



PSG GROUP LIMITED

**ANNUAL GENERAL MEETING
9 JULY 2021**

Piet Mouton

PSG Group CEO

Feedback from the PSG Group Social & Ethics Committee



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Feedback from the PSG Group Social & Ethics Committee

- **PSG Group’s environmental, social and governance (“ESG”) report is available on page 30 of the 2021 Annual Report**
- **PSG Group is a responsible investor and together with its investee companies consistently aim to apply best practice from an ESG perspective**
- **Direct corporate social investment (“CSI”) initiatives:**
 - › The PSG Group/Jannie Mouton Foundation Bursary/Loan Scheme at the University of Stellenbosch
 - › Akkerdoppies (pre-primary school serving disadvantaged community in Stellenbosch)
 - › Amicus Trust (training and skills-based programme)
 - › PSG Group BEE Education Trust (bursaries for black learners)
 - › Ruta Sechaba Foundation (bursaries for black learners)
- **Each of PSG Group’s underlying investee companies also undertakes their own CSI initiatives and accordingly as shareholder, PSG Group also contribute proportionally to such initiatives – refer to PSG Group’s ESG report and the respective investee companies’ websites for more information**



Brief overview and update



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PSG Group's objective remains unchanged:
“To create wealth for shareholders on a *per share* basis”

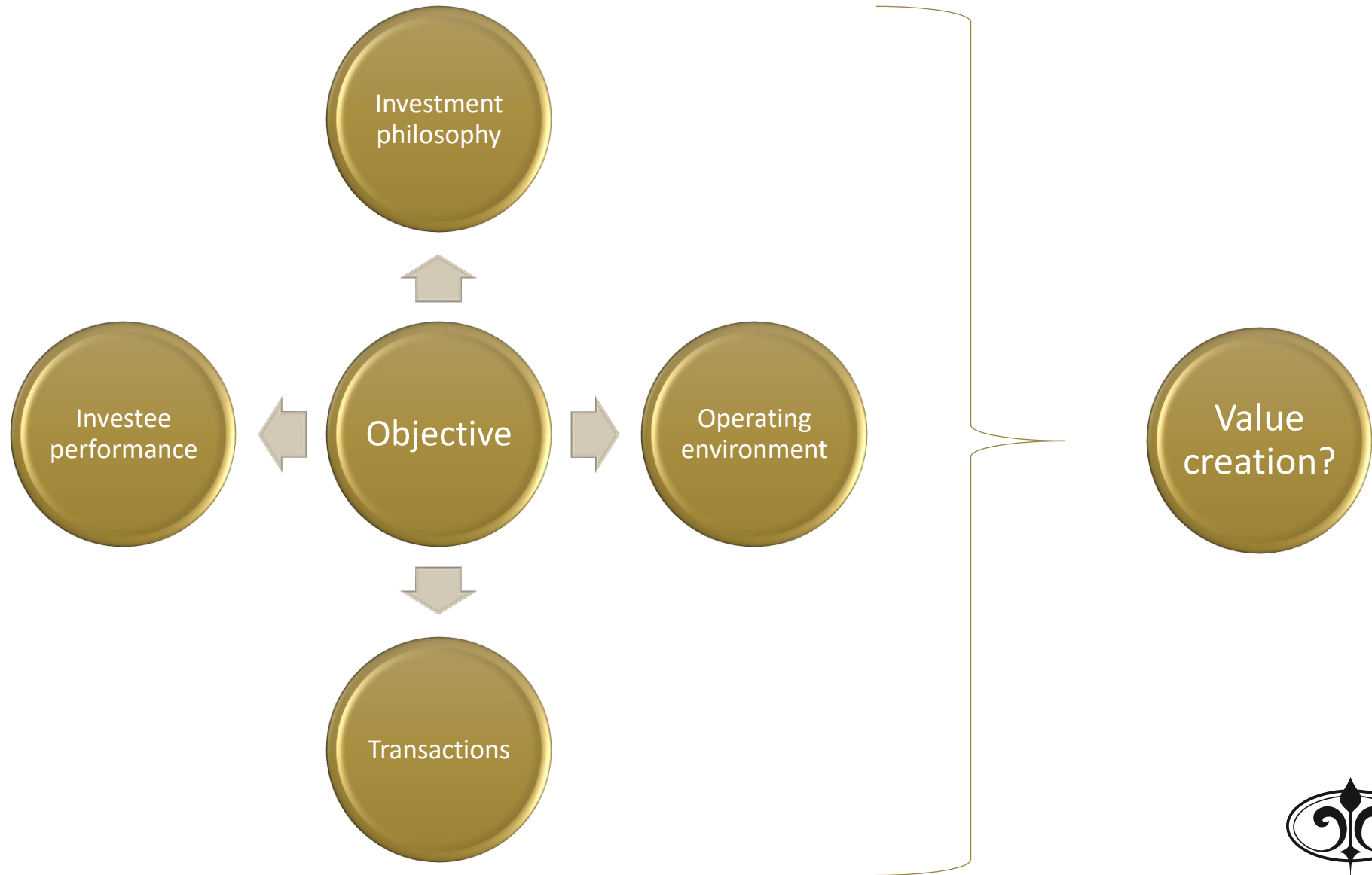
Grow the underlying
businesses

Sell/unbundle
investments when
opportune
+
Other value-enhancing
techniques

Pay dividends



Achieving our objective





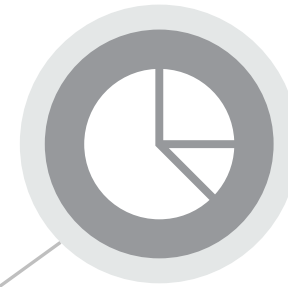
**Investment
philosophy**



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Investment philosophy: early-stage investing

- *High-growth companies should have more conservative balance sheets with limited debt*
- *Management cannot simultaneously focus on high-growth (J-curve) investment opportunities and on servicing debt:*
 - › *Loss of focus and conservatism*
- *Window to capture the market*



New investments should be in large markets:

- › Financial services
- › Energy
- › Education

If successful, the returns should be substantial



Large inefficient incumbents:

- › “Free” services
(Education and Energy)

Fragmented:

- › IFAs
- › Retirement villages



Best management teams:


- › Think different

Best operating models:

- › Service
- › Pricing
- › Experience



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**Operating
environment**



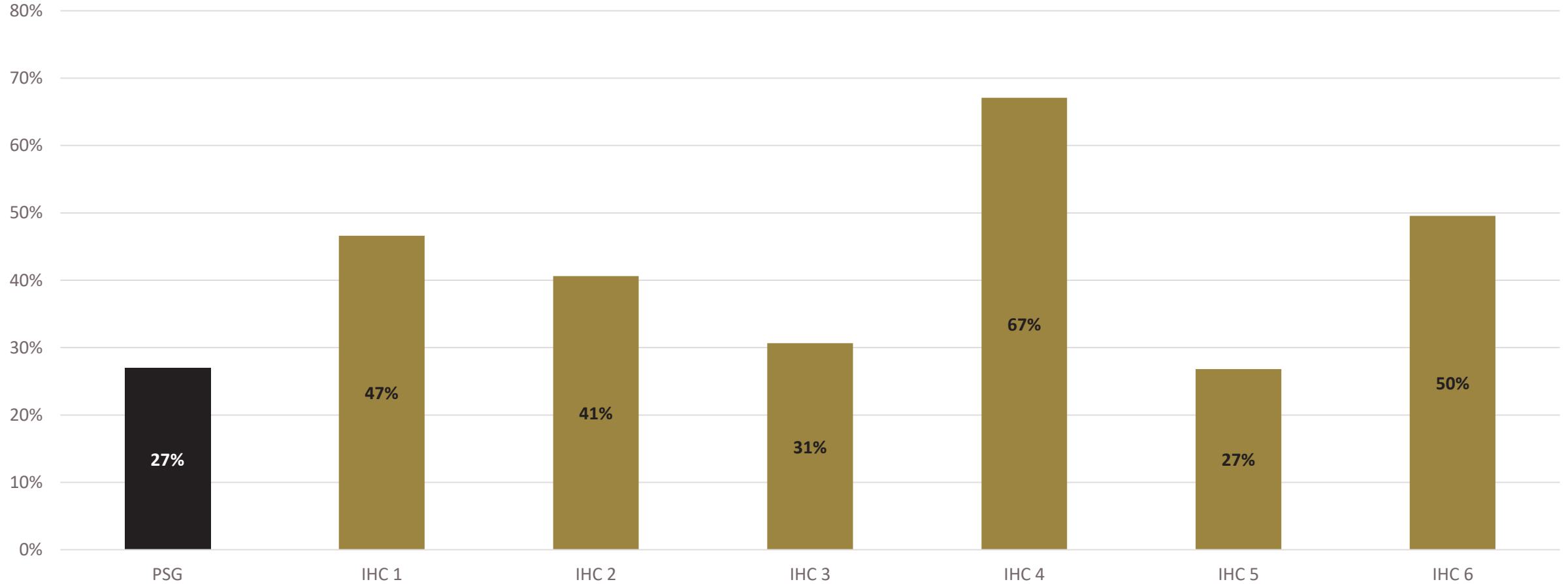
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Operating environment – General

- Covid-19 – 3rd wave
- Weak economy with low GDP growth – latest lockdown will have a further negative impact
- Government debt levels
- Political uncertainty
- Eskom – however, unreliable service delivery on many other fronts
- Ageing infrastructure
- Corruption
- Mounting red tape



Operating environment – Investment Holding Companies trading at significant discounts



Operating environment – Investment Holding Companies trading at significant discounts

- **Potential reasons for Investment Holding Company discounts:**
 - Permanent capital
 - Fee structures
 - Poor investment decisions
 - Too many listed entry points
 - Adverse changes to unbundling tax legislation
- **Value-add of Investment Holding Companies not fully appreciated by the market**





Transactions



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Key transactions over the past 18 months

- **Capitec unbundling**
 - Based on current value of Capitec, the theoretical value unlock is ~R76 per PSG Group share or ~R17bn
- **Sold PSG Group's retained 4.3% interest in Capitec comprising 4.9m shares at an average price of R1,212 per share**
- **Settled all remaining term debt comprising redeemable prefs of R1bn**
- **Zeder**
 - Sold Pioneer Foods (R6.4bn) and Quantum Foods (R308m)
 - Settled all debt obligations (R1.5bn)
 - Paid special dividends of 250cps (R4.2bn)
 - Repurchased Zeder shares (R426m)



Key transactions over the past 18 months

- **Repurchased 3.8% in PSG Group comprising 8.9m shares at an average price of R55.88 per share (R497m)**
- **Curro concluded a significant rights issue (R1.5bn)**
 - Curro's shares in issue increased by ~45%
 - PSG Group invested R1.05bn at R8.07 per share, thereby increasing its shareholding in Curro by ~5% to ~60%
- **Change in status to that of an Investment Entity**
 - Performance of all investees based on fair value – valuation methodologies for unlisted investments have become more relevant
- **Shareholder approval obtained to redeem the PSG Financial Services perpetual prefs at R81 per share plus the dividend that would have otherwise accrued (~R1.5bn – anticipated to be settled during Aug 2021)**





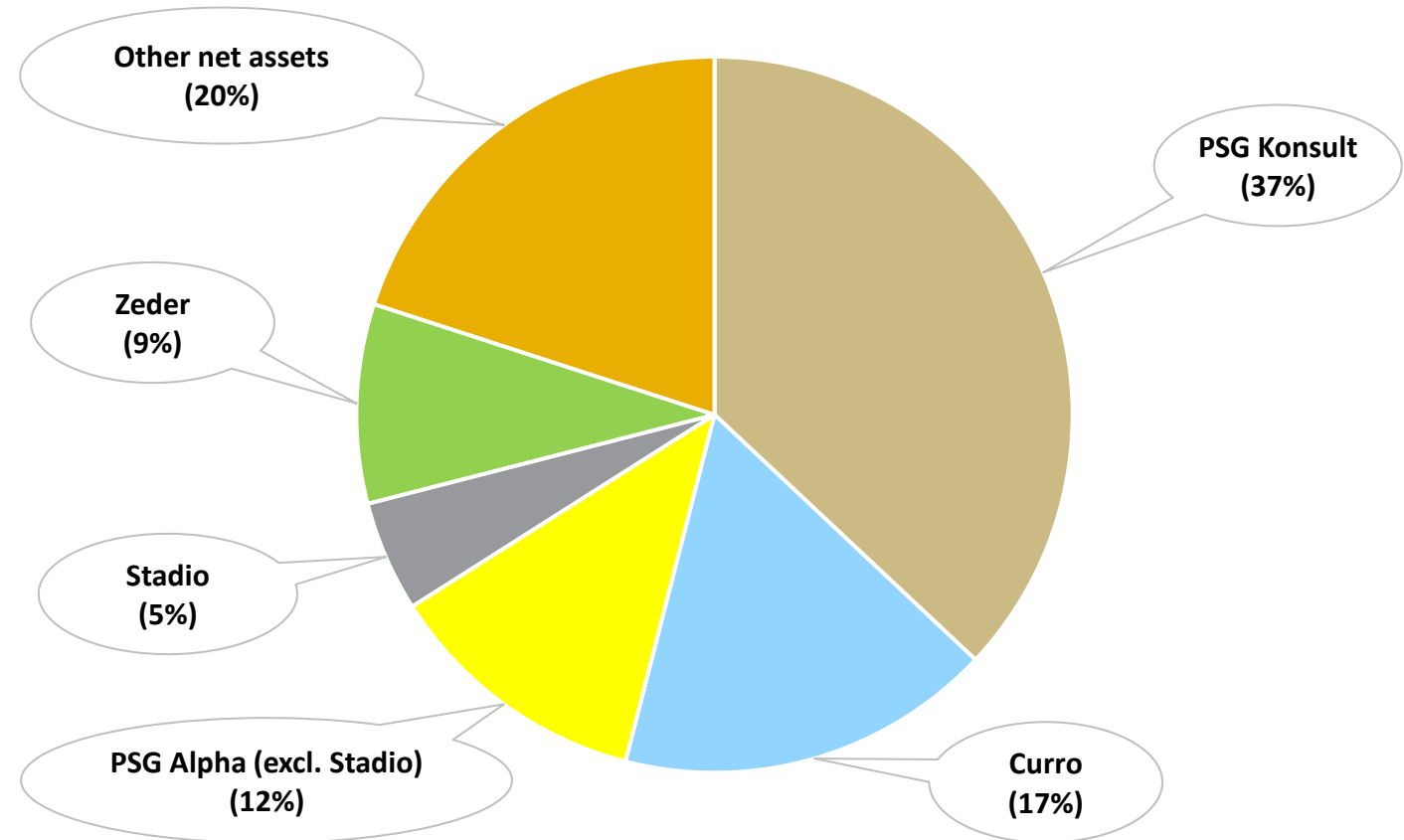
**Investee
performance**



PSG Group – SOTP value

Asset/(liability)	SOTP value 30 Jun 2021 Rm
PSG Konsult	9 032
Curro	4 208
PSG Alpha	4 055
Stadio	1 105
Other	2 950
Zeder	2 148
Dipeo	
Other net assets	4 692
Cash	4 361
Other	331
Total assets	24 135
Perpetual pref funding	(1 426)
Total SOTP value	22 709
Shares in issue (<i>net of treasury shares</i>) (m)	209.4
SOTP value per share (R)	108.47
Share price (R)	79.59
Discount to SOTP value	(27%)

Share of total assets



PSG Group's listed investee companies

- 85% of PSG Group's total assets (excluding cash and pref/loan receivables) comprises listed investments – each holds its own AGM
- For more information, including their comprehensive results, please refer to the respective companies' websites:
 - › PSG Konsult: www.psg.co.za
 - › Curro: www.curro.co.za
 - › Zeder: www.zeder.co.za
 - Kaap Agri: www.kaapagri.co.za
 - › PSG Alpha investments:
 - Stadio: www.stadio.co.za
 - CA&S: www.casholdings.co.za





ENERGY
PARTNERS

POWERED BY RESULTS

Energy Partners has completed its rationalisation process whereby all non-core divisions were either closed or sold. The business is poised to accelerate the addition of new energy assets to its investment portfolio with a strong pipeline of contracted assets, and to benefit from the pending deregulation of the energy sector



- 1,800 kWp solar PV installation for SAFT (completed Jan 2021)
- R1bn of solar PV installations to date



- 4x 10 ton/h steam boilers for Sepflour Nokeng mine (completed Feb 2019)



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ENERGY PARTNERS

POWERED BY RESULTS



2,200 kW
refrigeration plant for
Dr Oetker (completed
June 2020)



Energy
management
services for
Netcare

Successfully
reduced major
South African
companies'
energy intensity
by 40% per m²
saving R2.7bn
to date





Evergreen's top priority remains the continued health and safety of its residents comprising the elderly, which included the implementation of extraordinary actions and protocols to combat the pandemic. In 2020, the business prudently reduced the rate of development of new retirement units considering the general weak economy. Present sales and occupancy of units are satisfactory and new developments are likely to be initiated in due course







- Optimi provides accessible, cost-effective education products and services through centralised services, technology and a proprietary guided learning model
- Covid-19 pandemic has increased the need for and adoption of its learning offerings
- Home schooling revenue is increasing by >30%, College and Workplace growth more muted due to challenging economic conditions

impaq
optimi home
Market leader in Grade R - 12
homeschooling
with >28 000 learners.

itsi
optimi classroom
Teaching and learning solutions
to >1500 schools and education institutions.

media works
optimi workplace
Corporate training
to >500 businesses and public sector clients.

College SA
optimi college
Distance education
college
to >6 000 students.





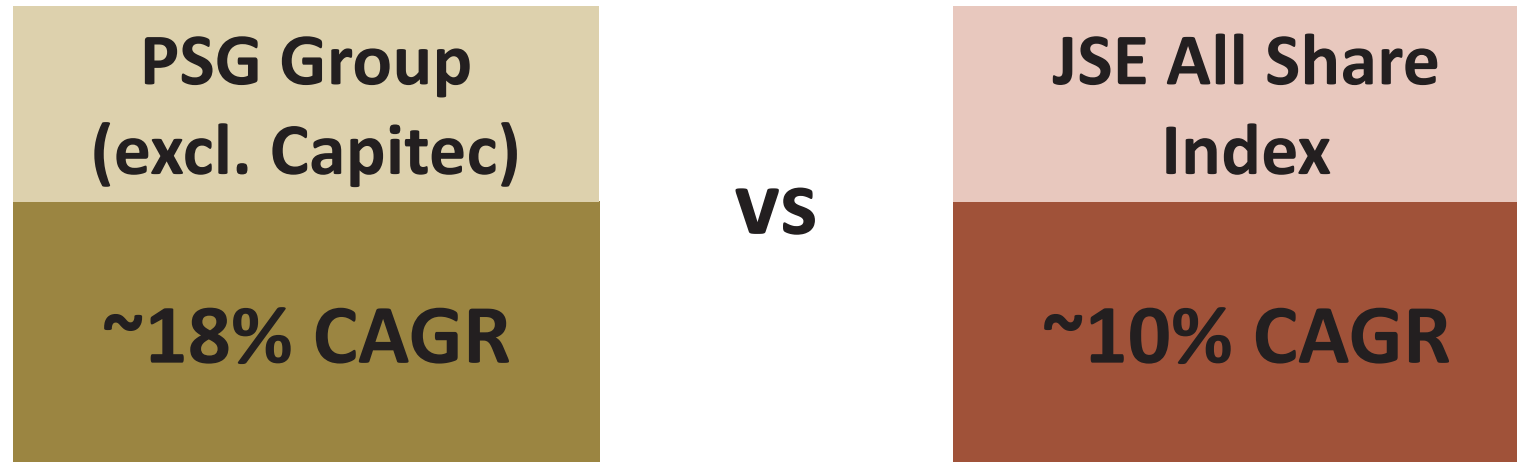
**Value
creation**



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Performance since Feb 2010

- PSG Group and its shareholders have and continue to benefit tremendously from Capitec's success – in our opinion, it is the best company established in SA during the past 20 years, if not ever
- What about the rest of our portfolio?



Thank you.

Questions?



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