

NZX Half Year Results & Interim Report – growth opportunities gaining traction

NZX today reported its financial results for the six months ended 30 June 2019.¹

The first half of 2019 demonstrate we remain on track and are delivering for shareholders. We have delivered solid operating earnings growth for the first six months of 2019, as the company gains traction with a number of its growth initiatives.

Key financial results:

- Total operating earnings of \$14.4 million are 4.3% higher than 2018;
- Net profit after tax of \$6.4 million² is 45.8% higher than 2018; and
- Interim ordinary dividend, fully imputed, of 3.0 cents per share has been declared.

Summary of business highlights for the first half are below:

- There has been \$7.7 billion of capital raised across NZX's equity, debt and funds markets in the first half of the year, which is a 73.5% increase. Overall Issuer Relationships delivered revenue of \$12.1 million, which is a 5.3% increase. NZX is looking forward to the listing of Napier Port which is anticipated later in August 2019. The company is aware of other potential listings.
- There was a 15.1% increase in the number of trades on NZX, although the total value traded decreased 9.7% to \$18.4 billion, resulting in a 17.3% decrease in secondary markets revenue. The company made changes to its trading and clearing pricing structure on 1 October 2018 to facilitate increased levels of automation that trading firms are employing, which we expect to deliver growth over time. The price changes, along with lower periodic re-weightings of NZX stocks in large global indices, contributed to the fall in revenue. The proportion of trading on-market is increasing and it reached a record high of 61.1% of total market value traded in the month of June 2019.
- Data and Insights revenue increased 13.9% to \$6.3 million. Data is an area that is growing for many stock exchanges globally and NZX is no exception. Royalties from terminals increased 5.6% and subscription and licence revenue has grown 22.9%.
- The dairy derivatives market continues to grow strongly with volume traded increasing 27.5%. It means this business is the fastest growing dairy derivatives business globally. The current year has seen the highest volume trading day, week and month in the businesses' history. A new extended-hours trading session was introduced to capture additional volume from Asia and Europe and more than 50% of trades have taken place in that session.
- Funds Management comprises Smartshares Exchange Traded Funds (ETF) and SuperLife superannuation and KiwiSaver funds. Funds under management grew 19.4% to \$3.5 billion and member numbers increased 10.1%. Net cash inflows rose 8.1% to

¹ Comparisons are to prior corresponding period in the 2018 financial year

² From continuing and discontinued operations

\$174.4 million. Operating revenue (net of fund expenses) increased 17.7%, resulting in operating earnings increasing 27.4%.

- The Wealth Technologies business continues to focus on winning new customers and funds under administration increased 86.4% to \$2.1 billion. Revenue increased to \$0.8 million.

Guidance

The board reiterates the 2019 full year guidance, NZX expects full year 2019 operating earnings to be in the range of \$28.0 million to \$31.0 million. This guidance is subject to market outcomes, particularly with respect to initial public offerings and secondary capital raising and equity and derivatives trading volumes. It assumes no material adverse events, significant one-off expenses or major accounting adjustments. It also assumes no further acquisitions or divestments.

To view the full interim report, please click [\[here\]](#).

Dividend and Dividend Reinvestment Plan

The board has declared an interim ordinary dividend, fully imputed, of 3.0 cents per share.

We will continue our dividend reinvestment plan, introduced at the release of the 2018 interim report and half year results. The dividend will be paid on 13 September 2019 with shares issued under the dividend reinvestment plan issued at a 1% discount. The dividend reinvestment plan document can be viewed [here](#).



Mark Peterson, Chief Executive