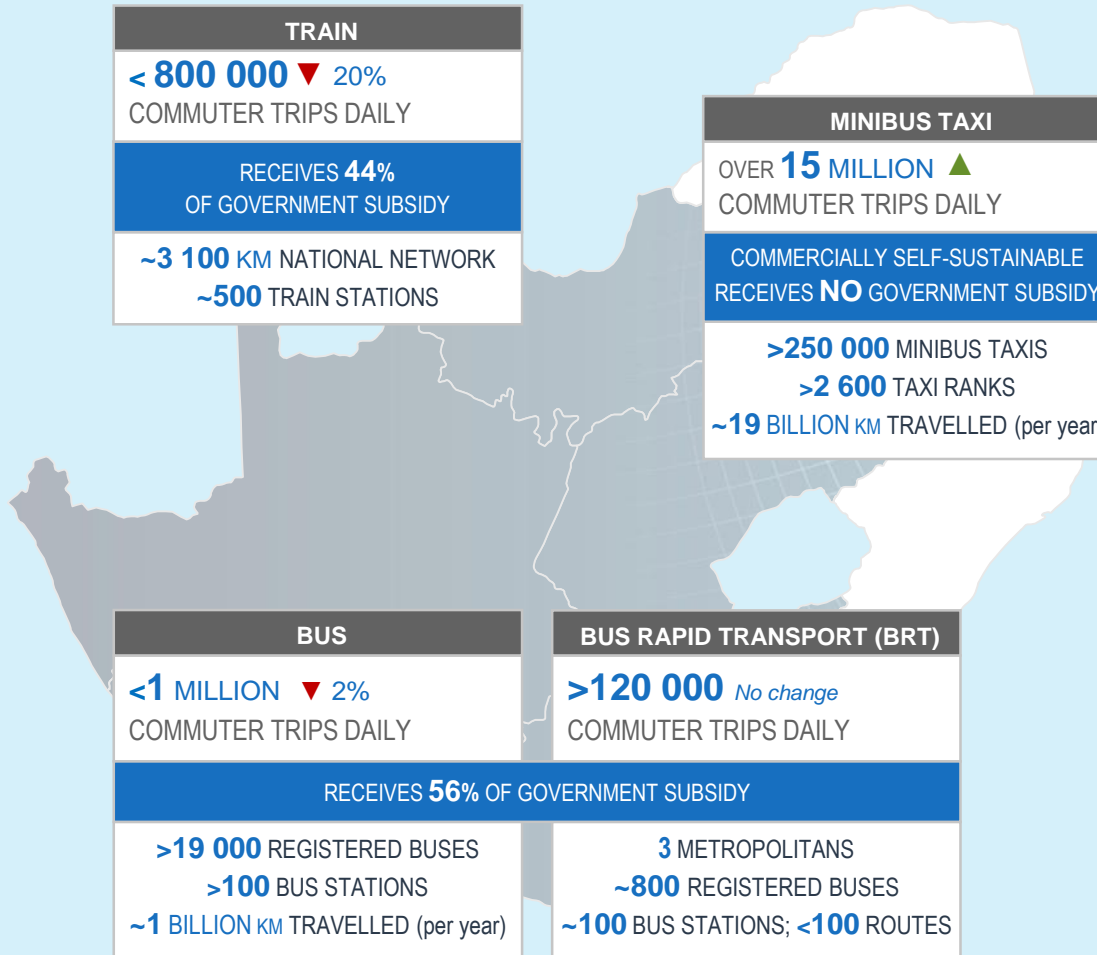


ENVIRONMENT & MARKET CONTEXT

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)
- 75% of all work & educational public transport trips
- Population growth since 2013 (▲ 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 ▼ 21% (HY13 to HY19)

ENVIRONMENT FOR MINIBUS TAXI OPERATORS

MINIBUS TAXI OPERATORS REMAIN RESILIENT IN A CHALLENGING ECONOMIC ENVIRONMENT

CHALLENGING ENVIRONMENT

VEHICLE PRICES

R444 200¹ → **~R2 300**

TOYOTA SESFIKILE (DIESEL)
PRICE Since FY15: ▲ 22%

IMPACT ON MONTHLY
INSTALMENT

INTEREST RATES

6.7%

AVERAGE REPO RATE³

HY18: 6.8%

23.7%

AVERAGE INTEREST RATE
AT ORIGATION

Since FY15: ▼ <0.1%

~R25

IMPACT ON MONTHLY
INSTALMENT

FUEL PRICES

R15.20 per litre²

▲ 12% PETROL PRICE
(12 MONTH AVERAGE)

R13.95 per litre²

▲ 18% DIESEL PRICE
(12 MONTH AVERAGE)

HY18: R13.54

HY18: R11.78

FUEL LEVIES

▲ 12% PER YEAR SINCE 2008

TAX PER LITRE PURCHASED > 35%

MINIBUS TAXI SCRAPPING ALLOWANCE | ▲ 36% to R124 000

INDUSTRY RESPONSE

- Fares ▲ July 2018
- Considering fares ▲ July 2019
- Better **asset utilisation & productivity**

▲
OPERATOR INCOME
AT ORIGATION

SA TAXI'S RESPONSE

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

STRUCTURAL ELEMENTS SUPPORT INDUSTRY RESILIENCE

→ DOMINANT & GROWING MODE OF PUBLIC TRANSPORT
(Competitively priced; convenient; accessible)

→ INCREASING COMMUTER DENSITY DUE TO URBANISATION

→ NEW PASSENGER VEHICLE SALES ▼ 21% (HY13 to HY19)

→ COMMERCIALY SELF-SUSTAINABLE (Receives NO government subsidy)

→ INTEGRATED COMPONENT OF PUBLIC TRANSPORT NETWORK

→ CONTINUED HIGH LEVELS OF UNEMPLOYMENT >27%

→ SPEND BY COMMUTERS ON PUBLIC TRANSPORT
IS NON-DISCRETIONARY

→ DEMAND FOR MINIBUS TAXI VEHICLES > SUPPLY

- › Ageing national fleet requiring replacement & recapitalisation
- › Driving higher demand for vehicles that are reliable & efficient



- No incentive to ▲ credit risk appetite to ▲ approvals, 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 31 March 2019

2. www.energy.gov.za: 12 month rolling average petrol price (March 2018 to March 2019) | 3. Average Repo rate for half year ending 31 March 2019 & 2018

ENVIRONMENT FOR MINIBUS TAXI OPERATORS

FUEL PRICE INCREASES PARTIALLY ABSORBED BY COMMUTERS THROUGH FARE INCREASES IN 2018
FURTHER INCREASES CURRENTLY UNDER CONSIDERATION BY INDUSTRY

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

Results in more frequent fare increases

- Fuel prices high (2% below October 2018 record high)
- Vehicle prices high
- In some regions fares were increased twice in 2018, compared to once a year historically

MPUMALANGA

~ **80** routes selected
AVERAGE FARE INCREASE ▲ **9%**

NORTH WEST

~ **65** routes selected
AVERAGE FARE INCREASE ▲ **23%**

GAUTENG INCLUDING SOWETO

~ **240** routes selected
AVERAGE FARE INCREASE ▲ **15%**

EASTERN CAPE

~ **130** routes selected
AVERAGE FARE INCREASE ▲ **14%**






KWA-ZULU NATAL

~ **250** routes selected
AVERAGE FARE INCREASE ▲ **10%**

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	Uber
Accessibility	On route	Station & scheduled	Scheduled stops	Scheduled stops	E-hail
Affordability 2016	R12.00	R8.50	N/A	R13.30	~R240.00
Increase	17%	12%		2%	8%
Affordability 2017	R14.00	R9.50	R14.80	R13.50	~R260.00
Increase	14%	0%	20%	11%	8%
Affordability 2018	R16.00	R9.50	R17.80	R15.00	~R280.00
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	On demand
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 | Uber SA app

SA TAXI IMPACT

DELIVERING SHARED VALUE FOR THE INDUSTRY

SME EMPOWERMENT

BLACK OWNED SMEs | **100%** | WOMEN OWNED SMEs¹ | **25%** | UNDER THE AGE OF 35 YEARS¹ | **21%**

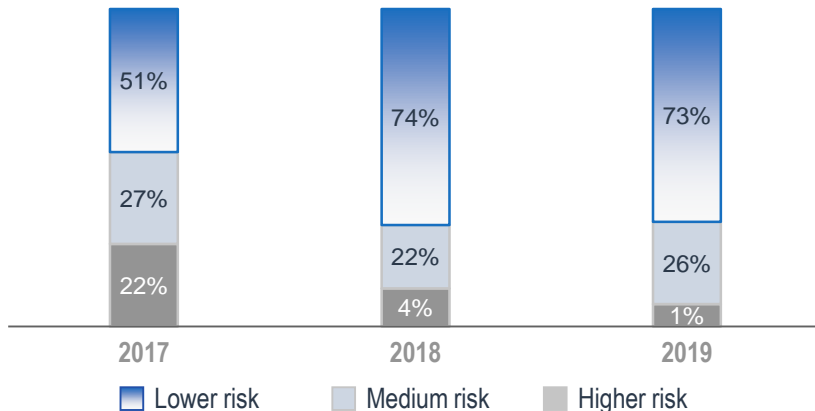
SUSTAINABLE JOB CREATION

DIRECT JOBS PER TAXI VEHICLE | **~1.8** | DIRECT JOBS CREATED BY SA TAXI'S FLEET SINCE 2008 | **>138 000**

~600 000 | INDIRECT JOBS ENABLED BY THE MINIBUS TAXI INDUSTRY² | DIRECT JOBS CREATED BY SA TAXI'S FLEET IN HY19 | **>7 000**

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

NEW ORINATION VOLUMES BY RISK GRADE



ECONOMIC TRANSFORMATION & INCLUSIVE GROWTH

DEVELOPMENTAL CREDIT ACHIEVING INCLUSIVE GROWTH

R1.9 BILLION
LOANS ORIGINATED
CREATING
4 262
SMEs IN HY19

R23.8 BILLION
LOANS ORIGINATED
CREATING
76 685
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 | **22.8%**

HEADLINE EARNINGS HY19⁴ | **▲31%**

DEVELOPING PUBLIC TRANSPORT INFRASTRUCTURE

4 262

RELIABLE NEW & PRE-OWNED MINIBUS TAXIS ON THE ROAD IN HY19

ENVIRONMENTAL SUSTAINABILITY

9.8%

ABATEMENT ON CARBON EMISSIONS³

COMMUTER EXPERIENCE

REPLACEMENT OF AGED MINIBUS TAXI FLEET

1. On HY19 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
4. SA Taxi grew headline earnings by 31% for HY19, Transaction Capital's attributable portion grew 22%