



THE JSE WELCOMES ITS STAKEHOLDERS



Annual results presentation 2010

March 2011



Overview

Humphrey Borkum, Chairman



JOURNEY SO FAR

15 years of fundamental transformation

- » **From single product equity market to diversified exchange**
 - **Products: equities; equity, commodity and currency derivatives; interest rate instruments**
 - **Services: listings, regulation, trade, clearing & settlement, data dissemination**
- » **From poor settlement record to 99.99% success rate for guaranteeing of settlement since 2000**
- » **From open outcry to best of breed technology**
- » **From ordinary regulation to global leader**
 - **SA's securities exchange regulation judged best in world in the WEF's *Global Competitiveness Report 2010-2011***

FAIR YEAR IN 2010

Despite challenging conditions

- » **Fair financial and operational performance**
 - Revenue rose 9% (2010: R1,255m; 2009: R1,156m)
 - Net profit increased 3% (2010: R378m; 2009: R366m)
 - EPS grew 3% (2010: 445.5c; 2009: 431.3c)
- » **Dividend of 210c declared (2009: 192c)**
- » **Net foreign inflows boosted equity, interest rate markets**

POSITIONING THE JSE

Fast-moving exchange industry

- » **Post-financial crisis debates continue**
 - Call for greater transparency, more regulation in financial services sector
 - JSE participating in debates; taking steps to best position exchange
- » **Globally competitive environment**
 - Fragmentation of trade continues in world markets
 - JSE affected: some equities traded on up to six venues
 - Markets with strong regulation and solid infrastructure are better positioned
- » **Cross border M&A activity continues**
 - JSE continues to investigate appropriate alliances with global exchanges
 - Not necessarily M&A
 - Relationship with the CME an example of this



Operations

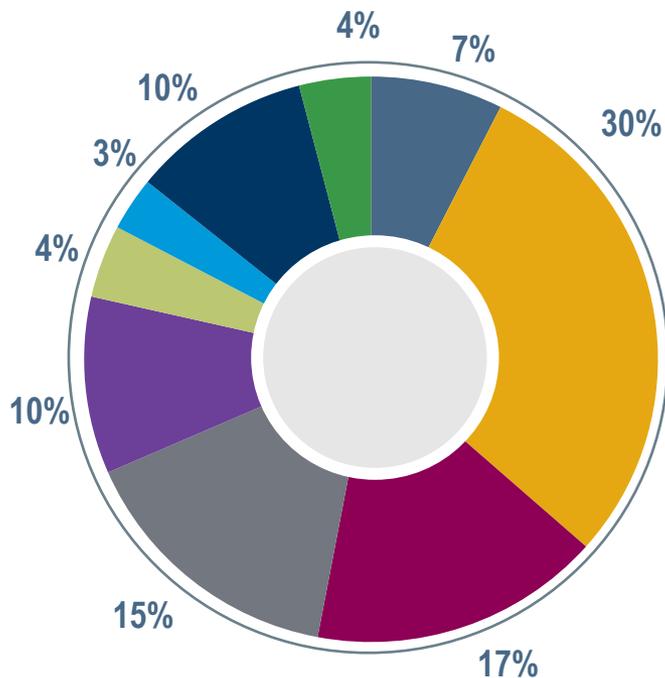
Russell Loubser, CEO



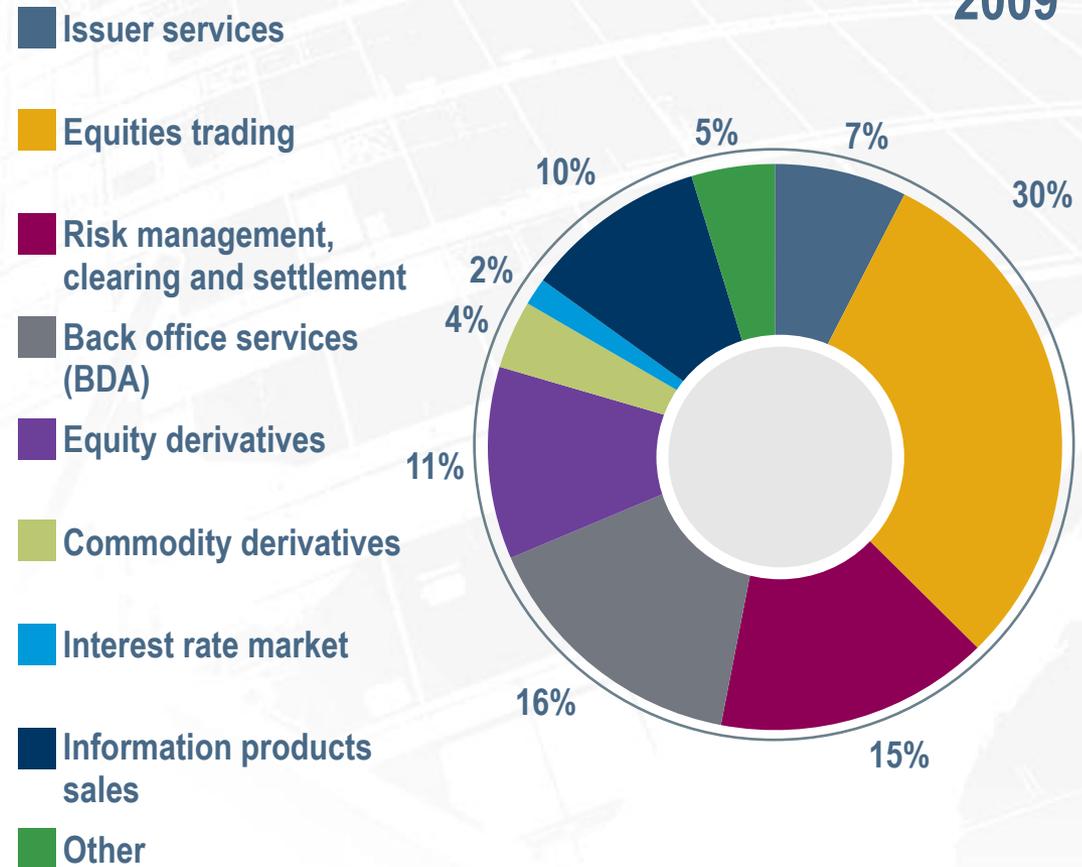
DIVERSIFIED REVENUE STREAMS

JSE well positioned in challenging conditions

2010



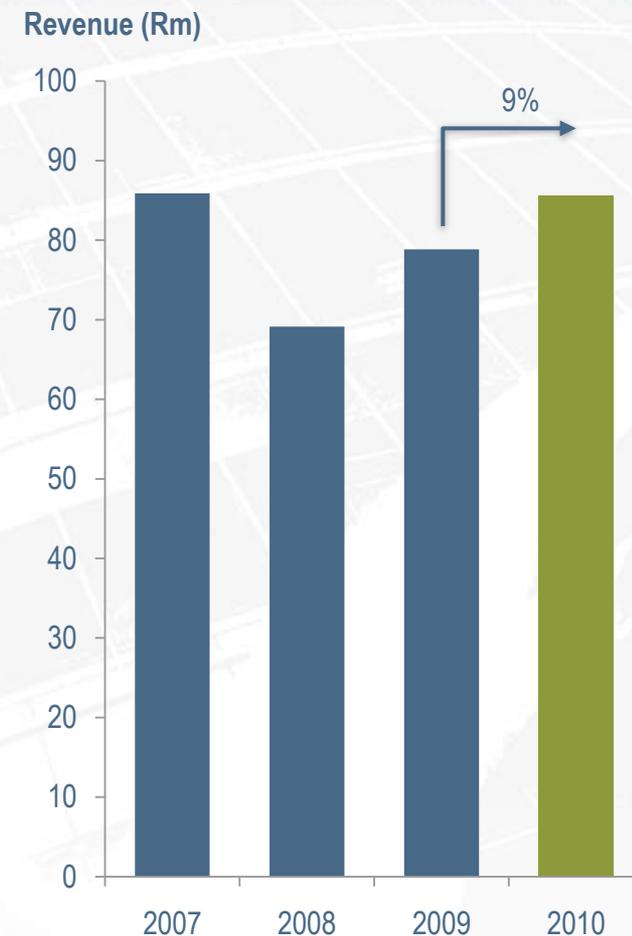
2009



ISSUER SERVICES

Steady growth

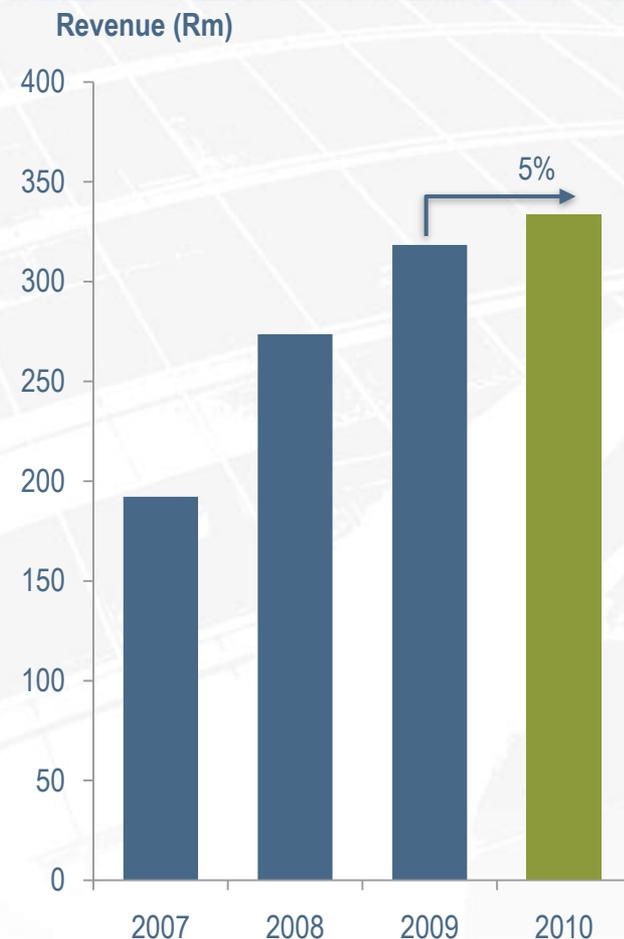
- » Revenue up 9% to R86m (2009: R79m), driven by
 - » Full year of interest rate market (2009: 6 months)
 - » Issuance of equities, warrants, ETFs, bonds, etc
- » New company listings rose to 14 (2009: 10)
 - » 13 on Main Board; 1 on AltX
 - » Incl Wilderness Safaris, second Africa Board listing
- » 379 new warrants, 8 new ETFs and ETNs listed
- » 17 companies delisted (2009: 25)
 - » Mainly corporate actions; not complying with Listings Requirements
- » Bond issues dominated by SA government and state-owned enterprises
 - » New issuance rose by 19% to R1,129bn in 2010 (2009: R946bn)



EQUITIES TRADING

Transaction volume growth trend continues

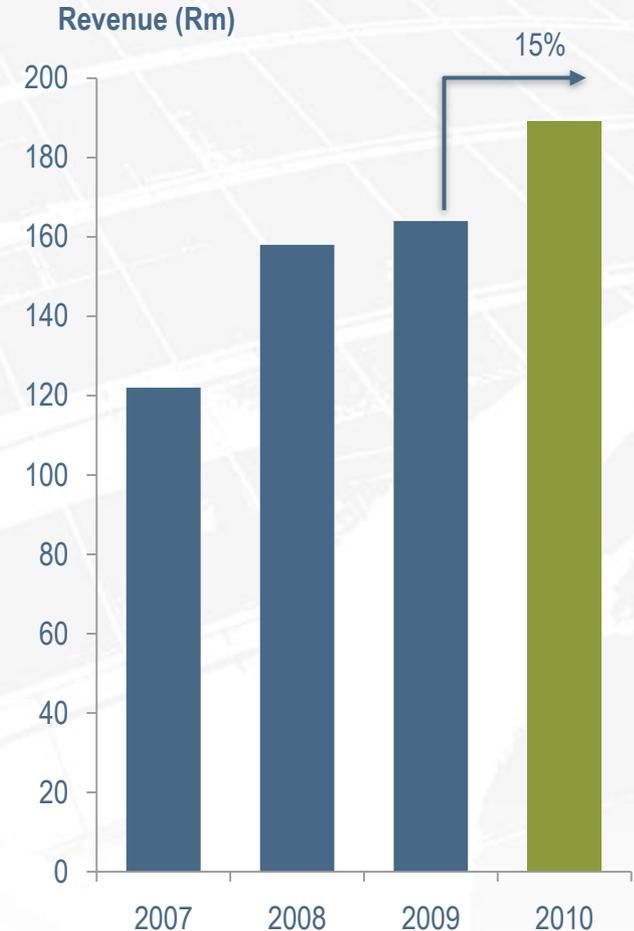
- » Revenue up 5% to R333m (2009: R318m), driven by
 - 13% rise in transactions (2010: 23.8m; 2009: 20.9m)
 - 7% rise in value traded (2010: R3.0bn; 2009: R2.8bn)
 - Includes membership fees
- » New billing model (March 2010) to encourage increased trade
 - R12.7m passed back to high volume clients
- » Product expansion continues
 - Exotic warrants, ETNs and ETFs
 - COB anonymous block trading facility launched



EQUITIES RISK MANAGEMENT, CLEARING & SETTLEMENT

Equity market transaction growth drives revenue

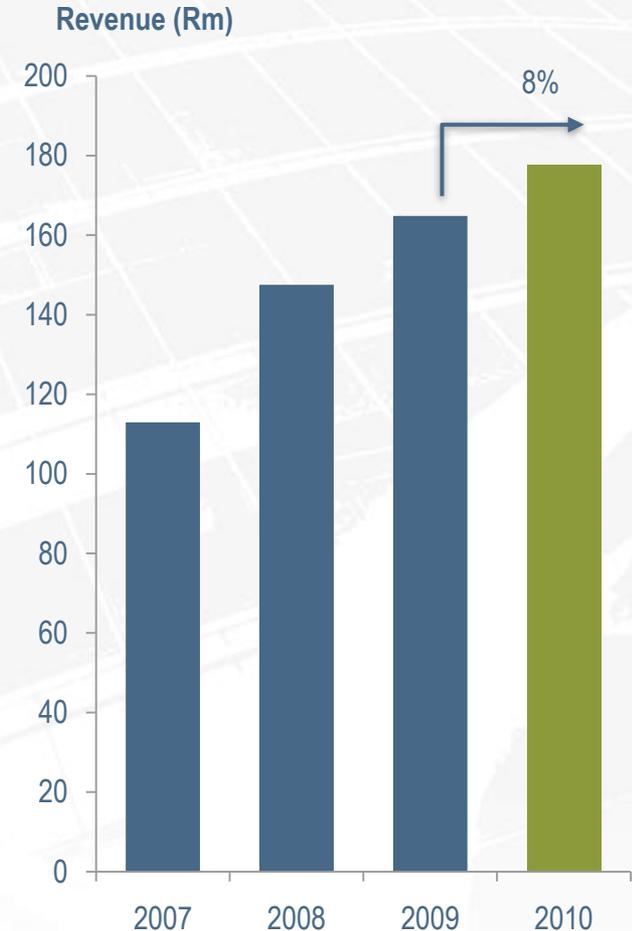
- » Revenue up 15% to R189m (2009: R164m), driven by
 - » Growth of trades in cash equities market
- » Guaranteed settlement
 - » COB equity trades
 - » T+5 settlement
- » Implementation of new equities clearing system H2 2011
 - » Part of last phase of JSE's IT system replacement project
- » System changes in 2011 in anticipation of the shorter settlement cycle
 - » Move to T+3 after MillenniumIT launch



BACK OFFICE SERVICES (BDA)

World class service

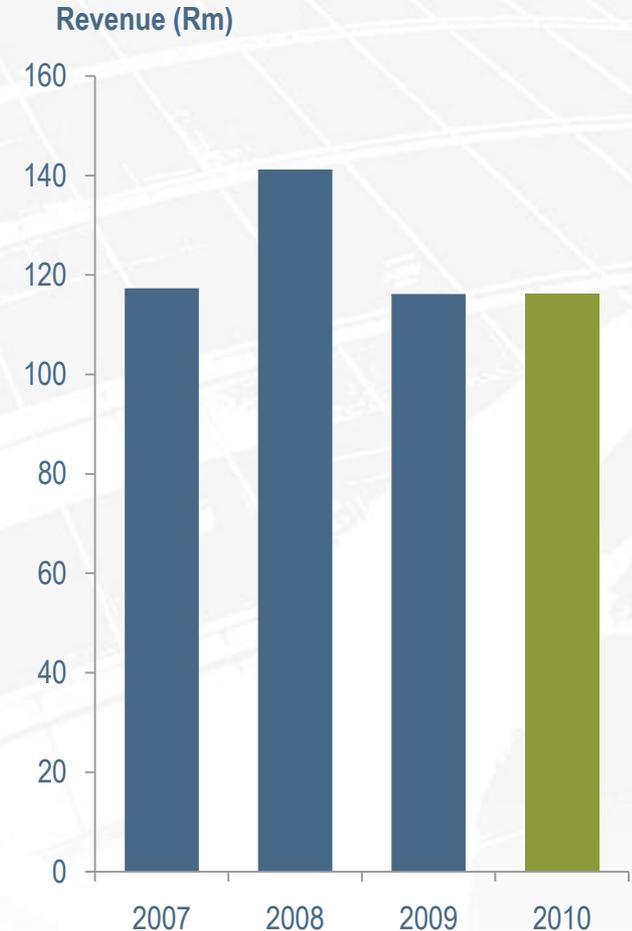
- » Revenue up 8% to R178m (2009: R165m), driven by
 - Increased trades on cash equities market
- » Equity members mandated to use BDA
 - Keeps securities records of members and clients
- » System gives JSE world-class surveillance
 - Allows exchange to see trades to client level
- » Implementation of upgraded back office (BDA) system in H2 2011
 - Incorporates surveillance and clearing; and settlement systems



EQUITY DERIVATIVES (Incl Currency Derivatives)

Holding steady

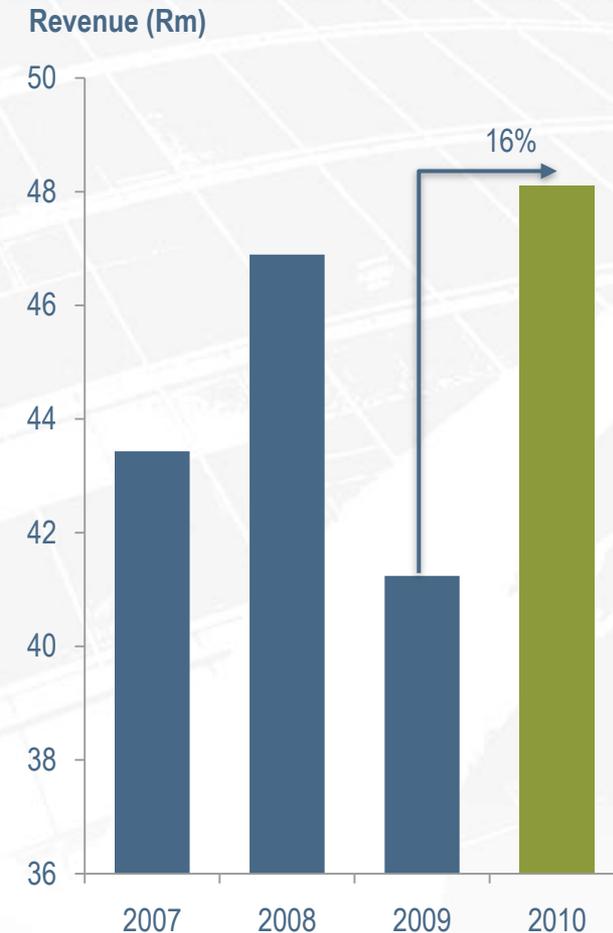
- » Revenue flat at R116m (2009: R116m)
 - » Equity deriv. volumes down 1% ; value up 15%
 - » Currency deriv. volumes down 5%; value down 22%
 - » Product mix change
- » Product expansion continues
 - » Growth of IDX; strong performance in 2010
- » Currency derivatives revenue climbed 7% (2010: R10.1m; 2009: R9.5m)
 - » Product diversification continues: Swiss franc
- » Equity and commodity derivatives trading platforms upgraded
 - » Allows members of both markets access to common set of products
- » Maker-taker billing model introduced in July 2010
 - » Encourages move to COB



COMMODITY DERIVATIVES

Significant growth

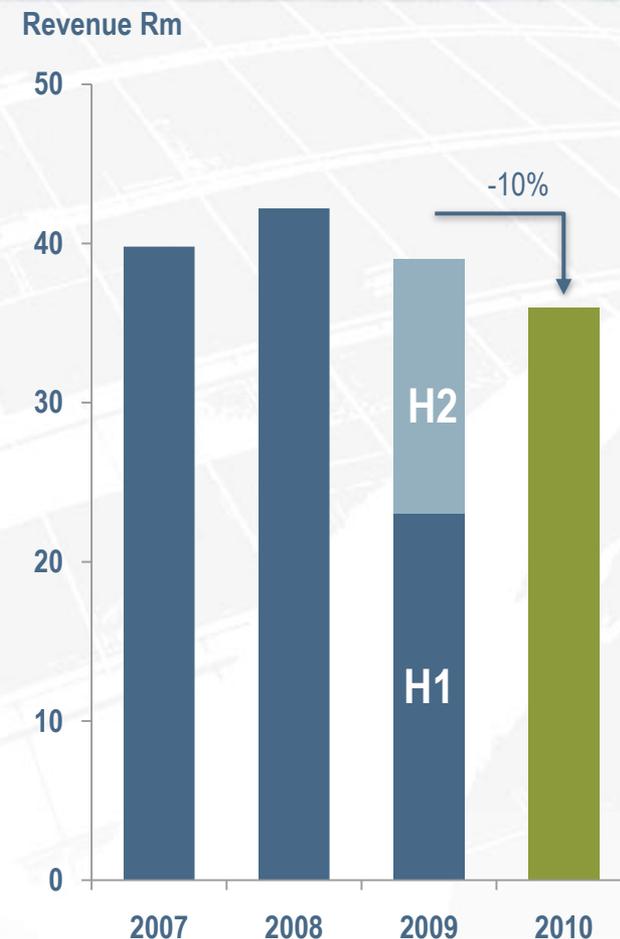
- » Revenues up 16% (2010: R48m; 2009: R41m), driven by
 - Rise in agricultural derivatives volumes
 - Product diversification
 - Increase in physical deliveries
- » Contracts traded rose by 12% (2010: 2.14m; 2009: 1.91m)
 - White maize still the most-traded commodity
- » Expansion of collaboration with CME Group
 - Referencing CME prices with rand-settled investments
 - Product diversification: Silver and copper contracts launched in 2010
 - Corn contract particularly successful



INTEREST RATE MARKET

Signs of growth

- » Revenue declined 10% y-o-y to R35.1m (In 2009, H1: R22.3m; H2:R16.4m)
 - » Bond market nominal value up 26% to R16.9tr (2009: R13.4tr)
 - » Derivatives volumes continue growing off low base
- » Achievements so far in merged interest rate market
 - » Lower operating costs achieved
 - » Launch of single sets of rules for listings and trading: 2011
- » Finding structure to encourage market to grow
 - » Discussions about model continue with participants
 - » Project to develop new way to trade government and non-government bonds
 - » Focus on market makers in derivatives market



INFORMATION PRODUCTS SALES

Growth despite global contraction

» Revenue grew 7% (2010: R116m; 2009: R109m), driven by

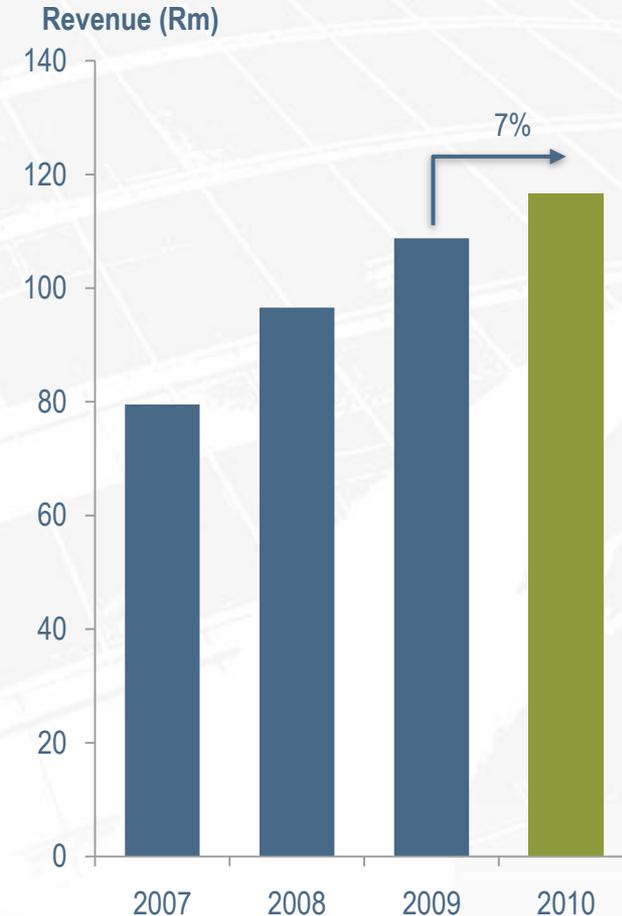
- More international clients
- Growth in retail and professional terminals/users
- Diversification: added interest rate products

» Global industry contracted in 2010

- Drop in client numbers after global financial crisis
- Consolidation among data providers

» In response, IPS team

- Increased data sales to existing clients
- Focused on untapped international markets
- Improved data payment processes





Financial review

Russell Loubser, CEO

INCOME STATEMENT

Year ended 31 December 2010

	Group		
	2010 R million	2009 R million	% change
Revenue	1,255	1,156	9%
Other income	50	41	24%
Operating and other costs	(879)	(810)	8%
Profit before net financing income	426	386	10%
Net finance income	87	104	(16%)
Share of profit of equity accounted investees	26	28	(5%)
Profit before tax	540	518	4%
Income tax	(162)	(152)	6%
Profit for the year	378	366	3%
Basic earnings per share (cents)	445.5	431.3	3%
Diluted earnings per share (cents)	438.4	425.2	3%

MANAGING COSTS

Funding future growth

- » **Group operating costs before net finance income up by 8% to R879m (2009: R810m)**
 - 20 employees hired, mainly to enable completion of large IT projects
 - Impairment to software under development of R33m
 - Onerous lease costs of R1.9m (BESA premises)
- » **Capital expenditure of R157m in 2010 mainly related to**
 - **Last phase of technology replacement project**
 - To be delivered this year
 - Total cost of project incurred between 2007 and 2010
 - **The commissioning of a new data centre**
- » **Depreciation will start on implementation**

- » **No borrowings**
 - » **Ongoing strategy**
- » **R1,046m in cash reserves (2009: R921m), needed to**
 - » **Ensure a smoothly operating stock exchange – funding for 4 months of operations**
 - » **Meet obligations should a JSE equities member fail**
 - » **JSE guarantees COB equities trades**
 - » **Maintain infrastructure and meet capital needs for expansion**
 - » **Investor Protection Funds make up R112m of total (2009: R116m)**
- » **Cash requirements revisited regularly**



Looking ahead

Russell Loubser, CEO

ROAD AHEAD

2011 a year of delivery for the JSE

We will

- » **Bed down major technology initiatives, enabling**
 - **Improved technology-dependent services across all markets**
 - **Greater choice of ways to access JSE services**
- » **Complete preparations to implement new equities trading engine**
 - **MillenniumIT selected after extensive investigation**
 - **Implementation scheduled for 2012 in Johannesburg**
 - **Anticipated transaction execution time almost 400 times faster than present**
- » **Implement consolidated interest rate technology platform**
- » **Build consensus on growth of interest rate markets**
- » **Grow client and product range in all markets, focusing on**
 - **How to bring OTC trade on-market**
 - **How to encourage more foreign activity on the JSE**

PROSPECTS

Approach to 2011

- » Revenue projections not possible given dependence on trading volumes
- » So far in 2011, JSE markets emulate 2010's performance
 - Transaction levels being maintained or increased
- » Indications are that 2011 will be a tough year
 - Exchange to deliver on projects positioning it for sustainable growth
- » JSE's ability to remain competitive maintained through
 - Continued growth in product range
 - Focus on service
 - Management of costs
 - Maintenance of world class standards

- » Few changes to JSE Board for past decade
- » Russell Loubser stands down as CEO w.e.f 31 December 2011
 - » Joined the JSE as CEO in 1997
- » Nicky Newton-King, Deputy CEO, becomes CEO w.e.f 1 January 2012
- » Gloria Serobe; Wendy Luhabe stand down at 2011 AGM
 - » Served 10 and 8 years on Board respectively as non-executive directors
- » Jonathan Berman resigned during course of year
 - » Joined Board after BESA merger
- » Senior JSE executives Leanne Parsons and John Burke to stand down as Executive Directors at 2011 AGM
 - » Number of execs on Board to be lowered, in terms of accepted practice
 - » Both continue as alternate directors



Questions