

---

**2012 Full Year  
Results Presentation**

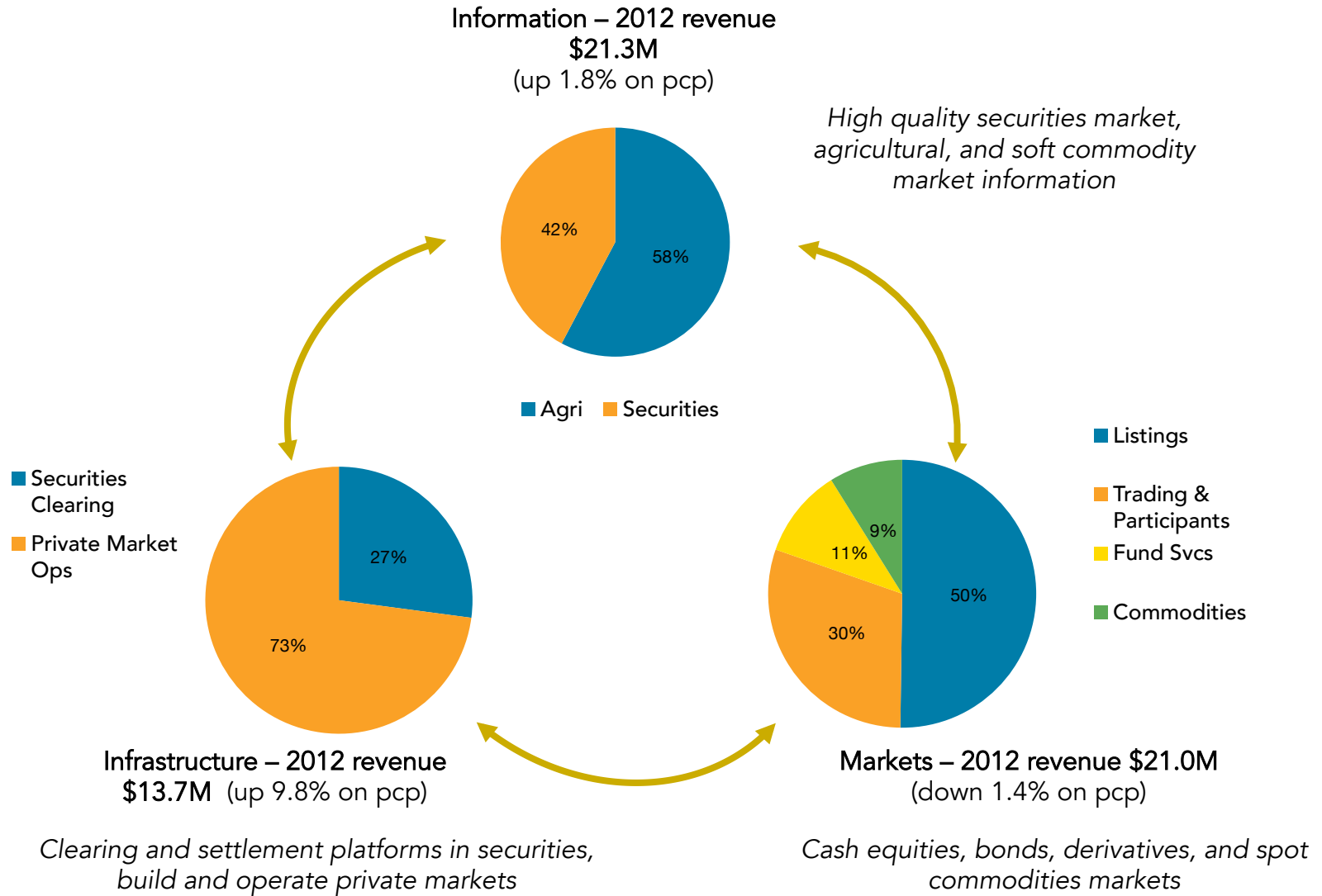




# Contents

- ▶ Summary of 2012 performance
- ▶ Outlook for 2013
- ▶ Business Review
  - Revenue
  - Capital Structure and Investments
- ▶ Investor Information

# Overview of the business

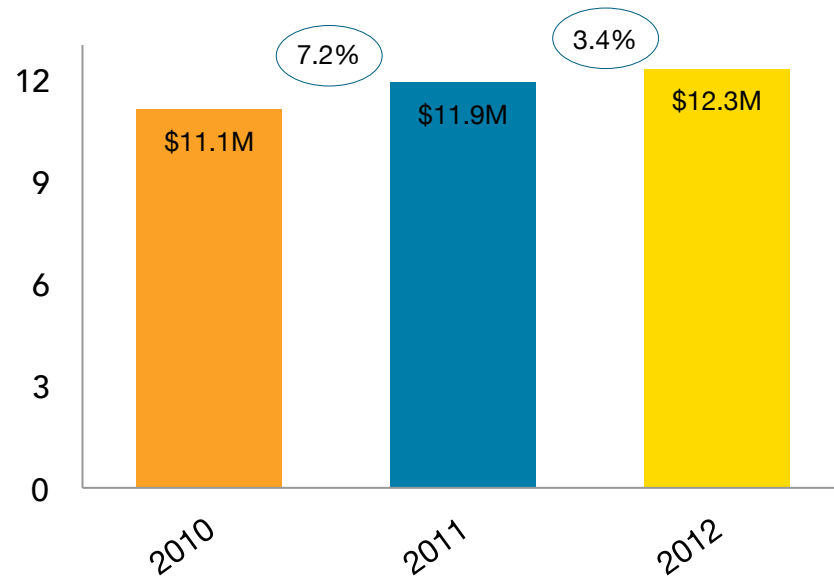


## 2012 Highlights

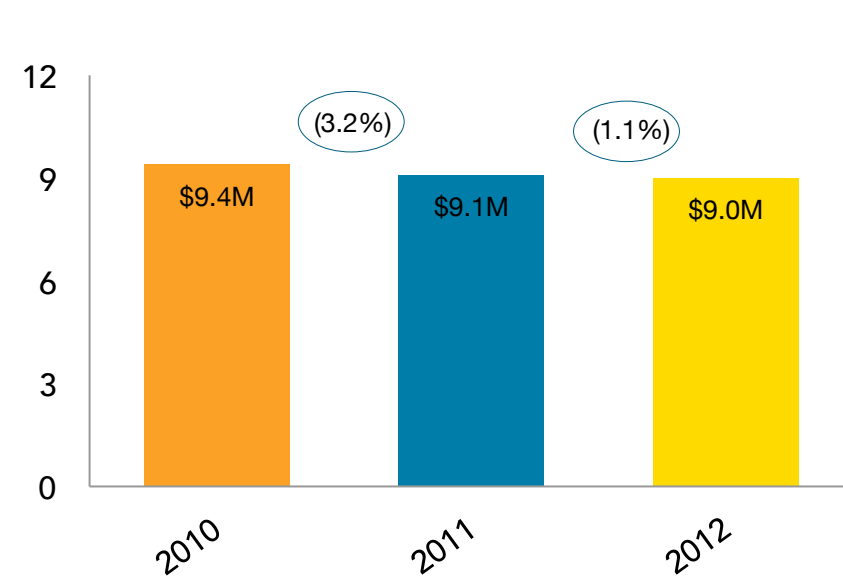
- Information
  - ▶ Continued moderate growth in Agri
  - ▶ Securities data impacted by exchange rate and global headwinds
- Markets
  - ▶ Capital raising at relatively low levels
  - ▶ Trading activity grew strongly in the second half of 2012
  - ▶ Commodity trading and derivatives continued on a strong growth trajectory
- Infrastructure
  - ▶ Launch of Fonterra Shareholders' Market and renewal of Electricity Authority contracts
  - ▶ Clearing revenue grew in tandem with trading
- Operations
  - ▶ Successful replacement of the trading system with Nasdaq's X-Stream platform
  - ▶ 100% uptime of trading, clearing and associated systems
- Organisation
  - ▶ New structure put in place mid-year, including the clear separation of commercial and regulatory roles
  - ▶ Three new key members of the management team in place by the end of 2012
  - ▶ Reset of the cost base was required – will continue into 2013

# Agri information continued moderate growth

Agri Information Revenue (\$M)



Securities Data Revenue (\$M)



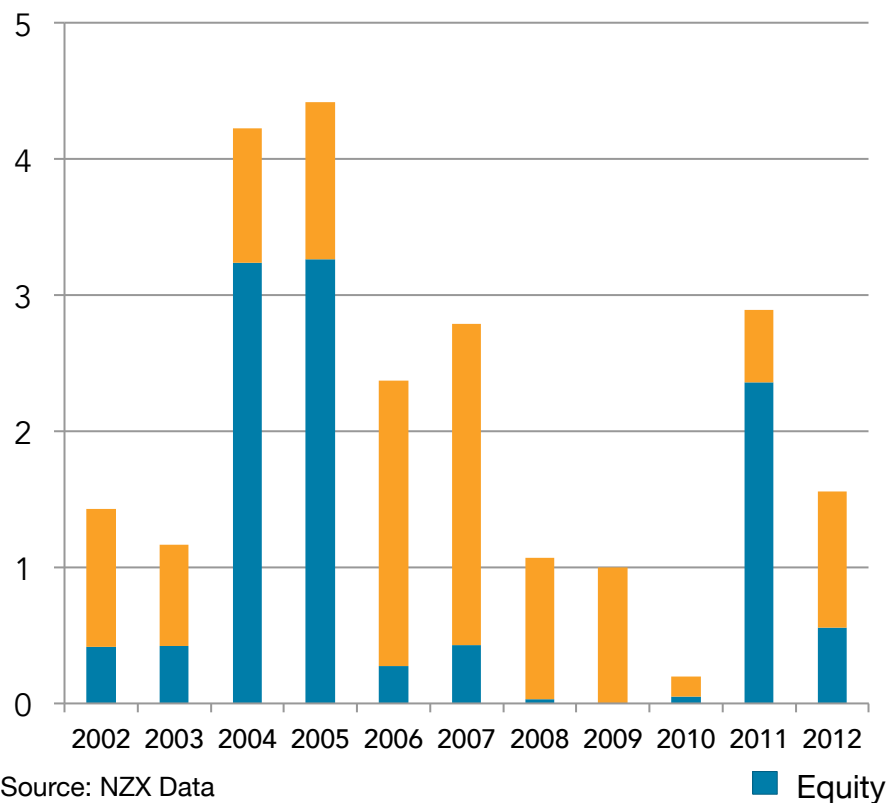
○ Change over prior year



# Capital raised at relatively low levels

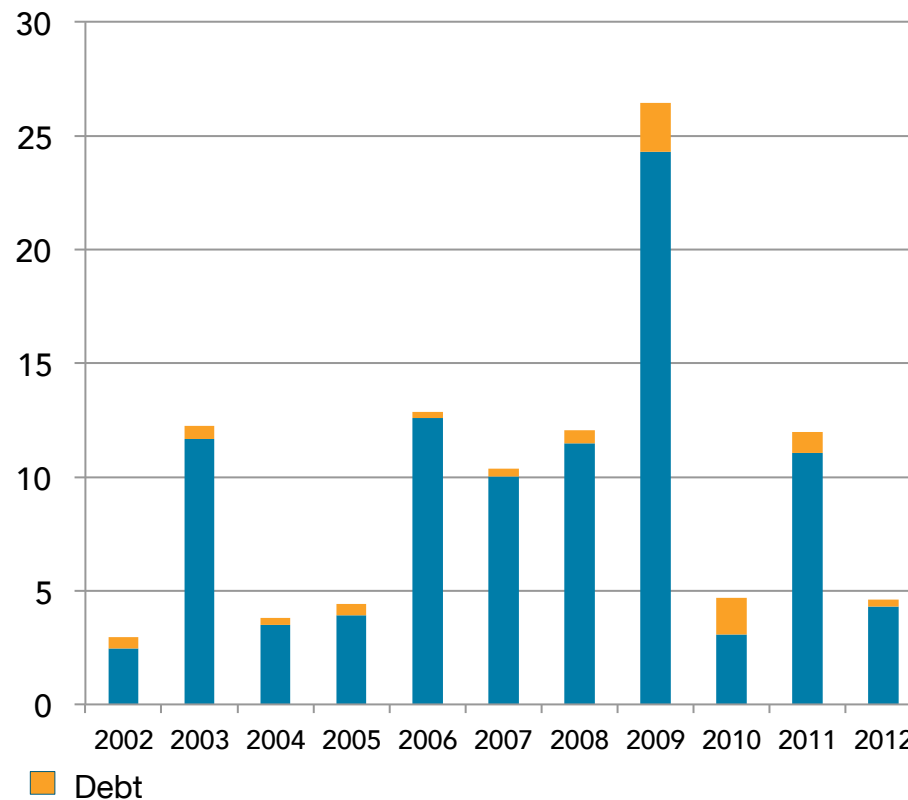
Overall third lowest year in the last ten

New Capital Listed (\$B)



NZX 2012 revenue \$0.6M

Secondary Capital Raised (\$B)

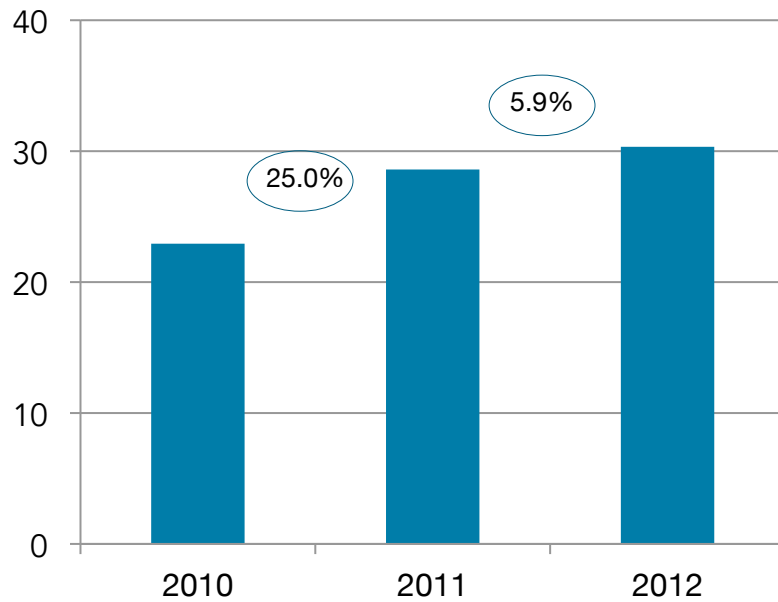


NZX 2012 revenue \$2.2m

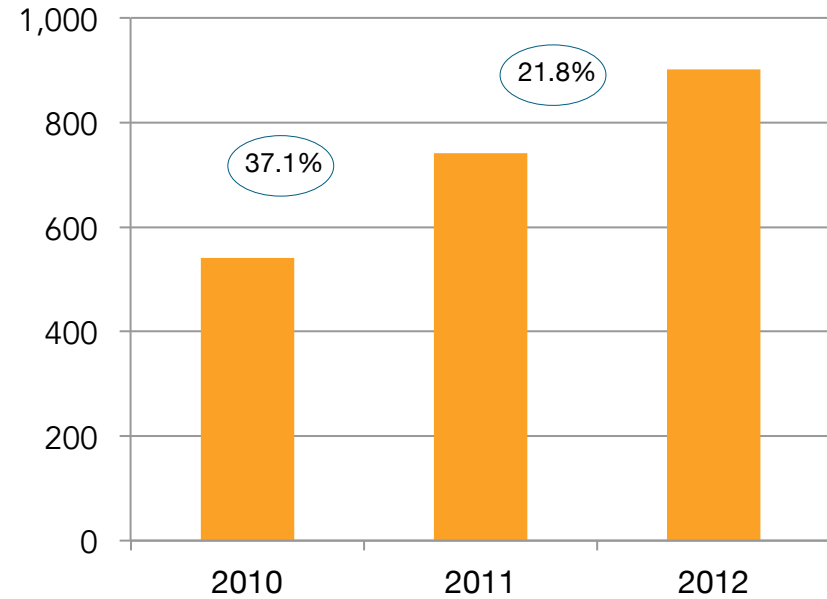


# Trading activity continued to grow strongly in 2012

Value Traded (\$B)



Number of Trades (000's)



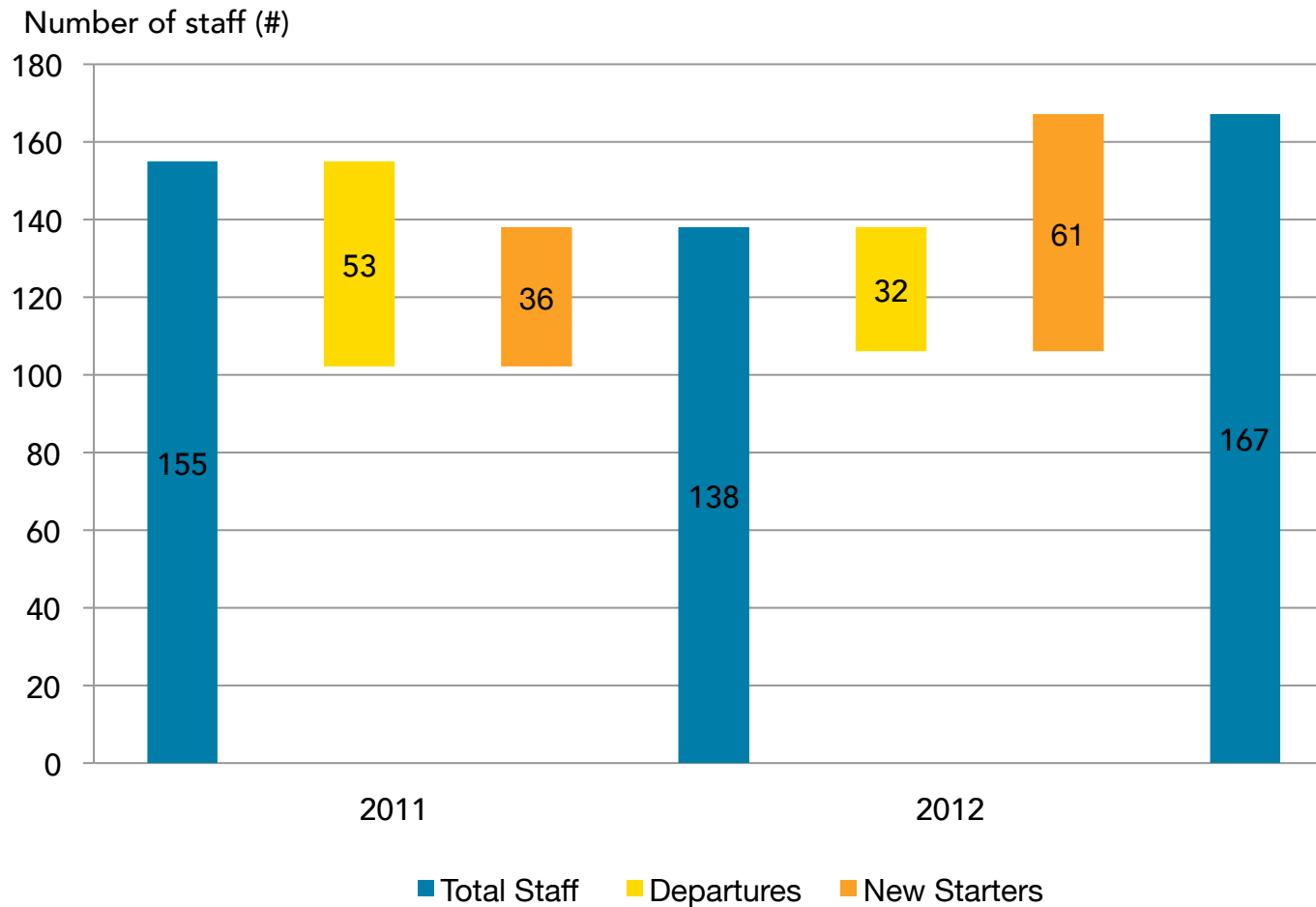
○ Change over prior year

Source: NZX Data



# A 'reset' of the business was required in 2012

## Staff numbers across the group



- ▶ Staff numbers up 8% since beginning of 2011
- ▶ Almost all of that increase a result of the launch of FSM
- ▶ Most staff hired in Q4, full impact of this additional investment will be felt in 2013

Note: Total staff, not FTE's Excludes casual staff.





## 2012 result reflects a number of one-off and recurring changes

### One-off items (per-tax)

- ▶ CEO transition, Ralec expense litigation and other one-off expenses contributed \$1.3m to costs in 2012
- ▶ One-off revenue and expense accruals reduced pre-tax earnings by \$1.0m
- ▶ A foreign exchange loss of \$1.5m on the realisation of the Markit investment increased net finance costs on a one-off basis

### Recurring items

- ▶ Revenue now presented net of rebates and incentives - reduces revenue and expenses by equal amount (comparatives restated accordingly)
- ▶ Increase in technology costs as a result of a review of vendor relationships
- ▶ Ralec litigation support of ~\$1M
- ▶ Approach to capitalisation reviewed and a change in useful lives of intangible assets to reflect latest estimates resulted in an increase in amortisation expense of \$0.7m

---



## Dividend

- ▶ Final 2012 dividend of 1.25 cents fully imputed declared in line with current policy
- ▶ Paid on March 22<sup>nd</sup> for holdings as at March 8<sup>th</sup>
- ▶ Guidance on the 2013 dividend will be announced by the Board at the May 2013 Annual Meeting

## Summary 2012 Result

	2012 (\$M)	2011 (\$M)	Change (\$m)	Change (%)
Operating Revenue	56.0	54.7	1.3	2.3
Operating Expenditure	34.0	29.5	4.5	15.3
EBITDAF	22.0	25.2	(3.2)	(12.7)
EBITDAF Margin	39.3%	46.1%		
NPAT	9.9	14.5	(4.6)	(31.7)
Fully Diluted EPS	3.69c	5.64c	(1.95c)	(34.6)

- ▶ Decrease in EBITDAF due to one-off items of \$2.3m
- ▶ 2011 EPS shown above has been restated to reflect capital structure in 2012

## Revenue comparison

	FY 2012 (\$M)	FY 2011 (\$M)	% over pcp
Securities Information	9.0	9.1	(1.1)
Agri Information	12.3	11.9	3.4
<b>Total Information</b>	<b>21.3</b>	<b>21.0</b>	<b>1.8</b>
Listings	9.9	11.3	(12.4)
Other Issuer Services	0.6	0.8	(25.0)
Securities Trading	3.3	2.6	26.9
Commodities Trading	1.8	1.1	63.6
Participant Services	3.1	3.3	(6.1)
Fund Services	2.3	2.3	(0.0)
<b>Total Markets</b>	<b>21.0</b>	<b>21.3</b>	<b>(1.4)</b>
Securities Clearing	3.7	3.3	12.1
Market Operations	10.0	9.1	9.9
<b>Total Infrastructure</b>	<b>13.7</b>	<b>12.4</b>	<b>9.8</b>
<b>Total Revenue</b>	<b>56.0</b>	<b>54.7</b>	<b>2.4</b>

## Expense comparison

	FY 2012 (\$M)	FY 2011 (\$M)	FY 2010 (\$M)	% 12/11	
Employee related cash costs	\$17.71	\$17.10	\$18.00	+3.5%	Increased staff numbers
Less capitalisation of labour costs	\$(0.90)	\$(1.95)	\$(2.59)	-47.7%	Shift in capital activity to externally resourced projects, reduction in major projects
CEO transition costs	\$0.85				One-off costs associated with CEO transition
<b>Reported Employee Related</b>	<b>\$17.66</b>	<b>\$15.15</b>	<b>\$15.41</b>	<b>+16.6%</b>	
Marketing, Printing & Distribution	\$3.84	\$3.79	\$4.03	+1.3%	Marginal increase in costs despite steady growth in Agri revenue
Information Technology	\$4.98	\$4.15	\$3.45	+20.0%	Growth in networking costs, \$250k one-off historic accrual; period of duplicated trading system costs
General & Administration	\$3.54	\$3.15	\$3.31	+12.4%	Increased travel, telco, rental and insurance costs
Professional Fees	\$3.14	\$2.39	\$2.09	+31.4%	Increased audit activity, CEO recruitment costs and non-recurring consultancy work Legal expenses associated with Ralec litigation of circa \$1M in 2012
Fund Expenditure	\$0.80	\$0.84	\$0.82	-4.8%	Reduction in brokerage costs
<b>Total Costs</b>	<b>\$39.93</b>	<b>\$29.48</b>	<b>\$29.11</b>	<b>15.3%</b>	

# Outlook 2013



## Outlook for 2013

- ▶ Across information, markets and infrastructure, the majority of businesses provide steady, growing revenue streams (68% of total 2012 revenue)
  - These include agricultural and securities information, listing and participant fees and Market Operations
  - Low to mid-single digit growth expected in 2013
- ▶ New and secondary issue fees and securities trading revenue (14% of revenues in 2012) vary widely based on market conditions. While the current outlook is very positive, the quantum of the upside is uncertain
  - Debt and equity issuance fees ranged from \$2.8M - \$4.5M p.a. over the past three years
  - Trading revenues ranged from \$2.2M - \$5.3M p.a. over the past three years
- ▶ Commodity trading and derivatives (3% of revenues in 2012) expected to continue to show strong growth, and whilst currently a small portion of the revenue, have very good medium-term prospects
- ▶ The full-year impact of the resetting of the business will be evident in 2013
  - Required to capture growth opportunities going forward
  - Average employees numbers expected to be up 9% over 2012
  - Legal costs of \$1.5M - \$2.5M expected as a result of the ongoing Ralec litigation
  - Overall potential high single digit increase in 2013, substantially reduced rate of increase in 2014

## Key Value Drivers – Financial

Business Area		2013 Outlook
Information	Agri Information	Growth in advertising and subscriptions expected to continue Mid single digit revenue growth expected
	Securities Information	Sales effort ongoing and new subscriptions expected; data audit programme initiated Mid single digit revenue growth expected at current exchange rates
Markets	Listings	Growth expected to be driven by two large listings Strong balance sheets expected to result in continuation of subdued secondary capital raising activity Listings fee review during Q2 with changes effective 1 July
	Securities Trading	Solid start to the year with YTD value up 60% on pcp Equity derivatives planned for launch in May Trading fee review during Q2 with changes effective 1 July
	Commodities Trading	2012/2013 harvest commenced during Q412 with harvest to date volumes up 30% on pcp Smaller harvest size and stronger start to the harvest will impact trading in 1H
	Participant Services	Participant fee review during Q2 with changes effective 1 July
	Fund Services	At least one new ETF planned for launch during 2013 Mid single digit revenue growth expected
Infrastructure	Securities Clearing	Working with custodians and asset managers to increase the amount of stock available for lending Clearing fee review during Q2 with changes effective 1 July
	Market Operations	Low growth expected in 2013 as reduced development revenue offset by fixed price contracts



## Costs Outlook

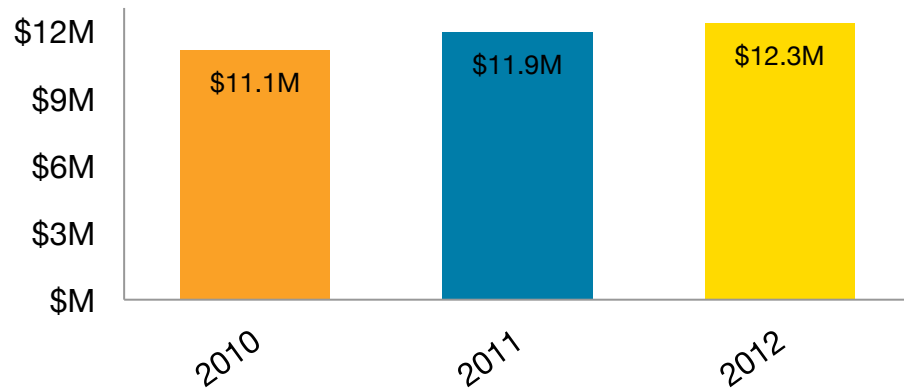
Cost	FY12 (\$M)	2013 Outlook
Employee, Contractor & Related	\$17.66	Full year of increased staff numbers will result in further growth in staff expenses Capitalisation expected to remain at similar levels to 2012
Marketing, Printing & Distribution	\$3.84	No significant change to 2012
Information Technology	\$4.98	Full year of increased support costs on new trading system will further increase IT costs, but rate of increase will be significantly lower than 2012
General & Administration	\$3.54	Modest increase due to increased travel associated with greater customer contact , building an Auckland presence and inflation increases
Professional Fees	\$3.14	Ongoing legal costs associated with the Ralec litigation will potentially range from \$1.5M - \$2.5M
Fund Expenditure	\$0.80	No significant change expected versus 2012

# Business Review - Revenue

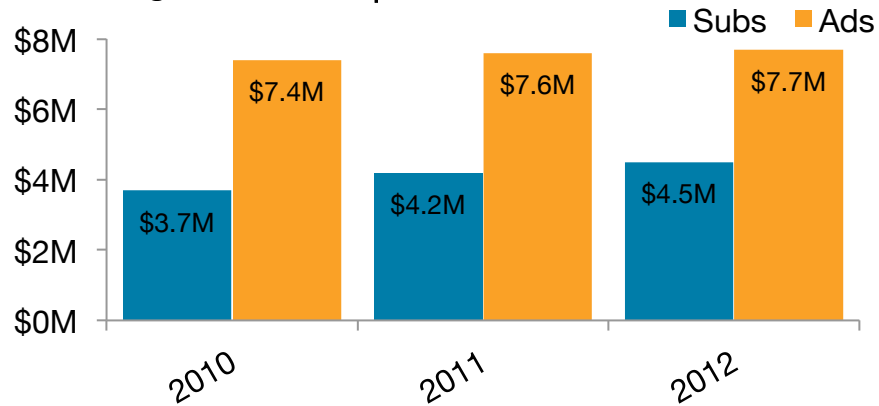


# Information: Agri

## Revenue



## Advertising and Subscriptions Trend



## Commentary

- ▲ FY12 revenue of \$12.3M, up 3% on pcp
- ▲ Strong performance by publications in Q4, led by Farmers Weekly
- ▲ Fwplus.co.nz, the first domestic subscriber-only, agri-news website launched in early December
- ▲ Expanded Feilding HQ opened and new "Home of Farming Intelligence" branding rolled out

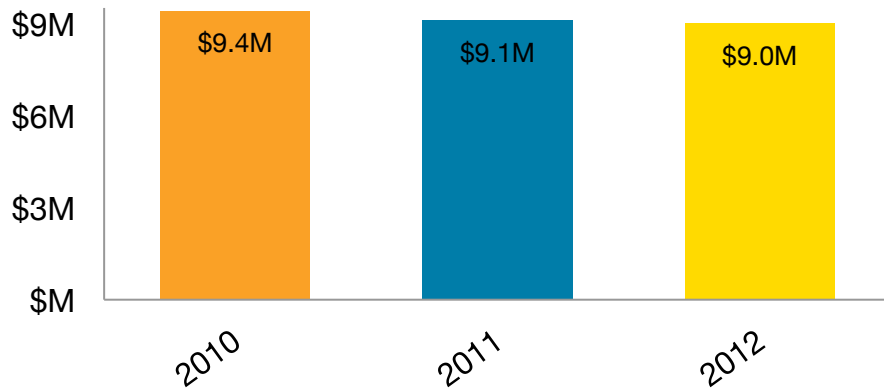
## Outlook

- ▲ Online presence to build on Fwplus.co.nz and new branding with Agrihq.co.nz to be launched in Q2
- ▲ Growth in subscriptions across all products, particularly agri data expected
- ▲ Online advertising and subscription projected to contribute additional revenue
- ▲ Weaker farm gate returns during Q1 resulting in cautious advertising spend

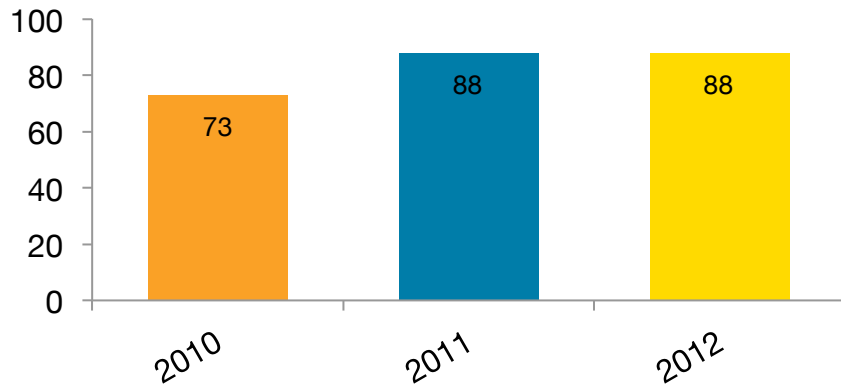
# Information: Securities

## Market Data and Direct Products

Revenue (\$M)



Licenses\*



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

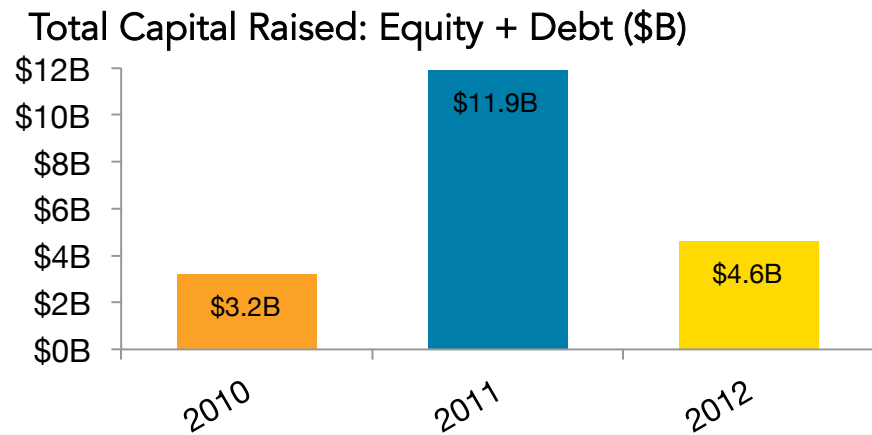
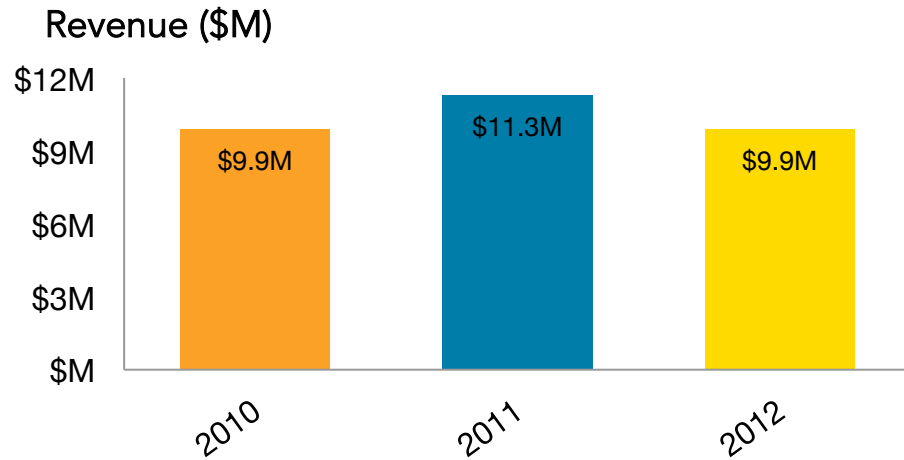
### Commentary

- ▲ FY12 revenue of \$9.0M, down 1% on pcp
- ▲ Data terminals of 6,879 as at 31 Dec 2012 down 6% on pcp
- ▲ Circa 60% of royalty revenue (40% of total data revenue) derived in USD; average NZD/USD cross rate of 0.8111 (0.7948 pcp)

### Outlook

- ▲ NZD:USD exchange rate a key driver given elevated range between \$0.80 and \$0.85 (+/- 1c movement in NZD:USD results in +/- \$45k revenue movement)
- ▲ Focused sales effort ongoing and new subscription growth on track
- ▲ Data use audit programme to address revenue leakage

# Markets: Listings



## Commentary

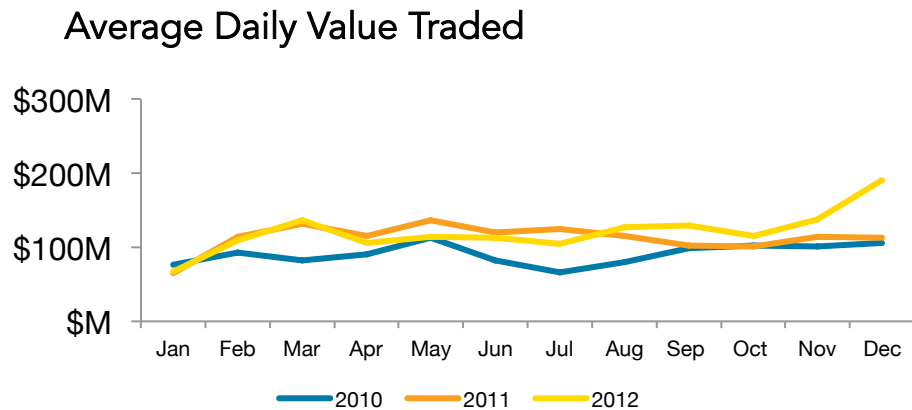
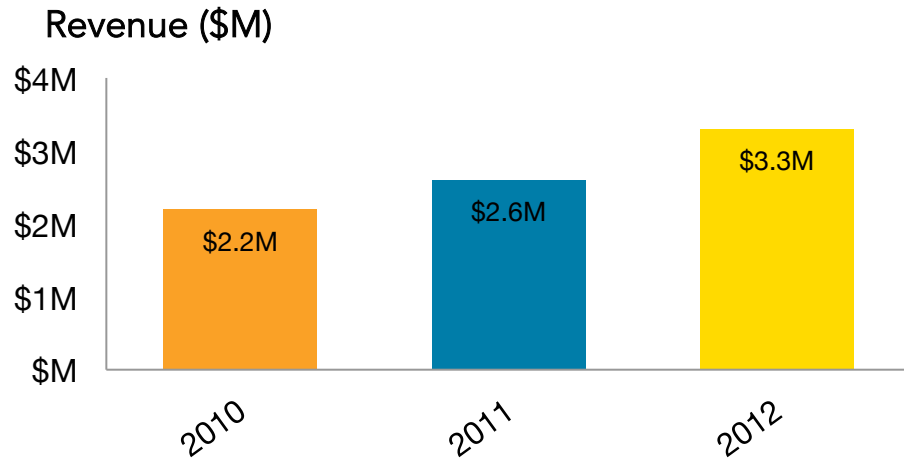
- ▲ FY12 listings revenue of \$9.9M, down 12% on pcp. Total capital raised of \$4.6B down 61% on pcp which included a large \$5.15B capital raising by AMP in 2011
- ▲ Total number of capital raising events down 9% on pcp
- ▲ Listing of Moa Group and Fonterra Shareholders' Fund during Q4

## Outlook

- ▲ Strong listing pipeline in 2013
  - 2 large listings
  - A number of smaller IPOs
- ▲ Outcome highly dependent on market conditions and government share offers
- ▲ Relatively higher value secondary issuance usually occurs on a seasonal basis during H2 under DRPs, stock plans, etc
- ▲ Listing fees review to occur during Q2 with changes effective 1 July

# Markets: Trading

## Cash Markets



### Commentary

- Trading revenue across cash market up 27% on pcp on strong equity trading activity
- Significant increase of 21% on pcp in number of small trades with value < \$50k
- Average daily trades at 3,595 up 22% on pcp
- Average daily value at \$121M up 6% pcp

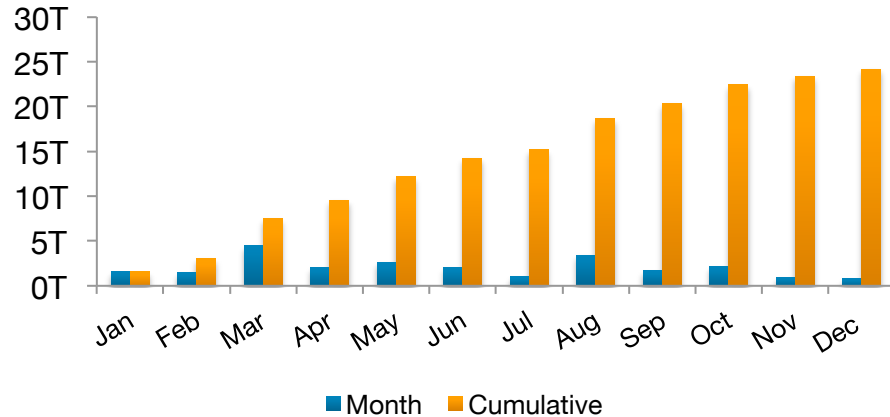
### Outlook

- Strong start to the year; YTD value up 60% on pcp
- New listings expected to positively impact trading activity
- Global outlook remains uncertain; trading volumes have picked up but remain at historically low levels across major markets
- Trading fees review to occur during Q2 with changes effective 1 July

# Markets: Trading

## Derivatives

Dairy Futures Lots Traded in 2012



Competitor Dairy Futures Performance

Exchange	Contracts	Date Listed	Lots Traded
CME	SMP	10 May 10	1 (delisted)
Eurex	SMP	10 May 10	245
NYSE Liffe	SMP	10 Oct 10	19
NZX	WMP, SMP,AMF	10 Oct 10	37,523



### Commentary

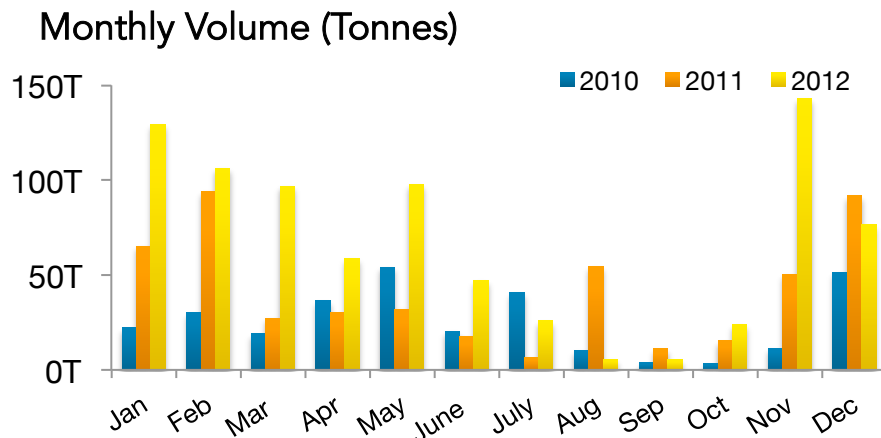
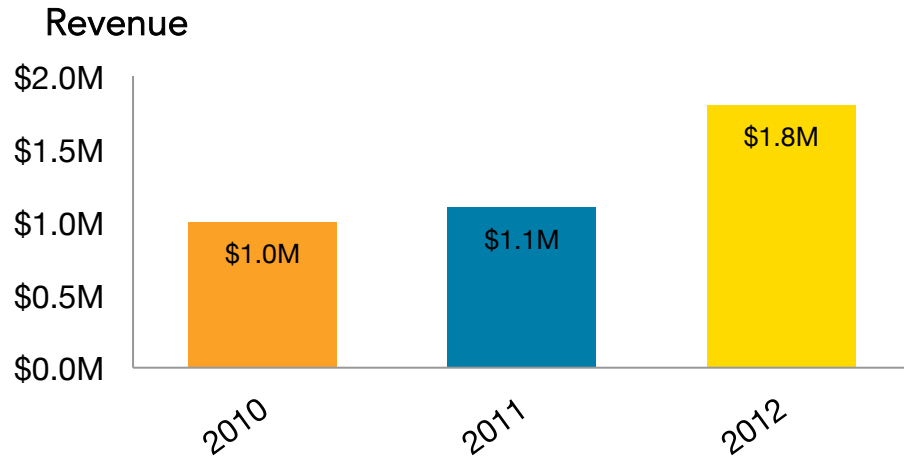
- Derivatives volumes in FY12 were over twice the volumes in FY11
- Average monthly volume of 2,015 lots versus 928 lots in pcp
- March 2012 was highest volume month to date with 4,475 lots traded
- Definite pricing trends, increased volatility in NFDM and increased participant from SEA drove volumes in 2012

### Outlook

- Continuation of organic growth expected as new traders enter the market
- Information products and analytics tools under development for provision to futures traders
- Launch of equity derivatives planned for May
- Volumes dependent on underlying physical price volatility

# Markets: Commodities Trading

## Grain



### Commentary

- ▲ FY12 Revenue of \$1.8M is up 73% on pcp
- ▲ Strong volume growth during FY12; volume of 816,667 up 65% on pcp
- ▲ Total growers who traded during FY12 was 2,068 up 25% on pcp
- ▲ Launched trade-to-trade platform in Q4 2012; increased marketing presence in South Australia in Q4
- ▲ Graincorp contract renewed

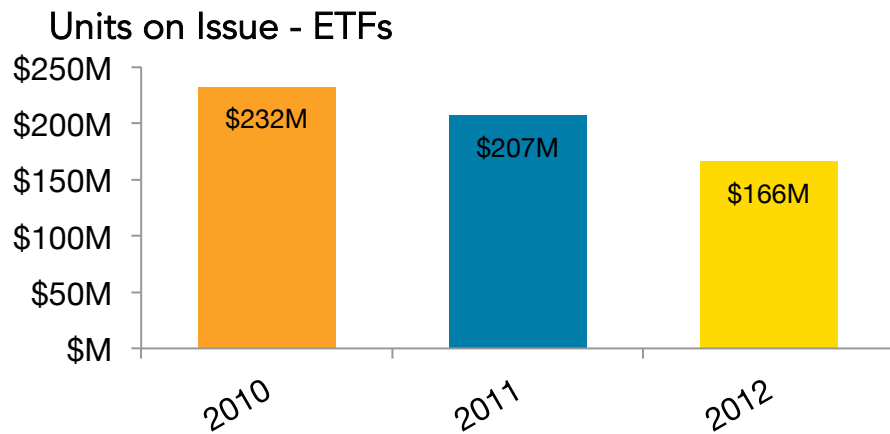
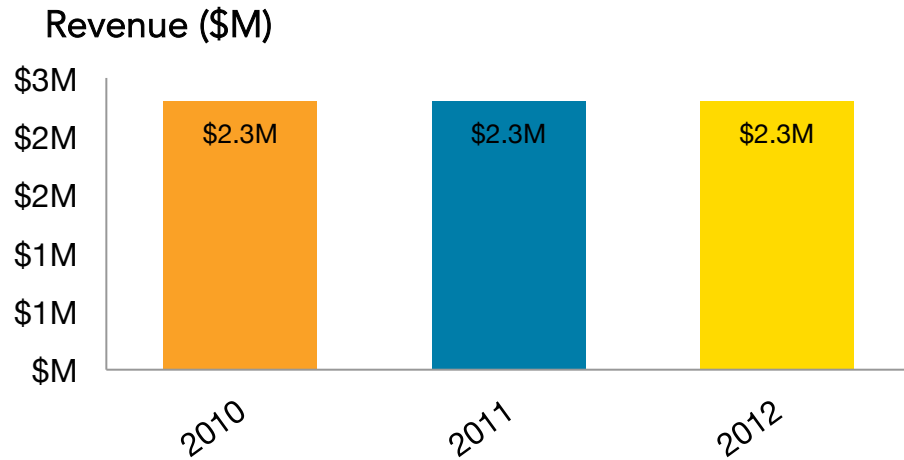
### Outlook

- ▲ 2012/2013 harvest commenced during Q4; harvest to date volumes tracking 30% above pcp
- ▲ Trade-to-trade season to date volume is 7% of total volume and showing steady growth
- ▲ South Australian volumes are less than forecast
- ▲ Very strong early sales by farmers in 2012/13 harvest and smaller harvest (down 23% on pcp) indicates lower volumes for Q2/Q3 2013



# Markets: Fund Services

## Smartshares



### Commentary

- ▲ Revenue at \$2.3M flat on pcp
- ▲ FUM of \$334.8M up 15% on pcp however units on issue down 20% on pcp mainly due to a wholesale redemption in H1
- ▲ Strong growth in stock lending and borrowing revenue

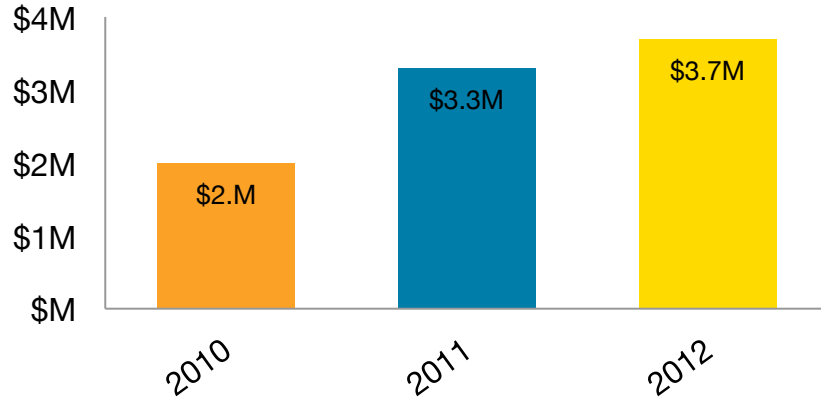
### Outlook

- ▲ Focus on growing awareness of ETFs and marketing of Smartshares products
- ▲ New ETF planned for launch during 2013
- ▲ Stock lending revenue expected to grow

# Infrastructure: Securities Clearing

## Clearing House

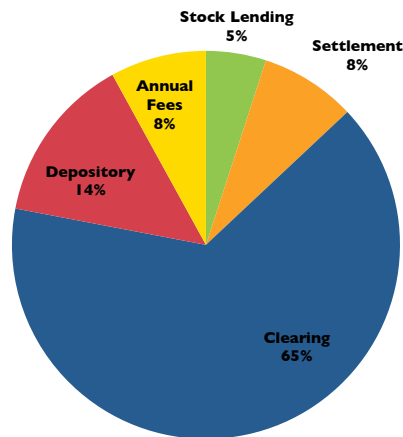
### Revenue



### Commentary

- ▲ Securities clearing revenue strong at \$3.7M, a 12% increase on pcp
- ▲ Solid growth in depository transactions with 19,809 transactions, up 65% on pcp
- ▲ Stock lending of \$2.2B during FY12 up 83% on pcp; being undertaken for both settlement and strategic purposes

### Clearing House Revenue Split



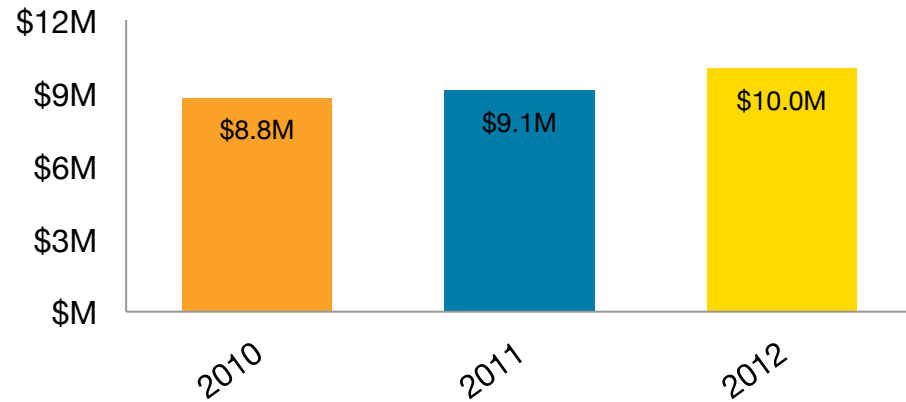
### Outlook

- ▲ Focus on sales to acquire new depository participants
- ▲ Working with custodians and asset managers to increase the amount of stock available for lending
- ▲ Clearing fees review to occur during Q2 with changes effective 1 July

# Infrastructure: Market Operations

## Energy and Fonterra's Shareholders Market

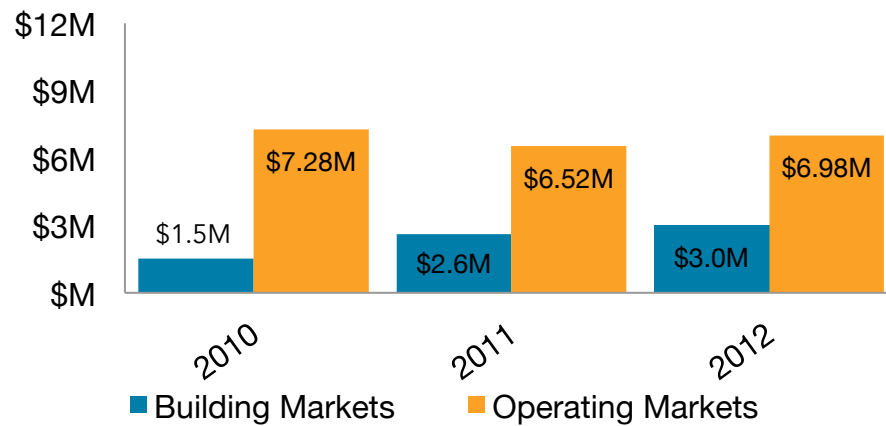
### Revenue



### Commentary

- ▲ FY12 revenue of \$10.0M, up 10% on pcp
- ▲ Successful implementation and go live of the Fonterra Shareholders' Market
- ▲ Electricity Authority contracts renewed for 2013 – 2016

### Revenue



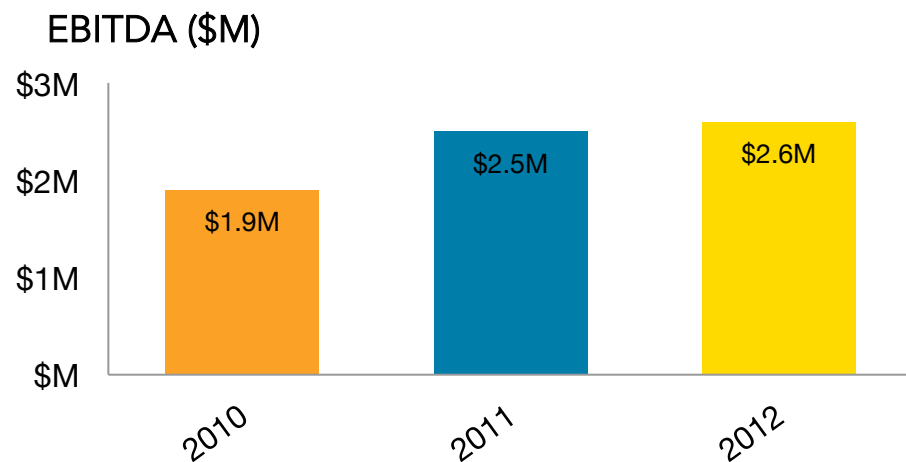
### Outlook

- ▲ Financial Transmission Rights platform to go live in H1; intensive market development work continues in 2013
- ▲ Reduced levels of development activity expected, offset by FSM

# Business Review - Capital Structure and Investments



# Link Market Services



Link NZ	2011 (\$M)	2012 (\$M)	% change
Operating Revenue	\$6.77	\$6.96	2.8%
Operating Expenditure	(\$4.31)	(\$4.37)	1.4%
EBITDA	\$2.46	\$2.59	5.3%
EBITDA Margin	36.3%	37.2%	2.5%
NPAT	\$1.14	\$1.18	3.5%



## Commentary

- ▲ Net dividends paid to NZX in FY12 of \$1M
- ▲ Continued profit growth in FY12, with EBITDA up 5% on pcp
- ▲ EBITDA approximately corresponds with free cash flow

## Outlook

- ▲ Continued success in winning mandates, including new issues

# Balance Sheet and Capital

	31 Dec 2012 (\$M)	31 Dec 2011 (\$M)
<b>Assets</b>		
Cash and equivalents <sup>(1)</sup>	\$38.16	\$31.95
Investment in Markit	\$0.00	\$27.75
Goodwill	\$13.62	\$13.65
Other intangible assets	\$33.67	\$34.59
Other assets	\$15.51	\$14.15
<b>Total Assets</b>	<b>\$100.96</b>	<b>122.1</b>
<b>Liabilities and Equity</b>		
Bank overdraft	\$8.97	\$0.00
Other current liabilities <sup>(1)</sup>	\$37.57	30.87
Deferred tax	\$3.94	\$3.37
<b>Total Liabilities</b>	<b>\$50.48</b>	<b>\$34.24</b>
Equity	\$50.48	\$87.84
<b>Total Liabilities and Equity</b>	<b>\$100.96</b>	<b>\$122.08</b>

(1) Includes \$22.9M of cash held on behalf of market participants

## Commentary

- ▲ Reduction in shareholders equity due to \$34.4M capital return during 1H12
- ▲ \$22.9M of cash held on behalf
- ▲ Capital expenditure of \$6.3m, primarily for acquisition/development of software. Majority for new trading system implementation
- ▲ At 31 December 2012 total ordinary shares on issue was 255,331,483

## Outlook

- ▲ Reduction in capital expenditure from 2012 levels with no major new projects currently planned
- ▲ Continuing refresh of legacy IT infrastructure and smaller system developments driving capex programme

## Share Capital

	31 Dec 2012	31 Dec 2011
<b>Ordinary shares on issue</b>		
General	253,756,483	120,438,972
CEO shares	1,575,000	907,082
<b>Total ordinary shares on issue</b>	<b>255,331,483</b>	<b>121,346,054</b>
<b>Restricted shares</b>		
Employees (Team & Results)	704,415	993,848
Country-Wide Publishing	-	135,084
Non-vesting shares	283,677	135,084
<b>Total restricted shares on issue</b>	<b>988,092</b>	<b>1,264,015</b>
<b>Total shares on issue</b>	<b>256,319,575</b>	<b>122,610,069</b>

## Investor Information

- ▲ Final dividend of 1.25 cents per share fully imputed declared
- ▲ Record date 8 March 2013 and payment date 22 March 2013
- ▲ NZX Full Financial Reports available for download from:

<http://www.nzxgroup.com/documents>

For more information please contact:

Tim Bennett, CEO

E-Mail [tim.bennett@nzx.com](mailto:tim.bennett@nzx.com)

Direct Line: +64 4 498 2817

Mobile: +64 27 518 5526

[www.nzx.com](http://www.nzx.com)

Bevan Miller, CFO

[bevan.miller@nzx.com](mailto:bevan.miller@nzx.com)

+64 4 498 2271

+64 21 276 7359

