

PPC Ltd

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(“PPC”)



PPC signs memorandum of agreement for a new R3 billion best-in-class integrated cement plant in the Western Cape – Press Release

PPC announced in July 2024 that it had entered into a strategic co-operation agreement with Sinoma Overseas Development Company Ltd (“Sinoma”), in terms of which the parties agreed to partner with each other to identify new projects and opportunities to improve efficiencies of PPC’s operations.

To this end, PPC and Sinoma, the leading cement equipment and engineering company in the world, have now entered into a memorandum of agreement for the construction of a new R3 billion state of the art integrated cement plant. This new plant will have the ability to provide an enhanced value proposition to both existing and new customers across the Western, Eastern and Northern Cape regions.

The 1,5 million tons of cement per annum plant, which will replace and increase existing capacity, is planned to be constructed at one of PPC’s current sites. The new plant will be equipped with the latest technology, including a fully dedicated solar generation system. Overall, the new plant technology will result in substantial improvements in energy efficiency, reduced coal consumption and lower emissions per ton of cement produced. This will contribute to meaningfully lower production costs, thereby making PPC significantly more competitive and profitable.

PPC CEO, Matias Cardarelli, said, “South Africa’s cement industry is undergoing rapid change, and we are working on building a stronger and more efficient PPC, to become the sustainable leader of the industry in the years to come. This changing market dynamic urgently requires modern and cost-efficient assets, and environmentally conscious cement producers. At the heart of our turnaround “Awaken the Giant” strategy is the active pursuit of strategic opportunities and projects to ensure that we are successful in a more competitive future market context. With this new and most advanced energy and environmentally efficient plant in the country, we will be able to supply our customers with lower-carbon cement at a more competitive cost. It represents a major step in the sustainability of our business moving forward and will play a key role in achieving PPC’s commitment to reduce its carbon emissions and to deliver value to shareholders.”

While the feasibility studies for the plant have reached an advanced stage, over the next three months the parties will finalise the scope and final assessment of the new plant, as well as the associated turn-key engineer, procure and construct (“EPC”) agreements. Subject to the approval of PPC’s board of directors, it is anticipated that the construction of the new plant will start in the second quarter of 2025 and will be commissioned by the end of calendar year 2026. The existing plants in the Western Cape will continue to operate during the construction and commissioning process, thereby providing funding support and a smooth transition.

Based on analyses done to date, management believes that the new plant robustly meets all PPC's capital allocation criteria. The funding structure is being finalised, but management is of the view that the new plant can be funded from debt facilities within PPC's current two times net debt to EBITDA covenant. This will be assisted by cash generated by PPC's existing operations during construction and a milestone payment structure agreed in principle with Sinoma.

Matias Cardarelli concluded, "By substituting existing capacity with a more efficient, environmentally friendly and larger plant, we are securing PPC's competitiveness in a key market, by delivering the best value proposition in the region to our customers. This will better position PPC for sustained profitability for decades to come and will ensure the group's long-term future. It also represents commitment and support of the national objective of economic growth and infrastructure development. The pursuit of this industrial investment, which will be one of the largest in the Western Cape history, demonstrates the continued confidence in South Africa by the PPC board and management."

PPC will be hosting an investor call today at 12h00 (SA time) via a webcast including a live question & answer session. The investor call can be accessed at the following link:

<https://www.corpcam.com/PPC16012025>

Dunkeld

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