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
GROUP RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Roland van Wijnen, CEO, said:
The period under review reflects an encouraging recovery for the PPC group, albeit off a low base. A key driver is that profitability shows improvement across our core southern African markets, despite the weak macro environment and decline in cement volumes in South Africa. Moreover, the rolling out of the South African government's infrastructure development plans and protection of the local cement market through the introduction of import tariffs to create a level playing field for domestic producers, remain elusive. Increased demand is required to enable us to more effectively utilise the capacity available in our primary market. PPC Zimbabwe saw a strong recovery across all key metrics when compared to the negative impact of the planned shutdown in the prior comparative period. Accounting has been simplified following the adoption of the US dollar as its functional currency. PPC Zimbabwe continues to declare and pay dividends. Reaching an agreement to dispose of PPC’s 51% stake in CIMERWA (Rwanda) is an important step in PPC’s strategy of focusing on its core southern African markets. PPC has repurchased R103 million worth of its own shares, just over half the R200 million approved for this purpose at its FY23 year-end. I would like to thank the many people who make up the PPC community, and who have been part of the PPC journey during my tenure, for their support, energy and commitment. Also, I wish them, and my successor Matias Cardarelli, all the best for the future.

Snapshot of performance from continuing operations

Consolidated group
- Revenue up 20,9% to R6 172 million (H1 FY23: R5 103 million)
- EBITDA margin up 3% pts to 17,3% (H1 FY23: 14,3%)
- EBITDA up 46,8% to R1 069 million (H1 FY23: R728 million)
- HEPS of 26 cents (H1 FY23: loss of 5 cents)
- EPS of 24 cents (H1 FY23: loss of 3 cents)
- Agreement to dispose of PPC’s 51% stake in CIMERWA (Rwanda) concluded on 17 November 2023 for US$42,5 million

Reporting simplified due to hyperinflation no longer being applicable in the current reporting period

INDIVIDUAL BUSINESSES

SA and Botswana group
- Resilient performance in a challenging market
- Revenue, excluding dividends received, increased 2,0% to R3 546 million (H1 FY23: R3 477 million)
- SA and Botswana cement EBITDA margins increased to 12,6% (H1 FY23: 12,2%)
- After spending R103 million on the share repurchase programme, net debt for the SA and Botswana group nonetheless reduced by R195 million (R70 million since FY23) to R730 million (H1 FY23: R925 million)

PPC Zimbabwe
- Strong recovery following impact of planned extended kiln shutdown in prior comparative period
- Revenue up 104% to R1 743 million (H1 FY23: R855 million)
- EBITDA margins increased to 24,6% (H1 FY23: 17,3%)
- Dividends of US$4,0 million paid (H1 FY23: US$5,0 million). A further dividend of US$7 million was declared by PPC Zimbabwe in November 2023.

CIMERWA (Rwanda)
- Continued positive trajectory notwithstanding margin pressures
- Revenue up 14,5% to R883 million (H1 FY23: R771 million)
- EBITDA margins decreased to 29,4% (H1 FY23: 32,3%)
- Net cash at 30 September 2023 - R107 million (FY23 net debt of R162 million)

GROUP PERFORMANCE - CONTINUING OPERATIONS
PPC delivered a pleasing performance across all its markets for the six months to 30 September 2023 (the current period) despite the weak macro environment for its core SA and Botswana group where it saw a decline in cement volumes. Group revenue for the current period increased by 20.9% to R6 172 million (September 2022: R5 103 million) driven by a 4% increase in group cement volumes, price increases and the rand depreciation against the US$.

Group cost of sales increased 16,1% to R4 934 million (September 2022: R4 251 million), being a lower rate of increase than revenue, which, when combined with marginally lower administration and other operating expenses resulted in a significant increase in operating profit to R675 million (September 2022: R273 million).

Group EBITDA increased by 46,8% to R1 069 million (September 2022: R728 million) as margins expanded in all the markets, except Rwanda. In addition, there was a significant recovery of market share in Zimbabwe as well as a return to profitability by the overall materials business.

Fair value and foreign exchange gains decreased from R82 million to R4 million due to the adoption of the US$ as the functional currency for PPC Zimbabwe, thereby eliminating foreign exchange gains on monetary items held in Zimbabwe. Similarly, the R206 million net monetary loss in the prior period due to hyperinflation is not applicable in the current period. An impairment of R53 million relating to property, plant and equipment was made in the current period (September 2022: Rnil). This is related to the mothballing by Cement SA of its Jupiter milling plant to secure cost savings.

Finance costs decreased marginally to R81 million (September 2022: R84 million) notwithstanding the increases in interest rates when compared to the prior period as gross debt continued to reduce. Investment income increased to R15 million (September 2022: R10 million) on higher cash balances and higher market yields.

During the prior period the group realised a R23 million profit on the disposal of an equity-accounted investment, Habesha.

Profit before tax increased to R560 million (September 2022: R106 million) and profit after tax was R431 million (September 2022: R22 million). The effective tax rate for the current period is 23,0% (September 2022: 79%). The prior period rate was negatively affected by a once off de-recognition of a deferred tax asset in PPC Ltd and the impact of PPC Zimbabwe inflation.

Earnings per share (EPS) and headline earnings per share (HEPS) increased respectively to 24 cents (September 2022: 3 cents loss) and 26 cents (September 2022: 5 cents loss).

The group's net cash flow before financing activities increased to R578 million (September 2022: R319 million excluding discontinued operations) as cash generation remains a key priority.

In line with the disciplined capital allocation policy, capital expenditure for the current period was R219 million (September 2022: R176 million). The share repurchase programme of R200 million, approved by the board in June 2023, was 52% (R103 million) completed at the end of September 2023.

Group net debt declined to R381 million (September 2022: R677 million) from R765 million at 31 March 2023 due to strong cash generation as cash balances remain relatively high at R640 million (September 2022: R766 million) when compared to the 31 March 2023 balance of R424 million. Net debt for the SA and Botswana group improved by R195 million (R70 million since FY23) to R730 million (H1 FY23: R925 million) and gross leverage levels remain below the target range of 1,3 - 1,5 x last twelve month's EBITDA.

Zimbabwe remains debt-free and had unrestricted cash holdings at 30 September 2023 of R226 million up from R118 million at 31 March 2023 (September 2022: R253 million). Some 99,5% of PPC Zimbabwe's cash is held in hard currencies. Zimbabwe declared and paid a US$4 million dividend during the current period and declared a further US$7,0 million dividend in November 2023.

CIMERWA's gross debt declined to R167 million from R383 million at 31 March 2023 (September 2022: R365 million). Cash balances increased marginally to R274 million from R221 million at 31 March 2022 (September 2022: R345 million) as cash generation contributed positively following the dividend paid in March of R172 million.

SOUTH AFRICA AND BOTSWANA CEMENT

Overall cement sales volumes in South Africa and Botswana for the current period were down 4,7% when compared to the prior comparative period, mainly due to a decline in sales in the coastal and Botswana regions. Sales were only marginally negative in the inland region on an improved retail performance despite price increases and an ongoing oversupply. Industrial and construction demand for technical products remains a strong differentiator for PPC. The weaker coastal demand was due to a weaker economic environment in the region and excessive rain. Larger construction projects in the region were also delayed. Imports into South Africa are at a stable level and continue to impact the domestic industry negatively. In addition, Botswana was negatively impacted by increased Namibian imports supported by export incentives provided to producers in Namibia.

PPC continues to increase its selling prices on a bi-annual basis and achieved an average selling price increase of 8,8% when compared to the six months ended 30 September 2022. For the six months ended 30 September 2023, South Africa and Botswana cement revenue increased by 4,7% to R3 158 million (September 2022: R3 015 million), also impacted by 0,4% adverse product mix.

High input cost inflation was experienced during the period, resulting in variable production costs per tonne cement sold increasing by some 9,7% compared to the prior period. Stringent cost mitigation measures contained fixed costs, with such costs decreasing by 1,9% compared to the prior period. Overall, total costs increased by 3,6% compared to prior period.

EBITDA increased by 8,2% to R398 million (September 2022: R368 million) with a margin of 12,6% (September 2022: 12,2%) as cost control initiatives combined with bi-annual price increases saw margins stabilise, albeit at low levels.

AGGREGATES, READYMIX AND ASH

Readymix volumes decreased by 19,7%, while aggregates volumes decreased by 16,8% compared to the prior period. Fly ash sales volumes increased by 13,8%. Overall revenue for the materials division decreased by 6,1% to R586 million (September 2022: R624 million), due to the largest contributor, readymix, experiencing a significant reduction in demand offset in part by an increase in the average selling price. The divisional EBITDA increased to a profit of R14 million (September 2022: R14 million loss) following the successful implementation of turnaround measures implemented prior to 31 March 2023. These included a reduction of the absolute fixed costs and the conversion of certain fixed costs to variable costs.

INTERNATIONAL

Zimbabwe

During the current reporting period, PPC's operation in Zimbabwe saw a strong recovery in all its key metrics. Zimbabwe continued to win back market share it had lost during the planned extended kiln shutdown in the first half of the prior year. Cement sales volumes increased 44,0% mainly due to improved clinker availability for production, increased local demand, a reduction in imports and a soft base in the prior comparative numbers due to the extended shutdown.

PPC Zimbabwe changed its functional currency to US$ and reporting has therefore been simplified as hyperinflation accounting is no longer applicable. The rand depreciated by 14,9% to the US$ when compared to the prior comparative period, bolstering the Zimbabwean overall performance when reported in South African rands.

Revenue for the current period increased by 104% in rand terms to R1 743 million (September 2022: R855 million) which, together with the focus on costs resulted in EBITDA margins increasing to 24,6% (September 2022: 17,3%). PPC Zimbabwe's EBITDA increased by 190% to R429 million (September 2022: R148 million).

Rwanda

CIMERWA's cement sales volumes increased by 11,9% for the current period when compared to the prior period, as local and regional demand remains strong albeit with increased competition. CIMERWA is expected to remain in a strong position to benefit from the continued growth of cement demand.

Revenue for the six months ended 30 September 2023 increased by 14,5% to R883 million (September 2022: R771 million), as the rand remained relatively stable against the franc, depreciating 1%. In local currency, revenue increased by 13,2% and EBITDA increased by 4,4% to R260 million (September 2022: R249 million). With low average selling price increases of 1,3% due to product mix and continued pressure on input cost pricing, EBITDA margins decreased to 29,4% (September 2022: 32,3%).

LEADERSHIP

Further to the announcement of Matias Cardarelli as the incoming chief executive officer of PPC on 4 September 2023, shareholders are advised that the necessary work permit has not yet been finalised. However, sound progress has been made and it is still envisaged that Mr Cardarelli will be able to start during the quarter ending 31 December 2023.

The current managing director of South Africa and Botswana, Njombo Lekula, has announced he will be leaving PPC after three decades with the organisation. The board thanks Njombo for his invaluable contribution and dedication throughout his tenure at PPC and wish him the very best for the future. While he will be winding down his involvement and handing over, he will remain as part of PPC until 31 December 2023. Mr Lekula's role will not be filled but rather merged with that of the group CEO. This will create a more efficient structure to support PPC's strategic goals.

OUTLOOK

The key focus for PPC will remain on its southern Africa businesses, including South Africa, Botswana and Zimbabwe. This includes continuing to improve its profitability and enhance returns through further operational efficiencies and cost containment measures. Without a significant increase in infrastructure spending and South African gross domestic product, South Africa's cement demand is expected to remain subdued and sustainability is therefore dependent on both capital discipline and margin management. Notwithstanding, PPC South Africa remains well positioned to benefit from an increase in cement demand with additional capacity readily available to capture an upswing in demand without significant additional capital expenditure being required. Following a strong recovery in market share and profitability in PPC Zimbabwe in the current period, the company anticipates at least maintaining these gains. Further improvements will become possible following the implementation of the fly ash project, which is still in the procurement stage.

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

Sandton
20 November 2023

Short-form announcement

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, 20 November 2023, via the JSE link as follows:

https://senspdf.jse.co.za/documents/2023/JSE/ISSE/PPC/PPC30Sep.pdf

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 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 10:00am (SAST) and can be accessed via this link: https://www.corpcam.com//PPC20112023

Registered office:
First Floor, 5 Parks Boulevard, Oxford Parks, Dunkeld, 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 adviser: Instinctif Partners, Louise Fortuin Mobile: +27 71 605 4294