

PPC Ltd
(Incorporated in the Republic of South Africa)
(Company registration number: 1892/000667/06)
JSE Code: PPC
ISIN: ZAE000170049
JSE code: PPC003
JSE ISIN: ZAG000117524
("PPC" or the "Company")

TRADING STATEMENT

In terms of the Listing Requirements of the JSE Limited, companies are required to publish a Trading Statement as soon as they become reasonably certain that the financial results for the period to be reported will differ by more than 20% from those of the previous corresponding period. PPC is finalising its interim results for the 6 months ended 30 September 2019 which will be released on or about 20 November 2019.

Earnings before Interest, tax, depreciation and amortisation ("EBITDA"), before Impairments, Expected Credit Loss adjustments and the Net monetary gain resulting from the application of hyper-inflation accounting on the PPC Zimbabwe business is expected to decrease by between 15% and 20% compared to R1.039 billion for the period ended 30 September 2018.

The main drivers for the decline in EBITDA are:

- The impact of Zimbabwe due to the hyper-inflationary environment (see details below)
- The difficult trading environment in South Africa
- Once-off restructuring costs amounting to R85 million incurred during the period under review

Basic earnings per share is expected to decrease by between 90% and 110% (between 19 cents and 23 cents), compared with the 21 cents achieved for the prior comparable period ended 30 September 2018. Headline earnings per share is expected to decrease by between 65% and 85% (between 14 cents and 18 cents) compared with the 21 cents achieved for the prior comparable period ended 30 September 2018.

The main drivers for the decline in EPS are:

- The above EBITDA drivers
- Hyper-inflationary accounting (IAS29) and the application of IFRS9: Financial Instruments, both explained below
- Impairment of the equity accounted investment in Ethiopia amounting to R93 million (this item does not impact HEPS)

TREATMENT OF ZIMBABWE

PPC has been closely monitoring the economic situation in Zimbabwe and whilst the business is self-sufficient, the Zimbabwe Public Accountants and Auditors Board (PAAB) announced that Zimbabwe is a hyperinflationary economy. This conclusion was supported by a rapid increase in the inflation rate which at the end of September

2019 was in excess of 150%, the significant deterioration in the traded interbank Zimbabwean dollar exchange rate over the period and the lack of access to foreign currency to discharge foreign liabilities.

PPC Zimbabwe has applied hyperinflationary accounting from 1 April 2019 - 30 September 2019, in accordance with IAS 29 accounting standards. The results, net assets and cash flows were then translated from Zimbabwe Dollar ("ZWL") into rand at a closing rate of 1 ZWL to 0.99 ZAR.

The impact of the above on the PPC Group results is as follows:

- PPC Zimbabwe EBITDA is expected to decline between 40% and 45% compared with the R352m achieved in the prior comparable period.
- Loss for the period is impacted by a net monetary gain amounting to R445 million (after tax)

PPC Group results are also impacted by application of IFRS9: Financial Instruments to the funds held in Zimbabwe and the Zimbabwe Financial Asset that arose as a result of the US\$ denominated Zimbabwe loan that qualified as legacy debt. The impact on the group results is an increase in expected credit losses of between R300 million and R350 million.

The information in this trading statement has not been reviewed or reported on by the Company's external auditors.

Sandton

7 November 2019

Sponsor

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