



Media Release

PPC Turnaround Starting to Reflect in Results

For the detailed announcement, please refer to the attached booklet or visit <https://www.ppc.africa/investors-relations/investor-information/sens-announcements/>

Salient Points

- **Deep dive and organisational changes largely concluded**
- **Turnaround plan defined and initiated**
- **Strong cash flow generation in the current period as net cash inflow before financing activities increased 36,2% to R500 million (H1 F24: R367 million)**
- **EBITDA margin up 0,6% pts to 15,7% (H1 FY24: 15,1%)**
- **HEPS 22 cents (H1 FY24: 20 cents)**
- **EPS 22 cents (H1 FY24: 18 cents)**
- **A special dividend totalling R521 million was declared and paid during the period following the sale of CIMERWA.**

Johannesburg, 18 November 2024 – PPC Ltd. (PPC), the leading supplier of cement and related products in Southern Africa, has announced its financial results for the half-year ended 30 September 2024. Matias Cardarelli, PPC Chief Executive said, “PPC's half-year financial results have started to reflect the turnaround changes implemented, showing a marked improvement in the second quarter following a challenging first quarter.

We are witnessing early positive indicators across all segments of our business as we implement key turnaround actions. Awaken the Giant is the call to action that defines our turnaround strategy. While we recognise that this journey will take time, my confidence in the size of the turnaround reward is growing.

The turnaround in progress involves a thorough recalibration and upskilling of our workforce, changing our organisational culture and enhancing processes. This comprehensive approach will improve operational efficiency, asset optimisation, and topline growth. While the challenges are significant, we are fortunate to have a skilled and experienced leadership team driving this process.

Critical structural changes have had to be made, including the recruitment of skilled and experienced professionals that complemented PPC's existing talent. Additionally, we have introduced a plant performance improvement programme with specific targets for all the production phases, spanning quarrying to dispatch. The initiatives related to cost centre accountability and elimination of unnecessary expenditure were quick to impact our results, reflecting a 15% reduction in overhead costs in the SA & Botswana group. As we now have access to reliable management information, we are starting to optimise our market strategy, sourcing, channels, and footprint to better serve our customers."

Key Financial Highlights

Brenda Berlin, Chief Financial Officer of PPC, commented on the financial results. "We are particularly encouraged by the early signs of the benefit of cost discipline. This resulted in a 0.6% points improvement in Group EBITDA margins to 15.7% notwithstanding a 4.2% reduction in revenues to R5,067 million." She also highlighted the significant increase in net cash generation before financing activities, which rose by 36.2% to R500 million, mainly due to improved working capital management.

In a flat cement market, the SA and Botswana group achieved an EBITDA of R394 million, representing a 6.2% increase on the previous period. This was offset by a decrease of 6,3% in EBITDA from Zimbabwe which totalled R402 million in the current period."

As Berlin reminded, "The second half of the financial year always tends to be slower due to seasonal factors and this will put pressure on margins. Our focus on cost savings will help mitigate the impact of this cycle as well as ongoing inflationary pressures."

Looking Ahead

Cardarelli stated, "As we move forward, PPC will remain focused on our turnaround strategy to unlock internal value and better position ourselves for when the market improves. This involves improving operational efficiency at our plants and in logistics. Our commercial growth plans aim to strengthen our market presence by aligning PPC with the right channels and delivering clear value to our customers. We will maintain a disciplined approach to managing costs while promoting a culture of urgency, ownership and accountability within our organisation.

The PPC board and I are fully aligned to restore PPC as a leader in profitability and better position it for further strategic opportunities. While we recognise the complexities ahead, the opportunities in front of us far surpass the risks. We are increasingly confident in the significant rewards that this turnaround can yield. We are focused on growth. "Awaken the Giant" is the path forward."

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Note to editors

Click here for PPC pictures- <https://we.tl/t-CEjNIZ0hrB>

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