

**MACRO- & SOCIO-ECONOMIC ENVIRONMENT IN SA PLACING PRESSURE ON CONSUMERS OVER THE MEDIUM-TERM**  
**HIGHLY RELEVANT BUSINESS MODEL IN A POST COVID-19 ENVIRONMENT**

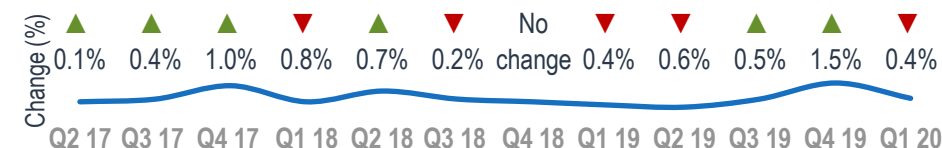
**37 million** ADULTS<sup>1</sup>  
**25 million** CREDIT ACTIVE CONSUMERS IN SA<sup>2</sup>



- **10.7 million** (~40%) NON-PERFORMING CREDIT CONSUMERS<sup>2</sup>
- **HOUSEHOLD DEBT TO INCOME<sup>3</sup> AT 72.7%** (▲ from 71.6% Q2 2018)
- **ELEVATED LEVELS OF UNEMPLOYMENT<sup>4</sup>**
  - Total at **29.1%** in Q3 2019 (▲ from 27.5% Q3 2018)
  - Youth at **58.2%** in Q3 2019 (▲ from 52.8% Q3 2018)
- **INFLATION<sup>5</sup> ▼ to 4.1%** > WAGE GROWTH<sup>4</sup> AT <**4.0%**  
Inflationary pressure an emerging risk
- **INTEREST RATES ▼ | AVERAGE REPO RATE<sup>6</sup> 6.3%** (HY19: 6.7%)
  - Repo rate 5.25% at 31 Mar 2020, 4.25% at Apr 2020
- **CREDIT EXTENSION**
  - Challenging environment strained by COVID-19

Transaction Capital's consumer credit rehabilitation index

**NATIONAL REHABILITATION PROSPECT TRENDS | QUARTER-ON-QUARTER**



Expected COVID-19 effect on TCRS (medium-term)

- Constrained credit extension
- More consumers roll into NPL status
  - › ▲ value & number of NPL Portfolios offered for sale
  - › Conservative approach to acquisition of NPL Portfolios as a principal
  - › ▼ yield in contingency collection mandates
  - › Shift from contingency to FFS

**COVID-19**

**2 Apr 2020** - Changes to regulations of Disaster Management Act stated that “debt collection services” no longer considered “essential service”

- TCRS closed all its call centers to comply with regulations on this date
- The regulations do not preclude “debt collection services” conducted remotely via WFH
- >1 000 agents currently WFH | No compromise to personal safety, data security & technology capability

**Credit rehabilitation is crucial in growing an inclusive & efficient credit economy**

- TCRS is committed to supporting the healthy functioning of credit markets by continuing to restructure & recover NPL portfolios
- COVID-19 will adversely impact consumer credit sector
  - › Lower expected credit yields & reduced credit extension
  - › Place pressure on consumer’s disposable income
  - › “No work – no pay” policies & ▲ unemployment

AUSTRALIAN CONSUMER CREDIT ENVIRONMENT

AUSTRALIAN CONSUMER EMPLOYED BUT HIGHLY LEVERAGED

- 5.2% unemployment (Mar 2020), ▲ unemployment an emerging risk
- Persistently high levels of household debt to disposable income at ~190%, exacerbated by decreasing house prices
- Monthly debt servicing costs at >50% (excluding home loans)
- Aus bush fires placing strain on an already indebted consumer
- ▼ Economic activity due to COVID-19
- Effect of Royal Commission into Banking:
  - › ▼ Sale of NPL Portfolios
  - › ▼ Credit extension

AUSTRALIAN DEBT COLLECTION ENVIRONMENT

- Consumers:
- Predominantly employed, with risk of ▲ unemployment
  - Respond well to non-voice & digital channels & high levels of right party contact
- Market participants:
- ▼ Access to funding
  - ▲ Regulatory compliance
  - ▼ Sale of NPL portfolio
  - Shift towards FFS

FRAGMENTED MARKET COMPRISING ~550 MARKET PARTICIPANTS | EARLY STAGE MARKET CONSOLIDATION

AUSTRALIAN COLLECTIONS MARKET | MARKET SHARE CONCENTRATION

ACQUISITION OF NPL PORTFOLIOS AS PRINCIPAL	61.4%	CONTINGENCY & FFS COLLECTIONS	34.3%
<ul style="list-style-type: none"> <li>• Credit Corp 14.0%</li> <li>• Collection House 12.3%</li> <li>• Pioneer Credit Limited 7.9%</li> <li>• Panthera 4.1%</li> <li>• Recoveries Corp (TCRS) 1.2%</li> </ul>		<ul style="list-style-type: none"> <li>• illion (formerly Dun &amp; BradStreet) 3.5%</li> <li>• Recoveries Corp (TCRS) 3.4%</li> </ul>	
		OTHER COLLECTIONS	4.3%

PRICE OF NPL PORTFOLIOS ACQUIRED PER YEAR

BUYERS OF CONSUMER DEBT IN AUSTRALIA

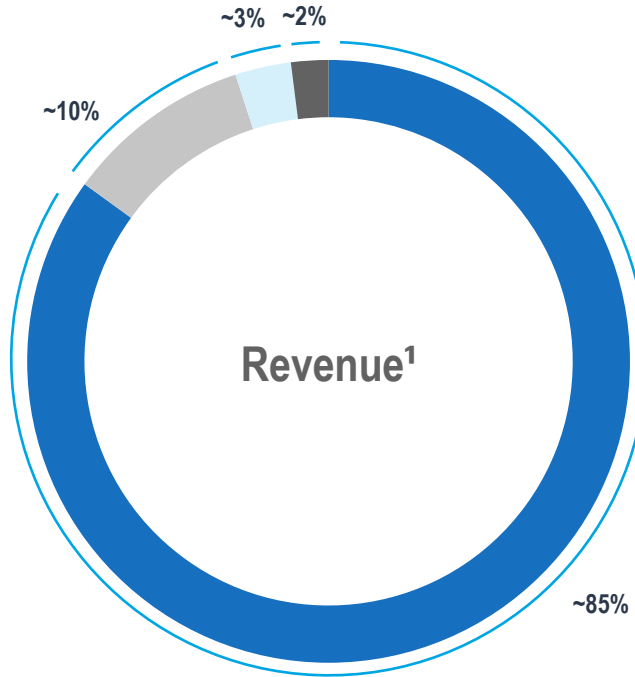


REVENUE OF ~A\$1.2 BILLION FOR 2019

Last updated FY19:  
 Source: IBIS World report "Debt collection in Australia April 2019  
 Transaction Capital estimates per analysis of reported results by companies mentioned above

DIVERSIFICATION SUPPORTS PERFORMANCE IN VARYING MARKET CONDITIONS & REDUCES CONCENTRATION RISK

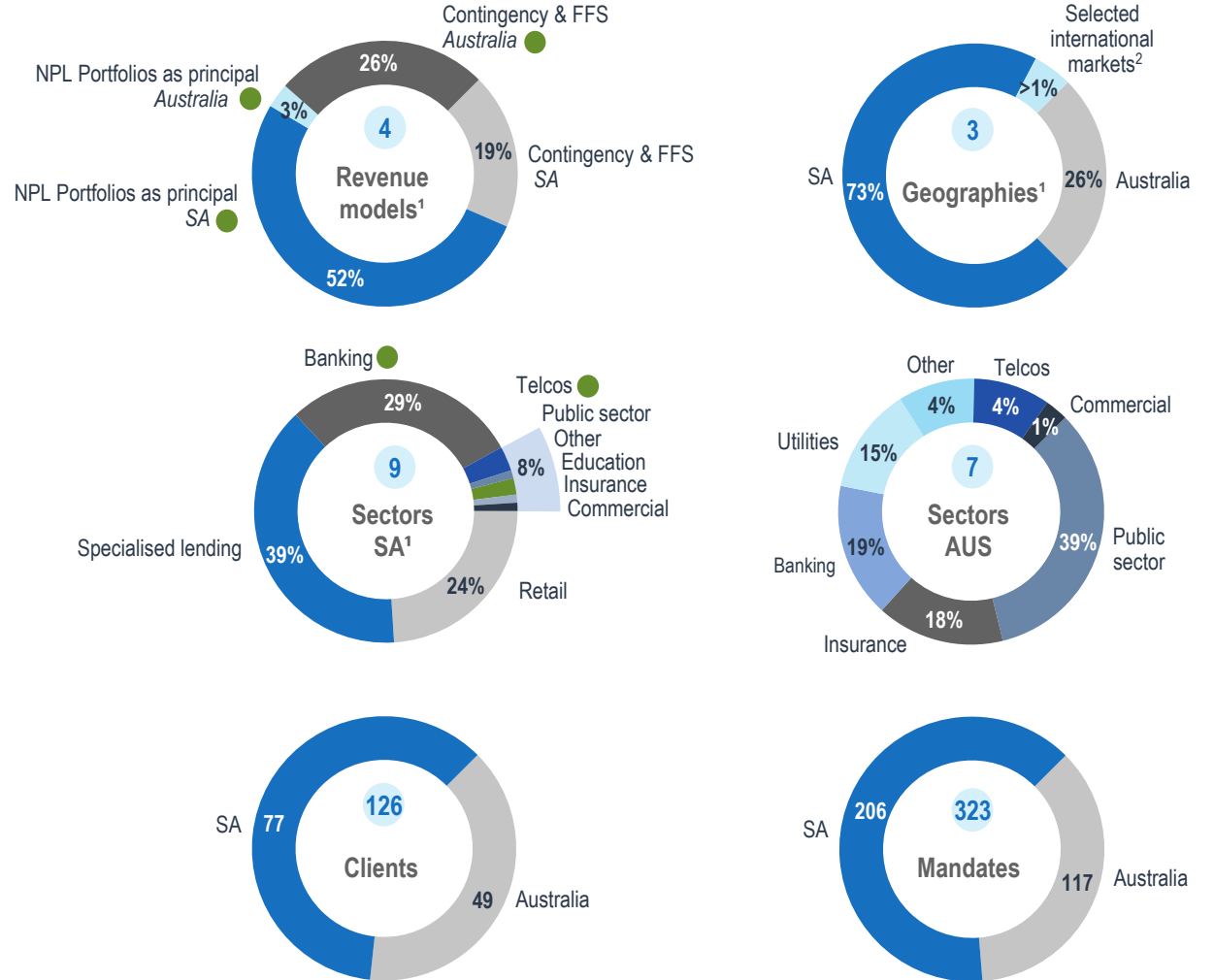
**BUSINESS ACTIVITIES**



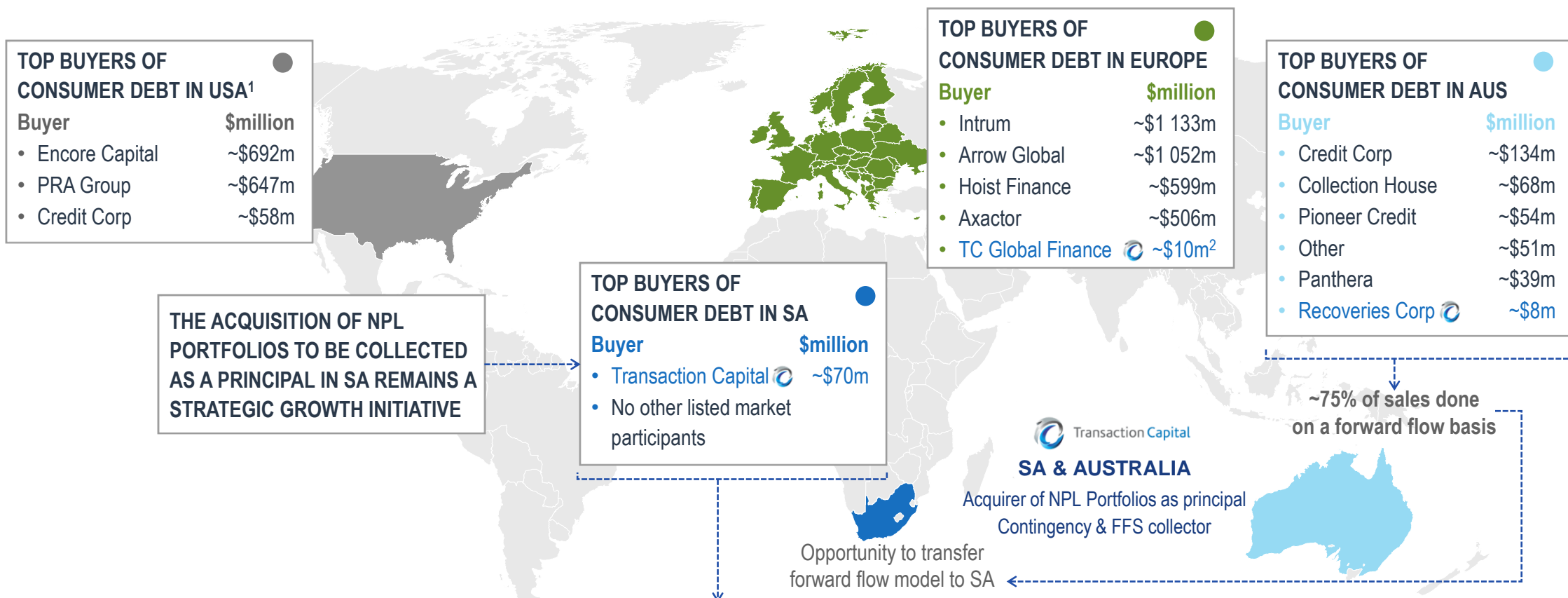
- Collection services
- Transactional services
- Value added services
- Specialised credit

**● Strategic growth initiatives remain valid, with certain deferred to FY21**

**COLLECTION SERVICES DIVERSIFICATION**



1. Approximate revenue composition as at 31 March 2020  
 2. Profit share included in revenue as at 31 March 2020



Underdeveloped & growing sector | TCRS leading the expansion of this market

- New sellers | TCRS educating clients re best practice for sale of NPL Portfolios
- Expanding asset classes | NPL Portfolios sold pre write-off, collected via legal process, sold on bilateral or recurring contractual basis

Current SA economic context

- Difficult consumer credit environment leading to constrained credit extension & lower volumes handed over
- Consumers expected to go into non-performing loan status post COVID-19, presenting an opportunity to collect as an agent or acquire NPL portfolios to be collected as a principal

Last updated FY19:

- Source: Debt Sale Market Update - the changing buying landscape report by Bravure Group 21 August 2019
- All amounts reflected in \$ millions unless stated otherwise | 1.47 AUD to 1 USD conversion rate as at 18 August 2019 | 15.17 ZAR to 1 USD conversion rate as at 30 September 2019 | 0.91 EUR to 1 USD conversion rate as at 30 September 2019
  1. Transaction Capital's approach to enter into the select international markets excludes the USA
  2. Total invested to date as at 31 March 2020 | 1.10 EUR to 1 USD conversion rate as at 31 March 2020

**TCRS's PROPRIETARY DATA**

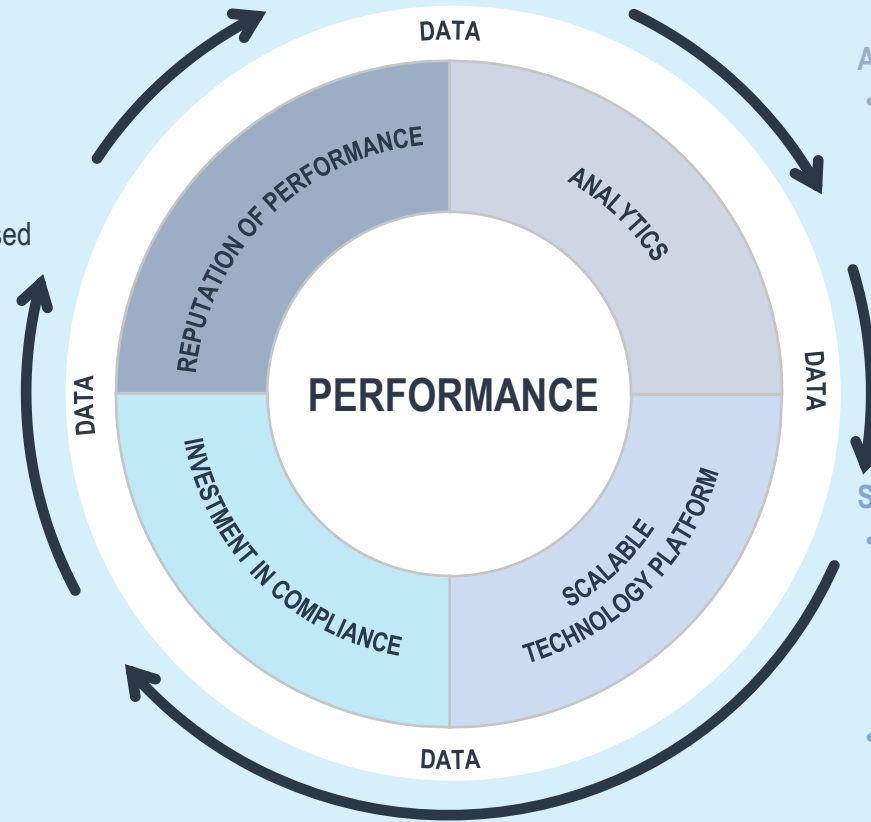
- Database of SA's distressed consumers
- Continuously enriched (with collection & ContactAbility results)

**REPUTATION OF PERFORMANCE**

- Only local listed industry participant
- Diverse range of local & international stakeholders
- Ranked as best or 2<sup>nd</sup> best in **93%** of mandates in SA<sup>1</sup>
- Management & business information providing customised value add insights to clients, allowing TCRS to win more mandates

**INVESTMENT IN COMPLIANCE**

- Fair treatment of our clients' customers
- Compliant with legislation
- Active membership across various professional bodies
- Benchmarking against international best practice



**ANALYTICS**

- Predictive & layered voice analytics to determine:
  - › Propensity to pay
  - › Right time to call
  - › Right day to pay
  - › Dynamic matter prioritisation
  - › Optimised campaign
  - › Veracity of Promise to Pay

**SCALABLE TECHNOLOGY PLATFORM**

- Dialer enhances scale of ContactAbility
  - › Enabled over any omni-channel
  - › ~**44 million** outbound calls per month (▲ **19%**)
  - › ~**7.5 million** voice interactions per month (▲ **9%**)
  - › ~**660 000** payments received per month
- Workforce management enables
  - › Flexible work-hour scheduling
  - › ▲ talk time, activations
  - › ▼ staff turnover, cost of collection

1. In South Africa TCRS ranks 1st or 2nd in 93% of our ranked mandates. In Australia Recoveries Corp is ranked 1st or 2nd by clients in 86% of banking, government & commercial mandates