



Transaction  
Capital

# INVESTOR UPDATE

23 March 2023

**10**  
YEARS  
AS A LISTED ENTITY



# Presentation Outline

**01 | Introduction (David Hurwitz)**

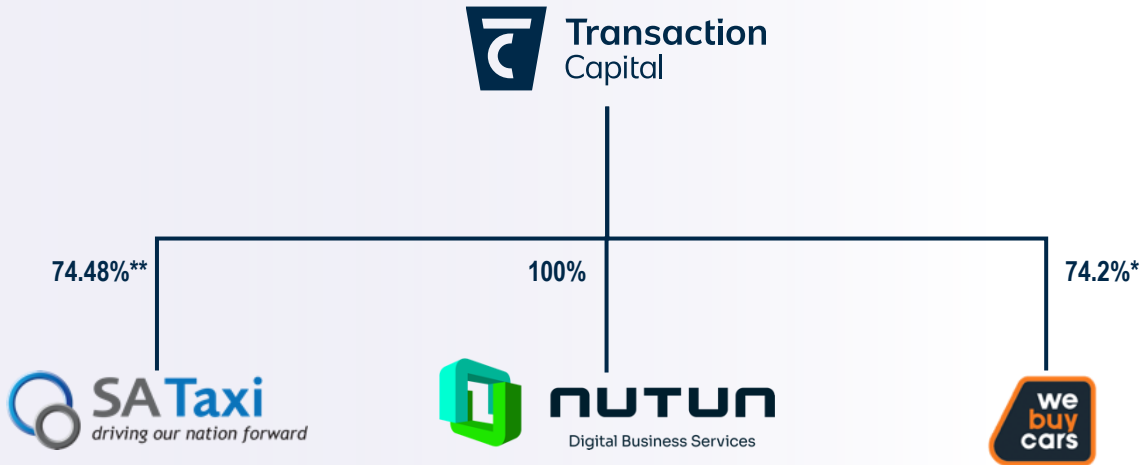
**02 | Capital structure (Mark Herskovits)**

**03 | SA Taxi (Sean Doherty)**

**04 | Q&A**



# Capital structure



## Judicious risk management

- Optimal liquidity management between asset and liability cash flows
- Effective management of interest rate risk, currency risk and roll over risk
- Controlled exposure to short term instruments
- No cross-collateralisation or cross default between structures
- Diversification by geography, capital pool, debt investor and funding mandate

## Engaged debt investors

- Recurring investment by debt investors motivated by performance, the ease of transacting and appropriate risk adjusted returns
- Transparent and direct relationships with debt investors where necessary facilitated by valued intermediaries

## Optimal capital structures

- Proactively managing valuable capital and funds raised across the group
- Bespoke and innovative funding structures to meet the requirements and risk appetite of a range of debt investors while also targeting an optimal WACC





**No cross defaults between SA Taxi, Nutun and/or WeBuyCars**

\* Held via 99% shareholding in Transaction Capital Motor HoldCo

\*\* TC consolidates 82.13%

# Diversified debt funding strategy | Transaction Capital group overview



Entity	 <b>Transaction Capital</b> Capital (all entities which make up the GEO)	 <b>NUTUN</b> Digital Business Services	 <b>WeBuyCars</b>	 <b>gomo</b> buy   insure   maintain																								
FY2022 balance outstanding	<b>R2.0 billion</b>	<b>R3.5 billion</b>	<b>R1.5 billion</b> <i>46% mortgage finance</i>	<b>R0.2 billion</b>																								
Composition	<b>~9%</b>	<b>~16%</b>	<b>~7%</b>	<b>~1%</b>																								
Debt investors	<b>13 debt investors</b> <table border="0"> <thead> <tr> <th></th> <th>% Holding</th> </tr> </thead> <tbody> <tr> <td>● Banks</td> <td>83%</td> </tr> <tr> <td>● Fixed income funds &amp; asset managers</td> <td>9%</td> </tr> <tr> <td>● Institutional investors</td> <td>7%</td> </tr> </tbody> </table>		% Holding	● Banks	83%	● Fixed income funds & asset managers	9%	● Institutional investors	7%	<b>10 debt investors</b> <table border="0"> <thead> <tr> <th></th> <th>% Holding</th> </tr> </thead> <tbody> <tr> <td>● Banks</td> <td>64%</td> </tr> <tr> <td>● Institutional investors</td> <td>20%</td> </tr> <tr> <td>● Fixed income funds &amp; asset managers</td> <td>17%</td> </tr> </tbody> </table>		% Holding	● Banks	64%	● Institutional investors	20%	● Fixed income funds & asset managers	17%	<b>3 debt investors</b> <table border="0"> <thead> <tr> <th></th> <th>% Holding</th> </tr> </thead> <tbody> <tr> <td>● Banks</td> <td>100%</td> </tr> </tbody> </table>		% Holding	● Banks	100%	<b>2 debt investors</b> <table border="0"> <thead> <tr> <th></th> <th>% Holding</th> </tr> </thead> <tbody> <tr> <td>● Banks</td> <td>100%</td> </tr> </tbody> </table>		% Holding	● Banks	100%
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Instruments	<ul style="list-style-type: none"> <li>● Syndicated loans</li> <li>● Overdraft &amp; revolving credit facilities</li> <li>● Preference shares</li> </ul>	<ul style="list-style-type: none"> <li>● Private or bilateral loans &amp; debentures</li> <li>● Overdraft &amp; revolving credit facilities</li> </ul>	<ul style="list-style-type: none"> <li>● Revolving credit facilities</li> <li>● Property mortgage loans</li> </ul>	<ul style="list-style-type: none"> <li>● Revolving credit facilities</li> </ul>																								
Cross default provisions	<i>Cross defaults to material subsidiaries in the TC Group (excludes all SPVs) but <b>no guarantees from TC to Nutun, SA Taxi and WeBuyCars.</b></i>	<i>No cross defaults or guarantees outside of the Nutun group</i>	<i>No cross defaults or guarantees outside of the WBC group</i>	<i>No cross defaults or guarantees outside of Gomo</i>																								
Dividend policy	2.0 to 2.5 times cover	50% of PAT	50% of PAT	Not Applicable																								



Debt structure	Pass through structures	Warehousing facilities	Private structured finance		Traditional corporate funding																															
FY2022 balance outstanding	<b>R5.9 billion</b>	<b>R1.9 billion</b>	<b>SATIF R2.1 billion</b>	<b>SATDF/SATS R4.7 billion</b>	<b>R0.8 billion</b>																															
Composition	<b>~38%</b>	<b>~13%</b>	<b>~14%</b>	<b>~30%</b>	<b>~5%</b>																															
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Instruments	<ul style="list-style-type: none"> <li>● Rated &amp; listed securitisation notes</li> <li>● Private or bilateral loans &amp; debentures</li> </ul>	<ul style="list-style-type: none"> <li>● Asset-backed loans</li> </ul>	<ul style="list-style-type: none"> <li>● Private bilateral</li> </ul>	<ul style="list-style-type: none"> <li>● Private bilateral</li> <li>● Syndicated loans</li> </ul>	<ul style="list-style-type: none"> <li>● Overdrafts</li> <li>● Revolving credit facilities</li> <li>● Private bilateral term loans</li> </ul>																															
Covenants and features	<ul style="list-style-type: none"> <li>● No accelerated repayment covenant</li> <li>● Interest rate step-up after year 5</li> <li>● No fixed repayment profile</li> <li>● Debt repayment matched to collections on asset pool</li> </ul>	<ul style="list-style-type: none"> <li>● No accelerated repayment covenant</li> <li>● Revolving structure</li> <li>● No fixed repayment profile</li> <li>● Debt serviced from collection on or sale of asset pool</li> </ul>	<ul style="list-style-type: none"> <li>● SATIF financial covenants including; senior debt to cash flow &amp; interest cover, senior debt &amp; equity to asset</li> <li>● SATDF financial covenants including; security cover, tangible net worth, cost to income, and loan loss reserves</li> <li>● Fixed repayment profile</li> <li>● Debt serviced from collections on asset pool</li> </ul>	<ul style="list-style-type: none"> <li>● SATH financial covenants including; EBITDA to senior interest cost, equity to total borrowings</li> <li>● Revolving structure</li> </ul>																																

# Maturity Profile | September 2022

Transaction Capital Group Overview



Subsidiary	Available Facilities	Total debt drawn	Maturity Profile						
			0-6 months	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
<b>Gomo</b>	125	225	40	7	31	48	49	50	-
<b>Nutun</b> (South Africa and Australia)	666	3,521	271	804	985	788	85	489	100
<b>Transaction Capital Limited</b> (all entities which make up GEO)	651	2,010	91	2	0	1,320	(0)	597	-
<b>WeBuyCars</b>	506	1,488	564	310	73	123	161	257	-
<b>Total</b>	<b>1,948</b>	<b>7,245</b>	<b>966</b>	<b>1,123</b>	<b>1,089</b>	<b>2,278</b>	<b>295</b>	<b>1,393</b>	<b>100</b>

Numbers presented above will not tie back to the balance sheet published for the financial year ended 30 September 2022 due to deferred funding costs accounted for in the balance sheet

# Maturity Profile | September 2022

## SA Taxi Overview



<i>Excluding Bullets</i>			Maturity Profile						
Structure Type	Available Facilities	Total debt drawn	0-6 months	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
Warehousing facilities	1,068	1,932	1,888	-	44	-	-	-	-
Private structured finance	2,286	5,530	762	772	1,289	1,152	802	397	355
Traditional corporate funding	75	567	548	15	4	1	0	0	-
Passthrough	500	5,913	1,297	1,110	1,888	912	647	35	23
<b>Grand Total</b>	<b>3,929</b>	<b>13,942</b>	<b>4,495</b>	<b>1,897</b>	<b>3,224</b>	<b>2,065</b>	<b>1,449</b>	<b>433</b>	<b>379</b>

\*Numbers include overdrafts

<i>Bullet Maturities</i>			Maturity Profile						
Subsidiary	Available Facilities	Total debt drawn	0-6 months	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
Private structured finance	-	1,693	130	355	484	124	275	225	100
Traditional corporate funding	-	250	-	150	50	50	-	-	-
<b>Total</b>	<b>-</b>	<b>1,943</b>	<b>130</b>	<b>505</b>	<b>534</b>	<b>174</b>	<b>275</b>	<b>225</b>	<b>100</b>

Consistent with past performance, all facilities falling due within the FY2023 reporting period to date, have either been settled or refinanced.





# SA Taxi



**Minibus taxi** is the largest & most vital mode of transport within integrated public transport network

Taxi industry transports ~**15 million** commuters per day

Essential mode of transport with **84%** of users of public transport utilizing taxis with further deterioration of train and bus

Routes remain profitable, but not all routes can necessarily support a financed vehicle given the **continued economic pressure** on taxis

Lack of government support through **insufficient relief/subsidies**, despite the industry being the primary source of public transport

### Factors impacting the industry

- ↑ Vehicle price
- ↑ Fuel prices
- ↑ Interest rates
- Commuter fares
- ↓ Commuter density
- ↑ Cost of maintenance given parts prices



# Calibrating to market conditions



TOTAL  
MARKET

~250 000

MINIBUS TAXIS

The taxi credit market

Financed & insured taxis

Lower end of credit market  
*QRT target market*

Unencumbered taxis

## SA Taxi performance

- Demand for new and QRT<sup>1</sup> was higher than pre-covid levels illustrated through applications (there is still opportunity)
- Collections performance did not deteriorate but it was still not fully recovered to pre-Covid levels, and the marginal taxi operators (lower end of the credit market) is where the underperformance continued

## CONCLUSION:

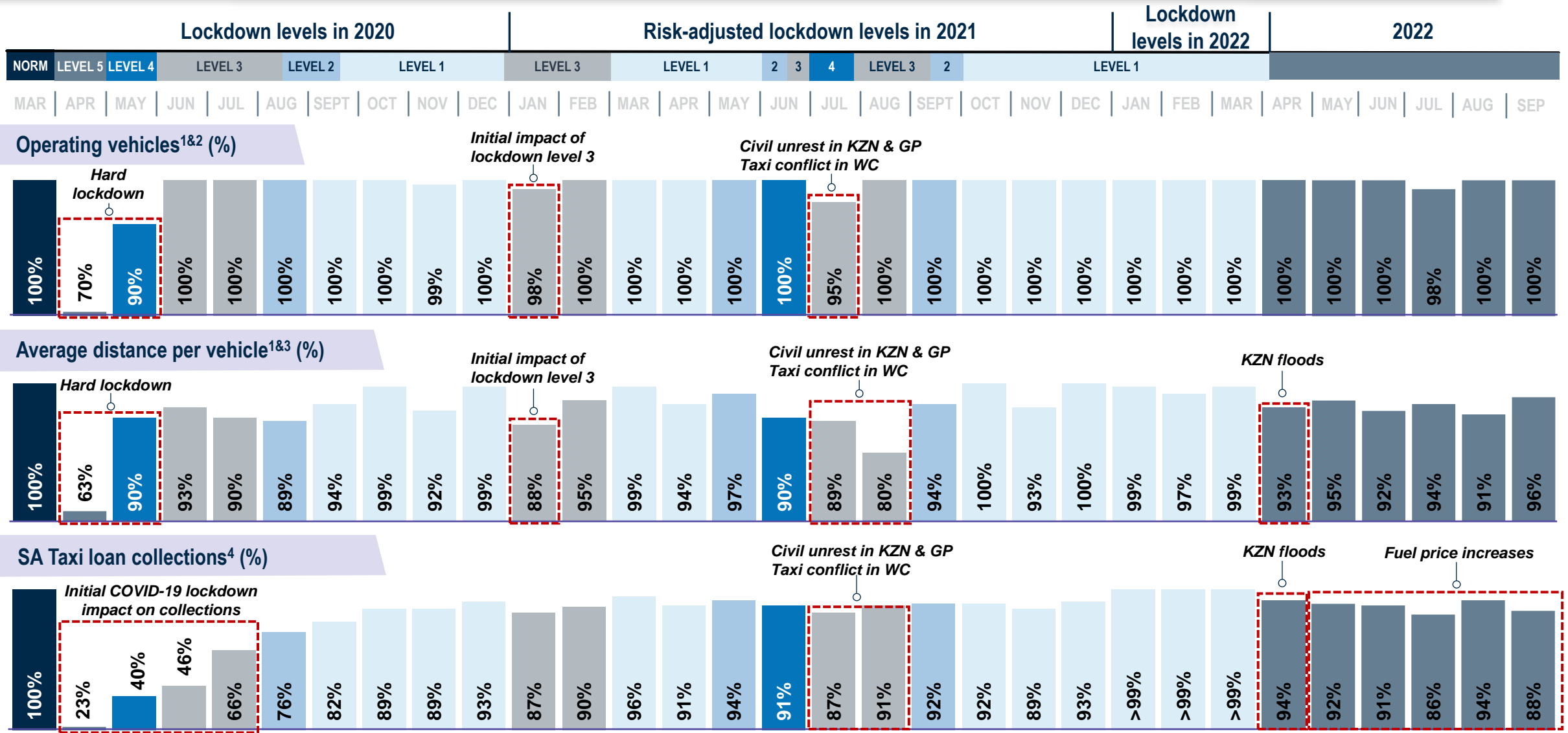
As typically evidenced in these macro conditions, the **finance market has contracted** specifically in the lower end of the credit market.

This has resulted in **Transaction Capital electing to calibrate the SA Taxi business for lower originations**, specifically QRTs to a level of ~220 units per month.

This has ripple effects on new originations, provisioning, how we implement the business model (auto refurbishment), new growth drivers and efficiency required from the cost base.



# Calibrating to market conditions



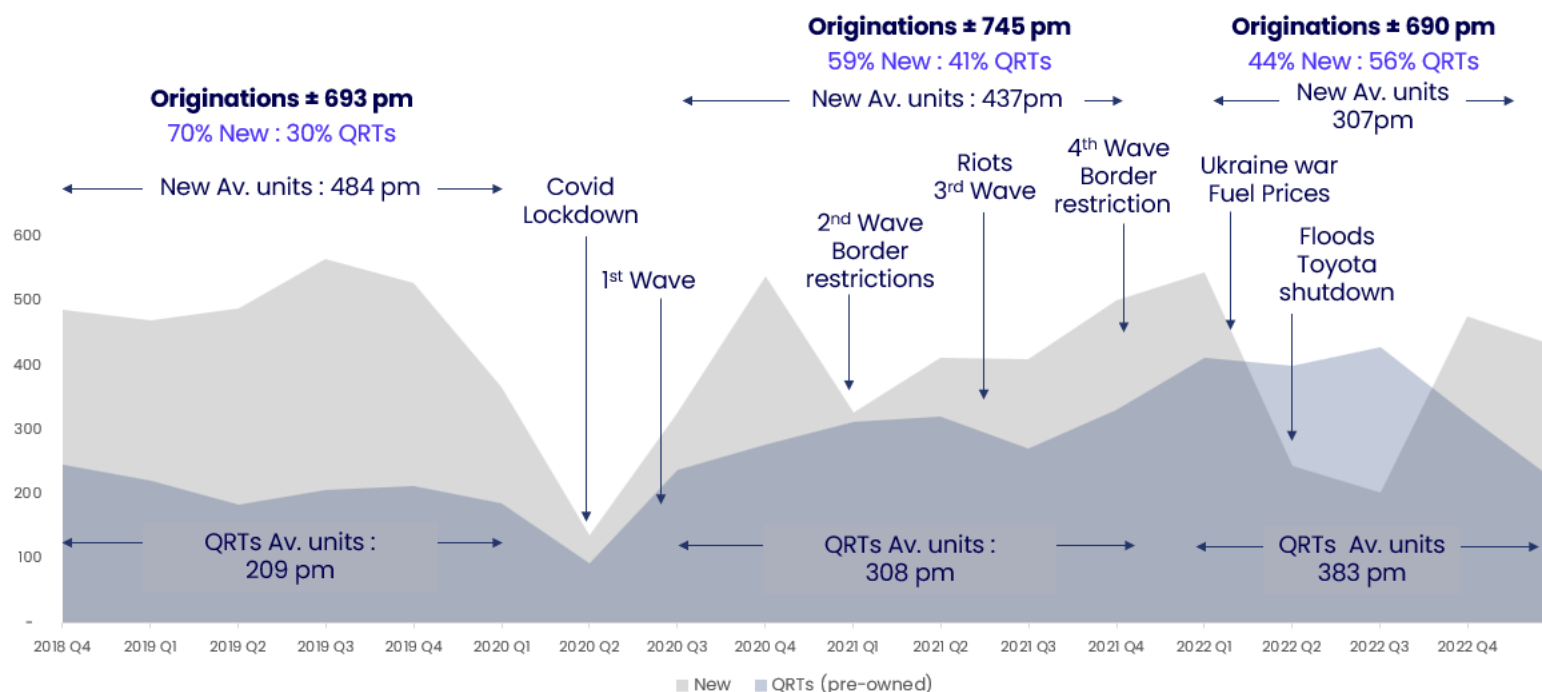
1. Each 'bar' represents a month  
 2. Vehicles in the fleet that have travelled more than 10 kilometres during a day (SA Taxi's imperial telematics data)

3. Total kilometres travelled by the fleet / number of operating vehicles (SA Taxi's imperial telematics data)  
 4. Collections activity expressed as a percentage of pre-COVID-19 levels



# Incremental business shifts were insufficient to drive required performance

## Previous origination levels



## Conclusion

Incremental changes to credit and the business model were made over 2021 and 2022, but in 2023 management moved fast to implement a structural change to reposition the business for market conditions.

## Business shifts

### Increase QRT volumes to address affordability

- Reduced yield
- Reduced NIR

**Reduced appetite for New** to shift better risk customers into QRTs

### Invested in:

- Midrand and Vereeniging repair facility
- New collections strategy | Augmented team as well as external field agents

### Debt Rehabilitation programme

**Invested in Auto Parts** to reduce repair cost but then:

- Limited access to the East
- General price inflation
- Transport costs increased due to international and local challenges

**Invested in GoBid** – alternative distribution channel



# Change 1 & 2 : Originations and book size recalibrated for market conditions

## Infrastructure scaled to deliver originations

In 2022, the business and its infrastructure was scaled to deliver minimum origination levels of:

**893 units\*** per month

(\*H1 of FY2022 includes full Toyota production)

## Recalibration on FY2023 origination volumes

The business and infrastructure is currently being downscaled to originate:

**Lower volumes** in line with tightened credit risk appetite

Ratio of new to QRTs in line with pre-covid trends

## Measured book growth

Gross Loans & Advances



## SA Taxi's rescaling originations (change 1) has the following additional business impacts:

2. Volumes of refurbish and refinance reduce
3. Alternative disposal channel (with lower recovery rate)
4. Provisioning assumption going forward based on factors above
5. Implementation of business model (sale of auto)
6. Efficiency and leverage of existing costs
7. Augment management team



## Change 3 & 4 : Increase in provisioning given change in disposal and recovery rate

### Lower recovery rate given additional disposal channel

#### Pre-covid

±95% refurbished and refinanced which supported a high recovery rate  
**recovery rate >75%**



#### Revised credit appetite

±75% refurbished and refinanced to support lower QRTs origination volumes  
±25% - an alternative disposal channel  
**lower recovery rate**



### Payment performance

With a tighter credit appetite, the performance of the overall book is expected to improve.

The credit appetite is based on achieving pre-covid levels of payment performance.

These levels drive the probability of default.

### Other disposal channels

A strategic investment has been made into GoBid in FY2022.

This channel will be one of the methods utilised as an alternative disposal.

WeBuyCars is also another channel that may be utilised for quality assets.

#### Probability of default



remains similar but starts to improve as tighter credit book grows

#### Loss given default



as lower recovery rates

**= Increase in provisions given forward looking view**



In H1 of FY2023 - rebase in provisions to reflect the change in business strategy



## Change 7: Augmented Mobalyz management team



**Terry Kier**

Chief Executive Officer  
Group Tenure – 14 years



**Sean Doherty**

Deputy Chief Executive Officer  
Group Tenure – 4 years

### Sean Doherty

Sean Doherty joined Mobalyz as the Deputy CEO in January 2023. His responsibilities will include the day-to-day operations. This represents an exciting opportunity for Sean to run the business and grow the new mobility platform.

### Terry Kier

Terry Kier will be responsible for strategic initiatives which include:

- Launch and positioning of Mobalyz
- Growth of Gomo
- Sale of the Auto division

### Mobalyz Exco

Mobalyz executive team has been augmented over the last 18 months to achieve a balance of experience in SME Taxis and consumer markets as the business diversifies markets and earnings.

- >40% of exco have >7 years experience in SME taxis
- Consumer experience has been attained through new exco hires





**Q&A**



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