

BRAIT SE

(Registered in Malta as a European Company)

(Registration No. SE1)

Share code: BAT ISIN: LU0011857645

Bond code: WKN: A1Z6XC ISIN: XS1292954812

LEI: 549300VB8GBX4UO7WG59

("Brait" or the "Group")

CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2019

The Board of Directors ("Board") hereby reports to shareholders on the Group's unaudited interim results for the six months ended 30 September 2019 and the proposed recapitalization of the Group, pursuant to the announcement released on 21 November 2019.

KEY FINANCIAL DATA

- NAV per share at 30 September 2019 of R38.00 (FY2019: R41.80)
- R1.3 billion cash flow to Brait from the portfolio for the current six-month period (FY2019: R815 million)
- Leading international health club operator Virgin Active (54% of Brait's total assets) produced a solid set of results for the nine months ended 30 September 2019. On a constant currency basis, group revenue +4.3% and group EBITDA +6.6%, with adult membership +3.0%:
 - South Africa: +4.6% revenue; +5.5% EBITDA; +4% membership growth driven by new Vitality agreement.
 - Italy: +8.1% revenue; +18.7% EBITDA; +5% membership growth and yield growth driving the mature estate +11% EBITDA growth
 - UK: +0.6% revenue; +11.5% EBITDA driven by cost savings
 - Asia Pacific: revenue +10.3%; +13% membership growth; EBITDA impacted by opening of 4 new clubs during the period which is short term dilutive due to startup losses
- Major South African based FMCG manufacturer Premier (28% of Brait's total assets) retained its strong national market share across its major categories. For the six months ended 30 September 2019:
 - Revenue +7.0% driven by higher commodity prices
 - EBITDA -4.4% with continuing challenging market conditions not allowing for full recovery of cost inflation and cost reduction initiatives not sufficient to make up the shortfall in marginal contribution
 - Milling division was impacted by the highly price competitive maize market, with other divisions performing in line with expectation
 - Mozambican business (CIM) recorded a pleasing improvement in performance
- A frozen led UK based national food retailer, Iceland Foods (9% of Brait's total assets), performed in line with internal expectations, for its 24 week period ended 13 September 2019, in a UK retail market which remains extremely competitive:
 - Sales +2.4% ahead of the market, driven by opening of new stores
 - EBITDA -7.7% as inflationary cost pressures were unable to be fully offset by sales growth and targeted efficiencies
 - Liquidity remains strong
- New Look (3% of Brait's total assets), a multi-channel retailer operating in the value segment of the clothing and footwear market in the UK and Republic of Ireland:
 - The carrying value represents Brait's holding of New Look Senior Secured Notes valued

- at their quoted price, with Brait's equity investment continuing to be valued at nil
 - During its 26 week period ended 28 September 2019, New Look has made a number of operational improvements. Whilst uncertainty prevails in the UK retail market, the materially deleveraged balance sheet and more flexible capital structure following its comprehensive balance sheet restructure on 3 May 2019 provides a stable operating platform for management to deliver on its well defined turnaround measures
- As an investment holding company, Brait's key reporting metric is NAV per share. From an IAS34 interim reporting perspective, Brait's earnings per share and headline earnings per share is -313 cents (FY2019: -2,219 cents)

PROPOSED RECAPITALISATION OF BRAIT

- Brait today announces to the market a holistic solution to enable the redemption of the GBP350m Convertible Bond maturing September 2020 and refinancing of the Group's borrowing facility, through a proposed aggregate capital raise and refinancing of between R14.4bn and R14.7bn comprising:
 - An equity capital raise of at least R5,250m and up to R5,600m comprising a fully underwritten rights offer of R5,250m and a specific issue of shares of up to R350m at the rights offer price;
 - A signed credit approved term sheet with its lending banks for the refinance of the Group's borrowing facility, revised to R6.3bn with a 3-year tenor; and
 - The intended launch (today) of a new c.GBP150m Convertible Bond with a 5-year tenor, with the proceeds to be raised, together with cash, to concurrently repurchase up to GBP185m of the existing GBP350m Convertible Bond
 (collectively the "**Recapitalisation**")

ADOPTION OF NEW STRATEGY

- Brait's strategy has been that of a strategic, long-term investment holding company seeking to drive growth and value creation via its portfolio of sizeable, unlisted businesses in the broad consumer sector, targeting growth in net asset value and the realisation of its assets at the appropriate time
- The Board has resolved to adopt a new strategy focused on maximising value through the realisation of its existing assets in its portfolio over the next five years and returning capital to shareholders
- The Recapitalisation will materially reduce and extend the maturities of Brait's debt, providing sufficient flexibility to manage Brait's portfolio of investments and execute the new strategy in an optimal manner
- Post the Recapitalisation, a new board is intended to be constituted and proposed to shareholders for approval at the AGM to be held in July 2020
- Brait will also re-evaluate the costs and efficiencies of the overall Group structure

INTRODUCTION OF NEW STRATEGIC PARTNER AND ADVISOR

- The equity capital raise will see the introduction of Ethos as a new strategic equity partner to Brait through its R1,350m participation in the rights offer and specific share issue
- A new advisory agreement, at a significantly reduced cost, will be entered into with Ethos Private Equity. The advisory team going forward will comprise a combination of Ethos executives and certain members from Brait's existing corporate advisors
- John Gnodde, the CEO of Brait's current corporate advisor, in agreement with the Board, has decided to step aside at the conclusion of the Recapitalisation at the end of February 2020

OUTLOOK

The Recapitalisation materially reduces and extends the maturities of Brait's debt, allowing time for the Board, together with the new advisor, to drive the new strategy, at a reduced cost, focused on maximising value through the realisation of assets in the portfolio over the next five years and returning capital to shareholders.

In addition to the Long Form Results Announcement published on the website of the Luxembourg Stock Exchange today, the following announcements have today been released by the Group on SENS and the website of the Luxembourg Stock Exchange:

- Announcement relating to the proposed Recapitalisation of Brait, the introduction of a new strategic equity partner and advisor, the adoption of a new strategy and withdrawal of the cautionary announcement
- New Convertible Bond Offering and Concurrent Repurchase of up to GBP185 million Outstanding Bonds

Brait's interim results presentation booklet is available at www.brait.com

The information contained within this announcement is inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 and the South African Financial Markets Act, 2012. Upon the publication of this announcement this inside information is now considered to be in the public domain. The person responsible for this announcement on behalf of Brait is PJ Moleketi, Non-Executive Chairman of the Board.

This short form announcement is published under the responsibility of the Board of Brait SE and is a summary of the information in the full announcement available on the Stock Exchange News Service ("SENS") at: <https://senspdf.jse.co.za/documents/2019/JSE/ISSE/BAT/BSESept19.pdf> and on the Company's website <http://brait.investoreports.com/investor-relations/results-and-reports/>.

This announcement does not contain full details and should not be used as a basis for any investment decision in relation to the Company's shares. The full announcement is available for inspection, at no charge, at the Company's registered office (56, rue Charles Martel, L-2134, Luxembourg) and the office of the sponsor during standard office hours.

San Gwann, Malta

27 November 2019

Brait's primary listing is on the Euro MTF market of the Luxembourg Stock Exchange and its secondary listing is on the exchange operated by the JSE Limited.

Sponsor:

Rand Merchant Bank (A division of FirstRand Bank Limited)

Important Notice and Disclaimer

The release, publication or distribution of this announcement in jurisdictions other than South Africa may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, any applicable restrictions or requirements. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, Brait disclaims any responsibility or liability for the violation of such requirements by any person.

This announcement is for information purposes only and is not intended to and does not constitute, or form part of, any offer or invitation to purchase, subscribe for or otherwise acquire or dispose of, or any solicitation to purchase or subscribe for or otherwise acquire or dispose of, any securities in any jurisdiction. Persons needing advice should consult an independent financial adviser. The information contained in this announcement is not for release, publication or distribution to persons in any jurisdiction where to do so might constitute a violation of local securities laws or regulations. The information in this announcement does not purport to be full or complete and is subject to change without notice.

Neither this announcement nor the Rights Offer constitutes an "offer to the public" in South Africa in terms of the South African Companies Act No. 71 of 2008, as amended.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities legislation of any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada or Japan. The securities referred to herein may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There has been and will be no public offering of the securities referred to herein in the United States.
