

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 RENEWAL OF CAUTIONARY ANNOUNCEMENT

#### RESTRUCTURING AND REFINANCING UPDATE

Shareholders of PPC ("**Shareholders**") are referred to the Restructuring and Refinancing Update released on the Stock Exchange News Service ("**SENS**") on 13 August 2020 and the Restatement of Prior Year Results, Trading Statement, Delay in Reporting of 31 March Financial Results and Operational Update released on 18 August 2020 advising that PPC is undertaking a restructuring and refinance project ("**Project**") with the objective of implementing a sustainable capital structure.

PPC has made positive progress on the Project, reaching important milestones as set out below.

#### **Funding confirmation from South African lenders**

The Company has engaged with its South African lenders who provide various short and long term facilities under existing agreements. PPC has concluded an overarching termsheet with its two primary South African lenders ("**SA Primary Banks**") that provides for:

- All short term banking facilities that were in place at financial year end will remain in place under similar terms until at least September 2021
- All long term facilities that were in place at financial year end will remain in place, with the extension of tenor of one of the facilities for an additional six months
- A deferral of scheduled interest and capital repayments on long term facilities until March 2021
- The security position will be enhanced through a security pool arrangement
- A waiver and condonement of covenant breaches under existing facilities and ongoing compliance with amended covenants including EBITDA and liquidity headroom
- A commitment to reduce the levels of gearing in South Africa through a combination of a capital raise and asset sales; any capital raise is conditional on the implementation of the other Project steps, as previously communicated to shareholders

Following credit approval by the SA Primary Banks, the Group has commenced the process of formalising the term sheet and security arrangements.

PPC has also signed a new working capital facility with its third South African lender under similar terms and conditions to the above, providing access to ongoing liquidity until December 2021.

#### **Agreement with PPC Barnett lenders**

PPC Barnett has negotiated a termsheet with its lenders in the DRC ("**PPC Barnett Lenders**") providing for a standstill to allow for the implementation of a long term restructuring plan. The term sheet provides for:

- Initial standstill period to 31 December 2020, with possibility of extension to 31 March 2021 subject to certain extension milestones being met related to the long term restructuring plan
- Forbearance of unpaid principal amortisation to date and scheduled principal amortisation until the end of the standstill period
- Forbearance of unpaid interest to date and scheduled interest until the end of the standstill period

- Negative covenants customary of an arrangement of this nature, including restrictions of incurrence of additional debt outside of the existing Group facilities, dividend restrictions, capital expenditure remaining in line with current budgets and certain financial conduct undertakings with respect to other Group companies

Subject to final credit approval of the PPC Barnett Lenders, the Group will commence the process of formalising the term sheet and expects it to be completed in due course.

**Key subsequent steps in the restructuring and refinance project**

The conclusion of the abovementioned agreements are two important milestones towards achieving the Project's overall objectives. It enables PPC to progress to the next phase of the Project, being the implementation of a long term restructuring plan for PPC Barnett and relieving PPC of its contingent obligations. The restructuring plan includes raising 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 Barnett lenders.

As a final step, and in line with the commitment given to the SA lenders, consideration will be given to PPC raising capital from its shareholders by way of a rights issue in order to strengthen the balance sheet and enable the broader restructuring. A capital raise at the Group level is conditional on PPC reaching a satisfactory outcome on the above Project steps with the timing, quantum and terms thereof only to be determined once these steps have been achieved.

The project is still targeted for completion by 31 March 2021, although no assurance can be given that the various corporate actions will be completed by such date.

Shareholders will be updated on progress of the Project, with further details to be published together with the Company's FY20 results announcement which is expected to be later this month.

**RENEWAL OF CAUTIONARY ANNOUNCEMENT**

Shareholders are advised to continue exercising caution when dealing in securities of PPC until the full details of the funding arrangements with the lenders and the capital raise are published.

Sandton  
15 September 2020  
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