

Acquisition of a majority stake in Link Market Services South Africa (Pty) Ltd

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JS

What is Link SA?



Link Market Services South Africa (Pty) Limited (“Link SA”) is a share registry, custody and investor services business operated in South Africa

Offerings

Shareholder register maintenance – core business includes the secure maintenance of the ownership records of their clients' securities, as well as supporting these asset owners with the day-to-day administration of their holdings

Meetings services – the efficient execution of their clients' general meetings is critical. The specialist meeting services team plans and manages all aspects of these meetings, including voting by proxy or in person

Corporate actions – The execution of corporate actions on behalf of issuers

Specialist functions – including the provision of share plans management and custodial services (CSDP) run through Link Investor Services (Proprietary) Limited, a wholly owned subsidiary of Link SA



Link SA's offerings and key attributes

Key attributes

Market share of approximately 20% of the South African share registry business (by number of issuers), having 6 of the top 40 and some 80 JSE listed companies as clients as well as a number of unlisted companies

Major customers – Link SA customers include Naspers, Old Mutual, Nedbank, Quilter, Sasol and Barloworld

Shareholders – Link SA manages some 1.2million shareholders of which approximately 600 000 are Old Mutual shareholders and 300 000 are Sasol shareholders

Key differentiation points

- Solid service offering at competitive pricing
- Level 2 BEE rating benefits clients using Link SA's services

Deal summary



Buyer	JSE Limited
Seller	Link Market Services Limited (Link Australia)
Shareholding	74.85% of Link SA (entire Link Australia stake)
Minority position	25.15% held by BEE consortium (anchored by CEO, Iqbal Haniff and Chairman, Dirk Ackerman)
Consideration	ZAR 224 550 000 (74.85% of the enterprise valuation) <ul style="list-style-type: none">▪ Paid from JSE cash reserves
Main terms of transaction	CEO to sign 2 year contract including succession plan obligation 160 c. staff (perm + casual) to move to JSE premises Strong legal framework / documentation providing for <ul style="list-style-type: none">▪ Indemnities for operations, compliance, tax, etc▪ Transition agreement for 1 year concerning finance hand over▪ SLA for 1 year for system maintenance
Impact	Earnings and revenue accretive to the JSE Exceeds JSE return hurdles Expected contribution approximately 6% of JSE group revenues
Regulatory approvals	Competition Commission
Completion date	Expected to be December 2019

Strategic rationale: accretive acquisition that supports JSE long term positioning



JSE strategic priorities

How acquisition of Link SA will contribute to JSE's strategic priorities

1
Operate, to global standards SA most trusted, stable, robust and competitive market infrastructure

- ✓ Provides a solid base on which to grow the business as opposed to starting this service offering organically due to Link SA's existing client base
- ✓ Possibility of substantial market share gain given JSE's current relationships with listed issuers
- ✓ Acquisition of technology IP giving JSE control of the development and cost of the operating platform

2
Invest in and retain world class talent

- ✓ Creates opportunities for JSE staff to grow new skills and career paths through Link SA exposure and likewise for Link SA staff
- ✓ Provides a greater purpose for both organisations and their employees

3
Grow Sustainably across the value chain by diversifying revenue and creating predictable earnings

- ✓ After completion, Link SA will represent approx. 6% of JSE group revenue
- ✓ Improves the quality of JSE's earnings and diversifies revenue streams by reducing the dependency on cash equity trading and related revenue which can be volatile and unpredictable and supplements this with largely annuity income
- ✓ As is: is revenue and profit accretive to the JSE
- ✓ In long run: enables extensive shareholder engagement with the trading environment

4
Put the client at the center of everything we do

- ✓ Builds out a one stop shop as requested by issuers
- ✓ Creates "stickiness" with issuers, with a broader and value added services suite
- ✓ Generates additional diversified annuity revenue and complements the JSE's current company services offering to issuers

5
Lead by example on the national agenda

- ✓ Facilitates the introduction of electronic communication services for issuers to interact with investors thereby reducing the cost of being listed and enabling a more constructive engagement with shareholders
- ✓ Enables roll out of investor training to Link SA's client base and ultimately their shareholder base, i.e. 1,200,000 investors

Thank You

