BRAIT SE
(Registered in Malta as a European Company)
(Registration No. SE1)
Share code: BAT ISIN: LU0011857645
Bond code: WKN: A1Z6XC ISIN: XS1292954812
LEI code: 549300VB8GBX4UO7WG59
("Brait", the "Company" or "Group")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

KEY HIGHLIGHTS

- Brait's reported Rand NAV per share at 30 September 2017 is ZAR66.62
- For the quarter, this represents a decrease of 10.1% compared to the ZAR74.14 reported at 30 June 2017
- For the six month period, this represents a decrease of 14.8% compared to 31 March 2017's reported NAV per share of ZAR78.15
- For the twelve month period, this represents a decrease of 36.6% compared to 30 September 2016's NAV per share of ZAR105.06
- The three year CAGR for reported Rand NAV per share to 30 September 2017 is 24.2% per annum (benchmark of 15% per annum); including ordinary share dividends it is 25.5%
- Since 1 April 2011's NAV per share of ZAR16.50, the 6.5 year CAGR to 30 September 2017 for reported Rand NAV per share is 24.0% per annum

Performance against targets (1)

	Performance metric	Position at 30 September 2017
1	NAV CAGR > 15% per year over any 3 year period	- 24.2% CAGR since 30 September 2014 - 24.0% CAGR since 1 April 2011
2	Dividend: 1% - 2.5% of closing NAV - bonus shares or cash dividend alternative	- FY2017: 1% of R78.15 NAV paid August 2017 (2)
3	Operating costs: < 0.85% of Brait AUM	- 0.61% of average AUM (3) (FY2017: 0.64%) - 0.54% net after fee income (3) (FY2017: 0.54%)
4	Minimal cash drag: < 25% of NAV	- 9.7% of NAV (FY2017: 8.3%)
5	Primarily unlisted investments	- 100% of investment portfolio
6	Demonstrate cash flow within underlying investments over any 3 year period	- Strong cash flow conversion across portfolio

(1) Going forward, shareholders are notified that in line with other listed investment companies, Brait will update the market on its NAV per share on a six monthly basis at interim and final reporting dates

(2) Shareholder election: 26% elected to receive bonus shares, 43% elected to reinvest their cash dividend of R169m and subscribe for new shares; and the remaining 31% elected to receive their cash dividend of R121m

(3) Percentages quoted are annualised based on operating expenses of R135 million and fee income of R15 million for the six months ended 30 September 2017. (FY2017: Operating expenses R401 million; fee income R62 million). Brait's average AUM for the six months ended 30 September 2017 is R45 billion (FY2017: R63 billion)

Summary consolidated statement of financial position as at 30 September

Audited year ended 31 March 2017 R'm	Unaudited six months 30 Sept 2016 R'm	Unaudited six months 30 Sept 2017 R'm		Notes	Unaudited six months 30 Sept 2017 EUR'm	Unaudited six months 30 Sept 2016 EUR'm	Audited year ended 31 March 2017 EUR'm
			ASSETS				
44 408	58 142	40 023	Non-current assets		2 499	3 767	3 100
44 408	58 142	40 023	Investments	2	2 499	3 767	3 100
3 289	3 602	3 290	Current assets		205	233	230
5	4	3	Accounts receivable		-	-	-
3 284	3 598	3 287	Cash and cash equivalents	3	205	233	230
47 697	61 744	43 313	Total assets		2 704	4 000	3 330
			EQUITY AND LIABILITIES				
39 580	53 277	33 851	Ordinary shareholders equity and reserves	4	2 114	3 451	2 763

8 065	8 366	9 200	Non-current liabilities		574	542	563
5 396	5 630	5 883	Convertible Bonds	5	367	365	377
2 669	2 736	3 317	Borrowings	6	207	177	186
52	101	262	Current liabilities		16	7	4
52	101	262	Accounts payable and other liabilities		16	7	4
47 697	61 744	43 313	Total equity and liabilities		2 704	4 000	3 330
520.6	521.0	525.6	Ordinary shares in issue (m)		525.6	521.0	520.6
(14.6)	(13.9)	(17.5)	Treasury shares (m)		(17.5)	(13.9)	(14.6)
506.0	507.1	508.1	Outstanding shares for NAV calculation (m)		508.1	507.1	506.0
7 815	10 506	6 662	Net asset value per share (cents)		416	681	546

Summary consolidated statement of comprehensive income for the six months ended 30 September

Audited year ended 31 March 2017 R'm	Unaudited six months 30 Sept 2016 R'm	30 Sept 2017 R'm		Note	Unaudited six months 30 Sept 2017 EUR'm	30 Sept 2016 EUR'm	Audited year ended 31 March 2017 EUR'm
(15 085)	(3 915)	(7 957)	Investment losses		(530)	(240)	(978)
244	122	125	Interest income		8	7	16
409	80	71	Dividend income		5	5	27
62	32	15	Fee income		1	2	4
(319)	(264)	211	Foreign exchange gains/(losses)		14	(16)	(21)
(401)	(228)	(135)	Operating expenses		(9)	(14)	(26)
(76)	(66)	–	Other expenses		–	(4)	(5)
(659)	(274)	(317)	Finance costs		(21)	(17)	(43)
(29)	(7)	7	Taxation		–	–	(2)
(15 854)	(4 520)	(7 980)	Loss for the period		(532)	(277)	(1 028)
			Other comprehensive income				
(12 879)	(10 565)	2 540	Translation adjustments		(98)	(337)	(266)
(28 733)	(15 085)	(5 440)	Comprehensive loss for the period		(630)	(614)	(1 294)
(3 119)	(887)	(1 577)	Loss and Headline loss per share (cents) – basic	7	(105)	(54)	(202)
(2 809)	(785)	(1 421)	Loss and Headline loss per share (cents) – diluted	7	(95)	(48)	(182)

Summary consolidated statement of changes in equity for the six months ended 30 September

Audited year ended 31 March 2017 R'm	Unaudited six months 30 Sept 2016 R'm	30 Sept 2017 R'm		Note	Unaudited six months 30 Sept 2017 EUR'm	30 Sept 2016 EUR'm	Audited year ended 31 March 2017 EUR'm
69 872	69 872	39 580	Ordinary shareholders' balance at beginning of period		2 763	4 164	4 164
(15 854)	(4 520)	(7 980)	Loss for the period		(532)	(277)	(1 028)
(12 879)	(10 565)	2 540	Translation adjustments		(98)	(337)	(266)
(930)	(881)	(168)	Net purchase of treasury shares		(11)	(57)	(65)
–	–	169	Cash dividend reinvestment	4	11	–	–
(629)	(629)	(290)	Cash dividend paid	4	(19)	(42)	(42)
39 580	53 277	33 851	Ordinary shareholders' balance at end of period		2 114	3 451	2 763

Summary consolidated statement of cash flows for the six months ended 30 September

Audited year ended 31 March 2017 R'm	Unaudited six months 30 Sept 2016 R'm	30 Sept 2017 R'm		Note	Unaudited six months 30 Sept 2017 EUR'm	30 Sept 2016 EUR'm	Audited year ended 31 March 2017 EUR'm
			Cash flows from operating activities				
300	7	28	Investment proceeds received		2	–	21
56	30	13	Fees received		1	2	4
65	41	24	Interest received		2	3	4
266	–	–	Dividends received		–	–	18

(401)	(225)	(140)	Operating expenses paid		(9)	(15)	(26)
(59)	-	(10)	Other expenses paid		(1)	-	(4)
(35)	(11)	-	Taxation paid		-	(1)	(2)
192	(158)	(85)	Operating cash flow before investments		(5)	(11)	15
(190)	(92)	(226)	Purchase of investments		(15)	(6)	(12)
2	(250)	(311)	Net cash (used in)/from operating activities		(20)	(17)	3
1 491	1 550	500	Net drawdown of borrowings		33	101	85
(391)	(86)	(109)	Finance costs paid		(7)	(6)	(24)
(710)	(661)	(168)	Net purchase of treasury shares		(11)	(43)	(42)
(629)	(629)	(290)	Cash dividend paid		(19)	(41)	(42)
-	-	169	Cash dividend reinvestment		11	-	-
(239)	174	102	Net cash from/(used in) financing activities		7	11	(23)
(237)	(76)	(209)	Net decrease in cash and cash equivalents		(13)	(6)	(20)
(833)	(680)	212	Effects of exchange rate changes on cash and cash equivalents		(12)	(21)	(10)
4 354	4 354	3 284	Cash and cash equivalents at beginning of period		230	260	260
3 284	3 598	3 287	Cash and cash equivalents at end of period	3	205	233	230

Notes to the summary consolidated financial statements for the six months ended 30 September

1 ACCOUNTING POLICIES

1.1 Basis for preparation

The financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, on the going concern principle, using the historical cost basis, except where otherwise indicated. The summarised financial statements are presented in accordance with IAS 34: Interim Financial Reporting and in accordance with the framework concepts, measurement and recognition requirements of IFRS. The accounting policies and methods of computation are consistent with those applied in the Group annual financial statements for the year ended 31 March 2017. The Group has only one operating segment being that of an investment holding company.

The Group's financial statements are prepared using both the Euro (EUR) and SA Rand (R/ZAR) as its presentation currencies. The Group's subsidiaries have one of three functional currencies: Pound Sterling (GBP), SA Rand or US Dollar (USD/US$). The holding company, Brait SE, and its main consolidated subsidiaries use GBP as their functional currency. The financial statements have been prepared using the following exchange rates:

	30 September 2017		31 March 2017		30 September 2016	
	Closing	Average	Closing	Average	Closing	Average
USD/ZAR	13.5655	13.1902	13.4247	14.0513	13.7268	14.5313
GBP/ZAR	18.1636	17.0727	16.8674	18.4171	17.8155	19.9926
EUR/ZAR	16.0183	15.0119	14.3232	15.4319	15.4336	16.3167
USD/EUR	0.8469	0.8786	0.9373	0.9105	0.8894	0.8906
GBP/EUR	1.1339	1.1373	1.1776	1.1934	1.1543	1.2253

2. INVESTMENTS

The Group designates the majority of its financial asset investments as at FVTPL as the Group is managed on a fair value basis, with any resultant gain or loss recognised in investment gains/losses. Fair Value is determined in accordance with IFRS 13.

Statement of financial position items carried at fair value include investments in equity instruments and shareholder funding instruments.

The Group applies a number of methodologies to determine and assess the reasonableness of the fair value, which may include the following:

- Earnings multiple
- Recent transaction prices
- Net asset value
- Price to book multiple

Listed investments are held at recent quoted transaction prices. Where the listed investment is either thinly traded and/or the market is inactive, the valuation applied to determine the carrying value is based on the applicable unlisted investment methodology set out below.

The primary valuation model utilised for valuing unlisted portfolio investments is the maintainable earnings multiple model.

Maintainable earnings are derived with reference to the mix of prior year audited and latest available current year forecast EBITDA per the portfolio company, adjusted for any non-recurring income/expenditure. As the year progresses, so the weighting is increased towards the portfolio company's forecast.

The Directors decide on an appropriate group of comparable quoted companies from which to base the EV/EBITDA multiple. The three year trailing average multiple of the comparable quoted companies, is adjusted for points of difference, where required, to the portfolio company being valued. The peer average spot multiple at reporting date is also considered. The equity valuation takes consideration of the portfolio company's net debt/cash on hand as per its latest available financial results. Further valuation information can be obtained from the 30 September 2017 investor presentation on the Group's website, www.brait.com.

31 March 2017 R'm	30 Sept 2016 R'm	30 Sept 2017 R'm		30 Sept 2017 EUR'm	30 Sept 2016 EUR'm	31 March 2017 EUR'm
44 408	58 142	40 023	The Group's porfolio of investments	2 499	3 767	3 100
15 516	16 107	17 726	Virgin Active	1 107	1 044	1 083
12 395	13 485	12 030	Premier	751	874	865
7 367	7 660	8 511	Iceland Foods	531	496	514
7 066	18 726	-	New Look	-	1 213	493
2 064	2 164	1 756	Other investments	110	140	145

Valuation metrics	30 September 2017			30 September 2016			31 March 2017		
	EBITDA	Multiple	3rd Party Net Debt	EBITDA	Multiple	3rd Party Net Debt	EBITDA	Multiple	3rd Party Net Debt
Virgin Active (GBP'm)	139	11.4x	336	135	11.4x	370	140	11.4x	411
Premier (R'm)	1 170	12.4x	1 768	1 211	13.2x	1 508	1 140	13.2x	1 850
Iceland Foods (GBP'm)	163	9.0x	687	153	9.4x	688	160	9.0x	675
New Look (GBP'm)		Note 1		203	11.3x	1 100	155	10.3x	1 136
Other investments		varied			varied			varied	

*Note 1 Until such time as its turnaround strategy has taken shape, New Look is valued at Nil

Fair Value Hierarchy

IFRS 13 provides a hierarchy that classifies inputs used to determine fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the assets or liability that are not based on observable market data

There are no financial assets that are categorised as Level 1 and Level 2 and no transfers between levels in the current or prior year. All Level 3 investments have been valued using a maintainable earnings multiple model.

R'm	30 September 2017	EUR'm
17 726	Virgin Active	1 107
9 010	Premier	562
8 511	Iceland Foods	531
1 514	Other investments	95
36 761	Investments at fair value	2 295
3 020	Premier shareholding funding	189
242	Other investments shareholder funding	15
3 262	Investments at amortised cost	204
40 023	Total investments	2 499

Audited year ended 31 March 2017 R'm	Unaudited six months 30 Sept 2016 R'm	Unaudited six months 30 Sept 2017 R'm				Unaudited six months 30 Sept 2017 EUR'm	Unaudited six months 30 Sept 2016 EUR'm	Audited year ended 31 March 2017 EUR'm
			3.	CASH AND CASH EQUIVALENTS				
3 284	3 598	3 287		Balances with banks		205	233	230
196	171	270		- ZAR cash		17	11	14
77	78	96		- USD cash		6	5	5
3 011	3 349	2 921		- GBP cash		182	217	211
39 580	53 277	33 851	4.	ORDINARY SHAREHOLDERS' EQUITY AND RESERVES		2 114	3 451	2 763
				Share Capital and Premium				
				Authorised share capital				
				1 500 000 000 at par value of EUR0.22 per share				
				Issued share capital				
				31 March 2017	521 012 174			
				Bonus share issue	1 665 192 (1)			
				Cash dividend reinvestment	2 921 849 (2)			

30 September 2017	525 599 215

(1) 26% of shareholders elected bonus shares

The par value of the bonus shares issued are accounted for in Ordinary Share Premium with no adjustment to any other reserves in Equity. The bonus share issue option was converted at the 15 day Volume Weighted Average Price (VWAP) of R62.37 per share to result in the R0.7815/EUR0.0525 dividend per share translating into 1.25301 shares for every 100 shares held.

(2) 43% of shareholders elected to reinvest their cash dividend of ZAR169 million. The remaining 31% of shareholders elected to receive cash of R121 million.

(3) The dividend amount reflected for 30 September 2016 is ZAR629 million. The variance of R19 million to the amount previously reported is due to a classification change with the line item "Translation Adjustments".

Audited year ended 31 March 2017 R'm	Unaudited six months 30 Sept 2016 R'm	Unaudited six months 30 Sept 2017 R'm			Unaudited six months 30 Sept 2017 EUR'm	Unaudited six months 30 Sept 2016 EUR'm	Audited year ended 31 March 2017 EUR'm
			5.	CONVERTIBLE BONDS			
5 396	5 630	5 883		On 18 September 2015 Brait received GBP350 million from the issuance of its five year unsubordinated, unsecured convertible bonds (Bonds). The Bonds carry a fixed coupon of 2.75% per annum payable semi-annually in arrears.	367	365	377

The initial conversion price of GBP7.9214 per ordinary share represented a 30% premium to the VWAP of Brait's ordinary shares between launch and pricing on 11 September 2015. The adjusted conversion price at reporting date is GBP7.7613 per ordinary share, which takes into account Brait's bonus share issue and cash dividend alternative since date of issuance, in accordance with the Bonds' terms and conditions. Using the adjusted conversion price, the Bonds will convert into 45,095,538 ordinary shares (8.6% of Brait's current issued share capital) on exercise of bondholders conversion rights. In the event that the bondholders have not exercised their conversion rights, the Bonds are settled at par value in cash on maturity on 18 September 2020. Brait has a soft call to early settle the Bonds at their par value after 9 October 2018 if the value of the ordinary shares underlying the Bonds is equal to or exceeds GBP130,000 for more than 20 of the 30 consecutive trading days up to 9 October 2018.

The Bonds are listed on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange.

Audited year ended 31 March 2017 R'm	Unaudited six months 30 Sept 2016 R'm	Unaudited six months 30 Sept 2017 R'm			Unaudited six months 30 Sept 2017 EUR'm	Unaudited six months 30 Sept 2016 EUR'm	Audited year ended 31 March 2017 EUR'm
			6.	BORROWINGS			
2 669	2 736	3 317		The loan from First Rand Bank Limited (trading through its Rand Merchant Bank division) and The Standard Bank of South Africa Limited is Rand denominated, bears interest at JIBAR plus 3.0% repayable quarterly, with a right to rollup. The ZAR8.5 billion facility expires in December 2020 and is secured by Group assets.	207	177	186

Audited year ended 31 March 2017 R'm	Unaudited six months 30 Sept 2016 R'm	Unaudited six months 30 Sept 2017 R'm			Unaudited six months 30 Sept 2017 EUR'm	Unaudited six months 30 Sept 2016 EUR'm	Audited year ended 31 March 2017 EUR'm
			7.	HEADLINE EARNINGS RECONCILIATION			
(15 854)	(4 520)	(7 980)		Loss and Headline loss for the period	(532)	(277)	(1 028)

508	510	506	Weighted average ordinary shares in issue (m) - basic	506	510	508
(3 119)	(887)	(1 577)	Loss and headline loss per share (cents) - basic	(105)	(54)	(202)
(15 854)	(4 520)	(7 980)	Loss and Headline loss for the period	(532)	(277)	(1 028)
318	171	150	Adjustment for Bond interest saved if Bond converted to shares	10	10	21
(15 536)	(4 349)	(7 830)	Diluted loss and Headline loss	(522)	(267)	(1 007)
553	554	551	Weighted average ordinary shares in issue (m) - diluted (1)	551	554	553
(2 809)	(785)	(1 421)	Loss and headline loss per share (cents) - diluted	(95)	(48)	(182)

(1) All ordinary shares underlying the Bonds are treated as dilutive and weighted from issue of the Bonds on 11 September 2015

8. RELATED PARTIES

Transactions between the Company and its subsidiaries have been eliminated on consolidation or on fair value of subsidiaries and are not disclosed in this note. During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

Loss from operations include:

(17)	(9)	(8)	Non-executive directors fees	(1)	(1)	(1)
(5)	(1)	(1)	Professional fees - M Partners S.à r.l	-	-	-
(1)	(3)	(1)	Professional fees - Maitland International Holdings Plc	-	-	-
(8)	-	-	Other expenses - Maitland International Holdings Plc	-	-	(1)

Audited year ended 31 March 2017 R'm	30 Sept 2016 R'm	Unaudited six months 30 Sept 2017 R'm		Unaudited 30 Sept 2017 EUR'm	six months 30 Sept 2016 EUR'm	Audited year ended 31 March 2017 EUR'm
			9. CONTINGENT LIABILITIES AND COMMITMENTS			
			9.1 Contingencies			
2 048	1 942	2 160	Loan to Fleet Holdings Ltd (Fleet)	135	126	143
(2 048)	(1 942)	(2 160)	Loan from Fleet	(135)	(126)	(143)
-	-	-	Net loan to Fleet	-	-	-

Fleet (the Investment Team's SPV) refinanced its loan from the Group with The Standard Bank of South Africa Limited and First Rand Bank Limited (trading through its Rand Merchant Bank division) ("The Lenders"). The proceeds from the refinance were advanced back to the Group as a new separate loan.

The loans both bear interest at the 3 month Johannesburg Inter Bank Acceptance Rate ("JIBAR") plus 3.45%, with the right to roll up interest. The loans both mature on 4 July 2021.

Brait has provided the Lenders to Fleet with an indemnity for the amount owing, for which Brait holds collateral in the form of the pledged Brait shares held by Fleet and the Investment Team. The amount owing is repayable to the Lenders on maturity, at which time the indemnity will either be released or claimed by the Lenders. Applying the closing 30 September 2017 Brait share price of ZAR53.50, the market value of the pledged shares is ZAR440 million less than the amount owing to the Lenders. Given the remaining term is more than three years, this amount is disclosed as a contingent liability at reporting date.

			9.2 Commitments			
6 472	6 920	6 882	Convertible Bond commitments	430	448	451
162	171	175	- Coupon payments due within one year	11	11	11
406	514	350	- Coupon payments due between one and five years (1)	22	33	28

5 904	6 235	6 357	- Principal settlement due within five years (1)	397	404	412

(1) The coupon payments due amounts reflect the semi-annual coupons payable in arrears over the Bond's five year term. The principal settlement due amount is only payable in the event that the bondholders have not exercised their conversion rights. Brait has a soft call to early settle the Bonds at their par value after 9 October 2018 if the value of the ordinary shares underlying the Bonds is equal to or exceeds GBP130,000 for more than 20 of the 30 consecutive trading days up to 9 October 2018. If the soft call is exercised, coupons from 18 September 2018 to 18 September 2020 will not be payable.

121	119	88	Private equity funding commitments	5	8	8
			Rental commitments (Malta and Mauritius)			
2	2	2	- Within one year	-	-	-
3	3	3	- Between one and five years	-	-	-
6 598	7 044	6 975	Total commitments	435	456	459

9.3 Other

The Group has rights and obligations in terms of shareholder or purchase and sale agreements relating to its present or former investments.

10 POST BALANCE SHEET EVENTS

No events have taken place between 30 September 2017 and the date of the release of this report, which would have a material impact on either the financial position or operating results of the Group.

Review of operations

The Board of Directors hereby report to shareholders on the Group's interim results at 30 September 2017.

VALUE DRIVERS

Growth in NAV is the Group's key performance measure together with the following additional factors comprising the core value drivers of the business:

- Low cost to Assets Under Management ("AUM") ratio;
- Minimal balance sheet cash drag;
- Significant cash flow within the investment portfolio; and
- Predictable and consistent ordinary dividend to closing NAV yield.

Going forward, shareholders are notified that in line with other listed investment companies, Brait will update the market on its NAV per share on a six monthly basis at interim and final reporting dates.

Growth in NAV

Brait's valuation policy is to reference the EV/EBITDA valuation multiple on a historical basis for each of its investments to their peer group's trailing three year average multiple. At 30 September 2017, the EV/EBITDA historical valuation multiples used were:

	30 September 2017		30 September 2016	
	Valuation multiple used	Peer average: 3 year trailing	Valuation multiple used	Peer average: 3 year trailing
Virgin Active	11.4x	13.7x	11.4x	13.8x
Premier	12.4x	13.3x	13.2x	13.2x
Iceland Foods	9.0x	11.4x	9.4x	10.0x
New Look	Note 1	14.1x	11.3x	14.9x

The discount/(premium) when comparing the valuation multiples used to respective peer average multiples are:

	30 September 2017		30 September 2016	
	Discount/(premium) to:		Discount/(premium) to:	
	Peer average: 3 year trailing	Peer average: spot	Peer average: 3 year trailing	Peer average: spot
Virgin Active	17%	15%	17%	17%
Premier	7%	(10%)	-	6%
Iceland Foods	21%	20%	6%	7%
New Look	Note 1	Note 1	24%	10%

Note 1: Until such time as its turnaround strategy has taken shape, Brait's investment in New Look is valued at nil.

The NAV break-down is as follows:

30 Sep 2016 ZAR'm	30 Sep 2017 ZAR'm		%	30 Sep 2017 EUR'm	30 Sep 2016 EUR'm
58 142	40 023	Investments	93	2 499	3 767
16 107	17 726	Virgin Active	41	1 107	1 044
13 485	12 030	Premier	28	751	874
7 660	8 511	Iceland Foods	20	531	496
18 726	-	New Look	-	-	1 213
2 164	1 756	Other investments	4	110	140
3 598	3 287	Cash and cash equivalents	7	205	233
4	3	Accounts receivable	-	-	-
61 744	43 313	Total assets	100	2 704	4 000
8 467	9 462	Total liabilities		590	549
2 736	3 317	Borrowings		207	177
5 630	5 883	Convertible bond		367	365
101	262	Accounts payable		16	9
53 277	33 851	Net asset value		2 114	3 451
507.10	508.12	Number of issued ordinary shares ('mil, excluding treasury shares)		508.12	507.10
10 506	6 662	Net asset value per share (cents)		416	681

KEY HIGHLIGHTS FOR THE GROUP'S INVESTMENT PORTFOLIO ARE:

Virgin Active

- For the nine months ended 30 September 2017, Revenue and EBITDA in Pound Sterling, for continuing operations, increased by 15% and 16% on the comparative period respectively. On a constant currency basis, Revenue and EBITDA for continuing operations increased by 5% and 2% respectively.
- The discontinued operations relate to the value enhancing disposals of (i) 36 non-core UK traditional clubs, of which 35 were sold to Nuffield Health in July 2016; (ii) 14 racquet clubs sold to David Lloyd Leisure, which completed on 31 May 2017; and (iii) the non-core Iberian business, with 8 clubs in Spain and 4 clubs in Portugal sold to Holmes Place on 2 October 2017.
- On a continuing operations basis, 17 new clubs opened during the last twelve months, of which 9 were opened in the current nine month period (5 in South Africa, 2 in Asia Pacific, 1 in Italy and 1 in the UK) giving a total of 236 clubs and 1.2 million members as at 30 September 2017.
- On a continuing operations basis, for the current 9 month period, Asia Pacific, Italy and the UK territories each generated growth in Revenue and EBITDA margin expansion, driven by cost savings. While Revenue increased in Southern Africa, a challenging South African economy, cost inflation and investment in sales and marketing led to EBITDA margin contraction for the territory and consequently a strong focus on cost control over the remaining quarter has been implemented.
- Net debt for the period ending September 2017 reduced to GBP326 million (30 September 2016: GBP392 million) and comprised GBP380 million of interest bearing bank debt, GBP25 million of finance leases, and GBP79 million of cash. The net debt leverage ratio reduced to 2.4x (30 September 2016: 2.9x).
- Virgin Active's commitment to product innovation and an outstanding membership experience is illustrated with the following highlights during the current period: (i) the trialling of a new group exercise focused studio format (approximately 1,000m2 footprint), with the May 2017 opening of Holland Village in Singapore and the September 2017 opening of Wireless Road in Bangkok, Thailand; (ii) the September 2017 opening of the group's first boutique cycle studio - Revolution by Virgin Active, in Milan, Italy; (iii) further progress on the member's digital journey, with the launch of online joining in the UK; (iv) new group exercise formats including Pound (a dance based program from the US) and Punch (a boxing based format launched in the UK); and (v) later this year, Virgin Active will be the first to market an exciting global cycle innovation in partnership with Les Mills in Asia.
- Virgin Active, in which Brait has an effective 71.9% (HY2017: 70.5%) economic interest post dilution for the performance based sweet equity granted to the Virgin Active management team, is valued at reporting date using an EV/EBITDA multiple of 11.4x (HY2017: 11.4x), which represents a discount of 17% to the peer group's three year trailing average multiple of 13.7x and a 15% discount to the peer average spot multiple. Applying the closing GBP/ZAR exchange rate of ZAR18.16, Virgin Active's carrying value is ZAR17.7 billion (HY2017: ZAR16.1 billion), which represents 41% of Brait's total assets (HY2017: 26%).

Premier

- The Baking division, which constitutes nearly half of Premier's net revenue, has performed well in a highly competitive market, maintaining its average bread pricing over the six month reporting period. Whilst competitor promotional pricing put some pressure on sales volumes, Premier retained its national market share in the formal market across all its bread brands, with strong positions in the Western Cape, KwaZulu-Natal and Eastern Cape provinces. Premier continues to supply around 70% of its bread sales to the informal sector sales channel.
- In a first to market in South Africa, Premier launched Blue Ribbon "Sandwich Squares", a sandwich alternative product, in the Gauteng market in February 2017. The product was subsequently rolled out in Kwa-Zulu Natal and Western Cape in September 2017, which has boosted sales volumes significantly.
- The Milling division, which represents around a third of Premier's net revenue, has been impacted by the extreme commodity market pricing volatility, which is the main reason for the group's net revenue for the six months ending 30 September 2017 declining by 10%. The worst drought in 110 years,

followed by the best maize crop ever had a significant effect on the price of white maize, causing the price per ton to drop 50% during the period December 2016 to April 2017.

- Whilst Premier's cost saving initiatives meant that its operating costs remained in line with the prior period, margins in the Milling division were impacted as a result of the reduced demand for the expensive 2016 season crop. This led to lower trading volumes which delayed Premier's ability to mill lower priced new 2017 season crop until June 2017. The resulting decline in the Milling division's marginal contribution (being revenue after all production and direct selling costs) was the main factor in the group EBITDA decreasing by 24%, and the EBITDA margin of 8.3% for the current six month reporting period (six months ended 30 September 2016: 9.9%).
- The Milling division's performance normalised in line with historical trends during the second quarter of FY2018.
- Premier's Mozambican operations (CIM, the leading food and animal feed producer in that country) was negatively impacted by a combination of poor macro-economic conditions (currency devaluation and high interest rates) and the expensive maize positions which accounted for the bulk of the decline in CIM's EBITDA. CIM has shown signs of volume recovery in September 2017, with good momentum into October. A stabilised forex environment, improved margins in maize meal, the launch of a new biscuit line (producing creamed biscuits) and entry into the rice market (which is significantly larger than the maize meal market in Mozambique) underpin CIM's profitability recoverability. Elsewhere in the Groceries division, Sugar Confectionery and Lil-lets South Africa performed according to plan.
- Following five years of significant capital expenditure, which resulted in an aggregate investment of some ZAR3 billion into a number of major completed projects that have generated both attractive returns and qualitative benefits, no major expansionary projects are forecast for FY2018. Premier repaid a further ZAR100 million of Brait's shareholder funding on 31 October 2017. Whilst ensuring growth is not compromised, Premier is forecast to make further shareholder funding repayments during the remainder of FY2018.
- Premier, in which Brait owns 92.7% (HY2017: 91.4%), is valued at reporting date using an EV/EBITDA multiple of 12.4x (HY2017: 13.2x), which represents a discount of 7% to the peer group's average three year trailing multiple and a 10% premium to the peer group's average spot multiple. The reduction in valuation multiple is largely to take consideration of the trend over the past twelve months of the peer average spot multiple trading at an increased discount to its three-year trailing average. Premier's carrying value of ZAR12.0 billion (HY2017: ZAR13.5 billion) represents 28% of Brait's total assets (HY2017: 22%).

Iceland Foods

- Iceland continues to grow through both new store openings and positive like-for-like ("LFL") sales.
- Sales (in GBP) for the 24 weeks ended 8 September 2017 increased by 7.3%, with LFL sales 4.3% positive on the comparative period, reflecting an increase in both transactions and average basket values. In addition to this, Iceland benefited from sales generated by the net 17 new stores opened in the current period and the net 21 new stores opened in the previous financial year.
- EBITDA growth for the period was 5.2%, driven by the improved sales performance.
- Strong product innovation continues, with new ranges for summer 2017 and a comprehensive range of bread, cakes and morning goods launched under Iceland's own Luxury brand, together with forming a new partnership with Warburtons to become Iceland's sole supplier of branded bread products.
- The "Power of Frozen" marketing campaign continues to maintain its focus on the high quality of Iceland's food and the award winning Online service, complemented by press advertising and door drops highlighting Iceland's value for money proposition.
- Expansion of The Food Warehouse is on track, with 11 new stores opened in the period and 27 openings in the last 12 months taking The Food Warehouse estate to 47 stores at the period end. These larger stores have continued to perform well, with established stores achieving LFL growth.
- The new Iceland format has been extended to 22 stores, with 19 refits completed during the period. These stores extend Iceland's customer appeal through their bold new modern look, improved in-store navigation and equipment and an extended product range. All are achieving LFL sales growth ahead of Iceland's average.
- Iceland's Online business which leverages off its established Home Delivery infrastructure, continues to achieve strong LFL growth, with more than 15,000 new registrations a week expanding the existing database of some two million customers. The business has benefited from investments to Iceland's website and head office team, as well as a growing awareness of the industry-leading levels of customer satisfaction achieved. This has been recognised through a number of awards, including "Online Retailer of the Year" at the IGD Awards in October 2017 and "Online Supermarket of the Year" in the Grocer Gold Awards in June 2017. In July 2017, Iceland opened its second dedicated online picking centre in Manchester, offering online customers in the area a wider range and better service. This releases 17 stores in the area from online picking, allowing them to focus on developing their traditional Home Delivery business for in-store purchases.
- The group opened 18 stores during the period, with 1 store closure, resulting in a total estate of 919 stores. The UK store portfolio at the end of the period, including The Food Warehouse stores and two Online Picking centres, stood at 896.
- Iceland remains highly cash generative, with cash balances on hand of GBP133.4 million. The reduction from the GBP170.6 million cash holding at the same point last year, reflects the redemption on 26 June 2017 of GBP50 million Floating Rates Notes ("FRN's") due in 2020.
- After the period end, Iceland completed a refinancing of the majority of the FRN's and all the Senior Secured Notes ("SSN") due in 2021, by raising a new SSN of GBP550 million due 2025. The GBP170 million SSN due in 2024 remains in place. This refinance generates an annual interest saving of approximately GBP5.7 million and, assuming the remaining GBP79.5 million FRN's are repaid through internally generated cash, results in no refinancing requirement for Iceland until at least 2023.
- Net debt, including finance leases, at reporting date of GBP687.4 million, has reduced to a net leverage ratio of 4.2x (HY2017: 4.6x), based on the last twelve months EBITDA.
- Iceland Foods, which since April 2017 is 60.1% owned by Brait (HY2017: 57.1%), is valued at reporting date using an EV/EBITDA multiple of 9.0x (HY2017: 9.4x), which represents a discount of 21% to the peer group's average three year trailing multiple of 11.4x and a 20% discount to the peer group's average spot multiple. Applying the closing GBP/ZAR exchange rate of ZAR18.16, Iceland Foods' carrying value of ZAR8.5 billion (HY2017: ZAR7.7 billion) represents 20% of Brait's total assets (HY2017: 12%).
- The Iceland Foods HY2018 debt investor presentation is available at www.brait.com.

New Look

- The 26 week period ending 23 September 2017, reflects a disappointing performance, suffering from a combination of challenging market conditions and a number of self-inflicted issues. Group revenue (in GBP) decreased by 4.5% on the comparative period, with group LFL sales declining by 8.6%. UK LFL sales decreased by 8.4%. Third Party E-commerce sales increased by 17.0%, whilst Own Website Ecommerce declined by 7.6%.

- In response to this underperformance, changes to the New Look leadership have been made. As announced on 1 September 2017, Anders Kristiansen stepped down from his role as CEO by mutual agreement. On 6 November 2017 Alistair McGeorge was appointed as Executive Chairman of New Look. Alistair has significant industry experience and the requisite expertise having previously led New Look's turn-round and recovery in 2011-2014. Furthermore, Tom Singh, New Look's Founder, has taken a more active product role, working alongside Roger Wightman, the reinstated Chief Product Officer.
- Some of the key reasons for New Look's underperformance include: (i) its product positioning had moved away from its successful broad appeal, becoming too young and edgy; (ii) its customer messaging had become overly fashionable and in the process, no longer highlighting New Look's value proposition; (iii) excessive product options and increased complexity throughout the organization resulted in the business being late to certain trends and as a result not clearing ranges by season end; and (iv) reduced flexibility and speed as well as an increased cost base.
- The following corrective measures are being taken: (i) a progressive return to broad appeal product at a great price, reconnecting New Look with its heartland customer and restoring its market position in keeping with its strong brand; (ii) strict focus and action already being implemented to reduce the cost base and preserve an adequate liquidity profile; (iii) applying a 'back to basics' mentality and clarifying store layout and messaging; (iv) optimizing the E-commerce platform; and (v) improving the planning cycle which should enhance speed and flexibility.
- New Look has an adequate liquidity profile, with total cash, liquidity and operating facilities available of GBP242.5 million at reporting date.
- Until such time as New Look's turnaround strategy has taken shape, New Look is valued at nil. Brait remains committed to being a long-term shareholder of New Look.
- The New Look HY2018 debt investor presentation is available at www.brait.com.

Other investments

- The decrease in carrying value over the twelve month period is largely due to the receipt of ZAR343 million proceeds, comprising mostly dividend income received from Brait's 81.3% investment in DGB, which continues to be the majority asset in this portfolio.
- During September 2017, Brait IV signed a Sale and Purchase agreement to sell its investment in Primedia, with the transaction expected to complete in the last quarter of this calendar year.
- At reporting date, the Other Investments portfolio carrying value of ZAR1.8 billion (HY2017: ZAR2.1 billion) comprises 4% of Brait's total assets (HY2017: 4%).

Low cost to AUM ratio

Operating expenditure for the six month period reduced to ZAR135 million (HY2017: ZAR228 million). On an annualized basis, using average AUM for the period as the reference basis, operating costs are 0.61% (FY2017: 0.64%) and net after fee income are 0.54% (FY2017: 0.54%), compared to the target of 0.85% or less.

Minimal balance sheet cash drag

To manage dilution of overall returns, the Group targets minimal cash holdings on balance sheet, whilst maintaining access to large undrawn committed facilities. The Group's cash and equivalents position at 30 September 2017 of ZAR3.3 billion (FY2017: ZAR3.3 billion) represents 9.7% of NAV (FY2017: 8.3%), which is well within the benchmark maximum of 25% of NAV.

Significant cash flow within the underlying assets over any 3 year period

Brait's portfolio of investments are highly cash flow generative with high earnings-to-cash conversion ratios.

Predictable and consistent ordinary dividend to NAV yield

The Group's policy is an ordinary bonus share issue or cash dividend alternative election, of 1% to 2.5% of closing NAV, considered annually when the results for each year are published, taking into account the Group's available resources.

During the current six month period, a bonus share issue, with a cash dividend alternative, of 1% of ZAR78.15 per share, relating to the year ended 31 March 2017, was paid in August 2017 ("FY2017 Dividend"). In terms of shareholder elections, 26% elected to receive bonus shares, 43% elected to reinvest their cash dividend of ZAR169 million and subscribe for new shares; with the remaining 31% electing to receive their cash dividend of ZAR121 million.

ORDINARY SHARE CAPITAL

As a result of the shareholder elections for the FY2017 Dividend, during August 2017 the Company issued 1,665,192 bonus shares (August 2016: 387,339 bonus shares issued), as well as 2,921,849 new shares issued to shareholders that elected to reinvest their cash dividend. This resulted in total issued ordinary share capital at 30 September 2017 of 525,599,215 shares of EUR0.22 each (FY2017: 521,012,174 shares). The Group held 17,475,070 treasury shares at 30 September 2017 (FY2017: 14,576,784 treasury shares held), resulting in ordinary share capital, net of treasury shares, of 508,124,145.

CONVERTIBLE BOND

Brait's GBP350 million unsubordinated, unsecured convertible bonds are listed on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange ("Bonds"). The Bonds have a five year term ending 18 September 2020 and carry a fixed coupon of 2.75% per annum payable semi-annually in arrears. In accordance with the terms and conditions of the Bonds, Brait's bonus share and cash dividend alternatives issued / paid during the Bonds' term result in adjustment to the Bonds' conversion price, which at reporting date is GBP7.7613. Using this latest adjusted conversion price, the Bonds' will convert into 45.096 million ordinary shares (8.6% of Brait's current issued share capital) on exercise of bondholder conversion rights. In the event that the bondholders have not exercised these rights, the Bonds are cash settled at par value on maturity date.

In accordance with IAS 32 (Financial Instruments: Presentation), the Bonds' liability component is measured at reporting date as GBP323.9 million. Applying the closing GBP/ZAR exchange rate of ZAR18.16, results in the Bonds' translated carrying value of ZAR5.9 billion.

GROUP FUNDING POSITION

The Group's committed revolving ZAR8.5 billion facility from First Rand Bank Limited (trading through its Rand Merchant Bank division) and The Standard Bank of South Africa Limited is Rand denominated, bears interest at JIBAR plus 3.0% and is repayable quarterly, with the right to rollup capital and interest repayments. This facility expires in December 2020 and is secured by Group assets. At 30 September 2017, the Group has available undrawn gearing facilities of ZAR3.3 billion, resulting in total cash and available facilities of ZAR6.6 billion.

GROUP OUTLOOK

- Virgin Active remains focused on delivering an outstanding member experience through continued innovation and investment. A streamlined, more cash generative UK estate, positive momentum in Italy and a strong pipeline in Asia Pacific provides good momentum and medium term growth opportunities in these territories. In South Africa, the challenging consumer market looks set to continue, consequently Virgin Active is moderating the roll-out pipeline, focusing future growth at lower price points, as well as trialling different membership options.

- The extreme maize commodity price volatility significantly impacted Premier's milling business over the period January 2017 to July 2017. Having cleared through the expensive 2016 season maize, performance normalised during the second quarter of FY2018. With sales volumes increasing as the market restocks, the milling business expects to outperform the comparable period for the second half of FY2018. Premier continues to execute on its strategy of brand building, producing consistent quality offerings and product innovation, as well as operational efficiencies, with its core brands well positioned to compete in their respective markets.

- Iceland's growth remains ahead of the market into its third quarter due to new stores, however LFL growth has softened due to tougher comparatives and increased value messaging by its competitors. The 50th Food Warehouse store opened in September 2017 and 34 new format Iceland store refits have now been completed and continue to perform well. The recent refinancing gives a strong platform from which to pursue Iceland's well-established long-term strategy for growth and deleveraging with the benefit of lower borrowing costs.

- New Look's H2 FY2018 will remain difficult and thus the immediate focus is on short term stabilisation together with a strict focus on costs to preserve an adequate liquidity profile. The necessary changes have been made in senior management. New Look is a proven brand with a clear market position and thus when looking beyond FY2018, the 'back to basics' mentality and progressive return to broad appeal, with a heightened focus on an improved planning cycle combined with speed appropriate for today's market, will serve to reconnect New Look with its heartland customer. The business has the appropriate liquidity and operating facilities in place to implement its plans and thereby provide time to recover.

Brait continues to explore new pools of capital to enhance its capital structure and ensure that it is well placed to execute on opportunities. Driving value in the existing portfolio remains the key focus for the year ahead.

For and on behalf of the Board

PJ Moleketi
Non-Executive Chairman

15 November 2017

Directors (all non-executive)
PJ Moleketi (Chairman)*, JC Botts^, AS Jacobs##, Dr LL Porter##, CS Seabrooke*, HRW Troskie**, Dr CH Wiese*

British ^American **Dutch *South African

Brait's primary listing is on the Euro MTF market of the Luxembourg Stock Exchange and its secondary listing is on the Johannesburg Stock Exchange.

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)