



Viceroy comment relating to report by Intellidex

12 July 2018 - So we can carry on writing our “prolific” research reports, here is Viceroy Research’s comment on the Intellidex report:

1. Viceroy expect our work to be treated with the same skepticism as that of any other party and have continuously advocated for quality due diligence on the part of our readers. The quality of our research is like any other, subjective, but our content is thoroughly back-tested. Intellidex’s report does not disprove any of our published work.
2. Viceroy receives a significant amount of anonymous data relating to companies worldwide on a regular basis. We incorporate independently verifiable data into our reports where appropriate and value-additive. **This was the case with Steinhoff**, where substantial details of a further off-balance sheet entity were sent to us and we incorporated this into our report where they could be second sourced and verified. We have commented as such on every occasion where asked by numerous journalists locally. **We have no business relationship with any individuals or funds cited in Intellidex's report, and our work is funded internally.**
3. Viceroy, like any short activist, has a network of industry consultants which are utilized on a case-by-case basis under strict non-disclosure agreements. We have never shied away from this and the assertion that this is somehow uncommon in the financial markets is ridiculous. There are many organizations that specifically procure these specialist services for investment professionals. **Again, the work of these consultants is funded internally.**
4. Viceroy itself is currently a key witness to regulators internationally. We have never shied away from regulators and are actively assisting them in their pursuit of criminal prosecutions. It is ironic given these circumstances that Intellidex – directly or indirectly – claim that we are somehow hiding away from regulators. We are regulated, as is any other player in financial markets: any assertion otherwise is ridiculous.
5. MiMedx served Viceroy weeks ago, and Viceroy have *already filed a response to the complaint*. We don’t know how Intellidex have missed this given they have apparently counted every one of our tweets on a company by company basis. We have *widely* discussed the lodgment of our response. Further, the CEO & Chairman has been compelled to resign, internal investigations are taking place and prosecutions of professionals are underway for receiving bribes and inducements from MiMedx.
6. Intellidex find it suspicious that we have used different valuation methodologies across different reports on separate companies. We used an NPV for Syrah because it is a mine, and thus has a limited lifespan. We use comparatives for companies like ProSieben because there are numerous variables that can’t feasibly be reasonably priced in. We withhold valuations on any companies where we believe results have been adulterated, and we will not try to blindly fabricate this data to justify a valuation. We price \$0 valuations where we do not see a viable future for the businesses. This is Finance 101.
7. Intellidex have interchanged the term “cabal” used to discredit short-sellers with “ecosystem”, and suggest Viceroy are paid “semi-gratuitous” fees to promote hedge funds’ short positions. This is not the case, nor is this a new conspiracy argument aimed at activist short sellers. **Viceroy has no business relationships with any of the individuals or funds cited in the Intellidex report, and all our research is funded internally.** It makes no financial sense for activist short sellers to disclose their work-in-progress or reporting timelines to anyone, as this adversely affects our trading position. It is also illegal, referred to as “concert party”, and we do not partake in this activity.

Viceroy encourages all parties to read our research at www.viceroyresearch.org, where they can make up their own minds. We have also attached to this report the correspondence between Viceroy Research and Intellidex.

To avoid any dispute on our next piece on a South Africa Company, we have spent near 3 months back checking our data and analysis and will publish *only* when we are satisfied of its accuracy and validity.

Yours faithfully

Viceroy Team