



# Annual Shareholders' Meeting

Tauranga  
8 April 2021

▶ New Zealand's Exchange  
Te Paehoko O Aotearoa

# Today's meeting

- Welcome and strategic overview – James Miller, CHAIR
- Report on financial and business performance – Mark Peterson, CEO
- Resolutions
  - Auditors
  - Re-election of Nigel Babbage
  - Re-election of Lindsay Wright
- Voting
- Questions



# Welcome and strategic overview

James Miller, CHAIR

# Emerging stronger

- Difficult year for many sectors of the economy with COVID impacts
- Opportunity for NZ capital markets to provide essential capital funding to businesses in need
- Never before has the value of having access to capital been so evident
- 2020 also saw the most significant re-engagement with equities as an investment class in the past 30 years.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.





# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.



# Vital role of NZ's capital markets

- Trading volumes and value reached new levels, record territory for S&P/NZX 50
- Tough and uncertain economic environment for many of our issuers
- FY2020 showcased the vital role of capital markets to a well-functioning and resilient economy
- NZX enabled Kiwi companies to access billions of dollars of much-needed equity and debt capital
- Healthy number of listings, new cohort of companies welcomed to NZX.





NASDAQ CONGRATULATES  
NZX ON THE OPENING OF  
THE NZ CAPITAL MARKETS CENTRE

**NZX**

THE NZ CAPITAL MARKETS CENTRE  
A NEW HORIZON FOR NZ BUSINESSES  
AND INVESTORS  
A NEW HORIZON FOR NZ BUSINESSES  
AND INVESTORS  
A NEW HORIZON FOR NZ BUSINESSES  
AND INVESTORS

# Another year of financial delivery

- Step-change in growth, further lift in earnings
- The environment has supported the growth in NZX's operating earnings – new high of \$34.4 million
- FY2020 dividend of 6.1 cents per share, fully imputed (paid on 26 March 2021).



# NZ RegCo established

- Successful transition to new regulatory model for NZX's listed markets
- Complete structural separation of NZX's commercial and regulatory roles
- New regulatory operating and governance model enhances independence and is less complex
- Aligned with global best practice
- NZ RegCo governed by independent board – chaired by Trevor Janes, board members Elaine Campbell, Mike Heron QC, John Hawkins and Annabel Cotton.

NZ RegCo



#### Governance



**Trevor Janes**  
Independent, Chair



**Elaine Campbell**  
NZX Director



**Annabel Cotton**  
Independent Director



**John Hawkins**  
Independent Director



**Michael Heron QC**  
Independent Director

#### Management



**Joost van Amelsfort**  
Chief Executive

Surveillance | Participant Compliance | Issuer Compliance

# Technology issues

- Rapid escalation in trading activity during COVID-19 lockdown period, and serious cyber-attack in August 2020
- NZX acknowledged we did not meet our own high standards in certain areas of our technology systems
- Performance of NZX's Information Technology (IT) systems vital to all market participants
- NZX Board acted decisively post these events.



# Further technology investment

- Acting on the recommendations of our Board commissioned external reviews from EY and InPhySec
- Agreeing action plan with Financial Markets Authority (FMA)
- Permanent establishment of Technology Sub-committee – appointment of global expert in stock exchange computer systems, Peter Jessup
- First meeting of industry-wide IT working group to improve engagement
- New CIO, Robert Douglas, appointed.

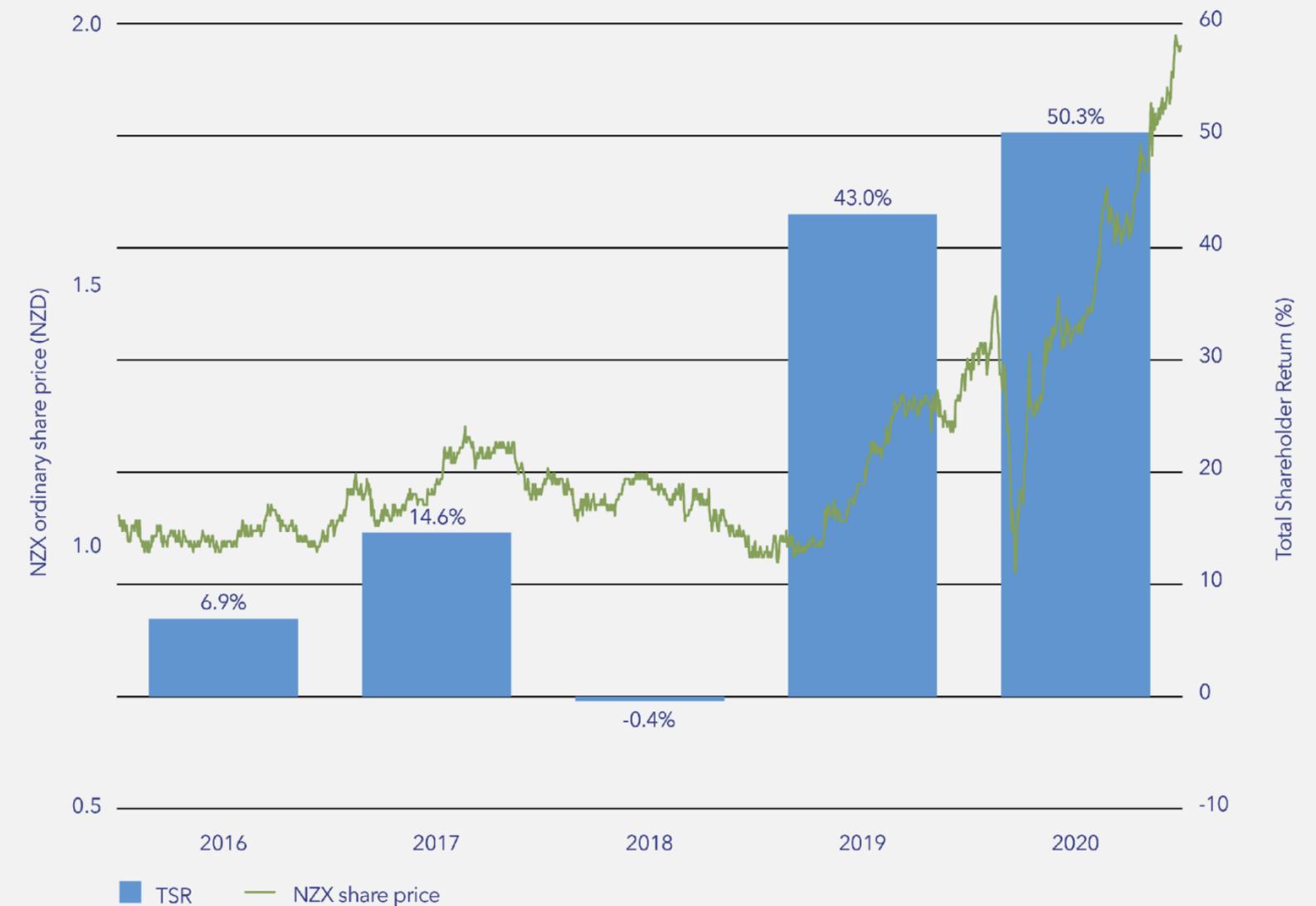
## NZX Technology Committee



# Shareholder returns

- Repositioning of NZX and our strategic direction under Mark Peterson's leadership
- Recognised by the market, strong appreciation in NZX share price
- Strategy is creating a platform for growth – for NZX and our markets
- Capital Markets 2029 outlines common vision for capital markets ecosystem to work together in growing New Zealand's capital markets.

TOTAL SHAREHOLDER RETURN & SHARE PRICE



# Outlook for 2021

- NZX has today updated full year 2021 operating earnings to be in the range of \$32.0 million to \$35.5 million\*
- NZX Board has tightened the bottom of the range now that we have more certainty on incremental technology costs.

\* Guidance is subject to market outcomes, particularly with respect to market capitalisation, total capital raised, secondary market value and derivatives volumes traded, funds under management and administration growth and technology costs

Additionally, this guidance assumes no material adverse events, significant one-off expenses, major accounting adjustments, other unforeseeable circumstances, or future acquisitions or divestments.



# Report on financial and business performance

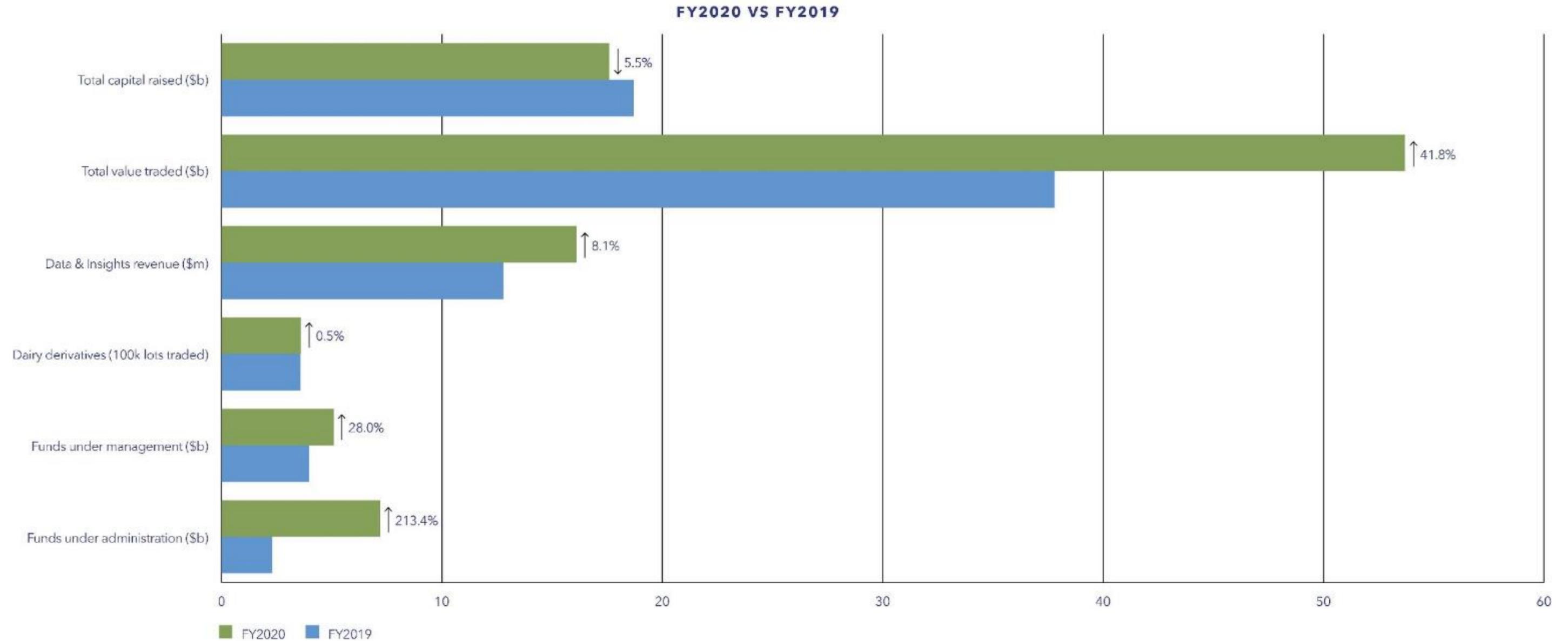
Mark Peterson, CEO

# Fuelling our momentum

- 2020 was an extraordinary year – not what we planned for
- COVID-19 accelerated momentum
- Performance reflects strength built through deliberate strategic change
- Lessons from operational challenges – we are acting on them.



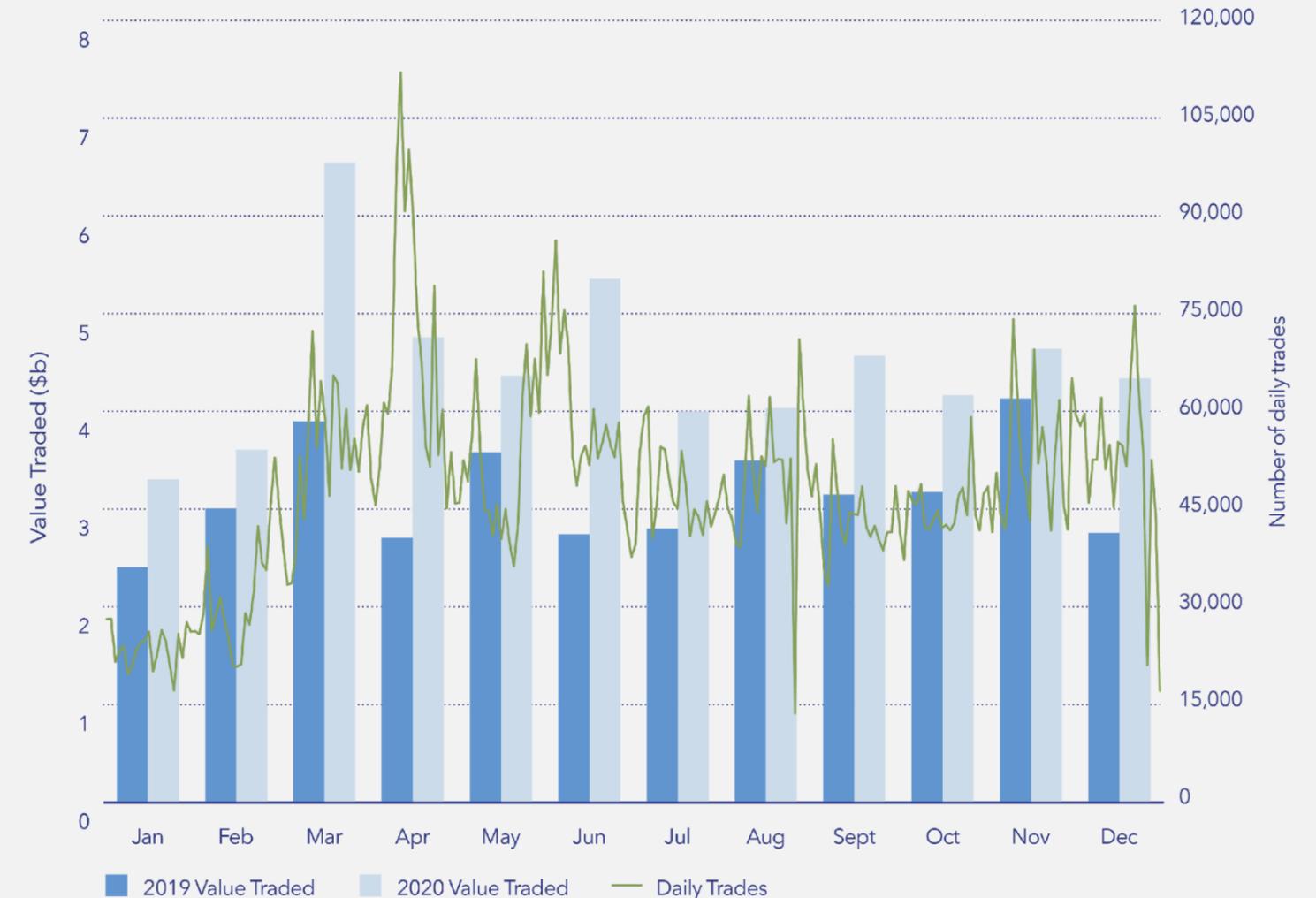
# Robust growth across the business



# Market development

- Global volatility, a low interest rate environment and greater post-COVID interest in investing
- The health and vitality reflected in the 149% increase in the volume traded, 42% increase in the value traded
- Foundations for progress laid in 2017 strategy to deliver improved liquidity to the market
- Opened up access to a broader range of investors, lifted on-market activity and delivered improved liquidity to our Exchange.

VALUE TRADED & DAILY TRADES



# Capital market partnerships

- Continued impetus on our global strategy to secure partnerships
- Complementary capabilities and strength as we grow NZX's business.
- BNP Paribas expected to become a General Clearing Participant in 1H21
- Heads of Agreement with Singapore Exchange to grow NZX's dairy derivatives market together
- Successful launch with EEX of the first auction under NZ Emissions Trading Scheme on 17 March 2021.



NZX



SGX



# Focus on customers

- Ecosystem development a priority – dedicating more resources into deepening our pool of prospects
- Unique opportunity in 2020 to demonstrate the value of having access to capital through the public markets
- The current environment has emphasised the strong value of being listed on NZX
- The spectrum of listings mirrors the pathways we have been opening up for issuers.

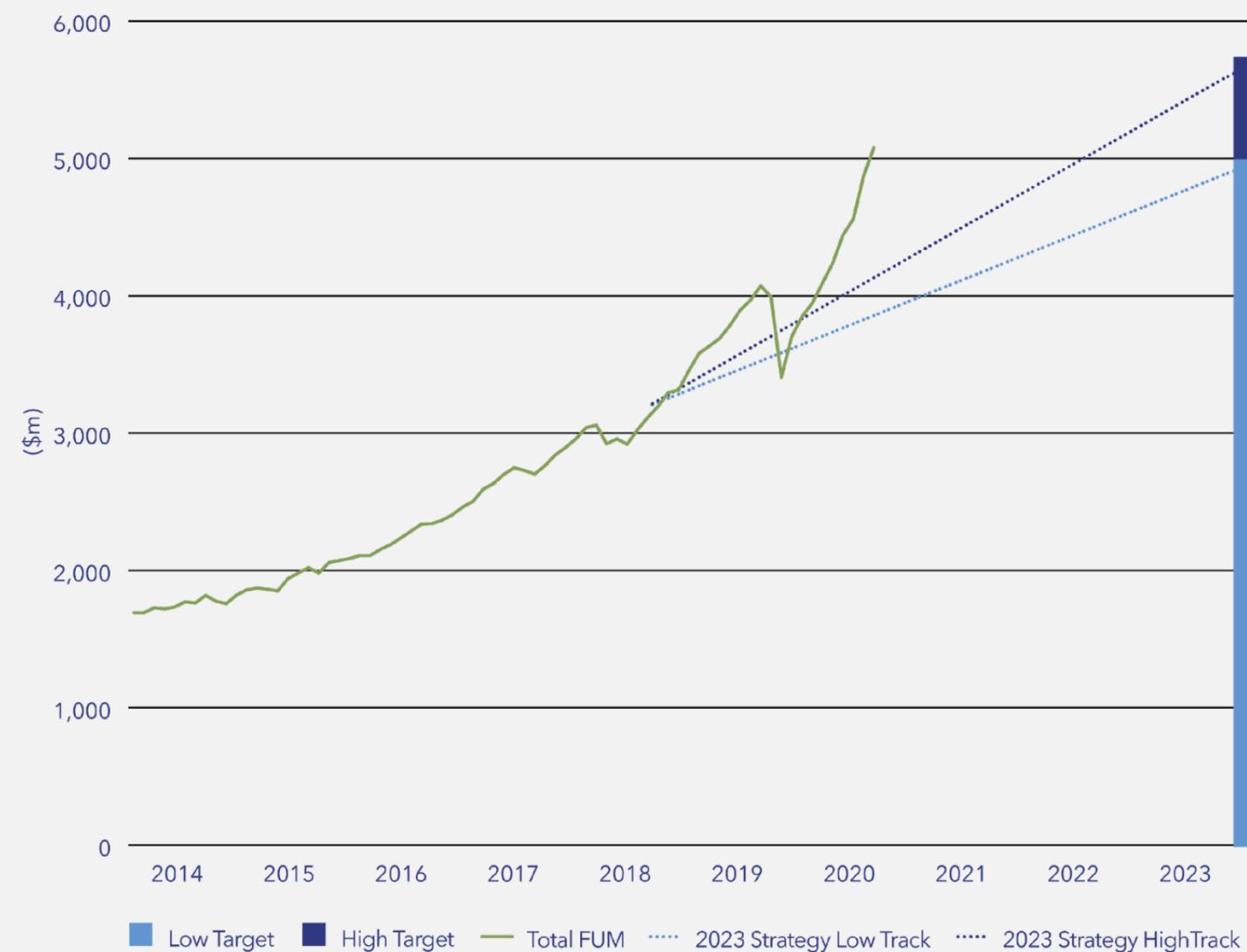




# Funds Management

- Smartshares Funds Under Management (FUM) increased 28% in FY2020
- \$5 billion at year-end, exceeding 2023 goal in growth strategy
- Attracted more than \$800 million in net investor cash flows
- Launch of the Smartshares Core Series ETFs and Select KiwiSaver, our first third-party hosted scheme
- Institutional investors starting to move into Smartshares ETFs and our unlisted passive products.

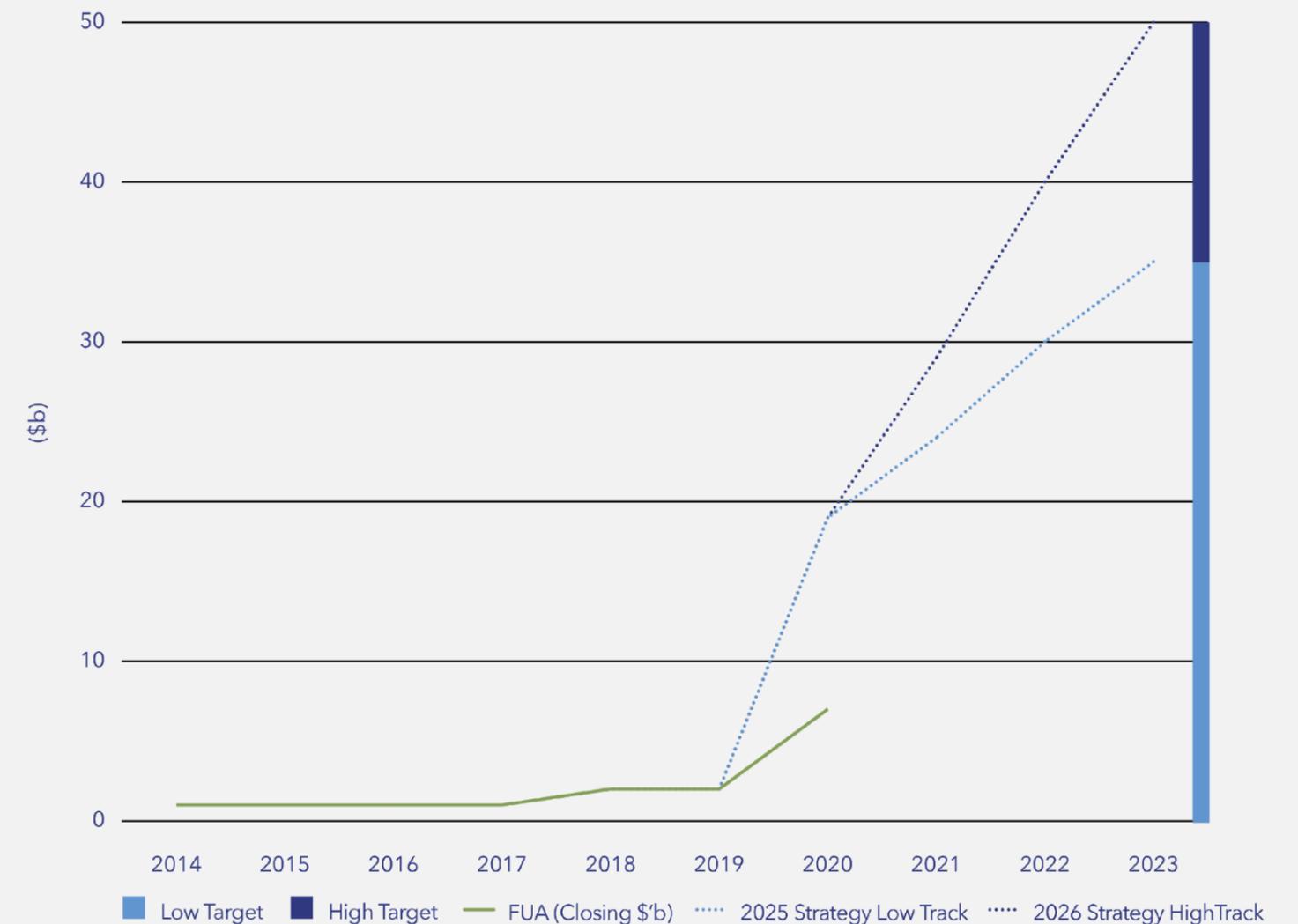
FUNDS UNDER MANAGEMENT



# NZX Wealth Technologies

- Growth of more than 210%, Funds Under Administration tops \$7 billion
- Significant milestone with successful onboarding of Hobson Wealth Partners added \$3 billion
- More than 28,000 portfolios being managed through our wealth management platform
- Confidence in path for continued long-term growth
- NZXWT expected to confirm further customer wins in 1H21.

FUNDS UNDER ADMINISTRATION



# Strategy refresh

- NZX has also been considering the next stage of its strategy
- Explored the business models of other exchanges globally
- Focus on continuing to build a more diversified exchange
- NZX is building an integrated business to support the growth of NZ capital markets
- Smartshares and NZXWT delivering value for NZX shareholders – also for broader market development initiatives.



# Planning for the 'new normal'

- 2020 created significant opportunities and learnings for NZX – aligned with our purpose of *“Helping build New Zealand’s tomorrow”*
- NZX has reset for the ‘new normal’ – refocused with both an operational excellence and growth mindset
- Our team has been energised by the vital role we have been able to play
- Focus on further strengthening our infrastructure and driving growth and health in our markets.



# Resolutions

# Resolution 1: Auditor

That the Board be authorised to determine the auditor's fees and expenses for the 2021 financial year.



## Resolution 2: Re-election of Nigel Babbage

To re-elect Nigel Babbage as a director of NZX Limited.

Nigel was appointed as a director in December 2017. Nigel has spent more than 35 years working in financial and capital markets locally and globally, and brings to NZX extensive clearing and derivatives experience.

Nigel previously held executive roles with British Petroleum (now BP) and Citibank, managing the New York currency derivatives desk, and worked for BNP Paribas, where he took on the joint role of Global Head of Currency Derivatives Trading and Head of North American Foreign Exchange. He served on the Foreign Exchange Committee of the Federal Reserve Bank of New York for three years.

Nigel is currently CEO of Christchurch-based investment company Mohua Investments Limited.



# Resolution 3: Re-election of Lindsay Wright

## Re-election of Lindsay Wright as a Director of NZX.

Lindsay was appointed as a director in February 2018. She has more than 30 years' financial services and funds management experience locally and globally and brings to NZX extensive capital markets, capital markets operations and funds management experience.

Lindsay is CEO of Funds Management at Sun Hung Kai & Co. She has held a range of senior roles in the funds management sector both globally and regionally (APAC) for Matthews Asia, BNY Mellon Investment Management, Invesco Hong Kong, Harvest Funds China and Deutsche Asset Management. Lindsay started her career with Bankers Trust in New Zealand, becoming CFO/COO before moving to Deutsche Asset Management.

From a governance perspective she has served as Deputy Chair of the Board and Chair of the Audit and Risk Committee of the Guardians of the NZ Super Fund, and as a director of Kiwibank. Lindsay has a Bachelor of Commerce from the University of Auckland and is a Fellow of the Hong Kong Institute of Directors.



Voting

# Address by Jon Macdonald

# Questions



# Thank you

The information provided is a guide only and intended for general information purposes. It does not constitute investment advice. Any representation or statement expressed in this information is made in good faith on the basis that NZX Limited (NZX) or any of its related companies is not able to be liable in respect of such representation or statement arising in any way including from any error or omission. This information should not be relied upon as a substitute for detailed advice from an authorised financial adviser. NZX does not guarantee the accuracy and/or completeness of the information, or the accuracy of third-party information. NZX assumes no responsibility to update this report after publication. Except for any liability which cannot be excluded, NZX, its directors, officers, employees and agents disclaim all liability for any error, inaccuracy or omission, or any loss suffered through relying on this report. All information provided is confidential in nature and is imparted in confidence. As such, the information should not be disclosed to any other person. No part of this information may be redistributed or reproduced in any form or by any means without the written consent of NZX. Copyright © NZX Limited.