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Investor Presentation

25th May 2021

The year under review

Five leading events that have changed the ‘way we think’ and how we will ‘do business’ going forward:

COVID-19: The COVID-19 pandemic disrupted global economies, and global trade, and put additional strain on already strained logistics industry.

BREXIT: The ongoing uncertainties, lack of consumer confidence and supply chain challenges continued to exert a stranglehold to recovery. UK exports to the EU fell by 40% between December 2020 and January 2021. The European Commission estimates that the UK’s exit from the EU will cost the UK 2.25% of its GDP by 2022.

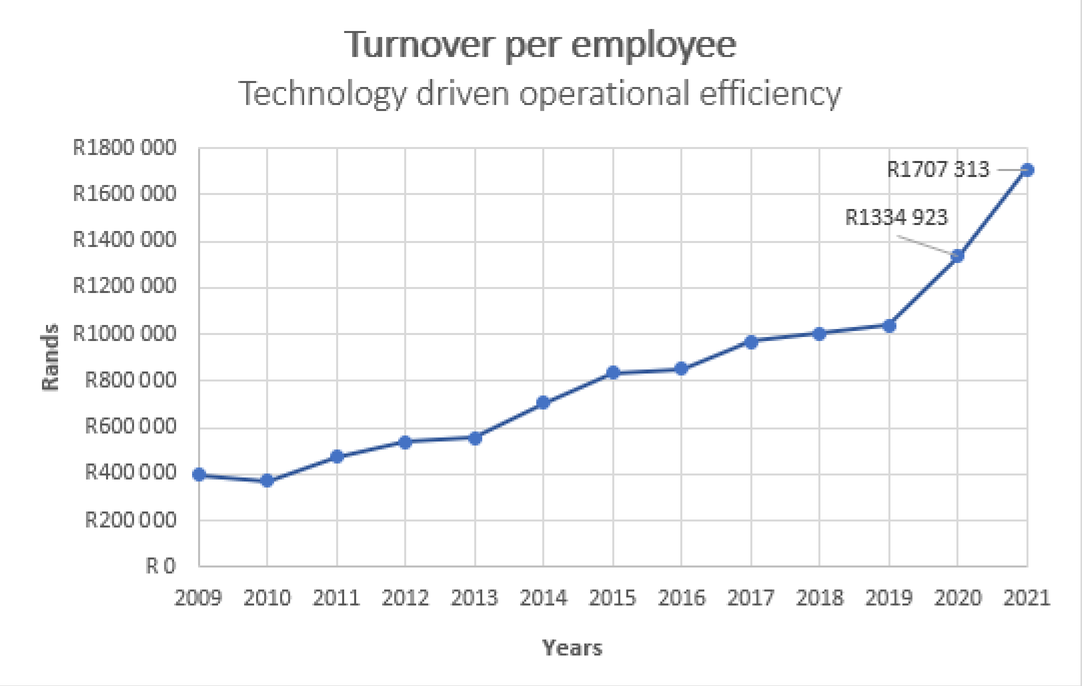
LOGISTICS INDUSTRY: From a shift in global supply chains, shipping patterns and exceedingly high demand, to panic buying and extraordinary freight rates, 2020 has shown that global trade and the business of global logistics as we know it will never be the same.

DISRUPTED MARKET: To safeguard against this year's volatile market and maintain profits, the shipping lines adopted certain capacity management measures (restricted services, blank sailings, and re-routed vessels), all of which caused a severe disruption in the normal repositioning of empty containers. Whilst there was a shortage of empty containers in Asia, the Ports in the US became congested and freight rates reached an all-time high.

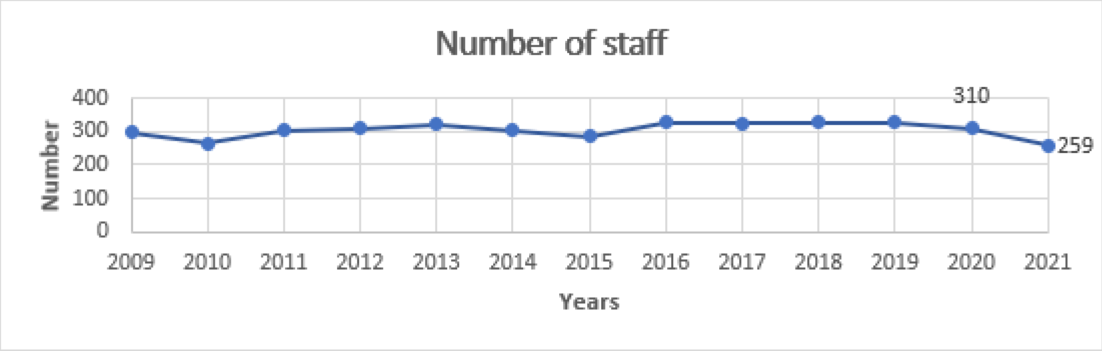
SHIFT IN PARADIGM: As the world continues to navigate the ongoing issues arising out of COVID-19, heightened innovation, changes in consumer behaviour, and the way in which businesses now operate represents a significant shift in paradigm.

Continuously focused on building operational efficiency

We have navigated our way to operational efficiency and greater diversification, building value per share



- Culture
- Technology
- Workflow processes and systems



A balanced profile of geographies

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GEOGRAPHICAL ANALYSIS

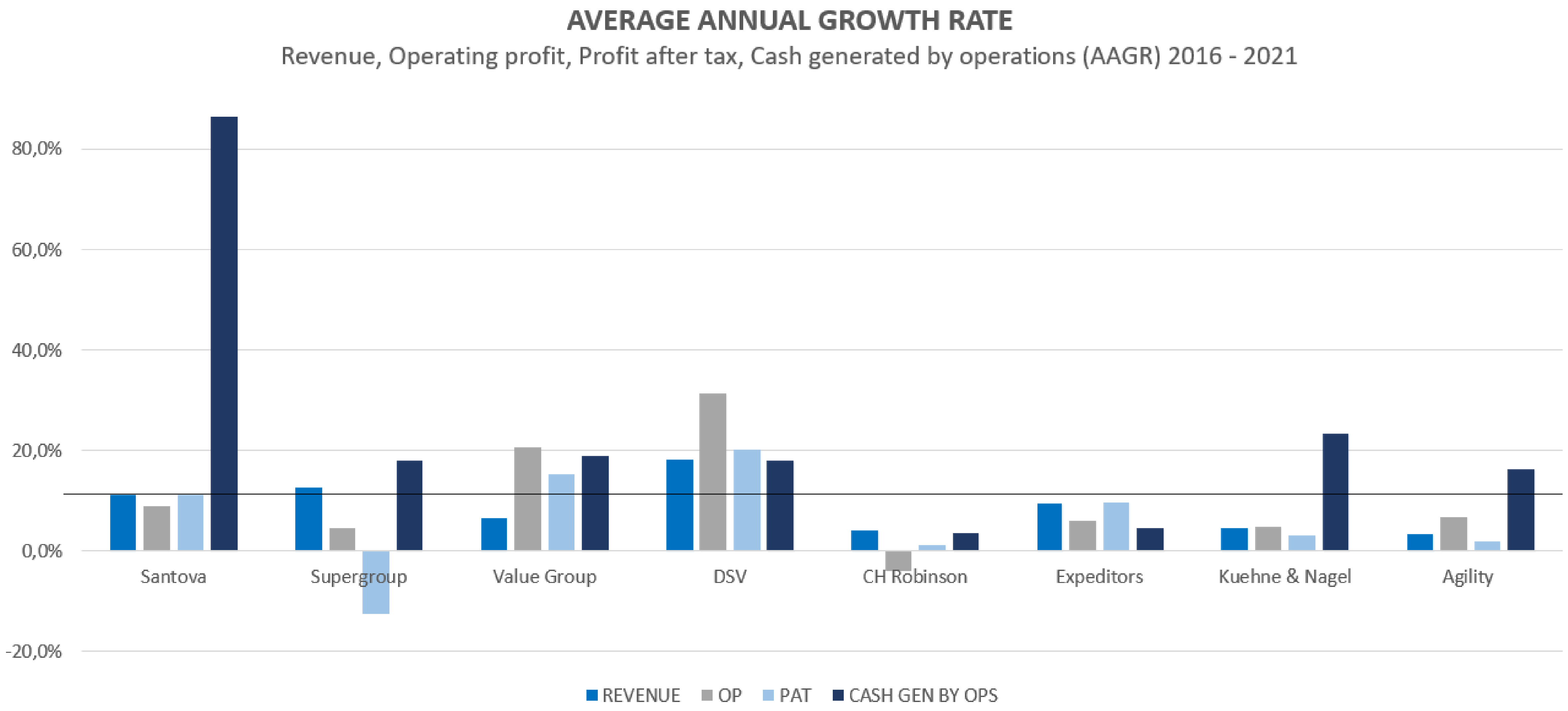
		AFRICA	ASIA PACIFIC	UNITED KINGDOM	EUROPE	TOTAL
Profit for the year	**2021**	R6 519	R19 344	R22 520	R22 749	R71 132
	2020	R14 094	R11 337	R22 031	R18 798	R66 260
% YOY Growth		-53,75%	70,63%	2,22%	21,02%	7,35%
% Composition		**9,16%**	**27,19%**	**31,66%**	**31,98%**	**100,00%**

Our focus is on building value per share

Share price: R2,95
Tangible net asset value per share: R2,18
Net asset value per share: R4,39

High level industry indicators

Focus on building a balanced, yet resilient business model



Santova's response to the pandemic

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COVID 19 presented the Group with opportunities:

Focus on winners and being a winner: Despite the pandemic lockdowns and the economic downturn, there are **winners of the pandemic**—the e-commerce market, online platforms, and 'tech-savvy' service providers.

Repositioning: The Group was decisive in the 'repositioning' of the business in the face of a 'changed world'. A strong drive for efficiencies, and on points of differentiation that are demonstrated around technology and service.

Strategic alliance with clients: With disrupted global markets and supply chains under immense pressure, companies were pressured to review and look toward **third-party experts**, advanced digital capabilities, and accelerated automation of manual processes within the supply chain. Evidence of this can best be confirmed by the significant number of quality new clients that have been acquired in some of the regions, including South Africa, the Netherlands, and the United Kingdom.

Global intellectual capital: With a 'disrupted market', limited/shrinking capacity, surging shipping rates, and higher demand, our offshore presence and highly connected network/strategic alliances enabled us to not only hedge ourselves against these challenges, but enabled us to leverage off these abnormal circumstances.

Non asset based (variable cost structure) business model and entrepreneurial culture: Enabled timeous (effective) decision making and implementation, globally.

Three trends have been accelerated by COVID-19

E-Commerce	Outsourcing	Automation
A huge increase in online shopping (e-commerce) which will remain at a higher level than originally anticipated post-pandemic, speeding up e-commerce adoption by nearly a decade in just a few months.	Outsourcing their supply chain activities to specialists—particularly those with an integrated, end-to-end offering — allowing them to reduce risk, increase flexibility, focus on their core business, and respond more quickly to changes in the market. This trend is expected to continue.	Many companies recognized that the drive toward greater automation was already underway, but the importance of digitization was reinforced amid the pandemic. Technology such as IoT, AI, Blockchain, advantaged data analytics and mobile devices allow logistics companies to automate and simplify operations.

E-Commerce, Santova's primary strategic initiative for 2021

Estimated that by 2040, 95% of all purchases in developed economies will be via e-commerce.

Finance Online's "Data and Share Market Analysis for 2020" shows that:

- Around 51% of digital buyers conduct purchases via their **smartphones**.
- Digital buyers are more likely to spend more if they are provided with **free shipping**.
- The top reason why people make online purchases is that they can shop whenever they want, **24/7.**

Innovating to be 'relevant tomorrow'

Financial Services
Short-term insurance solutions from captive insurance products, profit share facilities, risk transfer and risk management programmes, to self-insurance funded facilities.

Supply Chain Solutions
Supply chain optimisation through leading intellectual capital, supply chain solutions and systems.

Business Intelligence
Unrivalled systems software unlocking supply chain data and enabling predictive analytics.

FUTURE WORD

E-Commerce
Business-to-Business (B2B)
The buying and selling of goods via the internet, and the transfer of money and data to complete the sales

Santova's current business is evolving into a 'future business model'

Logistics Services
Efficient and effective forward and reverse flow and storage of goods globally.

Express Courier Services
International express delivery requests on-demand.

Client Sourcing and Procurement Management Services
Access to global supplier and product sourcing and validation, reducing cost and ensuring reliability in terms of quality, quantity, time and location.

Regional Review

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Africa

- At the beginning of 2020 South Africa had entered a **recession**, and with the arrival of COVID-19, South Africa declared some of the toughest lockdown restrictions, both of which resulted in extremely tough economic times.

- The manufacturing industry, the trade, catering and accommodation industry, the transport, storage and communication industry, and the mining and quarrying industry each decreased by between 65% and 75% (Moneyweb 2020), and household expenditure 'slumped' by 49.8%.

- The **logistics industry** was significantly impacted by the regulations on the movement of goods and the lower quantities moved, resulting in companies being subjected to major upheavals (restructures and closures) which has permanently changed the landscape.

However, it was not all bad for Santova

- **Struggling South African economy**: The restructuring, down-sizing, consolidation, and closures of significant number of players (competitors) in the logistics industry, has resulted in Santova acquiring a record number of quality new clients that otherwise would not have transpired.

- **The industry is limited by a lack of financial capacity**: Santova's ability to invest in skills and technology has provided inherent opportunities for the business to secure new clients through improvement and optimization both internally and externally to the business.

- **South Africa's lack of management and maintenance of infrastructure:** the challenges associated with congested, inefficient ports and related services, enhances the markets need for innovation and improvement.

Europe

- The **Eurozone** economy experienced tough trading conditions. From a first quarter contraction of almost 12%, it recovered to a 7% contraction by the end of 2020.

- The **United Kingdom's** GDP contracted by 9.9 %, their largest annual fall on record.

- Albeit a challenging environment, our operations benefited from a resurgence in **unpredictable demand** and inventory **re-stocking** by businesses that faced acute supply chain disruptions and increased demand for certain goods that were in demand during lockdown.

- In addition, shortages in equipment, port congestions and unpredictable vessel turnaround times have also strengthened earnings through greater than normal **intervention** and **re-engineering of 'how things used to be done'**, internationally.

- **The Netherlands**, which serves as Europe's 2nd largest importer and their 2nd largest exporter, proved to be a 'solid base' or gateway from which to serve the European continent. Furthermore, with Schiphol Airport being Europe's 4th largest cargo airport, and the Port of Rotterdam being Europe's largest seaport, high levels of activity through this gateway resulted in strong earnings growth in this region.

- **Germany** was 'repositioned' through the decisive restructuring of the business to be more streamlined and in sync with our strategy. This resulted in an improved performance during the year under review.

Asia Pacific

- **Recovery** in this region has been significantly faster than expected. From contracting by 2.2% in 2020, it is expected to grow by 6.9% in 2021. The rebound being powered by the trade of goods to and from developing countries, particularly East Asian economies.

- On YOY basis, trade in **goods originating** from East Asia grew about 12% in Q4 2020, with goods imported increasing by about 5% (IMF Report, January 2021). This was driven by the uncertainties of Brexit, and to a larger extent trade tensions between China and the United States.

- There has been a rise to prominence **of intra-Asia trade**. It is not only China, Japan, and South Korea that have held their own, other Asia Pacific nations are also investing in significant upgrades and new infrastructure to keep up with the growth in trade.

- Our **control tower** in Hong Kong has proved to be an essential central hub with the required technology, organization and processes to manage, and ensure our buy rates out of China were highly competitive. Strong earnings being driven by the buy and not sell rate.

- Our earnings were also boosted by the sharp impact on the global market for the supply of **Personal Protective Equipment (PPE)** whose manufacturing was predominantly concentrated in China.

A positive outlook

- **Roll out of vaccinations**, an easing of lockdown measures, resulting in a rebound in global economies.

- **Pent-up demand** due to accumulated savings/growing stock replenishment needs, could be stronger than expected.

- A chaotic **no-deal Brexit was avoided**, both Britain and the European Union can continue to trade without interruption.

- With some of the more established economies in the Asia Pacific region **bouncing back** at a rate faster than expected, particularly China and Vietnam, we can expect to benefit from the relatively increased levels of activity within this region.

- **A digitized or future-proofed Santova:** Our transition to remote-working fast tracked our diversified application of technology and sophisticated software packages, all of which resulted in significant points of differentiation from the norm.

- **The implementation additional AI and cloud services** have allowed us to reduce the number of employees required to operate an effective business. This is well depicted by the fact that over the last ten years, Santova has had an inverse relationship between the growing levels of activity and the number of staff employed. Resetting our businesses globally during the pandemic, has given us a solid platform for 2021.

- **With the exceptional rate at which e-commerce (digital marketplace) is rising**, consumers now expect competitive pricing on products as well as fast and free delivery. This is going to offer **technology-based businesses** like Santova an exciting opportunity, it will certainly impact on traditional logistics and supply chain models.

- Santova’s e-commerce platform for clients will be launched shortly. We will look to grow our share of the e-commerce market.

Real GDP (Percent change from previous year)

	2018	2019	2020e	2021f	2022f
World	**3.0**	**2.3**	**-4.3**	**4.0**	**3.8**
Advanced economies	**2.2**	**1.6**	**-5.4**	**3.3**	**3.5**
United States	3.0	2.2	-3.6	3.5	3.3
Euro area	1.9	1.3	-7.4	3.6	4.0
Japan	0.6	0.3	-5.3	2.5	2.3
Emerging market and developing economies	**4.3**	**3.6**	**-2.6**	**5.0**	**4.2**
EMDEs excluding China	3.2	2.3	-5.0	3.4	3.6
Commodity-exporting EMDEs	2.0	1.6	-4.8	3.0	3.2
Other EMDEs	5.7	4.8	-1.3	6.1	4.8
Other EMDEs excluding China	4.8	3.2	-5.3	3.9	4.1
East Asia and Pacific	6.3	5.8	0.9	7.4	5.2
China	6.6	6.1	2.0	7.9	5.2
Indonesia	5.2	5.0	-2.2	4.4	4.8
Thailand	4.1	2.4	-6.5	4.0	4.7
South Africa	0.8	0.2	-7.8	3.3	1.7

- Prospects for the global economy are uncertain, and several growth outcomes are possible. In the baseline forecast, global GDP is expected to expand 4 percent in 2021 *(Source: World Bank)*

- It is likely that the delay in rolling-out vaccines in many regions and limitations imposed on mobility will keep freight rates abnormally high and volatile for most of 2021.

Financial Performance

2021 In Perspective

Key highlights:

- Revenue and interest income increased 6.9% to R442.2mil
- Offshore earnings increased to 91.0%
- Net profit after tax increased 7.3% to R69.7mil
- Debt to Equity decreased from 23.9% to 14.0%
- HEPS increased 15.5% to 47.11 cps
- NAV increased 19.9% to R4.39 per share

2021 Acquisitions

One transaction concluded in 2021

49% acquisition of ASM Logistics (Thailand)

- Currently limited to 49% with option to acquire 100% if Thai law changes
- Equity accounted, not consolidated
- Effective date : 1 March 2020
- Purchase price THB 2,52 million (R1,37 million) paid as follows:
    - THB 1,69 million (R921 thousand) paid upon closing
    - Two warranty payments of THB 414,8 thousand (R226 thousand)
- Profit warranty : Annual PBT THB 612,4 thousand (R334 thousand)

2021 Statement of Profit or Loss: Analysis

	2021 R'000	2020 R'000	Move %	
BILLINGS	4 463 487	4 341 750	2.8%	SA Billings (which represents 50% of Group billings being the only region to incur customs VAT + duties) declined 11.8%.
REVENUE	434 612	397 278	9.4%	Africa segment 8.2% down, offshore (Asia Pacific, UK, EU) 9.4% up
Net interest	7 582	16 548	(54.2)%	Large SA client entered business rescue with interest charge frozen until credit insurance settled.
Other income	21 385	18 649	14.7%	Increase primarily relates to foreign exchange gains.
Depreciation and amortisation	(27 124)	(24 154)	12.3%	R2.3mil relating to an increase in depreciation on right-of-use asset
Administrative expenses	(333 057)	(316 084)	5.4%	Inflationary increases + R3mil restructuring costs in SA
Impairment loss on trade receivables	(6 182)	(2 381)	159.6%	
Operating profit	97 216	89 856	8.2%	
Finance income	110	226	(51.3)%	
Finance costs	(5 520)	(7 666)	(28.0)%	Decreased interest rates + ongoing settlement of Term Loans
Profit before tax	91 806	82 416	11.4%	
Share of associate companies' profit after tax	96	-	100.0%	49% share of ASM (Logistics) Thailand
Income tax expense	(22 184)	(17 424)	27.3%	Increase in effective rate primarily due to: - Hong Kong entering the higher of the two-tier tax bracket; - Increased profit in Netherlands which has a 25% tax rate; - Prior period under provision in Germany.
Profit for the year	69 718	64 992	7.3%	

2021 Operating context : FOREX

	2021 R'000	2020 R'000	Movement %	Weighted average Mvmt	
AVERAGE EXCHANGE RATES					
Primary Operating Currencies					
- GBP --> ZAR	21.31	18.63	14.4%	5.6%	Weakening Rand against major operating currencies
- EUR --> ZAR	19.08	16.23	17.6%	6.6%	
- AUD --> ZAR	11.60	10.04	15.5%	1.3%	
- HKD --> ZAR	2.13	1.86	14.2%	1.2%	
- SGD --> ZAR	12.00	10.67	12.5%	0.7%	
Other Transactional Currencies					
- USD --> ZAR	16.50	14.58	13.2%	0.2%	Indirect impact on South African revenues
WEIGHTED AVERAGE CURENCY MOVEMENT				15.6%	
CLOSING EXCHANGE RATES					
Primary Investment Currencies					
- GBP --> ZAR	21.00	20.02	4.9%	1.9%	Direct impact on Other Comprehensive Income ("OCI"), Assets, Liabilities and Equity
- EUR --> ZAR	18.21	17.22	5.7%	2.1%	
- AUD --> ZAR	11.62	10.16	14.3%	1.2%	
- HKD --> ZAR	1.94	2.00	(3.0)%	(0.2)%	
- SGD --> ZAR	11.31	11.21	0.9%	0.0%	
CURRENCY EFFECT ON CLOSING BALANCES				5.1%	

2021 Statement of Financial Position analysis : Analysis

	2021 R'000	2020 R'000	Move %	
TOTAL ASSETS				
Cash and cash equivalents	190 031	134 402	41%	Increase in cash generated from operations with 92.7% of cash held offshore.
Current tax assets	179	335	(47)%	
Deferred tax assets	14 197	11 768	21%	Increase primarily due to Deferred Tax on allowance for credit losses.
Financial assets at FV through P/L	7 558	9 158	(17)%	Primarily comprises fair value of insurance cell captive, decrease due to dividend declared to Santova in current year.
Intangible assets	312 177	297 176	5%	Primarily comprised of goodwill on offshore subsidiaries, no new acquisitions in the current year with increase primarily due to devalued ZAR on closing.
Investment in associate	1 342	-	100%	49% share of ASM (Logistics) Thailand effective 1 March 2020.
Property, plant and equipment	27 752	28 573	(3)%	
Right-of-use assets	39 989	51 684	(23)%	Relates to IFRS16 lease capitalisation. General unwinding of leases with no new material leases entered into in the current year.
Trade and other receivables	725 102	636 943	14%	Increase due to general revenue growth, increased freight rates towards year end and weakening ZAR on closing increasing the translation of foreign receivables.
	1 318 327	1 170 039	13%	
EQUITY AND LIABILITIES				
Capital and reserves	619 040	564 533	10%	
Liabilities				
Total Interest-bearing borrowings	32 591	51 251	(36)%	Reduction due to ongoing settlement of loans. Remaining material loans include R18.4mil medium term loan to Nedbank, and €740k to the sellers of Maritime.
Employee benefit obligations	984	1 096	(10)%	
Financial liabilities at FV through P/L	20 339	36 300	(44)%	Primarily relates to outstanding "warranty payments" with SAI (UK) and Maritime (Germany) totalling R19.7mil, and due for settlement in FY2022.
Lease liabilities	42 478	54 234	(22)%	Relates to IFRS16 lease capitalisation. General unwinding of leases with no new material leases entered into in the current year.
Deferred tax liabilities	733	574	28%	
Trade and other payables	391 354	237 506	65%	Increase due to general revenue growth, increased freight rates towards year end and weakening ZAR on closing increasing the translation of foreign payables.
Current tax liabilities	9 447	6 290	50%	Increase in the UK and Netherlands profitability where tax pre-payments are not required.
Amounts owing to related parties	285	294	(3)%	
Overdrafts and bank facilities	201 524	218 103	(5)%	
	1 318 775	1 170 181	13%	

2021 Ratios

	2021 R'000	2020 R'000	Move %	
- Billings/revenue margin	**9.9%**	**9.5%**	0.4%	Continued growth in offshore billings where customs duty and VAT is not incurred on behalf of clients. For context in 2021 : SA 5.1% vs Offshore combined 12.7%
- Operating margin	**22.0%**	**21.7%**	0.3%	Benefit realised from SA restructure and general ongoing technology deployment across the group.
- Effective tax rate	**24.2%**	**21.1%**	3.0%	Increase in effective rate primarily due to: - Hong Kong entering the higher of the two-tier tax bracket - Increased profit in Netherlands which has a 25% tax rate - Prior period under provision in Germany
- Headline earnings per share (cents)	**47.08**	**40.78**	15.4%	Earnings growth + impact of share buy back and reduction in WANOS from 161.3mil (2020) to 151.7mil (2021)
- Percentage offshore earnings	**91.0%**	79.5%	11.5%	Key influencing factors: - Impact of weakening ZAR - Organic growth in offshore segments - Continued pressure on SA economy
- Debtor days	48.4	48.9	(0.5)	Overall debtors days improved. However with shipping rates spiking at year end, the improvement was masked as debtors days is calculated using the closing receivables balance over annual average billings.
- Creditor days	30.7	18.9	11.8	As with debtors days, trade payables increased at year end due to a spike in shipping rates with the creditor days being based on annual average cost of billings.
- Debt to equity ratio	14.0%	23.9%	-9.9%	Ongoing repayment of medium term loans (R18.7mil decrease) coupled to increase in equity through profits generated.
- NAV per share	4.39	3.66	19.9%	
- Tangible NAV per share	2.18	1.73	26.0%	Tangible NAV excludes Goodwill

2021 Trade Receivables : Credit Quality Analysis

	2021 R'000	%	2020 R'000	%	Movement %
Trade receivables	591 768	100%	581 421	100%	1.8%
- South Africa	385 117	65%	405 873	70%	(5.1)%
- Offshore	206 651	35%	175 548	30%	17.7%
Key ratios:					
Debtor days	48.4		48.9		(0.5)
Impairment provisions					
- Total amount	40 199		12 092		232.4%
- Percentage of Trade receivables	6.79%		2.08%		4.7%
Impairments written off					
- Total amount (net of recoveries)	6 182		2 381		159.6%
- Percentage of Trade receivables	1.04%		0.41%		0.6%
Ageing of Trade Receivables					
Not past due	462 377		442 799		4.4%
Past due but not impaired:					
- 0 to 30 days	81 800		97 047		(15.7)%
- 31 to 60 days	15 321		33 950		(54.9)%
- over 60 days	72 469		19 717		267.5%
Gross Trade receivables	631 967		593 513		6.5%
Loss allowance	- 40 199		- 12 092		232.4%
Net Trade receivables	591 768		581 421		1.8%

Decrease in SA debtors aligned to generally lower levels of trading and increased provision for credit losses

Increase due to general revenue growth, increased freight rates towards year end and weakening ZAR on closing increasing the translation of foreign receivables.

The Group has taken a cautious and conservative approach in its provision for credit losses given the impact of COVID on global economies. Specific reasons include amongst others a significant client in SA entering business rescue and potential demurrage arising from global port congestion.

Majority (71%) of overdue debtors relate to SA where the book remains insured. This includes the client who entered business rescues and is recorded in over 60 days until settlement by credit insurers.

2021 Cashflow Analysis

	2021 R'mil	
CASH ON HAND	**55.6**	
- 2021	190.0	
- 2020	134.4	
ANALYSIS OF MAJOR MOVEMENTS	**51.2**	
Net cash generated from operations	149.7	
Repurchase of treasury shares	(32.4)	7.7mil shares repurchased in the current year, total of 20.6mil shares cancelled on 19 May 2021
Settlement of contingent consideration	(20.4)	Warranty payments to the sellers of ASM (Singapore), SAI (UK) and Maritime (Germany)
Settlement of medium term loans	(19.7)	Ongoing quarterly repayment of 2 medium term Nedbank loans with one fully settled in the year, the balance of the remaining loan being R18.4million
Capital expenditure - Intangibles	(4.5)	Computer software acquired and developed
Payment of lease liabilities	(21.5)	IFRS 16 lease liability payments recorded outside of cash generated from operations
UNUTILISED AVAILABLE BANKING FACILITIES	**22.3**	Increase in available funding due to ongoing repayment of medium term facility + reduction in the utilisation of the SA invoice discounting ("ID") facility
- 2021	236.8	
- 2020	214.5	

Thank you for your interest in Santova

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