BusinessPartners

SME Indaba Presentation

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Agenda

1. About Business Partners Ltd
2. SMME significance, needs & challenges
3. Vision for SMME ecosystem
4. Anticipating the future
5. Concluding Remarks

About Business Partners Limited

Business Finance

R250 000 to R50 million

R25bn financing to SMEs

73 000 transactions concluded

708 000 jobs facilitated

Fund management

Technical Assistance & mentorship

General & sectoral technical assistance

Turnaround solutions

Skills training of SME staff

Expert/specialist mentors

Property & Asset Management

R2bn in properties
(103 owned)

Industrial & retail

Available for rental by SMEs

Property management
(27 managed properties)

Business Partners International

Business finance & technical assistance

Kenya, Malawi, Namibia, Uganda & Rwanda

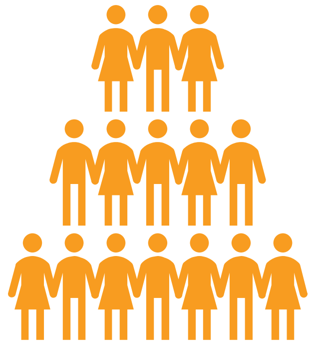
SMME Significance, Needs and Challenges

Economic environment for SMMEs

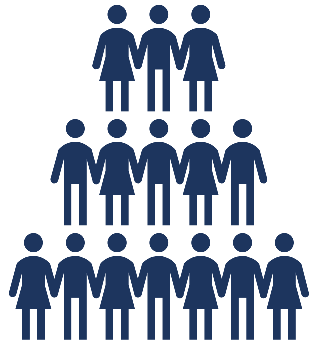
- + Peaceful general elections
- − Muted growth
- − Infrastructure decay
- + Lower interest rate levels
- + Limited loadshedding
- + Lower inflation levels
- + Business and consumer confidence
- − Geopolitical instability

The value of SMMEs – contribution to SA economy

+/- 35% of SA's GDP
R2.5trn



+50% of people in formal jobs are employed by SMEs



+60% of new jobs created every year are created by SMEs

Overview of SMME concerns

General Sentiments

- Tough economic conditions
- Global geopolitical headwinds
- GNU stability
- Government support

Quarter 1 of 2025

- Dampened confidence
- Lower business growth expectations
- Late payments
- Predictable environment

*Business Partners Ltd SME Confidence Index & Stats SA

SMME requirements to thrive

- Access to finance
- Stable government, easier regulatory compliance
- Decrease in crime and corruption
- Access to markets
- Access to skilled staff
- Mentorship & technical assistance to augment business skills
- Support with adapting to technological advancements
- Provision of good infrastructure, administration and basic services

Vision for SMME ecosystem

Support SMMEs to thrive

Financing models that enable SMME growth

The burning platform

- Government cannot alone solve our unemployment crisis
- It requires a collaborative effort between private and public sector
- Sustainable businesses create sustainable jobs
- Therefore, create an environment in which SMMEs can flourish and sustainable jobs will follow

Financial support to SMMEs

- **Accessible and flexible finance**
  - Reflective of entrepreneur realities of today
- **Finance coupled with support systems that empower growth**
  - Mentorship and technical assistance
  - Access to networks and markets
  - Digital tools
- **Relativity lens applied funds to increase finance to women-owned and black-owned enterprises**
  - Gender and empowerment specific funds taking into account the disadvantages faced historically
  - Price sensitivity

SMMEs perceived as high risk

SMMEs are generally perceived to be higher risk for funders because of:

- Weaker balance sheets
- Lack of owners equity
- Limited financial reserves
- Lack of quality information
- Susceptible to micro and macro -economic shocks
- Limited availability of collateral

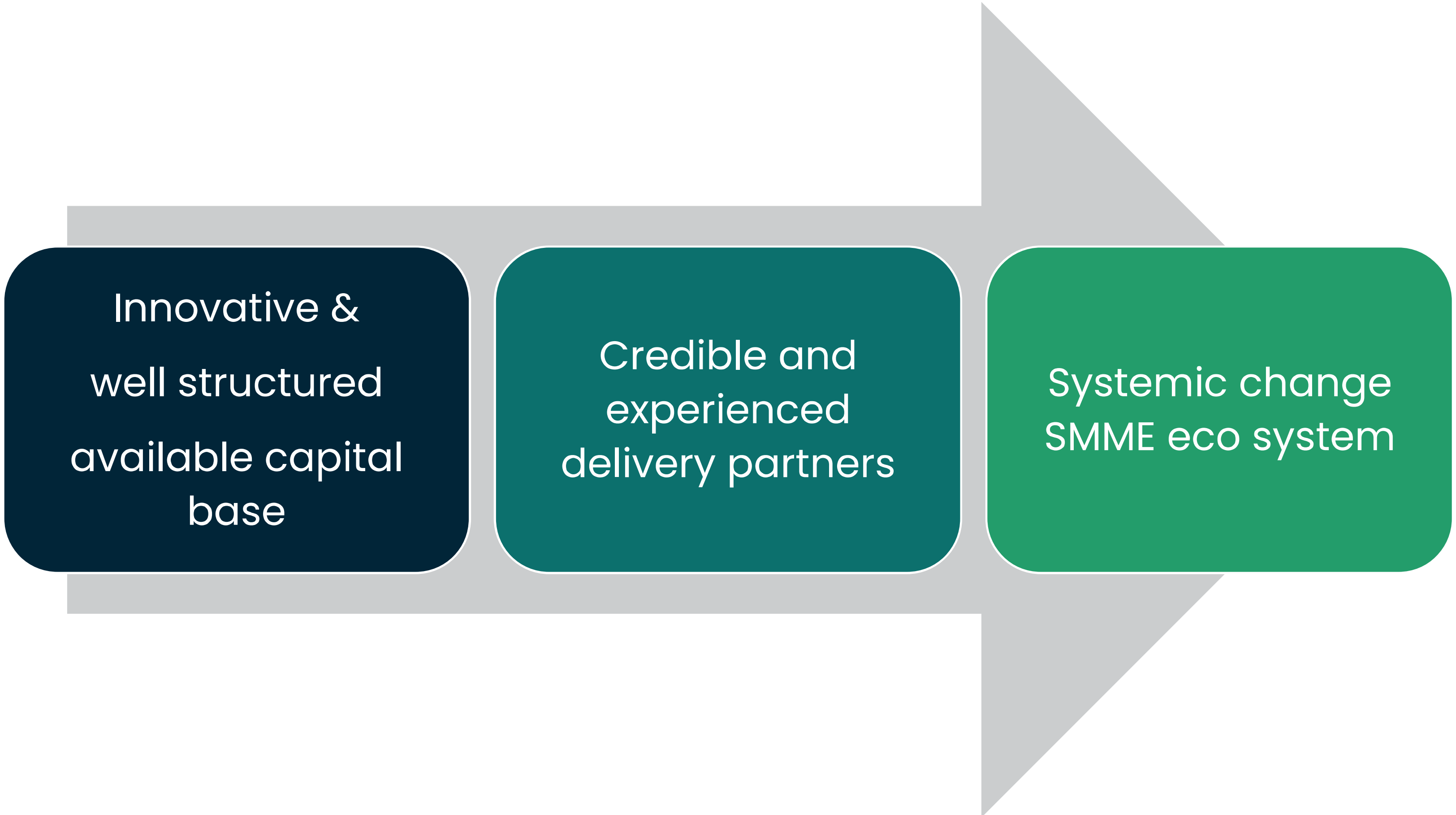
Approach to funding SMMEs

- **Patience**
  - Facility structuring – *take the sting out of the gearing*
  - Provide debt, behave more like equity
  - Collection and credit risk management
- **Affordability**
  - Lower cost of finance
  - Match repayment obligations to cash flow generation ability of the business
- **Technical assistance and support**
  - Make viable businesses better
  - Develop entrepreneurs by improving knowledge and skills
  - Add value through improved access to markets

Sustainable models to raise capital

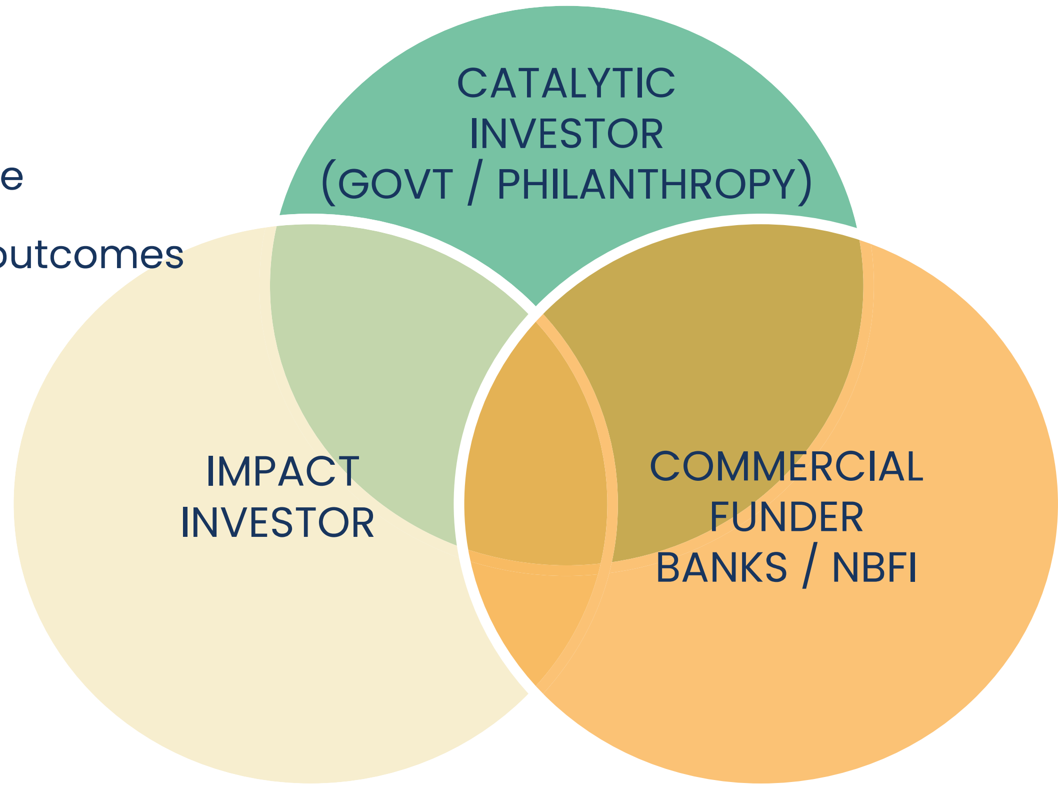
COMMERCIAL FUNDERS	PHILANTHROPIC FUNDERS	DEVELOPMENT FINANCE INSTITUTIONS
- Risk averse impacting on appetite and willingness to lend - Onerous lending criteria - High cost of finance - Counter cyclical to needs of SMMEs	- Unsustainable models - Not capacitated to deliver on scale - Inability to address market failures consistently - Systemic change often not delivered	- Inefficiency of delivery - Ability to collect capital - Payment culture

Best practice models for funding SMMEs



Blended Funds

- Increasing trend globally
- Funders with a common or shared purpose
- Differing return expectations and impact outcomes
  - Commercial returns
  - Impact returns e.g. job creation
  - Combination of both
- For the benefit of SMMEs through:
  - Increased access to capital
  - Reduced cost of finance
  - Increased support
- A sustainable model
- Harnessing the power of leverage / partnership



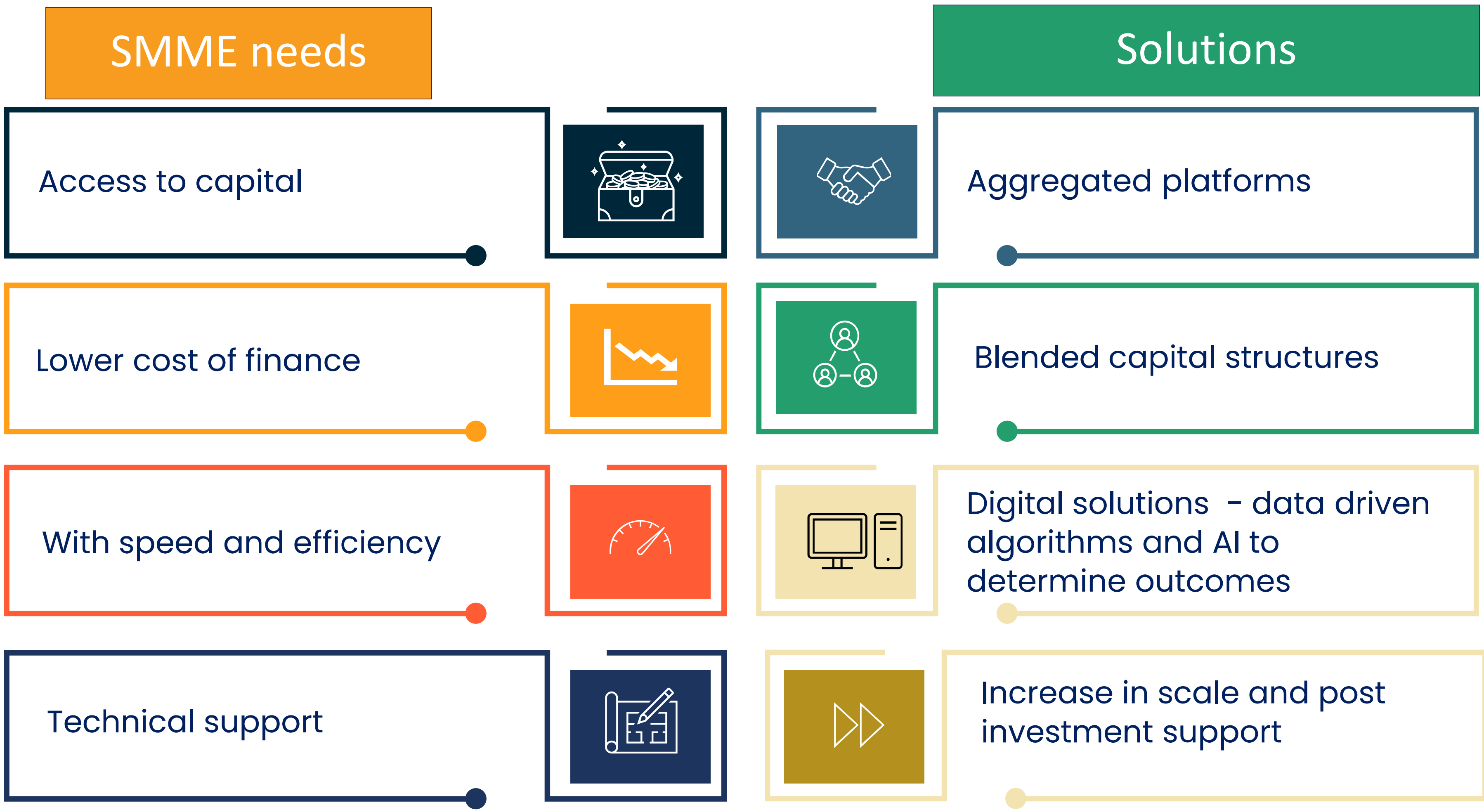
Delivery partner

Looking ahead....

Non-funding priorities to unlock value for SMMEs

SMME needs	Solutions
Less red tape	Tailored legal frameworks for SMMEs
Good infrastructure	Infrastructure spend creates opportunities for SMMEs
Better administrative support by Govt	Focus on improving services and administrative support
Access to markets and economic growth	Focus on implementation of key strategic workstreams

Funding priorities to unlock value for SMMEs



Thank you.

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