



Transaction Capital

TRANSACTION CAPITAL
INTERIM RESULTS
PRESENTATION
FOR THE HALF YEAR ENDED 31 MARCH

GROUP HIGHLIGHTS

2017

FOR THE HALF YEAR ENDED 31 MARCH

TRANSACTION CAPITAL GROUP STRUCTURE

HY17 FINANCIAL & OPERATIONAL HIGHLIGHTS (HY17 compared to HY16)



CEO: Terry Kier, 10-year group tenure

R144 MILLION¹ **R7.8** BILLION

HEADLINE EARNINGS ▲ **22%** GROSS LOANS & ADVANCES ▲ **16%**

R195 MILLION **3.3%**

NON-INTEREST REVENUE ▲ **30%** CREDIT LOSS RATIO HY16 **3.4%**

24.1% **17.2%**

RETURN ON EQUITY HY16 **25.4%** NON-PERFORMING LOAN RATIO HY16 **18.0%**



CEO: David Hurwitz, 12-year group tenure

R254 MILLION¹ **43.3** CPS

HEADLINE EARNINGS ▲ **21%** HEADLINE EARNINGS PER SHARE ▲ **17%**

581.3 CPS **15** CPS

NET ASSET VALUE PER SHARE ▲ **22%** INTERIM DIVIDEND PER SHARE ▲ **25%**

16.1% **R9.2** BILLION²

RETURN ON EQUITY HY16 **15.9%** MARKET CAPITALISATION



CEO: Dave McAlpin, 9-year group tenure

R93 MILLION¹ **R930** MILLION

HEADLINE EARNINGS Core ▲ **33%** PURCHASED BOOK DEBTS ▲ **63%**
Excluding acquisitions ▲ **17%**

80.3% **R210** MILLION

COST-TO-INCOME RATIO HY16 **81.5%** VALUE OF PURCHASED BOOK DEBTS ACQUIRED ▲ **>100%**

20.6% **R1.5** BILLION

RETURN ON EQUITY HY16 **27.7%** ESTIMATED REMAINING COLLECTIONS ▲ **40%**

A vertically integrated taxi platform incorporating vehicle procurement, retail, finance, insurance, repossession, spare part procurement & refurbishment capabilities, combined with SA Taxi's proprietary data to deploy developmental credit, distribute bespoke taxi insurance, sell focused vehicle models & other allied services to taxi operators, thus ensuring the sustainability of a fundamental mode of transport

A technology-led, data-driven provider of customer management services in South Africa & Australia through a scalable & bespoke platform, enabling its clients to mitigate risk through their customer engagement lifecycle

Financial ratios & results exclude once-off acquisition costs of R22 million incurred during HY17

1. Headline earnings attributable to the group, excluding minority interest | 2. Market capitalisation as at 31 March 2017

GROUP STRATEGIC & OPERATIONAL HIGHLIGHTS

STRATEGIC POSITIONING OF OPERATING DIVISIONS

Delivering robust organic growth

- Occupy leading market positions
- Highly defensive businesses
- Vertically integrated & diversified business model
- Continued investment in technology & data
- Platforms to develop new products & expand into new markets

DEBT CAPITAL MARKETS

Uninterrupted access to the debt capital markets

- Despite political instability & South Africa's sovereign rating downgrade
- SA Taxi raised **>R4 billion** in HY17
- 2018 fully funded
- Accessed **>R2 billion** of debt funding from European DFIs since 2010
- Secured **>R2 billion** of debt facilities from US-based DFIs during HY17
- Established a **R2 billion** domestic note programme

ACQUISITIONS

3 acquisitions within Transaction Capital Risk Services (TCRS)

- 100% of Recoveries Corporation, effective 1 January 2017
- 75% of Road Cover, effective 1 December 2016
- 51% of The Beancounter, effective 1 December 2016
- Performing in line with expectations
- Integration is a key strategic & operational focus

UNGEARED & LIQUID BALANCE SHEET

- **28.4 million** shares issued raising **R419 million**
- Net asset value per share **▲ 22%**
- Liquid capital **~R600 million**
- Capacity & flexibility to continue investing in organic & acquisitive opportunities

INTERIM DIVIDEND

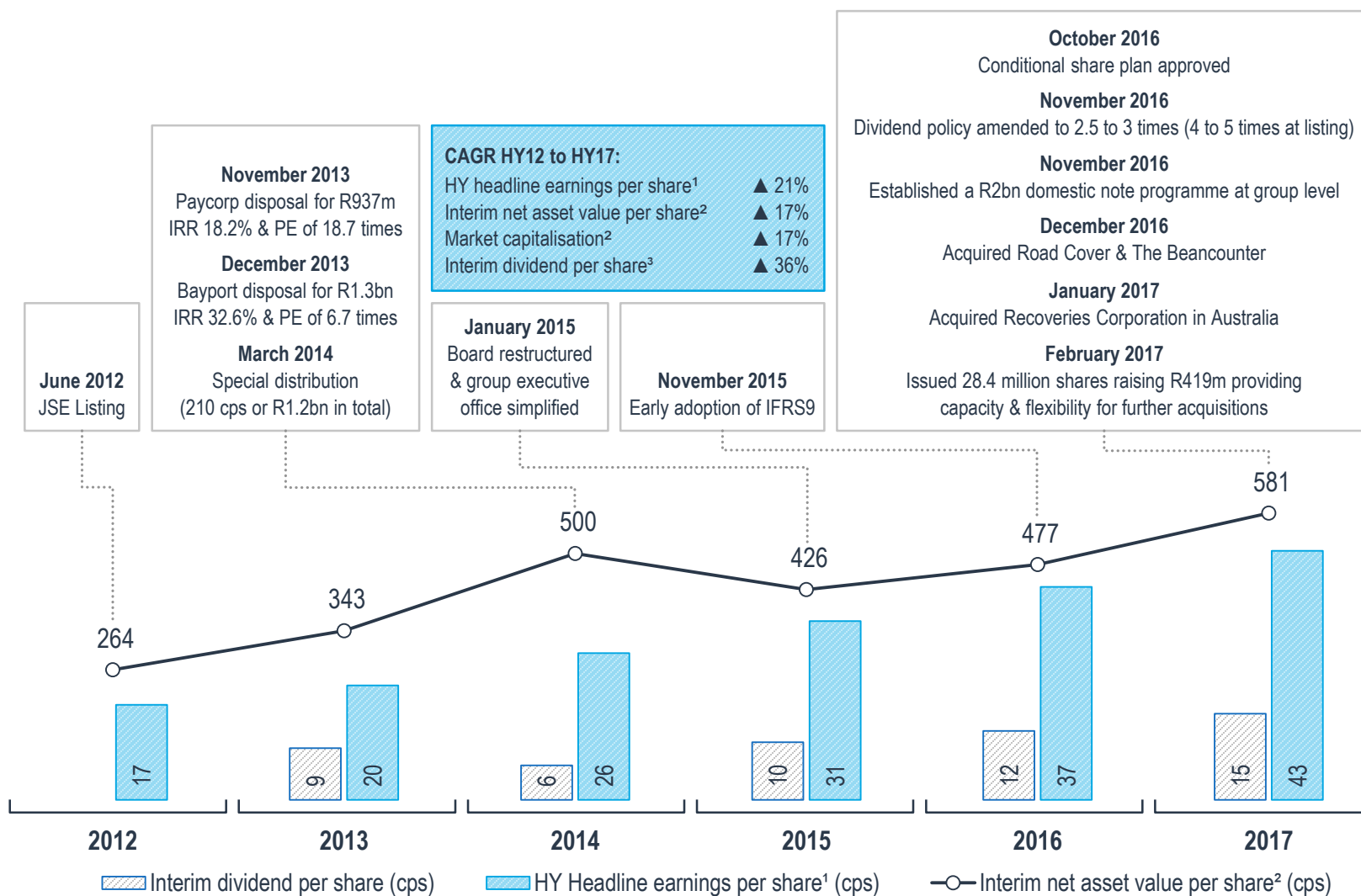
- Interim dividend per share **▲ 25%** to **15cps**
- Interim dividend cover of **2.9 times** (HY16 3.1 times)
- Compound annual growth rate (CAGR) of **36%** since HY14

GROWTH OPPORTUNITIES

- Exploring the purchase of non-performing loan portfolios as a principal in Australia
- Growth of TCRS' fledgling insurance recoveries offering in South Africa
- Road Cover products offered through TCRS' clients; to SA Taxi's client & commuter base; & directly to consumers
- Bolt-on acquisitions

EVOLUTION SINCE LISTING

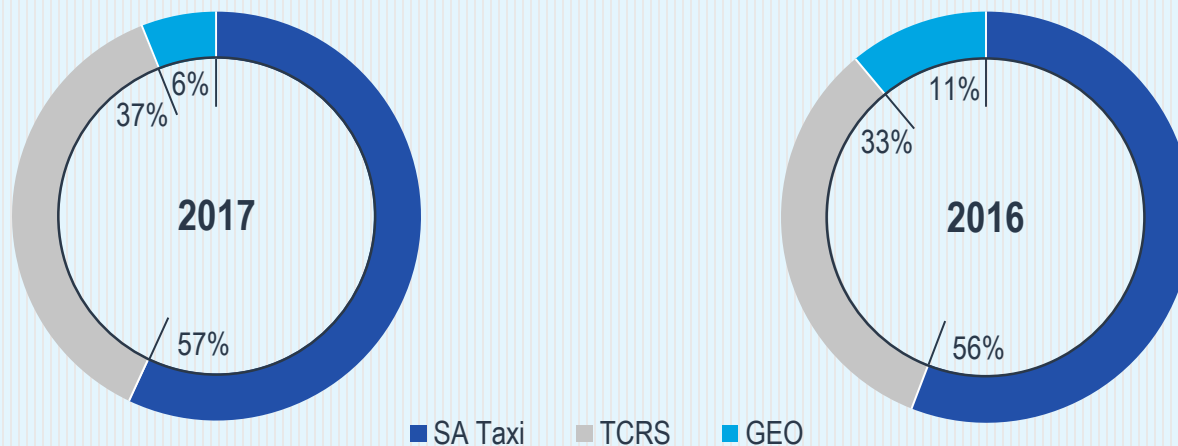
MANAGEMENT INTERVENTIONS TO CREATE VALUE



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

1. Core headline earnings per share, excluding impact of Paycorp & Bayport
2. 2012 & 2013 adjusted to account for special distribution paid in March 2014
3. CAGR between 2014 & 2017, excludes the impact of Paycorp & Bayport

COMPOSITION OF EARNINGS POST ACQUISITIONS TO BE MORE EVENLY WEIGHTED



ACCRETIVE CASH DEPLOYMENT CONVERTING GEO CASH YIELD INTO TCRS EARNINGS

| | Rm | | Growth | Contribution | |
|------------------------------|-------------|-------------|--------------------|--------------|-------------|
| Headline earnings | 2017 | 2016 | 2017 | 2017 | 2016 |
| SA Taxi ¹ | 144 | 118 | 22% | 57% | 56% |
| TCRS ¹ | 93 | 70 | 33% | 37% | 33% |
| Group executive office (GEO) | 17 | 22 | (23%) ² | 6% | 11% |
| Total | 254 | 210 | 21% | 100% | 100% |
| Cents per share | 43.3 | 37.0 | 17% | | |

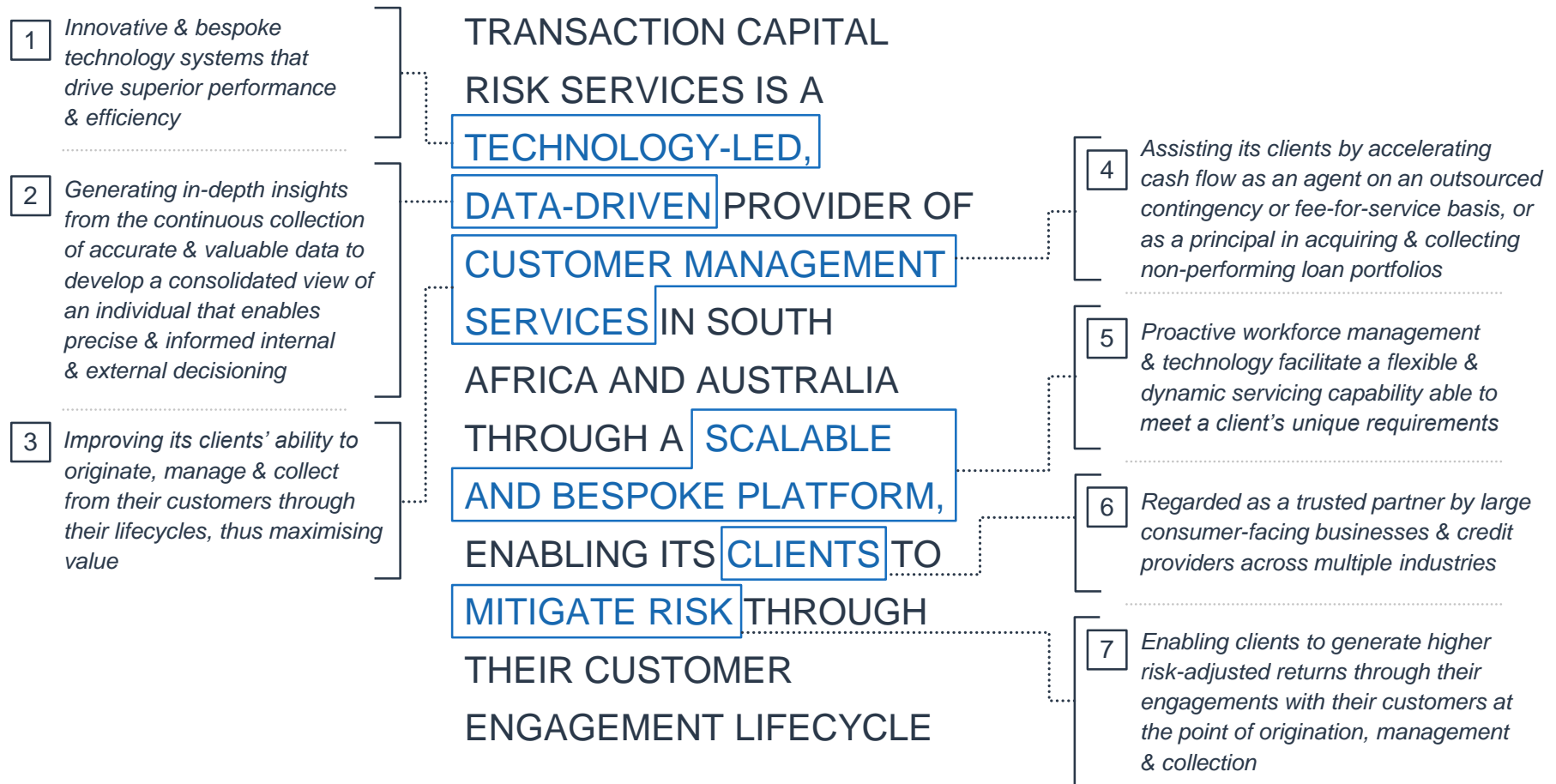
Headline earnings excludes once-off acquisition costs of R22 million incurred during HY17

1. Attributable to the group, excluding minority interest
2. Accretive cash deployment into acquisitions

TRANSACTION
CAPITAL
RISK
SERVICES

2017

FOR THE HALF YEAR ENDED 31 MARCH



ENVIRONMENT & MARKET CONTEXT

CHALLENGING CONSUMER CREDIT ENVIRONMENT

IN SOUTH AFRICA, OF THE 35 MILLION ADULTS¹ THERE ARE:



ADVERSE MACRO-& SOCIO-ECONOMIC ENVIRONMENT

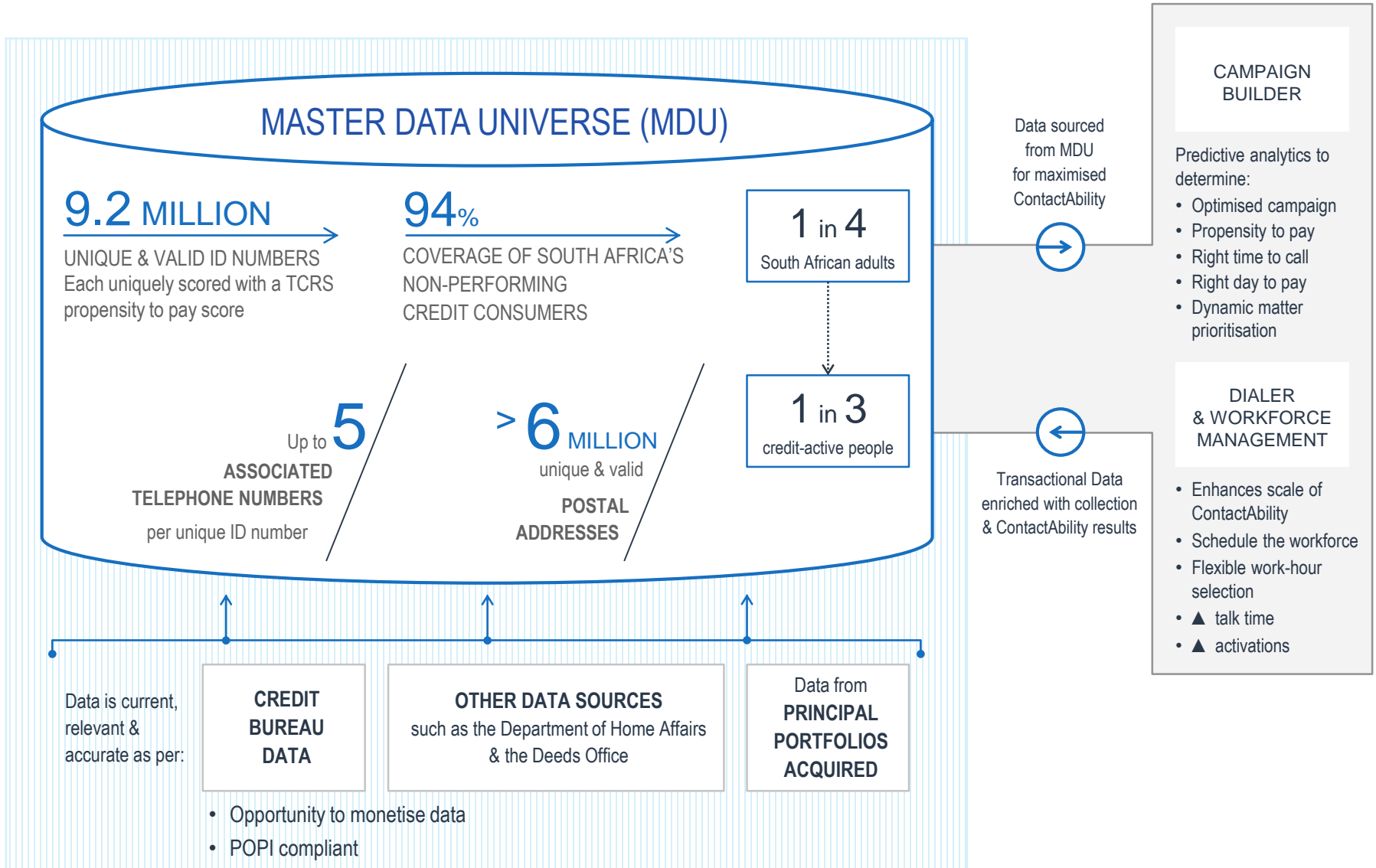
- Increased number & size of NPL portfolios available to acquire as a principal from clients preferring immediate recovery from their NPLs
- Consumers' disposable income stressed, negatively affecting their ability to repay debt
- Increased cost & extended time to collect

REGULATORY ENVIRONMENT

- Stable over the past 18 months
- Regulatory changes re affordability assessments result in more responsible & lower levels of credit extension
- Earlier rehabilitation of consumers over medium-term

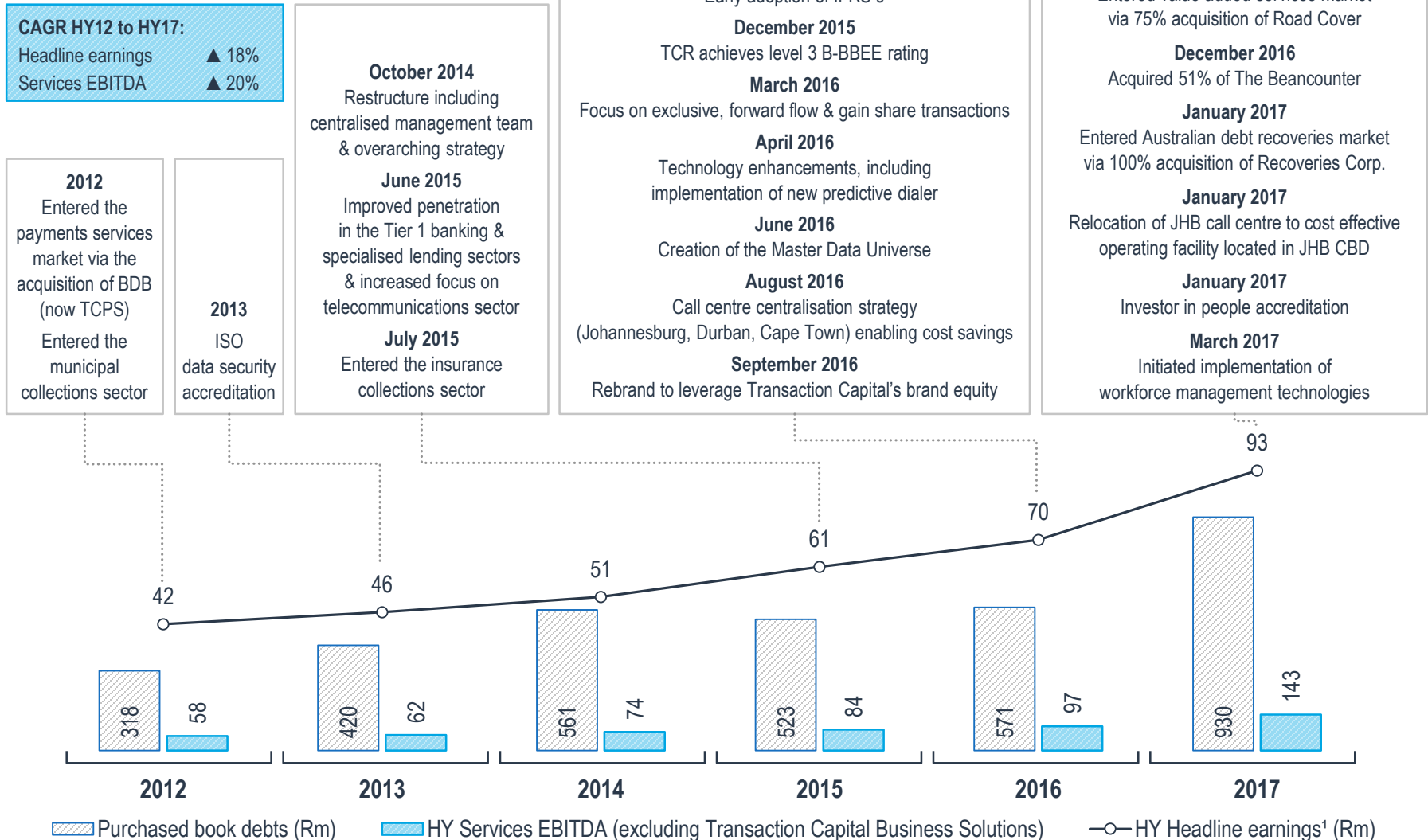
TCRS MARKET POSITIONING

DATA, ANALYTICS & SCALABLE TECHNOLOGY PLATFORM



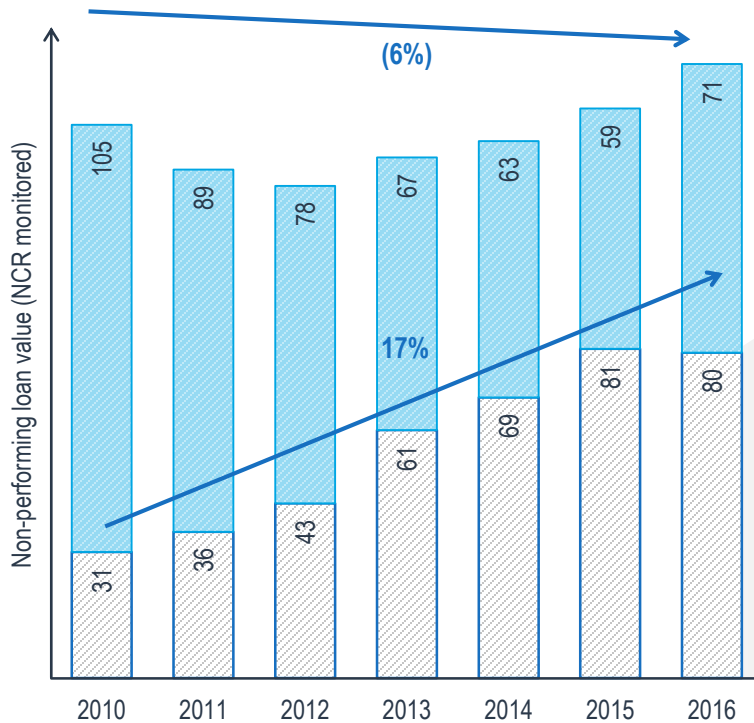
TCRS' EVOLUTION SINCE LISTING

MANAGEMENT INTERVENTIONS TO CREATE VALUE



TCRS' DIVERSIFIED BUSINESS MODEL

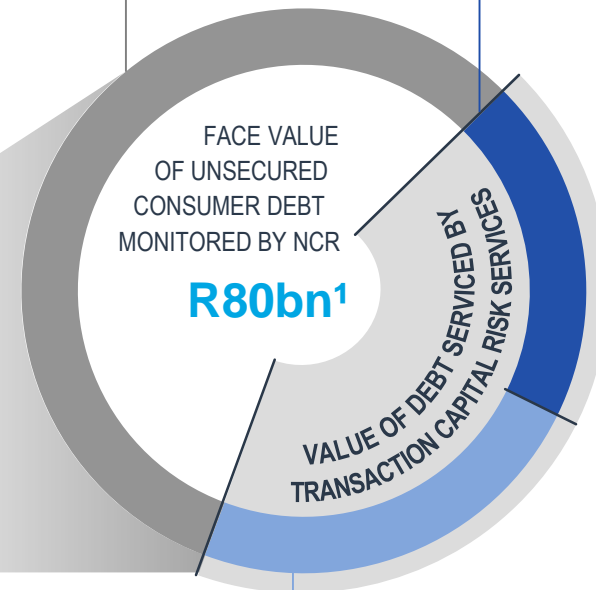
**TCRS TARGET MARKET:
UNSECURED NON-PERFORMING CONSUMER CREDIT**



NON-PERFORMING LOAN MARKET SIZE & GROWTH (Rbn)

■ TCRS target market (unsecured) ■ Mortgages & secured finance

Other fragmented participants in addressable market



R18bn
Acquisition of non-performing loan portfolios as principal

R14bn
Contingency & fee-for-service collections

We rank 1st or 2nd
by our clients in **89%**
of the **217 MANDATES**
where we are represented

In Australia
A\$600m
Contingency & fee-for-service collections

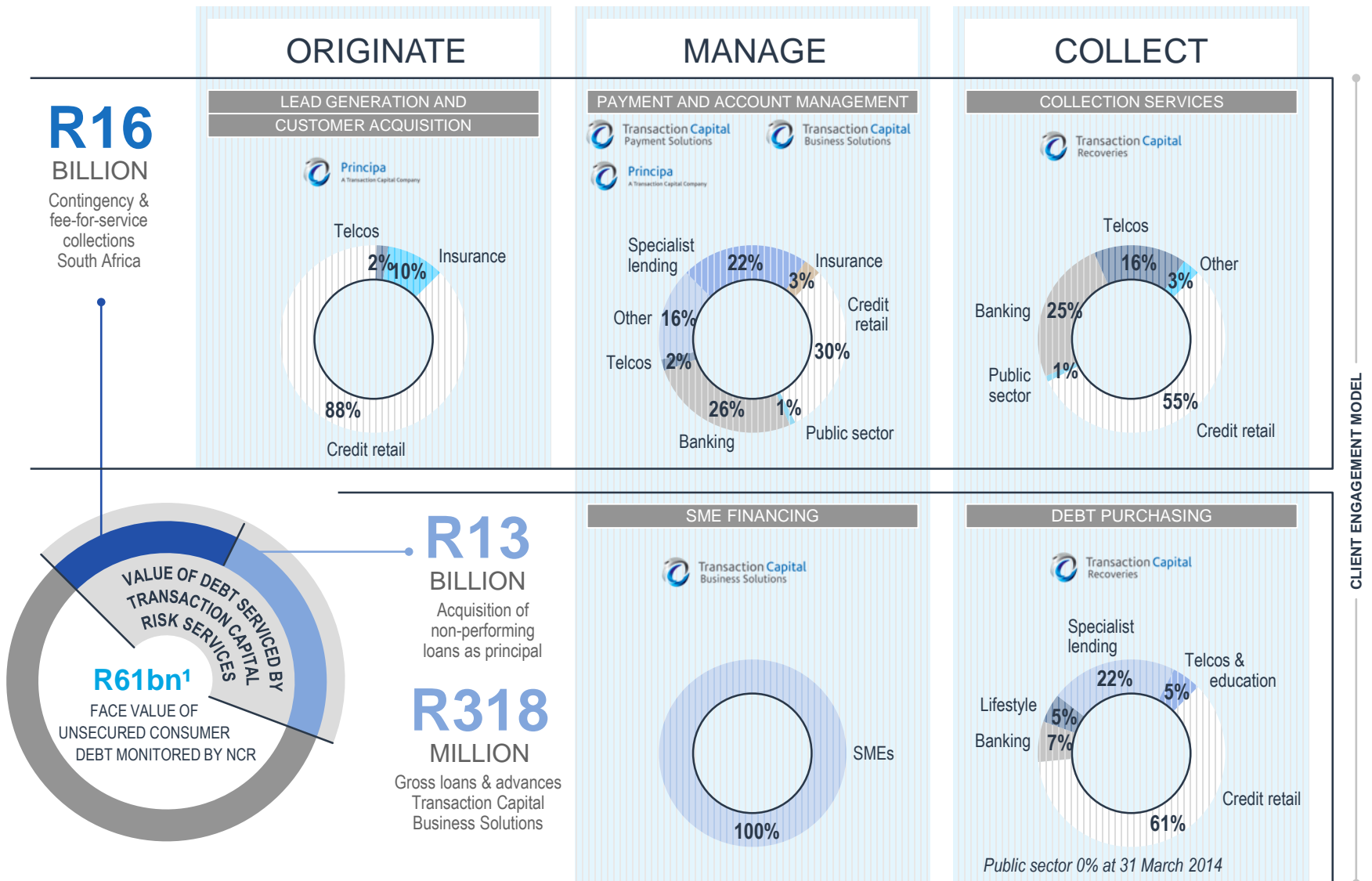
180 books in total
13 portfolios acquired for **R210m** in HY17
Asset turnover ratio **57.1%²**
Estimated remaining collections **R1.5bn**

Source: NCR

1. R80bn comprises credit monitored by the NCR as at 31 December 2016. TCRS target market also includes sectors not regulated by the NCR, being SMEs, education, insurance, public sector, telecommunications, SOEs & utilities
2. Gross principal book revenue as a percentage of average carrying value of purchased book debts

TCRS' DIVERSIFIED BUSINESS MODEL

31 MARCH 2014



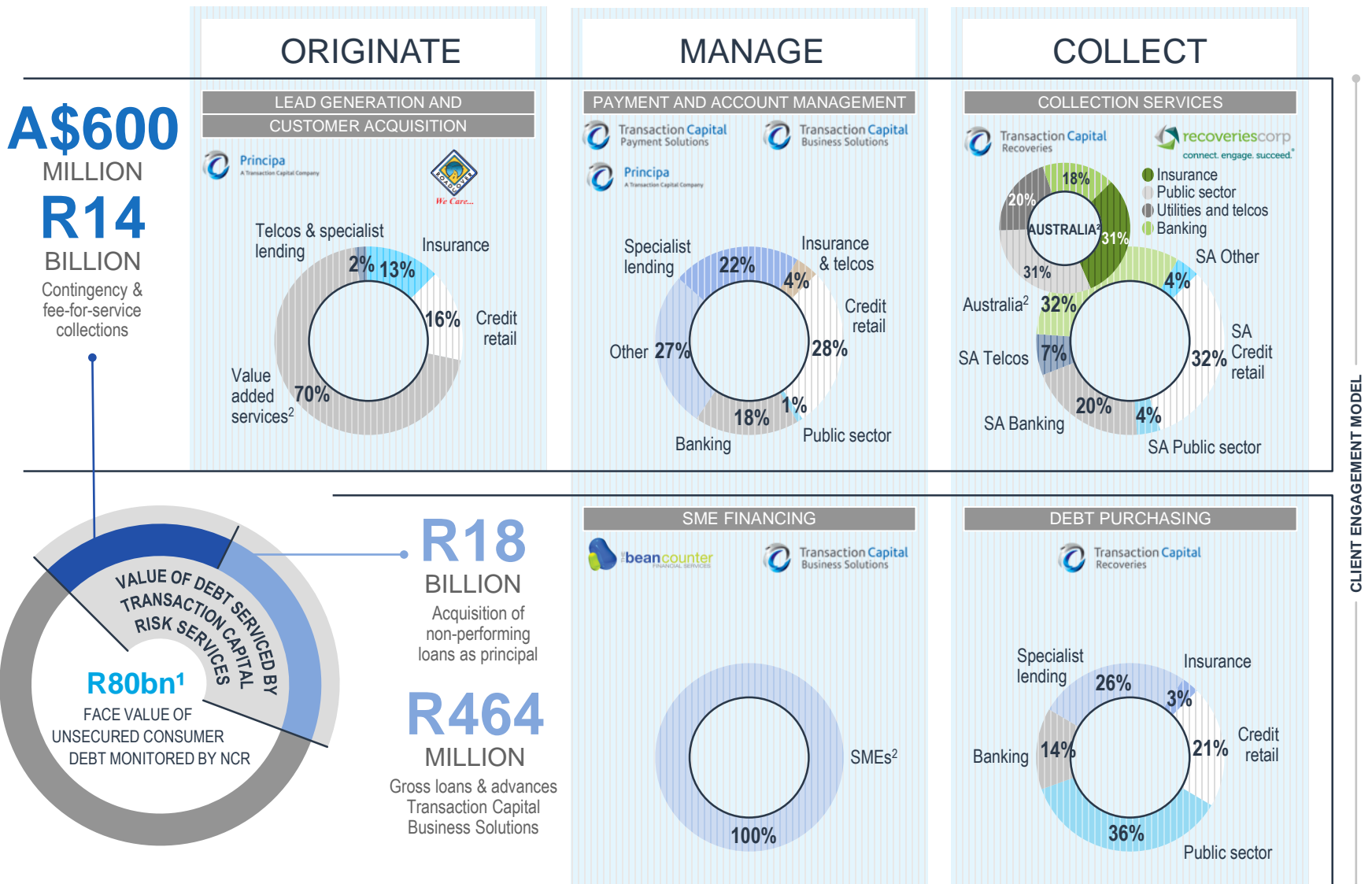
CLIENT ENGAGEMENT MODEL

Sectors split by revenue per segment as at 31 March 2014

1. R61bn comprises credit monitored by the NCR as at 31 December 2013. TCRS target market also includes sectors not regulated by the NCR, being SMEs, education, insurance, public sector, telecommunications, SOEs & utilities

TCRS' DIVERSIFIED BUSINESS MODEL

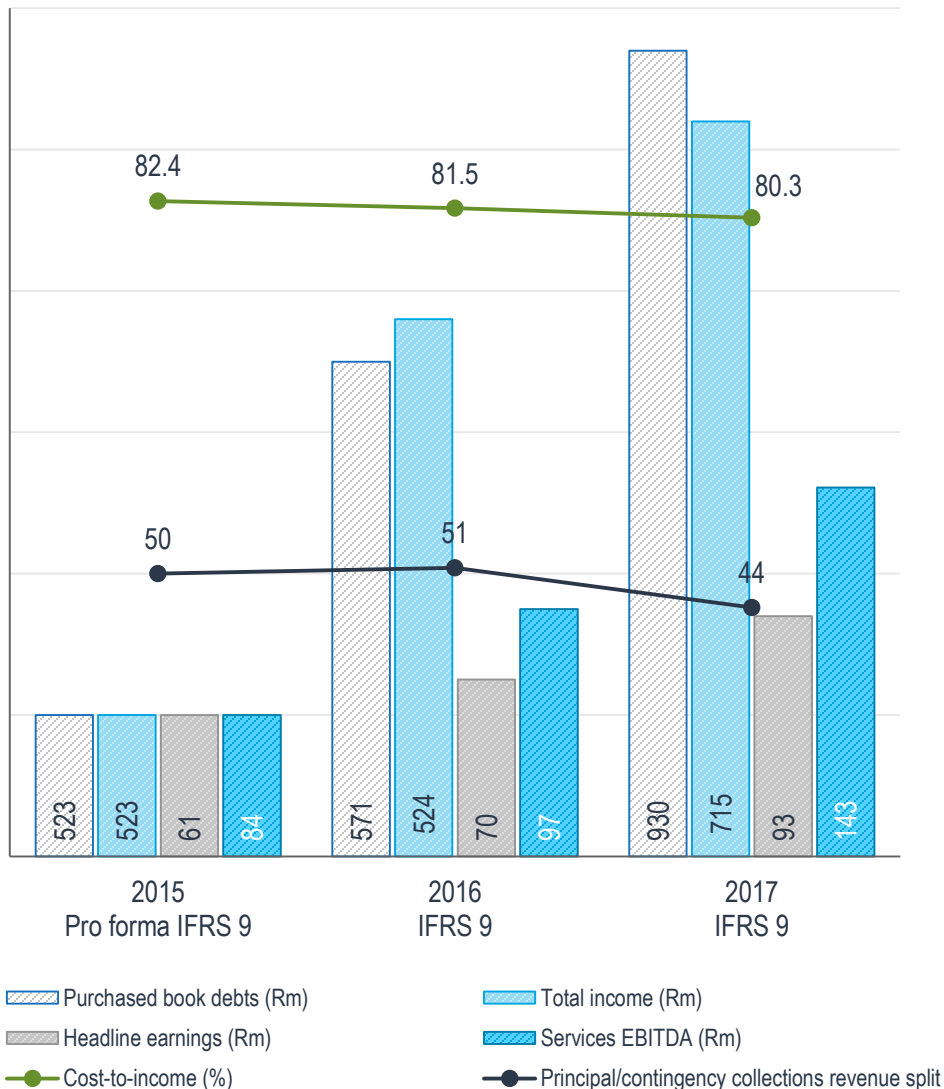
31 MARCH 2017



Sectors split by revenue per segment as at 31 March 2017

- R80bn comprises credit monitored by the NCR as at 31 December 2016. TCRS target market also includes sectors not regulated by the NCR, being SMEs, education, insurance, public sector, telecommunications, SOEs & utilities
- Earnings generated by businesses acquired only included from the effective date of the acquisition

TCRS FINANCIAL PERFORMANCE



- Core headline earnings **▲ 33% to R93m**
 - › Excludes once-off acquisition costs of **R22m**
 - › Accretive cash deployment converting cash yield into earnings
- Headline earnings organic growth **▲ 17%¹**
- Services EBITDA² organic growth **▲ 20%¹**
- Contingency & fee-for-service revenue
 - › Growing revenue from adjacent sectors
 - › Insurance, telecommunications & public sector contributing **9%¹**
- Cost-to-income ratio improved to **80.3%** from **81.5%**
 - › Total costs **▼ 7%¹**
 - › Continued investment in data (MDU), technologies (dialer & workforce management) & analytics yielding efficiencies
 - › Frugal cost management
- Transaction Capital Business Solutions
 - › Gross loans & advances **▲ 10% to R464m**

1. Excluding the effect of acquisitions

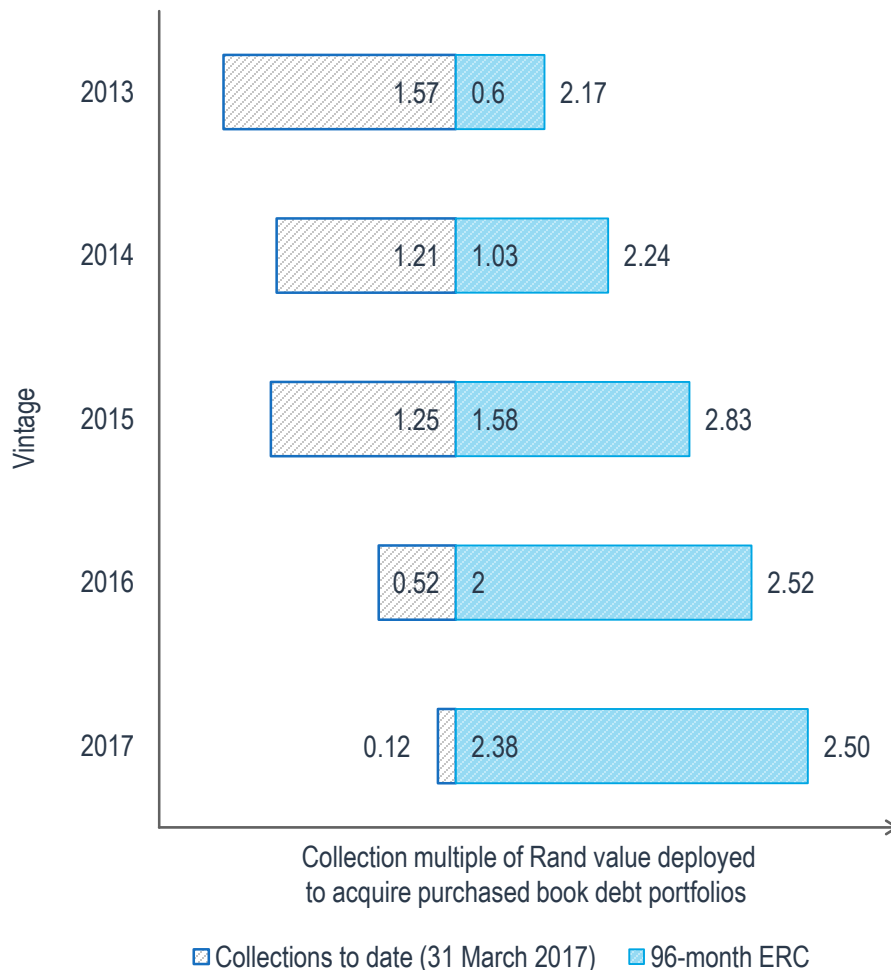
2. Services EBITDA (excluding Transaction Capital Business Solutions)

TCRS FINANCIAL PERFORMANCE

PURCHASED BOOK DEBTS PERFORMANCE

ESTIMATED REMAINING COLLECTIONS (ERC)

VINTAGE PERFORMANCE AS AT 31 MARCH 2017



- Principal revenue **▲ 19%** (HY16: 9%)
 - › Purchased book debts **▲ 63%** to **R930m**
 - › **13** portfolios acquired for **R210m** (FY16: R184m)
 - › Current economic context stimulates acquisition of non-performing loan portfolios
 - › **180** portfolios owned in total
- Focus on exclusive, forward flow & gain share transactions
- Continued but cautious progress in municipal sector
- Asset-turnover ratio remains high at **57.1%**
 - › Diluted by high value of portfolio acquisitions
- 2017 ERC cover of **2.50 times**
 - › ERC **▲ 40%** to **R1.5bn**
 - › Longevity in the yield of principal portfolios on book, expected to support future positive performance
 - › ERC is the estimated undiscounted remaining gross cash collections from purchased book debts to be recovered over the next 96 months, expressed as a multiple of the purchase price

TCRS OPERATIONAL PERFORMANCE

QUICK FACTS



R300 MILLION

COLLECTED EACH MONTH

▲ 32% (since HY16)

REVENUE PER EMPLOYEE



RESULTING FROM



~550 000

PAYMENTS RECEIVED
EACH MONTH

~4.35 MILLION

VOICE INTERACTIONS
EACH MONTH

~25 MILLION

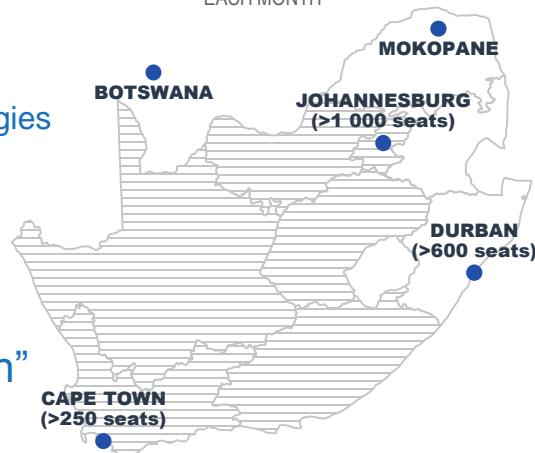
OUTBOUND CALLS FROM THE DIALER
EACH MONTH

Workforce management (WFM) technologies improved to schedule the workforce

- Quick to scale
- Quick to train

“Investor in people organisation”

Accreditation in January 2017



~250 000

DISBURSEMENTS
FOR CLIENTS EACH MONTH

~500 000

DEBIT ORDERS & NAEDO
TRANSACTIONS PROCESSED
FOR CLIENTS EACH MONTH

RESULTING IN

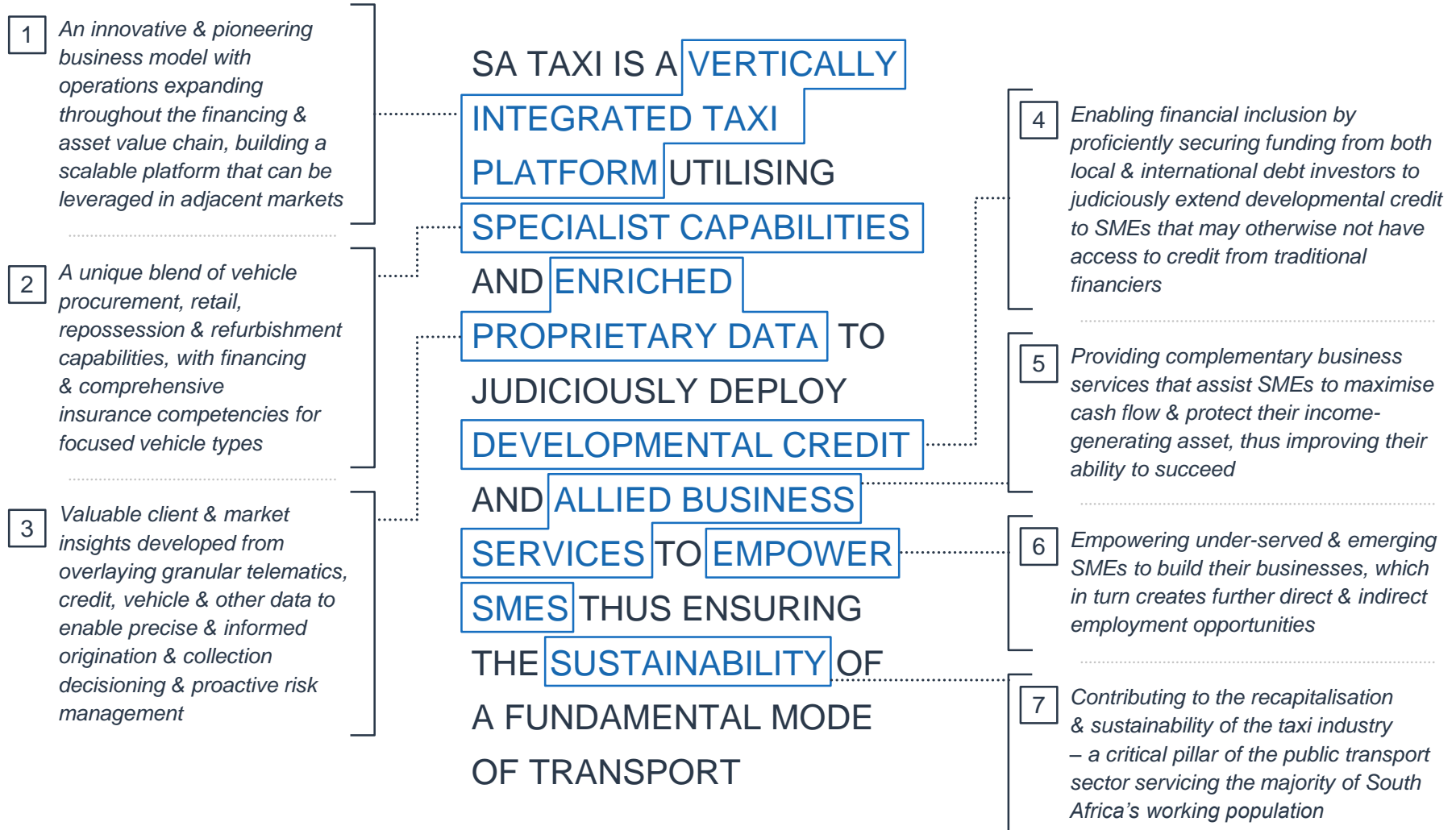
~R2.2 BILLION

OF PAYMENTS PROCESSED
FOR CLIENTS EACH MONTH

S A TAXI

2017

FOR THE HALF YEAR ENDED 31 MARCH



SA TAXI IMPACT

DELIVERING A SOCIAL & COMMERCIAL BENEFIT

SME EMPOWERMENT & ECONOMIC TRANSFORMATION

SA Taxi facilitates asset ownership by black owned SMEs

BLACK OWNED SMEs | **100%** WOMEN OWNED SMEs | **20%** UNDER THE AGE OF 35 YEARS | **18%**

R1.4 BILLION
LOANS ORIGINATED CREATING
3 764
SMEs IN HY17

R17.1 BILLION
LOANS ORIGINATED CREATING
61 344
SMEs SINCE 2008

SUSTAINABLE JOB CREATION

DIRECT JOBS PER TAXI VEHICLE | **1.8** DIRECT JOBS CREATED BY SA TAXI'S FLEET SINCE 2008 | **110 419**

~ 600 000

INDIRECT JOBS ENABLED BY THE MINIBUS TAXI INDUSTRY¹ DIRECT JOBS CREATED BY SA TAXI'S FLEET IN HY17 | **6 775**

PUBLIC TRANSPORT INFRASTRUCTURE

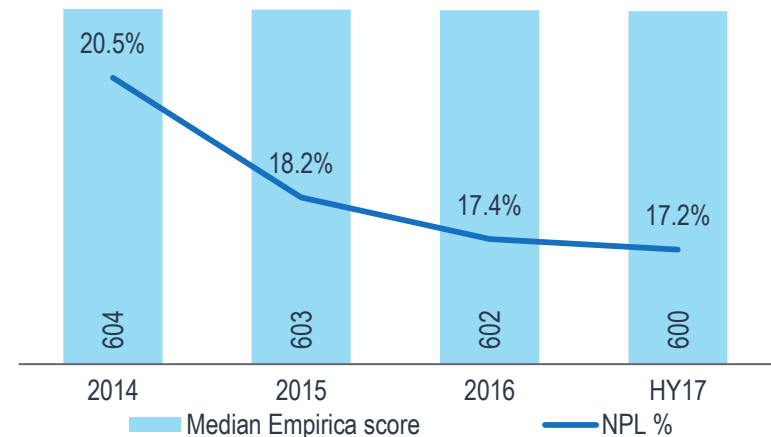
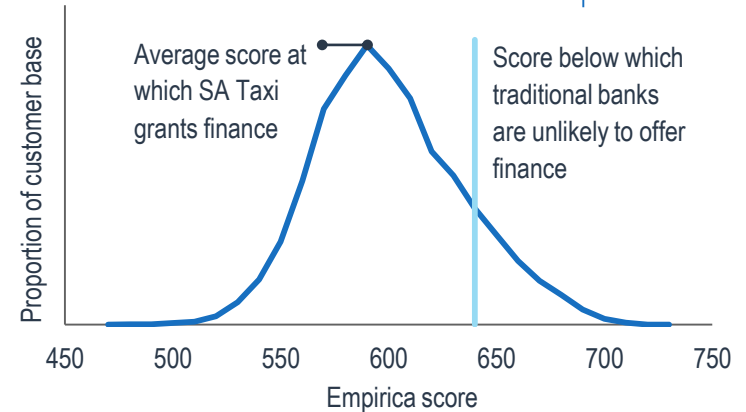
By providing end user finance SA Taxi enables the replacement of aged & unsafe minibus taxis with new safer & more reliable minibus taxis

ENVIRONMENTAL SUSTAINABILITY

SA Taxi enables replacement of aged less efficient vehicles with new & reduced emission vehicles

INCLUSIVE GROWTH

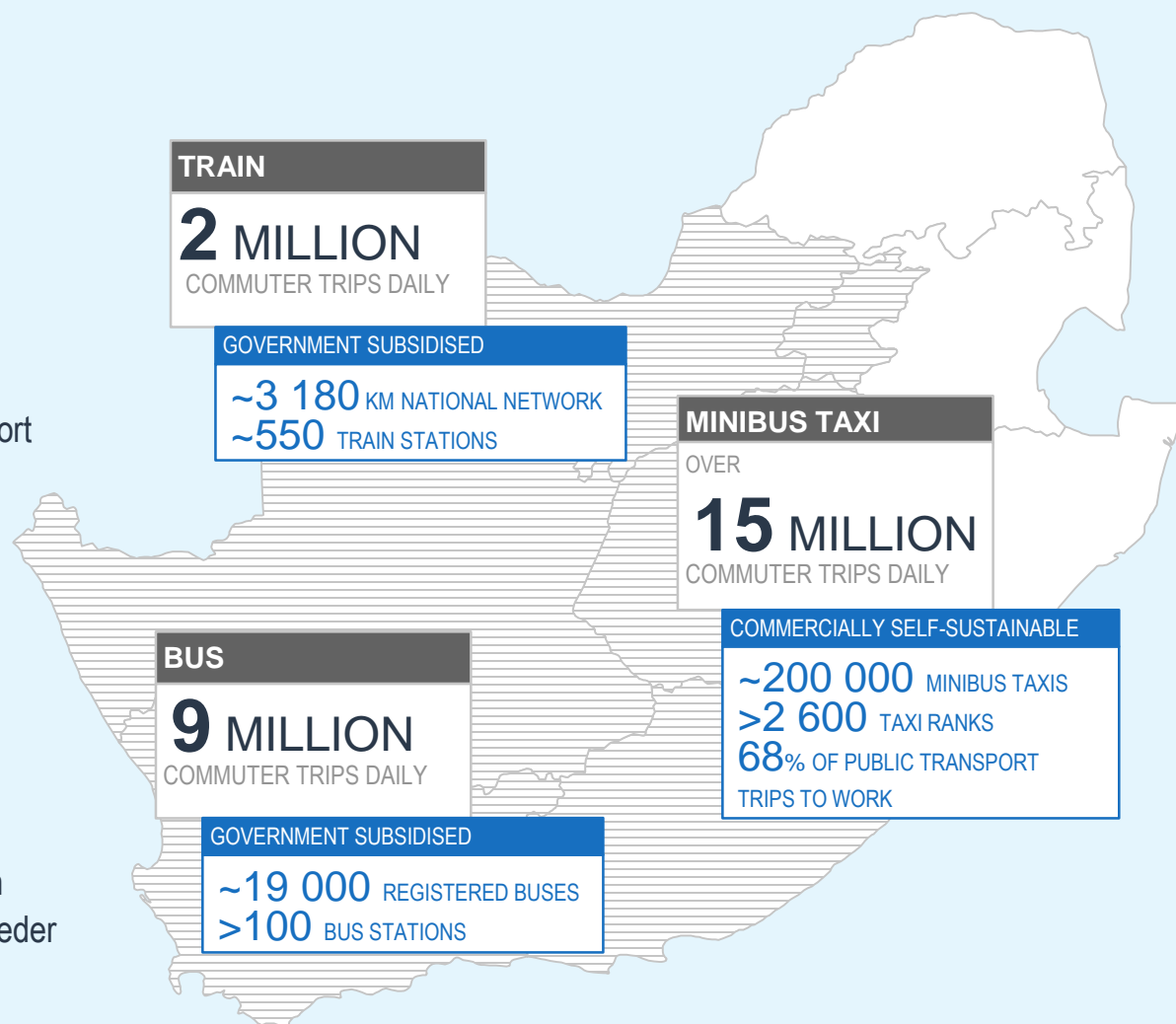
PROPORTION OF CUSTOMERS CLASSIFIED AS PREVIOUSLY FINANCIALLY EXCLUDED | **90%**



1. Department of Transport Minister Dipuo Peters address at National Council of Provinces Budget vote NCOP 2014/15

ENVIRONMENT & MARKET CONTEXT

MINIBUS TAXI INDUSTRY IS RESILIENT & DEFENSIVE DESPITE SA'S ECONOMIC CLIMATE



PUBLIC TRANSPORT COMMUTERS ARE HEAVILY RELIANT ON MINIBUS TAXIS GIVEN THE ACCESSIBILITY & EFFICIENCY

- 40% of South Africans use public transport
- Minibus taxis are the dominant form of public transport
- 69% of all households use minibus taxis (▲ from 59% since 2003)
- Minibus taxi transport is a non-discretionary expense

INTEGRATED PUBLIC TRANSPORT NETWORK

- Minibus taxi serves as a trunk service in parallel with train & bus, & is also the feeder into these modes

ENVIRONMENT & MARKET CONTEXT

STRUCTURALLY DEMAND FOR MINIBUS TAXI VEHICLES EXCEEDS SUPPLY

DEMAND: AN AGEING NATIONAL FLEET

IN SOUTH AFRICA THERE ARE

~200 000 MINIBUS TAXIS

- > **70 000 - 80 000** FINANCED & INSURED
- > **120 000 - 130 000** UNENCUMBERED & HENCE AGED

-----> ON AVERAGE **OVER 9 YEARS OLD** -----> AN AGEING FLEET THAT IS UNSAFE, REQUIRING **REPLACEMENT & RECAPITALISATION** -----> **DRIVING HIGHER DEMAND** FOR VEHICLES, FINANCE & ALLIED SERVICES SUPPLIED BY SA TAXI

SUPPLY: MINIBUS TAXI SUPPLY IN SOUTH AFRICA

- TOYOTA SESFIKILE**
Most prevalent vehicle in the minibus taxi industry
- TOYOTA PRE-OWNED**
Predominantly SA Taxi refurbished vehicles
- NISSAN NV350**
Although relatively new, steadily gaining acceptance
- MERCEDES SPRINTER**
Mainly used for long-distance routes

TOYOTA SESFIKILE

PRODUCTION PER MONTH ➔ **~1 000**

SA TAXI'S SHARE OF TOYOTA SESFIKILE PRODUCTION ➔ **>41%**
(38% IN 2015)

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

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 | Stats SA Land Transport Survey February 2017

DESPITE A CHALLENGING & LOW GROWTH SOUTH AFRICAN ECONOMIC ENVIRONMENT, ECONOMIC FACTORS AFFECTING MINIBUS TAXI OPERATORS REMAIN FAVOURABLE

ECONOMIC FACTORS

For the period 1 Jan 2014 to 31 Dec 2016

TOYOTA MINIBUS TAXI PRICE

CAGR ▲ **8.7%**

SA REPO RATE

▲ **200** bps

TAXI FARES

Stepped increases experienced

FUEL PRICE¹ (per litre)

| | |
|---------------|-------------------------|
| 1 Jan 2014 | Average over the period |
| R13.22 | R12.32 |

CONTINUED HIGH LEVELS OF UNEMPLOYMENT

>24%

STRUCTURAL ELEMENTS

**Structurally
demand for minibus vehicles
exceeds supply**

Ageing fleet

Dominant mode of public transport

**Integrated component
of public transport network**

Commercially self-sustainable

No reliance on government
for capital investment to build
or ongoing subsidisation
to maintain & operate

RESULTS

PROFITABLE & RESILIENT SMEs

23%

repeat clients over the last 12 months

IMPROVING CREDIT METRICS

| | |
|---|---|
| Credit loss ratio CAGR (HY14 to HY17) | Non-performing loan ratio CAGR (HY14 to HY17) |
| ▼16% | ▼17% |

USAGE OF MINIBUS TAXIS CONSISTENTLY HIGH

KM travelled by the SA Taxi fleet in 2016

~1.5 BILLION KM

SA TAXI MARKET POSITIONING

VERTICALLY INTEGRATED BUSINESS MODEL

IN SOUTH AFRICA THERE ARE

~200 000
MINIBUS TAXIS

~17 000 TO 20 000 POINT-TO-POINT TAXIS



R7.8 BILLION
GROSS LOANS & ADVANCES

27 142

FINANCED VEHICLES
ON BOOK

22 058¹

INSURED THROUGH
SA TAXI

~R650 MILLION

ANNUAL VEHICLE TURNOVER
IN SA TAXI RETAIL DEALERSHIP

>20 000m²

COMBINED AUTO BODY REPAIR &
MECHANICAL REFURBISHMENT CENTRE

1 in 3

OF NATIONAL FINANCED
MINIBUS TAXI FLEET IS
FINANCED & INSURED BY SA TAXI

>85%

OF SA TAXI'S MINIBUS TAXI
OWNERS INSURE WITH SA TAXI

~4 000 NON-FINANCED MINIBUS TAXIS

~8%

AVERAGE RETAIL
MARGIN PER VEHICLE

~220 per month

VEHICLE REFURBISHMENT
CAPACITY

DATA & TELEMATICS

APPLIED IN CREDIT VETTING, INSURANCE,
COLLECTIONS & VEHICLE RECOVERY

ON AVERAGE EACH OF
OUR VEHICLES TRAVELS
6 500 KM PER MONTH

OUR VEHICLES TRAVEL ON
6 500 ROUTES COVERING
OVER **~800 000 KM**

▲7%
REVENUE FROM
TELEMATICS SERVICES

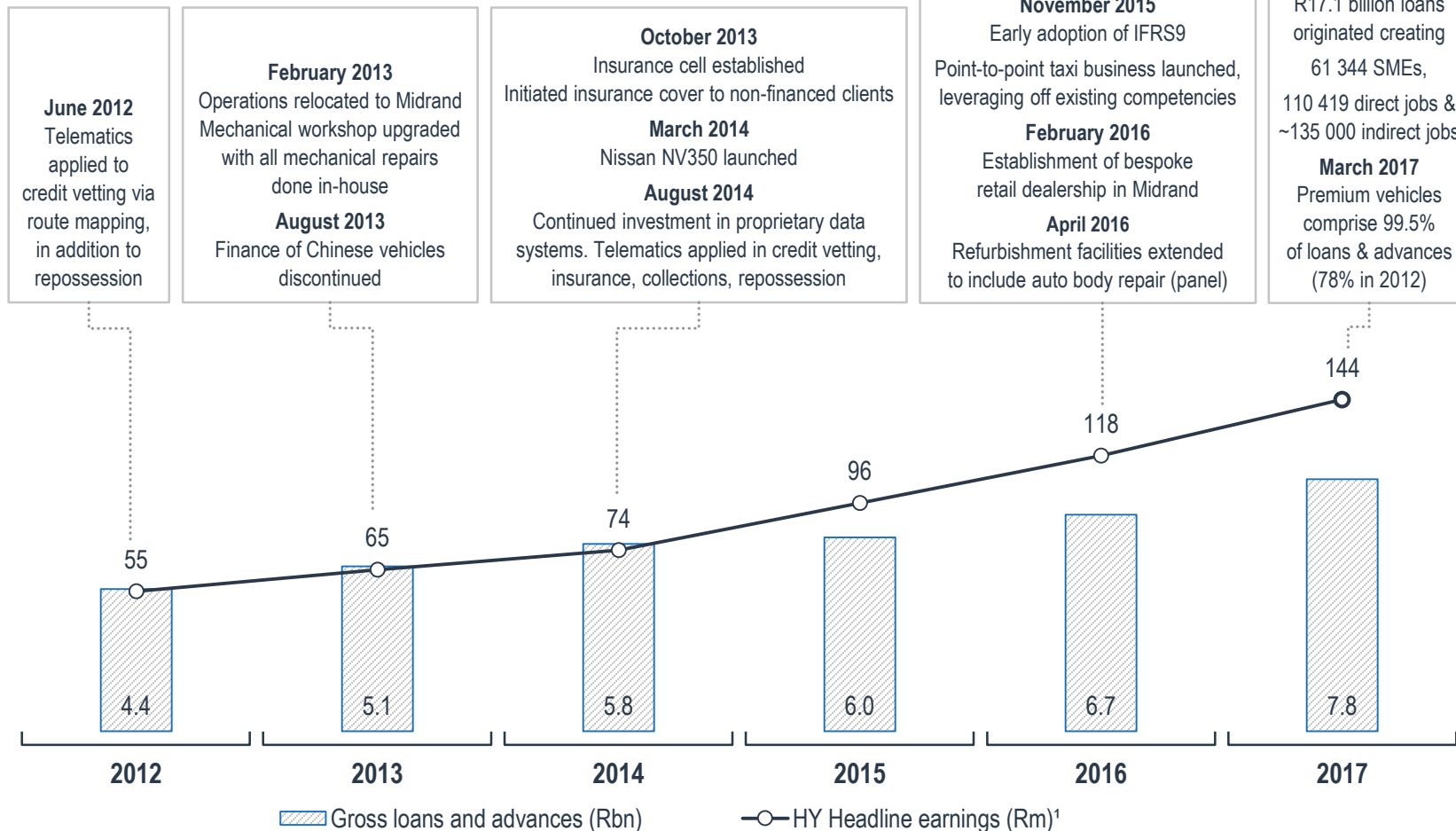
1. 100% of taxis financed by SA Taxi are fully insured

Source: National Household Travel Survey 2013 | SA Taxi's best estimate through our engagement with the industry & extrapolation of internal data

SA TAXI EVOLUTION SINCE LISTING

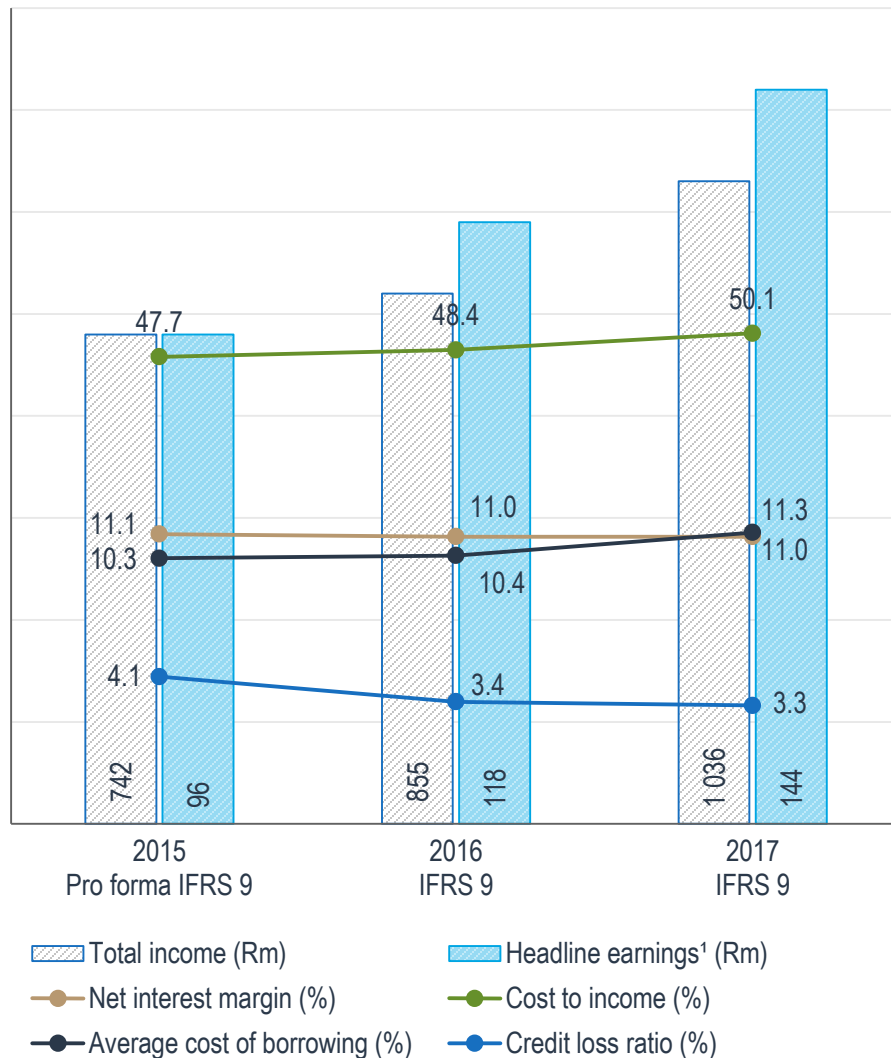
MANAGEMENT INTERVENTIONS TO CREATE VALUE

| | | | |
|---------------------------|-------|---|--|
| CAGR HY12 to HY17: | | Non-interest revenue composition | |
| Headline earnings | ▲ 21% | 26% (HY12) to 32% (HY17) | |
| Gross loans & advances | ▲ 12% | Recovery on repossession: | |
| Non-performing loan ratio | ▼ 7% | <65% (HY12) to >73% (HY17) | |
| Credit loss ratio | ▼ 11% | | |



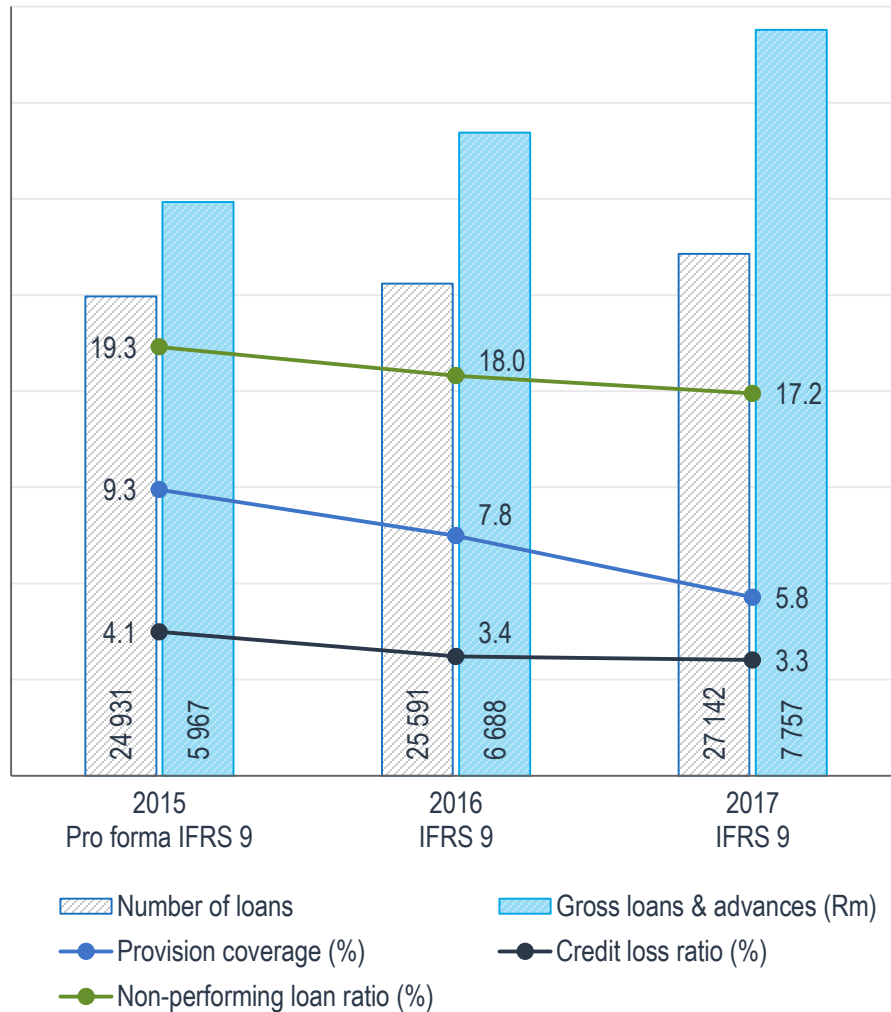
Financial years 1 October to 30 September
 1. Headline earnings attributable to the group

SA TAXI FINANCIAL PERFORMANCE



- Headline earnings¹ ▲ **22%** to **R144m**
 - › All organic growth
- NIM stable at **11.0%**
 - › Funding costs ▲ by **90bps** to **11.3%**
 - › ▲ foreign debt component, fully hedged to Rand
 - › Average interest rate is **24.9%** on origination (NCA max cap of **34%**)
 - › Anticipated ▲ interest rate cycle not expected to impact net interest margin
- Credit loss ratio improved from **3.4%** to **3.3%**
 - › Risk-adjusted NIM ▲ from **7.6%** to **7.7%**
- Non-interest revenue ▲ **30%** to **R195m**
 - › Loans originated via SA Taxi's dealership at margins of **~8%**
 - › Comprehensive insurance
 - >**85%** of financed clients also insured by SA Taxi
 - Non-financed minibus taxis insured ▲ **23%**
 - › Revenue from telematics services ▲ **7%**
- Cost-to-income ratio ▲ from **48.4%** to **50.1%**
 - › Investment in retail dealership, auto body repair centre, point-to-point taxi business
- Effective tax rate stabilised at **17.9%**

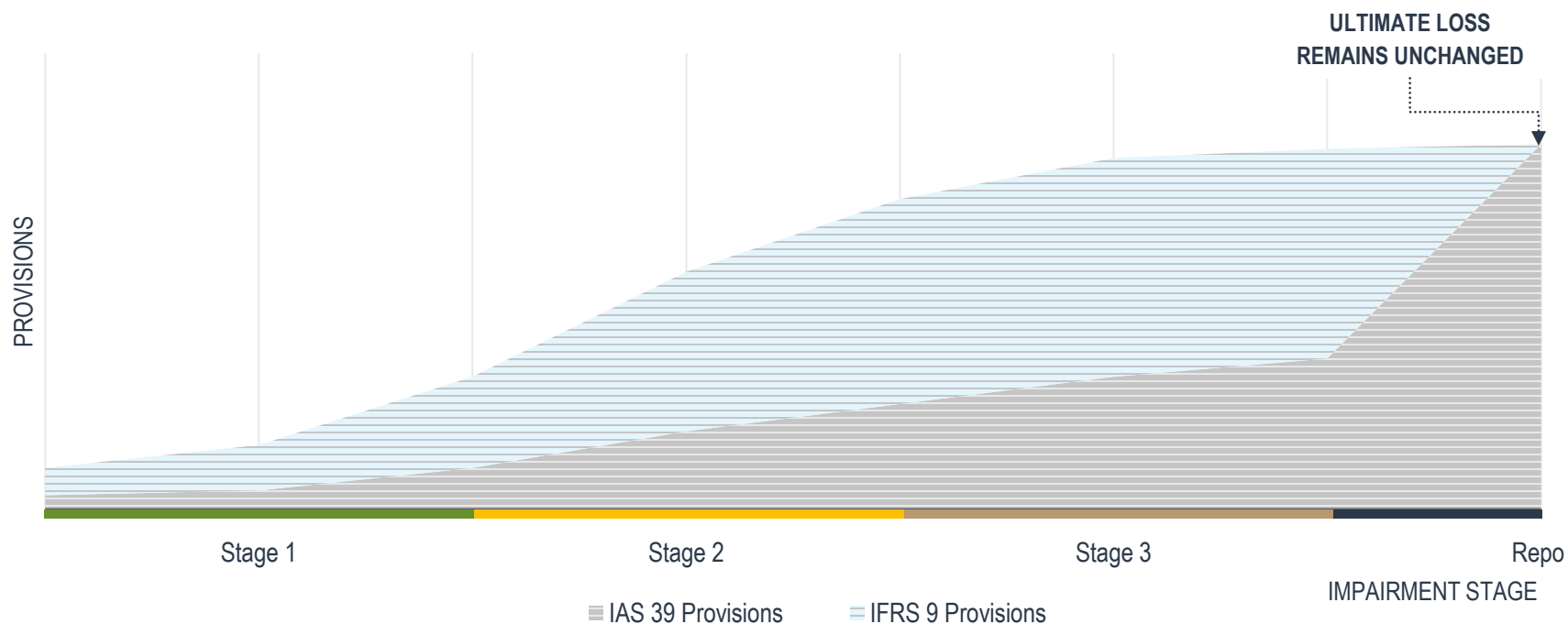
SA TAXI CREDIT PERFORMANCE



- Gross loans & advances **▲ 16% to R7.8bn**
 - › Number of loans originated **▲ 11%**
 - Number of Toyota loans on book **▲ 11.3%**
 - Toyota vehicle prices **▲ 12.5%** since 1 March 2016
 - › Number of loans on book **▲ 6%**
 - Active wind-down of Chinese vehicle portfolio
 - › Credit granting criteria remain conservative
- NPL ratio improved to **17.2%** from **18.0%**
 - › Continued strong collection performance
 - › Average balance per NPL **▼ 6%**
 - › Superior credit quality via retail dealership
 - › Enhanced via analytics applied to telematics data
- Credit-loss ratio improved from **3.4%** to **3.3%**
 - › Recover **> 73%** of settlement value
 - › Improved quality & efficiencies in refurbishment centre
 - › Average repair cost **▼ 4%** (~R82 000 from ~R85 000)
 - › Target credit-loss ratio remains **3% to 4%**
- Provision coverage at **5.8%**
 - › After tax credit-loss conservatively covered at **2.4** times
 - › IFRS 9 early adopted in 2015; more conservative provisioning methodology

SA TAXI CREDIT PERFORMANCE

IFRS 9 ADOPTION IN 2015: MORE CONSERVATIVE PROVISIONING METHODOLOGY



Construct of the book remains stable since year end

| | Mar 2017 | Sep 2016 |
|---------|----------|----------|
| Stage 1 | 70% | 70% |
| Stage 2 | 20% | 20% |
| Stage 3 | 10% | 10% |

Improved quality of SA Taxi's loans & advances since listing

| | 2012 | 2017 | CAGR % |
|-------------------------------|------|------|--------|
| Gross loans & advances (Rbn) | 4.4 | 7.8 | ▲ 12% |
| Non-performing loan ratio (%) | 24.3 | 17.2 | ▼ 7% |
| Credit loss ratio (%) | 5.8 | 3.3 | ▼ 11% |

SA TAXI OPERATIONAL PERFORMANCE

SA TAXI OPERATOR PROFILE

VEHICLES ON BOOK

1.2

VEHICLES
PER CUSTOMER

86%

TOYOTA
VEHICLES

23%

LOANS ORIGINATED TO REPEAT
CUSTOMERS (HY16 TO HY17)

3.7 YEARS

AVERAGE AGE
OF VEHICLE

>85%

INSURED
WITH SA TAXI

CREDIT PROFILE OF LOANS ON BOOK

67 MONTHS

AVERAGE LOAN TERM

>R6 000

MINIMUM MONTHLY OPERATOR PROFIT

16.5%

AVERAGE DEPOSIT¹

24.9%

WEIGHTED AVERAGE
INTEREST RATE AT ORIGATION

45 MONTHS

WEIGHTED AVERAGE
REMAINING TERM

61%

AVERAGE
APPROVAL RATE

600

AVERAGE
EMPIRICA SCORE

CUSTOMER PROFILE

100%

BLACK OWNED
SMEs

20%

WOMEN OWNED
SMEs

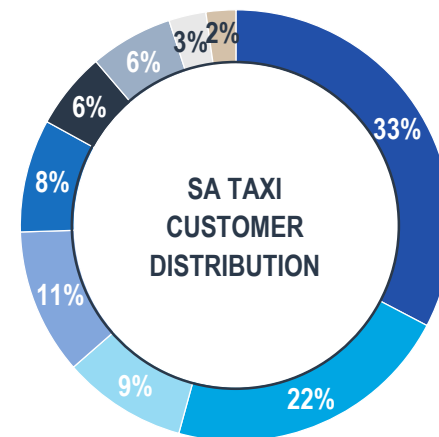
18%

UNDER THE AGE
OF 35 YEARS

47 YEARS

AVERAGE AGE
OF OWNER

GEOGRAPHIC DISTRIBUTION



- Gauteng
- KwaZulu-Natal
- Mpumalanga
- Western Cape
- Eastern Cape
- North West
- Limpopo
- Free State
- Northern Cape

CAPITAL MANAGEMENT

2017

FOR THE HALF YEAR ENDED 31 MARCH

CAPITAL & FUNDING EVOLUTION SINCE LISTING

February 2012
>R1bn raised from European DFIs since 2010

June 2014
Transsec: R4bn S&P rated & listed securitisation established
Initial issuance R665m

March 2015
Over 20 funders

April 2015
Transsec tap issuance: Privately placed R528m

November 2015
Transsec 2: R4bn S&P rated & listed securitisation established
Initial issuance R396m

November 2015
Early adoption of IFRS 9

August 2016
Transsec 2 tap issuance: R451m raised

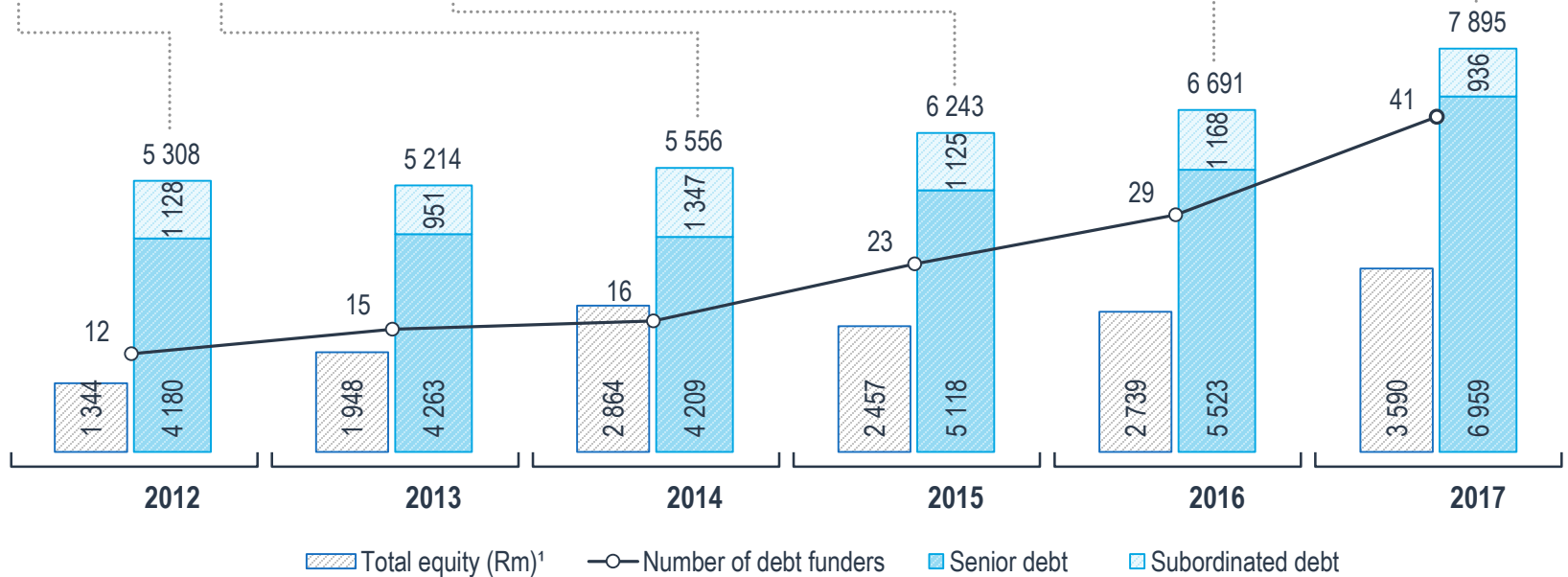
November 2016
Dividend policy amended to 2.5 to 3 times (compared to 4 to 5 times at listing in 2012)

November 2016
Established a R2bn domestic note programme at TC group level

January 2017
First local DFI: R100m financing agreement concluded with sefa

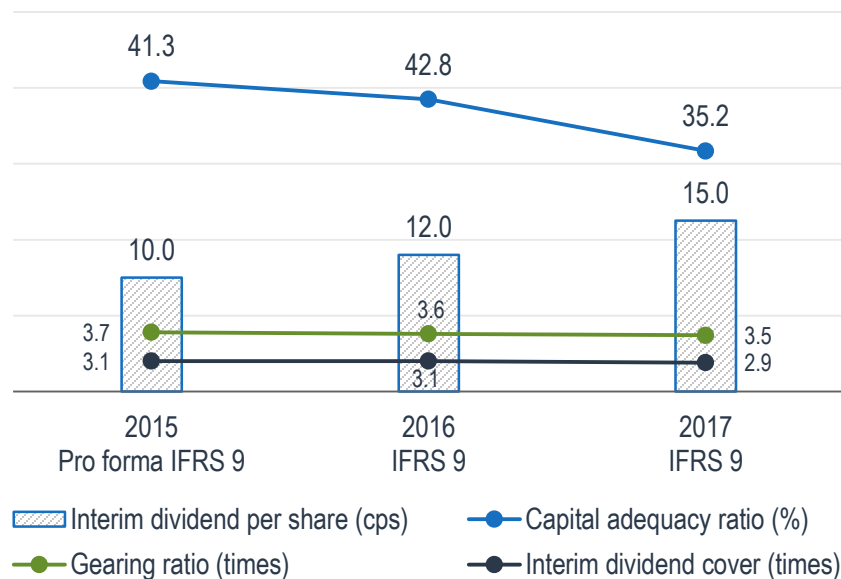
February 2017
Issued 28.4 million shares raising R419m providing capacity & flexibility for further acquisitions
Secured >R2bn of debt facilities from US-based impact investors for the first time
Funding base includes all the major South African banks

March 2017
Accessed >R2bn of debt funding from European DFIs since 2010

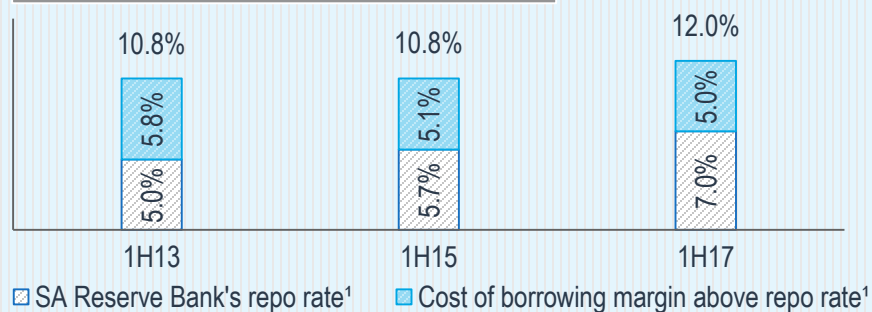


Financial years 1 October to 30 September | 2012 & 2013 excludes Bayport & Paycorp
 1. Adopted IFRS 9 in 2015. 2012 to 2014 numbers on an IAS 39 basis as reported

PERFORMANCE



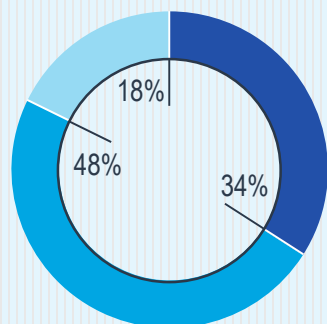
COST OF BORROWING SINCE LISTING



- Uninterrupted access to the debt capital markets
 - › Despite political instability & SA's sovereign rating downgrade in April 2017
 - › Anticipated increasing interest rate cycle not expected to impact net interest margin
 - › **2018** fully funded
- Continue to diversify funding sources
 - › Diverse debt investor base (>40)
 - › Secured >**R2bn** of debt facilities from US DFIs
 - › **R2bn** A_(ZA) rated JSE-listed domestic note programme
 - › Accessed >**R2bn** of debt funding from European DFIs since 2010
 - › **17%** of debt in issue from DFIs (HY16: 12%)
- Group cost of borrowing ▲ from 11.0% to **12.0%**
 - › Margin above repo improved to **5.0%**
 - › ▲ foreign debt component, fully hedged to Rand
- Capital adequacy position remains robust at **35.2%**
 - › **26.6%** equity
 - › **8.6%** subordinated debt
- Net ungeared & liquid group balance sheet
- Liquid cash of ~**R600m** on balance sheet

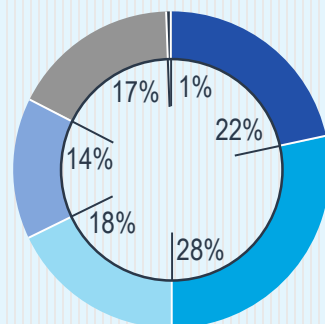
1. Calculated using Transaction Capital's average cost of borrowing for the period & the South African Reserve Bank's average repo rate for the period

DIVERSIFICATION BY FUNDING STRUCTURE



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

DIVERSIFICATION BY DEBT INVESTOR CATEGORY



- Life companies
- Specialised asset managers & debt funds
- Banks
- Traditional asset managers
- DFIs
- Hedge funds

POSITIVE LIQUIDITY MISMATCH



INNOVATION

Innovation is encouraged to cultivate unorthodox thinking & develop pioneering funding solutions

DIVERSIFIED & ENGAGED DEBT INVESTORS

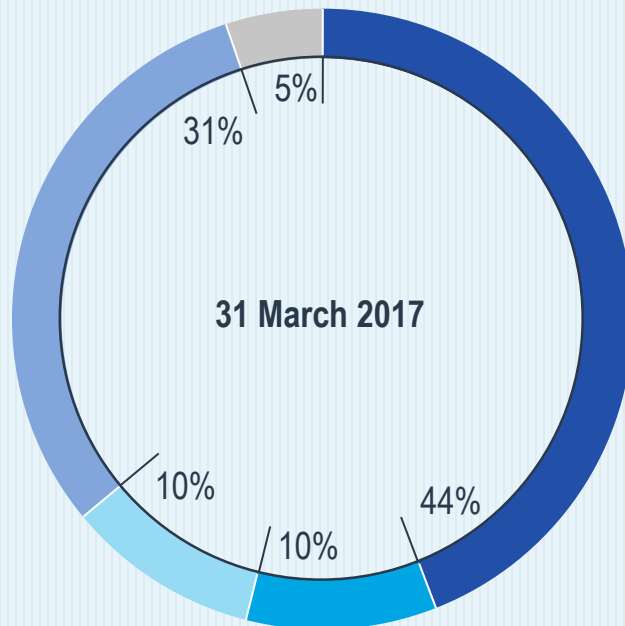
- Diversification by geography, capital pool, debt investor & funding structure
- Recurring investment motivated by performance, the ease of transacting & appropriate risk adjusted returns
- Transparent & direct relationships with debt investors, & where necessary facilitated by valued intermediaries

JUDICIOUS RISK MITIGATION

- Positive liquidity management between asset & liability cash flows
- No exposure to overnight debt instruments & limited exposure to short term instruments
- No exposure to currency risk & effective management of interest rate risk
- Minimising rollover risk

OPTIMAL CAPITAL STRUCTURES

- Bespoke & innovative funding structures to meet investment requirements & risk appetite of a range of debt investors
- Targeted capital structure per asset class
- No cross-default or guarantees between structures



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

- Accelerated bookbuild (Feb 2017)
 - › **28.4m** shares issued raising **R419m**
 - › Creates capacity for further acquisition opportunities
 - › Oversubscribed
 - › Predominantly taken up by institutional investors
 - Institutional shareholding ▲ from **26%** to **31%**
 - › Directors shareholding holding ▼ from **47%** to **44%**
 - Management not permitted to participate in the bookbuild
- Foreign ownership ▲ from **2%** to **5%**
- Retail investors ▼ from **7%** to **5%**
- Average daily liquidity in ZAR ▲ **20%**
 - › Free float percentage ▲ to **56%** (HY16: 53%)

CONCLUSION

2017

FOR THE HALF YEAR ENDED 31 MARCH

INVESTMENT CASE

COMPELLING & UNIQUE AS WE EXECUTE ON OUR MISSION

TRANSACTION CAPITAL IS POSITIONED IN **ATTRACTIVE MARKET SEGMENTS**

- › Businesses occupy **strong market positions**
- › Highly **defensive businesses** able to withstand difficult economic conditions

WITH **SPECIALISED CAPABILITIES** THAT ENABLE A **DEEP UNDERSTANDING OF ITS CHOSEN MARKETS**

- › Deep **vertical integration** enabling application of specialised expertise to mitigate risk, participate in margin & provide a fuller service to clients
- › Organic growth driven through innovating solutions **deeper into existing market segments** & leveraging capabilities to **enter adjacent markets** (local & international)
- › **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**
- › Enabling defensive positioning

AND A **BESPOKE & ROBUST CAPITAL STRUCTURE** GENERATING **APPROPRIATE RISK-ADJUSTED RETURNS**

- › **Sufficient equity capital geared conservatively** to fund organic growth & acquisition activity
- › Proven ability to raise debt capital efficiently from diversified range of debt investors

IS LED BY **SKILLED AND EXPERIENCED MANAGEMENT TEAMS**

- › **Decentralised** experienced & specialised leadership
- › **Specialised** intellectual capital applied over a much smaller asset base than in larger organisations

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

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

WHICH TOGETHER POSITION IT FOR **SUSTAINABLE GROWTH**

- › Decentralised businesses that are self-sustaining & sizable in their own right
- › Track record of delivering predictable **high-quality earnings** with high cash conversion rates & **strong organic growth** prospects
- › A **focused acquisition strategy** supported by a strong balance sheet

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

- › Businesses intentionally positioned to take advantage of demographic & socio-economic trends, **delivering both social & commercial benefit**

DISCLAIMER

This presentation may contain certain "forward-looking statements" regarding beliefs or expectations of the TC Group, its directors and other members of its senior management about the TC Group's financial condition, results of operations, cash flow, strategy and business and the transactions described in this presentation. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "project", "will", "may", "should" and 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 and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the TC Group and 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.