

Press release - Remgro Limited

Remgro Limited ("Remgro" or "the Group")

Results for the interim period ended 30 September 2004

Financial information:

- Increase in headline earnings per share: + 3.0%
- Increase in intrinsic value per share during the six months: + 6.5%
- Increase in the interim dividend per share: + 14.9%

Thys Visser, Chief Executive Officer, said: "Remgro will continue to evaluate the appropriateness of its investment portfolio as well as new potential investment opportunities. I am sure that shareholders are pleased with the dividend stream as well as the continued growth Remgro demonstrates year after year."

Overview

- Headline earnings increased by 1.9% to R2,462 million (2003: R2,415 million), however headline earnings per share increased by 3.0% to 492.0 cents due to the favourable impact of the share repurchase programme.
- Remgro's South African interests delivered solid HEPS growth of 15.2% (i.e. excluding tobacco).
- The contribution of tobacco interests, which represented 42.2% (2003: 48.4%) of headline earnings, declined by 11.0% due mainly to the non-recurring call warrant premium accounted for in the comparative period.
- A strong but more stable rand reduced R&R's contribution to headline earnings by R42 million (2003: R338 million). At a constant Pound/Rand exchange rate, the decline was 7.3%.
- BAT's attributable profit, excluding goodwill amortisation and exceptional items, increased by 2.4% in sterling.
- Remgro has increased its intrinsic value per share to R107.77 from R101.23 reported on 31 March 2004. This amounts to an increase of 6.5%.
- An interim dividend per share of 116 cents was declared. This represents an increase of 14.9% on the previous interim dividend.
- Remgro remains in a strong net cash position at the centre.

Restatement of segmental analysis

Remgro changed its segmental analysis. Trade mark interests, which used to account for R&R Holdings SA, Luxembourg and Distell Group, now only accounts for R&R Holdings SA,

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Luxembourg and therefore "Trade mark interests" is reclassified to "Tobacco interests". Medi-Clinic, Distell Group and Caxton are grouped under "Industrial interests". Previously Medi-Clinic and Caxton were accounted for within "Corporate finance and other interests".

Investment review:

Remgro derives income from investments in the following sectors:

- Tobacco
- Financial
- Industrial
- Mining and
- Corporate finance and other

Tobacco interests:

- In May 2004, option holders exercised the call warrants issued by R&R in January 2003 in respect of the BAT preference shares.
- Preference shares were converted into ordinary BAT shares.
- R&R's interest in BAT declined from 29.4% (as at 31 March 2004) to 28.1% after the effect of the conversion of BAT's preference shares and BAT's continued share buyback programme.
- The increase in Remgro's basic EPS of 105.1% is mainly due to the effect of Remgro's share of the exceptional gain realised by BAT following the merger between Brown & Williamson and RJ Reynolds and from the sale of Lane Ltd to Reynolds. Such exceptional items are excluded from the headline earnings calculation.

Financial interests:

- Remgro's financial interests benefited from increased retail banking and lower bad debt provisions.
- ABSA reported solid earnings growth and contribution to Remgro's headline earnings was R231.3 million (2003: R199.2 million).
- Remgro still awaits the full terms announcement on the Barclays offer for ABSA before making public Remgro's strategy.
- FirstRand's and RMBH's combined contribution increased by 16.4% to R556.8 million from R478.4 million in 2003.
- FirstRand's proposed BEE deal will result in Remgro's direct shareholding reducing from 9.5% to 8.6%.

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Industrial interests:

- Rainbow, Distell and Total South Africa were primarily responsible for industrial interests increasing by 22.8%.
- Rainbows results were boosted by consumer confidence, driven by lower interest and inflation rates and firmer local chicken price realisations. Chicken revenue increased by 9.7% to R1.6 billion (2003: R1.4 billion) on the back of an 8.1% improvement in price realisations, mainly due to improved product mix, as well as volume growth of 1.6%.
- Distell experienced good sales volume and operating margin growth, while Total South Africa benefited from solid industry growth, increase in market share and higher fuel prices.
- Medi-Clinic's solid results raised its contribution to headline earnings by 11.9% to R125.2 million (2003: R111.9 million).
- These good results were offset by a decline of 73% in the contribution from Transvaal Sugar to R12.4 million (2003: R46.7 million). This decline was predominantly due to the results being adversely affected by lower sugar production, drought and the stronger rand on export prices.
- Unilever Bestfoods Robertsons contribution declined by 25%. The lower results were mainly due to a weak economic environment in Israel, major restructuring costs charged against headline earnings as well as a reduction of interest earned on the shareholder loan due to capital repayments.
- In October 2004 the 50% equity interest in Henkel SA was sold for R80 million.

Mining interests:

- Mining interests decline by 33.8% to R80.8 million primarily due to lower income from Trans Hex as well as the fact that Remgro's interest in Impala, unbundled during June 2003 by Gencor, had not been equity accounted during the period under review, while Gencor, and therefore also Impala, was equity accounted until 30 June 2003.
- Dividends from Impala, amounting to R53.4 million have been included in income.

Stellenbosch, 26 November 2004

-ENDS-

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