

## **LONG4LIFE LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2016/216015/06)

Share code: L4L

ISIN: ZAE000243119

("Long4Life" or "the Company")

## **ACQUISITION BY LONG4LIFE OF CHILL HOLDINGS PROPRIETARY LIMITED ("CHILL") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

### **1. INTRODUCTION**

Long4Life is pleased to announce that it has concluded an agreement to acquire, with effect from 1 July 2017 (locked-box date), the entire issued share capital of Chill from its shareholders, being the existing senior management team of Chill ("Management"), Africa Beverage Ventures (Pty) Ltd and Raubenbel (Pty) Ltd ("the Sellers") ("the Acquisition").

### **2. OVERVIEW OF CHILL**

Founded in 2001 in the Western Cape, Chill is a producer, packer and distributor of beverages with storage and distribution facilities located in major cities across South Africa. Its core operations involve the production of Chill's own brands of non-alcoholic beverages as well as contract packing of both alcoholic and non-alcoholic beverages for its customers.

Chill's portfolio of strong beverage brands includes Score Energy, Fitch & Leedes, Bashew's and Country Club, amongst others.

### **3. RATIONALE FOR THE ACQUISITION**

The acquisition of Chill provides Long4Life with an opportunity to enhance its presence in the growing beverage sector.

Chill provides:

- an experienced, innovative management team with a proven track record;
- fully integrated in-house business platform from product conception and development, through production, to sales and marketing;
- world class production capability;
- leading beverage brands; and
- an expanding export division.

### **4. PURCHASE CONSIDERATION AND SETTLEMENT MECHANISM**

Chill recorded an EBITDA of R86 million translating to a net profit after tax of R46 million for the financial year ended 30 June 2017. The net asset value at that date was R135 million. These figures were extracted from Chill's audited financial statements which were prepared in terms of IFRS.

The Purchase Consideration will be determined by reference to the actual EBITDA achieved by Chill for the year ending 30 June 2018 ("FY2018").

The minimum purchase consideration for the entire issued share capital of Chill is R452 million, after deducting net debt of R182 million (“Purchase Consideration”).

The Purchase Consideration will be adjusted upwards by 7.05x for each Rand of FY2018 EBITDA achieved, as follows:

<b>FY2018 EBITDA</b>	<b>Maximum incremental Purchase Consideration adjustment</b>	<b>Maximum Purchase Consideration</b>
R90 million – R120 million	R211.5 million	R664 million
R120 million – R144 million	Nil	R664 million
R144 million – R154 million	R70.5 million	R734 million

The Purchase Consideration will be settled as follows:

- 75% in cash; and
- 25% through the issue of Long4Life shares at a price of R5.21 per share (“the Share Issue”).

The Share Issue will be made to Management in part settlement of their portion of the Purchase Consideration. Any disposal of these shares will be subject to certain restrictions over a 3 year period.

## **5. CONDITIONS PRECEDENT**

The Acquisition is subject to the fulfilment (or waiver) of certain conditions precedent, *inter alia*:

- approval by the competition authorities;
- consents being obtained from certain customers and lenders of Chill;
- amendments to certain operational agreements;
- employment and restraint agreements being entered into between Long4Life and certain members of the Chill management team; and
- confirmation by Long4Life that it is satisfied that no material adverse change in regard to Chill business having been occurred.

## **6. CATEGORISATION**

The Acquisition is classified as a Category 2 transaction for Long4Life in terms of the Listings Requirements of the JSE.

There is no matter in the constitutional documents of Chill which will preclude Long4Life from continuing to comply with its obligations in terms of the Listings Requirements of the JSE.

## **7. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

Shareholders are referred to the cautionary announcement dated 12 October 2017 and are advised that as a result of the full terms of the Acquisition having been released, shareholders no longer need to exercise caution when dealing in their Long4Life securities.

Johannesburg  
28 November 2017

**Financial Advisor and Sponsor to Long4Life**

The Standard Bank of South Africa Limited

**Legal adviser to Long4Life**

ENSAfrica

**Financial Advisor to the shareholders of Chill**

Investec Bank Limited

**Legal Adviser to the shareholders of Chill**

DLA Piper