



MEDIA RELEASE

PPC SIGNS MEMORANDUM OF AGREEMENT FOR A NEW R3 BILLION BEST-IN-CLASS INTEGRATED CEMENT PLANT IN THE WESTERN CAPE

“South Africa’s cement industry is undergoing rapid change, and we are working on building a stronger and more efficient PPC to entrench our leadership position in the industry. Investing in this state-of-the-art technology is a key pillar of our “Awaken the Giant” strategy to be able to supply our customers with lower-carbon cement at a more competitive cost, and to deliver value to shareholders”

Matias Cardarelli, PPC CEO

Salient points:

- PPC to construct a new R3 billion state-of-the-art integrated cement plant in the Western Cape
- This first-of-its-kind plant in South Africa will result in substantial cost reductions
- It will leverage PPC’s competitive position in the market as a result of innovative energy efficiency, reduced coal consumption and lower emissions per ton of cement
- The new plant is expected to be completed within the next two years and consolidates the partnership between PPC and Sinoma Overseas
- PPC believes that the new plant can be funded from debt facilities

Johannesburg, 16 January 2025: The leading Southern African supplier of cement and related products, PPC Ltd (PPC), has signed a memorandum of agreement with Sinoma Overseas Development Company Ltd (Sinoma) for the construction of a new R3 billion state-of-the-art integrated cement plant in the Western Cape.

PPC and Sinoma, the leading cement equipment and engineering company in the world, entered into a strategic co-operation agreement in July 2024 to collaborate with each other to identify new projects and opportunities to improve efficiencies at PPC’s operations.

The 1,5 million tons of cement per annum plant, which will replace and increase existing capacity, is planned to be constructed at one of PPC’s current sites. The new plant will be equipped with the latest

technology, including a fully dedicated solar generation system, and will enable PPC to supply the lowest-carbon cement in the country. Overall, the technology will result in substantial improvements in energy efficiency, reduced coal consumption and lower emissions per ton of cement produced.

This will contribute to meaningfully lowering production costs, thereby making PPC significantly more competitive and profitable.

PPC CEO, Matias Cardarelli, said, “South Africa’s changing cement market dynamic urgently requires modern and cost-efficient assets, and environmentally conscious producers. At the heart of our “Awaken the Giant” turnaround strategy is the active pursuit of strategic opportunities and projects to ensure that we are successful in a more competitive future market context. With this new and most advanced energy and environmentally efficient plant in the country, we will be able to supply our customers with lower-carbon cement at a more competitive cost. It represents a major step in the sustainability of our business moving forward and will play a key role in achieving PPC’s commitment to reduce its carbon emissions and to deliver value to shareholders.”

While the feasibility studies for the plant have reached an advanced stage, over the next three months the parties will finalise the scope and final assessment of the new plant, as well as the associated turn-key engineer, procure and construct (“EPC”) agreements.

Subject to PPC’s board approval, it is anticipated that the construction of the new plant will start in the second quarter of 2025 and will be commissioned by the end of calendar year 2026. The existing plants in the Western Cape will continue to operate during the construction and commissioning process, thereby providing funding support and a smooth transition.

Based on analyses done to date, management is of the view that the new plant robustly meets all PPC’s capital allocation criteria. The funding structure is being finalised, but management believes that it can fund the new plant from debt facilities within its current two times net debt to EBITDA covenant. This is assisted by cash that will be generated by the existing operations during construction and a milestone payment structure agreed in principle with Sinoma.

Matias Cardarelli concluded, “By substituting existing capacity with a more efficient, environmentally friendly and larger plant, we are securing PPC’s competitiveness in a key market, by delivering to our customers the best value proposition in the region. This will better position PPC for sustained profitability for decades to come and will ensure the group’s long-term future. It also represents commitment and support of the national objective of economic growth and infrastructure development. The pursuit of this investment demonstrates the continued confidence in South Africa by the PPC board and management.”

The Sinoma partnership continues to focus on other value enhancing initiatives across all PPC’s plants and regions.

ends

Note to editors

Photo caption: PPC and Sinoma Overseas sign agreement for new R3 billion state-of-the-art cement plant. Left: Mr Linhe Zhu (Chairman, Sinoma Overseas) and, right, Mr Matias Cardarelli (CEO, PPC).

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. Follow PPC on LinkedIn PPC Africa, on X @PPC_Africa, like us on www.facebook.com/PPC.Cement and visit us at www.ppc.africa.

Issued by Aprio on behalf of PPC

For interview requests and queries please contact:

Michelle Copans 082 743 9962

michelle@aprio.co.za