

Annual Results 2016

November 2016



Forward looking statements



We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions in such forward-looking statements are discussed in each year’s annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All income forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

2016 results overview

Group revenue up 11%

Group trading profit up 4%, Glass contributes R105 million

Rest of Africa trading profit up 12%, now 52% of group trading profit

R1.7 billion raised through sale and leaseback

Net gearing down to 49% (2015: 72%)

R681 million abnormal foreign exchange loss: 58% naira and 23% kwanza devaluation

EPS up 11%

HEPS down 48%: abnormal forex losses, higher interest costs and higher effective tax rate



Safety improved LTIFR reduced to 0.48 (2015: 0.91) – operations excellence delivering

Glass turned around, a swing of R186 million – good base for further improvements

Operation efficiencies improved – divisional trading margin improved from 9.8% to 10.5%

Volume gains from new contracts at DivFood, Bevcan Nigeria, Bevcan Angola

Bevcan recapitalisation programme complete – Rosslyn L2 ramp-up as expected

DivFood business improvement delivers bottom line contribution – Phase 1 completed on budget and on schedule

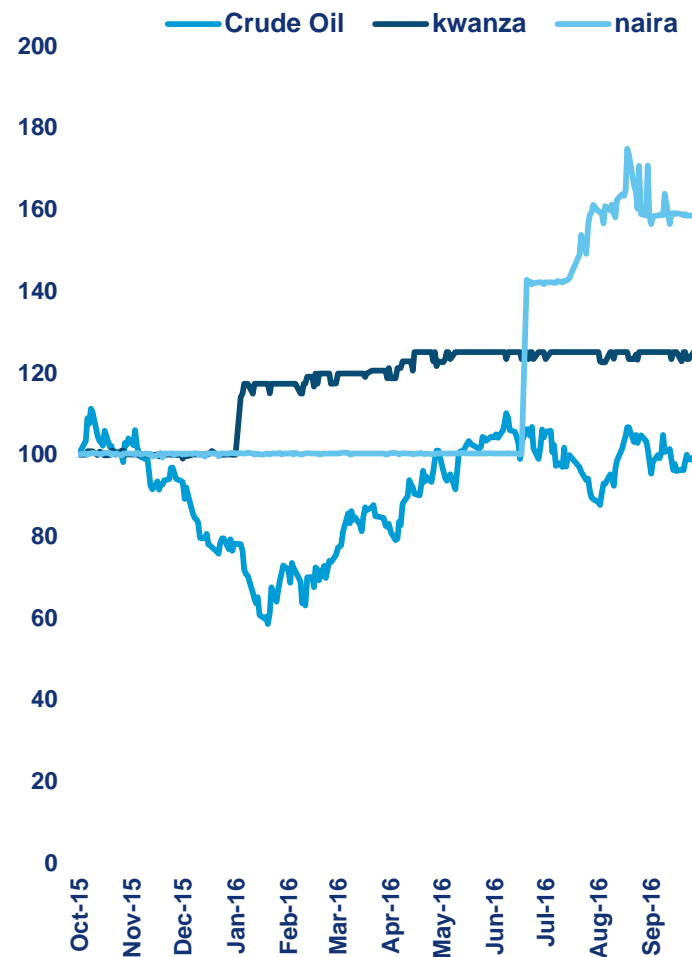
Balance sheet significantly strengthened – covenant risk well managed

Nigeria and Angola – cash extraction rate at 77% and R1 billion hedged

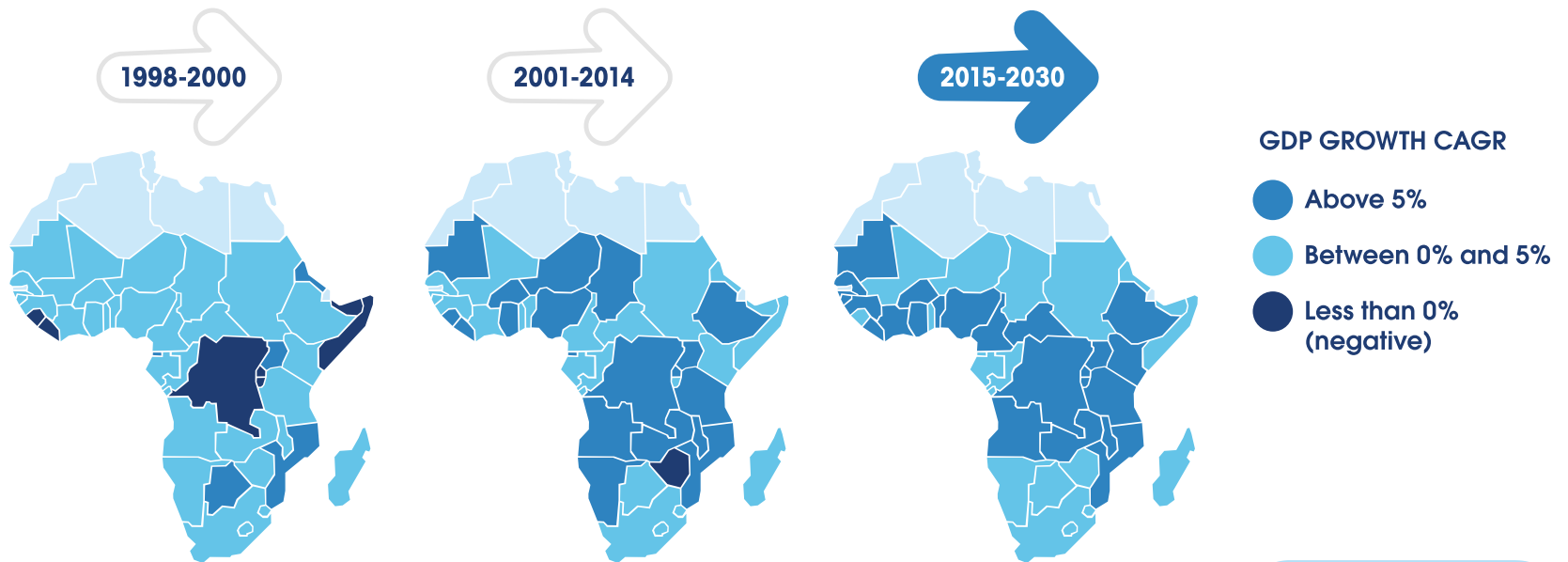
R126 million delivered through the Buy Better programme

Plastics Europe turnaround project making good progress

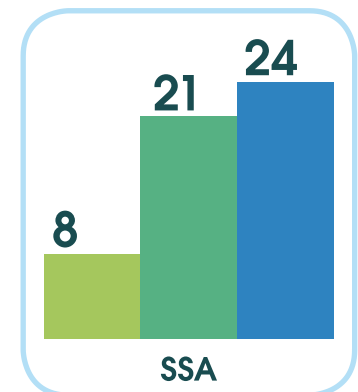
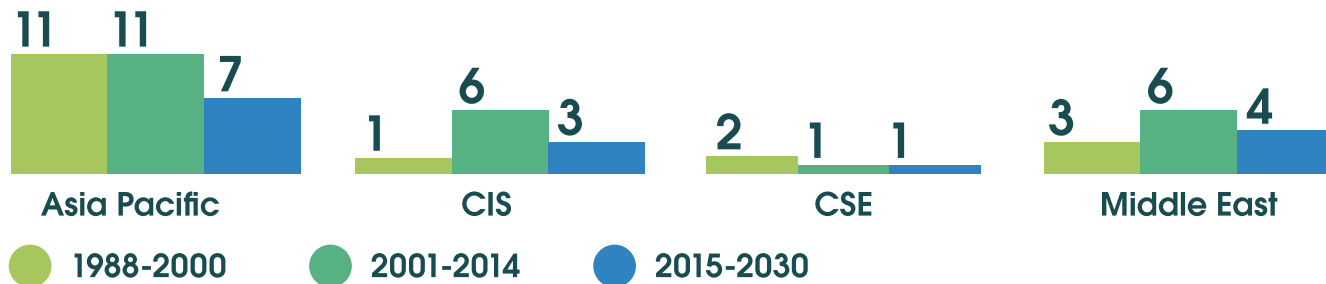
- › Nigeria: Bevcan gains market share, other businesses perform well
- › Angola: Bevcan volume decline offset by new customer
- › Operations adequately funded
 - » raw material through Isle of Man procurement and treasury
- › Inventory levels successfully managed down
- › 2015 cash extraction better in Nigeria than Angola, 2016 trend reversed
- › 20 June 2016 Nigeria's currency allowed to free float
 - » CBN maintaining some control in the forex market
- › 2016: naira depreciated 58%, kwanza depreciated 23% and oil price more stable
- › In the short term, challenges and uncertainty remain
- › Balancing growth, profitability and risk management crucial
- › Overall long-term investment rationale unchanged
 - » Good market positions and strong customer relationships
 - » Nampak to benefit from long-term demand growth



Rest of Africa a key growth driver in the long term



NUMBER OF ECONOMIES GROWING AT A RATE GREATER THAN 5%



Results favourably impacted by rest of Africa trading

R million	2016	2015	% Δ
Revenue	19 139	17 291	11
Trading profit	1 905	1 840	4
Net abnormal gains/(losses)	258	(159)	>100
Operating profit	2 163	1 681	29
Net finance costs	(486)	(279)	74
Share of loss from associates and joint ventures	–	(3)	
Profit before tax	1 677	1 399	20
Tax (expense)/benefit	(199)	57	
Profit for the year from continuing operations	1 478	1 456	2
Discontinued operations	–	(395)	
Profit for the year	1 478	1 061	39
EPS (cents)	254.5	228.3	11
HEPS (cents)	107.6	208.2	(48)

Group revenue up 11% – Glass turnaround, solid performance by Bevcan Nigeria and other Nigerian businesses, complemented by Plastics

Revenue from the Rest of Africa up 26% – market share gains and some import replacement

Trading profit from Rest of Africa up 12%

Group operating profit up 29% – R1.3 billion capital profit on sale and leaseback

Net finance costs up 74% – higher debt, interest rate increases and reduced capitalised interest

Effective tax rate of 11.9% up from (4.1%)

EPS up 11% – R258 million net abnormal gains, R159 million losses in 2015

HEPS down 48% – R681 million forex losses, increased net finance charges and tax

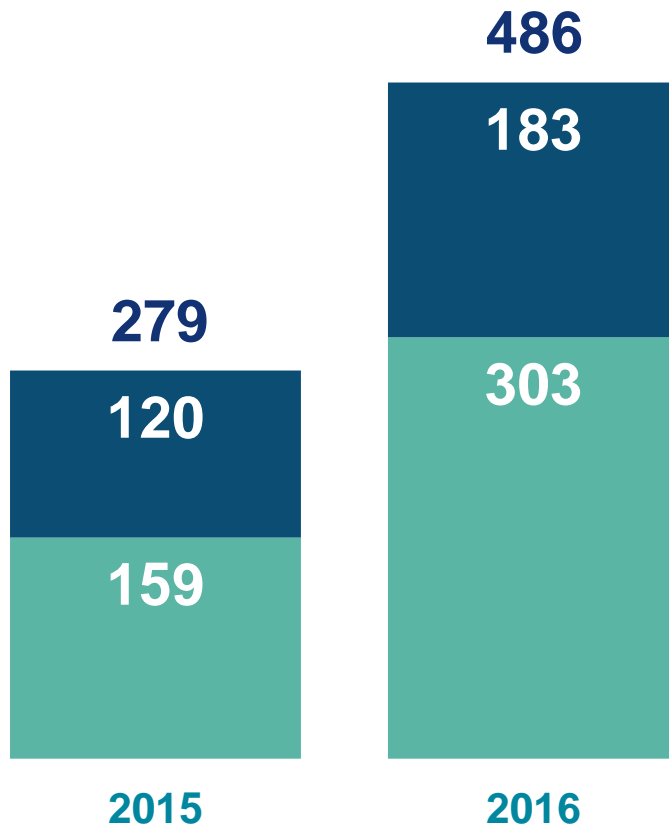
Operating profit and trading profit reconciliation

R million	2016	2015
Trading profit	1 905	1 840
Net abnormal gains/(losses)	258	(159)
Profit on disposal of sale and leaseback properties and other property	1 334	102
Profit on disposal of investments	3	–
Devaluation loss arising from Angolan and Nigerian illiquidity	(681)	(161)
Impairments	(360)	(121)
Retrenchment and restructuring costs	(34)	(77)
Gain on consolidation of Zimbabwe associates	–	124
Other	(4)	(26)
Operating profit	2 163	1 681

- › R1.3 billion capital profit on sale and leaseback transaction – R1.7 billion received, 1 September 2016
- › R681 million forex losses incurred in Nigeria and Angola – currency devaluation and in country USD shortages
- › R278 million impairment relates mainly to Bevcan Angola tinplate line – to be converted to aluminium

Finance costs up impacted by forex and debt restructuring but current ratio improved 50%

R million



■ South Africa ■ Foreign

- › Increased weighted average interest rates
- › On average 23% weaker average USD/ZAR exchange rate
- › Debt maturity profiles extended
 - » Resulting in higher interest costs
 - » Current ratio improved by 50% to 1.5 times
- › Higher borrowings – funding of capital expenditure programme embarked upon in prior years
- › Significantly reduced capitalised interest as projects near completion
 - » 2015: R100 million capitalised interest
 - » 2016: R38 million capitalised interest
- › Sale and leaseback to positively impact interest
 - » R1.7 billion proceeds received on 1 September 2016
 - » Interest saving only for one month in current year
 - » 75% of proceeds to be applied for the reduction of interest bearing debt

R990million (50%) of R2.0 billion cash holdings hedged

- › Active inventory management – raw material procurement by Isle of Man (IOM) reduced by 43%
- › IOM raw material and other services current account up 17%
- › Operations can be sustained for at least 24 months on current facilities
- › 2016 average liquidity ratio 77% of invoices presented for payment up from 59% in 2015
- › USD27 million secured in deliverable forwards in Nigeria with majority maturing in November 2016
- › Regulated repayments:
 - › Capital loans
 - › Interest on loans remittance
 - › Dividend extractions
- › Currency volatility and liquidity constraints expected to remain in the short to medium term
- › Nampak continues to assess and manage the impact on results and performance

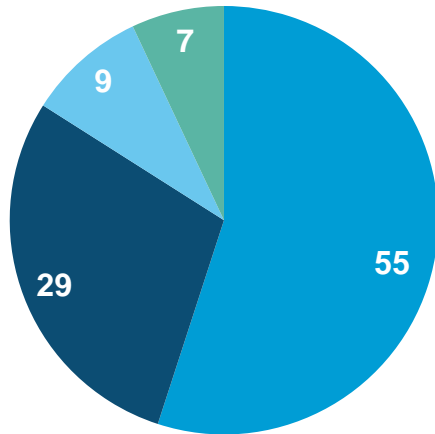
	Angola	Nigeria	Total
30 September 2015			
Restricted cash	R400m	R300m	R700m
Hedging	Zero	Zero	Zero
Cash extraction rate*	31%	91%	61%
30 September 2016			
Restricted cash	R1.0bn	R984m	R2.0bn
Hedging	R614m	R376m	R990m
Net unhedged cash	R386m	R608m	R994m
Cash extraction rate*	95%	57%	77%

* Liquidity ratio of invoices presented for payment in the period.

- › Payment of both interim and full year dividend suspended in line with group's balance sheet restructuring programme
- › Reduction of interest bearing debt and gearing to between 40% – 60%, a key strategic objective
- › Strong cash generation in the Rest of Africa, however, repatriation currently hampered by in-country USD shortages
- › Historic elevated interest bearing debt due to high capex spend, corporate activity and high dividends over the past five years
- › Historic dividend policy of 1.55 times cover with a pay-out ratio of 64.5% of HEPS not sustainable given change in geographic earnings splits and current restricted cash holdings
- › Future dividends will take into account:
 - » cash generated in non-cash restricted countries after net interest paid
 - » replacement capital expenditure requirements
 - » a 40% pay-out ratio
- › Dividend payments expected to resume, if appropriate, in 2017

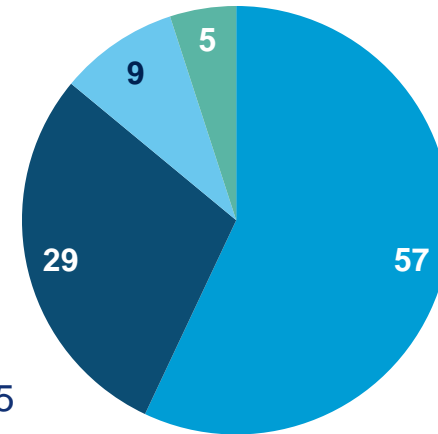
Revenue and trading profit contribution by substrate

REVENUE (%)



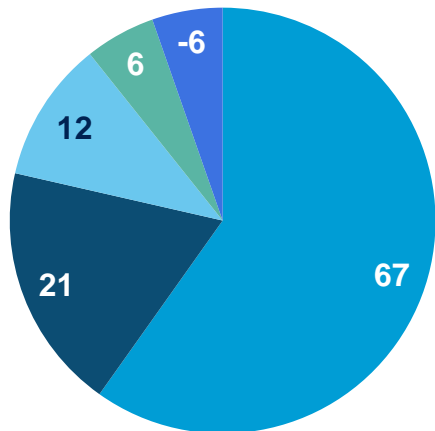
2016

- Metals
- Plastics
- Paper
- Glass



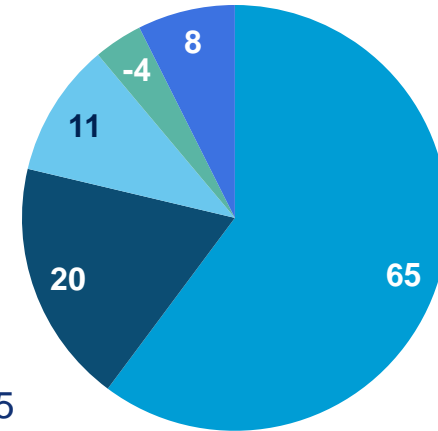
2015

TRADING PROFIT (%)



2016

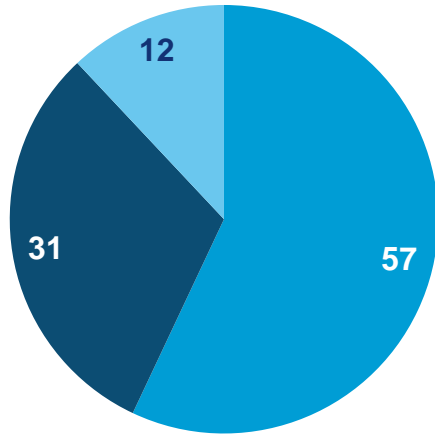
- Metals
- Plastics
- Paper
- Glass
- Corporate



2015

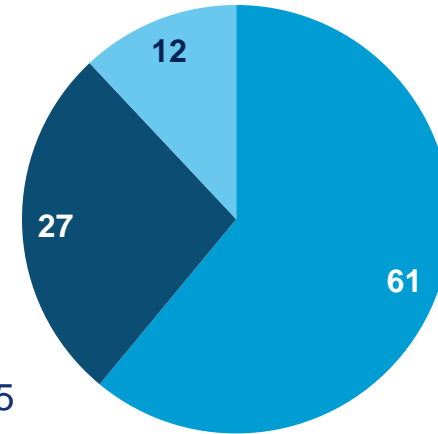
Revenue and trading profit contribution by region

REVENUE (%)



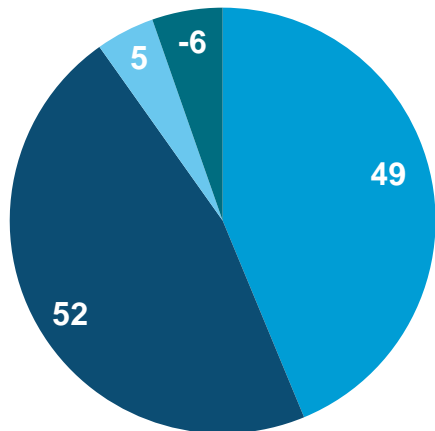
2016

- South Africa
- Rest of Africa
- Europe



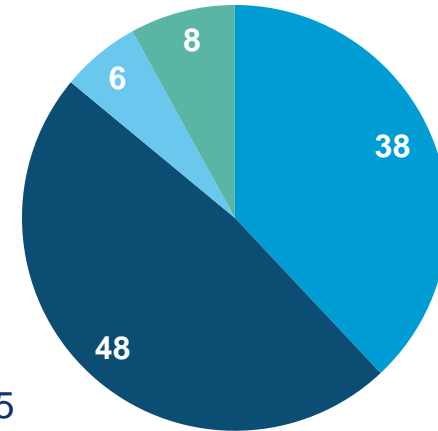
2015

TRADING PROFIT (%)



2016

- South Africa
- Rest of Africa
- Europe
- Corporate Services



2015

- › External macroeconomic challenges in key markets expected to prevail in the short term
 - » Pressure on consumer spending expected to limited volume growth
- › Efficiency gains expected to contribute to performance in challenging and uncertain times
 - » Focus on cost reduction
 - » Focus on improving cash generation through stringent working capital management
 - » Leverage latest-generation plant machinery
 - » Focus on achieving greater plant efficiencies
 - » Focus on making bottles and cans profitably, while leveraging good partnerships
 - » Focus on ensuring risks are adequately managed
- › Policy and political uncertainty remains a key concern and developments will be monitored very closely to minimise impact on performance
- › Nampak remains optimistic about the long-term outlook in the Rest of Africa
- › When macro-economic factors stabilise, Nampak to benefit from long term demand growth
- › The organisation has undergone significant restructuring, most plants operating efficiently and at world class benchmark rates – optimisation continues



Thank you

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