

5 December 2019

End-of-year Message from Gerhard Victor

In the blink of an eye, we're at the end of the year. Some may feel it was not soon enough. Even though conditions were tough, there are positive stories coming from the market. Here are some of the highlights from 2019, as well as some exciting news regarding the future of PG Bison supporting the industry.

August 2019 saw PG Bison's melamine-faced board (MFB) capacity boosted to 100 000 m² per day. Our sixth MFB press is a first of its kind, a fully robotic line. And it was engineered, installed and commissioned by PG Bison's own highly competent in-house project team. With a growing demand for our value-add products, this additional capacity will help bring even more flexibility to our range offering, while ensuring service levels are maintained in peak trading periods. It will also help support our exciting new range developments, launching in the next few months. I am extremely proud of both the project and production teams' efforts, getting this project done on time, in budget and to full capacity within two weeks after commissioning.

Having a proud South African heritage dating back to 1897, we joined Proudly South African this year. But, it's less about our past and more about our commitment to the future. We believe in this great country and that is why we continue to invest in its future. Proudly South African is dedicated to championing the cause of buying local, both in the public and private sector. To help support their efforts, we sponsored the Proudly South African Furniture Forum, held in July 2019. The forum provided the platform for government and industry to meet and discuss the challenges facing the industry as well as ways of finding solutions together that will pave the way for a sustainable industry. We look forward to the furniture sector's master plan that is currently being finalised.

The year saw our involvement in a number of initiatives in our local communities. One such event was the annual Ugie Knock-out Cup, where 7000 meals were served to attendees of the two-day event and 1000 blankets were distributed to the local children to keep them warm during winter.



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We also partnered with Judea Hope (an NPO), local farmers and businesses to establish a feeding scheme in the Ugie area. The feeding scheme supports seven local crèches distributing meals to 364 pre-school children. More than 48 000 meals are distributed per annum to the children and elderly in the community. In addition, five vegetable tunnels have been established to supplement the food parcels. By erecting these vegetable tunnels at ECD centres we teach the children how to grow their own food from an early age. The local community manages these vegetable tunnels.

PG Bison is committed to educating and upskilling individuals to assist them in having a brighter future. In support of this, we're proud to have conducted 145 learnerships, 115 apprenticeships and nine internships during 2019 across various areas within the business.

In February 2019 we kicked off the 27th year of the PG Bison 1.618 Education Initiative. This annual student design competition is aimed at third year Architecture and Interior Design students across the country. This year's Top Ten Finalists were celebrated, and winners announced at the annual awards event, in October 2019, held at the Apartheid Museum in Johannesburg.

On a positive note, December 2019 will see us wrap up the mammoth salvage operation that followed the massive fires of 2017 and 2018 in the Southern Cape. We also installed a state-of-the-art fire detection system to help protect our resource into the future.

We are busy installing new sawmill technology in the form of a small log line and an additional OptiCut line, so that we can better process future saw log resources and meet market demand, The first two phases of the project are set for completion by the end of January 2020, while the third phase, comprising a line with the latest in finger jointing technology, which will be completed by the end of June 2020.

Looking forward, our project team is set to go with two optimising projects at our particleboard plants, planned for March 2020. These projects will add additional capacity to both lines.

And to bring 2019 to a close, we are very pleased to announce that we received approval from our board for an investment of R560 million to upgrade the frontend of the Piet Retief particleboard plant. In terms of technology, this investment will bring Piet Retief on to the exact same state of the art manufacturing platform and capacity as our Ugie Board plant.

When we get back in 2020, we can look forward to an exciting Gallery Three Road Show and product launch, where we will showcase how we continue to set the trends on the African continent, by bringing the latest products home to you.

We could not invest in the industry and country if it wasn't for the continuing support of all our customers. The PG Bison family thank you for entrusting us with supplying your businesses. We wish you and your families a safe and blessed holiday season and we look forward to continuing working with you in the New Year.

Kind regards,

Gerhard Victor
Chief Executive Officer (CEO)