

Sephaku Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration number: 2005/003306/06)  
Share code: SEP  
ISIN: ZAE000138459  
("SepHold" or "the company")



## **Update on the review of the CEMENT loan repayment profile and correction to the Notice of Annual General Meeting**

*Lenders review the repayment profile to alleviate pressure on the debt service cover ratio*

SepHold is pleased to announce that, the loan repayment profile of the Dangote Cement SA Proprietary Limited ("CEMENT") project loan ("the Project Loan") has been reviewed by CEMENT's lenders to eliminate pressure on the debt service ratio covenant. The review has been agreed in principle and the amendments will be effective when an equity injection totalling R95 million has been received by CEMENT from the shareholders within the next three weeks.

### **Background and original repayment profile**

The Project Loan of R1.95 billion had a tenor of 10 years from 1 November 2012 with a 36-month payment holiday and with the loan capital being repayable in 28 equal quarterly instalments. The Project Loan attracted an interest rate equal to the 3-month JIBAR rate plus a margin of 400 basis points ("bps") and accrued interest during the payment holiday was capitalised against the Project Loan to a final debt amount of R2.4 billion. Debt covenants included a loan life cover ratio of greater than or equal to 1.5; a debt service cover ratio of greater than or equal to 1.3; a reserve tail ratio greater than or equal to 30% and a gearing ratio of less than or equal to 75:25.

### **Project Loan repayments to date**

Since CEMENT started the capital repayments in the first quarter of 2016, a total of R600 million, which constitutes 25% of the capital amount, has been repaid to date. The highly competitive market and downward pressure on cement pricing during CEMENT's financial year ended 31 December 2016, resulted in the debt service cover ratio being increasingly under pressure. The debt service cover ratio for the financial year ended 31 December 2016 was 1.23 instead of the requisite 1.30, resulting in a R135 million equity injection by the shareholders, SepHold and Dangote Cement Plc ("DCP"). The lenders agreed to condone this breach and the forecast breaches for the measurement periods ending 30 June 2017, 31 December 2017 and 30 June 2018.

### **Revised payment profile**

The lenders consortium has collectively agreed to change the repayment profile of the remaining R1.8 billion on the Project Loan from equal capital instalments to increasing capital amounts over the next five years. The annual instalments as a proportion of the outstanding debt would amount to approximately 10% in 2018; 15% in 2019 and the balance of 75% over the final three years. The covenants have been maintained at the original levels, but the interest rate has been increased by 50 bps to JIBAR plus 450 bps.

### **Requisite contribution from shareholders**

A capital injection of R95 million required, will be settled in full by DCP within the next three weeks in line with the terms of the relationship agreement between SepHold and DCP. Subsequently, SepHold will be required to make a payment of R34.2m at a future date, still to be determined between SepHold and DCP, to avoid the dilution of SepHold's 36% interest in CEMENT. In the event that the contribution is not made and based on the valuation used for the last subscription, SepHold's interest in CEMENT will decrease to just below 35%.

### **Correction of the profit before tax figure disclosed in the Notice of Annual General Meeting**

Shareholders are referred to the SENS announcement, dated 23 August 2017, which advised of the distribution and availability of the Notice of Annual General Meeting ("Notice") and are advised that the profit before taxation figure, contained in Annexure 1 of that Notice, was incorrectly stated as R 890 030 675 and should have been R 90 030 675. This amount was correctly reported in the annual financial statements, annual review and the provisional results released on SENS on 30 June 2017.

Chief Executive Officer  
Dr. Lelau Mohuba

18 September 2017

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Enquiries contact: Sakhile Ndlovu      Sephaku Holdings      Investor Relations      012 612 0210

Sponsor to Sephaku Holdings: Questco Corporate Advisory (Pty) Ltd

### **About Sephaku Holdings Limited**

Sephaku Holdings Limited is a building and construction materials company with a portfolio of investments in the cement and mixed concrete sectors in South Africa. The company's core investments are a 36% stake in Dangote Cement South Africa (Pty) Ltd and 100% in Métier Mixed Concrete (Pty) Ltd. SepHold's strategy is to generate income and realise value for shareholders through the production of cement and ready mixed concrete in Southern Africa.

[www.sephakuholdings.com](http://www.sephakuholdings.com)

### **About Dangote Cement South Africa Proprietary Limited ("CEMENT or the associate")**

CEMENT specialises in manufacturing, marketing and distributing high-quality cementitious products to a broad range of users. Its integrated cement plant in Aganang and grinding plant in Delmas have a combined production capacity of 2,8 million tonnes per annum (mtpa) (Delmas 1,5 mtpa and Aganang 1,3 mtpa). Its bagged products are well known and are available at major hardware retailers and numerous second-tier distributors. The associate has been increasing its sales volumes among bulk cement users, particularly ready-mix concrete manufacturers.

CEMENT operates at steady-state production capacity and supplies primarily to Gauteng, Limpopo, Mpumalanga, North West and northern KwaZulu-Natal markets. In the 2016 financial year, approximately 80% (2015: 80%) of sales volumes were in bagged cement. Gauteng continues to be the largest and most contested inland market.

Overall, 64% of CEMENT is owned by DCP, a Nigerian Stock Exchange-listed company with projects and operations in Nigeria and 14 other African countries. Refer to [www.dangcem.com](http://www.dangcem.com) for further information on DCP.

[www.sephakucement.co.za](http://www.sephakucement.co.za)