

RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2019



PSG GROUP LIMITED

RECURRING EARNINGS ↑ 16% to R5,84 per share

SOTP VALUE of R299,57 per share as at 11 October 2019

INTERIM DIVIDEND ↑ 8% to R1,64 per share

OVERVIEW

PSG Group Ltd ("PSG" or "the company") is an investment holding company consisting of underlying investments that operate across a diverse range of industries, which include banking, financial services, education and food and related business, as well as early-stage investments in select growth sectors. PSG's market capitalisation (net of treasury shares) is approximately R49bn.

PERFORMANCE

The two key benchmarks used by PSG to measure performance are *sum-of-the-parts* ("SOTP") value and *recurring earnings* per share, as long-term growth in PSG's SOTP value and share price should depend on, inter alia, sustained growth in the *recurring earnings* per share of our underlying investments.

SOTP

The calculation of PSG's SOTP value is simple and requires limited subjectivity as more than 90% of the value is calculated using JSE-listed share prices, while other investments are included at internal valuations. At 31 August 2019, the SOTP value per PSG share was R259,56 (28 February 2019: R311,45), whilst at 11 October 2019 it was R299,57 per share. The five-year compound annual growth rate ("CAGR") of PSG's SOTP value per share and share price at 31 August 2019 was 19% and 17%, respectively, whereas that of the JSE All Share Index was 2%.

Asset/(liability)	28 Feb 2018	28 Feb 2019	31 Aug 2019	11 Oct 2019	Share of total	Five-year CAGR ^{^^}
	Rm	Rm	Rm	Rm		
Capitec*	29 540	46 351	38 852	47 803	70%	39%
PSG Konsult*	7 048	8 700	6 553	6 885	10%	4%
PSG Alpha	5 201	4 712	4 427	4 305	6%	19%
Stadio*	2 379	1 253	917	811		
Other investments**	2 822	3 459	3 510	3 494		
Curro*	7 987	5 714	4 391	4 153	6%	(6%)
Zeder*	4 823	3 166	3 517	3 398	5%	(4%)
Dipeo**	535					
Other assets	2 603	1 702	1 880	1 795	3%	
Cash [^]	1 000	323	266	189		
Pref investments and loans receivable [^]	1 558	1 297	1 521	1 516		
Other [^]	45	82	93	90		
Total assets	57 737	70 345	59 620	68 339	100%	
Perpetual pref funding*	(1 278)	(1 367)	(1 437)	(1 411)		
Other debt [^]	(949)	(1 020)	(1 532)	(1 546)		
Total SOTP value	55 510	67 958	56 651	65 382		
Shares in issue (net of treasury shares) (m)	217,5	218,2	218,3	218,3		
SOTP value per share (R)	255,17	311,45	259,56	299,57		19%
Share price (R)	217,50	259,78	200,56	225,00		17%

* Listed on the JSE ** SOTP value

[^] Carrying value ^{^^} Based on share price/SOTP value per share as at 31 Aug 2019

Note: PSG's live SOTP containing further information is available at www.psggroup.co.za

RECURRING EARNINGS

PSG's *recurring earnings* per share increased by 16% to R5,84 (31 August 2018: R5,03) following commendable performance from Capitec (up 20%), PSG Konsult (up 8%), PSG Alpha (up 88%) and Curro (up 7%), offset by Zeder (down 63%).

	Six months ended 31 Aug 2018	Change %	31 Aug 2019	Year ended 28 Feb 2019
	Rm		Rm	Rm
Capitec	756		904	1 625
PSG Konsult	174		188	361
PSG Alpha	76		152	216
Curro	77		84	137
Zeder	73		27	207
Dipeo	(31)		(21)	(29)
PSG Corporate	(25)		(27)	(45)
Other (mainly pref div income)	82		70	84
Recurring earnings before funding	1 182	16	1 377	2 556
Funding (net of interest income)	(96)		(103)	(199)
Recurring earnings	1 086	17	1 274	2 357
Non-recurring items	10		(35)	(163)
Headline earnings	1 096	13	1 239	2 194
Non-headline items	19		156	(268)
Attributable earnings	1 115	25	1 395	1 926
Weighted average number of shares in issue (net of treasury shares) (m)	216,1		218,1	217,0
Earnings per share (R)				
– Recurring	5,03	16	5,84	10,86
– Headline	5,07	12	5,68	10,11
– Attributable	5,16	24	6,39	8,88
Dividend per share (R)	1,52	8	1,64	4,56

Headline earnings per share increased by a lower margin than recurring earnings per share mainly due to a fair value gain recognised in the prior corresponding period by Zeder on its investment in Joy Wing Mau, which was subsequently disposed of. Attributable earnings per share increased by a higher margin than recurring earnings and headline earnings per share mainly due to Zeder's non-headline reversal of an impairment loss recognised in respect of its investment in Pioneer Foods at 28 February 2019.

Profit before finance costs and taxation per PSG's consolidated income statement contained in the full announcement increased by 17% to R2,5bn.

PROSPECTS

Despite obvious challenges, PSG remains cautiously optimistic about South Africa and the opportunities it presents. We believe PSG's investment portfolio is suitably positioned to capitalise on an improvement in trading conditions.

DIVIDEND

PSG's policy remains to pay up to 100% of available free cash flow as an ordinary dividend, of which approximately one third is payable as an interim and the balance as a final dividend at year-end. The directors have resolved to declare an interim gross dividend of 164 cents (2018: 152 cents) per share from income reserves for the six months ended 31 August 2019. PSG's interim dividend increased by a lower percentage than its recurring earnings per share due to continuous investment in early-stage non-dividend paying investments.

The interim dividend amount, net of South African dividend tax of 20%, is 131,2 cents per share for those shareholders that are not exempt from dividend tax. The number of ordinary shares in issue at the declaration date is 232 163 254, and the income tax number of the company is 9950080714.

The salient dates for this dividend distribution are:

Last day to trade cum dividend	Tuesday, 5 November 2019
Trading ex-dividend commences	Wednesday, 6 November 2019
Record date	Friday, 8 November 2019
Payment date	Monday, 11 November 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 November 2019, and Friday, 8 November 2019, both days inclusive.

UNAUDITED FINANCIAL RESULTS

This short-form announcement contains only a summary of the information of the full announcement published on the Stock Exchange News Service ("SENS") on Tuesday, 15 October 2019, and is the responsibility of the directors. Please refer to the full announcement for additional information. The full announcement is available for viewing on PSG's website at www.psggroup.co.za or may be requested and obtained in person, at no charge, at the registered office of the company or the company's sponsor during office hours. Any investment decisions should be based on consideration of the full announcement published on SENS.

On behalf of the board

KK Combi
Chairman

Piet Mouton
Chief Executive Officer

Wynand Greeff
Chief Financial Officer

Stellenbosch
15 October 2019

PSG GROUP LTD: Registration number: 1970/008484/06
JSE share code: PSG ISIN code: ZAE000013017

DIRECTORS: ZL Combi (Chairman)[^], PE Burton^{^^}, FJ Gouws^{**}, WL Greeff (CFO)^{*}, AM Hlobo[^], JA Holtzhausen^{*}, B Mathews[^], JJ Mouton^{**}, PJ Mouton (CEO)^{*}, CA Otto[^]
^{*} Executive ^{**} Non-executive [^] Independent non-executive ^{^^} Lead independent

COMPANY SECRETARY AND REGISTERED OFFICE: PSG Corporate Services (Pty) Ltd,
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SPONSOR: PSG Capital

AUDITOR: PricewaterhouseCoopers Inc