

Steinhoff International Holdings N.V.

(Incorporated in the Netherlands)

(Registration number: 63570173)

Share Code: **SNH**

ISIN: **NL0011375019**

## **STEINHOFF – PROCESS UPDATE**

Steinhoff International Holdings N.V. (the “Company” and with its subsidiaries, the “Group”)

Shareholders are referred to the presentation by management at the Annual General Meeting of the company (“AGM”) held on 20 April 2018 (“the Presentation”), in which the Group provided an update on various matters, including, liquidity, external group financing and debt cluster treatment, engagement with creditors, litigation, restructuring plan objectives, and an update on the release of the financial statements. A copy of the Presentation is available on the Company’s website, [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

This announcement provides stakeholders with further insights and a process update on key work streams.

### **Financing, Restructuring Plan and Debt Cluster Treatment**

The Presentation contained a summary of the Group's external debt position as at 31 March 2018. At that date the total outstanding external debt amounted to circa €10.4 billion, with circa €8.7 billion attributable to Europe, circa €1.4 billion attributable to South Africa and circa €0.25 billion to the US operations. We set out below some further detail on the debt position.

#### *South Africa*

In South Africa the repayment of debt at the African Group level has progressed well and a further circa €200m has been repaid since 31 March 2018. The Group anticipates that repayment of the African Group Debt will be completed shortly. Upon completion of the African debt repayment program the Group will have successfully repaid approximately €2 billion of African debt since January 2018. Accordingly, save for working capital facilities of the automotive business and the African properties division, the Group will have no remaining African debt.

#### *Europe and US*

Discussions with the numerous lenders to the Group are progressing and it is intended that the Group's restructuring plan will be presented at a private lenders meeting scheduled to be held in London on 18 May 2018. The plan is to present the Group's updated restructuring proposal to the lenders. This updated restructuring plan will cater separately for the requirements of the various groups of Lenders.

To date, the Group has relied on asset realisations to fund working capital, interest and professional advisors' fees, but this is not sustainable, and accordingly, the restructuring plan will include the Group's proposals for the management of the Group's cash flows and ongoing working capital requirements.

It is imperative that a restructuring plan is agreed with stakeholders as soon as possible in order to provide a more stable trading environment for the Group's operations, its people, suppliers and service providers, and to allow management more time to focus on and assist the underlying business.

### **Shareholders and vendor litigation**

The VEB court hearing dealing with the preliminary motions filed by the Company will be heard in Court in Amsterdam before the end of September 2018. The final date of this hearing is still to be set by the Court. These preliminary motions include a request by the Company to institute contribution proceedings against the former CEO, Markus Jooste.

The Company has, since the AGM, received legal proceedings requesting the authorisation of model case proceedings (German class action). It is in the process of considering the claim and obtaining the appropriate legal advice.

Claims by entities connected to the former Chairman, Dr Christo Wiese have also been received by the Group. The position in respect of Dr Wiese and the entities associated with him is different to that of other vendor and shareholder claims, due to the intimate involvement of Dr Wiese in and with the Group over many years. The Company shall, in order to protect the Group and its stakeholders, use all means and resources available to it to vigorously defend the Wiese entities' action.

Furthermore, the group has received demands from entities connected with Mr GT Ferreira (circa €100m) and the Tekkie Town vendors (circa €120m).

If and when initiated, these claims will be considered in the context of the Group's anticipated restructuring.

### **PwC investigation and Interim results**

The Group has received feedback from PwC in respect of the outcome of the first four and half months of their forensic investigation and is considering this in conjunction with its auditors.

As part of the PwC process, the roles and responsibilities of those previously at the helm of the Group are being investigated and appropriate action shall be taken by the Group as soon as practically possible. Further announcements in this regard are anticipated once legal advice has been obtained in respect of the findings of PwC. The Group is also giving consideration to reclaiming bonuses paid in the past to certain senior executives under the relevant Dutch code (to the extent applicable and appropriate).

The PwC feedback substantially aligns with and confirms the irregularities identified by Deloitte.

The investigation is reviewing the validity and recoverability of certain non-South African assets which were initially estimated to be in the region of €6bn. In addition, it has since emerged that the expected overstatement of profits and the accounting treatment of related parties may also result in material additional impairments of intangible and other assets. The extent of this increase is still being calculated and investigated and will form part of the June 2018 presentation dealing with the interim results of the Group.

The Group is making every effort to ensure that its unaudited interim results for the 6 month period ending 31 March 2018 are published before the end of June 2018, including an unaudited balance sheet for 30 September 2017.

These results will provide greater detail in relation to the nature and extent of the accounting irregularities albeit in unaudited form.

The Group aims to release its full year audited 2017 results by the end of December 2018 and the audited 2018 results before the end of January 2019.

### **Current trading**

The Group's business portfolio includes strong businesses as well as other businesses for which turn-around plans are being implemented. A trading update of these businesses for the 6 months ended 31 March 2018 will be included in the June 2018 results announcement.

Shareholders and other investors in the Company are advised to exercise caution when dealing in the securities of the Group.

JSE Sponsor: PSG Capital

Stellenbosch, 10 May 2018