FY 2010 Financial Results Presentation

Contents

NZX Group

NZX is an integrated, Information, Markets, and Infrastructure business.

These three business areas are operated on an increasingly integrated, fixed cost base:

- Information - Provides high quality securities market and soft commodity market information
- Markets - Operates cash equities, bonds, derivatives, and spot commodities markets
- Infrastructure - Operates clearing and settlement platforms in securities and energy, and builds and operates other contracted technology platforms

NZX Group - Sector Exposure and Characteristics

Sector

- NZX has evolved its business to provide a balanced investment into soft commodities and traditional capital markets (e.g. equity market transactions are less than 5% of revenue)
- NZX's soft commodities position is centered on markets and information in dairy and grain, in which New Zealand and Australia are global leaders. These are markets of global, not just local, importance

Return on Invested Capital

- Post the launch of the clearing house and derivatives market, and integration of acquisitions, NZX has transitioned into a low capital intensity, free cash flow story with a fixed cost base business model
- Free cash flow to grow at a faster rate than EBITDAF
- NZX's integrated business model now has high degrees of operational leverage, with, for example, a 15% increase in revenue off a flat cost base would result in a 36% EBITDAF increase

Growth

- Strong, growth prospects from existing major revenue streams, to double digits in 2011
- A number of value drivers and upside opportunities within the business

Summary and Outlook

NZX 2010 Full Year Result Highlights - Financial

Overall

- In a difficult year, with challenging external conditions in all business lines, NZX has delivered a very strong full year result with 19% EBITDAF growth

Revenue

- Strong revenue growth of 17% from consistent delivery across all parts of the business
- Positive momentum built throughout 2010, with a strong 2H ending 2010 with a positive revenue outlook

Expense

- Strong and consistent expense management in all operating areas
- Significant cost reduction in 2H, post project delivery

Capital Management

- Confidence in NZX's future cash flows has lead the NZX Board to declare a significantly higher dividend, which the Board is confident is sustainable
- Dividend of 10 cents per share declared for FY 2010, a 2.5 cents per share increase on previous policy
- Share buyback of 3.2M shares completed in 2010 at an average per share cost of $1.54

Cash Flow

- Strong net operating cash flow of $17.1M

NZX 2010 Highlights - Strategic

Clearing House

- Clearing House launched, significantly reducing market risk and taking capital out for customers
- Range of new services provided, adding value and liquidity to the market
- Emergency liquidity support from Reserve Bank of New Zealand

Derivatives

- Derivatives market launched in October with a Whole Milk Powder (WMP) contract
- WMP contract the most traded dairy powder contract globally
- Global brokers connected

Integration

- Major integration activities related to five acquisitions in 2009 completed
- Integration cost finished on P&L

2010 Full Year Result - The Numbers

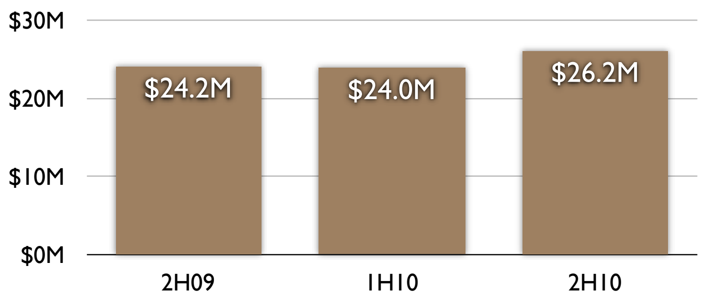
NZX

	FY 2010 ($M)	FY 2009 ($M)	change ($M)	change (%)
Operating Revenue	$50.2	$42.8	$7.4	17%
Operating Expenditure	$29.3	$25.2	$4.1	16%
EBITDAF	$20.9	$17.6	$3.3	19%
EBITDAF Margin	41.6%	41.0%		
NPAT	$9.3	$38.7	($29.4)	(76%)
Normalised NPAT*	$11.7	$9.9	$1.8	18%
Fully diluted EPS	7.5c	35.0c		
Fully diluted normalised EPS*	9.4c	8.9c		

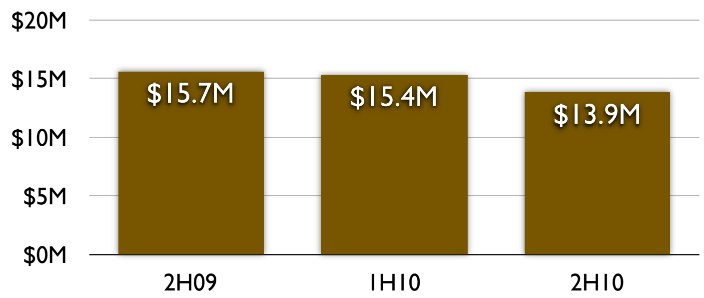
- Tight control of costs contributed to improvement in EBITDAF Margin
- Normalised NPAT exhibited double digit growth (normalised NPAT and EPS exclude one-off equity capital transactions)

Half Yearly Operating Result Comparison

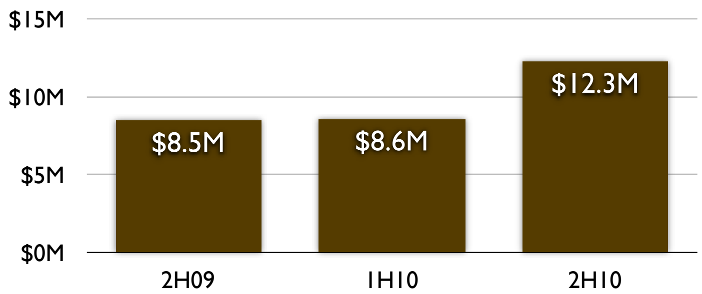
Operating Revenue



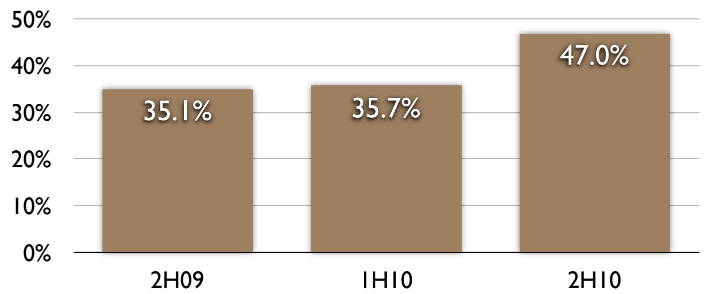
Operating Expenditure



EBITDAF



EBITDAF Margin



- 2H 2010 delivered the strongest operating result since the market shocks of 2008
- Strong improvement in both revenue and expense performance
- Good margin growth and strong cash flows due to the integrated nature of business and platforms

2011 Outlook - Overall

Overall

- Move to a lower capital intensity, more profitable growth phase, as major projects completed
- No significant capex expected or acquisitions planned
- Strong operating leverage will be generated from increasing volumes in market, information, and infrastructure lines off a fixed cost base
- Business now at point of significant scalability. For example:
  - At 15% revenue growth and 0% cost growth, EBITDAF will increase by 36% to $28.4m, and free cash flow will grow at a faster rate than EBITDAF
  - At 12% revenue growth and 2% cost growth, EBITDAF will increase by 26%, with free cash flow again growing at a faster rate than EBITDAF
- Strong growth prospects

2011 Outlook - Financial

Revenue

- Strong revenue growth expected, continuing the 2H10 positive momentum.
- Additional volume growth in markets and information has minimal cost attached
- Grain exchange volumes currently tracking circa 3.75x the previous harvest
- Technology and infrastructure contracts growth expected above 15%

Expense

- Costs expected to be roughly flat versus FY 2010
- Extra expense only to be incurred in the infrastructure area for contracted, certain revenue

Capital Management

- FY 2011 dividend not less than one cent per share higher than 2010 FY dividend of 10 cents per share
- NZX Board confident in sustainability of dividend, to be based on free cash flow
- Dividend to be paid quarterly, after the April 6.25 cents per share final 2010 dividend payment

Cash Flow

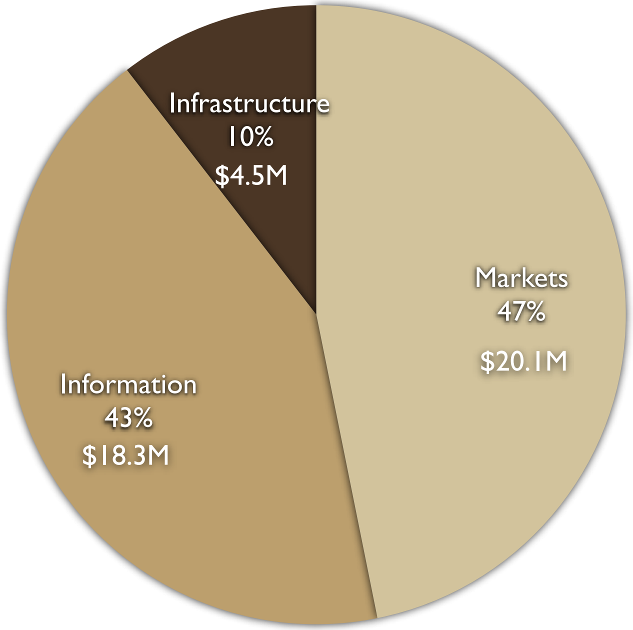
- Strong net operating cash flow increase expected, from $17.1M to circa $23M

Key Value Drivers - Financial

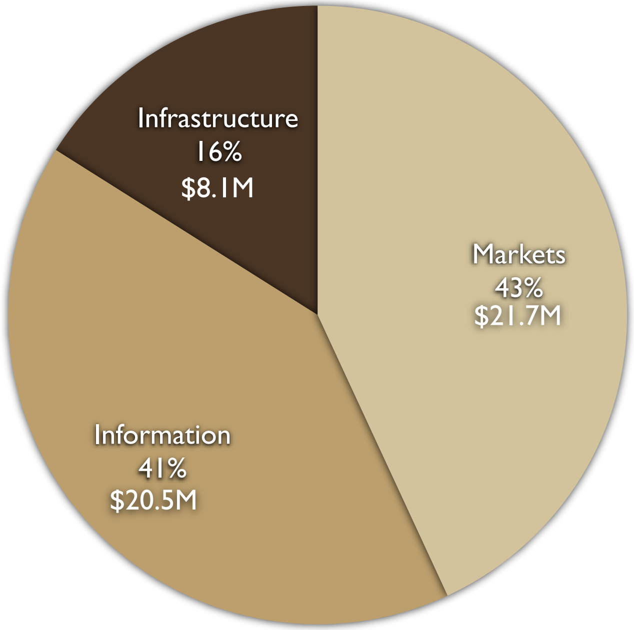
Value Driver	2011	2012 - 2013
Information sales	Revenue growth of $1M - $1.5M expected	Around $1.75M - 2.5M annual revenue growth
Improved listings outlook	Two listings YTD; pipeline healthiest since 2004	Possible SOEs and savings policy boosts
Derivatives market	Possible revenue upside from new participants while liquidity develops	Revenue range of $250K to $2M as liquidity builds over this period
Grain exchange turnaround	$2.25M P&L turnaround	Around $2M revenue growth expected per annum
Infrastructure and technology	$1.4M - $1.7M additional revenue, with additional upside likely	Potential for new market operator contract
Clearing House	Expect revenue of circa $3M	Revenue growth from volume growth in exchange products and depository
Expense management	P&L costs flat, net cash spent to be reduced by around $1.5M	Little need for increased cost base; net new staff only for contracted revenue
Reduced capex	Capital refresh only, estimate circa $2M down from $5.5m in 2010	Capital refresh plus bolt-on acquisitions; no major projects
TZ1 / Markit	N/A	Minimum US$21M in mid 2012

2009 vs 2010 Revenue Snapshot

2009 (Total $42.8M)

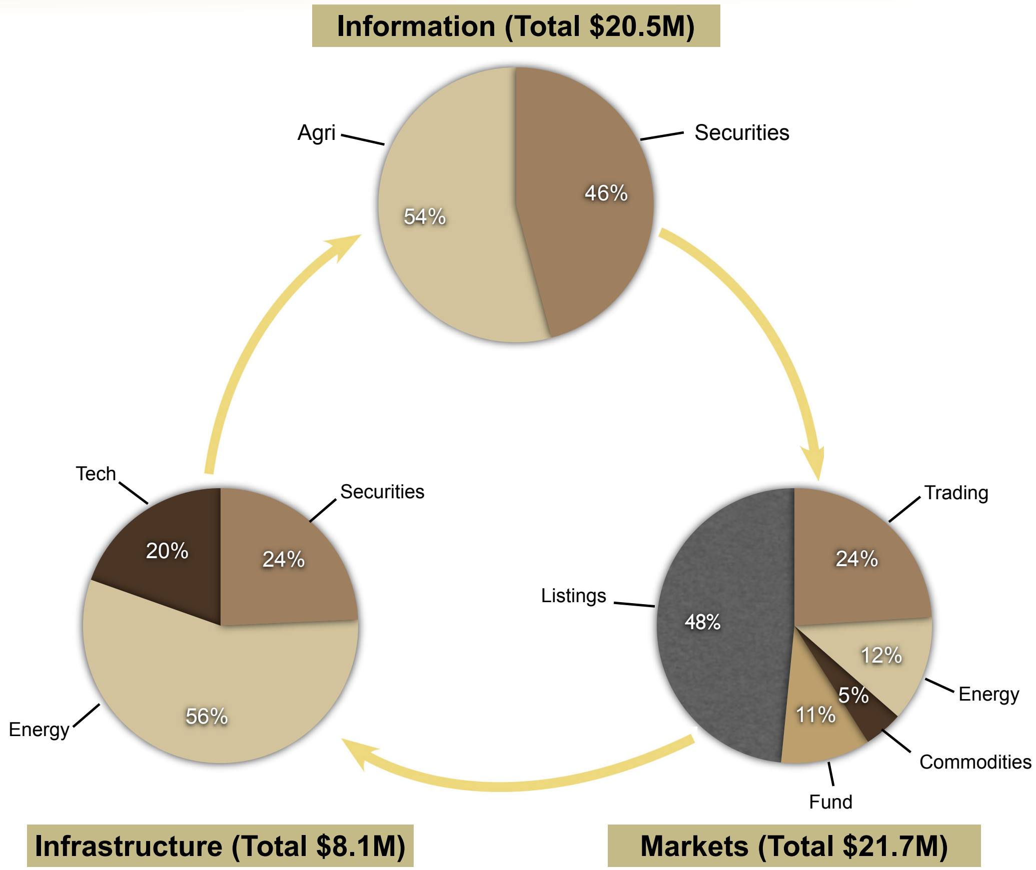


2010 (Total $50.2M)



- Revenue growth delivered in each of the Information, Markets and Infrastructure areas
- Revenue mix changing as per strategic plan to higher quality, annuity revenue
- Revenue mix moving to a stable circa 40% Information, 40% Markets, 20% Infrastructure
- Reduced dependence on cash market transaction volumes (less than 5% of revenue)

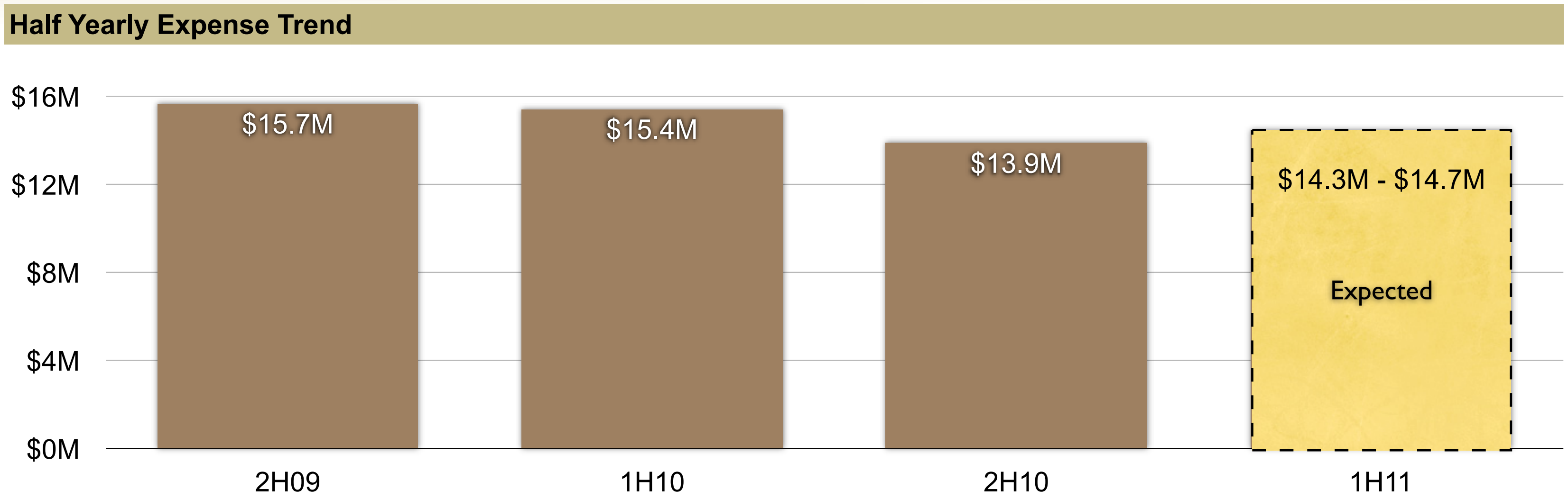
2010 Revenue Breakdown



	FY 2010 ($M)
Information	
Agri Information	$11.1
Securities Information	$9.4
Total Information	**$20.5**
Markets	
Listings & Issuer Services	$10.5
Securities Trading & Participant Services	$5.2
Energy Trading	$2.7
Fund Services	$2.3
Commodities Trading	$1.0
Total Markets	**$21.7**
Infrastructure	
Energy Clearing	$4.5
Securities Clearing House	$2.0
Tech & Custom Services	$1.6
Total Infrastructure	**$8.1**
Total Revenue	**$50.2**

Securities Clearing House revenue if annualised since launch would be circa $3M

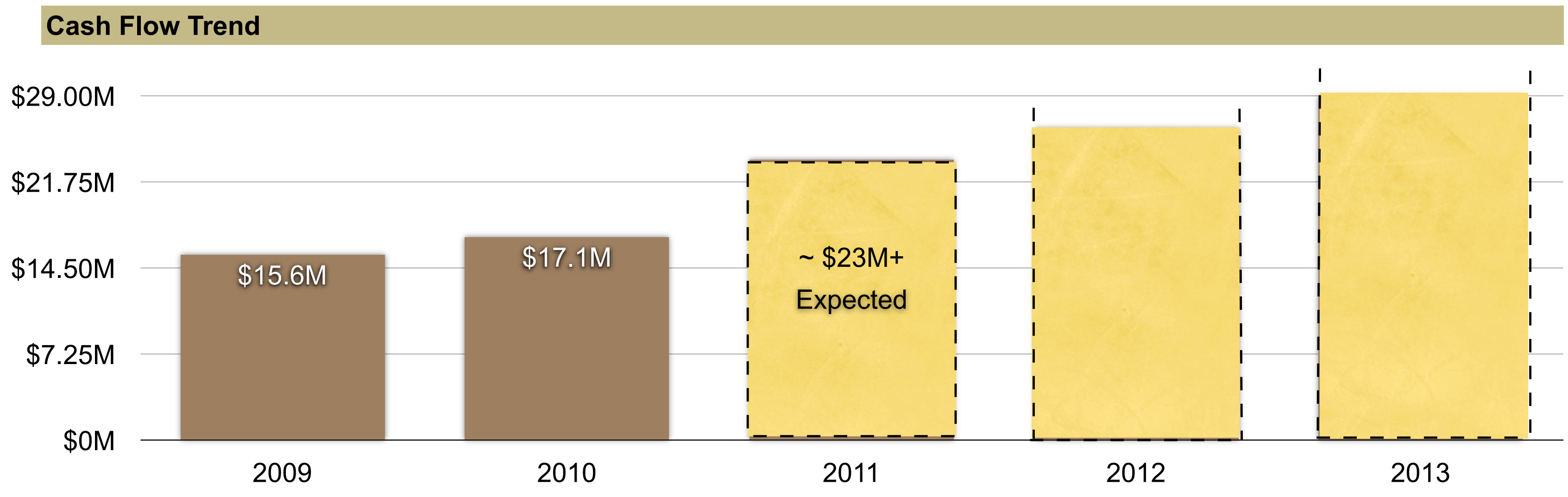
Maintaining Expense Discipline



Outlook

- Operating cost base locked
- 2011 P&L expense expected to be flat against 2010
- Employee, contractor and related expenses stable with net employee growth only due to certain revenue
- Reduction in total cash expenditure versus 2010 circa $1.5M

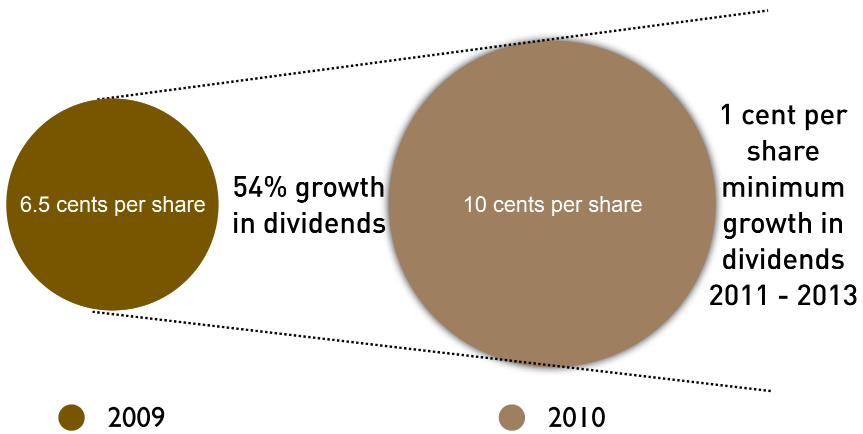
Cash Flow Growth



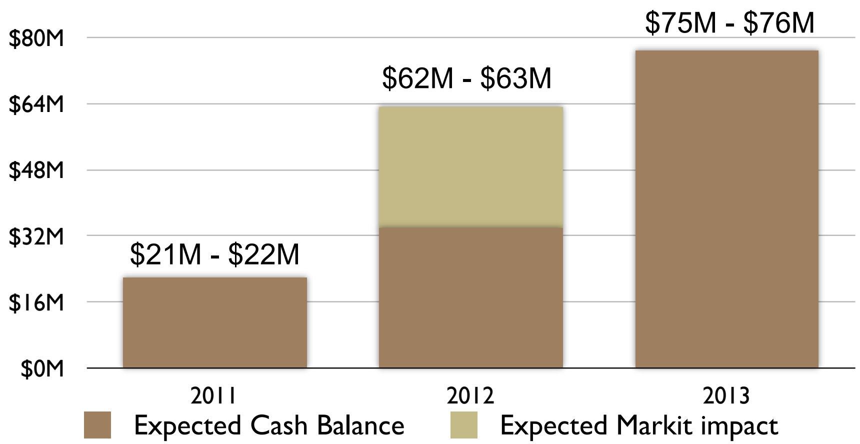
- Strong net operating cash flows expected in 2011
- Cash flow growth rate higher than EBITDAF
- Trend to continue over next part of strategic plan
- Additional volume based growth across multiple revenue lines has minimal cost attached

Dividends

Dividends 2009 vs 2010



Estimated Accumulated Cash Balance 2011 - 2013*



- NZX Board declared a significantly increased dividend of 10 cents per share for FY 2010. The Board has assessed the new dividend to be sustainable
- New dividend policy based on free cash flow, with 2011-13 increase not less than one cps each year
- Final 2010 of 6.25 cps paid on 29 April, to complete the 29 October interim of 3.75 cps
- Dividend to be paid quarterly, providing more consistent cash flow to shareholders, beginning June 2011, thereby enabling an increase in the potential investor base

* Accumulated cash balance includes tax paid, dividends paid under new policy, and expected capex. It excludes the impact of any bolt on acquisitions, but $5-$10M of such are allowed for in the dividend determination. Expected Markit impact calculated using NZ$-US$ of 72.5c, thus around $29M NZ.

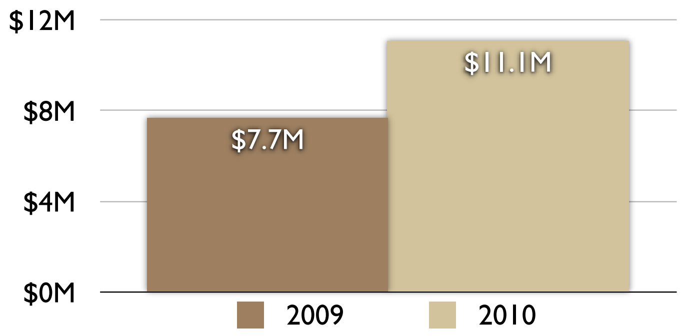
Business Review - Revenue

2010 Full Year Revenue - The Numbers

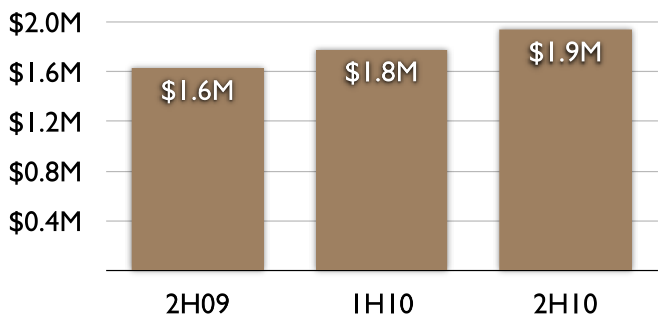
	FY 2010 ($M)	FY 2009 ($M)	PCP %
Information			
Agri Information	$11.1	$7.7	44%
Securities Information	$9.4	$10.6	(11%)
Total Information	**$20.5**	**$18.3**	**12%**
Markets			
Listings & Issuer Services	$10.5	$11.6	(10%)
Securities Trading & Participant Services	$5.2	$4.9	6%
Energy Trading	$2.7	$1.2	120%
Fund Services	$2.3	$2.2	3%
Commodities Trading	$1.0	$0.1	1,317%
Total Markets	**$21.7**	**$20.0**	**8%**
Infrastructure			
Energy Clearing	$4.5	$2.6	74%
Securities Clearing House	$2.0	$1.5	33%
Tech & Custom Services	$1.6	$0.4	290%
Total Infrastructure	**$8.1**	**$4.5**	**80%**
Total Revenue	**$50.2**	**$42.8**	**17%**

Information: Agri

Revenue 2009 vs 2010 ($M)



Subscription Revenue Trend ($M)



Commentary

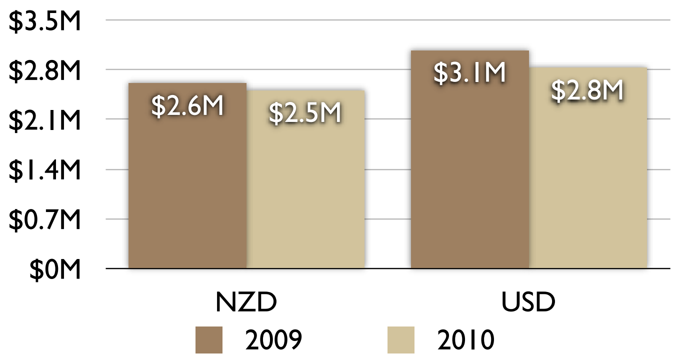
- Dairy and grain focus with multiple professional products in both areas
- Implementing strategy to improve quality of publications and migrate to subscription model
- Subscriptions in 2010 were $3.7M, or 33% of total Agri information revenue (versus 31% pcp)

Outlook and Value Drivers

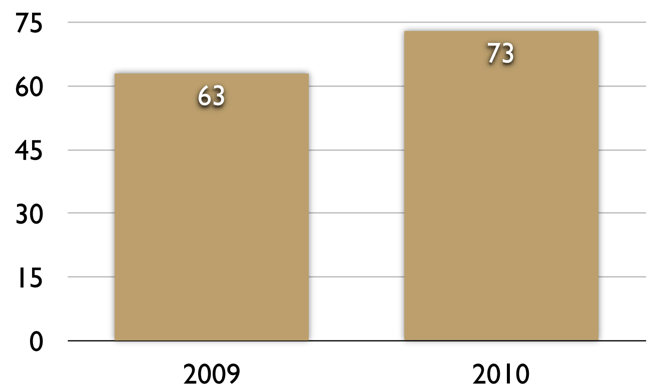
- Steady growth in subscription numbers expected
- Focus on moving to high quality, lower marginal cost revenue
- Soft commodity price increases and rural real estate market pick up support advertising

Information: Market Data

Revenue 2009 vs 2010 ($M)



Data Licenses



Commentary

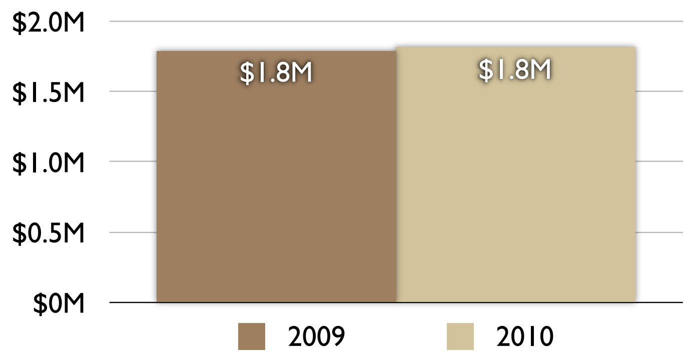
- Total NZD revenue in 2010 of $7.6M
- Market data terminals (royalties), were 7,536 at end of 2010, up 3.6% on December 2009, but have not yet recovered to early 2009 levels
- Circa 60% of royalty revenue was derived in USD, average NZD:USD cross rate of 0.72 in 2010, against 0.62 in 2009
- Data licences were 73 at end of 2010, up 16% on 2009, providing annuity revenue streams for zero marginal cost

Outlook and Value Drivers

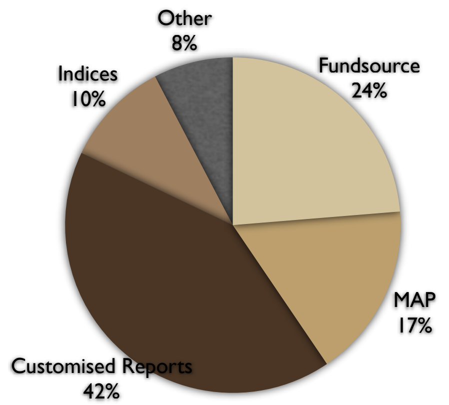
- Market data feed now a richer product (gDT data, derivatives)
- Additional data licenses expected to be driven by derivatives market with new vendors growing the subscriber base
- Market terminal growth expected via derivatives customers and cash market catalysts (IPO, M&A activity, splits)

Information: Securities Subscription Products

Revenue 2009 vs 2010 ($M)



Securities Subscription Product Revenue Split



Commentary

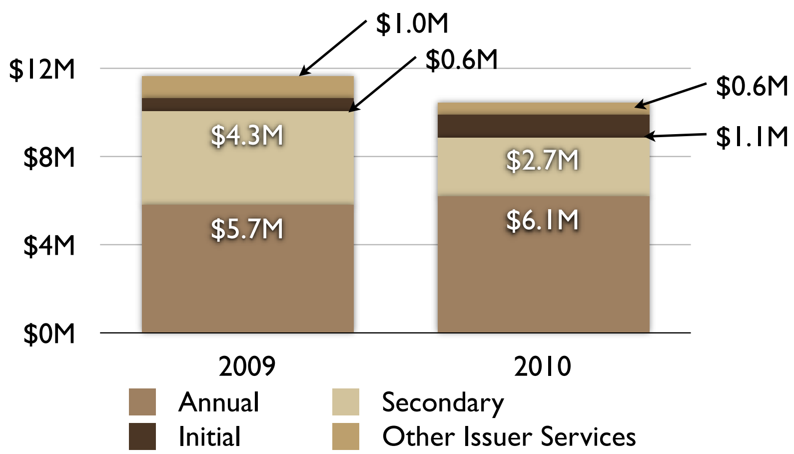
- Securities subscription products includes Indices, MAP, Fundsource, Customised Reports and other services
- Fundsource, acquired in 2006, has paid for itself at both a FCF and EBITDAF level

Outlook and Value Drivers

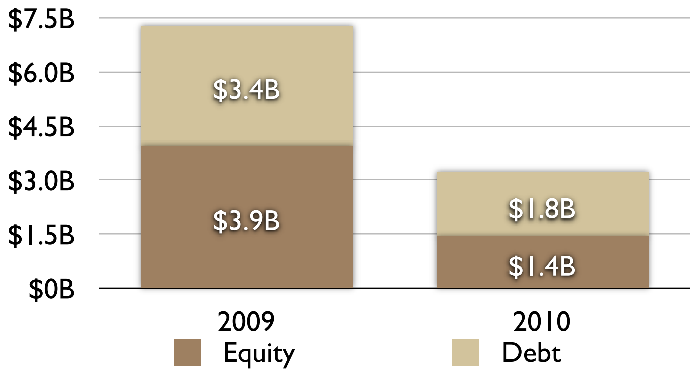
- Top line expected to grow 5-10% as a result of new product launches and new bundles of existing products.
- New product launches e.g. investable sector indices
- Tactical price adjustments

Markets: Listings

Revenue 2009 vs 2010 ($M)



Total Capital Raised 2009 vs 2010 ($B)



Commentary

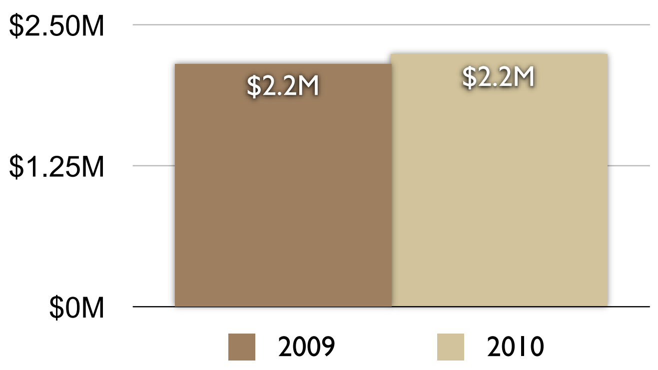
- Full year revenue dropped, driven by 36% fall in secondary listing, against a record pcp in 2009
- Initial listing revenues increased 78% predominantly due to compliance listings

Outlook and Value Drivers

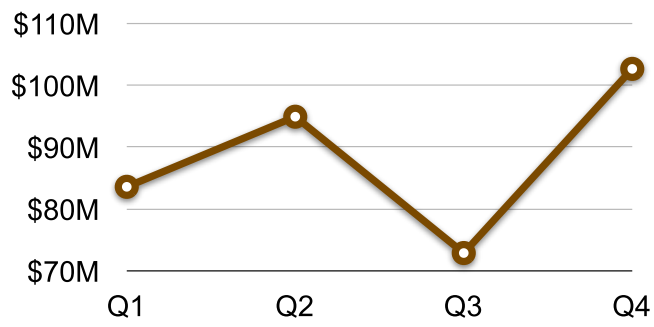
- IPO and Initial listings pipeline healthiest since 2004 (including two listings in first two months of 2011)
- Potential for partial SOE floats in medium term
- New market offering expected in 2012

Markets: Cash Market Trading

Revenue 2009 vs 2010 ($M)



Average Daily Value



Commentary

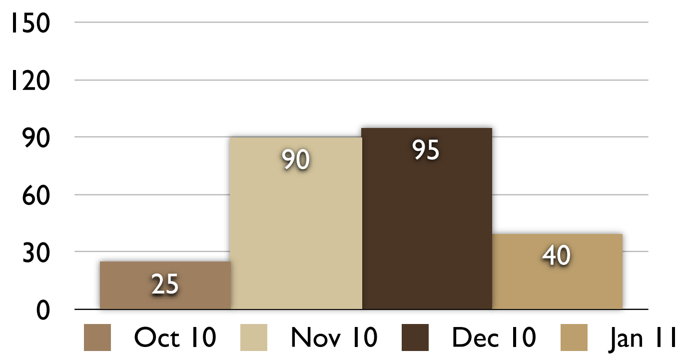
- Revenues resilient despite light average daily volumes in Q310, despite global trading volumes that were the lowest since the height of the 2008 economic crisis
- NZX's trading fee structure, which combines per trade and value fees, provided downside support
- Momentum improved in Q410 which had the highest average daily volumes for the year

Outlook and Value Drivers

- Current value and volume tracking above 2010.
- Revenue in 2011 is expected to track at least 5% above the pcp
- Broad array of liquidity initiatives underway including:
  - Microstructure changes (e.g. tick size) and pricing (e.g. fee caps)
  - Working with participants and issuers to initiate market making programme for 15 - 20 stocks

Markets: Derivatives

Dairy Futures Lots Traded



Competitor Exchange Performance*

Exchange	Contracts	Date Listed	Lots Traded
CME	SMP	10 May 10	1
Eurex	SMP	10 Jun 10	16
NYSE Liffe	SMP	10 Oct 10	7
NZX	WMP	10 Oct 10	265

* As at 22/02/2011

Commentary

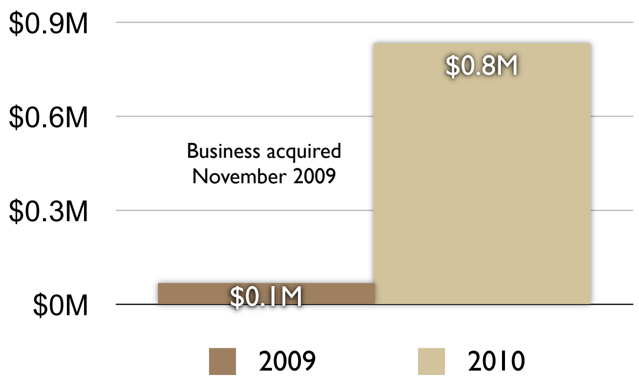
- Focus on soft commodities, consistent with New Zealand's economy and competitive advantages, through market platforms and information products such as gDT
- Launched in October 2010, NZX Global WMP Futures are the most traded of all dairy powder
- SMP and AMF contracts launched 18 February 2011
- WMP, SMP and AMF represent the three components that form the global "Bucket of Milk"

Outlook and Value Drivers

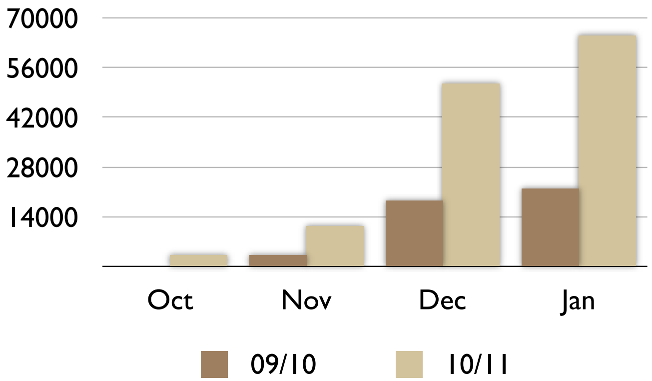
- Growing connectivity and end customer signups are meeting clients' risk committee requirements
- New product launches including options on dairy futures and equity derivatives
- Connecting new ISVs and participants to the market
- Continuing dairy price volatility

Markets: Spot Commodities

Revenue 2009 vs 2010 ($M)



Tonnes Traded Per Month (09/10 harvest v 10/11 harvest)



Harvest commences I October

Commentary

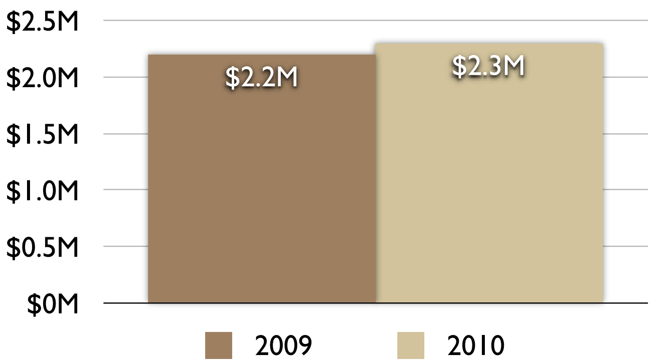
- Grain is Australia's leading soft commodity, which, combined with NZX's Dairy exposure, are two of the combined New Zealand and Australian top soft commodity exports
- Grain exchange delivered 305K tonnes traded for 2010 calendar year, for $990K revenue (at NZ$-AU$ average 0.78)
- Offer has been re-priced and re-positioned to better attract the buy-side of the market
- Cost base reduced during 2010 by around $800K annualised

Outlook and Value Drivers

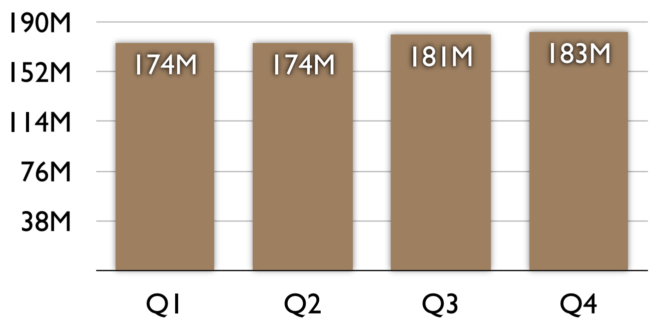
- Volumes to date in 2011 harvest tracking at 4x the 2010 harvest. Expect 650K tonnes to 850K tonnes for calendar year
- 2011 FY revenue expected to grow to between $2.3M to $2.7M from $990K in 2010
- Additional institutional participants joining the market
- Fast, secure cash payments driving uptake by farmers

Markets: Smartshares

Revenue 2009 vs 2010 ($M)



Units on Issue - ETFs



Commentary

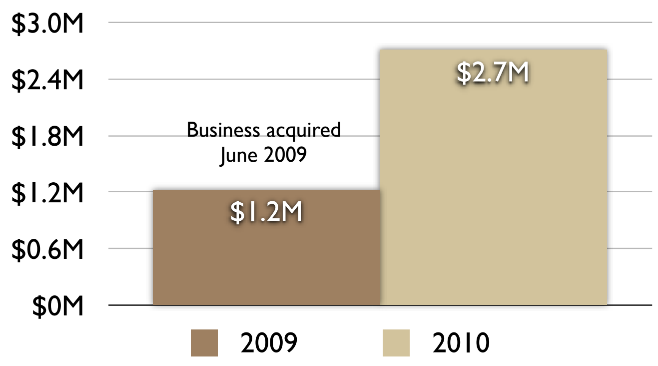
- Small revenue increase from $2.2M in 2009 to $2.3M
- Retail revenue grew by 8%, counteracting NZSF 2009 loss
- Fund expenditure managed down from 49% to 36% in 2010
- Returns for unitholders and Main Board liquidity both benefited by making a portion of FUM available for stock lending by the Clearing House

Outlook and Value Drivers

- Further expenditure reductions and margin expansion expected as the transition to built internal systems is completed on all five funds
- Increased focus on sales
- Potential new product development

Markets: Energy

Revenue 2009 vs 2010 ($M)



Commentary

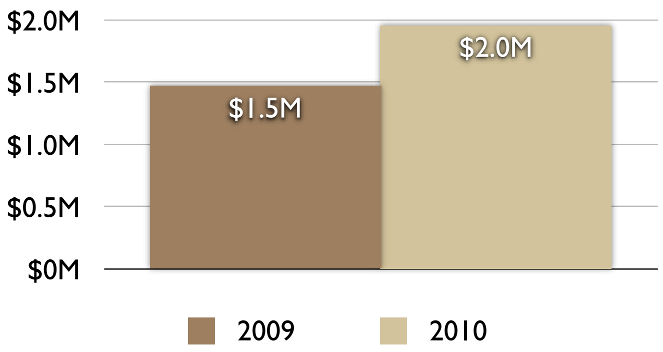
- Revenue was $2.7M in 2010.
- Revenue is largely contracted and consistent
- 2009 revenue is from date of acquisition of the business in June 2009
- Stable business

Outlook and Value Drivers

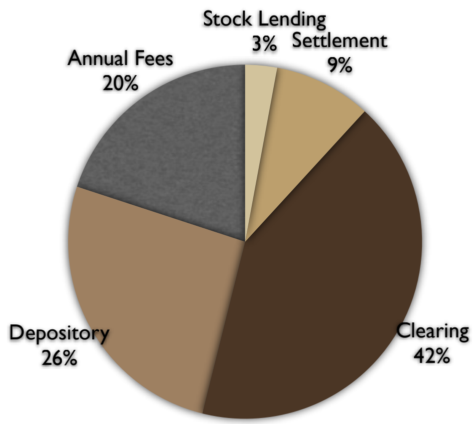
- Revenue in 2011 to grow due to contractually agreed price adjustments
- New revenue from new data products expected in 2011

Infrastructure: Securities Clearing House

Revenue 2009 vs 2010 ($M)



Clearing House Revenue Split (since launch)



Commentary

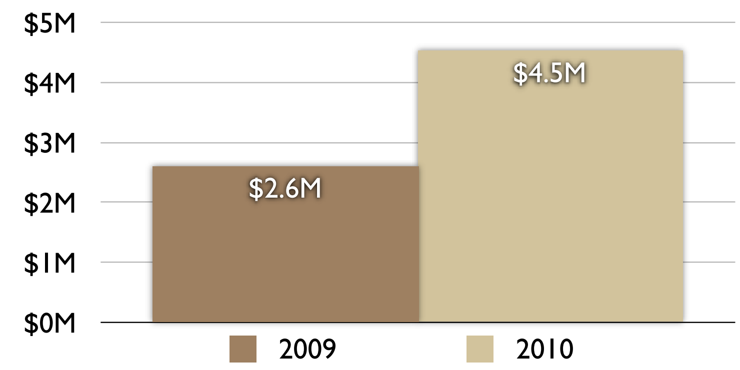
- Launched in September 2010 providing participants with a wide range of clearing, settlement, margin and other services
- First eight months 2010 revenue is attributable to FASTER
- Annualised revenues post launch circa $3M
- Material reduction in failed trades
- Clearing House participant fees are included in revenue (previously all participant fees were bundled in Markets)

Outlook and Value Drivers

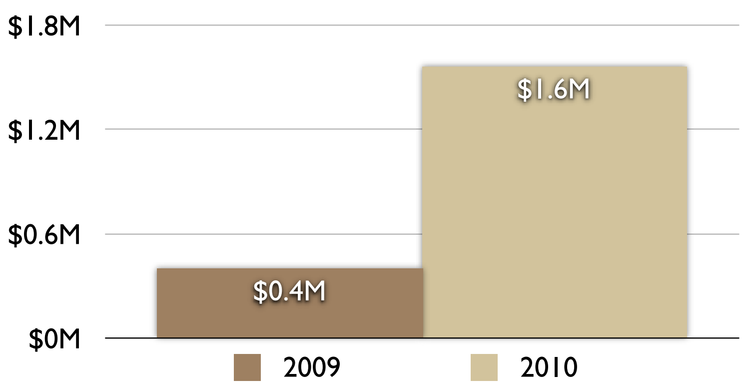
- Focus on sales to acquire additional depository participants and growth in depository assets under custody
- Increase amount of stock available for lending
- Improving equity and derivative market volumes

Infrastructure: Energy and Other Technology Contracts

Energy Revenue 2009 vs 2010 ($M)



Other Technology Contracts Revenue 2009 vs 2010 ($M)



Commentary

- 2009 energy revenue is from date of acquisition of the business in June 2009
- Other technology revenue in 2010 exceeded forecasts by $1M
- Strong growth in 2H, carrying over into 2011
- An energy pass through contract expired in November 2010 which will see revenue drop by $950K and costs drop by $750K

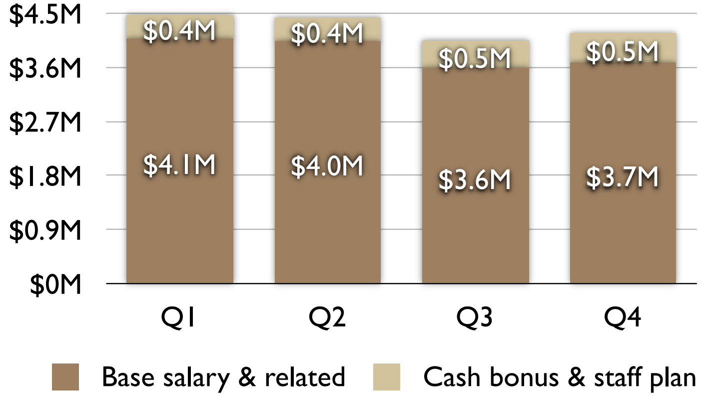
Outlook and Value Drivers

- Steady state energy contract revenue though mid 2012
- Regulatory changes will drive new paid development work
- One-off energy development work expected to generate circa $500K in 2H11. Ongoing annualised revenue of approximately $200K will follow
- Other technology contracts revenue expected to generate $1.4M - $1.7M additional revenue, with additional upside likely

Business Review - Expenses

Employee, Contractor & Related Costs

Gross On-going Employee Costs - 2010 ($M)



Quarterly Employee Cost ($'000)

	Q1	Q2	Q3	Q4	Total
Base salary (total cash cost)	$4,068	$4,022	$3,568	$3,663	$15,321
Cash bonus & share plans	$402	$399	$464	$510	$1,775
Non-recurring	$399	$987	$136	($596)	$926
Total (gross)	$4,869	$5,408	$4,168	$3,577	$18,022
Staff capitalisation	($923)	($857)	($652)	($176)	($2,608)
Total (net)	**$3,946**	**$4,557**	**$3,516**	**$3,401**	**$15,414**

Commentary

- Significant human resource allocated to projects e.g. Clearing House, derivatives, and integration
- Approximately $3M of 2010 base salary expense was project related

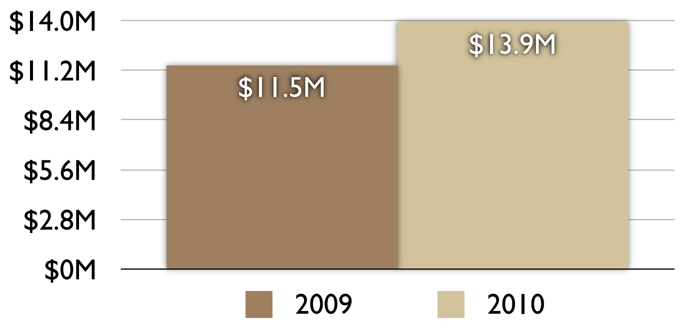
Outlook and Drivers

- 2011 gross employee costs are expected to drop by around $1.5M, to $16.5M
- Net employee P&L costs are expected to be flat with 2010
- Lower capitalisation of staff time in 2011
- Net new staff hired only on committed revenue, ensuring margin expansion

Other Costs

NZX

2009 vs 2010 ($M)



Half Yearly Expense Trend ($M)

	2H10 ($M)	1H10 ($M)	2H09 ($M)
Marketing, Printing & Distribution	$2.0	$2.0	$2.4
Information Technology	$1.7	$1.7	$1.2
General & Administration	$1.6	$1.7	$2.0
Professional Fees	$1.1	$1.0	$1.1
Rebates and Incentives	$0.1	$0.1	$0.0
Fund Expenditure	$0.4	$0.4	$0.5
Total	$7.0	$6.9	$7.3

Commentary

- 2010 includes a full year of the energy, grain exchange and Agri information businesses which were acquired during 2009
- G&A costs kept flat against 2009 despite the addition of five new businesses

Outlook and Drivers

- Business model change in Agri will reduce variable printing costs
- IT costs to see incremental growth against 2010
- G&A expected to remain flat against 2010
- Professional fees decrease of $900K against 2010 expected (including $750K pass through contract eliminated)
- Rebates and incentives volume dependent

Business Review - Capital Structure and Investments

Balance Sheet Highlights

	FY 2010 ($M)	FY 2009 ($M)
Assets		
Cash and equivalents	$28.2	$35.8
Investment in Markit	$27.8	$29.7
Goodwill	$13.3	$13.9
Other intangible assets	$36.6	$35.0
Other assets	$14.9	$15.2
Total Assets	$120.8	$129.6
Liabilities and equity		
Trade and other payables	$21.5	$16.7
Bank loan	$7.0	$18.9
Other liabilities	$1.5	-
Total Liabilities	$30.0	$35.6
Equity	$90.8	$94.0
Total Liabilities and Equity	$120.8	$129.6

Commentary

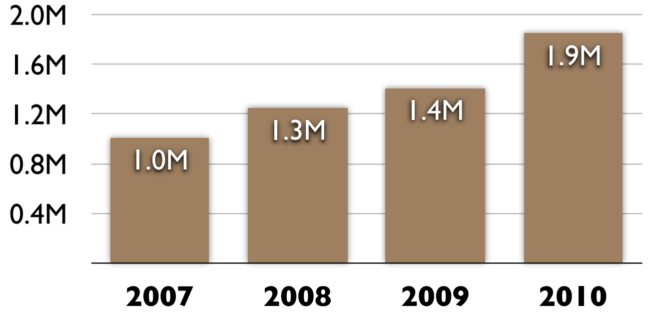
- Capital spending on major projects concluded
- 121,278,296 ordinary shares on issue currently
- 122,852,716 total shares on issue including restricted shares
- As legal counterparty for derivatives clearing transactions, NZX reports gross market value of outstanding derivatives positions, net of customer positions

Outlook and Value Drivers

- Capital refresh of circa $2M in 2011, reducing to approximately $1.5M in 2012; a significant cash spend reduction from 2010
- Debt obligations: expect loan to be paid down by Q311, with reduction in 2011 interest costs of $250K - $300K
- Depreciation and amortisation of $5.5M expected in FY11

Investment in Link Market Services

EBITDA



	FY 2010	FY 2009	% change
Operating Revenue	$5.9 m	$5.1 m	17%
Operating Expenditure	$4.1 m	$3.7 m	11%
EBITDA	$1.8 m	$1.4 m	31%
EBITDA Margin	31.0%	27.5%	
NPAT	$0.7 m	$0.4 m	83%

Commentary

- Excellent profit gains flowing from strong revenue growth in a flat year for capital markets
- Strong expense management
- EBITDA approximately corresponds with cash flow
- Significant amortisation of the technology assets impacts NPAT

Outlook and Value Drivers

- Revenue growth expected at similar levels
- Margin expansion to continue

Investment in Markit

- The Markit investment is held at US$21.4M (unchanged)
- Non cash exchange movement on the investment was a loss of NZ$1.8M during 2010
- Realisation on Markit investment expected mid 2012

Exchange Consolidation

- Driven by shareholder, not stakeholder, considerations
- Politics reducing in global exchange landscape; increasingly seen as purely corporate deals
- Scale economics and cost reductions driving consolidation in global cash equities exchanges
- Revenue synergies focused on Clearing and Derivatives - the growth engines of global securities exchanges

Investor Information

- Final 2010 dividend of 6.25 cents per share declared
  - Record date 21 April 2011 and Payment Date 29 April 2011
  - From June 2011 onward, dividends to be paid quarterly
- NZX is moving to a twice a year reporting format in 2011, with quarterly reporting limited to the release of revenue tables, as most NZX cost is fixed, and feedback is that six months is appropriate for this part of the P&L
- NZX Full Financial Reports available for download from:

  http://www.nzx.com/about_nzx/investor_relations
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