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PPC Ltd declares cash dividend from Zimbabwe cashflow and embarks on turnaround to unlock internal value

Johannesburg, 24 June 2024 - PPC Ltd has announced its financial results for the year ended 31 March 2024, showing a 20.6% increase in revenue to R10,058 million compared to the previous year. The growth was primarily driven by the company's performance in Zimbabwe. Despite a decline in sales volumes with a muted demand for cement in the South Africa and Botswana businesses, the company remains resilient in the evolving cement industry and poised for change. An ordinary dividend of 13.7 cents per share has been declared based on a passthrough of the Zimbabwe dividend received during the year.

CEO Matias Cardarelli said, "These results were positively impacted by the Zimbabwe performance while our South African and Botswana businesses did not perform to their full potential. This is a critical moment for PPC as our prolonged underperformance calls for us to make strategic decisions, shift our focus, and strengthen our core operations. We have begun an organisational reset and turnaround to address the declining performance across the Group. The newly reorganised Exco team will lead the transformation of the company's internal operations.

Despite these challenges, we believe that with our strong asset base, the right people and a solid balance sheet, we can capitalise on these internal opportunities to drive value creation."

CFO Brenda Berlin commented: "We have achieved modestly improved results, considering the decline in performance across the operations in the second half of the year. The internal focus areas are expected to unlock value and improve margins."

Cement revenues in South Africa and Botswana increased 5.2%, mainly due to a 9.7% increase in average prices over the prior year and higher sales of clinker to Zimbabwe, offsetting the lower cement sales volumes. However, revenue from the materials businesses declined by 6.9% compared to the prior year. Trading profit for the group increased by R502 million to R619 million, compared to R117 million in the previous year. Of this increase, R395 million or 63% was contributed by the Zimbabwean operation.

Group EBITDA rose by a healthy 38.6% to R1,242 million, again mainly due to the Zimbabwe contribution as EBITDA margins reduced.

There was a notable increase in impairments due to the muted market outlook in South Africa, leading to a decision to mothball certain assets. Total group capital expenditure rose marginally to R400 million, slightly below the planned spend.

Headline earnings per share (HEPS) and earnings per share (EPS) increased meaningfully with HEPS moving from a negative 20 cents to a positive 19 cents per share.

Directors: J Moleketi (Chairman) SM Cardarelli* (CEO) B Berlin B Hansen** N Gobodo K Maphisa N Mkhondo
C Naude D Smith M Thompson
Company Secretary: K Ross
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The company also completed a successful share repurchase programme and reduced bank debt in the SA and Botswana operations.

Cardarelli said, “In a challenging market impacted by imports and some low-quality blended local cement, industry discipline is required to prioritise margins and profitability. Industry dynamics should evolve from a focus on maximising volumes to now needing to prioritise margins for long-term sustainability and investor returns.

We have a clear and bold plan for recovery focused on both fixing and rebuilding while also pursuing quick wins. Our strategic plan focuses on working capital management, a contribution margin approach, improving industrial performance, enhancing the go-to-market and the logistics operating model.

Our short-term strategic focus on internal reorganisation will pave the way for growth in the next phase. This will entrench our position as the premier cement company in Southern Africa, well positioned to take advantage of value accretive growth opportunities.”

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About PPC Ltd

PPC is an iconic material and solutions provider of quality and consistent cement, aggregates, readymix and fly ash, and provides technical support to its customers. PPC’s story stretches back over 130 years to where it was first incorporated on the outskirts of Pretoria in 1892.

As the first cement plant in South Africa, and now operating outside of these borders, the industry leader has established itself as a resilient organisation by adapting to ever-changing economic, operating and political environments. PPC is proud to be a leading provider of quality building materials and solutions to empower people to experience a better quality of life.

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