



Investor Presentation 2019 interim results

For the six months ended 31 August 2018

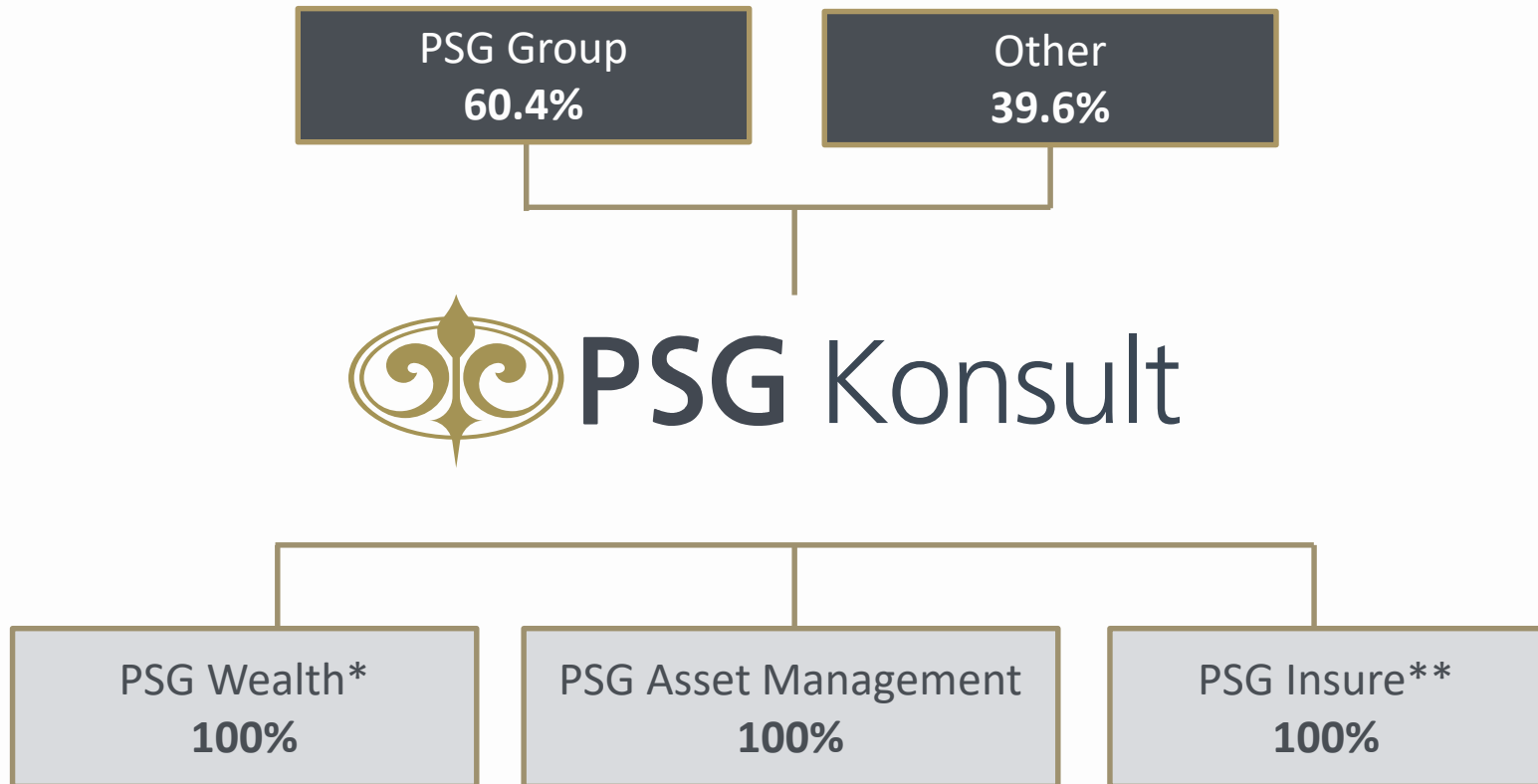


Contents

1. H1 2019: financial results
2. H1 2019: divisional performance
3. 2019: highlights and focus
4. Conclusion



PSG Structure



* Includes PSG Employee Benefits

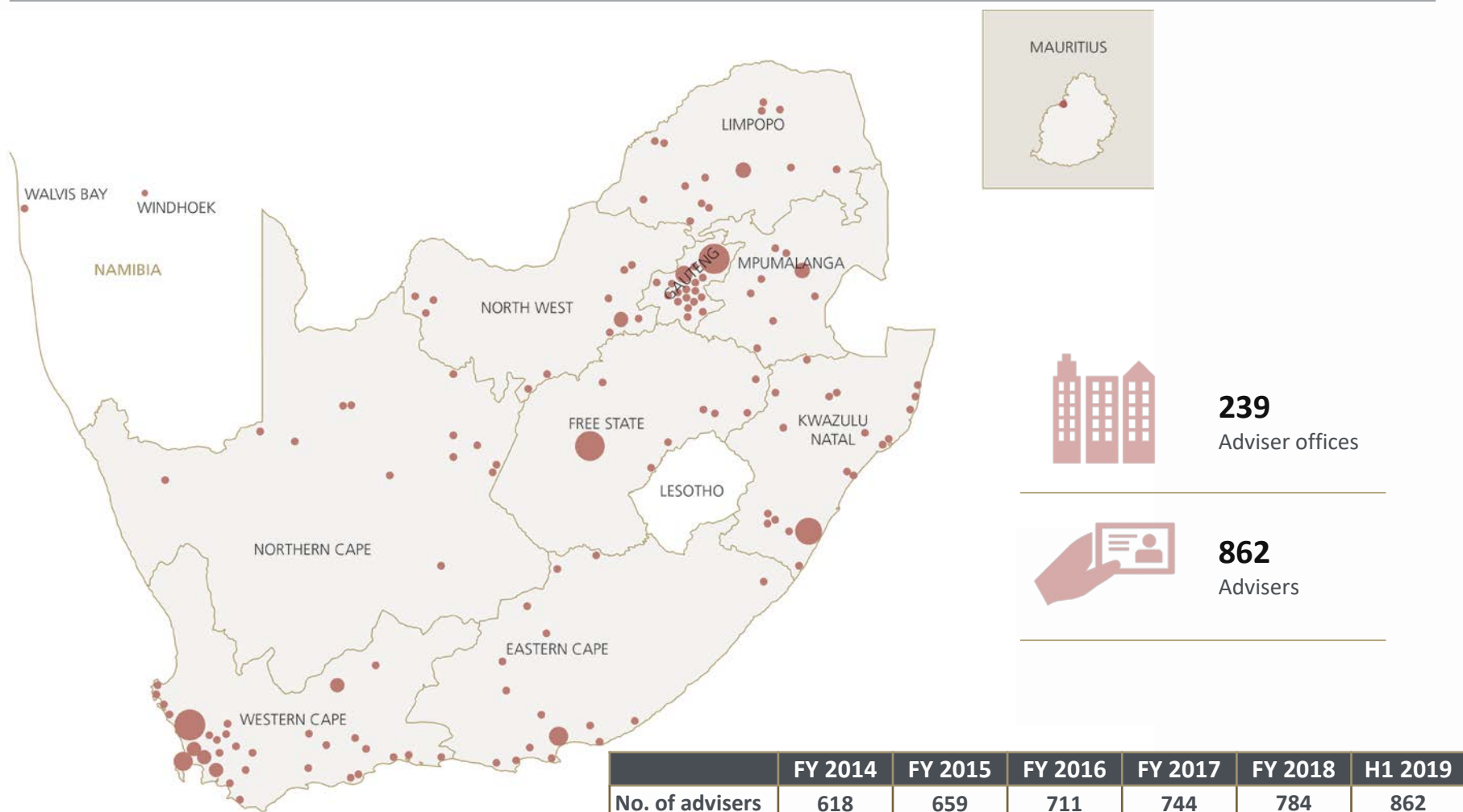
** Includes Western

PSG Group's holding net of treasury shares = 61.4%
As at 31 August 2018



A great company

Wealthy clients serviced where they reside



Source: PSG Distribution

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	H1 2019
No. of advisers	618	659	711	744	784	862
<i>PSG Wealth</i>	406	434	480	515	539	546
<i>PSG Insure</i>	212	225	231	229	245	316
No. of offices	193	193	206	208	211	239

Business characteristics

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



01 | H1 2019: financial results

Key macro indicators

Weakening economic environment

Key indicators	H1 2014	%Δ	H1 2015	%Δ	H1 2016	%Δ	H1 2017	%Δ	H1 2018	%Δ	H1 2019
Rand / US\$	10.3	3.8%	10.7	24.5%	13.3	10.7%	14.7	-11.5%	13.0	13.1%	14.7
Cash Index – STeFI Call	274	5.1%	288	5.7%	305	6.5%	324	7.0%	347	6.6%	370
All Bond Index	420	11.7%	469	5.4%	494	4.5%	516	10.2%	569	7.9%	614
SA Property Index	479	12.3%	538	20.1%	646	-1.7%	635	2.9%	653	-18.2%	534
FTSE/JSE Index	42 228	20.7%	50 959	-1.9%	49 972	5.5%	52 733	7.2%	56 522	3.8%	58 668



H1 2019 financial results overview

Recurring HEPS grew by 18% for H1 2019

Consolidated results	H1 2014 Rm	%Δ	H1 2015 Rm	%Δ	H1 2016 Rm	%Δ	H1 2017 Rm	%Δ	H1 2018 Rm	%Δ	H1 2019 Rm
Headline earnings	109	34%	145	28%	187	15%	214	12%	239	18%	283
Recurring headline earnings	109	36%	147	27%	187	15%	214	12%	239	18%	283
Weighted average no. of shares (millions)	1,221	3%	1 260	1%	1 267	2%	1 290	2%	1 315	0%	1 318
HEPS (Rand cents)	8.9	30%	11.5	28%	14.7	13%	16.6	10%	18.2	18%	21.5
Recurring HEPS (Rand cents)	8.9	32%	11.7	26%	14.7	13%	16.6	10%	18.2	18%	21.5

Assets under management (Rbn)	85	44%	122	16%	142	18%	167	16%	193	19%	230
Assets under administration (Rbn)	202	32%	266	21%	321	10%	354	12%	398	7%	426
Premiums (Rbn) *	0.9	11%	1.0	20%	1.2	8%	1.3	19%	1.6	25%	2.0

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

Note: figures rounded to nearest R'million.

Source: PSG Finance

8

Copyright © PSG Konsult Ltd



Recurring headline earnings by division

Total recurring headline earnings growth of 18% for H1 2019

Recurring Headline Earnings	H1 2014 Rm	%Δ	H1 2015 Rm	%Δ	H1 2016 Rm	%Δ	H1 2017 Rm	%Δ	H1 2018 Rm	%Δ	H1 2019 Rm	CAGR %
Wealth	71	34%	95	27%	120	17%	141	7%	150	7%	160	18%
Asset Management	21	65%	34	36%	46	2%	47	20%	57	53%	87	33%
Insure	17	8%	18	12%	21	29%	26	23%	32	11%	36	16%
Total	109	36%	147	27%	187	15%	214	12%	239	18%	283	21%

*All overhead costs are fully allocated. Headline earnings has remained the same as recurring headline earning for H1 2019.

Note: figures rounded to nearest R'million.



Financial trend

We always look at our 10 year rolling track record

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	CAGR %	H1 2018	H1 2019	YoY Gwth %
AUA (Rbn)	53	44	72	97	139	180	233	309	327	371	402	22%	398	426	7%
AUM (Rbn)	21	21	28	36	51	71	99	133	154	175	205	26%	193	230	19%
Premiums (Rbn) *	1.0	1.4	1.5	1.6	1.6	1.6	1.8	2.1	2.5	2.9	3.3	13%	1.6	2.0	25%
Core Revenues (Rm)	726	823	901	1 018	1 426	1 648	2 349	2 858	3 346	3 789	4 200	19%	2 062	2 278	10%
Recurring headline earnings (Rm)	87	97	90	92	151	174	251	341	409	486	566	21%	239	283	18%
Shares in issue (m)**	732	733	730	733	1 071	1 209	1 222	1 262	1 277	1 313	1 317	6%	1 319	1 319	0%
Recurring HEPS (cents)	12.0	13.2	12.3	12.5	14.1	15.4	20.6	27.0	32.1	37.2	43.0	14%	18.2	21.5	18%
Recurring HEPS (cents) excl. amortisation	13.2	14.7	14.1	14.8	16.0	17.2	22.3	29.4	34.6	40.4	46.3	13%	19.9	23.3	17%
Return on equity (%)	23.2	22.8	19.6	19.3	26.7	21.1	24.8	26.4	24.8	25.3	24.3	N/A	21.4	21.9	N/A
Total advisers	497	524	567	597	635	613	618	659	711	744	784	5%	753	862	14%

* Excludes Short-term administration platform gross written premium to avoid duplication. Includes Western National Premiums from Nov 2012

** Excludes treasury shares.

Source : PSG Finance

02 | H1 2019: divisional performance

Wealth plans

Growing and protecting client wealth

Excellence in
products & services

Top advisers

Superb platform

Wealth assets split (Rm)	Feb 18	Market movement	Net flows	Aug 18	% Growth
Third party funds *	57 812	2 206	3 052	63 070	9%
PSG Multi Managed **	60 557	7 062	3 571	71 190	18%
Discretionary	44 293	3 125	425	47 843	8%
Total managed assets	162 662	12 393	7 048	182 103	12%
Non discretionary	186 500	-17	-1 294	185 189	-1%
Third party administration	10 286	815	-548	10 553	3%
Total wealth assets	359 448	13 191	5 206	377 845	5%

* Includes PSG advisers single managed funds of R8.8bn for Feb 2018 and R10.0bn for H1 2019

** Includes PSG single managed funds of R8.0bn for Feb 2018 and R8.5bn for H1 2019



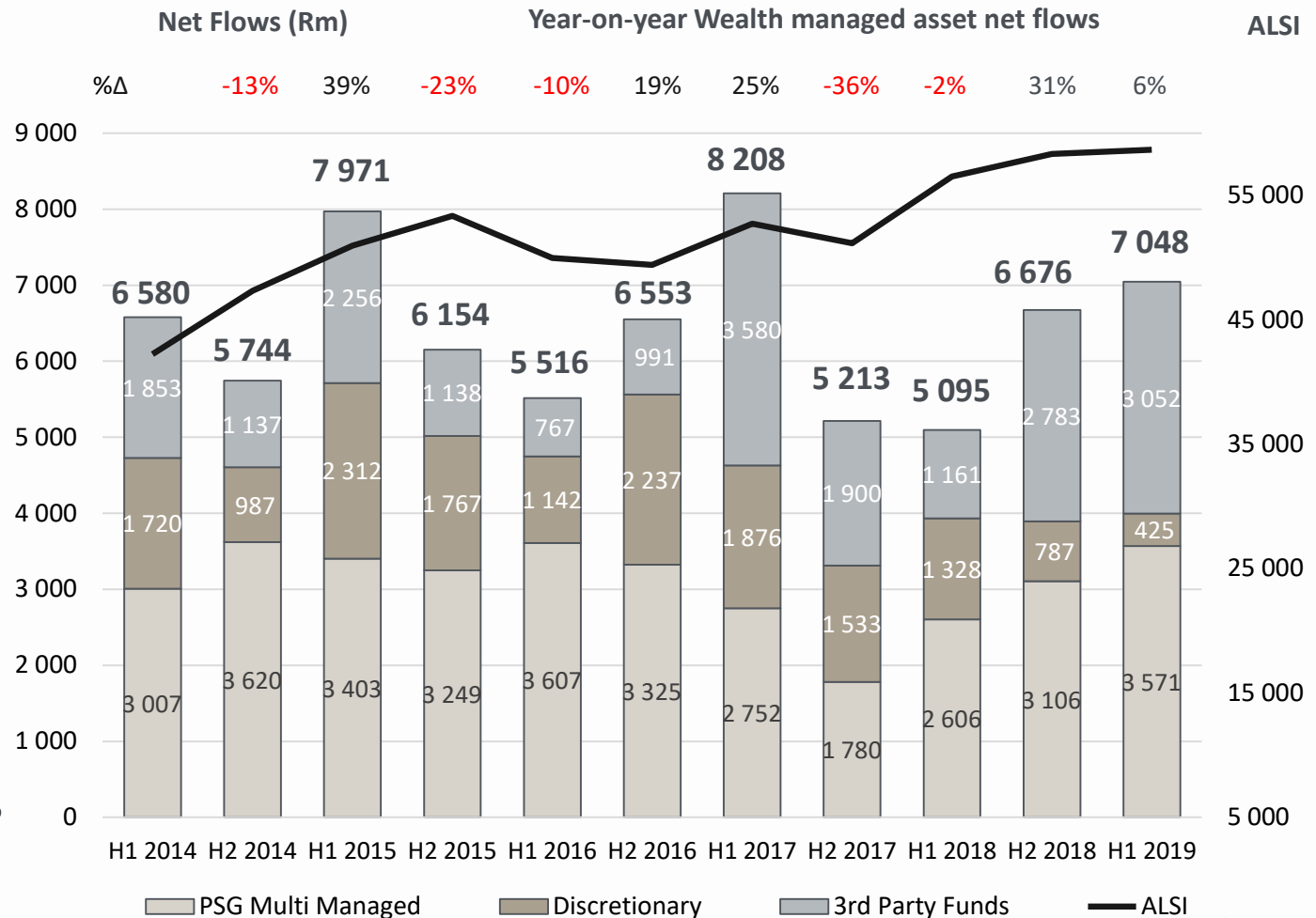
Wealth

Excellence in products and services

Independent process with advisers' oversight

Rapid growth in advisers

Negotiation with product providers



Source: PSG Wealth, Bloomberg
13



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	H2 2018	H1 2019
Balance – opening	384	391	406	419	434	443	480	505	515	527	539
Net movement	7	15	13	15	9	37	25	10	12	12	7
Balance – closing	391	406	419	434	443	480	505	515	527	539	546
Growth	2%	4%	3%	4%	2%	8%	5%	2%	2%	2%	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



Asset management plans

Net new money at acceptable margin

Focused marketing

Investment performance

Superb platform

AM assets split (Rm)	Feb 18	Market movement	Net flows	Aug 18	% Growth
PSG Single manager *	37 032	1 393	4 286	42 711	15%
PSG Money market and related assets*	3 628	0	-136	3 492	-4%
PSG Segregated Portfolios	2 005	-72	-73	1 860	-7%
Total assets under management	42 665	1 321	4 077	48 063	13%
PSG Wealth administered assets **	60 557	7 062	3 571	71 190	18%
Total AM assets ***	103 222	8 383	7 648	119 253	16%

* Includes PSG advisers single managed funds of R8.8bn for Feb 2018 and R10.0bn for H1 2019.

** Includes PSG Single Managed Funds of R8.0bn for Feb 2018 and R8.5bn for H1 2019.

*** Assets under administration, excluding segregated portfolios, amounts to R101bn for Feb 2018 and R117bn for H1 2019.

Source: PSG Asset Management



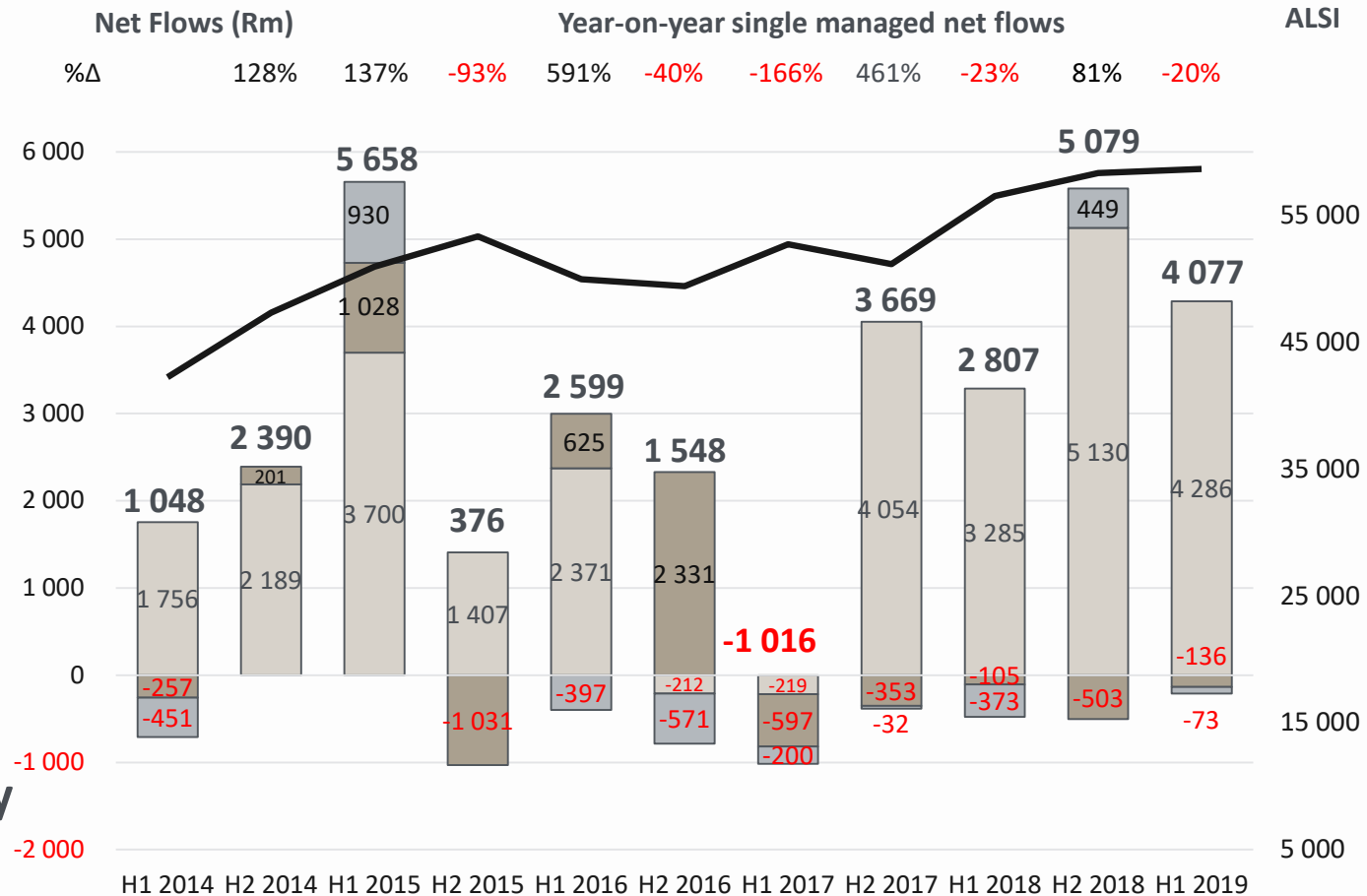
Asset management

'Brick by Brick' strategy

Long-term assets
(retail emphasis)

Getting adequate
margins

Protect our capacity



Single Managed PSG Money Market Segregated Institutional Portfolio* ALSI

* Includes private clients and segregated money market portfolios

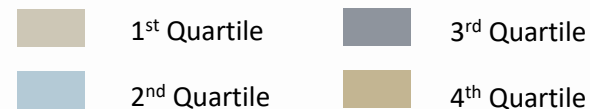


Asset management

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	15	38	34	10	2	5	3
	Return	4.9%	3.7%	3.5%	8.9%	10.0%	11.9%	14.2%
PSG Equity A	Rank	19	117	79	44	8	4	3
	Return	4.9%	3.7%	0.8%	7.5%	9.2%	11.3%	12.9%
PSG Balanced A	Rank	102	168	162	30	8	4	4
	Return	3.8%	4.3%	3.4%	9.2%	9.0%	10.5%	11.4%
PSG Stable A	Rank	116	135	134	26	5	18	N1
	Return	2.0%	2.6%	2.8%	8.8%	8.2%	8.4%	

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



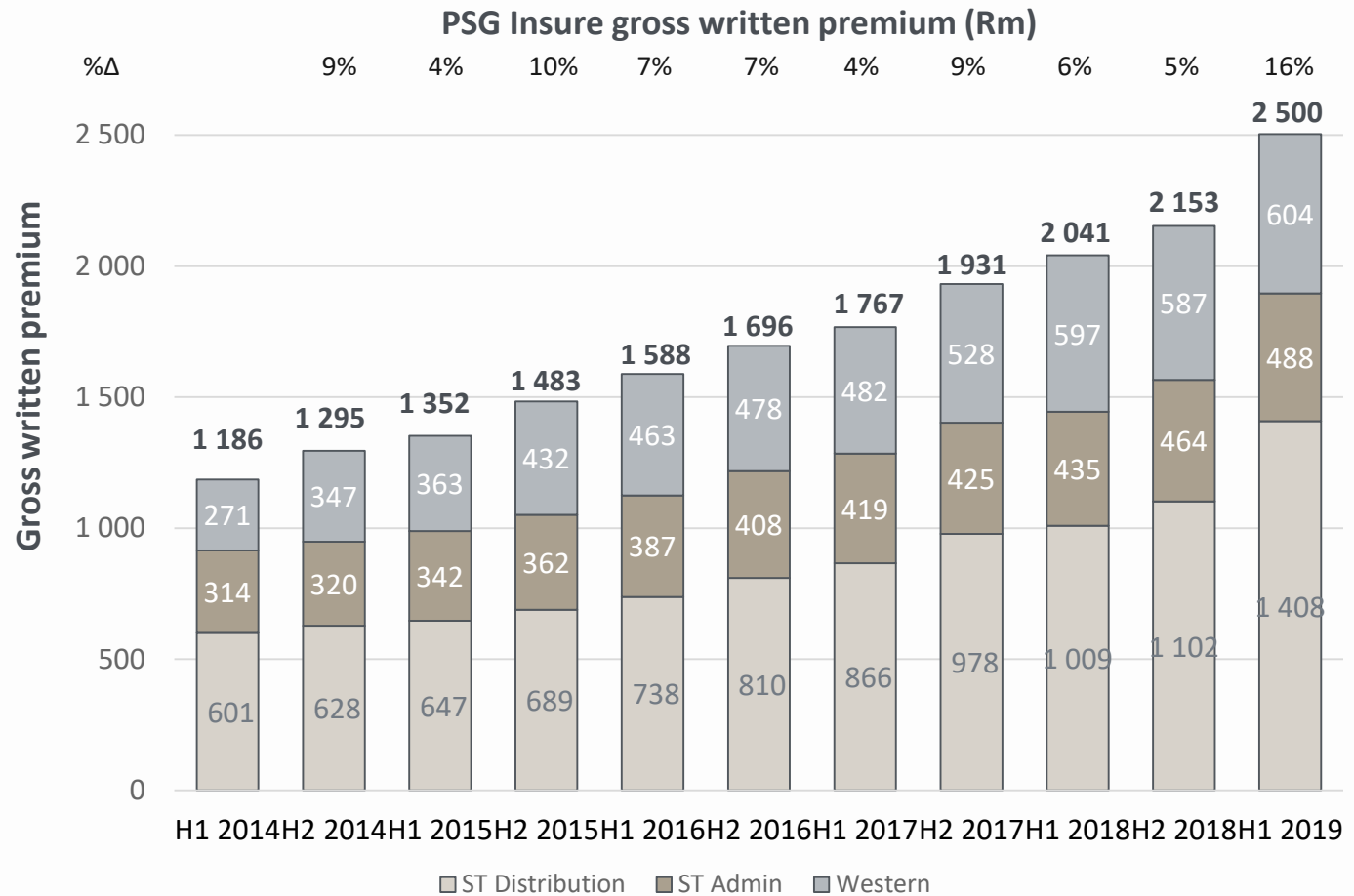
Insure

Grow gross written premium income

Top advisers

Excellence in underwriting

Superb platform



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	H2 2018	H1 2019
Balance – opening	229	219	212	210	225	224	231	233	229	226	245
Net movement**	-10	-7	-2	15	-1	7	2	-4	-3	19	71
Balance – closing***	219	212	210	225	224	231	233	229	226	245	316
Growth	-4%	-3%	-1%	7%	0%	3%	1%	-2%	-1%	8%	29%

* 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

*** An additional 82 advisers were acquired on 1 June 18 as a result of the AIFA C&I transaction

- 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

19



Western National Insurance

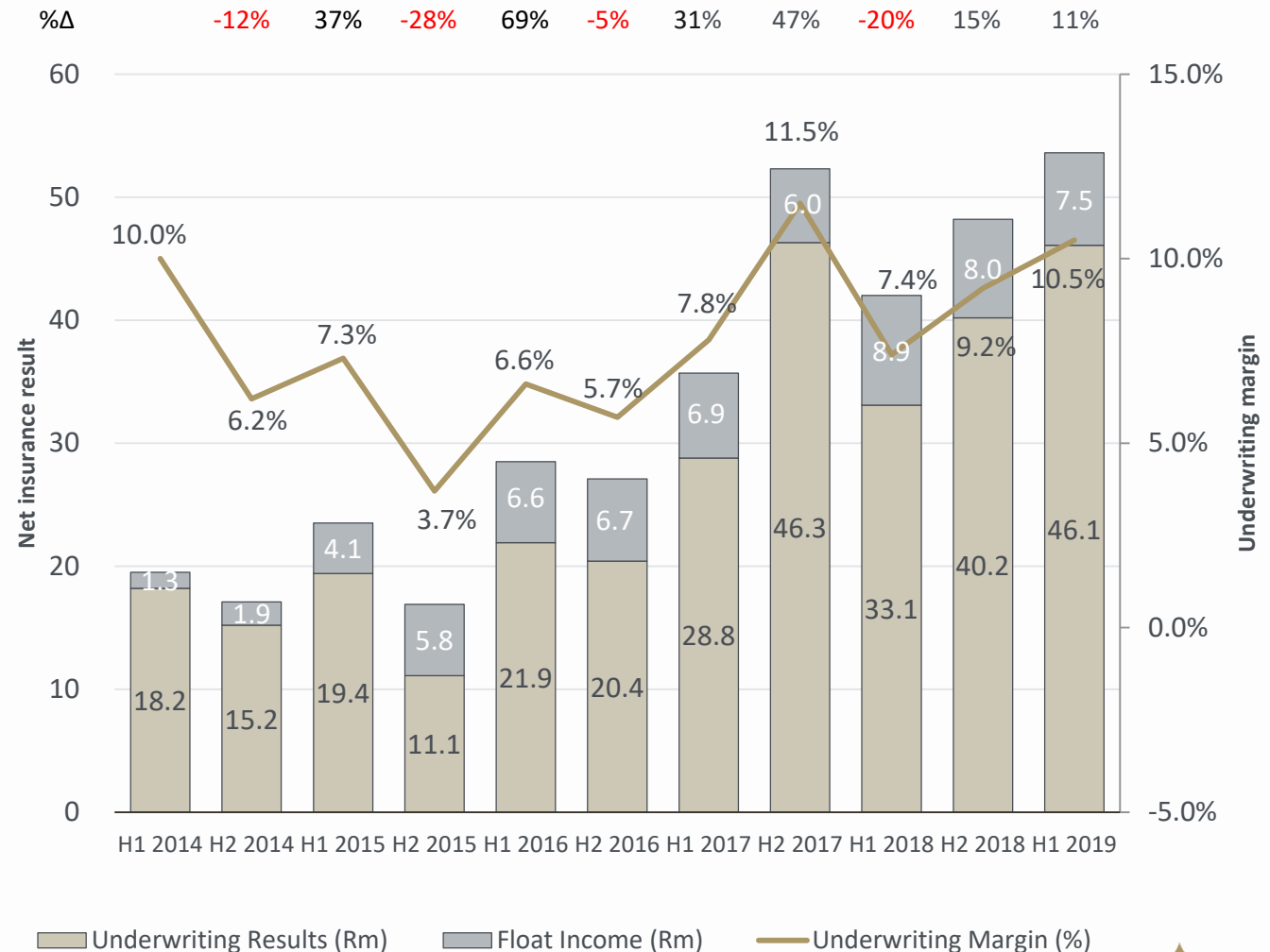
Insurance results

Key differentiators

- Personalised service to brokers
- Focus on commercial business

Excellence in underwriting

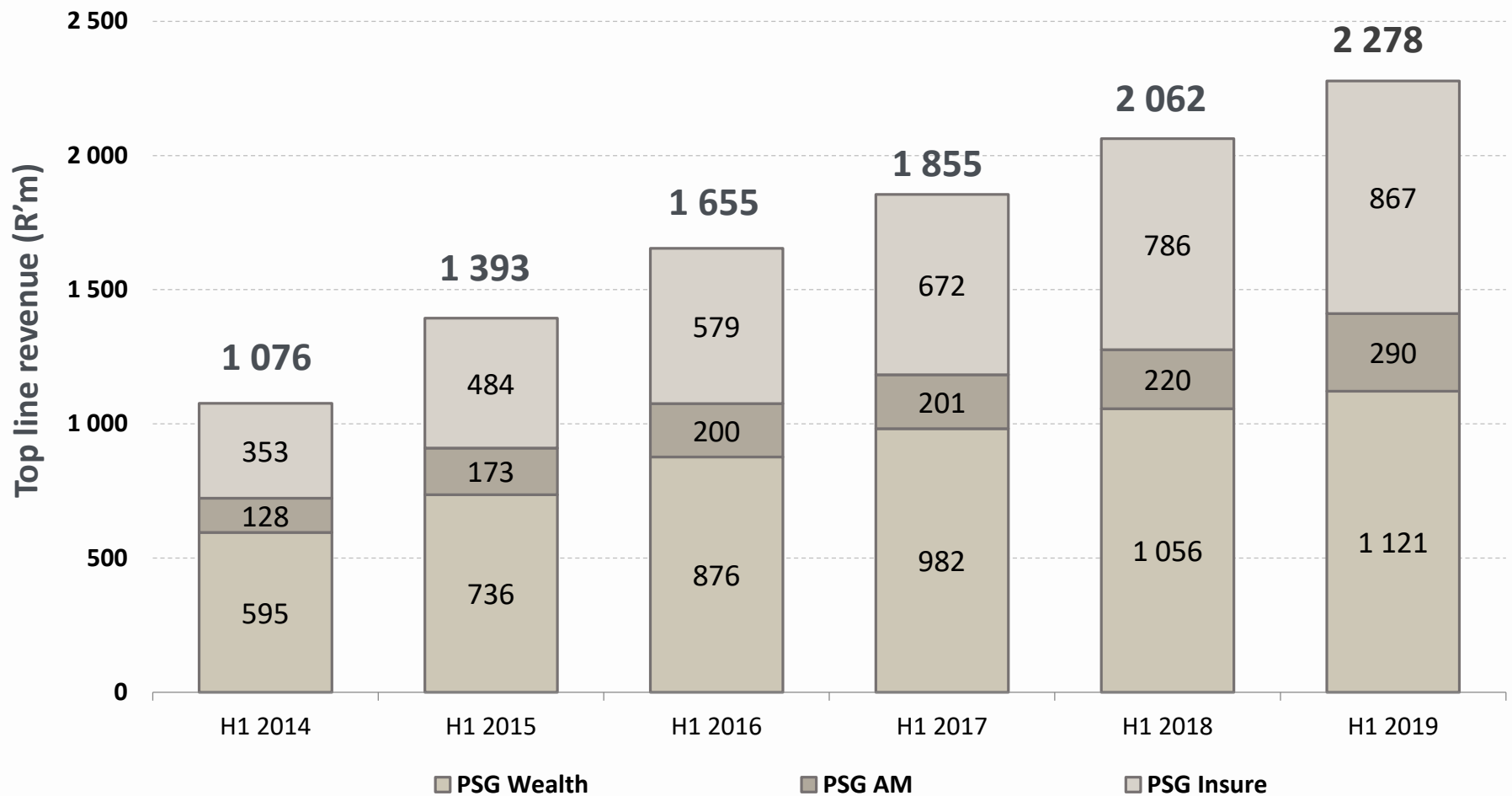
- Healthy insurance float level of R398m*
- Limited insurance and investment risk retention levels



03 | 2019 Focus

Top line focus

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

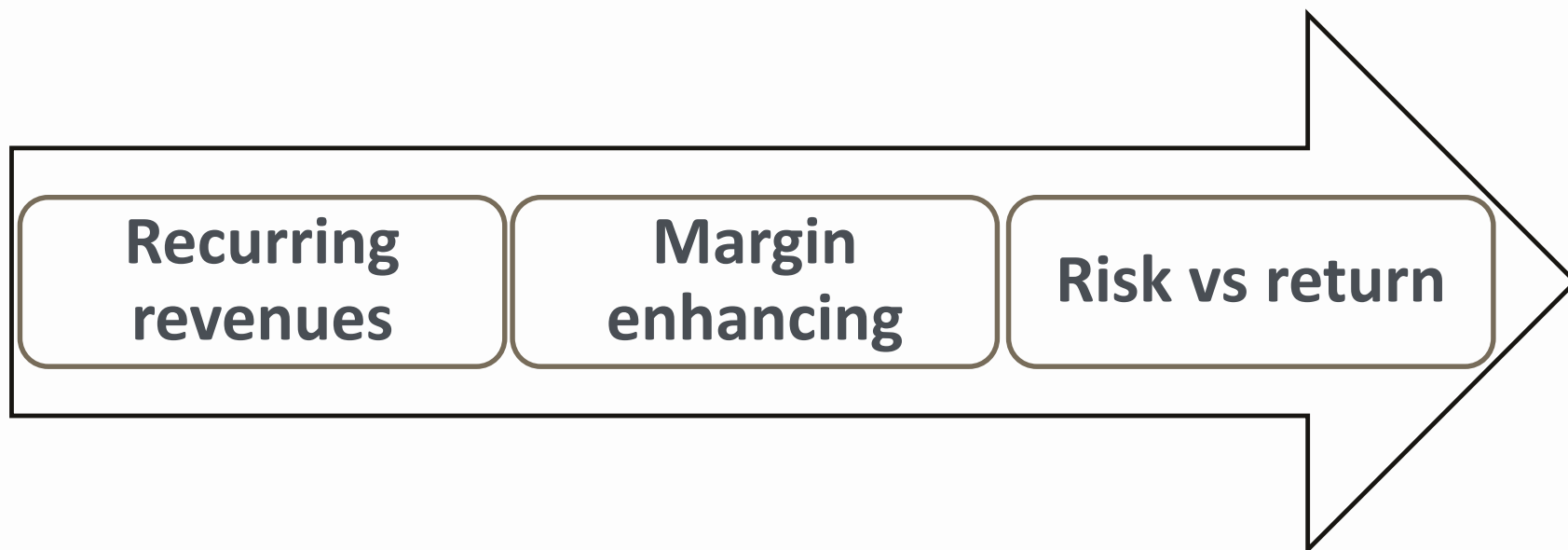


Total core revenue per division (excluding inter-segment income)

22 Source: PSG Finance



Reducing risk



	<u>H1 15</u>	<u>H1 16</u>	<u>H1 17</u>	<u>H1 18</u>	<u>H1 19</u>
Perf fees/HE	7.0%	7.5%	6.6%	4.4%	4.6%
Recurring HEPS	11.7c	14.7c	16.6c	18.2c	21.5c

	<u>H1 15</u>	<u>H1 16</u>	<u>H1 17</u>	<u>H1 18</u>	<u>H1 19</u>
Op margin	14.1%	14.2%	14.3%	14.4%	15.9%
Op margin (excl perf fees)	13.5%	13.4%	13.5%	13.8%	15.3%
C:I %	63.0%	63.0%	63.6%	62.1%	60.2%

	<u>H1 15</u>	<u>H1 16</u>	<u>H1 17</u>	<u>H1 18</u>	<u>H1 19</u>
ROE	24.0%	23.9%	22.9%	21.4%	21.9%
ROE (excl. perf fees)	22.3%	22.1%	21.4%	20.5%	20.9%
Debt:Equity	4.6%	0.7%	0.2%	4.9%	3.9%



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

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)
11 04 2005	250,000	100,000	16,379			1,311	100,000	16,379		
28 02 2006	260,725	286,797	46,461	187%	184%	1,926	146,929	23,802	47%	45%
28 02 2007	297,398	490,706	67,645	71%	46%	2,670	203,678	28,078	39%	18%
28 02 2008	309,914	526,854	69,012	7%	2%	3,255	248,335	32,529	22%	16%
28 02 2009	327,703	426,014	42,816	(19%)	(38%)	2,032	154,988	15,577	(38%)	(52%)
28 02 2010	351,652	509,895	65,490	20%	53%	3,013	229,848	29,521	48%	90%
28 02 2011	373,653	597,845	85,553	17%	31%	3,723	284,027	40,645	24%	38%
28 02 2012	395,168	790,336	105,692	32%	24%	4,082	311,393	41,643	10%	2%
28 02 2013	422,411	1,203,871	136,169	52%	29%	4,870	371,546	42,025	19%	1%
28 02 2014	435,546	2,177,731	203,194	81%	49%	5,981	456,251	42,571	23%	1%
28 02 2015	441,856	3,190,197	277,314	46%	36%	6,946	529,912	46,064	16%	8%
29 02 2016	447,709	3,080,237	190,833	(3%)	(31%)	6,643	506,779	31,397	(4%)	(32%)
28 02 2017	455,295	3,419,266	262,736	11%	38%	7,061	538,627	41,388	6%	32%
28 02 2018	462,322	4,022,205	341,632	18%	30%	8,292	632,573	53,729	17%	30%
31 08 2018	466,782	4,527,790	308,969	13%	(10%)	8,480	646,879	44,142	2%	(18%)
		4,527,790					646,879			
CAGR				33%	25%				15%	8%

Source: PSG Finance

28



Trading statistics

Creating shareholder value

Statistic	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	H1 19*
No. of shares in issue (millions)	733	730	733	1 072	1 210	1 222	1 262	1 279	1 322	1 342	1 342
No. of shares traded (millions)	1.7	6.7	9.5	14.9	21.2	31.4	61.8	113.9	111.7	91.9	66.9
% of shares traded	0.2%	0.9%	1.3%	1.4%	1.8%	2.6%	4.9%	8.9%	8.4%	6.8%	5.0%
Market capitalisation (Rm)	953	1 059	1 173	2 145	3 447	6 110	9 115	8 800	9 929	11 678	13 020
Value of shares traded (Rm)	2	9	13	24	47	129	429	900	783	767	593
% of market cap traded	0.3%	0.8%	1.1%	1.1%	1.4%	2.1%	4.7%	10.2%	7.9%	6.6%	4.6%

* Based on a rolling 12 month period where applicable

