

PPC Ltd  
(Incorporated in the Republic of South Africa)  
(Company registration number 1892/000667/06)  
JSE ISIN: ZAE000170049  
JSE code: PPC ZSE code: PPC  
("PPC" or "Company" or "Group")

**OPERATING UPDATE FOR THE TWELVE MONTHS ENDING 31 MARCH 2022 AND CHANGES TO BOARD COMMITTEE**

**OPERATING UPDATE FOR THE TWELVE MONTHS ENDING 31 MARCH 2022**

**GROUP PERFORMANCE**

PPC expects total Group cement sales volumes for the twelve months ending 31 March 2022 to increase by 4%-8% year-on-year, with double-digit volume growth in Zimbabwe and Rwanda. South Africa and Botswana cement experienced low single digit growth in cement sales as volumes normalised from a high base. Relative to the twelve months ended 31 March 2020 (Pre-COVID-19), Group cement sales are expected to increase by 11%-15%. The Group's materials businesses also experienced a recovery in demand with year-on-year growth in sales volumes.

**SOUTH AFRICA & BOTSWANA CEMENT**

PPC expects cement sales volumes in South Africa & Botswana to increase by 0%-3% year-on-year for the twelve months ending 31 March 2022. The prior comparable period benefited from strong retail demand due to increased expenditure on home improvements. Relative to the twelve months ended 31 March 2020 (Pre-COVID-19), cement sales in South Africa & Botswana are expected to increase by 5%-9%.

PPC South Africa and Botswana cement sales continue to benefit from demand growth in the rural and informal markets, albeit at a "normalised" rate following the post COVID-19 lockdown spike in demand. Industrial construction activity in the inland area shows pockets of demand growth from the construction of distribution centres and the increase in mining activity.

PPC experienced an increase in cement sales in the coastal region with low single-digit year-on-year demand growth supported by a recovery in industrial construction demand. However, despite the improvement in demand, cement sales in the coastal region is still below the twelve months ended 31 March 2020 (Pre-COVID-19).

PPC has yet to experience any meaningful uplift in cement sales from the government's designation related to the use of locally produced cement on government projects. Except for some limited road construction and rehabilitation activity, there have been no large infrastructure projects. PPC is well-positioned to benefit from this potential boost in cement demand once the infrastructure programme gathers momentum. PPC can immediately make additional capacity available to capture an upswing in demand. PPC implemented price increases to offset input cost inflation with realised selling prices

increasing by 4%-7% year-on-year for the twelve months ending 31 March 2022.

Cement imports, mainly from Vietnam, increased by 11% year-on-year and currently exceeds pre-COVID-19 levels. PPC estimates that imports account for approximately 10% of RSA cement sales. In conjunction with the industry, PPC continues to engage with the relevant authorities for relief against unfair competition from imports, which threatens the financial sustainability of a vital component of the manufacturing and construction sector and erodes the industry's ability to maintain jobs.

## **MATERIALS**

The readymix and aggregates businesses continue to experience a recovery in demand supported by a pick-up in construction activity in the regions in which they operate. For the twelve months ending 31 March 2022, PPC expects readymix volumes to increase by 5%-10% year-on-year, while aggregates volumes are expected to increase by 10%-14% year-on-year. Fly ash sales volumes are expected to decrease by 14%-18% due to an unusually strong performance in the prior year due to lack of slag in the market. Overall, revenues for the materials division are expected to increase due to the increase in sales of readymix and aggregates.

## **ZIMBABWE**

PPC Zimbabwe continues to trade well and ahead of expectations. For the twelve months ending 31 March 2022, PPC Zimbabwe's cement sales volumes are expected to increase by 21%-25% year-on-year, benefiting from retail demand, increased sales to concrete product manufacturers, and support from Government-funded projects. Relative to the comparable period ended 31 March 2020 (Pre-COVID-19), cement sales volumes are expected to increase by 33%-36%.

## **RWANDA**

CIMERWA experienced an upswing in cement sales in the last six months following the initiation of anticipated projects such as the construction of a new airport. For the twelve months ending 31 March 2022, CIMERWA expects cement sales volumes to increase by 18%-20% year-on-year due to cement demand for critical infrastructure and housing projects to realise an urbanisation target of 34% by 2024. Relative to the comparable period ended 31 March 2020 (Pre-COVID-19), cement sales volumes are expected to increase by 26%-30%.

## **LIQUIDITY & CASH FLOW**

South Africa gross debt declined to R1.2 billion at 28 February 2022 (30 September 2021: R1.7 billion) due to a continued focus on cash generation and the proceeds from the sale of PPC Lime, and the Botswana aggregates business.

## **OUTLOOK**

PPC is well-positioned to benefit from growing cement demand in the territories it operates. The Group remains focused on improving operational efficiencies to ensure financial sustainability through all demand cycles.

## **PPC CAPITAL MARKETS DAY**

PPC is hosting a Capital Markets Day today at 10h00 (SA time) at the Vineyard Hotel in Cape Town. The event will be broadcast live via a webcast with live Q & A sessions. Further details can be accessed at the following links:

Investor presentation:

<https://www.ppc.africa/investors-relations/reports/?t=presentations-allocate>

Webcast:

<https://presentations.corpcam.com/RegistrationPage.aspx?id=PPC23032022>

## **CHANGES TO BOARD COMMITTEE**

In compliance with paragraph 3.59 of the JSE Listings Requirements, PPC wishes to advise its shareholders of the renaming of the Investment Committee to the Strategy and Investment Committee and the appointment of Mr R van Wijnen as a member of the Strategy and Investment Committee.

The composition of the Strategy and Investment Committee will now be as follows:

Mr C Naude

Mr A Ball

Mr B Moltke Hansen

Ms K Maphisa

Mr M Thompson

Mr R van Wijnen

Sandton

23 March 2022

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