

LONG4LIFE LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 2016/216015/06)  
Share code: L4L ISIN: ZAE000243119  
("Long4Life")

## **LONG4LIFE ACQUIRES LEADING FOOTWEAR AND CLOTHING BRAND, RAGE**

Investment company Long4Life is delighted to announce its acquisition of the entire issued share capital of Rage Distribution Proprietary Limited (Rage).

Established in 1996, Rage is a fashion retailer of footwear, apparel and accessories in the adult and children's markets. Its business model embraces brand ownership, in-house product development and design, strong procurement and state-of-the-art logistics capabilities.

Rage has established a loyal brand following and has in excess of 1.5 million active customers with a specific focus on the mid-to-lower LSM market. It has 555 stores located countrywide with a planned roll out of c. 90 new stores per year.

The acquisition provides a unique opportunity for Long4Life to acquire a market-leading company with an aspirational brand targeted at the mid-to-lower LSM segments. Rage has a strong national footprint with significant potential for further store roll-out and product growth, both in South Africa and in the rest of sub-Saharan Africa. Rage presents an exciting opportunity to build on Long4Life's existing lifestyle brands platform with additional cross-selling opportunities. The addition of Rage will amplify Long4Life's retail product offering to include all segments of the LSM market.

Rage is managed by an experienced management team headed up by Jeffrey and Merle Gochin. Jeffrey, Merle and the rest of his team will remain with Rage and will also become significant shareholders of Long4Life post the acquisition. Jeffrey will be appointed as a director to the Long4Life Board post the acquisition.

Long4Life anticipates that the acquisition will be earnings accretive from day one on a full 12-month basis.

The purchase consideration is R3 915 million based on Rage achieving revenue of R1 250 million, EBITDA of R360 million and net profit after tax of R263 million for the year ending 30 June 2018 (of which R232 million was earned for the 11-month period ended 31 May 2018) and Long4Life's initial assessment of Rage's performance for the year ending 30 June 2019.

Rage's revenue and tangible net asset value for the 11-month period ended 31 May 2018 was R1 125 million and R512 million respectively. This information was sourced from Rage's unaudited management accounts which are subject to verification as part of the due-diligence process.

In arriving at the purchase consideration cognisance was taken of the fact that Rage is currently growing its revenue on a comparative basis to the previous year at c. 16% on a like-for-like basis (excluding new store openings).

The purchase consideration will be settled through the issue of 270 million Long4Life ordinary shares at a price of R5.50 per share, to the value of R1 485 million. After this share issuance the sellers will hold approximately 22.8% of Long4Life's entire issued share capital. The balance of R2 430 million will be paid in cash. The cash portion of the purchase consideration will be funded through a combination of Long4Life's internal cash resources and bank debt of c. R1 500 million.

The acquisition, which has an effective date of 1 July 2018, is subject to certain suspensive conditions, including completion of a due diligence investigation to the satisfaction of Long4Life; approval by the Competition Authorities; service and restraint agreements being entered into between Long4Life and certain members of the Rage management team; and other suspensive conditions that are standard for a transaction of this nature.

In line with previous guidance and post the acquisition, the combined Long4Life group is expected to deliver EBITDA in excess of R850 million.

Long4Life CEO Brian Joffe commented, "Rage is an exciting addition to the expanding Long4Life portfolio. We see an opportunity for significant developments in this company's footwear, apparel and accessory offering. There is also scope for synergies between our existing brands and Rage, which we believe will offer exciting future growth and position Rage for further market penetration."

Rage's Jeffrey Gochin and Merle Gochin concluded, "Our team is enormously excited about becoming an important part of the Long4Life portfolio. We have assessed numerous strategic possibilities for the brand's growth over the years. However, the Long4Life business proposal made best sense for us in terms of where we want to take the brand, and the areas where we see the market developing. Together with the experienced Long4Life team, we see this as an exciting opportunity to add value for Long4Life shareholders."

**ends**

### **About Long4Life**

Listed on the JSE in April 2017, Long4Life is an investment company that focuses predominantly on lifestyle businesses with attractive growth prospects, led by strong, entrepreneurial-minded management teams.

### **For more information on Long4Life, contact**

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