

## **Blackstar Group SE**

### **Disposal of Investment**

Blackstar Group SE (“Blackstar” or the “Company”) is pleased to announce that it has entered into a conditional agreement for the sale of its 54 per cent shareholding and shareholder loans in Ferro Industrial Products (Pty) Limited (“Ferro”) for R200 million, to be paid in cash.

Additionally, Blackstar has entered into a forward foreign exchange contract to convert the South African Rand proceeds to Pounds Sterling at a rate of R10.9982:£1. As a result of the forward foreign exchange cover taken out by the Company, the disposal proceeds amount to £18.2 million, equating to a return on investment of 4.0 times money and a 72% IRR in Pounds Sterling over the 2 year and 9 month holding period and is at a premium of £0.7 million to the intrinsic carrying value of Ferro as of 31 December 2010.

Ferro is a manufacturer and supplier of a specialised range of powder coatings, black and white plastic master batches as well as high quality porcelain enamels, glaze frits and glass coatings. Blackstar completed a leverage buyout of Ferro in January 2009, acquiring 54% of Ferro with management holding the balance. Since investing, Ferro’s EBIT (earnings before interest and taxation) increased significantly and the business was able to generate good cash flows through the business cycles, enabling it to decrease its debt and enhance value.

The sale agreement is subject to the fulfilment of certain suspensive conditions which are standard in a transaction of this nature including the approval of the South African Competition Authorities. The transaction is expected to complete in the second half of 2011

Andrew Bonamour, director of Blackstar, commented, “Ferro has been a very successful investment for the Company and the Board is pleased that it has been able to generate a 72% IRR on this investment in Pound Sterling for shareholders”.

#### **For further information, please contact:**

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