



**REMARKS BY THE ACTING CHAIRPERSON OF THE NATIONAL
EMPOWERMENT FUND, Ms ZUKISWA NTLANGULA, ON THE OCASSION OF
ON THE OCASSION OF THE LAUNCH OF VALUE CEMENT**

12 June 2012, Johannesburg

Distinguished Guests,

From the vantage point of the Board of Trustees of the National Empowerment Fund, this transaction represents an important landmark in the NEF's funding philosophy, and heralds entry by black entrepreneurs into the sphere of economic industrialisation.

Having been among the earliest harbingers for the development and support of black industrialists, the NEF is gratified that this historic call is at last gaining momentum among the patriots and advocates who are inspired and ignited, no doubt, by the constitutional injunction for South Africa, as stated in the Preamble, and I QUOTE: "to heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights", CLOSE QUOTE.

The NEF will continue to provide financial and non-financial support to small and medium enterprises (SMEs) because indeed they generate considerable jobs, skills and economic growth. In fact, a 2010 study by Abor and Quarterly estimates that 91% of formal business entities in South Africa are SMEs, and that they contribute between 52 and 57% to GDP, and about 61% to employment.

So important is the SME sector that **over 60%** of the R3,7 billion that has been approved by the NEF to date for black empowered enterprises, has been for the benefit of SMEs. While this must indeed continue to grow, what must also grow with equal impetus is the financing of deals such as Value Cement, which portend huge industrial capacity and value for the country. In addition to SMEs, therefore, what our country also needs today is for black entrepreneurs to dream of bigger industrial-scale projects, or businesses that have this potential.

The NEF is looking for entrepreneurs who want to be at the top, where they belong. These are business people who want to create jobs by participating in opportunities at the outset of projects, as opposed to doing so during equity closure.

These are potential industrialists who see prospects for growing the export market in a variety of sectors, including agriculture, agro-processing and business process outsourcing, which includes call centres, data storage centres, termination centres and others. These potential industrialists would see opportunities in textiles, mining, mineral processing and beneficiation; automobiles; renewable energy and biofuels, whether this is solar, biomass, hydro, co-generation and wind. As visionaries for large-scale enterprises, these black industrialists would have an eye on plastics; pharmaceuticals and chemicals; forestry, pulp and paper. They will be enlivened by opportunities in infrastructure, which of course includes telecommunications, healthcare, roads, rail, airports, dams and water. These industrialists would want to become players in manufacturing and tourism, which encompasses hotels, resorts, tourism attractions and leisure.

The NEF views Value Cement as a potential industrial giant, and we urge you to think of yourselves exclusively in that context.

In our humble view, this prospect is bolstered by the fact that global recovery from the recession is occurring at a pedestrian pace, filtering into construction and infrastructure sectors, which essentially is the terrain where Value Cement resides.

As you are aware, the local construction industry was not immune to these global effects, however, the South African economy was to some degree cushioned by the 2010 World Cup infrastructure spend.

Even though the post-2010 World Cup construction activity in the economy has slowed down relative to previous years, the need for public sector spending in South Africa continues to increase in importance as evidenced by Government committing **R845bn** in its infrastructure plan, over the next **three** years.

Further, there is currently a back-log of some 2.1 million subsidised houses to be addressed in the next four to five years

As the CEO has stated, Value Cement is well positioned to take advantage of these opportunities in the market, given its strong business case, its leadership calibre, industry expertise and black-empowerment credentials.

The dye has been cast. Value Cement is indeed a potential industrial giant.

While the CEO is reluctant to take credit for this exceptional transaction, on behalf of the Board, I insist, the management of the NEF, under the Philisiwe's worldclass stewardship, must indeed take a bow.

So too must the leadership and partners of Value Cement, whom I am certain will one day be celebrated as among the forerunners, the *voortrekkers*, if you will, of South Africa's industrialisation.

Jabulani, Sphindile and your esteemed partners, as long as you continue to rock, please be assured of the NEF's partnership in that quest.

Good luck, and congratulations for choosing *a funder with a soul*.

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Ms Zukiswa Ntlangula
Acting Chairperson,
National Empowerment Fund