



JSE Limited 2023 Interim Results

2 August 2023

JSE
2023

AGENDA

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Figures contain rounding differences within this document



Key highlights

Key highlights for the period

Resilient revenue growth

Non-trading revenue represents 36% of total operating revenue*

Efficient cost management

Cost growth driven by operating environment challenges and low comparables

Profitable financial position

53% growth in net finance income

Healthy cash generation

Net cash from operations at R488m

Operational resilience

Uptime across our markets at >99%

R1.45bn

+5% YoY

Total revenue

R949m

+8% YoY

OPEX

R488m

-9% YoY

Cash generated from operations

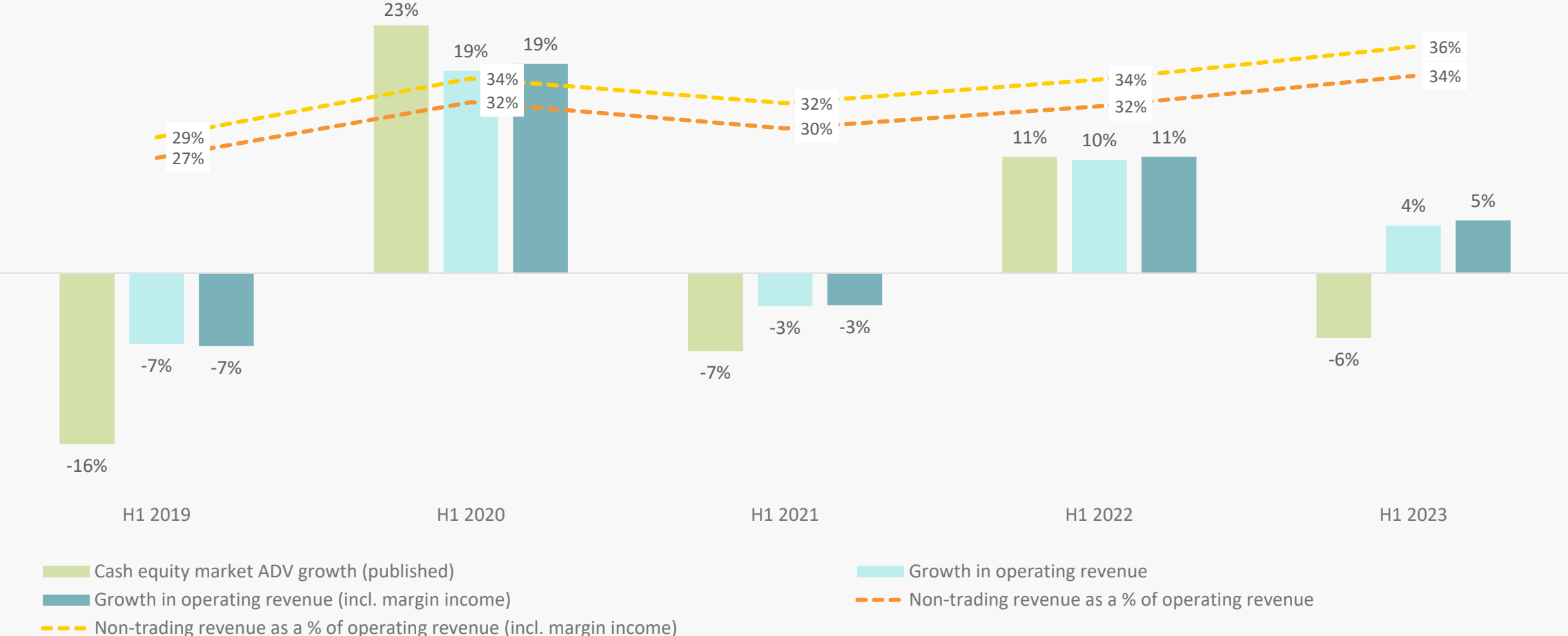
R493m

+10% YoY

NPAT

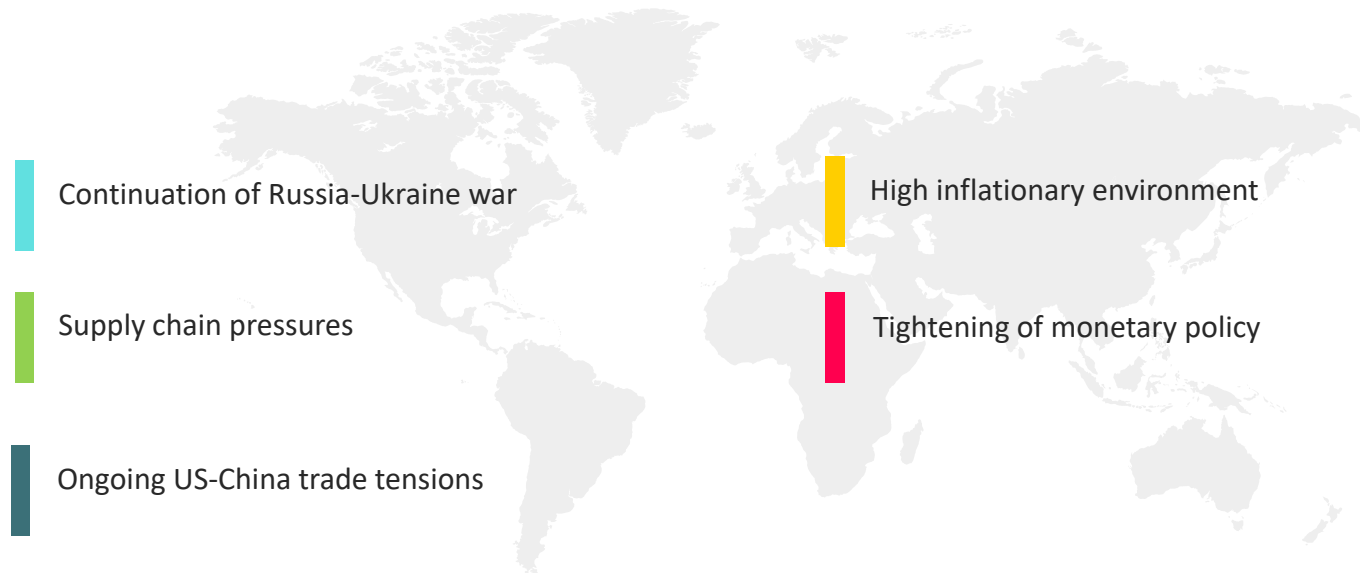
Steady growth in core revenue segments alongside increasing contribution from non-trading revenue

Non-trading income supports revenue growth during lower trading activity YoY

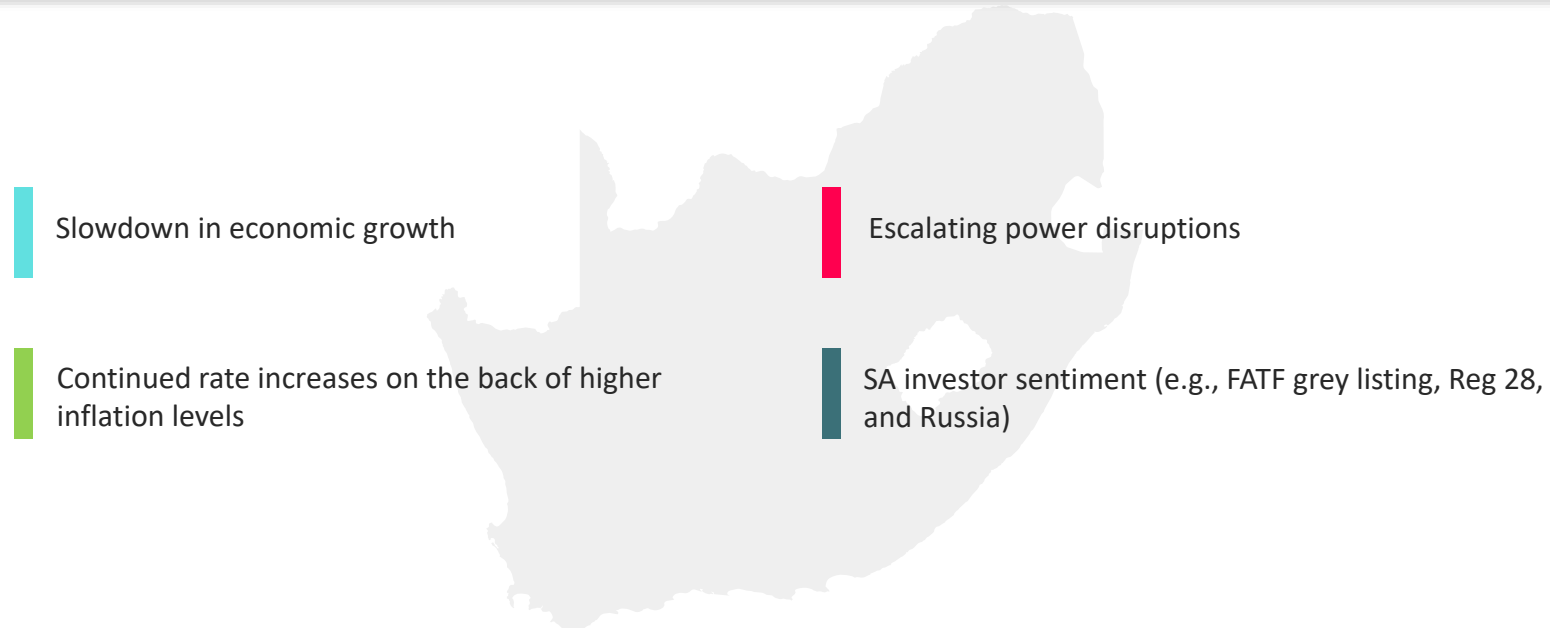


Dynamic domestic operating environment, while macro-economic challenges and uncertainty remained high globally

Global



South Africa



Fragile sentiment in SA following local pressures and global macro volatility

Global indices driven by China re-opening, recession fears, SVB collapse and broader global macro turbulence

JALSH and Industrials up single-digit while mining stocks are negative following macro pressures; precious metals and mining tumble in June

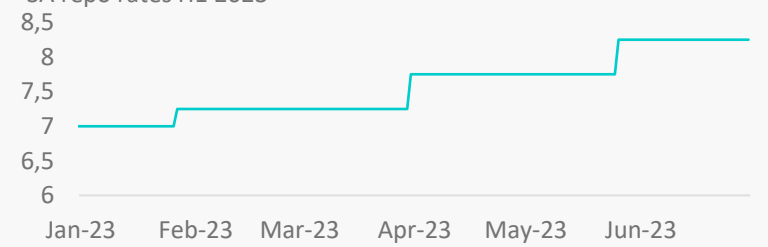
South Africa's weighting within FTSE emerging markets index moved from 4.20% (31 Dec 2022) to 3.57% (30 Jun 2023)

SA repo rate at 14-yr high, 11% USD/ZAR depreciation YTD, slowdown in inflation in June

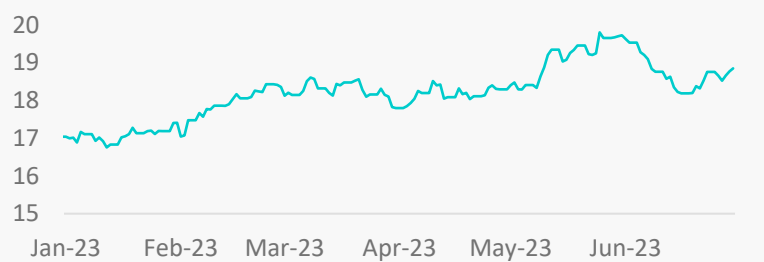
Global indices H1 2023 performance



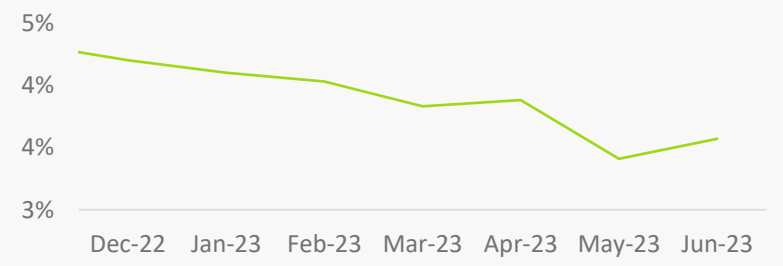
SA repo rates H1 2023



USD/ZAR H1 2023



SA FTSE EM index weighting



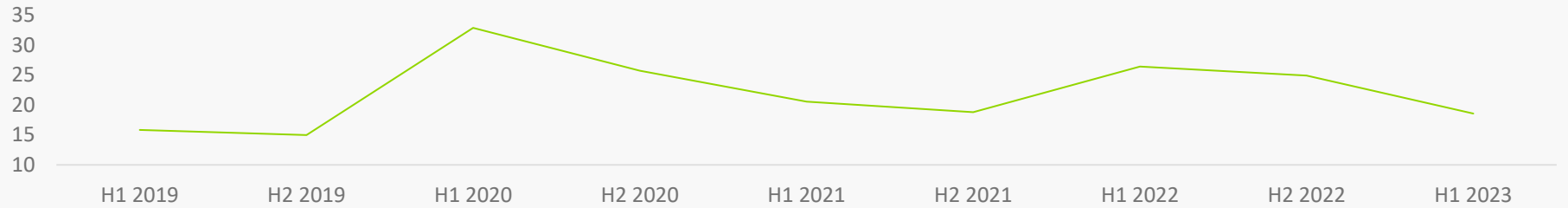
Lower activity due to high base effect; reversal in foreign flows on the back of macro developments

Lower volatility in H1 23 vs H1 22, though higher than pre-pandemic levels

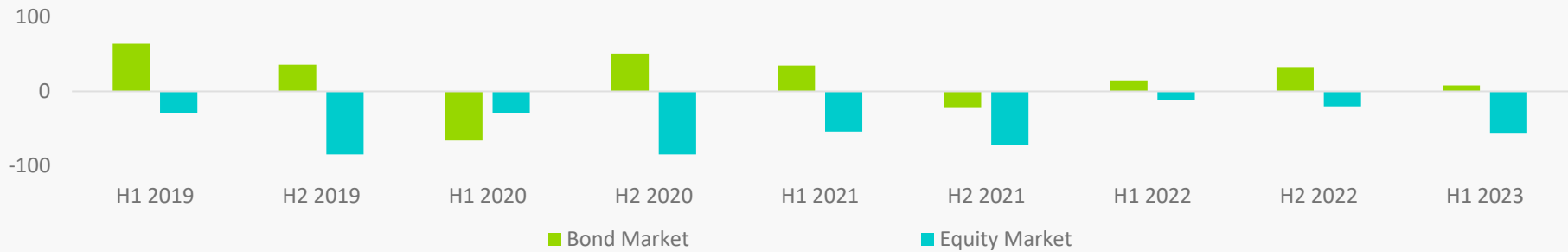
Foreign investors are net sellers for the year in the equity market (-R56.7bn), however net inflows in bonds (+R8.1bn)

Published value ADV down 6% to R24bn (2022: R25bn) in the first half of this year

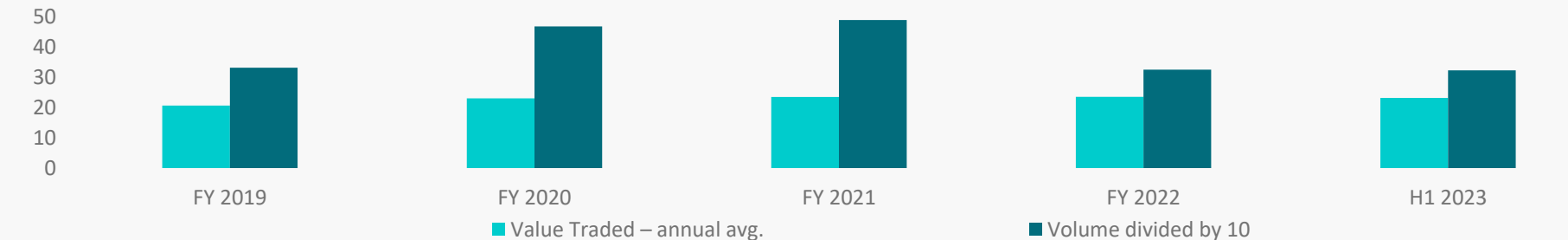
VIX half-year average



Bond / Equity net inflows and outflows



Equities market – Average Daily Value Traded (bn) / Average Daily Volume Traded (x10m)



Information Services, JIS, bond and financial derivative markets support revenue growth

Capital markets
+1% YoY
R509m

- Market cap. of listed companies **up 10%**
- Published equity value traded **down 6%**
- Equity derivatives value traded **down 6%**
- Bond nominal value traded **up 16%**
- Currency derivatives no. of contracts traded **up 58%**
- Commodity derivatives no. of contracts traded **flat YOY**
- Interest rate derivatives no. of contracts traded **up 17%**
- Colocation an important enabler of activity

Post-trade services
flat YoY
R454m

- Clearing & Settlement fees **down 6%** on lower equity value traded
- BDA fees **up 1%** on reduced number of equity transactions
- Funds under management revenue **up 18%** on higher JSE Trustee's cash balances

Information Services
+13% YoY
R227m

- Noticeable contribution from the **positive FX** impact

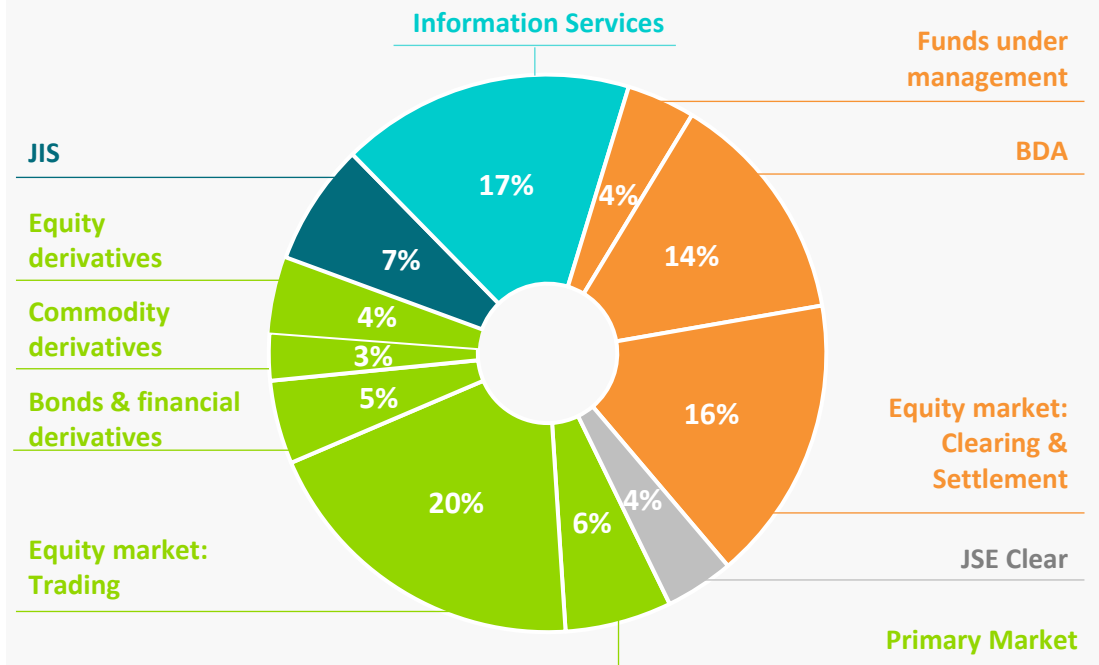
JSE Clear*
+15% YoY
R53m

- Started operating as an ICH** in January 2023
- Unbundling of derivative fees

JIS
+23% YoY
R94m

- 6 new** JIS customers
- Growth in margin income due to favourable interest rate environment

H1 2023 Revenue contribution

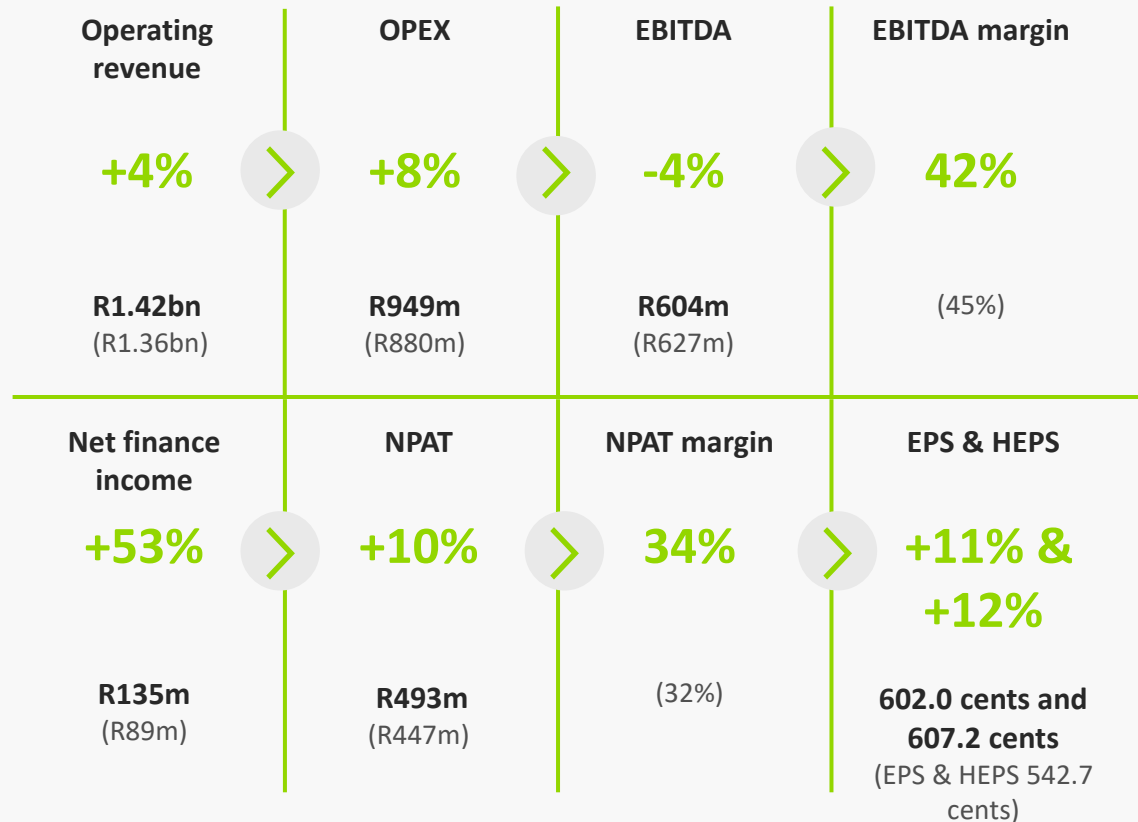




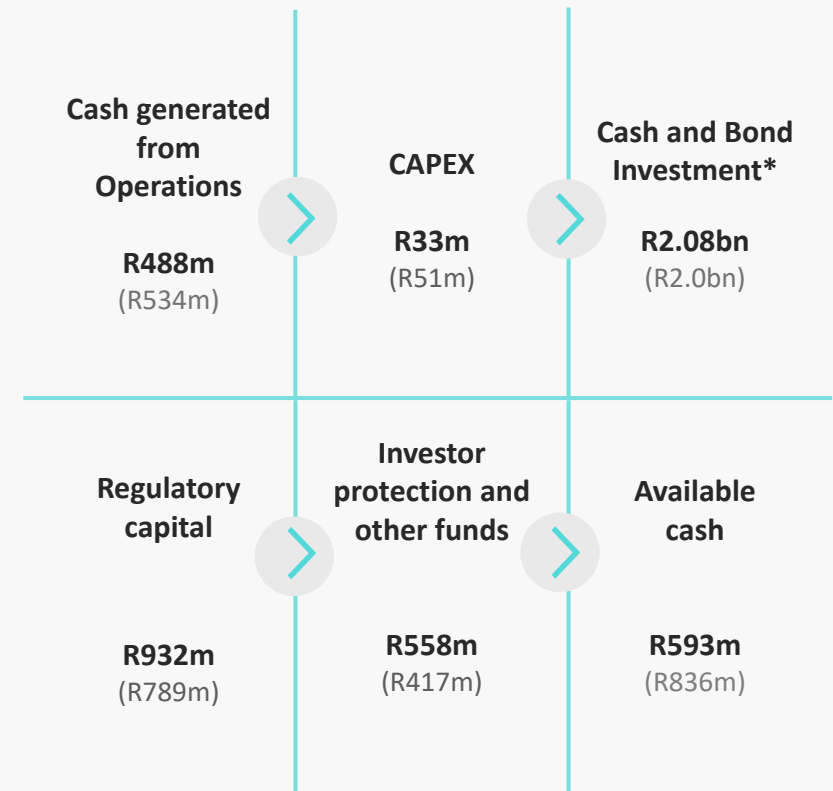
Financial review

Key financial highlights

Profitability



Cash & capital allocation

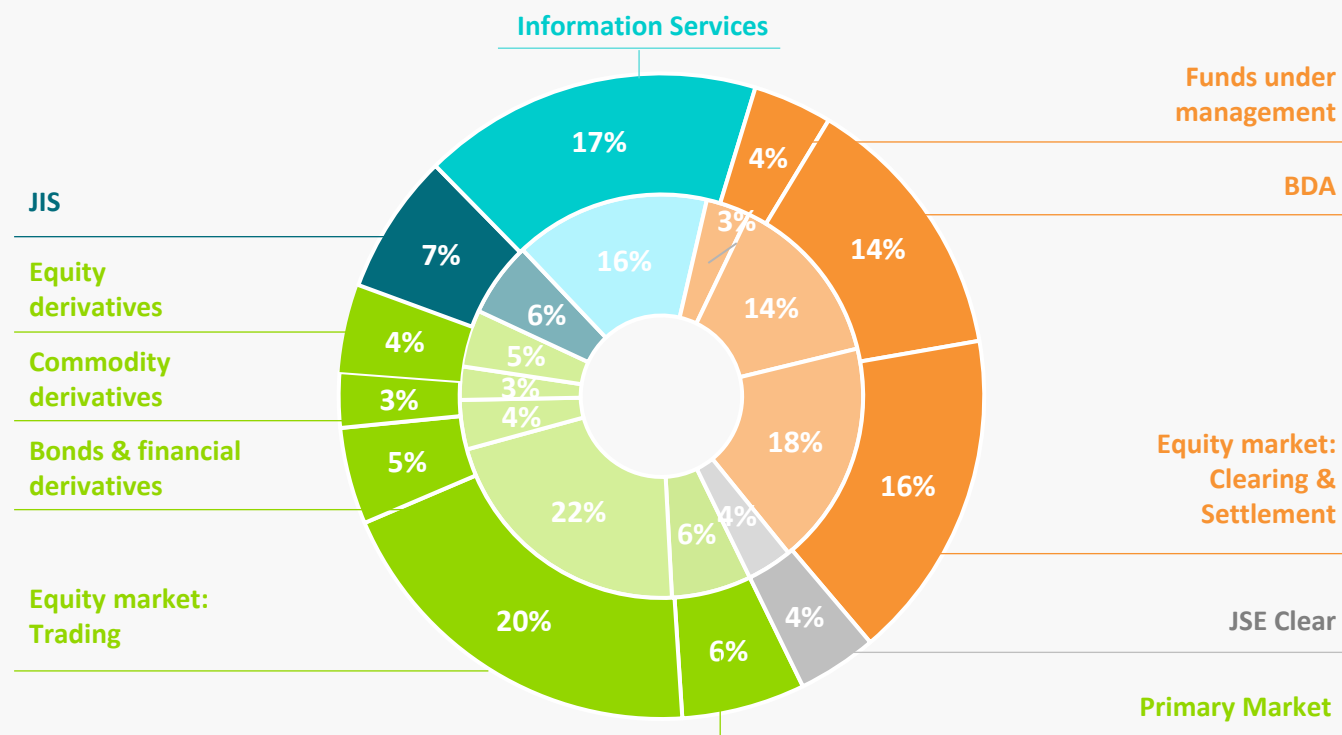


(Numbers in parenthesis represent 2022 figures)

Stable revenue with double-digit growth from Information Services and JIS

	H1 23 Revenue (Rm)	H1 22 Revenue (Rm)	% Growth YoY
Capital markets*	509*	502*	1%
Equity market: trading**	261	275	-5%
Equity derivatives	59	58	1%
Primary market	83	81	1%
Bonds & financial derivatives	65	50	28%
Commodity derivatives	37	34	8%
JIS	94	76	23%
Post-trade services	454	453	0%
Equity market: clearing & settlement	221	229	-4%
BDA	181	180	1%
Funds under management	53	45	18%
JSE Clear***	53	46	15%
Information Services	227	200	13%

H1 2023 & 2022 Revenue contribution



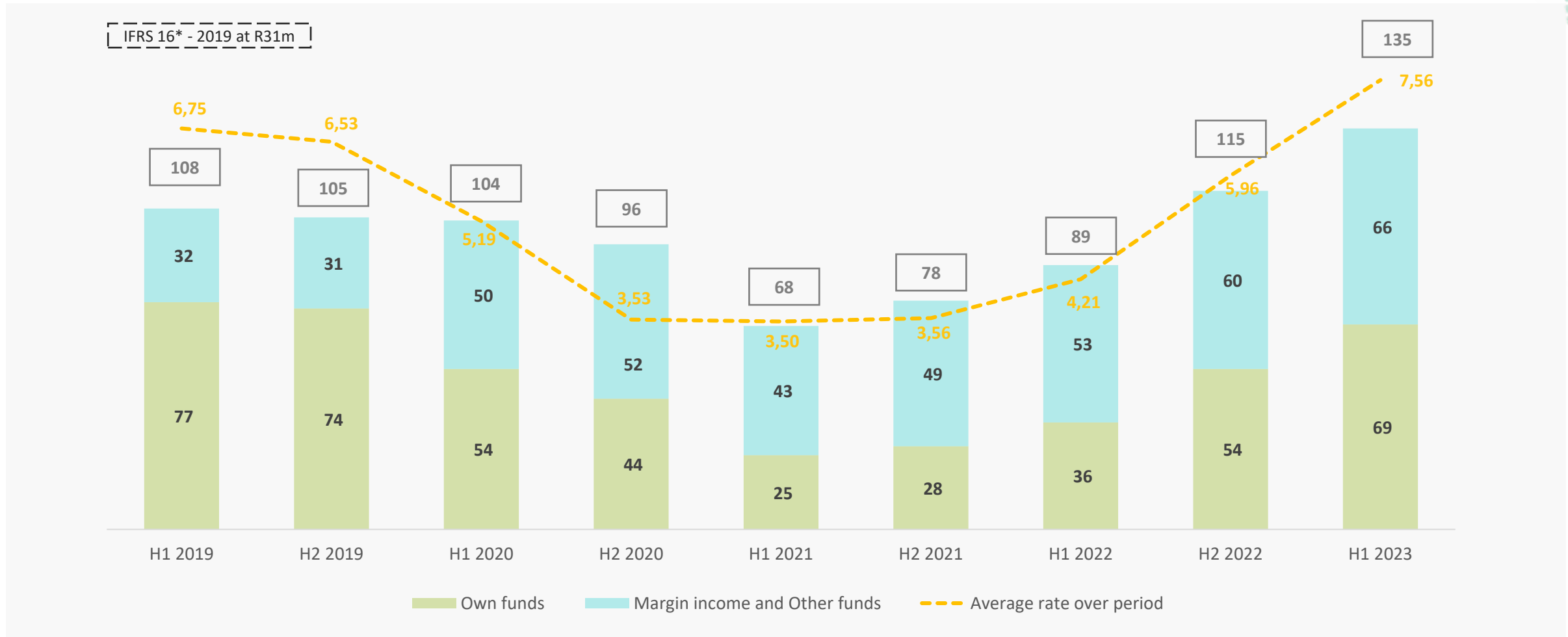
(Outer ring reflects H1 2023)

*Includes Issuer Services revenue and JPP

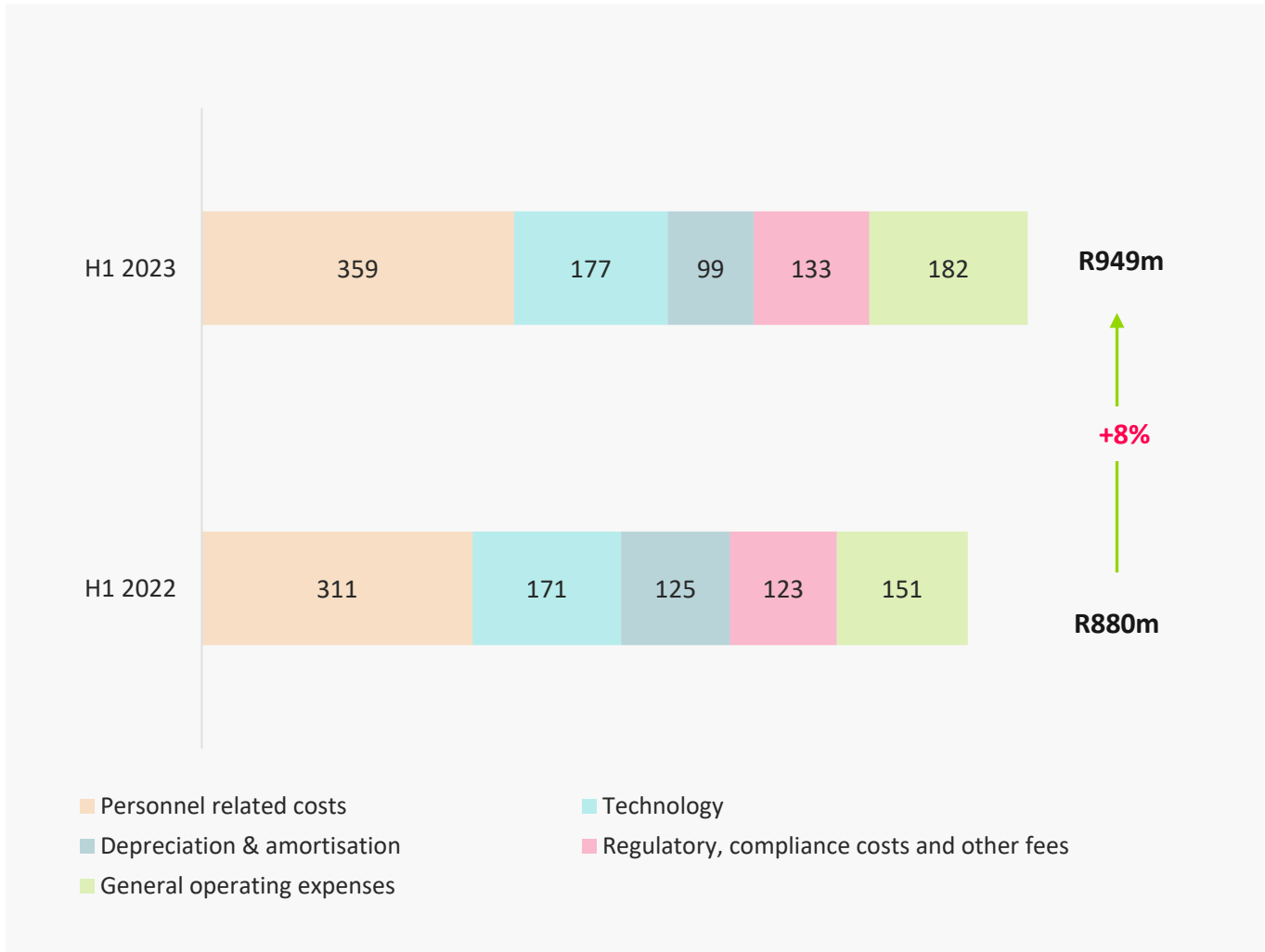
**Includes colocation revenue: R20m (2022: R15m)

***For illustrative purposes 2022 derivatives revenue has been excluded from Capital Markets and included in JSE Clear on a like for like basis, deemed JSE Clear revenue share (30%)

Interest rate developments positively impact net finance income



OPEX growth reflects continuing operating environment pressures



Personnel related costs up 15% (R47m) to R359m driven by annual salary adjustments and an increase in the LTIS owing to prior year forfeitures

Technology costs up 4% (R6m) to R177m on the back of inflationary increases, investments in growth strategy, initiatives for sustaining the business and related license costs

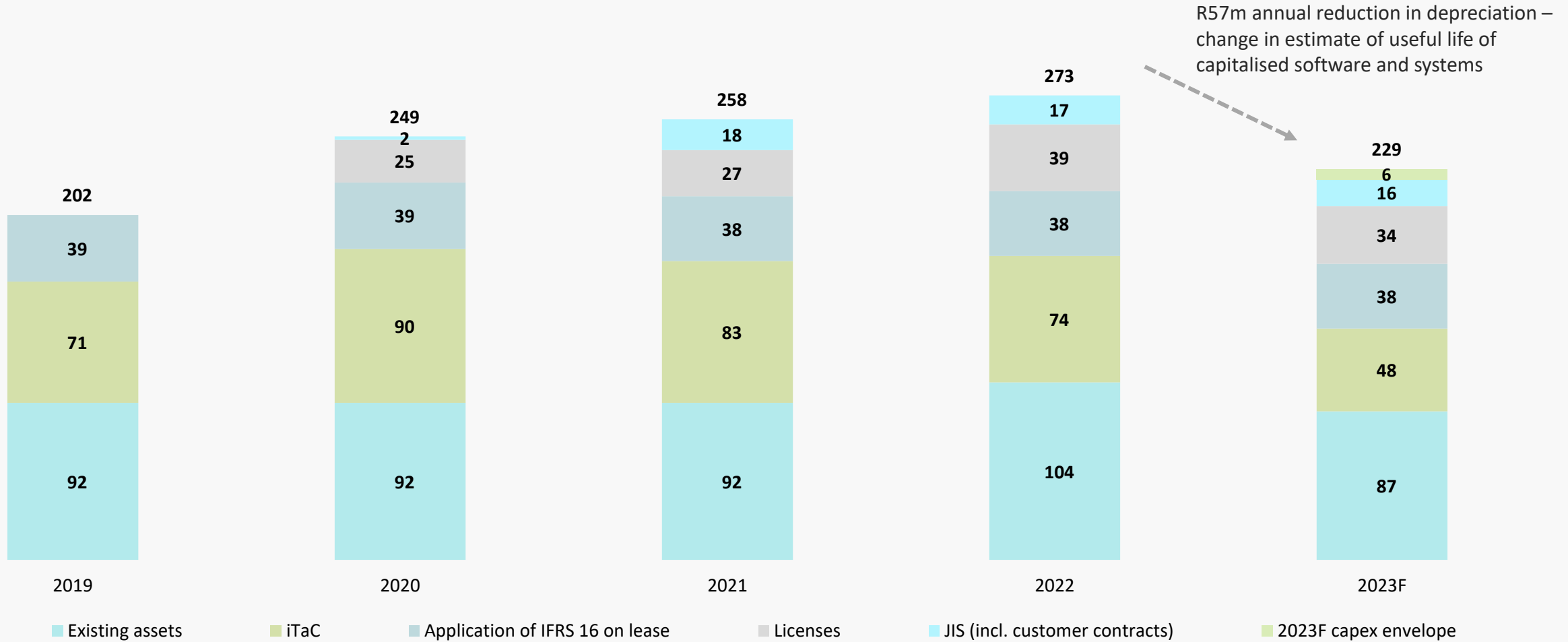
Depreciation and amortisation down 21% (R26m) to R99m due to change in estimate of useful life of capitalised software and systems

Regulatory, compliance costs & other fees up 8% (R10m) to R133m on the back of new ICH-related costs imposed from April 2023 and audit fees

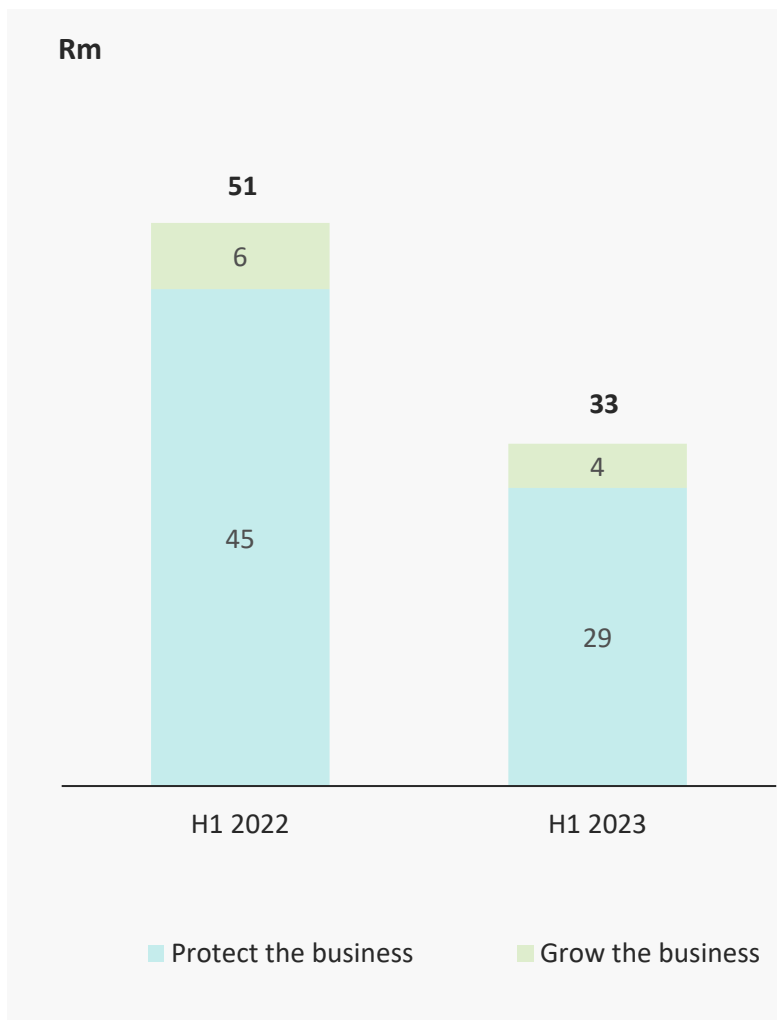
General operating expenses up 21% (R31m) to R182m largely due to impact of operating environment (e.g., diesel), and strategic initiatives

Multi-year annual depreciation and amortisation profile of assets and known future CAPEX

Depreciation and amortisation profile (2019 – 2023F)



Protecting the core and growing the business



H1 2023 CAPEX drivers

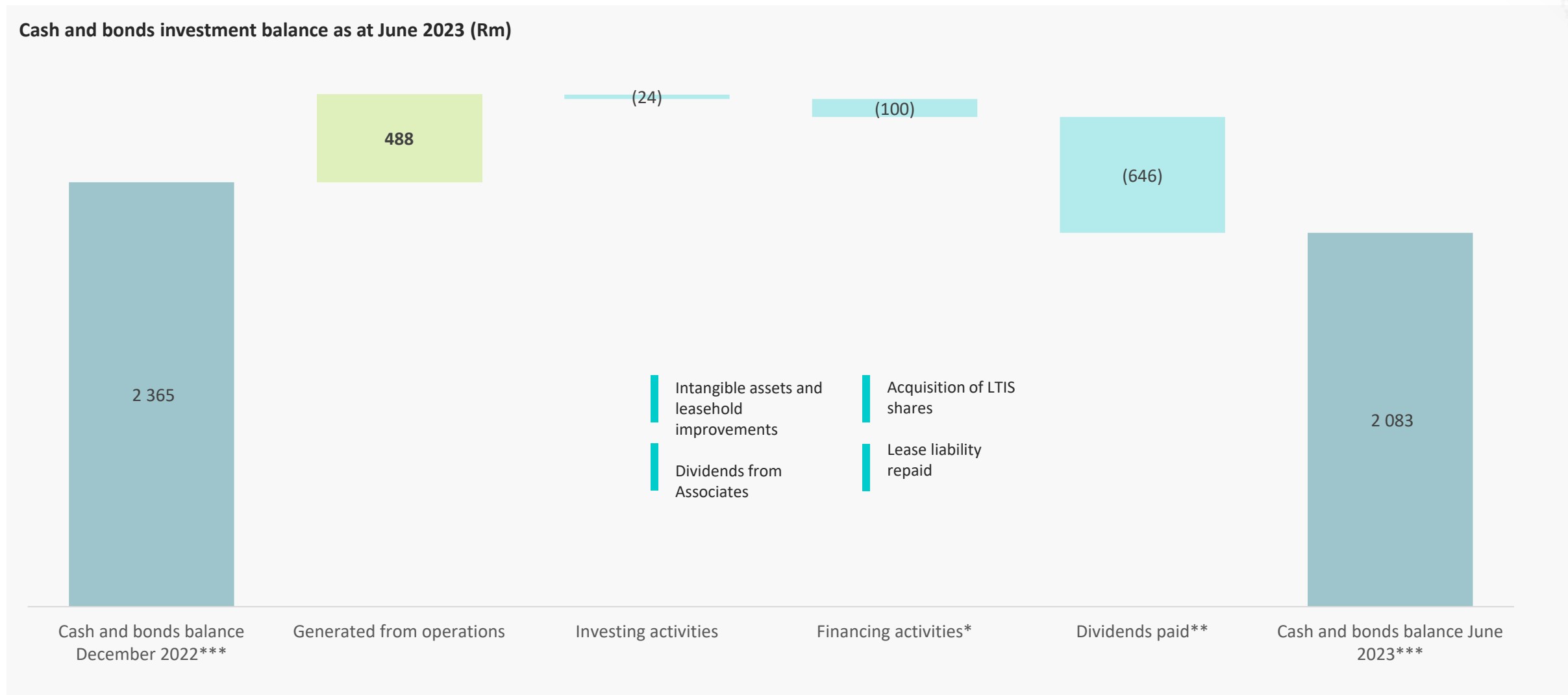
- Information Services – primarily transfer of masterdata to the cloud
- Rejuvenation of infrastructure and systems: Completed 3 operating systems, platform upgrades and a system migration
- Upgrade of platform supporting remaining derivative markets – commodities, bonds – planned completion in H2
- Regulatory enhancements: in respect of management of insider trading system

FY 2023 CAPEX guidance: R130m – R150m

- Information Services – completion of masterdata to the cloud transfer, data marketplace and self-service BI
- Bond CCP – progressing development
- Rejuvenation of infrastructure and systems: heightened automation of key processes, rollout and implementation of infrastructural developments and system changes
- Regulatory enhancements

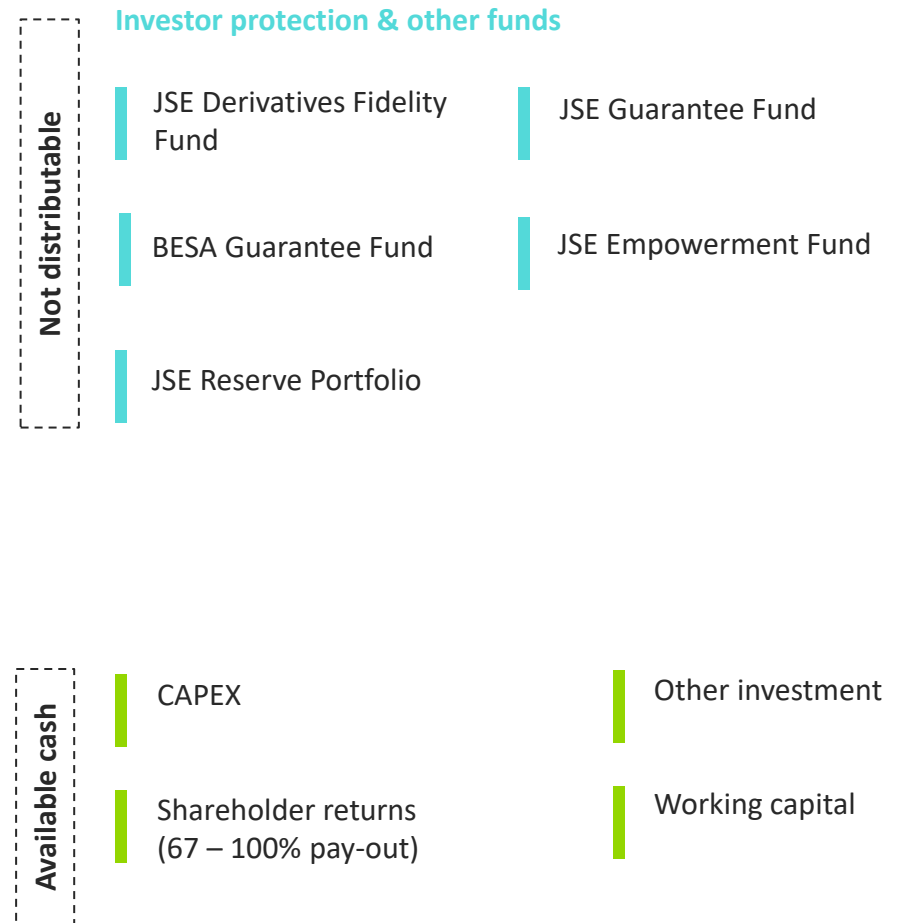
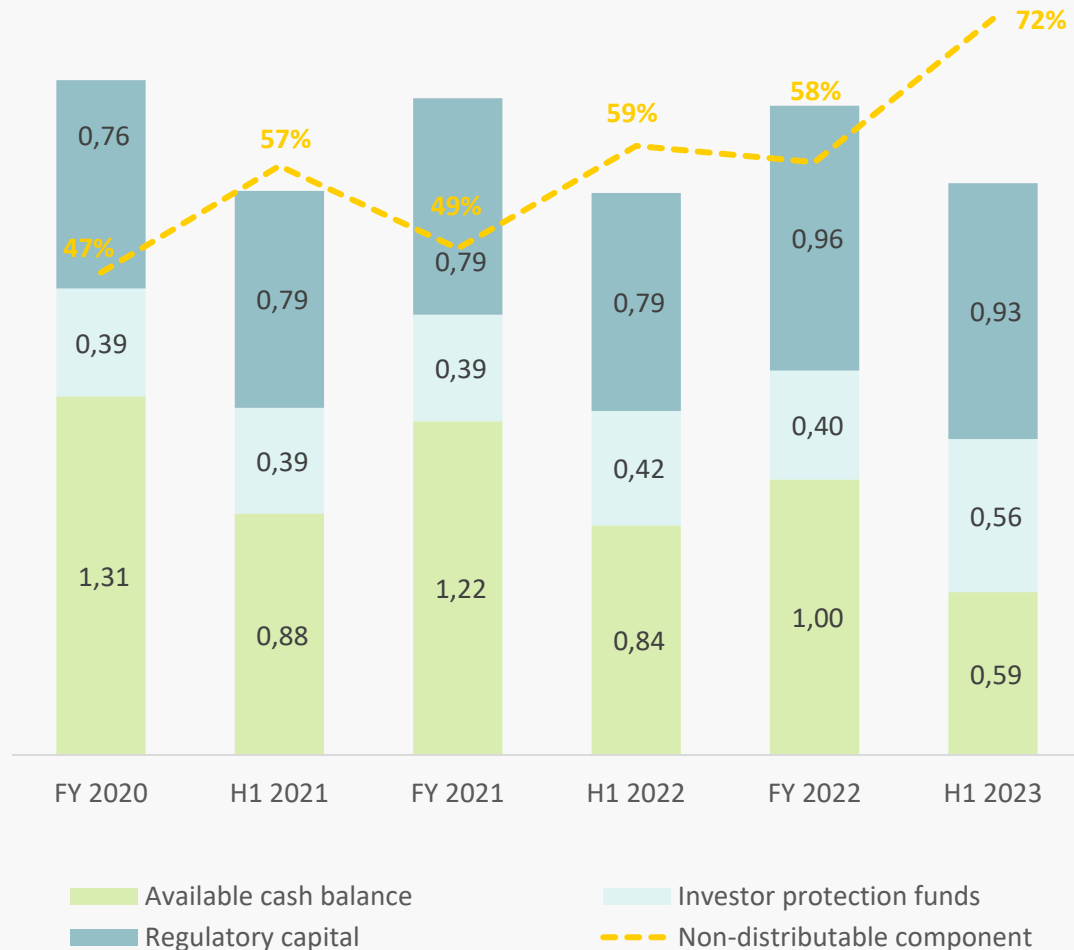
Increase in project delivery expected in H2, within the committed range

Strong balance sheet underpinned by healthy cash generation






Soundly capitalised Group with significant investor protection and regulatory capital

Cash and bonds investment (Rbn)



FY 2023 expectations

2023 Guidance	
 OPEX growth	5% – 8%
 CAPEX	R130m – R150m
 Dividend	67% – 100% pay-out ratio



Conclusion

Progressing on our key strategic focus areas



Protect and grow the core business

- Improved operational resilience and maintained market share
- Growth in sustainability products; actively managed ETFs and certificates
- Securities Trading Technologies (STT) upgrade on track, ahead of time and budget
- Launching securities collateral: ability to accept non-cash collateral
- Further enhancements to Listings Requirements



Grow non-trading revenue

- JIS: growth in new clients and double-digit revenue growth
- Progressing market data to the cloud** and launched big xyt ecosystems
- Expanded cloud-based colocation services offering with Colo 2.0
- Growth in number of deals and funds being raised in JPP

Structural changes & new market developments

- Smoothly operating Independent Clearing House (ICH) under new license since Jan 2023
- Developing central clearing for the bond ETP market through JSE Clear (Bond CCP)**
- Developing a Voluntary Carbon Market** and continued SME focus
- Exploring digital asset opportunities**

50%

Increase in our sustainability products since H1 22

32

Actively managed certificates at H1 23*

29

Active deals over the last 12 months at JPP

R5.4bn

Funds being raised via JPP

Taking an innovative approach to progress our strategic initiatives

Information Services growth strategy

Partnered with **big xyt** to deliver **JSE Trade Explorer**, a **first-of-its-kind** analytics-as-a-service tool offered by an exchange

Leveraging global interest in JSE Trade Explorer to deliver **sophisticated and affordable data analytics** at faster speeds

Launched **big xyt ecosystems**, a business, that will offer analytics-as-a service capabilities to global exchanges and their ecosystems

Building a sustainable marketplace

Developing a South African **VCM*** and **RECs**** market to improve transparency and liquidity

Accelerating potential funding solutions for carbon credit and REC projects and introducing carbon credit futures to enable forward pricing and unlock funding

Exploring a digital marketplace

Investigating feasibility of alternative digital offerings

Developed a proof of concept, with SARB, for a **tokenised securities platform** that explores the benefits and risks of trading and settling tokenised securities in SA capital markets

Well positioned to progress on our strategic and operational priorities



2023 Focus & Key Priorities

- Invest in the core business to sustain operations
- Continue diversification of revenue including inorganic growth
- Progress our growth strategy for Information Services, formulated on a five-year horizon
- Accelerate growth in new business lines
- Continue to manage the Group's cost base with discipline



Business attributes

Operational resilience

Sustainably high cash generation

Strong dividend track record and capital allocation optionality

Leading the way on sustainability



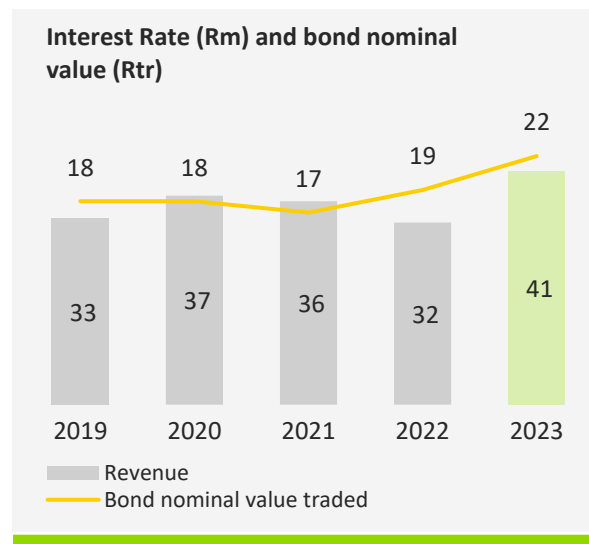
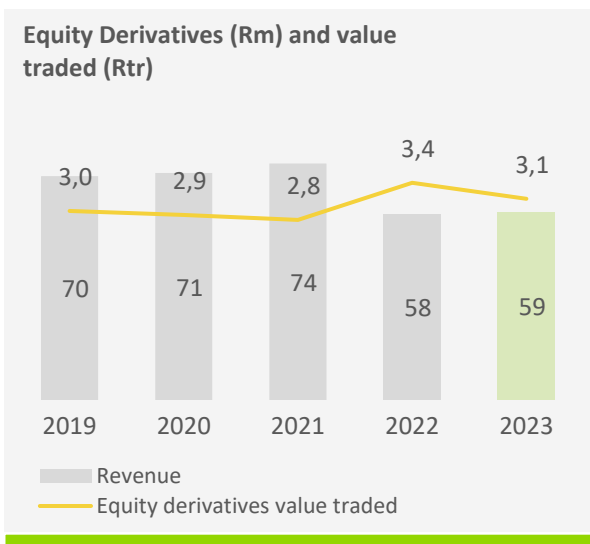
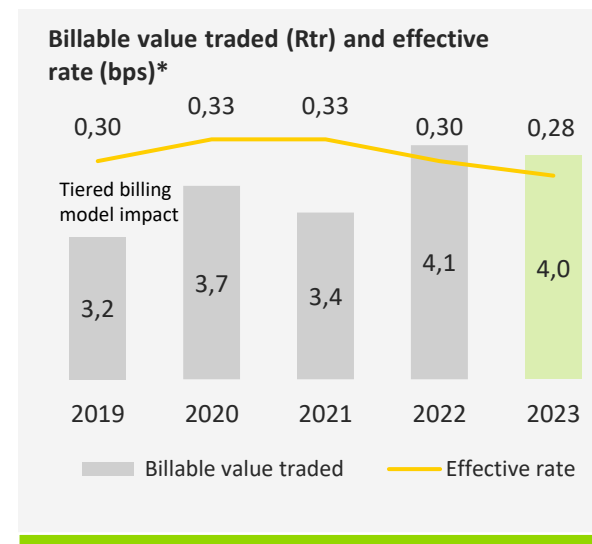
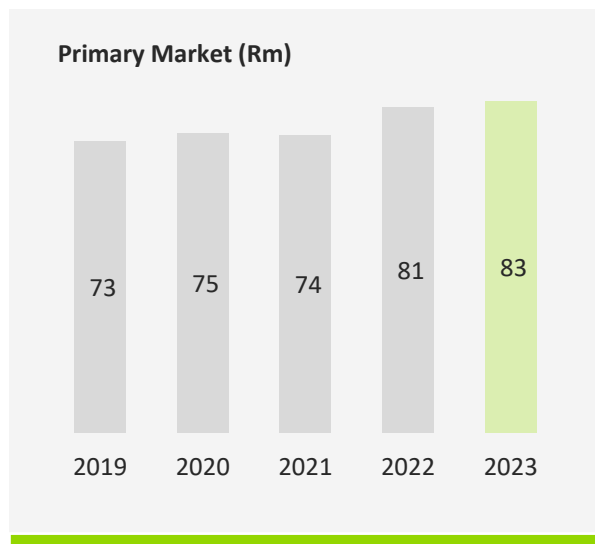
Appendix

H1 2023 market drivers

Primary market	2023	2022	Secondary market	2023	2022
Number of IPOs	2	4	Published equity value traded	R24bn	R25bn
Additional capital raised	R4bn	R5bn	ADV*** %	-6%	+11%
Aggregate market cap. of all equity listed instruments on the JSE* (YoY growth)	+10%	+7%	Colocation activity as a % of total value traded	67%	65%
New bond listings	360	394	With racks	49	46
Nominal value of listed bonds	R4.4tr	R4.1tr	Net foreign outflows**** (equities)	R56.7bn	R20bn
New bond listings (sustainability segment)	7	43	Net foreign inflows**** (bonds)	R8.1bn	R33bn
New ETFs	6	3	Interest rate derivatives contracts traded	+17%	+2%
New ETNs	5	0	Equity derivatives value traded	-6%	+21%
No. of warrants and structured products	233	181	Bond nominal value traded*****	+16%	+12%
JSE Private Placements capital onboarded**	R12bn	R10bn	Currency derivatives no. of contracts traded	+58%	+13%
			Commodity derivatives no. of contracts traded	Flat	+2%
Post-Trade Services and JIS	2023	2022			
Published equity value traded (ADV ZAR)	R24bn	R25bn			
Published (ADV %)	-6%	+11%			
No. of transactions/deals	-6%	+4%			
ADTs %	-6%	+4%			
JIS new customers	6	14			

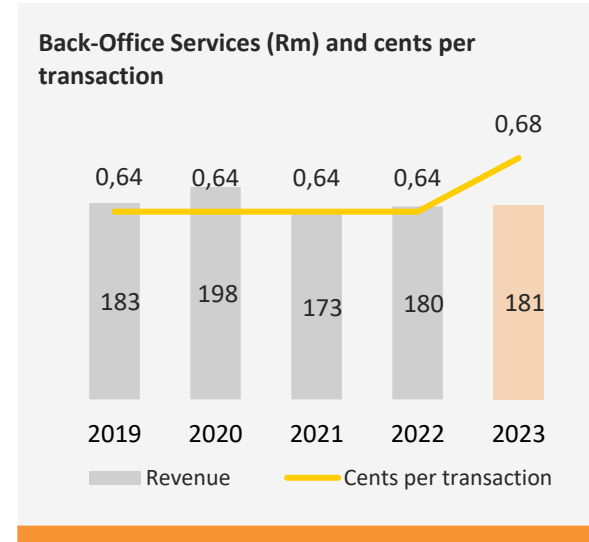
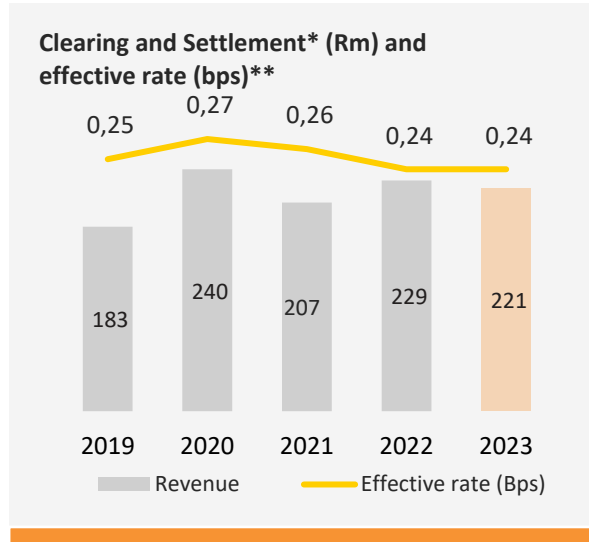
H1 2019 – H1 2023 revenue segment data

Capital Markets

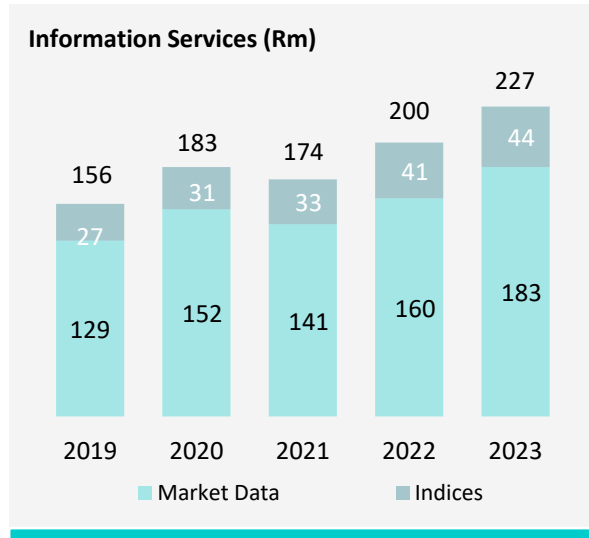


H1 2019 – H1 2023 revenue segment data

Post-Trade services



Information services



Group Income statement

(Rm)	30 June 2023	30 June 2022
Operating revenue	1 415	1 355
Other income	39	26
Total revenue	1 454	1 382
Personnel related costs	359	311
Technology costs	177	171
Regulatory, compliance costs and other fees	133	123
General operating expenses	182	151
EBITDA	604	627
EBITDA (%)	42%	45%
Depreciation and amortisation	99	125
Total expenses	949	880
Net finance income	135	89
Share of profit from associate	29	27
Profit before tax	670	617
Income tax expense	177	171
NPAT	493	447
NPAT (%)	34%	32%

Group Balance sheet

(Rm)	30 June 2023	30 June 2022	31 December 2022
Non-current assets	2 078	1 879	1 992
Property and equipment	134	168	165
Intangible assets	678	738	696
Investment in associate	334	315	329
Other non-current assets	931	658	801
Current assets	59 882	64 359	59 345
Margin deposits	56 588	61 130	55 793
JSE Clear Derivatives Default Fund collateral deposits	500	500	500
Trade and other receivables	904	661	793
Cash and cash equivalents	1 888	2 048	2 223
Other current assets	0.9	20	36
Total assets	61 959	66 238	61 336
Total equity	4 044	3 845	4 173
Stated capital	(174)	(109)	(119)
Reserves	853	717	755
Retained earnings	3 361	3 237	3 537
Non-current liabilities	151	228	191
Current liabilities	57 768	62 166	56 972
Margin deposits	56 588	61 130	55 793
JSE Clear Derivatives Default Fund collateral contribution	400	400	400
Other current liabilities	780	635	780
Total equity and liabilities	61 959	66 238	61 336

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

Financial metrics

Ratios	2023	2022	2021	2020	2019
Operating margin (EBIT)	35%	36%	31%	39%	38%
EPS (cents)	602.0	542.7	420.2	569.1	466.3
HEPS (cents)	607.2	542.7	420.1	569.0	466.1
PE	15.1	18.5	25.1	21.3	21.5
EBITDA (Rm)	604	627	520	644	504
Full-year ROE (2023 is the targeted FY STI metric)	19%*	18%	17%	17%	18%



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