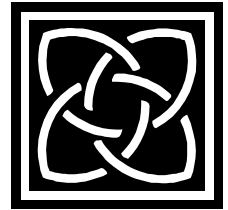


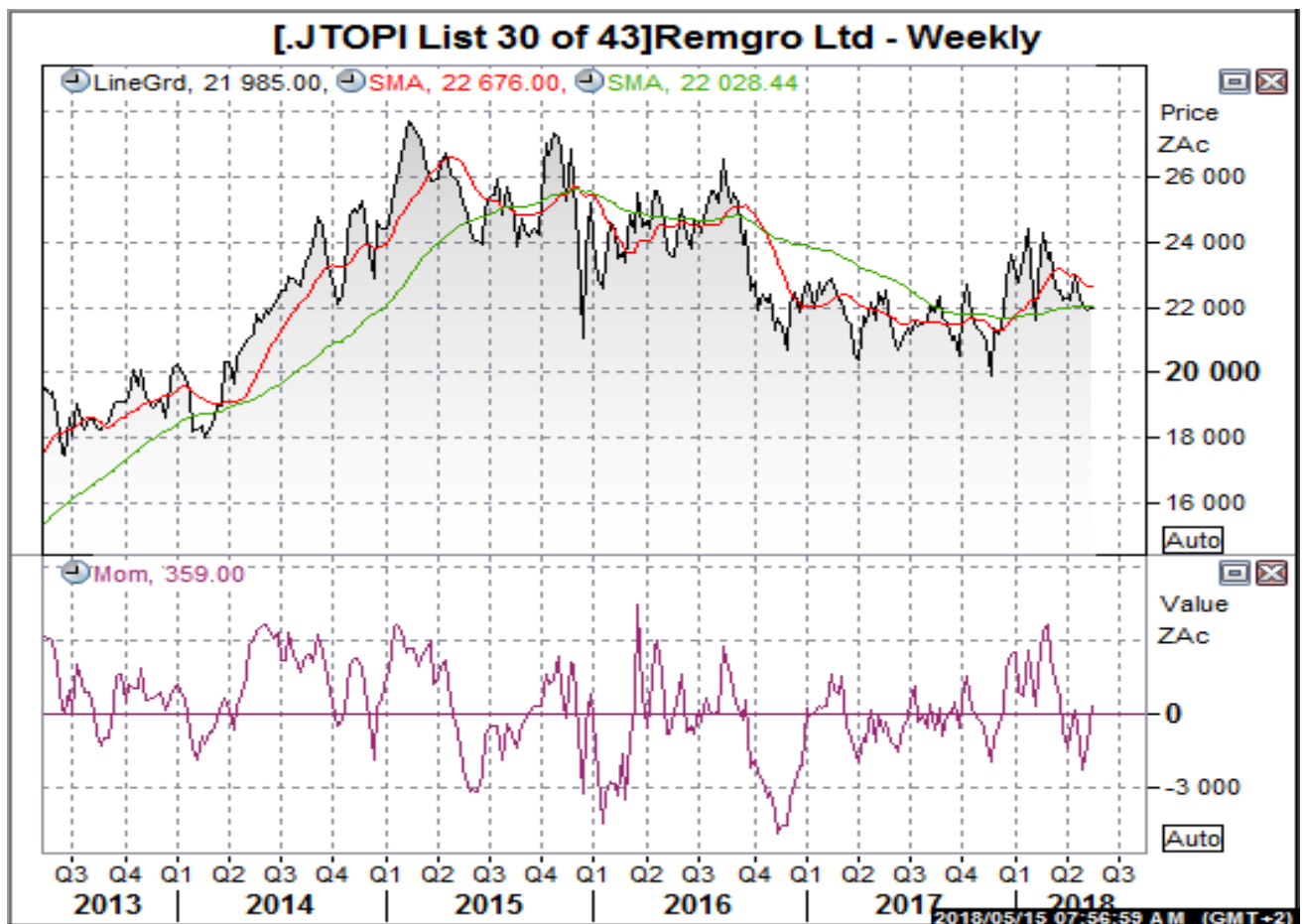
FFO SECURITIES (PTY) LTD

Authorised User of the JSE Limited



TRADE IDEA FOR TODAY

15 May 2018



Remgro Ltd (REM) is an Investment holding company established with effect from 01 April 2000, after restructuring of the former Rembrandt Group. The company's interests consist mainly of investments in food, liquor, banking, healthcare, insurance, industrial and media & sport. The activities of the group are concentrated mainly on the management of investments and the provision of support rather than on being involved in the day-to-day management of business units of investees. The largest contributor to the earnings of Remgro is its investments in listed entities RMB Holdings and FirstRand contributing 39%, and RMI Holdings contributing 15%. Other investments include Mediclinic (11% of earnings), Distell (8% of earnings), and Unilever (7% of earnings). Other investments include holdings in Distell and RCL Foods, and Total SA.

INVESTMENT CASE

The company has a well-diversified investment portfolio, offering exposure in industrial, healthcare, insurance, banking, and consumer products sectors.

In its interim results for the period to ending December 2017 the company reported headline earnings of R 7.78 per share, a decrease of 6.1% from the prior period. The decline was attributed to the decrease in value of the bondholders' exchange option of the exchange bonds (option remeasurement). Excluding the option remeasurement, headline earnings increased by 6.2%. A lower contribution to earnings from Mediclinic also negatively impacted these results.

The banking and consumer products investments continue to deliver solid performance. Analysts are upbeat about the outlook of the healthcare sector, including Mediclinic, which share price have recovered by more than 10% year to date. Forecasted earnings for 2018 is expected to improve by 15%.

Remgro is sitting with a strong and healthy balance sheet, with more than R 7 billion in available cash. The company also had consistent growth in dividends pay-outs of more than 5% annually for the past 3 years and is currently at a 3.77% dividend yield.

According to the latest results the company's Intrinsic Net Asset Value(INAV) is R 265.84 per share, and the current Remgro share price is R 219.85, representing a 21% discount to INAV.

Technically, the momentum indicator has turned up, signalling that the share price may break higher from the current sideways pattern, targeting the previous short-term highs above R 240.00

An investment in Remgro offers an entry into a diversified portfolio at a reasonable discount to its largest underlying listed investments and is a defensive investment in the current volatile financial markets. Our fair value and long-term price target is R 250.00, representing decent upward potential from the current level.

TARGET OUTCOME

Current Price: R 219.85

Target Price: R 250.00

Potential Return: 13.71%

Disclaimer:

This is pure technical analysis, and not based on any fundamental research. Prepared by Wilmar Buys and Hendrik de Kock on behalf of FFO Securities (Pty) Ltd. The above representatives do not have any open interest in the shares of this company. The information contained in this analysis and/or report is not to be construed as advice in terms of the Financial Advisory and Intermediary Services Act of 2002, and is given for information purposes only. Please consult your financial adviser should you require advice of a financial nature and/or intermediary services. Information for stock and index observations are obtained from sources believed to be reliable, but we do not warrant its completeness or accuracy, or warrant any results from the use of the information. Your use of the stock observations, and opinions are entirely at your own risk and it is your sole responsibility to evaluate the accuracy, completeness and usefulness of the information. The information provided here is for interest and educational purposes only, and does not constitute advice.