



PSG Konsult

Living up to its superb performance

PSG KONSULT – the short-term insurance, asset management and financial advisory business of the PSG Group, which listed last year – is definitely living up to its billing following the release of results for the year ending February.

Recurring headline earnings increased by 36% to R341.2m for the year, leading to recurring HEPS increasing by 31% to 27c, with a final dividend of 8c/share being declared. This took the dividend for the full year to 12c/share. Konsult's policy is to pay out 40%-50% of income as dividends.

Funds under management grew by 27% to R141.9bn and funds under administration grew by 31% to R308.1bn. CEO Francois Gouws said: "We are pleased that we were able to increase margins, while at the same time increasing flows to the business. Our return on equity is just below 27%, and we are now debt free."

PSG Asset Management attracted net

inflows of R5.9bn during the year and was recognised as the second-best asset manager in the country by Plexcrowm.

"We have delivered excellent investment returns and we are now being recognised externally for it. Over the past three years, we have restructured the business, and we now want to really get our message out there," says Gouws. This will entail spending more money on marketing and advertising – users of the PSG Online website would have already seen the difference.

At a price-to-earnings ratio of 27, the company trades at a premium to its largest peer, Coronation (17.8 times), but at a discount to the smaller Anchor Capital (38 times). In order to justify its valuation, recurring HEPS would need to continue growing above 27% p.a. The company looks well positioned to do this. ■

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Warren Dick Last trade ideas

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