MEDIA RELEASE

27 NOVEMBER 2018

NAMPAK'S PERFORMANCE PLEASING IN TOUGH ENVIRONMENT

Nampak Limited announced annual results for year ended 30 September 2018 today.

Highlights (continuing operations)
- Revenue marginally down 0.5% at R17.3bn
- Trading profit of R2bn up 3%
- Operating profit increased 7% to R1.5bn
- Profit up 29% to R1.2bn
- EPS increased 38% to 169.2 cps and HEPS increased 15% to 168.7 cps
- Cash transferred from Angola, Nigeria and Zimbabwe rose 103% to R3.5bn

André de Ruyter, CEO, said "The group performance was pleasing in a tough economic environment in most of the geographies in which we operate. Good cost control led to operational efficiencies, with improved margins for Bevcan and the recovery of DivFood, despite lacklustre demand in SA. Plastics UK delivered profitability as promised, while Plastics SA had a tough year due to a very competitive landscape. The significant improvement in the availability of foreign currencies in Angola, sustained liquidity and market share growth for beverage cans in Nigeria, and strong demand in Zimbabwe resulted in margin improvements in the Rest of Africa."

Nampak's profit from continuing operations grew 29% to R1.2 billion despite high inflation, increased taxes, fuel price increases and other pricing pressures. As revenue remained largely unchanged, internal initiatives - cost containment, operational efficiency improvements, the retention of customers and targeting new market segments - ensured growth in earnings and profits. Earnings per share rose 38% to 169.2 cents while headline earnings per share rose 15% to 168.7 cents.

Cash extracted from Angola, Nigeria and Zimbabwe was 103% higher at USD265 million (R3.5 billion) due to continued liquidity in Nigeria and improved foreign currency availability in Angola. Liquidity in Zimbabwe remains challenging, and as a consequence, no dividend was declared.

The Rest of Africa produced varying results – Nigeria is showing signs of a recovery; although the restoration of liquidity in Angola came too late in the year to offset a decrease in volumes. Zimbabwean operational performance boosted margins in the Plastics and Paper divisions. This resulted in an improved trading margin of 22.1% for the Rest of Africa. The UK Plastics business returned to profitability. The group trading margin was higher at 11.4%.

Revenue for continuing operations marginally declined to R17.3 billion, largely as a result of constrained revenue growth in Metals and an average 2% stronger Rand against the US dollar in the majority of Rest of Africa operations. Pleasing volume growth in Bevcan Nigeria and DivFood was offset by lower volumes in Bevcan Angola, as the foreign currency shortages impacted the procurement of raw materials and production volumes. Revenue from the Plastics division in Rest of Africa improved significantly but was muted by the performance of the rest of the Plastics division.

Trading profit rose 3% to R1.97 billion and trading margins for most divisions improved, driven by enhanced operational efficiencies in Bevcan SA. The recovery in fish volumes at DivFood boosted profit but meat can volumes were lower as a result of a listeriosis outbreak. Volume growth in Bevcan Nigeria as well as exceptional performances by Plastics and Paper in Zimbabwe added the stronger trading profit. Cost was saved through the closure of the Epping Bevcan line and continued close management of overhead expenditure. The group trading margin was 11.4%. Growth in trading profit and a 9% reduction in net abnormal losses led to operating profit growing 7% to R1.5 billion.

Profit for the year increased 29% to R1.17 billion as a result of lower net finance costs, an increased share of net profits from associates and joint ventures as well as a lower effective tax rate of 10.7%. For continuing operations, earnings per share increased by 38% to 169.2 cents and headline earnings grew 16% to R1.1 billion and 168.7 cps.

Nampak continued its hedging strategy which provided a R1.6 billion shield against currency devaluation in Angola. The hedging instruments have been highly effective with 94% of Angolan cash balances hedged at year end.

Capital expenditure for the year was 27% lower at R536 million due to prudent capital allocation without compromising the quality of the asset base.

Glass is classified as a discontinued operation. Production output rose by 11% but the division’s growth remains dependent on its ability to meet demand. R677 million of this division’s assets were impaired during the year. The disposal of Glass is progressing as planned, with detailed due diligence processes having commenced and offers being evaluated.

OUTLOOK

De Ruyter concludes, “Efficiency improvements, cost containment and targeting new market segments will be priorities in 2019 to drive improved profitability and better returns.”

“The outlook in South Africa is challenging and demand driven. Consumer spending is under pressure due to the VAT increase, ongoing fuel and electricity increases, as well as the recent recession. Nampak will continue to focus on improving operational efficiencies in order to mitigate these demand pressures.”

“Nampak remains very positive about business prospects in Nigeria and will invest in new 500ml beverage can capacity and R100 million in a food can line. The Rest of Africa’s operations will continue to be reviewed for rationalisation opportunities.”

ENDS

For further information:

Nondyebo Mqulwana, Group Investor Relations Manager: 011 719 6326

For interviews:

Anne Dunn: 082 448 2684

About Nampak

Nampak is Africa's largest diversified packaging manufacturer by volume and revenue. We leverage the skills of our 6 678 people and capitalise on our substantial investment in state-of-the-art facilities to produce world-class metal, glass and rigid plastics packaging from facilities in 11 countries across Africa, and in the United Kingdom as well as Ireland. Our customers – many of them large fast-moving consumer goods companies – benefit from our extensive research and development services, which provide them with innovative solutions that promote their own products while keeping their impact on the environment in check.

www.nampak.com