RESULTS REFLECTIVE OF CHALLENGING ENVIRONMENT WITH THE INTERNATIONAL EBITDA CONTRIBUTION COUNTERING WEAKER DOMESTIC PERFORMANCE

STRATEGIC REPOSITIONING BEGINNING TO YIELD RESULTS IN FY21

- **Group revenue of R10.2 billion (March 2019: R10.4 billion, restated)**
- **Group EBITDA of R1.6 billion (March 2019: R1.9 billion)**
- **EPS of -124 cents (March 2019: 16 cents, restated)**
- **HEPS of 27 cents (March 2019: 20 cents, restated)**
- **Continued difficult trading conditions exacerbated by Covid-19**
- **Covid-19 response reflects commitment to keep the business and economy going**
- **Evidence of improved performance following easing of lockdowns**
- **Capital restructuring project reaches key milestones with support of lenders**

09 October 2020 – PPC Ltd. a leading pan-African provider of quality building materials and solutions today announced its financial results for the 12 months ended 31 March 2020.

Roland van Wijnen, PPC CEO commented: ***"FY20 was characterised by difficult trading conditions, especially in South Africa. The global COVID-19 pandemic, which emerged during the last month of the financial year, further exacerbated an already difficult trading cycle. We acted swiftly to implement protocols to protect our employees, improve our competitiveness and preserve cash. While we have seen a decline in our financial performance, we also see that the actions we have taken to reposition PPC to deliver sustainable value for all our stakeholders are beginning to yield results. After the resumption of trading in FY21, the performance across all of our core businesses has been encouraging. I am proud of the way in which PPC employees have come together to drive performance to sustain our purpose to empower people to experience a better quality of life."***

Cement South Africa and Botswana experienced double-digit year-on-year sales volume growth since June, with the volumes for the three months from July to September recording year-on-year growth of 20% to 25%. The international operations which were less affected by the COVID-19 pandemic, in aggregate, experienced strong growth in cement sales volumes since June. In the last three months from July to September, sales volumes in PPC Zimbabwe and PPC Barnet in the DRC, grew by 35% to 40% and 20% to 25% year-on-year, respectively. CIMERWA in Rwanda, experienced sales volume growth of 15% to 20% over the same period.

For FY20, Group revenue was slightly lower for the period at R10.2 billion mainly due to a reduced contribution from South Africa cement. Group EBITDA of R1.6 billion was largely impacted by currency movements, hyperinflation accounting, the difficult trading environment exacerbated by Covid-19 and once-off costs. Finance costs decreased by 4% to R652 million. Overall profitability was impacted by impairments to property, plant and equipment, and intangible assets as well as fair value adjustments.

Cash available from operations decreased from R1.3 billion to R463 million, with cash generation impacted by amongst other things the decline in EBITDA, stockpiling of strategic inventories, hyperinflation in Zimbabwe and a reduction in payables. Capex was well managed and came in at the lower end of guidance at R650 million, a reduction of 16%. Gross debt rose to R5.8 billion at the end of March primarily due to currency movements which added R638 million.

Ronel van Dijk, PPC CFO commented: ***"We are committed to improve cost competitiveness and cash preservation is a major focus for FY21. On the back of the recovery in sales and the various cost and cash preservation measures already implemented, cash flows for the last few months have shown a positive trajectory and total borrowings in South Africa have been reduced by over R200 million"***

Cement South Africa and Botswana experienced a decline in revenue of 11% to R4.8 billion and given its reduced ability to cover fixed costs, delivered 36% lower EBITDA of R613 million. Realised average selling prices for South Africa increased by 8% to 10% as the business continued with its drive to recover operational costs and improve returns. Cement volumes were 15% to 20% lower with the coastal regions experiencing a lesser decline. PPC estimates that the overall market contracted by around 7% to 10% for the period as demand was muted. Imports and blender activity further impacted the competitive environment, with cement imports increasing by 36% to 1,3 million tonnes for the period. ***"Our sector is key to drive economic growth and employment and needs government intervention in the form of infrastructure spend and action against imports. PPC continues to engage the International Trade Administration Commission (ITAC) as part of a sector-wide submission on cement imports that are hampering domestic cement production. These measures are necessary to ensure that the cement industry is protected from unfair competition and remains sustainable, especially now given the impact of the Covid-19 lockdown on the broader construction sector,"*** added Wijnen.

In the DRC, PPC Barnet achieved revenue growth of 5% to R607 million on the back of higher pricing and translation gains, and generated EBITDA of R94 million. While PPC estimates that market demand increased by 4% - 8% this was offset by a rise in imports from neighbouring countries. Cement producers in the DRC continue to lobby the authorities to increase the enforcement of existing laws banning imports.

CIMERWA, in Rwanda achieved revenue growth of 6% to R936 million due to higher pricing and volumes. Robust cement demand was driven by large infrastructure projects, growth in the retail market and export demand in eastern DRC. EBITDA which declined by 8% to R226 million was however negatively impacted by higher operational costs incurred to improve the plant's output and as a result of the lockdown imposed by authorities.

In Zimbabwe, cement volumes declined by 15% to 20% in a market that contracted by a similar percentage. Revenue increased 29% to R1.9 billion, supported by higher realised prices, and EBITDA grew by 53% to R707 million. Trading conditions in Zimbabwe continue to be impacted by the hyperinflationary environment, weak demand, unstable power supply and shortage of foreign currency, however, the business continues to secure large infrastructure projects in hard currency, has a suitable cost base aligned to the demand profile and remains financially self-sufficient.

"***Over the next nine months we will take the necessary strategic and operational actions to improve the Group's financial position and performance. The capital restructuring remains a priority and the progress made substantially completes the initial steps required for a more sustainable capital structure to be implemented to position the Group for long-term growth,"*** concluded Wijnen.

Revised facility documentation with South African lenders is expected to be finalised this month and standstill documentation with DRC lenders is expected to be finalised next month. Negotiations are currently underway to restructure the DRC debt and remove its reliance on the Group as are plans for an equity raise in PPC International, with the quantum and timing to be confirmed in the first quarter of 2021.

ENDS

Financial Communications Advisor:

Instinctif Partners
Louise Fortuin
Mobile: +27 (71) 605 4292
Email: Louise.Fortuin@Instinctif.com

About PPC Ltd

PPC is an iconic material and solutions provider of quality and consistent cement, aggregates, metallurgical-grade lime, burnt dolomite, limestone, readymix and fly ash. We also provide technical support to our customers. PPC's story stretches back over 128 years to where we were first incorporated on the outskirts of Pretoria in 1892. As the first cement plant in South Africa, we have established ourselves as a resilient organisation by adapting to ever-changing economic, operating and political environments. We are proud to be a leading provider of quality building materials and solutions to empower people to experience a better quality of life.

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