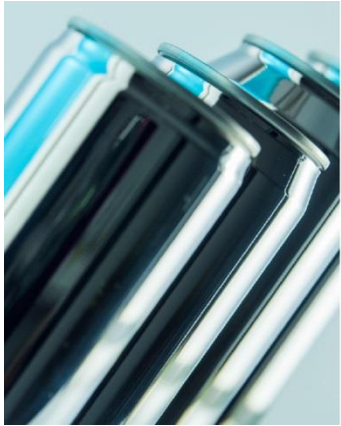




# Interim Results

## 2018

# 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.

# Solid performance from continuing operations

Turnaround progressing according to plan

Revenue **+2%**

to **R8.8 billion** due to strong performance by Metals division and Plastics in the Rest of Africa

Trading profit **+7%**

to **R1.2 billion** due to improved efficiency gains from volume growth in key markets

HEPS **+10%**

to **132.0 cents** from 119.7 cents

**R1.3bn** (USD98m)

**Cash extracted** from Nigeria, Angola and Zimbabwe

Net gearing further improved to **39%** from 51% in H1 2017

Cash generated from operations **+10%** to **R576 million**

# Achievements in H1 2018

Back to basics, delivering results



**Safety LTIFR reduced to 0.31** – operations excellence delivering results, 8 plants exceeded 1 million incident free hours, Bevcan Springs at 3 million to date



**Capital expenditure more than halved to R206m** from R470m in H1 2017, asset integrity maintained



**Operational efficiencies improved** – divisional trading margin for continuing operations improved to **13.2%** from 12.5%



**Management of forex exposure improved** – USD74m cash extracted from Nigeria, USD21m from Angola and 95% of cash balances hedged

# Group revenue from continuing operations up 2%

Trading profit up 7%

## CONTINUING OPERATIONS



### Metals

Revenue  
**R5 849m**  
+5%

Trading profit  
**R925m**  
+5%

**15.8%** margin



### Plastics

Revenue  
**R2 393m**  
0%

Trading profit  
**R121m**  
+36%

**5.1%** margin



### Paper

Revenue  
**R603m**  
-14%

Trading profit  
**R78m**  
+37%

**12.9%** margin

## DISCONTINUED



### Glass

Revenue  
**R720m**  
+9%

Trading profit  
**-R55m**  
>-100%

**-7.6%** margin

# Discontinued operation

## Glass Division disposal

### Rationale

#### Returns below required levels due to:

- Skills gap since exit of technical partner
- High capex requirements - recapitalisation every 10 years
- High fixed costs - molten glass 24/7

#### Free cash for value-adding projects/businesses/initiatives

- Debt reduction
- Improve group profitability/returns
- Furnace 1 rebuild required in 2020

### Carrying value

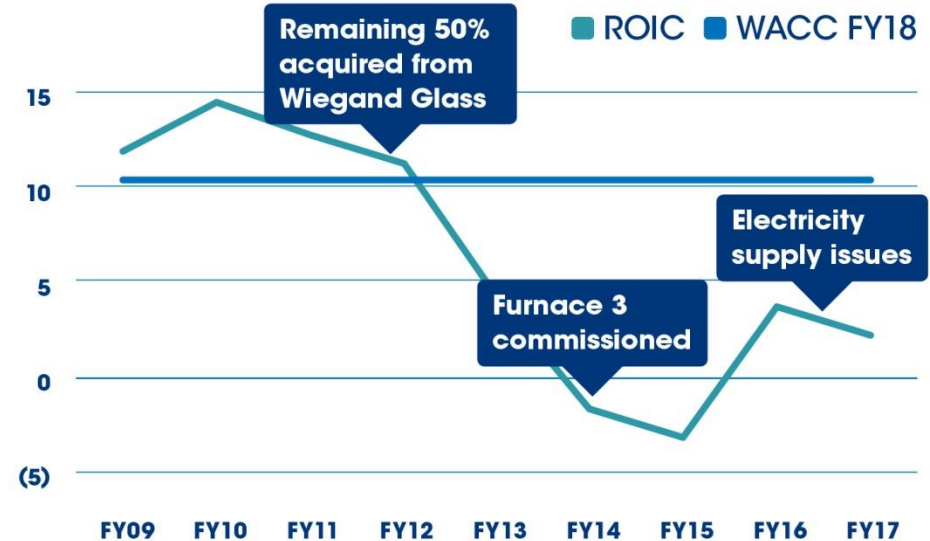
#### Review in FY 2017

- R321m goodwill written off
- R114m other intangibles written off

#### Review in H1 2018

- No impairment indicated

### GLASS DIVISION ROIC vs WACC (%)



### TIMELINE



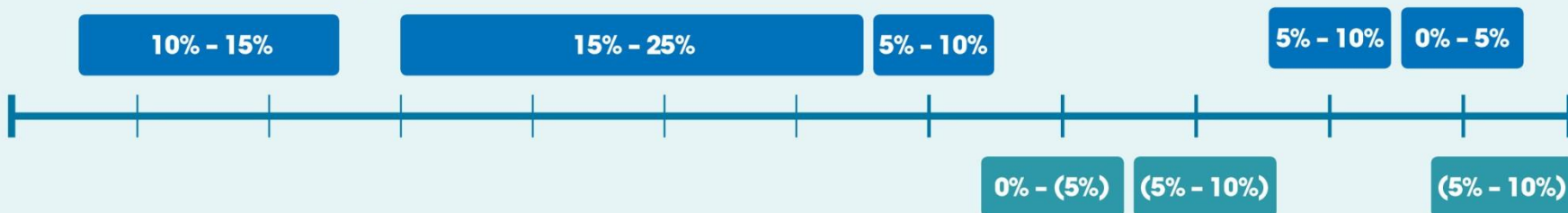
# Lack of skill and added complexity challenge PTM

Glass Division performance to date

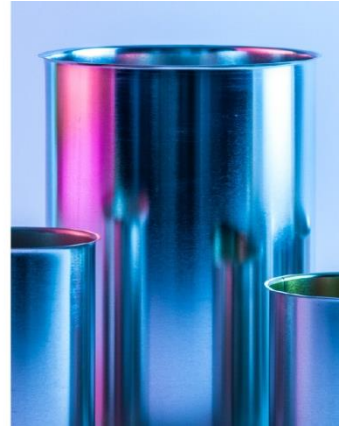
### PACK-TO-MELT RATIO (%)



### TRADING INCOME MARGIN (%)



# Operational Review



# Metals continue to grow and drive Group performance

R million	H1 2018	H1 2017	% Δ
Revenue	5 849	5 570	5
Trading profit	925	883	5
Margin (%)	15.8	15.9	

## SOUTH AFRICA

### › Bevcan SA

- › 5% volume growth despite new entrant
  - › Energy drinks and shift towards value can sizes
  - › Boosted by exports to neighbouring countries
- › Improved trading margins
  - › Efficiency gains from operations excellence initiatives
  - › Increasing contribution from higher margin cans
  - › Ends now directly supplied to Rest of Africa
  - › Improved cost management
  - › Closure of Cape Town fully provided for
    - R50m annual saving + R5m H/O saving

### › DivFood

- › Recovery of canned fish volumes
  - › Imported frozen fish and higher fishing quota
- › Good volume growth in vegetables category

## REST OF AFRICA

### › Bevcan Angola

- › Strong volume growth from lower base in H1 2017
- › Revenue growth muted by strengthening of Rand
- › Margins impacted by
  - › Ends now being supplied directly by Bevcan SA
  - › Forex movements adverse impact

### › Strong cash generation

- › USD21m extracted
- › Increased hedging to protect value of cash

### › Bevcan Nigeria

- › Double digit volume growth off a lower base
  - › Driven by malt beer category

### › USD74m extracted

### › General metals packaging

- › Nampak Zimbabwe – strong performance despite forex challenges
- › Feasibility of food line in Nigeria in progress

R million	H1 2018	H1 2017	% Δ
Revenue	2 393	2 400	0
Trading profit	121	89	36
Margin (%)	5.1	3.7	

## › Plastics South Africa

- › Phase 1 of turnaround complete, phase 2 initiated
- › Slight decline in revenue
  - › Lower allocation by key customer
  - › Higher water demand in drought affected areas
  - › Closures and drums growth
  - › Impact of lost volume due to backward integration in 2017
  - › Capacity filling initiatives partially offset volume decline
- › Margins impacted by restructuring costs

## › Plastics Europe

- › Due to return to profitability one year sooner than guided
  - › Volume losses due to customer vertical integration nearly complete
  - › Growth from rest and new customers mitigated decline
  - › Actively diversifying into new markets
- › Margin improvement
  - › Active management of costs
    - SKU rationalisation to improve operating efficiencies
    - Consolidation of supplier base
  - › Losses reduced by 70%
  - › Return to profitability by financial year-end
- › Impairments of R26m due to lower volumes
- › Rest of Africa
  - › Exceptional growth in Zimbabwe
    - › Double digit volume growth
    - › New customers
  - › Improved trading margins
  - › Stricter credit terms

# Paper margins improved in tough markets

R million	H1 2018	H1 2017	% Δ
Revenue	603	698	(14)
Trading profit	78	57	37
Margin (%)	12.9	8.2	

## › Zimbabwe Hunyani

- » Tobacco case volumes impacted by seasonality
- » Stricter credit terms
- » Improved margins through better procurement

## › Nigeria Cartons

- » Recovery in volumes
- » Improved margins through internal efficiencies

## › Zambia and Malawi

- » Sales impacted by brewers change of pack strategy
- » Malawi restructuring to depot for region
  - Headcount reduction of 56 employees

## › Kenya Bullpak

- » Good sales growth

R million	H1 2018	H1 2017	% Δ
Revenue	720	663	9
Trading profit	(55)	23	(>100)
Margin (%)	(7.6)	3.5	

- › Volume growth despite operational challenges
- › Ongoing efforts to improve operations efficiencies
  - » Electricity supply into facility stabilised in January 2018
  - » Dedicated senior executive on site driving and implementing recovery plan
  - » Relevant operational skills introduced
  - » Better pack-to-melt ratio in April and May 2018
- › Loss-making for the period
  - » High fixed costs and depreciation charge
- › Classified as asset held for sale
  - » Ongoing challenges in leveraging economies of skill and scale
  - » Significant capital requirements
  - » Disposal process initiated
  - » Fair amount of interest from exploratory discussions
  - » No impairment indicated for the period

# Financial Results



# Group revenue for continuing operations up 2% trading profit up 7%

## Statement of comprehensive income

R million	H1 2018	H1 2017	% Δ
<b>Revenue</b>	<b>8 845</b>	8 668	2
<b>Trading profit</b>	<b>1 164</b>	1 085	7
Net abnormal (losses)/gains	(121)	24	(>100)
<b>Operating profit</b>	<b>1 043</b>	1 109	(6)
Net finance costs	(88)	(115)	(23)
Share of net profit/(loss) from associates and joint ventures	2	(2)	
<b>Profit before tax</b>	<b>957</b>	992	(4)
Tax expense	(86)	(96)	(10)
<b>Profit from continuing operations</b>	<b>871</b>	896	(3)
Loss from discontinued operation	(107)	(43)	
<b>Profit for the period</b>	<b>764</b>	853	(10)
<b>EPS (cents) – continuing operations</b>	<b>129.4</b>	127.4	2
<b>HEPS (cents) – continuing operations</b>	<b>132.0</b>	119.7	10

**Revenue +2%** due to strong performance by Metals division and Plastics in the Rest of Africa impacted by 6% stronger Rand

**Trading profit +7%** due to operating efficiencies and operations excellence initiatives offset by R149m forex losses from normal operations on translation of monetary items with majority being unrealised

**Net abnormal losses - R145m** adverse swing largely due to forex losses of R75m from devaluation of Angolan Kwanza and R22m cost of repatriating cash from Nigeria coupled with net impairments of R27m in Plastics Europe

**Net finance costs down 23%** due to reduced net gearing

**Effective tax rate of 9.0%**, lower than 9.7% in PY due to better than expected cash repatriation from Nigeria

**Loss from discontinued operation** represents net Glass loss after finance costs and tax

**EPS +2%** due to lower net finance costs, lower effective tax rate and lower net profit attributable to outside shareholders

**HEPS +10%** excludes capital items

# Strength of Rand has moderated Rest of Africa results

Nigeria stable, Angola in process of devaluation

## Major foreign exchange rates

	Average rates				Closing rates			
	H1 2018	H1 2017	% Δ	FY2017	H1 2018	FY 2017	% Δ	H1 2017
ZAR/USD	12.78	13.57	6	13.38	11.86	13.56	13	13.41
ZAR/GBP	17.35	16.83	(3)	16.96	16.62	18.17	9	16.83
NGN/USD	359.75	311.69	(15)	321.90	360.00	358.99	–	314.29
AOA/USD	189.76	171.73	(10)	171.74	218.64	171.75	(27)	171.73

### › Stronger Rand impact:

- › Profitability from Rest of Africa adversely impacted by strengthened Rand
- › US dollar based debt translation benefits favourably assisting gearing levels
- › Income statement translated at average rates, balance sheet at closing rates – dislocation in rates results in a non-cash debit of R665m to foreign currency translation reserve on consolidation

### › Naira closing rate remains relatively constant

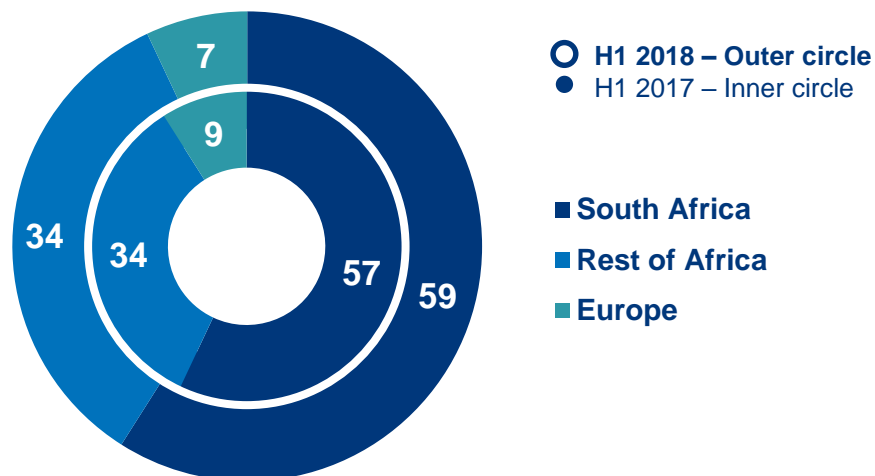
### › Angolan Central Bank in process of managing Kwanza devaluation

- › 95% cash on hand hedged
- › Forex loss of R75m for period

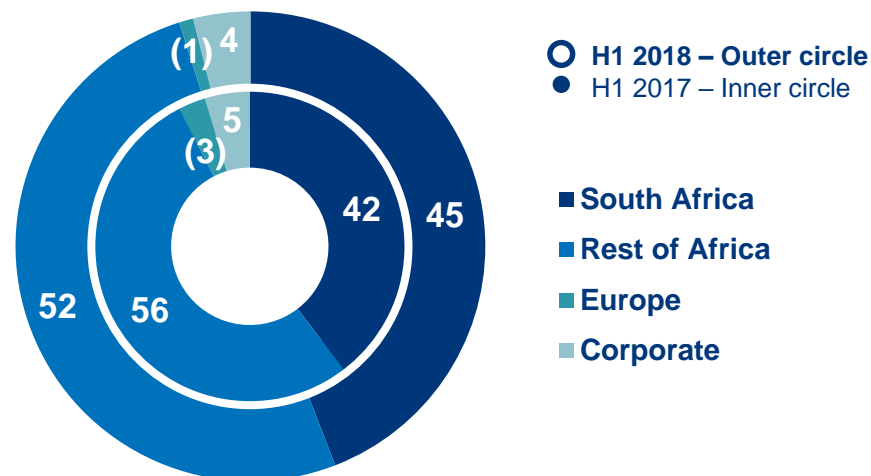
# Trading margins improved to 13.2%

Strength of the Rand moderated Rest of Africa results

CONTINUING OPERATIONS – REVENUE (%)



CONTINUING OPERATIONS – TRADING PROFIT (%)



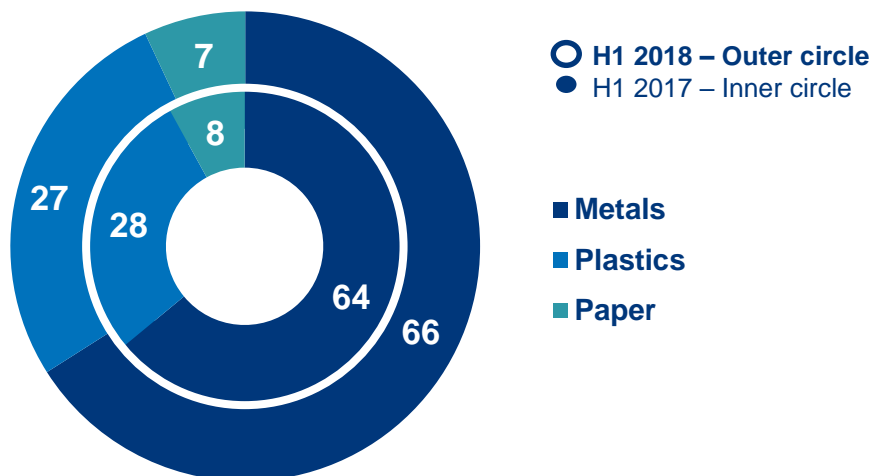
## Segmental performance by region

R million	Revenue			Trading profit			Trading margin (%)	
	H1 2018	H1 2017	% Δ	H1 2018	H1 2017	% Δ	H1 2018	H1 2017
South Africa	5 208	4 953	5	527	458	5	10.1	9.2
Rest of Africa	2 973	2 933	1	608	610	0	20.5	20.8
Europe	664	782	(15)	(11)	(39)	72	(1.7)	(5.0)
Corporate services	–	–		40	56	(29)		
<b>Continuing operations</b>	<b>8 845</b>	<b>8 668</b>	<b>2</b>	<b>1 164</b>	<b>1 085</b>	<b>7</b>	<b>13.2</b>	<b>12.5</b>
Glass – discontinued	720	663	9	(55)	23	(>100)	(7.6)	3.5
<b>Group total</b>	<b>9 565</b>	<b>9 331</b>	<b>3</b>	<b>1 109</b>	<b>1 108</b>	<b>0</b>	<b>11.6</b>	<b>11.9</b>

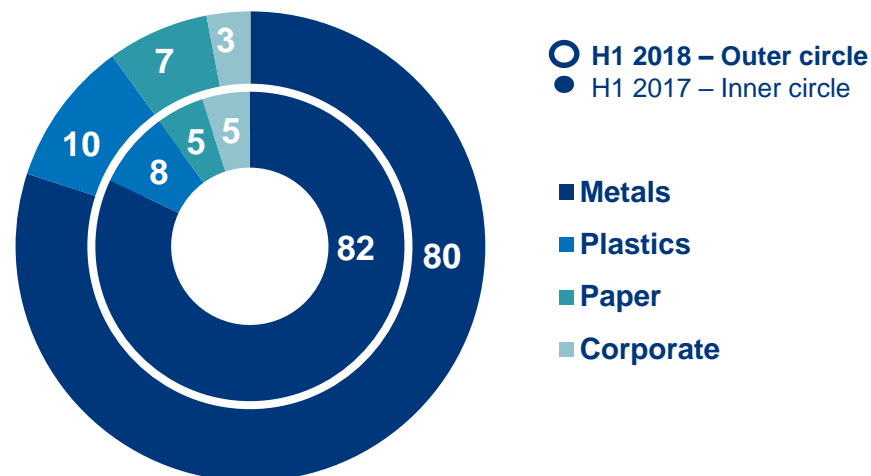
# Metals delivers solid result

Supported by improved trading profits in Plastics and Paper in RoA

CONTINUING OPERATIONS – REVENUE (%)



CONTINUING OPERATIONS – TRADING PROFIT (%)



## Segmental performance by substrate

R million	Revenue			Trading profit			Trading margin (%)	
	H1 2018	H1 2017	% Δ	H1 2018	H1 2017	% Δ	H1 2018	H1 2017
Metals	5 849	5 570	5	925	883	5	15.8	15.9
Plastics	2 393	2 400	0	121	89	36	5.1	3.7
Paper	603	698	(14)	78	57	37	12.9	8.2
Corporate services	–	–		40	56	(29)		
<b>Continuing operations</b>	<b>8 845</b>	<b>8 668</b>	<b>2</b>	<b>1 164</b>	<b>1 085</b>	<b>7</b>	<b>13.2</b>	<b>12.5</b>
Glass – discontinued	720	663	9	(55)	23	(>100)	(7.6)	3.5
<b>Group total</b>	<b>9 565</b>	<b>9 331</b>	<b>3</b>	<b>1 109</b>	<b>1 108</b>	<b>0</b>	<b>11.6</b>	<b>11.9</b>

# US Dollar shortages in Angola and cash extraction from Nigeria impact abnormal items

## Reconciliation of trading profit to normalised EBITDA

R million	H1 2018	H1 2017	% Δ	
<b>Trading profit</b>	<b>1 164</b>	1 085	7	
<b>Net abnormal (losses)/gains</b>	<b>(121)</b>	24	(>100)	
Retrenchment and restructuring costs	(8)	(20)		
Net impairment losses	(27)	(10)	>100	Net impairment losses attributable to Plastics Europe – write off of plant due to lower volumes resulting from backward integration of major customer
Profit on disposal of businesses, investments and other property	11	32		Once off credits in prior year have not been repeated to the same extent in current period
Gain on acquisition of business	–	27		
Net loss arising from Nigerian and Angolan exchange rate movements	(97)	(5)	>100	Forex losses of R75m from the devaluation of the Angolan Kwanza and R22m cost of extracting cash in Nigeria
<b>Operating profit</b>	<b>1 043</b>	1 109	(6)	
Depreciation and amortisation	295	323		
Net impairments	27	10		
<b>EBITDA</b>	<b>1 365</b>	1 442	(5)	EBITDA adversely impacted by net forex losses
Net forex losses from operating activities	149	13		
Abnormal forex losses	97	5		
<b>Normalised EBITDA</b>	<b>1 611</b>	1 460	10	

## Reconciliation of effective to statutory tax rate

%	H1 2018	H1 2017	FY 2017
<b>Corporate tax rate</b>	<b>28.0</b>	28.0	28.0
Deferred tax assets raised	(11.5)	(11.0)	(5.2)
Tax rate differential	(7.8)	(3.8)	(9.1)
Deferred tax not recognised	2.2	1.5	3.5
Impairment of Ireland	–	–	2.7
Other	(1.9)	(5.0)	5.2
<b>Effective group rate of tax – continuing operations</b>	<b>9.0</b>	9.7	25.1
Discontinued operation	(1.4)	(1.2)	12.4
<b>Effective tax rate before impairments</b>	<b>7.6</b>	8.5	37.5
Impairments and other losses – Glass, UK and Ireland	–	–	(29.0)
<b>Effective tax rate after impairments and other losses</b>	<b>7.6</b>	8.5	8.5

**Additional deferred tax raised in Nigeria** – increased certainty of converting unrealised forex losses into realised forex losses due to good cash repatriation in H1

**Reduced losses in Plastics UK** positively impact the foreign tax rate differential

**No tax shield** provided from goodwill write-off and impairment of intangible assets

### › Future effective tax rate will be impacted by:

- › Pioneer status in Nigeria ended on 31 December 2017, commencement year to be shielded by wear and tear allowances
- › End of tax holiday in Angola on amended date of 30 April 2019
- › Sustained profitability of Plastics UK
- › Impact of realisation of Kwanza bonds in Angola and potential mismatch in US dollar availability on maturity date

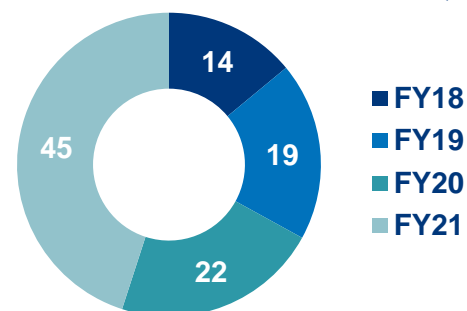
# Sound financial position with further reduction in net gearing to 39%

## Abridged statement of financial position

R million	H1 2018	H1 2017	% Δ
Property, plant and equipment	7 651	10 471	(27)
Goodwill and other intangibles	3 144	3 979	(21)
Liquid bonds and other loan receivables	1 832	753	>100
Other non-current assets	48	83	(42)
<b>Non-current assets</b>	<b>12 675</b>	<b>15 286</b>	<b>(17)</b>
Other current assets	5 657	6 778	(17)
Liquid bonds and loans	883	425	>100
Bank balances	1 844	2 370	(22)
<b>Current assets</b>	<b>8 384</b>	<b>9 573</b>	<b>(12)</b>
Assets held for sale	2 589	–	100
<b>Total assets</b>	<b>23 648</b>	<b>24 859</b>	<b>(5)</b>
<b>Total equity</b>	<b>9 932</b>	<b>10 160</b>	<b>(2)</b>
<b>Non-current liabilities</b>	<b>5 031</b>	<b>8 159</b>	<b>(38)</b>
<b>Current liabilities</b>	<b>8 534</b>	<b>6 540</b>	<b>30</b>
Liabilities associated with assets held for sale	151	–	100
<b>Total equity and liabilities</b>	<b>23 648</b>	<b>24 859</b>	<b>(5)</b>

- › **Glass accounted for in terms of IFRS 5 – Assets held for sale and discontinued operation**
  - » Assets and liabilities of Glass Division grouped and disclosed separately as decision taken to dispose of this asset
  - » Impacts comparison to comparative period
- › **PPE**
  - » Capex spend reduced by 56% to R206m from R470m
- › **Goodwill and other intangibles**
  - » Reduction due to goodwill write off and intangible impairment in H2 FY17 and stronger rand in current period.
- › **Liquid bonds**
  - » Separately disclosed from bank balances
  - » Hedging of in-country cash balances increased to 95% from 77% in H1 2017
  - » Continue to acquire bonds where available

## MATURITY PROFILE OF LIQUID BONDS (%)



## Results of discontinued operation

R million	H1 2018	H1 2017	FY 2017
<b>Revenue</b>	<b>720</b>	663	1 420
Operating expenses	<b>(651)</b>	(528)	(1 236)
<b>EBITDA<sup>(1)</sup></b>	<b>69</b>	135	184
Depreciation and amortisation	<b>(125)</b>	(112)	(218)
Impairment of plant, goodwill and intangible assets	<b>(7)</b>	–	(435)
Net finance costs	<b>(86)</b>	(83)	(170)
<b>Loss before tax</b>	<b>(149)</b>	(60)	(639)
Income tax benefit	<b>42</b>	17	90
<b>Net loss from continuing operations</b>	<b>(107)</b>	(43)	(549)

<sup>(1)</sup> EBITDA before net impairments

› **Net finance costs based on 100% gearing of Glass balance sheet**

## Major classes of assets and liabilities

R million	H1 2018	H1 2017
Property, plant and equipment	<b>1 749</b>	–
Intangible assets	<b>5</b>	–
Inventories	<b>587</b>	–
Trade receivables and other current assets	<b>248</b>	–
<b>Assets classified as held for sale</b>	<b>2 589</b>	–
Trade payables and other current liabilities	<b>(151)</b>	–
<b>Net operating assets</b>	<b>2 438</b>	–

# Steady improvement in financial position

Key structural financial ratios are sound

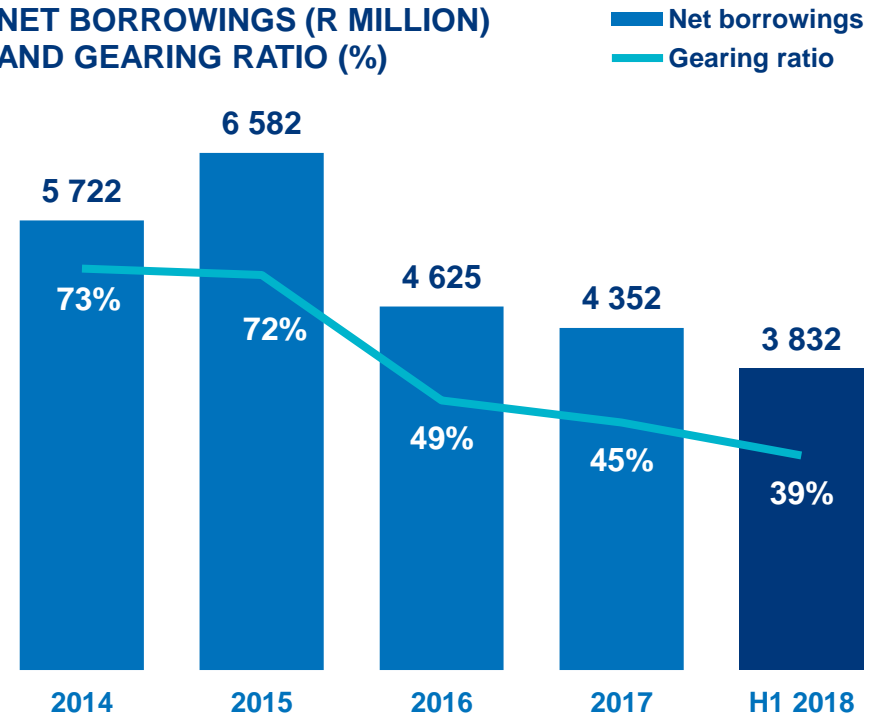
	H1 2018	H1 2017	FY2017
<b>Net gearing (%)</b>	<b>39</b>	51	45
<b>Net debt: EBITDA (times)</b>			
– excl. liquid bonds	<b>2.3</b>	2.1	2.3
– incl. liquid bonds <sup>(1)(2)</sup>	<b>1.4</b>	1.7	1.6
<b>EBITDA: Net interest (times)<sup>(2)</sup></b>	<b>7.6</b>	7.8	7.2
<b>Current ratio</b>			
– incl. current portion of liquid bonds	<b>1.3</b>	1.5	1.3
– incl. all liquid bonds <sup>(1)</sup>	<b>1.5</b>	1.6	1.5
<b>Acid test ratio</b>			
– incl. current portion of liquid bonds	<b>0.9</b>	0.9	0.8
– incl. all liquid bonds <sup>(1)</sup>	<b>1.1</b>	1.0	1.0

<sup>(1)</sup> Including all cash balances

<sup>(2)</sup> Based on covenant calculations

- › Rate of cash build up in Angola has slowed and managed prudently
- › Angolan and Zimbabwean cash balances will only increase by profit element

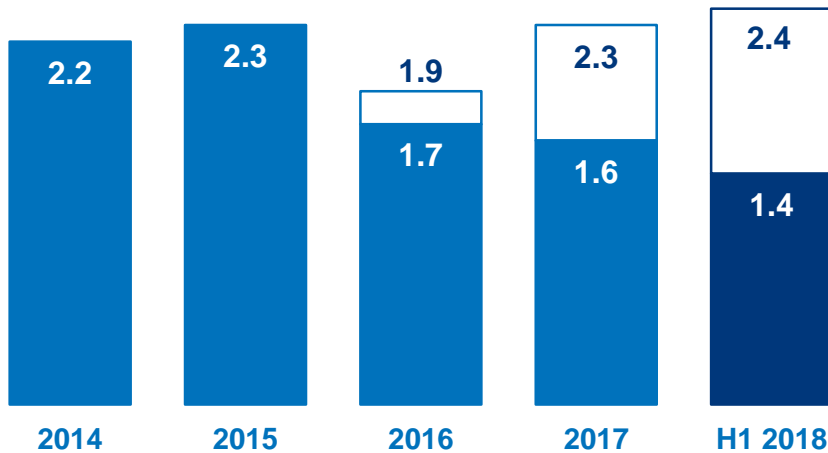
## NET BORROWINGS (R MILLION) AND GEARING RATIO (%)



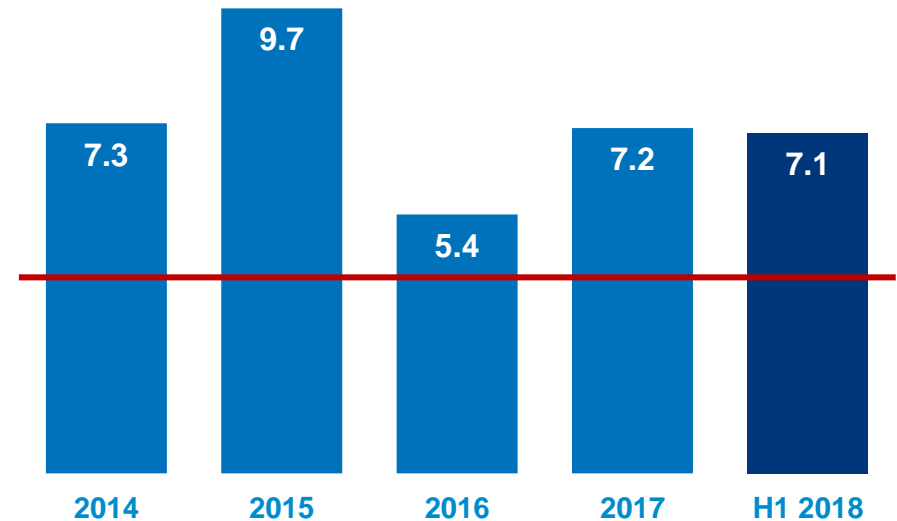
- › Gearing well managed with pleasing downward trend
- › Current and acid test ratios impacted by maturity profile of funding
- › Debt previously classified as long term now in current liabilities
- › Group Treasury addressing optimisation of group funding profile

# Covenant ratios remain strong

**NET DEBT:EBITDA (TIMES)**  
COVENANT LESS THAN 3 TIMES



**EBITDA:INTEREST COVER (TIMES)**  
COVENANT GREATER THAN 4 TIMES

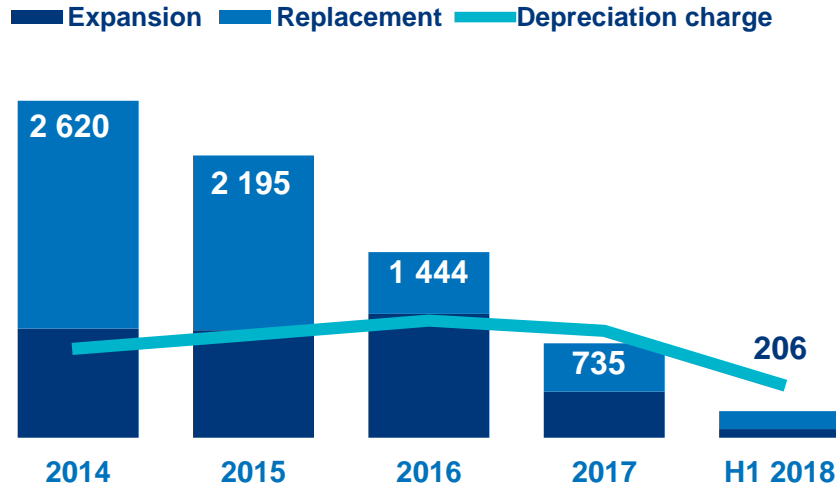


- › **Cash Management Committee processes are yielding positive results**
  - › Raw material funding provided only on guaranteed extraction
- › **Reflected in improvement in net gearing from 56% to 39% which continues to improve both ratios**
- › **Significant headroom in both loan covenant ratios**
- › **Net interest bearing debt:EBITDA ratio reflected inclusive and exclusive of US dollar linked Kwanza bonds in Angola**
- › **Good headroom in banking facilities but group funding profiles under review**

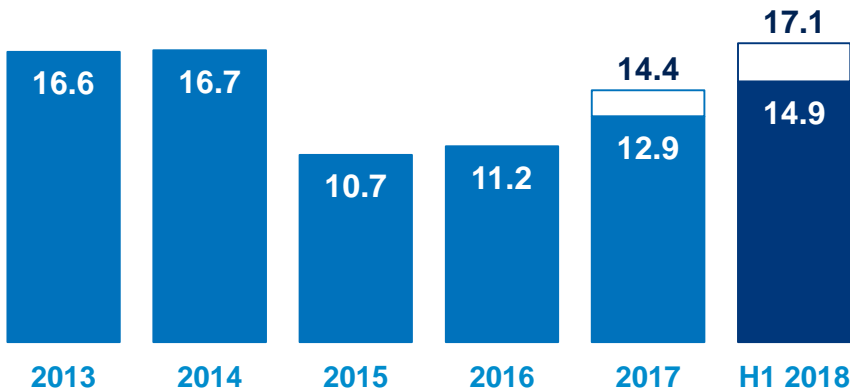
# Capex reduced by 56% to R206m

Continued focus on capex spend without compromising asset integrity

## CAPITAL EXPENDITURE AND DEPRECIATION (R MILLION)



## RETURN ON NET ASSETS (%)



- › Capital Assurance Committee
  - › Operating effectively with thorough capex reviews
  - › Prudent allocation of capital to qualifying projects
- › Asset base continues to be well maintained with focus on improving production efficiencies
- › Overview of capex spend to date
  - › Bevcan fully capitalised with minor spend
  - › DivFood re-capitalisation yielding benefits
  - › Modest incremental capex for Plastics
- › Includes Glass capex of R45m
- › Expansion capex R67m (33%)
- › Replacement R139m (67%)
- › FY18 capex range between R500m and R750m
- › Steady improvements in RONA pleasing and greater than WACC of 11.9%

# R1.3 billion cash extracted in six months

Recovering oil price supports liquidity in oil based economies

## Cash balances including liquid bonds

	RESTRICTED			NON RESTRICTED
	Angola	Zimbabwe	Sub-total	Nigeria
<b>31 March 2018</b>				
Cash on hand	R2 784m	R816m	R3 564m	R410m
Hedged	R2 622m	– (2)	R2 622m	– (3)
% cash hedged	95%	– (2)	74%	– (3)
Cash extraction rate <sup>(1)</sup>	61%	6%	37%	137%
<b>30 September 2017</b>				
Cash on hand	R2 188m	R654m	R2 842m	R828m
Hedged	R1 954m	– (2)	R1 954m	– (3)
% cash hedged	89%	– (2)	69%	– (3)
Cash extraction rate <sup>(1)</sup>	47%	40%	47%	93%
<b>31 March 2017</b>				
Cash on hand	R1 436m	R426m	R1 862m	R955m
Hedged	R1 107m	– (2)	R1 107m	R344m
% cash hedged	77%	– (2)		36%
Cash extraction rate <sup>(1)</sup>	80%			80%

<sup>(1)</sup> Liquidity ratio of invoices presented for payment in the period

<sup>(2)</sup> There are currently no appropriate hedges available in Zimbabwe

<sup>(3)</sup> Cash balances in Nigeria are no longer considered restricted as a consequence of the liquidity that has been provided by the introduction of the NAFEX

# Mitigation of foreign currency exposure

Initiatives to reduce cash build-up in cash restricted areas

## ANGOLA

- › **95% of cash balances hedged**
  - › Further bonds purchases in H1
  - › Maintain minimal cash balances in Kwanza
- › **Actively engaging customers and reducing build-up of cash in-country:**
  - › Ends now being supplied directly from South Africa
  - › Raw materials procured upon hard currency payment by customer
- › **Actively engaging Government on foreign currency allocations**
- › **No further dollars injected, awaiting approval from Government for tin plate line conversion to aluminium**

## ZIMBABWE

- › **Intensive engagements with customers and Central Bank on liquidity**
  - › Expect foreign currency allocations in H2
- › **Raw material procured upon hard currency payment by customers**
- › **Not supplying where raw material is not secured by customers**
- › **Cash balance at 31 March 2018 down to R816m from R841m in February 2018 reflecting benefits from changed operating model**

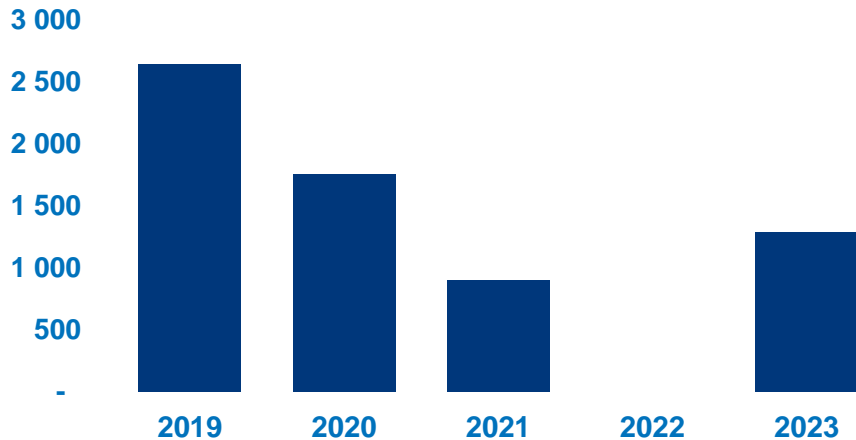
## NIGERIA

- › **NAFEX improved liquidity**
- › **Ends supplied directly from South Africa thereby improving margins. Model now changed to ensure customers pay for exports in dollars.**
- › **Significant reduction in cash balance through focused efforts and liquidity provided by NAFEX**
- › **Cash balance at 31 March 2018 of R410 million reduced by:**
  - › 50% from R828m in September 2017
  - › 57% from R955m in March 2017
  - › Further repatriation expected in H2

# Group funding in process of being restructured

To further strengthen Group's financial position

## GROUP LONG TERM TOTAL DEBT MATURITY (R MILLION)



## CURRENT PROFILE

- › Separate treasury facilities for SA and Rest of Africa (IOM)
- › Historically relatively large portion of funding on overnight call with balance in term funding instruments
- › Respective treasury operations conservatively managed with adequate headroom
- › Group funding profile under review given maturity profile
  - › USD86m IOM facility matures on 1 Oct 2018
  - › R1bn SA term facility matures on 31 Dec 2018
  - › Both classified as current liabilities

## DEBT RESTRUCTURING PROCESS

- › Weighted average cost of capital
  - › Targeted structure of 60% equity, 40% debt
  - › With focus on higher levels of committed revolving credit funding facilities
- › Separate cash pools for SA and RoA (IOM)
- › Treasury managing well defined funding process
  - › Process underway to restructure group funding profile through multi banked committed four and five year revolving credit facilities
  - › Good support indicated from incumbent banks and other funding partners
  - › Target to finalise revised funding plan before FY18 year-end
- › Shareholder approvals – special resolution required
  - › Special general meeting scheduled for 11 July 2018 to obtain Section 44 and 45 approval for funding

## FUTURE PROFILE

- › Balanced between term and overnight debt
- › Facilities to enable repayment of existing term debt on maturity
- › Funding profile to create sound platform for next five years and further strengthen balance sheet

# Cash generated from operations up 10%

## Statement of cash flows

R million	H1 2018	H1 2017	% Δ
<b>Cash generated from operations before working capital changes</b>	<b>1 435</b>	1 436	0
Working capital changes	(859)	(912)	(6)
<b>Cash generated from operations</b>	<b>576</b>	524	10
Net interest paid	(222)	(198)	12
Income tax paid	(78)	(75)	4
<b>Cash inflows from operations</b>	<b>276</b>	251	10
Dividends paid	–	–	
<b>Net cash generated from operating activities</b>	<b>276</b>	251	10
Capital expenditure	(206)	(470)	(56)
Other investing activities	14	76	(82)
<b>Net cash generated/(utilised) before financing activities</b>	<b>84</b>	(143)	>100
Net cash raised from financing activities	118	12	>100
<b>Normalised net cash increase/(decrease) in cash and cash equivalents</b>	<b>202</b>	(131)	>100
Post retirement medical aid buy-out	–	(562)	
Increase in liquid bonds	(994)	(489)	
<b>Net (decrease) in cash and cash equivalents</b>	<b>(792)</b>	(1 182)	(33)

Reduction of 6% in net working capital outflow despite increased sales

Prudent capital allocation reduced capital expenditure by 56%

R333m positive swing in net cash compared to prior year

Increased hedging in Angola – Liquid bonds comprise 95% of cash balances

# Working capital remains a key focus area

Cash inflows before payables show R258m improvement

## Changes in net working capital

R million	H1 2018	H1 2017
Decrease/(increase) in inventories	207	(223)
(Increase)/decrease in trade receivables and other current assets	(78)	94
<b>Cash inflow/(outflow) before payables</b>	<b>129</b>	<b>(129)</b>
Decrease in trade payables and other current liabilities	(988)	(783)
<b>Net working capital changes</b>	<b>(859)</b>	<b>(912)</b>

- › Focused attention on inventory management yields cash inflow and improvement of R430m compared to prior year
  - › Inventory unwinding in H1 2018 of inventory build up from LCs allocated towards the end of FY2017 in Angola
  - › Net outflow from debtors due to increased demand and sales
  - › R258m improvement in cash flow before trade payables
  - › Increased net payments to creditors to take advantage of settlement discounts

## Working capital days

	H1 2018	H1 2017
Inventory	109	108
Trade receivables	54	58
Trade payables	98	101
<b>Net working capital</b>	<b>65</b>	<b>65</b>

# In summary

Consistent to improving key ratios/metrics with HEPS up 10%

## Ratios – continuing operations

	H1 2018	H1 2017	% Δ
HEPS (cents)	132.0	119.7	10
Net gearing (%)	39	51	
Current ratio (times) – including all liquid bonds	1.5	1.6	
Acid test ratio (times) – including all liquid bonds	1.1	1.0	
Net interest-bearing debt: EBITDA – including liquid bonds	1.4	1.7	
<i>Covenant</i>	<3.0	<3.0	
EBITDA interest cover (times)	7.6	7.8	
<i>Covenant</i>	>4.0	>4.0	
Normalised EBITDA	1 611	1 460	10
RONA (%)	17.1	14.0	
Cash generated before working capital (R million) <sup>(1)</sup>	1 435	1 436	0
Normalised net cash increase/(decrease) in cash and cash equivalents <sup>(1)</sup>	202	(131)	>100

<sup>(1)</sup> For continuing and discontinued operations

# Active management of portfolio



# Preparing a platform for future growth

Actively managing portfolio to improve competitiveness and profitability



## Metals

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Optimising footprint in South Africa, continue to improve profitability



## Plastics

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Restructuring of Plastics SA and UK into sustainable operations



## Paper

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Restructuring of operations in Rest of Africa to improve profitability, innovation to leverage competitive advantage



## Glass

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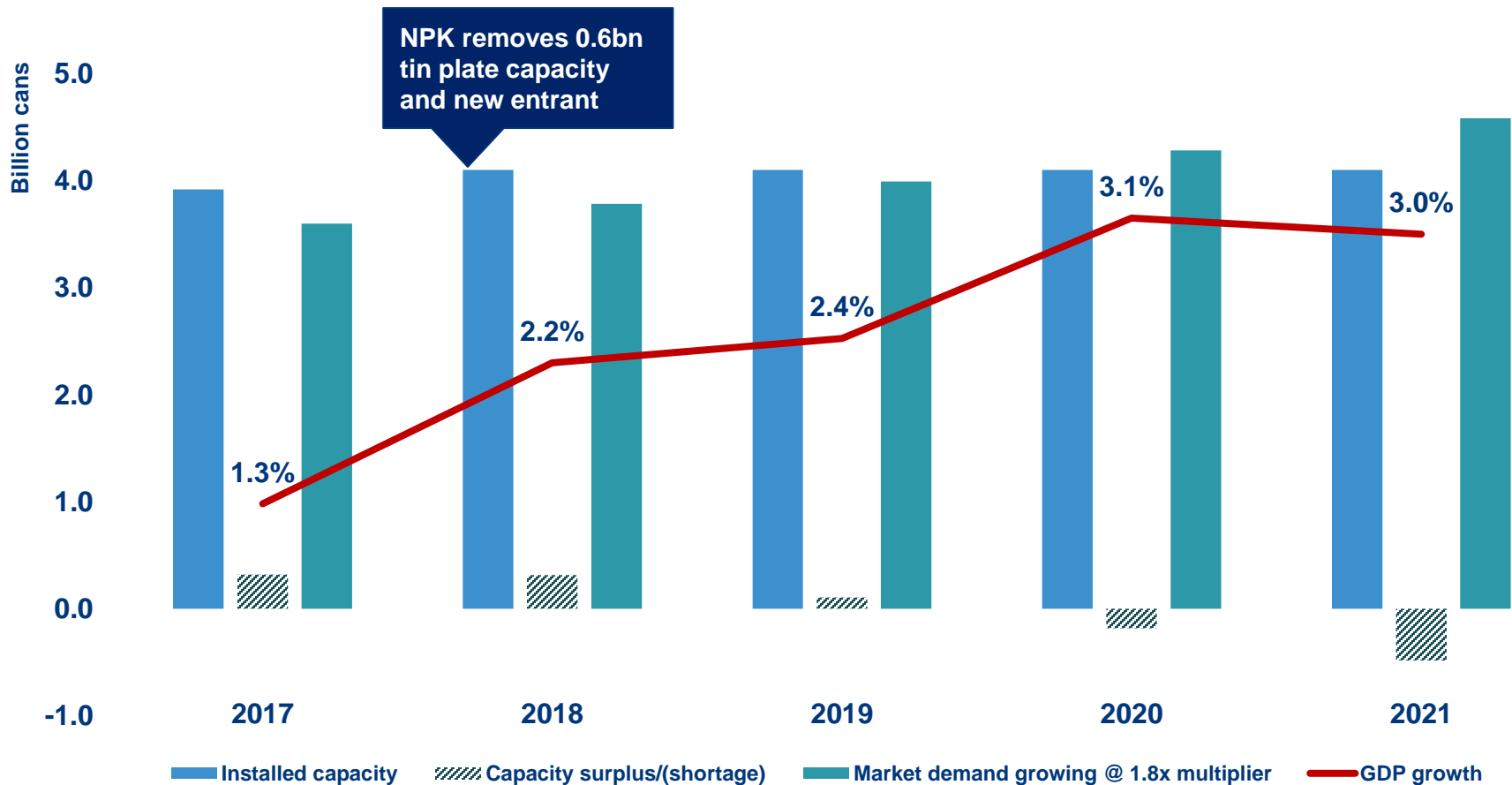
Discontinued operation to be disposed

# Removing capacity in Metals to reduce costs

Optimising footprint in South Africa

› The impact of new entrant in South Africa in beverage can market

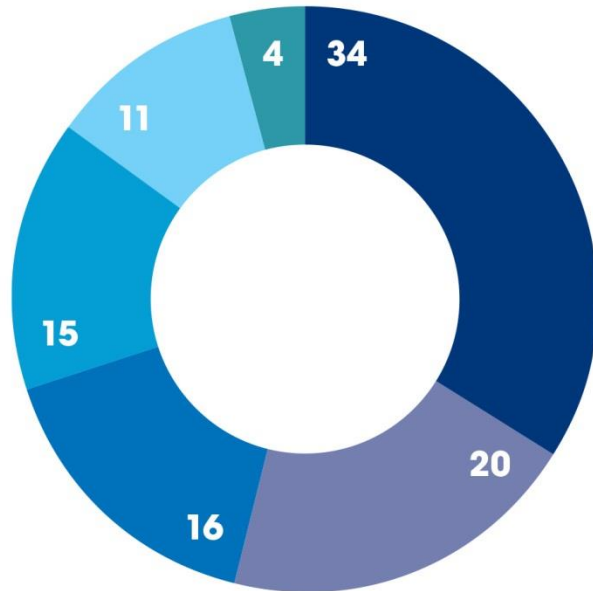
## SA BEVERAGE CAN MARKET DYNAMICS



# Plastics SA turnaround plan

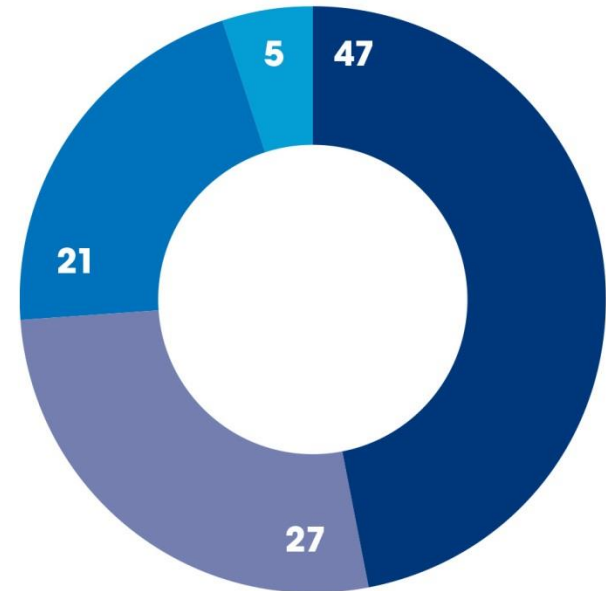
Improving profitability by reducing complexity

**BEFORE:**  
REVENUE CONTRIBUTION (%)



■ Liquid plastics 
 ■ Closures 
 ■ Drums 
 ■ Cartons 
 ■ Crates 
 ■ Tubes

**AFTER:**  
REVENUE CONTRIBUTION (%)



■ Liquid plastics 
 ■ Closures 
 ■ Cartons 
 ■ Tubes

## Impact of project

Number of sites	21
Number of lines	209
Product lines	6
Employees	1 305

↓ 43%  
 ↓ 29%  
 ↓ 33%  
 ↓ 28%

## Impact of project

Number of sites	12
Number of lines	149
Product lines	4
Employees	936

# Plastics SA turnaround plan

Trading profit improvement of R131m by 2020

## ANNUAL TRADING PROFIT IMPROVEMENT R131M (12 – 18 MONTHS TO IMPLEMENT)



	People	Retrenchment cost (Rm)	Annualised trading profit improvement (Rm)	Capex (Rm)	IRR (%)	Payback (years)
<b>Project Rejuvenate: Part 1 (complete)</b>	70	25	28	—	—	—
<b>Project Rejuvenate: Part 2</b>	299	106	103	66	69.31	1.56

# Plastics UK turnaround plan

Trading profit improvement of R46m by 2020

## ANNUAL TRADING PROFIT IMPROVEMENT OF R46M (12 – 18 MONTHS TO IMPLEMENT)



## Annual trading profit improvement of R46m

- R238m capex – recapitalisation, relocation and growth to diversity market
- Improved profitability in H1 driven by detailed assessment of each site, strict cost control and cost improvement projects at site

# Turnaround initiatives in the Rest of Africa

Restructuring to improve profitability and optimise structures for markets

## ZAMBIA

**Restructuring following lost volumes due to change of business strategy by customer**

- › Largest customer reduced focus on opaque beer operations and subsequently sold business to NBL
  - » Diversifying customer base towards a balanced portfolio
    - Independent breweries (previously untapped)
  - » Working with new customers to promote conical carton pack vs. bulk and plastic alternatives
    - Restriction on sorghum beer bulk sales assisting
  - » Other capacity filling initiative – regional exports
  - » Cut back on cash fixed costs
- › Progress to date
  - » 10 new breweries added to date, more in H2
  - » New NBL owners' strategy promotes use of cartons
  - » 30% saving on cash fixed costs vs. prior period
  - » Improving margins towards historical levels

## MALAWI

**Changing business model to optimise regional efficiencies and reduce cost base**

- › Declined and low demand in Malawi and export markets
- › Aged equipment not optimal further reducing profitability
- › Right-sizing operations to ensure profitability
  - » Analysed operating costs and profitability of each product offering
  - » Exited manufacturing unprofitable products – commercial cartons
- › Marketing initiatives to drive demand
- › Restructuring costs of R6m
  - » Downsized workforce from 106 to 50 employees.
  - » Combine overall management of country sites
- › Profit impact
  - » R15m annual savings targeted
  - » Return to profitability in H2

# Thank you



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