

CONDUIT CAPITAL LIMITED

Incorporated in the Republic of South Africa

(Registration number: 1998/017351/06)

Share code: CND ISIN: ZAE000073128








("Conduit" or "Conduit Capital" or "the Group")

REVIEWED CONDENSED CONSOLIDATED PROVISIONAL RESULTS

for the year ended 30 June 2020

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement, which is available at <https://senspdf.jse.co.za/documents/2020/jse/isse/cnd/ye20.pdf> and also published on the Group's website at www.conduitcapital.co.za. The full announcement can be inspected at Conduit Capital's registered office and the offices of the Sponsor during office hours. Copies thereof may be requested at no charge. Any investment decisions should be based on consideration of the full announcement. The information in this announcement has been extracted from the Condensed Consolidated Provisional Reviewed Results, and the short-form announcement itself has not been reviewed or audited by the Company's auditors. The Reviewed Condensed Consolidated Provisional Results for the year ended 30 June 2020 have been reviewed by the Group's auditors, BDO Inc. who expressed an unmodified audit opinion thereon (the Audit Report). The Audit Report includes the communication of key audit matters which are disclosed on pages 8 to 18 of the Condensed Consolidated Provisional Reviewed Results, available on the Company's website (if applicable).

FINANCIAL HIGHLIGHTS

		Reviewed Year ended June 2020 vs year ended June 2019
 Gross written premium	↑	2.9% to R2.109 billion
 Net premium income before solvency reinsurance	↓	20.0% to R310.4 million
 Net premium income after solvency reinsurance	↑	2.2% to R1.992 billion
 Underwriting result before direct operating expenses	↑	994.2% to R111.7 million
 Loss per share	↓	from 92.8cents loss to 80.7cents loss
 Headline loss per share	↓	from 88.7cents loss to 77.6 cents loss
 Weighted average number of shares in issue ('000)	↑	0.4% to 705 081

The fiscal year to June 2020 has been one of considerable change for the Group. In terms of underwriting and operating performance, the second half of the year reflected a major improvement on the first. This was mostly due to a change in leadership and reorganisation of Constantia Insurance Group ("Constantia"), our major subsidiary, and the benefit of a lower claims environment during the COVID-19 pandemic, notwithstanding premium relief offered to qualifying customers. Investments also improved in the fourth quarter of the fiscal year.

Since this change more than R25 million in annual costs have been eliminated and the loss ratio across the business has stabilised. Since February 2020 through August 2020, Constantia has generated cumulative underwriting profits and cumulative positive cash generation. The fiscal year 2020 operating loss of the business (excluding investment result) improved by 30.2% from the prior year, whereas the 2H2020 operating loss reflected a 42.8% improvement on the 1H2020 result.

Loss per Share and Headline Loss per Share include:

- a lower claims environment due to the COVID-19 induced lockdowns, offset by premium relief to qualifying customers;
- negative underwriting results from books that have been corrected and/or terminated during the first half of the financial year, with the turnaround resulting in operating cash inflows of in excess of R50.0 million during the second half of the financial year;
- the cost of solvency reinsurance; and
- the impact of the overall reduction in the value of Conduit's equity portfolio on a mark-to-market basis.

The Group is confident in its stated strategy of building a diversified insurance business of scale in South Africa, and believes that its listed investment portfolio remains significantly undervalued in the context of an extremely challenging and low confidence South African economy.

DIRECTORS:

Executive directors: Sean Riskowitz (*Chief Executive Officer*), Lourens Louw (*Chief Financial Director*)

Non-executive directors: Ronald Napier (*Chairman*)*, Leo Chou, Adrian Maizey, Nonzukiso Siyotula*, William Thorndike*, Rosetta Xaba*
* *Independent*

Sponsor: Merchantec Capital, 13th Floor, Illovo Point, 68 Melville Road, Illovo, 2196

Company secretary: CIS Company Secretaries Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

Registered address: Building B, Nicol Main Office Park, 2 Bruton Road, Bryanston, Sandton, 2191

Postal address: PO Box 97, Melrose Arch, 2076

Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196