

PPC Ltd

Registration Number 1892/000667/06

JSE & ZSE Code: PPC

ISIN: ZAE000170049

("PPC" or the "Company" or "the Group")

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA AND JAPAN, OR ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF APPLICABLE LAW OR REGULATION**

---

**ANNOUNCEMENT RELATING TO:**

- **DECLARATION INFORMATION RELATING TO A RENOUNCEABLE RIGHTS OFFER OF ZAR 4 BILLION; AND**
  - **FURTHER CAUTIONARY ANNOUNCEMENT**
- 

**1. INTRODUCTION**

Shareholders of PPC ("Shareholders") are referred to the announcement released on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on Monday, 1 August 2016 relating to the approval by the requisite majority of Shareholders of all the resolutions proposed at the general meeting of Shareholders held on Monday, 1 August 2016, for purposes of implementing a proposed rights offer.

The Company intends to raise a gross total of ZAR 4 billion through a fully underwritten renounceable rights offer ("the Rights Offer"), subject to the satisfaction of the conditions precedent set out in paragraph 4 below.

A further announcement setting out the full terms and finalisation information of the Rights Offer will be released on or about Wednesday, 24 August 2016.

## 2. RATIONALE FOR THE RIGHTS OFFER

PPC embarked on a strategy in 2010 to expand into Africa to extract value from high-growth economies and diversify the Group's exposure from the South African economy, as well as to expand the Group's business into adjacent and downstream cement business (the "Expansion Strategy"). As part of the Expansion Strategy, the Group has invested in projects in Rwanda, the Democratic Republic of Congo, Zimbabwe and Ethiopia. Given the project lifecycle in the cement industry and the long lead time required to implement these projects, the Group has drawn down on pre-arranged project finance debt without an immediate concomitant increase in earnings and resultant cash flow. In order to help finance these projects, the Group incurred additional debt during a period of deterioration in the macroeconomic environment in which the Group operates which has impacted negatively on the profitability of the Group's existing operations and consequently the liquidity and leverage position of the Group as a whole.

On 30 May 2016, S&P Global Ratings downgraded the Company's long-term and short-term South African national scale corporate credit ratings to zaBB-/zaB from zaA/zaA-2 respectively (the "Ratings Downgrade").

As a result of the Ratings Downgrade, noteholders of outstanding notes (the "Notes") issued under PPC's domestic medium term note programme (the "Note Programme") had the right to elect that the Company redeem their Notes (value at issuance of ZAR 1.75 billion) at par plus accrued interest. As an interim measure and in order to ensure it was in a position to honour its commitments to any holders of the outstanding Notes ("Noteholders") who made such an election, in June 2016 the Company concluded a short-term liquidity and guarantee facility with The Standard Bank of South Africa Limited ("Standard Bank"), Absa Bank Limited ("Absa Bank"), Nedbank Corporate and Investment Banking (a division of Nedbank Limited) ("Nedbank") and Rand Merchant Bank (a division of FirstRand Bank Limited) ("RMB") (collectively "the Banks") which provides liquidity for the Company to redeem the Notes (the "Liquidity and Guarantee Facility").

On 24 June 2016, the majority of Noteholders elected that the Company redeem their Notes at par plus accrued interest. On 15 July 2016, Notes with an aggregate value of approximately ZAR 1.6 billion, were redeemed by the Company, whilst the remaining ZAR 136 million remain to be redeemed on the original maturity dates.

In order to address the challenges outlined above, the Company is seeking to raise ZAR 4 billion in gross proceeds through the Rights Offer.

### **3. USE OF PROCEEDS**

The Board intends to use the net proceeds of the Rights Offer to: (i) repay outstanding amounts under the Liquidity and Guarantee Facility (expected to be approximately ZAR 1.8 billion); (ii) repay outstanding amounts advanced by the Banks under other finance facilities (expected to be approximately ZAR 1.2 billion); and (iii) to finance existing projects of the Group and meet other requirements for funding its operations with the remainder of the proceeds.

### **4. CONDITIONS PRECEDENT**

The implementation of the Rights Offer is subject to the fulfilment of the following conditions precedent:

- approval by the JSE of the circular relating to the Rights Offer ("the Rights Offer Circular");
- approval by the JSE of the application for the listing of renounceable (nil paid) letters of allocation ("Letters of Allocation") envisaged in terms of the Rights Offer and of the application for listing of any Rights Offer shares required for implementation of the Rights Offer on the JSE; and
- any other relevant approvals required by the JSE and/or the Zimbabwe Stock Exchange ("the ZSE").

## 5. SALIENT DATES AND TIMES OF THE RIGHTS OFFER

Subject to the fulfilment of the conditions precedent as set out in paragraph 4 above, the proposed salient dates and times for the Rights Offer are set out below:

---

**2016**

---

Finalisation announcement released on SENS	Wednesday, 24 August
Last day to trade in PPC shares in order to participate in the Rights Offer <i>* Last day to trade for Zimbabwe is Friday, 26 August 2016 due to settlement cycle</i>	Tuesday, 30 August
Listing and commencement of trading of Letters of Allocation on the JSE under share code: "PPCN" and ISIN: ZAE000222527 <i>* Listing and trading of Letters of Allocation on the ZSE on Monday, 29 August 2016</i>	Wednesday, 31 August
PPC ordinary shares commence trading on the JSE ex-Rights Offer entitlement <i>* Trading in Zimbabwe will commence ex-Rights Offer on Monday, 29 August 2016</i>	Wednesday, 31 August
Rights Offer Circular and form of instruction posted to qualifying certificated Shareholders	Thursday, 1 September
Record date for determination of Shareholders entitled to participate in the Rights Offer	Friday, 2 September
Dematerialised Shareholders will have their accounts at their Central Securities Depository Participant ("CSDP") or broker automatically credited with their entitlement	Monday, 5 September
Certificated Shareholders on the register will have their entitlement credited to an electronic account held at Computershare Investor Services Proprietary Limited ("Computershare"), in relation to qualifying Shareholders on the South African register and Corpserve Transfer Secretaries (Pvt) Ltd ("Corpserve" together with Computershare, "Transfer Secretaries") in relation to qualifying Shareholders on the Zimbabwean register	Monday, 5 September
Rights Offer opens at 09:00	Monday, 5 September
Rights Offer Circular posted to dematerialised Shareholders (where applicable)	Tuesday, 6 September
Last day to trade Letters of Allocation on the JSE and ZSE	Tuesday, 13 September
Maximum number of Rights Offer shares listed and trading therein commences on the JSE and ZSE	Wednesday, 14 September
Rights Offer closes at 12:00	Friday, 16 September

Record date for Letters of Allocation	Friday, 16 September
Rights Offer shares issued on	Monday, 19 September
Dematerialised Shareholders' accounts updated and debited by CSDP or broker (in respect of entitlements to Rights Offer shares)	Monday, 19 September
Certificates posted to certificated Shareholders (in respect of the Rights Offer shares) on or about	Monday, 19 September
Results of Rights Offer announced on SENS	Monday, 19 September
Results of Rights Offer announced in the South African press	Tuesday, 20 September
Refunds (if any) to certificated Shareholders in respect of unsuccessful excess applications made and share certificates posted to certificated Shareholders in respect of successful excess applications	Wednesday, 21 September
Dematerialised Shareholders' accounts updated and debited by their CSDP or broker (in respect of successful excess applications)	Wednesday, 21 September

---

**Notes:**

1. All references to times are local times in South Africa.
2. Share certificates in respect of PPC ordinary shares may not be dematerialised or rematerialised (a) in the case of PPC ordinary shares listed on the JSE, between 31 August 2016 and 2 September 2016, both days inclusive and (b) in the case of PPC ordinary shares listed on the ZSE, between 29 August 2016 and 2 September 2016, both days inclusive.
3. CSDPs effect payment on a delivery versus payment basis in respect of dematerialised shares.
4. Qualifying dematerialised Shareholders are required to inform their CSDP or broker of their instructions in terms of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the qualifying dematerialised Shareholders and their CSDP or broker. Qualifying dematerialised Shareholders are advised to contact their CSDP or broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.
5. Transfers between the JSE and ZSE are not allowed.

**6. FURTHER CAUTIONARY ANNOUNCEMENT**

Shareholders are advised that the final terms of the Rights Offer will be announced on or about Wednesday, 24 August 2016 and accordingly, Shareholders should continue to exercise caution when dealing in the Company's securities.

Johannesburg  
23 August 2016

Sole Global Co-ordinator, Joint Bookrunner and Joint Transaction Sponsor  
The Standard Bank of South Africa Limited

Joint Bookrunner and Joint Transaction Sponsor  
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Joint Bookrunners  
ABSA Bank Limited  
Rand Merchant Bank, a division of FirstRand Bank Limited

Legal Advisor to PPC as to South African Law  
Bowman Gilfillan Inc.

Legal Advisor to PPC as to US and English Law  
Freshfields Bruckhaus Deringer LLP

Legal Advisor to the Joint Bookrunners as to South African Law  
Webber Wentzel

Legal Advisor to the Joint Bookrunners as to US and English Law  
Linklaters

Financial Advisor and Company Sponsor  
Merrill Lynch South Africa (Pty) Limited

Sponsoring Brokers in Zimbabwe  
Imara Edwards Securities

PPC:  
Azola Lowan  
Tel: +27 (0) 11 386 9000  
Azola.Lowan@ppc.co.za

Financial Communications Advisor:  
Instinctif Partners

Morne Reinders

Mobile: +27 (0) 82 325 1810

Morne.Reinders@instinctif.com

Louise Fortuin

Mobile: +27 (0) 71 605 4294

Louise.Fortuin@instinctif.com

## **NOTICE TO RECIPIENTS**

This announcement is not for distribution, directly or indirectly, in or into the United States (including its territories and dependencies, any State of the United States and the District of Columbia), Canada and Japan.

This announcement includes certain "forward-looking statements" that reflect the current views or expectations of the Board with respect to future events and financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the Group's strategy; the economic outlook for the industry; use of the proceeds of the Rights Offer. These forward-looking statements are not based on historical facts, but rather reflect the Group's current plans, estimates, projections and expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "expect", "anticipate", "intend", "should", "planned", "may", "potential" or similar words and phrases.

This announcement does not constitute an offer of, or an invitation to purchase, any securities of the Company in any jurisdiction. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities mentioned herein (the "Securities") have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act"). The Securities may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.