



PRESS RELEASE

Date: 28 August 2014

Agency: Ahoy! PR

Taste Raises R180 Million For Future Growth

Taste Holdings announced today that it would raise R180 million through a rights offer to existing shareholders. Although the rights offer formally opens mid-September, the company says that it had already received irrevocable commitments for the full R180 million from just 60% of the current shareholder base.

"This overwhelmingly positive support from our existing shareholders is obviously the strongest sign that they support our strategy and future growth prospects. It also means that we don't need an underwriter," explained Carlo Gonzaga, CEO of Taste.

This capital raising from its shareholders comes on the back of the company registering a R1 billion corporate bond programme in July 2014. Under this programme the company raised R125 million of funding on 30 July 2014, of which it used R61 million to settle existing term debt, with the remaining being earmarked for future acquisitions.

"Access to debt via the R1 billion bond program is more closely aligned with our future growth plans as it is more predictable and flexible than traditional term loans. It is our intention with future acquisitions to raise debt through this program to match our current equity raising," said Gonzaga.

The company would issue some 60 million new shares at R3 per share, a discount of nearly 20% to the 30 day volume weighted share price when the Board of Directors finalised the rights offer details in July. On the price of the offer Gonzaga commented, "It's a healthy discount to the average price but not enough of a discount to put us under pressure to make an acquisition. We also are of the view that existing shareholders should be given an opportunity to participate. About the only box this rights offer didn't tick is bringing new investors in to the company, something which we will work on in the future."

Commenting on current trading conditions Gonzaga said that the group estimates it would show an increase in core EBITDA when compared to the first six months of last year, with an expected slight decrease of between R1 million and R1.5 million, in core earnings, due mainly to structural changes made late last year in order to meet the requirements of international brands as well as create internal capacity for further acquisitions in the local market.

"We have excluded the up-front costs associated with Dominos to get to "core earnings" as this is the most realistic way to understand our business through the period that we roll out Dominos. Aside from this, trading has been positive among higher income consumers – especially in Pizza - while lower end consumers are still under significant strain, as we've seen through some of the other retailers in this segment." Taste will release its half year results for the six months ended 31 August 2014 in October 2014.

The combination of the debt and equity funding will see the group now have capital of more than R240 million available on hand. On its intended use Gonzaga concluded "We plan to exclusively use this cash and any additional capital we raise over and above this to make acquisitions in line with our stated strategy and roll out Dominos in Southern Africa. We have a history of making value adding acquisitions and allocating capital in a discipline manner. This will not change."

Ends

Issued on behalf of Taste Holdings by:

Ahoy! PR

Contact: Mike Caminsky

Tel: 031 201 4382

Fax: 031 201 4358

Cell: 082 447 6670

E-mail: mike@ahoypr.co.za