

JSE LIMITED

2022 Interim Results

2 August 2022



AGENDA

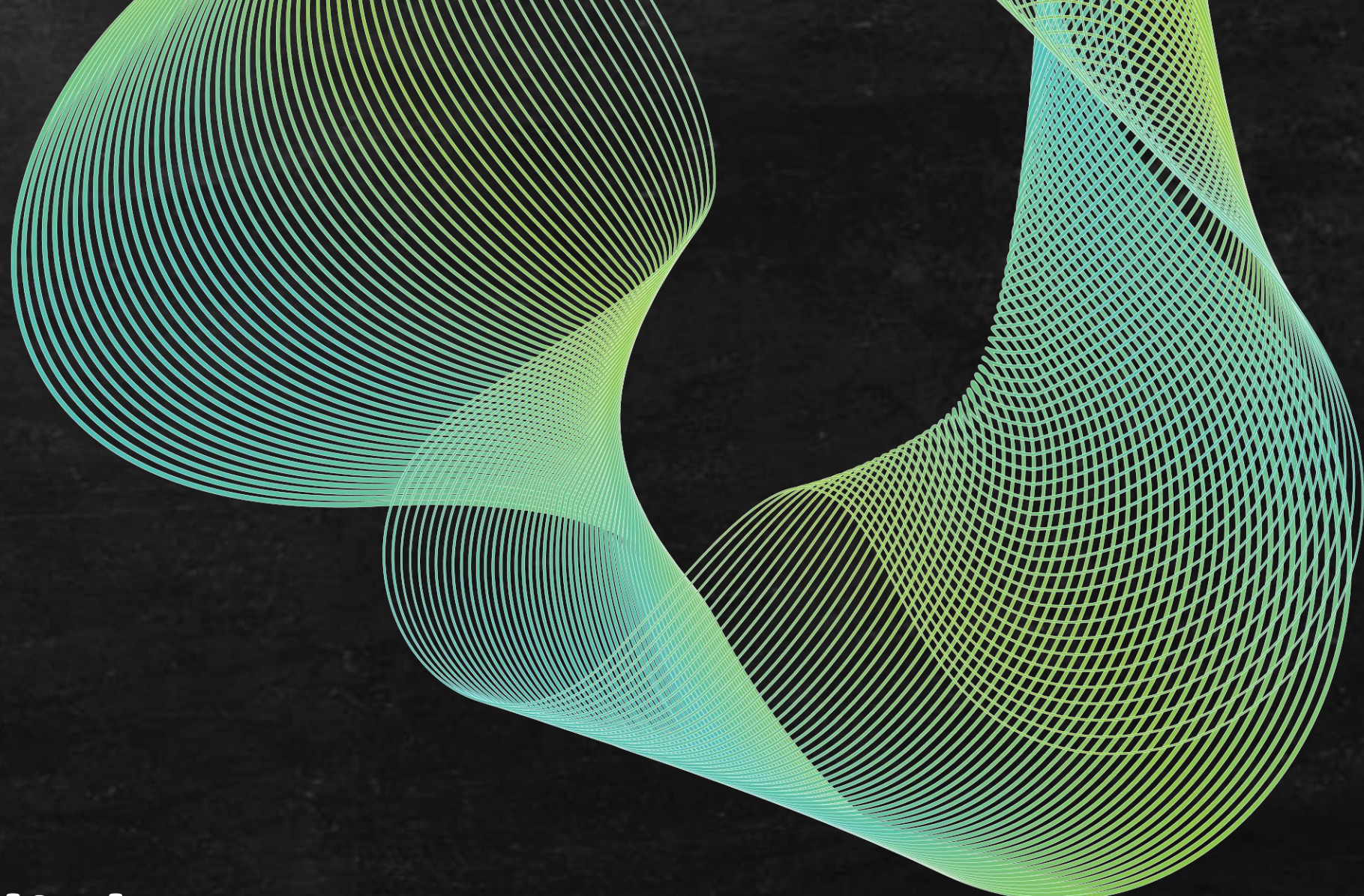
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Key Highlights



H1 2022 key highlights



R1.4bn
Operating revenue
+10% YoY

R880m
Operating expenses
+3% YoY

100%
*Earnings cash conversion**

542.7
HEPS (cps)
+29% YoY

JSE

*Cash conversion ratio defined as cash generated from operations reported to adjusted NPAT

Revenue growth driven by favourable market dynamics and key strategic actions

+9%
YoY

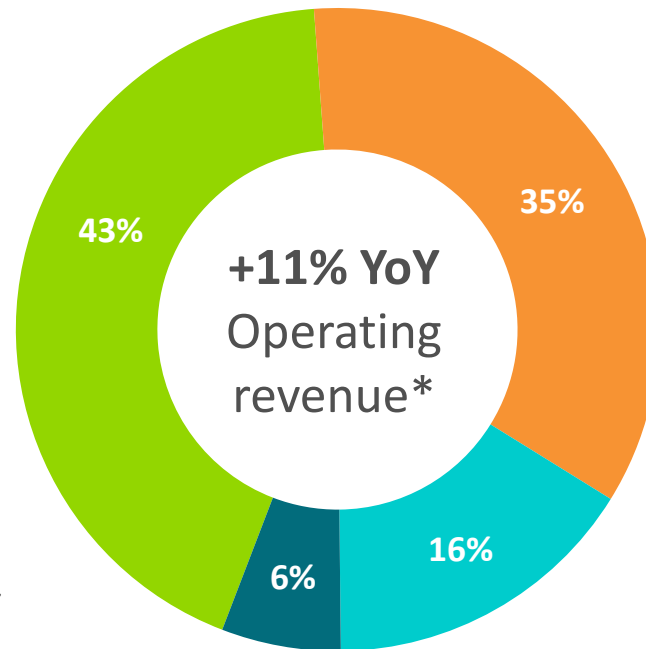
Capital markets (R549m)

Growth across most asset classes driven by market volatility and increased hedging activity in Equity Derivatives

+46%
YoY

JIS (R76m)

Strong revenue performance driven by new client acquisition, growth in annuity revenue and corporate actions



Post-trade services (R453m)

+8%
YoY

Higher equity market activity (with value traded up 17% and transactions up 4%) supports revenue growth in the segment

Information services (R200m)

+15%
YoY

Growth in underlying business supported by positive FX impact and annual price increases

Growth across all segments

	H122 Revenue (Rm)	H121 Revenue (Rm)	% Growth YoY
Capital markets	549*	504*	9%
Equity market: trading	275	253	9%
Equity derivatives	83	74	13%
Primary market	81	74	9%
Bonds & financial derivatives	57	53	8%
Commodity derivatives	49	46	5%
Post-trade services	453	420	8%
Equity market: clearing & settlement	229	207	10%
BDA	180	173	4%
Funds under management	45	40	13%
Information services	200	174	15%
JIS	76	52	46%

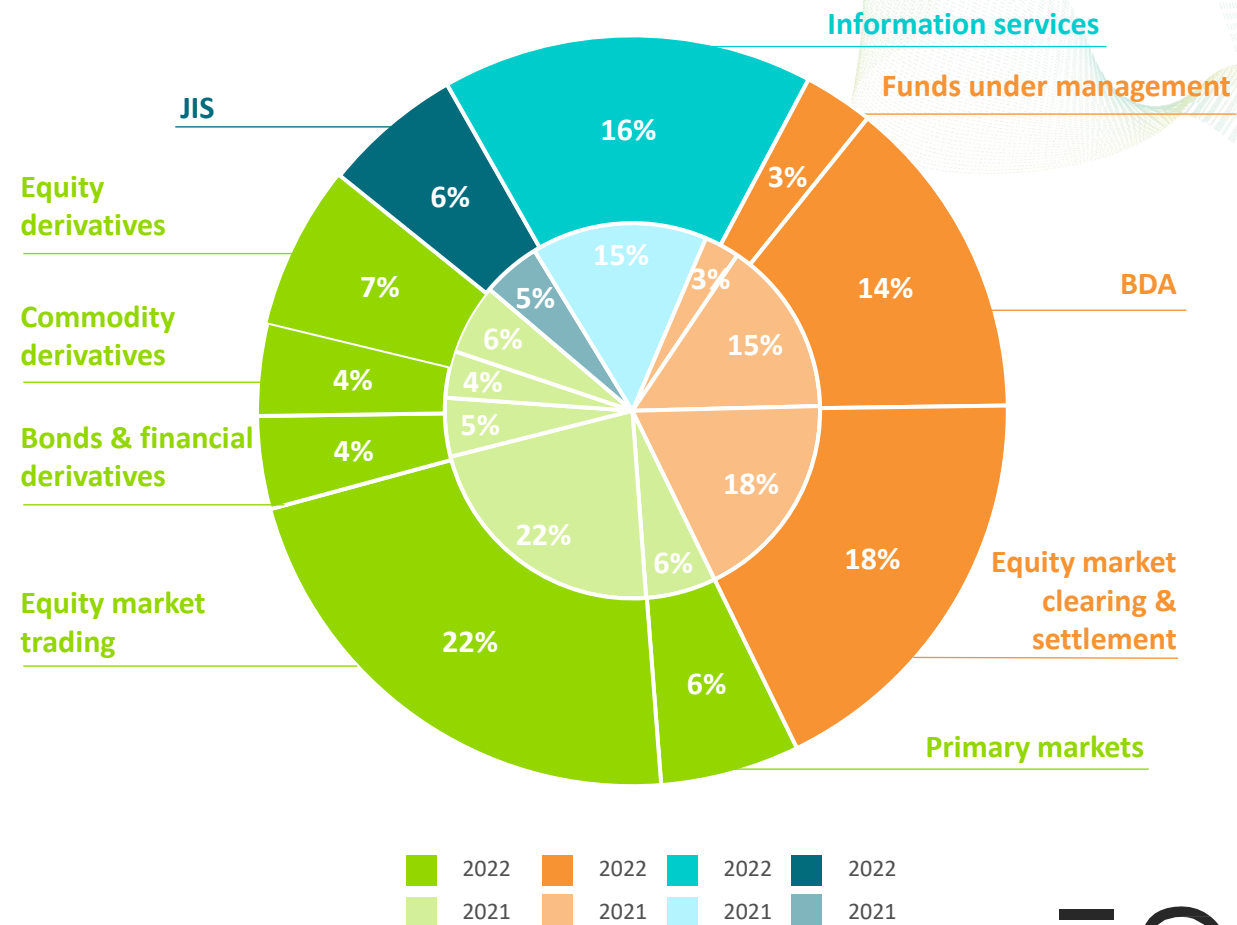
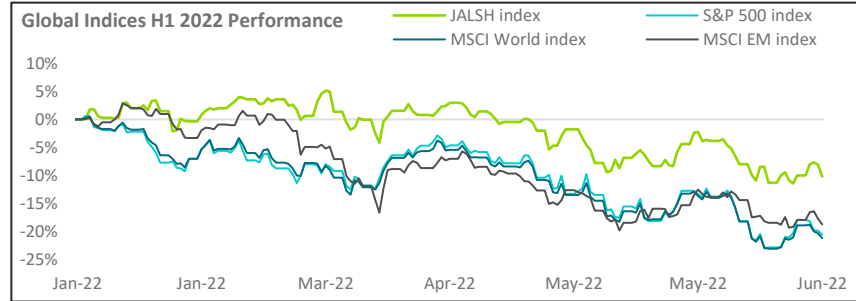


Figure contain rounding differences
*Includes Company services

Diversified market structure and segments support performance

All Share index resilient in the context of a global bear market



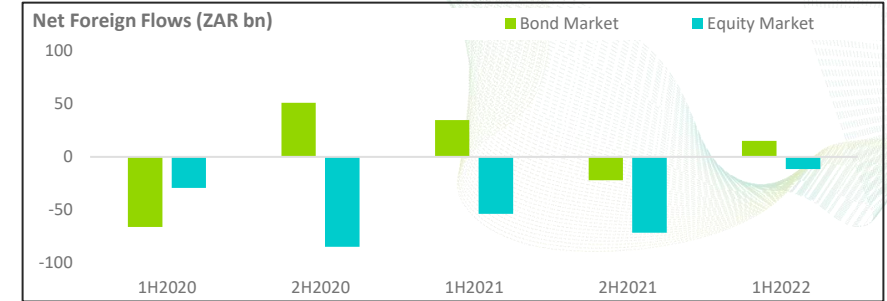
High volatility since 2020 supports underlying business performance

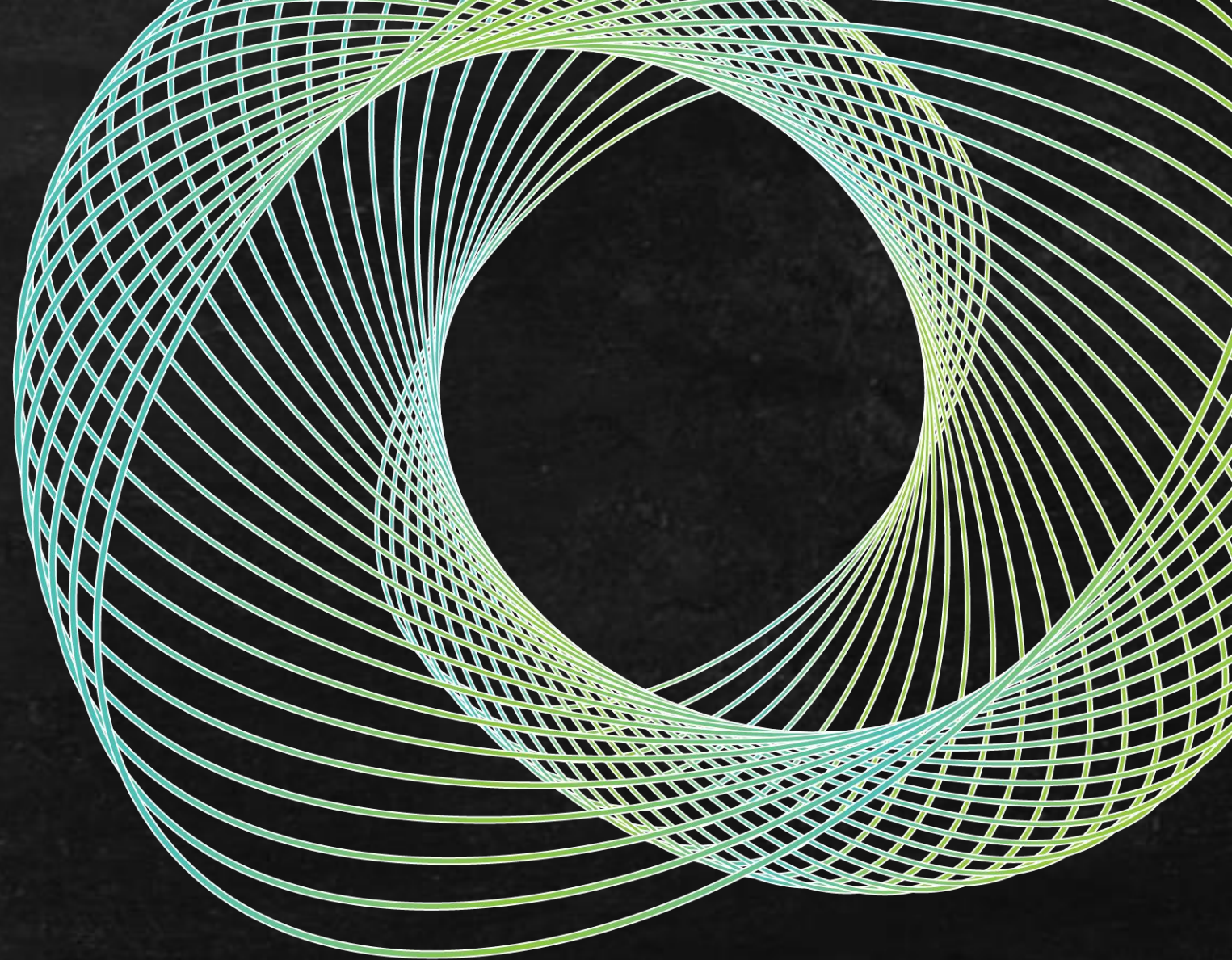
Equities market - Average Daily Value Traded (bn) / Average Daily Volume Traded (x10 mn)



South Africa's weighting within the MSCI emerging markets index moved from 3.14% to 3.54% ytd

Slowdown in foreign outflows in equity market with continued inflows in bond market





Financial Review



H1 2022 key financial highlights

PROFITABILITY

Operating revenue
+10%
to R1.4bn
(2021: R1.2bn)

Total OPEX
+3%
to R880m
(2021: R853m)

EBITDA
+20%
at R627m
(2021: R520m)

EBITDA margin
45%
(2021: 42%)

Net finance
income
+30%
to R89m
(2021: R68m)

HEPS & EPS
+29%
542.7 cents
(2021: HEPS 420.1
EPS 420.2 cents)

CASH & CAPITAL

Cash generated
from operations
R534m
(2021: R472m)

CAPEX
R51m
(2021: R46m)

Regulatory capital
Solvency:
R1.2bn
Supported by
R795m in cash

Cash balance
R2.0bn
(2021: R2.1bn)

Solid earnings growth driven by top-line expansion and contained cost growth

(Rm)	H1 2022	H1 2021	Δ (%)
Operating revenue	1 355	1 227	10%
Other income	26	15	75%
Total revenue	1 382	1 242	11%
Personnel expenses	302	292	3%
Other operating expenses	453	430	5%
EBITDA	627	520	20%
EBITDA (%)	45%	42%	3 pts
Depreciation and amortisation	125	132	-5%
Total operating expenses	880	853	3%
EBIT	502	388	29%
EBIT (%)	36%	31%	5 pts
Net finance income	89	68	30%
Share of profit from associate	27	26	2%
Profit before tax	617	483	28%
Income tax expense	171	134	27%
NPAT	447	348	28%
Attributable to JSE minority shareholders	0	1	-100%
Attributable to JSE Group	447	348	28%
NPAT (%)	32%	28%	4 pts
EPS (cents)	542.7	420.2	29%
HEPS (cents)	542.7	420.1	29%

Figures contain rounding differences

OPEX growth below inflation

Personnel costs up 3% (R10m) to R302m

- Gross remuneration up due to annual salary increases and the first-time inclusion of Share Plan Services
- Offset by Long-term incentive scheme (LTIS) share forfeitures

Technology costs down 3% (R5m) to R171m

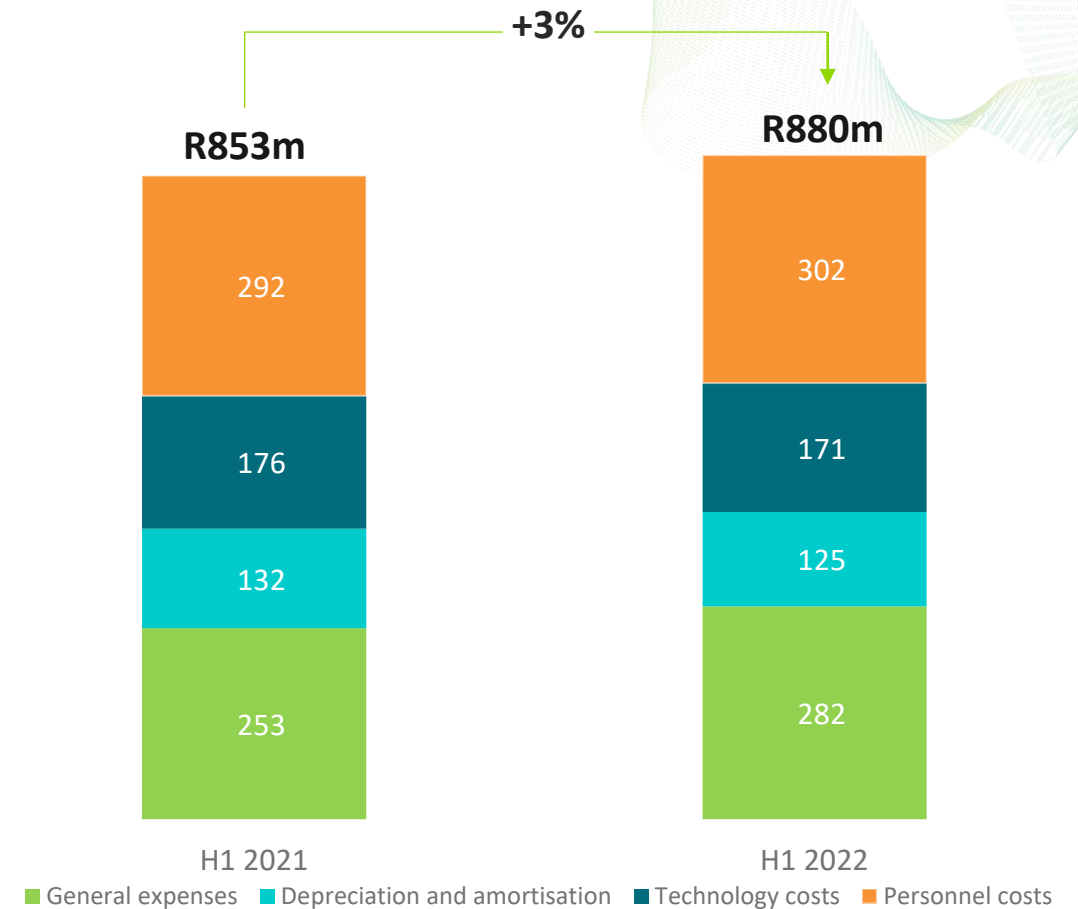
- Prior-year non-recurring costs for the mainframe migration, lower net contractor costs
- Offset by inflation increases; new costs for growth initiatives

Depreciation and amortisation down 5% (R7m) to R125m

- Fully depreciated components of the Integrated Trading and Clearing (ITaC) and T+3 projects

General expenses up 11% (R29m) to R282m

- Largest costs are the Strate ad valorem pass through costs and regulatory levies
- Growth from JIS variable costs supported by revenue
- Costs incurred for strategy development and growth initiatives
- Low base effect on prior year



Figures contain rounding differences

* FY21, JIS and JSE Empowerment Fund were disclosed separately

** Corporate actions-related costs include administrative fees and print and mail expenses

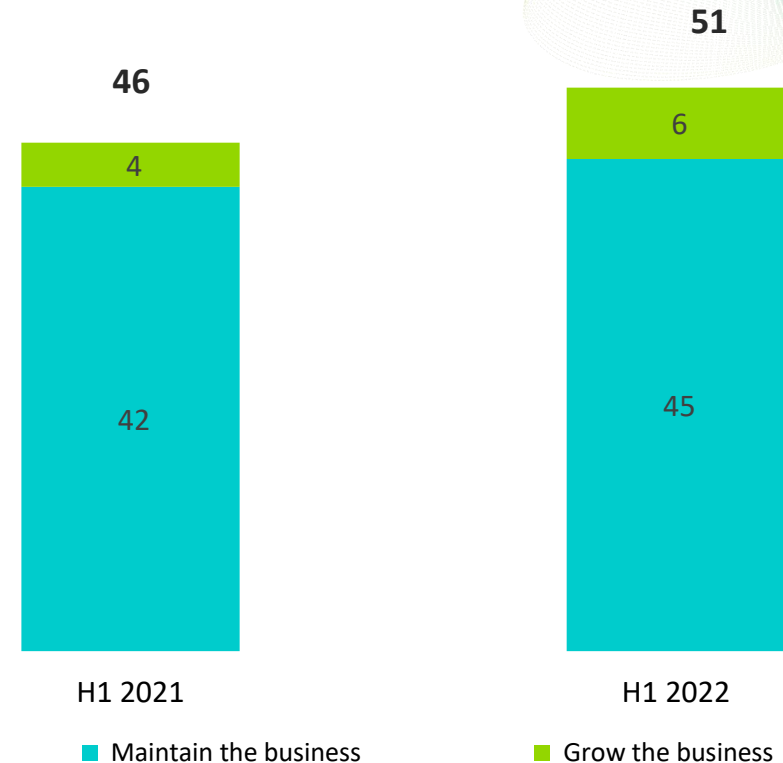
Continued investments in resilience and operations

H1 2022 CAPEX up R5m

- Rejuvenation of infrastructure and systems
- Regulatory enhancements
- Growth initiatives - mainly securities collateral

FY 2022 annual CAPEX guidance of R110m – R130m

- Information Services organic growth strategy
- Securities collateral
- Rejuvenation of infrastructure and systems
- Risk mitigation



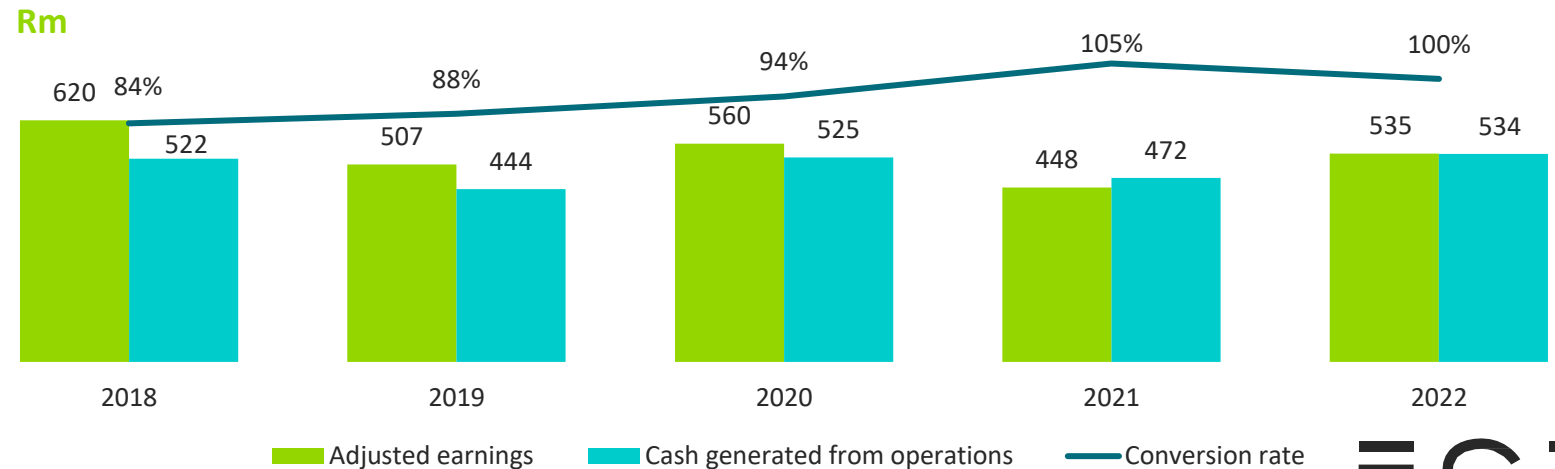
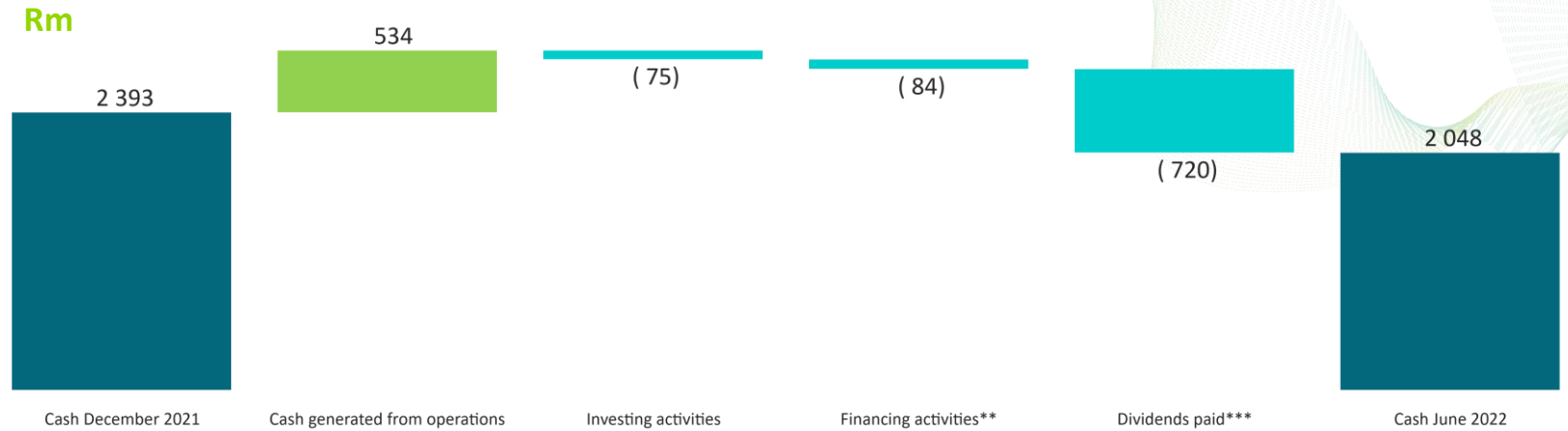
Strong balance sheet underpinned by high cash generation

Cash conversion

- Cash generated from operations to adjusted NPAT* ratio: 100%

Investing activities

- Largely intangible assets, plant and equipment, renewal of multi-year software licenses
- Globacap “bridging finance”



* NPAT has been adjusted for non-cash items (depreciation, amortisation, forex profit/loss, impairments, goodwill write-down). ** Including effect of exchange rate fluctuations on foreign-denominated cash and proceeds from sale of treasury shares. *** Excluding dividend paid to JSE Empowerment Fund (JEF)

Soundly capitalised group

Investor protection & other funds (not distributable)

- JSE Derivatives Fidelity Fund
- JSE Guarantee Fund
- BESA Guarantee Fund
- JSE Empowerment Fund

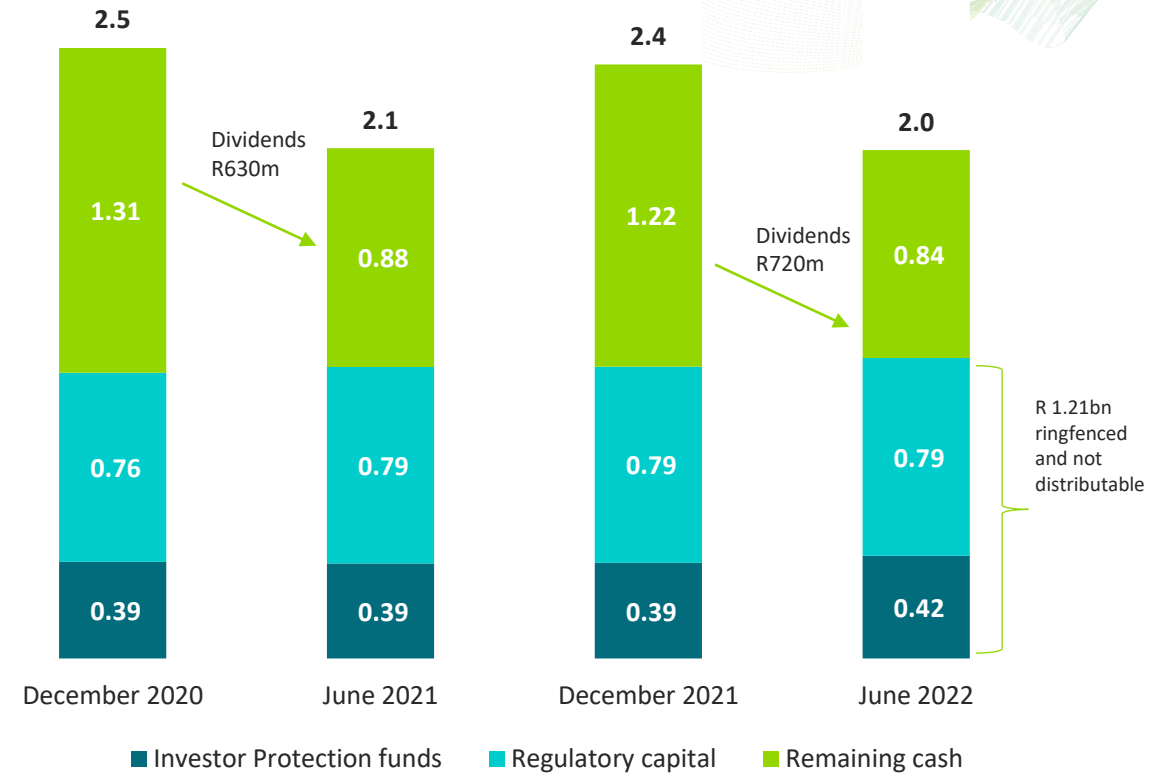
Regulatory capital held in cash (regulatory minimum)

- Calculated largely as 6 months OPEX as per regulations

Remaining cash balance

- CAPEX
- Inorganic deals
- Return to shareholders
- Increased regulatory requirements

Breakdown of cash balance (Rbn)



FY 2022 expectations

2022
guidance

OPEX growth

4% – 7% considering timing differences
and planned new initiatives

Interest Income

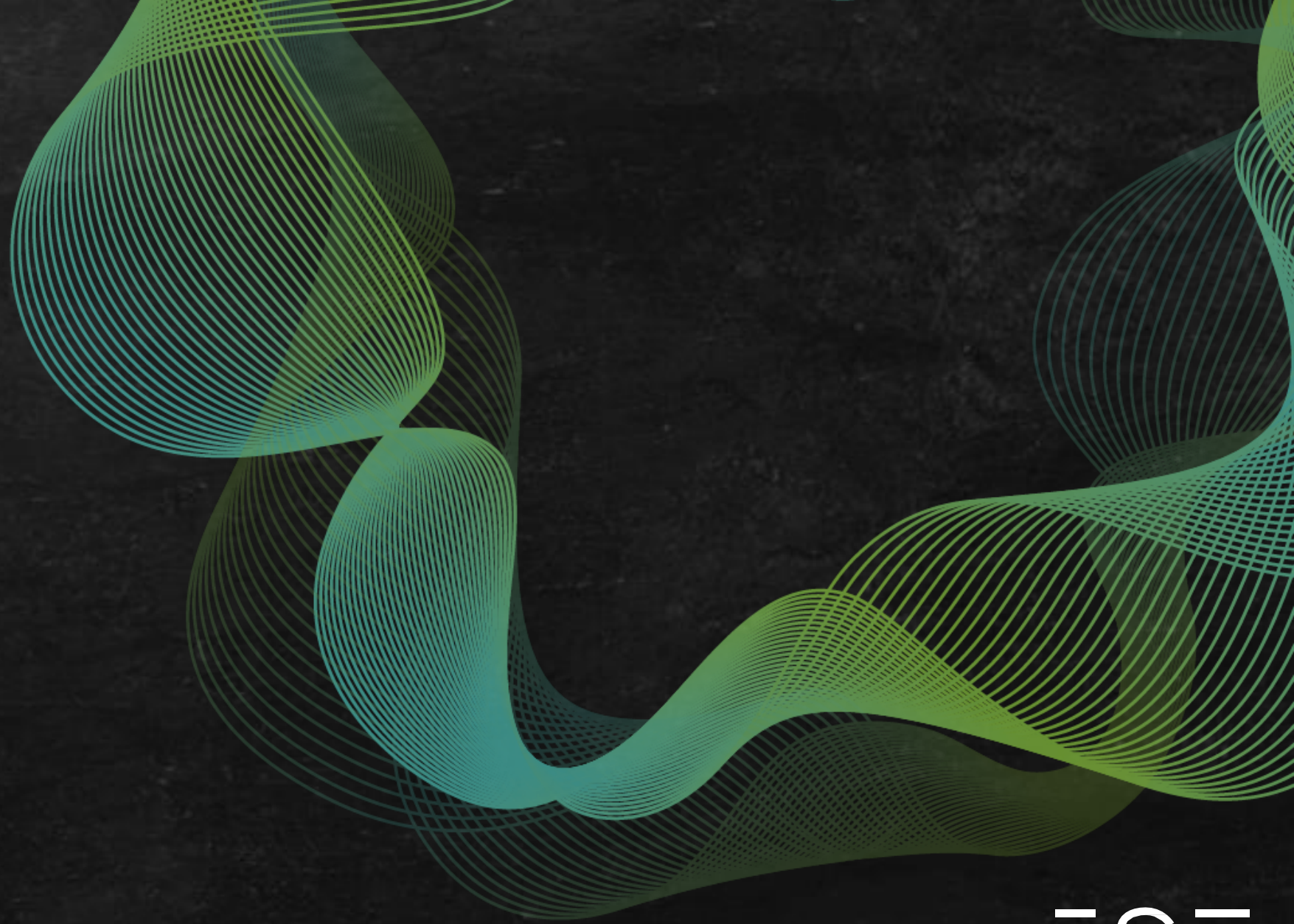
Investing JSE Limited's regulatory
capital in government bonds

CAPEX

R110m – R130m

Independent
Clearing House

Capital injection of R115m to meet
regulatory capital requirements in
H2



Conclusion

YTD strategic delivery

Introduced transition & sustainability linked bonds

Launched actively managed certificates.
Actively managed ETFs awaiting final FSCA approval

Maintained local market share of 99.7% equity market value traded

Listing requirements reform

Protect & Grow

GENERATE SUSTAINED, HIGH-QUALITY EARNINGS

Transform

Launched JSE Private Placements (JPP): 11 issuances ytd & R10bn in investor capital onboarded

Launched JSE Trade Explorer to provide equity market trade analytics*

Grew JSE Investor Services (JIS) market share (20% to 27%) and added 14 more clients**

Launched SME accelerator programme

Published sustainability and climate change disclosure guidance

Sustainable Market

Further consultation papers released on South African market structure

JSE

JIS gaining further momentum following strategic management actions

Progress to date

Total revenue growth of 46%

Increased market share from 20% to 27%*

14 new organic clients wins

Expanded service offering through Investec Share Plan transaction (90+ clients)

Launch of JSE's Sharehub communication / investor portal

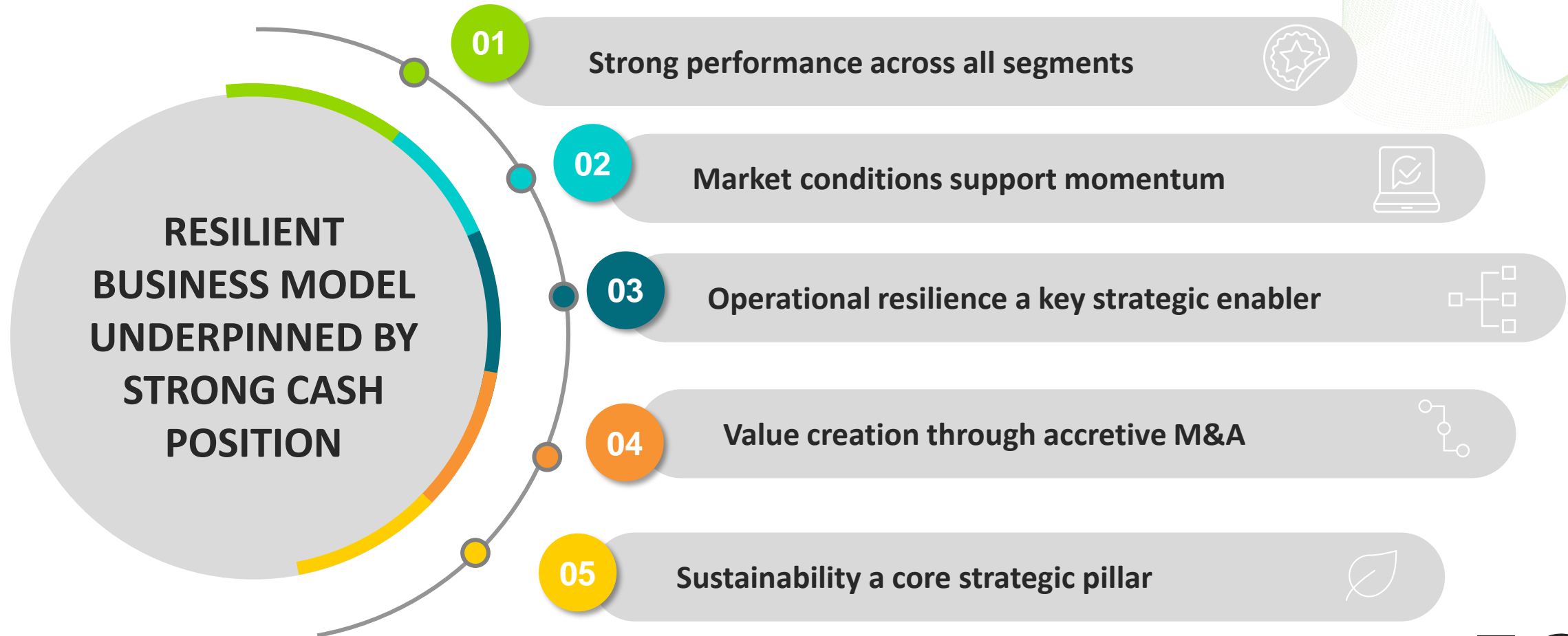
H2 2022 expectations

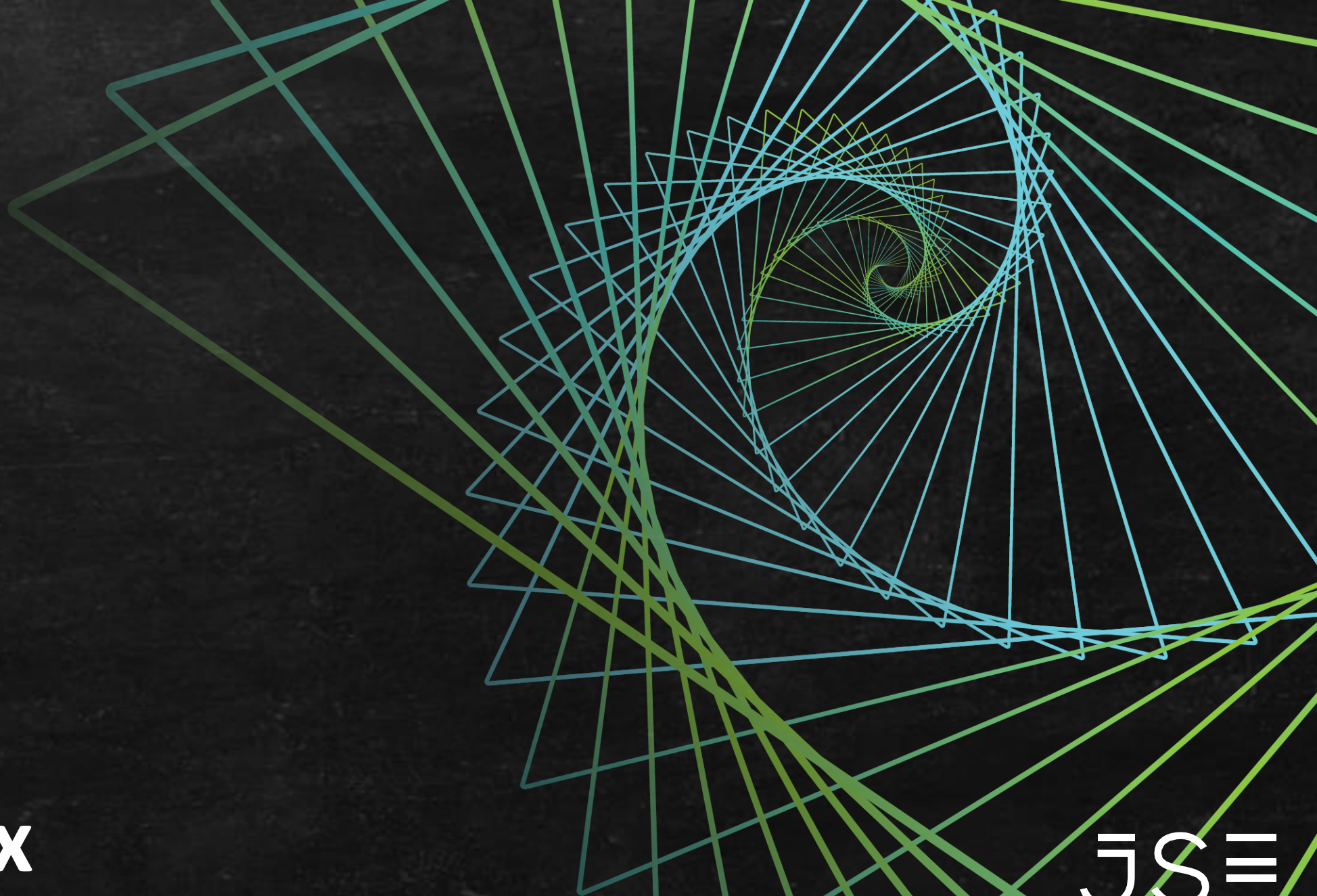
Strong pipeline for H2 2022 of potential new clients

Planned launch of new BEE verification platform

Automation of processes

Committed to stakeholder value creation

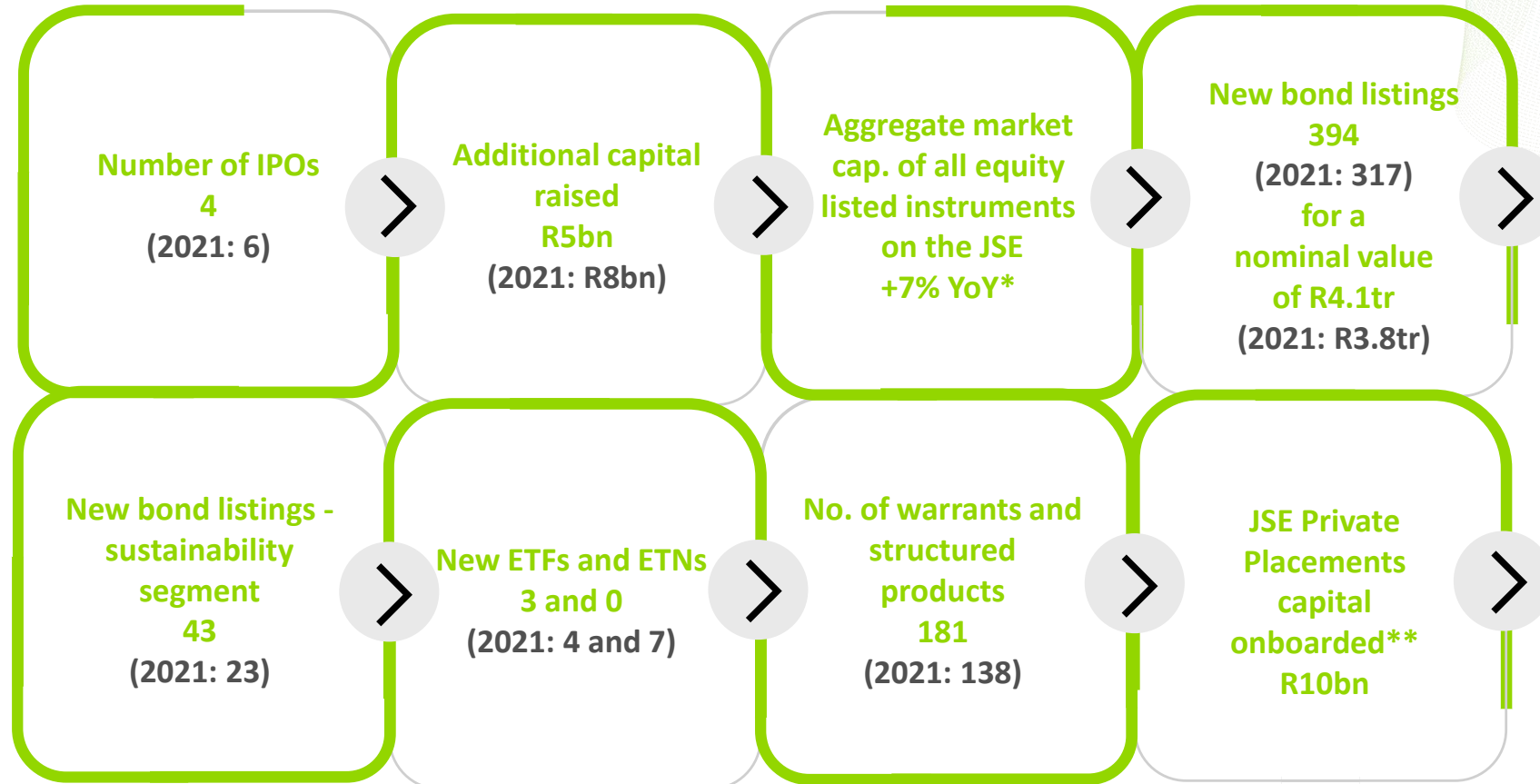




Appendix

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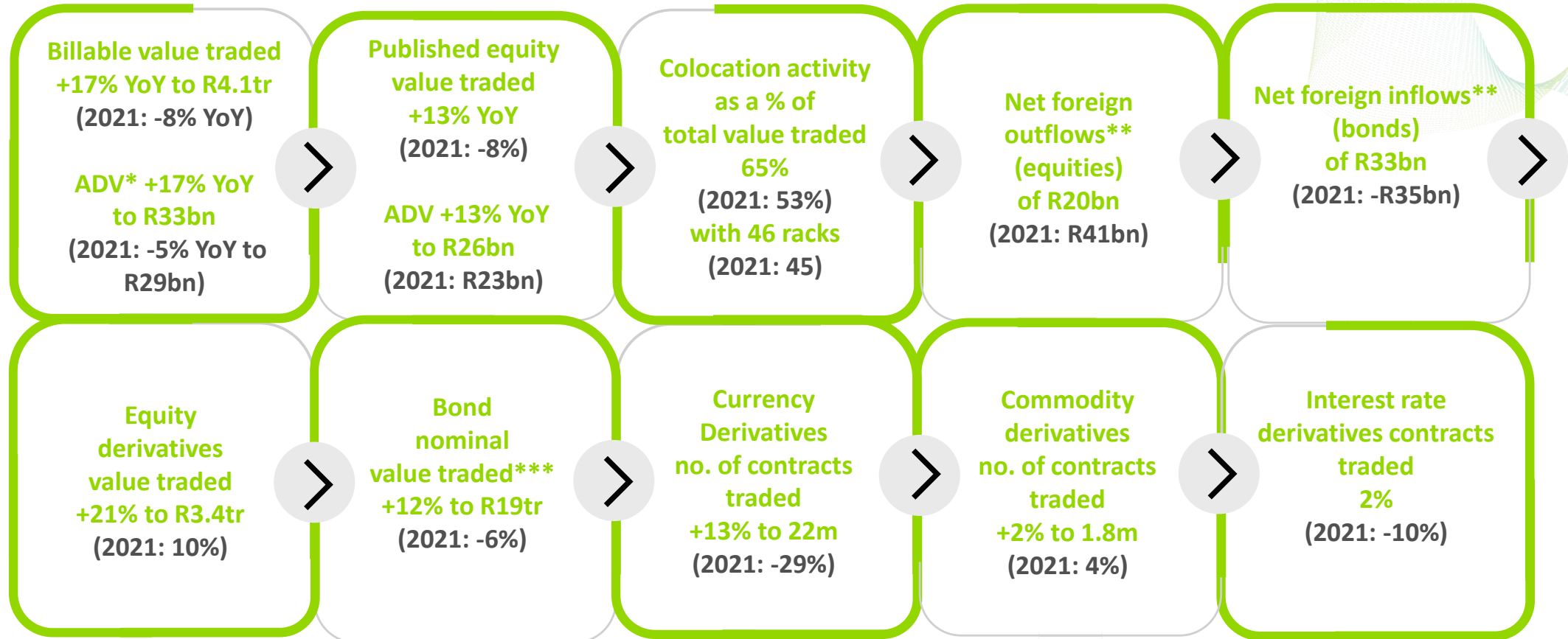
Market Drivers: Primary markets



*30 June 2021 to 30 June 2022

**JSE Private Placements new issuances: R10 billion in investor capital (dry powder) and 11 issuances ytd with combined Equity and Debts raises of R900 million

Market Drivers: Secondary markets

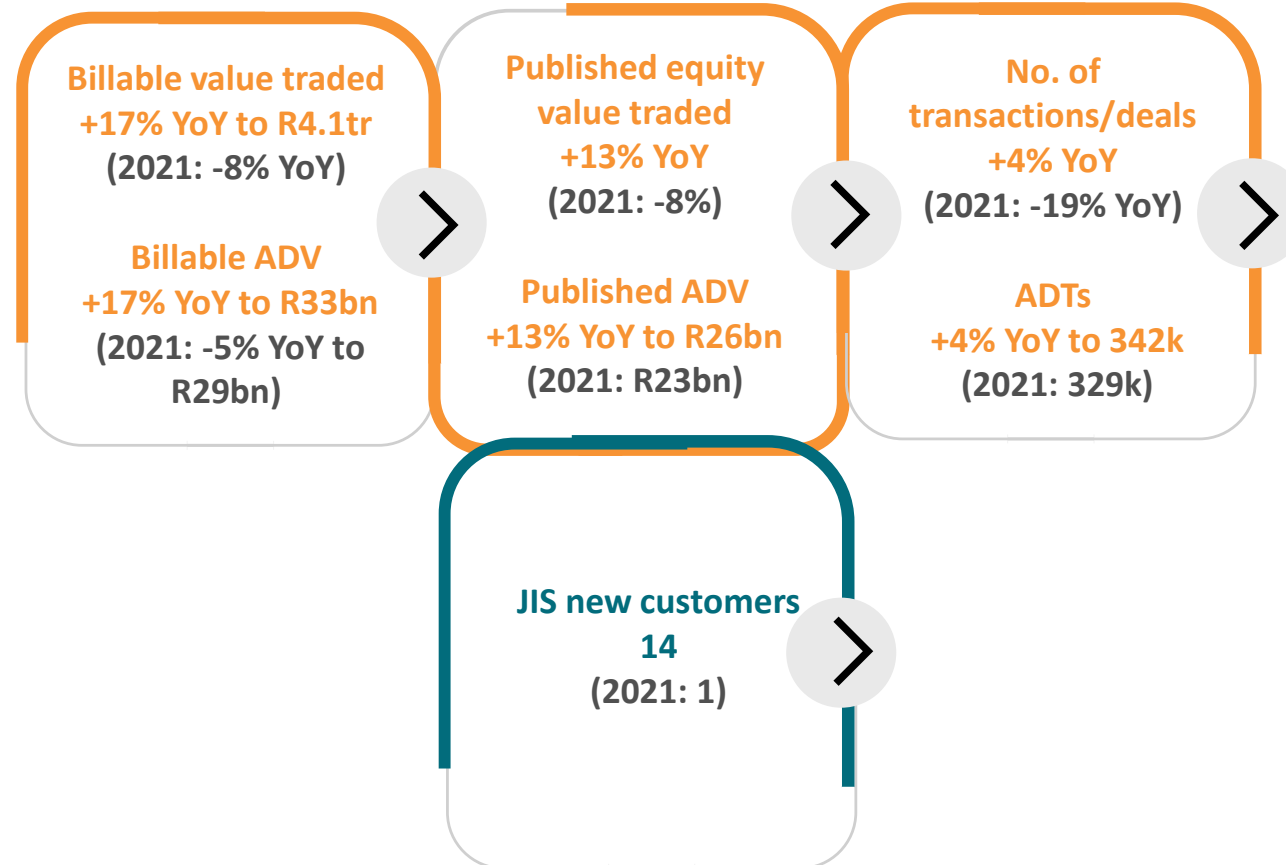


*ADV – Average Value Traded calculated as value traded divided by number of trading days

**Net settled

*** Bond repo up 20% to R13.6tr (2021: R11.4tr), Standard bonds up 3% to R5.6tr (2021: R5.7tr)

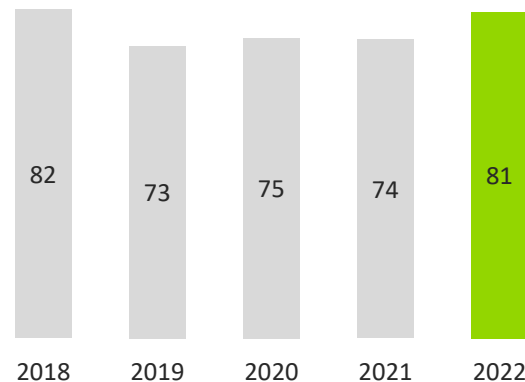
Market drivers: Post-trade Service and JIS



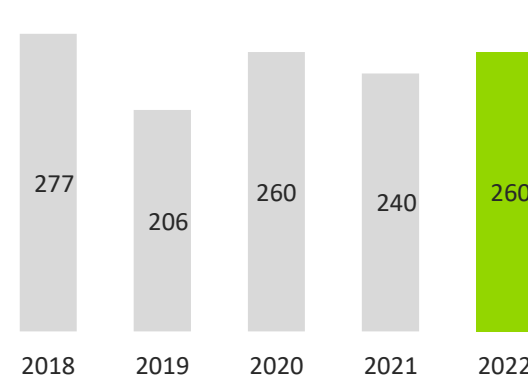
H1 2018 – H1 2022 revenue segment data

CAPITAL MARKETS

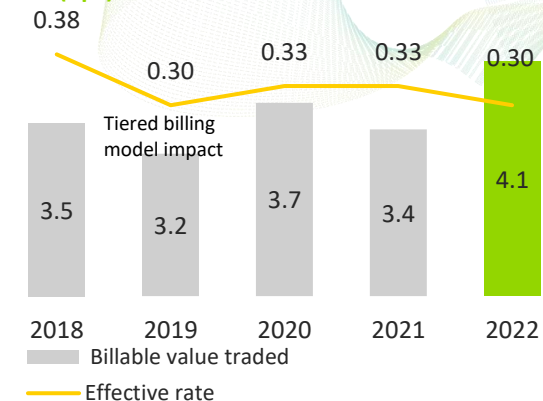
Primary Market (Rm)



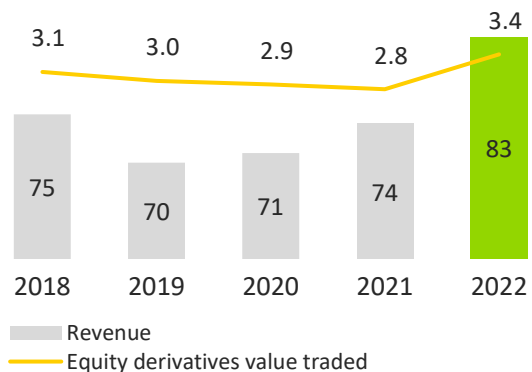
Equity Trading (Rm)



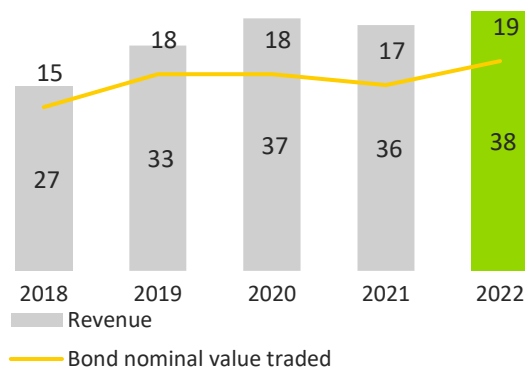
Billable value traded (Rtr) and effective rate (bps)*



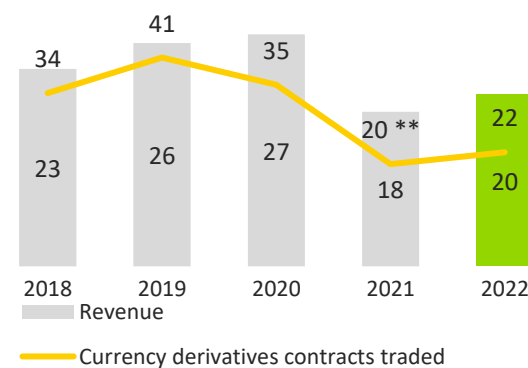
Equity Derivatives (Rm) and value traded (Rtr)



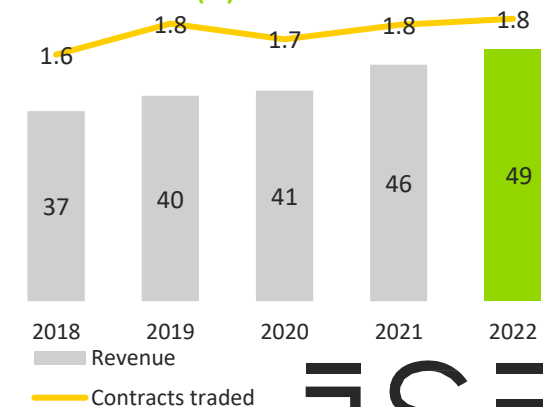
Interest Rate (Rm) and bond nominal value (Rtr)



Currency Derivatives (Rm) and contracts traded (m)



Commodity Derivatives (Rm) and contracts traded (m)



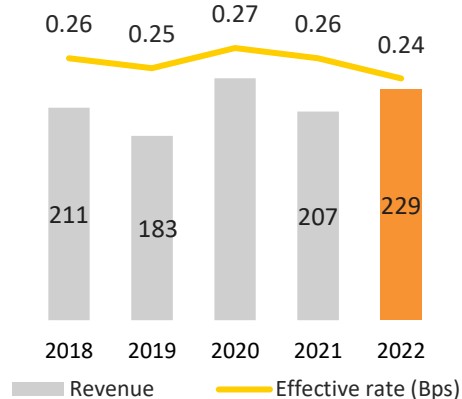
*Effective rate: Revenue divided by billable value traded

**Recalculation of statistics to obtain alignment between equity derivatives and currency derivatives markets

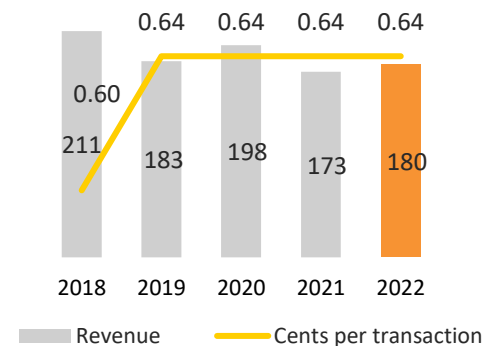
H1 2018 – H1 2022 revenue segment data

POST-TRADE SERVICES

Clearing and Settlement* (Rm) and effective rate (bps)**

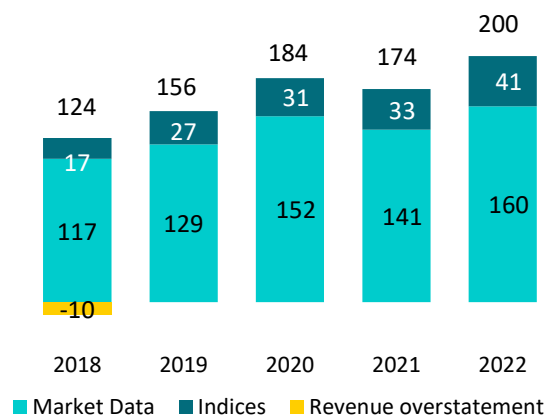


Back-Office Services (Rm) and cents per transaction



INFORMATION SERVICES

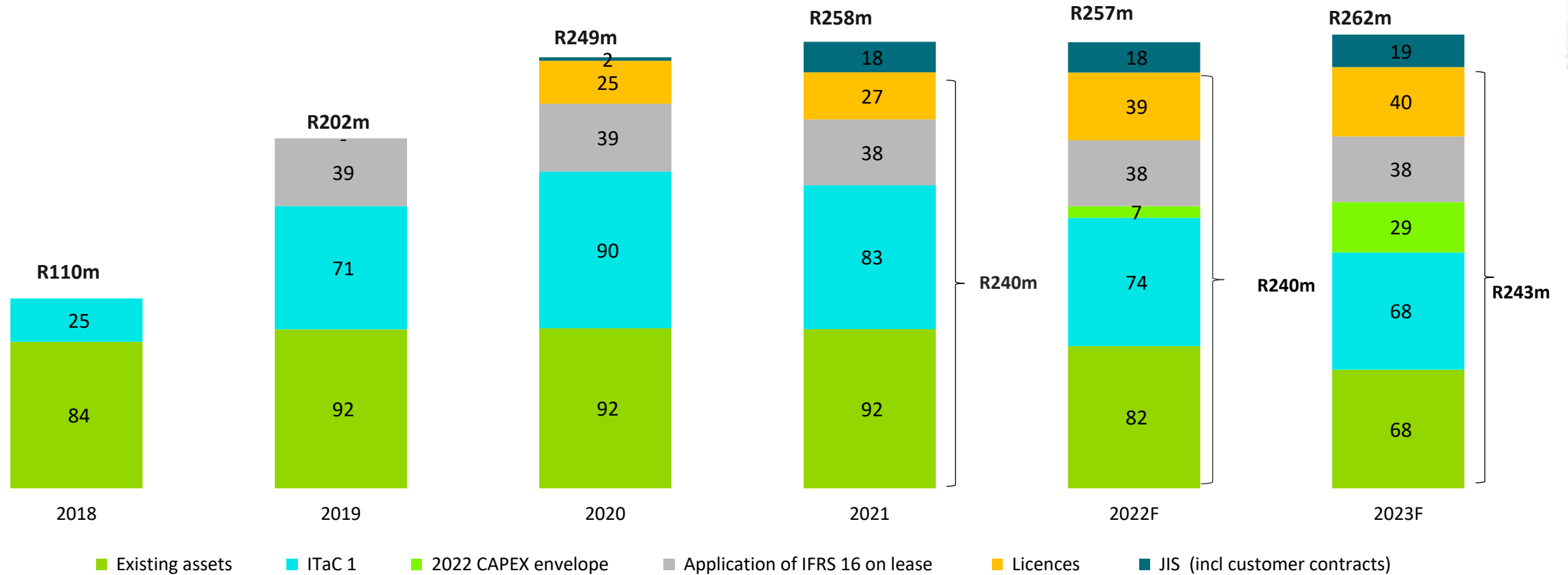
Information Services (Rm)



* Clearing & Settlement revenue only reflects equity market clearing fees

** Effective rate: revenue divided by billable value traded

Multi-year depreciation profile of assets and known future CAPEX



Figures contain rounding differences

Evolution of interest rates and impact on JSE's net finance income

SARB's repo rate (%) and JSE half-year net finance income (Rm) - 2018 – 2022



*Accounting for leases

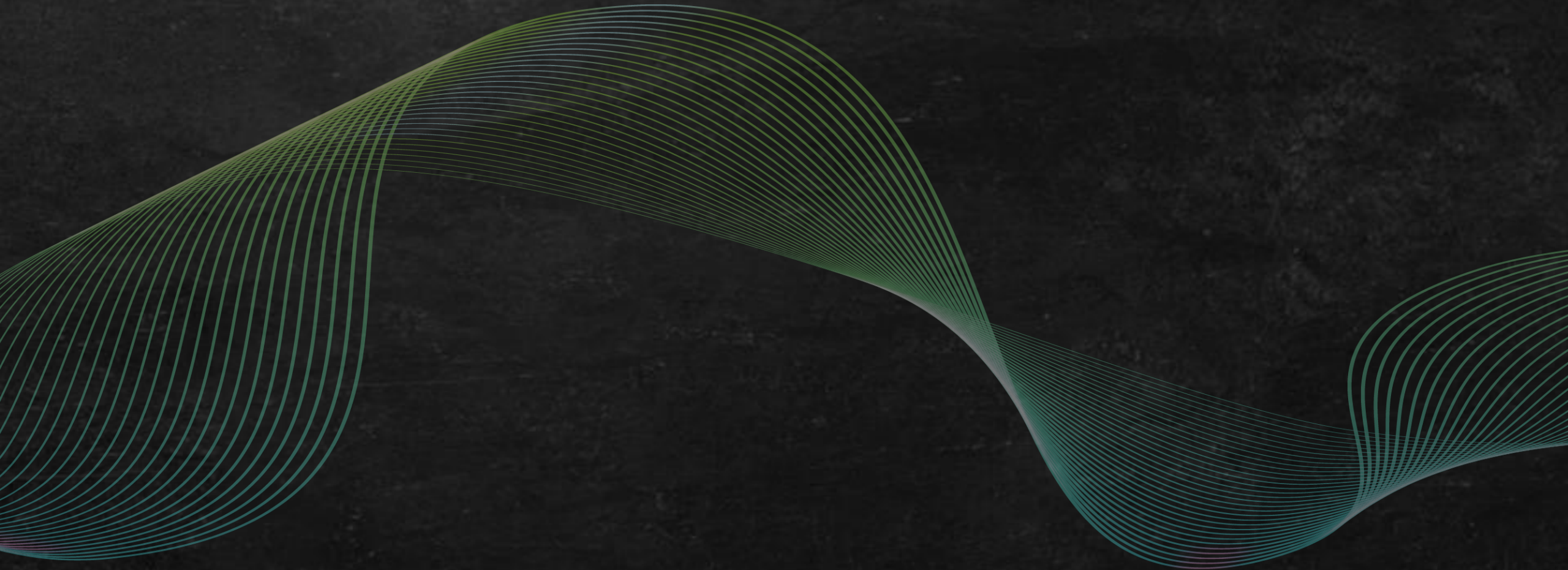
Average repo rates based on monthly weighting. Full data available at <https://www.resbank.co.za/en/home/what-we-do/statistics/key-statistics/selected-historical-rates>

Balance sheet

(Rm) naming of DDH	2022	30 June 2021	31 December 2021
Assets			
Non-current assets	1 879	1 874	1 967
Property and equipment	168	120	176
Intangible assets	738	779	727
Investment in associate	315	303	328
Other non-current assets	658	671	736
Current assets	64 359	49 032	59 071
Margin deposits	61 130	45 959	55 413
JSE Clear Derivatives Default Fund collateral deposits	500	500	500
Trade and other receivables	661	499	593
Cash and cash equivalents	2 048	2 056	2 393
Other current assets	20	19	172
Total assets	66 238	50 906	61 038
Total equity	3 845	3 787	4 219
Stated capital	(109)	(87)	(68)
Reserves	717	720	757
Retained earnings	3 237	3 154	3 529
Non-current liabilities	228	247	258
Current liabilities	62 166	46 872	56 561
Margin deposits	61 130	45 959	55 413
JSE Clear Derivatives Default Fund collateral contribution	400	400	400
Other current liabilities	635	513	748
Total equity and liabilities	66 238	50 906	61 038

The above represents a condensed version of the Group balance sheet. Please refer to the condensed consolidated financial statements for the statutory version





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