

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

RESTRUCTURING AND REFINANCING UPDATE AND CAUTIONARY ANNOUNCEMENT

Restructuring and refinancing update

Shareholders of PPC (**Shareholders**) are referred to the interim results released on the Stock Exchange News Service (**SENS**) in November 2019 and various subsequent market updates, including the Trading and Operational Update released on 23 July 2020 advising that PPC is reviewing the capital structure of the Group and has embarked on a project to refinance and restructure the Group (**Project**) with the objective of implementing a sustainable capital structure.

In this regard, the Board of PPC notes the recent media speculation concerning the restructuring and refinancing of the Group and sets out below a clarification on the objective and current status of the Project.

Background to the restructuring and refinancing

The need to restructure and refinance is primarily a result of the investment in PPC Barnet in the Democratic Republic of Congo, the role assumed by PPC Ltd in 2014 as a project sponsor and contingent claims against PPC Ltd to provide ongoing deficiency funding to PPC Barnet. The need to refinance has been exacerbated by the economic effects of the Covid 19 pandemic.

Key steps in the restructuring and refinancing project

The restructuring and refinancing seeks to achieve the following objectives:

- Reach agreement with its South African lenders to provide ongoing access to unutilised facilities, reset of covenants, defer payments and extend renewal dates of the general banking facilities to provide greater financial flexibility in the context of the uncertainties of the current trading environment as a result of the Covid 19 pandemic.
- Reach an arrangement with PPC Barnet's lenders on its capital and interest obligations as a precursor to agreeing a sustainable capital structure for PPC Barnet and relieve PPC Ltd of its contingent obligations.
- Raise capital in PPC International to enable a sustainable capital structure, to fund certain capital investments in the international businesses and support the restructuring claims of PPC Barnet lenders. Whilst this will likely result in a dilution of PPC Ltd's interest in PPC International, it is envisaged that PPC International will remain a subsidiary company of the Group.
- Any capital raise will be conditional on the Group reaching a satisfactory outcome on the above. Consideration will be given to a capital raise by way of a PPC rights issue in order to strengthen the balance sheet and enable the broader restructuring, although the timing, quantum and the terms thereof will only be determined once the other steps have been achieved.

Project implementation

The Board is of the view that on implementation of the Project, the operations of the Group will be sustainably capitalised and self-sufficient on a standalone basis across the key geographies in which it operates, and well positioned to pursue their respective growth and shareholder value creation strategies.

The Board has mobilised significant internal and external resource to implement the Project, including the appointment of Antony Ball as executive director to lead the Project and the appointment of inter alia, Gleacher Shacklock LLP as financial advisor to advise on achieving the aforementioned.

The restructuring and refinancing is targeted for completion by 31 March 2021 although no assurance can be given that the various corporate actions will be completed by such date. In the meantime, discussions with the various lenders continue on a constructive basis.

Shareholders will be updated on progress of the project, with further details to be published together with the Company's FY20 results announcement.

CAUTIONARY ANNOUNCEMENT

Shareholders are advised to exercise caution in dealing in securities of PPC until such time as the full details of the funding arrangements with the lenders and the capital raise are published.

Sandton
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Sponsor
Merrill Lynch South Africa (Pty) Limited

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