



Transaction Capital

# 2016 INTERIM RESULTS

FOR THE HALF YEAR ENDED 31 MARCH

# HIGHLIGHTS 2016

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH

- Robust financial performance
  - › 19% organic growth in headline earnings & headline earnings per share
  - › Continued improvement in credit metrics
  - › Early adoption of IFRS 9
- Strategic positioning of operating divisions
  - › Occupy leading market positions
  - › Highly defensive businesses
  - › Experienced & skilled management teams
  - › Platforms to develop new products & expand into new markets
- Deployment of capital
  - › Conservative & liquid balance sheet in a challenging South African economy
  - › Reinvesting into organic capital deployment opportunities within existing divisions
  - › Acquisitions search continues, expected within existing divisions & skills set
  - › Vertical integration: establishment of autobody repair facility & dealership
  - › Expansion into new adjacent markets: launch of Zebra Cabs, a point-to-point metered taxi business

# ENVIRONMENTIT 2016

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH

## MACRO-ECONOMIC ENVIRONMENT

- Macro- & socio-economic challenges continue to constrain growth in South Africa
  - › **Political:** political instability & potential sovereign rating downgrade
  - › **Social:** persistent low employment levels with little or no real wage growth; continued protest action & social unrest
  - › **Economic:** currency related inflation; drought-related food inflation; increased interest rates, higher electricity & fuel costs
- Consumer & SME sector of economy remains vulnerable
  - › Household debt-to-disposable income ratio remains at elevated levels with debt-service costs increasing

## CAPITAL MARKETS

- Local funding market characterised by:
  - › Constrained liquidity
  - › Issuers paying a premium to access reduced local funding pools
- SA Taxi has enjoyed uninterrupted access to debt capital markets

## REGULATORY ENVIRONMENT

- SARB proposal for authenticated collections to replace existing NAEDO/AEDO
- DTI proposals re caps on credit life insurance pricing & NCR's regulations re affordability assessments, prescription, caps on interest rates & fees
  - › SA Taxi: unaffected by these changes or proposals
  - › Risk services: regulations not conducive to credit extension & in medium term may impact volume of matters handed over. TCRS continues to expand into non-NCA regulated adjacent markets, including public sector, telecommunications & insurance sectors

Defensive positioning enables Transaction Capital to grow earnings despite a challenging & low growth South African economic environment

## **ASSET-BACKED LENDING**

- Minibus taxi infrastructure remains the dominant form of public transport
- Commuters' use of taxis remains consistently high as spend on transport is non-discretionary
- Taxi operator not over-indebted
- Demand for vehicles & finance to replace ageing national minibus taxi fleet exceeds supply

## **RISK SERVICES (TCRS)**

- Adverse environment stimulates demand from new and existing clients for collection & related credit risk management services
- Increased number of non-performing portfolios available to acquire

# STRATEGY & PROSPECTS 2016

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH

# TRANSACTION CAPITAL GROUP FOR THE SIX MONTHS ENDING 31 MARCH 2016

TRANSACTION CAPITAL LIMITED – CEO: David Hurwitz, group tenure: **11 years** | employees: **3 822** | headline earnings: **R210m**

## ASSET-BACKED LENDING

CEO: Terry Kier  
Group tenure: 9 years

HEADLINE EARNINGS **R120m**<sup>1</sup> (▲ 21%)  
GROSS LOANS & ADVANCES **R6 688m** (▲ 12%)  
EMPLOYEES **734**



Vertically integrated provider of finance, insurance & other related products using credit assessment, collections & capital management competencies. Operational competencies include vehicle & spare parts procurement (Taximart), direct vehicle sales (SA Taxi Direct), vehicle refurbishment (Taximart), insurance (SA Taxi Protect) & telematics. SA Taxi also applies these competencies to finance bakkies (SA Bakkie) & point-to-point metered taxis (Zebra Cabs) as income-producing assets for SMEs

## RISK SERVICES

CEO: David McAlpin  
Group tenure: 8 years

HEADLINE EARNINGS **R70m** (▲ 15%)  
PRINCIPAL REVENUE ▲ 9% AGENCY REVENUE ▲ 6%  
EMPLOYEES **3 066**



A technology led, data analytics driven provider of customer management & capital solutions, enabling our clients to effectively manage their customers through their lifecycle

1. Headline earnings attributable to the business, including minority interest



# TRANSACTION CAPITAL'S ASSET-BACKED LENDING DIVISION

## SA Taxi

*is an asset-backed lender that  
utilises its proprietary data  
& vertically integrated specialist  
capabilities to extend  
developmental credit for  
income generating vehicles,  
insurance & allied services  
to the underserved &  
emerging SME market*

A unique blend of vehicle procurement, sales, repossession & refurbishment capabilities, with comprehensive insurance competencies & debt & equity capital management skill

Deepening our clients' access to financial services

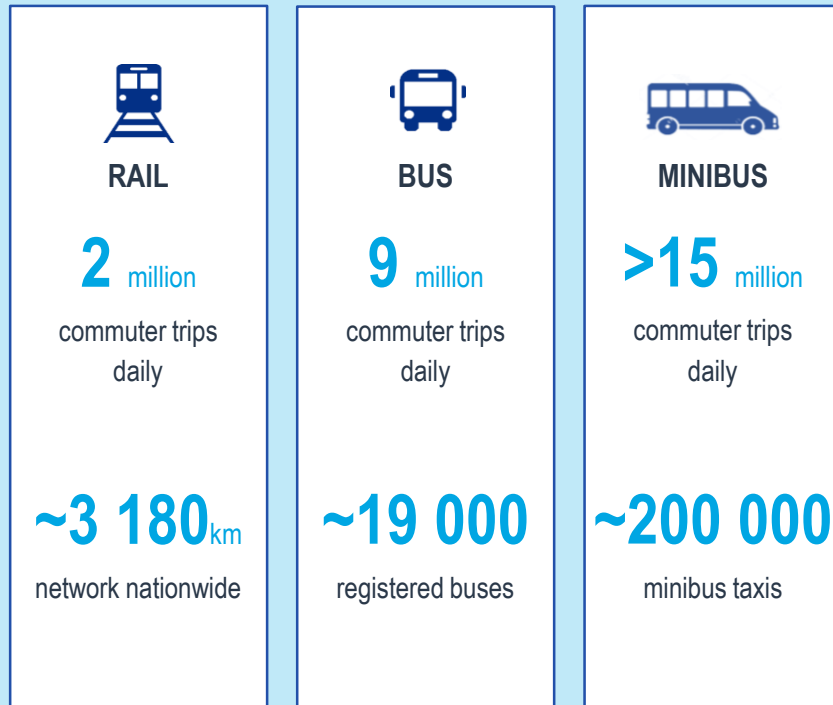
Business support to SMEs that may not otherwise have access to credit from traditional banks, thereby facilitating SME growth

Generating in-depth client insight via granular telematics, credit, vehicle & other data to enable precise & informed credit origination & collection decisioning

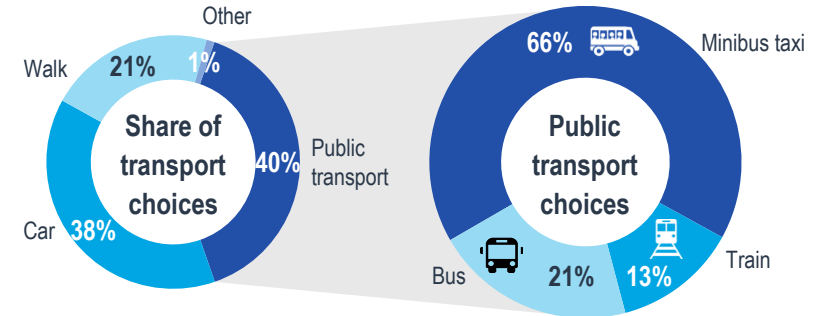
Predominantly minibus taxis but also leveraging existing competencies in adjacent markets including bakkies used by SMEs & metered point-to-point taxis

Assisting our SME clients to maximise cash flow & protect their income producing vehicles thus improving their ability to succeed

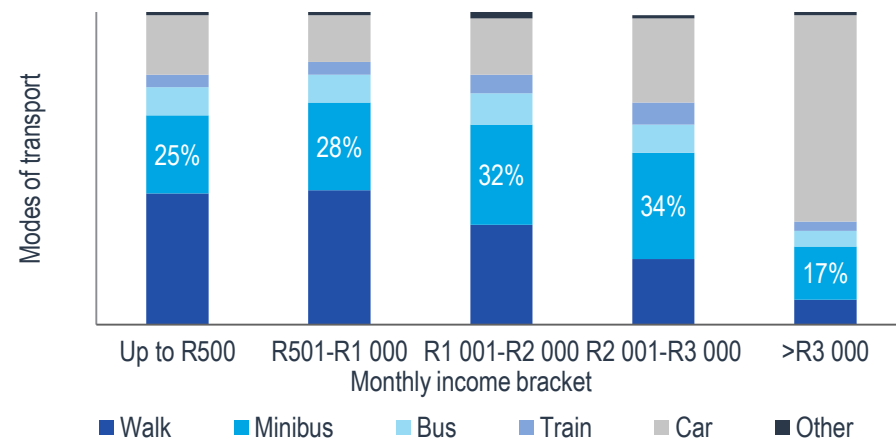
# MINIBUS TAXIS ARE THE DOMINANT MODE OF PUBLIC TRANSPORT



- The majority of commuters who utilise public transport are heavily reliant on minibus taxis
- Usage of minibus taxis has been consistently high throughout the industry's existence & shows no sign of slowing
- Minibus taxi transport is a non-discretionary expense for the majority of the nation's commuters



The public transport system remains the dominant mode of transport in SA & 66% of those who utilise public transport choose to use minibus taxis

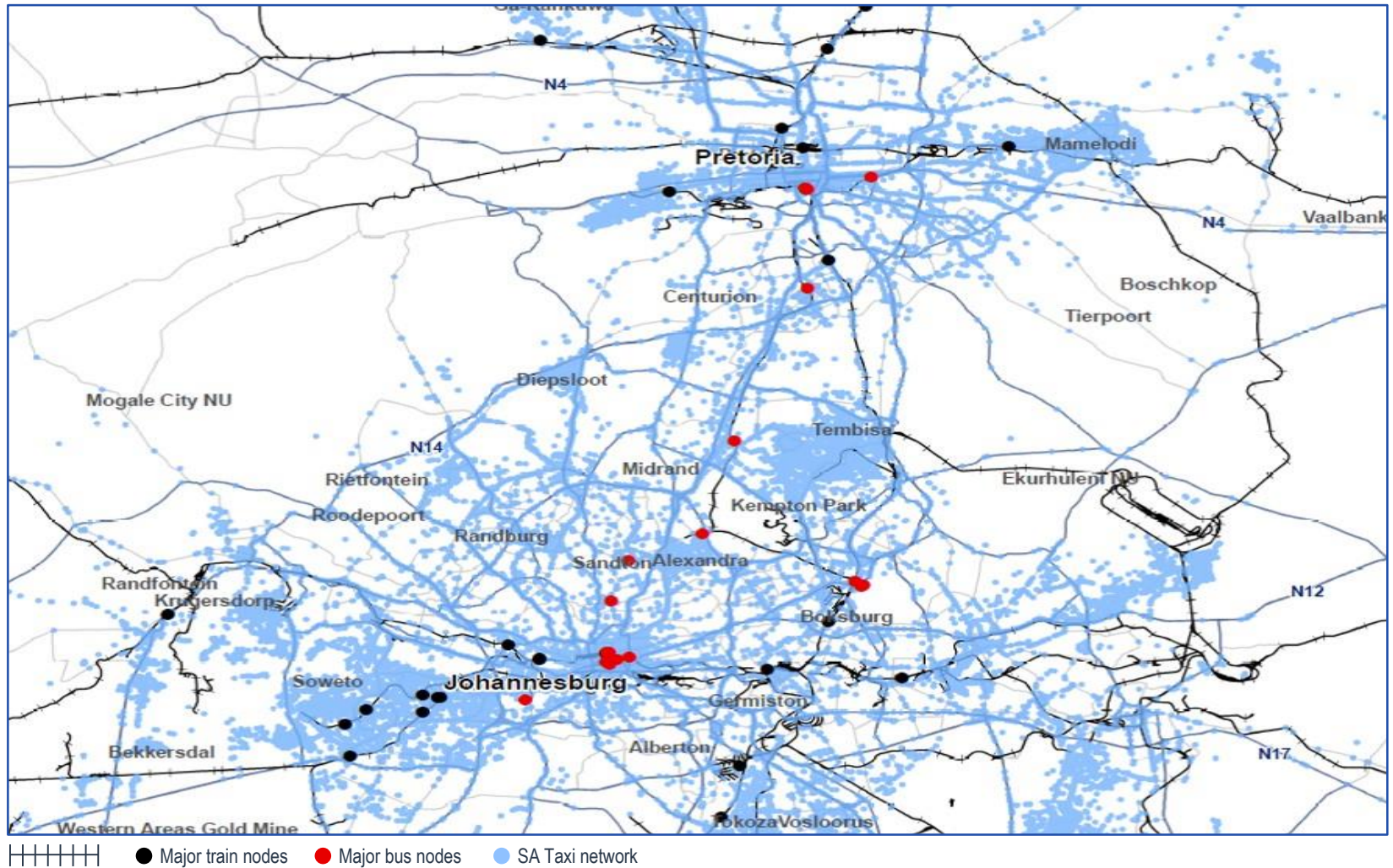


With over 50% of the South African population earning under R3 000 monthly, walking & minibus taxis are their main modes of transport

Source: National Land Transport Strategic Framework 2015 | Passenger statistics from Arrive Alive & StatsSA noting individuals can take more than one mode of transport | SABOA website

# DAILY COMMUTERS RELY ON MINIBUS TAXIS

## Minibus taxis service rail & bus nodes



Source: SA Taxi telematics data as at 1 April 2016 | National Land Transport Strategic Framework 2015



“The minibus taxi industry is today the most critical pillar of our public transport sector”

Arrive Alive

# DEMANDS FOR VEHICLES EXCEEDS THE CURRENT SUPPLY

- Estimated fleet of >200 000 minibus taxis in South Africa, with ~70 000 to 80 000 financed
- ~135 000 (68%) are old & unsafe vehicles that need to be replaced
- Ageing fleet & recapitalisation drives higher demand for vehicles & consequently a need for finance
  - › Per the National Land Transport Act a minibus taxi must be scrapped after 7 years
  - › Natural churn in the market as a result of high usage

## New minibus taxi sales in South Africa

Toyota is the most prevalent vehicle type in the minibus taxi industry, followed by Nissan

Vehicle type	New vehicle sales per month	SA Taxi's market share
Toyota Sesfikile	~720	37%
Nissan NV350	~200	18%
Chinese manufactured	~100	0%
Mercedes Sprinter	~70	22%

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

Source: Arrive Alive | National Land Transport Strategic Framework 2015 | Department of Transport Minister Dipuo Peters address at National Council of Provinces | Transport budget vote NCOP 2015/16 | Engineering News

## DEEPENING ACCESS TO DEVELOPMENTAL CREDIT, & FINANCING UNDER-SERVED & EMERGING SMEs WHO WOULD OTHERWISE REMAIN OUTSIDE THE FORMAL ECONOMY

### IN SOUTH AFRICA

~ **200**'000

minibus taxis account for <sup>1</sup>

**69%**

of all household trips <sup>1</sup>

**70**'000-**80**'000

taxis financed <sup>2</sup>

**80**'000-**90**'000

taxis insured <sup>2</sup>

~ **17**'000

metered taxis <sup>3</sup>

### OUR PORTFOLIO

**R6.7** billion

currently financed

**21 479**

unique clients owning 25 591 vehicles

**23 800**

currently insured

**1 in 3**

of financed national taxi fleet

**100%**

Black owned SMEs

**20%**

women

### RESULTING IN

**>15** million

commuter trips daily <sup>1,2</sup>

**37%**

new Toyota sales for Toyota Sesfikile  
minibus taxi originated by SA Taxi

**>6 000**

safer minibus taxis on our roads  
in 2015, new & pre-owned

**>1 900**

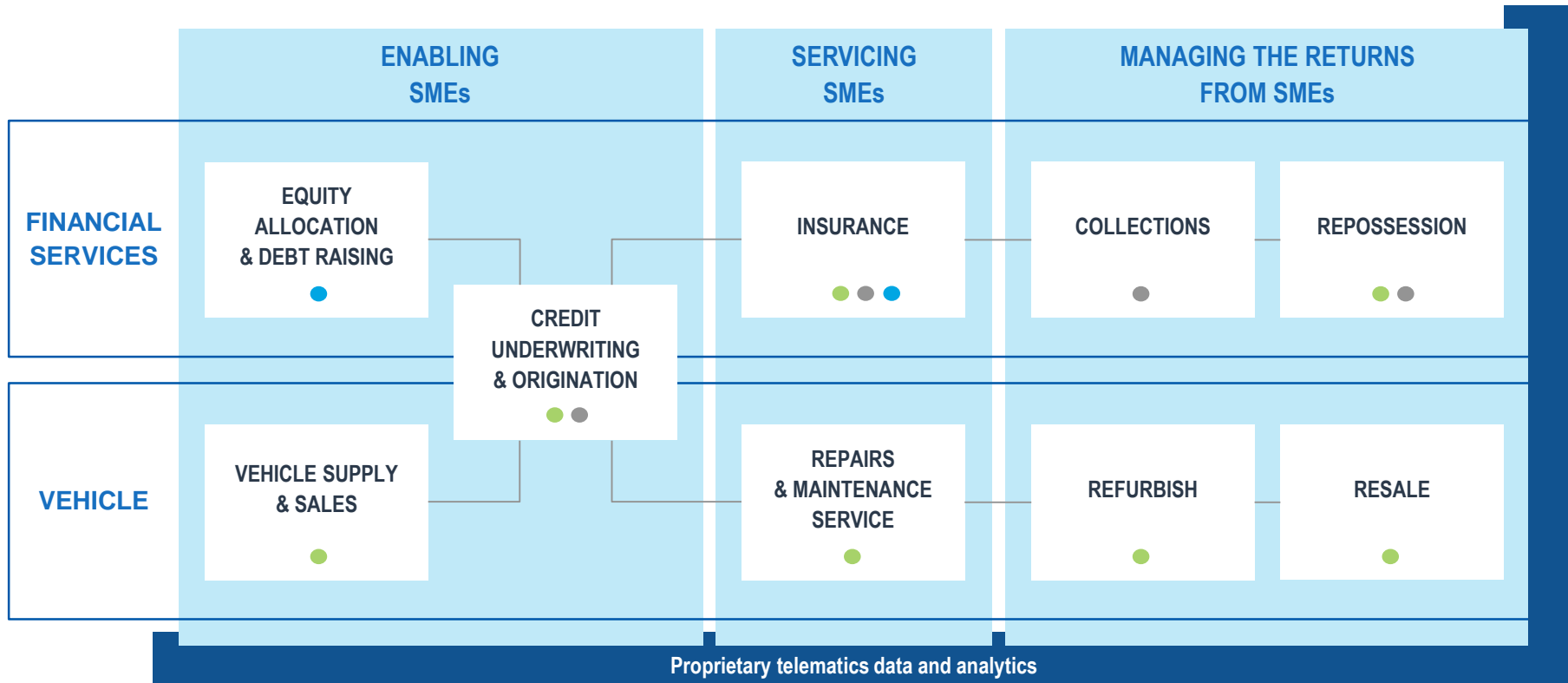
SMEs created through  
the refurbishment & financing  
of pre-owned vehicles in 2015

1. StatsSA National household travel survey 2013

2. SA Taxi's best estimate through our engagement with the industry & extrapolation of internal data

3. Desktop Research & Taxi Operator Interviews – Step 2015

# ASSET-BACKED LENDING DISTINCTIVE COMPETENCIES



- Proven & diversified funding structures whereby allocated equity is geared with local and international debt, to achieve risk-adjusted returns
- Ability to procure, repossess, refurbish & sell new & pre-owned vehicles including: Toyota minibus, Hilux & Corolla, Nissan minibus & Mercedes Benz long-distance minibus
- Proprietary telematics data used throughout the value chain provides critical insights for business decisions
  - Origination: Data applied into credit vetting process to better understand credit risk & route profitability
  - Collections: Data informs how collections agents interact with the taxi operator
  - Insurance: Historical data is used to accurately price the insurance risk & live data is applied to identify no movement which may indicate an insurance claim
  - Repossessions: Live location data aids the repossession process

# ASSET-BACKED LENDING DISTINCTIVE COMPETENCIES

## FINANCE



## SA TAXI PROTECT



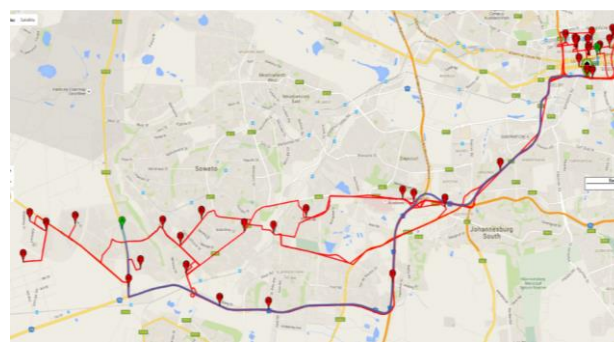
## SA TAXI DIRECT



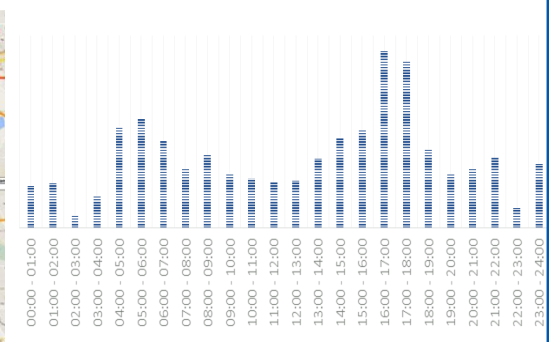
## TAXIMART



## PROPRIETARY TELEMATICS DATA USED THROUGHOUT THE VALUE CHAIN




Approved route vs. route actually travelled



Distance travelled on an hourly basis



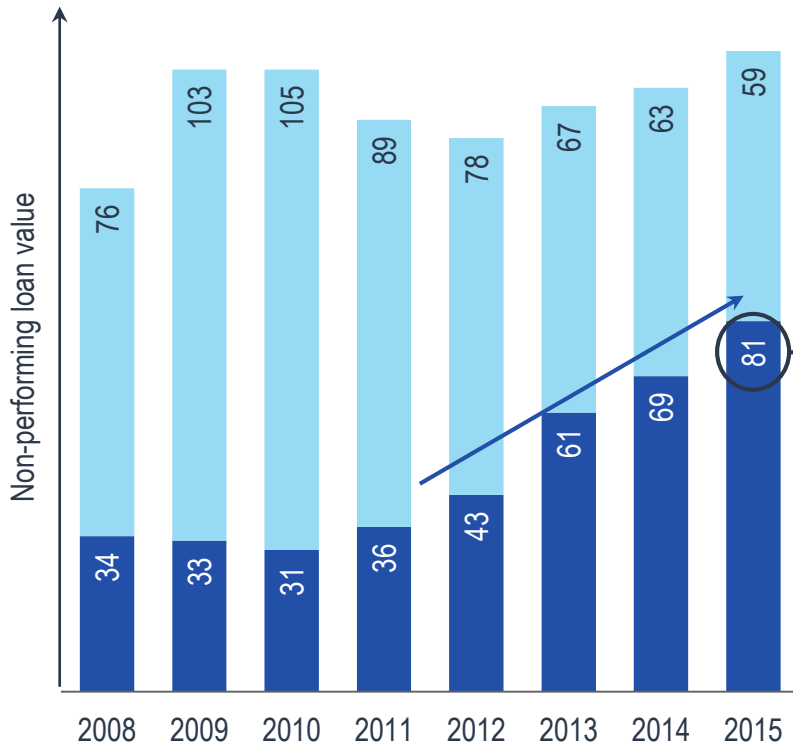
# ASSET-BACKED LENDING LOOKING FORWARD

		FIXED ROUTE (MINIBUS TAXI)	POINT-TO-POINT (METERED TAXI)	SME (BAKKIE)
		<b>LEVERAGE EXISTING CAPABILITIES IN ADJACENT UNDER-SERVED MARKET SEGMENTS</b> 		
		<i>Leading market position encompassing the entire value chain within the minibus taxi industry</i>	<i>Apply existing capabilities &amp; develop associated competencies</i>	<i>Further develop bakkie offering to SMEs, building on successful pilot</i>
<b>VALUE CHAIN</b>	<b>EQUITY ALLOCATION &amp; DEBT RAISING</b>	✓	✓ Equity capital allocated	✓
	<b>VEHICLE SUPPLY &amp; SALES</b>	SA Taxi's dealership established to procure & sell new & pre owned vehicles including: Toyota minibus, Nissan minibus & Mercedes long-distance minibus Toyota Corolla Mercedes customised metered taxi Toyota Hilux bakkie Intention to increase proportion of vehicles procured & sold, & loans originated directly via SA Taxi's dealership		
	<b>CREDIT UNDERWRITING &amp; ORIGINATION</b>	✓	✓	✓
	<b>INSURANCE</b>	Intention to increase & enhance non-financed insurance portfolio	✓	✓
	<b>COLLECTIONS &amp; REPOSSESSION</b>	✓	✓	✓
	<b>REPAIRS, MAINTENANCE &amp; REFURBISHMENT</b>	Established dedicated refurbishment & auto body repair facility		

Proprietary telematics data and analytics



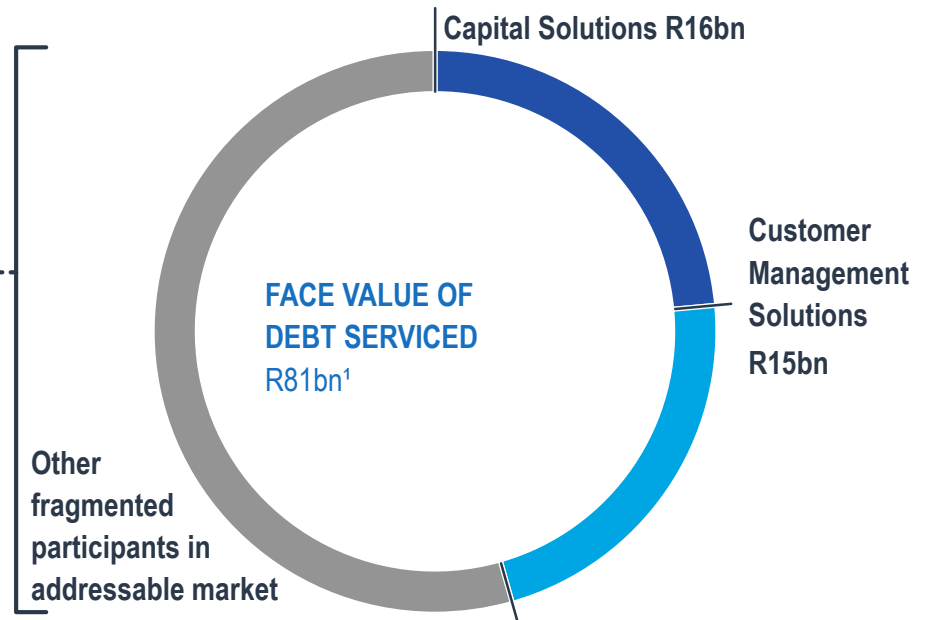
# A GROWING NON-PERFORMING LOANS MARKET IN SOUTH AFRICA



## NON-PERFORMING LOAN MARKET SIZE & GROWTH (Rbn)<sup>2</sup>

- MBD target market 2008 - 2015 CAGR: 13%
- Mortgages & vehicle finance 2008 - 2015 CAGR: -4%

› **162** BOOKS PURCHASED since 1999



› **We rank 1<sup>st</sup> or 2<sup>nd</sup>**

by our clients in 78% of 240 MANDATES (▲ 33%) on panels where we are represented



1. R81bn comprises credit monitored by the NCR. Transaction Capital Risk Services industry solutions also include SMEs, education, insurance, Public Sector, telecommunications & SOEs & Utilities  
 2. Source: NCR

# TRANSACTION CAPITAL RISK SERVICES



## ENSURES A HEALTHY SOUTH AFRICAN CONSUMER CREDIT ENVIRONMENT

### IN SOUTH AFRICA

there are 35 million ADULTS [aged 15-65]

**24** million

ACTIVE CREDIT CONSUMERS

**10** million

NON-PERFORMING CREDIT CONSUMERS

**>11** million

South Africans described as "OVER-INDEBTED"  
(it was 5 million in 2013)

**86%**

OF SOUTH AFRICANS  
borrowed money between 2013 and 2014

**2014**

South Africans were  
the biggest borrowers in the world,  
World Bank report

### OUR PORTFOLIO

**4.4** million

UNIQUE MBD CUSTOMERS

**1** in **8**

SOUTH AFRICAN ADULTS

**1** in **5**

CREDIT-ACTIVE PEOPLE

**1** in **2**

NON-PERFORMING CREDIT CONSUMERS

### RESULTING IN

**2 700**

COLLECTION AGENTS

**4.2** million

VOICE INTERACTIONS  
each month

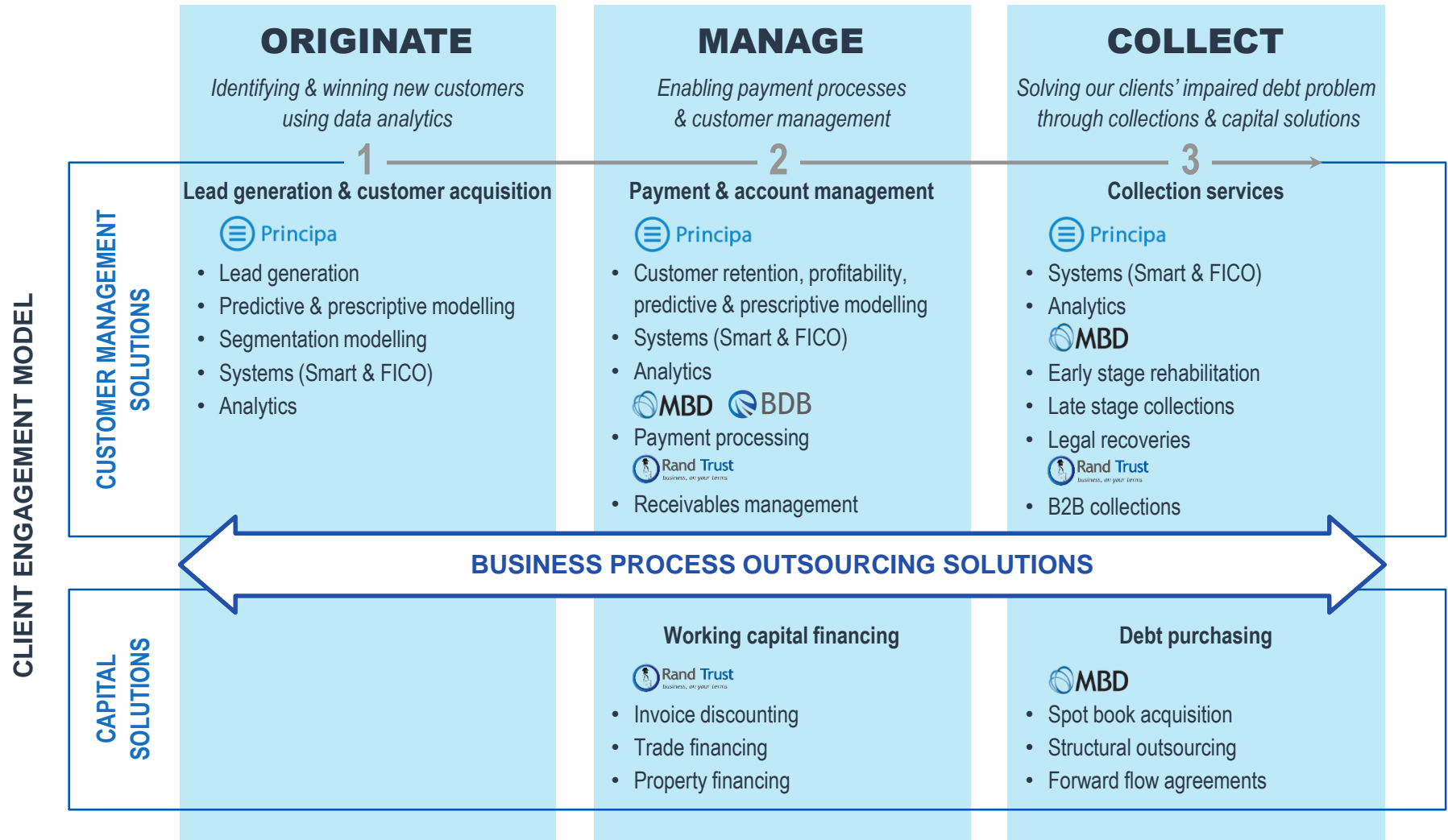
**715 000**

PAYMENTS  
received each month

Source: StatsSA, NCR,  
Accountancy SA February 2016, Internal data

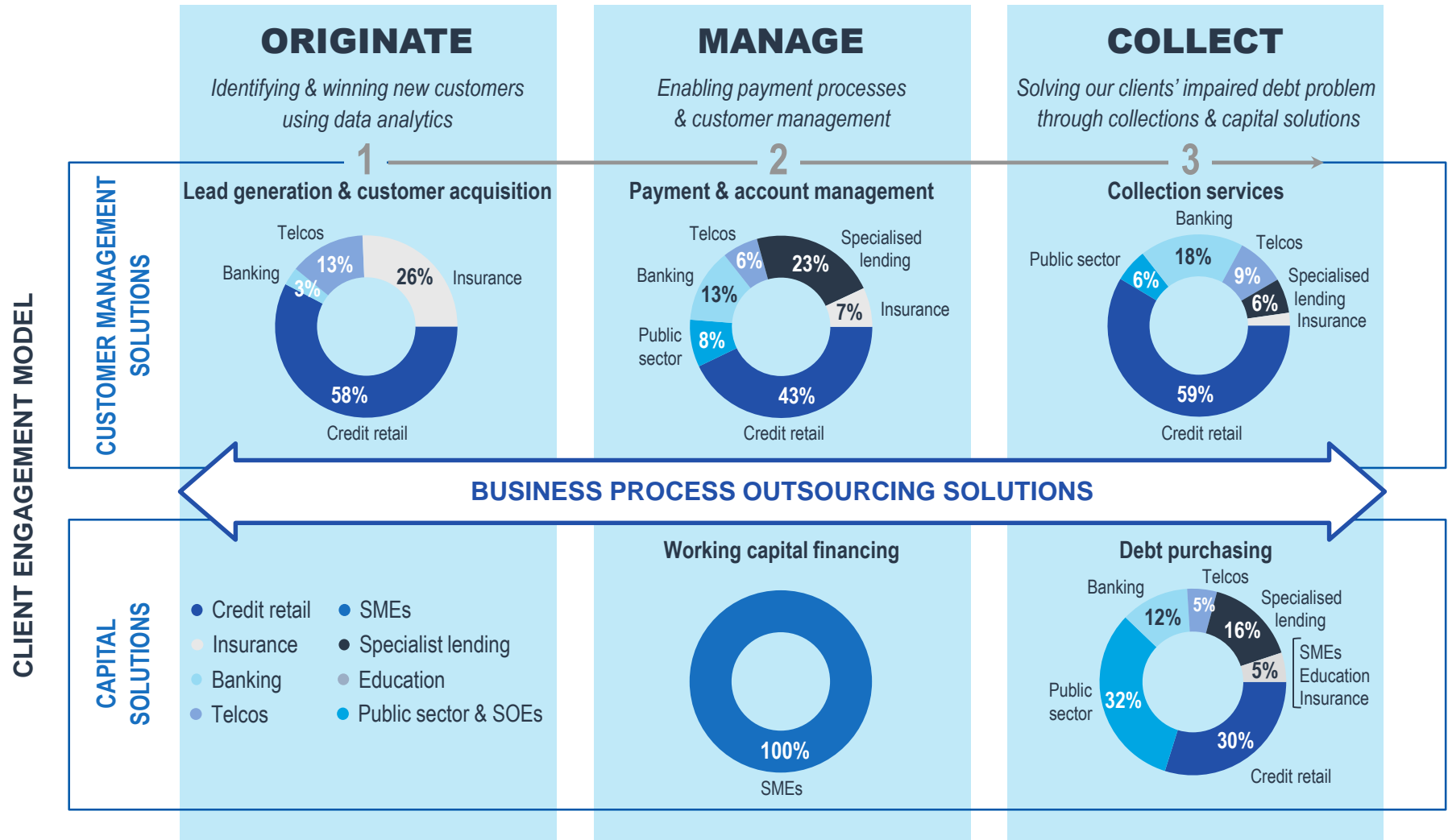
# RISK SERVICES PRODUCT SOLUTIONS

## CUSTOMER ENGAGEMENT LIFECYCLE



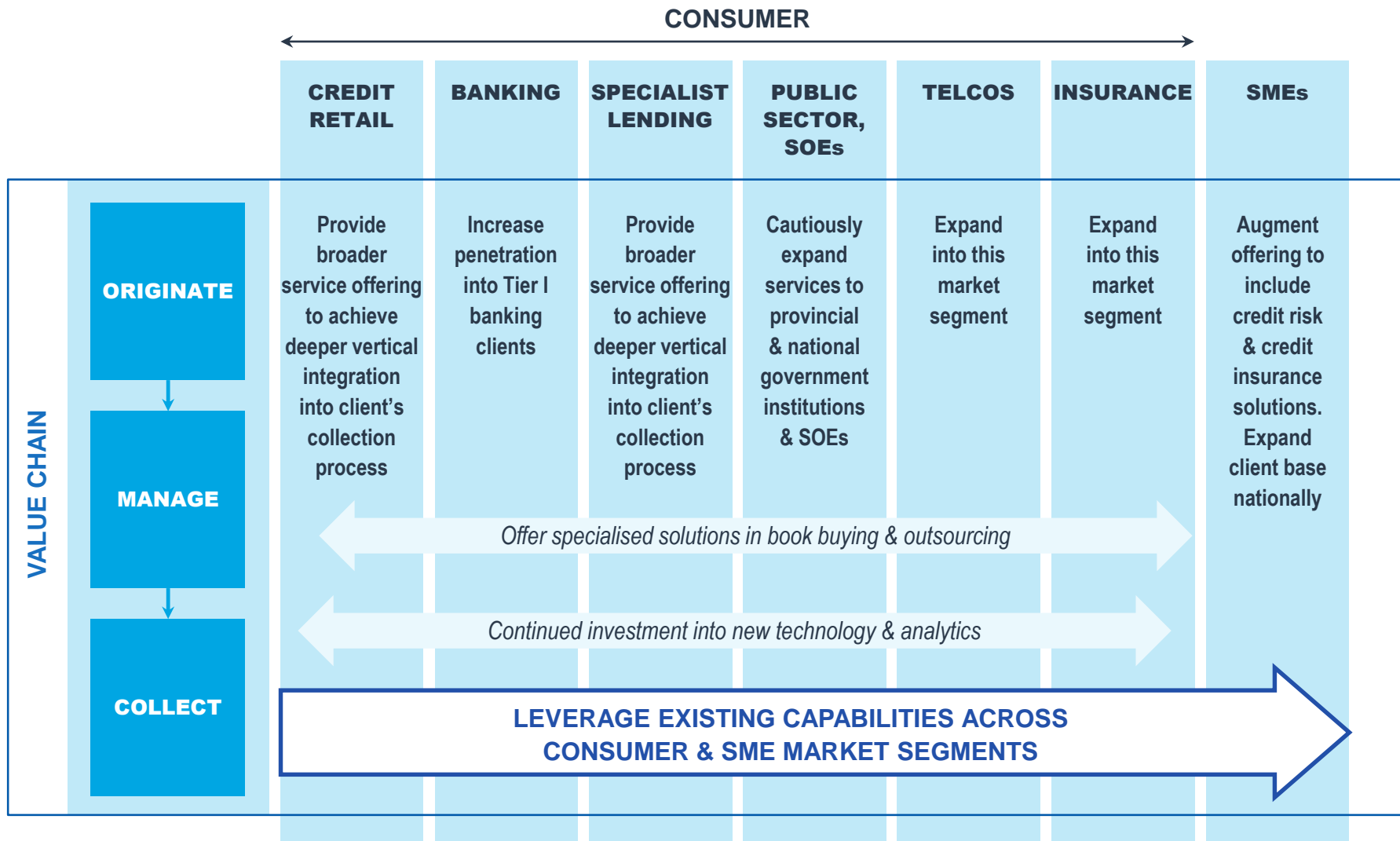
# RISK SERVICES MARKET SEGMENTS

## CUSTOMER ENGAGEMENT LIFECYCLE



Revenue splits by industry as at 31 March 2016

# RISK SERVICES LOOKING FORWARD



# FINANCIAL 20 REVIEW 16

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH



# FINANCIAL HIGHLIGHTS

HEADLINE EARNINGS  
PER SHARE  
▲ **20%** TO  
**37.0 cents**

HEADLINE EARNINGS  
▲ **19%** TO  
**R210 million**

CREDIT LOSS RATIO  
IMPROVED TO  
**3.2%**  
FROM  
**3.9%**

NON-PERFORMING  
LOAN RATIO  
IMPROVED TO  
**17.0%**  
FROM  
**17.9%**

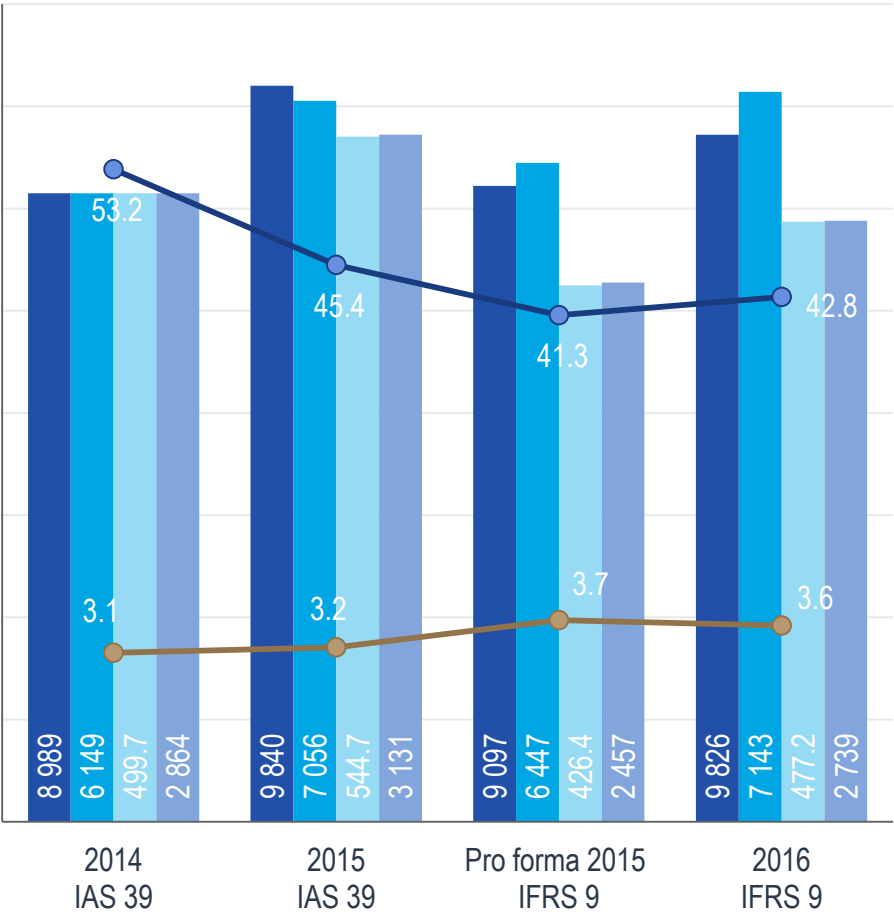
RETURN ON  
AVERAGE ASSETS  
▲ TO  
**4.2%**  
FROM  
**3.9%**

RETURN ON  
AVERAGE EQUITY  
▲ TO  
**15.9%**  
FROM  
**15.0%**

INTERIM DIVIDEND  
FOR THE HALF YEAR  
OF  
**12 cents**  
PER SHARE  
▲ **20%**  
DIVIDEND COVER  
OF  
**3.1 times**  
FOR THE HALF YEAR

Numbers reported for the half year ended 31 March 2016 are reported on a IFRS 9 basis and are compared to pro forma IFRS 9 numbers reported for the half year ended 31 March 2015

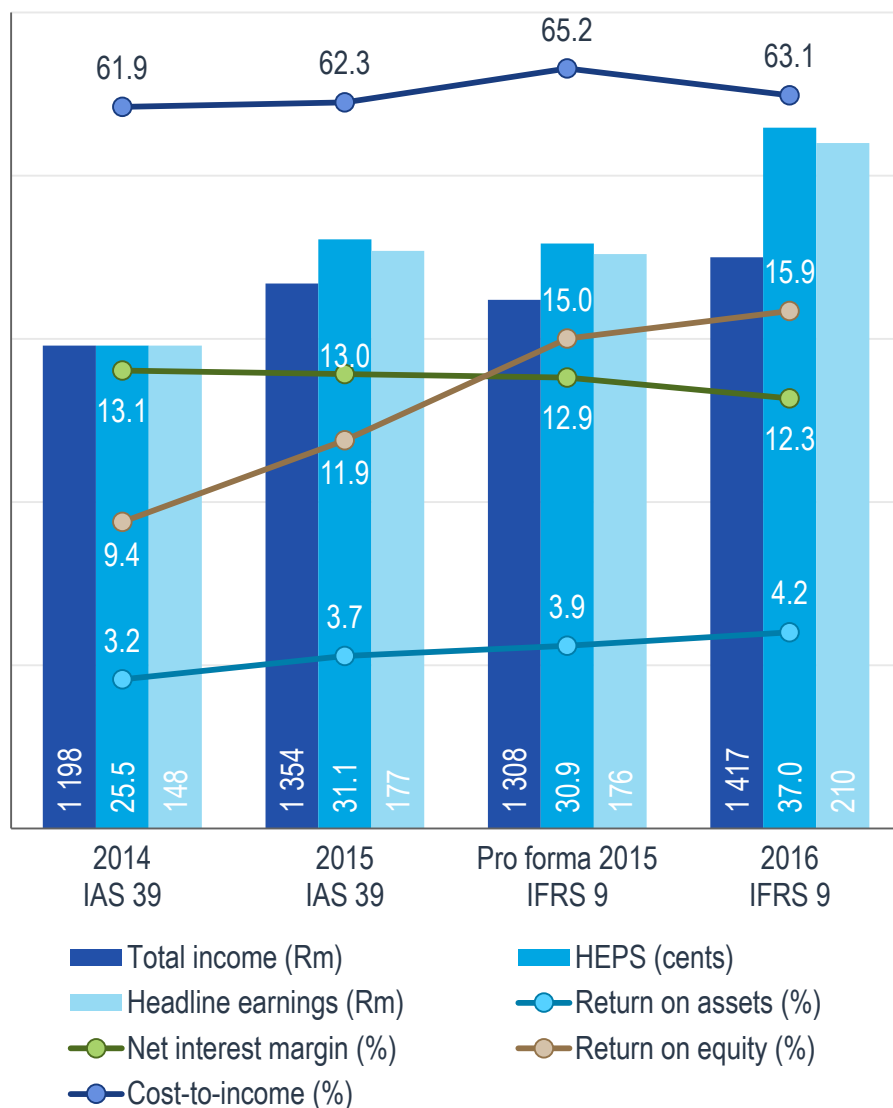
# FINANCIAL POSITION GROUP



- Total assets (Rm)
- Gross loans and advances (Rm)
- Net asset value per share (cents)
- Equity (Rm)
- Capital adequacy ratio (%)
- Gearing (times)

- Conservative growth in gross loans & advances from R6.5bn to R7.1bn ▲ 11%
  - › Origination strategies remained conservative targeting improved credit quality, new product lines including Nissan minibus and Toyota Corolla (Zebra)
- Equity R2.7bn ▲ 11%
  - › Position remains robust despite IFRS 9 equity charge
- NAV per share 477.2 cps ▲ 12%
- Capital adequacy ▲ to 42.8% from 41.3%
  - › 29.3% Equity
  - › 13.5% Subordinated debt
  - › Will normalise with deployment of excess capital into organic or acquisitive opportunities
- Gearing level decreased marginally from 3.7 times to 3.6 times

# FINANCIAL PERFORMANCE GROUP

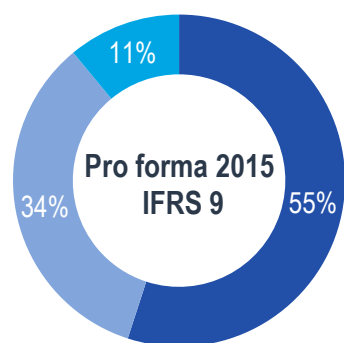
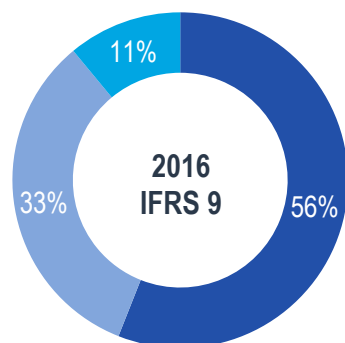


- HEPS ▲ 20% from 30.9cps to 37.0cps
- Headline earnings ▲ 19% from R176m to R210m
  - › Net interest income ▲ 7% driven by:
    - Gross loans and advances ▲ 11%
    - NIM ▼ to 12.3%, from 12.9%
      - » Slight increase in cost of borrowing
      - » Change in product mix in TCRS
  - › Improved credit metrics
- Return on assets ▲ to 4.2% from 3.9%
- Return on equity ▲ to 15.9% from 15.0%
  - › Increase in earnings
  - › Includes the effect of low returns earned on excess capital
  - › Most appropriate benchmark for group ROE is that of the underlying divisional metrics
- Quality of earnings remains high

# PORTFOLIO MIX

Headline earnings	Rm			Growth		Contribution		
	2016 IFRS 9	2015 IFRS 9	2014 IAS 39	2016	2015	2016	2015	2014
Asset-backed lending <sup>1</sup>	118	98	74	20%	32%	56%	55%	50%
Risk services	70	61	51	15%	20%	33%	34%	34%
GEO	22	17	23	29%	-26%	11%	11%	16%
<b>Total</b>	<b>210</b>	<b>176</b>	<b>148</b>	<b>19%</b>	<b>19%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Cents per share</b>	<b>37.0</b>	<b>30.9</b>	<b>25.5</b>	<b>20%</b>	<b>21%</b>			

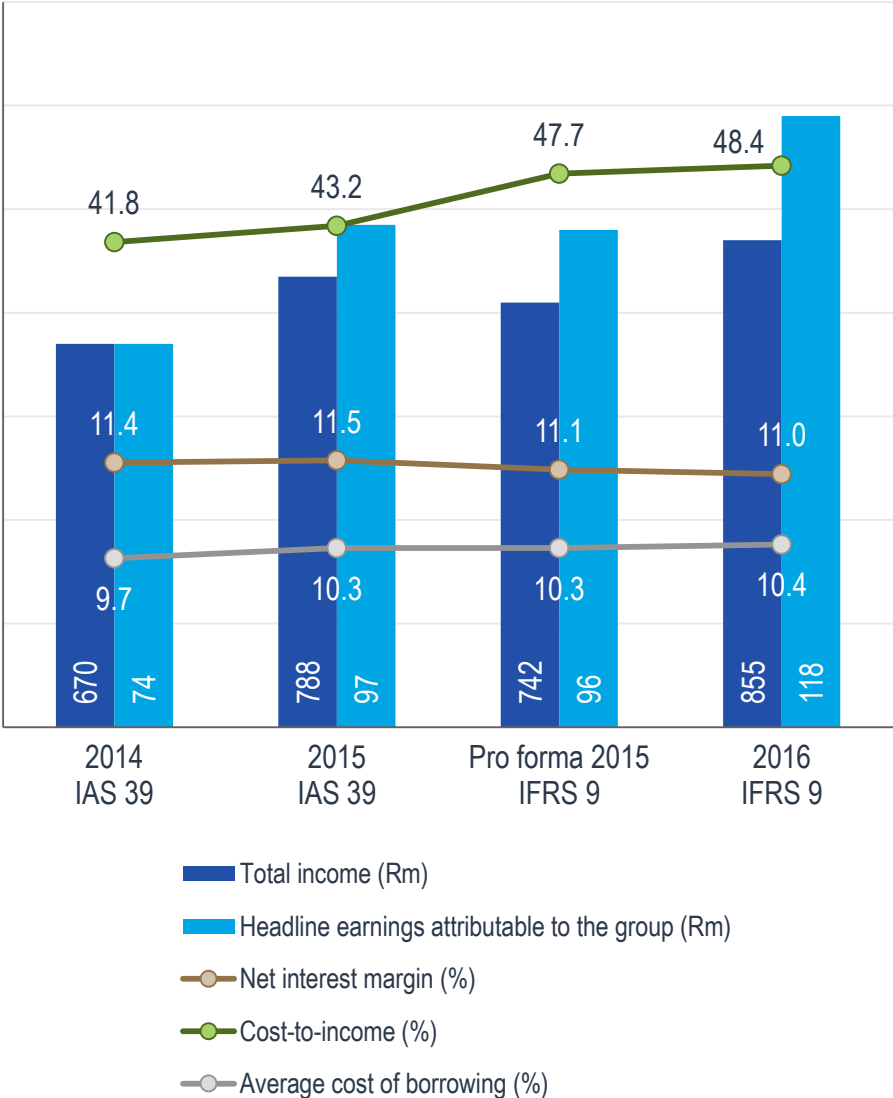
1. Excluding non-controlling interest



■ Asset-backed lending   ■ Risk services   ■ GEO

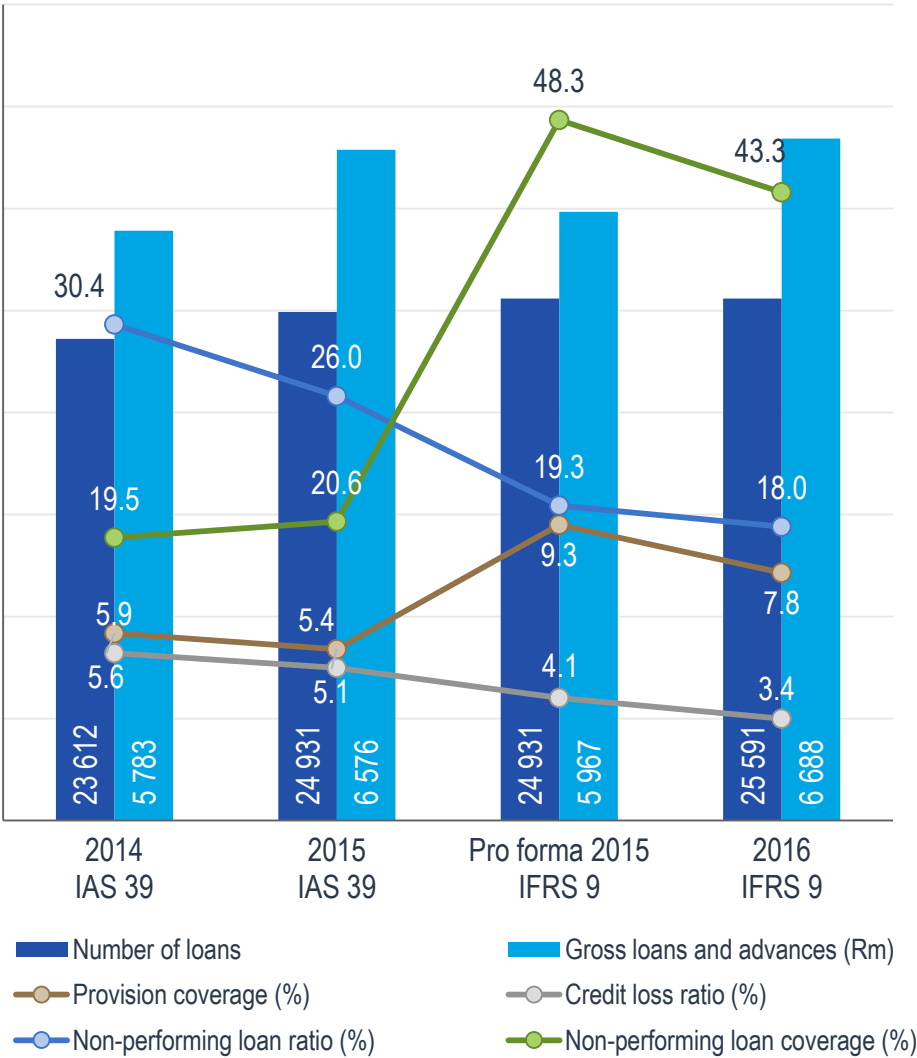
- Contribution
  - › Asset-backed lending increased marginally to 56%
  - › Risk services contribution decreased marginally from 34% to 33%
  - › Corporate support contribution of 11%
    - management of undeployed capital
    - cost savings as a result of simplified group office structure as well as higher recoveries from subsidiaries
- The future portfolio mix will be dependent on the nature of any future acquisitions and organic growth

# ASSET-BACKED LENDING PERFORMANCE



- Headline earnings attributable to the division ▲23% to R118m
- Net interest margin decreased marginally from 11.1% to 11.0%
  - › Funding costs increased slightly to 10.4% from 10.3%
- Non-interest revenue ▲ 33% to R150m
  - › Normalisation of cost recoveries from the insurance cell
  - › Comprehensive insurance
    - 81% of financed clients insured by SA Taxi
    - 3 299 non-financed minibus taxis also insured
  - › Direct sales of new and refurbished vehicles
- Credit loss ratio improved from 4.1% to 3.4%
  - › Continued strong collections in early CD states
  - › Underpinned by rising vehicle prices
  - › Efficiency of procurement, repair and resale operations of Taximart
- Cost-to-income ratio increased marginally from 47.7% to 48.4%
- Effective tax rate increased from 9.3% to 20.0%
  - › Impact of insurance cost recoveries

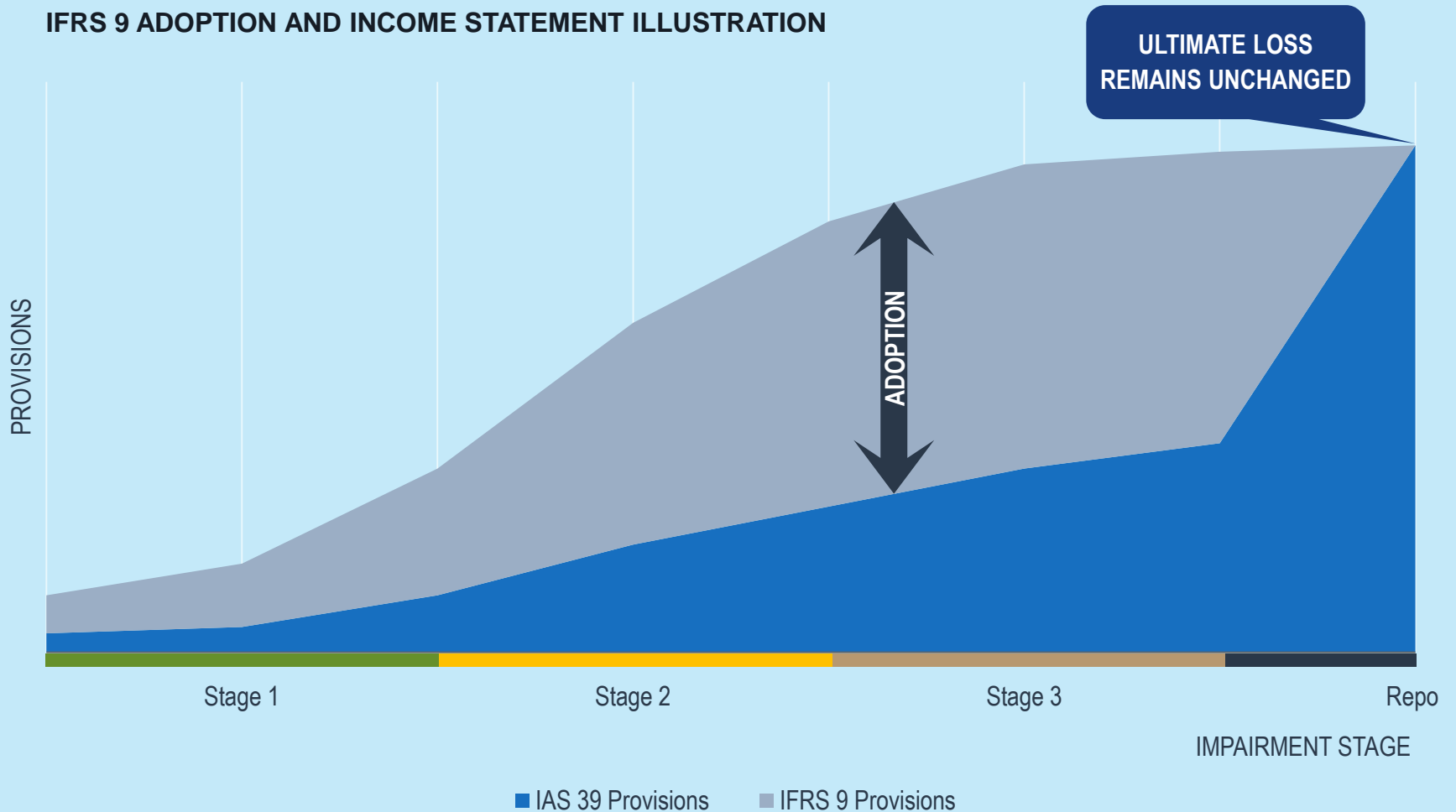
# ASSET-BACKED LENDING CREDIT



- Gross loans & advances ▲ 12% to R6.7bn
  - › Number of loans ▲ 3%
  - › Credit granting criteria remain conservative
- Non-performing loan ratio improved to 18.0% from 19.3%
- Credit-loss ratio ▼ from 4.1% to 3.4%
  - › Continued strong collection performance
  - › Enhanced via analytics applied to telematics data
  - › Improved quality of Taximart vehicles
  - › Increased vehicle recovery values
  - › Entry-level vehicles now carried at a fair value of R90m (HY15: R152m), account for <1.5% of portfolio
  - › Target credit-loss ratio below 4%
- Provision coverage at 3.2x after tax credit loss ratio
  - › Early stage collection improvement
  - › Increased recovery values (194 pre-owned vehicles sold in April)

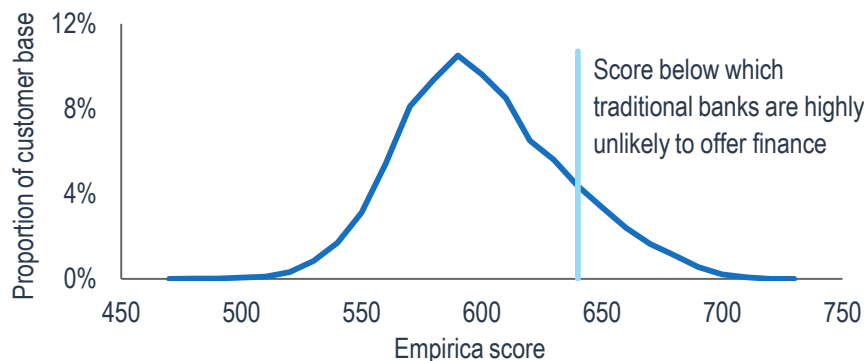
# EARLY ADOPTION OF IFRS 9 EXPECTED VS. INCURRED LOSS

## IFRS 9 ADOPTION AND INCOME STATEMENT ILLUSTRATION

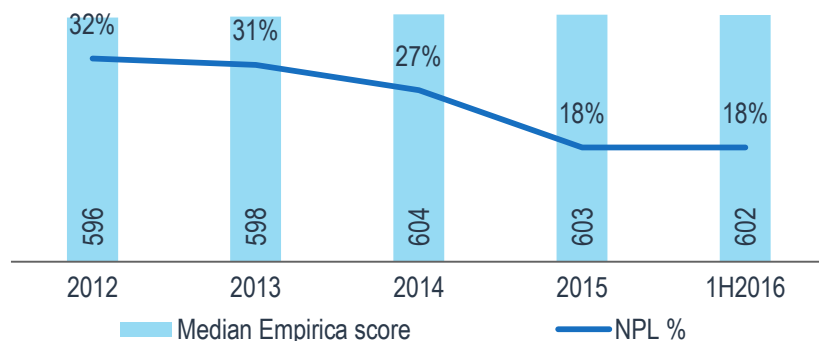


# SA TAXI FACILITATES FINANCIAL INCLUSION

## SA TAXI PROVIDES ESSENTIAL FINANCIAL SERVICES TO UNDERSERVED SMALL BUSINESSES



- SA Taxi fills a critical funding gap, providing credit to entrepreneurs who would otherwise be excluded from the formal economy given their credit profiles. A large proportion of the South African population, approximately 12 million individuals, are classified as unbanked and have limited access to capital. Low credit-rated individuals are less likely to service their loans consistently, and hence are excluded by many commercial financial institutions. As illustrated, SA Taxi has successfully extended credit to individuals who fall outside of the requirements of traditional credit providers. Assuming that individuals with an Empirica score of under 640 are unlikely to obtain credit from a traditional credit providers this means that 90% of the individuals that SA Taxi finances would be unable to get finance from a commercial institution
- SA Taxi's continually improving credit-loss and non-performing loan ratios in light of a consistent customer credit score are evidence of SA Taxi's thorough and informed understanding of the actual risk of these underserved individuals. This twinned with SA Taxi's extensive experience, proprietary data, vertical integration and all encompassing business offering has resulted in sustainable, responsible and successful lending and small business development



### SA TAXI'S IMPACT ON FINANCIAL INCLUSION FOR THE HALF YEAR 2016

**90%**

Proportion of customer base previously classified as financially excluded\*

**3 382**

Loans originated (6 005 in FY2015)

**R6.7bn**

Gross loans and advances

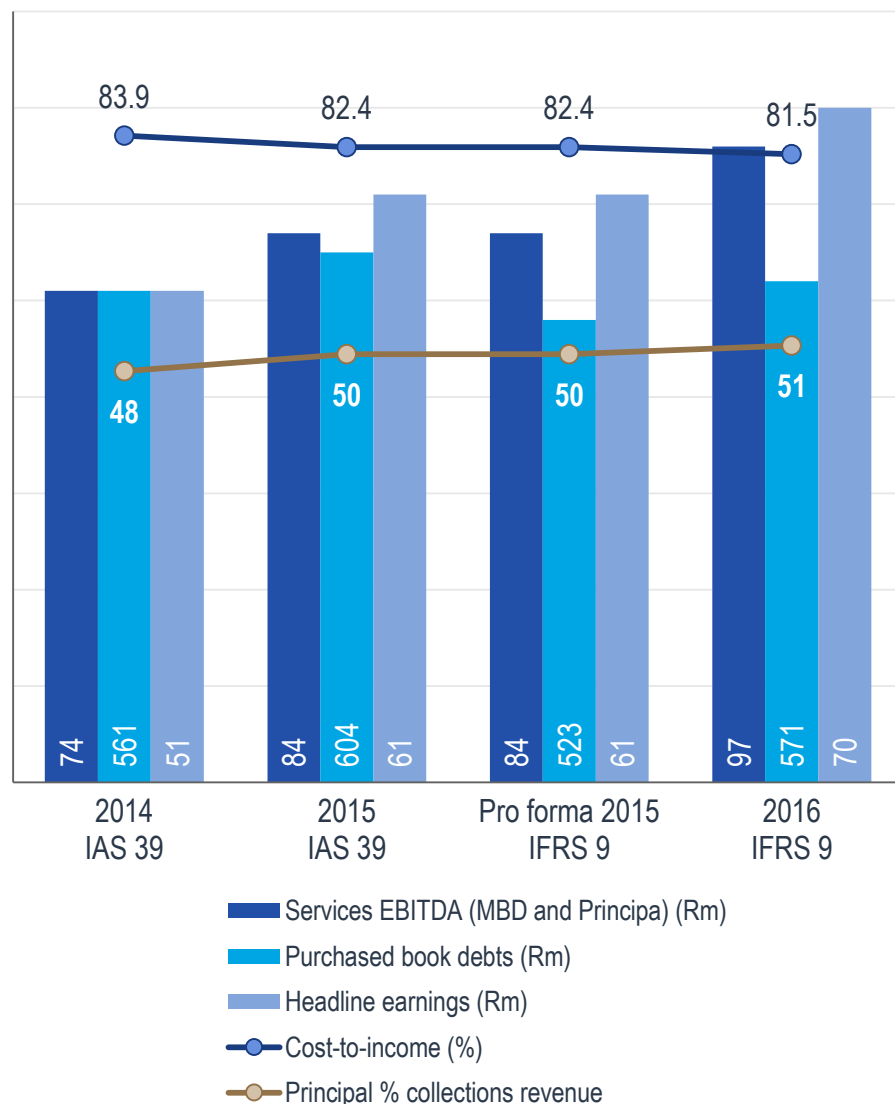
Source: The World Bank Group, South Africa economic update, Focus on financial inclusion

Note: \* = Based on an assumption that an individual with an Empirica score of under 640 would unlikely be able to obtain traditional access to credit including thin file customers

Distribution graph of SA Taxi's book's Empirica score excludes thin file customers

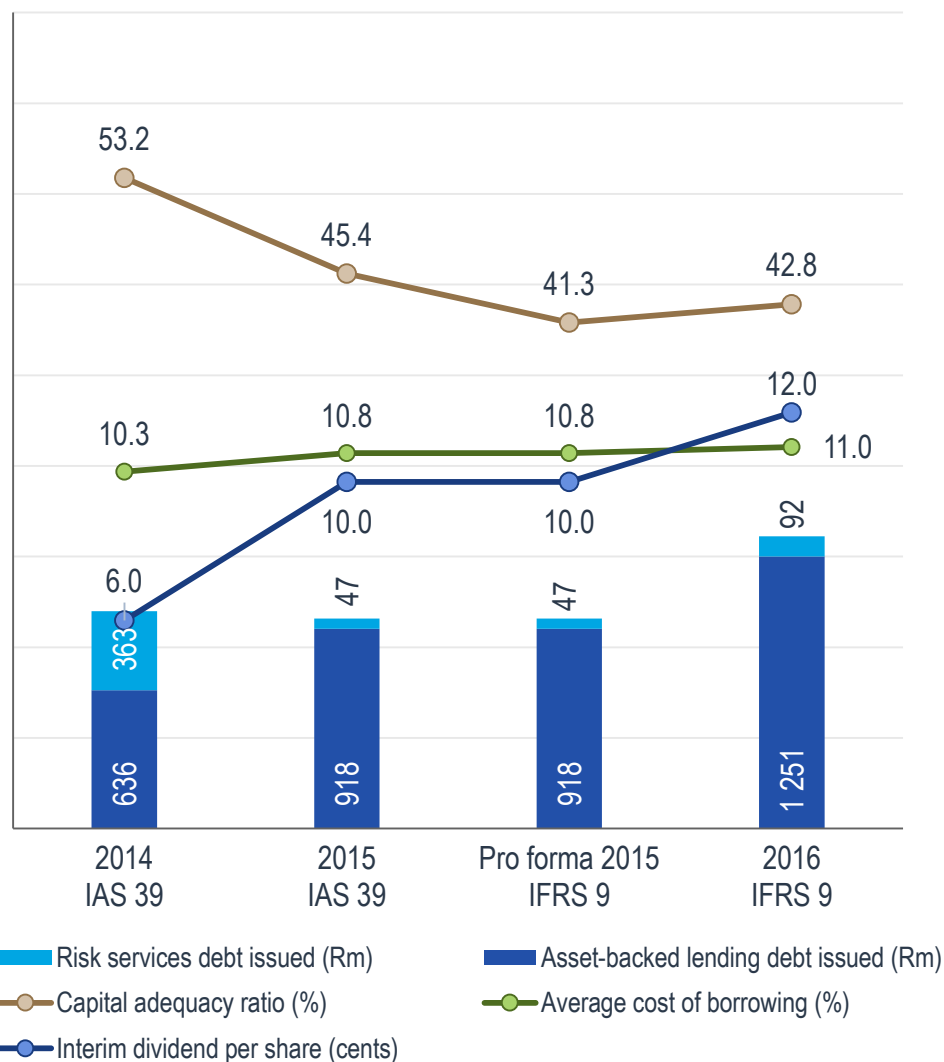


# TRANSACTION CAPITAL RISK SERVICES (TCRS)



- Headline earnings ▲ 15% to R70m
- Agency revenue ▲ 6%
  - › Increased focus on profitability of mandates eliminating non-profitable legacy mandates
- Principal revenue ▲ 9%
  - › Solid result given conservative approach to book buying
  - › Purchased book debts ▲ 9% to R571m
  - › 159 principal books in total, 3 new distressed debt portfolios acquired during the first 6 months of the financial year for R41m
- Cost-to-income ratio improved to 81.5% from 82.4% due to effective cost management
  - › Continued investment into new technologies & analytics may yield further efficiencies
- Services EBITDA ▲ 15% to R97m
- Rand Trust performing well but remains vigilant on the book quality as opposed to growth given the challenging SA macro environment
- Principa is facing a difficult macro environment

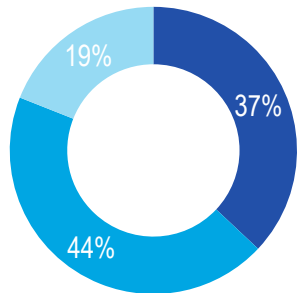
# CAPITAL MANAGEMENT



- SA Taxi accessed the local debt capital markets via its various structures
  - › Cumulatively raising R1.3bn
  - › Strategy remains innovative and continue to pursue multiple tactics to diversify funding base
- 11 institutions invested R1.4bn of debt capital
  - › Asset-backed lending: R1.3bn
  - › Risk services: R0.1bn
- Cost of borrowing increased from 10.8% to 11.0%
- Capital adequacy ▲ to 42.8% from 41.3%
  - › Equity and debt capital position remains robust
  - › Well positioned to take advantage of organic growth opportunities
  - › Will normalise with deployment of excess capital into organic or acquisitive opportunities
- Interim dividend for the half year ▲20% to 12cps

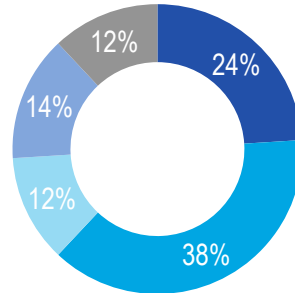
# FUNDING PHILOSOPHY

Diversification by funding structure



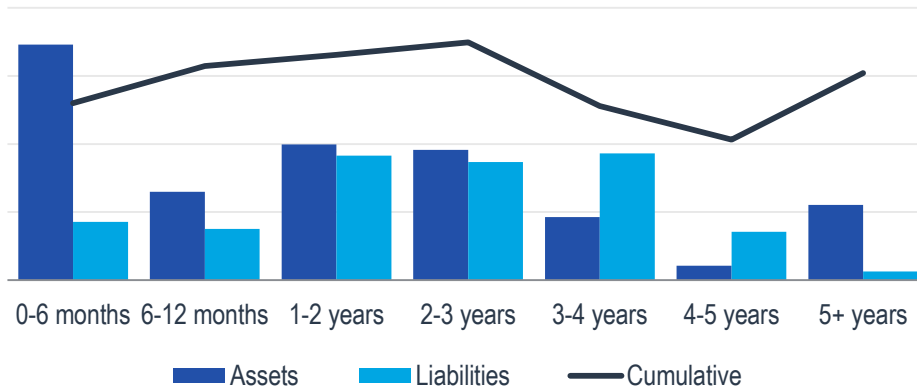
- Structured finance
- On-balance sheet
- Rated listed securitisation

Diversification by funder category



- Life companies
- Specialised asset managers and debt funds
- Banks
- Traditional asset managers
- DFIs

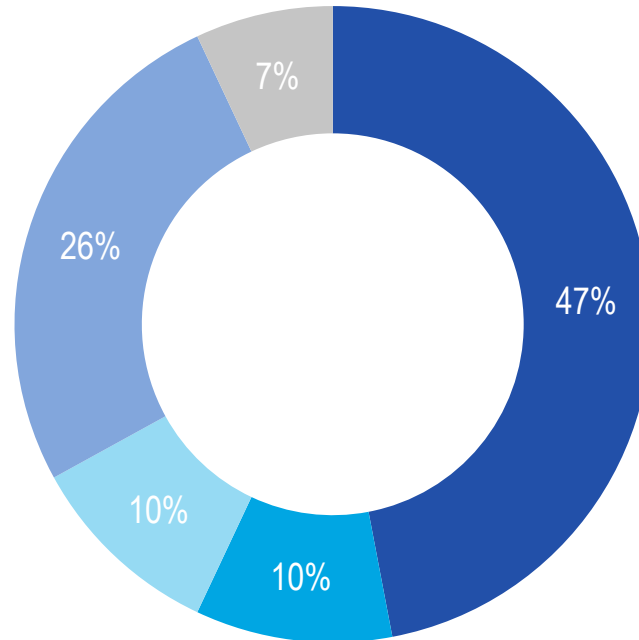
Positive liquidity mismatch



- Wholesale funding model proves to be robust
  - › “Positive liquidity mismatch” between asset & liability cash flows
  - › Adequate liquidity to meet operational and capital investment funding requirements whilst maintaining healthy financial covenants
  - › No exposure to overnight debt instruments & limited exposure to 12-month instruments
  - › Direct relationships with debt capital markets
  - › Diversification by debt investor, funding structure & credit rating
  - › Ring-fenced funding structures per individual asset class
  - › Targeted capital adequacy levels per asset class

# SHAREHOLDING

## 31 MARCH 2016



- Directors of Transaction Capital and its subsidiaries & their associates
- Old Mutual Investment Group South Africa Proprietary Limited
- Allan Gray
- Remaining institutional shareholders
- Retail investors

# CONCLUSION 2016

INTERIM RESULTS FOR THE HALF YEAR ENDED 31 MARCH

## TRANSACTION CAPITAL IS

### ...invested in market-leading companies

- Divisions are of scale holding leading positions in the markets they serve.
- Scalable business platforms which can be leveraged for profitable growth.

### ...in attractive market segments

- Taxi finance market is under-served, with the ongoing replacement of national taxi fleet stimulating demand for finance.
- Risk services division is the largest participant in a growing & fragmented market, with current economic environment stimulating demand for its services.

### ...that are well positioned for growth

- Highly defensive businesses positioned to withstand difficult economic conditions.
- Organic growth through innovating solutions deeper into existing market segments & leveraging capabilities to enter adjacent markets.
- Focused acquisition strategy & strong balance sheet.

### ...led by experienced & skilled management teams

- Proven entrepreneurial, technical, financial & risk management skills.
- Successful devolution of responsibility to divisional executives & management.
- Continued group-wide investment in executive education, expertise & experience.

### ...with specialised competencies in finance & technology

- Superior data, leading-edge technology & analytics capabilities differentiate offerings & mitigate risk.
- Robust processes & skilled people enable effective capital & credit-risk management.

### ...& a track record of delivering superior earnings growth & returns

- Highly cash generative businesses that have delivered predictable returns over a period of time.
- Well capitalised balance sheet appropriately geared to generate acceptable risk adjusted returns.

### ...underpinned by sound governance practices

- Experienced, diverse, independent directors at group & subsidiary level.
- Institutionalised governance, regulatory & risk management practices.



# QUESTIONS 2016

FOR THE HALF YEAR ENDED 31 MARCH

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