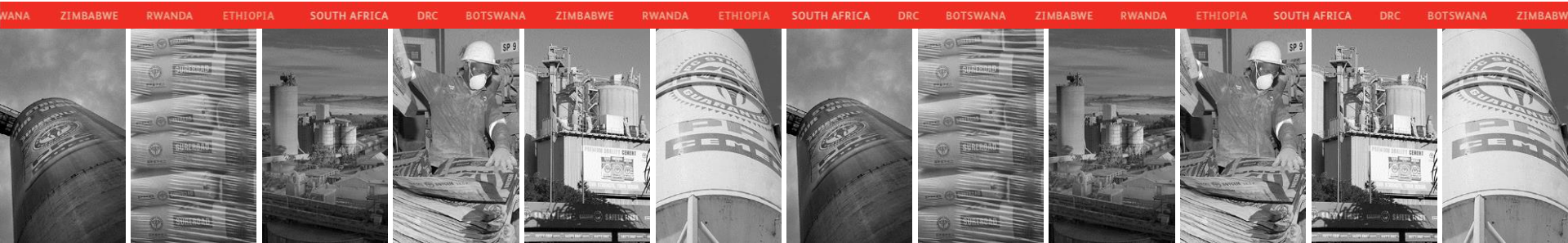
DELIVERING ON STRATEGIC COMMITMENTS

REVIEWED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

STRENGTH
BEYOND



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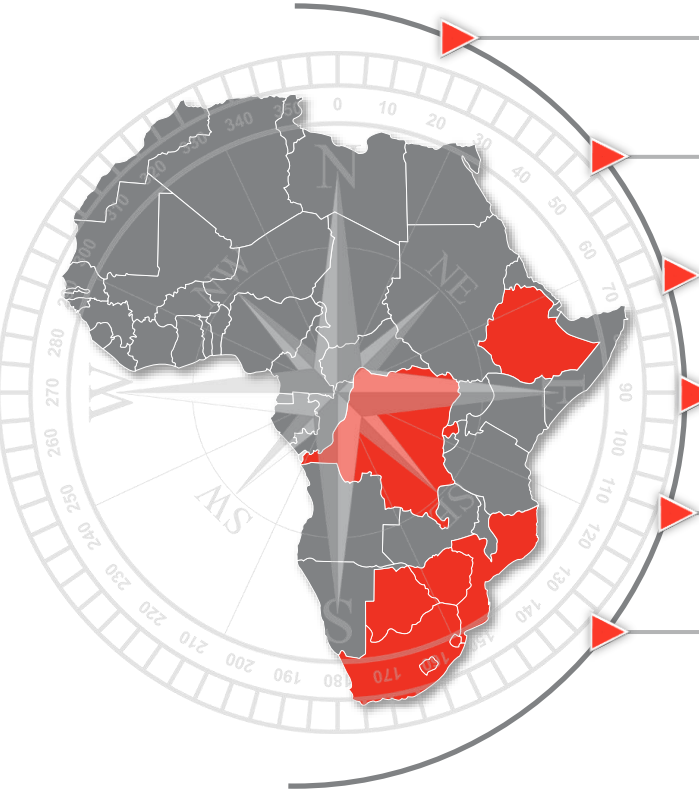


01 Key messages
(CEO: Johan Claassen)

02 Our investment case
(CEO: Johan Claassen)

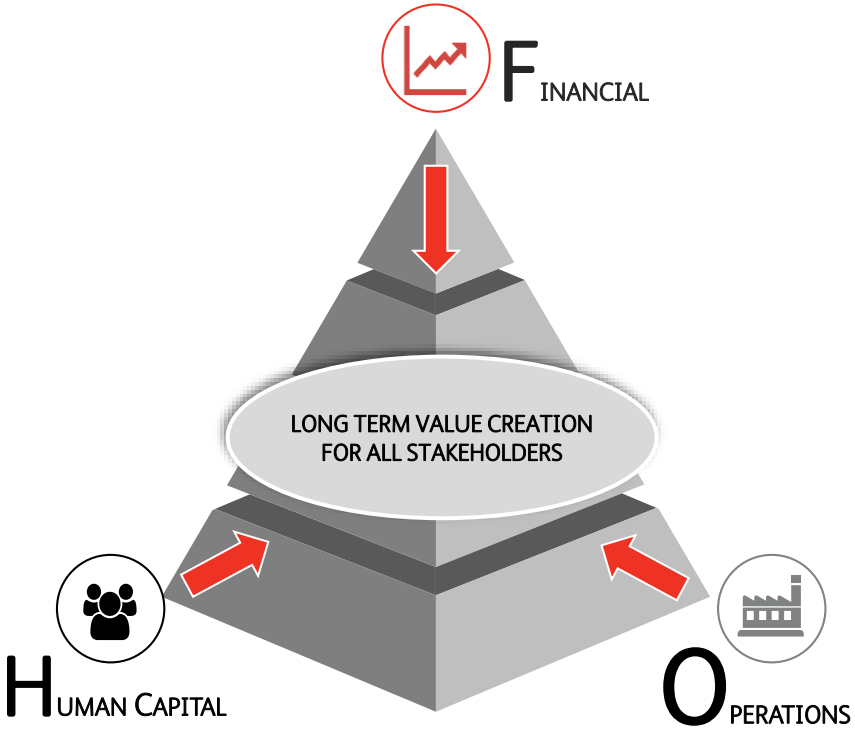
03 Performance highlights
(CEO: Johan Claassen)

04 Group results
(CFO: Tryphosa Ramano)

05 Operational review
(MD SA – Njombo Lekula)

06 Outlook
(CEO: Johan Claassen)

1.1 FOH-FOUR LONG TERM STRATEGIC COMMITMENTS



1.2 KEY MESSAGES | DELIVERING ON STRATEGIC COMMITMENTS

FINANCIAL

- ✓ Delivered improved group EBITDA
- ✓ Strengthened financial position of the group
- ✓ Generated positive free cash flow
- ✓ Realised R60/tonne profit improvement in SA Cement

OPERATIONAL

- ✓ Significant reduction in group overheads
- ✓ Managed liquidity and change in functional currency in Zimbabwe
- ✓ Optimised DRC operations
- ✓ Rwanda debottlenecked

HUMAN CAPITAL

- ✓ Completed 1st phase of head office restructuring
- ✓ Strengthened leadership bench
- ✓ Implemented employee value proposition
- ✓ Rolled out internal branding in SA businesses

CUSTOMERS

- ✓ SURERANGE successfully launched in SA
- ✓ Deliver on our brand image – "Strength Beyond"
- ✓ Value added technical support
- ✓ New technology in transport management

1.3 KEY MESSAGES I 2019 HIGHLIGHTS

PPC

Financial Stability

- ✓ Group EBITDA improved in a challenging environment
- ✓ Zimbabwe EBITDA margins within guidance range notwithstanding change in functional currency
- ✓ Significant reduction in group overheads of R260m
- ✓ Maintained positive free cash flow

Improved profitability

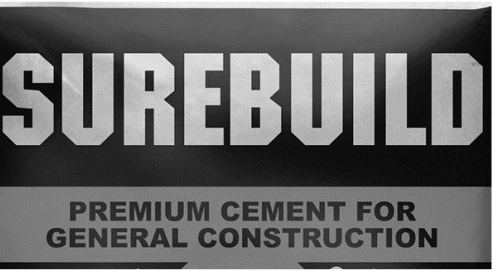
- ✓ Implemented double digit price increases in SA Cement
- ✓ Realised R60/tonne cost savings in SA Cement
- ✓ Improved performance from CIMERWA in 2H19 post debottlenecking
- ✓ Significant EBITDA contribution of R108m from DRC operations

Balance sheet strength

- ✓ Group gross debt decreased in constant currency
- ✓ Debt repaid in South Africa and RoA
- ✓ Zimbabwe cash invested in securities and other cash preservation initiatives
- ✓ Capex at lower end of the guided range

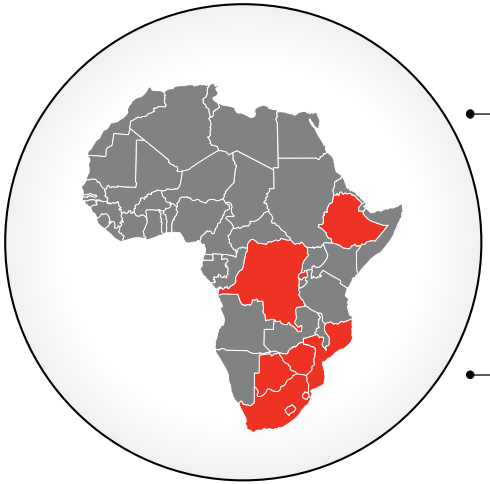
Operations

- ✓ Completed 1st phase of SA Cement and Materials integration, completed 1st phase of head office restructuring
- ✓ Implemented optimisation plans: to make the Zimbabwe operations self sufficient, debottleneck Rwanda, DRC EBITDA positive, commissioned SK9



2. OUR INVESTMENT CASE

2.1 OUR LONG TERM INVESTMENT CASE…



01 SSA Footprint
Well developed portfolio in growing markets

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

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

04 Portfolio effect
RoA delivering good results

05 Financial strength
Balance sheet
Cash flow

06 Our people
Experienced team

…ALIGNS TO OUR "FOH-FOUR" STRATEGIC PRIORITIES

3. PERFORMANCE HIGHLIGHTS

3.1 RESULTS HIGHLIGHTS | SOLID OPERATING PERFORMANCE

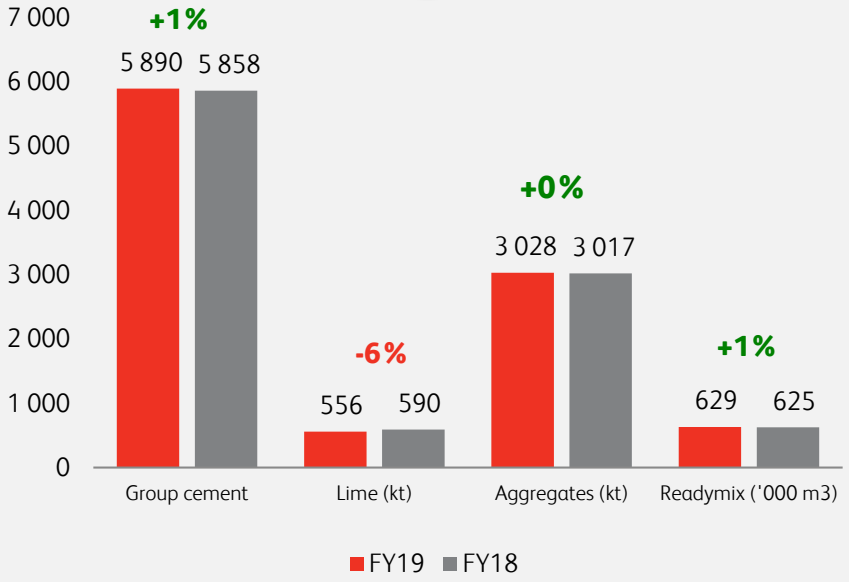
SOLID GROUP FINANCIAL PERFORMANCE IN A CHALLENGING ENVIRONMENT

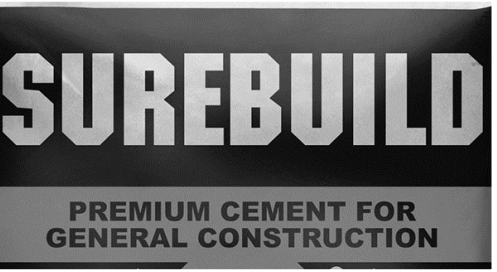
- Revenue up 1% to R10.4bn
- Attributable net profit +58%
- EBITDA +4% to R1.9bn
- Positive free cash flow of R484m
- EPS +60% to 16c
- HEPS +33% to 20c
- Gross debt to EBITDA within target range

DELIVERING LONG TERM SUSTAINABLE STAKEHOLDER VALUE

- Revenue growth
- Portfolio effect
- EBITDA supported by cost saving initiatives
- Continue to generate positive free cash flows
- Execution of strategic priorities
- Debt and liquidity position within target range

GROUP CEMENT VOLUMES IMPROVED BY 1%





4. GROUP RESULTS

4.1.1 KEY ITEMS IMPACTING THE RESULTS

Cash a Key Focus Area

1. Cash earnings of 83c compared to HEPS of 20c
2. Maintained positive free cash flow momentum, R484m generated
3. Reduction in capex
4. Lower cash tax

Income Statement

1. Revenue growth of 1%
2. Group EBITDA up 4%
3. SA EBITDA maintained despite difficult trading conditions
4. RoA EBITDA up 10%

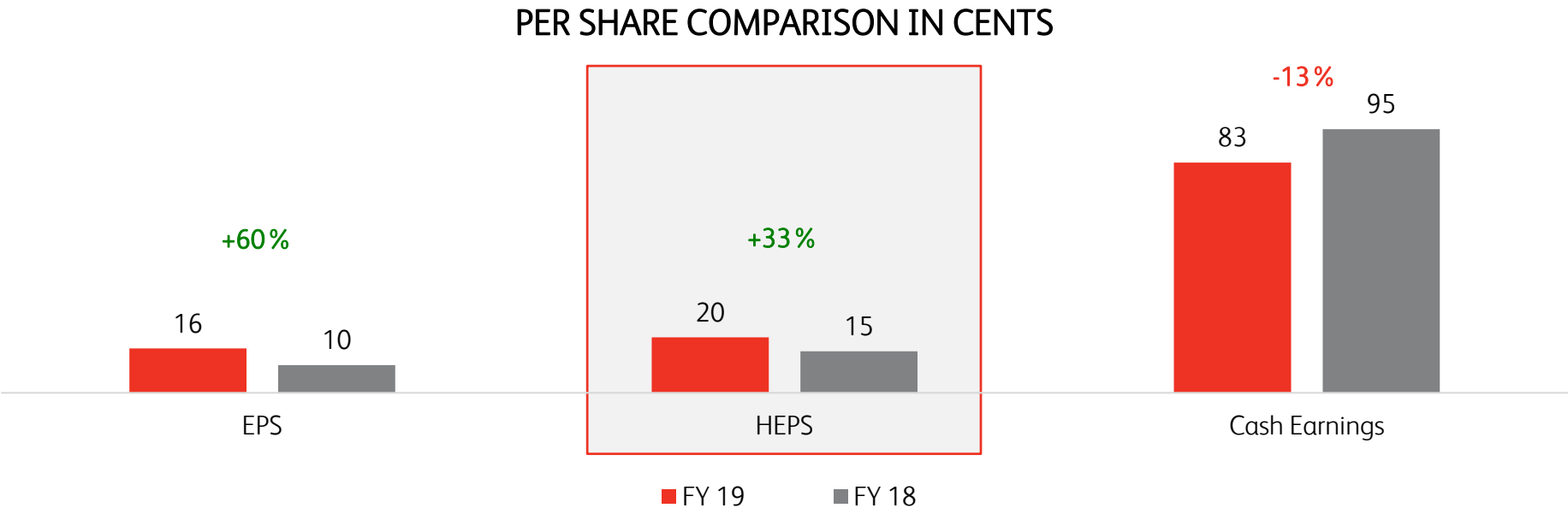
Balance Sheet & Liquidity Position

1. Gross debt R5.0bn, R4.4bn in constant currency (R4.7bn: March 2018)
2. RoA debt reduced to US$240m (March 18 : US$263m)
3. SA finance costs reduced by R103m
4. Gross debt to EBITDA 2.6x, 2.3x constant currency (2.5x : March 2018)

Continue to Drive Operational Performance

1. Significant reduction in group overheads by R260m
2. R60/tonne savings initiatives achieved in SA
3. Debottlenecking in Rwanda
4. Ongoing efforts to ensure that Zimbabwe is self - sufficient

4.1.2 EARNINGS PER SHARE COMPARISON



- EPS & HEPS benefited from improved operational performance
- Cash earnings impacted by lower working capital release

4.1.3 INCOME STATEMENT

	Year ended 31 March 2019 Rm	Year ended 31 March 2018 Rm	% Change
Revenue	**10 409**	10 271	1 %
Cost of sales	**8 399**	7 924	6 %
Gross profit	**2 010**	2 347	-14 %
Administration and other operating expenditure	**1 083**	1 343	-19 %
Operating profit before item listed below:	**927**	1 004	-8 %
Empowerment transactions IFRS 2 charges	**33**	48	-31 %
Operating profit	**894**	956	-6 %
Foreign exchange gain/(loss) on foreign currency monetary items	**(9)**	143	
Finance costs	**681**	675	1 %
Investment income	**95**	52	83 %
Profit before equity-accounted earnings	**299**	476	-37 %
Earnings from equity-accounted investments	**(67)**	(60)	
Impairments and other exceptional items	**(82)**	(174)	
Profit before taxation	**150**	242	-38 %
Taxation	**6**	205	-97 %
Profit for the year	**144**	37	289 %
Attributable to:			
Shareholders of PPC Ltd	**235**	149	58 %
Non-controlling interests	**(91)**	(112)	
	144	37	
EPS (Cents)	**16**	10	60 %
HEPS (Cents)	**20**	15	33 %

1.REVENUE

Revenue increase attributable to Rwanda and DRC

2.COST OF SALES

Cost of sales increase mainly attributable to distribution costs in SA Cement

3.OVERHEADS

Overheads benefited from head office restructuring and cost reduction in SA Cement

4. FINANCE COSTS

Marginal increase in finance costs. Lower finance cost in SA offset by higher finance cost in RoA (DRC included for the full year)

5. EQUITY-ACCOUNTED INVESTMENTS

Ethiopia incurred a loss of R67m for the year

6.TAXATION

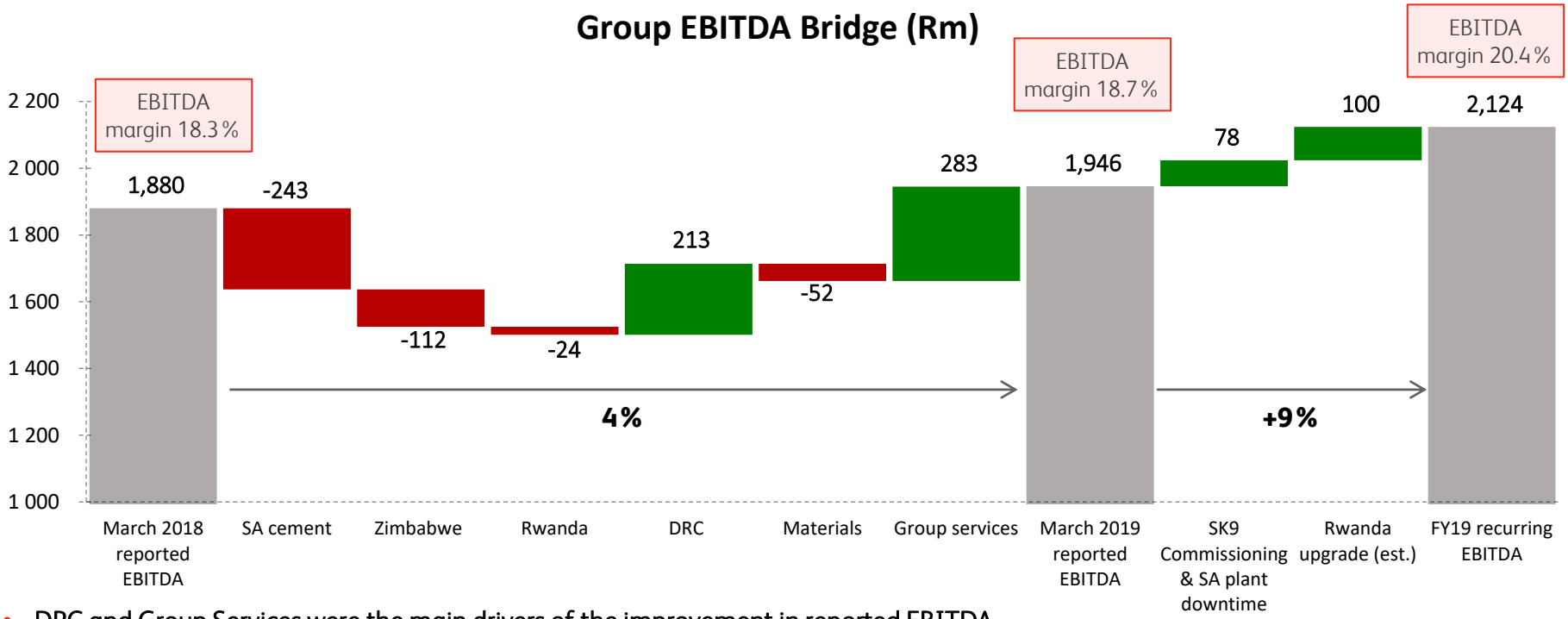
Lower tax expense on the back of tax incentives

4.1.4 PPC GROUP EX ZIM RESULTS SHOWED AN IMPROVEMENT

Metrics (Rm)	Reported group FY19	Reported Zimbabwe FY19	Reported FY19 Ex-Zimbabwe (1)	Reported group FY18	Reported Zimbabwe FY18	Reported FY18 Ex-Zimbabwe (2)	% change (1) / (2)
Revenue	10 409	1 447	8 962	10 271	1 813	8 458	6.0%
EBITDA	1 946	461	1 485	1 880	573	1 307	13.6%

- Zimbabwe reported revenue and EBITDA decreased by 20 %
- Group revenue excluding Zimbabwe increased by 6.0 %
- Group EBITDA excluding Zimbabwe increased by 13.6 %
- Cash extraction rate from Zimbabwe of 66 %
  - R118m through trading activity
  - R220m through non-resident trading account and was utilised to purchase treasury bills which qualifies as legacy debt and is convertible on a 1:1 ratio with the US$
  - Total invested in treasury bills is US$21.9m
  - IFRS 9 expected credit loss of US$2.7m

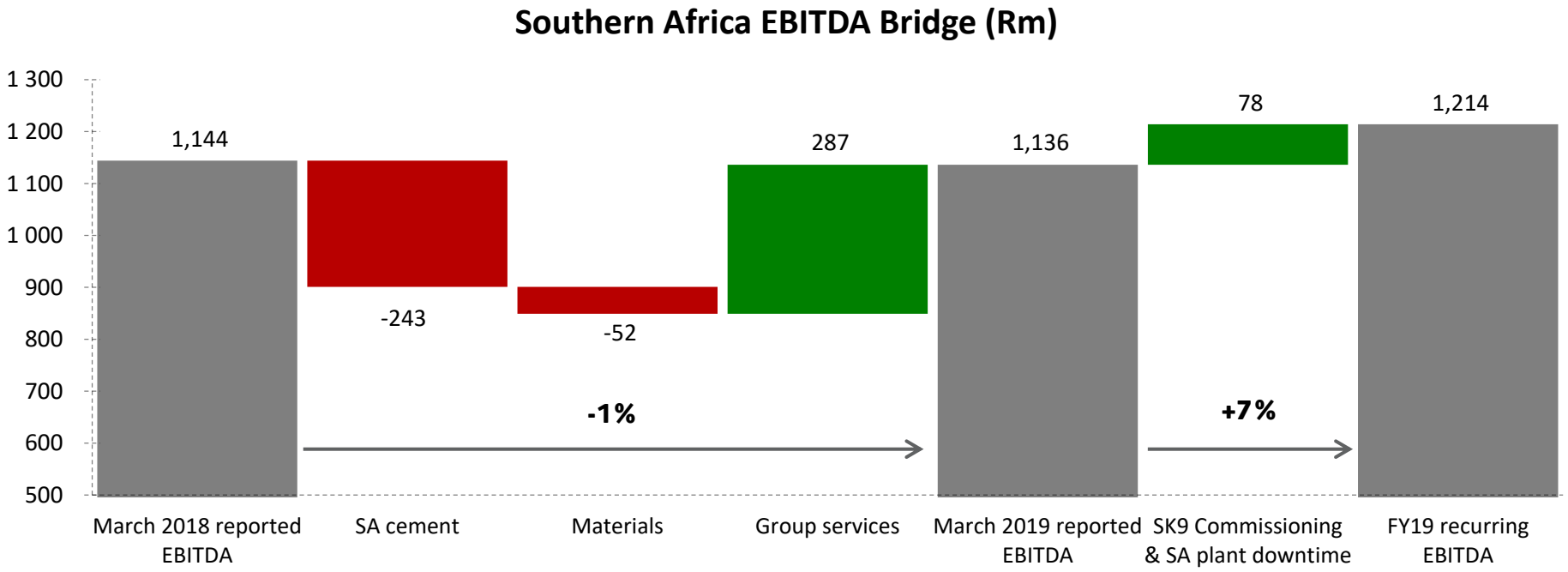
4.1.5 GROUP EBITDA BRIDGE I EBITDA MARGIN MAINTAINED



- DRC and Group Services were the main drivers of the improvement in reported EBITDA
- Recurring EBITDA up 9 % versus reported EBITDA

* Group services includes Mozambique costs of R4m

4.1.6 SOUTHERN AFRICA EBITDA



IMPROVEMENTS IN RECURRING EBITDA DESPITE TOUGH ENVIRONMENT

4.1.7 R70/TONNE SAVINGS I ACHIEVED R60/TONNE IN SAVINGS IN YEAR 1

Metrics	Target saving based on R70/tonne	We achieved R60/tonne in cost savings		Profitabilty target R70/tonne in the next 12 – 18 months
Strategic cost reduction	40 % - 60 %	R20/tonne	• Simplified KPI's & alignment • Completed integration of Safika Cement • Established P&L responsibility and accountability • Organisational restructure of Head Office and Operations • Rationalised operational structures	• New operating model fully established • Integration of material businesses into SA Cement to ensure optimal structure • Optimise business unit structures
Cost efficiencies	20 % - 40 %	R40/tonne	• Embedded tyre burning initiative in the Western Cape – second kiln commissioned on tyres • Optimisation of logistics – new transport management system (TMS) technology introduced • SK9 complex benefit realisation	• Optimise network • Maximize clinker capacity utilization • Focus on optimised sourcing • Improve plant reliability and output

Baseline: October 2017 → Identify areas of savings → Progress monitoring and feedback → Achieve optimum margin (2-3 years)

ADDITIONAL 1% - 2% IMPROVEMENT IN EBITDA MARGIN OVER THE NEXT 2-3 YEARS

4.1.8 KEY DRIVERS OF THE SA CEMENT PERFORMANCE

KEY DRIVER	% CHANGE	COMMENT
Volume	Declined 2% - 3%	• Industry volumes estimated to be down between 5 - 10%, due to low economic activity & lack of infrastructure projects • Portfolio effect led to better performance than overall market • Increased competitor activity resulted in pricing pressure • Increase in imports to more than 1.0mt
Cost of sales (R/tonne)	+9%	• Kiln shutdown and unplanned downtime adversely impacted cost of sales • Distribution costs increased by 10% YoY on the back higher fuel prices • Excluding logistics costs, all other costs increased by 5% to 7%, which is in line with inflation
Overheads (R/tonne)*	-11%	• Restructuring of head office • Optimised business unit structures
R70/tonne profitability initiative		• R70/tonne profitability initiative has realised total savings of R60/tonne (85% of targeted savings realised) • Enabled the company to restrict costs to below inflation • New operating model • P&L accountability per business segment

*Overheads/tonne based on FY18 cement volumes

4.1.9 SIGNICANT REDUCTION IN OVERHEADS

Overheads (Rm)	FY19	FY18	% Change	Movement
Reported group overheads	1 083	1 343	-19 %	
Rest of Africa	305	334	-9 %	
Overheads ex RoA	778	1 009	-23 %	
Non-recurring costs	25	145		
Southern Africa overheads (L-F-L)	753	864	-13 %	

- R260m reduction in group overheads
- Southern Africa overheads reduced by 13 % on a sustainable basis due to redesigned operating model
- Targeting group overheads of 6 - 8 % of group revenue (currently 10 % from 13 % in prior year)

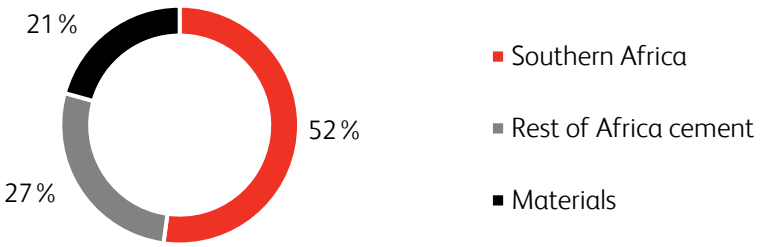
REDUCTION IN OVERHEADS CREATES A SUSTAINABLE COST BASE GOING FORWARD

4.1.10 DIVERSIFIED PORTFOLIO OF QUALITY ASSETS

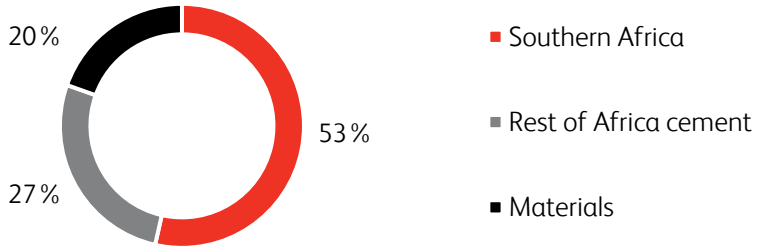
Revenue (Rm)	FY19	FY18	% Change	Movement
Southern Africa	5 431	5 499	-1 %	
Rest of Africa	2 826	2 762	2 %	
Zimbabwe	1 447	1 813	-20 %	
Rwanda	885	804	10 %	
DRC	494	144	243 %	
Other	0	1		
Materials	2 152	2 010	7 %	
Group	10 409	10 271	1 %	

- Southern Africa cement revenue impacted by volume declines and SK9 commissioning
- Zimbabwe adversely impacted by weaker cement demand, clinker shortages, and depreciation in the functional currency in H2
- Rwanda achieved an increase in revenues despite planned shutdown to debottleneck plant
- Ramp-up of DRC continues
- Materials - good growth in readymix and aggregates

REVENUE CONTRIBUTION FY'19



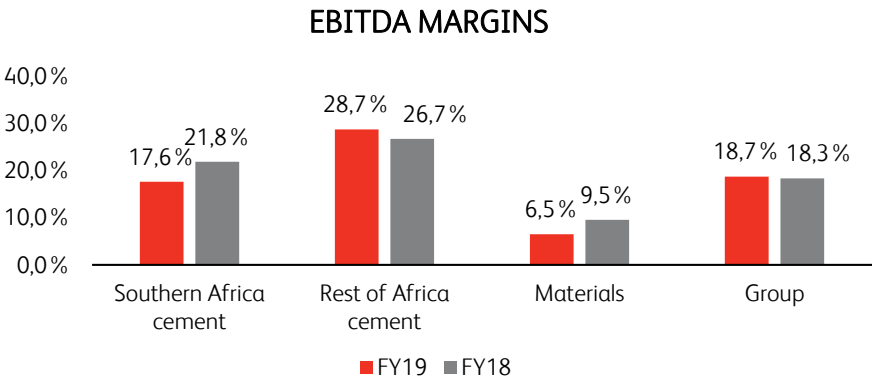
REVENUE CONTRIBUTION FY'18

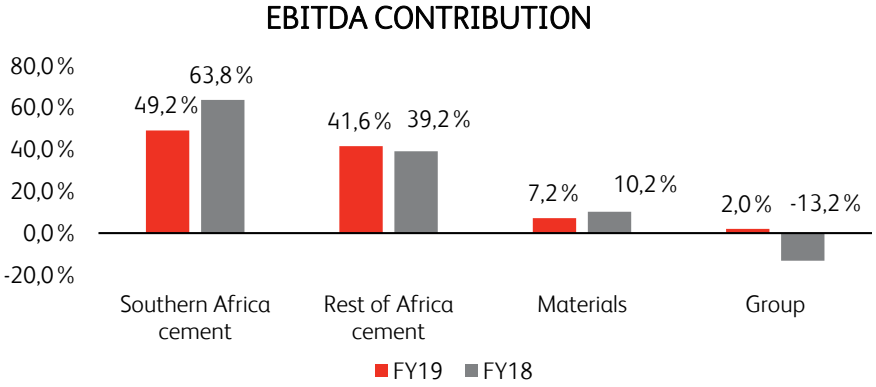


4.1.11 DIVERSIFIED PORTFOLIO OF QUALITY ASSETS

EBITDA (Rm)	FY19	FY18	% Change	Movement
Southern Africa	957	1 200	-20 %	
Rest of Africa	810	736	10 %	
Zimbabwe	461	573	-20 %	
Rwanda	246	270	-9 %	
DRC	108	-105	n/a	
Other	-5	-1		
Materials	140	192	-27 %	
Group Services	39	-248	-116 %	
Group	1 946	1 880	4 %	

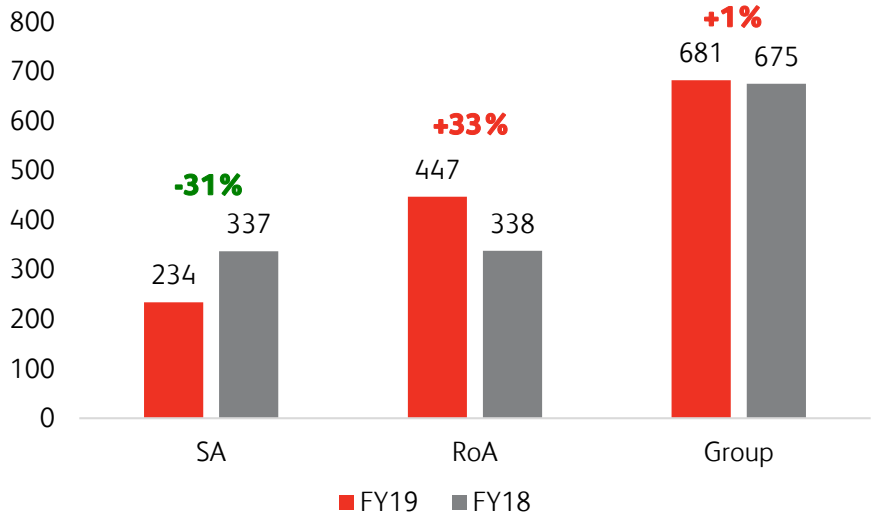
- Southern Africa impacted by lower revenues and higher input costs
- Zimbabwe negatively affected by difficult trading conditions
- Positive contribution from DRC of R108m
- Rwanda impacted by plant upgrade
- Materials affected by lower volumes, lower price realisation and higher maintenance cost
- Combined SA performance resilient despite challenging operating environment



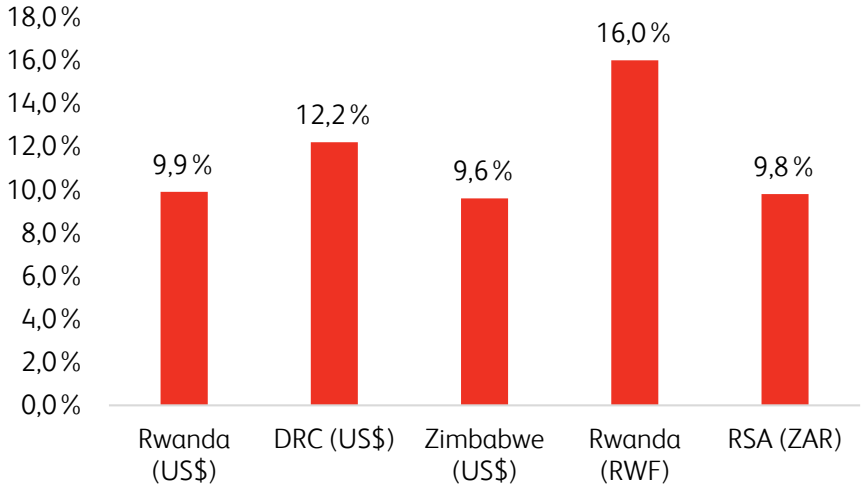


4.1.12 SA REDUCED BORROWING COSTS

FINANCE CHARGES (Rm)



FY19 INTEREST RATES



- SA finance charges down due to restructuring of debt
- RoA finance charges increased due to DRC contribution for the full year

4.1.13 TAX RATE RECONCILIATION

Group effective tax rate	FY19
Group Standard Reporting Rate	28.0%
RSA permanent differences	(29.0%)
RSA effective tax rate	(1.0%)
RoA permanent differences	3.6%
Group effective tax rate	**2.6%**

* Reconciliation expressed as % of Group Profit Before Tax

Reasons for variance with in-country statutory tax rate

- South Africa lower effective tax rate as a result of tax incentives
  - Permeant difference
    - s12L - energy efficiency allowance
    - s12I - incentive for industrial project investment
  - s12C – wear & tear allowance of SK9 (40%, 20%, 20%, 20%)
- RoA in tax loss or tax holiday except Zimbabwe

4.2 BALANCE SHEET

	31 March 2019 Reviewed Rm	31 March 2018 Audited Rm
ASSETS		
Non-current assets	**14,776**	12,910
Property, plant and equipment	**12,587**	11,393
Goodwill	**236**	230
Other intangible assets	**558**	557
Equity-accounted investments	**149**	182
Other non-current assets	**333**	297
Financial assets	**582**	6
Deferred taxation assets	**331**	245
Non-current assets held for sale	**92**	34
Current assets	**3,071**	3,262
Inventories	**1,276**	1,182
Trade and other receivables	**1,166**	1,151
Taxation receivable	**177**	93
Cash and cash equivalents	**452**	836
Total assets	**17,939**	16,206
EQUITY AND LIABILITIES		
Equity attributable to shareholders of PPC Ltd	**9,225**	7,768
Non-controlling interests	**115**	120
Total equity	**9,340**	7,888
Non-current liabilities	**5,739**	5,909
Provisions	**427**	526
Deferred taxation liabilities	**955**	1,042
Long-term borrowings	**4,064**	4,079
Other non-current liabilities	**293**	262
Current liabilities	**2,860**	2,409
Short-term borrowings	**938**	603
Trade and other payables	**1,919**	1,735
Taxation Payable	**3**	71
Total equity and liabilities	**17,939**	16,206

1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of R452m

2. GROSS DEBT

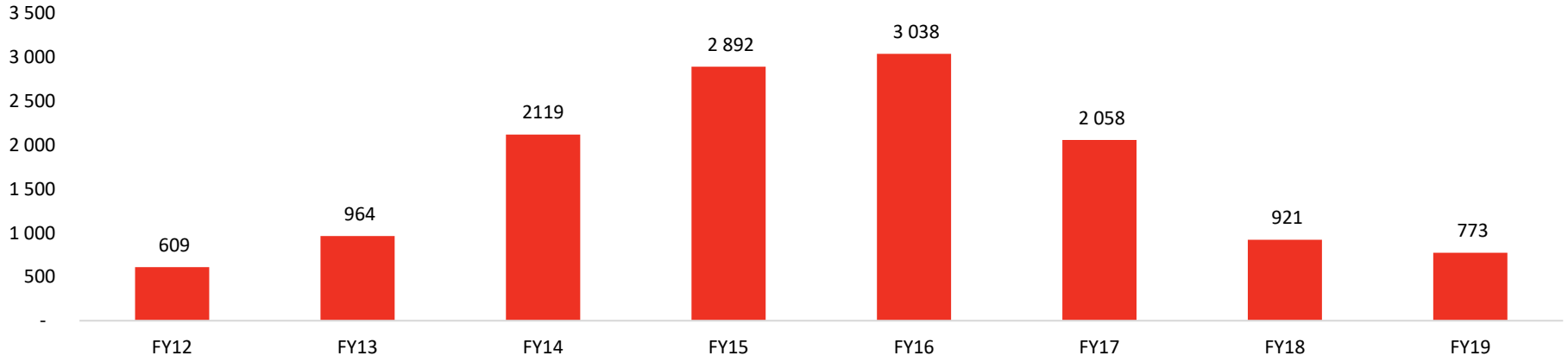
R4.7bn in March 2018 to R5.0bn in March 2019

R630m currency impact on March 2019 gross debt

Ratios within targeted levels

4.2.1 CAPEX CYCLE PEAKED IN 2016

GROUP CAPEX PROFILE (Rm)



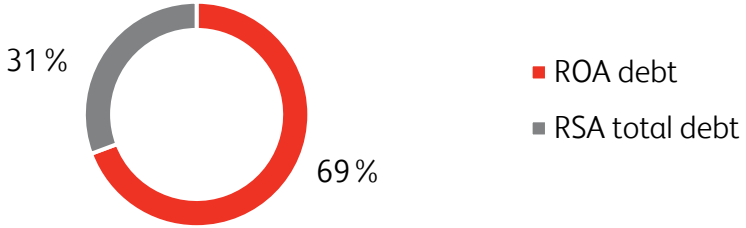
Capex guidance (Rm)

FY	FY20	FY21
Southern Africa	600 - 800	500 - 800
RoA	200 - 280	200 -250

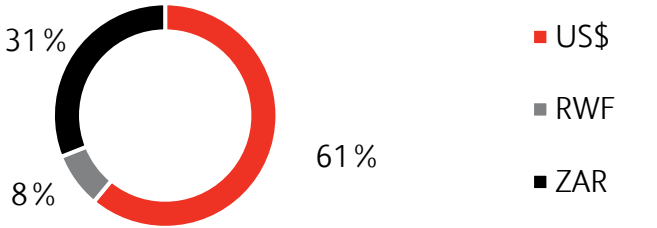
IMPROVED CASH FLOW FROM LOWER CAPEX GOING FORWARD

4.2.2 GROSS DEBT PER REGION AND CURRENCY

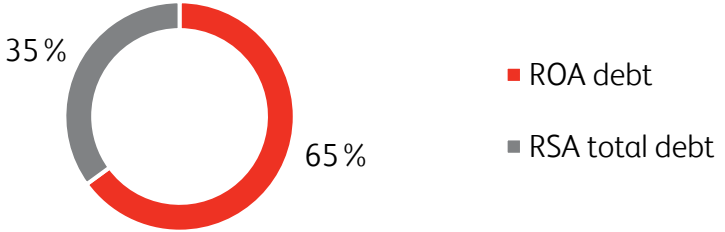
GROSS DEBT BY REGION FY 2019



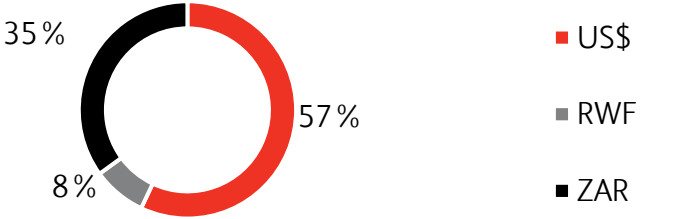
GROSS DEBT BY CURRENCY FY 2019



GROSS DEBT BY REGION FY 2018

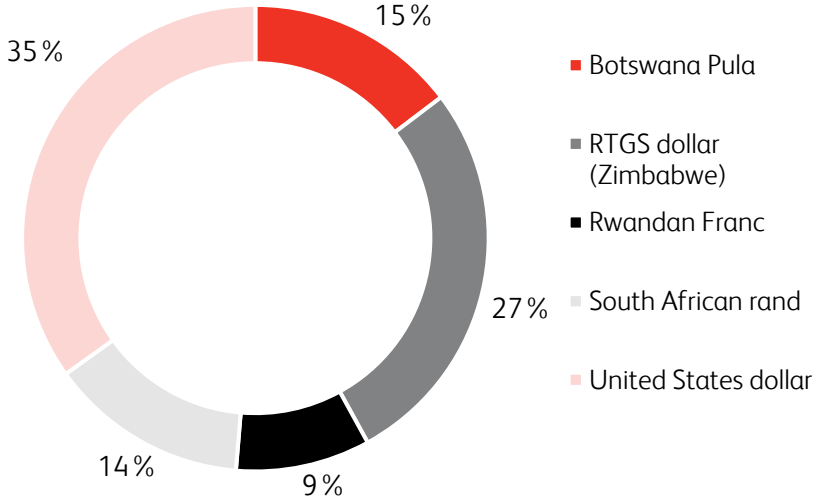


GROSS DEBT BY CURRENCY FY 2018

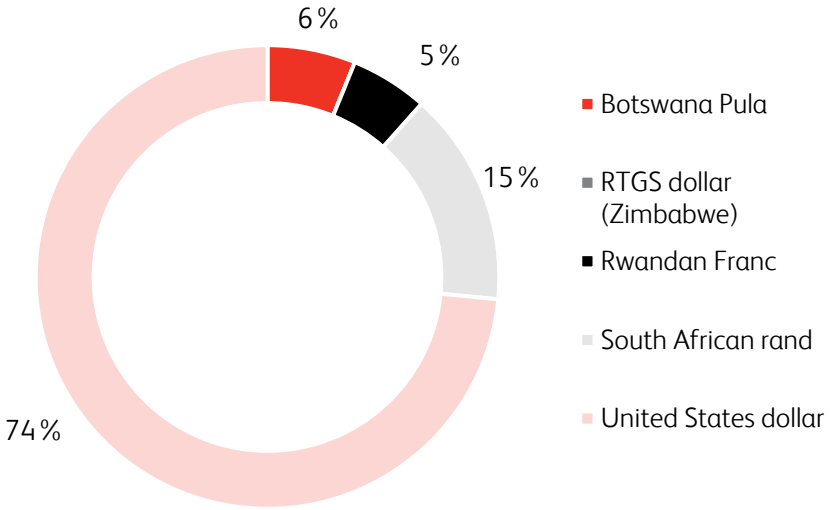


4.2.3 CONTRIBUTION TO CASH BALANCE BY CURRENCY

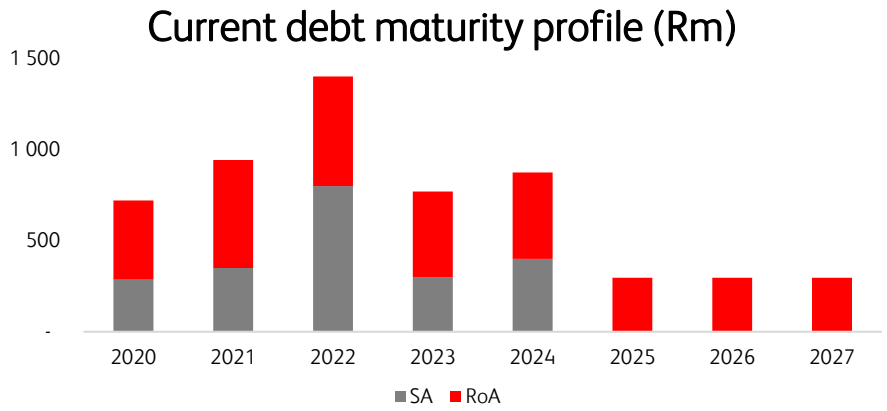
CASH BY COUNTRY FY19



CASH BY COUNTRY FY18



4.2.4 LIQUIDITY AND IMPROVED MATURITY PROFILE



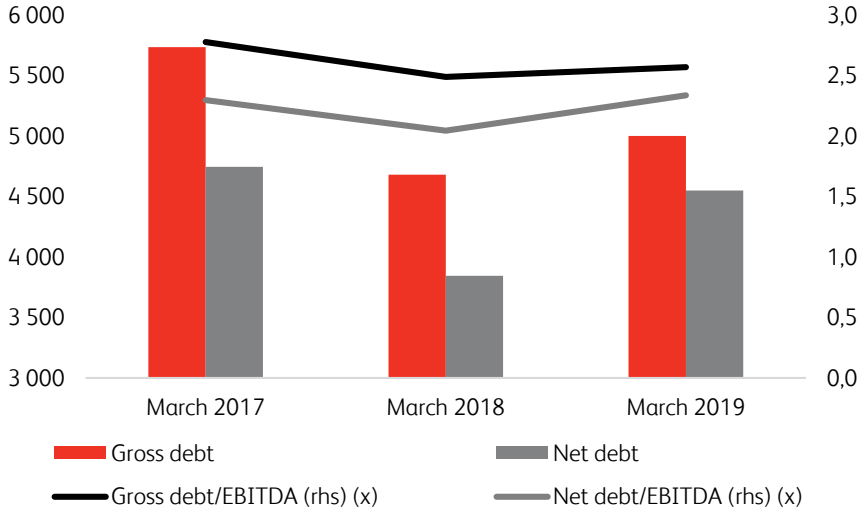
*Includes DRC capital repayment moratorium

Capital structure	Metric
Target capital structure (equity : debt)	70:30 (Intrinsic value)
Target Group Gross debt/EBITDA	3.0x – 3.5x
Target SA Gross debt/EBITDA	2.0x – 2.5x

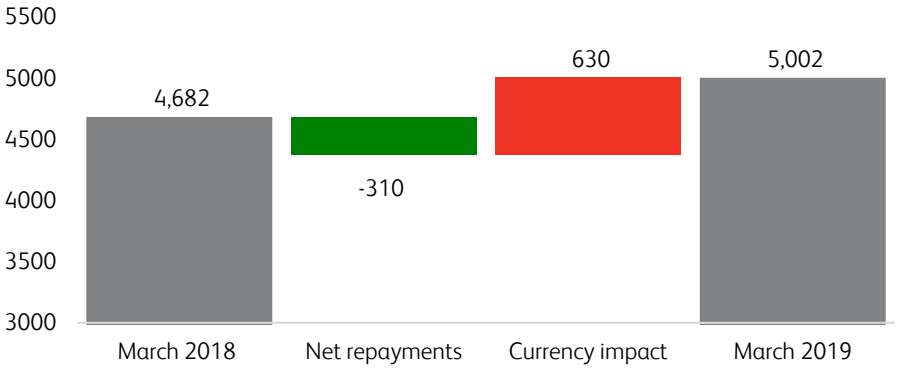
- Liquidity profile well managed
- SA debt restructured to smooth maturity profile
- On going negotiations to restructure DRC capital repayment profile again with another 2 year capital holiday
- Cash conversion above 1.0x

4.2.5 STRONG BALANCE SHEET POSITION

GROUP DEBT PROFILE (Rm)



CHANGES IN GROSS DEBT (Rm)



- Gross debt lower in constant currency terms
- Net/EBITDA within target range
- Continue to actively manage financial leverage

- PPC repaid R310m in debt in FY19

4.3 CASH FLOW STATEMENT

	Year ended 31 March 2019 Rm	Year ended 31 March 2018 Rm
Cash flow from operating activities		
Operating cash flows before movements in working capital	**1,917**	1,889
Working capital movements	**63**	411
Cash generated from operations	**1,980**	2,300
Finance costs paid	**(618)**	(592)
Investment income received	**46**	52
Taxation paid	**(151)**	(330)
Cash available from operations	**1,257**	1,430
Dividends paid	**(4)**	-
Net cash inflow from operating activities	**1,253**	1,430
Cash flow from investing activities		
Acquisition of additional shares in an equity accounted investment	**-**	(42)
Investment in Zimbabwe Government bonds	**(310)**	-
Investment in Zimbabwe stock market	**(14)**	-
Investment in intangible assets	**(24)**	(6)
Investment in property, plant and equipment (adjusted for capital expenditure accruals)	**(773)**	(921)
Proceeds from disposal of property, plant and equipment	**9**	29
Other investing activities	**12**	28
Net cash outflow from investing activities	**(1,100)**	(912)
Cash flow from financing activities(a)		
Net borrowings repaid before repayment of the notes	**(290)**	(597)
Proceeds from the sale of shares held by consolidated BBBEE entity	**-**	36
Purchase of PPC Ltd shares in terms of the FSP share incentive scheme	**(41)**	(16)
Repayment of notes	**(20)**	-
Net cash outflow from financing activities	**(351)**	(577)
Net movement in cash and cash equivalents	**(198)**	(59)
Cash and cash equivalents at the beginning of the year	**836**	990
Exchange rate movements on opening cash and cash equivalents	**(186)**	(95)
Cash and cash equivalents at the end of the year	**452**	836

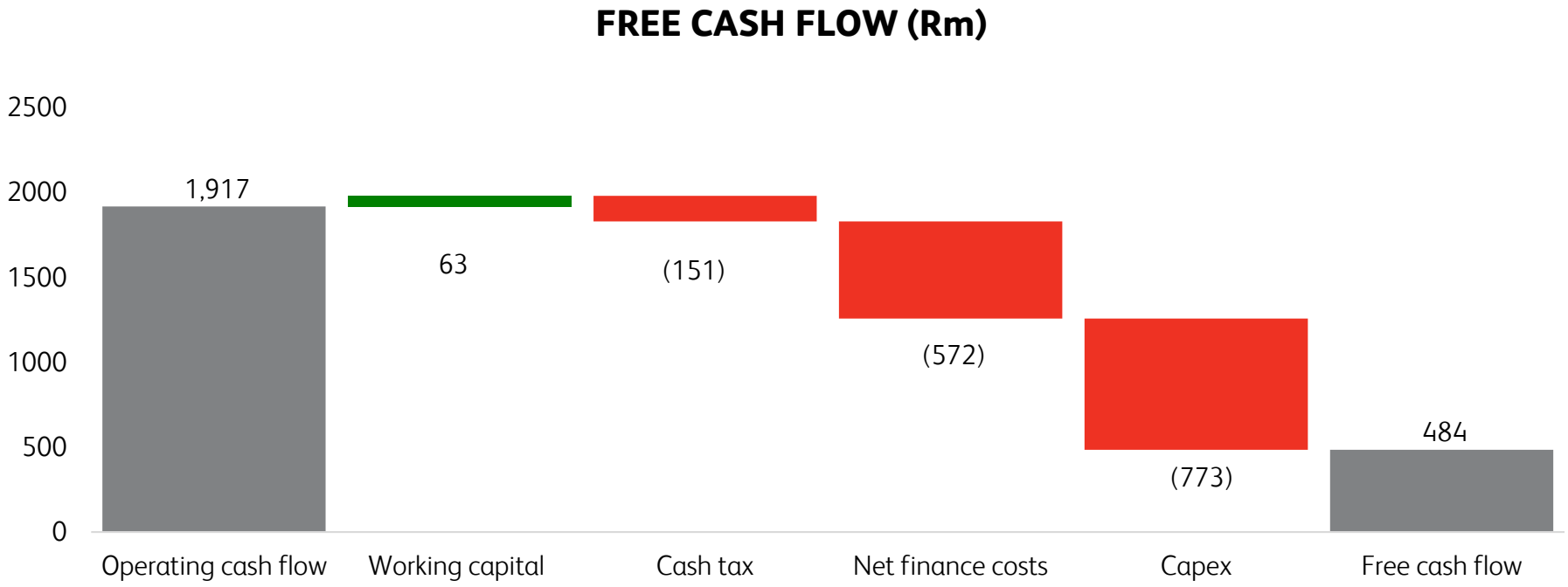
1. OPERATING CASH FLOW

- Working capital release and lower cash taxes paid supported cash available from operations
- Investments in government bonds and stock market reduced net cash and cash equivalents at year end

2. INVESTING ACTIVITIES

- Significant reduction in capex within guidance
- Improvement in net cash movements of R126m for the year (excluding investment in Zimbabwe bonds and shares)

4.3.1 FREE CASH FLOW BRIDGE



POSITIVE FREE CASH FLOW GENERATION A KEY INDICATOR OF FINANCIAL STABILTY

5.1 OPERATIONAL REVIEW

5.2 SOUTHERN AFRICA

5.2.1 SA CEMENT | PERFORMANCE OVERVIEW

PRICE	X	VOLUME	-	COST	=	Profitability
↑		↓		↓ VC + FC ↓		↓

PRICE

- Price increase of 1% - 2%
  - Pricing impacted by increased blender product in inland market
  - Imports into bulk industrial market resulted in price erosion in the coastal market
- The SURERANGE benefited retail pricing
- Double digit price increase implemented mid January 2019

VOLUME

- Cement market estimated to have declined by 5% – 10%
- PPC cement volumes declined by 2% - 3%
- Inland market remains competitive
- Industrial demand recovering
- Coastal market impacted by increased imports
- Focus on the LED market offset volume decline

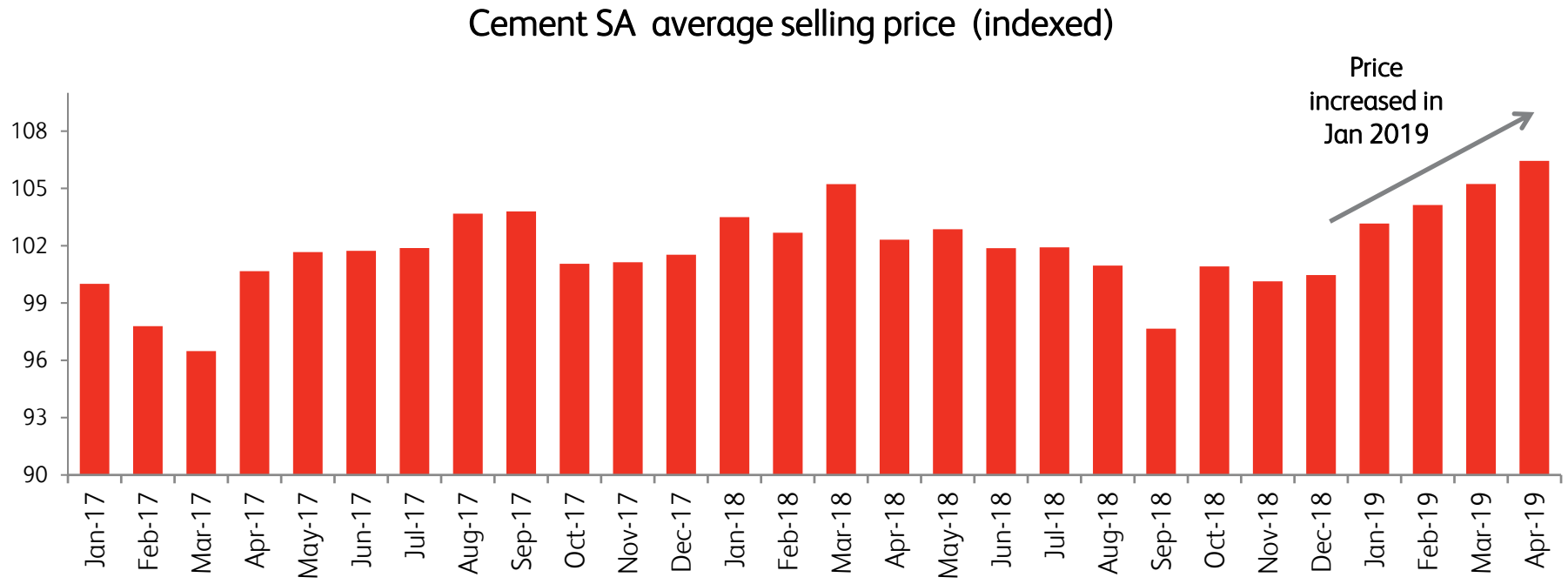
COSTS

- The variable costs were 7% above prior year. Business benefited from SK9 efficiency gains
- Fixed cost of sales were well controlled
- Dwaalboom shut down impacted overall costs
- Rationalised operational structures
- Established P&L accountability

Profitability

- EBITDA impacted by
  - Volume decline
  - Higher cost of sales
  - 8% increase in distribution cost (10% on per tonne basis) on the back of higher fuel costs

5.2.2 CEMENT AVERAGE SELLING PRICE TRENDING UPWARD

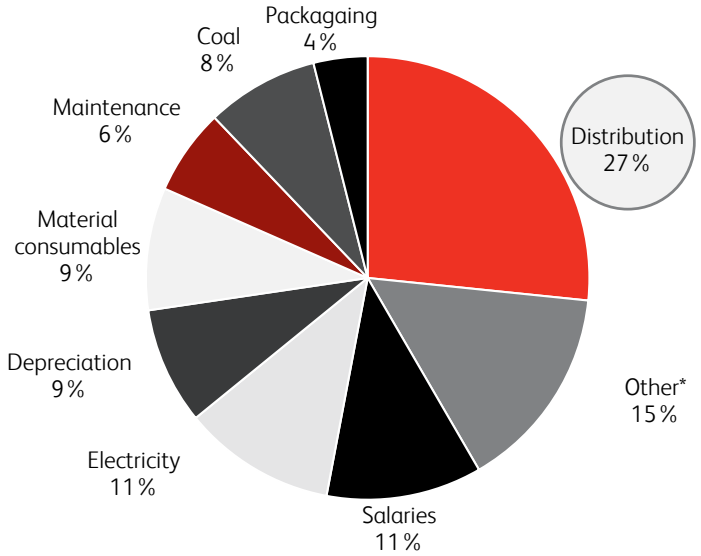


Based to 100 in Jan 2017

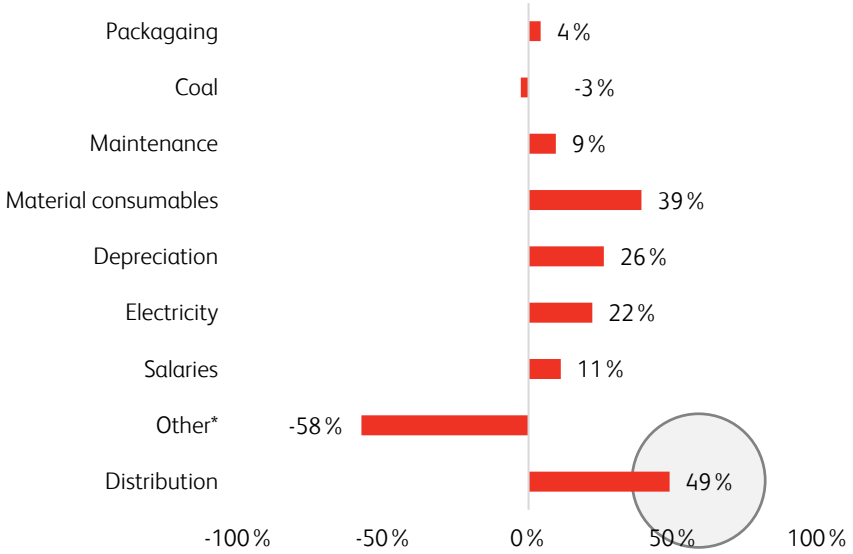
DISCIPLINED PRICE INCREASES

5.2.3 KEY COST DRIVERS I DISTRIBUTION IS THE LARGEST COST DRIVER

Cement SA total production cost FY19



Drivers of increase in production cost FY19



- Distribution costs accounted for 27% of total production costs and ~49% of the increase in production costs
- Fuel price increases were the main drivers of distribution costs

5.2.4 SA CEMENT MARKET CHALLENGES

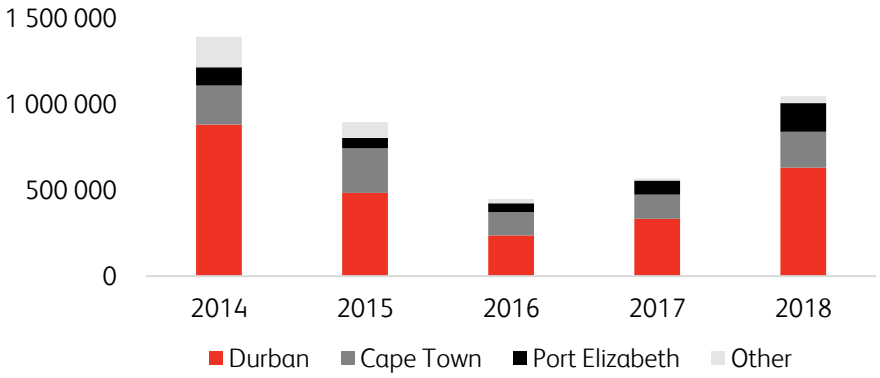
1. MARKET FACTORS

- 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

Imports (tonnes) calender years



- Total imports increased to 1.0mt in 2018
- Cape imports increased ~209kt in 2018
- The majority of the imports via Vietnam and China
- The major ports of entry have been Durban and Cape Town

5.2.5 SA CEMENT | KEY STRATEGIC INITIATIVES

PRICE

- Disciplined price increases
- Selling prices were increased in July 2018 and October 2018. Additional price increases were effected in November 2018 (1.5%) and January 2019 (8 – 12%)
- A focused route to market strategy
- Implementation of value added partnerships
- Focus on the Sure Range of products
- Innovative strategies to embed the local economic development (LED) strategy aimed at ease of doing business and delivery

VOLUME

- Demand in South Africa is likely to remain subdued
- The market remains competitive in the inland region
- Plans in place to be competitive against imports in the coastal region
- Engagement with the Government on imports
- Integration with the materials business is expected to yield positive results
- The Botswana market is expected to benefit from infrastructural development due to growing mining sector

COST

VC + FC

- Footprint optimisation
- Re-organisation of production and sales facilities
- Integration of blending facilities
- Enhancing efficiencies of operating plants
- Conversion of Port Elizabeth Factory to milling operation in accordance with environmental standards
- Improve plant reliability and output - enhance efficiencies
- Integration with ready-mix
- Optimisation of logistics

PROACTIVE MANAGEMENT OF PROFITABILTY DRIVERS

5.2.6 CARBON TAX UPDATE

1 OVERVIEW

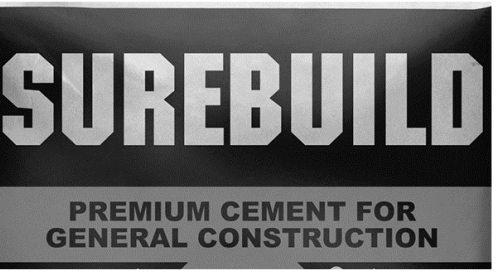
- 2019 budget speech indicated that the carbon tax will be implemented from 1 June 2019
- The current tax structuring proposes a tax of between R6 and R120/tonne applied to CO2 emissions
- PPC qualifies for the certain allowances which are likely to reduce the carbon tax
- PPC anticipates that the impact 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

2 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

3 PPC Impact

- Carbon tax is likely to be passed on to the consumer



5.3 MATERIALS

5.3.1 MATERIALS | LIME, AGGREGATES, READYMIX & FLYASH

PPC

Materials

1. Revenue 7% higher, benefiting from growth in aggregates and readymix
2. EBITDA lower due to lower volumes and higher input costs

Lime

1. Revenue growth of 4% with higher prices in certain products compensating for volume declines of 6%
2. Lime has exposure to the steel and allied sectors where volumes remain constrained
3. The weak demand and higher input costs resulted in a 9% contraction in EBITDA

Aggregates

1. Revenue growth of 11% supported by higher prices and marginally improved volumes across all segments
2. Contraction in EBITDA due to higher fuel and maintenance costs

Readymix and Ash

1. Readymix market remained competitive, pricing and volumes remained under pressure
   - Input costs impacted by higher fuel costs
2. Flyash results impacted by the delay in commissioning of Ngodwana plant

5.4 REST OF AFRICA

5.4.1 OPERATIONAL OVERVIEW | REST OF AFRICA

Zimbabwe

- Volumes declined by 5 %
- Instability of power supply impacted clinker production in Q3
- Pricing has been aligned with local inflationary increases
- EBITDA impacted by change in functional currency

Rwanda

- CIMERWA plant increased output post debottlenecking
- Volumes improved compared to PY
- Pricing has remained stable in US$
- EBITDA impacted by clinker import costs during shutdown and unexpected downtime

DRC

- Route to market strategies benefiting volumes
- Market share improved closer to capacity market share
- Attained cost reduction in a tough operating environment
- Pricing in US$ impacted by overcapacity

Ethiopia

- Attained capacity market share of 7 % in CY18
- Cement production impacted by plant performance and community disruptions
- Bulk tankers delivered to support route to market
- Restructuring of the capital structure in progress

CONTINUE TO GAIN MARKET SHARE IN THE REGIONS WHERE WE OPERATE

5.4.2 UPDATE ON OUR RESPONSE TO KEY CHALLENGES

Zimbabwe

Challenges

- Liquidity challenges
- Change in monetary policy
- Change in functional currency

Response

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

DRC

Challenges

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

Response

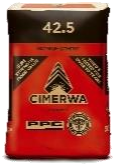
- Continuous engagement with government
- Entrenching route to market strategies
- Maximising EBITDA to meet debt obligations
- Achieving market share and pricing stability
- Progressing on re-structuring of DRC debt by another 2 years

5.4.3 KEY STRATEGIC PRIORITIES

Zimbabwe

1. Maximise US$ cash generation
2. Maintain EBITDA margins
3. Increase kiln efficiency and output
4. Product optimisation and innovation – reduction of clinker factor
5. Leadership development and coaching
6. Secure strategic input materials

Rwanda



1. Maintain capacity utilisation above 80 %
2. Finalise phase 2 of debottlenecking to achieve full capacity utilisation
3. Secure strategic input materials (e.g. limestone, extender, gypsum, etc.)
4. Drive critical skills transfer to locals
5. Entrench discipline and high performance management culture

DRC

1. Increase access to interior markets to grow volumes
2. Continuous cost reduction to improve margins
3. Ongoing negotiations to restructure long term debt
4. Multiskilling of workforce to align to plant ramp–up
5. Deliver innovative products and solutions – e.g. CPM products and premixes
6. Explore alternative thermal energy solutions

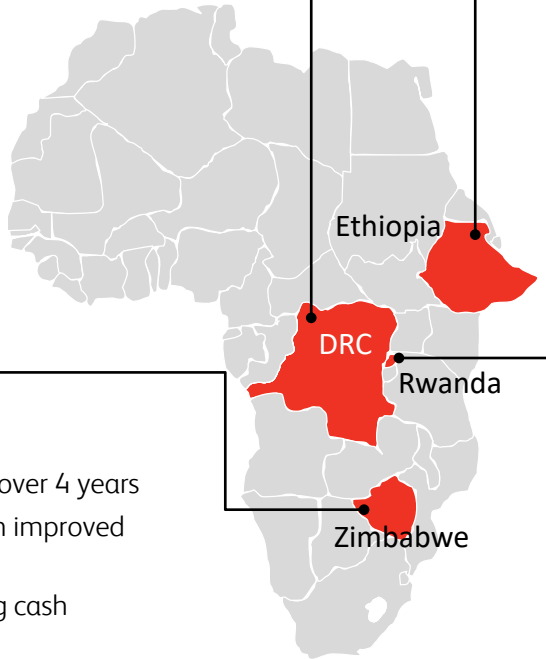
Ethiopia

1. Implemented plans to improve plant efficiencies
2. Recruitment of critical skills to support the business at technical and leadership level
3. Development of alternative thermal energy solutions
4. Improved efficiencies in outbound logistics

5.4.5 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

- 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 %
- Focus on market stabilisation



- 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

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

FOCUS ON US$ EBITDA/TONNE

6. OUTLOOK

6.1 OUTLOOK I BUILDING A SUSTAINABLE COMPETITIVE ADVANTAGE

1 Markets

- Macro headwinds in some markets
- Trading conditions likely to remain challenging
- Actions plans in place to position the business for the future
- Portfolio effect enhances sustainability for long term value creation

2 SA

- Disciplined price for market stabilisation
- Continue to drive all components of the profitability equation
- Track the R70/tonne savings target and continue to assess opportunities to refine our network
- Maintain leadership position in the Southern African market

3 RoA

- Zimbabwe operation self-sufficient
- CIMERWA well positioned to take advantage of growing cement demand
- Continue to maximise EBITDA and to restructure debt in the DRC
- Implement action plans in Ethiopia & debt restructuring

4 GROUP

- Build a sustainable competitive advantage in all markets
- Continue to focus on optimising capital structure and free cash flow
- Realise maximum value from the RoA portfolio
- Focus on delivering sustainable returns on capital
- Continue management of SG&A

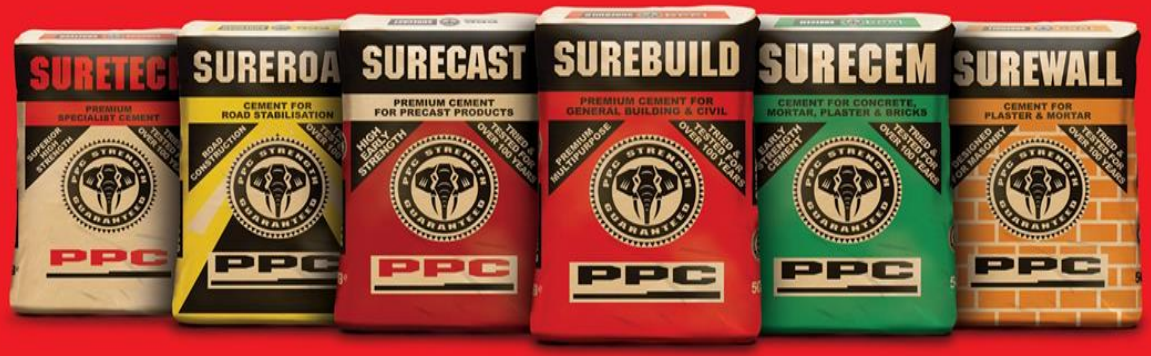
INVESTOR CONTACTS

Anashrin Pillay
Investor Relations

anashrin.pillay@ppc.co.za

+27 11 386 9000

www.ppc.co.za



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