



Unaudited interim results

for the half-year ended 31 March 2011

Paul Stuiver - CEO
17 May 2011

1. Context
2. Financial overview
3. Divisional overview
4. Update on strategic projects
5. Response to investor comments
6. Outlook

Questions



❖ For the six months from October 2010 to March 2011

- SA industry cement demand declined by a further 4%
- Rate of decline has slowed
- Very competitive pricing environment
- Strong local currency
- Input-cost inflation

❖ Key Events

- Cost-cutting initiatives
 - ✓ Operational costs & logistics
 - ✓ Capital expenditure
 - ✓ Head office overheads
- Commenced Phase1 of Western Cape modernisation project (R280million)
- Product enhancement, marketing campaign, improved customer recognition
- Enhanced BEE credentials – achieved level 2, Top10 company nationally*

* FM/Empowerdex 2011 Top Empowerment Companies Survey

F2011 – H1 Financial overview

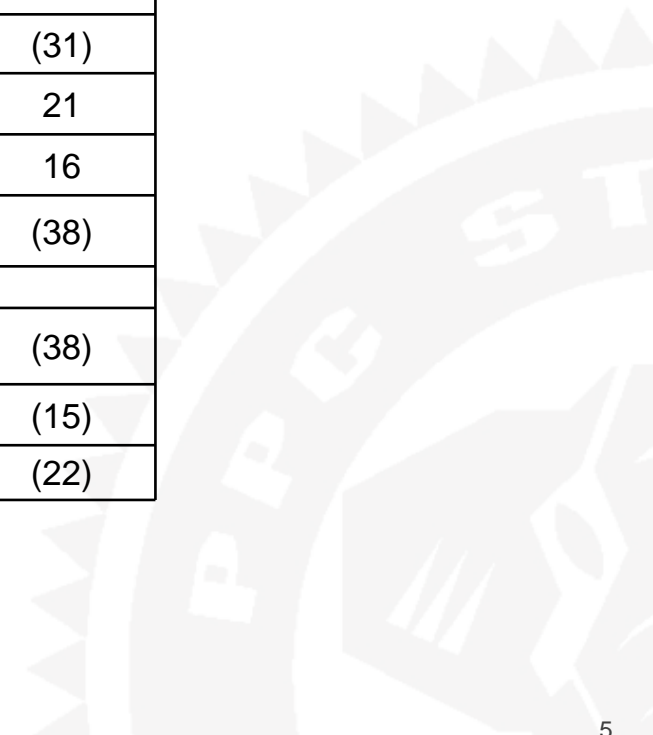
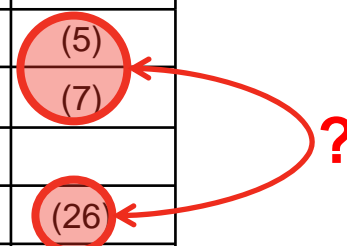


❖ Revenue	R3.26bn	↓	-5%	[R3.42bn]
❖ Group EBITDA	R1.04bn	↓	-20%	[R1.30bn]
❖ Group EBITDA margin	31.8%	↓		[37.9%]
❖ Cash generated from ops.	R0.90bn	↓	-18%	[R1.10bn]
❖ Operating profit	R0.82bn	↓	-26%	[R1.12bn]
❖ Headline earnings per share	71.8 cps	↓	-38%	[115 cps]
❖ Interim dividend	35 cps	↓	-22%	[45 cps]

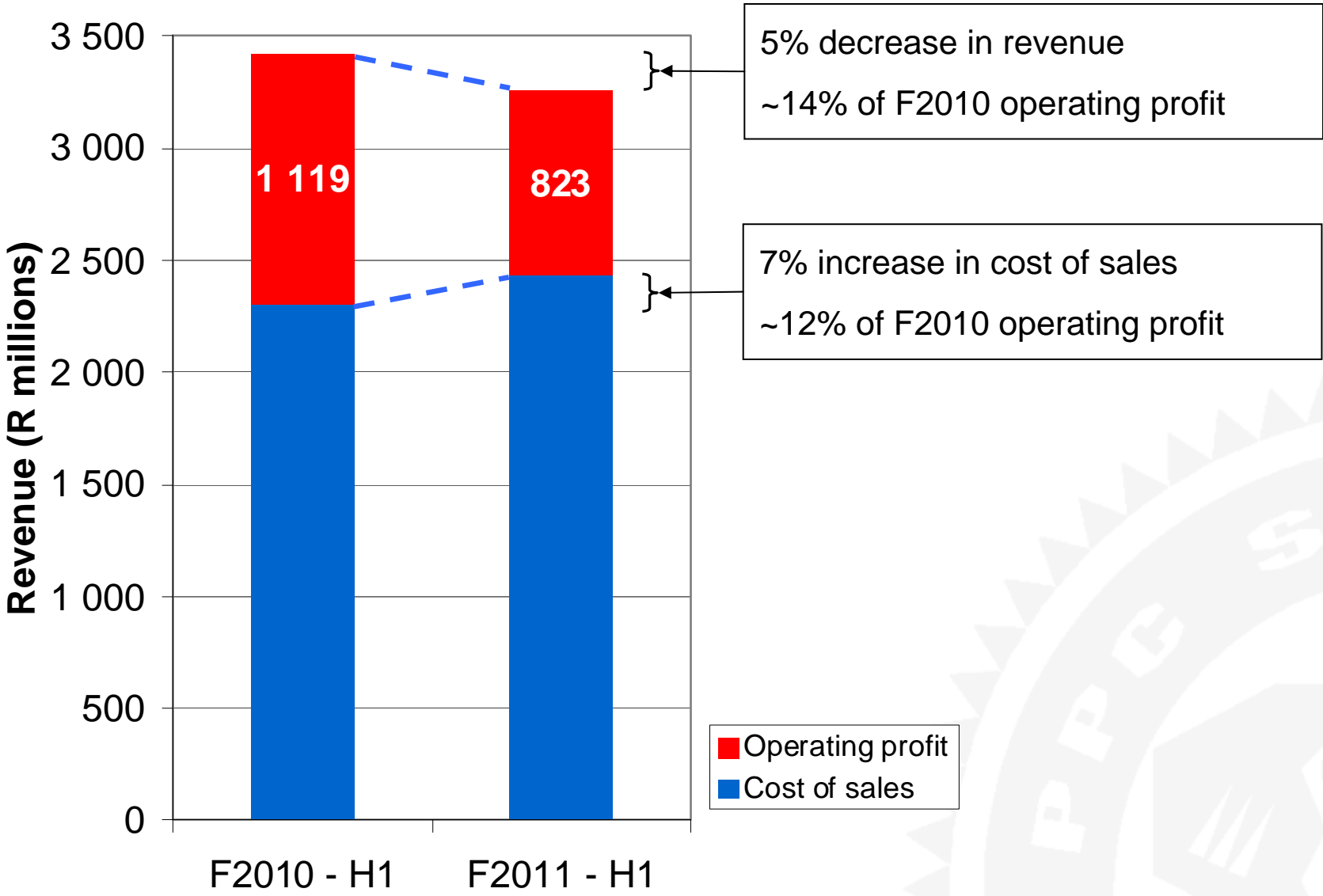
F2011 – H1 Summary income statement



	2011 R million	2010 R million	% Change
Revenue	3 257	3 421	(5)
Cost of sales	2 120	1 989	(7)
Admin and overhead expenses	314	313	
Operating profit	823	1 119	(26)
Net finance costs	170	164	(4)
Associates' profit	7	3	
Profit before taxation	660	958	(31)
Normal tax	208	264	21
STC	74	88	16
Profit for the period	378	606	(38)
HEPS (cents)	71.8	115.0	(38)
CASH EARNINGS PER SHARE (cents)	95.7	112.2	(15)
DIVIDENDS PER SHARE (cents)	35	45	(22)



F2011 – H1 Operating profit “crunch”



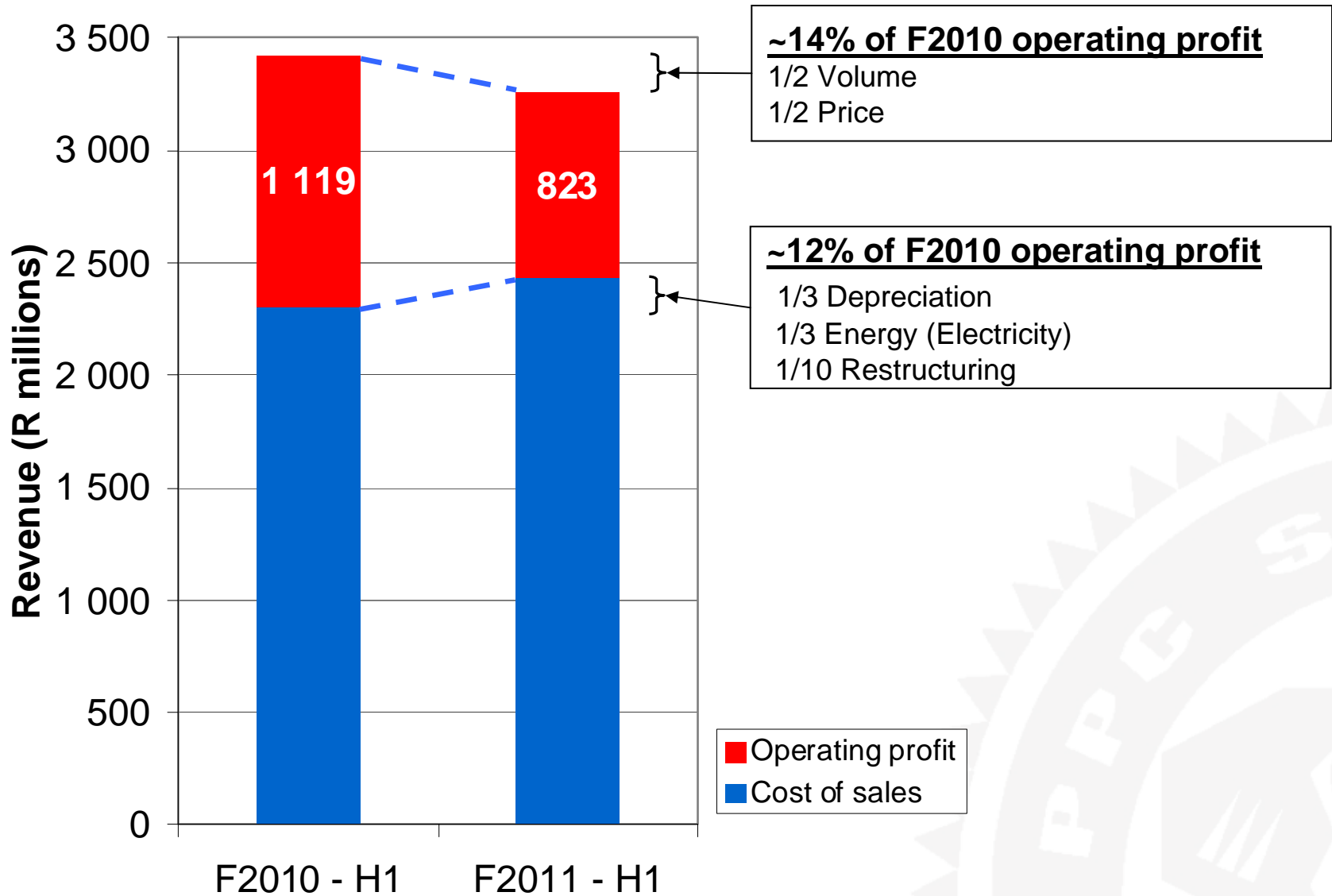
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- 1 Cement volume 7% lower
- 2 Depreciation R38m higher
- 3 Additional restructuring cost R13m
- 4 Capitalised interest R10m lower than in 2011
- 5 Released R19m Zimbabwe Deferred tax provision in 2010

F2011 – H1 Operating profit “crunch”



2011 – H1 Summary balance sheet



	2011 R million	2010 R million
ASSETS		
Non-current assets		
Property, plant and equipment	4 182	4 071
Intangibles	96	71
Other non-current financial assets	204	212
Current assets		
Inventories	660	621
Trade and other receivables	867	889
Cash and cash equivalents	260	221
TOTAL ASSETS	6 269	6 085
EQUITY AND LIABILITIES		
Capital and reserves	552	648
Non-current liabilities		
Long-term borrowings	2 641	2 624
Deferred taxation	635	480
Provisions and other non-current liabilities	394	320
Current liabilities		
Short-term borrowings	1 378	1 348
Trade and other payables	669	665
TOTAL EQUITY AND LIABILITIES	6 269	6 085

6 Mainly the VRM at Hercules plant completed during 2010

7 Mainly re-stocking of Zimbabwe maintenance spares during 2011

8 Includes growing Zimbabwe debtors book during 2011

F2011 – H1 Summary cash flow statement



	2011 R million	2010 R million
Cash flow from operating activities		
Operating cash flows before movement in working capital	1 054	1 268
Net investment in working capital	(157)	(171)
Net finance costs paid	(109)	(99)
Taxation paid	(284)	(407)
Cash available from operations	504	591
Capital investment and other movements	(231)	(334)
Net funding raised	442	539
Net cash flow before dividends paid	715	796
Dividends paid	(695)	(823)
Net cash inflow/(outflow) for the period	20	(27)

Reduced F2011 capex programme
See slide 12

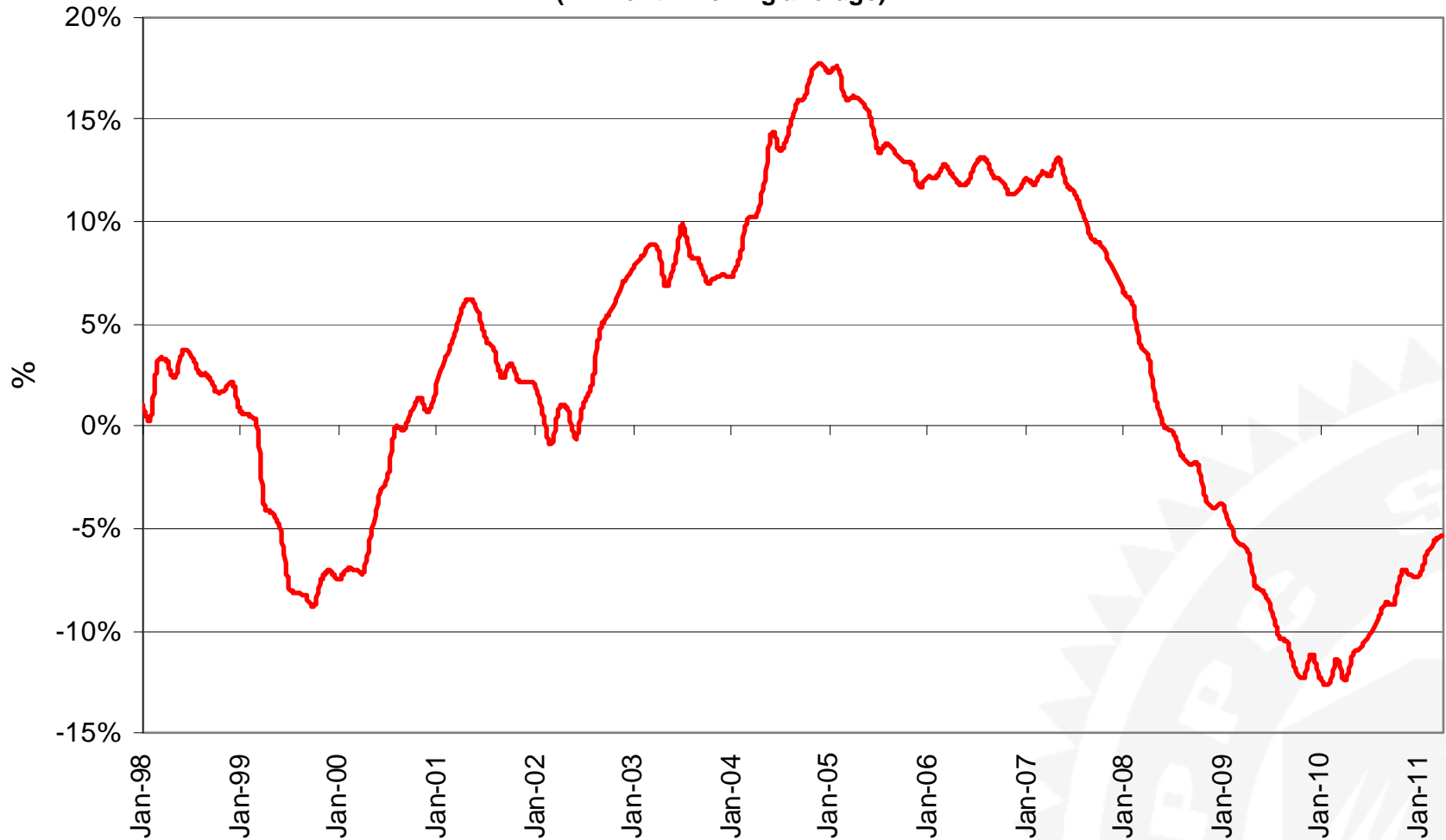
- ❖ Moratorium on new employment (across the group)
- ❖ Concluded voluntary separation packages for head office employees
- ❖ 16% reduction in headcount at head office
- ❖ Cost of voluntary separation packages was R13 million at the half
- ❖ Terminated many consultant and contractor agreements
- ❖ Projected annualised saving of “Admin and overhead expenses”
 - Salaries, consultants and contractors R40 million
 - Other savings in HO overheads R25 million
 - Total R65 million per annum
- ❖ Further cost-saving opportunities are being explored

- ❖ Current gearing remains conservative
- ❖ Dividend policy is annual dividend cover of 1.2 to 1.5 times

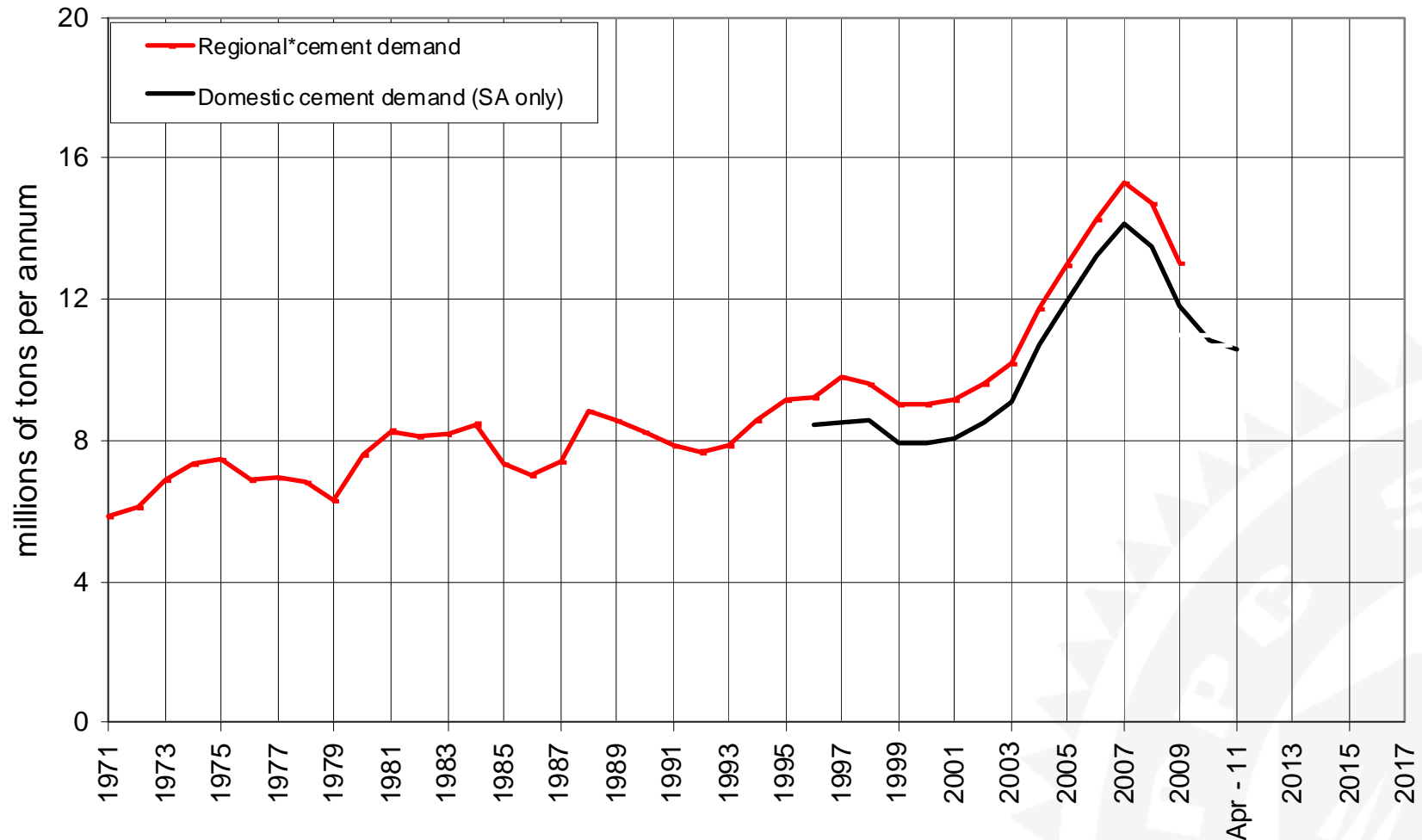
- ❖ Capital expenditure
 - F2011 programme once again reviewed
 - F2011 programme now R480m (previously R600m)

<i>Revised capital expenditure programme</i>	H1 2011 R million	Full year 2011 R million
Expansion projects	47	150
Replacement capex	168	300
PPC Zimbabwe	16	30
Total	231	480

South African industry cement demand YoY movement (12 month moving average)



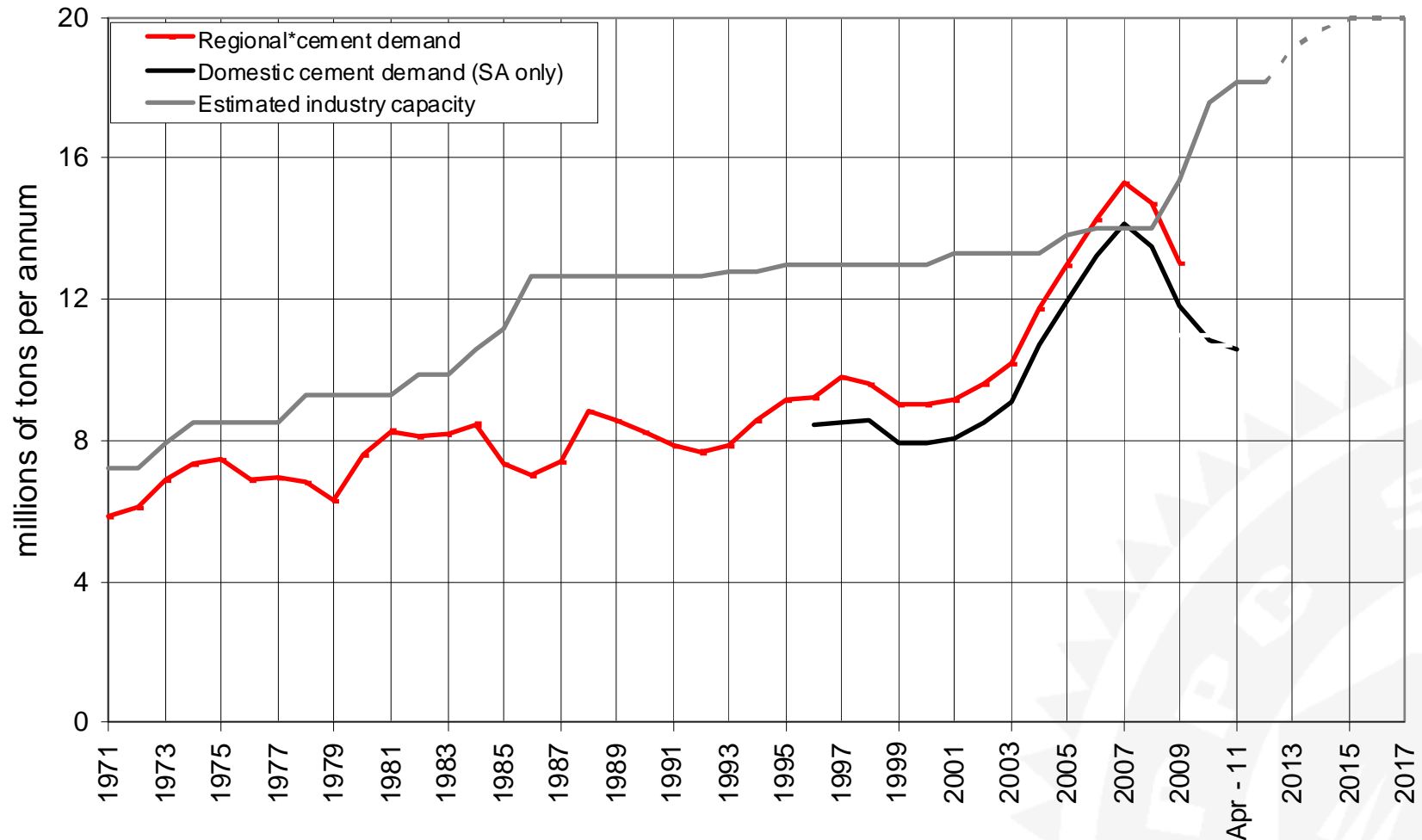
Industry cement demand



* South Africa, Botswana, Namibia, Lesotho and Swaziland (Statistics discontinued in 2009)

Source: CNCI data

Industry cement demand



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Source: CNCI data, PPC estimates

PPC total cement sales down 7% (including Zimbabwe)

❖ SA market

- Eastern and Western Cape remain worst affected
 - Imports into Eastern and Western Cape still small but growing
- Gauteng region excluding construction has levelled off
- Inland region showing signs of growth
- PPC's national market share impacted by Western Cape
- Botswana demand impacted by heavy rain and was flat for H1

❖ PPC Zimbabwe sales increased by 20%. Demand still buoyant

❖ Exports (from SA and Zimbabwe) reduced by 35% due to strong Rand, imports (from Asia) and rail logistics challenges

- ❖ High levels of competitor and customer activity
 - Low demand
 - Excess capacity
 - Low-priced imports
 - Many special deals
- ❖ SA & Botswana price increase of 7% during January 2011 did not “stick”
 - Achieved only 2% on average
- ❖ Have resolved quality differences between products from different factories that will enable some price recovery during H2
- ❖ Zimbabwe achieved 8% price increase during January 2011

Energy cost inflation:

- ❖ Diesel prices increased by 15%
- ❖ Richards Bay coal prices increased by 35%
- ❖ Overall electricity price increased by 27% during April 2010
- ❖ Overall electricity price increased by 25-30% during April 2011
- ❖ Other than depreciation and electricity, manufacturing costs were well controlled

Key cost components for H1 F2011	% Cost of sales (R/t)	% movement (R/t)
Distribution	30	+7
Salaries (R)	15	+7
Depreciation (R)	10	+27
Coal	10	+2
Maintenance	8	+3
Electricity	8	+25
Packaging	5	+6
Other	14	+10

F2011 - H1 Cement margins

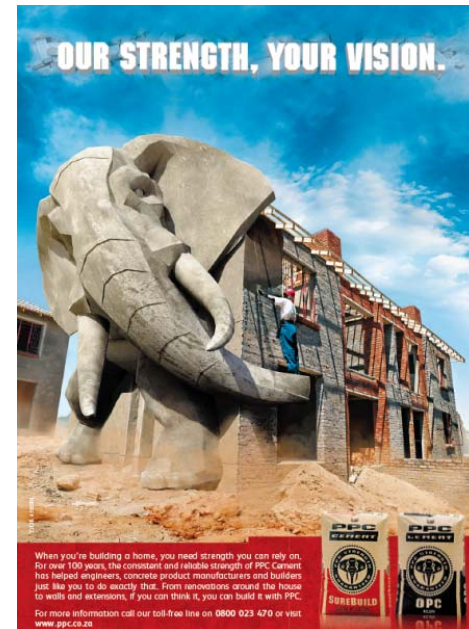


Cement segment only	H1 2011	H2 2010	H1 2010
EBITDA (R million)	946	1 057	1 169
EBITDA margin (%)	33.8	36.9	39.7

- ❖ Continue to co-operate with Competition Commission in terms of the leniency agreement. No news from our perspective

- ❖ Logistics changes, product enhancements and specific customer projects are progress following a thorough strategic review and updated market segmentation exercise
 - For competitive reasons we will only provide more detail once these have been completed

- ❖ Increased marketing drive continues
 - New advertising campaign
 - New competitions
 - Detailed customer surveys
 - More sales staff
 - Watch this space!



❖ Lime

- Volumes down 10% due to lower demand from steel and alloy markets
- EBITDA decreased to R77 million [2010: R95 million]
- EBITDA margin decreased to 21% [2010: 28%]
- Outlook dependant on volume in steel and alloys industries
 - ✔ Steel industry volumes recovered during recent months
 - ✔ Alloys industries still very depressed

❖ Aggregates

- Volumes reduced 20% due to construction industry downturn
- EBITDA decreased 51% to R18 million [2010: R37 million]
- EBITDA margin decreased to 15% [2010: 26%]
- Outlook in Gauteng dependent on construction sector
- More positive outlook in Botswana from road projects

❖ Western Cape modernisation project

- Phase 1 – De Hoek Kiln6 upgrade (R280 million)
 - ✓ Construction has commenced
 - ✓ Completion scheduled for early in 2012 calendar year

- Phase 2 – New Riebeeck Kiln3 (R1 300 million)
 - ✓ EIA progressing according to schedule
 - ✓ Detailed proposals invited from potential suppliers
 - ✓ Construction to commence in mid 2012 calendar year

❖ African expansion

- Focus remains sub-Saharan Africa
- Have distilled opportunities to a few specific targets
 - ✓ Offers/bids have been submitted
 - ✓ In line with strategy articulated November 2011, focussing smaller, lower-risk opportunities

1. Why two trading statements?

- JSE rules “ ... as soon as board is reasonably certain ... more than 20%”
- At half-year: volumes, stock, etc. movements can have significant impact

2. PPC’s ability to respond to challenging market conditions

- We focus on what we can manage and report after it is done.
- Price, quality, service, logistics, head count and efficiencies
- No surprises. We know what we have to do and are getting on with it

3. More detail on African strategy

- Cannot compromise agreed confidentiality
- Up against much larger and aggressive international competitors

4. Funding/dividend policy vs. capex/expansion requirements

- We will not compromise long-term sustainability
- From what we know today, we still have adequate financing capacity

- ❖ Markets still uncertain and difficult to predict
 - Month-to-month comparisons turning positive, but trend suggests that overall volumes for 2011 could be similar to 2010
 - New entrants will not impact before our 2014 financial year

- ❖ Our challenge is to manage the margin “crunch”....
 - Price (quality, service)
 - Operating efficiencies
 - Overhead expenses

- ❖whilst delivering on key strategic projects
 - Inside and outside South Africa

Questions?



Street pole posters for current competition

Paul Stuiver

Chief Executive Officer

Peter Esterhuysen

Chief Financial Officer

Salim Abdul Kader

Managing Director: Cement

Kevin Odendaal

Investor Relations

Tel. +27 11 386 9000

www.ppc.co.za



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