

# STEINHOFF BRIEFING TO PARLIAMENT

4 SEPTEMBER 2019



## **Heather Sonn – Chairperson**

- Governance Update
- Forensic Investigation

## **Louis du Preez - group CEO**

- Litigation
- Regulators and Enforcement Agencies
- Operational Update
- Key Management Focus

- Supervisory Board:
  - Two directors resigned following the AGM
  - Two new directors appointed at AGM: Paul Copley and David Pauker
  - Seven out of eight members nominated since December 2017
  - Governance, Social and Ethics Committee established
  - Sub-committees to be reviewed after the AGM
- Management Board:
  - Two departures since March 2019
  - All current members appointed since December 2017
- Appointed a Chief Compliance and Risk Officer (CCRO)
- Dutch Corporate Governance Code – applicable to a Dutch Company
  - King Code – also has relevance as a SA-based company (Ethics Committee)
- Remediation plan
  - Developed by Management Board to address shortcomings in controls and governance
  - Approved by Supervisory Board and driven by CCRO

- PwC appointed by Werksmans Attorneys to conduct independent investigation
- Investigation managed by an independent Forensic Investigation Committee
- Overview of report released on 15 March 2019
- Findings taken into account in preparation of the 2017 and 2018 audited financial statements
- Key findings shared with various Regulatory Agencies
- Privilege nature of Report
- Further ongoing forensic work initiated, including investigating possible claims against third parties and entities
  - Do not anticipate any further impact on the financial statements tabled at AGM

- Several legal proceedings initiated against Steinhoff
  - Various shareholder class action groupings in Netherlands, Germany and South Africa
  - Amsterdam Enterprise Chamber
  - Various vendors, predominantly in South Africa
- Litigation Committee: Louis du Preez, Peter Wakkie, Paul Copley, David Pauker
- Group is exploring possible strategic litigation solutions
- The Group is evaluating and implementing recovery and other claims against various third parties
  - Individuals joined as parties to proceedings
  - Former member of the Management Board
  - Top Global - an entity linked to the Talgarth Group, for the repayment of a loan account
- Regular engagement and co-operation with various regulators and enforcement agencies

# Regulators and Enforcement Agencies

- Details largely confidential and interactions protected by privacy
- Regular engagement and co-operation with enforcement agencies
- Assistance provided to and interactions with relevant Regulators
- In South Africa FSCA, SARB, JSE, CIPC, relevant police investigative teams and enforcement agencies, accounting regulators where relevant
- Regulators in other jurisdictions
- Briefings for and information made available to the Regulators, while protecting privilege and confidentiality
- Since last Parliamentary briefing, engaged with the Hawks to ensure open lines of communication and to ensure that any grounds for misunderstanding are resolved

## Financial reporting

- 2017 Audited financial statements released on 7 May 2019
- 2018 Audited financial statements released on 18 June 2019
- H1FY19 Half-year results released on 12 July 2019
- 3Q 2019 Trading Update released 29 August 2019
  - Steinhoff International Holdings N.V. is now up to date with financial reporting

## Operational position

- Some businesses are performing well
- The accounting irregularities masked poor financial performance of some businesses in prior years
- Turnover remains strong; profitability is the challenge
- Focus on turning businesses around
- Operational management and European governance strengthened

# Key management focus

## Step 1: ✓

Creditors arrangement  
(CVAs implemented on 13 August 2019)

## Step 2:

Manage litigation risk  
(investigate possible solutions and implement)

## Step 3:

Restructure Group with a view to reduce debt and financing costs

**In addition, provide support to regulators and enforcement agencies**



**THANK YOU & QUESTIONS**

