

# Investor Presentation 2022 Interim Results

For the six months ended 31 August 2021





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# PSG Structure



\* Includes PSG Employee Benefits

\*\* Includes Western National Insurance

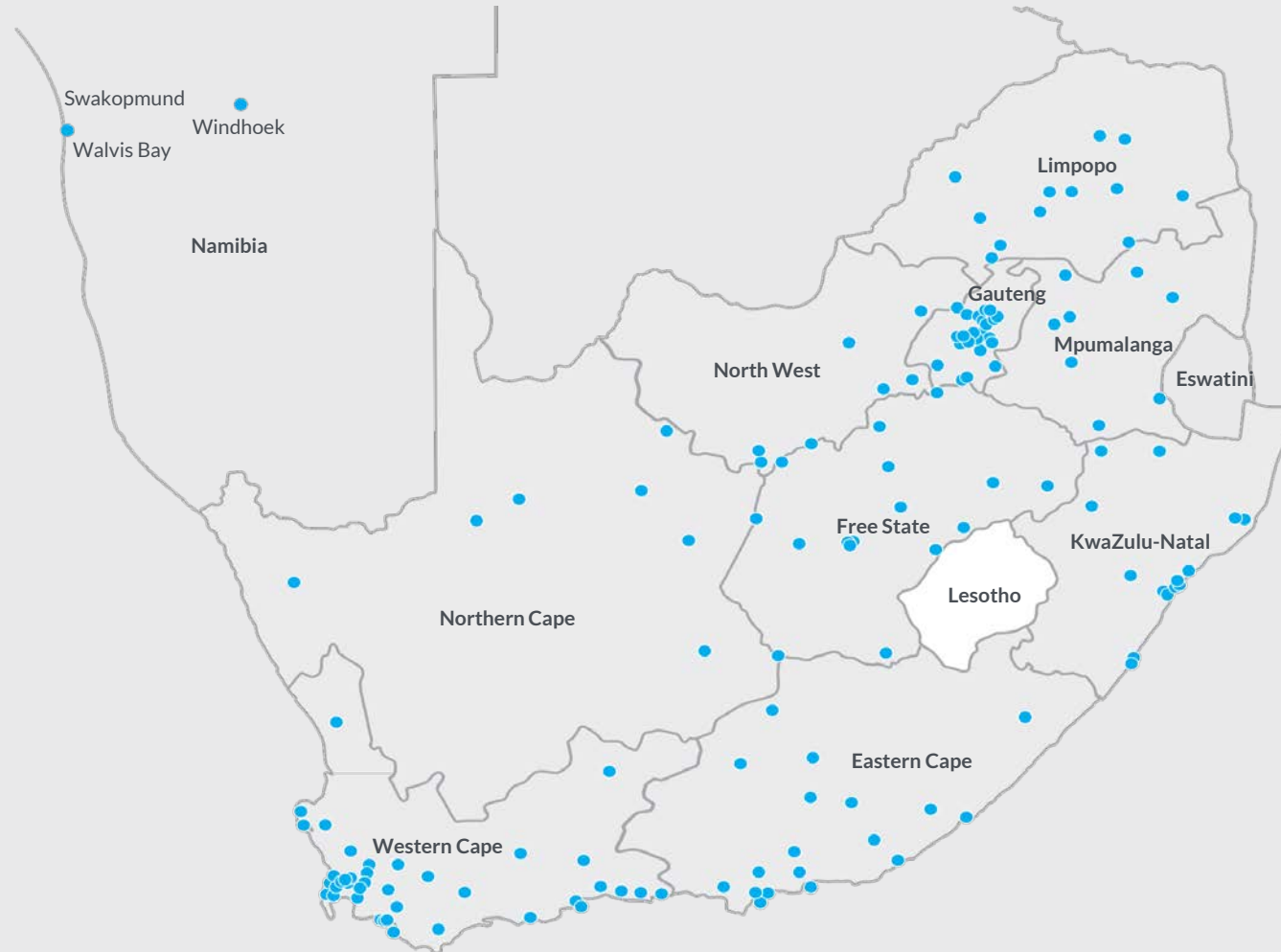
PSG Group's holding net of treasury shares = 61.4% as at 31 Aug 2021

Source: PSG Finance



# A Great Company

Wealthy Clients serviced where they reside



	FY 2018	FY 2019	FY 2020	FY 2021	H1 2022
<b>No. of advisers</b>	<b>784</b>	<b>932</b>	<b>935</b>	<b>932</b>	<b>948</b>
PSG Wealth	539	546	559	563	579
PSG Insure	245	386	376	369	369
<b>No. of offices</b>	<b>211</b>	<b>254</b>	<b>257*</b>	<b>263</b>	<b>263</b>

Source: PSG Distribution

\* Number revised from 260 to 257



## Business characteristics

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





# 01 | H1 2022 : Financial Results



# Key macro indicators

## Volatile economic environment

Key indicators	H1 2018	%Δ	H1 2019	%Δ	H1 2020	%Δ	H1 2021	%Δ	H1 2022
Rand / US\$	13.01	13%	14.68	3%	15.19	12%	16.94	-15%	14.47
SA Property Index	653	-18%	534	-14%	462	-49%	236	42%	335
FTSE/JSE Index	56 522	4%	58 668	-6%	55 260	0%	55 476	22%	67 428
All Bond Index	569	8%	614	11%	683	4%	712	15%	817
S&P 500 (Rand)	32 148	23%	42 608	4%	44 446	33%	59 295	10%	65 421
Cash Index - STeFI Call	347	7%	370	7%	395	5%	417	4%	431

Source: Bloomberg



# H1 2022 financial results overview

Recurring HEPS grew by 23% for H1 2022

Consolidated results	H1 2018	%Δ	H1 2019	%Δ	H1 2020	%Δ	H1 2021	%Δ	H1 2022
Headline earnings	239	18%	283	10%	311	4%	324	25%	405
Recurring headline earnings	239	18%	283	10%	311	7%	332	22%	405
Weighted average no. of shares (millions)	1 315	0%	1 318	2%	1 339	0%	1 339	-1%	1 324
HEPS (Cents)	18.2	18%	21.5	8%	23.2	5%	24.2	26%	30.6
Recurring HEPS (Cents) *	18.2	18%	21.5	8%	23.2	7%	24.8	23%	30.6
<i>Assets under management (Rbn)</i>	193	19%	230	-1%	228	7%	245	21%	296
<i>Assets under administration (Rbn)</i>	398	7%	426	-6%	401	-13%	350	25%	436
<i>Premiums (Rbn)**</i>	1.6	25%	2.0	35%	2.7	0%	2.7	4%	2.8

Source: PSG Finance

\* H1 2021 – Excludes R10m (R7.2m after tax) donation to Solidarity Fund classified as non-recurring

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

Note: figures rounded to nearest R'million





# Recurring Headline Earnings By Division

Total recurring headline earnings growth of 22% for H1 2022

Recurring Headline Earnings *	H1 2018	%Δ	H1 2019	%Δ	H1 2020	%Δ	H1 2021**	%Δ	H1 2022	CAGR %
Wealth	150	7%	160	10%	176	25%	219	7%	234	12%
Asset Management	57	53%	87	-7%	81	-39%	50	95%	96	14%
Insure	32	11%	36	50%	54	17%	63	17%	74	23%
<b>Total</b>	<b>239</b>	<b>18%</b>	<b>283</b>	<b>10%</b>	<b>311</b>	<b>7%</b>	<b>332</b>	<b>22%</b>	<b>405</b>	<b>14%</b>

Source: PSG Finance

\* All overhead costs are fully allocated.

\*\* Excludes R10m (R7.2m after tax) donation to Solidarity Fund, classified as non-recurring

Note: Figures rounded to nearest R'million



# Financial Trend

We always look at our 10 year rolling track record

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	CAGR %	H1 2021	H1 2022	YoY Gwth %
AUA (Rbn)	97	139	180	233	309	327	371	402	422	397	392	15%	350	436	25%
AUM (Rbn)	36	51	71	99	133	154	175	205	222	230	268	22%	245	296	21%
Premiums (Rbn)*	1.6	1.6	1.6	1.8	2.1	2.5	2.9	3.3	4.5	5.5	5.5	13%	2.7	2.8	4%
Core Revenues (Rm)	1 018	1 426	1 648	2 349	2 858	3 346	3 789	4 200	4 604	5 069	5 268	18%	2 558	2 879	13%
Recurring headline earnings (Rm)	92	151	174	251	341	409	486	566	591	644	704	22%	332	405	22%
Shares in issue (m)**	733	1 071	1 209	1 222	1 262	1 277	1 313	1 317	1 337	1 338	1 324	6%	1 336	1 319	-1%
Recurring HEPS (cents)	12.5	14.1	15.4	20.6	27.0	32.1	37.2	43.0	44.6	48.1	52.7	15%	24.8	30.6	23%
Recurring HEPS (cents) excl. amortisation	14.8	16.0	17.2	22.3	29.4	34.6	40.4	46.3	48.4	52.2	57.5	15%	27.0	33.1	22%
Dividend per share (Cents)	8.8	10.3	10.8	11.3	12.0	13.2	15.3	18.0	20.5	22.5	24.5	11%	8.0	10.0	25%
Operating Margin (%) ***	12.1	13.7	14.7	13.2	14.9	15.2	15.7	16.6	16.4	16.3	16.8	N/A	16.3	18.0	N/A
Return on equity (%)	19.3	26.7	21.1	24.8	26.4	24.8	25.3	24.3	21.5	20.5	20.4	N/A	19.6	22.0	N/A
Total advisers	597	635	613	618	659	711	744	784	932	935	932	5%	938	948	1%
Total Employees****	1 844	1 848	1 792	1 841	1 985	2 169	2 435	2 488	2 886	2 917	2 936	5%	2 906	2 970	2%

Source: PSG Finance

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

\*\* Excludes treasury shares

\*\*\* Calculated as Operating Profit/Revenue

\*\*\*\* Excludes employees on learnership programs



## 02 | H1 2022: Divisional Performance



# Wealth Plans

Growing and protecting client wealth

Excellence in  
products & services

Top advisers

Superb platform

Wealth Assets Split	Feb-21	Market movement	Net flows	Aug-21	% Growth
PSG Multi Managed *	107 589	6 811	8 721	123 122	14%
Third party funds **	73 612	2 572	2 150	78 334	6%
Stockbroking portfolios	51 378	4 418	- 51	55 745	9%
<b>Total managed assets</b>	<b>232 579</b>	<b>13 802</b>	<b>10 820</b>	<b>257 201</b>	<b>11%</b>
Stockbroking custody assets	113 737	20 064	- 3 990	129 810	14%
Third party administration	10 691	- 132	426	10 985	3%
<b>Total wealth assets</b>	<b>357 007</b>	<b>33 734</b>	<b>7 256</b>	<b>397 996</b>	<b>11%</b>

Source: PSG Wealth

\* Includes PSG single managed funds of R9.6bn for Feb 2021 and R10.6bn for Aug 2021

\*\* Includes PSG advisers single managed funds of R6.4bn for Feb 2021 and R6.9bn for Aug 2021

Note: figures rounded to nearest R'million



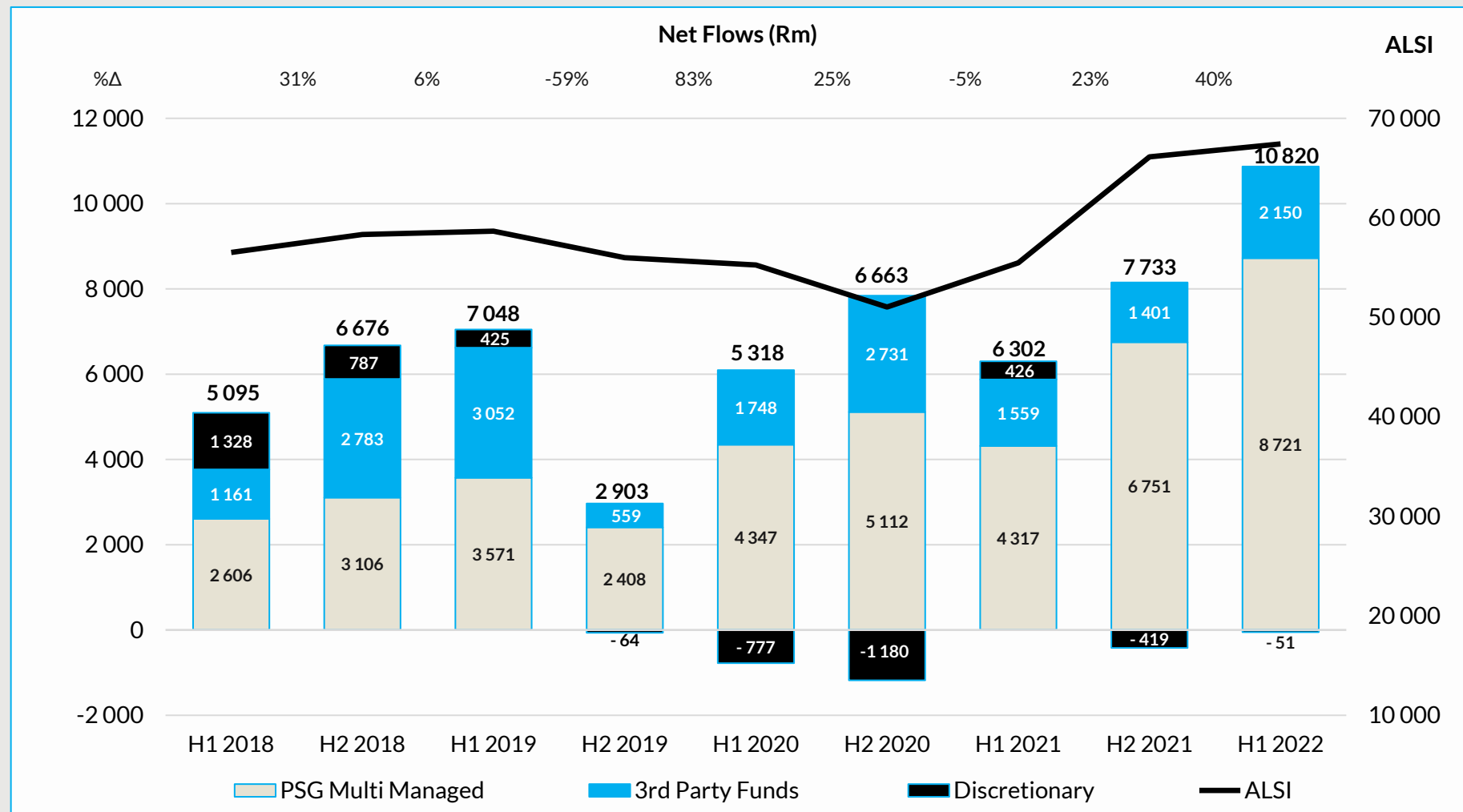
# Wealth

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)	H1 2018	H2 2018	H1 2019	H2 2019	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022
Balance – opening	515	527	539	546	546	549	559	563	563
Net movement	12	12	7	0	3	10	4	0	16
Balance – closing	527	539	546	546	549	559	563	563	579
Growth	2%	2%	1%	0%	1%	2%	1%	0%	3%

Source: PSG Distribution

- Up scale existing offices via new hires
- Greater penetration in selected areas
- 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	Feb-21	Market movement	Net flows	Aug-21	%Δ
PSG Single manager *	32 788	2 932	387	36 107	10%
PSG Money market and related assets*	2 507	0	-249	2 258	-10%
PSG Segregated Portfolios	35	1	0	35	2%
<b>Total assets under management</b>	<b>35 330</b>	<b>2 932</b>	<b>138</b>	<b>38 400</b>	<b>9%</b>
PSG Multi Managed**	107 589	6 811	8 721	123 122	14%
<b>Total AM assets</b>	<b>142 919</b>	<b>9 744</b>	<b>8 859</b>	<b>161 522</b>	<b>13%</b>

Source: PSG Asset Management

\* Includes PSG advisers single managed funds of R6.4bn for Feb 2021 and R6.9bn for Aug 2021

\*\* Includes PSG single managed funds of R9.6bn for Feb 2021 and R10.6bn for Aug 2021

Note: figures rounded to nearest R'million



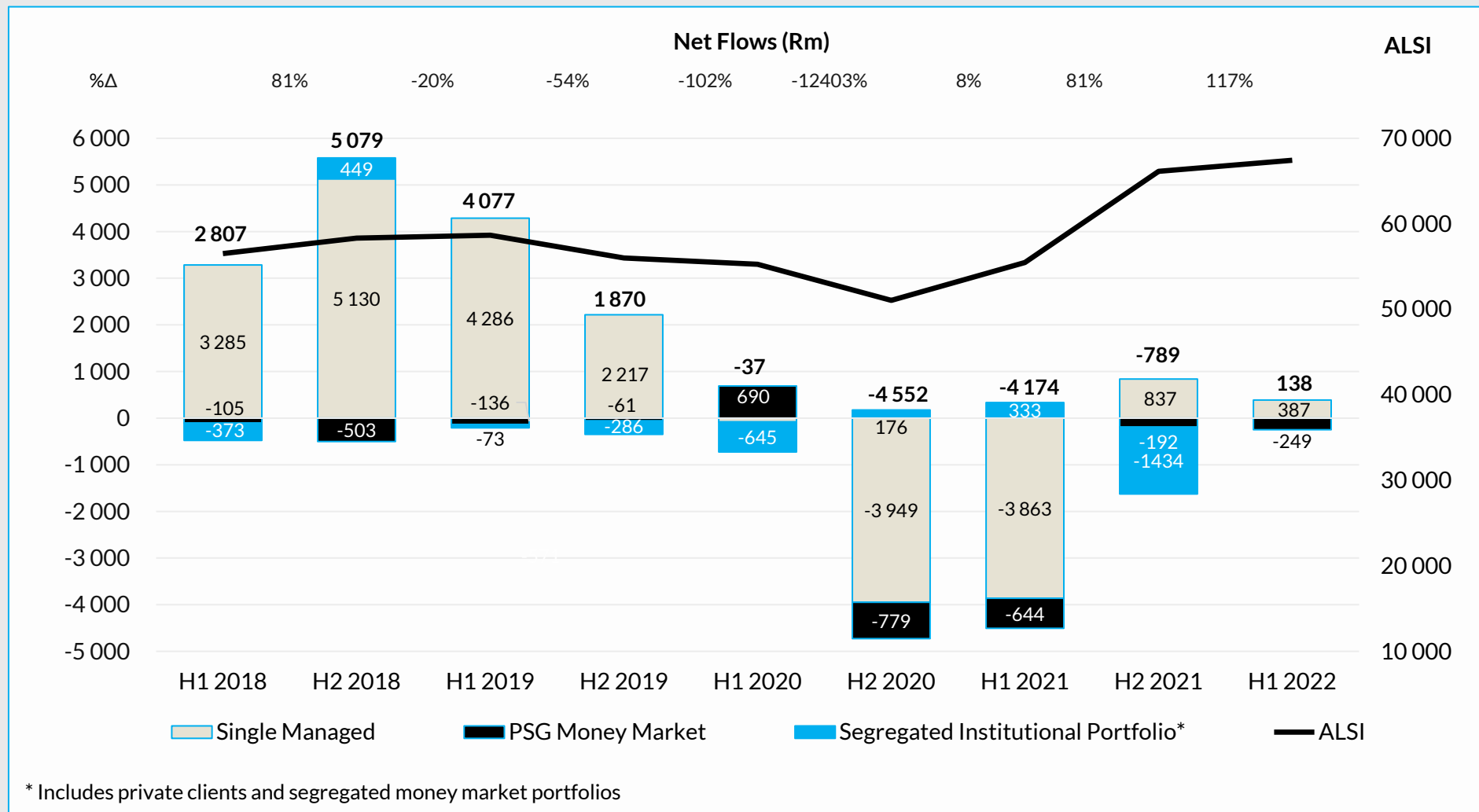
# Asset Management

'Brick by Brick' strategy

Long-term assets  
(retail emphasis)

Getting adequate  
margins

Protect our  
capacity



Source: PSG Asset Management, Bloomberg





# Asset Management

## Investment Performance track record

Single manager funds	Performance	1-month Rank	3-months Rank	6-months Rank	1-year Rank	2-year Rank	3-year Rank	5-year Rank	10-year Rank	Rank since inception	Inception date
PSG Flexible	Rank	6	29	13	6	27	37	24	12	2	01-Nov-04
	Return	4.5%	2.6%	11.5%	38.5%	11.0%	2.8%	5.5%	10.7%	13.6%	
PSG Equity	Rank	13	68	30	12	84	138	76	18	7	01-Mar-02
	Return	4.6%	2.6%	12.0%	41.5%	12.2%	0.5%	4.5%	10.5%	14.9%	
PSG Balanced	Rank	8	188	12	4	27	162	87	22	5	01-Jun-99
	Return	3.3%	1.8%	10.6%	35.3%	13.2%	3.5%	5.8%	9.9%	12.7%	
PSG Stable	Rank	5	144	9	5	33	124	70		32	13-Sep-11
	Return	2.3%	1.9%	7.5%	20.8%	9.0%	4.5%	5.9%	N1	8.1%	

Source: MorningStar August 2021 report

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

Note: Performance quoted is for retail investor A classes

	1 <sup>st</sup> Quartile		3 <sup>rd</sup> Quartile
	2 <sup>nd</sup> Quartile		4 <sup>th</sup> Quartile



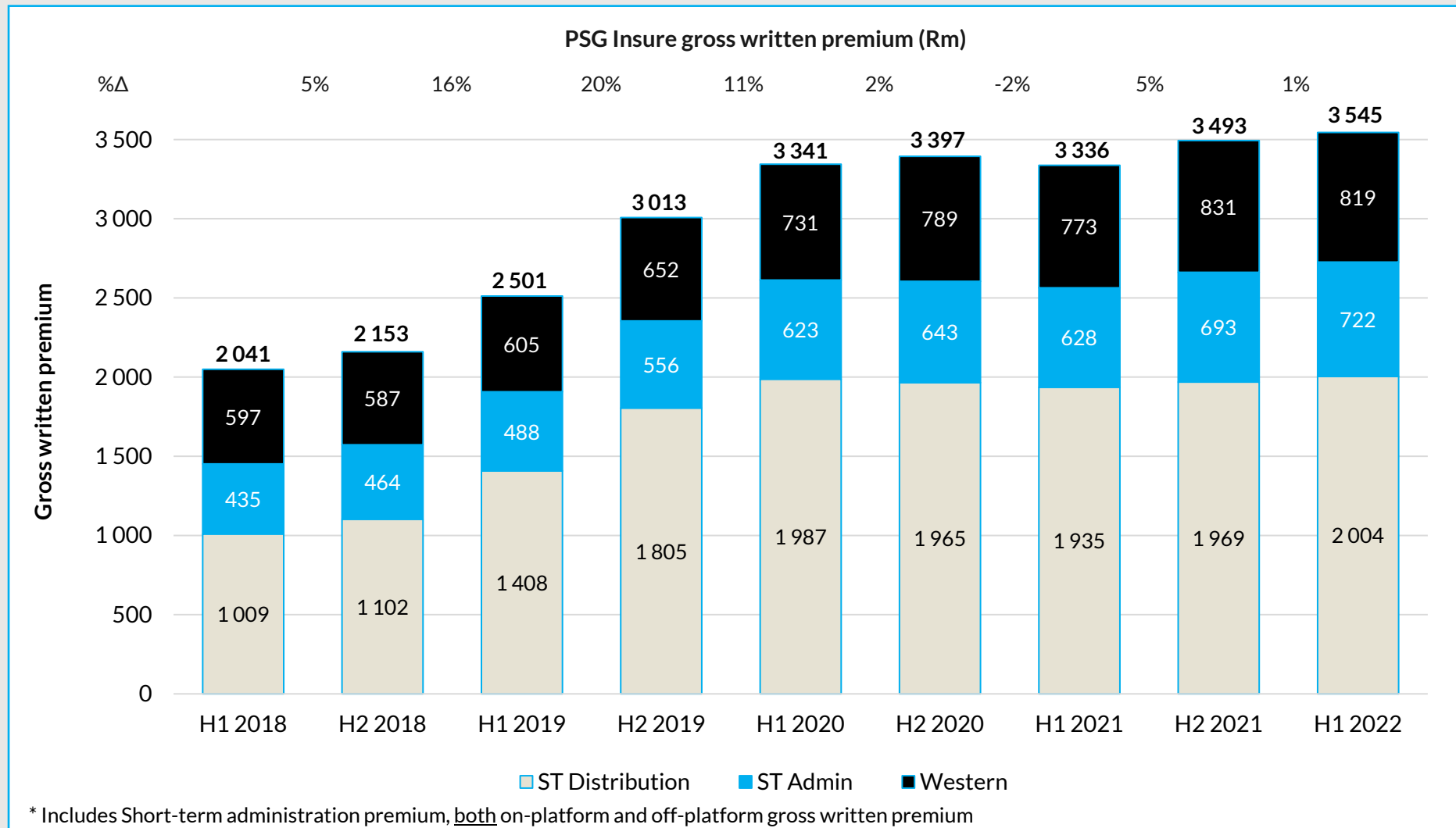
# Insure

Grow gross written premium income

Top advisers

Excellence in underwriting

Superb platform



Source: PSG Insure



# Top Advisers

## Growing adviser base over the long term

Insure advisers	H1 2018	H2 2018	H1 2019 *	H2 2019 *	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022
Balance – opening	229	226	245	316	386	379	376	375	369
Net movement	-3	19	71	70	-7	-3	-1	-6	0
<b>Balance – closing</b>	<b>226</b>	<b>245</b>	<b>316</b>	<b>386</b>	<b>379</b>	<b>376</b>	<b>375</b>	<b>369</b>	<b>369</b>
<b>Growth</b>	<b>-1%</b>	<b>8%</b>	<b>29%</b>	<b>22%</b>	<b>-2%</b>	<b>-1%</b>	<b>0%</b>	<b>-2%</b>	<b>0%</b>

Source: PSG Distribution

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

- Greater penetration in selected areas
- 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

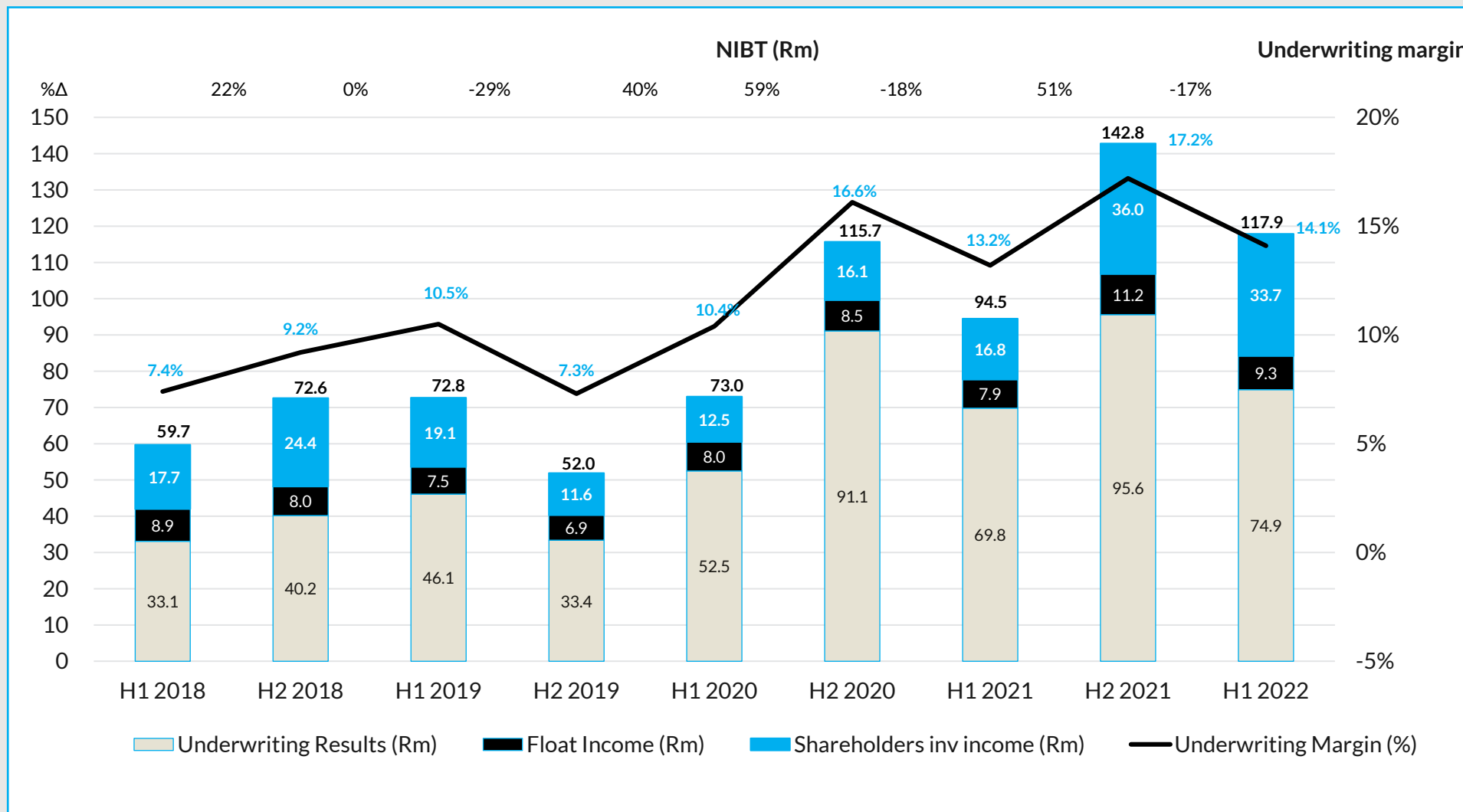
## Net insurance result & shareholders income

### Key differentiators

- Personalised service to brokers
- Focus on commercial business

### Excellence in underwriting

- Healthy insurance float level of R370m
- Limited insurance and investment risk retention levels



Source: PSG Insure

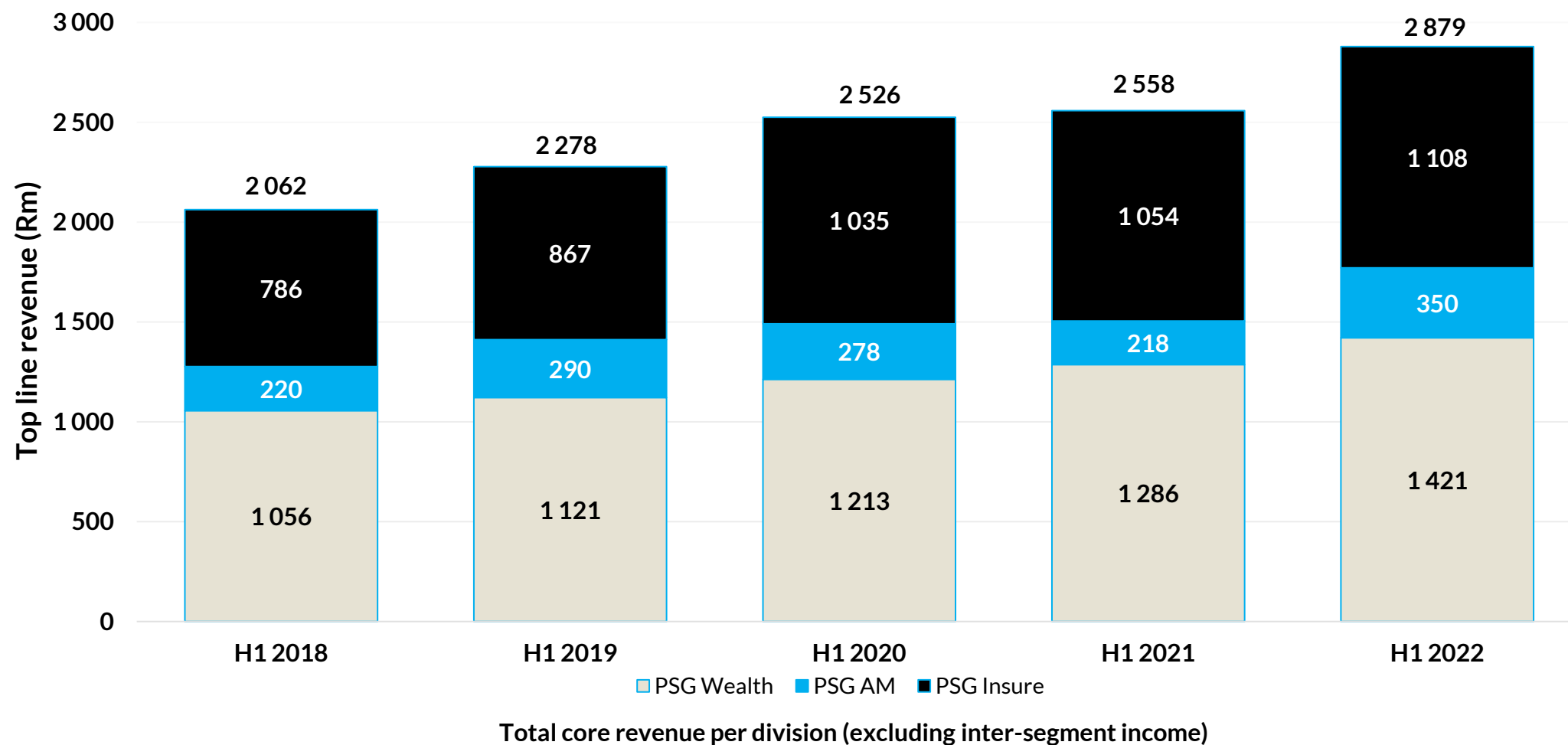


## 03 | 2022: Focus



# Top Line Focus

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



Source: PSG Finance



# Reducing risk



	<u>H118</u>	<u>H119</u>	<u>H120</u>	<u>H121</u>	<u>H122</u>
Perf fees/HE	4.4%	4.6%	0.0%	0.0%	7.8%
Recurring HEPS	18.2c	21.5c	23.2c	24.8c	30.6c

	<u>H118</u>	<u>H119</u>	<u>H120</u>	<u>H121</u>	<u>H122</u>
Op margin	14.4%	15.9%	15.3%	16.3%	18.0%
Op margin (excl perf fees)	13.8%	15.3%	15.3%	16.3%	16.9%
C:I %	62.1%	60.2%	61.0%	59.6%	57.4%

	<u>H118</u>	<u>H119</u>	<u>H120</u>	<u>H121</u>	<u>H122</u>
ROE*	21.4%	21.9%	20.2%	19.6% <sup>1</sup>	22.0%
ROE* (excl. perf fees)	20.5%	20.9%	20.2%	19.6% <sup>1</sup>	20.3%
Debt:Equity	4.9%	3.9%	0.0%	0.0%	0.0%

Source : PSG Finance

\* Based on recurring headline earnings.

<sup>1</sup>H1 2021 (Headline ROE: 19.2% and Headline ROE (excl. perf. Fees) 19.2%)



## 04 | Return and Trading Statistics





# TRI of PSG Konsult

## PSG Konsult performed better than JSE ALSI since 2005

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%
2009/02/27	327 703	426 014	42 816	-19%	-38%	2 032	154 988	15 577	-38%	-52%
2010/02/26	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%
2015/02/27	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%
2020/02/29	477 453	3 771 876	241 522	-25%	-33%	7 749	591 116	37 851	-6%	-16%
2021/02/28	489 074	4 396 771	290 768	17%	20%	10 321	787 380	52 071	33%	38%
2021/08/31	494 692	5 575 180	385 292	27%	33%	10 738	819 181	56 612	4%	9%
		<b>5 575 180</b>					<b>819 181</b>			
<b>CAGR</b>				<b>28%</b>	<b>21%</b>				<b>14%</b>	<b>8%</b>



# Historical P/E ratio & ROE trend

Recurring HEPS CAGR of 20% since 2005

Date	Share Price	% Growth	Recurring HEPS	% Growth	Recurring HEPS (before amortisation)	% Growth	P/E Ratio (Recurring HEPS)	P/E Ratio (Recurring HEPS before amortisation)	ROE	CPI*	ROE - CPI
2005/02/28	40	-	2.9	-	3.0	-	13.8	13.3	20.6%	2.7%	17.9%
2006/02/28	110	175.0%	4.4	51.7%	4.9	62.3%	25.0	22.6	22.4%	3.8%	18.6%
2007/02/28	165	50.0%	8.7	97.7%	9.9	103.3%	18.9	16.7	25.9%	5.8%	20.1%
2008/02/29	170	3.0%	12.0	37.2%	13.2	33.3%	14.2	12.9	23.2%	9.7%	13.5%
2009/02/27	130	-23.5%	13.2	10.3%	14.7	11.4%	9.8	8.8	22.8%	9.6%	13.2%
2010/02/26	145	11.5%	12.3	-6.9%	14.1	-4.1%	11.8	10.3	19.6%	5.8%	13.8%
2011/02/28	160	10.3%	12.5	1.6%	14.8	5.0%	12.8	10.8	19.3%	3.6%	15.7%
2012/02/29	200	25.0%	14.1	12.8%	16.0	8.1%	14.2	12.5	26.7%	6.1%	20.6%
2013/02/28	285	42.5%	15.4	9.2%	17.2	7.5%	18.5	16.6	21.1%	5.9%	15.2%
2014/02/28	500	75.4%	20.6	33.8%	22.3	29.7%	24.3	22.4	24.8%	5.9%	18.9%
2015/02/27	722	44.4%	27.0	31.1%	29.4	31.8%	26.7	24.6	26.4%	4.0%	22.4%
2016/02/29	688	-4.7%	32.1	18.9%	34.6	17.7%	21.4	19.9	24.8%	7.0%	17.8%
2017/02/28	751	9.2%	37.2	15.9%	40.4	16.8%	20.2	18.6	25.3%	6.3%	19.0%
2018/02/28	870	15.8%	43.0	15.6%	46.4	14.9%	20.2	18.8	24.3%	4.0%	20.3%
2019/02/28	1 074	23.4%	44.6	3.7%	48.4	4.3%	24.1	22.2	21.5%	4.1%	17.4%
2020/02/29	790	-26.4%	48.1	7.8%	52.2	7.9%	16.4	15.1	20.5%	4.6%	15.9%
2021/02/28	899	13.8%	52.7	9.6%	57.5	10.2%	17.0	15.6	20.4%	2.9%	17.5%
2021/08/31	1 127	25.4%	61.1**	16.4%	66.1**	15.0%	18.4***	17.0***	22.0%	4.6%	17.4%
CAGR	-	21.7%	-	19.6%	-	20.0%	-	-	-	-	-

Source: Bloomberg & PSG Finance

\* Headline CPI aligned to each financial year/period

\*\* Annualised, for illustrative purposes only

\*\*\* Based on annualised recurring HEPS & recurring HEPS before amortisation, for illustrative purposes only



# Trading Statistics

Creating shareholder value

Statistic	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	H1 22*
No. of shares in issue (millions)	733	1 072	1 210	1 222	1 262	1 279	1 322	1 342	1 365	1 358	1 341	1 334
No. of shares traded (millions)	9.5	14.9	21.2	31.4	61.8	113.9	111.7	91.9	83.5	112.0	127.4	88.8
% of shares traded	1.3%	1.4%	1.8%	2.6%	4.9%	8.9%	8.4%	6.8%	6.1%	8.3%	9.5%	6.7%
Market capitalisation (Rm)	1 173	2 145	3 447	6 110	9 115	8 800	9 929	11 678	14 659	10 729	12 059	15 047
Value of shares traded (Rm)	13	24	47	129	429	900	783	767	813	1 070	966	818
% of market cap traded	1.1%	1.1%	1.4%	2.1%	4.7%	10.2%	7.9%	6.6%	5.5%	10.0%	8.0%	5.4%

Source: PSG Finance

\* Based on a rolling 12-month period where applicable

Note: Net shares in issue (Excluding treasury shares) are 1 319m for H1 2022



## 05 | Conclusion



# Conclusion

## Business features underpinning our expectations for future success

- Formidable 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**