



Transaction Capital

## Intention to list on the JSE June 2012

### Transaction Capital announces an intention to list on the stock exchange operated by the JSE Limited

Transaction Capital, a non-deposit taking financial services group active in specialised lending, credit services and payment services, has announced its intention to list on the JSE in June this year.

The proposed listing follows a decade of development and growth of the underlying assets and their agglomeration into a group in 2007. Sustained revenue and profit performance since then, and confidence in the growth characteristics of the markets it serves, have prompted Transaction Capital to strengthen its balance sheet and growth prospects with public equity. This decision coincides with a modest but discernible improvement in equity and debt issuance markets.

Commenting on the proposed listing, Transaction Capital CEO and Massmart founder Mark Lamberti said *"Transaction Capital provides investors with a unique opportunity to participate in the growing demand for non-bank financial services in Southern Africa. The Group's assets, funding, technologies, people and governance have been structured to provide sustainable growth and sound risk adjusted returns"*.

A pre-listing statement including full details of the private placement offer (to be made to selected institutional and invited investors) will be available shortly. Transaction Capital has appointed Deutsche Bank as advisor, sole bookrunner and stabilisation manager, and ENS as legal advisor for the transaction.

### Transaction Capital's Businesses

Intentionally positioned to take advantage of the upward migration of consumers through South Africa's socio-economic strata, each of Transaction Capital's six businesses meets a specific demand from an under-served market segment.

The investment necessary to renew the ageing national minibus taxi fleet is a key driver of SA Taxi's financing model while Rand Trust, a 54-year old specialist debtor finance and administration business acquired by Transaction Capital in 2008, is an alternative source of working capital for early stage SMEs. Bayport has used strong unsecured credit demand from the growing LSM 5-9 groups to focus on more creditworthy customers.

The growth in credit demand and activity has created a need for increasingly sophisticated credit services, such as the proprietary collection technologies offered by MBD Credit Solutions and the leading edge credit risk consulting provided by PIC Solutions. With a national footprint of over 4,000 off-bank premise ATMs, Paycorp partners with South Africa's leading banks to provide convenience and financial inclusion in less accessible areas.

Their reliance on similar capabilities, expertise and resources has enabled the businesses to create additional

value through collaboration, the sharing of services and inter divisional transactions.

Transaction Capital has grown organically and acquisitively to achieve scale and strong market positions reflected in the following financial highlights for the year to September 2011:

- Loans and advances grew 18% to R6 702 million
- Total income grew 30% to R3 606 million
- Non-interest revenue grew 17% to R1 821 million
- Profit before tax grew 40% to R454 million
- Profit after tax grew 51% to R346 million
- Headline earnings per share (from continuing operations) grew 45% to 69.6 cents

Similar trends have continued in the first half of the 2012 financial year.

## Transaction Capital's Leadership

Transaction Capital's leadership comprises a deep pool of proven entrepreneurs and talented executives all with relevant and specialised expertise. Each of the Group's businesses were established by entrepreneurs active in the financial services sector, who identified under-served segments, addressed client's needs with innovative products and services, and achieved sustainability through professional management and governance.

The major executive shareholders of Transaction Capital, including CEO Mark Lamberti, Jonathan Jawno, Michael Mendelowitz, Roberto Rossi and Steven Kark will collectively own (directly and indirectly) approximately 50% of Transaction Capital post the proposed June listing.

Independent non-executive Chairperson of the board, Christopher Seabrooke said, "Transaction Capital has achieved a rare amalgam of entrepreneurship, professional management and good governance. The Group's record of identifying new under-served segments in financial services has been accompanied by appropriate funding, organisation and control as the business evolved. I am pleased to be part of the next phase of Transaction Capital's development as a public company, delivering predictable high quality earnings growth and superior comparative performance."

## Pre IPO Investments

Today's announcement follows two significant pre IPO investments.

In March, following an in depth analysis by a leading global managing consulting firm, Ethos Private Equity decided to increase its substantial investment in the Group by a further R100 million. Shaun Zagnoev, Partner at Ethos Private Equity said: "Ethos is excited about raising its stake in a company that has consistently produced an excellent return on investment. Transaction Capital is an exciting group which has uniquely combined exceptional entrepreneurial talent with the highest levels of professional management. Over the past four years, under the leadership of Mark Lamberti, the Group has established the strategies, structures, staffing and governance necessary for predictable performance."

During March and April, after 6 years as an active debt investor in Transaction Capital, Futuregrowth invested R340 million in equity, by means of an outright investment and the conversion of a debt instrument.

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## Additional Information

### About Transaction Capital

Transaction Capital is an independent group of industry leading companies participating in non-deposit-taking financial services with a focus on Asset Backed Lending, Unsecured Lending, Credit Services and Payment Services in Southern Africa. Its businesses offer a diversified combination of interest and non-interest income from a range of complementary lending and services businesses, all of which have achieved scale, creating practical barriers to entry and strong positions in their selected market segments. Transaction Capital has a deep understanding of credit risk and the development of specialist risk assessment practices and has a successfully managed wholesale funding programme. The business's experienced, professional management brings a deep understanding of credit risk and specialist risk assessment practice development, while maintaining its entrepreneurial ethos. Transaction Capital is intentionally positioned in emerging and underserved mass markets, which offer continued growth opportunities.

### Transaction Capital's Divisions

#### Asset-backed lending

(Revenues R1,092m and Profits Before Tax R137m for year to September 2011)



SA Taxi is a leading specialised lender to over 20 000 SME minibus taxi operators in South Africa, and provides credit together with insurance and other allied products, utilising a combination of credit assessment methodologies, vehicle quality assessment and traditional credit scoring.



Rand Trust is a 54-year old provider of working capital to SME's through invoice discounting and commercial receivables management.

#### Unsecured lending

(Revenues R1,407m and Profits Before Tax R195m for year to September 2011)



A provider of unsecured credit and related products, including cellular subscriptions, to the emerging middle income consumer segment.

#### Credit Services

(Revenues R635m and Profits Before Tax R91m for year to September 2011)



A South African leader in receivables management comprising the collection of pre-charged off accounts, charged off accounts and delinquent debt.



Provider of credit risk management consulting and software services to third party corporate clients.

#### Payment Services

(Revenues R437m and Profits Before Tax R50m for year to September 2011)



South Africa's largest independent payments group. Owner and operator of off bank premise ATMs, pre-paid debit cards and EFT point of sale terminals.

## Executive Directors

### Mark James Lamberti



Mr. Lamberti (61) invested in and was appointed Chief Executive Officer and Chairman of the Board of Transaction Capital in July 2008. In February 2009, in keeping with good corporate governance principles, he relinquished the role of Chairman in favour of Mr. Christopher Seabrooke. Mr. Lamberti is currently Chief Executive Officer, Chairman of the Executive Committee and a member of the Nomination and Remuneration Committee, the Asset and Liability Committee, the Risk and Compliance Committee and the Social and Ethics Committee.

Previously, Mr. Lamberti was deputy Chairman and Chief Executive Officer of Massmart Holdings Limited ("Massmart"), a company he founded and led for almost 19 years to June 2007. Massmart currently has operations in 13 countries in sub-Saharan Africa with annual sales in excess of R60 billion. Mr. Lamberti is currently the non-executive Chairman of Massmart. In addition he serves on the executive committee and board of Business Leadership South Africa.

Mr. Lamberti has acquired extensive experience as a director of public companies, having served as an executive director of Bradlows Limited (1980–1986, retail furniture chain), Jazz Stores Limited (1986–1988, retail supermarket chain) and Wooltru Limited (1990–2002, retail conglomerate), and as a non-executive director of Datatec Limited (1997–2002, a global network technology and services group), Primedia (1993–2000, an integrated media and communications group), Allied Electronics Corporation Limited (2005–2008, a leading South African based technology group) and Telkom SA (2007–2008, South Africa's leading fixed-line voice and data provider).

Mr. Lamberti's achievements have been widely acknowledged throughout his career, most notably as the 2001 winner of the Ernst & Young South Africa's Best Entrepreneur Award and the 2004 winner of the Italian South African Businessman of the Year Award.

Mr. Lamberti holds a Bachelor of Commerce degree from the University of South Africa, a Master's degree in Business Administration from the University of the Witwatersrand and a PPL from Harvard University.

### Jonathan Jawno



Mr. Jawno (46) was appointed to the Board of Transaction Capital on its founding and is currently the Deputy Chief Executive, a member of the Executive Committee, Chairman of the Asset and Liability Committee, and a member of the Risk and Compliance Committee.

In 1995, Mr. Jawno co-founded Stratvest with Michael Mendelowitz. In 1997, ABIL (formerly known as Theta Financial Services Limited), acquired 50% of Stratvest, leading to the formation of Nisela Growth Investments. Mr. Jawno held the position of joint Chief Executive Officer of Nisela Growth Investments with Michael Mendelowitz until 2002. Together with Messrs Rossi and Mendelowitz, Mr. Jawno went on to acquire a number of companies that were merged with Paycorp in 2007 to form Transaction Capital.

Mr. Jawno holds a Bachelor of Commerce degree and a Graduate Diploma in Accounting from the University of Cape Town, and qualified as a Chartered Accountant (SA) after completing his articles at Arthur Andersen in 1990.

### David Hurwitz



Mr. Hurwitz (40) is the Group Chief Financial Officer and is a member of the Executive Committee, the Risk and Compliance Committee and the Asset and Liability Committee.

Mr. Hurwitz was previously Group Chief Risk Officer and has served as the Chief Financial Officer of SA Taxi. Following 10 years of experience in capital markets he joined Transaction Capital in 2005 and established and led a Debt Capital Markets division responsible for the raising of over R12 billion debt capital to date.

Mr. Hurwitz holds a Bachelor of Accounting (Honours) degree from the University

of the Witwatersrand, a Higher Diploma in Tax and qualified as a Chartered Accountant (SA) after completing his articles with Kessel Feinstein in 1997.

### Michael Mendelowitz



Mr. Mendelowitz (46) joined the Board of Transaction Capital on its founding and currently serves as the Chief Investment Officer on the Executive Committee of the Company.

Mr. Mendelowitz co-founded Stratvest with Mr. Jawno in 1995. In 1997, ABIL (formerly known as Theta Financial Services Limited), acquired 50% of Stratvest, leading to the formation of Nisela Private Equity where, together with Mr. Jawno, he held the position of joint Chief Executive Officer until 2002. Together with Messrs Rossi and Jawno, Mr. Mendelowitz went on to acquire and grow the group of companies that were merged with Paycorp in 2007 to form Transaction Capital.

Mr. Mendelowitz holds a Bachelor of Commerce degree and a Graduate Diploma in Accounting from the University of Cape Town and qualified as a Chartered Accountant (SA) after completing his articles at Deloitte & Touche in 1990.

### Steven Kark



Mr. Kark (38) was appointed an executive director of Transaction Capital on its founding and is currently the Chief Executive Officer of Paycorp and a member of the Executive Committee.

Mr. Kark commenced his business career at Interbrand, a subsidiary of Brandcorp (Pty) Ltd, where he became a director. In 1999, Mr. Kark co-founded Paycorp, which won the KPMG Unlisted Company of the Year Award in 2003.

Mr. Kark is a recipient of the 2001 Investec Jewish Entrepreneur of the Year Award, Chairman of the Association of Payment System Operators and a founder board member of the ATM Industry Association Africa.

Mr. Kark holds a Bachelor of Commerce degree from the University of the Witwatersrand and a Post Graduate Diploma of Business Administration from Thames University, London.

### Roberto Rossi



Mr. Rossi (50) joined the Board of Transaction Capital on its founding and is currently an Executive Director and a member of the Risk and Compliance Committee.

Mr. Rossi founded Miners Credit Guarantee in 1991 to provide credit card type facilities to mine workers. Miners Credit Guarantee acted as a credit provider between retailers and Teba Bank until 1998, developing a network of over 300 retailers serving 150 000 clients.

In 1999, ABIL (formerly known as Theta Financial Services Limited) acquired 50% in Miners Credit Guarantee. Mr. Rossi assumed executive roles at Miners Credit Guarantee and Theta and was subsequently responsible for the establishment, acquisition and operations of several of the businesses owned by ABIL. During 2003 following Miners Credit Guarantee into ABIL Mr. Rossi sold his remaining shares to ABIL. In 2003, Mr. Rossi partnered with Messrs Jawno and Mendelowitz to acquire the group of companies that merged with Paycorp to form Transaction Capital in 2007.

Mr. Rossi holds a Bachelor of Science degree in Mechanical Engineering, a Graduate Diploma in Industrial Engineering from the University of the Witwatersrand and a Baccalaureus Procuratoris (B Proc) from the University of South Africa.

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