

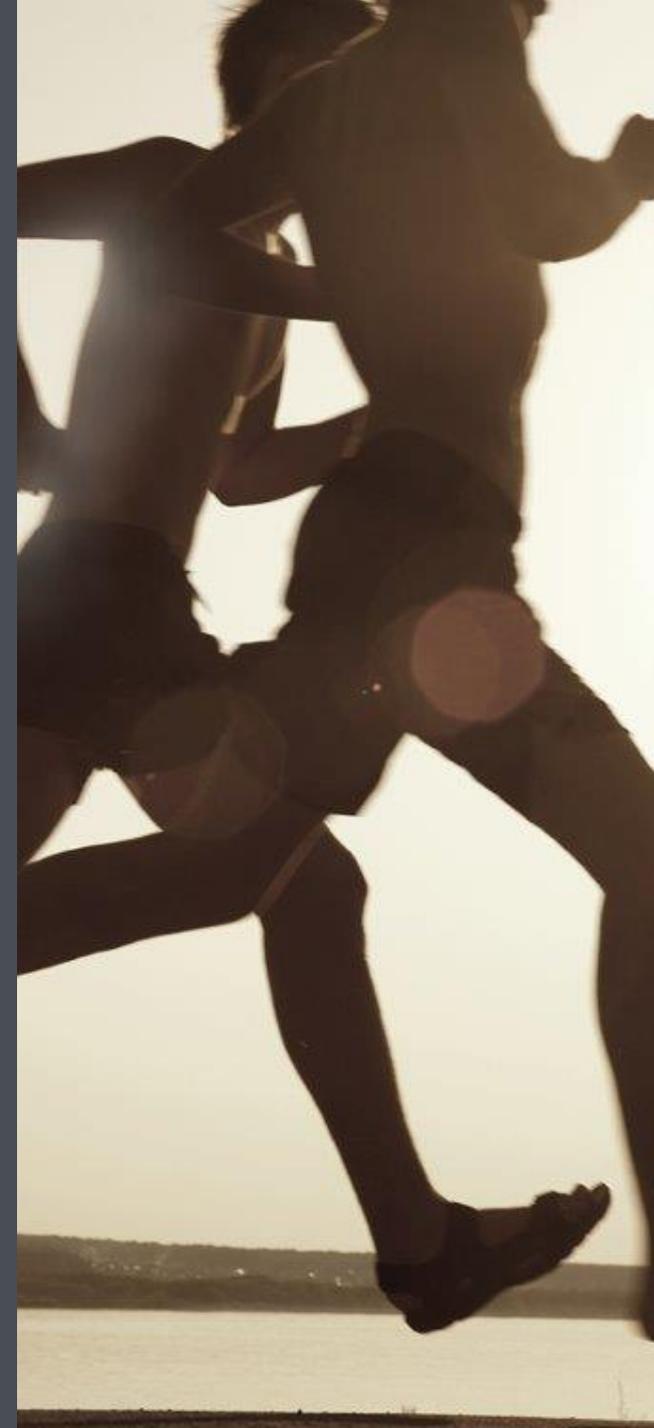


---

# Investor Presentation

## 2016 interim results

For the six months ended 31 August 2016



# Contents

---

1. Overview
2. H1 2017 results
3. H1 2017 divisional performance
4. Highlights & focus
5. Conclusion
6. Appendices

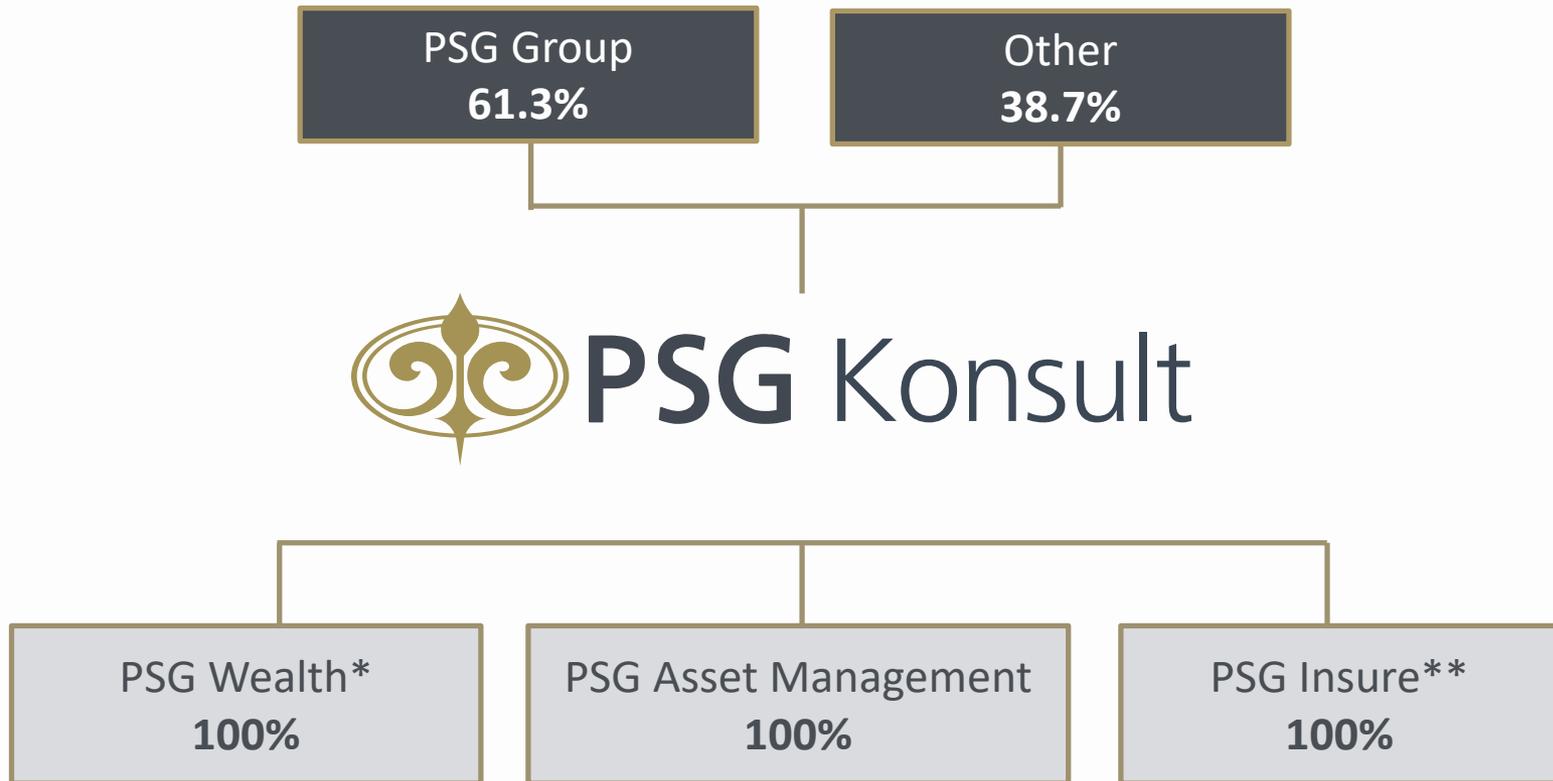


---

# 01 Overview

# PSG Structure

---



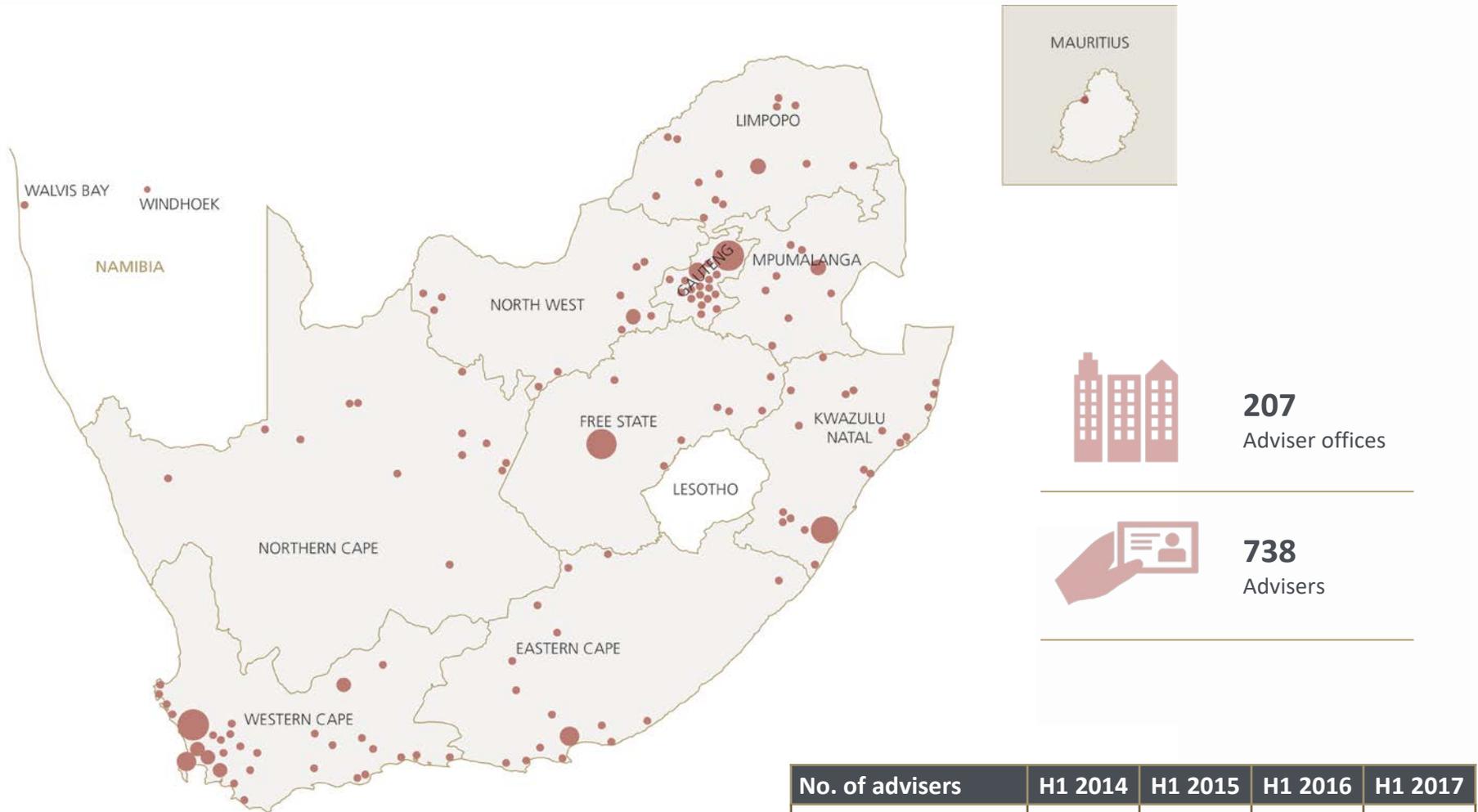
\* Includes PSG Employee Benefits

\*\* Includes Western National Insurance

As at 31 August 2016

# A great company

Wealthy clients serviced where they reside



Source: PSG Distribution

No. of advisers	H1 2014	H1 2015	H1 2016	H1 2017
PSG Wealth	391	419	443	505
PSG Insure	219	210	224	233
<b>Total</b>	<b>610</b>	<b>629</b>	<b>667</b>	<b>738</b>

# Business characteristics

---

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



---

# 02 H1 2017 Results

# Key macro indicators

## Weakening economic environment

Key indicators	H1 2014	%Δ	H1 2015	%Δ	H1 2016	%Δ	H1 2017
Rand / US\$	10.3	3.8%	10.7	24.5%	13.3	10.9%	14.7
Cash Index – STeFI Call	289	5.5%	305	6.4%	325	7.0%	348
All Bond Index	420	11.7%	469	5.4%	494	4.5%	516
SA Property Index	479	12.3%	538	20.1%	646	-1.7%	634
FTSE/JSE Index	42 228	20.7%	50 959	-1.9%	49 972	5.5%	52 733



# H1 2017 financial results overview

Consolidated results	H1 2014 Rm	%Δ	H1 2015 Rm	%Δ	H1 2016 Rm	%Δ	H1 2017 Rm
Headline earnings	109	34%	145	28%	187	15%	214
Recurring headline earnings	109	36%	147	27%	187	15%	214
Weighted average no. of shares (millions)	1 221	3%	1 260	1%	1 267	2%	1 290
HEPS (Cents)	8.9	30%	11.5	28%	14.7	13%	16.6
Recurring HEPS (Cents)	8.9	32%	11.7	26%	14.7	13%	16.6

Assets under management (Rand billion)	85	44%	122	16%	142	18%	167
Assets under administration (Rand billion)	202	32%	266	21%	321	10%	354
Premiums (Rand billion) *	0.9	11%	1.0	20%	1.2	8%	1.3

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



# Core business results

## Financial results analysis – IFRS vs Core

IFRS results (Core & Linked)	H1 2014 Rm	%Δ	H1 2015 Rm	%Δ	H1 2016 Rm	%Δ	H1 2017 Rm
Total income	1 210	26%	1 530	14%	1 740	71%	2 967
Total expense	-957	29%	-1 235	14%	-1 403	86%	-2 606
Profit before tax	161	45%	232	25%	290	17%	338

Linked Investment business and other							
Income	134	2%	136	-37%	86	1194%	1 113
Expense	-48	66%	-79	-39%	-48	2156%	-1 083
Linked profit before tax	6	151%	15	-21%	12	92%	23

Core business							
Income	1 076	29%	1 394	19%	1 654	12%	1 855
Expense	-909	27%	-1 156	17%	-1 355	12%	-1 523
Core profit before tax	155	40%	217	28%	278	13%	315
Core profit before tax (Excluding Intangible amortisation cost)	166	40%	232	27%	294	14%	336



# Headline earnings by division

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

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

Note: Recurring & headline earnings the same for H1 2017. (All figures rounded to nearest R million)



# Financial trend

We always look at our historical rolling track record

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	CAGR %	H1 2016	H1 2017	YoY Gwth %
<b>AUA (Rbn)</b>	21	43	53	44	72	97	139	180	233	309	327	<b>32%</b>	321	354	<b>10%</b>
<b>AUM (Rbn)</b>	9	16	21	21	28	36	51	71	99	133	154	<b>33%</b>	142	167	<b>18%</b>
<b>Premiums (Rbn) **</b>	0.4	0.8	1.0	1.4	1.5	1.6	1.6	1.6*	1.8	2.1	2.5	<b>20%</b>	1.2	1.3	<b>8%</b>
<b>Core Revenues (Rm)</b>	246	540	726	823	901	1 018	1 426	1 648	2 349	2 858	3 346	<b>30%</b>	1 654	1 855	<b>12%</b>
<b>Recurring headline earnings (Rm)</b>	17	46	87	97	90	92	151	174	251	341	409	<b>37%</b>	187	214	<b>15%</b>
<b>Shares in issue (m)</b>	379	695	732	733	730	733	1 072	1 210	1 221	1 261	1 274	<b>13%</b>	1 277	1 313	<b>3%</b>
<b>Recurring HEPS (cents)</b>	4.4	8.2	12.0	13.2	12.3	12.5	14.1	15.4	20.6	27.0	32.1	<b>22%</b>	14.7	16.7	<b>13%</b>
<b>Total advisers</b>	285	391	497	524	567	597	635	613	618	659	711	<b>10%</b>	667	738	<b>11%</b>

\* Includes Western National Premiums from Nov 2012

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



---

## 03 H1 2017 divisional performance

# Wealth plans

Growing and protecting client wealth

Excellence in products & services

Top advisers

Superb platform

Wealth assets split (Rm)	FY 2016	Market movement	Net flows	H1 2017	%
Third party funds *	43 120	1 410	3 580	48 110	12%
PSG Multi Managed **	47 569	1 831	2 752	52 152	10%
Discretionary	35 709	1 316	1 844	38 869	9%
<b>Total managed assets</b>	<b>126 398</b>	<b>4 557</b>	<b>8 176</b>	<b>139 131</b>	<b>10%</b>
Non discretionary	160 782	12 427	893	174 102	8%
Third party administration	12 067	668	-373	12 362	2%
<b>Total wealth assets</b>	<b>299 247</b>	<b>17 652</b>	<b>8 696</b>	<b>325 595</b>	<b>9%</b>

\* Includes PSG advisers single managed funds of R5.4bn for Feb 2016 and R5.4bn for Aug 2016

\*\* Includes PSG single managed funds of R5.6bn for Feb 2016 and R6.2bn for Aug 2016



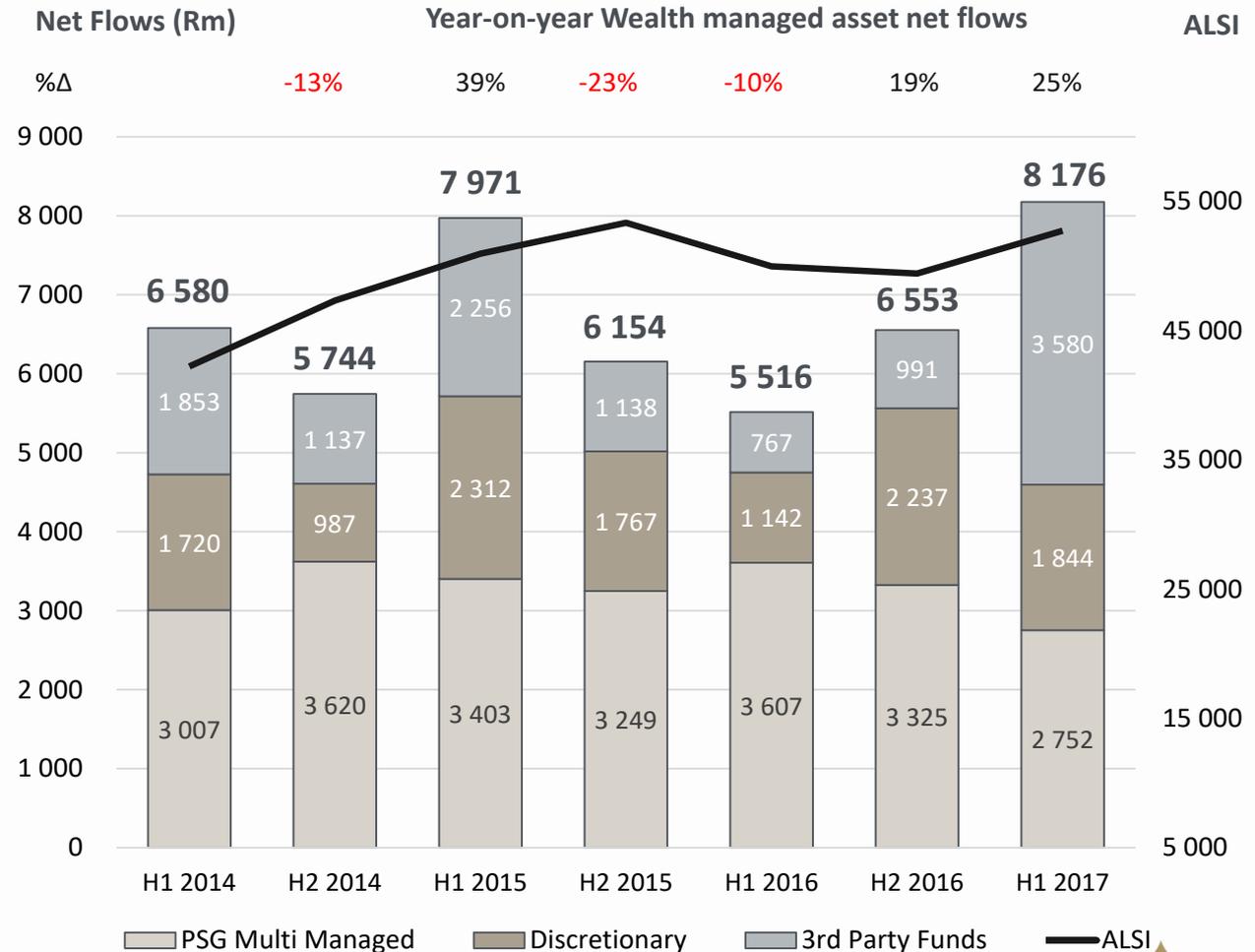
# Wealth

Excellence in products and services

Independent process  
with advisers' oversight

Rapid growth in  
advisers

Negotiation with  
product providers



# 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
Balance – opening	384	391	406	419	434	443	480
Net movement	7	15	13	15	9	37	25
<b>Balance – closing</b>	<b>391</b>	<b>406</b>	<b>419</b>	<b>434</b>	<b>443</b>	<b>480</b>	<b>505</b>
<b>Growth</b>	<b>2%</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>2%</b>	<b>8%</b>	<b>5%</b>

\* 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 (Rbn)	FY 2016	Market movement	Net flows	H1 2017	%
PSG Single manager **	20 584	1 317	-219	21 682	5%
PSG Money market and related assets ***	5 187	-	-597	4 590	-12%
PSG Segregated Portfolios ****	1 976	161	-200	1 937	-2%
<b>Total assets under management</b>	<b>27 747</b>	<b>1 478</b>	<b>-1 016</b>	<b>28 209</b>	<b>2%</b>
Administered assets *	47 644	1 825	2 749	52 218	10%
<b>Total AM assets</b>	<b>75 391</b>	<b>3 303</b>	<b>1 733</b>	<b>80 427</b>	<b>7%</b>

\* Excluded from total PSG assets under administration to eliminate duplication and white-labels (R66m at 31-Aug-16)

\*\* Includes PSG Advisers single managed funds of R4.2bn for Feb 2016 and R4.4bn for Aug 2016

\*\*\* Includes PSG Advisers single managed funds of R1.1bn for Feb 2016 and R1.1bn for Aug 2016

\*\*\*\* Majority of this outflow relates to an execution only institutional client



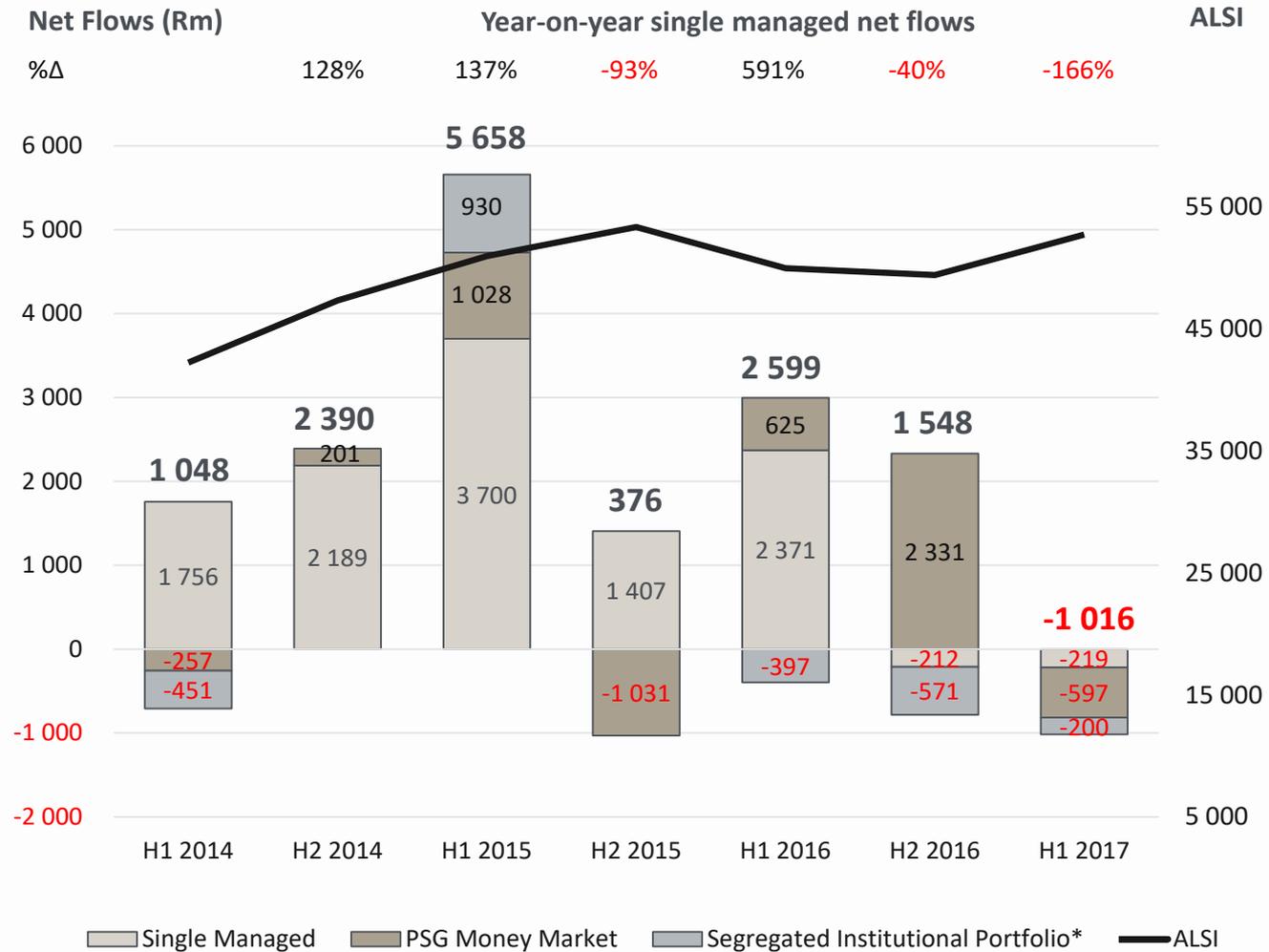
# Asset management

'Brick by Brick' strategy

Long-term assets  
(retail emphasis)

Getting adequate  
margins

Protect our capacity



# 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	11	13	10	6	8	13	5
	Return	2.0%	1.1%	9.2%	11.0%	13.4%	16.2%	14.7%
PSG Equity A	Rank	21	8	11	67	29	10	21
	Return	1.5%	2.7%	12.8%	6.3%	11.8%	16.8%	12.1%
PSG Balanced A	Rank	28	16	45	61	27	23	14
	Return	1.6%	0.9%	7.2%	8.4%	11.3%	14.1%	11.1%
PSG Stable	Rank	66	19	28	43	58	N1	N1
	Return	1.1%	1.1%	5.5%	8.3%	8.5%	N1	N1

N1 – The PSG Stable fund does not have a 5/10-year history



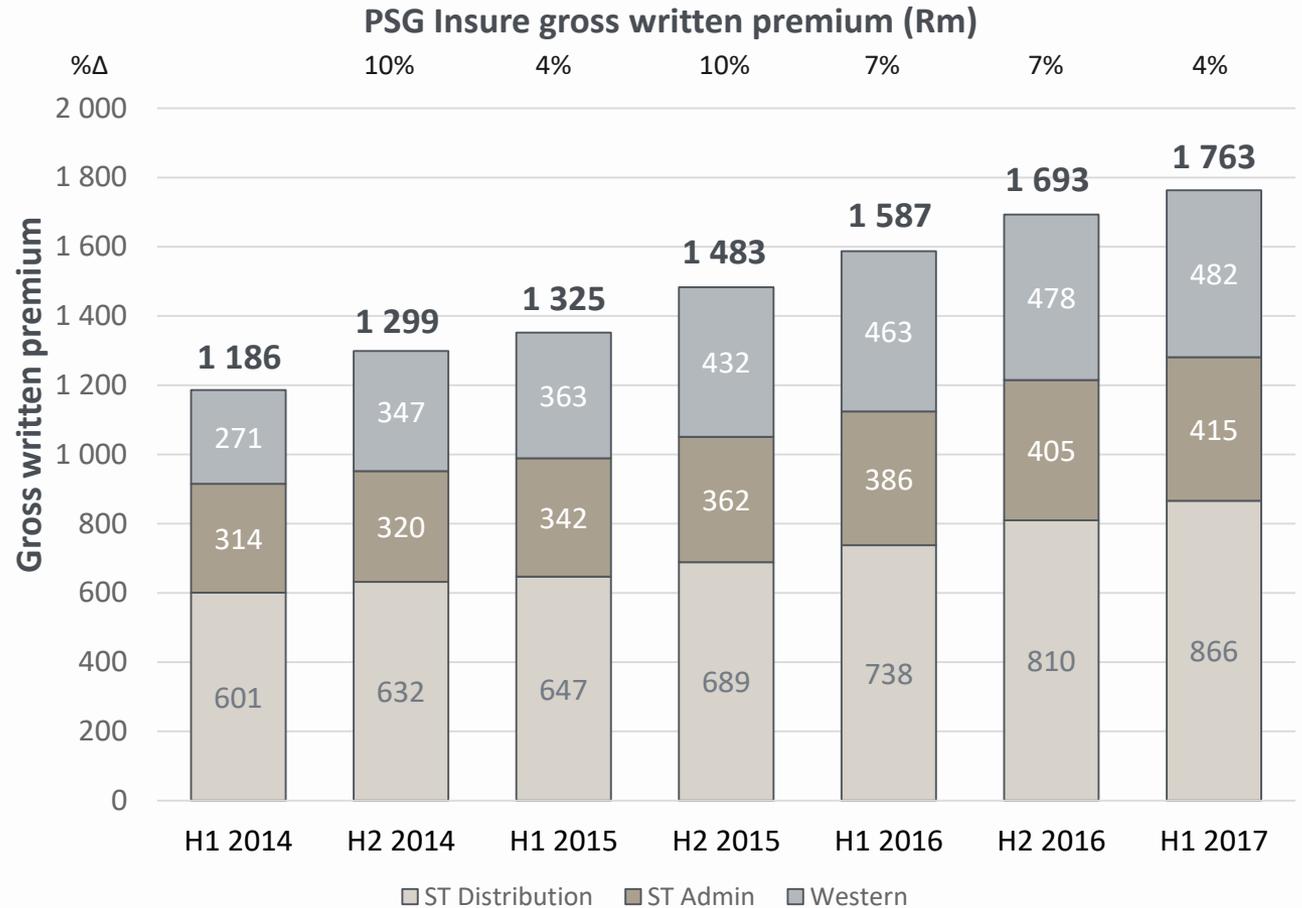
# Insure

## Grow gross written premium income

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 PSG Insure distribution business

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

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

- 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



# Western National Insurance

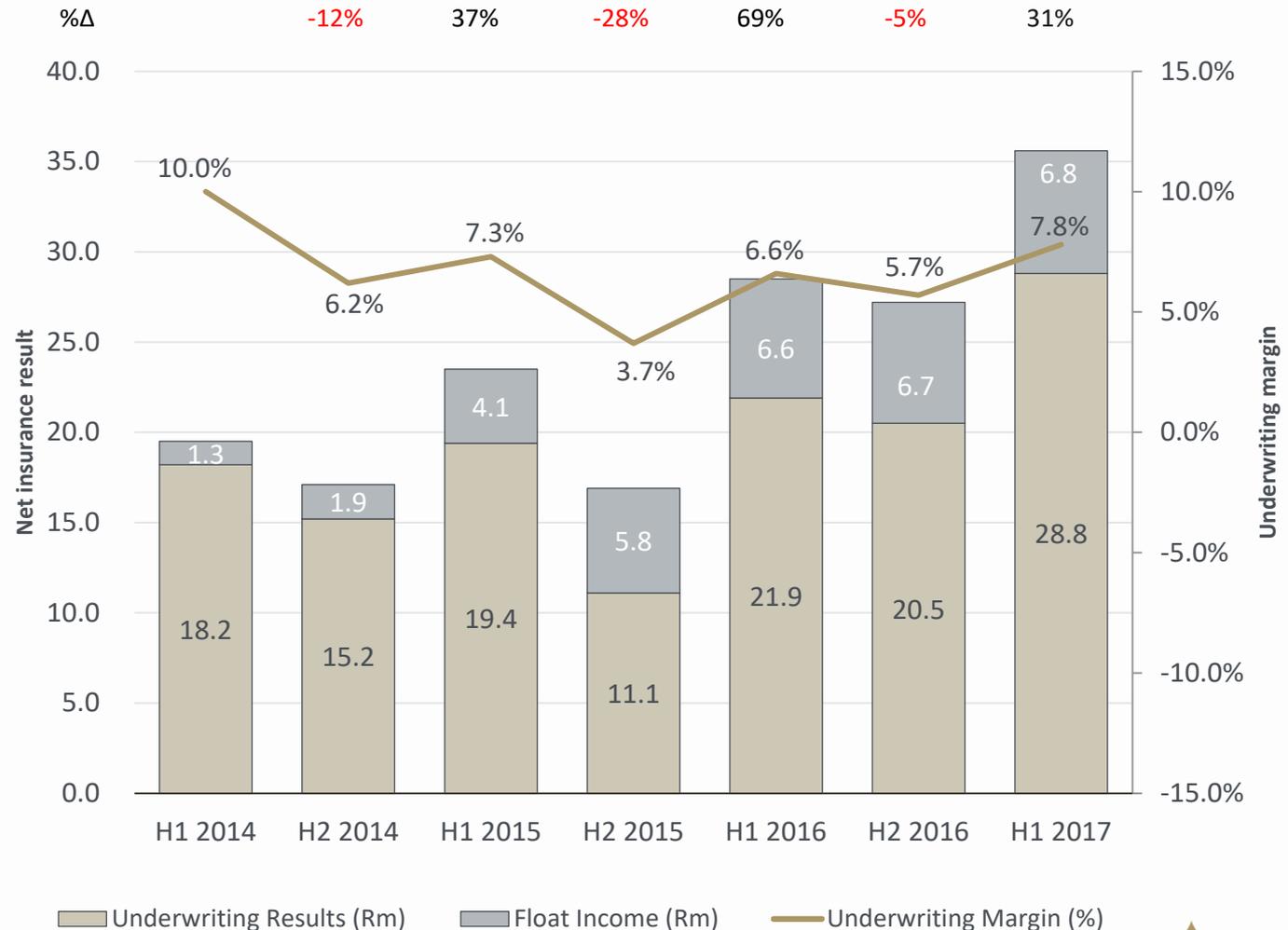
## Insurance results

### Key differentiators

- Personalised service to brokers
- Focus on commercial business

### Excellence in underwriting

- Healthy insurance float level of R474m\*
- Limited insurance and investment risk retention levels



# Reducing risk



	<u>H1 14</u>	<u>H1 15</u>	<u>H1 16</u>	<u>H1 17</u>
Perf fees/HE	10.2%	7.0%	7.5%	6.6%
Recurring HEPS	8.9c	11.7c	14.7c	16.6c

	<u>H1 14</u>	<u>H1 15</u>	<u>H1 16</u>	<u>H1 17</u>
Op margin	13.0%	14.1%	14.2%	14.3%
Op margin (excl perf fees)	11.8%	13.5%	13.4%	13.5%
C:I %	66.2%	63.0%	63.0%	63.6%

	<u>H1 14</u>	<u>H1 15</u>	<u>H1 16</u>	<u>H1 17</u>
ROE	23.8%	24.0%	23.9%	22.9%
ROE (excl. perf fees)	20.8%	22.3%	22.1%	21.4%
Debt:Equity	13.0%	4.6%	0.7%	0.2%

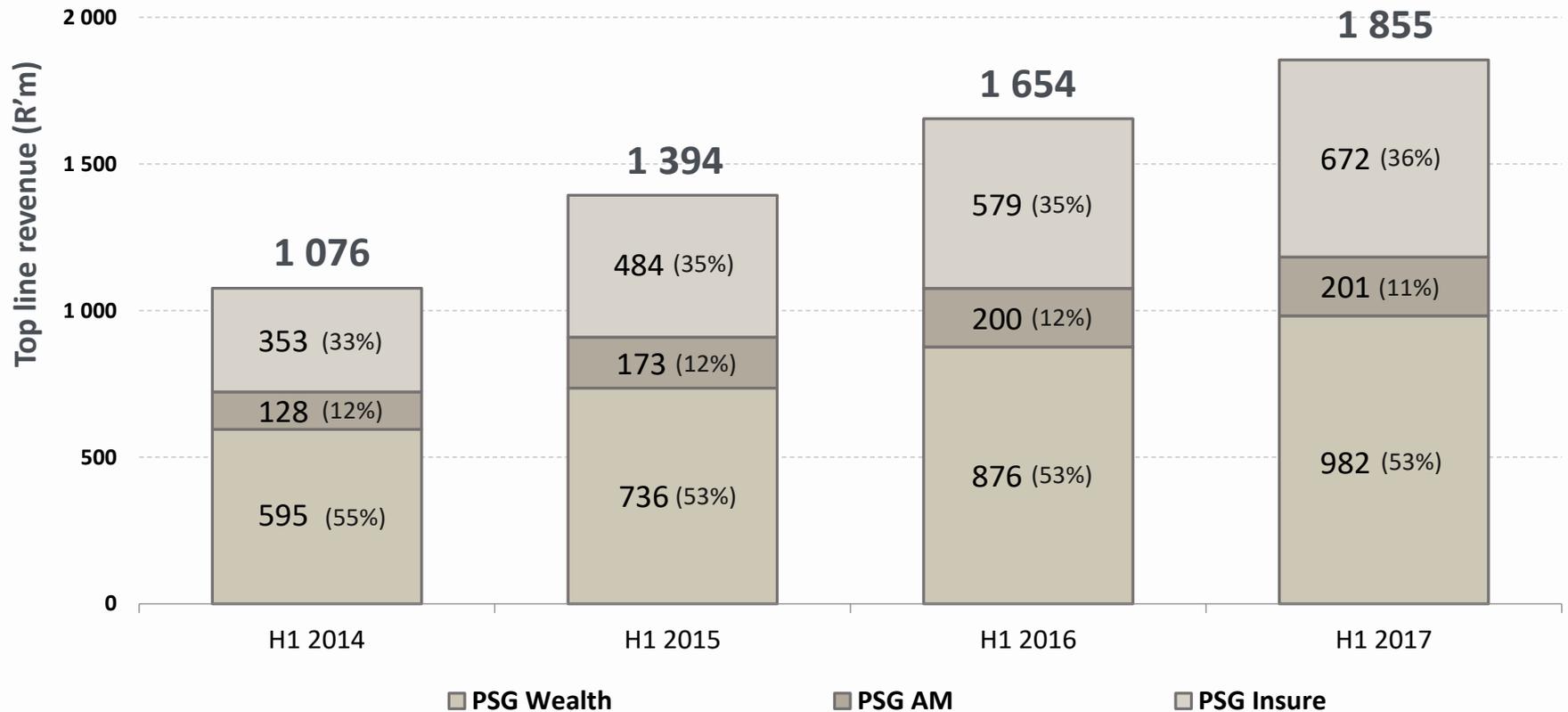


---

## 04 Highlights & focus

# Top line focus

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



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

25 Source: PSG Finance



# Key achievements

## Significant progress on top priorities

---

- Profitable strategic acquisitions (Mauritius Stockbroker)
- Growth in number and profitability of PSG Advisers (organic and acquisitions growth)
- Disposed of non-core operations
- Marketing Improvements (incl. TV campaign)
- PSG Wealth Platform re-organisation
- Daily dashboards monitoring key financial and operational metrics



---

# 05 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%
2008-02-28	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%)
2016-08-31	452 493	3 176 500	220 084	3%	15%	7 203	549 523	38 074	8%	21%
		<b>3 176 500</b>					<b>549 523</b>			
<b>CAGR</b>				<b>35.5%</b>	<b>25.6%</b>				<b>16.1%</b>	<b>7.7%</b>



# Trading statistics

## Creating shareholder value

Statistic	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	H1 17*
No. of shares in issue (millions)	733	730	733	1 072	1 210	1 222	1 262	1 279	<b>1 321</b>
No. of shares traded (millions)	1.7	6.7	9.5	14.9	21.2	31.4	61.8	113.9	<b>160.4</b>
% of shares traded	0.2%	0.9%	1.3%	1.4%	1.8%	2.6%	4.9%	8.9%	<b>12.1%</b>
Market capitalisation (Rm)	953	1 059	1 173	2 145	3 447	6 110	9 115	8 800	<b>9 277</b>
Value of shares traded (Rm)	2	9	13	24	47	129	429	900	<b>1 118</b>
% of market cap traded	0.3%	0.8%	1.1%	1.1%	1.4%	2.1%	4.7%	10.2%	<b>12.0%</b>

\* Annualised trading statistics

