Remgro - The Forever Entrepreneurs

Perspectives: March 21st, 2022

A market commentary from a broker states *'Remgro management have been particularly active within their investment portfolio,* ***doing more in the past year or so than the last decade***'.

As a business, what is Remgro actually? **It is an investment firm**. It identifies, retains, and incentivises a team of business and investment professionals to protect and grow the capital provided by its shareholders. It operates with a broad investment mandate that covers multiple geographies and asset classes, including both listed and unlisted assets. As a 74-year-old investment firm, they have a massive network and a rich fountain of proprietary knowledge to draw from containing the insights and lessons from their history.

It is fascinating that Remgro's level of 'activity' can be so misunderstood. Even a cursory reading of their annual reports and website reveals what really goes on below the surface. Remgro's people are actively involved in all their portfolio holdings on an ongoing basis. Amongst many other things, they serve on boards and board committees, they source executive leadership, they negotiate and conclude complex transactions and shareholders' agreements, and, in their capacity as representatives of a major shareholder of reference and influence, they are called upon to engage in complex, sensitive matters at the highest level with the executive, in industry, and in the countries they operate in.

Here are 2 examples (note there are *many* more) of a misunderstanding of what constitutes 'activity', drawn from within their investment portfolio.

As a short-term observation, Remgro and Heineken recently concluded a transaction to delist and restructure **Distell** via a fair offer to Distell minorities. The long-term commercial rationale and enhanced growth opportunity for Distell and Remgro in partnership with a global behemoth like Heineken is obvious.

As a long-term observation, following careful planning and a high conviction decision, Richard Rushton was brought in as Distell's CEO in 2013 with a clear mandate and support from Remgro to drive strategic and cultural change. This change took time, money, and tremendous effort, and was clearly and repeatedly reported on by Distell and Remgro over the past 9 *years*. These actions taken over 9 *years* surely contributed to its appeal as a future long-term global business partner to Heineken.

As a short-term observation, **CIVH,** which owns Dark Fibre Africa and Vumatel, recently concluded a transaction whereby Vodacom acquired a 30% strategic stake therein, with an option to be increased to 40%.

As a long-term observation, Remgro patiently self-funded the creation of CIVH since at least 2007, excluding the pre-formation design and planning phases, to the tune of *billions* of Rands. Since its founding in 1948, Remgro has built several major businesses up from nothing. Building up something material from nothing is in Remgro's corporate DNA, or rather its entrepreneurial culture. The evidence is clear - theirs is an enviable and unique track record in superior and sustainable long-term stakeholder value creation. They are *the* leading component of an *elite* grouping of South African businesses with the entrepreneurial understanding and vision, courage, skill, capital, patience, commitment and staying power to create real durable growth and value in society.

Multiple generations of Remgro executives, people, and the entrepreneurial ecosystem they support, have delivered *spectacular* stakeholder value creation, for 74 years. It shows no signs of stopping, or even of slowing down.

Here's to "The Forever Entrepreneurs". Respect.

Our work continues...

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