

## 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 FOUR MONTHS ENDED 31 JULY 2024

### GROUP OPERATIONAL PERFORMANCE

The PPC group comprises the South Africa ("SA") and Botswana group, which includes cement, materials and group services, and Zimbabwe. Following the stabilisation of the balance sheet and the sale of non-strategic assets in prior years, PPC recently started the challenging process of improving profitability and returns on the group's assets. The turnaround intervention that has commenced is focused on people, organisational culture, processes, as well as industrial and supply chain optimisation, to enhance the competitive position of the group in its various markets. The positive effects of these efforts are expected to become evident in the next financial year.

For the four months ended July 2024 (the "current period") compared to the four months ended July 2023 (the "comparable period"), group revenue declined 2.1%. Revenue in the SA and Botswana group declined 1.0% and revenue in Zimbabwe decreased 4.5%.

Zimbabwe contributed 30% to group revenue in the current period compared to the 33% contribution for the twelve months ended 31 March 2024 ("FY2024"). Cement remains the core business of PPC, contributing 90% of revenue for the current period while materials contributed the remaining 10%. This remains in line with the comparable period.

Average cement selling prices increased across the group while cement sales volumes (including Zimbabwe) for the current period were 5.3% lower than the comparable period. Albeit its much smaller impact on the overall group, pricing also increased across all three materials businesses but was offset by declines in volumes in the readymix and ash businesses.

EBITDA margin for the group declined from 15.9% in the comparable period to 13.7% in the current period, with the comparable period margin positively impacted by the market tailwinds experienced in the first quarter of the prior year.

Notwithstanding the absolute reduction in EBITDA, net cash generation by the SA and Botswana group, before financing activities and excluding dividends received from PPC Zimbabwe, improved from R129 million to R192 million. The biggest single contributor was the improvement in working capital mainly in inventory levels.

During the current period an ordinary dividend totalling R213 million was declared and paid. Gross cash balances for the group increased from R897 million at 31 March 2024 to R969 million at 31 July 2024. Total group debt remained unchanged since 31 March 2024 at R775 million.

A special dividend totalling R521 million was declared on 28 August 2024 and was settled on 23 September 2024. No dividend was received from PPC's operations in Zimbabwe in the current period (comparable period: US\$4 million), but a dividend of US\$4 million was declared by PPC Zimbabwe on 6 September 2023.

## **SOUTH AFRICA & BOTSWANA CEMENT**

Cement sales volumes in South Africa and Botswana decreased by 4.6% in the current period compared to the comparable period. The average selling price in South Africa increased by 5.5% during the current period, which enabled revenue for SA & Botswana cement to grow by 1.6%.

However, notwithstanding variable cost per tonne being almost flat period-on-period, EBITDA for the period decreased by 10.4% as fixed costs increased by more than inflation. EBITDA margin decreased from 11.6% in the prior period to 10.3% in the current period. The South African cement business is the key focus area of the turnaround actions.

## **MATERIALS**

Volumes in the readymix business continued to decline but cost control actions across both fixed and variable costs resulted in the materials businesses EBITDA being marginally positive in the current period compared to marginally negative in the comparable period.

## **ZIMBABWE**

PPC Zimbabwe's cement sales volumes were down 10.9% during the current period when compared to the prior period. In response to significant increases in electricity tariffs, an average US\$ price increase of 4% was implemented in January 2024, which contained the revenue decrease in rands terms to 4.5%. Despite ongoing input price pressures, PPC Zimbabwe's EBITDA margin was well managed reducing marginally to 29.0% compared to 29.8% in the prior period. There were no planned maintenance shutdowns in either the comparable or the current period. These planned shutdowns occurred subsequently in August 2023 and August/September 2024 respectively. These shutdowns have an impact on EBITDA margin.

No dividends were declared in the current period compared to US\$4 million declared in July 2023. However, a US\$4 million dividend was declared in September 2024.

## **OUTLOOK**

Although interest rates in South Africa have begun to decline and local sentiment is improving, there is still no clear evidence of large-scale infrastructure or retail developments. Consequently, the overall outlook for the SA and Botswana group remains subdued. PPC continues to focus its efforts on the turnaround of its cement businesses to improve profitability and cash generation. Guidance on the size and timing of realising opportunities will be included in the presentation of the group's performance for the six months ended 30 September 2024, which is expected to be released on or about 18 November 2024.

In Zimbabwe, imports continue to increase contributing to the reduced volumes of PPC Zimbabwe. Cost containment has been a focus and will continue. This, together with turnaround initiatives, is expected to have positive impact on the PPC Zimbabwe earnings.

Dunkeld  
30 September 2024

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