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**")

CONDITIONAL DISPOSAL OF 100% INTEREST IN CONSOLIDATED STEEL INDUSTRIES PROPRIETARY LIMITED

A key part of Tiso Blackstar's strategy is to exit its non-core, non-media related assets. One of its non-core assets is Consolidated Steel Industries Proprietary Limited ("**CSI**"). The steel industry in South Africa in which CSI operates is in significant decline. Historically, the steel industry grew strongly with increased demand and capacity and, to some extent, filled capacity. However, the downturn of the South African economy since 2008/9 has seen the industry in decline for over ten years, with significant excess production capacity, a large number of competitors and continued installation of capacity, putting pressure on pricing, margins and profitability. The downturn of the economy has especially weakened the construction industry, which accounts for a large volume of steel purchases, with fewer projects being undertaken by both the private sector as well as the public sector. Additionally, the mining sector, another large steel customer, has also declined (and continues to decline). The tariff protection given to local steel makers has exacerbated the problem as local steel prices have risen by the same percentage as the tariff charged on imported steel and at the same time discount and payment terms have been reduced. This has placed the South African downstream steel industry under enormous pressure.

In line with its strategy, Tiso Blackstar has signed a sale of shares and claims agreement with Macsteel Service Centres SA Proprietary Limited ("**Macsteel**"), whereby Macsteel has conditionally agreed to purchase 100% of CSI's issued share capital, held through the Company's wholly owned subsidiary, Tiso Blackstar Holdings SE ("**Tiso Blackstar Holdings**"), as well as all claims owing by CSI to Tiso Blackstar Holdings and another subsidiary, Tiso Blackstar SA Proprietary Limited (the "**CSI Disposal**"), for a cash consideration ("**Purchase Consideration**") equivalent to the consolidated net asset value of CSI and its subsidiaries ("**NAV**"). The NAV will be determined at the last day of the month immediately preceding the month in which the last of the conditions precedent are either fulfilled or waived. The CSI NAV amounted to ZAR68.9 million as at 31 December 2017. The Purchase Consideration will be settled in cash on the 5th business day after the Purchase Consideration has been determined and will be applied to reduce Tiso Blackstar's term debt.

The CSI Disposal is subject to the fulfilment or waiver of a number of conditions precedent, including, *inter alia*:

a) the CSI Disposal being unconditionally approved in terms of the SA Competition Act, No. 89 of 1998; or conditionally approved on terms and conditions which each of Macsteel and Tiso Blackstar Holdings confirms in writing to the other to be acceptable to it;
b) the relevant approvals from the boards of directors of Tiso Blackstar Holdings, Macsteel and CSI; and
c) Macsteel confirming that it is satisfied with the results of its due diligence investigation into the affairs and business of CSI and its subsidiaries.

CSI owns 100% of Global Roofing Solutions, a leading South African roofing material manufacturer comprising Brownbuilt (established in 1964) and HH Robertson (established in 1958), making it one of the largest metal roofing manufacturers in South Africa and on the continent. CSI also owns 100% of Stalcor, a dynamic producer, stockist and distributor of stainless steel and aluminium products, servicing a range of sectors, particularly manufacturing, engineering, mining and construction.

During the six months ended 31 December 2017, CSI generated a loss attributable to the Group of ZAR7.7 million.

London

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