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## CHAIRMAN'S LETTER

Dear Stakeholder,

It is a privilege and an honour to write my first letter to you as chairman of PSG Group. My appointment follows the retirement of Mr Jannie Mouton due to medical reasons late last year. Jannie is a true legend and was PSG Group's founder and chairman for the past 23 years.

I am no stranger to PSG Group and have been involved in the group since 2006. I was appointed to the PSG Group Board in 2008 and have served as a director for the past 11 years. During this time, I have had the privilege of working alongside Jannie and the team, and have become accustomed to the way PSG Group consistently conducts its business – in an open, honest and ethical manner, always with a great deal of innovation, focus, hard work and dedication. Jannie left us with a strong, experienced and well-balanced board, which includes an executive team that was shaped under Jannie's guidance over many years. Although I will never be able to fill Jannie's shoes, this makes for a seamless transition into the role of chairman and I am humbled by the trust my fellow directors have placed in me. Together, we will continue to work tirelessly towards creating wealth for our shareholders and contributing positively to society at large.

### THE LANDSCAPE

PSG Group is proudly South African and remains excited and optimistic about the numerous opportunities that our country presents.

However, capitalising on these opportunities for the benefit of all South Africans will depend on all of us playing our part. It is imperative for government to establish an investor-friendly business environment with political and economic policy certainty and stability. Such certainty and stability will encourage further investment in South Africa by the private sector as well as foreign investors, which will result in job creation and additional tax revenue for government. This should ultimately lead to increased economic growth which, in turn, will create a better future for all South Africans.

PSG Group is a highly profitable group of companies that, through its investees, employs more than 45 000 people, thereby contributing significantly to the fiscus through the payment of corporate and personal taxes. Government should spend its receipts wisely, thereby addressing prevalent issues such as access to quality education, health care, unemployment and low economic growth. South Africa is, after all, essentially a company with the president as its CEO, his cabinet the management team and its citizens, both corporates and individuals, its shareholders. Similar to corporates, government should be held accountable.

South African citizens deserve better from both the public and private sectors. Fraud and corruption should be eliminated, and the perpetrators punished. A return to the basic principles of good ethics, hard work and dedication will go a long way in ensuring a more prosperous South Africa, a country in which every individual has a fair opportunity to reach his/her full potential.

## **PSG GROUP'S FOCUS**

PSG Group remains committed to providing its shareholders with superior returns through share price appreciation and the payment of dividends. In addition, the group also assists South Africa to overcome the various challenges it faces. Capitec provides access to affordable and innovative banking products to more than 11m people. Curro and Stadio educate the nation's future leaders and echo Nelson Mandela's famous words – *"education is the most powerful weapon which you can use to change the world"*. With these and many more solutions that we have introduced through our various investments' business models, we endeavour to not only help stimulate economic growth, but to help ensure equal opportunities for all.

## **PROSPECTS**

We are extremely proud of the success that the group has achieved over the past 23 years. We believe PSG Group's investment portfolio is suitably positioned to continue yielding above-average returns through growing our existing investee companies and pursuing new value-enhancing investment opportunities – even more so in a more conducive economic and political environment.

## **THANK YOU**

The success of PSG Group is to a large extent owing to the hard work of all employees throughout the broader group, often with significant personal sacrifice. I thank all of you for your loyalty and dedication – without you, we would not have enjoyed the success we have.

To my fellow directors and to the members of the PSG Group Exco – thank you for your continued focus and commitment in building this group.

Lastly, to all our shareholders, family members and other stakeholders – thank you for your loyal support and continued belief in PSG Group.

## **A SPECIAL WORD OF THANKS TO JANNIE MOUTON**

Jannie, we are eternally grateful to you and the team for the fantastic company you have built and the positive contribution that you have made to South Africa. The PSG Group Board wishes you only the very best.

A handwritten signature in black ink, appearing to read 'KK Combi', enclosed within a circular scribble.

**KK Combi**  
PSG Group Chairman

Stellenbosch  
5 June 2019