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

INITIAL TRADING STATEMENT

In terms of the Listings Requirements of JSE Limited, companies are required to publish a trading statement as soon as there is a reasonable degree of certainty that the results to be reported on will differ by more than 20% from that of the previous corresponding period.

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 certain motor books in the broader Property & Casualty business negatively affected the underwriting result. This was offset by excellent performance in the Health portfolios.

Accordingly, a review by management of the financial results for the year ended 30 June 2019 has indicated that both the earnings per share and headline earnings per share are expected to be negative, reflecting a decrease of at least 100% compared to the earnings per share of 20.0 cents and the headline earnings per share of 21.0 cents for the year ended 30 June 2018.

Net asset value per share, as a result of the matters described above, is also expected to decrease.

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.

Further detail will be released in the Company's full year results and 2019 Integrated Annual Report. Shareholders are encouraged to review the letter from the Chief Executive Officer in the Integrated Annual Report.

A further trading statement will be released once the Company has a greater degree of certainty with regards to its financial results for the year ended 30 June 2019.

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

Johannesburg
3 September 2019

Sponsor
Merchantec Capital