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# Investor Presentation

## 2015 interim results

For the six months ended 31 August 2014

08 October 2014



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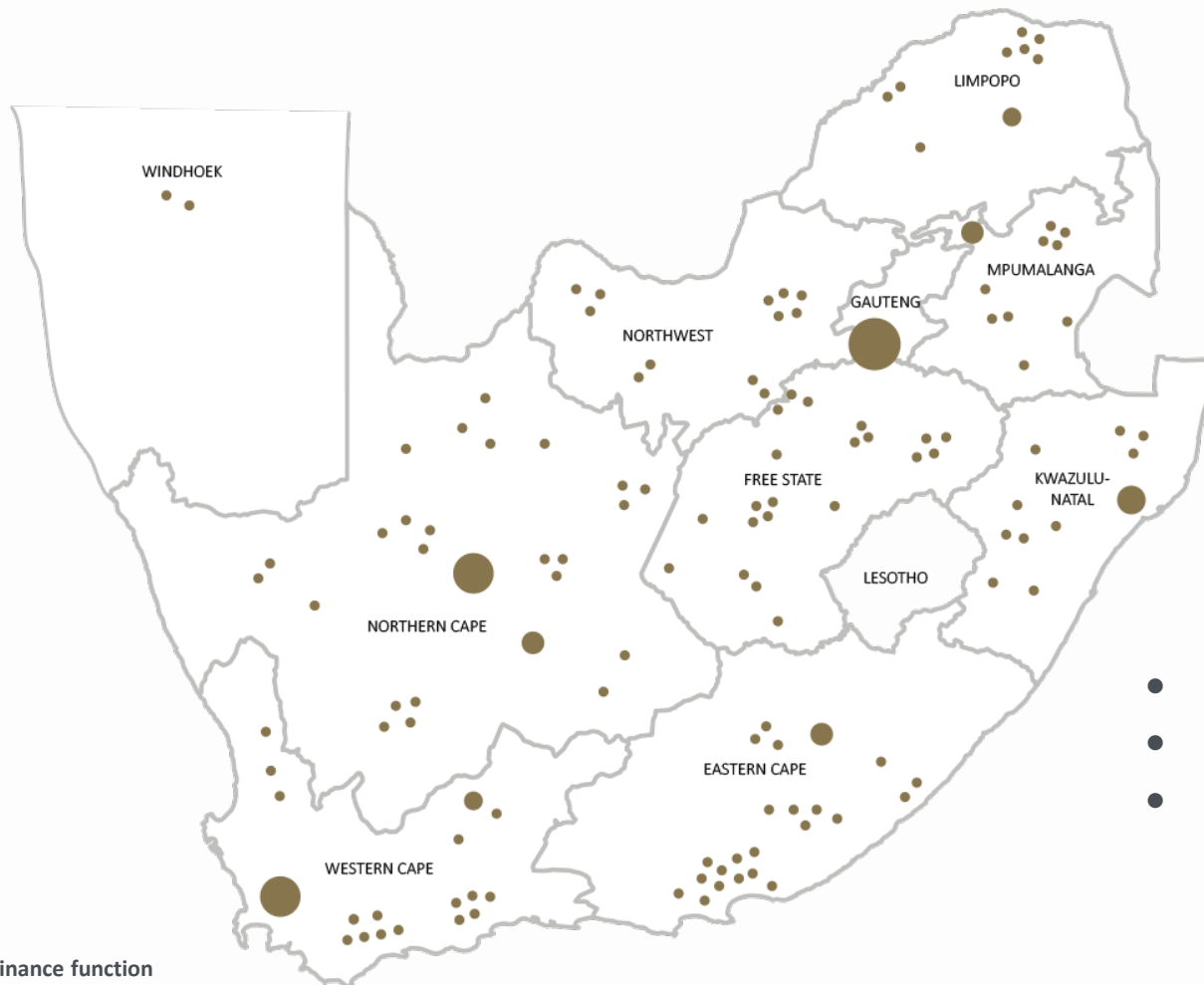


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# 01 H1 2015 Results

# A great company

Wealthy clients serviced where they reside



- 193 offices
- 618 advisers
- 150 000+ clients

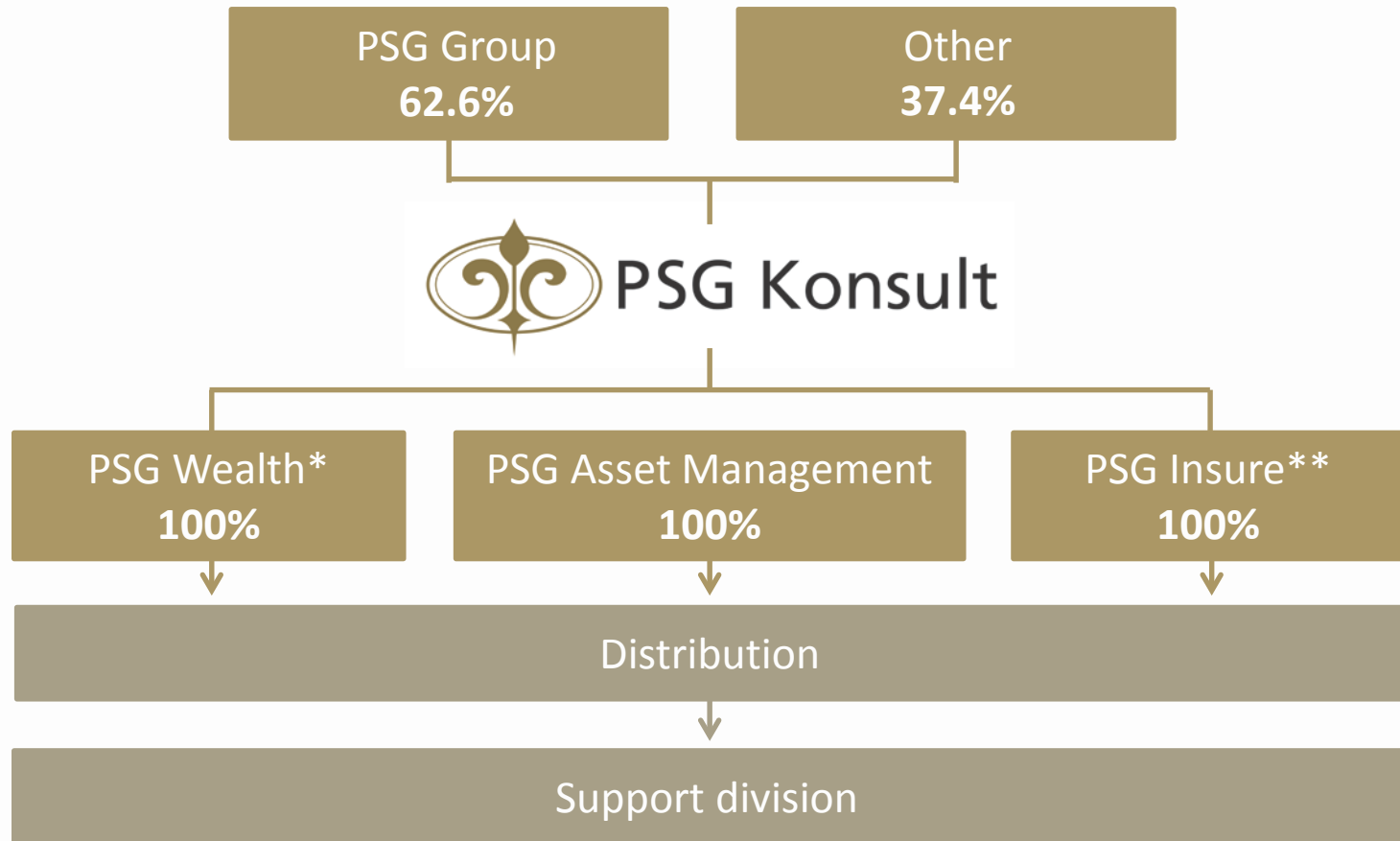
Source : PSG Finance function

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# PSG Structure



\* Includes PSG Employee Benefits

\*\* Includes Western National Insurance



# H1 2015 financial results overview

Recurring headline earnings grew by 36% for H1 2015...

Consolidated results	H1 2014 Rm	H1 2015 Rm	%Δ
Revenue	1,210	1,530	26%
PBT	161	232	44%
<b>Headline earnings</b>	<b>109</b>	<b>145</b>	<b>34%</b>
- Recurring headline earnings	109	147	36%
- Non recurring headline earnings	-	-2	0%
Weighted average number of shares (million)	1,220.5	1,259.5	3%
<b>HEPS (Rand Cents)</b>	<b>8.9</b>	<b>11.5</b>	<b>30%</b>
<b>Recurring HEPS (Rand Cents)</b>	<b>8.9</b>	<b>11.7</b>	<b>32%</b>

<b>Dividend per share (Rand Cents)</b>	<b>4.0</b>	<b>4.0</b>	
<b>Funds under management (Rand billion)</b>	<b>93</b>	<b>129</b>	<b>39%</b>
<b>Funds under administration (Rand billion)</b>	<b>200</b>	<b>266</b>	<b>33%</b>



# Headline earnings by division

Total headline earnings growth of 34% year on year...

Headline earnings *	H1 2013 <u>Rm</u>	<u>%Δ</u>	H1 2014 <u>Rm</u>	<u>%Δ</u>	H1 2015 <u>Rm</u>
Wealth	60	17.9%	71	32.5%	94
Asset Management	12	78.6%	21	62.9%	34
Insure	5	224.7%	17	4.1%	18
<b>Total</b>	<b>77</b>	<b>41.1%</b>	<b>109</b>	<b>33.8%</b>	<b>145</b>

\* All overhead costs are fully allocated



# Financial trend

We always look at a 10-year rolling track record...

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	CAGR %	H1 2014	H1 2015	YoY Gwth %
<b>AUA (Rbn)</b>	14	21	43	53	44	72	97	139	180	235	37%	<b>200</b>	<b>266</b>	<b>33%</b>
<b>Premiums (Rbn)</b>	0.1	0.4	0.8	1.0	1.4	1.5	1.6	1.6	2.0 *	2.5 *	43%	<b>1.2</b>	<b>1.4</b>	<b>14%</b>
<b>Revenues (Rm)</b>	160	246	540	712	756	835	982	1,379	1,862	2,592	36%	<b>1,210</b>	<b>1,530</b>	<b>26%</b>
<b>Headline earnings (Rm)</b>	11	17	46	88	97	89	92	162	174	245	41%	<b>109</b>	<b>145</b>	<b>34%</b>
<b>Shares in issue (m)</b>	373	379	695	732	733	733	733	1,072	1,210	1,221	14%	<b>1,221</b>	<b>1,262</b>	<b>3%</b>
<b>Headline earnings per share (cents)</b>	2.9	4.4	8.2	12.0	13.2	12.2	12.5	15.2	15.4	20.0	24%	<b>8.9</b>	<b>11.5</b>	<b>30%</b>

\* Includes Western National Premiums from Nov 2012.





# Business characteristics

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



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## 02 H1 2015 Divisional performance

# Wealth plans

End-to-end client proposition...

## Wealth management assets overview

Excellence in  
products & services

Top advisers

Superb platform

Wealth assets split (Rbn)	FY 2014	Market movement	Net flows	H1 2015	%Δ
Discretionary	24 627	2 931	2 500	30 058	22%
PSG Multi Managed	27 367	1 446	3 403	32 216	18%
Third party funds	32 699	1 453	2 216	36 368	11%
<b>Total managed assets</b>	<b>84 693</b>	<b>5 830</b>	<b>8 119</b>	<b>98 642</b>	<b>16%</b>
Non discretionary	117 031	13 170	-91	130 110	11%
Third party administration	12 657	250	-2 133	10 774	-15%
<b>Total wealth assets</b>	<b>214 381</b>	<b>19 250</b>	<b>5 895</b>	<b>239 526</b>	<b>12%</b>

\* Includes PSG single managed funds of R3.6bn for FY2014 and R4.5bn for H12015

Source: PSG Wealth

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# Wealth - excellence in products & services

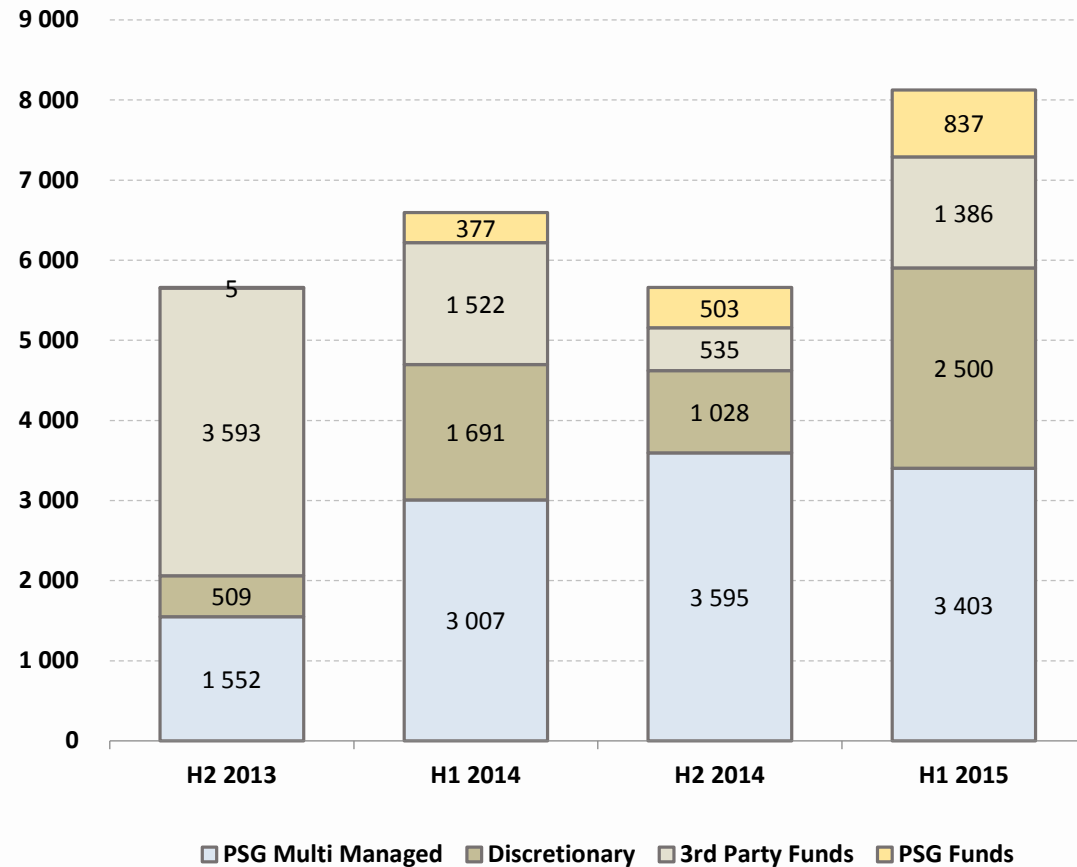
Sound growth in new business...

Independent process with advisers' oversight (both funds and securities)

Review all counterparties

Negotiation with product providers

Half yearly wealth management net flows (RBn)



# Wealth - top advisers

We continue to add top advisers to our wealth distribution business...

## Growing number of advisers

Wealth advisers	H1 2014	H2 2014	H1 2015
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Balance - Opening	376	385	395
Net new acquisitions	9	10	11
<b>Balance - Closing</b>	<b>385</b>	<b>395</b>	<b>406</b>
<b>Growth</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>



# Wealth - superb platform

Value added service for clients and ease of use for advisers...

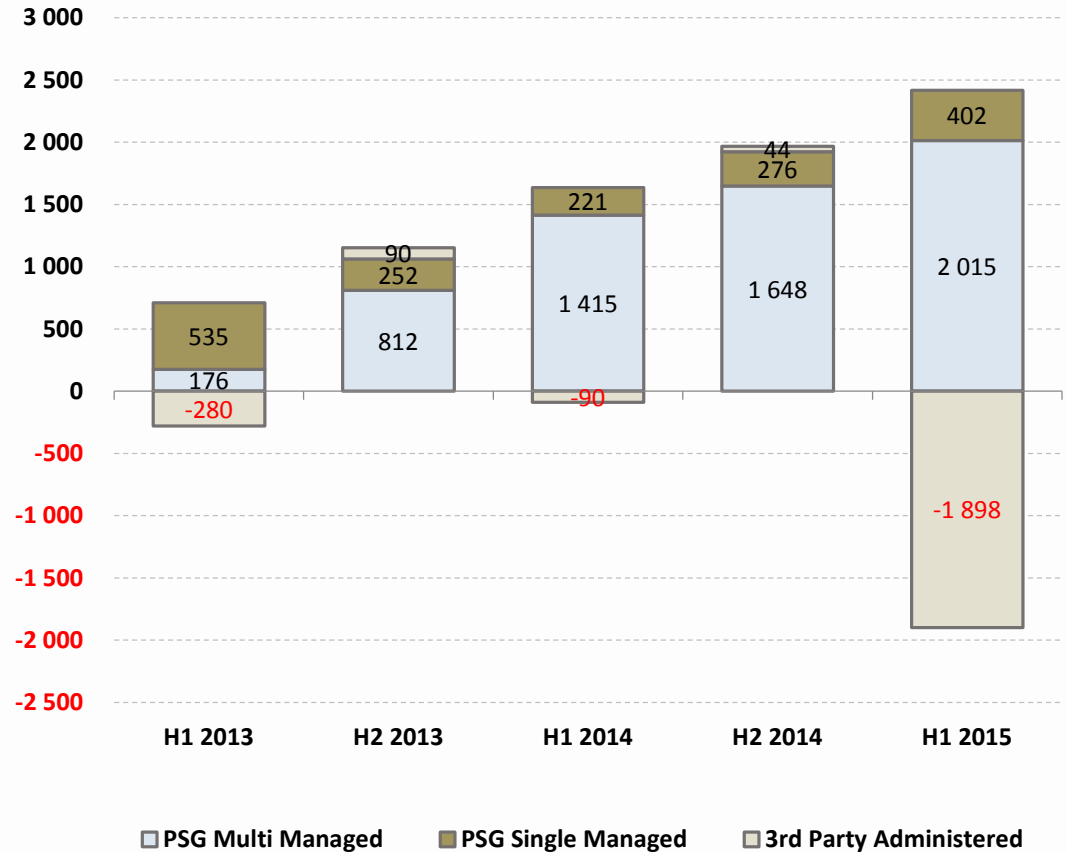
## Proper control and custody of client assets

- Client data

## Reporting

- Clients
- Internal reports

Half yearly PSG Invest net flows (Rm)



\* Note : Low margin admin assets of R2bn (@ 10 bps)

Source: PSG Wealth

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# Asset management plans

Focused marketing

Investment performance

Superb platform

Asset management assets overview					
AM assets split (Rbn)	FY 2014	Market movement	Net flows	HY 2015	%Δ
PSG single manager	11,515	408	3,700	15,623	36%
PSG money market	2,234	-	1,028	3,262	46%
Segregated Institutional portfolio	-	81	998	1,079	N/a
Other **	2,038	40	-123	1,955	-4%
<b>Total assets under management</b>	<b>15,787</b>	<b>529</b>	<b>5,603</b>	<b>21,919</b>	<b>39%</b>
PSG Wealth administered assets *	27,500	1 428	3,370	32,298	17%
PSG White Label	5,731	374	324	6,429	12%
<b>Total AM assets</b>	<b>49,018</b>	<b>2,331</b>	<b>9,297</b>	<b>60,646</b>	<b>24%</b>

Source: PSG Asset Management

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

\*\* Includes private clients, segregated portfolios and segregated money market portfolios



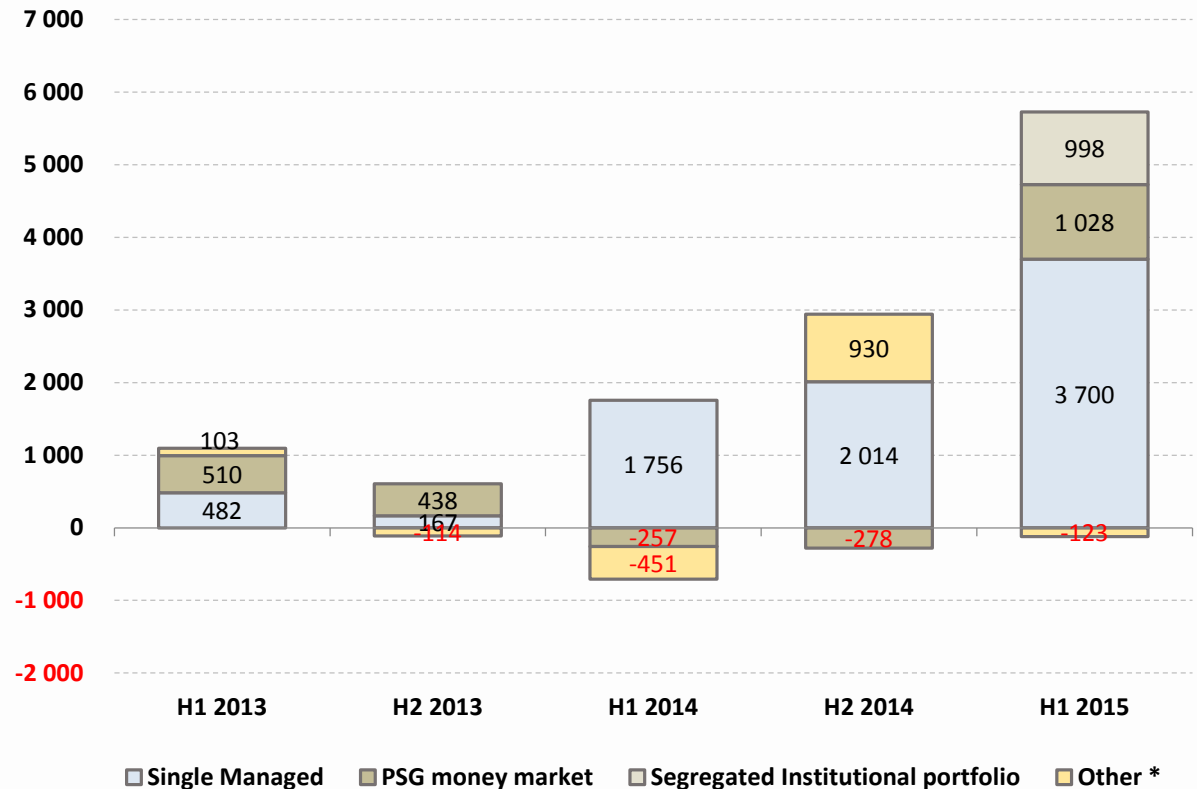
# Asset management - focused marketing

'Brick by Brick' strategy...

## Our Approach

- Long-term assets (Retail emphasis)
- Getting adequate margins

Half yearly single managed net flows (Rm)



\* Includes private clients, segregated portfolios and segregated money market portfolios

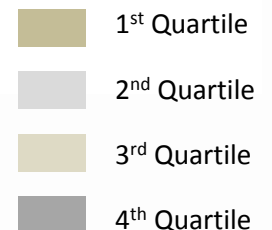




# Asset management - investment performance

Consistent process across funds and over time...

Single manager funds	Aug 2014 Performance	1-year rank	3-year rank	5-year rank	10-year rank
PSG Flexible	Rank	26	21	8	2
	Return	18.3%	19.7%	19.2%	18.5%
PSG Equity A	Rank	21	4	5	12
	Return	26.5%	25.3%	20.7%	20.1%
PSG Balanced A	Rank	64	25	13	12
	Return	15.0%	17.2%	15.2%	15.2%
PSG Stable	Rank	77			
	Return	8.5%			



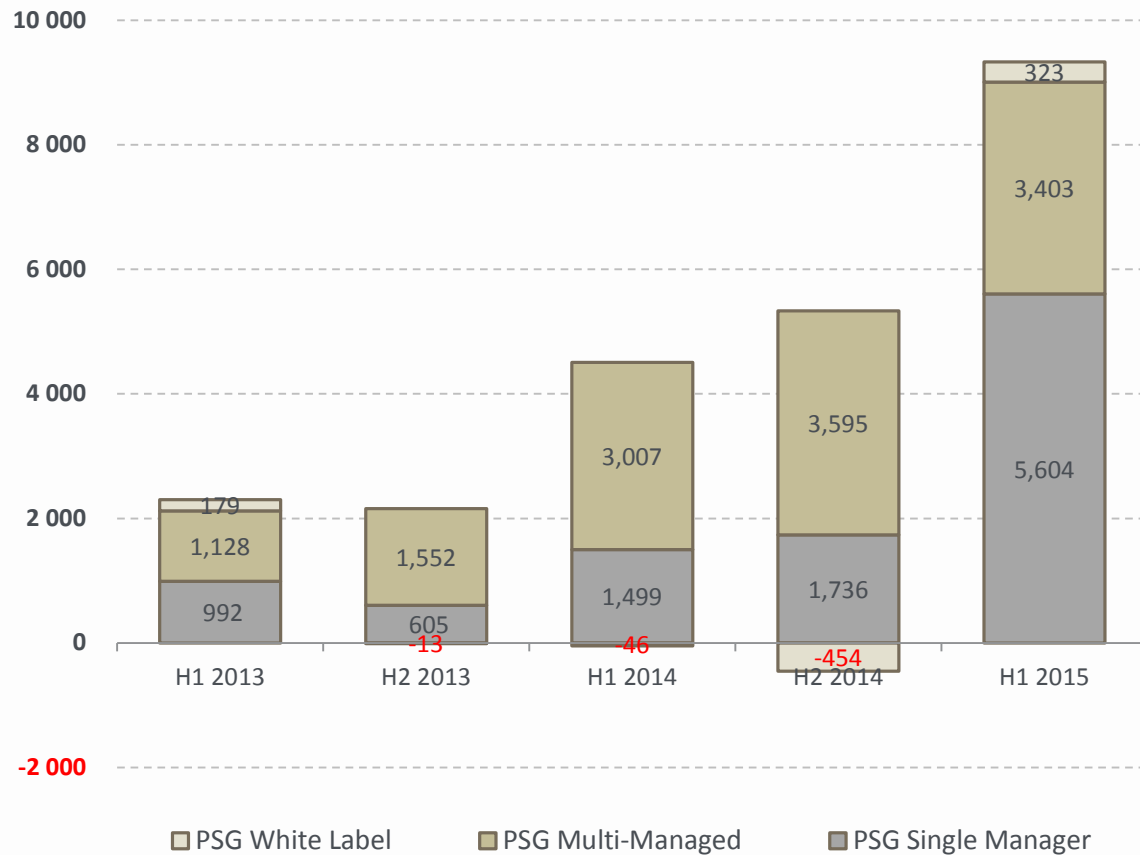
# Asset management - superb platform

Proper control and custody of client assets

Building operational excellence

Closing all “whitelabel” activity which follows closure of private client portfolios

Half yearly total assets under administration new flows (Rm)



Source : PSG Asset Management

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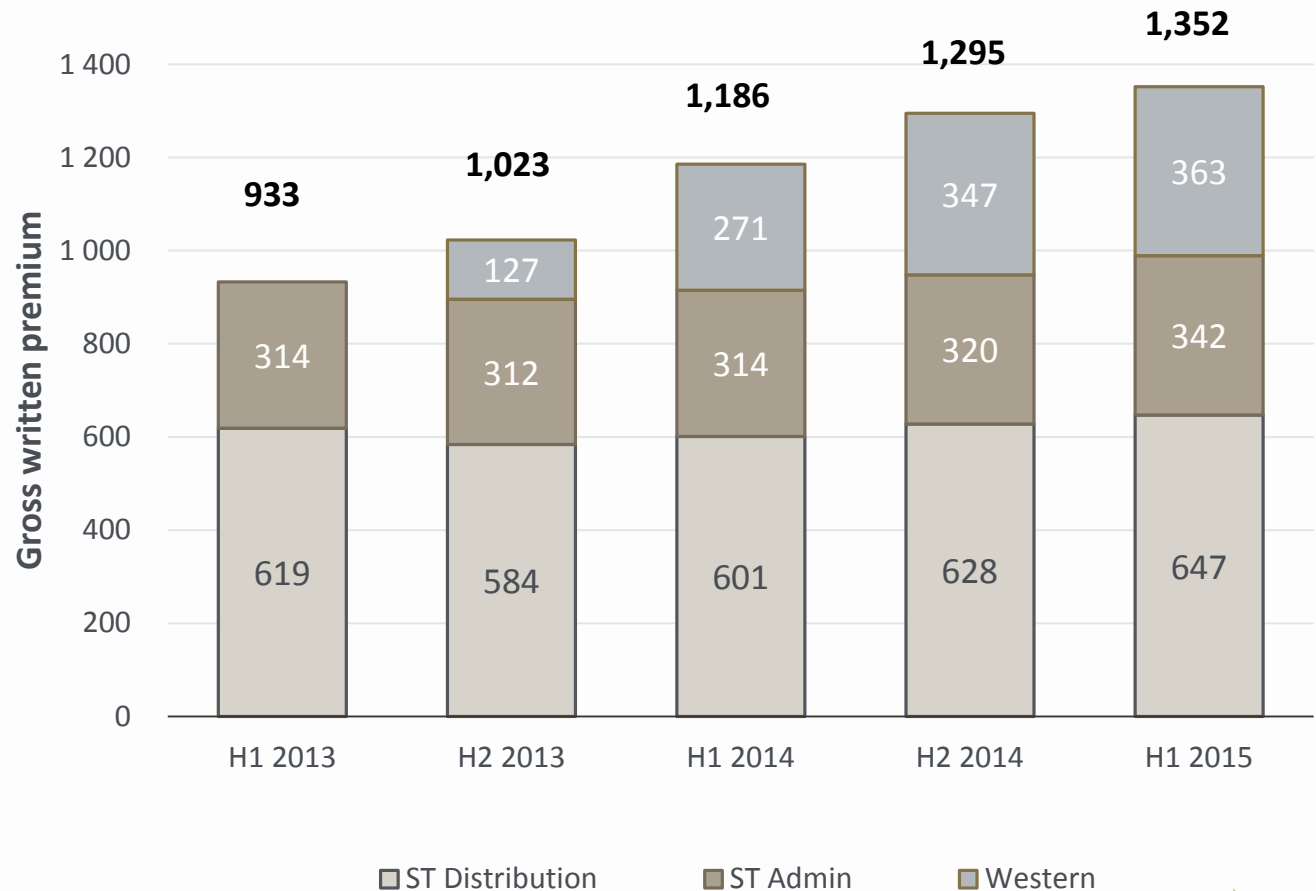
# Insure management plans

Top advisers

Excellence in underwriting

Superb platform

Half yearly PSG Insure gross written premium (Rm)



Western acquisition – Nov'12

Source : PSG Insure

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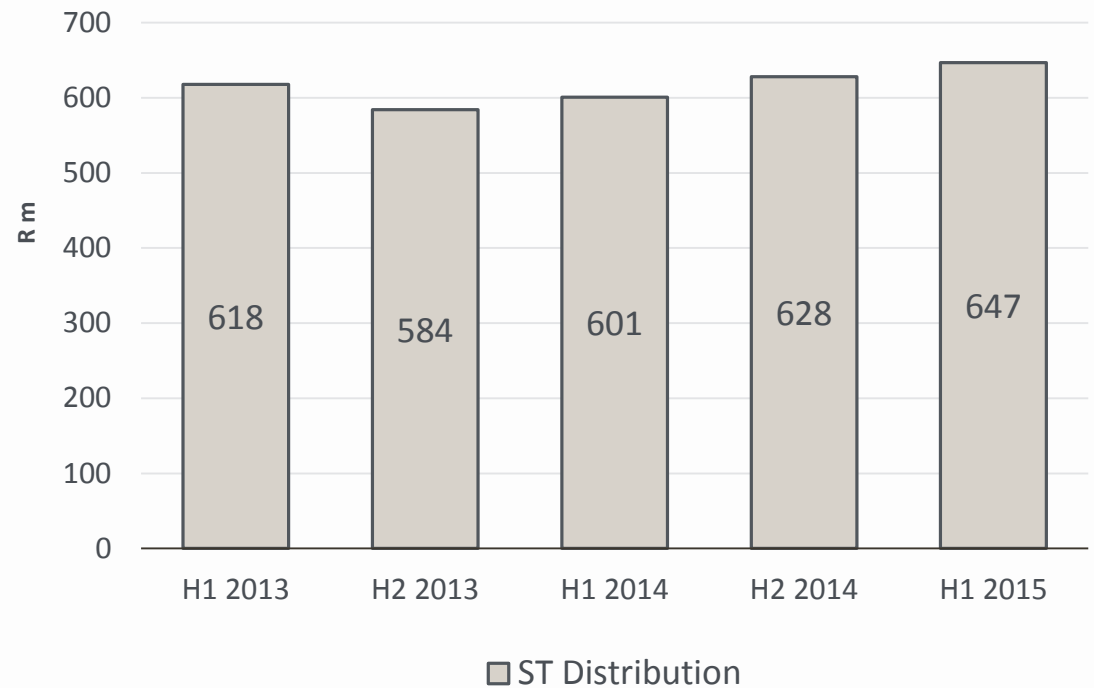


# Insure - ST distribution

## ST Distribution

- Growing adviser base across South Africa
- Focus on commercial >10% growth

Half yearly PSG Insure gross written premium (R m)

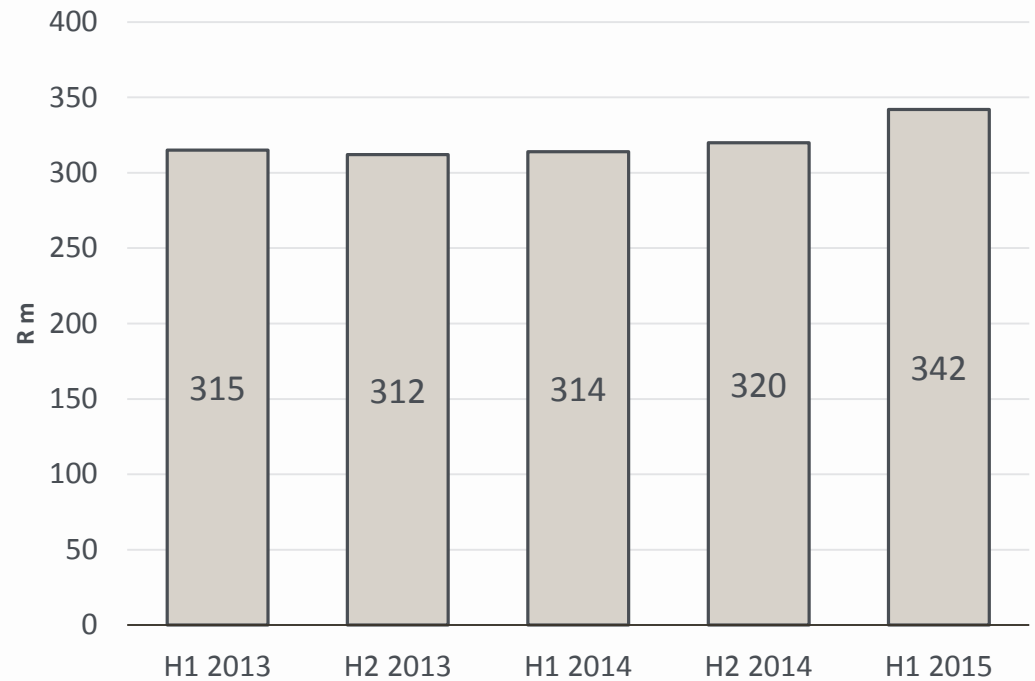


# Insure - ST administration

## ST Administration

- Platform service to PSG distribution network
- 50% of PSG Insure business is on platform

Half yearly PSG Insure gross written premium (R m)



■ ST Admin



# Insure – Western National

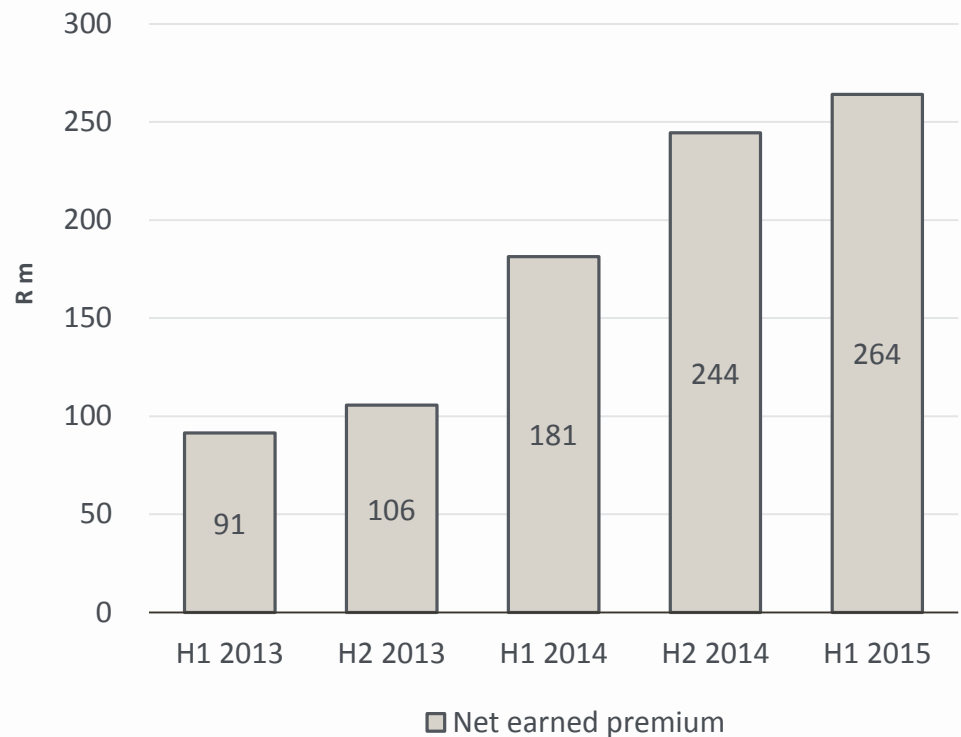
## Key differentiators

- Highly personalised service to brokers
- Focus on commercial business

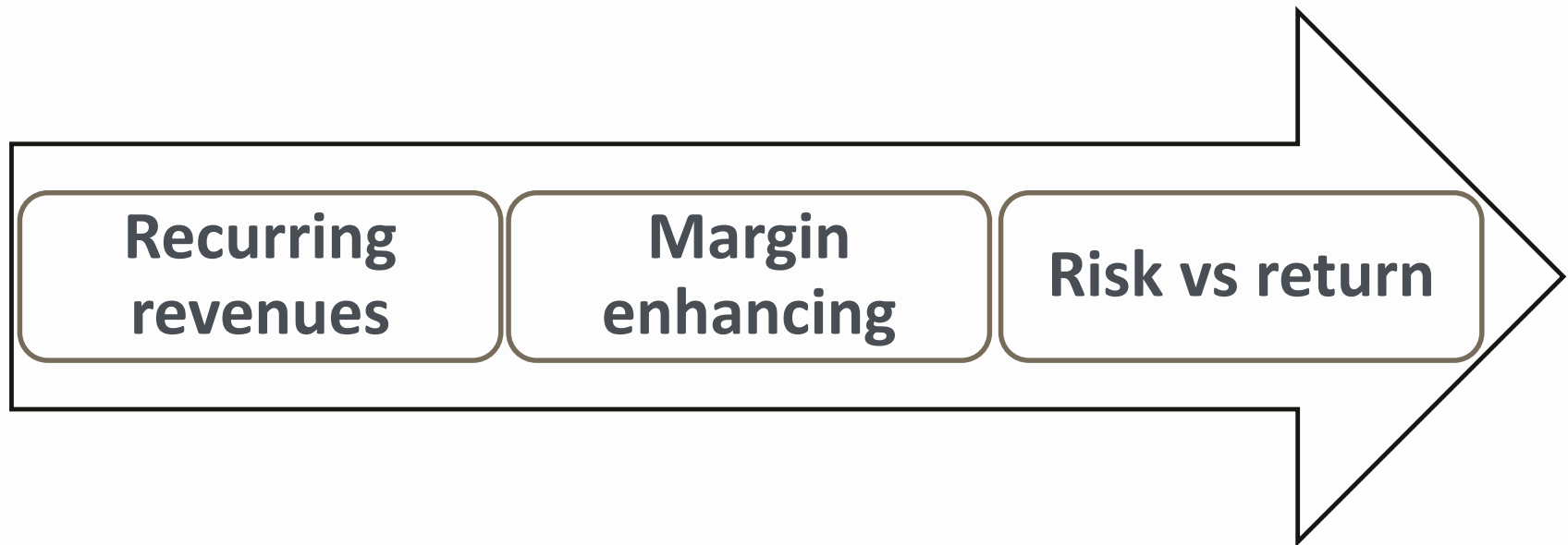
## Excellence in underwriting

- Healthy insurance float level > R400m
- Limited insurance and investment risk retention levels

Half yearly Western Net earned premium (R m)



# Reducing Risk



	<u>H1 14</u>	<u>H1 15</u>		<u>H1 14</u>	<u>H1 15</u>		<u>H1 14</u>	<u>H1 15</u>
Perf fees/HE	9.3%	5.7%	Op margin	13.0%	14.1%	ROE	23.8%	24.0%
Recurring HEPS	8.9c	11.7c	C:I %	66.2%	63.0%	Debt : Equity	16.5%	4.6%



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# 03 2016 Focus



# Our Focus

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<p><b>Reduced risk</b></p> <p>✓</p>	<p><b>Top line growth</b></p> <p>✓</p>	<p><b>Marketing</b></p> <p>✓</p>
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# Focus on lowering risk

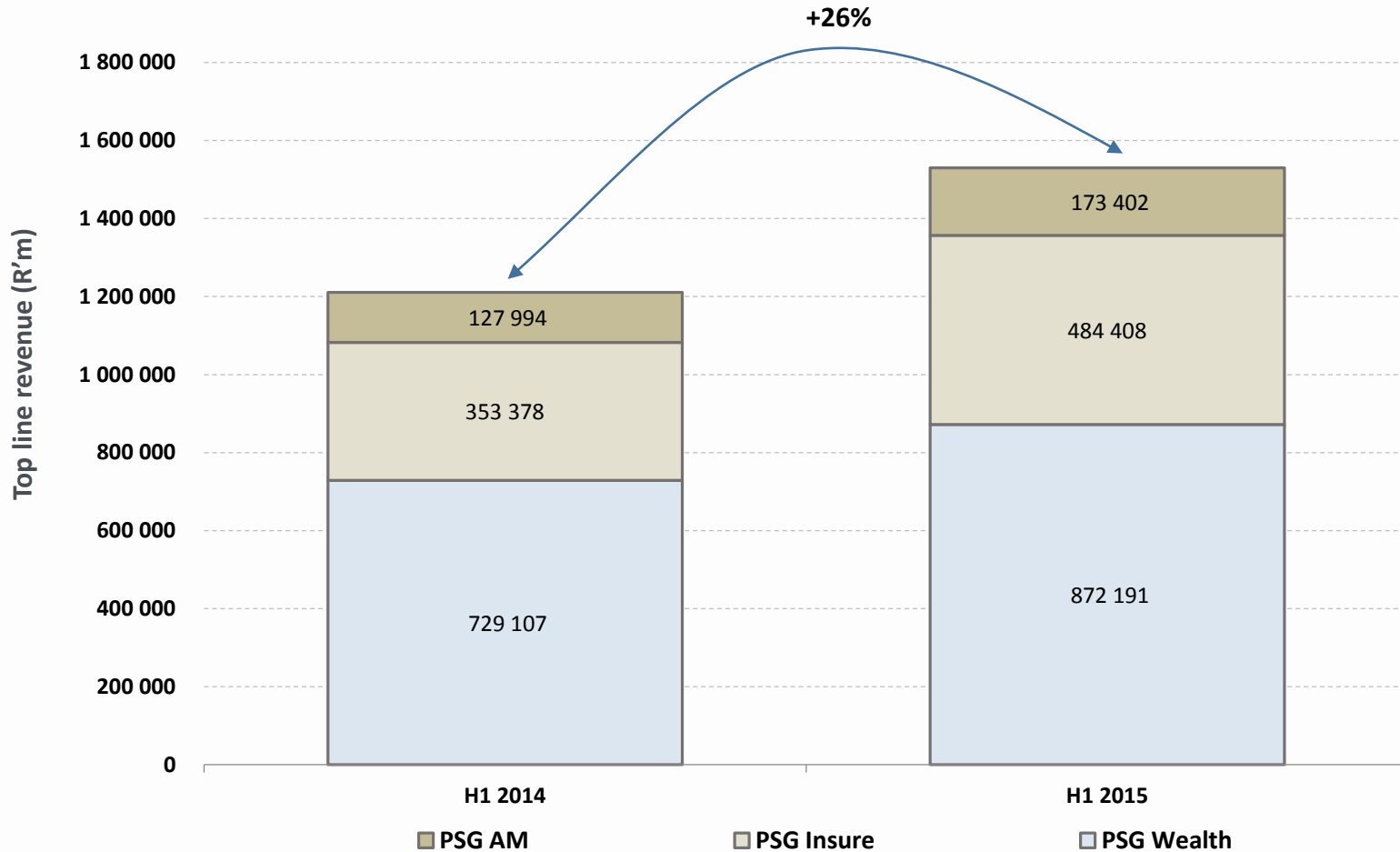
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- Repay Debt : Credit rating upgrade
- Counter-party exposures
- Investment criteria – ABIL
- Insure Investment Risk
- Third party platform (ST admin, whitelabels & LISP)



# Top line focus

Growth has accelerated...



Total income contribution per division

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# Focus on marketing

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