

**Metair Investments Limited**

(Incorporated in the Republic of South Africa)

(Registration number 1948/031013/06)

Share code: MTA ISIN: ZAE000090692

("Metair" or the "Company")

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**POTENTIAL TRANSACTIONS AND CAUTIONARY ANNOUNCEMENT**

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Metair notes the recent media reports regarding the potential acquisition by Metair of Tovarna Akumulatorskih Baterij d.d. ("**TAB**"), a manufacturer of batteries based in Mežica, Slovenia within the European Union (the "**Potential Transaction**").

Metair would like to advise its shareholders ("**Shareholders**") that the Company has submitted an indicative non-binding offer to acquire TAB to the controlling shareholders of TAB. TAB comprises after-market automotive battery manufacturing facilities in Slovenia and Macedonia, an automotive after-market battery distribution network throughout Europe as well as a global industrial battery business and an energy storage business. Metair is in exclusive discussions regarding the Potential Transaction, for which the indicative purchase consideration is EUR 300 million.

The Potential Transaction is still in its early stages, is subject to a number of conditions (including, *inter alia*, satisfactory completion of a detailed full scope due diligence and negotiating the final terms of the Potential Transaction with the shareholders of TAB), Metair securing the required financial and shareholder support and other conditions customary to a transaction of this nature, such as regulatory and shareholder approvals.

Shareholders are advised that the current discussions may or may not result in the successful conclusion of the Potential Transaction. The probable date of completion of the Potential Transaction is uncertain and, if successfully concluded, would likely only occur during the final quarter of 2018.

If implemented, the Potential Transaction is expected to execute on Metair's stated strategy of expanding its Energy Vertical with a targeted combined automotive battery production of 15 million units and industrial cell manufacturing of 2 million units per annum, and would result in Metair becoming a key player in the global energy storage solutions market. Metair has identified TAB as a scarce strategic asset as it has a strong global presence in the industrial batteries segment and provides a platform to secure Metair's own European after-market distribution network. The Potential Transaction, if successfully concluded, is expected to:

- leverage the scale of the combined group and TAB's research and development expertise to allocate increased resources to research and development directed towards new technologies such as lithium-ion batteries and electric vehicles;
- balance Metair's OEM and after-market exposure in automotive batteries and also provide a balance between the automotive and industrial segments;
- enhance Metair's international brand portfolio with the TAB-owned distribution footprint in new regions;
- deliver on the Company's desire, through marketing excellence, to become a consumer focussed business with the strength and reach of the TAB brands;
- secure a quality business with quality people and an excellent reputation in the industry built up over 53 years; and

- enhance the production capabilities and technological development of the combined group - Metair's preliminary view is that it would seek to preserve and would consider expanding TAB's existing production sites to benefit from the competitive manufacturing cost base in TAB's current locations.

In addition, the Company is pleased to advise Shareholders that the Company has, separately from the Potential Transaction, entered into an exclusivity agreement with a black female owned empowerment partner in relation to a potential 30% direct shareholding in Metair's Automotive Components vertical (the "**Potential BEE Transaction**"). In addition to increasing black ownership within Metair's Automotive Components vertical, the successful conclusion of the Potential BEE Transaction is expected to provide the Company with additional funds which may be applied towards the Potential Transaction.

Metair believes that transformation is a strategic and business imperative, particularly in its South African Automotive Components vertical. Securing the potential growth, both from a volume increase and higher levels of localisation in this sector, will be greatly assisted by enhancing Metair's empowerment credentials in a sustainable and mutually beneficial manner.

Metair's responsible approach to executing its strategy as well as delivering on transformation will ensure that the Company applies fair value principles to each of Metair's operating verticals in all potential transactions, including both of the above, to target long-term sustainable Shareholder value enhancement.

Shareholders are advised that the Potential Transaction and the Potential BEE Transaction may have an effect on the price of the Company's securities and, as a result, should exercise caution when dealing in the Company's securities until a further announcement regarding the Potential Transaction and the Potential BEE Transaction is published.

Johannesburg  
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