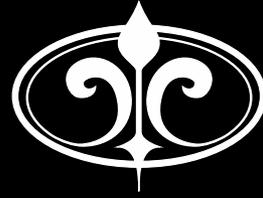




PSG GROUP LIMITED

Annual General Meeting

24 JUNE 2016 • SPIER WINE ESTATE, STELLENBOSCH



PSG GROUP LIMITED

Financial Results

CEO: PIET MOUTON

DNA of PSG Group

PSG is an investment holding company

Financial

- Capitec
- PSG Konsult

Education

- Curro
- Impak
- ITSI
- *Social projects*

Food & Agri

- Zeder portfolio
 - Pioneer
 - Capespan
 - Zaad
 - Agrivision
 - Quantum
 - Kaap Agri

PSG has been good with **early-stage investments** – building businesses

Use **PSG Private Equity** to find new growth investments



PSG Group structure



* Market capitalisation as at 14 June 2016



Growth – low market share, low gearing

	 CAPITEC BANK	 PSG KONSULT	 CURRO	 PIONEER FOODS
Best management team *	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Low market share	~2.5% of consumer credit market	<ul style="list-style-type: none"> • <5% wealth mgmt • <2% asset mgmt • <1% short-term ins 	~0.3% of school learners	Product basket have varying market shares
Ability to grow market share	✓✓✓	✓✓✓	✓✓✓	✓
Low gearing	<ul style="list-style-type: none"> • 35% CAR • R25bn cash on B/S 	Debt to Equity: 1%	Debt to Equity: 31%	Debt to Equity: 9%

* Relative to competitors in the specific industry - subjective

PSG has R1.9bn cash available for further investments



Sum-of-the-parts

Asset/Liability	Feb 11		14 Jun 16
	Rm	CAGR	Rm
Capitec *	5,138	29%	19,801
Curro *	218	100%	8,455
PSG Konsult *	1,206	35%	5,873
Zeder *	1,069	25%	3,549
PSG Private Equity +	644	16%	1,385
Dipeo (previously Thembeka) +	380	8%	579
PSG Corporate (incl. PSG Capital) ++	350	33%	1,566
Other assets (incl. cash and pref share investments) ^	548	42%	3,514
Total assets	9,553	34%	44,722
Perpetual pref share funding *	(1,028)	6%	(1,367)
Other debt ^	(507)	12%	(933)
Total SOTP value	8,018	37%	42,422
Shares in issue (net of treasury shares) (m)	171.3	5%	216.3
SOTP value per share (R)	46.81	31%	196.08

* Listed on the JSE Ltd

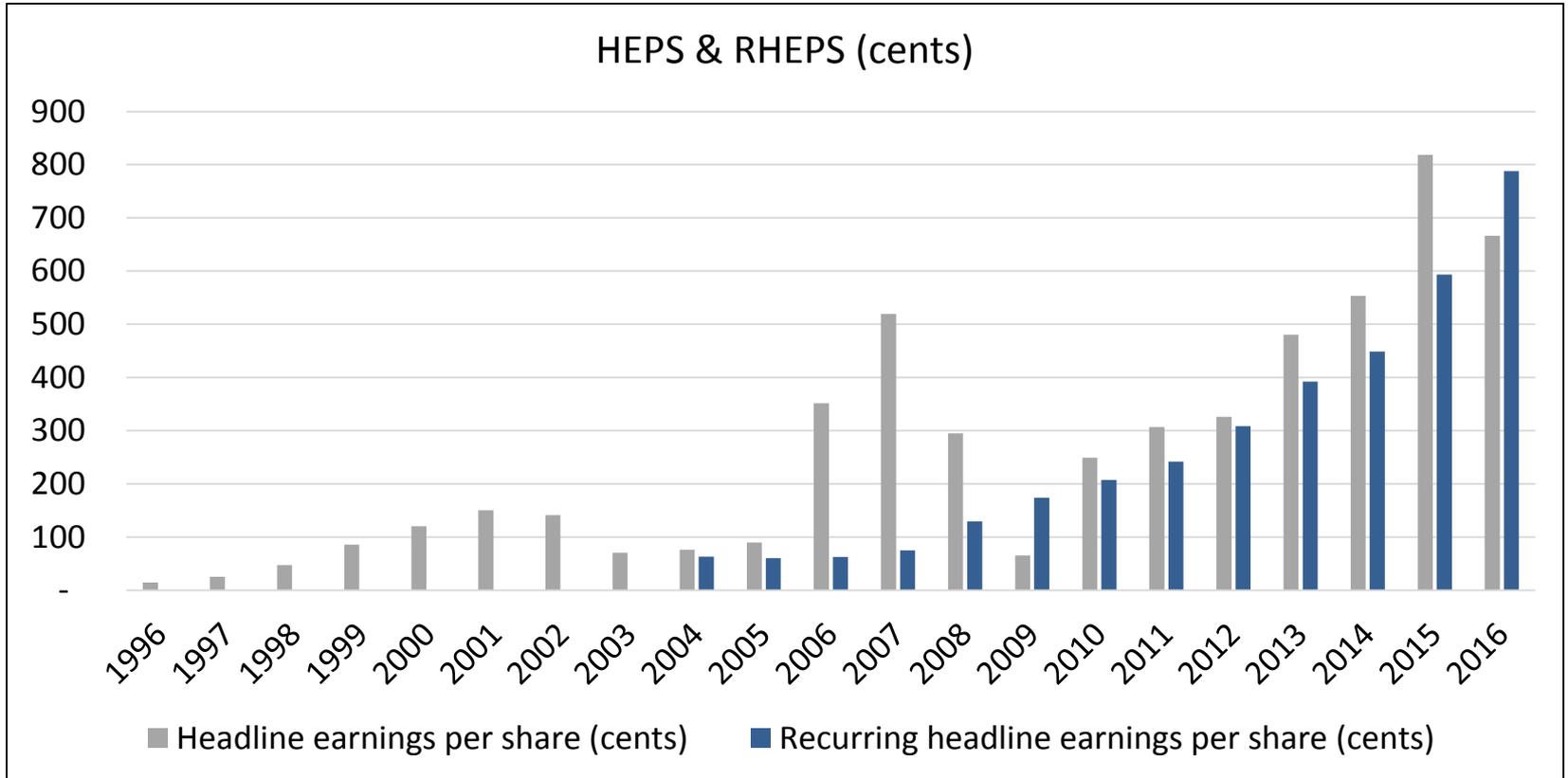
+ SOTP value

++ Valuation

^ Book value



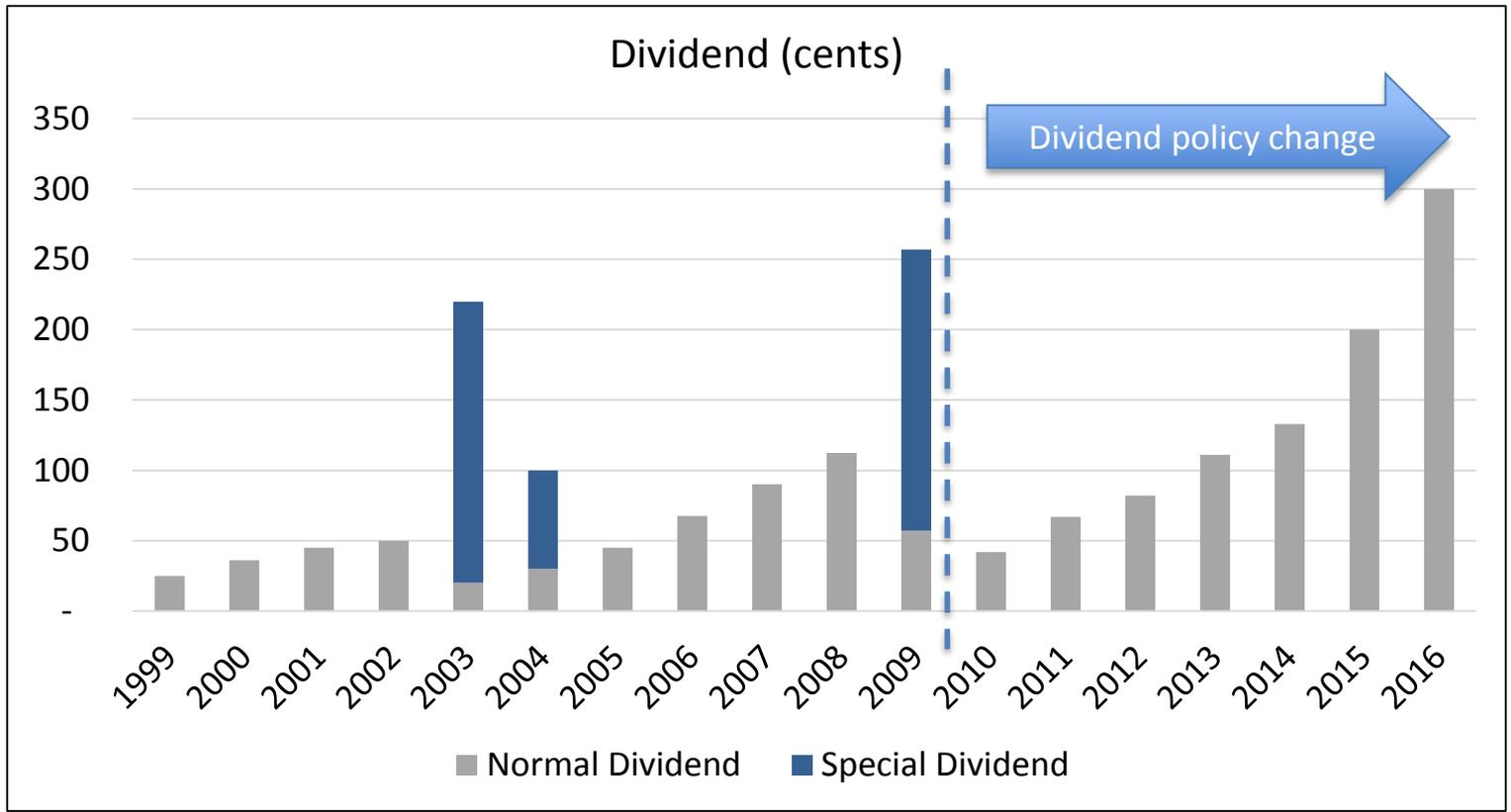
HEPS & RHEPS



- HEPS compound annual growth rate (CAGR) of 21% over the 20-year period
- RHEPS compound annual growth rate (CAGR) of 23% over the 12-year period



Dividend per share

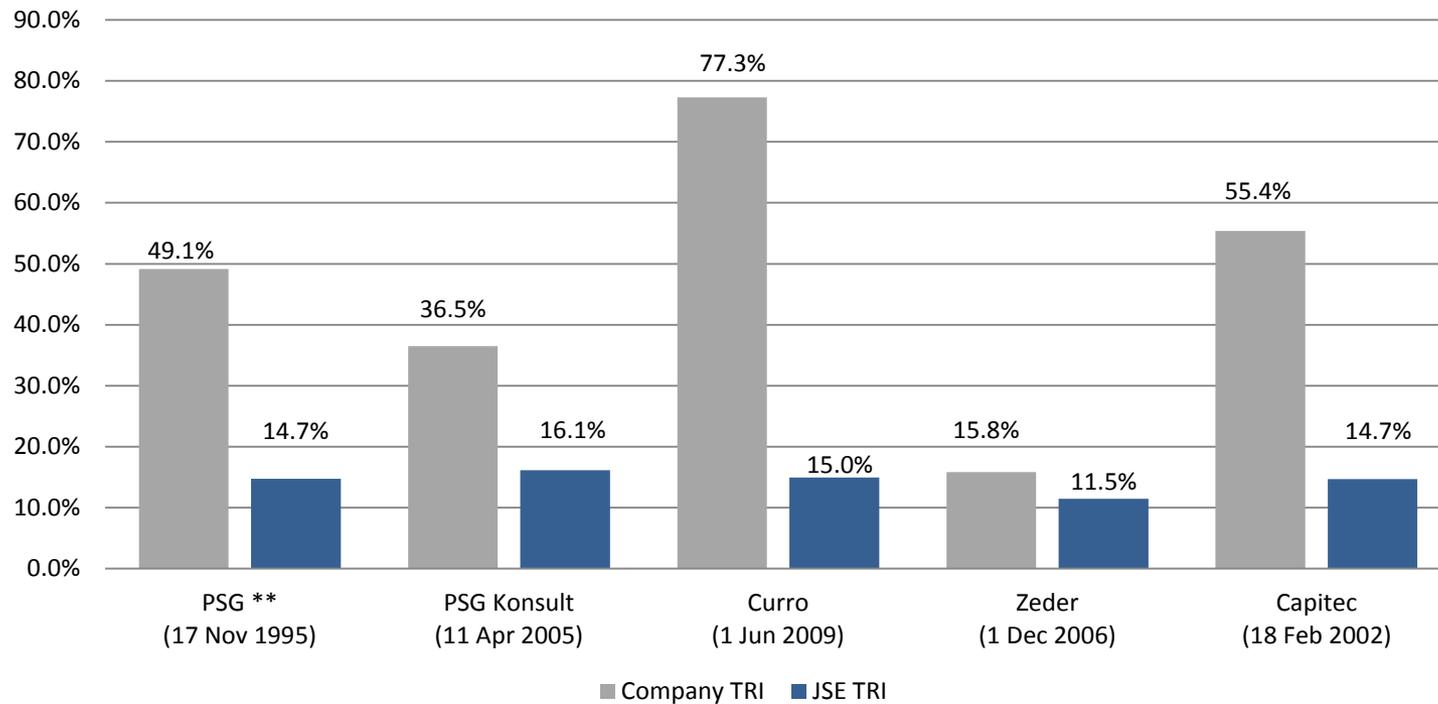


- Total cumulative dividends paid since establishment = R19.83 per share



Performance to date

**PSG Group Companies
Total Return Index vs. JSE All Share***



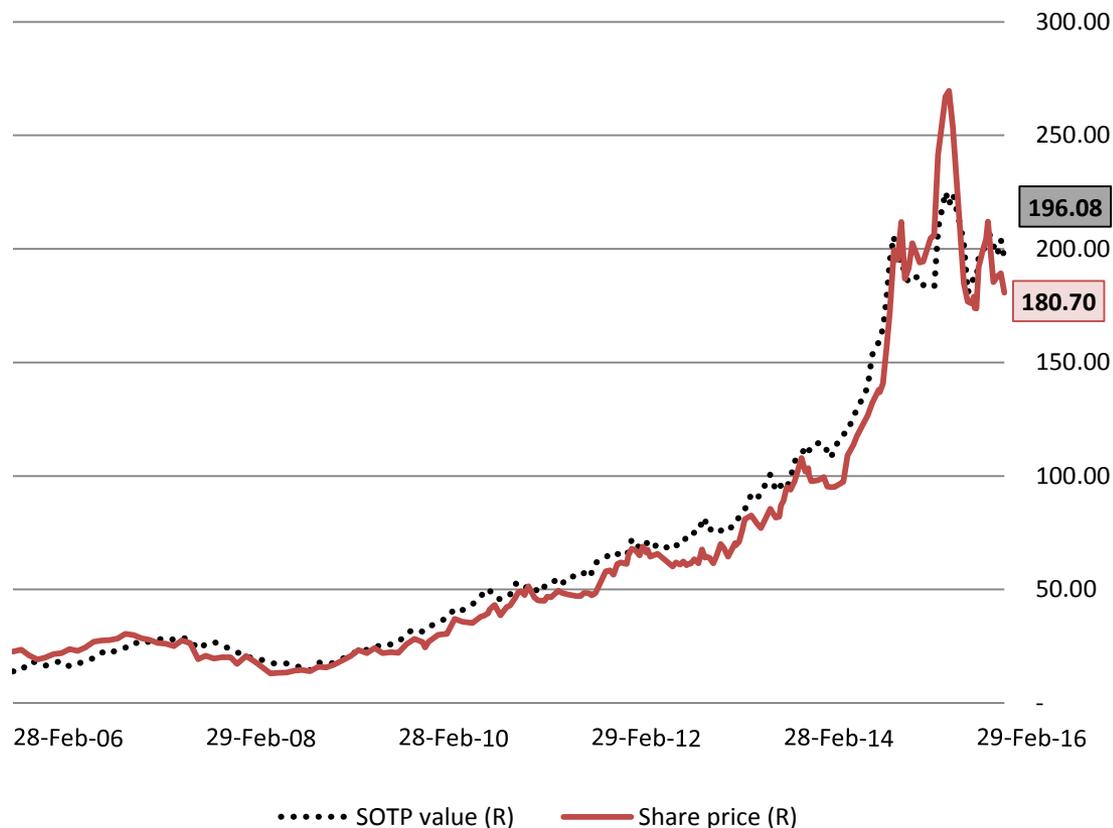
* Measured since the respective dates set out above until 14 June 2016.

** Capitec unbundling in November 2003 treated as a dividend.



SOTP vs share price

PSG share price vs SOTP value per share
(14 June 2016)



Discount/Premium

Latest discount ~8%
12-month average premium ~2%

Liquidity (per year)

Feb 2016	50%
Feb 2015	17%
Feb 2014	10%
Feb 2013	13%
Feb 2012	8%

Note:

The last financial year's liquidity excludes the Steinhoff transaction (18.3m shares) at the end of June 2015 and a large book over (7.7m shares) at the end of May 2015



Corporate action

- **Cash raised:**
 - R267m through the issue of 1.3m ordinary shares at R198 per share by means of a private placement in May 2015
 - R2.2bn through the issue of 9m ordinary shares at R245 per share by means of a book build in December 2015
- Borrowed an additional R480m by means of 5-year redeemable preference shares at a fixed rate of 8.325% p.a.
- Invested R438m (May 2015) and R669m (May 2016) cash in the Curro rights offers to fund further expansion
- Completed the Capespan scheme of arrangement valued in excess of R500m by acquiring the remaining 25% interest held by minority shareholders other than Capespan management, through the issue of Zeder shares
- Following the aforementioned Zeder share issue, PSG's interest in Zeder diluted to 32%. PSG subsequently increased its shareholding to 34,6% at an average price of R5,78 per share for a cash consideration of R231m





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Note from the Chairman

CHAIRMAN: JANNIE MOUTON

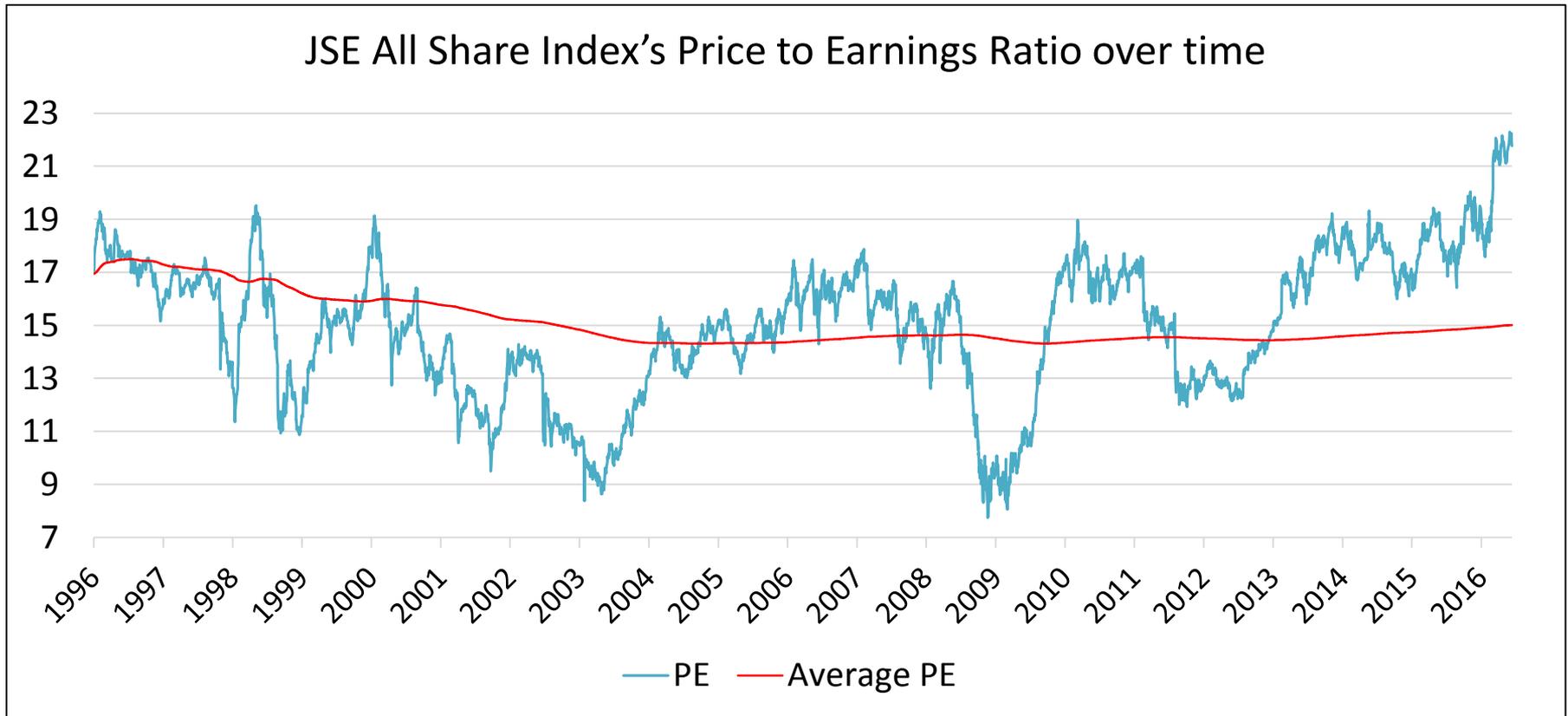
Key market drivers

- **Political:**
 - Municipal elections
 - Corruption and state-owned entity (SOE) losses
- **Lack of growth:**
 - Expected GDP growth of below 1% for 2016 vs average of 3% over the last 20 years
- **Weak rand and commodity prices**
- **Quantitative easing**
- **Worse drought in many years:**
 - Food inflation
- **Consumer under pressure:**
 - Rising inflation and interest rates
- **Potential downgrade:**
 - Avoided the major S&P downgrade on 3 June 2016

Difficult times ahead



Is the market overvalued or undervalued?



- Market as a whole appears high
- Strip out rand hedges and commodity stocks, then the PE is more in line with the average



Is the market overvalued or undervalued?

- My experience in the market has shown that the market always reverts back to its long-term average – what goes up must come down

“In the short run, the market is a voting machine but in the long run, it is a weighing machine.” – Benjamin Graham

- However, predicting the timing is difficult

***“The market can stay irrational longer than you can stay solvent.”
– John Maynard Keynes***



Still positive about South Africa

- I am a proud South African
 - Always excited to come home after my travels
 - Best standard of living
 - My roots are here - family & friends
- PSG was built in the new SA with a 20-year CAGR of ~ 50%
- This puts PSG in an elite group across the world
- South Africans need to focus on the positives:
 - According to the 2015/2016 World Economic Forum Global Competitiveness Survey, South Africa is ranked 8th in Financial Sector Development (out of 140 countries)
 - ~78% of South Africans live in formal houses, which is far higher than most other emerging market countries, especially African countries
 - ~30% of South African households own a second home, which is much higher than the ~4% in Europe



We are focused on our investment philosophy

- **Uncomplicated business models** operating in **industries with attractive growth prospects**
- **Co-invest** with talented, hard-working and passionate **management teams**
- **Culture of good corporate governance** (relevant, transparent, timely, accurate and succinct information)
- **Long-term strategic investors** with no predefined exit strategy
 - Invest in quality companies with good fundamentals
 - Rather focus on long-term earnings growth than short-term share price performance (volatility)
- **Challenging management** to be innovative and grow their businesses



PSG's success

- Ability to identify new opportunities:

South Africa is a land of opportunities –

- Breaking the SA banking oligopoly (Capitec)
- Education (Curro, Impak, ITSI)
- Electricity (Energy Partners)
- Food & Agri (Pioneer & Zeder)

- Courage to pursue these opportunities

- Ability to build businesses

- Mergers/acquisitions, etc.



“We like early-stage investments, because they are either a small failure or a big success.”

- Michiel le Roux



PSG's success over 20 years

Significant growth and value created over past 20 years

Financial year ended February	1996	CAGR	2016
Headline earnings per share (cents)	14	21%	666
Headline earnings (Rm)	3	36%	1,370
Ordinary shareholders' equity (Rm)	7	46%	13,634
Net asset value per share (cents)	34	30%	6,364
Total assets (Rm)	25	49%	71,748
Share price (R) - since establishment	0.36	36%	173.69
Number of shares in issue net of treasury shares (m)	22	12%	214



**Market cap growth from R7m in 1995 to R39bn today
– 5,571 times more!**



Disrupting the oligopoly

- **Early stage** – PSG started the business in 1998 by buying a number of micro-lending businesses
- Focused on strategy
 - Riaan Stassen and team
 - Now Gerrie Fourie and team
- ~3.3m primary banking clients and growing...
 - ~22% market share
- Only have ~2.5% share of the consumer credit market
- Recently rated Capitec as “the best bank in the world”
 - Lafferty Group
- TRI of 55% for the period from 2002 to 2016
- Market cap: R64.5bn



- **Potential: Best product offering suitable for 80-90% of the market**
 - ~7m primary banking clients representing ~40% market share
 - 5-10% of consumer credit market



Rethinking the financial services industry

- **Early stage** - PSG started the business in 1996 when 4 stock brokers joined PSG
- Unique 70/30 model
 - Ensures owner-driven
 - Increasing regulatory burden handled by head office and advisors left to do what they do best
- Brilliant management team (Willem Theron and now Francois Gouws and team)
- Top SA financial services business
 - Largest distribution network
 - 711 advisors/206 advisory offices
 - R154bn of assets under management
- Market cap: R9.4bn

- Top SA financial services business
 - 2,500 advisors/500 advisory offices
 - 4-5 times more assets under management
- Increase market share substantially
 - Wealth management from <5% → more than 15%
 - Asset management from <2% → more than 5%
 - Short-term insurance from <1% → more than 5%

- **Early stage** - PSG invested in 2009 when Curro only had 3 schools...
- Now 110 schools with ~42,000 learners
- SA's top private education company and largest for-profit private schooling group in Africa
- Significant market growth remains...
 - Current private school market ~0.5m learners
 - Private school market in SA = ~5%. World wide average closer to ~15%
- Market cap: R14.4bn



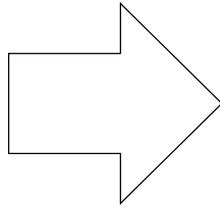
- Cross-border expansion
- 200 campuses with 500 schools and ~250,000 learners



The next big thing?



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Energy

ENERGY●PARTNERS

Powered by results

Education



Innovative thinking

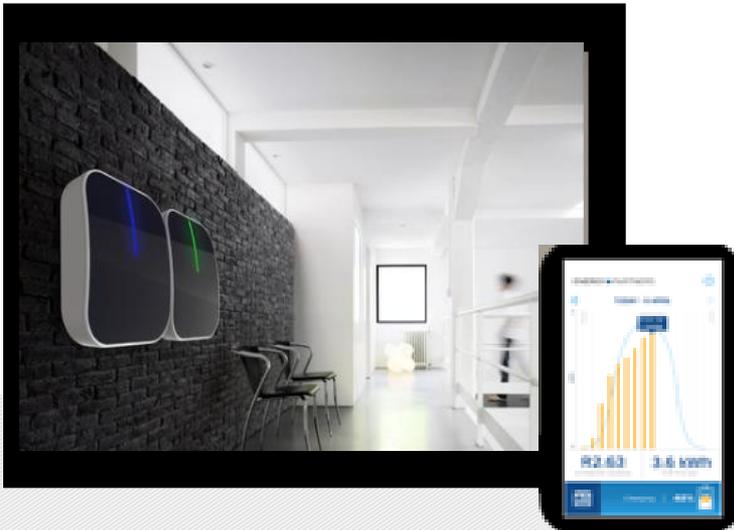
Electricity



Cooling



Home Solutions



Steam

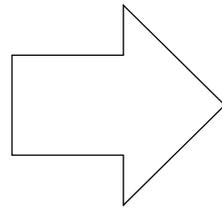


PSG's medium-term dream

- Build the largest private energy company in SA
- >R10bn of assets
- >R500m PAT



Impak is an
outsource partner
to education
providers



...to enable individualised guided learning to 13,000 learners

- **Tutors**
 - 7,300 learners
 - 400 tutors; average 18 learners per tutor
- **Private schools**
 - 2,200 learners
 - 50 schools; average 44 learners per school
- **Home school**
 - 3,500 learners

- Become the number 1 player in alternative education
- Potentially gain government work
- 200,000 learners
- >R250m PAT

Achieving our objective of wealth creation

Total return comparison (since PSG listing)⁺

Company	TRI**	Years	R1000***
PSG Group	49%	20.5	3,883,804
Naspers	24%	20.5	84,368
Shoprite	24%	20.5	83,863
Richemont	24%	20.5	82,551
Investec	23%	20.5	66,255
RMB Holdings	21%	20.5	47,247
Sasol	19%	20.5	36,587
Bidvest	19%	20.5	35,788
SAB Miller	18%	20.5	30,803
Berkshire Hathaway	18%	20.5	29,076

+ Source: calculated based on monthly data per company from BFA McGregor

** Berkshire Hathaway has a TRI of 9.8% in US dollar terms*

***TRI is calculated as the IRR of each share taking into account the dividends paid*

****R1,000 invested in November 1995 until 31 May 2016*



PSG Group contributes to society

A successful company is never a drag on society

- PSG and its subsidiaries employ **16,113** people - including its associates this number increases to **~44,000**
- PSG Group and its investee companies have paid for the period ended 29 Feb 2016:
 - Taxes: **~R4.2bn**
 - Salaries: **~R10.6bn**
- What our country truly needs is the creation of new jobs in order to tackle one of South Africa's biggest problems - **unemployment**:
 - **Capitec's** rapid growth has seen its staff increase to 11,440. Capitec has trained over 15,800 people to date, the majority being matriculants
 - **PSG Konsult** was started in 1996 with just 4 brokers; today it employs 2,169 staff
 - PSG invested in **Curro** in 2009 when there were only 3 schools; today there are over 110 schools employing 4,350 staff



PSG Group contributes to society

- We take BEE seriously:
 - Arch Equity (2004 – 2006)
 - Value increased from R100m to R1.1bn
 - Thembeka (2006 – 2014)
 - Grew from R1,000 to over R2.2bn
 - Dipeo (2014 - current)
 - From zero to R1.2bn



Our future

- Extremely positive about the growth prospects of our 4 core investments (Capitec, Curro, PSG Konsult and Pioneer Foods)
- We have lots of smaller opportunities that can provide additional return to our investment portfolio (Energy Partners, Impak, Zaad, etc.)
- I turn 70 this year and have never been more excited about PSG's future than now!



THANK YOU

QUESTIONS?

