



Interim results presentation 2011

August 2011



Overview



A VOLATILE RIDE

Markets shaken by global uncertainty

- » Market uncertainty dampens investor appetite
 - » Global sovereign debt concerns linger
- » FTSE JSE All Share Index swings sharply during period
 - » Ends the period 1% down on start at 31 864.54 (30 June 2010: 26 258.82)
- » Exchange industry continues to change rapidly
 - » JSE focus on delivering major strategies

BETTER PERFORMANCE IN H1 2011

Despite challenging conditions

- » Improved financial and operational performance
 - » Revenue rose 7% (H1 2011: R668m; H1 2010: R623m)
 - » Net profit increased 22% (H1 2011: R254m; H1 2010: R208m)
 - » EPS grew 22% (H1 2011: 299.0c; H1 2010: 244.1c)
- » Strongest growth from cash equities, commodities derivatives and currency derivatives markets
 - » Revenue increases from all divisions
- » Special dividend of 210c declared
 - » Payable on 12 September 2011

REPORT-BACK

Delivery of number of key initiatives

- » In the first six months, the JSE has:
 - » Completed integration of interest rate market trading platforms
 - » Delivered the first phase of the remote disaster recovery site
 - » Made good progress in implementing new data centre
- » New equities back office system delayed in response to market requests
 - » JSE and members require more time for readiness testing
 - » System to be implemented in 2012
- » Work on new equities trading system proceeds according to plan
 - » Implementation in 2012

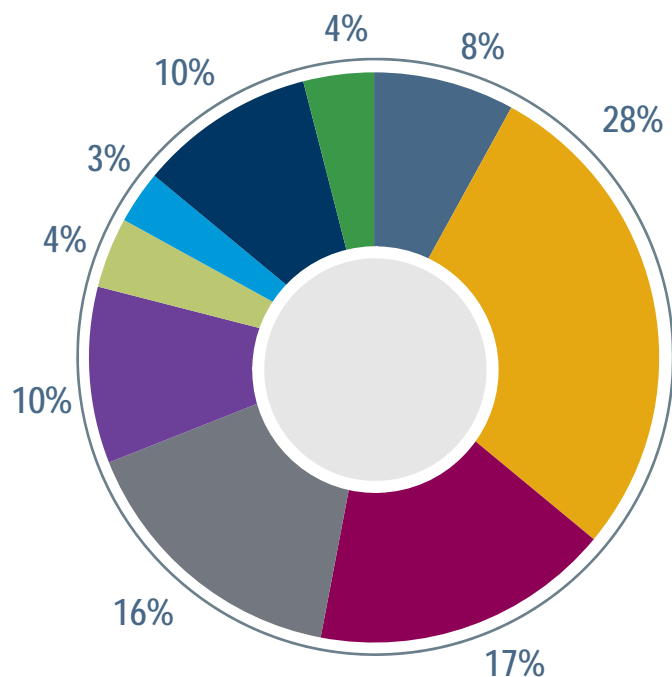


Operations

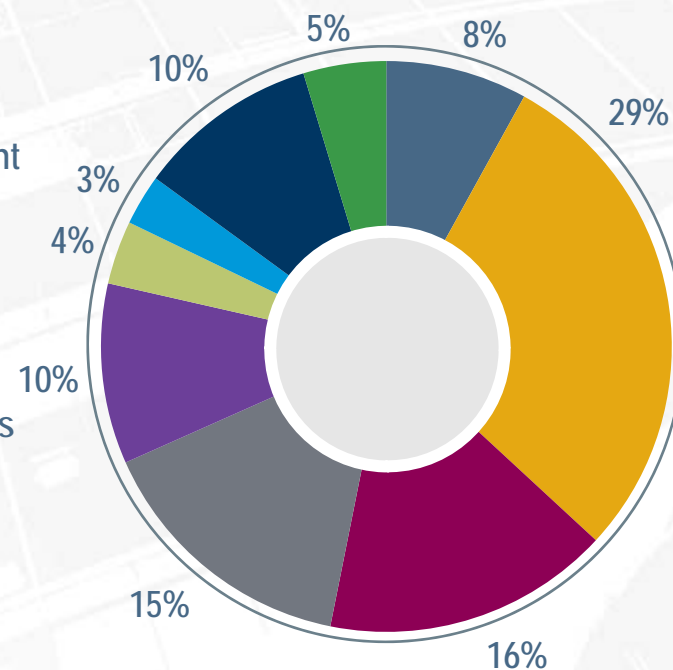
DIVERSIFIED REVENUE

JSE well positioned in challenging conditions

2011



2010



- Issuer services
- Equities trading
- Risk management, clearing and settlement
- Back-office services (BDA)
- Equity derivatives
- Commodity derivatives
- Interest rate market
- Information products sales
- Other

Excluding Strate ad valorem fees

ISSUER SERVICES

Steady growth

» Revenue up 6% to R48.8m (H1 2010: R45.8m)

- » Annual and new equity listing fees
- » Interest rate issuances included

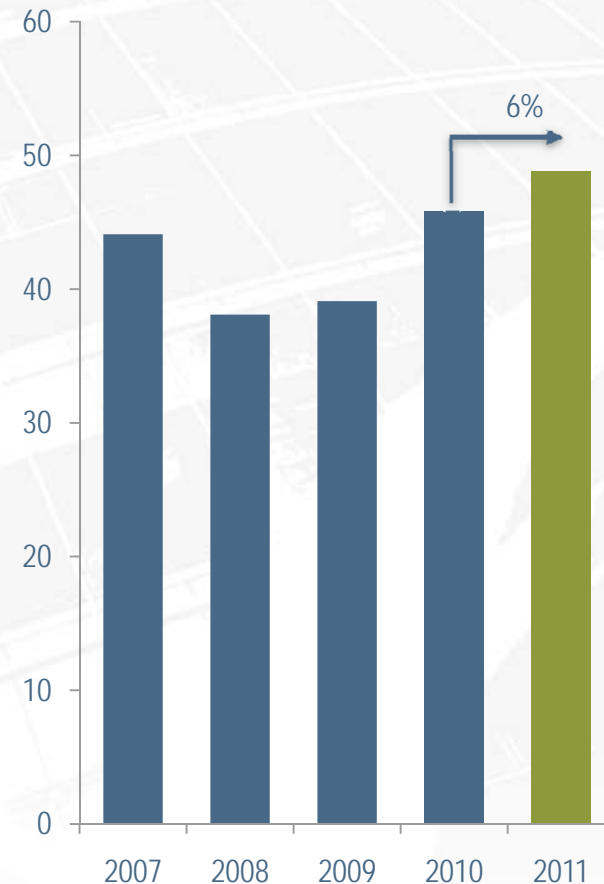
» Listing pipeline exists

- » But potential new issuers remain hesitant
- » In line with the experience of other WFE members.

» During the period

- » Five listings (H1 2010: six)
- » Eight delistings (H1 2010: ten)

Revenue (Rm)

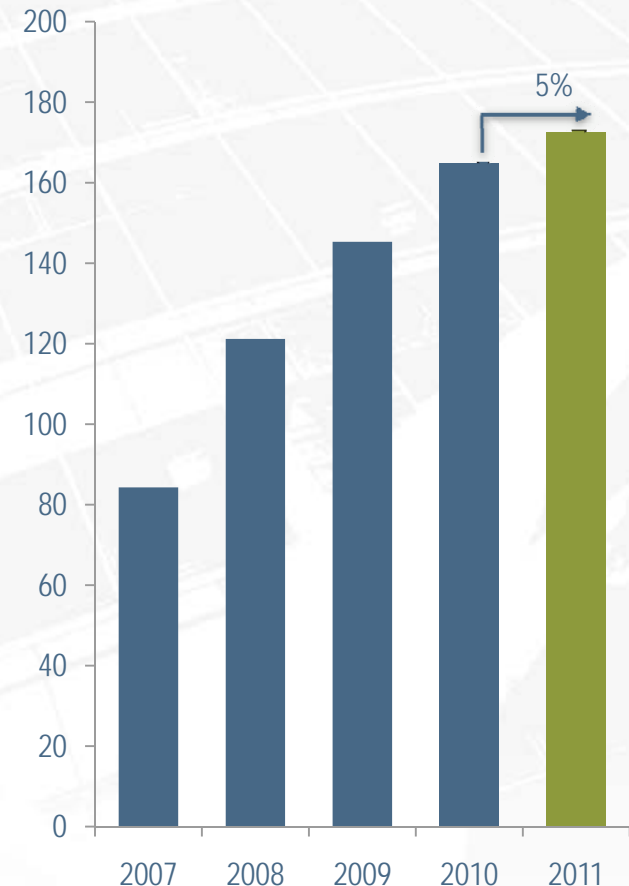


EQUITIES TRADING

Transaction volume growth trend continues

- ▶ Revenue up 5% to R172.6m (H1 2011: R164.8m), driven by
 - ▶ 5% rise in transactions (H1 2011: 12.9m; H1 2010: 12.2m)
 - ▶ 4% rise in value traded (H1 2011: R1.59 trillion; H1 2010: R1.53 trillion)
- ▶ Number and value of equity trades rises strongly in Q1 2011 (over Q1 2010)
 - ▶ Dips in Q2, recovering in June

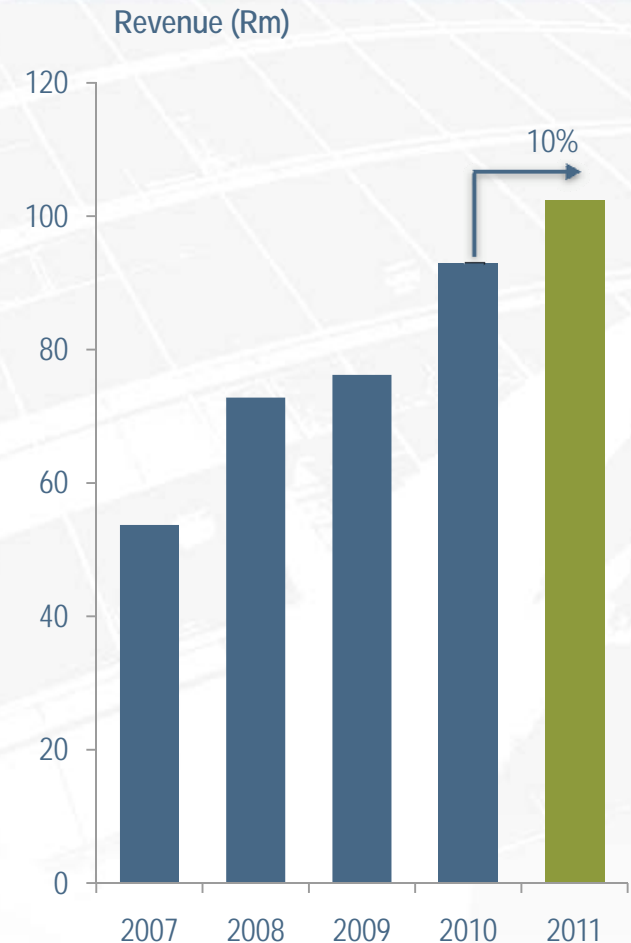
Revenue (Rm)



EQUITIES RISK MANAGEMENT, CLEARING & SETTLEMENT

Equity market transaction growth drives revenue

- ▶ Revenue up 10% to R102.3m (H1 2010: R92.9m), driven by
 - ▶ Growth in number and value of trades in the cash equities market
 - ▶ Higher revenue growth than Equities Trading – different pricing model
- ▶ Guaranteed settlement
 - ▶ COB equity trades
 - ▶ T+5 settlement
- ▶ New clearing system to be implemented in 2012
 - ▶ Part of last phase of IT system replacement project
- ▶ System changes in 2011 in anticipation of the shorter settlement cycle
 - ▶ Move to T+3 after cash equity trading platform launch



BACK OFFICE SERVICES (BDA)

World class service

» Revenue up 11% to R96.6m (H1 2010: R86.8m), driven by

- » Increased trades on cash equities market
- » Higher revenue growth than Equities Trading – different pricing model

» Equity members mandated to use BDA

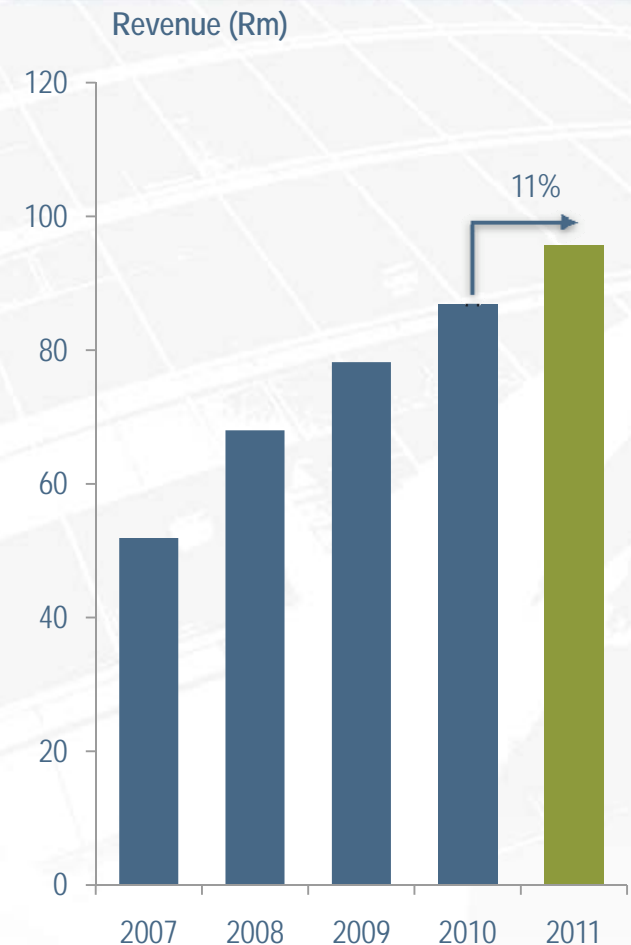
- » Keeps securities records of members and clients

» System gives JSE world-class surveillance

- » Allows exchange to see trades to client level

» Implementation of upgraded back office (BDA) system in 2012

- » Includes surveillance and clearing; and settlement systems

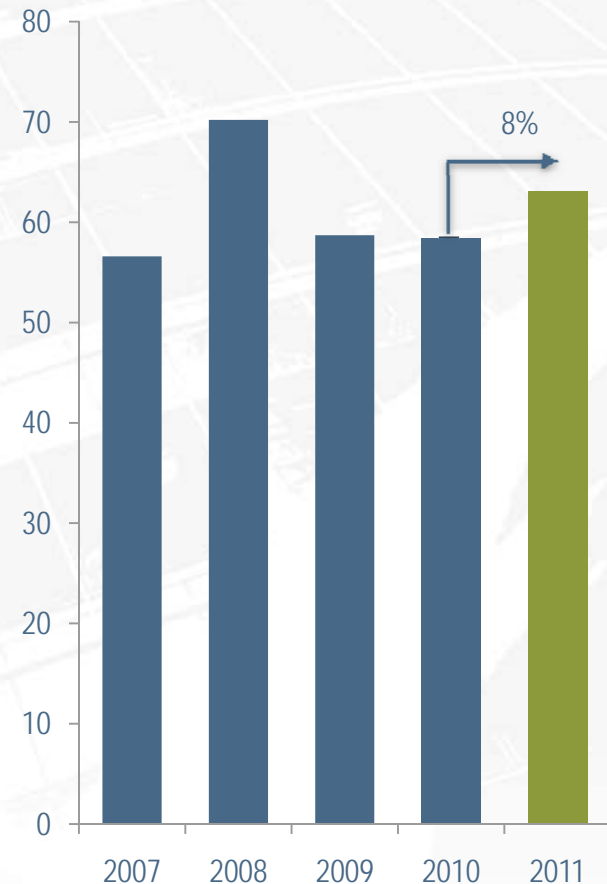


EQUITY DERIVATIVES

Renewed growth

- ▶ Revenue up 8% to R63.1m (H1 2010: R58.4m)
 - ▶ Equity deriv. contracts down 4% ; value up 12%
 - ▶ Revenue impact R2.5m
 - ▶ Currency deriv. volumes up 96%; value up 88%
 - ▶ Revenue impact R2.2m
- ▶ Most growth from index derivatives and Can Dos
- ▶ Rise in use of central order book for SSF trade
 - ▶ JSE and software providers focus on resolving technical issues – high priority
- ▶ Currency deriv. revenue up 44% to R7.2m
 - ▶ Change in billing model followed by more trade
 - ▶ Central order book trade proceeds smoothly
 - ▶ Spreads now comparable with spot Forex market

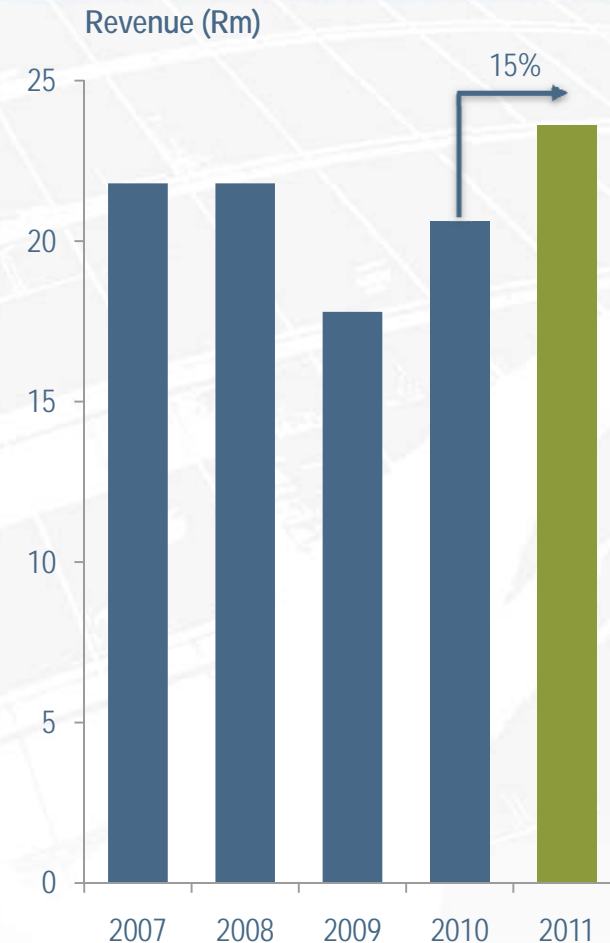
Revenue (Rm)



COMMODITY DERIVATIVES

Strong growth

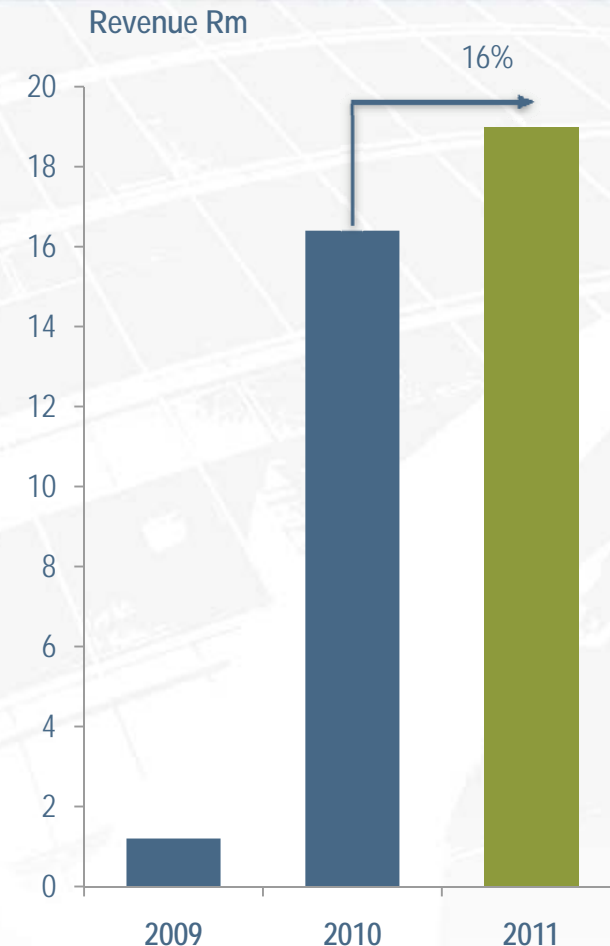
- ▶ Revenue up 15% to R23.6m (H1 2010: R20.6m)
 - ▶ Increased trade (61% in value terms; 17% in number of contracts)
 - ▶ Context of rising agricultural prices
- ▶ Local maize and wheat derivatives continue to make up most trade
- ▶ Trade of foreign-referenced instruments continues to rise
 - ▶ Instruments are offered under license from the CME Group
 - ▶ Wheat contract referencing pricing from CME Group introduced during period



INTEREST RATE MARKET

Continued improvement

- ▶ Revenue up 16% to R19.0m (H1 2010: R16.4m)
 - ▶ Secondary trade of bonds up 36% in nominal value
- ▶ Integration of IR market trading platforms completed during period
 - ▶ Now single platform for trading of IR products
- ▶ JSE continues to talk to regulators, National Treasury and market participants
 - ▶ Aim: improve transparency in spot market and build vibrant derivative market
 - ▶ Getting close to time when a definitive position will be taken on way forward



INFORMATION PRODUCTS SALES

Growth despite global contraction

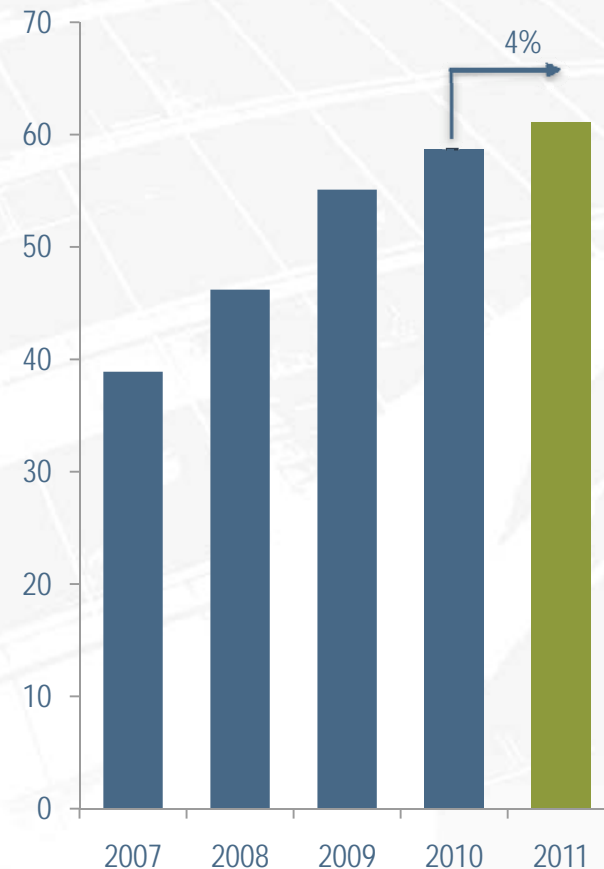
» Revenue grew 4% to R61.1m (H1 2010: R58.7m)

- » Response to IPS team focus on untapped international markets
- » Continued attraction of new international clients

» Global industry continues to contract

- » Consolidation of M&A among data providers after global crisis
- » Reduced data sales to existing clients locally and internationally but supplemented by increase in number of international clients

Revenue (Rm)





Financial review

INCOME STATEMENT

Six months ended 30 June 2011

	Group		
	2011 R million	2010 R million	% change
Revenue	668	623	7%
Other income	21	21	0%
Operating and other costs	(376)	(393)	(4%)
Profit before net financing income	313	251	25%
Net finance income	42	44	(5%)
Share of profit of equity accounted investees	15	14	7%
Profit before tax	370	309	20%
Income tax	(116)	(101)	15%
Profit for the year	254	208	22%
Basic earnings per share (cents)	299.0	244.1	22%
Diluted earnings per share (cents)	294.4	240.4	22%

MANAGING COSTS

Funding future growth

- Operating costs before net finance income down 4% to R375.8m (H1 2010: R393.2m)
- Personnel costs down 11% to R134.9m (H1 2010: R150.9m), owing to
 - Primarily, the deployment of staff to capital projects resulting in their salary costs being capitalised
 - Increased number of capital projects
 - Also, first tranche of the 2006 Long Term Incentive Scheme fully vesting at end-2010; not expensed in H1 2011
- Other expenses of R240.9m in line with H1 2010 (R242.3m)
 - Cost of R7.9m incurred after issue of 156 536 options to JSE Empowerment Fund Trust
- Effective tax rate 31% (H1 2010: 33%)

- » No borrowings
 - Ongoing strategy
 - R1 006m in cash reserves (H1 2010: R906m)
- » Capital requirements
 - Ensure smooth operations: four months of operations
 - Fund JSE guarantee of central order book equities trades
 - Maintain infrastructure and meet capital needs
 - Also, cash component of Investor Protection Funds makes up R118m of the total (H1 2010: R118m)
- » Board declares special dividend of 210c/share
 - Cash surplus to JSE needs
 - Coming to the end of large capex iro System Replacement Project



Looking ahead

PROSPECTS

Approach to H2 2011

- » Revenue projections not possible
 - » Dependence on trading volumes in all markets
- » Record equity market trading volumes, 11 August 2011
 - » 230 797 trades valued at more than R29bn
 - » Previous record of 205 784 trades set on 17 June 2010
- » Expenses are expected to increase from 2012
 - » Depreciation charges will start on implementation of new major systems
- » The JSE continues to focus on growing all of its markets, diversifying revenue streams and implementing strategic goals



Questions