

# Santova



## Investor Presentation

4 June 2020



# A challenging trading environment

Global Economy GDP growth (2,4%), its slowest rate since global financial crisis a decade ago.

## United Kingdom

The UK avoided a recession despite seeing the biggest year-on-year slowdown in nearly a decade. It shrank by 0.2% in the three months to June 2019. BREXIT also a contributing factor.

## Eurozone

Eurozone growth of 1,2% hit a seven-year low, dragged down by weakness in its three largest economies, Germany, France and Italy.

## China

China's GDP growth of 6,1% was the slowest since 1990.

## The United States

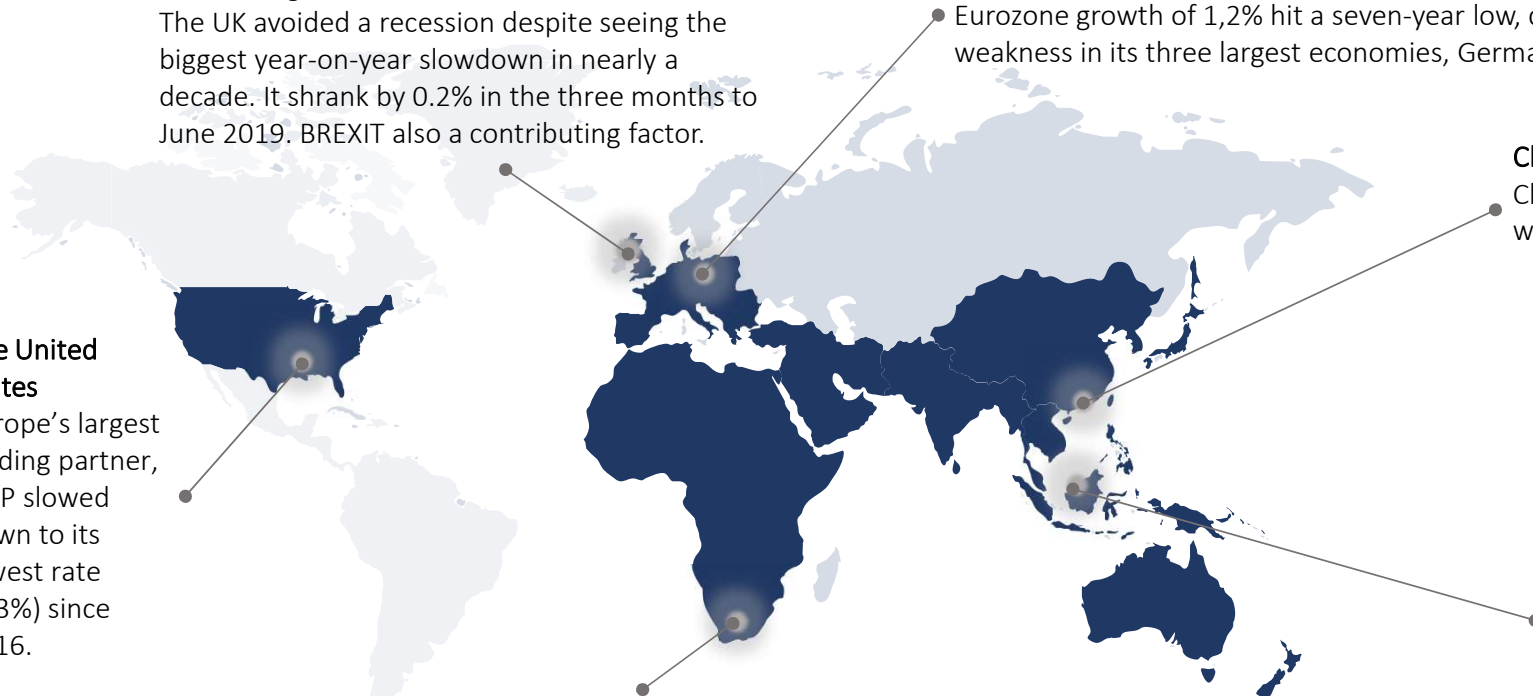
Europe's largest trading partner, GDP slowed down to its lowest rate (2,3%) since 2016.

## Africa – South Africa

With economic growth in 2019 being the lowest since the 2008–2009 global financial crisis, South Africa slid into its third recession since 1994.

## The ASEAN

ASEAN growth of 4.8% was slower than forecasted, down from 4.9% (2018)



# CORONAVIRUS

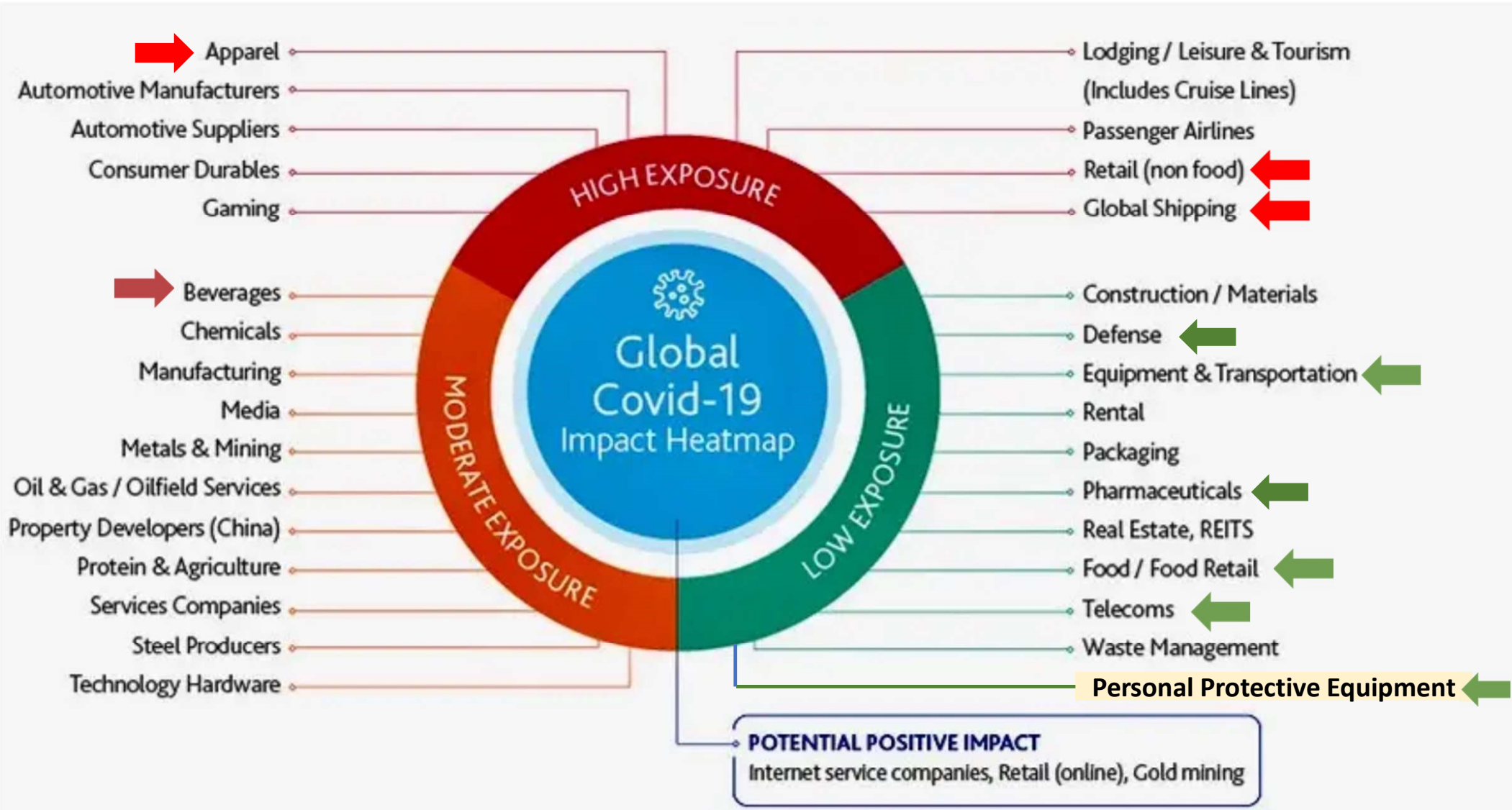
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The extent of the impact will be determined by the following:

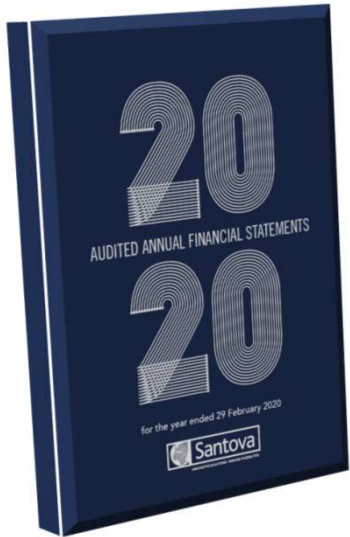
- **Asset or Non - Asset Based** - Capital equipment, warehouses, commercial trucks and trailers.
- **Industry Exposure** - Apparel, alcohol, airlines and tourism severely impacted.
- **Trade Lanes** - Asia Pacific back to normal, they are exporters/suppliers of PPE and related commodities.
- **Cash Flows/Retained Earnings** - South Africa moved from recession into 'lockdown'.
- **Government Support** - Re-payable loans vs grants/subsidies that are not repayable.

Wins during this period, include:

- **Resilience** – offshore holding their own, South Africa proving to be challenge.
- **Innovation** – New markets, new business models (aircraft charters, PPE, e-commerce).
- **Internal Focus** - Workflow process automation and further re-structuring of the South African business.
- **Remote work-stations** - A workable reality, less than half the current office space in SA is required.



# High level performance of the Group



Resiliency is well portrayed by a 6,4% growth in profit, which is a turnaround of 19,7% from the reported decline of 13,3% for the six months ended 31 August 2019.

The second six months benefited significantly from the initiatives that were implemented during the first six-month period.

Whilst SA continued to regress economically, improved performances in the Santova offshore businesses, specifically the UK and Europe, offset the impact of the decline in SA through significant increases in profit.

6,4%  
Santova Group

116 % ↑  
United Kingdom

29,3 % ↑  
Europe

2,3% ↑  
Asia-Pacific

- 44% ↓  
South Africa

79,5 % ↑  
Offshore earnings

440 % ↑  
Net cash generated  
from operations

20,9 % ↑  
Revenue and  
interest income

16,7 % ↑  
Net asset value to  
R3,66 per share

# Trade Volumes and Client Diversification



		Africa			Asia Pacific			Europe			United Kingdom		
		2020	2019	%	2020	2019	%	2020	2019	%	2020	2019	%
AIRFREIGHT	KG	2 477 172	2 385 288	4%	1 788 268	917 562	95%	4 021 244	3 309 168	22%	835 924	796 072	5%
	Files	3 795	5 146	-26%	2 551	1 907	34%	5 514	5 229	5%	2 422	1 889	28%
SEAFREIGHT	TEU	21 113	17 029	24%	11 684	8 032	45%	14 104	11 120	27%	35 957	34 175	5%
	Files	11 129	12 401	-10%	7 836	6 264	25%	9 708	7 464	30%	20 057	19 216	4%
COURIER	Files	5 519	7 276	-24%	1 238	135	817%	138	78	77%	2 627	5	52440%

## TOP 10 CLIENTS

Country	Industry	% of Total
1 SA/Asia	Textiles / apparel / accessories	2,53%
2 SA	Armoured vehicles	1,33%
3 UK	Textile recycling	1,31%
4 SA	Food and beverage	1,25%
5 SA/Asia	Consumer electronics	0,86%
6 SA	Automotive	0,74%
7 UK	Electronics	0,74%
8 NL	Ceramics	0,70%
9 UK	Engineering equipment	0,68%
10 NL	Bicycle tyres and inner tubes	0,68%
<b>% of Total Revenue</b>		<b>10,81%</b>

Top 10 Client Revenue	R44 754 991
Total Revenue	R413 826 274

## Observations

- Overall, good progress has been made.
- South Africa has acquired a significant number of new clients - INCO terms are now being addressed.
- Asia Pacific and Europe are building scale in sea/air.
- Asia Pacific and United Kingdom offer significant opportunities for Santova Express Courier Services.

# A specialist in innovative global supply chain solutions



## International Trade Services

- Supply Chain Engineering
- Market Research
- Logistic Services
- Global Project Management
- Client Sourcing and Procurement Management Services
- Express or Time-Sensitive Courier Services
- Financial Services

## Advanced Supply Chain Technologies

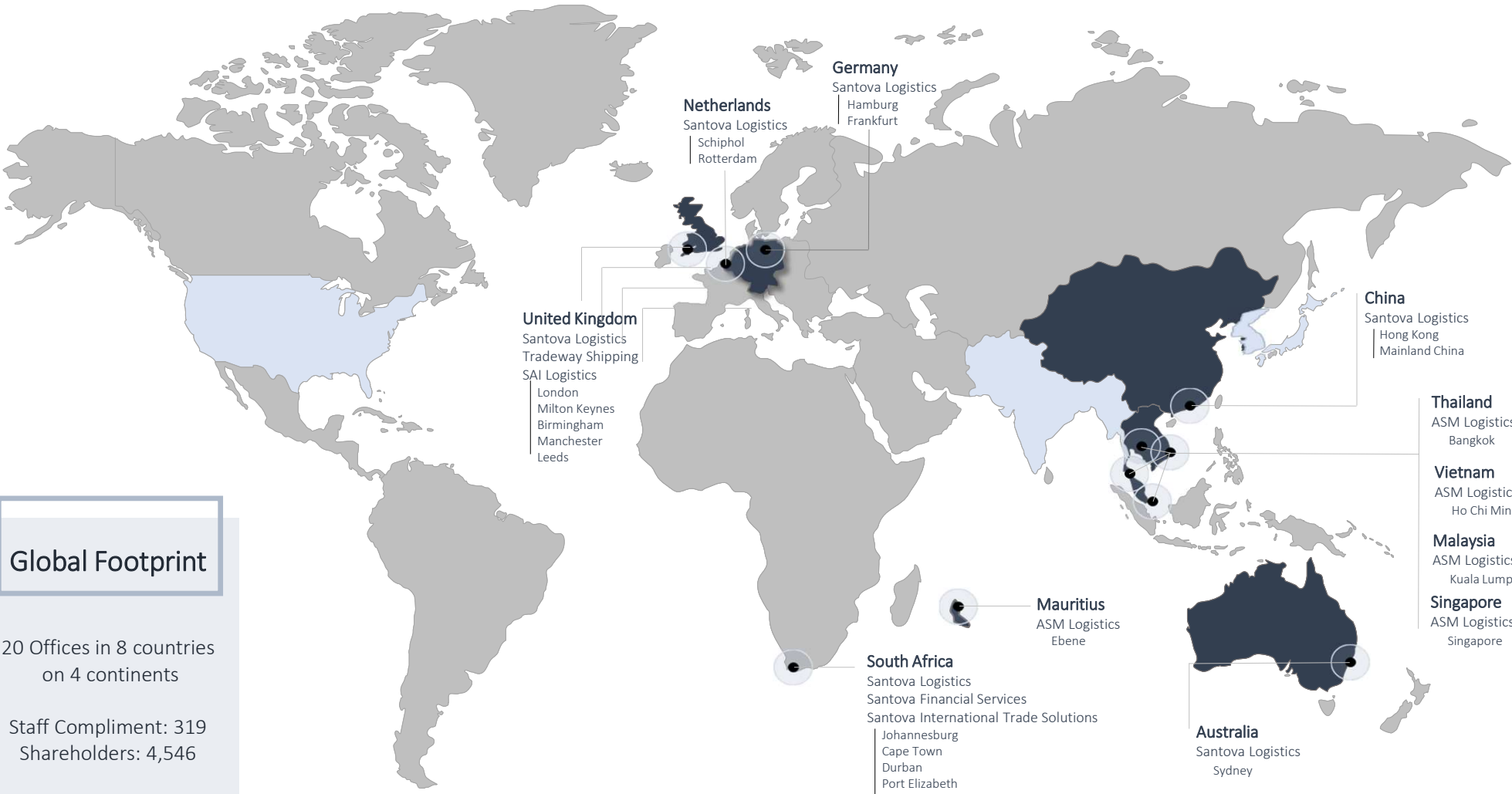
- Sourcing, development, implementation, analysis, management and optimization through latest cloud based technologies and sophisticated software packages.

## Business Intelligence

- Digital transformation, enabling cloud based technologies to unlock data for analysis or predictive analytics, including streamlining and optimizing supply chain decision making and management.

## Value Add Services

- Santova global matrix project teams delivering a diverse range of tailor-made services and solutions based on a company's unique needs, globally.



## Global Footprint

20 Offices in 8 countries  
on 4 continents

Staff Compliment: 319  
Shareholders: 4,546



## Key differentiators

### Leadership

- A formidable **entrepreneurial culture**, effective hands-on leadership
- Defined by a powerful **'stakeholder' mentality**, underpinned by sound values and philosophies
- Proven track record of strategic and highly accretive **M&A transactions**

### Business Risk


- Global **diversification**: currency, geographical, multiple industries, client spread
- Multiple **revenue streams**
- Complementary, **diverse business activities**
- Quality **client base** with limited exposure to bad debts or write-off's

### Clients

- **Globalisation**, unlimited growth in opportunities and target markets
- **Client-centricity**, relationship driven focus on medium sized enterprises
- **End-to-end supply chain management** and control for clients
- Diversity, no over **concentration** on any one industry

### Cloud Technologies

- Growth and intellectual differentiation driven by **next generation technology**
- A **business model** founded on 'disruptive market forces'
- **Asset-light** business model

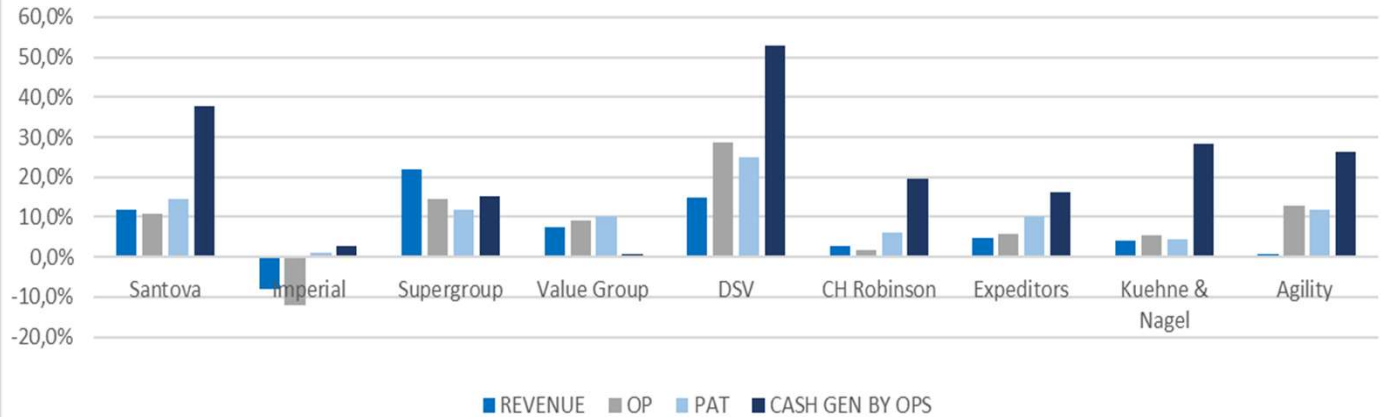


Industry  
analysis

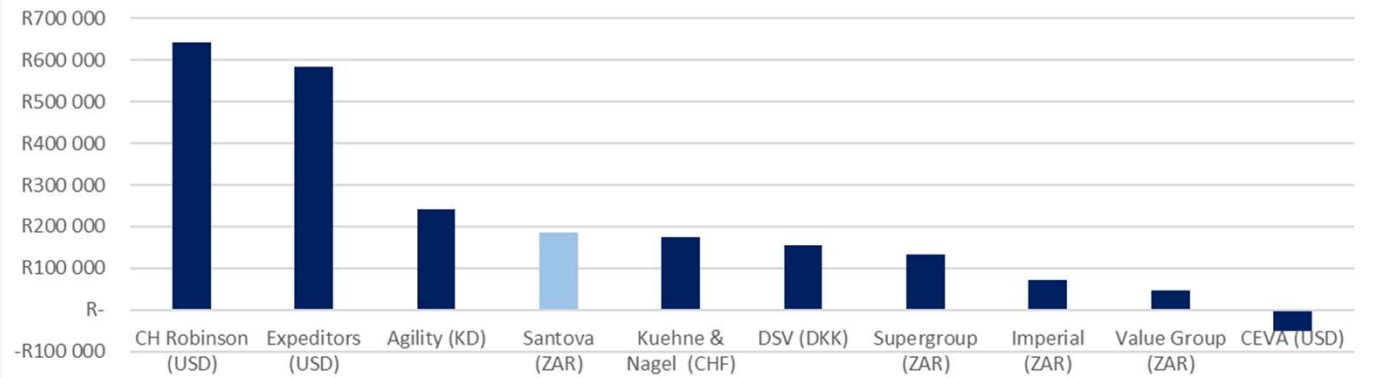


### AVERAGE ANNUAL GROWTH RATE

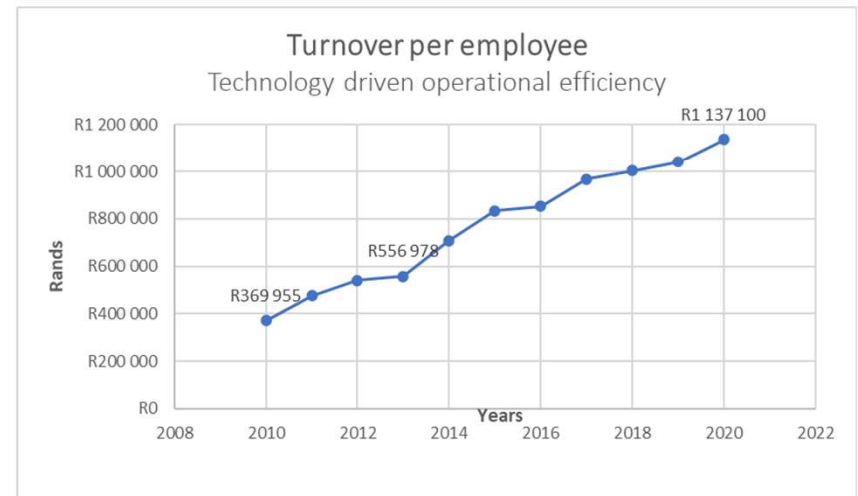
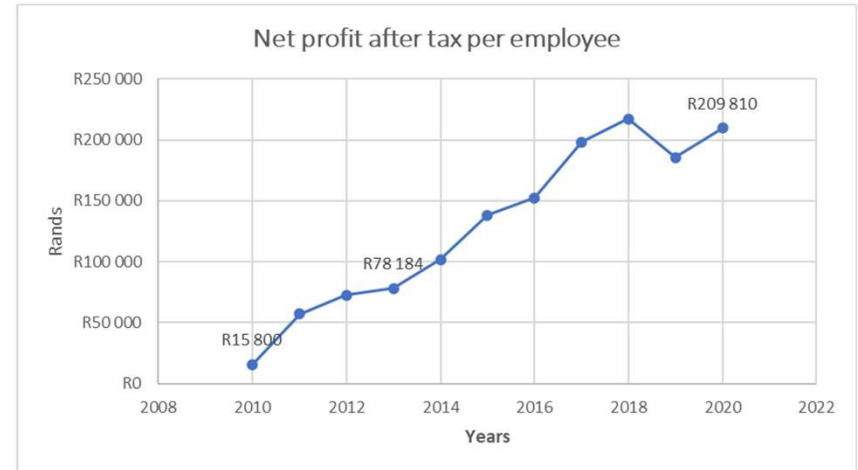
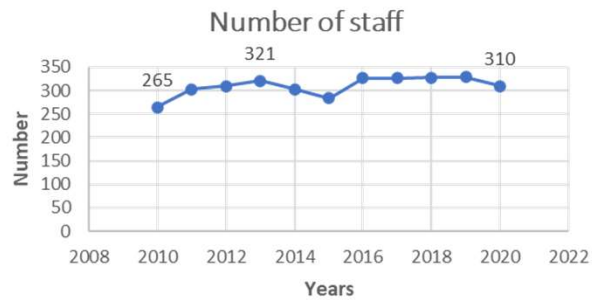
Revenue, Operating profit, Profit after tax, Cash generated by operations (AAGR) 2015 - 2020



### Net Profit per Employee ZAR (2019)



# Operational efficiency - effectiveness



# Technologies that are re-shaping the industry



## The Internet

The Internet of Things (IOT): Interconnection via the internet of computing devices embedded in everyday objects, enabling them to send and receive data.

## The Cloud

Enabling new platform-based business models and increasing efficiency.

## Blockchain

Enhanced supply chain security, reduction in bottlenecks and paper-based documentation, including efficiency.

## Data Analytics

Process of inspecting, cleansing, transforming, and modelling data for the purpose of fact-based decision making and predictive analytics.

## Robotics & Automation

Reduction in human workforce and increased efficiency in delivery and warehousing (including sorting and distribution centers).

## 3-D Printing

Lower transportation demand, transported goods would mostly be raw materials

## Drones

Increased cost efficiency, and workforce reduction

## Autonomous Vehicles

Reduction in human workforce, increased efficiency in delivery processes



# Technological advancements

- TradeNav
- Santova Mobile APP
- Santova Express
- SUREcargo

BLOCK  
CHAIN



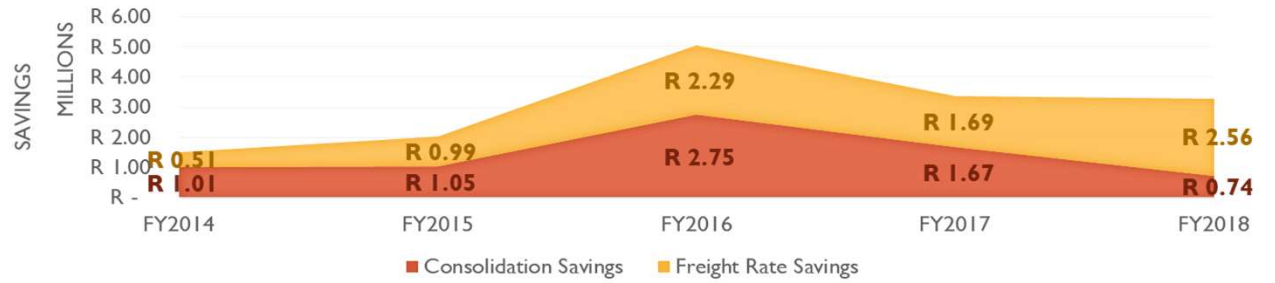
## TradeNav

Santova's unique sophisticated suite of software packages (cloud-based system) that interface with client systems whilst at the same time providing clients with web-based control. This has facilitated the Internet of Things (IOT) which offers businesses the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.

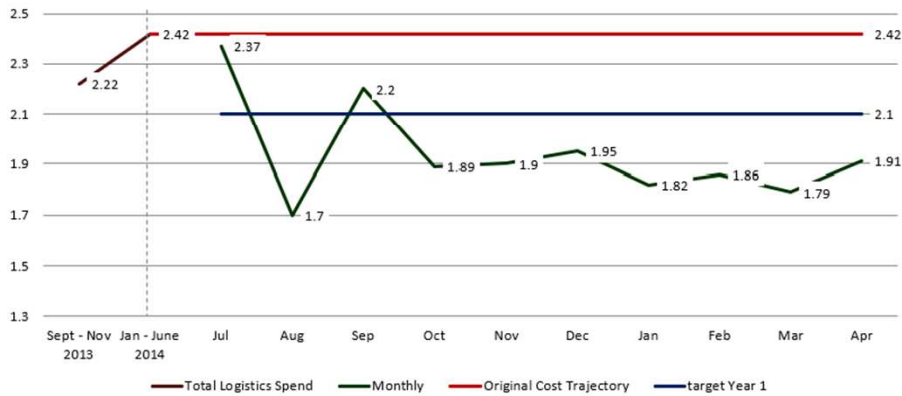




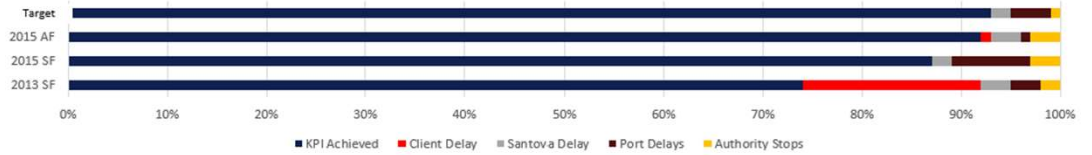
### SA FREIGHT CALCULATED SAVINGS



### R/KG Logistics Cost Reduced by 25%



### Exw to Delivery Performance Tracking



### Airfreight Weighted Avg. \$ per KG vs. Volume Shipped – Consol Airports





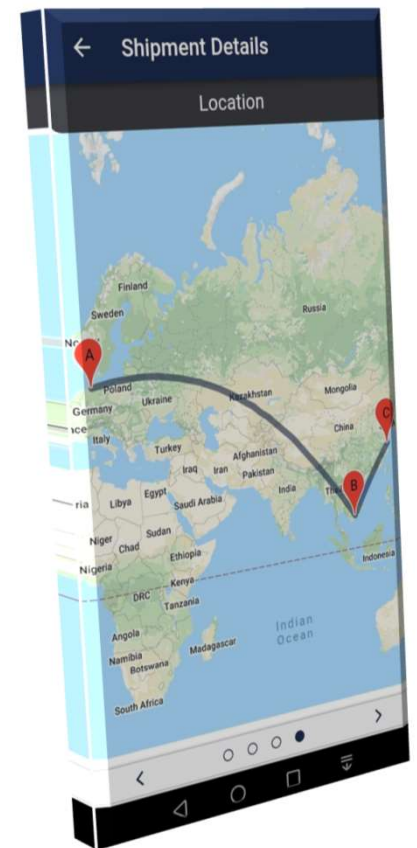
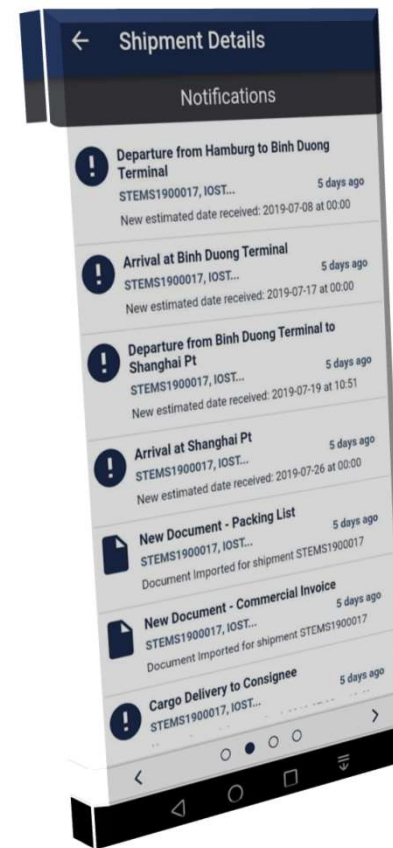
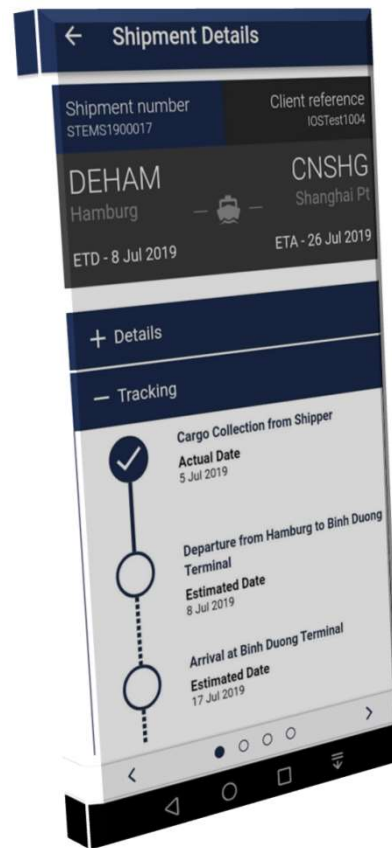
## Santova APP

A client facing mobile application and latest supply chain management tool. The App is directly linked to TradeNav and assists in unlocking supply chain data, enabling visibility, transparency and accurate real time tracking functionality. The App is now available on both Android and iOS operating systems.





# Santova Mobile Application





## Santova Express

An advanced technological courier software solution offering automated functionality from on-line booking through to final delivery, including full track and trace features and customizable customer web portal in select cases.





Quote ▾

Book : Exports ▾

My Bookings

Pickup Manager

Addresses

Users

Reports ▾

Booking

Addresses

Consignment

Dimensions & Weight

Services

Package details

Total number of Items	Length (cm)	Width (cm)	Height (cm)	Items' total weight (kg)
<input type="text" value="1"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Quote details

From country: <input type="text" value="Required"/>	Contents type: <input type="text" value="Non documents"/>
From postcode/address: <input type="text"/>	Ready on: <input type="text" value="Wed, 15-Apr-2020"/> <input type="text" value="11:18"/>
To country: <input type="text" value="Required"/>	Total weight: <input type="text" value="1.00"/> KG
To postcode/address: <input type="text"/>	Total number of items: <input type="text" value="1"/>

Package details

Total number of Items	Length (cm)	Width (cm)	Height (cm)	Items' total weight (kg)
<input type="text" value="1"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

1 Items total

Services

Quote

Filter by

Run report Export PDF Export CSV

Abandon quote

Show jobs with any of the following status':

Delivered

In transit

Processing

Awaiting collection

Quoted

Overdue

...with any of the following products:

Exports

Imports



## SUREcargo

An advanced technological development providing an internet or online, on-demand cargo insurance portal allowing users to seamlessly apply for instantaneous insurance cover for any mode of transport including road, air, sea, rail and multimodal. The portal can be used by insurance brokers, companies and individuals alike.



*Most importantly ...*

## Scalability

Data Analytics

The Internet


Robotics & Automation

Drones

Blockchain

3-D Printing

By reducing non-revenue generating tasks, which are mostly manual, through the automation of most administrative tasks or work-flow processes, we will be offered the time to leverage off client-centricity and increase operating margins even further.



# Financial Results

- 2020 offered encouraging results achieved through a globally diverse portfolio of companies, enabled by both organic and acquisitive growth.
- The Group's strategy to build a diversified, global business provided a hedge against the general regression of the SA economy and its currency, with offshore earnings constituting 79,5% of total earnings.
- Caution was given to the unfolding COVID crisis resulting in an increase in debtor provisions and no dividend declared to protect cash flows



### One acquisition completed in 2020

- **MLG Maritime Logistics (Germany)**
  - Acquired 100% effective date 1 March 2019
  - Total purchase price – € 1,9million
  - Total goodwill – € 1,2 million
  - Funded through
    - € 500k cash
    - € 740k short term loan from the seller
  - 2 year warranty period
  - Warranted profit before tax – € 350k p.a.



# 2020 Operating context : FOREX



	2020 R'000	2019 R'000	Movement %	Weighted average	
<b>AVERAGE EXCHANGE RATES</b>					
<u>Primary Reporting Currencies</u>					
- GBP/ZAR	18.63	17.82	4.5%	1.8%	} Impact resulting from the translation of foreign operations
- EUR/ZAR	16.23	15.76	3.0%	0.9%	
- AUD/ZAR	10.04	9.92	1.2%	0.1%	
- HKD/ZAR	1.86	1.73	8.0%	0.5%	
<u>Other Transactional Currencies</u>					
- USD/ZAR	14.58	13.53	7.8%	0.4%	} Indirect impact on South African revenues
<b>WEIGHTED AVERAGE EFFECT ON INCOME STATEMENT</b>				<b>3.7%</b>	
<b>CLOSING EXCHANGE RATES</b>					
<u>Primary Investment Currencies</u>					
- GBP/ZAR	20.02	18.59		7.7%	} Direct impact on OCI, Assets, Liabilities and Equity
- EUR/ZAR	17.22	15.93		8.1%	
<b>AVERAGE EFFECT ON FOREIGN CLOSING BALANCE SHEET VALUES</b>				<b>7.9%</b>	

# 2020 Statement of Profit & Loss : Analysis



	2020 R'000	2019 R'000	Move %	Excluding Acquisitions	
<b>BILLINGS</b>	<b>4 341 750</b>	<b>4 220 581</b>	2.9%	(0.7)%	5% decline in SA billings offset by growth in offshore operations
<b>REVENUE</b>	<b>413 826</b>	<b>342 234</b>	20.9%	<b>7.0%</b>	1% decline in SA revenue offset by growth in acquisitions and offshore revenue (Customs Duties & VAT)
Other income	18 649	11 418	63.3%	32.5%	Reclassification of insurance binder commissions, increased foreign exchange gains, and rental income sublet offices
Depreciation and amortisation	(24 154)	(4 191)	476.3%	332.6%	R21.1 million IFRS16 lease liability charge included in FY20
Administrative expenses	(318 465)	(263 317)	20.9%	<b>9.3%</b>	Inflationary + additional overheads to accommodate growth
<b>Operating profit</b>	<b>89 856</b>	<b>86 144</b>	4.3%	(12.6)%	
Finance income	226	202	11.9%	2.7%	
Finance costs	(7 666)	(5 726)	33.9%	<b>23.0%</b>	Increase due to IFRS16 finance charges
<b>Profit before taxation</b>	<b>82 416</b>	<b>80 620</b>	2.2%	(15.1)%	
Income tax expense	(17 424)	(19 506)	(10.7)%	<b>(22.1)%</b>	Continuing effect of lower international tax rates and growth in offshore earnings
<b>Profit for the year</b>	<b>64 992</b>	<b>61 114</b>	<b>6.3%</b>	<b>(16.6)%</b>	
<b>Other comprehensive income</b>					
Exchange differences on translation	22 275	33 975	34.4%	34.4%	Translation gains due to weekend Rand on closing (29 Feb 2020)
<b>Key ratios:</b>					
- Billings/revenue margin	9.5%	8.1%	1.4%	<b>7.8%</b>	Growth in offshore billings which exclude customs duty and VAT
- Operating margin	21.7%	25.2%	-3.5%	25.3%	Benefit of SA restructure only realised in second half of the year
- Effective tax rate	21.1%	24.2%	-3.1%	24.4%	
- Headline earnings per share (cents)	40.78	38.21	6.7%	37.14	

# 2020 Geographical : Analysis



	AFRICA R'000	ASIA PACIFIC R'000	UK R'000	EUROPE R'000
<b>BILLINGS</b>				
2020	2 383 897	334 286	928 214	687 205
Movement	-5%	31%	17%	5%
	Weak SA economy, Lower trade volumes	+15.9% - ASM acquisition normalised HK down due to SA links Recessionary Australia environment	+11.8% - SAI acquisition normalised Organic growth delivered through existing operations	-5.7% - excl Maritime acquisition Strong Santova Netherlands performance, decline in Santova Germany results
<b>MARGINS</b>				
2020	5.9%	14.3%	13.1%	15.0%
Movement	0.2%	0.4%	2.7%	3.6%
		Santova HK control tower improved buy rates	Increased trade volumes through organic growth	+2% - excl Maritime acquisition
<b>REVENUE</b>				
2020	139 934	47 918	121 148	102 863
Movement	-1%	35%	48%	39%
		+15.0% - ASM acquisition normalised	+23.9% - SAI acquisition normalised	+10.4% - excl Maritime acquisition
<b>ADMINISTRATIVE EXPENSES</b>				
2020	115 838	35 722	89 512	74 914
Movement	6%	37%	30%	38%
	Consistent with SA inflation Increase in general provisions	+15.9% - ASM acquisition normalised Increase in general provisions	+15.8% - SAI acquisition normalised Increase in general provisions	+9.8% - excl Maritime acquisition Increase in general provisions
<b>PROFIT FOR THE PERIOD</b>				
2020	14 094	11 337	22 031	18 798
Movement	-47%	2%	116%	29%
		-13.2% - ASM acquisition normalised	+61.4% - SAI acquisition normalised	-1.4% - excl Maritime acquisition

# 2020 Statement of Financial Position analysis : Analysis



	2020 R'000	2019 R'000	Move %
<b>ASSETS</b>	Trade & other receivables	636 943	651 598 (2)%
	Intangible assets	297 176	253 344 17%
	Cash and cash equivalents	134 402	89 801 50%
	Property, plant and equipment	28 573	27 638 3%
	Financial assets	9 300	7 637 22%
	Income tax asset	12 103	6 959 74%
	Right of use asset	51 684	- 100%
		<b>1 170 181</b>	<b>1 036 977</b>
<b>EQUITY AND LIABILITIES</b>	<b>Capital and reserves</b>	<b>564 533</b>	<b>502 257</b> 12%
	<b>Liabilities</b>		
	ST Borrowings and overdrafts	218 103	245 559 (11)%
	Trade and other payables	209 236	188 111 11%
	Interest-bearing borrowings	51 251	48 940 5%
	Financial liabilities	36 300	35 182 3%
	Short-term provisions	28 564	11 965 139%
	Current tax liability	6 864	3 805 80%
	Employee benefit obligations	1 096	1 158 (5)%
	Lease Liability	54 234	- 100%
	<b>1 170 181</b>	<b>1 036 977</b>	<b>13%</b>
<b>RATIOS</b>	- Debtor days	48.9	52.6 3.7
	- Debt to equity ratio	23.9%	40.8% 16.9%
	- NAV per share	3.66	3.13 17%

R24.4mil goodwill on acquisition of Maritime, R16.1mil forex gain on goodwill  
Result of increase in cash generated from operations

Deferred Tax on assessed losses

Right of use asset arising from adoption of IFRS16

Invoice discounting facility in SA - decline due to reduction in billings in SA  
Consistent with 1.4 day increase in creditor days, Maritime acquisition

Increase in general provisions and "employee benefit obligations"  
Effect of UK growth where no provisional payments are made

Lease liability arising from adoption of IFRS16

# 2020 Trade Receivables : Credit Quality Analysis



	2020 R'000	%	2019 R'000	%	Movement %
<b>Trade receivables</b>	<b>581 421</b>	100%	<b>607 663</b>	100%	(4.3)%
- South Africa	<b>408 216</b>	70%	<b>457 518</b>	75%	(10.8)%
- Offshore	<b>173 205</b>	30%	<b>150 145</b>	25%	15.4%

Decrease in SA debtors book aligned to increase in offshore operations

## Key ratios:

<b>Debtor days</b>	<b>48.9</b>		<b>52.6</b>		(3.7)
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Impact of SA ageing reduced by 4 days (62 to 58)

## Impairment provisions

- Total amount	<b>12 092</b>		<b>2 800</b>		331.9%
- Percentage of Trade receivables	2.08%		0.46%		351.3%

Conservative view taken due to potential COVID-19 impact

## Impairments written off

- Total amount (net of recoveries)	<b>2 381</b>		<b>2 156</b>		10.4%
- Percentage of Trade receivables	0.41%		0.35%		15.4%

## Ageing of Trade Receivables

- Total amount >60 days past terms	<b>19 716</b>		<b>8 605</b>		129.1%
- Percentage >60 days past terms	3.39%		1.42%		139.5%

Majority of overdue debtors relate to SA where the book remains insured

# 2020 Cash Flow : Analysis



	2020 R'mil
<b>RECONCILIATION OF CASH GENERATED</b>	
Net cash generated from operations	109.2
Net profit after tax	65.0
<b>Difference</b>	<b>44.2</b>
<b>KEY WORKING CAPITAL MOVEMENTS</b>	
	41.3
<b>Inflow/(outflow) from Trade Receivables</b>	<b>10.2</b>
Africa	15.9
Europe	1.8
UK	- 3.8
SE Asia	- 3.7
<b>Inflow from increase in Trade Payables</b>	<b>10.0</b>
<b>IFRS16 Lease liability</b>	<b>21.1</b>



Inflow due to SA book downtrading, and improvement in debtors days

Outflow due to working capital requirements from organic growth

Outflow due to extended Debtor Days in Australia

# Santova's Business Model

Example of impact of Working Capital on Cash generated from operations



	SANTOVA Group R'000	Comparative Company R'000	
<b>Contractual relationship</b>	Agency basis	Principal basis *	* Where customs Duties & VAT are not funded on behalf of clients
<b>Billings</b>	4 341 750	413 826	
<b>Revenue</b>	413 826	413 826	
<b>Trade receivables</b>	581 421	55 441	Comparative effect on Trade Receivables is substantially lower
Debtor days	48.9	48.9	
<b>Profit before tax</b>	82 416	82 416	Equivalent profit generated
<b>Example:</b>			
Impact on working capital through 5% negative movement in Trade Receivables	29 071	2 772	
Percentage reduction in cash generated from operations	-35%	-3%	





# 2020 Cash on Hand : Analysis



	2020 R'mil	
<b>CASH ON HAND</b>	<b>44.6</b>	
- 2020	134.4	
- 2019	89.8	
<b>ANALYSIS OF MAJOR MOVEMENTS</b>	<b>41.2</b>	
Net cash generated from operations	109.2	
Repurchase of treasury shares	(12.5)	5.9mil shares repurchased
Payment of financial liabilities	(14.0)	First ASM (Singapore) and SAI (UK) warranty payment
Movement in LT borrowings	(14.6)	Ongoing quarterly repayment of R60 million medium term loan
Acquisitions	(13.2)	Net cash payment for Maritime Logistics (Germany)
Capital expenditure - Propety, Plant & Equipment	(3.2)	R1.2 mill computer hardware and software, R1mil furniture & fittings
Capital expenditure - Intangibles	(5.5)	Computer software acquired
Annual Group dividend	(11.9)	Paid June 2019 - 7.5 cents per share
Disposal of investement portfolio	6.9	Disposal of investment portfolio acquired through Maritime acquisition
<b>UNUTILISED AVAILABLE BANKING FACILITIES</b>		
- 2020	214.5	Increase due to ongoing repayment of medium term facility, reduction in SA ID facility
- 2019	186.2	





Focus going  
forward

## Focus areas going forward

### Client Centric Innovative Engagement

The engagement of professional employees that are extremely knowledgeable, skilled and IT literate. Innovation, intellectual property, global know-how and a matrix network serving as a differentiator.

### Growth Economic Zones

Building Intra-Asia-Pacific economic trade lanes. Particularly China, India, Japan, Southeast Asia (Indonesia, Vietnam, Malaysia, Thailand and Bangladesh).

### Advanced Technologies

Leveraging off cloud-based technology, digital transformation and data analytics to improve the operational efficiency and effectiveness (operating margins) of both Santova (internal) and client (external), driven by automation.

### Strategic New Offices

Establishing a presence in strategic locations, namely, India, Vietnam, Thailand, Malaysia and the United States.

# Asia Pacific economic zone

- Post Brexit, UK open growth strategies will build trade lanes with India, China, SE Asia and Japan.
- ASEAN GDP growth rates expected to remain around 6.0% in 2020/21.
- The United States and European Union remain significant trading partners with the ASEAN.
- Manufacturing moves to Southeast Asia (Indonesia, Vietnam, Malaysia, Thailand, and Bangladesh).
- Fast growing intra-Asia Pacific trade, between China, India, Japan and Southeast Asia countries.
- China's rising wages, continued urban migration and India's growing middle class will drive growth.

Asia Pacific  
GDP growth is projected to be to 5.7% in 2020  
(Global Growth 2,5%)

GDP %	2019	2020	2021	2022
China	6.1	5.9	5.8	5.7
Bangladesh	8.1	7.2	7.3	7.3
Cambodia	7.0	6.8	6.8	6.8
Vietnam	6.8	6.5	6.5	6.4
India	6.8	5.0	5.8	6.1
Indonesia	5.0	5.1	5.2	5.2
Malaysia	4.6	4.5	4.5	4.5
Pakistan	3.3	2.4	3.0	3.9

## 2030

- China will make up 17 of the top 25 bilateral trade routes globally
- Asia-Pacific will make up 8 of the top 25 trade pairs



China  
Hong Kong  
Taiwan  
Korea  
Japan

Thailand  
Malaysia  
Singapore  
Philippines  
Indonesia  
Cambodia  
Vietnam

India  
Bangladesh  
Sri Lanka  
Pakistan

Australia  
New Zealand

 Establishing own offices

## Africa as an economic growth zone

- Growing middle class and increasingly sophisticated consumers.
- 8 of the 15 fastest growing economies globally come from Africa.
- GDP growth in Africa is projected to reach 3.2% (2020) and 3.5% in 2021.
- 25 African countries are projected to achieve economic growth of at least 5% in 2020.
- EU economies (France/Germany) exported to Africa more than double the value of goods that Britain did.



### Tough environment yet we are well poised to take on the challenge for growth

- Global trade wars and tensions will continue to interrupt global trade.
- The European economy has declined as Brexit concerns continue to weigh heavily on European sentiment.
- With the arrival of Coronavirus pandemic in January this year, matters have been complicated even further.
- South Africa remains an unpredictable operating environment which is both a concern and a challenge for the future.

These factors are all signaling a highly likely contraction of global economies.

### Our response

- The 'new norm', continuous unrelenting disruptive change, offers Santova real growth opportunities.
- Our focus is on exceptional client-centricity, innovation and latest technological software packages.
- We will build our business in and along real economic growth zones or trade lanes, including participating in intra-regional trade between China, Japan, India, Singapore, Vietnam, Malaysia, Thailand, Cambodia and Bangladesh.
- We will continue with our hands-on leadership, constantly re-positioning and developing our workforce.

### *In concluding,*

We believe profits or share price are not necessarily a reflection of value, value per share is, particularly from a South African listed environment perspective.

In this regard, we will continue to focus on building value per share by;

- Focusing on strong operating margins, cash flow and profitability.
- Balancing buying own shares back when the share price is low versus making strategic acquisitions.

# Thank you

for your interest in Santova and for your continued support.

