



JSE LIMITED FY 2021 RESULTS

2nd March 2022



AGENDA

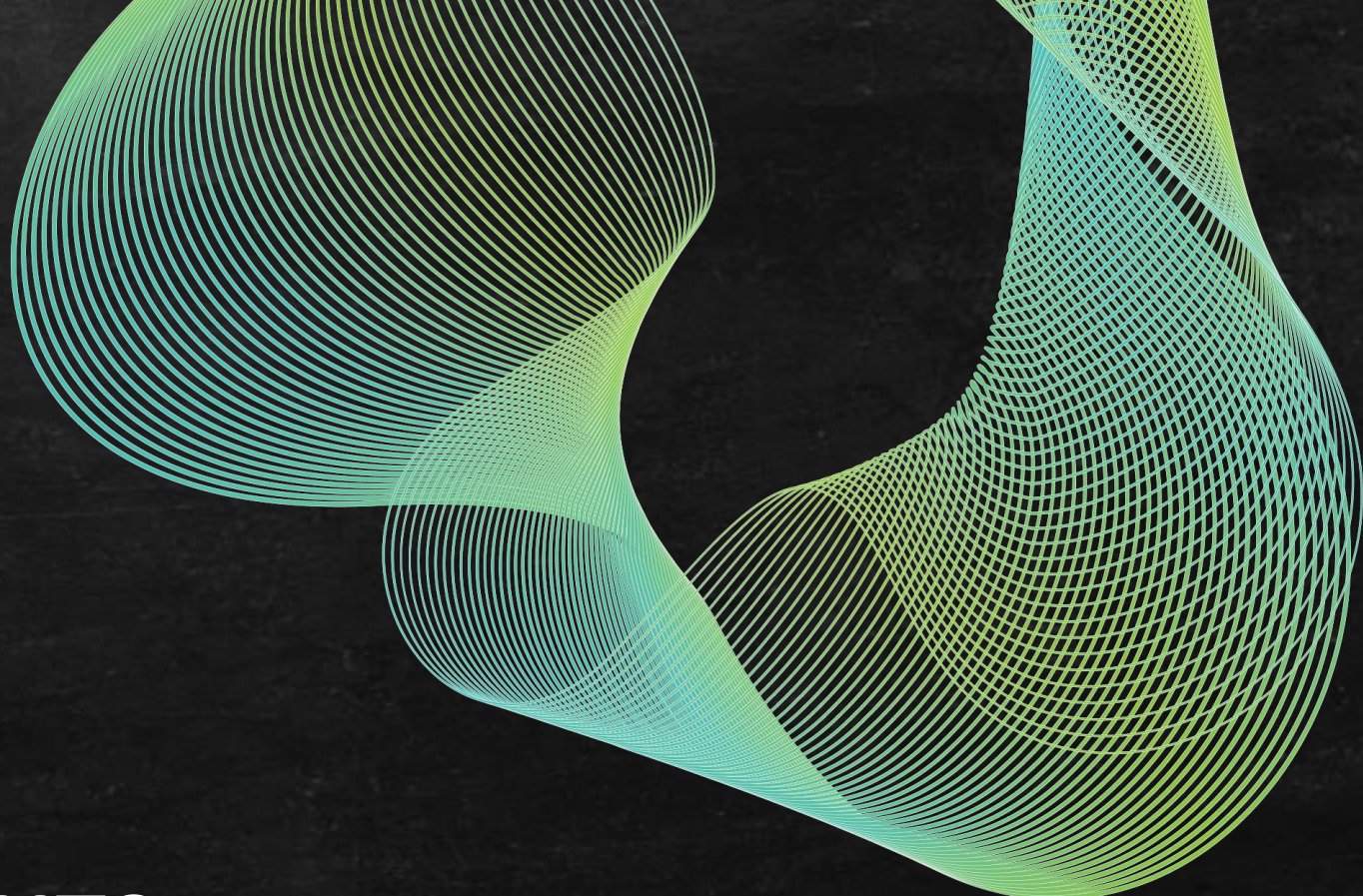
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KEY HIGHLIGHTS



2021 at a glance

Revenue growth from higher value traded in H2 2021 and full year contribution from JIS*

Strong cost discipline with OPEX growth below inflation

EBITDA in excess of R1bn, stable YoY and growing double digit YoY in H2

Successfully integrated new entities, JIS gaining traction

All-time low interest rates impacting net finance income

Continued high cash generation and increased dividend payout

Business diversification initiatives focused on new products and solutions

Well capitalised Group & healthy balance sheet

Footnote

2021 key financial highlights

Operating revenue

+3%

to R2.5bn
(2020: R2.4bn)

Operating costs

+4%

at R1.8bn
(2020: R1.7bn)

EBITDA

Flat

at R1.06bn
(2020: R1.06bn)

EBITDA margin

41%

(2020: 42%)

Net finance income

-27%

to R146m
(2020: R200m)

EPS & HEPS

-7% & -6%

to 874.1 and 878.9 cents
respectively
(2020: 936.7 cents)

Cash conversion ratio

101%

(2020: 104%)

Ordinary dividend pay-
out ratio*

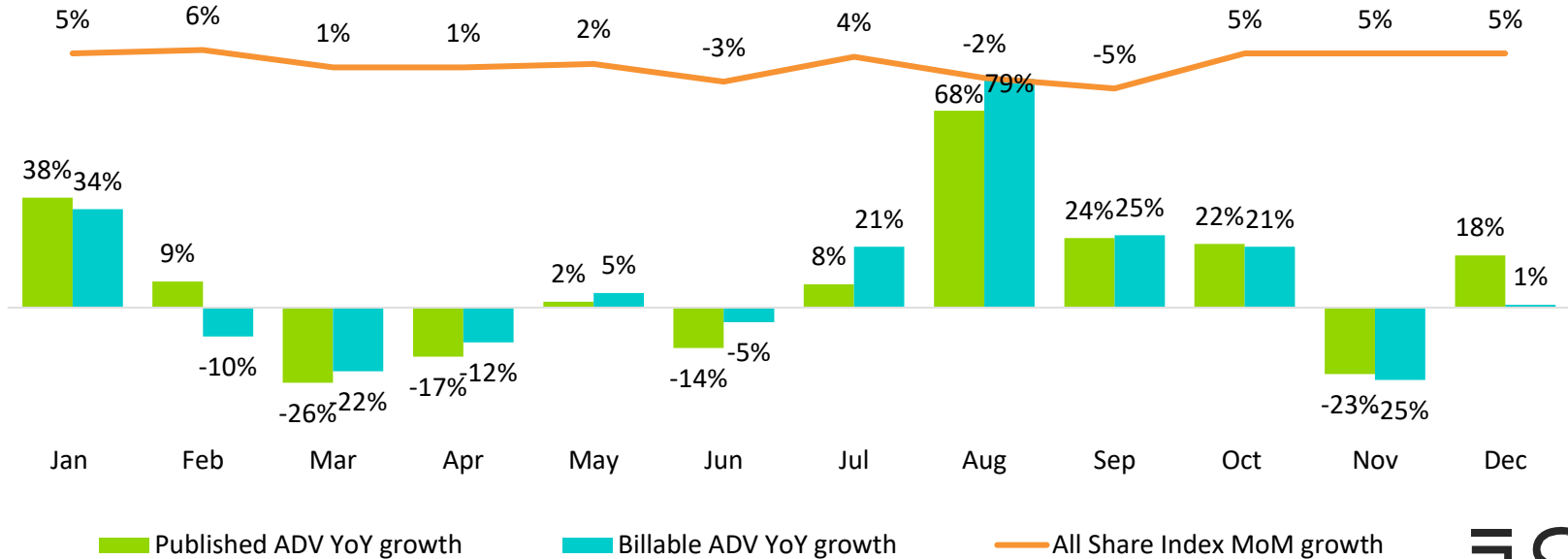
92%

(2020: 83%)

Footnote

Pickup in H2 2021 average daily value traded

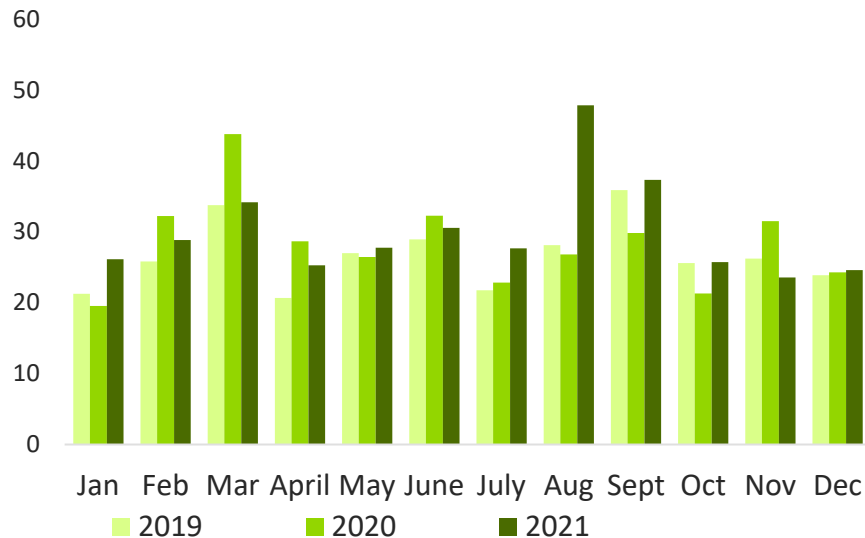
H1 ADV ↓ 5% to R29bn (2020: R30bn), H2 ADV ↑ 20% to R31bn (2020: R26bn), FY ↑ 7% to R30bn (2020: R28bn)



Higher equity value traded despite lower volumes

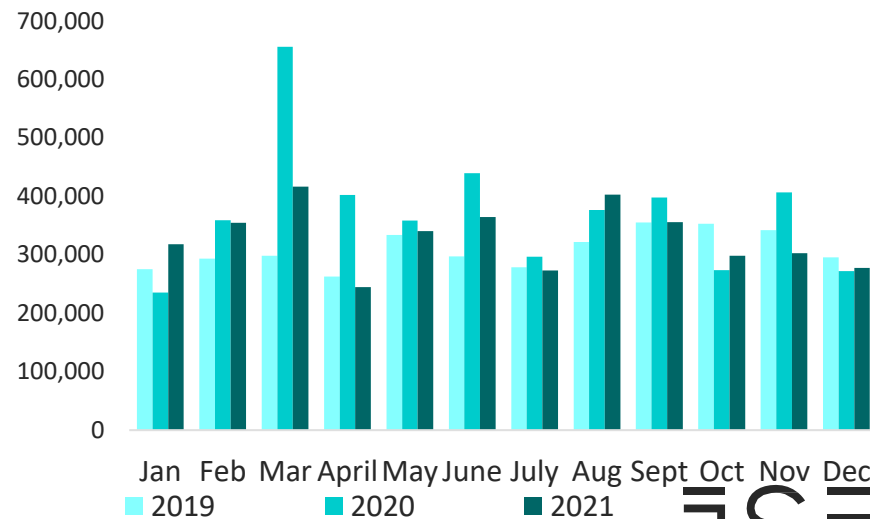
Equity trading –
monthly billable average daily value traded (ADV) (Rbn)

ADV 2021 v 2020: ↑ 5%
ADV 2020 v 2019: ↑ 7%



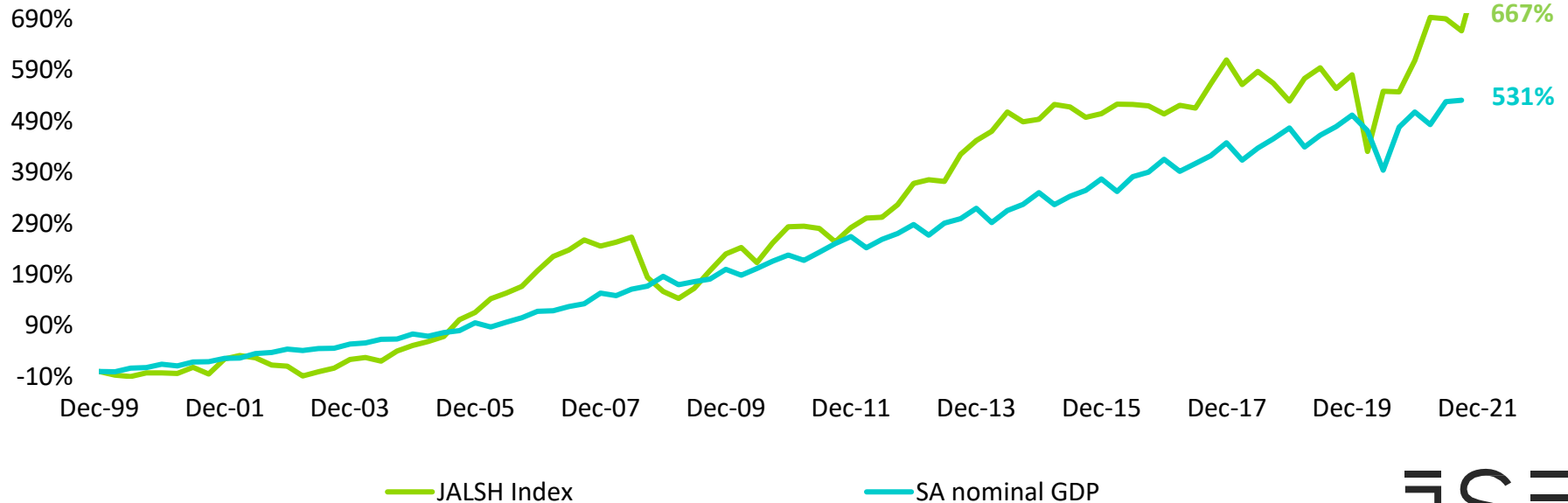
Equity trading –
monthly average daily transactions (ADT)

ADT 2021 v 2020: ↓ 11%
ADT 2020 v 2019: ↑ 18%

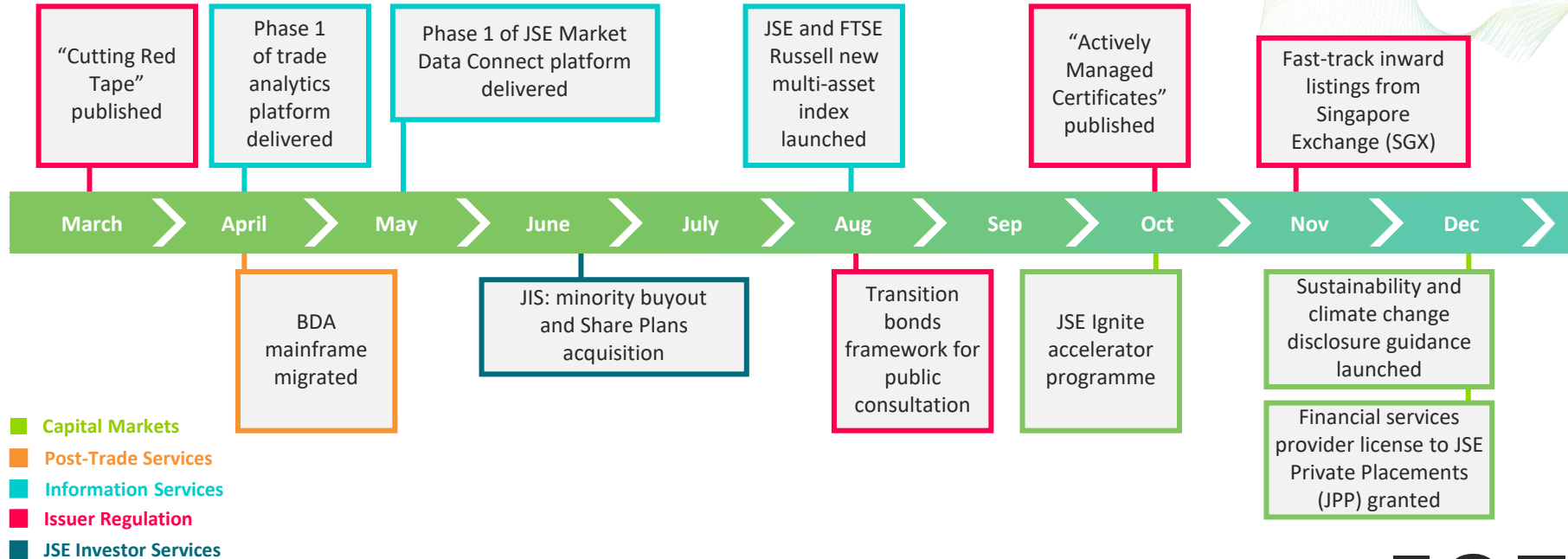


JALSH Index outperforms real economy

SA GDP growth vs JALSH Index (31 Dec 1999-30 Sep 2021) – base 0 on 31/12/1999



Continued execution of our strategic roadmap



JIS – fully integrated and growing

BACKGROUND

November 2020 - Completed acquisition of 74.85% of Link Market Services (now JIS)

STRATEGY

Improve earnings quality through revenue diversification

REVENUE MIX

- Annuity revenue (registry services and share plans)
- Variable revenue (corporate actions and margin income)

2021 UPDATE

Business

- Acquired remaining 25.15% in June 2021 (R75.45m cash) – JIS now 100% wholly owned , successful integration
- Acquired administrative portion of Investec Share Plan Services (ISPS), adding 90 new clients

Positive commercial momentum

- Strong performance in H2, with 8 new clients acquired
- Launched asset reunification services for entire market
- Association agreements with William Radcliffe and Orient Capital

New Opportunities

- Grow market share across businesses
- Centralised BEE verification platform

GROUP BUSINESS PERFORMANCE

Market drivers

Number of IPOs*

8

(2020: 4)

Equity market
capitalisation**

+15%

(2020: R17.9tr)

Number of
delistings***

25

(2020: 20)

Billable equity
value traded****

+5%

(2020: +7%)

Equity
transactions

-12%

(2020: +21%)

Bond nominal value
traded

6%

(2020: -7%)

Equity derivatives
value traded

+7%

(2020: -7%)

Currency derivatives
contracts traded

-13%

(2020: -8%)

Commodity
derivatives contracts
traded

+2%

(2020: 0%)

Interest rate
derivatives contracts
traded

-5%

(2020: +14%)

* Initial public offerings – 8. Debt instruments – 2.

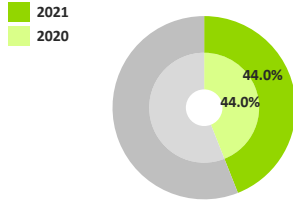
** Market capitalisation of all equity listed instruments on the JSE. Market capitalisation at the end of the year, 31 December 2021.

*** Ordinary shares – 22. Preference shares – 3

**** Published trading statistics: 5% (2020: 13%); Published ADV 6% to R24bn (2020: R23bn), Billable ADV 7% to R30bn (2020: R28bn)

Value traded and JIS driving revenue growth

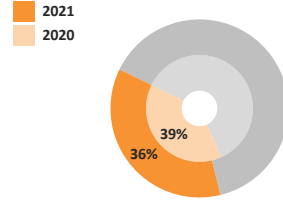
CAPITAL MARKETS



+1% YoY

- Equity Market revenue -1%. Corporate actions in H2 2021 led to higher value traded offsetting the strong H1 2020 base effect
- Positive contributions from Colocation, Equity Derivatives and Commodity Derivatives
- Currency Derivatives down on lower hedging activity

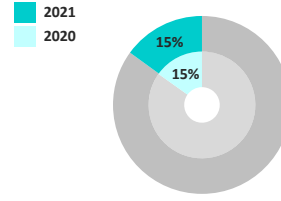
POST-TRADE SERVICES



-5% YoY

- Clearing and Settlement revenue -5% owing to the high base effect from scrip lending and penalties in 2020
- BDA: 7% decline in Equity Market transactions, following two years of double-digit growth in transactions
- Funds under management -1%

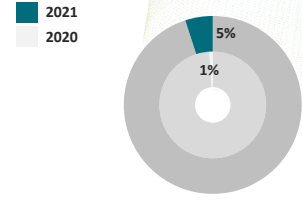
INFORMATION SERVICES



-2% YoY

- 4% underlying growth
- Negative FX impact from stronger ZAR/USD conversion

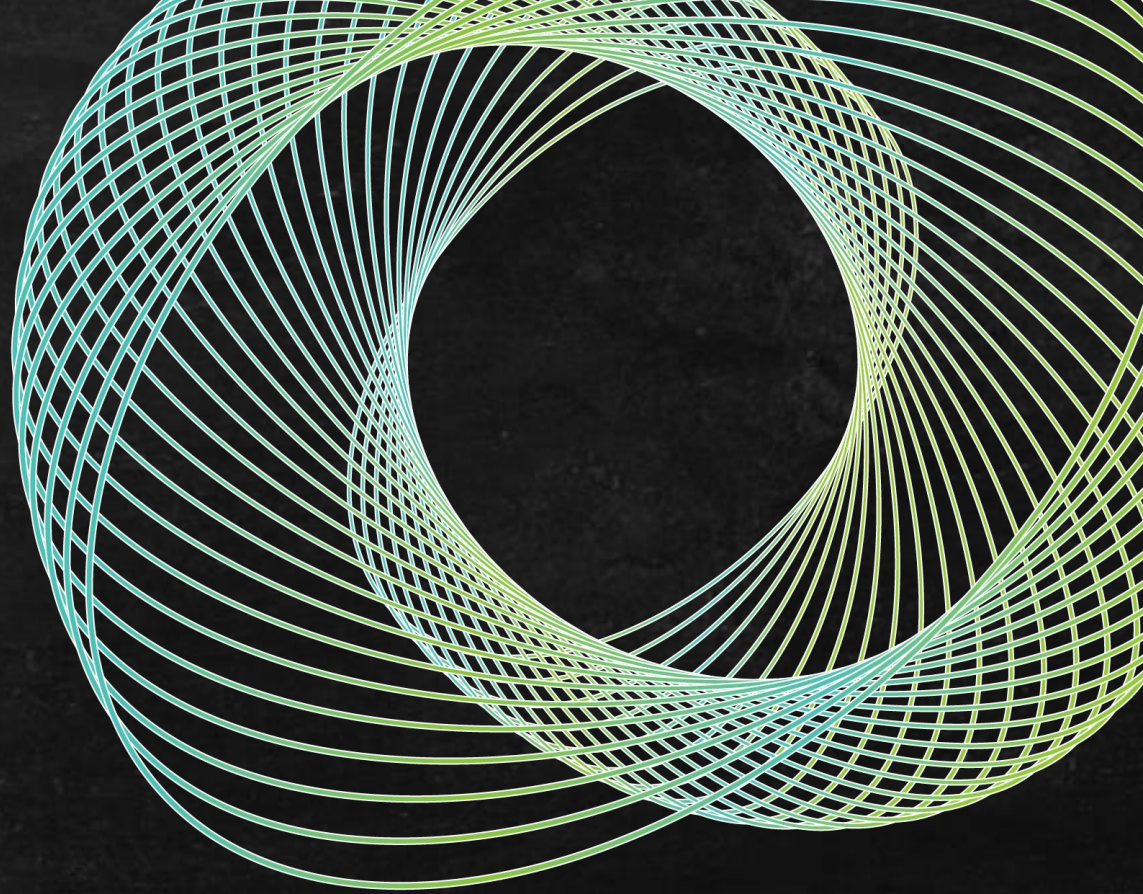
JSE INVESTOR SERVICES (JIS)



n/a YoY

- First full-year consolidation
- Stronger H2 total revenue performance at R74m (H1: R52m) driven by revenue related to new share plans and corporate actions

FINANCIAL REVIEW



JS

Key financial highlights

TRADING & PROFITABILITY

Operating revenue
+3%
to R2.5bn
(2020: R2.4bn)

Total OPEX
+4%
to R1.8bn
(2020: R1.7bn)

EBITDA
Flat
at R1.06bn
(2020: R1.06bn)

EBIT margin
31%
(2020: 32%)

Net finance income
-27%
to R146m
(2020: R200m)

EPS & HEPS
-7% & -6%
to 874.1 and
878.9 cents
(2020: 936.7 cents)

CASH & CAPITAL

Operating cash conversion ratio*
101%
(2020: 104%)

CAPEX
R165m
(2020: R89m)

Inorganic investment
R159m
(2020: R225m)

Regulatory capital
Solvency:
R1.1bn
Supported by
R789m in cash

Cash balance
R2.4bn
(Dec 2020:
R2.5bn)

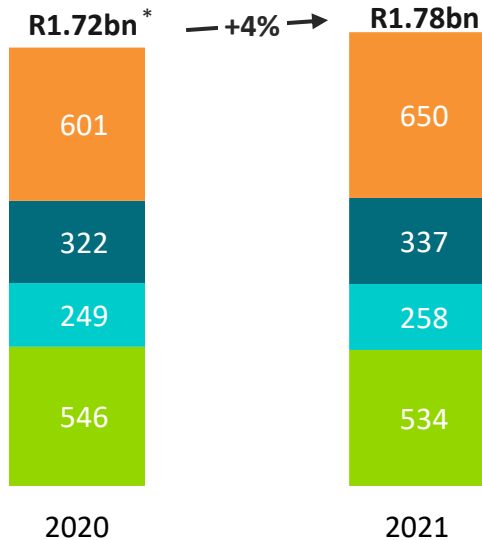
Ordinary dividend pay-out ratio**
92%
(2020: 83%)

Footnote:

NPAT reflecting stable operating performance and record low interest rate environment

(Rm)	2021	2020	Δ (%)
Operating revenue	2 517	2 446	3%
Other income	59	82	-28%
Total revenue	2 576	2 528	2%
Personnel expenses	650	601	8%
Other operating expenses	871	868	0%
EBITDA	1 055	1 060	0%
EBITDA (%)	41%	42%	-1 pt
Depreciation and amortisation	258	249	3%
Total operating expenses	1 779	1 718	4%
EBIT	798*	811	-2%
EBIT (%)	31%	32%	-1 pt
Net finance income	146	200	-27%
Share of profit from associate	52	54	-5%
Profit before tax	995	1 065	-7%
Income tax expense	272	283	-4%
Loss after tax for the year from discontinued operations	-	3	-100%
NPAT	723	779	-7%
Attributable to JSE minority shareholders	1	0.3	>100%
Attributable to JSE Group	722	778	-7%
NPAT (%)	28%	31%	-3 pts

Strong cost discipline with OPEX growth below inflation



■ Personnel costs ■ Technology costs
■ Depreciation and amortisation ■ General expenses

Personnel costs up 8% (R49m) to R650m

- Gross remuneration up R68m to R507m (2020: R440m), largely due to full year consolidation of JIS
 - Average headcount of 519 (2020: 500): 408 at JSE (2020: 402) and 111 at JIS (2020: 98)
- Increase partly offset by lower retention and other payments down R14m to R4m (2020: R19m) and leave pay down R5m to R9m (2020: R13m)
- Discretionary bonus at R72m or 10% of NPAT (2020: R76m or 9.8% of NPAT)

Technology costs up 5% (R15m) to R337m

- JSE Investor Services (JIS) costs up R11m to R13m

Depreciation and amortisation up 3% (R9m) to R258m

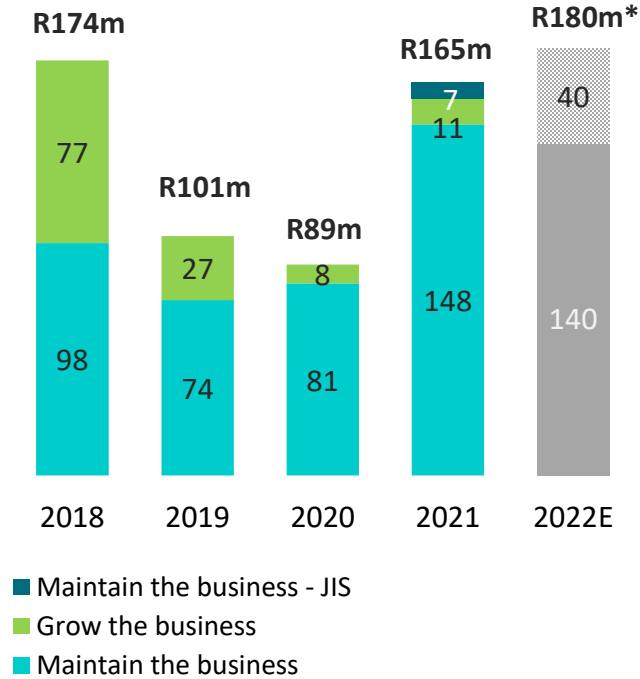
- Includes amortisation for JIS customer contracts (up R8m to R9m)

General expenses down 2% (R12m) to R534m

- Significant decline in deal acquisition costs, lower by R28m to R1m (2020: R29m) due to JIS and Globacap costs incurred in the prior year

JIS annualised impact adds 6% to cost growth at R106m (2020: R15m)**

Higher investment in rejuvenation of systems and building



2021 GROW THE BUSINESS – R11M

- Securities collateral
- Commodity derivatives: New diesel contract
- Colocation

2021 MAINTAIN THE BUSINESS – R148M

- Leasehold improvements to support new ways of work as well as client service
- Rejuvenation of infrastructure and systems

2021 JIS – R7m

Indicative spend for FY 2022: R140m – R180m*

2022 GROW THE BUSINESS

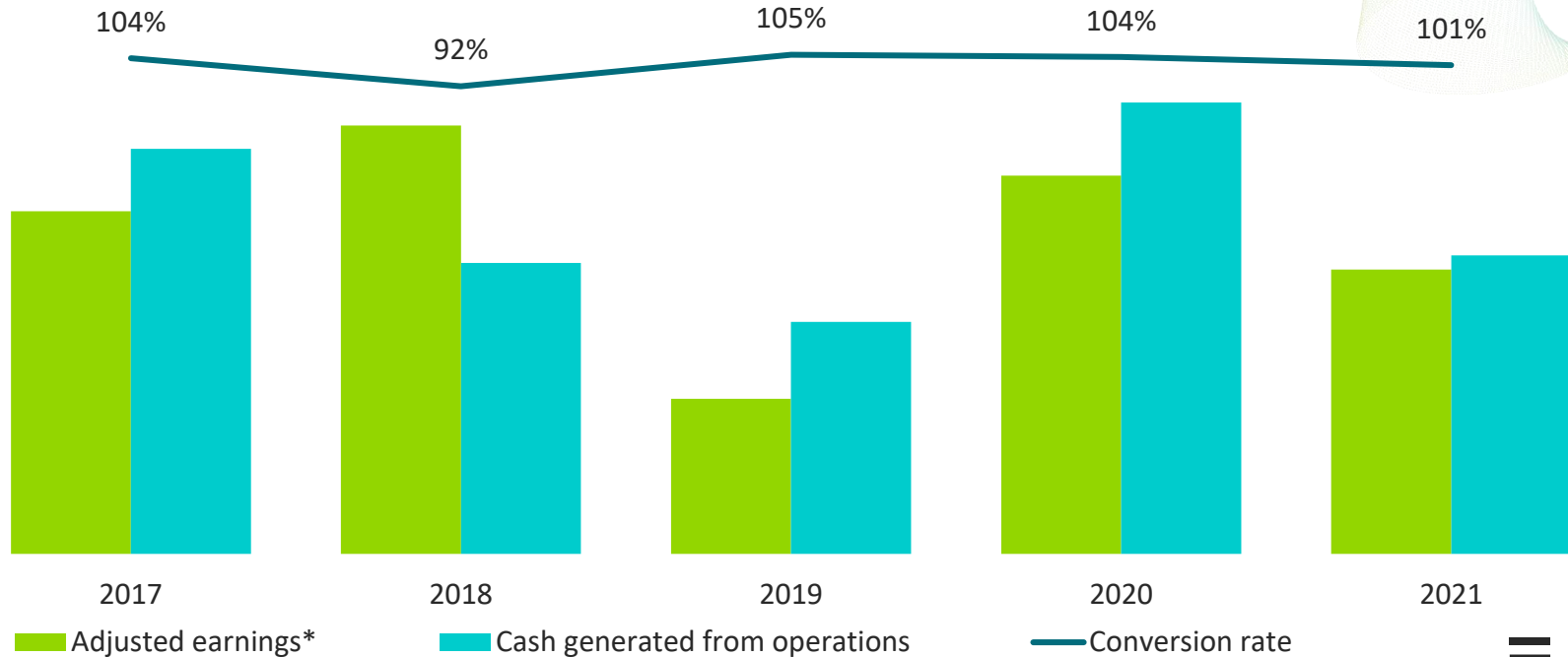
- Information services organic growth strategy
- Securities collateral

2022 MAINTAIN THE BUSINESS

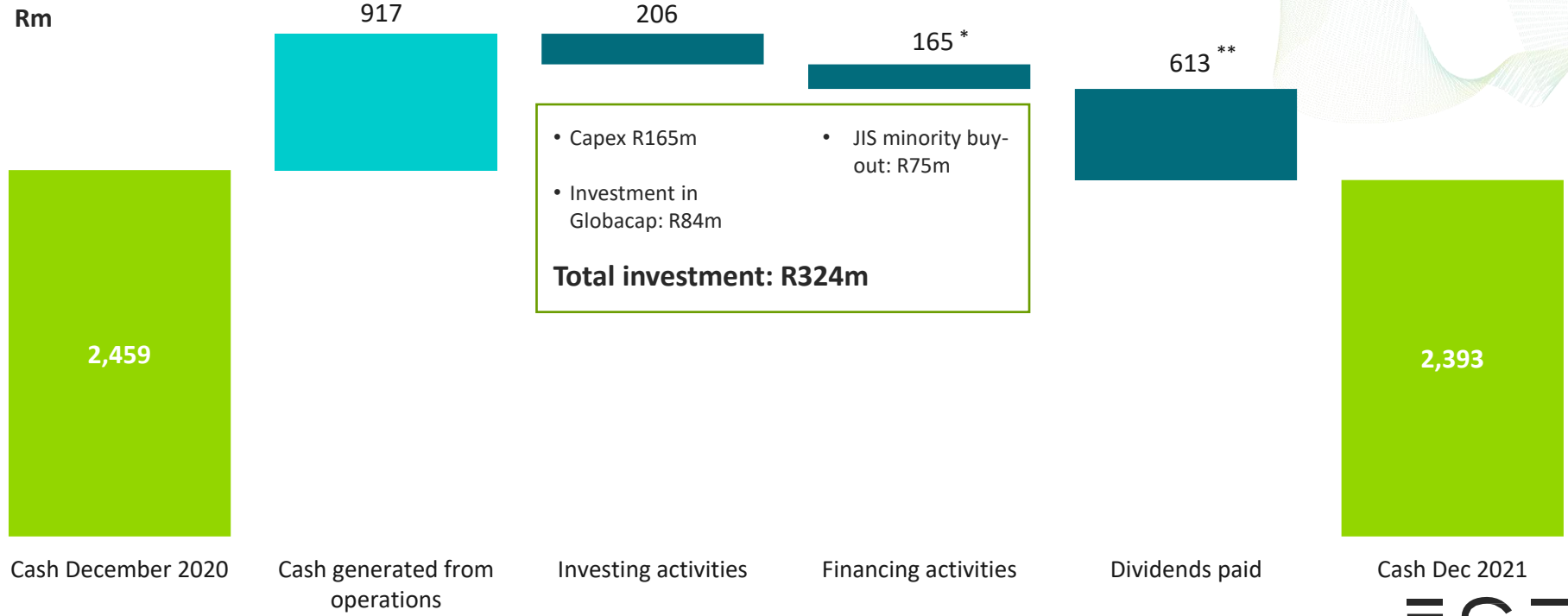
- Rejuvenation of infrastructure and systems
- Risk mitigation

Continued high cash conversion of earnings

Rm



Cash investments of R324m for resilience and growth



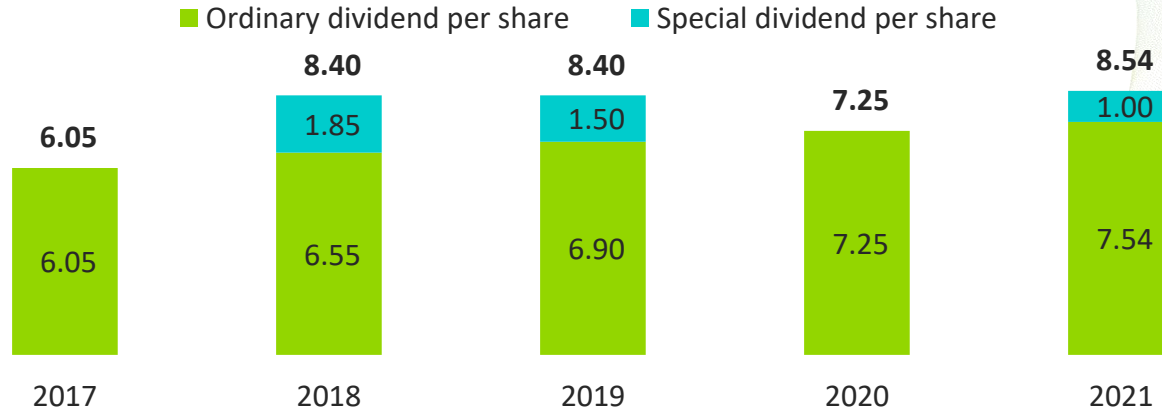
Soundly capitalised Group

JSE Group calculates and holds regulatory capital in the form of equity

R1.13bn in equity held for JSE Limited and JSE Clear as at 31 December 2021

R789m is held in the form of restricted cash and cash equivalents

Ordinary dividend up 4%, special dividend declared



Total dividend	R526m	R730m	R730m	R630m	R741m
Ordinary dividend payout ratio	65%	62%	87%	83%	92%
Total dividend payout ratio	65%	80%	101%	83%	104%



**LOOKING
AHEAD**

Leading the way on sustainability

TWO-PRONGED APPROACH TO SUSTAINABILITY

Internally

Integrating sustainability into our organization and business operations

- Employee welfare
- Board diversity
- Remuneration policy
- Environmental footprint

Externally

Promoting access to capital and responsible investments

- Advocacy and engagement
- ESG investment tools
- Regulatory framework
- Being a key contributor to the national agenda

Focus on the JSE's sustainability and climate change disclosure guidance for listed companies:

- **Goal:** Help companies navigate the reporting standards landscape and align with global standards and international best practice
- Consultation papers issued in December. This considers hundreds of ESG metrics and highlights those that are material to value creation within South Africa
- Consultation to be concluded in H1 2022. Final document to be published this year

Inorganic growth strategy to position the JSE in high growth areas

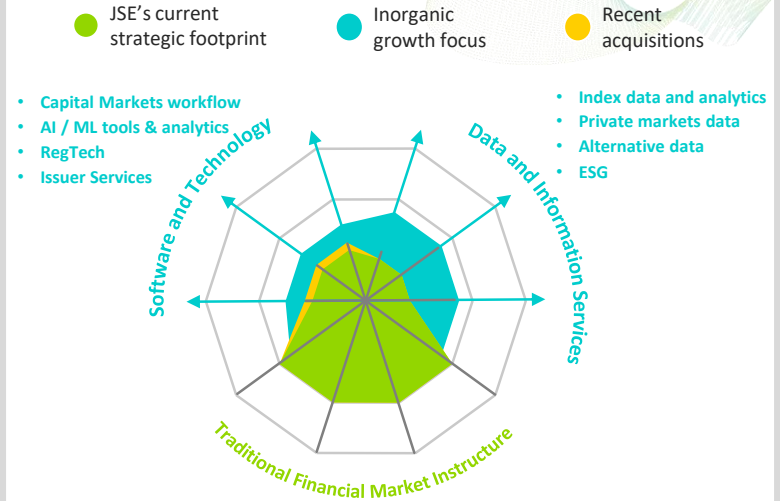
Strategic guidelines

- Strong fit with capital markets growth areas
- Increase contribution of non-trading and annuity business
- Strengthen international footprint and add new client groups
- Value creation for shareholders via clear post-merger integration and synergy realization plans
- Majority stakes and joint ventures to allow for financial consolidation and strategic control

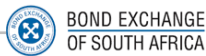
Financial guidelines

- Diversify revenues and profits
- Cash earnings and margin accretive over the mid-term
- Group growth rate accretive
- Selective targeting for diversification and ensure price is based on reasonable valuation

Future focus areas



Our M&A journey



Reformulated Information Services growth strategy on a five-year horizon

Information Services today

- **Growing contributor to Group revenue:**
 - +200 bps to 13.5% in 2021 (11.5% in 2015)
- **7.6% CAGR 2015-2021, underpinned by:**
 - Significant investments (data operations, mature data delivery)
 - Entrenched relationships with clients, data distributors and partners
 - Expert understanding of evolving market data use cases
 - Successful prototyping of cutting-edge technology

Three core future focus areas

Sustain operational effectiveness

Modernise data architecture and expand range of data services

Support Group initiatives focusing on digitalisation and new market opportunities

Medium-term Objectives

- Transition existing data products and services into cloud-based solutions to support evolving client needs and unlock new opportunities
- Expand geographical consumption of JSE market data through new partnerships
- Regular expansion of analytics services and new data assets

2022 Strategic objectives and delivery



Generate sustained, high-quality earnings

- Deliver HEPS growth
- Deliver returns on equity within the target range



Protect and grow core business

- Invest in core assets to sustain operations
- Maintain operational stability and resilience
- Continue investing in cyber security



Transform the business

- Progress our digital transformation journey
- Support growth initiatives
- Advance our inorganic strategy
- Progress our SME strategy
- Progress our private placements platform



Partner for a sustainable marketplace

- Attract and retain top talent
- Strengthen stakeholder relations
- Contribute to the global sustainability agenda
- Maintain the JSE's BEE rating

JSE distinctive value proposition

**Solid foundation of
liquid, robust and
well-regulated markets**

**Strong financial discipline and
execution capabilities**

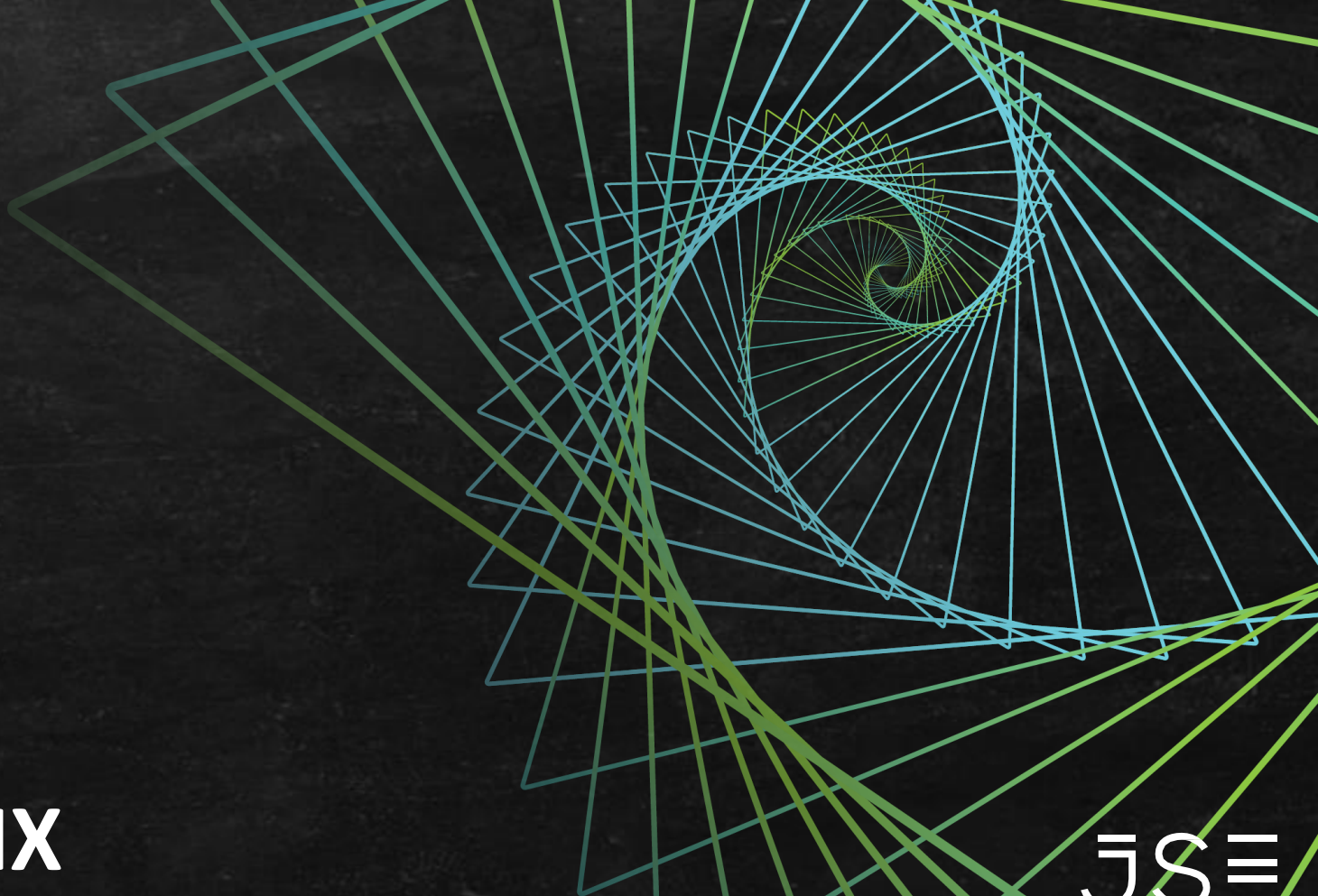
**Continued high cash generation
offering sufficient liquidity**

**Healthy balance sheet
supporting strong dividend track
record and capital allocation
optionality**

**Progress on our inorganic growth
initiatives and other strategic
objectives**

**Leading the way
on sustainability**

Footnote



APPENDIX



A robust, innovative and competitive exchange

Deliberately lowered prices

- Tiered billing model significantly reduced cost of on-screen trading since 2018
- All on-screen trades contributed towards cumulative value traded throughout the month
- Fee adjustments in equity (cash and derivatives) limited to inflation
- JSE to continue closely monitoring its pricing, in a practical manner

Expanded product offering

- Product development focus
- Enhanced order execution capabilities and trade functionalities
- Additional services from newly acquired entities (JIS, ISPS)
- Introduction of JSE Private Placements (JPP) – received financial services provider license
- Improved market quality with lower quoted spreads

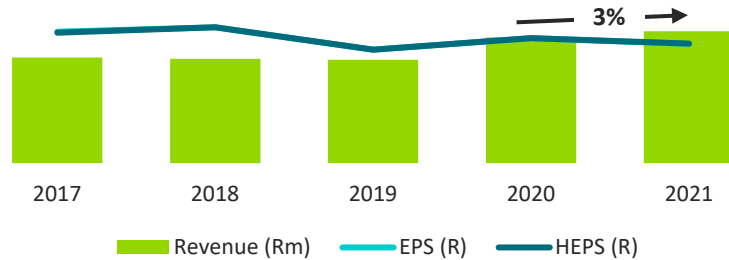
Retained 99.9% of local value traded on average since 2017

The JSE remains:

- **Highly capitalised**
- **Well regulated**
- **Cost effective**
- **Deep and liquid**
- **Technologically robust**

Trends

Operating revenue (Rm)

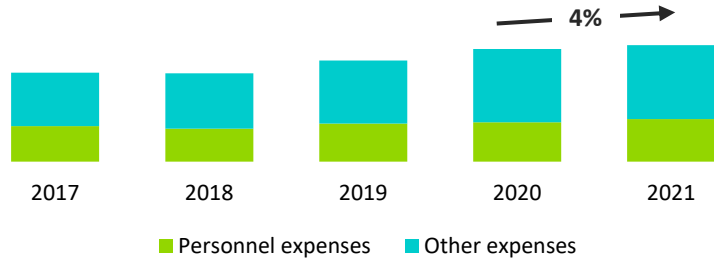


Revenue as a % total

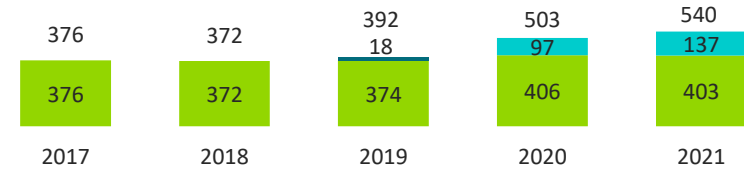


- Primary Markets: 6% (2020: 7%)
- Equity Trading: 22% (2020: 22%)
- Back-Office Services (BDA): 15% (2020: 16%)
- Equity Clearing and Settlement: 18% (2020: 19%)
- Bonds and Financial Derivatives: 11% (2020: 11%)
- Commodity Derivatives: 4% (2020: 4%)
- Information Services: 15% (2020: 15%)
- JSE Investor Services: 5% (2020: 1%)
- Funds Under Management: 3% (2020: 4%)

Operating expenses (Rm)



Headcount

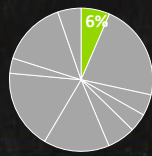


- JSE exit headcount
- JIS exit headcount
- Contractors converted

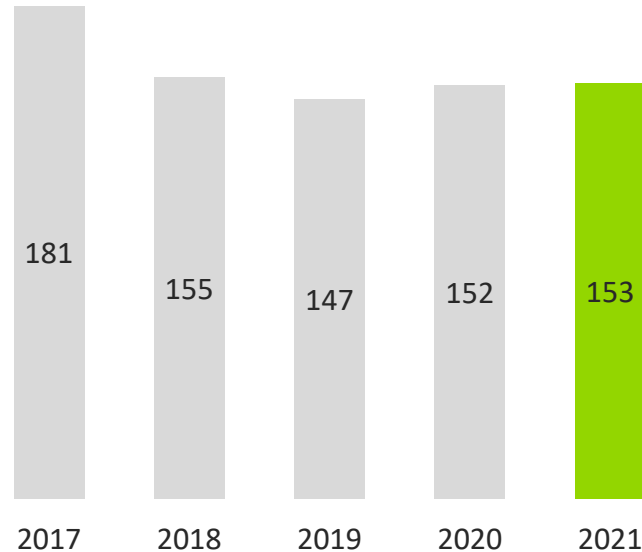


Stable revenue, with higher number of new listings

PRIMARY
MARKET



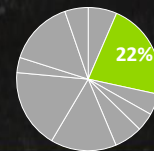
Primary Market revenue (Rm)



REVENUE UP 1% YOY

- Higher number of IPOs in 2021, at 8 (2020: 4)
- 25 company de-listings (2020: 20) largely through M&A and/or corporate action in the small to mid-cap space
- Aggregate market capitalisation of all equity listed instruments on the JSE increased by 15% from last year's close to 31 December 2021
- 706 new bond listings (2020: 566) for a nominal value of R4.0tr (2020: R3.3tr)
 - Positive development in the Sustainability segment with the listing of first social and sustainability-linked products
- Other products:
 - 9 new ETFs (2020: 5), 3 ESG focussed
 - 26 new ETNs (2020: 40)
 - 323 warrants and structured products (2020: 241)

JSE

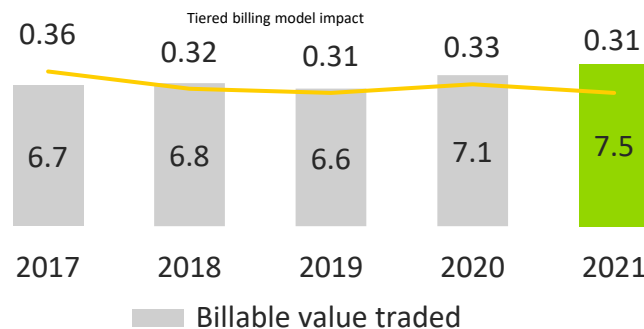


Higher value traded offset 2020 base effect

Equity Trading revenue (Rm)



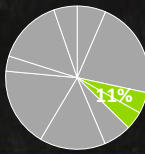
Billable value traded (Rtr) and effective rate (bps)*



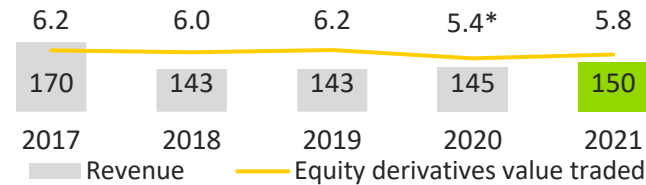
REVENUE DOWN 1% YOY

- Billable value traded up 5% (2020: up 7%), ADV up 7% (2020: 5%)
- Number of transactions/deals down 12% (2020: up 21%), after two consecutive years of double-digit growth
- Complex Order Suite activity increased by 50% with Block Trades (up 51%) and Central Order Book Cross (up 75%) most active
- Record activity in August 2021 linked to the Naspers/Prosus corporate action
 - Value traded on 17 August 2021 reached a record high of R160 billion, 7x higher than any average daily value traded recorded
- Foreign investors remained net sellers of equities, with R153 billion in outflows (2020: R128bn)
- Colocation activity contributed 58% to overall value traded (2020: 50%), with 46 racks (2020: 40) – colocation an important enabler to growing trade activity

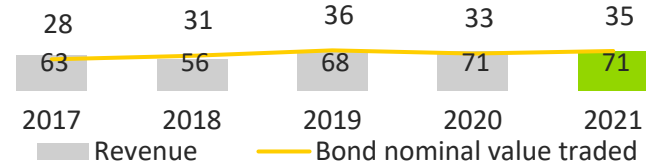
Stable revenue, with greater activity in Equity derivative products



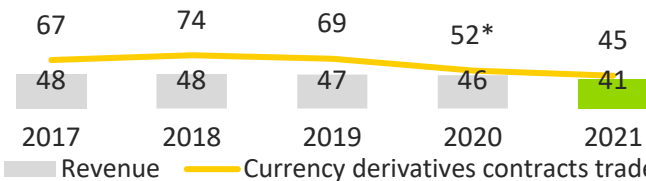
Equity Derivatives revenue (Rm) and value traded (Rtr)



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



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



OVERALL REVENUE STABLE YOY

Equity Derivatives revenue up 3% largely owing to higher value traded

- Value traded up 7% to R5.8tr driven by greater activity across delta one products, primarily driven by index future contracts
- Value traded growth driven by higher market capitalization - JSE Top 40 index up 23.3% in 2021
- Modest uptick in H2 in the options market while activity in international and exotic derivatives remained steady

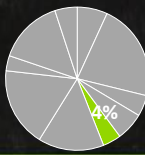
Interest Rate market revenue broadly stable despite higher value traded

- Increase in Bond nominal value traded (up 6% to R35tr). Growth largely attributed to tighter bid offer spreads and an improvement in Emerging markets risk appetite
- Lower number of interest rate derivative contracts traded (down 5% YoY), due to lower open interest and uncertainty around the interest rate outlook into 2022
- Foreign trade in bonds has seen good inflows

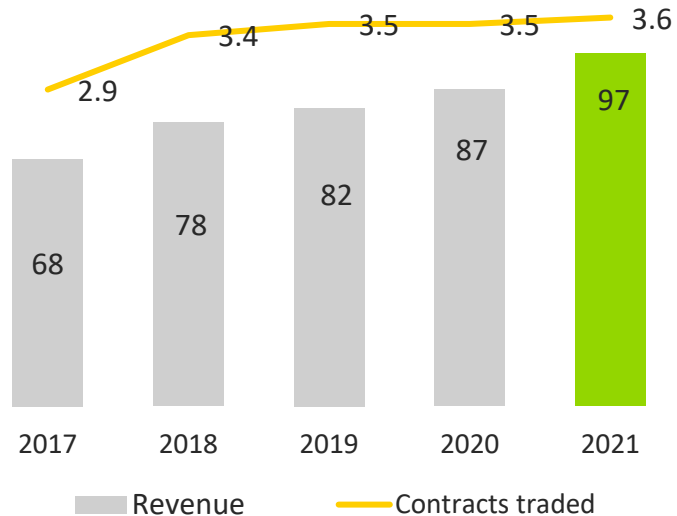
Currency Derivatives revenue down 11%, largely owing to lower volumes

- Contracts traded down 13% to 45m, due to subdued hedge-related activity

Favourable long-term trend and steady revenue increase



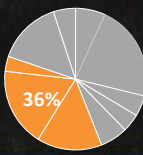
Commodity Derivatives revenue (Rm) and contracts traded (m)



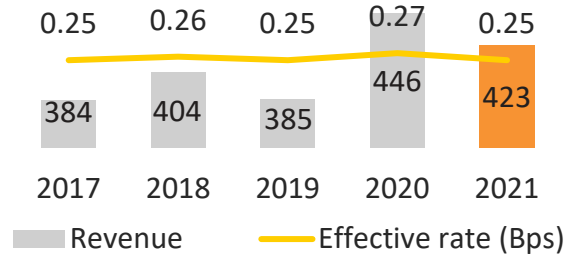
REVENUE UP 12% YOY

- Value traded up 21% owing to higher commodity prices and volumes traded
- Number of contracts traded up 2% to 3.6m, largely owing to global grains commodity prices
- Physical deliveries: 40% increase in tonnages owing to a significant crop in 2021
- Cash-settled diesel contracts under way
- 9.3% CAGR since 2017

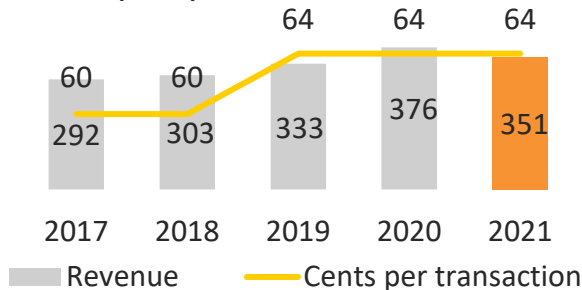
Revenue decline owing to the high 2020 base effect from non-trading revenue



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



Back-Office Services revenue (Rm) and cents per transaction (cents)



OVERALL REVENUE DOWN 5% YOY

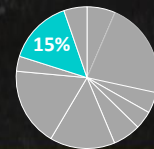
Clearing & Settlement: down 5% YoY

- Clearing and Settlement revenue down owing to the high base effect from scrip lending and penalties in 2020
- Value traded up 5% YoY to R15tr
- Upgraded system infrastructure for all markets, including Real-Time Clearing (RTC), Nutron/Nuclears, and the Equities Clearing System (ECS)
- Implemented new functionality to further improve operational resilience and ability to deal with problematic trades
- Submitted JSE Clear's application to the regulator to be licensed as an independent clearing house

Back-Office Services: declined by 7% YoY

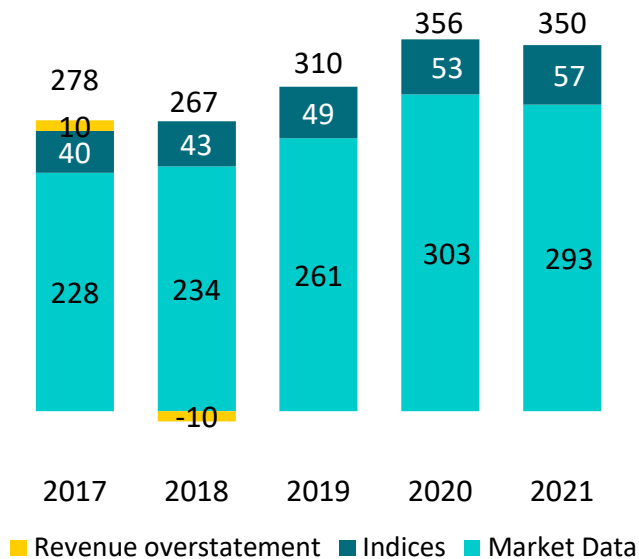
- Kept effective pricing stable
- Decline owing to lower number of equity transactions (down 12%), following two consecutive years of double-digit growth
- Implemented improvements for the BDA system that rejuvenated the hardware platform and reduced systemic risk

Funds under management declined 1% YoY



Underlying growth offset by FX impact

Information Services revenue (Rm)



REVENUE DOWN 2% YOY

Reported revenue decline (-2% YoY) as stronger ZAR impacted US dollar denominated revenue

4% underlying growth

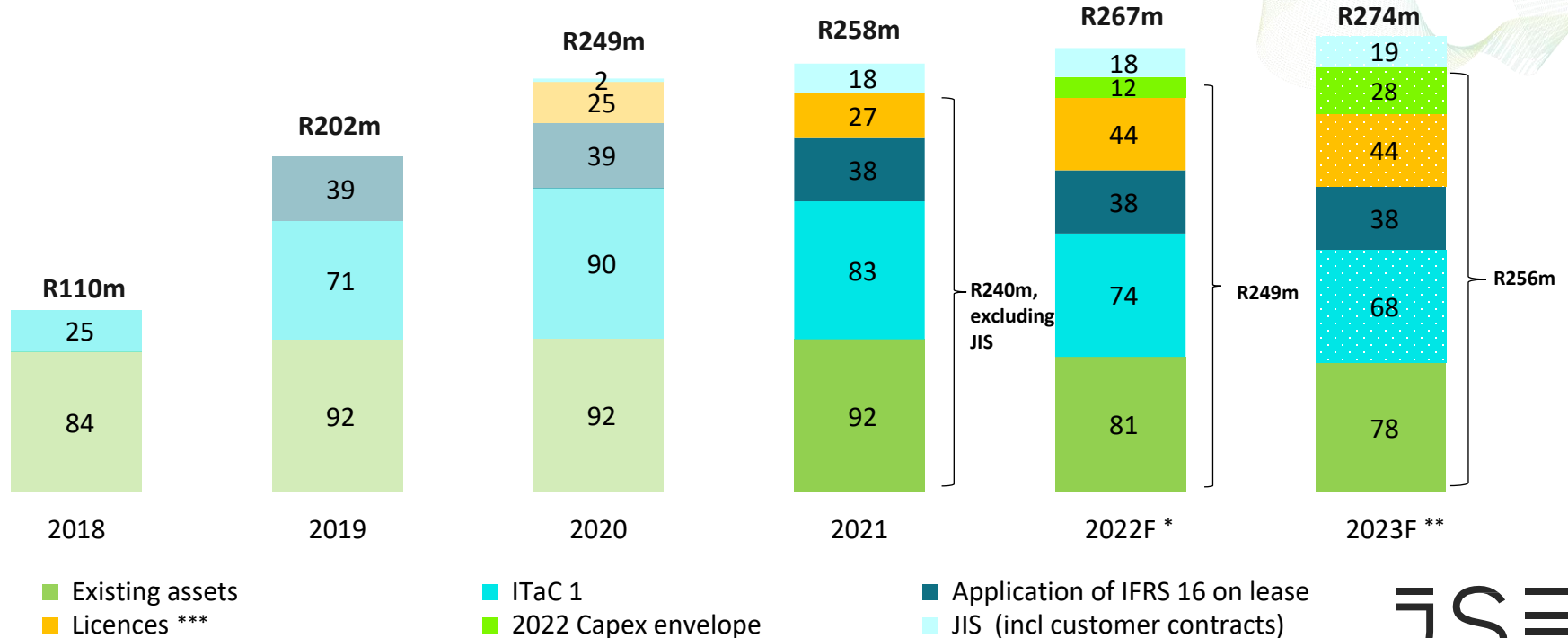
MARKET DATA

- Delivered the first phases of both the trade analytics platform and the new digital market data client reporting platform (JSE Market Data Connect)
- Successfully completed prototyping of cloud-based feed services and market data storage and delivery services

INDICES

- Processing live JSE indices data via China Investment Information Services Limited (CIIS). This, along with complimentary trial windows of JSE data to China and Singapore, promotes the JSE's Asia strategy
- Launched the new FTSE/JSE multi-asset index solution for the South African market, expanding our index partnership with FTSE Russell

2021 depreciation & amortisation expense as expected



Balance sheet

(Rm)	2021	2020	30 Jun 21
Assets			
Non-current assets	1 967	1 871	1 874
Property and equipment	176	140	120
Intangible assets	727	821	779
Investment in associate	328	320	303
Other non-current assets	736	590	672
Current assets	59 071	49 754	49 032
Margin deposits	55 413	46 308	45 959
JSE Clear Derivatives Default Fund deposit	500	500	500
Trade and other receivables	593	475	499
Cash and cash equivalents	2 393	2 459	2 056
Other current assets	172	12	19
Total assets	61 038	51 625	50 906
Total equity	4 218	4 154	3 787
Stated capital	(68)	(33)	(87)
Reserves	757	677	720
Retained earnings	3 529	3 473	3 154
Non-controlling interest	-	38	-
Non-current liabilities	258	274	247
Current liabilities	56 561	47 197	46 872
Margin deposits	55 413	46 308	45 959
JSE Clear Derivatives Default Fund contribution	400	400	400
Other current liabilities	748	488	513
Total equity and liabilities	61 038	51 625	50 906

Financial metrics

Ratios	2021	2020	2019	2018	2017
Operating margin	31%	32%	31%	41%	40%
EPS	874.1	936.7	814.8	1 056.5	1 006.0
HEPS	878.9	936.7	814.6	1 056.2	996.5
PE	12.8	12.6	14.6	15.7	15.4
Dividend yield (ordinary)	6.7%	6.3%	5.8%	4.0%	4.0%
Dividend yield (total)	7.6%	6.3%	7.0%	5.1%	4.0%
EBITDA	1 055	1 060	889	1 042	993
ROE	17%	19%	18%	23%	23%

Dividend policy

Seeks to grow the nominal value of the ordinary dividend

DIVIDEND POLICY

- Aims to pay a single annual ordinary dividend
- Seeks to grow the nominal value of the ordinary dividend progressively over time
- Provides for a pay-out ratio of between 67% and 100% of earnings in respect of the annual ordinary dividend
- Allows for the payment of a special dividend in years where there is surplus cash on hand

JSE'S PRACTICE

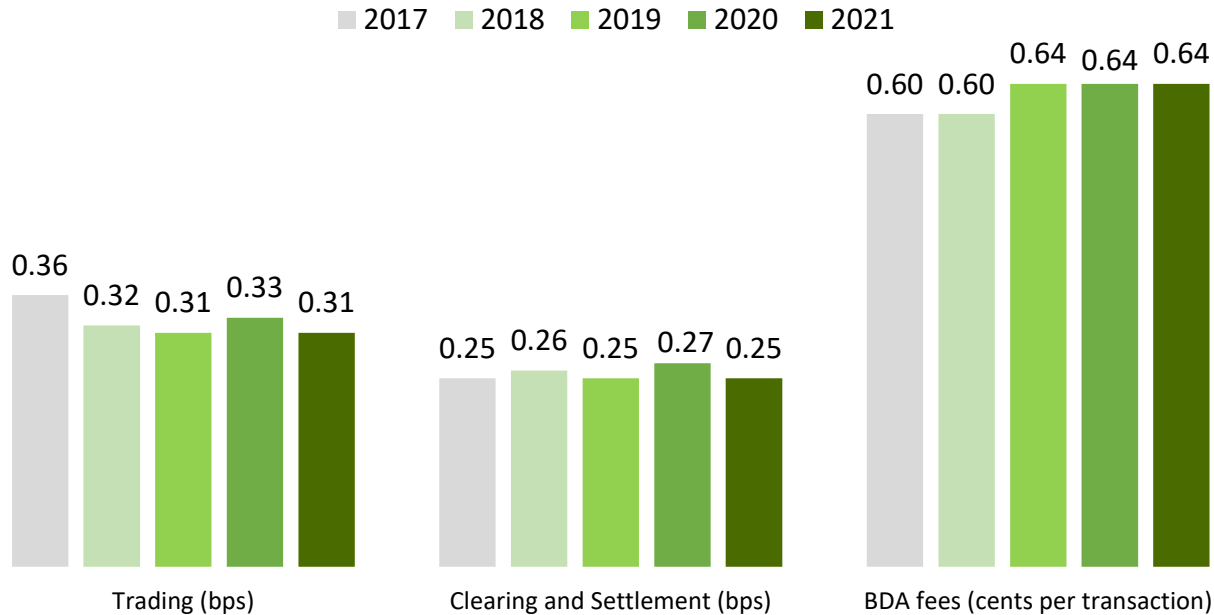
- To return distributable cash to shareholders after ring-fencing cash for regulatory capital requirements and investment (capital expenditure and inorganic opportunities)

TARGET CAPITAL STRUCTURE OVER TIME

- Target capital structure will not radically change over time; it will be a function of opportunities and of our long-term capital allocation policy
- We reiterate our objective of maintaining a progressive ordinary dividend growth environment

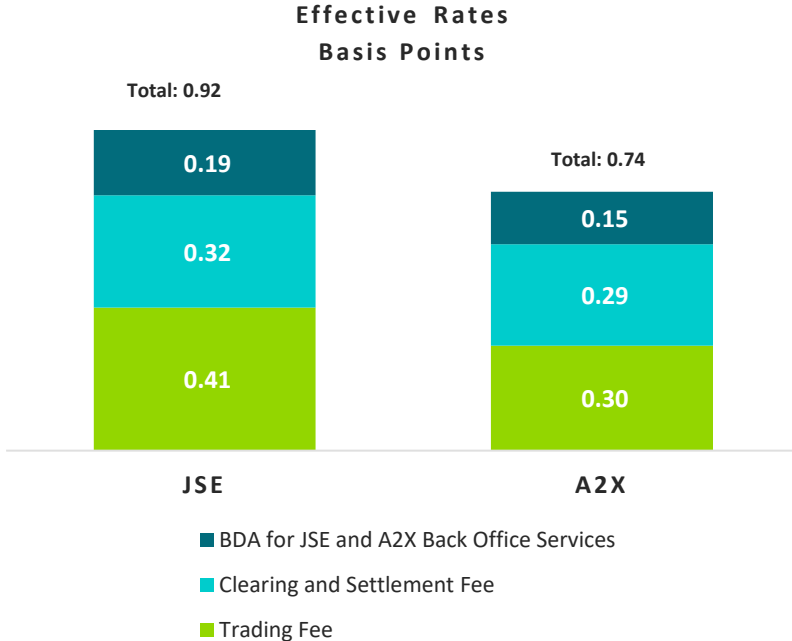
Equity Market: JSE effective pricing trend

Deliberate declines in fees over time, heightened impact on trading



- 2016 option delta (OD) fee reduced to zero
- 2017 BDA fee reduced by 8% (from R0.65)
- 2018 new tiered billing model resulted in a 12% reduction in the effective rate trading fee. 2018 reflects the reduction

A2X VS. JSE | Equity Market price-points



Trading fees

- 2021 effective rates for onscreen trading (AT, UT, XT) are used for the JSE
 - The JSE has a tiered billing model with caps
- A2X charges 0.20bps for the price maker (aggressor) and 0.40bps for the price taker (passive), which averages out at 0.30 bps
 - A2X also has caps, so the effective rates may be lower than indicated in the graph for A2X trading fees and C&S fees

BDA

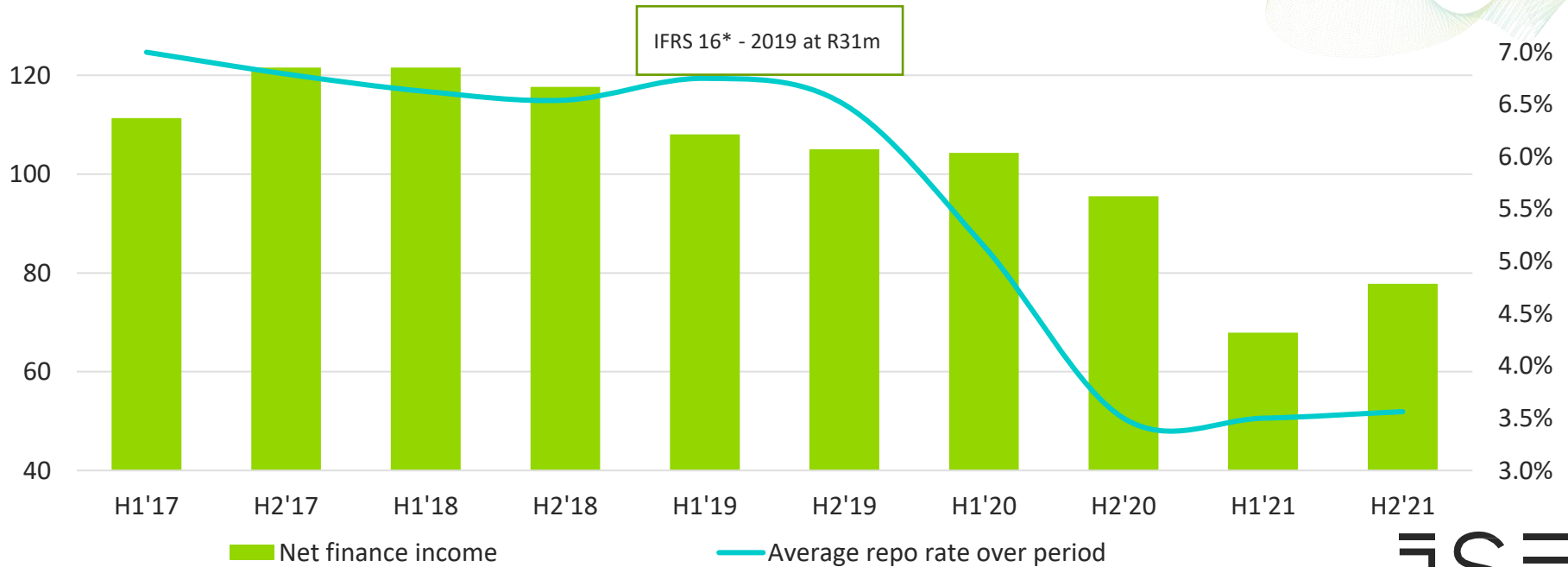
- JSE BDA – graph shows the effective rate of BDA Transactions for all trade types
- The A2X back-office service is not comparable to the JSE's BDA offering

Data fees

- The JSE data charges are not comparable to A2X, as the product offering is different. JSE offers real-time data with a wider universe of stock

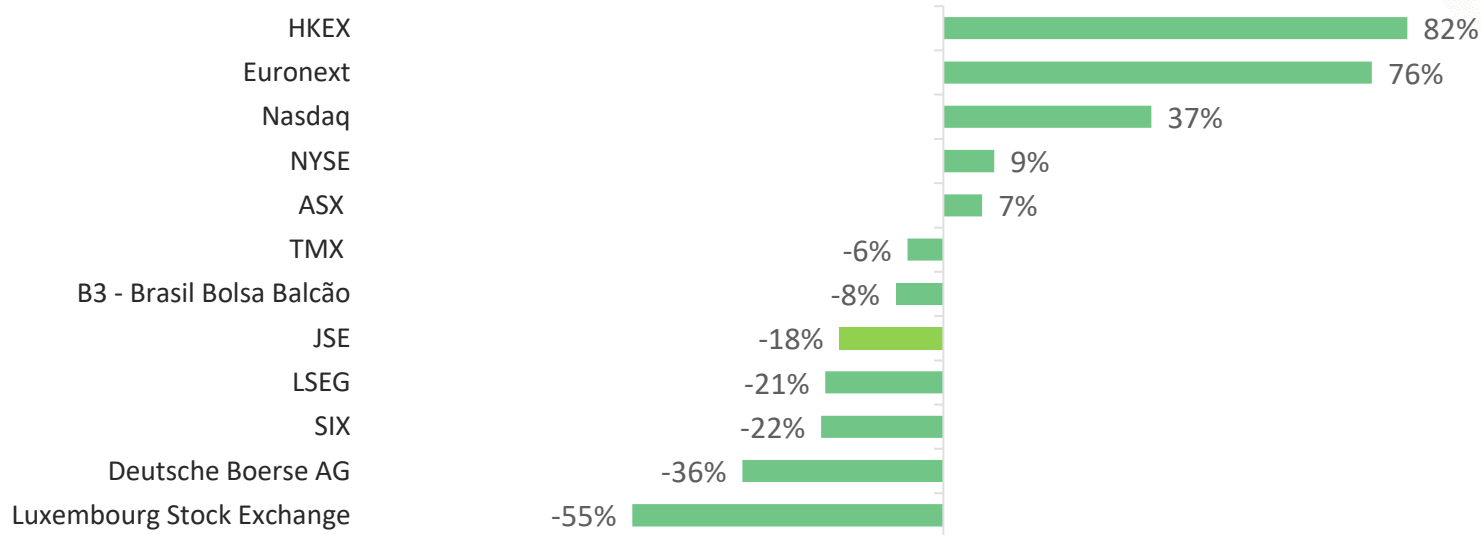
Interest rates and JSE's net finance income

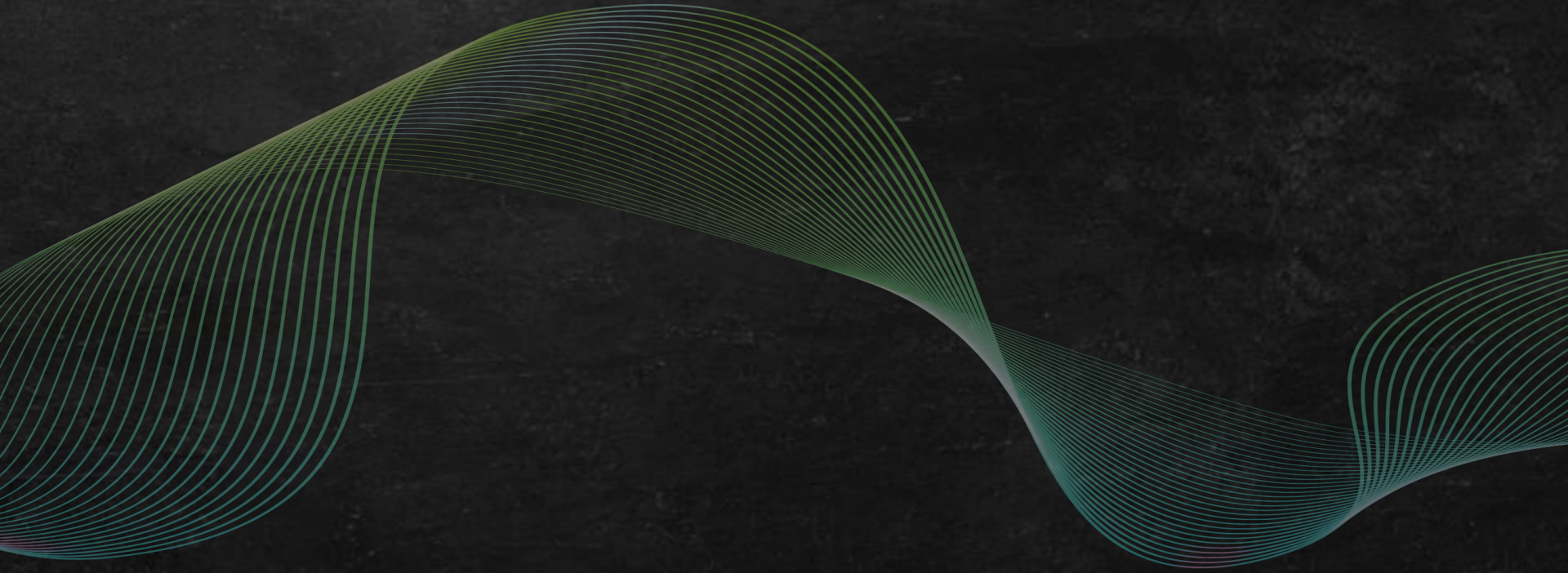
SARB's repo rate (%) and JSE half yearly net finance income (Rm) - 2017 – 2021



De-listings outpace new listings across a majority of global exchanges

% change in number of equity listings (2010-2021)





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