Tiso Blackstar Group

Investor presentation

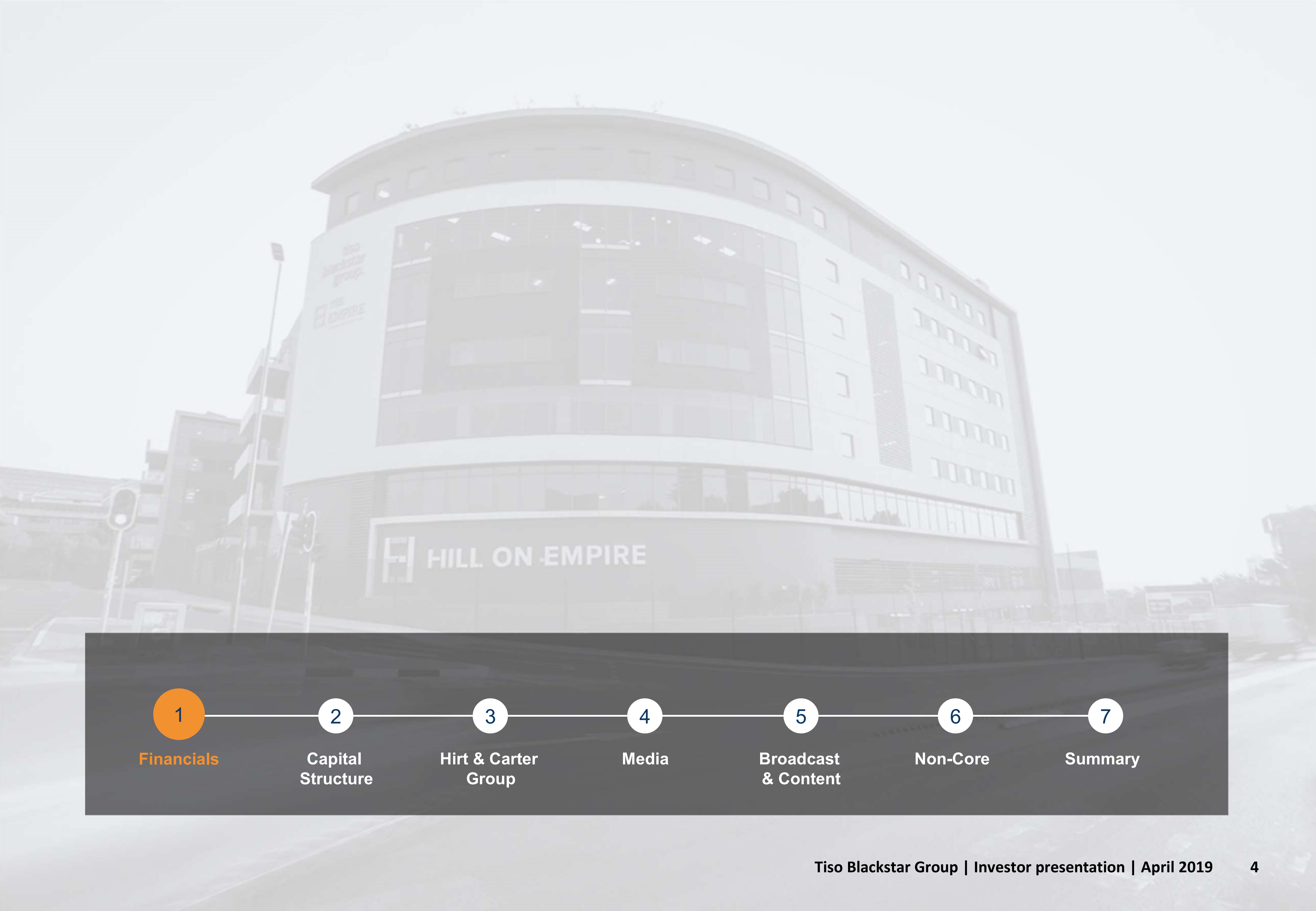
April 2019

Disclaimer

Certain statements in this presentation (other than the statements of historical fact) may contain forward-looking statements regarding Tiso Blackstar Group's operations, economic performance or financial condition, including, without limitation, those concerning the economic outlook for the industry, expectations regarding revenue, costs and other operating results, growth prospects and the outlook for Tiso Blackstar Group and any of its operations and investments. Although Tiso Blackstar Group believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Changes in the economic and market conditions, the success or otherwise of business and operating activities, changes in the regulatory and legislative environment, may influence the company's performance, and results may differ materially from those set out in the forward-looking statements.

Agenda

1. Financials
2. Capital Structure
3. Hirt & Carter Group
4. Media
5. Broadcast & Content
6. Non-Core
7. Summary



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Segmental trading results for the period ended 31 December 2018

	Prior period	Current period	Current period Growth
	6 Mths 30 Dec 2017	6 Mths 30 Dec 2018	6 Mths 30 Dec 2018
	R'millions	R'millions	%
Revenue	**1 988.4**	**2 046.7**	**2.9%**
Hirt & Carter Group	1 006.5	1 122.0	11.5%
Media - Excluding Booksite and STS (2)	746.0	702.1	(5.9%)
Media - Booksite and STS	42.8	39.3	(8.2%)
Broadcast & Content	190.5	182.3	(4.3%)
Other	2.6	1.0	(61.5%)
Operating Expenses	**(468.0)**	**(442.5)**	**5.5%**
EBITDA	**207.4**	**232.1**	**11.9%**
Hirt & Carter Group	164.5	173.5	5.5%
Media - Excluding Booksite and STS (2)	73.3	71.8	(2.0%)
Media - Booksite and STS	3.6	3.5	(2.8%)
Broadcast & Content	17.0	19.2	12.9%
Other	(51.0)	(35.9)	29.6%

2.9%
Revenue
growth in the current year

5.5%
Ops Cost Saving
saving in the current year

11.9%
EBITDA
growth in the current year

Normalised income statement for the period ended 31 December 2018

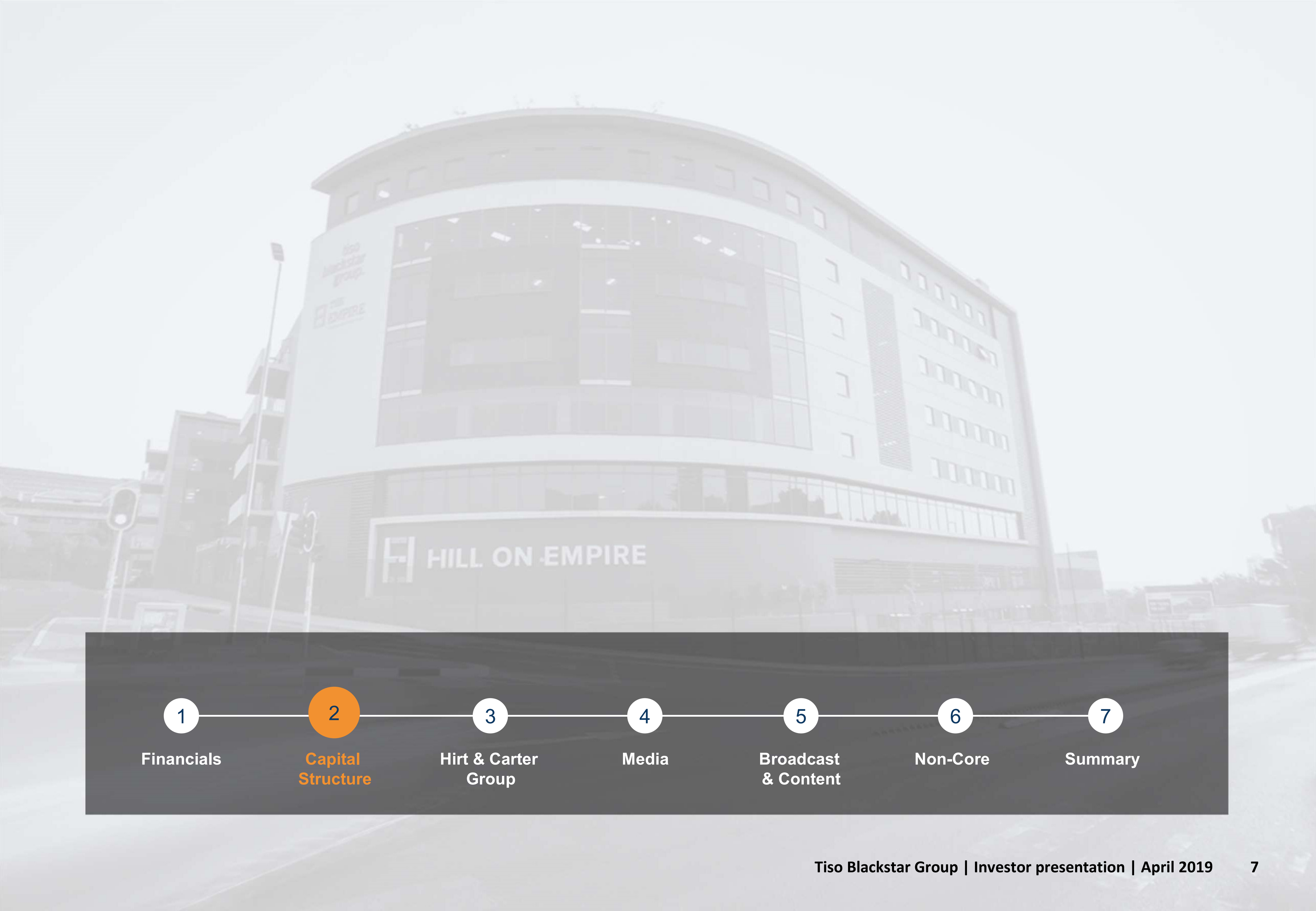
	6 Mths 30 Dec 2017			6 Mths 30 Dec 2018			Normalised	
	R'millions Reported	Adj	R'millions Normalised	R'millions Reported	Adj	R'millions Normalised	% Change	
Revenue	**1 988.4**		**1 988.4**	**2 046.7**		**2 046.7**	**2.9%**	⬆
Gross profit	643.6		643.6	644.3		644.3	**0.1%**	⬆
Operating expenditure	(468.0)		(468.0)	(442.5)		(442.5)	**5.5%**	⬇
Depreciation, amortisation, and straight line leases	(85.2)	39.6 [1]	(45.6)	(82.9)	36.6 [1]	(46.3)	**1.5%**	⬆
Other income	28.1		28.1	25.2		25.2	**(10.3%)**	⬇
Other (losses) / gains	18.5	(23.4) [2]	(4.9)	(47.5)	47.4 [2]	(0.1)		
Net profit	**137.00**		**153.2**	**96.6**		**180.6**	**17.9%**	⬆
Net finance costs	(72.6)		(72.6)	(71.4)		(71.4)	**1.7%**	⬇
Share of profit/(loss) of associates – equity accounted	(22.4)		(22.4)	27.0		27.0	**220.5%**	⬆
(Loss)/Profit from associates (net of impairment)	(58.5)	58.5 [3]	-	(81.1)	81.1 [3]	-		
Net profit/Loss before tax	**(16.5)**		**58.2**	**(28.9)**		**136.2**	**133.8%**	⬆
Taxation	(25.3)		(25.3)	(29.2)		(29.2)		
Profit (Loss) from continuing operations	**(41.8)**		**32.9**	**(58.1)**		**107.0**	**225.2%**	⬆
(Loss)/Profit from discontinued operations, net of tax	14.6		14.6	(23.3)		(23.3)	**(259.5%)**	⬇
(Loss)/Profit for the period	**(27.2)**		**47.5**	**(81.4)**		**83.7**	**76.2%**	⬆

Commentary

- Strong operational performance from the core business
- Normalised growth in revenue (2,9%), EBITDA (11,9%) and operating profit (17.9%)
- Operation expenses reduction of 5.5%
- Finance cost reduction of 1.7%
- Normalised profit after tax of R83.7 million, up 76.2% on prior year.

Adjustments

1. Reversal of amortisation of intangibles that arose on deemed acquisition and reversal of non-cash straight lining of leases.
2. Reversal of non-cash and non-recurring gains & losses in core businesses
3. Reversal of Non-Cash impairments of associates.



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Debt, cash and capex

Debt

Debt	30 Dec 2017 R'millions	30 Dec 2018 R'millions	Change %
Term Debt	**(1 061.8)**	**(919.2)**	**(13.4%)**
Tiso Blackstar Group SE (Acquisition Debt)	(467.0)	(135.4)	**(71.0%)**
Blackstar Holdings Group Debt (Core Debt)	(594.8)	(783.8)	**31.8%**
Asset Based Finance	(178.0)	(189.8)	**6.6%**
Cash/Overdraft	**(843.0)**	**(31.7)**	**(96.2%)**
Cash at bank	81.3	14.2	**(82.5%)**
Overdrafts	(924.3)	(45.9)	**(95.0%)**
Total Net Debt	**(2001.2)**	**(1 140.7)**	**(45.2%)**

Capex, depreciation and acquisitions

	6 Mths 30 Dec 2017 R'millions	6 Mths 30 Dec 2018 R'millions	% Change
Capex (net of disposals)	66.0	71.2	**7.9%**
Depreciation	45.5	46.4	**2.0%**
Bolt-on acquisitions - FIL (PY BBS)	13.9	-	**(100%)**

13.4%
Term Debt reduction current year

96.2%
Net Overdraft reduction current year

45.2%
Net Debt reduction current year

Debt

- **13.4% Term Debt reduction**
- **Short term, net overdraft reduced by 96.2% - Risk substantially reduced by CSI disposal**
- **Total Net Debt reduced by 45.2%**

Capex, depreciation and acquisitions

- **Capex of R71.2 million, up due to relocation to Cornubia**
- **Depreciation charge of R46.4 million**
- **Bolt-on acquisition of FIL, strategic for H&C. Payment of R95m in March 2019 and maximum of further R95m on 13 March 2020**

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Hirt & Carter Group

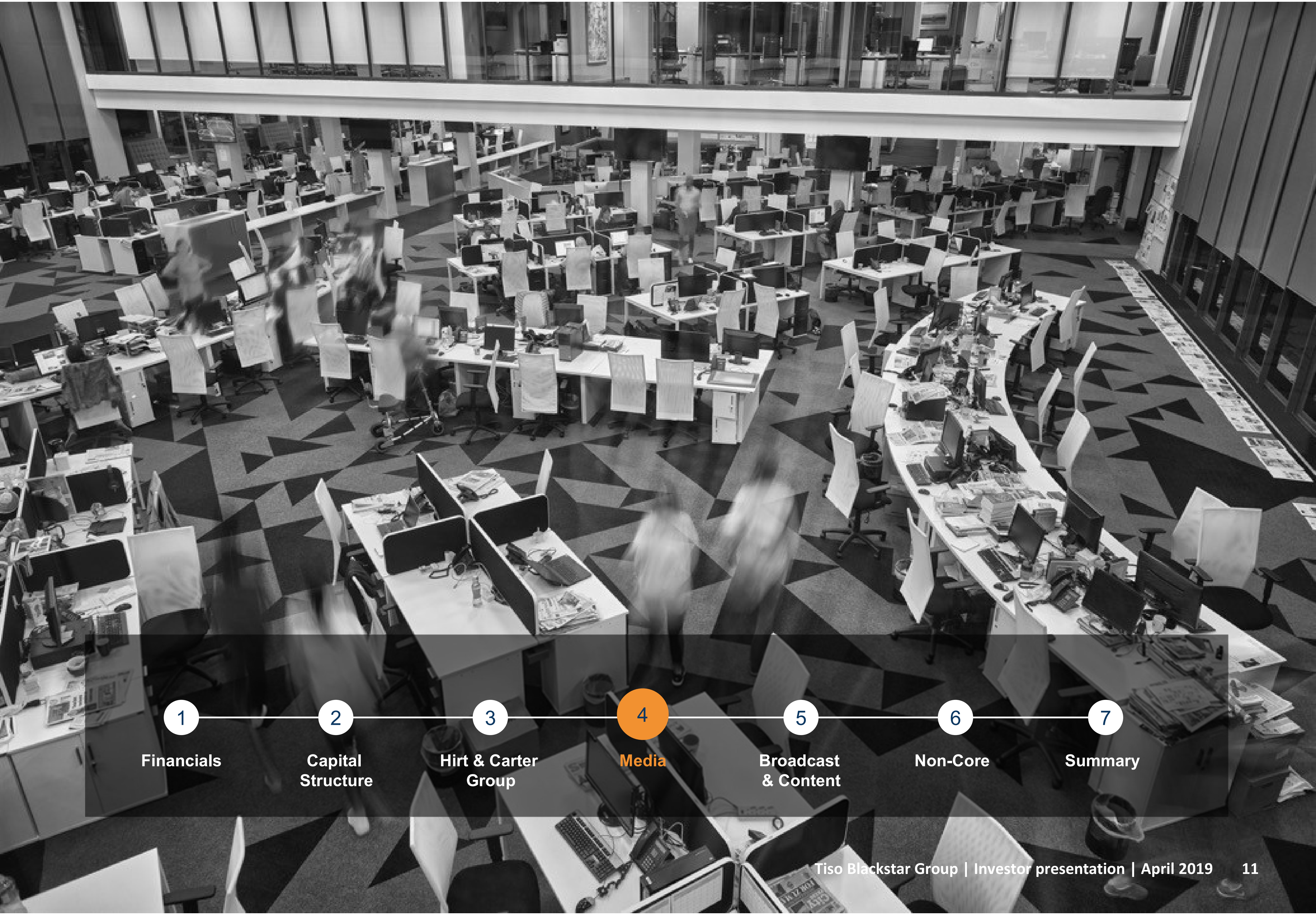
Key themes	Description
Highlights	➢ Double digit revenue growth (+11.5%) ➢ Relocation to new facility in Cornubia has commenced and is on time and on budget ➢ Deal reached on acquisition of First Impression Labels (FIL) – finalised post balance sheet ➢ H&C Software Solutions launched new products including content mgt solution for electronic display and apps/dashboards for delivering retail reporting ➢ Overall growth in customer base, product range and service offering
Initiatives/ Focus Areas	➢ Integration of Uniprint Labels and FIL to create an efficient label production facility ➢ Unlock unutilised capacity at Triumph packaging and target new market segments ➢ Continue customer and product offering growth in core business (retail and brand markets) ➢ Silo to capitalise on growing requirement for e-commerce solution by retail and brand owners ➢ H&C Software Solutions actively pursuing offshore opportunities in Dubai and Ireland ➢ Hive to refine technical solutions – currently running live trials with customers ➢ BBS to continue growth through cross-selling across the group – well positioned to provide solutions to brands looking to grow market share in the informal market ➢ Drive efficiencies in all business units through consolidation at the new Cornubia facility

Key Numbers

11.5%
Turnover increase

0.95%
GP% decline

5.5%
EBITDA increase



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Media

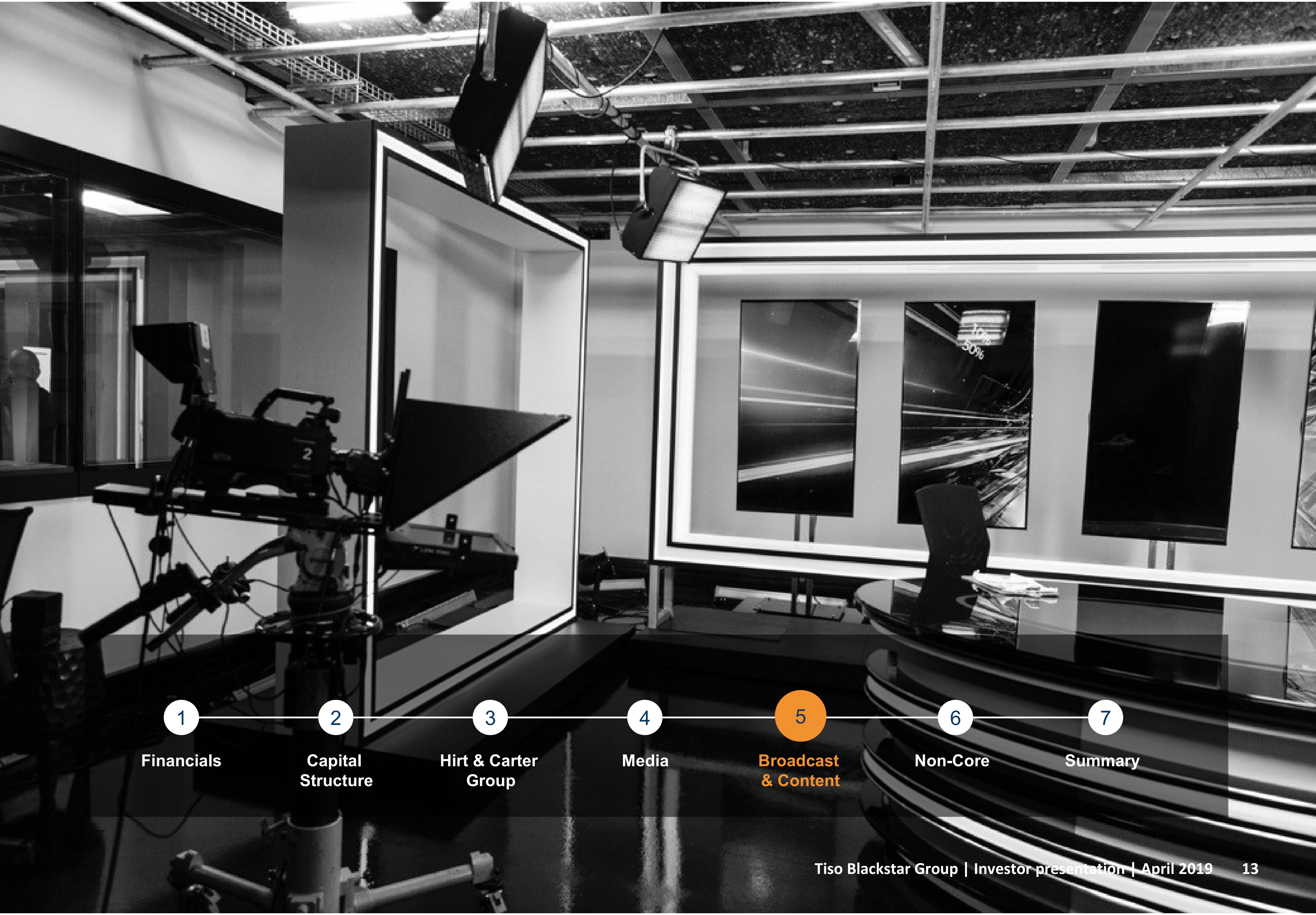
Key themes	Description
Highlights	➢ Strong performance relative to peers ➢ Quality content remains core differentiator with news and sports teams scooping most of major industry awards ➢ Growth initiatives, including digital, native advertising, bespoke magazines and eventing showed significant progress ➢ Launched TimesLive app and the Despatch paywall went live ➢ Strong cost management – salary freezes and focus on distribution costs
Initiatives/ Focus Areas	➢ Launch of digital Afrikaans product (Vrye Weekblad) to secure new digital subscription revenues ➢ Roll out of paywalls and digital subscription on key products ➢ Continued growth of new initiatives (digital, native advertising, bespoke magazines and eventing) ➢ Major focus on efficiencies including: ○ Full implementation of new editorial workflow ○ Delivering on distribution savings ○ Focus on optimising circulation, subscriber retention and yield improvement ○ Improved systems to improve accountability and avoid some of the failures experienced in 2018 ➢ Continued focus on overall cost management

Key Numbers

(5.9%)
Turnover decrease

35.1%
1.5% GP% increase

(2.0%)
EBITDA decrease



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Broadcast & Content

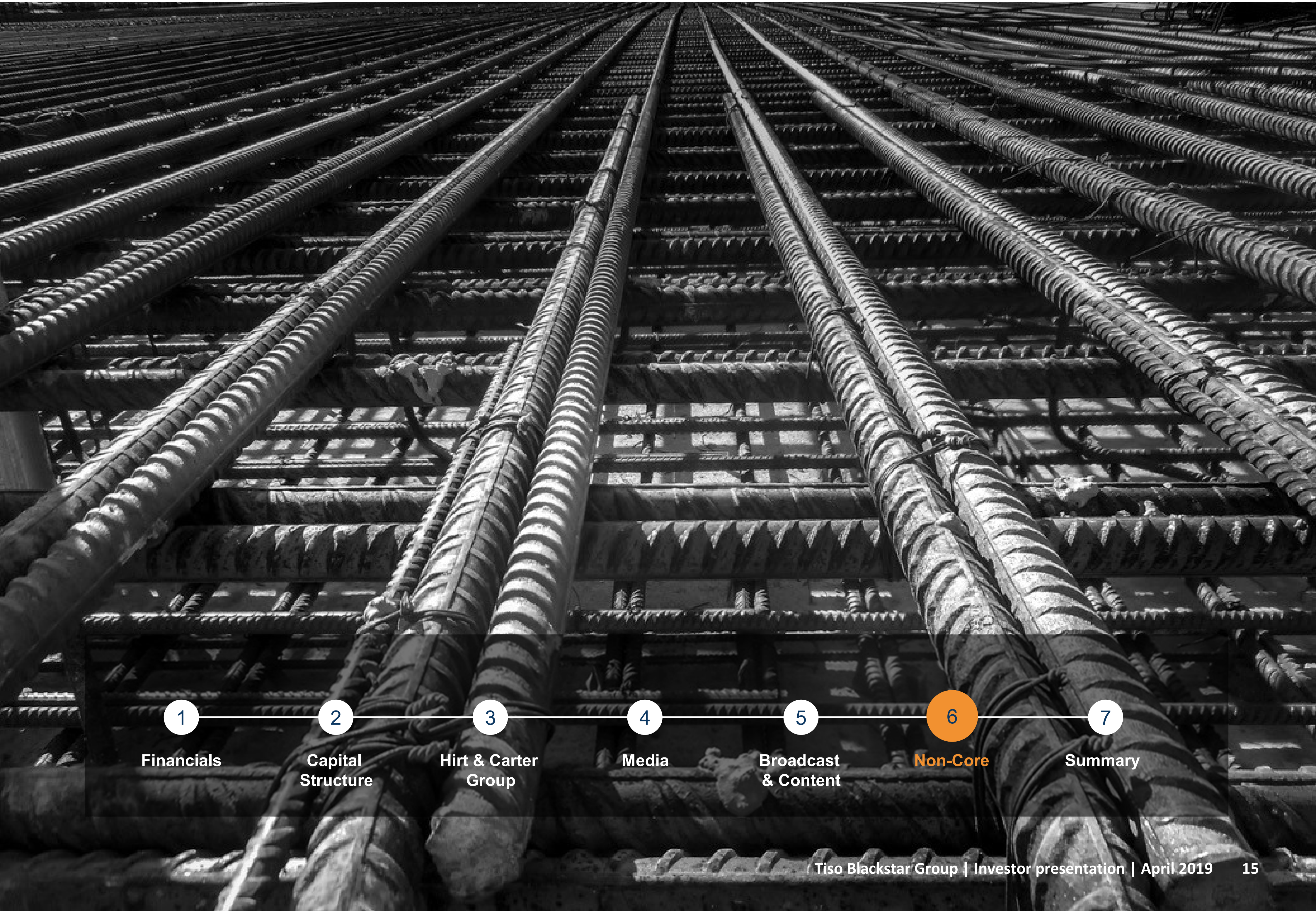
Key themes	Description
Highlights	➢ Double digit EBITDA growth (12.9%) despite tough trading conditions ➢ Established Blackstar TV and Ochre – grew earnings by 13% ➢ Empire Entertainment preforming well up on prior year (grew EBITDA by R4.5m to R14m. ➢ Empire maintains its leading position as distributors of independent films – strong future line-up ➢ Gallo Music negatively impacted by liquidation of distributor
Initiatives/ Focus Areas	➢ Vuma and Rise – keep growing audience – tight cost control ➢ Gallo continues to pursue frontline and catalogue building opportunities ➢ Empire to continue building quality independent title pipeline – targeting some operating cost reductions

Key Numbers

(4.3%)
Turnover decrease

36.6%
1.5% GP% increase

12.9%
EBITDA increase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Non-Core

Key themes	Description
KTH 20,1%	➢ TBG unable to come to terms on offer of cash and asset mix at an appropriate value ➢ KTH holds a portfolio of quality assets – 75% of gross assets comprised of Kagiso Media, MMI and Servest ➢ Total net asset value – R7.05bn after deducting net head office debt of R266m ➢ TBG closely working with other shareholders to reduce debt, streamline portfolio and return to KTH to paying dividends – target next 12 months
Robor 43%	➢ TBG guarantee reduced to R110m after settling R50m (March 2019) ➢ Macsteel merger terminated ➢ Alternative restructuring plans initiated, including selling certain assets to reduce debt ➢ Probable pick up in trading - competitors have closed steel tube and pipe mills and IPP process has resumed
Other	➢ Remaining CSI proceeds of R30m expected before financial year end ➢ Acceleration of other minor non-core assets sales (businesses, property, equipment) to further lower debt

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SUMMARY

Key themes	Description
Solid Core Trading	➢ Despite tough conditions core businesses have performed well. EBITDA up 12,9% and normalised PAT for continuing operations was up by 225% ➢ Difficult trading conditions expected to persist for 2nd half of the year
Reduced Term Debt	➢ Term Debt has been reduced by 13.4% to just over R900m ➢ Debt restructured to reduce costs and improve efficiency
Reduced OD/Short term Debt	➢ The overdraft and short term debt has been significantly reduced, by 96.2%, as a result of CSI disposal and Robor partial disposal ➢ Significant reduction in financial risk
KTH value unlock	➢ Unable to agree terms on planned disposal of remaining KTH stake. ➢ TBG closely working with other shareholders to reduce debt, streamline portfolio and return KTH to paying dividends – target next 12 months

Thank You