Remgro
Limited

Results Press Release for the year ended 30 June 2024

POSITIVE MOMENTUM ON KEY STRATEGIC INITATIVES DESPITE MUTED EARNINGS PERFORMANCE

- **Ordinary dividend per share: increased by 10.0%% to 264 cents**
- **Intrinsic net asset value per share as at 30 June 2024: R251.01 up by 1.0%**
- **Headline earnings per share: decreased by 18.8% from 1 254 cents to 1 018 cents**

Overview

The 2024 financial year was a challenging period with the continued focus on concluding and integrating a series of transformative corporate actions still impacting Remgro's results. While strong contributions were made by some of Remgro's investee companies, considerable work still needs to be done to bed down the operational performance of a number of its key investments. Remgro remains committed to the portfolio repositioning and optimisation, enabled by the aforementioned corporate actions, and the ultimate benefits of this journey for the Group. Even as the current unsatisfactory performance overshadows continued progress on some of its key strategic initiatives, Remgro maintains a disciplined and long-term approach in deploying and managing its resources.

For the year under review, headline earnings decreased by 20.0% from R7 056 million to R5 647 million, while headline earnings per share (HEPS) decreased by 18.8% from 1 254 cents to 1 018 cents. The difference of 120bps in the HEPS measure compared to headline earnings, represents the accretive impact of shares repurchased during the 2023 financial year and the beginning of the year under review.

Remgro has been transparent in highlighting the macroeconomic challenges of the past 18-months and the resulting impact on the Group's investee companies. Many of these challenges remained for a large part of the year under review, in some instances exacerbated by the volatility experienced in the lead up to the National Elections in May 2024. There have, however, been macroeconomic improvements, including improving inflation, fewer incidents of load shedding, and a reduction in fuel prices. This, together with the establishment of the Government of National Unity has seen an improvement in global investor sentiment towards South Africa.

Commenting on the period under review, Remgro CEO Jannie Durand said: "Against the improving macroeconomic context, this set of results is not reflective of the potential of Remgro's portfolio. The trading results of Heineken Beverages Holdings Limited (Heineken Beverages) was the consequence of a number of operational challenges as well as a persistently challenging consumer environment. As a result, and despite the company's current challenges being situation specific, it has significantly contributed to the material decline in headline earnings. In response, we continue to make gradual progress in our various strategic initiatives. To date, we've seen early indications of positive momentum as evidenced by the considerably improved performances of both RCL Foods Limited (RCL Foods) and Rainbow Chicken Limited.

A key strategic priority remains the embedding of the recent corporate actions and a significant driver of the decline in headline earnings relates to the effect of this process, the majority of which are non-recurring items.

For the current and comparative years, these corporate actions and their negative impact on headline earnings amounts to R766 million (2023: positive impact of R581 million) and includes the following:

- Remgro's portion of the *IFRS 3* amortisation and depreciation charges amounting to R257 million (2023: R56 million) relating to the additional assets identified when Heineken Beverages obtained control over Distell Group Holdings Limited (Distell) and Namibia Breweries Limited (Namibia Breweries) (the Distell/Heineken transaction) (Heineken *IFRS 3* impact), as well as Remgro's portion of transaction costs amounting to R196 million, which were incurred by Distell in the comparative year;
- Remgro's portion of an increase in a redemption liability amounting to R344 million (2023: decrease in liability of R338 million), relating to Mediclinic Group Limited's (Mediclinic) acquisition of Hirslanden La Colline Grangettes SA;
- Remgro's portion of transaction costs amounting to R165 million (2023: R612 million), which were incurred in respect of the acquisition, through Remgro's 50% interest in Manta Bidco Limited, 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), as well as a foreign exchange gain of R522 million relating to the Mediclinic acquisition in the comparative year;
- 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 year (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; and
- a dividend received from the Pembani Remgro Infrastructure Fund of R358 million relating to its disposal of the ETG Group in the comparative year.

Excluding the impact of the above-mentioned corporate actions, the muted headline earnings performance resulted from mixed operational performances from investee companies of which the most significant are:

- increased contributions from RCL Foods, TotalEnergies Marketing South Africa Proprietary Limited, OUTsurance Group Limited, Siqalo Foods Proprietary Limited and Air Products South Africa Proprietary Limited, due to improved operating performances;
- an increased loss contributed by Heineken Beverages (excluding the Heineken *IFRS 3* impact) of R297 million, partly offset by a higher contribution from Capevin Holdings Proprietary Limited (Capevin) of R65 million, compared to Distell's contribution of R751 million (excluding the transaction costs) in the comparative year; and
- a lower contribution from Community Investment Ventures Holdings Proprietary Limited mainly due to higher finance costs resulting from increased interest rates and higher maintenance and security costs to ensure high network uptime.

Total earnings amounted to R1 241 million (2023: R9 624 million). This decrease in earnings is mainly due to the decrease in headline earnings discussed above (R1 409 million), the impairment of Remgro's investment in Heineken Beverages (R4 257 million) and Remgro's portion of the impairments of Heineken Beverages' goodwill that was created through the Distell/Heineken transaction (R1 050 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 Proprietary Limited, 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 reporting platforms is set out in the audited results for the year ended 30 June 2024 released herewith.

Remgro Limited

Remgro's intrinsic net asset value per share increased by 1.0% from R248.47 at 30 June 2023 to R251.01 at 30 June 2024. The closing share price at 30 June 2024 was R136.09 (2023: R147.05), representing a discount of 45.8% (2023: 40.8%) to the intrinsic net asset value.

For the year ended 30 June 2024, a final gross dividend of 184 cents (2023: 160 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.

Continued long-term focus and discipline

In line with Remgro's long-term investment horizons, the Group maintains a controlled and long-term approach in managing its investments. "In addition to our unwavering focus on disciplined capital allocation, of significant importance to Remgro's approach is driving performance at our underlying investments. As our portfolio has rebalanced towards more unlisted exposures, we have adapted our engagement model to be responsive to the requirements of investments at any point in time. This more active investment style serves to ensure that each of our investee companies, and each of our management teams, are receiving the relevant support required to drive sustainable performance and deliver long-term value for our shareholders" concluded Durand.

Contact:	**Remgro Limited** **Lwanda Zingitwa (Investor Relations):** **investor.relations@remgro.com**
Issued and released by:	**Remgro Investor Relations**
Issue date:	**19 September 2024**
JSE and A2X share code:	**REM**
Website:	**www.remgro.com**
