



Transaction Capital

TRANSACTION CAPITAL

24 JULY 2014

TRANSACTION CAPITAL GROUP PROFILE – AT 31 MARCH 2014*

TRANSACTION CAPITAL LIMITED – half year ended 31 March 2014 | Employees: **3,586** | Headline earnings: **R148m**

ASSET-BACKED LENDING
 TOTAL INCOME **60%** OF GROUP | HEADLINE EARNINGS **46%** OF GROUP

GROSS LOANS & ADVANCES **R6,101m** | HEADLINE EARNINGS **R78m**
 EMPLOYEES **634**

CREDIT SERVICES
 TOTAL INCOME **34%** OF GROUP | HEADLINE EARNINGS **28%** OF GROUP


INCOME **R407m** | HEADLINE EARNINGS **R47m**
 EMPLOYEES **2,913**



Financier of independent SMEs in the minibus taxi industry

SOCIETAL RELEVANCE:
 SA Taxi finances SMEs that may not otherwise have access to credit from traditional banks, contributing to job creation, and enabling and improving the safety of public transport in South Africa


CEO: Terry Kier, subsidiary tenure 6 years



Provider of working capital to SMEs through invoice discounting & commercial debtors' management

SOCIETAL RELEVANCE:
 Rand Trust provides finance to SMEs that may not otherwise have access to credit from traditional banks, thereby facilitating SME growth


CEO: Deon Pienaar, subsidiary tenure 6 years



MBD CS collects distressed consumer and commercial debt as agent on behalf of South Africa's leading credit providers, and as principal on purchased book debts

SOCIETAL RELEVANCE: MBD CS provides comprehensive credit reports, financial education & debt negotiation services to individuals. MBD CS is a large scale employer providing training and career opportunities for South Africans

CEO: Charl van der Walt, subsidiary tenure 13 years



Provider of credit lifecycle consulting services, predictive modelling and related software to credit providers

SOCIETAL RELEVANCE: Principa Decisions works with a wide range of credit providers in South Africa to ensure credit is granted responsibly and only marketed and provided to individuals who have the appropriate financial capacity and ability to repay

CEO: Ian Read, subsidiary tenure 5 years

* Continuing operations

STRATEGY

Invest in organic & acquisitive growth of specialist financial services businesses, operating in underserved or niched sectors of the financial services market, to render acceptable risk adjusted returns to shareholders

- **Ensure a defensible competitive stance for each business unit through the definition & delivery of a compelling value proposition to stakeholders**
- **Deliver value beyond that which the business units would generate as free standing entities: intervention; direction; portfolio management (acquisitions)**

ORGANIC GROWTH PROSPECTS – ASSET-BACKED LENDING

- **SA Taxi**

- Leverage its market positioning by enhancing its value proposition to clients
 - new product offerings (Khusela Taxi Insurance, platinum & fleet operator product, direct sales of new and repossessed vehicles, SA Taxi Media, Shayela rewards, newly introduced Nissan minibus taxi)
- Leverage its core skill set
 - “bakkie” finance pilot
 - improved efficiencies and production at Taximart

- **Rand Trust**

- Distribution strategy directed at increasing scale
- Design innovative products aimed at extending the clients’ life cycle
- Geographic expansion from the Western Cape into other regions

ORGANIC GROWTH PROSPECTS – CREDIT SERVICES

- **MBD Credit Solutions**

- Revenues subdued in a difficult consumer environment, offset by cost containment
- Credit providers display increased demand for:
 - Distressed portfolio sales (more than 140 diversified principal book portfolios)
 - structured accounts receivable management solutions
- Municipal (agency and principal)
- Efficiencies and scale
 - 10 call centres
 - more than 2,500 collection agents
 - more than 60 agency clients including local banks, credit retailers, municipalities, government entities, parastatal entities and other blue chip companies

- **Principa Decisions**

- Continued expansion of proprietary Smart software product suite
- Joint venture in the Middle East (Qarar)
- Recent signing of a new five year contract with FICO

ACQUISITIVE GROWTH PROSPECTS

Following the reorganisation of the group, Transaction Capital has:

- **A robust balance sheet**
 - capital adequacy ratio of 53.2%
 - gearing of 3.1 times
- **Significantly reduced risk profile (regulatory, consumer credit and capital)**
- **Efficient cost structures**
- **R1.3bn of cash on balance sheet as at 31 March 2014, with approximately R1bn of cash to effect significant acquisitive activity**
- **Sound M&A track record**

FINANCIAL HIGHLIGHTS FOR THE 6 MONTHS ENDING 31 MARCH 2014

CONTINUING
HEADLINE EARNINGS
▲ **28%** TO
R148 million

CONTINUING
HEADLINE EARNINGS
PER SHARE
▲ **28%** TO
25.5 cents

CONTINUING GROSS
LOANS & ADVANCES
▲ **14%** TO
R6 149 million

CONTINUING
RETURN ON
AVERAGE ASSETS
stable AT **3.2%**

CONTINUING
RETURN ON
AVERAGE EQUITY
▼ TO **9.4%**
FROM **13.0%**

AFTER THE SPECIAL
DISTRIBUTION OF
210 cents
PER SHARE
NET ASSET VALUE
PER SHARE
▼ **14%** TO
499.7 cents

CAPITAL ADEQUACY
RATIO
▲ **46%** TO **53.2%**

INTERIM DIVIDEND
OF **6 cents**
PER SHARE

DIVIDEND COVER OF
4.25 times
ON CONTINUING
HEADLINE EARNINGS
PER SHARE