

MEDIA RELEASE

SLUG: Value Cement

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R35 million boost to a cement blending company to purchase plant

The investment will support 50 direct jobs in Westonaria, South of Johannesburg.

The growth experienced in the construction industry as evidenced by the emphasis in the infrastructure development drive by government, has led the National Empowerment Fund (NEF) to advance R35 million to Value Cement, a cement blending company. The company is black owned and blends, produces and sells cement to a wide range of customers across the country, and has a strong pipeline of customers interested in their products including in the SADC region.

Jabulani Cekwana, Managing Director of Value Cement says that their business is a prime example of broad based black empowerment with a significant percentage of directors and management being female.

The entity's core business is the blending of top quality cement that is supplied to the infrastructure development sector and others. The invested R35 million will enable the company to own the property, plant and equipment they are currently renting as well as create 50 fulltime jobs in the process.

"We are very excited about this project not only because of its strong commercial merit but also its high developmental impact. The company will contribute to the country's GDP and generate foreign revenue from exports into SADC and other regions. It will also generate in excess of 50 jobs and our investment will secure equity into the project which shall be warehoused for BB-BEE beneficiaries", says Philisiwe Buthelezi, Chief Executive Officer at NEF.

She says the investment will certainly give Value Cement the necessary muscle and ability to compete in a highly controlled, protected and competitive industry while further ensuring that the enterprise is sustainable and creates meaningful employment.

Global recovery from the recession is occurring at a very slow pace and this has filtered into construction and infrastructure sectors. The sector's increased activity has also slowed down post-World Cup. However, the need for public sector spending in South Africa continues to increase in importance as evidenced by government's committing R 846bn in its infrastructure plan. Currently, government has a back-log of some 2.1 million subsidised houses that need to be addressed in the next four to five years. "Value Cement is well

positioned to take advantage of these opportunities in the market given its strong empowerment credentials”, adds Makhathini.

Cekwana adds that this investment has been much waited and it will position them strategically in the cement manufacturing industry.

“This investment ensures that previously disadvantaged people participate meaningfully in the cement industry and gain invaluable skills in this niche space which will be useful in the foreseeable future as this is a pivotal sector that will assist the country to meet its infrastructural development goals”.

The funding of Value Cement was facilitated through “Umnotho Fund”, a funding vehicle within the organisation that is designed to increase access to BEE capital.

Value Cement plant is one of the most modern blending plants in South Africa and has sufficient capacity to service most of the provinces as well as export markets. The plant is designed in such a way that the current capacity can be tripled without a large capital expenditure and is ready to supply the market with an excellent product for the next 20 – 30 years.

The funding provided by the NEF to the value of R35 million will facilitate the subscription of 73,79% black shareholding in value cement. The investment will also ensure a 43% woman participation and 57% direct and operational involvement by black management.

Value cement boasts a five year off-take agreement with MICA Group, which has over 145 stores nationally. Since March 2011, Value Cement has supplied the MICA Group, which requires between 100 000 to 300 000 bags of cement per month.

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Notes for Editors:

About the National Empowerment Fund

- *The NEF is a premier leading developmental finance agency established by the National Empowerment Fund Act No 105 of 1998 in order to promote and facilitate black economic equality and transformation. Its mandate and mission is to be a catalyst for Broad-Based Black Economic Empowerment (BB-BEE) in South Africa.*
- *The objectives of the NEF are to finance and support business enterprises owned and managed by black entrepreneurs, as well as to promote savings and investment schemes for black people and, in so doing, to develop an understanding of equity ownership and a culture of savings amongst its beneficiaries.*
- *To date the NEF has approved in excess of **R3,7 billion** for black business with **R2,7 billion** disbursed.*
- *Of the approved funds R680 million has supported 233 SME's, with over R108 million approved for rural community development deals, supporting **29 000 jobs**.*
- *21,5% of the NEF's funded portfolio comprise women owned enterprises*

- *Until the Asonge Share Scheme was launched in June 2007, the activities of the NEF centred principally on providing financing and support for black empowered business and entrepreneurs.*
- *The NEF through the Post Investment Department offers a free mentorship program aimed at improving the chances of funded businesses succeeding.*
- *The establishment and promotion of a savings and investment culture amongst all black people, supported by clear and accessible savings and investment products, is key to assisting South Africans to move to full participation in the first economy.*

For further information on the NEF please visit www.nefcorp.co.za.

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