

INVESTMENT CASE AND VALUE CREATION

Trustco group has always operated as a majority family-owned business, creating a culture of generating long-term sustainable growth and value for all stakeholders. It holds three listings – the Namibian and Johannesburg Stock exchanges as well as the OTCQX in New York. With a presence in four African countries, and world-class national and continental assets, the group remains a strong investment opportunity, despite the setbacks caused by the COVID-19 pandemic.

THE TRUSTCO ADVANTAGE

The group has operated in Namibia for over 28 years and has a large home-grown customer base in both insurance as well as student financing and education sectors. The Trustco brand has a footprint across the country, with a track record of creating sustainable value and outperforming its peers. Unlike other multinationals, Trustco vests its power of authority in Namibia, allowing its fully Namibian top management team, with an average of over 10 years executive experience in the group to execute on opportunities immediately.

The financial services segment provides ample investment opportunities via:

PROVISION OF FINANCIAL AND RISK SOLUTIONS

The insurance business was started to protect the legal rights of Namibians from all walks of life and later diversified by also providing life insurance benefits and savings products to the mass market. The group provides affordable financial and risk solutions to all through a well-established branch network as well as other innovative distribution channels.

With more than 232 000 insured members, the core insurance business produces steady and predictable monthly cash flows at traditionally low loss ratios.

The student loans business, as the newer venture, has grown steadily since inception in 2005, with more than 25 000 active account holders which are projected to generate revenue in excess of NAD 100 million per annum.

DEVELOPMENT AND DELIVERY OF SERVICED LAND

Over many years the property division has unlocked economic value by acquiring virgin land and improving it to enable delivery to the public to meet housing demand, one of Namibia's burning issues.

The four large property developments in this division include residential estates and industrial parks spanning more than 4 000 hectares of the highest quality, strategically located Namibian real estate. It is ideally situated to cater for the present and future housing, commercial and industrial needs of the country and will provide a sustainable source of cash flow for the next 20 to 25 years.

INTERGROUP SYNERGIES

Being part of the Trustco group creates an extremely competitive advantage as opportunities are always available to create value for other product ranges in the group or to access new customers. Its banking, finance and education products lend themselves ideally to enhancement by the insurance product range while the property business and the bank also create an unmatched value proposition in Namibia.

INNOVATION

It is in the nature of the group to be dynamic and to continuously innovate to create new value propositions for its customers. Innovation typically takes the form of product enhancements, greater utilisation of technology or optimisation of processes where a benefit is created that makes its products more appealing and valuable to its customers.

BUSINESS PARTNERSHIPS

Value is also created by combining forces with external business partners to create win-win scenarios between Trustco and their business partners.

A LOOK TOWARDS THE FUTURE

Existing investments are set to increase their returns during the coming years. New funding for student lending will unlock significant growth opportunities for the student loan book, education products and credit insurance on student loans, while the insurance business is expanding into the general insurance market through new product offerings.

The financial services segment is also developing its own commercial bank, which is expected to have state of the art transactional capabilities within the next 12 months, allowing it to provide services to the existing large customer base as well as to target new market segments. However, it is in combination with the property business that the bank is expected to provide the greatest returns, as synergies between the banking and property business can accelerate the monetisation of the group's significant property assets.

THE RESOURCES BREAKTHROUGH

It is Trustco's fledgling investment into the resources sector that has the greatest long-term potential for exceptional returns. Meya Mining's initial exploration programme in Sierra Leone indicates a resource of 7 million carats, which underpin a 15 year mine plan. Apart from the exceptional economic potential, it should be noted that five of the largest stones discovered globally are from Meya's mining licence area. Meya's bulk sample results indicate that the mine not only contains high grade, but also very high average value per carat.

COVID-19 has impacted the diamond market, reducing demand, however, demand for high quality diamonds has recovered quickly and is holding steady. Meya is therefore well positioned, as a large stone, high value producer in the diamond sector.

The transition from exploration to commercial production is being overseen by a strong technical team with a proven track record in Sierra Leone. The host communities around the area will benefit from the socio-economic impact from this project.

STRONG FUNDAMENTALS

Trustco is a diversified group that invests in and operates sustainable high growth assets in emerging markets, and has done so for years, seeing cyclical setbacks and constant changes in the operating environments as catalysts to drive success.

The group was not immune to the effect the COVID-19 pandemic has had on both the regional and local economies. While the group has had to make a greater provision for credit losses and reassessed its property assets during this time, its world class asset base remains sound and with low leverage is able to weather these storms. The group has restructured itself into more effective and efficient operations and ensures its investments remain sound and financially viable and sustainable. As a result, Trustco remains one of the few groups in Namibia ready to return to rapid growth within a short timeframe.

