



# JSE Limited

## Results Feedback: Year-ended 31 December 2006

March 2007

63 ↑ 87/70 ↓ 102 ↑ 4/6. 563 ↑ 87/70 ↓

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## Agenda

- Introduction: 2006 Highlights: Humphrey Borkum, Chairman
- Financial and Business Review: Russell Loubser, Chief Executive Officer
- Questions





## Introduction: 2006 Highlights

- 2006 a historic year for the JSE:
  - Listing on main board
  - BB-BEE Scheme launched
- Markets continue to set new records:
  - Second largest single stock futures market in the world
  - All-Share at new high for third year running
  - Net foreign investment in equities market at over R70bn
  - Listings exceed delistings for first time since 1998
- Strong financial performance by the listed entity:
  - Earnings up 32%
  - Maiden dividend in June of 13.6c
  - Special dividend in November of 68.2c



# Financial and Business Review

*Russell Loubser, Chief Executive Officer*

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## Overview of Consolidated Results

Year-ended 31 Dec

	<b>2006</b>	<b>2005</b>	<b>% Change</b>
	<b>R '000</b>	<b>R '000</b>	
<b>Revenue</b>	<b>640 377</b>	<b>407 999</b>	<b>57%</b>
Equities trading fees	125 036	81 409	54%
Equity derivatives fees	80 148	48 802	64%
Agricultural products fees	37 376	32 498	15%
Yield-X fees	276	59	371%
Risk management, clearing and settlement fees	82 300	50 993	61%
Information sales	61 945	46 144	34%
Membership fees	6 008	5 705	5%
Listings fees	68 265	54 950	24%
BDA services	86 057	64 817	33%
Funds management and other	36 453	22 622	61%
STRATE Ad Valorem fee	56 513	-	
<b>Operating costs</b>	<b>(576 547)</b>	<b>(394 234)</b>	<b>46%</b>
<b>Operating profit</b>	<b>129 200</b>	<b>39 072</b>	<b>231%</b>
<b>Operating margin</b>	<b>20%</b>	<b>10%</b>	

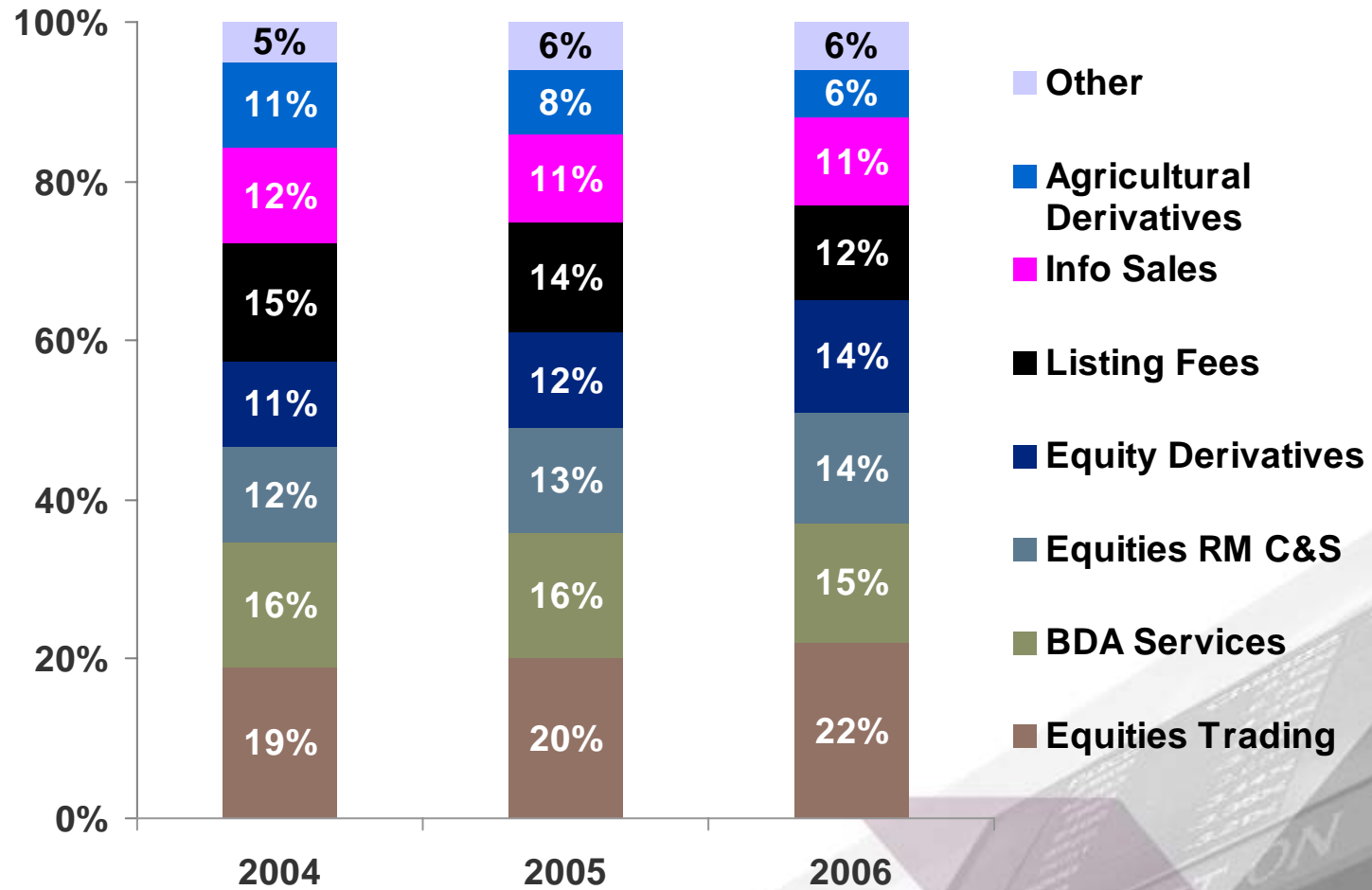


## Overview of Consolidated Results (cont.)

	Year-ended 31 Dec		
	<b>2006</b>	<b>2005</b>	<b>% Change</b>
	<b>R '000</b>	<b>R '000</b>	
<b>Operating profit</b>	<b>129 200</b>	<b>39 072</b>	
Net financing income	54 740	38 839	41%
Share of profit of equity accounted investees	27 364	23 966	14%
<b>Profit before tax</b>	<b>211 304</b>	<b>101 877</b>	<b>107%</b>
Tax	(70 254)	5 120	
<b>Profit for the year</b>	<b>141 050</b>	<b>106 997</b>	<b>32%</b>
<b>Basic earnings per share</b>	<b>168.0c</b>	<b>128.3c</b>	
<b>Diluted earnings per share</b>	<b>167.5c</b>	<b>127.9c</b>	
<b>Dividend per share</b>	<b>81.8c</b>		
<b>P/E Ratio</b>	<b>31.34</b>		



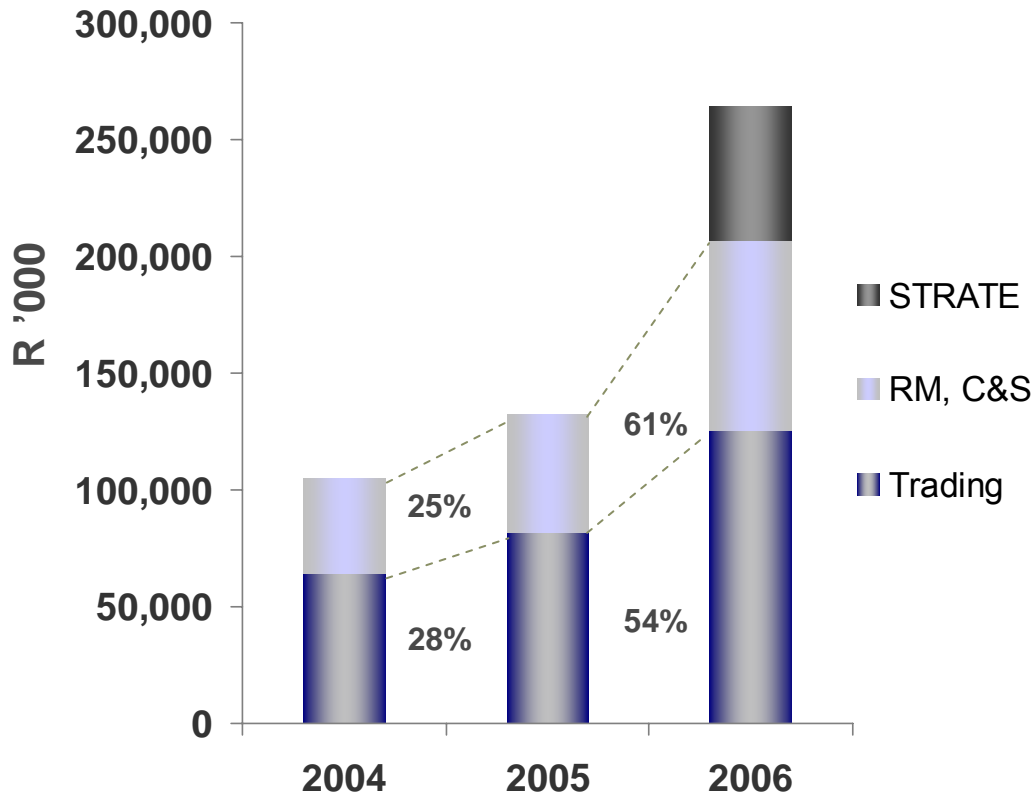
# Revenue Contribution Across Main Business Lines





## Review of Business Areas: Equities Trading, Risk Management, Clearing and Settlement

Equities Trading, Risk Management  
Clearing and Settlement Revenue



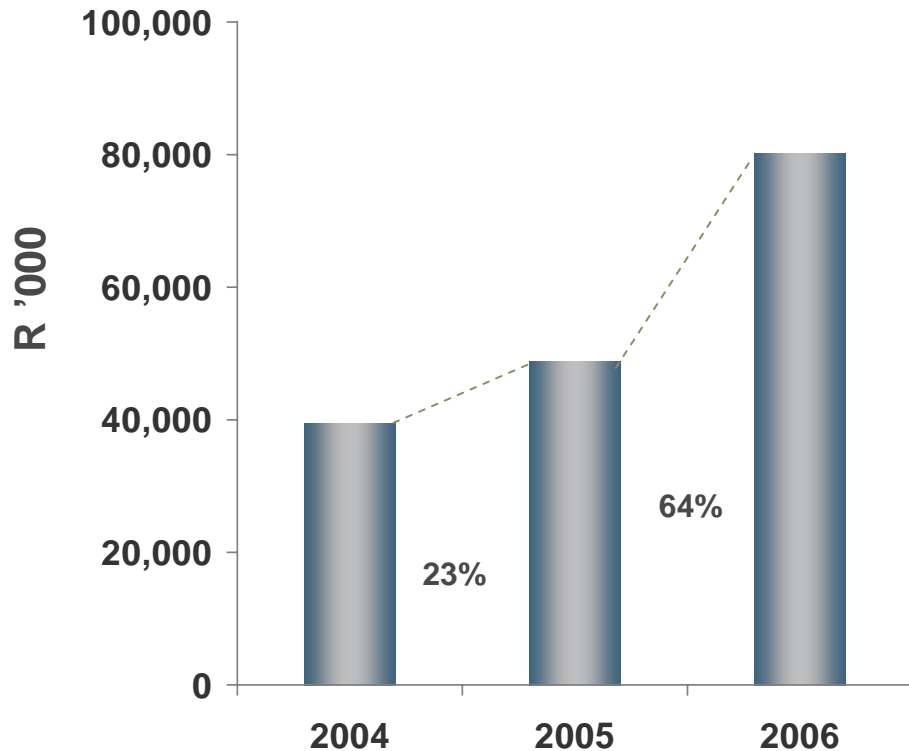
- Average daily trades up 58% to approx. 32 000 (2005: approx 20 000)
- Average daily value traded up 68% to R 8,5bn
- Zero failed-trade record maintained
- Note: R56.5m STRATE revenue due to change in service level agreement with STRATE – offset by equal cost item





## Review of Business Areas: Equity Derivatives

Equity Derivatives Revenue

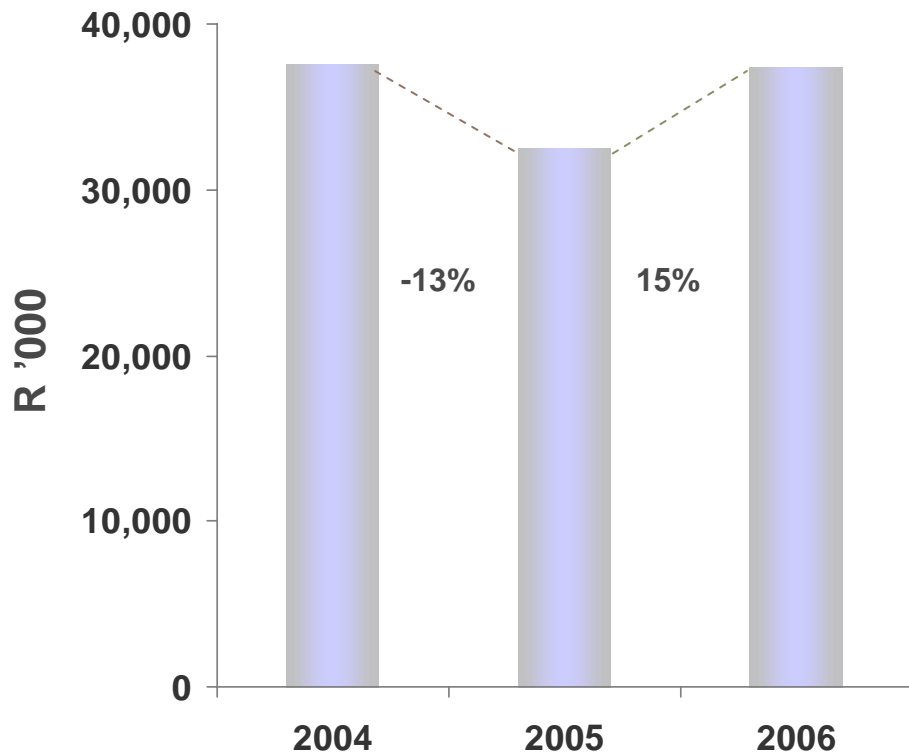


- Strong growth in Equity Derivatives - average monthly contracts up 108% (2005: 4.1m to 2006: 8.6m)
  - Single Stock Futures up 185%
  - Index Futures up 45%
- Dividend Futures relaunched
- Can-Do Options launched – over 20 listed products by end 2006



## Review of Business Areas: Agricultural Derivatives

**Agricultural Derivatives Revenue**

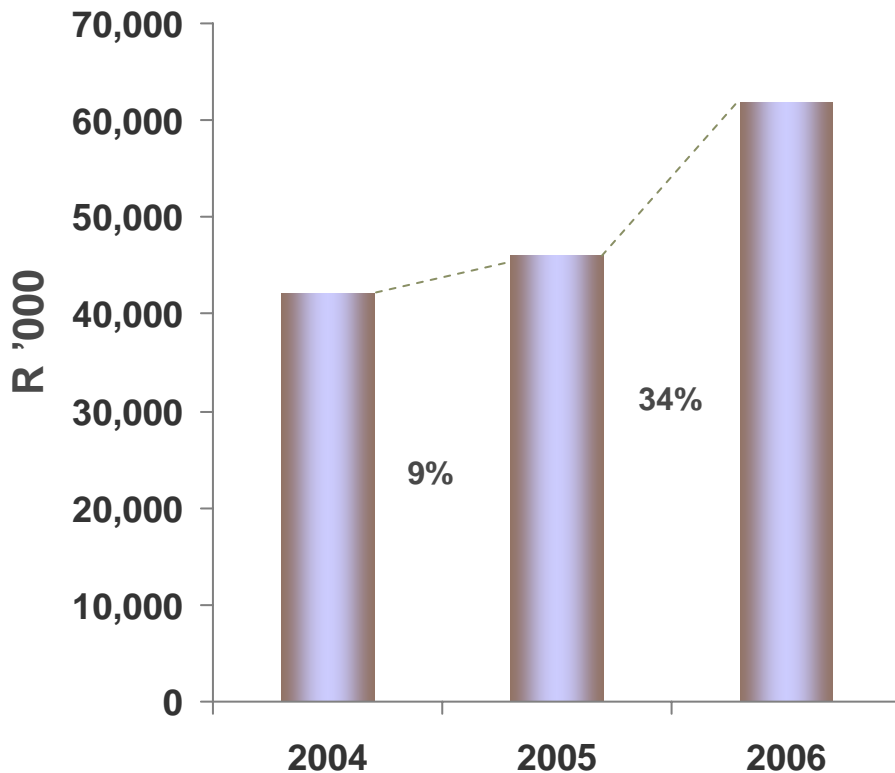


- Agricultural Derivatives: average monthly contracts up 10%
- Futures contracts going through to physical delivery remain under 2%
- 2<sup>nd</sup> grade white maize contract exceeded expectations i.t.o. contracts traded
- Electronic silo receipt initiative working well – enhancing market security



## Review of Business Areas: Information Sales

Information Sales Revenue

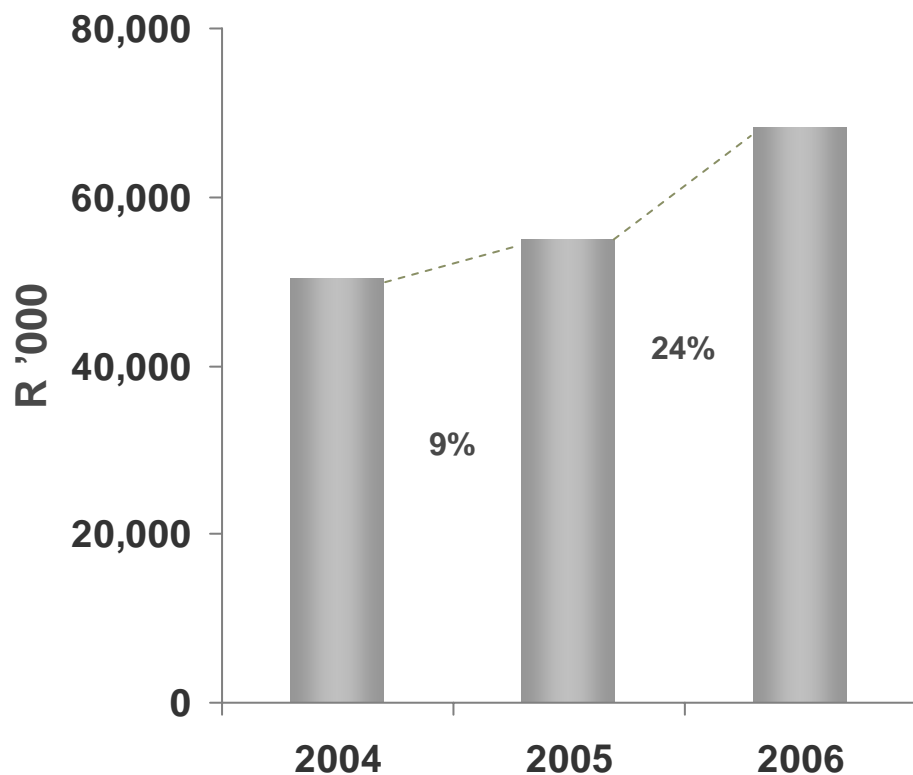


- 28 % increase in number of equity live data terminals (on Dec '05)
  - 33% increase in international terminals
  - 21% increase in South Africa terminals
- 16% increase in number of indices live data terminals (on Dec '05)
  - 18% increase in international terminals
  - 13% increase in South African terminals
- 59% of equity live data terminals and 50% of indices live data terminals are international



## Review of Business Areas: Issuer Services (Listings)

**Listings Revenue**

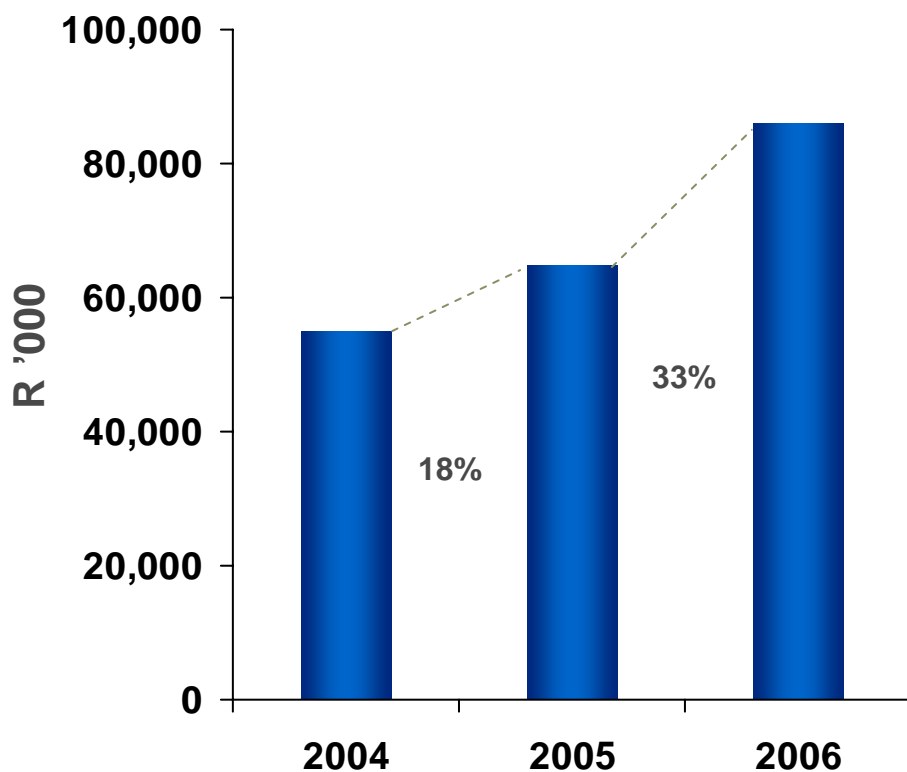


- 37 new listings in 2006 (up from 19 in 2005):
  - 18 Main Board listings
  - 19 AltX listings
- Total listed companies up to 401 (compared to 388 in 2005):
  - 364 Main Board
  - 37 AltX
  - 30 Foreign (2005: 24)
  - 371 Local (2005: 364)
- Capital raising up 5%



## Review of Business Areas: Technology

**BDA Services Revenue**

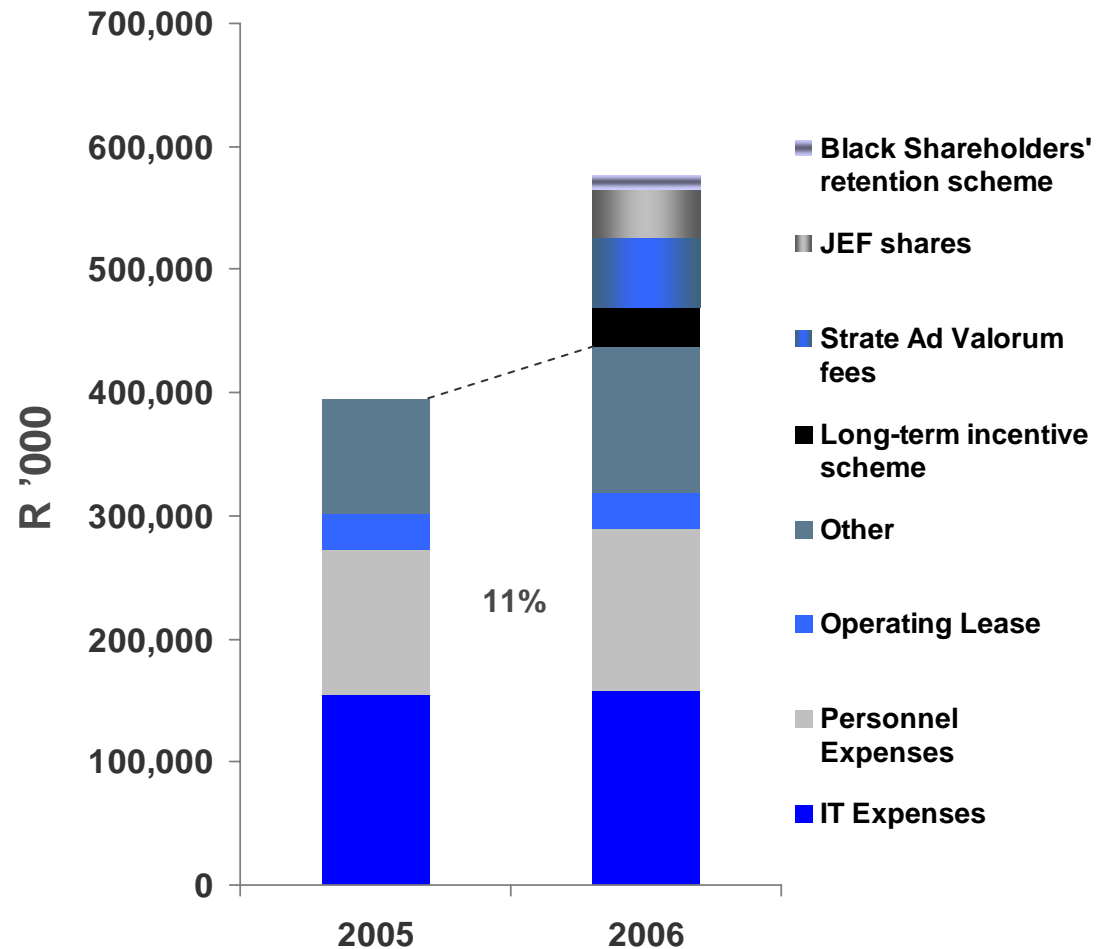


- BDA revenue growth tied to equity market performance
- Orion Release A implemented December 2006
- New Technology and Business Agreement concluded with LSE



# Review of Cost Components

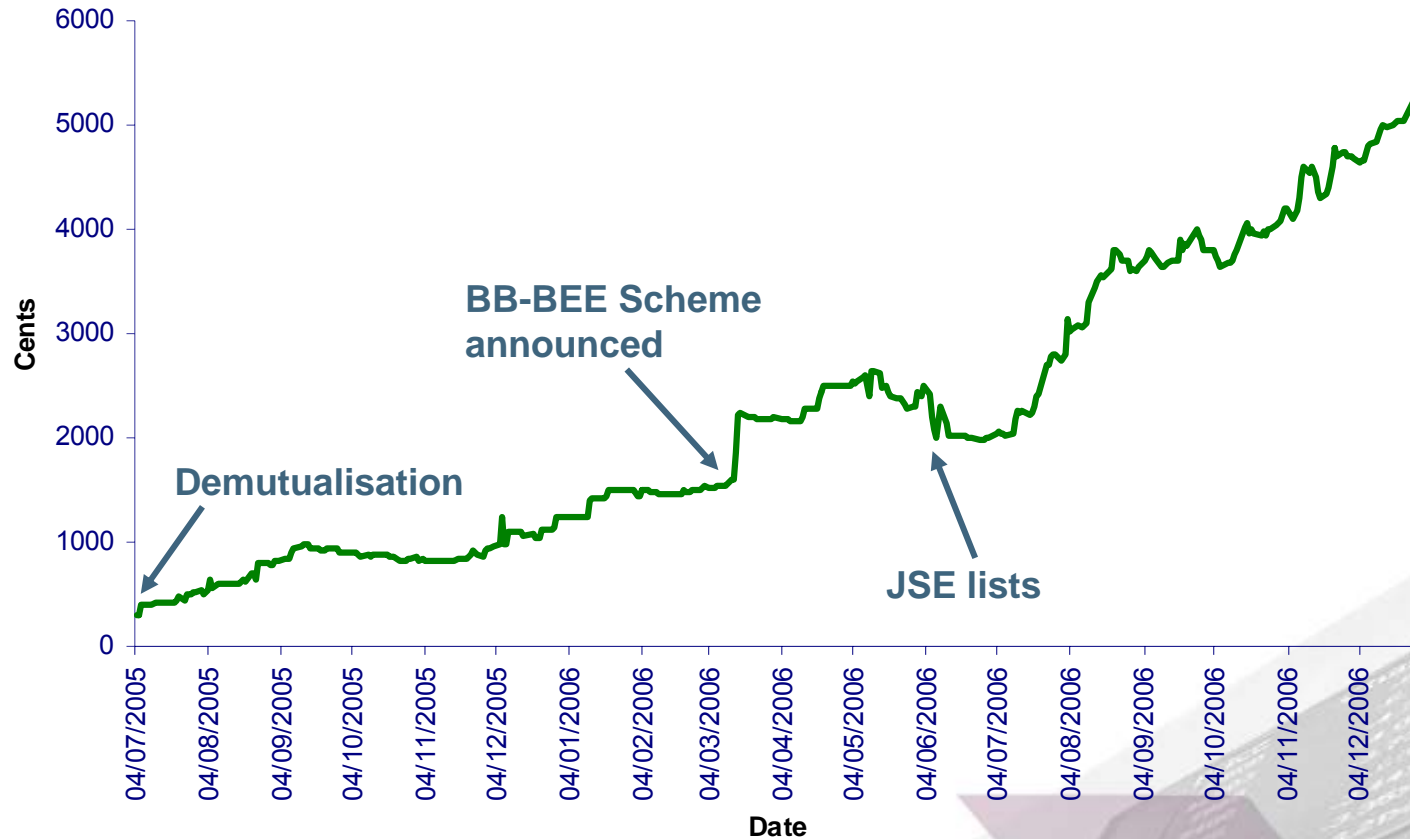
- Improvement in cost-to-income ratio to 81.7% (from 91% in 2005)
- Unusual cost items in 2006:
  - STRATE cost (R56.5m)
  - BB-BEE scheme: JEF (R38.67m) and Black Shareholder Retention Scheme (R11.66m)
  - Long-term incentive scheme: R31.86m
- Operating costs excluding unusual cost items only increased by 11%





# JSE as an Investment Case

## Share price performance since listing



Maiden dividend in June 2006: 13.6c

Special dividend in November 2006: 68.2c



## JSE as an Investment Case: a Practical Example

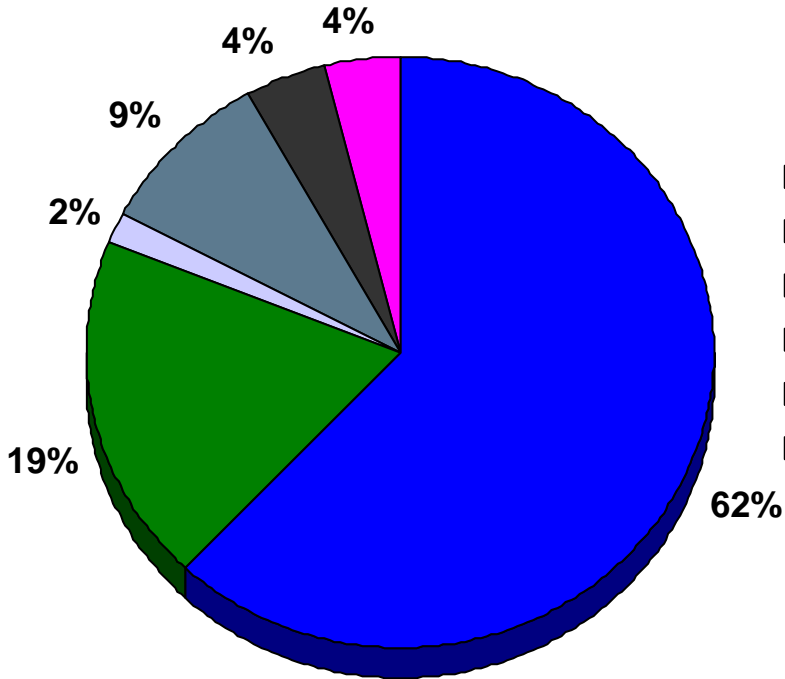
➤ <b>Price/share @ listing:</b>	R 24.25
➤ <b>No. of shares:</b>	100
➤ <b>Price paid for 100 shares:</b>	R 2,425
➤ <b>Price end 2006/share:</b>	R 52.50
➤ <b>Value of shares:</b>	R 5,250
➤ <b>Maiden Div Earnings:</b>	R 13.60
➤ <b>Special Div Earnings:</b>	R 68.20
➤ <b>Total Return:</b>	R 5,332
➤ <b>Yield:</b>	119.9%



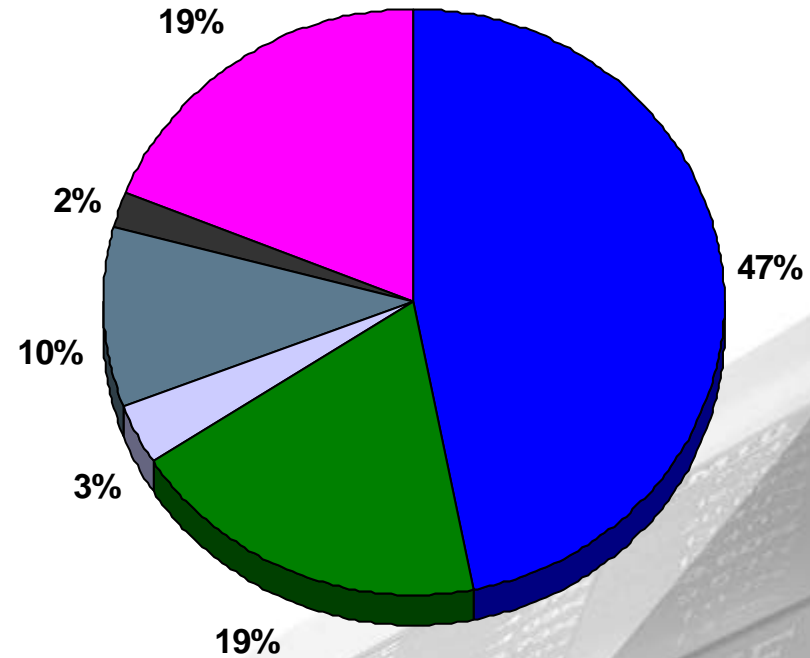


# Shareholder Composition

### End July 2006



### End December 2006





## Focus for 2007

### ➤ Equities:

- Inbound foreign listings including African listings
- T+3 project

### ➤ Equity Derivatives:

- SAVI Index – possible introduction of a Volatility future in H2
- Single stock options market

### ➤ Agricultural Derivatives:

- Billing model to align member and client fees
- Role in southern Africa and alternate delivery points
- Stakeholder education
- Possible Soft Commodities Index

### ➤ Yield-X:

- Currency Futures approved in 2007 Budget Speech
- Primary listings' requirements
- BESA joint venture



## Focus for 2007 (cont.)

- Information Sales:
  - International data clients and data terminal reach
  - Expanded JSE data product offerings
- Technology:
  - Orion Release C & B
  - LSE trading platform
  - Managed network
- Education:
  - Investment Challenge
  - New education curriculum in pilot schools
- BB-BEE Schemes:
  - First JEF students selected
  - Option Holders Forum



# Questions?



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