy
Market

Long-term opportunity in environmental markets



New Zealand context

- Government policy aligned to global trajectory
- Shifting investor sentiment around climate risk



Global context

- Paris agreement (first all-country agreement)
- UN Sustainable Development Goals (New Zealand is signatory)
- Shifting investor sentiment around climate risk



Significant funding required to meet infrastructure investment. Green bonds will play a major role.



Carbon Market

Will be vital to meet net zero carbon goals by 2050.





Environmental
finance

We will grow the green bond market



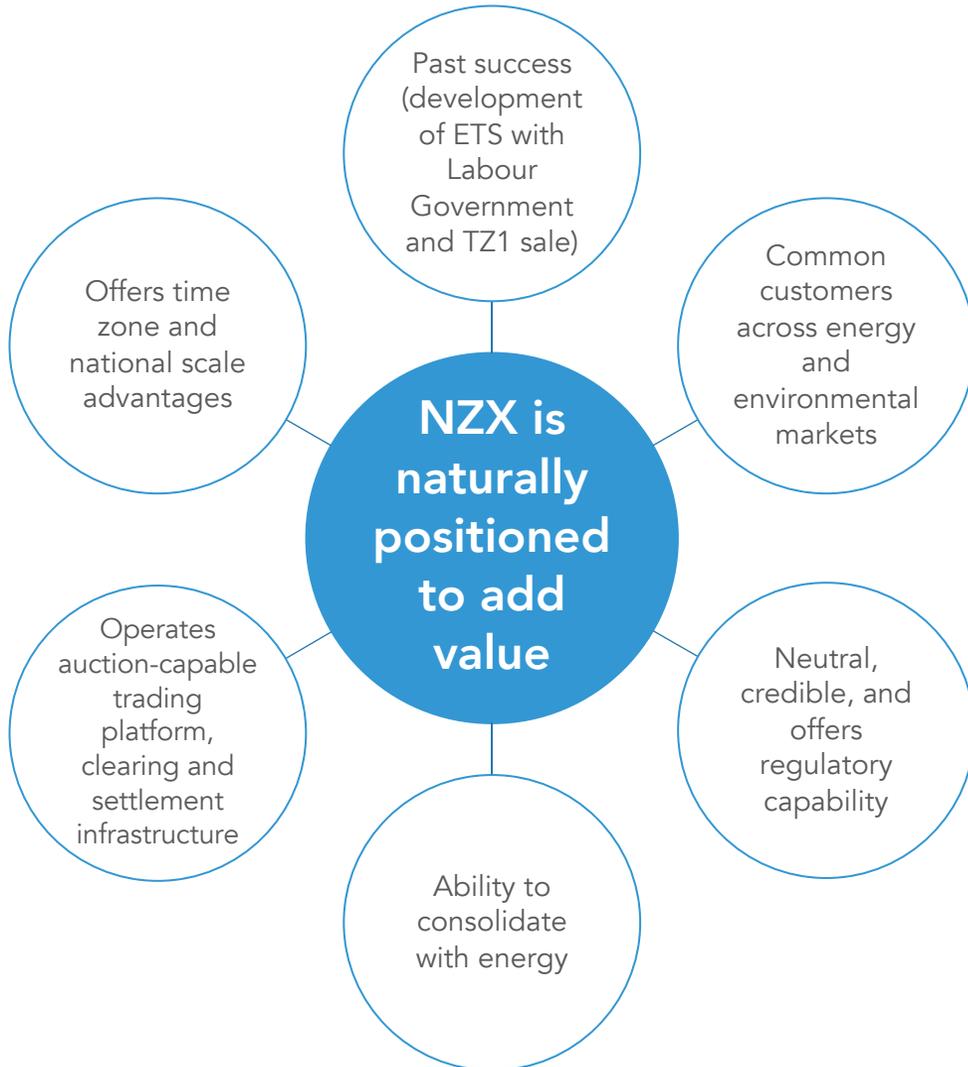
How NZX can accelerate growth

- ▶ Educate the market and foster dialogue
- ▶ Offer a distribution platform
- ▶ Develop and provide custody of green bond guidelines
- ▶ Promote green bond transparency
- ▶ Establish lists, segments, indices and ETFs

Already taking steps

- ▶ Preparing guidelines on green bond issuance to be released this year
- ▶ Engaging with the market as part of NZX Listing Rules Review
- ▶ Connecting globally via United Nations Sustainable Stock Exchange Initiative and World Federation of Exchanges Sustainability Group for Derivatives Exchanges
- ▶ Opening dialogue with early market movers

NZX well positioned to explore opportunities in Carbon Markets



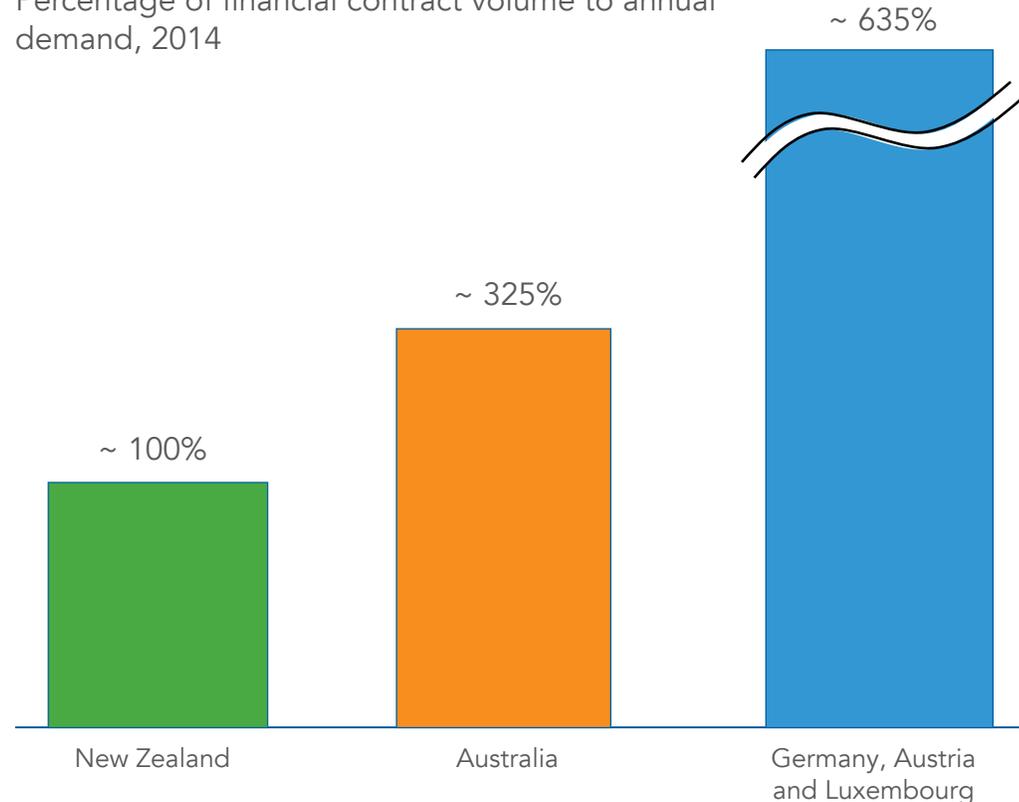
NZX can help create a transparent and efficient Carbon Market to support net zero carbon goals

Opportunity to create efficiencies in the Energy Market



- Develop trading and capital efficiencies (collateral offsets between futures and spot)
- Transition from a hedging market to a trading market through expansion of financial trading

Supporting market development key to growth
Percentage of financial contract volume to annual demand, 2014



New Zealand lags peers in development of energy financial markets

Collaborate and grow: the environmental and energy opportunity



Environment

Energy



Environmental
finance



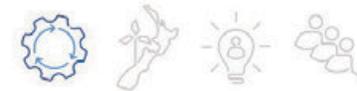
Carbon
Market



Energy
Market

| | Environment | Carbon Market | Energy Market |
|------------------------------------|---|---|--|
| Nature of the market | <ul style="list-style-type: none"> • Green bond issuance • Secondary market • ETFs | <ul style="list-style-type: none"> • Auctions • Spot • Futures | <ul style="list-style-type: none"> • Spot • OTC • Derivatives |
| Relative size of the market | <ul style="list-style-type: none"> • Large (nascent) | <ul style="list-style-type: none"> • Large (uncertain) | <ul style="list-style-type: none"> • Medium |
| Our opportunity | <ul style="list-style-type: none"> • Facilitate rapid growth | <ul style="list-style-type: none"> • Collaborate and position NZX | <ul style="list-style-type: none"> • Centralise and create efficiencies |

Growth opportunities



2018 plan

Five year plan

Continue to build a vibrant debt market

- Market to attract foreign investors and issuers
- Leverage listing rules review to facilitate debt listings
- Extend debt products (wholesale, foreign and green bonds)

- Create adjacent investable products e.g. ETFs, indices etc.)
- Grow secondary market transparency

Grow dairy to scale

- Extend trading hours, add clearing partners and extend functionality
- Add feet on the street, transform website, build out data and reports

- Drive for clearing partner/software vendor scale
- Lead growth with market/demand coverage
- Extend products to cover global demand

Collaborate to grow environmental and energy markets

- Foster green bond growth
- Engage with stakeholders to create a liquid, efficient and transparent carbon market
- Establish the value of combining electricity wholesale spot with other exchange traded products

- Build out



Maximising options

Aaron Jenkins, Head of Funds Management
Lisa Brock, Head of Wealth Technologies



SUPERLIFE
a Member of the NZX Group



SMARTSHARES
a Member of the NZX Group

Aaron Jenkins, Head of Funds Management



An unmet need amongst New Zealand investors



~200,000

Investors covered by some form of financial advice



~3.5 million

New Zealanders of age to invest



New Zealanders missing out;
low participation in our markets

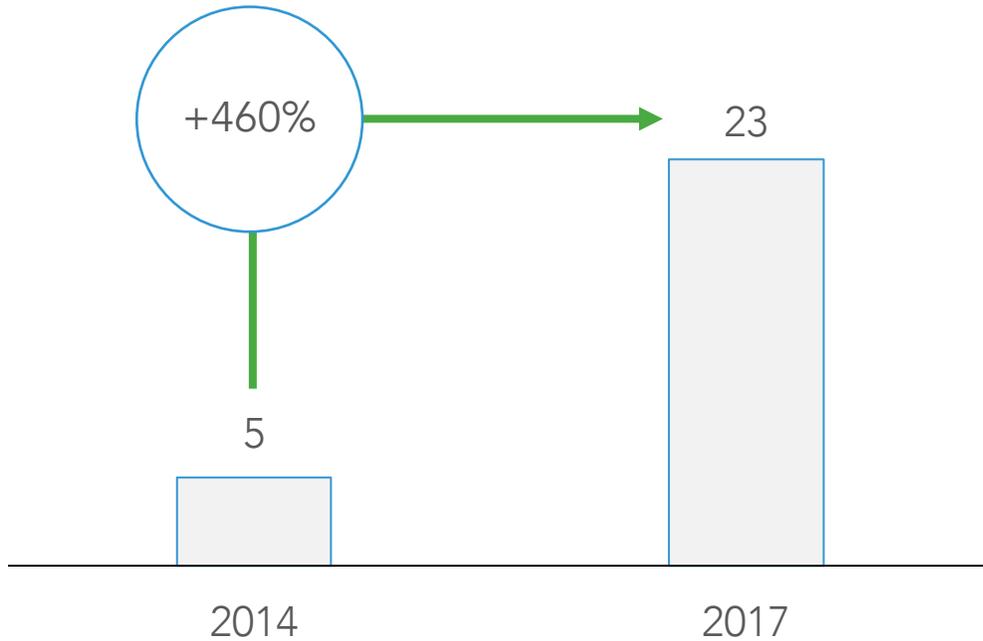


NZX is a trusted brand that
can enable New Zealanders

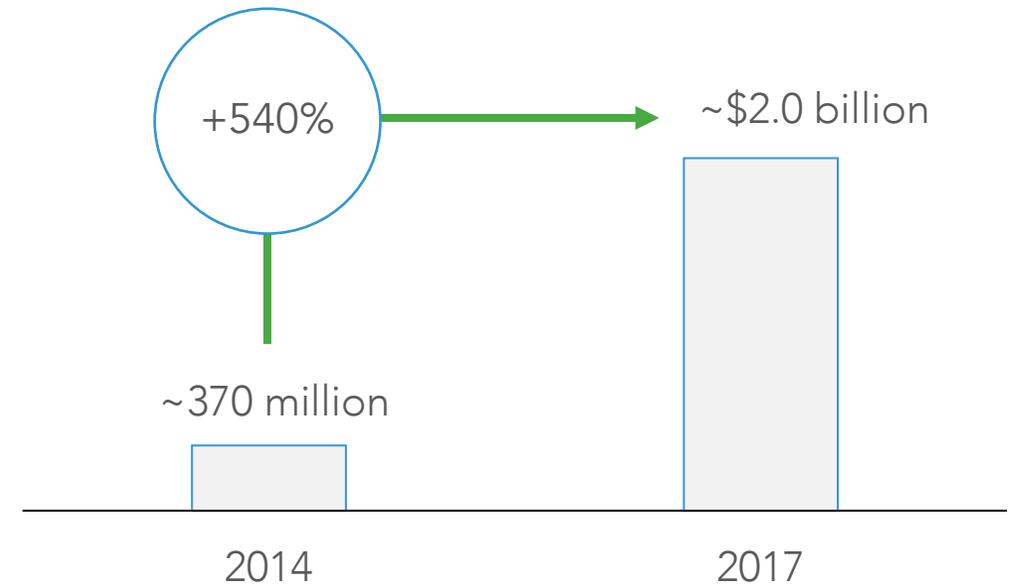
NZX met that need by launching and growing New Zealand's ETF suite



NZX ETF funds
Number of funds



NZX ETF funds
Funds Under Management



Growth enabled largely by SuperLife acquisition

ETFs available through direct and indirect channels



Principles of open access and equivalence as applied to NZX ETFs



Available through all traditional channels e.g. financial advisers and brokers



Available to all New Zealanders through direct channels e.g. Smartshares.co.nz



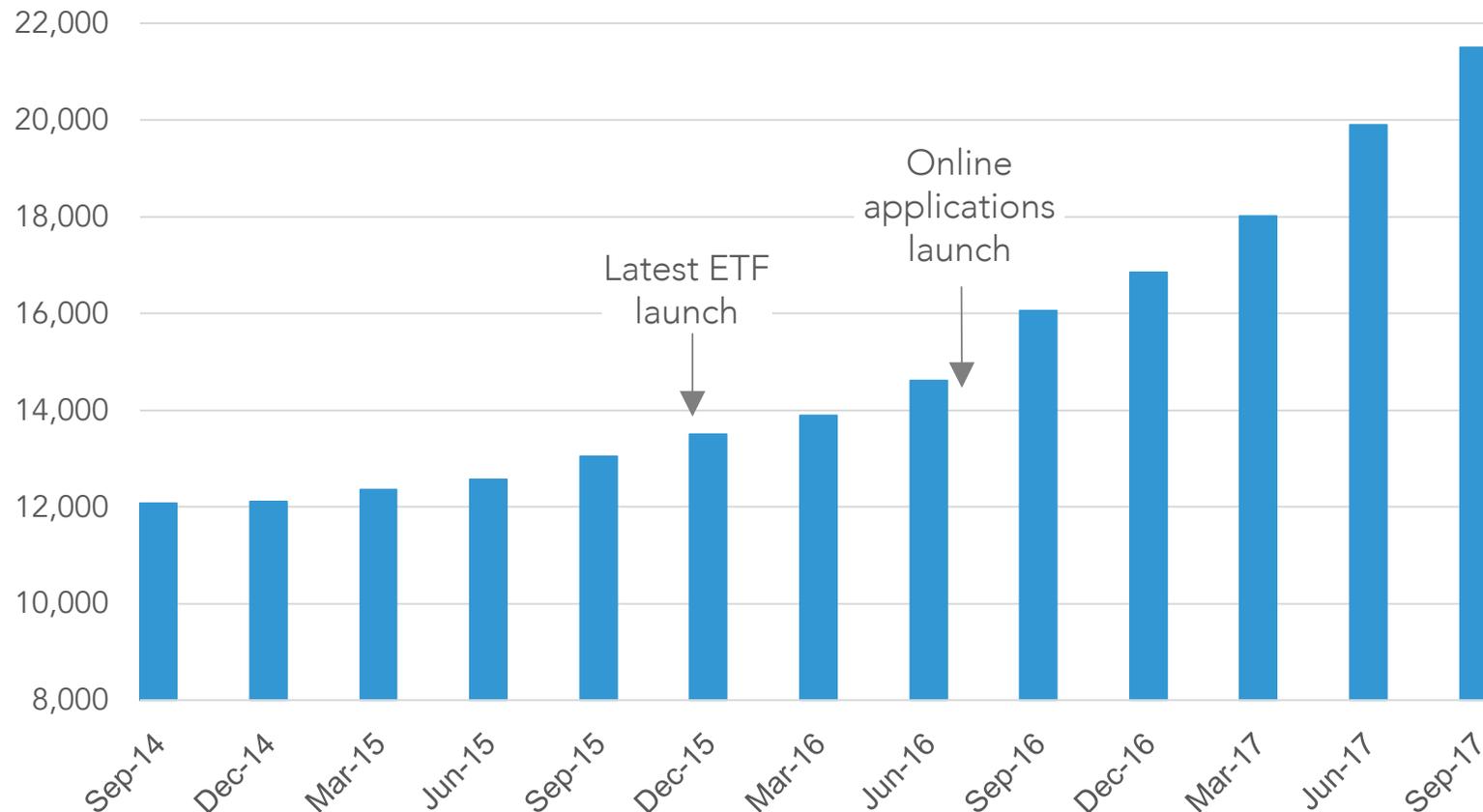
Available as 'building blocks' through channel innovators e.g. Sharesies



Attracting new end users to the market



Smartshares ETFs total unitholders



Direct unitholders up 78% over last three years



50% of applications getting a CSN for the first time



Investment from adviser groups up 21% YoY

ETF building blocks enabling a new suite of Fintech entrepreneurs



Sharesies
♥ investing

IN **INVESTNOW**
INVESTMENTS, YOUR WAY

- ▶ Millennial, up and coming investors unsure where to start
- ▶ Typically small investment contributions
- ▶ DIY investors, unadvised
- ▶ Using combination of managers and passive/active
- ▶ Comfortable selecting from large investment pools

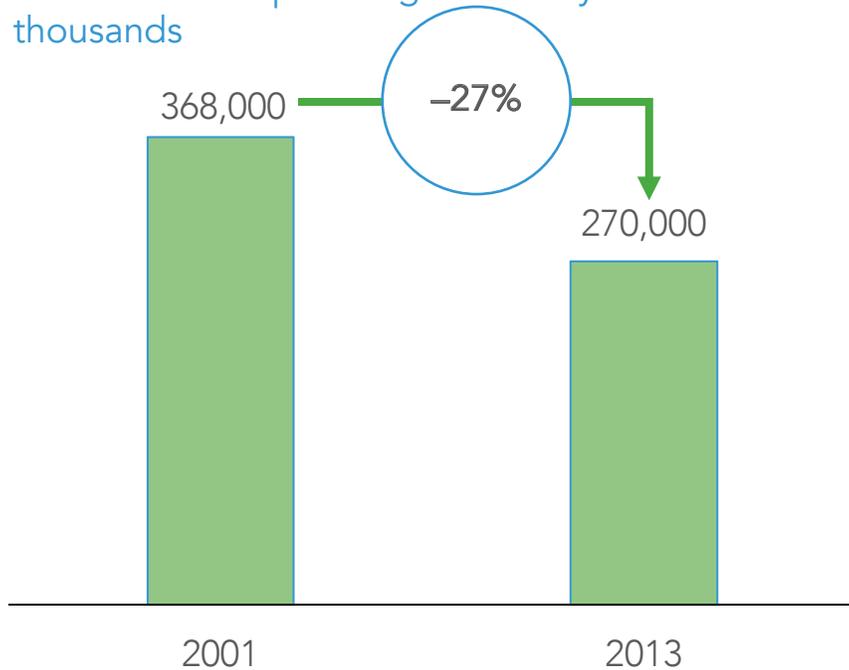
NZX

This growth is driven by powerful demographic shifts



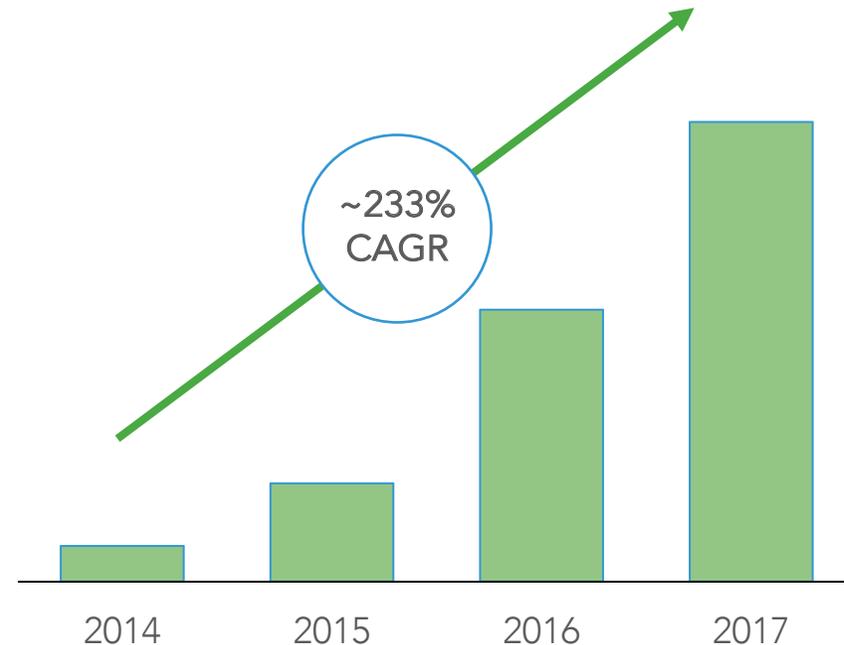
Home ownership declining among younger population

Home ownership among 20 to 39 year olds thousands



Growing demographic with available (if relatively modest) investment funds

Very strong growth in awareness and acquisition
Smartshares unitholder applications



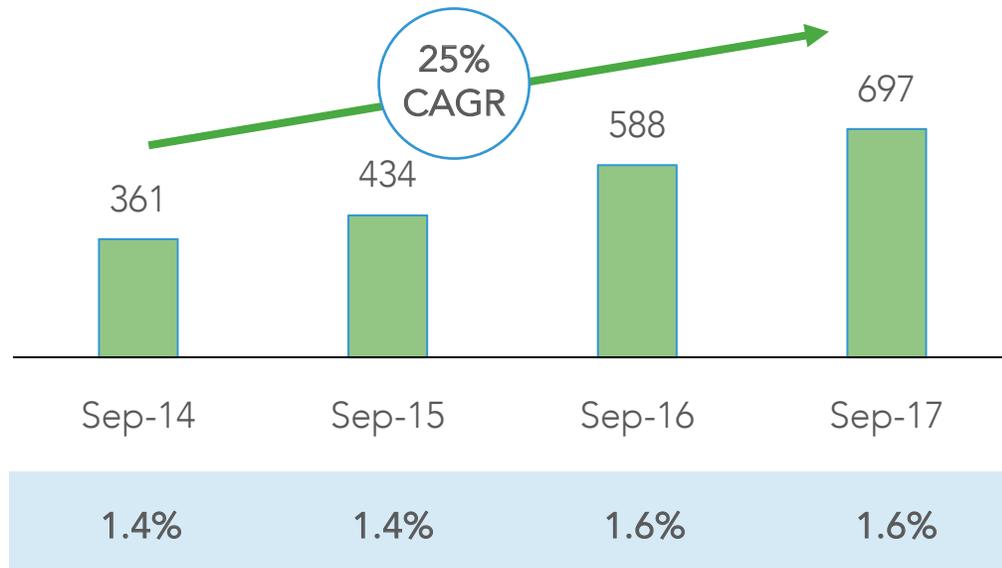
Reflected in rapidly growing uptake

We have grown SuperLife ahead of the market



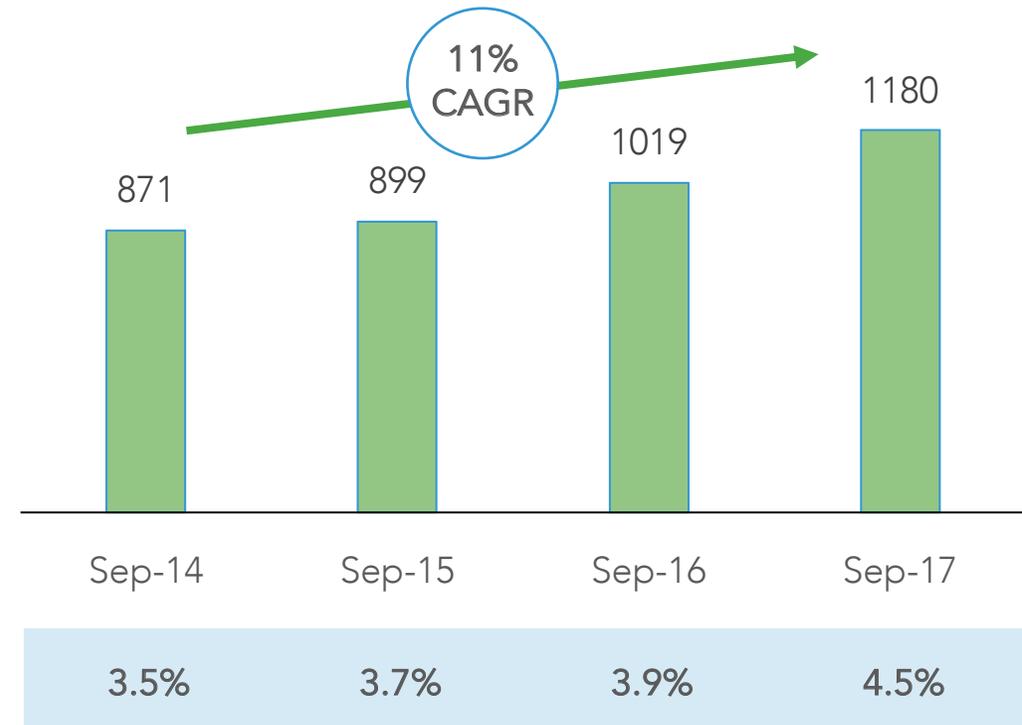
SuperLife KiwiSaver

Funds Under Management (\$ millions)



SuperLife Superannuation

Funds Under Management (\$ millions)



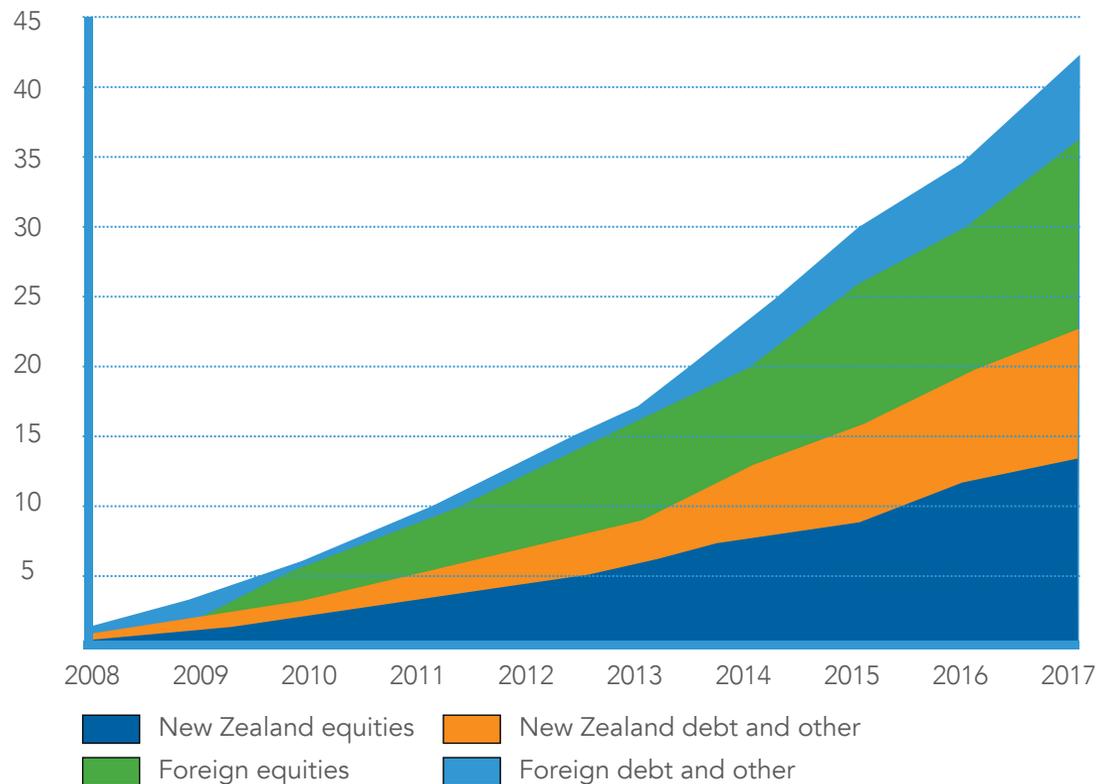
Growing share of industry Funds Under Management

Source: Smartshares Limited; RBNZ

SuperLife benefits from the KiwiSaver 'escalator'



Allocation of KiwiSaver funds
NZ\$ billion



Potential growth to \$300 billion
FUM next 20 years



At ~15% Funds Under
Management CAGR, the holding
cost of the business not onerous



Continues to power up the
critically important ETF construct



Superannuation also provides a growth opportunity

- ▶ Total superannuation market estimated to be ~\$26 billion
- ▶ We consider the addressable market to be ~\$9 billion and ~100 entities
- ▶ Additional sales resource recruited mid-2017
- ▶ A sector we are experts in, with limited competitors



Go forward plan:

Smartshares and SuperLife



2018 plan

Beyond

Grow Smartshares ETF end users

- Build out distribution partners
- Continue a customer experience
- Continue marketing/PR

- Grow scale
- Share the benefits
- Cement low-cost passive leadership

Cross-sell and innovatively market KiwiSaver

- Bolster experience e.g. investment tools
- Grow profile e.g. PR
- Open up third party distribution

- Ride the growth escalator
- Participate in industry rationalisation

Target corporate superannuation with cross-sell

- Target schemes unable to replicate SuperLife offering
- Educate employers on differentiator to
- Cross-sell to issuer base

- Consolidate

NZX Wealth Technologies

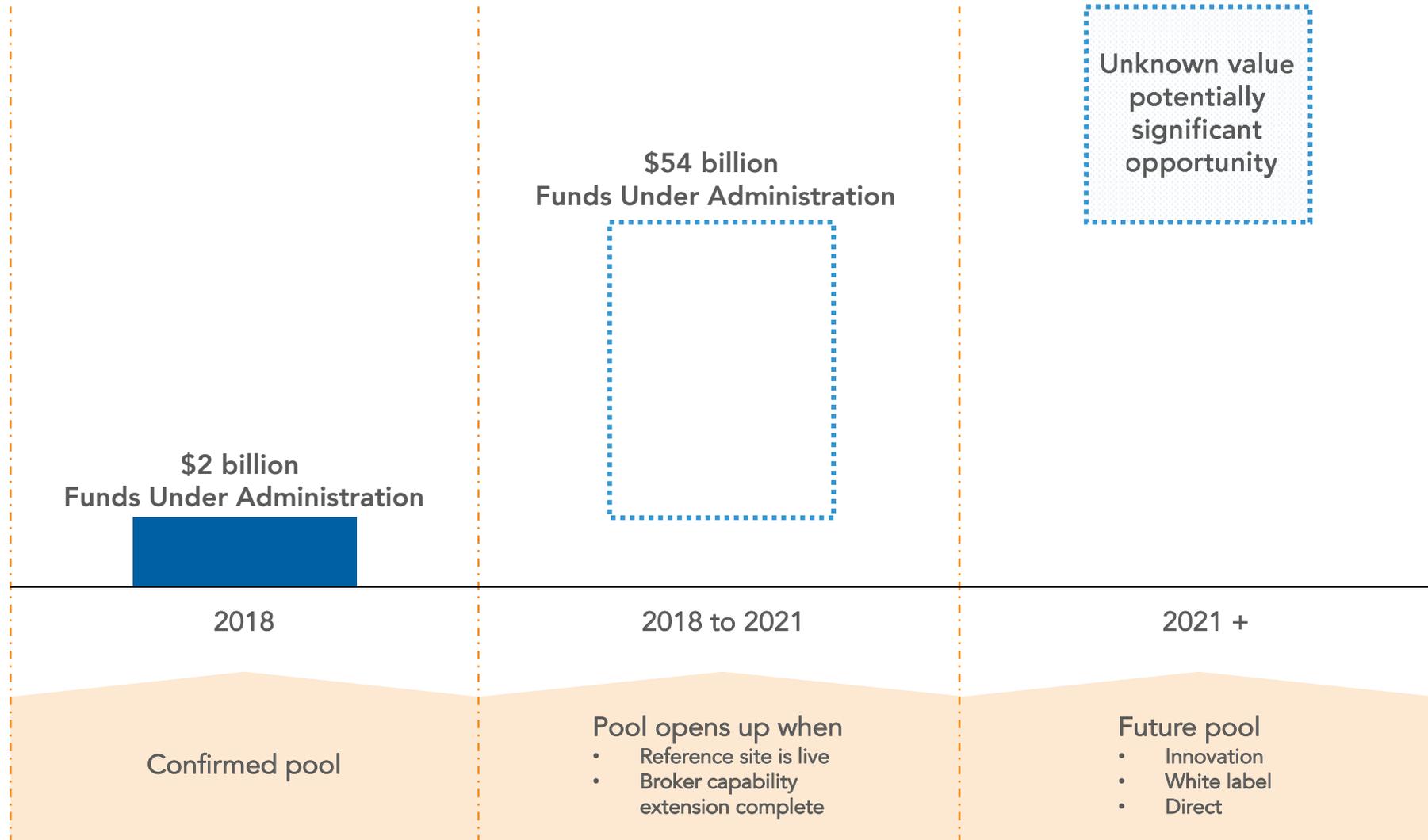
Lisa Brock, Head of Wealth Technologies



Objective: deliver a financial services platform that supports and empowers the wealth management industry



The potential opportunity



Project progress



| | |
|---|---|
| Investor portal and IRD messaging in production | ✓ |
| Infrastructure established | ✓ |
| Core functional development | ✓ |
| Resourcing | ✓ |
| Testing and repair | ✓ |
| Data migration automation and reconciliation | ✓ |
| Foundation client specific development | ✓ |
| Operational readiness | ✓ |
| UAT and migration dry runs | ✗ |
| Broker trading functionality | ✗ |
| Transition existing clients onto new platform | ✗ |

- ✓ In place
- ✓ Progressed
- ✗ Work to do
- ✗ Missing

Go live



2018 plan

Five year plan

Go live with platform

- Complete development for foundation clients
- Complete history migration
- Operational readiness, UAT and migration

- Continual improvement
- Regulatory changes

New clients

- Craigs Investment Partners go live Q2 2018
- Old platform clients transitioned
- Another small adviser on-boarded
- A large adviser group signed on and project commenced

- Extend pipeline
- Target medium large adviser groups
- Target Broker trading models

Extend capability to widen offering

- Complete development for broker trading functionality

- Extend capability for the new innovative business models



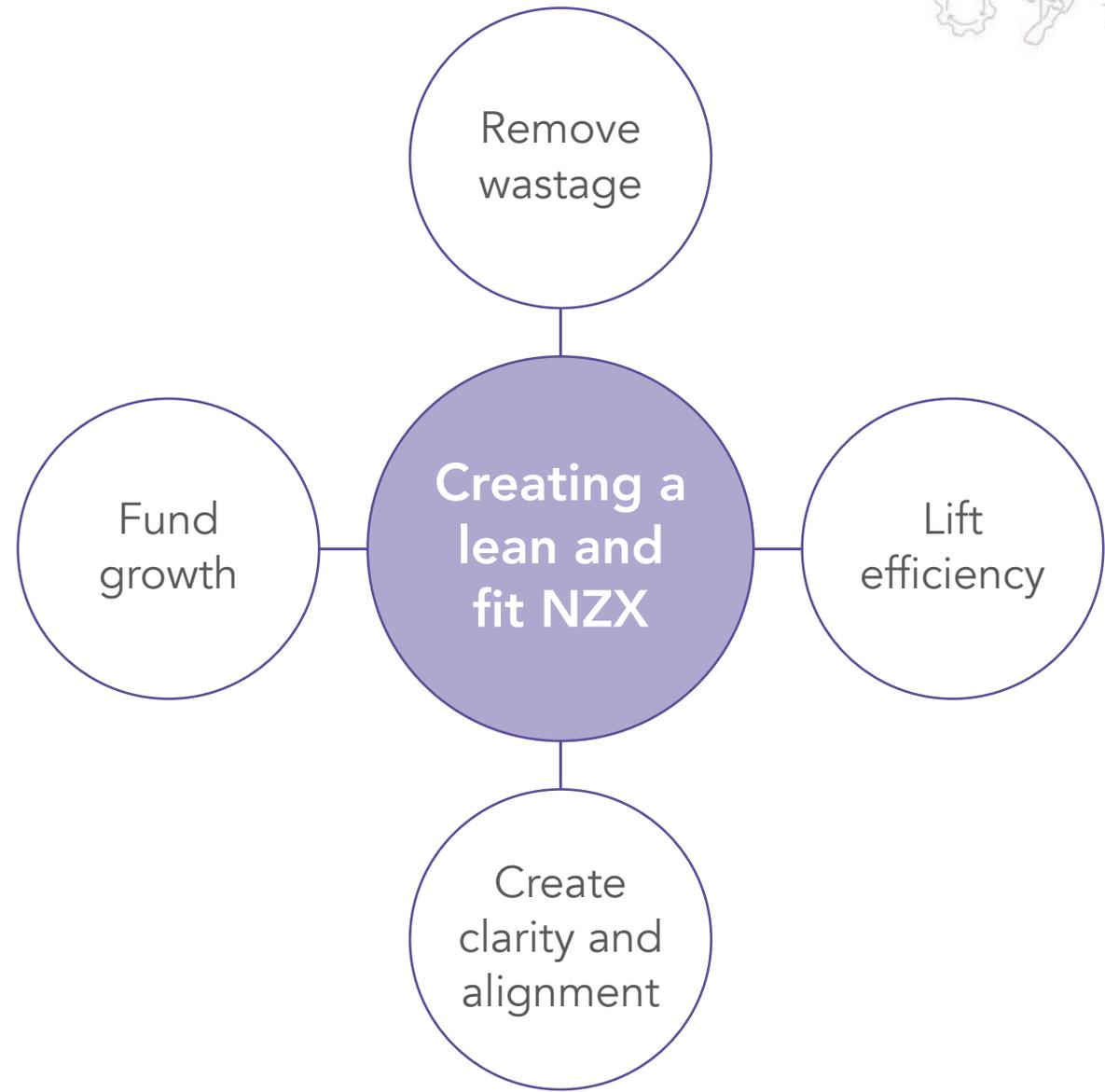
Creating a lean and fit NZX

Mark Peterson, Chief Executive Officer





Earning the right to **grow** through disciplined management of costs and clarity of vision



Earning the right to **grow** through disciplined management of costs and clarity of vision.

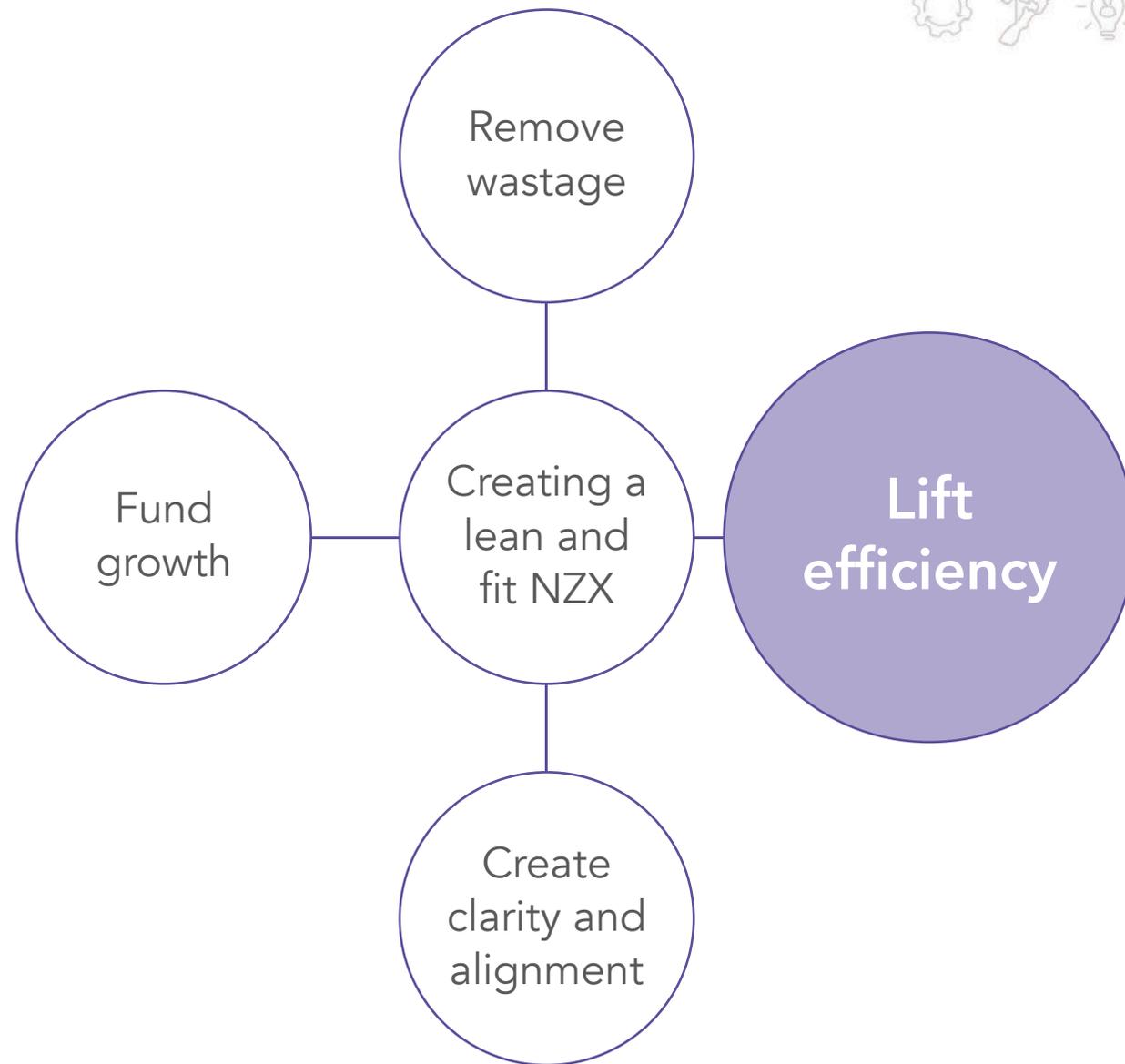
- ▶ Our business is too small to be fat
- ▶ Turned over every rock – wastage removed, immediate efficiencies identified and implemented
- ▶ Maintaining a tight lid on costs





Earning the right to **grow** through disciplined management of costs and clarity of vision.

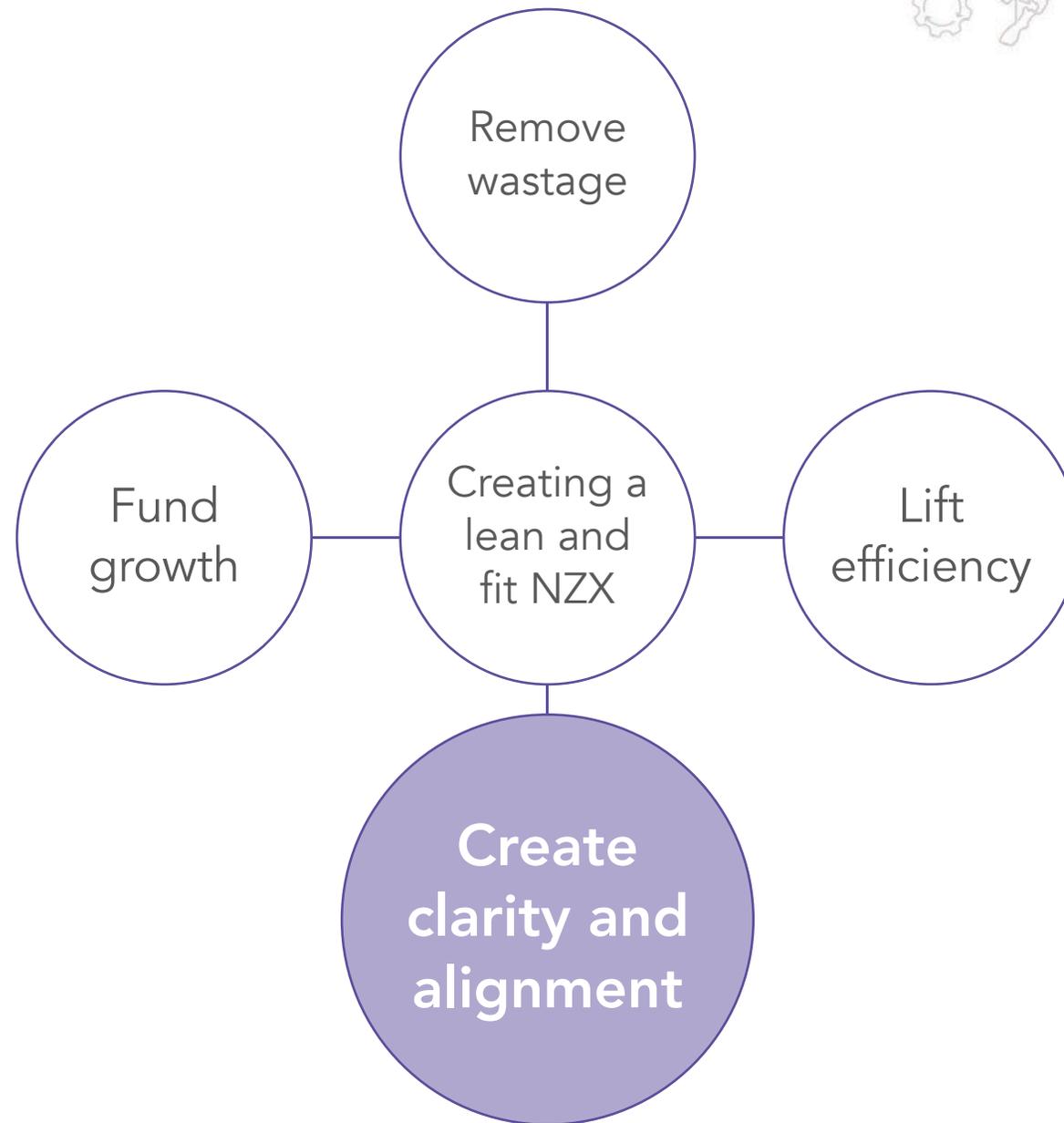
- ▶ Simplified business
- ▶ Redeployed resources to high value areas, increased delivery speed
- ▶ Now streamlining and automating core processes to free additional resource
- ▶ Consolidating support systems to reduce costs, increase delivery speed





Earning the right to **grow** through disciplined management of costs and clarity of vision.

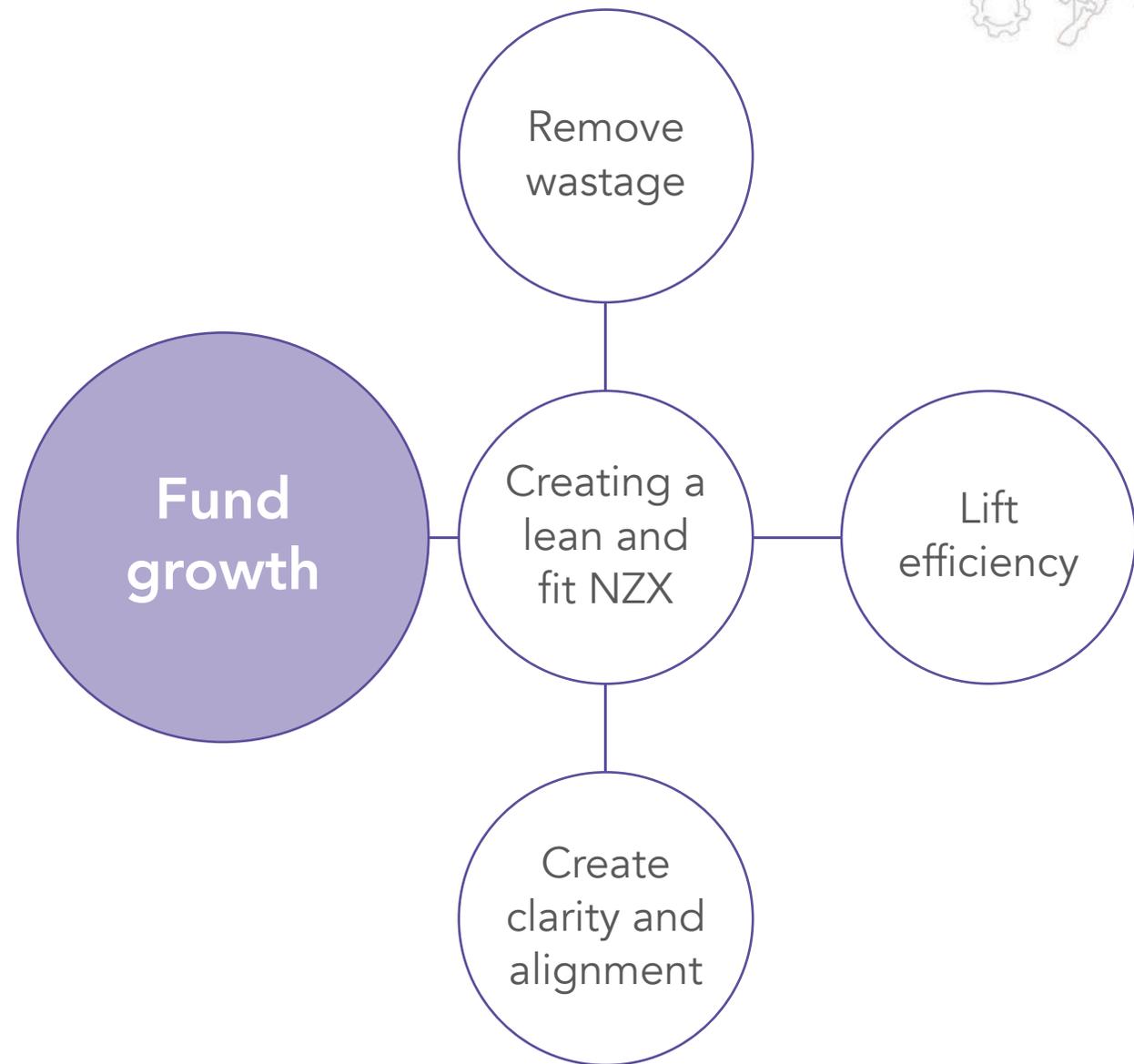
- ▶ Clear strategy has enabled improved delivery
- ▶ Organising principles now start from customers
- ▶ Programme office created
- ▶ Remuneration structure aligned to delivery
- ▶ Cross-leveraging resources to enable efficiencies





Earning the right to **grow** through disciplined management of costs and clarity of vision.

- ▶ Disciplined capital management – no expenditure bubble associated with strategy execution
- ▶ Major lifecycle investment into clearing and energy systems on track for 2018 completion
- ▶ Growth initiatives will leverage existing capability
- ▶ Clearing House mutualised default fund consultation designed to advance NZX's Derivatives Market
- ▶ Capital Review well underway. Board expected to update the market at Full Year 2017 results



New Zealand's Exchange



Refocus core



Grow opportunities



Maximise options



Get fit

Summary

Summary

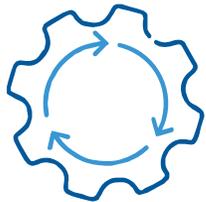


It struck us that our strategic direction was naturally grounded in a **purpose** that extended beyond our own business



New Zealand's Exchange

Refocus core



Grow opportunities



Maximise options



Get fit



Act with greater **purpose**

Promoting overall market growth based on principles of open access and equivalence

Putting our customers at the heart of everything we do

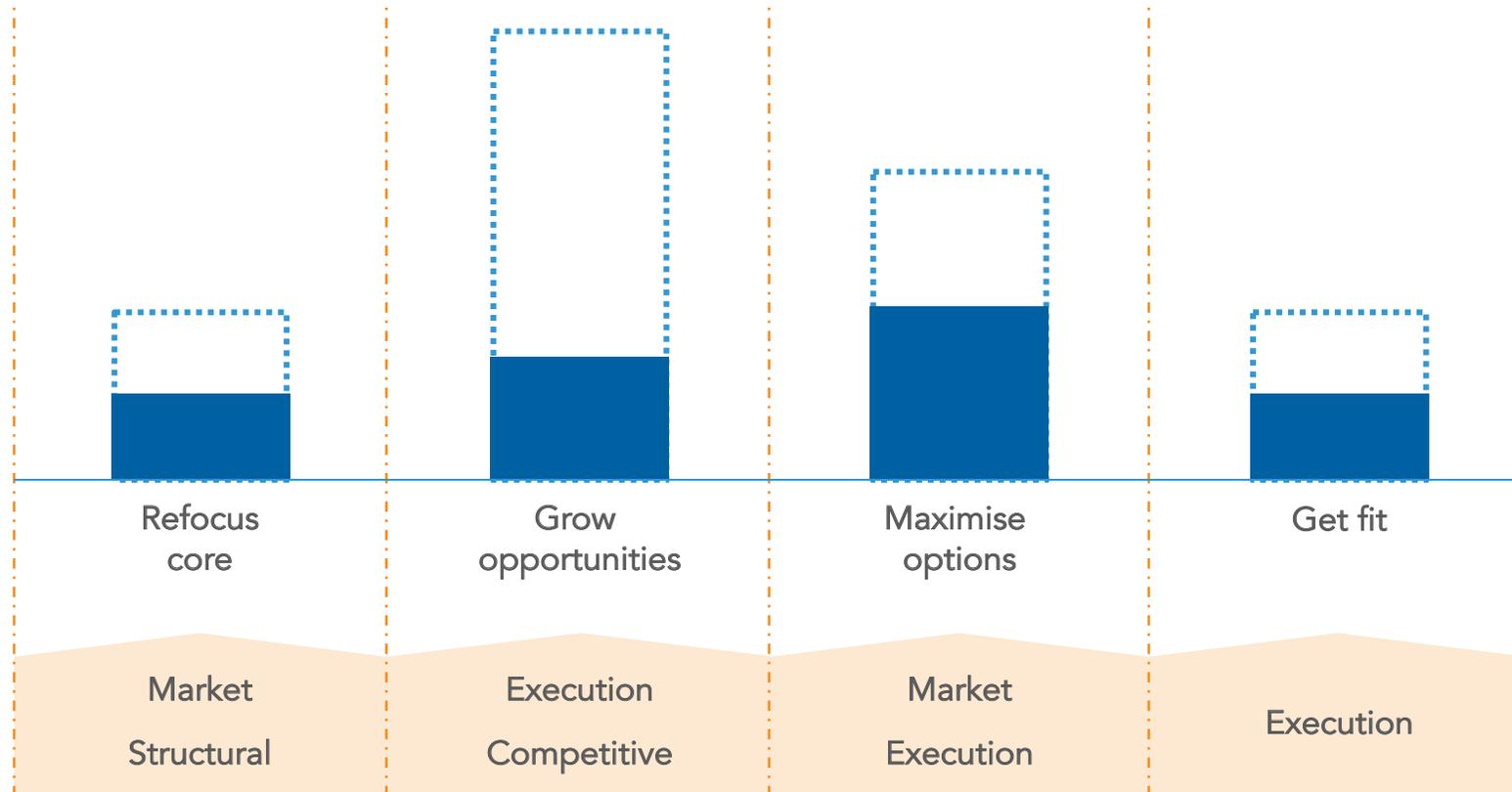
Driving economic, social and environmental sustainability for our nation

Driving greater returns for our shareholders

Wide range of value creation potential and a diversified risk profile



Wide range of potential outcomes driven by a diverse opportunity set



Diversified risk profile

Culture change required to deliver



-  Orientation
-  Sales
-  Market coverage
-  Portfolio
-  Resource allocation

From...

...to

| | |
|------------------------------|-------------------------------------|
| Inward | Outward |
| Order-taking | Selling, facilitation |
| Organic | Deliberate |
| Silos | Cross-leverage |
| Local/BAU-level optimisation | Global/portfolio-level optimisation |



We are on a journey



Strategic clarity



Organising principles to support execution



Some good 'runs on the board' to provide confidence in execution



Diversified initiatives/risk profile to bolster confidence in the outturn



Resourcing



Culture



Broader industry alignment



-  In place
-  Progressed, work to do

Joint leadership challenge

New Zealand's Exchange



Refocus core



Grow opportunities



Maximise options



Get fit

Summary

Questions



A world map with New Zealand highlighted in a darker shade of blue. Dotted lines radiate from New Zealand to various parts of the world, including Africa, Europe, Asia, and South America. In the top right corner, there are four small icons: a gear, a hand holding a pencil, a lightbulb, and a group of people.

We have a clear strategy and
look forward to updating you on our
progress at our 2017 full year results.



Meet the team



Meet the team



Mark Peterson
Chief Executive Office

Mark joined NZX in May 2015 as Head of Markets, and was appointed CEO in April 2017. He has more than 25 years' experience in the financial services sector covering capital markets, share broking, private wealth, and institutional and retail banking. Prior to joining NZX, Mark was the Managing Director of ANZ Securities, and has held executive roles with FNZC and The National Bank of New Zealand.



Graham Law
Chief Financial Officer

Graham will join NZX on Monday 27 November. He has considerable experience working across the financial and professional service sectors in New Zealand and the United Kingdom. Graham is currently Head of Finance at ACC, and prior to this was Managing Director and Chief Financial Officer at AMP Capital Limited. Graham will bring to NZX expertise in strategic leadership, corporate governance, and risk and financial management.



Joanna Lawn
Head of Issuer Relationships

Joanna joined NZX in September 2017. She has extensive banking and corporate finance experience previously working at ANZ, in the Institutional Banking Division, with responsibilities in New Zealand and overseas, as Head of Client Insights & Solutions, and Head of Business Management. Prior to this Joanna worked for Deutsche Bank and Lazard Brothers & Co. Limited, in their M&A and markets divisions.



Benjamin Phillips
Head of Markets Development & Clearing

Benjamin joined NZX in September 2014. He has extensive experience across New Zealand and Australia's financial markets, and previously worked for Citi Australia as Senior Operations Manager within its retail investments division. Prior to this Benjamin served 10 years at ANZ E*Trade Australia where he held several senior positions, including Head of Broking Services.

Meet the team



Jeremy Anderson
Head of Data & Insights

Jeremy joined NZX in March 2017. He has extensive experience working in agribusiness sectors across Australia and New Zealand. Prior to joining NZX, Jeremy led and executed Vodafone New Zealand's agribusiness strategy and has had experience working in a number of senior sales management roles for fertiliser and rural merchandise businesses.



Aaron Jenkins
Head of Fund Management

Aaron joined NZX in January 2014. He has substantial experience across the financial markets and agricultural sectors. Prior to NZX, Aaron was Fonterra's General Manager Trading Among Farmers. Before this, he held senior technology and business roles with E*Trade in Australia, and spent more than 13 years with ANZ Bank in Australia, New Zealand, Asia, and the United Kingdom.



Lisa Brock
Head of Wealth Technologies

Lisa joined NZX in November 2016. She has more than 25 years experience in financial services covering investments, insurance and banking. Lisa previously worked for the ASB Bank and Sovereign Insurance holding leadership roles across finance, investments and operations. Prior to that Lisa started her career as an auditor with PwC. Lisa is a Chartered Accountant.



Hamish Macdonald
General Counsel & Head of Policy

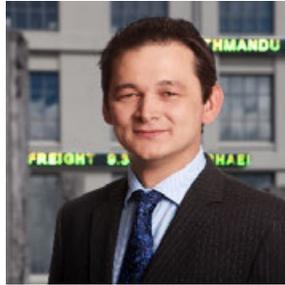
Hamish joined NZX in July 2013. He has extensive experience in financial regulation and policy development work, including five years at the UK Listing Authority, the body that regulates issuers listed on the London Stock Exchange. Before joining NZX, Hamish held legal roles in New Zealand, Australia and the United Kingdom, most recently as legal counsel with a superannuation fund in Melbourne.

Meet the team



Joost van Amelsfort
Head of Market Supervision

Joost joined NZX in August 2014. He has considerable experience providing legal advice to capital markets participants, operating in New Zealand and overseas. Joost previously worked at Simpson Grierson and prior to that he was at Linklaters LLP, London and Dubai. Joost's areas of expertise include corporate governance, equity and debt capital markets, mergers and acquisitions, corporate and commercial contracts, and public private partnerships.



David Godfrey
Chief Information Officer

David joined NZX in 2009. He has more than 25 years of management experience in IT development - including product based, enterprise level business critical in house and consumer based - and "24x7" operations for a FTSE 100 Property company, a major UK newspaper, and in telecommunications, IT Consulting and software houses.



Katherine Birch
Head of Human Resources

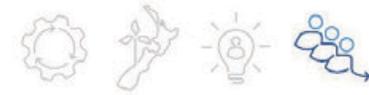
Katherine joined NZX in 2013. She has more than 14 years of generalist human resources experience including employment relations, consulting, performance management, employee engagement, remuneration and recruitment. Prior to joining NZX, Katherine worked several private and multinational companies in London and New Zealand, most at recently Aurecon Group.



Hannah Lynch
Head of Communications

Hannah joined NZX in 2012. She has a background in political, currency and financial markets reporting. Prior to joining the communications team at NZX, Hannah was a political reporter for newroom.co.nz in the Parliamentary Press Gallery, and before that was a currency and financial markets reporter at BusinessDesk.

Meet the team



Kathryn Jaggard
Head of Strategy

Kathryn joined NZX in 2008. This followed 10 years in London where she held several senior business development roles in the global exchange traded derivatives market. She also worked in Singapore where she helped drive derivatives growth from this region. Over the past 18 years Kathryn has developed an intimate knowledge of the global derivatives markets, a multitude of new products, and assisted in driving liquidity to these products.



Kristin Brandon
Head of Compliance

Kristin joined NZX in 2007. Kristin has significant legal experience working at Chapman Tripp Wellington and Dechert LLP London where she specialised in company and securities law. Prior to joining NZX, Kristin was Assistant Company Secretary at Telecom New Zealand Limited (now Spark).



Nick Morris
Head of Derivatives

Nick joined NZX in 2016. He has a strong background in currency markets having worked at BNZ for more than four years in a variety of FX related roles, including as an Institutional Foreign Exchange dealer. Nick is also a director of the GlobalDairyTrade Oversight board.



Shane Dinnan
Head of Energy

Shane joined NZX in February 2014. He has a strong background in energy market design, operations and policy in New Zealand, Asia, Europe and Africa. Prior to this, he was a co-owner and senior executive at electricity market operator M-co, which NZX acquired in 2009. Shane has also led several market development projects internationally.