



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Remgro HY 2026 Results

Share Price	R 185.00
Date	27 March 2026

RESULTS SUMMARY

Remgro released solid results for the first half of 2026. Headline earnings per share increased 39% year on year to R9.31. Growth was seen across most of the portfolio, with key contributors being Mediclinic (+55%) and Rainbow (+110%), while TotalEnergies, Heineken and CIVH all returned to profitability. RCL Foods, decreasing 31%, was the main detractor from overall performance. Management declared an interim dividend of R1.73 per share, an 80% increase.

Intrinsic Net Asset Value (INAV) increased 1.6% to R165.2bn, R297.03 per share. Significant contributors to growth included FirstRand (+19.9%) and Heineken (+11.9%). Major laggards included OUTsurance (-8.5%) and RCL Foods (-8.2%). Cash increased 43% to R12bn, with a further sale of FirstRand shares after the period-end date, increasing cash by an additional R4bn.

The result was a positive note in the company's turnaround, which, in combination with further portfolio optimisation, provides Remgro with a solid base to continue growth through the rest of the year. Recent conflict in the Middle East has complicated Mediclinic's operating environment and put pressure on asset prices. However, the balance sheet strength and liquidity position should provide management with flexibility in capital allocation to support portfolio growth. With the share price trading at a 39% discount to NAV, below its long-term average, we believe there is still value to be unlocked in the portfolio of high-quality companies.

OUR LONG-TERM INVESTMENT VIEW

- Remgro maintains a high-quality portfolio of largely industrial and financial companies that provide diversified exposure to businesses operating in both defensive and high-growth sectors with long-term thematic tailwinds. These include Healthcare, Financial Services, Internet Infrastructure, Energy and Consumer Discretionary.
- Expanding on their sector exposure, Healthcare maintains Mediclinic as its sole investment. Consumer Products include Heineken Beverages, Capevin, RCL Foods, and Siqalo Foods. Financial Services includes the OUTsurance Group and Business Partners. Within Infrastructure, investments in fibre provider CIVH and subsea fibre cable owner SEACOM, make up the bulk of investments. Within Industrial, the portfolio has exposure to gas provider Air Products, TotalEnergies and aluminium extrusions manufacturer Wispeco. Beyond these sectors, the portfolio has investments in diversified investment vehicles with a focus on South Africa and China, and minority shareholdings in FirstRand Limited, Discovery Limited and Momentum Metropolitan.
- While Remgro has historically maintained a portfolio mix biased to listed companies, management have undergone a strategic shift incorporating a portfolio re-balance towards unlisted companies. A large part of this shift has seen previously listed companies being unbundled to shareholders as well as meaningful listed holdings being taken private. With privatisation and increased unlisted exposure, management intend to exercise greater control over underlying investments. Looking ahead, Remgro's portfolio will comprise a mix of private companies and assets that will be hard to replicate or gain exposure to anywhere else, making them an attractive listed investment vehicle for investors.

UNPACKING THE HY26 RESULTS

High level numbers

- **Headline earnings** increased 39% YoY to R5.18bn with contributions coming from across the investment portfolio.
- **Intrinsic Net Asset Value (INAV)** per share

Siqalo Foods' headline earnings decreased 7% as volumes declined 2.7%. With price increases early in the year, profit margins remained stable. RCL Foods was the main detractor from the segment's performance, with headline

increased 1.6% to R297.03. Major contributors to growth were Heineken (+11.9%), FirstRand (+19.9%) and Rainbow (+21.1%). These gains were largely offset by decreases in OUTsurance Group (-8.5%), RCL Foods (-8.2%) and eMedia Investments (-100%), for which the investment was distributed to shareholders.

- **Cash at the centre** was R12bn, up 43%. Significant contributions to cash generation were the sale of remaining stakes in BAT and a pre-implementation dividend from CIVH of R2.7bn due to the Vodacom investment in Maziv.
- An **Interim dividend** of 173 cents per share was declared, an increase of 80% from the prior year.

Key segment performance

- **Healthcare** (24.4% of INAV), with Mediclinic as the sole investment, saw headline earnings increase by 55% to R1.37bn. For the period ending 30 September 2025, Mediclinic's revenue increased by 10%, with day-case admissions leading the growth. Adjusted EBITDA margin improved to 15.5%, compared to 13.8% in the prior year. Switzerland's revenue was flat, with EBITDA margin improving 170bps, showing continued improvement from ongoing efficiency initiatives. Southern Africa saw revenue growth of 8%, driven by volume growth and improving mix. Occupancy for the period remained in line with the prior period. EBITDA margin improved 70bps to 18.5% with cost discipline partially offset by higher consumables and supply costs. Revenue from the Middle East increased 11% due to strong patient admission growth. EBITDA margin was 16.9%, a 270bps increase, benefiting from improved scale and cost discipline.
- **Consumer Products** (15.5% of INAV), comprising RCL Foods, Heineken Beverages, Siqalo Foods, Rainbow and Capevin, saw headline earnings increase 13.9%. Heineken Beverages returned to profit with beer volumes seeing strong momentum and solid margin expansion. Rainbow headline earnings increased 109% on the back of 11% revenue growth with lower raw material input costs and a stronger rand.

earnings decreasing 30%, largely driven by the sugar business. At the same time, most other categories saw flat or modest increases from the prior year.

- **Financial Services** (20.6% of INAV), which is largely the OUTsurance Group, saw headline earnings increase 14.4%. OUTsurance Groups normalised earnings increased 12.6% due to a strong performance in South Africa which was partly offset from increased claims in Youi. While OUTsurance contributed positively to headline earnings growth, the movement in the share price led to the negative impact on INAV.
- **Infrastructure** (10% of INAV), comprising CIVH and Seacom, returned to profitability for the period. CIVH revenue increased 11%, with both Dark Fibre Africa (+3.6%) and Vumatel (+15.4%) growing on increased demand for their fibre products.
- **Industrial** (7.4% of INAV) headline earnings increased 69%. Air Products earnings increased 11% on improved volumes as well as margins. TotalEnergies returned to profitability due predominantly to a once off cost refund. Marketing also had a good performance which was partly offset by lower sales on refinery supply constraints.

Looking ahead

While the recent conflict in the Middle East increases uncertainty, specifically on Mediclinic operations in the region, the combination of a return to profitability for key investments and further portfolio optimisation (Mediclinic ownership restructure, unbundling eMedia, Vodacom investment in Maziv) provides Remgro a solid base for continued growth into the second half of its financial year.

The improved liquidity position, R12bn at the end of the period and a subsequent R4bn from FirstRand sales post reporting date, gives management flexibility when it comes to capital allocation.

The earnings release points to a strong turnaround by the company. With the valuation currently trading at a 39% discount to NAV, below its long-term average, we believe there is still value to be unlocked within the portfolio of high-quality companies.

Private Clients
by  Old Mutual

Private Clients by Old Mutual (Private Clients) is a division of Old Mutual Wealth Trust Company (Pty) Ltd ("OMWTC"), a licenced Financial Services Provider, Reg No: 1925/002721/07. Private Clients is authorised to provide financial services on the OMWTC licence.

To report unethical behaviour, call the Anonymous Reporting line 0800 222 117, email toahotline@tip-offs.com or visit www.tip-offs.com

Old Mutual Wealth, Mutualpark, Jan Smuts Drive, Pinelands, 7405 | Tel: +27 (0)21 524 4678 | Email: privateclients@omwealth.co.za