



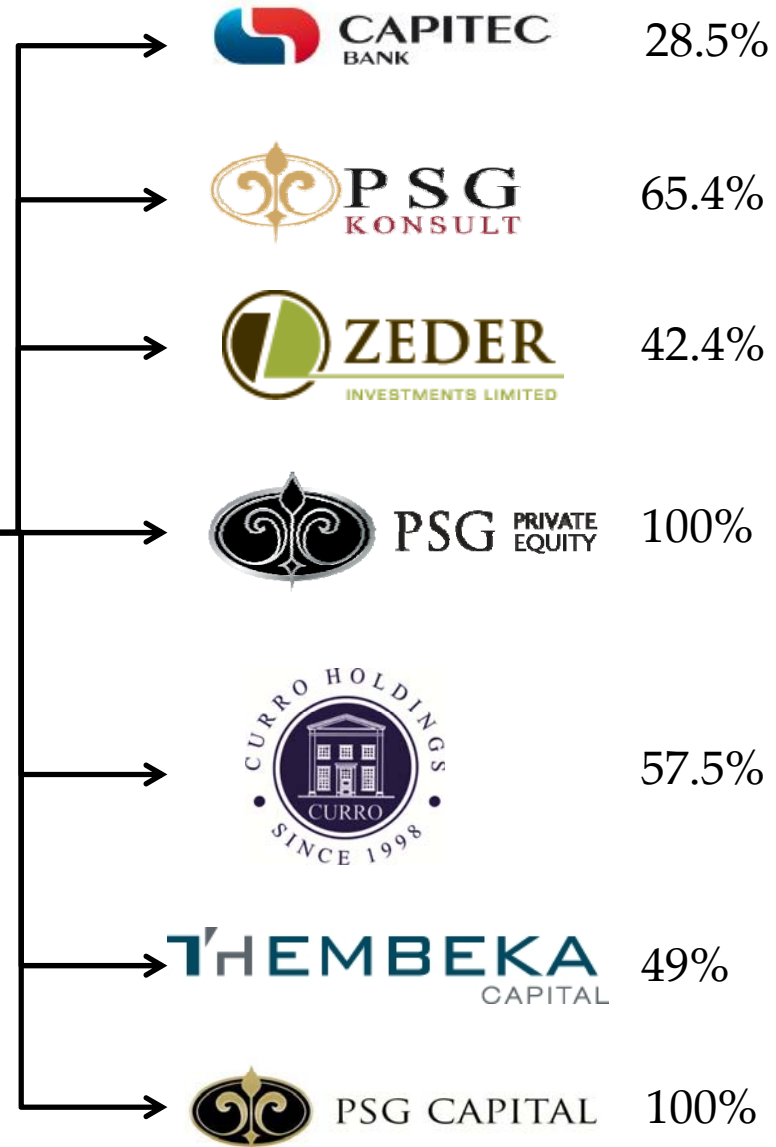
# **PSG GROUP RESULTS OVERVIEW**

**YEAR-END RESULTS  
28 FEBRUARY 2013**

# Group structure



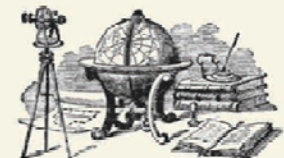
- R12bn market cap
- 36 companies
- 40,000 people



# Feb 2013 results overview



- *SOTP value* per share R72.67 at Feb 2013 (R78.60 on 11 April)
  - 30% higher than Feb 2012
  - 40% CAGR over last three years
- *Recurring headline earnings per share* up 27.1% to 392c
- PSG creates additional value by delivering non-recurring earnings for shareholders . The cumulative result for the last 5 years:
  - *Recurring earnings* = R2.3bn
  - *Headline earnings* = R2.5bn
  - *Attributable earnings* = R3.0bn



# PSG sum of the parts



Investment	Feb 2010 Rm	Feb 2011 Rm	Feb 2012 Rm	Feb 2013 Rm	% of assets	Growth y-o-y %
Capitec	2,367	5,138	5,978	<b>6,128</b>	38.7%	3%
Curro Holdings			1,118	<b>2,607</b>	16.4%	133%
PSG Konsult	948	1,206	1,483	<b>2,237</b>	14.1%	51%
Zeder	742	1,069	1,067	<b>1,412</b>	8.9%	32%
PSG Private Equity	834	1,242	728	<b>681</b>	4.3%	(6%)
Thembeke Capital			570	<b>899</b>	5.7%	58%
PSG Corporate ( <i>incl. PSG Capital</i> )	361	350	338	<b>383</b>	2.4%	13%
Other investments	400	548	684	<b>1,505</b>	9.5%	120%
<b>Total Assets</b>	<b>5,652</b>	<b>9,553</b>	<b>11,966</b>	<b>15,852</b>	100.0%	
Perpetual pref funding	(541)	(1,028)	(1,188)	<b>(1,163)</b>		
Other debt	(539)	(507)	(463)	<b>(845)</b>		
<b>Total SOTP Value</b>	<b>4,572</b>	<b>8,018</b>	<b>10,315</b>	<b>13,844</b>		34%
<b>Shares in issue (m)</b>	171.8	171.3	184.5	<b>190.5</b>		3%
<b>SOTP value per share (Rand)</b>	26.61	46.81	55.92	<b>72.67</b>		30%

SOTP value on 11 April 2013: R78.60



# PSG performance in perspective



- 17 year TRI (total return index) is 51.4%
- Highest TRI of any JSE-listed company over the period
- Sunday Times Top100 awards
  - PSG ranked 2<sup>nd</sup> over 10 years
  - PSG ranked 17<sup>th</sup> over 5 years
  - Capitec 1<sup>st</sup> over both periods



# Other investments



	Feb 2012	Feb 2013
	Rm	Rm
Cash & margin deposits	(125)	956
Intergroup loans	110	252
Liquid investments	508	70
Thembeke A & B prefs	225	249
Other	(34)	(23)
<b>TOTAL OTHER INVESTMENTS PER SOTP</b>	<b>684</b>	<b>1,505</b>

Significant cash available due to sale of Petmin, EOH stake and Capitec rights offer shares



# Recurring headline earnings



	Feb 2011	Feb 2012	Feb 2013	Change
	Rm	Rm	Rm	y-o-y %
Capitec Bank	223.0	362.4	499.9	38
PSG Konsult	93.9	107.9	118.8	10
PSG Private Equity	36.8	32.0	75.0	134
Thembeke Capital	9.0	18.7	28.0	50
Curro Holdings	1.9	(5.2)	8.1	n/a
Zeder Investments	109.4	115.4	106.6	(8)
PSG Corporate (incl. PSG Capital)	21.0	20.4	15.9	(22)
Other	18.2	19.3	30.8	60
<b>Recurring headline earnings before funding</b>	513.2	670.9	883.1	32
Funding	(109.1)	(134.4)	(168.2)	25
<b>Recurring headline earnings</b>	404.1	536.5	714.9	33
<b>Earnings per share (cents)</b>				
- Recurring headline	241.9	308.6	392.3	27
- Headline	306.7	326.2	480.2	47



# Recurring vs. headline earnings



	Feb 11	Feb 12	Feb 13
	Rm	Rm	Rm
<b>Recurring headline earnings</b>	<b>404.1</b>	<b>536.5</b>	<b>714.9</b>
<b>Non-recurring headline earnings</b>	<b>108.3</b>	<b>30.6</b>	<b>160.1</b>
PSG Konsult	6.4	7.8	(0.1)
PSG Private Equity	(0.2)	(32.4)	(9.2)
Thembeke Capital	93.6	4.4	140.0
Zeder Investments	(33.1)	11.6	(23.2)
Marked-to-market profit on liquid investment portfolio	29.9	68.6	63.7
Marked-to-market loss on interest rate hedge	4.9	(29.8)	(29.0)
Other	6.8	0.4	17.9
<b>Total headline earnings</b>	<b>512.4</b>	<b>567.1</b>	<b>875.0</b>

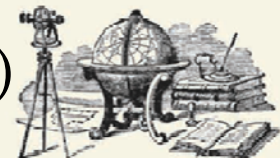




# Funding



- Perpetual preference shares remains our preferred “debt” funding instrument
- R1.34bn nominal perpetual prefs in issue
  - Hedged R440m at 8.87% per annum until 31 August 2016
  - Hedged R780m at 8.56% per annum until 31 August 2020
- Raised R450m through the issue of an unlisted 5-year *redeemable* preference share with a fixed rate of 8.63%
- Debt management
  - Min 2x interest cover - currently 2.1x
  - Gearing max 40% of NAV - currently 33.5% of NAV  
(14.1% of SOTP)



# Major corporate action at PSG



- Raised R361m by issuing 5.4 m ordinary shares (~R67.42 per share) – private placement
- Invested R724m in the Capitec rights offer
  - Raised specific debt facilities to enable us to follow rights
  - Sold majority of Capitec rights for a cash profit of R115m and repaid debt
- Made a substantial R151m non-recurring cash profit on EOH investment (IRR of 76%)
- Supported rights issues at PSG Konsult and Curro





# **PROJECT: INTERNAL FOCUS**

# Project: Internal Focus



- PSG has 36 investments
  - Combined market cap ~R80bn
  - ~ 40,000 people
- Capitec great business, great base for PSG and takes little effort
- We have many companies in the development phase with promise of future success
  - Curro, Impak, Energy Parters, Chayton etc
- Number of businesses that need a strategic rethink
- Current portfolios has **vast potential**
  - We need to extract it!



# Project: Internal Focus



- Strategy is all about developing clear strategies within portfolio and ensuring successful implementation
  - Business to grow organically and by acquisition
  - We ideally want fewer but larger investments
  - Our focus will be on optimisation, refinement and growth of our existing portfolio
- *Will still make investments if opportune*



# Project: Internal Focus



- Why do we like this strategy
  - A new investments needs to be in excess of R1bn to really move the needle
  - Limited war chest
  - Limited ability to raise additional debt
  - We are focused on growing SOTP per share and not the overall value of PSG
    - Limit future equity issues
    - Rather buy back shares if opportune (and capital available)





**CAPITEC**

# Capitec results – Feb 2013



- *Headline earnings* increased by 47% to R1.6bn
- *HEPS* increased by 35% to 1,519 cents
- Return on equity 27%
- *Net transaction fee income* increased by 61% to R1.3bn
- Capitec well provisioned
- Capitec now has a larger market cap than African Bank

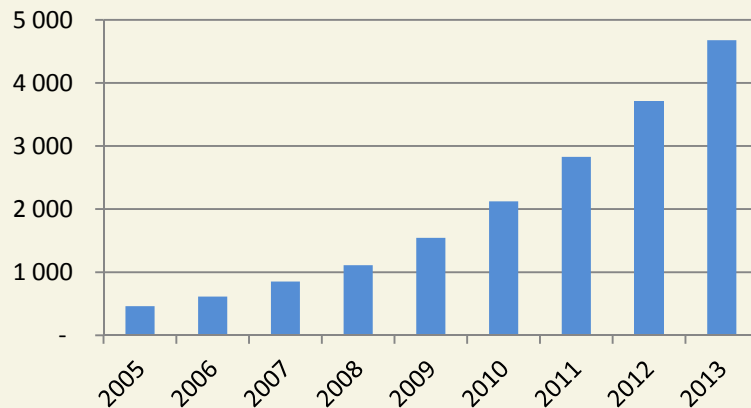




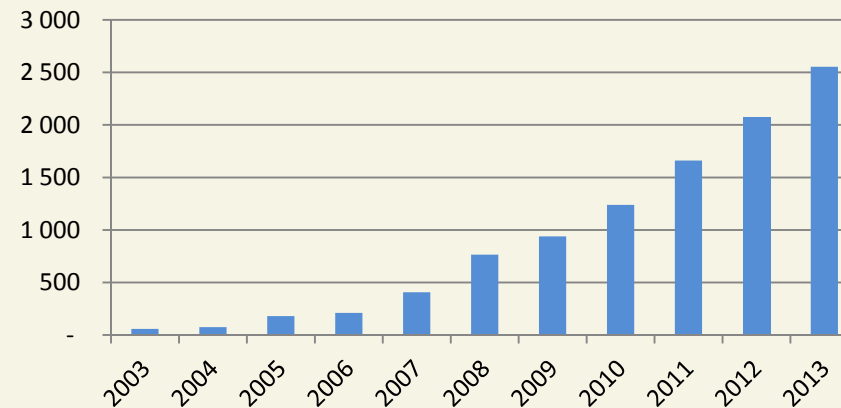
# Capitec results – Feb 2013



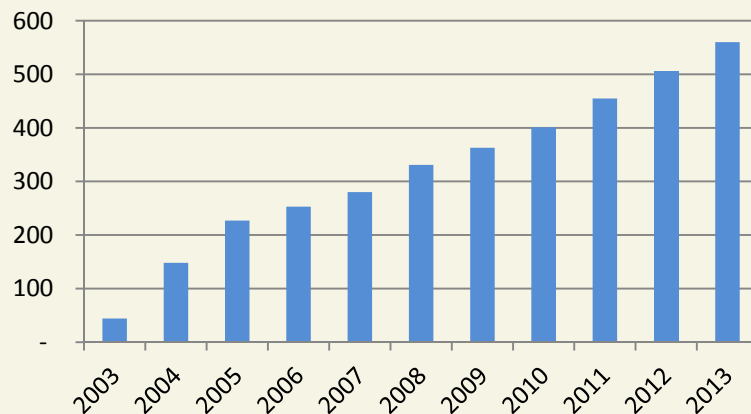
### Nr of clients ('000)



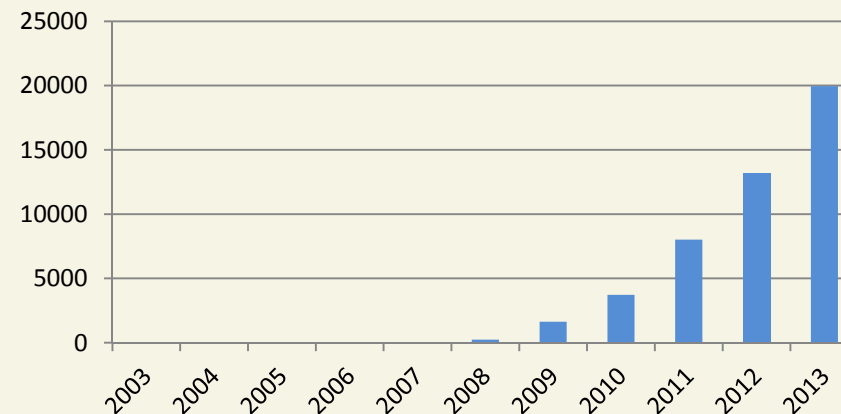
### ATMs



### Branches



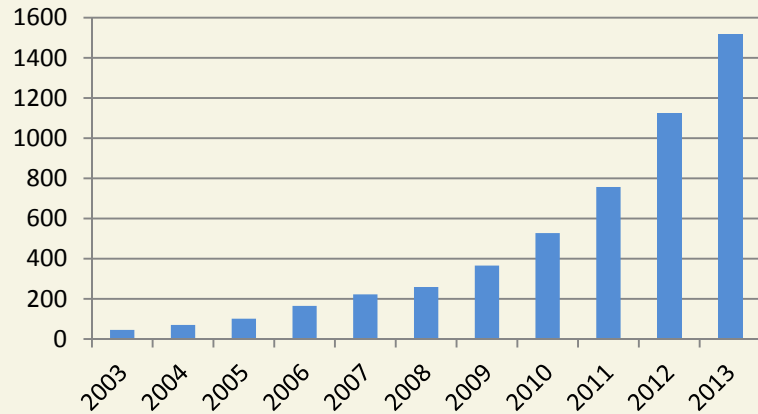
### Own POS



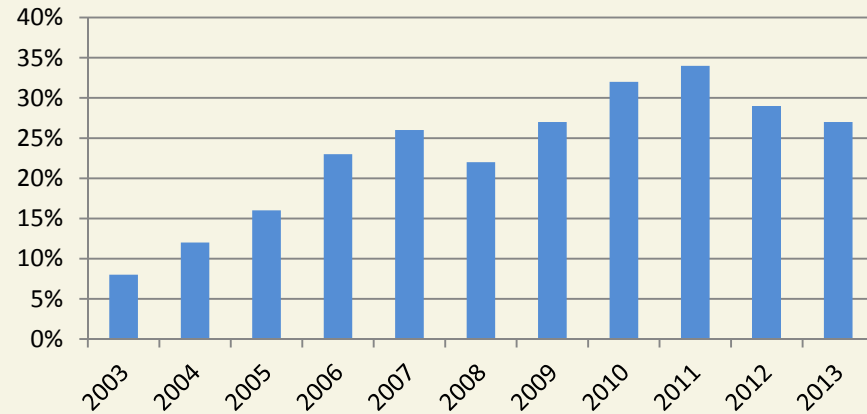
# Capitec results – Feb 2013



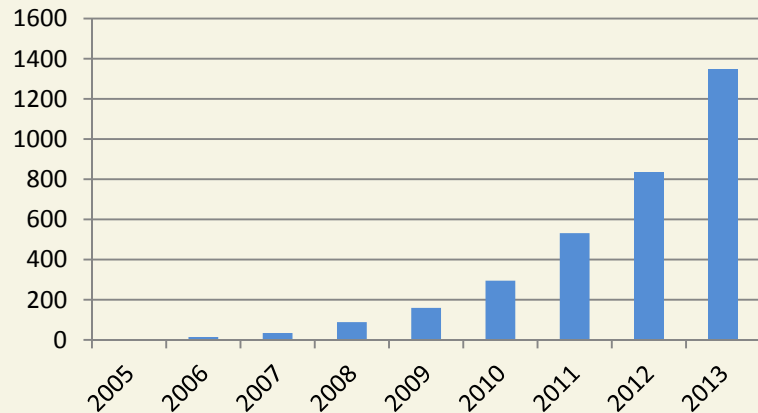
**Headline earnings per share (cents)**



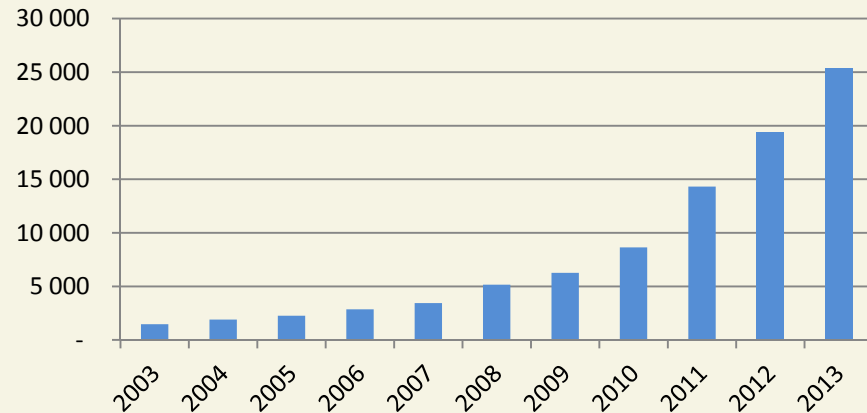
**Return on equity**



**Net transaction fee income (R'm)**



**Loans advanced (R'm)**



# Capitec – a great business



- Simple products, easy to understand pricing
- *HEPS* 10 year CAGR - 42% (*nr.1 over 5 years*)
- Great management
- Read management's well-written results commentary – short, simple and inspiring
- Capitec publish audited results *less than 1 month after year-end* - that speaks of a brilliantly run company!





# PSG KONSULT

# PSG Konsult – Feb 2013 results



	Feb 2012 Rm		Feb 2013 Rm
<b>Recurring headline earnings</b>	<b>151.3</b>	<b>15.3%</b>	<b>174.4</b>
Non recurring items	11.0		(0.6)
Headline earnings	162.3	7.1%	173.8
Impairments and other	(8.0)		(115.7)
Attributable earnings	<u>154.3</u>	<u>(62.4%)</u>	<u>58.1</u>
RHEPS (cents)	14.1	9.2%	15.4

- Strong contributions to earnings from:
  - PSG Asset Management (performance fees and FUM growth)
  - PSGK Financial Planning (70/30 branches)
  - PSG Online (brokerage and offshore commissions)
- Insurance segment underperformed  
(lower underwriting profits and restructuring of admin business)
- Funds Under Management / Administration  
rose significantly to R173bn (24% up on 2012)



# PSG Konsult – Feb 2013 results



- Francois Gouws appointed CEO
- Comprehensive restructuring of the business
- Successful rights issue : October 2012 (Raised R187 million)
- Bought 75% stake Western National Insurance (Own short-term insurance licence)
- Sold Topexec / South Easter / London Putney Office / AON and i-Hound
- PSG Online wins the Business Day Investors Monthly Stockbroker of the year award 2nd year running
- PSGK Financial Planning wins the Business Day Investors Monthly Wealth Manager of the year award

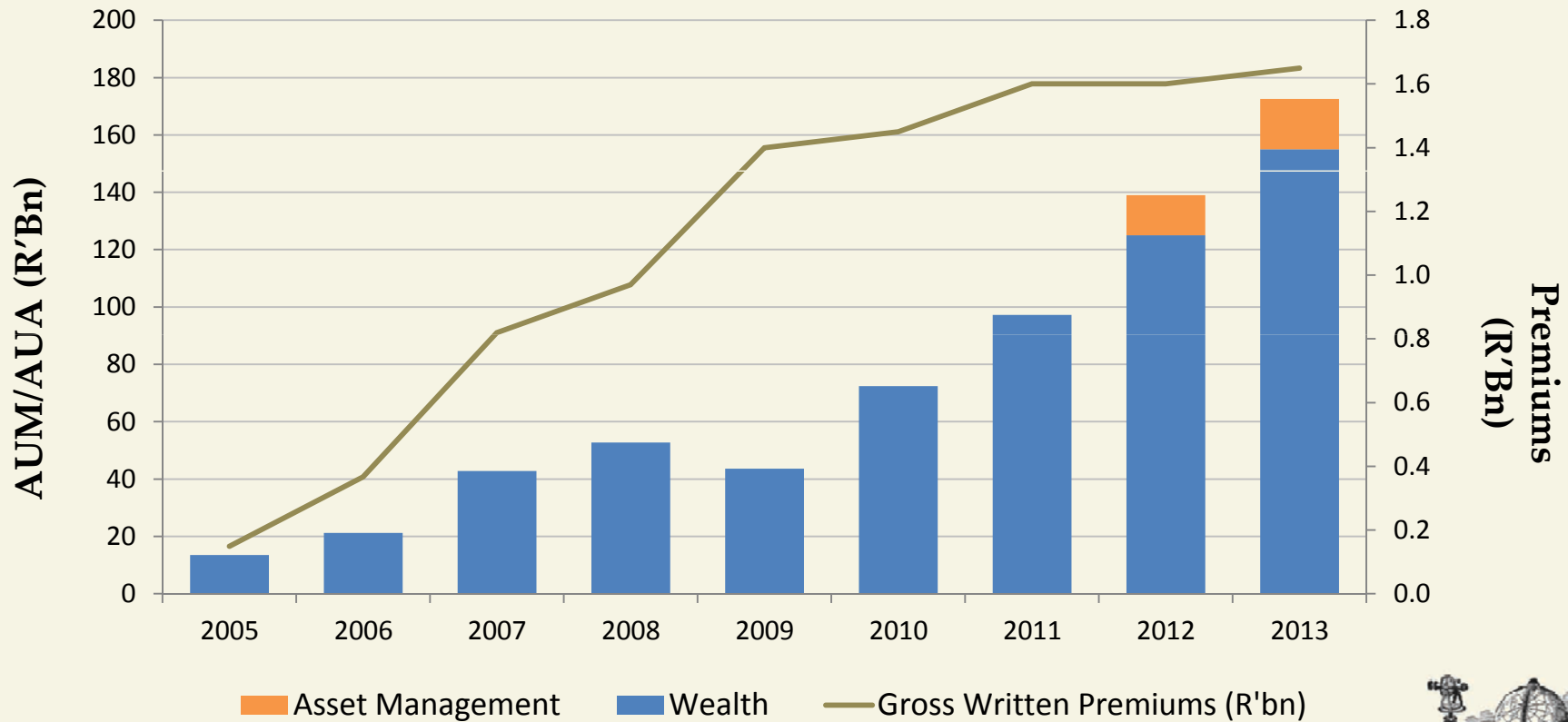


# AUM / AUA and Premium Growth

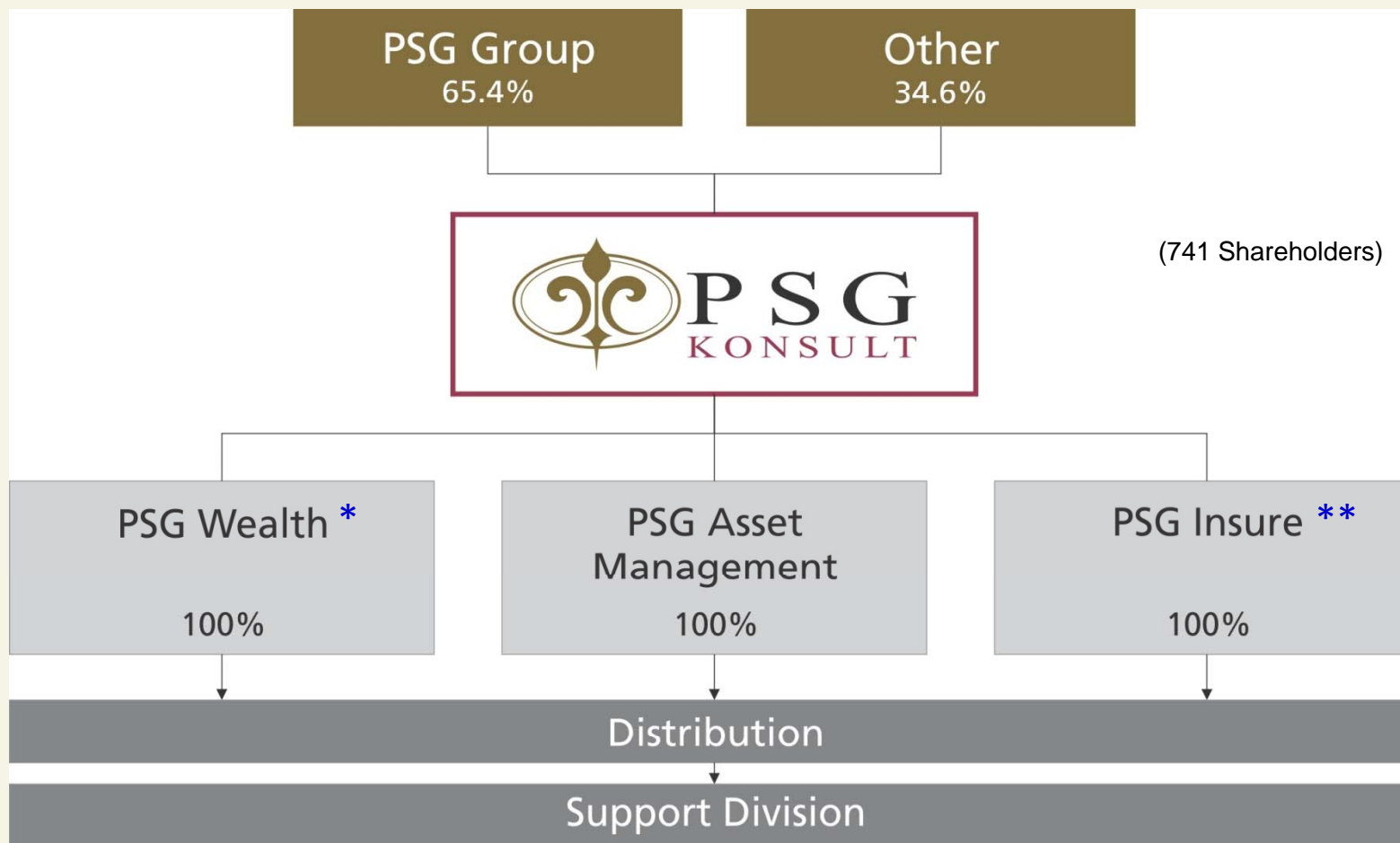


**We are able to attract new assets and increase premiums each year**

- AUM/AUA 38% CAGR
- Gross Premiums 35% CAGR



# New Simplified Structure

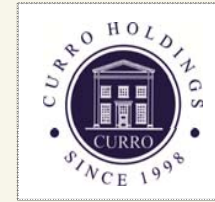


\* Includes PSG Employee Benefits

\*\* Includes Western National Insurance

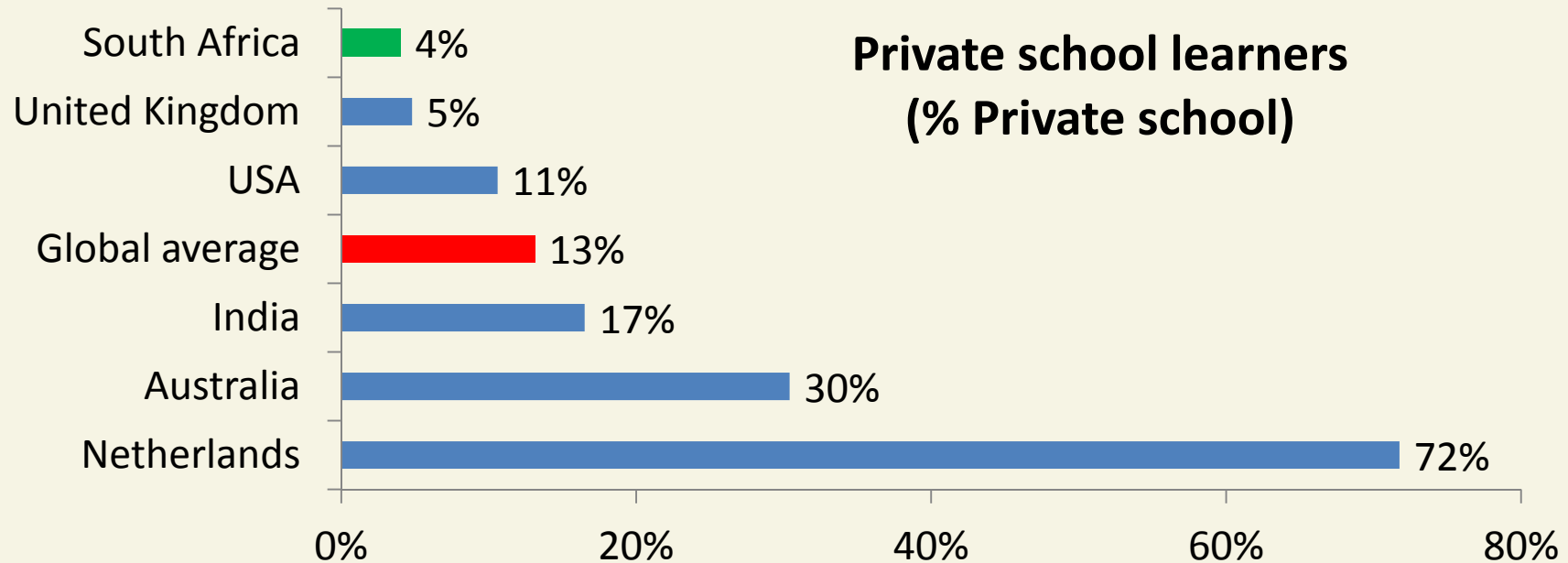






**CURRO**

**80 schools in 2020**



- Education in SA remains a big opportunity



# Curro market

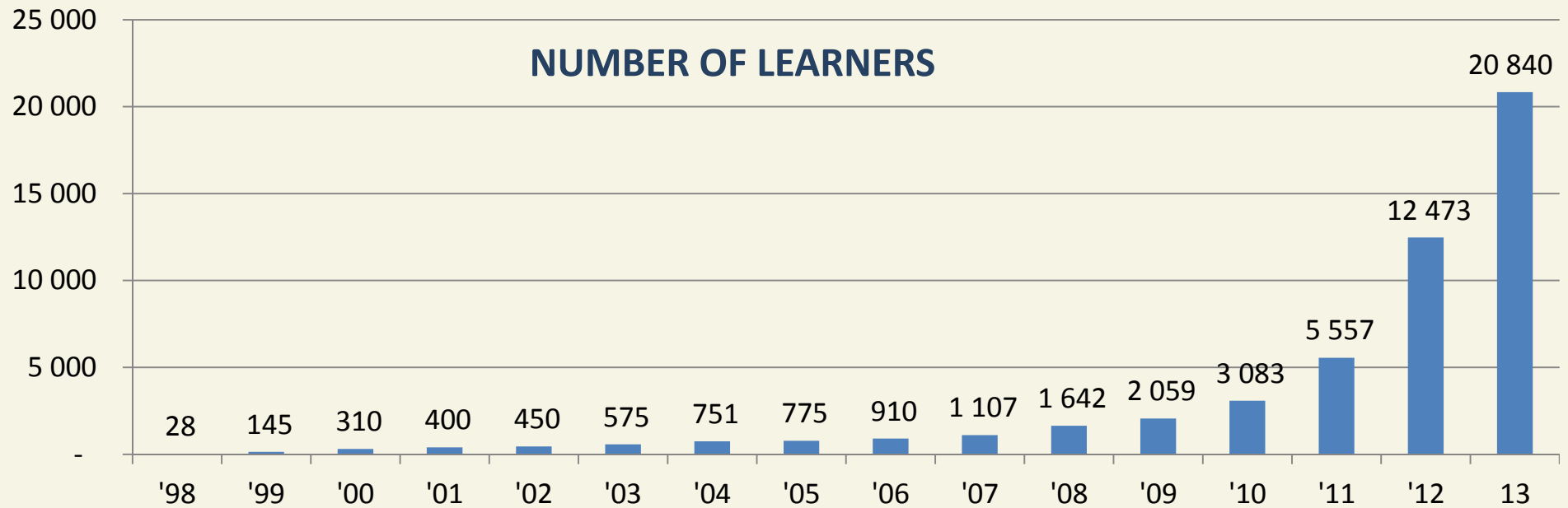


	2006	2012	CAGR	2020	CAGR
<b>Nr of learners ('000)</b>					
Curro	910	20 840	68%	80 000	17%
<i>% of total</i>	<i>0.01%</i>	<i>0.17%</i>		<i>0.8%</i>	
Public ('000)	11 942	11 924	0%		
Private ('000)	352	504	6%		
<i>% of total</i>	<i>2.9%</i>	<i>4.1%</i>			
	12,294	12,428			

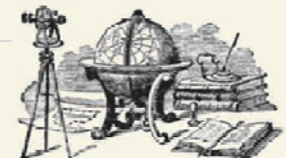
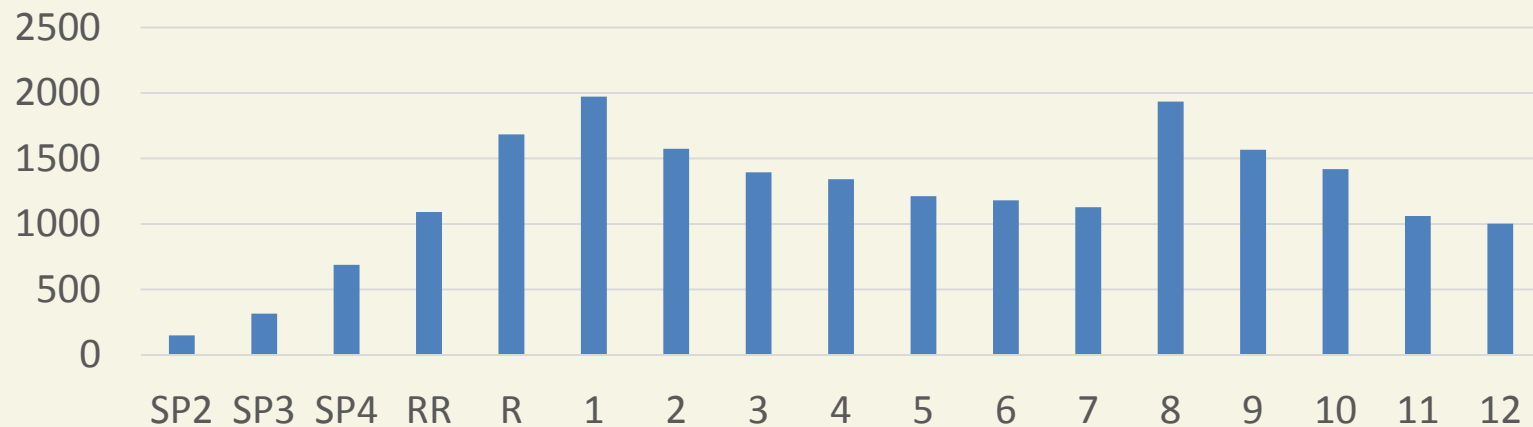
- Significant increase in private schools confirms the market potential
- $\pm 30\ 000$  government schools incl.  $\pm 5\ 000$  former Model C



# Curro learners



### LEARNERS PER GRADE 2013



# Curro brands



	<p>R2500 – R4000 pm</p>	<p>Max 25 learners Academic, sport , culture Sufficient variety</p>
<p>SELECT SCHOOLS</p> 	<p>R4500 – R6000 pm</p>	<p>Established campus Convenience Location Wide variety</p>
 	<p>R900 – R1500 pm</p>	<p>35 – 70 per class Academic focus Support by class assistants Some extra mural</p>
<p>CURRO CASTLE</p> 	<p>R2000 – R2500 pm</p>	<p>Full day care Convenience and safety Cognitive development programs</p>



# Curro Durbanville



# Curro J-curve



31-Dec-12

Number of schools	% of eventual capacity	Learner numbers per category	Rm EBITDA**	EBITDA margin
5	75%-100%	4 160	41.6	36%
6	50%-75%	3 890	34.0	27%
5	25%-50%	2 728	10.0	15%
6	0%-25%	1 695	(6.7)	(18%)
22		12 473	78.9	23%

\*\* Pre head-office costs

31-Dec-11

Number of schools	% of eventual capacity	Learner numbers per category	Rm EBITDA**	EBITDA margin
1	75%-100%	1 175	9.2	26%
3	50%-75%	2 461	17.8	23%
4	25%-50%	1 269	4.3	11%
4	0%-25%	652	(4.8)	(29%)
12		5 557	26.5	16%

# Meridian Schools



- Community schools
  - Fees R1 000 to R1 400 per month
  - Larger classes, less subject choices
- Partnership with Schools and Education Investment Fund of South Africa (SEIFSA) (PIC and Old Mutual)
- At least 11 schools over 3 years. Capacity at least 20 000 learners

	<b>Funding</b>	<b>Shareholding</b>
Curro	R40m	65%
SEIFSA	R400m	35%





# Curro – Northern Academy (Polokwane)



# Curro – Northern Academy (Polokwane)





- 2013 learner numbers better than expected
- Rights issue:  
21 shares for every 100 @ R12 per share
  - R606m new capital
  - Fund growth in the business
- Bond placement on the cards





PSG PRIVATE  
EQUITY

# PSG Private Equity - SOTP



Investment	%	Feb 11 Rm	Feb 12 Rm	Feb 13 Rm	IRR	Period (years)
CA Sales	56.5%			199	1.6%	0.9
Precrete	44.9%	199	161	123	23.9%	6.7
African Unity	47.5%	30	71	74	30.3%	8.9
GRW	37.7%	56	63	62	(6.0%)	5.5
M&S	38.9%	23	32	54	15.5%	4.8
Spirit	28.0%	23	46	51	33.4%	3.4
Impak	80.5%		21	51	10.3%	1.3
Protea	49.9%	38	38	38	38.0%	5.4
Propell	30.0%	16	18	18	7.1%	4.8
Energy Partners	39.2%		14	12	0%	2.1
SNC	19.0%		8	-	n/a	1.4
Erbacon	10.8%	60	14	-	n/a	5.4
<b>Current investments</b>		<b>446</b>	<b>486</b>	<b>681</b>	10.5%	
<b>Sold investments</b>		<b>226</b>	<b>242</b>			
<b>TOTAL ASSETS</b>		<b>672</b>	<b>728</b>	<b>681</b>		

# PSG Private Equity Corporate Action



- Increased stake in M&S Holdings from 28% to 38% through disposal of loss making scaffolding business from the group
  - Share price increased by 170% to 89c
- Acquisitions:
  - Invested a further R24m into Impak Onderwysdiens to increase stake to 89%
  - Invested a further R9m into African Unity Insurance to increase stake to 49.9%
  - Acquired 60% of CA Sales for ~P200m (Botswana based FMCG distributor)
  - Acquired an additional 25% in Precrete at no cost through unwinding the funding arrangement with Thembeke
- Disposals
  - Sold 12.4% Petmin stake for R158m and realised R78m cash profit (16% IRR)

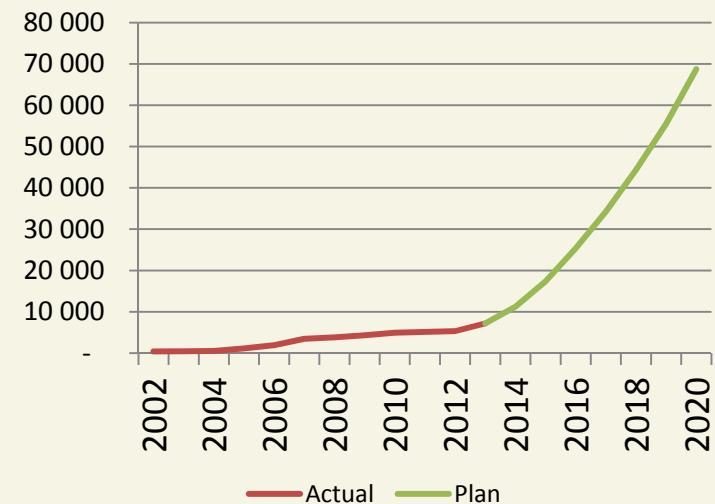


# Impak – another education winner?



- Market leader in home and support centre education
- 5 500 learners, with target of ~70 000 learners by 2020
- Afrikaans and English, Gr 0 – Gr 12
- Accredited Matric
- 90 support centres nationally
- Regional support with socialisation

Impak targeted learner growth



# A great opportunity: Open a support centre



- Build your own business
- Live your passion for education
- Generate **R10 000 to R30 000** earnings per month or more
- Make a positive contribution in South Africa
- You teach, Impak does the rest



[www.impak.co.za](http://www.impak.co.za)





**THEMBEKA**  
CAPITAL



# THEMBEKA



- **More than 500 direct black individual shareholders**
  - Shares trade OTC between black investors
  - Investors, business people, teachers, police officers, NGO employees
  - People looking for access to BEE opportunities – ThembeKa provides the platform
- **Various broad based black trusts (100% black owned)**
  - Specific industry employee trusts (PSG Group, Steinhoff)
  - Education Trust (Tsiba – 350 fully funded black tertiary business students)
  - Social upliftment (URC Empowerment Trust)
  - Many thousands of black beneficiaries
- **United Reformed Church Cape Empowerment Trust**
  - Social upliftment work within the church's poor constituencies
  - Paid R80 (in total) for investment
  - Current investment worth R88m
  - Received R3m in dividends



# Thembeka SOTP



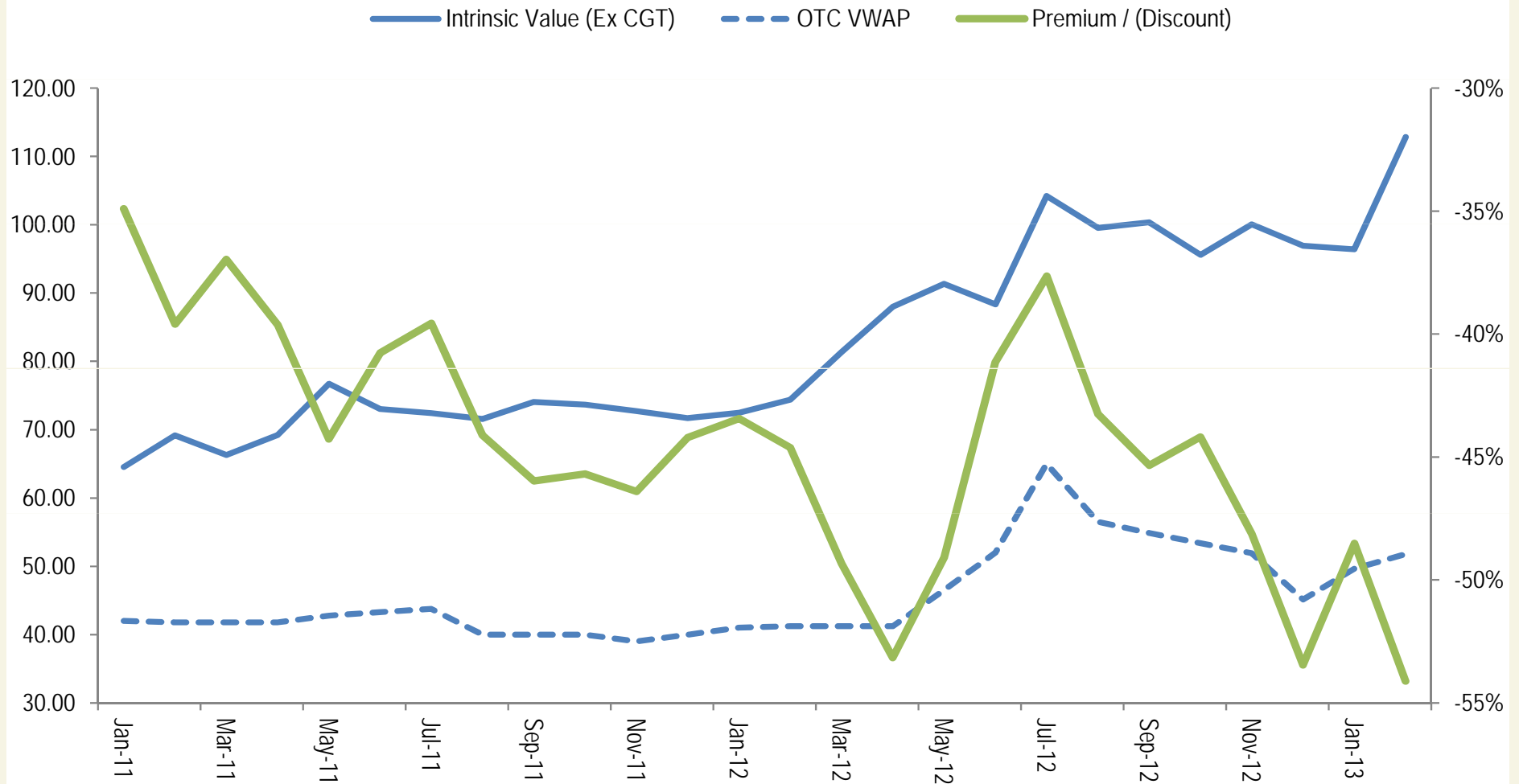
Description (R million)	Feb 2011	Feb 2012	Feb 2013	% change
Capitec Bank	552	641	653	2%
PSG Group	437	463	607	31%
Curro	-	-	396	-
Pioneer Foods	-	-	193	-
Cash	5	296	127	(57%)
Other	519	256	385	50%
<b>Assets Total</b>	<b>1 514</b>	<b>1 656</b>	<b>2 360</b>	<b>43%</b>
Liabilities	(431)	(467)	(526)	13%
CGT	(150)	(185)	(312)	69%
<b>Intrinsic value post CGT</b>	<b>933</b>	<b>1 004</b>	<b>1 522</b>	<b>52%</b>
Number of shares in issue ('000)	13 490	13 490	13 490	0%
<b>Intrinsic value per share (Rands)</b>	<b>69.18</b>	<b>74.40</b>	<b>112.84</b>	<b>52%</b>
Headline Earnings	441.7	100.4	452.0	350%
<b>Recurrings Headline Earnings</b>	<b>46.1</b>	<b>72.2</b>	<b>92.8</b>	<b>28%</b>



# Investment opportunity - discount



Thembeke Capital Intrinsic value & OTC price history





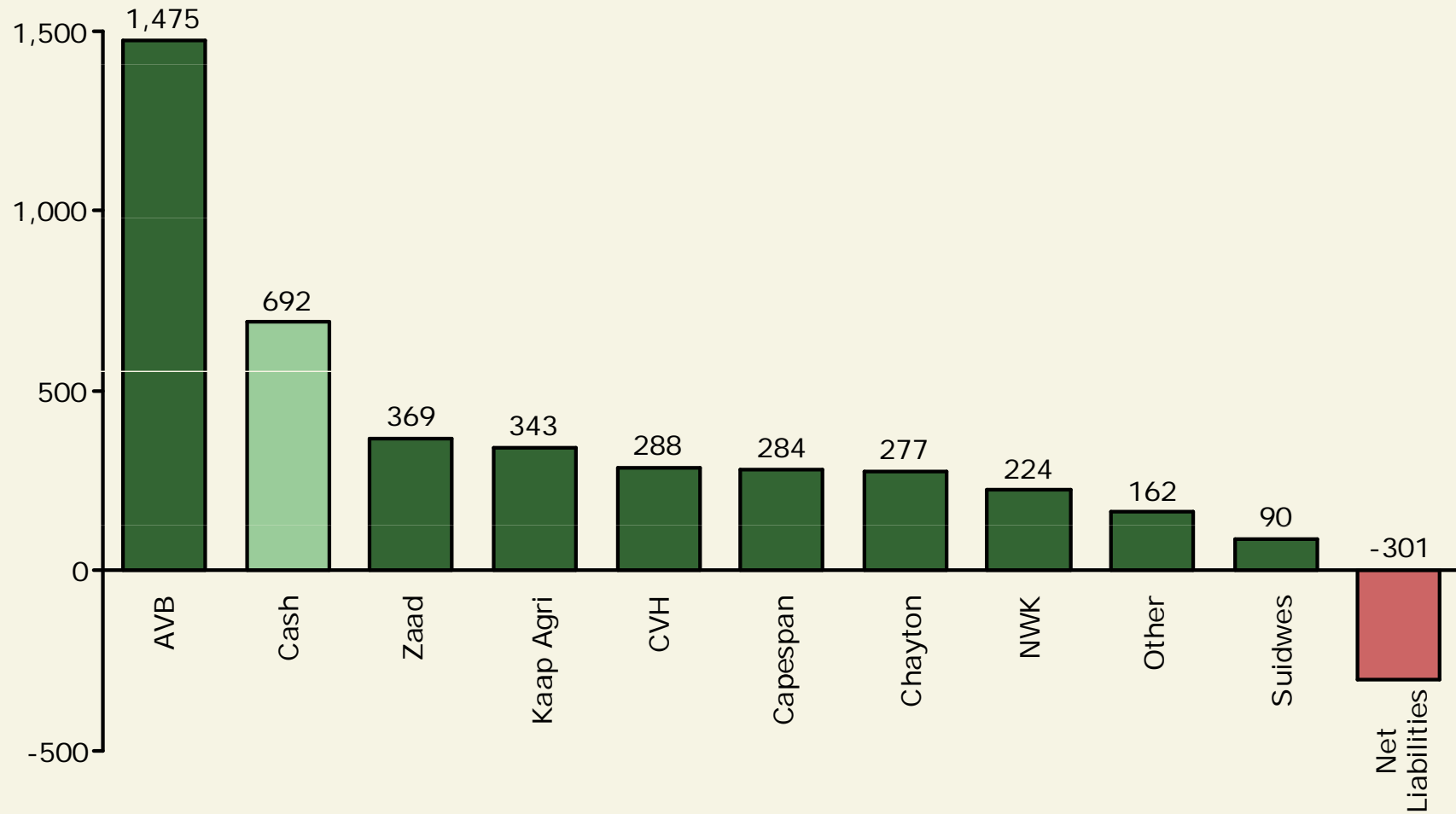
**ZEDER**

# Zeder SOTP



Investment	Feb 13 Interest	Feb 10 Rm	Feb 11 Rm	Feb 12 Rm	Feb 13 Rm	% of total
Kaap Agri - AVB combined		813	1,270	1,435	1,818	
Agri Voedsel Beleggings	45%			1,230	1,475	42.0%
Kaap Agri	35%			205	343	9.8%
Capevin - KWV Combined						
KWV		215	-	-	-	-
Capevin Holdings	5%	552	691	713	288	8.2%
Capespan	37%	54	85	293	284	8.1%
Chayton	73%				277	7.9%
Zaad Holdings	92%	10	27	50	369	10.5%
NWK	20%	42	58	207	225	6.4%
Suidwes	24%	53	76	83	90	2.6%
Other		226	291	335	161	4.6%
<b>Total investments</b>		<b>1,966</b>	<b>2,498</b>	<b>3,116</b>	<b>3,512</b>	<b>100.0%</b>
Cash and cash equivalents		122	206	78	692	
Other assets and liabilities		(21)	(29)	(109)	(301)	
<b>SUM OF THE PARTS</b>		<b>2,066</b>	<b>2,676</b>	<b>3,085</b>	<b>3,903</b>	
Shares in issue (m)		978	978	978	978	
<b>SOTP per share (R)</b>		<b>2.11</b>	<b>2.74</b>	<b>3.15</b>	<b>3.99</b>	

# Zeder SOTP

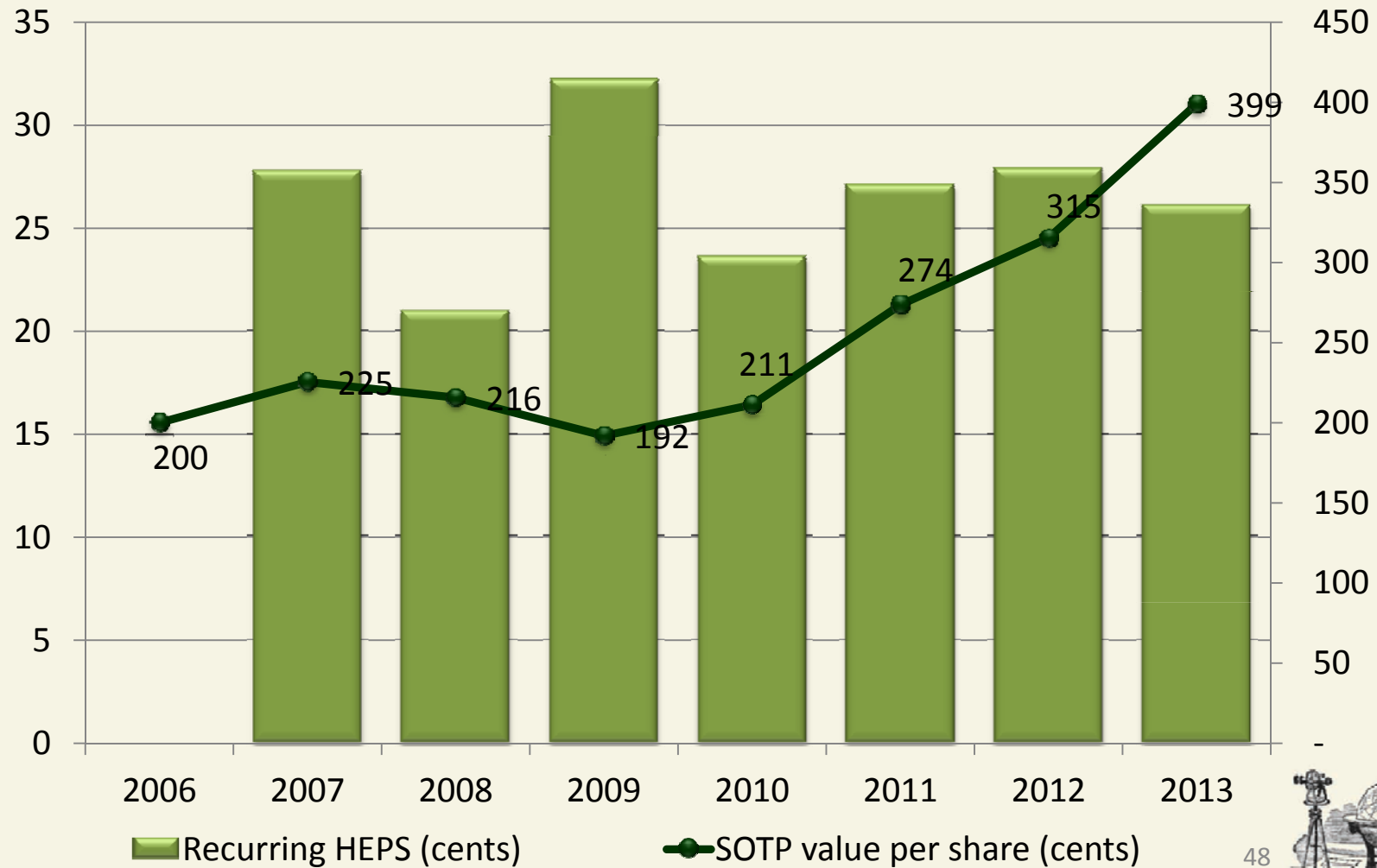


# Zeder historical overview



Recurring HEPS  
(Cents per share)

SOTP  
(Cents per share)





# Zeder recurring HEPS



	2011 Rm	2012 Rm	2013 Rm
<b>Recurring headline earnings of subsidiaries</b>			<b>11.1</b>
Zaad Holdings			<b>32.9</b>
Chayton Africa			<b>(21.8)</b>
<b>Recurring headline earnings of associated companies and equity securities</b>	<b>316.8</b>	<b>323.4</b>	<b>321.9</b>
Food and agri	<b>256.5</b>	<b>265.1</b>	<b>255.8</b>
Beverages	<b>60.3</b>	<b>58.3</b>	<b>66.1</b>
Net interest and other income and expenses	1.1	(2.4)	<b>(23.3)</b>
Management fees and taxation	(53.2)	(48.0)	<b>(58.6)</b>
<b>Recurring headline earnings</b>	<b>264.7</b>	<b>273.0</b>	<b>251.1</b>
<b>Recurring headline earnings per share (cents)</b>	<b>27.1</b>	<b>27.9</b>	<b>25.7</b>



# Zeder expanded strategy



## Historically

## Going forward

### Industry:

- Agribusiness

- Agribusiness

### Sub-sector:

- Food and Beverages

- Food and Beverages
- Non-food (i.e. Rubber, timber)
- Bio Fuels

### Geography:

- South Africa (Direct)
- Rest of World (via portfolio)

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- Sub-Sahara Africa (Direct)
- Rest of World (via portfolio)

### Criteria:

- Arbitrage
- Undervalued

- Arbitrage
- Undervalued
- Growth sectors
- Consolidation

### Influence:

- Passive

- Active



# Agri Voedsel Beleggings



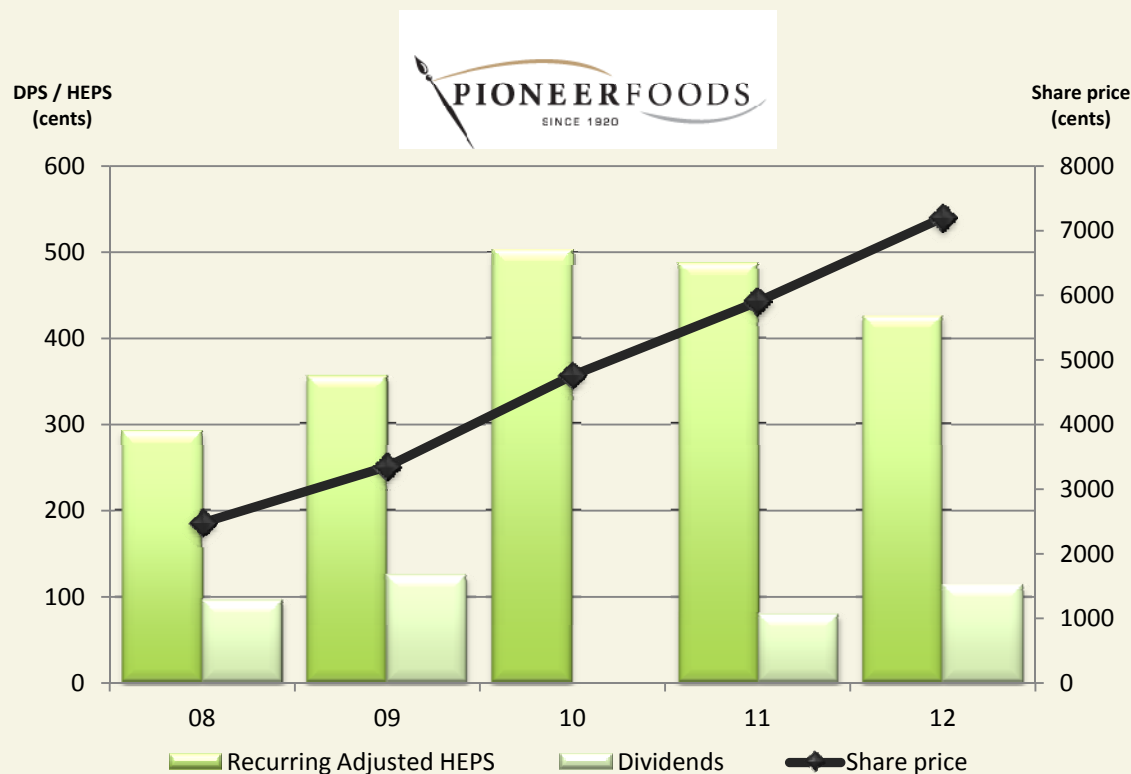
R1,475m

## Zeder commentary:

- Earnings under pressure – high commodity cycle
- Significant capacity for recovery and growth
- Encouraging correction of share price

## Salient features:

- Turnover = R18,6b
- Adjusted HE = R767m
- SA's 2<sup>nd</sup> largest food company
- Listed on the JSE
- Four key divisions:
  - Sasko
  - Bokomo
  - Ceres
  - Agri
- Challenging environment
- New CEO
- Increasingly looking into Africa



# Capevin Holdings (Distell)



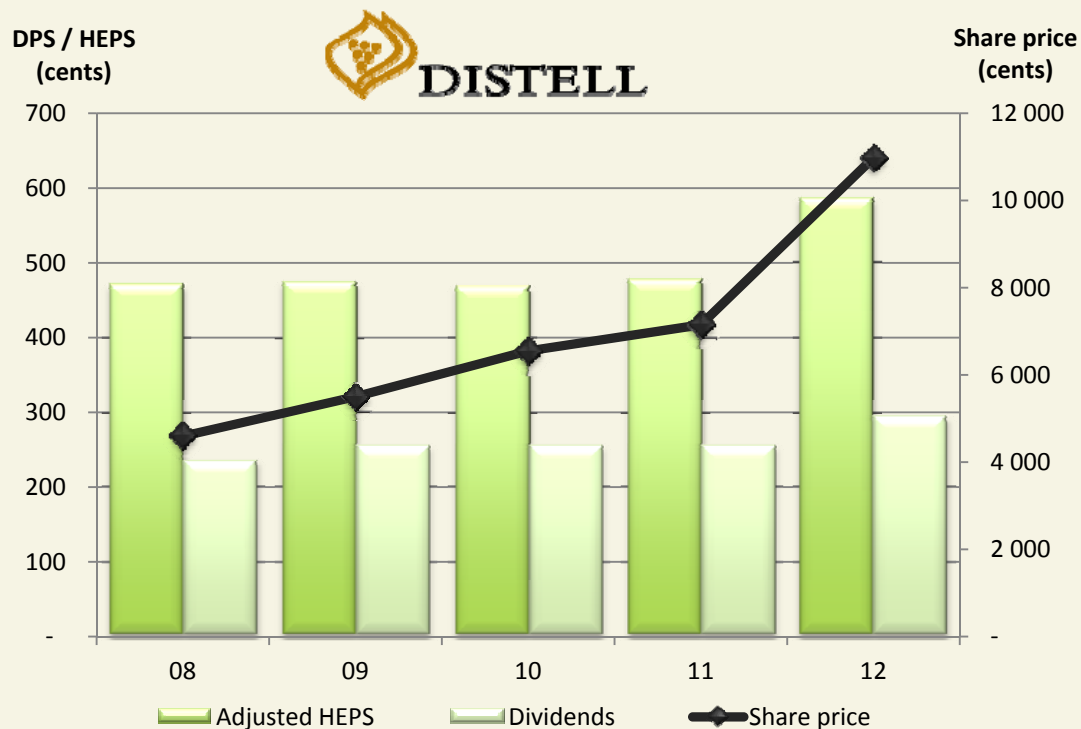
R287m

## Zeder commentary:

- Reduced its holding in Capevin from 20.3% to 5.3%
- Received cash of R800m for the disposal
- Generated a non-headline profit of R441m

## Salient features:

- Turnover = R14,2b
- Adjusted HE = R1,2b
- Leading alcoholic bev company
- Listed on the JSE
- Four key divisions:
  - Spirits
  - Wine
  - Ciders
  - Ready-to-drinks
- Challenging environment
- Recent performance strong





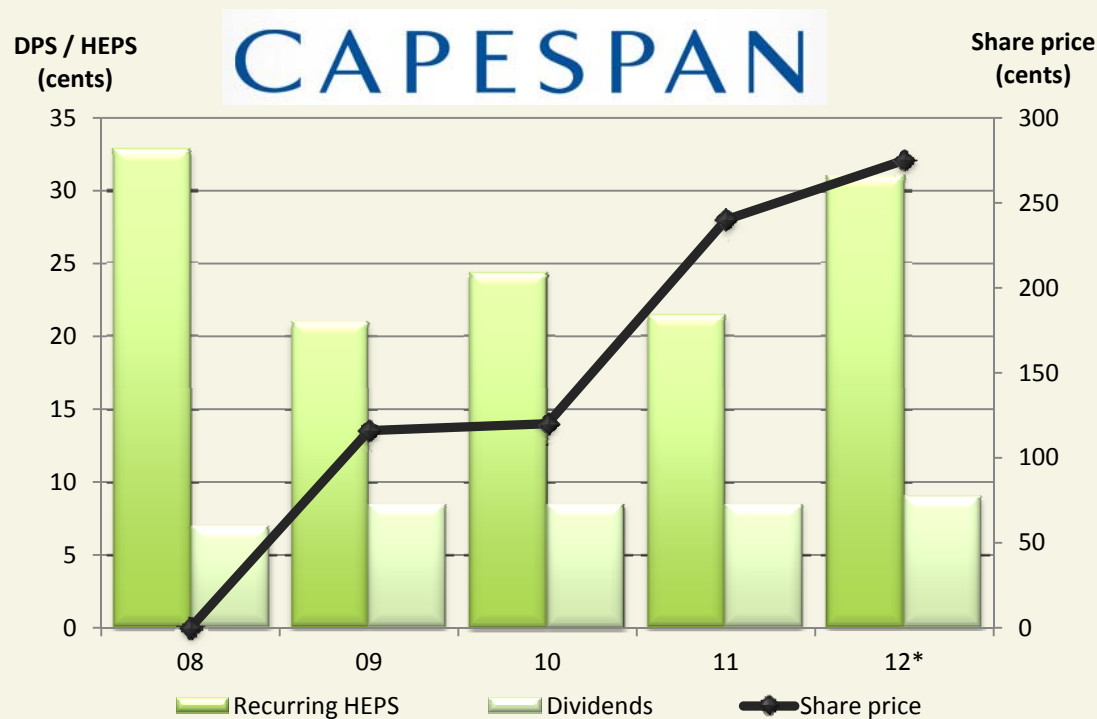
**R284m**

## Zeder commentary:

- Underlying performance encouraging
- Presents both challenges and opportunities
- Increased interest from 37.3% to 46.0% since YE

## Salient features:

- Turnover = R5.2b
- Adjusted HE = R87m
- Leading fruit exporting and marketing company
- Three key divisions:
  - Fruit marketing
  - Fruit farming
  - Logistics
- New CEO beginning to drive growth strategy





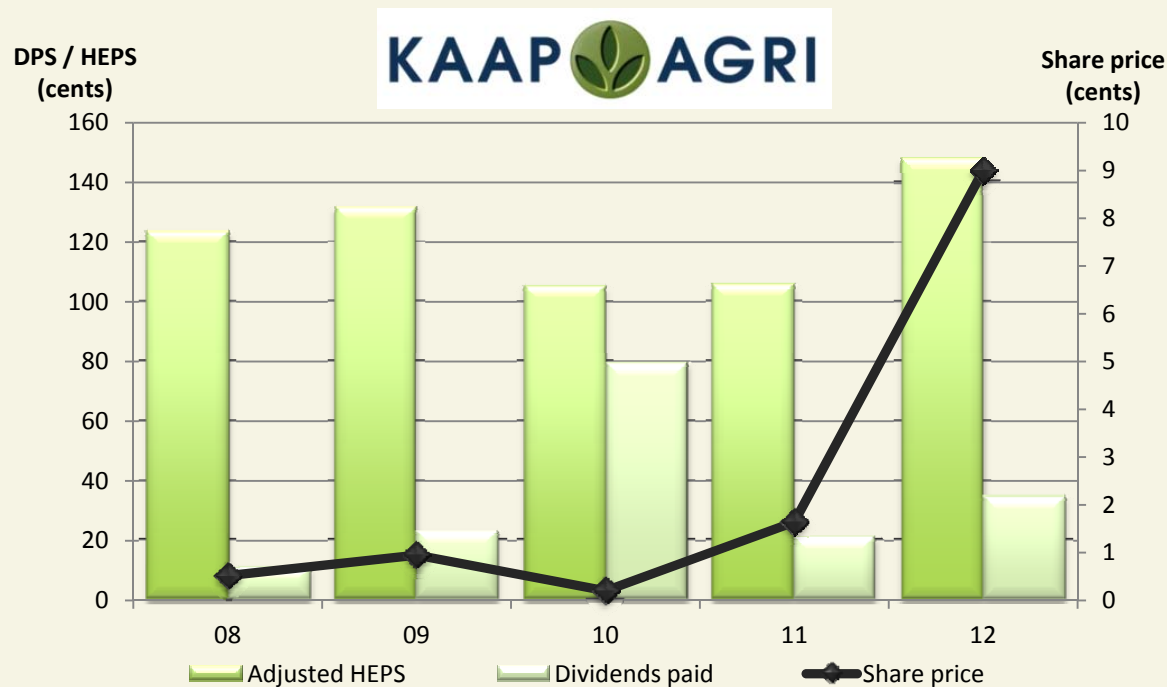
**R343m**

## Zeder commentary:

- Underlying performance strong
- Zeder made voluntary offer to minorities
- Zeder increased interest to >35% since YE

## Salient features:

- Turnover = R3.2b
- Adjusted HE = R103m
- Agri retail and related trade company
- Three key divisions:
  - Trade
  - Grains
  - Finance
- Growing in South Africa and commencing Africa expansion



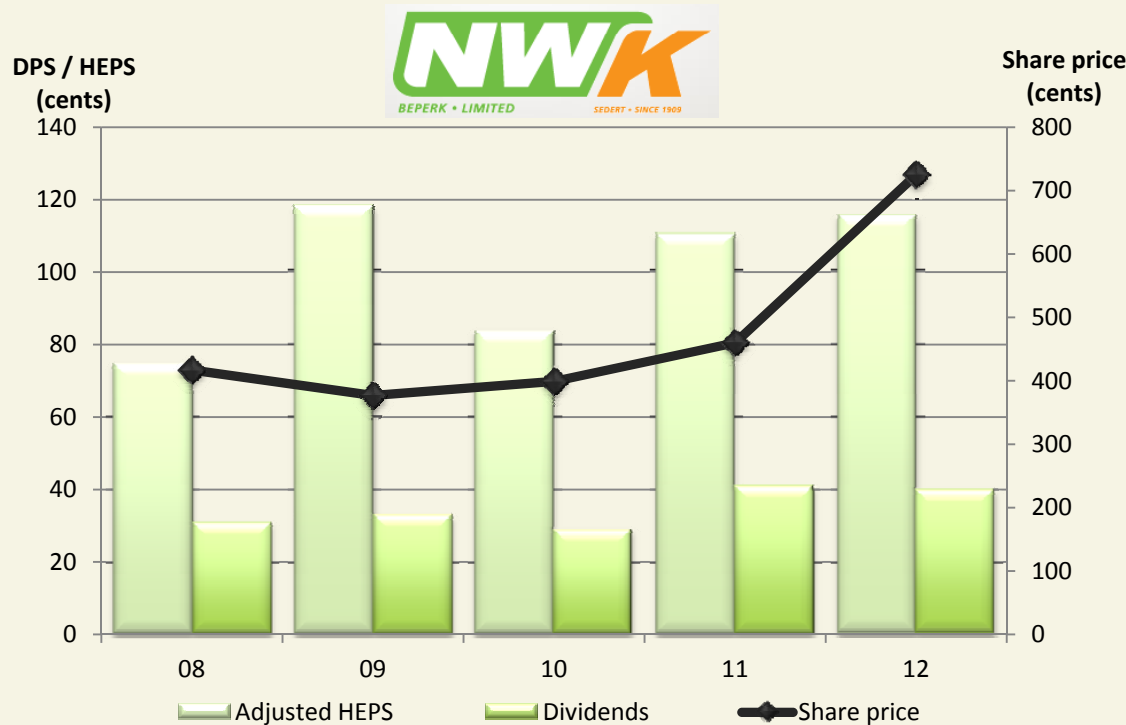
**R225m**

**Zeder commentary:**

- Strong recent performance but unlikely to be repeated
- Dominant regional position

**Salient features:**

- Turnover = R2.7b
- Adjusted HE = R166m
- Agri inputs, retail and related trade company
- Three key divisions:
  - Trade
  - Grains
  - Finance
- Solid company with both challenges and opportunities
- Already doing business in Africa and evaluating additional opportunities





**R369m**

## Zeder commentary:

- ZAAD created as holding company for seed investments
- Increased interest in Agricol from 25% to 92%
- Acquired 49% of Klein Karoo Saad Bemarking
- Actively growing

## Salient features:

- Combined turnover = R610m
  - KKSB = R320m
  - Agricol = R290m
- Combined HE = R48.5m
  - KKSB = R17m
  - Agricol = R31.5m
- Producer, marketer and distributor of a wide variety of agricultural seeds
- Underlying performance strong
- Already doing business in Africa and evaluating additional opportunities







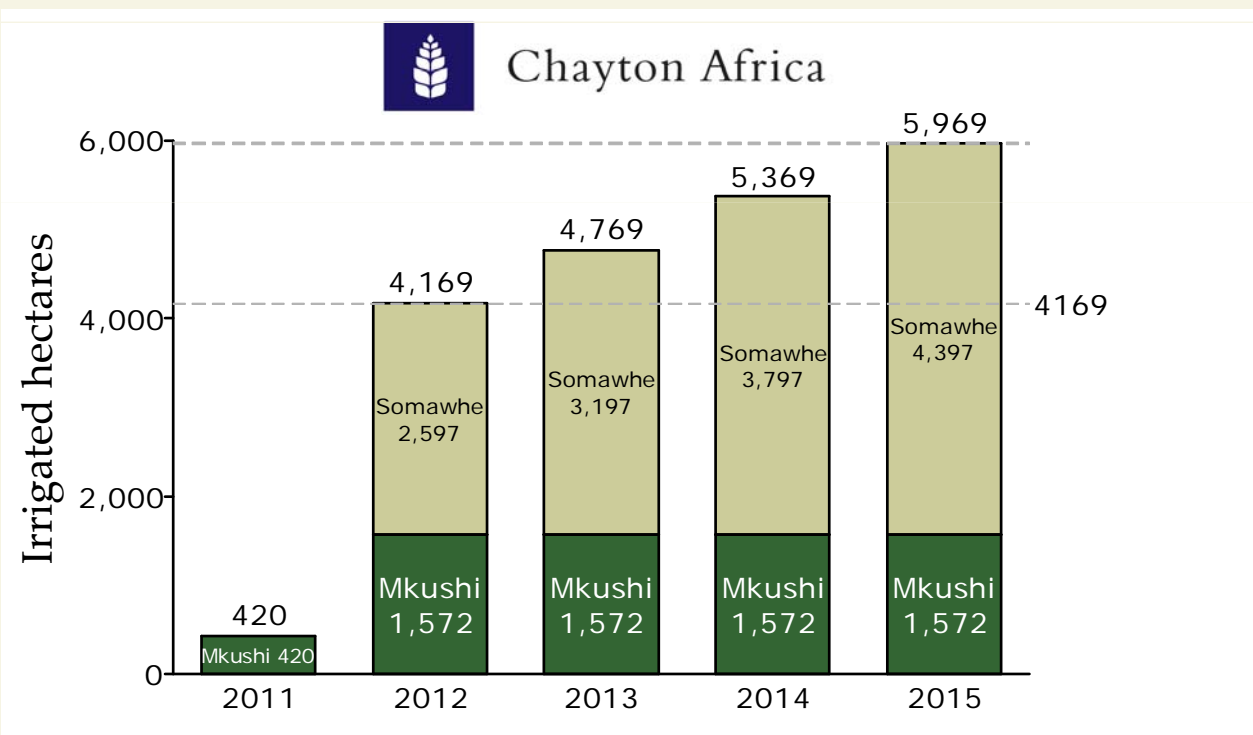
**R277m**

## Zeder commentary:

- Acquired 73.4% during past 12 months
- Start-up company in rapid development phase
- Initial results within expectations
- Current focus to drive existing investments to scale

## Salient features:

- Holding company for grain related farming operations in Sub Saharan Africa
- Currently invested in two farming operations in Zambia:
  - Mkushi
  - Somawhe
- Increased irrigated hectares from 420 to 4,169 in less than 18 months through development and acquisitions
- Double cropping (wheat and soya) for local demand



# Zeder management fee



- Current fee
  - Base fee: 2% on NAV (0.15% on cash)
  - Essentially no performance fee
- Proposed fee change
  - Base fee: 1.5% on market cap
  - Performance fee: 20% of market cap outperformance of GOVI (c.7%) + 4%
    - Performance fee capped at 1.5% per annum (*hurdle is reduced accordingly*)
- Shareholders to vote on proposed change



# More information



- [www.psggroup.co.za](http://www.psggroup.co.za)
- [www.psgkonsult.co.za](http://www.psgkonsult.co.za)
- [www.zeder.co.za](http://www.zeder.co.za)
- [www.curro.co.za](http://www.curro.co.za)
- [www.capitec.co.za](http://www.capitec.co.za)
- [www.thembekacapital.co.za](http://www.thembekacapital.co.za)





# QUESTIONS?