

## **Classic FM - JSE Direct**

17 March 2009

**Interviewee:**        **Quinton van Rooyen, CEO of Trustco Group Holdings**

**Time:**                **19:36**

**Duration:**         **9 Minutes 13 Seconds**

**Presenter:** I'm going to be joined in a moment by Quinton van Rooyen who is the CEO of Trustco. When I said to folks I'm interviewing Trustco tonight, they all said 'who is Trustco'? Well guys, you don't watch your markets. Trustco is the first company that listed on the newly-launched African Board part of the JSE. They're actually a Namibian company so not a lot of history. I think they listed 19<sup>th</sup> February but I'm not a hundred percent sure. Certainly, mid to late February. The share price has been trading in the low to mid seventies, currently sitting at 72c. Market capitalisation R510 million. Its listed on the JSE and JSE African Board and on the Namibian Stock Exchange. It focuses on financial services, its got insurance products, education development. Its got mobile, its got media – its got a whole bunch of assets and we've got about nine minutes so I'm going to drill into that. Quinton van Rooyen evening, and thank you very much for your time this evening. A little bit about the business – the background towards Trustco and where it came from, how long its been in operation?

**Quinton van Rooyen:** Trustco was established as a family business in 1992 and we listed on the Namibian Stock Exchange in September 2006 and that's where it all started – basically family business and these days the public is the company.

**Presenter:** And then you came to the JSE, if I'm correct it was the 19<sup>th</sup> February.

**Quinton van Rooyen:** 19<sup>th</sup> February this year, yes.

**Presenter:** Was that a capital raising exercise?

**Quinton van Rooyen:** In these markets? No, not at all.

**Presenter:** So more a case of just coming to market. The thinking behind listing on the JSE – is it in terms of exposure and size and the like?

**Quinton van Rooyen:** That's very true. Firstly there's the issue of own exposure in the South African market. We have acquired a company there which used to be called Dex Financial Services in 2007 so we have got a footprint in South Africa firstly. Secondly, it is the wider shareholder base and investor base very importantly so although in these times you would have thought that there is no such thing as investors, but be that as it may, and lastly its our expenses strategy through southern African – we wanted to kick off from South Africa, from the JSE and then I must also say, the opportunity to be the first on the African Board – you know, there can only be one company and when the opportunity arose, we grabbed it.

**Presenter:** One of my local commentators Lavan Gopaul is always doing the first something. He was probably the first person who traded your share. As he says, if there's only ever one first, he wants to be it. If we can do a little bit about Namibia – and the first question that springs to mind, exchange rate between the Namibian dollar and the rand? Is it a one to one?

**Quinton van Rooyen:** Its one to one. The same, we're trading the same CV. Money transfer, you know, First National Bank is here, Nedbank is here, Standard Bank is here, so its very simple. [Unclear]-wise, also very similar. Usually stuff that happens in South Africa a year or two or three down the line, to a large extent, Namibia follows it.

**Presenter:** And the economy, I mean globally the economy is under pressure. South Africa isn't escaping. I imagine Namibia is not escaping either?

**Quinton van Rooyen:** It is so, especially if you look at the commodities [Unclear] and so on, I must say we're very upbeat about firstly, the agriculture sector. Livestock prices are extremely high at the moment, possibly because of the good rains we had and then there's a lot of interest in uranium, in the mining side of things. There's a lot of new mines opening and huge, huge investments coming into Namibia from the uranium side.

**Presenter:** Okay, I have to be honest. I think Namibia, I think beautiful desert, I think diamonds.

**Quinton van Rooyen:** Don't make a mistake. It's a fantastic country to just live in.

**Presenter:** Absolutely. I've been there once a long, long time ago – Swakopmund and Windhoek and it was absolutely great. Turning to Trustco itself – I ran through a little bit of what you do and from the numbers I've got here, revenue financial services at sort of 36.5% is your biggest of the many areas that you're involved in. What do you do in the financial services side?

**Quinton van Rooyen:** We concentrate on micro financial services and micro insurance. Those are our two biggest revenues and profit riders. And our definition of micro financial services is just, many people, small premiums – be it micro loans or micro insurance and that's basically the space we're operating in.

**Presenter:** So the micro loans I understand, the micro insurance would be a small funeral policy or something like that, a very small premium?

**Quinton van Rooyen:** Exactly, and specifically on the backbone of a mobile network. What we're doing at the moment is we've been providing people with basically free life insurance Every time you purchase airtime of a certain operator you get free life insurance for 30 days. And that is a product we think has got enough [Unclear] throughout southern Africa, Botswana, the Kenya's and the Nigeria's of this world.

**Presenter:** That's astounding. So they go and buy airtime which they're going to do anyway, and I'm assuming that the cost has been worked in so there's no...is there a premium to the client or has it been absorbed down the line?

**Quinton van Rooyen:** No, nothing whatsoever. The cellphone operator actually pays a small premium over to the insurance company so the cellphone user gets – if he

buys R100 worth of airtime he gets R100 worth airtime plus 1 000 dollars of life cover for the next 30 days.

**Presenter:** And is the amount of life cover dependent on the amount of airtime you purchased?

**Quinton van Rooyen:** Yes certainly, that's exactly how it works.

**Presenter:** So that's absolutely amazing stuff. I hear wonderful things on this show and that ranks right up there with it. When I was looking at the website and I saw that you were in mobile, is that the mobile space? You're not doing the MTN-type stuff. You're backing it in your insurance products, your life products onto it.

**Quinton van Rooyen:** That's it - on the backbone of a cellphone operator, ja. That's exactly what we do.

**Presenter:** You're also in education and it says that education and financing again, not insignificant, talking 20% of revenue, 19.33%. I'm assuming Namibia, maybe my prejudice is coming through – distance education?

**Quinton van Rooyen:** Yes. With the size of the country, it just calls for it. And that's exactly where we're concentrating on. The Namibian education sector, its been growing since 2005. We acquired a small company in 2005 – maybe interesting also for the listeners – at that stage 2 500 students and a loan book of 3 million Namibian dollars which [Unclear] basically, and these days we've got more than 18 000 students with a loan book of 140 million Namibian dollars so the micro education space is hugely growing and there's such a demand in Namibia specially. And I'm sure right across southern Africa given the history of the region.

**Presenter:** You're in micro finance – you're talking about a loan book here as well. There are cash requirements. Are you sitting on cash? Would you be looking to raise or are you going to [Unclear] and say not in these markets? You've got sufficient cash for the next financial year?

**Quinton van Rooyen:** For the next financial year we're cool but if we want to maintain our growth rate – it was 35% year on year for the last five years – if we want to maintain that we certainly need to look at expansion in terms of merging acquisition activity and so on and for projects specific type thing, we will go to the market and raise cash, be it a debt or equity or quasi or something to that extent, yes.

**Presenter:** Lastly, coming back to the African Board. The fact that you're being first there – have you seen, and it would have been a month on Thursday, so we're almost at a month's point – has there been an interest that's been picked up already or its troubled times in markets.

**Quinton van Rooyen:** It is troubled times but what we were looking for is just activity in our share prices, be it up or down. We as a company, we argue that if we can maintain our growth rate for the foreseeable future, the share price will automatically follow our results. So we just want some activity in the share and I must say we were pleasantly surprised, especially in the first few weeks.

**Presenter:** And your primary listing is Namibia?

**Quinton van Rooyen:** Ja, that's the fantastic thing, a fantastic term the Africa Board came up with. Maybe also interesting to know that you must qualify – you must have a market capital minimum of five hundred million to qualify to list on the Africa Board firstly and secondly, have exactly the same requirements as for the main board. So its very stringent requirements. So from our perspective they came up with the idea and said Trustco does not want to lose its Namibian identity so I'm sure many other African companies as well. Although we operate in South Africa we are primarily not a South African company. And what the JSE did was they said well, we'll give you an opportunity to have two primary listings which is actually fantastic for us as a company.

**Presenter:** And your pride in Namibia, absolutely. So you should be, through and through. Quinton van Rooyen, CEO of Trustco, its been great chatting to you. Thank you very much for your time.