



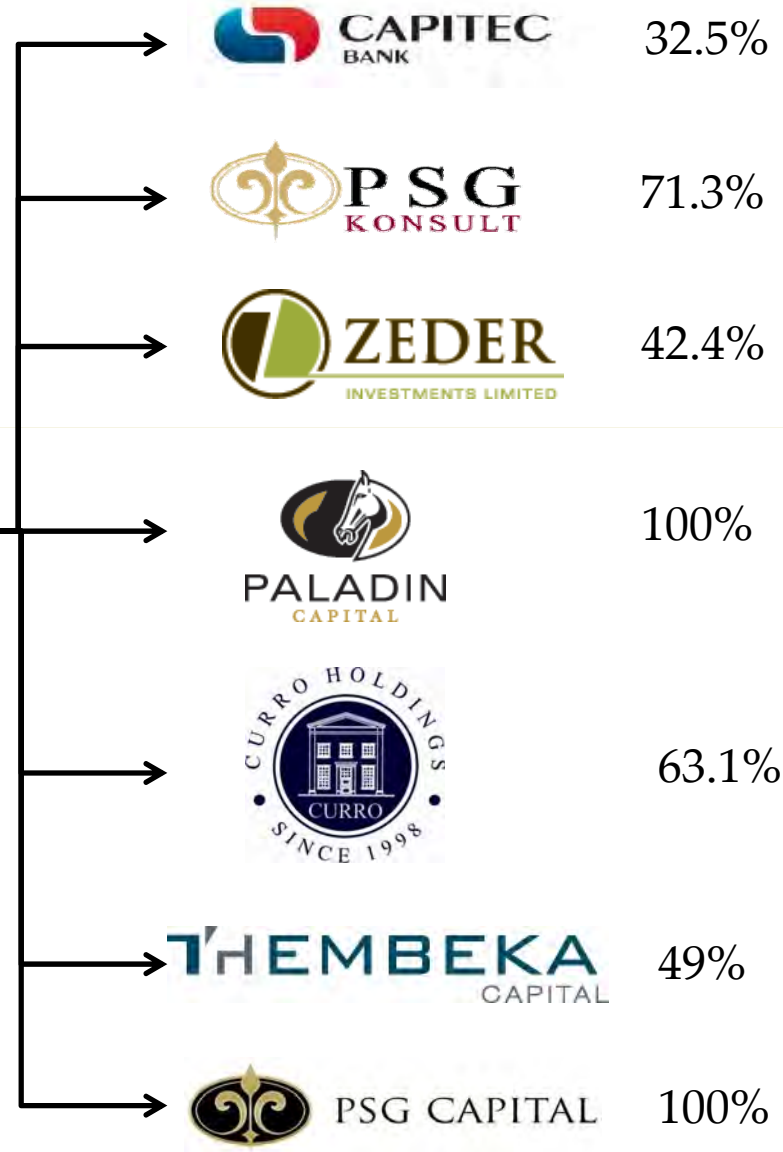
# **PSG GROUP RESULTS OVERVIEW**

**YEAR ENDED 29 FEBRUARY 2012**

# Group structure



- R9.5bn market cap
- 39 underlying companies
- 39,000 people



# Feb 2012 results overview



- *SOTP value* per share R55.92 at Feb 2012
  - 19.5% higher than Feb 2011
- *PSG's recurring HEPS* increased by 27.6% to 308.6c
- *HEPS* increased by 6.4% to 326.2 c
- *Attributable earnings* decreased by 4.6% to 404.4 cps
- Dividend for the year increased by 22.4% to 82 cps



# PSG sum of the parts



Investment	Feb'09 Rm	Feb'10 Rm	Feb'11 Rm	Feb'12 Rm	% of assets	Growth y-o-y	CAGR 3 yr
Capitec	857	2,367	5,138	5,978	50%	16%	91%
PSG Konsult	873	948	1,206	1,483	12%	23%	19%
Zeder	342	742	1,069	1,067	9%	0%	46%
PSG Private Equity (Paladin)	413	834	1,242	728	6%	95%	80%
Thembeke Capital				570	5%		
Curro				1,118	9%		
PSG Corp. & PSG Capital	216	361	350	338	3%	(3%)	16%
Other investments	745	400	548	684	6%	25%	(3%)
<b>Total assets</b>	<b>3,446</b>	<b>5,652</b>	<b>9,553</b>	<b>11,966</b>	<b>100%</b>	<b>25%</b>	<b>51%</b>
Perpetual pref funding	(486)	(541)	(1,028)	(1,188)			
Debt	(350)	(539)	(507)	(463)			
<b>SUM OF THE PARTS</b>	<b>2,610</b>	<b>4,572</b>	<b>8,018</b>	<b>10,315</b>		<b>29%</b>	<b>58%</b>
Nr of shares in issue (million)	170.5	171.8	171.3	184.5			
<b>Per share (Rand)</b>	<b>15.31</b>	<b>26.61</b>	<b>46.81</b>	<b>55.92</b>			
		74%	76%	19%			



# Recurring headline earnings



	28-Feb-09	28-Feb-10	28-Feb-11	29-Feb-12	Growth y-o-y	CAGR 3 yr
	Rm	Rm	Rm	Rm	%	%
PSG Konsult	102	92	94	108	15%	2%
Zeder Investments	71	84	109	115	6%	18%
PSG Private Equity (previously Paladin)	63	71	36	32	-12%	-20%
Thembeke Capital	2	5	8	19	120%	110%
Curro	-	1	2	(5)		
PSG Corporate (incl. PSG Capital)	6	15	21	20	-3%	54%
Other	48	20	19	19	1%	-26%
<b>Recurring headline earnings excluding Capitec</b>	<b>292</b>	<b>288</b>	<b>290</b>	<b>309</b>	<b>6%</b>	<b>2%</b>
Capitec Bank	104	152	223	362	63%	51%
<b>Recurring headline earnings before funding</b>	<b>397</b>	<b>440</b>	<b>513</b>	<b>671</b>	<b>31%</b>	<b>19%</b>
Funding	(103)	(81)	(109)	(134)	23%	9%
<b>Recurring headline earnings</b>	<b>293</b>	<b>359</b>	<b>404</b>	<b>537</b>	<b>33%</b>	<b>22%</b>
<b>Earnings per share (cents)</b>						
* Recurring Headline	174	207	242	309	28%	21%
* Recurring Headline growth	34%	19%	17%	28%		

# Recurring vs. headline earnings



	28-Feb-11	29-Feb-12
	Rm	Rm
<b>Recurring headline earnings</b>	<b>404.1</b>	<b>536.5</b>
<b>Non-recurring headline earnings</b>	<b>108.3</b>	<b>30.6</b>
PSG Konsult	6.4	7.8
Paladin Capital	(0.2)	(32.4)
Thembeke Capital	93.6	4.4
Zeder Investments	(33.1)	11.6
Marked-to-market profit on liquid investment portfolio	24.3	68.6
Other	10.5	0.4
Marked-to-market (loss)/profit on interest rate hedge	6.8	(29.8)
<b>Total headline earnings</b>	<b>512.4</b>	<b>567.1</b>

- Last 5 years made R300m more headline than recurring profits



# Funding



- Perpetual preference shares remains our preferred “debt” funding instrument
- Great funding mechanism
  - In essence a “cheaper” form of permanent capital
  - dividends received, dividends paid
- R1.34bn nominal prefs in issue
- Hedged - fixed our funding cost
  - R440m at 8.87% per annum until 31 August 2016
  - R780m at 8.56% per annum until 31 August 2020
- Debt management
  - Min 2x interest cover - currently 2.2x
  - Gearing max 40% of NAV- currently 31% of NAV (14% of SOTP)



# Corporate action and investing



During the last year:

- Raised R377m by issuing 8.2 m ordinary shares (~R46.09 per share) – private placement
- Issued a further R132m in perpetual prefs at 7.86% (87.3% of prime)
- Listed Curro on JSE
- Paladin unbundled Curro
- PSG acquired the 18.7% minorities in Paladin







**CAPITEC**

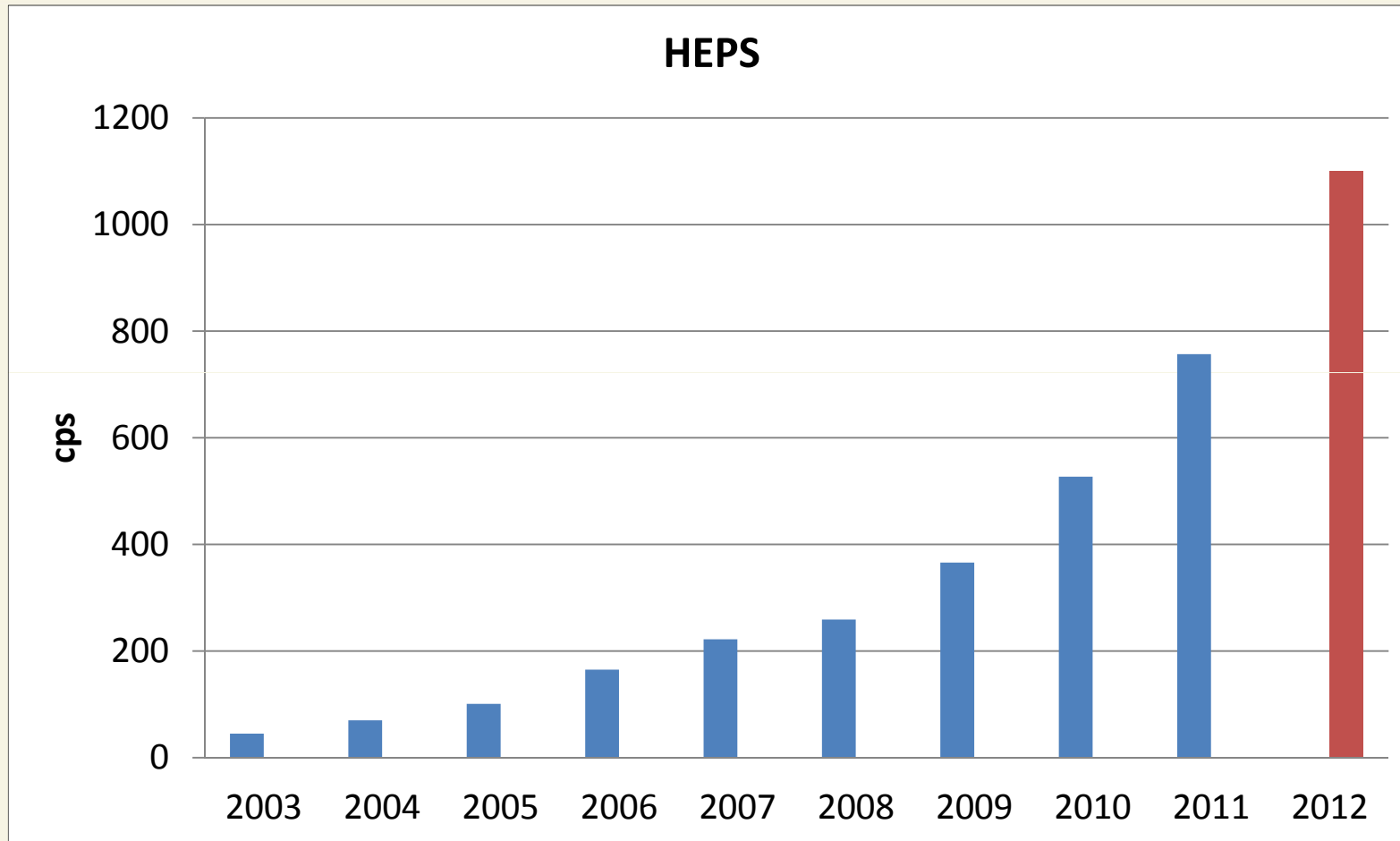
# Capitec results – Feb 2012



- Capitec added 877 000 new clients  
Total number of active clients now > 3.7m
- Despite the increased capital in the business, RoE of 29%  
(2011: 34%)
- Headline earnings R1.08bn
- HEPS increased by 49% to R11.25



# Capitec earnings



- CAGR of 42.6%



# Capitec – concerns?



- Growth in unsecured lending continues
- Effect of consolidations:

Unsecured credit - R'm						
	Q3 2008	Q3 2009	Q3 2010	Q3 2011		CAGR
Credit granted (per NCR)	7,656	8,374	13,385	21,214		<b>40%</b>
% consolidation	-	15%	20%	30%		
Revised estimate	7,656	7,118	10,708	14,850		<b>25%</b>



# Capitec – credit demand



- Living standards measure

*Percentage of population:*

	<b>LSM 1-3</b>	<b>LSM 5-7</b>
2001	40%	31%
2010	15%	48%

- Increasing 'high-income' sector

*Unsecured credit granted by income level - %*

<b>Monthly income</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
< R10 000	69	63	48	43
R10 000 - R15 000	14	17	22	22
>R15 000	17	20	30	35
	100	100	100	100



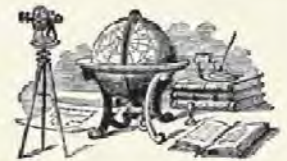


# PSG KONSULT

# PSG Konsult (71.3%)



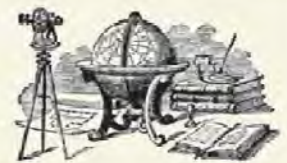
- Distribution network:
  - 224 offices; 694 brokers/advisors
  - 125,000 clients (HNWI)
- PSG Konsult a strong brand
- PSG Asset Management merger successful
- Short-term premiums administered R1.6bn
- Funds under administration R88bn
- Funds under management R51bn



# PSG Konsult – Feb 2012 results



- Now incorporating PSG AM
- Recurring HEPS increased by 15.6% to 14.1 cents
- HEPS increased by 21.6% to 15.2 cents







We are proud of the following accolades:

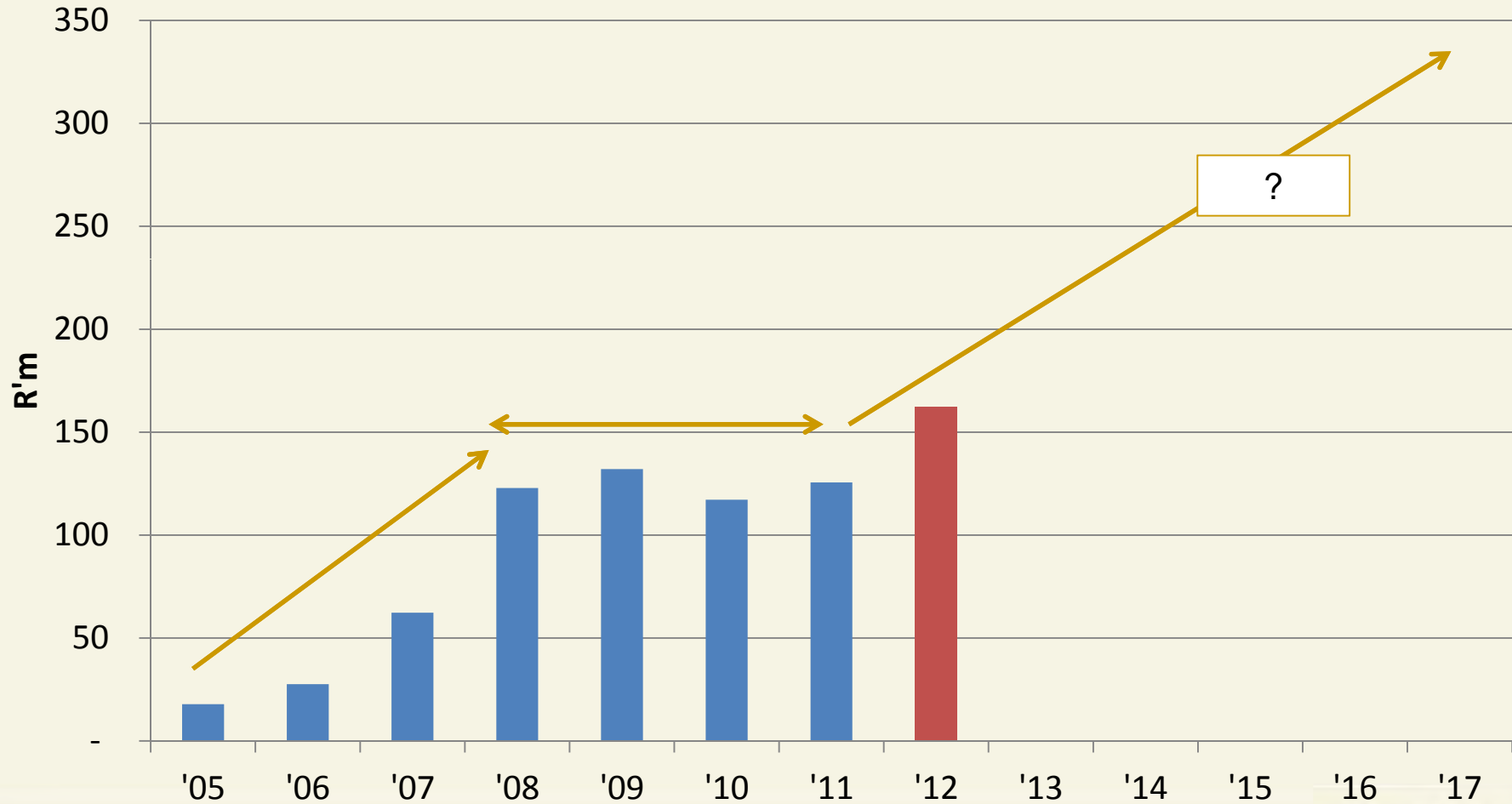
- **PSG Online** rated “SA’s top retail stockbroker”
  - *Business Day Investors Monthly Stockbroker of the Year award*
- **PSG Asset Management** – *Raging Bull* awards
  - **PSG Flexible Fund**
  - **PSG Equity Fund**
- **PSG Konsult Moderate Fund of Funds** won the *Morningstar* award for Moderate Allocations
- **PSG Konsult** voted National Broker of the Year: Commercial lines and Agriculture by *Santam*



# PSG Konsult earnings



## Headline earnings



*\* Prior years adjusted to include PSG Asset Management*



# PSG Konsult strategy



- PSG Asset Management
  - manage more of our own assets
- Short-term insurance license
- Distribution network – best retail footprint in SA
- International footprint?





**CURRO**

# Curro (63.1%)



- **Education in SA**
  - 4% private school learners in SA vs. 13% globally
    - Curro 2% of SA private school market and 0.08% of total
  - Government schools are overcrowded
  - Ex-model C schools are good but increasingly under pressure
  - No new schools built
  - Significant opportunities
- Curro listed on JSE in June 2011
- Since 2009:
  - network of private schools from 3 to 16
  - number of learners from 2,000 to 10,500



# Curro strategy



- **4 markets**
  - Affordable schools
  - High-end (e.g. Woodhill)
  - Community Schools (Meridian)
  - Baby care/crèche (Curro Junior Academy)
- **Learner numbers:**

	2009	%	2010	%	2011	%	2012
Schools in 2009 - [3]	2,059	15%	2,371	9%	2,581	8%	2,793
Schools added in 2010 - [2]	-		681	42%	969	31%	1,274
Schools added in 2011 - [7]	-		31		2,007	65%	3,316
Schools added in 2012 - [4]	-		-		-		3,095
<b>Total schools - [16]</b>	<b>2,059</b>	<b>50%</b>	<b>3,083</b>	<b>80%</b>	<b>5,557</b>	<b>89%</b>	<b>10,478</b>





- Invested R142m in the establishment of 4 new main campuses
- Invested R80m to expand capacity and upgrade facilities at the existing campuses
- Turnover increased by 125% to R166.3m
- *Headline loss* of R7.5m due to the high initial costs associated with new schools
  - building capacity
- Rights offer
  - 36 shares for every 100
  - @ R6 per share
  - Raise a minimum of R348m





# **PALADIN**

**- PSG Private Equity**



# Paladin Sum of the Parts



Investment	%	28-Feb-09	28-Feb-10	28-Feb-11	29-Feb-12	Share of portfolio
		Rm	Rm	Rm	Rm	%
Precrete	21.2%	93.0	163.0	199.3	161.4	22.2%
Petmin	12.4%		120.0	190.8	241.8	33.2%
Spirit	28.0%		15.0	23.4	46.0	6.3%
African Unity	43.2%	9.0	17.0	30.1	70.9	9.7%
GRW	39.6%	38.0	49.0	56.1	62.8	8.6%
Protea	49.9%	39.0	33.0	38.1	37.7	5.2%
Erbacon	12.7%	85.0	100.0	59.8	14.2	2.0%
Top Fix	29.1%	10.0	48.0	23.2	31.9	4.4%
Impak	50.0%				21.2	2.9%
Propell	34.5%	7.4	11.9	16.0	17.9	2.5%
Energy Partners	45.0%				13.6	1.9%
SNC	32.5%				8.2	1.1%
Sold investments		206.0	275.0	35.5		0.0%
<b>TOTAL ASSETS</b>		<b>487.4</b>	<b>831.9</b>	<b>672.3</b>	<b>727.7</b>	



# Paladin corporate actions



- Acquired 50% interest in **Impak Onderwysdiens** for R35m (provider of alternative & distance education services - school level)
- Sold 44% interest in **IQuad** for R30m
- Early stage investment in **Energy Partners** (provider of energy saving solutions)
- **Stellenbosch Nanofibre Company** (provider of nanofibre technology solutions), in partnership with the University of Stellenbosch
- **Top Fix** (Paladin holds a 29% stake) reached an agreement to sell its loss making scaffolding business, subject to shareholder approval





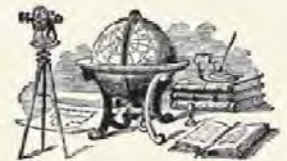
- Bigger bets on opportunities with track record, selected small bets on start-ups (big successes or small failures)
- African investment strategy
  - R202m in CA Sales (60%)



# CA Sales



- CA Enterprises est. in 1988
- Core services: sales, merchandising, warehousing, distribution, debtors function
- Biggest distribution agency in Botswana
- Relationship with major principles
- Warehouses based in Gaborone and Francistown – 52,000 m<sup>2</sup>
- Owns 120 trucks
- 1,200 employees





## Gaborone Warehouse



**THEMBEKA**  
CAPITAL



# THEMBEKA



# Thembeka (49%)



- BEE investment vehicle
- Intrinsic value has grown from R0 to R1.1bn the last 7 years
- 70% of intrinsic value PSG & Capitec

R'000	1 Dec							
	2005	2006	2007	2008	2009	2010	2011	2012
Assets	80	227	514	641	428	892	1,514	1,609
Liabilities	(80)	(143)	(184)	(199)	(222)	(302)	(431)	(501)
Intrinsic value	-	83	330	442	206	590	1,083	1,109
Intrinsic value per share (R)	-	8.35	33.01	43.04	17.67	43.73	80.27	82.18





**ZEDER**



# Zeder (42.4%)



Investment	Interest	'09 Rm	'10 Rm	'11 Rm	Feb '12 Rm	% of assets
KaaP Agri combined						
Agri Voedsel Beleggings	45%	437	813	1,270	1,230	39%
KaaP Agri	33%	-	-	-	205	7%
KWV Ltd (Combined)						
KWV Holdings	-	414	215	-	-	-
Capevin Holdings	40%		552	691	713	23%
Capespan	41%	50	54	85	293	9%
Agricol	25.1%	10	10	27	50	2%
Other		232	321	425	625	20%
<b>Total investments</b>		<b>1,142</b>	<b>1,966</b>	<b>2,498</b>	<b>3,116</b>	<b>100%</b>
Cash and cash equivalents		67	122	206	78	
Other assets and liabilities		(36)	(21)	(29)	(109)	
<b>SUM OF THE PARTS</b>		<b>1,173</b>	<b>2,066</b>	<b>2,676</b>	<b>3,085</b>	
<b>Shares in issue (m)</b>		611	978	978	978	
<b>SOTP per share (R)</b>		<b>1.92</b>	<b>2.11</b>	<b>2.74</b>	<b>3.15</b>	
Growth			10%	29%	15%	

# Zeder results – Feb 2012



- *Recurring HEPS* increased by 3.1% to 27.9 cents
- *HEPS* increased by 62.3% to 30.7 cents
  - prior year: Pioneer Foods' Competition Commission settlement
- Zeder's *SOTP value* increased by 15% to R3.15 per share



# Zeder (42.4%)

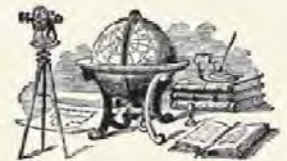


- Distell and Pioneer Foods
  - Remains biggest assets – 62.4% of portfolio
  - Little earnings growth
- Capespan offer R2.25 per share
  - shareholding from 22.7% to 40.9%
  - R119m invested
- Invested R338m to increase interest in existing investments
- Kaap Agri split its own operations from its holding in Pioneer Foods – R300m value created (R133m for Zeder)





- Investment management team
  - Neil Crowder
    - Goldman Sachs (London) Partner
  
- Agricultural management team in Zambia
  - Philip Nicolle
  - Stuart Kearns
  - Track record:
    - Established Origen Corporation, Zimbabwe (1966)
    - 3rd and 4th generation African farmers (Zimbabwe)
    - Pioneers of conservation farming (zero-till)



# Why Zambia?



- Agri potential
  - Extensive **water** supplies and heat units (favourable climate)
    - 40% of fresh water in Southern Africa is found in Zambia
  - **Yields** of between 17-20 tons per ha are achievable
    - As a result of **double-cropping**
  - **Location:** Shares a boundary with 8 countries
    - Big opportunity for food exports; lies next to the Great North Road and Tazara railway
  - **Regional proximity:** Economic growth of this African region boosts per capita income and demand for food
- Growth in Zambian consumption: e.g. “broiler consumption in Zambia is **±2.5 kg per annum vs 31.8 kg in SA**”



# Why Zambia?



- Strong democracy
- Welcoming investment climate and government
- IPPA (Investor Promotion and Protection Agreement) signed with Zambian government to ensure successful implementation and business incentives
- MIGA political- and contract risk insurance obtained from World Bank



# Chayton's project



- Currently invested \$24m (50% debt / 50% equity)
- Require a further \$40m-\$50m equity to complete medium term goals in Zambia of 10,000 ha under irrigation
- Opportunities in other African countries in the pipeline
- Corporate farming model which will later include related agribusiness opportunities like seed, storage, fertilizer, processing
- Target African countries where the tsunami of decolonisation and nationalisation have passed
- Water (for irrigation) is key to strategy and actively building dams
- IRR on consolidated business model: *15%-25% p.a. in \$ terms*
  - *Two key model inputs: commodity price movements and input costs*





- Seed business
- Agricol Activities include:
  - Plant breeding
  - Production
  - International trade
  - Processing
  - Marketing of best adapted germ plasma to farmers
  - Distribution of seed
- Research and Development a high priority
  - Contracts in place between Agricol and research institutes
  - Licensing agreements with overseas counterparts
  - In-house government approved laboratory
- Strive to be number one in search for alternative crops
- Antonie Jacobs – executive chairman







- Financial history

R'm	2007	2008	2009	2010	2011	Growth y-o-y	CAGR 4 yr
Turnover	153	187	230	218	241	11%	12%
Headline earnings	12	17	23	20	26	30%	21%
Net asset value	67	72	93	110	102	(7%)	11%







- Products

<i>Ye: June</i>	Turnover (R'm)	
	2010	2011
Agronomy crops	60.9	90.0
Pasture	72.2	68.7
Lawn and turf grasses	14.7	11.0
Bird seed	48.0	51.5
Confectionary seed (human consumption)	14.2	12.5
Other	4.4	7.0
	<b>214.4</b>	<b>240.7</b>

Sunflower our biggest single product

- 35% of market share in SA





## PROPOSED SCHEME

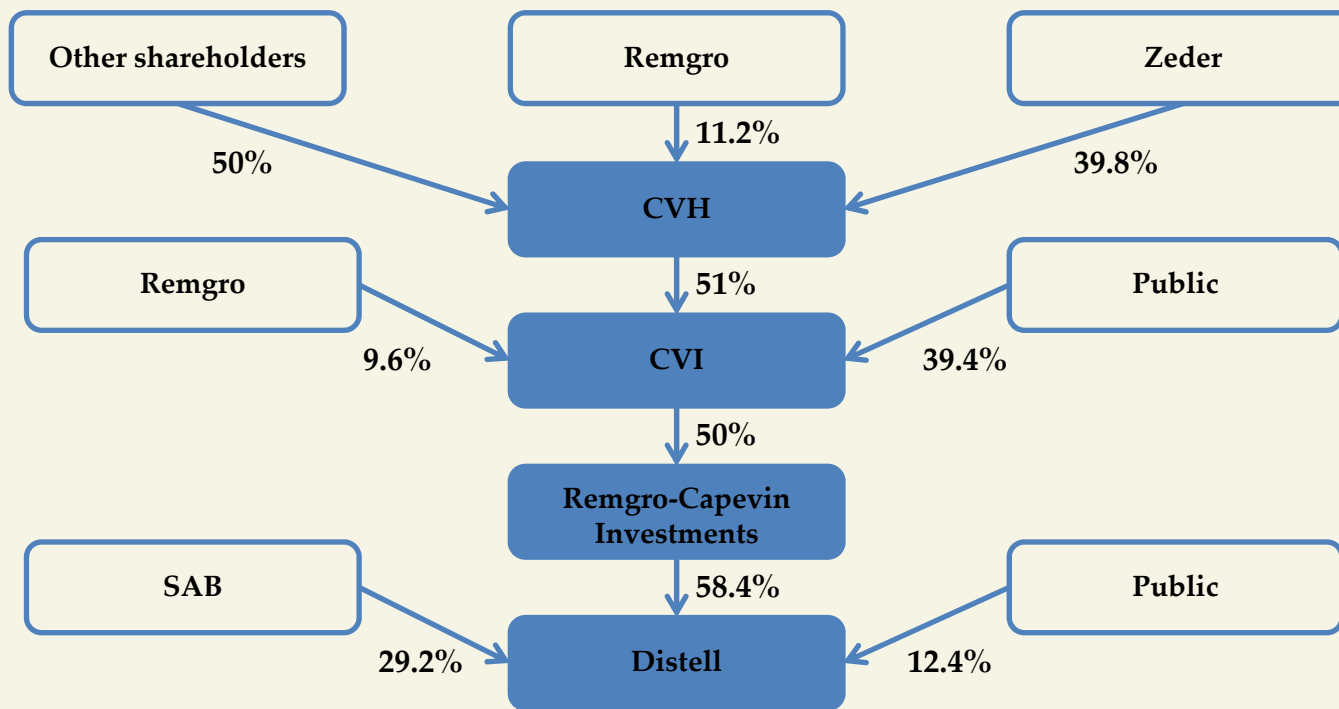
- Capevin Holdings Ltd's (CVH) firm intention to make an offer for Capevin Investments Ltd (CVI) announced on SENS on 4 April
  - Section 114 scheme of arrangement proposed ("the Scheme")
  - All shares in CVI to be acquired by CVH
- the Scheme Consideration has been calculated on a like-for-like basis, based on the see-through value per share in Distell attributable to both CVI and CVH shareholders, as adjusted for transaction costs
- *The transaction costs will effectively be paid by CVH shareholders*



# Capevin Group Structure



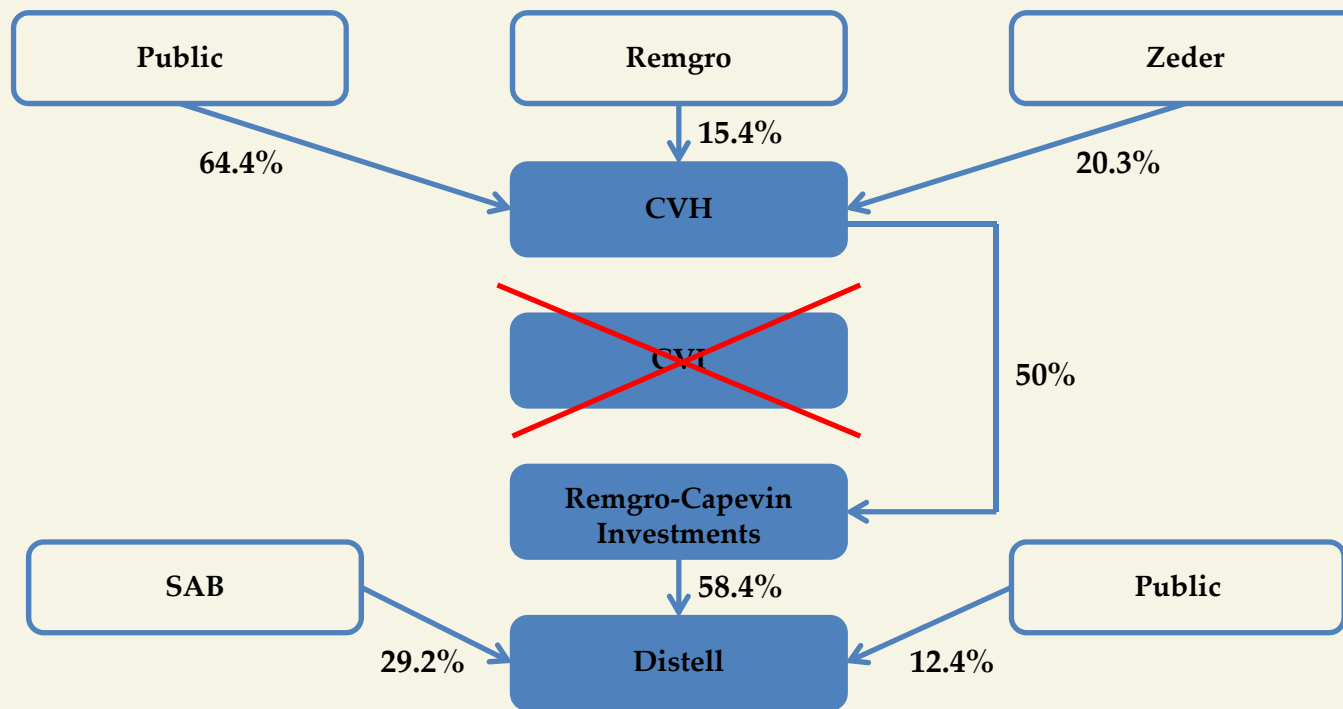
- BEFORE scheme of arrangement:



# Capevin Group Structure



- AFTER scheme of arrangement:





- Proposed scheme

Share price of CVH	R	4.26
Share price of CVI	R	101.00

<b>CVI shareholding</b>	'000	%	R'000
CVH	21,420	51.0%	2,163,420
Remgro	4,032	9.6%	407,232
Other	16,548	39.4%	1,671,348
<b>TOTAL</b>	<b>42,000</b>		<b>4,242,000</b>

**Exchange ratio** **21.00** CVH shares for 1 CVI share

<b>CVH shareholding</b>		New shares			
		Current	issued	Post	
Zeder	'000	178,279	-	178,279	20.3%
Remgro	'000	50,761	84,672	135,433	15.4%
Other - CVH	'000	218,883	-	218,883	24.9%
Other - CVI	'000	-	347,508	347,508	39.5%
	'000	<b>447,923</b>	<b>432,180</b>	<b>880,103</b>	





## • Proposed scheme

CVI price	R	101.00
Nr of shares in issue	'000	42,000
Market cap	R'000	4,242,000
Less costs	R'000	(3,000)
<b>Post deal market cap</b>	<b>R'000</b>	<b>4,239,000</b>

New nr of CVH shares in issue	'000	880,103
Value per share	R	4.82

Change in values		Pre deal			Value Increase	Post deal CVH
		CVH	CVI	Total		
Zeder	R'000	759,469	-	759,469	13.1%	858,677
Other - CVH	R'000	932,443	-	932,443	13.1%	1,054,247
Remgro	R'000	216,242	407,232	623,474	4.6%	652,310
Other - CVI	R'000	-	1,671,348	1,671,348	0.1%	1,673,765
	R'000	1,908,153	2,078,580	3,986,733		4,239,000

*The slight uptick in value for CVI shareholders has to do with the fact that a straight like for like exchange rate is actually 20.9405 CVH shares for every 1 CVI shares*





# Capevin - Benefits of Scheme



## CVH shareholders

- Simplify the Capevin group shareholding structure
- Loss of control compensated for with an increase in per share value
- Clear up confusion in the market between CVH and CVI
- Increase liquidity in shares of CVH
- CVH will become a JSE listed entity

## CVI shareholders

- Simplify the Capevin group shareholding structure
- Clear up confusion in the market between CVH and CVI
- No sole controlling entity over CVI anymore
- Increase liquidity in shares for CVI shareholders
- Shares will remain listed on the JSE





# IN SUMMARY



- Continue to see various opportunities
- Bigger stakes, more influence
- Further improve PSG Private Equity portfolio
- Africa investment strategy
- Target > 20% returns





# QUESTIONS?