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
Annual and summarised consolidated financial statements for the year ended 31 March 2024

Matias Cardarelli, CEO, said:
"The group has faced sustained underperformance and decreasing profitability over a number of years and as I reflect on my time at PPC over the past seven months, the comprehensive review of the business revealed internal gaps that are also clear opportunities.

As we look to unlock internal value and drive profitability, the new Exco and I have had to challenge past assumptions and leadership decision-making practices. Our problems are pressing, and it is clear that a meaningful organisational reset and tough decisions are necessary for PPC's sustainable future.

Where we are failing, where we are missing opportunities and what our strengths are, were some of the questions posed in the design of the turnaround fundamentals. Through a "back to basics" approach and an appropriate focus on operational efficiency, we are looking into our commercial footprint, internal business intelligence data and reliability, logistics model, organisational structure and cost and capital expenditure discipline.

We need to rely on a strong set of values: integrity, sense of urgency, safety, agility and cost consciousness - values that speak to our aspirations. Moreover, we want to outline behaviours that demonstrate these values in a 'walk-the-talk' approach.

By refocusing the organisation on its core business, fostering a no-nonsense, get-things-done approach, and implementing agility in decision-making processes, I am confident that we can overcome the challenges ahead."

SNAPSHOT OF PERFORMANCE FROM CONTINUING OPERATIONS
- Revenue up 20,6% to R10 058 million (FY23: R8 339 million)
- EBITDA up 38,6% to R1 242 million (FY23: R896 million)
- EBITDA margin up 1,6% points to 12,3% (FY23: 10,7%)
- Free cash flow before financing activities and excluding disposal proceeds from sale of CIMERWA, free cash flow of R260 million (FY23: R124 million)
- Ordinary dividend of 13,7 cents per share
- HEPS of 19,0 cents (FY23: loss of 20,0 cents)
- EPS of 6,0 cents (FY23: loss of 21,0 cents)

GROUP PERFORMANCE - CONTINUING OPERATIONS
Group revenue for the current year rose 20,6% to R10 058 million (FY23: R8 339 million) driven primarily by a strong performance in PPC's Zimbabwean operation.

The SA and Botswana group cement revenues increased only marginally by 5,2%, driven by price increases and increased sales of clinker to Zimbabwe, which positively offset the declining cement sales volumes. Revenue from the materials businesses declined by 6,0% relative to the prior year.

Group cost of sales increased 16,3% to R8 409 million (FY23: R7 231 million). All of the increase in cost of sales is attributable to Zimbabwe, with the SA and Botswana group's cost of sales declining marginally by 1,3% (R73 million), driven by lower sales volumes. Group administration and other operating expenditure increased by 5,5%. Group EBITDA margin therefore improved to 12,3% (FY23:10,7%).

Accordingly, trading profit increased by R502 million to R619 million (FY23: R117 million). Of the R502 million increase, R395 million was attributable to Zimbabwe.

Depreciation for the group decreased by R155 million to R623 million (FY23: R778 million). The most material contributors to the decrease were PPC Zimbabwe and SA and Botswana cement. Due to the change in the functional currency for PPC Zimbabwe from the ZWL to the United States dollars (US$), hyperinflation accounting is no longer applicable, which resulted in a decrease in property, plant and equipment and an associated decrease in depreciation by R86 million. SA and Botswana cement also had a decrease in depreciation of R57 million, mainly due to the extension of useful lives of certain of the assets.

Given the movements in trading profit and depreciation, group EBITDA increased 38,6% to R1 242 million (FY23: R896 million).

The "fair value and foreign exchange gains movements" changed from a gain of R55 million FY23 to a charge of R30 million in the current year. In the prior year, US$ debtors were remeasured into ZWL creating significant exchange gains. This is no longer applicable given the change in functional currency.

The prior year net monetary loss arising from hyperinflation accounting for PPC Zimbabwe of R131 million is no longer applicable in the current year.

In the prior year, the credit risk adjustment on the intrinsic value of the blocked funds was taken to 100% resulting in a fair value loss of R32 million. Accordingly, the current period fair value loss is nil.

A significant increase in impairments to R267 million (FY23: R61 million) in the current year relate primarily to property, plant and equipment as muted market volumes are expected to persist and there is a need for capacity and cost optimisation going forward. Consequently, it was decided to mothball the Jupiter milling plant (impairment of R56 million) and Slurry and Dwaalboom swing kilns (impairment of R125 million), although all these assets remain readily available for re-commissioning should volume demand be there. Given the muted demand experienced by the aggregates business, which is not expected to change materially in the future, an impairment of R70 million was taken on the aggregates assets. The prior year impairment related primarily to impairments in the readymix business.

Finance costs increased marginally to R131 million (FY23: R123 million). Although SA and Botswana debt levels were lower in the current year, interest rate increases resulted in interest paid on borrowing increasing by R6 million. In addition, a higher level of capitalised leases resulted in an increase in this interest charge of R6 million. The balance relates to time value of money adjustments of rehabilitation and decommissioning provisions.

Investment income increased to R42 million (FY23: R26 million) on higher cash balances earning a higher interest rate in South Africa.

During the prior period the group realised a R23 million profit on the disposal of its equity accounted investment in Habesha, Ethiopia.

Profit before tax increased to R233 million (FY23: loss of R126 million) and profit after tax was R88 million (FY23: loss of R328 million). In the current year, the effective tax rate was some 62,8%. The three largest contributors to the effective rate are:

- During the current year, PPC Ltd received dividends from Zimbabwe and RSA Holdings (for purposes of the share buyback) all of which are non-taxable. This had the effect of increasing the proportion of non -taxable vs taxable income to 62% (FY23: 40%) resulting in 62% of all expenditure in the holding company not being tax deductible.

  In PPC International Holdings, once-off costs related to the disposal of CIMERWA were also not deductible.

Collectively, the above contributed to a 13,4% increase in the effective tax rate.

- Withholding taxes paid on dividends and management fees received mainly from Zimbabwe and Botswana further increased the effective rate by 10,2%.
- In the 2024 budget, Zimbabwe announced an increase in the corporate tax rate from 24,72% to 25,75%. The effective date for the change for PPC Zimbabwe is 1 April 2024 and the remeasurement of the deferred tax liability resulted in a 7,2% increase in tax rate.

The headline earnings per share (HEPS) and earnings per share (EPS) of the continuing operations increased respectively to 19 cents (FY23: loss of 20 cents) and 6 cents (FY23: loss of 21 cents). The HEPS of the discontinued operations was 8 cents (FY23: 11 cents).

The group's net cash flow before financing activities from continuing operations, and excluding the proceeds received from the sale of CIMERWA, increased to R260 million (FY23: R124 million).

Total group capital expenditure for the year increased to R400 million (FY23: R368 million). This is some R35 million below the capital expenditure guidance of R435 million (excluding the Rwandan operation guidance of some R165 million). The share repurchase programme of R200 million, approved by the board in June 2023, was completed on 13 March 2024. The total number of shares repurchased were 64,6 million at an average price of R3,08 per share.

The SA and Botswana group bank debt decreased to R779 million (FY23: R930 million) largely due to the scheduled repayment of R150 million on the amortising term loan. Of the R857 million group cash holdings by continuing operations (FY23: R264 million), R780 million is held by the SA and Botswana group. PPC International Holdings (PPCIH) received US$42,5 million from the sale of its stake in CIMERWA. At year-end, R783 million had been lent to the SA and Botswana group.

Zimbabwe remains debt-free and had unrestricted cash holdings at 31 March 2024 of R40 million (FY23: R118 million). Approximately 80% of PPC Zimbabwe's cash is held in hard currencies.

Zimbabwe declared and paid a US$4 million dividend in H1 FY24 (H1 FY23: US$5 million) and a US$7 million dividend in H2: FY24 (H2: FY23 US$5 million) bringing the total dividends paid during the year to US$11 million (FY23: US$10 million). PPC's share of the dividend (before withholding taxes) amounted to R203 million (FY23: R155 million).

PPC has amended its SA and Botswana group leverage objective from gross debt to net debt to EBITDA of 1,3 - 1,5 times.

SOUTH AFRICA AND BOTSWANA CEMENT

Cement sales volumes in SA and Botswana were down 5,8% when compared to the prior year (FY23: negative 4,6%), reflecting lower volumes across our key markets in South Africa while Botswana's volumes were flat. Competition remains stronger in the inland region where sales volumes have reduced especially since January 2024. Coastal volumes have dropped at a higher rate than inland due to demand.

While the construction sector in the coastal region continues to be depressed, the main driver of the volume decreases in this region was in the retail sector, impacted by low demand and aggressive price competition, especially in the last quarter of the financial year.

Clinker sales from inland to Zimbabwe have more than doubled in the current year supplementing the revenue increase in SA and Botswana cement business.

PPC continued to increase its cement selling prices on a bi-annual basis and achieved an average selling price increase of 9,7% when compared to the prior year (FY23: 8,0%). Clinker sales, however, was the main driver of the SA and Botswana cement revenue increase of 5,2% to R6 080 million (FY23: R5 782 million) given the 5,8% decline in cement volumes.

PPC remains vulnerable to high input cost inflation and local logistics and power challenges, penalising the production cost per ton. Against the backdrop of a 4,2% decline in overall volumes (cement and clinker), total costs increased by 3,2%, with fixed costs increasing by 2,9%, ameliorated by reduced depreciation and the absorption of fixed costs in inventory build-up during the current year.

EBITDA increased 1,5% to R684 million (FY23: R674 million) with a margin of 11,3% (FY23: 11,7%) as price increases were not sufficient to offset cost increases. Key turnaround initiatives are to focus on contribution margin per customer, operational efficiencies to contain variable costs and absolute fixed costs/administration costs reduction.

AGGREGATES, READYMIX AND ASH

Readymix volumes decreased by 18,2%, and aggregates volumes decreased by 8,8% compared to the prior year. Fly ash sales volumes increased by 7,2%. Overall, revenue for the materials division decreased by 6,0% to R1 031 million (FY23: R1 097 million), due to the largest contributor, readymix, continuing to experience a significant reduction in demand offset in part by an increase in the average selling price. The divisional EBITDA increased to R43 million, but this was shielded by a positive once-off non-cash item of R55 million being the installation of a new conveyor belt and offloading station by a third party as part of its rehabilitation obligations under the original sale and purchase agreement. Excluding this once-off item, the materials division EBITDA for FY24 would have been a negative R12 million (FY23: negative R65 million) mainly reflecting an improvement in the readymix division.

ZIMBABWE

PPC's operation in Zimbabwe delivered a strong recovery in the current year albeit off a low base following the extended maintenance shutdown of the kiln in the first half of the prior year. Zimbabwe won back the market share it had lost with demand across both residential construction and government funded infrastructure projects.

Cement sales volumes increased 36,6% when compared to the prior year (FY23: down 15,8%) although growth has softened as the effect of the stronger base in the H2 FY23 starts coming through.

Revenue for the year increased by 90,9% in rand terms to R3 346 million (FY23: R1 753 million) on strong cement volumes and price increases. The full year impact of the 5% selling price increase that was effected in August 2022 (prior year) and the 4% sales price increase effected in January 2024 also contributed to the revenue increase. EBITDA margins reduced marginally to 20,2% (FY23: 20,8%) for the full year, but significantly off the half year margins of 24,6% due to high electricity costs resulting from a gradual tariff increase of ~76% from October 2023. Clinker purchases also continued in H2 FY24 and the full cost of purchased clinker was 169% higher than the prior year.

Dividends of US$11 million were paid during the year (FY23: US$10 million).

DISCONTINUED OPERATIONS - RWANDA (CIMERWA)

PPC sold its 51% shareholding in CIMERWA on 25 January 2024 for a total selling price of US$42,5 million. PPC received the full selling price and paid the capital gains tax in Rwanda of US$372 000 in February 2024. No further capital gains tax is payable in South Africa. The approval by the Common Market for Eastern and Southern Africa (COMESA) was anticipated within 120 days of the filing on 8 February 2024, but COMESA have requested and been granted an extension to 12 July 2024. At the date of the disposal, the total net asset value attributable to PPC was R612 million and the consideration received was R809 million resulting in a profit on disposal of R197 million.

DIVIDEND

Given the significant de-leveraging of the SA and Botswana group in the current year, the board has resolved to declare an ordinary dividend to shareholders. The board has also approved an amendment to the existing distribution policy which has the effect of calculating a distribution in two distinct parts being:

a. a distribution in an amount that would result in the target leverage range for the SA and Botswana group being net debt at or below 1,3x - 1,5x the SA and Botswana EBITDA, before dividends from Zimbabwe; plus
b. a distribution of an amount up to the gross dividend received by PPC from Zimbabwe.

CASH DIVIDEND

Shareholders are advised that, based on the above, the board resolved on 21 June 2024 to declare a gross cash dividend for the year ended 31 March 2024 of R213 million. (FY23: share repurchase of R200 million). This equates to 13,7 cents per share for each of the shares in issue, subject to the applicable tax levied in terms of the Income Tax Act (Act number 58 of 1962), as amended (dividend withholding tax).

The cash dividend has been declared from retained earnings. The dividend withholding tax is 20% and a net cash dividend of 10,96 cents per share will be paid to those shareholders who are not exempt from dividend withholding tax.

In accordance with the provisions of Strate, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the cash dividend are as follows:

	2024
Last day to trade "cum cash dividend"	Tuesday, 9 July
Shares commence trading "ex cash dividend"	Wednesday, 10 July
Record date	Friday, 12 July
Payment date	Monday, 15 July

Those shareholders of the company who are recorded in the company's register as at the record date will be entitled to the cash dividend.

Share certificates may not be dematerialised between Wednesday, 10 July and Friday, 12 July 2024, both days inclusive.

Payments for certificated shareholders will be transferred electronically to their bank accounts or the payment date. Shareholders who hold dematerialised shares will have their accounts at their CSDP or stockbroker credited on Monday, 15 July 2024.

Taking into account the dividend that will be received by the subsidiary that repurchased the PPC Ltd shares in the current financial year, the net cash outlay pursuant to the cash dividend amounts to R204 million.

The sale of CIMERWA is subject to approval (as a condition subsequent) by COMESA, which approval has not yet been received. Prudently, the board resolved to retain the R783 million in the group until such time as approval is received, whereupon a special dividend to shareholders will be considered.

The company's income tax reference number is 9460015606. The company has 1,553,764,624 shares in issue as at the date of the declaration of the cash dividend.

In compliance with the Companies Act, the directors confirm and have resolved that the company will satisfy the solvency and liquidity tests immediately after the payment of the cash dividend.

STRATEGIC PLAN AND OUTLOOK

The group has faced sustained underperformance and decreasing profitability over a number of years. A comprehensive review of the business has identified internal gaps that are also clear opportunities.The new executive team has had to challenge past assumptions and decision-making practices. In order to create a sustainable future for PPC, these challenges must be addressed with a sense of urgency.

Agility in management decision-making has been hindered by the availability and accuracy of relevant data and gaps in internal business process. The previous complex organisational structure created a silo mentality and embedded a culture of lower accountability which was not conducive to delivering results

To unlock internal value and drive profitability, the immediate need for strategic personnel changes was identified and implemented. In FY25, the focus will be on cost awareness throughout the organisation, robust capital expenditure analyses and the creation of reliable internal business intelligence to support better quality decisions.

The strategic plan will focus on working capital management, a contribution margin approach, improving industrial performance, enhancing the go-to-market and logistics operating model.

Externally, demand is anticipated to remain subdued, although there are signs of growth in some regions. To navigate high input costs, cement companies must focus on optimising their operations for enhanced efficiency and profitability. Industry enforcement of quality standards will be crucial for sustainability of the cement sector.

While the road to turnaround, transformation and growth may be challenging, we are committed to creating a sustainable future for PPC. Guided by principles of integrity, urgency, safety, agility, and cost consciousness, we believe that with a clear vision and a strong team, we can increase profitability, deliver returns to our investors, and enhance our competitive position in the market.

Chairman	Chief executive officer	Chief financial officer
PJ Moleketi	SM Cardarelli	B Berlin

24 June 2024
Sandton

SHORT-FORM ANNOUNCEMENT

This short-form announcement of the audited consolidated annual financial statements for the year ended 31 March 2024 (2024 AFS) is extracted from the financial information in the 2024 AFS and the Summarised 2024 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 2024 AFS and Summarised 2024 AFS, as a whole, as published on SENS and the issuer's website as follows:

Summarised 2024 AFS
PPC's website: https://www.ppc.africa/investors-relations/reports?t=final-resultsreports&y=2024 and

2024 AFS
JSE's website: https://senspdf.jse.co.za/documents/2024/jse/isse/PPC/FY2024.pdf

AUDIT OPINION

The 2024 AFS were audited by PwC, who expressed an unmodified audit opinion in terms of the International Standards on Auditing. A copy of the auditor's report on the 2024 AFS 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.

Copies of the 2024 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 10:00 am and can be accessed via this link:
https://www.corpcam.com/PPC24062024)

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