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NZX Half Year 2016 Shareholder & Quarterly Regulation Metrics

NZX's shareholder metrics for the six months to 30 June 2016 (1H 2016) demonstrate the excellent health of New Zealand's capital markets and highlight the strong performance of NZX's funds services business. A summary of NZX's operating segments is below.

Markets

Increased offshore interest in the New Zealand market saw rapid expansion of trading activity in 1H 2016. The total number of trades was up 35.8% on the prior comparable period, while total value traded was up 27.1%.

The ratio of equity market capitalisation to Gross Domestic Product (GDP) was 47.4% at 30 June 2016, compared to 42.1% 12 months ago, indicating the further progress in growing the depth of New Zealand's capital markets.

A further \$840 million of new equity capital was listed in 1H 2016, up 438% on 1H 2015. During the period NZX welcomed Tegel Group (IPO) and NZME Limited (compliance listing) to the Main Board. In addition, there were two NXT Market listings, Oceania Natural Limited and Marlborough Wine Estates Group.

The exceptional growth in the listed debt market continued, with a further \$3.2 billion of new debt listed on NZX's debt market during the six months. The total market capitalisation of debt listed on NZX has increased 71.1% over the past 12 months, highlighting the attractiveness of this as a capital raising option for corporates, banks and local and central government.

Lots traded on NZX's dairy derivatives market declined 20.2% during the half year as reduced volatility in underlying commodity prices resulted in less incentive to hedge for the time being. While traded volumes reduced, NZX's portfolio of dairy risk management products expanded during 1H 2016, with the launch of NZ milk price futures and options contracts. Early trading in these contracts has been pleasing, surpassing expectations for a new derivatives contract.

Funds Services

NZX continued to execute on its funds management strategy with solid growth during the period in its Smartshares and SuperLife businesses. SuperLife's KiwiSaver funds under management (FUM) grew 26.6% and total FUM was up 13.1% in the period.



Excluding funds invested by SuperLife, Smartshares FUM increased 6.9% in the first half, while total Smartshares units on issue increased by 145.8%, including substantial investment of SuperLife funds into Smartshares Exchange Traded Funds.

Agri

NZX's Agri business continued to be impacted by the difficult environment in New Zealand's dairy industry with the forecast farmgate milk price falling below \$4 for the first time in almost a decade. This has resulted in advertising spend being down across the sector. Total paid advertising page equivalents fell 14.4% in 1H 2016. However, subscription numbers have held steady, with general agri subscriptions up 1.5% compared to a year ago.

The picture was different in Australia, where the total volume of grain traded on the Clear Grain Exchange was up 61% compared to 1H 2015 due to a longer selling season in a lower price environment.

Regulation commentary

NZX also published its Q2 2016 regulation metrics today. These reflect the solid market activity being experienced by NZX resulting in increased workflows for NZX Regulation (including 21 offer documents and 18 applications for waivers/rulings approved over the quarter). The metrics also show that NZX Regulation commenced 40 investigations into issuers during the quarter, in addition to four investigations that were ongoing at the start of the quarter.

There were also 14 investigations in relation to participants started during the quarter, in addition to six investigations that were ongoing at the beginning of the quarter.

In June, NZX welcomed the Financial Markets Authority's (FMA) annual Market Operator Obligations Review which assesses and reports on NZX's compliance with its statutory obligations. The FMA's report concluded that NZX complied with all of its market operator obligations during the 2015 review period and did not require NZX to take any specific actions.

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About NZX Limited

NZX builds and operates capital, risk and commodity markets and the infrastructure required to support them. We provide high quality information, data and tools to support business decision making. We aim to make a meaningful difference to wealth creation for our shareholders and the individuals, businesses and economies in the countries in which we operate. To learn more about NZX please visit: www.nzxgroup.com