



# JSE Limited Annual Results Presentation

19 March 2024

*let's connect*

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# Agenda

Key highlights

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# Key highlights

# Strong results against a challenging backdrop

## Resilient revenue profile

Growth supported by segment & asset class diversification  
Non-trading income represents 37% of total  
Operating income

## Cost growth reflects focus on strategic initiatives

Disciplined approach to cost management  
Key drivers are investment in people and technology

## Healthy cash generation

Robust balance sheet and cash position  
Net cash from operations at R1.1bn

## Dividend declared

Ordinary dividend of 784 cents per share for  
the year, with a dividend yield of 8.5% (2022: 7.1%)

## Innovative solutions

Strategic partnerships and innovative technology

**R2.9bn**  
**Operating**  
**income<sup>1</sup>**  
**+6.9% YoY**

**R2.0bn**  
**OPEX**  
**+6.7% YoY**

**R831m**  
**NPAT**  
**+11.0% YoY**

**R1.1bn**  
**Cash generated**  
**from operations**  
**+13.6% YoY**

<sup>1</sup>Includes net margin income



# Market performance set against dynamic global and EM factors

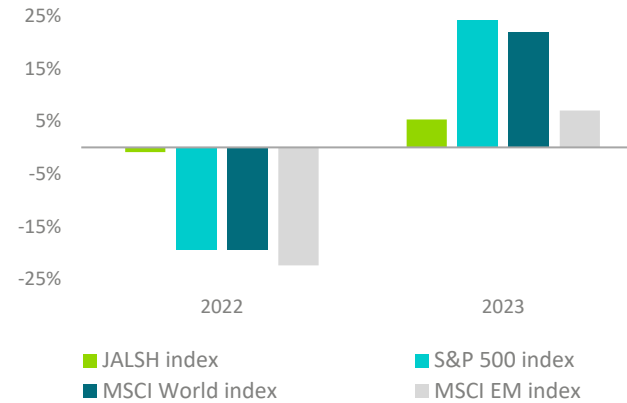
Emerging markets underperform global benchmarks in 2023

Earnings ratios at a discount to global emerging markets and developed markets

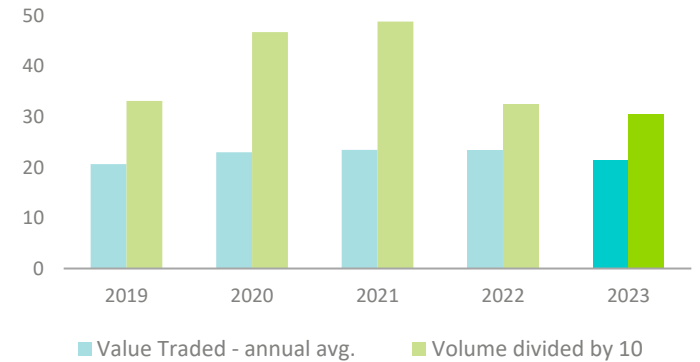
South Africa's weighting within FTSE Emerging Markets Index declined from 4.20% (31 Dec 2022) to 3.45% (31 Dec 2023)

Macroeconomic uncertainty and less liquidity for SA equity markets - Shift in capital flows as local investors sought foreign assets and global investors reduced their SA exposure

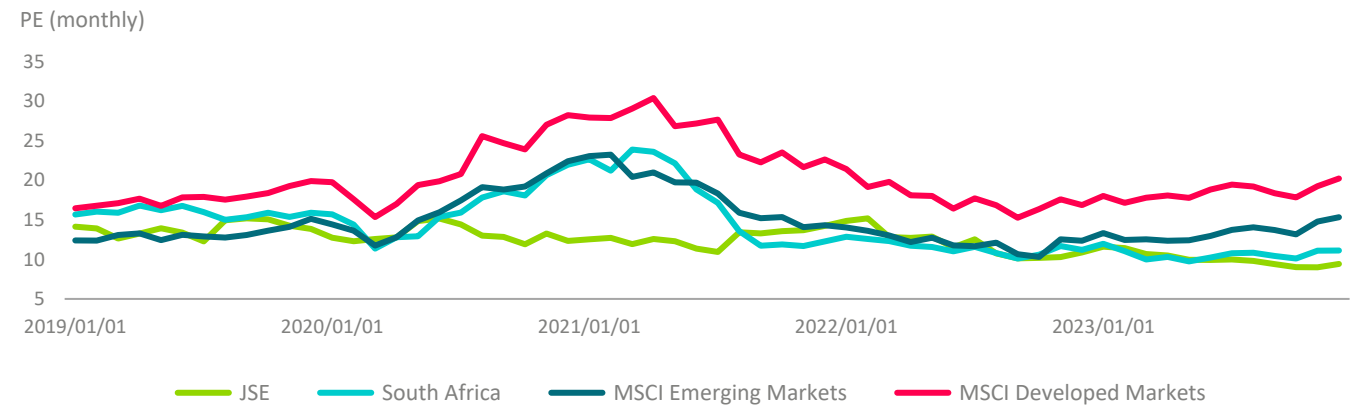
Global Indices FY 2022 and 2023 Performance



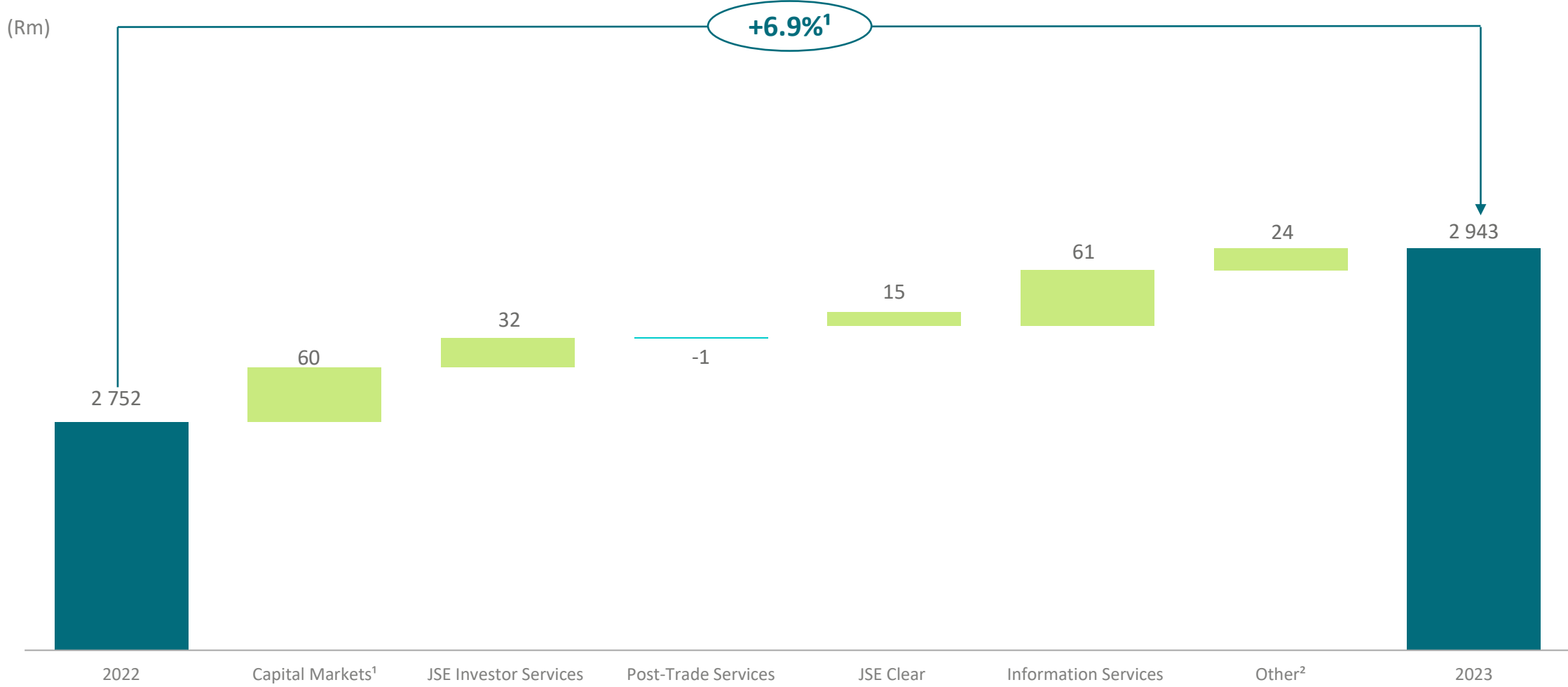
Equities market - Average Daily Value Traded (bn) / Average Daily Volume Traded (x10 mn)



Price/Earnings Multiple - Valuations Trends



# Operating income supported by diversified business segments & asset classes



<sup>1</sup>From 2023, Investor Protection Levy income forms part of Capital Markets revenue. This was previously reported under other income. This change was applied prospectively, resulting in a R47m operating income growth. Operating income growth excluding Investor Protection Levy is 5.2%. <sup>2</sup>Other: Strate ad valorem fees and margin income

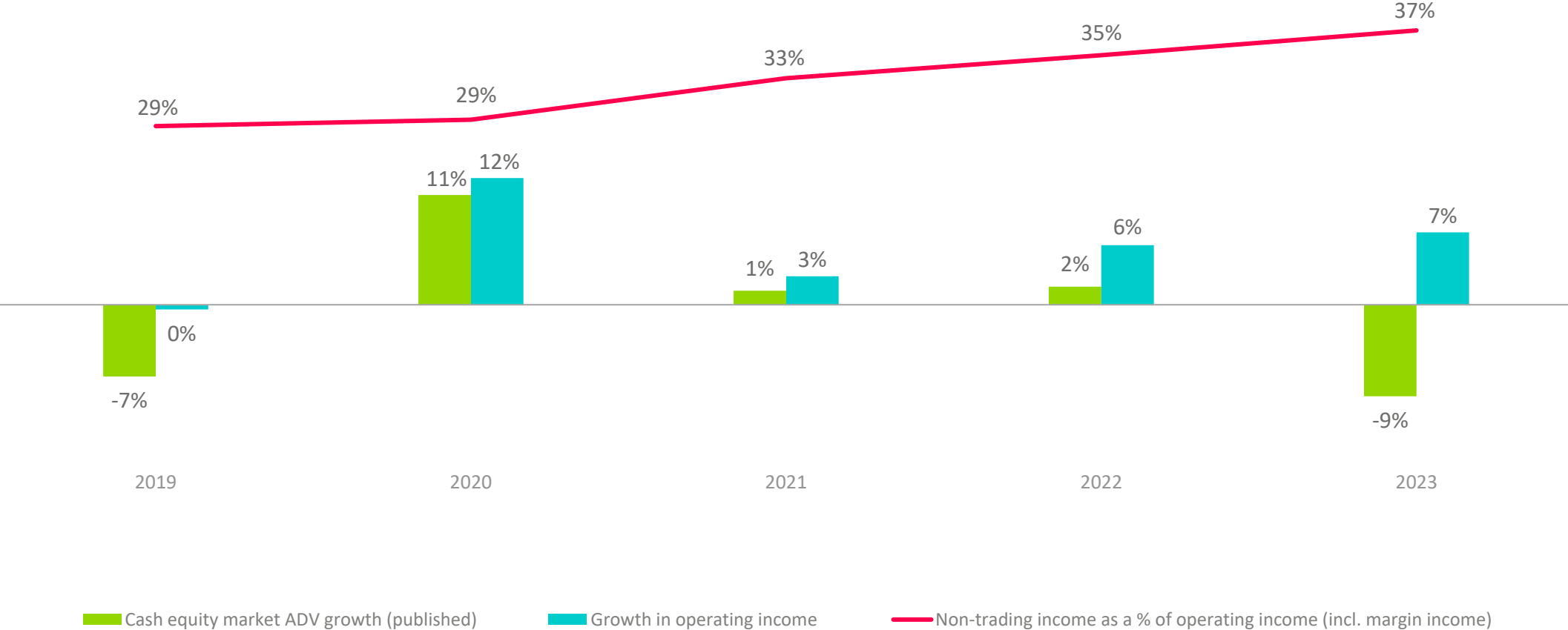
# Trading and post-trade revenue diversified by asset classes



<sup>1</sup>In 2023, Investor Protection Levy income forms part of Capital Markets revenue. This was previously reported under other income. This change was applied prospectively, resulting in a R47m operating income growth. Operating income growth from asset classes excluding Investor Protection Levy income is 3.0%. <sup>2</sup>Equity market trading includes colocation revenue (R10m)

# Continued revenue diversification supports business resilience

## Non-trading income offset lower trading activity

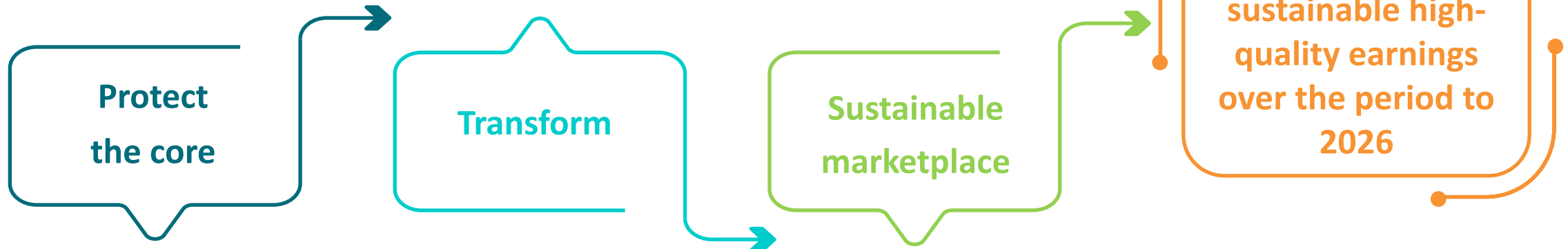


8 Data excludes other revenue and other finance income  
 Non-trading income includes market data fees (Information Services), JIS Investor Services, margin income, colocation fees and primary market fees



# Progress in 2023 across our strategic pillars

- JIS<sup>1</sup>: YoY revenue growth of 20.2%. Revenue and NPAT CAGR (since January 2021) of 23.5% and 71.4% respectively
- Data lake: all essential equity and bond data moved to cloud
- Launched big xyt ecosystems
- Launched JSE Voluntary Carbon Market
- Delivered tokenised digital assets prototype
- Progressed Bond CCP<sup>2</sup>



- Operational resilience: above long-run average
- Launched securities collateral
- Delivered STT<sup>3</sup> upgrade ahead of time and budget
- Introduced cloud-based colocation services
- Grew sustainability bonds (+17%) and AMCs<sup>4</sup> products (+91%)
- Delivered Listings Requirements enhancements

- Achieved BBEE Level 1 status
- Net Promoter Score at an all-time high
- SMEs: Delivered a capital raising solution for SMEs in partnership with Western Cape government

**Generate sustainable high-quality earnings over the period to 2026**

<sup>1</sup>JSE Investor Services, <sup>2</sup> Central Clearing Counterparty, <sup>3</sup>Securities Trading Technologies, <sup>4</sup> Actively Managed Certificates

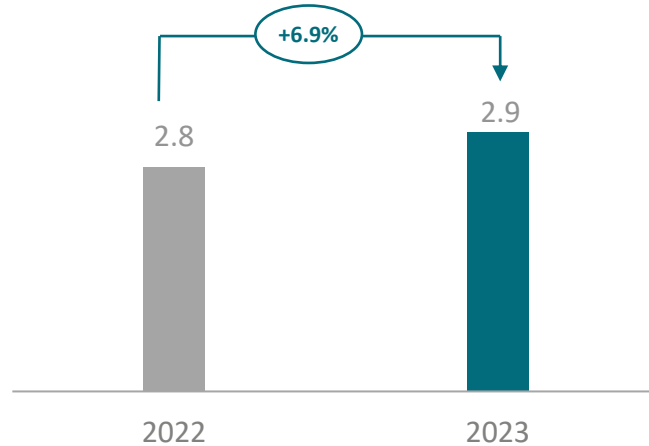


# Financial review

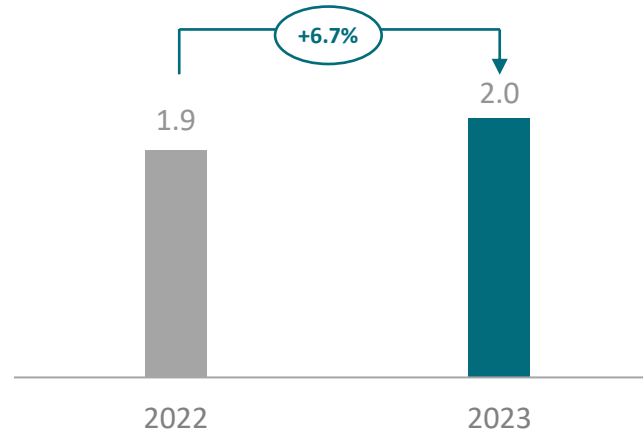
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# Key financial highlights – Income Statement

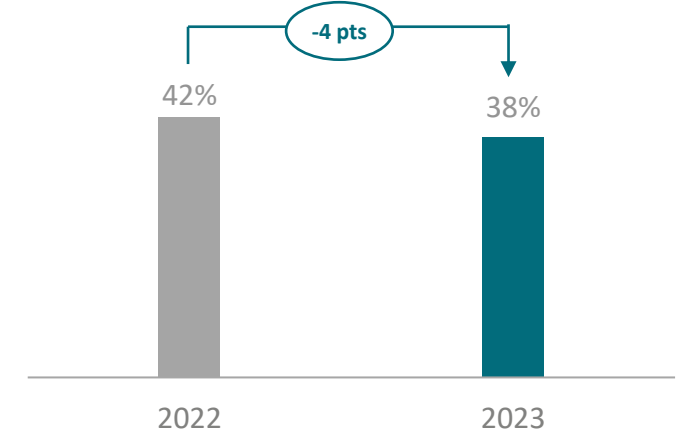
Operating income (Rbn)<sup>1</sup>



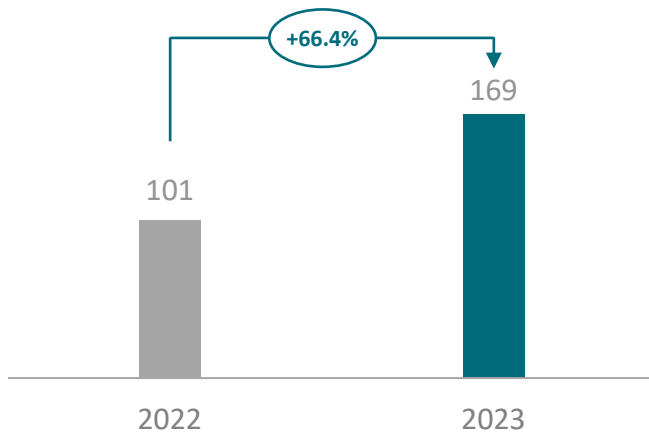
Total OPEX (Rbn)



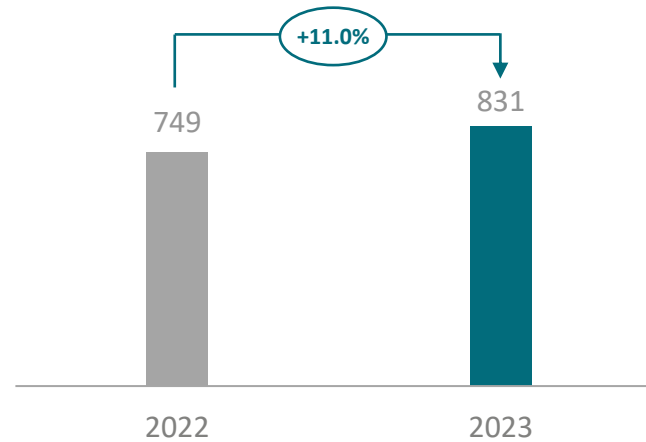
EBITDA margin<sup>1</sup>



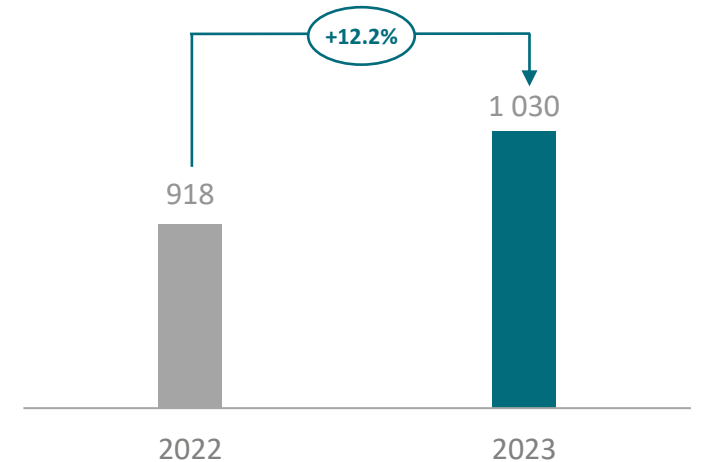
Net finance income (Rm)<sup>2</sup>



NPAT (Rm)



HEPS (cents)

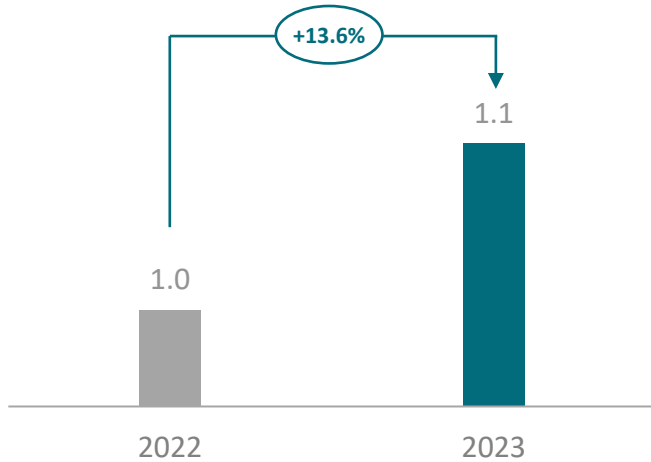


<sup>1</sup>Margin income included in operating income and EBITDA. <sup>2</sup>Margin income reclassified from net finance income to operating income – 2023: R128m and 2022: R102m

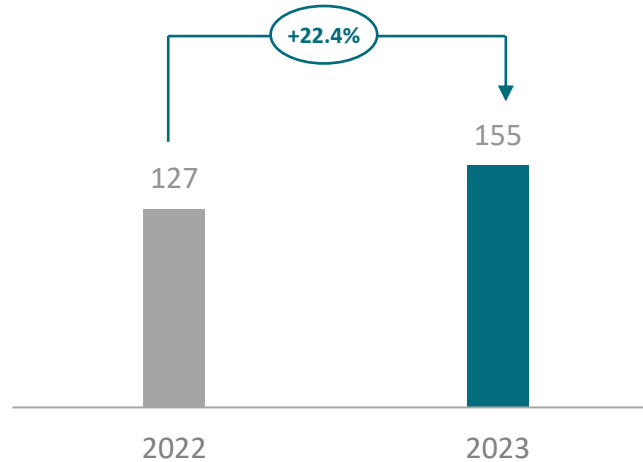


# Key financial highlights - Cash and capital allocation

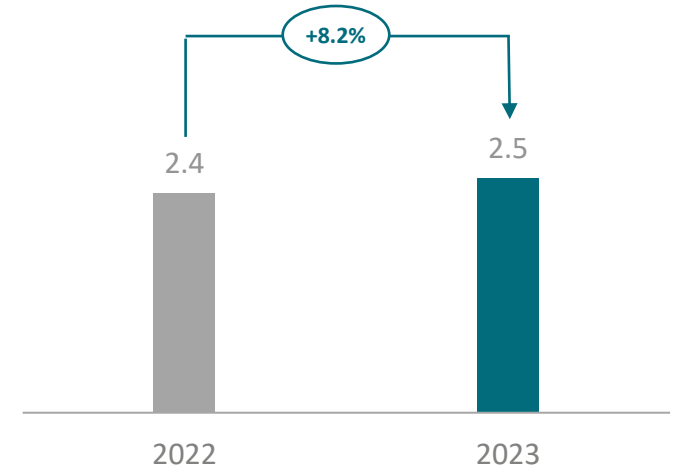
Net cash generated (Rbn)



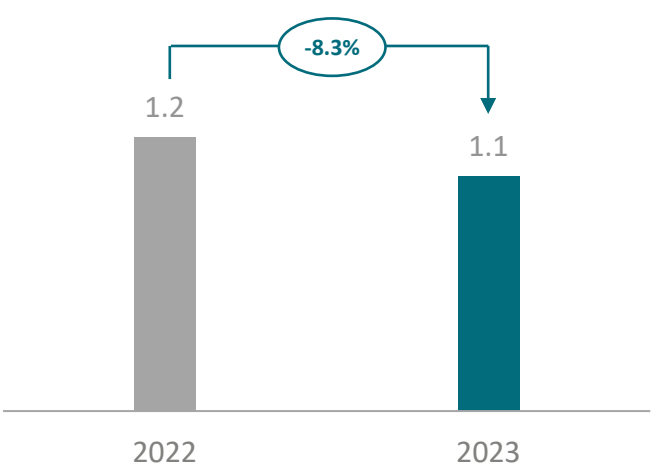
Capex (Rm)



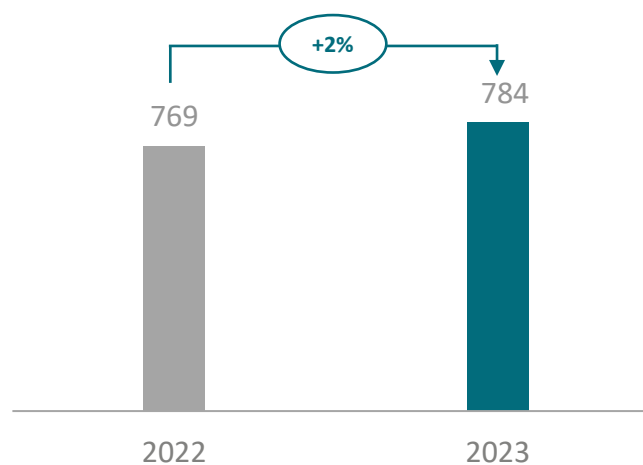
Cash balance (Rbn)<sup>1</sup>



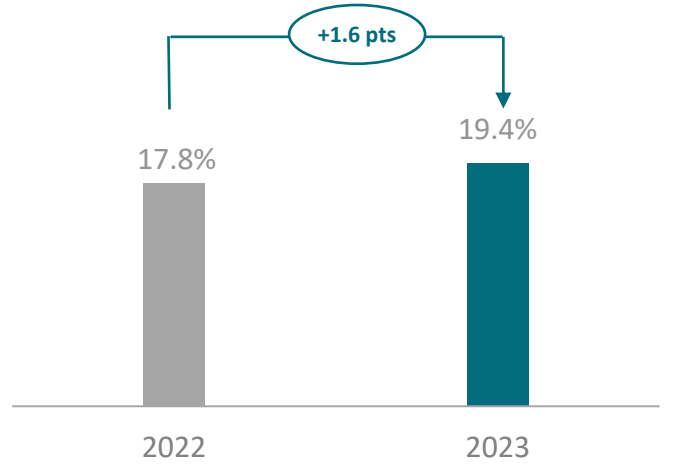
Regulatory capital<sup>2</sup> (Rbn)



Ordinary dividend per share (cents)



ROE

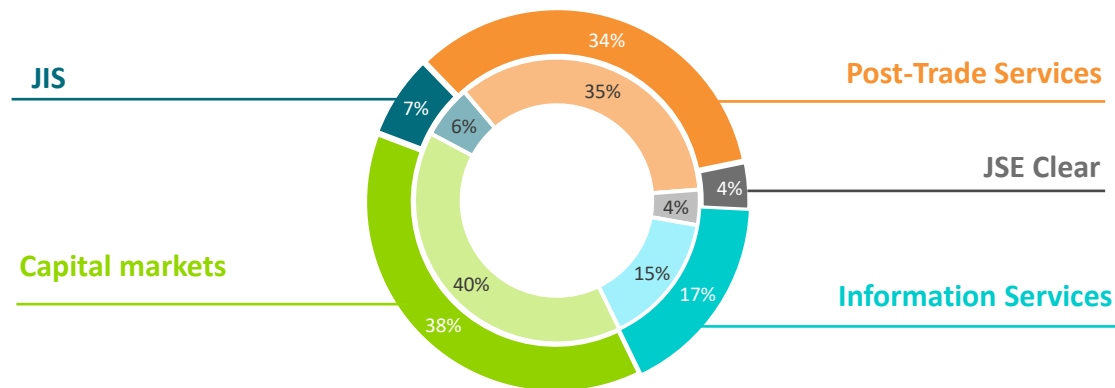


<sup>1</sup>Cash balance includes bonds: R256m, <sup>2</sup>Supported by R822m in cash, R143m in bonds

# Revenue breakdown

- Capital markets grew 3% on the back of higher bonds and financial derivatives revenue, partly offset by lower equity market trading revenue
- JIS and Information Services revenue contributed 24% to operating revenue and increased by 20% and 16% YoY respectively
- Double digit growth in JIS, JSE Clear and Information Services
- Post-Trade Services was flat, in line with the lower equity value traded

FY 2023 revenue contribution (inner circle represents FY 2022)



Revenue (Rm)	2023	2022	% Growth YoY
<b>Capital markets<sup>1</sup></b>	<b>1 031</b>	<b>1002</b>	<b>3%</b>
Primary market	161	158	2%
Equity market: trading <sup>2</sup>	486	509	-5%
Bonds & financial derivatives	129	111	16%
Equity derivatives	117	114	2%
Commodity derivatives	80	72	11%
<b>JIS</b>	<b>190</b>	<b>159</b>	<b>20%</b>
<b>Post-Trade Services</b>	<b>883</b>	<b>884</b>	<b>0%</b>
Equity market: clearing & settlement	411	438	-6%
BDA	368	351	5%
Funds under management	104	95	9%
<b>JSE Clear<sup>3</sup></b>	<b>112</b>	<b>97</b>	<b>16%</b>
<b>Information Services</b>	<b>448</b>	<b>388</b>	<b>16%</b>
Market Data	369	320	15%
Indices	79	68	16%

Note: Figures contain rounding differences

<sup>1</sup>Includes Issuer Services revenue (R11m), JPP (R0.6m) and investor protection levy income (R47m). For illustrative purposes, R30m has been excluded from other income and included in operating revenue for 2022. <sup>2</sup>Includes colocation revenue: R43m (2022: R33m). <sup>3</sup>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%)

# Capital Markets & JIS

## Equity market trading revenue down 5%

- Published equity value traded down 9.5% and ADV down to R21bn (2022: R24bn)
- Colocation activity contributed 69% (2022: 66%) to value traded, an important enabler of activity

## Equity Derivatives revenue up 2%

- Equity derivatives value traded down 4%

## Primary market revenue up 2%

- Additional capital raised R41bn (2022: R13bn) up 211%
- Growth in sustainability segment and AMCs

## Bonds & financial derivatives revenue up 16%

- Bond nominal value traded up 20%
- Currency derivatives no. of contracts traded up 36%
- Interest rate derivatives no. of contracts traded up 18%

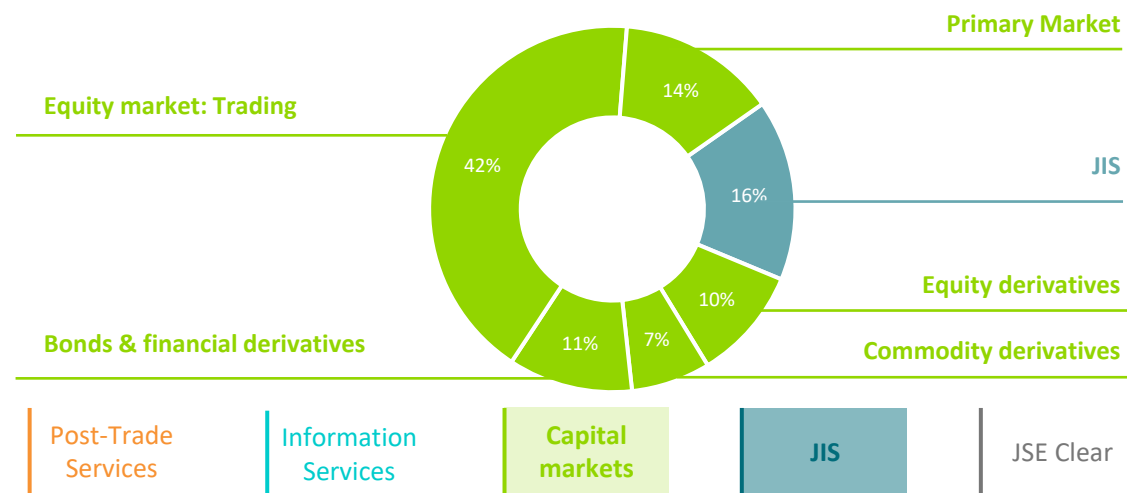
## Commodity derivatives revenue up 11%

- No. of contracts traded up 4%

## JIS revenue up 20%

- 10 new customers
- Elevated corporate action activity
- Growth in margin income due to favourable interest rate environment
- 23.5% CAGR (since January 2021)

## FY 2023 revenue contribution



	FY23 Revenue (Rm)	FY22 Revenue (Rm)	% Growth YoY
<b>Capital markets<sup>1</sup></b>	<b>1 031</b>	<b>1 002</b>	<b>3%</b>
Primary market	161	158	2%
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<sup>2</sup>Includes colocation revenue: R43m (2022: R33m)



# Post-Trade Services & JSE Clear

## Clearing & Settlement fees down 6%

- Billable equity value traded down 5%

## BDA fees up 5%

- Equity transactions up 1%; ADT<sup>1</sup> up to 327k (2022: 322k)

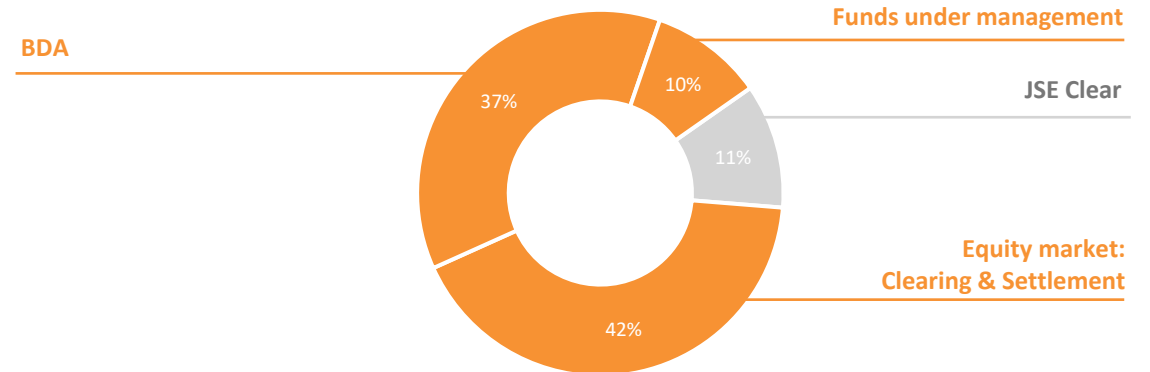
## Funds under management revenue up 9%

- Higher JSE Trustee's cash balances

## JSE Clear revenue up 16%

- JSE Clear started operating as an ICH in January 2023
- Unbundling of derivative fees (Equity, Interest rate, Commodity and Currency Derivatives Markets)
- Introduced a clearing membership fee

## FY 2023 revenue contribution



	FY23 Revenue (Rm)	FY22 Revenue (Rm)	% Growth YoY
<b>Post-Trades Services</b>	<b>883</b>	<b>884</b>	<b>0%</b>
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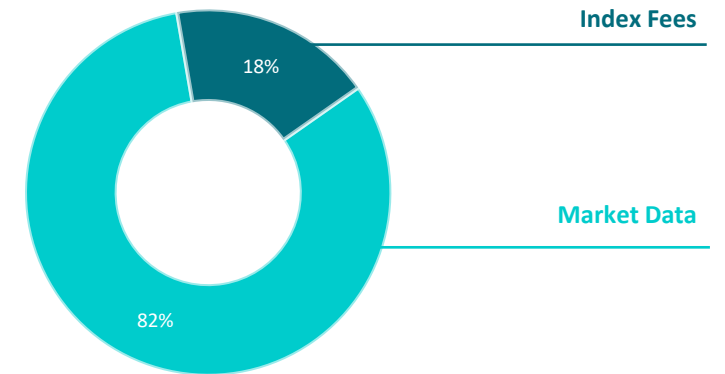
<sup>1</sup>Average daily transactions

# Information Services

## Information Services revenue up 16%

- Growth in index revenue, largely from growth in USD partnership contributions from FTSE Russell
- An increase in USD-based annuity revenue
- Steady growth in core Market Data products

FY 2023 revenue contribution



	FY23 Revenue (Rm)	FY22 Revenue (Rm)	% Growth YoY
<b>Information Services</b>	<b>448</b>	<b>388</b>	<b>16%</b>
Market Data	369	320	15%
Index fees	79	68	16%

# OPEX growth reflects investment in our people and technology

## Personnel costs up 13% (R91m) to R784m

- Annual salary increases
- Higher incentives owing to good leavers and retention costs during the year as well as a lower LTIS vesting in the prior year

## Technology costs up 11% (R39m) to R384m

- Growth strategy and initiatives for sustaining the business and related licence costs

## Depreciation and amortisation down 24% (R66m) to R207m

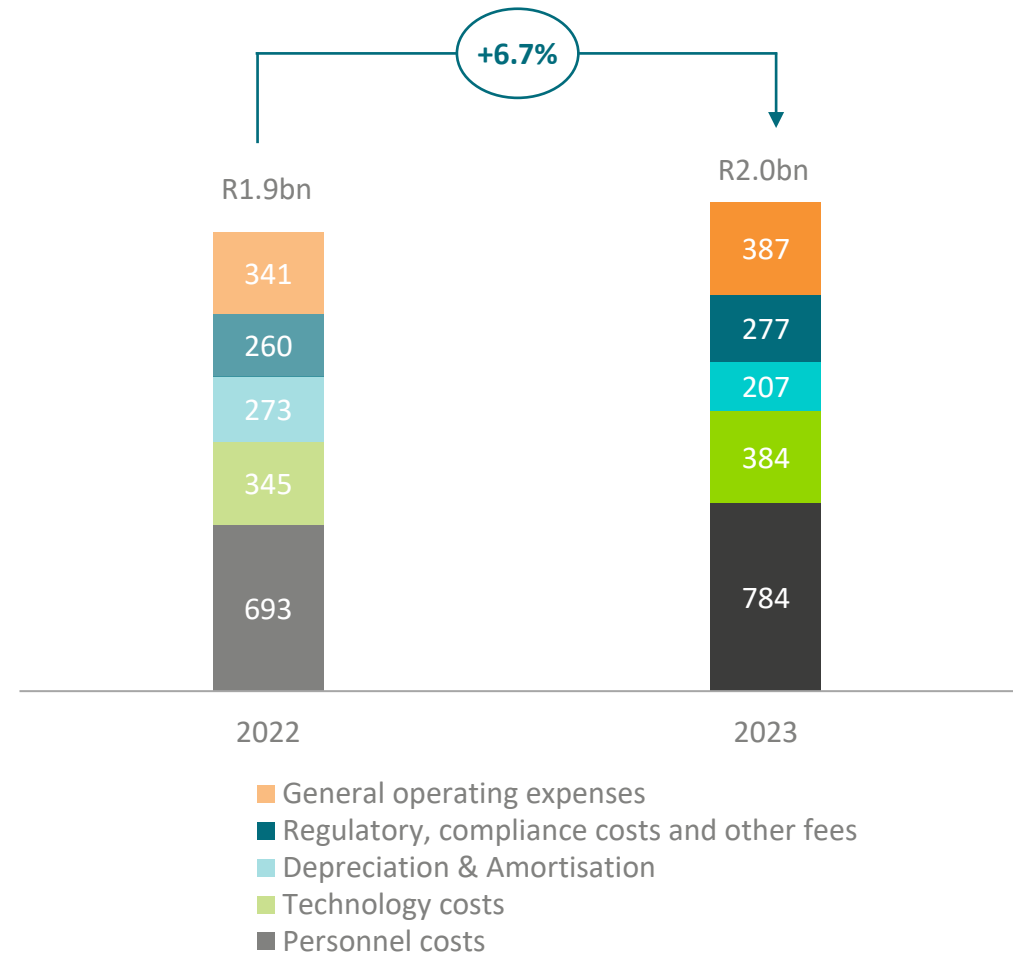
- Change in estimate of useful life of capitalised software and systems

## Regulatory, compliance costs & other fees up 7% (R17m) to R277m

- Higher regulatory levies due to JSEC (licensed as an ICH in the current year) and an increase in trading levies

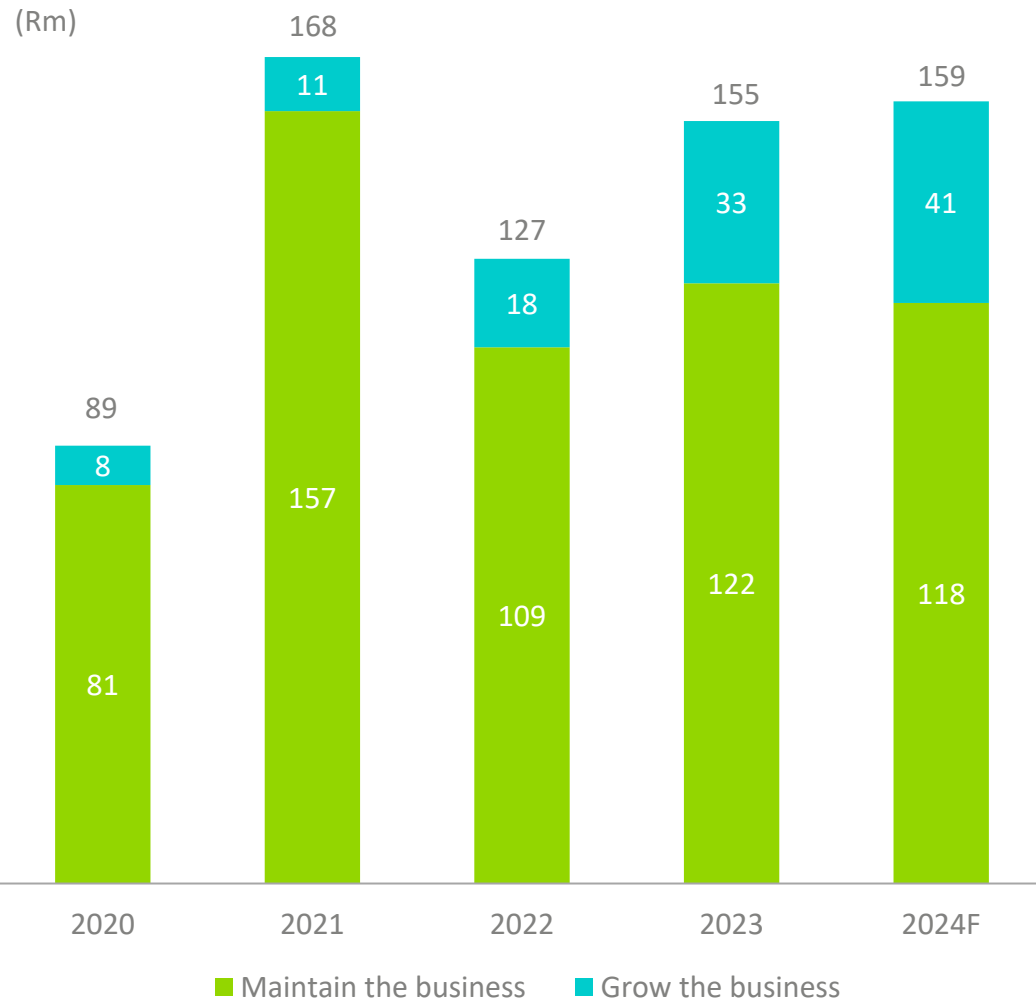
## General operating expenses up 14% (R46m) to R387m

- Reflective of the cost pressures in the operating environment and investment in strategic initiatives
- Unclaimed VAT expenses and an increase in diesel costs





# Capex spend in line with expectations



## Grow the business:

- Information services - primarily the transfer of master data to the cloud, the data marketplace and Self-Service Business Intelligence (BI)
- Bond CCP - progressing development
- New market development - digital asset opportunities

## Maintain the business:

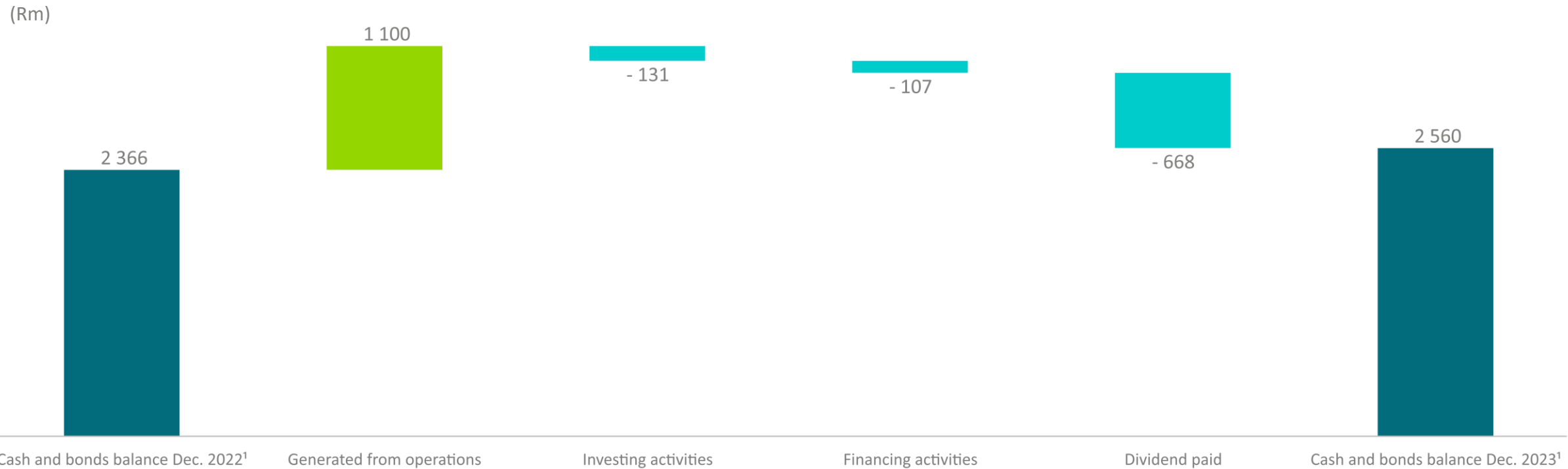
- Rejuvenation of infrastructure and systems - completed three operating systems, platform upgrades and system migration
- Upgrade of operating systems and software - additional system functionalities to improve operational efficiencies
- Upgrade of platform supporting remaining derivative markets - commodities and bonds
- Regulatory enhancements

## 2024 Capex guidance: R145m - R165m<sup>1</sup>

- Information Services growth strategy
- Rejuvenation of infrastructure
- Regulatory enhancements
- Automation of key processes
- System maintenance

<sup>1</sup>Capitalisation subject to technical accounting assessments

# Robust balance sheet and healthy cash generation



## Investing activities

- Intangible assets, acquisition of plant and equipment
- Investment in government bonds
- Leasehold improvements

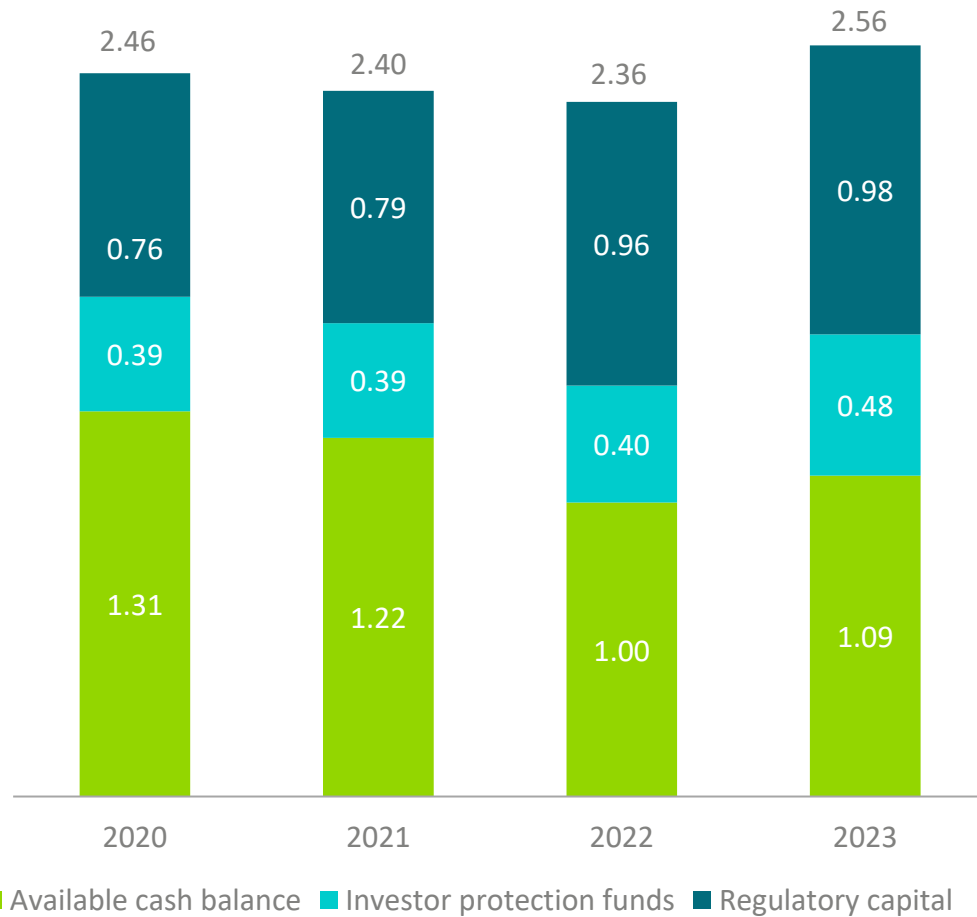
## Financing activities

- Acquisition of treasury shares
- Lease liability repaid

<sup>1</sup>Amount invested in bonds: R256m (2022: R143m)

# Strong cash balance with adequate regulatory capital

Cash and bonds (Rbn)



## Investor protection and other funds

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

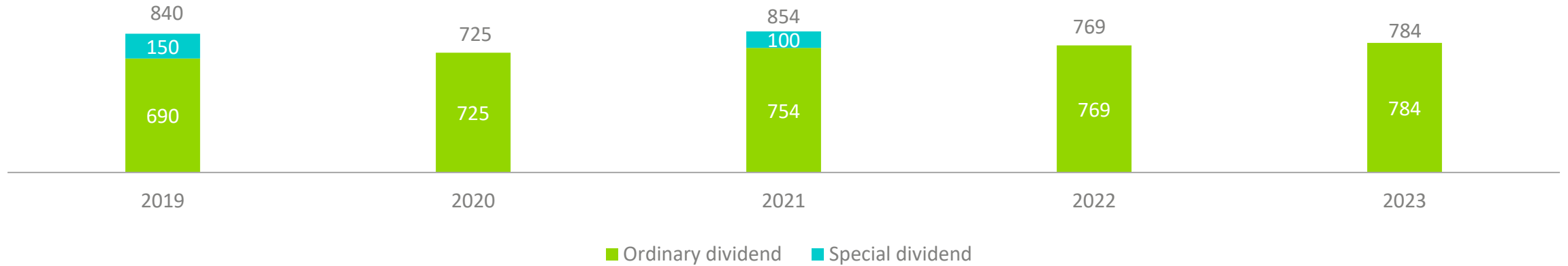
## Available cash

- CAPEX
- Shareholder returns (67 – 100% pay-out)
- Other investment
- Working capital



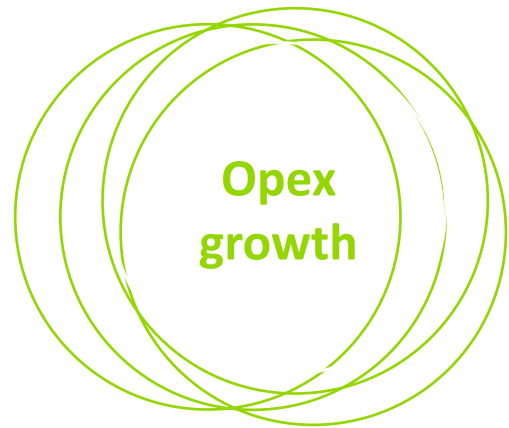
# Dividend in line with stated policy

Dividend per share (cents)

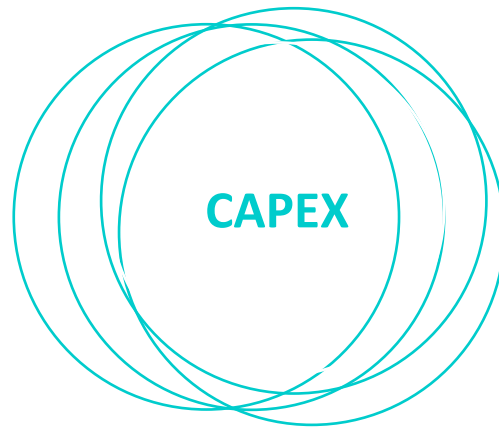


	2019	2020	2021	2022	2023
Total dividend	R730m	R630m	R741m	R668m	R681m
Ordinary dividend pay-out ratio	87%	83%	92%	89%	82%
Dividend yield (total)	7.0%	6.3%	7.6%	7.1%	8.5%

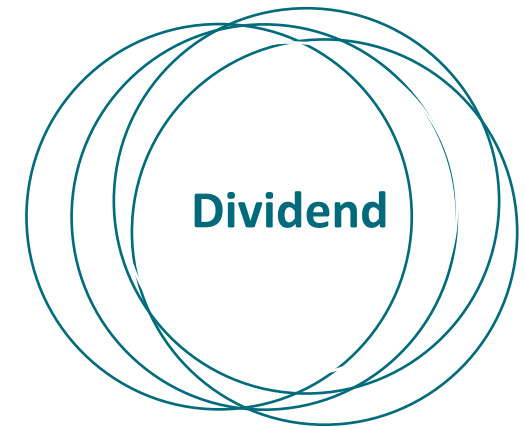
# FY 2024 Expectations



5% – 8%



R145m – R165m



67% – 100% pay-out ratio



# Conclusion

# Retaining our strong competitive value proposition

## Transformative and innovative

- Partnerships with world-class network providers – Colo 2.0
- Broadening of products to include analytics and data solutions
- BDA modernisation
- Ability to improve pricing competitiveness and reduce all in cost for clients

## Responsive and resilient operations

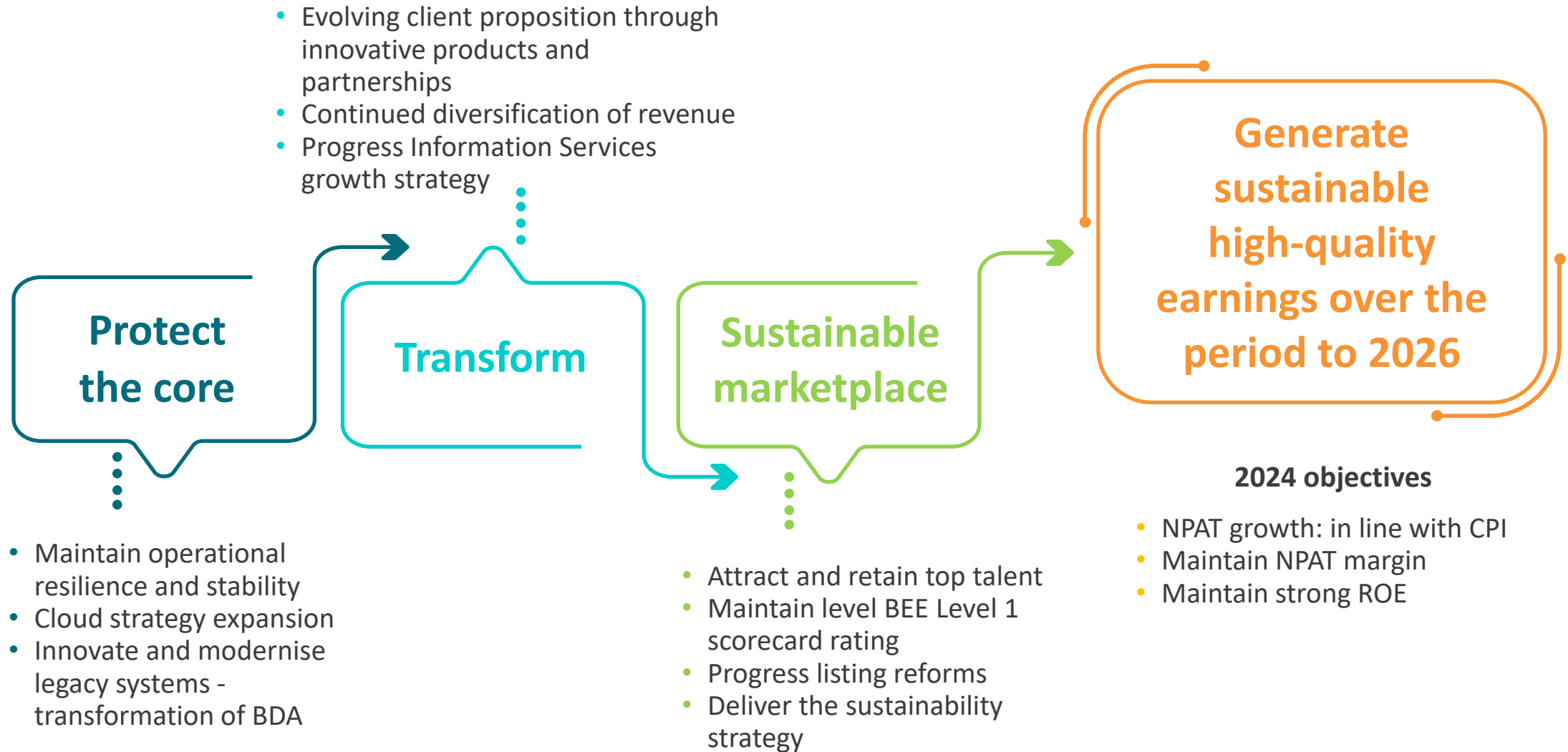
- Resilient operational exchange - market availability of 99.89%
- Settlement assurance
- Deep, liquid and quality markets
- World-class latency, connectivity and enhanced market access
- Globally aligned and credible benchmark indices for SA

## Established and credible FMI

- Critical Financial Market Infrastructure (FMI)
- Multi asset class exchange
- Robust regulation
- Strong regulatory capital (R987.7m)
- Deep equity reserves (R4.4bn\*)



# The Group's 2026 strategy positions the JSE as a diversified exchange group



# Partnering to deliver BDA modernisation

- A pragmatic and systematic approach to modernisation by converting to modern software technology (Cobol to Java) and moving from mainframe to the cloud
- Partnering with AWS to facilitate and de-risk migration given their track record and capabilities

**A richer interface  
and improved  
user experience**



**Reduced cost of  
running the  
system with  
benefits to be  
passed back to the  
broker community**



**Ability to produce  
new features  
beneficial to the  
market**




**Improved  
analytics and  
reporting**



**Access to data  
via secure API  
mechanisms**



# Committed to stakeholder value creation



Resilient business model underpinned by healthy cash generation, robust balance sheet and sustainably high ROE

**01.** Increasing revenue diversification across business segments & asset classes

**02.** Maintaining our core value proposition through Resilient and stable market

**03.** Partnering and innovating to deliver transformation

**04.** Stable dividend profile

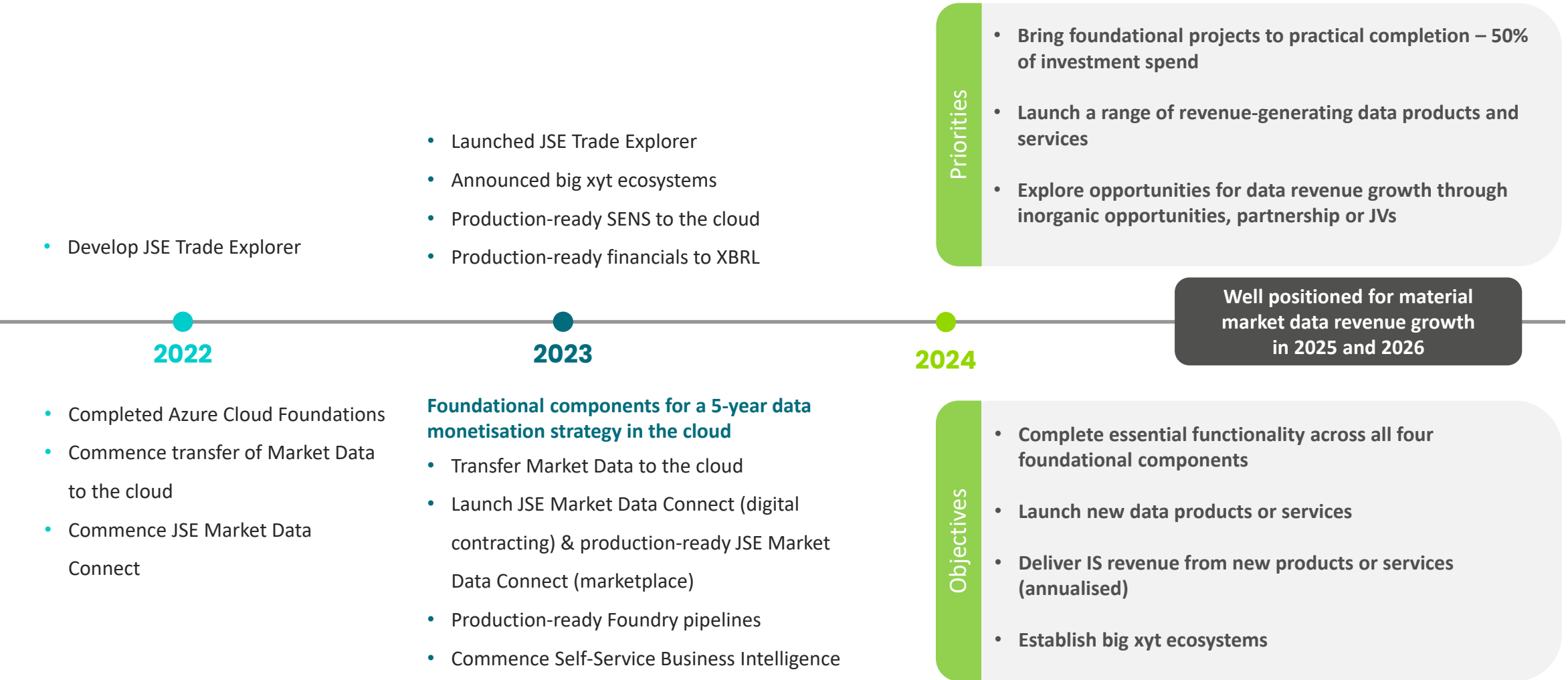
**05.** Successful M&A track record (JIS & Globacap)



# Appendix



# Progressing our Information Services strategy



# FY 2023 Market Drivers

	2023	2022
<b>Primary Market</b>		
Number of IPOs	3	5
Additional capital raised	41bn	13bn
Aggregate market cap. of all equity listed instruments on the JSE <sup>1</sup> (YoY growth)	-6%	+10%
New bond listings	742	774
Nominal value of listed bonds	4.6tr	4.3tr
New bond listings - sustainability segment	12	32
New ETFs	12	9
New ETNs	5	9
No. of warrants and structured products	443	360
New AMCs	23	9
Jpp <sup>2</sup>	7.7bn	12bn
<b>Post-Trade Services and JIS</b>		
Billable equity value traded	-5%	14%
No. of transactions/deals	327k	322k
ADTs %	1%	-1%
JIS new customers <sup>3</sup>	10	21

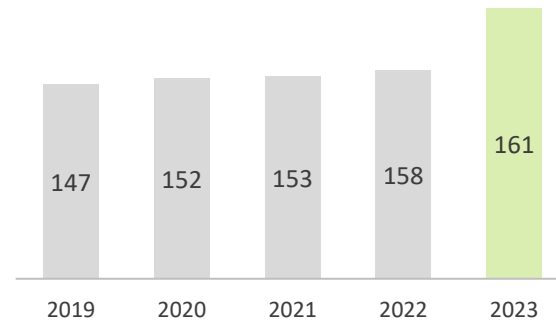
	2023	2022
<b>Secondary market</b>		
Published equity value traded	-9.5%	flat
ADV <sup>4</sup> %	-9%	flat
Colocation activity as a % of total value traded	69%	66%
No. of racks	53	47
Interest rate derivatives contracts traded	4%	14%
Equity derivatives value traded	-4%	13%
Bond nominal value traded <sup>5</sup>	20%	4%
Currency derivatives no. of contracts traded	36%	15%
Commodity derivatives no. of contracts traded	4%	2%

<sup>1</sup>31 December 2022 to 31 December 2023, <sup>2</sup>JSE Private Placements live deals: 41 active, <sup>3</sup>JIS: includes registry and share plans clients, <sup>4</sup>ADV – Average Daily Value Traded calculated as value traded divided by number of trading days, <sup>5</sup>Bond repo up 20% to R30.7tr (2022: R25.8tr), Standard bonds up 23% to R13.5tr (2022: R11.0tr).

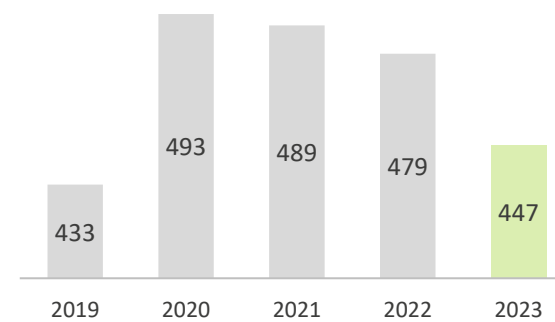
# FY 2019 – 2023 revenue segment data

## CAPITAL MARKETS

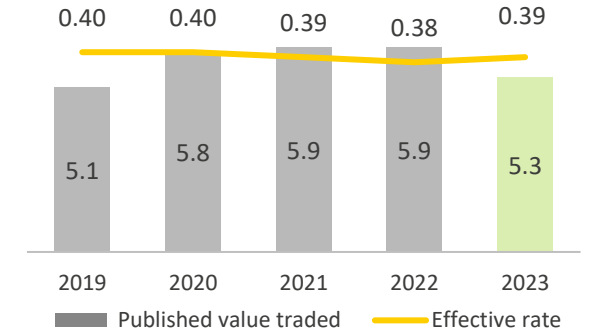
### Primary Market (Rm)



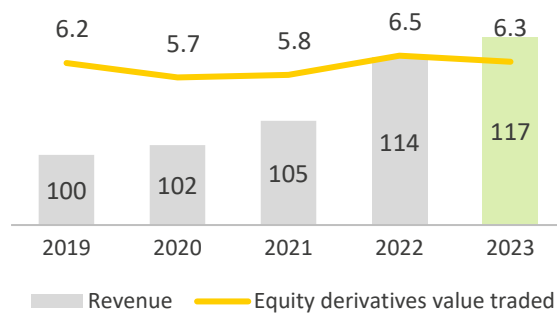
### Equity Trading (Rm)



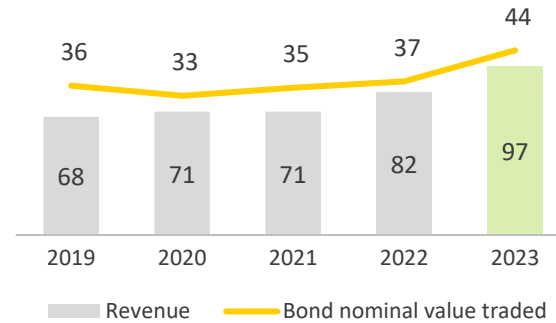
### Published value traded (Rtr) and effective rate (bps)<sup>1</sup>



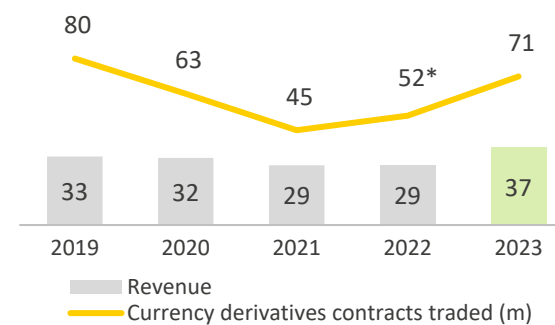
### Equity Derivatives (Rm) and value traded (Rtr)



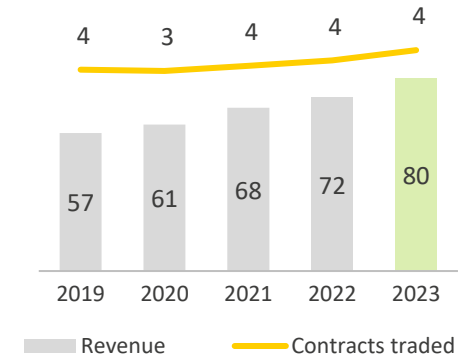
### Interest Rate (Rm) and bond nominal value (Rtr)



### Currency Derivatives (Rm) and contracts traded (m)



### Commodity Derivatives (Rm) and contracts traded (m)

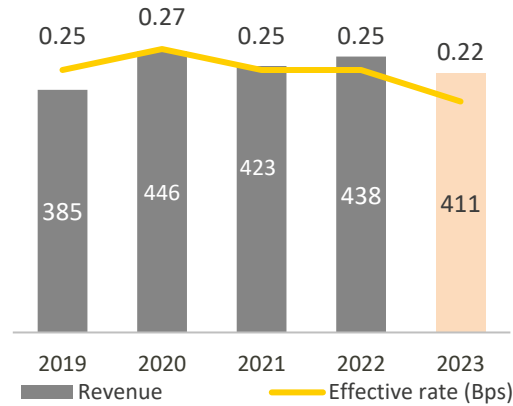


<sup>1</sup>Effective rate: Revenue divided by billable value traded, \*Recalculation of statistics to obtain alignment between equity derivatives and currency derivatives markets

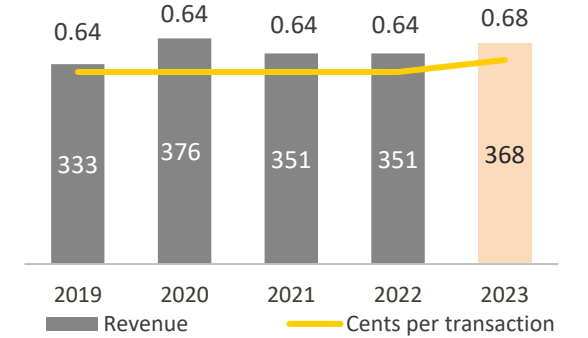
# FY 2019 – 2023 revenue segment data

## POST-TRADE SERVICES

Clearing and Settlement<sup>1</sup> (Rm) and effective rate (bps)<sup>2</sup>

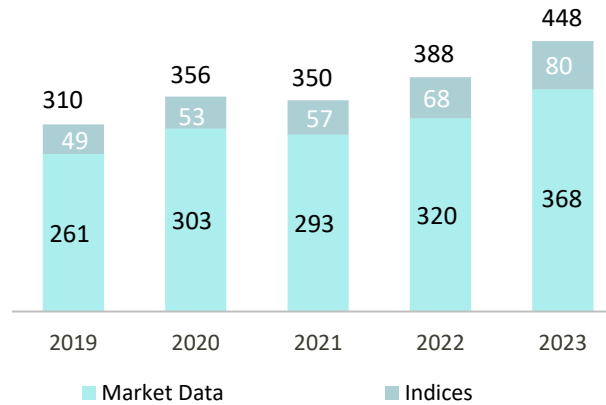


Back-Office Services (Rm) and cents per transaction



## INFORMATION SERVICES

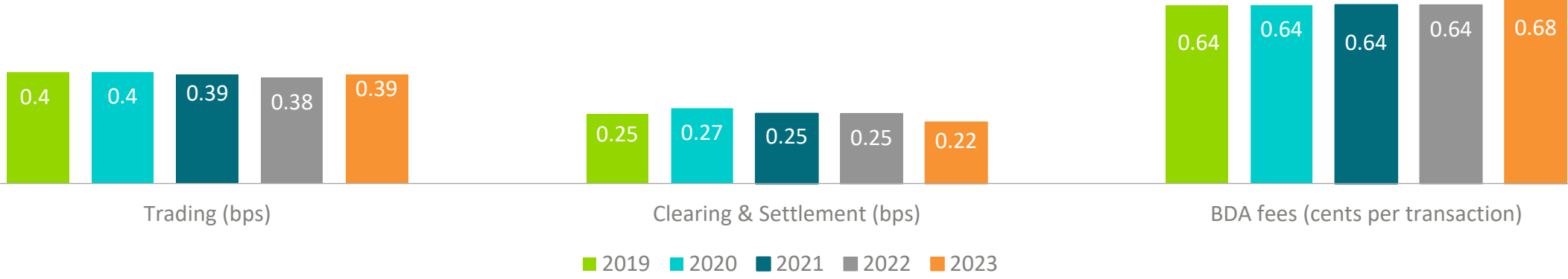
Information Services (Rm)



<sup>1</sup>Clearing & Settlement revenue only reflects equity market clearing fees, <sup>2</sup>Effective rate: revenue divided by billable value traded



# Equity Market: JSE effective pricing trend



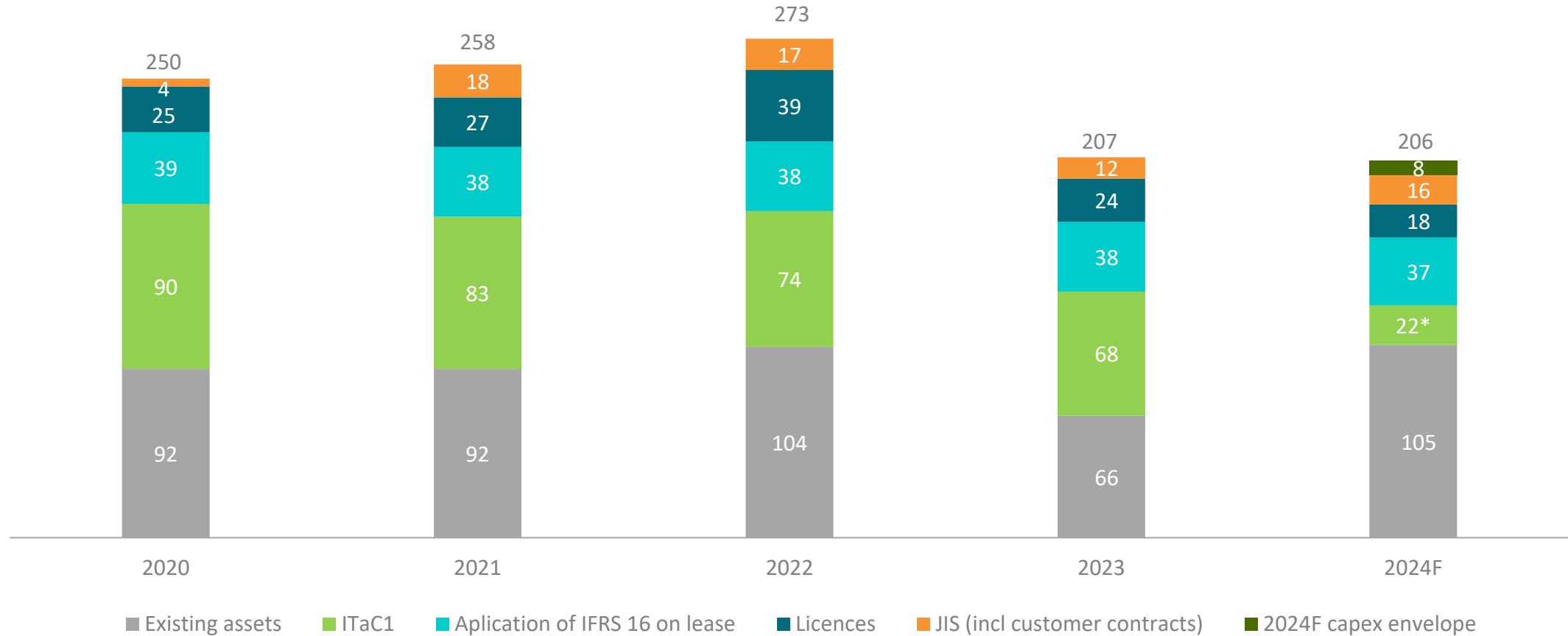
2023: Effective rate increased YoY owing to growth in trade activity of the complex order suite

2023: Effective rate decreased YoY owing to a decrease in transaction sizes, with fewer trades hitting the cap

2023: 4 cents increase per transaction

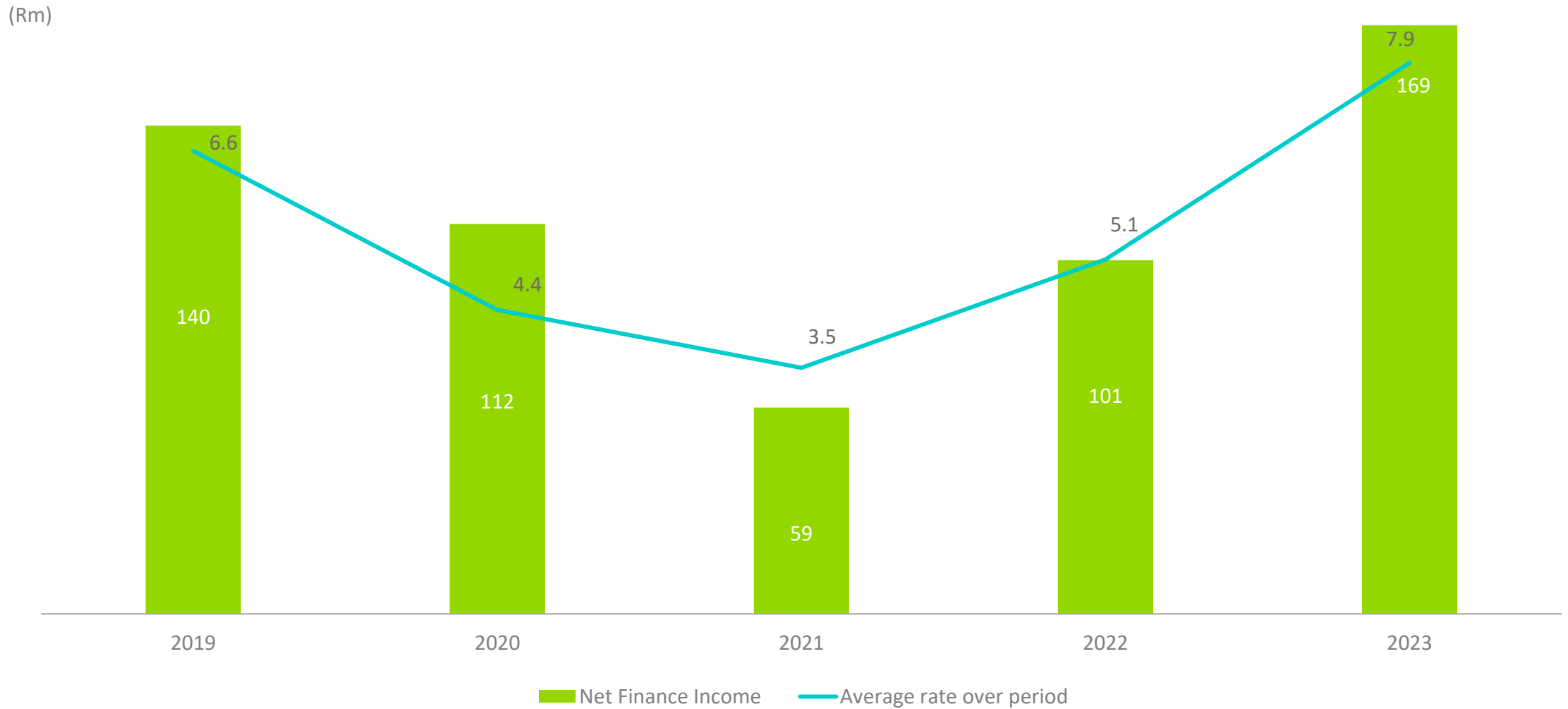
# Multi-year depreciation profile of assets and planned CAPEX

(Rm)



\*4 major ITaC assets have reached the end of their useful lives

# Interest rate developments positively impact Net Finance Income



# Income statement

(Rm)	2023	2022	Δ (%)
Revenue	2 814	2 650	6.2%
Margin income & collateral	128	102	25.8%
<b>Operating income</b>	<b>2 942</b>	<b>2 752</b>	<b>6.9%</b>
Other income	30	54	-45.4%
<b>Total income</b>	<b>2 972</b>	<b>2 806</b>	<b>5.9%</b>
Personnel expenses	784	693	13.2%
Other operating expenses	1 048	946	10.8%
<b>EBITDA</b>	<b>1 141</b>	<b>1 168</b>	<b>-2.3%</b>
EBITDA (%)	38%	42%	-4 pts
Depreciation and amortisation	207	273	-24.1%
<b>Total operating expenses</b>	<b>2 039</b>	<b>1 912</b>	<b>6.7%</b>
<b>EBIT</b>	<b>933</b>	<b>894</b>	<b>4.4%</b>
EBIT (%)	31%	32%	-1 pts
Net finance income	169	101	66.4%
Share of profit from associate	39	41	-5.6%
<b>Profit before tax</b>	<b>1 141</b>	<b>1 037</b>	<b>10.0%</b>
Income tax expense	310	288	7.5%
<b>NPAT</b>	<b>831</b>	<b>749</b>	<b>11.0%</b>
NPAT (%)	30%	28%	2 pts
EPS (cents)	1 019.3	911.1	11.9%
HEPS (cents)	1 029.8	917.7	12.2%

Note: Margin income reclassified from net finance income to operating income – 2023: R128m and 2022: R102m



# Balance sheet

(Rm)	2023	2020
<b>Non-current assets</b>	<b>2 153</b>	<b>1 992</b>
Property and equipment	174	165
Intangible assets	675	696
Investment in associate	347	329
Other non-current assets	958	801
<b>Current assets</b>	<b>57 637</b>	<b>59 345</b>
Margin deposits	53 999	55 793
JSE Clear Derivatives Default Fund collateral deposits	500	500
Trade and other receivables	831	793
Cash and cash equivalents	2 304	2 223
Other current assets	4	36
<b>Total assets</b>	<b>59 790</b>	<b>61 336</b>
<b>Total equity</b>	<b>4 386</b>	<b>4 173</b>
Stated capital	(166)	(119)
Reserves	846	755
Retained earnings	3 705	3 537
<b>Non-current liabilities</b>	<b>116</b>	<b>191</b>
<b>Current liabilities</b>	<b>55 288</b>	<b>56 972</b>
Margin deposits	53 999	55 793
JSE Clear Derivatives Default Fund collateral contribution	400	400
Other current liabilities	890	780
<b>Total equity and liabilities</b>	<b>59 790</b>	<b>61 336</b>

Note: Figures contain rounding differences

# Financial metrics

	2019	2020	2021	2022	2023
Operating margin (EBIT) <sup>1</sup>	31%	32%	31%	32%	31%
EPS (cents)	814.8	936.7	874.1	911.1	1 019.3
HEPS (cents)	814.6	936.7	878.9	917.7	1 029.8
PE	14.6	12.6	12.8	11.9	9.0
NPAT (Rm)	695	779	723	749	831
NPAT margin	31%	31%	28%	28%	30%
ROE	18%	19%	17%	18%	19%

Note: Figures contain rounding differences, <sup>1</sup>Margin income included in operating income in EBIT calculation – 2023: R128m and 2022: R102m



## How the JSE art was used throughout the reporting suite

Our Integrated Annual Report 2023 showcases selected works from the JSE's corporate art collection, with the focus on artists involved with the Polly Street Art Centre, a significant feature in the evolution of South African art.

The first art classes were offered at Nr 1 Polly Street in 1949. Artists would get off the train or tram in Diagonal Street very close to where the Johannesburg Stock Exchange was located and would walk to the neighbourhood known as the Bantu Sports Club for the evening lesson that had to end before curfew.

The artists and idealists that taught at the centre included Eduardo Villa, Merle Huntley, Walter Battiss, Cecily Sash, Lary Scully, Fred Schimmel and Cecil Skotnes, and they left an unmeasurable legacy for the South African Art world.

Elza Miles beautifully summed up the value and importance of the Polly Street Art centre: "[it] was a crucible from which two distinct South African styles of expression emerged. Although both styles are modernistic, they show different points of view. The one finds inspiration in everyday life and is mimetic, the other draws on classical African and modernistic styles to shape and interpret observations from life. Whereas the one is direct, the other is interpretative, yet both open avenues for unlimited exploration. Herein lies the legacy of No. 1 Polly Street."

The many artists molded by this art initiative, teachers and students alike, established a unique South African visual paradigm that have filtered through to some of our most influential artists today.





**Thank you**

*let's connect*