



PSG GROUP LIMITED

# **31 August 2017**

## **Results Presentation**

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**Piet Mouton**  
**CEO**  
**October 2017**

# DNA of PSG Group

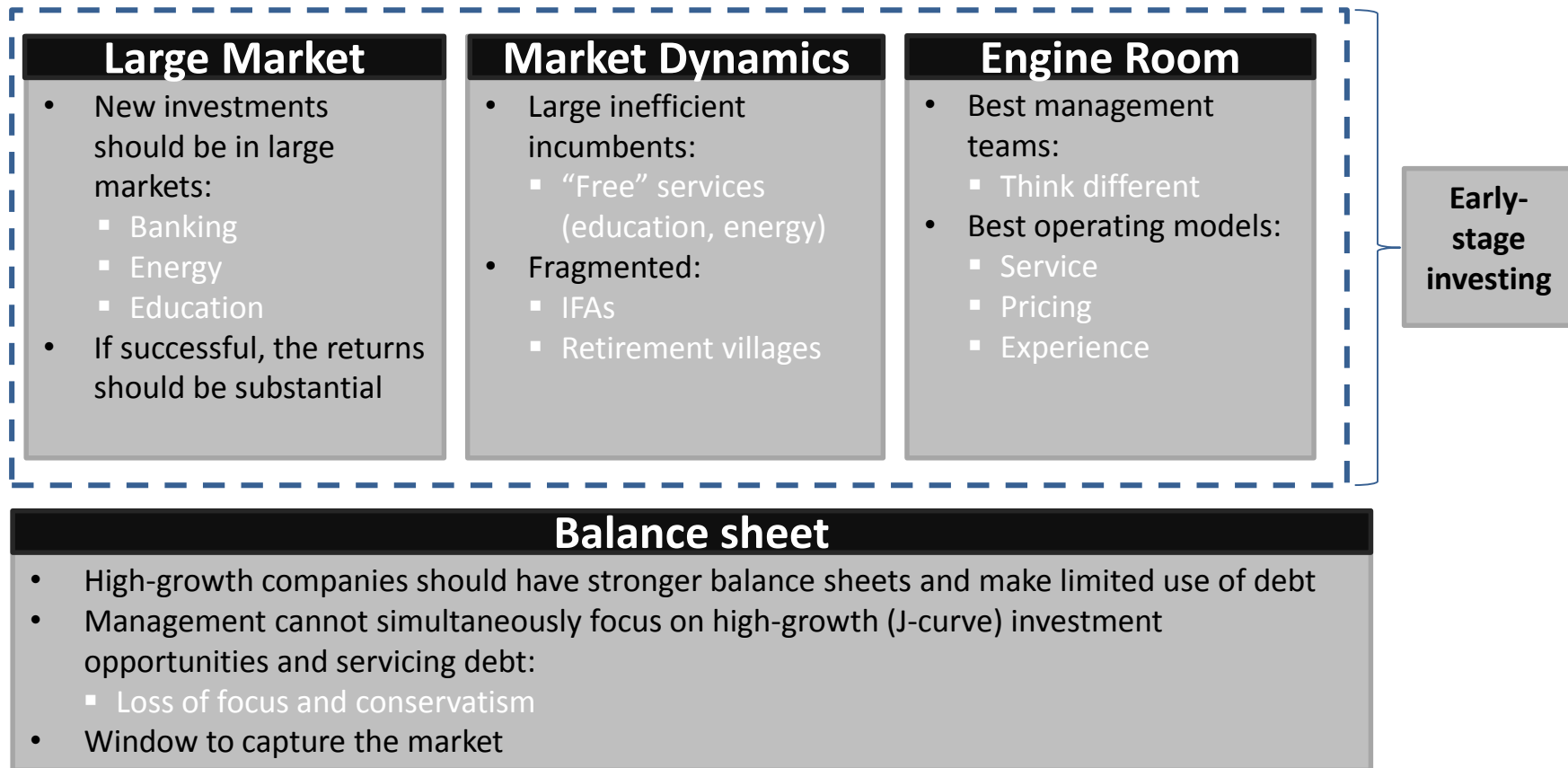
Financial	Education	Food & Agri
<ul style="list-style-type: none"><li>• Capitec</li><li>• PSG Konsult</li></ul>	<ul style="list-style-type: none"><li>• Curro</li><li>• Stadio</li><li>• FutureLearn</li><li>• ITSI</li><li>• <i>CSI projects</i></li></ul>	<ul style="list-style-type: none"><li>• Zeder<ul style="list-style-type: none"><li>▪ Pioneer Foods</li><li>▪ Capespan</li><li>▪ Zaad</li><li>▪ Kaap Agri</li><li>▪ Agrivision</li><li>▪ Quantum Foods</li></ul></li></ul>

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

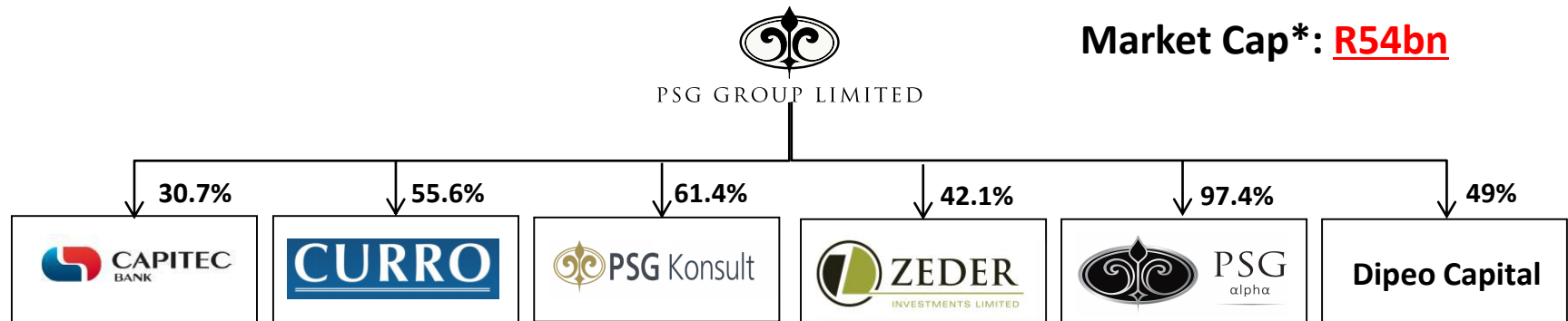
Use **PSG Alpha** to find new growth investments



# Our investment philosophy



# PSG Group structure






*\* Market capitalisation as at 6 October 2017*



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# Growth potential – low market share, low gearing

	 CAPITEC BANK	 PSG Konsult	 CURRO
Best management team *	✓✓✓	✓✓✓	✓✓✓
Low market share	~2.7% of consumer credit book	<ul style="list-style-type: none"> <li>• &lt;5% of wealth mgmt</li> <li>• ~2% of asset mgmt</li> <li>• ~1% of short-term insurance</li> </ul>	~0.4% of school-going learners
Ability to grow market share	✓✓✓	✓✓✓	✓✓✓
Low gearing	<ul style="list-style-type: none"> <li>• 35% CAR</li> <li>• R36bn cash on B/S</li> </ul>	Debt to Equity: 0.1%	Debt to Equity: 33%

\* Relative to competitors in the specific industry – subjective opinion

➤ *PSG has R1.2bn cash available for further investments*



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# Sum-of-the-parts (SOTP)

Asset/Liability	31 Aug 2012 Rm	31 Aug 2017 Rm	6 Oct 2017 Rm	Share of total	5-year CAGR#
Capitec*	6,535	31,954	31,689	53%	35%
Curro (incl. Stadio)*	2,387	8,877	9,653	16%	18%
PSG Konsult*	1,598	7,210	7,250	12%	34%
Zeder*	1,192	4,607	4,382	7%	17%
PSG Alpha+	879	2,510	2,530	4%	23%
Dipeo (prev. Thembeka)+	789	546	480	1%	
Other assets					
Cash^	433	1,196	1,163	2%	
Pref investments and loans receivable^	519	2,128	2,120	4%	
PSG Corporate (incl. PSG Capital)++	338				
Other^	355	69	59	1%	
<b>Total assets</b>	<b>15,025</b>	<b>59,097</b>	<b>59,326</b>	<b>100%</b>	
Perpetual pref funding*	(1,229)	(1,358)	(1,304)		
Other debt^	(823)	(950)	(957)		
<b>Total SOTP value</b>	<b>12,973</b>	<b>56,789</b>	<b>57,065</b>		
<b>Shares in issue (net of treasury shares) (m)</b>	<b>190.6</b>	<b>217.5</b>	<b>217.5</b>		
<b>SOTP value per share (R)</b>	<b>68.05</b>	<b>261.05</b>	<b>262.32</b>		<b>31%</b>
<b>Share price (R)</b>	<b>65.01</b>	<b>252.60</b>	<b>246.17</b>		<b>31%</b>
* Listed on the JSE Ltd      + SOTP value      ++ Valuation      ^ Carrying value					
# Based on share price/SOTP value per share					
Note: PSG's live SOTP is available at <a href="http://www.psggroup.co.za">www.psggroup.co.za</a>					



# SOTP: Other assets

	6 Oct 2017 Rm
Cash	1,163
Pref share investment in Dipeco	1,219
Other pref share investments and loans receivable	901
Other ( <i>PPE &amp; net receivables</i> )	59
<b>Total other assets</b>	<b>3,342</b>

# PSG Group's gearing and interest cover

	31 Aug 2017
Gearing* (based on PSG Group's consolidated balance sheet NAV)	14.1%
Gearing* (based on PSG Group's SOTP value)	4.1%
Interest cover**	4.6x

*\* Incl. perpetual pref funding at MV*

*\*\* Calculated using free cash flow*

## Conclusion:

- PSG Group is conservatively geared (prudent approach given market uncertainty following downgrade, etc.)
- Has significant capacity for further debt if needed





# Recurring headline earnings (RHE)

	Six months ended		Year ended
	31 Aug 2016	31 Aug 2017	28 Feb 2017
	Rm	Change *	Rm
Capitec	538	17%	628
Curro	47	30%	61
PSG Konsult	132	11%	147
Zeder	79	(66%)	27
PSG Alpha	49	35%	66
Dipeo	(3)	(>100%)	(34)
PSG Corporate (incl. PSG Capital)	38	n/a	(18)
Other (mainly pref div income)	51	33%	68
<b>Recurring headline earnings before funding</b>	<b>931</b>	<b>2%</b>	<b>945</b>
Funding (net of interest income)	(49)	16%	(57)
<b>Recurring headline earnings</b>	<b>882</b>	<b>1%</b>	<b>888</b>

\* The percentage change in the RHE contributions will differ from the per share-results reported by the investees, due to changes in our shareholding in the underlying companies during the past year (e.g. in Zeder following the internalisation of the mgmt agreement)



# Headline earnings

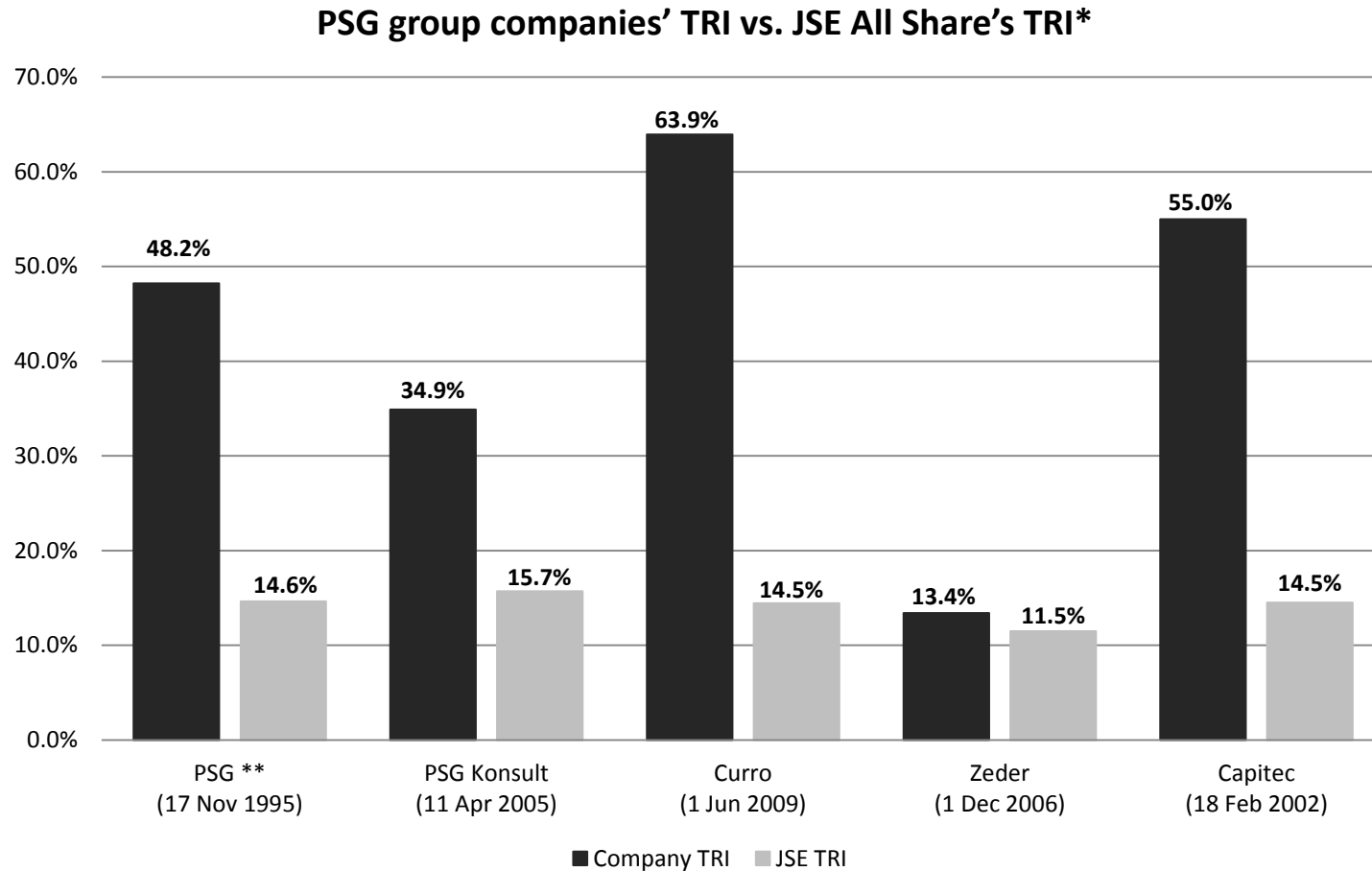
	Six months ended		Year ended
	31 Aug 2016	31 Aug 2017	28 Feb 2017
	Rm	Rm	Rm
<b>Recurring headline earnings</b>	882	888	1,985
Non-recurring items	126	(107)	160
<b>Headline earnings</b>	1,008	781	2,145
Non-headline items	16	52	17
<b>Attributable earnings</b>	1,024	833	2,162
<b>Non-recurring items comprise:</b>			
Unrealised MTM profit/(loss) on Dipeo's share portfolio	132	(98)	187
Other	(6)	(9)	(27)
	126	(107)	160

# Per-share stats

	Six months ended			Year ended
	31 Aug		31 Aug	28 Feb
	2016		2017	2017
	Rm	Change	Rm	Rm
<b>Weighted average number of shares in issue (net of treasury shares) (m)</b>	214.2	0.6%	<b>215.4</b>	214.2
<b>Earnings per share (cents)</b>				
- Recurring headline	411.8	0.1%	<b>412.1</b>	926.6
- Headline	470.5	(22.9%)	<b>362.6</b>	1,001.4
- Attributable	477.8	(19.1%)	<b>386.4</b>	1,009.0
<b>Dividend per share (cents)</b>	125.0	10.4%	<b>138.0</b>	375.0



# Long-term performance: Total Return Index (TRI)



\* Measured since the respective dates noted until 31 August 2017

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



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# Benchmarking: RHEPS

## CAGR - RHEPS

Company	1 year*	3 years*	5 years*
PSG Group	0%	18%	20%
Capitec	17%	20%	20%
Curro**	22%	45%	n/a
PSG Konsult	10%	16%	22%
Zeder	(74%)	(37%)	(15%)
Pioneer Foods***	(47%)	(10%)	3%

\* CAGR

\*\* June H1

\*\*\* March H1

Reasonable growth in RHEPS from the majority of our core investments given the economic climate

- Zeder's investee companies' (incl. Pioneer Foods) H1 2017 RHEPS also negatively affected by the drought in Southern Africa

## Ranking

Company	1 year*	3 years*	5 years*
PSG Group	4	3	2
Capitec	2	2	3
Curro	1	1	n/a
PSG Konsult	3	4	1
Zeder	6	6	5
Pioneer Foods	5	5	4



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# Benchmarking: TRI measured in Rand

## TRI

Company	1 year*	3 years*	5 years*
PSG Group	39%	41%	33%
Capitec	61%	64%	39%
Curro	(7%)	18%	24%
PSG Konsult	31%	12%	39%
Zeder	(6%)	4%	18%
Pioneer Foods	(24%)	6%	22%
JSE Alsi	11%	7%	13%

\* CAGR

## Ranking

Company	1 year*	3 years*	5 years*
PSG Group	2	2	3
Capitec	1	1	1
Curro	6	3	4
PSG Konsult	3	4	2
Zeder	5	7	6
Pioneer Foods	7	6	5
JSE Alsi	4	5	7

- All our major group companies outperformed the JSE over 5 years
- The tough agribusiness cycle has resulted in Pioneer Foods and Zeder lagging the JSE over 1 and 3 years
- Curro lagged the JSE over 1 year



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# Benchmarking: TRI measured in USD

## TRI

Company	1 year*	3 years*	5 years*
PSG Group	55%	32%	22%
Capitec	80%	54%	27%
Curro	4%	11%	14%
PSG Konsult	46%	5%	27%
Zeder	5%	(3%)	8%
Pioneer Foods	(16%)	(1%)	12%
MSCI EM	25%	3%	6%

\* CAGR

- Solid performance by our major group companies in USD terms with the majority outperforming the MSCI EM Index over the 3- and 5-year periods
- PSG Group, Capitec and PSG Konsult significantly outperformed the MSCI EM Index over the 1-year period

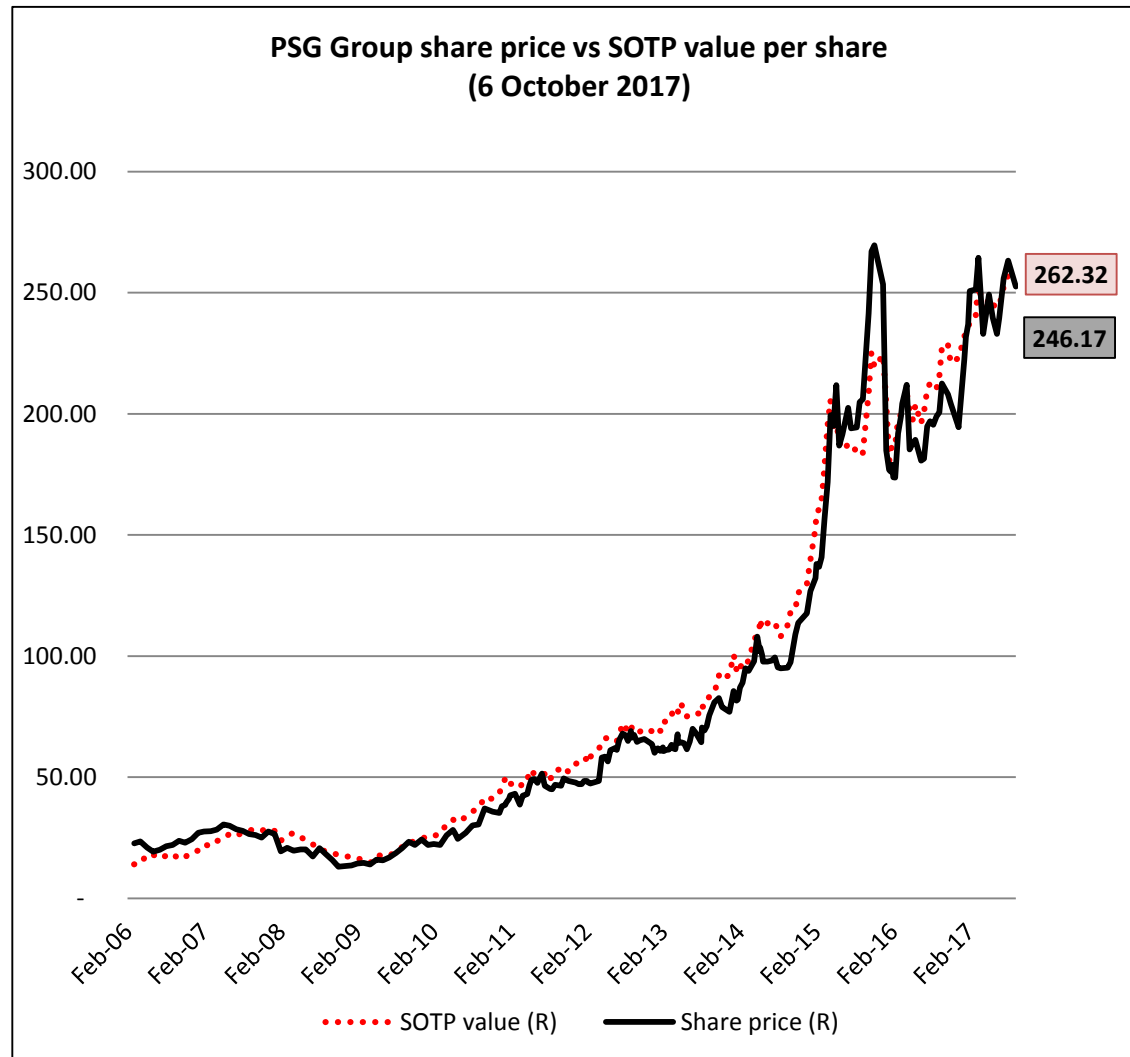
## Ranking

Company	1 year*	3 years*	5 years*
PSG Group	2	2	3
Capitec	1	1	1
Curro	6	3	4
PSG Konsult	3	4	2
Zeder	5	7	6
Pioneer Foods	7	6	5
MSCI EM	4	5	7



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# PSG Group share price vs SOTP value per share



## Discount

Latest *discount* ~6%  
12-month average *discount* ~2%

## Liquidity (per annum)

Aug 2017	25%
Feb 2017	30%
Feb 2016	47%
Feb 2015	17%
Feb 2014	10%
Feb 2013	13%
Feb 2012	8%



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**CAPITEC**  
**BANK**

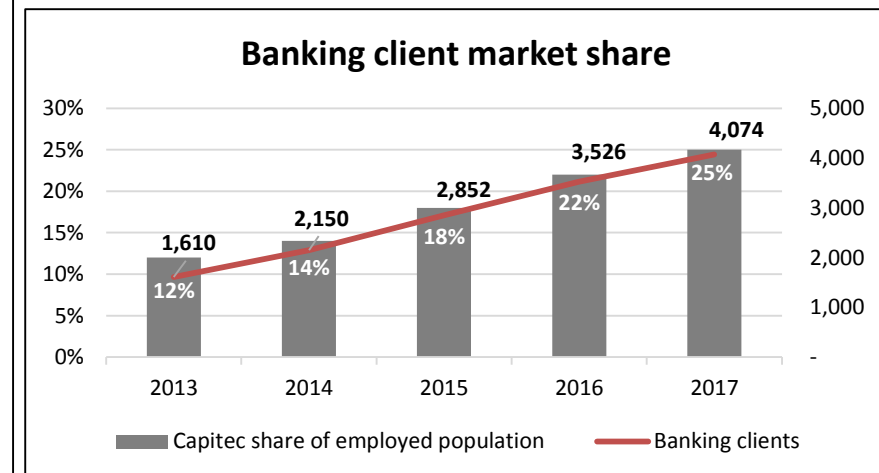
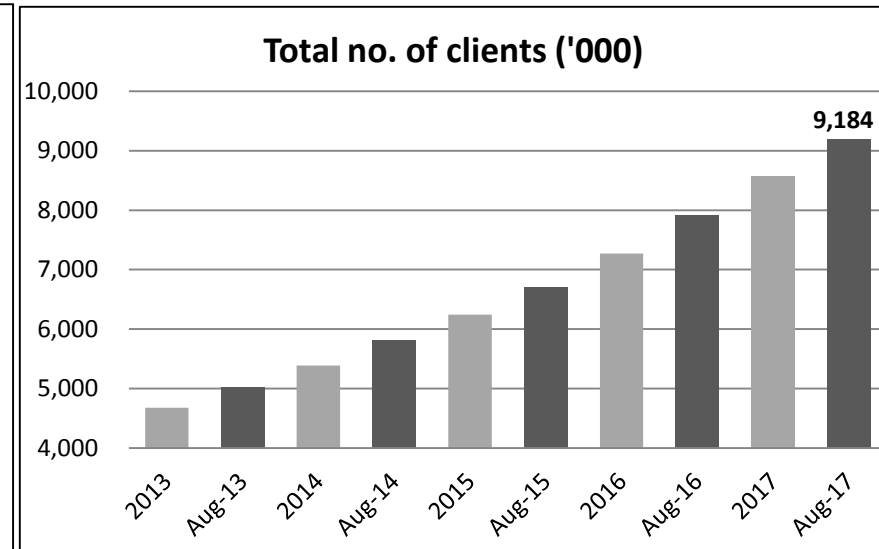
Simplicity is the ultimate  
sophistication



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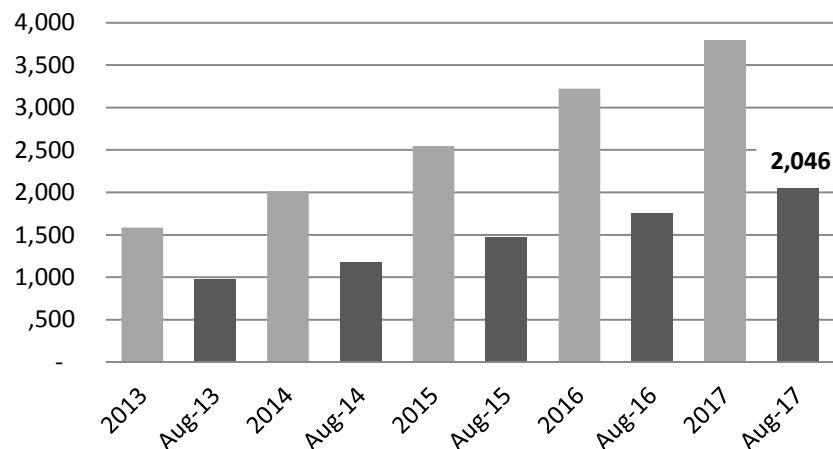
# Key metrics

- Past year:
  - Total clients **↑1.3m to 9.2m**
  - South African population banking with Capitec:
    - ✓ **17%** of the total population
    - ✓ **29%** between the ages of 20-34
    - ✓ **27%** between the ages of 35-54
  - Quality banking clients up **21%**
- Increased distribution since Feb 17:
  - Branches **↑15 to 811**
  - ATMs & DNRs **↑257 to 4,281**
- Transaction growth:
  - Transaction fee income up **29%**
  - Cellphone and internet transaction growth up **39%**
  - Total number of transactions up **27%**
  - **71%** of possible transactions done on self-help devices

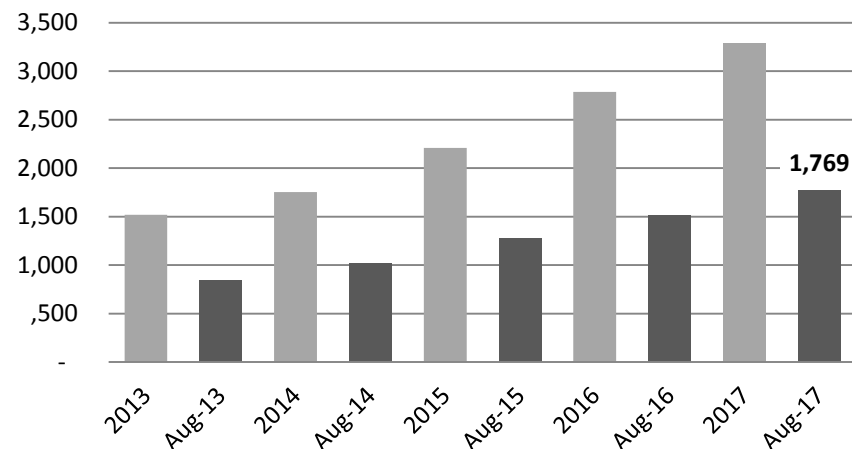


# Key financials

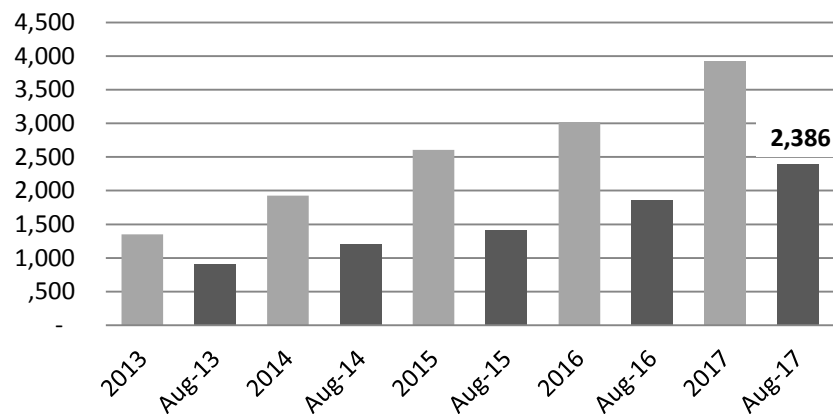
Headline earnings (Rm)



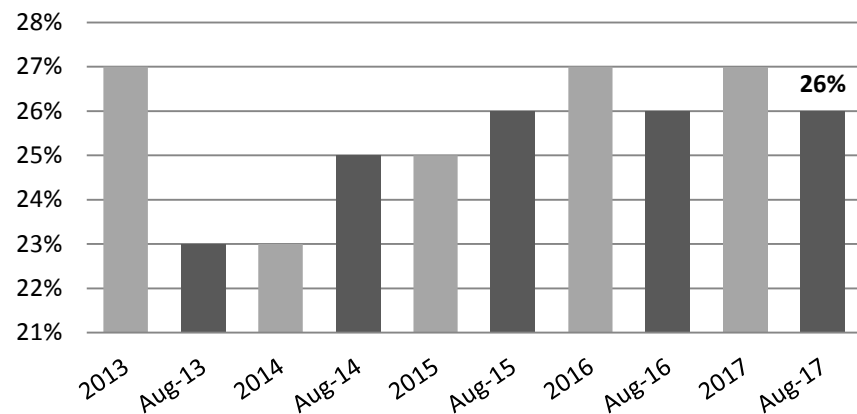
Headline earnings per share (cents)



Net transaction fee income (Rm)



Return on equity



# Credit

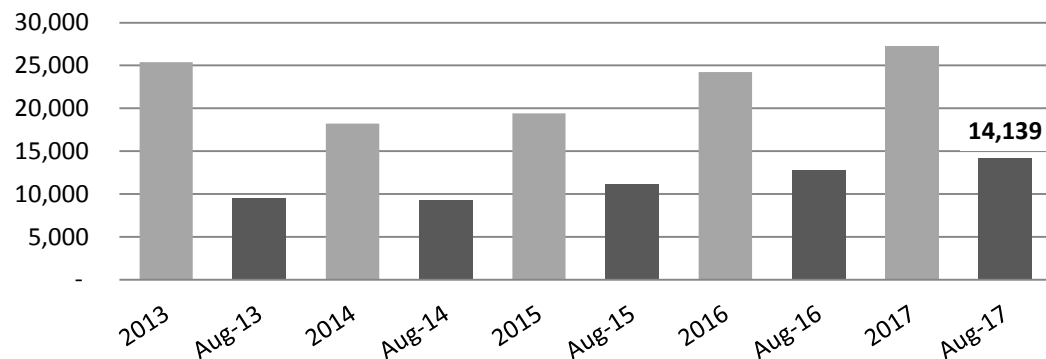
## ➤ Improved solution:

- More personalised credit offering
- Better interest rate options based on affordability
- Reduced pricing:
  - Minimum rate: **12.9%**
- Cut back on credit granted to employees of small companies/lower income

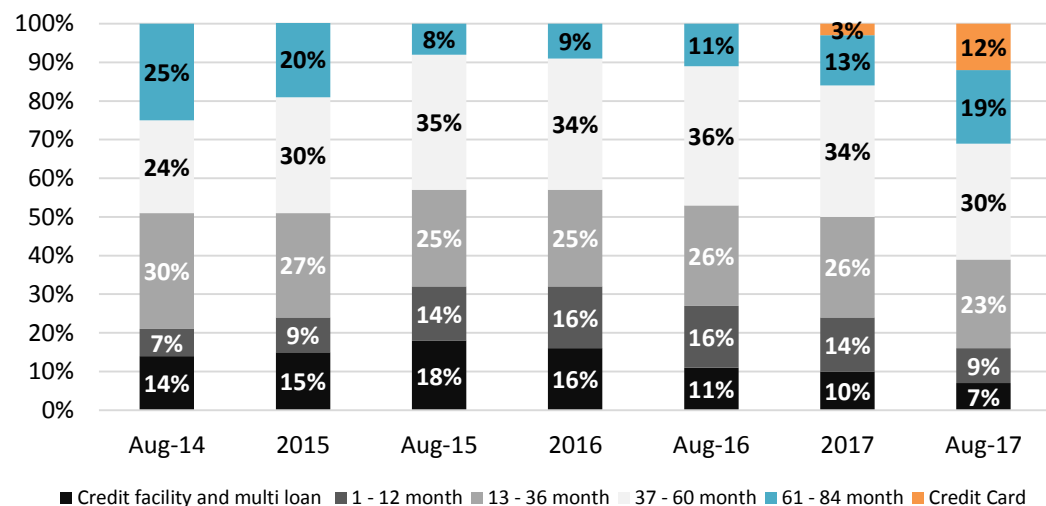
## ➤ Resulting in:

- **9%** year-on-year increase in the number of loans granted
- An increase in the average size of new loans to **R7,556** (Aug 2016: **R7,487**)

Loans advanced (Rm)



Loans advanced by term



		Aug-16	Feb-17	Aug-17
Gross loans and advances (GLA)	Rm	42,812	45,135	<b>46,544</b>
Loans past due (arrears)	Rm	2,561	2,855	<b>2,498</b>
Arrears to gross loans and advances		6.0%	6.3%	<b>5.4%</b>
Arrears rescheduled < 6 months	Rm	1,645	1,583	<b>1,396</b>
Arrears and arrears rescheduled < 6 months to GLA		9.8%	9.8%	<b>8.4%</b>
Rescheduled from up-to-date < 6 months	Rm	1,535	1,088	<b>1,049</b>
Arrears and all rescheduled < 6 months to GLA		13.4%	12.2%	<b>10.6%</b>
Provision for doubtful debts	Rm	5,874	5,930	<b>5,925</b>
Provision for doubtful debts to GLA		13.7%	13.1%	<b>12.7%</b>
Arrears coverage ratio		229%	208%	<b>237%</b>
Arrears and arrears rescheduled < 6 months coverage ratio		140%	134%	<b>152%</b>
Arrears and all rescheduled < 6 months coverage ratio		102%	107%	<b>120%</b>



## Well capitalised

- Diversified funding base:
  - Strong retail deposit growth of **28.7%** to **R55.4bn**
- Internal liquidity requirements have always been stricter than the Basel ratios
- Capital adequacy ratio at **34.6%**
- Healthy liquidity:
  - **R36bn** in cash, cash equivalents and other liquid assets (**44.6%** of *total assets*)

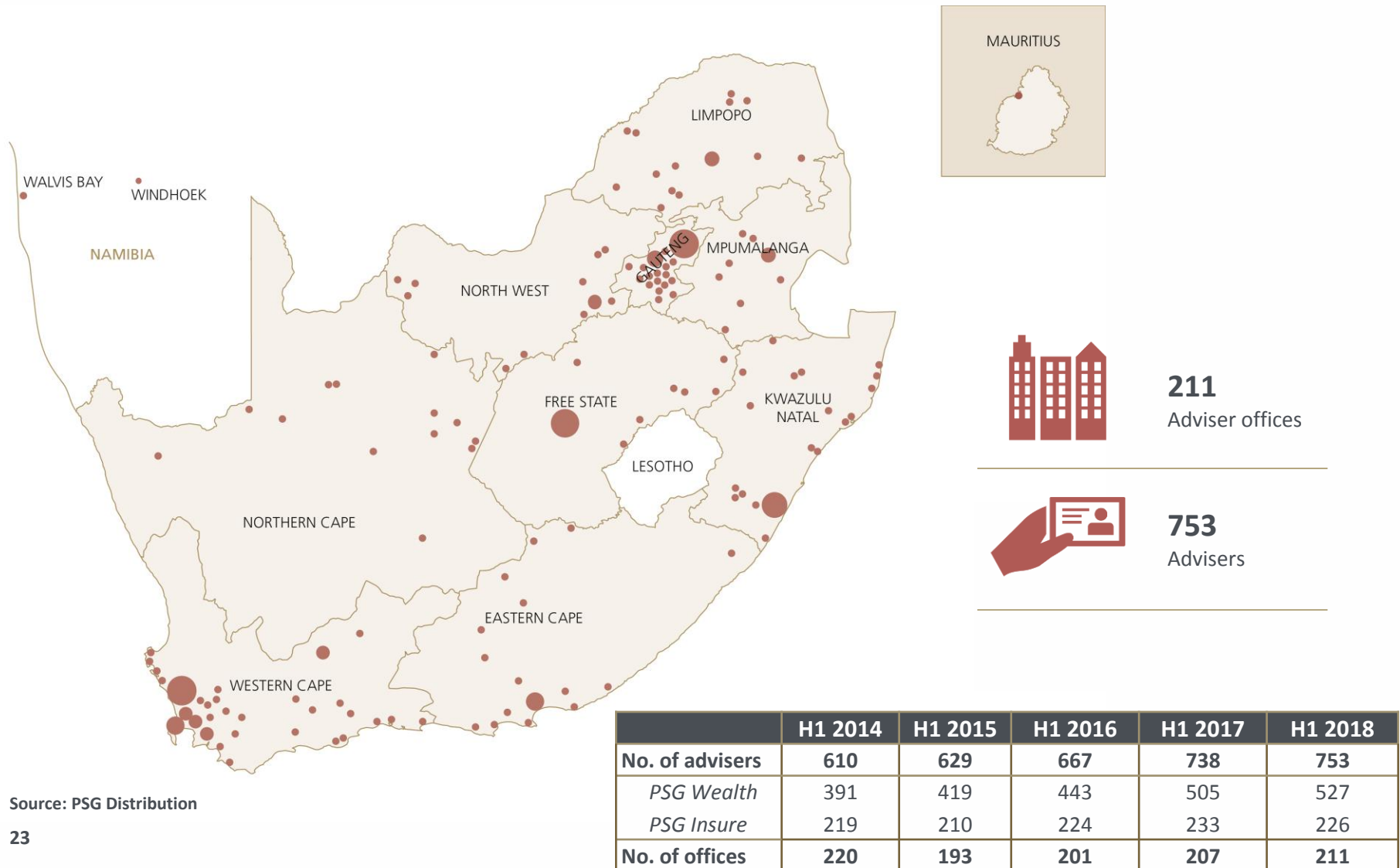




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# A great company

Wealthy clients serviced where they reside



Source: PSG Distribution



# H1 2017 financial results overview

Consolidated results	H1 2014 Rm	%Δ	H1 2015 Rm	%Δ	H1 2016 Rm	%Δ	H1 2017 Rm	%Δ	H1 2018 Rm
Headline earnings	109	34%	145	28%	187	15%	214	12%	239
Recurring headline earnings	109	36%	147	27%	187	15%	214	12%	239
Weighted average no. of shares (millions)	1 221	3%	1 260	1%	1 267	2%	1 290	2%	1 315
HEPS (Cents)	8.9	30%	11.5	28%	14.7	13%	16.6	10%	18.2
Recurring HEPS (Cents)	8.9	32%	11.7	26%	14.7	13%	16.6	10%	18.2

Assets under management (Rand billion)	85	44%	122	16%	142	18%	167	16%	193
Assets under administration (Rand billion)	202	32%	266	21%	321	10%	354	12%	398
Premiums (Rand billion) *	0.9	11%	1.0	20%	1.2	8%	1.3	19%	1.6

\* Excludes short-term administration platform gross written premium to avoid duplication

Note: figures rounded to nearest R'million



# Headline earnings by division

Headline earnings*	H1 2014 Rm	%Δ	H1 2015 Rm	%Δ	H1 2016 Rm	%Δ	H1 2017 Rm	%Δ	H1 2018 Rm
Wealth	71	32%	94	28%	120	17%	141	7%	150
Asset Management	21	63%	34	37%	46	2%	47	20%	57
Insure	17	4%	17	16%	21	29%	26	23%	32
<b>Total</b>	<b>109</b>	<b>34%</b>	<b>145</b>	<b>28%</b>	<b>187</b>	<b>15%</b>	<b>214</b>	<b>12%</b>	<b>239</b>

\* Includes amortisation of intangibles of H1 2018: R22m (H1 2017: R21m; H1 2016: R16m; H1 2015: R15m; H1 2014: R11m)

Note: Recurring & headline earnings the same for H1 2018. (All figures rounded to nearest R million)



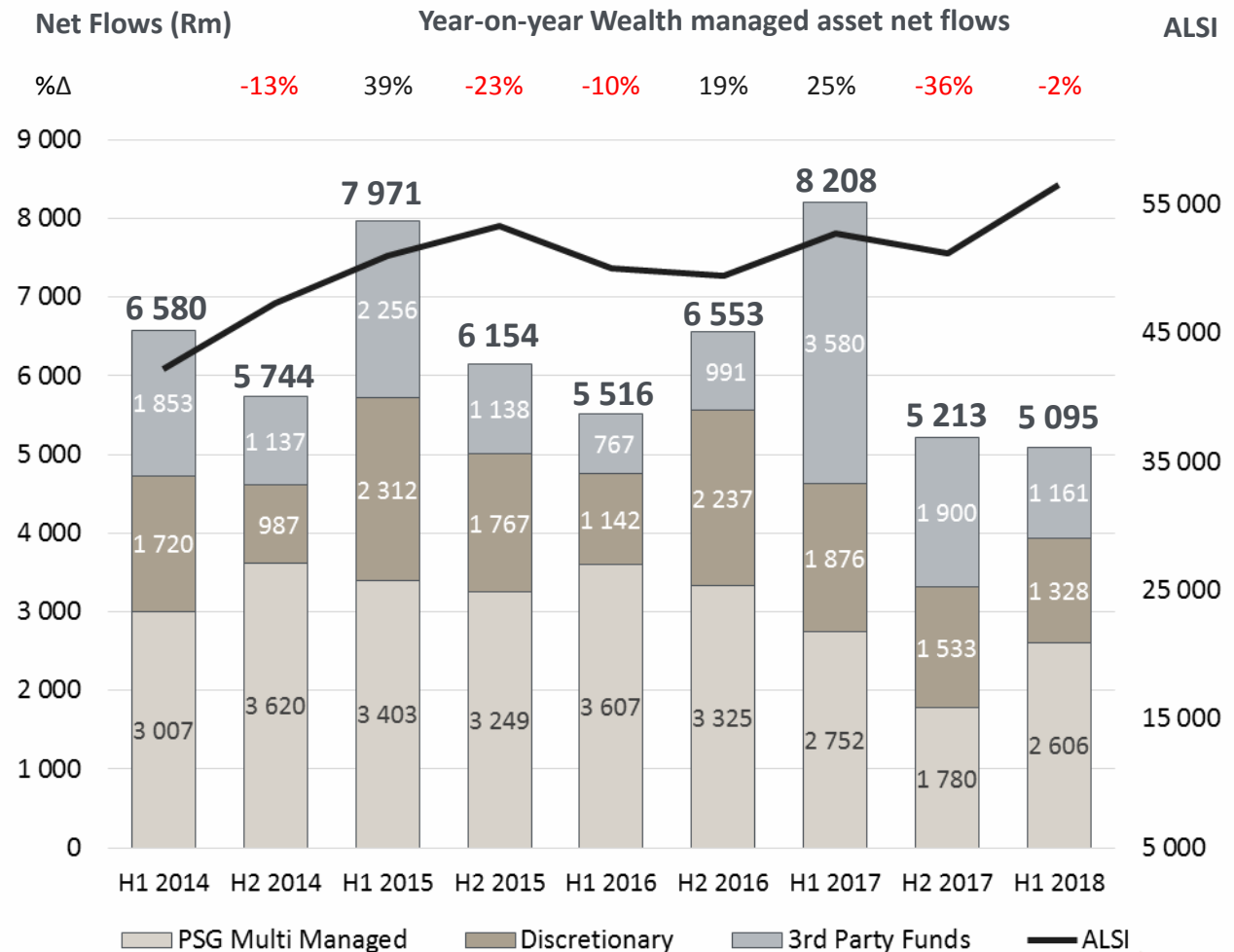
# Wealth

Excellence in products and services

Independent process  
with advisers' oversight

Rapid growth in  
advisers

Negotiation with  
product providers



Source: PSG Wealth, Bloomberg  
26



# Top advisers

We continue to add top advisers to our PSG Wealth distribution business

Wealth advisers (incl. EB)	H1 2014*	H2 2014*	H1 2015*	H2 2015*	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
Balance – opening	384	391	406	419	434	443	480	505	515
<b>Net movement</b>	<b>7</b>	<b>15</b>	<b>13</b>	<b>15</b>	<b>9</b>	<b>37</b>	<b>25</b>	<b>10</b>	<b>12</b>
<b>Balance – closing</b>	<b>391</b>	<b>406</b>	<b>419</b>	<b>434</b>	<b>443</b>	<b>480</b>	<b>505</b>	<b>515</b>	<b>527</b>
<b>Growth</b>	<b>2%</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>2%</b>	<b>8%</b>	<b>5%</b>	<b>2%</b>	<b>2%</b>

\* Restated to exclude advisers moved from Wealth to Insure during FY2016

- Upscale existing offices via new hires
- Greater penetration selected area
- Growth in number of advisers & average book size
  - Financial advisers' new home at PSG – unlocking and creating value for clients and themselves
  - Well positioned to support advisers: open architecture, stable systems, risk & regulatory compliance allowing advisers to focus on client interaction



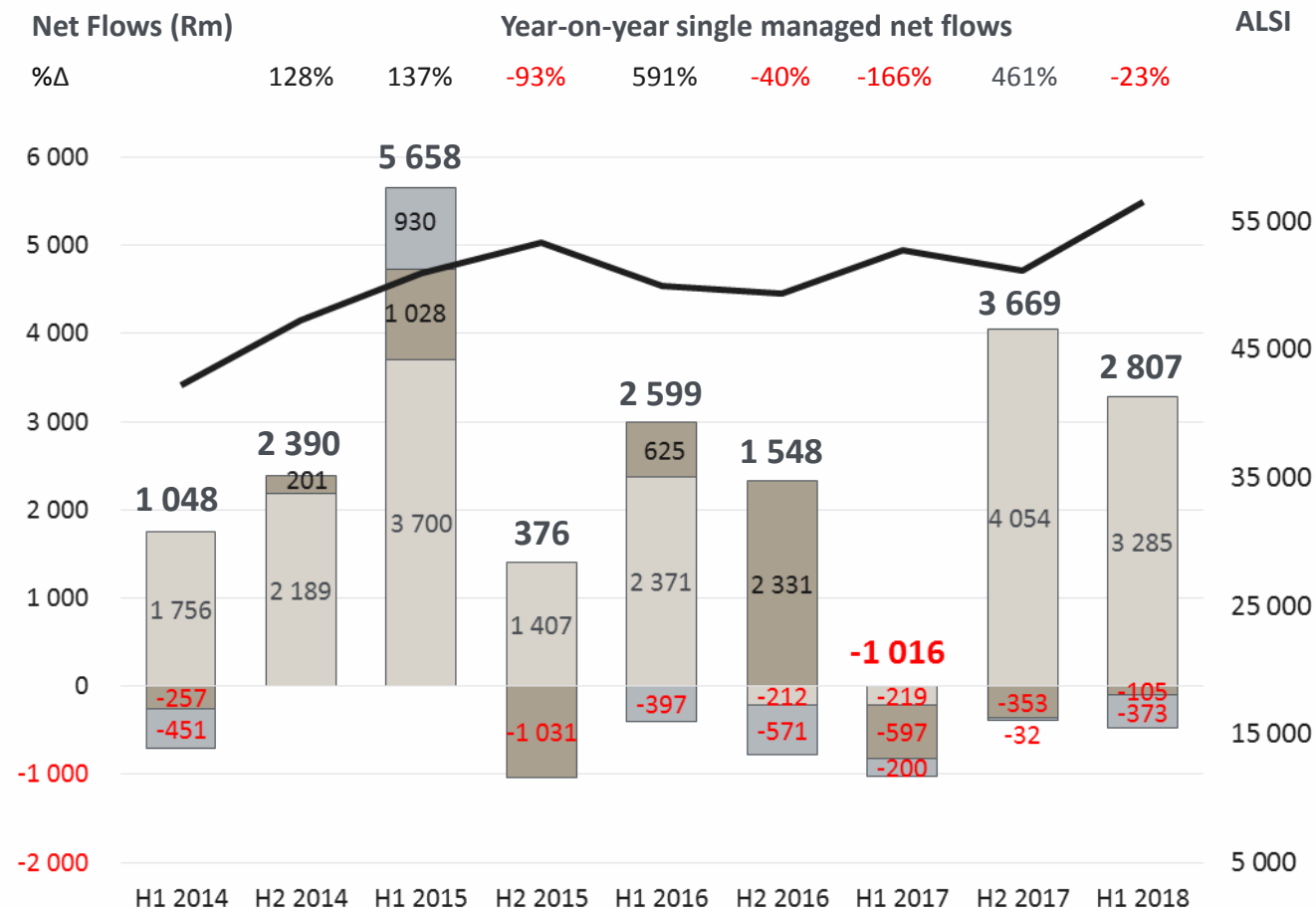
# Asset management

'Brick by Brick' strategy

Long-term assets  
(retail emphasis)

Getting adequate  
margins

Protect our capacity



Source: PSG Asset Management, Bloomberg  
28

Single Managed PSG Money Market Segregated Institutional Portfolio\*

\* Includes private clients and segregated money market portfolios

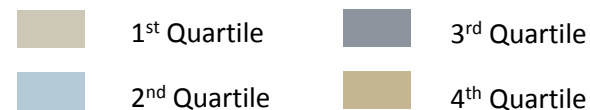


# Asset management

## Solid long-term track record

Single manager funds	Performance	1-month rank	3-months rank	6-months rank	1-year rank	3-year rank	5-year rank	10-year rank
PSG Flexible	Rank	12	12	53	5	2	3	2
	Return	1.6%	3.5%	2.7%	10.2%	10.8%	15.2%	13.5%
PSG Equity A	Rank	62	40	166	8	8	3	12
	Return	2.2%	4.5%	1.5%	14.0%	8.0%	16.2%	10.8%
PSG Balanced A	Rank	16	24	166	4	5	4	12
	Return	1.5%	3.5%	3.2%	9.5%	9.5%	12.8%	9.9%
PSG Stable	Rank	13	51	133	7	10	19	N1
	Return	1.0%	2.1%	3.2%	7.6%	8.2%	9.4%	

N1 – The PSG Stable fund does not have a 10-year history



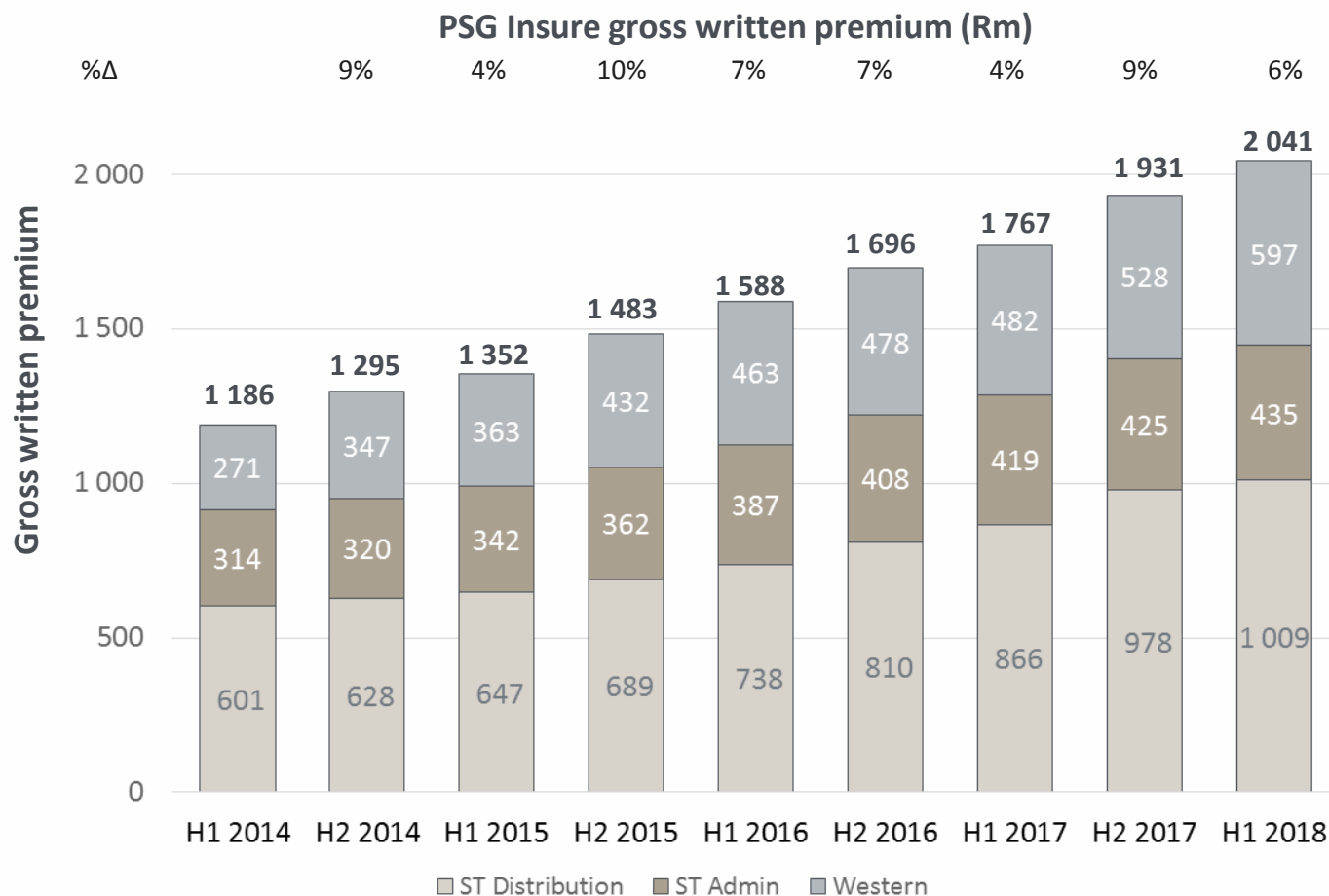
# Insure

Grow gross written premium income

Top advisers

Excellence in underwriting

Superb platform



Western acquisition – Nov'12

\* Includes short-term administration platform gross written premium



# Western National Insurance

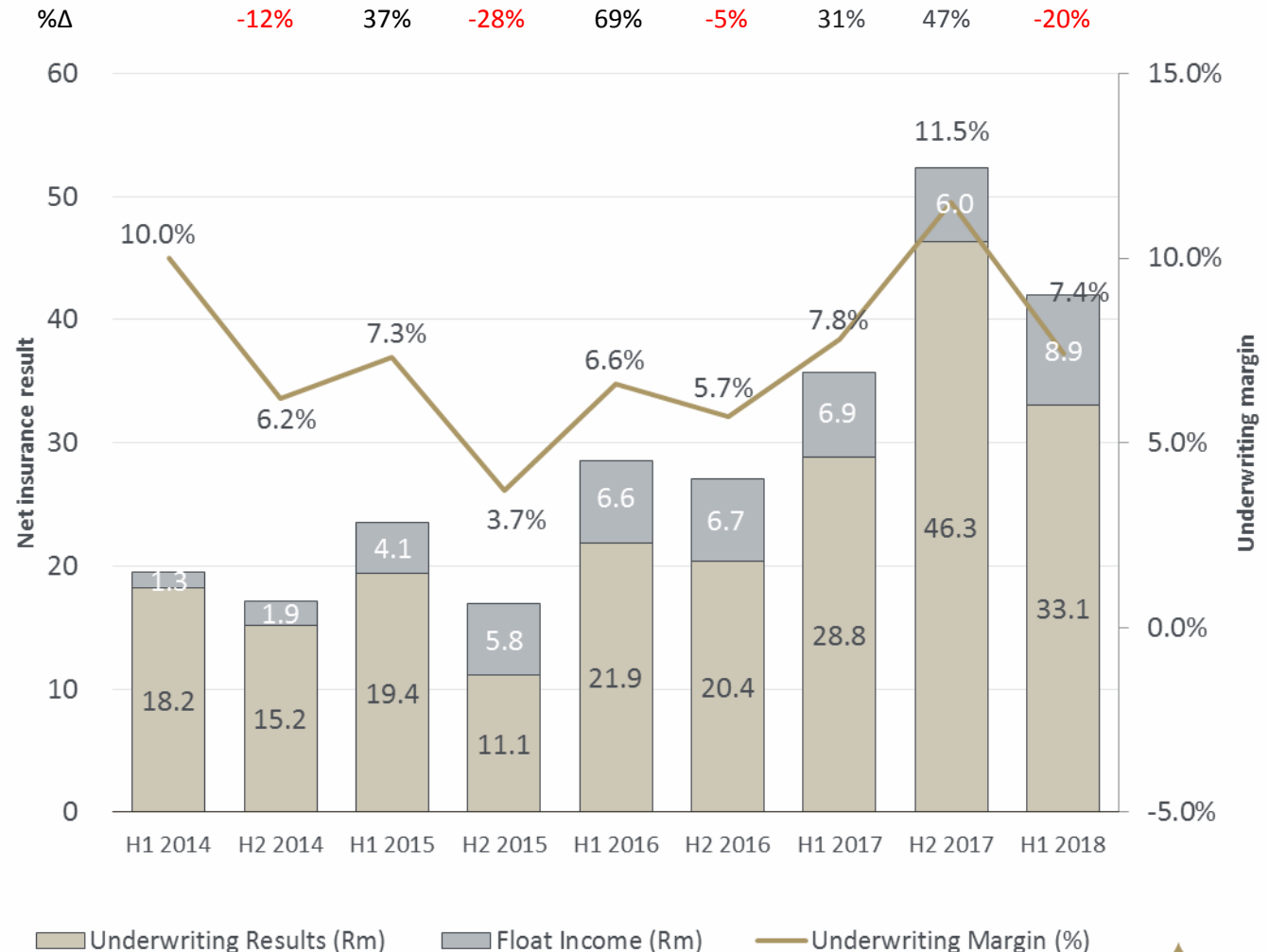
## Insurance results

### Key differentiators

- Personalised service to brokers
- Focus on commercial business

### Excellence in underwriting

- Healthy insurance float level of R421m\*
- Limited insurance and investment risk retention levels





# Reducing risk

**Recurring  
revenues**

**Margin  
enhancing**

**Risk vs return**

H1 14 H1 15 H1 16 H1 17 H1 18

Perf fees/HE 10.2% 7.0% 7.5% 6.6% 4.4%

Recurring HEPS 8.9c 11.7c 14.7c 16.6c 18.2c

H1 14 H1 15 H1 16 H1 17 H1 18

Op margin 13.0% 14.1% 14.2% 14.3% 14.4%

Op margin 11.8% 13.5% 13.4% 13.5% 13.8%  
(excl. perf fees)

C:I % 66.2% 63.0% 63.0% 63.6% 62.1%

H1 14 H1 15 H1 16 H1 17 H1 18

ROE 23.8% 24.0% 23.9% 22.9% 21.4%

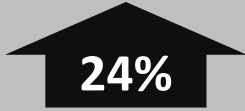
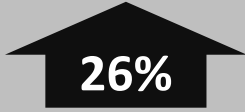
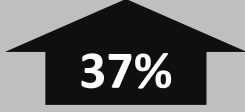


ROE 20.8% 22.3% 22.1% 21.4% 20.5%  
(excl. perf fees)

Debt:Equity 13.0% 4.6% 0.7% 0.2% 0.1%



# CURRO

# Interim results highlights (June 2017)

Revenue ( <i>excl. Stadio</i> )	 24%	R1,051bn
Operational EBITDA ( <i>excl. Stadio</i> )	 26%	R316m
HEPS ( <i>excl. Stadio</i> )	 37%	27.6c
Learners ( <i>excl. Stadio</i> )	 20%	36,288
Schools	 10%	127



# Strategic expansion

Action	Planned for 2017	Comment
New schools	~R600m	<ul style="list-style-type: none"> <li>• Curro Academy Mamelodi (Primary and High)</li> <li>• Curro Academy Riverside (Primary)</li> <li>• Curro Sunningdale (Castle and Primary)</li> <li>• Curro Castle Turffontein</li> <li>• Curro Castle Uitzicht</li> <li>• Curro Roodeplaat (High)</li> <li>• Curro Sitari (High)</li> </ul>
CAPEX on existing campuses	~R900m	Additional classrooms, sport and cultural facilities
Acquisitions		Considering various opportunities
Land banking	~R250m	



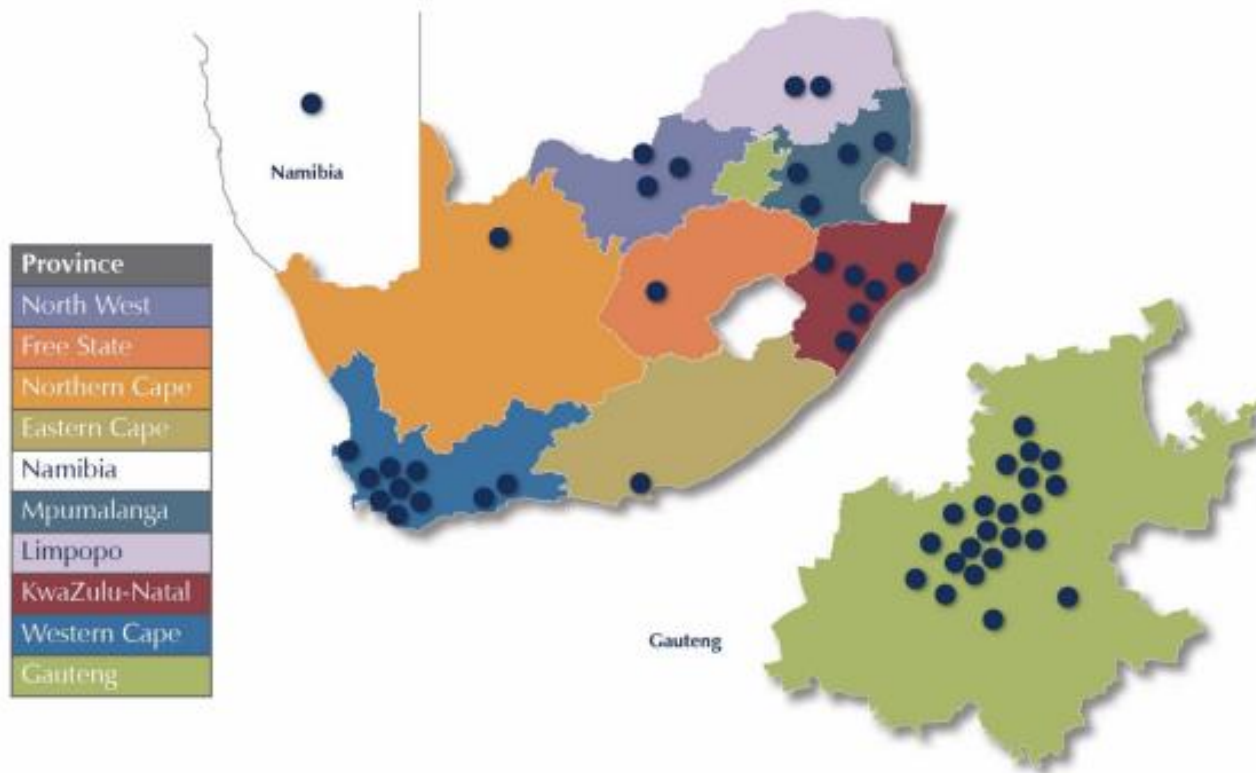
# Curro – J-Curve

Number at 30 Jun 2017			Learner numbers			Growth		Ops EBITDA (Rm)			Growth		EBITDA margin			Eventual capacity		
	Campuses	Schools	2015	2016	2017	15/16	16/17	2015	2016	2017	15/16	16/17	2015	2016	2017	2015	2016	2017
<b>Developed schools</b>	<b>38</b>	<b>91</b>	<b>20 734</b>	<b>24 344</b>	<b>28 315</b>	<b>17%</b>	<b>16%</b>	<b>89</b>	<b>132</b>	<b>179</b>	<b>49%</b>	<b>35%</b>	<b>23%</b>	<b>28%</b>	<b>30%</b>	<b>40%</b>	<b>42%</b>	<b>45%</b>
2009 and before*	3	8	3,313	3,422	3,443	3%	1%	19	23	28	23%	22%	29%	30%	33%	84%	86%	87%
2010	2	6	2,131	2,216	2,254	4%	2%	12	15	20	26%	33%	29%	32%	38%	66%	69%	70%
2011	6	16	4,382	4,530	4,552	3%	–	20	28	31	40%	11%	23%	27%	28%	45%	47%	47%
2012	2	6	1,599	1,764	1,904	10%	8%	8	9	14	17%	56%	23%	23%	31%	48%	53%	57%
2013	4	12	4,918	5,651	6,149	15%	9%	34	48	55	41%	15%	37%	42%	40%	50%	58%	63%
2014	4	8	1,267	1,506	1,833	19%	22%	1	2	3	120%	50%	5%	9%	8%	19%	22%	27%
2015	8	19	3,124	4,730	5,748	51%	22%	(5)	9	19	n/a	111%	-14%	14%	21%	20%	30%	37%
2016	4	7	–	525	1,179	–	125%	–	(1)	7	–	n/a	–	-14%	25%	–	9%	20%
2017	5	9	–	–	1,253	–	–	–	–	3	–	–	–	–	14%	–	–	23%
<b>Acquired schools</b>	<b>16</b>	<b>36</b>	<b>15,351</b>	<b>1, 049</b>	<b>18,687</b>	<b>11%</b>	<b>10%</b>	<b>117</b>	<b>131</b>	<b>150</b>	<b>12%</b>	<b>14%</b>	<b>35%</b>	<b>30%</b>	<b>32%</b>	<b>75%</b>	<b>73%</b>	<b>73%</b>
2012 and before	8	17	6,890	6,847	6,919	-1%	1%	64	69	76	7%	10%	39%	36%	39%	72%	71%	72%
2013	2	3	5,795	5 541	5,365	-4%	-3%	31	33	25	5%	-25%	33%	34%	24%	75%	71%	69%
2014	2	5	2,066	2,425	2,618	17%	8%	19	23	30	23%	30%	30%	31%	35%	84%	85%	92%
2015 and 2016	4	11	600	2,236	3,785	273%	69%	3	7	19	138%	176%	23%	19%	23%	81%	92%	72%
Rental & royalties								(1)	(4)	(7)								
<b>Total</b>	<b>54</b>	<b>127</b>	<b>36,085</b>	<b>41,393</b>	<b>47,002</b>	<b>15%</b>	<b>14%</b>	<b>205</b>	<b>259</b>	<b>322</b>	<b>27%</b>	<b>24%</b>	<b>29%</b>	<b>30%</b>	<b>30%</b>	<b>50%</b>	<b>51%</b>	<b>53%</b>

\* Max class size limited to 20 – significant negative impact on margins  
(Curro max class sizes were increased to 25 from 2010, Meridian and Academy max class size ~35)



# Curro footprint



## Future expansion

- **Focus on urban areas**
  - Gauteng
  - Cape Town
  - Durban
- **Rest of Africa**
  - Established schools
  - Partnership



# Competitive advantages

- Quality executive team
  - Knowledge base
- Significant quality investment opportunities remain
- Development team
  - Finding new opportunities
  - Rezoning (where required)
  - Site development plans and design
- Cost reduction due to scale efficiencies
- Closely aligned with contractors – reducing building time and cost
- Demand for product
- Value-for-money offering
- Brand/reputation
- More schools performing on or ahead of target
- Significant spend on curriculum development
- Capital base (strong balance sheet)
- Highly cash generative
- Has a significant supportive shareholder in PSG





Presented by:  
**Nico de Waal**  
Chief Executive Officer

**October 2017**



PSG GROUP LIMITED



# Financial performance

		PSG Alpha 1 <sup>st</sup> Half Results							
		FY13	FY14	FY15	FY16	FY17	FY18	% change (FY17- FY18)	5-yr CAGR
<b>Recurring Headline Earnings</b>	<i>Rm</i>	35.2	25.9	16.3	46.7	49.5	<b>67.8</b>	<b>37%</b>	<b>14%</b>
<b>Recurring HEPS</b>	<i>cents</i>	3.3	3.0	1.6	3.9	4.4	<b>5.4</b>	<b>23%</b>	<b>10%</b>
<b>SOTP</b>	<i>Rm</i>	887	701	1,078	1,394	1,729	<b>2,576</b>	<b>49%</b>	<b>24%</b>
<b>SOTP per share</b>	<i>cents</i>	72.0	78.6	95.8	117.6	155.4	<b>205.9</b>	<b>32%</b>	<b>23%</b>





52%



PSG GROUP LIMITED

- *SA installed electricity capacity ~45GW*
- *Cost of Medupi and Kusile ~R30bn/GW*
- *Implies electricity generation market of ~R1.5 trillion*
- *Energy conversion increases market size to well over R2 trillion*

If we obtain a 1% market share, we will have  
>R20bn in assets



Why do we exist:

*To power Africa's growth with sustainable energy*

5-year goal:

*Be recognised as a leading IEP\* by owning & operating energy assets*

*Include all forms of energy:*

- Electricity
- Heating
- Cooling
- Steam
- Liquid & solid fuels
- Water

*\* Independent Energy Producer*



# We sell sustainable energy

## Own & operate energy assets



## Produce & sell sustainable energy



Electricity:  $R / kWh$



Steam:  $R / T$



Cooling:  $R / kWhR$

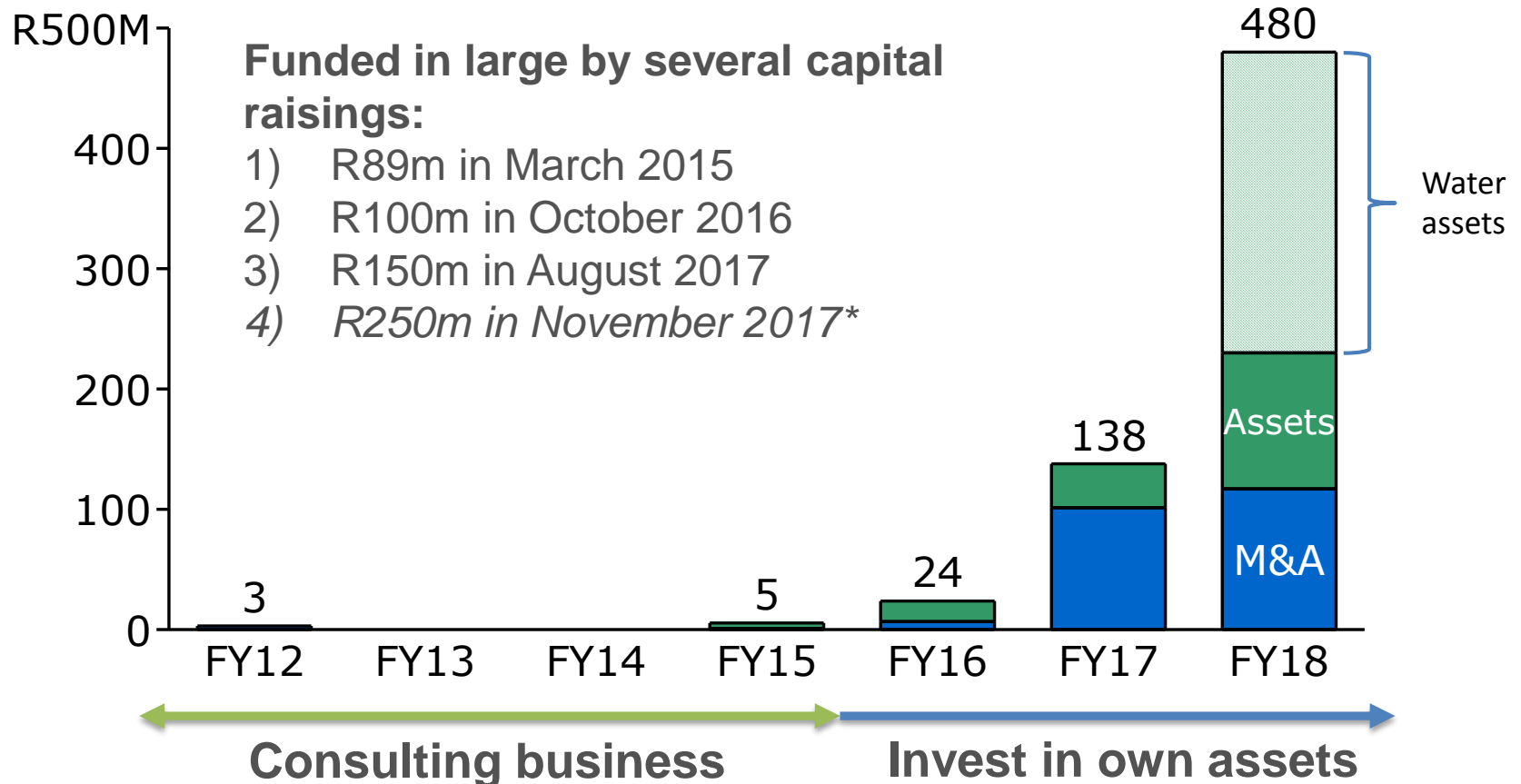


Water:  $R / kL$



# Further investments to fuel growth

## EP Investments



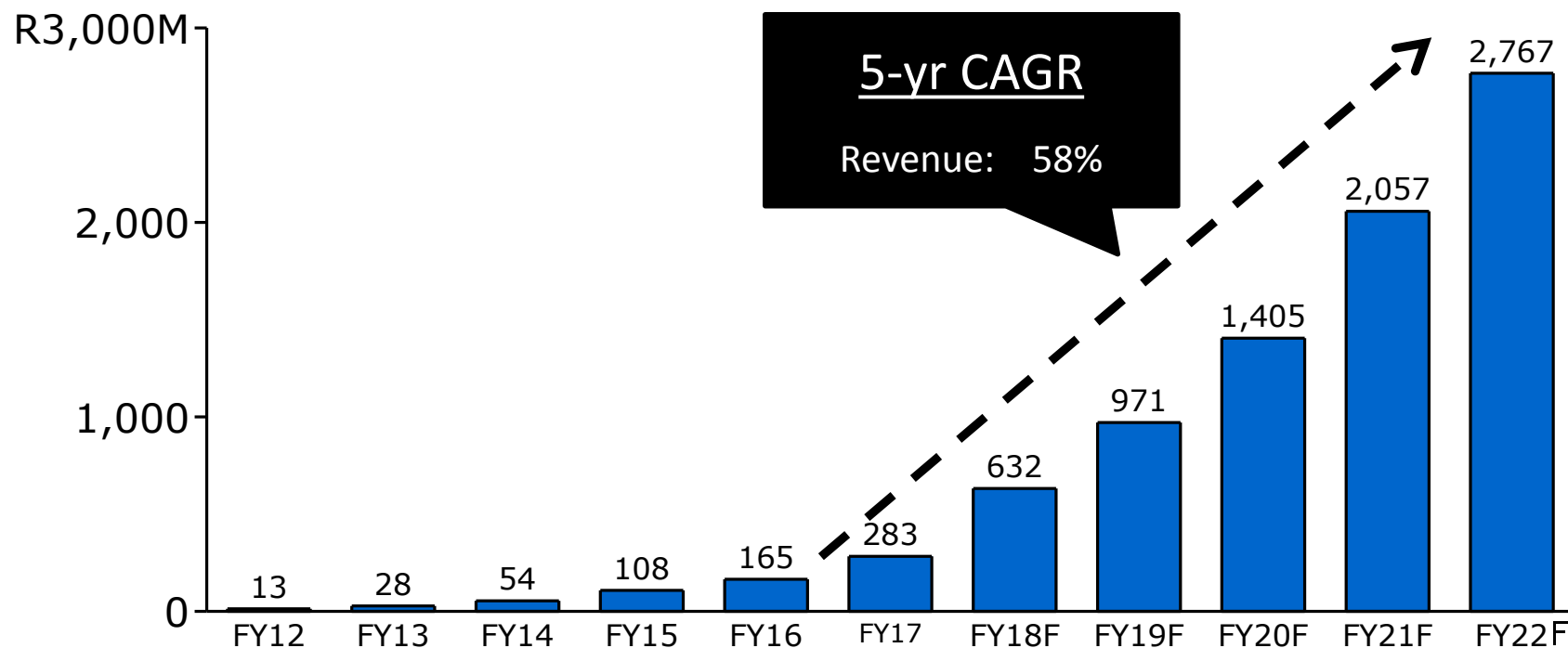
\*Several water production assets (RO plants) in tender stage



# Ambitious growth plans

## EP SoD Revenue\*

Forecast



\*SoD Revenue = Sum-of-divisional revenue



# STADIO

— HOLDINGS —

51%\*

\* As at 3 October 2017 (listing date). Will change post rights offer, BEE transaction and SBS transaction.



PSG GROUP LIMITED



# Opportunity overview

## Best management teams

- Experienced HE team led by Dr. Chris van der Merwe
- Taps into wealth of experience of CEO's and founders of subsidiaries

## Low market share

- Has 13,000 students (1%) of total SA HE market (1.13m) and 9% of private HE market (147k)
- SA HE market is underdeveloped vs peers; should grow to at least 2m students

## Better operating models

- Multiversity approach
- Industry-relevant qualifications
- Relates to the world of work

## Appropriate gearing

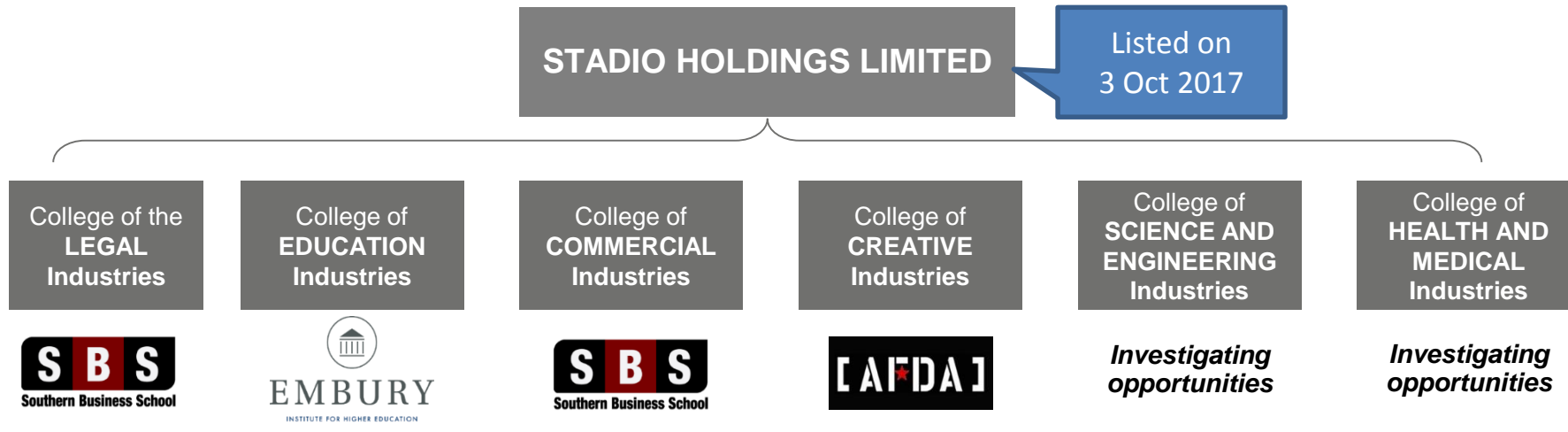
- No current gearing

## Growth

- 2026 target of 56,000 students and R500m PAT



# Group overview and growth focus



- **12,979** registered students
- **3 registered higher education institutions** (Embury, AFDA, SBS)
- **5 faculties** (Education, Commerce and Business, Law, Arts, IT)
- **28 accredited programmes** – ranging from higher certificates and diplomas to postgraduate degrees
- **22 new programmes** in the process of development and accreditation (offering to commence between 2018 and 2020)
- **10 registered sites** of delivery (Gauteng, Western Cape, KZN, Eastern Cape, Botswana (Gaborone) and Namibia (Windhoek))



Sources of capital	Value
Rights offer	R640m
B-BBEE transaction	R200m
<b>Total</b>	<b>R840m</b>

Capital deployment	Value
AFDA and SBS acquisitions	R280m
Potential acquisitions (in negotiations)	R430m
Infrastructure development, finance costs and other	R130m
<b>Total</b>	<b>R840m</b>

← *To be  
invested in  
6-12 months*





50%



PSG GROUP LIMITED

# Transaction overview

## Transaction details

- PSG Retirement Holdings\*
- R675m subscription for 50% stake in Evergreen (new shares)
- Subject to regulatory approval

## Investment case

- Changes in consumer demographics (ageing) and preferences
- Fragmented, underserved market
- Ability to create competitive advantage via brand and intellectual property:
  - Opportunity to establish leading "trusted national retirement brand"
  - The retirement purchase decision is based on trust
- Opportunity to deploy significant amounts of capital at attractive returns
- People and talent are key; we believe we have found an excellent partner in Amdec

\* 80% held subsidiary of PSG Alpha



# Amdec group: successful property developers



# Evergreen Lifestyle overview

	Area	Village	# of units	Total
Units in current villages	Cape Town	Muizenberg Bergvliet Diep River Lake Michelle	371	501
	Johannesburg	Broadacres	130	
New units (current villages)			302	302
New villages	Cape Town	Noordhoek	350	2,390
	Boland	Val de Vie	600	
	Umhlanga	Ridgeside	640	
	Port Elizabeth	Westbrook	800	
Land banking	KZN Midlands	Hilton	458	458
Total				3,651

**Gross asset value pre-transaction: R1.8bn**



# Future prospects

3-year target:	
Number of villages:	9 operating villages
Number of Life Right units:	3,000
Village locations:	Main metropolitan areas and important development nodes, most likely consisting of Cape Town, Johannesburg, Durban and Port Elizabeth
Gross asset value:	Approximately R7 billion

5+ year target:	
Number of villages:	More than 20 operating villages
Number of Life Right units:	10,000
Gross asset value:	More than R20 billion

- 10,000 units would still represent an insignificant share of the total opportunity
- Average Life Right unit price: ~R2m - R2.5m





# First village - Muizenberg



# Existing villages

Cape Town – Bergvliet



Cape Town – Diep River



Johannesburg - Broadacres



Cape Town – Lake Michelle (Noordhoek)





# New villages

Boland – Val de Vie



Cape Town - Noordhoek



Port Elizabeth - Westbrook



KZN Umhlanga - Ridgeside







# Other investments

Investment	%	Focus	Review
	53	FMCG agent/distributor	<ul style="list-style-type: none"> <li>Continued solid earnings growth to above R100m PAT</li> <li>Good progress with listings on 4AX and in Botswana</li> </ul>
	50	Mining support services	<ul style="list-style-type: none"> <li>Strong trading results</li> <li>Completed Platchro acquisition</li> <li>51% black owned (see-through interest)</li> </ul>
	27	Specialist antenna & communications	<ul style="list-style-type: none"> <li>Focused defence communications group after Aucom MBO</li> <li>Strong export sales</li> </ul>
	13	Outsourcing	<ul style="list-style-type: none"> <li>Acquisitive strategy gaining momentum and contributing to bottom line</li> <li>Has moved to main board of the JSE</li> </ul>
	49	LBO specialist	<ul style="list-style-type: none"> <li>Strong earnings growth</li> <li>Further acquisitions likely</li> </ul>



# Other investments

Investment	%	Focus	Review
	92	Innovative and accessible education solutions	<ul style="list-style-type: none"> <li>Continued strong growth to 16,000 learners</li> <li>Continued investment into scalable support platform for learners to reduce cost / improve learning outcomes</li> </ul>
	73	eLearning platform	<ul style="list-style-type: none"> <li>Continued strong growth to 57,000 learners in SA</li> <li>Efforts to expand to UAE and UK</li> </ul>
	56	Nanofibre material science	<ul style="list-style-type: none"> <li>Promising business development amongst international clients</li> <li>Completed R20m capital raising</li> </ul>
	40	Disrupt new car sales experience	<ul style="list-style-type: none"> <li>Venture capital investment into early-stage business</li> <li>Team has launched product and growing sales</li> </ul>





# Interim Results

6-month period ended 31 August 2017

Presented by:

**Norman Celliers**

Chief Executive Officer

*We play an active role in investee companies through strategic interests with a controlling influence.*

## Business definition

### Business definition

- An actively managed investment holding company listed on the Johannesburg Securities Exchange
- Long-term value investor with a primary focus on Agribusiness, food and related industries
- Key characteristics of investment considerations:
  - Sustainable growth sectors or sub-sectors
  - Management with proven track record
  - High barriers to entry
  - Unique and defendable products (brands)
  - Simple (easy to understand) and scalable business models
  - Focused execution

### Strategic Focus

- |                    |   |
|--------------------|---|
| <b>Industry:</b>   | <ul style="list-style-type: none"><li>• Agribusiness</li></ul>  |
| <b>Sub-sector:</b> | <ul style="list-style-type: none"><li>• Food and Beverages</li><li>• <i>Adjacent and related</i></li></ul>  |
| <b>Geography:</b>  | <ul style="list-style-type: none"><li>• South Africa (direct)</li><li>• Sub-Sahara Africa (direct)</li><li>• Rest of World (via portfolio)</li></ul>                            |
| <b>Criteria:</b>   | <ul style="list-style-type: none"><li>• Arbitrage</li><li>• Undervalued</li><li>• Growth sectors</li><li>• Consolidation</li></ul>  |
| <b>Influence:</b>  | <ul style="list-style-type: none"><li>• Active<ul style="list-style-type: none"><li>– Boards</li><li>– Management</li><li>– Strategy</li><li>– Transactions</li></ul></li></ul> |

Invest in **and build** businesses



# Challenging conditions prevailed

# Performance review

*The period under review continues to reflect financial results derived during a period of challenging environmental conditions exacerbated by high levels of political and economical volatility.*

## Macro environment



African  
Economic  
Outlook



# Sum-of-the-Parts (SOTP)

## Performance review

*Zeder's SOTP declined since 28 February 2017 and closed at R7.17 on 26 September 2017.*

1H2018

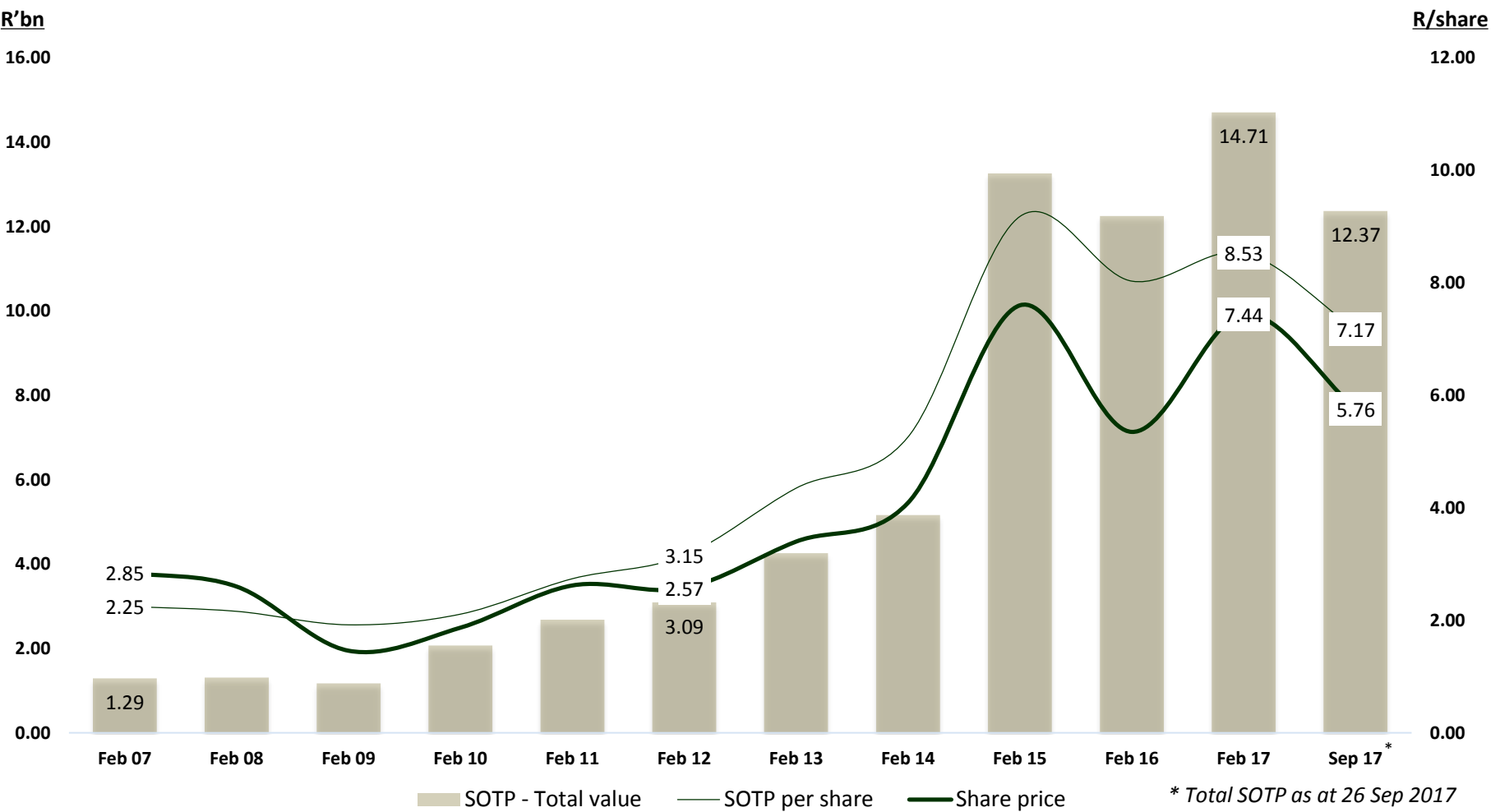
Company	28 Feb 2017		31 Aug 2017		26 Sep 2017	
	Interest (%)	Rm	Interest (%)	Rm	Interest (%)	Rm
Pioneer Foods	27,1	9 538	27,0	7 377	27,0	6 553
Capespan	98,1	1 975	97,5	2 277	97,5	2 277
Zaad	91,4	1 531	93,2	2 043	93,2	2 043
Kaap Agri	39,8	1 321	39,8	1 563	39,8	1 465
Agrivision	55,6	614	55,9	614	55,9	614
Quantum Foods	26,7	193	27,0	199	27,0	185
Other		39		39		39
<b>Total investments</b>		15 211		14 112		13 176
Cash		173		75		66
Other net liabilities		(678)		(876)		(874)
<b>SOTP value</b>		14 706		13 311		12 368
Number of shares in issue <i>(net of treasury shares)</i> (million)		1 725		1 725		1 725
<b>SOTP value per share (rand)</b>		8,53		7,72		7,17

# Intrinsic value

# Performance review

*Despite the recent decline, the longer term trend remains positive and should resume.*

## Historical overview



# Recurring headline earnings

# Performance review

***Challenging conditions affected portfolio resulting in Zeder's RHEPS declining by 74.5% during the first six months compared to the same period in the prior year.***

1H2018

	Audited 28 Feb 2017 12 months Rm	Unaudited 31 Aug 2016 6 months Rm	Unaudited 31 Aug 2017 6 months Rm
<b>Recurring headline earnings from investments</b>	821	314	115
Management (base) fee	(75)	(75)	
Net interest, taxation and other income and expenses	(55)	(11)	(50)
<b>Recurring headline earnings</b>	691	228	65
<b><i>Non-recurring</i> headline earnings</b>			
Management fee internalisation charge	(1 449)		
Other	(12)	(10)	9
<b>Headline (loss)/earnings</b>	(770)	218	74
Non-headline items	(26)	(4)	53
<b>Attributable (loss)/earnings</b>	(796)	214	127
<b>Weighted average number of shares in issue (<i>net of treasury shares</i>) (million)</b>	1 622	1 523	1 722
<b><i>Recurring headline earnings</i> per share (cents)</b>	42,6	14,9	3,8
<b>Headline (loss)/earnings per share – basic (cents)</b>	(47,5)	14,3	4,3
<b>Attributable (loss)/earnings per share – basic (cents)</b>	(49,1)	14,0	7,4

# Business overview

# Portfolio evaluation

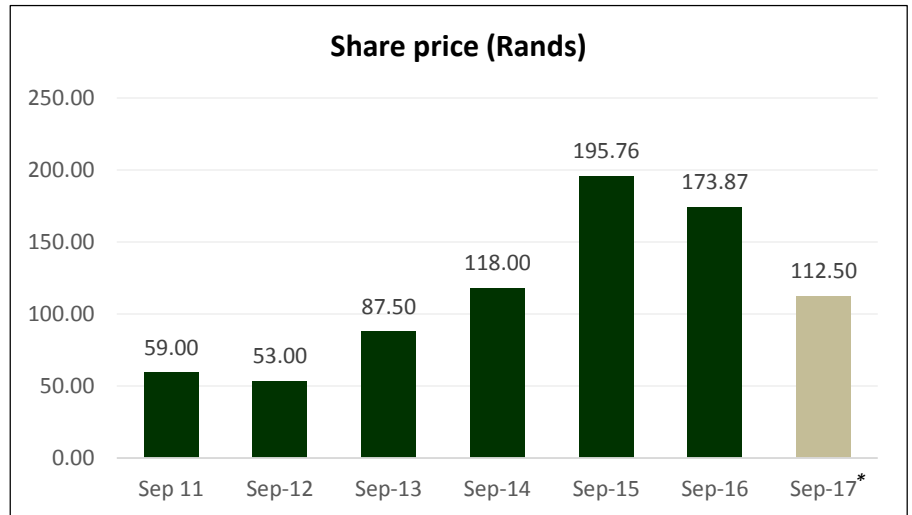
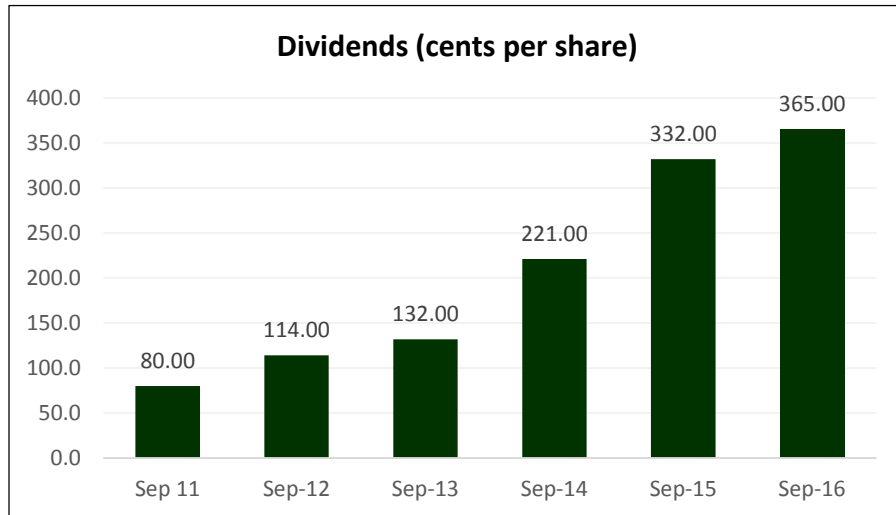
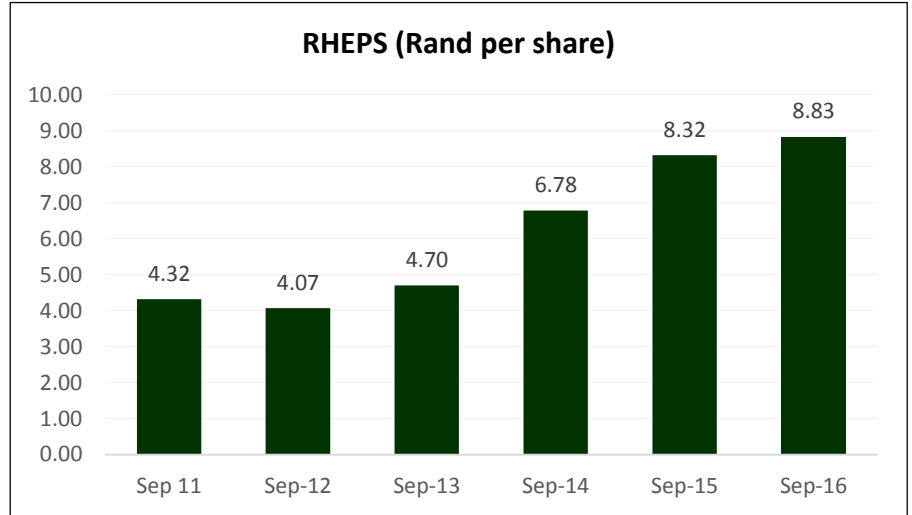
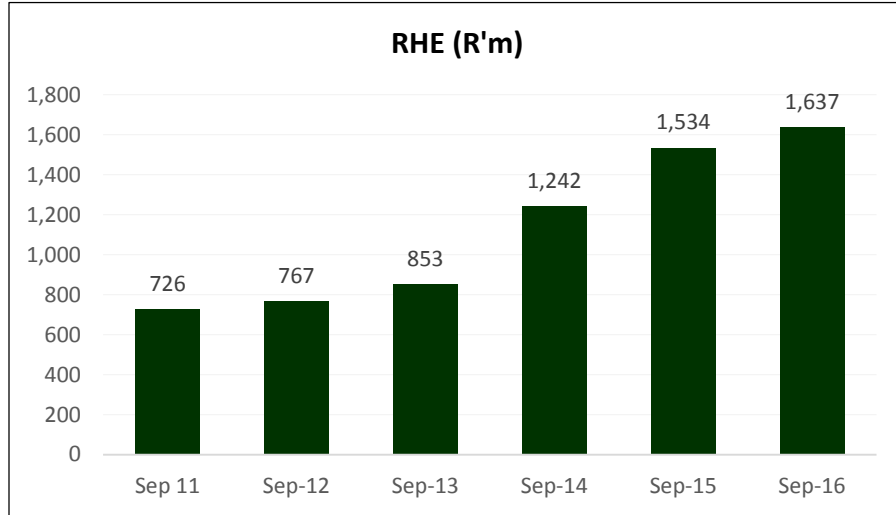
*Pioneer is South Africa's 2<sup>nd</sup> largest food producer with leading market share positions across a number of core categories and extensive geographical footprint and penetration.*



# Historical performance

# Portfolio evaluation

*Pioneer has performed exceptionally well over the past 5 years but has experienced a pull-back from its highs of 2015...*



\* As at 26 Sep 2017

*... largely due to their weaker interim results reported for the 6-month period ended 31 March 2017. This was, in part, due to items that are unlikely to reoccur.*



## FINANCIAL REVIEW

### Six months to 31 March 2017

Revenue	↑ 2% to R10.2bn
Operating profit *	↓ 43% to R700m
Operating margin	↓ from 12% to 7%
HEPS *	↓ 47% to 253 cents
Cash generated by operations	↑ 27% to R875m
Interim dividend declared	↔ 105 cents

\* Adjusted for Phase I B-BBEE (charge)/income and for related hedge, as well

## PROFIT MOVEMENT ANALYSIS

### Major categories - unfavourable movement

		Contribution
Maize	R357m	58%
International fruit	R105m	17%
Beverages (Local & International)	R152m	25%
	R614m	100%

### Other categories - favourable movement

R86m



+15.5% EBIT growth

*“Time is the friend of  
a wonderful company,  
and the enemy of the  
mediocre ”*

*(Apologies to W Buffett)*

TOWARDS  
2020  
**CREATE  
THE FUTURE**



*Phil Roux elected to retire early as CEO and Tertius Carstens has been appointed as his successor.*



**Phil Roux**  
Group CEO  
*Until 30 September 2017*



**Tertius Carstens**  
Group CEO  
*Effective 1 October 2017*



# Business overview

*Capespan is an internationally diversified group with a primary exposure to fruit farming, marketing, distribution, port logistics and related services.*

# Portfolio evaluation





# Interim results

# Portfolio evaluation

*Capespan reported a decline in RHEPS for their 6-month period ended 30 June 2017. Prospects remain positive with strong NAV underpin.*

**CAPESPAN**  
GROUP LIMITED

Summarised Income Statement	Dec 14	% Δ	Dec 15	% Δ	Dec 16	Jun 16	% Δ	Jun 17
Key metrics	R'm		R'm		R'm	R'm		R'm
Revenue	7,392	4.0%	7,688	8.1%	<b>8,311</b>	4,161	-13.6%	<b>3,597</b>
EBITDA	227	31.7%	299	-16.4%	<b>250</b>	70	-52.9%	<b>33</b>
EBITDA margin	3.1%		3.9%		<b>3.0%</b>	1.7%		<b>0.9%</b>
EBIT	169	30.2%	220	-29.5%	<b>155</b>	22	n/a	<b>(23)</b>
EBIT margin	2.3%		2.9%		<b>1.9%</b>	0.5%		<b>-0.6%</b>
Net finance income/(costs)	(3)	-1166.7%	(38)	-2.6%	<b>(39)</b>	(22)	63.6%	<b>(36)</b>
Income from associates	61	18.0%	72	-41.7%	<b>42</b>	19	47.4%	<b>28</b>
<b>Recurring headline earnings</b>	<b>159</b>	<b>7.5%</b>	<b>171</b>	<b>-42.7%</b>	<b>98</b>	<b>(2)</b>	<b>1000.0%</b>	<b>(22)</b>
Headline earnings	97	40.2%	136	-33.8%	<b>90</b>	(10)	250.0%	<b>(35)</b>
WANOS (m)	321		324		<b>338</b>	324		<b>364</b>
<b>Recurring HEPS (R)</b>	<b>0.49</b>	<b>8.2%</b>	<b>0.53</b>	<b>-45.3%</b>	<b>0.29</b>	<b>(0.01)</b>		<b>(0.06)</b>
Net asset value per share (R)	4.62	35.5%	6.26	-14.2%	<b>5.37</b>	5.77		<b>5.08</b>

# Business overview

# Portfolio evaluation

*Zaad is a specialist agricultural seed company that develops and supplies a broad basket of proprietary seeds to more than 96 international markets.*

Zaad



# Interim results

# Portfolio evaluation

*Zaad reported similar results for its 6-months as new investments contributed positively.*



Summarised Income Statement	Feb 15	% Δ	Feb 16	% Δ	Jan 17
Key metrics	R'm		R'm		R'm
Revenue	947	29.5%	1,226	10.0%	<b>1,349</b>
EBITDA	142	63.4%	232	-5.6%	<b>219</b>
EBITDA margin	15.0%		18.9%		<b>16.2%</b>
EBIT	120	64.2%	197	-6.1%	<b>185</b>
EBIT margin	12.7%		16.1%		<b>13.7%</b>
<b>Recurring headline earnings</b>	<b>77</b>	36.4%	<b>105</b>	26.7%	<b>133</b>
Headline earnings	74	41.9%	105	24.8%	131
WANOS (m)	17		20		<b>22</b>
<b>Recurring HEPS (R)</b>	<b>4.44</b>	20.0%	<b>5.33</b>	13.3%	<b>6.04</b>

Jul 16	% Δ	Jul 17
R'm		R'm
512	-3.3%	<b>495</b>
24	-20.8%	<b>19</b>
4.7%		<b>3.8%</b>
8	n/a	<b>(2)</b>
1.6%		<b>-0.4%</b>
<b>(6)</b>	16.7%	<b>(7)</b>
(11)	0.0%	(11)
21		<b>24</b>
<b>(0.27)</b>	11.1%	<b>(0.30)</b>

# Business overview

# Portfolio evaluation

*Kaap Agri is a leading Agri-related retail, trade, supply and services company.*



## KAAP AGRI

is a retail services group that supplies a variety of products and services mainly to the agricultural sector, but also to the general public.

Kaap Agri has 183 operating points that stretch over 97 cities, towns and places, and include areas such as the Swartland, Boland, Winelands, Overberg, Langkloof, Namaqualand, Orange River, Sundays River Valley, Namibia and adjacent areas, as well as Limpopo, Mpumalanga and Gauteng.





# Interim results

# Portfolio evaluation

*Kaap Agri reported an increase of 12.4% in RHEPS for their 6-month period ended 31 March 2017.*



Summarised Income Statement Key metrics	Sep 14	% Δ	Sep 15	% Δ	Sep 16	Mar 16	% Δ	Mar 17
	R'm		R'm		R'm	R'm		R'm
Revenue	4,875	9.6%	5,341	5.8%	5,653	3,041	13.7%	3,457
EBITDA	263	18.3%	311	18.3%	368	219	16.0%	254
EBITDA margin	5.4%		5.8%		6.5%	7.2%		7.3%
EBIT	243	19.8%	291	16.2%	338	204	16.7%	238
EBIT margin	5.0%		5.4%		6.0%	6.7%		6.9%
<b>Recurring headline earnings</b>	<b>158</b>	<b>15.8%</b>	<b>183</b>	<b>14.8%</b>	<b>210</b>	<b>131</b>	<b>12.2%</b>	<b>147</b>
Headline earnings	158	15.8%	183	14.8%	210	131	10.7%	145
WANOS (m)	70		70		70	70		70
<b>Recurring HEPS (R)</b>	<b>2.24</b>	<b>15.6%</b>	<b>2.59</b>	<b>15.3%</b>	<b>2.99</b>	<b>1.85</b>	<b>12.4%</b>	<b>2.08</b>
Net asset value per share (R)	15.83		17.81		19.95	19.09	11.7%	21.32

*The group successfully listed on the JSE and communicated ambition to generate annual profits in excess of R500m in the medium to long term.*



JSE



## THE JSE WELCOMES KAAP AGRI LIMITED TO THE MAIN BOARD

The sound of the African kudu horn will echo as we celebrate the listing of Kaap Agri Limited on the JSE Main Board.

The Kaap Agri group specialises in retail and trade in agricultural, fuel and related retail markets in Southern Africa. With its strategic footprint, infrastructure, facilities and client network, it follows a differentiated market approach. In support of the core retail business, Kaap Agri also offers financial, grain handling and agency services.

**DATE:** Monday, 26 June 2017

**TIME:** 08:30 - 09:15

**VENUE:** The JSE, One Exchange Square, Gwen Lane, Sandown

- Listed on the JSE main board
  - Monday, 26 June 2017
  - Encouraging market response
- Restructuring over past 5 years
  - Clear divisional approach
  - Business growth plans in place
  - Organic growth prospects
- New chapter for organisation
  - Unique positioning
  - Agri foundation with retail and fuel
  - M&A not a requirement but now better positioned to drive if/when appropriate

# Business overview

*Agrivision Africa is a vertically integrated, grain-related food supplier that farms, mills and distributes products in the northern region of Zambia and southern parts of the DRC.*

## Farming & Development



- 4,200 ha (irrigated)
- 2,500 ha (dry-land)

## Milling & Processing



- 50,000 tons (Maize)
- 24,000 tons (Wheat)

# Portfolio evaluation



Agrivision Africa

## Brands & Distribution



- Formal retail
- Distribution depots

# Interim results

***Agrivision reported a loss of \$2.1m for its 6-month period ended 30 June 2017. Operations functioning very well but low levels of commodity pricing challenging.***

# Portfolio evaluation



Agrivision Africa

Summarised Income Statement	Dec 14	Δ%	Dec 15	Δ%	Dec 16
Key metrics	\$'000		\$'000		\$'000
Revenue	32,532	-2.5%	31,711	25.2%	39,718
EBITDA	3,576	-38.5%	2,199	233.2%	7,326
EBITDA margin	11.0%		6.9%		18.4%
EBIT	5		(955)	n/a	4,305
EBIT margin	0.0%		-3.0%		10.8%
<b>Recurring headline earnings</b>	<b>(3,385)</b>		<b>(3,615)</b>	n/a	<b>1,306</b>
Headline earnings	(4,016)		(5,955)	n/a	3,645
Wanos (m)	1.3		1.9		1.9
<b>Recurring HEPS (\$)</b>	<b>(2.60)</b>		<b>(1.90)</b>		<b>0.69</b>
Net asset value per share (\$)	30.64		19.08		55.15*

	Jun 16	Δ%	Jun 17
	\$'000		\$'000
	17,828	-0.2%	<b>17,795</b>
	4,095	n/a	<b>(344)</b>
	23.0%		<b>-1.9%</b>
	2,366	n/a	<b>(1,920)</b>
	13.3%		<b>-10.8%</b>
	<b>2,596</b>	n/a	<b>(2,106)</b>
	2,596	n/a	<b>(2,106)</b>
	1.9		<b>1.9</b>
	<b>1.40</b>	n/a	<b>(1.13)</b>
	19.08	n/a	<b>53.77*</b>

\* Adjusted as per formal US\$-based 3<sup>rd</sup> party valuation conducted in November 2016



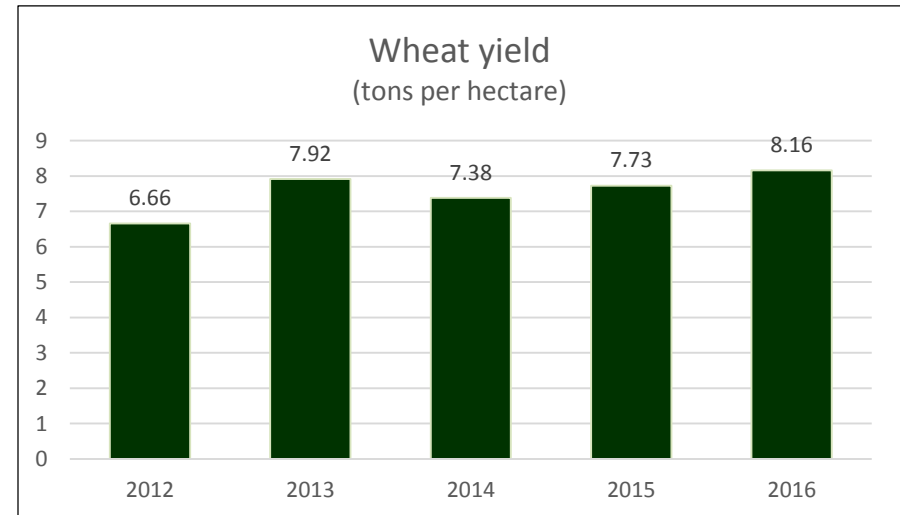
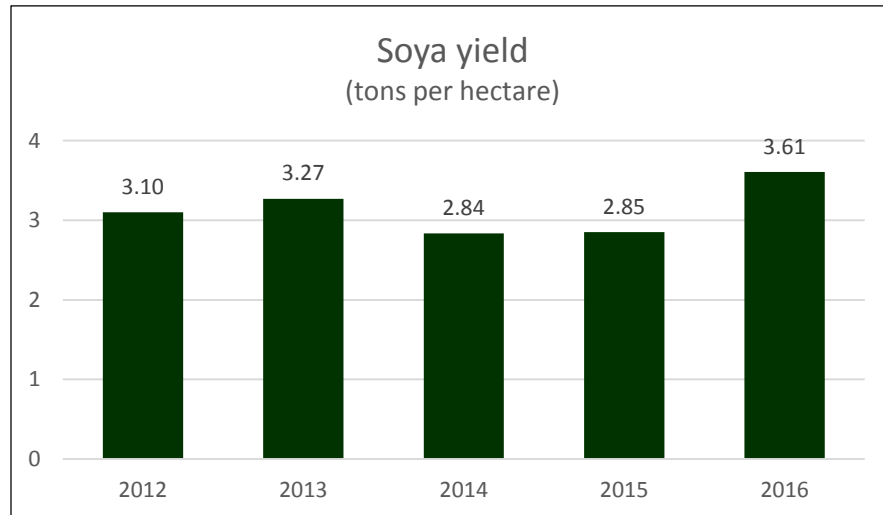
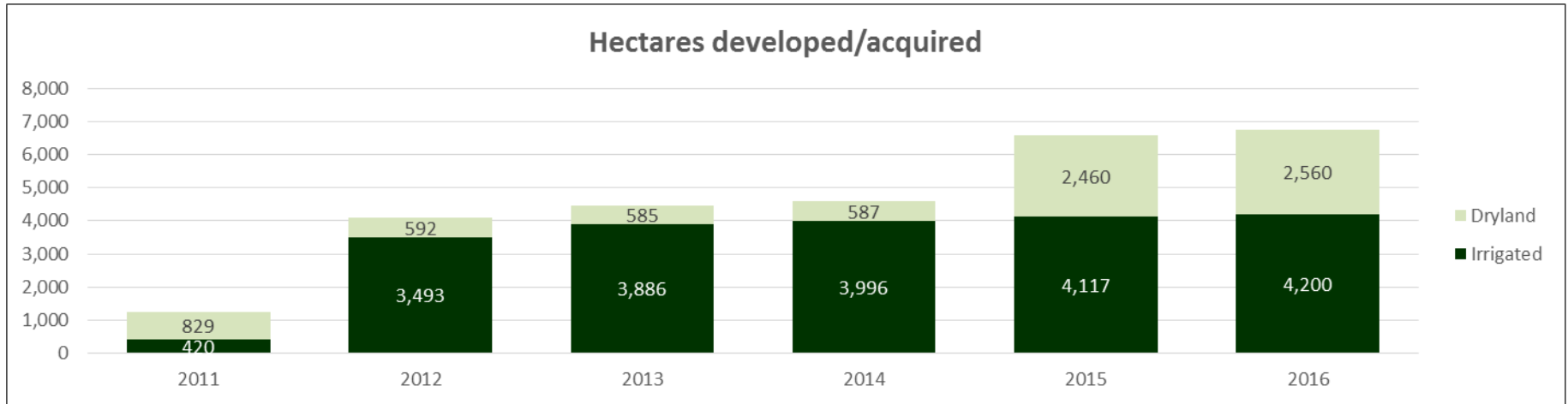
# Agricultural performance.

# Portfolio evaluation

*We have a total of 6,700 ha (4,200 ha irrigated) and deliver acceptable average yields.*



Agrivision Africa



*Quantum is South Africa's #1 commercial egg supplier and operates a regionally dominant and nationally recognised premium animal feeds business.*



*Quantum's reported a decline of 16% in its HEPS for their 6-month period ended 31 March 2017. Challenging environment but lower commodity pricing likely to benefit going forward.*



## STATEMENT OF INCOME

Six months ended 31 March	2017 Rm	2016 Rm	% change
Revenue	2 040.9	1 807.6	▲ 13
Operating profit*	42.3	76.5	▼ 45
Income from associates	0.4	(0.3)	
Net finance income	2.5	5.2	
Profit before tax	45.2	81.4	
Tax	(13.1)	(20.7)	
Profit for the period	32.1	60.7	
* Operating profit includes capital items	3.7	36.1	
Adjusted operating profit	38.6	40.4	▼ 5
Adjusted operating margin	1.9%	2.2%	
EPS - cents	13.9	26.0	▼ 47
HEPS - cents	12.4	14.8	▼ 16

*With a strong existing platform and focused addition of new opportunities, the prospects are positive going forward.*

## General commentary

- We have a strong and well diversified portfolio that provides us with broad exposure to the industry
- We have worked hard internally on and within the underlying companies to ensure that they are aligned and prepared to deliver sustainable growth
- Significant progress continues to be made internally within companies, but full results may only be visible in medium term
- Focus is on recovery in the short term with platform growth continuously pursued
- New and adjacent opportunities are reviewed on an ongoing basis
- Despite the short-term challenges, there are opportunities and we remain committed to deliver attractive shareholder returns over the next 5 years.



**Thank you**