

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 "the company" or "the group")

SHORT FORM ANNOUNCEMENT

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

B-BBEE CERTIFICATE

Shareholders are advised that PPC has published their Audited Consolidated Annual Financial Statements for the year ended 31 March 2021 ("2021 AFS").

SALIENT FEATURES (CONTINUING OPERATIONS)

Group revenue: R8 938 million (March 2020: R8 671 million)
Group EBITDA: R1 598 million (March 2020: R1 381 million)
Earnings per share: 65 cents (March 2020: 43 cents loss)
Headline earnings per share: 3 cents (March 2020: 54 cents)
Group free cash flow: R649 million (March 2020: R289 million outflow)
The group did not declare a dividend in the current or previous period

Roland van Wijnen, CEO, said:

My gratitude goes to all my colleagues at PPC. They have worked tirelessly under very stringent health and safety protocols to keep PPC going and sustain our purpose of empowering people to experience a better quality of life. Despite the difficult trading conditions in most of our markets, our businesses have benefited from a recovery in cement demand, resulting in improved financial performance. The strategic repositioning of PPC as a leading cementitious player is progressing well, and we will redouble our efforts in the new financial year. We also achieved significant milestones in our capital restructuring and refinancing project, which remains a priority for PPC. So far, we have concluded an agreement with PPC Barnet's lenders, which terminates their right to recourse to PPC. We signed agreements for the sale of PPC Lime and our aggregates business in Botswana. We also agreed with our South African lending partners to defer the equity capital raise in South Africa from March 2021 to September 2021. We continue to engage with our lenders to find the most economically efficient way to recapitalise the South African business.

2021 AFS

The group has, in accordance with IFRS 5 - Non-current assets held for sale, accounted for PPC Lime, Botswana Aggregates and PPC Barnet as discontinued operations. Accordingly, the assets, liabilities and profit and loss are reported separately in the financial statements for the year ended 31 March 2021.

The following results commentary reflects an analysis of the group's continuing operations unless specifically stated.

The group's financial performance improved on the prior year despite the loss of sales due to the various lockdown restrictions imposed by the relevant authorities in response to the COVID-19 pandemic. Cement sales in South Africa benefited from solid retail demand in the inland region, while the coastal regions experienced a lagged recovery in demand. In Rwanda, CIMERWA also experienced strong cement sales due to the roll-out of government projects, retail demand and exports to the DRC. Although trading conditions in Zimbabwe were characterised by high inflation

and a shortage of foreign currency, PPC Zimbabwe grew revenues and EBITDA in functional currency. However, a 75% devaluation in the Zimbabwean dollar against the South African rand resulted in a reduced contribution to the group's profitability. The materials business could not recover from the impact of the lockdowns, although it experienced increased demand in some market segments.

Group revenue increased by 3% to R8 938 million (March 2020: R8 671 million) due to the recovery in cement sales. Excluding Zimbabwe, group revenue increased by 7%. Group earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 16% to R1 598 million (March 2020: R1 381 million) with an EBITDA margin of 17.9% (March 2020: 15.9%). EBITDA benefited from volume growth and stringent cost control. Excluding PPC Zimbabwe, group's EBITDA from continuing operations increased by 66%. Finance costs decreased by 19% to R283 million (March 2020: R349 million) due to lower average borrowings.

Earnings per share ("EPS") for the period for continuing operations increased to 65 cents (March 2020: 43 cents loss) while headline earnings per share for continuing operations ("HEPS") reduced to 3 cents (March 2020: 54 cents). Operating profit increased by 75% year-on-year from R600 million to R1 051 million. Headline earnings from continuing operations, however, decreased from R787 million to R77million, due to the impact of the following non-cash pre-tax items impacted headline earnings:

- Fair value adjustments and foreign exchange movements resulted in a loss of R376 million (March 2020: R151 million gain), mainly due to strengthening of the South African rand against the US dollar during the year. The South African rand depreciated against the US dollar in the prior year.
- A profit of R251 million in the previous year relating to the DRC put option.
- A net fair value gain on the Zimbabwe financial asset of R256 million (2020: R7 million).
- A net fair value loss on the Zimbabwe blocked funds of R17 million (2020: R258 million).
- Accounting for Zimbabwe in terms of IAS 29 - Financial reporting in hyperinflationary economies, resulted in a net monetary loss of R200 million (March 2020: R651 million gain).

Cash available from operations amounted to R1 022 million (March 2020: R273 million). Cash generation benefited from improvements in EBITDA, reduction in working capital absorption, and lower finance cost paid. Cash generation and preservation is a key performance measure for PPC.

Gross debt amounted to R2 628 million on 31 March 2021 (March 2020: R5 800 million). The R3 172 million decline in gross debt includes R2 482 million relating to the DRC transferred to liabilities associated with assets held for sale and disposal groups.

Outlook

Despite the recovery in cement demand in most of its markets, PPC is mindful of the prevailing uncertainties around the COVID-19 pandemic and its impact on economic activity. PPC will remain focused on improving cost competitiveness and cash generation. PPC will take the necessary strategic and operational measures to ensure that it can continue to serve its customers, protect its employees and implement strategic initiatives to ensure financial sustainability through all demand cycles.

Audit opinion

The Audited Consolidated Annual Financial Statements were audited by Deloitte & Touche, who expressed an unmodified audit opinion in terms of the International Standards on Auditing, highlighting key audit matters and including a paragraph on material uncertainty relating to going concern in their report. A copy of the auditor's report on the Audited Consolidated Annual Financial Statements is available on the following link:

<https://www.ppc.africa/investors-relations/reports/?t=final-results-reports>.

The auditor's report does not necessarily report on all of the information contained in this announcement, including the Outlook. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from PPC's website or registered office.

Short form announcement

This short form announcement of the Audited Consolidated Annual Financial Statements for the year ended 31 March 2021 is published in terms of a dispensation granted by the JSE Limited ("JSE") from the requirement to publish an abridged report. It is a summary of the financial information in the 2021 AFS and does not contain full or complete details of the 2021 AFS. This short form announcement is the responsibility of the board of directors of PPC. The information in this short form announcement has been extracted from the 2021 AFS, but is itself not audited.

Any investment decisions should be based on consideration of the 2021 AFS which, together with the audit report, thereon has been published in accordance with section 3.46A(g) of the JSE Listings Requirements, as follows:

PPC's website: <https://www.ppc.africa/investors-relations/reports/?t=final-results-reports>; and

JSE's website: <https://senspdf.jse.co.za/documents/2021/jse/isse/PPC/FY2021.pdf>

Copies of the 2021 AFS are also available for inspection at the company's registered office (by appointment, observing COVID-19 restrictions), and may be requested from the Company Secretary Kevin Ross at (Kevin.Ross@ppc.co.za) at no charge, during office hours.

(A live and recorded video webcast of the results presentation will be held today at 11:00am and can be accessed via this link: <https://www.corpcam.com/PPC21062021>)

B-BBEE certificate

PPC is pleased to notify Shareholders that the South African operations were rated under the Amended Construction Sector Codes Gazetted 1 December 2017, and achieved a Level 4 rating. The Company's B-BBEE certificate for the period from October 2020 to October 2021, will be available on the Company's website at www.ppc.africa.

Posting of notice of 2021 annual general meeting and publication of integrated annual report

Shareholders are hereby notified that the 2021 Notice of Annual General Meeting together with summarised 2021 AFS will be posted to shareholders on or before 30 July 2021. The Company's Integrated Annual Report and the Compliance Report in terms of section 13G(2) of the Broad-Based Black Economic Empowerment Amendment Act, No 46 of 2013 will likewise be published on the Company's website on or before 30 July 2021.

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21 June 2021

Sponsor

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A member of the Sasfin Group

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