

PPC Ltd
(Incorporated in the Republic of South Africa)
(Company registration number 1892/000667/06)
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("PPC" or "Company" or "Group")

PPC ATTENDING BofA SECURITIES INVESTOR CONFERENCE AND OPERATIONAL UPDATE FOR THE 11 MONTHS ENDED FEBRUARY 2020

BofA SECURITIES INVESTOR CONFERENCE

PPC will be participating in the virtual BofA Securities Investor Conference on Wednesday 18 and Thursday 19 March 2020. In preparation for this event, PPC has prepared an operational update, which reflects information on PPC operations for the period April 2019 to February 2020 as outlined below.

GROUP PERFORMANCE

The trading performance in the Group's Southern Africa businesses has started to show signs of stabilisation in terms of cement volumes whilst the business continues to realise year-on-year cement price increases. The International cement business has delivered a resilient performance for the period with continued year-on-year revenue growth in DRC and Rwanda whilst PPC Zimbabwe has seen an improvement in EBITDA margins and is fully self-funding. The Group has continued with stringent cost containment supported by a restructured Group head office. Group capex has reduced significantly when compared with the same period last year, and is expected to be at the lower end of the guided range of R600m to R800m given at the Group's interim results. The reduction in capex is expected to counter the negative impact of reduced EBITDA. All business units are meeting their debt obligations other than the DRC operations, which has continued to pay only its interest obligations. In the DRC, PPC has successfully negotiated an extension to the capital moratorium which expired in January 2020.

UPDATE ON THE CAPITAL STRUCTURE

PPC indicated to investors in November 2019 that management was reviewing the capital structure of the Group. Subsequently, PPC has embarked on a project to refinance and restructure the Group. There are three parts to this, all of which are at various stages of development.

1) The first part of this project entails:

a) The relaxation of covenants in respect of South African debt. This is partially complete and is expected to be finalised within the next three months,

b) The extension of capital repayments with regard to the maturity profile in South Africa is in the early stages and progressing well.

2) The second part aims to achieve an extension of the capital holiday in the DRC, which would complete a process which commenced in July 2019. These negotiations have concluded, and the parties are finalising the related legal process. This will extend the capital moratorium in the DRC to January 2022.

3) The third part relates to the unsustainable debt levels in the DRC, and its requirement for deficiency funding from PPC Ltd. These negotiations have commenced and PPC is considering various options for the refinancing and restructuring project that may include a capital injection by interested third parties into the International cement business. PPC will update shareholders at its interim results in June 2020 in this regard. PPC does not envisage a capital raise at PPC Limited level for this purpose.

SOUTHERN AFRICA CEMENT

PPC realised average cement price increases in its Southern African business (including Botswana), of 8.0% to 10.0% for the period. SA cement sales volumes declined by 16% to 18% compared to the corresponding period in 2019 ("comparable period"). Increased importer and blender activity has impacted PPC's domestic volumes and pricing. Total cement imports increased by 17% for January 2019 to December 2019 compared to the same period in 2018, amounting to approximately 1.2 million tonnes. The coastal business is experiencing a downturn in volumes impacted by imports, whilst inland volumes are showing signs of improvement. The Concrete Institute ("TCI") on behalf of the domestic cement industry has completed its submission to the International Trade Administration Commission ("ITAC") highlighting the impact of imports on domestic cement production.

MATERIAL BUSINESS

The material businesses consisting Lime, aggregates and readymix experienced a combined decline in revenue and EBITDA of 5% to 10%. The Lime business has been hampered by constrained steel demand, exacerbated by the Saldhana shutdown, whilst the aggregates and readymix businesses experienced muted demand due to their exposure to the domestic construction sector. The Lime and aggregates businesses benefitted

from increased steel production in the Gauteng region and a diversification strategy to broaden the customer base.

INTERNATIONAL CEMENT

ZIMBABWE

Despite the challenging trading conditions in Zimbabwe, including liquidity constraints and inflationary pressures, PPC Zimbabwe remains self-sufficient. Overall cement sales volumes have declined by 15 to 20% due to a weaker economic climate, offset by cement pricing which has been aligned to input cost inflation. PPC Zimbabwe achieved EBITDA margins of 35% to 38%. PPC Zimbabwe has continued to meet its debt obligations in country.

RWANDA

In Rwanda, Cimerwa continues to benefit from increased construction activity and high economic growth. The business achieved higher volumes, with EBITDA tracking in line with the prior period supported by stable pricing. Cimerwa in which PPC holds a 51% stake, has indicated to PPC its intention to list the business in this calendar year on the Rwandan Stock Exchange. PPC views this as a positive step by the company to diversify its shareholder base and unlock value for PPC shareholders.

DEMOCRATIC REPUBLIC OF CONGO (DRC)

The EBITDA performance of the business is tracking higher compared to the same period last year, supported by stable sales volumes and pricing. PPC is currently engaging with its lenders to restructure the debt in the DRC and put in place a more sustainable capital structure, as addressed above

CORONA VIRUS (COVID-19)

In early March 2020, PPC formed a dedicated task team to deal with the Corona virus (COVID-19) outbreak and implemented the first protective measures. The company is following the guidelines from the World Health Organisation, South African government and other regulatory bodies in the countries where the Group has operations. Such guidelines related to items such as staff travel, protection of the premises, hygiene measures and social distancing. PPC continues to monitor the impact on the business both from an economic and social perspective and actively supports the containment of the risks for its employees and business partners contemplating various scenarios for future developments. PPC will keep investors updated as to any significant developments that are impacting the business. Currently, PPC is fully operational across all jurisdictions.

OUTLOOK

PPC management is focused on concluding the refinancing and restructuring in the International cement business. The Group will continue to focus on improving the performance of its core operations and positioning the Group for future growth as the leading organization in the South African cement industry.

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

Sandton

18 March 2020

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