



ACQUISITION OF THE BUILDING COMPANY

4 August 2020

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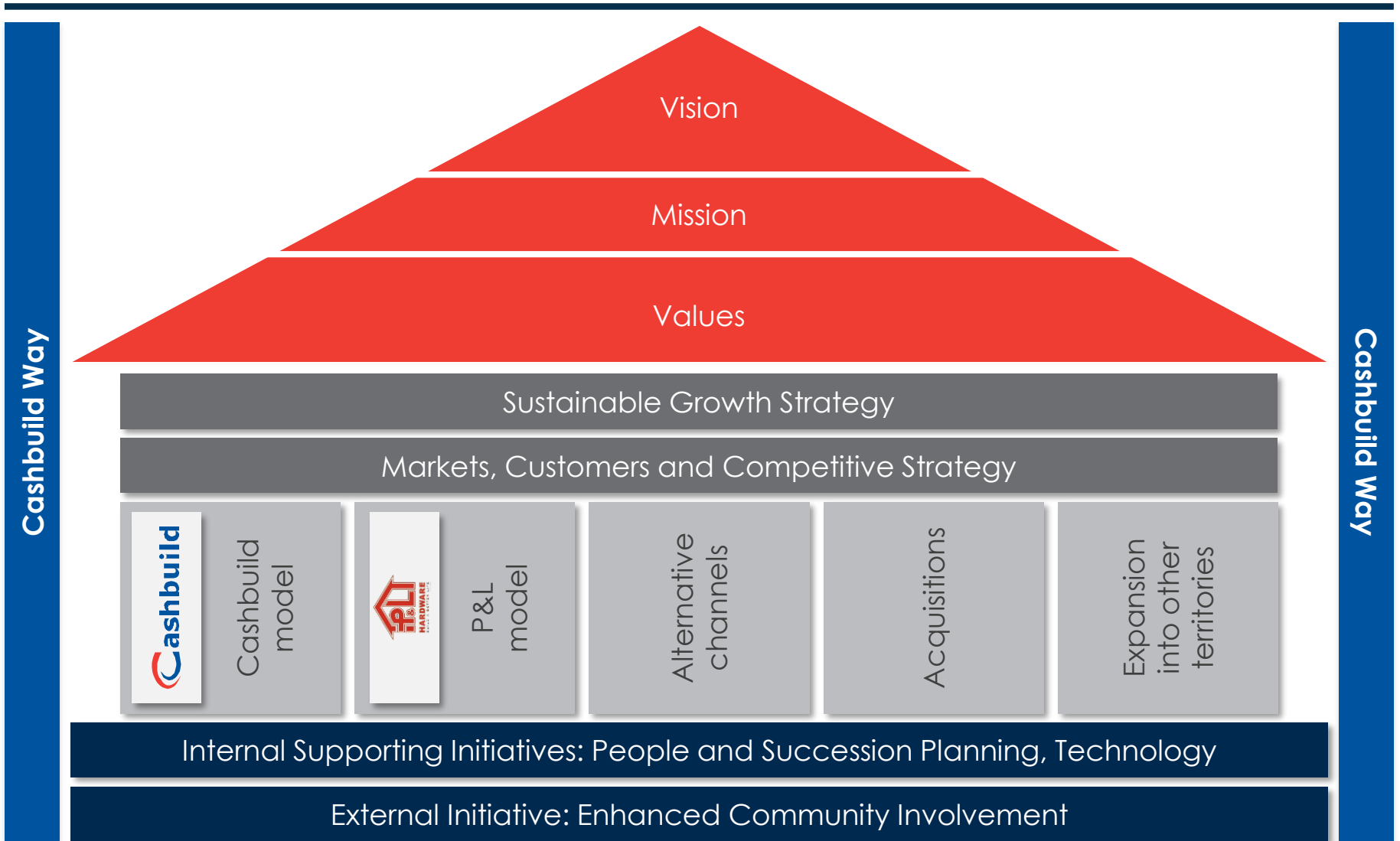
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The date of this Presentation is 4 August 2020.

CASHBUILD'S STRATEGIC OVERVIEW



CASHBUILD'S ACQUISITION OF THE BUILDING COMPANY



- Acquisition of 100% of the issued share capital of The Building Company Proprietary Limited ("TBC"), a subsidiary of Pepkor Holdings Limited, and the shareholder loan claims of Pepkor against TBC, for a purchase consideration of R1.075 billion ("Purchase Consideration") (the "Transaction")
- Purchase Consideration represents an implied enterprise value multiple of 5.0x TBC's EBITDA¹ for the twelve month period ended 31 March 2020
- TBC's store portfolio comprises 160 TBC outlets and 21 franchise stores and includes 91 Bucos stores, 75% of which are merchant stores with the balance being cash stores, and 20 Timbercity stores. The remainder of TBC's store footprint largely covers both the wholesale and specialised divisions
- TBC's presence, inclusive of franchise stores, is predominantly based in South Africa (171 stores) with a further presence in the rest of Southern Africa including Namibia (7), Botswana (2) and Zambia (1)
- TBC achieved revenue of c.R8.2 billion across the retail, wholesale and specialised divisions for the prior financial year ending 30 September 2019. In the twelve month period ended 31 March 2020, TBC achieved revenue of c.R8.0 billion
- The Transaction remains subject to receipt of the requisite regulatory approvals including approval by the relevant competition authorities



1. Excluding the impact of IFRS 16

KEY INVESTMENT HIGHLIGHTS OF TBC



Portfolio of 13 well-known brands across the retail, wholesale and specialised divisions



Full spectrum service offering with a core competency in servicing building contractors



Attractive portfolio of store locations with an established presence across the coastal regions



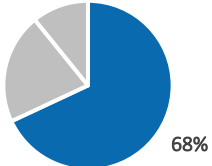








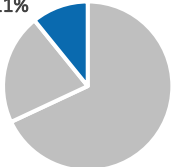






Highly experienced senior management team with more than 60 years of combined industry experience, who are fully supportive of the Transaction

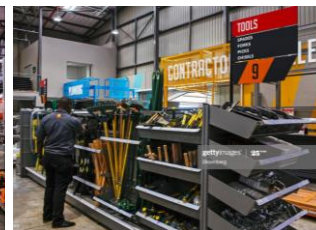


Wholesale and specialised divisions allows for differentiated access to a broader base of specialised products and materials

TBC SEGMENTAL OVERVIEW

TBC operates across three divisions, offering 13 well-known brands, with the retail division contributing 68% of total revenue

TBC segmental overview			
Division	FY2019 revenue contribution	Description	Key brands
Retail	 <p>68%</p>	<ul style="list-style-type: none"> Offers a full range of building materials and products which are locally sourced and distributed throughout Southern Africa Comprises predominantly 91 Buco stores, 75% of which are merchant stores with the balance being cash stores, and 20 Timbercity stores 	  
Wholesale	 <p>21%</p>	<ul style="list-style-type: none"> The wholesale of unique and value-added building materials, a significant portion of which are imported 	   
Specialised	 <p>11%</p>	<ul style="list-style-type: none"> Offers a range of differentiated products for the retail building materials market Access to an extensive range of distinct and imported products 	     



TBC KEY MANAGEMENT

Highly experienced senior management team with more than 60 years of combined industry experience, who are fully supportive of the Transaction



Steve du Toit (CEO)

- Over 31 years of industry experience
- Joined TBC in 2018 as CEO
- Prior roles include:
 - Delegate responsible for Saint Gobain's Southern African division
 - CEO, Wholesale Housing Supplies Division of Dawn Limited



Wayne Opperman (CFO)

- Over 31 years of industry experience
- Joined TBC in 2009
- Previously served as a business and financial consultant in several companies including:
 - Omnipless,
 - Tellumat, and
 - The Plessey Corporation

STRATEGIC RATIONALE FOR THE TRANSACTION

1 Cashbuild growth initiatives

- Cashbuild's management identified geographic expansion and incremental access to additional segments of the market as key areas for potential growth – an acquisition of TBC “ticks all the right boxes”

2 Expanding store footprint

- The addition of the TBC store portfolio will increase Cashbuild's presence in previously underrepresented regions, particularly those in Western Cape, Eastern Cape and KwaZulu-Natal

3 Middle-to-higher income customers

- TBC's customer base will provide Cashbuild with broader reach into the middle-to-higher income customer segment, a target market currently underserved by Cashbuild's current offering

4 Access to building contractors

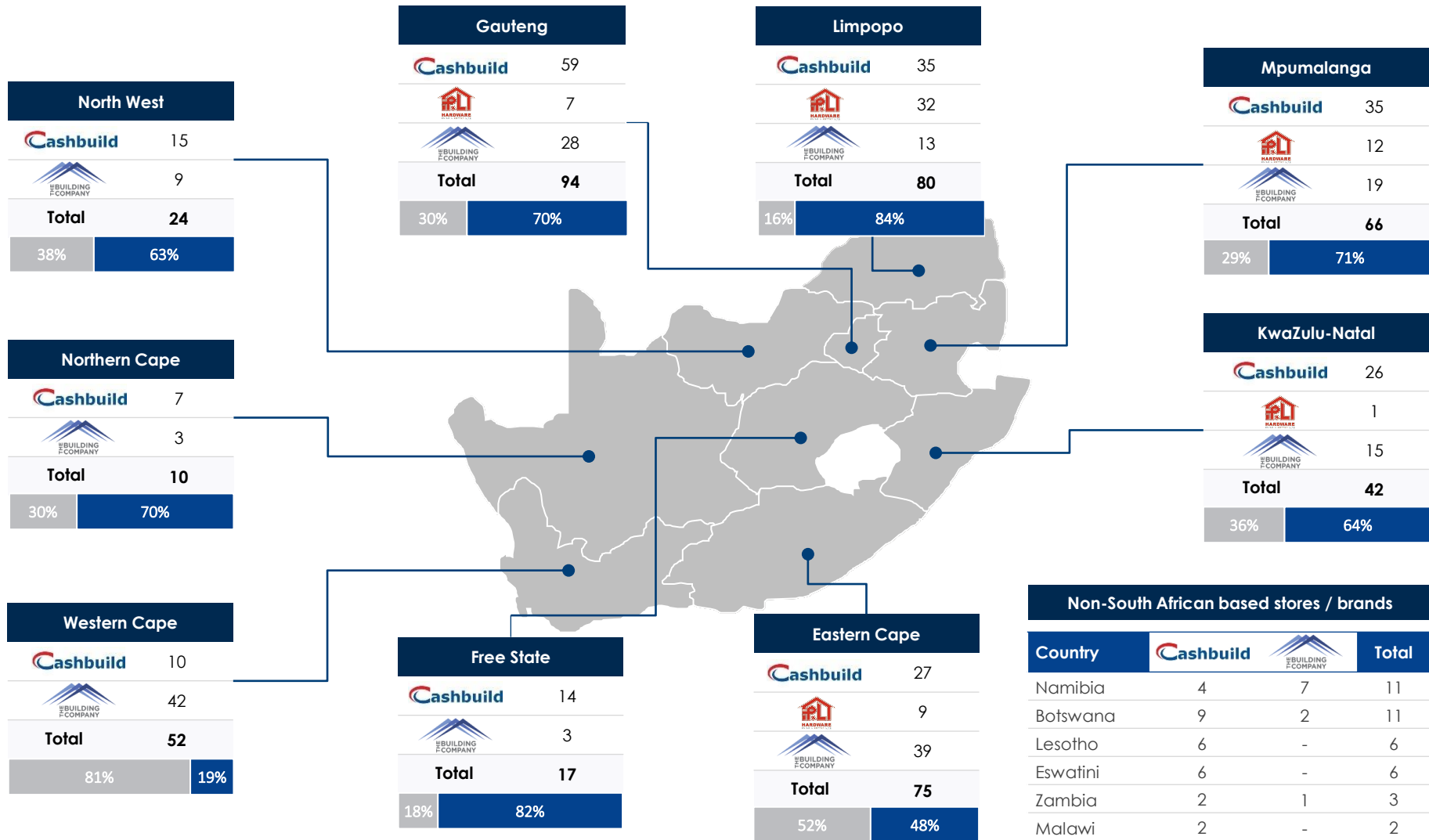
- While Cashbuild currently services a full spectrum of customers, TBC will bring with it a core competency in servicing building contractors

5 Improved operational efficiencies

- An acquisition of TBC will allow for several operational efficiencies and improved future trading profitability through access to additional suppliers, inventory and the optimisation of delivery routes

PRO FORMA SOUTH AFRICA STORE FOOTPRINT OVERLAP

Number of stores	
TBC ¹	181
Cashbuild	318
Grand total	499



Non-South African based stores / brands

Country	Cashbuild	Building F Company	Total
Namibia	4	7	11
Botswana	9	2	11
Lesotho	6	-	6
Eswatini	6	-	6
Zambia	2	1	3
Malawi	2	-	2

1. Inclusive of 21 franchise stores (Western Cape - 6, Gauteng - 4, Limpopo - 3, Mpumalanga - 2, KwaZulu-Natal - 2, North West - 1, Botswana - 2, Zambia - 1)

KEY TRANSACTION TERMS

The below summarises the key transaction terms of the Transaction

Purchase Consideration	<ul style="list-style-type: none">▪ The Purchase Consideration payable by Cashbuild is R1,074,700,000, subject to:<ul style="list-style-type: none">– an escalation rate of 5.5% per annum from 1 January 2021 until the Transaction closing date; and– the sum of the Purchase Consideration and the total escalation not exceeding R1,119,700,000▪ Represents an implied enterprise value multiple of 5.0x TBC's EBITDA¹ for the twelve month period ended 31 March 2020
Transaction structure	<ul style="list-style-type: none">▪ Acquisition of 100% of the issued share capital of TBC and the shareholder loan claims of Pepkor against TBC
Transaction financing	<ul style="list-style-type: none">▪ Transaction is fully funded by committed acquisition debt financing facilities
Conditions precedent	<ul style="list-style-type: none">▪ All necessary regulatory approvals being obtained including approval by the relevant competition authorities▪ The agreements giving effect to the acquisition financing being executed and becoming unconditional

1. Excluding the impact of IFRS 16