Merrill Lynch Sun City Conference March 2019
1.1 KEY MESSAGES | RESPONDING TO A CHALLENGING ENVIRONMENT

Environment remains challenging in
- South Africa
- Zimbabwe
- DRC

Portfolio effect
Resilient RoA performance continues to offset muted SA performance

SA Cement impacted by
- Muted growth
- Imports
- Blenders

Zimbabwe
- Liquidity challenges
- Change in monetary policy

DRC
- Muted growth
- Overcapacity
- Focus on maximising EBITDA

Rwanda
- Demand remains robust
- Performance benefiting from increased output

Group balance sheet
- Continually optimising capital structure and group liquidity
- Restructuring debt in the DRC

PPC response
PPC executing on strategic priorities in response to a challenging market
1.2 KEY MESSAGES | UPDATE ON OUR RESPONSE TO KEY CHALLENGES

SA Cement

Challenges

- Muted growth - consumer and construction industry under pressure
- Increased imports
- Blenders eroding pricing

Response

- Lobbying government to impose tariffs on cement imports
- New products launch received well by the market
- Implemented price increases of 8% – 12% in certain regions

Total Imports (tonnes)

- Total cement imports increased by 80% for January 2018 - November 2018
- Western Cape imports increased by 48% to ~209t YoY
- The bulk of the imports have come from China, Vietnam and Pakistan
- The major ports of entry have been Durban and PE and to a lesser extent Cape Town
1.3 KEY MESSAGES | UPDATE ON OUR RESPONSE TO KEY CHALLENGES

Zimbabwe

Challenges

• Liquidity challenges
• Change in monetary policy

Response

• Optimise US$ EBITDA
• Maximise production efficiencies and product optimisation
• Reduce forex denominated exposure
• Export strategy
• Clinker imports from South Africa
• Endeavour to maintain margins in the guided range of 30% - 35%

• Reserve Bank of Zimbabwe Monetary Policy Statement (MPS) released on 1 October 2018, and 20th February 2019

• The RTGS $ will become the functional currency in Zimbabwe, initial rate being 2.5 RTGS $: 1 US$ and 3.5 bond notes : 1 US$

• A full impact assessment underway on reporting
• Cash balance reduced to US$60m by a debt repayment at the end of February 2019;
  • The initial rate of 2.5 RTGS $:1 US$ applies only to US$30m – US$35m;
  • US$16m in dividends and US$5m rights offer proceeds, qualifies as legacy debt due to PPC RSA maintained at a 1:1 ratio (registered with the Reserve Bank)
1.4 KEY MESSAGES | UPDATE ON OUR RESPONSE TO KEY CHALLENGES

**DRC**

**Challenges**
- Muted demand due to lack of infrastructure development
- Overcapacity
- Pricing regulation on margin cap

**Response**
- Continuous engagement with government
- Entrenching route to market strategies
- Aligned fixed costs to operational ramp-up
- Maximising EBITDA to meet debt obligations
- Achieving market share and pricing stability

**Debt obligation**
- Long term debt outstanding US$152m as at February 2019
- 1st repayment in January 2020
- Progressing on re-structuring of DRC debt
- Interest payments for FY19 within previous guidance

**Rwanda**

**Challenges**
- Significant economic growth (approx. 7%)
- Limited limestone reserve
- Manage stakeholder expectation
  - On the 9 March 2019, The Rwandan government announced a potential disposal of their shareholding in Cimerwa
  - PPC owns 51% of Cimerwa, Rwanda Social Security Board, 20.2%, Agaciro Development Fund 16.6%, Rwanda Investment Group 11.5% and Sonarwa Holding Ltd 0.7%

**Response**
- Continuous engagement with government as a key stakeholder
- Optimal product quality, operational efficiency optimisation and extending limestone reserve
- Capital investments to increase output to meet consumer demand
  - The Cimerwa plant is expected to achieve > 80% capacity utilisation
  - Full capacity utilisation expected 1st quarter 2020 calendar year
- Pricing has been maintained despite capital commitments
- The company remains committed to local skills development
1.5 PROGRESS ON FOH-FOUR STRATEGIC PILLARS OVER THE PAST 12 MONTHS

Financial

✓ Restructured RSA debt and smoothed liquidity profile
✓ Restructured funding agreements in Rwanda
✓ Implemented capital allocation priorities framework
✓ Maintained positive free cashflow

Operational

✓ Realised R22/tonne profit contribution in SA cement
✓ Completed 1st phase of Cimerwa debottlenecking
✓ Focused on preserving US$ in Zimbabwe
✓ Increased organic growth in Zimbabwe

Human Capital

✓ Completed 1st phase of head office restructuring
✓ Strengthened key leadership with focused executive committee
✓ Implemented employee value proposition
✓ Rolled out internal branding in SA businesses

Customers

✓ Rebranded SURERANGE and launched new products in SA
✓ Focused on our brand image – “Strength Beyond”
✓ Focused our value added technical support in particular SMME’s
✓ Entrench route to market strategies in the DRC & Rwanda
2. OUR INVESTMENT CASE
2.1 OUR LONG TERM INVESTMENT CASE…

Our brand
Strong well established brand and reputation

SSA Footprint
Well developed portfolio in growing markets

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

Asset base
Majority new plants, end of capex cycle

Operational strength
Optimal sourcing and vertical integration ability

Portfolio effect
RoA delivering good results

Our people
Experienced management team

...ALIGNS TO OUR “FOH-FOUR” STRATEGIC PRIORITIES
2.2 SOLID LONG TERM ECONOMIC FUNDAMENTALS DRIVING DEMAND

DEMAND IS DRIVEN BY GDP GROWTH, URBANISATION AND STAGE OF ECONOMIC DEVELOPMENT

RoA portfolio of countries is expected to grow faster than the domestic market

PPC is exposed to RoA countries with low levels of urbanisation

Portfolio is exposed to low per capita consumption SSA markets

Source: NKC, BER, February 2019

Source: AfDB statistics 2016

Source: World cement report
2.3 WELL POSITIONED AS MARKET LEADER

PORTFOLIO OVERVIEW

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity (cement)</td>
<td>11.7 mtpa</td>
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<tr>
<td>Cement plants</td>
<td>18 plants</td>
</tr>
<tr>
<td>Lime factories</td>
<td>1 factory (1 mtpa)</td>
</tr>
<tr>
<td>Aggregate quarries</td>
<td>4 quarries (4 mtpa)</td>
</tr>
<tr>
<td>Readymix plants</td>
<td>29 plants (100 000 m³ per month)</td>
</tr>
<tr>
<td>Flyash</td>
<td>500 ktpa</td>
</tr>
<tr>
<td>Cement capacity replacement value</td>
<td>ZAR 36bn @ USD 230 per annualised tonne</td>
</tr>
</tbody>
</table>

MARKET LEADER IN ATTRACTIVE COUNTRIES AND REGIONS
### 2.4 MATURITY PROFILE

#### DEBT MATURITY PROFILE (RM)

- **RSA debt maturity profile between three and four years**
- **Reduced interest rates on RSA debt**
- **Effective interest rate 9.5% at September 2018**
- **Focus on restructuring the DRC debt to align with ramp-up**

#### Capital structure

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
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</thead>
<tbody>
<tr>
<td>Target capital structure (equity : debt)</td>
<td>70:30 (Intrinsic value)</td>
</tr>
<tr>
<td>Target Group Gross debt/EBITDA</td>
<td>3.0x – 3.5x</td>
</tr>
<tr>
<td>Target RSA Gross debt/EBITDA</td>
<td>2.5x – 2.8x</td>
</tr>
</tbody>
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3.1 OPERATIONAL REVIEW – NINE MONTHS TO DECEMBER 2018
3.2 SOUTHERN AFRICA
3.2.1 REALISING EFFECTIVE SELLING PRICE INCREASES

AVERAGE SELLING PRICE (R/TONNE)

Increased selling prices in Jan 2019
3.2.2 COMPETITIVE LANDSCAPE | IMPORTS AND BLENDERS IMPACTING DEMAND AND PRICING

1. MARKET FACTORS

- Cement imports ~ 1.0MTPA
- Blender market – Est. 1.6MTPA
  - Erosion of quality
  - Detraction from market related pricing
  - Value destruction for stakeholders

2. PPC RESPONSE

- Lobbying government to impose tariffs on cement imports
- Driving efficiencies through cost leadership and optimal sourcing
- Continued innovation in alternative building technologies
- Enhanced product portfolio and route to market strategy implementation
- Industry requires restructuring
3.2.3 SA CEMENT OPERATING ENVIRONMENT

**Cement Market**
- Overall demand remains under pressure due to:
  - Weak consumer demand (Independent House Builders)
  - Construction industry in distress
  - Marginal improvement in the Western Cape
  - Gauteng remains competitive (blender activity)
  - PPC exposed more to private sector investment

**Volumes**
- Estimate that the domestic industry declined by 4.0% - 5.0%
- PPC Southern Africa (including Botswana) down 2.0% -3.0%
- SURERANGE making a positive impact

**Pricing**
- Southern Africa up 2.0%
- Inland pricing up 3.0%
- Implemented price increase of 8% – 12% in certain regions on 15 January 2019

**Costs**
- Variable cost of sales inline with inflation
- Fixed cost of sales higher due to:
  - SK9 depreciation, Safika integration costs, timing of maintenance activities
- Outbound logistics higher due to fuel increases
3.2.4 NEW SURE RANGE OF PRODUCTS MAKING AN IMPACT

FIT FOR PURPOSE RANGE OF CEMENT PRODUCTS TO CATER TO ALL CUSTOMER NEEDS

- Masonry cement designed for plaster & mortar
- Early strength cement designed for concrete, mortar, plaster & bricks
- Premium multipurpose cement for general building & civil
- High early strength cement designed for precast products
- Superior high strength specialist cement
- Cement for road stabilisation
3.2.5 SA CEMENT OUTLOOK | NAVIGATING THROUGH A CHALLENGING OPERATING CLIMATE

The South African landscape remains economically challenging

Focus on executing and realising R70/tonne savings benefits

Muted GDP growth projected over the next 12 months

Real pricing growth to achieve returns in excess of cost of capital, growing EBITDA margin, and driving operational efficiencies

The business will continue to defend and maintain its leading position and competitive advantage

Muted GDP growth projected over the next 12 months
OVERVIEW

• 2019 budget speech indicated that the carbon tax will be implemented from 1 June 2019
• The current tax structuring proposes a tax of between R6 and R120/tonne applied to CO2 emissions
• PPC qualifies for the certain allowances which are likely to reduce the carbon tax
• PPC anticipates that the impact of carbon tax is likely to be in the region of ~ R100 – R120m for cement and lime per annum
• PPC is continually looking to reduce its carbon emissions
  • Mega plant strategy – use of efficient kilns
  • SK9 – modern efficient technology
  • Use of alternative fuels – replacement of coal

ACCOUNTING IMPACT

• Carbon tax will be treated as an excise tax which is an indirect tax
• Awaiting regulations on exact mechanism for levying this tax

PPC Impact

• Carbon tax is likely to be passed on to the consumer
3.3 MATERIALS
### 3.3.1 MATERIALS | LIME, AGGREGATES, READYMIX & FLYASH

**Materials**
1. Aggregates and readymix remain important channels to market
2. Materials protected ~ R50m in SA cement EBITDA through channel management in 1H19

**Lime**
1. Significant exposure to the domestic steel industry which is experiencing lower demand
2. Solid progress made in other environmental applications e.g. acid mine drainage
3. Consideration to dispose lime as an asset

**Aggregates**
1. Lack of infrastructure projects impacting demand
2. Reduced volumes, due to lower sales to readymix and CPM segments

**Readymix and Ash**
1. Readymix market remained competitive, pricing and volumes under pressure
2. Flyash business continues to grow

**Materials Protected ~ R50m in SA Cement EBITDA Through Channel Management**
3.4 REST OF AFRICA
3.4.1 OPERATIONAL OVERVIEW | REST OF AFRICA

### Zimbabwe
- Volumes grew by low single digits compared to the prior year for the same period
- Operational challenges experienced in the third quarter
- Pricing has been aligned with local inflationary increases

### Rwanda
- Debottlenecking of the plant has been successful
- Cimerwa has improved its production output inline with expectations
- Increased capacity utilisation coupled with stable pricing has resulted in the 2nd half EBITDA performance to date exceeding that of the 1st half of the financial year
- Focus on stakeholder engagement

### DRC
- Route to market strategies benefiting volumes
- Meeting our capacity market share
- Business has been rightsized
- Other cost saving initiatives are progressing well

### Ethiopia
- Increased market share toward its capacity market share of 10%, utilisation above 40% for the last 12 months
- Political instability and plant inefficiencies detracted from the performance
- Management prioritizing plant optimisation and route to market strategies
- PPC endeavours to have a controlling stake in the business
- Restructuring capital structure

CONTINUE TO GAIN MARKET SHARE IN REGIONS WHERE WE OPERATE
3.4.2 REST OF AFRICA CEMENT LONGER TERM OUTLOOK

- Political stability post elections in the DRC in December 2018
- GDP growth is forecast to grow by a 4 year average of 4.8% supported by mining demand
- Focus on growing demand and capacity utilisation

- GDP growth forecast to improve average 2.5% over 4 years
- PPC Zimbabwe is well positioned to benefit from improved growth prospects
- Focus on optimising US$ EBITDA and preserving cash

- In Ethiopia, the political landscape is expected to improve, with strong projected growth in GDP of 7 - 8%
- Construction and retail & wholesale trade are growing at >10%

- Rwandan GDP revised upward, average 7.4% over the next 4 years, supported by the agriculture sector
- Focus on increasing demand and plant optimisation

FOCUS ON EMBEDDING BUSINESS PLANS TO ACHIEVE RoA TARGET FOR EBITDA CONTRIBUTION > 40%
4. OUTLOOK
4.1 OUTLOOK | CONTINUE WITH STRATEGIC PRIORITIES

WE CONTINUE TO EXECUTE ON OUR FOH-FOUR STRATEGIC PRIORITIES TO REALISE VALUE

**SA Cement Industry**
- Slower than expected recovery in economic growth
- The industry is not achieving its cost of capital
- To sustain the industry through the cycle real selling price increases is imperative
- Continue to lobby government to impose tariffs on cement imports

**SA**
- Market stability
- Drive all components of the profitability equation
- Increased profitability initiative target to R70/tonne
- Embed simplified and focused management structure
- Margin management

**RoA**
- Solid demand in Rwanda
- Continue to optimise Rwanda and Ethiopia plants to full potential
- Challenging environment in DRC expected to continue
- Restructure capital structure in RoA businesses
- EBITDA growth

**GROUP**
- Continue to focus on optimised capital structure and free cashflow
- Continue to focus on capital allocation priorities
- Evaluate options to re-patriate funds in Zimbabwe
- Realise maximum value from the RoA portfolio
- Consider divesting non-core assets
- Consolidate group performance
QUESTIONS
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