

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")

OPERATING UPDATE FOR THE FIVE MONTHS ENDED 31 AUGUST 2022

GROUP PERFORMANCE

For the five months ended August 2022, PPC's group revenues, excluding Zimbabwe, which is impacted by hyperinflation accounting, increased by 9%, driven by robust demand in Rwanda. Group cement sales volumes (including Zimbabwe) for the five months ended August 2022 were in-line with the previous comparable period as subdued demand in South Africa and the impact of a maintenance-related kiln shutdown in Zimbabwe were offset by robust demand growth in Rwanda. In addition, cash generation remains positive and the group reduced net debt from 31 March 2022 levels.

SOUTH AFRICA & BOTSWANA CEMENT

Cement sales volumes in South Africa and Botswana decreased by 1% period-on-period for the five months ended August 2022. Cement sales volumes in the inland region decreased after experiencing a slow start to FY23, offsetting the high single-digit demand growth in the coastal areas. Inland cement sales volumes were negatively impacted by above-average seasonal rainfall and sluggish retail demand at the beginning of FY23, which was partially offset by increased sales to the industrial and construction sectors. Cement sales volumes in the coastal region increased due to a decline in imports in the Western Cape, a recovery in industrial construction activity and the resumption of postponed government projects. The average selling price increased by 5% during the period under review. This was insufficient to fully offset the impact of input cost inflation as the cash cost of sales increased by low double-digits in percentage terms. PPC will continue its efforts to counter input price inflation through price adjustments, operational efficiencies and improved industrial performance. Coming off a relatively high EBITDA base in the first half of FY22, PPC continues to prioritise cash generation by optimising net working capital and adhering to stringent capital allocation. This contributed to South Africa and Botswana's gross debt decreasing from R1.2 billion on 31 March 2022 to R1.0 billion on 31 August 2022.

ZIMBABWE

The cement market in Zimbabwe continued to show robust high single-digit growth as a result of both residential construction and government-funded infrastructure projects. PPC Zimbabwe implemented planned maintenance at the beginning of FY23 and recorded a 7% decline in cement sales volumes period-on-period.

However, the resumption of clinker manufacturing by PPC Zimbabwe at the end of May 2022 enabled improved sales volumes in the second quarter of FY23.

PPC Zimbabwe implemented US\$ price increases of 5% in March 2022, 2% in April 2022 and a further 5% increase in August 2022.

PPC noted increased availability of foreign currency in the Zimbabwean economy, with more than 70% of cement sales during the period under review occurring in foreign currency.

PPC received a US\$4.4 million dividend in June 2022 and anticipates an additional dividend to be declared upon the publication of PPC Zimbabwe's interim results in November 2022.

RWANDA

CIMERWA continues to see strong demand for cement in all its markets, with cement sales volumes increasing by 16% period-on-period for the five months ended August 2022. CIMERWA's domestic cement sales benefited from increased demand from government-sponsored infrastructure projects and a recovery in general building activity. In addition, cement exports benefited from sustained demand in eastern Democratic Republic of Congo and the expansion of CIMERWA's route to market initiatives. CIMERWA's efforts to enhance industrial performance and reliability are beginning to bear fruit with the benefits reflected in the increase in cement sales volumes.

OUTLOOK

Given the current economic climate, the group will continue to enhance operational efficiencies to mitigate the impact of rising input cost inflation. Without a significant increase in infrastructure investments, cement demand in South Africa is anticipated to remain subdued. PPC South Africa is well positioned to benefit from an increase in cement demand with additional capacity available to capture an upswing in demand without additional capex investment required. PPC Zimbabwe anticipates a recovery for the balance of the financial year and the outlook for CIMERWA remains positive.

PPC is participating in the RMB Morgan Stanley Big Five and Off Piste Investor Conference in Cape Town on 14 September 2022 and the presentation to be given at this conference is available on the company's website

www.ppc.africa/investors-relations/reports/?t=presentations-allocate

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14 September 2022

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