

MAJOR GLOBAL CREDIT PROVIDER INVESTS IN SOUTH AFRICA

Bayport Management Limited (BML) – the global unsecured credit provider with assets of USD552 million – will shortly incorporate the Bayport South African operation into its portfolio to drive assets to USD1 billion. BML is a leading provider of unsecured credit and other financial solutions to the formally employed mass market in Africa and Latin America, with over 270 000 customers holding loans totalling USD392 million. An investment in the group of USD100 million by international funds advised by Helios Investment Partners (collectively referred to as “Helios”) will help fund the transaction.

As announced earlier today BML will acquire Bayport Financial Services South Africa (BFS) from JSE-listed Transaction Capital for an enterprise value of R1,61 billion. The price represents 1.5 times book and a price:earnings ratio of 7.15. BFS is a respected player in the South African unsecured lending market given its commitment to ethical business practices. Its current loan portfolio stands at R5.4 billion. In addition to retail loans, the company offers cellphone packages and an insurance product.

Helios’ significant investment means that BML will incur minimal new debt to fund the transaction. The group will raise USD137 million in total. No stranger to successful capital raising, the group has an established shareholder base including Swedish group Investment AB Kinnevik and three successful bond issuances on the Swedish stock exchange to date which raised \$300 million.

The founders of BML, Grant Kurland and Stuart Stone, together with additional original shareholders sold 82.65% of BFS to Transaction Capital in 2010 given the JSE-listed group’s vision of establishing a local niche financial services powerhouse. They and other management retained the balance of shareholding. Kurland then focussed on growing BML’s footprint into six countries in Africa and in Colombia, and Stone headed BFS within the Transaction Capital Group.

“We are delighted to unite the Bayport group under our joint management,” say Kurland and Stone. The combined group will have earnings of more than US\$60 million. Explaining their change in strategy, they say the incremental growth of both operations in only three years convinced them that coming together within an independent group will best optimise growth potential going forward.

Kurland points out that since 2010 BML has built an effective management infrastructure, developed its own IT lending system, broadened its product range and improved corporate governance, working hard to ensure its ethical business practice remains a competitive differentiator. The group recently signed up to the Smart Campaign, a global initiative to form a code of conduct for the worldwide micro financing industry. “Further we have secured a sizable base of 300 private and institutional debt and equity investors across the globe, including in North America, Europe, Scandinavia and the UK.”

Stone says BFS has grown similarly in the Transaction Capital fold, and at March 2013 held a 3.4% share of the unsecured lending market in South Africa. “BFS remains small enough to respond quickly and tactically to adverse perceptions around micro lending in the local environment, but has an established base to harness growth opportunity.” The company is focused on winning repeat business from the growing middle class in South Africa, which further improves its risk profile. In addition, on conclusion of the transaction BFS will appoint financial services veteran Dave Woollam to its board as an independent Chair.

Helios is confident the combined group will be easy to integrate. Managing Partner Tope Lawani comments: "BML and BFS share a common business ethos and strategy, and have developed along a common path over the last three years on the back of shared directors and shareholders, which will ensure seamless continuity as a combined group."

He adds that the Bayport group is Helios' partner of choice to access sizable growth opportunity in African micro financing in light of Bayport's world class management and credit processes, and rigorous focus on ethical lending. "Bayport's products transform people's lives, providing the under-banked with access to financing that enables them to put their children through school or start new businesses, as two examples."

Kurland and Stone conclude: "The benefits of scale, shared intellectual property and skills, and greater resources will drive our strategic goals as a combined group. Leveraging the common financial and operational strengths of both operations will add impetus to growth prospects."

Ends.

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On behalf of: **Bayport Management Limited**
CEO, Grant Kurland

AND

Bayport Financial Services (South Africa)
CEO Stuart Stone

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Notes:

- The Bayport group was founded under the name Bayport Management Limited in 2001 by Grant Kurland and Stuart Stone
- BML is a public limited liability holding company registered in Mauritius and listed on the bourse there. Its operating subsidiaries in Zambia, Ghana, Uganda, Tanzania, Botswana, Mozambique and Colombia operate under the brand name of Bayport Financial Services.
- For the financial year to March 2013, BML posted income of USD146 million.
- Bayport Financial Services South Africa was founded in 2005 and sold to JSE-listed Transaction Capital in 2010
- Kurland and Stone have remained investors in and executives of the Bayport group since formation to date.
- BML shareholder Investment AB Kinnevik is a global telecomms, media and financial services group based in Sweden.
- Helios Investment Partners is a premier Africa-focused private equity firm, managing funds totalling over \$1.8 billion. Helios' portfolio companies operate in more than 30 countries in all regions of Africa.

- Helios invests in new business formations, growth equity investments, leveraged acquisitions, and structured investments in listed companies, making investments of between US\$30 million and US\$200 million per transaction.
- Together AB Kinnevik and funds advised by Helios Investment Partners will hold over 50% of the combined group's shareholding, with Kurland, Stone and other management retaining the balance.