



PSG GROUP LIMITED

# Investor Presentation

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November 2017

**CURRO**

 **PSG** Konsult

# DNA of PSG Group

Financial	Education	Food & Agri
<ul style="list-style-type: none"><li>• Capitec</li><li>• PSG Konsult</li></ul>	<ul style="list-style-type: none"><li>• Curro</li><li>• Stadio</li><li>• FutureLearn</li><li>• ITSI</li><li>• <i>CSI projects</i></li></ul>	<ul style="list-style-type: none"><li>• Zeder<ul style="list-style-type: none"><li>▪ Pioneer Foods</li><li>▪ Capespan</li><li>▪ Zaad</li><li>▪ Kaap Agri</li><li>▪ Agrivision</li><li>▪ Quantum Foods</li></ul></li></ul>

PSG has been good at **early-stage investments** – building businesses

Use **PSG Alpha** to find new growth investments



# Our investment philosophy

## Large Market

- New investments should be in large markets:
  - Banking
  - Energy
  - Education
- If successful, the returns should be substantial

## Market Dynamics

- Large inefficient incumbents:
  - “Free” services (education, energy)
- Fragmented:
  - IFAs
  - Retirement villages

## Engine Room

- Best management teams:
  - Think differently
  - Ultimate empowerment
- Best operating models:
  - Service
  - Pricing
  - Experience

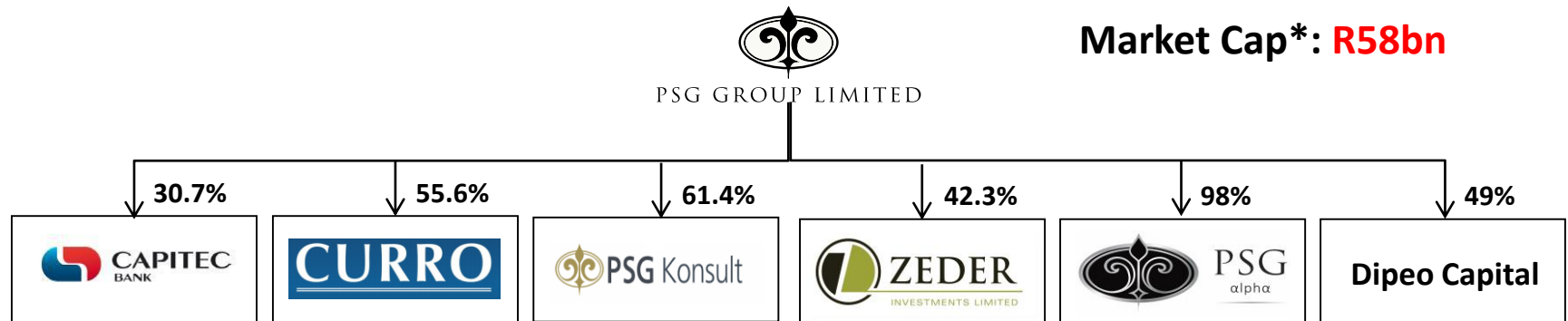
Early-stage investing

## Balance sheet

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






# PSG Group structure



\* Market capitalisation as at 30 Oct 2017

# Growth potential – low market share, low gearing

	 CAPITEC BANK	 PSG Konsult	 CURRO
Best management team *	✓✓✓	✓✓✓	✓✓✓
Low market share	~2.7% of consumer credit book	<ul style="list-style-type: none"> <li>• &lt;5% of wealth mgmt</li> <li>• ~2% of asset mgmt</li> <li>• ~1% of short-term insurance</li> </ul>	~0.4% of school-going learners
Ability to grow market share	✓✓✓	✓✓✓	✓✓✓
Low gearing	<ul style="list-style-type: none"> <li>• 35% CAR</li> <li>• R36bn cash on B/S</li> </ul>	Debt to Equity: 0.1%	Debt to Equity: 33%

\* Relative to competitors in the particular industry – a subjective opinion

➤ *PSG has ~R1.1bn cash available for further investments*

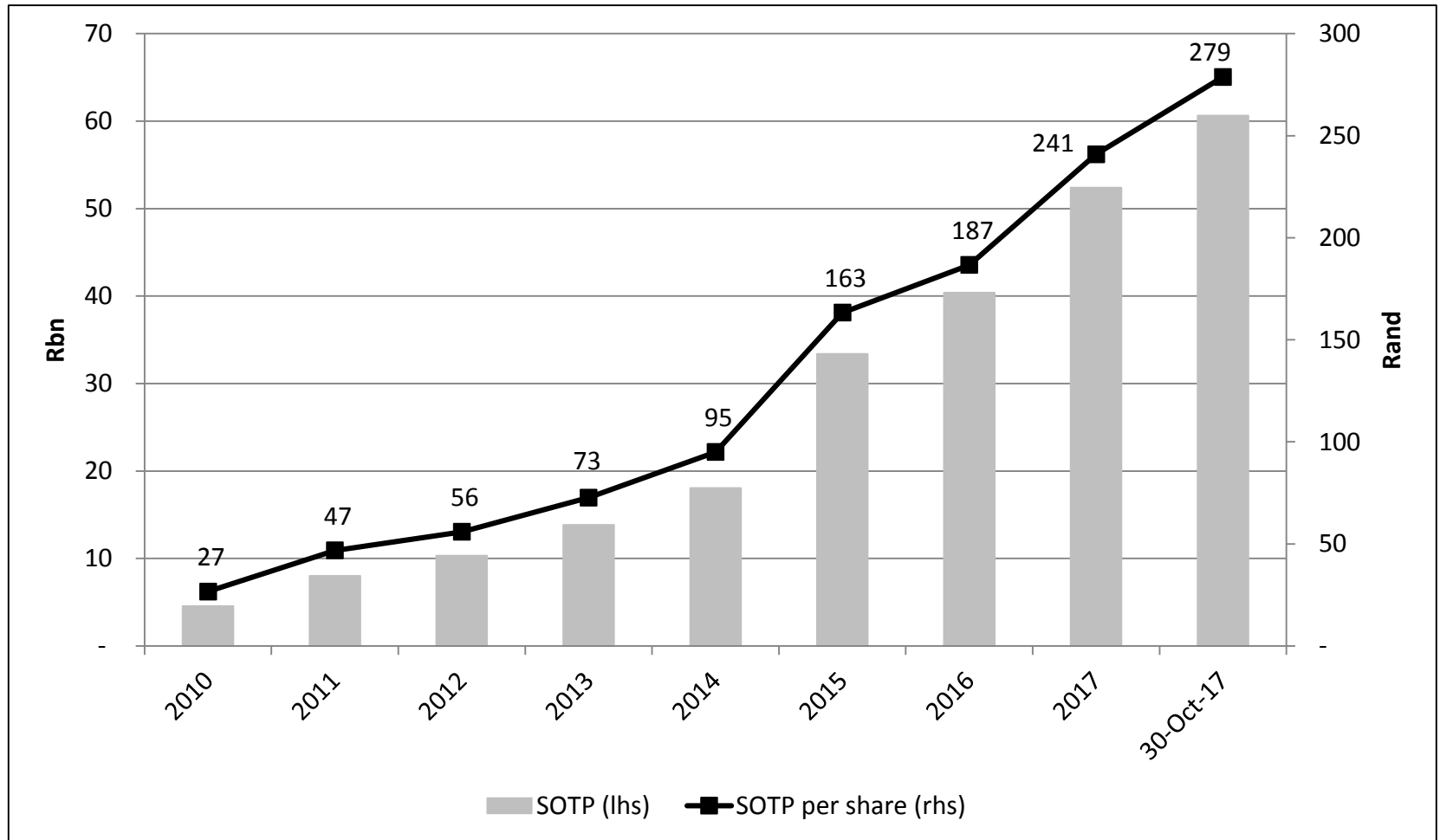


# Sum-of-the-parts (SOTP)

<b>Asset/Liability</b>	<b>31 Aug 2012 Rm</b>	<b>31 Aug 2017 Rm</b>	<b>30 Oct 2017 Rm</b>	<b>Share of total</b>	<b>5-year CAGR#</b>
Capitec*	6,535	31,954	33,521	53%	35%
Curro*	2,387	8,877	9,108	14%	18%
PSG Konsult*	1,598	7,210	7,129	11%	34%
Zeder*	1,192	4,607	4,571	7%	17%
PSG Alpha (incl. Stadio as from Oct 2017)+	879	2,510	4,680	7%	23%
Dipeo (prev. Thembeka)+	789	546	549	1%	
Other assets					
Cash^	433	1,196	1,094	2%	
Pref investments and loans receivable^	519	2,128	2,212	4%	
PSG Corporate**	338				
Other^	355	69	31	1%	
<b>Total assets</b>	<b>15,025</b>	<b>59,097</b>	<b>62,895</b>	<b>100%</b>	
Perpetual pref funding*	(1,229)	(1,358)	(1,280)		
Other debt^	(823)	(950)	(963)		
<b>Total SOTP value</b>	<b>12,973</b>	<b>56,789</b>	<b>60,652</b>		
<b>Shares in issue (net of treasury shares) (m)</b>	<b>190.6</b>	<b>217.5</b>	<b>217.5</b>		
<b>SOTP value per share (R)</b>	<b>68.05</b>	<b>261.05</b>	<b>278.81</b>		<b>31%</b>
<b>Share price (R)</b>	<b>65.01</b>	<b>252.60</b>	<b>265.09</b>		<b>31%</b>
* Listed on the JSE Ltd      + SOTP value      ** Valuation      ^ Carrying value					
# Based on share price/SOTP value per share as at 31 Aug 2017					
Note: PSG's live SOTP is available at <a href="http://www.psggroup.co.za">www.psggroup.co.za</a>					



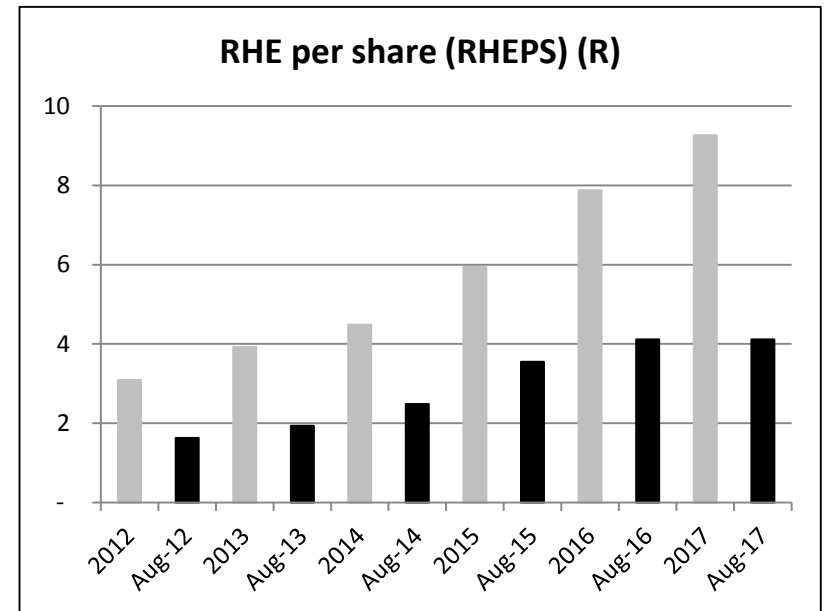
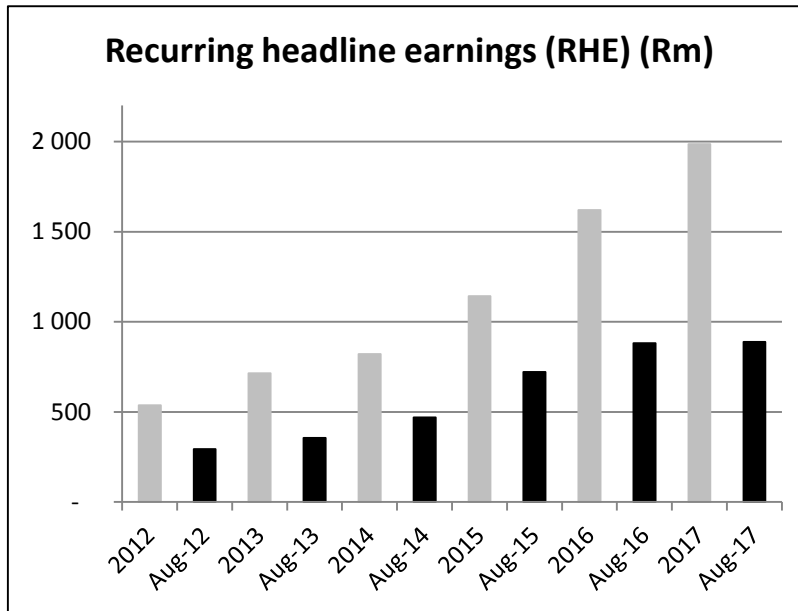
# SOTP per share history



Feb year-end



# Earnings performance



*Feb year-end*

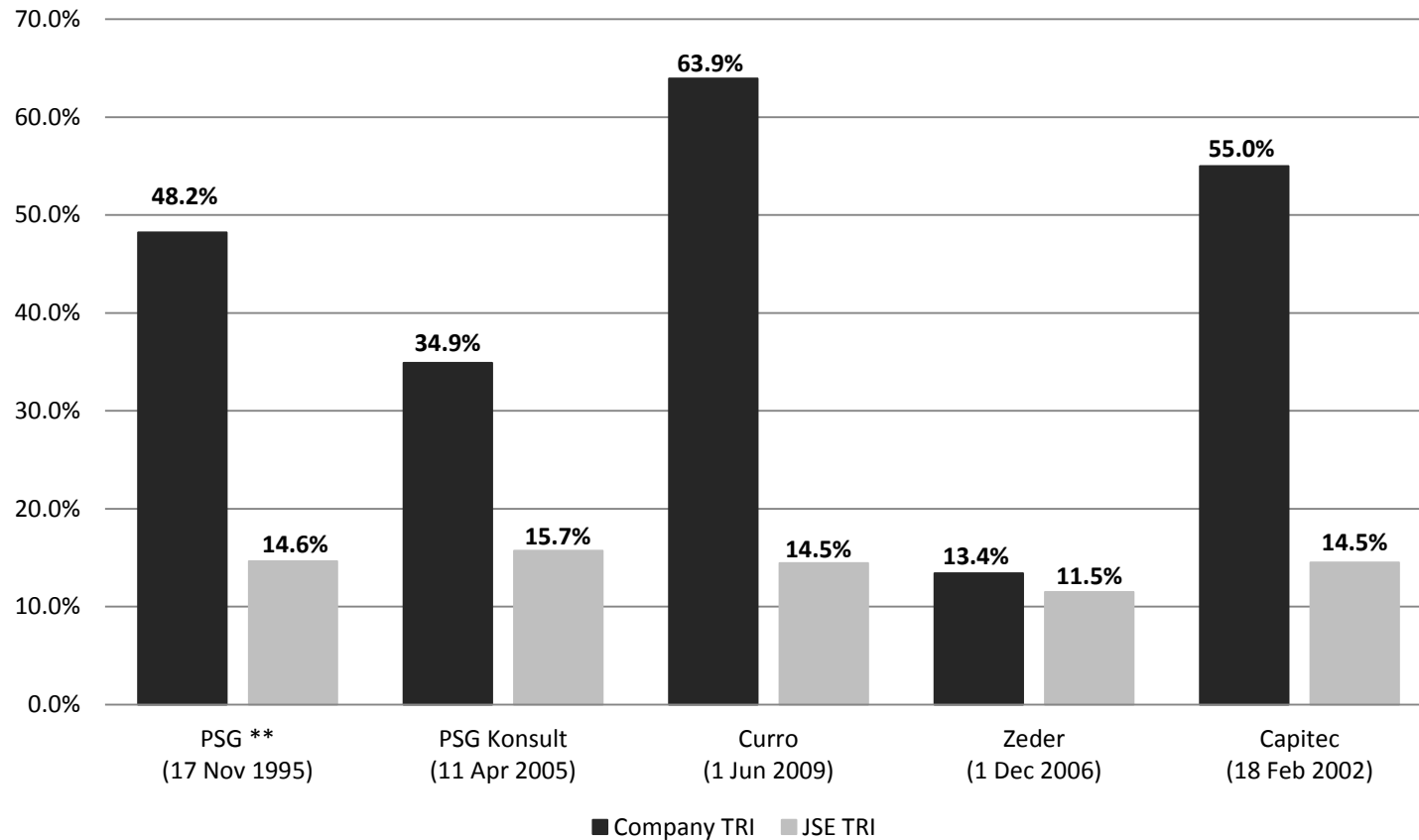
- Measured RHE since Feb 2008:
  - 9-year CAGR in RHEPS of 24% (measured until Feb 2017)
- H1FY18 performance:
  - 0.1% increase in RHEPS for 6 months ended Aug 2017
  - 5-year CAGR in H1 RHEPS of 20%
  - Interim dividend increased by 10% to R1.38 per share





# Long-term performance: Total Return Index (TRI)

PSG group companies' TRI vs. JSE All Share's TRI\*



\* Measured since the respective dates noted until 31 Aug 2017

\*\* Capitec unbundling in November 2003 treated as a dividend



# Benchmarking: TRI measured in USD

## TRI

Company	1 year*	3 years*	5 years*
PSG Group	55%	32%	22%
Capitec	80%	54%	27%
Curro	4%	11%	14%
PSG Konsult	46%	5%	27%
Zeder	5%	(3%)	8%
Pioneer Foods	(16%)	(1%)	12%
MSCI EM	25%	3%	6%

\* CAGR

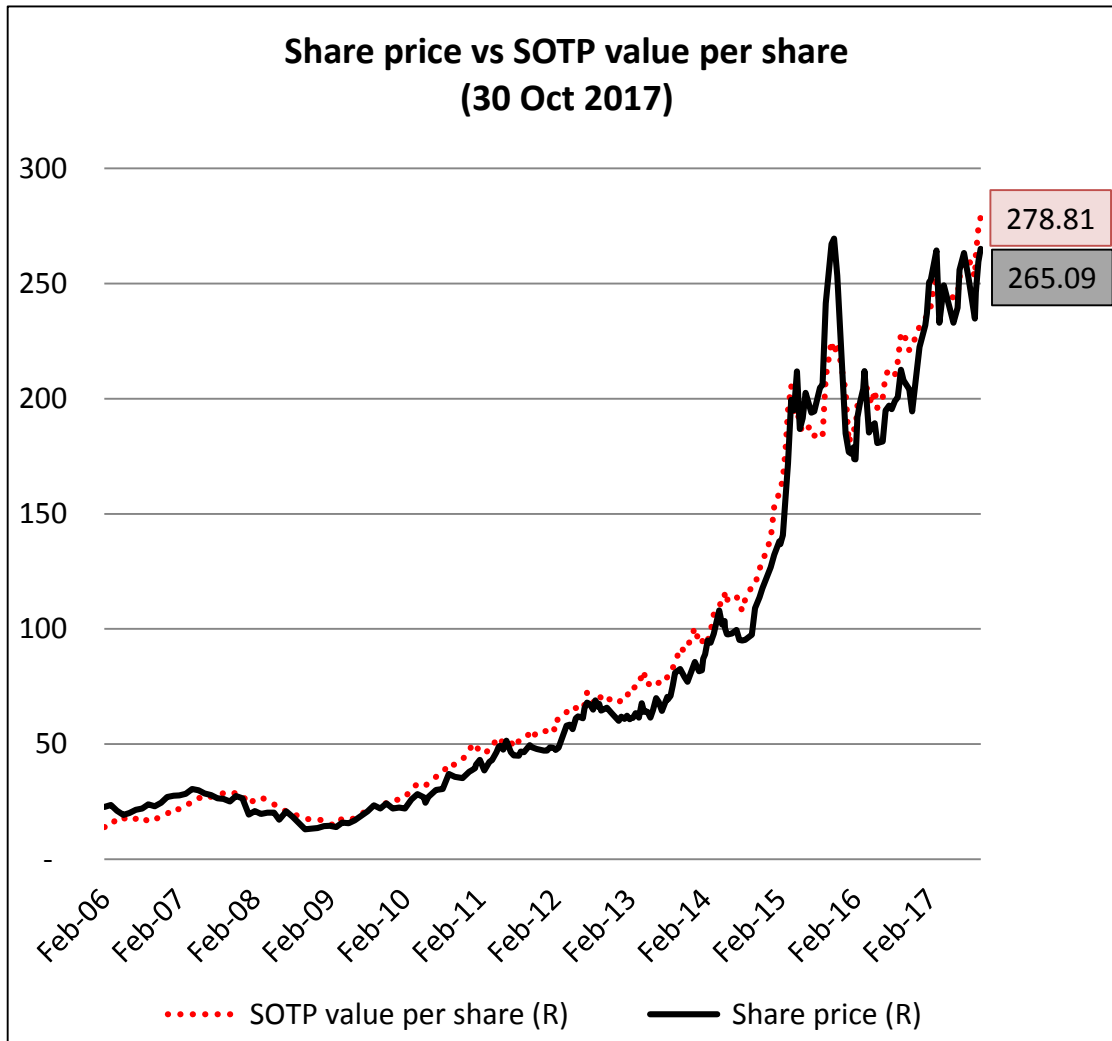
## Ranking

Company	1 year*	3 years*	5 years*
PSG Group	2	2	3
Capitec	1	1	1
Curro	6	3	4
PSG Konsult	3	4	2
Zeder	5	7	6
Pioneer Foods	7	6	5
MSCI EM	4	5	7

- Solid performance by our major group companies in USD terms with the majority outperforming the MSCI EM Index over the 3- and 5-year periods
- PSG Group, Capitec and PSG Konsult significantly outperformed the MSCI EM Index over the past year



# PSG Group share price vs SOTP value per share



## Discount

Latest *discount* ~5%  
 12-month average *discount* ~2%

Liquidity (per annum)	
Aug 2017	25%
Feb 2017	30%
Feb 2016	47%
Feb 2015	17%
Feb 2014	10%
Feb 2013	13%
Feb 2012	8%





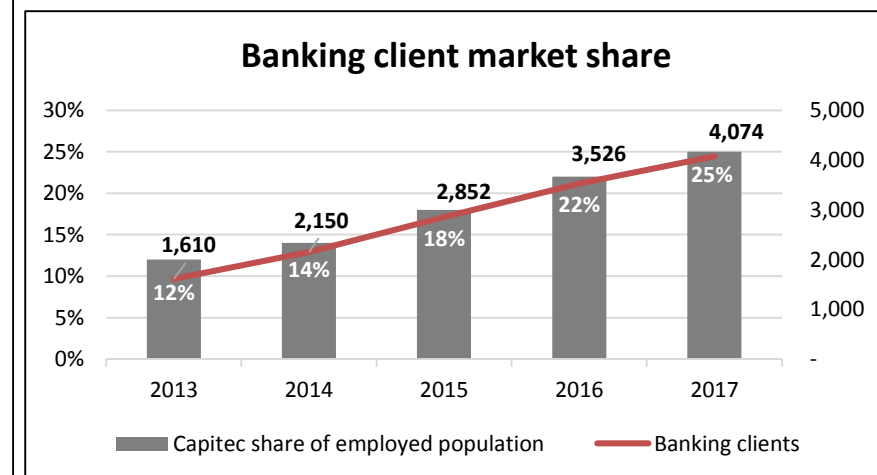
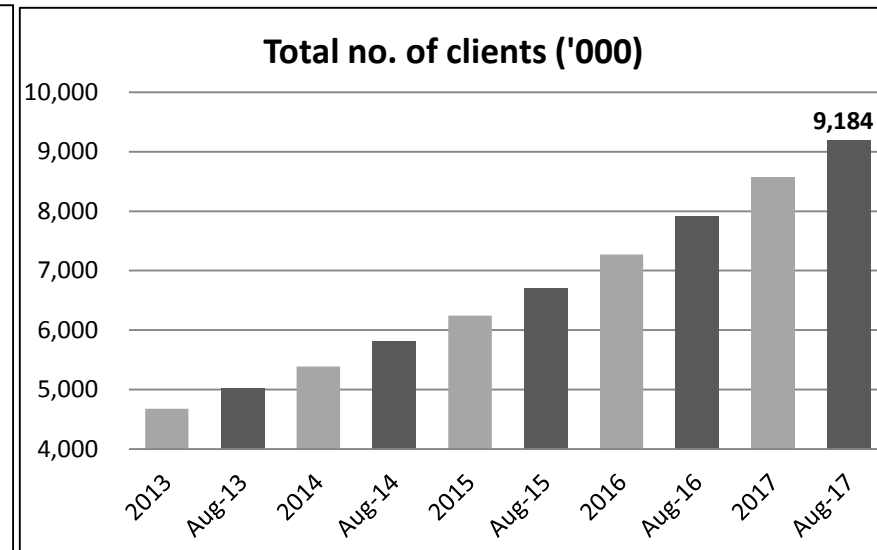
# CAPITEC BANK

Simplicity is the ultimate  
sophistication



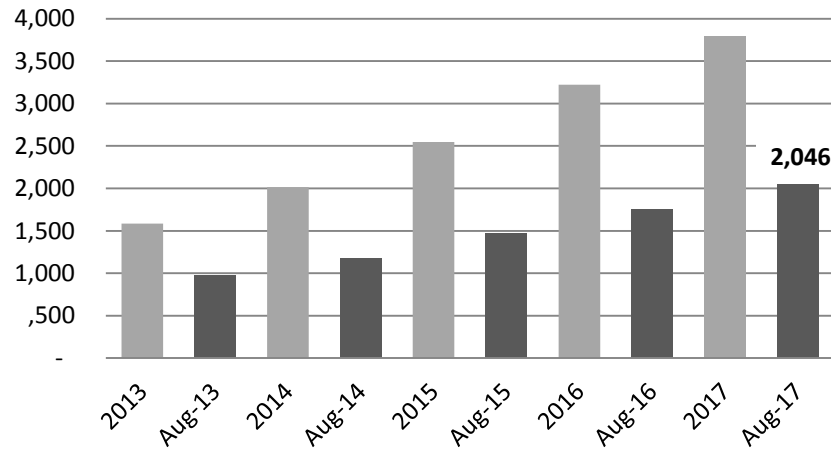
# Key metrics

- Past year:
  - Total clients **↑1.3m to 9.2m**
  - South African population banking with Capitec:
    - ✓ **17%** of the total population
    - ✓ **29%** between the ages of 20-34
    - ✓ **27%** between the ages of 35-54
  - Quality banking clients up **21%**
- Increased distribution since Feb 17:
  - Branches **↑15 to 811**
  - ATMs & DNRs **↑257 to 4,281**
- Transaction growth:
  - Transaction fee income up **29%**
  - Cellphone and internet transaction growth up **39%**
  - Total number of transactions up **27%**
  - **71%** of possible transactions done on self-help devices

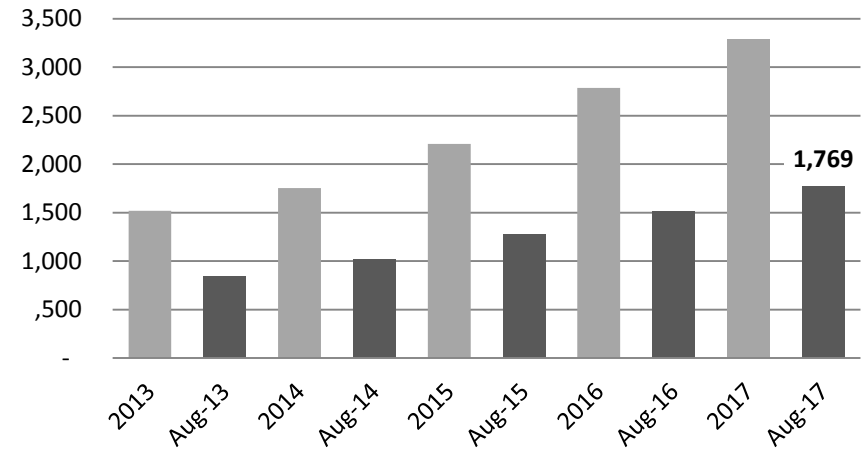


# Key financials

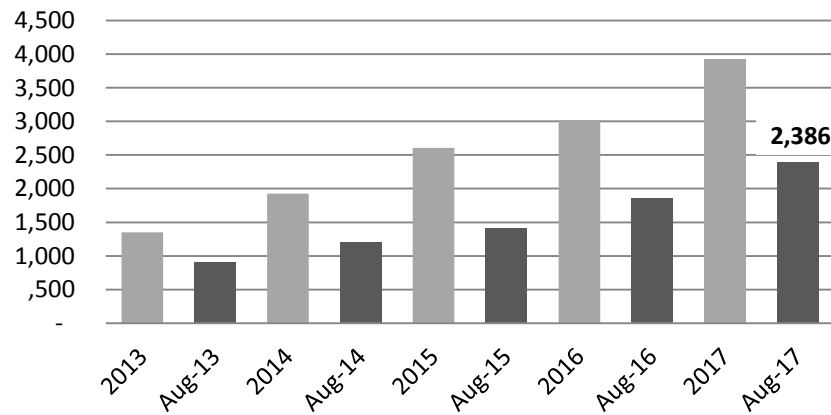
### Headline earnings (Rm)



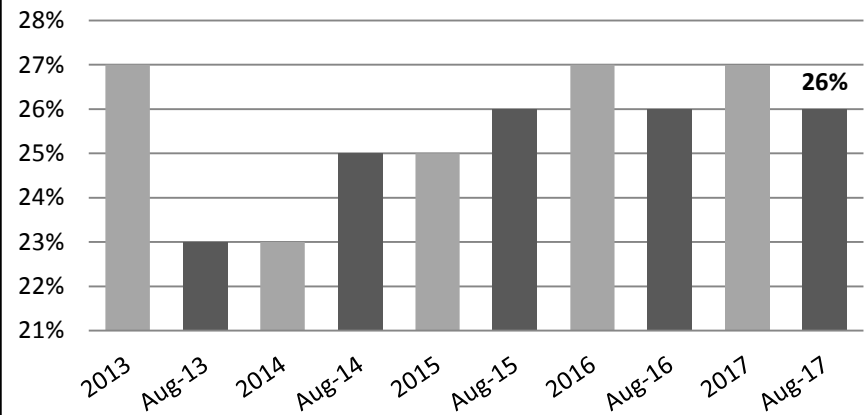
### Headline earnings per share (cents)



### Net transaction fee income (Rm)



### Return on equity



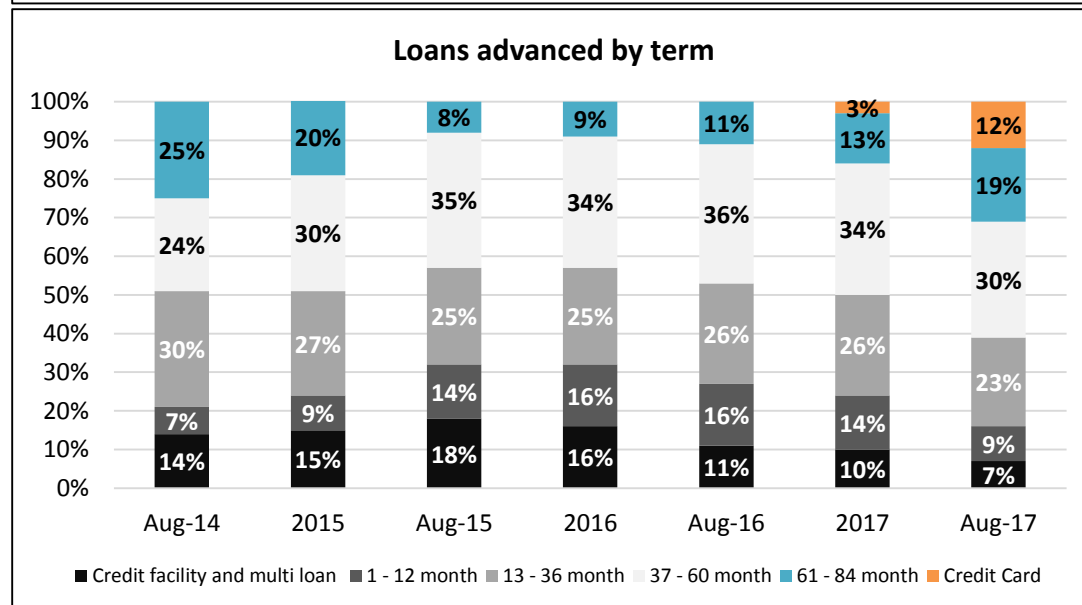
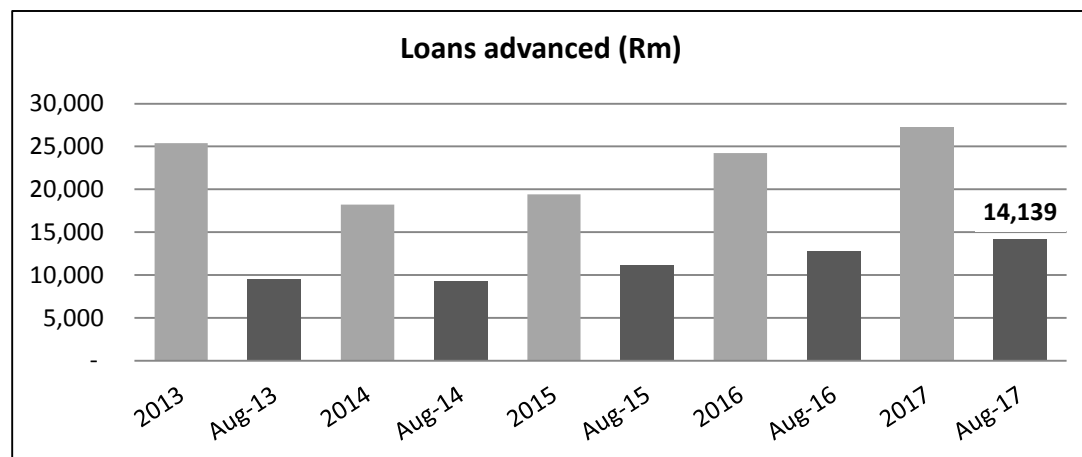
# Credit

## ➤ Improved solution:

- More personalised credit offering
- Better interest rate offering based on affordability
- Reduced pricing:
  - Minimum rate: **12.9%**
- Cut back on credit granted to employees of small companies/lower income

## ➤ Resulting in:

- **9%** year-on-year increase in the number of loans granted
- An increase in the average size of new loans to **R7,556** (Aug 2016: **R7,487**)



# Credit

		Aug-16	Feb-17	Aug-17
Gross loans and advances (GLA)	Rm	42,812	45,135	<b>46,544</b>
Loans past due (arrears)	Rm	2,561	2,855	<b>2,498</b>
Arrears to gross loans and advances		6.0%	6.3%	<b>5.4%</b>
Arrears rescheduled < 6 months	Rm	1,645	1,583	<b>1,396</b>
Arrears and arrears rescheduled < 6 months to GLA		9.8%	9.8%	<b>8.4%</b>
Rescheduled from up-to-date < 6 months	Rm	1,535	1,088	<b>1,049</b>
Arrears and all rescheduled < 6 months to GLA		13.4%	12.2%	<b>10.6%</b>
Provision for doubtful debts	Rm	5,874	5,930	<b>5,925</b>
Provision for doubtful debts to GLA		13.7%	13.1%	<b>12.7%</b>
Arrears coverage ratio		229%	208%	<b>237%</b>
Arrears and arrears rescheduled < 6 months coverage ratio		140%	134%	<b>152%</b>
Arrears and all rescheduled < 6 months coverage ratio		102%	107%	<b>120%</b>





# Capital / Liquidity

## Well capitalised

- Diversified funding base:
  - Strong retail deposit growth of **28.7%** to **R55.4bn**
- Internal liquidity requirements have always been stricter than the Basel ratios
- Capital adequacy ratio at **34.6%**
- Healthy liquidity:
  - **R36bn** in cash, cash equivalents and other liquid assets (**44.6%** of *total assets*)





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# Investor Presentation

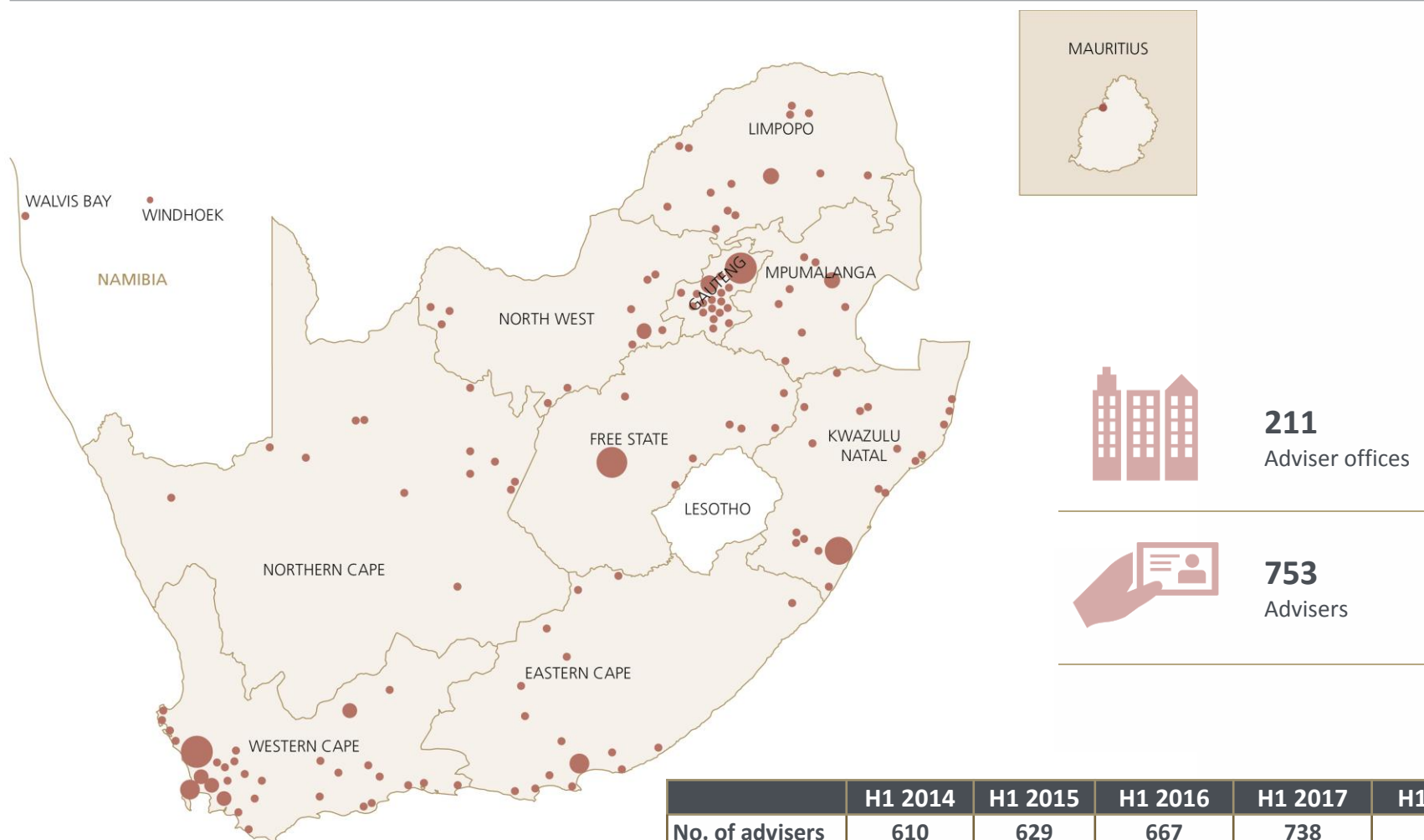
## 2018 interim results

For the six months ended 31 August 2017



# A great company

Wealthy clients serviced where they reside



Source: PSG Distribution

	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018
<b>No. of advisers</b>	<b>610</b>	<b>629</b>	<b>667</b>	<b>738</b>	<b>753</b>
<i>PSG Wealth</i>	391	419	443	505	527
<i>PSG Insure</i>	219	210	224	233	226
<b>No. of offices</b>	<b>220</b>	<b>193</b>	<b>201</b>	<b>207</b>	<b>211</b>

# Business characteristics

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- Equity market dependent
- Administration businesses people / systems dependent
- Not very balance sheet intensive
- Free cash flow generative
- Vulnerable to regulatory change



# Key macro indicators

## Weakening economic environment

Key indicators	H1 2014	%Δ	H1 2015	%Δ	H1 2016	%Δ	H1 2017	%Δ	H1 2018
Rand / US\$	10.3	3.8%	10.7	24.5%	13.3	10.7%	14.7	-11.5%	13.0
Cash Index – STeFI Call	274	5.1%	288	5.7%	305	6.5%	324	7.0%	347
All Bond Index	420	11.7%	469	5.4%	494	4.5%	516	10.2%	569
SA Property Index	479	12.3%	538	20.1%	646	-1.7%	635	2.9%	653
FTSE/JSE Index	42 228	20.7%	50 959	-1.9%	49 972	5.5%	52 733	7.2%	56 522



# Headline earnings by division

Headline earnings*	H1 2014 Rm	%Δ	H1 2015 Rm	%Δ	H1 2016 Rm	%Δ	H1 2017 Rm	%Δ	H1 2018 Rm
Wealth	71	32%	94	28%	120	17%	141	7%	150
Asset Management	21	63%	34	37%	46	2%	47	20%	57
Insure	17	4%	17	16%	21	29%	26	23%	32
<b>Total</b>	<b>109</b>	<b>34%</b>	<b>145</b>	<b>28%</b>	<b>187</b>	<b>15%</b>	<b>214</b>	<b>12%</b>	<b>239</b>

\* Includes amortisation of intangibles of H1 2018: R22m (H1 2017: R21m; H1 2016: R16m; H1 2015: R15m; H1 2014: R11m)

Note: Recurring & headline earnings the same for H1 2018. (All figures rounded to nearest R million)



# Wealth plans

Growing and protecting client wealth

Excellence in  
products & services

Top advisers

Superb platform

Wealth assets split (Rm)	FY 2017	Market movement	Net flows	H1 2018	%Δ
Third party funds *	50 847	3 480	1 161	55 488	9%
PSG Multi Managed **	52 351	2 461	2 606	57 418	10%
Discretionary	39 049	3 571	1 328	43 948	13%
<b>Total managed assets</b>	<b>142 247</b>	<b>9 513</b>	<b>5 095</b>	<b>156 855</b>	<b>10%</b>
Non discretionary	184 625	7 351	- 64	191 912	4%
Third party administration	11 091	483	771	12 345	11%
<b>Total wealth assets</b>	<b>337 963</b>	<b>17 347</b>	<b>5 802</b>	<b>361 112</b>	<b>7%</b>

\* Includes PSG advisers single managed funds of R6.5bn for Feb 2017 and R7.8bn for Aug 2017

\*\* Includes PSG single managed funds of R7.1bn for Feb 2017 and R7.3bn for Aug 2017



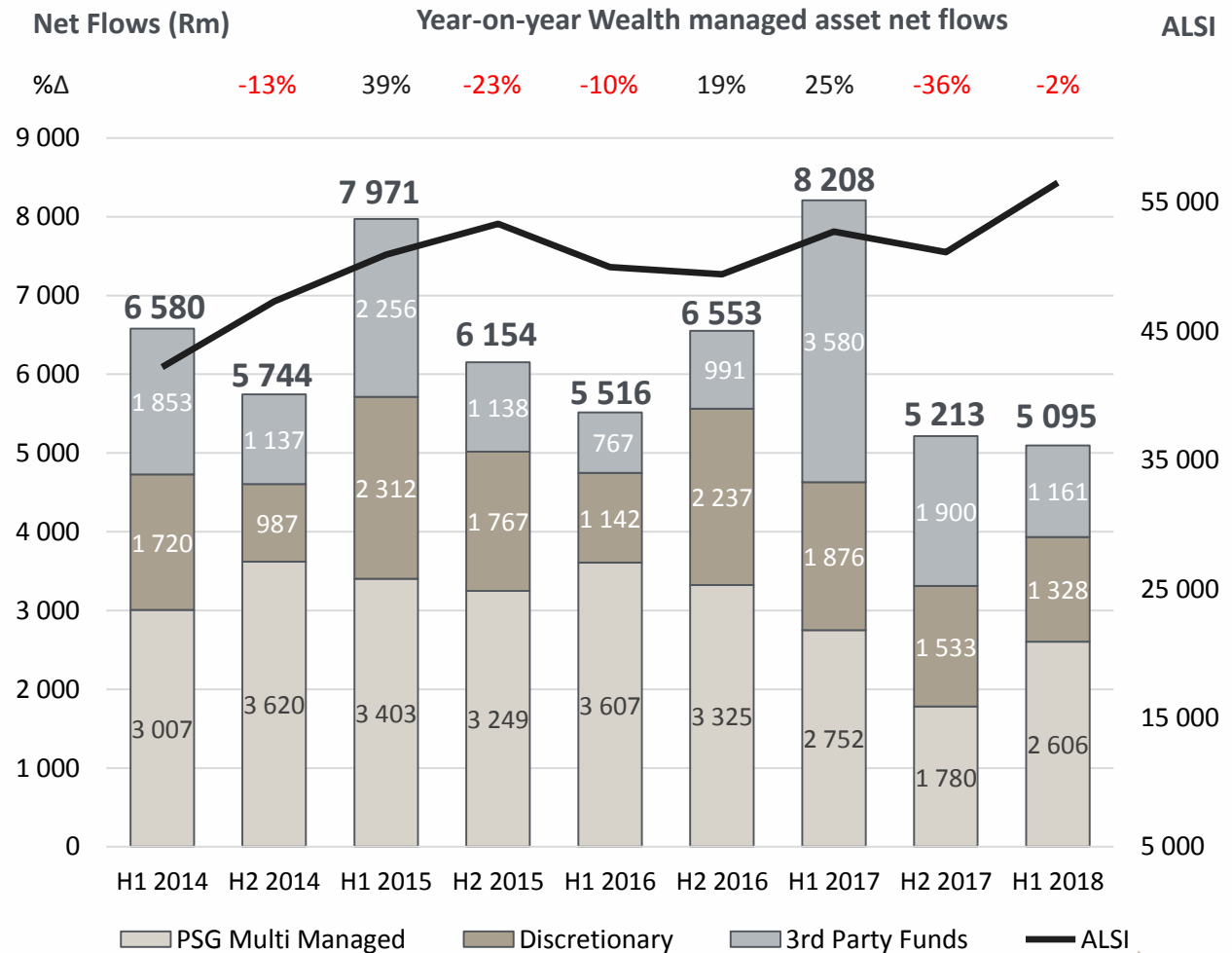
# Wealth

Excellence in products and services

Independent process  
with advisers'  
oversight

Rapid growth in  
advisers

Negotiation with  
product providers



Source: PSG Wealth, Bloomberg

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# Top advisers

We continue to add top advisers to our PSG Wealth distribution business

Wealth advisers (incl. EB)	H1 2014*	H2 2014*	H1 2015*	H2 2015*	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
Balance – opening	384	391	406	419	434	443	480	505	515
<b>Net movement</b>	<b>7</b>	<b>15</b>	<b>13</b>	<b>15</b>	<b>9</b>	<b>37</b>	<b>25</b>	<b>10</b>	<b>12</b>
Balance – closing	391	406	419	434	443	480	505	515	527
<b>Growth</b>	<b>2%</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>2%</b>	<b>8%</b>	<b>5%</b>	<b>2%</b>	<b>2%</b>

\* Restated to exclude advisers moved from Wealth to Insure during FY2016

- Upscale existing offices via new hires
- Greater penetration selected area
- Growth in number of advisers & average book size
  - Financial advisers new home at PSG – unlocking and creating value for clients and themselves
  - Well positioned to support advisers: open architecture, stable systems, risk & regulatory compliance allowing advisers to focus on client interaction



# Asset management plans

Net new money at acceptable margin

## Focused marketing

## Investment performance

## Superb platform

AM assets split (Rm)	FY 2017	Market movement	Net flows	H1 2018	%Δ
PSG Single manager	26 909	537	3 285	30 731	14%
PSG Money market and related assets	4 237	0	-105	4 132	-2%
PSG Segregated Portfolios	1 974	46	-373	1 647	-17%
<b>Total assets under management</b>	<b>33 120</b>	<b>583</b>	<b>2 807</b>	<b>36 510</b>	<b>10%</b>
Administered assets *	52 351	2 462	2 606	57 419	10%
<b>Total AM assets</b>	<b>85 471</b>	<b>3 045</b>	<b>5 413</b>	<b>93 929</b>	<b>10%</b>

\* Excluded from total PSG assets under administration to eliminate duplication



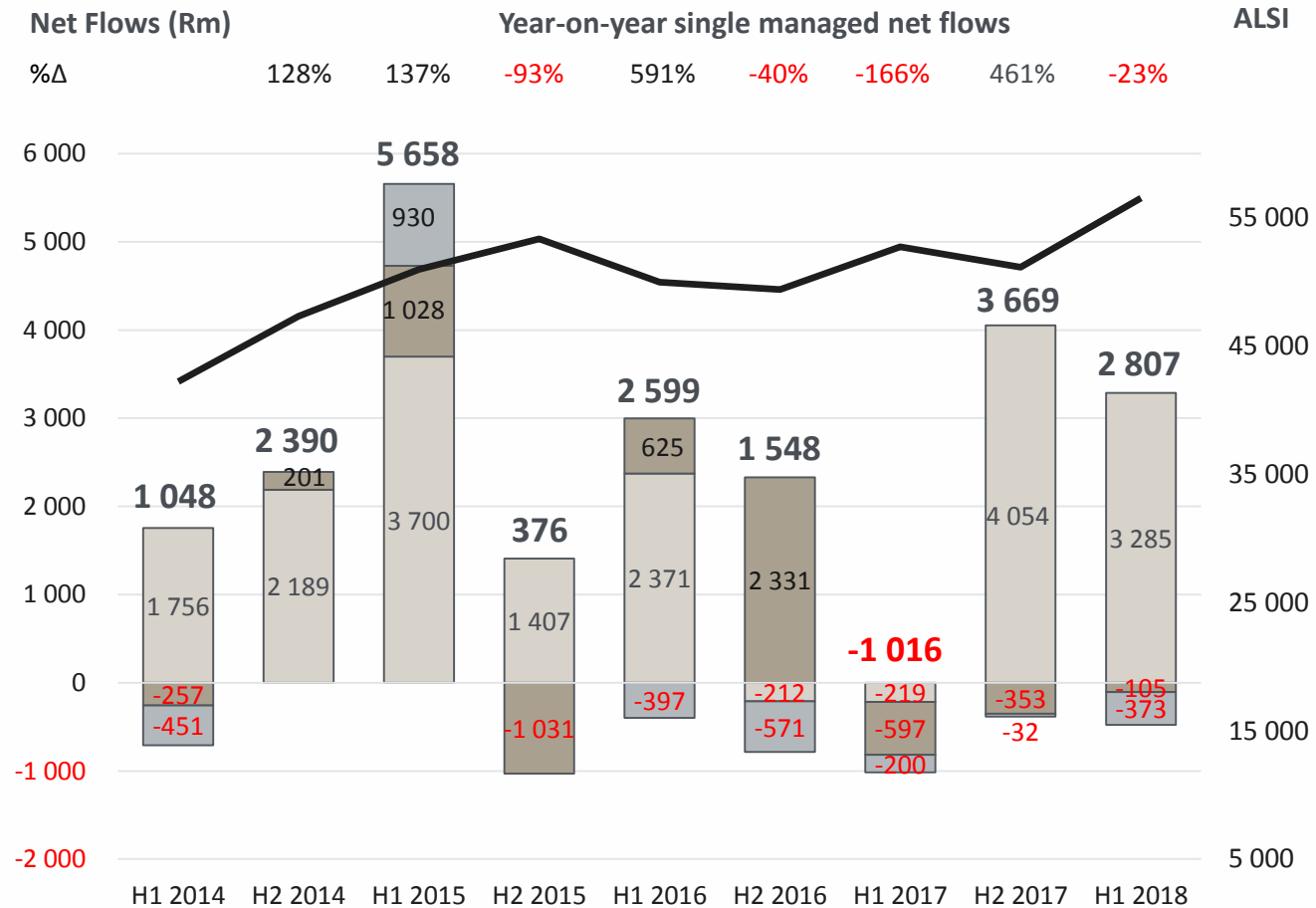
# Asset management

'Brick by Brick' strategy

Long-term assets  
(retail emphasis)

Getting adequate  
margins

Protect our capacity



Source: PSG Asset Management, Bloomberg  
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\* Includes private clients and segregated money market portfolios

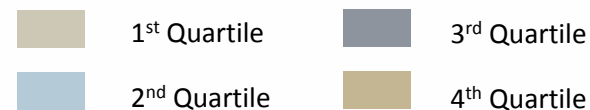


# Asset management

## Solid long-term track record

Single manager funds	Performance	1-month rank	3-months rank	6-months rank	1-year rank	3-year rank	5-year rank	10-year rank
PSG Flexible	Rank	12	12	53	5	2	3	2
	Return	1.6%	3.5%	2.7%	10.2%	10.8%	15.2%	13.5%
PSG Equity A	Rank	62	40	166	8	8	3	12
	Return	2.2%	4.5%	1.5%	14.0%	8.0%	16.2%	10.8%
PSG Balanced A	Rank	16	24	166	4	5	4	12
	Return	1.5%	3.5%	3.2%	9.5%	9.5%	12.8%	9.9%
PSG Stable	Rank	13	51	133	7	10	19	N1
	Return	1.0%	2.1%	3.2%	7.6%	8.2%	9.4%	

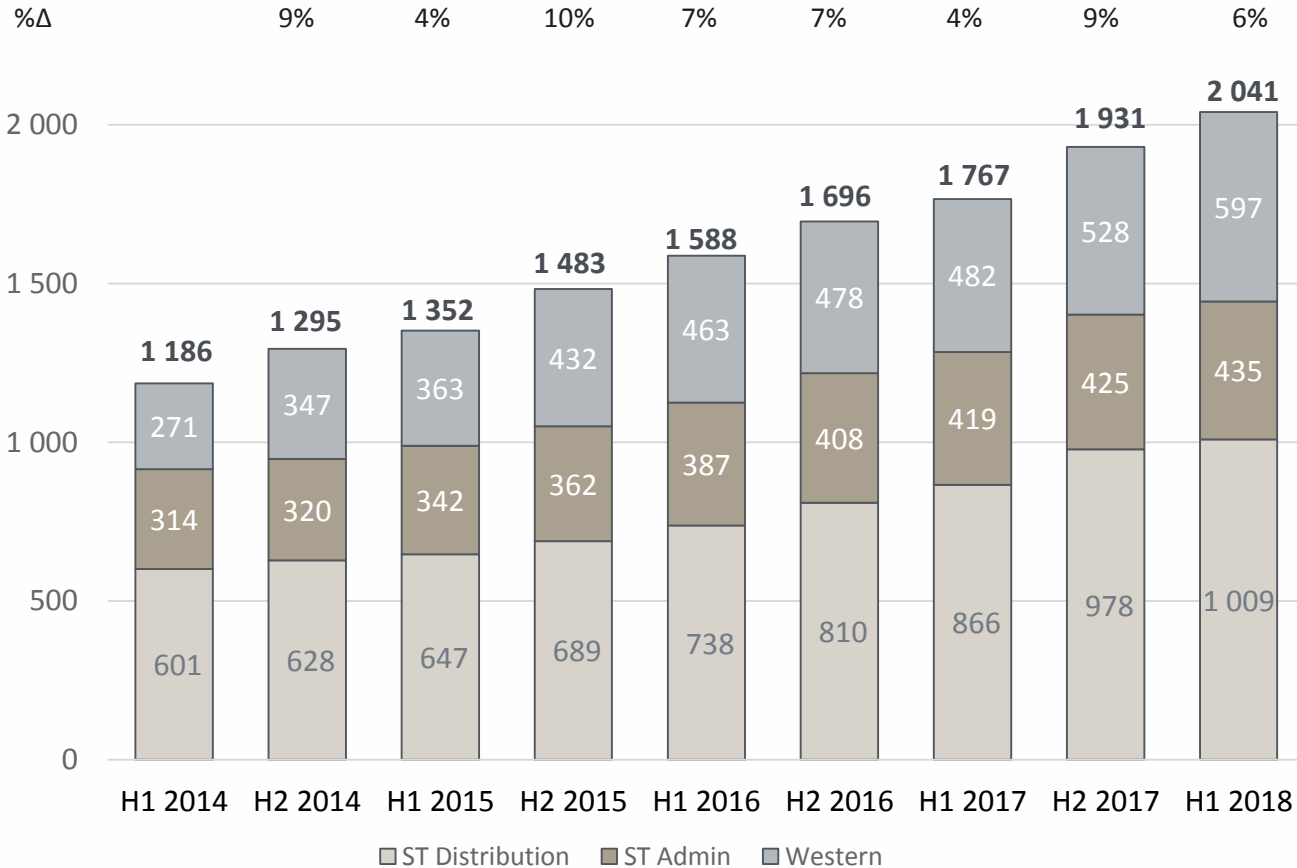
N1 – The PSG Stable fund does not have a 10-year history



# Insure

Grow gross written premium income

PSG Insure gross written premium (Rm)



Top advisers

Excellence in underwriting

Superb platform

Western acquisition – Nov'12

\* Includes short-term administration platform gross written premium



# Top advisers

We continue to add top advisers to our Insure Distribution business

Insure advisers	H1 2014*	H2 2014*	H1 2015*	H2 2015*	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
Balance – opening	229	219	212	210	225	224	231	233	229
<b>Net movement</b>	<b>-10</b>	<b>-7</b>	<b>-2</b>	<b>15</b>	<b>-1</b>	<b>7</b>	<b>2</b>	<b>-4</b>	<b>-3</b>
Balance – closing	219	212	210	225	224	231	233	229	226
<b>Growth</b>	<b>-4%</b>	<b>-3%</b>	<b>-1%</b>	<b>7%</b>	<b>0%</b>	<b>3%</b>	<b>1%</b>	<b>-2%</b>	<b>-1%</b>

\* Restated to include advisers moved from Wealth to Insure during FY2016

\*\* Terminations relate to personal lines advisers and is due to the strategy of focussing on commercial product lines

- Greater penetration selected area
- Growth in number of advisers & average book size
  - Financial advisers new home at PSG – unlocking and creating value for clients and themselves
  - Well positioned to support advisers: open architecture, stable systems, risk & regulatory compliance allowing advisers to focus on client interaction

Source: PSG Distribution

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# Western National Insurance

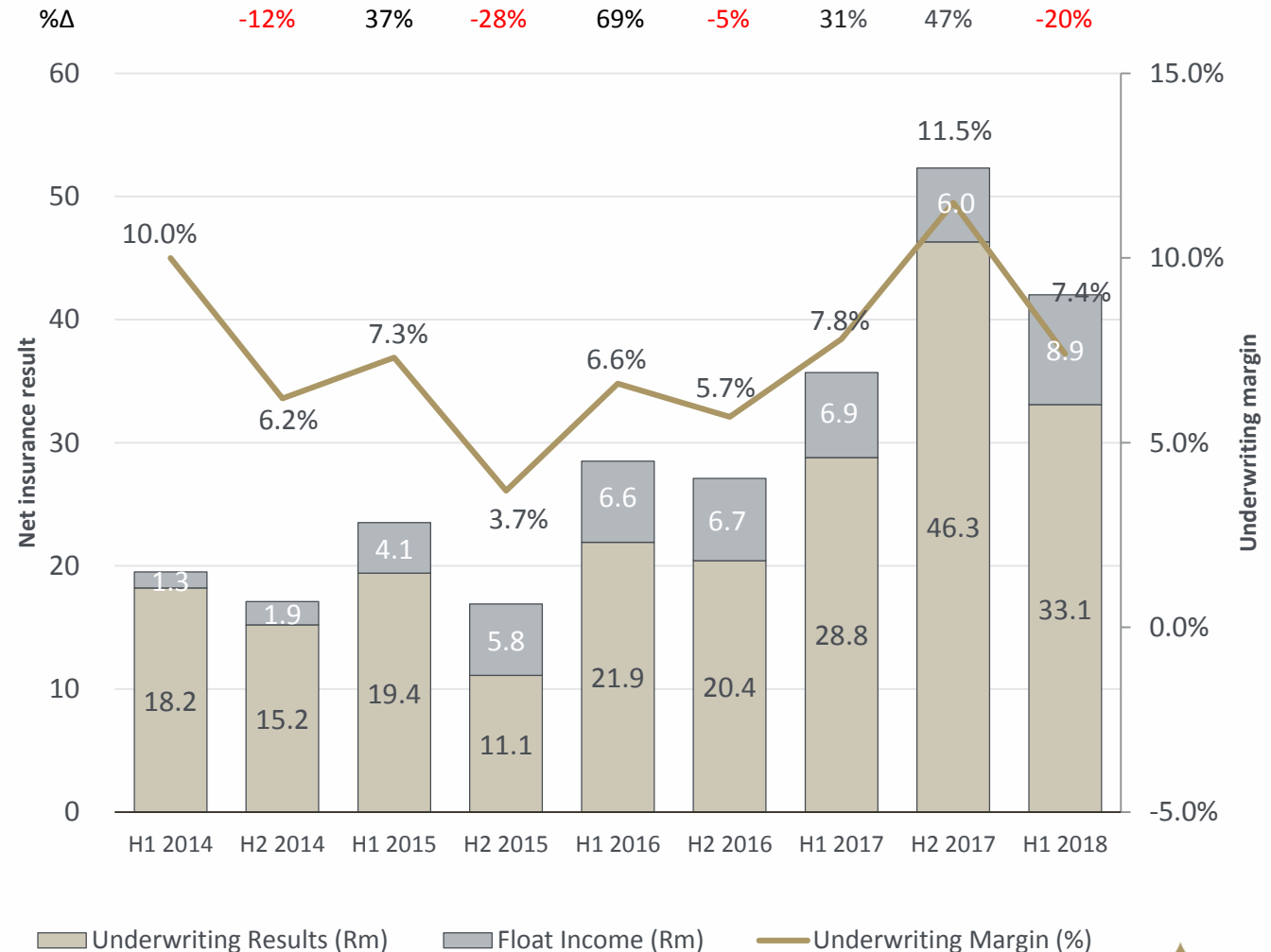
## Insurance results

### Key differentiators

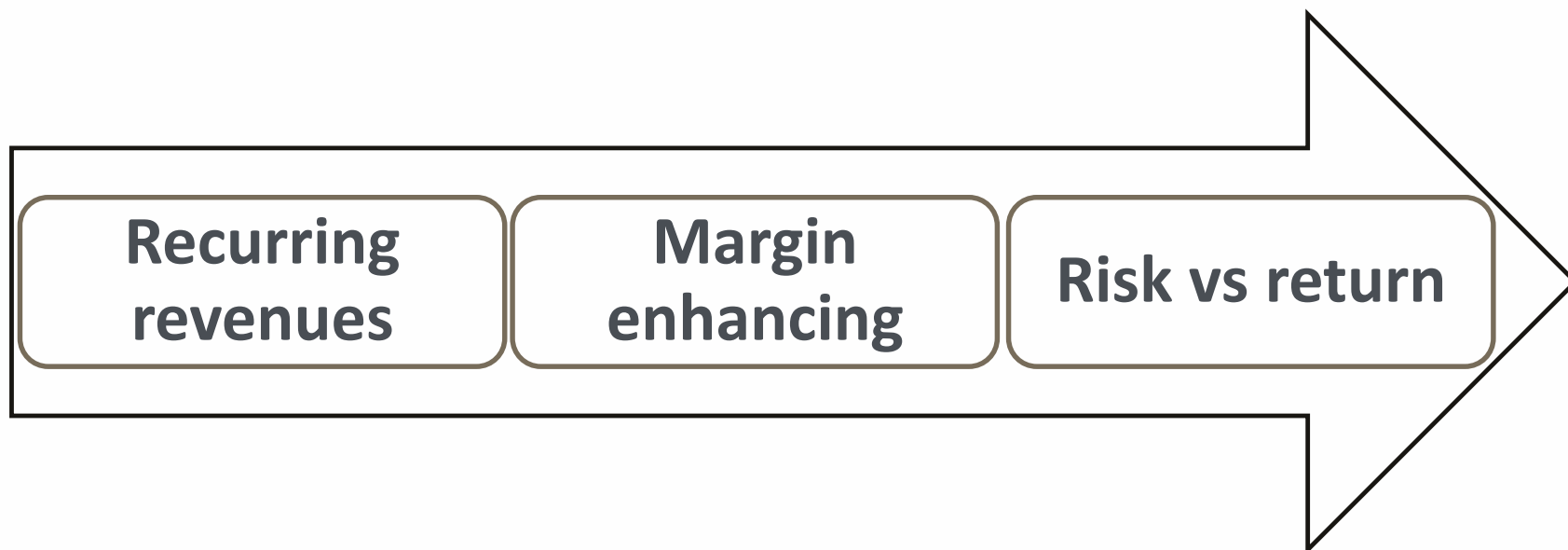
- Personalised service to brokers
- Focus on commercial business

### Excellence in underwriting

- Healthy insurance float level of R421m\*
- Limited insurance and investment risk retention levels



# Reducing risk



H1 14 H1 15 H1 16 H1 17 H1 18

Perf fees/HE 10.2% 7.0% 7.5% 6.6% 4.4%

Recurring HEPS 8.9c 11.7c 14.7c 16.6c 18.2c

H1 14 H1 15 H1 16 H1 17 H1 18

Op margin 13.0% 14.1% 14.2% 14.3% 14.4%

Op margin 11.8% 13.5% 13.4% 13.5% 13.8%  
(excl perf fees)

C:I % 66.2% 63.0% 63.0% 63.6% 62.1%

H1 14 H1 15 H1 16 H1 17 H1 18

ROE 23.8% 24.0% 23.9% 22.9% 21.4%

ROE 20.8% 22.3% 22.1% 21.4% 20.5%  
(excl. perf fees)

Debt:Equity 13.0% 4.6% 0.7% 0.2% 0.1%





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# Appendix

# TRI of PSG Konsult

PSG Konsult performed better than JSE ALSI during tough times (in USD terms)

Investment of R100 000 in PSG Konsult shares on 11 April 2005, and reinvesting all dividends received (net of DWT) and other distributions over period vs R100 000 invested in JSE ALSI

Date	Number of PSG Konsult shares	PSG Konsult investment (R)	PSG Konsult investment (USD)	Annual growth in investment (R)	Annual growth in investment (USD)	JSE ALSI Total Return Index	JSE ALSI Investment (R)	JSE ALSI Investment (USD)	Annual growth in investment (R)	Annual growth in investment (USD)
2005/04/11	250 000	100 000	16 379			1 311	100 000	16 379		
2006/02/28	260 725	286 797	46 461	187%	184%	1 926	146 929	23 802	47%	45%
2007/02/28	297 398	490 706	67 645	71%	46%	2 670	203 678	28 078	39%	18%
2008/02/28	309 914	526 854	69 012	7%	2%	3 255	248 335	32 529	22%	16%
2009/02/28	327 703	426 014	42 816	(19%)	(38%)	2 032	154 988	15 577	(38%)	(52%)
2010/02/28	351 652	509 895	65 490	20%	53%	3 013	229 848	29 521	48%	90%
2011/02/28	373 653	597 845	85 553	17%	31%	3 723	284 027	40 645	24%	38%
2012/02/28	395 168	790 336	105 692	32%	24%	4 082	311 393	41 643	10%	2%
2013/02/28	422 411	1 203 871	136 169	52%	29%	4 870	371 546	42 025	19%	1%
2014/02/28	435 546	2 177 731	203 194	81%	49%	5 981	456 251	42 571	23%	1%
2015/02/28	441 856	3 190 197	277 314	46%	36%	6 946	529 912	46 064	16%	8%
2016/02/29	447 709	3 080 237	190 833	(3%)	(31%)	6 643	506 779	31 397	(4%)	(32%)
2017/02/28	455 295	3 419 266	262 736	11%	38%	7 061	538 627	41 388	6%	32%
2017/08/31	459 939	4 093 458	314 219	20%	20%	7 934	605 254	46 460	12%	12%
		<b>4 093 458</b>					<b>605 254</b>			
<b>CAGR</b>				<b>34.9%</b>	<b>26.9%</b>				<b>15.6%</b>	<b>8.8%</b>

Source: PSG Finance



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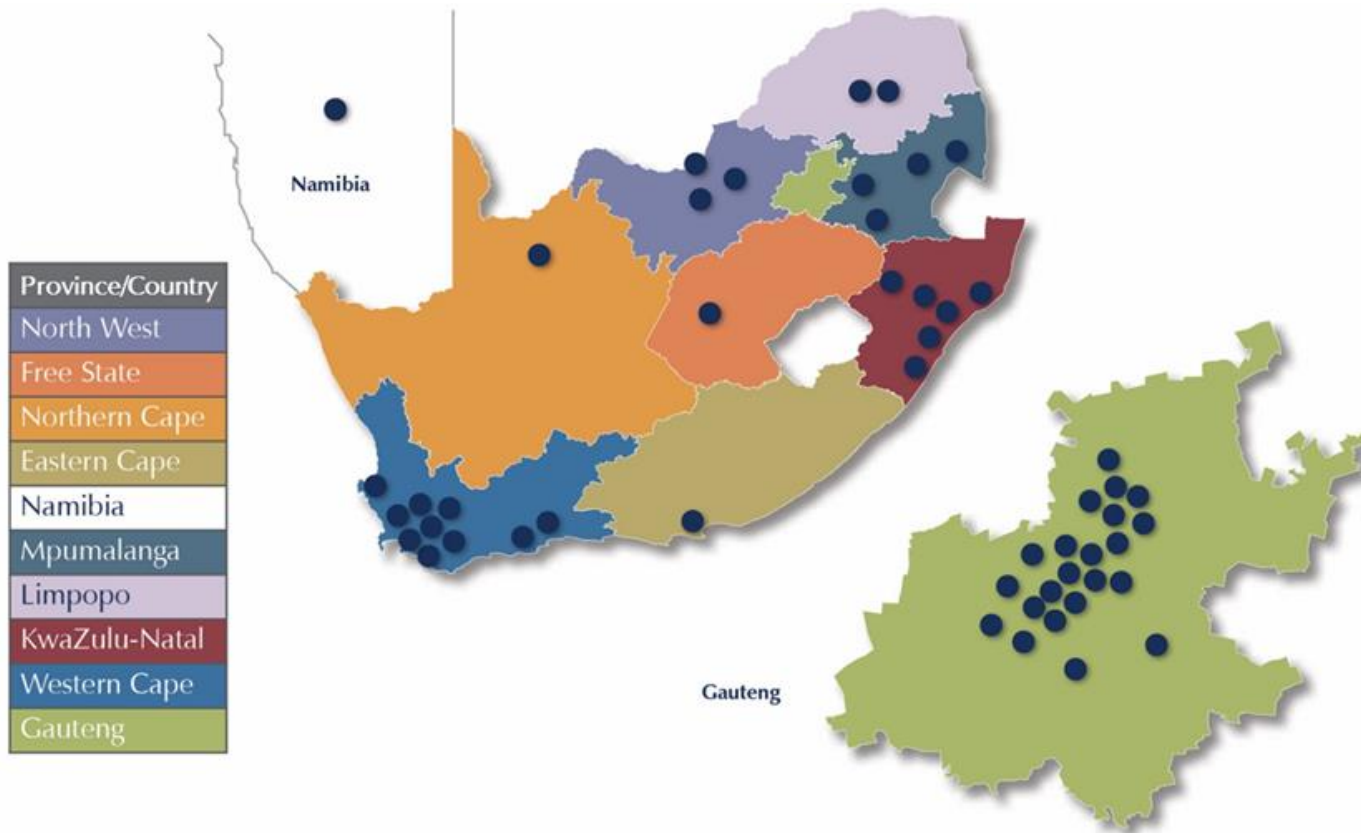
**END** | thank you

**CURRO**



**CURRO**

# Curro footprint



*Future expansion*

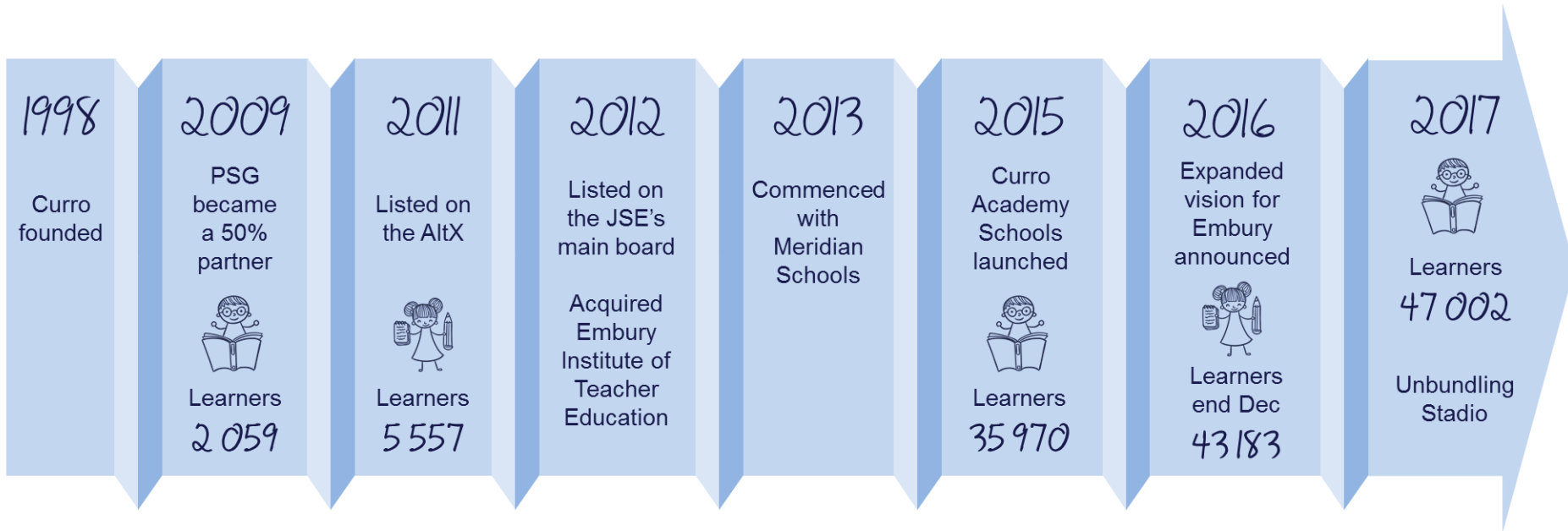
**Focus on urban areas**

- Gauteng
- Cape Town
- Durban

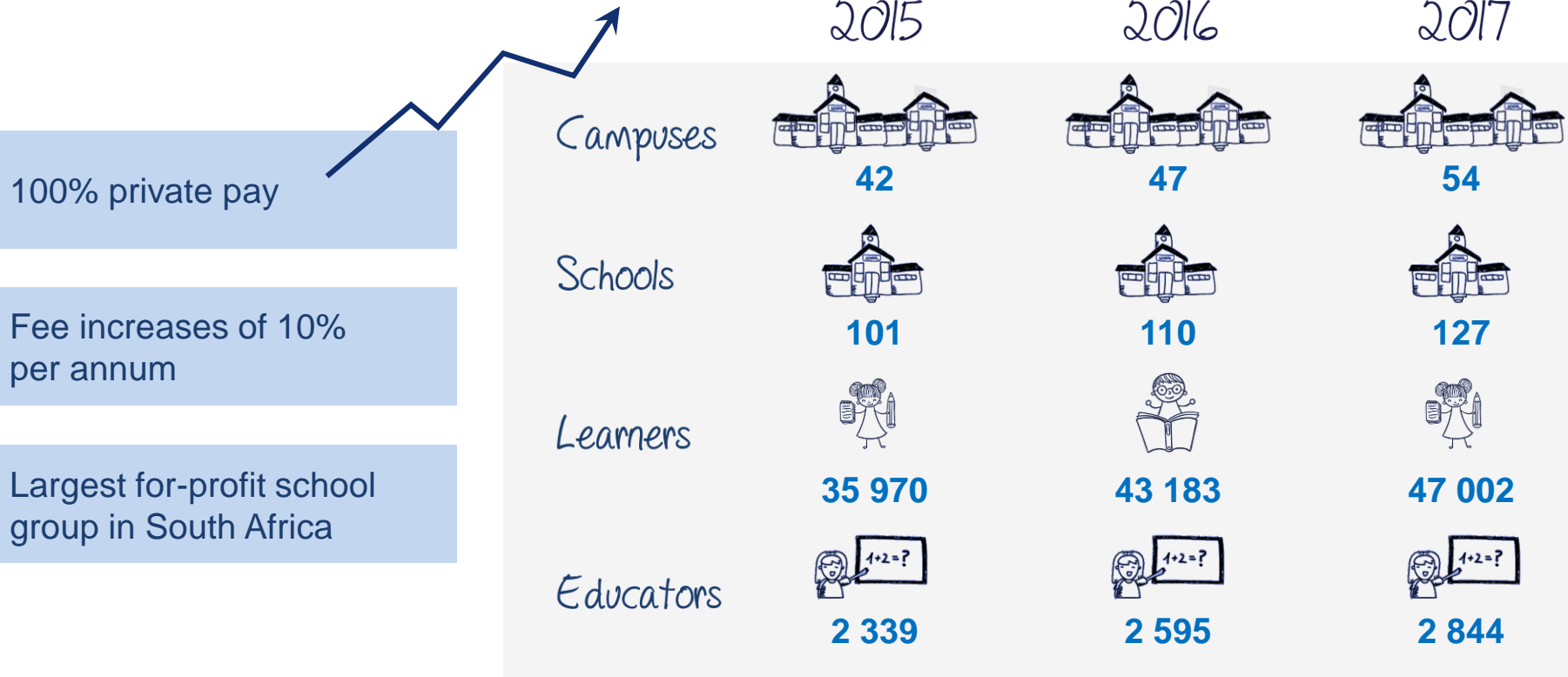
**Rest of Africa**

- Established schools
- Partnership

# Our history



# Snapshot



*Includes Primary, Secondary and Tertiary campuses/schools*



# Superior financial elements in the business model

- High growth
- Strong visibility
- High margins and operating leverage
- Significant free cash flow
- Relative resilience
- Outstanding returns on investment



# Key indicators

		Full year results (31 Dec)						
		2011	2012	2013	2014	2015	2016	5-year CAGR
Campuses	#	12	22	26	32	42	49	32%
Schools	#	24	61	72	80	101	115	37%
Learners	#	5,777	12,473	21,027	28,737	35,970	43,183	50%
% of eventual capacity	%	30%	31%	44%	51%	50%	52%	12%
Revenue	Rm	170	366	659	1,001	1,384	1,761	60%
Schools EBITDA	Rm	27	79	155	262	382	497	79%
EBITDA	Rm	10	53	114	191	292	387	108%
EBITDA Margin	%	6.5%	14.5%	17.3%	19.1%	21.1%	22.0%	28%
Net interest expense	Rm	13	15	22	55	91	69	40%
Headline earnings	Rm	(7)	15	37	56	100	169	83% *
HEPS	Cents	(5.4)	7.0	12.8	17.2	28.3	43.9	58% *
Learner/educator ratio	#	12	11	13	15	15	17	7%
Capital investment	Rm	328	782	1,076	1,305	1,030	1,700	39%
Total building size	m <sup>2</sup>	75,000	169,024	261,004	392,314	449,067	558,683	49%

\* 4-year CAGR

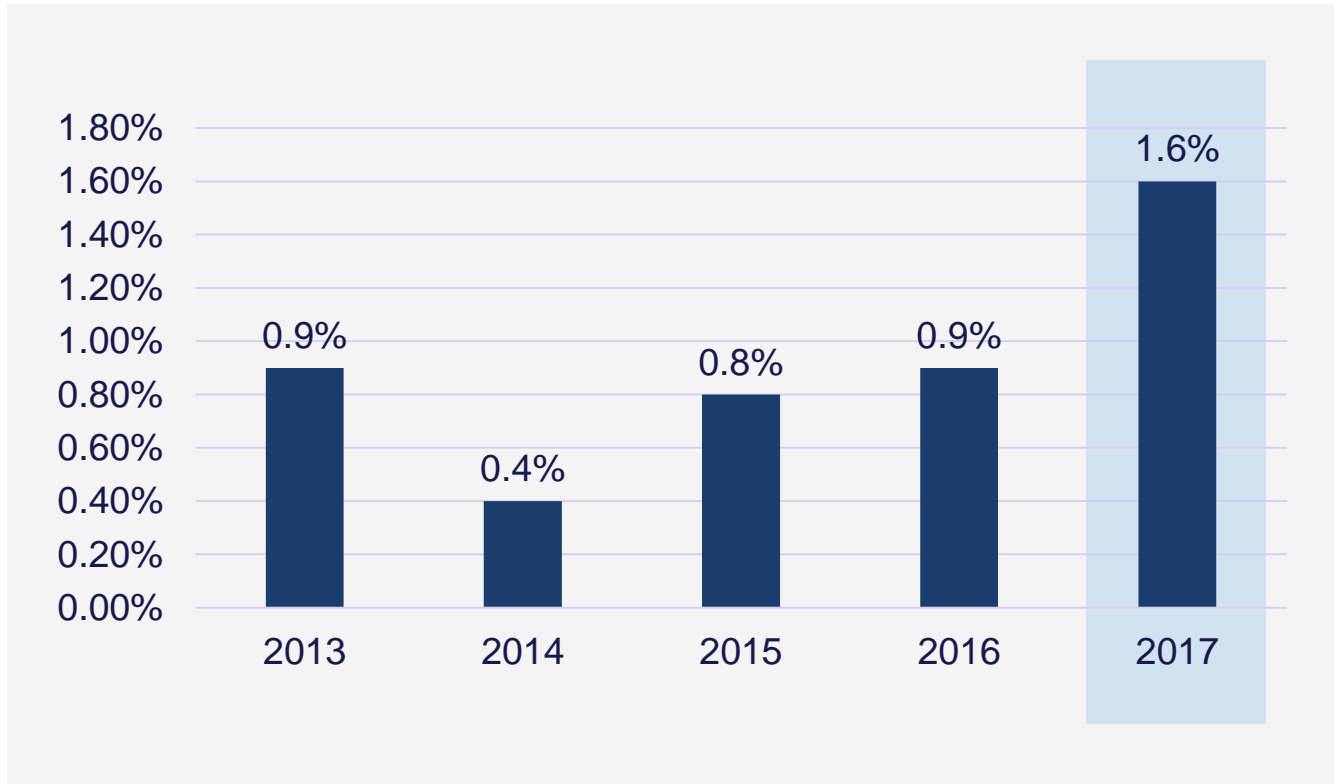
Interim results (30 June)			
2015	2016	2017	YOY Growth
42	47	54	15%
101	110	127	15%
36,085	41,393	47,002	14%
50%	51%	53%	2%
705	872	1,085	24%
204	259	322	24%
164	211	254	20%
23.3%	24.2%	23.4%	(3%)
55	60	42	(30%)
51	81	110	36%
14.5	22.0	26.9	22%
15	15	17	13%
262	529	487	(8%)
415,979	493,918	578,803	17%

# J-Curve (school evolution)

	Number at 30 Jun 2017		Learner numbers			Growth		Ops EBITDA (Rm)			Growth			EBITDA margin			Eventual capacity		
	Campuses	Schools	2015	2016	2017	15/16	16/17	2015	2016	2017	15/16	16/17	2015	2016	2017	2015	2016	2017	
<b>Developed schools</b>	<b>38</b>	<b>91</b>	<b>20 734</b>	<b>24 344</b>	<b>28 315</b>	<b>17%</b>	<b>16%</b>	<b>89</b>	<b>132</b>	<b>179</b>	<b>49%</b>	<b>35%</b>	<b>23%</b>	<b>28%</b>	<b>30%</b>	<b>40%</b>	<b>42%</b>	<b>45%</b>	
2009 and before*	3	8	3,313	3,422	<b>3,443</b>	3%	1%	19	23	<b>28</b>	23%	<b>22%</b>	29%	30%	<b>33%</b>	84%	86%	<b>87%</b>	
2010	2	6	2,131	2,216	<b>2,254</b>	4%	2%	12	15	<b>20</b>	26%	<b>33%</b>	29%	32%	<b>38%</b>	66%	69%	<b>70%</b>	
2011	6	16	4,382	4,530	<b>4,552</b>	3%	-	20	28	<b>31</b>	40%	<b>11%</b>	23%	27%	<b>28%</b>	45%	47%	<b>47%</b>	
2012	2	6	1,599	1,764	<b>1,904</b>	10%	8%	8	9	<b>14</b>	17%	<b>56%</b>	23%	23%	<b>31%</b>	48%	53%	<b>57%</b>	
2013	4	12	4,918	5,651	<b>6,149</b>	15%	9%	34	48	<b>55</b>	41%	<b>15%</b>	37%	42%	<b>40%</b>	50%	58%	<b>63%</b>	
2014	4	8	1,267	1,506	<b>1,833</b>	19%	22%	1	2	<b>3</b>	120%	<b>50%</b>	5%	9%	<b>8%</b>	19%	22%	<b>27%</b>	
2015	8	19	3,124	4,730	<b>5,748</b>	51%	22%	(5)	9	<b>19</b>	n/a	<b>111%</b>	-14%	14%	<b>21%</b>	20%	30%	<b>37%</b>	
2016	4	7	-	525	<b>1,179</b>	-	125%	-	(1)	<b>7</b>	-	<b>n/a</b>	-	-14%	<b>25%</b>	-	9%	<b>20%</b>	
2017	5	9	-	-	<b>1,253</b>	-	-	-	-	<b>3</b>	-	-	-	-	<b>14%</b>	-	-	<b>23%</b>	
<b>Acquired schools</b>	<b>16</b>	<b>36</b>	<b>15,351</b>	<b>1,049</b>	<b>18,687</b>	<b>11%</b>	<b>10%</b>	<b>117</b>	<b>131</b>	<b>150</b>	<b>12%</b>	<b>14%</b>	<b>35%</b>	<b>30%</b>	<b>32%</b>	<b>75%</b>	<b>73%</b>	<b>73%</b>	
2012 and before	8	17	6,890	6,847	<b>6,919</b>	-1%	1%	64	69	<b>76</b>	7%	<b>10%</b>	39%	36%	<b>39%</b>	72%	71%	<b>72%</b>	
2013	2	3	5,795	5,541	<b>5,365</b>	-4%	-3%	31	33	<b>25</b>	5%	<b>-25%</b>	33%	34%	<b>24%</b>	75%	71%	<b>69%</b>	
2014	2	5	2,066	2,425	<b>2,618</b>	17%	8%	19	23	<b>30</b>	23%	<b>30%</b>	30%	31%	<b>35%</b>	84%	85%	<b>92%</b>	
2015 and 2016	4	11	600	2,236	<b>3,785</b>	273%	69%	3	7	<b>19</b>	138%	<b>176%</b>	23%	19%	<b>23%</b>	81%	92%	<b>72%</b>	
Rental & royalties								(1)	(4)	(7)									
<b>Total</b>	<b>54</b>	<b>127</b>	<b>36,085</b>	<b>41,393</b>	<b>47,002</b>	<b>15%</b>	<b>14%</b>	<b>205</b>	<b>259</b>	<b>322</b>	<b>27%</b>	<b>24%</b>	<b>29%</b>	<b>30%</b>	<b>30%</b>	<b>50%</b>	<b>51%</b>	<b>53%</b>	

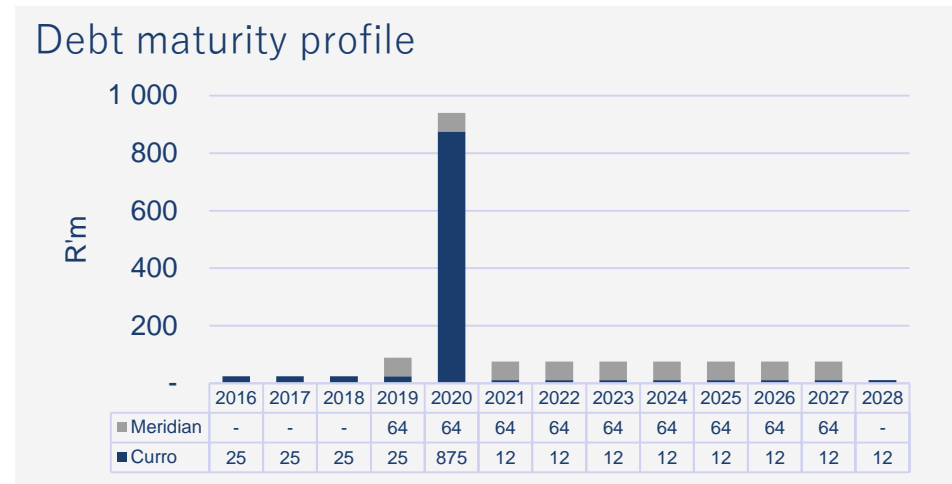
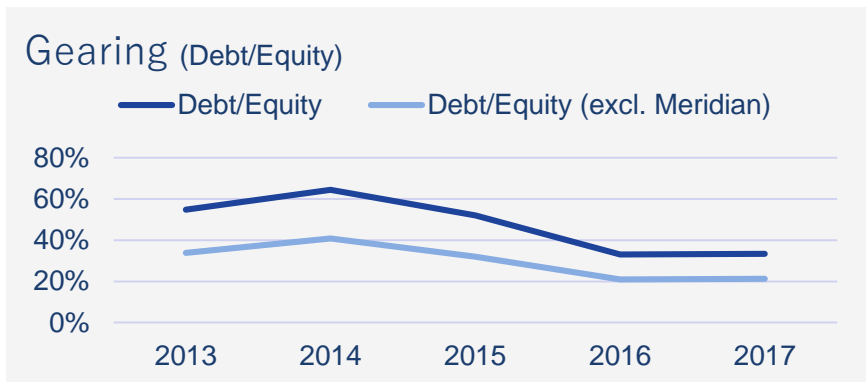
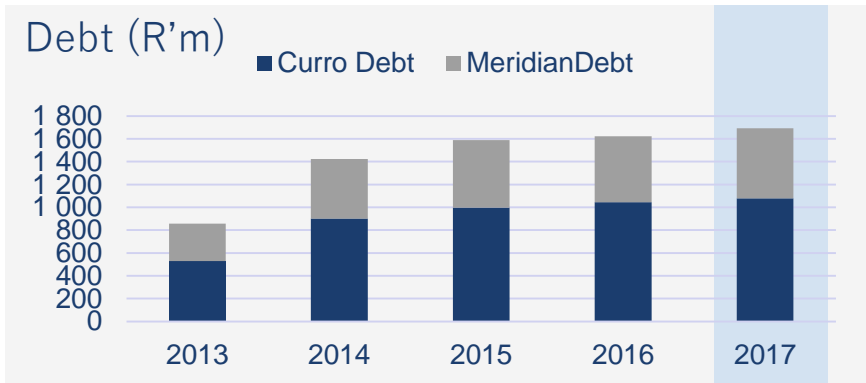
\* Max class size limited to 20 – significant negative impact on margins  
(Curro's max class sizes were increased to 25 from 2010; Meridian and Academy max class size ~35)

# Bad debts



- Current economic climate
- Experimented with keeping defaulters in the school
- Certain schools accommodated doubtful payers in higher grades

# Debt and gearing



- Distinguish Curro from Meridian
- Curro has low gearing
- Refinanced more expensive funding (borrowing costs 80 bps lower)
- Funding capacity of R2bn+
- ISCR at 4.8x (covenant is 1.75x)

# New builds

All facilities owned  
**TARGET IRR 25%+**



10

## New schools opened in 2017

Curro Waterfall (*Primary*) • Curro Century City (*High school*) • Curro Krugersdorp (*High School*) • Academy Wilgeheuwel (*Castle to High School*) • Academy Clayville (*Primary and High*) • Curro Rivonia (*Castle and Primary*)

8

## New schools in 2018

Academy Mamelodi (*Primary and High*) • Curro Academy Riverside (*Primary and High*) • Curro Sandown (*Castle and Primary*) • Castle Oakdene • Castle Uitzicht

# Robust and active pipeline

Campuses



**47** + 4

**51** + 5

**56** + 7

**63** + 7

**70** + 7

2016

2017

2018

2019

2020



**114** + 10

**124** + 8

**132** + 14

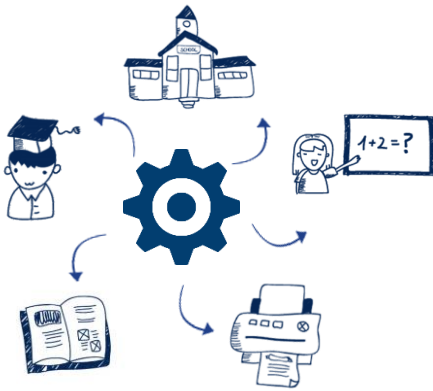
**149** + 17

**166** + 17

Schools

*Excludes tertiary campuses unbundled in Stadio*

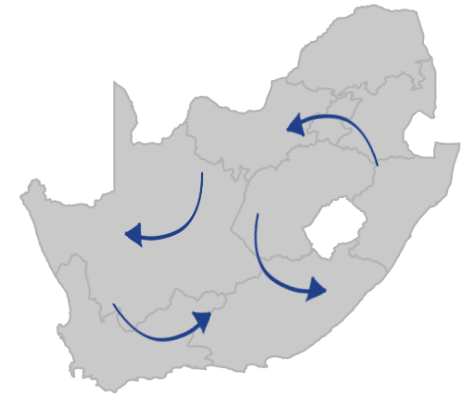
# The focus



Improve efficiencies on all fronts



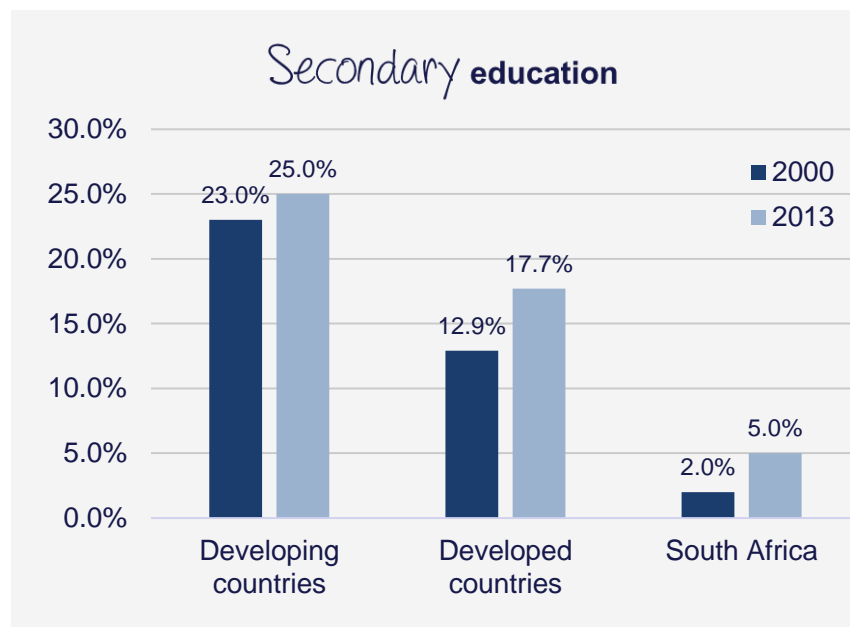
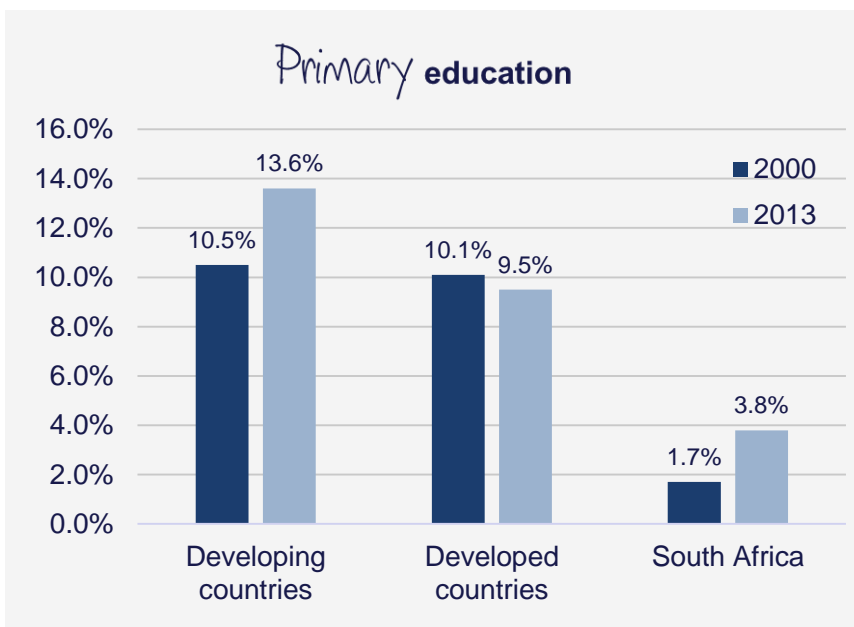
Ahead of the curve and competition in terms of teaching methodologies



Aggressive expansion focussed on South Africa

# The global market

## Percentage of enrolment in independent institutions





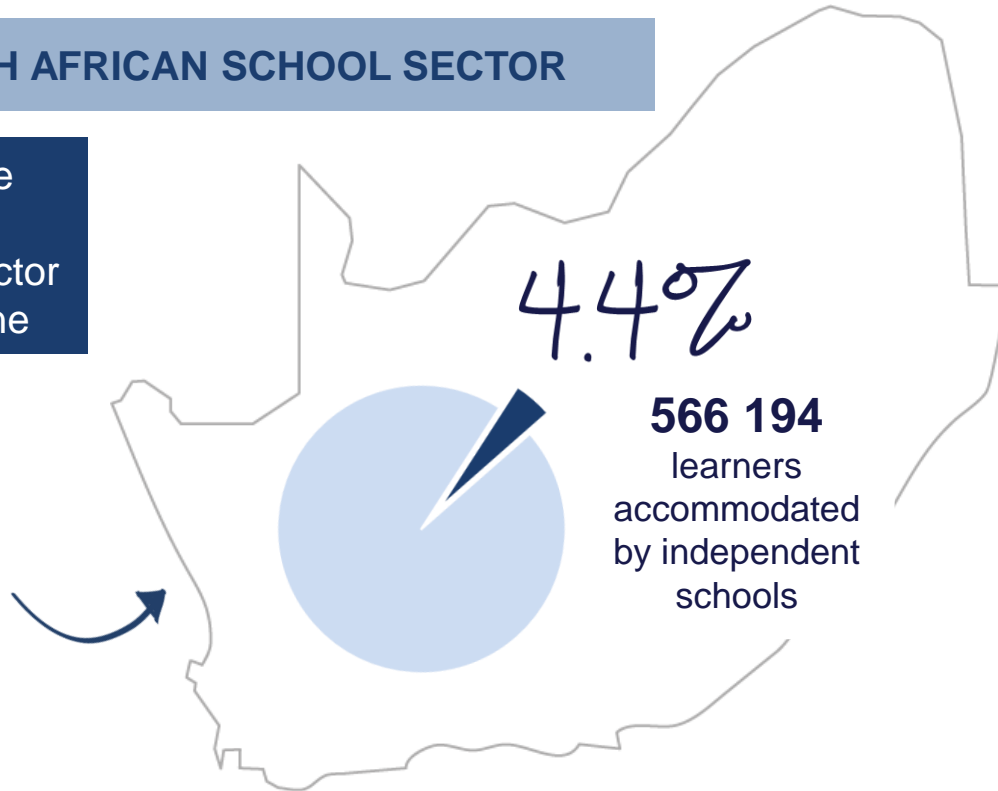
# A local view

## ANALYSIS OF SOUTH AFRICAN SCHOOL SECTOR

There are three large operators in the independent school sector of which CURRO is one

+ - 25 691  
schools in SA

12 814 473  
learners



The **global trend** indicates that independent schools are moving towards making up **20%** of the total number of schools.

If South Africa follows this trend there is **huge potential** for many more independent schools to be developed.

# Competitive advantages

- Quality executive team
  - Knowledge base
- Significant quality investment opportunities remain
- Development team
  - Finding new opportunities
  - Rezoning (where required)
  - Site development plans and design
- Cost reduction due to scale efficiencies
- Closely aligned with contractors – reducing building time and cost
- Demand for product



- Value-for-money offering
- Brand/reputation
- More schools performing on or ahead of target
- Significant spend on curriculum development
- Capital base (strong balance sheet)
- Highly cash generative
- Has a significant supportive shareholder in PSG



PSG  
alpha

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PSG GROUP LIMITED



**ENERGY  
PARTNERS**

POWERED BY RESULTS

52%



PSG GROUP LIMITED

- *SA installed electricity capacity ~45GW*
- *Cost of Medupi and Kusile ~R30bn/GW*
- *Implies electricity generation market of ~R1.5 trillion*
- *Energy conversion increases market size to well over R2 trillion*

If we obtain a 1% market share, we will have  
>R20bn in assets



**Why do we exist:** *To power Africa's growth with sustainable energy*

**5-year goal:** *Be recognised as a leading IEP\* by owning & operating energy assets*

*Include all forms of energy:*

- Electricity
- Heating
- Cooling
- Steam
- Liquid & solid fuels
- Water

*\* Independent Energy Producer*



# We sell sustainable energy

## Own & operate energy assets



## Produce & sell sustainable energy

Electricity: R / kWh

Steam: R / T

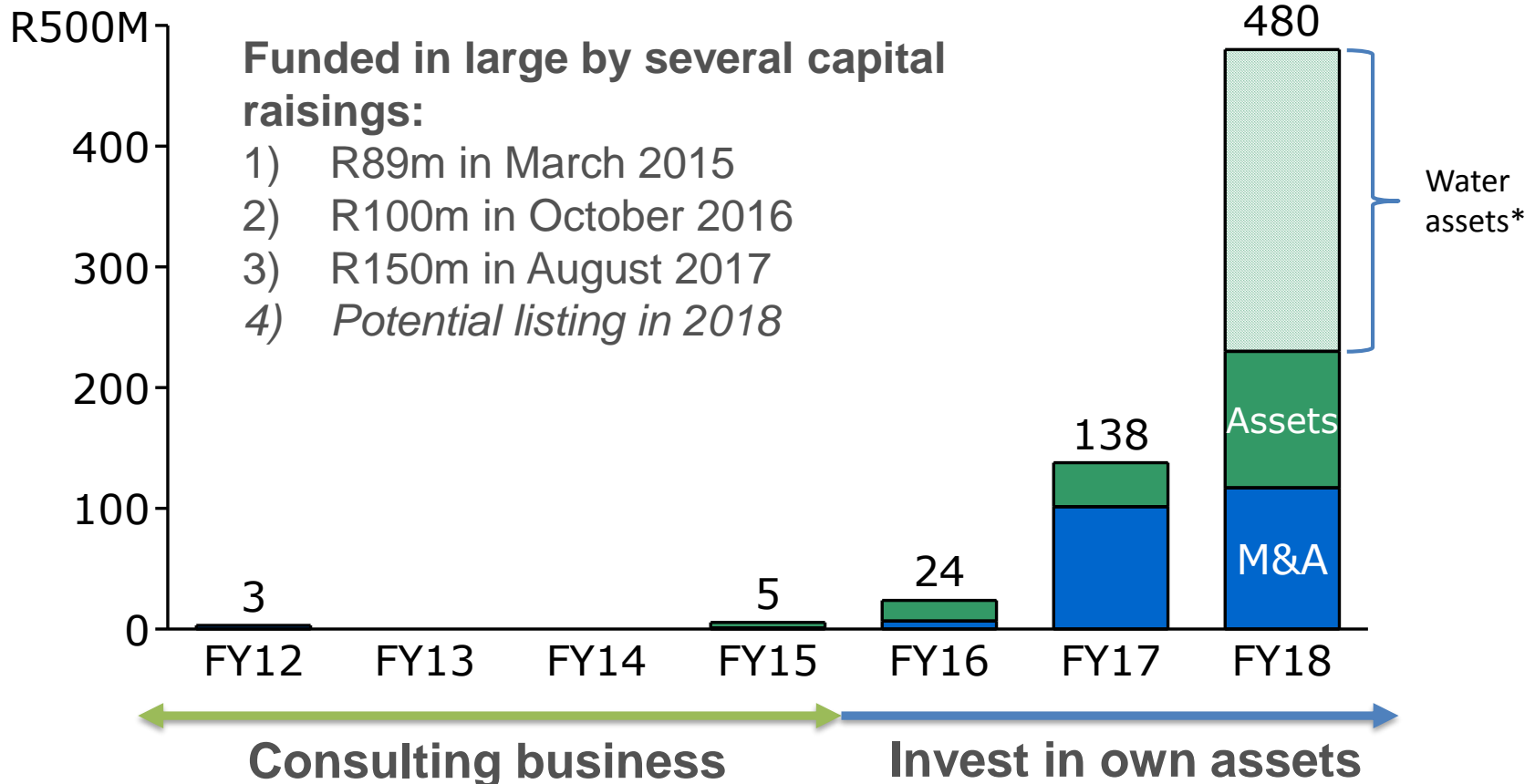
Cooling: R / kWhR

Water: R / kL



# Further investments to fuel growth

## EP Investments



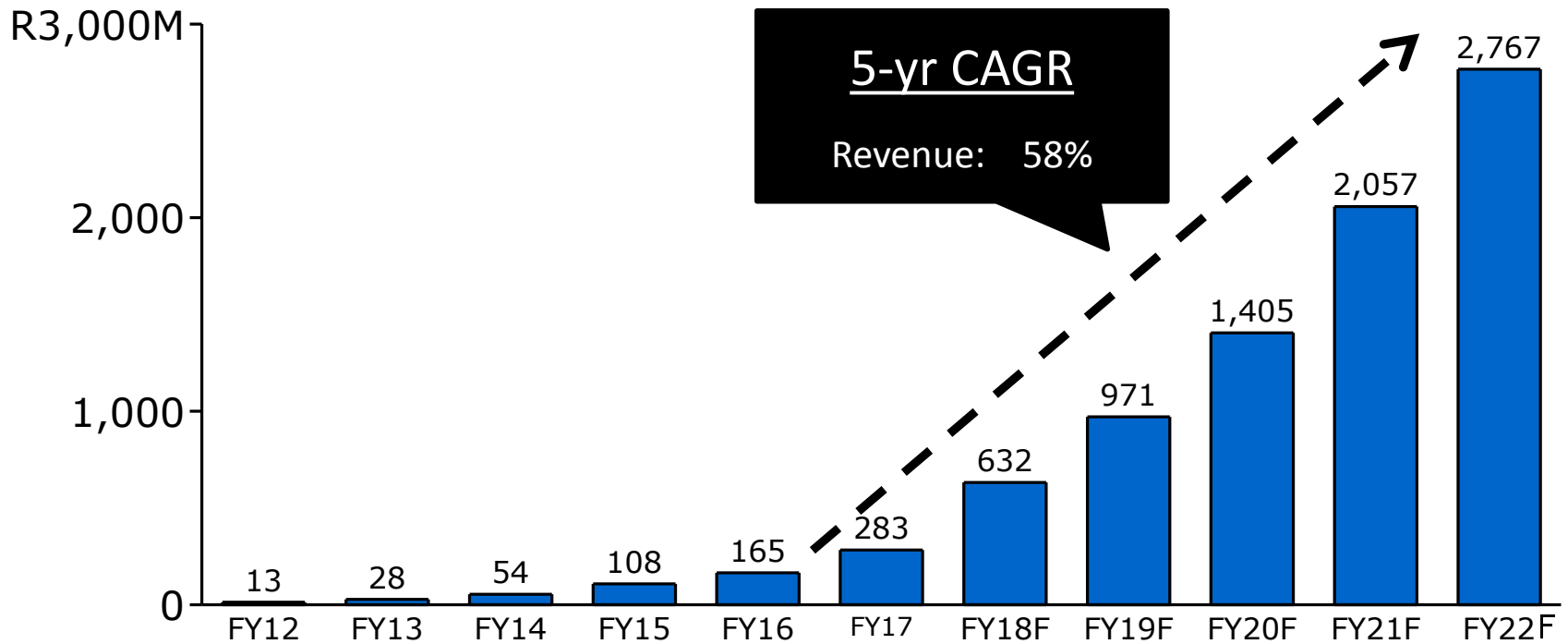
\*Several water production assets (RO plants) in tender stage





# Ambitious growth plans

## EP SoD Revenue\* Forecast



\*SoD Revenue = Sum-of-divisional revenue



# STADIO

— HOLDINGS —

51%\*

\*As at 3 October 2017 (listing date). Will reduce to ~44% on conclusion of a BEE transaction and various acquisition issues (SBS, Lisof, Milpark – assumed issue price of ~R6/share).



PSG GROUP LIMITED

# Opportunity overview

Best management team

- Experienced HE team led by Dr Chris van der Merwe
- Taps into wealth of experience of CEOs and founders of subsidiaries

Low market share

- Has ~30,665 students – represents 2.7% of total SA HE market (1.13m) and 21% of private HE market (147k)
- SA HE market is underdeveloped vs peers; should grow to at least 2m students (expect the majority of growth to occur in private space)

Better operating model

- Multiversity approach
- Industry-relevant qualifications
- Relates to the world of work

Appropriate gearing

- No gearing at present

Growth

- 2026 target of 56,000 students and R500m PAT



# Group overview and growth focus

STADIO HOLDINGS LIMITED

Listed on  
3 Oct 2017

College of  
**LEGAL**  
Industries



College of  
**EDUCATION**  
Industries



College of  
**COMMERCIAL**  
Industries



College of  
**CREATIVE**  
Industries



College of  
**SCIENCE AND  
ENGINEERING**  
Industries

*Investigating  
opportunities*

College of  
**HEALTH AND  
MEDICAL**  
Industries

*Investigating  
opportunities*



- 30,665 registered students
- 5 registered higher education institutions (Embury, AFDA, SBS, Milpark, Lisof)
- 5 faculties (Education, Commerce and Business, Law, Arts, IT)
- 51 accredited programmes – ranging from higher certificates and diplomas to postgraduate degrees
- At least 22 new programmes in the process of development and accreditation (offering to commence between 2018 and 2020)
- 14 registered sites of delivery (Gauteng, Western Cape, KZN, Eastern Cape, Botswana (Gaborone) and Namibia (Windhoek))



Sources of capital	Value
Rights offer	R640m
B-BBEE transaction	R200m
<b>Total</b>	<b>R840m</b>

Capital deployment	Value
AFDA, SBS, Lisof and Milpark acquisitions	R597m
Potential acquisitions (in negotiations)	R113m
Infrastructure development, finance costs and other	R130m
<b>Total</b>	<b>R840m</b>





50%



PSG GROUP LIMITED

# Transaction overview

## Transaction details

- PSG Retirement Holdings\*
- R675m subscription for 50% stake in Evergreen (new shares)
- Subject to regulatory approval

## Investment case

- Changes in consumer demographics (ageing) and preferences
- Fragmented, underserved market
- Ability to create competitive advantage via brand and intellectual property:
  - Opportunity to establish leading "trusted national retirement brand"
  - The retirement purchase decision is based on trust
- Opportunity to deploy significant amounts of capital at attractive returns
- People and talent are key; we believe we have found an excellent partner in Amdec

\* 80% held subsidiary of PSG Alpha



# Amdec group: successful property developers





# Evergreen Lifestyle overview

	Area	Village	# of units	Total
Units in current villages	Cape Town	Muizenberg Bergvliet Diep River Lake Michelle	371	501
	Johannesburg	Broadacres	130	
New units (current villages)			302	302
New villages	Cape Town	Noordhoek	350	2,390
	Boland	Val de Vie	600	
	Umhlanga	Ridgeside	640	
	Port Elizabeth	Westbrook	800	
Land banking	KZN Midlands	Hilton	458	458
<b>Total</b>				<b>3,651</b>

**Gross asset value pre-transaction: R1.8bn**



# Future prospects

3-year target:	
Number of villages:	9 operating villages
Number of Life Right units:	3,000
Village locations:	Main metropolitan areas and important development nodes, most likely consisting of Cape Town, Johannesburg, Durban and Port Elizabeth
Gross asset value:	Approximately R7bn

5+ year target:	
Number of villages:	More than 20 operating villages
Number of Life Right units:	10,000
Gross asset value:	More than R20bn





- 10,000 units would still represent an insignificant share of the total opportunity
- Average Life Right unit price: ~R2m - R2.5m



# Other investments

Investment	%	Focus	Review
	53	FMCG agent/distributor	<ul style="list-style-type: none"> <li>Continued solid earnings growth to above R100m PAT</li> <li>Good progress with listings on 4AX and in Botswana</li> </ul>
	50	Mining support services	<ul style="list-style-type: none"> <li>Strong trading results</li> <li>Completed Platchro acquisition</li> <li>51% black-owned (see-through interest)</li> </ul>
	27	Specialist antenna & communications	<ul style="list-style-type: none"> <li>Focused defence communications group after Aucom MBO</li> <li>Strong export sales</li> </ul>
	13	Outsourcing	<ul style="list-style-type: none"> <li>Acquisitive strategy gaining momentum and contributing to bottom line</li> <li>Listing has moved to main board of the JSE</li> </ul>
	49	LBO specialist	<ul style="list-style-type: none"> <li>Strong earnings growth</li> <li>Further acquisitions likely</li> </ul>

# Other investments

Investment	%	Focus	Review
	92	Innovative and accessible education solutions	<ul style="list-style-type: none"> <li>Continued strong growth to 16,000 learners</li> <li>Continued investment into scalable support platform for learners to reduce cost / improve learning outcomes</li> </ul>
	73	eLearning platform	<ul style="list-style-type: none"> <li>Continued strong growth to 57,000 learners in SA</li> <li>Efforts to expand to UAE and UK</li> </ul>
	56	Nanofibre material science	<ul style="list-style-type: none"> <li>Promising business development amongst international clients</li> <li>Completed R20m capital raising</li> </ul>
	40	Disrupt new car sales experience	<ul style="list-style-type: none"> <li>Venture capital investment into early-stage business</li> <li>Team has launched product and growing sales</li> </ul>

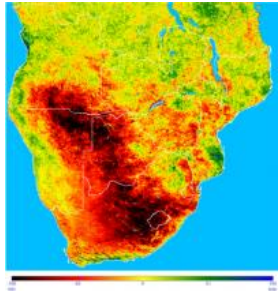


# Challenging conditions prevailed

# Performance review

*The period under review continues to reflect financial results derived during a period of challenging environmental conditions exacerbated by high levels of political and economic volatility.*

## Macro environment



African  
Economic  
Outlook

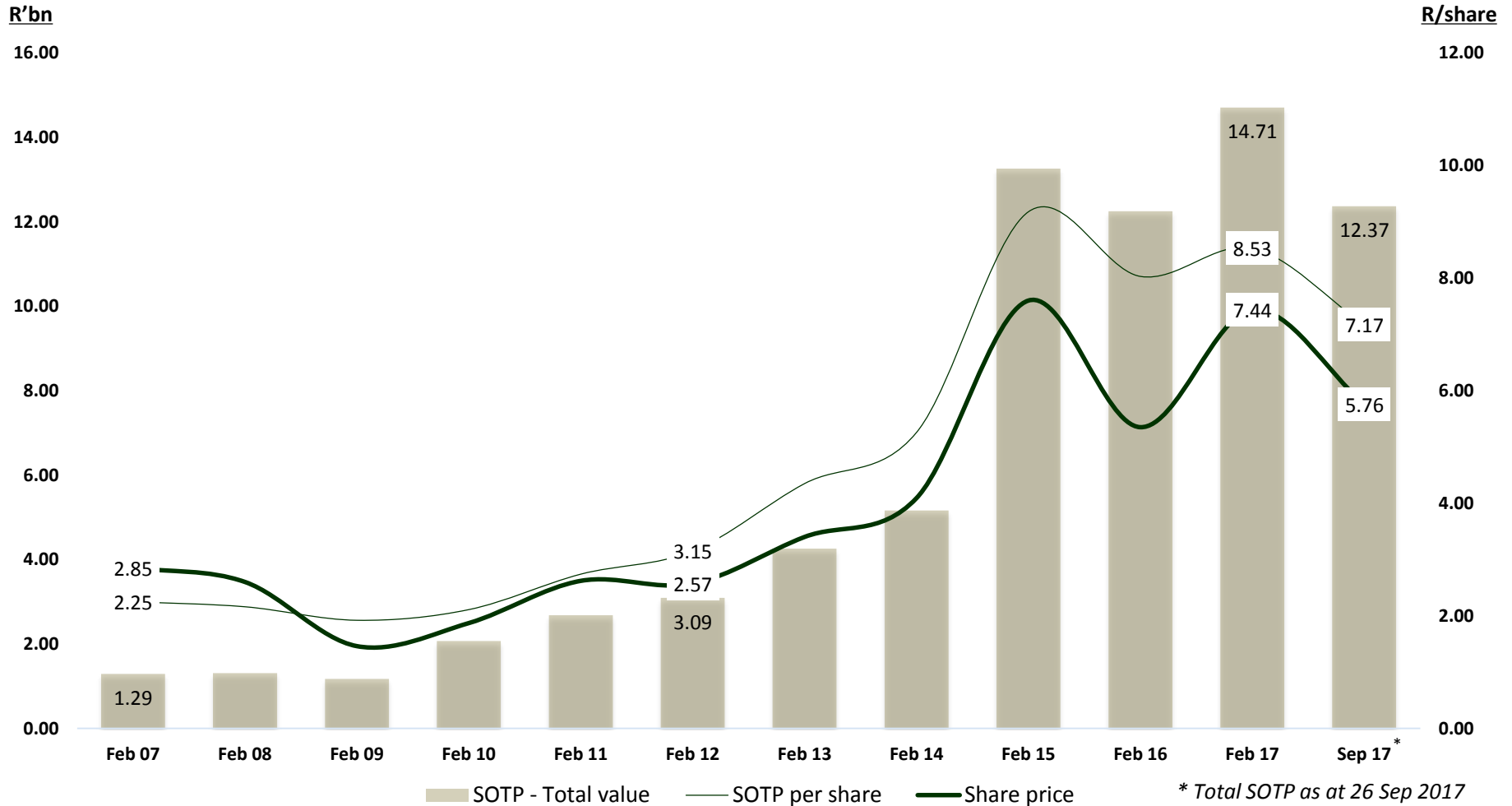


# Intrinsic value

# Performance review

*Despite the recent decline, the longer-term trend remains positive and should resume.*

## Historical overview



*Pioneer is South Africa's 2<sup>nd</sup> largest food producer with leading market share positions across a number of core categories and extensive geographical footprint and penetration.*

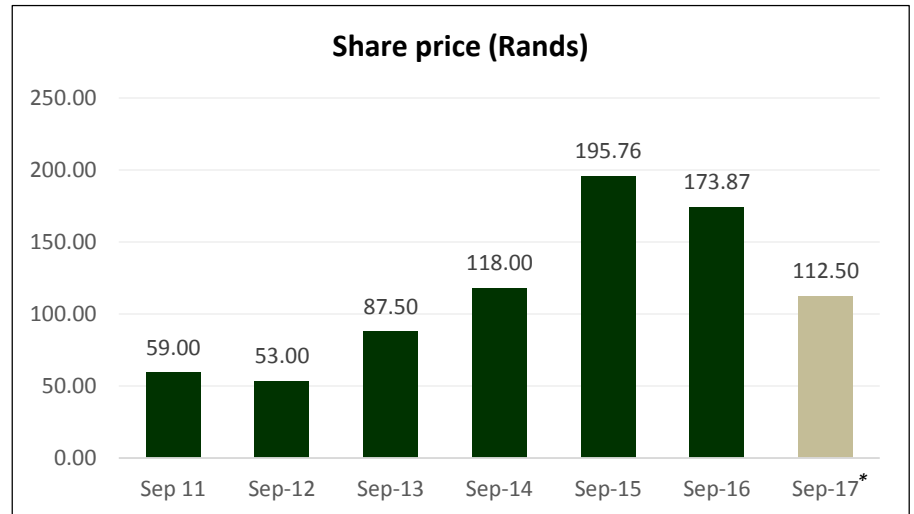
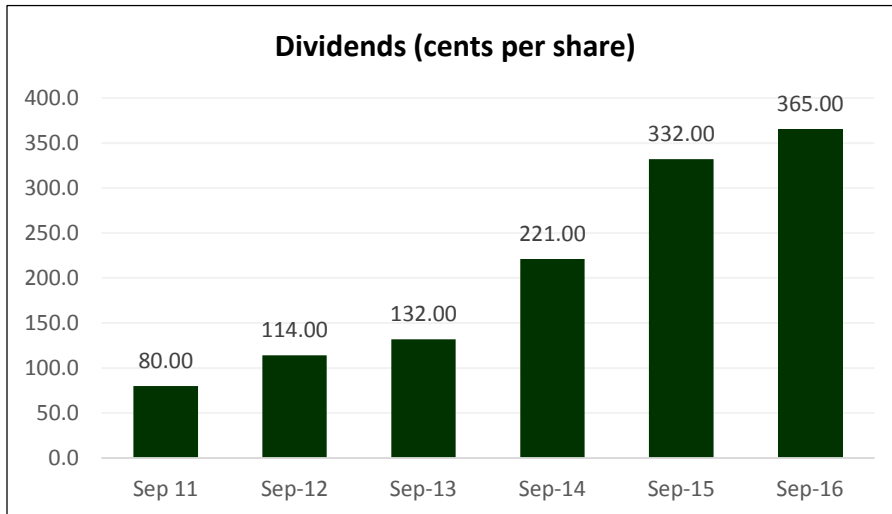
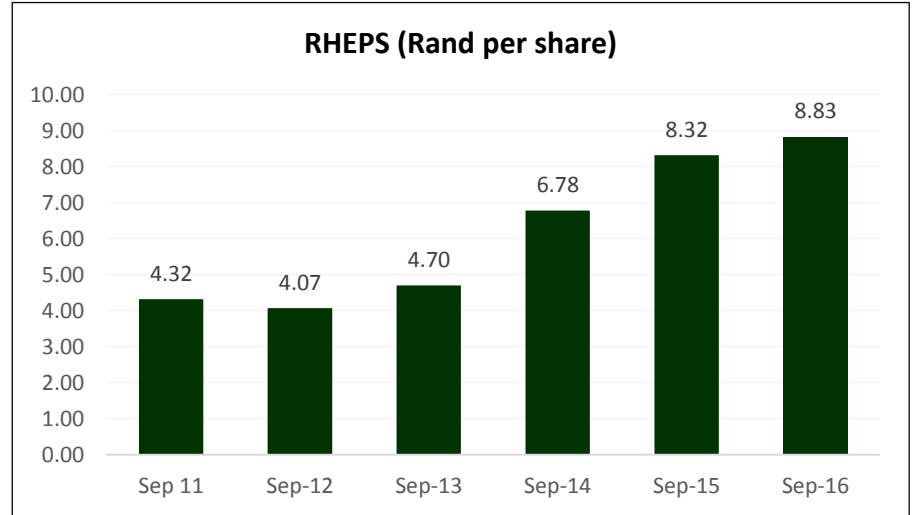
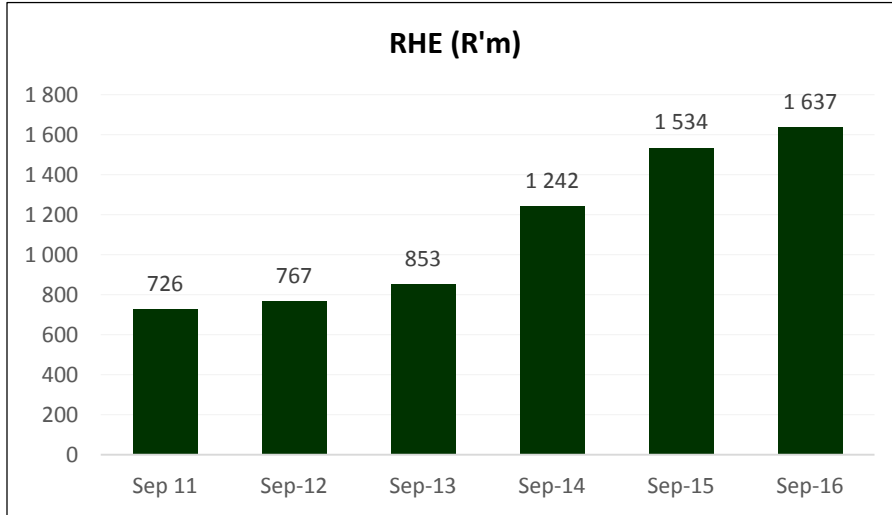




# Historical performance

# Portfolio evaluation

*Pioneer has performed exceptionally well over the past 5 years, but has experienced a pull-back from its highs of 2015...*



\* As at 26 Sep 2017

... largely due to their weaker interim results reported for the 6-month period ended 31 March 2017. This was, in part, due to items that are unlikely to reoccur.



## FINANCIAL REVIEW

Six months to 31 March 2017	
Revenue	↑ 2% to R10.2bn
Operating profit *	↓ 43% to R700m
Operating margin	↓ from 12% to 7%
HEPS *	↓ 47% to 253 cents
Cash generated by operations	↑ 27% to R875m
Interim dividend declared	↔ 105 cents

\* Adjusted for Phase I B-BBEE (charge)/income and for related hedge, as well

## PROFIT MOVEMENT ANALYSIS

Major categories - unfavourable movement	Contribution	
Maize	R357m	58%
International fruit	R105m	17%
Beverages (Local & International)	R152m	25%
	R614m	100%

### Other categories - favourable movement



+15.5% EBIT growth

*“Time is the friend of a wonderful company, and the enemy of the mediocre ”*

(Apologies to W Buffett)

TOWARDS  
2020  
**CREATE  
THE FUTURE**



# Other investments

CAPESPAN

- *Global fruit distributor, fruit farming, logistics*
- *98% shareholding*
- *Dec 2016 Recurring Headline Earnings (RHE): R98m*

KAAP  AGRI

- *Retail with agriculture focus*
- *40% shareholding*
- *Sept 2016 RHE: R210m*



- *Owns seed genetics*
- *Worldwide seed production and expansive selling footprint*
- *93% shareholding*
- *Feb 2016 RHE: R133m*

 Agrivision Africa

- *Large scale Zambian farming operation and milling; 4,200 hectares under irrigation*
- *56% shareholding*
- *Dec 2016 RHE: US\$1.3m profit*



- *Chicken, eggs (market leader) and animal feeds*
- *27% shareholding*
- *Sept 2016 HE: R66m*



PSG GROUP LIMITED

# Appendix

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# Why an investment holding company?

Unit trust	Private Equity (LLF)	Investment holding company
<ul style="list-style-type: none"> <li>• Constant inflows and outflows</li> <li>• Invested in listed investments</li> <li>• Liquidity important</li> <li>• Not active</li> <li>• No tax on sale of investments</li> <li>• Prudential limits                             <ul style="list-style-type: none"> <li>▪ % of one investment relative to overall portfolio</li> <li>▪ % shareholding in a specific company</li> </ul> </li> <li>• Investment holding period:                             <ul style="list-style-type: none"> <li>▪ Short to medium term try to call the cycle in the market</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Fixed capital – raised prior to launch</li> <li>• Unlisted</li> <li>• Active</li> <li>• Tax advantage on sale of investments</li> <li>• Fixed term                             <ul style="list-style-type: none"> <li>▪ Invest and sell within specified time periods</li> </ul> </li> <li>• Prudential limits                             <ul style="list-style-type: none"> <li>▪ % of one investment relative to overall portfolio</li> <li>▪ Sectors, etc.</li> </ul> </li> <li>• Investment holding period:                             <ul style="list-style-type: none"> <li>▪ Medium term linked to life of fund</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Permanent capital                             <ul style="list-style-type: none"> <li>▪ Can tap market if additional capital is required</li> </ul> </li> <li>• Listed/unlisted</li> <li>• Active</li> <li>• CGT payable on sale of investments</li> <li>• No prudential limits                             <ul style="list-style-type: none"> <li>▪ Can hold onto winners</li> <li>▪ Winners may even dominate portfolio</li> </ul> </li> <li>• Investment holding period:                             <ul style="list-style-type: none"> <li>▪ Long term due to permanent capital</li> </ul> </li> </ul>



# Funding

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- Perpetual preference shares
  - PSG was the 1st non-bank in SA to issue JSE-listed cumulative, non-redeemable, non-participating (“perpetual”) prefs in 2004
  - Remains our preferred “debt” funding instrument as it never needs to be redeemed and allows PSG to make long-term investment decisions
  - Hedge - fixed 75% of our nominal exposure:
    - R780m hedged at 8.56% until 2020
  - Hedge - fixed 83.33% of our nominal exposure:
    - R440m hedged at 9.81% until 2026
- Debt management
  - Min 2x interest cover - currently 4.6x
  - Gearing max 40% of NAV - currently 14.1% of NAV (4.1% of SOTP)
- Credit rating: PSG has a formal credit rating (Global Credit Rating) with a stable outlook:
  - Long term: A+ (ZA)
  - Short term: A1 (ZA)
- PSG currently has ~R1.1bn cash available for further investments



# PSG summarised history

## The start: Nov 1995

- **Jannie Mouton** (2<sup>nd</sup> largest shareholder & chairman) acquired 51% of listed personnel placement business, **PAG for R4m**
- Sold the personnel placement business a year later for **R107m**
- Retained listing; changed name to **PSG**

(at start) Share price: 36c Market cap: R8m

## 1996 - 1998: PERIOD OF INCEPTION

Economic conditions: Bull run in SA

Highly favourable to small financial services companies

### Building a financial services business

- Immediately started stock broking and portfolio management business (Jannie was an ex stock broker)
- Acquired a long-term insurance company (Anchor Life)
- Started PSG Investment Bank in 1998
- Acquired 300 micro lending branches – eventually became Capitec
- Constantly raised capital (Jannie diluted to ~10%)
- Implemented various mergers of similar businesses

(at peak) Share price: R19 Market cap: R1.9bn (PE in excess of 35x)



# PSG summarised history

## 1998 - 2004: PROJECT UNLOCK VALUE

Asian crisis resulted in business models of smaller financial institutions coming under scrutiny  
A2 Banking Crisis – *many banks were too dependant on wholesale call funding*

- *ABSA hostile takeover attempt on PSG*
  - *Unbundled 57% interest in Capitec*
  - *ABSA acquired PSG Investment Bank*
- *Unlocked value*
  - *Repurchased own shares and paid special dividends*

**(at bottom) Share price: R2.55      Market cap: R300m**

## 2004 - present: PROJECT GROWTH

Although 2008 saw a massive collapse in the market, PSG's strategy remained unchanged

### **Investment holding company / private equity**

- *Initially opportunistic*
  - *JSE – went from trading as rights to listing [invested R50m – sold for R600m profit]*
  - *Agriculture – deregulation [became Zeder]*
  - *Black Economic Empowerment (“BEE”) – a SA-specific opportunity*
- *Focus shifted to growth companies, e.g. Curro*
- *Reacquired significant stake in Capitec*

**(currently as at 30 October 2017)      Share price: R265.09      Market cap: R58bn**

