

EPE CAPITAL PARTNERS LTD ("ETHOS CAPITAL" OR "THE COMPANY" OR "THE GROUP")
INCORPORATED IN THE REPUBLIC OF MAURITIUS
REGISTRATION NUMBER: C138883 C1/GBL
ISIN: MU0522S00005
SHARE CODE: EPE

RESULTS FOR the YEAR ENDED 30 JUNE 2020,
AVAILABILITY OF AUDITED AFS, AND
NOTICE OF AGM

INTRODUCTION

EPE Capital Partners Ltd is an investment company, registered and incorporated in Mauritius as a public company. It is listed on the Johannesburg Stock Exchange ("JSE") and offers shareholders long-term capital appreciation by making commitments and investments into Funds or Co-Investments that are managed by Ethos Private Equity (Pty) Limited ("Ethos"), providing the Company with largely indirect exposure to a diversified portfolio of unlisted private equity type investments ("Portfolio Companies"). The Group's performance is largely measured by the growth in the net asset value ("NAV") and NAV per share ("NAVPS").

THE ADVISOR: ETHOS

Ethos acts as Ethos Capital's Investment Advisor. In addition, Ethos is the Manager of the Funds that Ethos Capital invests in. Ethos is an investment firm that manages investments in private equity and mezzanine transactions in South Africa and other sub-Saharan African countries. Ethos has a 36-year history and an unparalleled record of successful, sustainable investing across economic and political cycles that has delivered 97 realised investments at a 36% gross IRR and a 2.7x multiple of cost.

RESULTS ANNOUNCEMENT

Key highlights

- R0.75 billion fully underwritten Rights Issue and R0.7 billion loan facility concluded.
- R1.3 billion invested during the year, including investment in Brait.
- R1.9 billion carrying value of invested capital and total assets, with exposure to 22 Portfolio Companies.
- NAVPS at 30 June 2020 of R6.65, at Brait's share price.
- The equivalent NAVPS that is based on Brait's last reported NAVPS (at 31 March 2020), is R9.12.

Overview

2020 has been a year of two halves - both challenging - but for different reasons. The economic outlook in South Africa faced significant structural and growth impediments during the first part of the year. Consumer sentiment and business confidence remained at multi-decade lows, GDP growth rates continued to be significantly below market expectations and unexpected load shedding further influenced confidence.

With that backdrop, Ethos Capital achieved a steady performance during the first part of the year to February 2020, evidenced by increased valuations on key Portfolio Companies. It completed a R700 million loan facility and a R750 million fully underwritten Rights Issue in February 2020, with the proceeds used to Fund a R1.03 billion investment into Brait SE ("Brait") for an effective 9.8% stake. A further R0.24 billion was invested into existing investments, bringing invested capital to R2.7 billion. In March 2020, Ethos was appointed as the advisor to the Brait Board which has adopted a strategy of realising value from its existing investments. Since Ethos took over, Brait has sold two of its six Portfolio Companies and realised over R3.0 billion.

Performance during the second part of the year was significantly impacted by the unprecedented outbreak of the COVID-19 pandemic. Lockdowns imposed by governments have curtailed consumer spend, significantly reduced production capacity and output and resulted in the largest global contraction in GDP. With 18 out of the 22 Portfolio Companies being closed during the lockdown, the unlisted portfolio's short-term profitability was severely impacted and the peer group multiples on which their valuations are based declined significantly, resulting in the implied EV/maintainable EBITDA valuation multiple decreasing to 7.0x (30 June 2019: 7.5x). Furthermore, the share prices of the listed portfolio, consisting of Brait and MTN Zakhele Futhi, reduced by 58% and 23% over the latter part of the year.

At 30 June 2020, Ethos Capital's reported NAVPS, which is based on the respective listed investments' share prices at 30 June 2020, was R6.65 per share. The equivalent NAVPS that is based on Brait's last reported NAVPS at 31 March 2020, is R9.12.

The impact of COVID-19 is likely to be felt for some time. The Board believes that it is unlikely that there will be a material improvement in the macroeconomic outlook for South Africa in the next 12 months. The pandemic has resulted in a significant refocus on operational efficiencies at all of the Portfolio Companies which is likely to benefit these companies when the macroeconomic outlook improves.

FINANCIAL POSITION AND INVESTMENT PORTFOLIO

EXTRACT OF STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 June 2020 R'million	30 June 2019 R'million	30 June 2020 R'million	30 June 2019 R'million
ASSETS				
Non-current assets				
Unlisted investments at fair value	1,891.7	1,427.3	1,891.7	1,427.3
Current assets	13.4	501.3	12.9	500.8
TOTAL ASSETS	1,905.1	1,928.6	1,904.6	1,928.1
EQUITY AND LIABILITIES				
Total Ordinary shareholders' equity	1,711.8	1,785.5	1,856.2	1,920.5
Non-current liabilities	184.9	135.5	40.0	-
Current liabilities	8.4	7.6	8.4	7.6
Total Liabilities	193.3	143.1	48.4	7.6
TOTAL EQUITY AND LIABILITIES	1,905.1	1,928.6	1,904.6	1,928.1
NET ASSET VALUE				
Basic Net Asset Value per share (Rand)	6.65	11.34	6.85	11.23
Attributable shares in issue ('000)	257,500	157,500	271,000	171,000

INVESTMENT PORTFOLIO - AT 30 JUNE 2020

Name	Valuation R'million	% of total assets
Primary/Secondary Investments		
Ethos Fund VII	667.7	35.0
Ethos Mid Market Fund I	390.8	20.5
Ethos Healthcare Platform	116.8	6.1
Ethos Ai Fund I	112.7	5.9
Ethos Fund VI	47.8	2.5
Ethos Mezzanine Partners 3	22.8	1.2
Co-Investments		
Brait	250.8	13.2
Channel VAS Investments Ltd BVI	127.3	6.7
Primedia Holdings (Pty) Ltd/Ster Kinekor Theatres (Pty) Ltd	94.0	5.0
Kevro Holdings (Pty) Ltd	61.0	3.2
	1,891.7	99.3

TOP 10 UNDERLYING PORTFOLIO COMPANIES - AT 30 JUNE 2020

Name	Business description	Year*	% of Total assets
Channel VAS	FinTech service provider	2018	28.8
Virgin Active (Brait)	Health club operator	2020	12.8
Echo	Corporate ISP	2018	9.3
Premier (Brait)	FMCG manufacturer	2020	8.3
Vertice	MedTech	2018	8.1
Kevro	Corporate clothing and gifting	2017	6.1

Synerlytic	Specialised analytical and testing services	2019	6.0
Primedia	Media	2017	4.4
Gammatek	TMT accessory distribution	2018	3.8
TymeBank	Banking	2019	2.1
			89.7
Other (12 Portfolio Companies)			9.6
Total underlying investments			99.3

* Initial acquisition date by Ethos Fund

RESPONSIBILITY STATEMENT

This short-form announcement is the responsibility of the Directors of Ethos Capital and is only a summary of the information in the full announcement and does not contain full or complete details. The announcement is itself not audited but extracted from audited results. Any investment decision should be based on the full announcement which is available from today at:

<https://senspdf.jse.co.za/documents/2020/JSE/ISSE/EPEE/EPECAP0620.pdf>

and is published on the Company's website at:

<https://ethoscapital.mu/investors/reports-results/>

Copies of the full announcement may also be requested from the Company Secretary (represented by Mr Ravi Cunnoosamy) at no charge at +230 (0) 403 6000, during office hours, or at ethoscapital@ocorian.com.

PRESENTATION

Ethos Capital will host a webcast presentation at 10h00 am on Monday 28 September 2020 covering the results relating to the year ended 30 June 2020, and outlook. A copy of the presentation is available for download on the Company's website at <http://www.ethoscapital.mu/investors/reports-results/>

Participants should please register for the webcast in advance by navigating to this website:

<https://www.diamondpass.net/7970996>

AVAILABILITY OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended 30 June 2020, the Integrated Annual Report, the Notice of Annual General Meeting and the auditor's unmodified report including their identified key audit matters, have all been published on the Company's website and the document is available at <https://ethoscapital.mu/investors/reports-results/> or can be obtained or requested from the Company's registered office.

The Integrated Annual Report, Annual Financial Statements and the Notice of the Annual General Meeting will be distributed on 15 October 2020.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Ethos Capital shareholders will be held on 17 November 2020 at 14h00 via a remote interactive electronic platform, to transact the business as stated in the Annual General Meeting Notice forming part of the Integrated Annual Report and Annual Financial Statements.

SALIENT DATES

Record date to determine which shareholders are entitled to receive the notice of annual general meeting	2020 Friday, 9 October
Last day to trade in order to be eligible to attend and vote at the annual general meeting	Tuesday, 3 November
Record date to determine which shareholders are entitled to attend and vote at the annual general meeting	Friday, 6 November
Forms of proxy for the annual general meeting to be lodged by 14h00 on*, for administrative purposes	Friday, 13 November

* any proxies not lodged by this time must be lodged by email to proxy@computershare.co.za immediately prior to the commencement of the Annual General Meeting.

CORPORATE INFORMATION

Directors

Yvonne Stillhart (Chairperson)
Derek Prout-Jones
Kevin Allagapen
Michael Pfaff
Yuvraj Juwaheer

Senior Advisors (Officers)

Jean-Pierre van Onselen (CFO)
Peter Hayward-Butt (CEO)

Investment Advisor

Ethos Private Equity (Pty) Limited
35 Fricker Road
Illovo
Johannesburg, 2196

Company Secretary and Registered Office

Ocorian
6th Floor, Tower A,
1 Cybercity
Ebene
Mauritius

Auditors

Deloitte & Touche
Level 7, Standard Chartered Tower
19 Cybercity
Ebene
Mauritius

Deloitte & Touche

5 Magwa Crescent
Waterfall City
Johannesburg, 2090

Listing

JSE Limited
Abbreviated name: ETHOSCAP
JSE code: EPE
Sector: Financials - Equity Investment Instruments

Transfer Secretary

Computershare Investor Services Proprietary Limited
15 Biermann Avenue
Rosebank, 2196

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

1 Merchant Place
Cnr Fredman Drive & Rivonia Road, Sandton, 2196

Disclaimer

The financial information on which this announcement is based, has not been audited, reviewed and reported on by the Company's external auditors.
Ebene, Mauritius (with simultaneous circulation in Johannesburg)
28 September 2020

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)