23rd annual Sun City investor conference

Brait PLC

(Registered in Mauritius as a Public Limited Company)
(Registration No. 183309 GBC)
Share code: BAT
ISIN: LU0011857645
Bond code: WKN: A2SBSU
ISIN: XS2088760157
LEI: 549300VB8GBX4UO7WG59
("Brait", the "Company" or "Group")

PORTFOLIO COMPANY OVERVIEW

Update on operational performance

Company	Update
Premier	– **Strong performance has continued to 31 December 2021** (LTM EBITDA up 23% YoY) driven by **volume increases and price inflation** – Performance driven by **Millbake up 23% in LTM,** but strong contributions from all business units – **Commissioning of Pretoria bakery to be completed by the end of March** (total capex R515m) which will drive additional operational benefits – **Ukraine crisis having a significant impact on wheat prices**, Premier's has secured contracts for next five months but is monitoring longer term impact on pricing / security of supply (Ukraine wheat harvesting season is July – Sept)
Virgin active	– **Covid lockdowns / restrictions** have begun to wane with all geographies are now operational – **Strong bounce back in the UK performance** since re-opening; **club restrictions in Italy likely to fall away at the end of March** which will positively impact member engagement and sales – **Asia Pacific business still significantly impacted by on-off COVID regulations** but will hopefully recover swiftly – **VASA sales have been strong in January and February** as COVID restrictions have been reduced, removal of the State of Emergency will result in the business being able to operate at full capacity – The recent Omicron restrictions curtailed membership recovery / growth and impacted forecasts, management continue to focus on **cash generation and liquidity-enhancing measures** across the territories – Recapitalisation of the business and appointment of the new CEO completed
NEW LOOK	– **Business significantly impacted by lower footfall due to Omicron and supply side constraints in Q421** which resulted in lower than budgeted sales in the quarter – **Management initiatives underway to recalibrate operating costs and improve the logistics chain issues** which should result a better operating platform going forward
Consol	– Continued **strong performance**, with strong **revenue and profit growth** – **Awaiting approval of the Competition Commission** for the sale of the business to complete

BRAIT

PREMIER

PREMIER

Nine months ended 31 December 2021 (YTD FY22)




Revenue:
R10,859m
+15% YoY
(+11% excluding Mister Sweet[1])

EBITDA:
R1,123m
+31% YoY
(+26% excluding Mister Sweet[1])

EBITDA margin %
10.3%
YTD FY21 % = 9.1%

EBIT:
R706m
+31% YoY
(+27% excluding Mister Sweet[1])

EBIT margin %
6.5%
YTD FY21 % = 5.7%

The integration of the Mister Sweet is complete
On track to deliver the merger synergies identified

Return on Invested Capital
14.1%
FY21 ROIC = 11.4%

Shareholder funding:
Repaid R86m
Total cash returned to Brait since 2011 of R1,818m

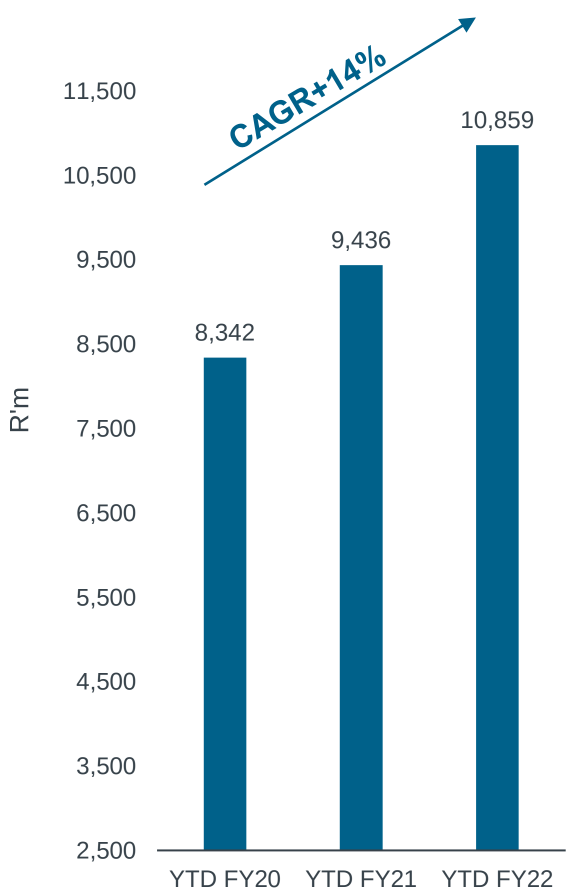
Net third party debt
leverage ratio of 1.6x

PREMIER

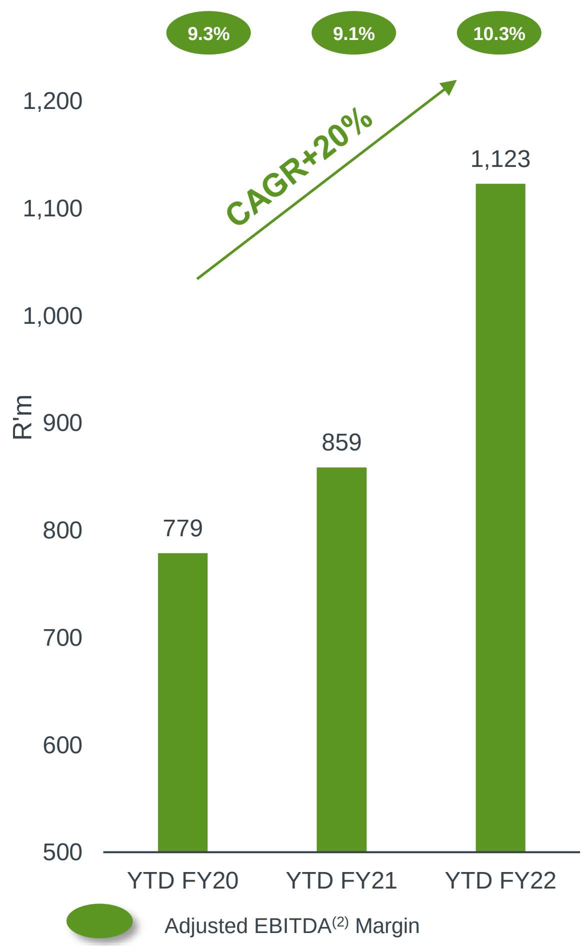
Resilience and Growth – 9 months to Dec 2021

Strong performance for the YTD 31 December [1], despite high commodity prices and the fourth wave of COVID-19

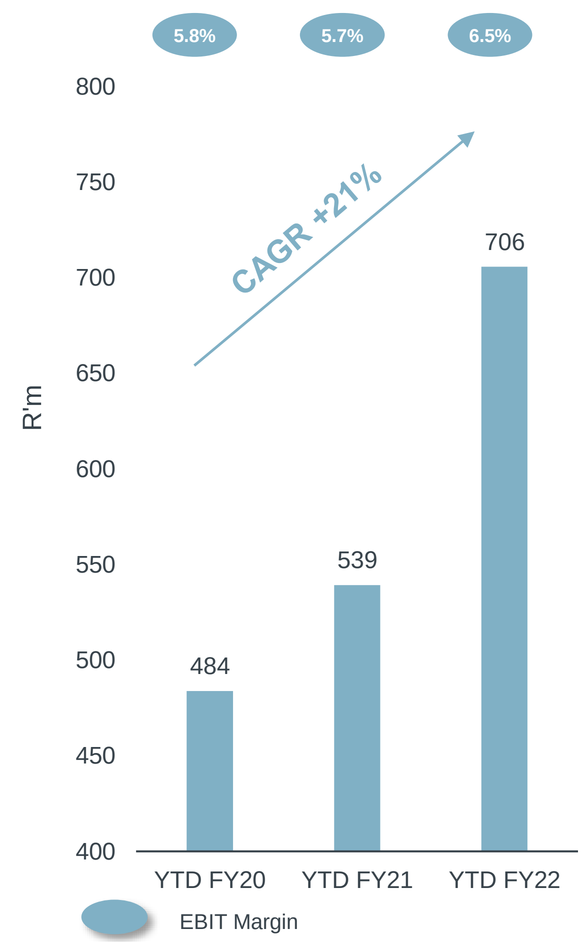
Revenue [1]



Adjusted EBITDA [1][2]



EBIT [1]



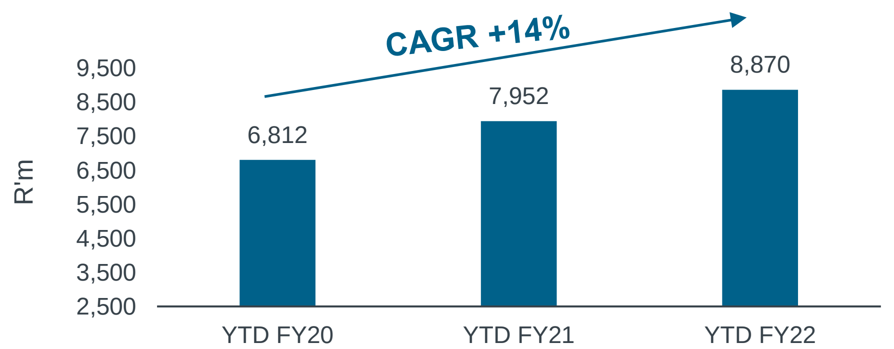
Source: Premier Management Accounts, Management Analysis

Notes: (1) All references to YTD refer to financial YTD (9 months to December) (2) EBITDA adjusted for a R62 million impairment loss in YTD FY22

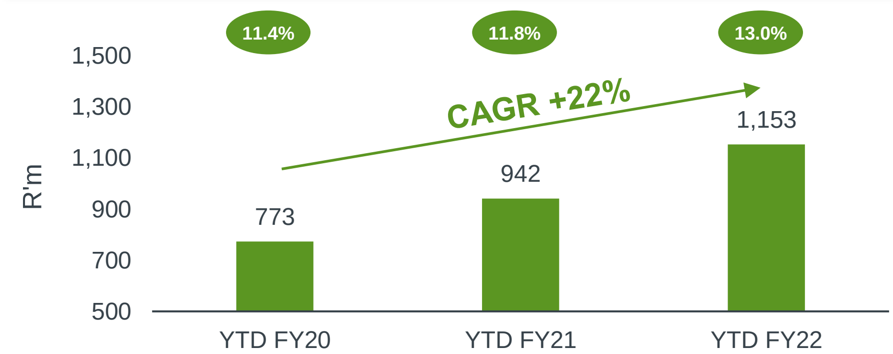
Divisional performance highlights – 9 months to Dec 2021

Millbake outperformed, successfully passing on inflationary increases in a tough trading environment

Revenue (1)

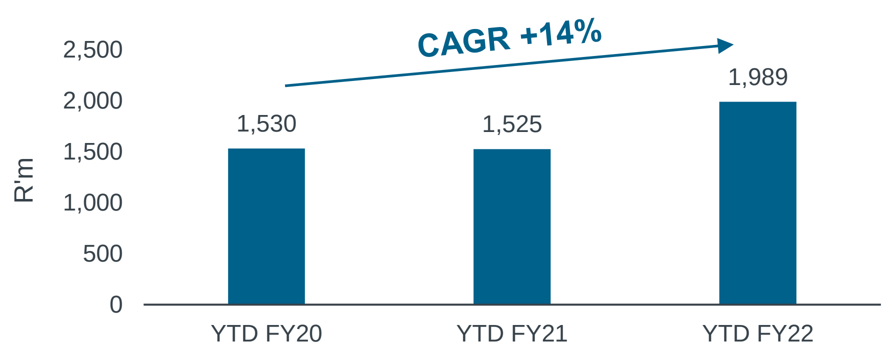


Adjusted EBITDA (1)(2)

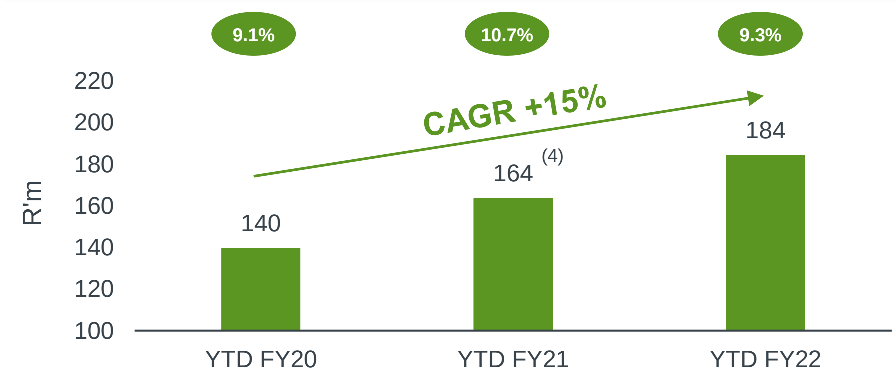


Groceries and International (3) performance driven by significant capex, brand loyalty and product expansion

Revenue (1)



Adjusted EBITDA (1)(2)



Source: Premier Management Accounts, Management Analysis

Notes: (1) All references to YTD refer to financial YTD (9 months to December); (2) Excludes head office costs, thus the sum of the two divisions will not tie up to the total; (3) Includes the impact of the Mister Sweet acquisition, concluded in June 2021; (4) Once-off restructuring costs have been excluded from Groceries and International YTD FY21 EBITDA performance

Adjusted EBITDA Margin

Long term EBITDA performance

Period of significant growth defined by:

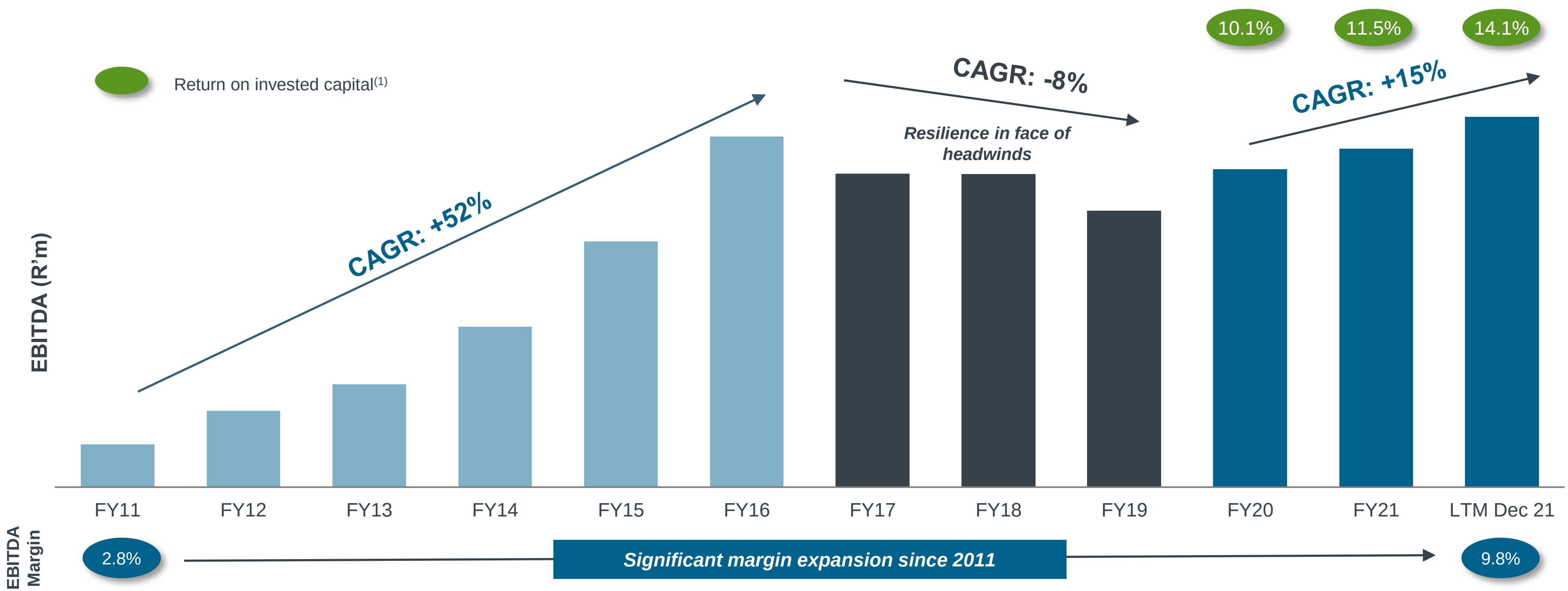
1. Substantial investment into Millbake business, with all its coastal bakeries (and eSwatini) upgraded
2. Expansion into an FMCG business, including sugar confectionary and feminine hygiene
3. Growth in chosen geographies (Eswatini and Mozambique)

Period of muted growth driven by:

1. Industrial action at Premier's Cape Town Bakery (Nov 2018 – March 2019)
2. Macro-economic collapse in Mozambique impacting CIM
3. Extreme volatility in maize prices caused by the worst drought in 100 years in 2016, followed by a record crop in 2017

Performance rebound driven by:

1. Volume and market share growth
2. Recovery in Cape Town Bakery and CIM
3. Active cost management and operational efficiencies



Source: Premier Annual Financial Statements, Management Analysis

Notes: (1) Invested capital excludes accounting adjustments for the revaluation of internally generated intangible assets and debt attributable to the Pretoria Bakery Project which has not yet been commissioned

Financial Overview: 3 months ended 31 December 2021

Current Operating Restrictions:

South Africa	**Open:** Level 1 - less onerous capacity restrictions
United Kingdom	**All facilities open:** work from home guidance lifted
Italy	**Open:** operating restrictions, proof of vaccination still required
Australia	**Open:** operating restrictions, proof of vaccination required
Thailand	**Open:** operating restrictions, proof of vaccination required
Singapore	**Open:** operating restrictions, proof of vaccination required

For the 3 months ended December 2021, Virgin Active group **achieved revenue of £86.3m, up from £75.1m** for the 3 months to September 2021. Total Membership closed the quarter at 807k

Club EBITDA(1) for the 3 months ending 31-Dec-21 totaled £14.9m (from £6.6m in the prior quarter), reflecting a positive trajectory with all clubs being open from 30th October. All key territories are EBITDA positive

	3 Months to September 2021 (2)	3 Months to December 2021 (2)
Revenue	**£75.1m**	**£86.3m**
South Africa	31.1	33.2
United Kingdom	24.1	24.8
Italy	17.5	19.2
Australia	0.2	4.6
Thailand	0.3	2.2
Singapore	1.9	2.3
Club EBITDA	**£6.6m**	**£14.9m**

Demonstrates the significant operating leverage in the business

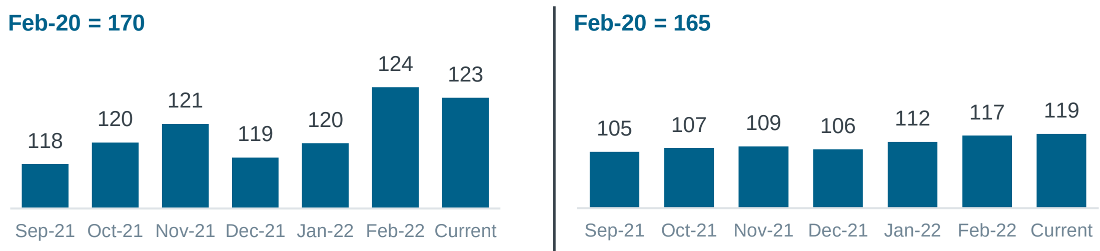
(1) Club EBITDA refers to like-for-like EBITDA excluding central costs

(2) Financial results presented on a like-for-like basis and reported at 2021 budget rates (ZAR 21.09, EUR 1.13, AUD 1.86, SGD 1.77, THB 40.14). Like-for-like refers to clubs opened 2018 and earlier

VIRGIN ACTIVE

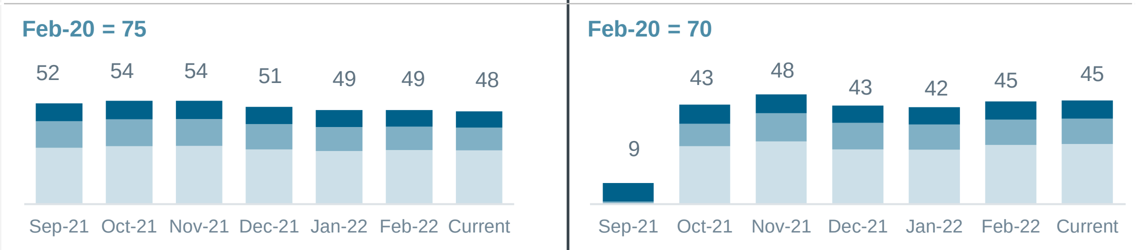
	Total membership ('000) [1]	Active membership ('000) [2]

ITALY
37 clubs

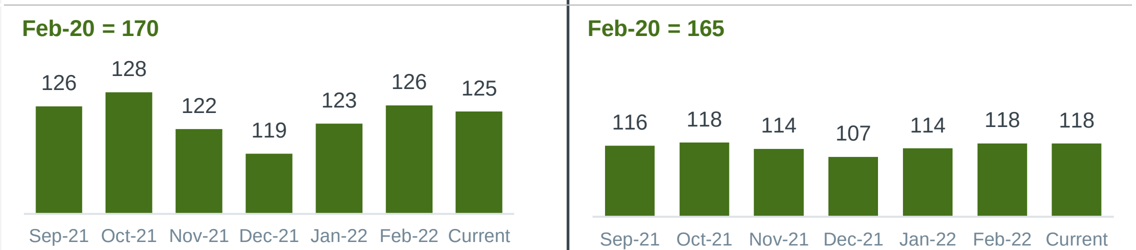


ASIA PACIFIC

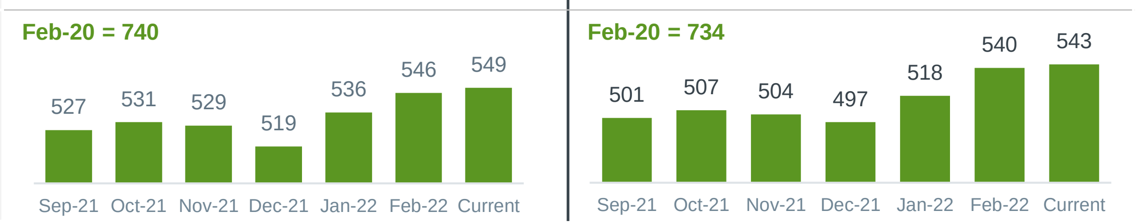
- Australia (10 clubs)
- Thailand (8 clubs)
- Singapore (6 clubs)



UNITED KINGDOM
36 clubs



SOUTHERN AFRICA
134 clubs



Latest update on performance

- Omicron variant had a **negative impact on sales in city centre clubs** at the beginning of the year however sales have now recovered to 2019 levels
- Reduction in the number of cases and easing of restrictions in February have led to increased sales in city centre clubs in particular

- A **return to CBD clubs have improved sales** in Australia as businesses continue to return to the offices following easing of restrictions
- Cases in Thailand continue to increase, impacting VA and its competitors as consumer confidence declines while a decrease in cases across Singapore have assisted in its recovery

- **Sales are returning to 2019 levels reflective of effective offers and promotions in the new year**
- Improved consumer confidence post the Omicron variant is highlighted by an improved performance in Central London clubs
- March MTD club usage is 91% of 2019 levels

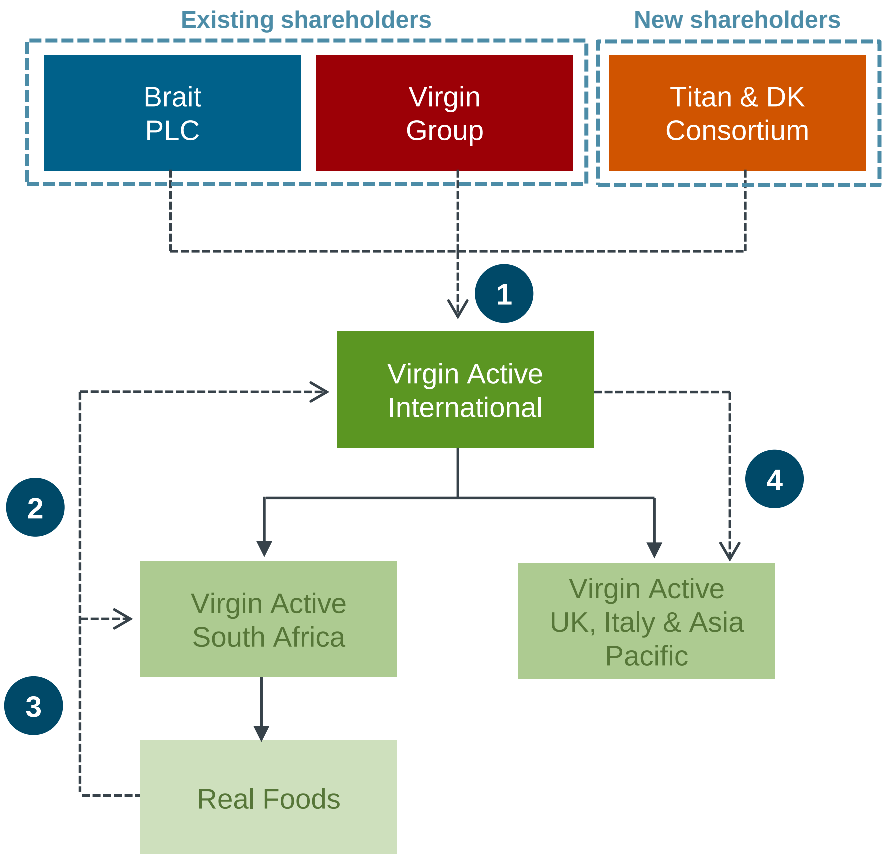
- Terminations have improved and are favorable to 2019 levels
- **MTD sales for February were 2% favorable to the same period in 2019 and in line with budget**

Source: Virgin Active Management accounts.

Notes: (1) Total Membership (including members on freeze) excluding closed clubs; (2) Active membership reflects Total membership excluding members on freeze

VIRGIN ACTIVE
Capital raise transaction overview

Transaction overview



All share transactions are based on the Brait 30 September 2021 Enterprise Value for Virgin Active of £949m

Transaction steps

1. Existing (£20.2m) and new shareholders (Titan and DK Consortium £68.2m) inject capital to acquire shares in Virgin Active International
2. Existing shareholders capitalise the current R950m shareholder guarantee in exchange for shares in Virgin Active International
3. Phase II - Virgin Active South Africa merges with Real Foods for £28.6m in exchange for shares in Virgin Active International via an amalgamation
4. Virgin Active International injects £30m into Virgin Active UK, Italy & Asia Pacific for liquidity and growth purposes

Ownership structure (pre and post transaction)

	Current / pre-money	Phase I		Phase II
		VASA Capitalisation	Subscription	
Change in value		+£46.3m	+£88.4m	+£28.6m
Equity value	**£470.8m**	**£517.2m**	**£605.6m**	**£634.1m**
Brait	80.1%	79.9%	70.6%	67.4%
Virgin Group	19.7%	19.7%	17.4%	16.6%
Management	0.2%	0.4%	0.2%	0.2%
Titan	-	-	8.3%	7.9%
DK consortium	-	-	3.6%	7.9%

VIRGIN ACTIVE
CEO appointment

The Board of Virgin Active has concluded a global search for a CEO replacement for the retiring founder Matthew Bucknall
Dean Kowarski will take over as the CEO of Virgin Active on 1 March 2022

Dean Kowarski

CEO and Founder of Real Foods

- Dean Kowarski has a **passion for the wellness industry** both personally and professionally. **Dean founded and grew Real Foods** into one of the leading health food groups in South Africa and internationally
- Dean started his career in corporate finance with KPMG, before working in **strategic and operational roles** in various international businesses
- **He is the CEO and Founder of Real Foods Group**, a multi-brand health food group across casual restaurants, locally sourced honey and bread, and nutrition bars, including the Kauai chain
- As an entrepreneur, Dean's career has been **centred around M&A deals, turnaround mandates and high growth start up opportunities**
- Dean worked on various M&A opportunities at Federal Mogul, before putting together a consortium to acquire the business and becoming CFO. As CEO of Fedsure Healthcare he worked on the disposal of the financial service assets and together with Brait, purchased the healthcare assets which realised significant value
- Dean acquired the Kauai business in 2015 and has **grown its store footprint from 100 to 204** since then despite the impacts of COVID on the business
- Dean has experience of **working in multi-site consumer facing businesses**, predominantly in South Africa, although he has had international exposure through much of his career
- **Virgin Active has had a relationship with Kauai business that dates back to 2005** and 108 of Kauai's stores operate out of Virgin Active gyms
- Dean has therefore had **unique insights into the Virgin Active South Africa business** for many years

VIRGIN ACTIVE
Amalgamation of the nutrition assets of Real Foods

	KAUAI	Nü
Operations	• **Established in 1994**, Kauai is **SA's largest healthy, fast casual restaurant group, with 169 stores** across South Africa, Namibia, Botswana, Scotland, the Netherlands and Thailand. Of the 168 stores; 80 are corporate owned stores and 88 franchised. Of the estate, **97 are "In Motion" stores located in Virgin Active gyms** (56 corporate + 41 franchise stores). 5 stores are located outside SA and are franchised	• **Established in 2013**, Nü's nutritional philosophy brings together forward-thinking science & food trends, and nutritionally dense ingredients from local suppliers, focussing on food are rich in minerals, antioxidants, fibres and phytonutrients. The estate comprises **14 stores in SA, all company owned, 2 of these are retail stores, with the balance operating from Virgin Active gyms**
Value Proposition	• **Making healthy eating accessible** to a broader audience, offering a broad range of healthy menu items appealing to several dietary preferences. Where possible, food is free of GMO's, low in refined sugar and avoids additives, preservatives, artificial colourants or flavourants • **Responsible sourcing** (e.g., free range chicken & eggs, Angus pasture-raised beef, Organic coffee, Local sourcing) • **Championing sustainability:** Packaging innovation (e.g., 100% recyclable packaging and 80% recycled plastic smoothie cups)	• Differentiated from Kauai as a premium health food offering, focused on capturing new trends and designed for consumers that are focused on nutrition • A belief that micronutrients and phytonutrients convey information to the body that can improve health, wellbeing & longevity, used to offer a unique food experience for its customers. • **Local sourcing** from the finest local food producers across SA • Format used to support VA's request for a premium, differentiated operator to partner at its Classic and Premium clubs
Trading Formats	• Operates through **several trading formats** including Retail stores, Forecourts / gas stations, inside health clubs / gyms (through its partnership with Virgin Active), inside supermarkets (partnership with Checkers), inside corporate offices and Food trucks	• Nü **operates medium and large retail stores as well as stores inside health clubs / gyms** (through its partnership with Virgin Active). Management have identified the potential to grow store footprint to 30 – 40 stores
Other Initiatives	i) **Partnerships,** with other lifestyle brands (e.g. Vitality, Vodacom, eBucks) where members are rewarded for healthy lifestyle choices with a selection of drinks or vouchers provided by Kauai for which it is reimbursed by the partners ("Partner Sales") ii) **Best in class loyalty programme,** awarded Best Loyalty Programme for Restaurants / QSR in SA in 2021 for the third year running, iii) **Omni channel,** products are available for delivery either by third parties (e.g. Uber) or through the business own delivery fleet, iv) **Partnered to roll out concessions in Checkers stores in SA;** of the 30 new stores opened in FY21 and FY22 (15 corporate + 15 franchise), 9 of the corporate stores are Checkers concession stores v) **Kauai branded health food supplied through grocery retail channel** in SA provides high brand exposure and relationship with retailers to support concession stores	

Healthy food players tend to be more regional than national, with significantly fewer stores than mainstream Quick Service Restaurant brands. When compared to other healthy food operators, KAUAI offers a full range of products including smoothies, raw juices, wraps, salads, warm meals, breakfast and snacks.

Transaction rationale

Use of proceeds

- £88.4m of new capital **for liquidity purposes and to drive new growth initiatives in the businesses**
- Emerging into a post COVID world has provided significant opportunities for the businesses to **improve membership engagement, enhance digital and data strategies and to expedite Virgin Active's growth by leveraging its global footprint**
- In addition to providing **liquidity to support growth** in the businesses, the capital will be used to:
  - **Rejuvenate the estate where required** and invest in equipment / product and skills to improve the member experience
  - Invest in sales and marketing to **drive sales and improve the acquisition channels**
  - Continue the investment in the **product offering and facilities to drive penetration and reduce churn**
  - Invest in **digital and technology** to improve customer loyalty, CRM systems, digitalisation, data and personalisation

Real Foods investment rationale

- Nutrition and exercise are **key drivers of health and wellness**, which, if effectively integrated into the customer value proposition, have the potential to improve VA acquisition, retention and customer lifetime value
- Kauai and Nü are currently the **exclusive provider of in-club food** and beverage services in VASA clubs under a long-term contract and **nutrition already forms part of VASA's strategic plans**
- The rationale for the acquisition is based on:
  - i. The **standalone investment case** for the Nutrition Business based on earnings prospects and return on capital
  - ii. The potential for VA and the Real Foods to **value enhance** each other's businesses
  - **iii. Capital markets perception through creation of a holistic wellness business** combining exercise and nutrition

Value enhancement opportunities

- Enhance cross-collaboration in data, marketing and customer engagement through **promoting cross selling of product**, **integrating combined exercise and nutritional advice and plans** and **improving customer engagement through a shared data strategy**
- Real Foods can support VASA members achieving their health and fitness goals through the provision of nutritional advice, plans and meals (in-club, take-way and through retail stores) as part of a **broader nutritional strategy**

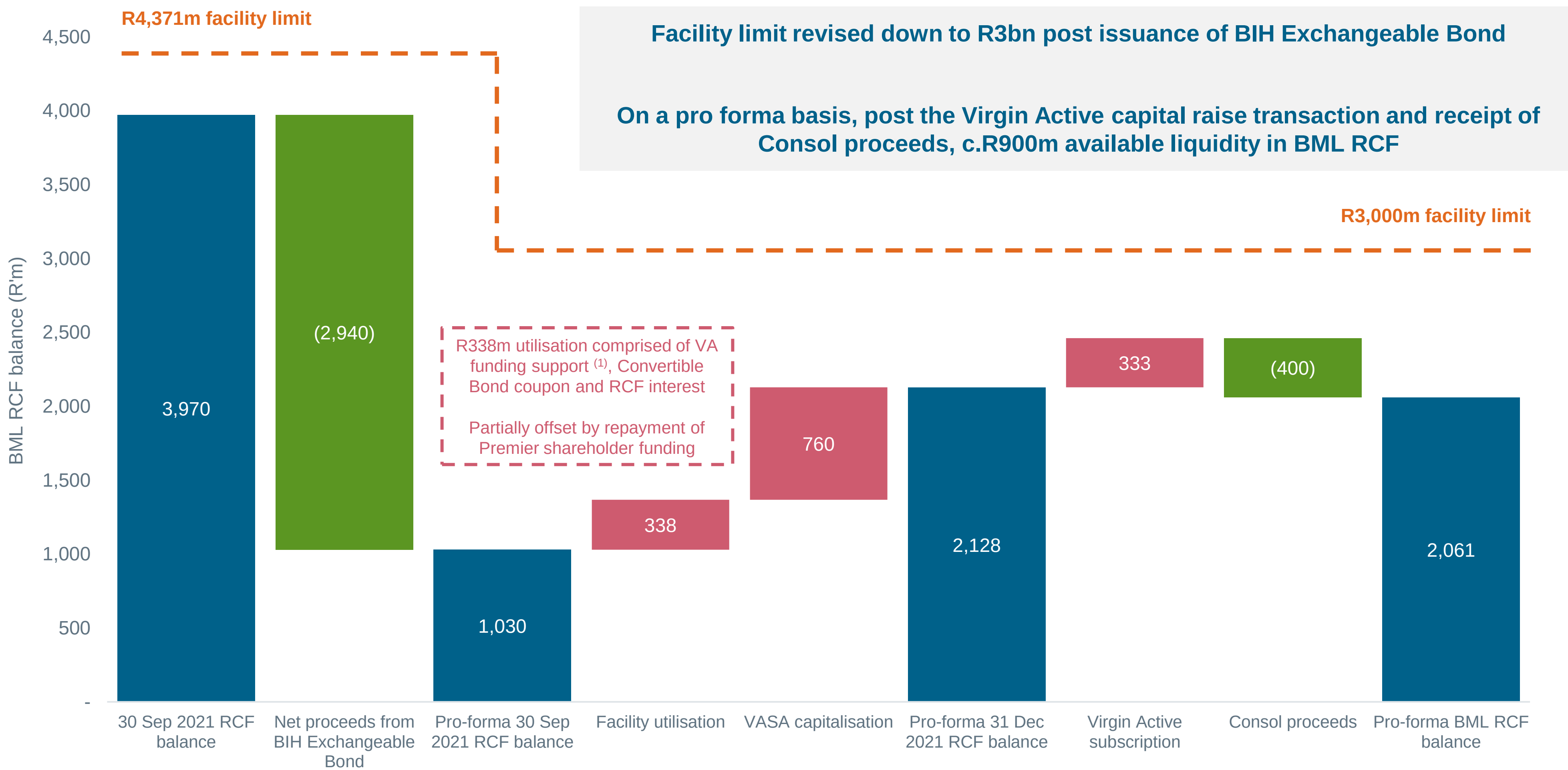
The transaction will expedite Virgin Active's turnaround and its strategic transition to a wellness themed business

Transaction impact for Brait

Third party validation of Brait's valuation for Virgin Active	– Virgin Active raising capital at Brait's most recently reported valuation[1] **serves to underpin Brait's valuation**
Significant valuation uplift based on Brait's prevailing c.50% discount to NAV	– Virgin Active made up 45% of Brait's total assets incorporated in the 30 September 2021 reported NAV per share of **R8.14**, a **significant premium to Brait's current share price** (which traded at **R4.31,** a **c. 47%** discount, prior to the announcement of the Transaction[2])
Growth capital to expedite growth initiatives	– Growth capital to fund existing and new growth initiatives – Brait's pro forma BML RCF net debt as at 31 December 2021, will increase from R2.0 billion (including the VASA Capitalisation) to R2.4 billion (facility limit R3.0 billion). Post the receipt of proceeds from the Consol disposal, the pro forma BML RCF net debt would **reduce to R2.0 billion**

(1) Valued using £105m EBITDA at a 9.0x EV/EBITDA multiple, less net debt as at 31 December 2021
(2) Closing price: 3 March 2022

BML RCF Liquidity



(1) Shareholders of Virgin Active ("VA") contributed £12m shareholder funding (Brait's pro rata 80% share thereof £9.6m) in December 2021 to support the VA international business in respect of its banking facility