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Distribution and Warehousing Network Limited

(Incorporated in the Republic of South Africa)

(Registration number 1984/008265/06)

Share code: DAW & ISIN code: ZAE000018834

(“DAWN” or “the Company” or “the Group”)

UPDATED TRADING STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

In compliance with section 3.4(b) of the Listings Requirements of the JSE Limited, a listed company is required to publish a trading statement as soon as it becomes reasonably certain that the financial results for the period to be reported on next will show a 20% or more difference from the previous corresponding period.

On 13 March 2017 DAWN reminded shareholders in its declaration announcement and terms of the DAWN rights offer that an aggressive turnaround programme had commenced since the appointment of Stephen Connelly as interim CEO on 1 June 2016.

As part of the turnaround, a number of loss-making operations were closed and a cost and working capital reduction programme commenced. Substantial restructuring costs were thus incurred for the year to 31 March 2017, including retrenchment costs and write-downs in the downsizing, closure and consolidation of businesses to adapt to the new market reality of a much lower revenue environment. Notable progress has been made in the right-sizing of the group, cost and working capital reduction areas, with the programme being given increased impetus under the new group CEO, Edwin Hewitt (appointed 1 April 2017).

Operating conditions deteriorated markedly in the second half, which

led to a sustained decline in DAWN's revenue, influenced by the continually deteriorating South African economy and a widespread drought. These factors exacerbated the impact of restructuring costs on the results and further affected profit levels. As highlighted previously, DAWN's business model is particularly sensitive to revenue levels.

The losses incurred in the first six months of the year to 31 March 2017 therefore continued into the second half, with the benefits of the turnaround programme taking longer to manifest at the bottom line than originally planned.

Further to the trading statement published on SENS on 17 January 2017, DAWN shareholders are advised that the group expects results for the 12 months to 31 March 2017 to be as follows:

- . Earnings per share ("EPS") will be 15% better than the 318,3 cents per share loss achieved for the year ended 31 March 2016, with an earnings per share loss of 269,2 cents per share for the year.
 - o The improvement in the EPS loss was largely due to a reduction in asset write-downs and impairments compared to the prior period. However, as there were further large asset write-downs and impairments in the current period necessitated by the current economic environment and continued poor performances of certain DAWN business units, losses continued.
- . Headline earnings per share ("HEPS") will be 267% lower at a

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loss of 240,5 cents per share compared to the 65,6 cents per share loss of last year.

o As is the case with EPS, the impact was due to the asset write-downs, as not all of the write-downs qualify for headline earnings add-back.

The R358 million rights issue of April 2017 allowed the group to repay R200 million of bridging finance, R75 million of bank repayments, as well as provided short-term working capital to implement the turnaround strategies.

DAWN also wishes to remind shareholders of the cautionary announcement dated 11 July 2017 where it advised shareholders of the potential disposal of DAWN's 49% share in a material associate, Grohe DAWN Watertech (GDW).

Going concern assessment

The board believes the group is solvent and liquid for the 12 months following the date of the auditors signing of this year's results on 14 July 2017 and that the going concern basis is appropriate. This is based on cashflow forecasts prepared against the backdrop of available facilities.

The most significant assumptions are:

- no further material deterioration in the economy, which will negatively affect the performance of the group;
- the group's ability to fund its short-term liquidity requirements, which is dependent on adequate funding facilities; and
- the achievement of the forecast cashflow, mainly due to the uncertain economic conditions.

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Management is actively addressing the group's challenges, with actions including corporate restructuring activities and alternative funding options.

Based on the board's assessment, the group's auditor has confirmed that it will express an unmodified opinion on the annual financial statements, with an emphasis of matter on the going concern. The potential events and conditions raised in the assumptions above give rise to a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

The forecast financial information in this trading statement has not been reviewed or reported on by DAWN's auditors.

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Further information will be provided in the results announcement for the year ended 31 March 2017, which will be published on SENS on 14 July 2017.

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12 July 2017

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