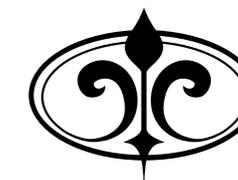


# RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2018



PSG GROUP LIMITED

**RECURRING EARNINGS** ↑ 22% to **R5,03** per share

**SOTP VALUE** of **R262,80** per share as at 12 October 2018

**INTERIM DIVIDEND** ↑ 10% to **R1,52** per share

## OVERVIEW

PSG Group Ltd ("PSG") 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 R47bn.

## 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 market-related valuations. At 31 August 2018, the SOTP value per PSG share was R272,94 (28 February 2018: R255,17), representing a 7% increase. At 12 October 2018, it was R262,80 per share. The five-year compound annual growth rate ("CAGR") of PSG's SOTP value per share and share price at 31 August 2018 was 28% and 27%, respectively.

| Asset/(liability)                                   | 28 Feb 2017   | 28 Feb 2018   | 31 Aug 2018   | 12 Oct 2018   | Share of total | Five-year CAGR <sup>^^</sup> |
|---|---------------|---------------|---------------|---------------|----------------|------------------------------|
|   | Rm            | Rm            | Rm            | Rm            |                |                              |
| Capitec*  | 25 727        | 29 540        | 35 582        | 35 116        | 59%            | 40%                          |
| PSG Konsult*  | 6 084         | 7 048         | 7 858         | 7 882         | 13%            | 23%                          |
| Curro* (incl. Stadio until unbundling in Oct 2017)  | 11 180        | 7 987         | 7 303         | 6 116         | 10%            | 10%                          |
| Zeder*  | 5 398         | 4 823         | 3 727         | 3 510         | 6%             | 4%                           |
| PSG Alpha   | 1 909         | 5 201         | 4 961         | 4 829         | 8%             | 26%                          |
| Stadio* (since unbundling from Curro in Oct 2017)   |               | 2 379         | 1 548         | 1 410         |                |                              |
| Other investments**                                 | 1 909         | 2 822         | 3 413         | 3 419         |                |                              |
| Dipeo**   | 812           | 535           | 255           | 68            | 1%             |                              |
| Other assets  | 3 586         | 2 603         | 2 143         | 2 075         | 3%             |                              |
| Cash <sup>^</sup>                                   | 1 513         | 1 000         | 531           | 510           |                |                              |
| Pref investments and loans receivable <sup>^</sup>  | 2 002         | 1 558         | 1 563         | 1 529         |                |                              |
| Other <sup>^</sup>                                  | 71            | 45            | 49            | 36            |                |                              |
| <b>Total assets</b>                                 | <b>54 696</b> | <b>57 737</b> | <b>61 829</b> | <b>59 596</b> | <b>100%</b>    |                              |
| Perpetual pref funding*                             | (1 350)       | (1 278)       | (1 289)       | (1 259)       |                |                              |
| Other debt <sup>^</sup>                             | (949)         | (949)         | (1 020)       | (1 029)       |                |                              |
| <b>Total SOTP value</b>                             | <b>52 397</b> | <b>55 510</b> | <b>59 520</b> | <b>57 308</b> |                |                              |
| <b>Shares in issue (net of treasury shares) (m)</b> | <b>217,5</b>  | <b>217,5</b>  | <b>218,1</b>  | <b>218,1</b>  |                |                              |
| <b>SOTP value per share (R)</b>                     | <b>240,87</b> | <b>255,17</b> | <b>272,94</b> | <b>262,80</b> |                | <b>28%</b>                   |
| <b>Share price (R)</b>                              | <b>251,43</b> | <b>217,50</b> | <b>225,04</b> | <b>216,27</b> |                | <b>27%</b>                   |

\* Listed on the JSE Ltd \*\* SOTP value

<sup>^</sup> Carrying value <sup>^^</sup> Based on share price/SOTP value per share

Note: PSG's live SOTP containing further information is available at [www.psggroup.co.za](http://www.psggroup.co.za)

## RECURRING EARNINGS

PSG's *recurring earnings* per share increased by 22% to R5,03 (31 August 2017: R4,12) following commendable performance from the majority of PSG's core investments (Capitec up 20%; PSG Konsult up 18%; Curro schools up 22%; Zeder up 158%) during the period under review.

|  | Six months ended |             | Year ended 28 Feb 2018 |
|--|------------------|-------------|------------------------|
|  | 31 Aug 2017      | 31 Aug 2018 |                        |
|  | Rm               | Change %    | Rm                     |
| Capitec  | 628              |             | 756                    |
| PSG Konsult  | 147              |             | 174                    |
| Curro (incl. Stadio until unbundling in Oct 2017)                              | 61               |             | 77                     |
| Zeder  | 27               |             | 73                     |
| PSG Alpha (incl. Stadio since unbundling in Oct 2017)                          | 66               |             | 76                     |
| Dipeo  | (34)             |             | (31)                   |
| PSG Corporate  | (18)             |             | (25)                   |
| Other (mainly pref div income)   | 68               |             | 82                     |
| <b>Recurring earnings before funding</b>                                       | <b>945</b>       | <b>25</b>   | <b>1 182</b>           |
| Funding (net of interest income)   | (57)             |             | (96)                   |
| <b>Recurring earnings</b>  | <b>888</b>       | <b>22</b>   | <b>1 086</b>           |
| Non-recurring items  | (107)            |             | 10                     |
| <b>Headline earnings</b>   | <b>781</b>       | <b>40</b>   | <b>1 096</b>           |
| Non-headline items   | 52               |             | 19                     |
| <b>Attributable earnings</b>   | <b>833</b>       | <b>34</b>   | <b>1 115</b>           |
| <b>Weighted average number of shares in issue (net of treasury shares) (m)</b> | <b>215,4</b>     |             | <b>216,1</b>           |
| <b>Earnings per share (R)</b>  |                  |             |                        |
| - Recurring  | 4,12             | 22          | 5,03                   |
| - Headline   | 3,63             | 40          | 5,07                   |
| - Attributable   | 3,86             | 34          | 5,16                   |
| <b>Dividend per share (R)</b>  | <b>1,38</b>      | <b>10</b>   | <b>1,52</b>            |

PSG's *headline* and *attributable earnings* per share increased by 40% and 34%, respectively, mainly due to the aforementioned increase in *recurring earnings*, as well as a fair value gain recognised by Zeder on its investment in Joy Wing Mau (previously known as Golden Wing Mau), which is in process of being disposed of.

*Profit before finance costs and taxation* per PSG's consolidated income statement contained in the full announcement increased by 50% to R2,1bn.

## PROSPECTS

Despite obvious challenges, PSG remains positive about South Africa and the opportunities it presents. We believe PSG's investment portfolio is suitably positioned to continue yielding above-average returns.

## 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 152 cents (2017: 138 cents) per share from income reserves for the six months ended 31 August 2018. 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 dividends tax of 20%, is 121,6 cents per share for those shareholders that are not exempt from dividends tax. The number of ordinary shares in issue at the declaration date is 231 976 198, 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, 6 November 2018   |
| Trading ex-dividend commences  | Wednesday, 7 November 2018 |
| Record date                    | Friday, 9 November 2018    |
| Payment date                   | Monday, 12 November 2018   |

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 November 2018, and Friday, 9 November 2018, 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, 16 October 2018, 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](http://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

Jannie Mouton  
Chairman

Piet Mouton  
Chief Executive Officer

Wynand Greeff  
Chief Financial Officer

Stellenbosch  
16 October 2018

**PSG GROUP LTD ("the company")**: Registration number: 1970/008484/06  
JSE Ltd share code: PSG ISIN code: ZAE000013017

**DIRECTORS**: JF Mouton (Chairman)\*\*; PE Burton^^; ZL Combi^; FJ Gouws\*\*, WL Greeff (CFO)\*, 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, 1<sup>st</sup> Floor Ou Kollege, 35 Kerk Street, Stellenbosch, 7600; PO Box 7403, Stellenbosch, 7599

**TRANSFER SECRETARY**: Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196; PO Box 61051, Marshalltown, 2107

**SPONSOR**: PSG Capital

**AUDITOR**: PricewaterhouseCoopers Inc