

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

PPC LTD – FURTHER RESTATEMENT TO PRIOR PERIOD FINANCIAL RESULTS, UPDATED TRADING STATEMENT, DELAY IN REPORTING OF 31 MARCH 2020 FINANCIAL RESULTS, OPERATIONAL UPDATE, RESTRUCTURING AND REFINANCING PROJECT UPDATE AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

FURTHER RESTATEMENTS TO PRIOR PERIOD FINANCIAL RESULTS

Shareholders of the Company ("Shareholders") are referred to the announcement on the Stock Exchange News Services ("SENS") issued on 18 August 2020. The Company wishes to advise Shareholders that during the audit process for the year ended 31 March 2020, and subsequent to 18 August 2020, additional prior year errors were identified and corrected. These corrections and financial impacts are detailed below.

EQUITY-ACCOUNTED INVESTMENT IN HABESHA – ETHIOPIA

PPC previously advised Shareholders that the equity accounted investment in Habesha of R146 million should have been fully impaired in the prior year. PPC has subsequently discovered that Habesha restated their FY19 financial statements due to the first-time adoption of International Financial Reporting Standards ("IFRS") in Ethiopia, highlighting the fact that PPC should have adjusted its share of losses in previous years to comply with IFRS, which it did not do.

The result of correcting the error by accounting for the IFRS losses reduced the carrying value of the associate at 31 March 2018 by R126 million and by a further R20 million at 31 March 2019. Therefore, no impairment is required in the current financial year as the additional losses decreased the carrying value to zero by 31 March 2019.

DEMOCRATIC REPUBLIC OF CONGO PUT OPTION

As part of the project financing arrangements for the development of PPC's Democratic Republic of Congo ("DRC") operations, PPC entered into a put option agreement with an international development finance institution in terms of which the latter can put its investment, or part thereof, in PPC Barnet DRC Holdings, to PPC. The exercise price is determined by way of a formula stipulated in the agreement.

In previous years, PPC applied the formula incorrectly in determining the carrying value of the put option. Correcting this error resulted in a reduction in the carrying value of the put option from R245 million (as previously stated) to R176 million as at 31 March 2018 and from R274 million (as previously stated) to R251 million as at 31 March 2019. Consequently, the loss on revaluation of the put option in 2019 increased by R46 million.

NON-CONTROLLING INTERESTS

In finalising the Group annual financial statements, further prior year errors relating to non-controlling ("NCI") interests have come to light that require additional investigation and conclusion. Whilst any required adjustments are not expected to impact the financial loss for the period ended 31 March 2020, these adjustments are important in ensuring the financial statements present fairly, in all material respects, the financial position of the Group at the respective balance sheet dates. The adjustments required are expected to be a reclassification between NCI and Retained Earnings and further details will be disclosed together with the release of the audited financial statements.

UPDATED TRADING STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Further to the announcement on 18 August 2020, providing guidance on the financial results for the period ended 31 March 2020, the Company would like to update its Shareholders as outlined below.

Group revenue for the year ended 31 March 2020 is confirmed to have decreased by less than 5% compared to the prior year (March 2019: R10.409 billion). Earnings before interest, tax, depreciation, and amortisation ("EBITDA"), is confirmed to have decreased by approximately 16% compared to the prior year (March 2019: R1.946 billion). Before taking into account any adjustment resulting from the NCI re-allocation to retained earnings referred to above, basic earnings per share is expected to reflect a loss per share of between 120 and 130 cents per share, and headline earnings per share is still expected to be between 25 cents and 30 cents per share.

Total Group assets and total Group borrowings were R17.093 billion and R5.8 billion at 31 March 2020 respectively. Total Group equity is expected to be approximately R7.793 billion.

DELAY IN REPORTING OF 31 MARCH 2020 ANNUAL FINANCIAL RESULTS

PPC announced on 18 August 2020 that it expected to release its year ended 31 March 2020 financial results by no later than 30 September 2020. As a result of the required restatements and the finalisation of the year-end audit, PPC now expects to release its financial results for the year ended 31 March 2020 in the week of

5 October 2020. PPC has received dispensation from the JSE in terms of this extended reporting date given the impact of the Covid-19 pandemic on the business, the complexities of finalising the year-end audit as well as the impact of the restructuring and refinancing project underway.

OPERATIONAL UPDATE AUGUST 2020 – SEPTEMBER 2020

As reported to Shareholders in the Company's 30 April 2020, 23 July 2020, and 18 August 2020 operational updates, PPC's cement operations ramped up in May 2020 post the Covid-19 restrictions imposed at the end of March 2020 across most of the jurisdictions in which the Group operates. Double-digit year-on-year growth of cement volumes in South Africa were experienced in June and July and have continued at a high rate in August and September. For these two months combined, PPC expects volume growth of more than 25% when compared to the prior year. The resumption of construction activities and the temporary effect of high activity in construction projects to catch up on the delivery of these projects have had a positive impact on the performance.

Given the inherent uncertainty of the current South African economic environment, the Company is cautious on the sustainability of strong cement volumes experienced and continues with the implementation of measures to reduce costs and increase cash generation from its operations. As at the date of this announcement, total borrowings in the South African operations have decreased by over R200 million as a result of the increased cash generation and these initiatives.

In the international subsidiaries, the businesses have been less affected by the Covid-19 pandemic. In aggregate, total cement volumes sold also showed double-digit growth comparing July 2020 with July 2019. Strong sales volumes have continued in August and September 2020, with PPC Barnet (DRC) and PPC Zimbabwe experiencing approximately 25% sales volume growth respectively compared to the prior comparable period. In Rwanda, CIMERWA expects August and September cement volumes sold to increase by approximately 10% compared to the same period last year. All markets of these international subsidiaries of PPC benefit from a good performance of the cement plants and healthy construction activities. The increased sales volumes and the effect of the cost reduction and cash preservation measures have resulted in cash flows for the last few months showing a positive trajectory.

The financial information contained in this announcement has neither been reviewed nor reported on by the Company's external auditors.

RESTRUCTURING AND REFINANCING UPDATE

As outlined in the announcements on 13 August 2020, 18 August 2020, and 15 September 2020, PPC is undertaking a restructuring and refinancing project with

the objective of implementing a sustainable capital structure. PPC continues to make positive progress on the project with finalisation of revised facilities documentation with its South African lenders expected in October 2020 and standstill documentation with its DRC lenders in November 2020.

RENEWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are advised to continue exercising caution when dealing in securities of PPC until the release of the annual financial statements for the year ended 31 March 2020 and full details of the funding arrangements with the lenders and the capital raise are published.

Sandton

30 September 2020

Sponsor

Merrill Lynch South Africa (Pty) Limited

Financial Communications Advisor:

Instinctif Partners

Louise Fortuin

Mobile: +27 71 605 4294