



2013 Year-end Results



JOHANNESBURG STOCK EXCHANGE

Operating environment

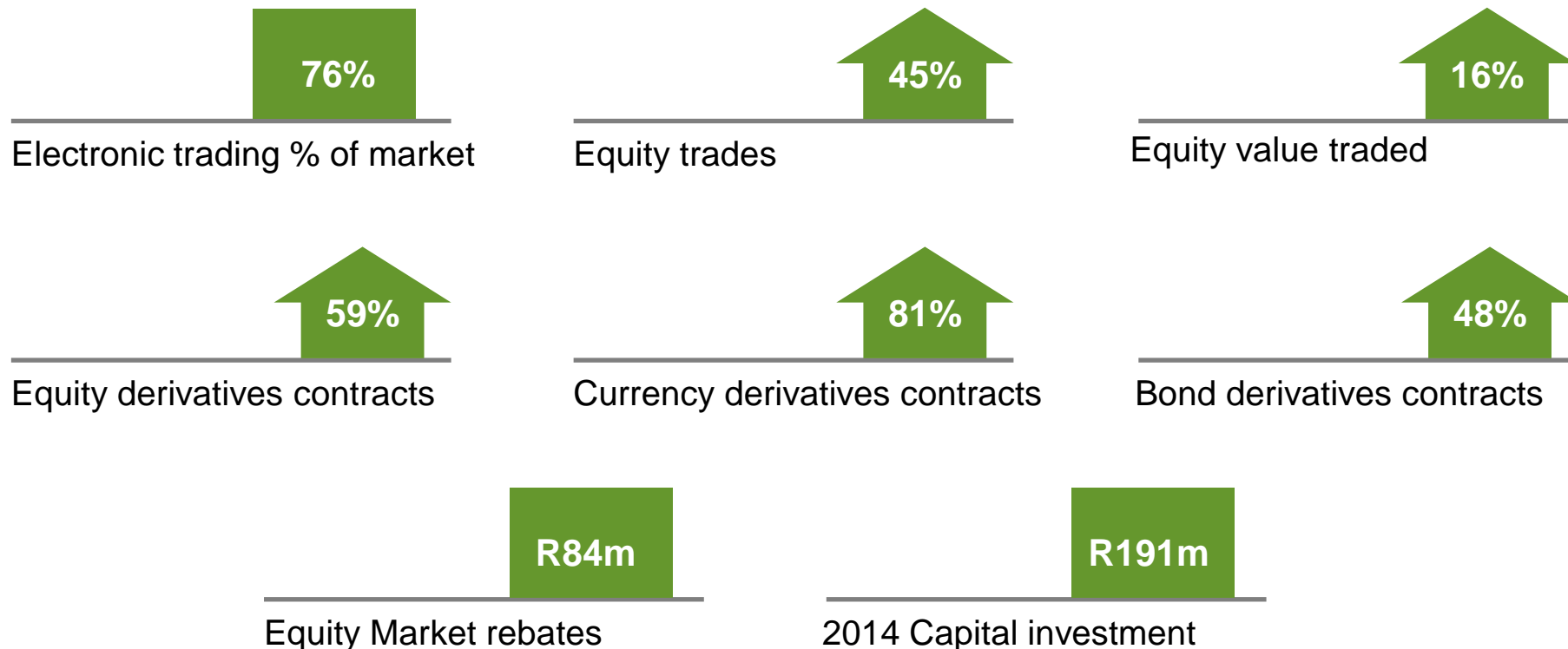
- 2013 – a year of mixed signals at a macro level
- Definite sense that we are not yet out of the woods globally
 - But companies are beginning to learn how to make this new normal work
- Improved conditions in leading developed markets
 - Helped lift global sentiment and activity
- Tentative mood prevailed in developing economies
 - Including BRICS

Operating environment

- Challenging SA environment
 - Low economic growth, policy uncertainty, weaker industrial relations, lower business confidence and volatile currency
- But SA continues to make important strides in the right direction
 - Vibrant, if noisy, democracy
 - National Development Plan
- Important areas of excellence recognised globally
 - 1st for effectiveness of securities market regulation
 - 1st for protection of minority shareholders' interests
 - 2nd in financing through the local equity market
- JSE's credibility, systems and strategy put it at the heart of this country's future growth
- Makes it important that the JSE reads the signals correctly, responds with the right strategies and executes those strategies appropriately

What 2013 meant for our stakeholders

Generally strong market activity



- Subdued commodity and interest rate volumes

How this translated in our business

Strong financial performance

R1.58bn
Operating revenue

↑ 14%

R1.08bn
Operating expenses

↑ 5%

R686m
Net cash flow from operations

↑ 59%

R578m
EBIT

↑ 42%

R507m
NPAT

↑ 68%

25%
ROE

↑ 8.4pts

592 cents
EPS

↑ 68%

645 cents
HEPS

↑ 36%

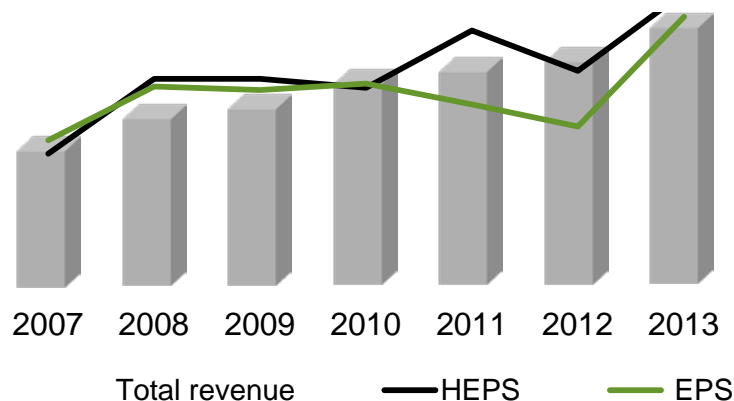
- Ordinary dividend ↑ : 350 cents per share (2012: 250 cents)
- Special dividend : 50 cents per share (2012: nil)

Strong financial performance

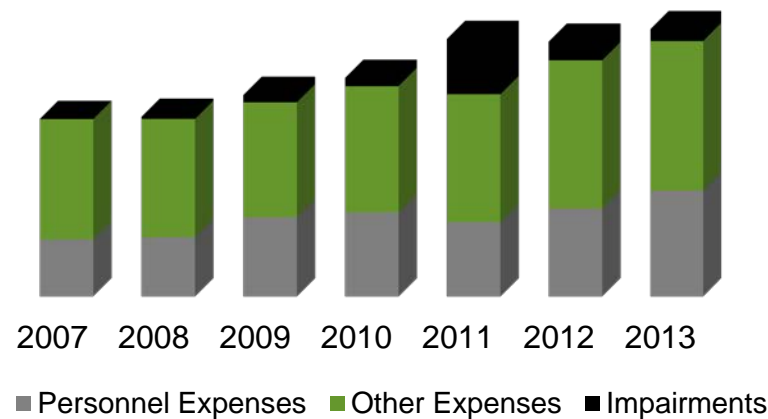
| Group (R'm) | 2013 | 2012 |
|---|-------|-------|
| Revenue | 1 578 | 1 385 |
| Other income | 77 | 47 |
| Total revenue | 1 655 | 1 432 |
| Personnel expenses | (427) | (354) |
| Other expenses | (650) | (672) |
| EBIT | 578 | 406 |
| Net finance income | 118 | 80 |
| Share of profit of equity-accounted investees | 40 | 35 |
| Profit before income tax | 736 | 521 |
| Income tax expense | (229) | (219) |
| NPAT | 507 | 302 |

Growth trend

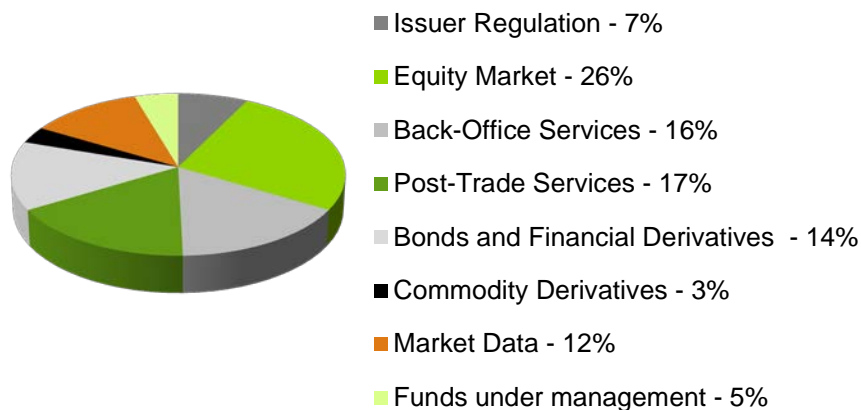
Revenue trend



Expenses trend



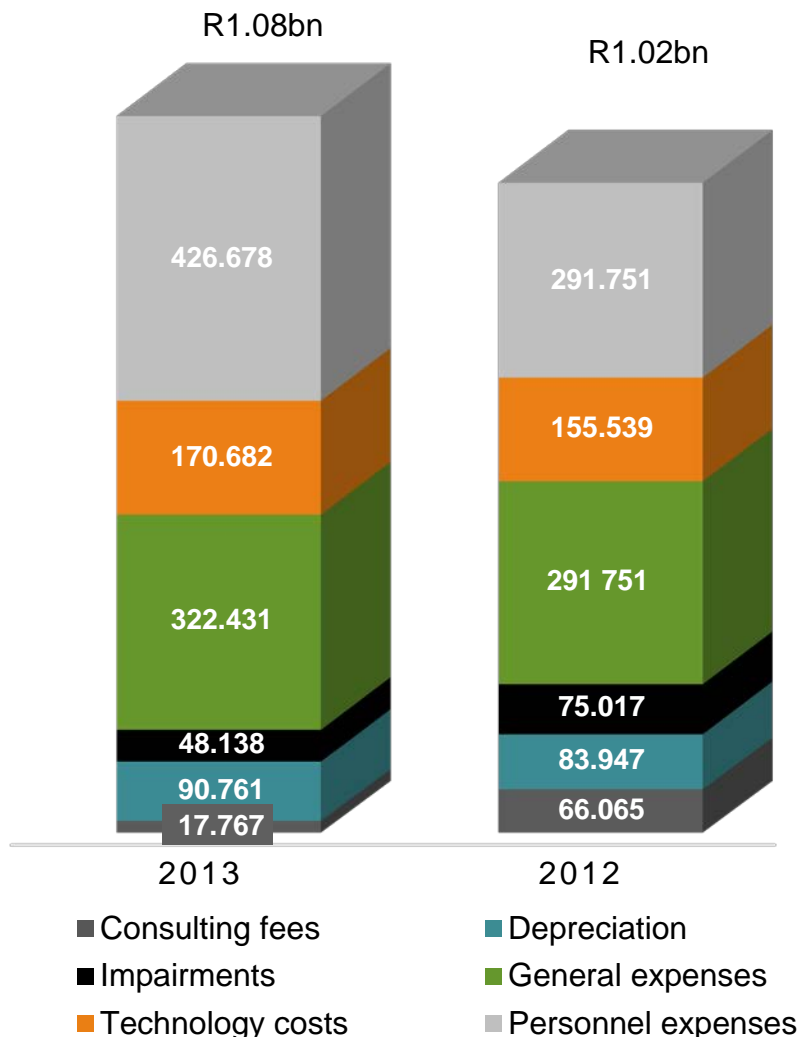
2013 Revenue as a % Total



Excluding State ad valorem fees

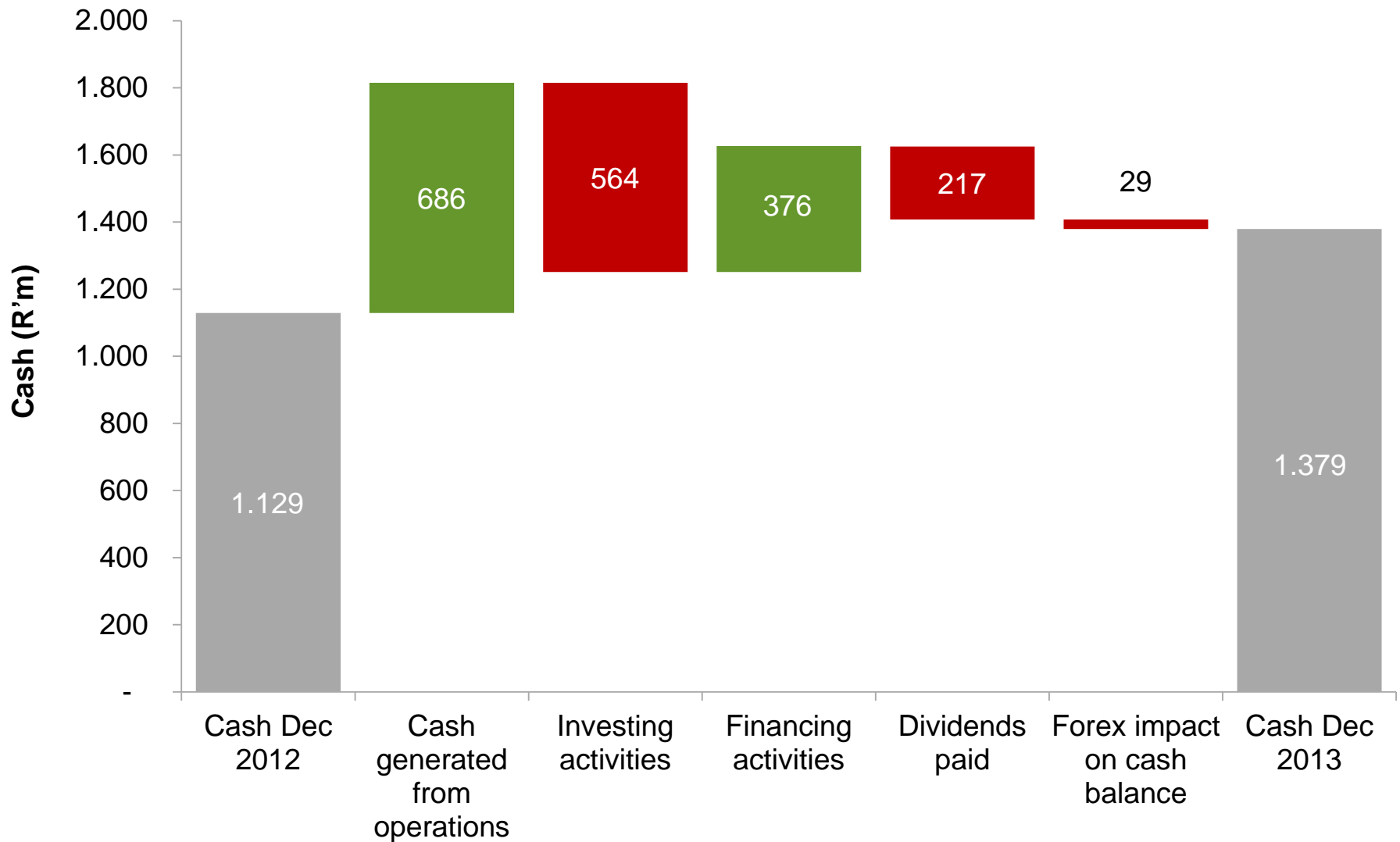
- Pleasing operational performance underpinned by strong financial results
- Operating revenue ↑ 14% to R1.58bn (2012: R1.38bn)
 - Increased financial market activity
 - Standout revenue performance from Equity Market, Post-Trade Services, Market Data
 - Enabled R84m rebate to Equity Market Clients – 5% of Group revenue
- Total operating expenses ↑ 5% to R1.08bn (2012: R1.02bn)

Operating expenditure



- Total operating expenses ↑ 5% to R1.08bn
- Remuneration paid ↑ 12% YoY to R405m
 - Headcount flat at 497 staff (2012: 495)
 - Ave annual salary increase of 6% across the board
 - ↓ in remuneration capitalised to projects (R13m vs R31m in 2012)
 - ↑ in annual bonus pool to R93m (2012: R58m)
- Other impacts on overall personnel expenditure of R427m (2012: R354m)
 - ↑ in LTIS expense to R28m from R19m in 2012 (IFRS treatment)
 - ↑ in NED fees to R6.3m from R5.4m in 2012 (full year impact of new directors)
- Other expenses ↓ 3% to R650m (2012: R672m)
 - Includes impairment of R48m, last portion of software developed to replace BDA (2012: R75m)
 - Technology costs ↑ 19%, reflecting
 - Work on T+3 Phase I
 - Depreciation charges ↑ 8% (includes full year of depreciation of new equity trading engine)

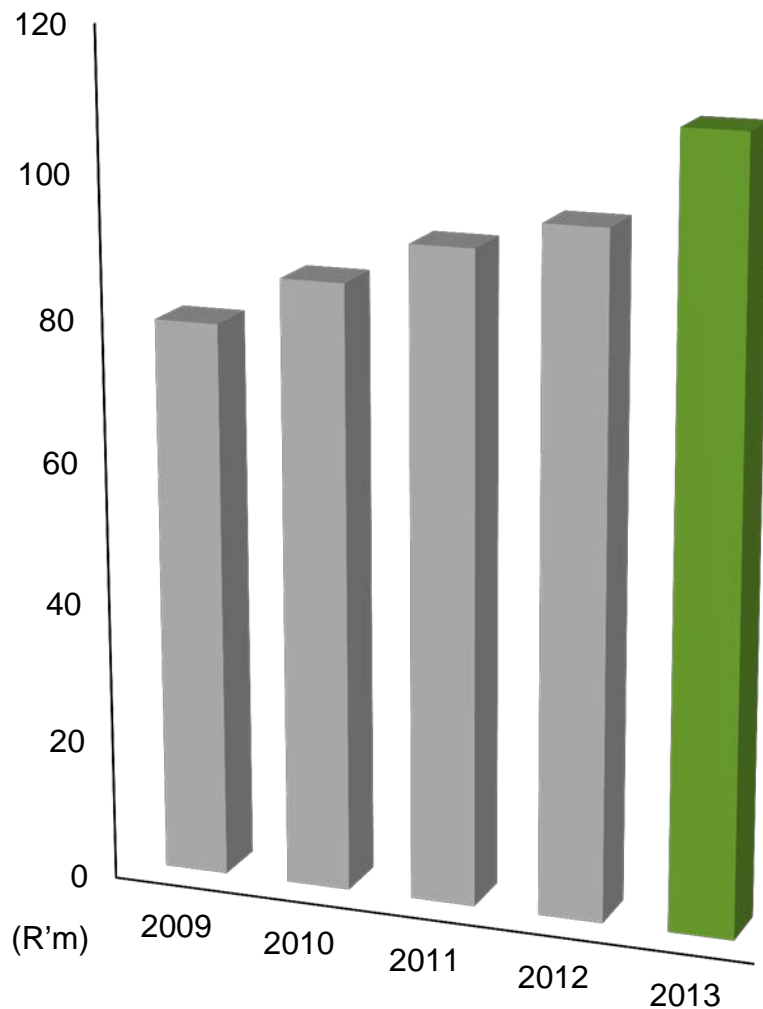
Cashflow view



Business Review



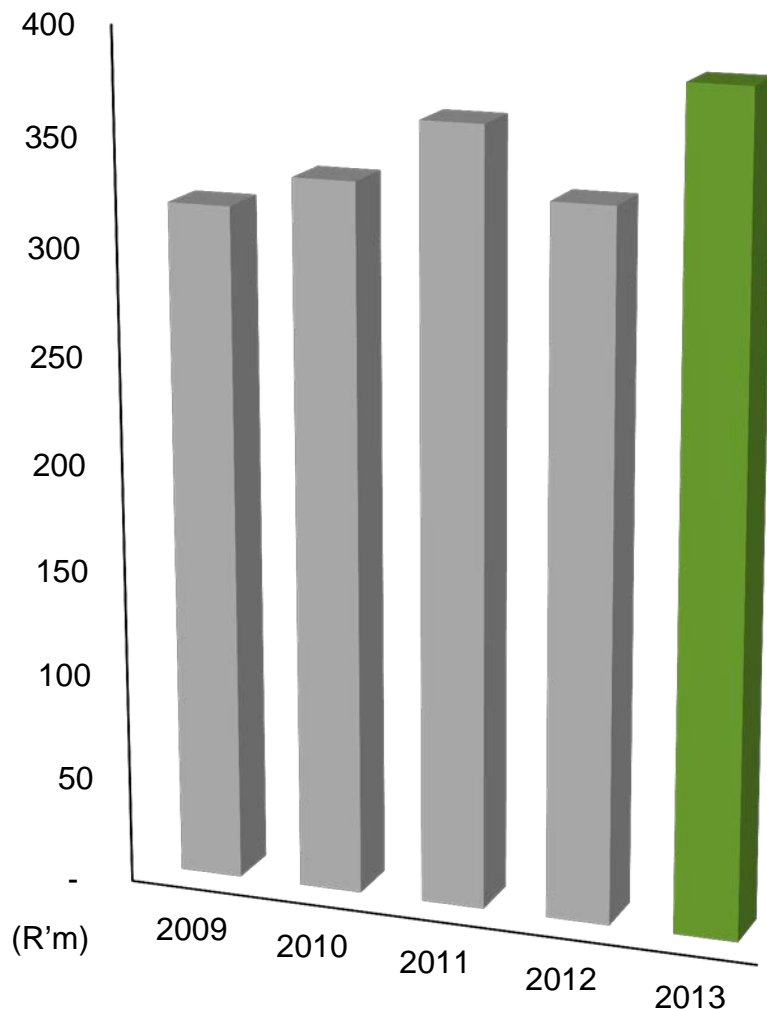
Issuer Regulation



- 7% of total revenue
- Revenue ↑ 14% to R110m due to rise in corporate activity
- Company listings muted
 - number of new company listings flat at 12; 3 new ETFs, ETNs and 251 new warrants (2012: 16 ETFs, ETNs; 170 warrants)
 - GlencoreXstrata, Attacq and others join
- Total nominal listed bond value by year-end 2013 was R1.8tr (2012: R1.6tr)
- Changes to Listings Requirements to ensure they are enabling for listed companies and investors
 - REITs changes prompt interest, with 32 existing property companies adopting this structure

Revenue % changes calculated on unrounded figures

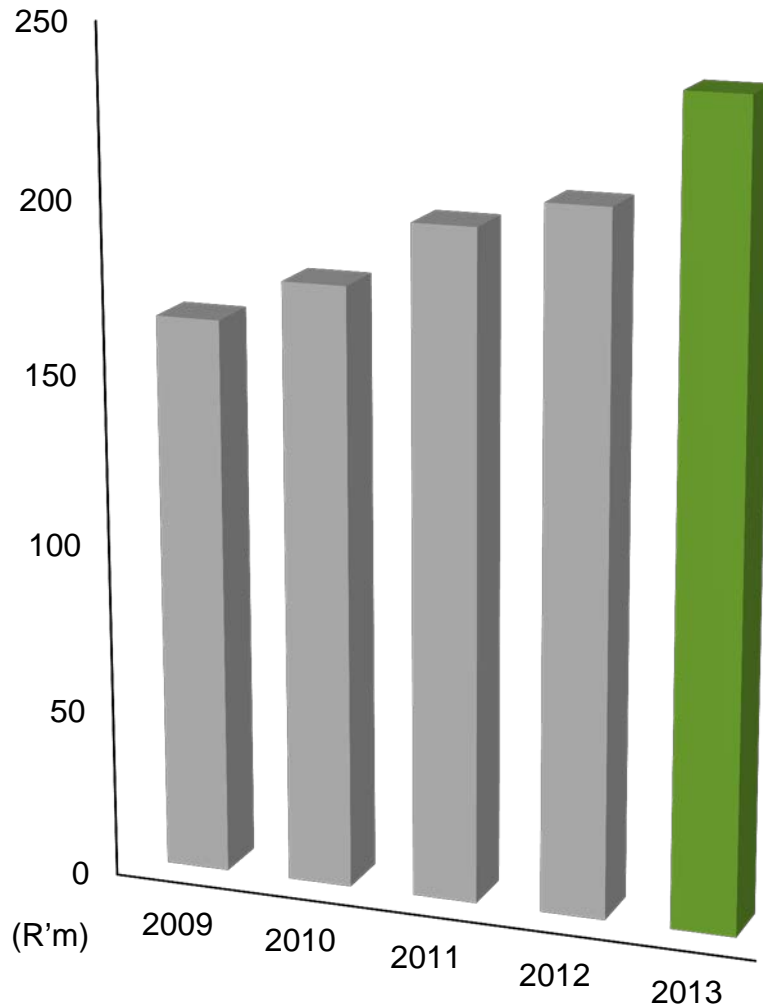
Equity Market



- 26% of total revenue
- Revenue ↑ 17% to R385m on back of strong trade
 - Trades ↑ 45%
 - Value ↑ 16%
 - Ave trade size continued to fall
- 100% trading system uptime
- Approx 76% of value traded attributable to electronic trading, including algorithmic trading activity
- Colocation facility
 - On track to go live in Q2 2014

Revenue % changes calculated on unrounded figures

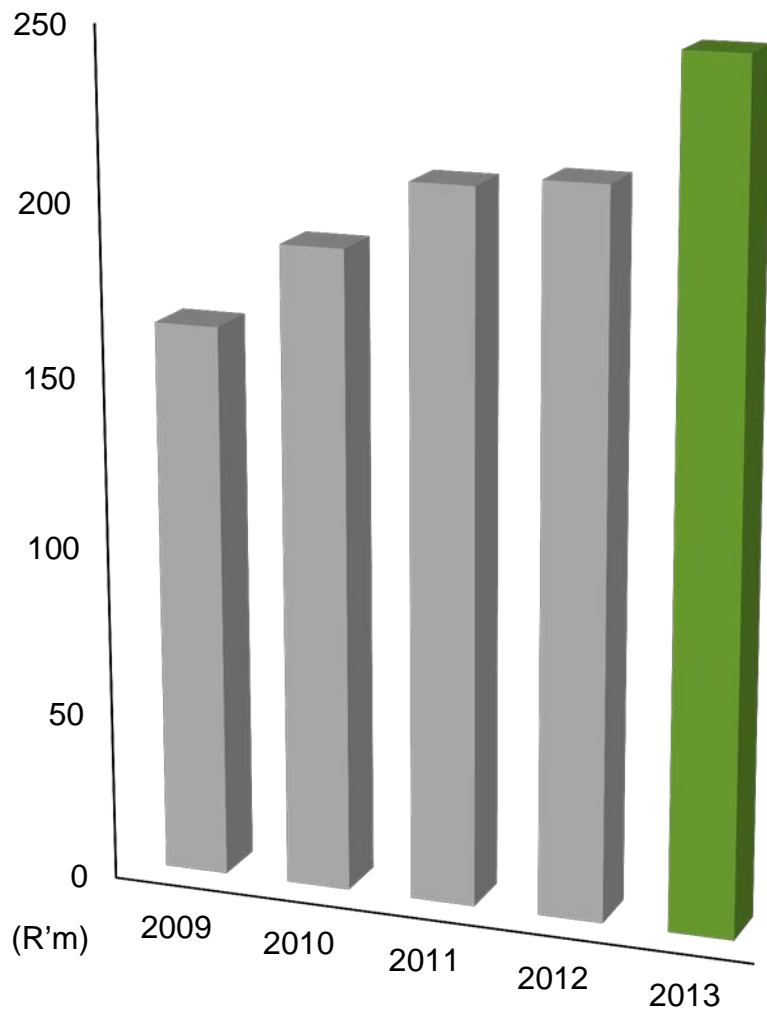
Back-Office Services (BDA)



- 16% of total revenue
- Revenue ↑ 16% to R238m
 - Somewhat linked to Equity Market transaction volumes
- World-class surveillance and risk management capabilities
 - Equity members mandated to use system
- JSE likely to retain BDA until at least 2018

Revenue % changes calculated on unrounded figures

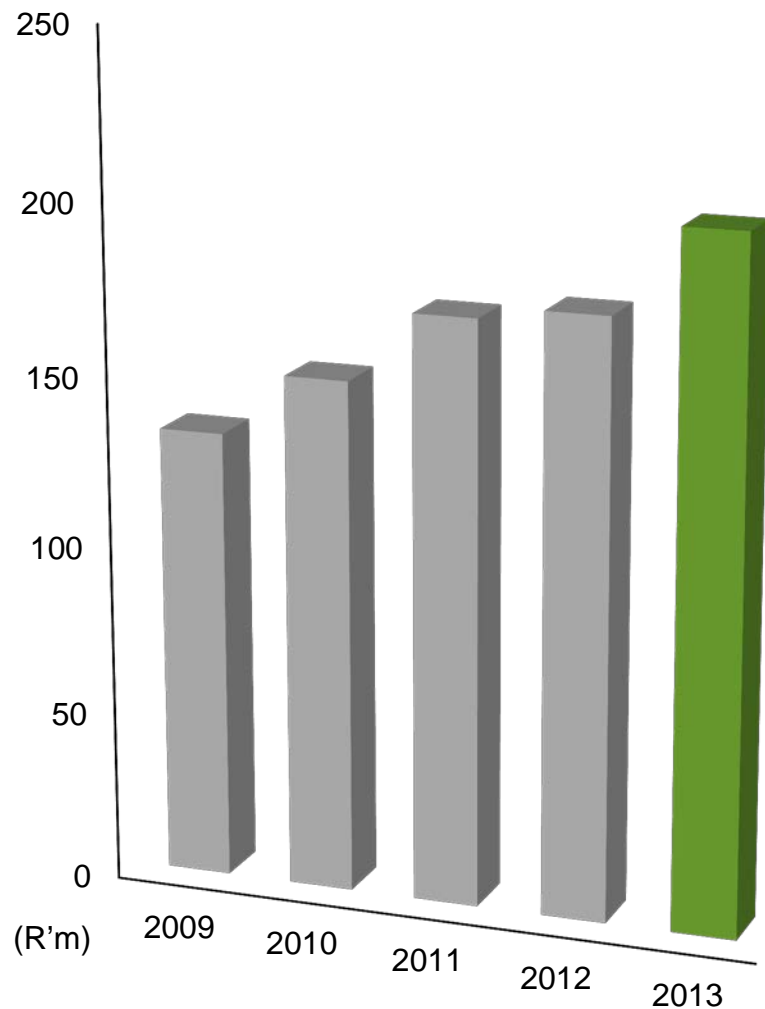
Post-Trade Services



- 17% of total revenue
- Revenue ↑ 18% to R249m
 - Reflects Equity Market clearing fees only
- T+3
 - Phase 1 successfully implemented
 - Phase 2 due H2 2014
 - Phase 3 due 2015
- Structural improvement to risk management capability
- Integrated clearing solution planned

Revenue % changes calculated on unrounded figures

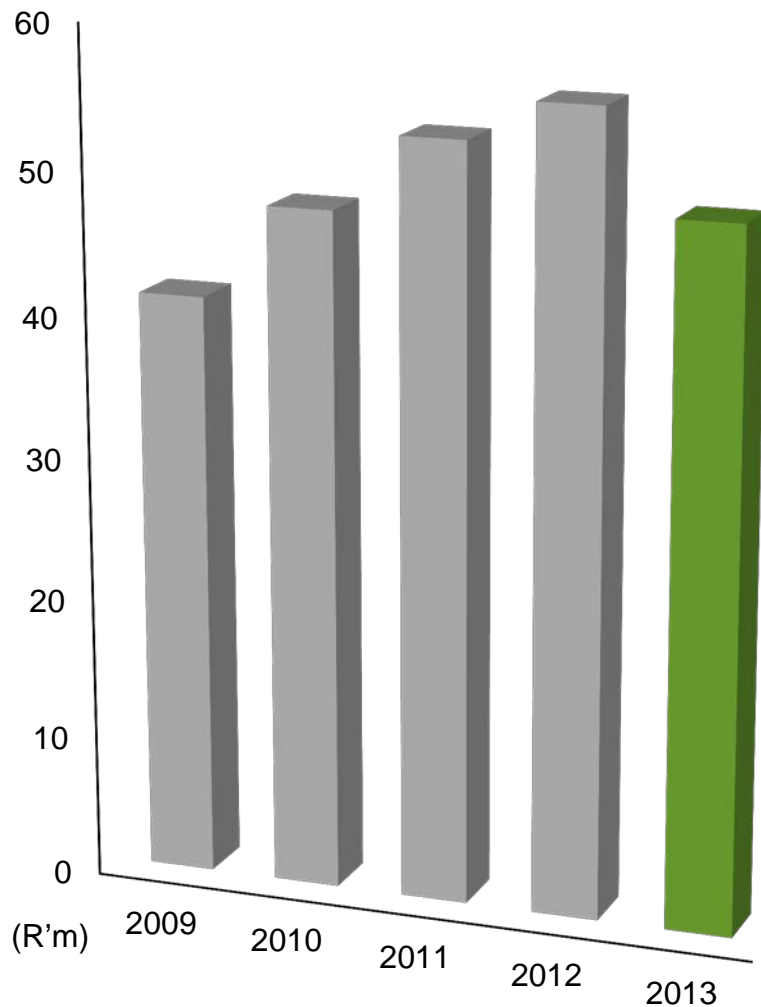
Bonds and Financial Derivatives



- 14% of total revenue
- Total divisional revenue ↑ 15% to R202m
 - Equity derivatives revenue ↑ 17% to R132m
 - Interest rate market revenue ↑ 1% to R46m
 - Currency derivatives revenue ↑ 37% to R24m
- Changed pricing mix in interest rate and currency markets: encouraged more trade
- Integrated trading solution planned
 - Enabling global market access
- Work with stakeholders on electronic trading platform for Government bond market continuing to gain momentum

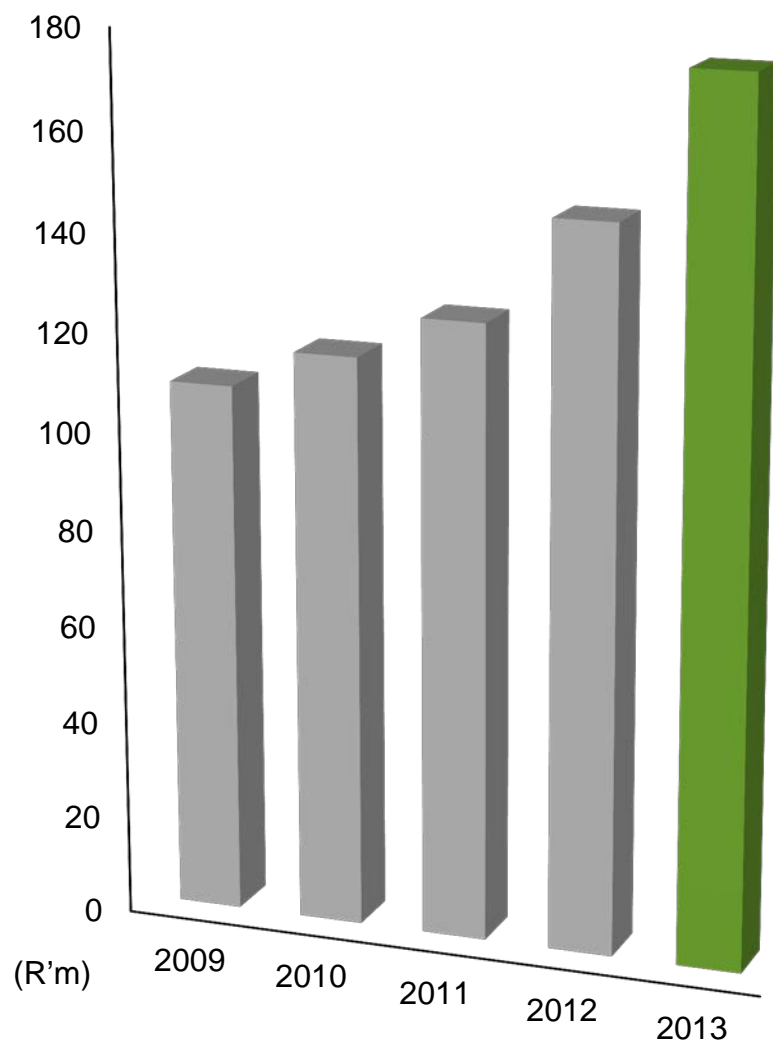
Revenue % changes calculated on unrounded figures

Commodity Derivatives



- 3% of total revenue
- Revenue ↓ 13% to R49m
 - Lower price volatility in agri grains
- Product diversification continues
 - Range under license from the CME Group continues to increase
 - Quanto futures now available on 14 different commodities
 - Short-dated crop options launched
 - 10-ton maize contracts introduced
- Bank of Zambia supports proposed Zambian derivative contracts to be traded in US dollars

Revenue % changes calculated on unrounded figures



- 12% of total revenue
- Revenue ↑ 20% to R177m
 - Global growth in professional indices users
 - Algorithmic players, hedge funds subscribing to data
- Introduced new pricing policy and methodology for Derivatives Markets
- Gained 54 new clients (24 local, 30 foreign)
- New products launched
- Continued focus on international markets
- Automated Market Data client usage reporting system

Revenue % changes calculated on unrounded figures



Looking Ahead



Capital expenditure roadmap

(R'm)

| Project / Initiative | FY 2013 | FY 2014 |
|--|-----------|------------|
| T + 3 | 11 | 60 |
| Integrated trading and integrated clearing | - | 47 |
| Colocation | 1 | 42 |
| Issuer services offering | - | 4 |
| Market Data automation | 3 | 9 |
| Issuer regulation system | 3 | 8 |
| Business as usual | 19 | 21 |
| Total capex spend | 37 | 191 |

Strategic initiatives – investment yet to be quantified

- Africa strategy
- ETP for Government bonds implemented
- Market Data – ticker plant

Looking ahead

- Clear choices as to what we will do
 - Regulated horizontal and vertical integration are key
- Continued emphasis on what we are good at
 - Differentiate ourselves from other emerging markets – sell the SA story
- Important focus on opportunities and challenges presented by policy and regulatory developments
 - Far greater policy engagement than in the past
 - Emphasising business-friendly policy certainty at macro level
 - And how JSE can partner to create solutions at financial market level
- Continued investment in technology
 - To facilitate client activity
- Increased focus on building a closer ecosystem with our clients

2014 priorities

- Focused on investing to grow all our business areas, including
 - Implementing T+3 Phase 2 and progressing Phase 3 in line with project plan
 - Progressing the implementation of the Integrated Trading and Clearing project
 - Implementing Phase 1 of colocation successfully
 - Finalising the JSE's role in the Government bond electronic trading platform
 - Improving our market data systems
 - Strengthening our post-trade services
 - Building on client relationships
- Most projects designed to strengthen delivery of products and services
- Many introduce new lines of revenue
- Excited by the year ahead



QUESTIONS