

08

Mission and investment case

04

Group profile

10

Strategy

06

Performance overview

24

Q&A with David Hurwitz, CEO

07

Evolution since listing

28

Directorate

# ABOUT TRANSACTION CAPITAL

## GROUP PROFILE



Transaction Capital owns businesses that operate in highly specialised and under-served segments of the South African and Australian financial services market.

Transaction Capital's two market-leading divisions, led by entrepreneurial and experienced management teams, represent a diversified and scalable financial services platform, underpinned by a mature governance framework. The divisions leverage their proprietary data and technology to create value for their customers.



A vertically integrated platform incorporating vehicle procurement, retail, finance, insurance, repossession and refurbishment capabilities. Combined with its proprietary data, these competencies enable the division to provide asset-backed developmental credit and bespoke taxi insurance, and sell suitable vehicle models and allied services to taxi operators.

See the SA Taxi review from page 34 to 43.



A technology-led, data-driven provider of customer management solutions in South Africa and Australia. The division's scalable and bespoke fintech platform improves its clients' ability to originate, manage and collect from their customers.

See the Transaction Capital Risk Services (TCRS) review from page 44 to 53.

To **sustainably create value for its shareholders** over time, Transaction Capital's activities include:

### DRIVING STRATEGY, GROWTH AND PERFORMANCE

- Strengthen the leading market positions and scale of its divisions by enhancing and refining its specialist capabilities to achieve deeper vertical integration in current market segments, and apply these capabilities to new complementary market segments.

### DELIVERING A STRONG PIPELINE OF FUNDING

- Due to its ability to manage the credit risk associated with its chosen market segments to a level acceptable to funders, Transaction Capital continues to enjoy uninterrupted access to local and international funding pools. Thus, Transaction Capital is able to serve as a conduit between local and international funders and small- and medium-sized enterprises (SMEs).

### MANAGING THE ADEQUACY AND DEPLOYMENT OF CAPITAL

- Judiciously invest equity capital, conservatively leveraged with local and international debt, into accurately assessed asset classes to achieve superior risk-adjusted returns.

### OVERSEEING MANAGEMENT OF CREDIT, INVESTMENT AND REGULATORY RISK

- Leverage its specialist capabilities to manage credit risk that arises due to the nature of its chosen market segments, and to manage investment risk when allocating capital.
- Manage uncertainty and the cost of compliance due to the constant evolution of financial services regulations, which requires awareness of, preparation for, and participation in legislative developments.

### ENSURING HIGH-CALIBRE TALENT TO DRIVE A HIGH-PERFORMANCE CULTURE

- Transaction Capital's ability to differentiate itself through intellectual capital is a function of its people, who the group motivates, engages, develops and rewards to foster innovation, cultivate leadership and sustain a high-performance culture.

## OUTCOMES

POSITIONED DELIBERATELY IN RELATION TO DEMOGRAPHIC AND SOCIO-ECONOMIC REALITIES, TRANSACTION CAPITAL'S DIVISIONS DELIVER BOTH **COMMERCIAL RETURNS** AND **SOCIAL BENEFITS**.

The defensive nature of Transaction Capital's business enables **consistent and resilient earnings growth** over time, generating superior returns.



HEADLINE EARNINGS  
COMPOUND ANNUAL GROWTH  
RATE (CAGR) SINCE LISTING



2017 CORE HEADLINE  
EARNINGS  
R577 MILLION



2017 CORE HEADLINE  
EARNINGS PER SHARE  
96.4 CENTS



2017 TOTAL DIVIDEND  
PER SHARE  
40.0 CENTS

MARKET CAPITALISATION  
AT 30 SEPTEMBER 2017  
R9.3 BILLION

Core financial results and ratios exclude one-off acquisition costs of R22 million incurred during the year.

Growth rates compare 2017 to 2016.

Transaction Capital's focus on under-served market segments creates **broader stakeholder value** and positions the group as **socially relevant**.  
See pages 34 and 44 for the societal relevance of its divisions.

SA TAXI  
R2.9 BILLION  
LOANS ORIGINATED,  
CREATING 7 480  
SMEs IN 2017

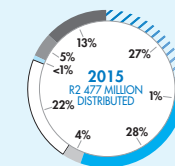
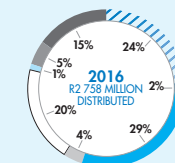
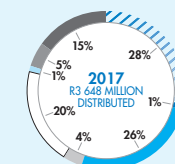
TCRS CONTRIBUTES TO THE  
EFFICIENCY AND  
EFFECTIVENESS OF  
NATIONAL CREDIT  
SYSTEMS

4 095  
TOTAL EMPLOYEES

SA TAXI  
12 HOURS  
TRAINING PER EMPLOYEE

TCRS  
78 HOURS  
TRAINING PER EMPLOYEE

### VALUE DISTRIBUTED TO STAKEHOLDERS



Legend:  
 Employees (Blue)  
 Executives (Green)  
 Funders (Red)  
 Government (Grey)  
 Suppliers (Orange)  
 Communities (Light Blue)  
 Shareholders (Dark Blue)  
 Retained (Black)

Transaction Capital's divisions occupy **leading market positions** due to their specialist focus on under-served market segments.

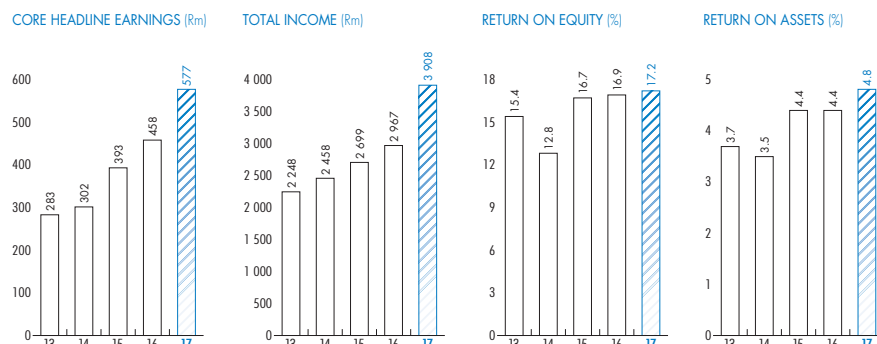
See pages 36 and 46 for the market context in which its divisions operate.

**1 IN 3**  
of the national financed minibus taxi fleet is financed and insured by SA Taxi

**1<sup>ST</sup> OR 2<sup>ND</sup>**  
ranking by clients in 89% of Transaction Capital Recoveries' 231 mandates

## PERFORMANCE OVERVIEW

### FINANCIAL HIGHLIGHTS



### STRATEGIC AND OPERATIONAL HIGHLIGHTS

#### STRATEGIC POSITIONING OF OPERATING DIVISIONS

##### Delivering robust organic growth

- Occupy leading market positions with highly defensive businesses
- Vertically integrated, diversified and scalable financial services platforms
- Leverage proprietary data and technology to develop new products and expand into new markets

#### UNGEARED AND LIQUID BALANCE SHEET

- Balance sheet remains well capitalised
- 28.4 million shares issued, raising R419 million in 2017
- Liquid excess capital of approximately R650 million
- Capital adequacy ratio of 32.6%
- Capacity and flexibility to continue investing in organic and acquisitive opportunities
- Early adoption of IFRS 9 in 2015

#### DEBT CAPITAL MARKETS

##### Uninterrupted access to debt capital markets

- Despite political instability and South Africa's sovereign rating downgrade
- SA Taxi raised R6 billion in 2017, with 2018 fully funded
- Secured over R2 billion of debt facilities from US-based development finance institutions (DFIs) during 2017
- R505 million Transsec 3 issuance, more than three times oversubscribed and priced 81 basis points lower than Transsec 2

##### Credit ratings

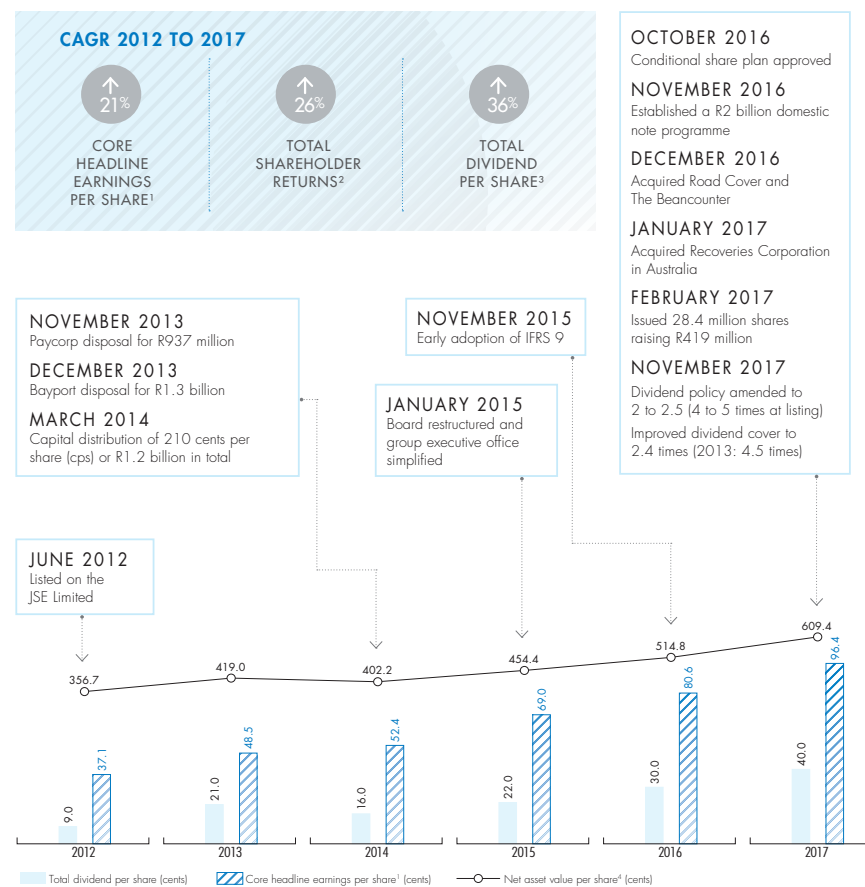
- Moody's awarded a Aaa.za[sf] rating to Transsec 3 senior notes
- Global Credit Ratings Co. reaffirmed Transaction Capital's R2 billion A<sub>1724</sub> rated JSE-listed domestic note programme

#### IMPROVED DIVIDEND POLICY

- High quality organic earnings growth with high cash conversion rates
- Dividends growing at an accelerated rate when compared to earnings
- Final dividend per share increased 39% to 25 cents
- Total dividend per share increased 33% to 40 cents
- Dividend policy amended to 2 to 2.5 times (previously 2.5 to 3 times)
- Total dividend cover of 2.4 times (2016: 2.7 times)

## EVOLUTION SINCE LISTING

SINCE LISTING IN 2012, MANAGEMENT HAS IMPLEMENTED A NUMBER OF INTERVENTIONS TO SUPPORT STRONG ORGANIC GROWTH, ENSURE IMPROVEMENT ACROSS KEY METRICS AND CREATE VALUE FOR STAKEHOLDERS.



1. Core headline earnings per share, excluding the impact of Paycorp and Bayport. 2. Sunday Times 'Top 100 Companies over 5 years' 2017. 3. CAGR between 2014 and 2017, excluding the impact of Paycorp and Bayport. 4. 2012 and 2013 adjusted to account for the capital distribution paid in March 2014.

Core financial results and ratios exclude once-off acquisition costs of R22 million incurred during 2017. Transaction Capital early adopted IFRS 9 in 2015. As a result, all 2014 numbers are presented on a pro forma IFRS 9 basis. All numbers for 2012 and 2013 are presented on an IAS 39 basis, as previously reported.

## MISSION AND INVESTMENT CASE

**MISSION: PROVIDING SPECIALISED FINANCIAL AND ALLIED SERVICES** IN HIGHLY SPECIALISED AND UNDER-SERVED SEGMENTS OF THE FINANCIAL SERVICES SECTOR.

**INVESTMENT CASE:** EXECUTING ON TRANSACTION CAPITAL'S MISSION CREATES A **COMPELLING AND UNIQUE** INVESTMENT CASE:

TRANSACTION CAPITAL  
COMPRISES A **DIVERSIFIED  
PORTFOLIO OF  
FINANCIAL SERVICES  
ASSETS**

- Two well established, autonomous and unique financial services businesses:
  - SA Taxi
  - Transaction Capital Risk Services (TCRS)
- Positioned in attractive market segments occupying leading market positions
- Highly defensive businesses able to withstand difficult economic conditions
- Deep vertical integration enabling the application of specialised expertise to mitigate risk, participate in margin and provide a broader service to clients
- Superior data, leading-edge technology and analytics capabilities differentiate our offerings, inform business decisions and mitigate risk
- Via a diversified business model:
  - Unique blend of highly cash generative and capital-related businesses
  - Diversified revenue model across adjacent market segments and geographies

WITH A **BESPOKE AND  
ROBUST CAPITAL  
STRUCTURE**  
INCORPORATING  
**R650 MILLION OF  
EXCESS CAPITAL**

- Conservative equity capital structure to fund organic growth and acquisition activity:
  - Ungeared at holding company level
  - Proven ability to raise debt and equity capital efficiently from a diversified range of local and international investors

ESTABLISHED AS A  
**SCALABLE FINANCIAL  
SERVICES PLATFORM**

- For SA Taxi and TCRS to develop new products and expand into new markets
- For Transaction Capital to collaborate in introducing new organic and/or acquisitive growth opportunities
- For Transaction Capital to realise synergies and cross-selling opportunities within existing products

WHICH IS LED BY AN  
**ENTREPRENEURIAL  
OWNER-MANAGER TEAM**

- Empowered ownership culture
- Decentralised, entrepreneurial, proven and long-serving leadership
- Specialised intellectual capital applied over a much smaller asset base than in larger organisations

UNDERPINNED BY A  
ROBUST **CORPORATE  
GOVERNANCE  
FRAMEWORK AND  
SOUND GOVERNANCE  
PRACTICES**

- Experienced, diverse and independent directors at group and subsidiary level
- Institutionalised governance, regulatory and risk management practices
- Conservative accounting policies (including the early adoption of IFRS 9)

WHICH TOGETHER  
POSITION IT FOR  
**SUSTAINABLE GROWTH**

- Decentralised businesses that are self-sustaining and sizable in their own right
- Track record of delivering predictable high-quality earnings with high cash conversion rates and strong organic growth prospects
- Dividends growing at an accelerated rate when compared to earnings
- A focused acquisition strategy:
  - Earnings accretive acquisitions of relevant and scalable business platforms, whose value can be developed by Transaction Capital
  - Acquisition strategy supported by R650 million of excess cash, highly cash generative businesses, supportive capital markets and a strong unleveraged balance sheet

AND THE DELIVERY OF  
**A MEANINGFUL  
SOCIAL IMPACT**

- Businesses favourably positioned in relation to demographic and socio-economic trends, delivering both a social and commercial benefit
- SA Taxi facilitates:
  - Asset ownership by black-owned SMEs, financial inclusion, SME empowerment and sustainable job creation
  - Improved public transport infrastructure
  - Environmental sustainability
- TCRS facilitates:
  - Credit rehabilitation of over-indebted consumers
  - Lenders to maintain cleaner balance sheets to continue extending credit affordably

## STRATEGY

1

ORGANIC  
GROWTH

Develop specialised capabilities and industry solutions to achieve deep vertical integration within existing market segments, and further develop and apply these competencies to create new positions within adjacent and new market segments, thereby driving organic growth.

2

CREDIT RISK  
AND CAPITAL  
MANAGEMENT

Judiciously invest equity capital, conservatively leveraged with local and international debt, into accurately assessed asset classes to achieve superior risk-adjusted returns.

3

DATA AND  
TECHNOLOGY

Generate in-depth insights from the continuous collection of diverse, accurate and valuable data sets to enable precise decisioning and proactive risk management, and leverage data, analytics and technology within a dynamic servicing platform to drive profitable growth.

4

ACQUISITIVE  
GROWTH

Target quality assets operating within Transaction Capital's focused market segments that will enhance its capabilities, and whose business models and value can be enhanced through active management.

5

PEOPLE



Develop, engage and reward employees and executives to engender a high-performance culture.

## 1 STRATEGIC OBJECTIVE ORGANIC GROWTH

DEVELOP SPECIALISED CAPABILITIES AND INDUSTRY SOLUTIONS TO ACHIEVE DEEP VERTICAL INTEGRATION WITHIN EXISTING MARKET SEGMENTS, AND FURTHER DEVELOP AND APPLY THESE COMPETENCIES TO CREATE NEW POSITIONS WITHIN ADJACENT AND NEW MARKET SEGMENTS, THEREBY DRIVING ORGANIC GROWTH.

To continue driving organic growth, Transaction Capital's divisions are empowered to:

- Continue growing their client base.
- Enhance their value proposition by introducing existing clients to new products and services.
- Move into adjacent markets and new segments within existing markets where they can apply their specialised capabilities.

Transaction Capital's divisions are focused on narrow market segments, enabling them to identify, develop and implement highly customised solutions specific to those markets. This level of specialisation enables them to operate in under-served and higher-risk market segments.

The scale and leading market positions of Transaction Capital's divisions enable them to strengthen their competitive positions through deepening penetration of products and services within existing (vertical) and complementary (adjacent) market segments.

### SA TAXI

## 2017 PROGRESS

The limited supply of new minibus taxis into the local market has exacerbated the under-capitalisation and ageing of the national fleet, which has resulted in long-term demand for vehicles exceeding supply. This supported SA Taxi's improving credit performance, as it is able to resell refurbished vehicles and be selective on credit risk.

- SA Taxi's loans and advances portfolio, which comprises 28 724 vehicles, grew 1.6% to R8.3 billion. Growth of 9% in the number of loans and a 20% increase in the Rand value of loans originated supported this result. SA Taxi now finances more than 40% of new Toyota minibus taxi sales compared to 36% in 2015.
- Net interest income grew 19% to R885 million in line with book growth. SA Taxi's net interest margin increased to 11.4% due to slightly lower gearing and an improved non-performing loan (NPL) ratio, despite an increase in the cost of borrowing.
- The vehicle retail operations are being expanded by also offering funding from banks to capture additional vehicle sales, attracting high-quality clients and offering stand-alone insurance and tracking services.
- The insurance business broadened its client base. At 30 September 2017, more than 85% of SA Taxi's financed clients were also insured by SA Taxi, with SA Taxi's annualised new premium written for its financed clients at R231 million for the year. In addition, SA Taxi now also insures taxi operators not financed by the division. During the year under review, SA Taxi's annualised new premium written for non-SA Taxi financed clients was R52 million.
- SA Taxi's short-term insurance business is a key driver of non-interest revenue, offering bespoke insurance products including comprehensive vehicle cover, passenger liability and instalment protection cover. The division is broadening its product offering, having initiated a credit life product during October 2017, with the launch of further new products planned. On average, SA Taxi's insured clients have 1.8 SA Taxi insurance products each.
- Loss ratios for both the financed and non-financed insurance portfolios are improving as a result of operational efficiencies. The business aims to improve its offering by processing a greater proportion of its insurance claims via SA Taxi's combined auto body and mechanical repair facility.

### TCRS

- The current economic climate and TCRS' data, scale and capital position favour the acquisition of NPL portfolios in South Africa from risk averse clients who prefer an immediate recovery against their NPL portfolios. TCRS acquired 29 portfolios with a face value of R5.2 billion for R356 million during the year.
- TCRS' strategy to deepen its penetration in its traditional market segments (i.e. retailers, specialist lenders and banks) and grow revenue from adjacent sectors supported its organic earnings growth in South Africa. In 89% of its 231 outsourced collection mandates in South Africa, TCRS is ranked as either the top or second-best recoveries agent. Furthermore, the adjacent insurance, telecommunication and public sectors now contribute 27% of TCRS' local contingency and fee-for-service revenue, compared to 20% in the prior year.
- Recoveries Corporation's capabilities and systems in insurance are being leveraged to grow the South African insurance vertical.
- The acquisition of Recoveries Corporation has diversified TCRS' revenue from a geographic perspective. This business generated approximately R370 million in hard currency revenue over nine months, from a diversified client base in the insurance (24%), telecommunication and utility (16%), banking (16%) and public (25%) sectors in Australia.
- Transaction Capital Payment Solutions processed payments of R27 billion in value for the year via approximately three million disbursements and seven million debit orders and non-authenticated early debit orders (NAEDOs) for over 1 200 clients.
- Transaction Capital Business Solutions processed an average of 450 000 invoices to the value of more than R8.5 billion in the year.

## LOOKING FORWARD

### SA TAXI

- Maintain market leadership as a provider of finance, insurance, technology and allied services to SMEs in the fixed route minibus taxi industry.
- Loans originated through SA Taxi's dealership are more profitable than loans originated through external dealerships, with better product margins, insurance revenue and credit performance. Increasing the number of new and pre-owned minibus taxi vehicles sold through SA Taxi's dealership therefore presents good opportunity for organic growth.
- In insurance, management is investigating offering additional products.
- New revenue streams being explored with industry leadership, in addition to achieving further efficiencies within SA Taxi's verticals.

### TCRS

- TCRS remains focused on increasing revenue from non-National Credit Act regulated clients, including the outsourced collection of outstanding claims in the public, insurance and telecommunication sectors.
- Looking to increase revenue from Tier 1 banks where its penetration has been disproportionately lower.
- TCRS continues to seek opportunities to apply its analytics, pricing expertise and capital to the selective purchase of NPL portfolios in a highly fragmented Australian debt collection market.
- Moving into buying non-performing asset-backed portfolios (e.g. vehicles and home loans).
- Offering Road Cover products to the mass consumer market in South Africa through TCRS (via its banking, retail, insurance, telecommunication and other corporate client base) and delivering Road Cover's product directly to consumers via data analytics, lead generation and direct marketing channels.
- Maintain Transaction Capital Recoveries' highly regarded status on all agency panels.
- With low growth environments in South Africa and Australia, maintain specialist focus to drive incremental growth in revenue and reduce costs.

## 2 STRATEGIC OBJECTIVE CREDIT RISK AND CAPITAL MANAGEMENT

JUDICIOUSLY INVEST EQUITY CAPITAL, CONSERVATIVELY LEVERAGED WITH LOCAL AND INTERNATIONAL DEBT, INTO ACCURATELY ASSESSED ASSET CLASSES TO ACHIEVE SUPERIOR RISK-ADJUSTED RETURNS.

Transaction Capital is sufficiently capitalised to fund organic growth, to take advantage of opportunities to deploy capital into its existing businesses, and to acquire complementary businesses that can be enhanced by or contribute to its specialist capabilities.

In addition, Transaction Capital is conservatively geared with debt capital accessed through diversified funding structures that are attractive to a broad range of local and international investors, who have an in-depth understanding of the underlying businesses and their asset classes.

SA TAXI TRANSACTION CAPITAL

### 2017 PROGRESS

- Issued 28.4 million shares, raising R419 million in equity through an accelerated bookbuild, which was oversubscribed.
- In line with Transaction Capital's strategy to diversify its funding structures and instruments, it established a R2 billion credit-rated and JSE-listed domestic note programme, namely TransCapital Investments Limited. Transaction Capital has been awarded an A- (Long Term, National Scale) and A1- (Short Term, National Scale) credit rating from Global Credit Ratings Co. It is expected that this programme will enable Transaction Capital to gain access to a new capital pool at an attractive cost to fund organic growth and acquisitive activity.

Despite the downgrade in South Africa's credit rating in April 2017 and political instability, SA Taxi enjoyed uninterrupted access to both local and international debt capital markets, with a strong funding pipeline available. Its annual debt requirements for the 2018 financial year have already been fully funded:

- Raised R6 billion in debt facilities from 33 separate funding transactions during the year.
- With funding from more than 40 distinct debt investors, the division continues to diversify its funding sources.
- In February 2017, SA Taxi secured further long-term debt facilities from US-based DFIs in foreign currency, which is fully Rand hedged once drawn.
- Further, SA Taxi issued R505 million of Moody's credit-rated and JSE-listed debt via its Transsec 3 securitisation programme, which was oversubscribed by more than three times and issued at a weighted average cost of 180 basis points above 3 month JIBAR, 81 basis points lower than SA Taxi's prior Transsec issuance.
- Strong collection performance, high credit quality of loans originated in the retail dealership and conservative credit granting criteria supported an improvement in the NPL ratio to 17.1% (2016: 17.4%).
- SA Taxi's credit loss ratio of 3.2% remained at the bottom end of its risk tolerance of 3% to 4%. SA Taxi recovers more than 73% of loan value on the sale of repossessed vehicles by enhanced vehicle values through refurbishment.

TCRS

TCRS continued to apply its strong balance sheet and extensive data to the selective acquisition of certain of the increased number of NPL portfolios available for purchase from clients who require an immediate recovery against their NPLs in a difficult consumer credit market.

- Acquired 29 portfolios with a face value of R5.2 billion for R356 million during the year. TCRS now owns 195 principal portfolios with a face value of R12.2 billion, valued at R891 million at year end.
- Estimated remaining collections are at R1.7 billion, up from R1.3 billion at 30 September 2016. Recent successful book acquisitions are expected to support positive future performance.
- Given its strong cash conversion rate, portfolio acquisitions are funded with internally generated cash flows that are conservatively leveraged with debt.

### LOOKING FORWARD

#### TRANSACTION CAPITAL

- The group's balance sheet remains well capitalised, liquid and ungeared with excess capital of around R650 million, providing the capacity for further acquisitions with the flexibility for immediate cash settlement.

#### SA TAXI

- A combination of high credit quality of loans originated in the retail dealership, strong collection performance and conservative credit granting criteria are expected to support low teen book growth, a stable net interest margin and slightly improving credit metrics over the medium term.
- SA Taxi's annual debt requirements for the 2018 financial year have already been fully funded to protect against any volatility in the local debt capital markets, including potential further downgrades of South Africa's credit rating.
- Continue to source debt via ring-fenced, limited recourse asset-backed funding structures that facilitate investor diversification and avoid cross-collateralisation or risks across businesses, while retaining residual exposure through equity or subordinated financing and servicing obligations.
- Continue to access debt capital via the attractiveness of its higher-yielding operational assets; its ability to assess, mitigate and manage risk; and its direct and long-standing relationships with capital providers.
- Further diversify access to capital by geography and funder.

#### TCRS

- Increase the number and size of NPL portfolios it acquires.
- Focus on bespoke capital transactions with targeted clients to apply its capital to acquire NPL portfolios and deliver superior risk-adjusted returns.
- Continue to seek opportunities to apply its analytics, pricing expertise and capital to the selective purchase of NPL portfolios in a highly fragmented Australian debt collection market.

# 3 STRATEGIC OBJECTIVE DATA AND TECHNOLOGY

GENERATE IN-DEPTH INSIGHTS FROM THE CONTINUOUS COLLECTION OF DIVERSE, ACCURATE AND VALUABLE DATA SETS TO ENABLE PRECISE DECISIONING AND PROACTIVE RISK MANAGEMENT, AND LEVERAGE DATA, ANALYTICS AND TECHNOLOGY WITHIN A DYNAMIC SERVICING PLATFORM TO DRIVE PROFITABLE GROWTH.

Both SA Taxi and TCRS generate in-depth insights from the continuous collection of diverse, accurate and valuable data sets to enable precise decisioning and proactive risk management.

SA TAXI

TCRS

## 2017 PROGRESS

- Continued to generate valuable client and market insights from overlaying granular telematics, credit, vehicle and other data to enable precise and informed loan origination and collection decisioning.
- This application of unique technology and data analysis is key to mitigating SA Taxi's risk. Data is accumulated daily from each minibus taxi and applied to credit decisions (to assess the prospective profitability of a proposed route), to collections (to determine profitability based on kilometres travelled in a specific month), and to reposessions and insurance, resulting in an improved NPL ratio.
- Expanded its master data universe (MDU) to maintain proprietary data on the majority of South Africa's 9.7 million distressed consumers, supporting significant operational leverage.
- Focused on bedding down the predictive dialer and preview dialer systems along with workforce management and 'right time to call' to optimise these investments.
- Building momentum in data volumes and analytics capabilities overlaid with valuable business intelligence, is enabling the development of different metrics, supporting quicker decisions and its ability to assess and buy better quality books, as well as compete effectively on price.

## LOOKING FORWARD

### SA TAXI

- Continue to invest in information technology, data management and analytics (specifically telematics and tracking data) to solidify its leading ability to assess and manage credit, insurance and operational risk, as evidenced by continually improving credit performance.
- Continue deepening its capabilities in behavioural and data science to enhance predictive analytics.
- Increase provision of telematics data to taxi owners, giving them a deeper understanding of their business operations and further empowering them as business owners.
- Extend provision of select telematics data to minibus taxi commuters.

### TCRS

- Follow up extensive technology investments and implementations 'around the call' (through the dialer and workforce management initiatives) with 'in the call' technology, supporting more effective calls through capabilities including layered voice analytics.
- Implement technology solutions to drive next generation collection processes, frictionless payment, digital customer engagement, enhanced contactability and data-driven analytics.
- Leverage Transaction Capital Recoveries' leading data and technology capabilities developed in South Africa to improve business intelligence and analysis in Recoveries Corporation in Australia to drive higher revenue and decrease costs.
- Continue leveraging The Beancounter as a fintech incubator in driving automation solutions for Transaction Capital Business Solutions.
- Continue assessing new and disruptive technologies to ensure TCRS remains abreast of risks and opportunities.



# 4 STRATEGIC OBJECTIVE ACQUISITIVE GROWTH

TARGET QUALITY ASSETS OPERATING WITHIN TRANSACTION CAPITAL'S FOCUSED MARKET SEGMENTS THAT WILL ENHANCE ITS CAPABILITIES, AND WHOSE BUSINESS MODELS AND VALUE CAN BE ENHANCED THROUGH ACTIVE MANAGEMENT.

Transaction Capital has a proven track record of creating value through identifying, pricing, acquiring and integrating new businesses, and then developing them to achieve scale and leading positions in their market segments.

Transaction Capital applies stringent criteria when evaluating potential acquisitions to ensure that it will enhance its specialist capabilities with a view to expanding internationally.

Furthermore, it favours a narrow focus on assets whose competitiveness and value can be enhanced by active management within its existing divisions. Although earnings are an important consideration when evaluating potential acquisitions, Transaction Capital is more interested in the ability of a business to be developed and grow organically, as set out in its investment criteria.

## 2017 PROGRESS

In line with its strategy to buy and develop complementary businesses, TCRS acquired:

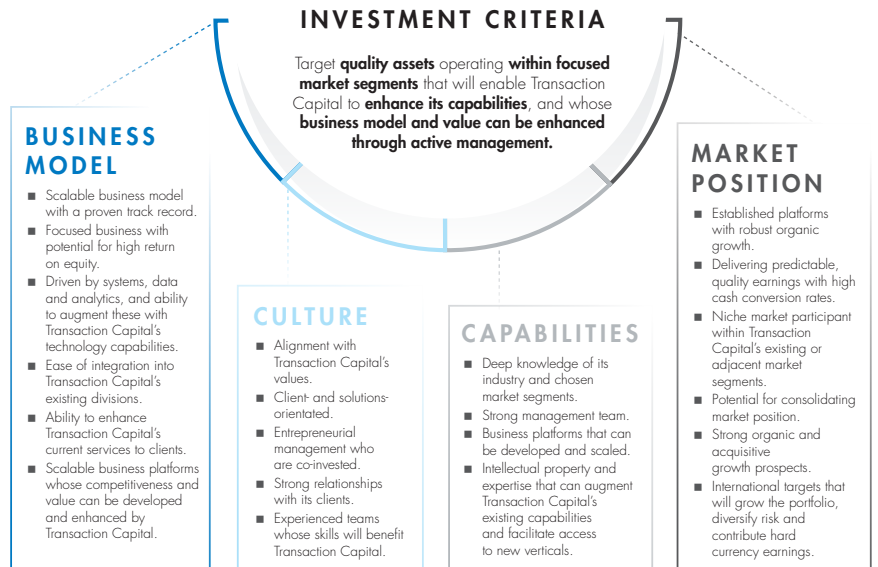
- 100% of Recoveries Corporation in Australia, effective 1 January 2017.
- 75% of Road Cover, effective 1 December 2016.
- 51% of The Beancounter, effective 1 December 2016.

These acquisitions will diversify TCRS' earnings over time, by geography and by sector.

The operational integration of these three businesses was executed successfully, with each business performing to expectation. As earnings accrete acquisitions, these businesses accelerated earnings growth and demonstrated the probity of Transaction Capital's investment criteria and due diligence processes.

The acquisition of **Recoveries Corporation** has:

- Generated approximately R370 million in hard currency revenue over nine months, from a diversified client base in the insurance (24%), telecommunication and utility (16%), banking (16%) and public (25%) sectors in Australia.



## LOOKING FORWARD

### TRANSACTION CAPITAL

- Continue to apply active management, sharing of skills, enhancing technology and monetising its proprietary data to enhance the business models and value of the new businesses.
- Continue to pursue opportunities for acquisitive growth, supported by the group's well capitalised, liquid and ungeared balance sheet. The proven investment criteria will be applied meticulously to assess all opportunities.

- As the market leader in the Australian insurance recoveries sector, facilitated the growth of TCRS' insurance recoveries offering in South Africa.

At Recoveries Corporation, the succession plan has been implemented successfully, with the chief operating officer (who has been in the business for 17 years) being appointed as Recoveries Corporation chief executive officer (CEO). Transaction Capital has also appointed a CEO and chief financial officer (CFO) of TCRS Australia. Their main mandate is to:

- Support Recoveries Corporation in diversifying into adjacent markets (specifically to seek selective opportunities to purchase NPL portfolios in a highly fragmented Australian debt collection market).
- Support and assist the Recoveries Corporation CEO to succeed in that role.
- Find, assess and develop other acquisition opportunities in Australia.

Through its acquisition of **Road Cover**, TCRS has:

- Entered the adjacent value-added services market segment in South Africa.

The acquisition of **The Beancounter** is:

- Enabling TCRS to augment its offering to its SME client base.
- Supporting the development of leading fintech business support solutions.

# 5 STRATEGIC OBJECTIVE PEOPLE

DEVELOP, ENGAGE AND REWARD EMPLOYEES AND EXECUTIVES TO ENGENDER A HIGH-PERFORMANCE CULTURE.

All the factors that underpin enhanced performance require the highest calibre of leadership and specialist technical expertise. Transaction Capital motivates, develops and engages with its employees and executives to drive innovation, cultivate leadership and maintain a high-performance culture.

Transaction Capital prioritises the appointment, development and devolvement of authority and responsibility to competent management over time. Transaction Capital has established cohesive leadership teams within its divisions that have assumed ownership and continue to deliver on clearly defined strategies.

Remuneration structures and development programmes for senior management facilitate attraction, retention, recognition and development. Transaction Capital seeks to preserve sufficient flexibility of management to support management's entrepreneurial spirit, while maintaining management accountability and robust risk processes.

The group executive office has an experienced and specialised leadership team with proven entrepreneurial, merger and acquisition, technical, financial and risk management skills. The necessary expertise, capabilities and skills of key operational functions are devolved to its divisions, and divisional executives are thus accountable for the performance of their respective businesses. The divisions are supported by the capabilities of the group executive office, as and when required. Strong institutionalised governance, regulatory and risk management practices are maintained at both the group executive office and divisional level.

With 4 095 employees, Transaction Capital acknowledges its role in creating meaningful employment opportunities and empowering its talent.

## PEOPLE PHILOSOPHY

### Entrepreneurial, high-performance culture

A sense of ownership and motivation to innovate, within specific business models and risk parameters.

Transaction Capital establishes cohesive leadership teams within its divisions that have the responsibility and requisite level of operational authority to deliver on their strategies.

### Executive capability

Executives are appropriately qualified and have deep experience within their areas of specialisation. This intellectual capital is typically applied over a much smaller asset base at Transaction Capital than in other larger organisations, with the concomitant expectation of higher performance.

In TCRS, senior managers employed to deepen the division's penetration into adjacent market segments apply their professional experience and skills to a narrower market segment compared to their previous roles. For example, specific senior managers focus only on collections in the public or telecommunications sectors, or originations in the insurance sector.

### Specialisation

Executives, management and employees are expected to become specialists in their role, by applying broader experience to a narrow focus.

In SA Taxi's auto body repair centre, becoming a specialist mechanic for one vehicle type.

### Reward

Fair remuneration commensurate with the level of skill, experience, seniority and industry practice, and performance incentives where appropriate.

The Transaction Capital limited Conditional Share Plan, approved by shareholders on 20 October 2016, is a mechanism to attract and retain key employees while providing them with the opportunity to share in the success of the division, and to align their interest with that of shareholders.

### Meaningful employment

Engender an understanding of the broader social context applicable to each employee's role, in line with the societal relevance of Transaction Capital's divisions.

SA TAXI

## 2017 PROGRESS

70 promotions of which 65 are black*
93% of high-potential employees retained
40% of employees are women
83% of employees are black*
49 training programmes conducted, of which 21 are accredited
12 training hours per employee
88% of employees who received training are black*

### HEADCOUNT AT YEAR END

Gender	African	Coloured	Indian	White	Total
Male	450	11	15	106	582
Female	300	14	13	56	383
<b>Total</b>	<b>750</b>	<b>25</b>	<b>28</b>	<b>162</b>	<b>965</b>
	78%	2%	3%	17%	100%

## KEY INITIATIVES

### LEADERSHIP PROGRAMMES

- GIBS THINK TANK**  
 The programme hosts prominent South African leaders who discuss ethical and governance topics facing society to promote ethics, trust and conscious business decisions. This forum increases the exposure for executives and senior management to ethical issues facing businesses in South Africa more broadly.
- THE MENTORSHIP PROGRAMME**  
 12 specialists, senior and middle managers mentored 12 junior managers and employees. Of the participants, 42% were women and 58% were black.
- THE DRIVE PROGRAMME**  
 19 employees from across SA Taxi are participating in an NQF aligned certificate in Management Development from Milpark Business School. The delegates are clustered into cross-functional groups to research a pertinent business topic and present their recommendations to the executive committee. Of the participants, 95% are black and 47% are women.

\* Black includes African, Indian and Coloured South Africans.

### OTHER PROGRAMMES

- GO BIG**  
 The Go Big Rewards Programme recognises exceptional employee contributions to SA Taxi's success, including social and community contribution and acting in accordance with SA Taxi's values.
- LEARNERSHIPS**  
 SA Taxi hosts a Retail Insurance Qualification NQF Level 4 learnership for two groups, consisting of eight SA Taxi employees and 27 Harambee unemployed learners, of whom 91% are black.
- ADULT BASIC EDUCATION AND TRAINING PROGRAMME**  
 Five employees are participating in this programme, all of whom are black.

TCRS

## 2017 PROGRESS

225 promotions of which 64% are women
89% of high-potential employees retained
74% of employees are women
92% of employees are black*
160 training programmes conducted, attended by 19 600 delegates
78 training hours per employee
98% of employees who received training are black*

### HEADCOUNT AT YEAR END

Gender	African	Coloured	Indian	White	Total
Male	373	59	103	104	639
Female	1 153	237	304	91	1 785
<b>Total</b>	<b>1 526</b>	<b>296</b>	<b>407</b>	<b>195</b>	<b>2 424</b>
	63%	12%	17%	8%	100%

TCRS employs a further 678 employees through Recoveries Corporation in Australia, in addition to the statistics provided above.

## KEY INITIATIVES

### INVESTORS IN PEOPLE

- INVESTORS IN PEOPLE (IIP)**  
 Transaction Capital Recoveries (TCR) achieved accreditation at the 'developed' level based on the new IIP standards that aim to drive a culture of high performance. TCR is the first South African company in its industry to be accredited in the international IIP standard, which sets out best practices in people leadership and development.

### LEADERSHIP PROGRAMMES

- LEVELS OF LEADERSHIP PROGRAMME**  
 Following the successful launch of two levels (Platinum and Gold) targeting senior managers in 2016, the programme was expanded in 2017 to include high-potential employees across all levels of the organisation, from call centre agents through to middle managers. Levels of Leadership aims to identify, engage and develop talented individuals who have the potential and drive to develop and grow within the organisation and form part of the leadership pipeline. There are currently 232 employees participating in the programme.
- TIME TO THINK**  
 The principles of the Thinking Environment was introduced to 100 leaders in the business as a leadership tool to facilitate collaboration, accountability, inclusive leadership and independent thinking, and inspire courageous conversations and employee engagement.
- INTERNAL LEARNERSHIP**  
 Generic Management NQF Level 4 learnerships were offered to selected managers in the call centre. 17 managers completed this course and were awarded certification from the Services Sector Education and Training Authority (SETA).
- LEAD LEADERSHIP DEVELOPMENT PROGRAMME**  
 76 leaders across all branches participated in the LEAD programme, which included the Quickstart module and six other modules focused on management and leadership development.
- I AM ACCOUNTABLE PROGRAMME**  
 93 leaders who participated in the first phase of this accountability project have nominated other leaders in their teams to participate in the next phase.

### LEARNERSHIPS

- CONTACT CENTRE SUPPORT NQF LEVEL 2**  
 Currently undertaken by 85 employees, due for completion in 2018.
- DEBT RECOVERY NQF LEVEL 4**  
 Attended by 36 employees.

### FUNDING PROGRAMMES

- THE NISELA AND FUNDZA FUNDING PROGRAMMES**  
 R1.7 million was spent on the development of 130 employees and 110 dependants.
- DISABILITY TRAINING**  
 More than R885 000 was spent on up-skilling disabled staff through accredited training providers.

### DEVELOPMENT PROGRAMMES

- ACCREDITED DEBT RECOVERY PROGRAMME**  
 940 call centre employees received Debt Recovery Certification, an accredited skills programme through the Finance and Accounting Services SETA.
- GRADUATE DEVELOPMENT PROGRAMME**  
 Increased the number of graduates on the programme from four in the prior year to 16. Eight graduates are working on a pilot programme in TCR's call centres and two have been successful in securing permanent employment in the business knowledge environment.
- PROJECT IGNITE**  
 An internal development programme that enables individuals with senior qualifications, but who are currently performing more junior roles in the call centre environment, to further their careers within the business. A total of 26 employees are currently receiving mentorship from leaders.

### ADDITIONAL PROGRAMMES

- TPNG**  
 195 employees attended the Five Finger financial training that equips employees with basic financial principles for surviving financially.
- WINNING WAYS WITH WINNIE**  
 Winnie Kunene facilitated sessions for 17 employees across all branches, focusing on financial planning and career exploration.
- WORKFORCE MANAGEMENT (WFM)**  
 WFM was rolled out in all branches with over 1 700 employees trained in the year.
- C3 CHALLENGE**  
 An annual competition that gives high-performing call centre agents with 100% attendance a chance to win a car. This initiative boosts morale, promotes healthy competition and heightens employee motivation and engagement.



WITH  
DAVID  
HURWITZ  
CHIEF EXECUTIVE OFFICER

TRANSACTION CAPITAL'S  
DIVERSIFIED PORTFOLIO OF  
FINANCIAL SERVICES ASSETS  
COMPRISE WELL ESTABLISHED,  
AUTONOMOUS AND UNIQUE  
BUSINESSES GROUPED INTO  
TWO DISTINCT DIVISIONS –  
SA TAXI AND TCRS.

The focused application of the group's strategy over the year has ensured that our portfolio continues to leverage its deep vertical integration and specialism to achieve organic growth. Our evolving competencies in data and analytics continue to drive profitable growth by improving our risk management capabilities, supporting management decisioning and control, and providing the insights needed to develop and refine our product offerings to defined customer segments.

This year, the group has created value through the acquisition of suitable and complementary businesses, and continues to support divisional management in integrating these businesses and developing them to achieve scale and leading positions in their market.

We develop, engage and reward our employees and executives to engender our high-performance culture, deepen our expertise and promote innovation.

Despite persistent weakness in the South African economy, our performance in credit risk and capital management has remained strong. The group remains sufficiently capitalised and conservatively leveraged, with a strong balance sheet giving us the flexibility to pursue opportunities as they arise.

**Q:** What are the key highlights of Transaction Capital's results for the 2017 financial year?

SA Taxi's 22% growth in headline earnings to R303 million was all organic. With 16% growth in gross loans and advances, increasing net interest margins, strong credit performance, 36% growth in non-interest revenue and the cost-to-income ratio improving to 48.6%, it is evident that SA Taxi's credit, operational and financial performance is robust.

Before taking the business acquisitions into account, TCRS grew headline earnings by 12%, from a 10% increase in revenue and a stable cost-to-income ratio driven by the technological and operational enhancements initiated in 2016, together with aggressive cost containment initiatives. The earnings accretive business acquisitions accelerated this growth, with core headline earnings growing by 39% to R233 million including the effects of the acquisitions.

From a group perspective, core headline earnings grew 26% to R577 million and core headline earnings per share rose 20% to 96.4 cents, diluted slightly by the issue of 28.4 million shares as part of the accelerated bookbuild concluded on 2 February 2017, which raised R419 million.

With high cash conversion rates and lower balance sheet risk, stable capital requirements and the ungeared net position of the group, the improved quality of Transaction Capital's earnings has allowed it to amend its dividend policy to an improved cover ratio of 2 to 2.5 times.

Transaction Capital extended its track record of robust organic earnings growth over the year.

72 FOR DETAILS ON THE GROUP'S DIVIDEND POLICY AND DIVIDEND DECLARATION, SEE THE CHAIRMAN'S REPORT

Despite political instability and the sovereign ratings downgrade in South Africa, the group continued to enjoy uninterrupted access to the debt capital markets. SA Taxi raised approximately R6 billion in debt facilities from 33 separate funding transactions in 2017, which includes securing over R2 billion of debt facilities from DFIs in the United States for the first time. SA Taxi also issued R505 million of Moody's credit-rated and JSE-listed debt via its Transsec 3 securitisation programme. The performance of Transaction Capital's divisions has again demonstrated their defensive character.

**Q:** SA Taxi continued to entrench its position in the vital minibus taxi industry over the year. What were the key developments for the division?

The minibus taxi industry makes the largest contribution to South Africa's economy of all components of the now integrated public transport network. In its role in improving this fundamental mode of public transport, SA Taxi is a key transformation partner and major contributor in the industry value chain. The division facilitates financial inclusion, job creation and economic

transformation by extending developmental credit to black-owned taxi operators, most of whom do not easily qualify for traditional finance. Some nine out of 10 of SA Taxi's clients would not qualify for finance from South African banks.

Since 2008, the division has extended more than R18.6 billion in loans to taxi operators, supporting the creation of an estimated 64 689 SMEs, more than 116 000 direct jobs and a further 194 000 indirect jobs. This social impact is achieved in the context of improving South Africa's public transport infrastructure, as financing taxi operators enables them to replace old and unsafe vehicles with new, safer and reduced emission minibus taxis.

The group is seeing continued growth in the minibus taxi industry due to population growth, increasing commuter density due to urbanisation and a 20% decrease in passenger vehicle sales since 2013. Also, it is the only public transport mode that does not receive government subsidies, unlike bus and rail, and has remained self-sustainable and resilient despite the persistently high unemployment rate. In fact, SA Taxi has seen improving credit metrics through different economic cycles over the past eight years.

Unlike traditional vehicle and asset financiers, SA Taxi provides a full service for operators, with finance accompanied by insurance, retail, maintenance and refurbishment services. Its deep investment and specialisation in the minibus taxi vertical, together with its proprietary telematics data set, stand as key competitive advantages and barriers to entry for competitors.

In June 2017, factions in the industry embarked on mass protest action that was widely reported on. Their frustrations, fuelled by economic pressures, were directed at government for the lack of subsidies and funding, original equipment manufacturers (OEMs) for vehicle price increases, financial institutions for insufficient or costly finance and insurance products, fuel companies, and retail malls for inadequate infrastructure to accommodate minibus taxi ranks.

While SA Taxi did not anticipate the protest, given no evidence of undue stress in its loan book, it immediately intensified its engagement with industry leadership to understand the concerns of its most important constituency, and made a number of concessions to provide immediate relief to its clients. In consultation with the industry, a key concession for SA Taxi was reducing its highest interest rate, despite being well below the regulated maximum interest rate of 33.75% for developmental credit providers, from 28.5% to 26.5% on future loans originated.

65 FOR MORE DETAILS ON FUNDING AND CAPITAL MANAGEMENT, SEE THE Q&A WITH MARK HERSKOVITS, EXECUTIVE DIRECTOR: CAPITAL MANAGEMENT

An unfortunate outcome of reducing the top interest rate is that clients in the highest risk segment have become unviable for finance, thereby impeding SA Taxi's ability to facilitate financial inclusion in this segment. SA Taxi is not a deposit-taking institution and thus raises its debt capital from local banks, asset managers and institutional investors, as well as international DFIs who provide long-term debt in foreign currency, which carries the additional cost of currency hedging. This serves as a major determinant of its cost structure and therefore its pricing. Preserving credit quality by keeping credit extension within defined risk parameters is necessary to sustainably finance the greatest number of clients, to benefit the industry as a whole.

Encouragingly, a direct outcome of the protest action has been deeper collaboration between industry leadership and SA Taxi, who are working together to achieve sustainable benefits for the industry. Initiatives include discussions with OEMs to procure larger quantities of vehicles to be sold directly through SA Taxi's dealership, which will enable it to hold retail prices as low as possible by limiting unnecessary charges and add-ons to vehicles that add no income-producing value.

In addition, SA Taxi and industry leadership are jointly lobbying government to channel funding into the minibus taxi industry, which will support the favourable recapitalisation of the national fleet. Indications are that government is acknowledging the importance of the industry as an integral part of an integrated public transport system, with legislation promulgated to this effect. Given the geographic spread of South Africa's population, long travel distances and the historical under-investment in rail and bus networks, greater focus on integrating minibus taxis signals a positive development.

These combined efforts to secure the effectiveness and sustainability of the industry are expected to have a positive impact on SA Taxi's business over the long term. SA Taxi remains committed to its responsibility to support the overall sustainability of the industry, which creates significant value as an employer and enabler of socio-economic activity.

**Q:** How did Transaction Capital Risk Services' business model support its performance over the year?

TCRS acts as both an agent on an outsourced contingency or fee-for-service (FFS) basis, and as a principal in acquiring and then collecting on NPL portfolios. This diversified revenue model across various consumer credit sectors is central

to the division's defensive positioning, supporting its performance in different market conditions.

As detailed in the chairman's report, South African consumers and SMEs remain under immense pressure. Transaction Capital's Consumer Credit Rehabilitation Index provides empirical evidence to support this contention, showing ongoing deterioration in the national rehabilitation prospects of South African consumers already in a default position.

In this difficult economic environment, TCRS' strategy to deepen its penetration in its traditional market segments (i.e. retailers, specialist lenders and banks) and grow revenue from adjacent sectors has supported its organic earnings growth in South Africa. In 89% of its 231 outsourced collection mandates in South Africa, TCRS is ranked as either the top or second-best recoveries agent. Furthermore, the adjacent insurance, telecommunication and public sectors now contribute 27% of TCRS' local contingency and FFS revenue, compared to 20% in the prior year.

However, the current economic climate and TCRS' data, scale and capital position favour the acquisition of NPL portfolios in South Africa from risk averse clients who prefer an immediate recovery against their NPLs. TCRS acquired 29 portfolios with a face value of R5.2 billion for R356 million during the year. TCRS now owns 195 principal portfolios with a face value of R12.2 billion, valued at R891 million at 30 September 2017.

42 FURTHER STEPS TAKEN BY SA TAXI ARE DISCUSSED IN DETAIL IN THE Q&A WITH TERRY KIER, SA TAXI CEO

72 DETAILS ON THE CHALLENGING OPERATING CONTEXT FACING THE GROUP ARE DISCUSSED IN THE CHAIRMAN'S REPORT

In line with its strategy to buy and develop complementary businesses, TCRS acquired 100% of Recoveries Corporation in Australia, 75% of Road Cover and 51% of The Beancounter in South Africa. These acquisitions will diversify TCRS' earnings over time, by geography and by sector. The operational integration of the three businesses in the year was executed successfully. I am pleased to report that these new businesses in TCRS' portfolio performed to expectation, demonstrating that Transaction Capital's investment criteria are sound.

TCRS continues to seek opportunities to apply its analytics, pricing expertise and capital to the selective purchase of NPL portfolios in a highly fragmented Australian debt collection market. TCRS has also appointed a CEO and CFO of TCRS Australia to focus its intention to seek out opportunities in this market, while supporting Recoveries Corporation in extending its business within adjacent and new market segments.

**Q:** What strategic opportunities are on the horizon for Transaction Capital?

Transaction Capital's strategy is to drive organic growth in each division through deep vertical integration within core and adjacent market segments. As SA Taxi and TCRS gain deeper insight into their respective sectors,

underpinned by a maturing understanding of their social relevance, they are able to identify and create further value for all stakeholders.

This model is supported by the group's conservative approach to acquisitions, with a focus on acquiring and developing established platforms within these core and adjacent market segments. More than R500 million was deployed to fund the business acquisitions made in the year. The R419 million of equity capital raised thereafter has ensured that the group's balance sheet remains well capitalised, liquid and ungeared. With excess capital of around R650 million, the group has the flexibility for immediate cash settlement of any future acquisitions.

SA Taxi will continue to deepen its vertical integration, with new businesses and product offerings in development. The division is expanding its insurance business by broadening its client base and product offering, and further reducing the cost of claims through efficiencies in its auto body and mechanical repair facility. In vehicle retail operations, extending its funding offering to include financing from banks is providing the opportunity to capture additional vehicle sales, attract higher quality clients and offer our stand-alone insurance and tracking services to a wider market.

TCRS will continue its focus on acquiring NPL portfolios, given the economic conditions in South Africa that favour this strategy. In Australia, the division will be exploring the purchasing of NPL portfolios as a principal, extending the hybrid model that has supported its success locally. The division is also focused on growing its fledgling insurance recoveries offering in South Africa and extending Road Cover products directly to consumers. It will continue to pursue opportunities for bolt-on acquisitions to support growth in South Africa's value-added services industry and Australia's debt recoveries industry.

Despite difficult economic conditions, the performance of SA Taxi and TCRS has again demonstrated their defensive character. Robust organic growth of the group's high quality earnings, blended with the returns of the acquired businesses, will position Transaction Capital to continue to increase earnings and dividends in line with past performance.

42 FURTHER DETAILS ON SA TAXI'S PROSPECTS ARE DISCUSSED IN THE Q&A WITH TERRY KIER, SA TAXI CEO

52 FURTHER DETAILS ON TCRS' PROSPECTS ARE DISCUSSED IN THE Q&A WITH DAVID MCALPIN, TCRS CEO