



Interim Results Press Release for the six months ended 31 December 2021

REMGRO HEADLINE EARNINGS SURPASS PRE-PANDEMIC LEVELS

- **Headline earnings per share: up by 139.4% from 247.4 cents to 592.3 cents**
- **Headline earnings per share: up by 22.2% compared to pre-pandemic period**
- **Interim dividend per share: up by 66.7% to 50 cents**
- **Intrinsic net asset value per share as at 31 December 2021: up by 14.2% to R202.47**

This first half of Remgro's financial year continued to be a rollercoaster, with the fallout of the July violent unrest and the threat of the fourth wave of the Covid-19 pandemic, amidst a slow vaccination progress, which saw the global community impose further travel bans on South Africa. As we begin to emerge and recover, renewed macro challenges and volatility are evident on a global scale. Remgro continues to focus on its processes curated over its 74-year rich history, remaining committed to its strategic priorities, its corporate citizen mandate and values driven ethos. In line with this, Remgro also aims to lead the development of Environmental, Social and Governance (ESG) practices and corporate sustainability in the South African context, making it integral to its business.

Remgro's commitment to its investment philosophy and underlying investments has seen a robust recovery in financial performance compared to the previous period with the majority of financial metrics ahead of pre-pandemic levels. The positive operational momentum, as well as the expected benefits from the recent transformative corporate actions sees Remgro encouraged by its future prospects as it remains committed to shape the future and partner for South Africa's prosperity for the benefit of all her people.

The headline earnings for the comparative period was significantly impacted by the Covid-19 pandemic and the resultant lockdown measures. From this low base, the increase in headline earnings for the period under review of 139.3% is mainly due to the recovery of the earnings of most of Remgro's underlying investee companies, most notably Mediclinic International plc (Mediclinic), Grindrod Shipping Holdings Limited (Grindrod Shipping), TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies), FirstRand Limited (FirstRand), Grindrod Limited (Grindrod) and RCL Foods Limited (RCL Foods). Mediclinic's contribution for the comparative period includes the full impact of the Covid-19-related lockdown measures during the first wave of the pandemic on its results for the six months ended 30 September 2020. The results for the period under review were also positively impacted by lower equity accounted losses from Community Investment Ventures Holdings Proprietary Limited (CIVH) and lower finance costs, due to the redemption of the exchangeable bonds.

In order to compare the headline earnings to a pre-pandemic period, the headline earnings for the six months ended 31 December 2019 (the pre-pandemic 2019 period) has been adjusted to take into account the RMB Holdings Limited (RMH) unbundling and the accounting reclassification of the FirstRand investment (from an equity accounted investment to an investment at fair value through other comprehensive income) during June 2020 (*pro forma* headline earnings for the pre-pandemic 2019 period). Compared to the *pro forma* headline earnings for the pre-pandemic 2019 period, headline earnings increased by 22.2%, which indicates that the earnings of most of Remgro's underlying investee companies, that have been affected by the Covid-19 pandemic, have substantially recovered from the pandemic.

For the period under review, headline earnings increased by 139.3% from R1 398 million to R3 345 million, while headline earnings per share (HEPS) increased by 139.4% from 247.4 cents to 592.3 cents.

Compared to the *pro forma* headline earnings and *pro forma* HEPS for the pre-pandemic 2019 period, the headline earnings and HEPS increased by 22.2% from R2 738 million to R3 345 million and from 484.6 cents to 592.3 cents, respectively. The increase in headline earnings is mainly due to higher contributions from Grindrod Shipping, CIVH (lower losses), RCL Foods, TotalEnergies, Distell Group Holdings Limited (Distell) and Grindrod, as well as lower finance costs due to the redemption of the exchangeable bonds. This increase is partly offset by lower contributions from Mediclinic and FirstRand (lower dividends), as well as lower interest income due to the reduction in the South African repo rate.

Total earnings increased by 294.6% to R4 932 million (2020: R1 250 million) mainly due to the increase in headline earnings of R1 947 million discussed above, as well as Remgro's portion of the profit realised by Rand Merchant Investment Holdings Limited (RMI) on the disposal of its investment in Hastings Group Holdings plc of R1 478 million.

Commentary on the performance of each of the underlying reporting platforms is set out in the unaudited interim results for the six months ended 31 December 2021 released herewith.

Remgro's intrinsic net asset value per share increased by 14.2% from R177.33 at 30 June 2021 to R202.47 at 31 December 2021. The closing share price at 31 December 2021 was R131.15 (30 June 2021: R114.60) representing a discount of 35.2% (30 June 2021: 35.4%) to the intrinsic net asset value.

For the six months ended 31 December 2021, an interim gross dividend of 50 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.

Jannie Durand, CEO of Remgro, concluded: *"We are more than encouraged that our prudent management, strong balance sheet and capital allocation track record, as evidenced by our resilient portfolio, has enabled us to deliver a quick recovery amidst all the headwinds. As we move forward in our continued journey of recovery and portfolio optimisation, in the face of heightened global political instability, we still believe that now is the time to reset – to do more than pause and adjust - but to recognise the harbingers of change. We remain committed to constantly watching, participating, and adapting to these changing times as a proud and responsible corporate citizen, aiming to nurture a South Africa that is fit for generations to come."*

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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". From 3 January 2022, the Company also has a secondary listing on the A2X. 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), CIVH (57.0% interest), Distell (31.7% interest), RCL Foods (80.4% interest), FirstRand (3.3% interest), Siqalo Foods Proprietary Limited (100.0% interest), Air Products South Africa Proprietary Limited (50.0% interest), TotalEnergies (24.9% interest) and Kagiso Tiso Holdings Proprietary Limited (43.5% interest). These investments contribute approximately 92% to Remgro's intrinsic net asset value (INAV after tax).

Pro forma headline earnings for the pre-pandemic 2019 period

In order to provide users with a "like-for-like" comparison between the headline earnings for the period under review and the headline earnings for the six months ended 31 December 2019 (the pre-pandemic 2019 period), headline earnings for the pre-pandemic 2019 period has been adjusted to:

- exclude the equity accounted earnings of RMH of R1 290 million, which was presented as a discontinued operation in the prior periods due to the unbundling of this investment during June 2020, and
- exclude the equity accounted earnings of FirstRand of R548 million and include the dividend income from FirstRand amounting to R334 million, as this investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income on 8 June 2020.