

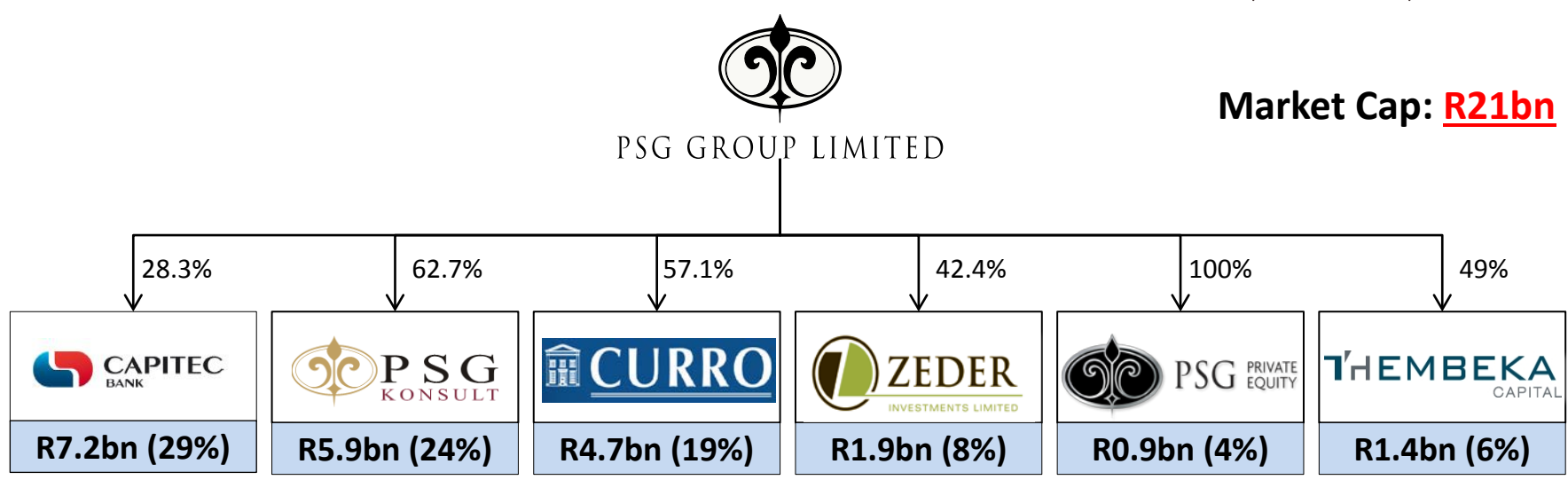
PSG GROUP LIMITED

PSG Group Overview

20 JUNE 2014 • SPIER WINE ESTATE, STELLENBOSCH

CEO: PIET MOUTON

PSG Group structure



PSG Group strategy

- PSG Group is an investment holding company
- We invest with no pre-defined exit strategy
- Unlike traditional fund/unit trust managers, we are able to hold onto great companies
- We are better at building companies from early stage investing and growing the business, rather than utilising leverage as is the case with the more classic private equity model



Project Internal Focus

- Fewer but larger investments where we have greater influence
- Grow these chosen companies organically and through acquisitions
- Ensure we have the right CEOs



Project Internal Focus (cont.)

Project Internal Focus is reaping rewards:

- We have influenced numerous *management changes* which have brought new thinking to current business models
- **Zeder** has reduced its portfolio from 15 to five core investments
- **PSG Private Equity** has exited non-core investments
- *Focus* has always been key to the success of **Capitec**
- **Curro** continues to build capacity to facilitate growth
- **PSG Konsult** has refocused its business resulting in substantial benefits



Evaluating performance

- We believe **performance** should be measured on **the return that an investor receives over time**; not on the size of the company
- Our **focus** is on *per share* wealth creation



Long term performance

- We believe the ***Total Return Index (TRI)*** should be used to evaluate PSG's long term performance
- As at 28 Feb 2014, PSG's TRI was **50.4%**
R100 000 investment in PSG Group in 1995 (with *Capitec shares unbundled in 2003*) worth **R169m** as at 28 Feb 2014, consisting of:
 - **~1.32m** PSG Group shares worth **R118m**
 - **~278k** Capitec shares worth **R51m**

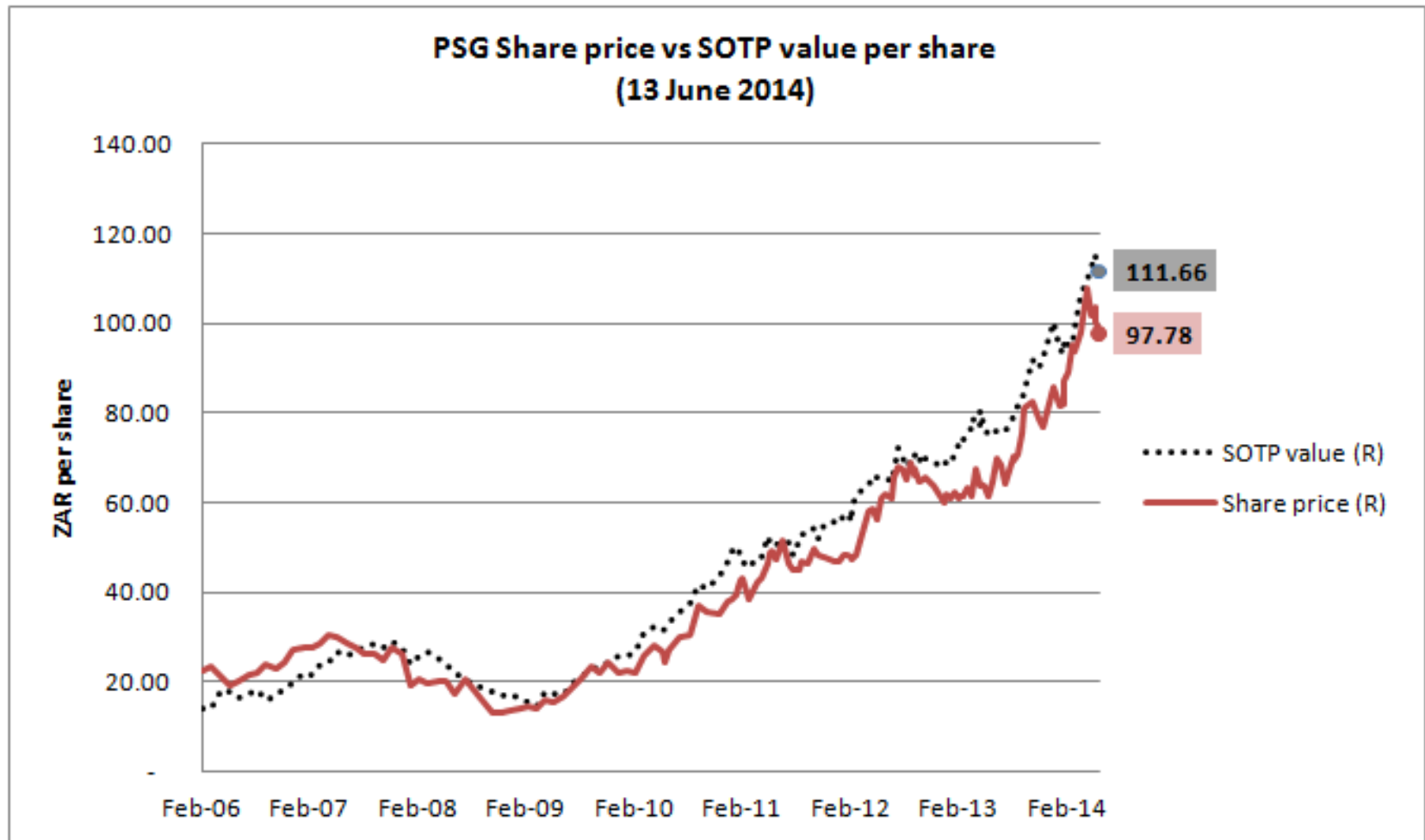


Short to medium term performance

- We focus on growth in PSG's ***sum-of-the-parts (SOTP) value per share***
- History shows that PSG's share price tracks its *SOTP value per share*
- A sustained increase in PSG's *SOTP value per share* over time will depend on the profitability of its investments
- We use the ***recurring headline earnings per share*** concept to evaluate performance from an earnings perspective



Short to medium term performance (cont.)



Feb 2014 results overview

- *SOTP value* per share was **R95.01** as at 28 Feb 2014 (*R111.66 as at 13 June 2014*)
 - **31% higher** than at 28 Feb 2013
 - **44% CAGR** over last five years
- *Recurring headline earnings* per share increased by **14% to 447cps**
- For the 1st time reported *headline earnings* > R1bn



Noteworthy corporate action at PSG Group

In June 2014:

- **Raised R920m** in cash by **issuing 9.7m (~5% of issued shares) ordinary shares** at ***R95 per share*** by means of a bookbuild
- The issue was **45% oversubscribed**
- **Rationale:**
To strengthen PSG's capital base in order to pursue attractive growth opportunities in Curro, Zeder and PSG Private Equity



PSG Group's shareholders

	'000	
Directors	71,328	35.6%
Steinhoff	37,266	18.6%
Family and friends	32,178	16.0%
Other	59,718	29.8%
Shares in issue*	<u>200,490</u>	

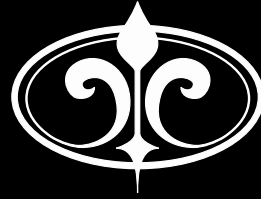
- PSG has a very loyal shareholder base
- Following the issue for cash we believe the liquidity should improve



PSG Group SOTP

PSG Sum-of-the-parts						
Rm	Feb-13		Feb-14		June-14	
Capitec	6 128	39%	5 989	30%	7 177	29%
Curro	2 607	16%	4 660	23%	4 749	19%
PSG Konsult	2 237	14%	4 004	20%	5 892	24%
Zeder	1 412	9%	1 698	8%	1 893	8%
PSG Private Equity	681	4%	949	5%	935	4%
Thembeke Capital	899	6%	1 243	6%	1 418	6%
Other	1 888	12%	1 505	8%	2 432	10%
TOTAL ASSETS	15 852	100%	20 048	100%	24 496	100%
Perpetual prefs	(1 163)		(1 393)		(1 498)	
Other	(845)		(615)		(612)	
SOTP	13 844		18 040		22 386	
Shares in issue (m)	191		190		201	
SOTP per share (rand)	72.67		95.01		111.66	





PSG GROUP LIMITED

Our investment principles

PSG Group investment principles

Investments must be **simple to understand**



PSG Group investment principles (cont.)

Investments must have
significant growth potential



PSG Group investment principles (cont.)

Focus, focus, focus

The shorter way to do many things is to do only one thing at a time.

- Mozart

The successful warrior is the average man, with laser-like focus.

- Bruce Lee



PSG Group investment principles (cont.)

High barriers to entry important:

- easier to survive
- higher margins

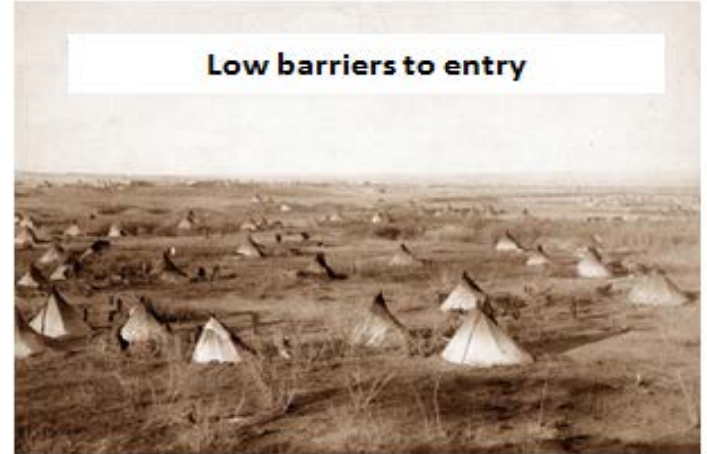
Curro

- skills to run the best schools in the country
- capital to build schools

Capitec

- banking license
- branch network

Low barriers to entry



High barriers to entry



PSG Group investment principles (cont.)

Great corporate governance not negotiable

- Integrity
- Transparency
- Good, timely information
- Trust



PSG Group investment principles (cont.)

Leadership is the most important aspect of our investment philosophy



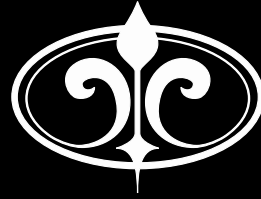
Leadership is the capacity to translate vision into reality.

—Warren Bennis

Where there is no vision, the people perish.

—Proverbs 29:18





PSG GROUP LIMITED

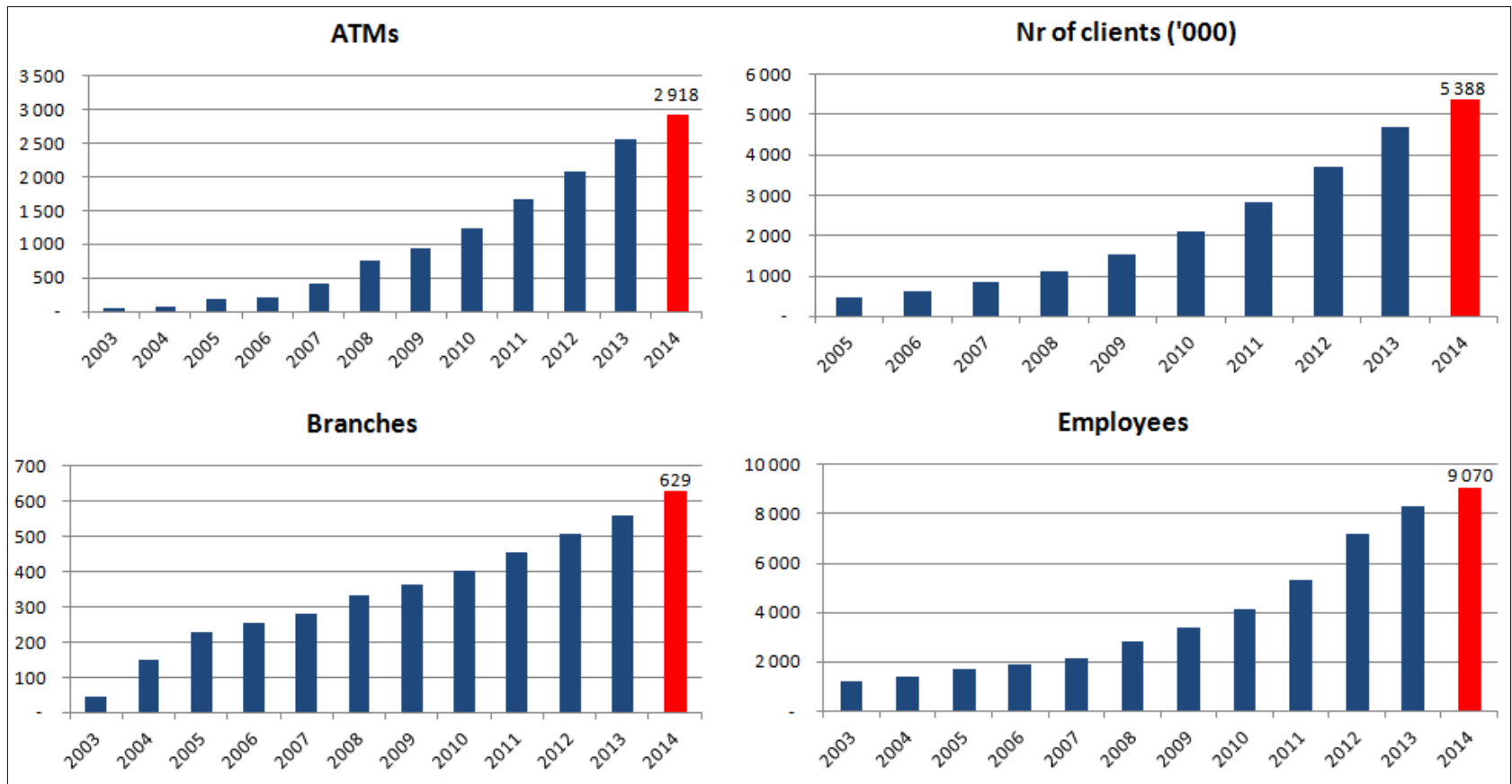
Our leaders

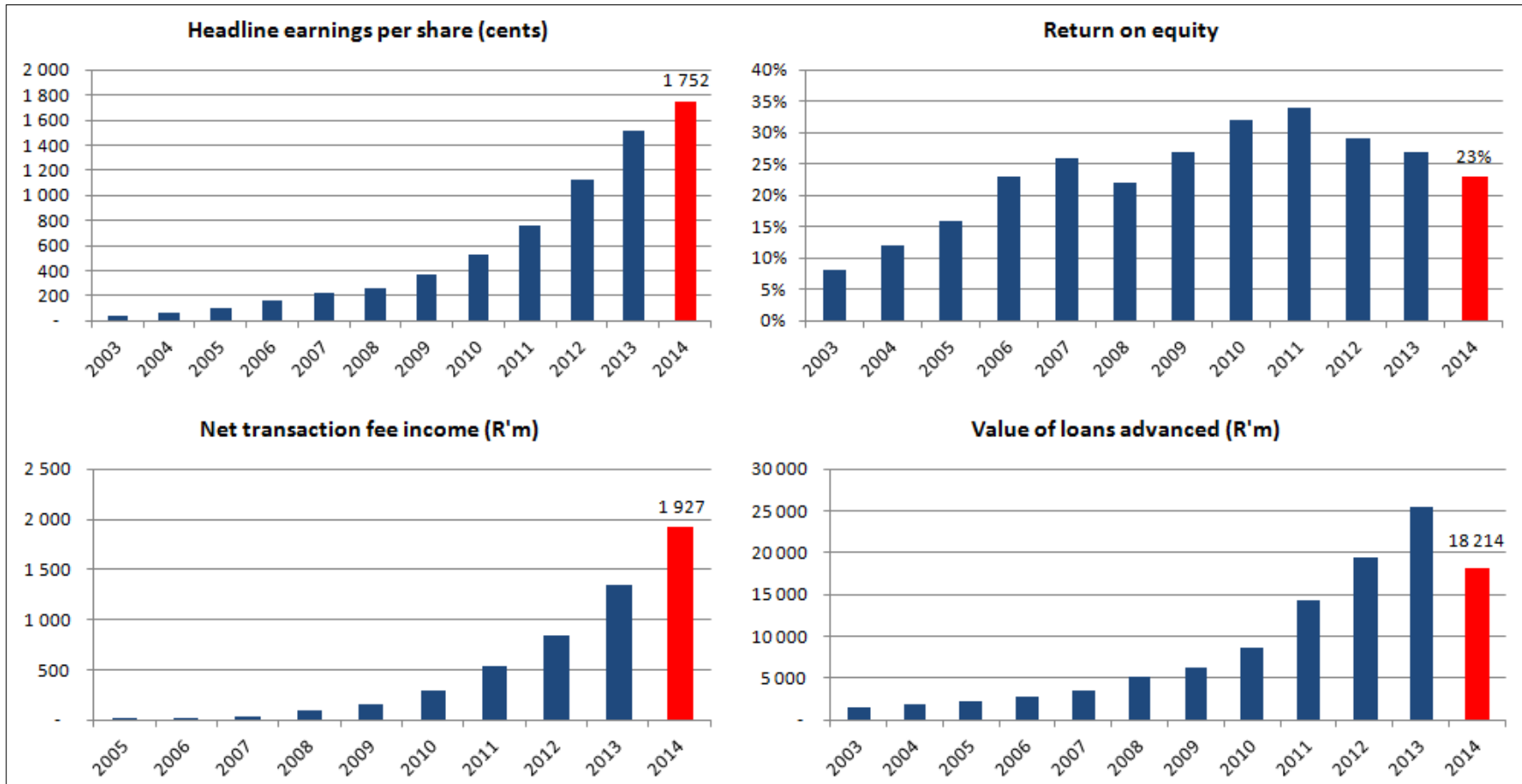
PSG Group leaders



- *Headline earnings increased by **27% to R2bn***
- *HEPS increased by **15% to 1 752 cents***
- *Total dividend per share increased by **16% to 663 cents***
- *Return on equity of **23%***
- *Net transaction fee income increased by **43% to R1.9bn***
- ***5.4m active clients***
- *Audited results **published less than 1 month after year-end**
– that speaks of a brilliantly run company!*

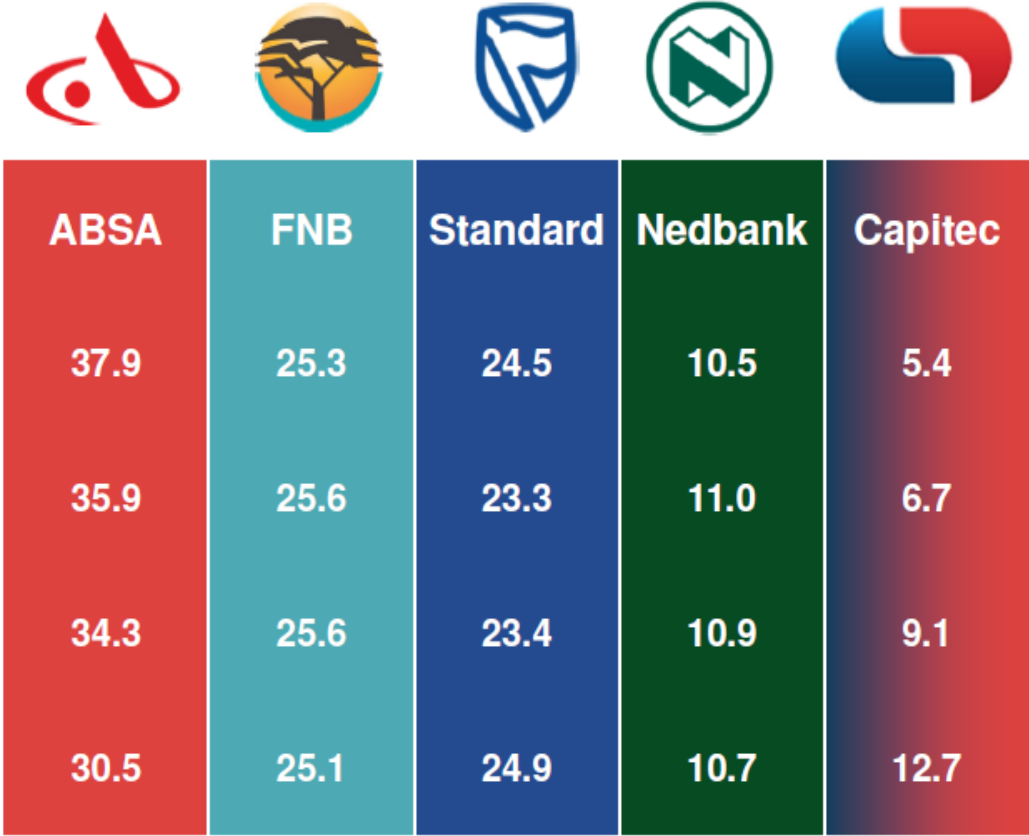






A LEADING FINANCIAL INSTITUTION REVOLUTIONISING BANKING

Transacting - Primary bank market share



Source AMPS

- 640 branches
- 5.4m clients
- 9 070 employees
- 2 918 ATMs

- Attracting new markets**
- Urban
 - Young: 20-35 yrs
 - Higher income
 - More electronic transacting



AWARDS

ASK AFRIKA ORANGE INDEX – CUSTOMER SERVICES



MOST SATISFIED CUSTOMERS

BEST BANKING SECTOR COMPANY



Best commercial bank in South Africa



OVERALL BANK OF THE YEAR WINNERS

Rank		Average score
1	Capitec	9.11
2	First National Bank	8.06
3	Nedbank	7.35
4	Standard Bank	7.32
5	Absa	6.92

SUNDAY TIMES BANK OF THE YEAR

2014 HIGHLIGHTS / 3RD ANNUAL INTERNET BANKING SITEISFACTION[®] IN SOUTH AFRICA REPORT

“Capitec Bank is South Africa’s leader in providing online banking consumer satisfaction”



PSG Group leaders (cont.)



PSG Konsult advisors – the experts

- 193 offices
 - 618 advisors
 - +150,000 clients
 - R112bn AUM
 - Top Wealth Manager for Successful Entrepreneurs – *Business Day Investors Monthly* survey for 2014
 - Asset management fund performance consistently in top quartile
 - *Santam's* Top Personal Lines Broker of the year - 2013 (3rd year running)
 - THE LARGEST DISTRIBUTION NETWORK IN SOUTH AFRICA
 - TOP QUARTILE PERFORMANCE IN ASSET MANAGEMENT
- LEADER!**

- Congratulations to PSG Konsult on their listing! We are proud of what you have achieved over the past 18 years.
- PSG Group's philosophy remains that if a company is listed, management will take full responsibility for its performance
 - Performance becomes a sense of pride
 - Performance should inevitably improve
- Yes, it creates an additional entry point into PSG Group
 - However, PSG Group's share price tracks its SOTP value
 - So, if a listing drives management to better performance and investors rather want to buy into the underlying, it will ultimately drive PSG Group's SOTP and share price higher

PSG Group leaders (cont.)



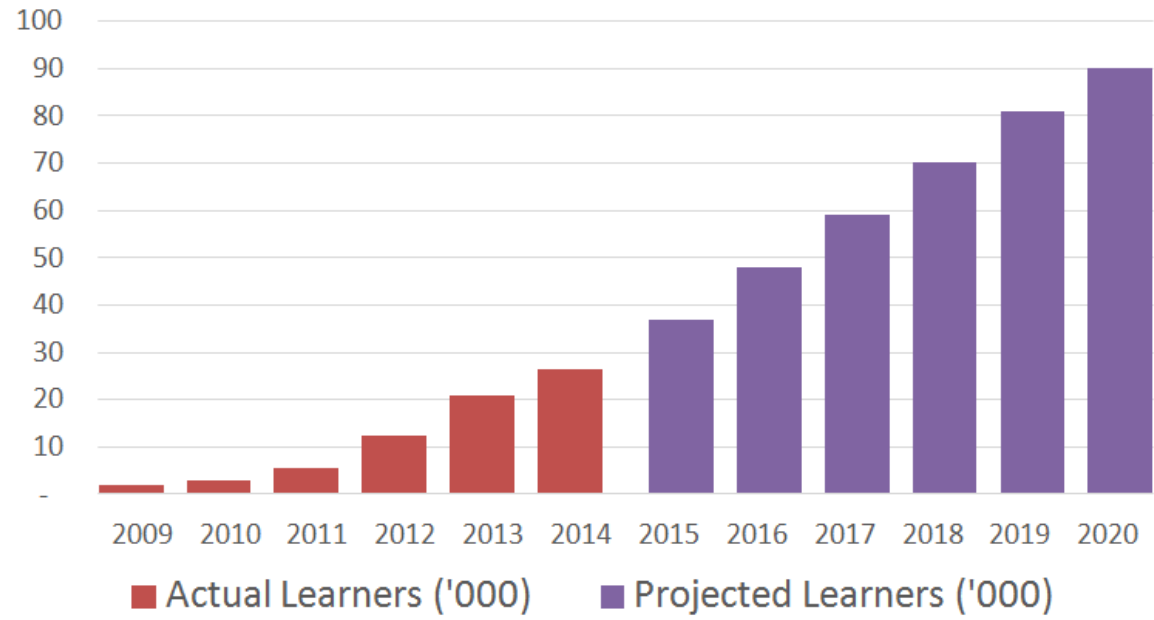
PSG Group leaders (cont.)



Education in SA

- 4% of children in private schools in SA vs 13% globally
- Limited public school capacity
- Few new schools built

LEARNERS



THE LARGEST PRIVATE SCHOOL GROUP IN SOUTH AFRICA - LEADER!



PSG Group leaders (cont.)

THEMBEKA
CAPITAL



CREATING SHAREHOLDER VALUE

NAV at
inception in
2006 = R1

NAV today = R2.9bn

Value created for
BEE investors
(51%) ~ R1.5bn

ONE OF THE MOST SUCCESSFUL BBBEE COMPANIES TO DATE

- LEADER!



PSG Group leaders (cont.)



- Since inception on 1 Dec 2006, Zeder has delivered a total return of:
 - *~16.9% based on share price; and*
 - *~21.7% based on SOTP*
- Out of the entire universe of unit trusts available Zeder's ranking is:
 - **7th** best based on share price; and
 - Outperformed all unit trusts on SOTP growth
- **Zeder is a LEADER**



LEADERS IN THE ZEDER PORTFOLIO

CAPESPAN

The largest South African exporter of fruit



Chayton Africa

Geared to be the largest commercial farmer in Zambia (probably in sub Saharan Africa)



ZAAD



Category leaders spanning a broad product range with world class seed Intellectual Property



PSG Group leaders (cont.)



Various category leading brands



- Performing assets
- Leading brands
- Good management
- Growth potential
- Market cap R23bn



PSG Group leaders (cont.)



LEADERS IN THE PSG PRIVATE EQUITY PORTFOLIO



SA market leader in chemical, food-grade, dry bulk, bulk feed & fuel tankers



Best e-learning solution in SA, unique in the world



Market leader in support centre and home education



PSG Group leaders (cont.)





PSG Capital

- Corporate finance arm of PSG Group
- CEO – Johan Holtzhausen
- Broad spectrum of clients (35 JSE-listed)
- Range of corporate finance & advisory services



PSG Group leaders (cont.)



Grayston Elliot

- Tax advisory company under the PSG Group umbrella
- CEO – Chemus Taljaard
- Team of specialists with more than 15 years of experience in tax matters
- Broad spectrum of South African and international clients in a variety of sectors





PSG GROUP LIMITED

Thank you