STRATEGIC DELIVERY AND DIVERSIFIED PORTFOLIO UNDERPIN PERFORMANCE IN CHALLENGING OPERATING ENVIRONMENT

- **HEPS up 11% and EPS up 5%, both at 21 cents**
- **18% increase in rest of Africa EBITDA counters muted SA performance**
- **DRC contributed positively to revenue and EBITDA**
- **Rwanda plant upgraded - record volumes achieved at end of the reporting period**
- **SK9 commissioned and 'SURERANGE' launched in SA**
- **Like for like interest charges down 31% and positive free cash flow of R202 million**
- **Leadership adjusted to align with strategic needs - CEO transition in process**

Friday, 23 November 2018 – PPC Ltd. today announced its financial results for the six months ended 30 September 2018.

Johan Claassen, PPC CEO commented: ***"We have produced resilient results by navigating through extremely challenging trading conditions. Our diversified portfolio has enabled us to offset the weaker South African performance with robust growth in our rest of Africa segment.***

"We focused on certain strategic and operational initiatives to ensure greater competitiveness and improved efficiencies. These included reducing interest rate charges, increasing free cash flow, implementing the R50/tonne profitability initiatives and optimising operations."

Group revenue rose by 8% to R5.6 billion on the back of a 4% increase in total cement volumes to 3.1 million tonnes. When including the Rwanda plant upgrade and the DRC plant which was fully accounted for in the period, cost of sales increased by 16% to R4.5 billion. SA Cement contained the increase in its cost of sales to 5%, despite the inclusion of R19 million in capex related to SK9. Group overheads increased by 6% to R580 million, although overheads in the SA businesses reduced owing to actions taken as part of the R50/tonne profitability initiatives.

Tryphosa Ramano, PPC CFO commented: ***"The restructuring of our RSA debt at lower associated effective interest rates of 9.5% reduced our interest charges which on a like for like basis declined by 31%. We also delivered positive free cash flow of R202 million while cash on hand totalled R1.3 billion, a 50% increase."***

Southern African cement revenue, which includes Botswana, reduced by 4.2% despite a 1% - 2% increase in realised average selling prices, as volumes declined 3%. Domestically, the performance was impacted by a 71% rise in imports and increased blender activity in a low growth environment, where both the consumer segment and construction industry came under severe pressure. Variable costs rose by 4%, mainly attributable to a 13% increase in distribution costs (on a rand per tonne basis) which were impacted by a significant rise in fuel prices.

The successful integration of Safika and commissioning of SK9 at the end of June, formed part of the R50/tonne profitability initiatives, as did the 'SURERANGE' launch which broadened our product offering to include fit for purpose cement. These initiatives will reduce future operating costs.

"Looking forward, we have raised our profitability initiatives to R70/tonne and will implement price increases to achieve sustainable return in excess of the group's cost of capital," added Claassen.

The materials business which positions PPC as a leading materials solutions provider, delivered revenue growth of 7% and contributed R100 million to EBITDA.

"We are very pleased with our rest of Africa operations which grew volumes by over 34%, increased revenues by 36% to R1.7 billion and improved EBITDA by 18% to R499 million. This performance was supported by robust volume growth in Zimbabwe and a positive contribution from the DRC.

"The first phase of our CIMERWA plant upgrade in Rwanda, which entailed debottlenecking our plant to increase production capacity was successfully completed during the period. Pleasingly, we began to realise the benefits towards the end of the period when record volumes were achieved," added Claassen.

PPC Zimbabwe grew revenue by 31% to R1.1 billion on the back of a 29% increase in volumes. The performance was supported by successful implementation of the route to market strategy which enabled PPC to benefit from an upsurge in construction activity. PPC Zimbabwe has increased local input costs to 90% and grown its exports to mitigate liquidity constraints in country.

In the DRC, PPC Barnet's route to market initiatives supported the achievement of a market share ranging between 25% and 30%, and R240 million in revenue, while the benefits of right sizing the business and stringent cost controls delivered EBITDA of R60 million.

Habesha in Ethiopia which is still in ramp-up, delivered over 300 000 tonnes of cement during the period. It however contributed a net loss of R19 million as performance was constrained by the political environment and heavy rainfall in the second quarter of the financial year.

CIMERWA in Rwanda achieved revenue of R402 million and EBITDA of R92 million despite undergoing an upgrade during the period to increase capacity utilisation to 80%.

"We expect trading conditions in South Africa and the DRC to remain difficult. However, we should benefit from a steady performance in Zimbabwe, improved output from CIMERWA and stable political environments in Ethiopia, while the DRC elections are a key milestone to unlock latent infrastructure demand.

"We are committed to executing on our key priorities which aim to improve efficiencies and margins in order to cement our solid foundation and deliver sustainable shareholder value," concluded Claassen.

Following an evaluation of the leadership of the company, PPC made several changes to the composition of the board to balance the need for change, while ensuring board and company stability going forward. Following this process, it became apparent that the company faced a set of near-term challenges and opportunities which led to a detailed evaluation of the executive bench, individual and collective skills of the leadership body and the development of succession plans to align the leadership with the strategic needs of the firm going forward.

During the period under review, the executive committee was restructured to achieve accountability geographically, and enhance the effectiveness of group services into these geographies. In the course of this exercise, Johan Claassen, expressed an interest to take early retirement. The company's policy makes provision for such circumstances, and accordingly the company has agreed to accommodate this request. The board has therefore initiated a process to find a new CEO. Johan is fully committed to the role of CEO until such time as a new CEO is found.

On behalf of the PPC board, Mr Jabu Moleketi commented: ***"The board would like to thank Johan for his commitment, hard work, and loyalty to PPC, its shareholders, employees and customers. Under Johan's leadership, PPC has built a strong customer - focused organisation. His industry expertise and relationships have been invaluable resources and he has served the company with courage during a challenging period. This was demonstrated by the delivery of the FOH-FOUR strategic priorities. The board will work closely with him to ensure a smooth transition until the board has found a suitable replacement."***

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About PPC Ltd

A leading supplier of cement, lime and related products in southern Africa, PPC has 11 cement factories and a lime manufacturing facility in six African countries including South Africa, Botswana, DRC, Ethiopia, Rwanda and Zimbabwe. The recent commissioning of PPC's milling depot, located in Harare, Zimbabwe and new plants in the DRC and Ethiopia bring PPC's capacity to around eleven and a half million tonnes of cement products each year, compared to 8 million tonnes in 2015.

As part of its strategy and long-term vision, PPC expanded its operations in South Africa with the modernisation of its PPC Slurry complex outside Mafikeng in the North West province.

PPC's Materials business, comprising of Pronto Holdings (including Pronto Building Materials, Ulula Ash and 3Q Mahuma Concrete), forms part of the company's channel management strategy for southern Africa. PPC's footprint in the readymix sector has grown to include 29 batching plants across South Africa and Mozambique and also has the capacity to produce half a million tonnes of fly ash. PPC also produces aggregates in South Africa and Botswana.

PPC Lime, one of the largest lime producers in the southern hemisphere, produces metallurgical-grade calcitic and dolomitic lime and sinter stone used mainly in the steel and related industries.

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