

SABVEST CAPITAL LIMITED

(Incorporated in South Africa)

(Registration number 2020/030059/06)

JSE share code: SBP

ZAE000283511

(“**Sabcap**” or “**the Company**” or “**the Group**”)

TRADING STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

In terms of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will differ by 20% or more from the financial results of the previous corresponding reporting period.

Shareholders are advised that, for the interim period ended 30 June 2020, Sabcap expects:

- A reduction in HEPS/EPS of at least 100%, from 125,7c HEPS/EPS for the six months ended 30 June 2019 (as reported by Sabvest Limited, which is now wholly-owned by Sabcap pursuant to the Sabvest Limited scheme of arrangement effective 18 May 2020 and the separate listing of Sabcap on 13 May 2020), to a loss of at least 651c per share.
- A reduction in DPS of at least 72%, from 36c DPS for the six months ended 30 June 2019 (as reported by Sabvest Limited), to approximately 10c per share.
- A reduction in NAV per share (NPS) of at least 10%, from 6689c at 31 December 2019 (as reported by Sabvest Limited) to approximately 6038c per share.

The COVID-19 pandemic in the first half of 2020 has affected most operations of the Group’s investee companies worldwide and, in particular, in RSA up to and from the national lockdown commencing on 27 March 2020.

The Group’s listed investments are valued at market prices, as quoted on the relevant securities exchanges, on reporting or calculation dates. For example, the value of the Group’s long-term listed investments reduced by an average of 26,5% from the 31 December 2019 reporting date to the start of the national lockdown on 27 March 2020.

The Group’s unlisted investments are valued for IFRS reporting purposes using the maintainable earnings model based on historic normalised EBITDA, adjusted for future prospects, and to which appropriate earnings multiples are applied. Each resulting calculation is then adjusted for net cash/debt/equivalents to determine net EV. Its two investment company holdings are valued at their NAVs which, in turn, are calculated in a similar way to Sabcap’s other investments using the maintainable earnings model or DCFs. Most of the investee valuations were negatively affected in and from March 2020 due to lockdowns, which caused material reductions in revenues in most of the operations of our investees, lower current and projected normalised earnings, lower earnings multiples and higher debt to fund losses and antiCOVID programs. The reduction in valuations was cushioned to an extent by the translation of foreign holdings at a weaker rand exchange rate than at 31 December 2019 and the reversal of some deferred CGT provisions.

In addition, it should be noted that most investee companies have cancelled dividend and interest payments to Sabcap for the time being in order to conserve liquidity for their operations. Although this has resulted in negative operating cash flows and earnings for Sabcap itself (and a concomitant reduction in NAV), the Group has sufficient facilities and resources available to

fund its commitments. In addition, Sabcap has eliminated most variable overheads and expects to propose a reduction or waiver of its 2020 interim dividend. However, the 2019 final dividend was paid as declared.

Notwithstanding the above comments, the board is of the view that the Sabcap portfolio is of high quality, has sufficient resilience to recover values and resume growth when economies rebound and should revert to being cash generative as previously. In addition, Sabcap's partnership model has worked exceptionally well in these difficult times, with its partners in each investee shouldering disproportionate amounts of the burden.

Sabcap intends to release its interim results in September 2020, but will issue an updated trading statement before then.

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

Sandhurst
29 June 2020

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