

# Remgro increases dividend despite debt

By [Marc Hasenfuss](#)

15 Mar 2016

Investment heavyweight Remgro hiked its interim dividend 9.5%, despite seeing its intrinsic net asset value dribble down, and being in the unfamiliar position of carrying a meaningful debt load on its balance sheet.



Jannie Durand, CEO of Remgro.  
Photographer: Hetty Zantman

Image source: [BDive](#)

On Monday, Remgro reported a 0.7% decline in its intrinsic value to R286.96 per share at the end of December, compared with R288.89c per share at the end of June last year.

As an investment company, intrinsic value is the best measure to gauge Remgro's performance. But the intrinsic value snapshot does show the devastating effects of the firing of finance minister Nhlanhla Nene in December, with Remgro's substantial holdings in banking and financial stocks shedding marked value.

Remgro's intrinsic value has since recovered, with CEO Jannie Durand disclosing that as at March 11, the intrinsic net asset value stood at R297.11 per share. This represents a 3% gain from the end-June figure.

The big drags on the intrinsic value number were banking investments FirstRand and RMBH, insurance hub RMI Holdings,

and RCL Foods.

Remgro's controlling stake in private hospitals group Mediclinic — now listed on the London Stock Exchange — increased markedly from R37bn to R49bn. But the Mediclinic investment is now tagged to debt of R3.36bn.

Lentus Asset Management chief investment officer Nic Norman-Smith said Remgro's decision to increase the interim payout should be seen against a portfolio of high-quality, cash-generative investments.

"Directors must be comfortable the payout is not going to strain the balance sheet substantially," he said.

Remgro's cash available from operations was close to R3bn for the interim period.

Cash from operations was significantly lower at R136m (previously R645m), but dividends from investments topped R2bn (previously R1.4bn).

The company's biggest unlisted investment, a 25.8% stake in household brands giant Unilever, increased in value from R8.7bn to R9.4bn.

**Source:** Business Day

For more, visit: <https://www.bizcommunity.com>