



Investor Presentation 2019 Financial Results

For the year ended 28 February 2019

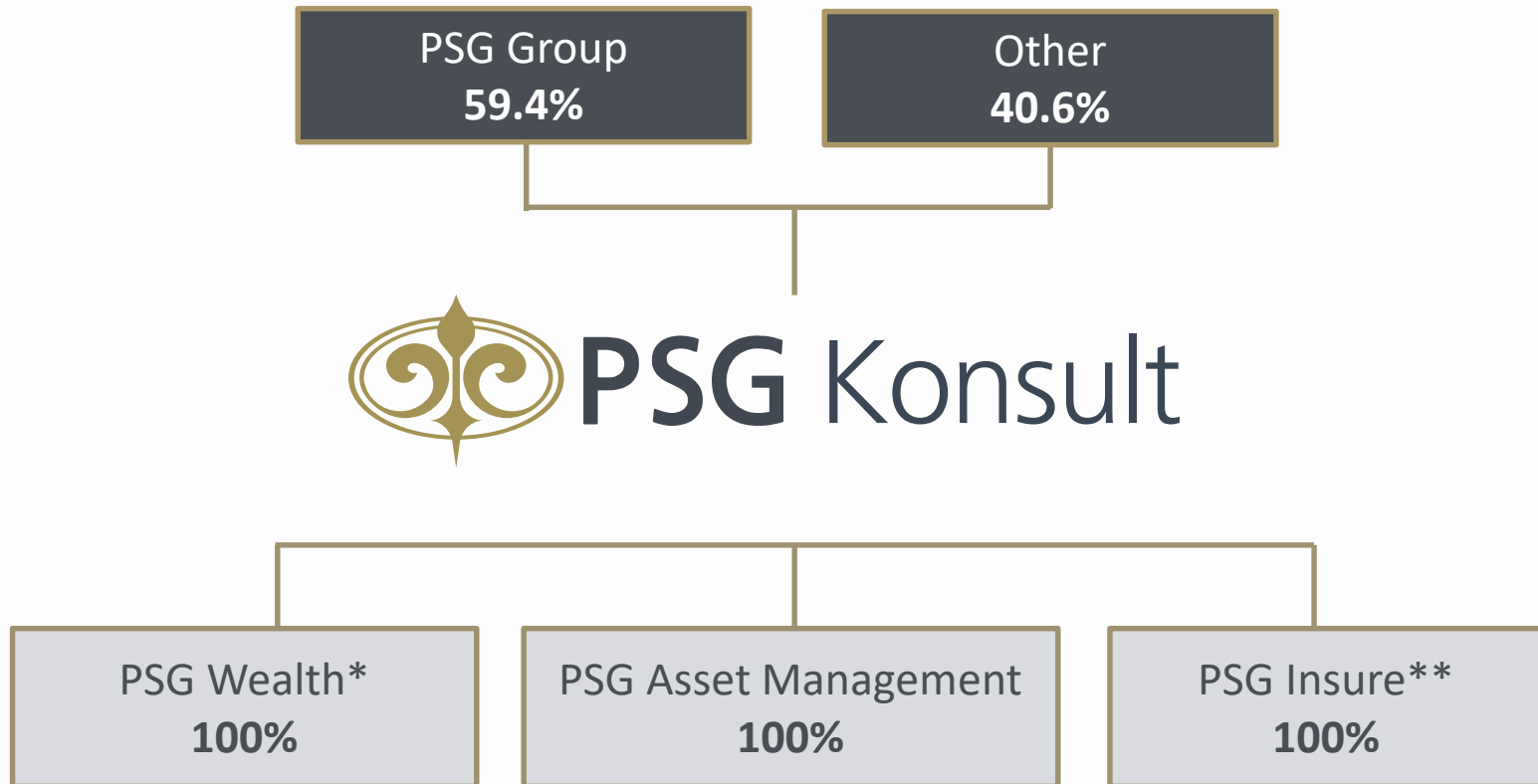


Contents

1. FY 2019 results
2. FY 2019 divisional performance
3. Highlights & focus
4. Conclusion



PSG Structure



* Includes PSG Employee Benefits

** Includes Western National Insurance

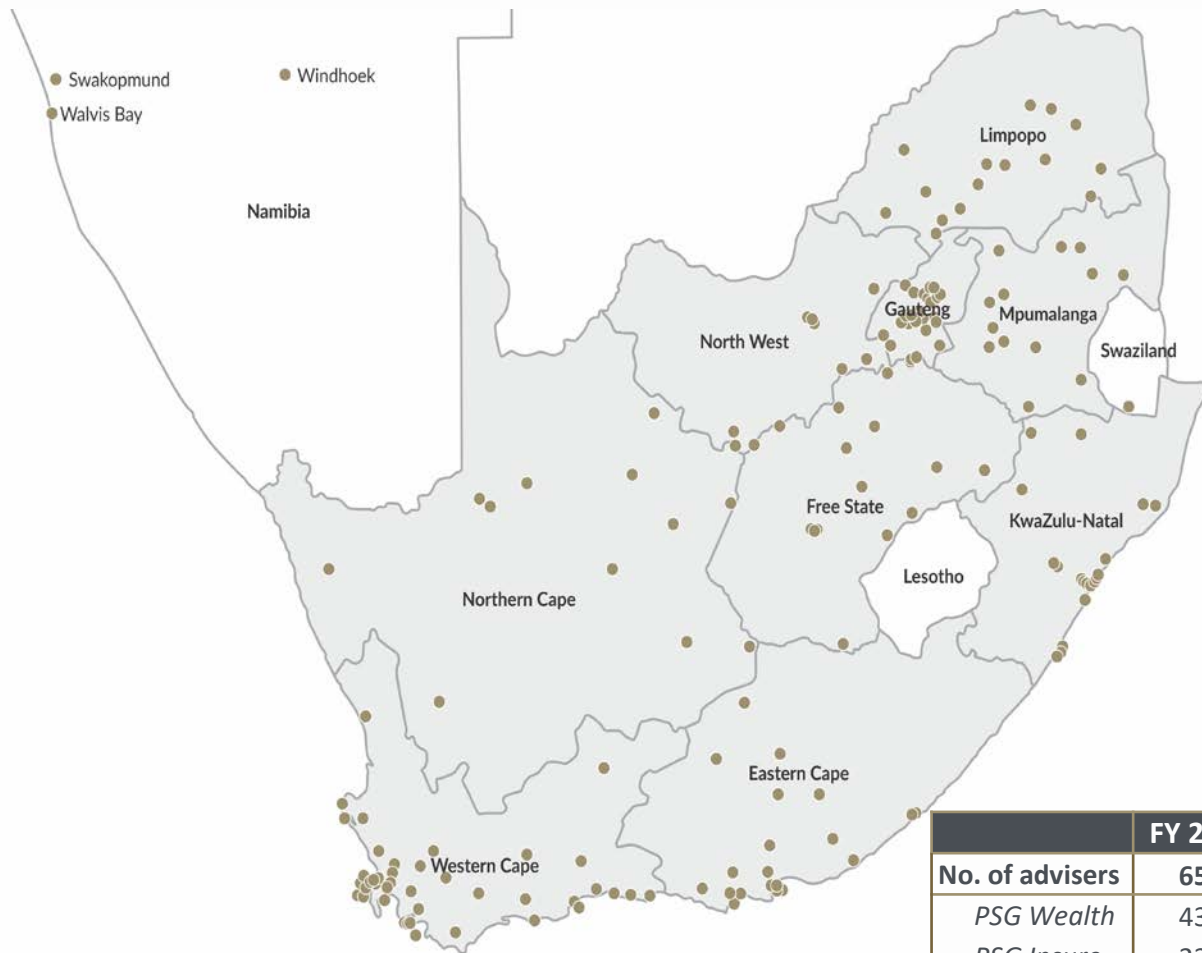
PSG Group's holding net of treasury shares = 60.6%

As at 28 February 2019



A great company

Wealthy clients serviced where they reside



254
Adviser offices



932
Advisers

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
No. of advisers	659	711	744	784	932
<i>PSG Wealth</i>	434	480	515	539	546
<i>PSG Insure</i>	225	231	229	245	386
No. of offices	193	206	208	211	254

Source: PSG Distribution



Business characteristics

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



01 | FY 2019 results

Key macro indicators

Weakening economic environment

Key indicators	FY 2015	%Δ	FY 2016	%Δ	FY 2017	%Δ	FY 2018	%Δ	FY 2019	CAGR
Rand / US\$	11.7	36%	15.8	-17%	13.1	-10%	11.8	19%	14.1	5%
S&P 500 (Rand)	24 529	25%	30 602	1%	31 033	3%	32 007	23%	39 221	12%
Cash Index - STeFI Call	296	6%	314	7%	335	7%	358	7%	382	7%
All Bond Index	498	-4%	480	13%	544	14%	622	4%	649	7%
FTSE/JSE Index	53 344	-7%	49 415	4%	51 146	14%	58 325	-4%	56 002	1%
SA Property Index	656	-7%	610	5%	640	-12%	562	-12%	492	-7%



FY 2019 financial results overview

Recurring HEPS grew by 4% for FY19

Consolidated results	FY 2015	%Δ	FY 2016	%Δ	FY 2017	%Δ	FY 2018	%Δ	FY 2019	%CAGR
Headline earnings	339	-14%	292	66%	486	16%	566	7%	604	16%
Recurring headline earnings	341	20%	409	19%	486	16%	566	4%	591	15%
Recurring headline earnings (excluding amortisation)	371	19%	441	20%	528	16%	610	5%	641	15%
Weighted ave. no. of shares (millions)	1 261	1%	1 274	3%	1 307	1%	1 318	1%	1 325	1%
HEPS (cents)	26.9	-15%	22.9	62%	37.2	16%	43.0	6%	45.6	14%
Recurring HEPS (cents)	27.0	19%	32.1	16%	37.2	16%	43.0	4%	44.6	13%
Recurring HEPS (excluding amortisation) (cents)	29.4	18%	34.6	17%	40.4	15%	46.4	5%	48.4	13%

Assets under management (Rbn)	133	16%	154	14%	175	17%	205	8%	222	14%
Assets under administration (Rbn)	309	6%	327	13%	371	8%	402	5%	422	8%
Premiums* (Rbn)	2.1	17%	2.5	15%	2.9	15%	3.3	36%	4.5	20%

* Excludes ST admin gross written premium to avoid duplication.

Note: figures rounded to nearest R'million

Source: PSG Finance

Copyright © PSG Konsult Ltd



Headline earnings by division

Total recurring headline earnings growth of 4% year on year

Headline earnings*	FY 2015	%Δ	FY 2016	%Δ	FY 2017	%Δ	FY 2018	%Δ	FY 2019	%CAGR
Wealth	227	-26%	169	70%	287	18%	339	5%	355	12%
Asset Management	82	1%	83	57%	130	20%	156	7%	167	20%
Insure	30	33%	40	70%	69	4%	71	14%	82	28%
Total	339	-14%	292	66%	486	16%	566	7%	604	16%

Recurring headline earnings*	FY 2015	%Δ	FY 2016	%Δ	FY 2017	%Δ	FY 2018	%Δ	FY 2019	%CAGR
Wealth	228	25%	286	1%	287	18%	339	0%	339	10%
Asset Management	82	1%	83	57%	130	20%	156	7%	167	19%**
Insure	31	29%	40	70%	69	4%	71	19%	85	29%
Total	341	20%	409	19%	486	16%	566	4%	591	15%

* All overhead costs are fully allocated

** Asset Management CAGRs differ due to minor non-recurring headline items in FY2015 Headline Earnings which is not reflected due to rounding

Source : PSG Finance

Copyright © PSG Konsult Ltd



Financial trend

We always look at our 10 year rolling track record

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	CAGR %	FY 2018	FY 2019	YoY Gwth %
AUA (Rbn)	44	72	97	139	180	233	309	327	371	402	422	25%	402	422	5%
AUM (Rbn)	21	28	36	51	71	99	133	154	175	205	222	27%	205	222	8%
Premiums (Rbn) **	1.4	1.5	1.6	1.6	1.6*	1.8	2.1	2.5	2.9	3.3	4.5	12%	3.3	4.5	36%
Core Revenue (Rm)	823	901	1 018	1 426	1 648	2 349	2 858	3 346	3 789	4 200	4 604	19%	4 200	4 604	10%
Recurring headline earnings (Rm)	97	90	92	151	174	251	341	409	486	566	591	20%	566	591	4%
Shares in issue (m)***	733	730	733	1 071	1 209	1 222	1 262	1 277	1 313	1 317	1 337	6%	1 317	1 337	1%
Recurring HEPS (cents)	13.2	12.3	12.5	14.1	15.4	20.6	27.0	32.1	37.2	43.0	44.6	13%	43.0	44.6	4%
Recurring HEPS (cents) excl. amortisation	14.7	14.1	14.8	16.0	17.2	22.3	29.4	34.6	40.4	46.4	48.4	13%	46.4	48.4	5%
Return on equity (%)	22.8	19.6	19.3	26.7	21.1	24.8	26.4	24.8	25.3	24.3	21.5	N/A	24.3	21.5	N/A
Total advisers	524	567	597	635	613	618	659	711	744	784	932	6%	784	932	19%

* Includes Western National Premiums from Nov 2012

** Excludes Short-term administration platform gross written premium to avoid duplication

*** Excludes treasury shares

02 | FY 2019 divisional performance

Wealth plans

Growing and protecting client wealth

Excellence in
products & services

Top advisers

Superb platform

Wealth assets split (Rm)	FY 2018	Market movement	Net flows	FY 2019	%
Third party funds *	57 812	-1 049	3 611	60 374	4%
PSG Multi Managed **	60 557	4 144	5 979	70 680	17%
Discretionary Portfolios	44 293	-865	361	43 789	-1%
Total assets under management	162 662	2 230	9 951	174 843	7%
Non discretionary	186 500	10 217	-6 689	190 028	2%
Third party administration	10 286	174	-1 135	9 325	-9%
Total wealth assets	359 448	12 621	2 127	374 196	4%

* Includes PSG advisers single managed funds of R8.8bn for Feb 2018 and R9.8bn for Feb 2019

** Includes PSG single managed funds of R8.0bn for Feb 2018 and R8.4bn for Feb 2019

Source: PSG Wealth



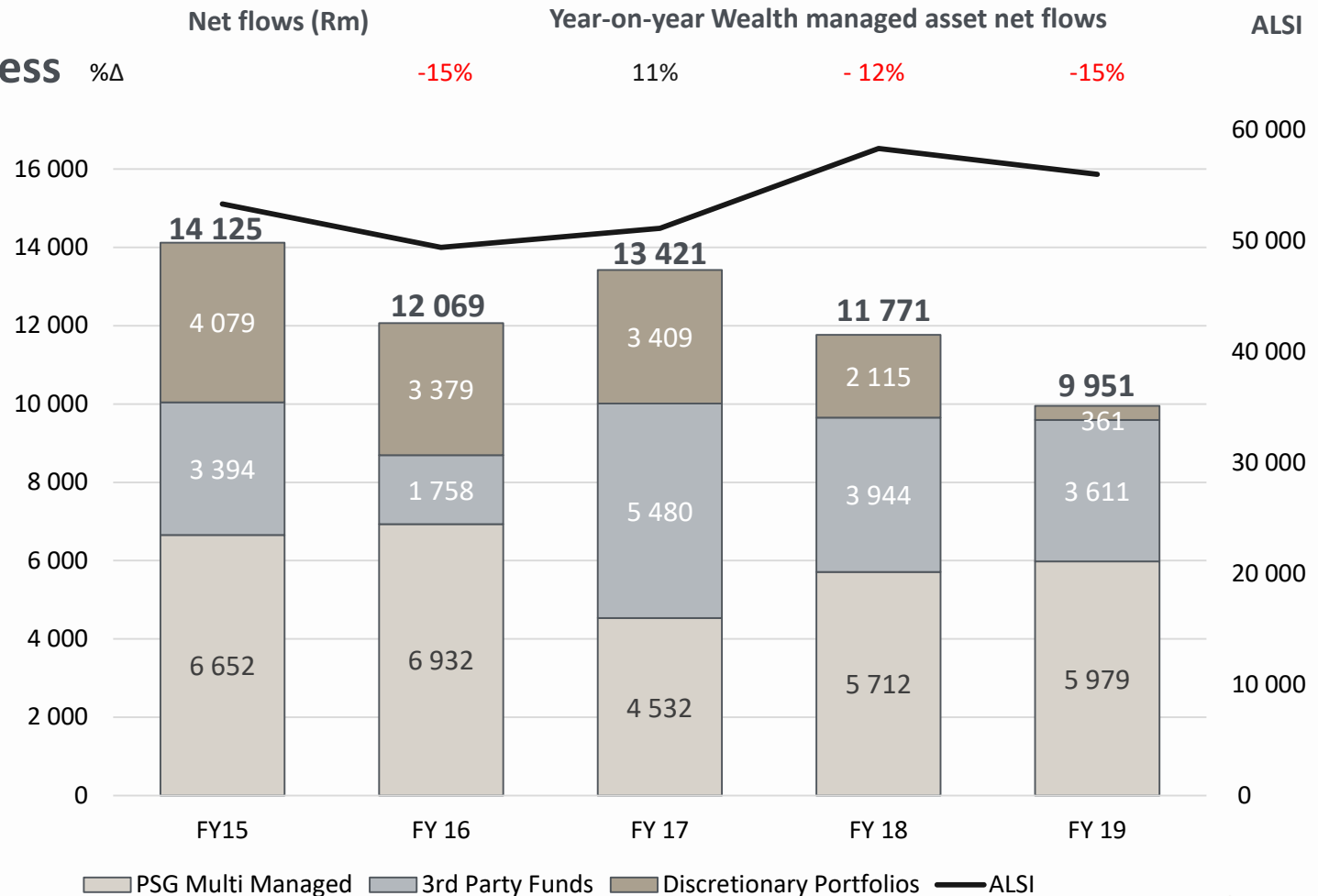
Wealth

Excellence in products and services

Independent process
with advisers'
oversight

Rapid growth in
advisers

Negotiation with
product providers



Source: PSG Wealth, Bloomberg



Top advisers

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

Wealth advisers (incl. EB)	FY 2015*	FY 2016	FY 2017	FY 2018	FY 2019
Balance – opening	406	434	480	515	539
Net movement	28	46	35	24	7
Balance – closing	434	480	515	539	546
Growth	7%	11%	7%	5%	1%

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

- Up scale 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

Source: PSG Distribution



Asset management plans

Net new money at acceptable margin

Focused marketing

Investment performance

Superb platform

AM assets split (Rm)	FY 2018	Market movement	Net flows	FY 2019	%
PSG Single manager*	37 032	-1 219	6 503	42 316	14%
PSG Money market and related assets*	3 629	-	-197	3 432	-5%
PSG Segregated Portfolios	2 005	-85	-359	1 561	-22%
Total assets under management	42 666	-1 304	5 947	47 309	11%
PSG Multi Managed **	60 557	4 144	5 979	70 680	17%
Total AM assets	103 223	2 840	11 926	117 989	14%

* Includes PSG advisers single managed funds of R8.8bn for Feb 2018 and R9.8bn for Feb 2019

** Includes PSG single managed funds of R8.0bn for Feb 2018 and R8.4bn for Feb 2019

Source: PSG Asset Management



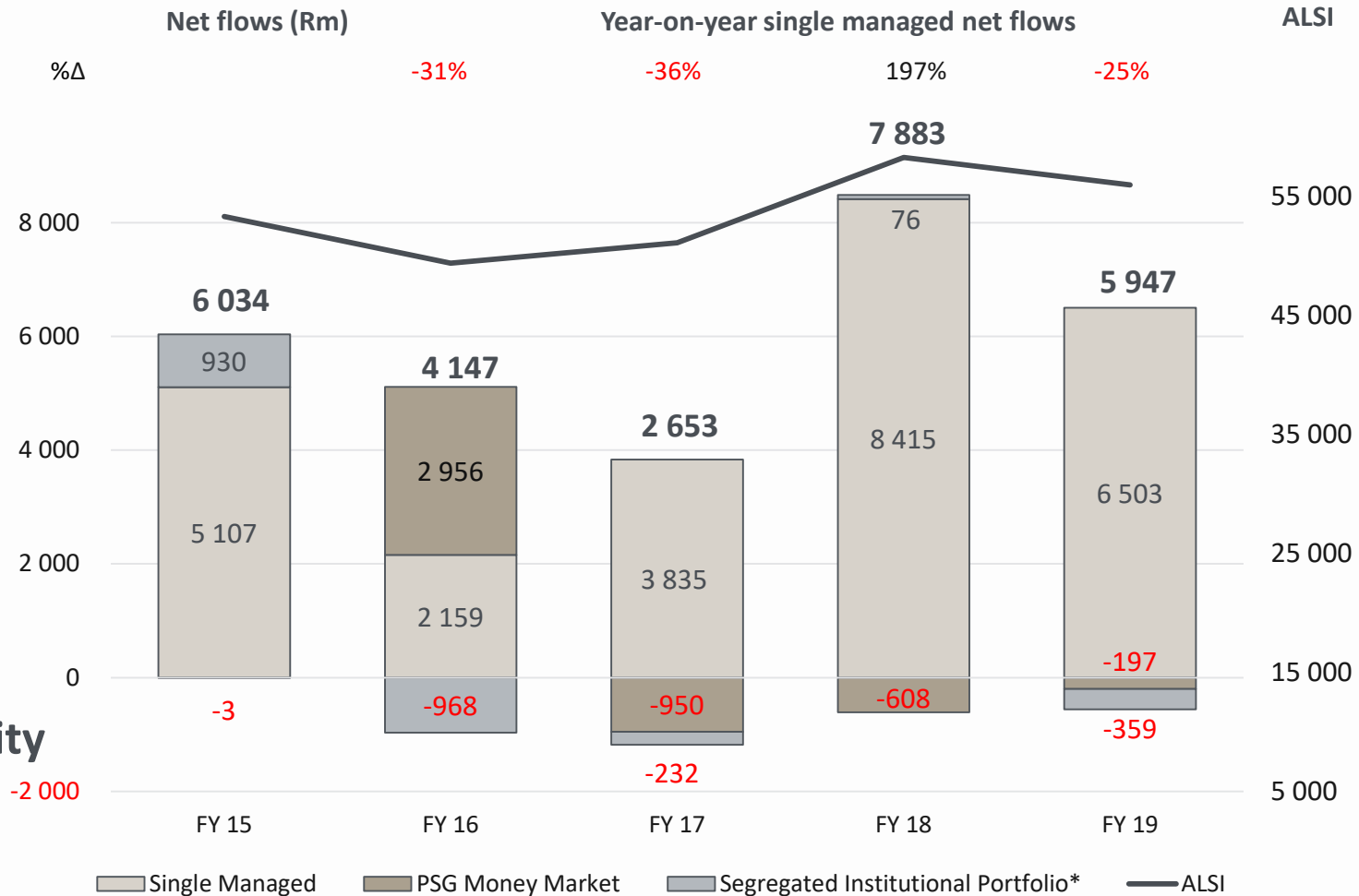
Asset management

'Brick by Brick' strategy

Long-term assets
(retail emphasis)

Getting adequate
margins

Protect our capacity



Source: PSG Asset Management, Bloomberg

* Includes private clients and segregated money market portfolios



Asset management

Solid long-term track record

Single manager funds	Performance	1-year rank	3-year rank	5-year rank	10-year rank	Rank since inception	Inception date
PSG Flexible	Rank	42	6	6	3	1	01 Nov 2004
	Return	-1.21%	7.75%	8.07%	16.32%	15.10%	
PSG Equity	Rank	132	15	26	1	2	01 Mar 2002
	Return	-6.80%	8.51%	5.84%	16.66%	16.65%	
PSG Balanced	Rank	181	16	16	4	3	01 Jun 1999
	Return	-2.66%	6.44%	6.96%	13.01%	13.44%	
PSG Stable	Rank	139	14	21	N1	23	13 Sep 2011
	Return	1.79%	6.93%	7.00%		8.87%	

N1 – The PSG Stable Fund does not have a 10-year history
 Note: performance quoted is for retail investor A classes

1st Quartile
 3rd Quartile
 2nd Quartile
 4th Quartile

Source : MorningStar February 2019 report

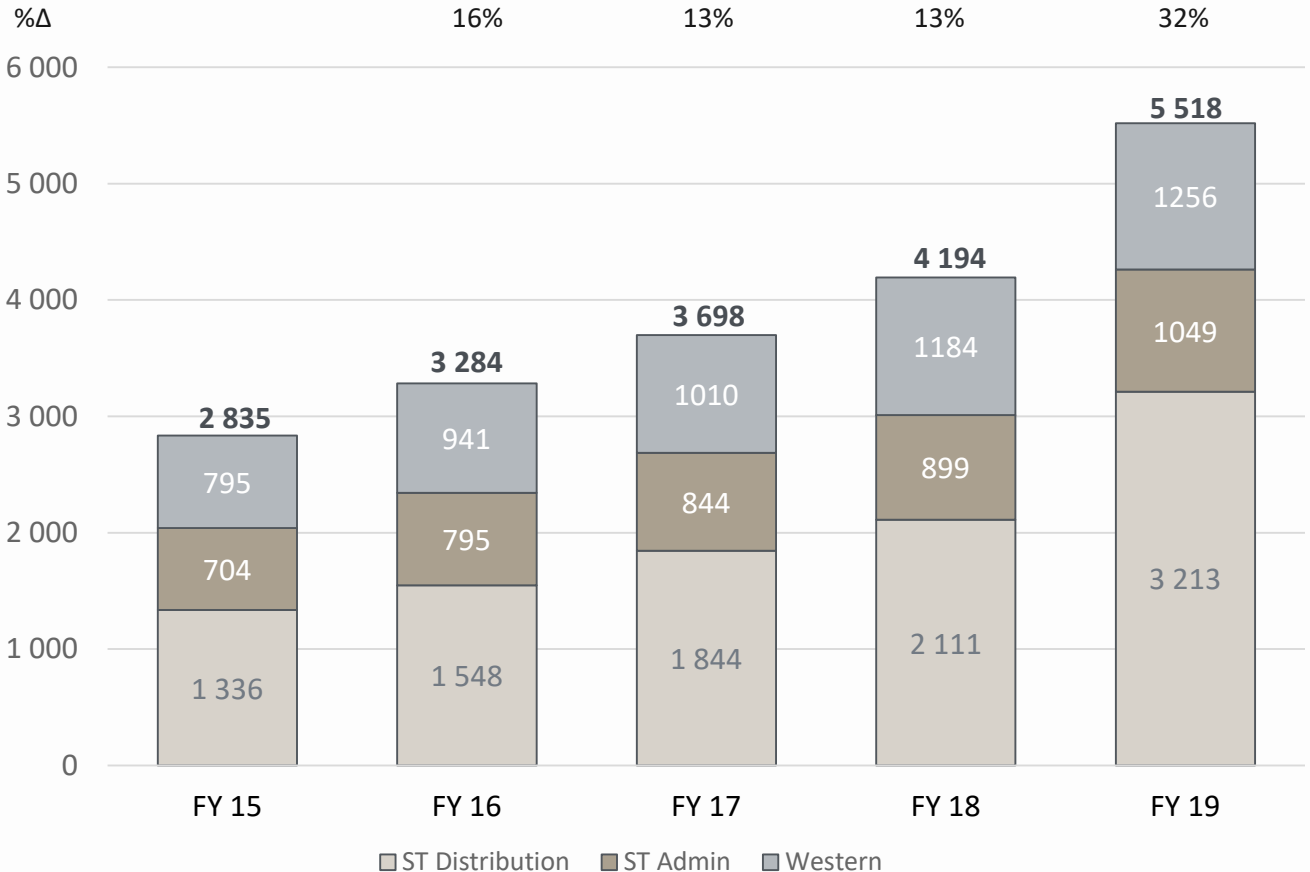
Copyright © PSG Konsult Ltd



Insure

Grow gross written premium income

PSG Insure gross written premium (Rm)



Top advisers

Excellence in underwriting

Superb platform

Note: This includes Short-term administration platform gross written premium and, from FY19, contains Client Care Centre premium not on platform but directly with insurers

Source: PSG Insure

Copyright © PSG Konsult Ltd



Top advisers

We continue to add top advisers to our Insure Distribution business

Insure advisers	FY 2015*	FY 2016	FY 2017	FY 2018	FY 2019^
Balance – opening	212	225	231	229	245
Net movement	13	6	-2	16	141
Balance – closing	225	231	229	245	386
Growth	6%	3%	-1%	7%	58%

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

^ Acquired all the Commercial and Industrial, and face-to-face Personal lines advisers from ABSA Insurance and Financial Advisers (Pty) Ltd

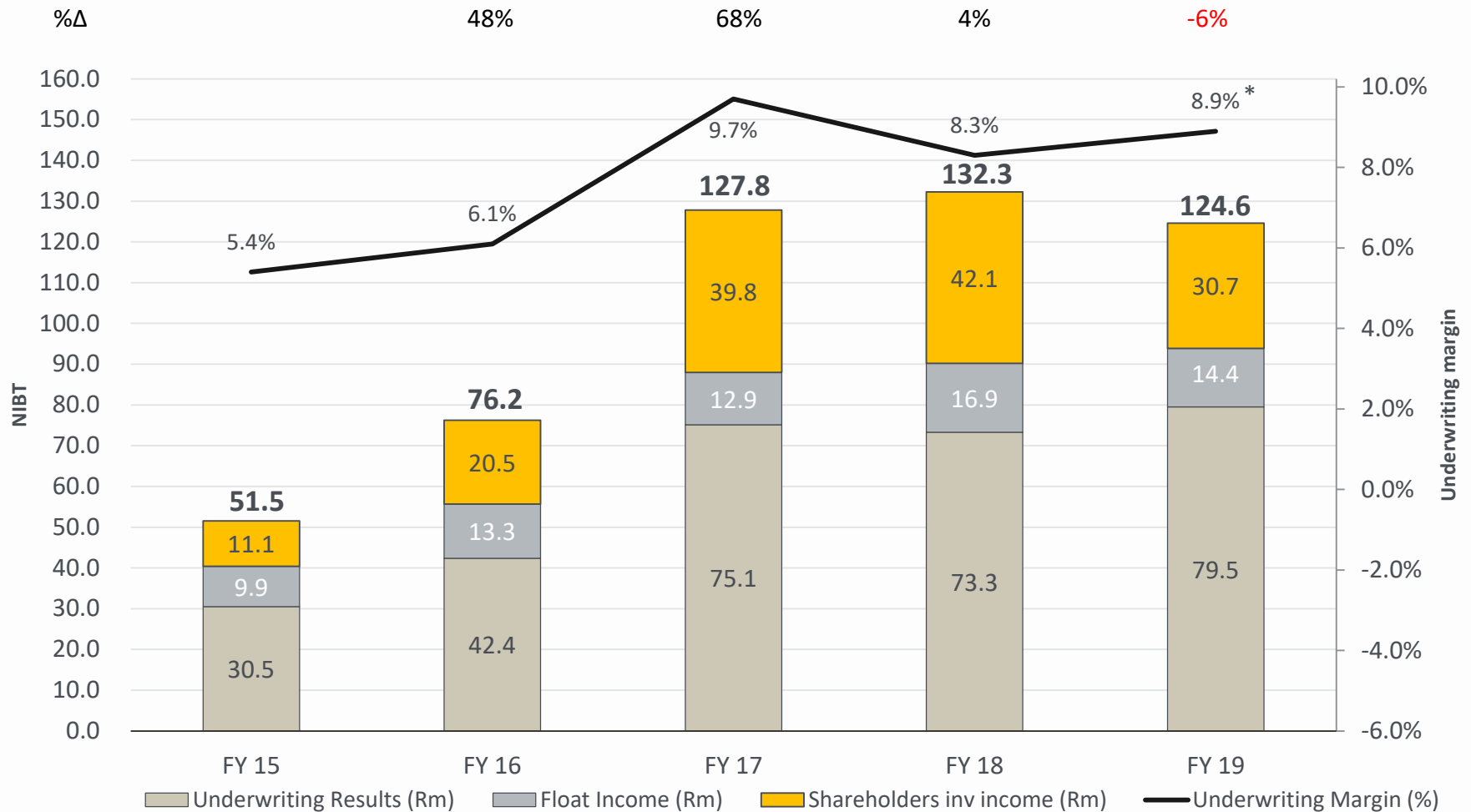
- Greater penetration selected area
- Growth in number of advisers & average book size
 - Financial advisers new home at PSG – unlocking and creating value for clients and themselves
 - Well positioned to support advisers: Open architecture, stable systems, risk & regulatory compliance allowing advisers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

Source: PSG Distribution



Western National Insurance

Net insurance result & shareholders income



*Western's underwriting margin, excluding the impact of the non-recurring impairment loss on a premium debt exposure to a third-party premium-collection agency, was 10.4% for FY2019.



Reducing risk



	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
Perf fees / HE*	7.7%	3.8%	8.8%	8.6%	2.9%
Recurring HEPS	27.0c	32.1c	37.2c	43.0c	44.6c

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
Op margin	14.9%	15.2%	15.7%	16.6%	16.4%
Op margin (excl perf fees)	14.0%	14.7%	14.5%	15.1%	16.0%
C:I%	60.6%	59.0%	60.0%	57.2%	58.6%

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
ROE*	26.4%	24.8% **	25.3%	24.3%	21.5% ***
ROE (excl perf fees)	24.3%	24.0% **	23.4%	22.2%	20.9% ***
Debt : Equity	0.9%	0.7%	0.2%	4.3%	4.0%

* Based on recurring headline earnings

** Based on recurring headline earnings (Headline ROE: 18.4% and Headline ROE (excl. perf. Fees): 17.6%)

*** Based on recurring headline earnings (Headline ROE: 22.0% and Headline ROE (excl. perf. Fees): 21.4%)



03 | Highlights & focus

Key achievements

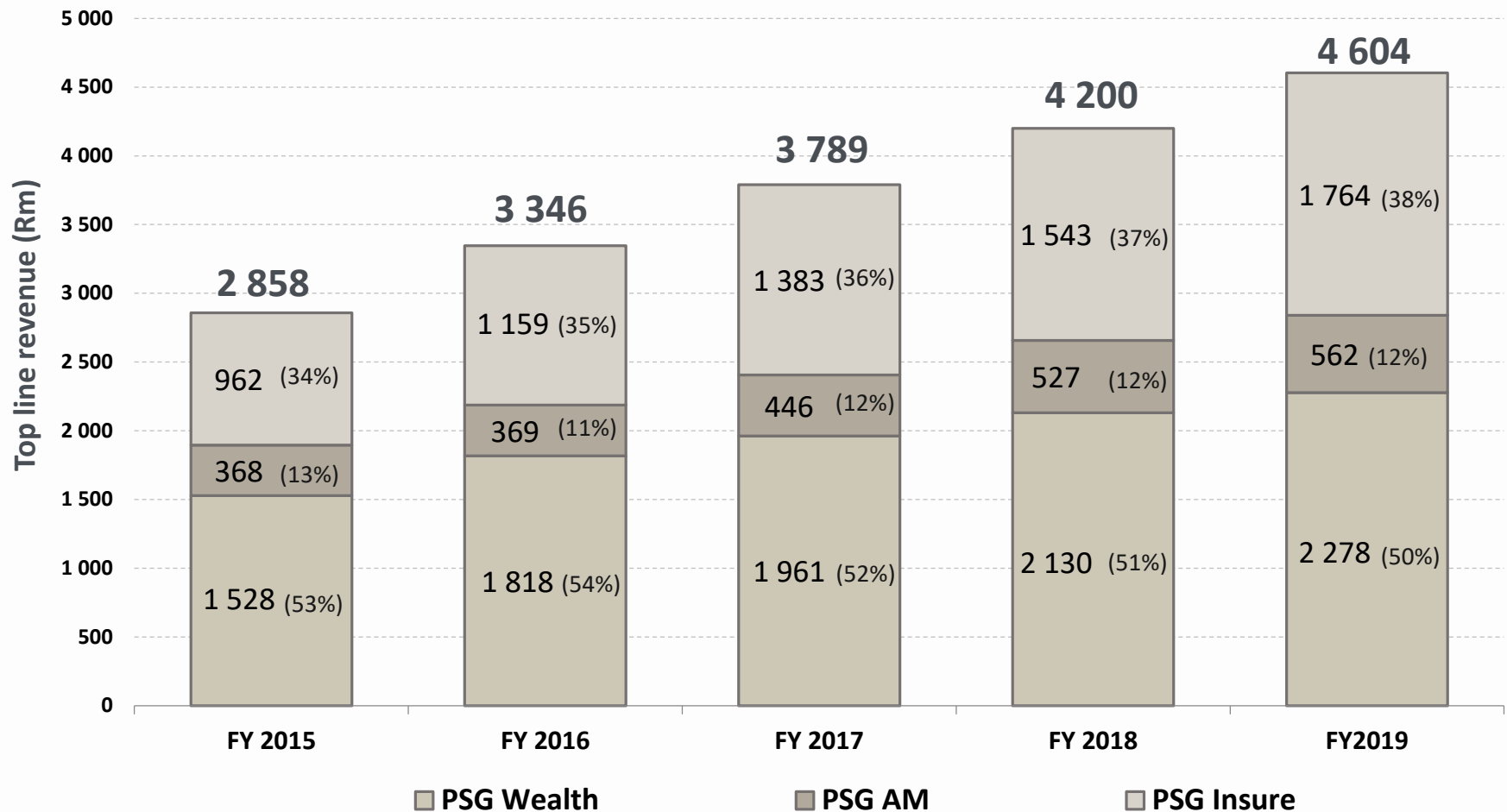
Significant progress on top priorities

- Investment in technology to enhance IT systems and platforms aimed at providing seamless client service
- Increased focus on Client Events
- PSG Insure
 - Acquired remaining 40% shareholding in the Western Group's entities outside of South Africa from Santam
 - Acquired both the commercial line and face-to-face personal lines advisory insurance businesses from ABSA
 - Western Botswana established
- Strong capital position (SCR Ratio of 1.82 at latest insurance regulatory filing)



Top line focus

Core operations (excl. IFRS consolidated fund and policyholder related income)



Total core revenue per division (excluding inter-segment income)

Source: PSG Finance



04 | Conclusion

Conclusion

Business features underpinning our expectations for future success

- Largest independent adviser network in South Africa, with a broad geographic footprint that continues to expand
- Strong governance structures
- Clear growth opportunities for our businesses
- History of superior shareholder returns
- Focus on optimising risk adjusted return per share (restrict issuance of new shares)



END | thank you

Affiliates of the PSG Konsult Group are authorised financial services providers.

Copyright © PSG Konsult Ltd



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 on 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%
2008/02/29	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%
2012/02/29	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%
2018/02/28	462 322	4 022 205	341 632	18%	30%	8 292	632 573	53 729	17%	30%
2019/02/28	469 330	5 040 607	361 251	25%	6%	8 218	626 884	44 928	(1%)	(16%)
		5 040 607					626 884			
CAGR				32.6%	24.9%				14.1%	7.5%

Source: PSG Finance



Trading statistics

Creating shareholder value

Statistic	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
No. of shares in issue (millions)	730	733	1 072	1 210	1 222	1 262	1 279	1 322	1 342	1 365
No. of shares traded (millions)	6.7	9.5	14.9	21.2	31.4	61.8	113.9	111.7	91.9	83.5
% of shares traded	0.9%	1.3%	1.4%	1.8%	2.6%	4.9%	8.9%	8.4%	6.8%	6.1%
Market capitalisation (Rm)	1 059	1 173	2 145	3 447	6 110	9 115	8 800	9 929	11 678	14 659
Value of shares traded (Rm)	9	13	24	47	129	429	900	783	767	813
% of market cap traded	0.8%	1.1%	1.1%	1.4%	2.1%	4.7%	10.2%	7.9%	6.6%	5.5%



