



Investor update

22 February 2011

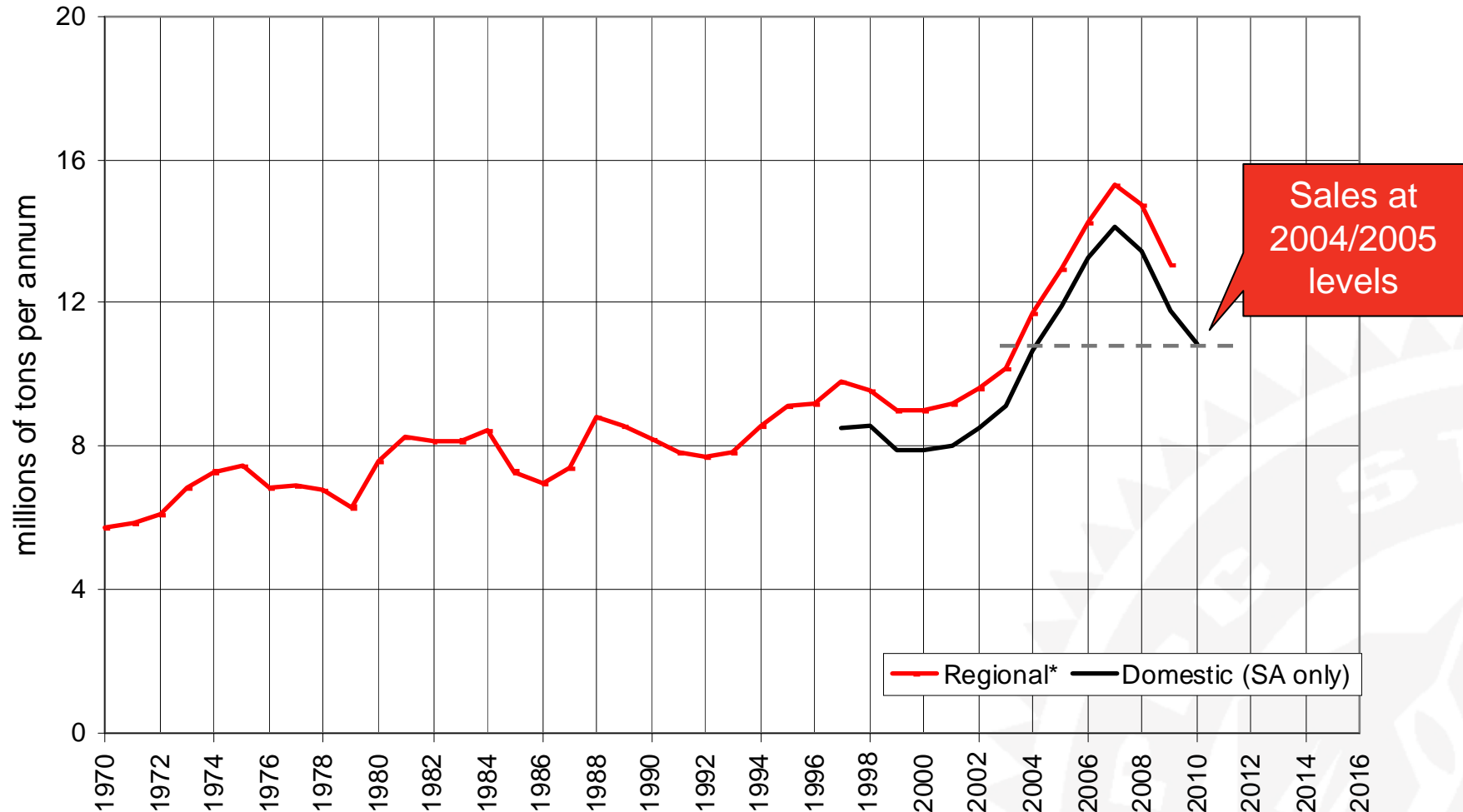


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1. South African cement market
2. PPC's response to current conditions
3. PPC's current focus
4. Lime, Aggregates and Zimbabwe
5. Conclusion

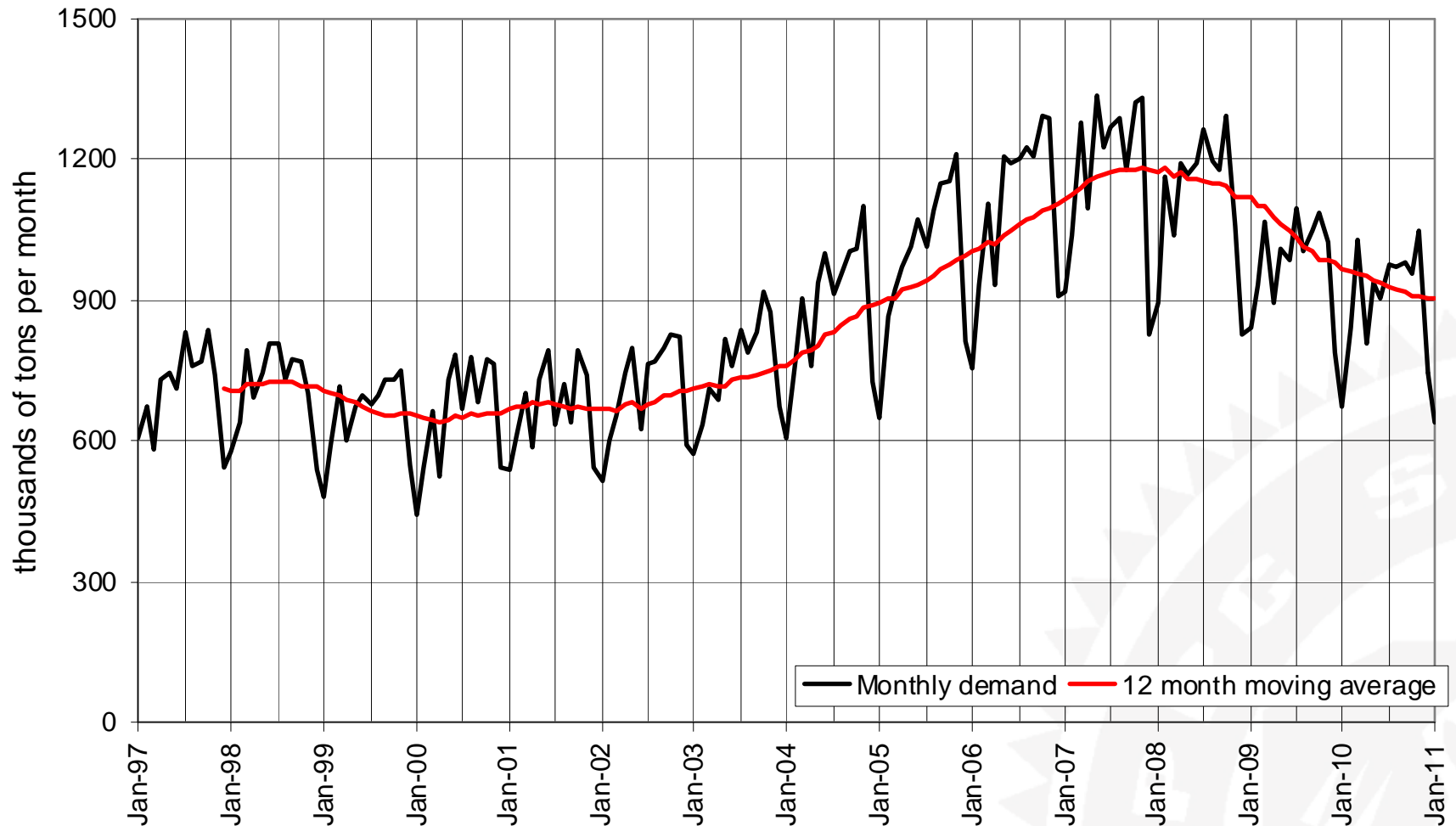


Industry cement demand



*South Africa, Botswana, Namibia, Lesotho and Swaziland

South African domestic cement demand



❖ Demand looks like 2005 but the market feels like 2000

Extracts from PPC's 2000 annual report:

- 3 years of decline in sales and uncertain about a fourth
- Similar capacity utilisation rates
- Reduced interest rates not having desired affect on residential building
- Residential building plans in a trough
- GFCF below 20% of GDP again
- Government fixed investment slowing
- Optimistic that backlog in fixed investment will aid volume recovery

- ❖ Cannot control macro-economic factors driving cement demand

- ❖ Focus on what we can control and manage:
 - Selling prices / market share
 - Operating cost and overheads
 - Working capital
 - Capex
 - Strategic projects



❖ Selling prices / market share

- Market share lower than during peak demand
- Partly due to more severe downturn in the Western Cape region
- January 2011 price increases achieved but not at desired level

❖ Operating cost and overheads

- All obvious operational savings have been extracted
- Increased focus on mining operations
- Concern over rising coal, electricity and liquid fuel prices
- Clamp-down on overheads, other than advertising & strategic projects

❖ Working capital

- Historical focus on inventory and creditor/debtor management continues
- Bad debts increasing but not yet significant

❖ Capex

- Postponing where possible and sensible
- Updated capex forecast will be presented as part of H1 results

❖ Strategic projects

- Western Cape modernisation plan continues
 - ✔ New Environmental Impact Assessment process has commenced
 - ✔ Our project team still exploring different approaches to equipment configuration/selection and project management to reduce capex further

- Sub-Saharan Africa
 - ✔ List of original opportunities thoroughly reviewed
 - ✔ A number of value-adding projects shortlisted and in progress

❖ Lime

- Unexpectedly and mainly as a result of operational problems in the local steel industry, demand reduced compared to the same period during the 2010 financial year.

❖ Aggregates

- Gauteng – Reduced demand in line with severe contraction in the local construction industry
- Botswana – Demand supported by infrastructure (road) projects

❖ Zimbabwe

- Demand growth beginning to plateau as expected
- Upgraded kiln & cooler reaching acceptable performance
- Rising input-cost inflation a concern
 - ▼ – e.g. electricity increase 40% (in US\$)

- ❖ Volumes still declining
- ❖ Management focus on efficiency, cash and strategic projects
 - But increasingly more difficult to compensate for lower volumes through cost savings and efficiency improvements
- ❖ Our objective remains to emerge from this severe industry downturn with:
 - Optimum market share
 - Cash generation to support capex requirements and existing dividend policy
 - Healthy balance sheet
 - Having made significant progress on strategic projects

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