



BRIMSTONE
INVESTMENT CORPORATION LIMITED

**FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED
30 JUNE 2021**



AGENDA

Overview
Underlying Investment Performance
Financial Results
Intrinsic Net Asset Value
Questions



Overview



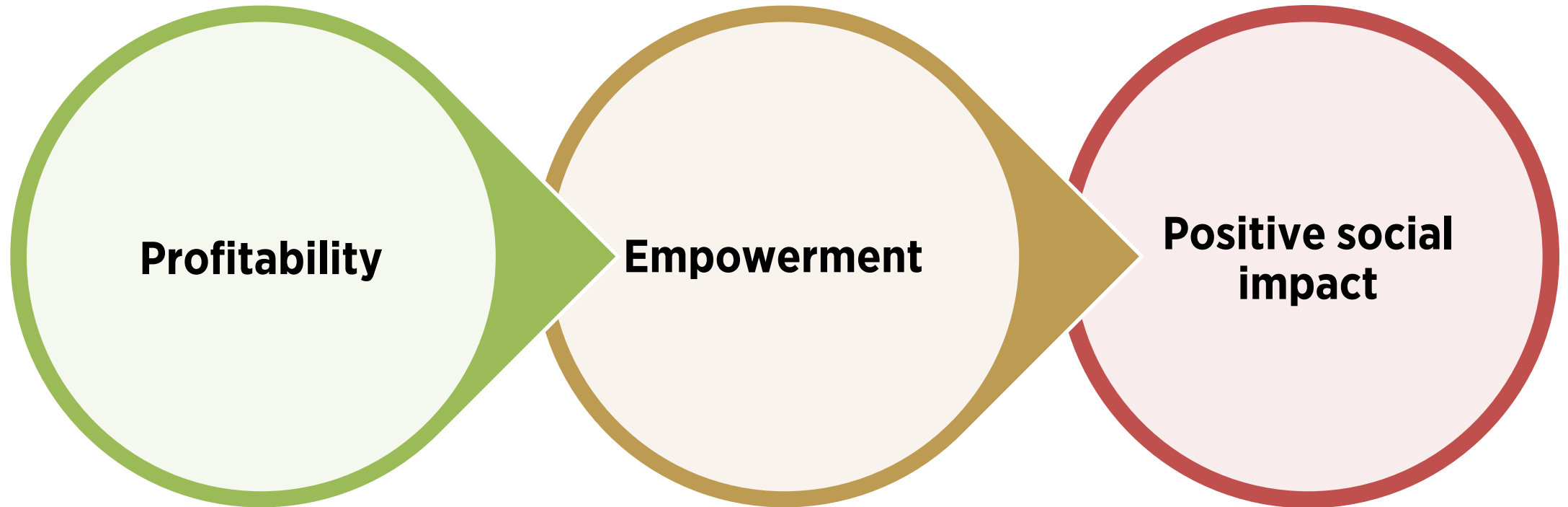
Adapting to the COVID-19 pandemic

- Covid-19 has brought unprecedented devastation and challenges to society, business and our country
- As a Group, our largest investments were classified as essential service providers
- The Group has proved its resilience in adapting to these challenges and still delivered excellent results
- Sufficient evidence that the vaccine reduces the risk of serious illness and hospitalisation
- Our two largest investments, Sea Harvest and Oceana, have both established vaccination sites in the communities where they operate
- We believe that the vaccine will curb the spread of the pandemic and we encourage vaccination for the safety of all





Philosophy



Profitability

Empowerment

**Positive social
impact**

HEALTHCARE



FOOD



RESTRICTED BEE STRUCTURES



OTHER



HOUSE OF
MONATIC



PROPERTY



BRIMSTONE
LEGACY FUND

FINANCIAL SERVICES



Some Group Brands



OBSIDIAN
HEALTH



HOUSE OF
MONATIC



THE HEART OF DAIRY GOODNESS



VIKING FISHING
A DIVISION OF SEA HARVEST CORPORATION

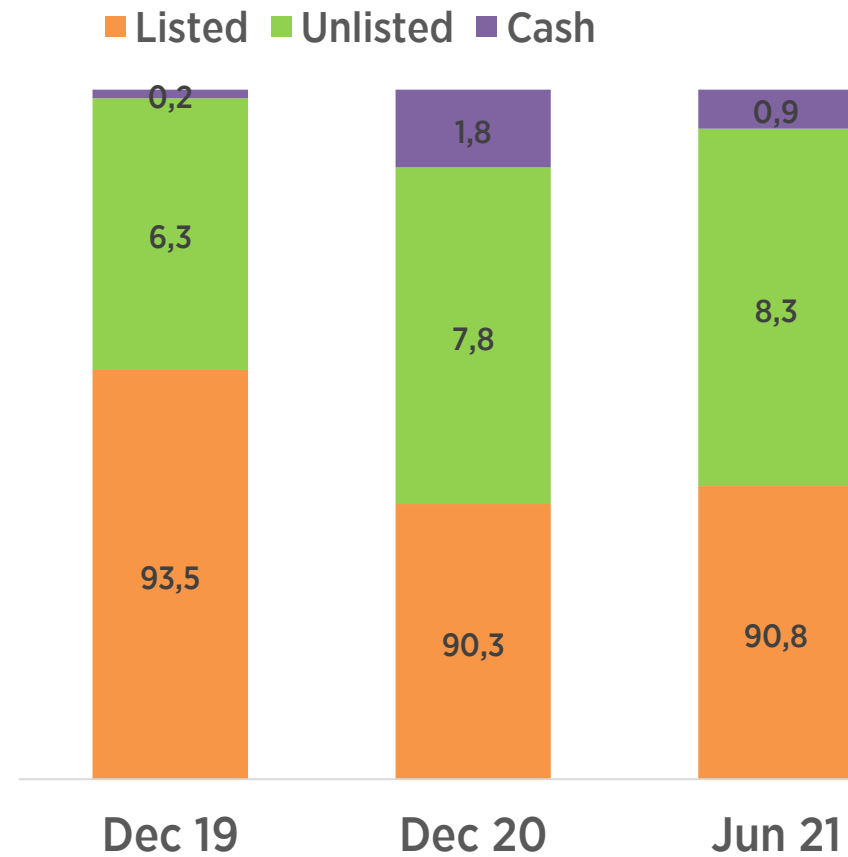
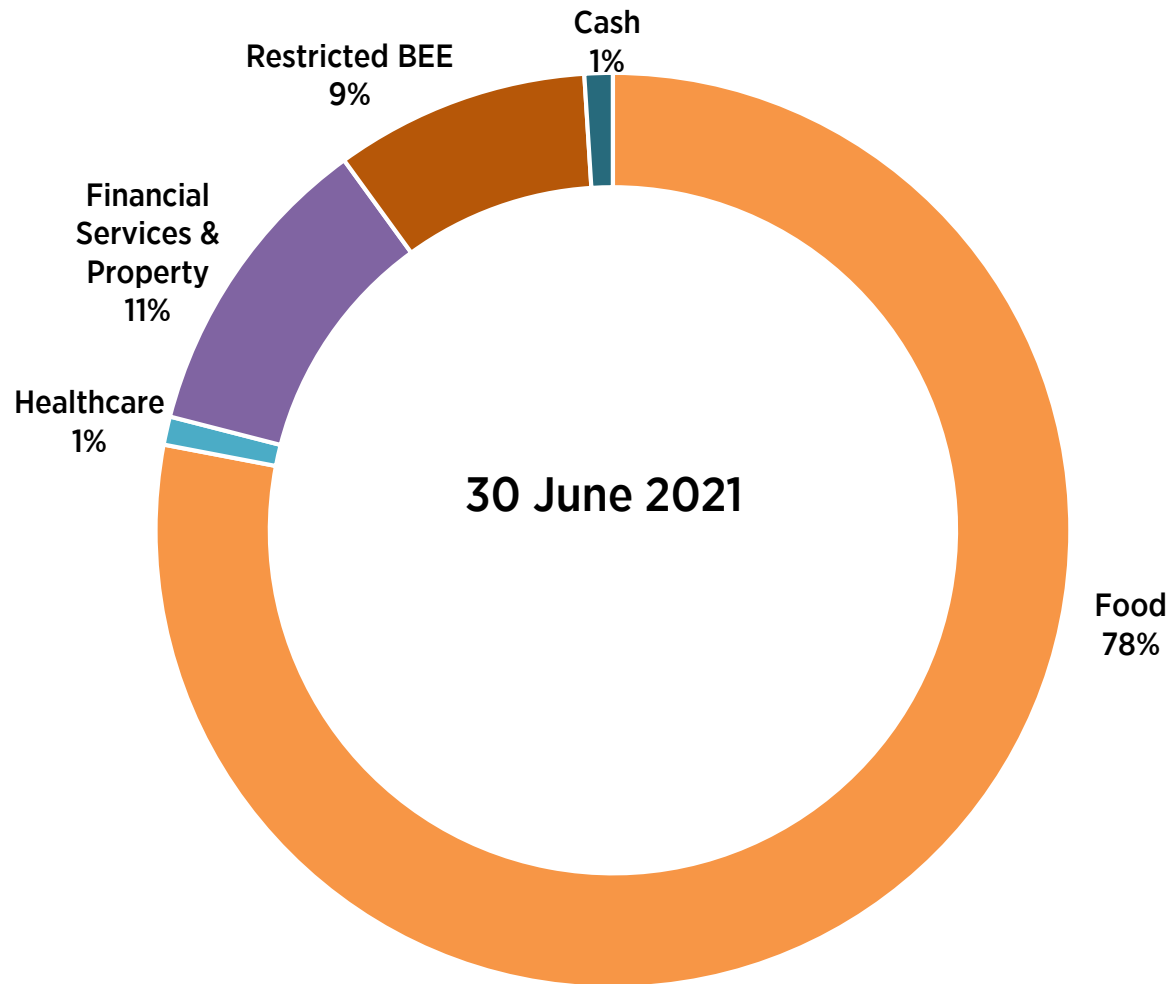


STADIO
— HOLDINGS —





Contribution to Intrinsic Gross Asset Value





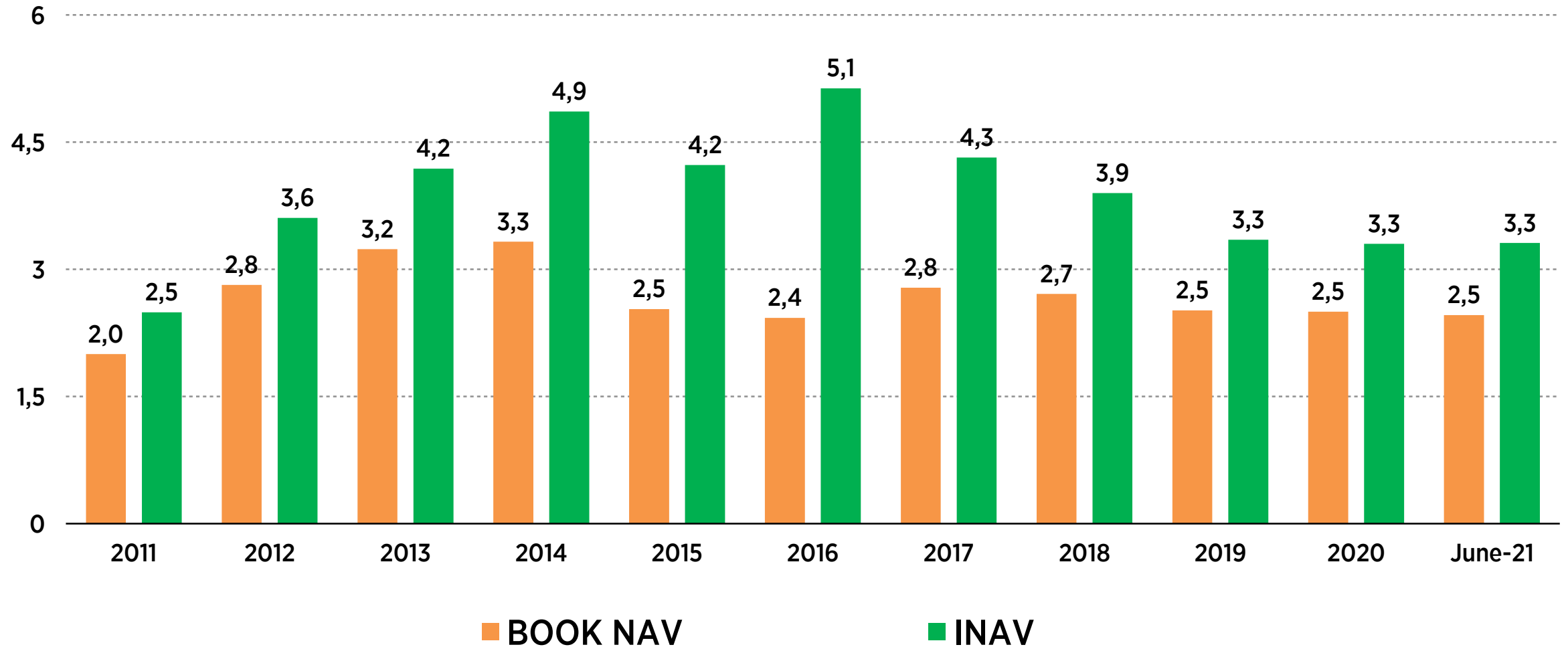
Highlights

- ✓ Group **profit before tax up** by 540% to R430.2m from a loss of R129.6m
- ✓ **Earnings per share up** 232% to 97.9 cents
- ✓ **Headline earnings per share up** 230% to 100.8 cents
- ✓ **Finance costs down** by R151.9m (58%)
- ✓ More than R900m from disposal of the remaining Life Healthcare shares used to **fully settle** zero cost collar funding
- ✓ **Repurchase** of 5.7 million “N” ordinary shares for R34.8m
- ✓ Improved debt and liquidity ratios



Book NAV & INAV History

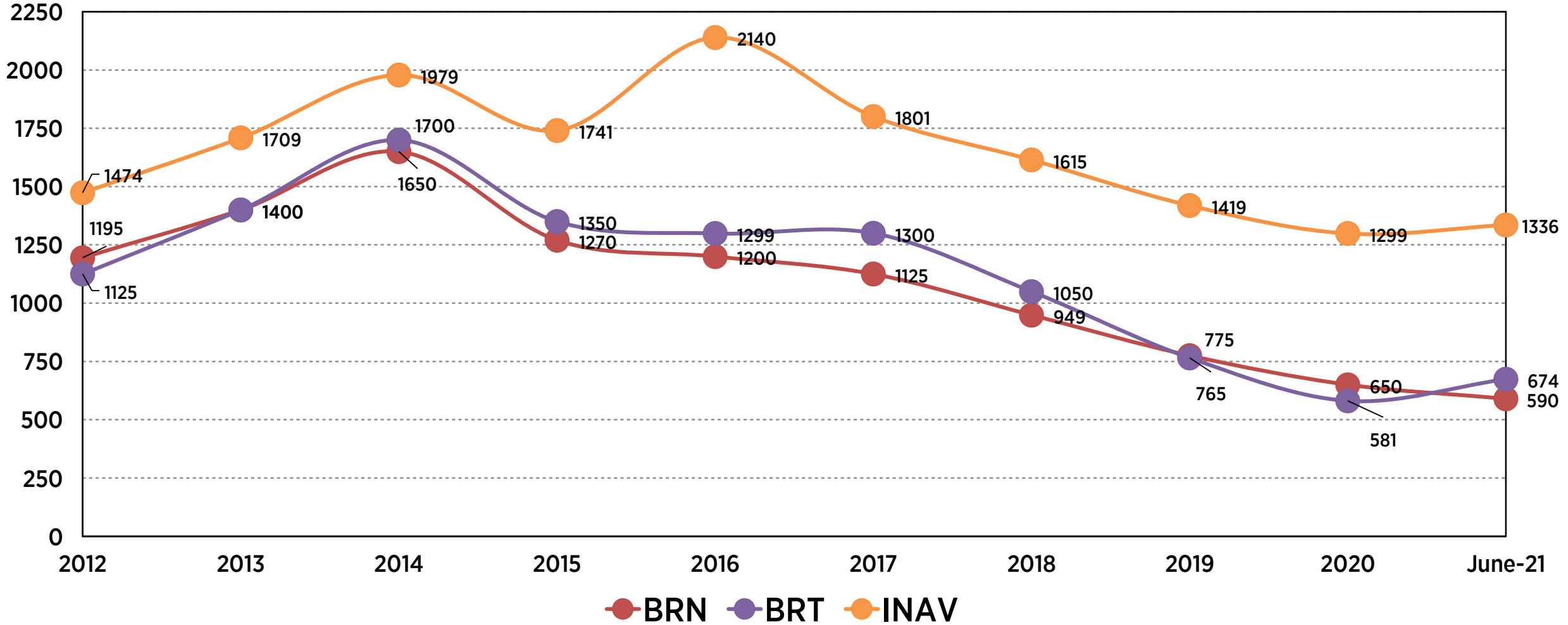
R' billion





Share Price & INAV History

Cents Per Share





Underlying Investment Performance



FOOD



Sea Harvest (54.2%)

- Accounts for 39.5% of Brimstone's intrinsic gross asset value
- Proved its resilient and defensive nature despite ongoing volatility caused by Covid-19
- Headline earnings R202.2m (2020: R170.0m)
- Dividend received R71.8m (2020: R80m)
- Closing share price R13.65 (Dec 2020: R14.26)



Oceana (25.01%)

- Oceana accounts for 38.7% of Brimstone's intrinsic gross asset value
- Shareholding of 32.6m shares, market value R2.1bn (31 Dec 2020: R2.1bn)
- Accrued R35.9m (2020: Rnil) in dividends
- Recorded R81.0m (2020: R63.5m) in equity accounted earnings to 31 March 2021
- Closing share price R65.46 (Dec 2020: R64.25)



FINANCIAL SERVICES & PROPERTY



Lion of Africa Insurance Company (100%)

- In its third year of run-off
- Number of outstanding claims reduced from over 6 600 at start of run-off to approx. 300
- Reported a loss of R9.4m (2020: R82.8m profit)
- Run-off expected to continue into 2022



AON

RE AFRICA



AON Re Africa (18%)

- Received dividends of R8.1m (2020: R4.1m)
- Equity accounted earnings of R17.1m (2020: R13.0m)



Equites (2.1%)

- Total dividends received for the period R11.2m (2020: R26.9m)
- Revalued upwards by R21.1m at period end to R263.5m
- Closing share price R18.88 (Dec 2020: R17.37)



FPG Property Fund (9.9%)

- Cape-based black owned and managed unlisted property fund
- Portfolio valued in excess of R5.7bn on a gross basis of which 81% of portfolio consists of convenience retail shopping centres in SA
- Revalued upwards by R19.1m to R201.7m



HEALTHCARE



OBSIDIAN HEALTH

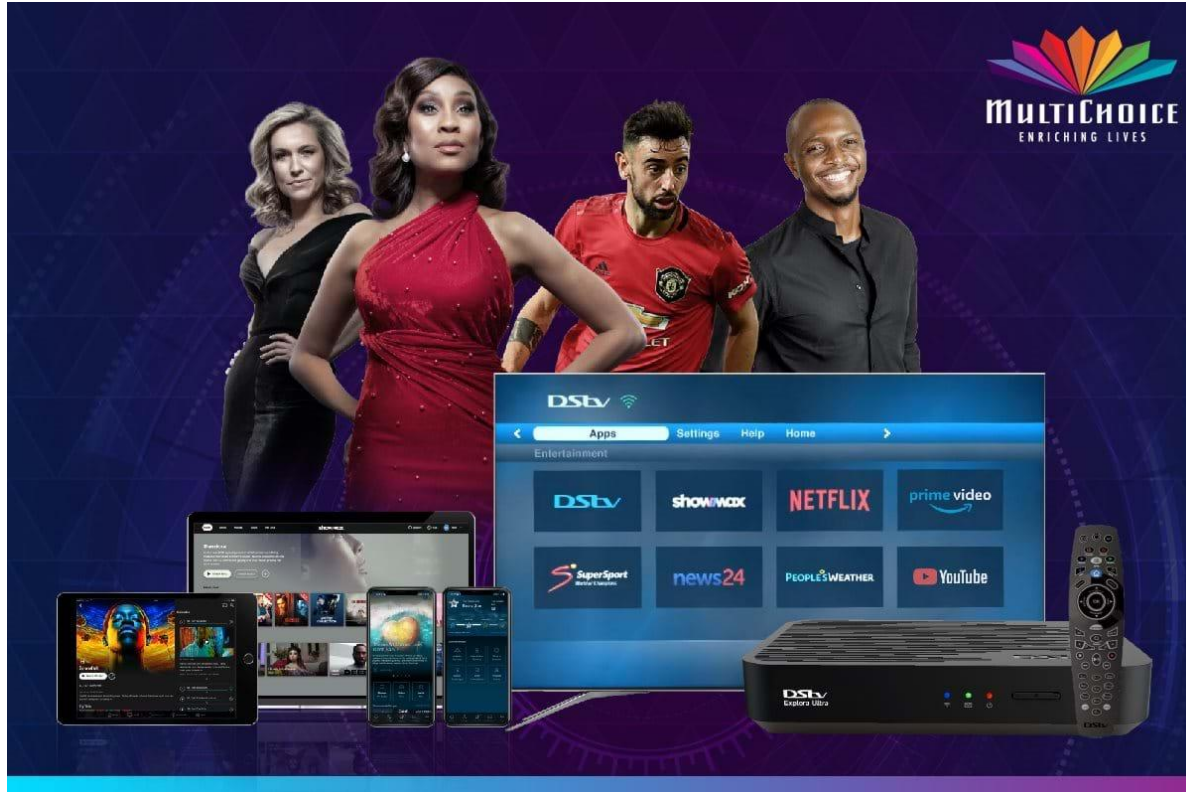
Obsidian Health (80%)



- Leading supplier of innovative healthcare solutions to private and public sector
- Certain segments of business still negatively impacted by Covid-19 lockdown regulations and restrictions within hospital theatres
- Strong growth driven by sale of rapid antigen test kits, HIV test kits and PPE
- Contributed R12.5m to group profit (2020: R2.5m)



RESTRICTED BEE STRUCTURES



Phuthuma Nathi (2.8%)

- Closing price R142.00 (Dec 2020: R118.75)
- Revalued upwards by R44.1m to R269.2m
- Expect to receive a dividend of R42.1m in Sept 2021 (2020: R63.2m)



MTN Zakhele



MTN Zakhele Futhi (1.5%)

- Closing share price R15.50 (Dec 2020: R9.67)
- Revalued upwards by R10.6m to R28.2m



STADIO

— HOLDINGS —



STADIO (5.1%)

- Closing share price R3.09 (Dec 2020: R1.95)
- Revalued upwards by R49.7m to R134.6m
- Lock-in until 5 December 2024



Milpark Education (14.5%)

- Milpark contributed R7.5m in equity accounted earnings (2020: R25.6m loss)
- Received a dividend of R17.1m from Milpark (2020: Rnil)



OTHER



**HOUSE OF
MONATIC**



House of Monatic (100%)

- Disposed of its manufacturing assets and transferred related factory staff to TFG Ltd during the period
- Loss of R18.6m (2020: R29.3m)



South African Enterprise Development (25%)

- Provides equity growth capital to high potential small and medium-sized enterprises
- Investments to date:
 - High Duty Castings (45%)
 - Tombake (32.6%)
 - Decision Inc. (48.4%)
 - ASG Holdings (35.3%)
 - Specialised Food Investment Holdings (46.4%)
- SAED contributed R0.7m in equity accounted earnings (2020: R17.8m loss)
- Accrued a dividend of R0.7m (2020: Rnil)



Financial Results



Group Income Statement

| R'000 | 30 June 2021 | 30 June 2020 | YoY | |
|--------------------------------------|----------------|------------------|--------------|-----------------------------|
| Sales and fee income | 2 287 539 | 2 089 618 | 9% | OBH >R100m SHG >R100m |
| Dividends received | 11 245 | 26 855 | (58%) | |
| Operating profit | 290 328 | 304 502 | (5%) | |
| Fair value gains/(losses) | 148 973 | (189 998) | +178% | Loss on deemed disposal |
| Other investment (losses)/gains | (18 741) | 7 030 | (367%) | OGL/ Milpark/ SAED |
| Share of profits of associates/JV's | 108 468 | 33 354 | 225% | Settlement of debt and rate |
| Net finance costs | (98 876) | (252 695) | (61%) | |
| Profit/(loss) before taxation | 430 152 | (97 807) | +540% | Rate and PY overprovision |
| Tax expense | (90 586) | (31 784) | 185% | |
| Profit/(loss) for the period | 339 566 | (129 591) | +362% | |
| Attributable profit/(loss) | 247 758 | (188 140) | +232% | |



Analysis of Dividends Received

| R'000 | 30 June 2021 | 30 June 2020 | YoY |
|--|-----------------|-----------------|--------------|
| Sea Harvest | 71 775 | 79 734 | (10%) |
| Oceana | 35 890 | - | |
| Equites | 11 245 | 26 855 | (58%) |
| Aon Re (net of minority share) | 4 804 | - | |
| Milpark (net of minority share) | 8 705 | - | |
| Other | 1 731 | - | |
| Total dividends received by Brimstone | 134 150 | 106 589 | 26% |
| Add: Minority share of associates dividends | 11 565 | - | |
| Less: Dividend received from Sea Harvest | (71 775) | (79 734) | |
| Less: Dividends received from associates | (62 695) | - | |
| Dividends received recognised in P/L | 11 245 | 26 855 | (58%) |



Share of Profits of Associates/JV's

| R'000 | 30 June 2021 | 30 June 2020 | YoY |
|-----------------------------|-----------------|-----------------|-------------|
| Oceana | 80 988 | 63 496 | 28% |
| Aon Re | 17 107 | 12 999 | 32% |
| SAED | 735 | (17 761) | +104% |
| Milpark | 7 494 | (25 585) | +129% |
| Obsidian (now a subsidiary) | - | 749 | (100%) |
| Other | 2 144 | (544) | +494% |
| Total | 108 468 | 33 354 | 225% |



Analysis of Fair Value Movements

| R'000 | 30 June 2021 | 30 June 2020 |
|-------------------------------------|-----------------|------------------|
| Equites | 21 078 | (143 285) |
| Life Healthcare | 351 932 | (385 092) |
| LHC - Zero Cost Collar (derivative) | (346 499) | 388 197 |
| STADIO | 49 664 | (31 367) |
| Phuthuma Nathi | 44 069 | (7 278) |
| FPG Property Fund | 19 055 | 8 991 |
| MTN Zakhele Futhi | 10 604 | (5 638) |
| Multichoice Group | - | (22 521) |
| Other | (930) | 7 995 |
| Total | 148 973 | (189 998) |



Group Balance Sheet

| Key line items R'000 | 30 June 2021 | 31 Dec 2020 | % Change | |
|-------------------------------------|------------------|-------------------|--------------|--------------------------------------|
| Investment in associates and JV's | 2 233 013 | 2 437 298 | (8%) | Unwind of OET FCTR reval. |
| Investments (non-current & current) | 938 448 | 1 347 393 | (30%) | Sale of LHC |
| Cash and cash equivalents | 220 649 | 427 894 | (48%) | SHG: R188m BIC: R65m OBH: R40m |
| Total assets | 9 540 544 | 10 343 576 | (8%) | |
| Total liabilities | 5 763 755 | 6 586 175 | (12%) | R907m ZCC funding |

| | 30 June 2021 | 31 Dec 2020 | 30 June 2020 |
|---|-----------------|----------------|-----------------|
| Current ratio | 1.60x | 1.40x | 1.28x |
| Debt ratio/debt to asset ratio ¹ | 39.9% | 49.2% | 50.6% |

$$^1 \frac{\text{Debt} + \text{CGT}}{\text{IGAV}}$$



Intrinsic Net Asset Value (INAV)



INTRINSIC NAV DETAIL

Listed investments

| Asset | % held | Valuation basis | Gross R'000 | Debt R'000 | CGT R'000 | INAV R'000 |
|-------------------|--------|-----------------|----------------|---------------|--------------|---------------|
| Sea Harvest | 54.2% | Mkt value | 2 177 167 | - | - | 2 177 167 |
| Oceana | 25.01% | Mkt value | 2 135 771 | - | - | 2 135 771 |
| Equites | 2.1% | Mkt value | 263 539 | - | (18 128) | 245 411 |
| Phuthuma Nathi | 2.8% | Mkt value | 269 150 | - | (7 264) | 261 886 |
| STADIO | 5.1% | Mkt value | 134 616 | - | - | 134 616 |
| MTN Zakhele Futhi | 1.5% | Mkt value | 28 191 | - | - | 28 191 |



INTRINSIC NAV DETAIL

Unlisted investments

| Asset | % held | Valuation basis | Gross R'000 | Debt R'000 | CGT R'000 | INAV R'000 |
|---|---------|-----------------|-------------|------------|-----------|------------|
| FPG Property Fund | 9.9% | Book value | 201 661 | - | (15 421) | 186 240 |
| Obsidian | 80% | Book value | 75 568 | - | (8 527) | 67 041 |
| Milpark Education | 14.5% | Market approach | 70 429 | - | (2 074) | 68 355 |
| Aon Re Africa | 18.0% | PE valuation | 69 906 | - | (13 871) | 56 035 |
| SAED | 25% | Book value | 59 470 | - | - | 59 470 |
| Investment property | 100% | Cap rate | 57 500 | - | - | 57 500 |
| Other Investments, Assets & Liabilities | Various | Valuation | (78 519) | - | 33 798 | (44 721) |



INTRINSIC NAV Summary

| Asset | Gross R'000 | Debt R'000 | CGT R'000 | INAV R'000 |
|--|------------------|--------------------|-----------------|------------------|
| Listed | 5 008 434 | - | (25 392) | 4 983 042 |
| Unlisted | 456 015 | - | (6 096) | 449 919 |
| Cash / (Net debt) | 49 755 | (2 171 040) | - | (2 121 286) |
| Total | 5 514 203 | (2 171 040) | (31 488) | 3 311 675 |
| Intrinsic NAV per share (cents) | 2 225 | (876) | (13) | 1 336 |



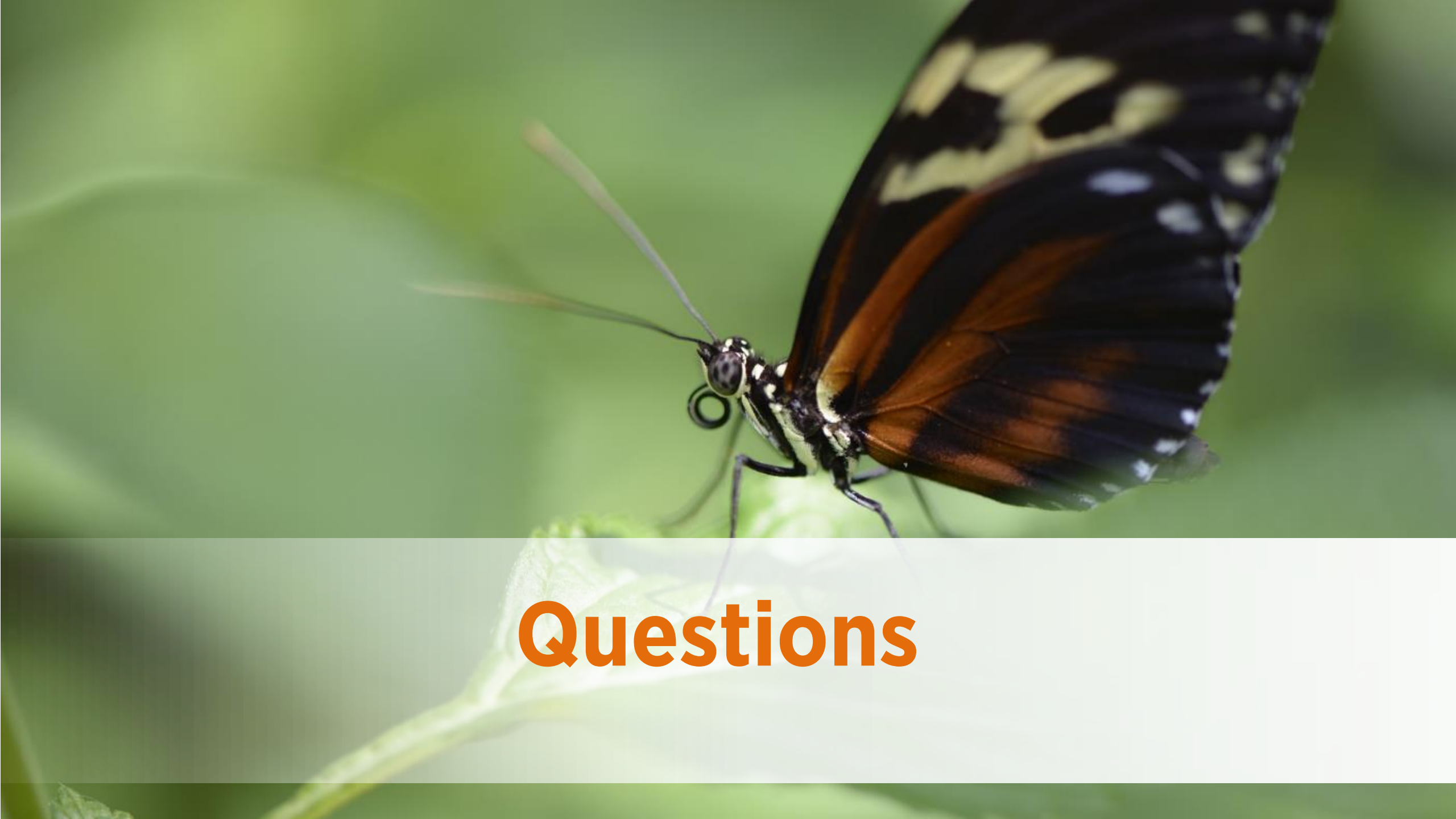
Other Key Statistics

| Other key statistics R'000 | 30 June 2021 | 31 Dec 2020 | % Change |
|---------------------------------------|-----------------|----------------|-------------|
| Intrinsic gross asset value (IGAV) | 5 514 203 | 6 468 953 | (14.8%) |
| Book NAV | 2 465 049 | 2 491 312 | (1.1%) |
| Book NAV per share (cents) | 995 | 985 | 1.0% |
| Intrinsic net asset value (INAV) | 3 311 675 | 3 284 773 | 0.8% |
| INAV per share (cents) | 1 336 | 1 299 | 2.9% |
| Market price per share (cents) | | | |
| Ordinary shares | 674 | 581 | 16.0% |
| N ordinary shares | 590 | 650 | (9.2%) |
| Discount to INAV | | | |
| Ordinary shares | 50% | 55% | |
| N ordinary shares | 56% | 50% | |



Prospects

- De-gearing strategy has had a positive impact
- Resultant savings in finance costs expected to continue in second half of the year
- Cost-cutting and cost containment measures expected to have a positive effect
- Hopeful that the vaccination programme will bring us closer to a post-pandemic era
- Will continue to maintain a positive long-term view on our investments and pursue value accreting opportunities



Questions