Executing on strategic priorities in pursuit of stakeholder value

RMB MORGAN STANLEY CONFERENCE SEPTEMBER 2018
CONTENTS

EXECUTION IN PURSUIT OF STAKEHOLDER VALUE
1.1 KEY MESSAGES | CONTEXTUALISED

- SA market remains challenging
- Benefits of portfolio effect bearing fruit with ROA continuing its good performance
- PPC well positioned to participate in future growth
- Good progress made on R50/t savings initiatives in South Africa
- Improvement in free cash flow
- Active steps taken to mitigate Zimbabwe liquidity situation
- End of major capex cycle
- DRC options continue to be explored to further de-risk the asset
2. OUR INVESTMENT CASE
2.1 WHY INVEST IN PPC?

- **Licence to operate**
  - Implementing BEE transaction
  - B-BBEE Contributor: Level 3

- **Cash flow**
  - Improved cash flow as major capex has ended

- **Financial stability**
  - Improved liquidity and deleveraged balance sheet

- **Portfolio effect**
  - RoA delivering good results

- **Asset base**
  - World class asset base, c.70% new capacity

- **Growth markets**
  - Solid fundamentals for market demand

- **SSA Footprint**
  - Well developed footprint, strong presence in southern & eastern Africa

- **Market leader**
  - Leadership position in 80% of markets we operate in

**LOCATION • ASSETS • PEOPLE**
2.2 WELL POSITIONED AS MARKET LEADER

PORTFOLIO OVERVIEW

- Capacity (cement): 11.7 mtpa
- Cement plants: 18 plants
- Lime factories: 1 factory (1mtpa)
- Aggregate quarries: 4 quarries (4mtpa)
- Readymix plants: 29 plants (100 000 m³ per month)
- Flyash: 500 ktpa
- Cement capacity replacement value: ZAR 36bn @ USD 230 per annualised tonne

*Including Botswana

MARKET LEADER IN ATTRACTIVE COUNTRIES AND REGIONS

- Botswana: 450 ktpa (milling)
- South Africa: 7.0 mtpa
- Rwanda: 650 ktpa
- DRC: 1.2 mtpa
- Ethiopia: 1.4 mtpa
- Zimbabwe: 1.4 mtpa

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### 2.3 BUSINESS CYCLE | OPERATING CONTEXT

<table>
<thead>
<tr>
<th>COUNTRY/BUSINESS</th>
<th>RECESSION</th>
<th>RECOVERY</th>
<th>GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. South Africa</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cement</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Lime</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Aggregates</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ready-mix</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ash</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Zimbabwe</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zimbabwe Cement</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Zimbabwe Lime</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>3. Rwanda</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cimerwa</td>
<td>✓</td>
<td></td>
<td>✓</td>
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<tr>
<td><strong>4. DRC</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>PPC Barnet</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td><strong>5. Ethiopia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Habesha</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic Conditions</th>
<th>PPC Business Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South Africa</strong></td>
<td>Negative growth in GDP</td>
<td>Cement, Lime and Readymix in recession, Aggregates in recovery, Ash in growth phase</td>
</tr>
<tr>
<td><strong>Zimbabwe</strong></td>
<td>Economy is in recovery</td>
<td>PPC business is experiencing high demand growth</td>
</tr>
<tr>
<td><strong>Rwanda</strong></td>
<td>Country is experiencing robust GDP growth</td>
<td>PPC business is expanding</td>
</tr>
<tr>
<td><strong>DRC</strong></td>
<td>Country is in recovery</td>
<td>PPC business is in ramp-up</td>
</tr>
<tr>
<td><strong>Ethiopia</strong></td>
<td>Country is growing rapidly</td>
<td>PPC business is in a slower ramp-up</td>
</tr>
</tbody>
</table>
3. EXECUTING STRATEGIC ACTION PLANS
3.1 GROUP STRATEGIC ACTION PLANS

FINANCIAL
1. Achieving our optimal capital structure
2. Capital allocation priorities framework (VBM)
3. Free cash flow optimisation
4. Process enablers

OPERATIONS
1. Defend - market leadership
2. Optimise - relentless focus on performance
3. Grow - balance portfolio, disciplined growth
4. Manage from the centre

HUMAN CAPITAL
1. HR Solutions
2. Talent management
3. High performing organisation
4. Organisational culture
3.2 VALUE BASED MANAGEMENT | IMPLEMENTED CAPITAL ALLOCATION FRAMEWORK

SUSTAINABLE COMPETITIVE ADVANTAGE

CAPITAL ALLOCATION FRAMEWORK

OPTIMISE

EBITDA | Free Cash Flow | Balance sheet

CFROI > REAL COST OF CAPITAL

LONG TERM SUSTAINABLE SHAREHOLDER VALUE

OBJECTIVE IS TO DELIVER CFROI > REAL COST OF CAPITAL ON A SUSTAINABLE BASIS

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### 3.3 SA CEMENT | PROGRESS MADE ON R50/TONNE IMPROVEMENT IN PROFITABILITY

<table>
<thead>
<tr>
<th>What we said</th>
<th>Target saving based on R50/tonne</th>
<th>What we achieved</th>
<th>What we did</th>
<th>Next 12 – 18 months</th>
</tr>
</thead>
</table>
| Revenue Enhancement | 10% - 20% | • Implemented price increase in January 2018, planned October 2018  
• New products launched in August 2018 – positive impact on volume  
• Secured volumes by enhanced value added technical support – ongoing | | • Enhanced product portfolio  
• Route to market strategy implementation  
• Implement margin improvement strategies  
• Entrench strategic partnerships |
| Strategic cost reduction | 40% - 60% | • Completed integration of Safika Cement  
• Organisational restructure of Head Office and Operations – ongoing | | • Drive plant efficiencies to reflect operations requirements  
• Integration of material businesses into Cement SA to ensure optimal structure  
• Extract value from strategic partnerships and combine offering from integrated businesses |
| Cost efficiencies | 20% - 40% | • Embedded tyre burning initiative in the Western Cape – second kiln commissioned on tyres  
• Optimisation of logistics – new TMS technology introduced  
• SK9 performing at expected efficiency | | • Slurry kiln 9 complex benefit realisation  
• Embed the 3 mega plant strategy  
• PE kiln 4 mothballed  
• Implementation of alternative fuels targeted to all mega plants with special focus on Western Cape  
• Implement optimised sourcing |

**2% - 3% IMPROVEMENT IN EBITDA MARGIN OVER THE NEXT 2-3 YEARS**
## 3.4 ROA CEMENT | PROGRESS MADE ON ACTION ITEMS

<table>
<thead>
<tr>
<th>What we said</th>
<th>What we achieved</th>
<th>What we did</th>
<th>Next 12 – 18 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Renegotiated funding agreements in the DRC with 2-year capital holiday</td>
<td>• Liquidity challenges continue to prevail in Zimbabwe. The company has implemented strategies to mitigate the risk e.g. localised procurement and exports</td>
<td>• Renegotiate funding agreements in Ethiopia</td>
<td>• Optimise Ethiopia operation</td>
</tr>
<tr>
<td></td>
<td>• Reduce DRC fixed costs to align with ramp-up volumes</td>
<td></td>
<td>• Implement alternative energy solutions in the DRC and Rwanda</td>
</tr>
<tr>
<td>Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improved efficiencies in Zimbabwe and Rwanda, through product optimisation, throughput and energy mix</td>
<td>• Entrenched route to market in Zimbabwe and Rwanda</td>
<td>• Entrench PPC systems across all markets</td>
<td>• Extract value from strategic partnerships and bundle offering from integrated businesses</td>
</tr>
<tr>
<td></td>
<td>• Secured local thermal energy source in Ethiopia</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• Completed drilling of three prospective limestone deposits in Rwanda</td>
<td></td>
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<tr>
<td>Human Capital</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Implemented effective structures in Zimbabwe, Rwanda and DRC</td>
<td>• Rolled-out Vital Elements of a Performing Organisation model in ROA</td>
<td>• Embed PPC culture across all markets</td>
<td>• Integrate skills development program across all regions</td>
</tr>
<tr>
<td></td>
<td>• Strengthening of leadership team across all markets progressing well</td>
<td></td>
<td>• Focus on recruitment of diaspora talent to strengthen in-country teams</td>
</tr>
<tr>
<td></td>
<td>• Increased localisation of human capital across all markets</td>
<td></td>
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</tr>
</tbody>
</table>

**EXECUTING ON OUR PRIORITIES**

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### WHAT WE HAVE ACHIEVED SO FAR

1. Negotiation with funders with regard to debt restructuring completed
2. Negotiation with EPC contractor progressing well. 18 - 24 month extension of US$24m EPC contract retention fee
3. Exploring various options with regard to de-risking the DRC asset

### DRC IMPACT ON THE GROUP

- Business has been right sized
- Still in ramp-up phase > 130,000 tonnes sold YTD August FY19
- The business is producing positive EBITDA
- Interest partially being serviced by PPC Group
- Total long term debt outstanding US$152m

**PPC CONTINUES TO LOOK FOR OPPORTUNITIES TO DE-RISK THE DRC ASSET**
3.6 BALANCE SHEET POSITION

- PPC upgraded by S&P Global ratings for SA long-term South African national scale rating to “zaA-” from “zaBBB”
- Net debt has increased in August 2018 compared to March 2018 due to a weaker R/$ exchange rate

- The rand has depreciated by 22% from 11.78 in March 2018 to 14.35 in August 2018 against the US$
3.7 FREE CASH FLOW IMPROVEMENT

1. CAPEX
   - Major capex spent in prior years
   - Maintained capex guidance for FY19

2. FINANCE CHARGES
   - Reduced debt levels
   - RSA effective funding rates reduced

3. CASH TAX
   - Section 12 Incentive and 12 C allowance of the income tax act results in approximately R700m – R900m tax deduction in the year of production in South Africa

4. DRC DE-RISKING
   - Reduction in deficiency funding
   - Options to reduce exposure

EXECUTION TO DELIVER IMPROVED FREE CASH FLOWS
4. OPERATIONAL UPDATE
– FIVE MONTHS TO AUGUST 2018
4.1.1 OPERATIONAL OVERVIEW | SOUTH AFRICA

Cement pricing in Southern Africa (including Botswana) up 3.0%
- South Africa pricing up 2.0%, with Inland and Gauteng up 3.0% - 4.0%

Cement volumes
- Estimate that the industry declined by 5.0% - 6.0% for 5 months Aug 2018
- Southern Africa (including Botswana) down 3.0% - 4.0%, 5 months Aug 2018
- PPC South Africa volumes declined 4.0% - 5.0% for 5 months Aug 2018
  - Weak economic growth in SA
  - Impact of the VAT increase on consumer spending
  - Construction industry under severe pressure
- Launch of new sure range in August 2018 well received by the market

Imports
- Total imports have increased by 42% (off a low base) YTD 2018,
- Cape imports increased by 25kt YTD 2018, 12.5kt for April – August 2018
- Still well below the peak in Q4 2014, ~11% of total cement volumes
- The bulk of the imports have come from China, Vietnam and Pakistan
- The major port of entry has been Durban, to a lesser extent Cape Town

CEMENT IMPORTED BY PORT OF ENTRY (CALENDAR YEAR)

WE CONTINUE TO FOCUS ON PROTECTING PRICE
4.1.2 CONTINUED PRICE RECOVERY IN SOUTH AFRICA IN A CHALLENGING TRADING ENVIRONMENT

AVERAGE SELLING PRICE (ASP) TRENDS

Source: PPC Research

ASP indexed from January 2015

WE CONTINUE TO REALISE EFFECTIVE PRICE INCREASES
4.1.3 NEW SURE RANGE OF PRODUCTS LAUNCHED

- **SUREWALL**: Masonry cement designed for plaster & mortar
- **SURECEM**: Early strength cement designed for concrete, mortar, plaster & bricks
- **SUREBUILD**: Premium multipurpose cement for general building & civil
- **SURECAST**: High early strength cement designed for precast products
- **SURETECH**: Superior high strength specialist cement
- **SUREROAD**: Cement for road stabilisation

**FIT FOR PURPOSE RANGE OF CEMENTS TO CATER TO ALL CUSTOMER NEEDS**

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4.2 OPERATIONAL OVERVIEW | REST OF AFRICA

- Volumes 37% higher than last year, driven by consumer activity and construction projects
- Pricing marginally higher than last year in US$ due to product mix
- Market share has increased

- Volumes 11% below last year due to planned maintenance shutdown
- Pricing at similar levels to last year
- Market share has been maintained

- Business has been right sized
- Other cost saving initiatives are progressing well
- Continue to gain market share
- Delivered >130kt YTD
- The business is generating positive EBITDA

- The market demand remains positive
- Delivered > 300kt YTD
- Optimisation of the route to market initiatives progressing well
- Ramp-up slower versus the plan due to impact of excessive rainfall (May-Aug)
- Pricing in US$ declined due to the devaluation of the BIRR

CONTINUE TO GAIN MARKET SHARE IN REGIONS WHERE WE OPERATE
4.3 OPERATIONAL OVERVIEW | LIME, AGGREGATES AND READYMIX

AGGREGATES & READYMIX

- Pricing
  - Under pressure due to a competitive market
- Reduction in volumes due to
  - Exposure to the Gauteng market
  - Significant reduction in construction projects in Gauteng
  - Aggregates exposure to the readymix market

LIME

- Pricing
  - Prices increased marginally compared to last year
- Volumes declined marginally due to
  - Payment challenges experienced by some customers
  - Production challenges experienced by customers
  - Competitive pricing environment

OPERATING ENVIRONMENT REMAINS CHALLENGING

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5. OUTLOOK
5.1 OUTLOOK

SA
• SA’s trading and regulatory environment remains challenging and will impact the profitability prospects for SA Cement, Ready-mix, Aggregates and Lime
• Disciplined approach to growing price and volume together with driving operational efficiencies should yield positive performance results

ROA
• Zimbabwe, DRC, and Ethiopia, political developments are encouraging and should give further confidence to the construction market
• Expect strong demand to continue in Zimbabwe and Rwanda and further ramp-up in DRC and Ethiopia
• Plant modifications in Rwanda will bolster growth through improved ability to meet demand

GROUP
• Reduced capex, coupled with significantly lower interest rate charges, is expected to improve free cash flow

Group remains well positioned to benefit from growth in the regions in which it operates
Cash generation prospects are excellent
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