



**Final Results Press Release for Remgro Limited
(Remgro)**

THE MAJORITY OF REMGRO'S INVESTMENTS DELIVERS SOLID RESULTS

- Headline earnings per share increased by 58.2% to 1 292.4 cents
- Headline earnings per share (excluding the Mediclinic refinancing cost in the prior year) increased by 20.5% to 1 292.4 cents
- Total dividend per share for the year increased by 12.4% to 389 cents
- Intrinsic net asset value per share increased by 20.1% to R245.96

Overview

The majority of Remgro's investments performed commendably for the year ended 30 June 2014 given the tough trading conditions faced by certain sectors in which the group is invested. The healthcare, insurance and banking investments reported excellent results while the lower headline earnings from food, liquor and homecare reflect the competitive trading environment and subdued economic conditions.

Headline earnings for the year to 30 June 2014 amounted to R6 635 million compared to R4 196 million for the year to 30 June 2013, representing an increase of 58.1%, whereas headline earnings per share increased by 58.2% from 817.1 cents to 1 292.4 cents. Headline earnings, excluding the effect of the once-off items relating to Mediclinic's refinancing transaction in 2013, increased by 20.5% from R5 508 million to R6 635 million, as presented in the table below.

	Year ended 30 June 2014	Change %	Year ended 30 June 2013 Restated¹
Contribution to headline earnings:	(R'million)		(R'million)
Food, liquor and home care	795	(29.2)	1 123
Banking	2 542	22.4	2 077
Healthcare	1 489	403.3	(491)
Insurance	871	30.8	666
Industrial	700	27.7	548
Infrastructure	166	(15.3)	196
Media and sport	64	(46.2)	119
Other investments	59	3.5	57
Central treasury	83	2 666.7	3
Other net corporate costs	(134)	(31.4)	(102)
Headline earnings	6 635	58.1	4 196
Mediclinic refinancing cost	-	-	1 312
Headline earnings (excl Mediclinic refinance cost)	6 635	20.5	5 508

Note 1: Effective 1 July 2013, Remgro adopted IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements and the revised IAS 19: Employee Benefits. All of these accounting standards have been applied retrospectively and the financial results for the year ended 30 June 2013 have been restated.

Remgro's intrinsic net asset value per share increased by 20.1% to R245.96 at 30 June 2014 (30 June 2013: R204.83).

Cash at the centre increased by R531 million to R3 264 million at 30 June 2014. The new investments made and loans granted, amounting to R1 347 million, related mainly to the investment in Grindrod of R551 million, a loan to Unilever SA of R283 million, contributions to the Milestone Capital Funds of R258 million, an investment in the CIV group of R67 million, the participation in two PGSI rights offers of R47 million and smaller investments in various unlisted investments of R141 million.

Commentary on reporting platforms' performance

Food, liquor and home care

The contribution from food, liquor and homecare to Remgro's headline earnings amounted to R795 million (2013: R1 123 million), representing a decrease of 29.2%. This decrease is mainly the result of lower contributions from RCL Foods and TSB. RCL Foods reported a headline loss of R303 million for the year under review (2013: R29 million profit), with Remgro's share of this loss amounting to R239 million (2013: R21 million profit). During the year under review RCL Foods' results were negatively affected by the following items:

- Material foreign exchange losses resulting from the early redemption of Foodcorp's euro-denominated debt
- Once-off BEE costs relating to the restructuring of its BEE shareholding
- Material transaction costs relating to the various corporate actions undertaken during the year
- Continued high levels of cheap competitive chicken imports and high input costs

TSB's contribution to headline earnings amounted to R192 million (2013: R316 million). It should be noted that TSB's contribution only includes its results for the six months ended 31 December 2013 due to the fact that Remgro disposed of its 100% interest in TSB to RCL Foods during January 2014. TSB's headline earnings for the full year amounted to R218 million (2013: R316 million). This decrease is mainly due to lower domestic sales volumes and margins realised due to the negative impact of increased sugar imports. Unilever's contribution to headline earnings decreased by 18.5% to R347 million (2013: R426 million). This decrease is mainly the result of turnover growth being offset by increased supply chain costs, as well as brand and marketing investments and restructuring costs. Distell's contribution to headline earnings, which includes the investment in Capevin Holdings, amounted to R495 million (2013: R360 million). During April 2013, Distell acquired Burn Stewart Distillers Limited and its results for the current year include a favourable remeasurement of R159 million to the contingent consideration payable on the acquisition. In the comparative year Distell's results were negatively affected by new business acquisition costs and an interest provision on excise duty totalling R265 million. Excluding these once-off items, Distell's contribution to Remgro's headline earnings would have decreased by 1.6% to R442 million. Remgro's effective interest in Distell decreased from 33.4% to 31.0%.

Banking

The headline earnings contribution from the banking division amounted to R2 542 million (2013: R2 077 million), representing an increase of 22.4%. Both FirstRand and RMBH reported excellent headline earnings growth of 21.8% and 22.8% respectively, mainly due to growth in both interest income and non-interest income from FNB, RMB and WesBank, as well as a significant reduction in year-on-year credit impairment charges.

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to a profit of R1 489 million (2013: R491 million loss). This increase in profit was mainly due to the effect of the once-off items relating to Mediclinic's refinancing transaction in the comparative year referred to earlier. Excluding these once-off items, Mediclinic's contribution to Remgro's headline earnings would have increased by 81.4% from R821 million, mainly due to solid performances from all three operating platforms, as well as a once-off past service cost credit of R192 million relating to its retirement benefit obligations.

Insurance

RMI is the only investment being reported under insurance interests. RMI reported an increase of 28.4% in headline

earnings, with all three operating platforms, Discovery, MMI Holdings and OUTsurance achieving excellent headline earnings growth of 45.6%, 28.5% and 19.2% respectively.

Industrial

Total South Africa's contribution to Remgro's headline earnings amounted to R233 million (2013: R258 million). This decrease is despite more favourable stock revaluations than in the comparative period, which was set off by an increase in its site rehabilitation cost provision. Remgro's share of the results of KTH amounted to R71 million (2013: R36 million). Wispeco's contribution to Remgro's headline earnings amounted to R107 million (2013: R64 million). This increase in headline earnings is mainly due to improved sales volumes and selling prices, as well as improved production efficiencies. Air Products' and PGSI's contribution to headline earnings amounted to R217 million and R72 million respectively (2013: R180 million and R10 million respectively).

Infrastructure

Grindrod's contribution to Remgro's headline earnings amounted to R108 million (2013: R144 million). This decrease is mainly due to a weaker operating performance from its commodity trading division. These operations are in the process of being wound down and sold according to plan. For the year under review the CIV group contributed R58 million to headline earnings (2013: R59 million). SEACOM reported a headline loss of R26 million for the year under review (2013: R3 million loss), with Remgro's share of this amounting to R6 million (2013: a loss of less than R1 million).

Media and sport

Media and sport interests primarily consist of the interests in Sabido and Premier Team Holdings (PTH). Sabido's contribution to Remgro's headline earnings amounted to R131 million (2013: R148 million). This decrease is mainly due to significant new business development costs incurred during the period under review. PTH's contribution to headline earnings amounted to a loss of R68 million (2013: R37 million loss).

Other investments

The contribution from other investments to headline earnings amounted to R59 million (2013: R57 million), of which Business Partners' contribution was R33 million (2013: R32 million).

Central treasury and other net corporate costs

The contribution from the central treasury division amounted to R83 million (2013: R3 million). This increase is mainly the result of foreign exchange losses of R98 million accounted for in the comparative period on the hedging of the repatriation of a portion of Remgro's offshore cash. Other net corporate costs amounted to R134 million (2013: R102 million). This increase is mainly the result of the net after-tax underwriting fee of R46 million received on the Mediclinic rights offer in the comparative year.

Total dividend

For the year ended 30 June 2014, a total dividend per share of 389 cents has been 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. This represents an increase of 12.4% from the total dividend declared for the year ended 30 June 2013 of 346 cents per share.

Conclusion

Jannie Durand, CEO of Remgro, said that the year ended 30 June 2013 was characterised by high levels of corporate activity, with the year ended 30 June 2014 characterised by investee companies, like RCL Foods, restructuring and expanding their businesses. He stated that the majority of Remgro's investments are expected to continue to face economic and trading challenges in the short to medium term, however the group remains confident that the stated strategies and business principles of these businesses remain sound. The main focus of the group over the medium to long term continues to be the realisation of shareholder value.

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