

**FEATURE: Five questions for Mr Mouton**

**5 February 2015**

SAVCA chats to Jannie Mouton, the founder and chairman of the PSG Group, about deal making, finding opportunities and what he'd like to see change with the South African education system.

***1. What are your views on the deal-making environment in South Africa in 2015?***

South Africa and Sub-Saharan Africa present many opportunities for the discerning entrepreneur at all levels. The continent is still in the development phase, and there are still a lot of avenues that the first world has explored that we are still to explore. Most of the companies that we, at PSG Group, have started would have been difficult to build anywhere in the first world. Where else would we have had the opportunity to build a revolutionary bank like Capitec that can take market share from the large incumbents?

And Sub-Saharan Africa presents even more opportunities. One needs to be careful with the African market though, as valuations tend to be on the high side. Also, understanding the dynamics of the region you are going into, together with your investment is pivotal, as some have learnt the hard way.

The South African economic climate is difficult currently with anaemic growth rates. But if you look at the stock market you will see that the companies in the listed space reflective historically high values and PE multiples, which signifies an anticipated growth in earnings.

The other major economies in Africa are also under pressure due to currently depressed commodity markets. What you are finding is that the continent is adapting to this environment and gearing for less dependence on natural resources. Sectors such as the infrastructure and ICT are starting to become significant.

***2. In what local sectors do you see opportunities for deal making activity?***

The macro-economic landscape gives many themes for investment opportunities. One of the aspects that we, at PSG Group, look at is sectors where government needs supplementing from the private sector. A key industry that presents this opportunity currently is the electricity sector in South Africa. I'm sure we have all experienced a power cut or two recently, and the newspaper headlines paint a bleak picture. Our investment in the energy space, through a company called Energy Partners, is currently gearing itself to take advantage of the opportunity through a number of avenues. Energy efficiency and renewable energy are key components of the company's strategy.

As Winston Churchill once said, "A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." I am very optimistic about South Africa and Africa.

***3. If you could change one thing to boost entrepreneurial activity in South Africa what would it be?***

The education system: our schooling system has its issues, not least of which being the scarcity of quality school leavers as a result of the system that produces them. One of the

key things that could be encouraged at an early stage is entrepreneurial thinking. Even at University level, you find that there is a larger emphasis on risk and avoiding it rather than opportunities and creativity. Learners should not only be taught to think outside the box, but to ignore the box completely. Many of the successful companies that have transformed our lives come from people who bucked the trend (and the box) and revolutionised both their thinking and that of others around them.

#### ***4. What advice would you give your younger self?***

- Be friendly and positive with all staff members, juniors and seniors. They will know your name.
- Focus to excel in your job. If given an assignment give the best - it will make a great impression.
- Read and learn about your company and the opportunities - then you can contribute a sensible opinion AND read and learn about the industry your company is operating in then you will identify opportunities or see obstacles.
- Be there first thing in the morning and last to leave.

#### ***5. How can business better support a prosperous South Africa?***

Business should start spending time thinking of solutions rather than dwelling on the problems. It is obviously very important to take note and even to express discontent when things are not going well, but far more energy should go into solving the country's problems. We need to work together and with the government to get South Africa Limited working well. The nice thing is that these opportunities come with handsome rewards for everyone if done correctly.