



STEINHOFF
INTERNATIONAL HOLDINGS N.V.

Steinhoff Briefing to Parliament



FOR LIFE

- : CLOTHING
- : FOOTWEAR
- : HOUSEHOLD GOODS
- : PERSONAL ACCESSORIES
- : CELLULAR PRODUCTS
- : SELECTED FINANCIAL SERVICES



FOR THE HOME

- : FURNITURE
- : HOUSEHOLD GOODS
- : APPLIANCES
- : HOME ACCESSORIES
- : CONSUMER ELECTRONICS AND TECHNOLOGY PRODUCTS
- : BUILDING MATERIALS AND DIY PRODUCTS



AUTOMOTIVE

- : NEW VEHICLES
- : PRE-OWNED VEHICLES
- : HEAVY ROAD VEHICLES
- : ACCESSORIES, PARTS AND SERVICES
- : CAR RENTAL

The Steinhoff delegation here today

Supervisory Board

- Heather Sonn (acting chairperson).
- Johan van Zyl (chair of the board's independent sub-committee).
- Steve Booyesen (chair of the board's audit committee).

Management Board

- Danie van der Merwe (acting CEO).
- Louis du Preez (commercial director).

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Our commitment

- We are deeply aware of the impact on investments, pension funds and the reputation of the company, of business and the nation.
- We will uncover the truth, fix what went wrong and prosecute wrongdoing, and we will communicate fully on an ongoing basis.
- We have co-operated fully with regulators and will continue to do so.
- We are working constantly to maintain and improve liquidity of the group to enable continued trading by our operating companies, to preserve and restore value for all of our stakeholders including lenders and shareholders.
- The company employs 130 000 people, 50 000 of whom are in South Africa. The retention of their jobs is of paramount importance to the group.

Our commitment

- Given the gravity of the Steinhoff situation since the events of 4 December 2017 and subsequently, you will appreciate that the Board (including the individuals present here) is legally and otherwise quite constrained in what it is able to communicate publicly, while the work on accounts restatements and forensic investigations is ongoing. We say this on the advice of the company's lawyers.
- We are working hard to establish stability in the group, to finalise reliable financial statements and to ensure that the investigations are far enough advanced to enable us to begin taking the legal and other necessary steps we intend to take based on the findings. We will communicate more fully in public as soon as we are able to do so. Unfortunately, we are not yet at that point.
- This does not mean that we are unwilling to communicate. We have to advance our work far enough to be able to communicate publicly without harming or constraining potential prosecutions and other actions that may arise.
- We would have preferred to be able to answer your questions more fully, but hope you understand that the time for this will arrive in due course. We would be happy to come to Parliament to provide those answers as soon as we are in a position to do so.
- As a delegation we represent the company and are not here in our personal capacities.
- However, we have provided as much information as possible in the documentation provided to you, including 33 statements released by the company so far, since December 4.

Chronology of recent events

- The resignation of the CEO on 5 December 2017 and the postponement of financial statements triggered a significant share price decline and a liquidity crisis.
- In the announcement of 5 December 2017, the company confirmed that PwC was appointed to conduct an independent forensic investigation to uncover the facts of what went wrong.
- International financial and liquidity advisers, Moelis and AlixPartners, were appointed (10 December 2017).
- We have appointed Linklaters and Werksmans as legal advisers.
- The annual audited financial statements for STAR were issued (4 December 2017).
- Independent board sub committee was appointed to strengthen independent governance (11 December 2017):
 - Johan van Zyl (chair) (independent non-executive director)
 - Heather Sonn (independent non-executive director)
 - Steve Booysen (independent non-executive director).
- Heather Sonn was appointed acting chair on 15 December 2017.
- Management Board was strengthened on 19 December 2017 with the following appointments:
 - Danie van der Merwe as acting CEO
 - Alexandre Nodale as deputy CEO
 - Louis du Preez as commercial director.
- Further appointments were announced on 4 January 2018:
 - Philip Dieperink as group CFO
 - Johan Geldenhuys joins the executive committee as head of treasury.

Actions to date

- PwC has been given an unrestricted scope with unlimited access to the Group. Their investigation will independently establish the facts of what went wrong.
- PwC has made good progress and in the next few days will advise what the focus of their further investigations will be.
- We are working with Deloitte to finalise the 2017 consolidated financial statements, and the restated 2015 and 2016 results.
- Steinhoff has cooperated fully with regulators in all relevant jurisdictions, and will continue to do so.
- Leadership has been reorganised.
- We will continue to strengthen the leadership team and are also in the process of appointing an internationally experienced Chief Restructuring Officer.
- The international clusters have been stabilised and near term liquidity has largely been secured.
- In each region, the group has put in place appropriate legal and technical support.
- All subsidiaries are trading – 12 000 outlets open every day – including throughout the key December trading period.
- The boards, management and staff have been working around the clock to keep the businesses running.
- We are entering the next phase of broader lender engagement and are now in a position to develop some strategic options.
- We will continue to manage the liquidity of the group and its underlying entities by making use of various liquidity measures.

Actions to date

- We are in a position to announce that last night, the chairman of the audit committee reported transgressions to the authorities in terms of the Prevention and Combatting of Corrupt Practices Act 2004 (PRECCA).
- Based on our investigations to date, we have reported the former CEO, Markus Jooste, to the Hawks in terms of Section 34(1)(b) of PRECCA on suspicion that he has committed offences thereunder.
- The matter is now in the hands of the Hawks for further investigation and prosecution.

What went wrong and could it have been prevented?

- In December 2017 our auditors Deloitte advised us that they were not in a position to sign off the 2017 consolidated financial statements.
- We announced on 7 December 2017 that we are investigating the validity and recoverability of non-South African assets totaling some 6 billion Euros.
- We don't know at this stage if this crisis could have been prevented. The PwC forensic investigation is ongoing and only once it has been finalised we will be able to publicly disclose the material findings, determine what went wrong and take steps against those responsible.
- The scope of the PwC forensic investigation is unlimited and includes all Supervisory and Management Board members, including the Audit & Risk Committee members.
- We will share the key findings with regulators and with Parliament so that lessons learnt from these events and processes can be applied.

Effect of the share price decline on public and private sector investors



- In one week, between 4 December 2017 and 11 December 2017, the Steinhoff share price declined by nearly 85%.
- The sharp decline in the Steinhoff share price affected all shareholders, in both the public and private sectors. A third of our shareholders are outside South Africa.
- As Steinhoff was one of the top 10 shares on the JSE, it featured in tracking indices that are followed by investment funds including the PIC and GEPP.
- We are working to stabilise and rebuild the group, and to restore trust. Securing the future of the Steinhoff businesses is the process by which we intend to protect and restore value for shareholders.

History

- Over the last 20 years Steinhoff has become the third largest furniture and home goods retailer in the world
- Steinhoff was founded in Germany in 1964 by Bruno Steinhoff. He introduced the Steinhoff business to South Africa in 1997 and Steinhoff International listed on the Johannesburg Stock Exchange in 1998.
- Following further expansion, Steinhoff listed on the Frankfurt stock exchange in 2015.
- Steinhoff has become a global group with 130 000 employees in approximately 12 000 retail outlets in 30 countries.

International company

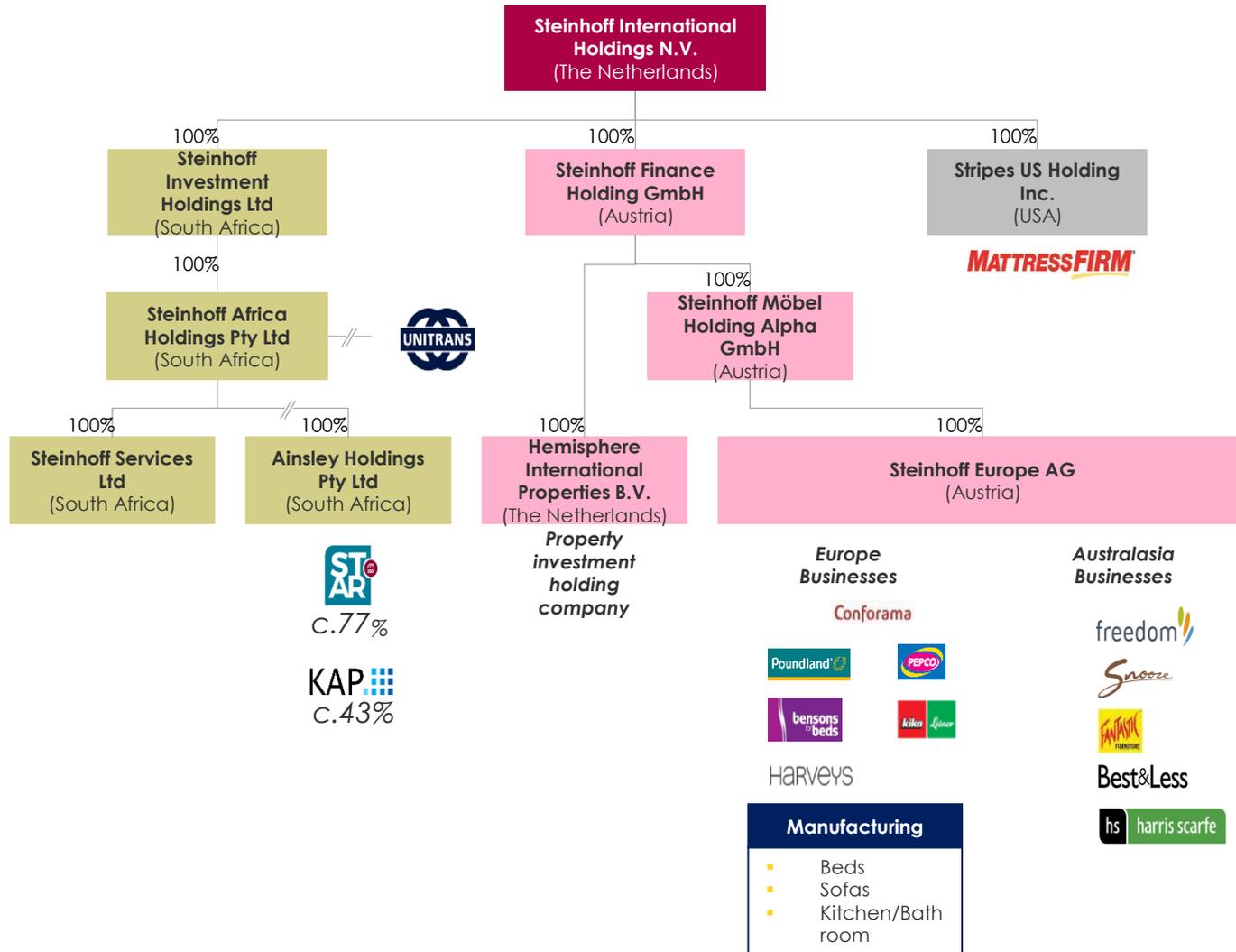
- Steinhoff is registered in the Netherlands. It is governed by a Supervisory Board and managed by a Management Board in each case appointed by shareholders under Dutch law.
- Our primary listing is in Frankfurt in Germany.
- Our secondary listing is on the Johannesburg Stock Exchange.

Shareholding

- 67% of our shareholders are in South Africa.
- 33% of our shareholding is held abroad.
- As at 29 December, we estimate that the top 5 shareholders in Steinhoff were as listed below. We expect this may have changed substantially since then:

1	Entities controlled by Christo Wiese	21%
2	PIC	8%
3	Coronation Fund Managers	6%
4	Entities controlled by Bruno Steinhoff (Germany)	5%
5	OppenheimerFunds, Inc. (USA)	3%

Group Overview (summarised)



Steinhoff's BEE partners

- The broad-based employee share scheme S'khulasonke was launched by Steinhoff in December 2008. Employees who participate in the S'khulasonke share scheme own their shares after the nine-year participation period.
- It was a fixed price scheme which was concluded in the last quarter of 2017.
- Steinhoff paid out R1bn to approximately 25 000 employees.
- It was therefore unaffected by the decline in the share price.
- Lancaster is a BEE shareholder in Steinhoff and STAR. We are unable to assess the impact of the decline in share price on their investment. They have retained their shareholding in Steinhoff.

- After the events of early December, essential working capital, especially in the international clusters largely dried up as the access of our operating businesses to banking facilities was severely constrained. The result was that many of the businesses in the international cluster, especially in Europe, were at risk of not meeting their day to day financial obligations.
- The South African businesses are self-funding and do not have any liquidity constraints.
- We have had several meetings with lenders and credit insurers, who have been briefed on the ongoing liquidity situation in the Group. Briefings took place in December 2017 and January 2018 in both London and South Africa.
- We have been given support from lenders, and the majority of international operating subsidiaries have arranged their own working capital lines as has been announced.
- We also announced on 26 January 2017 that immediate operational liquidity requirements have largely been addressed.
- In addition, we have created some stability at holding company level.
- However, the situation remains very delicate and discussions with our various lender groupings, both local and international, are continuing.

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