



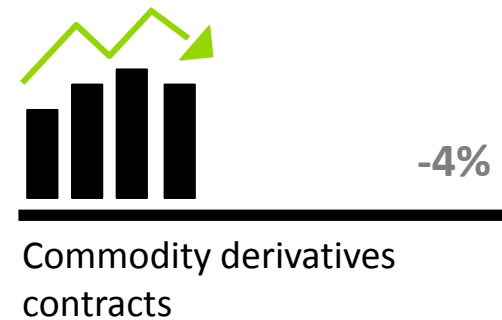
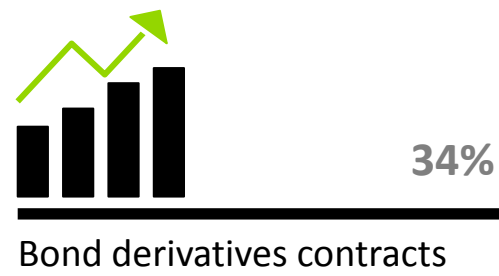
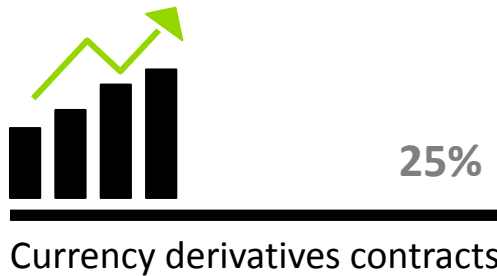
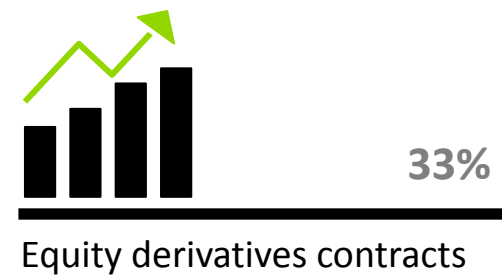
**2014 INTERIM RESULTS  
PRESENTATION**

August 2014

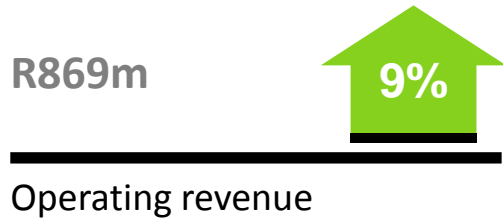
## Operating environment for H1 2014

- Environment remains challenging:
  - Country ratings reviews by Fitch and S&P
  - Inflation up; widening budget deficit; strikes linger
  - Tougher for the JSE and for our clients
- To regain investor confidence, South Africa needs to:
  - Implement clear policies that promote growth
  - Resolve labour tensions
  - Be serious about the National Development Plan (NDP)
- Against that background, the JSE:
  - Works on being a centre of excellence on which our clients can rely
  - Continues to engage on the need for growth-friendly policy certainty

# What H1 2014 meant for our stakeholders



## How this translated in our business

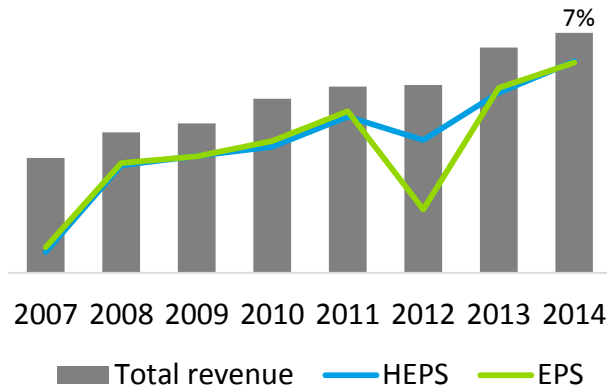


## Positive financial performance

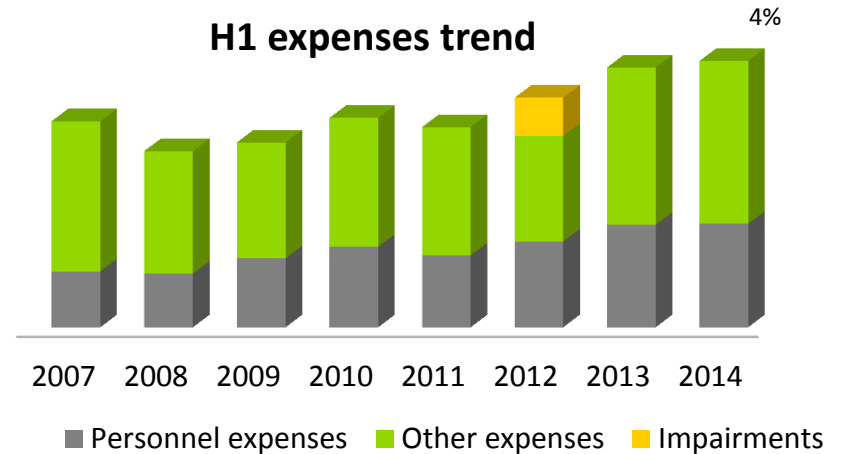
Group (R'm)	H1 2014	H1 2013
Revenue	869	794
Other income	19	39
Total revenue	888	833
Personnel expenses	(194)	(192)
Other expenses	(314)	(296)
Total expenditure	(508)	(488)
EBIT	380	345
Net finance income	59	43
Share of profit of equity-accounted investees	18	22
Profit before income tax	457	409
Income tax expense	(124)	(117)
NPAT	333	293

# Growth trend

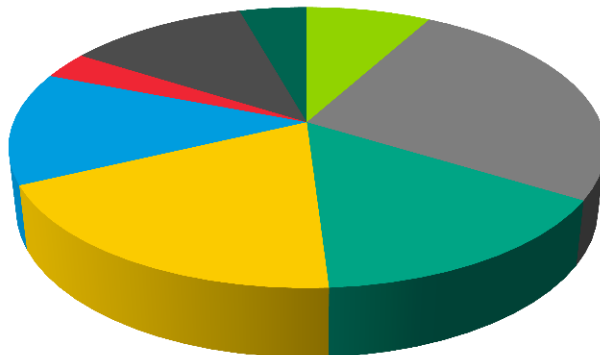
### H1 revenue trend



### H1 expenses trend



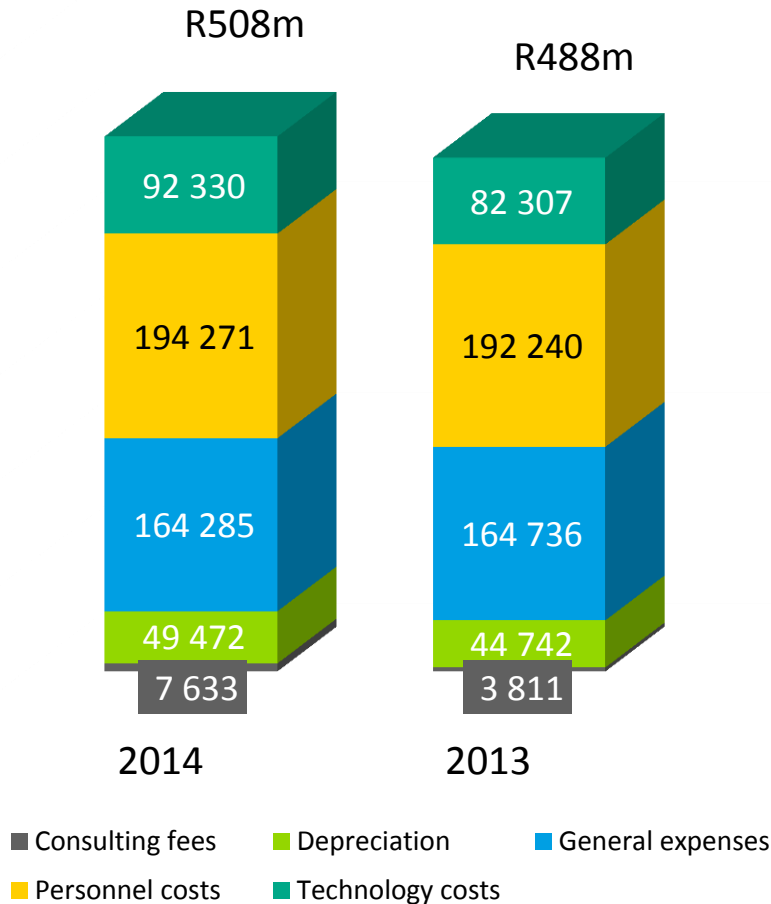
### H1 2014 revenue as a % total



- Issuer Regulation - 8% (2013: 7%)
- Equity Market - 26% (2013: 27%)
- Back-Office Services - 15% (2013: 16%)
- Post-Trade Services - 19% (2013: 17%)
- Bonds and Financial Derivatives Market - 13% (2013: 14%)
- Commodity Derivatives Market - 3% (2013: 3%)
- Market Data - 12% (2013: 11%)
- Funds under Management - 4% (2013: 4%)

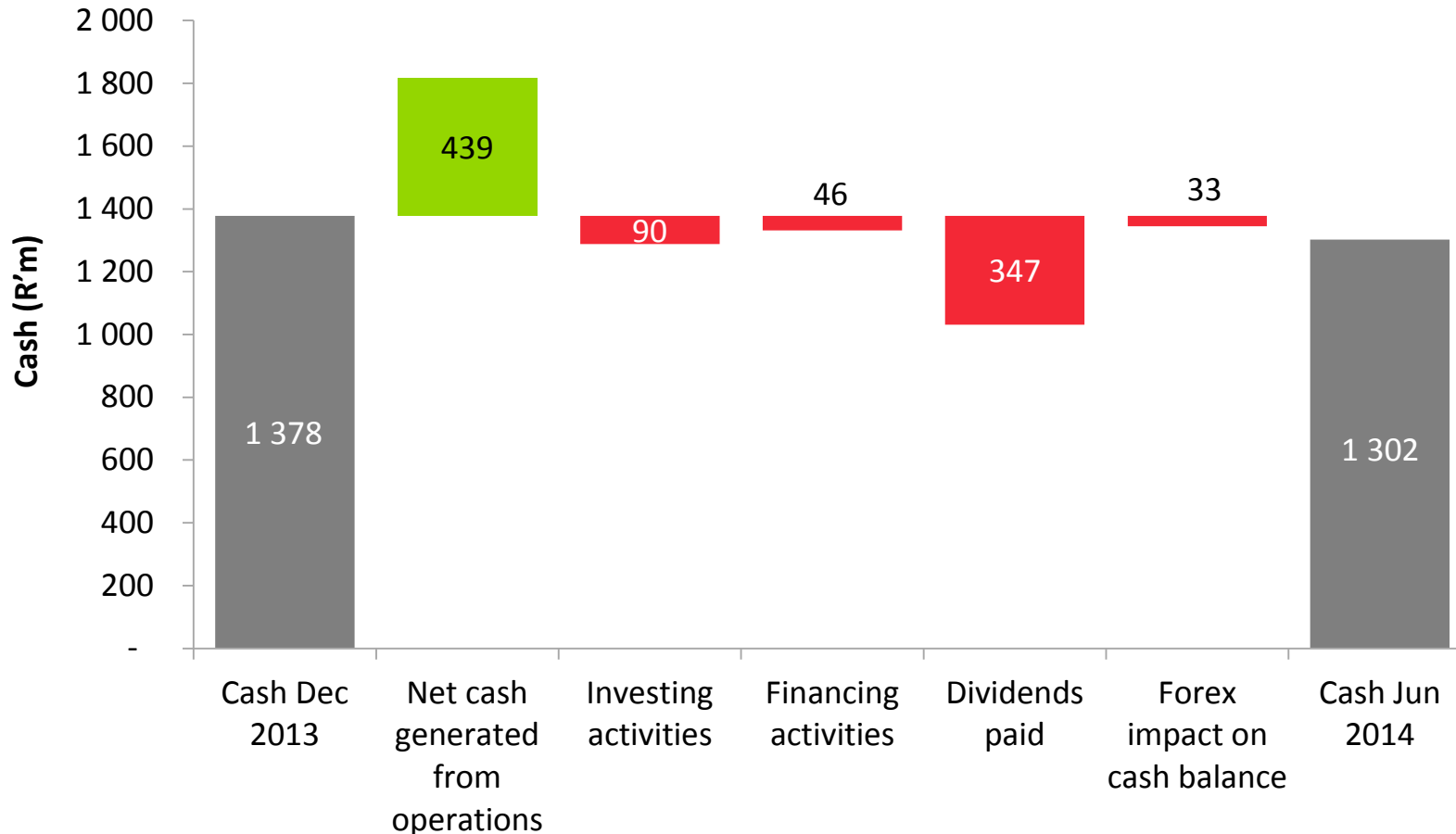
*Excluding Strate ad valorem fees*

# H1 operating expenditure



- Operating expenses ↑ 4% at R508m (2013: R488m)
- Remuneration paid ↑ 1% yoy to R194m (2013: R192m)
  - Headcount flat at 505 (2013: 503)
  - Average salary increase ↑ 6.4%
  - Remuneration capitalised to projects ↑ R6m (2013: R4m)
  - Normalised for exceptional amounts:
    - No repeat of CEO retainer paid in H1 2013
    - Forfeiture of accrued employee benefits by H1 2014 leavers
- Other expenses ↑ 6% yoy to R314m (2013: R296m)
  - Technology costs ↑ 12%, reflecting work on various strategic initiatives
  - Depreciation ↑ 11% to R49m (2013: R45m) – mainly new finance leased assets and colocation (go live: 12 May 2014)
  - Straight-lining of operating lease increment ↑ R13m yoy due to lease extension

# Cashflow view



The Group entered into commitments to the value of R1.5bn with three local commercial banks in order to fulfil the liquidity risk management obligations of its qualified central counterparty in compliance with CPSS-IOSCO

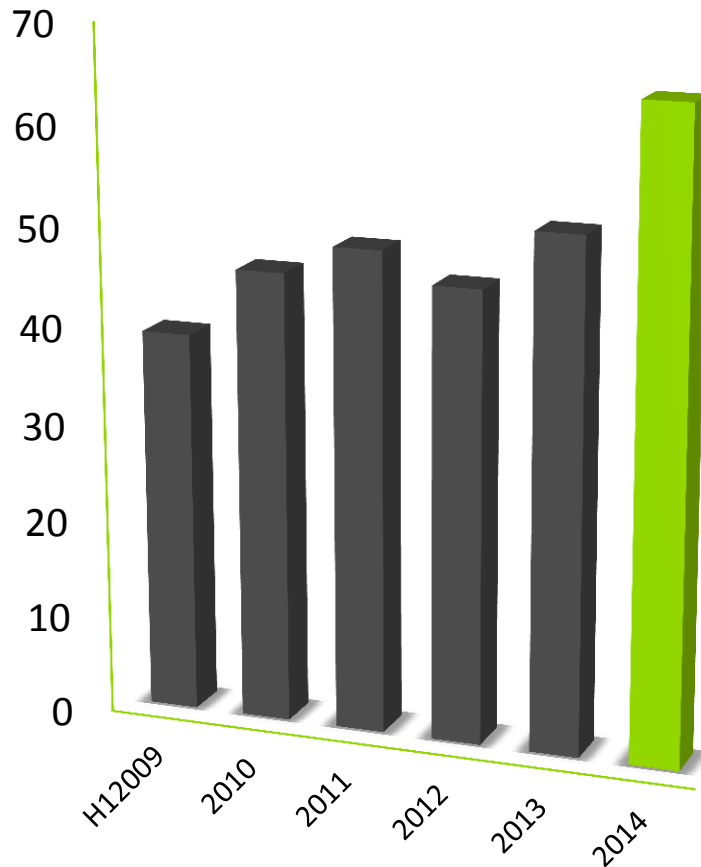


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BUSINESS  
REVIEW

## Issuer Regulation (R'm)



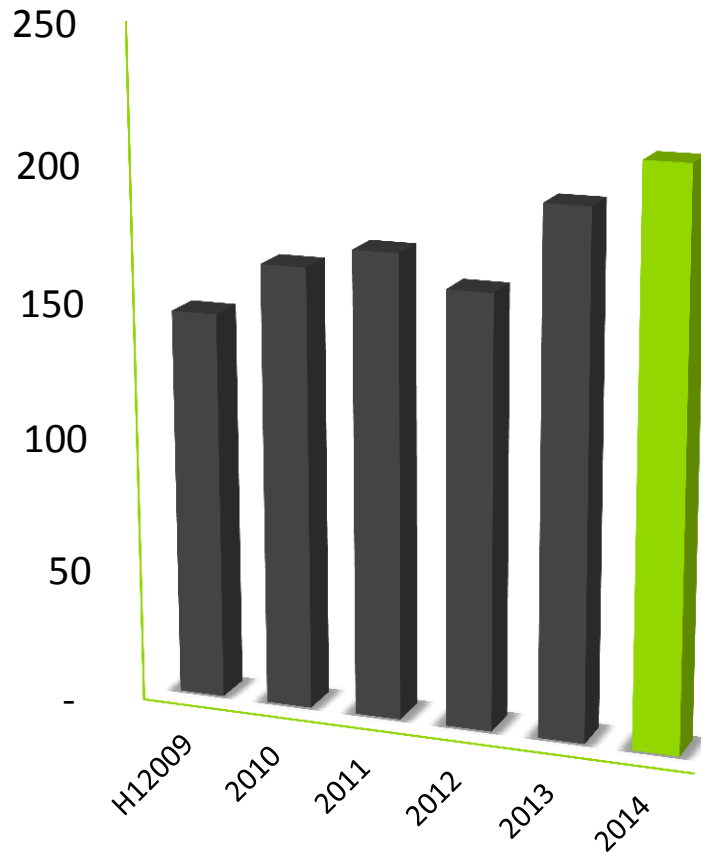
### 8% of total revenue

- Revenue ↑ 27% to R66m (H1 2013: R52m) due to rise in capital raising and new listing activity
  - Capital raising ↑ to R86bn during period (H1 2013: R34bn)
- New listing activity positive, in line with global trends
  - Number of new company listings ↑ to 10 (H1 2013: 4)
  - Other main board listings ↑ (6 ETFs, 4 ETNs and 121 warrants ; H1 2013: 2 ETFs and 93 warrants)

### Strategic focus

- Implement Listing Requirements changes to provide more flexibility for issuers after 12-month review of requirements

## Equity Market (R'm)



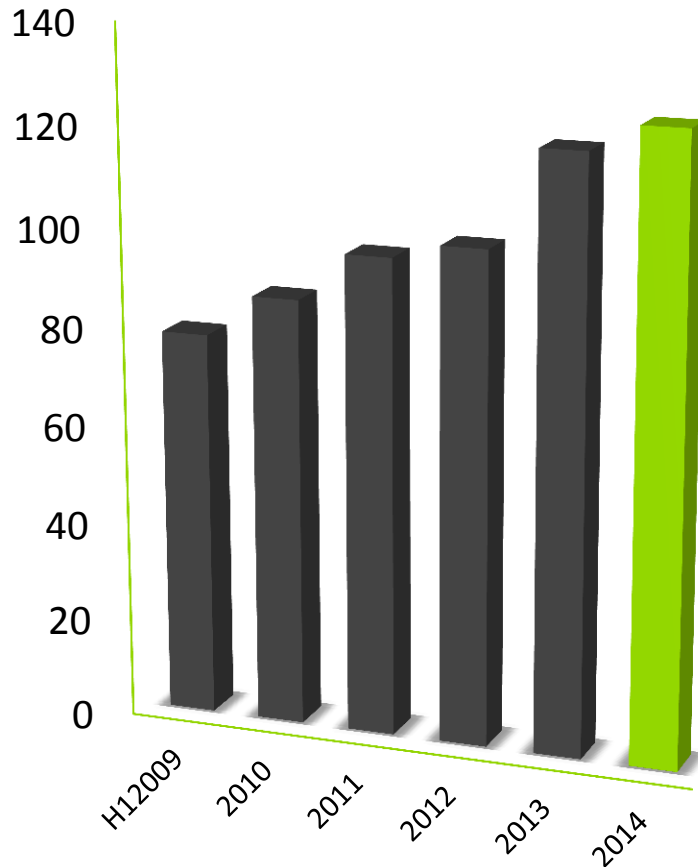
### 26% of total revenue

- Revenue ↑ 5% to R211m (H1 2013: R200m)
  - Measured against revenue post-rebate in 2013
  - Trades ↓ 3% (H1 2014: 20m; H1 2013: 21m)
  - Value traded ↓ 8% (H1 2014: R2.0tr; 2013: R2.1tr)
  - Despite the drop in trading value, the mix of trade types translated to an average effective rate that delivered the revenue growth
- Successfully launched high-tech colocation centre
  - Approx R1.5m to Group revenue

### Strategic focus

- Increased colocation sales activity
- Continued drive to grow participation
- Trading platform enhancement to deliver more client-focused functionality

## Back-Office Services (BDA) (R'm)



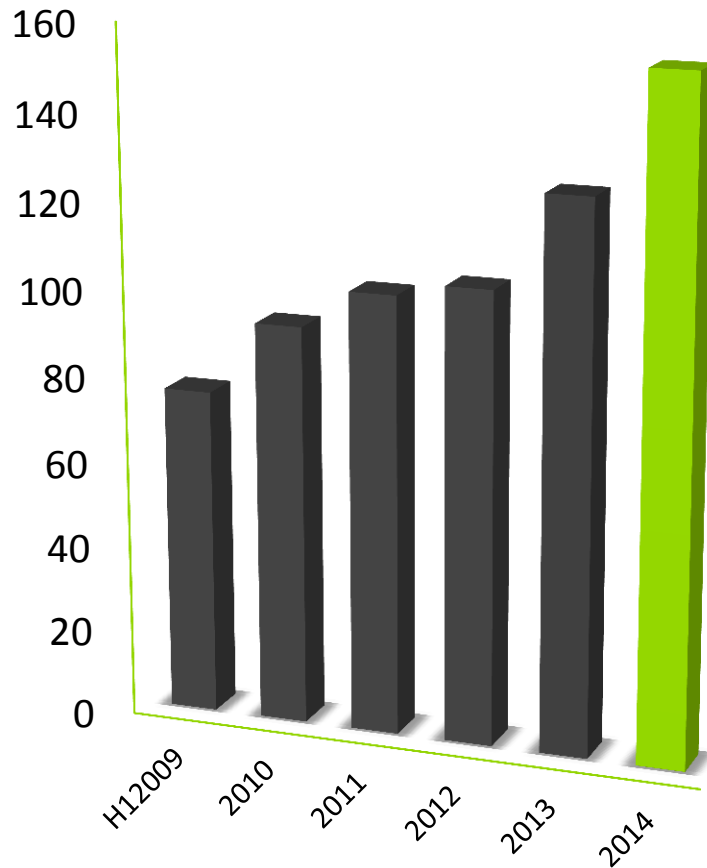
### 15% of total revenue

- Revenue ↑ 4% to R125m (H1 2013: R120m)
  - Linked to Equity Market transaction volumes

### Strategic focus

- World-class surveillance and risk management capabilities
- Revising existing BDA billing model
- JSE to retain BDA until at least end-2018
  - Ongoing maintenance
  - Managing clients' requirements
  - Managing regulatory changes
- Investigation of low-cost retail client account under way
  - JSE collaborating with member firms and other stakeholders
  - National Treasury's initiative to encourage a savings-driven society

## Post-Trade Services (R'm)



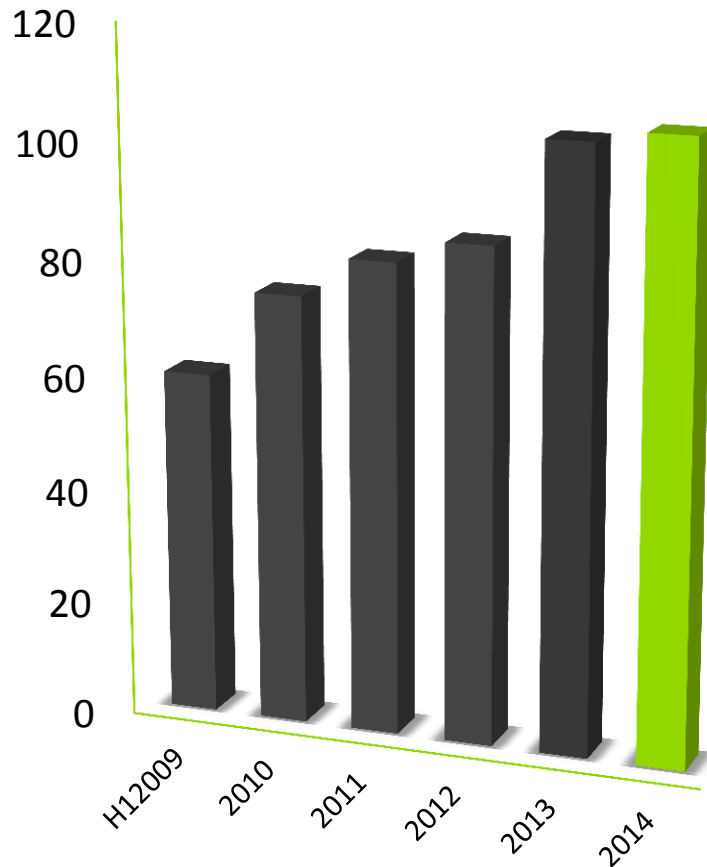
### 19% of total revenue

- Revenue ↑ 22% to R155m (H1 2013: R127m)
  - Measured against revenue post-rebate in 2013
  - Reflects only Equity Market clearing fees
- Value-based clearing and settlement billing model implemented end-June
  - Assuming value is flat, expect revenue to be neutral

### Strategic focus

- Phase 2 of T+3 on track for H2 2014
- JSE Group capital requirements being reviewed, given recent regulatory guidance
- Progressing multi-asset-class integrated clearing requirements
- R1.5bn liquidity facility secured to meet JSE Clear central counterparty (CCP) obligations
- Continue to investigate what services the JSE can offer in the over-the-counter (OTC) space

## Bonds and Financial Derivatives (R'm)



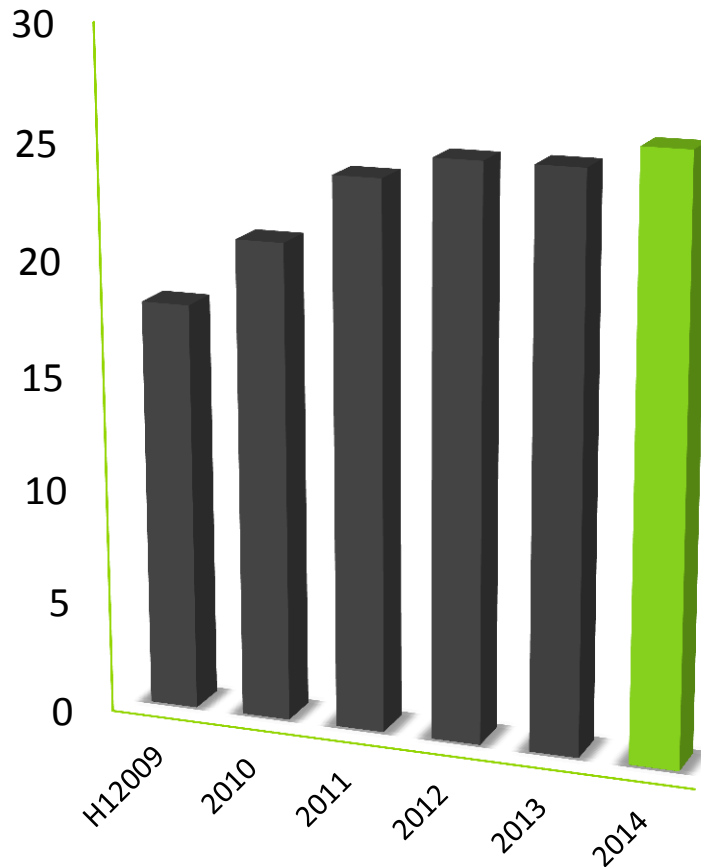
### 13% of total revenue

- Revenue ↑ 3% to R106m (H1 2013: R103m)
  - Equity derivatives revenue ↑ 11% to R72m. Number of contracts traded ↑ 33% yoy; value traded ↑ 16%
  - Currency derivatives revenue ↓ 14% to R12m. Contracts traded ↑ 25%; value traded ↑ 59%
  - Interest rate market revenue ↓ 9% to R22m. Bond nominal value traded ↓ 13%. Interest rate derivative contracts traded ↑ 34% yoy

### Strategic focus

- Progressing multi-asset-class integrated trading requirements
- Closing in on sourcing technology for electronic bond platform for Government bonds
  - Request for indications of interest in providing trading platform recently released

## Commodity Derivatives (R'm)



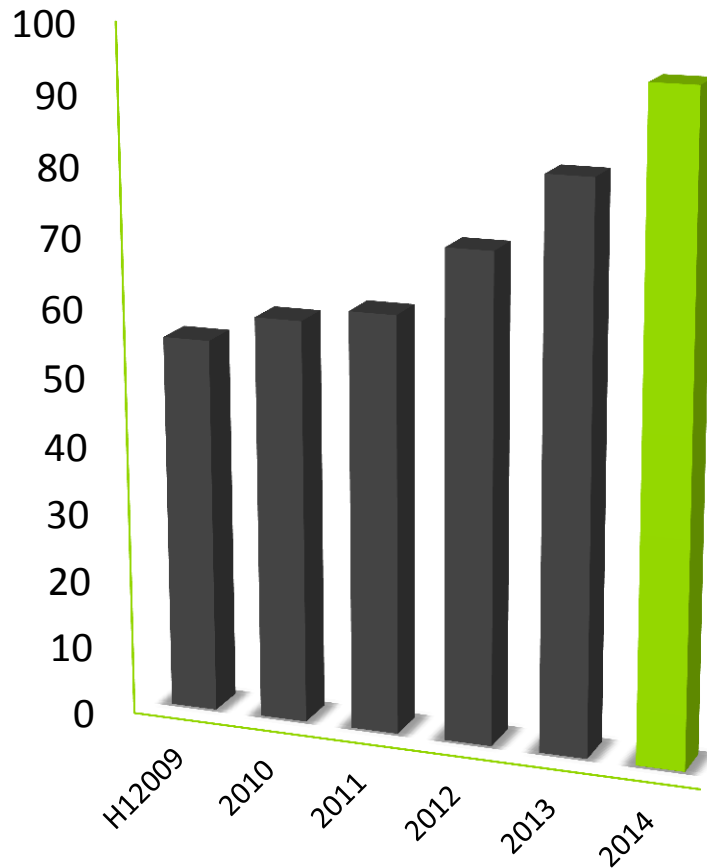
### 3% of total revenue

- Revenue ↑ 4% at R26m (H1 2013: R25m) owing to market activity
  - Contracts traded ↓ 4%
  - Value traded ↑ 5%

### Strategic focus

- Growing participation on market
- Expanding product range
  - H1 2014: Introduced diesel hedge contract – open interest over 8m litres
  - Conclude consultations on physically settled coal futures contract and commodity index

## Market Data (R'm)



### 12% of total revenue

- Revenue ↑ 16% to R95m (H1 2013: R82m)
- Derived from strong growth in new business

### Strategic focus

- H1 2014: Introduction of new commercial model for market data non-display usage
  - To attract algo players
- Automation of division on track
- H1 2014: Launch of Google relationship
  - Global access to all JSE Equities data
- Focus on assets under management passively tracking the FTSE/JSE Africa Series
  - New level reached: R523bn
  - Growth of 5% in Q1 2014



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LOOKING  
AHEAD

## Capital expenditure roadmap

Project/Initiative	H1 2014	H2 2014	FY 2014
T+3 – Phase 2	15	15	30
T+3 – Phase 3	4	16	20
Integrated clearing and trading	21	27	48
Colocation	30	3	33
Market Data automation	3	2	5
Listings information database	2	4	6
New issuer services	4	-	4
Business as usual	22	12	34
<b>Total capex spend</b>	<b>101</b>	<b>79</b>	<b>180</b>

Strategic initiatives – investment is yet to be quantified

ETP for government bonds

Market Data – ticker plant

## Strategic focus

### ▪ Capital markets

- Primary market:
  - New issuers across products
  - Product expansion across products, especially derivative markets
- Secondary market:
  - Government bond electronic trading platform
  - Multi-asset-class integrated trading systems
  - Low-cost retail account

### ▪ Trading and Market Services

- Multi-asset-class integrated trading systems

## Strategic focus

- **Post -Trade and Information Services**
  - Colocation sales activity
  - Complete Phase 2 of the move to T+3 for equities
  - JSE Group capital requirements review
  - Multi-asset-class integrated clearing systems
  - OTC clearing investigation
- **Policy**
  - Respond to potential regulatory interventions that touch JSE business
- **Settle 2014 organisational restructure**

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QUESTIONS