



Ecsponent Limited

Financial Results for period ended 30 June 2018

The background of the slide is a blurred photograph of a business meeting. In the foreground, a person's hands are visible, holding a pen and writing on a document. In the background, a man in a suit is gesturing with his hand while speaking. A teal semi-transparent rectangle is overlaid on the center of the image, containing the main title and subtitle. The overall aesthetic is professional and modern, with a network of white lines and dots overlaid on the teal rectangle.

Prevailing market and economic conditions during the 2018 financial period

Macro environment

South African economy

GDP growth rate
-0.7%

Government debt: GDP
53.1%

Unemployment rate
27.2%

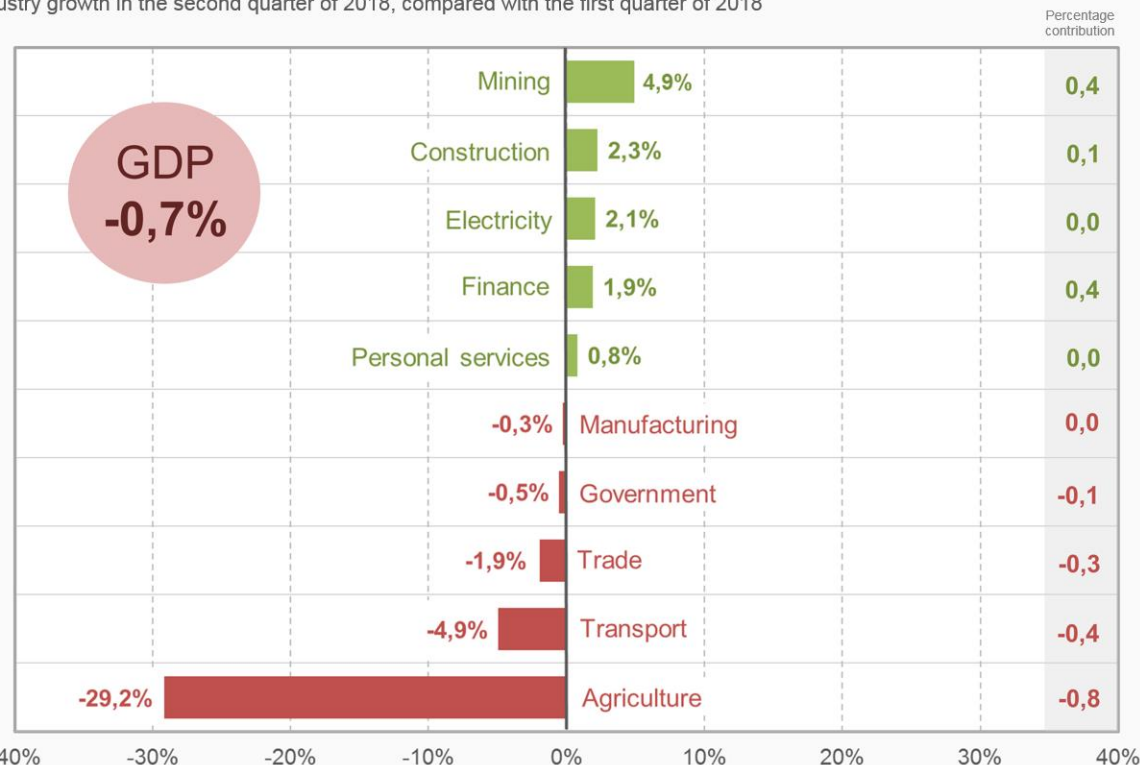
Youth unemployment
53.7%

Inflation rate
5.1%

USD/ZAR
14.93

How did South African industries perform in the second quarter of 2018?

Industry growth in the second quarter of 2018, compared with the first quarter of 2018



Source: Gross domestic product (GDP), 2nd quarter 2018

A photograph of a business meeting with several people's hands pointing at financial documents on a table. The documents include a line graph titled 'Exponential growth in investment assets' showing data from 2014 to 2025, and a donut chart titled 'Current Financial Services' with segments for various services. A semi-transparent orange banner is overlaid at the bottom.

Challenges and opportunities abound

A background image showing four business professionals in a modern office setting, engaged in a discussion. A large teal rectangular overlay is positioned in the center, containing the text. The entire image is overlaid with a network of thin white lines and small circular nodes, suggesting a digital or interconnected theme.

Vision

We strive to achieve industry-leading and sustainable growth in stakeholder value to become the investment destination of choice in the niche market segments where we operate.

Group operations and investments



Credit

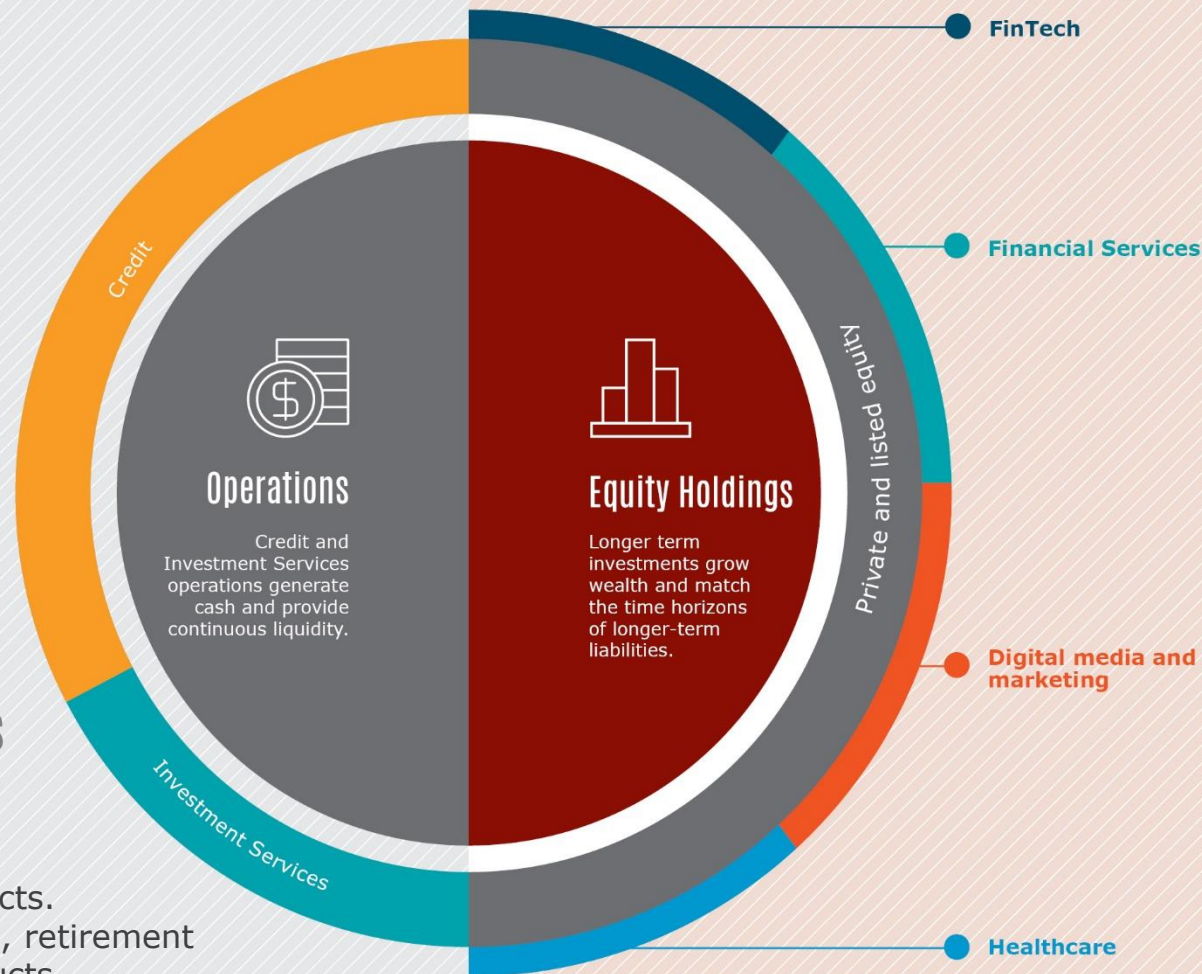
Short and medium term debt facilities providing high gross profit and liquidity. Meet needs of:

- SME credit
- Enterprise development
- Specialist procurement and logistics

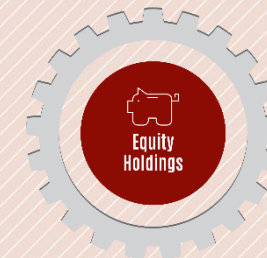


Investment Services

Capital raising through investment products. Advisory services providing life insurance, retirement funding and short-term investment products.

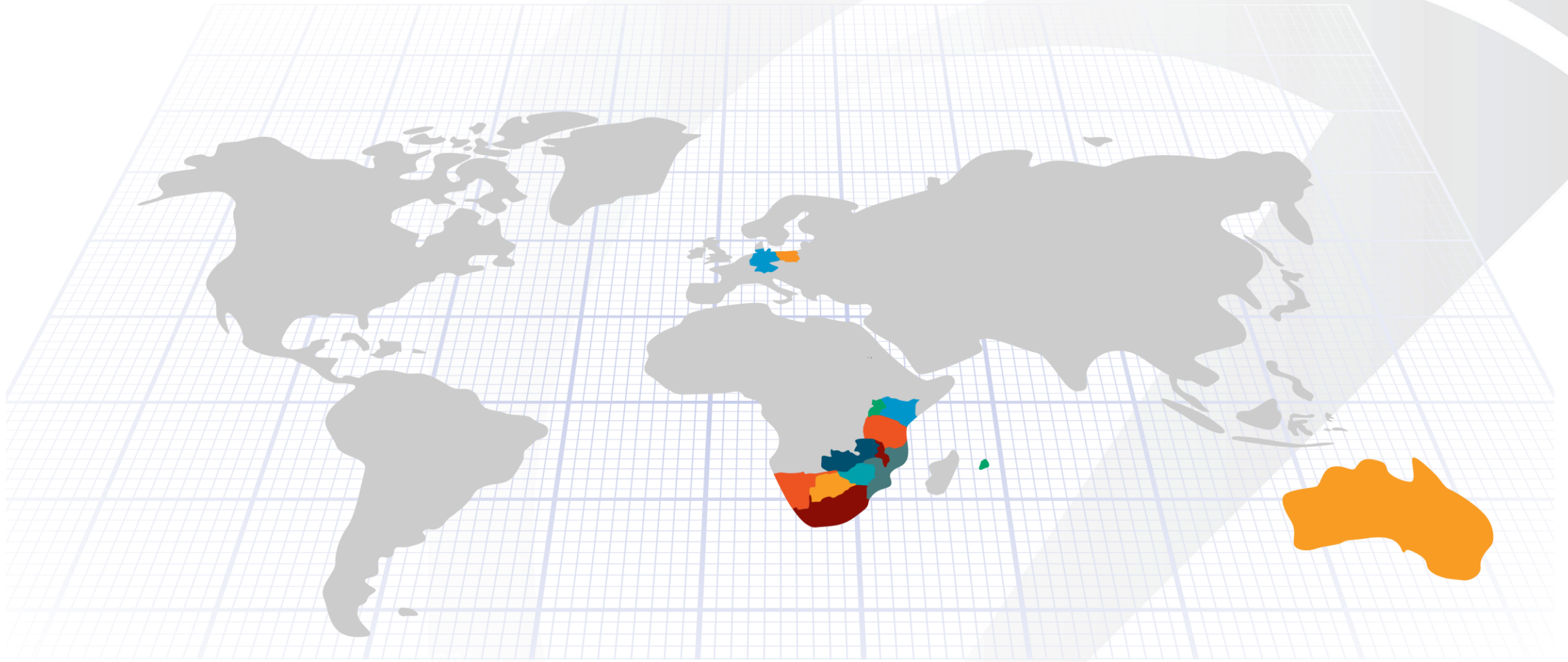


Equity Holdings



Longer term capital growth objectives. Listed and private equity investments in high-growth areas, with high IP and barriers to entry, offering high yields.

Footprint and distribution



Financial inclusion not addressed through traditional channels

Continued drive for SME development

An ageing global population

Africa's population explosion and growing middle class

Growing demand for clean energy

Rapid rise in healthcare costs

Digital transformation



High-growth opportunities

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Digital transformation



- Financial inclusion in Sub-Saharan Africa: **up from 23% in 2011 to 43% in 2017**
- In SA, 70% has access to transactional bank account with 27% withdrawing their money immediately and no further access to financial products
- Exacerbates low savings rates - increasing pressure on social grant system

Barriers:

- Perception of cost
- Distrust of system
- Logistical and infrastructure barriers
- Convenience
- Lack of financial literacy

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- Convenience
- Lack of financial literacy

85%

of people in Africa has a mobile phone

>50%

of Africans are under age of 20 with high adoption rates of technology

55%

of economic trade in sub-Saharan Africa is informal

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In SA, SMEs -

- account for > 90% of legitimate businesses
- employing > 50% of the workforce
- Contributing > 1/3 of GDP

Similar in rest of Africa – where SME development is encouraged by governments

Barriers:

- Lack of skills and financial literacy
- Insufficient access to markets
- Red tape
- Logistical and infrastructure barriers
- Lack of access to credit

Unsecured personal credit is growing faster than the South Africa's GDP

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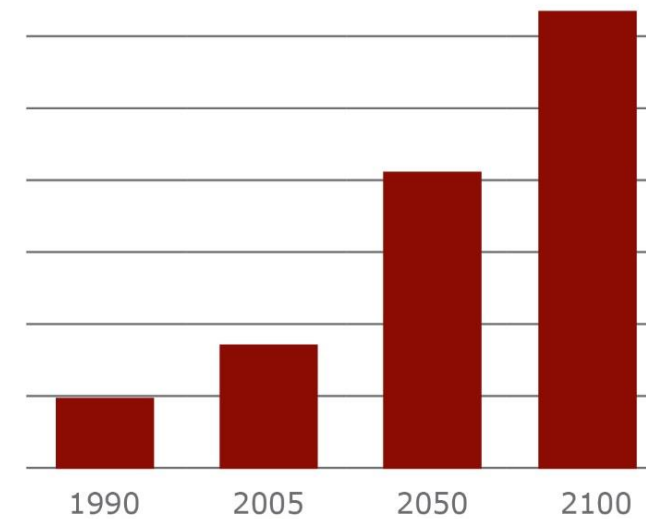
Rapid rise in healthcare costs

Digital transformation

Globally, population aged 60 or over is growing faster than all younger age groups.

The number of centenarians in the world is projected to increase from < 316 600 in 2011 to 3.2 million in 2050.

Population aged 60+



1990:
0.5 billion

2005:
0.9 billion

2050:
2.1 billion

2100:
3.2 billion

Financial inclusion not addressed through traditional channels

Continued drive for SME development

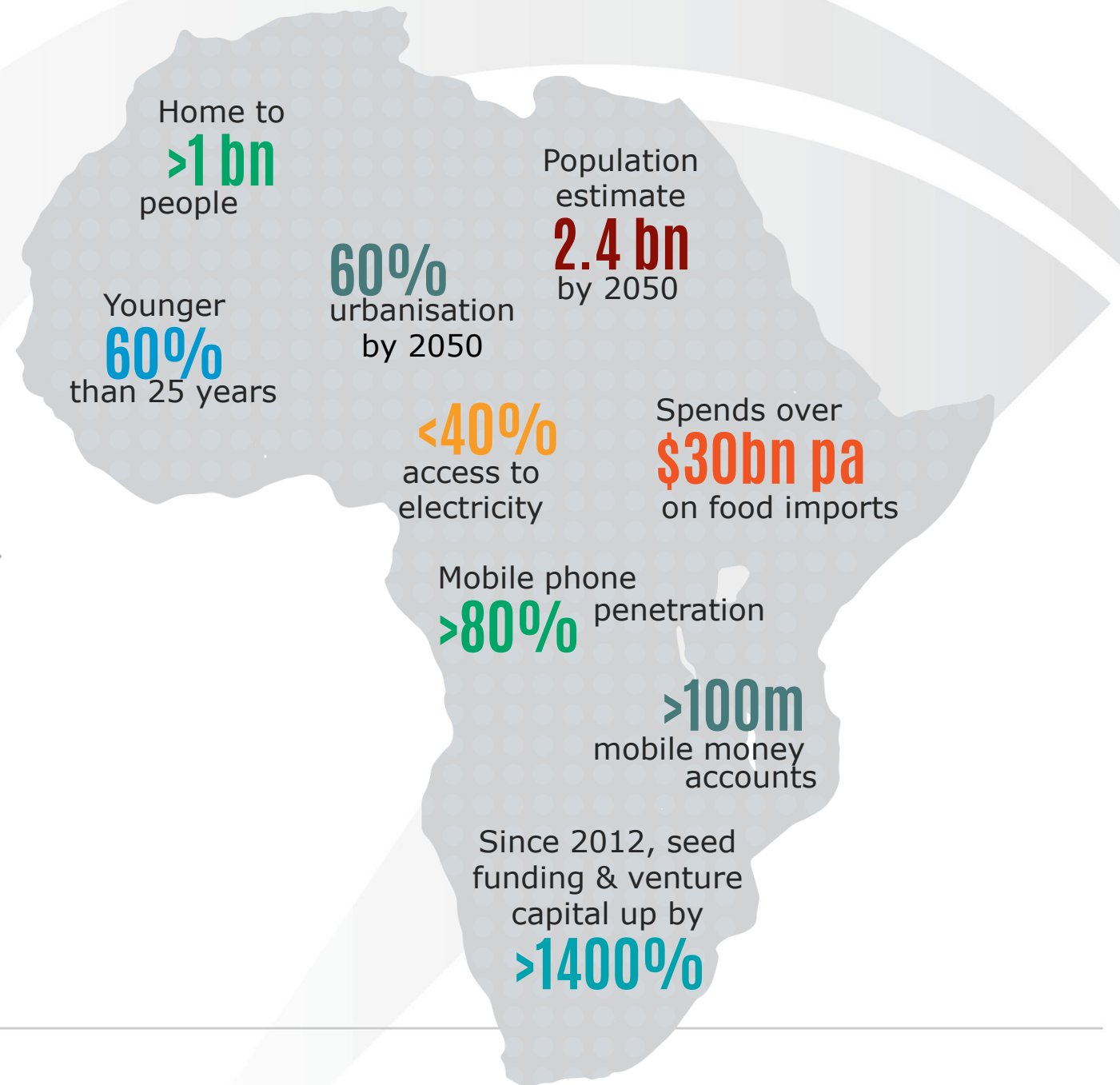
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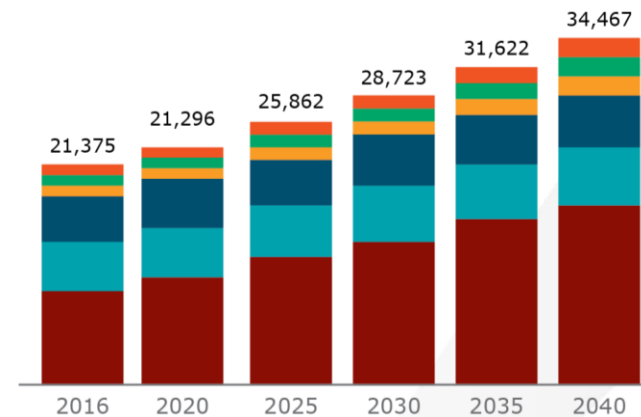
Africa's Electricity demand is growing twice as fast as other parts of the world.

Africa will need over 34k Terawatts by 2040 as result of:

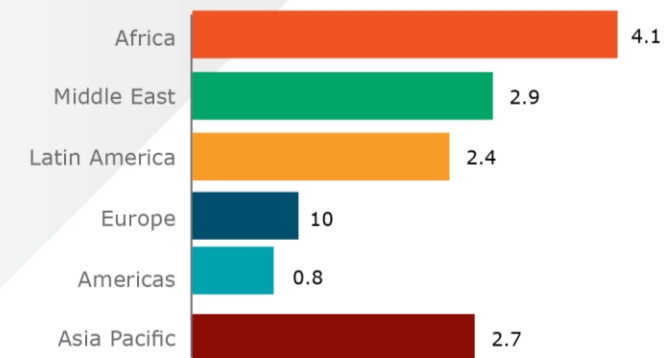
- Growing population
- Economic progress

Needs about US\$ 70 in renewable energy investment

Forecast electricity demand 2016 - 2040 (TWh)



Cumulative annual growth rate (%)



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Medical cost drivers



Demographics



Socio-economic and lifestyle factors



General inflation



Medical technology and innovation

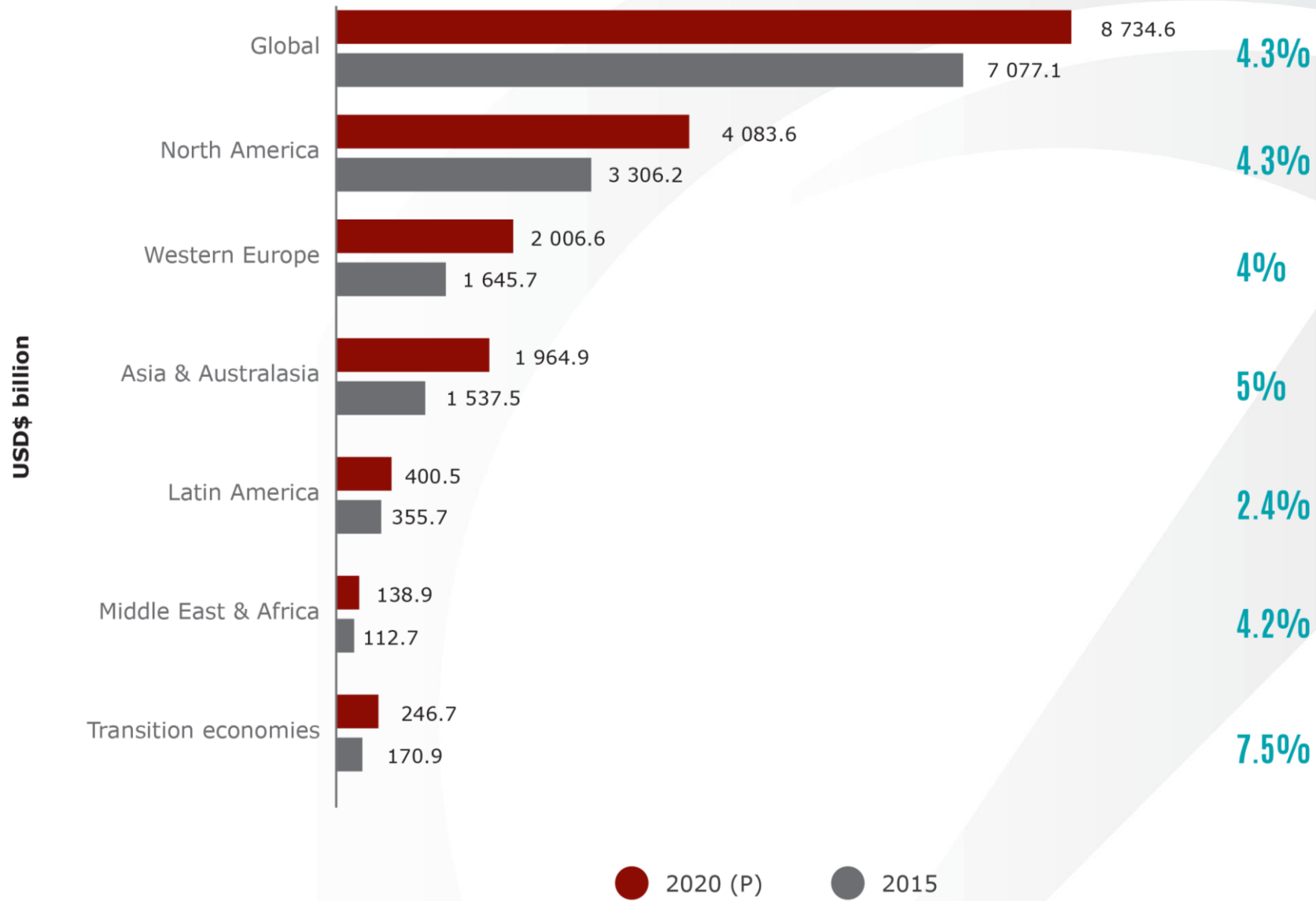


Medication spending



Payment models

Healthcare spending 2015 - 2020



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Opportunities

Medicinal Plants Industry

Current US\$72 bn
Projection US\$111 bn by 2023

Global Nutraceutical Market

Current US\$198,7 bn
Projection US\$285 bn by 2021

Vitamins Supplements (RSA)

Grew at a CAGR of 13.5% between 2013 and 2016

Self-Monitoring Medical Devices

Current US\$30.7 bn
Projection US\$46.9 bn by 2023

Pharmaceutical Market

Current US\$ 5.4 trillion
Projected to triple by 2060

Global Stem Cell Market

Projected to grow at a CAGR of 36.52% between 2017-2021

Post-Acute Care/Frail

The fastest-growing sector of healthcare

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"Digital economy is a powerful catalyst, and **driver of inclusiveness**, by linking communities to each other in a sort of "global village", sharing information, ideas and products, and allowing countries to **rise up the value chain**."

It must be allowed to grow, by allowing our "young adults" to sow economic and social opportunities for more and more citizens.

Andrew W. Wyckoff, Director of the OECD's Directorate for Science, Technology and Innovation

JAN
2018

E-COMMERCE DETAIL: CONSUMER GOODS

AN OVERVIEW OF THE E-COMMERCE MARKET FOR CONSUMER GOODS, WITH VALUES IN UNITED STATES DOLLARS

TOTAL NUMBER OF PEOPLE
PURCHASING CONSUMER
GOODS VIA E-COMMERCE



1.77
BILLION

YEAR-ON-YEAR CHANGE:

+8%

PENETRATION OF CONSUMER
GOODS E-COMMERCE
(TOTAL POPULATION)



23%

VALUE OF THE CONSUMER
GOODS E-COMMERCE MARKET
(TOTAL ANNUAL SALES REVENUE)



\$1.474
TRILLION

YEAR-ON-YEAR CHANGE:

+16%

AVERAGE ANNUAL REVENUE
PER USER OF CONSUMER
GOODS E-COMMERCE (ARPU)

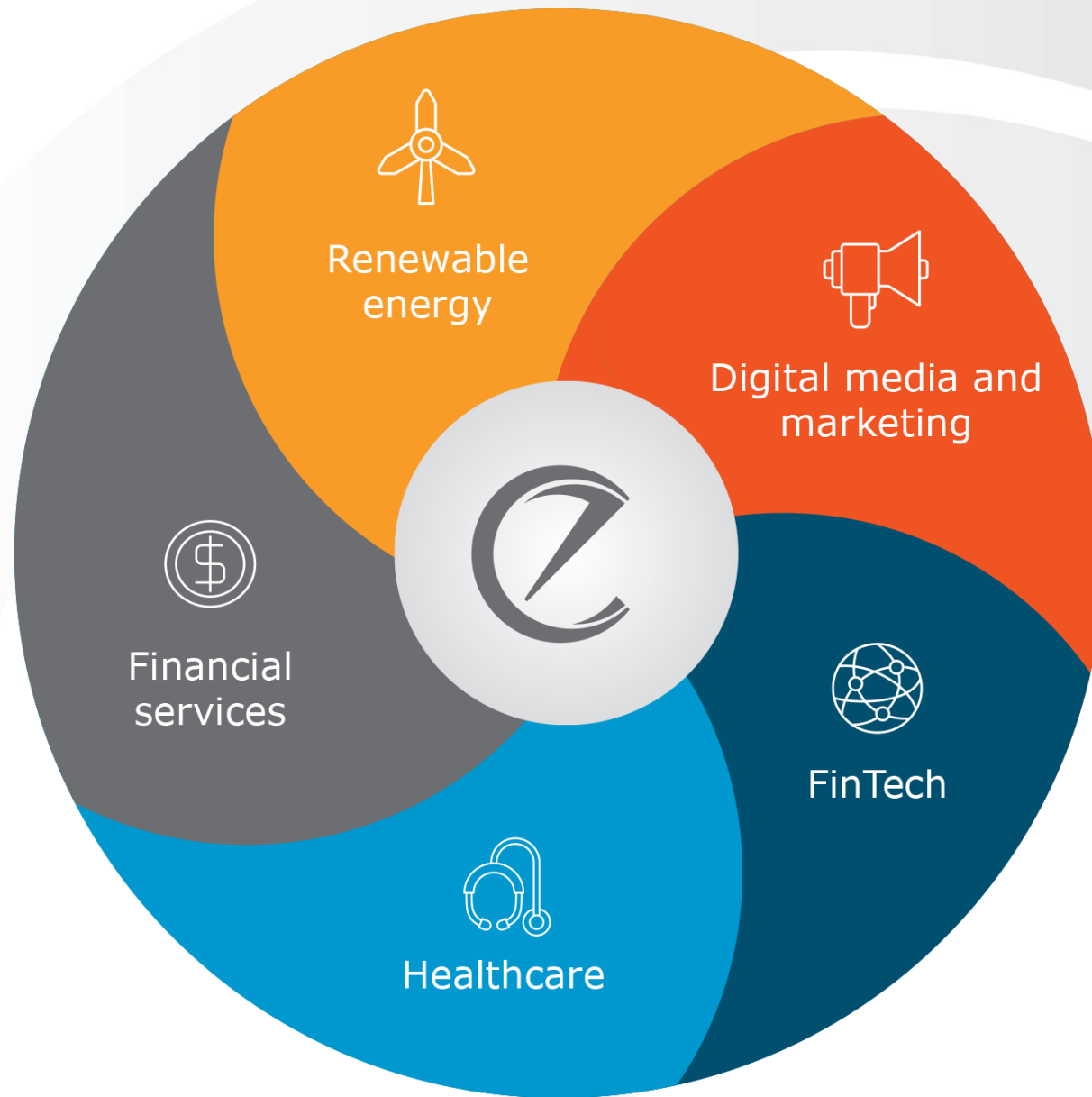


\$833

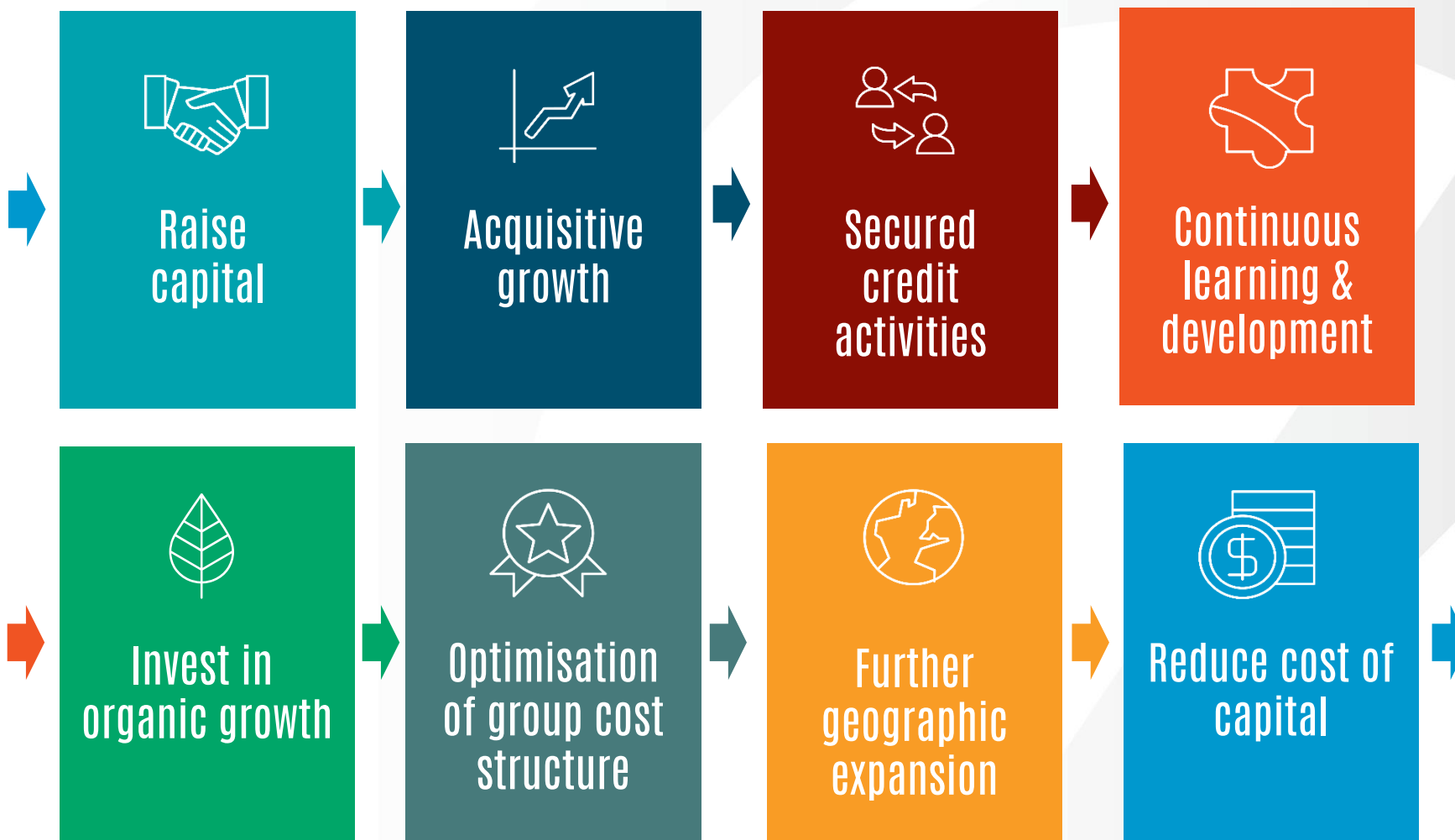
YEAR-ON-YEAR CHANGE:

+7%

Growing investment spread



Perpetual initiatives

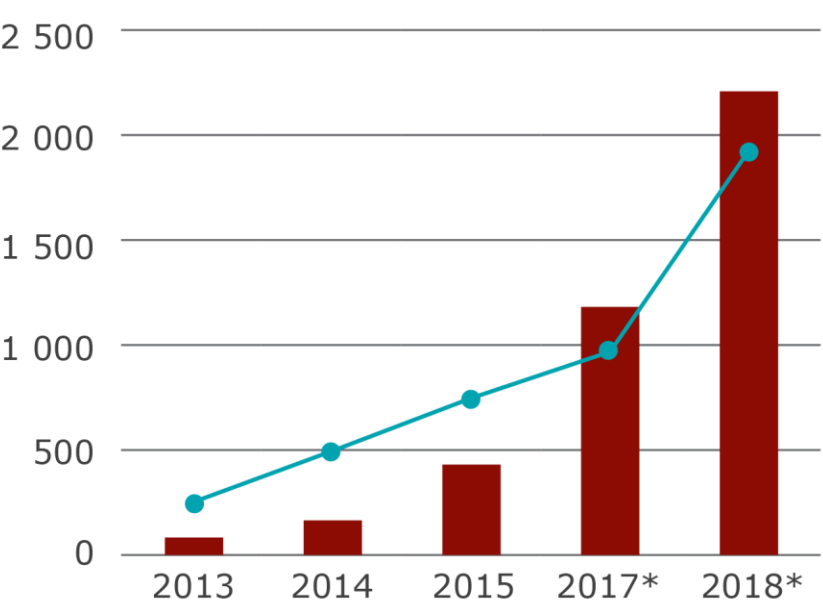




Results overview

Results highlights

Total and net asset growth
(Rand million)



Total assets

84%

R2 235.8 million
R1 214.8 million (2017)

Five-year CAGR

146%

per annum



Equity

102%

R193.5 million
R95.6 million (2017)

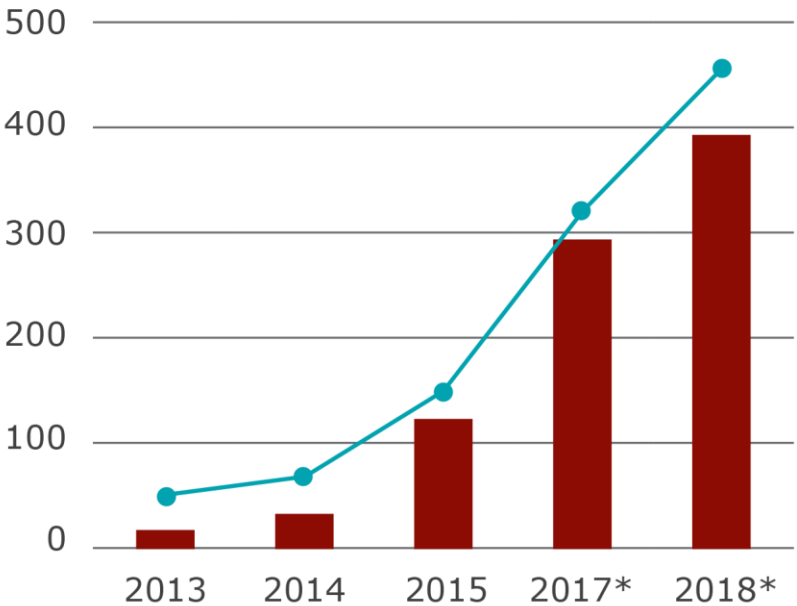
Five-year CAGR

71%

per annum

Results highlights

Group revenue and profit after tax (PAT)
(Rand million)



Profit after tax

44%

R97.1 million
R67.6 million (2017)

Five-year CAGR

139%

per annum



Revenue

45%

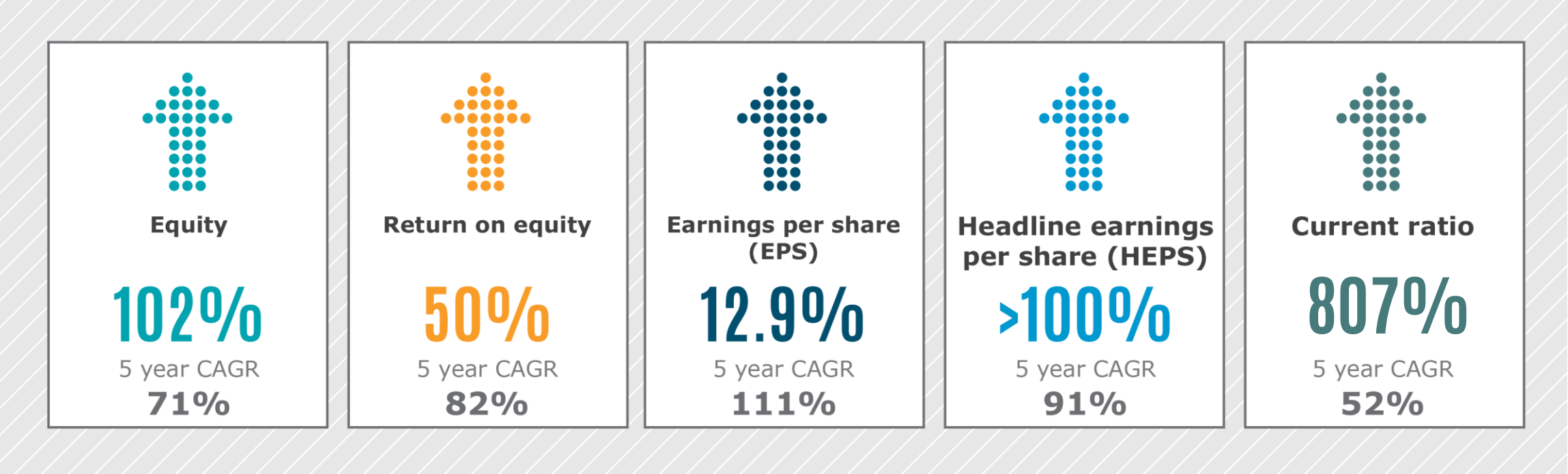
R467 million
R321 million (2017)

Five-year CAGR

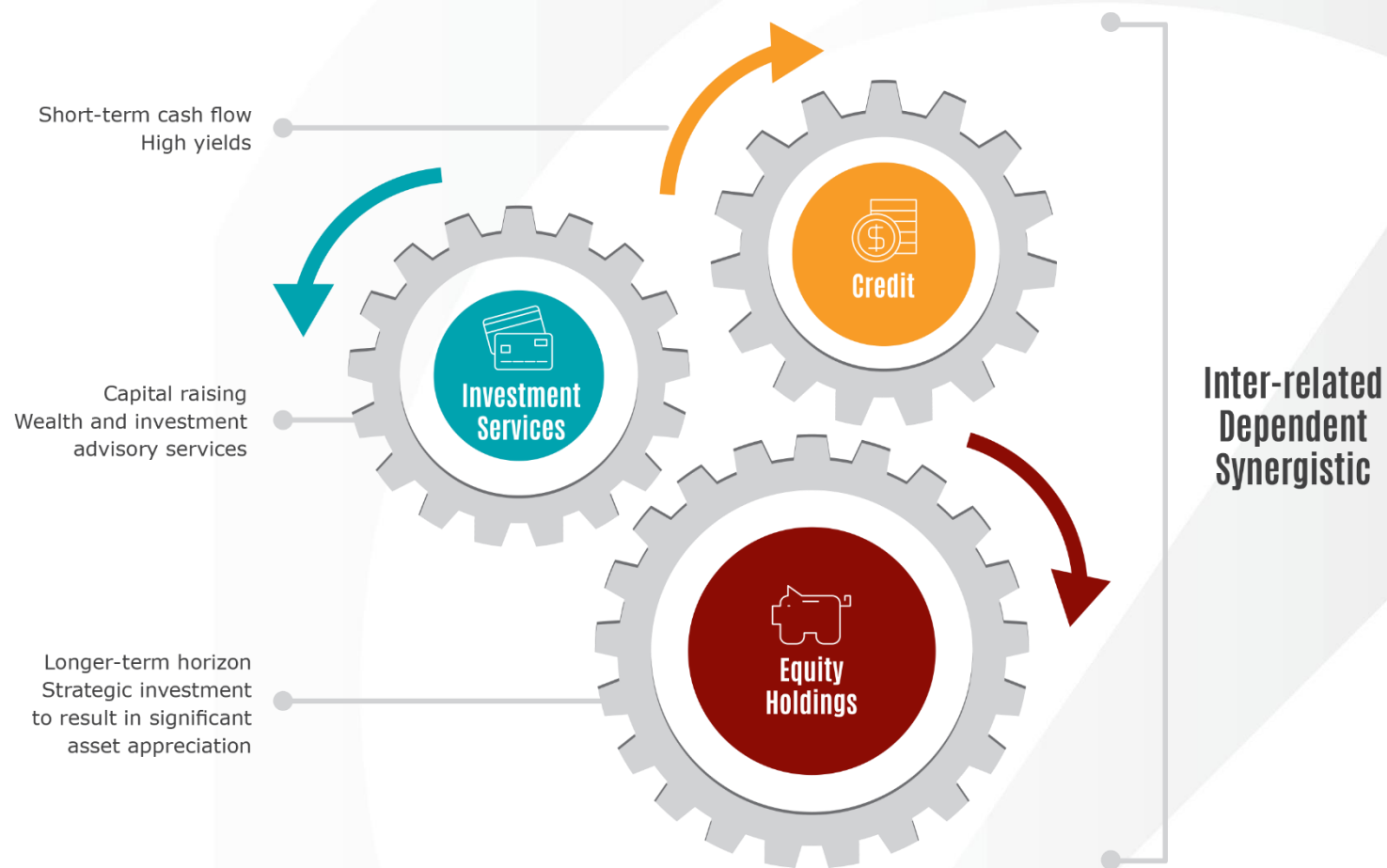
88%

per annum

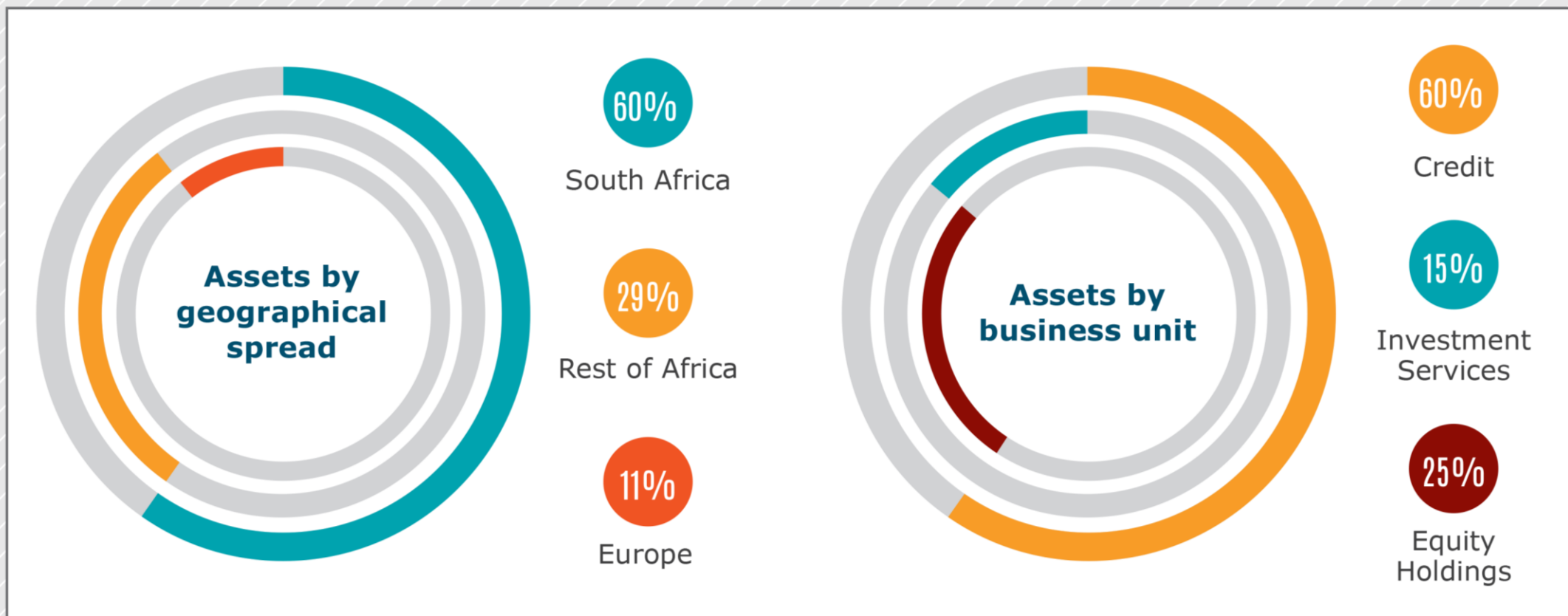
Results highlights



Synergistic business units deliver exponential results



Contribution





Credit

- Deployed in excess of **R1.3b** in short and medium term debt
- Largest contributor to groups revenue
- Credit = **60% of the Group's assets**

Enterprise Development

- Facilitated over **R90m** in transactions for the period
- Generated **R63m** in revenue for the group
- **113** transactions concluded



Industrial equipment



Technology



Environmental



Medical



Agriculture



Health and safety



Investment Services



Raised
R1.6bn
in preference share
investments
to date



Provided investors
with dividends of
R241m

Rolled out new products in period

Class D

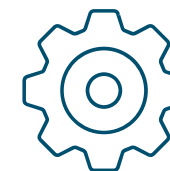
12.5% fixed rate
monthly dividend

Class E

11.25% fixed rate
monthly dividend

Class G

10% fixed rate
monthly dividend



New investment products

including Ecsponent
Living and Retirement
Annuities, Provident
Fund and Umbrella Fund



Equity Holdings



Total assets
18.7%

from R293.0 million to
R347.9 million



Revenue
23.6%

from R76.6 million to
R94.7 million



R280.7 million/
12.4%
of assets in listed
equities



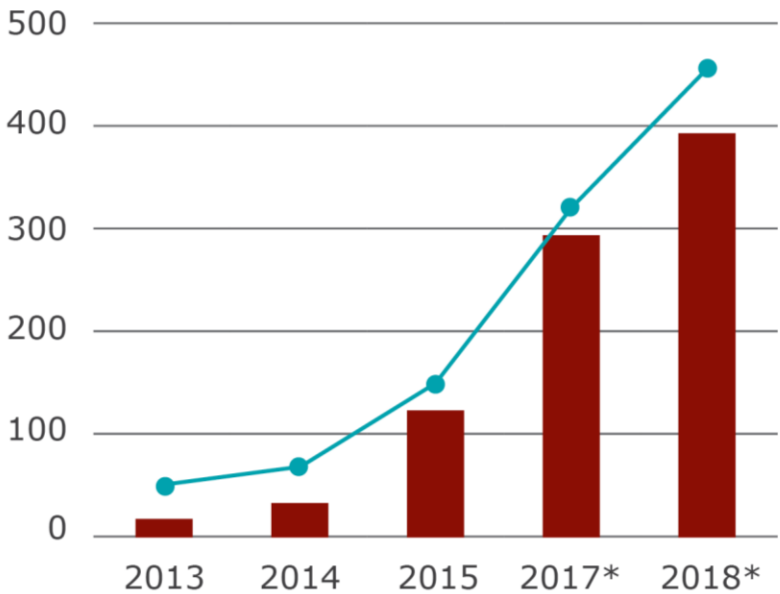
>30%
outside Common
Monetary Area

The background of the slide features a blurred image of a desk with a pen and a bar chart. Overlaid on this is a network of thin white lines connecting small circular nodes, creating a web-like pattern. A solid dark teal rectangle is positioned in the lower right area, containing the text 'Financial review' in white.

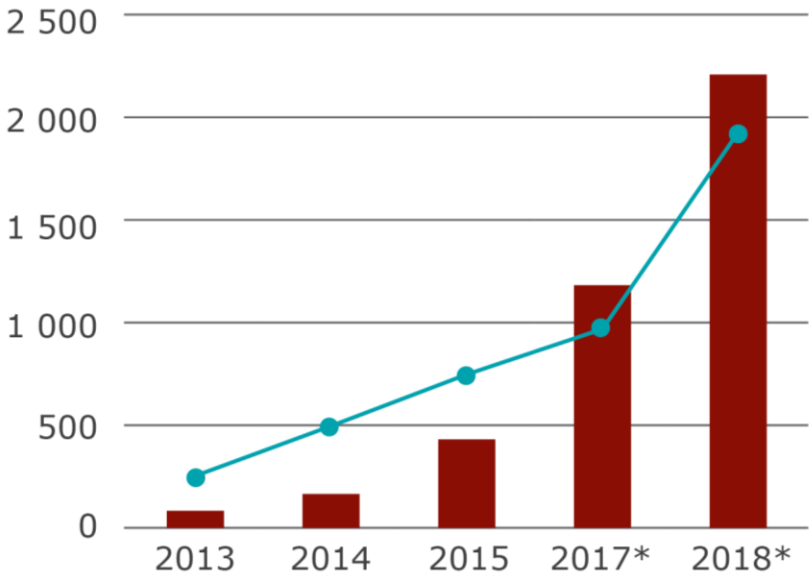
Financial review

Building on previous years' of exponential growth

Group revenue and profit after tax (PAT)
(Rand million)



Total and net asset growth
(Rand million)



*15 month financial periods.

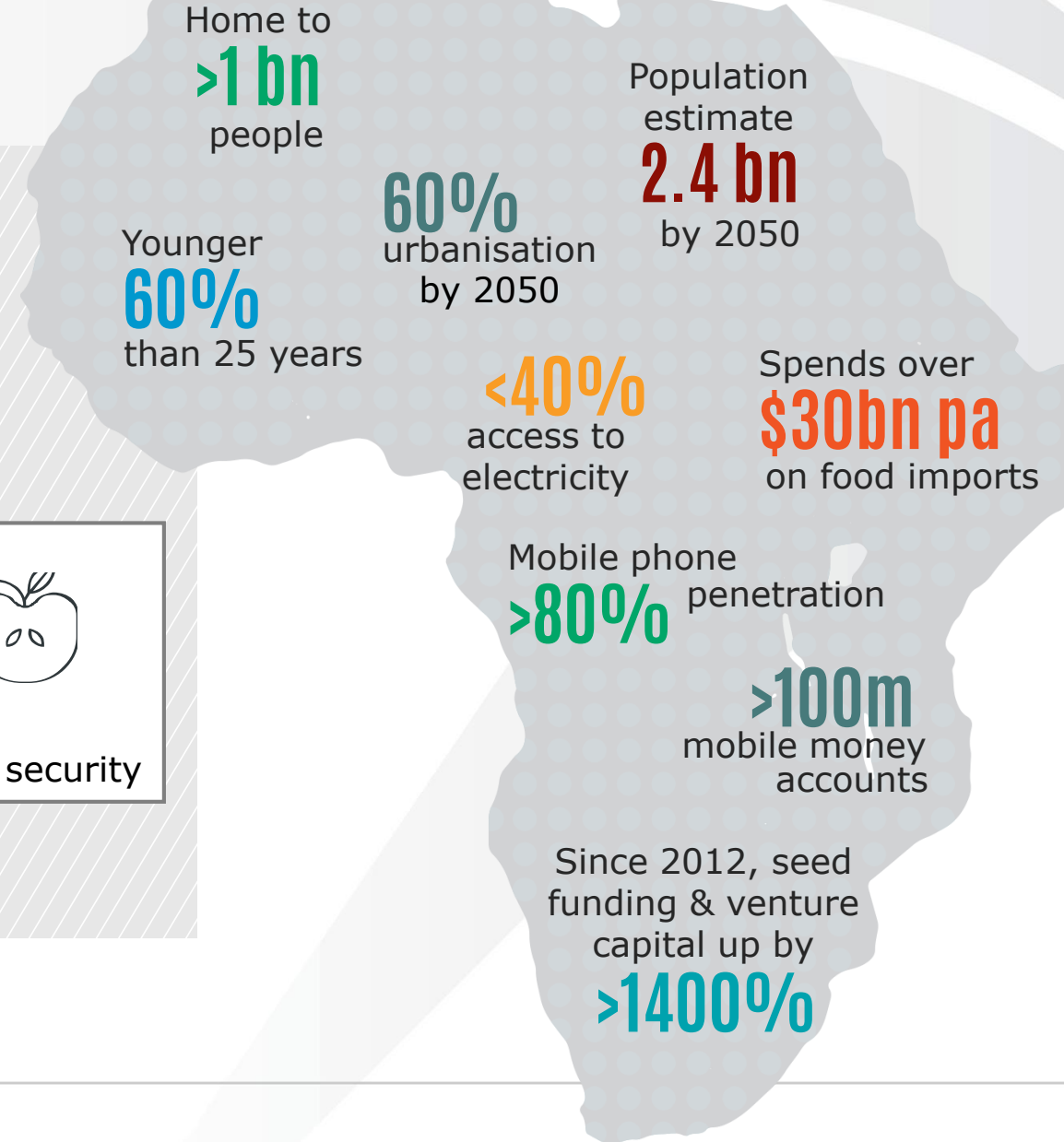
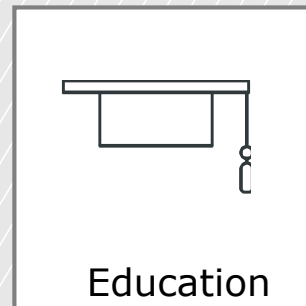
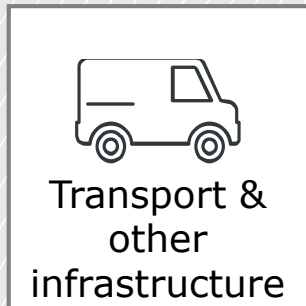
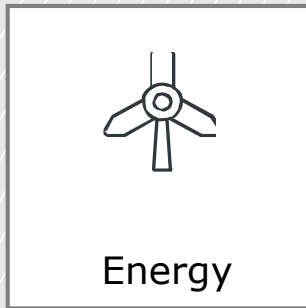
Statement of Financial Position		
	2018 Rm	2017 Rm
Assets		
Loans + advances	1 238	749
Other financial assets	832	233
Non-current assets	1 420	713
Current assets	815	501
Total assets	2 235	1 214
Equity	193	95
Liabilities		
Preference shares	1 702	928
Other financial liabilities	233	11
Non-current liabilities	1 941	939
Current liabilities	101	180
Total liabilities	2 042	1 119

Statement of Profit & Loss		
	2018 Rm	2017 Rm
Revenue	467	321
Other income & fair value adjustments	206	78
Operating profit	412	78
Finance cost	(260)	(130)
Profit for the period	97	67
EPS (cents)	9,465	8,380
HEPS (cents)	6,991	0,014



Taking Ecsponent to Africa

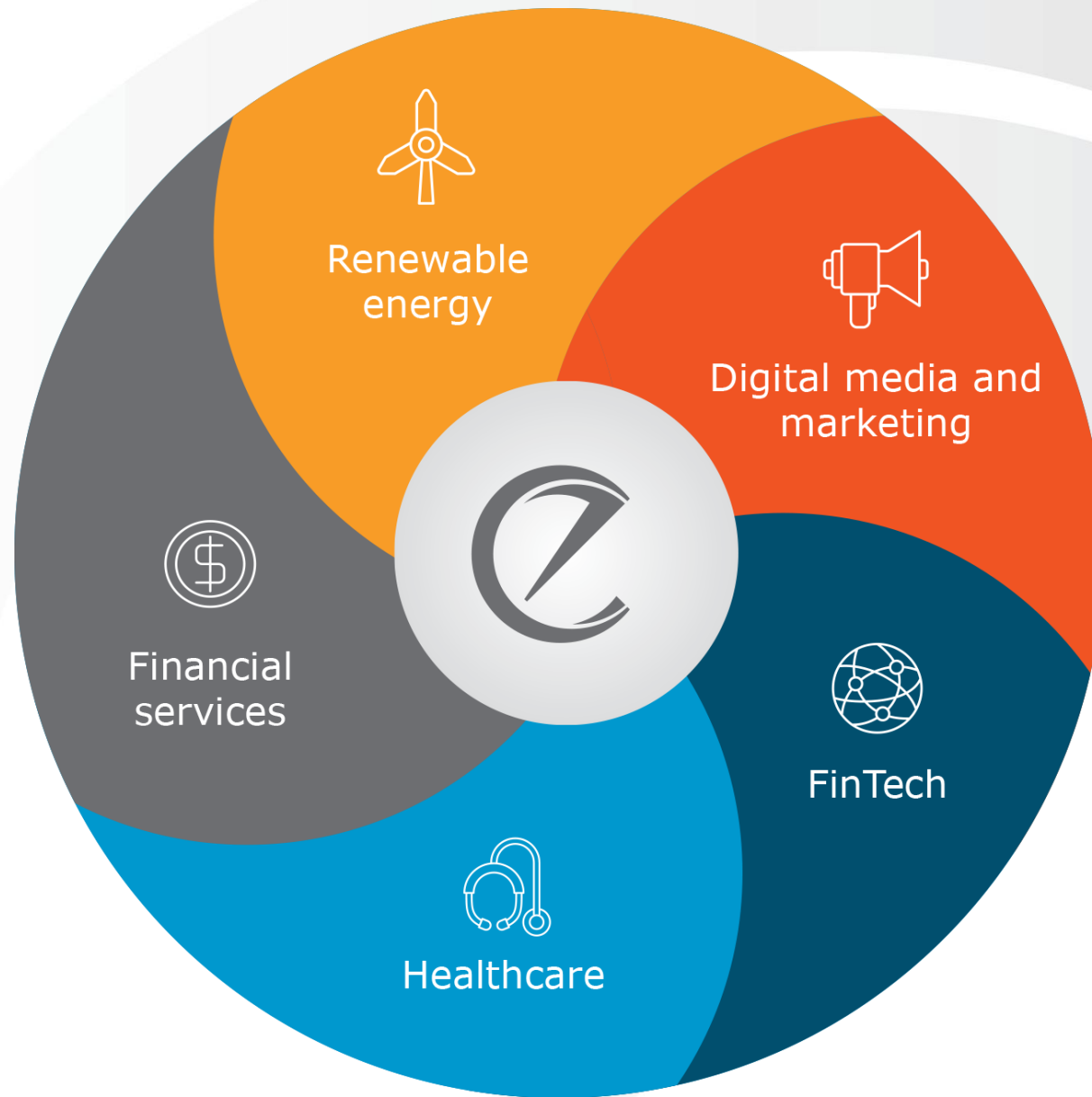
Africa needs:



Success factors for African market entry

- 1 Country-specific strategies
- 2 Strong local presence
- 3 Strong local partnerships
- 4 Create an established and known brand
- 5 Satisfy local needs
- 6 Local regulatory compliance
- 7 Strong digital platforms

Growing investment spread





Q&A