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NZX Q1 2016 Revenues and Shareholder Metrics

NZX's Q1 2016 revenue report released today shows total group revenue grew 9.6% compared to Q1 2015, largely driven by NZX's funds services business, increased trading activity in the capital markets, and strong growth in the debt market. While market conditions in the agri sector were challenging, total agri revenues were still up 3.5% as a result of increased grain trading activity.

A summary of each of NZX's operating segments is provided below.

Markets

Trading activity continued to grow strongly in Q1 2016, with the total number of trades up 39.2% on Q1 2015 and total value traded up 9.7%. This flowed through into higher trading and clearing revenues.

Despite limited IPO activity in the quarter, listing fees were up 12.5%. The increasing attractiveness of listed debt saw \$1.4 billion of new debt issued during the quarter. Coupled with the listing of \$5.5 billion of bonds by the Local Government Funding Agency in November 2015, this has seen the total market capitalisation of listed debt increase by 70.8% over the past 12 months.

There was one listing on the equity markets during Q1 2016 – Oceania Natural Limited listed on the NXT market for small, higher growth companies, in March.

Dairy derivatives revenue grew 30.4% due to a strengthening US dollar. After strong growth throughout 2015, derivatives trading volumes declined 8.6% in Q1 2016, as a lack of volatility in underlying commodity prices resulted in reduced hedging activity.

Securities information revenue declined 4.5% as a result of lower audit revenues and a change in the product mix.

Funds Services

Q1 2016 Revenue from NZX's funds services business increased 39.1% to \$3.2 million compared to Q1 2015. Of this growth, \$354,000 was from wealth platform business Apteryx, which NZX acquired in August 2015, and has recently renamed NZX Wealth Technologies.

NZX's SuperLife and Smartshares businesses both demonstrated pleasing growth over the quarter. Total KiwiSaver Funds Under Management (FUM) surpassed \$500 million during Q1 2016 and total funds in Exchange Traded Funds (ETFs) surpassed \$1.5 billion, both significant milestones for NZX's funds management business.

Included within the 28.2% year on year growth in SuperLife KiwiSaver FUM was the transfer of \$33 million of KiwiSaver FUM from Smartshares to SuperLife (reflecting the transfer of members



from the smartkiwi scheme). Adjusting for this, SuperLife KiwiSaver FUM grew 20.1% and Smartshares external FUM grew 14.1%.

This growth in total FUM together with an increase in the amount of SuperLife funds invested in Smartshares ETFs saw total funds management income for Q1 2016 increase by 23.7% relative to Q1 2015.

Agri

Total volumes of grain traded on the Clear Grain Exchange in Q1 2016 increased by 43.1% relative to Q1 2015. This reflected growth in trading volumes outside of Clear's traditional East Coast market. With grain prices remaining low in 2016 relative to 2015, total grain sales across the industry have been slower in the current year, with considerably more grain remaining unsold in silo at 31 March 2016 compared to a year earlier.

NZX's New Zealand Agri business continued to feel the effect of low dairy prices impacting sector confidence, leading to lower advertiser spend. Total paid advertising page equivalents were down 8.8% as a result. The resulting decline in advertising revenues was largely offset by growth in data revenues. One of the contributors to data revenue growth was the acquisition of i-Farm in May 2015, which contributed \$103,000 to Q1 2016 revenues.

NZX Regulation Metrics commentary

NZX also released its Q1 2016 regulation metrics today. These show that NZX Regulation commenced 34 investigations into issuers during the quarter, in addition to five investigations that were ongoing at the start of Q1 2016.

There were also 19 investigations in relation to participants started during the quarter, in addition to two investigations that were ongoing at the beginning of Q1.

This level of investigations activity was similar to that undertaken in Q1 2015.

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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 which we operate. To learn more about NZX, please visit: www.nzxgroup.com