



PSG GROUP LIMITED

INTERIM RESULTS – 6 MONTHS ENDED 31 AUGUST 2013

OCTOBER 2013

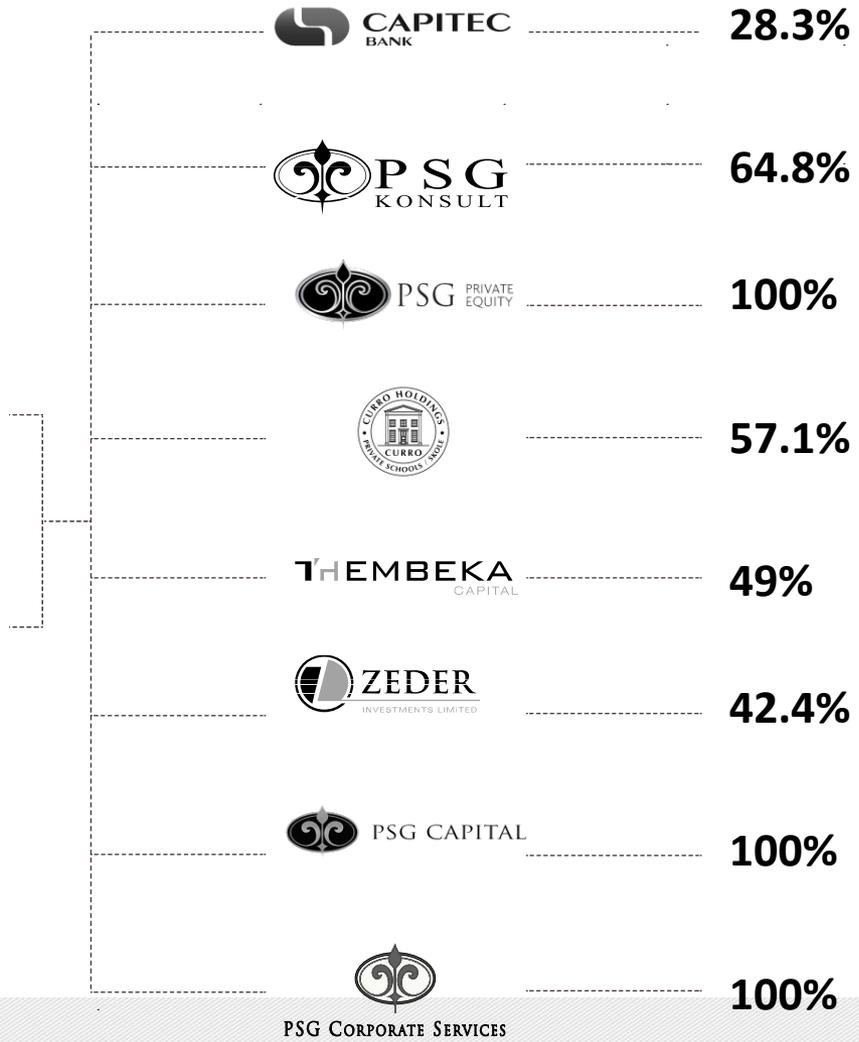
CEO: PIET MOUTON

Interim results 31 August 2013



PSG GROUP LIMITED


PSG GROUP LIMITED



Interim results 31 August 2013



PSG GROUP LIMITED

PSG Sum of the Parts						
Investments (ZARm)	Feb-11	Feb-12	Feb-13	Aug-13	% of Assets	6 month growth
Capitec	5 138	5 978	6 128	6 030	35%	(2%)
Curro Holdings		1 118	2 607	3 341	19%	28%
PSG Konsult	1 206	1 483	2 237	2 747	16%	23%
Zeder	1 069	1 067	1 412	1 694	10%	20%
PSG Private Equity	1 242	728	681	701	4%	3%
Thembeke Capital		570	899	964	6%	7%
PSG Corporate [incl. PSG Capital & Zeder mngt agreement]	350	338	383	383	2%	0%
Other investments	548	684	1 505	1 466	8%	(3%)
Total Assets	9 553	11 966	15 852	17 326		
Perpetual pref funding	(1 028)	(1 188)	(1 163)	(1 419)		
Other debt (prefs and PNs)	(507)	(463)	(845)	(869)		
Total SOTP Value	8 018	10 315	13 844	15 038		9%
Shares in issue (net of treasury shares) (m)	171.3	184.5	190.5	189.9		
SOTP value per share (Rand)	46.81	55.92	72.67	79.20		9%

SOTP as at 4 October 2013 = R85.03



Interim results 31 August 2013



PSG GROUP LIMITED

Other Investments

<i>Investments</i>	Aug-13 Rm
PSG's pref investments	266
Investment in funds	80
Cash balance	698
Intergroup loans	307
Margin deposits	64
Interest rate hedge (net of deferred tax)	(10)
Other (Property, receivables, payables, provisions etc.)	61
TOTAL Other	1 466



Interim results 31 August 2013



PSG GROUP LIMITED

RECURRING HEADLINE EARNINGS

Description	Full year	6 months		6 months
	Feb-13 Rm	Aug-12 Rm	Aug-13 Rm	% Change
PSG Konsult	119	52	70	35%
Zeder Investments	107	35	38	9%
PSG Private Equity	75	35	26	(26%)
Thembeke Capital	28	6	8	33%
Curro Holdings	8	(2)	8	n/a
PSG Corporate <i>(incl. PSG Capital)</i>	16	3	2	(33%)
Other	30	21	16	(24%)
Recurring headline earnings excl. Capitec	382	150	168	12%
Capitec Bank	500	226	275	22%
Recurring headline earnings before funding	882	376	443	18%
Funding costs	(168)	(82)	(87)	
Recurring headline earnings	714	294	356	21%



Interim results 31 August 2013



PSG GROUP LIMITED

RECONCILIATION: RECURRING HEADLINE EARNINGS TO HEADLINE EARNINGS			
	Full year	6 months	
Description	Feb-13	Aug-12	Aug-13
	Rm	Rm	Rm
Recurring Headline Earnings	714	294	356
Non-recurring headline earnings	159	86	82
PSG Konsult		3	
PSG Private Equity	(9)		4
Thembeka Capital	140	76	21
Zeder Investments	(23)	(11)	3
Marked-to-market profit on liquid investment portfolio	63	55	8
Marked-to-market loss on interest rate hedge	(29)	(37)	46
Other	18		
Total Headline Earnings	874	380	438





PROJECT INTERNAL FOCUS

- Project Internal Focus is reaping benefits
- We have made numerous management changes which have brought new thinking to current business models
 - We believe it will be for the best
- Zeder has sold most of the assets where its influence was limited – it now has 6 core investments
- Private Equity has also made numerous portfolio adjustments
- We will continue driving this strategy for the foreseeable future



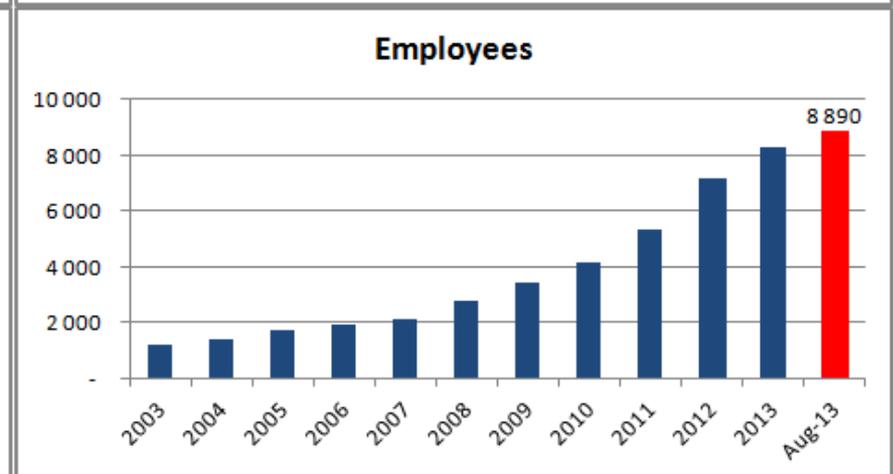
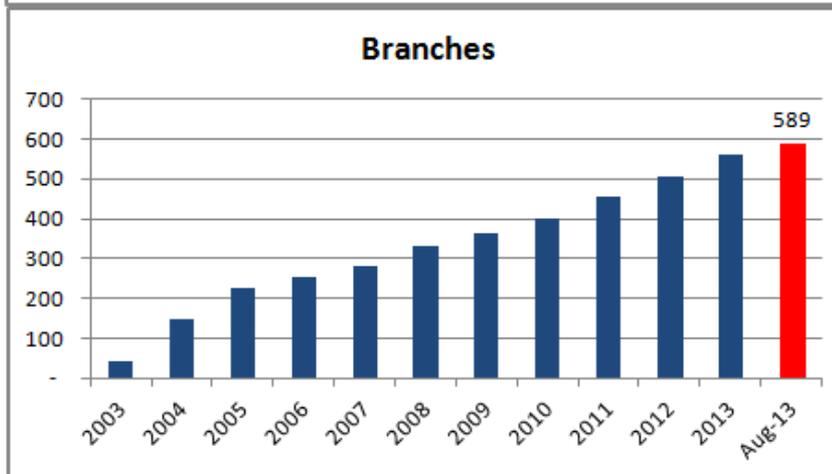
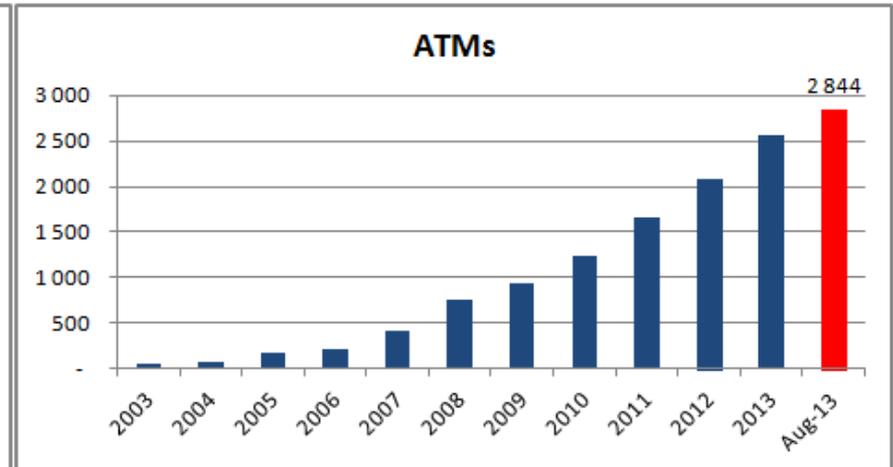
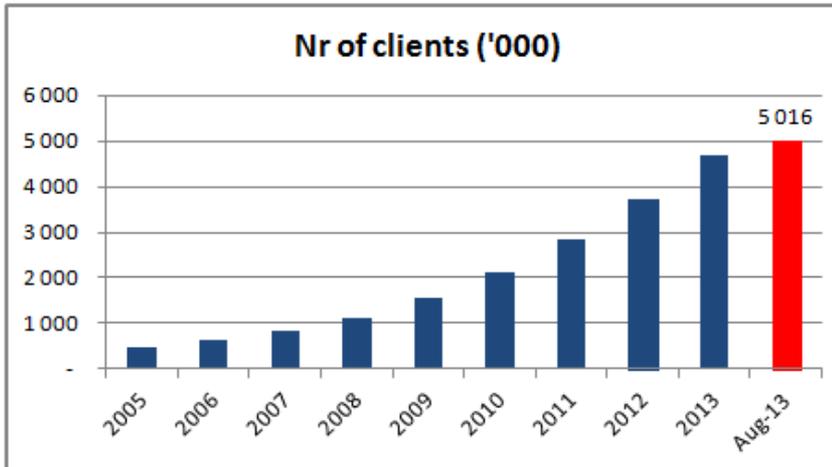
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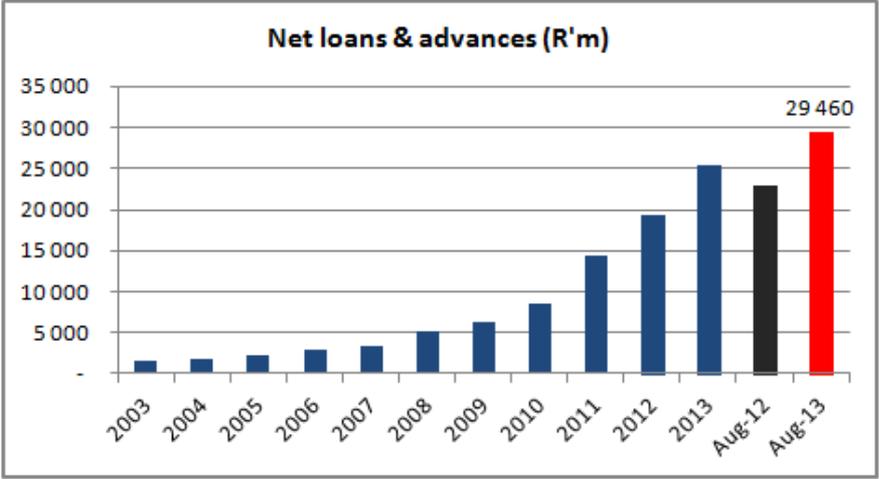
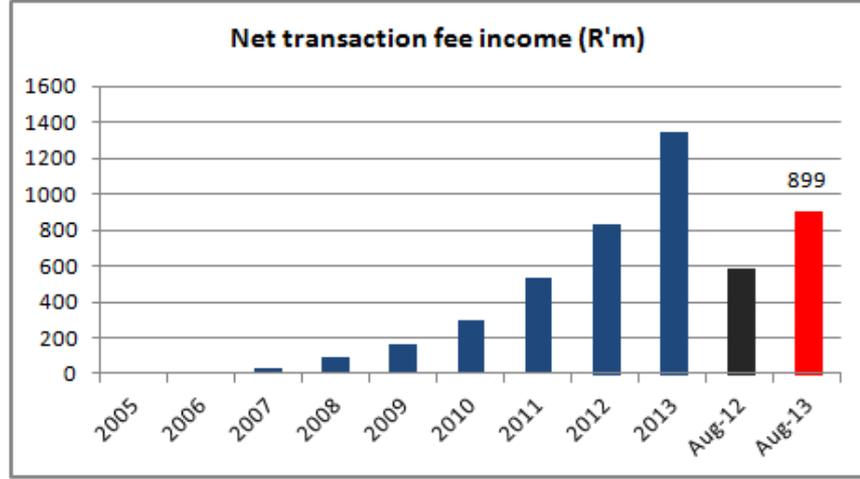
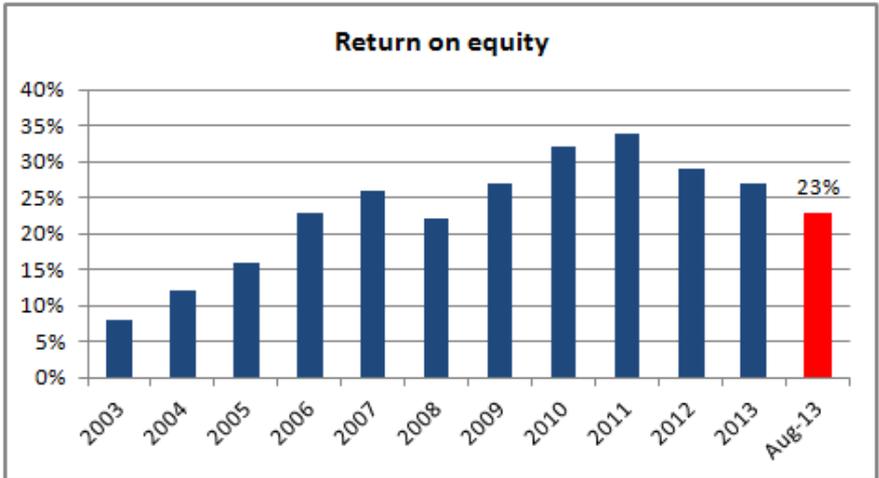
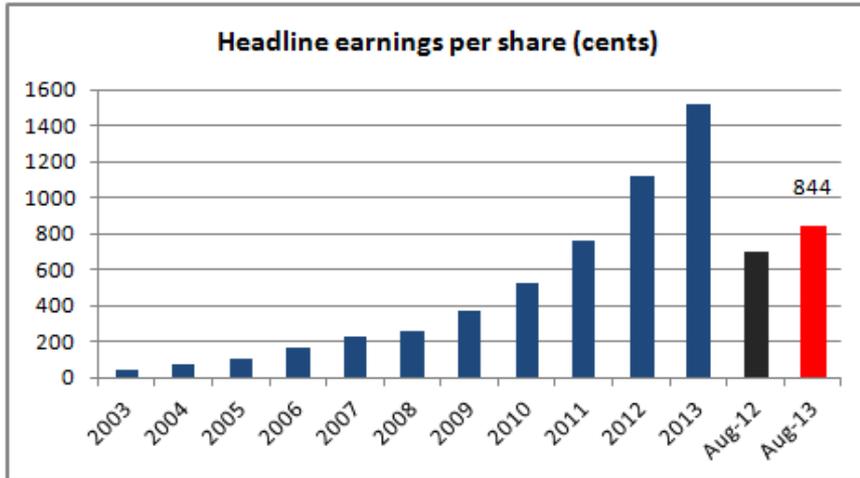
- *Headline earnings increased by **39% to R971m***
- *HEPS increased by **20% to 844 cents***
- *Interim dividend per share increased by **20% to 203 cents***
- *Return on equity of **23%***
- *Net transaction fee income increased by **54% to R899m***
- *Capitec is well provisioned – increase in provision for doubtful debts as percentage of gross loans by 17% for interim period*



Interim results 31 August 2013



Interim results 31 August 2013



- Retirement of Riaan Staasen – pioneering CEO and founder
- To remain on the board as non-executive director
- Gerrie Fourie to take over from 1 January 2014

Praise for Riaan Staasen

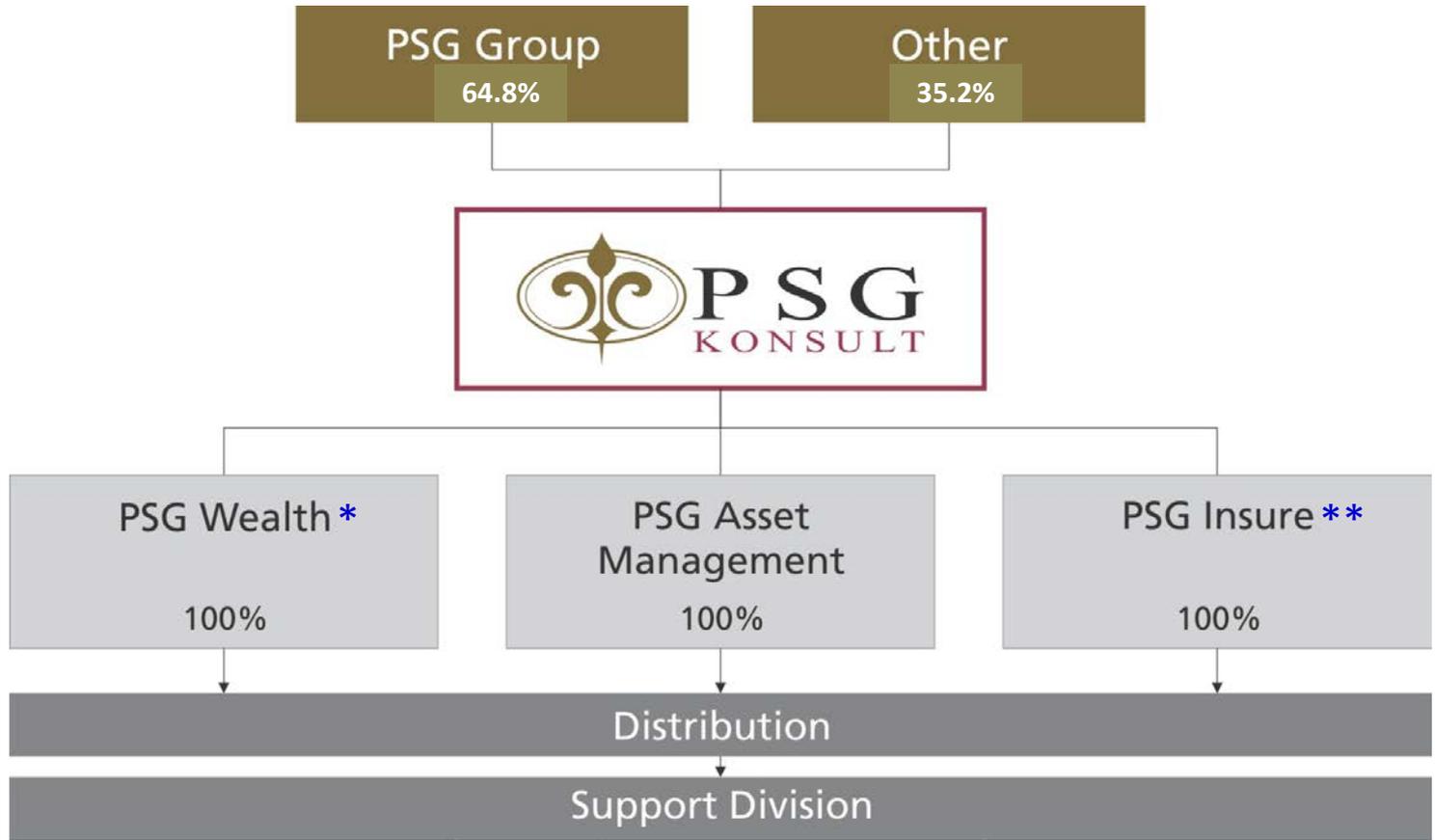
- ***“the heart of the management team that established Capitec Bank”***
- ***“iconic in the position and was the pioneering spirit behind the bank”***



Interim results 31 August 2013



ORGANISATIONAL STRUCTURE



* Includes PSG Employee Benefits
** Includes Western National Insurance



- *Revenue (premiums, commission, fees etc) increased by **45%** to **R1 065m***
- *Recurring headline earnings increased by **50%** to **R108.7m***
- *Recurring HEPS increased by **31%** to **8.9 cents***
- *Dividend per share increased by **14%** to **4.0 cents***
- *Funds under management increased by **35%** to **R93bn***
- *Funds under administration increased by **32%** to **R107bn***

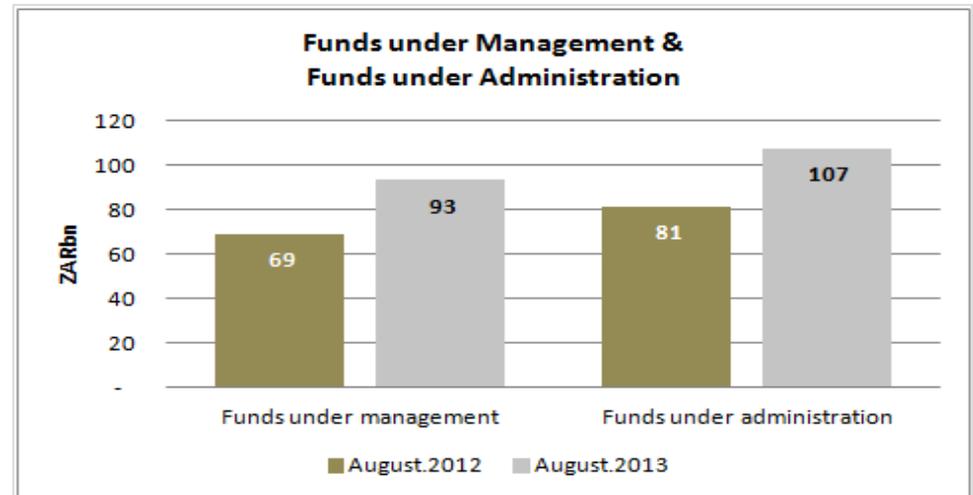
Interim results 31 August 2013

All divisions showed strong earnings growth year on year

Strong contributions to earnings from:

- **PSG Asset Management** (performance fees and FUM growth)
- **Wealth Distribution** (continued conversion of non-discretionary portfolios to discretionary)
- **PSG Online** (brokerage and offshore commissions on increased trading activity)
- **PSG Multi Management** (strong fund inflows)
- **PSG Insure** division performance recovered
 - Better underwriting margins despite difficult underwriting market
 - Synergies unlocked from enhanced vertical integration of Western National Insurance

	Aug-12 Rm		Aug-13 Rm
PSG Wealth	56.9	31%	74.5
PSG Asset Management	11.4	77%	20.2
PSG Insure	4.3	226%	14.0
Total Recurring Headline Earnings	72.6	50%	108.7



ACHIEVEMENTS

PSG Equity Fund: ranked **1st out of 113** funds in the general equity sector over one year, and **4th out of 42** funds since inception.

PSG Flexible Fund: ranked **8th out of 69** funds over one year and **3rd out of 17** funds since inception.

PSG Balanced Fund: ranked **17th out of 105** funds over one year and **4th out of 13** funds since inception.

PSG Stable Fund: ranked **19th out of 89** funds in its sector over one year and **27th out of 78** funds since inception.

PSG Optimal Income Fund: ranked **2nd out of 56** funds in its sector over one year.

PSG Online:

Business Day Investors Monthly
“Stockbroker of the Year” award for third consecutive year.

PSG Konsult Financial Planning :

Business Day Investors Monthly **“Wealth Manager of the Year”** award in the Up and Coming Professional category;
Santam Personal Lines **“Broker of the Year”** award for the third consecutive year.

PSG Konsult Moderate Fund of Fund:

Winner of the Morningstar Moderate fund allocation award.



Interim results 30 June 2013





Interim results 30 June 2013

- *Revenue increased by **91%** to **R309m***
- *EBITDA increased by **178%** to **R51m***
- *Positive **HEPS** in the current period of **5.3 cents** (headline loss of 1.9c for period ended 30 June 2012)*
- *Acquisition of the Embury Institute for Teacher Education*
- *Ownership taken of the 4 300-learner Northern Academy campus*

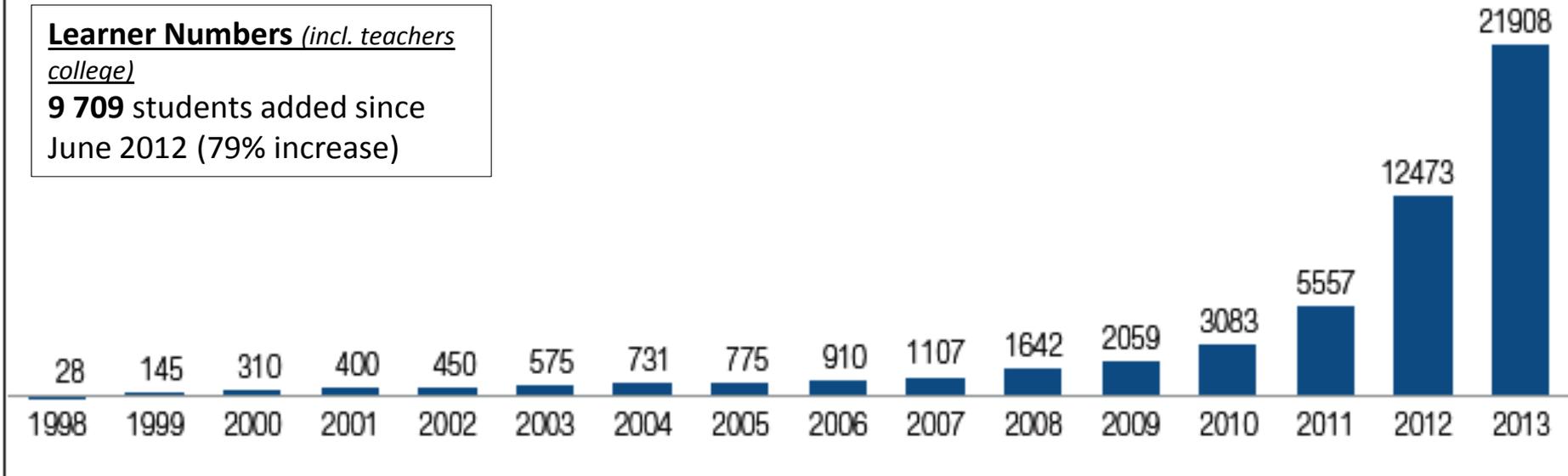


Interim results 30 June 2013

- Increases in enrolments and new campus development are key planned objectives going forward
- New Curro campuses are being built in Ballito and Port Elizabeth
- New Maridian campuses are being built in Nelspruit and Polokwane
- New Curro Castle is currently being built in George

Learner Numbers *(incl. teachers college)*

9 709 students added since June 2012 (79% increase)



Interim results 30 June 2013

J-Curve effect *(EBITDA excl. head office costs)*

Interim period ended 30 June 2012				
Number of schools	% of eventual capacity	Learner numbers	EBITDA R'000*	EBITDA margin
5	0–25	1 313	(3 099)	(23%)
8	25–50	4 071	5 047	12%
8	50–75	5 575	23 757	28%
1	75–100	1 240	5 097	26%
22		12 199	30 803	19%
Interim period ended 30 June 2013				
Number of schools	% of eventual capacity	Learner numbers	EBITDA R'000*	EBITDA margin
3	0–25	750	(1 120)	(9%)
11	25–50	6 913	13 936	14%
6	50–75	5 396	23 182	25%
6	75–100	8 849	39 377	36%
26		21 908	75 374	24%

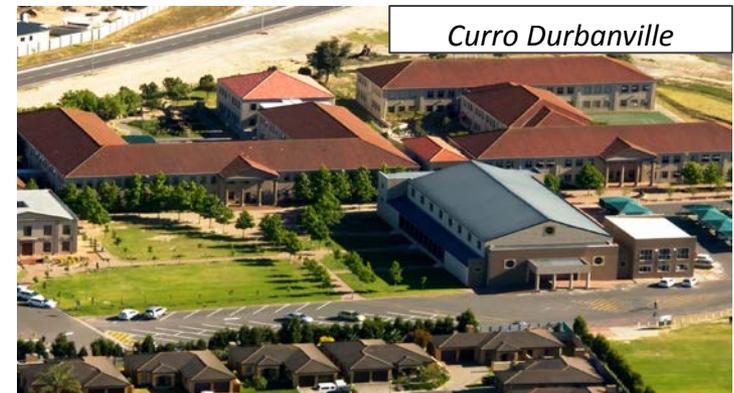
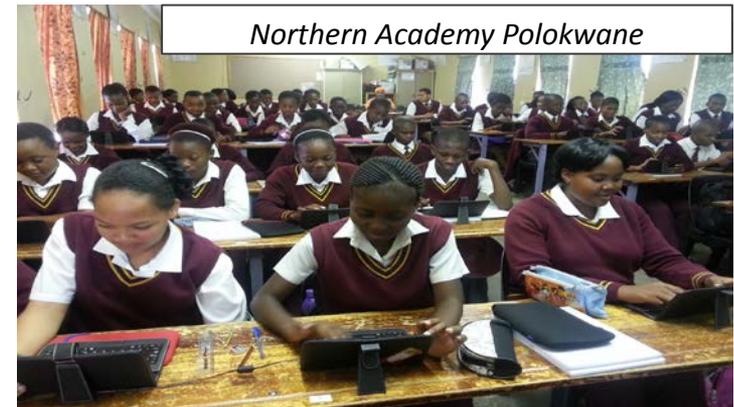


Interim results 30 June 2013

CURRO SCHOOLS

Four school markets:

- **Curro Traditional** - Affordable private schools (*19 schools; 13 089 learners*)
- **Curro select schools** - Top-end private schools – (*1 school; 1 227 learners*)
- **Meridian schools** - Community schools (*4 schools; 6 370 learners*)
- **Nursery schools** - Curro Junior Academy (*1 school; 353 learners*)



Interim results 31 August 2013



PSG PRIVATE
EQUITY



PSG PRIVATE EQUITY SOTP VALUATION						
Investment	%	Feb-12 Rm	Feb-13 Rm	Aug-13 Rm	IRR	Period (years)
CA Sales	53.7%		199	187	(13%)	1.3
Precrete (incl. GSQ)	51.7%	161	123	155	24%	7.2
Spirit	28.0%	46	51	51	28%	3.8
African Unity	47.5%	71	74	74	30%	9.4
GRW	37.7%	63	62	62	(5%)	6.0
Protea	49.9%	38	38	38	37%	5.8
M&S	38.9%	32	54	62	17%	5.3
Impak	80.5%	21	51	42	(7%)	1.8
Propell	30.0%	18	18	19	8%	5.3
Energy Partners	39.2%	14	12	12	(0%)	2.6
SNC	19.0%	8			n/a	1.9
Erbacon	12.3%	14			n/a	5.9
TOTAL ASSETS		486	681	701		

CORPORATE ACTIONS

- PSG Private Equity **increased its stake in Precrete** (as per *Project Internal Focus* strategy) from **44% to 52%**
- Precrete **acquired 100% of Greensquare Mining and Contracting** which resulted in a *disposal of PSG Private Equity's stake of 19% in Greensquare to Precrete*
- PSG Private Equity contributed **further capital via rights issues to Impak and SNC** (post the review period) to fund growth
- M&S Holdings announced a planned **merger with BDM Holdings**

Interim results 31 August 2013



Thembeka Capital - Sum of the parts valuation						
Investment	Feb-11	Feb-12	Feb-13	Aug-13	% of Assets	6 months growth
<i>ZARm</i>						
Capitec	552	641	653	636	26%	(3%)
PSG Group	437	463	607	686	28%	13%
Curro Holdings			396	514	21%	30%
Kaap Agri	39	75	149	149	6%	0%
Pioneer			193	221	9%	15%
Cash	5	296	127	51	2%	(60%)
Other	111	181	358	282	11%	(21%)
Assets sold	368		6			
Total assets	1 512	1 657	2 361	2 488		
Total liabilities	(431)	(467)	(526)	(520)		
Total Sum of the parts	1 081	1 189	1 834	1 968		
Intrinsic value per share	80	88	136	146		
Intrinsic value per share (post CGT)	69	74	113	120		
Liabilities vs assets	29%	28%	22%	21%		



Interim results 31 August 2013



Interim results 31 August 2013

			<u>Aug 13</u>	<u>Aug 12</u>	<u>Feb 13</u>
Sum of the parts <i>Sum of the parts per share (c)</i>	8,8% (31,0%)	↑	R4,253m R4.34	R3,238m R3.31	R3,903m R3.99
See-through sum of the parts <i>See-through sum of the parts per share (c)</i>	8,7% (32,8%)	↑	R4,632m 4.73	R3,486m 3.56	R4,259m 4.35
Recurring headline earnings <i>Recurring headline earnings per share (c)</i>	8,2%	↑	R89,7m 9.2	R83,1m 8.5	R251,1m 25.7
Headline earnings <i>Headline earnings per share (c)</i>	25,4%	↑	R72,4m 7.4	R57,3m 5.9	R196,3 20.1
Attributable earnings <i>Attributable earnings per share (c)</i>	(3,6%)	↓	R104,2m 10.6	R107,9m 11.0	R511,7 52.3



Interim results 31 August 2013

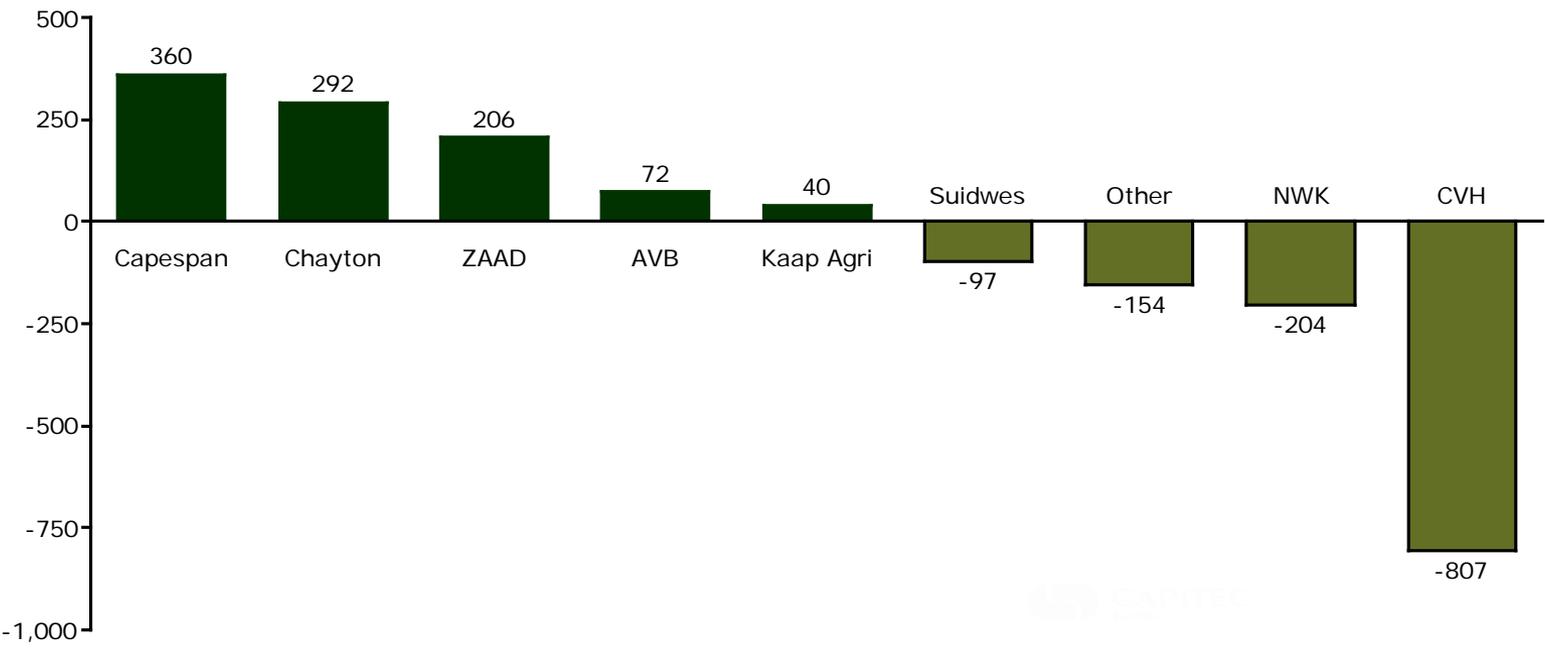
Company	February 2013		August 2013	
	Interest (%)	Rm	Interest (%)	Rm
Agri Voedsel	45,0	1 475,2	46,8	1 666,0
Kaap Agri	34,9	343,2	39,7	453,1
Capevin Holdings	5,3	287,6	5,1	312,3
Capespan	37,1	284,2	71,7	742,8
Zaad Holdings	92,0	368,9	92,0	368,9
Chayton	73,4	276,9	76,5	293,3
Suidwes	24,1	90,2	24,1	97,0
NWK	19,9	224,7	19,9	228,0
Overberg Agri	18,6	107,3	18,6	145,6
Other		54,0		53,3
Total investments		3 512,2		4 360,3
Cash and cash equivalents		692,2		216,6
Other net liabilities		(301,1)		(324,3)
SOTP value		3 903,3		4 252,6
Number of shares in issue (million)		978,1		980,2
SOTP value per share (rand)		3,99		4,34
See-through SOTP value per share (rand)		4,35		4,73
Net asset value per share (rand)		3,36		3,48



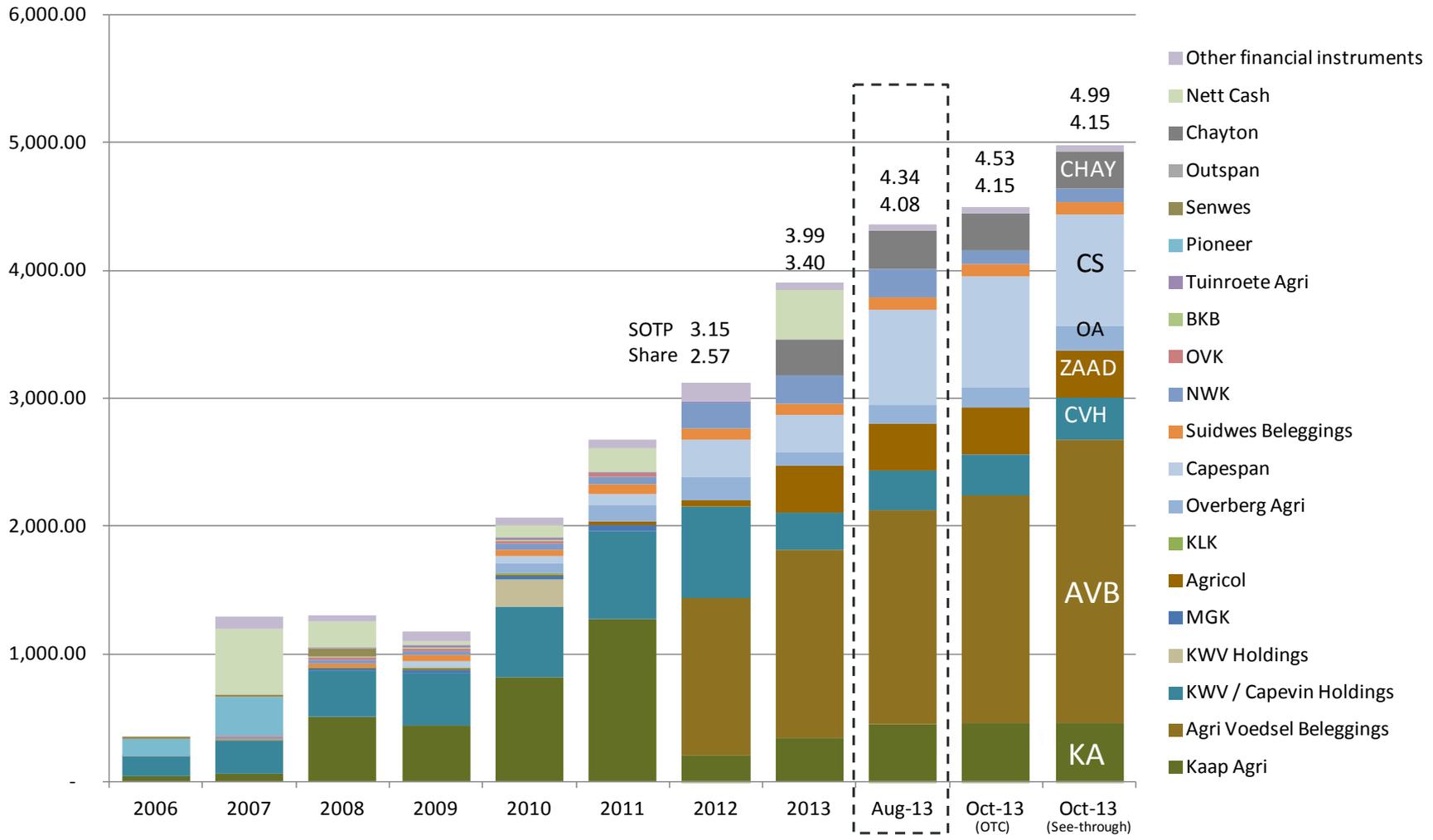
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Since Feb 2012, we have invested R970m while disposing of R1,26bn..



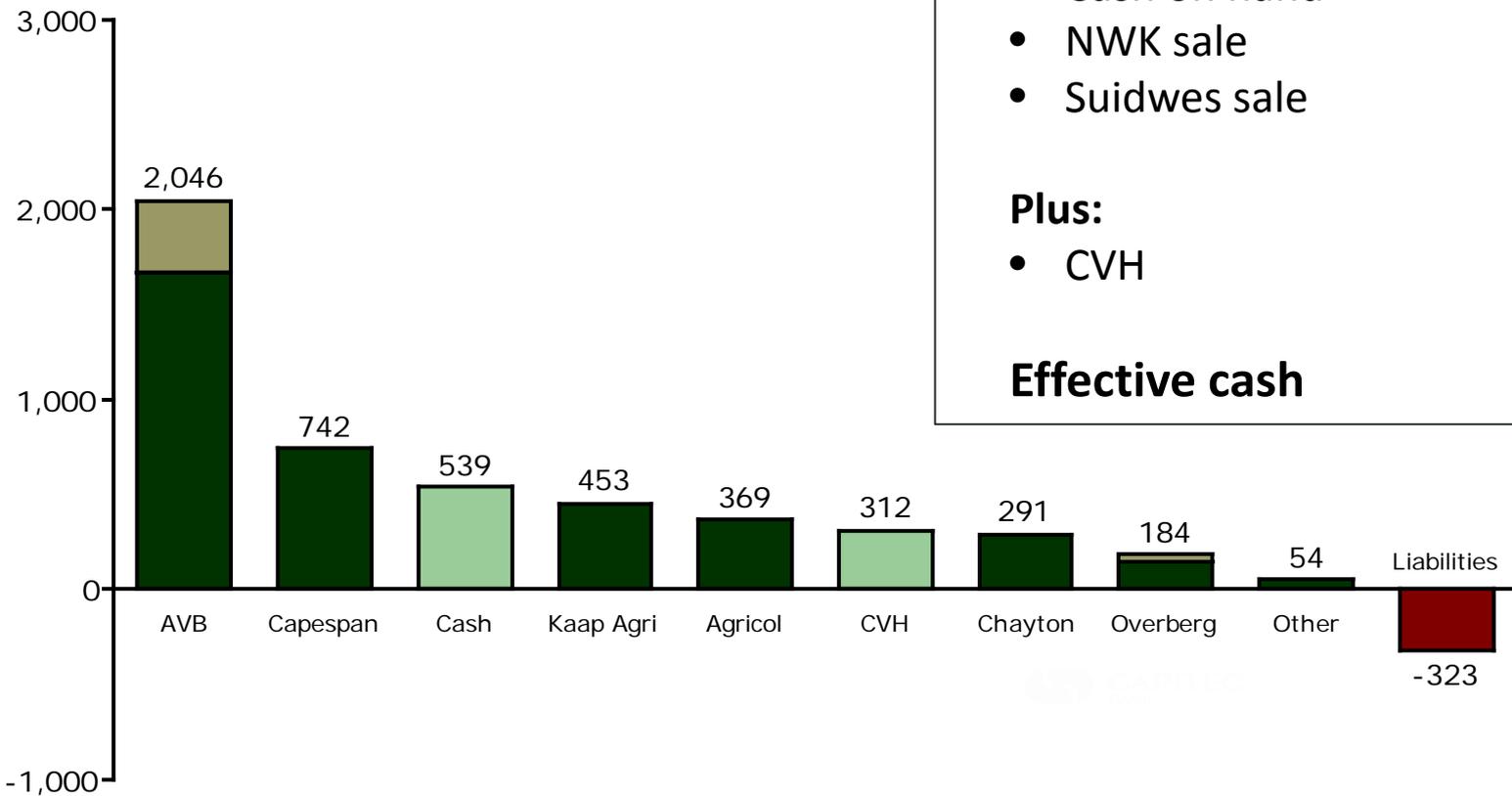
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Zeder now has larger interests in a smaller number of investments with a healthy cash balance.

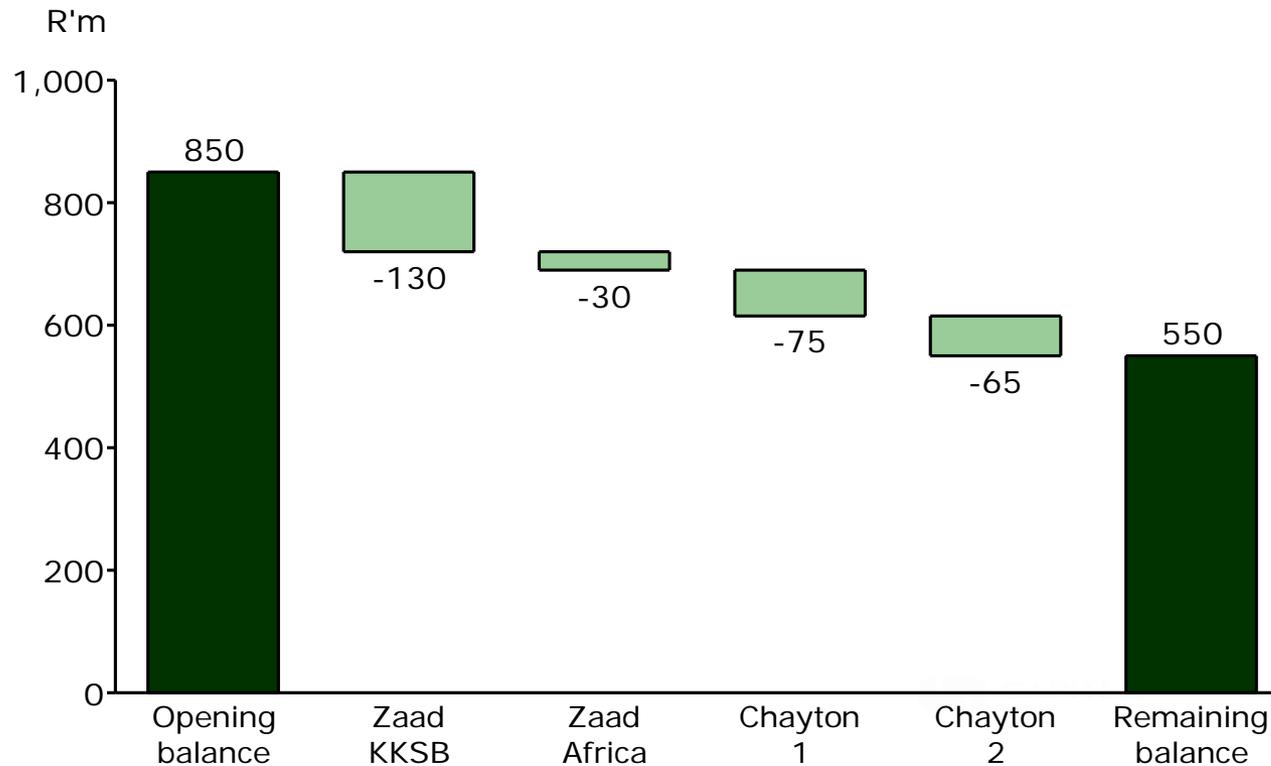


Effective cash balance:	
• Cash on hand	= R220m
• NWK sale	= R222m
• Suidwes sale	= <u>R 97m</u>
	R539m
Plus:	
• CVH	= R312m
Effective cash	= R851m



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Zeder has committed ~R300m towards highly likely transactions within its existing portfolio - subject to due diligence.



Interim results 31 August 2013

Thank you

