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 **group**")

OPERATIONAL UPDATE FOR THE TEN MONTHS ENDED 31 JANUARY 2025

STRATEGIC UPDATE

Following the appointment of Matias Cardarelli as CEO and changes to the executive leadership team just over a year ago, PPC embarked on a transformative journey to reposition the group for sustainable profitability and long-term growth.

The Awaken the Giant turnaround plan was developed to execute on the opportunities identified to improve the performance of the group while scoping strategic opportunities. The first key steps implemented, included key strategic personnel changes, the simplification of the previously complex organisational structure, and the realignment of the organisational culture to ensure the appropriate results orientated focus, cost discipline and a sense of urgency.

Results of the turnaround plan were evident in PPC's half-year performance reported on 18 November 2024 and have continued into the second half of the financial year as the plan gains momentum. In the key areas of commercial, operations and supply chain, the initiatives under implementation are already showing results, namely plant sourcing optimisation, sales product mix enhancement, improved thermal energy costs and logistics management. These result in the EBITDA margin and cashflow generation increase.

For ease of comparison, all the numbers in this operational update exclude CIMERWA, as CIMERWA's results in the prior financial year, to the date of deconsolidation, were shown as discontinued operations.

GROUP PERFORMANCE

The key performance metric improvements for the group are depicted below.

FY25 vs FY24	10 mnths Jan '25 [1]
Revenue	-3%
EBITDA	20%
EBITDA margin	+3,2 pp

[1] Changes compared to 10 months ended January 2024 ("the comparable period")

The decrease in group revenue for the 10 months ended 31 January 2025 ("the current period") was driven mainly by a decline in the revenue in PPC's Zimbabwe operations while the South Africa & Botswana group delivered a flat performance.

Group EBITDA margins improved to 16.6% in the current period from 13.4% in the comparable period. This resulted in a 20% increase in total group EBITDA. The increase in both absolute EBITDA and EBITDA margins is due to all business units improving their results mainly as a consequence of the turnaround plan.

Capital expenditure for the group is expected to come in slightly below the guidance of R400 – R450 million for the full financial year. Some optimisation capital expenditure is being re-assessed while maintenance expenditure was as planned.

As the stringent focus on costs and working capital take effect, the South Africa & Botswana group's free cashflow, being net cash inflow before financing activities excluding dividends from Zimbabwe, increased by a substantial 90% to R692 million in the current period from R364 million in the comparable period. As at 31 January 2025, the SA & Botswana group was in a net cash position of R106 million. PPC Zimbabwe continues to remain debt free and held US$13 million in unencumbered cash at 31 January 2025.

PPC Zimbabwe also increased its free cashflow generation leading to an increase in total dividends declared and paid of US$13 million year-to-date compared to the US$11 million paid in the comparable period.

SOUTH AFRICA & BOTSWANA CEMENT

In the current period, overall sales volumes in South Africa & Botswana decreased by 1% relative to the comparable period. The decline comes from lower Botswana sales volumes, since the sales volumes in South Africa during the current period were at much the same level as the comparable period. Price increases were implemented in July 2024 and offset the decline in volumes with revenue increasing by 2% in the current period.

EBITDA increased 32% resulting in significant margin expansion to 14.8% in the current period from 11.4% in the comparable period. This is also an increase from the margin of 13.7% at the half year. While most of the operational improvements are yet to materialise, the margin increase reflects the impact of the early delivery of a reduction in general and administrative expenses and a contribution margin increase.

MATERIALS

The materials business comprises three distinctly different businesses, namely readymix concrete, aggregates and fly ash. EBITDA for the entire materials business improved significantly from the loss in the comparable period.

ZIMBABWE

Volumes declined 9% in the current period, consistent with the 9% decline at the half-year. This trend started improving in January 2025, which is positive given that both January 2024 and 2025 had the same level of imports in the market. Revenue declined by 12% in rand terms due to the rand strengthening in the current period compared to the comparable period.

Despite the lower revenue, the EBITDA grew by 6% relative to the comparable period and margins grew by 4.4 percentage points from 21.6% to 26.0% due to the strict cost control measures.

OUTLOOK

As previously announced on 16 January 2025, the best-in-class integrated cement plant in the Western Cape that will secure PPC's cost competitiveness and low carbon cement leadership, is in the final stage ahead of seeking board approval. The plant will be built on a turnkey engineer, procure and construct contract which will significantly de-risk any capital overruns. The material reduction in variable costs due to technology and fixed costs due to only operating on one site makes the plant value accretive, compared to continuing with our existing plants in the Western Cape, without relying on market growth.

While the significant operational improvements are still gaining momentum, the improvement of the results in the current period already reflects early delivery of the turnaround plan, ahead of the previously advised timeline.

Following the strong cash generation in the current period, resulting in record dividends from PPC Zimbabwe and the healthy cashflow generation in South Africa, the board will consider a dividend in terms of its distribution policy which, amongst other things, provides for a flow through to shareholders of any dividends received from PPC Zimbabwe.

A capital markets day is planned for 27 March 2025 to give, amongst other things, further detail on the execution of the Awaken the Giant turnaround plan as well as progress on the new integrated plant.

Dunkeld
3 March 2025

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