

## AFRISAM TO INCREASE ITS FOOTPRINT IN THE EASTERN CAPE

16 OCTOBER 2012 – AfriSam, Southern Africa's leading black-controlled construction materials group, today announced that it had signed a lease agreement with the Coega Development Corporation (CDC) for the establishment of a cementitious milling and blending plant in Zone 5 of the Coega Industrial Development Zone (IDZ).

The plant will have a production capacity of 740 000 tons per annum and will supplement AfriSam's existing supply of cement to the Eastern Cape market.

The construction phase will see an estimated 400 jobs created and the operational phase will create approximately 90 jobs.

An Environmental Impact Assessment (EIA) is currently underway and construction of the plant will commence upon approval of the EIA. Pending the outcome of the EIA, this significant greenfield investment by AfriSam is due to come online in 2015.

"We are pleased about the conclusion of the agreement and are excited to have this new opportunity to establish an operational presence in the Eastern Cape, expanding our internal capacity," said Stephan Olivier, Chief Executive Officer of AfriSam South Africa.

AfriSam already has a well-established market presence in the Eastern Cape, which is supplied with cement from AfriSam's Ulco plant in the Northern Cape. The company has existing distribution depots in Queenstown and East London. These depots would ideally be complemented by the planned milling plant and distribution depot at Coega, AfriSam confirmed.

"The new operation will benefit our customers in the Eastern Cape directly through increased guarantee of supply and shorter product lead times. The plant will also provide employment for sixty people, with an additional thirty employment opportunities created through service providers," Olivier said.

An added advantage offered by the Coega IDZ milling plant is the high standard of infrastructure as well as the proximity to the Port of Ngqura, which makes it cost-effective to import raw materials required for the manufacture of cementitious material.

"This exciting new investment in the Coega IDZ has the Capex value of R634-million and will see the Zone 5 metallurgical cluster filled," said Ayanda Vilakazi, CDC head of marketing and communications. "It speaks of growing investor confidence in the IDZ.

"The CDC's investment base is steadily increasing and every quarter it adds a few more credible investors to the Coega IDZ family."

Added benefits are job creation, strengthening of supply chains and backward and forward linkages, and contributing towards the critical mass needed to position the IDZ as a world economic zone leader, said Vilakazi.

AfriSam is in the process of investigating and identifying synergies with the manganese smelter companies. Agreement has been reached to further investigate mutual benefits between the companies.



“We welcome AfriSam and commend their choice and confidence in the IDZ and look forward to a fruitful and long-lasting relationship,” Vilakazi added.

## **About AfriSam**

Black-controlled AfriSam is one of the most widely spread Cement, Aggregate and Readymix groups in the southern African region, with operations in South Africa, Botswana, Lesotho, Swaziland and Tanzania. The company is a proud Level 2 Broad Based Black Economic Empowerment (BBBEE) contributor and has a 62.5 percent interest in Tanzania-based and listed Tanga Cement Company Limited. Founded in 1934, AfriSam employs more than 2 000 staff members and has an annual cement production capacity of 5.8 million tons, produced from seven production facilities and distributed to customers through strategically-located cement depots.

## **Caption:**

CAST IN STONE: AfriSam, Southern Africa’s leading black-controlled construction materials group, has just signed a lease agreement with the Coega Development Corporation (CDC) for the development of a cement plant in the Coega IDZ. The investment amounts to R634-million and will see the creation of 400 jobs in construction phase and 90 jobs in operation phase. Signing the impressive greenfield investment lease agreement are the company’s Chief Executive, Stephan Olivier (right) and CDC Chief Executive, Pepi Silinga (left).

**End**

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