Interim Results for 31 March 2013

16 May 2013

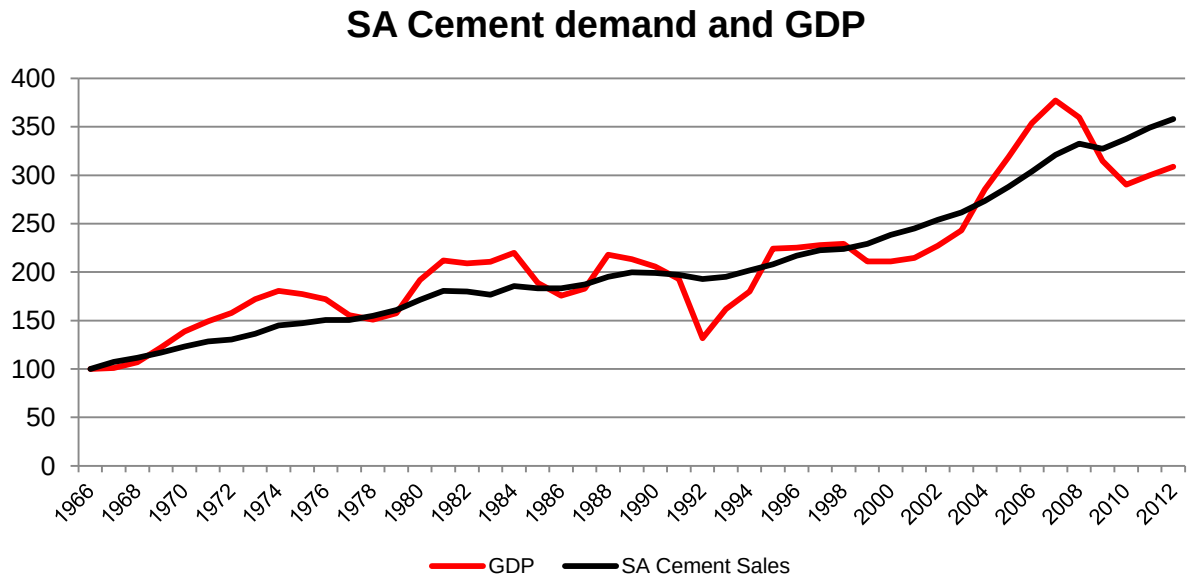
Ketso Gordhan - CEO
Tryphosa Ramano - CFO

Agenda

- Context
- Financial Overview
- Divisional Overview
- Strategy & Outlook
- Questions

Context

- For the six months ended March 2013
  - PPC's total cement sales up 6% for H1 F2013[#]
    - Strong volume growth in SA and Zimbabwe
    - Botswana and Mozambique continue to decline
  - PPC margins under pressure
    - Input costs driven higher by rising electricity prices as well as technical issues at Dwaalboom factory that have now been resolved
    - Margins in Lime and Aggregates divisions contracted due to tepid demand



[#]South African cement demand for calendar 2012 up 2.9% to 11.6 million tons

Context

- Key events
  - Significant headway on rest of Africa projects
    - Concluded acquisition of Cimerwa Ltd, Rwanda
    - Progressing with feasibility study on expansion in Zimbabwe
    - Two other opportunities under consideration
  - Zimbabwe operations celebrated their centenary in February 2013
  - PPC successfully entered the debt capital markets
  - Modernisation of Slurry's cement finishing mill 4 concluded
  - Nine of ten new order mining rights converted

South Africa | **Botswana** | **Zimbabwe** | **Mozambique**

Financial Overview

F2013 – H1 Financial overview

• Revenue	R3.81bn	↑	8%	[R3.53bn]
• EBITDA	R1.12bn	↑	3%	[R1.09bn]
• EBITDA margin	29.5%	↓		[31.0%]
• Cash generated from operations	R1.07bn	↑	20%	[R0.89bn]
• Operating profit	R0.75bn	↓	12%	[R0.86bn]
• Normalised earnings per share[#]	83 cps	↑	4%	[80 cps]
• Earnings per share	62 cps	↓	21%	[78 cps]
• Interim dividend	38 cps			[38 cps]
• Net debt to EBITDA	1.6 times			[1.6 times]

[#] Excluding BBBEE IFRS 2 charges and Zimbabwe indigenisation costs

F2013 – H1 Summary income statement

	2013 R million	2012 R million	% Change
Revenue	**3 812**	3 529	8
Cost of sales	**2 569**	2 347	(9)
Gross profit	**1 243**	1 182	5
Administration and other operating expenditure	**381**	319	(19)
Operating profit before items listed below	**862**	863	
BEE IFRS 2 charges	**29**	5	
Zimbabwe indigenisation costs	**82**	-	
Operating profit	**751**	858	(12)
Net finance costs	**174**	172	(1)
Exceptional items	**(12)**	-	
Share of associates' retained profit	**5**	2	
Profit before taxation	**570**	688	(17)
Taxation	**245**	281	13
Profit for the period	**325**	407	(20)
EPS (cents)	**62**	78	(21)
HEPS (cents)	**64**	78	(17)
Normalised EPS (cents)	**83**	80	4
DPS (cents)	**38**	38	

1 Impacted by Dwaalboom technical issues and increases in electricity and depreciation

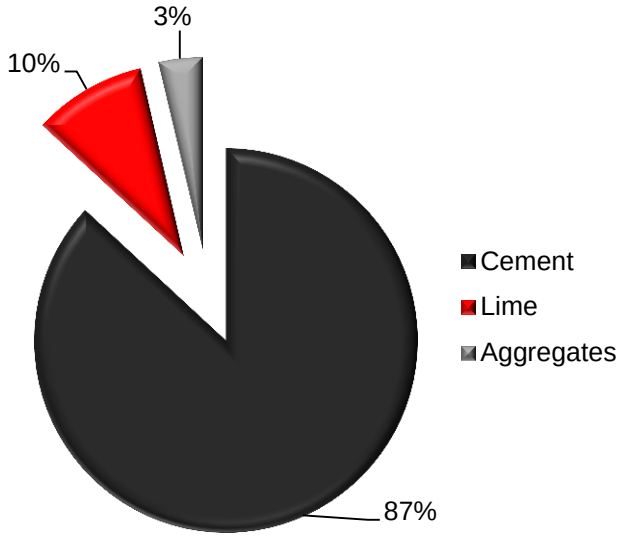
2 Mainly as a result of additional costs incurred in executing our Africa expansion strategy including finalisation of the acquisition of Cimerwa

3 No STC payment due to change in tax legislation (2012: R53m)

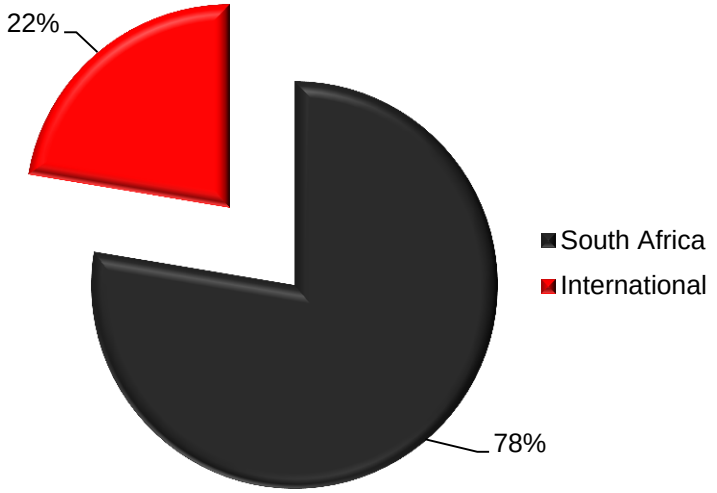
[#] Excluding BBBEE IFRS 2 charges and Zimbabwe indigenisation costs

F2013 – H1 Segmental analysis

Revenue split per Division



Revenue split per Region



Revenue (R million)	**March 2013**	March 2012	March 2011
Cement	**3 309**	2 958	2 777
Lime	**365**	433	362
Aggregates	**138**	138	118
Group	**3 812**	3 529	3 257

EBITDA Margin	**March 2013**	March 2012	March 2011
Cement	**32%**	32%	34%
Lime	**17%**	26%	22%
Aggregates	**7%**	13%	15%
Group	**30%**	31%	32%

F2013 – H1 Summary balance sheet

	2013 R million	2012 R million	
ASSETS			
Non-current assets			
Property, plant and equipment	**5 035**	4 318	
Intangibles	**341**	129	
Other non-current assets	**401**	208	
Current assets			
Inventories	**918**	802	
Trade and other receivables	**1 063**	896	
Cash and cash equivalents	**264**	121	
TOTAL ASSETS	**8 022**	6 474	4
EQUITY AND LIABILITIES			
Capital and reserves	**1 053**	751	
Non-controlling interest	**512**	-	4
Non-current liabilities			
Deferred taxation	**988**	754	
Long-term borrowings	**2 451**	2 686	5
Provisions and other non-current liabilities	**388**	413	
Current liabilities			
Short-term borrowings	**1 729**	1 166	5
Trade and other payables	**901**	704	
TOTAL EQUITY AND LIABILITIES	**8 022**	6 474	

4 Includes R1.4bn of assets relating to the consolidation of Cimerwa

5 Long-term BEE debt of R1bn payable in December 2013 reclassified as short-term borrowings

F2013 – H1 Summary cash flow statement

	2013 R million	2012 R million
Cash flow from operating activities		
Operating cash flows before movement in working capital	**1 074**	1 091
Net investment in working capital	**(4)**	(202)
Net finance costs paid	**(104)**	(105)
Taxation paid	**(230)**	(261)
Cash available from operations	**736**	523
Capital investment in PPE	**(294)**	(277)
Acquisition of Cimerwa	**(136)**	-
Other investing activities	**(30)**	(42)
Net funding raised	**293**	198
Net cash flow before dividends paid	**569**	402
Dividends paid	**(569)**	(505)
Net cash outflow for the period	**-**	(103)

6

- Bond issue of R650m
- R55m (2012: R89m) purchase of shares for employee incentive and retention scheme

F2013 – H1 Capital expenditure

	H1 2013 R million	H1 2012 R million	Total for F2013e R million
Western Cape modernisation (De Hoek)	**7**	61	10
Slurry finishing mill upgrade	**62**	-	100
Zimbabwe	**61**	38	150
Operational capex	**131**	178	240 - 340
Capital expenditure before Cimerwa capex	**261**	277	**500 – 600**
Cimerwa capex	**33**	-	500
Total capital expenditure	**294**	277	**1 000 – 1 100**

Dust abatement equipment for Slurry finishing mill

Current market demand and resultant capacity utilisation in the Western Cape region does not justify R1.3 billion investment at Riebeeck factory

F2013 – H1 Effective tax rate

- The effective taxation rate was 42.9% mainly due to the impact of the IFRS 2 charges and Zimbabwe indigenisation expenses, combined with withholding taxes on dividends received

	2013 Rm
Profit before taxation	570
Taxation	245
Effective taxation rate	**42.9%**
Add back Zimbabwe indigenisation costs	82
Add back BEE IFRS 2 charges and exceptional items	41
Adjusted profit before taxation	693
Adjusted effective taxation rate	**35.4%**

- The taxation rate excluding withholding taxation and non-deductible expenses would be 33.1%

Capital structure

- F2012 net debt to EBITDA of 1.6x, committed to keeping this < 3x
- With respect to BBBEE I, R1 billion is payable in December 2013; this portion has been moved to short-term borrowings as PPC team exploring various options

- PPC assigned SA national scale long-term and short-term credit ratings of zaA+ and zaA-2, respectively, by Standard & Poor's
- Successfully established a R6 billion domestic medium term note programme to optimise and diversify sources of funding
- R650 million raised in March 2013;
  - 3 year senior unsecured floating rate bond
  - Issued at JIBAR plus 1.26%
  - 4.6 times over subscribed

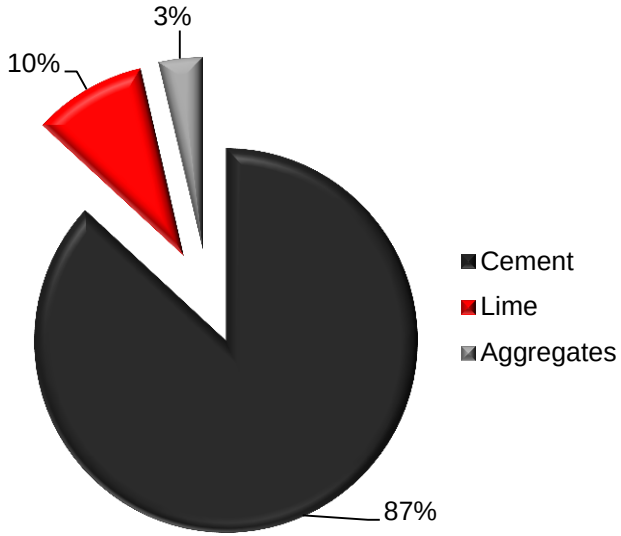
- Dividend policy cover range of 1.2 to 1.5 times

South Africa | **Botswana** | **Zimbabwe** | **Mozambique**

Divisional Overview

F2013 – H1 Segmental analysis

Revenue split per Division



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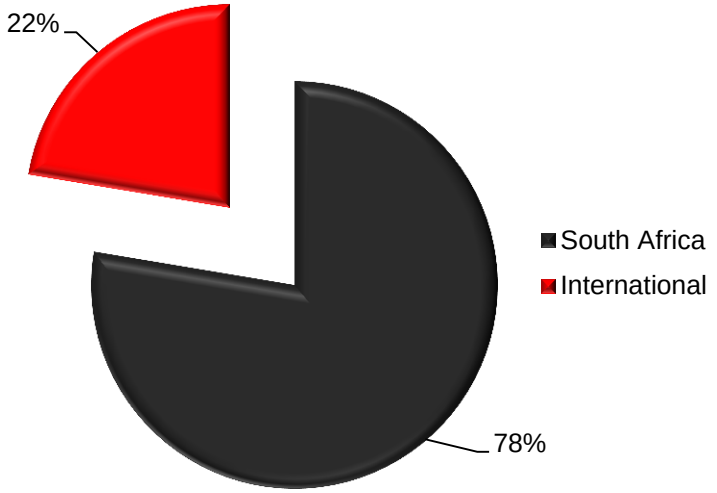

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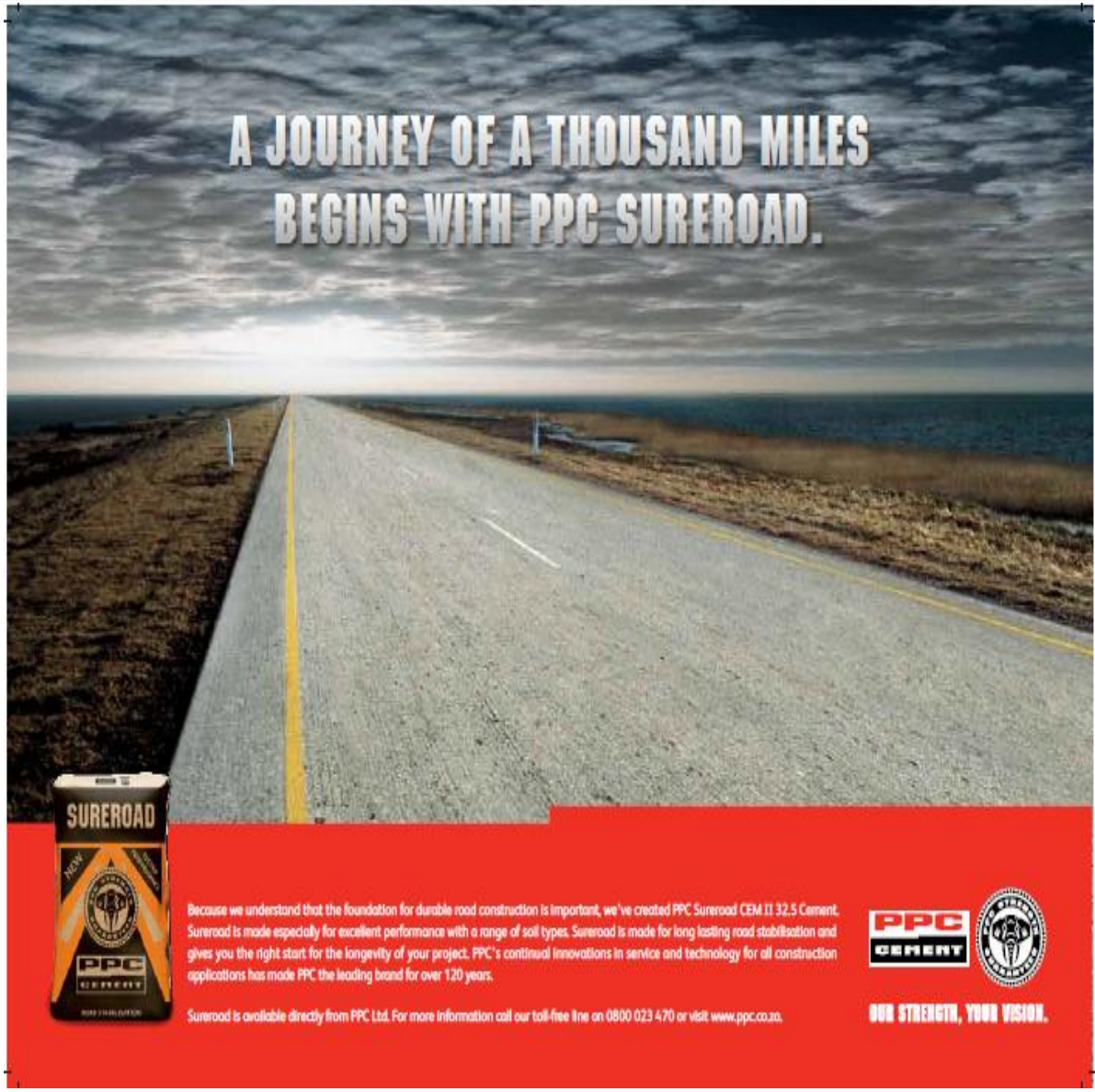
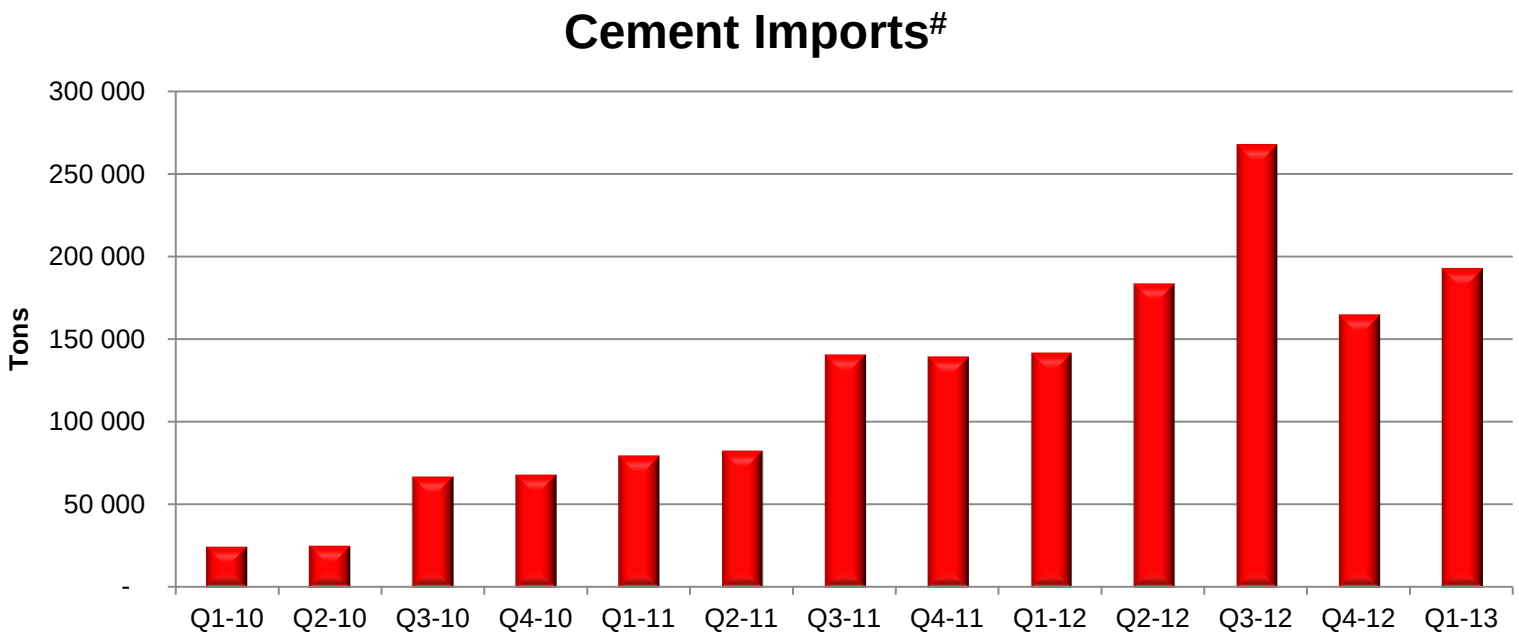
PPC SA cement demand

- For H1 of PPC's F2013, SA sales volumes up 6%
- Rustenburg and Nelspruit recorded the highest growth levels with a pleasing recovery in the Western Cape
- Lower volumes in Limpopo due to strike at Medupi power station and also in the Eastern Cape region due to heavy rains and import competition
- PPC increased selling prices by 4% on average for the period



SA cement demand - Imports

- For 2012 over 750 000 # tons of imported cement entered SA, which equates to 6.6% of industry volumes
- Despite the weakening exchange rate, imports have continued to increase at a fast pace, up 36% yoy to March 2013
- Majority (>70%) landing in Durban and the balance split between PE and CT
- Virtually all coming from Pakistan, with the FOB price in that country at ~R30 per bag



#All data sourced from the South African Revenue Service

PPC SA cement input costs

Key cost components for H1 F2013	Proportion of cost of sales (R/t)	Movement (R/t)
Distribution	26%	+6%
Salaries (R)	11%	+5%
Depreciation (R)	10%	+11%
Coal	10%	-5%
Electricity	8%	+18%
Maintenance	7%	+3%
Packaging	5%	+3%
Other	23%	+12%

Input costs up 7% on a rand per ton basis

Energy related costs:
diesel + coal + electricity = 26% of all input costs.

~35% of the distribution cost comprises of diesel costs

Carbon Tax to commence January 2015, likely impact of ~R150 million on PPC Group

Zimbabwe, Botswana and Mozambique

Zimbabwe

- Sales environment in Zimbabwe remains robust - volumes up nearly 15%
- Costs well controlled with good production performance
- Plans to increase productivity to 1 million tons per annum underway
- Minor plant upgrades progressing well

Botswana

- Sales environment in Botswana remains under pressure with weak demand and intense price competition

Mozambique

- Sales environment in Mozambique also remains under pressure due to intense pricing activity of cement importers into this region

Lime, Aggregates and Readymix

Lime

- Operational challenges within the SA steel and alloys industries have led to lime volumes declining ~20% despite a pleasing increase in demand for limestone for flue gas desulphurisation
- Led to revenues falling 16% to R365 million (2012: R433 million)

Aggregates

- Revenue remained at R138 million for the period, despite volumes falling in both SA and Botswana, attributable to increased sales mix of higher value products.
- Following a review of the projected financial performance of the Quarries of Botswana business unit and the current difficulties being experienced in that market, an impairment charge of R12 million has been included in exceptional items.

Readymix / Ash

- Pronto Holdings acquisition: the second tranche of 25% payable in June 2013

South Africa

Botswana

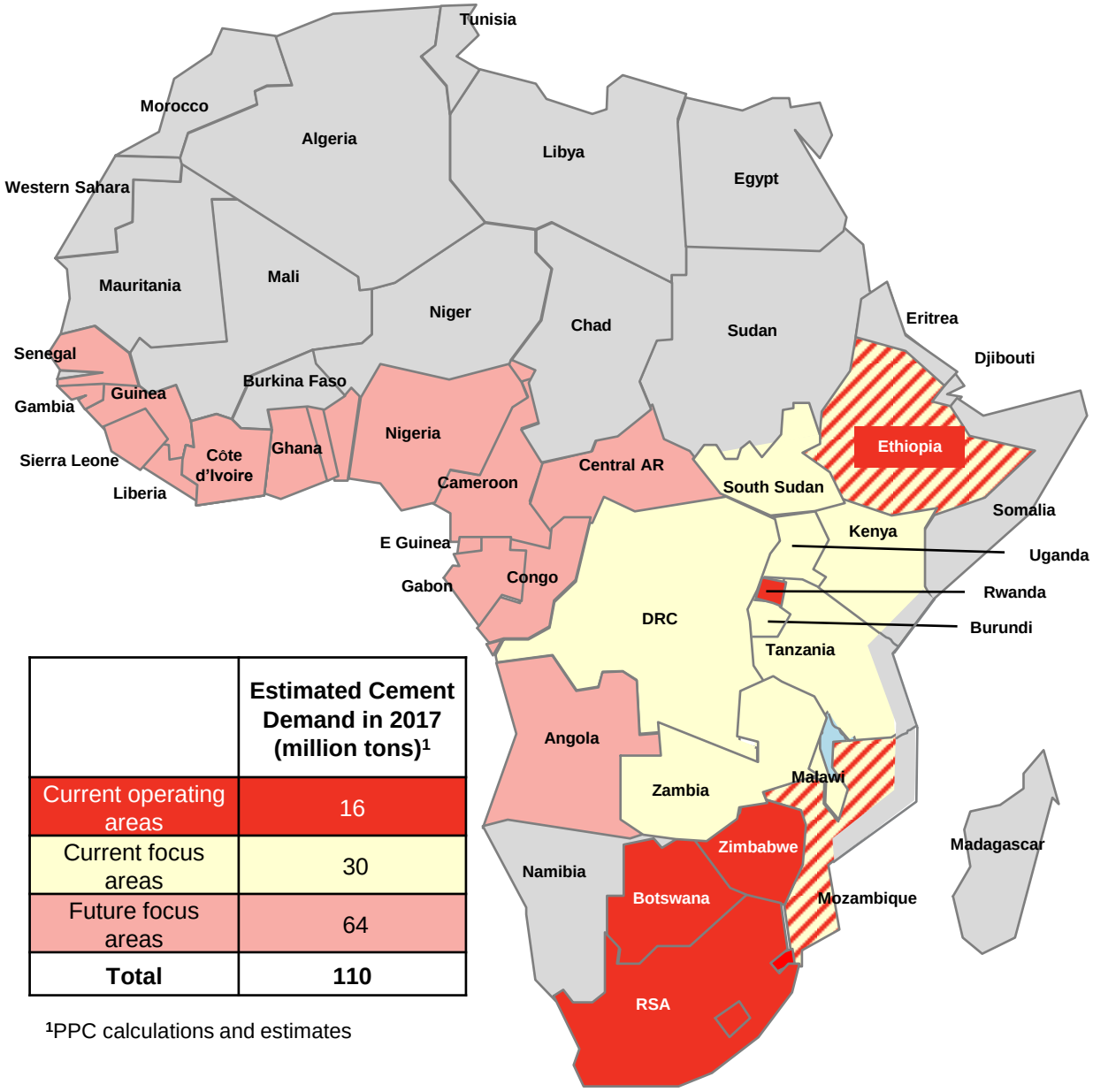
Zimbabwe

Mozambique

Strategy & Outlook

Rest of Africa strategy

- Strategy continues to focus on the countries indicated
- Ethiopia
- Rwanda
- Zimbabwe
- Additional projects under investigation in other countries



	Estimated Cement Demand in 2017 (million tons)[1]
Current operating areas	16
Current focus areas	30
Future focus areas	64
Total	**110**

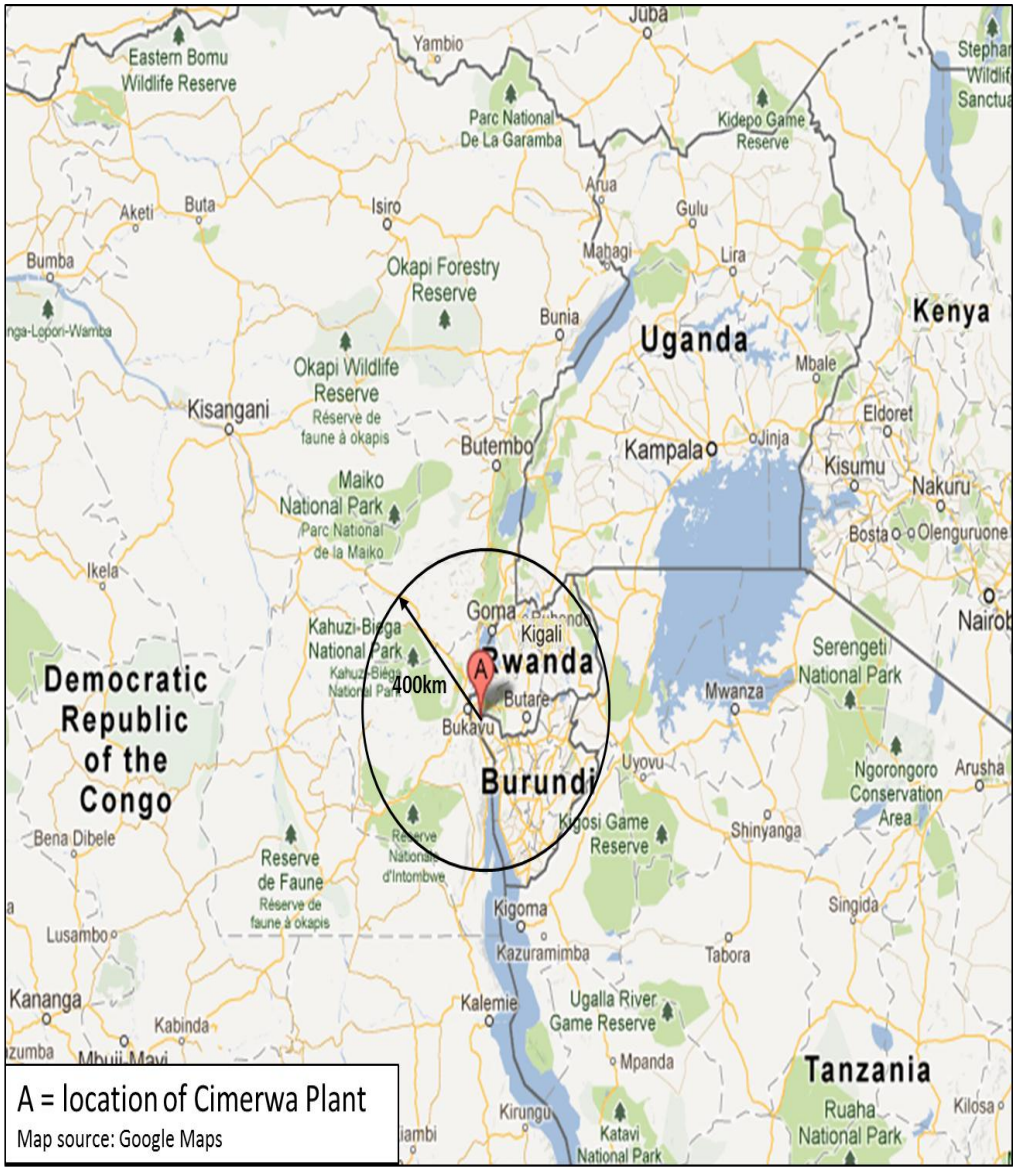
[1]PPC calculations and estimates

Habesha Cement, Ethiopia

- PPC secured a 27% stake with an equity investment of $12 million
- Project cost is ~$130 million for the construction of a 1.4 million ton per annum facility
- Funded by a combination of 30% equity and 70% debt
- Construction will begin in October 2013 with commissioning 24 months later
- The plant's future development plan includes an option to double the capacity to 2.8 million ton per annum
- Plant is well located, 35 km north-west of the bustling city of Addis Ababa

Cimerwa Limited, Rwanda

- PPC acquired a 51% equity stake in Cimerwa for $69.4 million
- $104 million debt financing now in place
- Cimerwa is the only cement producer in Rwanda, with 100 000 ton per annum plant
- New 600 000 ton per annum plant under construction, to be commissioned in 2015
- Cement demand of 350 000 tons in Rwanda at selling prices of $250 to $300/t
- New plant well positioned to meet growing demand in eastern DRC and Burundi where prices reach $400 per ton

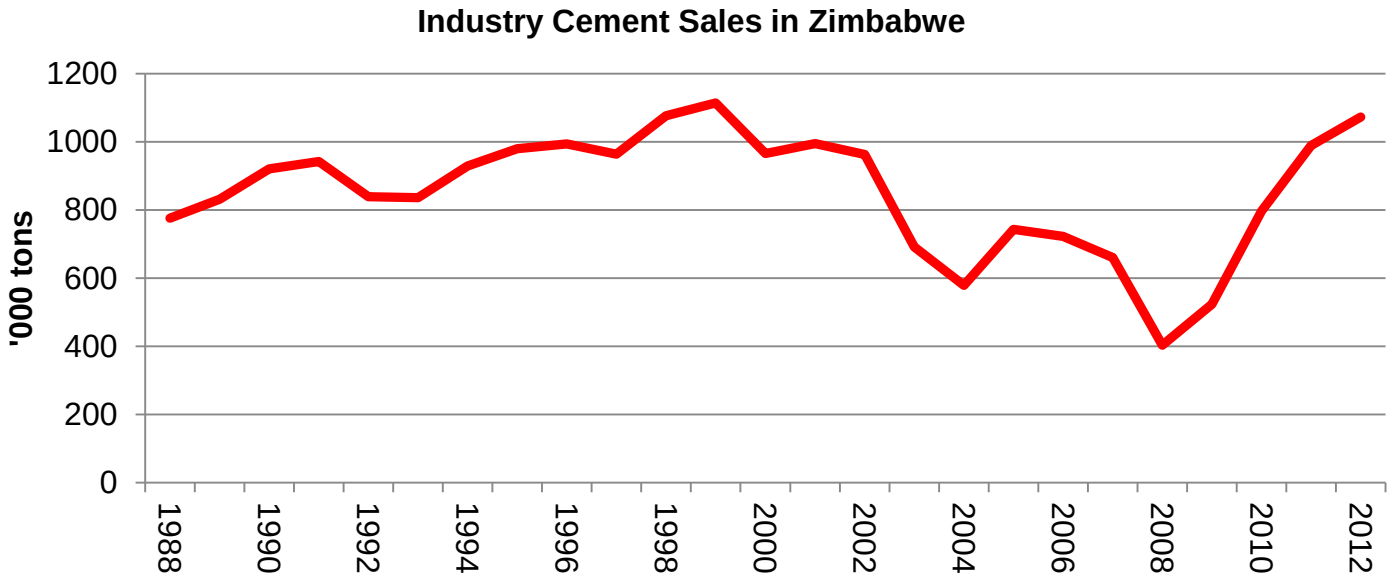


Cimerwa Limited, Rwanda

Progress on the new 600 000tpa plant

Zimbabwe

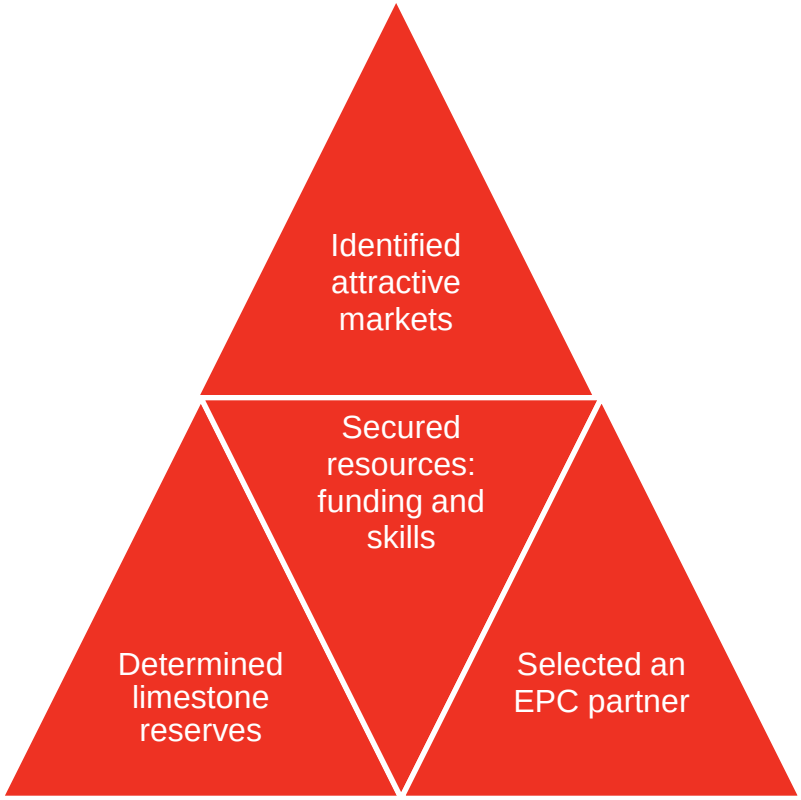
- We remain optimistic about growing demand in Zimbabwe, however, the national government elections planned for mid-2013 may temper volume growth in the short term



Source: Cement and Concrete Institute of Zimbabwe

Rest of Africa strategy

- We are confident of making two announcements on the rest of Africa strategy in H2 and to begin construction by end of 2013 calendar year



- PPC on track to achieve 40% of revenues from outside SA by 2016

Outlook

- Trading conditions in South Africa remain challenging, with a new competitor set to enter the market
- PPC remains focused on:
  - Improving and optimising current capacity
  - Seeking out further channels for distribution
  - Technical innovations to reduce costs
- Cement demand in SA likely to remain in low single digits for the remainder of 2013 – SA infrastructure programme remains the swing factor
- Legal and operating corporate restructure of local and international operations to be implemented over the next 12 months

Questions?

THE CEMENT THAT DELIVERS MORE

PPC Surebuild 42,5 N goes further than regular 32,5 general-purpose cement to give you MORE* concrete, mortar and bricks for your home-building project. For example, instead of using 100 bags of regular 32,5 general-purpose cement to produce a 15MPa concrete you will now only need 80 bags of PPC Surebuild 42,5 N for the same volume and strength of concrete*. This means you can buy less cement or do more on your project.
Imagine how much further your vision could go with PPC Surebuild.

Investor contacts

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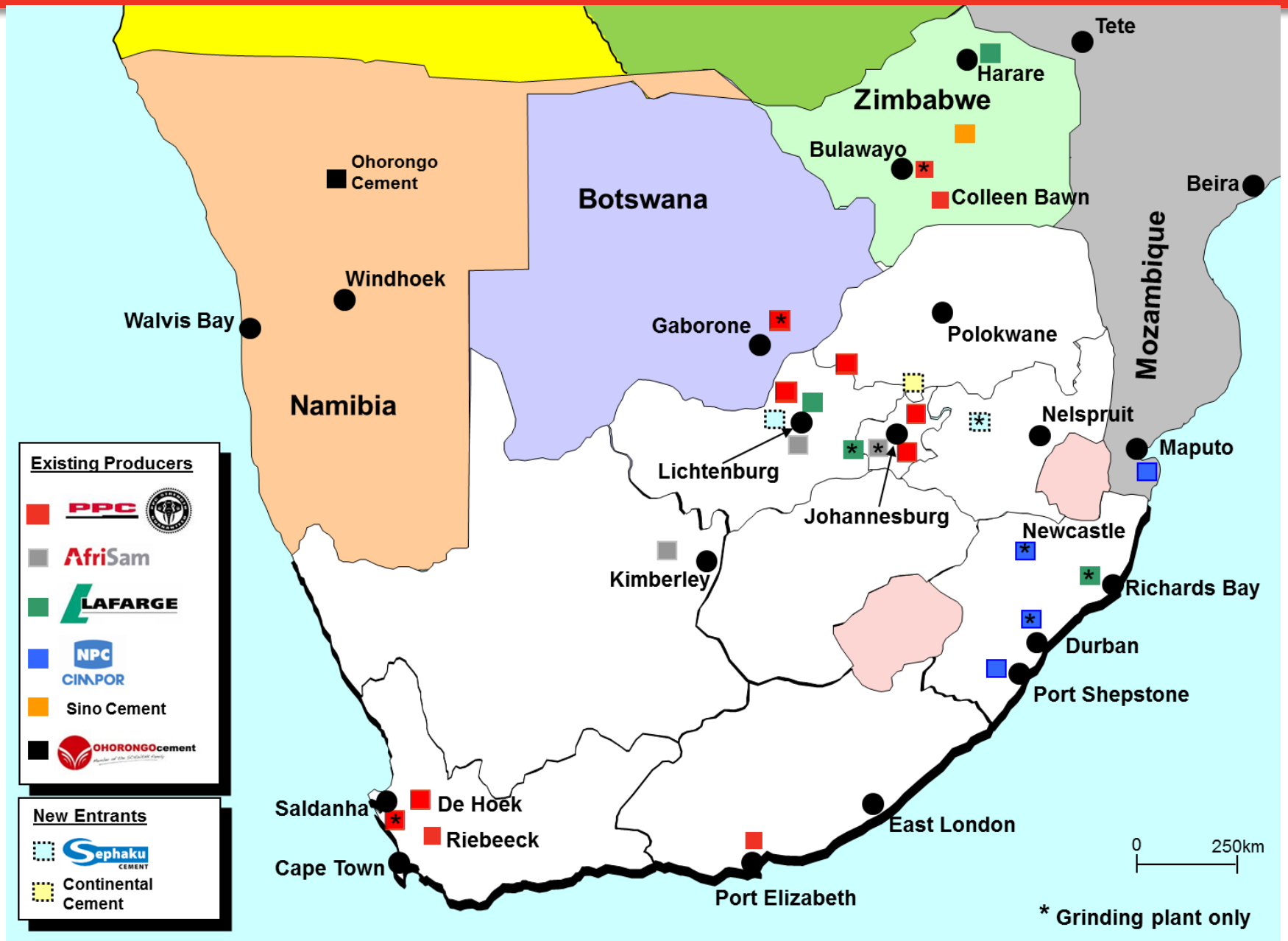
Addendum: Southern African cement industry map



Strategy Overview

PPC's strategies are:

1. **Enhance our industry leader position in southern Africa**

   ("Keeping the home fires burning" strategy)

   - Excel in sales, marketing, customer focus, overall value offering
   - Efficient operations and optimised logistics
   - Renew/upgrade equipment, especially relating to customers or efficiency
   - Acquire businesses with good strategic fit

2. **Expand our operational footprint into other parts of sub-Saharan Africa** *("Rest of Africa" strategy)*

   - Grow revenue outside South Africa to >40% of group revenue by 2016
   - Invest where:
     - High potential for infrastructure development
     - Low per capita cement consumption
     - Current cement shortages
     - Within 250km of major population centres
     - Avoid proximity to ports (threat of imports)

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