



Transaction Capital

TRANSACTION CAPITAL RESULTS PRESENTATION

FOR THE YEAR ENDED 30 SEPTEMBER

2018



Transaction Capital

GROUP HIGHLIGHTS

2018

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

TRANSACTION CAPITAL GROUP STRUCTURE

2018 FINANCIAL & OPERATIONAL HIGHLIGHTS (FY18 COMPARED TO FY17)



CEO: Terry Kier, 11-year group tenure

R368 MILLION

HEADLINE EARNINGS ¹ ▲ 21%

R9.4 BILLION

GROSS LOANS & ADVANCES ▲ 13%

R540 MILLION

NON-INTEREST REVENUE ▲ 26%

17.7%

NON-PERFORMING LOAN RATIO FY17 17.1%

25.9%

RETURN ON EQUITY FY17 25.3%

3.3%

CREDIT LOSS RATIO FY17 3.2%



CEO: David Hurwitz, 13-year group tenure

R682 MILLION

HEADLINE EARNINGS ¹ ▲ 18%

111.7 CPS

HEADLINE EARNINGS PER SHARE ▲ 16%

50 CPS

TOTAL DIVIDEND PER SHARE ▲ 25%

16%

FOREIGN INVESTOR BASE FY17 6%

2.2 times

DIVIDEND COVER FY17 2.4 times

R10.8 BILLION

MARKET CAPITALISATION ²



CEO: Dave McAlpin, 10-year group tenure

R273 MILLION

HEADLINE EARNINGS ¹ ▲ 17%

R1.4 BILLION

PURCHASED BOOK DEBTS ▲ 54%

76.8%

COST-TO-INCOME RATIO ³ FY17 77.3%

R662 MILLION

PRICE OF PURCHASE BOOK DEBTS ACQUIRED ▲ 86%

R1.8 BILLION

NON-INTEREST REVENUE ▲ 24%

R3.0 BILLION

ESTIMATED REMAINING COLLECTIONS⁴ ▲ 60%

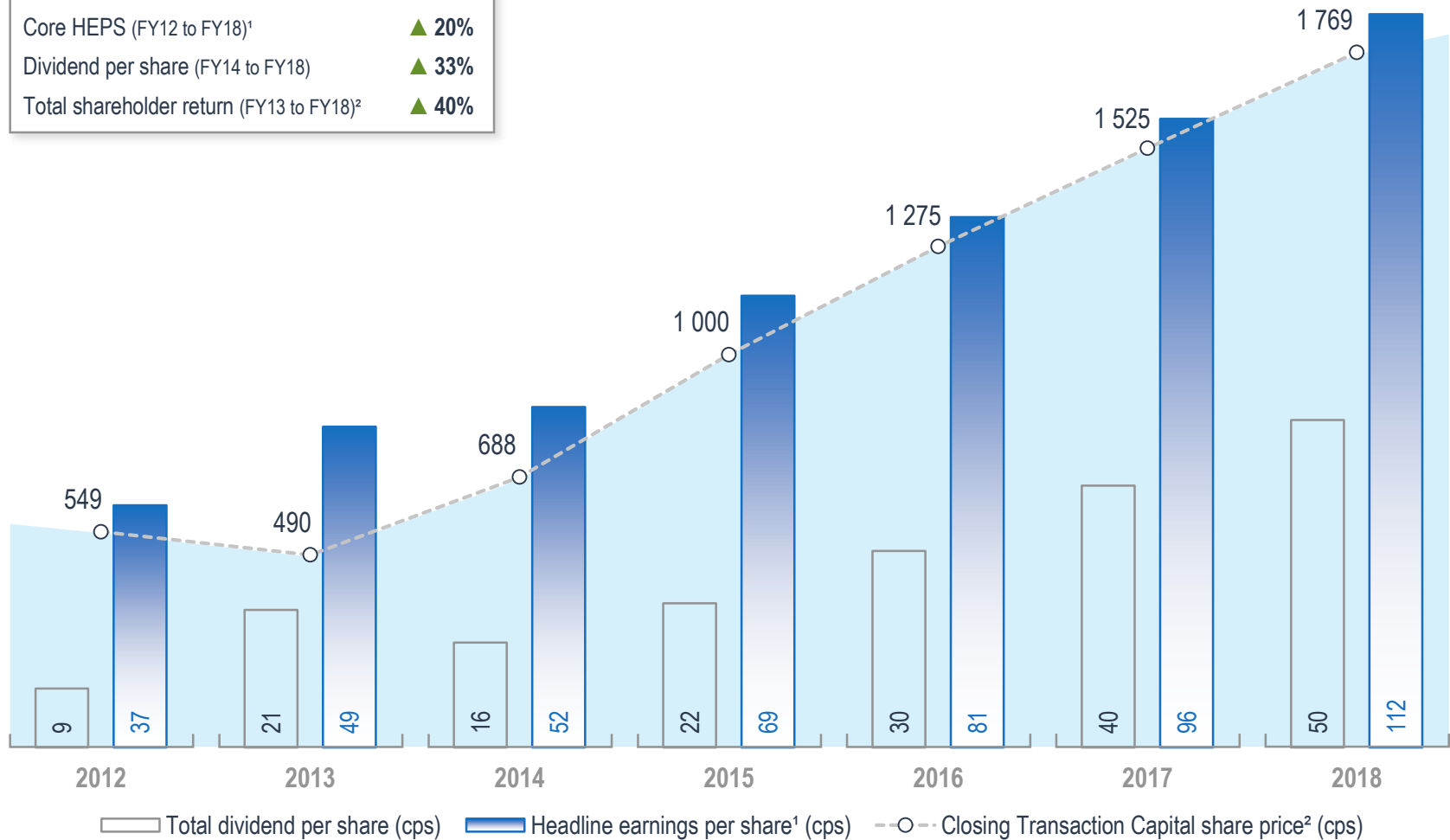
A vertically integrated business platform that provides a comprehensive financial, insurance & allied services offering to minibus taxi operators. The division offers a unique blend of vehicle procurement, retail, repossession & refurbishment capabilities with asset-backed developmental finance & insurance for focused vehicle types.

A technology-led, data-driven provider of customer management solutions in South Africa & Australia. The division's scalable & bespoke fintech platform, combined with its technology & propriety data, enables it to mitigate risk & maximise value for clients throughout the customer engagement lifecycle.

TRANSACTION CAPITAL PERFORMANCE SINCE LISTING

CAGR:

Core HEPS (FY12 to FY18) ¹	▲ 20%
Dividend per share (FY14 to FY18)	▲ 33%
Total shareholder return (FY13 to FY18) ²	▲ 40%



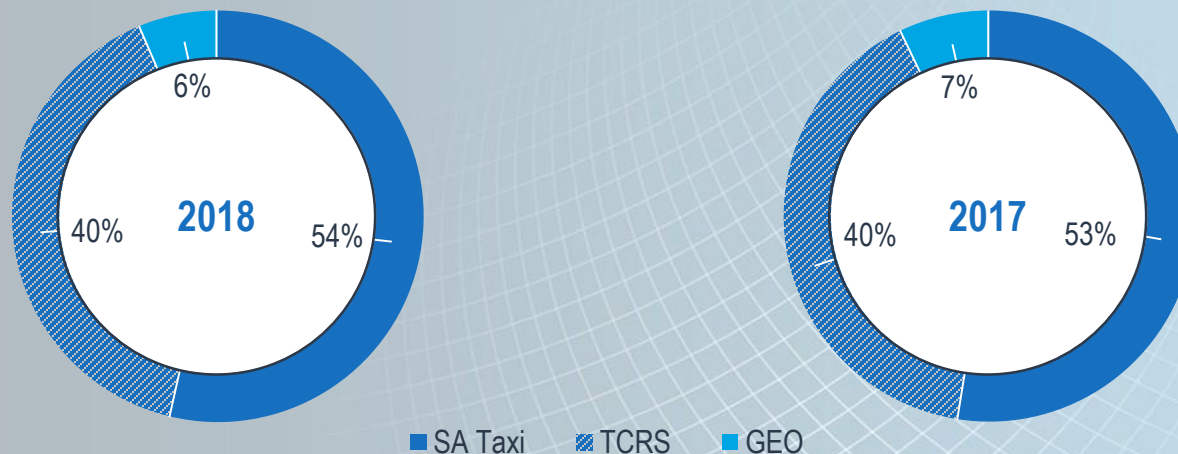
Financial years 1 October to 30 September | Adopted IFRS 9 in 2015. 2014 numbers on a pro forma IFRS 9 basis. 2012 & 2013 numbers on an IAS 39 basis as reported

1. Core headline earnings per share, excluding impact of Paycorp & Bayport

2. Share price at 30 September 2012 & 2013 has been adjusted for the special distribution of R2.10 per share in March 2014

GROUP PORTFOLIO MIX

COMPOSITION OF EARNINGS



	Rm	Rm	Growth
Headline earnings	2018	2017	2018
SA Taxi ¹	368	303	▲ 21%
TCRS ¹	273	233	▲ 17%
Group executive office (GEO)	41	41	
Total	682	577	▲ 18%
Cents per share	111.7	96.4	▲ 16%

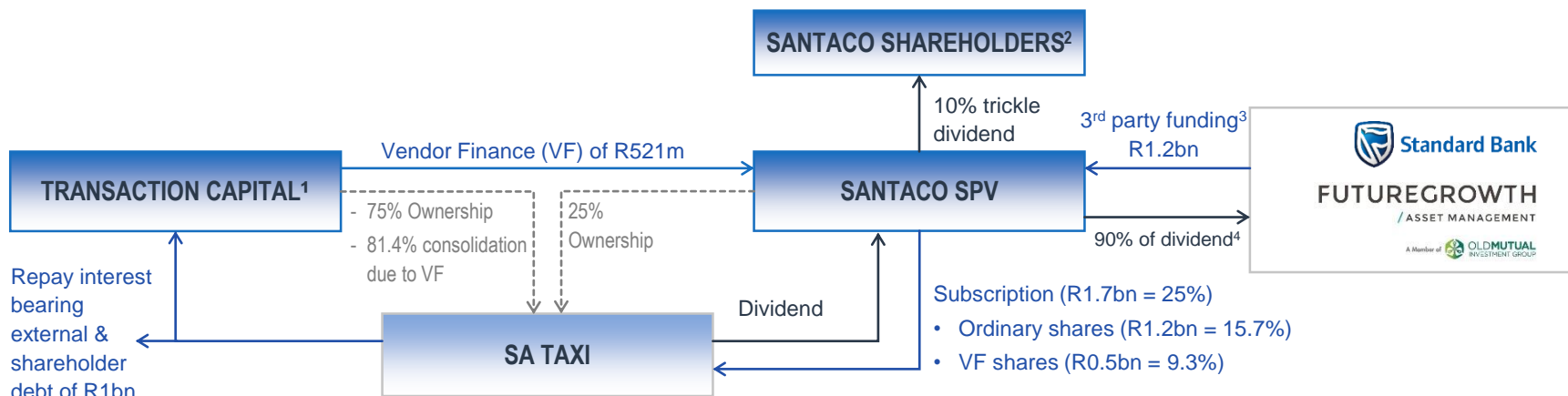
Headline earnings excludes once-off acquisition costs of R22 million incurred during FY17

1. Attributable to the group

GROUP STRATEGIC HIGHLIGHTS

SANTACO ACQUIRES 25% STAKE IN SA TAXI FOR R1.7 BILLION

CREATING A MORE SUSTAINABLE MINIBUS TAXI INDUSTRY



DELIVERS POSITIVE SOCIAL IMPACT WHILST ENHANCING COMMERCIAL RETURNS

BENEFITS FOR SANTACO & ITS MEMBERS

Ownership

- Held by SANTACO & a trust representing its broad based provincial structures, ensuring benefits accrue to all levels
- Participation in the value chain achieving sustainable benefits

Dividends

- 90% of dividends applied to debt
- 10% trickle dividend for infrastructure & developmental projects
- Project committee to assess projects
- Strict governance framework to ensure value flows to SANTACO & its members
- Partnerships with local government sought to leverage investment in projects for greater socio-economic impact

EFFECTS FOR TC GROUP: EARNINGS ACCRETIVE

SA Taxi

- Alignment with minibus taxi industry, yielding operational benefits
- Well capitalised balance sheet
 - > Settle **R1bn** of debt, yielding interest saving, future growth funded via cheaper senior debt
 - > **▲ NAV to ~R3bn** (from ~R1.6bn)
 - > **~20% ROE**
- Potential B-BBEE benefits & equity empowerment

Transaction Capital (TC)

- Ungeared & well capitalised balance sheet, R1bn excess cash
- Now consolidating **81.4%** of SA Taxi's earnings (due to vendor finance)
- TC **NAV per share ▲105 cps** after transaction (FY18: 677.5cps)
- Expected to be accretive to TC's earnings in the medium-term

1. Transaction Capital & The Empire Family Trust (representing SA Taxi's CEO, Terry Kier)
2. Project committee to assess projects put forward by industry participants
3. 3rd party funding flows into Industry SPV via Industry HoldCo
4. Dividend from 25% shareholding

GROUP STRATEGIC HIGHLIGHTS

SA TAXI INITIATIVES PROVIDING BROAD BASED PARTICIPATION IN THE VALUE CHAIN SUPPORTING & SUSTAINING THE MINIBUS TAXI INDUSTRY

“BLACK ELITE” FUEL LOYALTY PROGRAMME

- Launched in April 2018
- Partnership between SA Taxi, the industry & Shell
- Cash back & airtime awarded based on fuel spend
- Enhances instalment affordability
- Annual industry fuel spend of **~3 billion** litres

- > **6 300** cards distributed¹
- > **40%** in active use¹
- > **1.3 million** litres of fuel purchased¹
- Similar programmes to be launched in the future

INSURANCE INITIATIVES

- Credit life & Road Cover products launched in FY18
- Highly competitive & affordable
- Launch of new products planned
 - › Roadside assist

TAXI AUTO PARTS (TAP)

- Launched in March 2018
- Supplying affordable, quality refurbished & new parts
 - › Reduces maintenance costs
- Reduced cost of claims to manage insurance premiums

SA TAXI MEDIA

- Places advertising in & around minibus taxis
- Enables taxi owners to participate in revenue from media campaigns
- Enhances instalment affordability

INTEREST RATES

SA TAXI MAXIMUM RATE	26.5% ▼ from 28.5% (FY17)
SA TAXI AVERAGE RATE	23.6% ▼ from 24.4% (FY17)
NCA ² MAXIMUM RATE	33.5% ▼ from 33.75% (FY17)

STAKEHOLDER ENGAGEMENT PROGRAMME

Engaging industry stakeholders re:

- Government subsidies
- Government funding
- Scrapping allowances

PROJECT REFENTSE

- Launched in March 2018
- Certificated training for formally unqualified technicians at ranks
- Enhances vehicle safety
- Funded & facilitated by SA Taxi Foundation

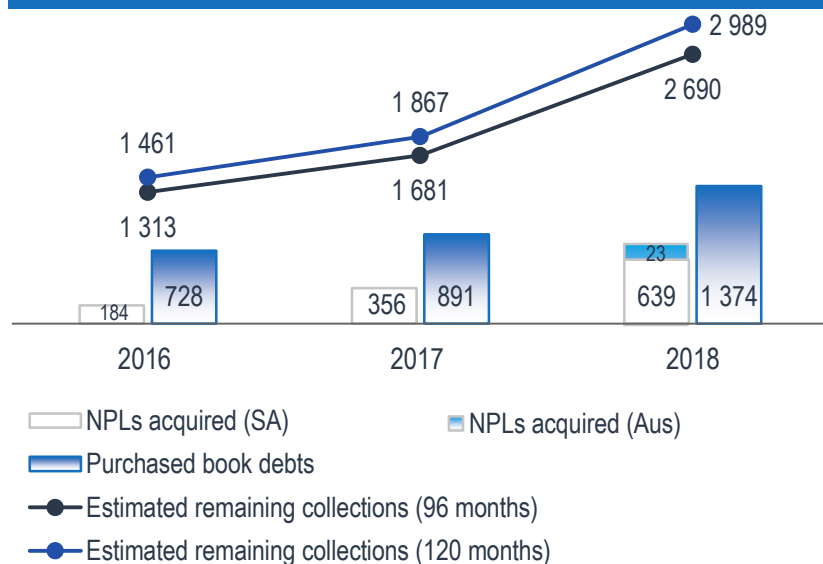
PATROL VEHICLES DONATED TO INDUSTRY

- Invested > R20 million in > 70 patrol vehicles
- Supports industry self-regulation & road safety
- Improves relations between industry & law enforcement

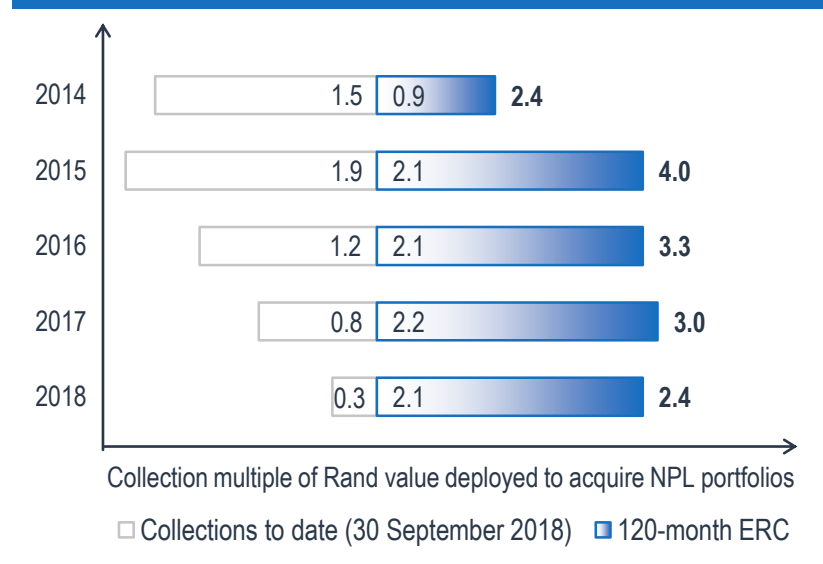
GROUP STRATEGIC HIGHLIGHTS

DELIVERING ON GROWTH - ACQUISITION OF NON-PERFORMING LOANS AS A PRINCIPAL

GROWTH TRAJECTORY EXPECTED TO SUPPORT FUTURE POSITIVE PERFORMANCE



COLLECTION MULTIPLE VINTAGE PERFORMANCE ¹ AS AT 30 SEPTEMBER 2018



- Current South African economic context favours acquisition of NPL portfolios
- 37 portfolios acquired for **R662m** with a face value of **R13.6bn** (FY17: 29 portfolios for **R356m** with a face value of **R5.2bn**)
- **239** portfolios (including **11** Australian portfolios) owned in total with a face value of **R22.4bn**
- Purchased book debts **▲ 54%** to **R1 374m** (FY17: **R891m**)
- 2018 collection multiple of **2.4 times** (> internal target of **~2.2 times**)
- Estimated remaining collections (**ERC**) **▲ 60%** to **R3.0bn** (120 months)
- Longevity in the yield of principal portfolios on book, expected to support future positive performance
- Revenue from principal collections **▲ 22%**

1. Includes only South African portfolios & excludes contracts where TCRS does not have title of the underlying claim

GROUP STRATEGIC HIGHLIGHTS

DELIVERING ON GROWTH

ACCELERATED BOOKBUILD IN MARCH 2018

Evolution beyond foundation phase

- Expanded base of local & specifically international investors
- International shareholding ▲ to **16%** (from 6%)
- Everglen remains the largest shareholder at **29%** (from 41%)

Enhanced liquidity & daily trade

- Free float ▲ to **68%**
- At 30 September 2018
 - › Average daily number of shares traded ▲ 105% to 468 558 (FY17: 228 804)
 - › Average daily value traded (USD) ▲ 142% to USD 595 601 (FY17: USD 245 767)

STRATEGIC POSITIONING OF OPERATING DIVISIONS

6 years since listing

- HEPS compound annual growth rate (CAGR) of **20%**
- Total shareholder return FY13 to FY18 (CAGR) of **40%**

Delivering robust organic growth

- Highly defensive businesses
- Vertically integrated, diversified, efficient, scalable financial services platforms
- Led by entrepreneurial & innovative management teams
- Leverage proprietary data & technology to develop new products & expand into new markets
- Delivering both commercial returns & social benefits

DEBT CAPITAL MARKETS

Robust access to the debt capital markets

- SA Taxi raised **R4.0 billion** in FY18
- SA Taxi fully funded for > 12 months
- **R1 billion** Transsec 3 total issuance (initial & tap);
 - › >2.6 times oversubscribed
 - › >80 bps cheaper than Transsec 2 total issuance
- **20%** international debt; **80%** local debt
- \$100 million deal approved with African Development Bank

Credit ratings:

- Transsec 3 senior notes: rated Aaa.za(sf) by Moodys
- Transaction Capital's R2bn note programme: rated A_(ZA) by GCR

UNGEARED & LIQUID BALANCE SHEET

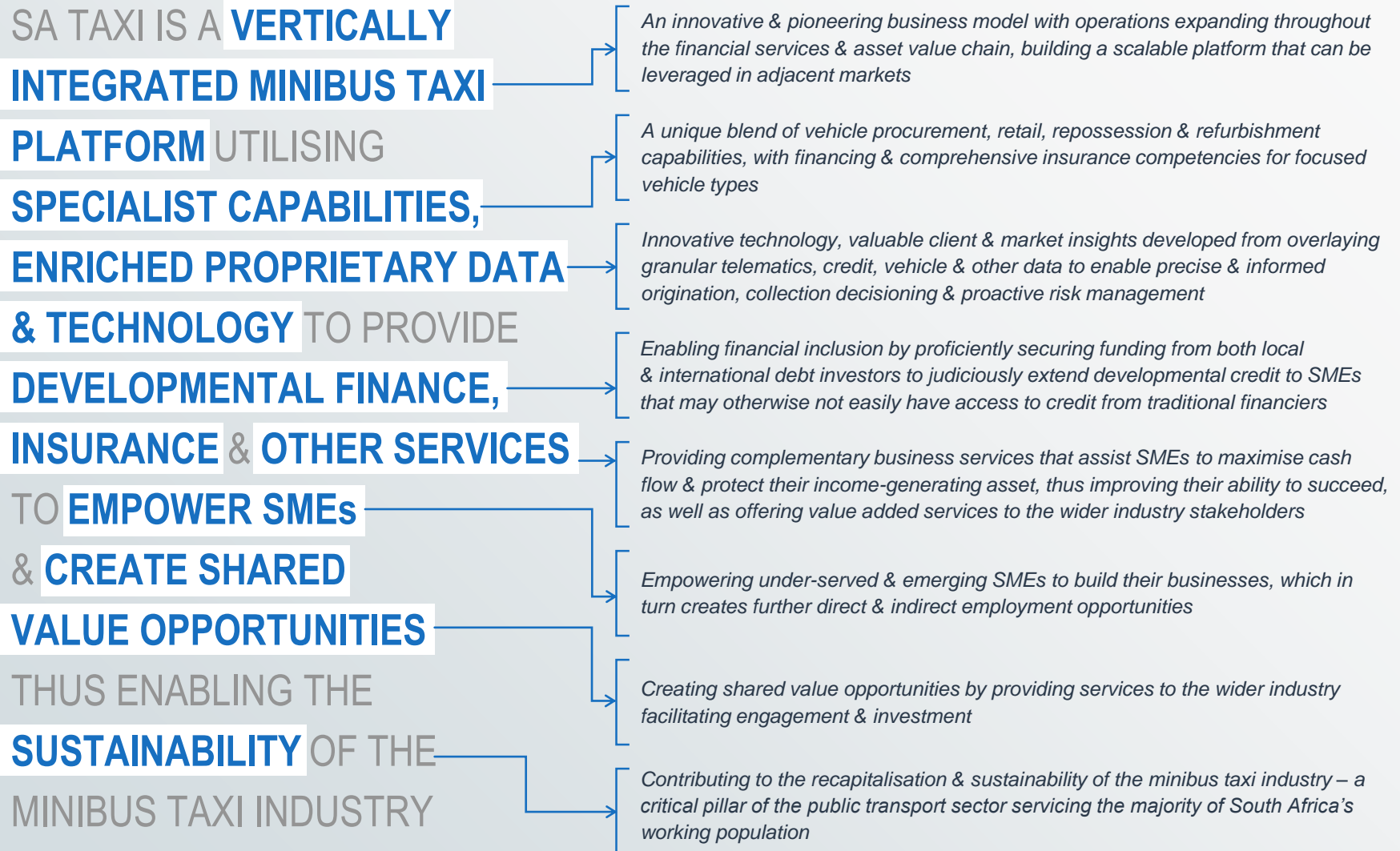
- Balance sheet remains **well capitalised**
- Liquid excess capital **~R650 million** at 30 September 2018
- Liquid excess capital **~R1 billion** post SA Taxi's equity transaction
- Capital adequacy ratio **30.9%**
- Capacity & flexibility to continue investing in organic & acquisitive opportunities
- **Dividends growing faster than earnings**, CAGR of **33%** since FY14
- Total dividend per share ▲ **25%** to **50cps**
- Total dividend cover of **2.2 times** (FY17: 2.4 times)
- Early adoption of IFRS 9 in 2015 (prior to 2018 deadline)



Transaction Capital

SA TAXI

2018



SA TAXI IMPACT

DELIVERING SHARED VALUE FOR THE INDUSTRY

SME EMPOWERMENT

BLACK OWNED SMEs | **100%** | WOMEN OWNED SMEs¹ | **23%** | UNDER THE AGE OF 35 YEARS¹ | **23%**

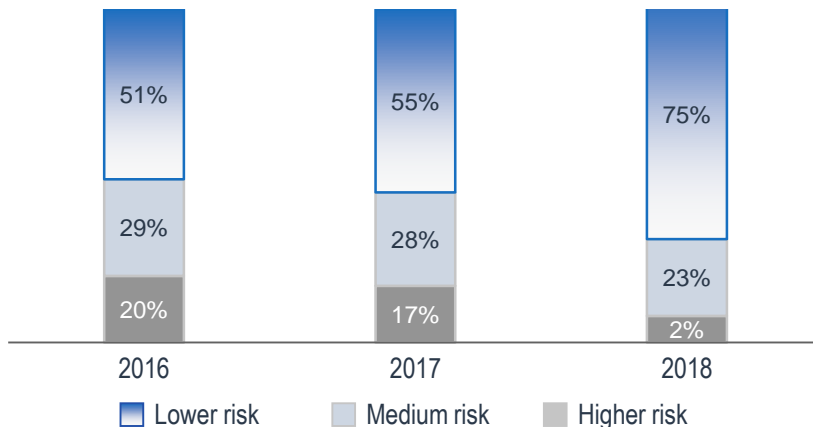
SUSTAINABLE JOB CREATION

DIRECT JOBS PER TAXI VEHICLE | **~1.8** | DIRECT JOBS CREATED BY SA TAXI'S FLEET SINCE 2008 | **>130 000**

~600 000 | INDIRECT JOBS ENABLED BY THE MINIBUS TAXI INDUSTRY² | DIRECT JOBS CREATED BY SA TAXI'S FLEET IN FY18 | **>13 000**

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

NEW ORIGATION VOLUMES BY RISK GRADE



ECONOMIC TRANSFORMATION & INCLUSIVE GROWTH

DEVELOPMENTAL CREDIT ACHIEVING INCLUSIVE GROWTH

R3.3 BILLION
LOANS ORIGINATED
CREATING
7 734
SMEs IN FY18

R21.9 BILLION
LOANS ORIGINATED
CREATING
72 423
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 | **25.9%**

HEADLINE EARNINGS FROM FY17 | **▲21%**

ENVIRONMENTAL SUSTAINABILITY

9.8%
ABATEMENT ON CARBON EMISSIONS³

DEVELOPING PUBLIC TRANSPORT INFRASTRUCTURE

7 734
RELIABLE NEW & PRE-OWNED MINIBUS TAXIS ON THE ROAD IN FY18

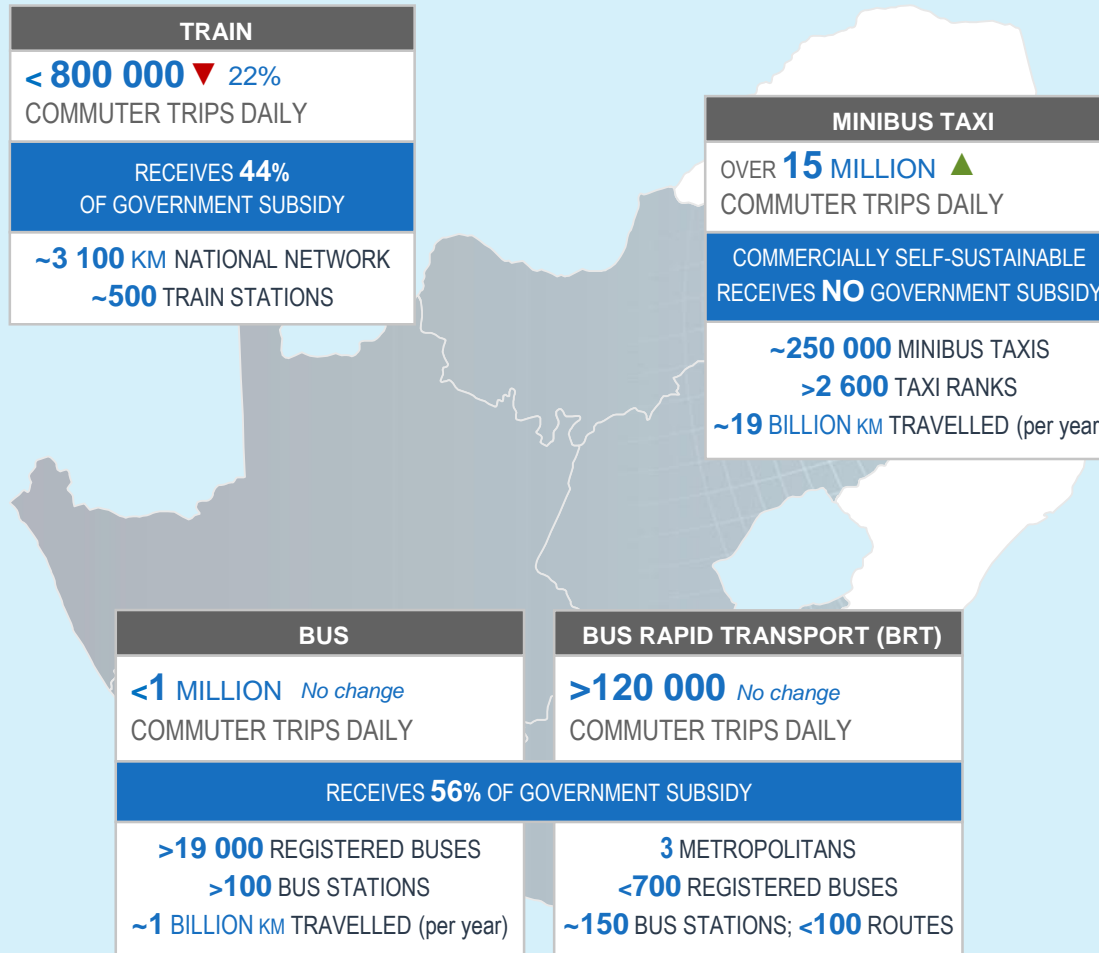
COMMUTER EXPERIENCE

REPLACEMENT OF AGED MINIBUS TAXI FLEET
COMMUNICATE & TRANSACT VIA SA TAXI'S CONNECTED SERVICES BUSINESS

1. On FY18 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

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)
- 76% of all work & educational public transport trips
- Population growth (▲ 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 ▼ 19% (FY13 to FY18)

ENVIRONMENT FOR MINIBUS TAXI OPERATORS

MINIBUS TAXI OPERATORS REMAIN RESILIENT IN A CHALLENGING ECONOMIC ENVIRONMENT

CHALLENGING ENVIRONMENT

VEHICLE PRICES



INTEREST RATES



FUEL PRICES



INDUSTRY RESPONSE

- Fare increases July 2018
- Better **asset utilisation** & **productivity**



SA TAXI'S RESPONSE

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

STRUCTURAL ELEMENTS

- ...> DOMINANT & GROWING MODE OF PUBLIC TRANSPORT
(Competitively priced; convenient; accessible)
- ...> INCREASING COMMUTER DENSITY DUE TO URBANISATION
- ...> NEW PASSENGER VEHICLE SALES ▼ 19% (FY13 to FY18)
- ...> COMMERCIALLY SELF-SUSTAINABLE (Receives NO government subsidy)
- ...> INTEGRATED COMPONENT OF PUBLIC TRANSPORT NETWORK
- ...> CONTINUED HIGH LEVELS OF UNEMPLOYMENT >27%
- ...> PUBLIC TRANSPORT SPEND IS NON-DISCRETIONARY
- ...> DEMAND FOR MINIBUS TAXI VEHICLES > SUPPLY
 - › Ageing national fleet requiring replacement & recapitalisation
 - › Driving higher demand for vehicles that are reliable & efficient



- Improved credit performance as SA Taxi is selective on credit risk, 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 30 September 2018
 2. www.energy.gov.za: 12 month rolling average petrol price (September 2017 to September 2018)

ENVIRONMENT FOR MINIBUS TAXI OPERATORS

FUEL PRICE INCREASES PARTIALLY ABSORBED BY COMMUTERS THROUGH FARE INCREASES IN 2018

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

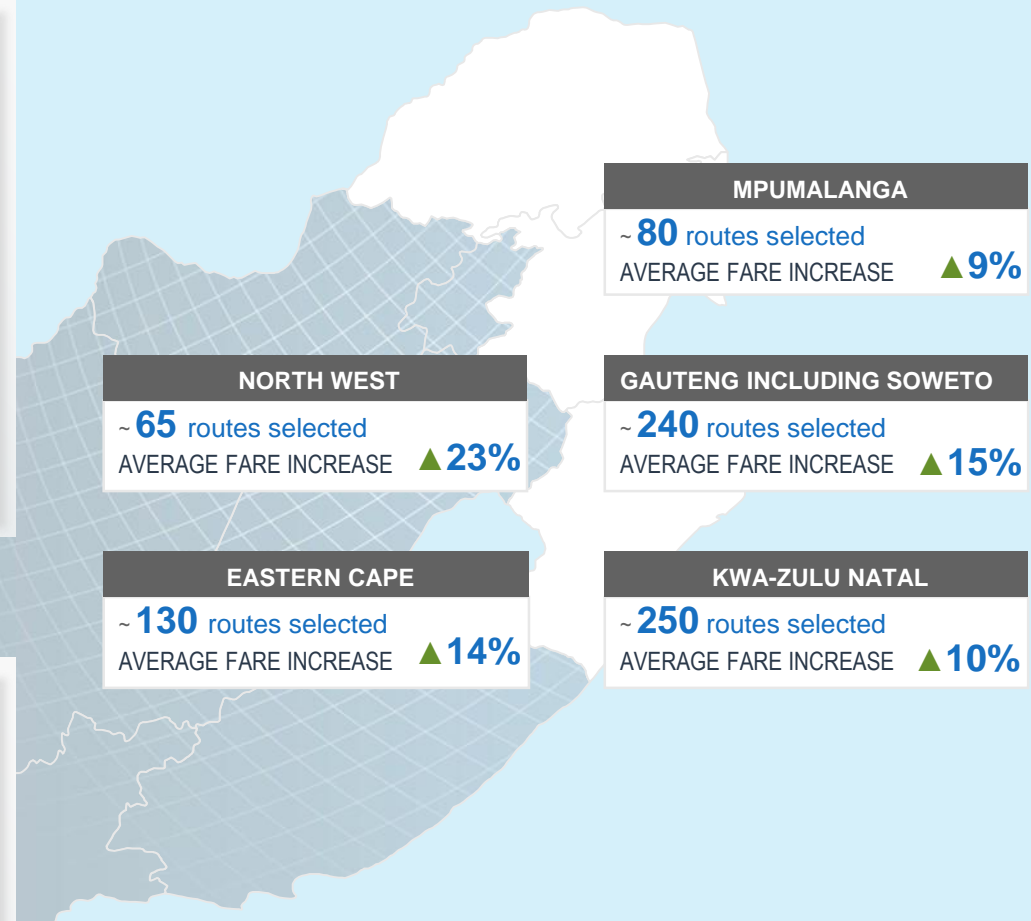
- Timing & extent of prior increases
- Commuter affordability
- Operator profitability
- Other modes of transport for a particular route

FUEL PRICE INCREASES PARTIALLY ABSORBED BY COMMUTERS THROUGH FARE INCREASES

CHALLENGING OPERATING ENVIRONMENT

Resulted in more frequent fare increases





- Fuel prices high
- Vehicle prices high
- In some regions fares were increased twice in 2018, compared to once a year historically



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
Accessibility	On route	Station & scheduled	Scheduled stops	Scheduled stops
Affordability 2016	R12.00	R8.50	N/A	R13.30
Increase	17%	12%		2%
Affordability 2017	R14.00	R9.50	R14.80	R13.50
Increase	14%	0%	20%	11%
Affordability 2018	R16.00	R9.50	R17.80	R15.00
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
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

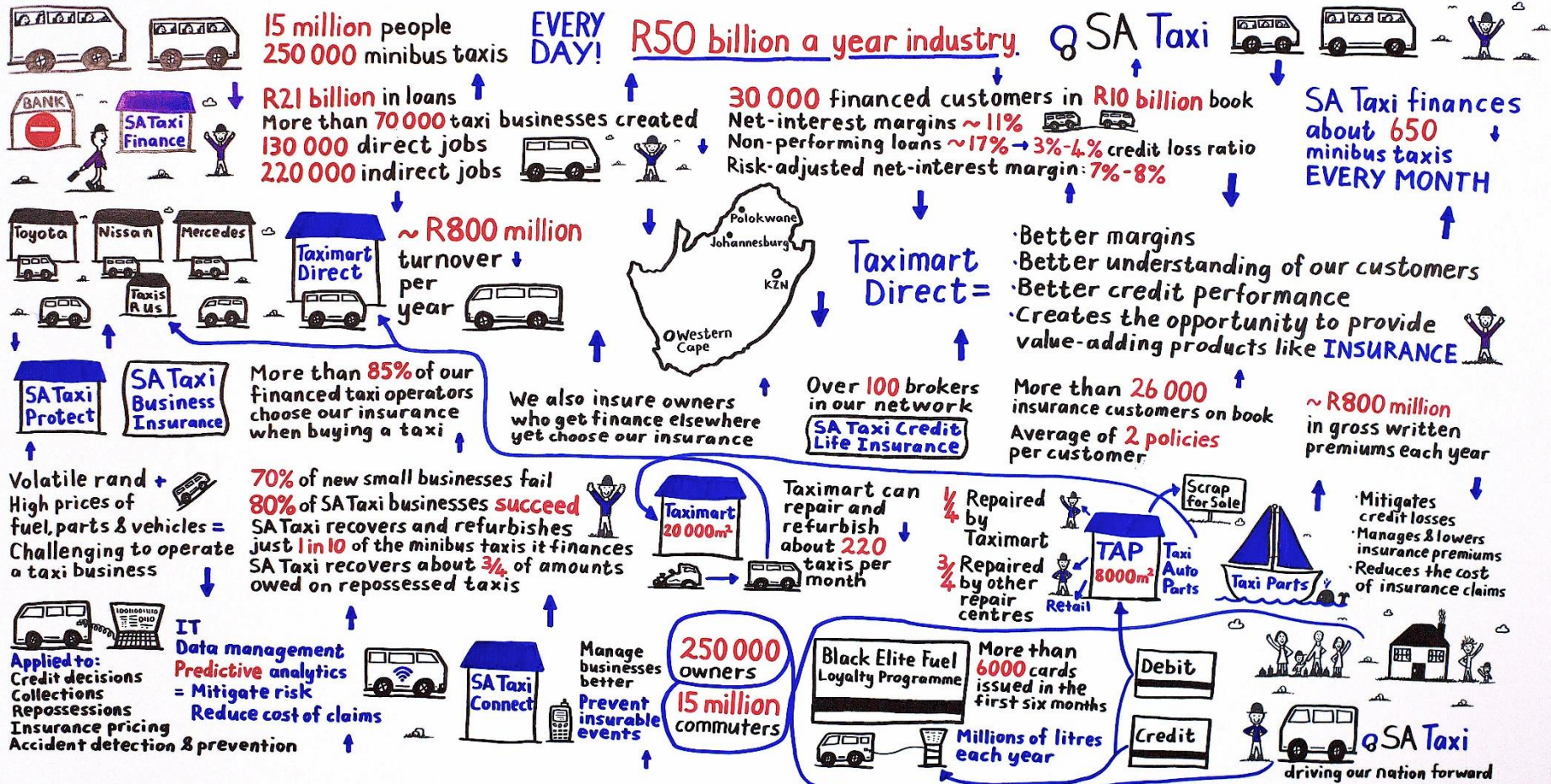
• Factors include: new vs. pre-owned vehicle, loan term, deposit paid, region, association, route dynamics & demand, insurance products taken-up

• 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

SA TAXI MARKET POSITIONING

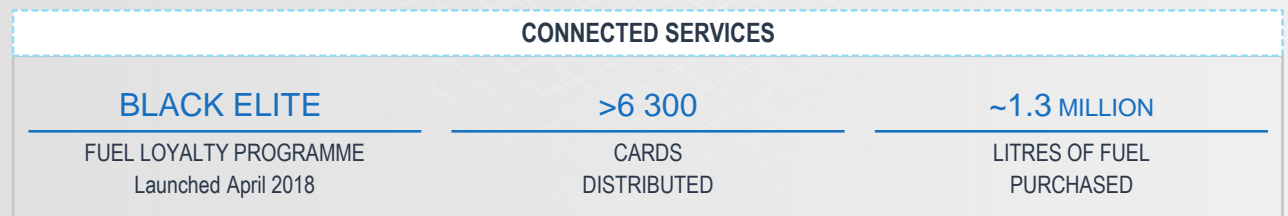
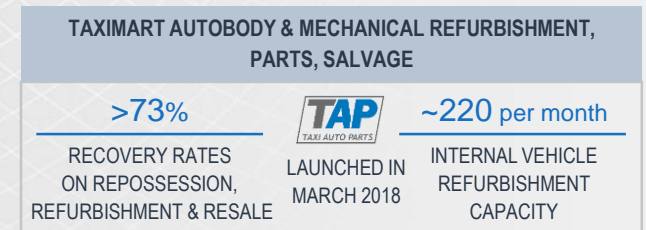
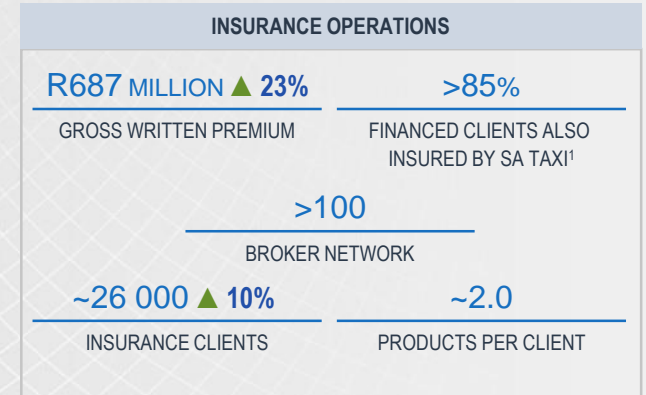
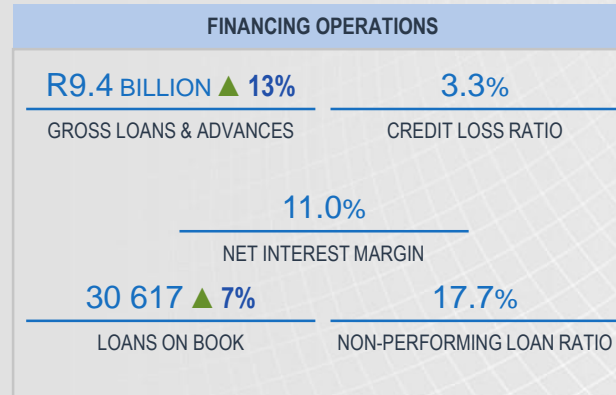
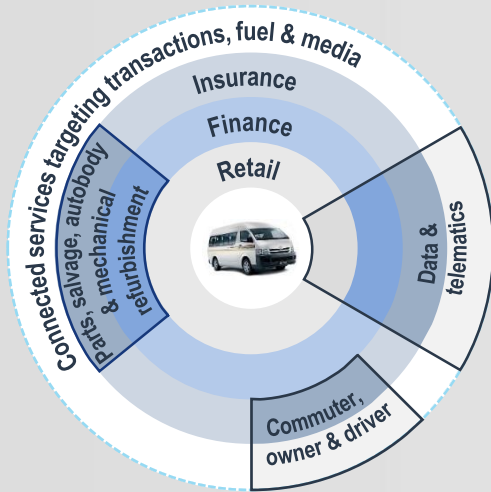
VERTICALLY INTEGRATED BUSINESS MODEL



SA TAXI MARKET POSITIONING

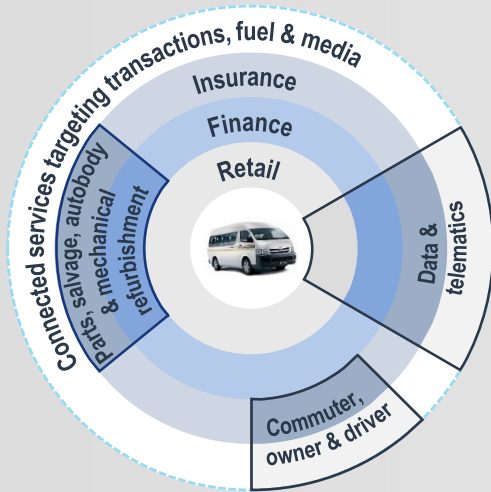
VERTICALLY INTEGRATED BUSINESS MODEL

TO PROVIDE FINANCE, INSURANCE & OTHER SERVICES THAT ENABLE THE SUSTAINABILITY OF THE MINIBUS TAXI INDUSTRY



1. 100% of taxis financed by SA Taxi are fully insured, > 85% of SA Taxi's financed clients independently elect to be insured by SA Taxi

TO PROVIDE FINANCE, INSURANCE & OTHER SERVICES THAT ENABLE THE SUSTAINABILITY OF THE MINIBUS TAXI INDUSTRY



INSURANCE OPERATIONS

- Broadened client base (financed by SA Taxi & open market clients)
- Mobilised broker network to >100 brokers
- Broadened product offering (Credit life & Road Cover)
- Reduced cost of claim (broadening of & efficiencies in SA Taxi's autobody & mechanical refurbishment facility)

ACCRETIVE INDUSTRY INCLUSION

- Assist in growing finance, insurance & dealership verticals
- Participation in select new business verticals (e.g. "Black Elite" fuel campaign)

CONNECTED SERVICES

- Broaden SA Taxi's total addressable market
- Initiation to communicating & transacting with >250 000 minibus taxi operators
- Migrating to provision of financial products & services to ~9.9 million households or >15 million commuters

FINANCING OPERATIONS

- Continue to enrich SA Taxi's proprietary database & invest into risk mitigating technologies

TAXIMART AUTOBODY & MECHANICAL REFURBISHMENT, PARTS, SALVAGE

- New vertical integration
 - › Parts procurement & distribution
 - › Retail to operators
 - › Salvage operations established



LAUNCHED IN
MARCH 2018

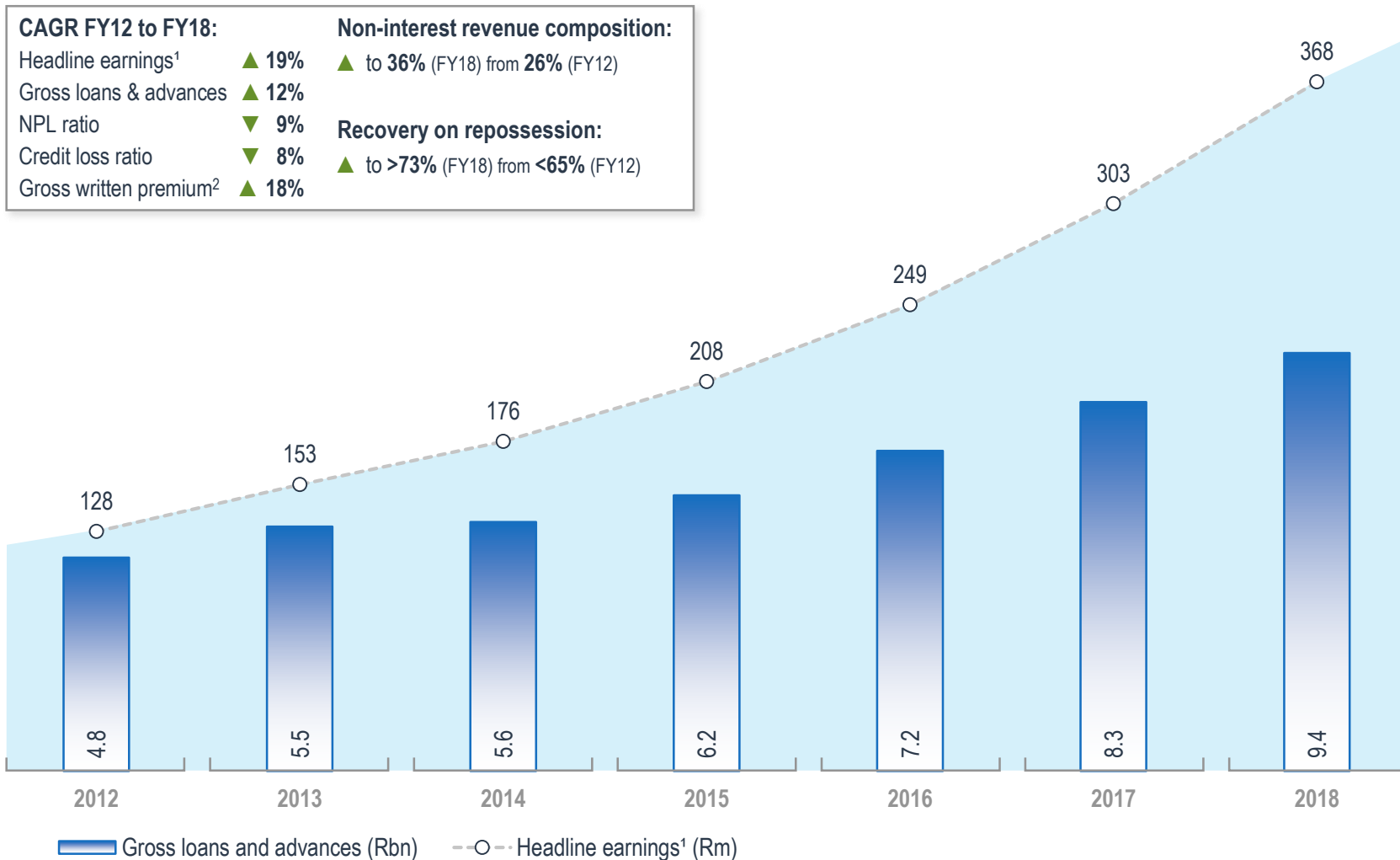
TAXIMART DEALERSHIP

- Better credit performance & insurance take-up
- Limit unnecessary add-ons, making instalments more affordable for operators
- Expanding network, Polokwane in October 2018

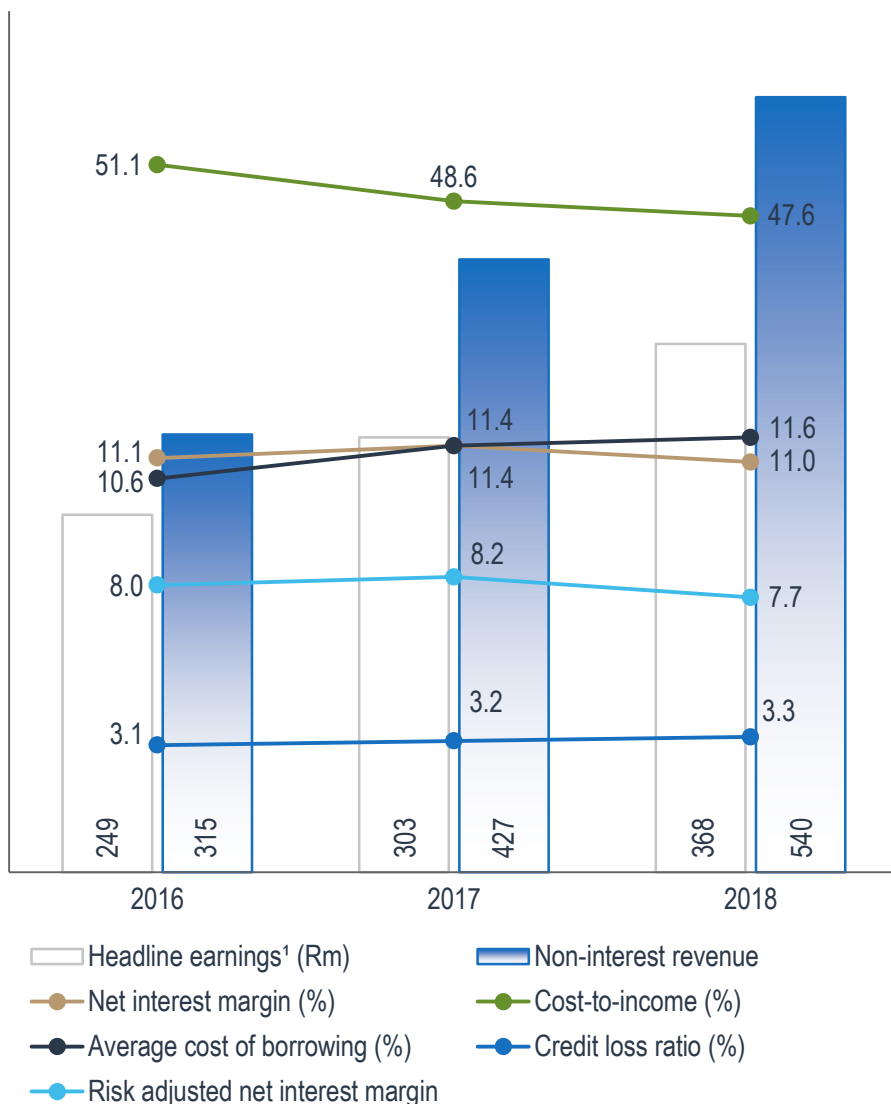
INVESTMENT INTO DATA, TECHNOLOGY & ANALYTICS

- Designed to reduce risk, prevent insurable events & reduce cost of insurance claims
- Achieve operational efficiencies & leverage

SA TAXI PERFORMANCE SINCE LISTING



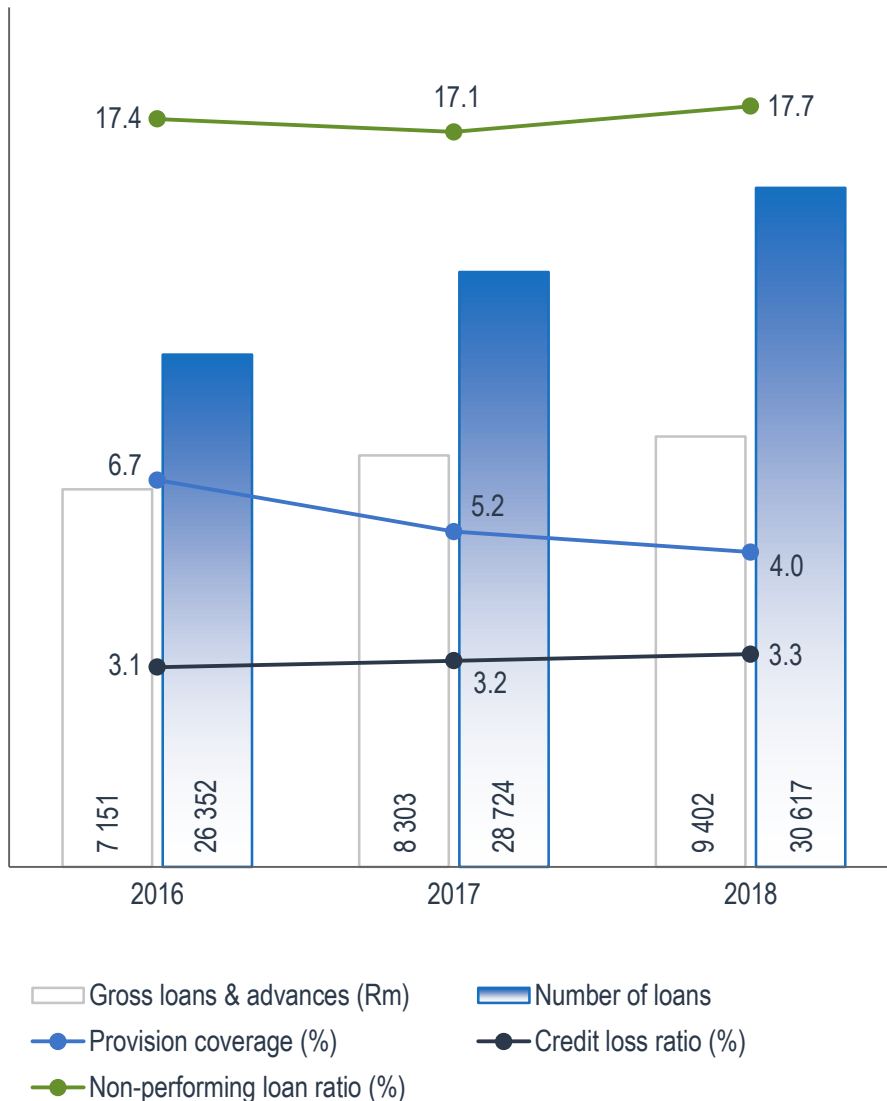
SA TAXI FINANCIAL PERFORMANCE



- Headline earnings¹ ▲ **21%** to **R368m**
 - › All organic growth
- NIM at **11.0%**
 - › Average interest rate on origination **23.6%** (FY17: 24.4%)
 - NCA max cap of **33.5%**
 - › Funding costs ▲ **by 20bps** to **11.6%** (FY17: 11.4%)
 - Repo rate ▼ **25bps**
 - Foreign debt composition stable at **20%** throughout the period, fully hedged to Rand
 - › Gearing ▼ to **7.4 times** from **7.7 times**
- Credit loss ratio of **3.3%** (FY17: 3.2%; HY18: 3.7%)
 - › Risk-adjusted NIM at **7.7%**
- Non-interest revenue ▲ **26%** to **R540m**, driven by:
 - › Gross written premium ▲ **23%**
 - No. of insurance clients ▲ **10%**
 - Products per client ▲ to **2** (HY18: 1.8)
- Cost-to-income ratio improved to **47.6%** from **48.6%**
- Effective tax rate at **24.3%**, resulting from consolidation of insurance operations

1. Headline earnings attributable to the group

SA TAXI CREDIT PERFORMANCE



- Gross loans & advances ▲ **13%** to **R9.4bn**
 - › Number of loans on book ▲ **7%**
 - › Rand value of loans originated ▲ **9%**
 - › Toyota vehicle prices: diesel ▲ **2%**; petrol ▲ **1%**
 - › VAT ▲ **1%** on 1 April 2018
- NPL ratio at **17.7%**
 - › Challenging operating environment
 - Petrol price¹ ▲ **12%**, diesel price¹ ▲ **16%**
- Recovery on repossession **>73%** of settlement value
- Credit loss ratio at **3.3%** (FY17: 3.2%; HY18: 3.7%)
 - › Improved quality & efficiencies in refurbishment centre
 - TAP launched in March 2018
 - Ave. refurb cost ▼ **4%** in FY18 (~R71 000 from ~R74 000)
 - Ave. refurb cost ▼ **20%** since FY16
 - › Enabling slight increase in disposal via auction & salvage
 - › Target credit loss ratio remains **3%** to **4%**
- Provision coverage at **4.0%**
 - › Lower risk loan origination strategy
 - › ▼ exposure to older vehicle models
 - › Annualised TAP impact: ave. refurb cost ▼ **12%**
 - › Profit before tax ▲ **18%**; pre-provision profit ▲ **18%**
 - › After tax credit loss covered at **1.7** times
 - › IFRS 9 adopted in 2015; more conservative methodology

1. www.energy.gov.za: 12 month rolling average price (September 2017 to September 2018)

SA TAXI OPERATIONAL PERFORMANCE

SA TAXI OPERATOR PROFILE

1.2

VEHICLES PER CUSTOMER

3.9 YEARS

AVERAGE AGE OF VEHICLE

47 YEARS

AVERAGE AGE OF OWNER

85%

TOYOTA VEHICLES

31%

LOANS ORIGINATED TO REPEAT CUSTOMERS (DURING FY18)

CREDIT PROFILE OF LOANS ON BOOK

69 MONTHS

AVERAGE LOAN TERM¹

37%

AVERAGE APPROVAL RATE

>R6 000

MINIMUM MONTHLY OPERATOR PROFIT

47 MONTHS

AVERAGE REMAINING LOAN TERM

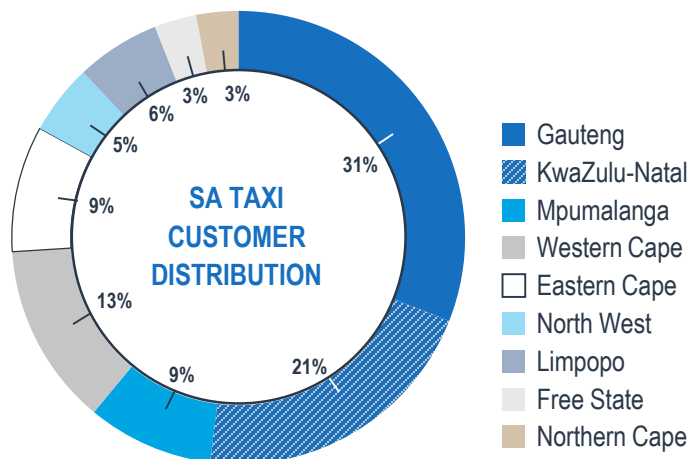
3.3%

CREDIT LOSS RATIO

>73%

RECOVERY RATES ON REPOSSESSION

SA TAXI GEOGRAPHIC DISTRIBUTION



TYPICAL NEW CREDIT AGREEMENT²

• Recommended retail price (Toyota diesel)	R433 300	• Finance instalment	R11 250
• Interest charged	23.6%	• Insurance instalment	R2 950
• Term in months	72	(Comprehensive, credit life & other)	
• Origination fee (incl VAT)	R2 990	• Administration fee (incl VAT)	R69
		• Telematics fee	R300
		• Total monthly instalment	<u>R14 569</u>

Percentages calculated based on Rand value

1. Average loan term at origination
2. New Toyota diesel



Transaction Capital

TRANSACTION
CAPITAL
RISK SERVICES

2018

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

TRANSACTION CAPITAL
RISK SERVICES IS A

TECHNOLOGY-LED,
DATA-DRIVEN PROVIDER OF
CUSTOMER MANAGEMENT
SOLUTIONS IN SOUTH AFRICA

& AUSTRALIA THROUGH A

SCALABLE & BESPOKE
FINTECH PLATFORM,

ENABLING ITS **CLIENTS** TO
MITIGATE RISK THROUGH

THEIR CUSTOMER
ENGAGEMENT LIFECYCLE

Innovative & bespoke technology systems driving superior performance & efficiency

Generating in-depth insights from the continuous collection of accurate & valuable data to develop a consolidated view of an individual that enables precise & informed internal & external decisioning

Improving its clients' ability to originate, manage & collect from their customers through their lifecycles, thus maximising value

Assisting its clients by accelerating cash flow as an agent on an outsourced contingency or fee-for-service ("FFS") basis, or as a principal in acquiring & collecting non-performing loan portfolios

Proactive workforce management & technology facilitate a flexible & dynamic servicing capability able to meet a client's unique requirements

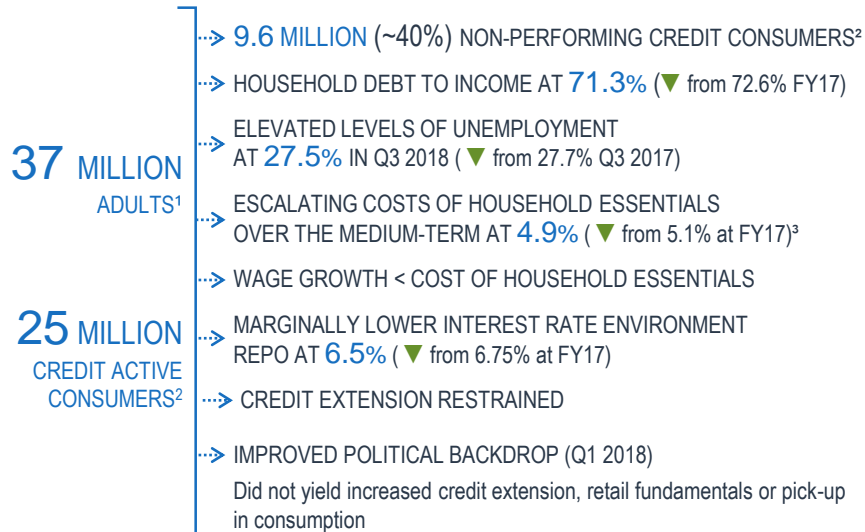
Regarded as a trusted partner by large consumer-facing businesses & credit providers across multiple industries

Enabling clients to generate higher risk-adjusted returns through their engagements with their customers at the point of origination, management & collection

ENVIRONMENT & MARKET CONTEXT

DEFENSIVELY POSITIONED IN A CHALLENGING CONSUMER CREDIT ENVIRONMENT

MACRO- & SOCIO-ECONOMIC ENVIRONMENT IN SOUTH AFRICA



OUTLOOK ON SA'S CONSUMER

- Consumer confidence will remain subdued unless government implements growth-boosting structural reforms
- Slow deleverage of the SA consumer in the medium-term

EFFECT ON TCRS

- Should an improving consumer credit environment materialise, TCRS is expected to perform better
 - › Higher levels of consumer credit extension
 - › Increase in the number of matters handed over in agency mandates
 - › Increasing yield on previously acquired NPL portfolios

CREDIT REHABILITATION IS A CRUCIAL ELEMENT IN GROWING AN INCLUSIVE ECONOMY

TRANSACTION CAPITAL'S CONSUMER CREDIT REHABILITATION INDEX

% CHANGE IN REHABILITATION PROSPECT FOR Q3 2018

QUARTER ON QUARTER

Q3 2018 with Q2 2018

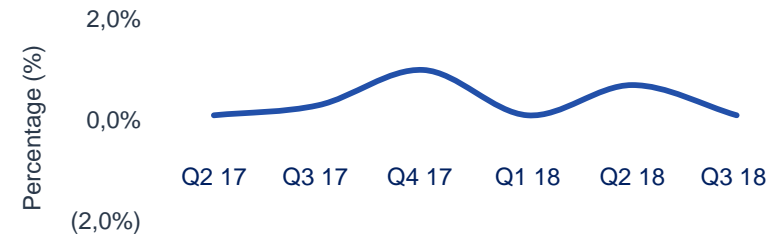
▼ 0.2%

YEAR ON YEAR

Q3 2018 with Q3 2017

▲ 0.7%

NATIONAL REHABILITATION PROSPECT TRENDS



- TCRS algorithm to score propensity to repay debt
- Empirically based sample of >5 million SA consumers in credit default
- National rehabilitation prospects remain subdued, with limited improvement or deterioration
 - › ▲ by 0.4% (Q3 17 vs. Q2 17)
 - › ▼ by 0.8% (Q1 18 vs. Q4 17)
 - › ▲ by 1.0% (Q4 17 vs. Q3 17)
 - › ▲ by 0.7% (Q2 18 vs. Q1 18)
 - › ▼ by 0.2% (Q3 18 vs. Q2 18)
- Rehabilitation allows:
 - › Consumers to access credit & re-enter consumer market
 - › Lenders to maintain cleaner B/S to continue extending credit at affordable costs

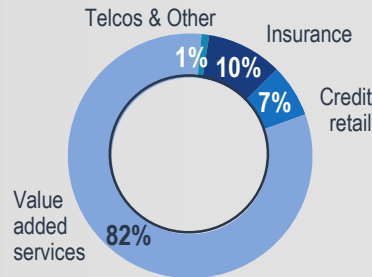
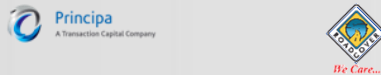
TCRS MARKET POSITIONING

DIVERSIFIED BUSINESS MODEL

DIVERSIFICATION SUPPORTS PERFORMANCE IN VARYING MARKET CONDITIONS & REDUCES CONCENTRATION RISK

VALUE ADDED SERVICES

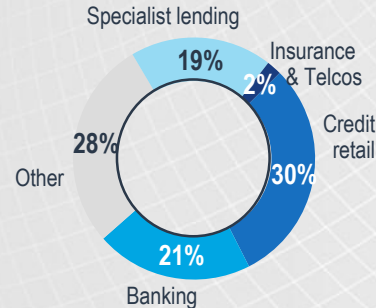
VALUE ADDED SERVICES, LEAD GENERATION & CUSTOMER ACQUISITION



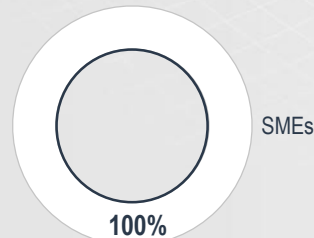
- **2 geographies:** South Africa & Australia
- **3 business activities:** Value added services, Transactional services & Collection services
- **Collection Services diversified by revenue model:** Acquisition of NPL portfolios vs. contingency & FFS collector
- **Collection services diversified**
 - › **Across various sectors:** Banking, specialist lending, credit retail, utilities, telcos, insurance & public sectors
 - › **By client base:** 126 clients (SA:82 | Aus:44)
 - › **By mandates:** 300 mandates¹(SA:209 | Aus:91)

TRANSACTIONAL SERVICES

PAYMENT SERVICES & ACCOUNT MANAGEMENT

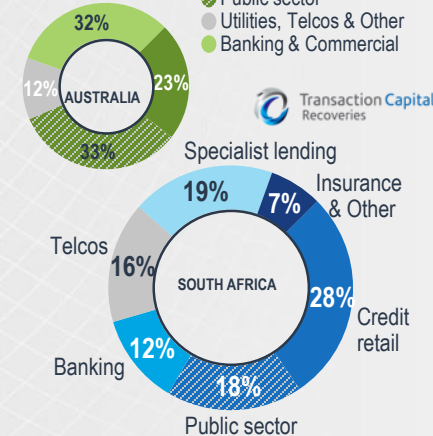
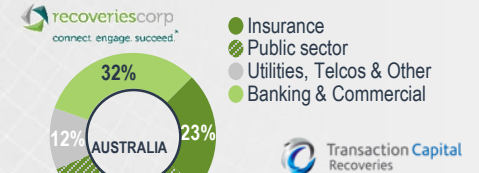


SME FINANCING & SERVICES

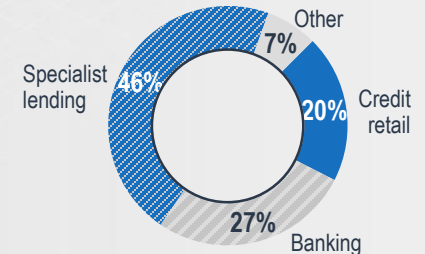


COLLECTION SERVICES

CONTINGENCY & FFS



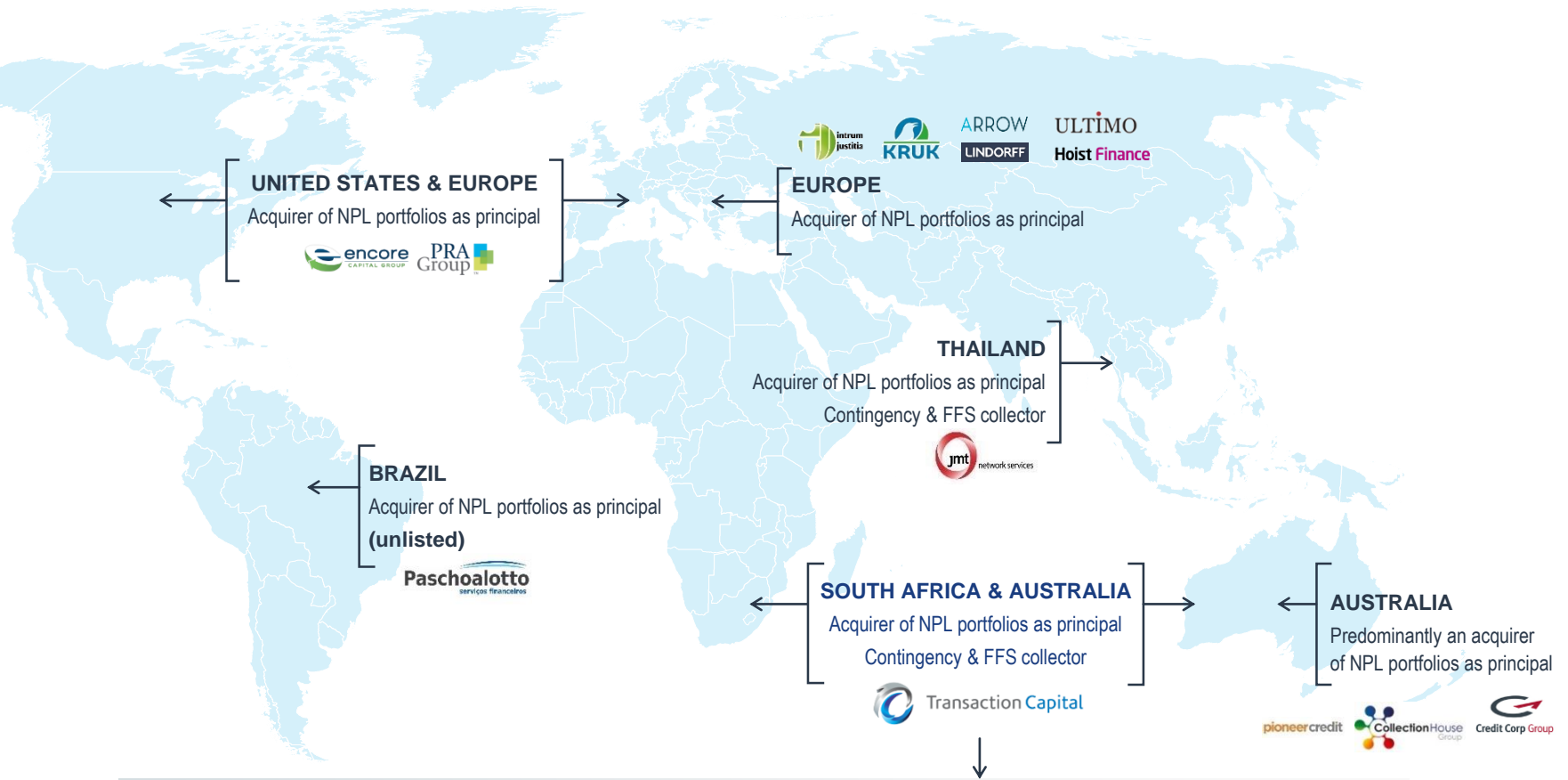
ACQUISITION OF NPL PORTFOLIOS AS PRINCIPAL



1. In South Africa TCRS ranks 1st or 2nd in 93% of our 209 mandates. In Australia Recoveries Corporation is ranked 1st or 2nd by clients in 79% of banking, government & commercial mandates. Sectors split by revenue per segment as at 30 September 2018

TCRS MARKET POSITIONING

UNIQUE COMPARED TO GLOBALLY LISTED PEERS

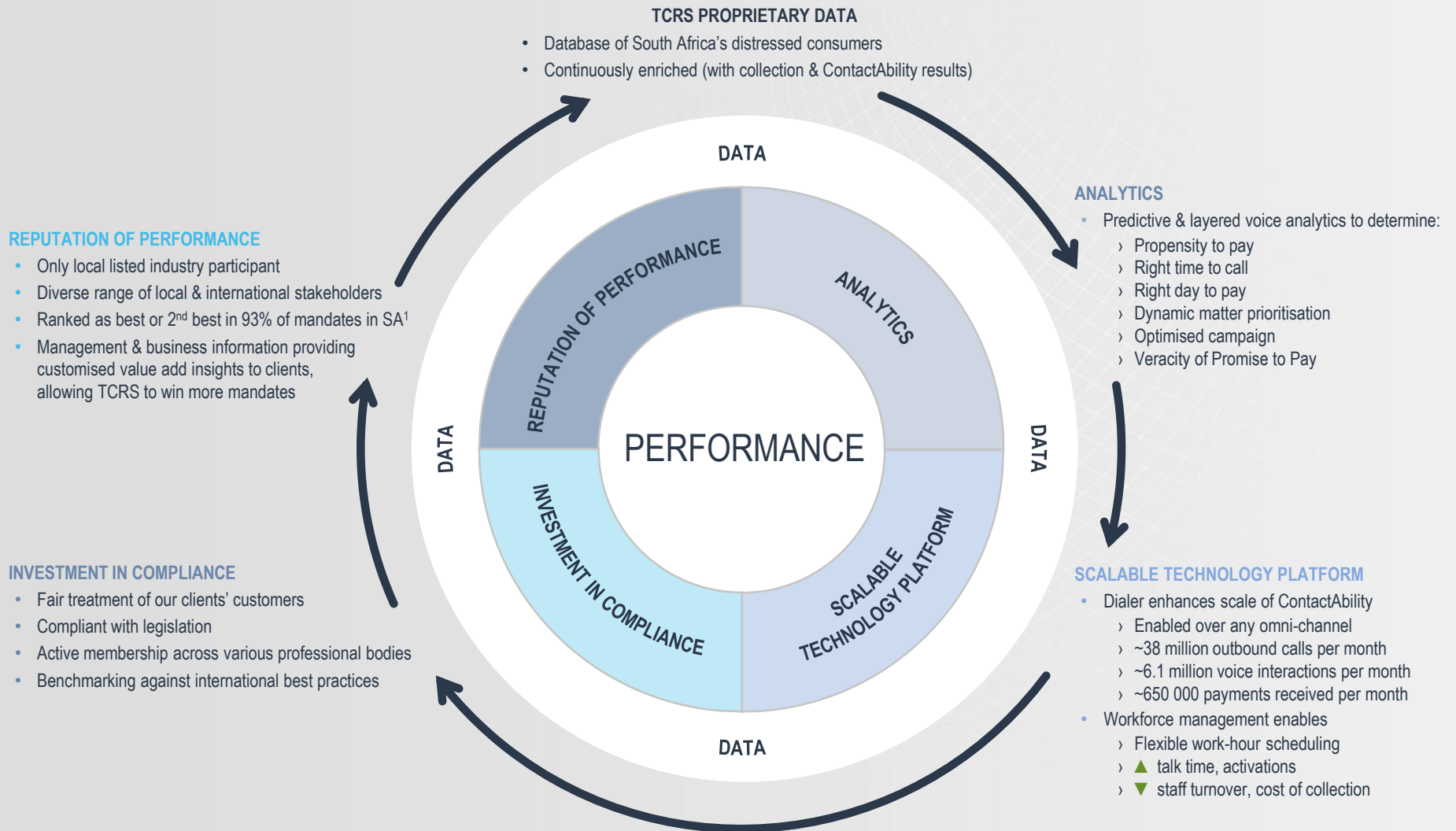


Diversification supports performance in varying market conditions

- **Across 2 geographies:** South Africa & Australia
- **Diverse revenue model:** Acquisition of NPL portfolios vs. contingency & FFS collector
- **Across various consumer credit sectors:** Banking, specialist lending, credit retail, utilities, telcos, insurance & public sectors

TCRS MARKET POSITIONING

COMPETITIVE ADVANTAGES



1. In Australia Recoveries Corporation is ranked 1st or 2nd by clients in 79% of banking, government & commercial mandates

VALUE ADDED SERVICES

VALUE ADDED SERVICES, LEAD GENERATION & CUSTOMER ACQUISITION



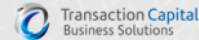
- Apply data & analytics skills to Road Cover
- Commercialise TCRS' Master Data Universe (MDU)
 - › Direct sales via MDU to leverage off rehabilitated principal customers

INVESTMENT INTO DATA, TECHNOLOGY & ANALYTICS

- Optimisation: Work force management, dialer, propensity to pay scorecards & right time to call
- Implementation of new technologies including artificial intelligence & digital communications
- Expansion & commercialisation of TCRS' MDU
 - › >12 million ID numbers
- Expanding TCRS' technology, BI & analytics to RCGL in Australia

TRANSACTIONAL SERVICES

PAYMENT SERVICES & ACCOUNT MANAGEMENT



- Creation of a payment services platform
- Cross sell Transaction Capital Payment Solutions & Road Cover services to Accsys clients

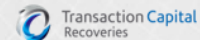
SME FINANCING & SERVICES



- Fintech opportunities
 - › Online client portal
 - › Technology based originations

COLLECTION SERVICES

CONTINGENCY & FFS



SOUTH AFRICA:

- New sectors: Insurance, education & other
- Bespoke solutions (e.g. early stage collections, debt review & debt administration)
- Increased focus: Telcos & tier 1 banks
- Bolt-on acquisitions (specialist collections & niched mandates)

AUSTRALIA:

- Technology to create operational efficiencies
- Bolt-on acquisitions: Specialist collectors

ACQUISITION OF NPL PORTFOLIOS AS PRINCIPAL



SOUTH AFRICA:

- Capital Solutions with municipalities & SOEs
- Bilateral forward flow & structured transactions
- Alternative assets classes: Mortgage, VAF, debt review, pre write-off portfolios

AUSTRALIA:

- Exploring NPL acquisitions selectively
- Bolt on acquisitions: Specialist NPL acquirers

MARKET PARTICIPANTS

AUSTRALIAN DEBT COLLECTION MARKET: 557 MARKET PARTICIPANTS

ACQUISITION OF NPLs AS PRINCIPAL	62.7%
• Credit Corp	16.4%
• Collection House	12.6%
• Pioneer Credit Limit	4.8%
• ACM Group	4.0%

CONTINGENCY COLLECTIONS	30.5%
• illion (formerly Dun & BradStreet)	3.8%
• Recoveries Corporation (TCRS)	3.5%

OTHER COLLECTIONS	6.8%
-------------------	------

FRAGMENTED MARKET, COMPRISING A FURTHER 551 MARKET PARTICIPANTS

NPL PORTFOLIOS SOLD PER ANNUM

~A\$600 MILLION

vs. South Africa
~ R600 – R700 MILLION

→ ~A\$500 MILLION



→ ~A\$100 MILLION

Many smaller players in a fragmented market

REVENUE OF ~A\$1.2 BILLION FOR 2018

AUSTRALIAN CONSUMER CREDIT ENVIRONMENT

AUSTRALIAN CONSUMER EMPLOYED BUT HIGHLY LEVERAGED

- 5.3% unemployment (August 2018)
- Household debt to disposable income > 190%
- Monthly debt servicing costs, excluding home, is 51%

AUSTRALIAN DEBT COLLECTION ENVIRONMENT

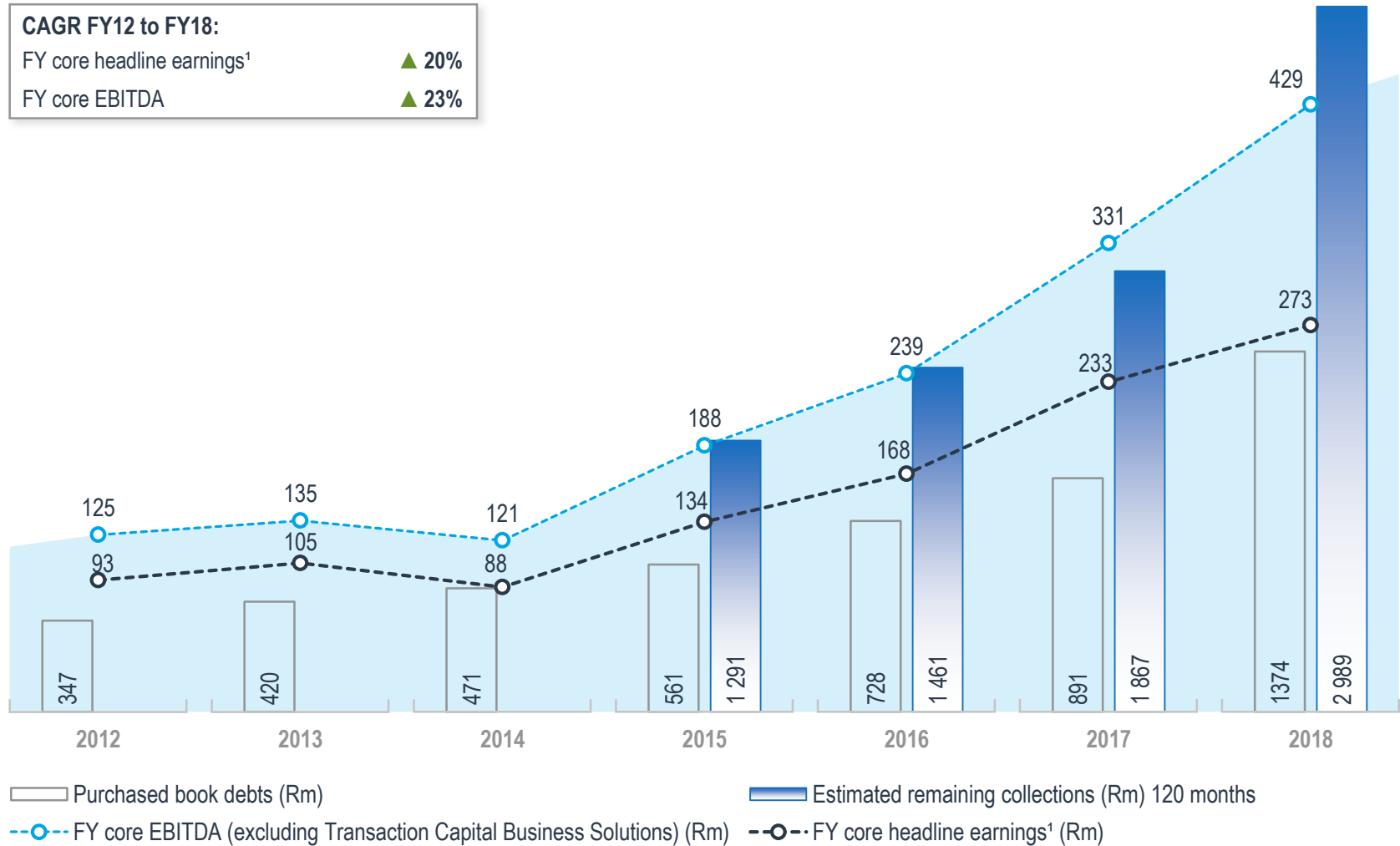
- Strong levels of credit extension
- Regulatory environment & legislation more evenly balanced, no consumer bias
- High ability to contact & transact via voice & digital channels
- Moral obligation to repay debt

TCRS PERFORMANCE SINCE LISTING

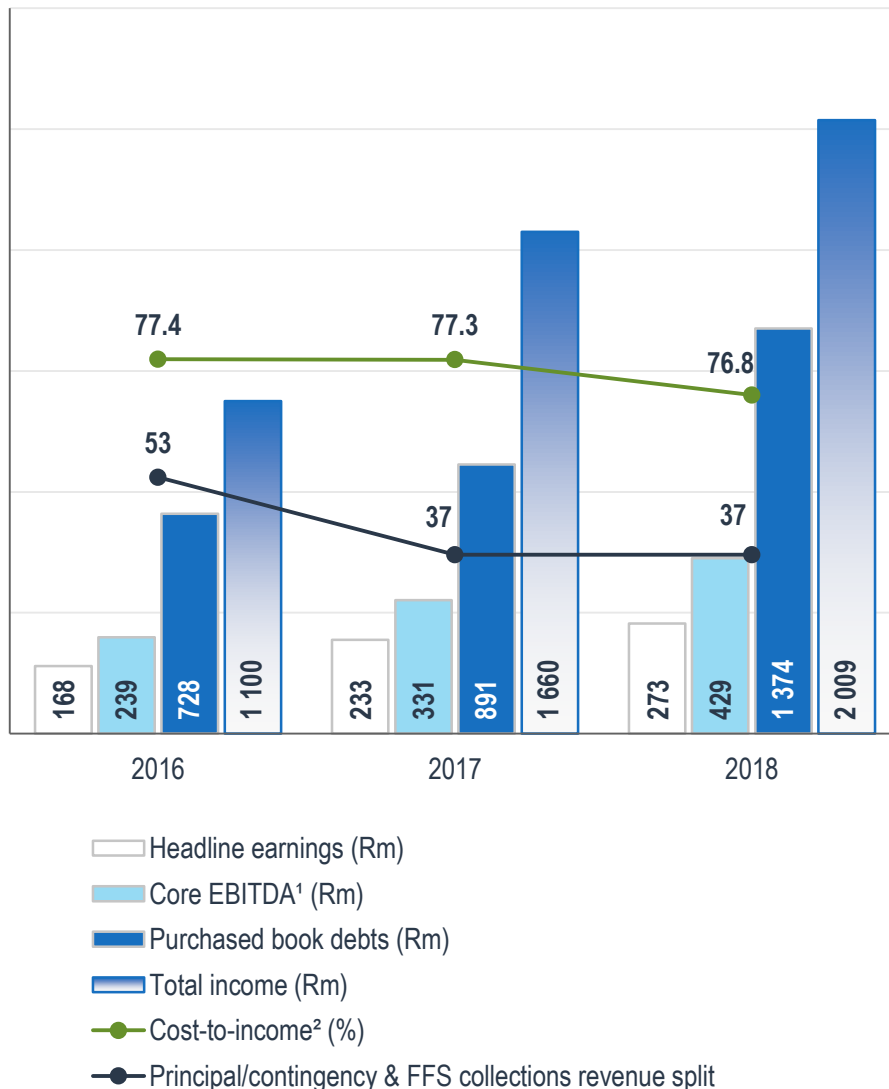
CAGR FY12 to FY18:

FY core headline earnings¹ ▲ 20%

FY core EBITDA ▲ 23%



TCRS FINANCIAL PERFORMANCE



- Core headline earnings ▲ 17% to R273m
- Revenue from principal collections ▲ 22%
- Contingency & FFS revenue ▲ 19%
 - › Growing revenue from adjacent sectors
 - › Insurance, telecommunications & public sector contributing 38% of SA contingency revenue (FY17: 27%)
 - › South Africa: Ranked as 1st or 2nd by clients in 93% of our 209 mandates
 - › Australia: Ranked 1st or 2nd by clients in 79% of banking, government & commercial mandates
- Cost-to-income ratio improved (excluding the effect of acquisitions) to 76.8% from 77.3%
 - › Total costs ▲ 7%²
 - › Continued investment in data (MDU), technologies (dialer & workforce management) & analytics yielding efficiencies
 - › Frugal cost management

1. Core EBITDA (excluding Transaction Capital Business Solutions)
 2. Excluding the effect of acquisitions

INVESTMENT INTO PEOPLE

EMPLOYEE VALUE PROPOSITION | MAKING IT AN EXCITING PLACE TO WORK

2018 HIGHLIGHTS

TCRS SOUTH AFRICA¹

115 promotions of which **61%** are women & **85%** are black²

88% of high potential employees retained

74% of employees are women

92% of employees are black²

218 training programmes conducted, attended by **~16 800** delegates

63 average training hours per employee

95% of employees who received training are black²

“Investors in
people organisation”

ACCREDITATION AFFIRMED IN JANUARY 2018

Gender	African	Coloured	Indian	White	Total
Male	438	67	105	103	713
Female	1 372	255	287	115	2 029
Total	1 810	322	392	218	2 742¹
	66%	12%	14%	8%	

1. TCRS employs a further 580 employees through Recoveries Corporation in Australia, in addition to the statistics provided above

2. Black includes African, Indian & Coloured South Africans



Transaction Capital

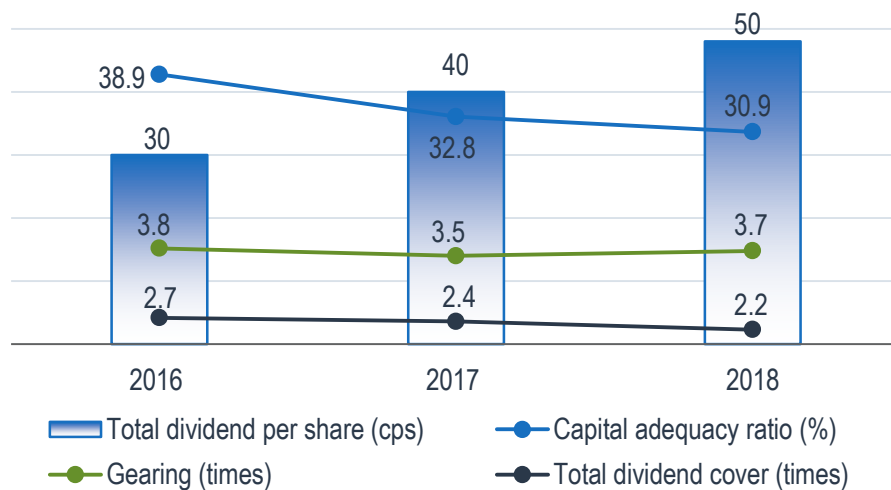
CAPITAL MANAGEMENT 2018

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

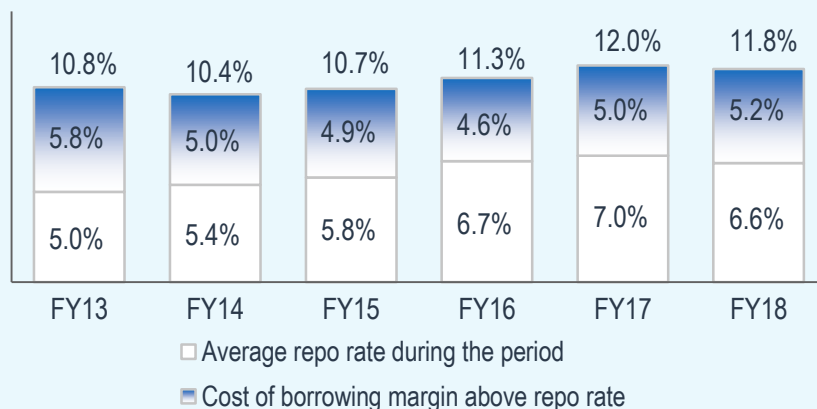


Deal of the Year 2018:
Africa – Securitisation
& Structured Finance

PERFORMANCE

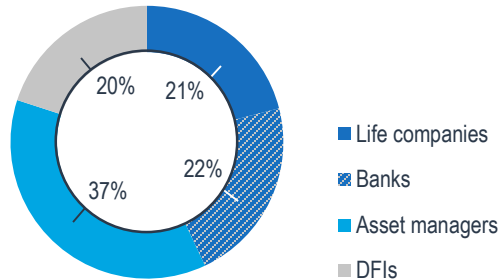


COST OF BORROWING

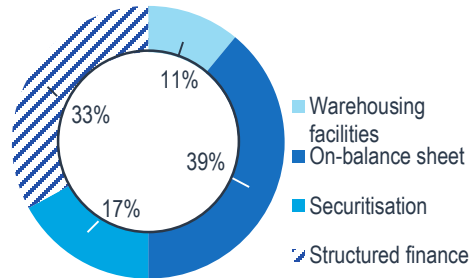


- Robust access to the debt capital markets
 - › Raised ~**R4.9bn** in debt facilities from **45** separate funding transactions in FY18
 - › SA Taxi fully funded for > 12 months
- Continue to diversify funding sources
 - › Diverse debt investor base of **45** funders
 - › **10** new investors in FY18
- **R1.0bn** Transsec 3 initial & tap issuance;
 - › >**2.6** times oversubscribed
 - › >**80 bps** < Transsec 2 total issuance
- Group average cost of borrowing improved to **11.8%** (FY17:12%)
 - › Margin above repo **5.2%**
 - › Foreign debt component stable at **20%**, fully hedged to Rand
- Capital adequacy position remains robust at **30.9%**
 - › **22.9%** equity
 - › **8.0%** subordinated debt
- Net ungeared & liquid group balance sheet
- Excess cash of ~**R650m** on balance sheet
- Excess cash of ~**R1bn** post SA Taxi equity transaction

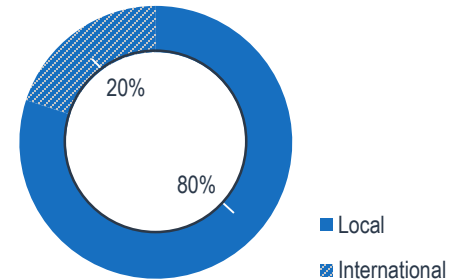
DIVERSIFICATION BY DEBT INVESTOR CATEGORY



DIVERSIFICATION BY FUNDING STRUCTURE



DIVERSIFICATION BY GEOGRAPHY



ON BALANCE SHEET

FY18 BALANCE OUTSTANDING | **R3.9billion**

SA Taxi *driving our nation forward*
Development Finance

SA Taxi *driving our nation forward*
Finance Holdings

Transaction Capital
Risk Services

SECURITISATION

FY18 BALANCE OUTSTANDING | **R1.7billion**

Transsec *(RF) Limited*

Transsec 2 *(RF) Limited*

Transsec 3 *(RF) Limited*

STRUCTURED FINANCE

FY18 BALANCE OUTSTANDING | **R3.3billion**

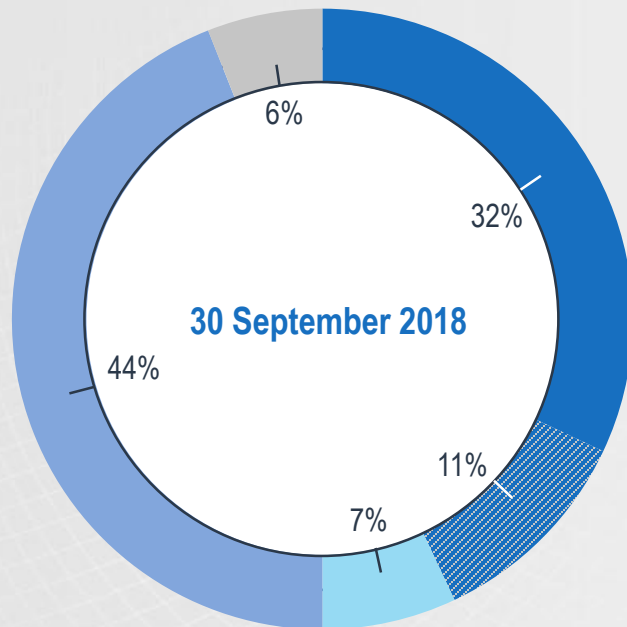
SA Taxi *driving our nation forward*
Impact Fund

SA Taxi *driving our nation forward*
Finance Solutions

WAREHOUSING FACILITIES

FY18 BALANCE OUTSTANDING | **R1.1billion**

Potpale
Investments



- Directors of Transaction Capital & its subsidiaries
- ▨ Old Mutual Investment Group
- Allan Gray Proprietary Limited
- Remaining institutional shareholders
- Retail investors

- Accelerated bookbuild (March 2018)
 - › Expanded base of local & international investors
 - › Everglen remains the largest shareholder at 29%
 - › ~72 million shares sold by Everglen
 - › 80% of the accelerated bookbuild taken up by international investors
- Foreign ownership ▲ from **6%** to **16%**
- Institutional shareholding ▲ from **31%** to **44%** (excluding Old Mutual & Allan Gray)
- Retail investors ▲ from **5%** to **6%**
- Enhanced liquidity & daily trade
 - › Free float ▲ to **68%** (FY17: 56%)
 - › Average daily number of shares traded ▲ **105%** to **468 558** (FY17: 228 804)
 - › Average daily value traded ▲ **142%** to **USD 595 601** (FY17: USD 245 767)



Transaction Capital

CONCLUSION

2018

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER

INVESTMENT CASE

COMPELLING & UNIQUE AS WE EXECUTE ON OUR STRATEGY

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

- Two **well established, autonomous & 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 application of **specialised expertise to mitigate risk, participate in margin & provide a broader service to clients**
- **Superior data & leading-edge technology & analytics** capabilities differentiate our offerings, inform business decisions & mitigate risk
- **Via a diversified business model**
 - › Unique blend of highly **cash generative & capital related** businesses
 - › **Diversified revenue model** across adjacent **market segments & geographies**

WITH A **BESPOKE & ROBUST**
CAPITAL STRUCTURE
INCORPORATING
R1 BILLION¹ OF EXCESS CAPITAL

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

ESTABLISHED AS A **SCALABLE**
FINANCIAL SERVICES PLATFORM

- For SA Taxi & TCRS to develop **new products** & expand into **new markets**
- For Transaction Capital to **innovate** in **introducing new organic & acquisitive growth opportunities**

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

- **Ownership culture**
- **Decentralised, entrepreneurial, innovative, proven & long-serving** leadership
- Specialised **intellectual capital** applied over a much smaller asset base than in larger organisations

1. Post SA Taxi's equity transaction

INVESTMENT CASE CONTINUED

COMPELLING & UNIQUE AS WE EXECUTE ON OUR STRATEGY

BUT UNDERPINNED BY A ROBUST
**GOVERNANCE FRAMEWORK &
SOUND GOVERNANCE PRACTICES**

- Experienced, diverse & **independent directors** at group & subsidiary level
- **Institutionalised governance**, regulatory & 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 & sizable in their own right
- Unrelenting **investment into & precise implementation of innovative strategic initiatives**
- Track record of delivering predictable, **consistent, high-quality earnings** with **high cash conversion rates & strong organic growth prospects**
- **Dividends growing** at an accelerated rate when compared to earnings
- A **focused acquisition strategy** supported by **R1 billion¹ of excess cash**, highly cash generative businesses, supportive capital markets, & a **strong unleveraged balance sheet**

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

- Businesses favourably positioned regarding demographic & socio-economic trends, **delivering both a social & commercial benefit**
- SA Taxi facilitates
 - › **Asset ownership by black owned SMEs**, financial inclusion, SME empowerment, & 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**



Transaction Capital

QUESTIONS

DISCLAIMER

This presentation may contain certain "forward-looking statements" regarding beliefs or expectations of the TC Group, its directors & other members of its senior management about the TC Group's financial condition, results of operations, cash flow, strategy & business & the transactions described in this presentation. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, & underlying assumptions & other statements, which are other than statements of historical facts. The words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "project", "will", "may", "should" & similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. Such forward-looking statements are not guarantees of future performance. Rather, they are based on current views & assumptions & involve known & unknown risks, uncertainties & other factors, many of which are outside the control of the TC Group & are difficult to predict, that may cause the actual results, performance, achievements or developments of the TC Group or the industries in which it operates to differ materially from any future results, performance, achievements or developments expressed by or implied from the forward-looking statements. Each member of the TC Group expressly disclaims any obligation or undertaking to provide or disseminate any updates or revisions to any forward-looking statements contained in this announcement.