



Long4Life Limited

#AUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED 28 FEBRUARY 2018

HEPS
30.2 cents

SOLID PLATFORM
FOR GROWTH
CREATED

NET CASH
R1.5 BILLION

SIGNIFICANT
GEARING CAPACITY
FOR FUTURE
ACQUISITIONS

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the period ended 28 February 2018

	11 months 2018 R'000	9 months 2017 R'000
Revenue	730 661	-
Cost of sales	(312 131)	-
Gross profit	418 530	-
Operating expenses	(286 797)	(130)
Other income	15 717	-
Trading profit (loss)	147 450	(130)
Share-based payment expense	(12 100)	-
Acquisition costs	(16 839)	-
Net capital items	(1 469)	-
Operating profit (loss)	117 042	(130)
Net finance income	122 298	-
Finance income	128 481	-
Finance charges	(6 183)	-
Profit (loss) before taxation	239 340	(130)
Taxation	(69 680)	-
Profit (loss) for the period	169 660	(130)
Attributable to		
Shareholders of the Company	168 948	(130)
Non-controlling interests	712	-
	169 660	(130)
Basic earnings (loss) per share (cents)	30.0	(130)
Diluted basic earnings (loss) per share (cents)	29.6	(130)
Headline earnings (loss) per share (cents)	30.2	(130)
Diluted headline earnings (loss) per share (cents)	29.8	(130)

COMMENTARY

Long4Life Limited ("L4L", "the Company" or "the group") was listed on the JSE Limited on 7 April 2017. On listing, 405 million shares were issued with R2 billion of capital raised, after which L4L commenced its activities as an investment company.

The focus since listing has been on the constitution of the board and bringing together an executive team that has a proven entrepreneurial business record and operating philosophy. Subsequent thereto, foundation assets primarily in the leisure and lifestyle sector, were targeted and acquired. In aggregate, roughly 484 million L4L shares were issued and cash of R436 million paid pursuant to these acquisitions.

FINANCIAL OVERVIEW

The Group's revenue for the period ended 28 February 2018, generated from the acquired assets for a four-month period, amounted to R730.66 million. Operating profit generated totalled R117.04 million, while interest earned on cash balances, which totalled R122.298 million at the end of the period, amounted to R128.48 million. Basic earnings attributable to shareholders of the Company amounted to R169.66 million with headline earnings at R170.39 million. Based on 564,066,872 weighted average number of outstanding shares in issue, this translated into basic earnings and headline earnings of 30.0 cents and 30.2 cent per share, respectively.

ACQUISITIONS

During the period under review, the Company acquired Sportsmans Warehouse, Outdoor Warehouse and Performance Brands (housed within previously listed Holdsport Limited), Sorbet and Inhle Beverages, while Chill Beverages has been acquired post period end. The businesses were acquired on the basis of them generating approximately R540 million EBITDA creating a significant platform for growth. These acquisitions have been decentralised into the group's divisional structures of Sport and Recreation, Personal Care and Wellness, and Beverages.

BBBEE AND VENTURE CAPITAL INITIATIVES

BBBEE

L4L is committed to enhancing black economic empowerment and participation, and to this end is currently negotiating the introduction of additional BBBEE shareholders. If successfully implemented, it is anticipated that this will increase effective BBBEE ownership in L4L to approximately 20%. This, together with addressing other elements of BBBEE across the group's operating companies, is expected to yield meaningful benefits for the Company and all affected stakeholders alike.

Venture Capital

The L4L board recently approved the allocation of R100 million to venture capital opportunities. The fund will provide seed-funding in selected opportunities aimed at enhancing our vision in leisure and lifestyle. Additionally, this will assist in the development of South Africa's vast collective of emerging entrepreneurs, by supporting individuals and small- to medium-sized companies in the pursuit of their respective endeavours of bringing products and services to market. An early investment for the fund is the acquisition of a 49% stake in lifestyle footwear company, Veldskoek Shoes. This company owns the iconic Veldskoek and Plakkie's trademarks and operates the website www.veldskoek.shoes.

PROSPECTS

As the South African economy transforms further under its new political leadership, and even though the full extent and benefit of these changes is still to materialise, L4L is ideally positioned to take advantage of the opportunities that will result. This relates not only to the current portfolio of assets that have the capability of expansion and an ability to enhance efficiencies to adapt to current market circumstances, but also to pursue other value enhancing businesses. The executive team's entrepreneurial flair, the Company's balance sheet strength, access to an appropriate transactional pipeline as well as a wide spectrum of investors, are all catalysts for its ongoing yet diligent assessment of organic and acquisitive possibilities.

The Company's overriding objectives continue to be expansion at a pragmatic rate and delivering above-average growth. This will be achieved by ensuring quality operating earnings from strong cash generating businesses and acquisitions with appropriately assessed risk characteristics.

DIVIDENDS

The board has declared a maiden dividend gross of 5.4 cents per ordinary share in respect of the period ended 28 February 2018. The dividend is based on earnings from the group's businesses for the four months since acquisition, net of acquisition and corporate costs incurred for the full eleven months to 28 February 2018.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 28 February 2018

	2018 R'000	2017 R'000
Assets		
Non-current assets	2 800 362	-
Property, plant and equipment	198 955	-
Intangible assets	644 127	-
Deferred taxation assets	6 692	-
Goodwill	1 927 606	-
Investments	22 982	-
Current assets	2 344 015	*
Inventories	590 363	-
Trade and other receivables	66 642	-
Cash and cash equivalents	1 691 662	*
Taxation receivable	5 348	-
Total assets	5 144 377	*
Equity and liabilities		
Capital and reserves	4 523 863	(18 893)
Stated capital	4 339 723	(18 893)
Reserves attributable to shareholders of the company	163 361	-
Non-controlling interests	20 779	-
Non-current liabilities	257 089	-
Deferred taxation liabilities	159 610	-
Long-term provisions	2 126	-
Other financial liability	48 000	-
Long-term portion of straight-lining of leases	47 353	-
Current liabilities	363 425	18 893
Trade and other payables	200 377	18 893
Taxation	2 710	-
Borrowings	160 338	-
Total equity and liabilities	5 144 377	*
Number of shares in issue ('000)	889 776	**
Net asset (deficit) value per share attributable to shareholders of the company (cents)	506	(18 893 000)

* Amount below R1 000 **Less than 1 000

The dividend has been declared out of income reserves as defined in the Income Tax Act. Where applicable, the dividend will be subject to South African dividends withholding tax at a rate of 20% which will result in a net dividend of 4.3 cents per share payable to those shareholders who are not exempt from paying dividends withholding tax.

The number of ordinary shares in issue as at the date of this declaration is 911,728,057 and the company's tax reference number is 9745546169.

The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend:	Tuesday, 29 May 2018
Shares commence trading ex dividend:	Wednesday, 30 May 2018
Record date:	Friday, 1 June 2018
Payment date:	Monday, 4 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 May 2018 and Friday, 1 June 2018, both days inclusive.

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full audited announcement. Any investment decision should be based on the full audited announcement published on SENS and which is also available on our website www.long4life.co.za. The full audited announcement may be requested by emailing info@long4life.co.za or obtained in person, at no charge, at the registered office of the company or from the company's sponsor during office hours.

***The information in this short-form announcement has been extracted from the audited financial statements. This short-form announcement itself has not been audited.**

OPERATIONAL REVIEW

Introduction

L4L has a small corporate office with a skilled and experienced team. The group's emphasis on decentralisation of operations and management responsibility is complemented by strategic and financial input, guidance and support to the management teams within the various structures. These teams carry responsibility and accountability for the day-to-day operation of their respective businesses and are required to focus on being disciplined in the deployment of capital, while being ambitious on returns.

L4L's acquired businesses have performed in line with expectations and have been positioned for growth. The companies are primarily wholly owned, which enables the full benefit of cash flows. Management is currently focused on numerous opportunities that exist to leverage off the foundation of these assets, including the extension of existing products and services, expanding the geographic footprint, as well as through complementary and bolt-on acquisitions.

Sport and Recreation Division

The acquisition of Sportsmans Warehouse, Outdoor Warehouse and Performance Brands (all previously held under the Holdsport company structure) has been transformational for L4L. It has added substance and scale while presenting considerable opportunity over and above the existing product and service offering that was already firmly established at the time of purchase.

Sportsmans Warehouse: This is a complete sports concept with a three-decade legacy that differentiates from other retailers in terms of its breadth and depth of offering. It provides sporting equipment and apparel, including "athleisure", and sources brands from international principals,

as well as from its Performance Brands unit. Although it already boasts a vast national base, there is a cautious approach to expanding the footprint further, simultaneously remaining focused on ensuring superior returns and maximising sales per square metre. Examples of the latter are two newly-designed stores that recently opened, which are smaller in size, still offering a comprehensive product range and the same exemplary in-store experience. Trading over the period was in line with expectation.

Outdoor Warehouse: This unique offering was also established 30 years ago and remains focused on the outdoor apparel and equipment market with an offering that has been successfully evolving, including the range of offerings, in-store services, and specialist advice. Despite a tough market environment, Outdoor Warehouse has been trading above expectation. It is entrenched as a destination business, where considerable opportunity exists, and has embarked on a positioning process aimed at enhancing the look and feel of the stores.

Performance Brands: The division's Performance Brands, specifically First Ascent, Capestorm, Second Skins and African Nature are well-established in the market. A mix of internal sales as well as to external clients, such as corporate entities, schools, and game lodges in South and southern Africa, have been gaining momentum. Exciting prospects are evident with the unit performing well and showing signs of good market acceptance and growth.

Online: The division's fledgling e-commerce strategy is an important component that complements the in-store experience. Progress has been good, albeit coming off a low-base, but the potential is evident for robust future sales and profitability. The recently-launched rewards programme is also showing good signs of acceptance, which offers another compelling opportunity. Additionally, the e-commerce learnings, techniques and applications for other L4L divisions are significant.

Personal Care and Wellness Division

Sorbet: Sorbet was acquired to form the basis for the group's foray into the wellness, health and beauty sector, which has the potential for significant expansion through acquisition and bolt-on opportunities. Sorbet's highly recognised and respected brand, its national footprint and proven business model, have enabled the business to grow sustainably over the last few years. Satisfactory same-store growth is being achieved with new openings boosting overall revenue. With close on 200 stores run by a carefully selected group of franchisees, the full extent and leverage of Sorbet's offering, new products and ongoing initiatives is still to be derived. Additionally, meaningful benefits are anticipated through planned refinements to the supply chain and improved efficiencies in several areas of the business.

Beverages Division

L4L's first acquisition in this division was Inhle Beverages (Inhle), this subsequently having been complemented by the acquisition (post period end) of Chill Beverages (Chill).

Inhle: Inhle, based near Heidelberg in Gauteng, is a beverage contract packaging (co-packaging) business that has the potential for strong growth and development. Inhle specialises in the canning and bottling of energy drinks and natural mineral water using cans and polyethylene terephthalate (PET). Direct access to the largest market in the country as well as its proximity to surrounding territories, positions Inhle extremely well from an expansionary point of view. This is augmented by the recently secured liquor licence (for packaging purposes) which represents an additional industry opportunity.

Chill: Chill, based in the Western Cape, is a leading producer, packer and distributor of a range of beverages with storage and distribution facilities located in major cities across South Africa. Chill provides a fully integrated in-house business platform from product conception and development, through production, to sales and marketing, in addition to providing co-packing services to a number of market leading entities. Chill owns a portfolio of recognised brands, including Score Energy, Fitch & Leedes, Bashews and Country Club, amongst others.

Through the acquisition of both Inhle and Chill, L4L has managed to accelerate its entrée into the beverage industry. The various synergies that exist and which can be brought to bear between these complementary businesses, coupled with a broader national coverage afforded by their respective operational locations, presents exciting opportunities for L4L to enhance its presence in the growing South African beverage space. L4L sees this as an important and essential component of its chosen area of focus, namely the lifestyle, wellness and leisure sector.

Signed on behalf of the board

Brian Joffe
Chief executive officer
Johannesburg, South Africa
9 May 2018

Peter Riskowitz
Chief financial officer

DIRECTORS

Independent non-executive directors

Graham Dempster (Chairman), Lionel Jacobs, Keneilwe Moloko, Syd Muller, Tasneem Abdool-Samad

Executive directors

Brian Joffe (Chief executive officer), Peter Riskowitz (Chief financial officer), Colin Datnow

COMPANY SECRETARY

Marlene Klopper

CORPORATE INFORMATION

Long4Life Limited

("L4L", "the group", or "the company")
Incorporated in the Republic of South Africa
Registration number: 2016/216015/06
Share code: L4L
ISIN: ZAE000243119

Transfer secretaries

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Sponsor

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Independent auditors

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Further information regarding our group can be found on the Long4Life website:
www.long4life.co.za

