

2018 NSX Limited

Full Year Financial Results

22 November 2018



INTRODUCTION

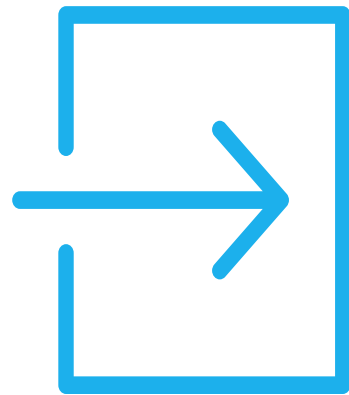
*“Through the development of better market solutions for small to mid-cap companies, we are redefining the **liquidity and funding solutions** of tomorrow”*

Ann Bowering, Managing Director & CEO

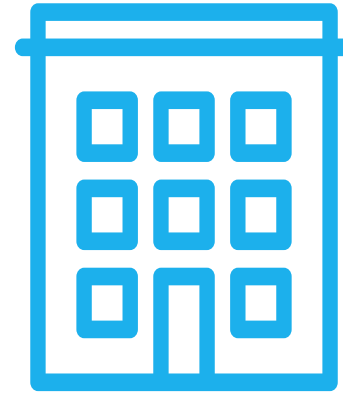
TWO EXCHANGES, ONE MARKET

COMPETITION DRIVES INNOVATION

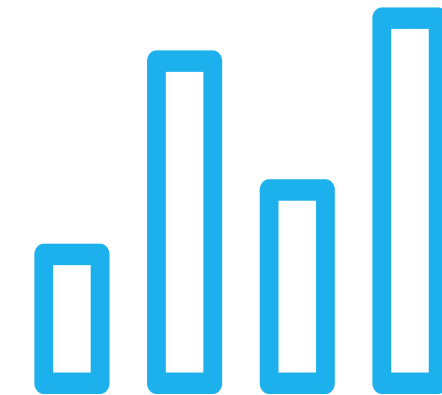
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Australian market is limited by a “one size fits all” solution



Incumbent exchange is marketing to \$50m - \$500m companies at IPO



67% IPOs occur below \$50m

1200+ companies listed in Australia market cap < \$50m

TWO EXCHANGES, ONE MARKET

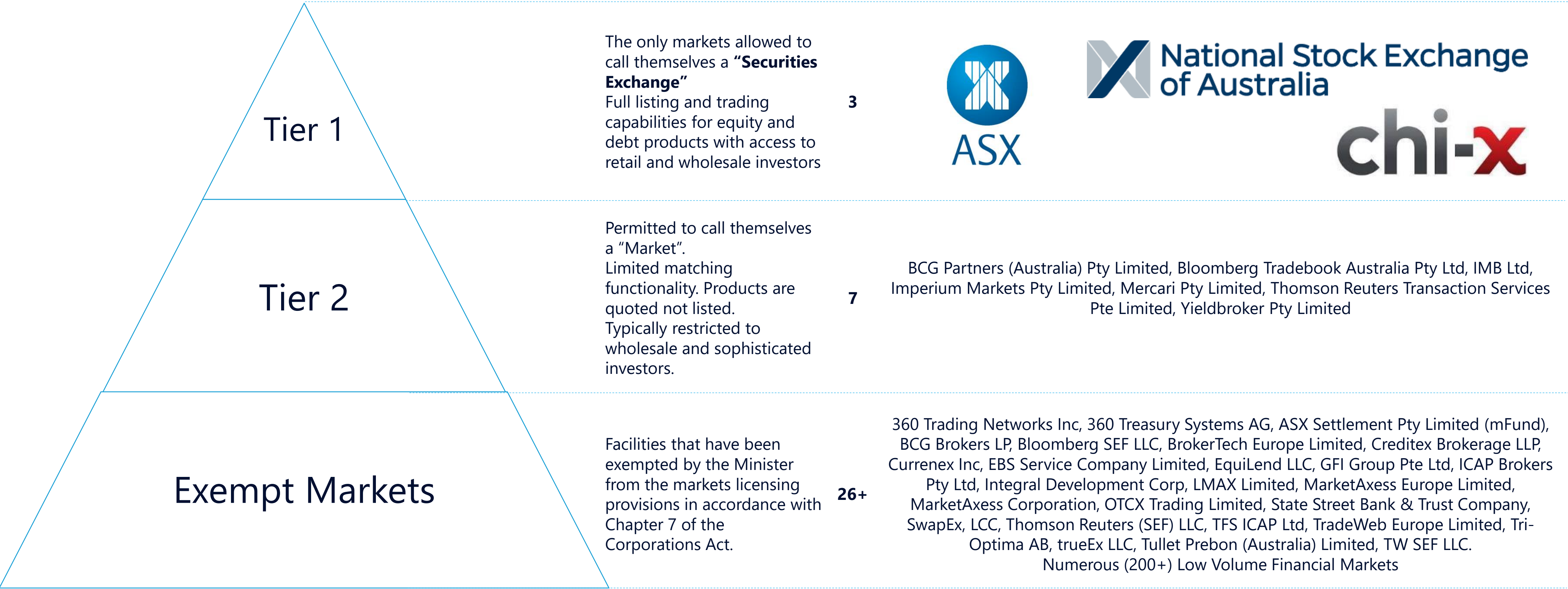
COMPETITION ENABLES DIVERSIFICATION



Pensions Funds		USD Tri	Multi Listing Venue Markets
1	USA	\$25.4	✓ USA
2	UK	\$3.1	✓ UK
3	Japan	\$3.0	✓ Japan
4	Australia	\$1.9	✓ Canada
5	Canada	\$1.8	✓ Germany
6	Netherlands	\$1.6	✓ China
7	Switzerland	\$0.9	✓ South Africa
8	South Korea	\$0.7	✓ New Zealand
9	Germany	\$0.4	✓ Singapore
10	Brazil	\$0.3	✓ Hong Kong
11	South Africa	\$0.3	✓ Sweden
12	Finland	\$0.2	✓ Mexico
13	Malaysia	\$0.2	✓ India
			? ... Australia

TIER 1 REGULATED MARKET

SECURITIES EXCHANGE



THE TEAM

MARKET EXPERIENCE

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Ann Bowering

Managing Director and CEO

Roles formerly held include CFO and Director Financial & Energy Exchange Limited, Head of Operations & Business Development Lucsan Capital (IRESS ASX:IRE), and Associate Director KPMG



John Williams

Head of Admissions

Roles formerly held include General Manager, Listings Operations, Manager, Market Access and Manager, Clearing & Settlement Operations ASX Limited.



Lina Lim

Head of Technology

Roles formerly held include Vice President Market Solutions at CBL Markets, Program Manager/Project Director at Nasdaq and Senior Consultant/Project Manager at Macquarie Bank



Andrew Musgrave

Head of Business Development

Roles formerly held include 9 years as Head of Business Development (Asia) for ASX, and 10 years as Business Development Manager for Bloomberg (Australia and Singapore).



Chan Arambewela

Head of New Markets & Products

Roles formerly held at ASX include Manager, New DLT Services - CHES Replacement, Head of mFund Service, Manager, Listings Product Development, Manager Post-Trade Services



Michelle Coco *

Head of Compliance and Regulation

Roles formerly held include Lead Competition, Compliance & Regulatory Counsel for Vodafone UK, Senior Competition & Regulatory Counsel for the British Broadcasting Corporation (BBC) & Assistant Director for the ACCC.



Greg Fitzpatrick

Head of Market Operations

Roles formerly held include Team Leader, Market Operations – Financial & Energy Exchange; Analyst, Market Surveillance – Australian Securities & Investment Commission; Manager Trading Operations & Markets – Australian Securities Exchange



Zoran Grujic

Head of Finance

Roles held include Company Secretary and CFO of ASX listed Dropsuite Limited and 8common Limited, Financial Controller at Couriers Please Pty Ltd, Financial Controller at the Australian Institute of Management.



Ron Kaushik

Senior Manager Market Surveillance

Roles formerly held include Senior Officer, Trading Operations & Markets at Australian Securities Exchange and Senior Customer Resolutions Officer at AMP Limited.



Ingrid Wei

Analyst Market Surveillance

Prior to joining NSX, Ingrid studied at Macquarie university and the University of Sydney, completing Master degrees with majors in Finance and Professional Accounting.



Jane Thorley

Manager Trading and Settlement

Prior to her 17 years as Trading and Settlement Manager with NSX, Jane spent 16 years with Citibank (formally) Salomon Smith Barney, in Dealing Room and Back Office Operations



Aga Weiss

Executive Assistant

Roles formerly held include Operations Manager for a shopping centre in Poland, Property and Marketing Manager in Poland for a retail property and Facility Coordinator for CBRE Facilities Management in Australia



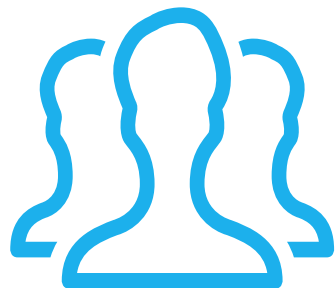
80+

SECURITIES



\$4.5B

MARKET CAPITALISATION



22

BROKERS



\$50M

AVERAGE MARKET CAP

NSX

TRUST & CREDIBILITY



CHES
REGISTERED
SECURITIES

STANDARDISED PROCESS

NASDAQ
TRADING
SYSTEM

QUALITY ALIANCES

THOMSON
REUTERS
BLOOMBERG

VISIBILITY

IRESS
MARKET
ACCESS

DISTRIBUTION

ESTABLISHED

BARRIERS TO ENTRY



BROKER PROFILE

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EXPANDING MID MARKET COVERAGE


BELL POTTER

CANACCORD | Genuity




Baillieu
1889 ONWARD

 **OpenMarkets**
Online investing made simple.

ORD MINNETT


FinClear

 **morgans**

 **PATERSONS**

 **STATE ONE**
STOCKBROKING LTD

 **amscot**
STOCKBROKING

NOMINATED ADVISER PROFILE

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46 NOMINATED ADVISERS

STEINPREIS PAGANIN
Lawyers & Consultants

HWLEBSWORTH
LAWYERS

PKF
Corporate Finance

MinterEllison
LAWYERS

nexia
australia

CLAYTON UTZ

MO MILLS
OAKLEY

hg
HopgoodGanim
LAWYERS

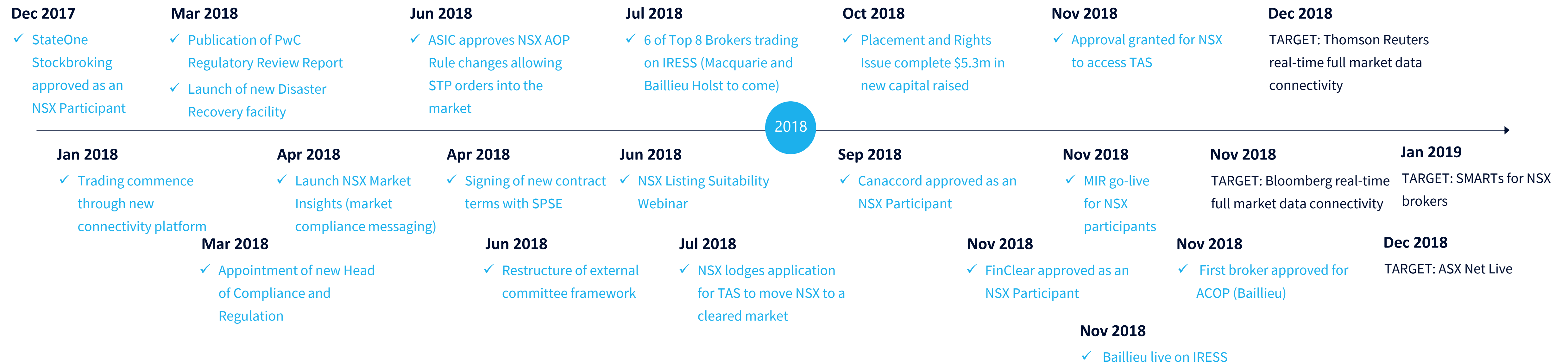
Baker
McKenzie.

BELLANHOUSE

2018 MILESTONES

CONNECTIVITY & DISTRIBUTION

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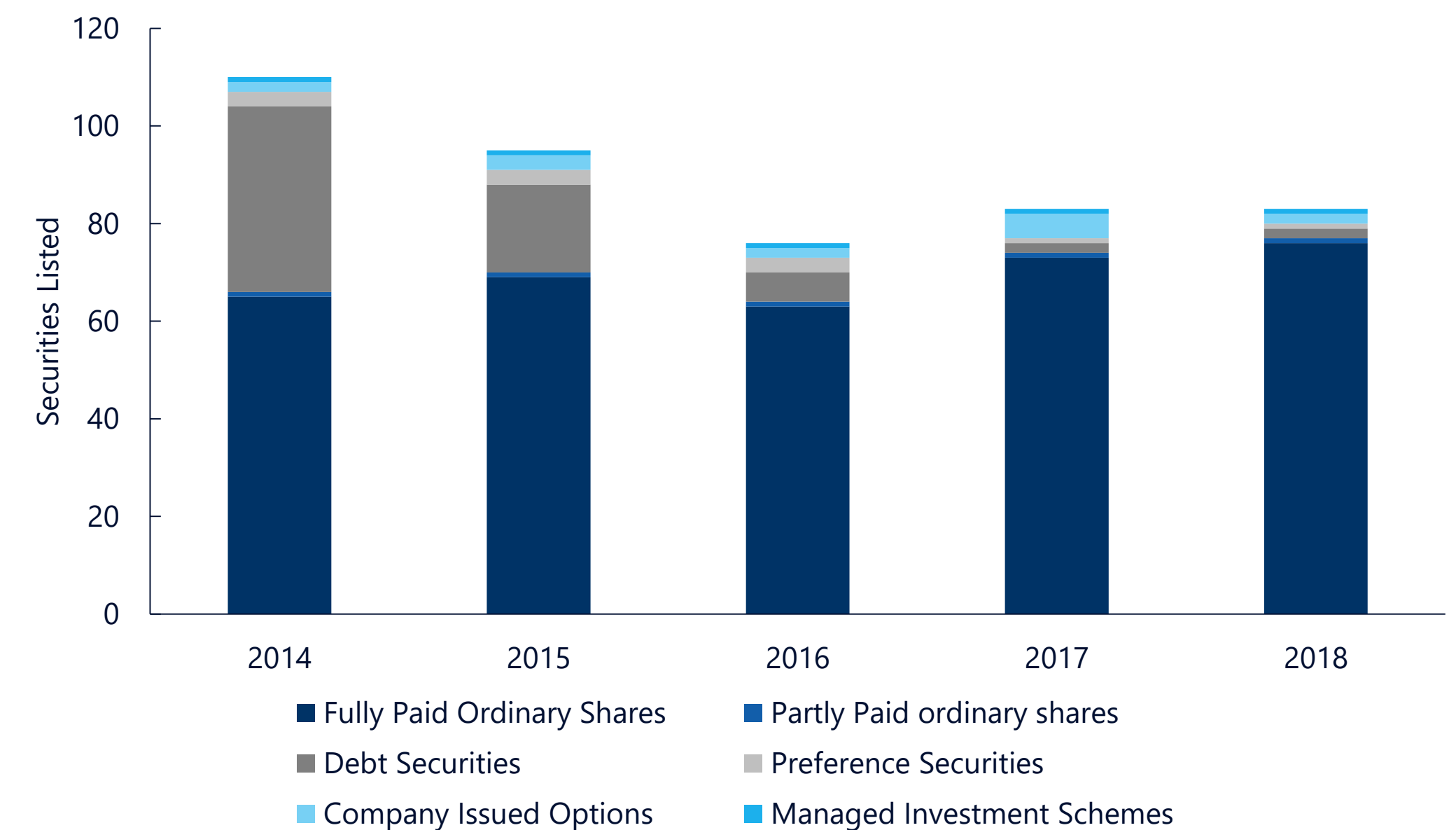
ACTIVITY LEVELS

LISTED SECURITIES

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NSX Listed Securities	As at June 2014	As at June 2015	As at June 2016	As at June 2017	As at June 2018
Fully Paid Ordinary Shares	65	69	63	73	76
Partly Paid ordinary shares	1	1	1	1	1
Debt Securities	38	18	6	2	2
Preference Securities	3	3	3	1	1
Company Issued Options	2	3	2	5	2
Managed Investment Schemes	1	1	1	1	1
Total Listed Securities	110	95	76	83	83
Delisted Securities	14	29	21	5	13
Declined Listing					10

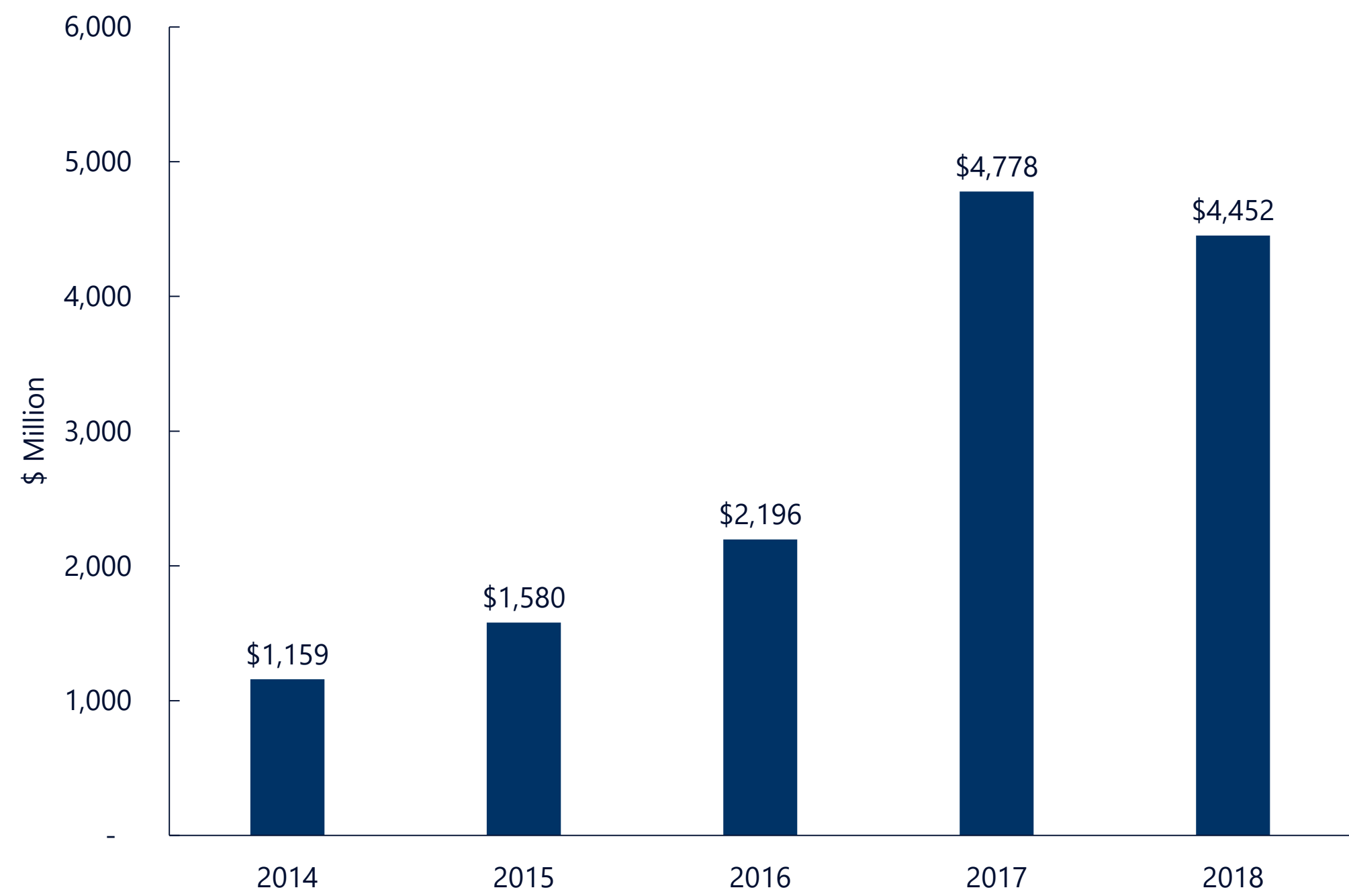
Securities Listed



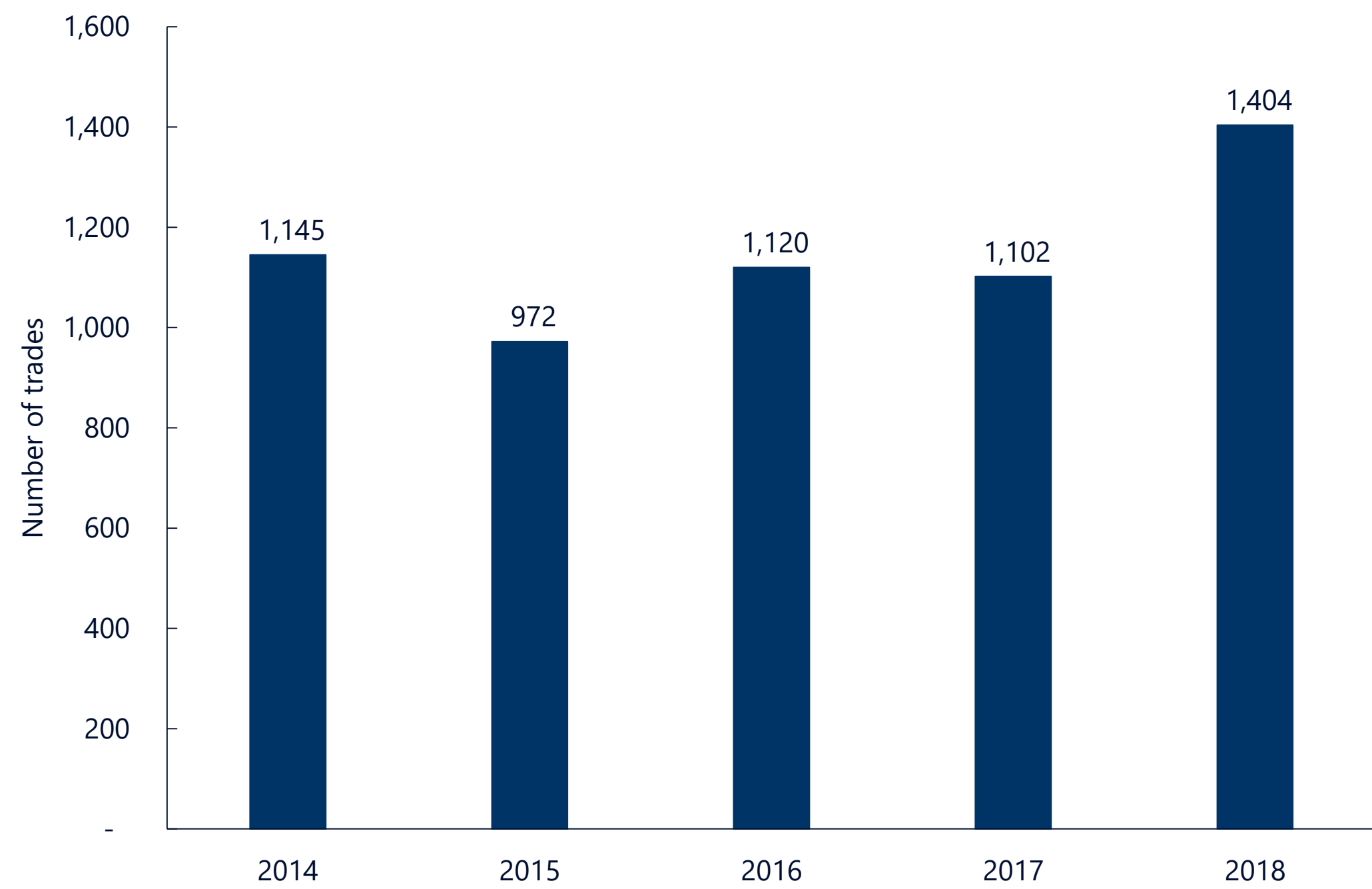
ACTIVITY LEVELS

MARKET CAPITALISATION

Market Capitalisation at 30 June



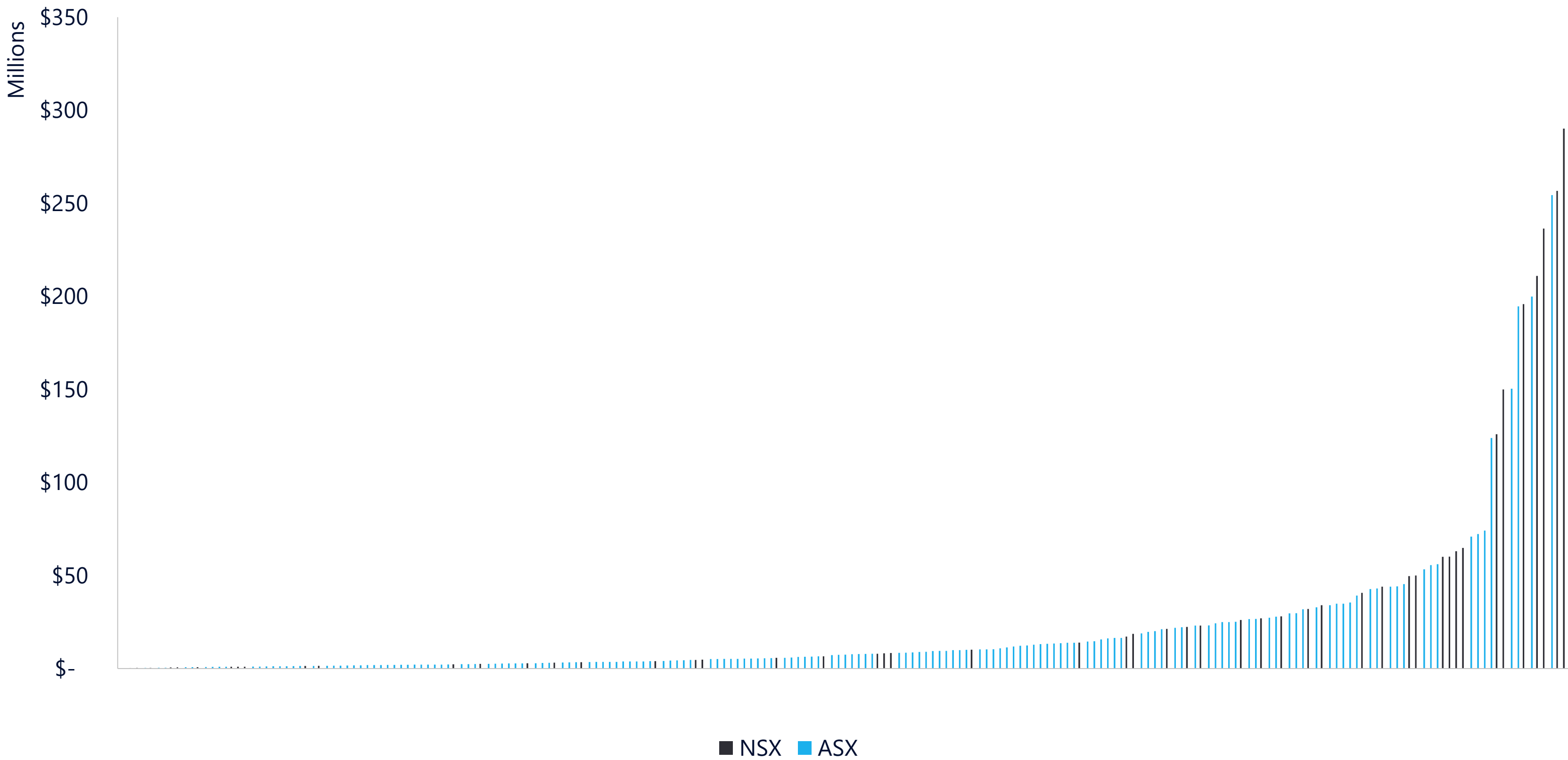
Number of trades



LIQUIDITY

13% OF ASX ISSUERS HAVE LIQUIDITY LESS THAN THE TOP TRADED NSX ISSUER

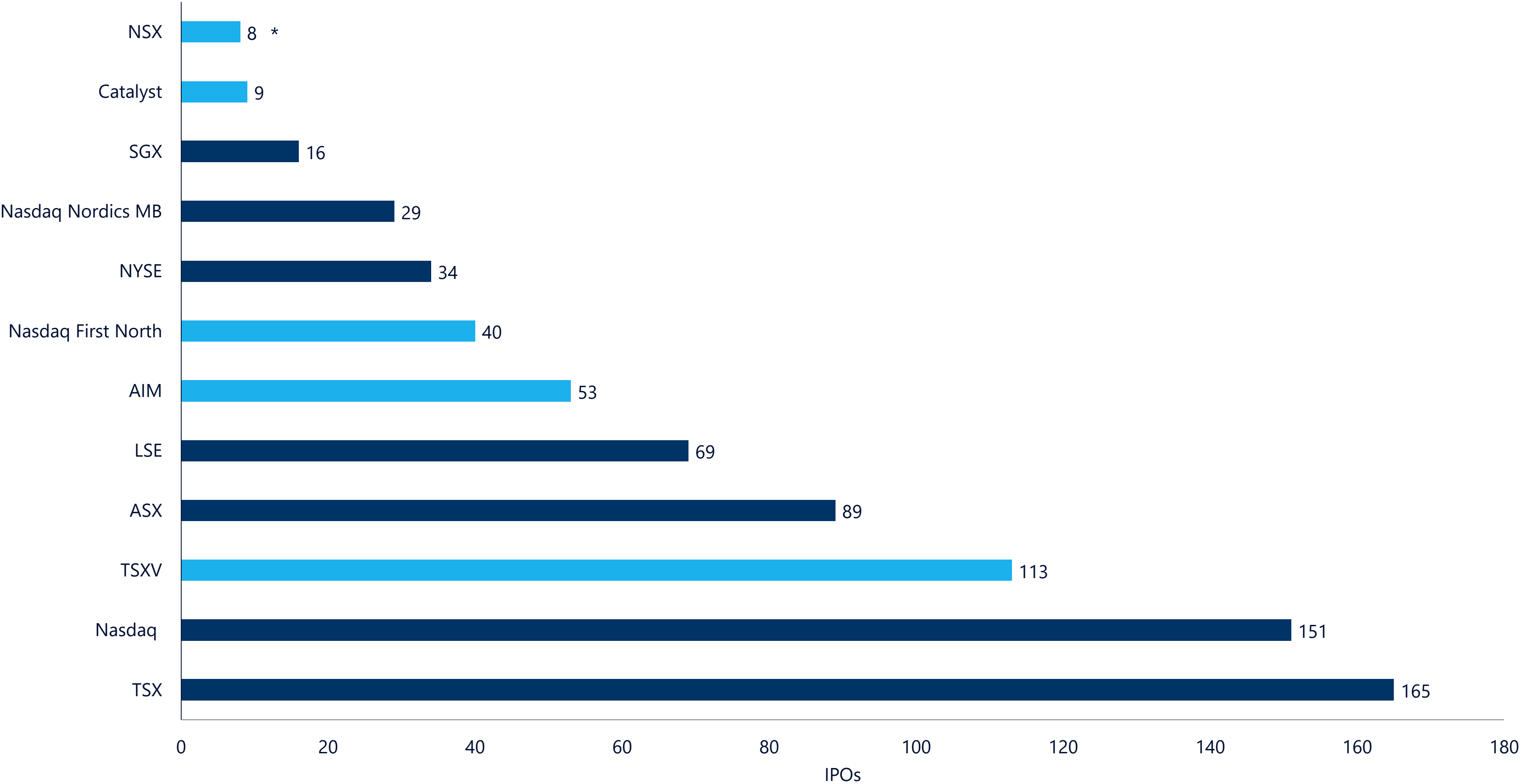
2018 NSX stocks market cap compared to ASX traded stocks



Note: the top 6 ASX companies (market caps above \$370m), and top NSX company (market cap \$1.8bn) have been removed to normalise

2018 IPO ACTIVITY

S U C C E S S O F M U L T I V E N U E M A R K E T S



* FY18

FINANCIAL PERFORMANCE

FINANCIAL RESULTS FY18

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COMMITMENT TO QUALITY AND INVESTMENT IN INFRASTRUCTURE

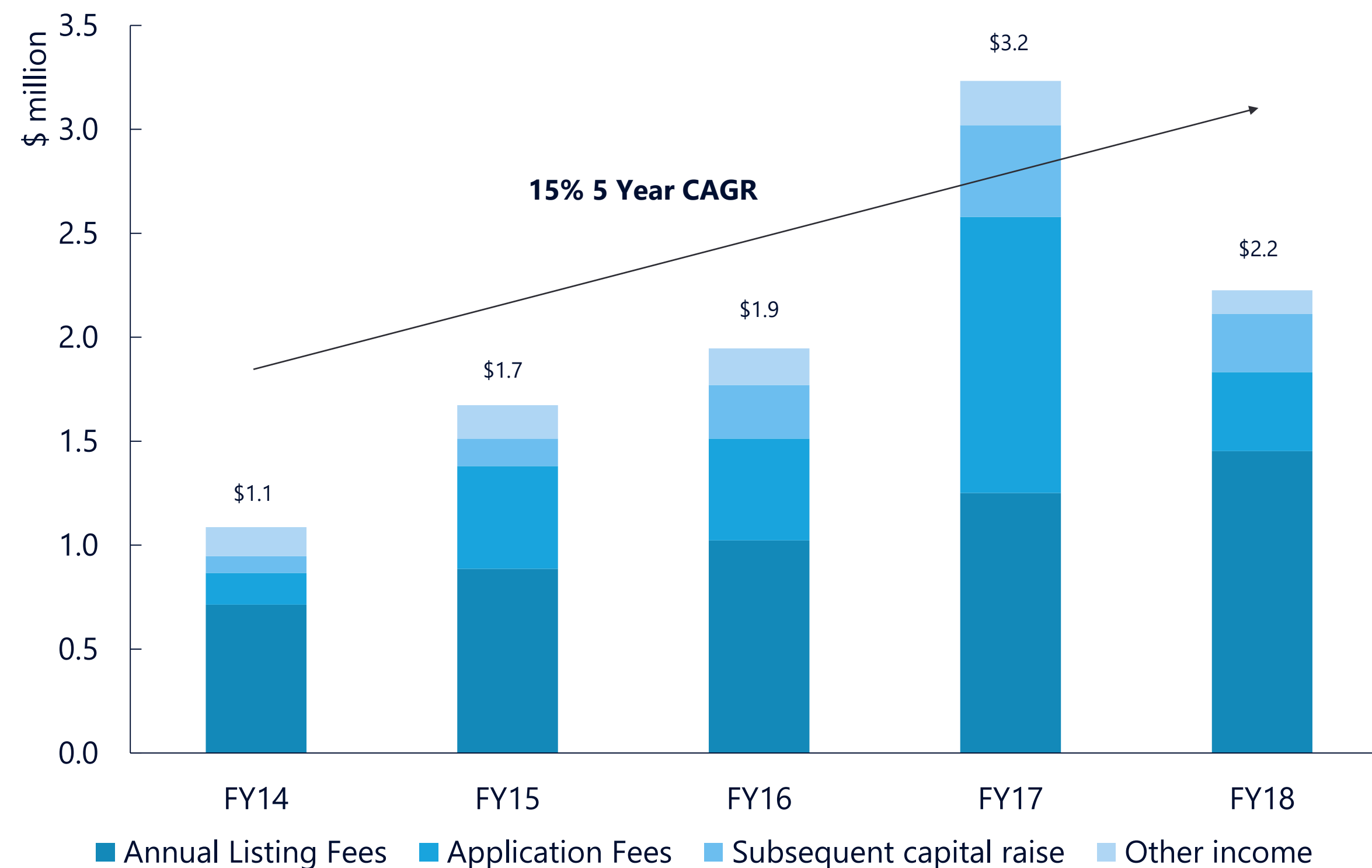
\$million	FY18	FY17	Var \$	Var %	Comment
Revenue	2.2	3.2	(1.0)	(30%)	<ul style="list-style-type: none"> 15% CAGR for the five years to FY18 Growth in Annual Fees was offset by fall in Application Fees driven by higher listing standards Abnormally large invoice (\$0.5m) in pcg
Expenses	5.8	5.1	0.7	13%	<ul style="list-style-type: none"> Group Expenses ex discontinued operations were consistent with the pcg Marginal increases in Employee and Market Trading expenses reflecting enhancements in operation capabilities
EBITDA	(3.6)	(1.9)	(1.7)	86%	<ul style="list-style-type: none"> Impacted by lower revenue, stable cost base
Dep & Amort	(0.2)	(0.3)	0.1	(26%)	<ul style="list-style-type: none"> Consistent with the pcg
Net profit / (loss)	(3.8)	(2.2)	(1.6)	71%	
Loss to disc ops	(1.2)				<ul style="list-style-type: none"> Costs attributable to the operation of the discontinued IR Plus
Net (loss) excl. disc ops	(2.6)	(2.2)	(0.4)	18%	<ul style="list-style-type: none"> Adjusted results are consistent with the prior year reflecting the focus on core business fundamentals: connectivity and quality product

REVENUE MOVEMENT

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SUSTAINED GROWTH IN REVENUE

Group Operating Revenue



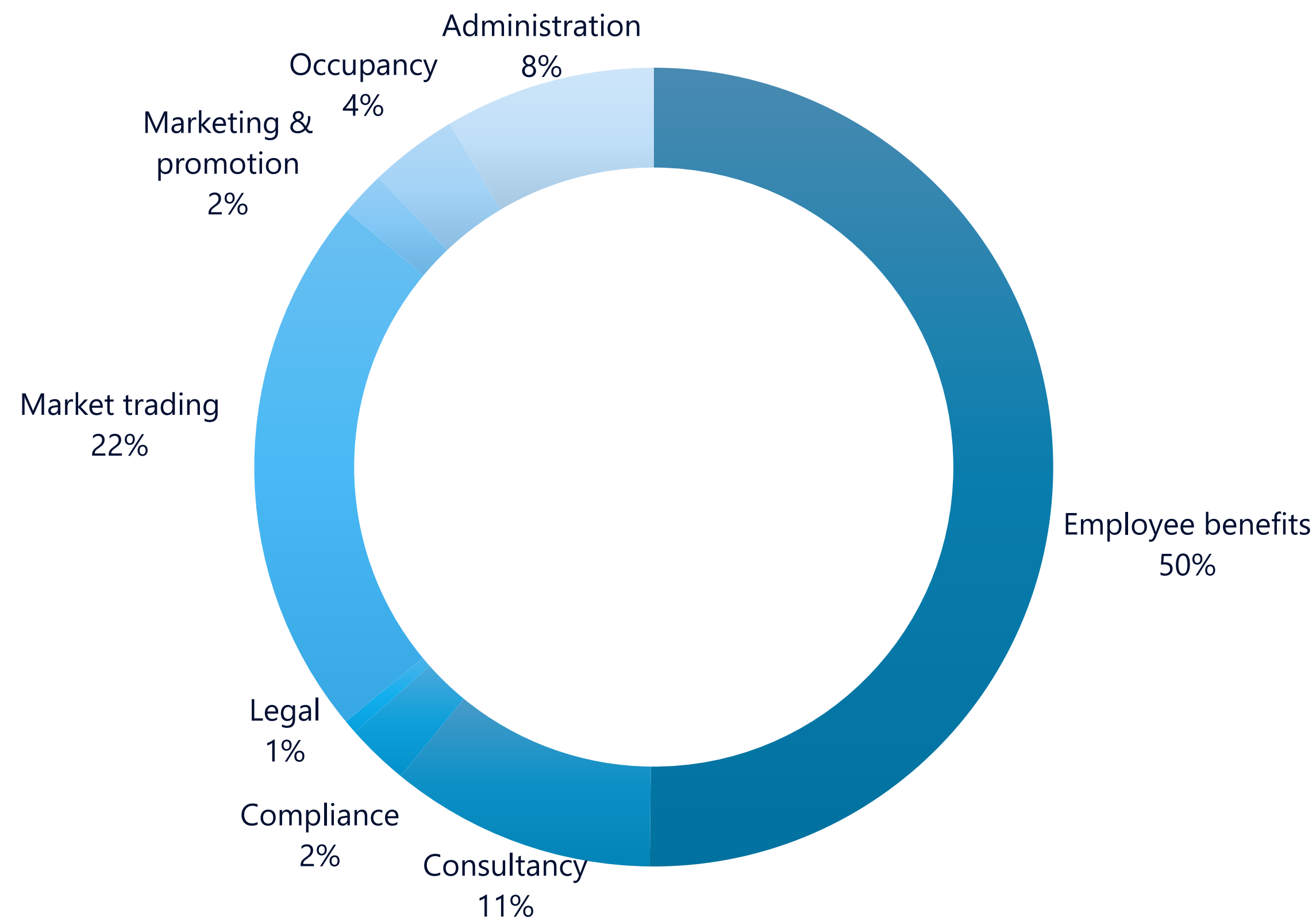
- **15% CAGR for the five years to FY18**
- Revenue of \$2.2m was a \$1.0m on the pcip. reflecting lower Application Fees, net of a growth in Annual Fees.
- Higher listing standards resulted in fewer successful listings (8 FY18, 14 FY17) combined with an abnormally large invoice (\$0.5m) in the pcip, has resulted in lower Application Fees in the current period.
- Annual Listing Fees reported for the period were \$1.5m, and represent an increase of \$0.4m or 36% from \$1.1m in the pcip.
- This is a function of the net growth in listing activity during the last two years (as the full year impact of annual fees from the prior year are realized in the current period), combined with an increase in the average market capitalisation of listed securities.

EXPENSE ANALYSIS

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OP-EX CONSISTENT WITH THE PCP

Group Operating Expenses



- Expenses for the Group before depreciation and amortization of \$4.6m were consistent with the pcg.
- Employee benefits, including NSXA and Corporate resources, increased by \$0.2m to \$1.8m. This was driven by the addition of two new personnel, enhancing the Market Surveillance and Compliance capabilities, and the full year impact of new hires in the pcg.
- Market trading expenses of \$1.3m encompass costs associated with the trading and settlement activities of the exchanges, including trading systems, data centres, security, market access and regulatory fees.
- Costs attributable to the Discontinued Operations of IR Plus Securities Exchange totalled \$1.2m. This predominantly constituted employee benefits expense, and excludes any allocations from NSXL or NSXA which are eliminated on consolidation.

STATEMENT OF PROFIT OR LOSS

FOR YEAR ENDED 30 JUNE 2018

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Statement of Profit or Loss	FY14 \$'000	FY15 \$'000	FY16 \$'000	FY17 \$'000	FY18 \$'000
Revenue					
Annual Listing Fees	713.5	886.2	1,022.2	1,250.8	1,452.2
Application Fees	153.2	494.2	489.6	1,327.6	379.8
Subsequent capital raise	80.3	131.9	258.5	441.5	279.8
Other income	139.7	160.6	175.4	212.6	114.3
Operating Revenue	1,086.6	1,672.9	1,945.8	3,232.4	2,226.0
Expenses					
Employee benefits	1,442.6	1,209.4	1,231.7	2,073.2	2,889.1
Consultancy	160.2	233.3	203.1	190.2	620.4
Compliance	57.2	62.5	545.0	88.6	145.4
Legal	13.1	27.3	18.9	41.0	31.9
Market trading	811.8	864.9	883.3	1,211.1	1,270.5
Marketing & promotion	15.8	46.7	15.5	80.1	106.2
Occupancy	199.1	143.8	120.4	251.8	205.1
Administration	466.2	473.3	471.9	859.9	491.7
Restructure	-	-	415.0	367.0	0.0
Total costs	3,166.0	3,061.2	3,904.8	5,162.9	5,760.3
EBITDA	(2,079.4)	(1,388.3)	(1,959.0)	(1,930.5)	(3,534.3)
Depreciation and amortisation	11.5	11.5	15.6	252.8	221.1
Net profit/(loss)	(2,090.9)	(1,399.8)	(1,974.6)	(2,183.3)	(3,755.4)
Loss attributable to discontinued operations					(1,159.0)
Net profit/(loss) excluding discontinued operations	(2,079.4)	(1,388.3)	(1,959.0)	(1,930.5)	(2,596.4)

STATEMENT OF FINANCIAL POSITION

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AS AT 30 JUNE 2018

Statement of Financial Position	FY14 \$'000	FY15 \$'000	FY16 \$'000	FY17 \$'000	FY18 \$'000
Assets					
Cash and cash equivalents	131.2	206.5	5,251.5	739.2	951.9
Trade and other receivables	131.1	145.5	157.5	335.7	121.0
Other assets	2,314.0	2,336.8	2,278.3	4,284.1	1,544.9
Non current assets	135.4	129.9	186.0	623.1	381.1
Total Assets	2,711.7	2,818.7	7,873.2	5,982.1	2,998.9
Liabilities					
Trade and other payables	276.6	380.5	271.9	997.7	1,556.3
Borrowings	1,621.5	112.3	0.0	0.0	0.0
Other liabilities	267.1	280.8	700.4	266.6	480.1
Total Liabilities	2,165.2	773.6	972.4	1,264.3	2,036.4
Net Assets	546.4	2,045.2	6,900.9	4,717.8	962.5
Equity					
Capital	36,018.8	38,914.9	44,251.4	44,251.4	44,251.4
Retained earnings	(36,895.5)	(38,014.3)	(39,134.4)	(40,920.6)	(45,031.7)
Non controlling interest	1,423.1	1,144.6	1,783.8	1,387.0	1,742.8
Total Equity	546.4	2,045.2	6,900.9	4,717.8	962.5



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