30 June 2014

# Trustco Group Holdings	Target Price (c)	N/A
FY14 Results – Initial impression	Current Price (c)	200

Year End 31 March	2012	2013	2014	F2015	Recommendation	HOLD
Revenue (N$m)	713.3	595.2	843.6	851.6	NSX Code	TUC
Profit/ (Loss) (N$m)	206.7	39.4	252.7	211.2	Market Cap (N$m)	1,513
HEPS (c)	20.27	4.65	18.80	20.0	Shares in Issue (m)	772
P/E (x)	9.87	8.97	10.6	10.0	Free float (%)	30
DPS (c)	3.75	4.15	2.00	2.00	P/E (x)	10.0
ROE (%)	15.8	2.3	13.6	3.3	DY (%)	0.75

Source: ORY, IJG-

FY14 Results

Trustco (TUC) released results for the year ended 31 March 2014. The full year results reflect a strong operational performance with gross profit up 89.15% y/y. Basic EPS rose 520.52% y/y to 33.6c, while HEPS were up 304.3% from 4.65c to 18.8c. The board declared a dividend of 2cps decreasing its dividend 51.8% from 4.15cps in FY13.

Operational and Segmental Highlights

Micro Insurance
Micro Insurance showed strong revenue growth in Namibia while a weak performance from South African operations caused a drag on revenue growth. The South African leg of this division delivered inferior results, with revenue down 75.2% to N$43.8m. The Namibian business delivered a revenue increase of 49.1% to N$223.7m, resulting in total revenue for the division of N$267.4m, a decline of 18.2% when compared to the previous year.

Education
The segment reported a 182.7% increase in revenues to N$147.3m, from N$52.1m reported in the previous financial year. Educational loans added 75.8% from N$348.9m to N$613.1m from 31 March 2013 to 31 March 2014. NPL's in the student loan book amounted of less than 3.6%

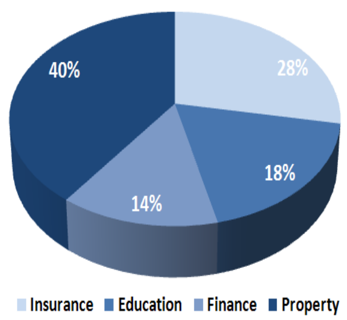
Micro Finance
The Micro Financedivision managed to increase revenues to N$108.6m, while profit more than doubled to N$47.0m on account of revenue growth and widening profit margin from 26.6% in FY13 to 43.3%.

Properties
This segment delivered superior results, with an increase in revenue of 152.8% to N$320m and a rise in profit for the division of 1053% to N$215.5m. The profit reported for the division seems to be highly reliant on the fair value gain rather than on the actual continued operations, as the fair value adjustment accounts 55.9% of the profit reported for the period. This contributed substantially to the group's bottom line, as profit from this segment made up 85.3% of group profit.

Valuation

We are currently reviewing our Trustco valuation model and will update our forecasts and target price accordingly. We will re-initiate coverage of the stock in a detailed report following management discussions.

Revenue contribution



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