

CAPEVIN HOLDINGS LIMITED

("Capevin Holdings" or "the Company" or "the Group")
(Incorporated in the Republic of South Africa)

Registration number 1997/020857/06

JSE Share code CVH

ISIN ZAE000167714

AUDITED SUMMARY GROUP RESULTS FOR THE YEAR ENDED 30 JUNE 2017 AND CASH DIVIDEND DECLARATION

• Headline earnings per share	-4.1% to 47.2 cents
• Final ordinary dividend per share	13.60 cents
• Intrinsic value per share at 30 June 2017	R9.14

SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

	30 June	
	2017	2016
	R'000	R'000
ASSETS		
Non-current assets		
Investment in joint venture	2 819 439	2 852 443
Current assets		
Cash and cash equivalents	23 364	15 871
Total assets	2 842 803	2 868 314
EQUITY AND LIABILITIES		
Equity		
Ordinary shareholders' interest	2 826 961	2 856 204
Current liabilities		
Trade payables	15 842	12 110
Unclaimed dividends	382	268
Current income tax liability	15 442	11 800
	18	42
Total equity and liabilities	2 842 803	2 868 314
Net asset value per share (cents)	321.2	324.5

SUMMARY GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June	
	2017 R'000	2016 R'000
Share of profit of joint venture	347 127	410 662
Loss on dilution of interest in joint venture	(1 619)	(2 527)
Investment income	1 831	1 452
Profit on sale of investment	-	1 650
Unclaimed dividends forfeited	1 265	1 252
Administrative expenses	(2 930)	(2 162)
Profit before taxation	345 674	410 327
Taxation	(513)	(496)
Profit for the year	345 161	409 831
Other comprehensive income	(156 138)	92 615
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value adjustment - available-for-sale asset	-	(150)
Tax charge relating to available-for-sale asset	-	28
Reclassified to profit or loss	-	(1 343)
Share of other comprehensive income of joint venture		
Fair value adjustment – available-for-sale asset	(715)	(4 630)
Fair value adjustment – cash flow hedges	(2 439)	-
Currency translation differences	(151 622)	65 244
Reclassified to profit or loss	(946)	(754)
<i>Items that will not be reclassified to profit or loss:</i>		
Share of joint venture’s remeasurements of post-employment benefits	11 685	22 092
Other equity movements of joint venture	(12 101)	12 128
Total comprehensive income for the year	189 023	502 446
Profit for the year attributable to:		
Owners of the parent	345 161	409 831
Total comprehensive income attributable to:		
Owners of the parent	189 023	502 446
Earnings per share (cents)		
- Basic	39.2	46.6
- Diluted	39.2	46.4

HEADLINE EARNINGS RECONCILIATION

	Year ended 30 June	
	2017	2016
	R'000	R'000
Earnings attributable to ordinary shareholders	345 161	409 831
Headline earnings adjustable items		
Share of joint venture's adjustments		
Impairment of property, plant and equipment*	84 120	-
(Profit)/loss on sale of property, plant and equipment	(19 058)	491
Taxation relating to sale of property, plant and equipment	3 522	(91)
Impairment of intangible asset*	-	21 463
Gain on disposal of investment	-	(1 650)
Tax effect on gain of disposal of investment	-	92
Loss on dilution of interest in joint venture	1 619	2 527
Headline earnings	415 364	432 663
Earnings per share (cents)		
- Basic	39.2	46.6
- Diluted	39.2	46.4
Headline earnings per share (cents)		
- Basic	47.2	49.2
- Diluted	47.1	49.0
Number of shares (thousands)		
- In issue	880 103	880 103
- Weighted average	880 103	880 103

* The impairments relate to Distell's investments in the Bisquit cognac entity, a British wine broking company and the industrial property rights held by one of Distell's Angolan subsidiaries.

SUMMARY GROUP STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June	
	2017 R'000	2016 R'000
Ordinary shareholders' equity at the beginning of the year	2 856 204	2 546 060
Total comprehensive income	189 023	502 446
Dividends paid	(218 266)	(192 302)
Ordinary shareholders' equity at the end of the year	2 826 961	2 856 204
Dividend per share (cents)		
- Interim	10.60	11.40
- Final	13.60	14.20

SUMMARY GROUP STATEMENT OF CASH FLOWS

	Year ended 30 June	
	2017 R'000	2016 R'000
Cash flows from operating activities		
Dividends received	222 374	207 129
Dividends paid	(218 266)	(192 302)
Interest received	1 831	1 442
Administrative expenses	(2 930)	(2 162)
Taxation paid	(537)	(491)
Increase/(decrease) in trade and other payables and unclaimed dividends	5 021	(4 237)
	7 493	9 379
Cash flows from investing activities		
Proceeds from disposal of investment	-	1 650
Net increase in cash and cash equivalents	7 493	11 029
Cash and cash equivalents at the beginning of the year	15 871	4 842
Cash and cash equivalents at the end of the year	23 364	15 871

NOTES TO THE SUMMARY GROUP FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The summary group financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) for preliminary reports, and the requirements of the Companies Act (No. 71 of 2008), as amended, applicable to summary financial statements. The JSE requires preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by *IAS 34: Interim Financial Reporting*.

The accounting policies applied in the preparation of the group financial statements, from which the summary group financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous group annual financial statements, except for the adoption of the amendments to *IAS 16: Property, plant and equipment* and *IAS 41: Agriculture* applicable on bearer plants. The effect of the change was immaterial.

As Capevin Holdings does not have any investments in subsidiaries as of 2013, but only an investment in a joint venture, the Company prepares economic interest financial statements in which its investment is equity accounted. These economic interest financial statements are referred to as group.

The summary group financial statements do not contain all the information and disclosures required in the group financial statements. The summary group financial statements were extracted from the group audited financial statements on which PricewaterhouseCoopers Inc. has issued an unmodified report. The audited group financial statements and the unmodified audit report are available for inspection at the Company's registered office.

These summary group financial statements have been compiled by the Company's appointed manager, Remgro Management Services Limited, under the supervision of the Financial Director, P R Louw CA(SA).

2. GROUP STRUCTURE

The sole investment of Capevin Holdings is an effective interest of 26.74% (2016: 26.77%) in the issued share capital of Distell Group Limited (Distell), held via its 50% interest in Remgro-Capevin Investments Proprietary Limited (RCI).

3. RELATED PARTY TRANSACTIONS

During the year the Group received dividends from RCI (a joint venture) of R222 374 460 (2016: R207 119 220). The Group also paid administrative fees of R1 049 135 (2016: R980 500) to Remgro Management Services Limited (a subsidiary of an investor with significant influence over the Group). During the prior year the Group also disposed of its investment in Historical Homes of South Africa Limited to Eikenlust Proprietary Limited (a subsidiary of an investor with significant influence over the Group) for a total amount of R1 650 000.

Directors' emoluments

Director	30 June 2017 R	30 June 2016 R
A E v Z Botha	53 100	37 200
R M Jansen	66 400	37 200
E G Matenge-Sebesho	53 200	24 800
C A Otto	66 400	37 200
	239 100*	136 400

* R93 100 of the fees paid for the year ended 30 June 2017 relates to the duties fulfilled by the independent Board as part of the simplification of the multi-tiered ownership structure of Distell.

Directors' interests

No director (or associate of any of the directors), holds an interest in the securities of the Company.

There has been no change in the interests of the directors in the securities of the Company from the reporting date up to the approval of the annual financial statements.

4. SEGMENT REPORT

Capevin Holdings is an investment holding company, with its sole investment being an effective interest in Distell. The directors have not identified any other segment to report on.

5. THE PROPOSED RESTRUCTURING OF DISTELL'S OWNERSHIP STRUCTURE

The investment in Distell is currently held through a multi-tiered ownership structure in which Capevin Holdings and Remgro Limited each owns 50% in RCI. RCI, in turn, holds a 52.8% (on a fully diluted basis) direct investment in Distell. The Board of Directors resolved to simplify the ownership structure through schemes of arrangement in terms of which a new entity, Distell Group Holdings Limited (DGHL) will effectively acquire RCI's and all other shareholders' direct and indirect interests in Distell in exchange for shares in DGHL. DGHL will be listed on the JSE, while Distell and Capevin Holdings will be delisted. Refer to the SENS announcement of 22 June 2017 for more detail.

6. EVENTS AFTER THE REPORTING DATE

During July 2017, Distell acquired 26% of the ordinary shares of Best Global Brands (BGB) for USD 54.6 million. It also entered into an agreement to acquire the remaining 74% of BGB's ordinary shares, which will become effective no earlier than the end of 2019 once certain operating hurdles are achieved and conditions precedent to closing are fulfilled or waived. BGB and Distell expect the transaction to generate significant synergies in the short to medium term, which will unlock further value for both parties.

COMMENTARY (unaudited)

FINANCIAL RESULTS

For the year ended 30 June 2017 Distell's revenue grew by 3.7% to R22.3 billion on constant sales volumes. Distell's results for the year were negatively impacted by a substantially stronger rand against the major currencies in which Distell trades. Operating costs rose by 4.5%.

Distell reported a 3.6% decrease in headline earnings to R1 553.3 million, with headline earnings per share decreasing by 3.7% to 708.3 cents. Capevin Holdings' headline earnings per share for the year ended 30 June 2017 consequently decreased by 4.1% to 47.2 cents per share.

Distell's headline earnings adjusted for foreign exchange movements increased by 7.4% to R1 600.2 million (2016: R1 490.6 million).

The Company's intrinsic value decreased by 15.3% to R9.14 per share – based on Distell's last traded price of R137.01 at 30 June 2017 (excluding capital gains tax) (30 June 2016: R161.80). Capevin Holdings' discount to intrinsic value has narrowed from 16.8% at 30 June 2016 to 1.0% at 30 June 2017.

PROSPECTS

Distell's board believes that the outlook for global economic growth will remain muted, while African gross domestic product growth will still be impacted by low commodity prices. Distell will continue to invest in its priority markets and is restructuring its brand portfolio and asset base in order to simplify and focus the business. Distell has a diversified and exciting range of well-priced, good quality wine, spirit, cider and RTD brands that enables it to compete effectively and to continue to maximise trading opportunities.

Refer to www.distell.co.za for Distell's comprehensive results.

REPORTS OF THE INDEPENDENT AUDITOR

The Company's directors are responsible for the preparation of a summarised version of the audited group financial statements.

These summary group financial statements for the year ended 30 June 2017 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary group financial statements were derived.

A copy of the auditor's report on the summary group financial statements and of the auditor's report on the annual group financial statements are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

DECLARATION OF CASH DIVIDEND

In terms of the dividend policy of Capevin Holdings, dividends received from its indirect interest in Distell, after providing for administrative expenses, will be distributed to shareholders. The directors have consequently resolved to approve and declare a final gross cash dividend (dividend number 26) of 13.60 cents (2016: 14.20 cents) per share for the year ended 30 June 2017. The dividend has been declared from income reserves.

A dividend withholding tax of 20% or 2.7200 cents per share will be applicable, resulting in a net dividend of 10.88 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2017 therefore amounts to 24.20 cents, compared to 25.60 cents for the year ended 30 June 2016.

The number of issued ordinary shares as at 13 September 2017 is 880 103 265. The Company's income tax number is 9599/656/71/8.

Dates of importance:

Last day to trade in order to participate in the dividend	Tuesday, 3 October 2017
Shares trade ex dividend	Wednesday, 4 October 2017
Record date	Friday, 6 October 2017
Payment date	Monday, 9 October 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 October 2017, and Friday, 6 October 2017, both days inclusive.

In terms of the Company's Memorandum of Incorporation (MOI), dividends will only be transferred electronically to the bank accounts of shareholders, while dividend cheques are no longer issued. In the instance where shareholders do not provide the Transfer Secretaries with their banking details, the dividend will not be forfeited, but will be marked as "unclaimed" in the share register until the shareholder provides the Transfer Secretaries with the relevant banking details for payout.

In terms of the Company's MOI, the Board declared all dividends that are not claimed by shareholders after a three-year period forfeited in terms of the applicable prescription laws.

The Annual Report will be posted to members and will be available on Capevin Holding's website at www.capevin.com during September 2017.

Signed on behalf of the Board of Directors.

Chris Otto
Chairman

Pieter Louw
Financial Director

Stellenbosch
13 September 2017

DIRECTORATE

Non-executive directors

C A Otto* (*Chairman*),

A E v Z Botha*, J J Durand, R M Jansen*, E G Matenge-Sebesho*
(**Independent*)

Executive director

P R Louw (*Financial Director*)

CORPORATE INFORMATION

Secretary

Remgro Management Services Limited

Listing

JSE Limited

Sector: Consumer – Food and Beverage – Beverages – Distillers & Vintners

Business address and registered office

Millennia Park, 16 Stellantia Avenue, Stellenbosch 7600
(PO Box 456, Stellenbosch 7599)

Transfer Secretaries

Computershare Investor Services Proprietary Limited,
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
(PO Box 61051, Marshalltown 2107)

Auditor

PricewaterhouseCoopers Inc.
Stellenbosch

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

Website

www.capevin.com