

Nampak Investor Day

25th August 2010



Nampak
packaging excellence

- **Nampak Wiegand Glass**
- **Bevcan**
- **DivFood**
- **Nampak Tissue**
- **Nampak Strategy in Africa**
- **Nampak Group Strategy**

Nampak Wiegand Glass



Nampak Wiegand
Glass

Aerial View of the Plant



Nampak Wiegand
Glass



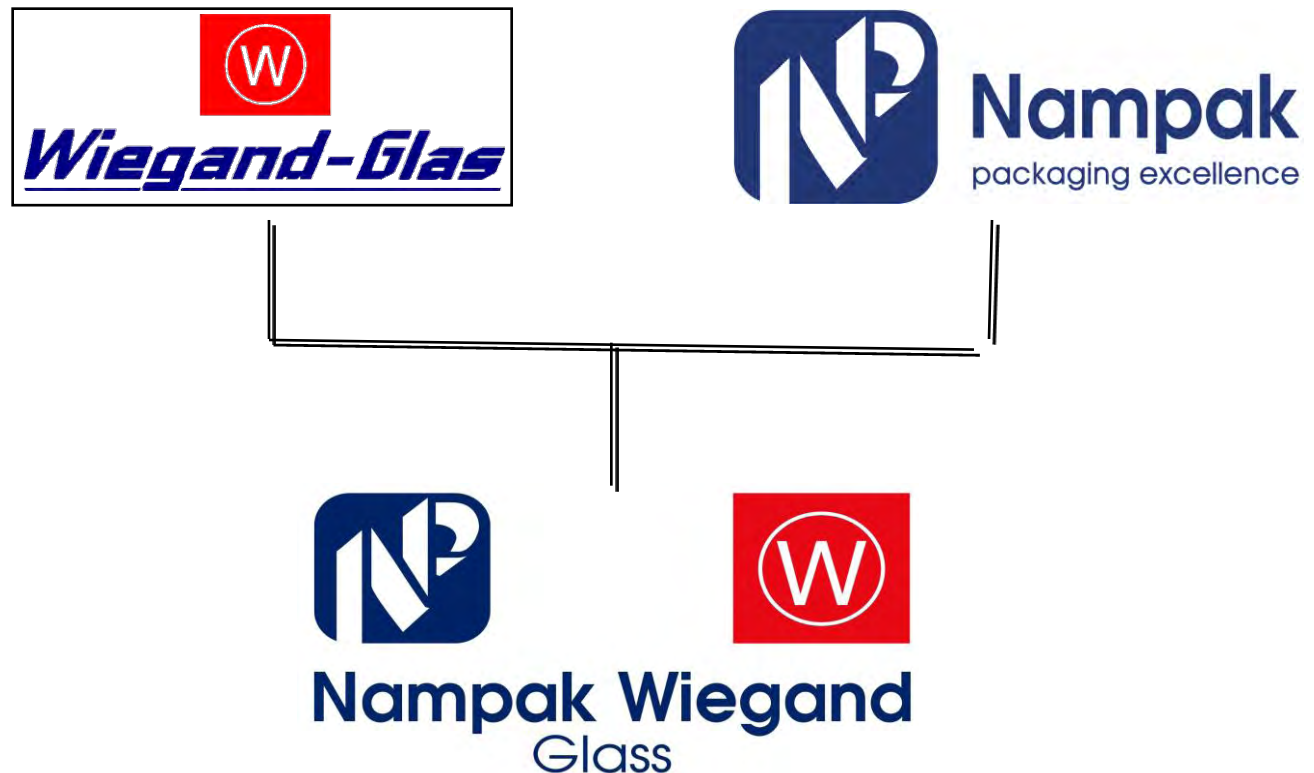
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Nampak Wiegand Glass Overview

- **Single plant operation** **Roodekop (Gauteng)**
- **Two furnaces (F1 & F2)** **Total daily output +/- 630 tons**
- **Total annual output** **+/- 185 000 tons**
- **7 production lines** **F1: 3 lines & F2: 4 lines**
- **Five colours** **Flint, Amber, Emerald Green,
UV Green, Deadleaf Green**
- **No of employees** **251**



Joint Venture Shareholders



Joint venture agreement between Nampak and Wiegand Glas
signed in October 2005

Nampak Wiegand Glass at a Glance



Major Customers



- **SABMiller**
- **Heineken**
- **Namibia Breweries**
- **SABEX**
- **Coca Cola System (ABI/CC Fortune/ Shanduka)**
- **Distell**
- **E Snell**
- **KWV**
- **Douglas Green**
- **Diageo**
- **Tiger Brands**



Products



GOLD

Trophy – Sustainable Packaging



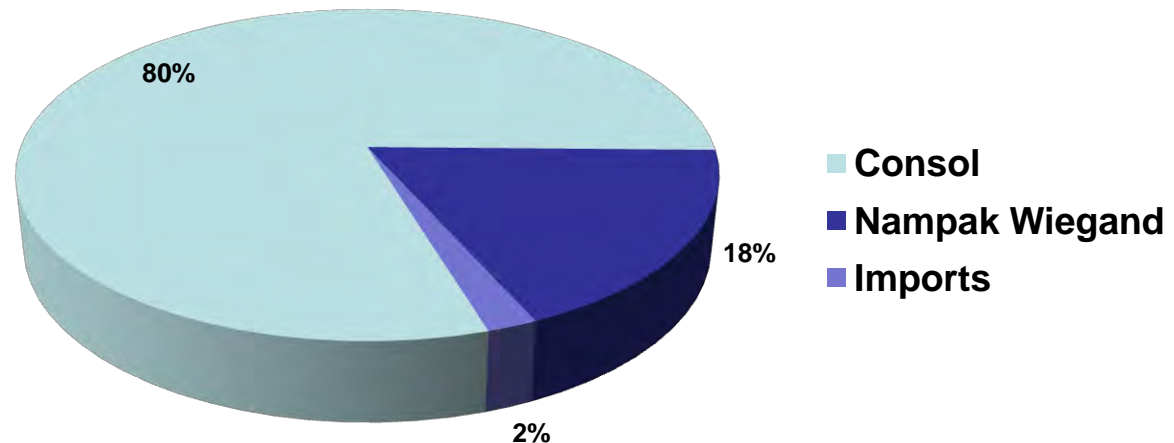
Nampak Wiegand
Glass



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SA market is 1,100,000 tonnes p.a.

SA Market Share



Competitive Advantages

- High barriers to entry
- Only two players in the market – we are the second player
- Improved operational performance – high quality reputation
- New investments delivering value – furnaces, cullet plant etc

- **Competitive Disadvantages**

- Only a two furnace operation
 - Inefficient leverage of colour mix
 - Product range and flexibility compromised



- **Leverage the manufacturing base**
 - **Leverage narrow-neck-press-and-blow technology to manufacture lightweight bottles**
 - **Improve the pack-to-melt performance**
- **Expand capacity in furnace 2 rebuild**
- **3rd furnace investment**



Bevcan

Bevcan Background

- **Manufacture beverage cans for carbonated soft drinks, alcoholic beverages, energy drinks, vegetable and fruit juices.**
- **Our cans have tinplate steel bodies with aluminum ends and are available in standard and slimline options ranging from 200ml – 440ml.**
- **Supply leading global brands throughout the Southern African beverage industry e.g. Coca-Cola & SABMiller.**
- **Licence agreement with Crown Cork & Seal**
- **4 strategically located, world-class, high speed manufacturing facilities located throughout South Africa**



Competitive Advantages

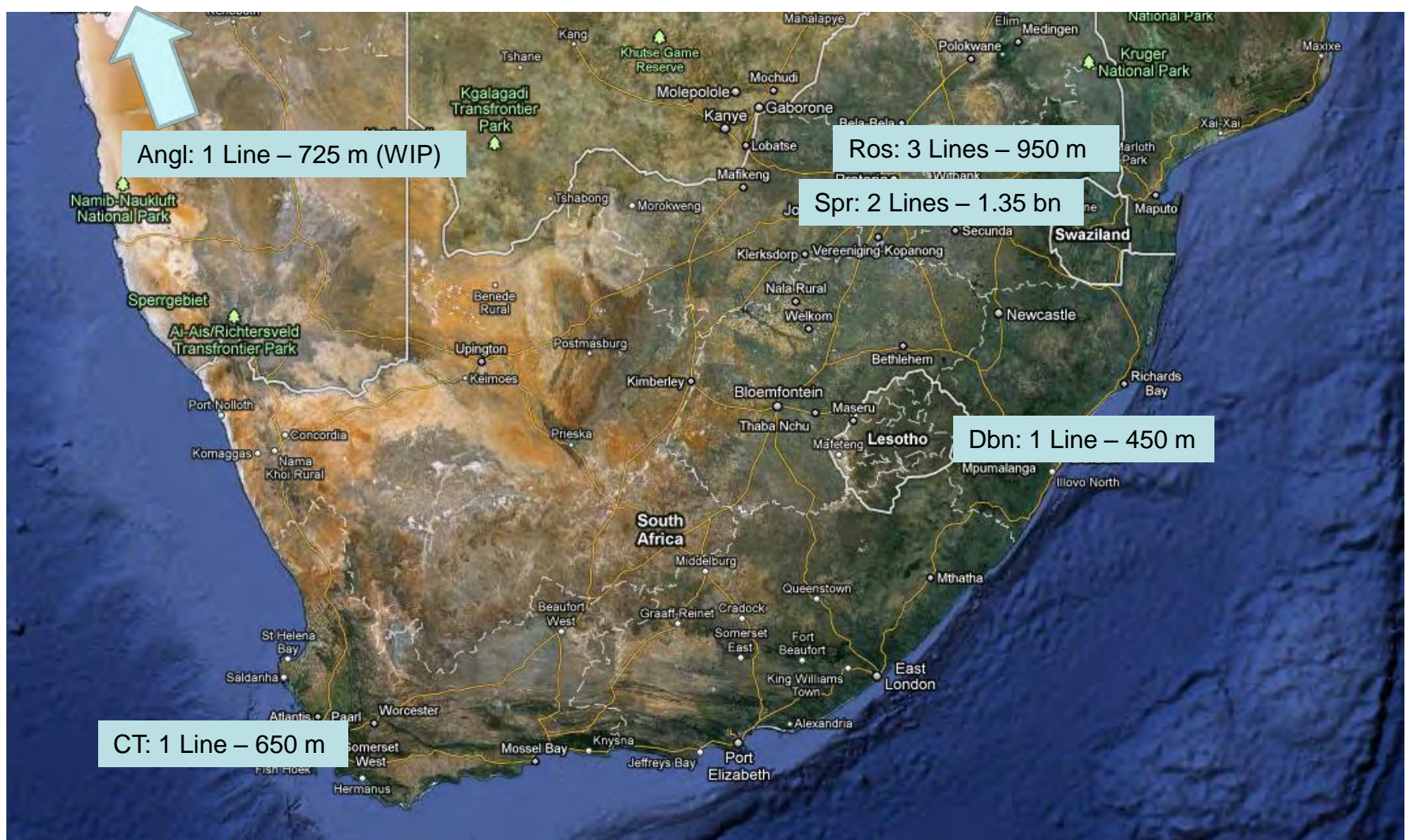
- High barriers to entry
- National geographic spread of plants
- Strong operational performance, systems and skills
- Good customer relationships
- SA market is relatively small
- Strong export capability & growth opportunity into Africa

Competitive Disadvantages

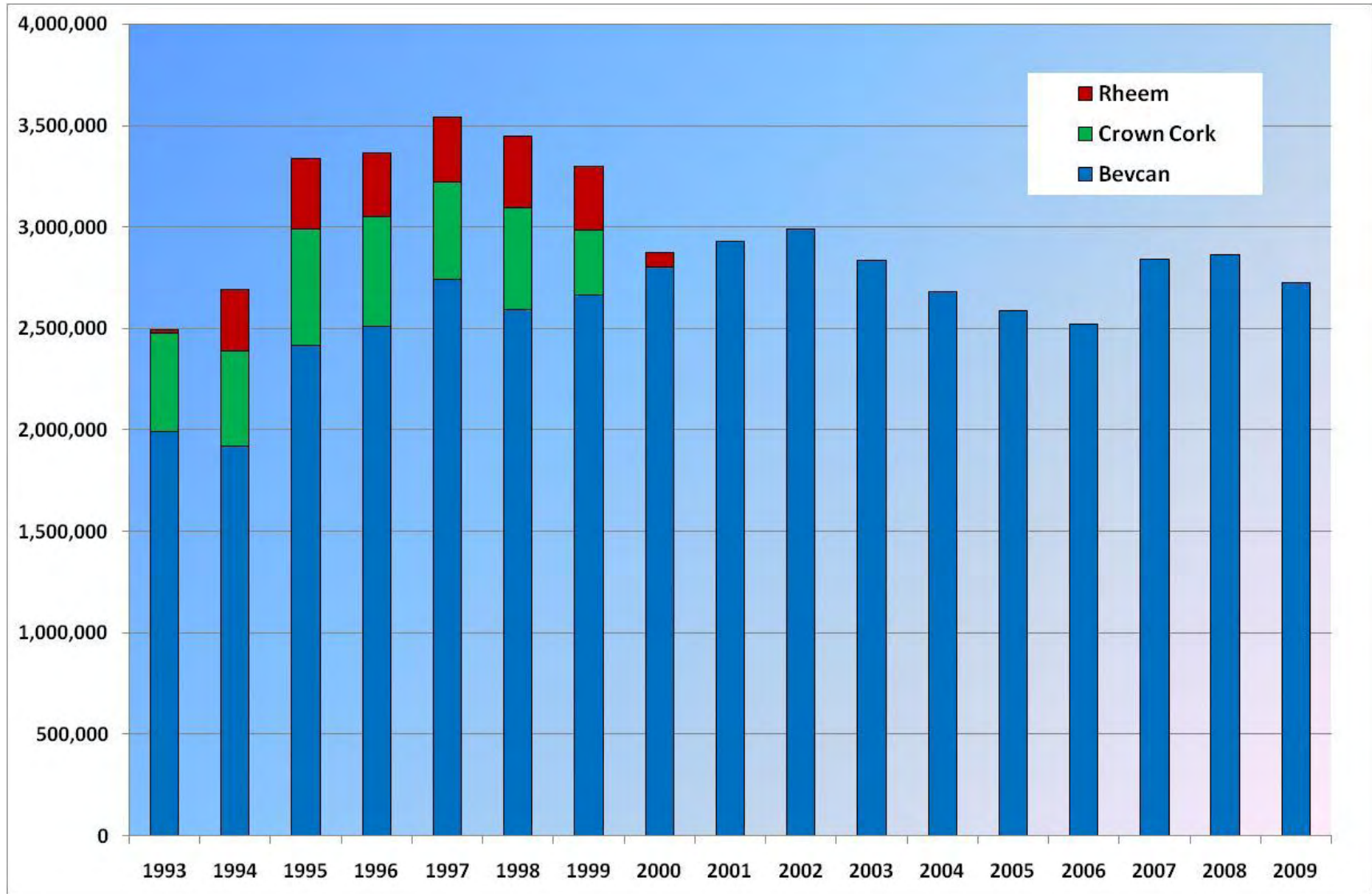
- Perceptions of high prices/dominance
- Customer concentration
- Cost competitiveness of the can relative to other packs



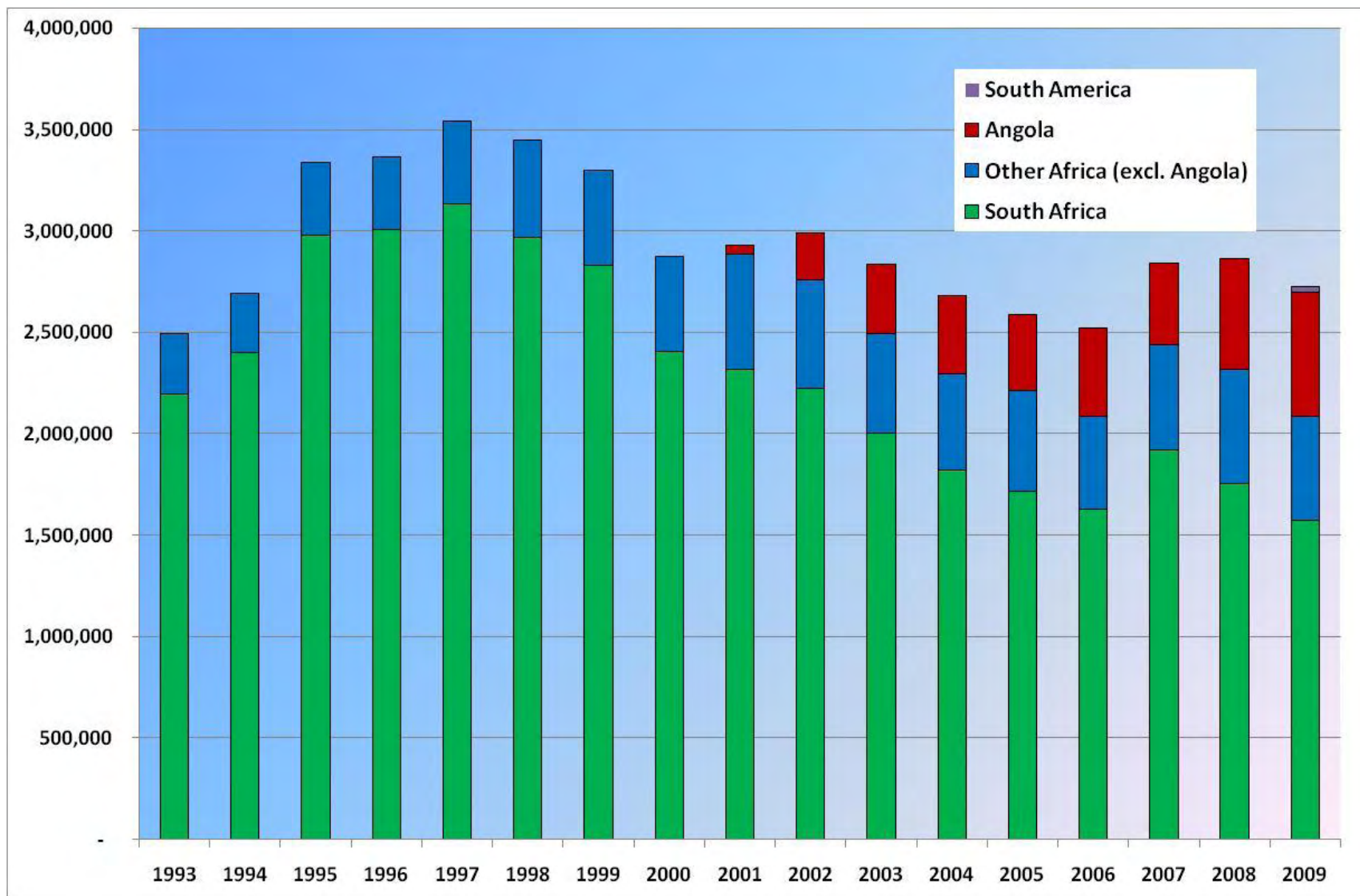
Plant locations



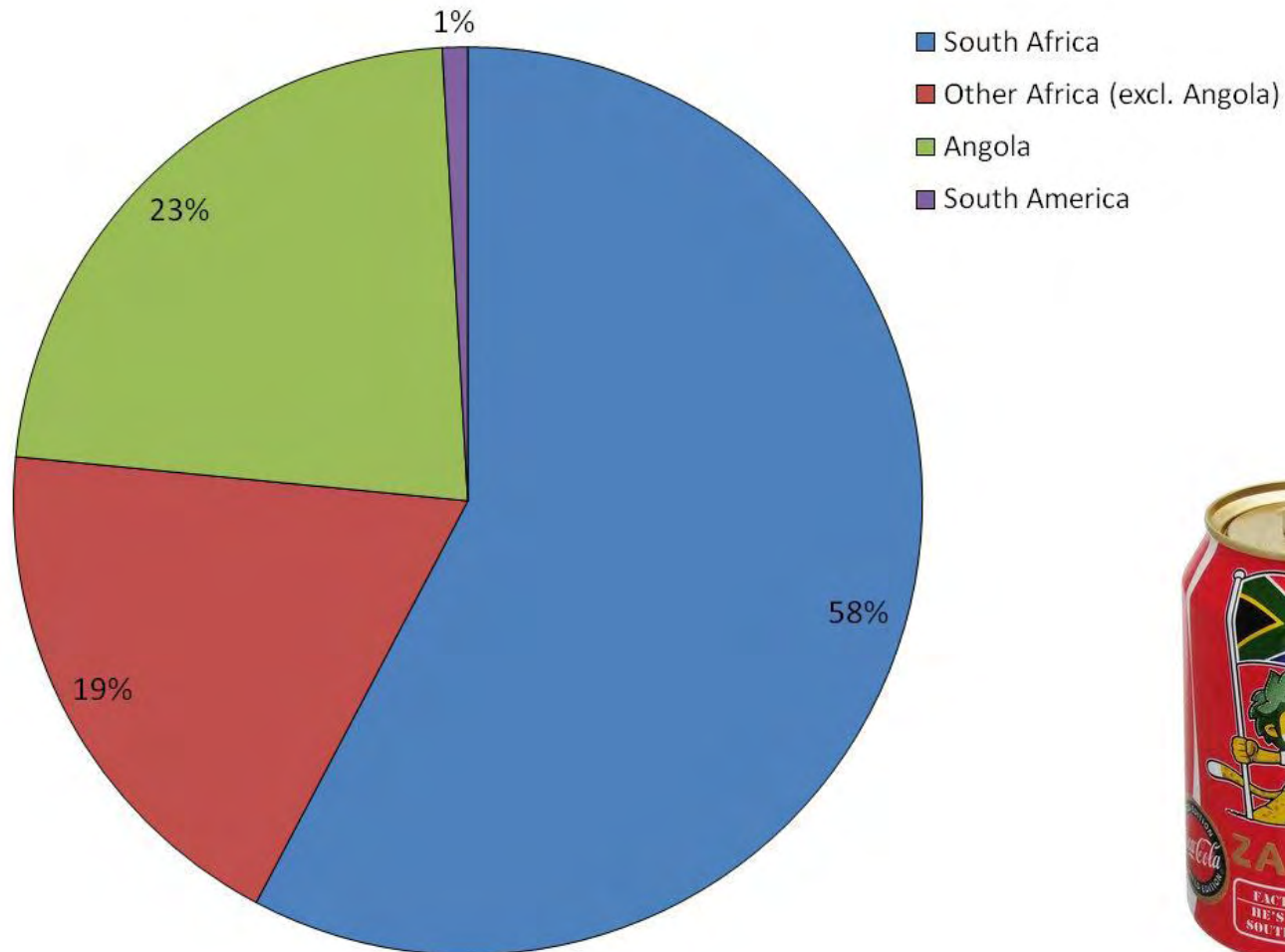
Beverage Can Volume History – By Supplier



Volume History - Geographical



Sales – Geographical Spread



Angolan Expansion

- One of the fastest growing economies in the world
- Only market in the world where the beverage can market size exceeds a fully utilised can line, without any local can manufacturer
- Estimated beverage can market in excess of a billion cans
- Currently supplying 50% from RSA
- Once operational in Angola, Bevcan RSA should be ideally positioned to gain remainder of market
- Local shareholding of 30% - Angolan Government
- Plant commissioning - March 2011



Angolan Expansion



Angolan Expansion

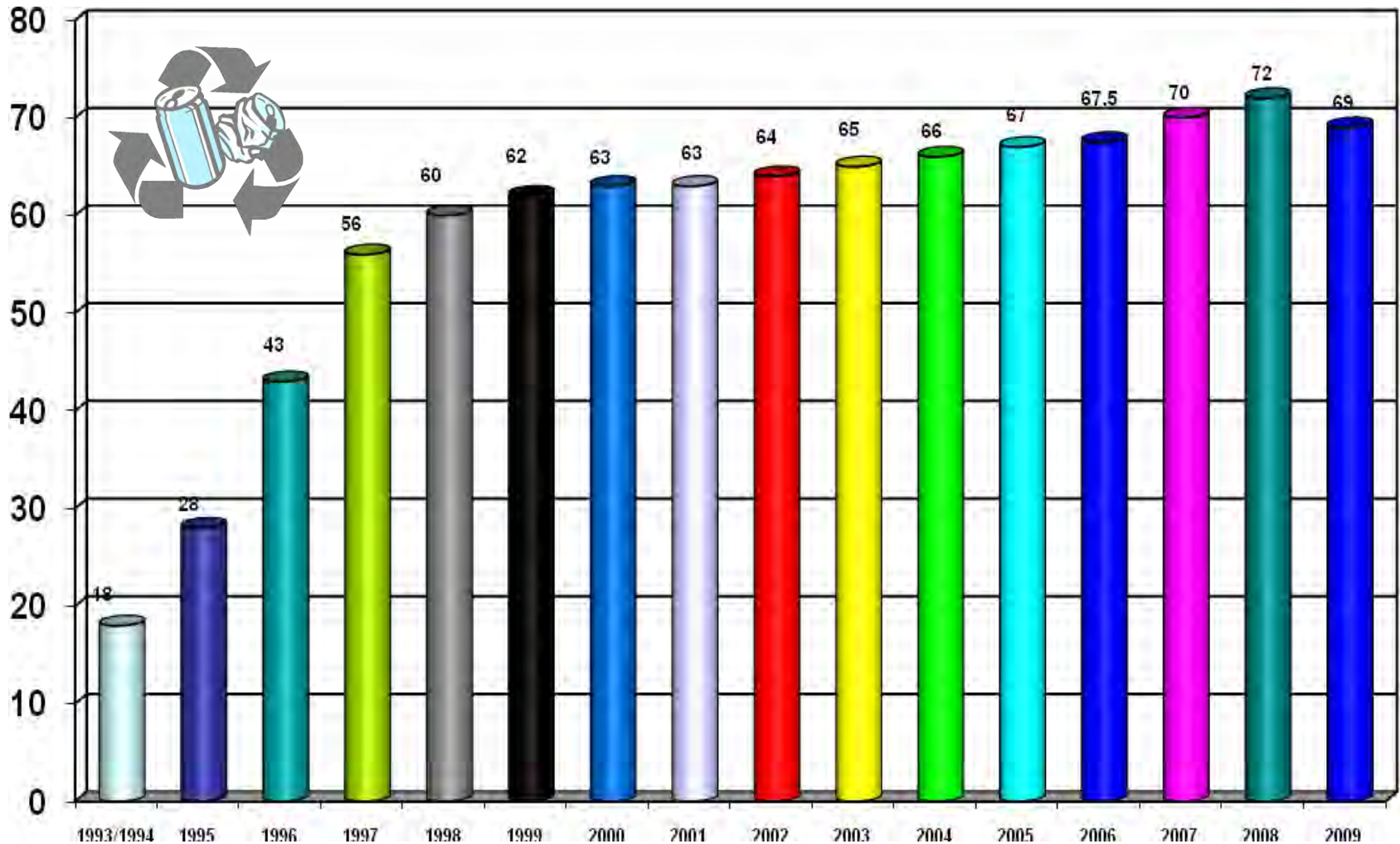


Environmental Responsibility: Collect-a Can

- **Collect-A-Can was established in 1993 as a JV between Nampak and Mittal Steel South Africa**
- **Dedicated to ensuring that used beverage cans, exist in harmony with the environment**
- **Creates consumer awareness for the can being the most recovered packaging commodity in Southern Africa**
- **Recognised by the Dept. of Environmental Affairs as the benchmark**
- **Empowering local communities by creating some ±18 000 informal jobs**
- **Recovery rate is at 69%,from:**
 - **Informal collectors**
 - **Collection depots**
 - **Scrap dealers**
 - **Government waste initiatives**
- **Opportunity for customers to effectively address social responsibility requirements**

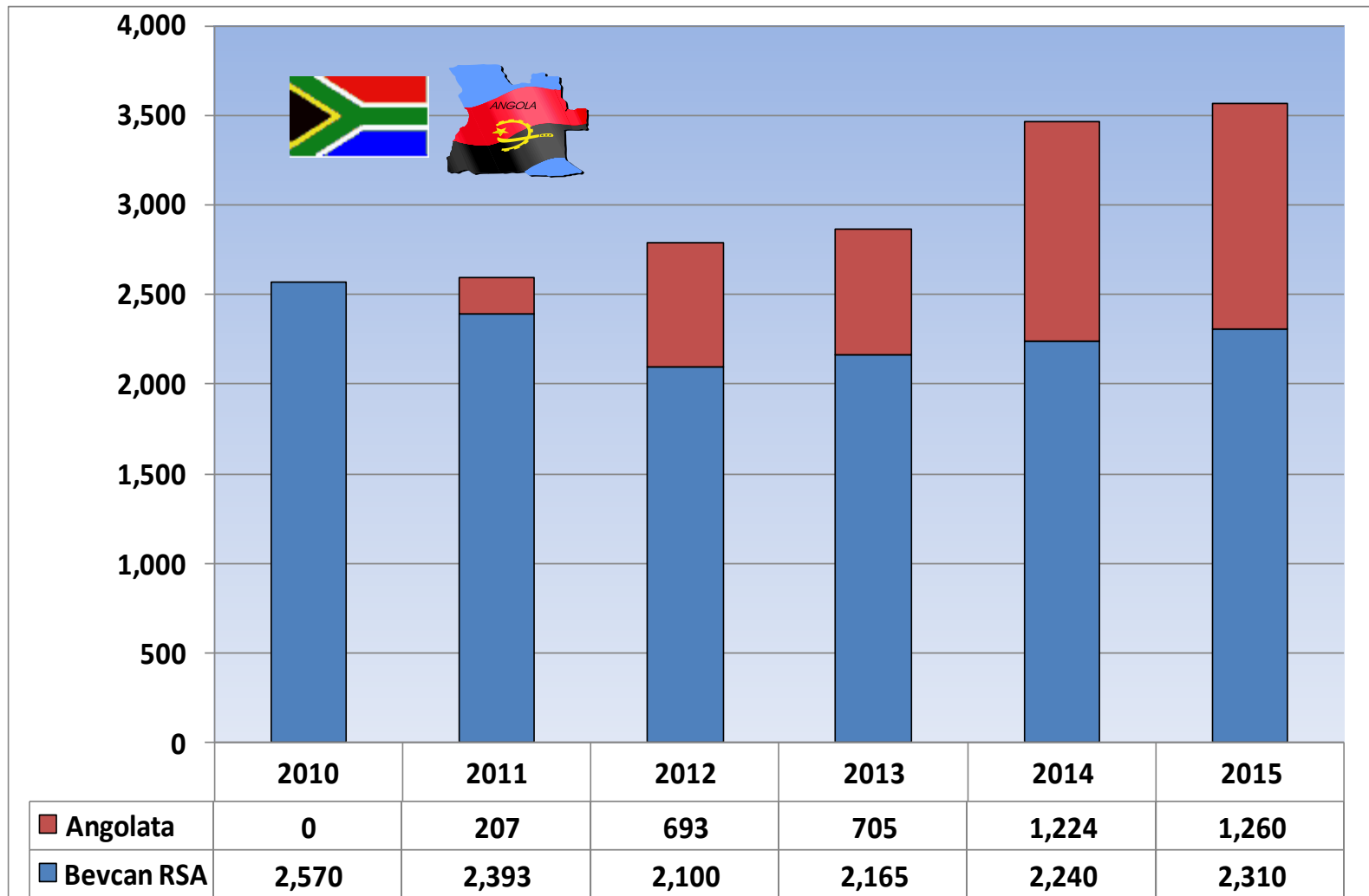


Collect-a-Can: RSA Recovery Rates



- **Secure and grow the Home Base**
- **Consolidate the Angolan market**
 - **Complete project ASAP**
 - **Win all the can business in Angola – install second line**
- **Maintain management and manufacturing base**
- **Replacement of Angolan exports**
 - **Grow local market with customers**
 - **Expand exports**
 - **Leverage environmental advantage of Collect-a-Can**

Bevcan: Total Volume Growth



Marketing Campaign



A large crowd of people at a festival, many holding up cans of beer. The image is used as a background for the marketing campaign.



A large can of beer with the South African flag design and the CAN DO! logo. The can is white with a red, green, and blue design. The CAN DO! logo is a circular emblem with the words 'CAN DO!' inside.

CAN DO!

NATION

**Choose Cans.
Make good moments great.**



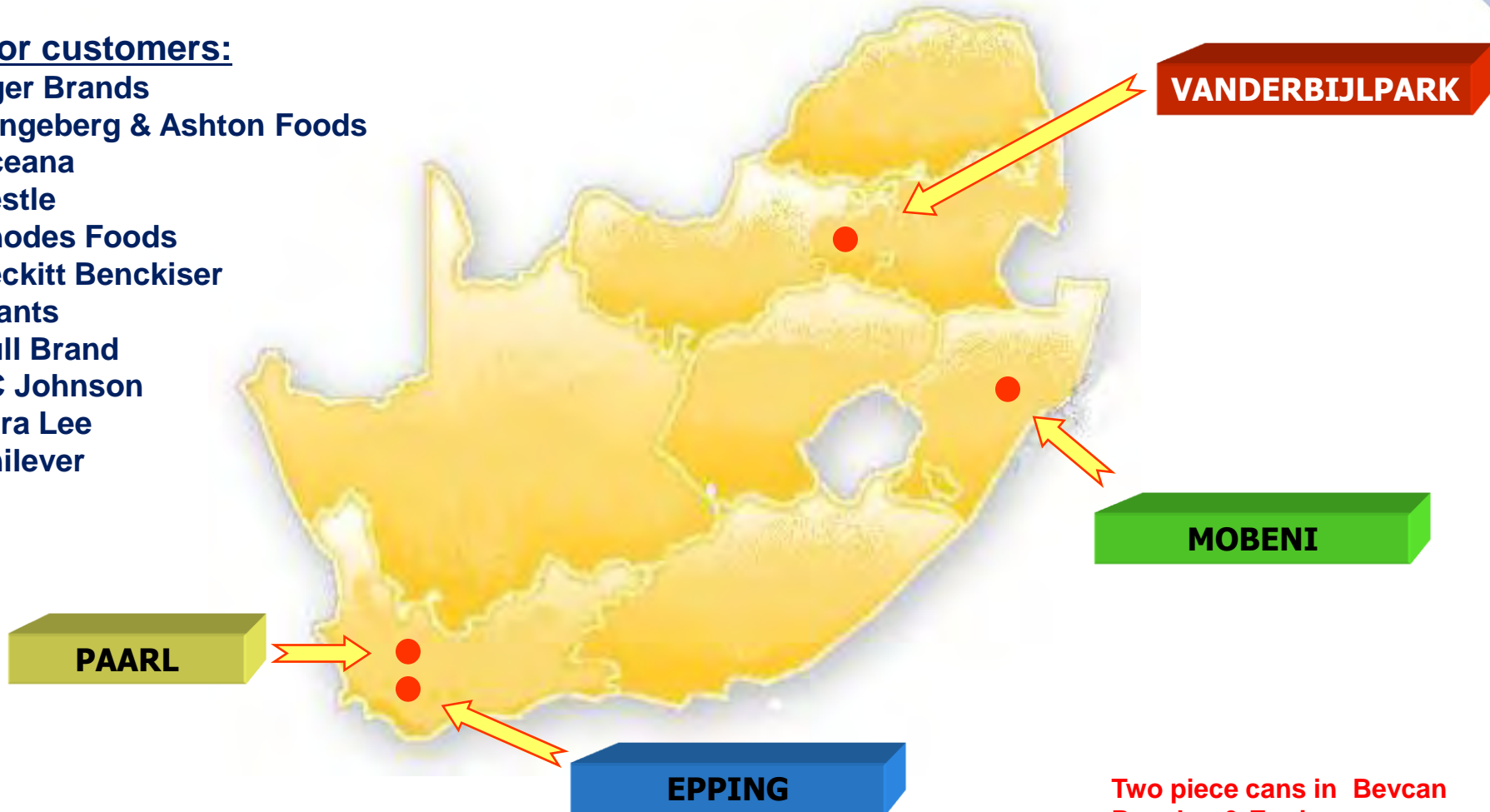
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DivFood

DivFood: Production Facilities & Customers

Major customers:

Tiger Brands
Langeberg & Ashton Foods
Oceana
Nestle
Rhodes Foods
Reckitt Benckiser
Giants
Bull Brand
SC Johnson
Sara Lee
Unilever



Two piece cans in Bevcans
Rosslyn & Epping

Food Cans



Aerosol Cans



Shaped Aerosol Cans



Aluminium Bottles



Paint Cans



Polish Cans



Promotional Tinware



Other General Products



Metal Packaging Market

Major Categories	Nampak	Local Competition	Imports
2 Piece Food	100%	0%	0%
3 Piece Food	60%	30%	10%
Tinplate Aerosols	84%	0%	16%
Aluminium Aerosols	70%	0%	30%
Paint	68%	32%	0%
Polish	95%	5%	0%
Fuels & Lubes	100%	0%	0%

Competitive Advantages

- Reasonably high barriers to entry
- Geographic spread
- R&D and other support
- Capacity and size, with diversity of range
- Technical status with major brand and retail owners
- Technologically advanced in some areas
- 2 Piece can format (integrity and cost)

Competitive Disadvantages

- Historically lagged in investment strategy
- Plastic substitution in some DivFood products

- **Substantially upgrade manufacturing base**
- **Develop alternative sources of raw material supply**
- **Drive improved supply chain**

Growth Opportunities

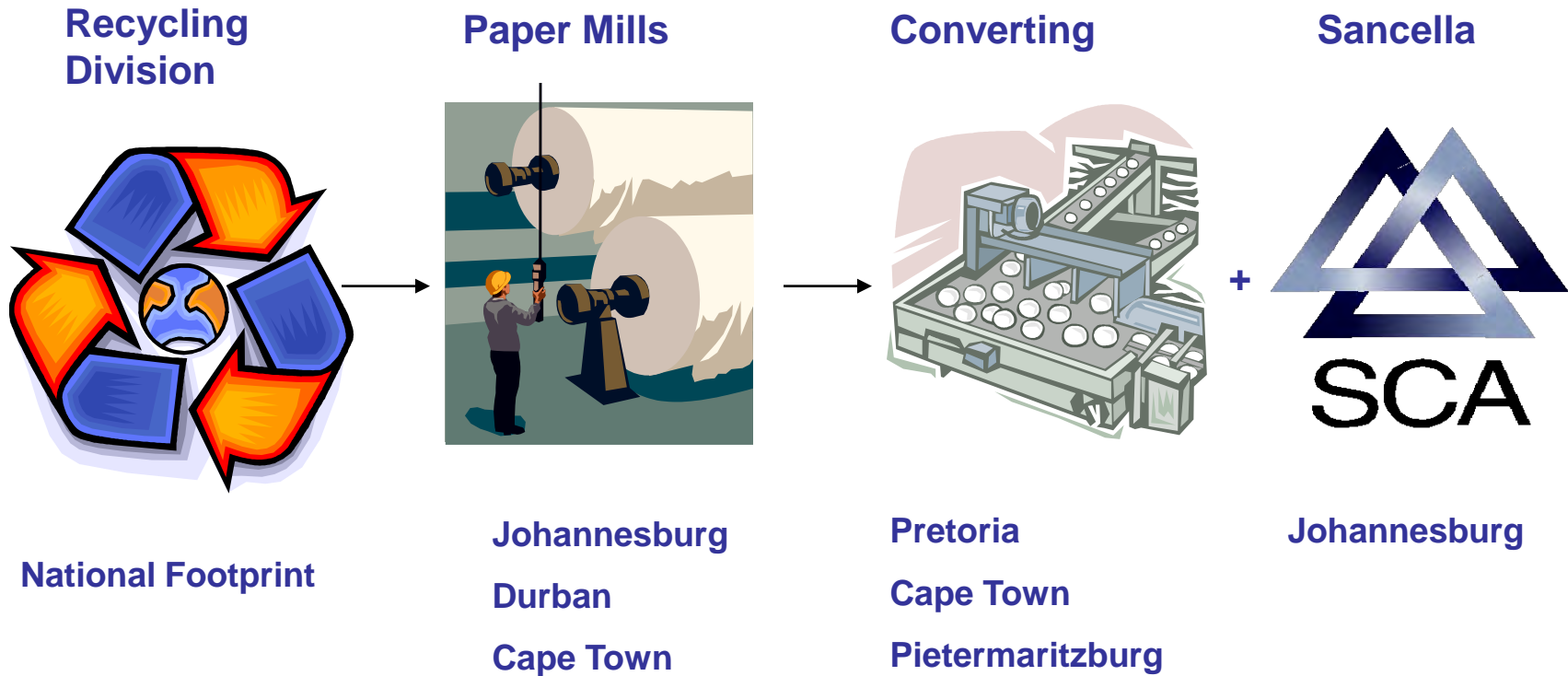
- **Grow in new markets:**
 - **Monobloc Aerosols – develop to +100m units**
 - **2-piece cans (vegetable, fish, and possibly fruit)**
 - **Components for own cans and exports**
- **Expand to rest of Africa**

Nampak Tissue



Nampak
packaging excellence

Nampak Tissue Footprint



Tissue Business & Categories

Consumer Paper

1 Ply
2Ply
Facial
Kitchen Towel
Serviettes

45%

Sancella (JV)

Diaper
Fempro
Inco

26
%

Consumer H & L

Foil
Wraps
Plates

3%

Away From Home

Paper products, Towels, Wipes & Dispensers

19%

Additional Sales

Recycling and Flat Grades

8%

Market Info – Market Growth & Shares

	Market Size Volume (Tons/Pcs)	Market Size Value (R)	Market Share % Volume	Market Share % Value
1 Ply	51,340 -7%	1,26 Bil +8%	45% +0.7 TS 31%	53% +2.4 TS 35%
2 Ply	21,593 +5%	827 Mil +15%	28% +1.3 TS 18%	28% + 1.7 TS 18%
Facial	3,241 -4%	243 Mil +15%	53% +3.2 TS 31%	43% +1.5 TS 28%
Kitchen Towels	3,297 +1%	158 Mil +19%	47% - 12 TS 27%	45% -13 TS 26%
Diaper	920 Mil +0.5%	2,3 Bil +17%	18% -0.3	18% +0.5
Sanpro	839 Mil -6%	1,1 Bil +9%	15% +0.6	9.8% Flat

Competitive Advantages

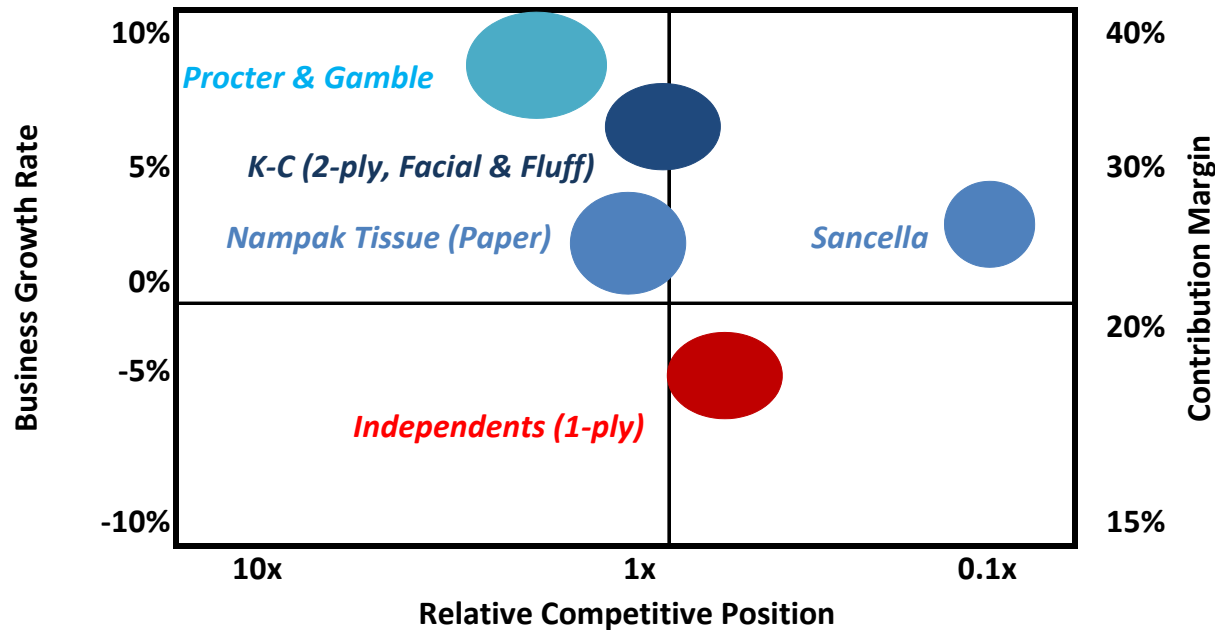
- Strong brands
- Manufacturing infrastructure with barriers to entry
- Recycling capability (in-house)
- National footprint – supply chain
- Experienced personnel
- Consistent quality – attributes to value
- Nampak/SCA Partnership



Competitive Disadvantages

- Limited brand equity in value added segment
- Aged manufacturing equipment (mills & converting)
- Higher cost structure versus competition
- Retail consolidation and power balance

Competitor Range Positioning



- Competition ranges by category from independents to multi-nationals
- Fragmentation at the lower end
- Approximately 250,000 tons of installed paper capacity
- Fluff category structurally attractive

Strategic Imperatives – Defend and Grow

- **Defend the core business (AFH & Consumer)**
 - Toilet tissue still the core
 - Continue investments behind brands
 - Industry governance
- **Preserve industry profitability (approach to value added categories)**
 - Increase share of value added segment
 - Improve brand equity with higher LSM groups
 - Enhance in-store execution
- **Explore growth opportunities in Sub-Saharan Africa**
 - Ensure representation in key markets
 - Develop tissue and fluff brands in these markets
 - Critical mass & possibly set up operation/s
- **Cost Containment**
 - Supply chain innovation & S&OP Improvements
 - Improve cost position versus competition
 - Value engineering activities
 - Operational efficiency



Competitive Advantages

- Strong established consumer brands (Cuddlers & Lifestyle)
- Number 1 brand in the diaper value segment
- Trade support as an alternative to dominant diaper brands
- Tena is a strong Inco brand (30% share worldwide)
- SCA partnership & innovation opportunities
- Advanced manufacturing capability (SL's)

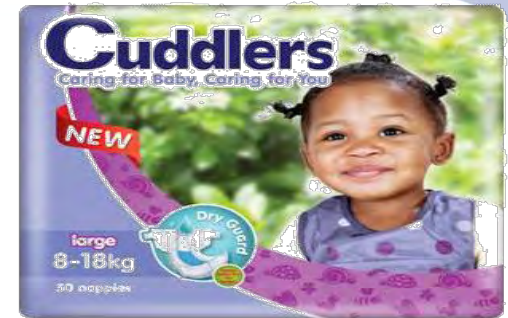


Competitive Disadvantages

- Competitors with stronger brand equity (fempro & diaper)
- Limited pricing power as #3 brand in overall diaper market
- Tena perceived as an expensive brand

Sancella Strategy

- **Diaper growth path**
 - Build Cuddlers brand and grow market share
 - Investment to replicate success of Nemo 1
- **Lifestyle turnaround plan**
 - Improve Lifestyle market share in line with brand equity
 - Maintain brand building activities
 - Drive the wholesale plan (Thick High Tech)
- **Tena growth strategy**
 - Maintain dominance in pharmacy
 - Focus on growing market share in homes & hospitals
 - Leverage SCA category expertise
- **Drive Sancella export sales**
 - Licence agreement (use or lose)
 - Reviewed key focus areas & distributorships established
 - Targeted brand building opportunities



Nampak Strategy in Africa

25th August 2010



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Rest of Africa - Agenda

- **Where is Nampak in Africa**
- **Where are the opportunities in Africa**
- **Nampak strategy in Africa**
- **Summary of current strategic initiatives**
- **Regional update**

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AFRICA



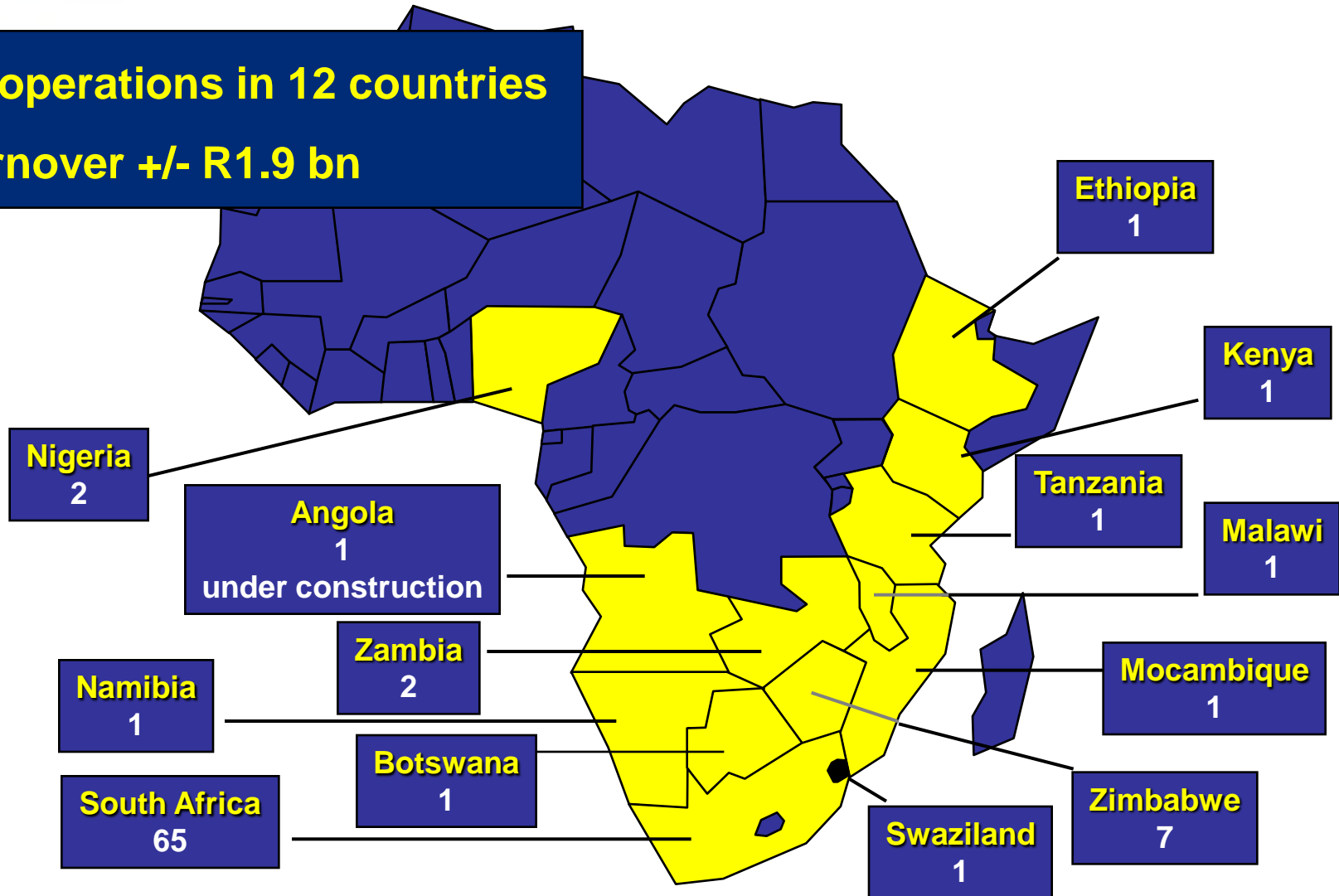
AFRICA



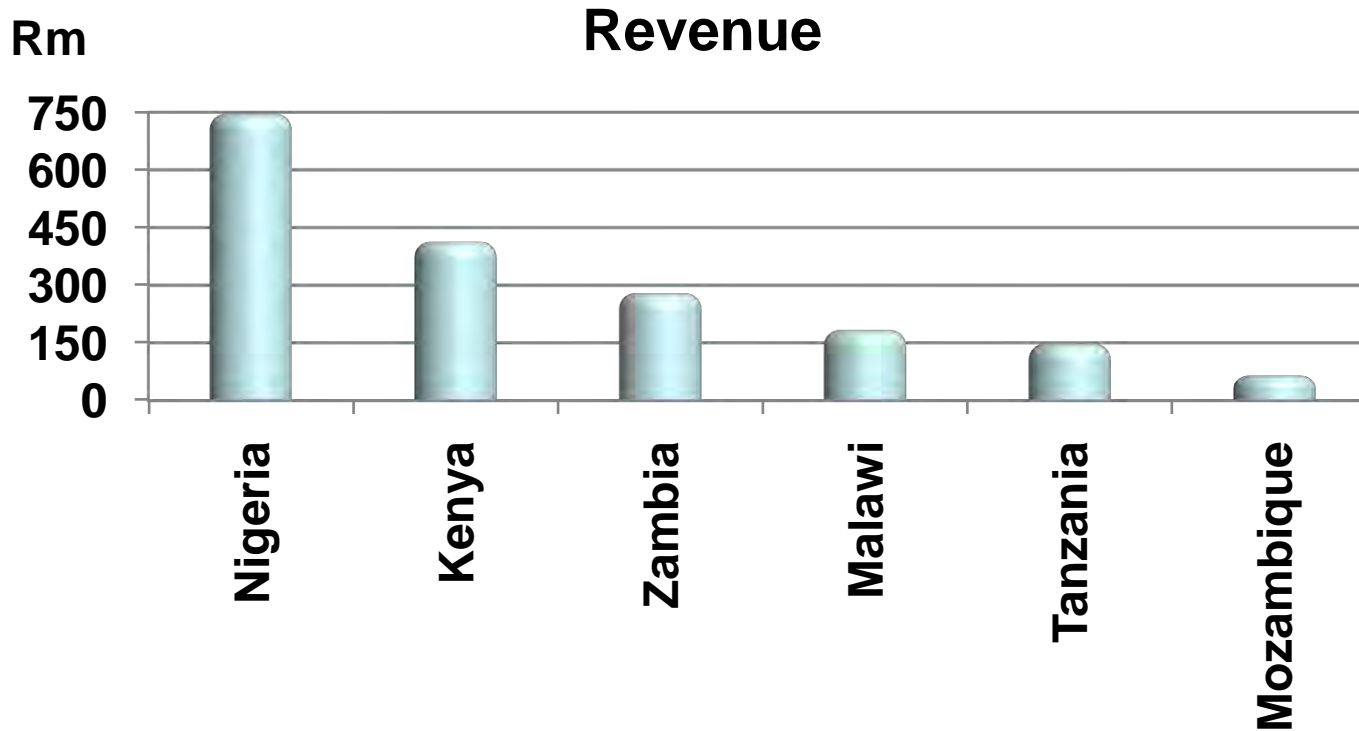
Nampak in Africa – Where are We?

20 operations in 12 countries

Turnover +/- R1.9 bn



Nampak in Africa - 2010



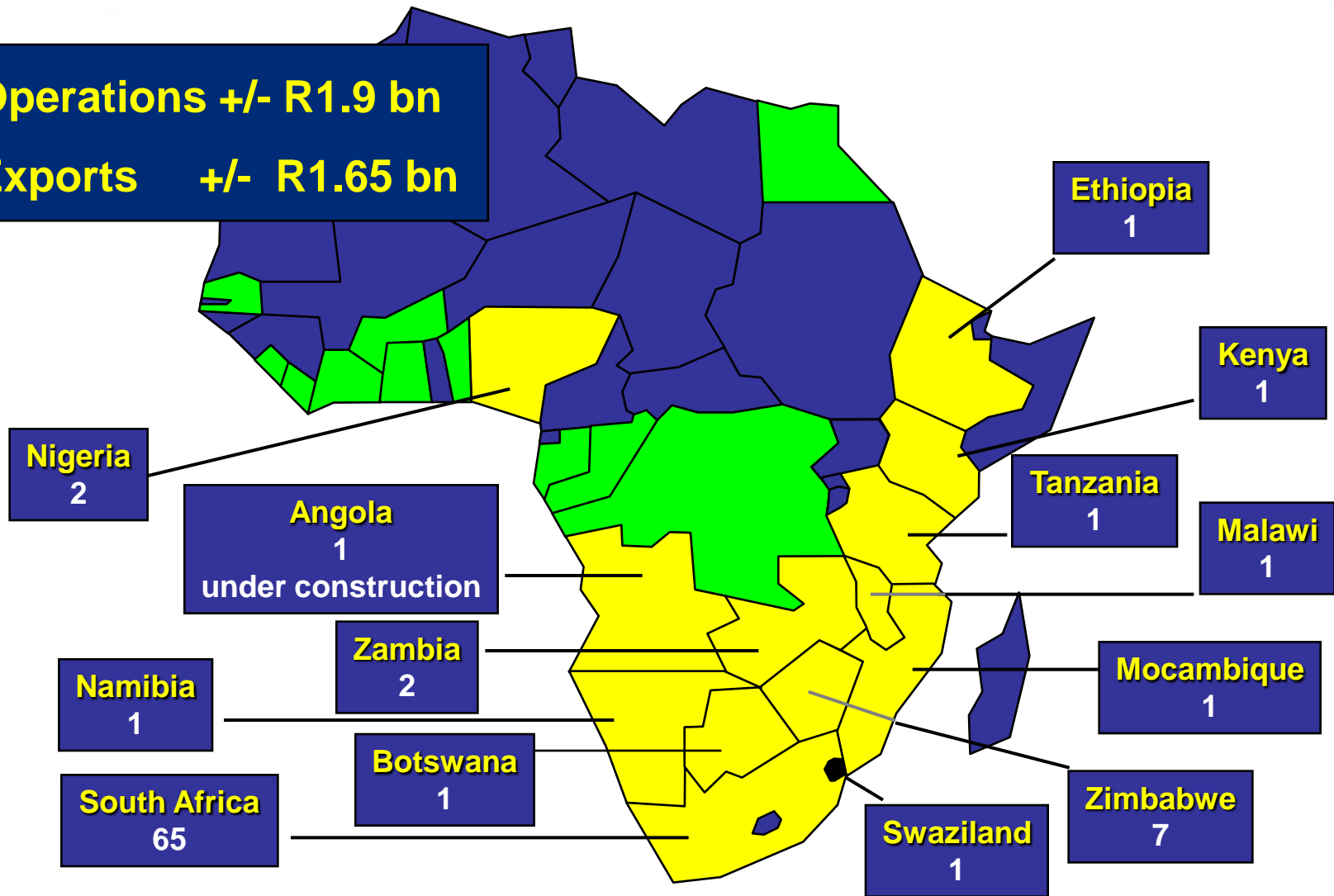
9% of Group (excl Zimbabwe)

Products Manufactured in Africa

Country	Metals	Glass	Paper	Tissue	Plastics
Kenya	*		*		
Malawi			*	*	
Mocambique	*				
Namibia	*				
Nigeria	*		*		
South Africa	*	*	*	*	*
Swaziland			*		
Tanzania	*			*	
Zambia	*		*		*
Zimbabwe	*		*	*	*

Nampak in Africa - Where are We?

- Operations +/- R1.9 bn
- Exports +/- R1.65 bn



Nampak in Africa - 2010

Country	Local Manufacture (R' mill)	Imports ex Nampak SA (R' mill)	Total Business (R' mill)
Angola	R 0	R 428	R 428
Botswana	R 20	R 211	R 231
DRC	R 0	R 2	R 2
Kenya	R 275	R 72	R 347
Malawi	R 127	R 10	R 137
Mozambique	R 35	R 101	R 135
Namibia	R 0	R 466	R 466
Nigeria	R 440	R 31	R 471
South Africa			
Swaziland	R 120	R 76	R 196
Tanzania	R 82	R 53	R 135
Zambia	R 274	R 21	R 295
Zimbabwe	R 539	R 135	R 674
Other (Africa)		R 40	R 40
TOTAL	R 1,912	R 1,646	R 3,557

Note: 100 % of company revenue

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Rest of Africa Economies : 2009

Country	GDP		
	US\$ (Billion)	% Growth	per cap (PPP)
Angola	85.5	7.0%	5,431
Botswana	12.9	6.3%	13,214
DRC	12.6	5.4%	323
Kenya	34.2	4.1%	1,568
Malawi	4.8	5.9%	550
Mozambique	10.2	6.4%	950
Namibia	10.5	1.7%	6,327

- Relatively small economies and packaging markets
- Good opportunities in specific packaging substrates
- Growth prospects good

Zambia	16.0	5.8%	1,516
Zimbabwe	5.1	2.2%	175

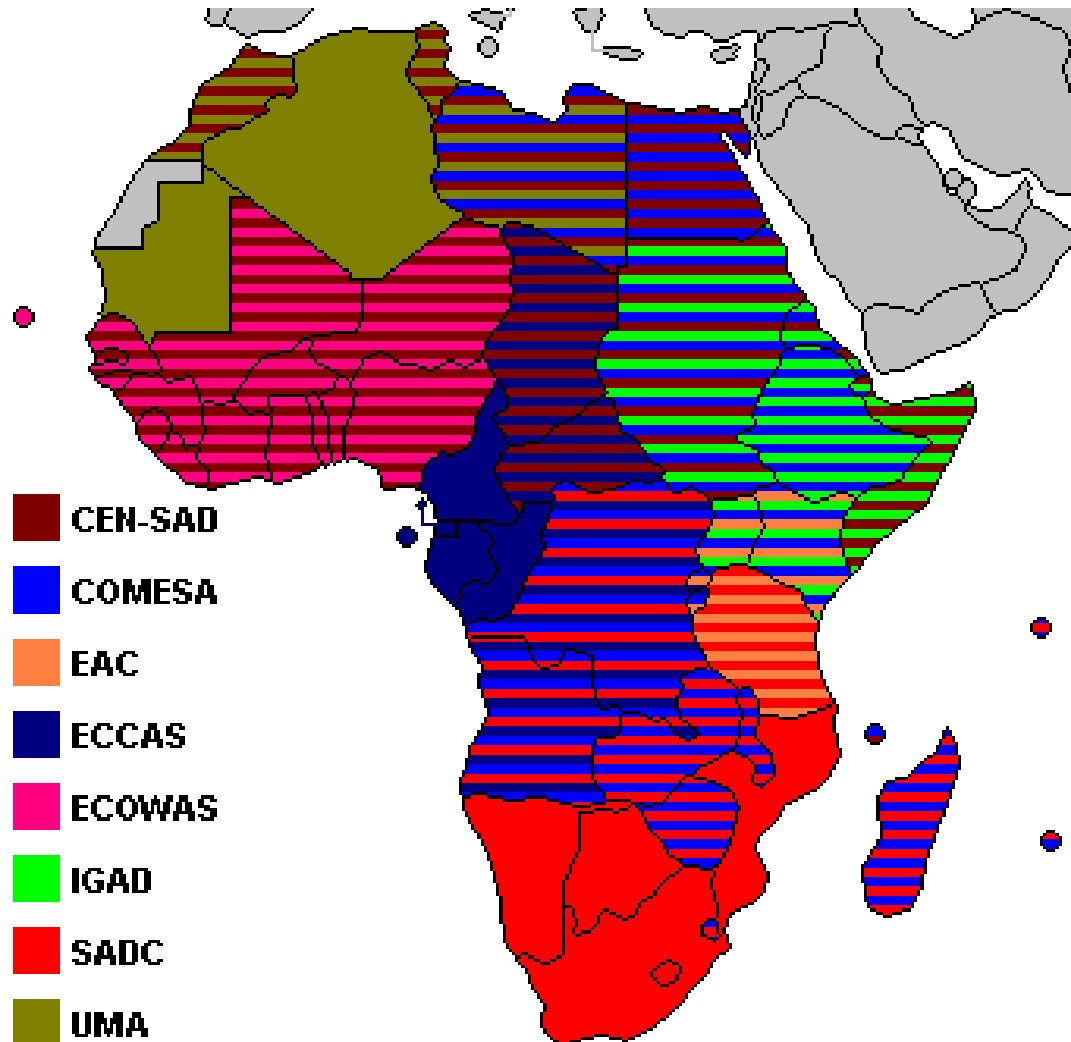
Source: IMF World Economic Outlook

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Mozambique	10.2	6.4%	950
Namibia	10.5	1.7%	6,327
Nigeria	213.9	6.9%	2,119
South Africa	329.5	2.6%	9,721
Swaziland	3.1	1.1%	4,900
Tanzania	24.4	6.1%	1,216
Zambia	16.0	5.8%	1,516
Zimbabwe	5.1	2.2%	175

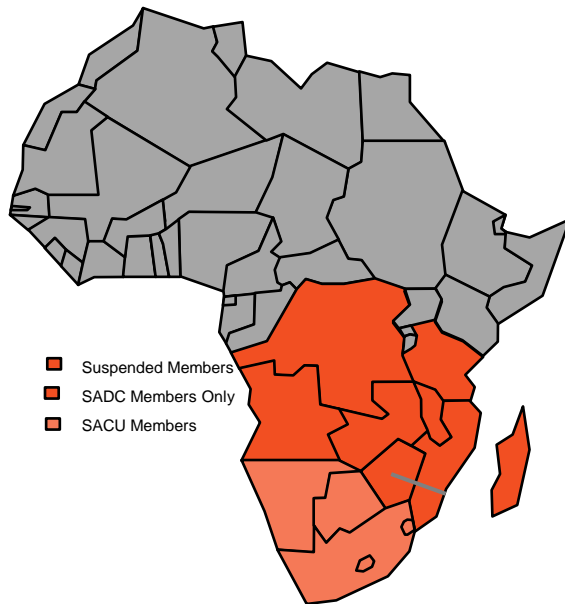
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Economic Zones in Africa

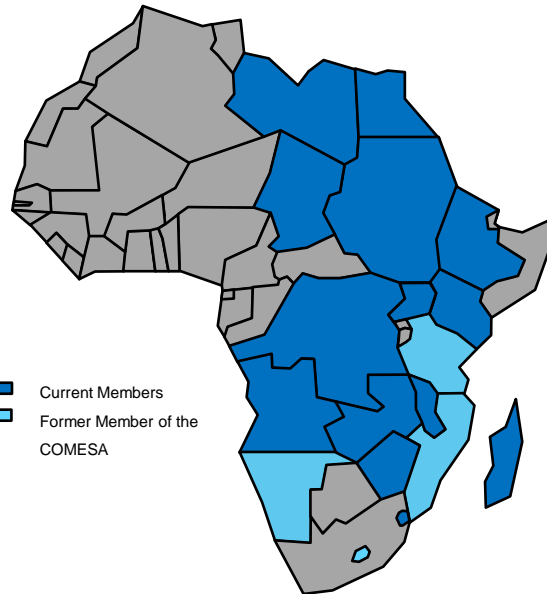


Key Trade Zones in Africa

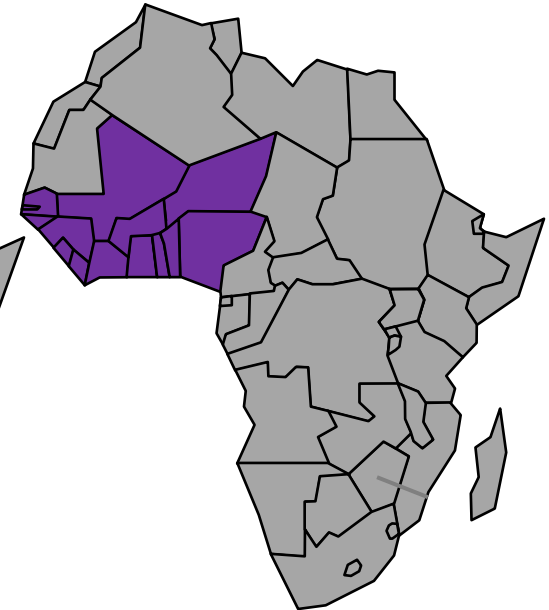
SADC



COMESA



ECOWAS



SADC – 15 Member States

SADC –Free Trade Area 12 states
Excludes: Angola, Congo, Seychelles

COMESA - 19 member states

Perferential Trade Area
6 states – Free Trade Area

ECOWAS – 15 States

Loose arrangement

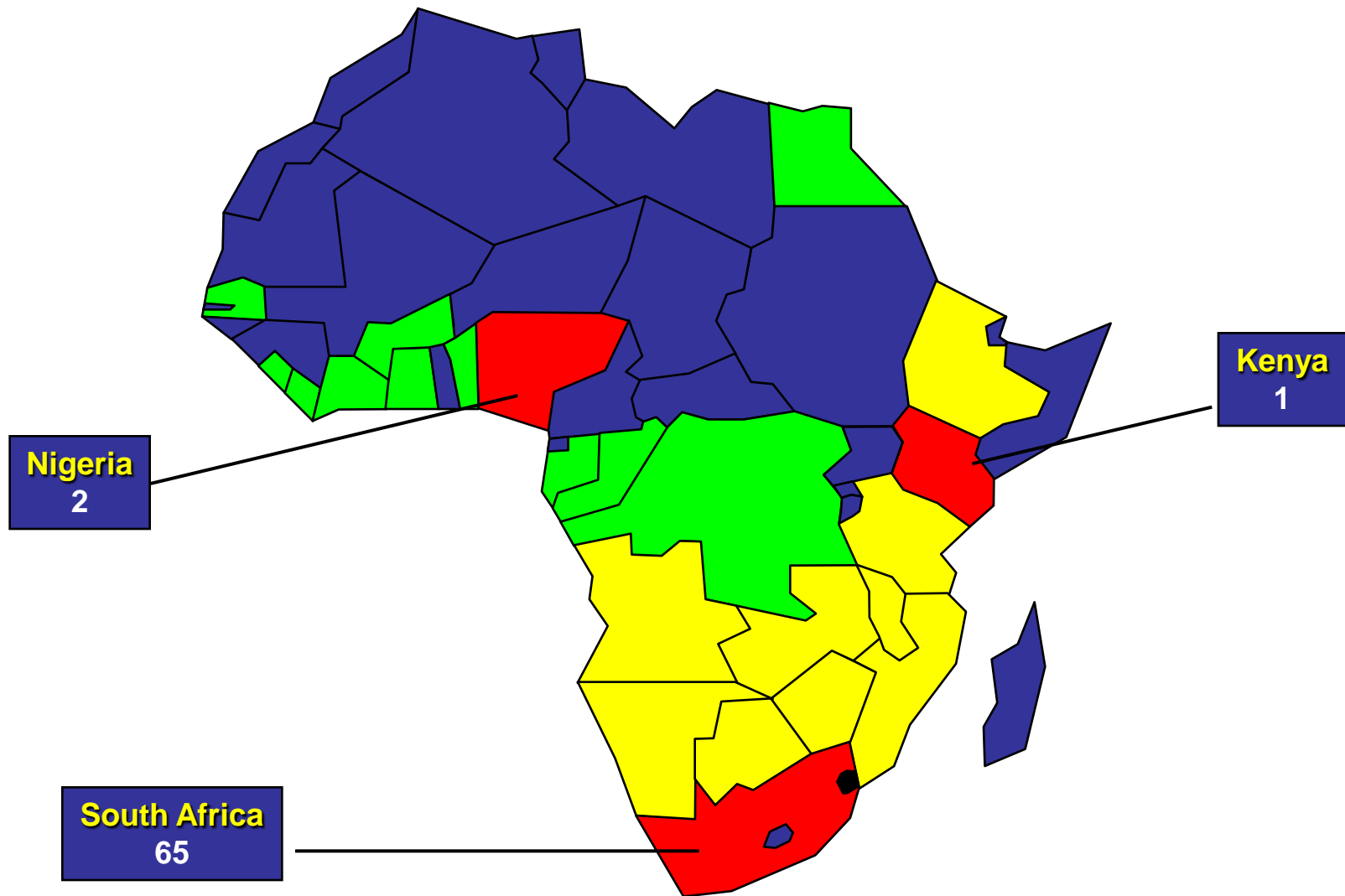
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Rest of Africa – Growth Strategy

- **Build a market base through exports**
- **Establish local manufacture when critical mass achieved**
- **Diversify established manufacturing base to other Nampak products**
- **Create hubs in key growth areas and trading blocks**
- **Follow major Nampak customers**

Nampak in Africa – Regional Hubs



Rest of Africa – Multi-National Opportunities

- BAT
- SAB Miller
- Heineken
- Coca Cola
- Pepsi
- Unilever
- Nestle
- Diageo
- Cadbury
- Diageo
- Illovo Sugar
- Lafarge
- Colgate Palmolive
- PZ Cussons
- Sara Lee
- Reckitt Benckiser

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Rest of Africa – Current Strategic Initiatives

- **Angola**
 - **Beverage can line**
\$150 m, commissioning March 2011
- **Nigeria**
 - **Beer Labels**
New label press – commissioning October 2010
 - **Expand capacity and range in metals – ointment, paint, food**
- **Zambia**
 - **New paper bag line to supply Illovo - commissioning February 2011**
 - **Label line for SAB**
- **Zimbabwe**
 - **Supply of cement sacks ex SA**
- **Kenya / East Africa**
 - **Expand metal supply**
 - **Additional paper bag and sack capacity**

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WEST AFRICA



MAP OF NIGERIA

Nigeria - Cartons

Company	Shareholding	Products
Nampak Cartons	100 %	Cartons / Labels

Key Issues

- Established operation now with good skills and equipment
- Underpinned by 10 year supply agreement to BAT
- Good growth prospects in beer labels and FMCG multi-nationals

Strategy

- Expand into non cigarette markets
- Expand into non paper products

Listed company – Nampak shareholding 57%

Competitive Advantages

- Reasonably high barriers to entry – already established
- Only two major independent players in Nigeria
- Existing reinvestment programme is bearing fruit
- Site is ideally located near customer base and industrial hub of Lagos
- Customers are looking for a reliable supplier to partner their growth strategies

Competitive Disadvantages

- Under-invested in equipment, skills, infrastructure

Nigeria Metals - Strategy

- **Reinvest in productive output of plant**
- **Grow with existing customer base and invest behind this growth**
- **Leverage the technical competence of RSA**
- **Acquisitions**
- **Expand product portfolio to include other Nampak product lines**

EAST AFRICA



Competitive Advantages

- Reasonably high barriers to entry –established in Kenya, Tanzania and Ethiopia (25%)
- Only 4 major independent players in East Africa in metals
- Good manufacturing base in Kenya
- Reputation as the premium supplier
- Duty protection and need for local supply
- Substantial growth in the beverage sector is being seen across the region

Competitive Disadvantages

- Under-investment (only metals + some paper)
- Have historically run the region as separate entities – see as East Africa/COMESA/SADC

East Africa - Strategy

- **Invest in productive output of plant**
- **Follow lead brand owners in region**
 - **Beverage**
 - **Food**
- **Develop additional product ranges**
 - **Sacks/Bags – increase capacity of existing JV**
- **Leverage the technical competence of RSA**

Competitive Advantages

- Only local manufacturer
- Good customer relationships
- Good equipment

Competitive Disadvantage

- Skills and size

Strategy

- Secure contracts with major customer
- Leverage technical competence of RSA

Mini Nampak

Liquid Paper & Plastic

Steel drums

Paper & Board

Crowns

Plastic crates



Zambia-Liquid Paper: Sorghum Beer

Competitive Advantages

- Preferred container (conical)
- Manufacturing footprint (RSA, Malawi & Zambia)
- Low-cost filling machines
- Service infrastructure
- SAB contract

Competitive Disadvantages

- SAB dominant customer
- Printing graphics (4 colours)

Strategy

- Retain market share
- Follow SABMiller to other territories
- Innovation – closure on conical cartons



Zambia – Liquid Plastics

Competitive Advantages

- Systems supplier – bottle, cap and filling equipment

Competitive Disadvantage

- Low cost self-manufacture by customers

Strategy

- Utilise existing capacity
- Expand Mageu market with NBL

Competitive Advantages

- Sole local supplier

Competitive Disadvantage

- Old paint and printing equipment

Strategy

- Milk

Zambia – Paper & Board

Competitive Advantages

- Good printing facilities
- Technical backup from Cartons & Labels South Africa
- Part of Cartons & Labels manufacturing hub in Southern Africa

Competitive Disadvantage

- No gravure label capacity

Strategy

- Supply Zambian Breweries with beer labels
- Regional expansion

Competitive Advantages

- Sole local supplier
- Spare capacity
- Import duties

Competitive Disadvantage

- Low cost crowns from RSA and Kenya

Strategy

- Retain local business
- Regional supply
 - Malawi
 - DRC

Zambia – Plastic Crates

Competitive Advantages

- Sole viable local supplier
- Technical backup from Megapak South Africa

Competitive Disadvantage

- Low priced imports from Megapak Zimbabwe

Strategy

- Restrict capacity to ensure high equipment utilisation

Company	Shareholding	Products
PIM (listed)	64%	Corrugated Sorghum beer cartons Sacks

Key Issues:

- Only significant local player in big tobacco market
- Small but growing market in sorghum beer and sacks

Strategy

- Grow sales to tobacco market / sacks market (agency)
- Leverage regional sorghum packaging strategy
- Close sacks manufacturing operation - to be supplied from RSA

Company	Shareholding	Products
Hunyani (listed	39%	Cartons/corru//sacks
Megapak	49%	Crates / Rigid Plastics
CMB	100%	Metals / Rigid Plastics

Key Issues

- Good growth prospects (tobacco / sacks)
- Indigenization Laws
- Political Stability
- Not full management control

Strategy

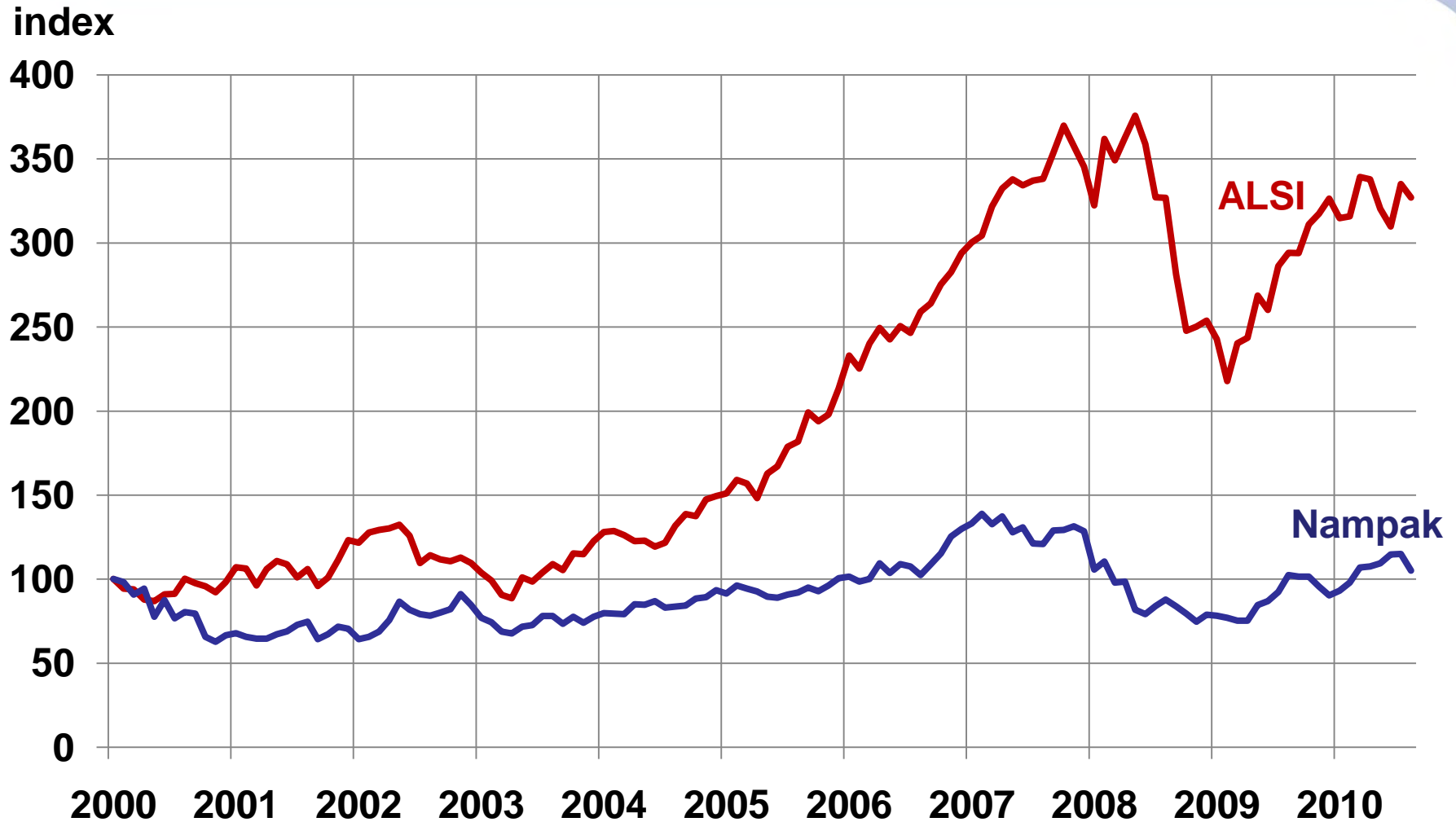
- Adopt a wait and see attitude

Nampak Group



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Nampak vs Alsi – 10 year trend

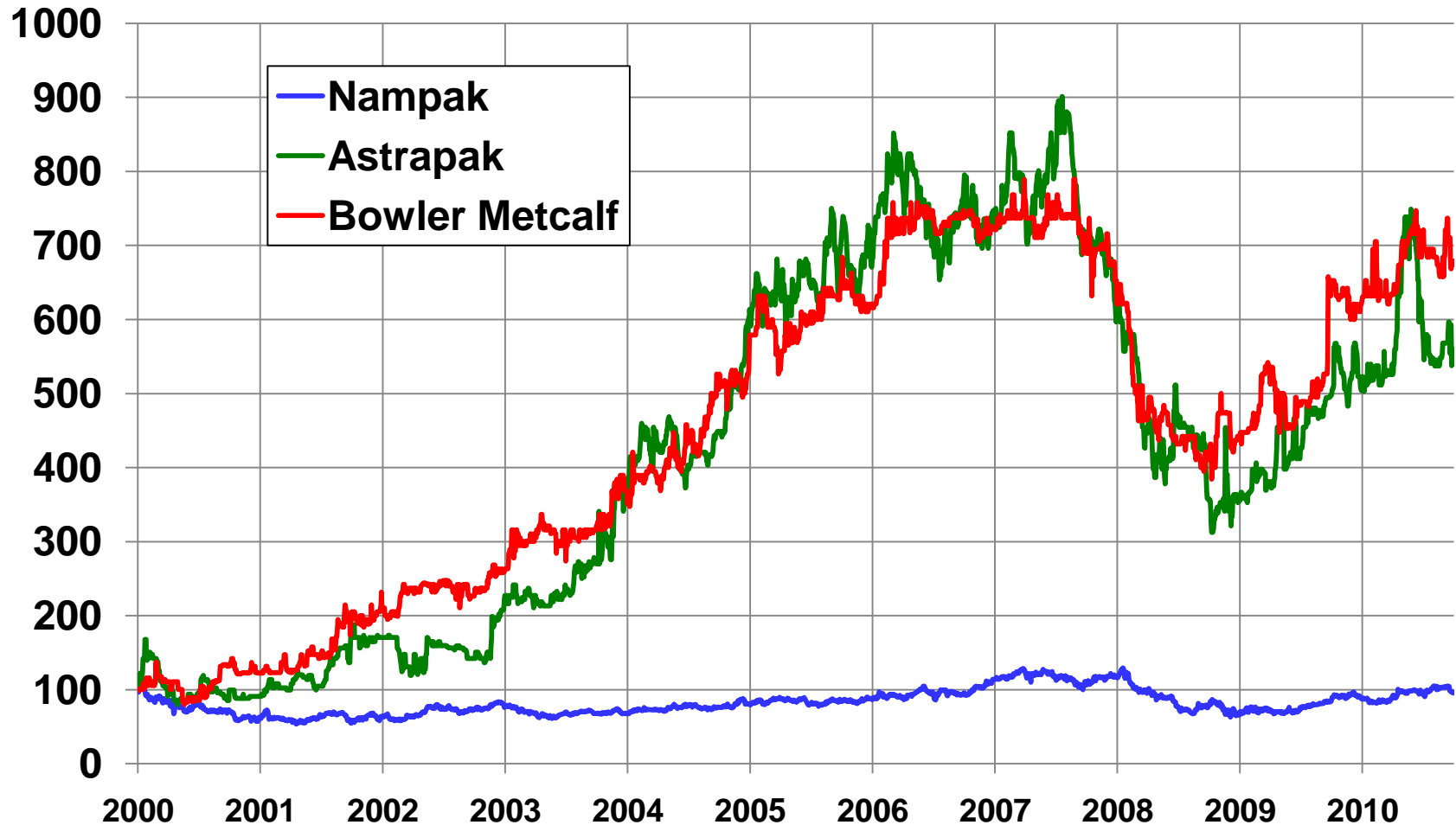


Nampak vs Alsi – recent trend



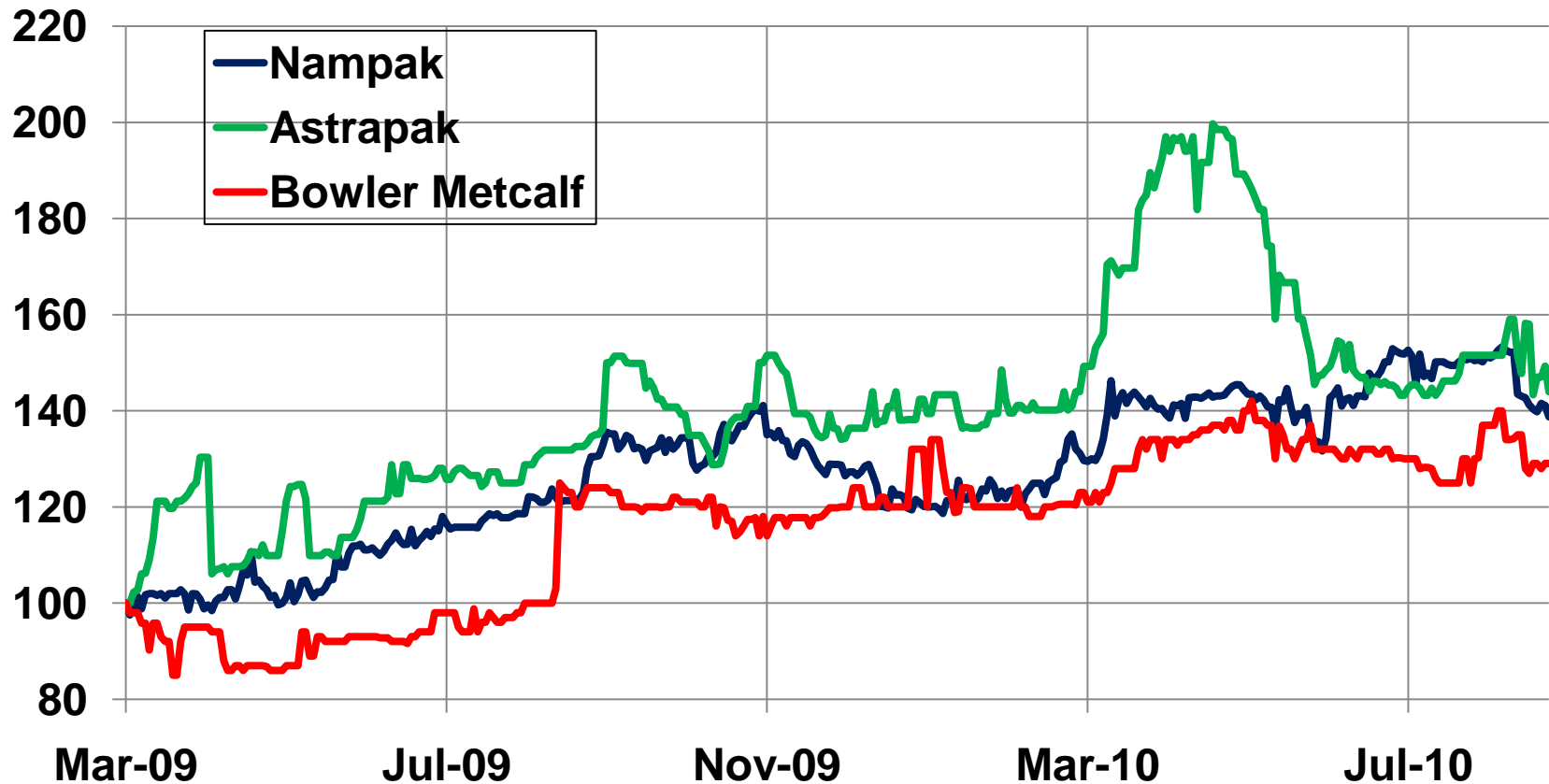
Nampak vs Competitors – 10 year trend

Share prices based to 100



Nampak vs Competitors– recent trend

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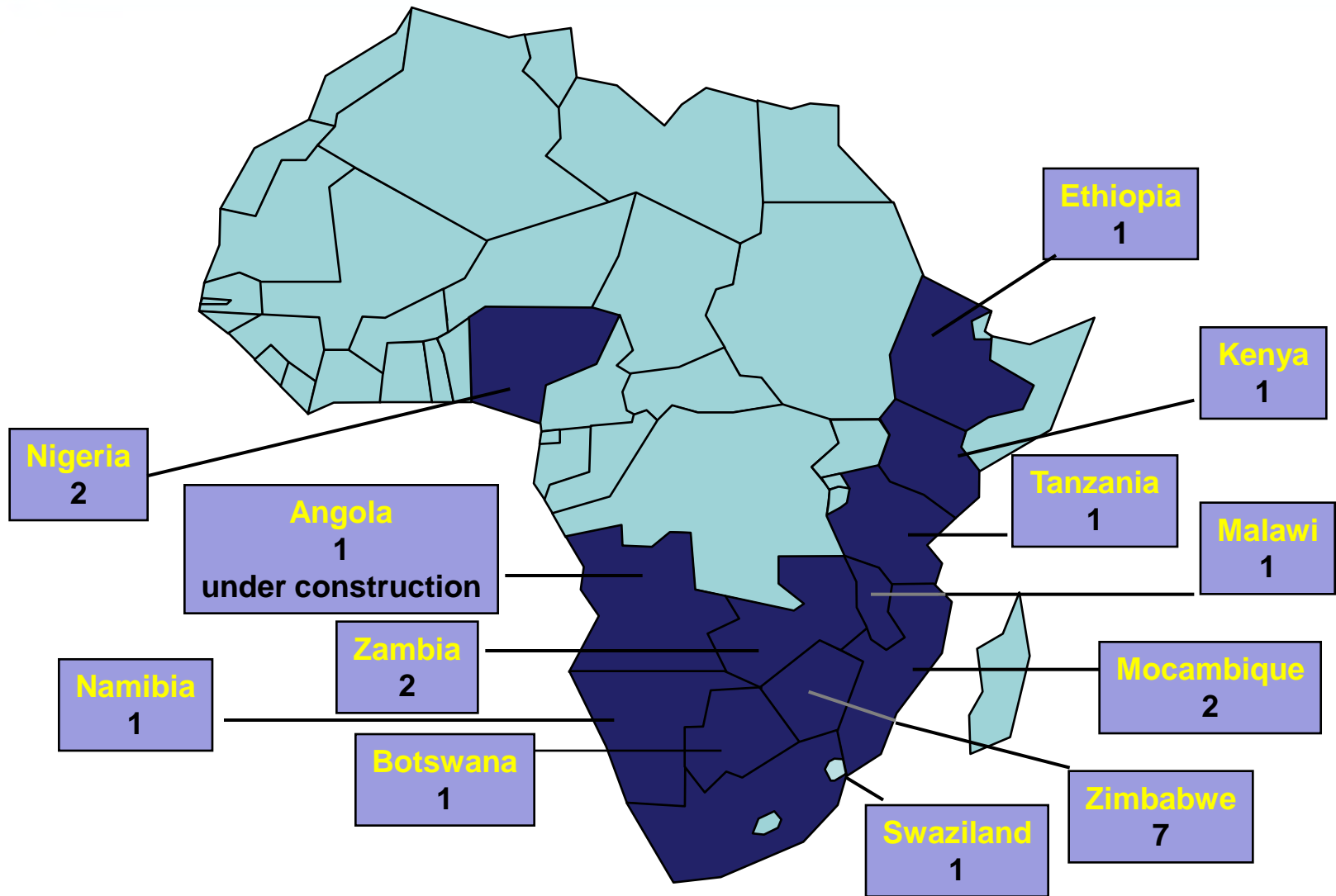


GROUP COMPETITIVE ADVANTAGES

Substantial Market shares

Packaging	100%	85%	50%	40%	30%	20%
Beverage cans	1					
Aluminium aerosol cans			1			
Tinplate aerosol cans		1				
Food cans		1				
Paper sacks				1		
HDPE milk and juice bottles			1			
Folding cartons				1		
Flexible plastics					1	
PET bottles					1	
Corrugated boxes						2
Glass bottles						2
Non-packaging						
Toilet tissue			1			
Diapers					3	

Established Base in 12 African Countries



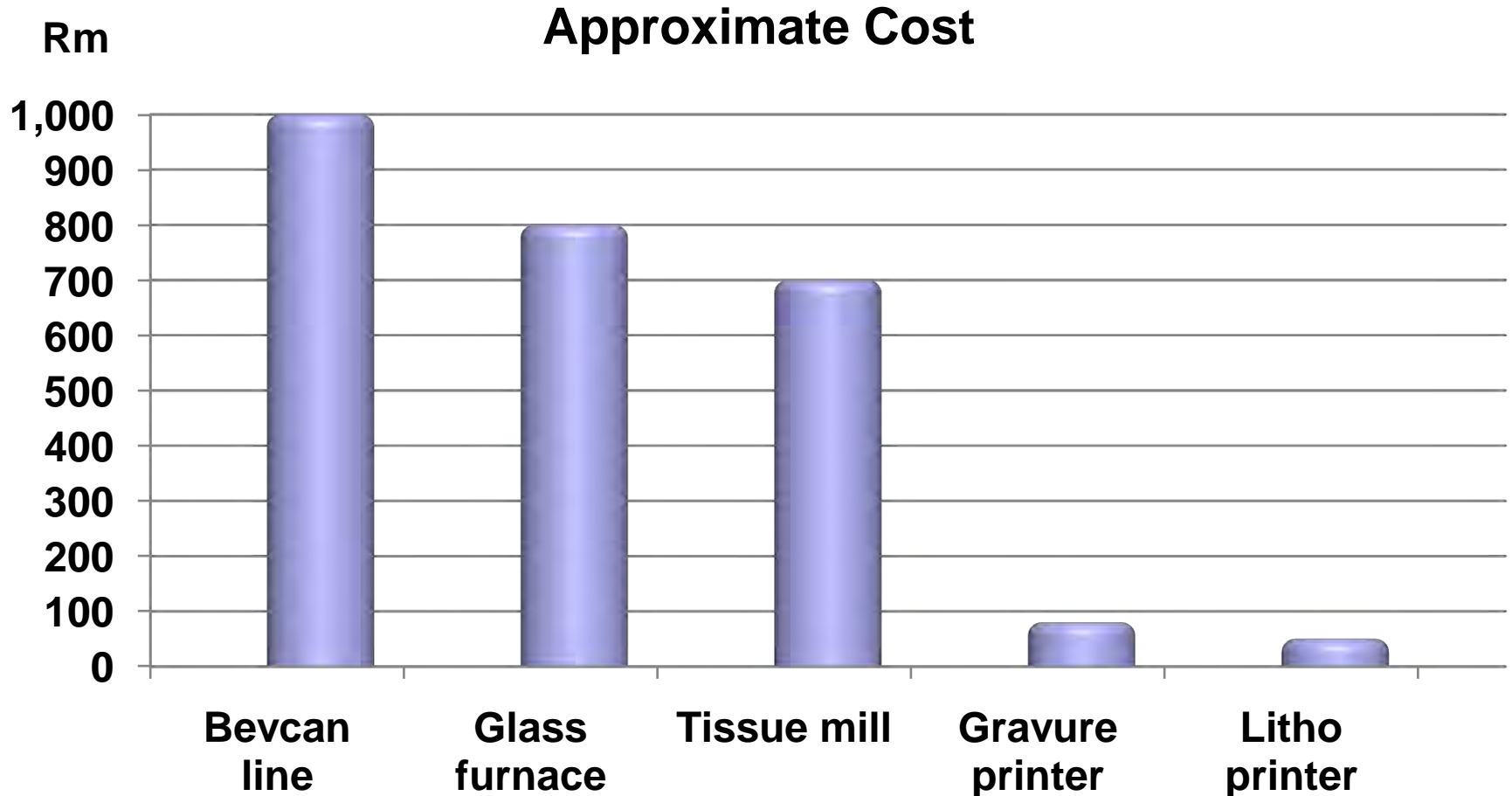
Market Competitive Advantages

- **Long-term contracts and cost escalation formulae**
- **R & D facility**
- **Comprehensive range of metal, plastic, paper and glass packaging**
- **Strong brands in toilet paper, tissue, diaper and feminine products**
- **Recycled product capabilities and high recovery rates**

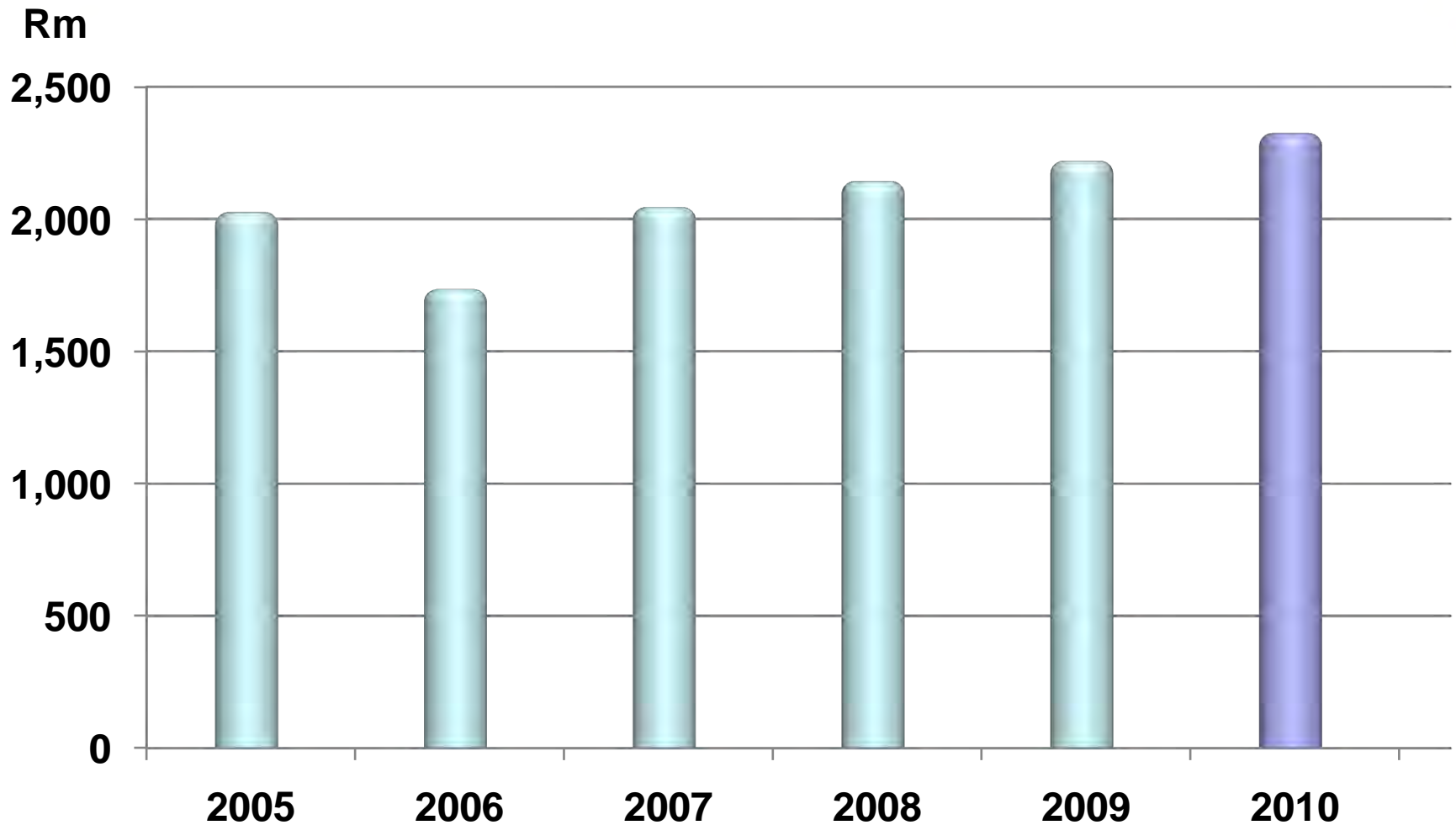
Manufacturing Competitive Advantages

- **Technology agreements**
- **Technical competence**
- **Generally good kit**
- **Geographic spread of manufacturing facilities**
- **In-plant facilities**
- **High barriers to entry in many sectors**

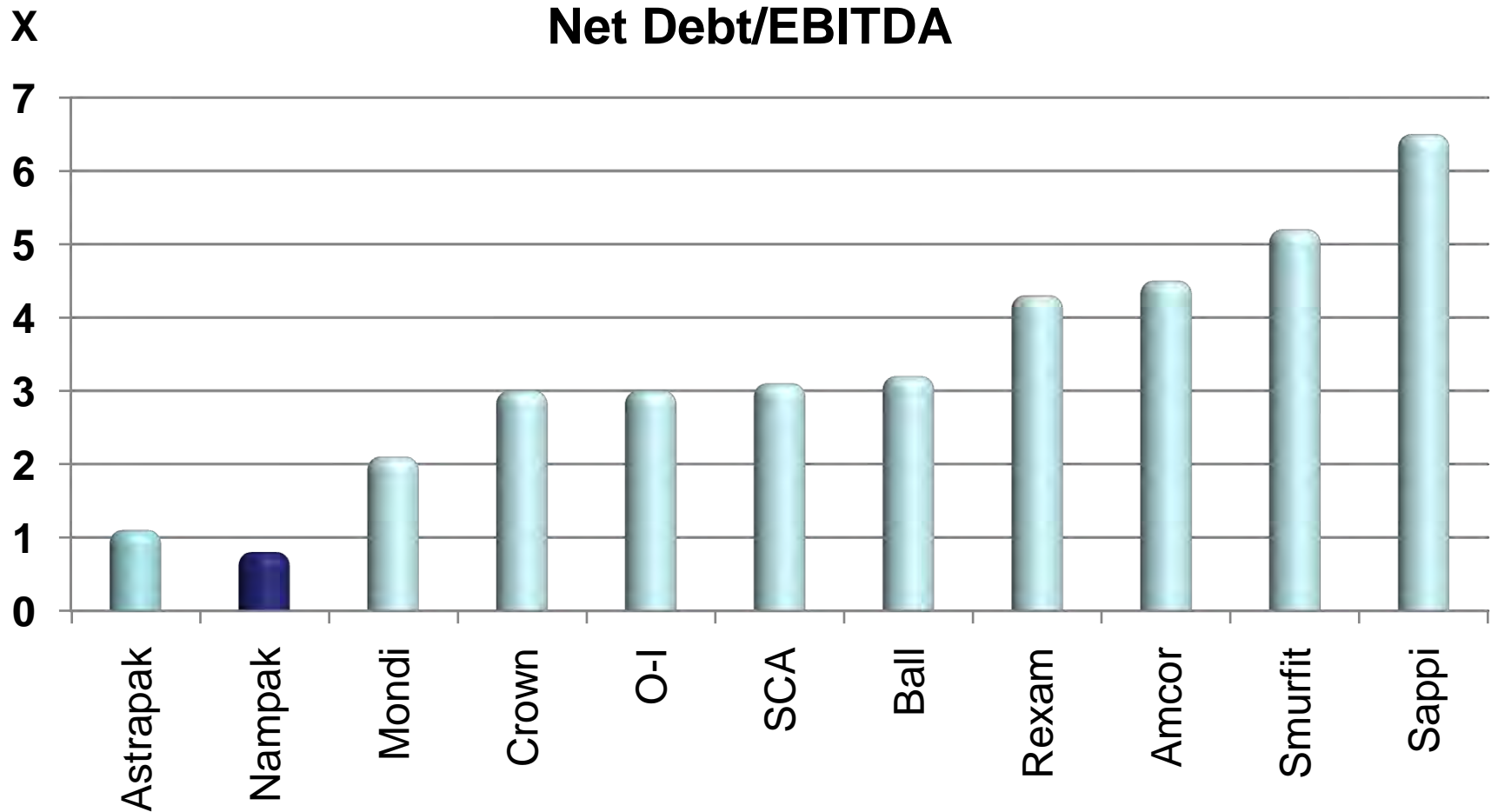
High Barriers to Entry



Cash Generated from Operations



Financial Strength



Source: RBS, Astrapak

Other Competitive Advantages

- **BEE rating**
- **Ethical, moral group**
- **SRI index**
- **Procurement**
- **Strong systems**

GROUP COMPETITIVE DISADVANTAGES

Competitive Disadvantages

- **Power of customers in some areas**
- **Power of suppliers in some areas**
- **Wage rates**
- **Group charges/IT costs**

FINANCIAL STRATEGY

- **Reduce gearing**
- **Return on net assets > 20%**
- **Real growth in HEPS**
- **Cost focus**
- **Allocation of capital**

- **Non-performer resolutions**
- **Capex = depreciation**
- **Outsource non-core functions**
- **Working capital management**

GROUP STRATEGY

Nampak Group Strategy

Core Divisions with Competitive Advantages

Retain

South Africa

Africa

Europe

Nampak Group Strategy

Divisions with Competitive Disadvantages

Fix/Sell/Close

South Africa

Africa

Europe

Disposals in last year

- **Disaki ***
 - **L&CP ***
 - **Foam**
 - **Flexpak**
 - **Redibox**
 - **Carmoc**
 - **Containers**
- * Subject to regulatory approval

Nampak Group Strategy

Key Opportunities Africa	
Angola	Beverage plant (phases 1 & 2) Other Nampak products once beverage plant commissioned
Nigeria	Metals Cartons & Labels
Zambia	Sacks Labels
Kenya	Tea sacks Maize bags Metals

Nampak Group Strategy

Key Opportunities South Africa	
Divfood	Monobloc aerosol 2 piece cans
Tissue	Diapers 2 ply tissues
Closures	Supershorty DBJ
Liquid	Long life milk
Glass	Wide mouth jars Additional capacity
Europe	
Plastics	Arla in plant N Ireland Lightweight bottles

Nampak Group Strategy - Conclusion

- 1. Focus and invest in core divisions where we have a sustainable competitive advantage.**
- 2. Continue disposal of divisions with competitive disadvantage.**
- 3. Take advantage of numerous opportunities in core operations in Africa, South Africa and Europe.**
- 4. Stratplan aims to deliver a smaller group that will be more focused, more profitable, improved margins & RONA and with significantly reduced debt.**

Thank you