

CAPITAL STRUCTURE (EURm)							
Instrument	Interest rate	Issue date	Maturity	Amount as at end-FY16	Amount as at end-2Q17	Leverage as at FY16	Leverage as at 2Q17
Secured financing				319	9,285		
Unsecured financing				7,097			
Bank overdrafts and short-term facilities				646	309		
<b>Total debt</b>				<b>8,062</b>	<b>9,594</b>	<b>4.6x</b>	<b>4.9x</b>
EUR 800m senior unsecured notes	1.875%	24-Jul-17	24-Jan-25	-	800		
<b>Pro forma total debt</b>				<b>-</b>	<b>10,394</b>		<b>5.3x</b>
Cash and cash equivalents				2,861	3,114		
<b>Net debt</b>				<b>5,201</b>	<b>6,480</b>	<b>2.9x</b>	<b>3.3x</b>
<b>Pro forma net debt</b>				<b>-</b>	<b>7,280</b>		<b>3.7x</b>
<b>LTM 2Q17 adjusted EBITDA</b>				<b>1,768</b>	<b>1,963</b>		

Source: Debtwire Analytics calculations, company financials . See page 3 for detailed capital structure

### STEINHOFF CEO RESIGNS; ANNOUNCES INVESTIGATION INTO ACCOUNTING IRREGULARITIES

Steinhoff International, the South-African based home retailer's share price dropped over 80% in the last week with the announcement on 6 December that its CEO, Markus Jooste was resigning, effective immediately. The fast-growing conglomerate announced that new information had come to light which related to accounting irregularities requiring further investigation, and that PriceWaterhouseCoopers (PwC) was appointed to perform an independent investigation. We note that Steinhoff's accounts have been previously audited by Deloitte. A press release by Steinhoff on 8 December revealed that it had rescheduled its annual lender meeting in London from 11 December to 19 December, though it is unclear whether further information will be available at that meeting.

**The situation remains very unclear:** at Debtwire, we are of the view that financial results - the most recent being available for end-March 2017 - coupled with the company's recent allegations, and sparse detailed information, make analysis hard. We have provided financial results of what we could find to the best of our knowledge. The full capital structure as of September 2016 is also provided on page 3, along with pro forma estimations. The outcome of the investigation by PwC and release of FY17 financial results should further help our analysis in the near future. It should also be noted that due to many restatements that may result from the recent investigation and eventual release of FY17 results, historical financial information cannot be relied upon.

FINANCIAL SUMMARY (EURm)			
	FY15	FY16 <sup>(1)</sup>	LTM
Revenue	9,818	16,439	16,703
Adj. EBITDA	1,277	2,114	1,963
Adj. EBITDA margin	13.0%	12.9%	11.8%
OCF	1,475	1,475	N/A
Capex	(344)	(640)	N/A
FCF	1,131	835	N/A
Cash	2,794	2,861	3,114
RCF availability	2,200	2,361	<sup>(2)</sup>
<b>Total liquidity</b>	<b>4,994</b>	<b>5,222</b>	<b>3,114</b>
Net debt	1,926	5,201	6,480
Net debt/adj. EBITDA	1.51x	2.46x	3.30x
Finance costs, net	128	195	208
Adj. EBITDA/ Finance costs, net	9.98x	10.84x	9.44x

Source: Debtwire calculations, company financials

1) FY16 financials are 15 months ending Sep-16

2) Data unavailable

**Buying spree funded by debt:** Steinhoff has made a number of acquisitions and grown rapidly over the past couple of years. It acquired businesses in Europe, the US and Africa. Most notably, these included Pepkor in March 2015 for EUR 5.5bn. In September 2016, it acquired US-based Mattress Firm for USD 3.8bn of cash (thus providing access to the US market), Tekkie Town in South Africa for EUR 230m, and Poundland in the UK for GBP 610m. In October 2016, it paid EUR 262m to acquire Fantastic Holdings in Australia. The acquisitions were made using debt and equity raisings. Between end-June 2015 and end-

ISSUER SUMMARY	
Country	South Africa
Sector	Retail
Total assets	EUR 34.7bn
Total debt	EUR 9.59bn
Rating (S&P/Moody's/Fitch)	NR/B1/NR
Ticker	SNH
Share price	EUR 0.6
Market cap	EUR 2,587m
MAJOR EVENTS	
Last earnings release	7-Jun-17
Next earnings release	-
Lender meeting	19-Dec-17

Source: Debtwire calculations, company financials

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March 2017, total debt surged 103% to EUR 9.6bn from EUR 4.7bn, but this does not include more recent debt and other liabilities - see below for more details.

**Resulted in inorganic growth:** Steinhoff has grown rapidly over the past few years, with revenue up to EUR 16bn in the 15-months ending September 2017 from EUR 7.6bn in FY13 (converted from ZAR results), or EUR 13bn. LTM revenue of EUR 16.7bn is nearly 3x that of FY13. Plenty of acquisitions have fuelled inorganic growth, with not much in the way of integrating the businesses - most have been acquired globally, and vary across different retail sectors.

**Acquisitions made at a premium, massive goodwill and intangible asset balances:** Steinhoff paid goodwill, sometimes over seven times the value of assets and liabilities of the businesses it was acquiring (these include Fantastic Holdings and Tekkie Town during FY17). This resulted in a surge in goodwill and intangible assets, with goodwill & intangible assets totalling EUR 17.7bn at end-March 2017, up 78% compared with end-June 2015 where it was EUR 9.6bn, and surpassing total equity of EUR 16.6bn. While not an issue in and of itself, we note that several of the businesses acquired (such as Mattress Firm in Aug-16) faced operational challenges which could necessitate a substantial write down in goodwill. The Mattress Firm deal was struck at an EV of USD 3.8bn (18.7x EBITDA to Feb-16), implying equity value of USD 2.4bn vs the USD 1.12bn quoted market cap of the business prior to announcement. As demonstrated on page 5, Steinhoff has systematically paid higher multiples than average for its deals. Given the lack of recent performance data for the group we have not estimated the current value of Steinhoff's asset or attempted a recovery estimate.

**Capital increase to offset acquisition debt:** Steinhoff raised EUR 4bn of debt facilities in July 2016 to acquire Mattress Firm and Poundland. The increase in debt levels was 'offset' by cash from a capital increase on 27 September 2016, which was used to settle Mattress Firm's bridge-to-equity loan during the acquisition. The capital increase happened when Steinhoff's management board "resolved to increase its issued and outstanding share capital" following these two acquisitions. New ordinary shares totalling 162 million were subscribed for by Upton Investment Holdings BV (a company ultimately controlled by a family trust of Dr Christo Wiese, Steinhoff's largest shareholder and chairman of Steinhoff's supervisory board). Some 152 million existing ordinary shares were acquired by Upton, 60 million new ordinary shares were subscribed for by Lancaster 101 Proprietary Limited, and an additional 110 million new ordinary shares offered to new

investors. Total gross cash proceeds from the equity raise to Steinhoff NV from the above transactions were EUR 2.5bn.

**In October 2015, special purpose entities purchased 150 million Steinhoff ordinary shares.** for EUR 758m. Further details on special purpose entities were not disclosed in the group's FY16 results.

**Gross debt over EUR 9bn and operating leases near EUR 10bn.** As of 31 March 2017, total debt totalled EUR 9.6bn, and the debt breakdown as of end-September 2016 at EUR 8bn. These amounts exclude the EUR 800m senior unsecured notes issued on 24 July 2017, and any further debt issuance from that time. We estimate pro forma debt including the new Eurobond at EUR 10.4bn, but expect this amount to be much higher, when results are released. In addition to debt, the group also had EUR 9.9bn in operating leases for property, PP&E and other vehicles as of end-September 2016. When we include operating leases to total debt levels as of 30 September 2016, total leverage (debt/adj. FY16 EBITDA) is about 10x, compared with 4.6x without. Net leverage is 8.5x, vs 2.9x without operating leases. There were no details regarding operating leases in the March 2017 financials.

**Related party transactions:** in Steinhoff International Holding NV's company financial statements, as of 30 September 2016, current assets included a EUR 478.8m loan receivable from related parties. The notes detail that these loans were to Steinhoff Investment Holdings Limited (EUR 295m), Steinhoff Finance Holdings GmbH (EUR 179.7m) and Steinhoff International Holdings Limited (EUR 4m). It was noted that the loans bear no interest and have no fixed terms of repayment.

**FY17 results delayed indefinitely:** Steinhoff released on 7 December an update on "market concerns", saying that its audited results would be delayed pending further investigation. It is expected that when the audited results are released, many restatements will be made, possibly dating back several years. There is also uncertainty around off-balance-sheet entities, that if consolidated could dramatically change what was historically reported (see below for further details). Given the events of the last week, securing a going concern sign off for the accounts may be challenging.

**Validity and recoverability of assets:** the supervisory board said on 7 December that it was giving further consideration to the issues subject to the investigation, and to the validity and recoverability of certain non-South African assets of the company, which amount to c. EUR 6bn.

**EUR 2bn liquidity may be released; STAR to refinance long-term loan to Steinhoff:** the

supervisory board tried to provide "comfort" on the group's liquidity by saying on 7 December that it received expressions of interests in certain non-core assets that it expects to release EUR 1bn of liquidity. Moreover, the company's subsidiary, Steinhoff Africa Retail Limited (STAR), has committed to refinancing its long-term liabilities due to the company. These measures are expected to add additional liquidity of EUR 2bn, helping to "strengthen" the group's balance sheet, fund existing operations and reduce debt. We note that Steinhoff International Holdings and its subsidiaries are the controlling shareholders in STAR. As of 30 September 2017, STAR's balance sheet shows that total loans due to Steinhoff worth ZAR 15.8bn (c. EUR 993bn). This made up nearly 50% of STAR's total liabilities as of end-September 2017. Other borrowings, including interest bearing loans, plus overdrafts and short-term facilities were just ZAR 116m (c. EUR 7m). Refinancing STAR's total debt would leave it 2.32x levered based on a FY17 EBITDA of ZAR 6.8bn. A refinancing would likely be complicated by margin debt against Christo Wiese's stake in STAR and by uncertainty as to whether Steinhoff will continue to be a majority shareholder in the business.

**Although it looks like the debt maturity profile is favourable...** with only EUR 400m of short-term debt at end-March 2017. A breakdown of specific short-term debt was not provided in the March 2017 report.

**...EUR 3bn of cash on balance sheet at end-March 2017 is likely to be highly out of date:** considering lessons learnt from Agrokor, this amount could quickly diminish, particularly when taking into account Steinhoff's fast-rising trade payables balance. The balance of EUR 5.2bn as of end-March 2017 is a 119% increase compared with end-June 2014, and 50% more than at end-June 2015. Between end-June FY14 and end-June FY15, when trade payables increased 46% YoY, working capital inflows jumped 101% to EUR 568m. Between FY14/FY15, COGS rose 21%, while trade payables ramped up 46%. Compared with peers, Steinhoff's average days payables outstanding is over 200 days, whereas peer Kingfisher averages 129 days.

**Only EUR 200m of cash generated in 1H17:** cash generated from operations totalled EUR 912m in 1H17, up 63% vs 1H16. Overall cash generation compared with the year prior improved at EUR 220m net increase, compared with a decrease of EUR 320m in 1H16. Steinhoff also paid a EUR 637m cash dividend in 1H17 - up more than 5x compared with 1H16. In FY16, EUR 188m was the net increase in cash for the period. It should be noted that FY16 was a fifteen month period, and net cash increase of EUR 188m, compared with 12-month period ending June 2015 of

EUR 1.7bn. This shows that despite the longer financial year, there was no increase in cash balances.

**No CFO involvement:** Steinhoff claims there is “no evidence” to suggest CFO Ben La Grange had any involvement with matters under investigation.

**Change of financial year-end, a potential red flag:** in our opinion, the fact that in June 2016, the BoD agreed to change the financial year-end to September 2016, resulting in a financial year of 15 months, significantly reduces comparability of financials, not only against prior periods, but also against peer companies (mainly where most companies report a 12-month financial year). The group says it voluntarily produced comparable results for the 12-months ending September 2016, but not all results were available, reducing our ability to understand the full extent of each reporting period against one another. As noted above, the longer financial year did not mean higher cash flows, with cash generation only EUR 188m in FY16.

**Steinhoff Investment Holdings:** (100% owned subsidiary of Steinhoff International Holdings NV). Steinhoff Investment’s 15-months ended 30 September 2016 financial results show operating profit rise from ZAR 1.6bn to ZAR 180bn year-on-year. A further look into the notes of this increase, shows that this came from a gain from the disposal of investments of ZAR 178bn (c. EUR 12bn). This gain was a result of a share distribution, carried out on 1 April 2016, whereby Steinhoff Investment distributed its shares in Steinhoff Finance Holdings GmbH to its Steinhoff International Holdings NV. The distribution of ZAR 198bn was made partially as a capital distribution and partially from reserves. This resulted in Steinhoff Investment derecognising its investment in Steinhoff Finance Holdings GmbH from this date, and realising a profit of ZAR 178bn.

**Reports of off-balance sheet subsidiaries:** a report by Viceroy Research alleges that Steinhoff has numerous off-balance sheet entities that it uses to funnel losses. The report by Viceroy focuses on two businesses: Campian Capital (controlled by Jooste associate George Alan Evans and ex Steinhoff CEO) and Southern View Finance (a Wiese entity). Viceroy’s analysis uncovered that Steinhoff had allegedly issued expensive loans to and booked interest revenue against Campian subsidiaries for the purchase of loss-making Steinhoff subsidiaries. Viceroy believes that Steinhoff should consolidate Campian Capital and its subsidiaries given that Steinhoff bears full economic liability for these entities via loan arrangements and exert total control through overlapping management. We at Debtwire have not been able to verify details in the Viceroy

report.

**Debt issued out of various subsidiaries, lack of disclosure around guarantees:** the bond documents do not contain much information in the way of guarantees. All entities share the same parent guarantees, but lack cross-guarantees. The Issuer of notes under the ZAR 15bn DMTN programme is Steinhoff Services Ltd. Guarantors are Steinhoff International Holdings, Steinhoff Investment Holdings, Steinhoff Africa Holdings, Ainsley Holdings and Pepkor Holdings. The Issuer of EUR 800m 1.875% notes due 2025 is Steinhoff Europe AG (Austria), with guarantors Steinhoff International Holdings. As for the convertible bonds, the Issuer is Steinhoff Finance Holding GmbH, and the guarantor Steinhoff International Holdings.

**Steinhoff Finance Holding GmbH, issuer of convertible bonds is 100% owner of Hemisphere International Properties:** which is a private property investment company with related property debt. According to various news stories, it holds most of Steinhoff’s stores and manufacturing facilities around the world, and are leased back to operators, with the properties having a book value of EUR 3bn.

**Minimal covenant details:** as of last week, Steinhoff was IG, so this explains the lack of covenants under its bond docs. No covenant information is available under the CB prospectuses. Under its EUR 800m Eurobond OM, it mentions that terms of agreements and instruments governing the group’s debt, including the private placement notes issued by Steinhoff Europe AG and the group’s syndicated facility, contain a number of covenants and other provisions that may restrict the group’s ability to, inter alia, make certain payments, including dividend distributions, incur or guarantee debt, create liens, etc. In addition, it stipulates that the group’s debt includes terms related to its debt/EBITDA and interest/EBITDA cover, which may limit its ability to incur additional debt. We could not find further information regarding covenants.

**Moody’s downgrade to junk:** on 7 December, Moody’s downgraded Steinhoff International Holdings NV to B1 from Baa3, with the rating on review for further downgrade. This was on the back of the uncertainties and implications for the company’s liquidity and debt capital structure arising from Steinhoff’s announcement on 6 December. Moody’s notes that Steinhoff’s complex corporate legal structure and financial reporting considerations, a feature of rapid expansion by the company, make it complicated for assessing key trend lines for credit metrics. Moody’s review will focus on the findings of Steinhoff’s supervisory board.

**Legal & arbitration proceedings:** the group entered into various JV and strategic supply agreements and alliances and during 2015, the group’s then-existing relationships with former JV partner in Europe ended in disputes which are currently the subject matter of ongoing legal proceedings, as stipulated in its Eurobond prospectus.

The disputes arise from agreements with the former JV partner, which was a 50% shareholder in Conforama, an EU furniture and household goods retailer. The group, through one of its subsidiaries, held the remaining 50% shareholding. Steinhoff stipulates that as a result of alleged serious breaches by the former JV partner, steps were taken by the group under applicable law which resulted in the JV partner’s 50% ownership being redeemed by the legal entity concerned by way of a shareholder resolution.

Management expects legal action to ensue, and therefore the redemption has not yet been implemented. The group received legal counsel confirming the redemption was effective and now indirectly owns 100% of the business concerned. There is also a dispute in relation to the exercise of a convertible loan, between the group and a former JV partner. The group recorded provisions for liabilities regarding the disputes, and said that in aggregate, the amount of such provisions were less than 2.5% of the group’s consolidated total assets as of 30 September 2016.

**Overall, the situation at Steinhoff is complex and takes time to understand.** The variety of debt issuers within the group structure could result in significant differences in outcomes for individual facilities making careful analysis essential. The group’s scheduled meeting on 19 December should provide further detail which may allow us to clarify some of the questions we currently have. What is likely however, is that the recent allegations have stressed the group’s working capital and could have severely and rapidly constrained the group’s liquidity (as happened with Agrokor). Clear details on the group’s access to liquidity is essential to give suppliers confidence and prevent the situation spiraling rapidly downwards.

**FIGURE 1: TIMELINE OF ACQUISITIONS AND DISPOSALS BETWEEN 2015-17**

2017	
<b>Manufacturing &amp; Sourcing operations</b>	
January 2017	Steinhoff purchases 50% of the equity of <b>Cofel Group</b> , a mattress manufacturer in France. Cofel is consolidated with effect from January 2017.
25 May 2017	The group announces its intention to make a strategic investment in <b>Sherwood Bedding Company</b> , US. The transaction is expected to complete by mid-2017.
<b>Retail operations</b>	
30 January 2017	Steinhoff acquires <b>Tekkie Town Pty Limited</b> , a South Africa-based retailer of quality branded school, lifestyle and leisure, and sports footwear accessories. The acquisition is funded through equity.
12 May 2017	The group announces a 17% strategic investment stake in <b>Showroomprive</b> , a European digital retailer specialising in online event sales of fashion and homewares. The investment is made through a private sale of shares at EUR 27/share for a total consideration of EUR 157.5m.
15 May 2017	The group announces its intention to separately list its African retail trading assets on the JSE. Prior to the listing, Steinhoff intends to restructure its African retail assets under a single holding company (ListCo), to hold, <i>inter alia</i> : (i) <b>Pepkor South Africa</b> and rest of Africa; (ii) <b>JD Group</b> ; (iii) <b>Unitrans Automotove</b> ; (iv) <b>Steinbuild</b> ; (v) <b>POCO South Africa</b> ; and (vi) <b>Tekkie Town</b> . The group is to maintain at least a majority stake in these businesses through its shareholding in ListCo.
2016	
<b>Retail operations</b>	
1 January 2016	With effect from 1 January 2016, Steinhoff purchases 100% of the issued share capital of <b>Iliad African Trading Pty Limited</b> , a distributor, wholesaler and retailer of general and specialised building materials in South Africa, for a cash consideration of ZAR 1,341m (EUR 70.6m).
7 August 2016/ 30 September 2016	Steinhoff and <b>Mattress Firm</b> (US) enter into a definitive merger agreement (on 7 August) under which Steinhoff acquires Mattress Firm for USD 64 per share in cash. This represents a total equity value of approximately USD 2.4bn and an EV value for Mattress Firm of around USD 3.8bn including net debt. Effective date of acquisition: 30 September 2016.
September 2016	Acquires 100% of the share capital of <b>Poundland Group plc</b> (UK) for a total cash purchase consideration of GBP 587m, which is funded by internally available funds. Poundland is consolidated into the group from 30 September 2016.
December 2016	Acquires 100% of the issued share capital of <b>Fantastic Holdings Limited</b> (Australia), a furniture retailer and manufacturer, through its subsidiary, Steinhoff Asia Pacific Holdings Pty Limited, via the execution of a scheme implementation deed for AUD 361.4m.  Under the terms of the scheme, Fantastic Holdings shareholders receive a total consideration of AU 3.50 cash per Fantastic Holdings share. The acquisition is funded from internally available funds.
2015	
31 March 2015	SIHL acquires 92.34% of <b>Pepkor Group</b> , which manages a portfolio of general merchandise retail chains and brands.
20 April 2015	SIHL acquires the remaining 7.66% of Pepkor Group.
2015	SIHL increases its shareholding in the South African retail operations of <b>JD Group Limited</b> to 100% through a scheme of arrangement.
2015	Prior to the scheme of arrangement becoming operative, the guarantor acquires <b>Genesis Investment Holding GmbH</b> , which owns the trading businesses and certain fixed properties of the kika-Leiner group of companies

Source: Debtwire Analytics, Steinhoff Eurobond OM

### BONDS BREAKDOWN

EUR 465m senior unsecured guaranteed convertible bonds due 2021;

EUR 1.1bn 1.25% guaranteed convertible bonds due 2022;

EUR 1.1bn 1.25% guaranteed convertible bonds due 2023

Issuer: Steinhoff Finance Holding GmbH (Austria)

**Guarantor:** Steinhoff International Holdings NV (Netherlands) (for 2022 and 2023 notes), Steinhoff International Holdings Limited (South Africa) (for 2021 notes).

#### Negative pledge provision.

**Status of the bonds:** the bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, and rank *pari passu*, without preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, but, in the event of insolvency, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

The bonds also contain early redemptions at the option of the Issuer, and early redemption at the option of bondholders: subject to the terms as set out in the prospectus.

**Governing Law:** English

EUR 800m 1.875% senior unsecured notes due 2025

Issuer: Steinhoff Europe AG (Austria)

**Guarantors:** Steinhoff International Holdings NV (Netherlands)

**Status of the notes:** the notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

**Make-whole call option:** at the option of the Issuer.

**Change-of-control put option:** at 101 plus interest accrued to (but excluding) the date of redemption or purchase.

#### Cross default.

**Negative pledge:** provision, that is subject to exceptions and carve-outs.

**Governing Law:** Germany

### BUSINESS DESCRIPTION

Steinhoff is a global retailer registered in the Netherlands. It operates around 12,000 retail outlets and has 26 manufacturing facilities. The group operating segments consist of household goods (62.3% of LTM 2Q17 revenue), general merchandise (30%), automotive (7.7%).

Steinhoff employs approximately 130,000 employees and has a primary listing on the Frankfurt Stock Exchange and a secondary listing on the Johannesburg Stock Exchange.

The group is managed through three operating segments:

**Household Goods:** comprises a vertically-integrated furniture and homeware retail business serving the discount and value consumer market segments in Europe, including the UK, the US, Australasia and Africa.

**General Merchandise:** comprises clothing and footwear, accessories and homeware retail businesses.

**Automotive:** comprises the group's automotive retail businesses in Southern Africa. Product categories include: motor and heavy road vehicle brands at price points ranging from entry level to luxury, as well as the Hertz vehicle rental brand.

### LIQUIDITY (EURm)

	As at end-FY16 (Sep-16)	As at end-2Q17 (Mar-17)
Cash on hand	2,861	3,114
Unutilised borrowing facilities at period-end	3,002	1,677
<b>Total availability</b>	<b>5,863</b>	<b>4,791</b>
Short-term debt	920	433
<b>Liquidity net of short-term debt</b>	<b>4,943</b>	<b>4,358</b>

Source: Debtwire Analytics calculations, company financials, Steinhoff 1H17 presentation

### ACQUISITION MULTIPLES

	Acquisition Multiple	10 Yr Sector Average	1m Share premium
Mattress Firm	18.7x	11.7x	104.3%
Poundland	11x	10.2x	43.44%
Fantastic Holdings	15.1x	9.2x	33.08%
Pepkor	16.5x	11.4x	-
Tekkie Town	-	-	-
<b>Average multiple premium</b>	<b>44%</b>		

Source: Debtwire Analytics calculations, Mergermarket

CAPITAL STRUCTURE								
Instrument	Interest rate	Maturity	Amount as at end-FY 16 (EURm)	Amount as at end-2Q17 (EURm)	Price	Yield (%)	Leverage as at FY16	Leverage as at 2Q17
<b>Secured financing</b>								
Mortgage loans								
Loans with various banks secured under mortgage bonds over various properties in the US	3.6-5.62%	Apr-19 to Sep-19	34					
Mortgage loan secured under mortgage bond over a property in Poland	2.00%	30-Sep-19	9					
Loans with various banks	Euribor+ (0.60-2.50%)	Up to Jun-27	72					
Capitalised finance lease and instalment sale agreements								
Secured hire purchase and lease agreements <sup>(1)</sup>	various		204					
<b>Unsecured financing</b>								
Convertible bonds								
EUR 465m convertible bond due 2021	4.000%	30-Jan-21	424					
EUR 1,116m convertible bond due 2022	1.250%	11-Aug-22	1,043					
EUR 1,100m convertible bond due 2023	1.250%	21-Oct-23	1,044					
German loan note								
EUR 430m SSD five-year floating-rate note	E+ 1.25%	17-Jul-20	430					
EUR 63m SSD five-year fixed-rate note	1.880%	17-Jul-20	63					
EUR 50m SSD six-year floating-rate note	E+ 1.35%	19-Jul-21	50					
EUR 107m SSD seven-year floating-rate note	E+ 1.50%	18-Jul-22	107					
EUR 77m SSD seven-year fixed-rate note	2.46%	18-Jul-22	77					
EUR 5m SSD 10-year fixed-rate note	3.08%	17-Jun-25	5					
US note purchase agreement								
USD 28m senior notes series B	E+ 3.49%	25-Apr-19	25	9,285				
USD 32m senior notes series C	E+ 3.74%	25-Apr-22	29					
EUR 38m senior notes series D	5.38%	25-Apr-19	38					
EUR 38m senior notes series E	5.92%	25-Apr-22	38					
ZAR 15bn Steinhoff Services domestic medium-term note programme <sup>(2)</sup>								
SHS - Unlisted floating-rate note	J+ 1.70%	19-Nov-16	20					
SHS - Unlisted amortising floating-rate note	J+ 2.40%	30-Nov-16	2					
SHS - Listed floating-rate notes	Jibar+ (1.60-2.30%)	Dec-16 to Jun-20	277					
SHS - Listed fixed-rate notes	8.70-10.16%	Jun-17 to Jun-20	61					
R 6,000m preference shares: Ainsley Holdings Proprietary Limited	69% of SA prime	30-Mar-19	394					
Syndicated loan facilities								
EUR 2,900m revolving multi-currency credit facility	E+ 0.90%	2-Jun-21	539					
R 6,050m syndicated term loans	J+ (1.65-2.00%)	Mar-18 to Mar-20	399					
USD 2,000m syndicated term loans	L+ (1.20-1.45%)	Aug-18 to Aug-20	1,792					
CHF 45m term loan	L+ 1.00%	31-Dec-23	41					
EUR 20m structured term loan	Structured rate of 4.10% plus 3.00%	31-Mar-31	20					
Other loans								
			179					
<b>Bank overdrafts and short-term facilities</b>								
			646	309				
<b>Total debt</b>			<b>8,062</b>	<b>9,594</b>			<b>4.6x</b>	<b>4.9x</b>
EUR 800m senior unsecured notes <sup>(3)</sup>	1.875%	24-Jan-25	-	800				
<b>Pro forma total debt</b>				<b>10,394</b>				<b>5.3x</b>
Cash and cash equivalents			2,861	3,114				
<b>Net debt</b>			<b>5,201</b>	<b>6,480</b>			<b>2.9x</b>	<b>3.3x</b>
<b>Pro forma net debt</b>			-	<b>7,280</b>				<b>3.7x</b>
<b>LTM 2Q17 Adjusted EBITDA</b>			<b>1,768</b>	<b>1,963</b>				

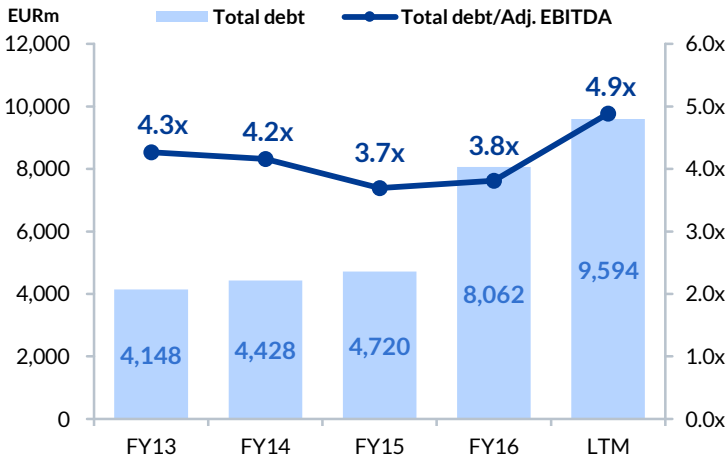
Source: Debtwire, company financials, Markit. Bond prices as of 8-Dec-2017.

1) Repayable in monthly or annual instalments over periods of one to five years

2) Issuer: Steinhoff Services Limited (South Africa). Guarantors: Steinhoff International Holdings NV (Netherlands), Steinhoff Investment Holdings Limited (South Africa), Steinhoff Africa Holdings Proprietary Limited (South Africa), Ainsley Holdings Proprietary (South Africa) and Pepkor Holdings Proprietary (South Africa).

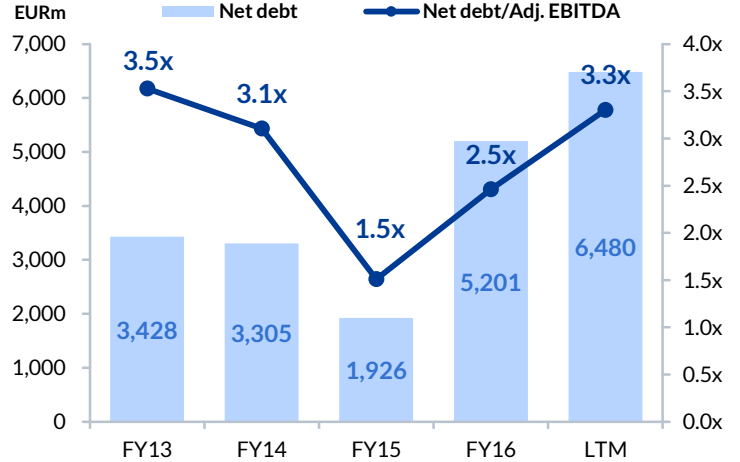
3) Issue date: 24-Jul-17; Issuer: Steinhoff Europe AG; Guarantor: Steinhoff International Holdings NV; Interest payment date: 24 January each year; Listing: Luxembourg Stock Exchange; Use of proceeds: general corporate purposes and repaying existing financial indebtedness. Ratings: (S&P/Moody's/Fitch): NR/B1/NR.

**FIGURE 1: TOTAL DEBT; TOTAL DEBT/ADJ. EBITDA**



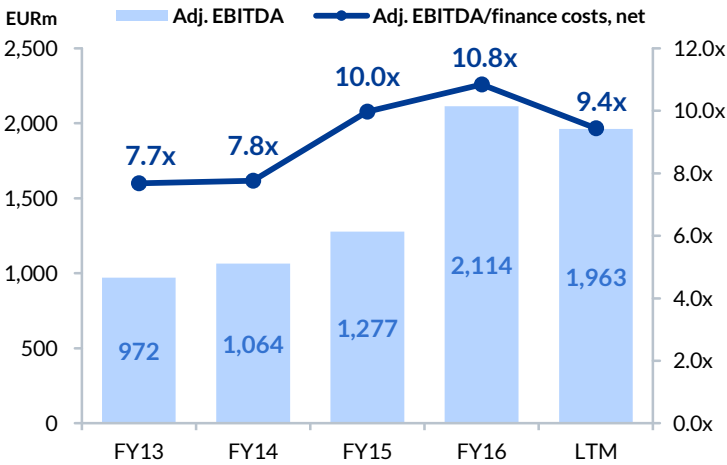
Source: Debtwire Analytics, company financials

**FIGURE 2: NET DEBT; NET DEBT/ADJ. EBITDA**



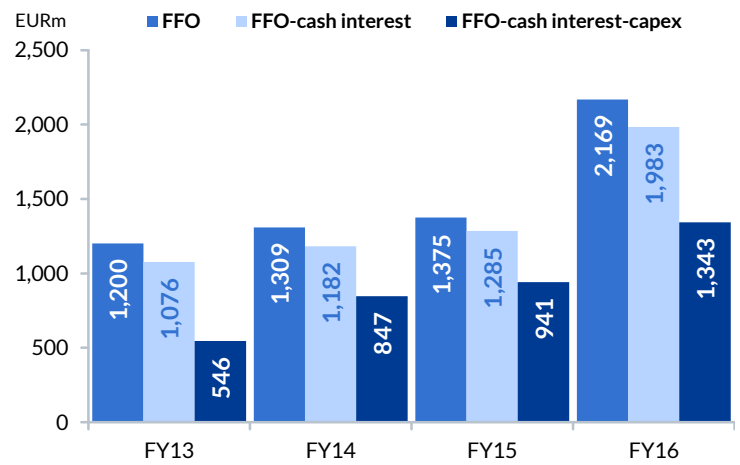
Source: Debtwire Analytics, company financials

**FIGURE 3: ADJ. EBITDA; ADJ. EBITDA/FINANCE COSTS, NET**



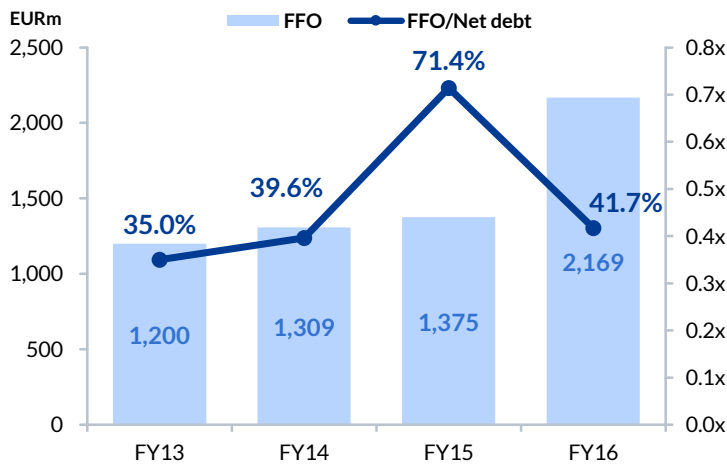
Source: Debtwire Analytics, company financials

**FIGURE 4: FFO; FFO-CASH INTEREST; FFO-CASH INTEREST-CAPEX**



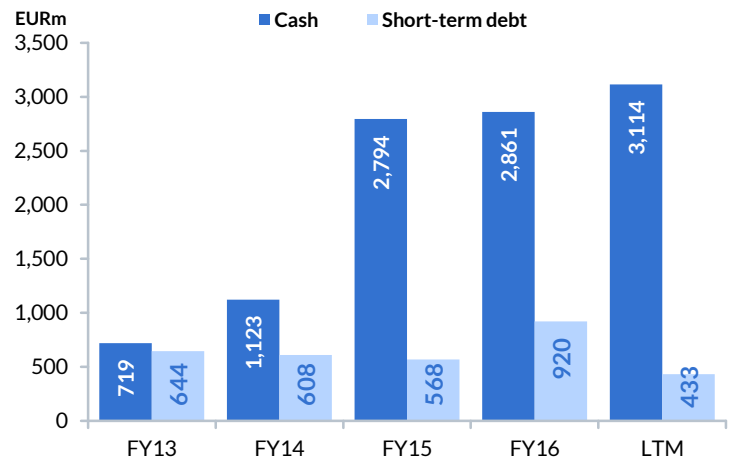
Source: Debtwire Analytics, company financials

**FIGURE 5: FFO/NET DEBT**



Source: Debtwire Analytics, company financials

**FIGURE 6: CASH/SHORT-TERM DEBT**



Source: Debtwire Analytics, company financials

FINANCIAL SUMMARY								
	30-Jun	30-Jun	30-Jun	30-Sep	30-Sep	31-Mar	30-Sep	30-Sep
	EURm	EURm	EURm	EURm	EURm	EURm	EURm	EURm
				(15m ended)	(12m ended)			
	FY13 <sup>(1)</sup>	FY14 <sup>(1)</sup>	FY15	FY16	FY16	LTM	1H16	1H17
<b>INCOME STATEMENT</b>								
Revenue	7,618	8,066	9,818	16,439	13,427	16,703	6,889	10,165
Change since last period (YoY)	-	6%	22%	67%	-	24.4%	-	48%
Cost of sales	4,943	5,185	6,300	10,486	N/A	N/A	4,380	6,027
<b>Gross profit</b>	<b>2,676</b>	<b>2,881</b>	<b>3,518</b>	<b>5,953</b>	<b>N/A</b>	<b>N/A</b>	<b>2,509</b>	<b>4,138</b>
Gross profit margin	35%	36%	36%	36%	N/A	N/A	36%	41%
Operating income	96	96	264	441	N/A	N/A	154	241
Operating expense*	2,011	2,110	2,667	4,591	N/A	N/A	1,866	3,476
Capital items	25	-103	-182	10	10	30	-2	18
<b>EBIT</b>	<b>736</b>	<b>971</b>	<b>1,297</b>	<b>1,793</b>	<b>1,500</b>	<b>1,586</b>	<b>799</b>	<b>885</b>
Adj. EBIT**	761	868	1,115	1,803	1,510	1,616	797	903
(+) Depreciation and amortisation	211	197	162	311	258	347	118	207
<b>Adj. EBITDA</b>	<b>972</b>	<b>1,064</b>	<b>1,277</b>	<b>2,114</b>	<b>1,768</b>	<b>1,963</b>	<b>915</b>	<b>1,110</b>
Change since last period (YoY)	-	10%	20%	66%	-	11%	-	21%
Adj. EBITDA margin	12.8%	13.2%	13.0%	12.9%	13.2%	11.8%	13.3%	10.9%
Net finance costs	126	137	128	195	161	208	82	129
Net income (loss)	618	678	959	1,442	1,228	1,292	647	711
<b>BALANCE SHEET</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY16</b>	<b>LTM</b>	<b>2Q16</b>	<b>2Q17</b>
Cash and cash equivalents	719	1,123	2,794	2,861	2,861	3,114	2,841	3,114
Trade and other receivables	1,806	1,250	1,354	1,735	1,735	1,871	1,333	1,871
Inventories and vehicle rental fleet	1,315	1,268	1,945	2,715	2,715	2,969	2,177	2,969
Total current assets	3,872	4,516	6,986	8,279	8,279	8,813	7,281	8,813
PP&E	3,492	3,740	4,296	5,136	5,136	5,437	4,692	5,437
Goodwill and intangible assets	4,701	4,544	9,955	16,508	16,508	17,676	9,481	17,676
Total non-current assets	8,964	9,390	16,123	23,902	23,902	25,857	16,151	25,857
<b>Total assets</b>	<b>12,836</b>	<b>13,905</b>	<b>23,109</b>	<b>32,181</b>	<b>32,181</b>	<b>34,670</b>	<b>23,432</b>	<b>34,670</b>
Trade and other payables	2,332	2,379	3,484	4,980	4,980	5,215	3,547	5,215
Total current liabilities	3,111	3,109	4,166	6,217	6,217	5,877	5,012	5,877
<b>Total debt</b>	<b>4,148</b>	<b>4,428</b>	<b>4,720</b>	<b>8,062</b>	<b>8,062</b>	<b>9,594</b>	<b>5,748</b>	<b>9,594</b>
Short-term debt	644	608	568	920	920	433	1,290	433
Long-term debt	3,504	3,820	4,152	7,142	7,142	9,161	4,458	9,161
<b>Net debt</b>	<b>3,428</b>	<b>3,305</b>	<b>1,926</b>	<b>5,201</b>	<b>5,201</b>	<b>6,480</b>	<b>2,907</b>	<b>6,480</b>
<b>Total liabilities</b>	<b>7,643</b>	<b>7,873</b>	<b>9,681</b>	<b>16,214</b>	<b>16,214</b>	<b>18,035</b>	<b>10,930</b>	<b>18,035</b>
<b>Total equity</b>	<b>5,194</b>	<b>6,033</b>	<b>13,428</b>	<b>15,967</b>	<b>15,967</b>	<b>16,635</b>	<b>12,502</b>	<b>16,635</b>
<b>CASH FLOW STATEMENT</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY16</b>	<b>LTM</b>	<b>1H16</b>	<b>1H17</b>
Funds from operations (FFO)	1,200	1,309	1,375	2,169	N/A	N/A	971	1,186
Change in working capital	-212	282	568	-133	N/A	N/A	-410	-274
Net movement in instalment sale and loan receivables	-163	-120	-16	-25	N/A	N/A	48	-13
Net dividends paid	-54	-125	-286	-142	N/A	N/A	-137	-637
Net finance charges	-124	-127	-90	-186	N/A	N/A	-65	-123
Income tax paid	-85	-109	-76	-208	N/A	N/A	-83	-126
Operating cash flow (OCF)	562	1,109	1,475	1,475	N/A	N/A	324	13
Capital expenditure, net	-530	-335	-344	-640	N/A	N/A	-275	-427
<b>Free cash flow (FCF)</b>	<b>32</b>	<b>774</b>	<b>1,131</b>	<b>835</b>	<b>N/A</b>	<b>N/A</b>	<b>49</b>	<b>-414</b>
Disposals/(acquisitions)	-30.5	-311	-971	-2,926	N/A	N/A	-89	-395
(Increase)/decrease in short-term and long-term investments and loans	-85	-501	-209	-398	N/A	N/A	-99	79
Net proceeds from ordinary and preference shares issued/redeemed	-31	-26	1,407	1,702	N/A	N/A	-7	6
Net borrowings	153	452	321	1,275	N/A	N/A	718	1,208
<b>RATIO ANALYSIS</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY16</b>	<b>LTM</b>		
Net debt/adj. EBITDA	3.5x	3.1x	1.5x	2.5x	2.9x	3.3x	-	-
Total debt/adj. EBITDA	4.3x	4.2x	3.7x	3.8x	4.6x	4.9x	-	-
Adj. EBITDA/finance costs, net	7.7x	7.8x	10.0x	10.8x	11.0x	9.4x	-	-
(Adj. EBITDA-capex)/finance costs, net	3.6x	5.8x	10.4x	7.9x	-	-	-	-
FFO/net debt	0.4x	0.4x	0.7x	0.4x	-	-	-	-
Current ratio	1.2x	1.5x	1.7x	1.3x	1.3x	1.5x	-	-
Quick ratio	0.8x	1.0x	1.2x	0.9x	0.9x	1.0x	-	-

Source: Debtwire calculations, company financials, xe.com

\*Includes distribution expenses and other operating expenses \*\*Adjusted for capital items.

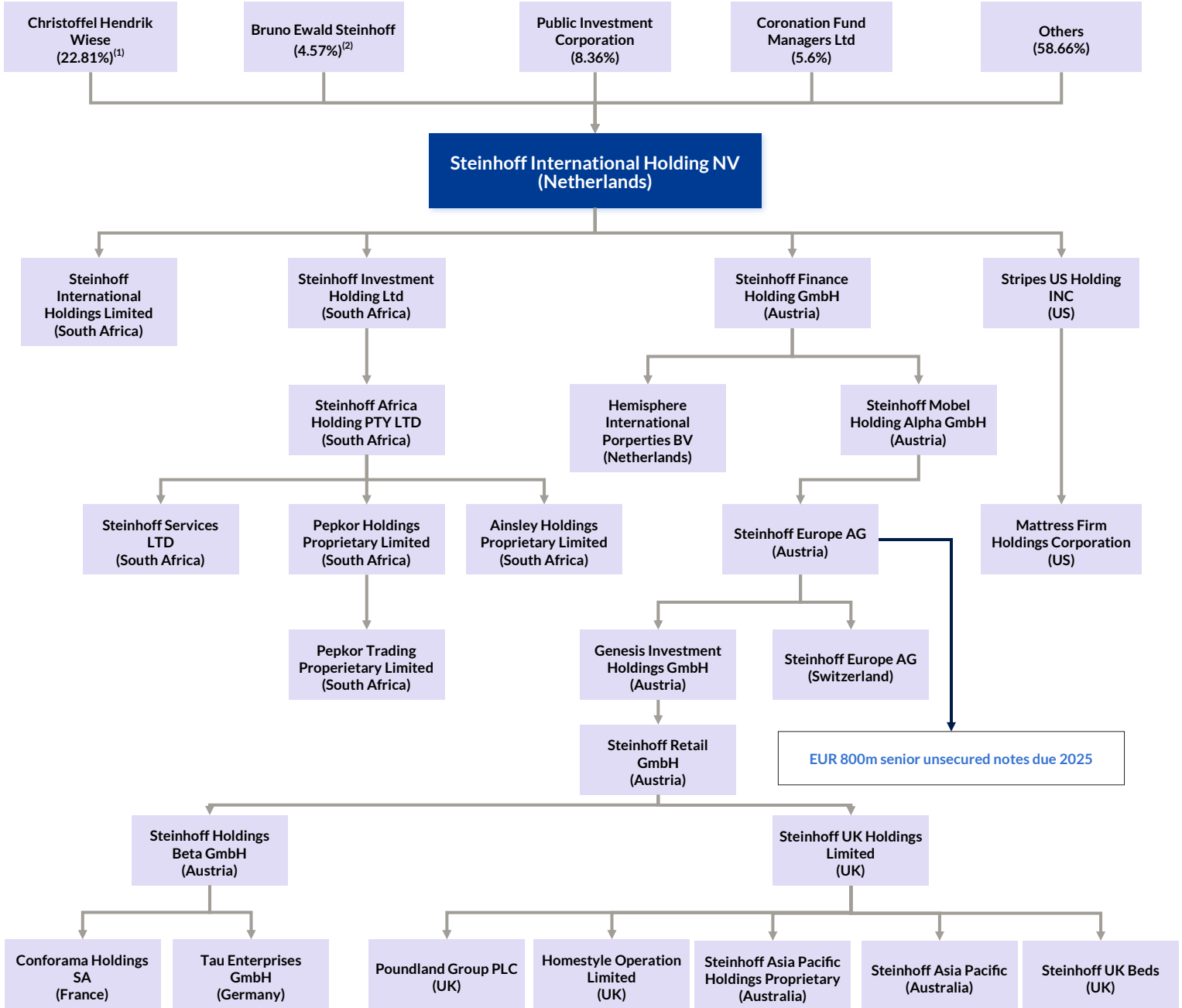
1) FY13 and FY14 financials converted as per ZAR/EUR exchange rate on respective balance sheet date.



FINANCIAL SNAPSHOT	(EURm)
LTM 2Q17 revenue:	16,703
LTM 2Q17 adj. EBITDA:	1,963
Net debt:	6,480

COMPANY INFORMATION	
Rating (S&P/Moody's/Fitch):	NR/B1/NR
Ticker:	SNH
Market capitalisation:	EUR 2,587m

COMPANY TIMELINE	
Last earnings release:	7-Jun-17
Next earnings release:	-
Next significant maturity:	Mar-19



Source: Debtwire Analytics, bond prospectus dated 19-Jul-17 for significant shareholding pattern and report for subsidiary list

1) Through Upington Investment Holdings B.V.

2) Directly and indirectly through several entities, including BS Beteiligungs-und Verwaltungs GmbH and BS Vermögensverwaltungsgesellschaft GmbH.

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