

RMB Holdings Limited (RMH)
(Incorporated in the Republic of South Africa)
Registration number: 1987/005115/06
JSE ordinary share code: RMH
ISIN code: ZAE000024501
Sector: Financials
ICB Sector: Real Estate Investment & Services

AUDITED SUMMARY FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 31 MARCH 2021

STRATEGY

Post the unbundling of its stake in FirstRand in 2020, RMH continues to be defined by its value-adding shareholding in its most significant remaining asset, RMH Property.

RMH, through RMH Property, has invested in a sizeable investment portfolio of property entities led by best of breed management teams with exposure to South Africa, Namibia, Mauritius, Serbia, Romania and Cyprus. RMH Property's portfolio companies conduct their businesses in two focus areas: investments and developments.

RMH Property partners and works closely with its portfolio companies to ensure disciplined capital allocation and to guide, support and challenge them to deliver on their investment and development pipelines, enhance net asset value and produce sustainable earnings.

RMH is appropriately capitalised and has, over time, reduced the endowment retained to fund the ongoing operating expenses post the RMH Unbundling. The RMH board is comfortable that the reduction of the endowment is in alignment with the monetisation strategy adopted by the group. The RMH board continues to follow a prudent approach to capital management, retaining sufficient capacity to:

- execute on current commitments to underlying investee companies; and
- fund ongoing operating activities, while realising maximum shareholder value through the orderly monetisation of RMH Property.

As previously communicated to shareholders, the core strategy of RMH remains to monetise the RMH Property portfolio, in an orderly manner, and to return maximum value to RMH shareholders. To this end, RMH Property continues to work towards realising investee companies over a four- to five-year period, with the smaller assets being the near-term focus.

Any changes to RMH's stated strategy would be in consultation with shareholders.

PERFORMANCE AND OUTLOOK

External environment

RMH's macro-economic environment is characterised by the following:

The ongoing COVID-19 pandemic	The generation-defining public health crisis which hit the world economy in 2020 continued into 2021. The pandemic reached every corner of the globe, infecting more than 178 million people and resulted in the loss of almost 4 million lives worldwide. Several COVID-19 vaccines have been approved for use in different countries, and immunisation programs are well underway. As at 20 June 2021, 2.5 billion vaccinations have been administered worldwide. The COVID-19 vaccination campaign will be the largest in history.
Recovery in South Africa	<p>GDP contracted by 7.2% in 2020, the recovery will be slow, with the National Treasury predicting real economic growth of 3.3% for 2021 moderating to 2.2% in 2022. Real GDP contracted by 4.1% for the fourth quarter of 2020.</p> <p>Although the economic recovery is expected to continue in 2021, output and employment will remain well below pre-pandemic levels until 2023.</p> <p>In May 2021 both S&P Global and Fitch Ratings affirmed South Africa's long-term sovereign credit rating at BB-, which is three notches below investment grade. Structural constraints, the slow pace of economic reforms and low vaccinations rates will continue to constrain medium-term economic growth and limit the ability to contain the debt-to-GDP ratio.</p>
Recovery in Europe	<p>The International Monetary Fund (IMF) expects global economic growth to rebound to 5.5 % in 2021 and 4.2% in 2022, buoyed by additional policy stimulus and the expected rollout of COVID-19 vaccines. Resurgent spikes in infection rates have either halted or threatened the momentum from stronger-than-expected growth in the second half of 2020. Economic growth is expected to gain momentum during the second half of this year, but much depends on the efficacy of the vaccine rollout and the impact of stimulus measures. Serbia, Cyprus and Romania have vaccinated 4.5 million, 0.5 million and 7.8 million people respectively.</p> <p>Europe is only expected to reach 2019 real GDP growth levels of economic activity by 2023 - despite large stimulus - owing to differing responses to COVID-19 infections, low adaptability to a low-mobility economy and other structural rigidities. GDP growth of 3%, 4.3% and 3% is forecasted for 2021 for Serbia, Romania and Cyprus respectively.</p>

Despite the macro-economic challenges, RMH produced satisfactory results:

- Headline loss from continuing operations improved by 89% to a R30 million loss (2020: R262 million loss);
- RMH Property's gross value period-on-period decreased by 6% to R2 584 million (2020: R2 756 million). This was mainly driven by a stronger Rand at the period end; and
- RMH's market capitalisation increased by 8% from R2 315 million to R2 499 million over the nine months to 31 March 2021.

Outlook

It is anticipated that the world economy will grow by 5.5% in 2021 and 4.2% in 2022, following a contraction of 3.5% in 2020. The recovery is expected to remain fragile and uneven across countries and regions.

All the countries where RMH Property has a presence in are at various stages of their vaccine roll-outs. As anticipated, the vaccine roll-outs in South Africa and emerging markets are slower than that of the developed markets. Economic recovery in the medium term will be directly linked to the pace of the vaccine roll-out.

Although the listed property sector in South Africa has experienced a meaningful recovery, it is too early to say whether it is a resurgence in the property sector or whether investment confidence is returning. Even at higher share prices, discounts to net asset values remain high and loan-to-value ratios remain above normal comfort levels. Listed entities, therefore, continue to deleverage their balance sheets by selling assets. As a result, the property market is oversaturated with property assets. This, in combination with a lack of liquidity in the market, will continue to impact the timing of the RMH monetisation strategy.

Over the same period, property entities operating in CEE countries have managed to maintain loan-to-value ratios, a healthy liquidity position and to retain property assets. The vaccine roll-outs have gained traction. This, together with the anticipated opening of tourism, bode well for economic recovery in these countries.

For and on behalf of the board

Sonja De Bruyn Herman Bosman
Chairperson Chief executive officer

Rosebank
29 June 2021

Audited computation of per share information

R million	For the period of		% change
	Nine months ended 31 March 2021	12 months ended 30 June 2020	
CONTINUING AND DISCONTINUED OPERATIONS			
Revenue	38	(111)	>100
(Loss)/earnings attributable to equity holders	(72)	32 596	(>100)
Headline (loss)/earnings attributable to equity holders	(30)	5 377	(>100)
CONTINUING OPERATIONS			
Loss attributable to equity holders	(72)	(365)	(80)
Headline loss attributable to equity holders	(30)	(262)	(89)
DISCONTINUED OPERATION			
Earnings attributable to equity holders	-	32 961	(100)
Headline earnings attributable to equity holders	-	5 639	(100)
Net asset value	4 622	4 960	(7)
CONTINUING AND DISCONTINUED OPERATIONS			
(Loss)/earnings per share (cents)	(5.1)	2 309.0	(>100)
Diluted (loss)/earnings per share (cents)	(5.1)	2 309.0	(>100)
Headline (loss)/earnings per share (cents)	(2.1)	380.9	(>100)
Diluted headline (loss)/earnings per share (cents)	(2.1)	380.9	(>100)
CONTINUING OPERATIONS			
Loss per share (cents)	(5.1)	(25.9)	89
Diluted loss per share (cents)	(5.1)	(25.9)	89
Headline loss per share (cents)	(2.1)	(18.6)	80
Diluted headline loss per share (cents)	(2.1)	(18.6)	80
DISCONTINUED OPERATION			
Earnings per share (cents)	-	2 334.9	(100)
Diluted earnings per share (cents)	-	2 334.9	(100)
Headline earnings per share (cents)	-	399.4	(100)
Diluted headline earnings per share (cents)	-	399.4	(100)
Net asset value per share (cents)	327.4	351.4	(7)

ADMINISTRATION

Directors

(Ms) SEN De Bruyn (chairperson), HL Bosman (CEO and FD), P Lagerstrom, UH Lucht, (Ms) MM Mahlare, MM Morobe, and JA Teeger

Secretary and registered office

(Ms) EJ Marais

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Postal address: Private bag X1000 Saxonwold 2132

Telephone: +27 10 753 2420

Website: www.rmh.co.za

Sponsor

(in terms of JSE Limited 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, 2196

Postal address: Private Bag X9000, Saxonwold, 2132

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SHORT-FORM ANNOUNCEMENT

The contents of this short-form announcement are derived from audited information, but is not itself audited. 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 29 June 2021 and can be found at <https://senspdf.jse.co.za/documents/2021/jse/isse/RMH/RMH21final.pdf> or on the company's website at https://rmh.co.za/downloads/2021/RMH_Year_end_results_announcement_2021.pdf. The full announcement is available for inspection at the company's registered office and copies may also be requested from company.secretary@rmbh.co.za and at the offices of the sponsor, at no charge, during office hours. Any investment decision should be based on the full announcement published on SENS and on the company's website. The results for the nine months ended 31 March 2021 have been audited by the group's auditors Deloitte & Touche who expressed an unmodified opinion thereon. A copy of the annual financial statements including the audit opinion which includes the key audit matter can be found on https://rmh.co.za/downloads/2021/RMH_Annual_financial_statements_2021.pdf.

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)
Sandton

29 June 2021