

Santova is an integrator that assembles the intellectual capital and technology of the Group, together with the logistics, resources and capabilities of specialised external logistics providers, to design, develop and execute comprehensive supply chain solutions for customers.

Principal activities and markets

The principal operating divisions and markets in which the Group operates are as follows:

LOGISTICS SERVICES

The transportation of cargo, parcels and documents on behalf of customers from source to destination via road, rail, air and sea freight:

South Africa

- Santova Logistics
- Santova Express

United Kingdom

- Santova Logistics
- W.M. Shipping

Netherlands

- Santova Logistics

Hong Kong

- Santova Logistics

Australia

- Santova Logistics

Germany

- Masterfreight Internationale Spedition

China

- Santova Patent Logistics Joint Venture Partner

SANTOVA LIMITED

The Group's holding company, listed on the JSE and headquartered in South Africa:

- Corporate head office and centralised administration services
- Supply Chain Solutions Division

FINANCIAL SERVICES

Provision of short-term insurance products, primarily marine, commercial and domestic asset insurance:

- South Africa
 - Santova Financial Services

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

Santova operates in highly competitive markets both regionally and internationally, competing across multiple levels in various sectors:

Regional Third Party Logistics Providers ("3PL"):

- Principally local/regional asset-based forwarding and clearing agents
- Entities who typically don't have an international infrastructure and utilise offshore agents
- Entities whose customer base is usually local, small to medium sized corporates
- Business models are traditionally one dimensional and event-based with low value add and little to no barriers to entry
- Usually members of a local freight forwarding association

International 3PL Fourth Party Logistics Providers ("4PL"):

- Principally large multinational logistics providers with extensive global infrastructure and a listing on a major international stock exchange
- Customer base is usually made up of other large multinational corporations
- Business models are intelligent, value adding processes with significant barriers to entry
- Businesses are still predominately asset-based owning less significant transportation assets and less warehouse facilities

Supply Chain Consulting Organisations

- Standalone specialist supply chain consulting organisations that seek to consult and generate revenue on a project and time basis from large corporations
- Can be privately owned or alternatively a separate operating division within a large diverse transportation entity
- These consulting businesses are typically non-asset based and do not supply traditional forwarding and clearing services

The JSE Transportation Sector

- Santova is listed on the Johannesburg Stock Exchange in the transportation sector and within the marine transportation sub-sector
- By virtue of being listed the Group is typically compared to the other organisations within this sector
- Being public companies the published information from these entities provides some useful comparative information, however meaningful comparison to this sector is difficult due to:
 - Santova's comparative size
 - The fact that most of the other organisations in the sector have different business models and
 - They are typically very large diverse asset-based entities.

VISION

To be a recognised brand in global trade solutions through strategic international offices and leading intellectual capital

UNITED KINGDOM | NETHERLANDS | GERMANY | SOUTH AFRICA | CHINA | HONG KONG | AUSTRALIA

Strong and entrenched CULTURES and VALUES

SUPPLY CHAIN OPTIMISATION
innovative end-to-end supply chain solutions

High levels of CORPORATE GOVERNANCE compliance and transparency

INPUTS



INTELLECTUAL CAPITAL

- Intelligent IT Software Solutions
- Supply Chain Consulting Expertise



HUMAN CAPITAL

287 Employees across 16 office locations internationally



FINANCIAL CAPITAL

Funding supplied by the Group's 2 656 shareholders, primary transactional bankers and creditors, supported by credit underwriting insurers



MANUFACTURED CAPITAL

The Group's global infrastructure across four continents and network of 345 agents worldwide

OUTPUTS

Supply Chain Consulting and Analysis

Freight Forwarding

Ship Chartering

Customs Clearing and Consulting

Warehousing and Distribution

Financial Services and Insurance

Courier Services

Procurement and Packaging services

PRODUCT FLOW

GLOBAL CLIENTS

SOURCE

Factory
Wholesaler
Warehouse
Supplier

DESTINATION

Consumer
Retailer
Factory
Warehouse
Distribution Centre

INFORMATION FLOW

PURPOSE

Enabling clients to achieve a competitive advantage through innovative global supply chain solutions

INPUTS

In implementing its strategy as a non-asset-based logistics solutions provider, Santova makes use of four of the six types of capitals as its primary inputs into the value adding process. These are:



INTELLECTUAL CAPITAL

The Group's in-house developed IT capabilities and software that interface with customers' systems and provide meaningful management information for supply chains



HUMAN CAPITAL

The specialist logistics knowledge and experience held by the Group employees primarily in Supply Chain Management and Clearing and Forwarding



FINANCIAL CAPITAL

The funding supplied by the Group's shareholders, primary bankers and creditors together with the credit underwriting of customers supplied by the Group's insurers, which allows Santova to invest in and fund the working capital requirements of its global logistics operations



MANUFACTURED CAPITAL

The Group's global infrastructure of offices and equipment in the major centres at each end of customers' main supply routes.

OUTPUTS

The key products and services that are the outputs of the Group strategy and the use of its capitals are:

- Supply Chain Consulting and Analysis
- Freight Forwarding
- Ship Chartering
- Customs Clearing and Consulting
- Warehousing and Distribution through selected Service Providers
- Financial Services and Insurance
- IT Systems Development and Integration
- Procurement and Packaging services
- Courier Services

OUTCOMES

The core outcomes that the Group seeks to attain through its business model and the outputs created are:

INTERNAL

- Sustainable growth in profitability and positive cash flows
- Continual investment and development in the Group's key differentiators, primarily its supply chain consultancy expertise, technology offering and global infrastructure
- Building the Group 'employment brand' to recruit, develop and retain appropriately skilled and experienced talent
- Good corporate citizenship through regulatory compliance and effective corporate governance

EXTERNAL

- Customer satisfaction and retention through use of cutting edge technology and supply chain optimisation solutions, providing direct time and cost savings
- Growing brand recognition and reputation within the market
- Long-term shareholder wealth creation through creating investor awareness and consistent returns via dividends and share price growth

The Group's Cultures and Values are core to our existence and provide the value system and boundaries within which the Group operates. These Cultures and Values are actively 'lived' and promoted daily by management so as to ensure that they set the moral and ethical tone of the Group and they define how we operate and interact with stakeholders.

To reinforce this, the Board and all employees are contractually bound to these Cultures and Values when joining the Group. Thereafter, through constant reinforcement, management ensures that this sound value system is consistently applied and that strategic decision making, performance management, human resources processes and all actions and choices in general are judged and measured against these standards.

CULTURE

Our culture is one of a leading entrepreneurial 'spirit' which is closely followed by levels of bureaucracy necessary to manage or curtail the risks that typically accompany a highly entrepreneurial climate. In the case that there are deviations or transgressions from our expectations and values our fall back will be to autocracy to restore the status quo.

VALUES



Accountability

Responsible for actions and decisions
Using Initiative
Self-disciplined
Setting and meeting high standards



Integrity

Open, honest and transparent
Ethical and moral behaviour
Respecting confidentiality
Honourable and trustworthy



Team Spirit

Willing participation
Supporting and helpful
Adaptable and flexible
Co-operative attitude



Innovation

Creative solutions and ideas
Challenging and embracing change
Forward thinking



Passion

Enthusiastic and self-motivated
Positive attitude and energy
Tenacious commitment
Competitive spirit