

19 November 2020

PG BISON ANNOUNCES ADDITIONAL INVESTMENT IN SUPPORT OF INDUSTRY GROWTH

I am pleased to announce that on 18 November 2020 the board of directors of our shareholder, KAP Industrial Holdings Limited, approved PG Bison's request for further capital investment of R1.42 billion for the construction of a new medium density fibreboard (MDF) plant.

The R1.42 billion project will see the building of an additional new, latest technology continuous MDF plant located at PG Bison eMkhondo (Piet Retief). The construction project will run from 2021 until July 2023 and will see MDF production capacity increased by 200%. Boksburg currently produces 400m³ of MDF per day, with the new press at Piet Retief planned to produce 800m³ per day of MDF, thereby increasing our capacity to 1,200m³ per day.

As you are no doubt aware, 36 months ago we commissioned the new forming line and continuous press particleboard plant at Piet Retief at a cost of R600 million, to replace our day-light press. We are well advanced in implementing the second phase upgrade of this line in order to increase particleboard capacity by a further 400m³/day, to over 1000m³/day, at a total cost of R560 million. This second phase is expected to be commissioned in December 2021. The total cost of this investment in replacing and expanding our Piet Retief particleboard plant will be R1,2 billion.

Our strategic plans also include further investment in the expansion of our MFB and gloss lines in order to continue growing our value-added products and solutions to you, our customers. These investments will be timed to coincide with the commissioning of the abovementioned expansions.

The completion of these projects will see a much-needed increase in particleboard and MDF capacity, thereby supporting our valued customers and growth in our local industry. We believe that the effect of this investment will be significant, contributing to creation of direct and indirect jobs, as well as skills and enterprise development and local partnerships.



DIRECTORS: GN Chaplin, FH Olivier, G Victor (Chief Executive Officer), W Kilian, SP Lunga

EXECUTIVE MANAGEMENT: JN Berry, SP Dlamini, SA Engelbrecht, LB Morgan, A Saaiman

COMPANY SECRETARY: KAP Secretarial Services (Pty) Ltd 2018/102269/07

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KAP and PG Bison are committed to the future of this industry and South Africa as a whole, and these investments reflect this commitment. We believe that these investments support the vision of the South African Furniture Master Plan and Forestry Master Plan, and President Cyril Ramaphosa's vision of growing domestic manufacturing as part of the economic recovery plan.

We are grateful for your continued support, as it is your support that makes these investments possible.

Kind regards

GERHARD VICTOR
CEO
PG BISON