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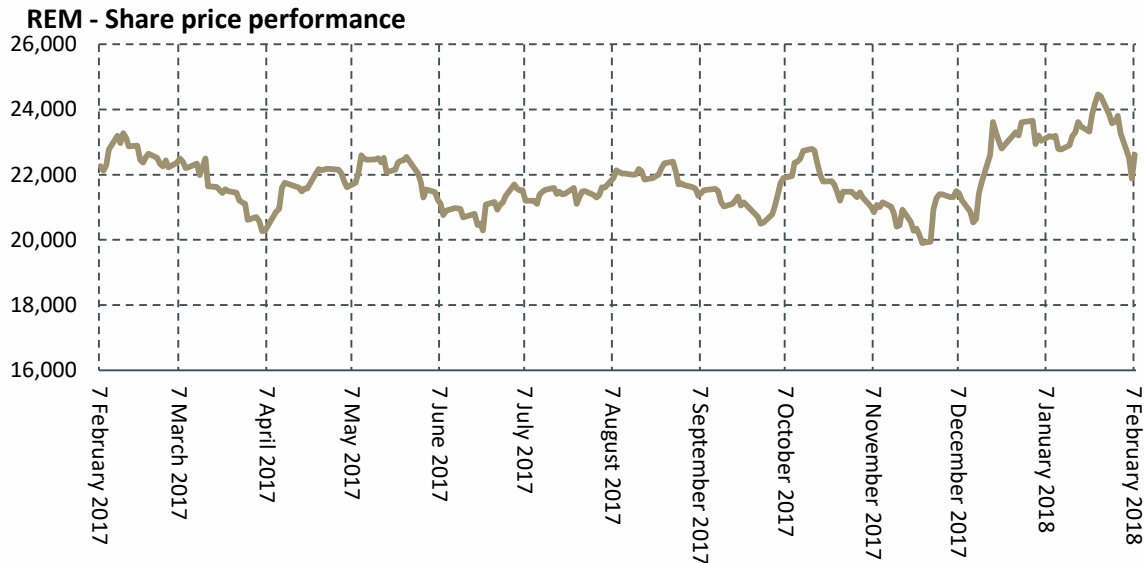
# Remgro

5 February 2018



# Why do we like Remgro?

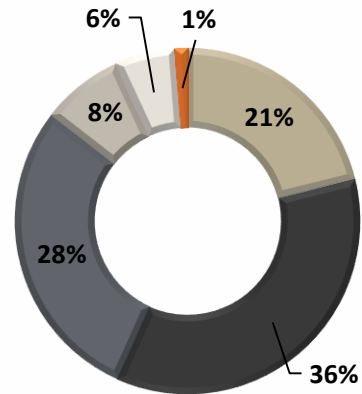
- Trading at an approximate 13.5% discount to our estimation of intrinsic value of 26887cps
- Discount is in-line with LT Average
- Solid diversified company
- Proven track record of unlocking shareholder value
- Reasonably low risk profile



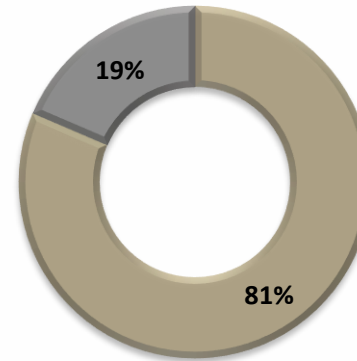
# Why do we like Remgro?

- Underlying investments offer value
- Large domestic focus

Contribution to intrinsic value



Contribution to intrinsic value



# Thank you

## Trade idea: October 2017



**TRADE IDEA**  
Remgro Ltd. (REM SJ) **6.03%**

**Recommendation** Share price: ZAR 20.803c

- Our calculations show that Remgro is trading at about a 20% discount to our estimation of intrinsic NAV of 26.193cps.
- Our intrinsic value takes into account the recently announced Unilever corporate action and our estimated target prices for major listed investments as at 27 September 2017.
- Remgro is a solid diversified company with a proven track record of creating shareholder value. It also has a reasonably low risk profile.
- The largest contributors to Remgro's current intrinsic value includes healthcare, which contributes 28.8% and financials which contributes 38% to intrinsic NAV.
- Remgro's intrinsic NAV will be impacted by the performance of one or more of its key investments, like RMI, FirstRand or Mediclinic.
- We believe Remgro's physically listed investments are fairly valued.
- For more information on the group's listed investments please refer to the full company analysis (Co. Analysis) on the PSG Wealth trading platform.

**Comment on results**

- Due to the nature of the group's operations, we feel the share should be valued on its market NAV and not on EPS.
- The group's intrinsic value at 30 June 2017 declined by 18.0% to R251.48, from the R306.44 reported at the end of June 2016. This was largely due to the 40.4% decline in the market value of Mediclinic, the 5.4% decline in the market value of RMI Holdings and the 10.8% decline in the market value of Distell.
- The group's NAV was also impacted when Remgro completed their rights issue in October 2016.
- HEP5 rose by 32.7% to 1.485.5cps, while headline earnings per share (excluding once-off costs and option re-measurements) fell by 3.4% to 1.361.3cps.
- The group declared a final dividend of 301cps - 7.6% up from the previous period.

**Investment overview**



# Disclaimer

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**END** | thank you

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