



Sabvest Limited

Incorporated in the Republic of South Africa

Registration number 1987/003753/06

“Sabvest” or “the group” or “the company”

ISIN: ZAE000006417 – ordinary shares

ISIN: ZAE000012043 – “N” ordinary shares

Share code: SBV – ordinary shares

Share code: SVN – “N” ordinary shares

AUDITED PRELIMINARY CONSOLIDATED SUMMARISED RESULTS

for the year ended 31 December 2019

and cash dividend declaration

Consolidated Summarised Statement of Financial Position

as at 31 December 2019

	Audited 31 Dec 2019 R'000	Audited 31 Dec 2018 R'000
Non-current assets	2 957 158	2 367 060
Property, plant and equipment	3 610	2 688
Right of use asset	483	–
Investment holdings	2 953 065	2 364 372
Unlisted investments	2 358 579	1 707 546
Listed investments	529 461	566 699
Listed investments held indirectly	65 025	90 127
Current assets	267 072	452 538
Finance advances and receivables	124 614	34 987
Listed investments	71 072	–
Listed investments held indirectly	–	65 985
Bond portfolio offshore	68 261	101 993
Cash balances	3 125	249 573
Total assets	3 224 230	2 819 598
Ordinary shareholders' equity	2 759 456	2 446 148
Non-current liabilities	372 976	277 109
Interest-bearing debt	300 000	100 000
Deferred tax liabilities	72 976	177 109
Current liabilities	91 798	96 341
Interest-bearing debt	49 278	66 176
Portfolio finance offshore	32 556	–
Current portion of non-current interest-bearing debt	–	40 000
Interest-bearing debt	16 722	26 176
Accounts payable and provisions	42 520	30 165
Total equity and liabilities	3 224 230	2 819 598

Consolidated Summarised Statement of Cash Flows

for the year ended 31 December 2019

	Audited 31 Dec 2019 R'000	Audited 31 Dec 2018 R'000
Cash generated by/(utilised in) operating activities	17 170	(52 477)
Net income for the year	381 886	238 083
Adjusted for non-cash items	(334 744)	(214 909)
Cash flows from operations	47 142	23 174
Dividends paid – ordinary	(29 972)	(30 345)
– special	–	(45 306)
Cash flows from investing activities	(428 519)	438 467
<i>These include:</i>		
Purchase of property, plant and equipment	(1 863)	(2 355)* ¹
Purchase of investment holdings and offshore portfolio	(514 237)	(1 557 659)
Proceeds from sale of investment holdings and offshore portfolio	195 664	643 431
Proceeds from sale of fixed assets	108	300
Proceeds of special dividend	–	1 387 500
Increase in finance advances and receivables	(108 191)	(32 750)* ¹
Cash effects of financing activities	164 901	(136 475)
<i>These include:</i>		
Increase in long-term loans	160 000	–
Repurchase of company shares	(18 201)	(120 609)
Decrease in interest-bearing debt	(9 454)	(7 036)
Increase/(decrease) in offshore portfolio finance	35 476	(7 685)
Decrease in cash offshore	(2 920)	–
Other	–	(1 143)
Change in cash and cash equivalents	(246 448)	249 515
Cash balances, less current interest-bearing debt excluding portfolio finance at beginning of year	249 573	58
Cash balances, less RSA interest-bearing debt at end of year	3 125	249 573

*¹ The group has enhanced its disclosure of cash flows from investment activities by separating purchases of property, plant and equipment, and increases in finance advances and receivables. This has resulted in no changes in the total amount reflected in cash flows from investment activities.

Consolidated Summarised Statement of Comprehensive Income

for the year ended 31 December 2019

	Audited 31 Dec 2019 R'000	Audited 31 Dec 2018 R'000
Gross income from operations and investments	373 794	364 351
Dividends received	115 422	53 557
Interest received	23 609	27 758
Foreign exchange (loss)/gain	(4 622)	21 681
Gain on sale of financial instruments and shares	5 028	68 405
Fees and sundry income	2 157	2 047
Fair value adjustments to investments	232 200	190 903
– Listed	(37 971)	(89 653)
– Listed investments held indirectly	(225)	6 103
– Unlisted	270 396	274 453
Transactional costs	(6 525)	(11 877)
Impairments reversed	686	851
Fair value loss on initial recognition of interest-free loans	(231)	(3 907)
Interest paid	(26 634)	(16 752)
Net income before expenses and exceptional items	341 090	332 666
<i>Less:</i> Expenditure	(63 337)	(43 281)
Operating costs – fixed	(34 388)	(27 222)
Operating costs – variable	(26 980)	(15 487)
Depreciation	(1 969)	(572)
Net income before taxation	277 753	289 385
Taxation – deferred	104 133	(51 302)
Net income for the year attributable to equity shareholders	381 886	238 083
Translation of foreign subsidiary * ¹	(20 507)	101 523
Total comprehensive income attributable to equity shareholders	361 379	339 606
Earnings per share – cents	916,8	531,3

*¹ This item may subsequently be classified to profit and loss.

Other information

as at 31 December 2019

	Audited 31 Dec 2019 R'000	Audited 31 Dec 2018 R'000
Net asset value per share with investments at fair value – cents	6 689	5 852
Number of shares in issue less held in treasury – 000's	41 252	41 802
Earnings per share – cents	916,8	531,3
Weighted average number of shares in issue – 000's	41 654	44 813
Headline earnings per share – cents * ²	916,8	530,9
Reconciliation of headline earnings		
Net income for the year	381 886	238 083
Profit on sale of property, plant and equipment	(8)	(155)
Headline earnings for the year	381 878	237 928

*² There are no diluting instruments.

Consolidated Summarised Statement of Changes in Equity

for the year ended 31 December 2019

	Share capital R'000	Share premium R'000	Non-distributable reserve R'000	Distributable reserve R'000	Total R'000
Balance as at 1 January 2018	851	28 437	42 295	2 232 362	2 303 945
Total comprehensive income for the year	–	–	101 523	238 083	339 606
Shares held in treasury – written back	5	17 311	–	–	17 316
Shares cancelled	(5)	(45 748)	–	(93 315)	(139 068)
Dividends paid	–	–	–	(75 651)	(75 651)
Balance as at 1 January 2019	851	–	143 818	2 301 479	2 446 148
Total comprehensive income for the year	–	–	(20 507)	381 886	361 379
Shares cancelled	–	–	–	(18 202)	(18 202)
Unclaimed dividends written back	–	–	–	103	103
Dividends paid	–	–	–	(29 972)	(29 972)
Balance at 31 December 2019	851	–	123 311	2 635 294	2 759 456

Investment Holdings

as at 31 December 2019

	Number of Ordinary shares/units	Economic interest %	Fair value R'000
Unlisted Investments			
Apex Partners Holdings (Pty) Ltd		49,9	93 842
Classic Food Brands (Pty) Ltd		25,0	23 926
DNI-4PL Contracts (Pty) Ltd * ¹		20,0	470 200
Flexo Line Products (Pty) Ltd		47,5	65 206
ITL Holdings Group * ²		30,0	760 015
Masimong Group Holdings (Pty) Ltd		10,0	147 100
Revix Group * ⁶		25,0	–
SA Bias Industries (Pty) Ltd * ³		59,9	735 600
Sunspray Food Ingredients (Pty) Ltd * ⁴		27,6	62 690
			2 358 579
Listed Investments			
Brait S.E. Convertible Bond	30 000	–	55 452
Corero Network Security Plc	36 250 000	7,3	39 228
Metrofile Holdings Limited	50 147 862	11,1	141 416
Rolfes Holdings Limited	28 500 000	17,6	82 365
Transaction Capital Limited	10 000 000	1,6	211 000
			529 461
Listed Investments Held Indirectly			
Rolfes Holdings Limited * ⁵	22 500 000	13,9	65 025
			65 025
Non-current investment holdings			
Current investments			
Listed investments			
– Brait S.E.	4 000 000	–	55 600
– Net1 UEPS Technologies Inc	300 000	–	15 472
Bond portfolio			68 261
Total current investments			139 333
TOTAL HOLDINGS			3 092 398

*¹ Effective interest of 16,0% in DNI through 34,78% of JAAH Investments which indirectly owns 46,0% of DNI through DN Invest (Pty) Ltd and a 4% interest in DN Invest (Pty) Ltd which owns 100% of DNI.

*² ITL Holdings Limited Jersey held through Mandarin Industries Limited BVI and ITL Holdings SA (Pty) Ltd held through Mandarin Holdings (Pty) Ltd and includes preferred shares of R99m in Mandarin Holdings redeemable in March 2023.

*³ Voting interest 49%.

*⁴ Held indirectly through ordinary shares in Famdeen Investments (Pty) Ltd.

*⁵ Held indirectly through participating preference shares in Masimong Chemicals (Pty) Ltd linked to the performance of 22,5m shares in Rolfes Holdings Limited.

*⁶ Revix UK Limited and Revix SA Holdco (Pty) Ltd.

Investment Holdings per Sector

as at 31 December 2019

	Listed/ Unlisted	Number of ordinary shares/units	Economic interest %	Fair value R'000
Industrial and Services				
DNI-4PL Contracts (Pty) Ltd	U		20,0	470 200
ITL Holdings Group	U		30,0	760 015
Metrofile Holdings Limited	L	50 147 862	11,1	141 416
SA Bias Industries (Pty) Ltd	U		59,9	735 600
				2 107 231
Industrial – Food and Related Products				
Classic Food Brands (Pty) Ltd	U		25,0	23 926
Flexo Line Products (Pty) Ltd	U		47,5	65 206
Sunspray Food Ingredients (Pty) Ltd	U		27,6	62 690
				151 822
Information Technology				
Corero Network Security Plc	L	36 250 000	7,3	39 228
Revix Group	U		25,0	–
				39 228
Mining, Chemicals and Agriculture				
Masimong Group Holdings (Pty) Ltd	U		10,0	147 100
Rolfes Holdings Limited	L	51 000 000	31,5	147 390
				294 490
Specialised Financial				
Apex Partners Holdings (Pty) Ltd	U		49,9	93 842
Brait S.E. Convertible Bond	L	30 000	–	55 452
Transaction Capital Limited	L	10 000 000	1,6	211 000
				360 294
Non-current investments				2 953 065
Current investments				139 333
Brait S.E.	L	4 000 000		55 600
Net1 UEPS Technologies Inc	L	300 000		15 472
Bond portfolio	L			68 261
TOTAL HOLDINGS				3 092 398

PROFILE

Sabvest is an investment group which has been listed on the JSE since 1988. Its 17m ordinary shares and 24,3m 'N' ordinary shares are quoted in the Equities Investment sector of the JSE. The ordinary shares carry 500 votes each and the 'N' ordinary shares carry one vote each. The Seabrooke Family Trust (SFT) is the controlling shareholder of Sabvest.

Sabvest has interests in nine unlisted investments, direct and indirect interests in six listed investments and an offshore bond portfolio, all accounted for on a fair value basis. Two of the listed investments are classified as current assets held for sale.

Sabvest also makes finance advances, holds general debt, share and cash portfolios and undertakes other fee, finance and profit earning activities from time to time.

CHANGES IN INVESTMENT HOLDINGS

During the reporting period, Sabvest:

- Purchased a 49% interest in Apex Partners Holdings (Pty) Limited, as advised on SENS;
- Purchased an additional 3 647 662 shares in Metrofile for R6,3m, thereby increasing its interest in Metrofile to 50,1m shares representing an 11,7% interest in Metrofile;
- Purchased an additional 1m shares in Rolfes for R2,4m, thereby increasing its direct and indirect economic interest in Rolfes to 51m shares representing a 31% economic interest in Rolfes;
- Purchased a 30% interest in Revix Group in the UK and RSA, as advised on SENS (subsequently diluted to 25%);
- Purchased a 10% interest in Masimong Group Holdings (Pty) Limited ("Masimong"), as advised on SENS;
- Increased its direct and indirect interests in DNI-4PL Contracts (Pty) Limited ("DNI") to 20% through its 34,78% interest in JAAH Investments (RF) (Pty) Limited, which indirectly owns 46% of DNI, and 4% in DN Invest (Pty) Ltd which owns 100% of DNI as advised on SENS;
- Purchased an additional 8 250 000 shares in Corero Network Security Plc for GBP278 262 (R5,1m) thereby increasing its interest in Corero to 36 250 000 shares representing a 7,21% interest in Corero;
- Purchased GBP3m (R56,8m) of five year 6,5% convertible bonds in Brait SE;
- Disposed of its 200 000 units in Value Capital Partners Fund for R26,9m; and
- Had its interest in Sunspray Food Ingredients reduced slightly to 27,67% pursuant to an issue of shares to Sunspray management.

During the period 550 000 Sabvest 'N' ordinary shares were purchased for R18,2m and cancelled.

At the reporting date Sabvest has classified its share investments in Brait and Net1 as current assets held for sale.

Subsequent to the reporting date, Sabvest has

- Disposed of 4m shares in Brait SE for R49,1m;
- Agreed to the delisting of Rolfes Holdings Limited on the basis that Sabvest will remain invested after the delisting but has granted a twelve month option to the new shareholder, Phatisa, to acquire 10,9m shares in Rolfes from Sabvest at 300 cents per share plus an interest related adjustment;
- Committed to take up additional shares in Masimong to maintain its 10% interest in an amount of R29m pursuant to a rights offer being implemented by Masimong;
- Participated in a capital raising at DNI in an amount of R28m after which its direct and indirect interests in DNI reduced to 19,1%.

During the reporting period Sabvest's major unlisted investees have concluded various transactions as follows:

- ITL Group has increased its interest in ITL Bangladesh from 50% to 100%, established new manufacturing facilities in Ethiopia, Madagascar and Mauritius, approved a new business unit in North Vietnam and commenced its first roll out of RFID contracts;
- The Flowmax UK division of SA Bias Industries has acquired 76% of Whisper Pumps Limited in the UK and 60% of Petroy B.V. in the Netherlands;
- DNI has concluded agreements to acquire controlling interests in Blue Label Mobile Group (Pty) Limited (including its interests in Hyve Mobile (Pty) Limited and Mobile Content Africa Limited) and 3G Mobile (Pty) Limited as advised by Blue Label Telecoms on SENS;
- Masimong has acquired a 47,5% interest in Intelichem (Pty) Limited and increased its interest to 25,5% in Mouton Holdings (which owns 100% of Mouton Citrus and 65% of Carmien Tea), and Seriti Resources Holdings (in which Masimong has a 25% interest) has bid for control of South32 SA Coal Holdings (Pty) Limited, as advised by South32 Limited on SENS;
- Apex continues to realise the portion of the assets of Torre Industries acquired by it and has now purchased a 19% interest in ELB Group Limited ("ELB") which has appointed Apex to manage its disposal, restructuring and recapitalisation programme, as advised by ELB on SENS.

FINANCIAL RESULTS

NAV per share increased by 14,30% to a new high of 6 689 cents per share and shareholders' funds increased to R2,759bn.

PAT increased to R382m notwithstanding fair value losses arising from reductions in share prices of Brait, Corero and Net1. The group's other listed investments, and Transaction Capital in particular, performed satisfactorily, as did its unlisted holdings.

Operating costs increased mainly due to the expansion of Sabvest's executive team and return linked incentives.

The balance sheet remains strong and liquid with shareholders' funds of R2,759bn, interest bearing debt net of cash and general bond portfolio of R222m and indebtedness of investees under Sabvest Finance guarantees of R145m. The guarantees are expected to be released or run down to zero over the forthcoming 36 months. The net indebtedness and guarantees remain comfortably within Sabvest's internal limit of 20% of gross assets.

The strategic intent in realising foreign investment has changed and this has resulted in fair value gains on foreign investments qualifying for Section 10B, and Paragraph 64B of the Eighth Schedule, exemption, resulting in a decrease in the deferred tax balance raised. The amount of R85,5m relating to fair value gains previously recognised on foreign investments has been written back and included in the deferred tax credit of R104m.

Dividends for the year have been increased by 10% to 75 cents per share. No special dividends were declared in 2019.

GROWTH METRICS

	Cents	PERCENTAGE COMPOUND GROWTH				
		1 year %	3 years %	5 years %	10 years %	15 years %
Net asset value per share* ¹	6 689,0	14,3	22,4	20,0	19,8	19,8
Headline earnings per share	916,8	72,7	363,6	15,6	22,7	20,6
Earnings per share	916,8	72,6	363,6	15,5	20,8	20,6
Dividends per share	75,0	10,3	10,9	11,8	18,3	23,9

*¹ Growth in NAV per share is calculated without dividends paid being re-invested.

The growth metrics have not been audited but have been determined by the directors based on audited information.

LISTED INVESTMENTS

- Brait's share price reduced materially due to the substantial write off of its investment in New Look, and uncertainties concerning the refinancing of its debt. Brait has implemented a financial restructuring programme including a substantial right issue, intends to dispose of its portfolio over a period and has appointed Ethos as its new investment advisor/administrator. Sabvest has selected Brait convertible bonds as its preferred investment in Brait rather than to continue holding ordinary shares. It accordingly acquired GBP3m of convertible bonds before year-end, and disposed of its 4m shares subsequent to the year-end;
- The Corero share price continues to be volatile on small volumes and reduced materially after an interim earnings miss and the need for a final rights issue before it is expected to become cash flow positive. However, Corero's relationship with Juniper Networks continues to gain traction which should bolster its volumes and revenues and therefore its intrinsic value in due course. Juniper also participated in the rights issue and is now a material shareholder in Corero;
- Metrofile had a number of one-off negatives in its 2019 financial year and which have been corrected and it is now trading satisfactorily;
- Net1 has recorded poor trading results in its post-SASSA contract period and experienced uncertainties relating to the value of its investment in Cell C, and its holdings in KSNNet in Korea. Its share price has been weak as a result. It has, however, eliminated its net balance sheet debt and it has now advised shareholders that it has received a \$237m offer for its holding in KSNNet. Sabvest's investment will be sold in 2020;
- Rolfes is trading satisfactorily despite a weak performance in its agricultural division. Rolfes shareholders have approved a delisting with control passing to Phatisa. Sabvest will remain invested in the unlisted entity alongside Phatisa, Masimong and Rolfes management. In the event that Phatisa exercises its option to acquire 10,9m Rolfes shares from Sabvest in the next twelve months, Sabvest's direct and indirect shareholding in Rolfes will reduce to 28%;
- Transaction Capital continues to trade very well with strong growth in both of its operating divisions. Its share price has strengthened as a result;
- The investment in Value Capital Partners was realised during the year, achieving a satisfactory return over the investment period.

UNLISTED INVESTMENTS

- Apex Partners is a specialist investment house which provides advisory, investing and lending solutions to investors, and lends and invests on a proprietary basis, particularly in restructuring and realisation opportunities. Its services support the investment activities of Sabvest and its special situation investing and lending augment Sabvest's existing investment universe.

Apex had a satisfactory year having taken proprietary positions in the industrial businesses of Torre industries and in ELB with a restructuring mandate from the ELB board. It has also fulfilled numerous other corporate finance mandates. Its NAV increased ahead of expectations.

- Classic Food Brands is a start-up food manufacturer specialising in chicken based products distributed through retail outlets in KwaZulu-Natal and Gauteng. Despite some teething problems in its production facilities, Classic is projecting a satisfactory year ahead.
- DNI provides technology, logistics and distribution services to the telecommunications industries and all network operators in RSA. DNI is growing strongly, is highly cash generative, is acquisitive (as evidenced by its agreements to acquire Blue Label Mobile and 3G Mobile), and has good prospects.
- Flexo Line Products is a manufacturer of high quality injection moulded plastic products primarily for the spice and food industries locally and internationally. Pursuant to a change in management and renegotiated contracts with its major customers, Flexo is trading profitably and to expectations.
- ITL Group (Intelligent Labelling Solutions) is a market leading international designer, manufacturer and distributor of apparel labelling and identification products and supply chain management solutions including RFID from its factories and marketing offices in the United States, Canada, China, India, Sri Lanka, Turkey, Bangladesh, Vietnam, Hong Kong, Mexico, Ethiopia, Mauritius, Madagascar, Germany, UK and South Africa for supply to the clothing industry worldwide through multiple international retail group accreditations. ITL once again traded well during the year. Growth prospects continue to be strong as its market penetration, production capabilities geographically, and technical and customer reach globally are at the forefront of the industry.
- Masimong is an investment group which has a portfolio of high performing growth assets and in particular its mining interests in Seriti Coal and Lephalale Coal & Power, and its agricultural interests in Mouton Citrus, Carmien Tea, Southern Cross Investment Holdings (which owns grape and date farms) and Intelichem, (which is a dominant supplier of crop solutions, nutrition, chemicals and seeds for sustainable farming in Africa). Masimong had a very satisfactory year with a material increase in NAV. It has numerous growth and investment opportunities and is one of the preferred bidders/owners in these sectors in RSA. Sabvest will increase its investment in Masimong if the opportunity arises.
- Revix is a start-up which has developed a new generation digital asset management portal through which it provides digital asset technology services focused primarily on bundled cryptocurrency and security token investment solutions. Revix has struggled with regulatory hurdles in some of its target markets and is re-evaluating its business model together with new industry partners who have acquired 25% of Revix. The investment is currently fully impaired.

- SA Bias Industries is an industrial group operating through:
 - Narrowtex which is a South African manufacturer and exporter of a range of narrow fabric products including webbings, strapping, tapes and braids.
 - Apparel Components (ACM) which is a manufacturer of lingerie components, elastics and accessories in South Africa.
 - The Flowmax Group which comprises a number of businesses engaged in the distribution of fluid handling equipment and systems in the United Kingdom and Europe through a decentralised network of subsidiaries and associates.

SA Bias had a fair overall performance in the period with Flowmax trading well but weakness in the South African Narrowtex and ACM divisions. Flowmax's prospects are good. Demand in South African industrial markets remains weak but focus on export opportunities is expected to enhance growth prospects. SA Bias remains liquid with material foreign cash holdings. A special dividend of R74m was paid to Sabvest during 2019.

- Sunspray Food Ingredients is a producer of spray dried and blended powdered food and drink products and the largest independent contract supplier of these products and services in South Africa.

Sunspray continues to trade satisfactorily, and continued growth is anticipated.

BASIS OF VALUATION

Unlisted investments except Apex and Masimong are valued using the maintainable earnings model based on historic normalised EBITDA adjusted for future prospects if appropriate. EBITDA multiples are based on transaction multiples usual for small/medium cap private companies except for ITL which is at a higher international level but below recent ITL share transaction multiples. Each resulting calculation is then adjusted for cash/debt/equivalents to determine net EV. The multiples are:

• Classic	–	5
• DNI	–	6.5
• Flexo	–	4.5
• ITL	–	9.25
• SA Bias		
– Flowmax	–	6
– Narrowtex	–	5
– ACM	–	4
• Sunspray	–	5

The multiples are unchanged from previous year except for Flexo which was reduced from 5 to 4.5.

Revix as a start-up is fully impaired.

Apex and Masimong are carried at attributable NAV after their own fair value calculations of their holdings net of minority and liquidity discounts and deferred CGT where appropriate.

Deferred CGT is raised on all fair value gains on investments unless there are offsetting tax losses or CGT exemptions (for example on the sale of non-RSA investments to foreign buyers). CGT is accordingly not raised on gains relating to ITL and Flowmax as it has now been determined and agreed that any future disposals will not be to RSA buyers. Deferred CGT raised directly in Apex and Masimong is not raised a second time in Sabvest.

FUTURE INVESTMENTS

Sabvest remains focused on unlisted investments but will also hold some listed investments where it is represented on the boards and/or has influence to execute particular strategies. It may issue new shares but only if the value exchange in the capital allocation decision is compelling.

Sabvest's current capital is fully allocated but it anticipates having free funds for investing from the realisation of Brait, Net1 and the portion of Rolfes under the option granted, and special dividends from investees from time to time. Sabvest anticipates deploying these receipts within its existing portfolio.

PARTNERSHIP PRINCIPLE

Sabvest only invests alongside family, operating or financial partners. Its current partners in each investment are recorded in the integrated annual report on its website.

NEW CAPITAL STRUCTURE

Sabvest believes it is in the interest of shareholders for it to simplify the group's dual share structure to facilitate liquidity and marketability; a reduction in the discount of the share price to NAV and the use of shares for potential capital raising and/or new investments. Shareholders are referred to the SENS announcements released on 28 October 2019 and 28 February 2020 and the scheme circular and prospectus dispatched to shareholders.

It is proposed to list a new entity, Sabvest Capital Limited ("Sabcap") with one class of ordinary share carrying one vote each which will be exchanged for ordinary and 'N' ordinary shares in Sabvest on the basis set out in the announcement and circular. Sabvest will then become a wholly owned subsidiary of Sabcap. Sabcap will be listed and Sabvest will be delisted simultaneously. Voting control will remain with The Seabrooke Family Trust (SFT) through majority voting rights held through an unlisted 'Z' share in Sabcap subject to SFT maintaining a minimum 10% economic holding in Sabcap. The 'Z' share is only transferable to Sabvest.

TRANSITIONAL GOVERNANCE

Sabvest will hold its AGM with all the usual agenda items before its delisting.

Sabcap will call a general meeting as soon as it is listed to consider and approve relevant governance requirements and authorities for the coming year.

The new Sabcap Board will be identical to the existing Sabvest Board.

DIVIDENDS

Dividends are determined relative to Sabvest's own cash flows from investments and services. The target is to achieve a minimum 10% compound rate in dividends over a period.

Dividends are considered twice annually. Normal dividends for the twelve months have been increased by 10% to 75 cents per share.

SHARE BUY BACKS AND ISSUES

Sabvest will not buy back or issue any shares before delisting. It is anticipated that the Sabcap Board will consider both once Sabcap has been listed and the general meeting has been held.

RELATED PARTIES

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and investee companies, and comprise fees, dividends and income.

Transactions with directors relate to fees and monies lent to the group by individuals and companies controlled by the directors.

ACCOUNTING POLICIES

The audited preliminary consolidated summarised financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and comply with the minimum disclosure requirements of International Accounting Standard 34: Interim Financial Reporting Guides issued by the Accounting Practices Committee and Financial Pronouncements issued by the Financial Reporting Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

These have been prepared on a historical cost basis, except for financial instruments and investments which are measured at fair value. The significant accounting policies and methods of computation are consistent in all material aspects of those applied in the previous financial year other than the adoption of IFRS16 *Leases*.

The group has adopted IFRS16 *Leases* with effect from 1 January 2019. IFRS16 *Leases* sets out the principals of leases for both parties in a contract, i.e. the customer (Lessee) and the supplier (Lessor). IFRS16 replaces the previous standard, IAS17 *Leases and related interpretations*. As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has used this practical expedient. The impact on the group's Summarised Consolidated Statement of Financial Position is the asset (the right of use for the leased premises) and the financial liability to pay rentals are capitalised and recognised. The impact on the group's Summarised Consolidated Statement of Comprehensive Income, is the depreciation and financial cost that replaces the rent charges under IAS17.

The significant accounting policies are available for inspection at the group's registered office. There has been no material change in judgements or estimates of the amounts reported in prior reporting periods. The preparation of these preliminary consolidated summarised financial statements were supervised by the Chief Financial Officer, R Pleaner CA(SA).

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The full annual financial statements of the group set out these disclosures and are available on the issuer's website, at the issuer's registered offices and upon request.

AUDIT OPINION

The auditors, Deloitte & Touche, have issued an unmodified audit opinion on the consolidated financial statements for the year ended 31 December 2019. Their audit was conducted in accordance with the International Standard of Auditing. The audited preliminary consolidated summarised results presented have been derived from the audited consolidated financial statements for the year ended 31 December 2019. The auditors, Deloitte & Touche, have issued an unmodified opinion of the preliminary consolidated summarised financial information. The auditors' report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain full understanding of the nature of the auditors' work they should obtain a copy of that report with the accompanying financial information from the registered office of the company. A copy of the full consolidated financial statements including the audit report and report on this preliminary consolidated summarised information are available for inspection at the company's registered office and on the company's website www.sabvest.com.

DIRECTORATE

As advised on SENS:

- Mr Leon Rood (42) BCom LLB was appointed as an executive director of the company with effect from 1 January 2019.
- Mr Nigel Hughes has retired from the board effective 31 December 2019. Nigel was a director of Sabvest since its listing in 1988, was a member of all four board committees and chaired two of them, as well as being lead independent director.
Nigel has been an excellent and very valuable non-executive director and retained strong independent views notwithstanding his length of tenure. The board thanks him very sincerely for his service to and support of Sabvest over this lengthy period.
- Mr Kuben Pillay (59) BA LLB (Wits) MCJ (Howard School of Law, USA) has been appointed as an independent non-executive director of Sabvest with effect from 1 January 2020. He has also joined the Remuneration, Nominations and Social & Ethics committees. Kuben is a highly experienced executive and a director of a number of listed and unlisted companies and is warmly welcomed by the board.

DIRECTORS' SHARE ENCUMBRANCES

None of the shares in Sabvest held by the directors or any of their related parties, including SFT, are encumbered.

KING IV™ COMPLIANCE

Sabvest's King IV™ compliance report is on the Sabvest website and will be updated in the 2019 integrated annual report.

PROSPECTS

The group's unlisted investee companies are all budgeting improved trading in 2020.

While it is not possible to predict share prices of the group's listed investments, their improving fundamentals and performance are likely to enhance value and thereby share prices in due course.

Overall Sabvest anticipates a satisfactory year in 2020.

References to future financial information in this announcement have not been reviewed or reported on by the group's auditors.

For and on behalf of the Board

Dawn Mokhobo
Chairman

Christopher Seabrooke
CEO

Raymond Pleaner
CFO

Sandton
12 March 2020

CASH DIVIDEND DECLARATION

Notice is hereby given that a final dividend of 39 cents (2018: 36 cents) per ordinary and 'N' ordinary share for the year ended 31 December 2019 has been declared out of income reserves making a total of 75 cents for the year (2018: 68 cents).

The issued share capital of the company at the declaration date is 16 975 293 ordinary and 24 276 919 'N' ordinary shares. The income tax number of the company is 9375/105/716.

Withholding tax on dividends at a rate of 20% will be deducted for all shareholders who are not exempt in terms of the legislation. This will result in a final net cash dividend of 31,2 cents per ordinary and 'N' ordinary share to non-exempt shareholders.

Last date to trade "CUM" dividend	Tuesday, 31 March 2020
Trading "EX" dividend commences	Wednesday, 1 April 2020
Record date	Friday, 3 April 2020
Dividend payment date	Monday, 6 April 2020

No dematerialisation or rematerialisation of share certificates will be allowed during the period Wednesday, 1 April 2020 to Friday, 3 April 2020 both days inclusive.

Registered address:

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Communications:

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Telephone: (011) 268 2400 • Fax: (011) 268 2422 • e-mail: ho@sabvest.com

Transfer secretaries:

Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown 2107)

Directors:

DNM Mokhobo # (*Chairperson*), BJT Shongwe # (*Deputy Chairperson and Lead Independent Director*), CS Seabrooke * (*Chief Executive*),
L Mthimunye *, K Pillay ^#, R Pleaner *, L Rood * *Executive #Independent ^Appointed 1 January 2020

Sponsor:

Rand Merchant Bank (A division of FirstRand Bank Limited), 1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton 2196

Company Secretary:

Levitt Kirson Business Services (Pty) Ltd