



NZX maintaining momentum in H1 2022

- Operating earnings of \$17.4 million up 2.8%
- Net profit after tax (NPAT) of \$7.4 million, down 3.2%
- Interim dividend of 3.0 cents per share, fully imputed
- FY2022 Operating Earnings¹ expected to be between \$33.5 million to \$38.0 million.

19 August 2022 – NZX today announced operating earnings (EBITDA) of \$17.4 million for the six months ended 30 June 2022, up 2.8% on H1 2021, demonstrating the strength of its earnings base.

Excluding acquisition and integration costs, Group operating earnings (EBITDA) for the same period were \$17.6m – down 1.0%.

“This is a positive result and reflects both the breadth of market offerings available to access capital in a changing economic environment, as well as the underlying strength of our business,” NZX Chief Executive Mark Peterson says.

At a group level, operating revenue increased by 8.8% to \$46.2 million in the first half of 2022. This was driven by increased revenue from Listing activity, Dairy Derivatives, Data & Insights, Funds Management and Wealth Technologies.

Dairy Derivatives revenue was positively impacted by the higher level of lots traded (+42.1%) since the commencement of the SGX strategic partnership in November 2021 and the US exchange rate. Since the SGX-NZX Dairy Derivatives strategic partnership began late last year, contract volumes have expanded significantly. Year to date volumes for all dairy products have grown by 42%, and a new record level in Open Interest was registered in June at more than 100,000 lots.

“This result highlights the significant potential for NZX to build and drive growth from strategic partnerships,” Mr Peterson says.

Data and Insights continued its steady growth with record revenue of \$9.0 million – an increase of 4.2%.

Total capital raised totalled \$9.4 billion, up 28.0% compared to 30 June 2021 and 28.5% relative to the five-year rolling average for the same reporting period.

NZX experienced fewer equity listings due to the impact on markets from a more challenging macroeconomic environment. However, debt issuance was strong highlighting the diversity of funding sources available to issuers on the NZX and the increased attractiveness for investors to earn a stable return.

Through the period, \$3.4 billion of debt issuance was raised through 16 new debt issues, including \$610 million in green bonds. Secondary issuance of capital – across equities and bonds – is operating effectively with \$5.1 billion raised for H1 2022 – up 32.1% compared to the year before. Air New Zealand’s \$1.2 billion rights issue was positively received by the market.

Financial results for Core Markets show both increased revenue and spend compared to H1 2021. As a result, operating earnings were slightly compressed at \$20.4 million (down 0.5% compared to H1 2021 and 6.6% lower than H2 2021). Revenue was up 1.0% to \$30.1 million, while operating expenses rose by 4.3% to \$9.6 million – principally driven by wage inflation.

¹ Operating earnings is not a defined performance measure in NZ IFRS. NZX Group’s definition of operating earnings may not be comparable with similarly titled performance measures and disclosures by other entities.

In the same period there was a reduction in securities trading and securities clearing revenues, energy consulting revenue, and audit and back-dated licencing revenue. Group operating expenses, excluding one-off acquisition and integration costs, increased to \$28.6 million.

The macroeconomic environment has impacted total value traded (\$20.8 billion, down 23.3% since H1 2021 and follows two years of record highs. However, it is still well above pre-COVID-19 levels).

Smartshares operating earnings, excluding one-off acquisition and integration costs, increased by 25.7% to \$6.0 million. This included \$1.82 million of operating earnings from the purchase of the ASB Superannuation Master Trust.

Smartshares enjoyed positive net cash inflows of \$180 million for the period. However, after including market movements, funds under management was down 9.4% compared to 31 December 2021. The business growth remains strong with a compound annual growth rate of 21.2% since NZX set its five-year strategic goals in 2018.

NZX Wealth Technologies operating earnings were \$0.5 million for H1 2022, compared to \$0.1 million in H1 2021. There is a strong pipeline of future business, including a significant client and expected increase in funds under administration (FUA).

Group operating expenses, excluding one-off acquisition and integration costs, increased by 15.8% to \$28.6 million. At a Group level, there was an increase in non-operating expenses of \$1.7 million – driven by an increase in depreciation and amortisation. This was due to the flow-on impact from 2021 investment initiatives.

In June the Financial Markets Authority (FMA) acknowledged the significant improvements NZX has made to IT capability, including system security.

“NZX remains firmly committed to balancing costs with initiatives that will deliver long-term sustainable growth – including those that encourage capital flows and market liquidity,” Mr Peterson says.

Net profit after tax for the period (NPAT) decreased 3.2% to \$7.4 million, with the NZX Board declaring a fully imputed interim dividend of 3.0 cents per share to be paid on 23 September 2022.

NZX's full-year 2022 Operating Earnings is expected to remain between \$33.5 million to \$38.0 million.

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About NZX

For more than 150 years we have been creating opportunities for Kiwis to grow their personal wealth and helping businesses prosper. As New Zealand's Exchange, we are proud of our record in supporting the growth and global ambitions of local companies.

NZX operates New Zealand's equity, debt, funds, derivatives and energy markets. To support the growth of our markets, we provide trading, clearing, settlement, depository and data services for our customers. We also own Smartshares, New Zealand's only issuer of listed Exchange Traded Funds (ETFs), and KiwiSaver provider SuperLife. NZX Wealth Technologies is a 100%-owned subsidiary delivering rich online platform functionality to enable New Zealand investment advisors and providers to efficiently manage, trade and administer their client's assets. Learn more about us at: www.nzx.com