

SA TAXI IMPACT

DELIVERING SHARED VALUE FOR THE INDUSTRY

SME EMPOWERMENT

BLACK OWNED SMEs | **100%** | WOMEN OWNED SMEs¹ | **23%** | UNDER THE AGE OF 35 YEARS¹ | **23%**

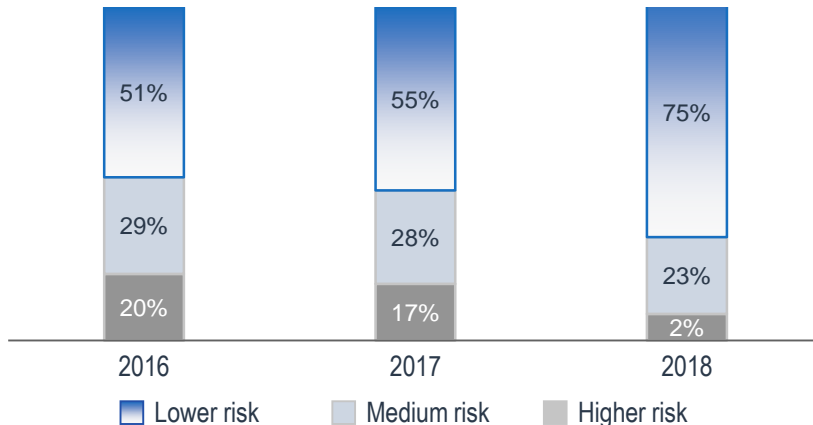
SUSTAINABLE JOB CREATION

DIRECT JOBS PER TAXI VEHICLE | **~1.8** | DIRECT JOBS CREATED BY SA TAXI'S FLEET SINCE 2008 | **>130 000**

~600 000 | INDIRECT JOBS ENABLED BY THE MINIBUS TAXI INDUSTRY² | DIRECT JOBS CREATED BY SA TAXI'S FLEET IN FY18 | **>13 000**

SERVING HIGHER QUALITY TAXI OPERATORS TO CREATE A MORE SUSTAINABLE MINIBUS TAXI INDUSTRY

NEW ORIGATION VOLUMES BY RISK GRADE



ECONOMIC TRANSFORMATION & INCLUSIVE GROWTH

DEVELOPMENTAL CREDIT ACHIEVING INCLUSIVE GROWTH

R3.3 BILLION
LOANS ORIGINATED
CREATING
7 734
SMEs IN FY18

R21.9 BILLION
LOANS ORIGINATED
CREATING
72 423
SMEs SINCE 2008

FACILITATES ASSET OWNERSHIP BY BLACK SMEs

~80%

SA TAXI CUSTOMERS CLASSIFIED AS PREVIOUSLY FINANCIALLY EXCLUDED & UNDER-BANKED

~640

SCORE BELOW WHICH BANKS ARE UNLIKELY TO OFFER FINANCE

~600

AVERAGE SCORE AT WHICH SA TAXI GRANTS FINANCE

INVESTOR RETURNS

ROE | **25.9%**

HEADLINE EARNINGS FROM FY17 | **▲21%**

ENVIRONMENTAL SUSTAINABILITY

9.8%
ABATEMENT ON CARBON EMISSIONS³

DEVELOPING PUBLIC TRANSPORT INFRASTRUCTURE

7 734

RELIABLE NEW & PRE-OWNED MINIBUS TAXIS ON THE ROAD IN FY18

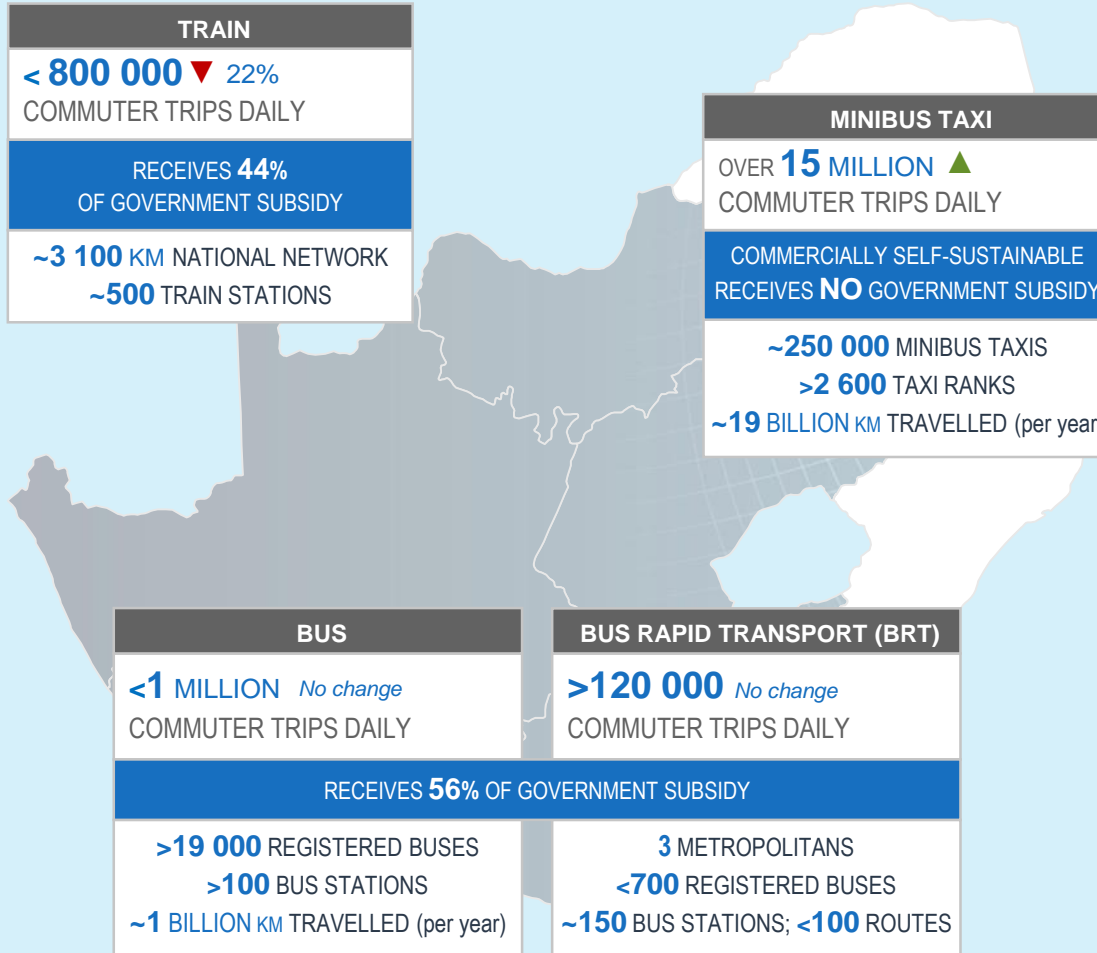
COMMUTER EXPERIENCE

REPLACEMENT OF AGED MINIBUS TAXI FLEET
COMMUNICATE & TRANSACT VIA SA TAXI'S CONNECTED SERVICES BUSINESS

1. On FY18 originations
2. Department of Transport Minister Dipuo Peters address at National Council of Provinces Budget vote NCOP 2014/15
3. Percentage of tCO₂e abatement saved in 2017 through SA Taxi's financing activities

ENVIRONMENT & MARKET CONTEXT

MINIBUS TAXI INDUSTRY IS RESILIENT, DEFENSIVE & GROWING DESPITE SA'S ECONOMIC CLIMATE



PUBLIC TRANSPORT COMMUTERS RELY ON MINIBUS TAXI GIVEN ITS ACCESSIBILITY, AFFORDABILITY, RELIABILITY & FLEXIBILITY

- 40% of South Africans use public transport
- Minibus taxi is the dominant form of public transport
- Minibus taxi is an essential service & spend is non-discretionary

GROWING MINIBUS TAXI USAGE

- Since 2013, minibus taxi usage (▲ >25%)
- 69% of all households use minibus taxis (59% in 2003)
- 76% of all work & educational public transport trips
- Population growth (▲ 9%)
- Increasing commuter density due to urbanisation
- Transformation of minibus taxi industry due to ▲ regulation & capitalisation, attracting a more sophisticated taxi operator
- New passenger vehicle sales ▼ 19% (FY13 to FY18)

ENVIRONMENT FOR MINIBUS TAXI OPERATORS

MINIBUS TAXI OPERATORS REMAIN RESILIENT IN A CHALLENGING ECONOMIC ENVIRONMENT

CHALLENGING ENVIRONMENT

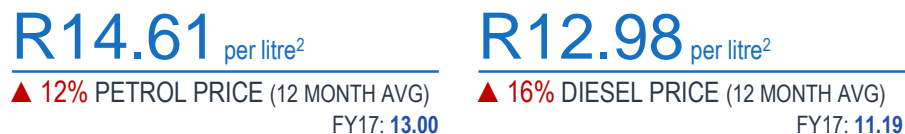
VEHICLE PRICES



INTEREST RATES



FUEL PRICES



INDUSTRY RESPONSE

- Fare increases July 2018
- Better **asset utilisation** & **productivity**



SA TAXI'S RESPONSE

- Lower risk loan origination strategy
- Better **route** selection

STRUCTURAL ELEMENTS

- ...> DOMINANT & GROWING MODE OF PUBLIC TRANSPORT
(Competitively priced; convenient; accessible)
- ...> INCREASING COMMUTER DENSITY DUE TO URBANISATION
- ...> NEW PASSENGER VEHICLE SALES ▼ 19% (FY13 to FY18)
- ...> COMMERCIALLY SELF-SUSTAINABLE (Receives NO government subsidy)
- ...> INTEGRATED COMPONENT OF PUBLIC TRANSPORT NETWORK
- ...> CONTINUED HIGH LEVELS OF UNEMPLOYMENT >27%
- ...> PUBLIC TRANSPORT SPEND IS NON-DISCRETIONARY
- ...> DEMAND FOR MINIBUS TAXI VEHICLES > SUPPLY
 - › Ageing national fleet requiring replacement & recapitalisation
 - › Driving higher demand for vehicles that are reliable & efficient



- Improved credit performance as SA Taxi is selective on credit risk, due to limited supply
- Improved recoveries as asset retains value due to demand > supply
- Liquid market for high quality & affordable SA Taxi pre-owned vehicles

1. Toyota recommended retail price, including VAT, as at 30 September 2018
 2. www.energy.gov.za: 12 month rolling average petrol price (September 2017 to September 2018)

ENVIRONMENT FOR MINIBUS TAXI OPERATORS

FUEL PRICE INCREASES PARTIALLY ABSORBED BY COMMUTERS THROUGH FARE INCREASES IN 2018

FARES DETERMINED BY EACH ASSOCIATION PER ROUTE

- The industry ensures operators remain profitable
- Demand for minibus taxi services is relatively inelastic

FARE INCREASE CONSIDERATIONS INCLUDE

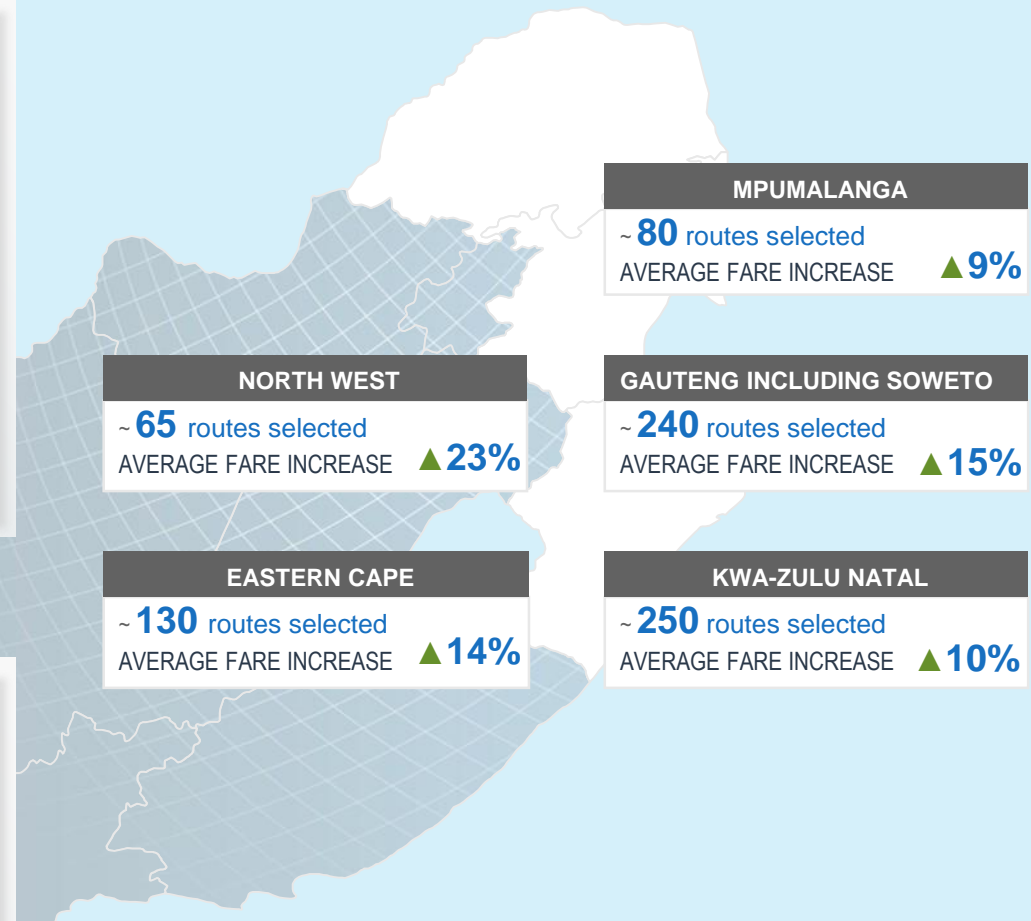
- Timing & extent of prior increases
- Commuter affordability
- Operator profitability
- Other modes of transport for a particular route

FUEL PRICE INCREASES PARTIALLY ABSORBED BY COMMUTERS THROUGH FARE INCREASES

CHALLENGING OPERATING ENVIRONMENT

Resulted in more frequent fare increases





- Fuel prices high
- Vehicle prices high
- In some regions fares were increased twice in 2018, compared to once a year historically



ENVIRONMENT FOR MINIBUS TAXI OPERATORS

MINIBUS TAXI IS THE PREFERRED MODE OF PUBLIC TRANSPORT
DUE TO COMPETITIVE PRICING, ACCESSIBILITY & RELIABILITY





SHORT DISTANCE ROUTE | SOWETO TO JOHANNESBURG: 23KM

	Minibus taxi	Train	Bus	BRT
Accessibility	On route	Station & scheduled	Scheduled stops	Scheduled stops
Affordability 2016	R12.00	R8.50	N/A	R13.30
Increase	17%	12%		2%
Affordability 2017	R14.00	R9.50	R14.80	R13.50
Increase	14%	0%	20%	11%
Affordability 2018	R16.00	R9.50	R17.80	R15.00
Reliability	1 association with ~1400 members	Every 10 to 20 minutes Stops at 7pm	A few buses operating on the route	Volume of buses < peak capacity required
Efficiency				

AVERAGE MINIBUS TAXI OPERATOR PROFITABILITY¹

~R20 000 PER MONTH

LONG DISTANCE ROUTE | JHB TO DURBAN: 595KM

	Minibus taxi	Train	Bus - Eldo	Bus - Greyhound
Accessibility	On route	Station & scheduled	Scheduled stops	Scheduled stops
Affordability 2016	R270.00	N/A	R210.00	R310.00
Increase	7%		14%	26%
Affordability 2017	R290.00	R360.00	R240.00	R390.00
Increase	3%	8%	0%	1%
Affordability 2018	R300.00	R390.00	R240.00	R395.00
Reliability	3 associations with ~690 members	3x per week	7 departures each per day (fewer on a Saturday)	
Efficiency				

AVERAGE MINIBUS TAXI OPERATOR PROFITABILITY¹

~R35 000 PER MONTH

1. Based on SA Taxi's affordability calculator at origination | Average operator profitability varies based on profile of financial deal

• Factors include: new vs. pre-owned vehicle, loan term, deposit paid, region, association, route dynamics & demand, insurance products taken-up

• SA Taxi's model measuring operator profitability remains conservative: maintenance & fuel costs per km ▲ 20% in 2018 accounting for fuel price ▲ & exchange rate movements

Source: Industry information | Websites: Metrorail; Bus Rapid Transport; Rea Vaya; Various bus companies