

# *Remgro* *Limited*



## Results Presentation

*For the six months ended 30 September 2006*



## Financial highlights

	September 2006	September 2005	% change	Final Mar 2006
Headline earnings (R'm)	3 232	2 372	36.3	5 084
Headline earnings excl non-recurring BEE ("NR BEE") costs (R'm)	3 232	2 691	20.1	5 464
HEPS (cents)	678.1	489.2	38.6	1 052.3
HEPS – excl NR BEE costs (cents)	678.1	555.0	22.2	1 130.9
Basic EPS (cents)	657.9	1 122.4	(41.4)	1 697.6
Dividend per share				
- Ordinary (cents)	153.0	133.0	15.0	361.0
- Special (cents)	-	-	-	400.0
Intrinsic NAV (Rand) – after CGT	185.17	136.36	17.5 <sup>(1)</sup>	157.59
Intrinsic NAV (Rand) at 28 Nov '06	188.17	-	-	-
Closing share price (Rand)	154.00	109.95	14.1 <sup>(1)</sup>	135.00

(1) Intrinsic value per share and closing share price growth over the six months from 1 April 2006 to 30 September 2006



## Corporate activity since March 2006

### Share repurchases

- Remgro repurchased
  - 6 622 561 shares at an average price of R142.23 per share
  - for a total amount of R941.9 million during the six months ended 30 September 2006
  - currently 8 002 196 (1.8%) shares are held as treasury shares (excluding shares held by Remgro Share Trust)
- The Remgro Share Trust purchased
  - 563 000 shares at an average price of R130.40 per share
  - for a total amount of R73.4 million during the six months ended 30 September 2006
  - 176 981 shares were delivered to participants against payment of the subscription price

### Gencor

On 14 March 2006 Gencor announced that it has been placed under voluntary liquidation and declared a liquidation dividend of 20 cents per share. During May 2006 Remgro received R7.6 million

### Sage

As previously reported, Remgro sold its 17.9% interest in Sage to Momentum and during the period under review, Remgro received a further R6 million (9.13 cents per share) as partial payment of the outstanding amount



## Subsequent to 30 September 2006

### Kagiso Trust Investments (“KTI”) and Kagiso Infrastructure Empowerment Fund (“KIEF”)

- Remgro has entered into agreements with KTI and KIEF in terms of which it has committed funds amounting to R350 million to KIEF
- KIEF has a target size of R650 million and aims to invest in infrastructure projects like:
  - *Roads*
  - *Airports*
  - *Power & telecommunication installations*
  - *Railway systems*
  - *Ports*
  - *Water & social infrastructure*
- KIEF has drawn no funds to date



## Segmental headline earnings performance (excluding NR BEE costs)

Contributions from:

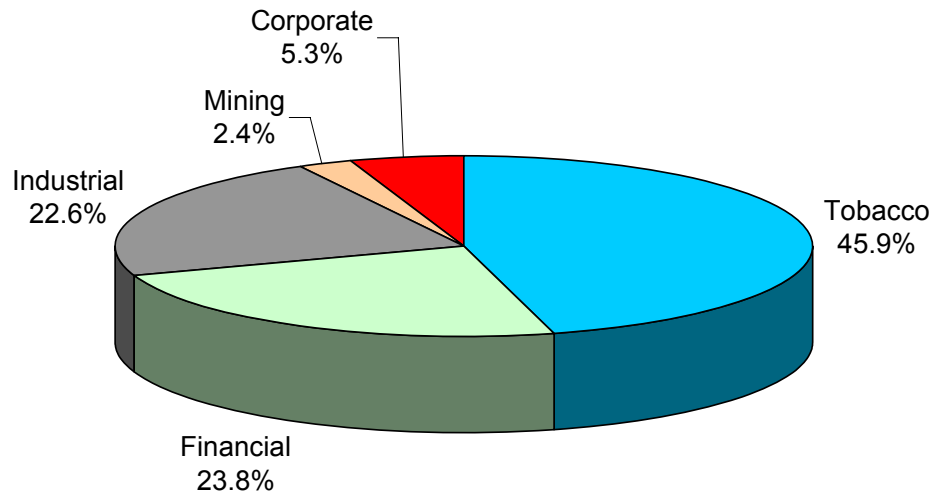
Industrial  36.8%

Mining  (1.3)%

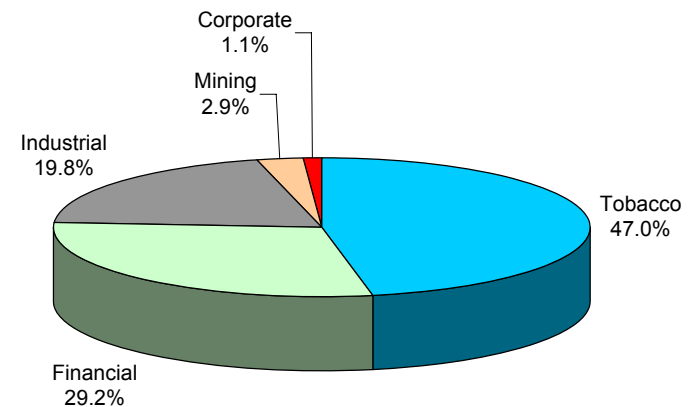
Tobacco  17.3%

Financial  (1.9)%

### September 2006



### September 2005





## Summary of underlying performance

R'million	September 2006	September 2005	% change
Tobacco interests	1 483	1 264	17.3
Financial services	772	787	(1.9)
Industrial interests	729	533	36.8
Mining interests	76	77	(1.3)
Corporate	172	30	473.3
Headline earnings (excl NR BEE)	3 232	2 691	20.1
Portion of NR BEE costs <sup>(1)</sup>	-	(319)	Nm
Headline earnings	3 232	2 372	36.3
HEPS (cents)	678.1	489.2	38.6
HEPS – excl NR BEE (cents)	678.1	555.0	22.2

(1) The effect of the specific accounting treatment of the various investee companies' BEE transactions negatively impacted Remgro's headline earnings for the comparative six months ended 30 September 2005 by R319 million



## Tobacco

R'million	Headline earnings			Intrinsic value		
	Sep'06	Sep'05	% change	Sep'06	Mar'06	% change
R&R / BAT	1 483	1 264	17.3	47 527	34 065	39.5
Avg ZAR:£ rate	12.60	11.72	7.5			

### Highlights

- (1) Currency movements had a greater impact on the earnings than a year ago (favourable currency impact of R104 million at 30 September 2006 vs unfavourable impact of R4 million at 30 September 2005)
- (2) R&R's contribution to headline earnings increased by 17.3% mainly due to the stronger rand and the positive effect of BAT's continuing share buy-back programme, which in turn increased R&R's interest in BAT to 29.2% at 30 September 2006 (2005: 28.7%)
- (3) BAT's attributable profit increased by 8.8% in sterling
- (4) The rand was weaker and depreciated by 7.5%



## Tobacco (cont'd)

£'million	Sept '06	Sept '05	% change
Attributable profit of BAT before capital and non-recurring items	1 100	1 011	8.8
Remgro's 10.4% share thereof	114	103	
Portion of R&R's non-BAT income	4	5	
	<b>118</b>	<b>108</b>	<b>9.3</b>
ZAR: £ translation rate	12.60	11.72	
<b>Remgro's tobacco headline earnings (R'million)</b>	<b>1 483</b>	<b>1 264</b>	<b>17.3</b>



## Financial

R'million	Headline earnings (excl NR BEE costs)			Intrinsic value		
	Sep'06	Sep'05	% change	Sep'06	Mar'06	% change
FirstRand	415	357	16.3	8 516	9 623	(11.5)
RMBH	357	307	16.3	7 401	7 990	(7.4)
ABSA	-	123	Nm	-	-	-
Other	-	-	-	-	1	Nm
<b>Total</b>	<b>772</b>	<b>787</b>	<b>(1.9)</b>	<b>15 917</b>	<b>17 614</b>	<b>(9.6)</b>

### Highlights

- (1) Remgro's portion of the NR BEE costs, resulting from FirstRand's BEE transaction, amounted to R289 million during the comparative period. This amount is excluded from the 2005 results above
- (2) This BEE transaction also lead to some dilution in their contribution compared to the previous period
- (3) FirstRand and RMBH restated their results and Remgro accordingly reduced its 30 September 2005 headline figure down by R42 million (or 8.7 cents per share)

## Industrial

R'million	Headline earnings (excl NR BEE)			%	Intrinsic value		%
	Sept'06	Sept'05	change		Sept'06	Mar'06	change
Medi-Clinic	131	143	(8.4)		3 488	3 531	(1.2)
Distell	74	57	29.8		2 332	2 112	10.4
Total SA	116	83	39.8		2 248	1 889	19.0
UBR	92	53	73.6		2 235	1 984	12.7
Rainbow	107	95	12.6		1 834	1 642	11.7
TSB	54	23	134.8		1 805	1 260	43.3
Nampak	55	43	27.9		1 421	1 308	8.6
Air Products	33	32	3.1		813	801	1.5
KTI	37	-	Nm		710	710	-
Wispeco	33	29	13.8		465	441	5.4
Dorbyl	(3)	(28)	Nm		197	191	3.1
Caxton	-	3	Nm		128	117	9.4
<b>Total</b>	<b>729</b>	<b>533</b>	<b>36.8</b>		<b>17 676</b>	<b>15 986</b>	<b>10.6</b>



## Industrial (cont'd)

Improved performances were mainly due to:

### TSB

- The results were positively affected by the inclusion of the income (R14 million) from its 27% interest in Royal Swazi Sugar (since 1 October 2005)
- TSB's sugar production, for the season, is expected to be 440 600 tons (2005: 456 800 tons) as a result of the drought
- Strengthening export sugar prices and the weaker exchange rate as well as the return to profitability by the citrus division should lead to increased earnings

### UBR

- The increased contribution is mainly due to increased trading profits, partially offset by increased taxation charges
- The interest on the shareholders' loan for the six months ended 30 September 2006 decreased to R8 million (2005: R11 million) due to the repayment of loan capital since September 2005
- The South African retail operation delivered an underlying turnover growth of 12.9% mainly driven by volume. The Food Solutions business delivered an 8% underlying sales growth
- The Israeli business reported an underlying turnover growth of 1.3% resulting from a 3.1% growth in the Food Solutions business. Despite recent border conflict with Lebanon, increased turnover and lower indirect costs enabled the Israeli business to deliver improved results



## Industrial (cont'd)

### Total SA

- The higher earnings were mainly due to a higher market share in the retail business and increased refining margins
- The Natref refinery performed well, although production capacity decreased by approximately 14% following the introduction of new fuel specifications on 1 January 2006

### Wispeco

- Sales volumes for the period increased by 15% and turnover was up 45% mainly due to price increases and the acquisition of two new stockist outlets
- Capacity expansion in the extrusion and finishing plants are in progress with a second extrusion press in Parow being commissioned early in 2007

### Air Products

- Turnover increased by 5% due to demand growth in the manufacturing sector, resulting in increased sales mainly in the packaged gas division as well as the commencement of the Implats oxygen contract
- Net income before tax increased by 20.8% due to improved plant and operational efficiencies and improved margins in the packaged gas division
- The significant STC-charge on dividends paid in the 2006 year resulted in contribution to headline earnings only increasing by 3.1%



## Industrial (cont'd)

### Rainbow and Distell

- Both reported solid earnings growth

### Nampak

- Nampak's contribution to headline earnings increased mainly due to NR BEE costs accounted for in the previous reporting period, as well as improved trading results for the six months ended 30 September 2006

### Medi-Clinic

- Since 1 January 2006 Medi-Clinic is accounted for as an associated company, whilst previously it was consolidated
- The decrease in its contribution to Remgro's earnings is mainly attributed to the dilution in Remgro's shareholding as a result of Medi-Clinic's BEE transaction concluded during December 2005



## Mining

R'million	Headline earnings			Intrinsic value		
	Sep'06	Sep'05	% change	Sep'06	Mar'06	% change
Implats	73	60	21.7	4 287	3 886	10.3
Trans Hex	3	16	(81.3)	310	363	(14.6)
Gencor	-	1	Nm	-	8	Nm
<b>Total</b>	<b>76</b>	<b>77</b>	<b>(1.3)</b>	<b>4 597</b>	<b>4 257</b>	<b>8.0</b>

### Highlights

- (1) Dividends received from Implats amounted to R73 million
- (2) Trans Hex reported lower results as a result of average rough diamond prices deteriorating by 18% in the second half of the year as well as volume targets not being met at the Angolan mining operations and decreased production at the Marine division



## Corporate finance & other

### Headline earnings

R'million	Sept'06	Sept'05
Treasury <sup>(1)</sup>	196	53
Net corporate costs	(24)	(23)
<b>Total</b>	<b>172</b>	<b>30</b>

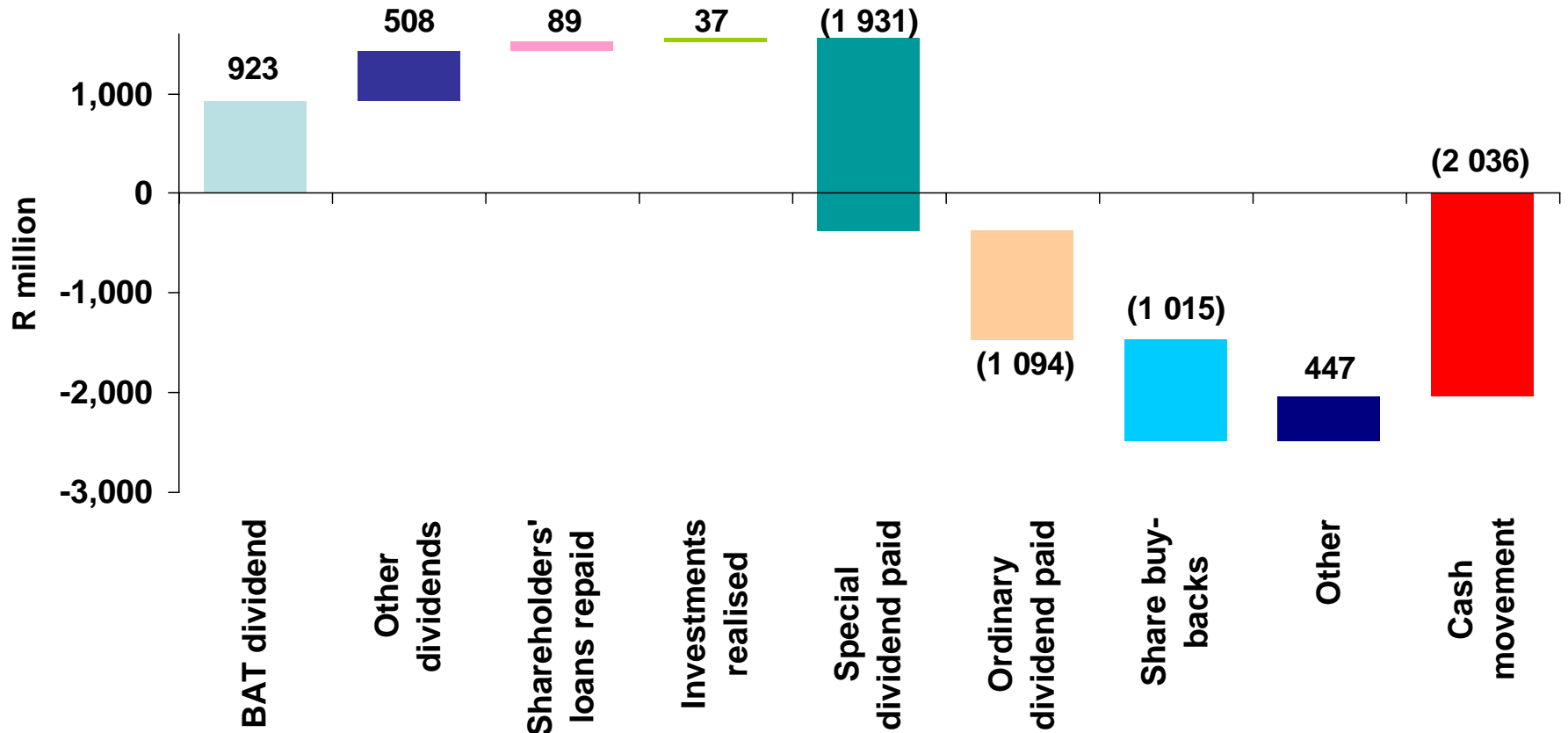
### Intrinsic value

R'million	Sept'06	Mar'06
Sundry (liabilities) / assets	(114)	(401)

(1) The increase can be attributed mainly to higher interest rates as well as higher average cash balances compared to 2005. Intercompany foreign currency profits amounting to R74 million (2005: R10 million loss) were also included



## Cash movement at the centre







## Total cash

R'million	At 30 September 2006		
	Local	Offshore	Total
Per consolidated balance sheet	658	3 450	4 108
Less: Cash from other operating subsidiaries	(350)	-	(350)
<b>Cash at the centre</b>	<b>308</b>	<b>3 450</b>	<b>3 758</b>
Attributable share of R&R's cash	-	2 616	2 616
<b>Available cash</b>	<b>308</b>	<b>6 066</b>	<b>6 374</b>

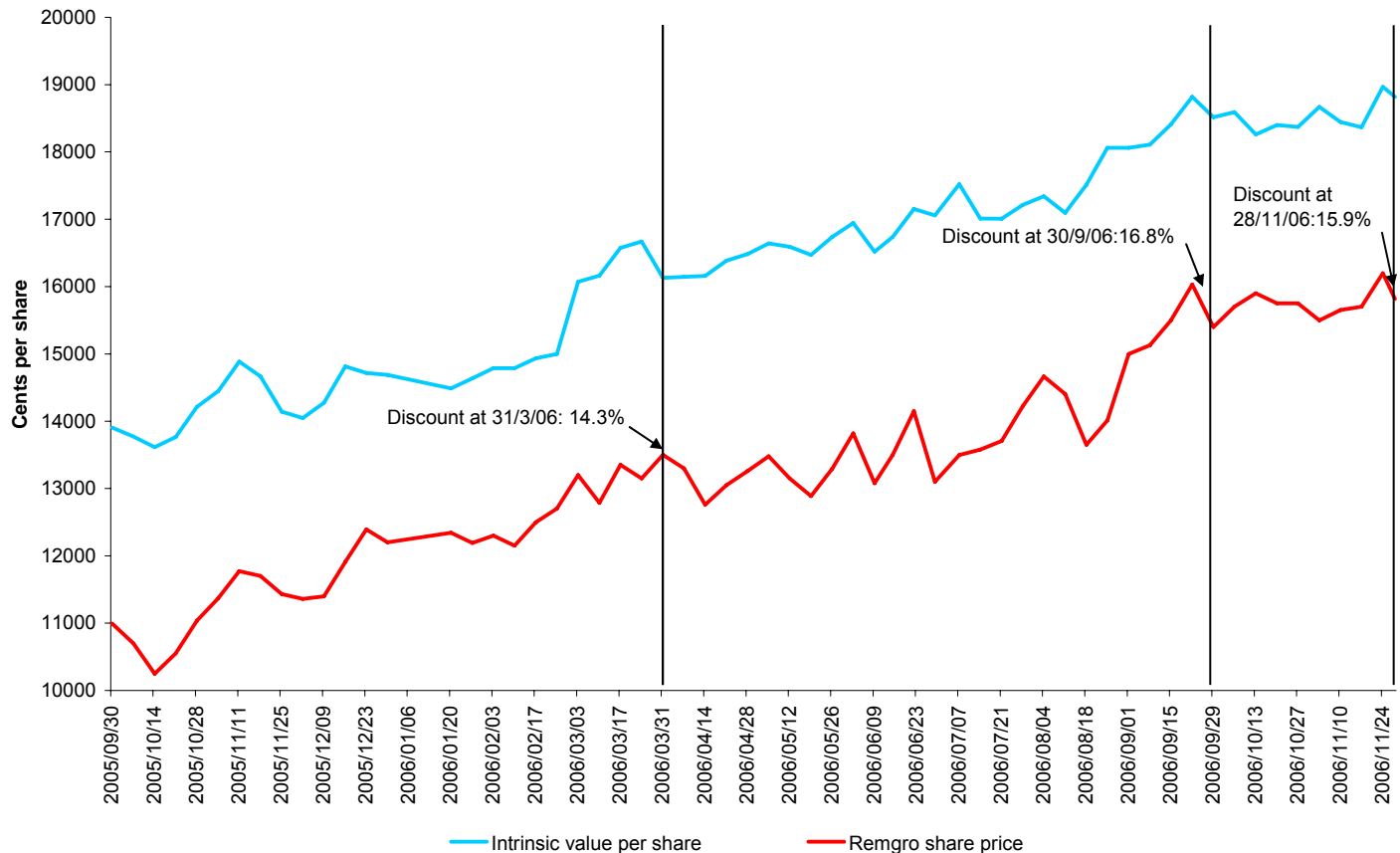
Offshore cash at the centre was £237.7 million. The attributable share of R&R's cash was £180.2 million



## Remgro's intrinsic value

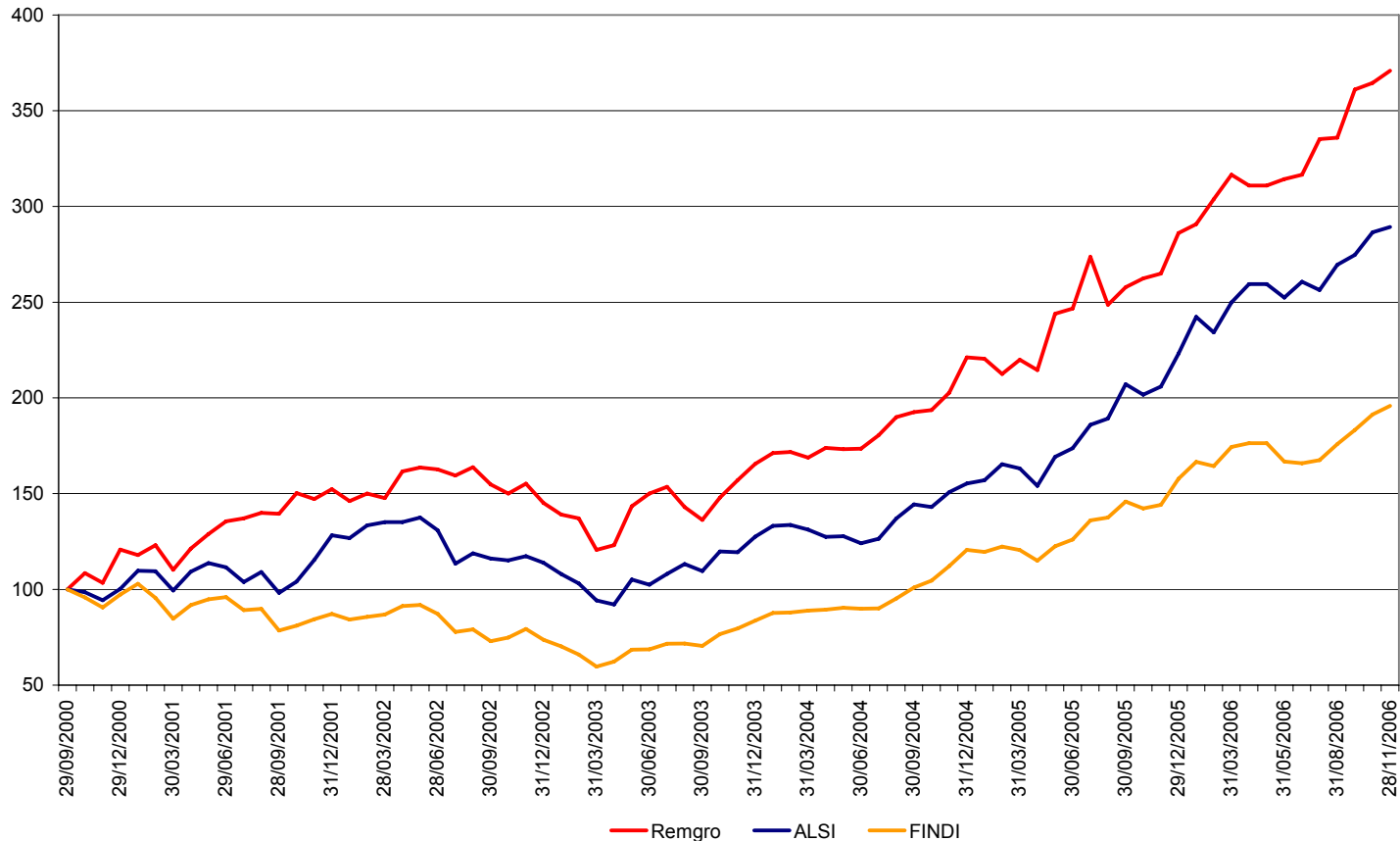
R'million	Sept '06	March '06	%change
Tobacco interests in GBP (£'m)	3 275	3 201	2.3
Tobacco interests	47 527	34 065	39.5
Financial services	15 917	17 614	(9.6)
Industrial interests	17 676	15 986	10.6
Mining interests	4 597	4 257	8.0
Other	387	360	7.5
CGT payable	-	(344)	Nm
Deferred CGT (Implats, Caxton)	(501)	(417)	20.1
Cash at the centre	3 758	5 795	(35.2)
<b>Total</b>	<b>89 361</b>	<b>77 316</b>	<b>15.6</b>
Shares (million)	472.8	479.8	
<b>Intrinsic NAV per share (R) – before CGT</b>	<b>189.00</b>	<b>161.14</b>	<b>17.3</b>
<b>Intrinsic NAV per share (R) – after CGT</b>	<b>185.17</b>	<b>157.59</b>	<b>17.5</b>
<b>Intrinsic NAV per share (R) – after CGT: 28/11/2006</b>	<b>188.17</b>	-	

## Intrinsic value vs share price



- Remgro traded at a 16.8% discount as at 30 September 2006 to its intrinsic value (after CGT) (31 March 2006: 14.3%)
- The discount to the intrinsic value (after CGT) as at 28 November 2006 is 15.9%

## Share price performance



- Remgro's share price as at 30 September 2006, based to September 2000, outperformed the ALSI by 31.5% and the FINDI by 97.1%
- Remgro's share price as at 28 November 2006, based to September 2000, outperformed the ALSI by 28.2% and the FINDI by 89.3%



# Questions