

RAND MERCHANT INVESTMENT HOLDINGS LIMITED (RMI)
Registration number: 2010/005770/06
JSE ordinary share code: RMI
ISIN code: ZAE000210688

UNAUDITED SUMMARY RESULTS ANNOUNCEMENT AND CASH DIVIDEND DECLARATION for the six months ended 31 December 2020

BASIS OF PREPARATION

These unaudited summary financial results for the six months ended 31 December 2020 have been prepared in accordance with:

- International Financial Reporting Standards (IFRS), including IAS 34: Interim Financial Reporting;
- The requirements of the Companies Act, 71 of 2008, as amended;
- The SAICA Financial Reporting Guide as issued by the Accounting Practices Committee;
- The Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; and
- The Listings Requirements of the JSE Limited.

The accounting policies applied are consistent with those applied in the previous financial period. Schalk Human MCom (Acc) CA (SA) prepared these consolidated financial results under the supervision of Herman Bosman LLM CFA. The board of directors takes full responsibility for the preparation of this announcement and for correctly extracting the financial information for inclusion in the announcement.

The summary consolidated financial statements for the six months ended 31 December 2020 contained in this announcement have not been audited. Normalised earnings presented in these summary financial results constitute pro forma financial information. The pro forma financial information is the responsibility of RMI's board of directors and is presented for illustrative purposes. As a result of its nature, pro forma financial information may not fairly present RMI's financial position, changes in equity, results of operations or cash flows.

The forward-looking information has not been commented or reported on by the group's external auditor.

ENDURING VALUE CREATED FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Compound shareholders' return since listing in 2011: 15.8% per annum
Growth in total shareholders' equity since listing in 2011: 10.3% per annum
Normalised earnings for the six months ended 31 December 2020: +11% to R2 048 million (2019: R1 853 million)

RMI is a strategic, active and long-term investor in a multi-billion Rand financial services portfolio:

Interest held:
Discovery 24.8%
Momentum Metropolitan 27.4%
OUTsurance 89.1%
Hastings 30.0%
RMI Investment Managers 100%
AlphaCode 100%

OVERVIEW OF RESULTS

The operating environment for the six months ended 31 December 2020 continued to be dominated by the COVID-19 pandemic, with corresponding economic uncertainty and market volatility. The RMI group, however, showed resilience under these challenging circumstances and delivered a satisfactory financial and operating performance. The 11% growth in the consolidated normalised earnings to R2.0 billion for the period under review was driven mainly by a pleasing 23% increase in normalised earnings by OUTsurance.

Discovery

Discovery's normalised earnings decreased by 1% to R2.3 billion for the six months ended 31 December 2020. Normalised profit from operations, which excludes substantial foreign exchange losses and tax, increased by 19% to R4.5 billion, with 81% growth delivered by emerging businesses, which include Discovery Insure, Vitality Group and Ping An Health. VitalityLife, an established business, tripled its normalised profit during the period under review and displayed a robust recovery with positive lapse experience and resilience to interest rate volatility due to an effective hedge against movements in long-term interest rates in the UK. Investment in new initiatives comprised 22% of earnings, compared to 26% in the comparative period. Discovery Bank continued to make pleasing progress, growing to over 287 000 clients, with R5.7 billion in deposits and R3.8 billion in advances, reflecting the conservative lending strategy.

The challenging sales environment curtailed core new business levels in the established businesses. Emerging and new businesses did, however, provide further evidence of the efficacy of Discovery's organic growth model, resulting in new business growing by 8% to R10.9 billion. New business margins also recovered strongly compared to the second half of the previous financial year through diligent cost management and improvements in product mix. Strong retention levels mitigated the slower new business growth rate.

In South Africa it became clear that the second wave of COVID-19 infections was having a more significant impact on Discovery's target market compared to the first wave. Overall COVID-19 provisions were sustained at R3.4 billion. Discovery's capital metrics remained above target for all businesses and the financial leverage ratio stabilised at 25.7%.

Momentum Metropolitan

Momentum Metropolitan delivered good operating results and new business growth during the six months under review, but earnings were dampened by the second wave of the COVID-19 pandemic. Normalised earnings decreased by 43% compared to the prior period. The COVID-19 provision was increased by an additional R655 million (net of tax) for possible adverse experience. Mortality data from the South African Medical Research Council indicated that recorded COVID-19 deaths are understating the mortality impact of the pandemic. The COVID-19 provision relates to potential increased mortality claims, increases in terminations, reduced return-to-work experience on disability income claims and business interruption claims. In addition to the increase in the COVID-19 provision, investment return declined by 75% resulting from lower yields on short-dated instruments, lower investable shareholder assets following the acquisition of Alexander Forbes Insurance in February 2020 and a weaker hedging performance on the share scheme. Excluding the additional COVID-19 provision, operating profit would have increased by 20%, supported by the diversified financial services business model with strong contributions from Momentum Investments, Metropolitan Life, Momentum Insurance and Momentum Metropolitan Africa.

New business volumes increased by 14% to R30 billion and the value of new business more than doubled to R334 million. Momentum Metropolitan's capital position remained strong despite the additional COVID-19 provision, with the solvency cover of the main life insurance entity increasing to 1.95 times the Solvency Capital Requirement compared to the 1.85 times as at 30 June 2020. This enables Momentum Metropolitan to pay an interim ordinary dividend of 25 cents per share. The annualised return on embedded value increased to 13.6% for the period under review, assisted by an improvement in investment markets and positive operating variances.

OUTsurance

Normalised earnings, including OUTsurance's stake in Hastings, increased by 23% to R1.4 billion. Excluding its share in Hastings, OUTsurance's normalised earnings increased by 22%, mainly attributable to lower claims frequencies, coupled with reduced natural peril losses in Australia and South Africa. Despite the lower interest rate environment, investment income increased significantly as equity markets recovered during the reporting period. Youi only experienced one large catastrophe hailstorm during the period under review resulting in a retained loss of AUS\$10 million, compared to the retained loss of AUS\$31 million in the comparative period impacted by the Australian bushfires.

OUTsurance's gross written premiums increased by 18% despite the low premium inflation experienced across the motor insurance portfolio. Premium inflation on property insurance continues to show positive momentum, in particular in Australia, where the higher cost of reinsurance and large natural catastrophes of 2020 are priced in. The overall new business premium growth for the OUTsurance group increased by a strong 40%. The overall cost-to-income ratio increased from 28.1% to 28.7%, mainly due to the large investment to expand OUTsurance Brokers, the introduction of the Blue Zebra Insurance channel and the launch of the Compulsory Third Party insurance product in Australia.

OUTsurance Business has largely settled its business interruption claims obligation to clients operating in the tourist and hospitality sectors. OUTsurance Life remains prudently reserved for the mortality impact of the pandemic and its earnings were materially impacted by higher claims and the impact of volatile long-term interest rates on the measurement of the policyholder liability.

Hastings

RMI included normalised earnings of R183 million from Hastings for the six months ended 31 December 2020, representing an increase of 8%. Hastings delivered a satisfactory operational and financial result for its financial year ended 31 December 2020. Policy count increased by 8% due to improved retention and solid new business performance. Premium growth was negatively impacted by lower new business premiums as the market reduced pricing on the back of lower pandemic-related motor claims. The claims ratio benefitted from the lower frequencies, with management applying prudent reserving assumptions to allow for increased uncertainty and more severe bodily injury claims during the lockdown periods.

Hastings continues to make significant investments in the digitalisation of its client experience and the expansion of its home insurance offering. During November 2020, the joint offer to privatise Hastings was successfully completed in partnership with Sampo. Hastings will benefit from operating in a private capacity, which is more conducive to long-term decision-making and investment directed to growth and diversification. RMI has an option to acquire an additional 10% interest in Hastings at a price equal to the joint offer price. This option expires in May 2022.

RMI Investment Managers

RMI Investment Managers is now in its fifth year of partnering a select group of independent South African boutique asset management firms. Despite the extremely difficult operating environment, the affiliates managed to remain resilient during these turbulent times. Pleasingly, the diversified nature of the affiliate portfolio and asset classes represented demonstrated its value and resulted in better-than-expected financial performance on the back of good assets under management growth of 11% to R154 billion and performance fee earnings.

Royal Investment Managers

Royal Investment Managers is a joint venture between RMI Investment Managers and Royal Bafokeng Holdings. The portfolio performed marginally below expectations, largely due to the difficult year where the impact of COVID-19 affected some businesses more than others. Royal Investment Managers finalised terms with Balondolozzi Investment Services to convert its 30% equity stake acquired in December 2017 into a quasi-debt instrument on favourable terms.

The net funding and holding company costs decreased by 26% to R269 million. This decrease is mainly due to the decrease in the prime lending rate from 10% in the comparative period to 7% in the period under review, with a significant portion of the funding still being at a variable rate. RMI has also reduced its spending on the AlphaCode initiative compared to the prior period and benefitted from the timing difference between the movement in the IFRS 2 cash-settled share-based payment liability and the hedge against this liability.

SOURCES OF NORMALISED EARNINGS

RMI regards normalised earnings as the appropriate basis to evaluate business performance as it eliminates the impact of non-recurring items and accounting anomalies. The total reported normalised earnings of RMI's investee companies for the six months under review are listed in the table below:

R MILLION	Six months ended 31 December			Year ended 30 June 2020
	2020	2019	% change	
Discovery	2 284	2 312(1)	(1)	3 747
Momentum Metropolitan	1 012	1 772	(43)	1 521
OUTsurance (excluding Hastings)	1 351	1 103	22	2 218
- OUTsurance (including Hastings)	1 437	1 169	23	2 411
- Hastings included in OUTsurance(2)	(86)	(66)	30	(193)
Hastings	652	596	9	1 720
RMI Investment Managers and AlphaCode investments	62	(5)	100+	(10)

(1) Restated to align with calculation for the year ended 30 June 2020.

(2) Includes costs associated with the holding structure.

A reconciliation of the adjustments made to derive normalised earnings is presented below.

RMI's consolidated normalised earnings for the period under review is listed in the table below:

R MILLION	Six months ended 31 December			Year ended 30 June 2020
	2020	2019	% change	
Discovery	578	576(1)	-	933
Momentum Metropolitan	272	479	(43)	407
OUTsurance (excluding Hastings)	1 222	998	22	2 008
- OUTsurance (including Hastings)	1 299	1 058	23	2 180
- Hastings included in OUTsurance(2)	(77)	(60)	28	(172)
Hastings	183	170	8	486
RMI Investment Managers and AlphaCode investments	62	(5)	100+	(10)
Funding and holding company costs	(269)	(365)	(26)	(738)
Normalised earnings	2 048	1 853	11	3 086
Normalised earnings per share (cents)	133.7	120.9	11	201.5

(1) Restated to align with calculation for the year ended 30 June 2020.

(2) Includes costs associated with the holding structure.

CASH DIVIDEND DECLARATION

Notice is hereby given that a gross interim cash dividend of 22.5 cents per ordinary share, payable out of income reserves, was declared on 17 March 2021 in respect of the six months ended 31 December 2020.

The dividend will be subject to Dividend Withholding Tax at a rate of 20%, which will result in a net dividend of 18.0 cents per ordinary share for those shareholders who are not exempt.

The company's tax reference number is 9469/826/16/9. Its issued share capital at the declaration date comprises 1 531 807 770 ordinary shares.

Shareholders' attention is drawn to the following important dates:

- Last day to trade in order to participate in this dividend	Tuesday, 13 April 2021
- Shares commence trading ex-dividend on	Wednesday, 14 April 2021
- The record date for the dividend payment will be	Friday, 16 April 2021
- Dividend payment date	Monday, 19 April 2021

No dematerialisation or rematerialisation of share certificates may be done between Wednesday, 14 April 2021 and Friday, 16 April 2021 (both days inclusive).

VALUE OF INVESTMENTS

R MILLION	As at 31 December			As at 30 June 2020
	2020	2019	% change	
Discovery (listed market value)(1)	25 305	19 881	27	17 231
Momentum Metropolitan (listed market value)(1)	6 320	8 759	(28)	7 062
OUTsurance excluding Hastings (internal valuation)(2)	34 127	33 649	1	32 024
Hastings (internal valuation for December 2020, listed market value for December 2019 and June 2020)(3)	8 849	6 192	43	7 684
RMI Investment Managers and AlphaCode investments (at cost)(4)	1 432	1 512	(5)	1 515
Gross value of portfolio	76 033	69 993	9	65 516
Net liabilities of holding company(5)	(8 941)	(9 708)	8	(9 808)
Net value of portfolio(6)	67 092	60 285	11	55 708
Net value of portfolio per share (cents)	4 380	3 936	11	3 637

The valuations are based on:

1. Market price on 31 December 2020.
2. A detailed and independently verified discounted cash flow valuation which reflects a realistic, yet conservative view.
3. A combination of market price when Hastings was still listed (Hastings was delisted on 16 November 2020) and a discounted cash flow valuation. The ZAR:GBP exchange rate as at 31 December 2020 was used to translate the GBP valuation into ZAR.
4. The investments in RMI Investment Managers and AlphaCode are shown at cost, which does not differ materially from the internal valuation. RMI sold its stake in Luno in September 2020, the proceeds of which are included in the net liabilities of the holding company.
5. The net liabilities of the holding company include all the liabilities and assets at holding company level other than the investments shown separately in the table above.
6. The information in the table above does not include a provision for CGT. The size of RMI's stakes in its underlying investee companies qualifies for certain tax exemptions when certain corporate actions are performed. The CGT impact on the stakes held by disqualified shareholders under section 46 of the Income Tax Act is considered immaterial compared to the overall portfolio value, and these stakes can vary over time.

OUTLOOK AND ENDURING VALUE CREATION

Discovery

Discovery's business model has proven to be highly relevant during the COVID-19 pandemic and the trends that are emerging are likely to accentuate this relevance in a post-COVID world. It is confident in its ability to capitalise on emerging opportunities.

Financial prudence remains a key focus, ensuring resilience in the current environment. The capital metrics remained above target for all businesses, with excess liquidity held at the centre of R1.7 billion in South Africa, sufficient to withstand additional waves and economic risks from the pandemic, and the financial leverage ratio stabilised at 25.7%.

Discovery's Ambition 2023 remains the strategic focus for the medium term, with the goal of being a leading financial services organisation globally, positively influencing 100 million lives - with 10 million directly insured - and being a powerful force for social good. Key to achieving this is execution of market-specific strategies:

- South Africa: a disruptive composite model, with market-leading businesses and pivoting Discovery Bank to growth;
- United Kingdom: a differentiated offering through a composite Vitality Shared-value model;
- Ping An Health: the leading health insurer in China with over 50 million clients; and
- Vitality Group: a sophisticated global behaviour-change platform linked to financial services.

Momentum Metropolitan

Momentum Metropolitan showed encouraging growth in new business in the past six months, testament to clients and intermediaries seeing value in the actions it took to revitalise the business as part of its Reset and Grow strategy. It continues to improve its competitive position in most retail market segments. The continued strong new business performance confirms that the growth initiatives are having the desired impact of delivering sustainable growth over the long term, while maintaining robust levels of capital and liquidity.

Management remains cautious about the pace of economic recovery across its operations, as disposable income will remain under pressure because of depressed economic activity. The near-term trajectory of the economy's recovery will continue to be impacted by the presence of COVID-19 and continued uncertainty. It is navigating through this challenging period with a strong solvency position and with sufficient liquidity to withstand impacts from the continuously evolving environment. It will continue to invest in its core operations to take advantage of the opportunities for growth brought about by the pandemic.

Ongoing execution of the Reset and Grow strategy helps it to retain focus and set the group up for success, such as:

- Strengthening its distribution capability by increasing the number of supporting independent financial advisers;
- Maintaining robust levels of capital and liquidity, enabling it to declare an interim ordinary dividend of 25 cents per ordinary share;
- Sharing ownership with its people by establishing its first broad-based employee share ownership programme, iSabelo, after receiving the requisite shareholder approval in November 2020;
- Retaining a competitive Level 1 B-BBEE rating; and
- Rationalising the Africa portfolio. In December 2020, the sale of the business in Zambia was successfully completed and it was followed in January 2021 by the completion of the sale of the business in Tanzania.

OUTsurance

OUTsurance's values-driven culture and single-minded focus on delivering exceptional client experience as cornerstones of its business contributed to its operational and financial resilience during this unprecedented time. Its strategy of expanding its insurance product range and distribution channels continued to gain traction with the expansion of the OUTsurance tied agency force (OUTsurance Brokers), the growth of Youi's partnership with Blue Zebra Insurance (BZI) and the launch of Youi's Compulsory Third Party (CTP) insurance product in Australia.

OUTsurance is inwardly focused to deliver against its strategic plan to grow its product and channel capabilities to supplement the growth of its core operations. During the next six months, OUTsurance Life and OUTvest will deploy a face-to-face distribution model to enable a wider client reach beyond the direct market. Youi will focus on the roll-out of business insurance through the BZI channel and scale the newly-established CTP product.

OUTsurance Life remains prudently reserved for the mortality impact of the pandemic. The earnings of OUTsurance Life were materially impacted by higher claims and the impact of volatile long-term interest rates on the measurement of the policyholder liability.

OUTsurance and Youi continue to invest in the digitalisation of client service initiatives as well as the modernisation of the core insurance and finance systems. These investments will deliver long-term cost-efficiency as client contact interactions are optimised and modern system architecture is embedded.

Maintaining underwriting discipline and leading client service remains OUTsurance's core focus to grow sustainably and achieve profitable growth.

Hastings

Hastings' new consortium of owners are framing the details of a collaboration and knowledge transfer platform:

- Average premium: This has declined in recent years. Work is being done to better understand the drivers, including declining premium inflation, pricing improvements and how disinflationary these are over time, market dynamics, business mix and demographics, renewal versus new business, pricing comparisons to future ability to write higher premium business;
- Operational expenses: Interrogation of the operating cost build-up, including fixed versus variable components and how they compare to market peers in order to ensure operating costs are appropriately managed;

- Reinsurance pricing: Hastings has entered into new reinsurance contracts within board-approved parameters and slightly adverse to budget assumptions. Three new reinsurers were brought into the programme from 2020. With Sampo on board, further work is to be done on the optimisation analysis in light of any changes in risk appetite, along with a potential shift in prioritisation between profit and dividends and performance of the underwriting book; and

- Distribution: The focus remains on capturing bigger market share with existing products. Marketing will be rebooted with delivery of a new pay per click strategy and launch of a new brand and TV advert. Creditworthiness is to be enhanced by offering monthly payment options to more clients. Lastly, Hastings will launch a new digital sales journey on a new technology platform to increase conversion and profit per client.

Hastings management has committed to external targets that have been communicated at a Sampo investor day. The two key ratios will be:

- Calendar year loss ratio: below 76%, consistent with prior market guidance of 75% to 79%; and
- Group operating ratio (total costs/total revenue, excluding investment income): below 88%.

RMI Investment Managers

RMI Investment Managers is largely in the consolidation phase of its business model evolution and has, therefore, focused its efforts on optimising the existing portfolio by truly partnering its boutique investment managers in a supportive but non-interfering manner. The team continues to actively engage in strategic dialogue with its affiliates with a focus on implementing its shareholder value map, which offers affiliates access to comprehensive strategic support including operational, governance and financial support, succession planning, talent management and board representation. In addition, the team continues to play a strategic advisory role in helping its affiliates raise retail assets and foster meaningful and trusted client relationships. Many of the affiliates have also benefitted from marketing support provided by the RMI Investment Managers team. This has enabled the affiliates to expand their branding, marketing and public relations efforts to enhance their brand presence and credibility in the market.

RMI Investment Managers has in the last financial year focused on expanding its asset class reach by supporting the expansion of new products by its affiliates, which enables the overall breadth of the affiliate stable to mature in a healthy and organic manner.

Management's view is that the portfolio is largely complete, however, RMI Investment Managers will remain opportunistic and continue to explore the addition of affiliates to either solve for additional exposure or under-exposure in certain asset classes or to further add value to the portfolio.

RMI Investment Managers will ensure that its reputation as a trusted, value-adding but non-interfering shareholder of choice for the independent asset management industry remains a core philosophy. The team and its partners in Momentum Metropolitan and RBH remain excited and committed to working with its affiliates to support their growth to scale while playing a meaningful part in transforming the investment management industry.

AlphaCode

AlphaCode identifies, partners and grows the next-generation of financial services entrepreneurs through incubation, acceleration, collaboration and investment. The AlphaCode programmes have developed another strong cohort of early-stage financial services entrepreneurs over the last few months. At an entry level, the AlphaCode Explore programme (which is a pre-incubator and data science training initiative) up-skilled 16 candidates during the year-long programme. One of the candidates successfully pitched his early-stage business to progress into the flagship AlphaCode Incubate programme cohort for 2021. In October 2020, AlphaCode Incubate saw the end of the 2020 cohort's programme, with seven businesses having being supported with mentorship, grant funding and start-up masterclasses. The strongest performing business on the programme, Oyi Medical, was awarded an additional R450 000 in grant funding to support continued growth of their healthcare savings and finance platform. Ten new businesses have been selected from over 200 applicants for the 2021 Incubate programme. The diversity of solutions being worked on by this new cohort is exciting and promises to showcase even more creative thinking from South Africa's entrepreneurial talent.

As part of the mandate of investing in disruptive, innovative financial services businesses, AlphaCode grew its investment portfolio by deploying additional equity funding into one of its existing investee companies, Prodigy Finance. Prodigy is a lending platform that provides education loans to international postgraduate students at the world's leading universities. The business has funded more than 20 000 students and facilitated more than \$800 million in loans. AlphaCode realised its first exit with the sale of Luno to a leading US cryptocurrency firm, Digital Currency Group. The exit was above the targeted internal rate of return of 25% to 35% for AlphaCode's fintech investments.

AlphaCode is developing an exciting pipeline of new investments, with a focus on Insurtech.

For and on behalf of the board.

Jannie Durand	Herman Bosman
Chairman	Chief executive officer

Rosebank
17 March 2021

SUMMARY CONSOLIDATED INCOME STATEMENT

R MILLION	Six months ended 31 December		%	Year ended
	2020 Unaudited	2019 Unaudited		30 June 2020 Audited
Gross insurance premiums	10 144	8 488	20	17 349
Less: Reinsurance premiums	(700)	(353)	98	(774)
Net insurance premiums	9 444	8 135	16	16 575
Gross change in provision for unearned premiums	(572)	(196)	100+	(422)
Net insurance premiums earned	8 872	7 939	12	16 153
Fee and other income	17	26	(35)	64
Investment income	79	141	(44)	252
Interest income on financial assets using the effective interest rate method	169	241	(30)	458
Realised losses	(8)	-	(100+)	-
Net fair value gains/(losses) on financial assets	275	(90)	100+	(421)
Expected credit losses on financial assets	(9)	(7)	29	(20)
Net income	9 395	8 250	14	16 486
Gross claims paid	(5 429)	(4 604)	18	(9 310)
Reinsurance recoveries received	1 174	593	98	1 664
Provision for non-claims bonuses	(252)	(243)	4	(500)
Transfer to policyholder liabilities under insurance contracts	(157)	12	(100+)	(34)
Acquisition expenses	(46)	(24)	92	(41)
Fair value adjustment to financial liabilities	(54)	(74)	(27)	(139)
Marketing and administration expenses	(2 602)	(2 310)	13	(4 859)
Profit before finance costs, results of associates and taxation	2 029	1 600	27	3 267
Finance costs	(312)	(346)	(10)	(689)
Share of after taxation results of associates	660	984	(33)	259
Profit before taxation	2 377	2 238	6	2 837
Taxation	(594)	(495)	20	(1 031)
Profit for the period from continuing operations	1 783	1 743	2	1 806
Profit for the period from discontinued operation	-	104	(100)	104
Profit for the period	1 783	1 847	(3)	1 910
Attributable to:				
Equity holders of the company	1 609	1 679	(4)	1 592
Non-controlling interests	174	168	4	318
Profit for the period	1 783	1 847	(3)	1 910

COMPUTATION OF HEADLINE EARNINGS

R MILLION	Six months ended 31 December		%	Year ended
	2020 Unaudited	2019 Unaudited		30 June 2020 Audited
Earnings attributable to equity holders	1 609	1 679	(4)	1 592
Adjustment for:				
- Profit on sale of subsidiary	(46)	(111)		(111)
- Impairment of intangible assets	19			192
- Loss on dilution and disposal of equity accounted investments	9	57		62
- Impairment of owner-occupied building to below cost	1	3		152
- FCTR reversal on sale of foreign subsidiary	(1)	12		12
- Impairment of goodwill	-	2		2
- Impairment relating to held for sale entities	-	1		14
- Derecognition of assets	-	-		38
- Loss on step-up of joint venture	-	-		2
- Loss on disposal of property and equipment	-	-		1
Headline earnings attributable to equity holders	1 591	1 643	(3)	1 956

COMPUTATION OF NORMALISED EARNINGS

RMI regards normalised earnings as the appropriate basis to evaluate business performance as it eliminates the impact of non-recurring items.

UNAUDITED R MILLION	Six months ended 31 December		% change	Year ended 30 June 2020
	2020	2019(1)		
Headline earnings attributable to equity holders	1 591	1 643	(3)	1 956
RMI's share of normalised adjustments made by associates	472	207		1 153
- Restructuring costs	222	-		20
- Amortisation of intangible assets relating to business combinations	151	147		305
- Economic assumption adjustments net of discretionary margin and interest rate derivative	89	47		897
- Unrealised losses/(gains) on foreign exchange contracts not designated as a hedge	37	2		(47)
- Deferred tax asset raised on assessed losses	(37)	-		(69)
- Time value of money movement of swap contract in VitalityLife	10	2		24
- Transaction costs related to VitalityLife interest rate derivatives	-	5		9
- Initial expenses related to Prudential Book transfer	-	4		14
Group treasury shares	(15)	3		(23)
Normalised earnings attributable to equity holders	2 048	1 853	11	3 086

(1) Restated to align with Discovery's calculation of normalised earnings for the year ended 30 June 2020.

COMPUTATION OF EARNINGS PER SHARE

R MILLION	Six months ended 31 December		% change	Year ended 30 June 2020 Audited
	2020 Unaudited	2019 Unaudited		
Number of shares in issue (millions)	1 532	1 532	-	1 532
Weighted average number of shares in issue (millions)	1 529	1 529	-	1 529
Continuing and discontinued operations				
Earnings attributable to equity holders	1 609	1 679	(4)	1 592
Headline earnings attributable to equity holders	1 591	1 643	(3)	1 956
Earnings per share (cents)	105.3	109.8	(4)	104.1
Diluted earnings per share (cents)	104.7	109.2	(4)	102.7
Headline earnings per share (cents)	104.1	107.5	(3)	127.9
Diluted headline earnings per share (cents)	103.5	106.8	(3)	126.2
Continuing operations				
Earnings attributable to equity holders	1 609	1 599	1	1 512
Headline earnings attributable to equity holders	1 591	1 642	(3)	1 954
Earnings per share (cents)	105.3	104.6	1	98.9
Diluted earnings per share (cents)	104.7	104.0	1	97.5
Headline earnings per share (cents)	104.1	107.4	(3)	127.8
Diluted headline earnings per share (cents)	103.5	106.8	(3)	126.1

COMPUTATION OF NORMALISED EARNINGS PER SHARE

UNAUDITED R MILLION	Six months ended 31 December		% change	Year ended 30 June 2020
	2020	2019(1)		
Number of shares in issue (millions)	1 532	1 532	-	1 532
Weighted average number of shares in issue (millions)	1 532	1 532	-	1 532
Continuing and discontinued operations				
Normalised earnings attributable to equity holders	2 048	1 853	11	3 086
Normalised earnings per share (cents)	133.7	120.9	11	201.5
Diluted normalised earnings per share (cents)	133.4	120.2	11	199.9
Continuing operations				
Normalised earnings attributable to equity holders	2 048	1 852	11	3 085
Normalised earnings per share (cents)	133.7	120.9	11	201.4
Diluted normalised earnings per share (cents)	133.4	120.2	11	199.8

(1) Restated to align with Discovery's calculation of normalised earnings for the year ended 30 June 2020.

DIVIDEND PER SHARE

R MILLION	Six months ended 31 December		% change	Year ended 30 June 2020
	2020 Unaudited	2019 Unaudited		Audited
Dividend per share				
Interim	22.5	45.0	(50)	45.0
Final				-
Total dividend per share	22.5	45.0	(50)	45.0
Dividend cover (relative to headline earnings)	4.6	2.4		2.8
Dividend cover (relative to normalised earnings)	5.9	2.7(1)		4.5

(1) Restated to align with Discovery's calculation of normalised earnings for the year ended 30 June 2020.

DIRECTORS

JJ Durand (chairman), HL Bosman (chief executive officer and financial director), JP Burger, P Cooper, (Ms) SEN De Bruyn, LL Dippenaar, PK Harris, (Ms) A Kekana, P Lagerström, (Ms) MM Mahlare, MM Morobe, RT Mupita, O Phetwe and JA Teegeer

ALTERNATES

DA Frankel, F Knoetze and UH Lucht

SECRETARY AND REGISTERED OFFICE

JS Human

Physical address: 12th Floor, The Bank, Corner of Cradock and Tyrwhitt Avenues, Rosebank, Johannesburg, 2196

Postal address: Private Bag X1000, Saxonwold, 2132

Telephone: +27 10 753 2430

Web address: www.rmih.co.za

SPONSOR

(in terms of JSE Listings Requirements)

Rand Merchant Bank (a division of FirstRand Bank Limited)

Physical address: 1 Merchant Place, corner of Fredman Drive and Rivonia Road, Sandton, 2196

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

Physical address: Rosebank Towers, 15 Biermann Avenue, Rosebank

Postal address: Private Bag X9000, Saxonwold, 2132

Telephone: +27 11 370 5000

Telefax: +27 11 688 5221

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. The full announcement was released on the JSE's Stock Exchange News Service (SENS) on 17 March 2021 and can be found on the company's website at www.rmih.co.za or at <https://senspdf.jse.co.za/documents/2021/jse/isse/RMIE/RMI21Int.pdf>. The full announcement is available for inspection at the company's registered office and the offices of the sponsor during office hours at no charge. Any investment decision should be based on the full announcement published on the company's website. The results have not been audited.

www.rmih.co.za