

Tiso Blackstar Group SE

(Incorporated in England and Wales)

(Company number SE 110)

(registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10)

JSE share code: TBG

ISIN: GB00BF37LF46

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

Acquisition of 100% interest in first impression labels proprietary limited

Introduction

Tiso Blackstar shareholders are advised that, on Tuesday, 13 November 2018, Hirt & Carter Group Proprietary Limited (“**Hirt & Carter**”), a wholly owned subsidiary of the Company, entered into a share sale and purchase agreement with the Cumming Family Trust (the “**Seller**”), (“**Agreement**”), in terms of which Hirt & Carter has agreed to acquire the entire issued share capital of First Impression Labels Proprietary Limited (“**First Impression Labels**”) from the Seller, for a purchase consideration of R190 million (“**Purchase Consideration**”) (the “**Transaction**”).

Background and rationale for the Transaction

The Hirt and Carter Group, consisting of Hirt & Carter, Uniprint Labels and Forms, Triumph and many other integrated brands, delivers unique design, marketing, technology, data insights and execution services to the Retail and FMCG market.

Hirt and Carter aims to be the partner of choice for blue-chip marketers and advertisers looking to sell products and promote their brands in the sub-Saharan African market.

Labels and Packaging are the last vestige of consumer interaction for both Retailers and Brands, and Hirt and Carter, through its existing Labels division, is looking to enhance the product and service offering to the Group’s client base. It is part of the Group’s strategy to invest in growth segments of the Brand and Marketing solutions sector.

First Impression Labels is a Durban based business which prints flexo and digital labels, shrink sleeves, wrap around labels and coupons for blue chip customers. The net asset value and profit attributable to the net assets of First Impression Labels for the year ended 28 February 2018, as per its audited annual financial statements, is R41 101 709, and R10 924 133, respectively. The acquisition of First Impression Labels, and subsequent merger with Uniprint Labels, will create a world-class labels business with a unique and innovative offering.

The acquisition will add scale to the existing business, further diversify the technology offering and capabilities for clients, and enhance the earnings base for the Group. In addition, the merged business will operate out of the new integrated facility in Cornubia, Durban, and will leverage off the efficiencies and cost savings this facility has created.

First Impression Labels has a strong leadership team and will assume management of the combined business, which will operate under the First Impression Labels brand. There is very little customer overlap in the merged entity. The new leadership team has a proven track record in building strong customer relationships, has built a diverse client base, and will complement the existing Labels business. The labels market is fragmented and requires consolidation to benefit from scale and ultimately synergies from lower input costs.

Tiso Blackstar will ensure that the provisions of First Impression Labels' memorandum of incorporation do not frustrate or relieve the Company in any way from compliance with its obligations in terms of the JSE Limited Listings Requirements ("**Listings Requirements**").

Salient terms of the Transaction

Hirt & Carter will acquire a 100% shareholding in First Impression Labels for the Purchase Consideration which is payable in two separate tranches as follows:

- an initial payment of R95 million, payable on the later of 1 March 2019, or any such later date as the parties agree in writing, ("**Effective Date**") or the last day of the calendar month in which the last of the conditions precedent has been fulfilled or waived such that the Agreement becomes of full force and effect; and
- an additional second payment equal to the base amount (i.e. not greater than R95 million) plus interest, payable on the first anniversary of the Effective Date.

The Effective Date for the Transaction is provisionally planned for 1 March 2019 subject to fulfillment of the conditions precedent.

Conditions Precedent

The implementation of the Transaction is subject to the fulfillment or waiver, to the extent permitted in terms of the Agreement, of the following conditions precedent, *inter alia*:

- Hirt & Carter, after having completed legal and financial due diligence investigations in respect of First Impression Labels, delivering to the Seller written confirmation that it wishes to proceed with the Transaction;
- First Impression Labels terminating its leases in respect of the premises it conducts its business operations;
- the receipt of consents from First Impression Labels' key customers as listed in the Agreement;
- the discharge and settlement of loans owed by First Impression Labels to certain creditors;
- Hirt & Carter providing the Seller with a valid and binding guarantee from the Company;
- the Seller having not given written notice to Hirt & Carter that it no longer wishes to proceed with the Transaction, by reason of the anticipated First Impression Labels earnings before interest, tax, depreciation and amortisation for the 2019 financial year being such that the Purchase Price, when calculated in accordance with the Agreement, will be less than a pre-determined amount; and
- the receipt of written unconditional approval of the Transaction from the Competition Authorities, or if such approval is granted on a conditional basis, each of Hirt & Carter and First Impression Labels confirming in writing to the other that such condition is acceptable to it.

The Transaction will be implemented and become effective once all of the conditions precedent have been met.

For the avoidance of doubt, the Seller is independent of and is not a related party of the Company, as contemplated in the Listings Requirements. The Transaction is classified as a category 2 transaction in terms of paragraphs 15.8 and 9.5(a) of the Listings Requirements.

London
16 November 2018

For further information, please contact:

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