



Johannesburg Stock Exchange's results presentation 2009



**Highlights of 2008
Humphrey Borkum
Chairman**



Highlights of 2008

- Good results on volatility-driven record volumes
- Africa strategy progressed
 - Africa Board and FTSE/JSE All Africa indices
 - possibility of technically linking the SADC exchanges
 - promotion of relationships with African exchanges ie Mauritius
- BESA shareholders support proposed BESA acquisition
- International derivatives launched
- Equity and commodity derivative systems replaced
- SSFs continued to grow



Industry overview
Russell Loubser
CEO





Market conditions 2008

- SA markets partly shielded from global turmoil, **BUT**
 - stock market values fall in second half
 - industry wide retrenchments increase uncertainty
 - many JSE-listed companies showing strain
- Trading volumes up in volatile conditions
- Net foreign disinvestment R54 billion (end-February 2009: R4 billion net foreign investment)
- FTSE/JSE All Share Index reflects market mood
 - starts 2008 strongly, rising 13% to 33 233 by May
 - falls to 17 414 by November (end-February 2009: 18 465)
 - trading volumes hold up in second half, despite falling index



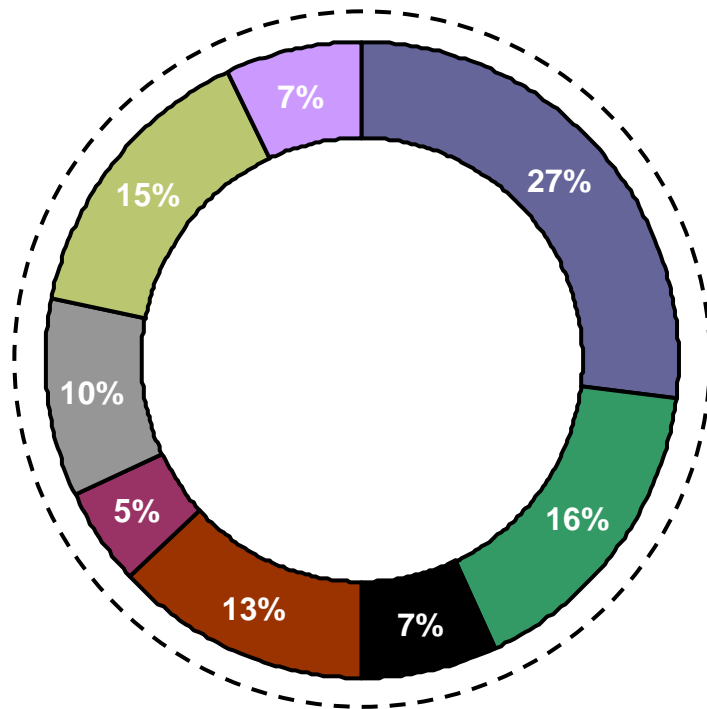
Stock exchange industry 2008

- Stock exchanges globally faced unprecedented tests:
 - increased volatility
 - worsening investor sentiment; declining interest in some markets
 - increased systemic pressures from diverse sources
 - fluctuating trading volumes
 - greater competition from execution venues
- Exchanges prove resilience; functions operate well
 - and so they should!



Business review

Diversified revenue streams

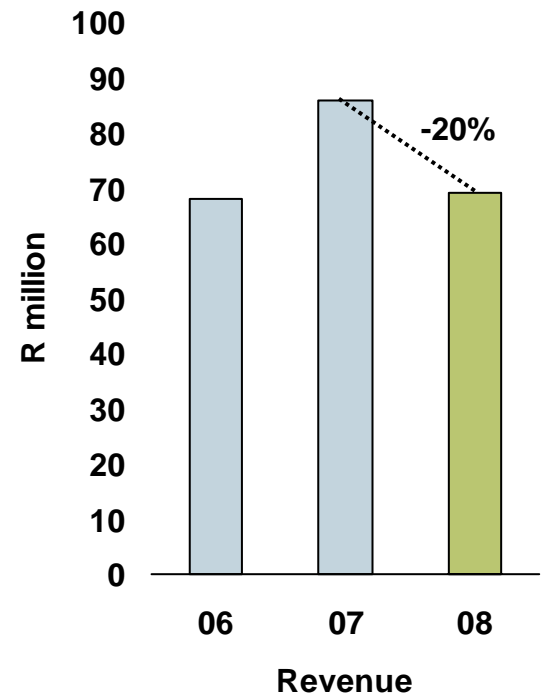


- Equities trading fees
- Risk management, clearing and settlement fees
- Listing fees
- Equity derivatives
- Commodity derivatives
- Information product sales
- Technology services
- Other

Excluding State Ad valorem fees

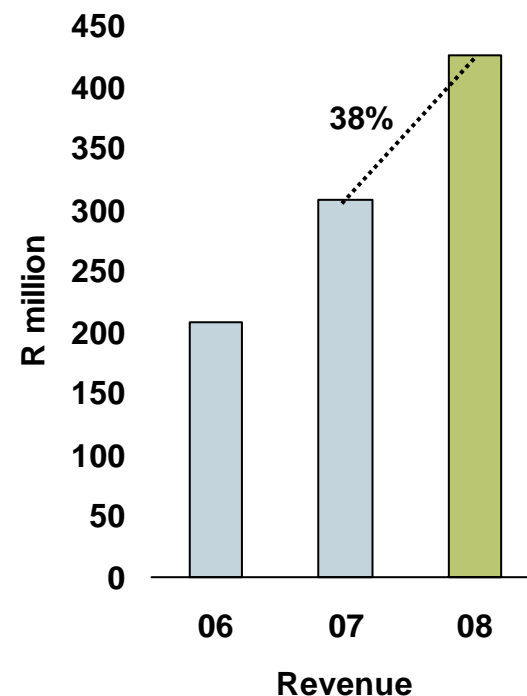
Listings

- Market uncertainty prompts drop in new listings over 2008
- 23 companies join the boards (2007: 63)
 - 18 Main board
 - 5 AltX
- Several substantial new listings: BAT now JSE's biggest in terms of market capitalisation
- JSE targets foreign-domiciled listings



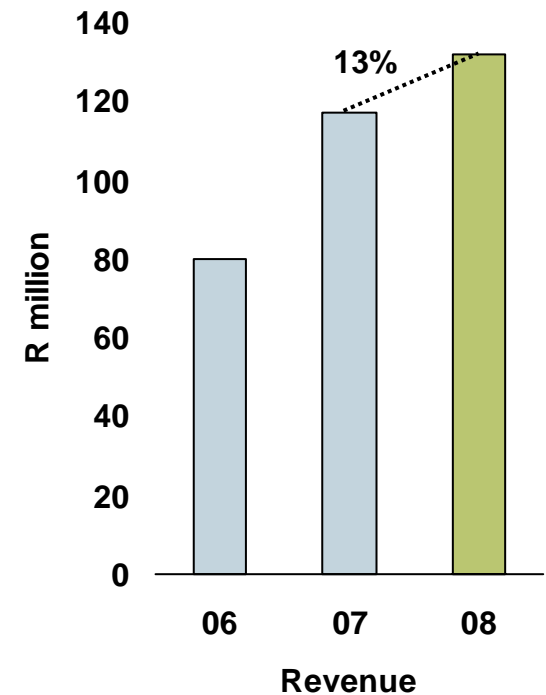
Equities trading, risk management, clearing & settlement

- Turbulent markets good for equity business – record volumes
- Ave daily number of trades up 50% to 69 319 (2007: 46 216)
- Equity market trading fees cut by 7,5% as of 30 June 2008
- Trading system upgraded
 - more functionality
 - systems stabilised
 - Increased capacity



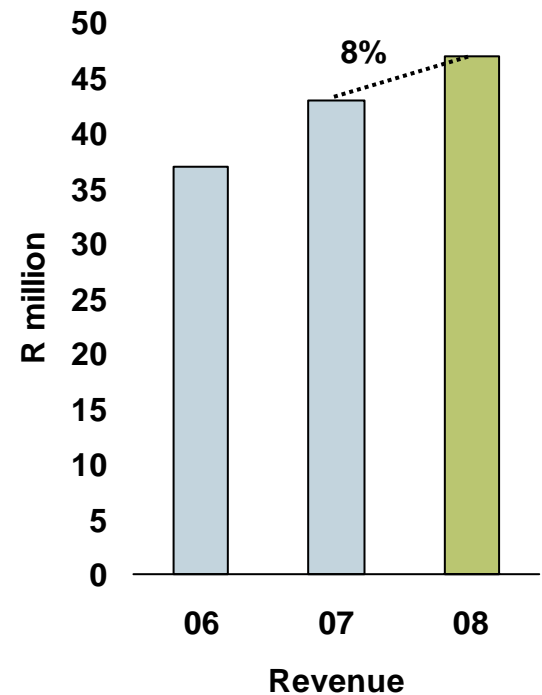
Equity derivatives

- Contract volumes up 45%
(off high base; up 219% in 2007)
- Achievements
 - world's 10th largest exchange
 - biggest SSF exchange at end-2008
 - Can-Do's win FOW award
 - good growth in currency futures
- New trading and clearing system
 - allows more flexibility
- New product focus continues eg international derivatives



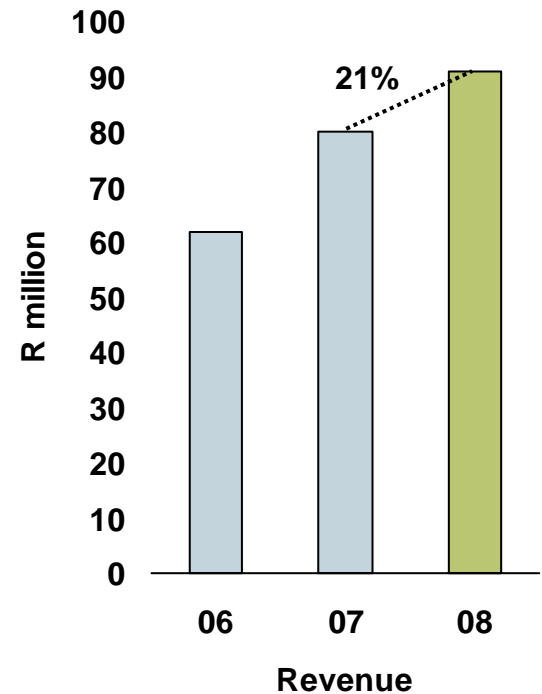
Commodity derivatives

- Contract volumes up 10%
(2008: 2,63 m; 2007: 2,40 m)
- New trading and clearing system
– allows more flexibility
- Jan 2009: JSE trades corn futures contracts under license from CBOT (world's largest commodity derivatives exchange)



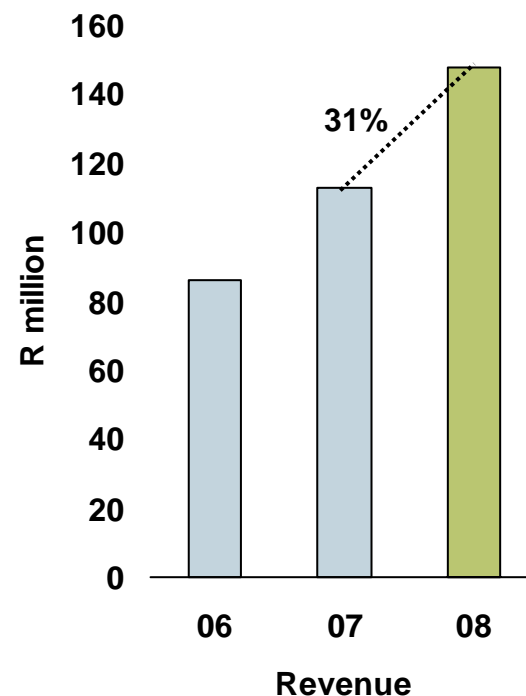
Information product sales

- Terminals receiving JSE information packages up 15%
 - total: 49 225 (2007: 42 923)
 - 21 806 foreign; remainder domestic
- Retail client market pricing proves successful: 61% year-on-year terminal growth
- Products on five new indices launched



Technology services

- Equity market members use JSE's Broker Deal Accounting (BDA) system for back-office operations
- Revenue trends in the same direction as equities trading – up 31%
- World-class surveillance
 - see trades to client level
 - one factor behind decision not to curb short-selling in September 2008





Financials



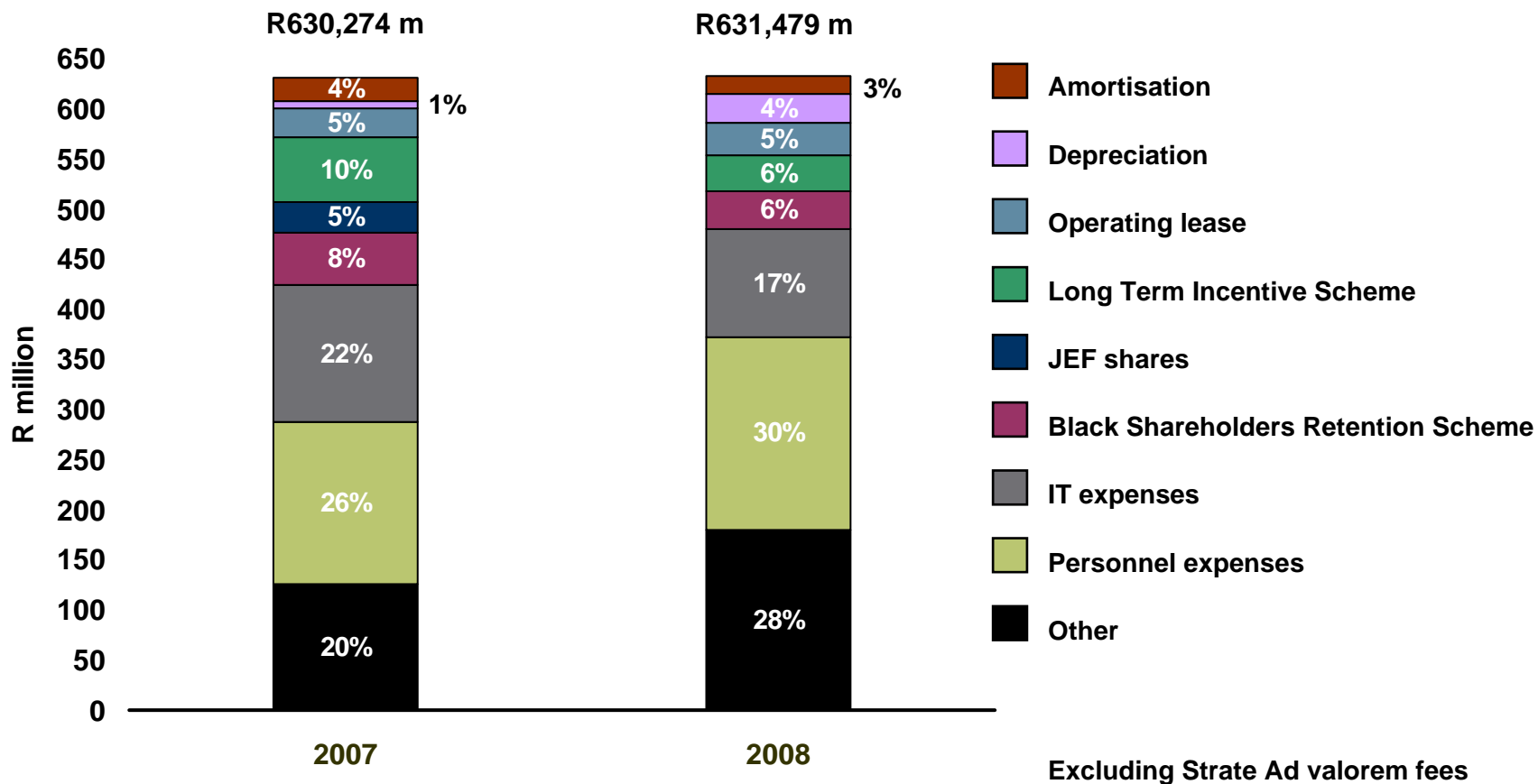
Highlights of financials

- Revenue up 22% to R1,1 bn (2007: R877 m)
- Cost: income ratio improves to 65% (2007: 72%)
- BEE charges to income statement now complete
- Cash flow from operations up 49% to R489 m (2007: R329 m)
- Cash retained R946 m (2007: R765 m) to cover
 - JSE's guarantee obligations for equity market central order book trades
 - 4 months of operating costs
 - capital expenditure e.g. possible BESA transaction (R240 m)
- Dividend declared of 192c per ordinary share or R166 m (2007: 130 c per ordinary share)

Income statement

	Group	Group	
	2008	2007	% change
	Rm	Rm	
Revenue	1 072	877	22%
Other income	40	112	-64%
Operating and other expenses	(723)	(713)	1%
Profit before net financing income	389	276	41%
Net finance income	135	97	39%
Share of profit of equity accounted investees	31	32	-3%
Profit before tax	554	405	37%
Income tax	(180)	(132)	37%
Profit for the year	374	273	37%
Basic earnings per share (cents)	439,7	321,3	37%
Diluted earnings per share (cents)	434,0	318,7	36%

Breakdown of costs





Focus for 2009



Focus for 2009: overview

- World economic outlook poor
- SA affected by global turbulence
- JSE will respond by
 - emphasising our attractiveness relative to other emerging markets
 - working to improve the JSE's own efficiency
 - offering a world-class service to clients at a competitive price
 - keeping a close eye on costs
 - continuing to build a sustainable business model
 - focusing on new strategic initiatives that strengthen business
 - offering clients better services and more efficiency
 - continued focus on new products



Africa strategy

- Promote growth of African capital markets
 - attract foreign capital
 - one-stop investor and issuer access to African opportunities
- Components of strategy
 - Africa Board: opportunity for primary/secondary listing
 - hub and spoke interconnectivity model to connect SADC stock exchanges
 - close relationships: develop new businesses and markets
- Indices: reflecting issuers across the continent



Proposed transaction with BESA

- Integration the best way to grow SA's interest rate markets
- 100% support from BESA shareholders present (>90% of total)
- First steps once regulatory approval is received
 - integrate BESA and JSE teams
 - interest rate growth strategy developed in consultation with market participants
- Strategy: use the best each exchange has to offer to
 - offer the best products
 - deepen the spot market and develop the derivatives market
 - improve liquidity
 - realise economies of scale
- Purchase consideration is R240 m



Technology initiatives

- Best of breed technology gives JSE a foot in the door
 - constant focus on upgrading IT infrastructure
- CIO appointed to lead IT team (2008)
 - team bolstered
 - equity trading system upgrade
- IT targets for 2009
 - enhance procurement management
 - accommodate new business needs
 - enhance stability of systems
 - two equity upgrades



Trading

- Large part of revenue depends on trading volumes
- Cash equity trades up in early 2009 (on early 2008); fall possible, **BUT**
 - focus on products and services
 - focus on easier and cost effective access to JSE for clients
 - focus on new growth areas e.g. retail investor
- Equity derivative volumes down in early 2009 (on early 2008), **BUT**
 - focus on winning previously off-exchange business
 - focus on market education about products
 - continued investigation of new products
- Commodity derivative volumes down in early 2009 (on early 2008), **BUT**
 - focus on new products



In summary

- 2008 was a good year
- 2009 could be tough
- The JSE is positioned to manage challenges effectively
 - experienced management team
 - diversified revenue streams
 - tight handle on costs
 - group well capitalised; no debt
 - promising initiatives underway



Questions