

Tiso Blackstar Group SE
(previously Blackstar Group SE)
(Incorporated in Malta)
(Company number SE 4)
(registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10)
LSE Ticker: TBGR
JSE Share code: TBG
ISIN: MT0000620113

30 July 2015

Tiso Blackstar Group SE (“Tiso Blackstar” or the “Company”)

Acquisition of 51.0% interest in Robor (Pty) Limited (“Robor”)

Tiso Blackstar’s strategy is to have meaningful interests in its underlying investments in order to have an influence on the investee companies’ strategy and control over cash flow. In line with this strategy, the board of the Company (“Board”) is pleased to announce that it will increase its interest in Robor (held by its wholly owned subsidiary, Tiso Blackstar Cyprus Limited) from 19.4% to 51%. Tiso Blackstar will purchase additional ordinary shares in Robor from certain existing Robor shareholders (“the Sellers”) for a consideration of R29.6 million (£1.5 million) (“the Consideration”) which will be settled through the issue of new Tiso Blackstar shares at intrinsic net asset value (“NAV”) per share (“the Robor Transaction”).

The Board is of the view that the Company is buying Robor at a cyclical low and therefore at an attractive time in the cycle and at an attractive price. Robor has an existing and growing African footprint that will benefit from the increasing infrastructure spend taking place on the African continent. With a strong balance sheet and an aligned management team who will hold the remaining 49% of the shares in the company, Robor is well positioned for expansion and growth.

Established in 1922, Robor (a private South African company), is a manufacturer and supplier of welded steel tube and pipe, cold formed steel profiles and associated value added products. The company also supplies, distributes and adds value to carbon steel coil, plate, sheet and structural profiles. Robor is the largest tube and pipe solution company in Southern Africa and is active in most industries including, mining transport – rail and road, construction, engineering, manufacturing, agriculture, energy, water and automotive. Robor’s mission is to be an engineering steel, tube and pipe company with an African focus. Robor generated a profit of R74.8 million (£3.8 million) before extraordinary items and taxation for its year ended 30 September 2014. Robor has recently completed a strategic acquisition of Tricom Structures who design, develop and manufacture steel structures for telecom tower companies, cell phone operators and power sectors. The demand for Tricom products/solutions is growing in Africa and will add value to Robor’s capabilities in terms of providing solutions across various market segments.

The Robor Transaction is subject to the fulfilment of a number of suspensive conditions precedent, including, inter alia:

- a) approval or deemed approval is obtained from the South African Competition Authorities (being the Competition Commission and/or the Competition Tribunal, as the case may be, both as established in terms of the South African Competition Act; 1998), as may be required or provided for in terms of the South African Competition Act, 1998;
- b) to the extent required, approvals or deemed approvals are obtained as are required to give effect to and implement the Proposed Transaction, including the approval of the JSE and the South African exchange control authorities; and

- c) the Sellers and Tiso Blackstar agree in writing the terms to be contained in the Robor Memorandum of Incorporation which shall be consistent with the terms and conditions of the shareholders' agreement, to be adopted immediately after the implementation of the Robor Transaction.

The Robor Transaction will only be implemented and become effective once all of the conditions precedent have been met, but by no later than 30 November 2015.

Tiso Blackstar will purchase additional ordinary shares in Robor from the Sellers thereby increasing its stake to 51% for the Consideration, equal to its fair value, of R29.6 million (£1.5 million). The Consideration will be settled through the issue of 1,740,358 new Tiso Blackstar ordinary shares of €0.76 each ("the Shares") on the JSE share register at a price of R17.00 per Share to the Sellers. The issue price of R17.00 is the Company's intrinsic NAV per Share post the acquisition of the investments in Times Media Group Limited and Kagiso Tiso Holdings (Pty) Limited and as disclosed in Annexure B of the Company's Annual Report 2014 (refer to page 9).

As the Tiso Blackstar shares have been issued at intrinsic NAV (being a premium to the current market price), there is no dilutive effect for existing Tiso Blackstar shareholders. Tiso Blackstar has been able to acquire control of Robor at a significant discount to the tangible balance sheet NAV (excluding goodwill and intangible assets) while at the same time issuing its shares at intrinsic NAV per share.

Following completion of all of the pre-conditions (expected to be in mid-September), the Company will make an application to both the London Stock Exchange and the JSE for admission of 1,740,358 new Tiso Blackstar Group SE shares to AIM and the JSE, and will seek to implement the Robor Transaction immediately thereafter.

It is Tiso Blackstar's strategy to evolve the group so as to hold four to six core investments, each of which can have a meaningful impact on NAV. The Company is in the process of selling all its smaller investments, including properties, the proceeds of which will be used to reduce its acquisition finance facility.

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