



## Interim Results Press Release for the six months ended 31 December 2022

### REMGRO MAINTAINS POSITIVE EARNINGS MOMENTUM DESPITE A CHALLENGING OPERATING ENVIRONMENT

- **Headline earnings per share: up by 5.7% from 592.3 cents to 626.2 cents**
- **Interim dividend per share: up by 60.0% from 50 cents to 80 cents**
- **Intrinsic net asset value per share as at 31 December 2022: up by 5.0% to R223.86 since 30 June 2022**

The second half of the 2022 calendar year continued to be marked globally as a period of macroeconomic and geopolitical instability, largely resulting from the Russia-Ukraine war, the ensuing geopolitical tensions, escalating commodity prices coupled with inflationary pressures from supply chain disruptions. In the South African context, the period's global pressures were exacerbated by serious power supply constraints, slow progress on economic and structural reforms, and rising interest rates. Furthermore, the South African GDP declined by 1.3% in the fourth quarter of 2022. Despite these challenges, Remgro is more than encouraged that its prudent management, strong financial position and capital allocation track record (as evidenced by its resilient portfolio) has enabled it to maintain positive earnings momentum through all the headwinds. We continued to place emphasis on ensuring that our businesses are well capitalised and prepared to deal with the current economic pressures.

In this interim period, Remgro continued to focus on the completion of the various corporate actions as part of ongoing portfolio optimisation efforts. Whilst the regulatory red tape has resulted in delays in attaining approvals, Remgro and its respective strategic partners remain committed to the successful implementation of these transactions.

Threats of a global recession remain as central banks seek to balance curbing inflation and protect economic growth. The concurrent rise in inflation and policy rates continue to place pressure on global economies. Back on home turf, the picture continues to look gloomy with several domestic headwinds, most notably, deteriorating power supply capability and concurrent infrastructure failures and more recently South Africa's greylisting, which continue to pose serious constraints to growth.

For the period under review, headline earnings increased by 5.5% from R3 345 million to R3 529 million, while headline earnings per share (HEPS) increased by 5.7% from 592.3 cents to 626.2 cents. The results are not directly comparable to the prior period due to the impact of various corporate actions. Therefore, this muted increase does not reflect the underlying performance of Remgro's resilient portfolio.

The increase in headline earnings is mainly due to higher contributions from OUTsurance Group Limited's (OUTsurance Group) continuing operations (previously Rand Merchant Investment Holdings Limited (RMI)), Kagiso Tiso Holdings Proprietary Limited (KTH), Community Investment Ventures Holdings Proprietary Limited (CIVH) (turning profitable) and FirstRand Limited (FirstRand), as well as higher interest income (due to elevated South African repo rate levels). The increase is partly offset by lower contributions from TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies), RCL Foods Limited (RCL Foods) and Grindrod Limited (Grindrod) (due to its unbundling). In addition, the comparative period also included the contributions of Grindrod Shipping Holdings Limited (Grindrod Shipping) (which was disposed of) and the discontinued operations of OUTsurance Group (OUTsurance Group unbundled its investments in Discovery Limited (Discovery) and Momentum

Metropolitan Holdings Limited (Momentum Metropolitan), as well as disposed of its investment in Hastings Group Holdings plc (Hastings)).

Excluding the impact of Grindrod, Grindrod Shipping and OUTsurance Group's discontinued operations (corporate actions), the headline earnings increase from the rest of the portfolio approximates 30.0%.

Total earnings decreased by 19.9% to R3 951 million (2021: R4 932 million) mainly due to Remgro's portion of the profit realised by OUTsurance Group, on the disposal of its investment in Hastings (R1 478 million), during the comparative period, partly offset by the profit realised on the unbundling of Remgro's investment in Grindrod (R340 million) and the increase in headline earnings discussed above (R184 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 2022 released herewith.

Remgro's intrinsic net asset value per share increased by 5.0% from R213.10 at 30 June 2022 to R223.86 at 31 December 2022. The closing share price at 31 December 2022 was R133.03 (30 June 2022: R129.91), representing a discount of 40.6% (30 June 2022: 39.0%) to the intrinsic net asset value.

For the six months ended 31 December 2022, an interim gross dividend of 80 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: *"Despite the evident challenges and negative outlook on a global scale, as well as South Africa's own unique challenges, we believe that our track record stands us in good stead to weather the current storms and deliver on our vision to be the trusted investment holding company of choice that consistently creates sustainable stakeholder value. Taking heart from the lessons of the global pandemic that showed us that good management is foundational to the portfolio's ability to respond to unforeseen conditions, we remain optimistic about our growth prospects and those of our country. We believe any such growth prospects can only be unlocked with improved execution of economic and structural reforms through a partnership approach between the private sector and government."*

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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 since then 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 as follows: Mediclinic International plc (Mediclinic) (44.6% interest), OUTsurance Group (30.6% interest), CIVH (57.0% interest), Distell Group Holdings Limited (Distell) (31.7% interest), RCL Foods (80.2% interest), Siqualo Foods Proprietary Limited (Siqualo Foods) (100.0% interest), FirstRand (2.2% interest), Discovery (7.8% interest), Air Products South Africa Proprietary Limited (Air Products) (50.0% interest), TotalEnergies (24.9% interest) and KTH (43.5% interest). These investments contribute approximately 85% to Remgro's intrinsic net asset value (INAV after tax).

### **Results in context**

During the current and comparative periods, Remgro implemented and facilitated corporate actions which impacted the comparability of Remgro's headline earnings from period to period. These corporate actions include *inter alia* the disposal of Grindrod Shipping (January 2022), the unbundling of Grindrod (October 2022) and the restructuring of OUTsurance Group during the 2022 financial year. Both Grindrod Shipping and Grindrod were equity accounted and R267 million was included in Remgro's headline earnings for Grindrod Shipping, in the comparative period to 31 December 2021, while Grindrod contributed R60 million for the period under review (2021: R158 million).

During the 2022 financial year, OUTsurance Group unbundled its investments in Discovery and Momentum Metropolitan (the OUTsurance Group Unbundling), as well as disposed of its investment in Hastings. OUTsurance Group equity accounted these investments (being classified as discontinued operations) and, for the comparative period, Remgro's portion thereof, included in headline earnings, amounted to R351 million. As a consequence of the OUTsurance Group Unbundling, Remgro received Discovery and Momentum Metropolitan shares and classified both investments as financial instruments at fair value through other comprehensive income. As Remgro now accounts for dividend income from these investments, only R80 million of dividends were received and included in headline earnings from Momentum Metropolitan during the period under review.