

GROUP PROFILE



Transaction Capital owns businesses that operate in highly specialised and underserved 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
once-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

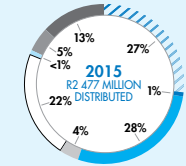
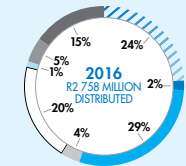
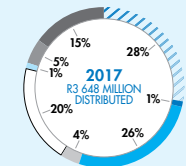
TCRS CONTRIBUTES TO THE
EFFICIENCY AND
EFFECTIVENESS OF
NATIONAL CREDIT
SYSTEMS

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 (Purple)
 Suppliers (Orange)
 Communities (Yellow)
 Shareholders (Light Blue)
 Retained (Dark Blue)

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

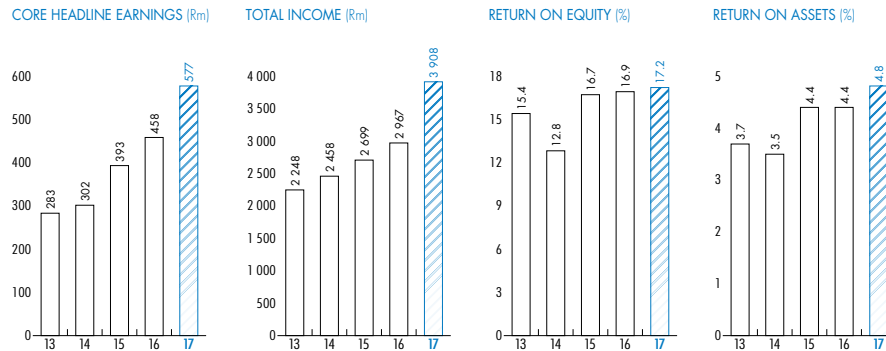
See pages 36 and 46 for the market context in which its divisions operate.

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

1ST OR 2ND
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

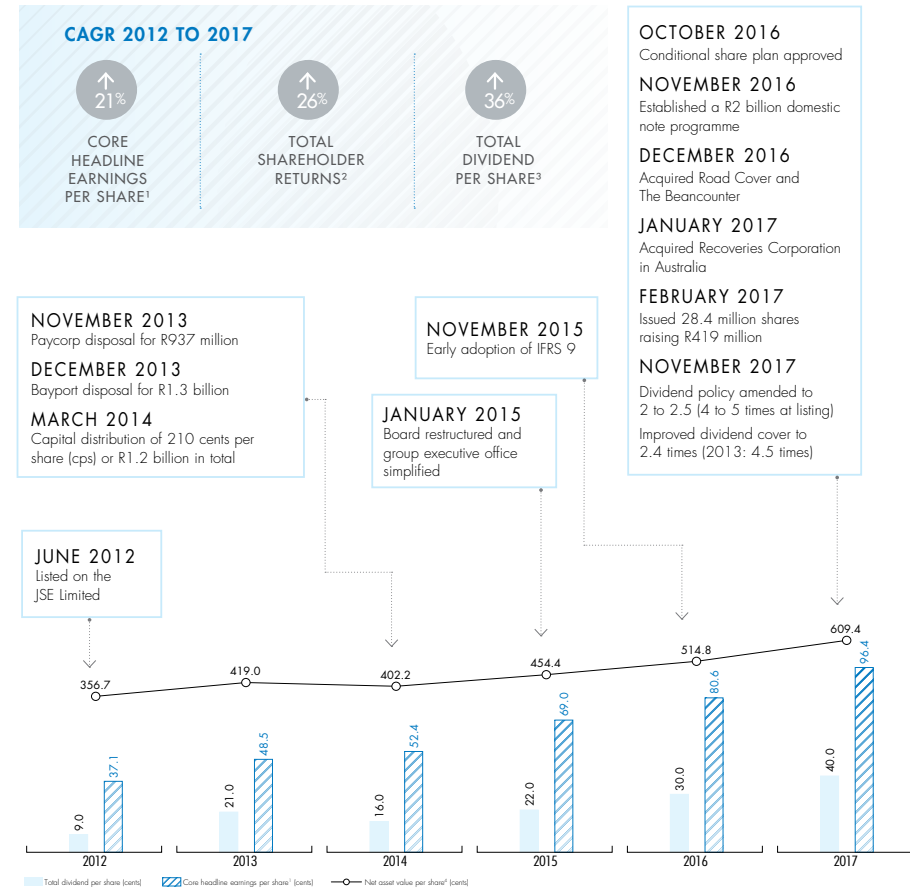
- Moody's awarded a Aaa.za[sf] rating to Transsec 3 senior notes
- Global Credit Ratings Co. reaffirmed Transaction Capital's R2 billion A-[2A] rated JSE-listed domestic note programme

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. 1 2. Sunday Times 'Top 100 Companies over 5 years' 2017.
3. CAGR between 2014 and 2017, excluding the impact of Paycorp and Bayport. 1 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.