SIGNIFICANT MILESTONES REACHED TOWARDS STRATEGIC REPOSITIONING AND SUSTAINABLE VALUE CREATION

- **Agreement reached to resolve DRC exposure through debt restructuring and removal of recourse to Group – meaningfully strengthening the Group balance sheet**
- **PPC Lime sales process progressing well with binding offers expected in early April**
- **Need for a capital raise at Group level under review and timing pushed out to Sept 2021**
- **Recovery of Group operational performance continued in the second half of FY21 with strong cash generation**
- **Group financials in good standing with sufficient liquidity and cash flow for operational requirements**

31 March 2021 – PPC Ltd. a leading pan-African provider of quality building materials and solutions today announced a number of strategic milestones reached as well as an update on the Group's operational performance for the 11 months to end February 2021.

Roland van Wijnen, CEO of PPC commented: ***"I am pleased to report that we have made significant progress in implementing a sustainable capital structure and improving the investment prospects of the Group, including de-risking the Group's balance sheet through the removal of its contingent obligations in relation to PPC Barnet, our operations in the Democratic Republic of Congo. This provides clarity on what has been a significant overhang on the Group and is expected to restore investor confidence in the Group and free up management time to focus on core operations and other long-term strategic initiatives."***

PPC has entered into a settlement agreement with PPC Barnet's lenders terminating their right to recourse to PPC Group and removing a potential liability of c.US$175 million from the Group's balance sheet, greatly enhancing its financial position. The settlement agreement will become effective once PPC pays a final deficiency settlement amount of US$16.5 million which it expects to do in early April 2021.

PPC has also agreed terms to restructure the c.US$175 million debt in PPC Barnet whereby it will be converted into a combination of re-instatement of senior debt and a pay-as-you-can preference share. This forms part of implementing a sustainable capital structure for that business with the restructuring planned for completion by 30 September 2021. These agreements de-risk PPC from future economic downside risk to the DRC operations and effectively direct the economics of the business to the PPC Barnet lenders. PPC will retain both an ordinary equity and preferred equity interest in PPC Barnet.

The structured sales process for PPC Lime continues to make good progress, with shortlisted parties having completed due diligence and binding offers expected to be received by early April 2021. PPC will assess these offers in the context of shareholder value creation and targets entering into definitive sale agreements by the end of May 2021, should any of the offers be acceptable.

In terms of the undertakings provided to its South African lenders, and subject to the resolution of its DRC exposures, PPC committed in August 2020 to an equity capital raise of not less than R750 million by 31 March 2021 in order to de-gear its South African balance sheet. PPC is pleased to advise that its South African lenders have agreed to defer the timing of the capital raise by six months and to review the need for the capital raise should the South African businesses continue to de-gear towards a sustainable debt metric of c.2x EBITDA.

"The Group has experienced the positive impact of improved cement sales, cost reduction measures, enhanced working capital management and cash preservation measures implemented over the 11 months to February 2021. Double-digit period-on-period growth was experienced in cement sales from July 2020 to February 2021 despite new COVID-19 restrictions in certain markets. Our ability to respond to the strong increase in demand following the easing of lockdown restrictions at the beginning of the 2021 financial year, has resulted in a significant improvement in the Group's financial performance," explained van Wijnen.

South African debt has reduced from R1.92 billion at 31 March 2020 to R1.64 billion at the end of February 2021 and Group free cash flow for the 11 months ended February 2021 is between 90% to 95% higher than the previous comparable period. Given the improved financial performance and reduction in gearing levels, the Group is in good standing with its lenders, with sufficient headroom in existing facilities to meet its operational requirements.

PPC Group revenue increased by 7% period-on-period for the eleven months ended February 2021 and 14% for the five months ended February 2021. This was driven primarily by strong cement demand in South Africa which mainly originated from the retail sector and was particularly robust in the rural and informal markets. Group EBITDA increased by 25% to 30% period-on-period for the eleven months ended February 2021 and 45% to 50% period-on-period for the five months ended February 2021, benefiting from increased cement sales and stringent cost control.

"We are experiencing positive momentum across most of our markets and while we remain cautious on the outlook for cement demand given the prevailing uncertainties around the COVID-19 pandemic and its resultant impact on economic activity, we hope to continue in this stead. To support further growth of the sector and the economy, we look to the authorities in South Africa to take the necessary action to level the playing field and put in place mechanisms that will prioritise the use of local cement for government-funded infrastructure projects, " remarked van Wijnen.

South African cement imports rebounded strongly after easing of the lockdown restrictions and PPC estimates that they were in line with the prior year at 1.2 million tonnes, accounting for 8% of demand for the twelve months ended December 2020. Cement imports remain a threat to the sustainability of the local industry and together with The Concrete Institute and other industry players, PPC has applied to the relevant authorities for relief against this unfair competition. The authorities have confirmed receipt of all the required information for the application process and are yet to announce a decision on whether to launch an investigation. The presence of non-conforming cement in South Africa remains a major threat to consumers too and PPC continues to educate retailers and customers about the risks of using such products.

South African cement producers have also engaged the relevant authorities to have locally produced cement classified as a designated product. The designation will make it compulsory for locally produced cement to be used in government-funded construction projects and will prohibit the use of imported cement in such projects. Upon implementation, the local cement industry is expected to benefit from increased demand once the Government's infrastructure build programme gathers momentum.

"The team's successful efforts to date demonstrate our commitment to deliver against our communicated strategy and timelines. We are well on our way to improving the Group's competitiveness and repositioning PPC on a sound financial footing. Looking ahead we remain focused on improving cost competitiveness further through cost management initiatives and cash management. We are committed to take the necessary measures to ensure that we can continue to serve our customers, protect our employees, and implement strategic initiatives to ensure financial sustainability through all demand cycles for the benefit of all stakeholders," concluded Wijnen.

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About PPC Ltd

PPC is an iconic material and solutions provider of quality and consistent cement, aggregates, metallurgical-grade lime, burnt dolomite, limestone, readymix and fly ash. We also provide technical support to our customers. PPC's story stretches back over 128 years to where we were first incorporated on the outskirts of Pretoria in 1892. As the first cement plant in South Africa, we have established ourselves as a resilient organisation by adapting to ever-changing economic, operating and political environments. We are 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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