

INTERIM RESULTS PRESENTATION FOR THE SIX MONTHS ENDED 31 DECEMBER

25 March 2021

2020

Remgro
Limited

AGENDA

01 **SETTING THE SCENE** Jannie Durand

02 **PERFORMANCE IN CONTEXT** Jannie Durand

03 **EXECUTING ON STRATEGY** Jannie Durand

04 **INVESTMENT ACTIVITIES** Jannie Durand

05 **RESULTS FOR THE SIX-MONTH PERIOD** Neville Williams

06 **CLOSING COMMENTS AND Q&A** Jannie Durand

PRESENTERS



Jannie Durand
(CEO)

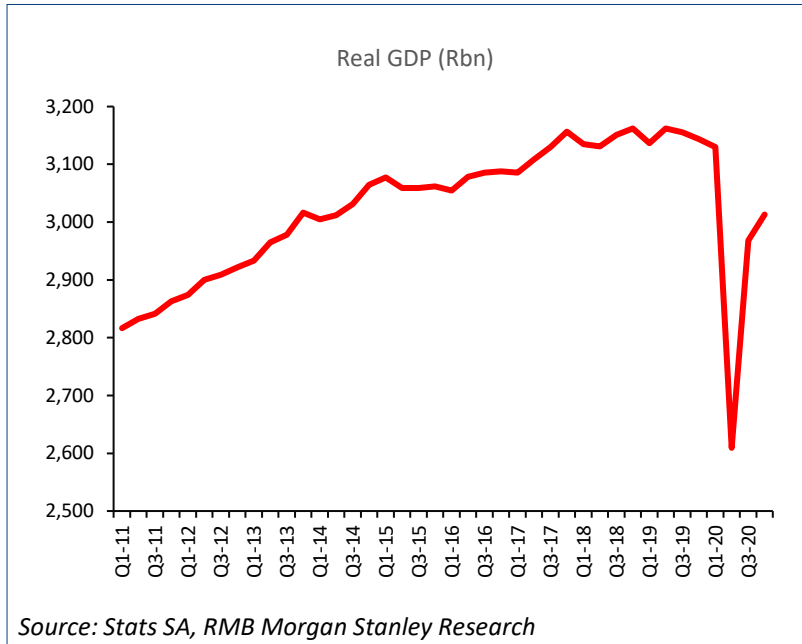
Neville Williams
(CFO)



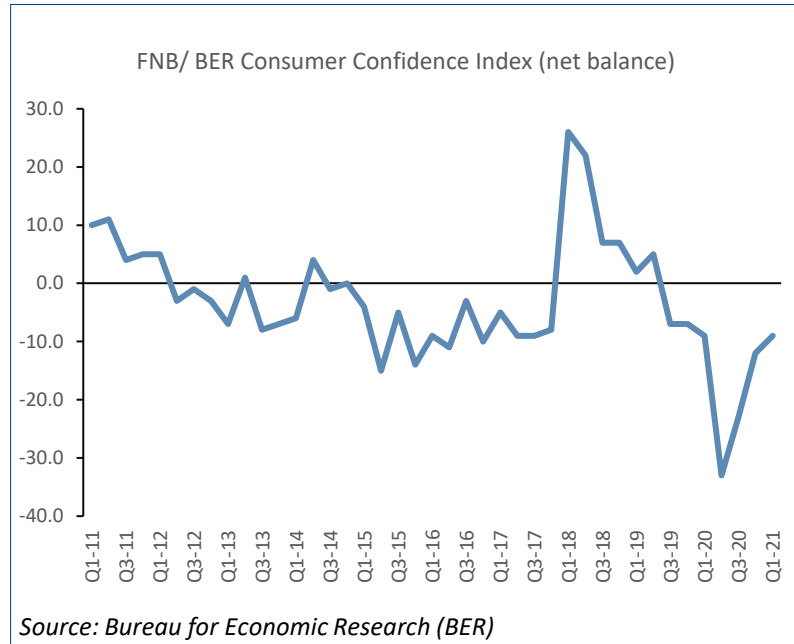
01 **SETTING THE
SCENE**

OPERATING WITHIN A SUBDUED ECONOMIC ENVIRONMENT...

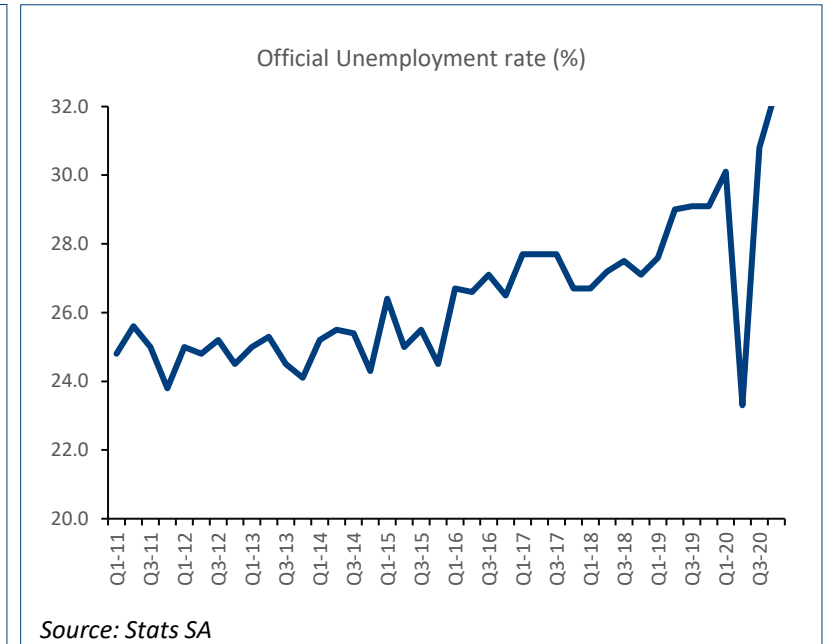
GDP DECLINE



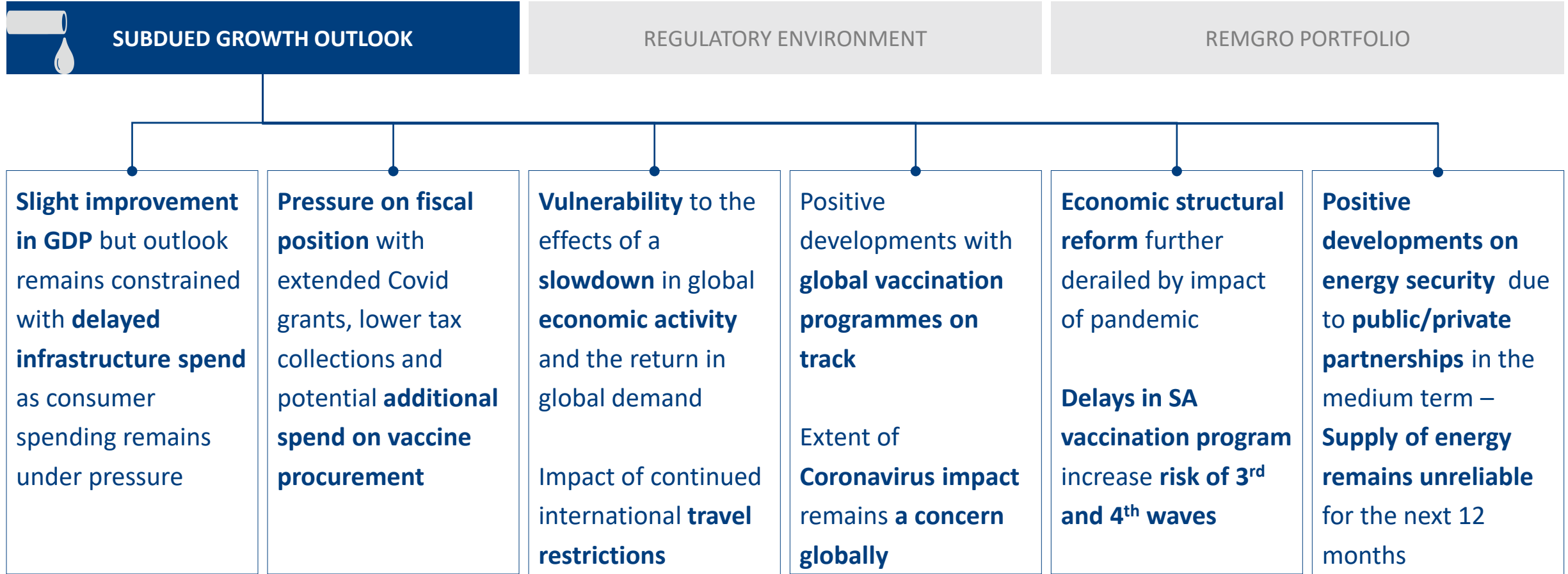
CONSUMER CONFIDENCE



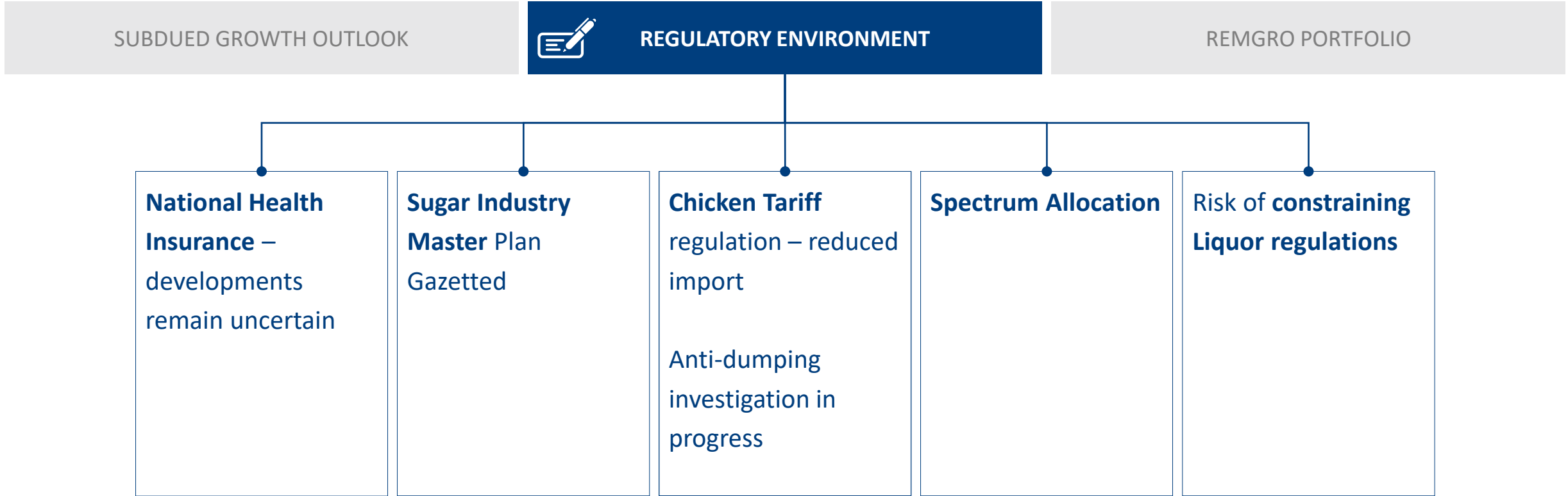
UNEMPLOYMENT



ECONOMIC OUTLOOK REMAINS CHALLENGING...



REGULATORY HEADWINDS AND TAILWINDS...



PORTFOLIO WAS CHALLENGED YET DELIVERED RESILIENT PERFORMANCE...

SUBDUED GROWTH OUTLOOK

REGULATORY ENVIRONMENT



REMGRO PORTFOLIO

Company	Impact	Covid-19 impact
Mediclinic	Significantly impacted in April 2020 by the sudden onset of Covid-19-related lockdown measures	●
RMI	Provisions for future claims and lapses	●
Distell	Resilient performance notwithstanding numerous alcohol bans	●
RCL Foods	Showed encouraging recovery following closures of QSRs	●
CIVH	Required capital raise process delayed while demand for fibre continues to increase	●
SEACOM	Covid-19 negatively impacted SME sales growth in SA and sales in Kenya in general	●
Siqalo Foods	No material impact	●
Air Products	Affected by difficult trading conditions and reduced demand, largely due to the impact of Covid-19	●
KTH	Negative impact on advertising revenue from media assets	●
Total	Experienced a significant drop in fuel volumes and a big impact on refinery margins	●
Grindrod and Grindrod Shipping	Grindrod Limited did well to recover in the 2 nd half of the year, while Grindrod Shipping was impacted by lower tanker earnings	●
Wispeco	Benefitted from a reduction in the Southern African extrusion capacity and lower extrusion imports that were impeded by Covid-19 restrictions	●



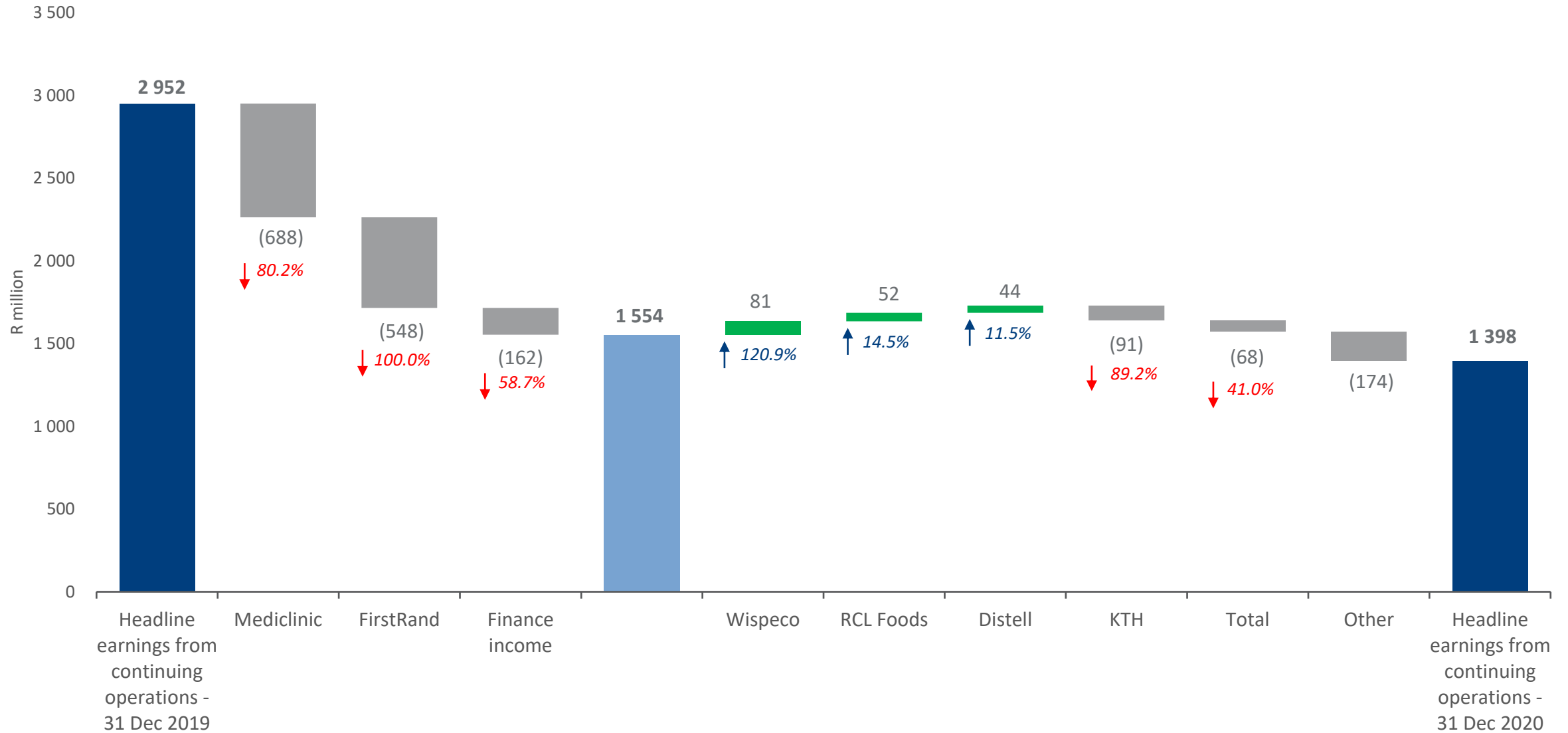
02

**PERFORMANCE
IN CONTEXT**

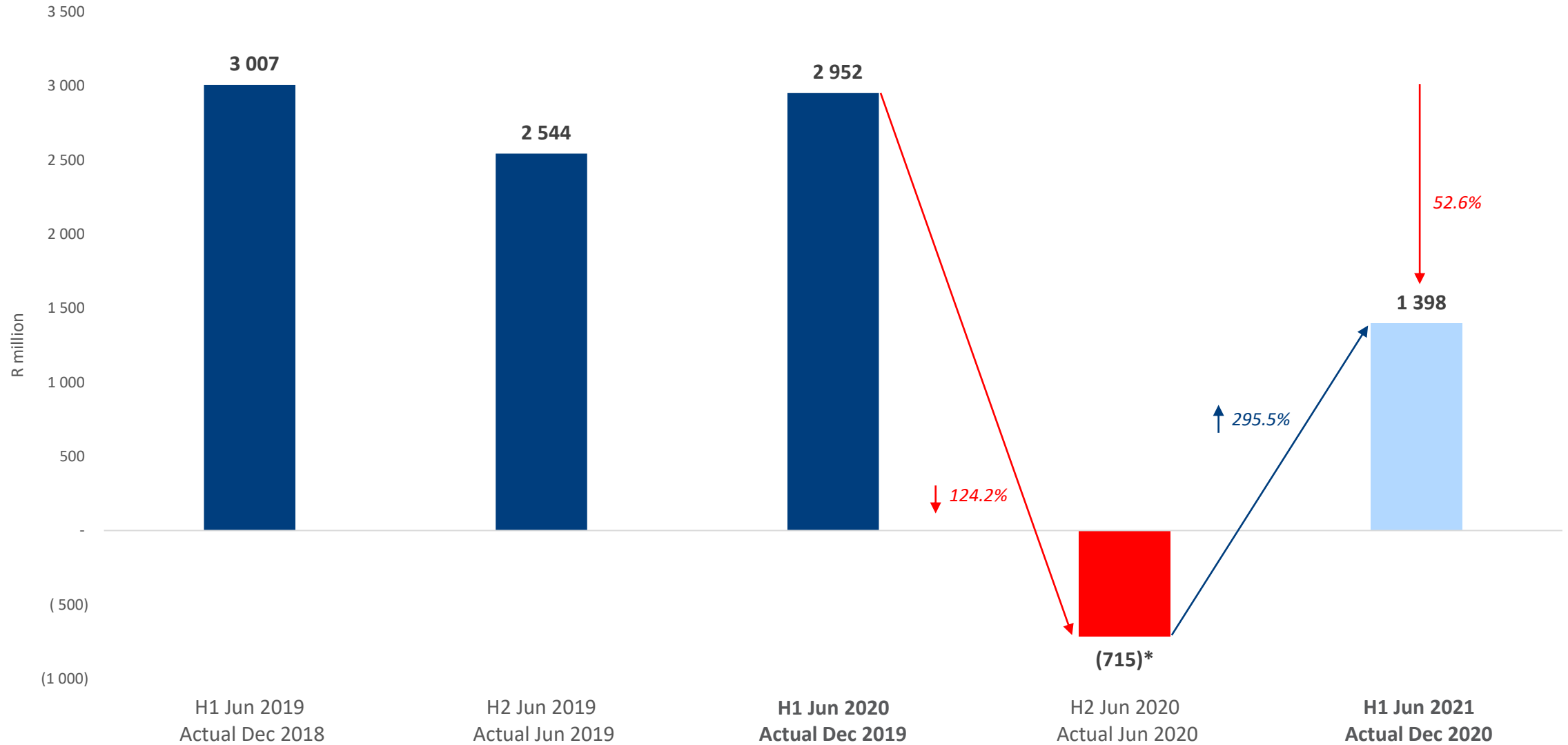
VALUE GAINS AMIDST SUSTAINED COVID-19 IMPACT...

	Six months 31 Dec 20	Six months 31 Dec 19	% change
Headline earnings measures (Rand)			
Total headline earnings per share	2.47	7.51	▼ 67.1%
Headline earnings per share from continuing operations	2.47	5.23	▼ 52.7%
Interim dividend per share (Rand)	0.30	2.15	▼ 86.0%
	As at 31 Dec 20	As at 30 Jun 20	
Intrinsic net asset value per share (Rand)	161.98	154.47	▲ 4.9%
Closing Remgro share price (Rand)	96.20	99.90	▼ 3.7%
Percentage discount to intrinsic net asset value	40.6%	35.3%	(530 bps)

HARD-HIT HEALTHCARE SECTOR CLOUDS GAINS...



SIX MONTHLY HEADLINE EARNINGS FROM CONTINUING OPERATIONS



* Excludes once off donation to the SA SME Relief Trust

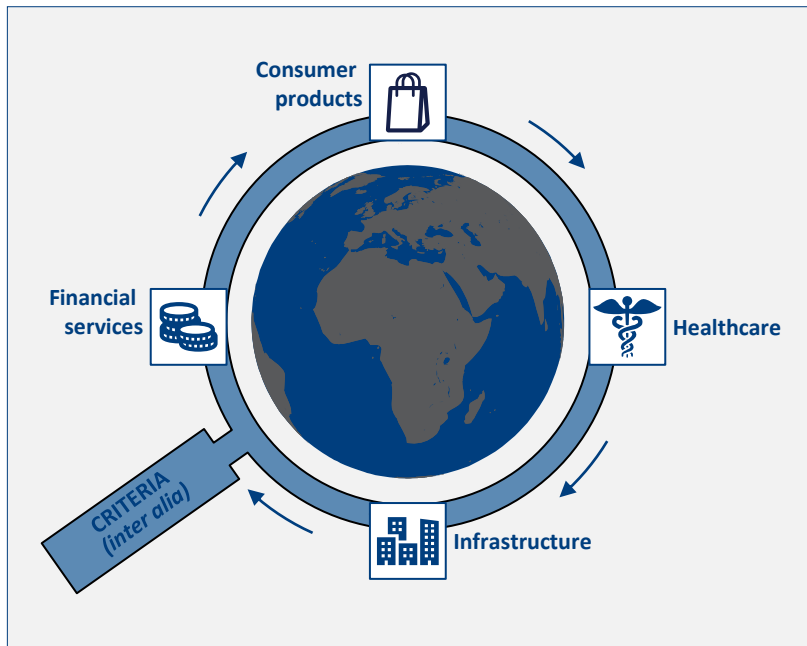


03 EXECUTING ON
STRATEGY

INVESTMENT STRATEGY REAFFIRMED...

ACQUIRE	HOLD	DISPOSE/UNBUNDLE
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- Significant contribution to Remgro's earnings
- Value over the long term
- Significant influence and Board representation are integral
- Unlisted preference



- No value to be added
- Maturity profile of business
- Risk profile has changed
- Strategic reasons



Prevailing culture and ethics of the Board and management team



Expected return on investment > Remgro's internal hurdle rate



Environmental footprint of the enterprise



Viability of products and services and their life cycles



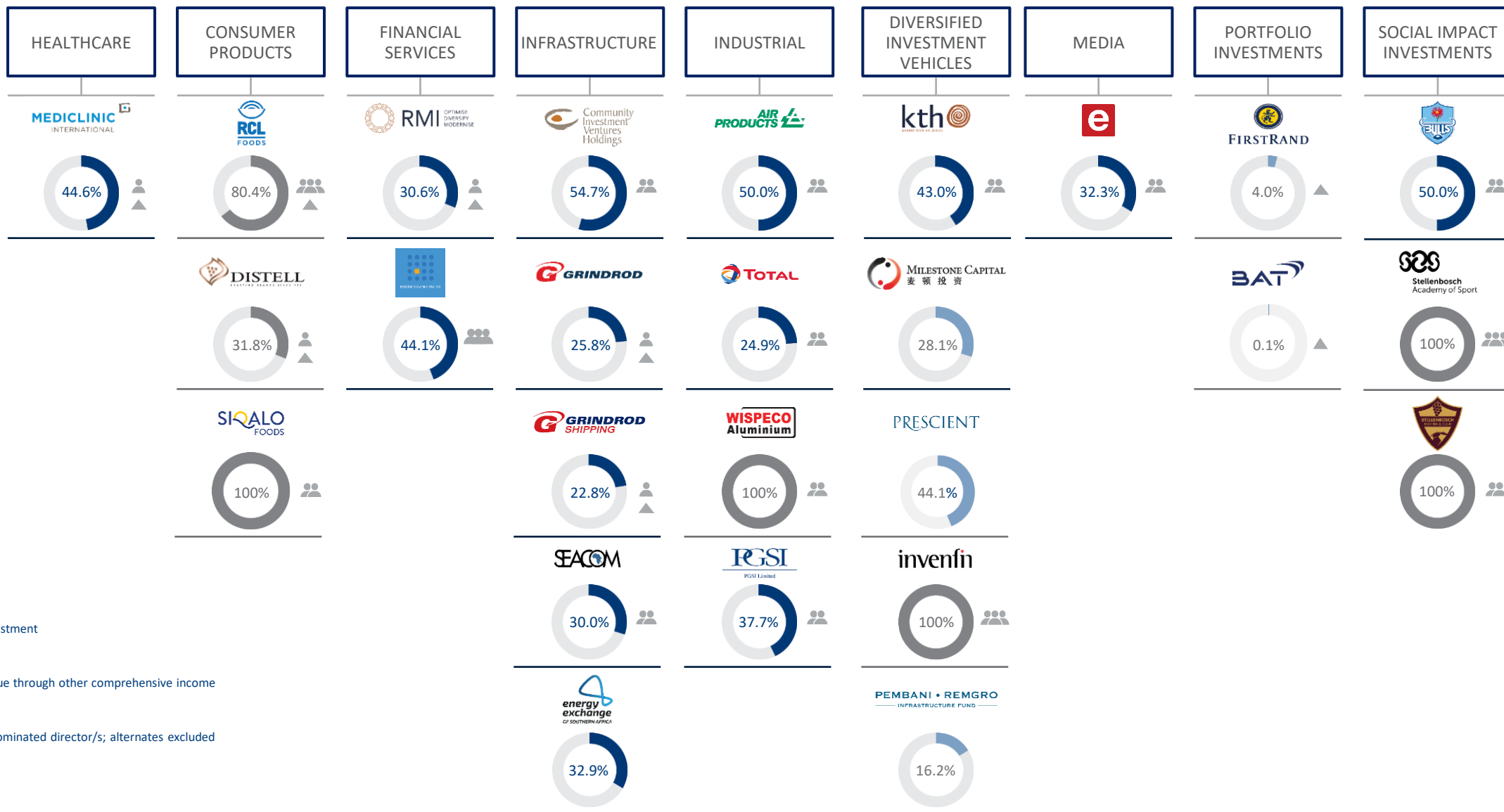
Social responsibility awareness of the enterprise



Barriers to entry

RECLASSIFICATION TO ACHIEVE BETTER ALIGNMENT...

Our interests consist mainly of investments in the following industries:



- Equity accounted investment
- Subsidiary
- Investment at fair value through other comprehensive income
- Listed entity
- Number of Remgro nominated director/s; alternates excluded

LOOKING AHEAD: STRATEGIC PRIORITIES...

OPTIMAL CAPITAL STRUCTURE

Establish most optimal capital structure

- Exchangeable bonds redeemed for cash – creates balance sheet capacity
- Preference share funding structure under review to address leakage on the back of current interest environment
- Dividend policy vs growth
- **Result = balance sheet strength**

EFFICIENT CAPITAL ALLOCATION

Remgro continues to be an allocator of capital, both financial and human

Deploy capital efficiently in following buckets

- Turn around / in-recovery assets
- Growth assets
- Cash generating assets for sources of capital

Maintain appropriate cash buffer to accommodate recovery of portfolio

Realise value within non-core assets

UNLOCK VALUE

Focus on turnaround and growth assets

Maintain cash generative assets for sustained dividend income

Realign portfolio towards greater unlisted asset contribution

Unlock underlying asset value (NAV vs Share Price)

Dispose non-core assets where and when appropriate

Human capital allocation remains our core competency and has yielded results in navigating these unprecedented times. Our people remain our greatest enabler and their health our biggest focus.

SUSTAINABILITY DRIVE: A BUSINESS WITH A HEART...

SUKUMA FUND	VACCINATION PROGRAMME	CLEAN ENERGY TRANSITION	SPORT	EDUCATION
<ul style="list-style-type: none"> • Launched on 3 April 2020 • R1 billion SME relief initiative • Administered by Business Partners • As at 31 Dec 2020: <ul style="list-style-type: none"> - > 6 000 completed applications assessed - R807m provided to 1 303 SMEs - R65m in grants awarded to 2 611 FSPs 	<ul style="list-style-type: none"> • Assisting Government in vaccination efforts together with Discovery, Mediclinic, and Vector Logistics • Mediclinic also working with health authorities on vaccination programmes at Hirslanden and Middle East facilities 	<ul style="list-style-type: none"> • Centralised the roll-out of rooftop Solar PV installations across the Remgro Group • Aggregate 10-year NPV savings for the Group = c. >R200m • Established the Energy Exchange of Southern Africa 	<ul style="list-style-type: none"> • Remgro's sport investments (Bulls, SFC & SAS) now included under new Social impact investments platform • Intended to generate a measurable, beneficial social impact alongside a financial return 	<ul style="list-style-type: none"> • c. 50% of Remgro CSI funds allocated towards entrepreneurship, training and education • Currently 21 schools in the Stellenbosch area that benefit from the Remgro School's Project

A FUTURE FIT REMGRO INTO THE NEXT DECADE...

NEW ECONOMY BUSINESSES	ESG	QUALITY CASHFLOWS
<ul style="list-style-type: none">• Forces shaping the future of our businesses<ul style="list-style-type: none">○ Digitisation○ Virtual reality○ Internet of things○ Blockchain○ Future of food○ Circular economy○ AI & machine learning○ Collaboration & partnerships• Provides new opportunities and playing fields	<ul style="list-style-type: none">• Increased ESG focus<ul style="list-style-type: none">○ Existing investments - drive initiatives focused on sustainability○ Important investment criteria for new investments	<ul style="list-style-type: none">• Ensure correct balance between<ul style="list-style-type: none">○ Mature cash generating assets○ Growth (capital hungry) assets• To enable Remgro to<ul style="list-style-type: none">○ Capitalise on existing opportunities○ Maintain a resilient balance sheet



04 INVESTMENT
ACTIVITIES

CAPITAL DEPLOYED IN LINE WITH STRATEGIC FOCUS...

INVESTMENT ACTIVITIES FOR THE 6 MONTHS ENDED 31 DECEMBER 2020

RCL FOODS

MILESTONE CHINA FUNDS

PRIF

KTH

RCL Foods

- Remgro acquired 28 940 412 shares for R234 million, increasing its effective interest in RCL Foods to 80.4% (30 June 2020: 77.1%).

Milestone China Opportunities Fund III

- Remgro received a distribution of \$12 million from the fund, increasing its cumulative distributions received to \$83 million.
- Investment to date is \$100 million. Fair value at 31 December 2020 equals \$65 million.

PRIF

- Remgro invested a further R43 million in PRIF and received distributions of R6 million, thereby increasing its cumulative investment to R415 million and cumulative distributions received to R263 million. Fair value at 31 December 2020 equals \$359 million.

KTH

- During November 2020 Tiso Blackstar Group Proprietary Limited exited its 20.0% investment in KTH through multiple inter-connected steps, which increased Remgro's interest in KTH to 43.0% (30 June 2020: 36.3%).

CAPITAL DEPLOYED IN LINE WITH STRATEGIC FOCUS...

EVENTS AFTER 31 DECEMBER 2020

CIVH

ASIA PARTNERS I LP

PRIF

EXCHANGEABLE BONDS

CIVH

- Remgro subscribed for an additional 54 738 shares in CIVH for a total amount of R1 636 million in terms of a CIVH rights issue.
- Remgro's interest in CIVH increased marginally to 55.2% (31 December 2020: 54.7%).

Asia Partners I LP (Asia Partners)

- During the period under review, Remgro committed to invest \$25 million in Asia Partners.
- On 3 February 2021, Remgro invested \$10 million, which included \$1 million relating to fund closing costs, leaving the remaining commitment to Asia Partners at \$16 million.
- On 3 March 2021, Asia Partners announced its final close at \$384 million in commitments.

PRIF

- Remgro invested a further R46 million in PRIF and received distributions of R74 million.

Exchangeable bonds

- On 22 March 2021, the exchangeable bonds (issued during March 2016) amounting to £350 million were repaid.



05 RESULTS FOR THE
SIX-MONTH PERIOD

HEADLINE EARNINGS CONTRIBUTION FROM CONTINUING OPERATIONS

R million	6 months 31 Dec 20	6 months 31 Dec 19	% change
RMI	488	504	(3.2)
Distell	428	384	11.5
RCL Foods	411	359	14.5
Siqalo Foods	242	297	(18.5)
Mediclinic	170	858	(80.2)
Air Products	153	170	(10.0)
Total	98	166	(41.0)
FirstRand	-	548	(100.0)
CIVH	(209)	(197)	(6.1)
Other investments	169	246	(31.3)
Contribution by investments	1 950	3 335	(41.5)
Central treasury			
Finance income	114	276	(58.7)
Finance costs	(483)	(477)	(1.3)
Other net corporate costs	(120)	(119)	(0.8)
IFRS 3 charges	(63)	(63)	-
Headline earnings from continuing operations	1 398	2 952	(52.6)

SUMMARY OF INTRINSIC NET ASSET VALUE – MATERIAL INVESTMENTS

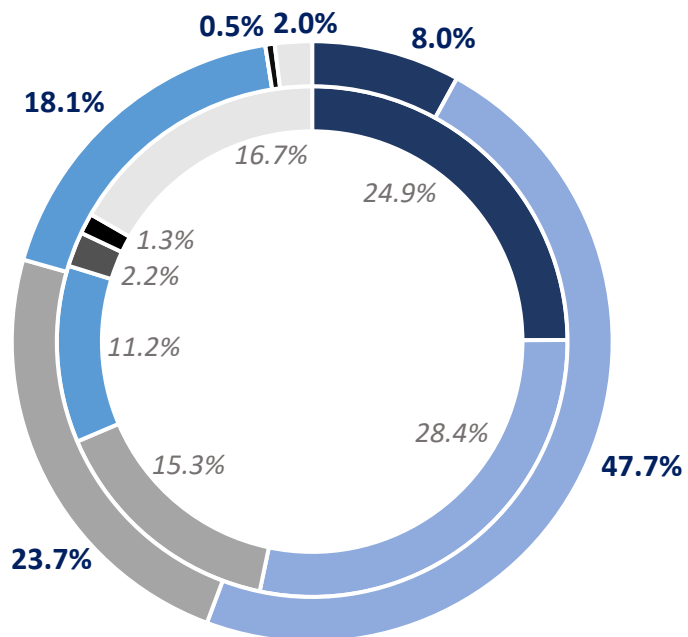
R million	As at 31 Dec 2020	As at 30 Jun 2020	% change	% contribution
Mediclinic	18 678	18 769	(0.5)	19.7
RMI	15 046	13 708	9.8	15.9
CIVH	10 326	10 117	2.1	10.9
FirstRand	9 027	7 068	27.7	9.5
Distell	6 639	5 330	24.6	7.0
Siqalo Foods	6 439	6 145	4.8	6.8
RCL Foods	6 034	6 029	0.1	6.4
Air Products	4 107	3 979	3.2	4.3
Other investments	16 928	17 393	(2.7)	17.8
Net Asset Value before net cash	93 224	88 538	5.3	
Cash at the centre	16 500	17 073	(3.4)	1.7
Debt at the centre	(14 866)	(15 288)	2.8	
Intrinsic NAV before CGT	94 858	90 323	5.0	100.0
Potential CGT liability	(3 340)	(3 050)	(9.5)	
Intrinsic NAV after tax	91 518	87 273	4.9	
Intrinsic NAV per share (Rand)	161.98	154.47	4.9	

CONTRIBUTION BY PLATFORM - CONTINUING OPERATIONS

Headline earnings*

Dec 2020 (outer)**

Dec 2019 (inner)***

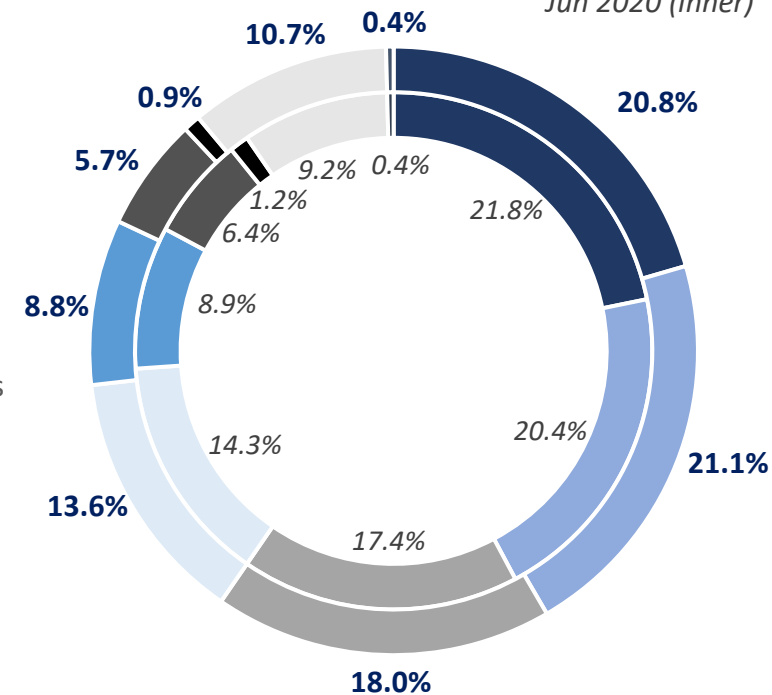


Intrinsic NAV*

Dec 2020 (outer)

Jun 2020 (inner)

- Healthcare
- Consumer products
- Financial services
- Infrastructure
- Industrial
- Diversified investment vehicles
- Media
- Portfolio investments
- Social impact investments



* Excluding discontinued operations, treasury and other net corporate costs/assets

** Infrastructure, Diversified investment vehicles and Social impact investments contributed headline losses for the six months ended 31 December 2020

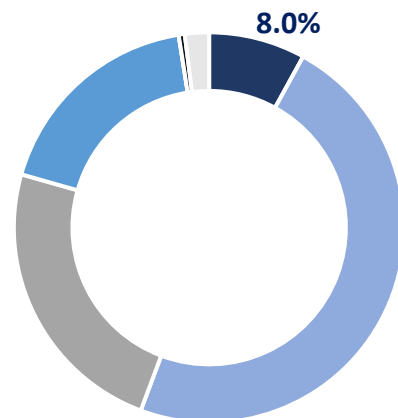
*** Infrastructure contributed headline losses for the six months ended 31 December 2019. Social impact investments had a zero net impact for the period

HEALTHCARE

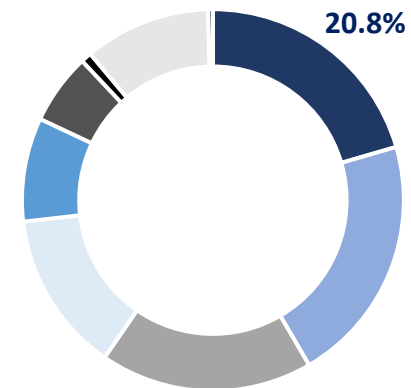
R million	Headline earnings			Intrinsic value		
	Six months 31 Dec 20	Six months 31 Dec 19	% change	As at 31 Dec 20	As at 30 Jun 20	% change
Mediclinic	170	858	(80.2)	18 678	18 769	(0.5)

MEDICLINIC
INTERNATIONAL

Contribution to Headline earnings*



Contribution to Intrinsic NAV*

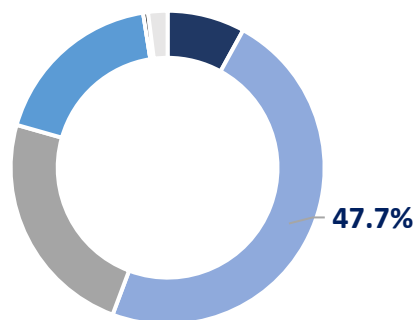


* Excluding discontinued operations, treasury, other net corporate costs/assets and negative contributions to headline earnings

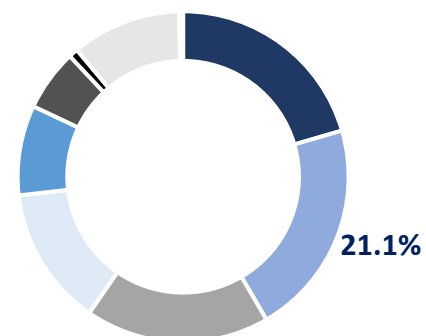
CONSUMER PRODUCTS

R million	Headline earnings			Intrinsic value		
	Six months 31 Dec 20	Six months 31 Dec 19	% change	As at 31 Dec 20	As at 30 Jun 20	% change
RCL Foods	411	359	14.5	6 034	6 029	0.1
Distell	405	361	12.2	6 639	5 330	24.6
Entity contribution	428	384	11.5			
IFRS 3 charge	(23)	(23)	-			
Sigalo Foods	202	257	(21.4)	6 439	6 145	4.8
Entity contribution	242	297	(18.5)			
IFRS 3 charge	(40)	(40)	-			
Total	1 018	977	4.2	19 112	17 504	9.2

Contribution to Headline earnings*



Contribution to Intrinsic NAV*

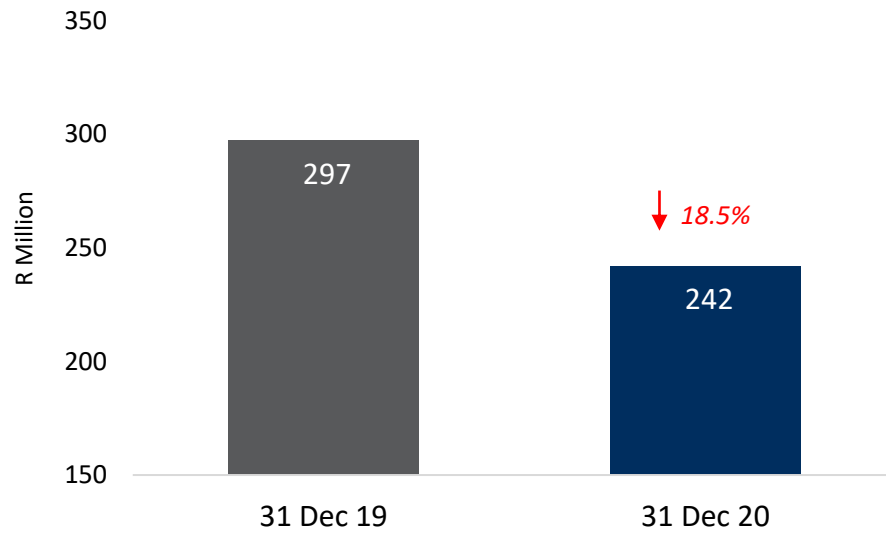


* Excluding discontinued operations, treasury, other net corporate costs/assets and negative contributions to headline earnings

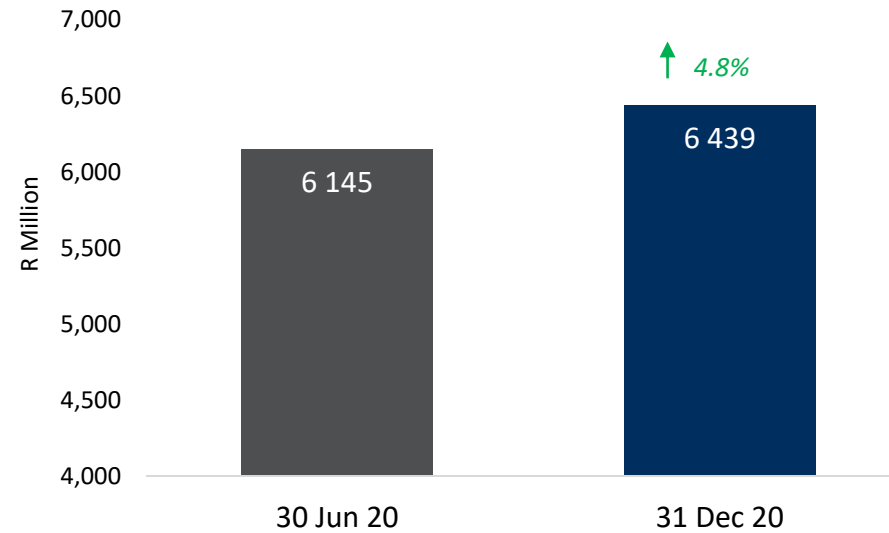
CONSUMER PRODUCTS | SIQALO FOODS

R million	Six months	Six months	% change
	31 Dec 20	31 Dec 19	
Revenue	1 605	1 448	10.8
Operational EBITDA	357	339	5.3

Headline Earnings



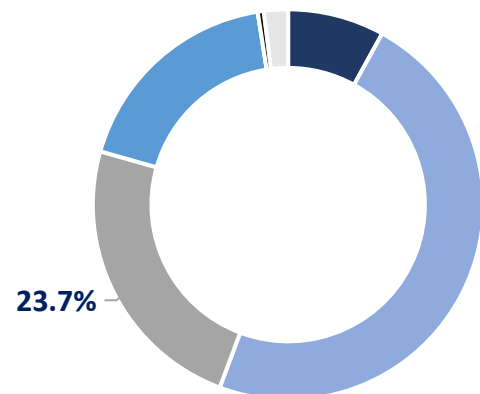
Intrinsic NAV



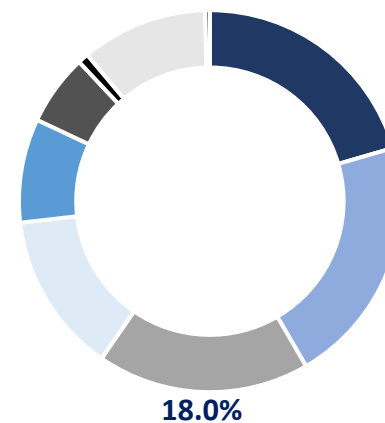
FINANCIAL SERVICES

R million	Headline earnings			Intrinsic value		
	Six months 31 Dec 20	Six months 31 Dec 19	% change	As at 31 Dec 20	As at 30 Jun 20	% change
RMI	488	504	(3.2)	15 046	13 708	9.8
Business Partners	18	24	(25.0)	1 257	1 232	2.0
Total	506	528	(4.2)	16 303	14 940	9.1

Contribution to Headline earnings*



Contribution to Intrinsic NAV*



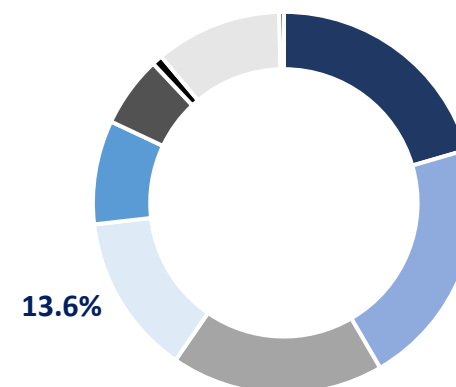
* Excluding discontinued operations, treasury, other net corporate costs/assets and negative contributions to headline earnings



INFRASTRUCTURE

R million	Headline earnings			Intrinsic value		
	Six months 31 Dec 20	Six months 31 Dec 19	% change	As at 31 Dec 20	As at 30 Jun 20	% change
CIVH	(209)	(219)	4.6	10 326	10 117	2.1
CIVH loan	-	22	-	-	467	-
Grindrod	15	41	(63.4)	875	532	64.5
SEACOM	35	9	288.9	874	909	(3.9)
Other infrastructure investments	(59)	(23)	(156.5)	254	226	12.4
Total	(218)	(170)	(28.2)	12 329	12 251	0.6

Contribution to Intrinsic NAV*



* Excluding discontinued operations, treasury and other net corporate assets

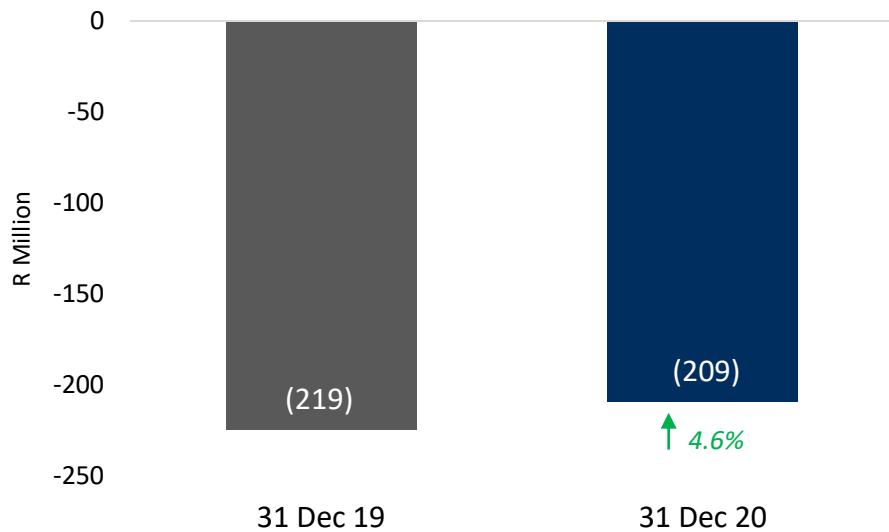
Infrastructure contributed headline losses for the six month periods ended 31 December 2020 and 31 December 2019

INFRASTRUCTURE | CIVH

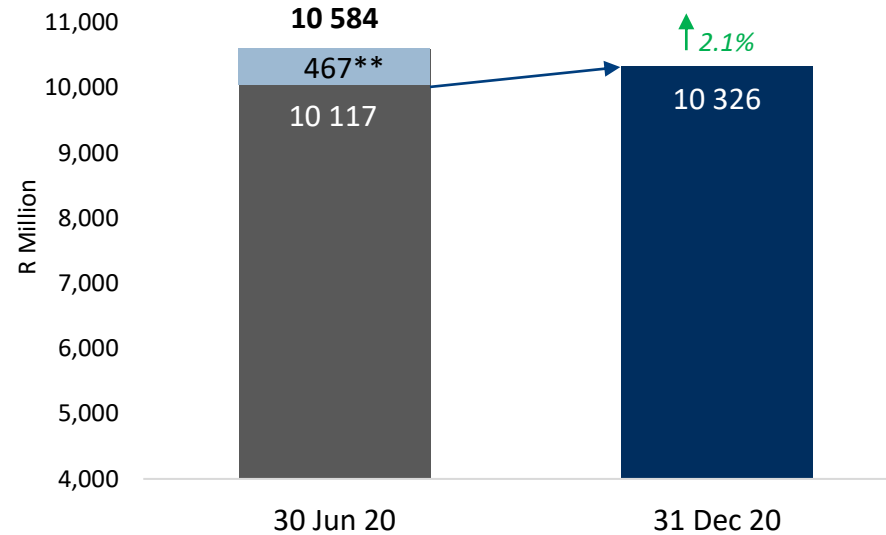
DFA	Six months	Six months	
R million	30 Sep 20	30 Sep 19	% change
Revenue	1 188	1 190	(0.2)
Underlying operating profit	232	158	47.0

Vumatel	Six months	Six months	
R million	30 Sep 20	30 Sep 19	% change
Revenue	1 092	765	43.0
Underlying operating profit	297	238	25.0

Headline Earnings*



Intrinsic NAV



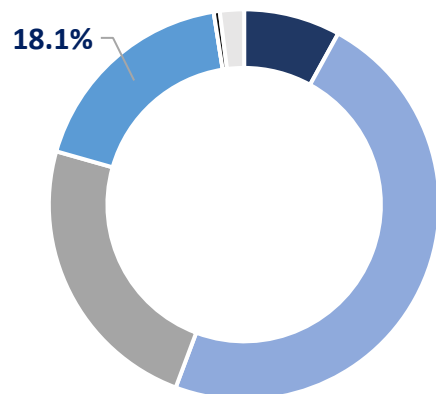
* Excluding interest income

** CIVH loan repaid after 30 June 2020

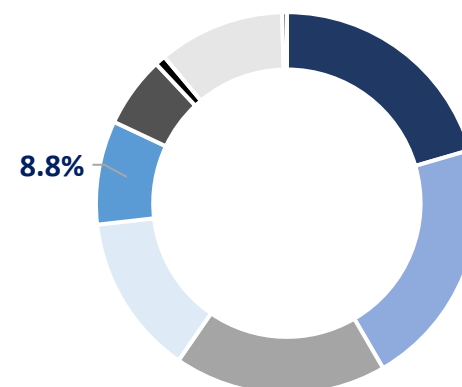
INDUSTRIAL

R million	Headline earnings			Intrinsic value		
	Six months 31 Dec 20	Six months 31 Dec 19	% change	As at 31 Dec 20	As at 30 Jun 20	% change
Air Products	153	170	(10.0)	4 107	3 979	3.2
Total	98	166	(41.0)	2 427	2 515	(3.5)
Wispeco	148	67	120.9	1 145	810	41.4
Other industrial investments	(14)	(17)	17.6	314	309	1.6
Total	385	386	(0.3)	7 993	7 613	5.0

Contribution to Headline earnings*



Contribution to Intrinsic NAV*




TOTAL

* Excluding discontinued operations, treasury, other net corporate costs/assets and negative contributions to headline earnings

INDUSTRIAL | UNLISTED PORTFOLIO PERFORMANCE

AIR PRODUCTS	Six months	Six months	
R million	30 Sep 20	30 Sep 19	<i>% change</i>
Revenue	1 569	1 677	(6.4)
Operating profit	408	473	(13.7)

TOTAL	Six months	Six months	
R million	31 Dec 20	31 Dec 19	<i>% change</i>
Revenue	28 092	38 679	(27.4)
Gross profit	1 990	2 405	(17.3)
Operating profit	573	898	(36.2)

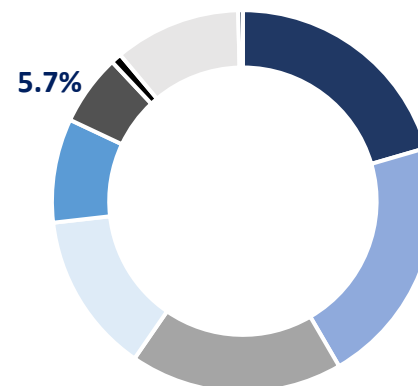
WISPECO	Six months	Six months	
R million	31 Dec 20	31 Dec 19	<i>% change</i>
Revenue	1 454	1 163	25.0
Operating profit	224	98	128.6



DIVERSIFIED INVESTMENT VEHICLES

R million	Headline earnings			Intrinsic value		
	Six months 31 Dec 20	Six months 31 Dec 19	% change	As at 31 Dec 20	As at 30 Jun 20	% change
KTH	11	102	(89.2)	1 890	1 961	(3.6)
Other	(23)	(27)	14.8	3 260	3 514	(7.2)
Total	(12)	75	(116.0)	5 150	5 475	(5.9)

Contribution to Intrinsic NAV*



kth 

 MILESTONE CAPITAL
麦顿投资

PRESCIENT

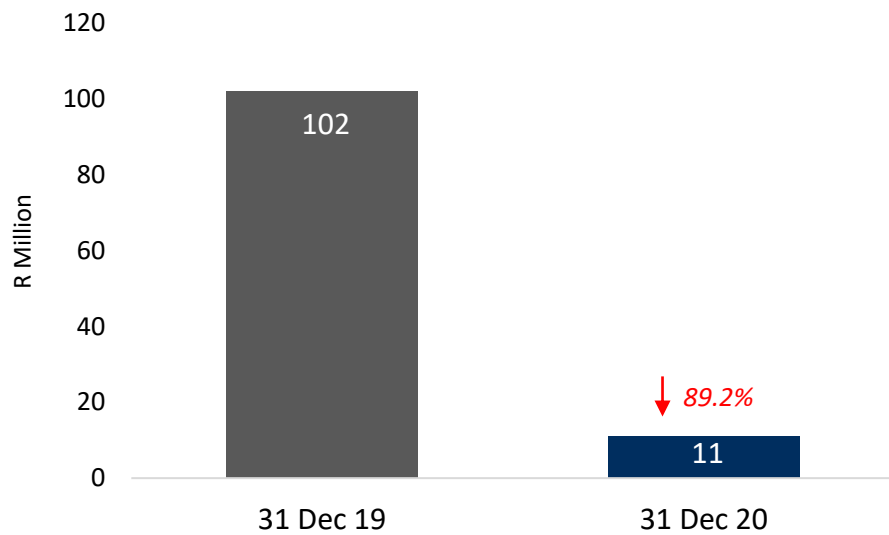
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PEMBANI • REMGRO
INFRASTRUCTURE FUND

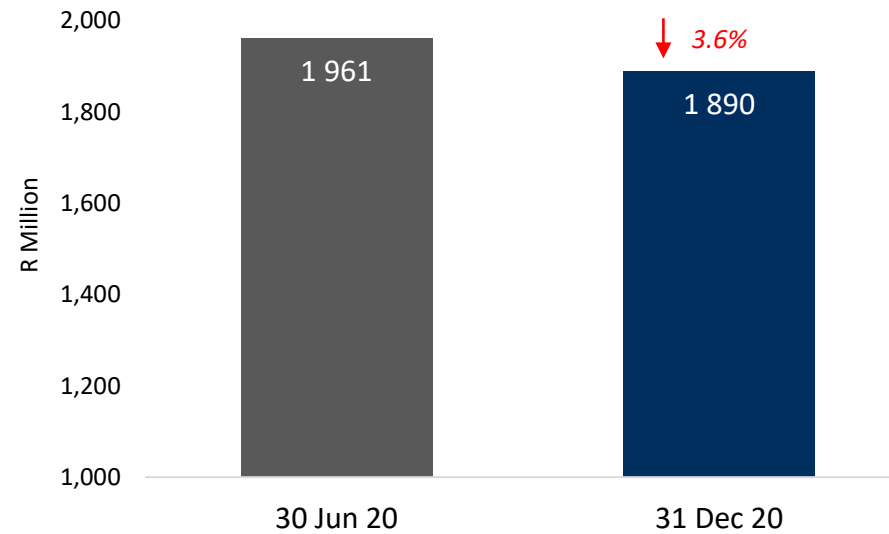
* Excluding discontinued operations, treasury and other net corporate assets
Diversified Investment Vehicles contributed headline losses for the six month period ended 31 December 2020

DIVERSIFIED INVESTMENT VEHICLES | KTH

Headline Earnings



Intrinsic NAV



- kth
- MILESTONE CAPITAL
麦顿投资
- PRESCIENT
- invenfn
- PEMBANI • REMGRO
INFRASTRUCTURE FUND

OTHER INVESTMENTS, TREASURY AND CORPORATE COSTS

R million	Headline earnings			Intrinsic value		
	Six months 31 Dec 20	Six months 31 Dec 19	% change	As at 31 Dec 20	As at 30 Jun 20	% change
Media	10	45	(77.8)	803	988	(18.7)
Portfolio investments	42	573	(92.7)	9 679	7 850	23.3
Social impact investments	(14)	-	n/a	318	331	(3.9)
Central treasury						
- Finance income/cash	114	276	(58.7)	16 500	17 073	(3.4)
- Finance costs/debt	(483)	(478)	(1.0)	(14 866)	(15 288)	2.8
- Option remeasurement	-	1	(100.0)			
Other net corporate costs/assets	(120)	(119)	(0.8)	2 859	2 817	1.5
Total	(451)	298	(251.3)	15 293	13 771	11.1

RELATIVE MARKET PERFORMANCE...

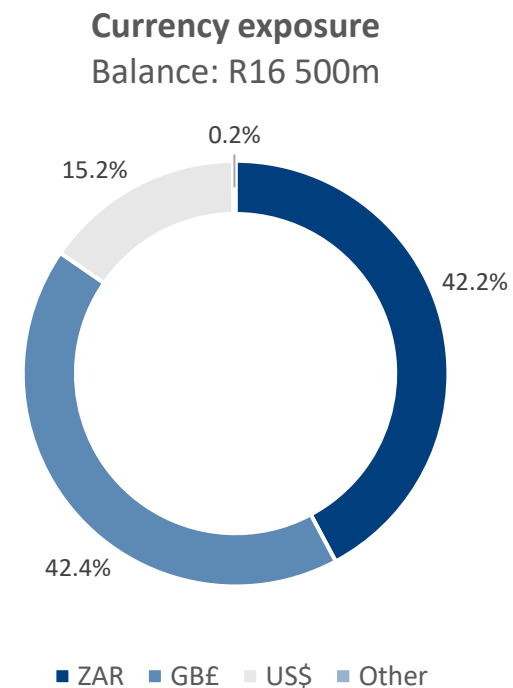
	As at 23 Mar 21	As at 31 Dec 20	As at 30 Jun 20	% change
Discount to intrinsic value	38.1%	40.6%	35.3%	(530 bps)
Intrinsic value per share – after CGT (Rand)	166.05	161.98	154.47	▲ 4.9%
Closing share price (Rand)	102.86	96.20	99.90	▼ 3.7%

Intrinsic value vs Remgro share price

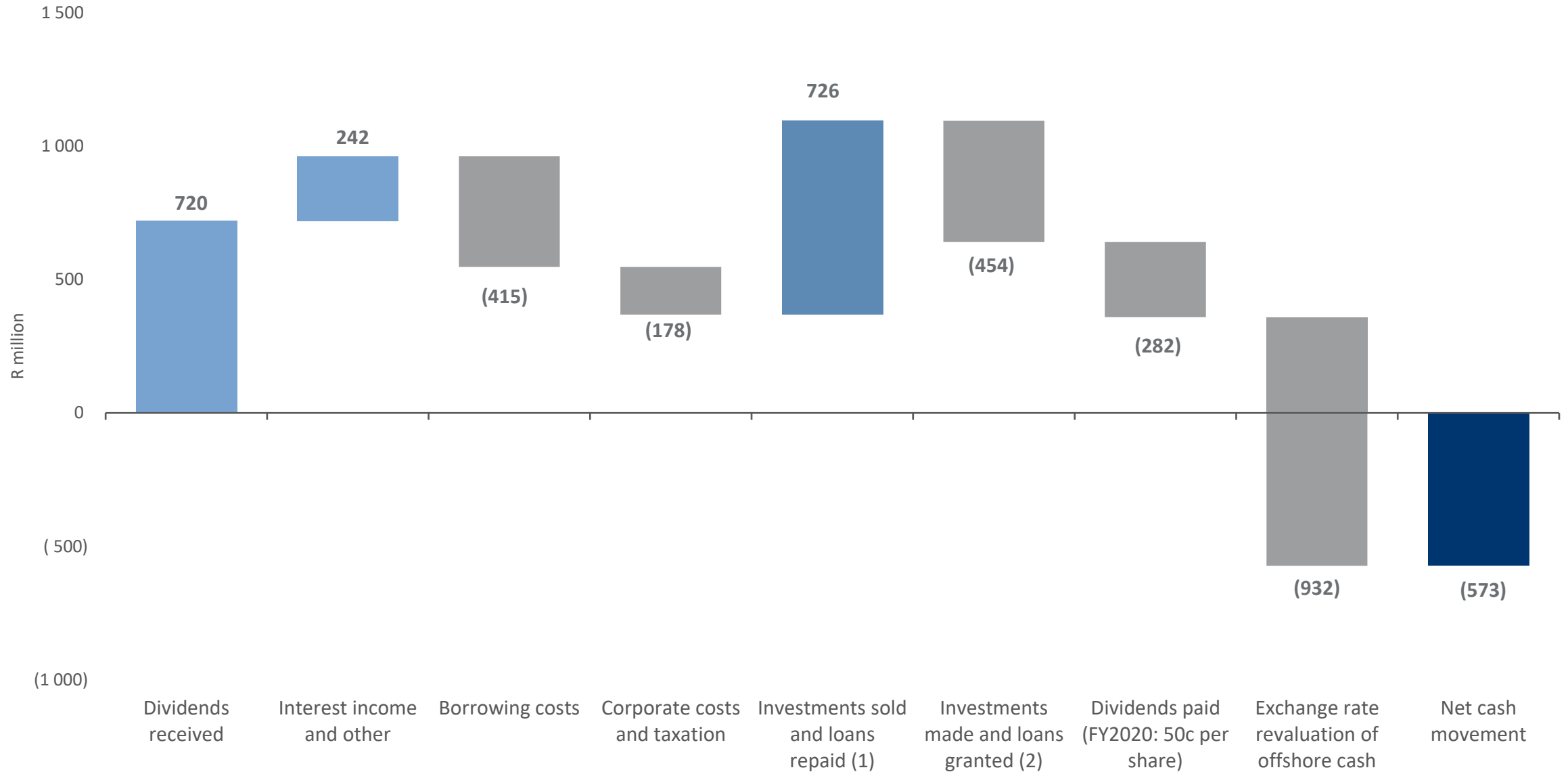


CASH AND DEBT AT THE CENTRE

R million	% of total	31 Dec 2020	30 Jun 2020	% of total
Local cash	42.2	6 967	6 705	39.3
Offshore cash	57.8	9 533	10 368	60.7
US\$ 171.7m (@ R14.66/US\$)	15.2	2 516	2 770	16.2
GB£ 348.5m (@ R20.06/GB£)	42.4	6 992	7 572	44.4
Other	0.2	25	26	0.1
Cash at the centre	100.0	16 500	17 073	100.0
Debt at the centre (at face value)				Maturity date
Exchangeable bonds (£350m, 2.625% coupon)		7 022	7 509	22 Mar 2021
RMB preference shares (7.5%)		3 500	3 500	15 Jan 2024
Standard Bank preference shares (8.3%; 16 Mar 2021: 7.8%)		4 366	4 366	17 Mar 2025
Total debt at the centre		14 888	15 375	
Net cash at the centre		1 612	1 698	



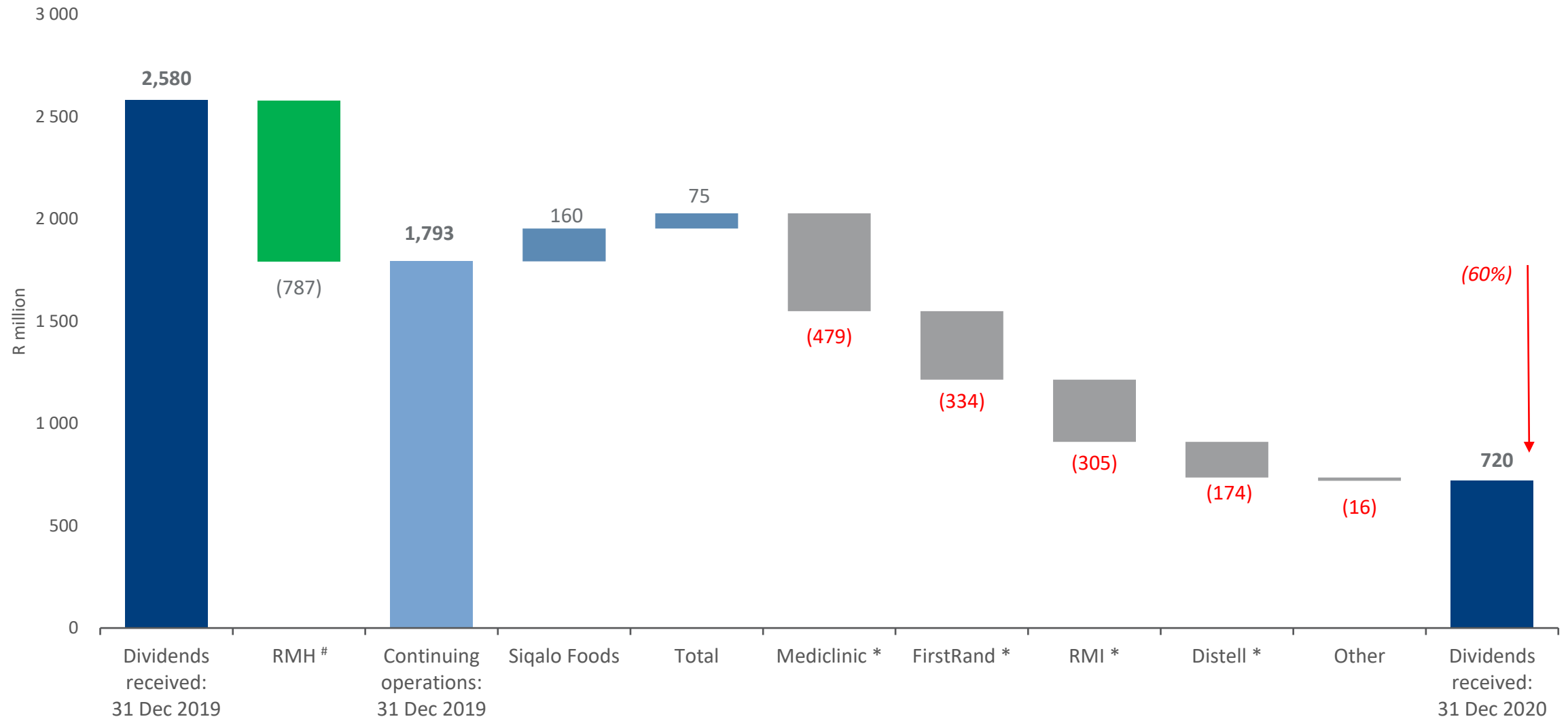
CASH FLOW AT THE CENTRE



(1) CIVH loan (R468m); Milestone III (R191m)

(2) RCL Foods (R234m)

RECONCILIATION OF DIVIDENDS RECEIVED AT THE CENTRE



RMH Unbundling

* Listed investee companies that have suspended payment of their 2020 final dividend



06 CLOSING COMMENTS
AND Q&A

KEY TAKEAWAYS AND LOOKING AHEAD...



THANK YOU

For more information visit our website
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VALUATION OF UNLISTED INVESTMENTS | IFRS 13 FRAMEWORK

Investment	Valuation method	6 month change	Forecast and/or tradability discount
Siqalo Foods	Discounted cash flow	4.8%	Yes
Total	Discounted cash flow	(3.5%)	Yes
Air Products	Discounted cash flow	3.2%	Yes
KTH	Sum-of-the-parts (external valuation)	(3.6%)	Yes
Wispeco	Discounted cash flow	41.4%	Yes
CIVH	Discounted cash flow	2.1%	Yes
SEACOM	Discounted cash flow	(3.9%)	Yes

Factors taken into consideration in determining the unlisted investments' valuations:

- Growth potential and risk
- Underlying NAV
- Profit history
- Cash flow projections
- Macroeconomic factors
- Peer group performance