DRIVING PERFORMANCE
TO SUSTAIN OUR PURPOSE
UNAUDITED RESULTS FOR THE HALF YEAR
ENDED 30 SEPTEMBER 2020
1.1 COVID-19 RESPONSE FOR FY21 | A PROACTIVE APPROACH

**REDUCE RISK**
- Established a COVID-19 task force
- Implemented stringent health and safety protocols and policies
- Maintained production where possible

**KEEP ECONOMY GOING**
- Continued to supply quality products when allowed by lockdown restrictions
- Supported our customers
- Launched ‘SURE’ rewards

**KEEP PPC GOING**
- All plants were well maintained during lockdown period
- Smooth ramp-up post lockdown restrictions
- Ensured safe operating conditions
- Immediate cost reduction of R150m of which R120m is cash
- Capex reduction of R125m in South Africa
- Implemented detailed liquidity and cash forecast tools
COVID-19 related trading restrictions affected most operations in Q1 of FY21
- Robust recovery in cement volumes post easing of lockdown restrictions
- Temporary decline in imports and non-conforming products in SA during 1H FY21, the underlying threat to local manufacturing remains

**INDUSTRY**

**OUR FOCUS AREAS**

- Optimise operations under strict COVID-19 protocols
- Reduce fixed and variable costs across the operations
- Focus on cash generation
- Address imports and non-conforming products
- Address capital structure and position for growth

**Actions**

- Successfully ramped-up operations post lockdown
- Cost growth below inflation
- Improved cash conversion ratio
- Completed ITAC application process. Awaiting outcome
- Achieved significant milestones in capital restructuring project
1.3 Salient Features | A Resilient Performance

Profitability

- Group revenue R5.0bn (Sept 2019: R4.9bn)
- Group EBITDA R1.0bn (Sept 2019: R0.9bn)
- Group EBITDA margin of 20% (Sept 2019: 18%)
- EPS per share of 19 cents (Sept 2019: 32 cents, restated)
- HEPS of 19 cents (Sept 2019: 32 cents, restated)

Financial Position & Cash Flow

- Cash flow generated from operations R1.0bn (Sept 2019: R0.5bn) – on higher EBITDA and a reduction in working capital absorption
- South African gross debt of R1.7bn (March 2020: R2.0bn)
- International gross debt of R3.5bn (March 2020: R3.8bn), the currency reduced foreign debt by R0.3bn
- International debt with recourse to South Africa R2.5bn (March 2020: R2.7bn)
2. GROUP FINANCIAL RESULTS
South Africa & Botswana lost 1.5 months of sales due to COVID-19 trading restrictions.
2.2 EBITDA BRIDGE | BENEFITING FROM LOWER COSTS AND OPERATING LEVERAGE

Includes restructuring costs of R83m

Includes restructuring costs of R64m
2.3 KEY INCOME STATEMENT ITEMS | IMPACT OF NON-CASH ITEMS

<table>
<thead>
<tr>
<th></th>
<th>September 2020</th>
<th>September 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value and foreign exchange losses</td>
<td>(366)</td>
<td>(120)</td>
</tr>
<tr>
<td>Fair value gain on Zimbabwe financial asset</td>
<td>139</td>
<td>113</td>
</tr>
<tr>
<td>Fair value loss on Zimbabwe blocked funds</td>
<td>(10)</td>
<td>(212)</td>
</tr>
<tr>
<td>Net monetary gain on hyperinflation in Zimbabwe</td>
<td>326</td>
<td>514</td>
</tr>
</tbody>
</table>

- Fair value adjustments and foreign exchange losses are primarily due to:
  - Foreign exchange loss on translation of foreign currency denominated items of R347 million
- Fair value gain on Zimbabwe financial assets consists of:
  - An increase in intrinsic value of R202 million
  - A credit risk fair value loss of R63 million
- Fair value loss on Zimbabwe blocked funds relates to:
  - A decrease in intrinsic value of R19 million
  - A credit risk fair value adjustment decrease of R9 million
2.4 CASH FLOW | SUPPORTED BY CASH GENERATION AND PRESERVATION MEASURES

H1'19: R845m

- Operating cash flows before movements in working capital
- Working capital movements
- Net finance costs paid
- Taxation paid
- Net cash outflow from investing activities
- Free cash flow
- Net outflow from financing activities
- Net movement in cash and cash equivalents

H1'19: R24m

H1'19: (R10m)
### 2.5 CASH | IMPROVED CASH POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (Rm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>398</td>
</tr>
<tr>
<td>Net movement in cash and cash equivalents</td>
<td>272</td>
</tr>
<tr>
<td>Exchange rate movements and Zimbabwe hyperinflation impact</td>
<td>35</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>705</td>
</tr>
</tbody>
</table>
2.6 CAPEX | MAINTAINING FY21 CAPEX GUIDANCE (PPE)

FY21 FORECAST OF R500M TO R550M

-28%
2.7 GROSS DEBT | IMPACTED BY IMPROVED CASH FLOWS AND CURRENCY MOVEMENTS

South Africa gross debt R2.0bn
International gross debt R3.8bn
International gross debt with recourse to South Africa R2.7bn
Group net debt of R5.4bn

South Africa gross debt R1.7bn
International gross debt R3.5bn
International gross debt with recourse to South Africa R2.5bn
Group net debt of R4.5bn
2.8 SUMMARY

- Improved cash generation
- Capex well managed
- South African de-gearing progressing well
- Control environment:
  - New suitably qualified team in place
  - Various improvement projects underway
  - Focus on financial reporting internal controls
3. GROUP OPERATIONAL REVIEW H1 FY21
## 3.1 REVENUE | ROBUST RECOVERY IN Q2 POST COVID-19 RESTRICTIONS

### GROUP REVENUE

<table>
<thead>
<tr>
<th>Revenues (R’m)</th>
<th>Sept 2020</th>
<th>Sept 2019</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSA &amp; Botswana Cement</td>
<td>2 355</td>
<td>2 555</td>
<td>(8%)</td>
</tr>
<tr>
<td>Materials</td>
<td>514</td>
<td>645</td>
<td>(20%)</td>
</tr>
<tr>
<td>Lime</td>
<td>279</td>
<td>434</td>
<td>(36%)</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>797</td>
<td>497</td>
<td>60%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>659</td>
<td>514</td>
<td>28%</td>
</tr>
<tr>
<td>DRC</td>
<td>402</td>
<td>303</td>
<td>33%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>5 006</td>
<td>4 948</td>
<td>1%</td>
</tr>
</tbody>
</table>

### CONTRIBUTION TO GROUP REVENUE %

<table>
<thead>
<tr>
<th></th>
<th>September 2019</th>
<th>September 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa &amp; Botswana Cement</td>
<td>52%</td>
<td>47%</td>
</tr>
<tr>
<td>Materials</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Lime</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>16%</td>
<td>10%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>DRC</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>
### 3.2 EBITDA | BENEFITTING FROM LOWER COSTS AND OPERATING LEVERAGE

#### GROUP EBITDA

<table>
<thead>
<tr>
<th>EBITDA (R’m)</th>
<th>Sept 2020</th>
<th>Sept 2019</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSA &amp; Botswana Cement</td>
<td>337</td>
<td>367</td>
<td>-8%</td>
</tr>
<tr>
<td>Materials</td>
<td>(6)</td>
<td>35</td>
<td>117%</td>
</tr>
<tr>
<td>Lime</td>
<td>22</td>
<td>50</td>
<td>-56%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>326</td>
<td>201</td>
<td>62%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>211</td>
<td>156</td>
<td>35%</td>
</tr>
<tr>
<td>DRC</td>
<td>133</td>
<td>81</td>
<td>64%</td>
</tr>
<tr>
<td>Group shared services &amp; other</td>
<td>(27)</td>
<td>(22)</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Total EBITDA</strong></td>
<td><strong>996</strong></td>
<td><strong>868</strong></td>
<td><strong>15%</strong></td>
</tr>
</tbody>
</table>

#### CONTRIBUTION TO GROUP EBITDA %

<table>
<thead>
<tr>
<th></th>
<th>September 2019</th>
<th>September 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa &amp; Botswana Cement</td>
<td>34%</td>
<td>33%</td>
</tr>
<tr>
<td>Materials</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Lime</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>18%</td>
<td>13%</td>
</tr>
<tr>
<td>DRC</td>
<td>9%</td>
<td>-13%</td>
</tr>
<tr>
<td>Group shared services &amp; other</td>
<td>-2%</td>
<td>-3%</td>
</tr>
</tbody>
</table>
3.3 EBITDA MARGINS | HIGHER EBITDA MARGINS FROM PPC INTERNATIONAL

GROUP EBITDA MARGIN %

<table>
<thead>
<tr>
<th>Group</th>
<th>September 2019</th>
<th>September 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSA &amp; Botswana Cement</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>Cement</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Materials</td>
<td>5%</td>
<td>(1%)</td>
</tr>
<tr>
<td>Lime</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>40%</td>
<td>41%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>30%</td>
<td>32%</td>
</tr>
<tr>
<td>DRC</td>
<td>27%</td>
<td>33%</td>
</tr>
</tbody>
</table>

September 2019  September 2020
4. RESTRUCTURING OF OPERATIONS
## Divisional Cost Savings

<table>
<thead>
<tr>
<th>Division</th>
<th>Fixed cost related to employee reduction (R’m)</th>
<th>Fixed - other (R’m)</th>
<th>Variable (R’m)</th>
<th>Total (R’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSA &amp; Botswana Cement and Materials</td>
<td>55</td>
<td>45</td>
<td>56</td>
<td>156</td>
</tr>
<tr>
<td>Lime</td>
<td>12</td>
<td>4</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Group shared services</td>
<td>32</td>
<td></td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>PPC International</td>
<td>16</td>
<td>22</td>
<td>27</td>
<td>65</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>115</td>
<td>71</td>
<td>93</td>
<td>279</td>
</tr>
</tbody>
</table>

### Main initiatives driving the cost savings

- Employee contributions in terms of leave reduction, foregone salary increase and temporary reduction in pension fund contributions
- Improved sourcing and renegotiation of contracts
- Employee reductions across admin offices and manufacturing sites
- Network optimisation in RSA (ie. closure of Jupiter as grinding station)
- Clinker factor optimisation
5. GROUP CAPITAL RESTRUCTURING
5.1 CAPITAL RESTRUCTURING

SOUTH AFRICA

- Signed facilities agreements with the two primary South African lenders, who provide R1.85 billion of long term facilities and R625 million of short term facilities
- Finalising documentation relating to the provision of security, including a security pool arrangement comprising immovable property, debtors and inventory
- Agreed revised terms with a third South African lender for a working capital facility of R175 million

THE DRC

- Signed a formal standstill agreement with the DRC Lenders
- Actively engaging with the DRC Lenders, who have now appointed financial and legal advisors, on a detailed restructuring plan
5.2 CAPITAL RESTRUCTURING

ASSET SALES

- Received a number of unsolicited approaches for PPC Lime
- A decision has been made to accelerate the sale of PPC Lime and financial advisors have been appointed to manage a structured sale process of the business
- Targeting deal certainty by the end of Q1 2021
6.1 SUMMARY AND OUTLOOK

01 Benefitting from an upswing in cement demand in most markets
02 Best position in SA to benefit from a sustained upswing in demand
03 Continuing efforts to reposition the business and further improve cost competitiveness
04 Agree on a restructure plan for the DRC to position the business for growth
05 Strengthening internal processes and controls
A1. RSA AND BOTSWANA CEMENT

INDUSTRY
• Industry volumes in line with prior year despite the lack of sales during the COVID-19 lockdown
• Muted industrial and heavy construction demand
• Resilient retail demand supported by DIY market
• Imports of cement down 23%, total imports (cement + clinker) down 6% from 621k to 586k

OUR FOCUS AREAS
• Volumes - entrench route to market strategies
• Price leadership – achieve effective average selling price above inflation
• Improving cost competitiveness

ACTIONS TAKEN
• Realised average selling price maintained – mix change offset price increases
• Improved quality of customer base
• Further rationalised operations to reduce the impact of COVID-19
• Continued engagement with authorities on imports

FINANCIAL IMPACT
• Volumes declined by 5-10% due to lack of sales for 1.5 months
• Revenue reduced by 8% to R2 355 million (September 2019: R2 555 million)
• EBITDA contracted by 8% to R337 million (September 2019: R367 million)
## A2. RSA AND BOTSWANA MATERIALS

<table>
<thead>
<tr>
<th>INDUSTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Readymix market contracted by 30%. PPC readymix contracted 22%</td>
</tr>
<tr>
<td>• Aggregates market contracted by 15%. PPC aggregates sales reduced by 6%</td>
</tr>
<tr>
<td>• Overall fly ash market increased 15% due to closure of AMSA. PPC Ash sales increased 25% year on year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUR FOCUS AREAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reducing operating costs</td>
</tr>
<tr>
<td>• Focusing on higher margin markets</td>
</tr>
<tr>
<td>• Expansion into the informal sector</td>
</tr>
<tr>
<td>• Optimising quarry operations and production</td>
</tr>
<tr>
<td>• Expansion of group synergies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACTIONS TAKEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Restructured the businesses in line with market demand</td>
</tr>
<tr>
<td>• Expanded our readymix division into the Nelspruit region – a significant growth area</td>
</tr>
<tr>
<td>• Shifted some underperforming plants into higher growth areas</td>
</tr>
<tr>
<td>• Improved operating efficiencies across the business</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIAL IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Revenue reduced by 20% to R514 million (September 2019: R645 million) on lower volumes</td>
</tr>
<tr>
<td>• EBITDA reduced to a loss of R6 million (September 2019: R35 million)</td>
</tr>
</tbody>
</table>
A3. LIME

INDUSTRY
- Steel and allied industries under pressure
- Overall lime market contraction
- The COVID-19 lockdown and economic slowdown has severely reduced sales volumes for the year to date

OUR FOCUS AREAS
- Diversify customer base
- Align variable and fixed costs with demand
- Optimise operations
- Cash management

ACTIONS TAKEN
- Secured new customers in other sectors
- Aligned fixed costs with reduced volumes, mothballed least efficient kilns

FINANCIAL IMPACT
- Revenue decreased by 36% to R279 million (September 2019: R434 million)
- EBITDA contracted by 56% to R22 million (September 2019: R50 Million)
A4. ZIMBABWE

INDUSTRY
- Challenging macro-economic backdrop persists
- Shortage of foreign currency
- Industry cement volumes down 2 – 5%
- Imports from Zambia decreased by 20-25% compared to previous year

OUR FOCUS AREAS
- Maintain market share
- Optimise US$ EBITDA
- Align cost base with demand
- Lobby for a ban on imports
- Ensure that the business remains self sustaining
- Cash generation

ACTIONS TAKEN
- Secured volumes in large construction projects in US$
- Restructured cost base
- Prioritised domestic sourcing of inputs to reduce forex requirement
- Servicing debt obligations in-country

FINANCIAL IMPACT
- Volumes increased by 5-10%
- Revenues increased by 60% to R797 million (September 2019: R497 million)
- EBITDA increased by 62% to R326 million (September 2019: R201 million)
A5. RWANDA

INDUSTRY
- Infrastructure projects and retail market driving demand
- Export demand from eastern DRC
- Demand exceeds supply

OUR FOCUS AREAS
- Quality of technical and leadership pipeline
- Optimise plant efficiencies to operate at higher capacity utilisation
- Enhance route to market
- Increase in-country sourcing of raw materials

ACTIONS TAKEN
- Strengthened technical and leadership team
- Ramped-up volumes post plant debottlenecking
- Achieved more than 90% delivered service due to our route-to-market strategy
- Secured strategic input materials (e.g. limestone, extender, gypsum, etc.)

FINANCIAL IMPACT
- Volumes increased by 10%
- Revenue increased by 28% to R659 million (September 2019: R514 million)
- EBITDA increased by 33% to R211 million (September 2019: R156 million) despite the lockdown imposed by authorities

FINANCIAL IMPACT
- Volumes increased by 10%
- Revenue increased by 28% to R659 million (September 2019: R514 million)
- EBITDA increased by 33% to R211 million (September 2019: R156 million) despite the lockdown imposed by authorities
A6. DRC

INDUSTRY

- Overcapacity in the cement market
- Domestic market grew by 5 - 10%
- Pricing constrained but improving
- Imports absorbed growth in domestic market

OUR FOCUS AREAS

- Quality of technical and leadership teams
- Entrench route to market strategy
- Achieve market share in line with capacity share
- Optimise production costs
- Lobby for an effective ban of imports
- Restructure debt

ACTIONS TAKEN

- Strengthened technical and leadership team
- Focused on profitable markets
- Preserved price stability in the market
- Import ban extended
- Continuous engagement regarding debt restructuring

FINANCIAL IMPACT

- Volumes increased by 8%
- Revenue increased by 33% to R402 million (September 2019: R303 million)
- EBITDA increased by 64% to R133 million (September 2019: R81 million)
A7. ETHIOPIA (EQUITY ACCOUNTED)

INDUSTRY
- Domestic market growth of ~8%
- Cement shortages in the market due to:
  - Lack of spare parts and raw materials
  - Power outages
  - Forex shortages

OUR FOCUS AREAS
- Implementation of Company turnaround strategy
- Optimisation of the plant to increase capacity utilisation
- Implementation of the new ERP system
- Enhance route to market

ACTIONS TAKEN
- Developed a new organisational structure
- Strengthened technical and management teams
- Detailed technical audit conducted to restore the plant back to its installed capacity
- Developed new business plan

FINANCIAL IMPACT
- EBITDA improved significantly due to reduction in input costs and overheads
- Positive cash flow
A8. GEOGRAPHICAL CONTRIBUTION TO DEBT

CONTRIBUTION TO GROSS DEBT
MARCH 2020

South Africa: 2,039
Rwanda: 731
Zimbabwe: 361
DRC: 2,669
Total: 5,800

CONTRIBUTION TO GROSS DEBT
SEPTEMBER 2020

South Africa: 1,734
Rwanda: 736
Zimbabwe: 243
DRC: 2,505
Total: 5,218
A9. GEOGRAPHICAL CONTRIBUTION TO INVESTMENT IN PPE

**SEPTMBER 2019**

- Zimbabwe: 10%
- Group shared services: 6%
- Lime: 10%
- Materials: 2%
- Southern Africa & Botswana cement: 65%
- Rwanda: 6%
- DRC: 1%

**SEPTMBER 2020**

- Southern Africa & Botswana cement: 57%
- Zimbabwe: 16%
- Group shared services: 1%
- Materials: 4%
- Rwanda: 4%
- DRC: 18%
A10. GEOGRAPHICAL CONTRIBUTION TO DEPRECIATION

**SEPTEMBER 2019**

- DRC: 19%
- Rwanda: 12%
- Zimbabwe: 14%
- Group shared services: 4%
- Lime: 4%
- Materials: 8%
- Southern Africa & Botswana cement: 39%

**SEPTEMBER 2020**

- DRC: 26%
- Rwanda: 20%
- Zimbabwe: 14%
- Group shared services: 4%
- Lime: 6%
- Materials: 10%
- Southern Africa & Botswana cement: 30%
INVESTOR CONTACTS
INSTINCTIF PARTNERS

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🌐  www.ppc.africa
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