

Dated: Nov 2009

PROGRAM DESIGN AND IMPLEMENTATION OF A STRATEGIC TRANSACTION WORTH ABOUT R6-BILLION FOR ONE OF THE WORLD'S LARGEST BREWERS

SAB LTD R6 BILLION BBBEE TRANSACTION

Barnstone was recently appointed to assist SAB with project management of their BBBEE transaction. Based on our experience with Sasol Inzalo, we were required to plan the transaction from the 'in principle agreement' stage through to final implementation and to assist with specific implementation tasks as the process unfolds. The team includes Jan van den Berg in the Programme Manager role, James Kennedy & James Steere handling the communication process, with Fritz Bezuidenhout & Andre Human running the logistical elements and database requirements with SAB (beer division), ABI (soft drinks) and other service providers such as SA Post Office and a call centre. Deon Crafford managed the sales process and continues to play the commercial lead role.

The SAB BBBEE transaction is worth approximately R6 billion, which will place about 10% of the company's shares under black ownership. Genuinely broad-based, the transaction intends to benefit those stakeholders who are directly involved in the company's business. The participants will include three key constituencies: SAB Ltd employees, black-owned beer and soft drink retailers and, through a new SAB Foundation, historically disadvantaged communities. The full terms of the transaction are expected to be announced in early December, with the offer expected to conclude in the first half of 2010.

A combination of key features makes the transaction distinctive and reflects the move from "narrow" transactions benefiting relatively few individuals and groups to a "broad-based" approach:

1. The benefits of the transaction are specifically targeted at the major stakeholder groups who have played a meaningful role in SAB's long-term business success.
2. The transaction is affordable and easily accessible for targeted stakeholders. Employees and the SAB Foundation are not required to pay for their shares, and retailers will be required to make only a small cash investment.
3. There is no external bank funding required (the deal is facilitated entirely by SAB), contributing significantly to the sustainability of the transaction.
4. A meaningful cash dividend stream is expected to be paid to all participants from year one for the whole of the ten-year transaction period, thereby delivering a significant economic benefit.
5. Through the new SAB Foundation, many historically disadvantaged South Africans will benefit from sustainable ongoing investment aimed at fostering entrepreneurship.

Some of the more interesting and challenging elements of the assignment include project managing a large and diverse team including Standard Bank (financial design), Bowman's (lawyers), Ogilvy (Above the Line communications agency), Corporate Image (PR consultants), Initiative Media (media buying & placement), SAB team representatives, SAPO & an independent call centre. Also, a novel experience for James Kennedy & James Steere was field testing some communication concepts in taverns and shebeens like the name of the transaction (Zenzele, meaning "do it for yourself"), characters to be used in educational



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material, artistic styles for booklets and posters and so on. Real live characters like Bra Hippo and Sis Minzi and many others like them are some of the real entrepreneurs – starting with little or nothing, growing a business against the odds and ultimately becoming prominent members of the community. These are the beer and soft drink retailers who SAB wants to invite to take part in the deal – people who have done it themselves, have the entrepreneurial spirit and are key to SAB's business.