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 summarised consolidated financial statements for the year ended, 31 March 2023

DRIVING PERFORMANCE TO SUSTAIN OUR PURPOSE

Roland van Wijnen, CEO, said: Despite challenging times, I am pleased that we further reduced our debt and are in a strong financial position to weather the local economic cycle. Increased demand through an enhanced infrastructure programme and a stronger economic climate is required to enable us to more effectively utilise the capacity available in our primary market. We therefore remain hopeful that the South African government will roll out its infrastructure development plans and protect the local cement market through the introduction of blanket import tariffs. Strong cash dividends were received from both Zimbabwe and CIMERWA (Rwanda) during the period under review. PPC will start repurchasing up to R200 million worth of its own shares as a distribution to shareholders. I thank my colleagues for their commitment and hard work in ensuring our continued service to our valued customers as well as to each other.

SNAPSHOT OF PERFORMANCE FROM CONTINUING OPERATIONS
- Group revenue marginally up to R9 902 million (FY22: R9 882) on weak macro environment in South Africa
- Group EBITDA margin reduced 1,4% points to 13,7% (FY22: 15,1%) as input inflation kept under control
- Group HEPS loss of 8 cents (FY22: loss of 3 cents)
- Group EPS loss of 16 cents (FY22: loss of 5 cents)

A distribution of R200 million through a share repurchase programme was approved by the board as target leverage levels reached

Group results excluding PPC Zimbabwe and Rwanda (SA obligor)
- Revenue, excluding dividends increased 1% to R6 586 million (FY22: R6 501 million)
- EBITDA margins declined to 8,7% (FY22: 11,8%)
- Net debt for the SA obligor group improved by R263 million

PPC Zimbabwe
- Slower than anticipated recovery after planned kiln shutdown while market remains sound but hyperinflation materially impacts reported results
- Dividends of R147 million (US$8,8 million) received by the group (FY22: R91 million or US$6,2 million)

CIMERWA Rwanda
- Volume growth of 1% in line with expectations but EBITDA still increased 31% and margins increased marginally to 29%
- Inaugural dividend of R79 million (US$4,3 million) received by the group in March 2023

GROUP PERFORMANCE - CONTINUING OPERATIONS
PPC continues to focus on sound capital allocation principles, maximising cash generation from its South African and Botswana businesses (the SA obligor group) and extracting cash from its investments in Zimbabwe and Rwanda (the International Businesses). Historically, dividends from Zimbabwe have contributed to the deleveraging of the group's South African balance sheet. However, in FY23, the SA obligor group has reached an optimal level of gearing that allows for the implementation of a new distribution policy. This policy is based on distributing an amount of cash so that the

12-month backward and expected 12-month forward SA obligor group gross debt to EBITDA is at a ratio of between 1.3 times to 1.5 times. A new distribution in the form of a share repurchase of up to R200 million was approved by the board.

The SA obligor group revenue for the year ended 31 March 2023, excluding dividends from the International Businesses, increased by 1,31% to R6 586 million (March 2022: R6 501 million), driven primarily by the 1,7% increase in revenue in South Africa and Botswana Cement. While cement volumes remained under pressure, declining 5,8% on the prior year, average price increases of 8,0% over the period ensured revenue remained positive, albeit slightly (0,5%) negatively affected by adverse product mix. Including the impact of the International Businesses, which contributed 33% (March 2022: 34%), total group revenue was flat at R9 902 million (March 2022: R9 882 million). The 29% increase in revenue from CIMERWA (Rwanda) was more than offset by the reduced contribution of PPC Zimbabwe as reported sales in ZAR declined by 19%.

Excluding the International Businesses' cost of sales and administration and other operating expenditure for both periods, such costs in the SA obligor group increased by 4% year-on-year. Including the International Businesses, cost of sales and administration and other operating expenditure was flat at R9 425 million (March 2022: R9 409 million). Zimbabwe's costs decreased by 23%, which more than offset CIMERWA's cost increases (in rand) of 26%.

SA obligor group EBITDA, excluding dividends from the International Businesses, decreased by 26% to R570 million (March 2022: R768 million) and EBITDA margins declined to 8,7% (March 2022: 11,8%) as, notwithstanding sound cost containment measures implemented, cost increases remain higher than price increases implemented, resulting in compressed margins.

Including the dividends received from the International Businesses, the SA obligor group's EBITDA amounted to R804 million (March 2022: R863 million), resulting in gross debt to EBITDA ratio of 1.2 times, thereby facilitating the R200 million distribution to shareholders.

Including the EBITDA of the International Businesses, group EBITDA declined by 9% to R1 358 million (March 2022: R1 493 million). The 31% increase in CIMERWA's EBITDA was partially offset by a reduction in PPC Zimbabwe's contribution of 7%.

Fair value and foreign exchange movements resulted in a gain of R69 million (March 2022: R2 million), mainly due to the significant depreciation of the Zimbabwean dollar against the United States dollar of 553% (March 2022: 69%) which resulted in foreign exchange gains on net monetary items.

Impairments of R145 million (March 2022: R38 million) were taken during the year under review, the largest item being R84 million. This related to an impairment at group of a portion of the premium paid on the acquisition of CIMERWA. Of the R84 million, R42 million related to the impairment of goodwill.

Finance costs decreased by 28% to R172 million (March 2022: R240 million), due to the successful de-gearing of the group with gross debt declining from R1 586 million in March 2022 to R1 189 million in March 2023.

During the current year, the group realised a net profit of R23 million (March 2022: nil) from the disposal of the previously equity-accounted investment in Habesha.

Notwithstanding group profit before tax declining to R93 million (March 2022: R186 million), taxation increased 17% to R242 million (March 2022: R207 million). The current year tax charge is significantly negatively impacted by non-cash items of R195 million (March 2022: R56 million). These non-cash items are primarily due to the SA obligor group not recognising deferred tax assets and PPC Zimbabwe hyperinflation impacts.

Basic earnings per share (EPS) from continuing operations decreased from a loss of 5 cents to a loss of 16 cents. Headline earnings per share (HEPS) from continuing operations decreased from a loss of 3 cents to a loss of 8 cents. This is primarily due to the impact of the following:

- Significant non-cash tax items in the current year of R195 million (March 2022: R56 million), relating primarily to

hyperinflation accounting and deferred tax not recognised on losses
- Lower earnings generation in the SA obligor group and PPC Zimbabwe
- The positive impact of the strong CIMERWA performance not flowing fully to EPS and HEPS given the operations are 51% held by PPC.

Consolidated net cash inflow before financing activities from continuing operations remains positive at R392 million (March 2022: R675 million) as cash generation remains a priority.

Capital investment remained disciplined and reduced to R415 million (March 2022: R553 million). The reduction in spend was largely attributable to South Africa and Botswana Cement (R53 million reduction) and Zimbabwe (R69 million reduction).

The SA obligor group's gross debt (excluding capitalised transaction costs) declined from R1 210 million at 31 March 2022 to R931 million at 31 March 2023 in accordance with the debt repayment terms. Unrestricted cash holdings at 31 March 2023 were R131 million (March 2022: R147 million), leaving net debt at R800 million (31 March 2022: R1 063 million).

Zimbabwe is debt-free and had unrestricted cash holdings at 31 March 2023 of R118 million. The cash balance declined from R353 million at 30 September 2022 due to a dividend of US$5 million paid in November 2022 and lower US$ balances at the year-end with the cash holdings in ZWL depreciating significantly against the rand. Some 70% of PPC Zimbabwe's cash is held in hard currencies.

CIMERWA's gross debt declined to R265 million (March 2022: R383 million). Cash also declined from R221 million at 31 March 2022 to R160 million at 31 March 2023, due to the dividend paid in March of R172 million.

SOUTH AFRICA AND BOTSWANA CEMENT

The coastal region continued to see good demand for cement and imports remained relatively muted. The growth in sales volumes in the coastal region was offset by continued weak trading conditions in the inland region, leaving overall cement sales volumes in South Africa and Botswana down 5,8% compared to the prior year.

The coastal region saw an increase in cement volumes due to increased industrial construction activity and specific government projects as well as improved retail sales. Cement imports into the Western Cape remained low during the period due to global supply chain constraints and a weaker rand.

There was a decline in demand in the larger inland region in both the retail and the construction segments, with the construction sector being supported to some extent by the building of distribution centres and housing estates.

During the year under review, PPC continued to increase its selling prices on a bi-annual basis and achieved an average selling price increase of 8.0%. For the year ended 31 March 2023, PPC South Africa and Botswana Cement revenue increased by 1,7% to R5 509 million (March 2022: R5 415 million), marginally negatively affected by 0,5% due to adverse product mix.

High input cost inflation was experienced during the year, with variable production costs per tonne increasing by some 14% compared to the prior period. Cost mitigation measures reduced the extent of the impact of the high input costs, with fixed administration and overhead costs decreasing by some 1,4% year-on-year. Overall, total costs increased by 4% compared to FY22.

EBITDA decreased to R674 million (March 2022: R825 million) with a margin of 11,7% (March 2022: 14,5%) as selling price increases continued to lag cost increases.

AGGREGATES, READYMIX AND ASH

Readymix volumes decreased by 4%, while aggregates volumes decreased by 22% compared to the prior year. Fly ash sales volumes declined by 18%. Overall revenue for the materials division decreased by 1% to R1 077 million (March 2022: R1 086 million), due to the largest contributor to the materials business, readymix, experiencing relatively stable demand but an increase in selling prices which enabled its revenues to grow by 6%. Overall, the materials businesses incurred an EBITDA loss of R65 million (March 2022: R41 million profit). Measures were implemented prior to 31 March 2023 to restructure, in particular, the aggregates business to decrease absolute fixed costs and convert certain fixed costs to variable costs as part of the turnaround efforts for the overall materials businesses.

INTERNATIONAL

Zimbabwe

The impact of the planned extended kiln shutdown in the first half of the year for special maintenance and the installation of the bag house and bucket elevator resulted in limited clinker production and ultimately restricted the volumes of cement sold. In addition, plant stoppages due to power interruptions negatively affected performance. Volumes year-on-year were down 16% despite robust cement demand from concrete product manufacturers and government-funded infrastructure projects. Government reduced the number of import licences in January 2023, which will support the recovery of PPC's market share.

PPC Zimbabwe was able to implement US$ price increases to recover input cost inflation. Further, PPC Zimbabwe continued to generate adequate sales in foreign currency to sustain its operational requirements during the period and pay dividends. PPC received US$8,9 million in dividends during the year totalling R147 million net of withholding tax (compared to US$6,2 million in the prior year).

Revenue decreased by 19% to R1 753 million (March 2022: R2 172 million). EBITDA declined by 7% to R365 million (March 2022: R393 million) in ZAR, but margins, due to price increases increased to 20,8% (March 2022: 18,1%).

Rwanda

CIMERWA's cement sales volumes increased by 1% for the full year, in line with expectations given the planned kiln shut down in November 2022. The regional demand remains strong as both the domestic and cement export markets, particularly in the eastern Democratic Republic of Congo, have shown growth in demand. While competition is on the increase, as new production capacity comes online in the region, CIMERWA is expected to remain in a strong position to benefit from the continued growth of cement demand in its core markets.

Revenue for the twelve months ended 31 March 2023 increased by 29% to R1 563 million (March 2022: R1 209 million), assisted by the 9% depreciation of the rand. In local currency, revenue increased by 19%, mainly due to average price increases in local currency of 18% to offset cost inflation. EBITDA increased by 31% to R447 million (March 2022: R341 million) and EBITDA margins increased marginally to 28,6% (March 2022: 28,2%) as the contribution of premium quality product increased and CIMERWA's sales to the US$ priced regional market increased.

LEADERSHIP

Following an extensive search process, the board is in the final stages of appointing a suitable successor for Roland, whose employment contract was scheduled to come to an end on 31 August 2023. The board will communicate to the market in due course. To ensure an orderly handover, the board has agreed with Roland to extend his contract to 31 December 2023.

OUTLOOK

PPC will continue to focus its resources on Southern Africa while preserving its sound market position in Rwanda. The group has defined a series of value-accretive projects to reduce CO_2 emissions and future proof the business. There is a need for further operational efficiencies and cost containment measures to mitigate rising input costs as the economic climate in its key South African market remains muted and competition remains high across the portfolio. Without a significant increase in infrastructure spending and South African gross domestic product, South Africa's cement demand is expected to remain subdued. PPC South Africa is well positioned to benefit from an increase in cement demand with additional capacity readily available to capture an upswing in demand without additional capital expenditure required. PPC Zimbabwe anticipates a continued recovery and the outlook for CIMERWA in Rwanda remains positive.

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

Sandton

26 June 2023

Audit opinion

The audited consolidated annual financial statements were audited by PwC, who expressed an unmodified audit opinion in terms of the International Standards on Auditing, highlighting key audit matters 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 2023 AFS is extracted from the financial information in the 2023 AFS and the Summarised AFS and does not contain full or complete details. 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 audited information but is not itself audited.

Any investment decisions by investors and/shareholders should be based on a consideration of the Summarised AFS, 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&y=2023 and JSE's website: https://senspdf.jse.co.za/documents/2023/jse/isse/PPC/FY2023.pdf

Copies of the 2023 AFS, the Summarised AFS and the auditors unmodified audit opinion 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 11:00 am and can be accessed via this link: https://www.corpcam.com/PPC26062023)

Registered office: 148 Katherine Street, Sandton, South Africa (PO Box 787416, Sandton, 2146, South Africa)

DIRECTORS: PJ Moleketi (chair), R van Wijnen* (CEO), B Berlin (CFO), N Gobodo, BM Hansen**, K Maphisa, NL Mkhondo, CH Naude, D Smith, MR Thompson

*Dutch **Danish

Company secretary: KR Ross

Sponsor: Questco Corporate Advisory (Pty) Ltd

Financial Communications Advisor: Instinctif Partners, Louise Fortuin
Mobile: +27 71 605 4294