



Results Press Release for the six month period ended 31 December 2023

REMGRO'S EARNINGS IMPACTED BY THE IMPACT OF CORPORATE ACTIONS AND CHALLENGING OPERATING ENVIRONMENT

- **Headline earnings per share: down by 39.1% from 626 cents to 381 cents**
- **Excluding the impact of various corporate actions, headline earnings decreased by 13.1%**
- **Interim dividend per share: 80 cents (unchanged)**
- **Intrinsic net asset value per share as at 31 December 2023: down by 4.6% to R236.95 since 30 June 2023**

The second half of the 2023 calendar year continued to be marked globally as a period of macroeconomic and geopolitical instability, unrelenting inflationary pressures largely resulting from supply chain disruptions and weak economic growth. In the South African context, the period's global pressures were exacerbated by the well-known power supply constraints, breakdown in state infrastructure relating to transport and logistics, slow pace of economic and structural reforms, high interest rates and a general erosion of foreign investment confidence in the country. The compounded effects of all these factors have been felt across Remgro's portfolio companies, creating an incredibly challenging operating environment for its businesses to navigate. As a Group, Remgro has worked hard to mitigate the external pressures to the extent that it can.

An operating backdrop such as this necessitates a disciplined focus on factors within the Group's control, while still looking for longer-term growth opportunities. As a result, this interim period has been characterised by consolidation with a focus on embedding the recently completed acquisitions and optimising them within the Remgro Group. This process has also involved an intensified focus on driving turnaround and positive momentum in Remgro's core and growth assets, including Mediclinic Group Limited (Mediclinic), Heineken Beverages Holdings Limited (Heineken Beverages), Community Investment Ventures Holdings Proprietary Limited (CIVH), RCL Foods Limited (RCL Foods) and Siqualo Foods Proprietary Limited (Siqualo Foods). Remgro has seen varying levels of success in this regard, taking into account the different integration timelines of the recent transactions - and their impacts, together with the nuanced ways in which the macroeconomics have affected its portfolio companies. The operating environment is starting to show signs of moderation, and Remgro remains well positioned to take advantage of the opportunities that this economic cycle offers, however, Remgro's immediate priority is driving performance in its underlying portfolio companies and unlocking sustainable value for its shareholders. This underpins Remgro's strategic imperative of being the trusted investment company of choice.

In terms of portfolio optimisation efforts, while the 2023 calendar year saw the completion of transformative corporate actions for Remgro, the Group remains intensely focused on achieving a favourable outcome on the proposed transaction between Vodacom Proprietary Limited (Vodacom) and CIVH. Commenting on the potential deal, Remgro CEO, Jannie Durand said, *"We, together with the CIVH and Vodacom management teams, fundamentally believe in the value of this transaction; the benefits for all stakeholders that stand to be unlocked through its successful completion. These benefits include the very real and tangible positive social impact relating to critical issues such as the democratisation of the internet in rural and lower income areas by means of providing cheaper fibre to the greater South Africa; the potential for job creation, and economic growth for our country."*

For the period under review, headline earnings decreased by 40.1% from R3 529 million to R2 113 million, while headline earnings per share (HEPS) decreased by 39.1% from 626 cents to 381 cents. The difference of 100bps in the HEPS measure compared to headline earnings, represents the accretive impact of shares repurchased during the 2023 financial year and the period under review.

A significant driver of the decline in headline earnings relates to the effect of the corporate actions implemented in the recent past, majority of which are non-recurring items. The difficult operating environment, particularly in relation to the trading results of Heineken Beverages also contributed to the material decline in headline earnings. For the current and comparative periods, these corporate actions and their impact on headline earnings include the following:

- the *IFRS 3* amortisation and depreciation charges for the period under review of R178 million relating to the additional assets identified when Heineken Beverages obtained control over Distell Group Holdings Limited (Distell) and Namibia Breweries Limited (Namibia Breweries) (Heineken *IFRS 3* impact);
- Remgro's portion of the negative fair value adjustment (FVA) made by TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies) on its Natref stock for the period under review amounting to R377 million, due to Natref being classified as held for sale in terms of *IFRS 5*;
- Remgro's portion of the transaction costs amounting to R165 million (2022: R19 million) incurred in respect of the acquisition, through Remgro's 50% interest in Manta Bidco Limited (Bidco), a newly formed company, which is jointly owned by Remgro and MSC Mediterranean Shipping Company SA (MSC), of the entire issued ordinary share capital of Mediclinic (the Mediclinic acquisition);
- Remgro's portion of a debt forgiveness gain amounting to R227 million that was accounted for by Kagiso Tiso Holdings Proprietary Limited (KTH) in the comparative period (a lender waived its right to receive an outstanding amount of a loan to KTH) as part of the disposal of its investment in Actom Investment Holdings Proprietary Limited (Actom); and
- Grindrod Limited's (Grindrod) equity accounted income of R60 million until its unbundling during October 2022.

Excluding the impact on headline earnings of these corporate actions, the headline earnings decreased by 13.1% from R3 261 million to R2 833 million. This decrease is largely driven by:

- the loss contributed by Heineken Beverages (excluding the Heineken *IFRS 3* impact) of R208 million, partly offset by Capevin Holdings Proprietary Limited's (Capevin) contribution of R57 million, compared to Distell's contribution of R517 million in the comparative period;
- a lower contribution from CIVH mainly due to higher finance costs resulting from increased interest rates;
- a special dividend of R154 million received from FirstRand Limited (FirstRand) in the comparative period; partly offset by increased contributions from TotalEnergies (excluding the negative FVA on Natref's stock), as well as RCL Foods and Sigalo Foods due to improved operating performances.

Total earnings amounted to a loss of R2 394 million (2022: a profit of R3 951 million). This decrease in earnings is mainly due to the decrease in headline earnings discussed above (R1 416 million), the impairment of Remgro's investment in Heineken Beverages (R3 488 million) and Remgro's portion of the impairments of Heineken Beverages' goodwill that was created through the Distell/Heineken transaction (R1 819 million). For the 2023 financial year, Remgro accounted for a profit on disposal of R3 384 million in respect of the Distell/Heineken transaction. The decrease was partially offset by the profit realised on the disposal of the investment in DC Foods, Remgro's portion of the profit realised by RCL Foods on the disposal of its Vector Logistics business and Remgro's portion of the profit realised by Capevin on the termination of the Gordon's Gin agreement.

Commentary on the performance of each of the underlying investees is set out in the unaudited results for the six months ended 31 December 2023 released herewith.

Remgro's intrinsic net asset value per share decreased by 4.6% from R248.47 at 30 June 2023 to R236.95 at 31 December 2023. The closing share price at 31 December 2023 was R162.48 (30 June 2023: R147.05), representing a discount of 31.4% (30 June 2023: 40.8%) to the intrinsic net asset value.

For the six months ended 31 December 2023, 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 the resulting negative performance delivered in this interim period, these results are reflective of a point in time. As long-term investors, we avoid static evaluations, especially during periods of consolidation. We believe in the value that will be created through the evolution of our portfolio and, as a matter of priority, we remain focussed on implementing interventions to improve performance at our core assets. Throughout the seven decades of doing business in South Africa, Remgro has

successfully navigated periods of heightened uncertainty with varying challenges, and we are well positioned to weather the current storms and create sustainable long-term stakeholder value.”

Contact: **Remgro Limited**
Lwanda Zingitwa (Investor Relations): investor.relations@remgro.com

Issued and released by: **Remgro Investor Relations**

Issue date: **19 March 2024**

JSE and A2X sharecode: **REM**

Website: **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 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 (50.0% interest), OUTsurance Group Limited (OUTsurance Group) (30.6% interest), CIVH (57.0% interest), Heineken Beverages (18.8% interest), RCL Foods (80.2% interest), FirstRand (2.2% interest), Discovery Limited (Discovery) (7.7% interest), Siqualo Foods (100.0% 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 89% to Remgro's intrinsic net asset value (INAV after tax).