

OUTSURANCE GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 2010/005770/06
ISIN: ZAE000314084
Share code: OUT
("OGL" or "the group")

VOLUNTARY TRADING UPDATE FOR OUTSURANCE HOLDINGS LIMITED AND TRADING STATEMENT FOR OUTSURANCE GROUP LIMITED FOR THE YEAR ENDED 30 JUNE 2023

INTRODUCTION

As communicated in the voluntary trading update and trading statement released on 26 January 2023, OGL's (formerly Rand Merchant Investment Holdings Limited) disposal of Hastings Group (Consolidated) Limited (Hastings) and the settlement of preference share debt in December 2021, and unbundling of its interests held in Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) in April 2022, have significantly changed the group's earnings base.

The group's earnings base for the year ended 30 June 2023 and subsequent reporting periods is primarily impacted by the performance of OUTsurance Holdings Limited (OHL), the group's 90% held subsidiary and owner of the OUTsurance South Africa and Youi Australia insurance operations. As indicated in the interim results announcement released on 22 March 2023, the expansion to the Republic of Ireland represents an exciting opportunity for diversified long-term growth. An authorisation process has commenced and if successful, a market entry in Ireland is anticipated during the second half of the 2024 financial year.

VOLUNTARY TRADING UPDATE FOR OUTSURANCE HOLDINGS LIMITED

The performance of OHL for the year to 30 June 2023 was positively impacted by a significant increase in Youi's earnings. This positive outcome is attributed to strong premium growth, a material decrease in natural perils claims incurred following more favourable weather exposure and higher investment income attributed to the rising interest rate environment.

Shareholders are advised that normalised earnings for OHL and its major operating subsidiaries are expected to increase as follows for the year ended 30 June 2023:

	Reported Year ended 30 June 2022 R million	Guidance Year ended 30 June 2023 % increase
OHL (group consolidated)	2 316	35% to 45%
OUTsurance (SA short-term operations)	1 743	0% to 10%
OUTsurance Life	100	5% to 15%
Youi Group	413	220% to 250%

Following a strategic review of OUTvest, which remains a sub-scale business, the group has decided to consider a restructuring of OUTvest which includes the possibility of a disposal. Client investments will not be affected by this decision. All client obligations will continue to be honoured without operational disruption. OUTvest is a regulated Financial Services Provider and a 100% held subsidiary of OHL.

TRADING STATEMENT FOR OUTSURANCE GROUP LIMITED

Paragraph 3.4(b) of the JSE Limited Listings Requirements requires companies to publish a trading statement as soon as they become reasonably certain that their financial results for the period to be reported on next (current period) will differ by at least 20% from those of the previous corresponding period (comparative period).

Shareholders are referred to the group's trading statement for the year ended 30 June 2022, released on 20 September 2022, where the accounting treatment of the group's investments in Hastings, Discovery and Momentum Metropolitan was explained as follows:

- The earnings of Hastings were equity accounted until 8 December 2021, the effective date of the sale. The proceeds on the sale of Hastings were utilised to, inter alia, repay all the group's outstanding preference share debt.
- The earnings of Discovery and Momentum Metropolitan were also equity accounted until 8 December 2021, the date on which the unbundling of the group's shareholdings in these entities met the accounting definition of being highly probable.
- The financial results of all these investee companies were treated as discontinued operations in the group's financial results.

The following non-recurring, material items, originating from the sale of Hastings and the unbundling of OGL's shareholdings in Discovery and Momentum Metropolitan, influenced OGL's financial results for the year ended 30 June 2022 (comparative period):

- The profit on the sale of Hastings of R4.7 billion (including reclassification of accumulated comprehensive income to the income statement), which was excluded from headline earnings and normalised earnings.
- The gain on the distribution of OGL's shareholdings in Discovery and Momentum Metropolitan of R15.2 billion (including reclassification of accumulated comprehensive income to the income statement), which was also excluded from headline earnings and normalised earnings. This amount comprised the difference between the carrying amount and the fair value of the investments in Discovery and Momentum Metropolitan on 20 April 2022, the first day OGL shares traded "ex" the entitlement to receive the unbundled Discovery and Momentum Metropolitan shares and the cumulative comprehensive income reclassified to the income statement.

The following guidance is provided to OGL shareholders regarding the group's expected earnings from continuing operations for the year ended 30 June 2023:

	Reported Year ended 30 June 2022 (cents)	Guidance for the year ended 30 June 2023	
		Expected % increase	Expected range (cents)
Continuing operations			
Normalised earnings per share	115.8	55% to 65%	179.5 to 191.1
Headline earnings per share	95.0	95% to 105%	185.3 to 194.8
Earnings per share	94.1	95% to 105%	183.5 to 192.9

The following guidance is provided to OGL shareholders regarding the group's expected earnings from continuing and discontinued operations for year ended 30 June 2023:

	Reported Year ended 30 June 2022 (cents)	Expected %(decrease)/ increase	Guidance for the year ended 30 June 2023 Expected range (cents)
Continuing and discontinued operations			
Normalised earnings per share	192.8	(10%) to 0%	173.5 to 192.8
Headline earnings per share	169.7	5% to 15%	178.2 to 195.2
Earnings per share	1 463.2	(90%) to (80%)	146.3 to 292.6

OGL regards normalised earnings (which excludes non-operational items and accounting anomalies) as the key indicator of the group's operational performance.

The financial information on which this voluntary trading update and trading statement is based is the responsibility of the OGL directors and has not been reviewed and reported on by the group's external auditor.

OGL's financial results for the year ended 30 June 2023 are expected to be released on SENS on Friday, 15 September 2023.

Centurion
2 August 2023

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)