



Press Release

OHORONGO CEMENT OPENS FOR BUSINESS TWO MONTHS AHEAD OF SCHEDULE

A NAMIBIAN-GERMAN PARTNERSHIP SUCCESS STORY

On 3 February, Ohorongo Cement (PTY) Ltd celebrated the official opening of its recently commissioned cement plant, together with staff, partners and stakeholders. His Excellency, President Hifikepunye Pohamba, once again honoured Ohorongo with his presence at the event, as he had done for the groundbreaking ceremony almost exactly two years ago when he had turned the first sod. This time His Excellency was present to press the plant's ceremonial start-button.

In his address during the official inauguration, the Chairman of Ohorongo Cement and CEO of main shareholder Schwenk Zement KG, Mr Gerhard Hirth, looked back at an exciting construction period, during which Africa's most modern cement plant was completed in the record time of only 22 months. Hirth pointed out: 'It is not every day that only 22 months after start of construction, a cement plant that has the capacity and technology as Ohorongo, is able to get to the point of producing the first cement. We are very proud of this achievement.'

Hirth also thanked all those who had contributed to the successful conclusion of the N\$2.5 billion project: 'Schwenk has a basic principle to which we always adhere, namely we do what we say. Thanks to the co-operation and support of the Namibian government, the regional community, as well as the hard work and diligence of our contractors, Schwenk once again has been able to stay true to this principle, as we have built a cement plant for Namibia in exactly the way we said we would.'

The Ohorongo cement plant is the most technologically advanced plant of its kind in Africa, as it has been designed for the highest levels of output with the least impact on the surroundings. The application of the best technology available allows for a 30% reduction in electrical power consumption as compared to traditional cement plants. Moreover, by using air quenching instead of traditional water conditioning saves up to 220m³ of water per day.

Further, the employment of sophisticated filtering systems enables Ohorongo to keep the levels of air pollution to an absolute minimum. As plant manager Dr Jürgen Hilger explained: 'Our plant has been designed to operate in the middle of a city without polluting the air. Therefore, in fact, the air in any major urban area is usually more polluted than that around our plant.'

Production of Ohorongo cement commenced in December 2010 and the first trucks loaded with Namibia's own cement left the plant during January 2011, two months ahead of schedule. The main raw materials required in the cement production process, limestone, shale and marl, are mined at the Ohorongo quarry, while iron ore and gypsum are obtained from the Okorusu mine and Elspe Minerals close to Swakopmund respectively. All raw materials are sourced within Namibia, making Ohorongo one of the few companies that

complete the entire value chain from bare limestone rock to high quality cement within the country.

In future, Ohorongo will provide nearly 300 job opportunities. In excess of 200 positions have already been filled and extensive training of employees is taking place. Due to the fact that very few Namibians possess the appropriate levels of experience in cement production based on the advanced levels of technology required by Ohorongo, ongoing training is critical for the creation and maintenance of an adequate number of qualified staff. To enable the workforce to acquire the necessary skills, a large number of employees have already received suitable training in Europe at Schwenk, Polysius and the Association of German Cement Plants. In addition, a number of cement experts temporarily visit Ohorongo for periods of up to six months, during which Ohorongo employees receive hands-on, in-house training.

In his turn, Managing Director Hans-Wilhelm Schütte said that the current exciting and important task is to roll out the sales and distribution network. With a production capacity of 700 000 tons of cement per annum, the Ohorongo plant will be able to supply about double the amount currently demanded by the local Namibian market. According to Schütte, Ohorongo's products will be available for purchase from a dense network of retailers throughout Namibia, as well as from vendors in southern Angola.

Schütte pointed out that in line with Ohorongo's service ethos and keen appreciation of its clients, expert sales people stand by to develop made-to-measure solutions to meet their specific requirements. 'Moreover, experienced and qualified technical advisors will stand by to assist customers in the appropriate application of Ohorongo's products' Schütte added.

All experts consulted are confident that Ohorongo will have a positive impact on the socio-economic environment of the region. This will be affected not only through poverty reduction as a result of increased employment, but also due to business opportunities that will emerge as a direct result of Ohorongo's operations. This is borne by the fact that already a number of companies have opened their doors in the Otjozondjupa and Oshikoto regions in response to new trading openings. Given a multiplier effect of 5 – 7, it has been calculated that Ohorongo's presence in the area will result in the creation of 2000 further additional jobs.

Apart from the fact that the Otjozondjupa region as such will benefit from Ohorongo, Namibia as a whole will also profit from the company's commercial activities. For example, while Namibia is currently a net importer of cement, in future Ohorongo will not only replace imported cement with a high quality local product, but it will sell the commodity abroad, turning Namibia into a net cement exporting country.

Besides the direct effects of the company's operations, there are indirect benefits accruing to Namibians, as the company has established a community trust with the mandate of uplifting the members of the Otavi community and people in the region. Since its inception, the Ohorongo Otavi Community Trust, often in co-operation with German NGO Support e.V., has initiated a number of activities and projects. These include the donation of hospital equipment and renovation of the Otavi Health Clinic to a value in excess of N\$ 1 000 000.

Schütte stated that, although the plant had been completed and that routine operations are becoming the order of the day, the company would not rest on its laurels or become complacent. He didn't expect anyone at Ohorongo to become bored, as the future held

many exciting plans. One key initiative was the bush-to-energy project, a scheme in which Ohorongu plans to use encroacher bush to replace coal in the cement production process. Schütte promised that 'The inauguration of our plant on the 3rd was certainly not the last major milestone hosted by the Schwenk family – the next one is just around the corner.'