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
Condensed consolidated financial statements for the year ended 31 March 2022

Salient features (continuing operations)
- Group revenue R9,9 billion (March 2021: R8,9 billion)
- Group EBITDA R1,5 Billion (March 2021: R1,6 billion)
- Earnings/(loss) per share (5) cents (March 2021: 65 cents)
- Headline earnings/(loss) per share (3) cents (March 2021: 3 cents)
- Cash generated from operations R1,5 billion (March 2021: R1,4 billion)
- The group did not declare a dividend in the current or previous period

Roland van Wijnen, CEO, said:
"Our resilient cash generation demonstrates our focus on one of the most important measures of financial performance. These results were further supported by our efforts to drive efficiencies which helped mitigate inflationary pressures. Ultimately, Team PPC was able to reduce net debt by R1,2 billion and finalise the work to achieve a solid financial position. Furthermore, we have set our decarbonisation strategy in motion and are committed to tackling climate change head on. I extend my gratitude to all our customers for their continued support and to my colleagues who have worked diligently to ensure PPC continues to sustain its purpose of empowering people to experience a better quality of life."

REVIEW OF OPERATIONS
The group, in accordance with IFRS 5 - Non-current assets held for sale, continues to account for PPC Barnet as a discontinued operation. Accordingly, the assets, liabilities and profit or loss are reported separately in the financial statements for the year ended 31 March 2022. For the year ended 31 March 2021, PPC Barnet, PPC Lime and Botswana Aggregates were all accounted for as discontinued operations. During the year under review, PPC Lime and Botswana Aggregates were sold with effect from 30 September 2021 and 16 September 2021 respectively. Regarding PPC Barnet, binding long-form agreements for the restructure of the senior lender debt were signed on 19 April 2022 and all the conditions precedent were met on 29 April 2022, from which date PPC will cease to consolidate PPC Barnet.

GROUP PERFORMANCE
Group revenue for the 12 months ended 31 March 2022 increased by 11% to R9 882 million (March 2021: R8 938 million). Excluding Zimbabwe, group revenue increased by 5%. Revenue in PPC Zimbabwe increased by 34% off the back of a 28% increase in volumes.

Total costs, being cost of sales together with administration and other operating expenditure, increased by 19% to R9 360 million (March 2021: R7 887 million). The increase in total costs is significantly affected by an increase in PPC Zimbabwe's costs of 85%. Other than continuing hyperinflation and the 42% depreciation of the Zimbabwean dollar (ZWL dollar) against the South African rand (ZAR), the most significant line item was an increase in PPC Zimbabwe's depreciation expense to R386 million (March 2021: R24 million) due to the application of the effective rate method of hyperinflating depreciation in the current year. Costs, excluding depreciation and PPC Zimbabwe, increased by 7% with efficiency gains offsetting input cost inflation.

Profit before tax from continuing operations decreased from R1 765 million to R186 million, due to the items set out below:

- PPC Zimbabwe incurred a loss before tax of R67 million (March 2021: R263 million profit)
- Excluding PPC Zimbabwe's portion, fair value adjustments and foreign exchange movements resulted in a gain of R18 million (March 2021: R148 million loss)
- Impairments of R38 million (March 2021: R1 317 million reversal)
- An IFRS - Share-based payment charge of R36 million (March 2021: R21 million).

Excluding the above in both the current and the prior year, operating profit from continuing operations would have decreased by R43 million or 11%.

Finance costs decreased by 15% to R240 million (March 2021: R283 million) due to lower average borrowings. Finance costs in South Africa decreased by 4% to R155 million (March 2021: R161 million), while finance costs in the international operations decreased by 30% to R85 million (March 2021: R122 million).

The group taxation charge for the year amounts to R207 million relative to a charge of R742 million in March 2021.

Discontinued operations, which include PPC Barnet for the full year and PPC Lime and Botswana Aggregates until 30 September and 16 September 2021 respectively, generated a profit of R158 million (March 2021: R1 141 million loss) for the year. The most significant change year-on-year was an impairment of R761 million in the prior year compared to a reversal of R215 million in the current year for PPC Barnet at the consolidated level to reflect the economic position post the restructuring agreements entered into on 31 March 2021.

Earnings per share (EPS) for the period from continuing operations decreased to a loss of 5 cents (March 2021: 65 cents) while headline earnings per share from continuing operations (HEPS) reduced to a loss of 3 cents (March 2021: 3 cents profit).

Group earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 7% to R1 493 million (March 2021: R1 598 million) with an EBITDA margin of 15,1% (March 2021: 17,9%). Excluding PPC Zimbabwe, the group's EBITDA from continuing operations decreased by 2%.

Cash generated from continuing operations before working capital changes decreased by 3% to R1 516 million (March 2021: R1 559 million). Stringent working capital management resulted in cash generated from continuing operations increasing by 6% to R1 454 million (March 2021: R1 375 million). Cash generation and preservation remains a key performance measure for PPC.

Net cash outflow from investing activities reduced to R72 million (March 2021: R392 million) mainly due to the receipt of R503 million in cash from the disposal of PPC Lime and Botswana Aggregates offset to some extent by an increase in investments in property, plant and equipment of R186 million. Net cash inflow before financing activities improved to R973 million (March 2021: R972 million).

Gross debt amounted to R1 581 million on 31 March 2022 (March 2021: R2 628 million). The R1 047 million decline in gross debt comprises a reduction of borrowings in South Africa of R692 million, CIMERWA Limitada (CIMERWA) of R216 million and PPC Zimbabwe of R139 million.

CEMENT SOUTH AFRICA AND BOTSWANA

Cement sales volumes in the region for the 12 months ended 31 March 2022 were in line with the prior year as demand normalised from a high base. Relative to the 12 months ended 31 March 2020 (pre-COVID-19), cement sales volumes increased by 5% to 9%. South Africa and Botswana cement sales continue to benefit from demand growth in the informal and rural markets, albeit at a "normalised" rate following the post-COVID-19 lockdown spike in demand. Cement sales volumes in the inland region also benefited from pockets of demand from industrial construction and mining activity. As a result, inland region cement sales volumes exceeded pre-COVID-19 levels. Cement sales volumes in the coastal region experienced low single-digit year-on-year demand growth due to a partial recovery in industrial construction demand. However, despite the improvement in demand, cement sales in the region are still below pre-COVID-19 levels.

PPC is well-positioned to benefit from a potential boost in cement demand once the government's infrastructure programme gathers momentum. However, PPC has yet to experience any meaningful uplift in cement sales from this programme except for limited road construction and rehabilitation activity. The group can immediately make additional capacity available to capture any upswing in demand.

Cement and clinker imports, mainly from Vietnam, increased by 19% year-on-year and currently exceeds pre-COVID-19 levels. PPC estimates that imports account for approximately 10% of RSA cement sales. PPC and the industry continue to engage with the relevant authorities for relief against unfair competition from imports, which threatens the financial sustainability of a vital component of the manufacturing and construction sector and erodes the industry's ability to maintain jobs. PPC is committed to working with all parties within the parameters of the prevailing competition laws to achieve an expeditious outcome.

PPC implemented average price increases of 4% to 7% year-on-year, which partially offset input cost inflation. However, realised selling prices increased by 5% year-on-year due to a change in product mix and a depreciation of the Botswana pula against the South African rand.

For the 12 months ended 31 March 2022, South Africa and Botswana cement revenue increased by 4% to R5 415 million (March 2021: R5 196 million). Relative to the comparable period in 2020, revenue increased by 12%. EBITDA reduced by 5% to R825 million (March 2021: R866 million) with a margin of 15,2% (March 2021: 16,7%). Both EBITDA and EBITDA margin were impacted by higher input cost inflation and weaker volumes in the second half of FY22 due to a more normalised demand and higher than usual rainfall. Relative to March 2020, EBITDA increased by 34,6% and EBITDA margins increased by 2,6%.

MATERIALS BUSINESS

AGGREGATES, READYMIX AND ASH

After experiencing strong demand in the first half of FY22 due to a recovery in construction activity, the materials business experienced weaker demand in the second half of FY22 as a result of higher than usual rainfall. For the 12 months ended 31 March 2022, sales volumes for the readymix and aggregates businesses increased by 7% and 10%respectively. Fly ash sales volumes decreased by 17% year-on-year off a high base as ash sales benefited from the shortage of alternative extenders like slag in the prior period. Relative to the 12 months ended 31 March 2020 (pre-COVID-19), aggregates and readymix volumes increased by 16% and 3%, respectively, while ash volumes declined by 1%.

Overall, revenue for the materials division increased by 10% to R1 086 million (March 2021: R991 million). Compared to the 12 months ended 31 March 2020, revenue increased by 5%. EBITDA improved to R41 million (March 2021: R8 million loss) for the 12 months ended 31 March 2022.

INTERNATIONAL

Zimbabwe

PPC Zimbabwe continues to trade ahead of expectations even though trading conditions remain challenging due to the macro-economic environment. For the 12 months ended 31 March 2022, cement sales volumes increased by 28% year-on-year due to retail demand and support from government-funded projects. Relative to the 12 months ended 31 March 2020 (pre-COVID-19), volumes increased by 41%.

Revenue increased by 34% to R2 172 million (March 2021: R1 623 million) as a result of increased cement sales volumes. Compared to the 12 months ended 31 March 2020 (pre-COVID-19), revenue increased by 17%. PPC Zimbabwe adjusted selling prices in local currency and US Dollar (US$) to reflect currency depreciation and input cost inflation respectively. EBITDA for the 12 months ended 31 March 2022 declined by 18,3% to R393 million (March 2021: R481 million) with a reduced EBITDA margin of 18,1% (March 2021: 29,6%). PPC Zimbabwe incurred additional costs in importing clinker to support volume growth and offset the impact of a planned and unplanned kiln shutdown during the period. The importation of clinker, higher maintenance costs and the depreciation of the ZWL dollar against the ZAR negatively impacted EBITDA.
The Reserve Bank of Zimbabwe (RBZ) honoured its obligation to settle PPC Zimbabwe's legacy debt. The debt was fully repaid during December 2021. PPC Zimbabwe is financially self-sufficient and is focused on cash preservation and maximising US$ EBITDA. PPC received US$6,2 million in dividends from PPC Zimbabwe in FY22, plus an additional

US$4,4 million in June 2022.

Rwanda

Although COVID-19 related lockdowns unfavourably impacted CIMERWA's cement volumes in the first half of FY22, cement demand rebounded strongly in the second half post the easing of the lockdown restrictions. Retail demand, exports and government-funded projects were the main drivers of the rebound in demand.

For the 12 months ended 31 March 2022, cement sales volumes increased by 20% year-on-year while revenues increased by 7% to R1 209 million (March 2021: R1 128 million). Compared to the 12 months ended 31 March 2020, volumes and revenues increased by 30% and 29%, respectively. The rand strength against the functional currency impacted revenue contribution. EBITDA of R341 million was in line with the prior comparable period (March 2021: R342 million), while the EBITDA margin reduced to 28,2% (March 2021: 30,3%).

RESTRUCTURING AND REFINANCING UPDATE

During the financial year under review, PPC Aggregate Quarries Botswana and PPC Lime Limited were successfully sold and the South African balance sheet de-geared to acceptable levels. The South African debt facilities were also re-negotiated to reduce the cost of debt and to ensure an optimal mix of the tenure of the long-term facilities.

Solvency was restored to PPC Barnet's balance sheet through the capitalisation of quasi-equity and historical deficiency funding loans and subsequent to the year-end the debt restructuring became effective thereby restoring liquidity to the business.

OUTLOOK

As PPC experiences a normalisation of cement demand in South Africa following the post-COVID-19 spike, the group will redouble its efforts to improve cost competitiveness through improved industrial performance and operational excellence. To this end, Mokate Ramafoko, former head of PPC International Holdings (Pty) Ltd, has been appointed as the group managing director for Industrial and Innovation, reporting directly to the group chief executive officer (CEO), Roland Van Wijnen. He will be responsible for industrial performance, new business and decarbonisation.
PPC's international operations will be managed by the respective in-country boards.

REVIEW CONCLUSION

The provisional report was reviewed by the company's external auditors, Deloitte & Touche, who expressed an unmodified review conclusion.

The information in this short-form announcement has been extracted from the reviewed provisional report but is itself not reviewed.

The auditor's report does not necessarily report on all of the information contained in this announcement. 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 provisional report from PPC's registered office.

Any reference to future financial performance has not been reviewed by or reported on by the group's external auditors.

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

Sandton

27 June 2022

Short-form announcement
This short-form announcement of the provisional report is extracted from the financial information in the condensed consolidated financial statements and does not contain full or complete details of the provisional report.

This short-form announcement is the responsibility of the board of directors of PPC.

Any investment decisions by investors and/shareholders should be based on consideration of the full provisional report, as a whole, as published on SENS and the issuer's website 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/2022/jse/isse/PPC/FY2022.pdf

Copies of the provisional report and the auditor's unmodified review conclusion thereon are also available for inspection at the company's registered office (by appointment), 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/PPC27062022)

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