



JOHANNESBURG STOCK EXCHANGE



WELCOME TO RESULTS FEEDBACK

Year to 31 December 2011



HUMPHREY BORKUM
Chairman

OVERVIEW

» Changing guard

- ▶ Smooth succession
- ▶ Business as usual at JSE

» Unpredictable year in markets

- ▶ Slow domestic economy
- ▶ Continued global economic uncertainty

» Trade volumes grow across most JSE markets

» Tough business decisions challenge Board

The JSE continues to position itself as the leading horizontally and vertically integrated exchange for African securities




NICKY NEWTON-KING
Chief Executive Officer


SATISFACTORY RESULTS



Revenue
up 9%
to
R1.4bn
(2010: R1.3bn)



Headline EPS
up 29.0%
to
562.4c
(2010: 436.1c)



EPS
down 10.0%
to
400.8c
(2010: 445.5c)

Normalised costs contained to a 5% rise (2011: R952m; 2010: R909m)
After impairments, ROE is 19.3% (2010: 21.1%)

BIG ISSUES

» Technology delivery

- Impairment to back office technology development R223.3m (2010: R33.2m)
 - Decision follows detailed assessment
 - Model under review
- BUT Jaya on track for July
- Completion of the primary data centre
- Implementation of remote disaster recovery site
- Completion of interest rate trading platform

» Securities Transaction Tax (STT)

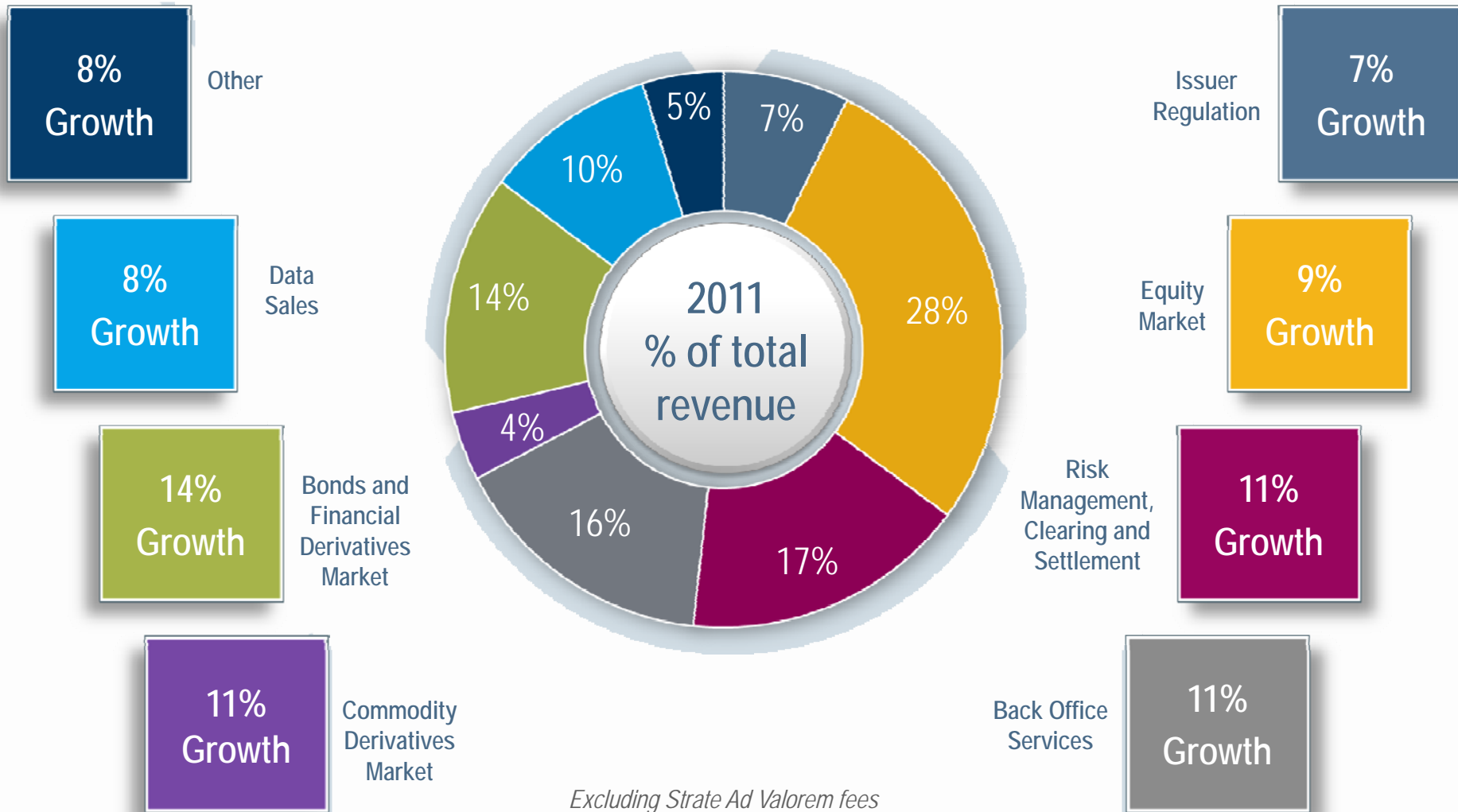
- Budget curveball: removal of key broker exemption
- BUT constructive meetings with National Treasury
- Intent: clarity about STT by mid-2012

FIVE YEARS AS LISTED GROUP

Over past five years

- ▶ Reported revenue more than doubled to R1.4bn
- ▶ EBIT growth compound 24.1% per annum
- ▶ Total shareholder return averaged 11.8% per annum
- ▶ Diversified revenue streams all showing growth
- ▶ Within top third of the FINI15 index constituents
- ▶ Outpaces all but 4 top twenty global exchanges

DIVERSIFIED GROWTH



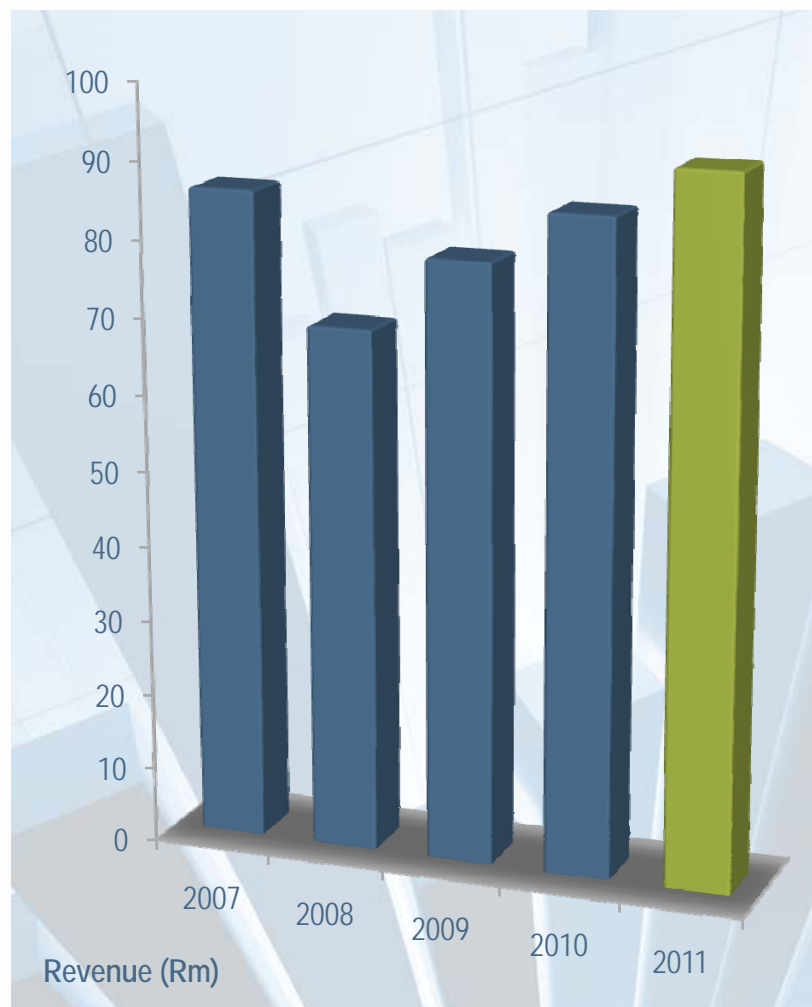


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OPERATIONS

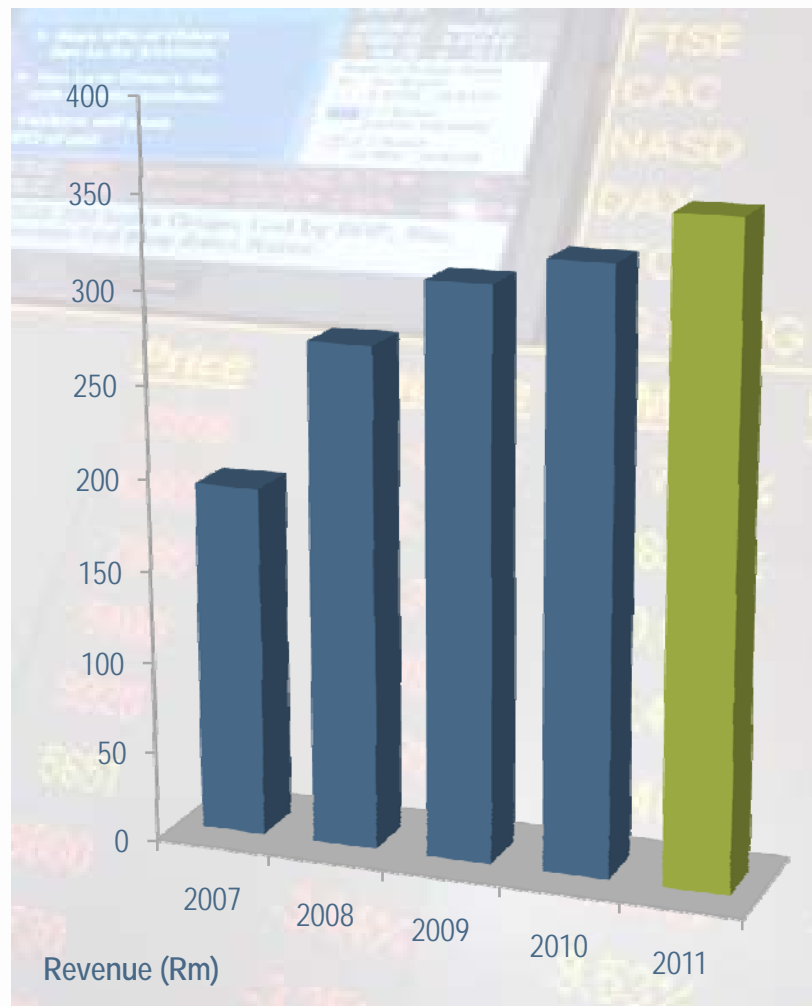
ISSUER REGULATION

- ▶ Revenue up 7.0% to R91.6m (2010: R85.6m)
- ▶ Diversification of asset classes yields results
 - ▶ New products contribute to revenue
- ▶ Diverse new listing activity
 - ▶ 16 companies: 13 Main Board; 3 AltX
 - ▶ Quasi-equity: 334 warrants; 4 ETFs; 10 ETNs
 - ▶ 733 bonds: R1.3tr in issue at year-end
- ▶ Regulates equity and bond issuers as well as certain specialist instruments
 - ▶ SA's securities regulation remains best in world: WFE
- ▶ Focus in 2012
 - ▶ Continue to develop listings requirements
 - ▶ Enable innovative new product development



EQUITY MARKET

- Revenue up 8.5% to R352.2m (2010: 324.6m)
 - Trading fee revisions incentivise trade
- 11.6% rise in transactions to 26.5m
 - Total value traded up 9.9%
- New daily trading record: 230,798 trades
 - 12% increase on previous record
- Product expansion continues
 - DRs, ETFs, ETNs, exotic warrants
- Focus in 2012
 - Implementation of new trading system
 - Finalising co-location strategy
 - Increasing participation
 - Focus on reducing end to end trading costs



BACK OFFICE SERVICES (BDA)

➤ Revenue up 10.9% to R196.8m (2010:177.5m)

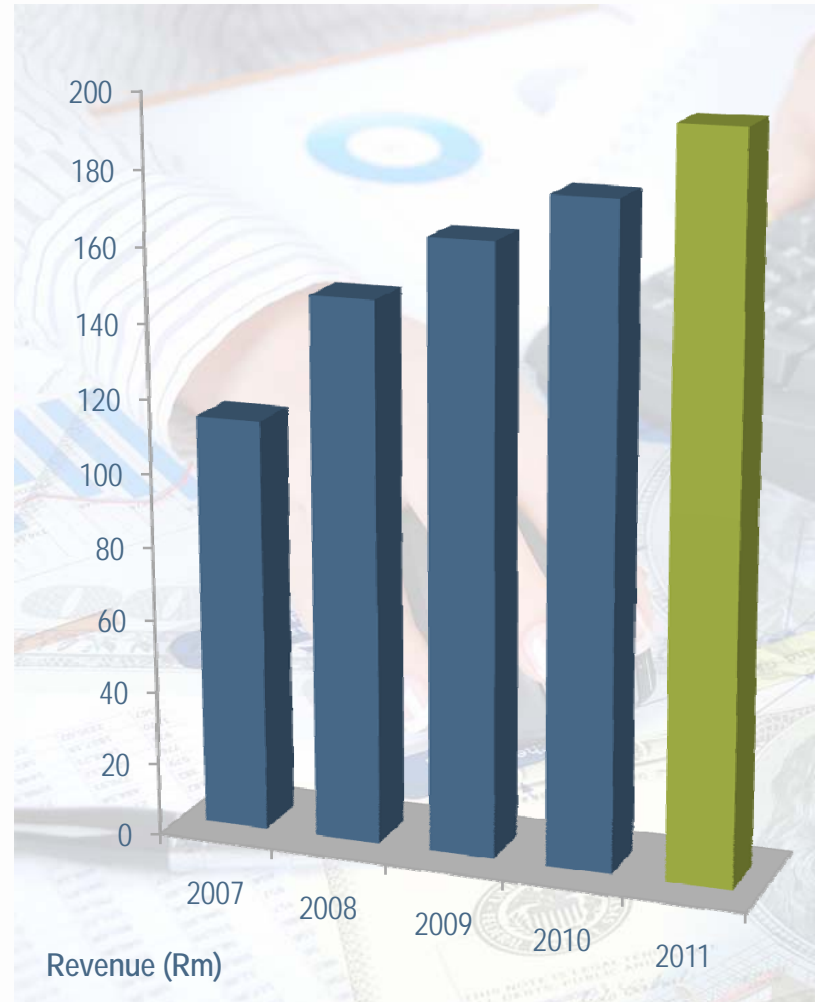
- Linked to number of equity transactions in cash equity market

➤ World-class surveillance capabilities

- Allows JSE to see certain transactions to client level in real time
- Equity members mandated to use system

➤ Focus for 2012

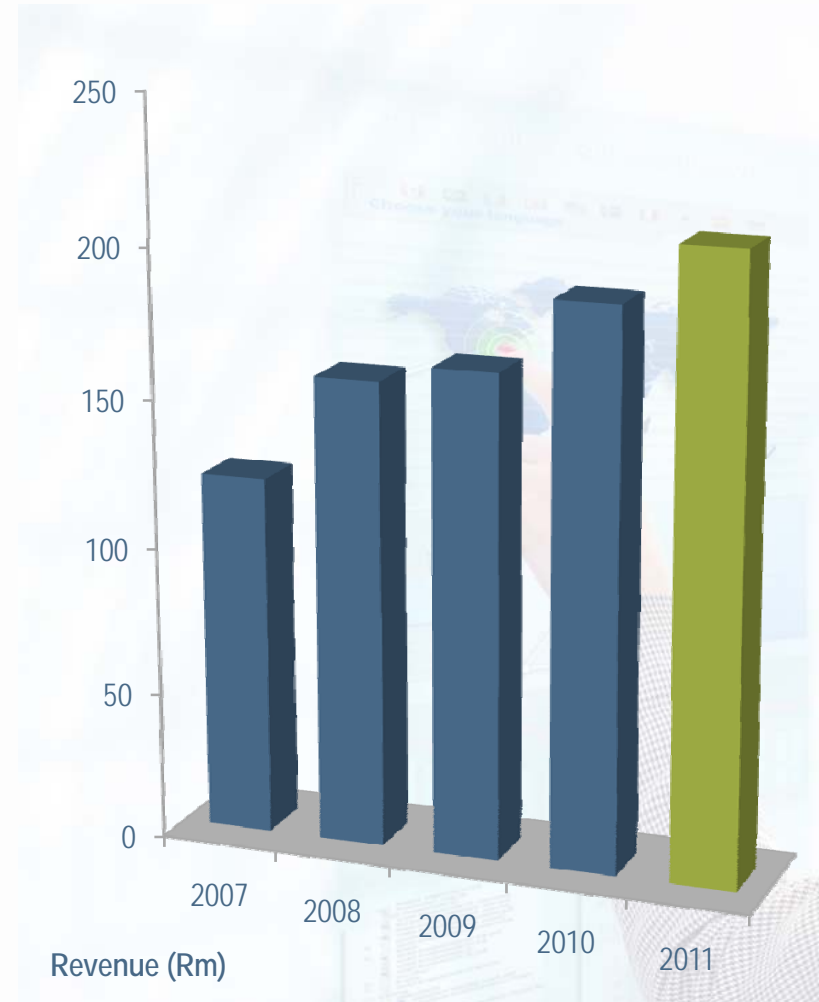
- Strategic decisions concerning market model and system replacement



EQUITIES RISK MANAGEMENT, CLEARING & SETTLEMENT

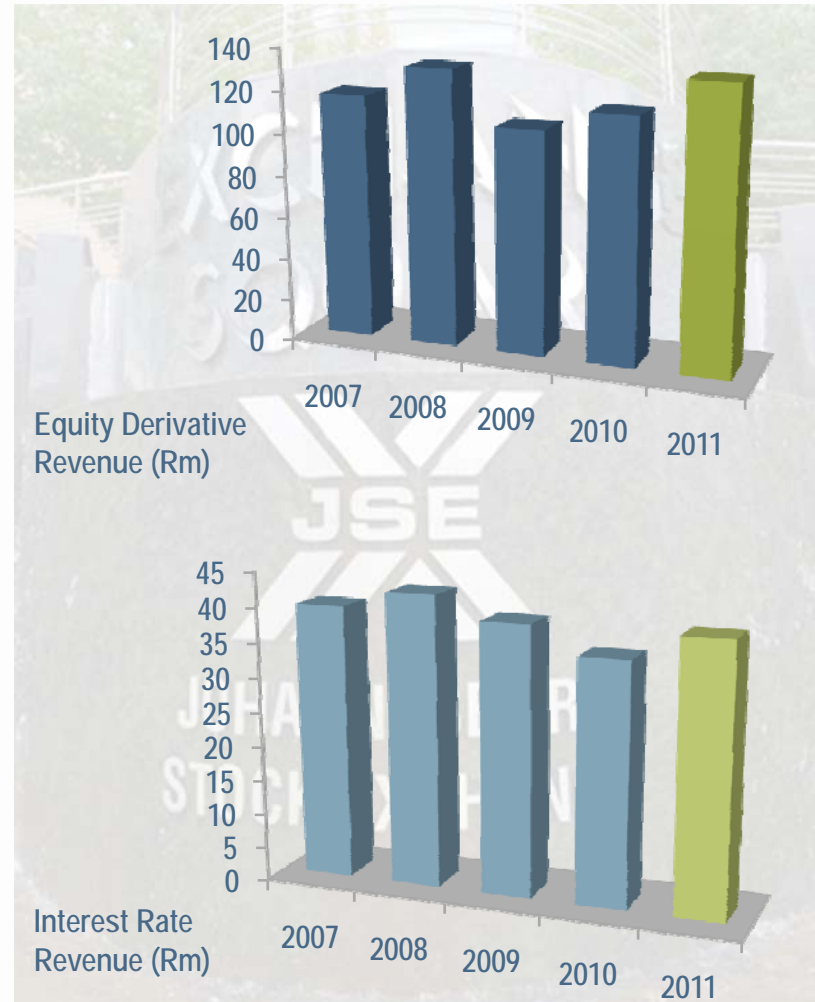
- Revenue up 10.6% to R209.0m (2010: R188.9m)
 - Number of equity transactions on cash equity market
- Revenues somewhat linked to number of equity transactions on cash equity market
- Combined all post trade services into one division

- Focus for 2012
 - Provision of OTC clearing solution
 - Development of non-cash collateral system
 - Setting up Basle-compliant default fund
 - Ensuring CPSS-IOSCO compliance.



BONDS AND FINANCIAL DERIVATIVES

- Revenue growth 13.9% to R172.1m (2010: R151.2m)
 - Financial (and Currency) Derivatives up 14.8% to R133.3m (2010: R116.1m)
 - Interest Rate Market up 10.6% to R38.8m (2010: R35.1m)
- Strong growth in index; bespoke derivatives
- Currency Derivatives market performed well
 - Contracts; growth in value traded; open interest all doubled
- Bond market volumes up 23.6%
 - Nominal value of R29.9tr in 2011
- Focus for 2012
 - Integrate newly merged team
 - Address client concerns about electronic trading
 - Product innovation (eg BRICS initiative)
 - Spot bond market strategy



COMMODITY DERIVATIVES

➤ Revenues up 11.1% (2011: R53.1m; 2010: R47.8m)

- Solid growth in underlying grain commodities
- Product diversification
- Volumes rise in Rand settled foreign-referenced instruments under licence from CME Group

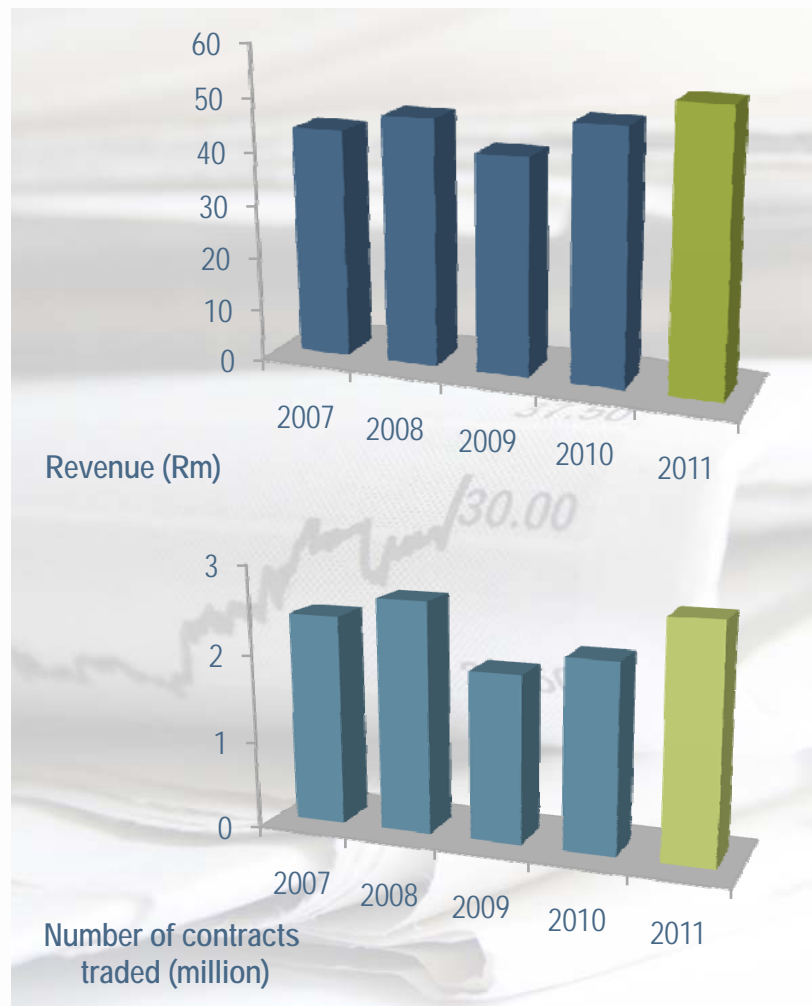
➤ Crude oil, platinum options trade for first time

➤ License agreement : Kansas City Board of Trade

- Access to Hard Red Winter Wheat contract

➤ Focus for 2012

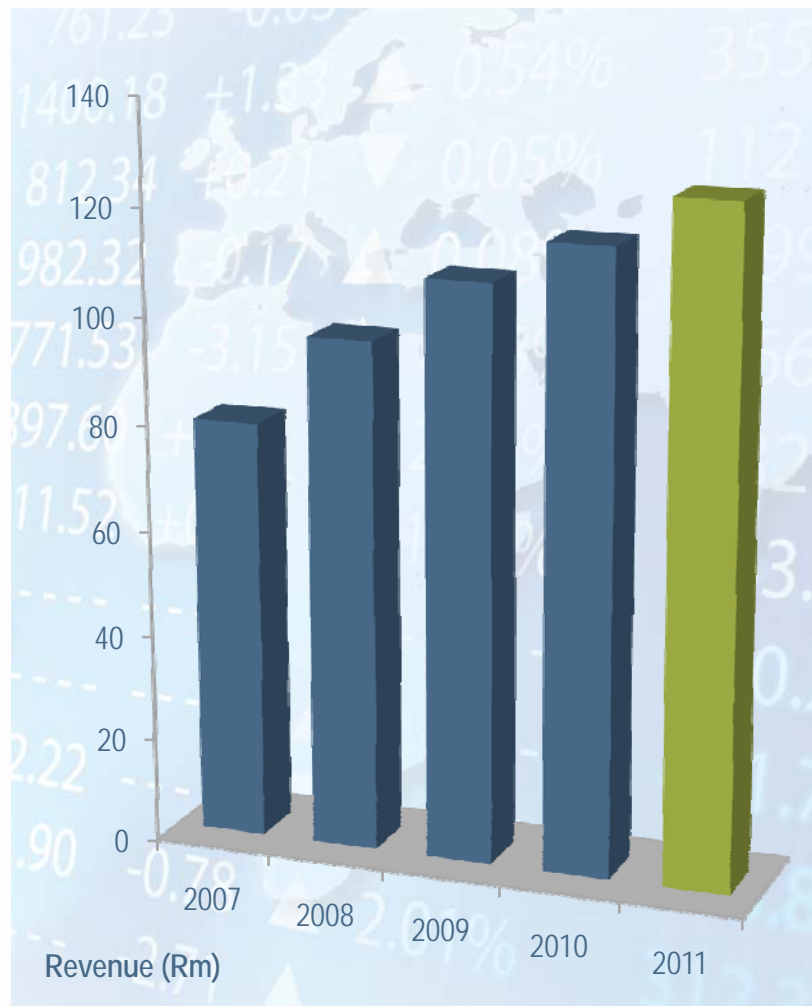
- Further product diversity incl Cape wheat contract
- Align metal and energy instrument expiries with currency futures: enables currency risk hedging
- Launch of platform to enable trading silo receipts



DATA SALES

- Revenue up 7.6% to R125.5m (2010: R116.7m)
- Number of terminals displaying JSE data rises
 - Despite global contraction in industry
- Terminals accessed by professional users up 16%
- Nearly 45% of terminals are foreign

- Focus in 2012
 - Continued focus on untapped international markets
 - Easier access to JSE data
 - Diversified products





JOHANNESBURG STOCK EXCHANGE

FINANCIAL REVIEW

INCOME STATEMENT

Year ended 31 December 2011

		Group	
	%	2011 R million	2010 R million
Revenue	9.1	1 369.8	1 255.1
Other income	(6.6)	47.0	50.3
Expenses	17.9	(1 036.7)	(879.2)
Profit before net financing income	(10.8)	380.1	426.2
Net finance income	(1.0)	86.1	87.0
Share of profit of equity-accounted investees	20.8	31.9	26.4
Profit before income tax	(7.7)	498.1	539.7
Income tax	(3.3)	(156.3)	(161.7)
Profit for the year	(9.6)	341.8	378.0
Headline earnings per share (cents)	29.0	562.4	436.1
Basic earnings per share (cents)	(10.0)	400.8	445.5

CAPITAL STRUCTURE

- R1 041m in Group cash (2010: R1 046m)
- Capital requirements: sufficient to
 - Fund four months of operations
 - Meet obligations, assuming the failure of a JSE equity member
 - Maintain infrastructure and meet capital needs for expansion
- Minimal gearing
- One acquisition in 2011: acquired Managed Account Platform
 - Paid R27.5m
 - Settled from administration fees received from the platform
 - JSE's only long-term borrowing (2010: nil)

DIVIDEND POLICY

- Surplus funds of R200m distributed as special dividend during 2011
 - 210c per share
 - Paid in September 2011
 - Declared with 2011 interim results
- No change to the dividend policy - dividend cover of 1.5 - 2.5 times earnings
- Dividend per share of 250c (2010: 210c)
 - 2.19 times covered (2010: 2.20 times)
 - To be paid in May 2012



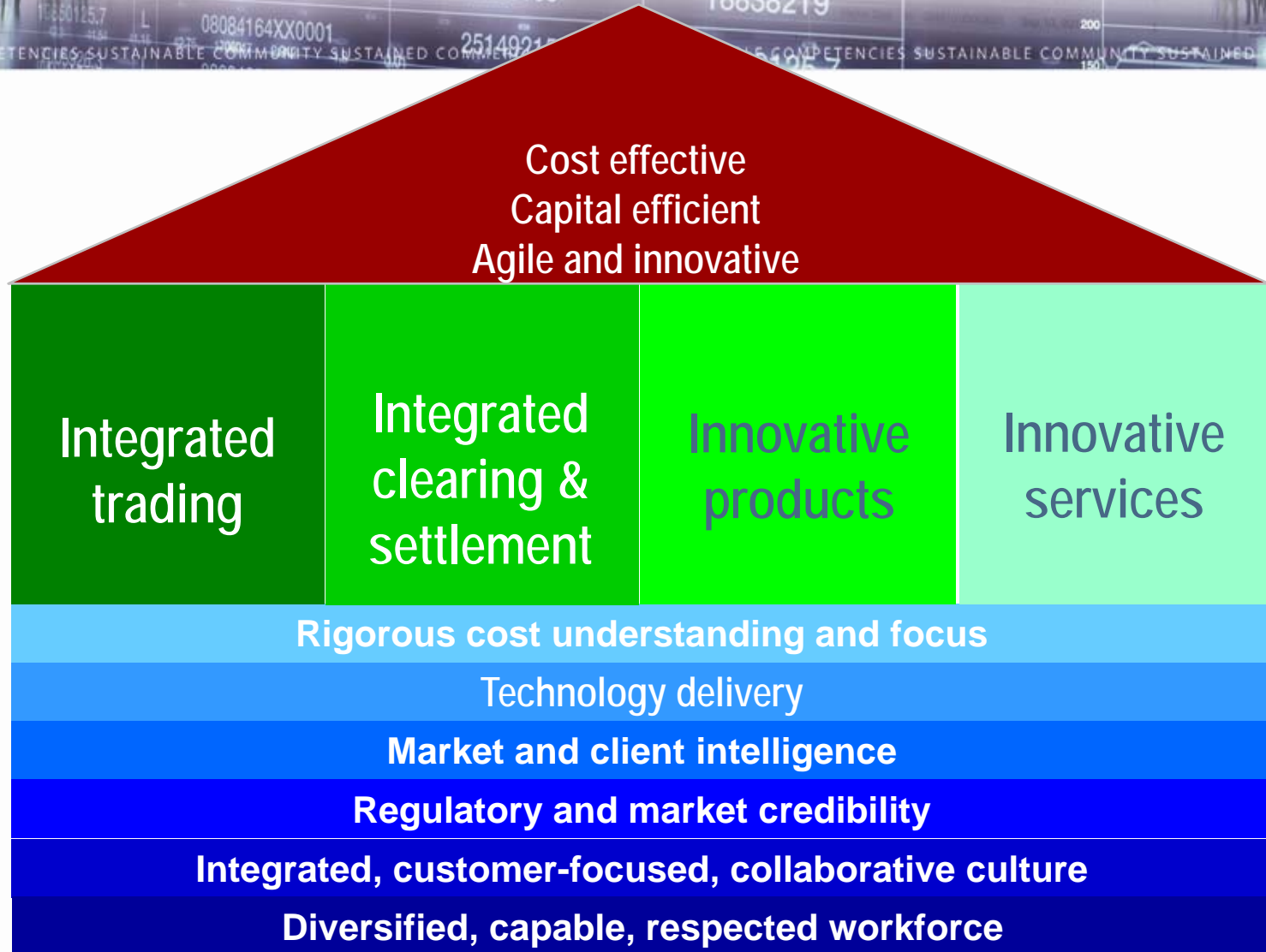
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LOOKING AHEAD

ENVIRONMENT IN WHICH WE OPERATE

- Continued policy uncertainty locally and internationally
- Emergence of BRICS-related opportunities
- Increasing number of young, mobile South Africans
- Challenges for business to ensure they remain relevant to broader range of stakeholders
- Increased demand for corporate responsibility and accountability
- Regulatory focus on transparency and corporate risk management
- Technology remains central

BUILT FOR THE FUTURE



END GOAL

Exchange that is
cost effective, capital efficient,
agile and innovative



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Questions