

EOH HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/014669/06)

JSE share code: EOH ISIN: ZAE000071072

(“EOH” or “the EOH Group”)



VOLUNTARY ANNOUNCEMENT: DISPOSAL OF REMAINING 30% STAKE IN CONSTRUCTION COMPUTER SOFTWARE (PTY) LTD

1. Introduction

1.1. In July 2019, EOH Mthombo (“**the Seller**”), a wholly-owned subsidiary of EOH Holdings Limited (“**EOH**”), announced it had entered into a share purchase agreement (“**SPA**”) with RIB Limited (“**RIB**”), a wholly-owned subsidiary of RIB Software SE, in terms of which EOH Mthombo, disposed of a 70% interest in the issued ordinary share capital of Construction Computer Software (Pty) Ltd (“**CCS**”) together with its subsidiaries (“**the CCS group**”) for a consideration of R444 390 000 (the “**Initial Transaction**”). Simultaneously, EOH and CCS also:

1.1.1. Entered into reciprocal put and call option arrangements in relation to the remaining 30% of the issued ordinary share capital in CCS, and

1.1.2. 10% of the purchase consideration, being R44 439 000, was held in escrow as security for warranties provided in accordance with the terms of the SPA. Interest is for the benefit of EOH and no claims have been made against this escrow amount to date.

2. Salient terms of the Transaction

2.1. EOH is pleased to announce that RIB has agreed to an acceleration of the call option to purchase the remaining 30% of the issued ordinary share capital of CCS for an agreed consideration of R142 794 000, effective no later than 31 May 2020 (“**the Transaction**”).

2.2. In addition to the early exercise of the call option, RIB has agreed to release the full cash amount in escrow, in accordance with the terms of the escrow agreement, by no later than 30 September 2020 rather than 31 July 2021. As at 7 April 2020, the escrow cash balance totalled R46 198 050.50 and will continue to attract interest until settled.

3. Rationale for the Transaction

3.1. The sale of 70% of CCS was in line with EOH’s stated strategic intent of reorganising the group and optimising EOH’s capital structure. By retaining a 30% shareholding in CCS EOH planned to participate in the growth of CCS through RIB’s broader distribution and development network.

3.2. However, given the significant and growing uncertainty around the global economic conditions due to COVID-19, both EOH and RIB consider the transaction to be the most prudent approach in the circumstances and in the best interest of all parties. The Transaction will add to EOH’s

deleveraging program while giving RIB complete control over the business as it navigates the current environment.

3.3. The purchase consideration payable equates to an approximate EBITDA multiple of 6.5x on the 31 July 2019 EBITDA of CCS. Although lower than the Initial Transaction multiple, this still represents an attractive sale price for EOH given:

3.3.1. This Transaction excludes any control premium;

3.3.2. The generally unfavourable market conditions and a weaker global construction market;

3.3.3. The Transaction is in line with one of EOH's priorities to further deleverage the balance sheet;

3.3.4. The Transaction will result in a significant interest cost saving.

3.4. The average EBITDA multiple for the total CCS transaction is 7.9x on the 31 July 2019 EBITDA of CCS which is an attractive exit multiple in the current global and local economic environment.

The disclosures provided in this announcement are voluntary and for information purposes only.

20 April 2020

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