



Results Press Release for the six months ended 31 December 2020

REMGRO SHOWS RESILIENCE AMIDST COVID-19 HEADWINDS

- **Headline earnings per share from continuing operations: down by 52.7% from 522.5 cents to 247.4 cents**
- **Total headline earnings per share: down by 67.1% from 750.9 cents to 247.4 cents**
- **Earnings per share: down by 71.1% to 221.2 cents**
- **Interim dividend per share: 30 cents**
- **Intrinsic net asset value per share as at 31 December 2020: up by 4.9% to R161.98**

The second wave of Covid-19 in the second half of 2020 hit South Africa harder than expected, bringing with it a new variant with higher infection rates and greater severity of symptoms. This led to the imposition of further lockdown measures in order to slow down the spread of the disease and ease pressure on the healthcare system.

Managing within this crisis continues to be Remgro and its investee companies' single biggest priority. Remgro's focus is on the factors within its control, the health and well-being of its people, ensuring that its investments have the most robust financial positions to support business continuity and ensuring that the underlying investee companies that are in a position to offer help to the country, are empowered to do so. As a response to the call for the support of all social partners in finding effective solutions for a vaccination programme, Remgro, together with its investee companies in the medical and logistics sectors have been actively assisting Government in its efforts to urgently establish and execute an effective vaccination programme for all South Africans.

The results for the six months to 31 December 2020 are not directly comparable with the six months to 31 December 2019, which related to a pre-Covid-19 period. Headline earnings for the period under review were significantly affected by the decreased contribution of Mediclinic International plc (Mediclinic) (down by 80.2%), which includes the full impact of the Covid-19-related lockdown measures on its results for the six months to 30 September 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, no earnings from FirstRand were accounted for in the period under review, whereas R548 million was included in the comparative period. As a result of the Covid-19 pandemic, FirstRand did not pay any dividends during the period under review. Excluding Mediclinic and FirstRand, the rest of Remgro's investment portfolio had a resilient performance during the Covid-19 pandemic with their contribution to Remgro's headline earnings decreasing by only 7.7%.

For the period under review, total headline earnings decreased by 67.0% from R4 242 million to R1 398 million, while total headline earnings per share (HEPS) decreased by 67.1% from 750.9 cents to 247.4 cents. Headline earnings from continuing operations decreased by 52.6% from R2 952 million to R1 398 million, while HEPS from continuing operations decreased by 52.7% from 522.5 cents to 247.4 cents. The decrease in headline earnings from continuing operations is mainly due to lower contributions by Mediclinic and FirstRand as well as lower interest income, due to the 300 basis points reduction in interest rates since January 2020.

Total earnings decreased by 71.1% to R1 250 million (2019: R4 329 million), mainly due to the decrease in the headline earnings from continuing operations (down by R1 554 million) and the equity accounted earnings of RMB Holdings Limited (RMH) in the comparative period amounting to R1 322 million.

Commentary on the performance of each of the underlying reporting platforms is set out in the unaudited summary results for the six months ended 31 December 2020 released herewith.

Remgro's intrinsic net asset value per share increased by 4.9% from R154.47 at 30 June 2020 to R161.98 at 31 December 2020. The closing share price at 31 December 2020 was R96.20 (30 June 2020: R99.90) representing a discount of 40.6% (30 June 2020: 35.3%) to the intrinsic net asset value.

For the six months ended 31 December 2020, an interim gross dividend of 30 cents per share was 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. The interim dividend was adjusted downwards to take into account the unbundling by Remgro of its 28.2% interest in RMH during June 2020 and the impact of the Covid-19 pandemic.

Jannie Durand, CEO of Remgro, concluded: *"While Covid-19 continues to put pressure on our economy, the healthcare system and our wellbeing in general, I am encouraged by the commitment and resolve that our people continue to show amidst the various personal challenges being faced both at home and in the workplace. It has enabled our portfolio to put up a resilient performance in this period and has reaffirmed my confidence in our position to weather this storm and overcome the unique challenges that this crisis presents. I specifically want to express my sincerest gratitude to all the healthcare workers in our country and within our Group that have played and continue to play a vital part in combatting this pandemic. We remain committed to the wellbeing of our people as our biggest priority and have confidence that we will come through this together and be stronger on the other side."*

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Issued and released by:	Remgro Investor Relations
Issue date:	25 March 2021
JSE code:	REM
Web-site:	www.remgro.com

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), Rand Merchant Investment Holdings Limited (RMI) (30.6% interest), Community Investment Ventures Holdings Proprietary Limited (CIVH) (54.7% interest), FirstRand (4.0% interest), Distell Group Holdings Limited (Distell) (31.8% interest), RCL Foods Limited (RCL Foods) (80.4% interest), Siqalo Foods Proprietary Limited (Siqalo Foods) (100.0% interest), Air Products South Africa Proprietary Limited (Air Products) (50.0% interest), Total South Africa Proprietary Limited (Total) (24.9% interest) and Kagiso Tiso Holdings Proprietary Limited (KTH) (43.0% interest). These investments contribute approximately 88% to Remgro's intrinsic net asset value (INAV after tax).

Comparison with prior period

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 period under review, earnings and headline earnings measures are presented for continuing operations and discontinued operations and, accordingly, discontinued operations for the comparative six months to 31 December 2019 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 six months to 31 December 2019 the investment in FirstRand was equity accounted whereas, from the date of the FirstRand Reclassification, only dividend income will be accounted for FirstRand in the income statement. No dividends were received from FirstRand during the period under review (2019: cash dividends of R334 million).

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. In an attempt to more accurately classify Remgro's investments, the platforms under which the results of investee companies are being reported 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 (eMedia Investments));
- *Portfolio investments* (non-strategic investments consisting mainly of FirstRand and British American Tobacco plc (BAT));
- *Diversified investment vehicles* (entities whose main business is to make investments consisting mainly of KTH, the Chinese funds, Invenfin Proprietary Limited (Invenfin) and Pembani Remgro Infrastructure Fund (PRIF)); and
- *Social impact investments* (consisting mainly of the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Proprietary Limited (SAS)).

Comparative figures have been presented accordingly.