



# CAUTIONARY NOTICE TO MEMBERS

## PROPOSED ACQUISITION BY SCANCEM INTERNATIONAL DA OF 68.33% OF THE SHARES IN TANGA CEMENT PLC FROM AFRISAM MAURITIUS INVESTMENT HOLDINGS LIMITED

### TANGA CEMENT PUBLIC LIMITED COMPANY (DSE: TCPLC) (INCORPORATED IN THE UNITED REPUBLIC OF TANZANIA) ("TANGA" OR "THE COMPANY")

Members are referred to (i) the joint announcement made by HeidelbergCement AG ("HeidelbergCement") and AfriSam Mauritius Investment Holdings Limited ("AfriSam") on 26 October 2021 ("Joint Announcement"), (ii) the further joint announcement made on 1 July 2022 ("First Extension Announcement") and (iii) the further joint announcement made on 1 August 2022 ("Second Extension Announcement"), which announcements relate to the proposed acquisition by Scancem International DA ("Scancem"), a subsidiary of HeidelbergCement, of 43,504,403 ordinary shares in Tanga Cement from AfriSam, which shares constitute 68.33% of the issued share capital of Tanga Cement ("Acquisition"). The Acquisition is regulated by a share purchase agreement concluded between Scancem, AfriSam and AfriSam (South Africa) Proprietary Limited on 22 October 2021 ("SPA"), as amended.

Unless otherwise defined herein, terms written with a capital letter in this Announcement bear the meaning ascribed thereto in the Joint Announcement, the First Extension Announcement and the Second Extension Announcement.

Members are advised that on 23 September 2022, the Fair Competition Tribunal ("FCT") informed Tanga Cement and Scancem of its decision in relation to the appeals filed by (i) Chalinze Cement Limited and (ii) Tanzania Consumer Advocacy Society against the merger clearance certificate (with conditions) issued by the Fair Competition Commission ("FCC") in relation to the Acquisition dated 6 April 2022 ("Conditional Approval"). The FCT held that the Conditional Approval should not have been granted by the FCC and declared it void. This informal ruling of the FCT means that the Acquisition cannot proceed until the requisite outstanding approval is obtained. HeidelbergCement and AfriSam are considering how to proceed, but the FCT ruling has placed the Acquisition at great risk of not being implemented.

The parties are awaiting the formal ruling from the FCT and will then seek appropriate advice in this regard. The parties continue to be convinced of the Acquisition's benefits to the Tanzanian economy and its consumers. The Acquisition has received formal letters of support issued by the employees of Tanga Cement and their labour union representatives. Furthermore, the transaction is well aligned with the Tanzanian government's investment drive and the parties believe that it will benefit the country in its large infrastructure investment program. Conversely, the purported interest of the appellants in the transaction has not become clear in the proceedings before the FCT.

The Board of Directors of Tanga Cement have been informed that the parties to the SPA have concluded an addendum to the SPA on 30 September 2022 in terms of which the Longstop Date has been further extended from 30 September 2022 to 16 January 2023 or such later date as the parties may agree. In terms of this addendum, the enterprise value has been set to an aggregate amount of USD 155 million for Tanga Cement. This translates to an indicative price of TZS 2,265 per Tanga share. It is important to note that material uncertainty exists currently on the final Acquisition Price, which remains subject to adjustments related to debt, working capital, other expenses and other potential adjustments post-closing.

Members of Tanga Cement are cautioned that there is no certainty that all the Conditions to the Acquisition will be fulfilled, or waived, timeously. Therefore, there is no certainty that the Acquisition will be consummated.

Members are accordingly advised to continue to exercise caution when dealing in Tanga Cement's securities.

Further announcements will be made in due course.

**On behalf of the Board.**

**Lawrence Masha**  
**Chairman of the Board**  
**6 October 2022**

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**PROPOSED ACQUISITION BY SCANCEM INTERNATIONAL DA OF 68.33% OF THE ISSUED SHARES IN  
TANGA CEMENT PLC, A COMPANY ORGANIZED UNDER THE LAWS OF THE UNITED REPUBLIC OF  
TANZANIA, REGISTERED AT BRELA UNDER THE NUMBER 5068 (“TANGA CEMENT”)**

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Shareholders of Tanga Cement are referred to (i) the joint announcement made by HeidelbergCement AG (“**HeidelbergCement**”) and AfriSam Mauritius Investment Holdings Limited (“**AfriSam**”) on 26 October 2021 (“**Joint Announcement**”), (ii) the further joint announcement made on 1 July 2022 (“**First Extension Announcement**”) and (iii) the further joint announcement made on 1 August 2022 (“**Second Extension Announcement**”), which announcements relate to the proposed acquisition by Scancem, a subsidiary of HeidelbergCement, of 43,504,403 ordinary shares in Tanga Cement from AfriSam, which shares constitute 68.33% of the issued share capital of Tanga Cement (“**Acquisition**”). The Acquisition is regulated by a share purchase agreement concluded between Scancem, AfriSam and AfriSam (South Africa) Proprietary Limited on 22 October 2021 (“**SPA**”), as amended.

Terms written with a capital letter in this Announcement bear the meaning ascribed thereto in the Joint Announcement, the First Extension Announcement and the Second Extension Announcement.

Shareholders are advised that on 23 September 2022, the Fair Competition Tribunal (“**FCT**”) informed Tanga Cement and Scancem of its decision in relation to the appeals filed by (i) Chalinze Cement Limited and (ii) Tanzania Consumer Advocacy Society against the merger clearance certificate (with conditions) issued by the Fair Competition Commission (“**FCC**”) in relation to the Acquisition dated 6 April 2022 (“**Conditional Approval**”). The FCT held that the Conditional Approval should not have been granted by the FCC and declared it void. The FCT’s informal ruling means that the Acquisition cannot proceed until the requisite outstanding approval is obtained. HeidelbergCement and AfriSam are considering how to proceed, but the FCT ruling has placed the Acquisition at great risk of not being implemented.

The parties are awaiting the formal ruling from the FCT and will then seek appropriate advice in this regard. The parties continue to be convinced of the Acquisition’s benefits to the Tanzanian economy and its consumers. Furthermore, the transaction is well aligned with the Tanzanian government’s investment drive and believe that it will benefit the country in its large infrastructure investment program. Conversely, the purported interest of the appellants in the transaction has not become clear in the proceedings before the FCT.

The economic merger analyses prepared as part of the initial filing with the FCC from November 2021 have illustrated that the combined market share of Tanzania Portland Cement PLC and Tanga Cement PLC (based on installed cement capacity) is less than the thresholds typically applied by the FCC. Additionally, further capacity additions from other market participants after the filing of the Acquisition with the FCC have further reduced the market share of Tanzania Portland Cement PLC and Tanga Cement PLC.

Shareholders are advised that the parties concluded a further addendum to the SPA on 30 September 2022 in terms of which the Longstop Date has been further extended from 30 September 2022 to 16 January 2023 or such later date as the parties may agree. In terms of this further addendum, the enterprise value has been set to an aggregate amount of USD 155 million for Tanga Cement. This translates to an indicative price of TZS 2,265 per share. It is important to note that material uncertainty exists currently on the final Acquisition Price, which remains subject to adjustments related to debt, working capital, other expenses and other potential adjustments post-closing.

Shareholders of Tanga Cement are cautioned that there can be no certainty that all Conditions will be fulfilled or waived timeously and in the circumstances, there is no certainty that the Acquisition will be implemented. Shareholders are advised to continue to exercise caution when dealing in their Tanga Cement shares until a further announcement regarding the completion of the Acquisition is made.

*About Scancem*

*Scancem is a Norwegian partnership company founded in 1986 and is located in Oslo, Norway, with registration number 943 513 716 and registered address c/o HeidelbergCement Norway AS, Lilleakerveien 2A, 0283 Oslo, Norway. The partners are two Norwegian limited liability companies, both ultimately owned 100% by HeidelbergCement. Scancem is part of the lumber and other construction materials merchant wholesalers industry and produces and distributes cement.*



**HEIDELBERGCEMENT**