

Company Update Report

Remgro Limited

Financials

Analyst thesis

Our recommendation is based on:

- **High-quality diversified portfolio:** Remgro is a leading South African investment holding company with a proven track record of disciplined capital allocation and value creation across healthcare, consumer, infrastructure, and financial services.
- **Strong balance sheet and capital flexibility:** The company maintains a conservative capital structure with low gearing, providing resilience and the capacity to pursue new investment opportunities or enhance shareholder returns.
- **Additional tier of proactive oversight and strategic direction:** Remgro management's involvement in the underlying businesses enhances the governance and value-creation potential across the individual portfolio companies.
- **Value-unlocking potential:** As its share price usually trades at a discount to book value or NAV, it provides rerating potential through selective asset disposals, portfolio simplification, and increased shareholder distributions. Remgro is well-positioned for NAV growth.

As at: 27 Oct 2025

Ticker	REM-ZA
Share price	R171
Intrinsic value	R186
Upside/(Downside)	9%
Recommendation	Hold

Latest company and market insights

Key highlights

In this report, we review the latest FY25 results for the year ended 30 June 2025.

Financial results at a glance:

- Intrinsic Net Asset Value (INAV) as of 30 June 2025: R162.5 billion (after tax), representing a 16.7% increase year-on-year from R139.3 billion in FY24, supported by stronger earnings contributions across more than 80% of portfolio companies and higher valuations in key investments.
- Year-on-year change: INAV per share increased by 16.5%, driven by improved operational performances from major investees such as Mediclinic, OUTsurance, RCL Foods, and Rainbow, as well as Heineken Beverages' return to profitability.
- INAV per Share: R292.34 as at 30 June 2025 (previous: R251.01 as at 30 June 2024). Remgro's share price of R158.20 (as at 30 June 2025) reflects a 45.9% discount to intrinsic value (FY2024: 45.8%).
- Headline earnings: R7.83 billion, up 38.6% from R5.65 billion in FY24, driven by broad-based earnings growth, lower finance costs following preference share redemptions, and improved operational results across investees.
- Dividends: Ordinary dividend of 344 cents per share (+30.3%) and a special dividend of 200 cents per share, both declared from income reserves. The final payment date is 27 October 2025.
- Cash and Liquid Funds: R8.36 billion held at the centre (FY24: R6.82 billion), with 40% (R3.33 billion) invested in money market funds. The increase reflects stronger dividend inflows and lower interest expenses following the redemption of preference shares.
- Post year-end, Remgro sold the entire British American Tobacco stake (1.25 million shares) in September 2025 for R1.21 billion.

Management's outlook:

Remgro's management has stated that they continue to see significant global and local uncertainty impacting the macro environment. Despite uncertainties, they have expressed confidence in their strategy of focusing on controllable factors, maintaining strong operational and earnings momentum, and engaging in business interventions to accelerate growth. South Africa's business environment is viewed positively thanks to structural reforms that have improved energy stability, but consumer pressure remains prevalent.

Regarding the investment portfolio, management has reinforced its commitment to simplifying and optimising the group's holdings by continuing to divest from non-core investments and finalising significant corporate actions, including exiting BAT, eMedia, and Grindrod. They emphasised that the balance sheet is now effectively de-gearred, providing substantial capacity for new investments and strategic opportunities moving forward. The goal is to unlock long-term value through disciplined capital allocation, sustainable growth, and further crystallisation of a focused, streamlined investment thesis. Management also stressed ongoing partnerships with management teams in portfolio companies, which will remain central to driving returns and resilience amid market volatility.

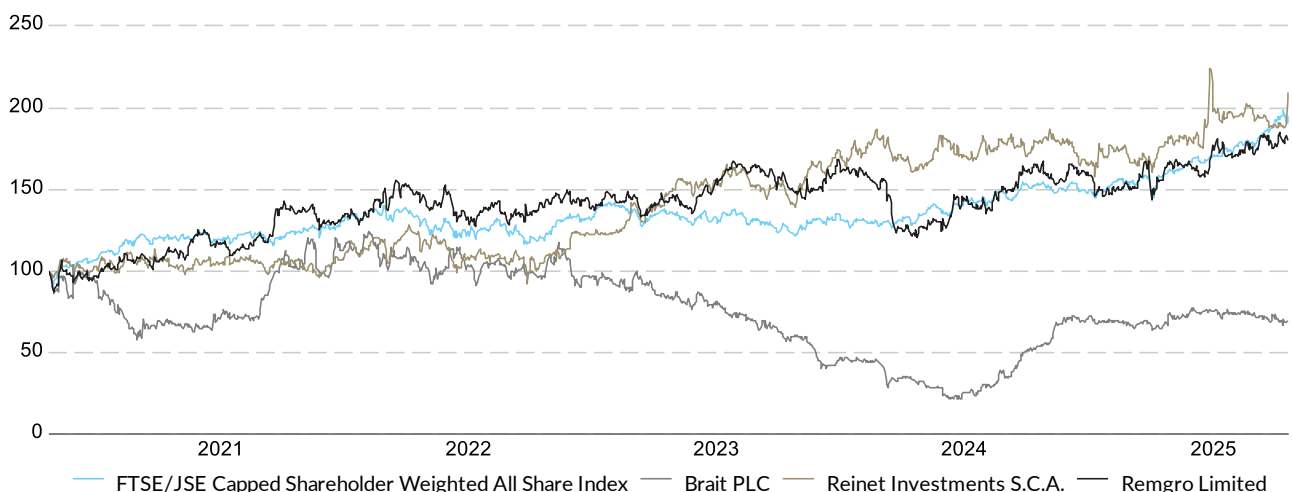


Table 1: Qualitative summary

Factor	Rating	Description
Growth	★★★★☆	The expected three-year HEPS CAGR is 8.7%. Portfolio growth is expected to be supported by a positive macroeconomic outlook, lower interest rates, and stable inflation, which should enhance the profitability of Remgro's investments and contribute to overall earnings growth.
Valuation	★★★★☆	The share price is trading at a 9% discount to the IV. Current P:B of 0.81x is trading at a 12.5% premium to the five-year average P:B of 0.72x.
Dividend	★★★★☆	LTM dividend yield 1.6%. NTM dividend yield 1.4%.
Issuance	★★★★☆	Shares issued have decreased by 2% in the past five years.
Catalyst		Streamlining and simplifying the portfolio by selling non-core assets allows Remgro to unlock value and redeploy capital to higher-return opportunities. A better business climate—driven by ongoing reforms and clearer regulations—boosts confidence and supports stronger earnings and resilience for portfolio companies. Successful management intervention to assist with turning around struggling businesses. Unlocking value through successful corporate actions such as acquisitions and disposal.
Quality of earnings	★★★★☆	Five-year average ROE 5.3%. Five-year average operating margin 4.2%. Five of the past 10 years had both positive earnings with growth. Remgro earns revenue mainly through dividends, earnings, and capital gains from its investments, making these inflows dependent on the performance of these invested companies. Fair value adjustments, impairments and profits or losses when an asset is disposed off can cause earnings to be volatile.
Moat	★★★★☆	Network effect: Strong network of partnerships and access to diverse investment opportunities across sectors. Intangible asset: Remgro has a long-established reputation as one of South Africa's most respected investment holding companies, while having disciplined capital allocation to investment opportunities.
Management and governance	★★★★☆	Remgro's CEO, Jannie Durand, has been with the company since May 2012, giving him a tenure of over 13 years. The CFO, Neville Williams, has held his current role since April 2016, equating to about nine years in the business. The management team has a proven history of creating shareholder value by making well-judged investment decisions and actively managing the portfolio.
Balance sheet	★★★★☆	Net debt/EBITDA ratio -1.9x, reflecting a net cash position due to its strong cash balance and low levels of debt. Debt/assets ratio 3.4%, while the interest coverage ratio is 5.2x.
Risks		Limited investment opportunities or slow cash deployment, resulting in returns below investor expectations. Execution risk: Poor timing or mismanagement of new investments or disposals of non-core assets could limit NAV growth, reduce cash flow, and undermine investor confidence. Limited short-term catalysts: Value unlocking is gradual and management-driven. Fee drags which erode returns over time. Regulation: Limited regulation apart from listing regulatory requirements.

Source: FactSet

Graph 1: Five-year price (Indexed to 100)



Source: FactSet

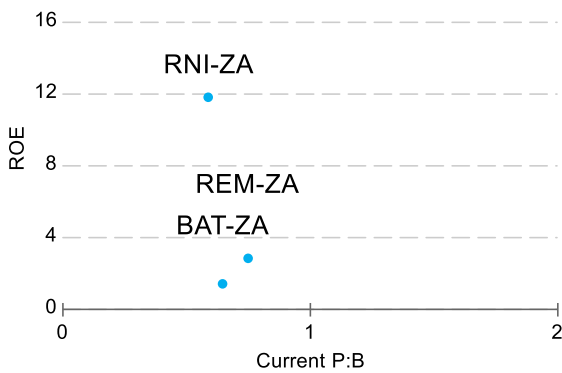


Table 2: Price performance versus benchmark and peers

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
REM-ZA	11.2%	2.1%	4.6%	9.1%	8.4%	20.6%	24.3%	83.5%	-11.9%
BAT-ZA	-2.4%	-5.2%	-9.0%	1.0%	28.7%	14.5%	-32.2%	-29.8%	-97.6%
RNI-ZA	23.7%	9.5%	4.9%	15.2%	15.6%	48.7%	87.7%	111.5%	77.2%
Capped SWIX	28.3%	0.6%	10.0%	19.3%	23.0%	56.3%	53.8%	94.8%	66.2%

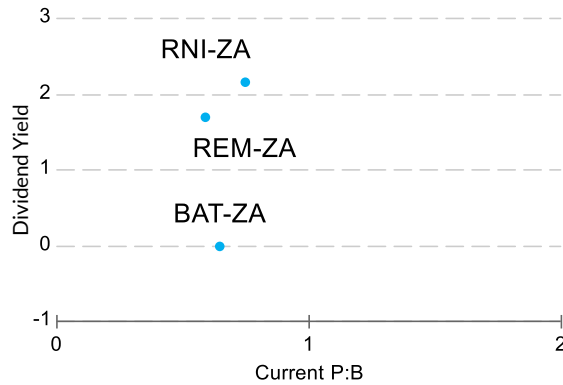
Source: FactSet

Graph 2: P:B vs 2Y average ROE (%)



Source: FactSet

Graph 3: P:B vs Dividend Yield (%)



Source: FactSet

Valuation

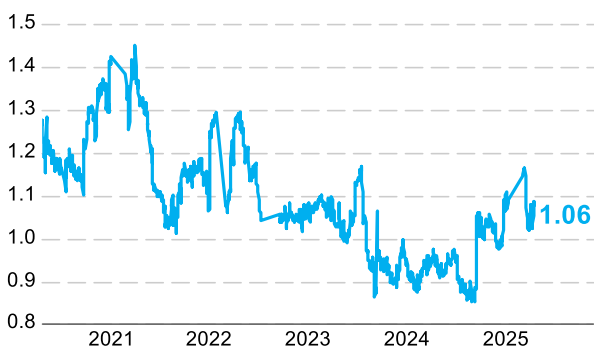
Remgro was valued using a NAV approach. Asset values for unlisted entities were sourced from the latest company data, where values are determined by Remgro’s management. For listed entities, the value of the current market prices was used. The cash holdings were used as reported by management.

A discount to NAV per share was applied to reflect typical market practice for businesses of a similar type, and scenarios for base, bull, and bear cases were created. Probabilities were assigned to each scenario, with the bull case representing a hypothetical winding up of the business at the fair value of the management report, adjusted lower for costs and slight discount sales.

Table 3: Valuation summary

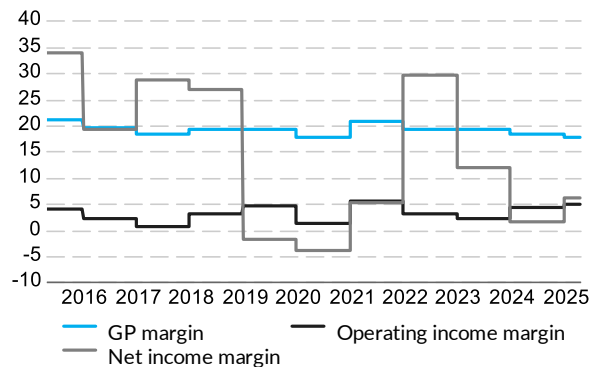
Valuation probabilities			
	Bear	Base	Bull
Discount to NAV	45%	30%	15%
Probability	15%	60%	25%
Share price scenario	R96	R156	R313
Weighted intrinsic value	R186		
Upside/(Downside)	9%		

Graph 4: NTM P:E relative to benchmark



Source: FactSet

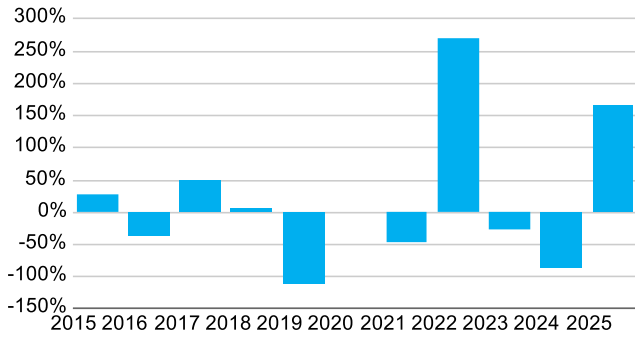
Graph 5: Profit margins (%)



Source: FactSet

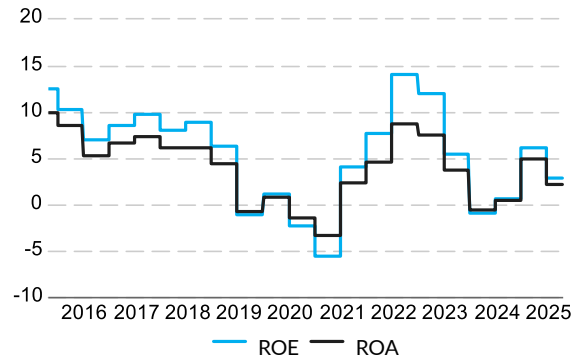


Graph 6: 10Y EPS year-on-year growth



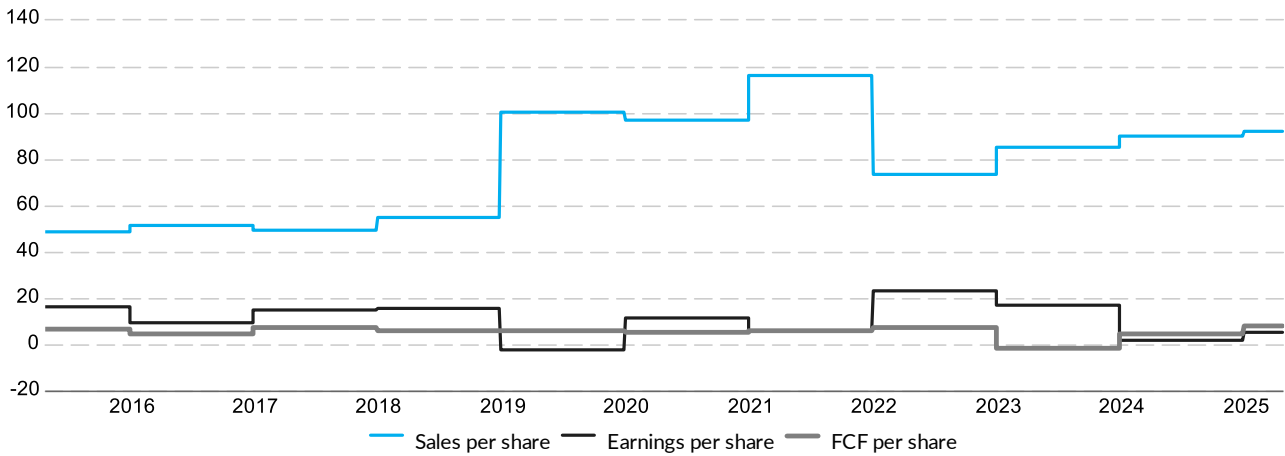
Source: FactSet

Graph 7: ROE and ROA (%)



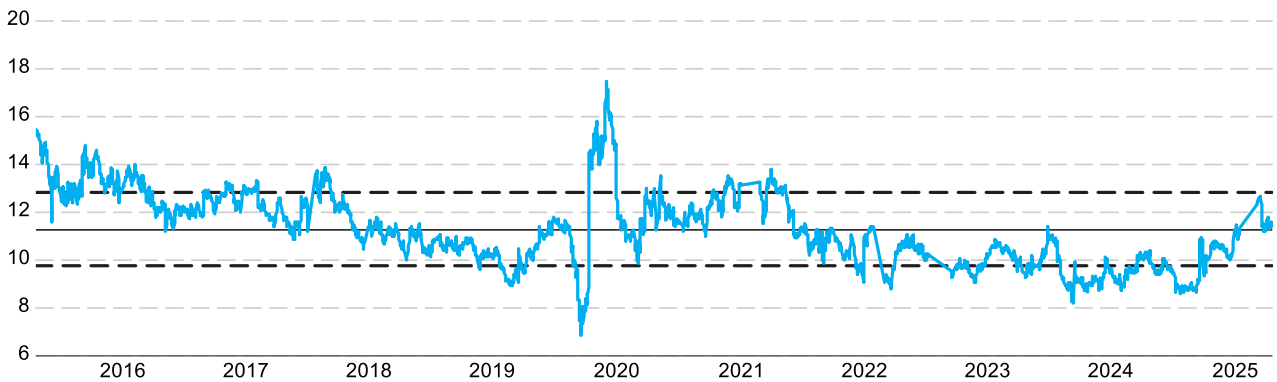
Source: FactSet

Graph 8: Sales, earnings and FCF per share (Rand)



Source: FactSet

Graph 9: NTM P:E



Source: FactSet



Table 4: Financials and ratios

Income statement (Rm)	Jun 21	Jun 22	Jun 23	Jun 24	Jun 25	1Y Growth	3Y CAGR	5Y CAGR
Revenue	65 803	41 876	48 151	50 424	51 506	2%	7%	-1%
Cost of sales	52 022	33 732	38 845	41 050	42 355	3%	8%	-1%
Gross income	13 781	8 144	9 306	9 374	9 151	-2%	4%	-1%
EBIT	3 821	1 371	1 084	2 203	2 625	19%	24%	27%
Net income	5 055	12 827	5 703	1 282	3 186	149%	-37%	-208%
HEPS (Rand)	5	12	13	10	14	38%	7%	20%
Balance sheet (Rm)	Jun 21	Jun 22	Jun 23	Jun 24	Jun 25	1Y Growth	3Y CAGR	5Y CAGR
Total assets	140 766	156 698	150 965	139 178	142 174	2%	-3%	-1%
Total shareholders equity	103 576	115 880	122 441	119 164	123 879	4%	2%	4%
Total liabilities	37 190	40 818	28 524	20 014	18 295	-9%	-23%	-17%
Ratios	Jun 21	Jun 22	Jun 23	Jun 24	Jun 25	5Y Avg		
Price/Book Value	0.6	0.8	0.7	0.8	0.7	0.7		
Price/Earnings	18.8	11.4	10.6	16.0	11.0	13.6		

Source: FactSet

Table 5: Standard finance and investment abbreviations

Abbreviation	Definition
BAT	Brait Plc
CAGR	Compounded annual growth rate
DCF	Discounted Cash Flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
FCF	Free cash flow
FY	Financial year
GP	Gross profit
INAV	Indicative Net Asset Value
LTM	Last twelve months (also known as trailing)
M	Month
MTD	Month to date
NAV	Net asset value
NTM	Next twelve months (also known as forward)
P:E	Price to earnings
REM	Remgro Limited
RNI	Reinet Investments SCA
ROA	Return on assets
ROE	Return on equity
Y/y	Year(s)
YTD	Year to date



Contact details

Marnus Piekaar, CFA

Equity Analyst

+27 (11) 996 5200

Marnus.Piekaar@psg.co.za

Pierre Muller, CA(SA), CFA

Head of Equity Solutions

+27 (11) 996 5200

Pierre.Muller@psg.co.za

The purpose of this document is to provide information and is not available for external distribution.

About PSG Wealth recommendations

PSG Wealth provides medium- to long-term recommendations based on the premium or discount that a company trades at, relative to our estimation of intrinsic value. We expect companies to rerate towards their intrinsic value over a one- to three-year period. The long-term valuation is a quantitative-based valuation based on the fundamental performance of each company in the past, as well as their future forecasts. The fundamental features used are based on profitability and includes EPS growth and return on equity (ROE).

House view guidance: House view guidance is indicative only. Each client's circumstances are different, and it remains critical that indicative guidance is discussed with your portfolio manager or financial adviser.

Date and share price: The date the report was reviewed and approved by the portfolio committee is likely to precede the release date and price on the report.

*Share price as at closing.

Disclaimer

PSG Wealth has issued this publication. It is confidential and released for the information of clients only. It shall not be reproduced in whole or in part without our permission. Any unauthorised use, duplication, redistribution or disclosure is prohibited by law. This publication is not to be construed as providing investment services in any jurisdiction where the provision of such services is not permitted. It is provided for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security, and we have no responsibility whatsoever arising here from or in consequence thereof. The user assumes the entire risk of any use made of this publication. Any decision to purchase securities mentioned in this publication must consider existing public information on such security or any registered prospectus. The information contained herein has been obtained from sources which and persons whom we believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute our judgement as of the date of this material and are subject to change without notice. This publication does not attempt to identify the nature of the specific market or other risks associated with an investment. Leveraged/Geared positions in securities can accentuate the profit/loss made on investments. Geared/Leveraged positions are not recommended based on the information contained in this publication. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and investors must make their investment decisions using their own objective advisers as they believe necessary and based upon their specific financial situations and investment objectives. Certain investments/recommendations may have tax implications for private customers. Investors should seek advice from a tax adviser before acting on information contained in this publication. The securities described herein are subject to fluctuation in price and/or value and investors may get back less than originally invested. Past performance is not indicative of future results. The employees responsible for producing this report may from time-to-time own securities mentioned herein.

Analyst certification

The research analyst who prepared this report certifies that the view expressed herein accurately reflects the research analyst's personal views about the subject, security and issuer and that no part of their compensation was, is or will be directly or indirectly related to specific recommendations or opinions contained in this report.

FSP

PSG Investment Management (Pty) Ltd is an authorised financial services provider. FSP: 44306

PSG Securities Limited is an authorised member of the JSE and authorised financial services provider. FSP: 42996