



Results Press Release for the year ended 30 June 2021

ENCOURAGING SIGNS OF RECOVERY FOR REMGRO PORTFOLIO

- **Headline earnings per share from continuing operations: up by 66.0% to 510.6 cents**
- **Total headline earnings per share: down by 8.9% to 510.6 cents**
- **Earnings per share: down by 46.6% to 628.3 cents**
- **Total ordinary dividend per share: 90 cents**
- **Intrinsic net asset value per share as at 30 June 2021: R177.33**

Introduction

In the wake of the Covid-19 pandemic, Remgro's Chairman, Mr Johann Rupert, noted that the impact thereof would not constitute a pause, but rather a reset. While Mr Rupert made the statement more than a year ago, we believe his statement remains true today. The pandemic and resultant containment measures have caused immeasurable harm globally, but these hardships have also provided individuals, companies and organisations with the opportunity to reflect and to reset where appropriate.

Remgro continues to adapt to the changing markets, as it has successfully done over its rich 73 year history. As part of this change, Remgro is placing increased emphasis on its Environmental, Social and Governance (ESG) practices across the Group. While workplace, economic, social and environmental sustainability practices have always been part of Remgro's core values, Remgro aims to be an ESG leader and is in the process of implementing measures to ensure that it remains engaged with its corporate citizen mandate and values driven ethos.

While the ramifications of the pandemic will still be felt for a long time, and whilst still a way from pre-Covid performance, Remgro is encouraged by its improved performance compared to the previous financial year. This yet again confirms the defensive nature and resilience of the portfolio.

Results

For the year under review, headline earnings from continuing operations increased by 66.1% from R1 737 million to R2 885 million, while headline earnings per share (HEPS) from continuing operations increased by 66.0% from 307.5 cents to 510.6 cents. Total headline earnings and total HEPS decreased by 8.9% from R3 167 million to R2 885 million and from 560.6 cents to 510.6 cents, respectively.

The headline earnings from continuing operations for the comparative year were significantly impacted, during the second six months to 30 June 2020, by the Covid-19 pandemic and the resultant lockdown measures, as well as by a once-off donation of R500 million to The South African SME Relief Trust. From this low base, the increase in headline earnings from continuing operations for the year under review is mainly due to the recovery of the

earnings of most of Remgro's underlying investee companies (most notably RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies) and Rand Merchant Investment Holdings Limited (RMI)). This increase is partly offset by a lower contribution from Mediclinic International plc (Mediclinic) (Mediclinic's contribution includes the full impact of the Covid-19-related lockdown measures on its results for the year ended 31 March 2021), as well as lower interest income, due to the 300 basis points reduction in interest rates since January 2020. Furthermore, due to the accounting reclassification of FirstRand Limited (FirstRand) from an equity accounted investment to an investment at fair value through other comprehensive income, only dividend income of R191 million was accounted from FirstRand for the year under review, whereas earnings of R657 million were equity accounted in the comparative year.

Commentary on the performance of each of the underlying reporting platforms is set out in the audited summary consolidated results for the year ended 30 June 2021 released herewith.

Intrinsic net asset value

Remgro's intrinsic net asset value per share increased by 14.8% from R154.47 at 30 June 2020 to R177.33 at 30 June 2021. The closing share price at 30 June 2021 was R114.60 (2020: R99.90) representing a discount of 35.4% (2020: 35.3%) to the intrinsic net asset value.

Cash at the centre and dividend declaration

Remgro's total cash at the centre at 30 June 2021 was R9 706 million (2020: R17 073 million).

For the year ended 30 June 2021, a final gross dividend of 60 cents (2020: 50 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value.

Jannie Durand, CEO of Remgro, concluded:

"We understand the importance of relevance and the need to be adaptable, and as such saw 2020, the year of the pandemic, as the ideal and most opportune time to introspect, reflect and recalibrate. Coming out of that process, which remains ongoing, we believe now is the time to reset – to do more than pause and adjust but to recognise the harbingers of change.

While considerable uncertainty still remains amidst the ongoing Covid-19 pandemic, slow vaccination progress and the fallout of the recent unrest in South Africa, I am encouraged by the number of people from all corners of society raising their hands to work towards a brighter future for South Africa despite the various challenges we face. Our healthcare workers, business, government and religious leaders, the people that cleared and repaired damaged neighbourhoods following the social unrest, our sports teams and athletes, and every other organisation and active citizen showing an unwavering commitment to the success of this country fills me with hope for our future.

Remgro remains committed to this country and we will continue to play our part in seeing South Africa come through these challenging times stronger as a nation. Now more than ever is the time to stand together as a country and move forward for the benefit of all our people."

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EDITOR'S NOTES

Group Profile

Originally established in the 1940s by the late Dr Anton Rupert, Remgro's investment portfolio has evolved substantially and currently includes investee companies across nine platforms. The Company is listed on the Johannesburg Stock Exchange (JSE), operated by the JSE Limited in South Africa under the "Financials – Financial Services – Investment Banking and Brokerage Services – Diversified Financial Services" sector, with the share code "REM". Remgro's interests consist mainly of investments in the healthcare, consumer products, financial services, infrastructure, industrial and media industries. Remgro's most significant investments are Mediclinic (44.6% interest), RMI (30.6% interest), Community Investment Ventures Holdings Proprietary Limited (55.2% interest), Distell (31.7% interest), FirstRand (3.3% interest), Siqalo Foods Proprietary Limited (100.0% interest), RCL Foods (80.4% interest), Air Products South Africa Proprietary Limited (50.0% interest), TotalEnergies (24.9% interest) and Kagiso Tiso Holdings Proprietary Limited (KTH) (43.5% interest). These investments contribute approximately 89% to Remgro's intrinsic net asset value (INAV after tax).

Comparison with prior period

RMB Holdings Limited (RMH) and FirstRand

During June 2020, Remgro unbundled its 28.2% interest in RMH (RMH Unbundling) and, consequently, the investment in RMH was treated as a discontinued operation for the year ended 30 June 2020. For the year under review, earnings and headline earnings measures are again presented for continuing operations and discontinued operations and, accordingly, discontinued operations for the prior year include the equity accounted income of RMH.

It should also be noted that with effect from 8 June 2020, Remgro ceased to have significant influence over FirstRand due to, amongst other factors, the RMH Unbundling and therefore the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). For the comparative year, the investment in FirstRand was equity accounted whereas, from the date of the FirstRand Reclassification, only dividend income is accounted for FirstRand in the income statement. Dividends of R191 million were received from FirstRand during the year under review (2020: cash dividends of R655 million). As a result of the Covid-19 pandemic, FirstRand only paid an interim dividend during the year under review.

Reporting platforms

Each significant investment is classified as an operating segment. Operating segments are presented in platforms. Platforms consist of investments with similar economic characteristics. As reported previously, the platforms under which the results of investee companies are being reported to the chief operating decision-maker were changed and certain investments reallocated in line with internal reporting to enhance stakeholder communication. The *Media and sport* and *Other investments* platforms that were reported under up to the 2020 financial year, were replaced by the following new platforms:

- *Media* (consisting mainly of eMedia Investments Proprietary Limited);
- *Portfolio investments* (non-strategic investments consisting mainly of FirstRand and British American Tobacco plc);
- *Diversified investment vehicles* (entities whose main business is to make investments consisting mainly of KTH, the Asian funds, Invenfin Proprietary Limited and Pembani Remgro Infrastructure Fund); and
- *Social impact investments* (consisting mainly of the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Proprietary Limited).

Comparative figures have been re-presented accordingly.