

For Immediate Release

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AFRISAM REFINANCES ITS DEBT AT A DISCOUNT

AfriSam, South Africa's leading black-controlled building and construction materials supplier, has successfully concluded the restructuring and repatriation of its Payment in Kind (PIK) debt back into the country, shaving off a Billion Rand while securing a more favourable interest rate.

The company concluded the refinancing of its outstanding EUR-denominated PIK debt securities, achieving a discount of EUR79.2 million (20 percent). The refinancing was funded by drawing down a new EUR320 million equivalent ZAR-denominated South African PIK debt facility expiring in June 2014.

Public Investment Corporation (PIC) has taken up ZAR1.7 billion of the new South African PIK debt, increasing its total investment in the AfriSam transaction to ZAR6.0 billion. The balance of ZAR2.7 billion has been underwritten by Cemasco BV, a 100 percent subsidiary of Holcim, pending syndication of the new South African PIK debt into the local institutional market.

Charles Naudé, AfriSam's Chief Executive Officer said: "This opportunistic refinancing has significant benefits for the business. It also spells the end of the process during 2008 of optimizing AfriSam's capital structure and leaves us with a

long term and attractive debt financing package as well as a substantial equity investment by the PIC.”

In addition to the ZAR1.0 billion once-off benefit on redeeming the international PIK Notes, this transaction has a number of other significant benefits for AfriSam:

- It removes the hedging costs and volatility associated with that tranche of financing;
- It refinances its PIK debt from EUR into ZARs, at a lower cost of debt; and
- It achieves an anticipated ZAR628 million reduction in its cash cost of borrowing for the Senior Notes in the medium term.

Leon Serfontein, AfriSam’s Acting Chief Financial Officer, says, “We are delighted to have been able to take advantage of the turmoil in the international debt capital markets to refinance our PIK debt at a significant discount. It has a very attractive one-off impact on our 2008 earnings. The simultaneous re-profiling of the hedging contract on our senior debt will also have a significant benefit to this year’s cash flows.”

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