

Why Tito Mboweni quit PPC's board

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Tito Mboweni's unexpected resignation from PPC's board has prompted speculation that it might relate to an irreconcilable disagreement about the strategic direction of the cement producer, specifically about the proposed merger with Afrisam.



Tito Mboweni at the 2011 World Economic Forum on Africa – [Wikimedia Commons](#), CC BY-SA 2.0

PPC told shareholders on Wednesday, 19 July, that Mboweni, an independent non-executive director, had resigned with immediate effect. Mboweni, who was appointed to the board after a boardroom battle in 2014, was chairman of PPC's social, ethics and transformation committee. The announcement of his resignation came two days after PPC told shareholders that formal talks about a merger with Afrisam were continuing.

PPC would not elaborate on reasons for the resignation and Mboweni did not respond to a request for comment. There has been no indication Mboweni is resigning from any of his other directorships, which suggests the issue is specific to PPC.

Mboweni, a former Reserve Bank governor and labour minister, is chairman of Nampak, Sacoil and Accelerate Property Fund. He is a non-executive director of Discovery and Alexcor and an international adviser to Goldman Sachs International.

In 2014, Mboweni unexpectedly stepped down from the chairman's position at AngloGold Ashanti.

In February of that year, he said that because of his many professional commitments, he was stepping down, but he

agreed to work closely with the new chairman, Siphos Pityana.

Mboweni was elected to the PPC board in January 2015 after the high-profile battle between the incumbent board and a group of shareholders led by Foord Asset Management, who wanted to make new board appointments. The battle was sparked by the resignation of former CEO Ketso Gordhan in September 2014.

At the height of the boardroom battle in December 2014, PPC said it received a merger proposal from unlisted rival Afrisam. Paul Stuver, a former PPC CEO said at the time that some members of the board had wanted to merge with Afrisam and had been involved in informal talks as far back as 2010.

However, Stuver said then that the board did not see any value in the merger for PPC's shareholders. Despite this decision, some members of the board continued to push for it.

The board's rejection was based on the belief the merger would result in doubling PPC's size in SA, which was expected to remain oversupplied for several years, and did little to advance its interests in the rest of Africa. Another concern was Afrisam's high level of debt.

Talks began in December 2014 and were abandoned in early 2015. They were resumed in February 2017. On Monday, PPC told shareholders that formal talks on a potential tie-up with Afrisam were continuing.

PPC said the merger would allow it to compete in a market dominated by multinational and regional players.

The driving force behind the merger is understood to be the Public Investment Corporation (PIC), which has poured billions of rand into Afrisam since the failed black economic empowerment buyout in 2007. The PIC holds about 65% of Afrisam and more than 15% of PPC.

Source: Business Day

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