

# Full Year 2017 Results

## NSX Limited

ANN BOWERING  
MANAGING DIRECTOR AND CEO



# Introduction



ANN BOWERING  
Managing Director, and CEO  
National Stock Exchange of Australia

*“You can’t look at the competition and say you are going to do it better.*

*You have to look at the competition and say you are going to do it differently.”*

Steve Jobs

# PERFORMANCE DRIVERS

POSITIONED FOR COMPETITION AND VALUE CREATION



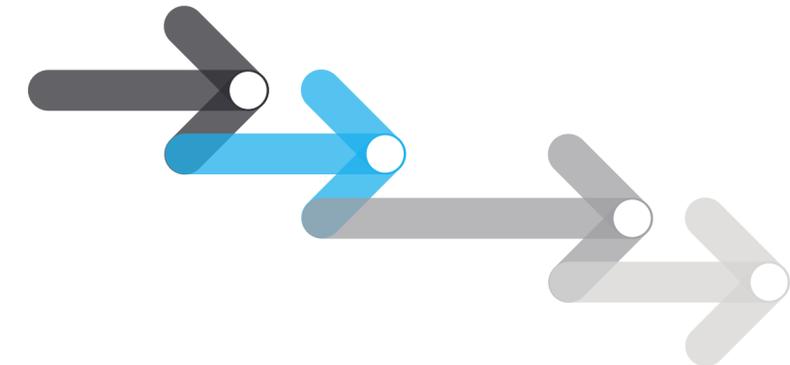
## Regulatory Moat

ASIC PAPER 293, Revision of market licence regime  
ASIC REPORT 521 Further review of emerging market issuers  
ASIC REPORT 538 Assessment of National Stock Exchange of Australia Limited's listing standards [For the period 1 July 2013 – 8 August 2016]



## Market Opportunities

One of only two Tier 1 Listing Exchanges  
Monopoly Incumbent  
Race to Globalization of Equity Markets  
Credibility and Integrity of Australian Market  
Technology  
Changing Market Demographics  
Regulatory Changes



## Infrastructure Investment

Market Access Solutions  
Co-location, Redundancy and Security  
Right People, Right Roles, Right Way  
Market Positioning  
Key Alliances and Profile

# BUILDING OUR LISTINGS FRANCHISE

STRONGER, MORE UNIFIED, AGILE AND INNOVATIVE



# BUILDING OUR LISTINGS FRANCHISE



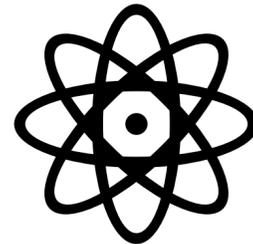
BETTER MARKET OUTCOMES THROUGH COMPETITION & CONTINUOUS IMPROVEMENT

## INNOVATION



NEW MARKETS  
NEW PRODUCTS  
AGILITY  
FUTURE FOCUSED  
TECHNOLOGY

## STAKEHOLDER ENGAGEMENT

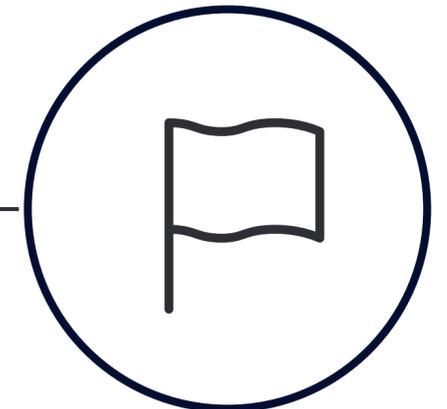


REGULATORS  
INDUSTRY  
GOVERNMENT  
CUSTOMERS  
SUPPLIERS

## GLOBAL POSITIONING



PLATFORM  
RELATIONSHIPS  
GLOBAL MODELS  
REGIONAL POSITIONING



**NOW**

# NSX

NATIONAL STOCK EXCHANGE OF AUSTRALIA



## **\$10m - \$50m Market Capitalization**

NSX is targeting new listings with a market capitalization of between \$10 million and \$50 million.



## **Growth Companies**

NSX is a market for innovative companies to access capital for growth, focusing in the traditional function of an equity capital market.



## **Investor Appeal**

Liquidity is one of the cornerstones of a stock exchange. NSX is targeting issuers with a business model and investment thesis that is clearly understood by, and resonates with, Australian investors.



## **New Markets**

Regulatory changes, technology evolution, changing customer preferences and incumbent market practices are all driving new and exciting opportunities for NSX.



# MARKET OPPORTUNITY

\$ 1 0 M I L L I O N - \$ 5 0 M I L L I O N

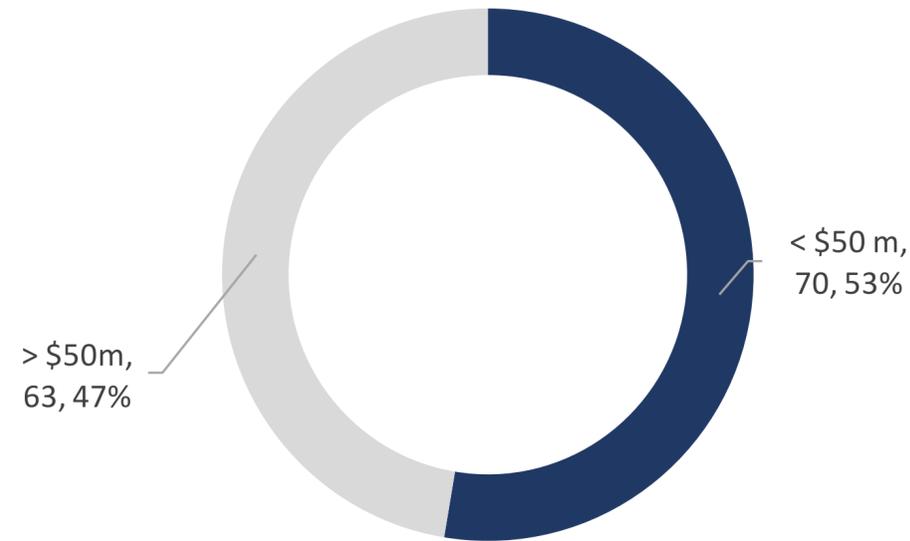
Australian Listed Equities



LISTED

57% of listed companies are less than \$50 million market capitalization

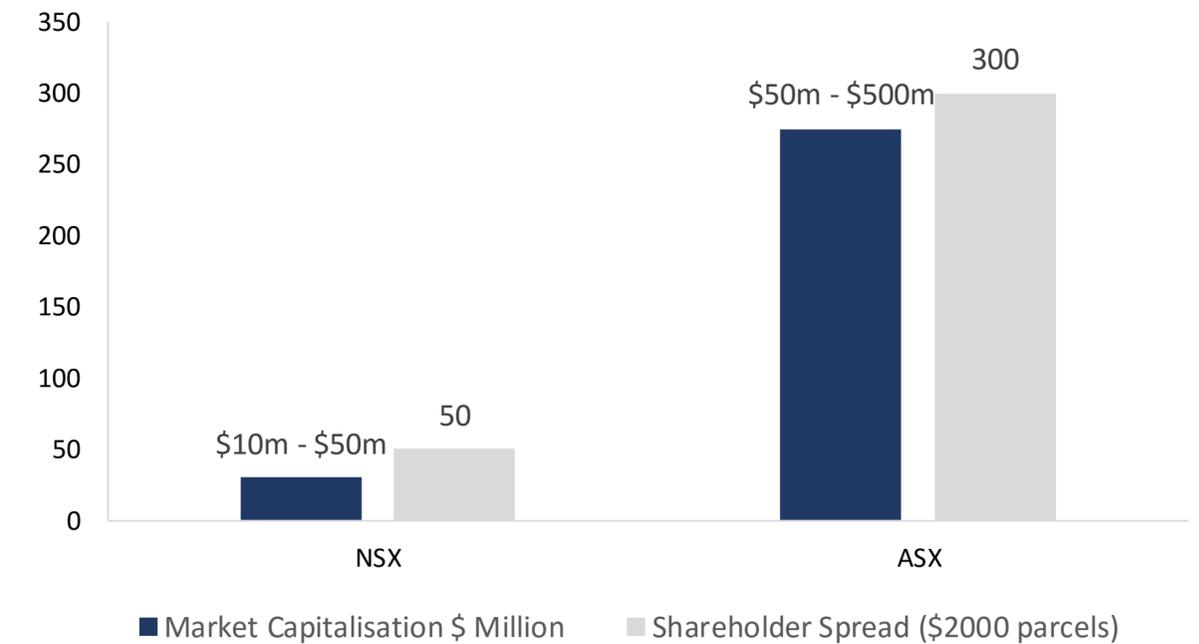
ASX IPOs FY17



IPOS

53% of IPOs onto ASX last year were less than \$50 million market capitalization

Relative Sweet Spots

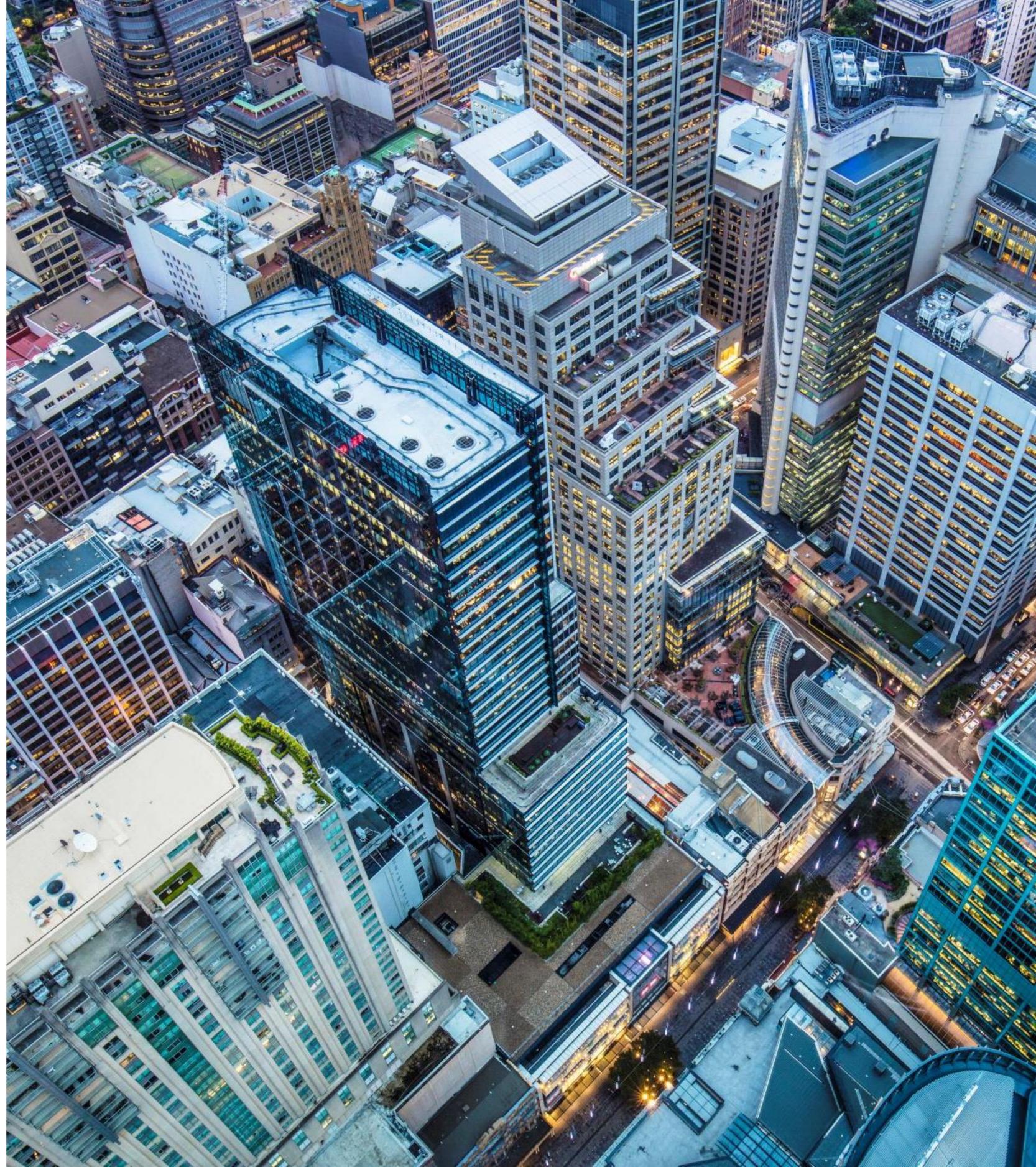


TARGET MARKET

NSX is focused on building a market that better meets the needs of these customers

# Financial Performance

SOLID FINANCIAL PERFORMANCE IN THE CONTEXT OF SIGNIFICANT  
OPERATIONAL RESTRUCTURE



# FINANCIAL RESULTS FY17

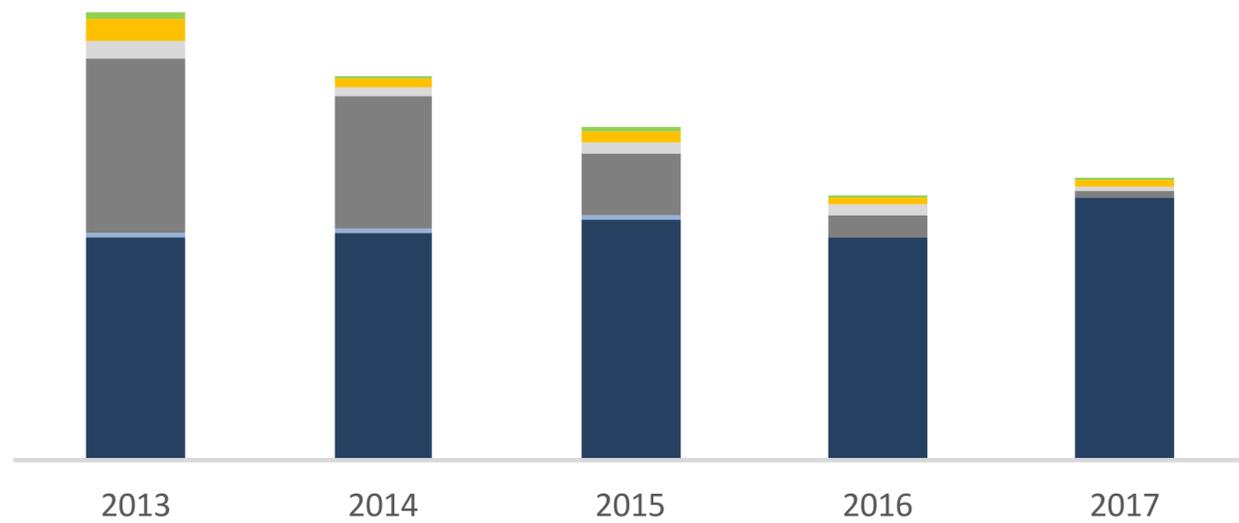
CONTINUED REVENUE GROWTH AND INVESTMENT IN QUALITY

	FY17	FY16	Var \$	Var %	Comment
Revenue	\$3.2	\$1.9	\$1.3	Up 68%	<ul style="list-style-type: none"> <li>• NSXA record revenue</li> <li>• New listings and larger in size</li> </ul>
Expenses	\$5.1	\$3.4	\$1.7	Up 50%	<ul style="list-style-type: none"> <li>• Includes restructure costs</li> <li>• Increased baseline to meet regulatory requirements</li> </ul>
EBITDA (Group)	-\$1.9	-\$1.5	\$0.4	Up 27%	<ul style="list-style-type: none"> <li>• Good performance in a year of significant transition</li> </ul>
EBITDA – NSX & HO	-\$1.1	-\$0.7	\$0.4	Up 14%	<ul style="list-style-type: none"> <li>• Solid in underlying core business</li> <li>• Well positioned for future growth</li> </ul>
EBITDA – IR Plus	-\$0.8	-\$0.8	\$0.0	Nil	<ul style="list-style-type: none"> <li>• Refresh maintenance of IRP licence and development of new market platform</li> </ul>
Net profit after tax	-\$2.2	-\$1.5	\$0.7	Up 47%	<ul style="list-style-type: none"> <li>• Depreciation expense reflecting investment in infrastructure</li> </ul>

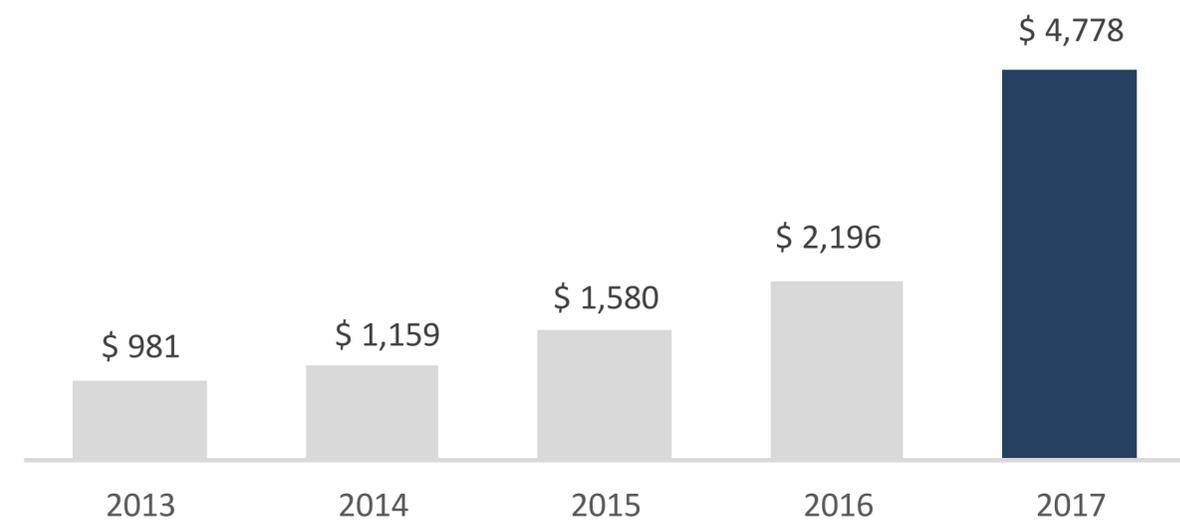
# ACTIVITY LEVELS

## LISTING BUSINESS STRENGTHENING, LIQUIDITY IN FOCUS

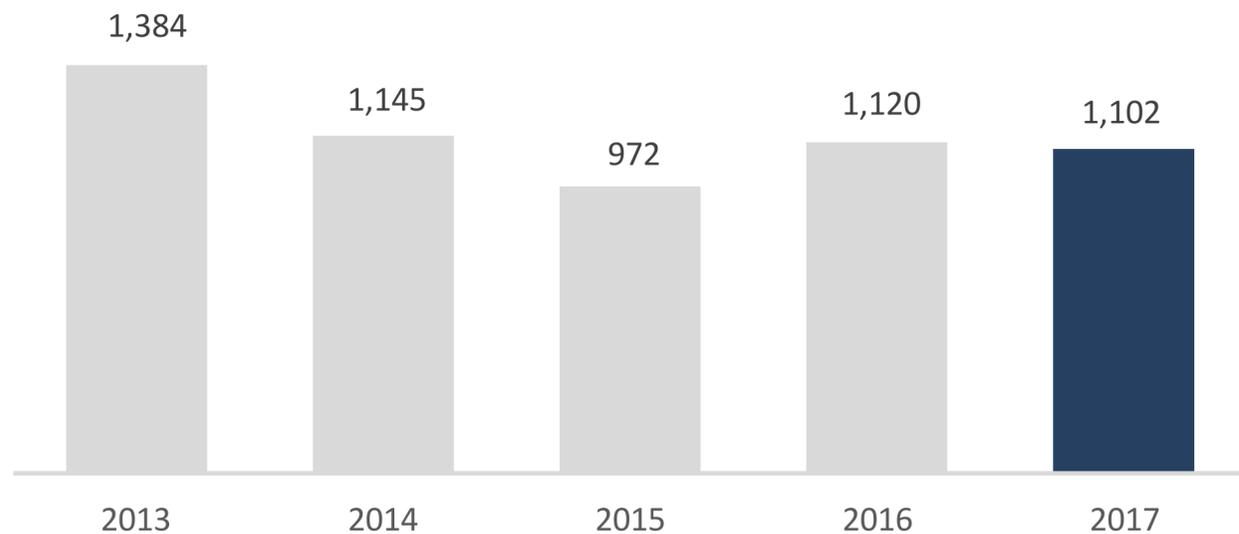
Listed Securities



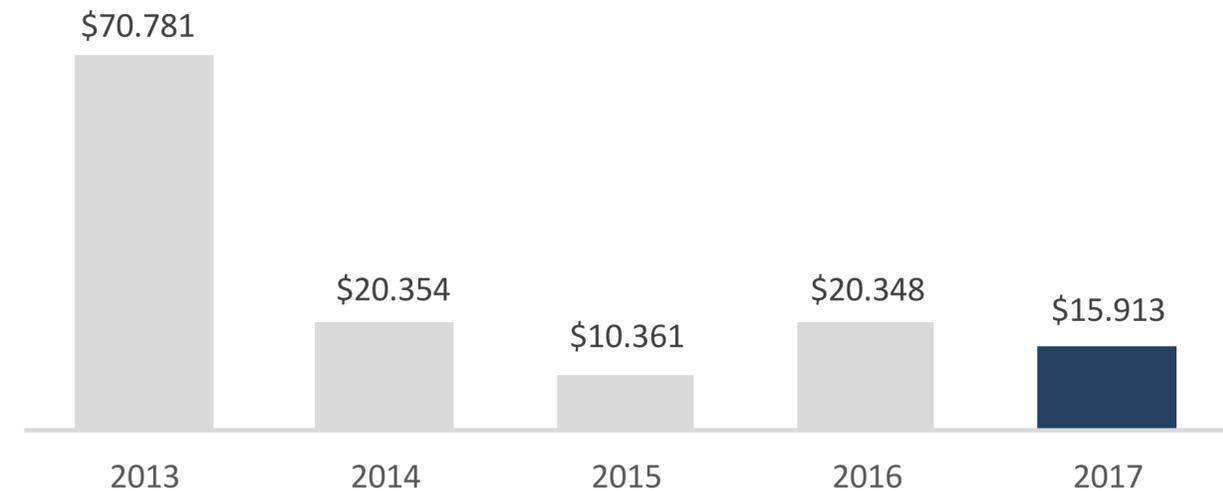
Market Capitalisation (\$ Million)



Number of Trades



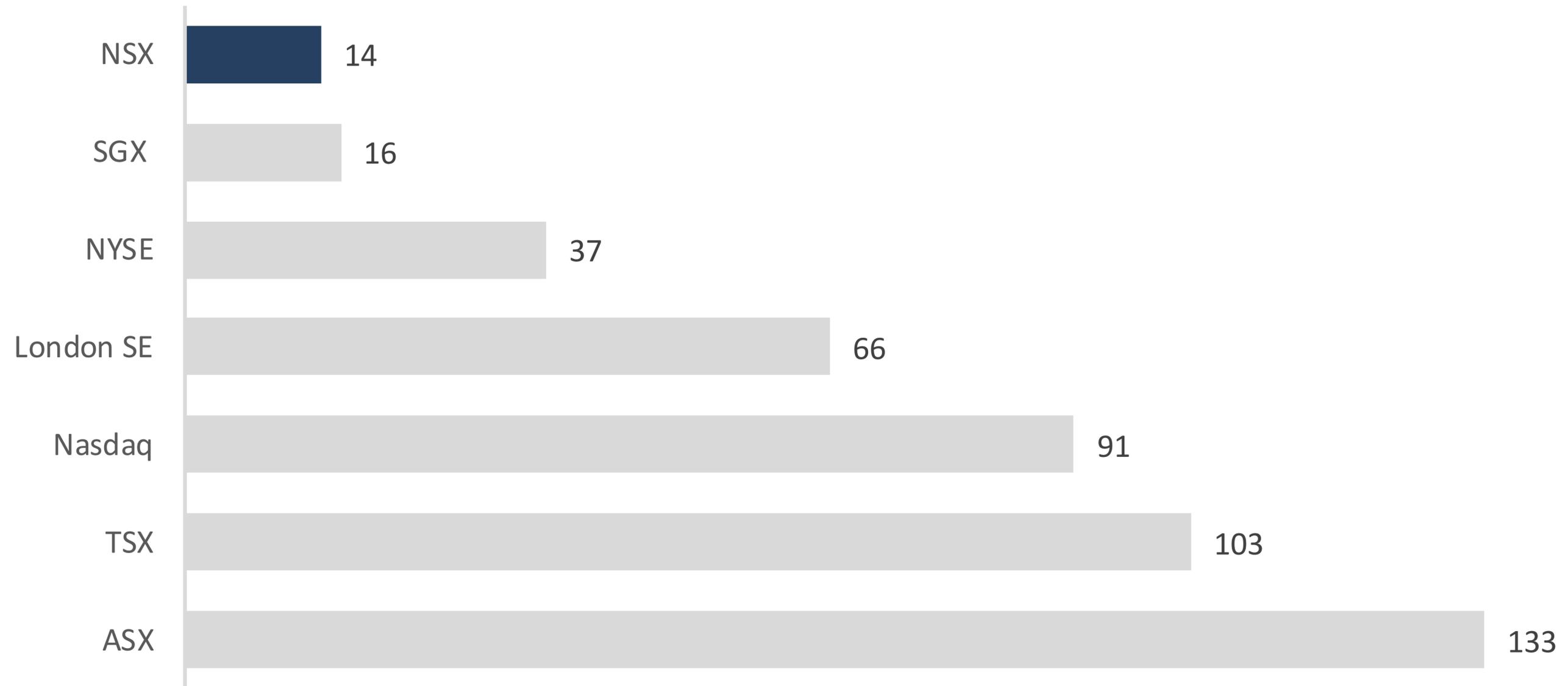
Value Traded (\$ Million)



# GLOBAL EXCHANGE ACTIVITY

NSX GROWTH IN RANGE OF GLOBAL MARKETS

2017 Listings International Exchanges



# REVENUE MOVEMENT

## LISTINGS FRANCHISE GROWTH

### Revenue of \$3.2m, up 68%

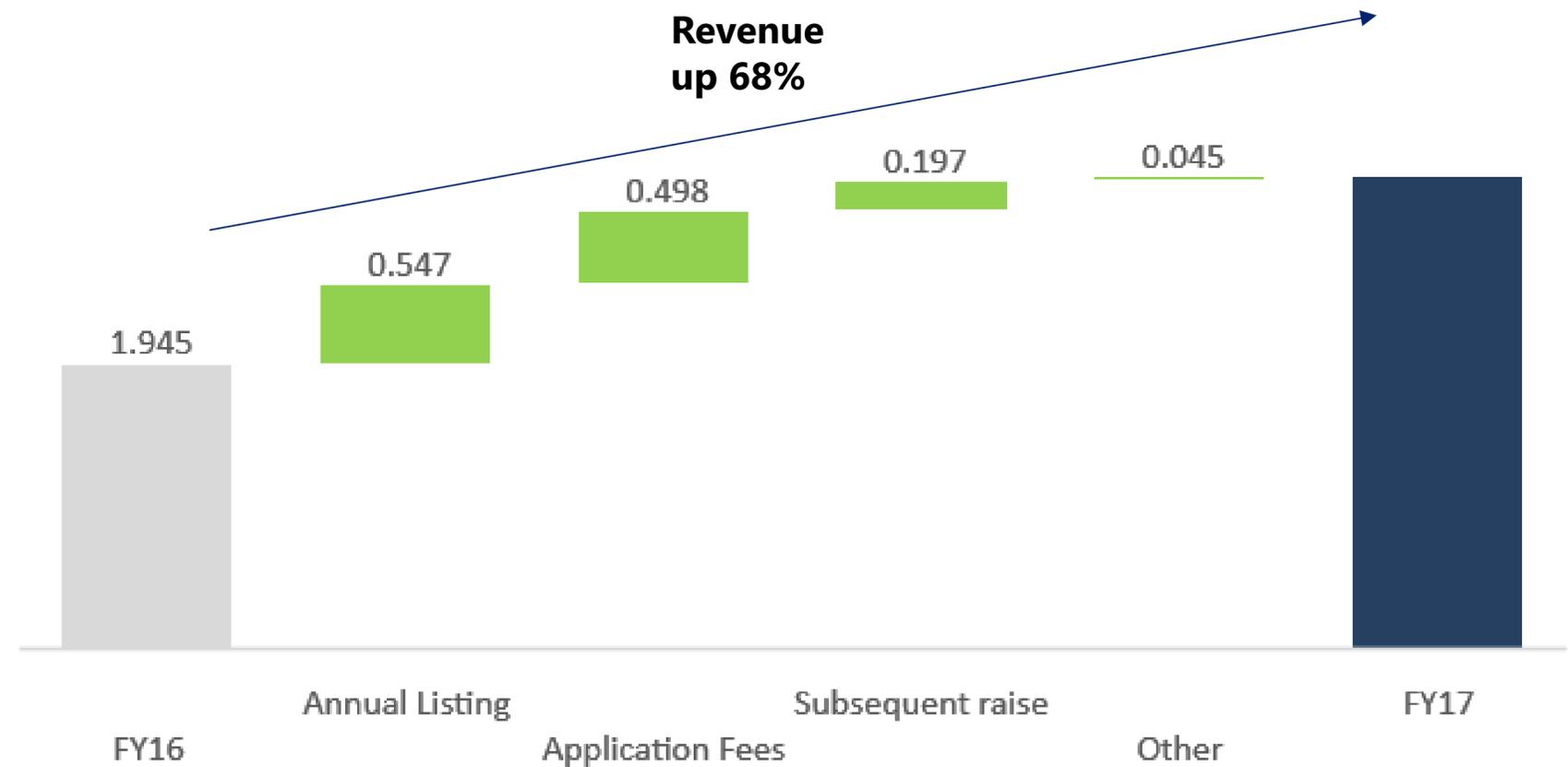
- Application Fees
- Revenue of \$1.5m, up 50%
- Greater number of IPOs (14 in 2017 and 11 in 2016)
- 10% Market share, 8% in 2016

### Annual Listing Fees

- Revenue of \$1.1m, up 105%
- Greater number of IPOs
- Average market cap of \$61.3m, \$32.7m in 2016
- Higher annual listing fees

### Secondary raising Fees

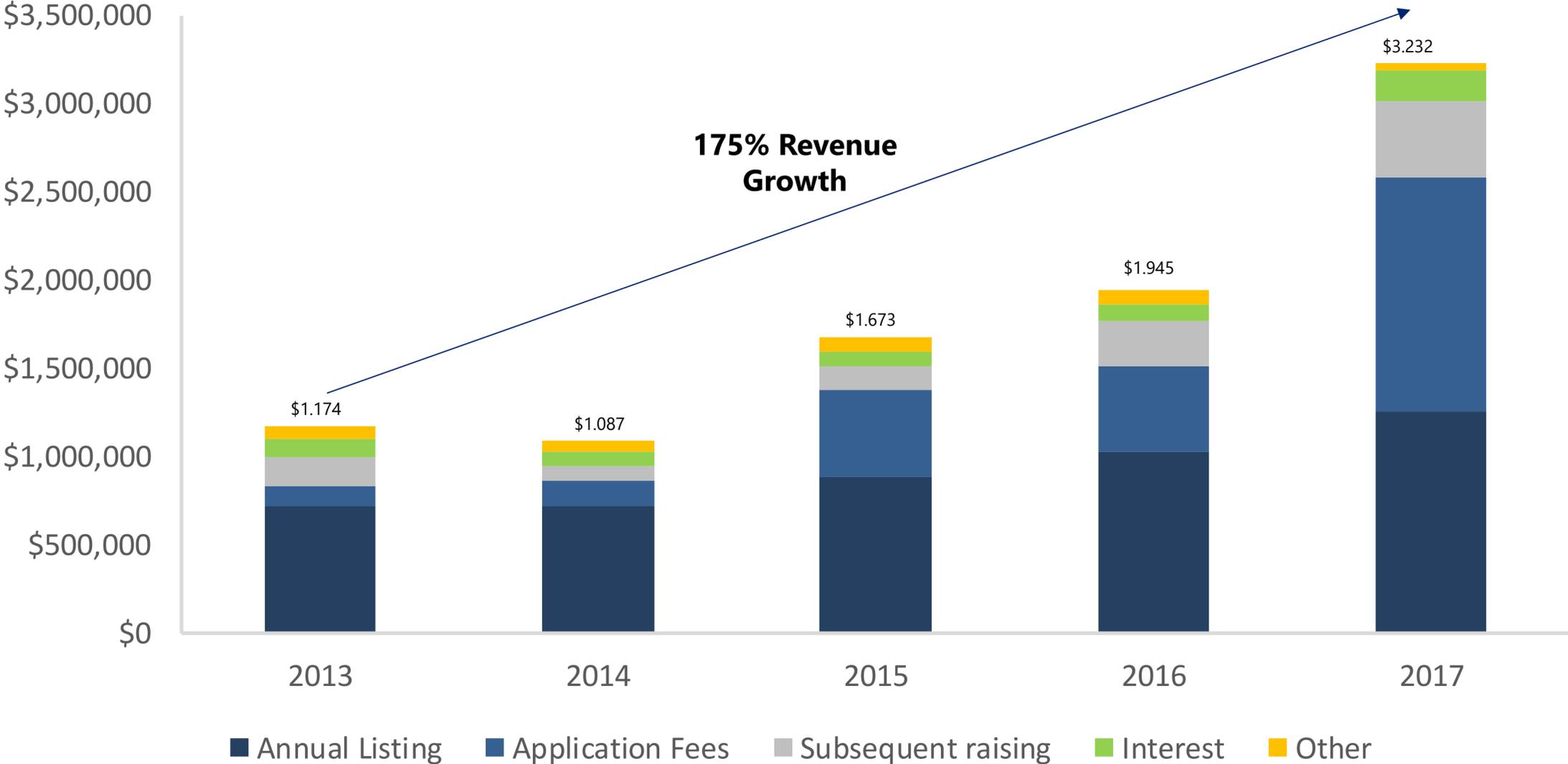
- Revenue of \$.04m, up 83%



# REVENUE MOVEMENT

## 5 YEAR ANALYSIS

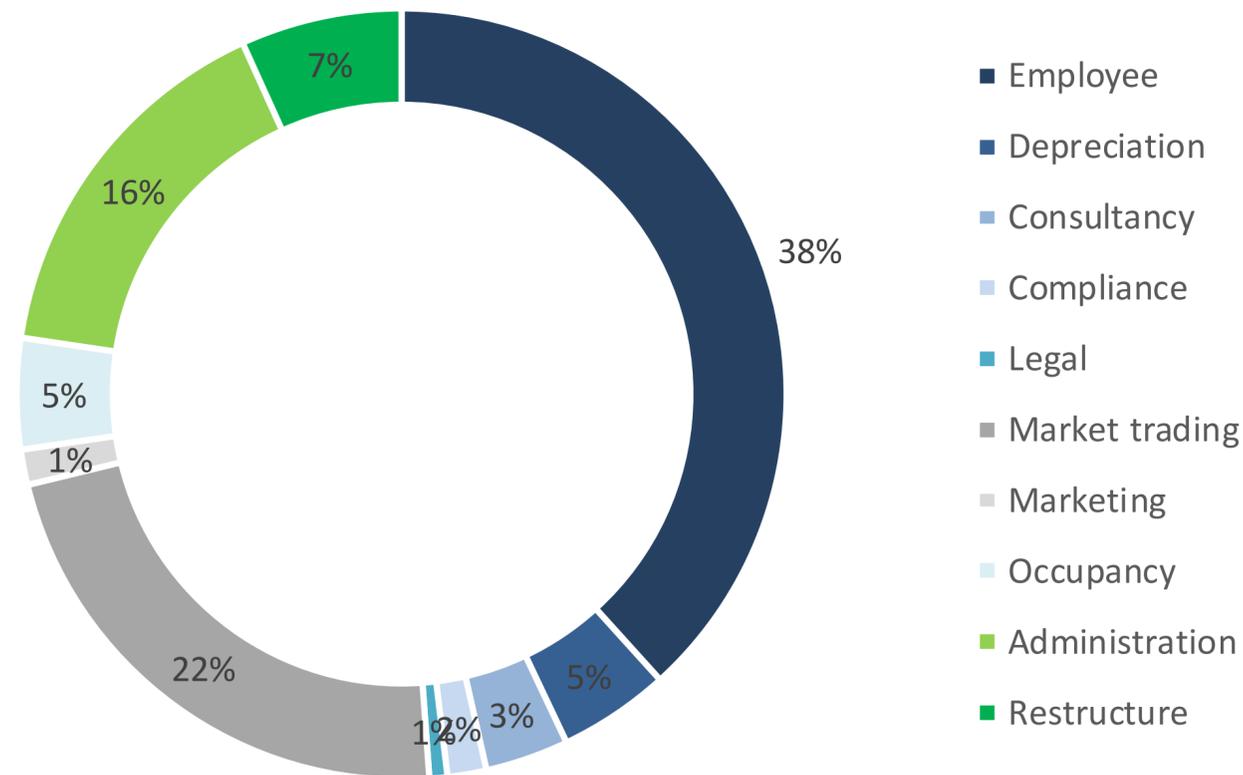
Revenue Breakdown



# EXPENSE ANALYSIS

## INVESTMENT IN PEOPLE, PROCESSES AND OUTCOMES

Group Operating Expenses



- **Employee benefits** for the Group increased by \$0.841 net of restructure costs. NSXA appointed an experienced Sydney based team. IRP incurred \$0.497 million in employment benefit including the appointment of two new positions.
- **Depreciation, amortisation and impairments** of \$0.253 million reflects the investment in PP&E.
- **Market trading expenses** of \$1.211 million encompass trading and settlement activities of the exchanges, including trading systems, data centres, security, market access and regulatory fees.
- **Occupancy expense** of \$0.252 million, includes overlap for part period for closed offices.
- **Administration and other expenses** \$0.860 million includes provision for doubtful debts of \$0.121 million and \$0.130 million in insurance.
- **Restructure costs** of \$0.367 million relate to the closure of the Melbourne and Newcastle offices.

# APPENDICIES

ADDITIONAL INFORMATION



# EXTENDED HISTORICAL METRICS

## MARKET PROFILE



# MARKET STATISTICS

## 5 YEAR TREND ANALYSIS

Calendar Year	2013	2014	2015	2016	2017
Fully Paid Ordinary	64	65	69	64	75
Partly Paid Ordinary	1	1	1	-	-
Debt Securities	46	38	18	6	2
Preference Securities	5	3	3	3	1
Company issued options	5	2	3	2	2
Property Trusts	2	1	1	1	1
Delisted securities	14	14	29	27	10
<b>Total Listed Securities</b>	<b>123</b>	<b>110</b>	<b>95</b>	<b>76</b>	<b>81</b>

Calendar Year	2013	2014	2015	2016	2017
Listed Securities (no.)	123	110	95	76	81
Market Capitalisation (\$'mil)	981	1,159	1,580	2,196	4,778
Volume Traded ('000 shares)	292,769	112,583	24,377	26,675	13,705
Value Traded (\$'000)	70,781	20,354	10,361	20,348	15,913
Trades (no.)	1,384	1,145	972	1,120	1,102
Average Volume per trade ('000 shares)	211.5	98.3	25.1	23.8	12.4
Average value per trade (\$'000)	51.1	17.8	10.7	18.2	14.4
Average Price per Share (\$)	0.24	0.18	0.43	0.76	1.16
Announcements (no.)	4,463	2,386	2,011	2,012	1,539

# CONSOLIDATE INCOME STATEMENT

FOR YEAR ENDED 30 JUNE 3017

\$ '000	FY13	FY14	FY15	FY16	FY17
<b>Revenue</b>					
Annual Listing Fees	714.0	713.5	886.2	1,022.2	1,250.8
Application Fees	121.9	153.2	494.2	489.6	1,327.6
Subsequent capital raise	160.7	80.3	131.9	258.5	441.5
Other income	177.5	139.7	160.6	175.4	212.6
<b>Operating revenue</b>	<b>1,174.1</b>	<b>1,086.6</b>	<b>1,672.9</b>	<b>1,945.8</b>	<b>3,232.4</b>
<b>Expenses</b>					
Employee benefits	1,292.6	1,442.6	1,209.4	1,231.7	2,073.2
Consultancy	160.5	160.2	233.3	203.1	190.2
Compliance	53.7	57.2	62.5	545.0	88.6
Legal	67.3	13.1	27.3	18.9	41.0
Market trading	870.9	811.8	864.9	883.3	1,211.1
Marketing & promotion	38.1	15.8	46.7	15.5	80.1
Occupancy	191.3	199.1	143.8	120.4	251.8
Administration	443.5	466.2	473.3	471.9	859.9
Restructure	-	-	-	415.0	367.0
<b>Total costs</b>	<b>3,117.9</b>	<b>3,166.0</b>	<b>3,061.2</b>	<b>3,904.8</b>	<b>5,162.9</b>
<b>EBITDA</b>	<b>(1,943.8)</b>	<b>(2,079.4)</b>	<b>(1,388.3)</b>	<b>(1,959.0)</b>	<b>(1,930.5)</b>
Depreciation and amortisation	18.1	11.5	11.5	15.6	252.8
<b>Net profit</b>	<b>(1,961.9)</b>	<b>(2,090.9)</b>	<b>(1,399.8)</b>	<b>(1,974.6)</b>	<b>(2,183.3)</b>
<i>Addback</i>					
IR Plus costs	797.1	809.9	729.7	728.3	793.6
Non recurring costs	-	-	-	471.0	717.0
<b>Normalised profit</b>	<b>(1,164.8)</b>	<b>(1,281.0)</b>	<b>(670.1)</b>	<b>(775.3)</b>	<b>(672.7)</b>

# CONSOLIDATED BALANCE SHEET

A S A T 3 0 J U N E 2 0 1 7

\$ '000	FY13	FY14	FY15	FY16	FY17
<b>Assets</b>					
Cash and cash equivalents	231.0	131.2	206.5	5,251.5	739.2
Trade and other receivables	138.0	131.1	145.5	157.5	335.7
Other assets	2,467.8	2,314.0	2,336.8	2,278.3	4,284.1
Non current assets	266.0	135.4	129.9	186.0	623.1
<b>Total assets</b>	<b>3102.8</b>	<b>2711.657</b>	<b>2818.744</b>	<b>7873.246</b>	<b>5982.142</b>
<b>Liabilities</b>					
Trade and other payables	551.0	276.6	380.5	271.9	997.7
Borrowings	-	1,621.5	112.3	-	-
Other liabilities	194.4	267.1	280.8	700.4	266.6
<b>Total liabilities</b>	<b>745.3</b>	<b>2,165.2</b>	<b>773.6</b>	<b>972.4</b>	<b>1,264.3</b>
<b>Net assets</b>	<b>2,357.5</b>	<b>546.4</b>	<b>2,045.2</b>	<b>6,900.9</b>	<b>4,717.8</b>
<b>Equity</b>					
Capital	36,018.8	36,018.8	38,914.9	44,251.4	44,251.4
Retained earnings	- 35,113.6 -	- 36,895.5 -	- 38,014.3 -	- 39,134.4 -	- 40,920.6
Non controlling interest	1,452.3	1,423.1	1,144.6	1,783.8	1,387.0
<b>Total equity</b>	<b>2,357.5</b>	<b>546.4</b>	<b>2,045.2</b>	<b>6,900.9</b>	<b>4,717.8</b>



# CONTACT US

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