DRIVING PERFORMANCE TO SUSTAIN OUR PURPOSE

SHORT FORM ANNOUNCEMENT

Group results for the six months ended September 2021

R5 131 million
Group revenue
(September 2020: R4 272 million)

R945 million
Group EBITDA
(September 2020: R839 million)

SOUTH AFRICA AND BOTSWANA CEMENT

R2 753 million
Revenue
(September 2020: R2 355 million)

R515 million
EBITDA
(September 2020: R337 million)

18,7%
EBITDA margin
(September 2020: 14,3%; September 2019: 14,4%)

66 cents
Group basic earnings per share
(September 2020: 30 cents)

55 cents
Group basic headline earnings per share
(September 2020: 30 cents)

Further de-gearing of the group balance sheet by
R309 million
since 31 March 2021

The group did not declare a dividend for the current or previous period

Group restructuring and refinancing project nears completion without the need for a capital raise

GROUP PERFORMANCE – CONTINUING OPERATIONS

Revenue for the six months ended 30 September 2021 increased by 20% to R5 131 million (September 2020: R4 272 million) supported by a 12% period-on-period increase in cement sales volumes. Compared to the interim period ended September 2019, group revenue increased by 25%.

Excluding the financial results of PPC Zimbabwe, which benefited positively from the effects of hyperinflation accounting, group revenue increased by 12% period-on-period. Group revenue excluding PPC Zimbabwe, increased by 7% compared to the interim period ended September 2019.

Cost of sales increased by 24% to R4 004 million (September 2020: R3 241 million). Excluding Zimbabwe's cost of sales for both periods, the increase amounts to 10% period-on-period which is in line with the increase in cement volumes excluding Zimbabwe.

Administration and other operating expenditure net of sundry income, increased by 15% period-on-period to R526 million (September 2020: R458 million) due to higher consultancy and legal fees incurred during the current period on the group restructuring and refinancing project.

Group EBITDA increased by 13% to R945 million (September 2020: R839 million). Compared to the interim period ended September 2019, EBITDA increased by 29%. Excluding PPC Zimbabwe, EBITDA increased by 28% compared to the six months ended September 2020 and 23% compared to the six months ended September 2019. Group operating profit increased by 10% to R633 million (September 2020: R576 million).

Fair value adjustments and foreign exchange movements resulted in a loss of R1 million (September 2020: R369 million loss), mainly due to significant depreciation of the Zimbabwean dollar (ZWL) against the United States dollar (US$) of 226% in the comparable period compared to only 4% in the current period.

Fair value gain on the Zimbabwe financial asset amounted to R41 million (September 2020: R139 million). This consists of intrinsic value gain of R3 million (September 2020: R202 million) and credit risk fair value gain of R38 million (September 2020: R63 million loss).

During the current period, the group realised a net profit on disposal of subsidiaries of R189 million (September 2020: nil) from the sale of PPC Lime and PPC Botswana Aggregates.

The application of IAS 29 Financial Reporting in Hyperinflationary Economies resulted in a net monetary gain amounting to R440 million (September 2020: R326 million).

COMMENTARY OVERVIEW

Roland van Wijnen, CEO, said: *"Team PPC delivered a solid performance, showing results from our efforts to reposition the business and ensure financial sustainability. My gratitude goes to all my colleagues who have worked diligently under stringent health and safety protocols to serve our customers and sustain our purpose of empowering people to experience a better quality of life. Despite some challenging conditions across our markets, we made significant progress on our strategic objectives which underpin this achievement. We are also nearing the completion of our capital restructure without the need for an equity capital raise. Optimising our operational efficiencies to mitigate increasing input cost pressures and reduce our environmental footprint remains a key focus together with further enhancing our financial position. PPC will continue to play a meaningful role in helping build the countries we operate in by reliably and responsibly providing high-quality building materials and services."*

Finance costs decreased by 6% to R147 million (September 2020: R156 million). In South Africa, finance costs remained constant due to the benefit of lower average borrowings being offset by an increase in interest rates. International finance costs decreased by 34% due to a decrease in the principal debt balances and a strengthening of the rand.

Taxation increased to R201 million (September 2020: R110 million) due to improved profitability. Profit for the period amounted to R969 million (September 2020: R396 million). Headline earnings increased to R786 million (September 2020: R396 million).

Group basic earnings per share improved by 120% to 66 cents (September 2020: 30 cents) while total group basic earnings per share including discontinued operations improved by 221% to 61 cents (September 2020: 19 cents).

Group basic headline earnings per share from continuing operations increased by 83% to 55 cents (September 2020: 30 cents).

Net cash inflow before financing activities amounted to R413 million (September 2020: R598 million) – a decrease of R185 million. However, adjusting for items relating to discontinued operations, net cash inflow before financing activities from continuing operations decreased by R66 million.

Gross debt declined to R2 319 million on 30 September 2021 (March 2021: R2 628 million) due to cash generation. Proceeds from the sale of PPC Lime and the aggregates business in Botswana were also used to repay debt after the period end.

SOUTH AFRICA AND BOTSWANA CEMENT

Cement sales volumes in the region increased by 12% – 15% period-on-period for the six months ended 30 September 2021 benefiting from strong retail demand. Relative to the comparable period in 2019, cement sales in the region increased by 3% – 6%. Sales to the retail and rural markets continue to outpace other segments of the market.

PPC implemented price increases that partially offset the input cost inflation of 9,2% with realised selling prices increasing by 4% – 8% year-on-year for the six months ended 30 September 2021. The effect of cost control and the increased volumes enabled an increase in EBITDA margin.

PPC welcomes the recent classification of locally produced cement as a designated product by the South African Government. Designation implies that it is no longer permissible to use imported cement on all government-funded projects. Furthermore, designation is likely to positively impact the local cement industry once the government's infrastructure roll out programme gathers momentum. PPC views this development as an essential first step in ensuring the economic sustainability of the South African cement industry, thereby protecting jobs and ensuring that the sector can play a meaningful role in helping to rebuild the South African economy.

PPC estimates that cement and clinker imports increased by 30% year-on-year for the nine months ended September 2021. As a result, PPC forecasts that imports will account for approximately 10% of total industry volumes by the end of 2021.

In conjunction with Cement & Concrete SA (CCSA) and other industry players, PPC is awaiting a decision from the relevant authorities on an application that seeks relief against unfair competition. The application has been updated to include both clinker and cement. PPC is committed to working with all parties within the parameters of the prevailing competition laws to achieve a speedy outcome.

For the six months ended September 2021, PPC South Africa and Botswana cement revenue increased by 17% to R2 753 million (September 2020: R2 355 million). Relative to the comparable period in 2019, revenue increased by 8%. EBITDA improved by 53% to R515 million (September 2020: R337 million) with a margin of 18,7% (September 2020: 14,3%). Both EBITDA and EBITDA margin benefited from increased cement sales, higher realised prices and stringent cost control. Relative to the comparable period in 2019, EBITDA increased by 40% and EBITDA margins increased by 4.4%.

AGGREGATES, READYMIX AND ASH

For the six months ended 30 September 2021, the readymix and aggregates businesses experienced increased demand due to a recovery in construction activity in the respective addressable markets. Readymix volumes increased by 34% year-on-year, while aggregates volumes increased by 27% year-on-year. Fly ash sales volumes decreased by 7% year-on-year off a high base as ash sales in the prior period benefited from the shortage of alternative extenders like slag. Relative to the interim period ended September 2019, readymix and aggregates volumes declined by 17% and 6%, respectively due to a slower ramp-up of the infrastructure roll out, while fly ash volumes increased by 18%. Overall, revenue for the materials division increased by 30% to R600 million (September 2020: R461 million), due to the increase in sales of readymix and aggregates. Compared to the six months ended September 2019, revenue increased by 6%. EBITDA improved to R37 million (September 2020: R8 million, loss) for the six months ended 30 September 2021.

INTERNATIONAL

Zimbabwe

Despite the challenging macro-economic environment, PPC Zimbabwe continues to trade well and ahead of expectations. For the six months ended 30 September 2021, PPC Zimbabwe's cement sales volumes increased by 19% year-on-year due to retail demand, increased sales to concrete product manufacturers, and support from government-funded projects. Relative to the comparable period in 2019, cement sales volumes increased by 31%.

Revenue increased by 55% to R1,239 million (September 2020: R797 million) supported by the increase in cement sales. PPC Zimbabwe adjusted selling prices upwards in local currency to reflect input cost inflation. EBITDA declined by 12% to R287 million (September 2020: R326 million) with a reduced EBITDA margin of 23% (September 2020: 41%). EBITDA was negatively impacted by additional costs incurred in the importation of clinker to offset the impact of a planned and unplanned kiln shut down during the period. Furthermore, the kiln shut down resulted in higher maintenance costs. The rand strengthened significantly by some 83% against the ZWL compared to the prior period and this negatively impacted the rand EBITDA. In its functional currency (pre-hyperinflation) EBITDA increased by 26%.

PPC Zimbabwe is financially self-sufficient and is focused on cash preservation and maximising US$ EBITDA given the prevailing economic conditions. Further, the Reserve Bank of Zimbabwe continues to honour its obligation to settle PPC Zimbabwe's debt from legacy funds. Management expects the debt to be fully repaid during FY22. During the period under review, a further dividend of US$3 million was declared of which US$2,7 million was received by PPC.

Rwanda

CIMERWA's cement sales were unfavourably impacted by COVID-19 related lockdowns imposed by the authorities during the period under review. In addition, the prior comparable period benefited from government infrastructure projects, which did not reoccur in the current period. As a result, cement sales volumes for the six months ended 30 September 2021 were in line with the prior comparable period. Relative to the same period in 2019, cement sales volumes increased by 10%. Revenue in rand for the six months ended 30 September 2021 declined by 18% to R539 million (September 2020: R659 million) mainly due to rand strength against the functional currency. Relative to the comparable period in 2019, revenue increased by 5%. EBITDA declined by 27% to R153 million (September 2020: R211 million) and EBITDA margin reduced to 28,4% (September 2020: 32,0%). A timing difference in plant maintenance impacted EBITDA. CIMERWA incurred maintenance costs in the current period versus comparable costs being incurred in the second half of FY21. Adjusting for the timing of the maintenance, EBITDA generation remained at the same level as the comparable period in Rwandan francs.

GROUP RESTRUCTURING AND REFINANCING PROJECT AND POST REPORTING PERIOD EVENTS

On 29 October 2021, an addendum to the sale and purchase agreement for the sale of PPC Lime was signed in terms of which R25,1 million of the purchase price was deferred to 31 March 2022 to allow for the conclusion of the rehabilitation financial provisioning matters. The transaction closed on 29 October 2021 and the purchase price (excluding the R25,1 million) was received. In total, PPC has received R504 million from the sale of PPC Lime, and the Botswana aggregates business, which has been used to repay existing debt.

The successful completion of the sale of PPC Lime has eliminated the requirement by the SA lenders for an equity raise. Pursuant to the term sheets signed with the SA lenders, long-form agreements are progressing well and are expected to be concluded shortly.

The DRC capital restructuring is progressing, albeit slightly slower than expected. It is now expected that binding refinancing agreements will be entered into by November 2021 and that the recapitalisation of the PPC Barnet's balance sheet will occur as a condition subsequent before 31 December 2021. Regardless, subsequent to signing the binding settlement agreement on 31 March 2021, there is no further recourse by PPC Barnet's lenders to PPC Limited's balance sheet.

OUTLOOK

Despite the uncertain trading environment and macro-economic backdrop, the group is well-positioned to benefit from growing cement demand in its markets. PPC will continue to take the necessary measures to mitigate the impact of input cost inflation, reduce carbon intensity, and enhance its financial resilience.

On behalf of the board

PJ Moleketi	**R van Wijnen**	**B Berlin**
Chairman	*Chief executive officer*	*Chief financial officer*

Sandton
22 November 2021

SHORT FORM STATEMENT

This short form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement accessible from Monday, 22 November 2021, via the JSE link and also available on the Company's website at https://www.ppc.africa/investors-relations/reports/?t=interim

A copy of the full announcement is 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 tomorrow at 11:00am (SAST) and can be accessed via this link: https://www.corpcam.com/PPCNov2021

The JSE link is as follows:
https://senspdf.jse.co.za/documents/2021/JSE/ISSE/PPC/PPC30Sep.pdf

PPC LTD Incorporated in the Republic of South Africa
Registration number: 1892/000667/06

JSE/ZSE code: PPC **JSE ISIN:** ZAE 000170049 **JSE code:** PPC003
JSE ISIN: ZAG000117524 "PPC" or "company" or "group"

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These results and other information are available on the PPC website