

METTLE INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2008/002061/06)

JSE share code: MLE

ISIN: ZAE000257622

("Mettle" or "the Company")



TRADING STATEMENT FOR THE TWELVE MONTHS ENDED 28 FEBRUARY 2019

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements companies are required to publish a trading statement as soon as a reasonable degree of certainty exists that the financial results for the period to be reported upon next will differ by at least 20% from those of the previous corresponding reporting period.

Accordingly, shareholders of the Company are advised that earnings per share for the year ended 28 February 2019 is expected to be between 6.58 cents and 9.86 cents per share (2018: 16.44 cents per share), being a decrease of between 60% and 40% from the earnings per share reported for the year ended 28 February 2018. Headline earnings per share for the same period is expected to decrease by no more than 20%.

The decrease in earnings per share is primarily attributable to an impairment by the Company of its investment in an associate, Lendcor (Pty) Ltd ("Lendcor"). Lendcor provides unsecured loans for home improvements to the lower LSM market through a network of building supply merchants. During the financial year certain changes to the collection methodology relating to a segment of its lending book were imposed. Lendcor adjusted its business rules to address these changes. However, this has had a negative impact on the collectability of this portion of its lending book. As a result, Lendcor incurred a R0.4 million loss for the year ended 28 February 2019 (2018: R12 million profit). The Company therefore recorded an impairment provision of R12.8 million against its investment in Lendcor.

In addition, once-off restructuring costs of R4 million and new recurring listing related costs of R2 million attributable to the restructure and listing of the Company contributed to the decrease in earnings.

Shareholders of the Company are advised that the net asset value per share as at 28 February 2019 is expected to be between 192 cents and 205 cents per share (2018: 128 cents per share), being an increase of between 50% and 60% from the net asset value per share reported as at 28 February 2018.

The financial information on which this trading statement is based has not been reviewed or reported on by the Company's external auditors.

The financial results of the Company for the year ended 28 February 2019 are expected to be released on or about 31 May 2019.

Cape Town
21 May 2019

Designated Advisor



Questco Corporate Advisory (Pty) Ltd