

AfriSam upbeat on PPC merger

By [Mark Allix](#)

22 Sep 2017

AfriSam is confident that its proposed merger with SA's largest cement maker, PPC, has the potential to create significant benefits for all stakeholders.



© stoorn – [za.fotolia.com](#)

African cement markets have changed drastically in the past decade, with global and regional cement powerhouses negatively affecting PPC and AfriSam operations, it says.

"Both companies have recently commenced new businesses or commissioned new capacity in the rest of Africa. This provides significant growth opportunities and market diversity but does present start-up risks and liquidity challenges," Phuthuma Nhleko, AfriSam chairman, said on Wednesday, 20 September.

Consolidation in world cement markets had included the merger of Holcim-Lafarge and Heidelberg-Italcementi. "This is why we believe that a merged South African national champion, with strong empowerment credentials from AfriSam and PPC's existing black shareholders, will not only be competitive in this changing market but will be able to pursue empowerment and social agendas that are critical to its success," he said.

PPC said last week it had received a non-binding "communication of interest" from Nigerian company Dangote Cement to buy the entire share capital of the company.

PPC's share price fell 2.05% on Wednesday to close at R6.21. It jumped as much as 5.7% to about R6.40 last Thursday after the Dangote announcement.

Earlier in September, AfriSam submitted a revised merger proposal to PPC in tandem with an undertaking by Canada's Fairfax Africa Investments to buy R2bn in ordinary shares at R5.75 a share.

The revised merger proposal included a R4bn recapitalisation of AfriSam before any merger.

"We believe that the combined entity, with a significant equity commitment of R6bn from Fairfax, can build an even better future for its shareholders, Rob Wessels, AfriSam acting CEO, said on Wednesday.

Source: Business Day

For more, visit: <https://www.bizcommunity.com>