

PROFILE | QUINTON VAN ROOYEN



RIDING THE WAVE

Trustco's success is largely thanks to CEO Quinton van Rooijen's creative thinking and ability to embrace change

BY KERRY DIMMER

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Some 2 300 years ago, Aristotle wrote that there is always something new coming out of Africa. Back then it was easy to be original because not much had been achieved.

Today, however, it is incredibly difficult to be unique. Despite this, Trustco Group Holdings manages to be not only exciting and innovative, but its services are cleverly and strategically designed for the unique African market.

There can be no doubt that Quinton van Rooyen, CEO of the Namibian-based company, is a clever man. After qualifying with an LLB from Unisa in 1990, Van Rooyen was three weeks into his articles when he literally saw red. 'Piles and piles of red casa files every morning. I just couldn't take it,' he says.

His saving grace came in the form of an opportunity to buy the entire equity of Trustco, a small property development company that was negotiating with him to buy a piece of land he owned. With little to no business experience, Van Rooyen made the investment and ran with it.

He admits that in the early years he was ignorant of the usual business practices. 'Things just happened and the majority of decisions being made were based on instinct. Through trial and error, my team and I discovered that we were more often right than wrong.'

The decision to move into microfinance, microinsurance and short-term insurance was a somewhat risky diversification. 'Microfinance in Africa is always going to be a bit of a gamble, but I don't include Namibia, SA and Botswana in that context. The North African countries have many more challenges than their neighbours in the south, where there is comparatively better infrastructure and legal systems. Besides, we do a thorough risk analysis before undertaking any new venture.'

Proper analysis proved to Van Rooyen and his team that financing the acquisition of personal belongings can make poor people poorer. Instead, Trustco's financial loans are only directed at further education, thereby providing value with a long-term benefit. To date, more than 20 000 individuals have realised their educational dreams through Trustco's financing schemes.

In its latest and most innovative venture, Trustco is addressing the tradition of honouring deceased family members with a respectable funeral. These are generally costly and unplanned expenses that the Trustco Group feels can be better taken care of without large monetary sacrifice by the family.

The patent that Trustco has registered involves partnering with cellphone operators who are prepared to pay over a percentage of airtime

purchases by cellphone users. This is used as life insurance to cover funeral expenses during the 30-day validity of the airtime, and is calculated in proportion to the spend. The concept is currently being introduced in Namibia, and Trustco will be marketing it in Zimbabwe, Ghana and Mozambique. Van Rooyen anticipates that this microinsurance scheme will realise the greatest growth for the company this year.

The past year's results produced a healthy R137 million and much of that can be attributed to the listing of the company on the JSE's Africa Board, which Van Rooyen says was exciting, given that it was during the peak of the worldwide financial crisis.

'We left we were ready for a much broader African platform for our business. We weren't wrong. Liquidity on the newly created Africa Board picked up immediately.'

The Namibian Stock Exchange still lags behind when it comes to its platform, which is paper-based, making it difficult to trade in the Namibian market. With the JSE dual listing we keep our pan-African identity and enhance our exposure in southern Africa and beyond.'

So to what does Van Rooyen attribute Trustco's headline earnings share of 35% growth year-on-year for the past seven years?

'I would say that as a company we are adaptable and versatile. The resilience of the group was also demonstrated during the past two years, where growth was maintained under exceptional economic circumstances.'

Of his own management style, Van Rooyen comments that he tends not to overcomplicate things. 'I'm a quick decision-maker but I have learnt over time how to respond to the market we operate in. I am also not afraid of change. I embrace it to the extent that I have been known to force change, although not for the sake of it.'

Over the past 20 years, the Trustco Group has developed a sound business model that it intends to replicate throughout Africa. But its current strategy is to wait until markets improve and stabilise before looking at acquisitions.

'In the meantime,' says Van Rooyen, 'we're riding the wave, and despite tough times, opportunities are still abundant. You just have to be a little more creative.'

JSE



IN THE MARKET

A round-up of the latest news. By Kerry Dimmer

THE X FACTOR

Staying anonymous in the execution of large trades is now possible on the JSE through hidden order functionality in the central order book. Called Block X, this facility will be valuable to traders wanting to transact large numbers of shares without revealing all the details to the market, while still being able to use most of the efficiencies usually associated with the public central order book.

'The development of Block X is in response to market demand,' says Leanne Parsons, head of the JSE's Equity Market. 'Good businesses listen to their customers and our clients indicated that while the transparent central order book has numerous advantages, they wanted hidden-order functionality too, such as that offered in JSE-listed securities.'

Remaining innovative, while still attracting trade and increasing liquidity, is a priority at the JSE. Since the announcement of Block X in April, trading in the local market has increased. This adds further to the recent growth in trade figures possibly buoyed by a revised equities billing system, which was implemented to recognise both low-value and high-volume traders. See page 25 for further details.

A BROADER BOARD

In response to listed companies wanting to facilitate the trading of their BEE scheme shares, the JSE will be launching a BEE Board in September.

The transfer of assets to the previously disadvantaged is an integral tenet of BEE. Until now, trading in this sector has been via over-the-counter, which limits trading activity to the disadvantage of block scheme shareholders.

'Trading on the exchange will encourage transparency,' says Russell Loubser, CEO of the JSE. 'It will also increase price discovery for the shares, all to the benefit of shareholders. Ultimately, the BEE Board will make it easier for scheme beneficiaries to buy and sell shares.'

The BEE Board will have similar requirements to those of the Main Board, and the Clearing and Settlement division will conduct post-trade monitoring of on-market trades to determine whether trades have been executed between legitimate previously disadvantaged clients.



AFRICAN SAFARI SMÖRGASBOARD

It's doubly good to be African at the moment. Following the recent listing of Wilderness Holdings on the JSE's Africa Board, comes the news that Nigeria and Senegal will be hosting the Africa Board's Advisory Committee.

The Advisory Committee's mission is to talk to companies and other interested parties about the benefits of listing on the board.

The committee will be sure to mention the success experienced by Wilderness Holdings, whose initial share price of R4.56 jumped to R5.75 in a few short weeks.

Maureen Dlamini, head of the Africa Board says this is an ideal vehicle for organisations like Wilderness Holdings. 'Africa is perceived as a mining- and resource-focused region. The truth is that the continent is far more diverse and its growth is building from that diversification.'

The Africa Board aims to list a variety of companies, inclusive of resources, from a variety of sectors such as tourism, infrastructure, telecoms, agriculture and finance.

(L)EARN FOR FREE

With one in two households saving less in the past two years than in preceding years, the annual travelling JSE Week Expo in March was as welcome in Sandton as it was in Soweto. JSE Week Expo also stopped at Cape Town's Canal Walk shopping centre and Durban's Gateway shopping centre.

The free all-day exhibitions provided would-be investors with basic investment knowledge and, says the JSE's Noah Greenhill, 'Demystifies investing, such as it being only for the wealthy or those with a large risk appetite.'

The JSE Week Expo is part of the bourse's plans to promote financial literacy and encourage a national culture of saving, and is supported by stockbrokers and financial service providers who cater for individual investors.

Participants were guided through a host of topics including investing on the stock exchange, share trading and ETFs.

HAT TRICK

The record for the highest number of shares ever traded in the JSE's 123-year trading history was broken twice in one week during May.

The first record of 184 336 traded shares was achieved on 5 May only to be topped two days later with figures recording 189 253 trades, the value of which was more than R20- and R30-billion respectively. The cumulative trading figures for that week combined to break yet another record set in October 2008, recording 751 381 trades in one week.

It's significant that the record follows the JSE's introduction of its latest billing model aimed at encouraging more exchange trade by retail investors. It also demonstrates the continued confidence that foreign investors have in SA's economic prospects and the JSE.