
CONDUIT CAPITAL LIMITED
Incorporated in the Republic of South Africa
(Registration number 1998/017351/06)
Share code: CND ISIN: ZAE000073128
("Conduit" or "the Company" or "the Group")

FURTHER TRADING STATEMENT

Conduit shareholders are referred to the 2018 Integrated Annual Report wherein shareholders were advised to expect volatility in the Company's earnings due to the nature of its business, that being insurance underwriting and mark-to-market movements in its listed investment portfolio. Conduit is committed to its goals of investing in its business and supporting its investments for the long-term.

The value of the Conduit equity portfolio decreased on a temporary mark-to-market basis during the year, as the South African equities market and business confidence in general came under intense strain. These temporary losses are required to be expensed in the Company's income statement in terms of IFRS. Conduit's wholly-owned insurance companies delivered pleasing growth in premium and underlying capacity, but the underwriting result in some motor books in the broader Property & Casualty business negatively affected the overall underwriting result. This was offset by excellent performance in the Health portfolios and an acceptable result in most other lines.

Accordingly, and further to the trading statement released on SENS on 3 September 2019, a review by management of the financial results for the year ended 30 June 2019 has indicated that:

1. the loss per share is expected to be between 84.0 cents and 100.0 cents, compared to the earnings per share of 20.2 cents for the year ended 30 June 2018;
2. the headline loss per share is expected to be between 81.0 cents and 95.0 cents, compared to the headline earnings per share of 21.0 cents for the year ended 30 June 2018; and
3. net asset value per share ("NAV") is expected to be between 98.0 cents and 114.0 cents, compared to the NAV of 198.0 cents as at 30 June 2018.

Earnings Per Share ("EPS") and Headline Earnings Per Share ("HEPS") include:

- a. continued up-front investment to increase the capacity of the Group by way of attracting appropriately skilled people and develop systems to materially scale the insurance business;
- b. accounting losses generated by certain start-up insurance operations;
- c. the cost of solvency reinsurance; and
- d. the impact of the reduction in the value of Conduit's equity portfolio on a mark-to-market basis.

The Company is confident in its stated strategy to build a diversified insurance business of scale in South Africa, and believes its listed investment portfolio remains significantly undervalued in the context of an extremely challenging and low confidence South African economy. Furthermore, the insurance business is now well-equipped to deliver underwriting results closer to the stated target of a 95% combined ratio.

The financial information on which this trading statement is based has not been reviewed or reported on by the Group's auditors.

Conduit's financial results for the year ended 30 June 2019, including further information on the performance of the Group, as well as details of an investor conference call, will be released on SENS on 30 September 2019.

Johannesburg
27 September 2019

Sponsor
Merchantec Capital