



Nampak
packaging excellence

INTEGRATED REPORT 2018



SUSTAINABLE PROFITABILITY

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NAVIGATION

The following icons provide links to additional information:

 This icon gives you references to supporting information throughout the report.


 This icon tells you where you can find more information online and on our website: www.nampak.com.

 These icons are for our material issues, details of which appear on [page 18](#)

REPORT FEEDBACK

We strive to improve our reporting and welcome any comments that will assist us in doing so. Please contact lynne.kidd@nampak.com

Forward-looking information

This integrated report contains forward-looking statements. Please refer to the disclaimer on  IBC of this report.

www.nampak.com

Scan this QR code with your mobile device for quick access to the report.



About our report

Nampak strives to provide comprehensive and valuable information to its shareholders.

Our integrated report provides a balanced assessment of our financial, economic, social, governance and environmental issues. It provides information on our operating context, strategy, business model, operational and financial performance, risks and opportunities and corporate governance.

We report on the resources upon which we rely (also referred to as the six capitals), the stakeholders with whom we engage and the material issues that have the potential to affect the delivery of strategy and the group's ability to create value.

In addition to the integrated report, we publish audited annual financial statements, as well as comprehensive sustainability and remuneration reports. All are available on our website www.nampak.com.

SCOPE AND BOUNDARY

This report covers the period from 1 October 2017 to 30 September 2018 and includes all Nampak's businesses and associates in all the territories in which it operates, except where specifically noted. Significant events, if any, after year-end and before the approval date of this report, are also included.

We report on our operations by packaging substrate – being metals, plastic, paper and glass – and by geographical region, being South Africa, Rest of Africa, the United Kingdom and Republic of Ireland.

This report also includes details relating to risks, opportunities and outcomes attributable to or associated with other entities and stakeholders beyond Nampak that may have a material effect on the ability of Nampak to create value.

All significant items are reported on a comparable basis and the contents are presented on continuing operations.

SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

The board decided to dispose of the Glass business because its financial returns have failed to meet required levels due to inadequate skills, high capital expenditure and high fixed costs. For financial reporting purposes, Glass has been treated as an asset held for sale. The board also decided to sell the Plastic crates and drums business. Subsequent to year-end, Mr Tito Mboweni was appointed South Africa's Minister of Finance and resigned from the board.

MATERIALITY

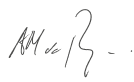
Reporting in our integrated report is based on a materiality assessment and includes only those items that have or may have a significant impact on our ability to deliver on our strategy, create stakeholder value and contribute to future sustainability of the group. The determination of materiality is informed by key stakeholder material matters and these are dealt with fully on [F 18](#) of this report.

APPROVAL BY THE BOARD

Nampak's board of directors acknowledges its responsibility for ensuring the integrity of the integrated report and has applied its collective mind in the preparation and presentation of this report. In our opinion, the 2018 integrated report addresses all material matters, fairly represents Nampak's performance and is presented in accordance with the framework of the IIRC and King IV™.



Peter Surgey
Chairman



André de Ruyter
Chief executive officer

26 November 2018

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INTERNAL CONTROL AND ASSURANCE

Nampak assesses risks based on material risks that will impede the performance against the six capitals. Our evolving current combined assurance model is representative of Nampak's approach to significant risks and material matters are being managed between six lines of defence.

We work continuously to refine the coordination, integration and alignment of assurance activities. The aim is to ensure that Nampak adopts a robust combined assurance framework to provide the board with a holistic view of risks and controls and whether the mitigations are effective.

The board, supported by the audit committee, ensures an effective control environment which supports the integrity of our information. Our systems of internal control are designed to provide reasonable assurance against material misstatement. We have assessed our controls to be adequate and effective through the confirmation of management and reports from the internal and external auditors.

Financial information

The financial information in this report was prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS). The summarised annual consolidated financial statements were derived from the annual consolidated financial statements and are consistent in all material respects. Copies of the independent auditor's report are available for inspection at the company's registered office.

Other information

In providing other information, we took guidance from:

- JSE Listings Requirements
- The Companies Act No 71 of 2008 (Companies Act)
- The King IV Report on Corporate Governance for South Africa 2016 (King IV™)
- The IIRC's International <IR> Framework
- The FTSE/JSE Responsible Investment Index Series
- GRI G4 guidelines and CDP standard

www.nampak.com



This is Nampak

Nampak is Africa's largest packaging group. We are the market leader in the manufacture of **beverage cans** in South Africa and Angola and a major player in Nigeria. We have strong positions in other **metal, plastic and liquid carton packaging** in South Africa and other parts of the continent. We are the sole producer of cigarette **cartons** in Nigeria and we are a significant manufacturer of **paper packaging** in several other African countries. In the United Kingdom, we are the leading producer of plastic milk bottles and we also have a presence in Ireland.

Many of our customers are among the world's **largest FMCG companies**.

Our world-class **R&D facility** based in Cape Town assists our factories in achieving operational excellence and supports our customers' varied packaging requirements.

Our vision

To provide world-class packaging products throughout our selected markets.

Our mission

To deliver sustainable value to all our stakeholders whilst conducting ourselves as a responsible corporate citizen and a leader in packaging production in our chosen markets.



Our material issues



Operational and financial performance



Liquidity restrictions



Challenging macroeconomic environment



Safety, skills and transformation



Uncertain regulatory and policy environment

Our presence

49 manufacturing operations in
13 countries, employing
5 641 people

Substrate:

Metals



Plastics



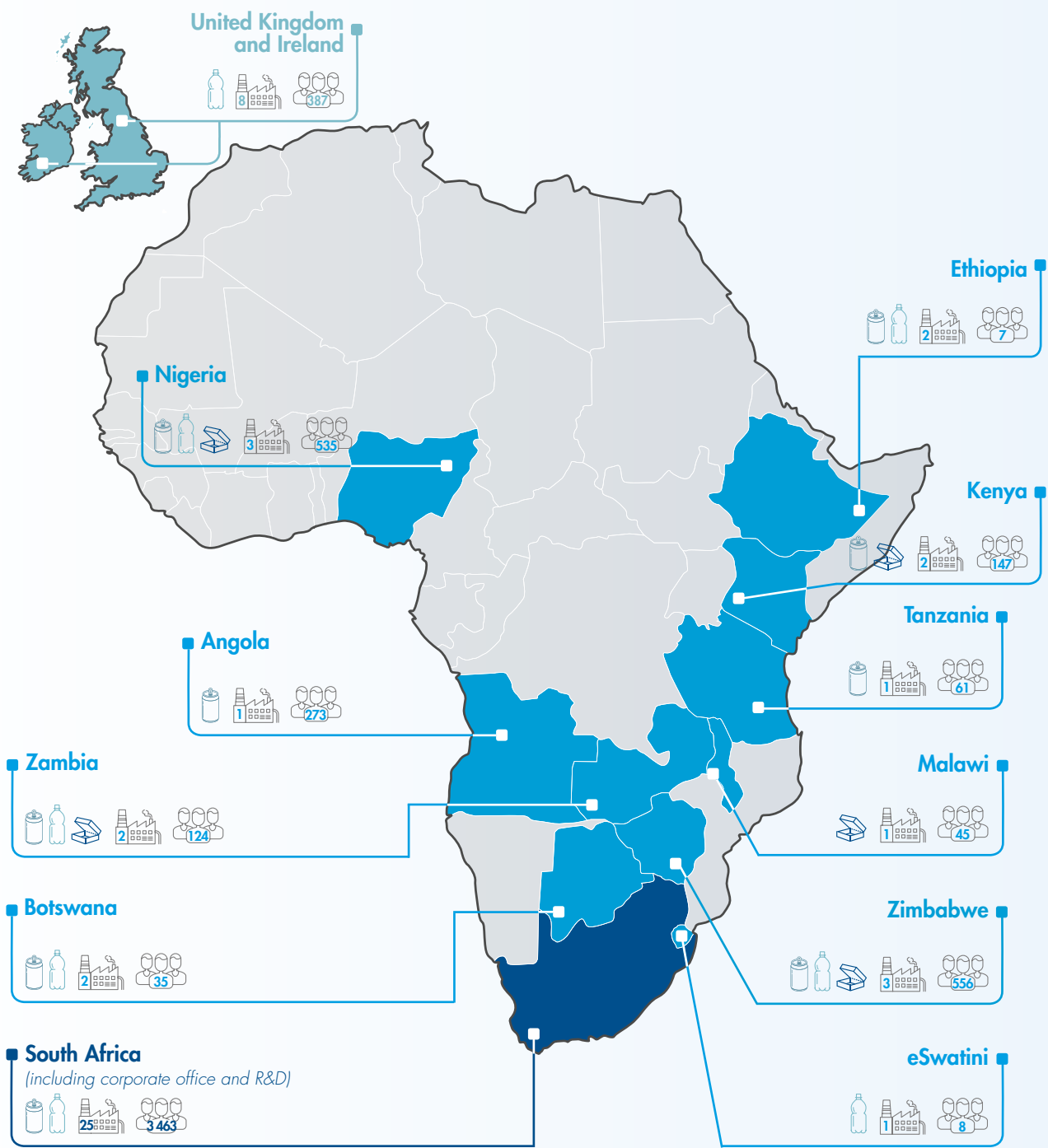
Paper



Operations:



Employees:



Defining value

We define value as “sustainable profitability”. This refers to growing Nampak’s profits, and also to securing the group’s sustainability in a much broader sense, by creating value for all stakeholders in the short, medium and long term. By defining what value means to us, we align the company to a common purpose: we all understand what we need to do.

SUSTAINABLE PROFITABILITY

To create value for all our stakeholders we focus on

Increasing total gross margins

2018 proof points

- Limited revenue decline to 1% despite 2% stronger rand
- Increased DivFood and Bevcan Nigeria sales volumes
- Sharply increased Zimbabwe Plastics and Paper volumes
- Recorded six-fold rise in Zambia Paper carton sales
- Achieved greater operational efficiencies

BY

Reducing cash fixed costs

2018 proof points

- Closed Bevcan Cape Town tinplate line
- Closed Plastics Industria plant and two warehouses
- Reduced Plastics employee numbers by 204
- Reduced Paper employee numbers by 88

Ensuring prudent capital allocation

2018 proof points

- Decided to sell Glass business
- Completed DivFood recapitalisation
- Recapitalised Plastics liquid in-plant facility
- Resolved not to resume dividend payment for now
- Stringently controlled capital expenditure

WHILE

- **Leading ethically and effectively**
- **Focusing on our environmental footprint by promoting the use of recyclable materials**
- **Ensuring we are a responsible corporate citizen**
- **Providing strategic direction and governing Nampak in a way that ensures we achieve our core purpose and values**
- **Adopting a stakeholder-inclusive approach**



Stakeholders who help us create value

We rely on eight key stakeholder groups to create value. Here we disclose the key issues of each and our actions to address these. We also provide an assessment of our relationships and the links to our material issues.

SHAREHOLDERS AND OTHER FUNDERS ●

Key issues

- Group strategy and performance
- Transfer of funds from Angola, Nigeria and Zimbabwe
- Debt profile
- Remuneration of executives

Our actions

- Issued trading updates and held pre-closed period telephonic calls
- Rationalised factories and reduced installed capacity
- Transferred R3.5 billion from Angola, Nigeria and Zimbabwe
- Negotiated R12.5 billion revolving credit facility to replace existing loan facilities
- Increased our engagement with shareholders and proxy advisers on remuneration

EMPLOYEES ●

Key issues

- Workplace safety
- Ongoing skills development
- Restructuring and job losses as a result of rationalisation
- Performance management
- Staff morale

Our actions

- Reduced LTIFR to 0.27 from 0.41 in 2017, 0.48 in 2016 and 0.89 in 2015
- Regrettably Ngwato Matsimela was killed in an accident at Bevcan Springs on 24 October 2018. We express our sincere condolences to his family.
- 143 employees completed various management training programmes across all levels
- Stepped up our engagement with employees on the group's restructuring
- Endeavoured to minimise retrenchments

TRADE UNIONS ●

Key issues

- Job losses across the manufacturing sector
- Nampak Enterprise Bargaining Forum
- Continual restructuring of the business

Our actions

- Entrenched Nampak Enterprise Bargaining Forum
- Entered second year of three-year wage agreement
- Involved unions in need to restructure for long-term sustainability

CUSTOMERS ●

Key issues

- Retaining key customers amid increased competition
- Developing new customers in new markets
- Ensuring constructive customer relationships
- Offering quality and innovation

Our actions

- Concluded supply contracts with some major customers, lost some contracts
- Continued to invest in modern equipment
- Provided quality products in full and on time

SUPPLIERS ●

Key issues

- Benefits of "buy better" initiative
- B-BBEE procurement targets
- Consistent supply of quality raw materials

Our actions

- Centralised procurement to generate savings
- Reviewed procurement policy
- Examined spares procurement channel
- Increased purchases from accredited B-BBEE suppliers
- Streamlined head office procurement department

INDUSTRY BODIES ●

Key issues

- Waste management
- Public pressure on use of plastic packaging
- Tax on sugar-sweetened beverages
- Weak manufacturing activity in South Africa

Our actions

- Engaged with forums on waste management plans
- In collaboration with our customers we reduced the sizes of beverage cans which lessens the impact of the "sugar tax" levied on them
- Continued to participate in the Manufacturing Circle's efforts to stimulate the sector including its Map to a million new jobs initiative

GOVERNMENT AND REGULATORS ●

Key issues

- Compliance with good governance and regulatory requirements
- Sound relations with local authorities
- Plastic bottle deposit in the UK
- Proposed taxes on carbon emissions and health promotion levy

Our actions

- Maintained comprehensive governance policies and practices
- Complied with JSE and revenue authorities
- Engaged constructively with municipalities
- Contributed to HM Treasury's call for evidence on plastic tax in UK
- Reduced size of cans for CSDs

COMMUNITIES AND CIVIL SOCIETY ●

Key issues

- Supporting the communities in which we operate
- Contributing to secondary and tertiary education
- The need for environmental education

Our actions

- Contributed R7.6 million to social investment
- Extended our support to partnered schools for 16th year
- Granted bursaries totalling R3.8 million
- Continued support for Eco-schools initiative

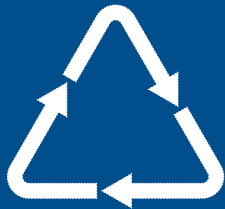
Strong relationships ● Cordial relationships ● Weak relationships ●



Our operating context

The environment in which we operate impacts on our ability to deliver on our strategy and create value in the short, medium and long term.

Within the packaging sector, and in our markets in particular, the most notable developments in 2018 included:



GROWING DEMAND FOR:

Recyclable, re-usable, bio-based and biodegradable packaging amid increasing awareness of environmental impact of thoughtlessly discarded packaging

Lighter weight packaging



Tamper-evidence and easy-opening packaging

Packaging that preserves contents, extends shelf life and reduces food waste

We see opportunity to increase our share of the market for PET food packaging.

Innovation in packaging

A CHANGING COMPETITIVE LANDSCAPE

Some customers are backward integrating, making their own plastic packaging

A new beverage can manufacturer has entered the South African market, operating a single line

Consolidation is occurring among some of our customers

OUR RESPONSE:

In the past few years we have completed the recapitalisation and modernisation of our Bevcan and DivFood facilities and continue to invest in state-of-the-art equipment and process enhancements.



Larger beverage cans for beer, smaller cans for CSDs

More rigid plastic packaging, with demand growth exceeding GDP growth



UHT milk, traditionally packed in cartons, rather than fresh milk, with UHT milk now making up 55 – 60% of the South African market



Challenging macroeconomic conditions , foreign exchange liquidity restrictions , continued skills shortages  and policy uncertainty  in our home market were major features of our operating context. These make up four of our five material issues and are discussed in detail on  18 and 19.

OUR RESPONSE:

Through Nampak R&D's technology partnerships we continue our work to **reduce the weight of our products** after significant reductions in recent years.



All Nampak products are **recyclable** and we support the recycling and re-use of packaging. Our water bottles are up to **50% rPET** and our juice bottles up to **40% rPET**.

DivFood is the only **local manufacturer** of easy open cans. **Plastics** offers a water bottle closure with reliable tamper evidence.

Our **twist-off** food closures have **vacuum buttons** with an audible "click" as they are opened.



OUR RESPONSE:

We are working to **diversify** into **new markets**, including **personal, home and laundry care**

We see **opportunity** to **defend market share** through **focusing on operations excellence**

By **improving operational efficiency**, we are able to ensure a **competitive offering**

Nampak **R&D's thermal processing specialists** assist customers in ensuring a **safe time and temperature combination** for the **packaging of all food products**.

Bevcan supplies **500ml beer cans** in **South Africa**, and **slender cans** for **CSDs** in **Angola**.



We offer packaging in both **cartons** and **PET**. We also work with our customers to market the benefits of **fresh milk**, packaged in **HDPE**.



We seek **opportunities** to provide additional **packaging solutions** for existing customers and actively work to **secure new customers**.

Leadership review

In 2018, Nampak consolidated its ongoing focus on operations and financial stability, which led to an improved overall performance.



Peter Surgey
Chairman
(appointed with effect from
10 October 2018)

André de Ruyter
Chief executive officer

A 15% increase in headline earnings per share was delivered. By implementing a multi-year revolving credit facility, we addressed our debt profile and strengthened the balance sheet. Capital expenditure was carefully managed, without compromising the integrity of our assets, many of which have been upgraded in recent years.

A further improvement in the group's safety performance was reported, delivered greater operational efficiencies, and transferred substantially more cash from our Rest of Africa operations. In a constrained environment, particularly in South Africa, costs were tightly managed. We continued to invest in our people, and implemented new tools for enhanced people performance, talent management and succession planning.

To improve performance, we decided to:

- address the overhead cost base;
- dispose of our Glass operation;
- consolidate our Plastics plants; and
- unlock operational leverage in our Metals business.

After a number of years of disappointing performance by the Glass business, its value was impaired by R677 million at year-end. This was not an easy decision and was based primarily on an impairment model that is extremely sensitive. After considerable discussion with our auditors, we deemed this to be the most sensible option.

Enhancing broad-based black economic empowerment (B-BBEE) remained a priority, and our contributor status at level 6 under the revised codes was maintained. We remain committed to improving our rating further in the year ahead and have extended our work on a structure to facilitate meaningful B-BBEE ownership.

In 2018, visibility of all our B-BBEE activities was improved through the establishment of a B-BBEE steering committee, which centralised control of the various initiatives across the group.

NAVIGATING ECONOMIC HEADWINDS

Nampak's improved overall performance was in the face of persistent macroeconomic headwinds. These included the contraction of the South African economy, a slowdown of growth in Nigeria and Angola and ongoing economic difficulties in Zimbabwe. Consolidation among customers remained a theme, as did greater competitor activity in some markets.

In Angola, we were encouraged by the swift delivery of a number of commitments made by the new administration which improved the investor climate. Foreign currency liquidity restrictions were alleviated toward the end of the financial year, with some

R1.8 billion transferred from our operation there. Our hedging programme was also successful in protecting shareholders against a potential R1.6 billion currency devaluation risk.

In response to the improvement in the Angolan economic outlook, our intention is to convert Nampak's tinplate beverage can line there to aluminium, at a cost of some R280 million, in order to better serve the needs of the market.

In Zimbabwe, mounting foreign currency shortages were mitigated to some extent by strictly enforcing credit limits from Nampak suppliers into that country. We made good progress towards concluding an agreement with the Zimbabwean central bank for the transfer of US\$55 million, without any devaluation risk.

In Nigeria, the country's recovery from the US dollar liquidity challenges of 2017 allowed for unfettered cash transfers back to the group. The stabilised currency as well as the regularised foreign currency liquidity prompted Nampak to commit to capital investment of R100 million in a new food can line in Lagos.

Our Nigerian beverage can business significantly improved volume throughput as we expanded market share and demand increased.

While there were some encouraging political developments in South Africa, the regulatory and policy environment remained uncertain. High administered prices continued to hamper the growth that the economy requires to unlock greater capacity utilisation and, in so doing, create jobs. Unemployment increased and consumer demand weakened even though political sentiment improved. The provision of municipal infrastructure, particularly in Emfuleni and Ekurhuleni, deteriorated, becoming an increasing obstacle to efficient manufacturing.

Although Nampak operations transferred a total of R3.5 billion back to the group from previously cash-restricted countries, the board decided not to resume dividends to shareholders until the sustainability of cash transfer from Zimbabwe is assured and the disposal of the Glass business is finalised.

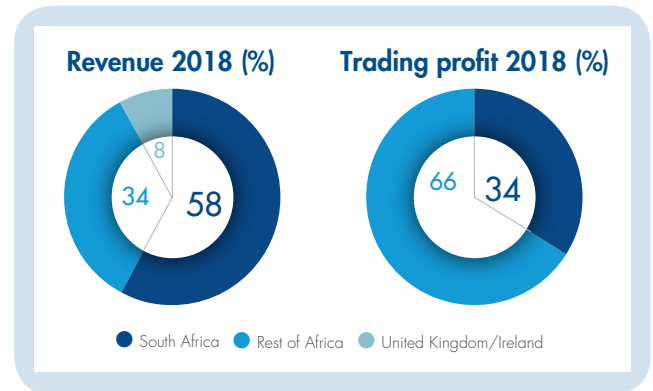
For more details of Nampak's financial performance, see the CFO's report on [25](#). For details on the performance of each of our businesses, see the operational reviews starting on [48](#).

SUSTAINABLE PROFITABILITY

Nampak continued working towards delivering sustainable profitability and increasing returns in line with our strategy. This refers not only to growing Nampak's profits, but also to securing the group's sustainability in a much broader sense, by creating value for all stakeholders. Against the backdrop of increasing awareness of the environmental impact of thoughtlessly discarded packaging, we are committed to supporting industry initiatives to improve recycling rates. We are also continuing our innovation of lighter and more environmentally friendly packaging, and are able to offer exciting alternatives such as infinitely recyclable aluminium beverage cans as well as liquid cartons made from sustainably sourced paper. To understand how we aim to achieve sustainable profitability, see [12](#) to [15](#). To see our performance against our strategy, see [16](#) and [17](#).

In 2018, the board, which is responsible for Nampak's strategic direction, ensured that the company continued to be governed in an ethical and effective way (see [56](#) for the governance report).

Shortly after year-end, Mr Tito Mboweni resigned as a director and chairman of the board, following his appointment to the South African cabinet. Lead independent director Mr Peter Surgey was appointed by the board to succeed Mr Mboweni as chairman.



The board and management thank Mr Mboweni for his valuable contribution to Nampak over many years and wish him well in his new role, where we believe he will be able to add much-needed value to the country. We also welcome Mr Surgey as chairman, and look forward to the acumen that he brings in his new role.

LOOKING FORWARD

In 2019, Nampak will continue to focus on delivering more operational improvements, and turning around the Plastics business in particular. We have already made good progress with Glass divestiture and, subject to regulatory approvals and negotiations being successfully concluded, this is on track for finalisation in the first half of the 2019 financial year.

Despite increased competition in the South African beverage can sector, we expect cost savings from our recently reduced manufacturing footprint as well as gains from improved operating efficiencies to support the group's profitability.

As our businesses grow in Angola and Nigeria where our contracts are dollar-linked, upon translation in an increasingly weak rand we can expect a positive impact. Both these markets remain exciting in terms of their medium-term potential for exponential growth in FMCG products, for which Nampak is well positioned to provide packaging.

The operating environment in Zimbabwe from a liquidity perspective remains challenging, but we are hopeful that the country's complex issues will be resolved in time by the new administration.

We remain committed to continuing to play our part in the transformation of South Africa to a more equal society, and in so doing ensuring Nampak's sustainability. We would like to thank our colleagues, customers and suppliers for their contribution and look forward to their continued support in the year ahead.

Peter Surgey
Chairman
(appointed with effect from 10 October 2018)
Bryanston

26 November 2018

André de Ruyter
Chief executive officer

Creating value with the six capitals

We create value for society by converting raw materials into packaging products used to protect, preserve and transport consumer products. To do this, we rely on various relationships and resources, which we refer to as the six capitals.



CAPITAL INPUTS

HOW WE DO BUSINESS

Informed by our **vision** and **mission**, our **values** and **governance**, our business model **supports delivery** of our **strategy** and is our **approach** to **people, processes and product**.

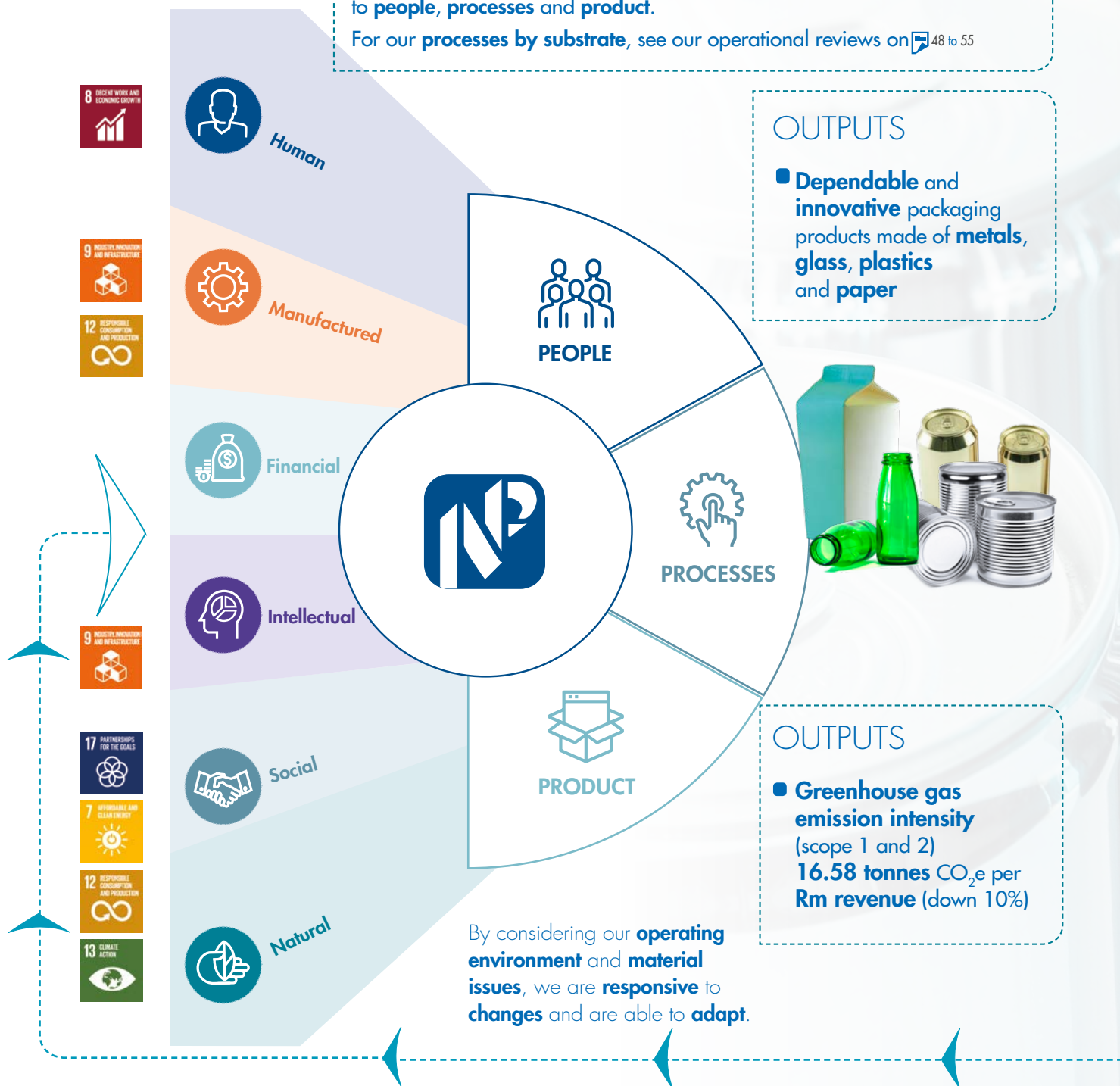
For our **processes by substrate**, see our operational reviews on [pages 48 to 55](#)

OUTPUTS

- Dependable and innovative packaging products made of **metals, glass, plastics and paper**

OUTPUTS

- Greenhouse gas emission intensity (scope 1 and 2) **16.58 tonnes CO₂e per Rm revenue** (down 10%)



By considering our **operating environment** and **material issues**, we are **responsive** to **changes** and are able to **adapt**.



We need inputs of each to deliver on our strategy and generate value for all stakeholders. When deciding on how best to grow and sustain our business, we carefully consider the trade-offs between the capitals, aiming to maximise positive outputs and outcomes, and limit any negative impacts.

Human capital

The delivery of our strategy and operating performance depends on the skills and dedication of our people. Their health, know-how, competence and safety are fundamental in operating our manufacturing facilities safely and efficiently. We invest substantially in employee training and development, ensuring that we have the appropriate skills to sustain and grow our business. We have an inclusive culture and a clearly defined framework and code of conduct and business ethics in which our people are required to operate.

Manufactured capital

Our factories and equipment manufacture world-class packaging products for a diverse range of customers. We rely on public infrastructure, including roads, rail and ports, to transport both raw materials and finished products. We continue to upgrade and invest in new technologies to maintain our commitment to “Packaging Excellence” which also enables us to further reduce the impact on the environment of our manufacturing processes.

Financial capital

We are the custodians of our shareholders’ investments and are committed to delivering accretive financial results that grow our earnings on a sustainable basis. Our financial capital inputs are made up of cash generated by our operations and debt and equity financing.

Intellectual capital

Our R&D facility in Cape Town, which is unmatched in Africa and has been in operation for more than 70 years, is staffed by highly qualified scientists, engineers and technologists. Our brand, “Nampak Packaging Excellence”, assures customers that they will receive the desired level of quality and service. Our operations excellence initiatives and ongoing investment in modern technology ensures that we deliver sustainable profitability.

Social capital

Our relationships with our employees, investors, suppliers, customers, industry, government and society at large are important for our success. Uplifting the communities in which we operate is fundamental to the sustainability of our market, and therefore our business. Maintaining strong partnerships with trade unions assists us in effectively managing the risks associated with industrial action.

Natural capital

The natural capital on which we rely consists of reliable supplies of water, energy, land and air. We are committed to recycling and further reducing the weight of our packaging products. We strive to reduce the impact of post-consumer packaging waste on landfills and we adhere to well-defined environmental and producer responsibility standards.

OUTCOMES

Number of employees
5 641

Amount paid in wages and salaries
R3.1 billion

R44 million invested in R&D

LTIFR of
0.27

R536 million in capex

Trading profit of
R1.97 billion

Reduced the weight of more products

B-BBEE status
Level 6

R7.6 million spent in social investment

Sustaining value with the six capitals

HOW WE CREATE VALUE

HUMAN CAPITAL



- Our leadership defines the group's strategic direction and implements policies and procedures that guide all employees
- Our manufacturing workforce makes products of the highest quality and ensures that they are delivered to customers on time and in full
- Our support staff ensure that all legal, financial, human resources, governance and administrative tasks are carried out diligently, effectively and in accordance with applicable laws and regulations

KEY INPUTS

	2018	2017
Number of employees	5 641	5 986
Graduate development programme graduates	men 2 women 12	17 11
Nampak apprenticeships	146	210
Bursaries awarded	34	31
Investment in employee development (Rm)	56.7	56.6
Annual HIV counselling and testing in South Africa (%)	72	76

MANUFACTURED CAPITAL



- Producing modern and sophisticated packaging that preserves and transports food, drink and other products
- Providing our customers with detailed assessments of which packaging types best suit their products. Our R&D facility is a key facilitator of this unique service
- Creating employment for several thousand employees
- Purchasing raw materials, machinery, spares and services from various suppliers thereby creating value along the supply chain

	2018	2017
Production facilities:		
South Africa	23	28
Rest of Africa	18	18
UK/Ireland	8	8
Research and Development facility	✓	✓
Cullet (tonnes)	63 000	63 000
Polymer resin (tonnes)	119 000	105 000

* Aluminium and tinplate usage not disclosed for competitive reasons.

FINANCIAL CAPITAL



- Generating working capital to ensure that the business continues in operation
- Investing in new and replacement equipment to increase capacity and remain competitive
- Paying salaries and wages to almost 6 000 employees
- Paying dividends to our shareholders when the cash position permits
- Paying interest to providers of capital
- Securing appropriate funding structures to ensure financial sustainability of the group

	2018	2017
Market capitalisation (Rb)	10.6	12.1
Total equity (Rb)	10.8	9.7
Net working capital (Rb)	2.5	2.3
Capital investment (Rb)	0.5	0.7
Net interest-bearing debt (Rb)	3.9	4.4
– long	3.4	4.8
– short	0.5	(0.4)
Net interest cost (Rm)	221.0	221.4



OUTCOMES AND OUTPUTS			HOW WE ACHIEVED THESE	TRADE-OFFS
OUTCOMES	2018	2017	<ul style="list-style-type: none"> ■ Paid wages and salaries that are competitive ■ Proactively managed safety and diligently monitored the lost-time injury frequency rate (LTIFR) to ensure a safe working environment ■ Continued our programme of self-audits and peer-audits on risk control standards ■ Reinforced our code of ethics ■ Implemented new tools for enhanced performance and succession planning ■ Stepped up our talent management processes ■ Provided bursaries for studies in engineering, science and accounting ■ Invested in training and development to improve the skills of employees at all levels 	<p>The drive for increased productivity in a low-growth and highly competitive environment led to a 6% reduction in employee numbers in the year. This negatively impacted on human and social capital but will be positive for financial capital as we will benefit from a lower cost structure in the years ahead.</p>
Wages and salaries paid (Rb)	3.1	3.1		
Lost-time injury frequency rate	0.27	0.41		
Work-related fatalities:				
– Employees	0	0		
– Contractors	0	1		
Non-work-related fatalities	0	0		
Managers attending training development programmes	143	129		
Graduate development programme graduates employed	26	13		
Employees retrenched	140	25		

OUTCOMES	2018	2017	<ul style="list-style-type: none"> ■ Employed “Advanced Manufacturing” to improve overall performance in the manufacture of packaging products ■ Invested in new technologies, including additional aerosol can capacity and upgrading of DivFood two-piece line ■ Consolidated Plastics operations in Gauteng, resulting in the closure of a factory ■ Closed our tinplate Bevcan line in Cape Town to optimise total beverage can capacity ■ Rationalised Paper packaging production in Malawi, Zambia and Zimbabwe 	<p>In our drive to remain competitive we continually invest in modern technologies and rationalise production facilities. In many cases this regrettably leads to job losses which negatively impact human capital. While investments have a short-term negative impact on financial capital, they have a long-term beneficial impact on this capital stock. The closure of the tinplate Bevcan facility in Cape Town cost R32 million but is expected to result in savings of R60 million a year.</p>
Capital expenditure (Rm)				
Expansion	176.6	358.3		
Replacement	359.9	377.0		
Depreciation and amortisation (Rm)	569.0	606.2		
Impairment of assets (Rm)	7.0	232.5		
OUTPUTS				
■ Beverage cans, food cans, aluminium aerosol cans and a range of other metal cans and closures				
■ Plastic bottles, closures, crates and drums				
■ Folding cartons, corrugated boxes, paper sacks and liquid cartons				
■ Glass bottles				
For competitive reasons we do not disclose the quantities of products manufactured				

OUTCOMES	2018	2017	<ul style="list-style-type: none"> ■ Operated efficiently and increased the trading margin to 11.4 from 11.0 ■ Reduced working capital ■ Transfer of R3.5 billion from Angola, Nigeria and Zimbabwe ■ Reduced interest-bearing debt ■ Restructured group’s maturing debt profile ■ Prudently allocated capital through capital assurance committee ■ Managed net finance costs 	<p>The use of our financial capital has positive impacts on all the other capitals. However, by investing in new equipment, human capital may on occasions be negatively impacted due to the loss of jobs. The suspension of dividends over the past few years has improved our financial position and has increased our ability to invest for the future but has been to the detriment, in the short term, of social capital.</p>
Trading profit (Rb)	2.0	1.9		
Operating profit (Rb)	1.5	1.4		
Cash generated from operations before working capital (Rb)	2.3	2.4		
Cash generated from operations (Rb)	1.6	2.1		
Net gearing (%)	37.0	45.0		
Profit for the year – (Rb) continuing	1.2	0.9		
Earnings attributable to shareholders (Rb)	0.5	0.2		
Earnings per share (cents)	169.2	122.3		
Headline earnings per share (cents)	168.7	146.3		
Return on net assets (%)	14.3	14.4		
Employment costs (Rb)	3.1	3.1		
Interest paid to providers of capital (Rm)	220.9	221.4		



Sustaining value with the six capitals continued

HOW WE CREATE VALUE

KEY INPUTS

INTELLECTUAL CAPITAL



- Providing our customers with world-class packaging solutions
- Giving customers the confidence that their products will be packaged in dependable and innovative packaging
- Ensuring that our investments help us adapt to changing market needs

- Experience, skills, competencies of all employees established over numerous years
- At least 25 scientists, one engineer, 10 technologists, three technicians and four business information researchers at our R&D facility
- An R&D budget of R44 million
- Our operational excellence initiative, other business processes and management systems
- Technical association and agreements with several global packaging companies

SOCIAL CAPITAL



- Fostering good relationships with all our stakeholders
- Informing investors of our performance and strategy
- Furthering meaningful B-BBEE in South Africa
- Participating in greater recycling initiatives
- Contributing a substantial proportion of our turnover to corporate social investment
- Supporting enterprise development

- Effective employee relations, positive relationships with trade unions
- Beneficial engagements with government and tax authorities
- Sound partnerships with our customers and suppliers
- The support of our shareholders
- The trust of the communities in which we operate
- A number of projects to uplift the communities in which we operate

NATURAL CAPITAL



- Using natural resources as efficiently as possible
- Recycling post-consumer packaging waste
- Limiting the production of greenhouse gas emissions
- Light-weighting our products

	2018	2017
Water consumption (Mega litres)	1 605	1 431
Covered land area used (sqm)	1 013 373	991 700
Energy use (Gigajoules)	4 267 967	4 376 599
Electricity purchased (Megawatt hours)	284 761	298 877

OUTCOMES AND OUTPUTS	HOW WE ACHIEVED THESE	TRADE-OFFS
<p>OUTCOMES</p> <ul style="list-style-type: none"> ■ Manufacture of more convenient products with improved performance ■ Improved customer relationships ■ Light-weighting of plastic and metal packaging ■ More stable and consistent production of two-piece food cans ■ Increased experience and expertise of staff 	<ul style="list-style-type: none"> ■ Tested BPA-NI coatings to comply with the latest EU legislation ■ Implemented new tinplate grade with improved ageing characteristics ■ Reduced the weight of PET bottles for ice tea by between 3% and 4% ■ Trials are currently under way to reduce the weight of 2l milk bottles by a further four grammes ■ Down-gauged material requirements for plastic bottles and metal cans for food and beverages ■ Provided bursaries and training to develop our intellectual capacity ■ Removed complexity in many parts of our business, including in Plastics in South Africa and Plastics and Paper in Malawi and Zambia 	<p>Our investment in intellectual capital reduces our financial capital in the short term but increases stocks of human, manufactured, financial, social and natural capital in the longer term.</p>

OUTCOMES	2018	2017	
Taxes paid to South African governments (Rb)	885.9	1 279.1	
Economic value-added (Rb)	5.4	5.6	
Corporate social investment (Rm)	7.6	9.7	
B-BBEE contributor status (level)	6	6	
Strike action	3 days	None	
Black management (%)	58	58	

<ul style="list-style-type: none"> ■ Centralised control and visibility of all B-BBEE activities through steering committee ■ Extended work on a new B-BBEE ownership structure ■ Updated our procurement policy for consideration by management ■ Benefited from established relationships with trade unions amid restructuring ■ Held investor presentations on performance and strategy progress ■ Provided trading updates to investors ■ Supported various enterprise development initiatives ■ Financially supported our partner schools ■ Contributed to hospices and other worthy causes ■ Actively engaged investors on remuneration 	<p>Our ongoing investment in social capital reduces our financial capital in the short term, but as it helps create a stronger environment for operations and investments, over the long term it has a positive impact on our financial capital. Our support of enterprise development supports the stocks of intellectual, manufactured and financial capital.</p>
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OUTCOMES	2018	2017	
Energy intensity (% tCO ₂ e from electricity)	65	66	
Post-consumer recycling rates in South Africa*	2017	2016	
Metal collection (%)	76	73	
Plastic packaging collection (%)	46	45	
CDP climate change score	A-	A-	



* Recycling Association's reporting periods.

<p>OUTPUTS</p> <p>Total greenhouse gas emissions intensity (scope 1 and 2) of 16.58 tonnes versus 18.39 tonnes in 2017.</p>	<ul style="list-style-type: none"> ■ Actively promoted the recycling of post-consumer packaging and the use of an increased percentage of recycled material in our production processes ■ Worked closely with our customers to reduce the weight of packaging products 	<p>Our emissions and wastes impact negatively on natural capital. But by converting natural capital into value-added products, we boost the stocks of all the other capitals. The use of recovered waste in our production processes impacts positively on natural capital.</p>
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Our strategy – performance and plans

Nampak's strategy is our plan to create value for all our stakeholders by delivering sustainable profitability.

STRATEGIC OBJECTIVE	HOW WE WILL ACHIEVE THIS	HOW WE DID IN 2018
 <p>UNLOCK FURTHER VALUE FROM BASE BUSINESS</p>	Actively manage our portfolio	<ul style="list-style-type: none"> ■ Closed Bevcap Cape Town tinplate line ■ Decided to sell Glass business ■ Implemented first Plastics plant and depot closures ■ Impaired R677 million at our Glass operation
	Prudently manage cash	<ul style="list-style-type: none"> ■ Pursued de-risking plan to address unfunded UK pension fund liability
	Invest to compete	<ul style="list-style-type: none"> ■ Substantially completed DivFood recapitalisation ■ Recapitalised Plastics liquids in-plant facility for a key customer
	Manage cash fixed costs	<ul style="list-style-type: none"> ■ Reduced head office costs by R29 million ■ Reduced procurement/supply chain costs by R87 million ■ Reduced Plastics headcount by 204, Paper headcount by 88 ■ Consolidated the Isando and Industria Plastics Liquid Packaging facilities ■ Reduced finance costs by 30% ■ Reduced overhead costs at Nampak Plastics Europe
	Improve business performance by buying, making and selling better	<ul style="list-style-type: none"> ■ Generated greater Bevcap efficiencies – including reduced spoilage and cost savings ■ Recorded better DivFood supply chain management and a stronger safety performance ■ Improved profitability of liquid cartons business by focusing on cost containment and operational efficiencies ■ Improved our safety performance with LTIFR of 0.27 ■ Reinvigorated maintenance policy and practice
 <p>ACCELERATE GROWTH IN THE REST OF AFRICA</p>	Grow at a reasonable and sustainable return	<ul style="list-style-type: none"> ■ Reported lower profitability from Bevcap Nigeria and Angola ■ Grew Bevcap Nigeria's market share ■ Reported strong Zimbabwe Plastics and Paper performances
	Partner with major multinational customers	<ul style="list-style-type: none"> ■ Increased Bevcap Nigeria sales volumes ■ Reduced Bevcap Angola sales volumes ■ Secured an extension of a contract to supply paper cartons to a key customer in Nigeria
	Sensibly manage and grow our presence in current jurisdictions	<ul style="list-style-type: none"> ■ Resumed project in Angola to convert tinplate beverage can line to aluminium at cost of approximately US\$20 million ■ Reduced complexity of Malawi operations

We measure progress against our strategy through the key performance indicators (KPIs) of our executive management team, details of which are in the remuneration report on [page 66](#).

HOW WE RATE OUR PERFORMANCE	WHAT WE WILL DO NEXT
●	<ul style="list-style-type: none"> ■ Dispose of Glass business ■ Dispose of Plastics' crates and drums business ■ Implement further Plastics site consolidation
●	<ul style="list-style-type: none"> ■ Continue to engage with UK pensioners to find acceptable solutions under strict guardianship of trustees
●	<ul style="list-style-type: none"> ■ Complete modernisation of DivFood's two-piece can line in Rosslyn and installation of additional tinplate aerosol can capacity at Vanderbijlpark ■ Invest in seam-to-seam technology for tubes ■ Invest in moulds and injection moulders required to produce closures for motor lubricant bottles ■ Launch new liquid carton designs, with improved appearance and functionality
●	<ul style="list-style-type: none"> ■ Extract value and savings on total cost of ownership ■ Focus on operations excellence to drive efficiencies ■ Ensure below-inflation cash fixed cost increases ■ Continue to tightly control our capital investment programme ■ Secure annual cost savings of R60 million from closure of Bevcap Cape Town line
●	<ul style="list-style-type: none"> ■ Leverage Nampak R&D capabilities to further improve manufacturing performance and raw material suitability ■ Drive sales excellence for margin expansion, driven by data ■ Continue to focus on operations excellence and better safety performance
●	<ul style="list-style-type: none"> ■ Grow at hurdle rate
●	<ul style="list-style-type: none"> ■ Continue to leverage strong relationships with multinationals ■ Closely monitor changes in the purchasing strategies of multinationals ■ Extend technology partnerships to sustain market positions
●	<ul style="list-style-type: none"> ■ Convert Angola tinplate beverage can line to aluminium at cost of US\$20 million ■ Invest approximately R100 million in our first food can line in Nigeria, R38 million of which is represented by a foodcan line that was acquired as part of the Botswana acquisition in the prior year ■ Investigate opportunities to add more can sizes to our Bevcap Nigeria offering and debottleneck our line to increase our production capacity ■ Drive exports in select markets where margins are attractive

● Good progress made ● Some progress, more to come ● Disappointing performance



Material issues

MATERIAL ISSUE



OUR OPERATIONAL AND FINANCIAL PERFORMANCE

Greater operating efficiencies supported stronger profits for Bevcan South Africa. DivFoods increased profitability, helped by better safety and supply chain management. In South Africa, Plastics had a challenging year, but the liquid cartons and Zimbabwe Plastics operations performed well. Lower demand in Nigeria and Angola adversely impacted profitability in the Rest of Africa. The UK Plastics business improved its operational and financial performance. Paper recorded greater production efficiencies and profitability. A formal decision was made to dispose of Glass with this division being classified as an asset held for sale and a discontinued operation. Despite increased demand, Glass continued to experience production and skills challenges, exacerbated by electricity supply problems, resulting in a small profit for the year. The disposal process is progressing to plan.



LIQUIDITY RESTRICTIONS AND THE EXPOSURE OF RESTRICTED CASH TO CURRENCY VOLATILITY

Angola faced severe liquidity restrictions in the year, but these improved significantly in August with a transfer from Angola of R1.6 billion achieved. Nigeria recovered from the US dollar liquidity challenges of 2017, allowing for unfettered cash transfers. Zimbabwe suffered mounting foreign currency shortages. The kwanza depreciated 75% to the US dollar; the naira was stable. Dollar liquidity improved in both Nigeria and Angola, supported by the higher oil price. The functional currency for Bevcan in Angola and Nigeria is the US dollar, and that for our paper and metals businesses in Nigeria is the naira. When translating from functional currency to reporting currency, all movements in monetary items are made through the profit and loss account.



CHALLENGING MACROECONOMIC ENVIRONMENT

Despite encouraging political developments in many markets, the main economies in which we operate were subdued. In South Africa, the economy contracted and pressure on disposable incomes increased due to an increase in VAT to 15%, fuel price hikes and higher levels of unemployment. South Africa entered a technical recession in the second half which impacted consumer demand. Nigerian growth was tentative, slowing in the second quarter. Angola's GDP growth was lower than expected because of lower oil prices and production. Customer demand in Zimbabwe remained resilient despite continued economic malaise and ongoing forex shortages. Consolidation in our customer landscape continued. Competitive activity increased in South Africa, but declined in Zimbabwe. South Africa Metals performed well despite increased competition.



PEOPLE – SAFETY, SKILLS AND TRANSFORMATION

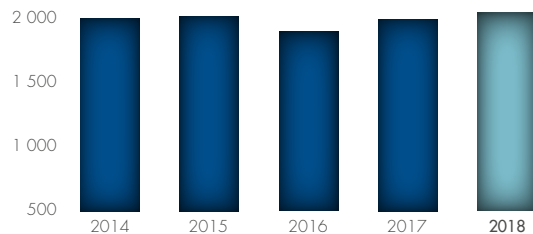
Ensuring the safety of our people and that of our contractors is critical. Our overall safety performance improved, better than our tolerance level. Improving safety performance is indicative of significant improvement in operational discipline. We continued to face a shortage of skills, particularly in Glass. We maintained our B-BBEE contributor status at level 6, a good showing considering the more stringent measurement criteria with a clear requirement to improve on this rating. In a spill-over from events in the political arena, there were more reports of interracial tension in the workplace, and more calls to our tip-offs line. A number of diversity programmes are being implemented across the groups to assist in embedding a culture of diversity and inclusion.



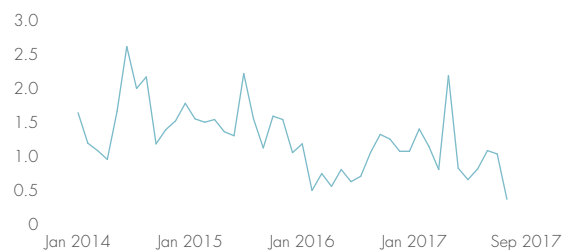
UNCERTAIN REGULATORY AND POLICY ENVIRONMENT

South Africa has a multitude of existing and planned legislative requirements, directly affecting Nampak or our customers. The increased regulatory load includes the Waste Management Act; the Industry Waste Management Plan; the planned tax on carbon emissions and the new tax on sugar-sweetened beverages. In other parts of Africa, significant levels of red tape and port and logistics inefficiencies hamper the importation of raw materials. Regulations relating to local content support the domestic manufacture of packaging products. Elections in South Africa and Nigeria in the year ahead could potentially impact the respective political landscapes.

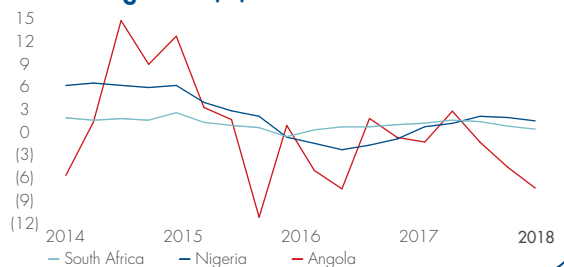
Trading profit (R million)



Angola forex sales (billion)



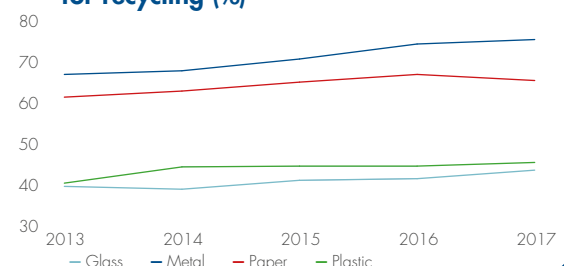
South Africa, Nigeria and Angola GDP growth (%)



Lost-time injury frequency rate over a five-year period



Glass, metal, paper and plastic collected for recycling (%)



Material issues are those with the potential to significantly affect our ability to deliver on our strategy, create value and sustain the group in the short, medium and long term. The most noticeable impact of these issues in the short term is on the group's share price, which lost 12,8% of its value in 2018, despite a significant cash transfer from Nigeria and Angola, a successful refinancing of the group in which a R12.5 billion funding package was raised and a consistent improvement in HEPS. We responded to increased competition in the beverage can market by closing Bevcan South Africa's Epping tinplate line and restructuring its cost base accordingly.

IMPLICATIONS FOR VALUE

Earnings per share and headline earnings per share

	2018 Cents	% change	2017 Cents
Continuing operations			
– EPS	169.2	38.4	122.3
– HEPS	168.7	15.3	146.3
Continuing and discontinued operations			
– EPS	76.0	107.7	36.6
– HEPS	151.4	22.3	123.8

- Cash balances in Angola, Nigeria and Zimbabwe increased by 3% to R3.8 billion from R3.7 billion
- Cash balances in Zimbabwe rose to R1.2 billion from R654 million
- Nampak transferred R1.8 billion (US\$138 million) from Angola and R1.6 billion (US\$120 million) from Nigeria in 2018; minimal cash was transferred from Zimbabwe
- Experienced abnormal forex losses of R127 million predominantly due to devaluation in the kwanza resulting in a forex loss of R116 million compared to forex losses of R160 million in 2017 that arose from the devaluation of the naira
- Limited our ability to settle intergroup loans and internal creditors
- Supply chain disruptions in Ethiopia and some Zimbabwe operations

- Reduced demand for packaging products, especially discretionary spending items
- Stable demand for cans in which lower-priced sources of protein are packaged as consumers trade down
- Reduced affordability of products made with dollar-denominated raw materials
- Pressure on company's revenue and earnings
- Limits to the potential for organic growth and new investments
- Where competitors have gone out of business, Nampak is uniquely positioned to take advantage of any improvement in economic conditions

- Safe operations enhance employee morale, business performance, the environment and our brand; unsafe operations harm people, the environment and our reputation
- Insufficient skills may impact our ability to meet customer requirements and deliver on strategy, with the potential to affect profitability, investor returns and tax payable to authorities
- Transformation to a more equal society enhances the sustainability of our business and the South African market; without it, this is at risk
- A poor B-BBEE rating could impact the revenue of South African operations as well as employee relations

- Unpredictable policy changes make planning difficult
- Waste management levies will place local manufacturing at a structural disadvantage
- Additional fees could lead to the industry recycling less post-consumer packaging
- Failure to remain compliant could lead to penalties and harm our licence to operate
- Profitability will be pressured, impacting returns to investors
- Opportunity to showcase and take advantage of our light-weighting capabilities
- Greater demand for in-country production supports our Rest of Africa operations

OUR STRATEGIC RESPONSE IN 2018

- Intensified our efforts to improve operational efficiencies
- Refinanced the group's maturing debt profile and further strengthened the balance sheet
- Decided to dispose of Glass operations
- Closed our Cape Town tinplate beverage can line
- Implemented first of Plastics plant and depot closures in South Africa
- Announced plans to sell crates and drums businesses

- Improved cash transfer from Rest of Africa to R3.5 billion, including R1.8 billion from Angola
- Limited further funding in Angola and Zimbabwe and partnered with customers to provide dollar funding for imported raw materials
- By hedging through US linked kwanza bonds, we shielded Nampak's Angolan cash from a potential loss of R1.6 billion due to the devaluation of the kwanza
- Continued to link Bevcan Nigeria product pricing to dollar
- Secured long-term committed funding package of R12.5 billion
- Announced further investments of R380 million in Angola and Nigeria for expansion
- Focused on strengthening balance sheet, improved net gearing to 37% from 45% and a current ratio of 2.2x from 1.3x

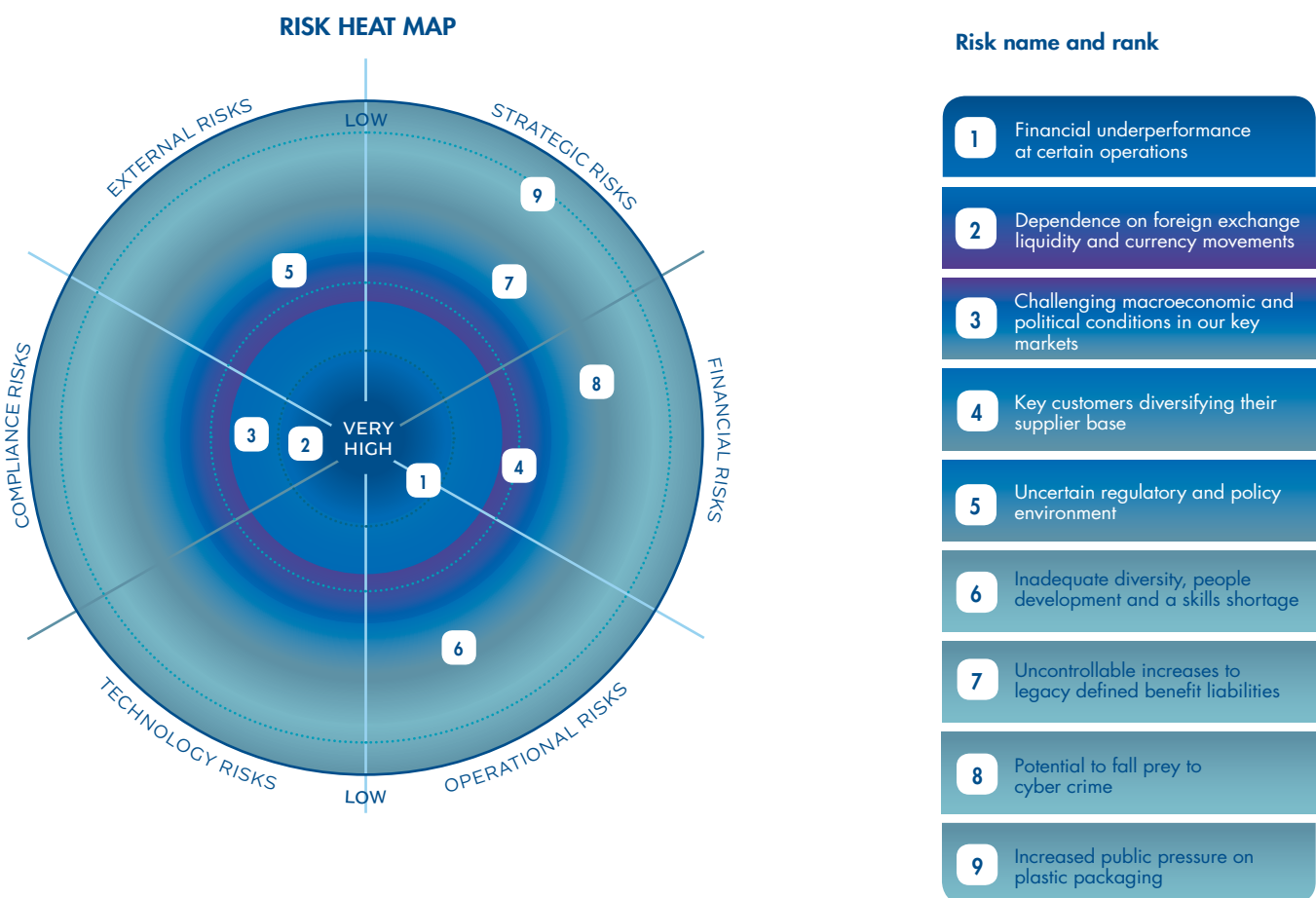
- Continued focus on operational excellence to improve overall performance
- Maintained efforts to address fixed costs, consolidating sites and closing lines
- Further reduced gearing to 37% from 45% in the prior year
- Restructured maturing debt profile to further strengthen group's financial position
- Rationalised some Rest of Africa operations, mindful of the need not to lose our first-mover advantage
- Decided to invest in our first food can line in Nigeria to take advantage of strong demand
- Reduced the complexity of our Malawi operations
- Adopted a new market approach in Zambia Paper business

- Continued to prioritise safety across the group with an improvement in the LTIFR ratio from 0.41 to 0.27
- Centralised control and visibility of all B-BBEE activities through steering committee
- Extended work on a new B-BBEE ownership scheme
- Reduced our employee numbers by 5.8%
- Responded quickly and decisively to reports of interracial tension, whether perceived or real
- Devoted greater attention to employee relations and change management
- Implemented tools for greater performance and succession management
- Provided external managerial training aligned with Nampak skills imperatives

- Participated in industrywide engagement with the government
- Maintained our significant contributions to recycling
- Sustained our efforts to further reduce the weight of products
- Engaged with policy makers on proposed regulatory changes
- Focused on unlocking further value from base businesses to build resilience to withstand requirements of greater regulatory burden
- Ensured reorganisation of Paper operations maintained in-country presence

Our top risks and opportunities

We consider each risk's potential impact on the achievement of the group's sustainable profitability journey and our strategy as well as the probability of each materialising. The risk rating position on the heat map reflects the residual risk position after considering the effectiveness of mitigation strategies and actions. We have ranked these risks in order of magnitude, although we recognise that these positions may change during the year. We have provided a forward looking view of the risks and opportunities that we believe may impact future performance. The icons show the links to our material issues.



Our risk framework, risk management guidelines and other group policies and procedures inform our risk management culture. The risk and sustainability committee considers the material outcomes of these processes and reviews the level of risk exposure against our risk tolerance and appetite levels. Understanding our risk environment informs strategy and assists with decision making throughout the organisation.

We participate in the CDP (formerly the Carbon Disclosure Project) and have formalised our assessment of Nampak's impact on the

environment both from an operational perspective and also in relation to our product stewardship.

Information Management Services (IMS) is a standing agenda item for the risk and sustainability committee, with ultimate responsibility for IMS governance resting with the board.

In order to support the board in the execution of its responsibilities, information management and key technology risks remain a key focus area for the risk and sustainability committee.

Impact if not managed	How we did in 2018	Value created from our mitigation strategies	Looking forward	Opportunities for value
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1

Financial underperformance at certain operations

This can result in job losses, impairment of assets and harm the group's sustainable profitability

- DivFood benefited from improved supply chain management and operational performance
- Plastic's gable-top cartons division performed strongly
- Bevcan operations in Angola and Nigeria performed very well
- Plastics SA consolidated the Industria and Isando sites
- Plastics Europe turned around from a trading loss to a trading profit
- Impaired R677 million at Glass

- Continued to deliver on our drive towards improved productivity to extract value from our newer technologies and ensure readiness for higher volumes
- Applied improved maintenance practices to limit associated downtime
- Consistent engagement with customers to streamline our product mix, reducing complexity and providing opportunities to review cash fixed costs
- Reduced cash fixed costs in Plastics SA
- Plastics UK streamlined costs and concluded agreement with a large customer in Ireland with positive implications for future profitability
- Head office cost reduction and procurement savings

- Investment behind growth markets in Nigeria (food cans) and Angola (second beverage can line) is now feasible
- Incremental improvements from various manufacturing projects
- Cape Town beverage can line closure will result in annual savings of R60 million and head office cost savings of R5 million
- Conclusion of the sale of crates and drums businesses expected in the new financial year
- Focus on further simplification of the business and cost optimisation in Plastics SA
- Plastics UK site optimisation to have further positive impacts on profitability

- We have the established capacity to ramp up production to meet increased customer demand
- Group restructuring initiatives to reduce complexity, limit non-value add activities and reduce cash fixed costs
- Unlock greater productivity within our existing factories thereby improving economies of scale and return on net assets

2

Dependence on foreign exchange liquidity and currency movements



High volatility in translated rand value of earnings from the Rest of Africa impacts on our financial performance. In-country dollar liquidity holds up the transfer of cash and places constraints on the purchase of imported raw materials and our ability to invest behind growth opportunities

- Nigerian liquidity provided by the NAFEX market continued with NIFEX and NAFEX rates almost in line with each other
- Angolan liquidity improved significantly; we transferred R1.8 billion (US\$138 million)
- Highly cash-generative businesses in Zimbabwe faced liquidity constraints
- Effective hedging in Angola avoided a potential R1.6 billion devaluation




- Secured two revolving credit facilities, strengthening the group's financial position
- Activities of the cash management committee ensured that cash flow management remained a strong focus
- Strong management of capital expenditure and improvements in liquidity delivered a stronger balance sheet without compromising the integrity of property, plant and equipment
- US\$-indexed kwanza bonds increased from 89% to 94% providing highly effective hedges against the devaluation of the kwanza

- Currency volatility and in-country US dollar availability in Angola and Zimbabwe will continue to have a bearing on financial results
- Strengthened balance sheet is better able to withstand currency volatility and provide a strong base to fund the group for the next five years

- Investment of R100 million behind growth in demand in our first food can line in Nigeria
- Conversion of our tinplate beverage line to aluminium in Angola at a cost of US\$20 million



Our top risks and opportunities continued

Impact if not managed	How we did in 2018	Value created from our mitigation strategies	Looking forward	Opportunities for value
3 Challenging macroeconomic and political conditions in our key markets 				
<p>Low economic growth in South Africa and high interest rates in the Rest of Africa result in reduced consumer demand which translates into lower volumes and revenue and pressure on profit margins. It also limits opportunities for growth</p>	<ul style="list-style-type: none"> ■ Beverage can volumes grew in Nigeria ■ DivFood benefited from much improved demand from the fishing industry and some growth in food cans for vegetables ■ Foreign currency shortages for much of the year and a weakening kwanza impacted on volumes in Angola ■ Angolan volumes impacted by the requirement for customers to fund the purchases of raw materials in US dollars ■ US dollar shortages in Zimbabwe adversely impacted the Zimbabwean operations' ability to settle inter-group loans 	<ul style="list-style-type: none"> ■ Ongoing drive to deliver improved operating efficiencies and cash fixed cost reductions ■ Operations geared to meet increased capacity requirements ■ Further credit extension to Zimbabwe being closely managed with customers being required to pre-fund purchases with US dollars ■ Successfully negotiated arrangements with Angolan customers to fund raw material purchases in dollars ■ US dollar linked kwanza bonds continue to be purchased where possible to hedge against further Angolan currency devaluations 	<ul style="list-style-type: none"> ■ Business and consumer confidence in South Africa are likely to remain weak in the short to medium term ■ Economic activity in Nigeria and Angola is showing signs of slow recovery ■ Further devaluation in the kwanza is expected to occur and where possible be hedged through the use of US dollar kwanza linked bonds with in-country US dollar liquidity being closely managed 	<ul style="list-style-type: none"> ■ We are well positioned to take advantage of organic growth in our markets ■ Long-term fundamentals for packaging growth in African markets remains intact ■ Our market positions are strong with more than 60% of our customer base consisting of large multinationals with global brands and strong credit ratings ■ Hedging strategies in Angola to optimise the group's position
4 Key customers diversifying their supplier base 				
<p>Certain customers wish to limit their supply risks by appointing more than one supplier of primary packaging</p>	<ul style="list-style-type: none"> ■ Some volumes lost in South Africa to new second beverage can manufacturer ■ Drop in sales volumes and profitability of liquid packaging and plastic closures after the loss of a key customer 	<ul style="list-style-type: none"> ■ Footprint of factories which affords customers with better security of supply ■ Value-added services provided by Nampak R&D 	<ul style="list-style-type: none"> ■ Continued emphasis on price, safety, quality, reliability, good governance and on-time delivery 	<ul style="list-style-type: none"> ■ Opportunity to take advantage of growing demand for environmentally friendly packaging by extending the reach of gable-top cartons to other liquid and dry food products
5 Uncertain regulatory and policy environment 				
<p>Changes in regulations affecting Nampak and our customers could negatively impact on demand or result in uncontrollable increases in cash fixed costs. Failure to comply with regulations can result in penalties and affect our licence to operate</p>	<ul style="list-style-type: none"> ■ Continued to focus on the provisions of the Waste Management Act, the health promotion levy and carbon tax 	<ul style="list-style-type: none"> ■ The Industry Waste Management Plan has been developed and submitted to the relevant authorities ■ Continued focus on recycling initiatives across all substrates 	<ul style="list-style-type: none"> ■ Ongoing engagement and alignment with government and other stakeholders on post-consumer packaging waste recycling objectives 	<ul style="list-style-type: none"> ■ Good corporate governance principles, policies and practices will continue to protect sustainable profitability

Impact if not managed	How we did in 2018	Value created from our mitigation strategies	Looking forward	Opportunities for value
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6 Inadequate diversity, people development and a skills shortage 

<ul style="list-style-type: none"> Without transforming to a more equal society, the sustainability of our market in South Africa may be in jeopardy A poor B-BBEE rating could impact the revenue of the South African operations Insufficient skills could impact on operational effectiveness and our ability to deliver on strategy 	<ul style="list-style-type: none"> Maintained our B-BBEE rating at level 6 Retained B-BBEE as a component of the management STI structure Maintained our focus on management graduate, apprenticeship development programmes as well as various technical skills and safety programmes Kept up our technical partnerships with key suppliers and customers 	<ul style="list-style-type: none"> Our aligned skills development initiatives result in improved productivity and faster problem solving as products are manufactured Besides protecting employees from injuries, good safety practices result in reduced downtime, cost savings and improved productivity 	<ul style="list-style-type: none"> B-BBEE steering committee mandated to implement plans for an improved rating as well as to review potential ownership structures Training and development outcomes evaluated annually and aligned to business requirements 	<ul style="list-style-type: none"> Depth of diverse qualified succession pool as well as opportunities for personal growth underpin sustainable profitability
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7 Uncontrollable increases to legacy defined benefit liabilities 

<p>If cost increases associated with providing the benefits outstrip affordability, profits will be adversely affected</p>	<ul style="list-style-type: none"> Continued with de-risking activities in the Nampak Staff Pension Plan in the UK Evaluated the annuity market for further opportunities to provide annuities for retired employees in receipt of post-retirement medical benefits in South Africa 	<ul style="list-style-type: none"> Steady reduction in the overall liability over the past few years 	<ul style="list-style-type: none"> Medical inflation remains above the consumer price index, placing upward cost pressure on the group's remaining post-retirement medical liability Less volatility in deficits in the UK pension plan is anticipated with the introduction of underlying gilt-yield type investments which provide some hedge against movements in interest and inflation rates 	<ul style="list-style-type: none"> The group will continue to consider and implement feasible buy-out and de-risking opportunities that are beneficial for all parties
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Our top risks and opportunities continued

Impact if not managed	How we did in 2018	Value created from our mitigation strategies	Looking forward	Opportunities for value
<div style="display: flex; justify-content: space-between; align-items: center;"> 8 Potential to fall prey to cyber crime </div>				
<p>Ransomware attacks could result in catastrophic loss of data and paralyse the business, rendering it unsustainable</p>	<ul style="list-style-type: none"> ■ Embedded vulnerability management and patch management process ■ Used email filtering for malware ■ Continued to conduct penetration, cyber footprint and cyber assessments ■ Carried out disaster recovery tests of corporate systems ■ Introduced certain insurance covers 	<ul style="list-style-type: none"> ■ Ongoing employee awareness campaigns ■ Consistent upgrading to protect against latest attacks ■ Provision of email continuity in the event of an attack 	<ul style="list-style-type: none"> ■ Preventing cyber crime is an enduring commitment as hackers become more sophisticated ■ Provision of email continuity to all UK and Africa sites ■ Improving security across all sites 	<ul style="list-style-type: none"> ■ Enhanced business continuity position for Nampak ■ Reducing the risk of the severity of the impact in the event of a cyber attack ■ Reduction of duplicated security strategies across Nampak
<div style="display: flex; justify-content: space-between; align-items: center;"> 9 Increased public pressure on plastic packaging </div>				
<p>Negative publicity and strong public reaction to plastic packaging waste could negatively impact demand</p>	<ul style="list-style-type: none"> ■ Participated in industry initiatives to increase recycling rates ■ Increased the use of recycled content in our plastic bottles ■ Developed light-weighting plastic packaging opportunities for customers ■ Carried out consumer education programmes on the value and cost effectiveness of plastic packaging 	<ul style="list-style-type: none"> ■ Continued research and development into opportunities for further light-weighting and the use of more recycled material in primary plastic packaging 	<ul style="list-style-type: none"> ■ Ongoing engagement with other industry players on alternative solutions for plastic packaging waste that limit its impact on the environment 	<ul style="list-style-type: none"> ■ Opportunity to work with customers on alternative primary packaging solutions ■ Greater public awareness of which plastics products are not recyclable. All of Nampak's products are recyclable

Chief financial officer's review

Balance sheet refinanced; improved headline earnings per share growth delivered.

All commentary is based on continuing operations except where otherwise indicated.



Glenn Fullerton
Chief financial officer

KEY FINANCIAL FEATURES

- Revenue down 1% at R17.3 billion due to soft consumer demand, on an average 2% stronger rand dollar exchange rate and increased competition but up 0.7% in constant currency
- Trading profit of R2.0 billion up 3% (4% in constant currency) due to a strong performance in SA Metals, the positive impact of the turnaround in the UK Plastics operation from a loss to a profit and a strong performance from the Paper Division
- Rest of Africa trading profit up 3%
- Net abnormal losses of R447 million down 9%
- Restructuring and retrenchment costs in Plastics SA and UK, Bevcan SA and corporate head office resulted in an abnormal cost of R177 million
- Devaluation in the kwanza as well as cost to transfer cash amounted to abnormal cost of R188 million
- Operating profit from operations of R1.5 billion up 7%
- Net finance costs down 30% before the inclusion of Angolan capital enforcement tax (Imposto sobre a Aplicação de Capitais) and unchanged from the prior year inclusive of this tax
- Effective tax rate of 10.7% lower than 25.1% in prior year. Prior year effective tax rate was increased due to impairments with no tax shield
- Profit for the year up 29%
- EPS up 38% assisted by the reduction in impairments, a reduced minority share of profits and a lower effective tax rate compared to the prior year
- HEPS up 15%
- Balance sheet significantly strengthened through the successful implementation of the R12.5 billion funding package including long term committed revolving credit and term loan facility
- Net gearing reduced to 37% from 45% in the prior year
- Short term liquidity strong with a current ratio of 2.2 and acid test ratio of 1.6
- R3.5 billion cash transferred from Angola, Nigeria and Zimbabwe with R1.6 billion transferred from Angola in last quarter. In-country dollar liquidity in Zimbabwe remains constrained
- Capital expenditure well managed, down 20% from R558 million to R444 million in 2018
- Defined benefit obligation down 5% from prior year
- Net cash generated before financing activities, R324 million compared to R1.2 billion utilised in the prior year
- Working capital management focus maintained but impacted by year-end falling on a Sunday
- Impairment of R677 million for Glass operation based on value in use reported in discontinued operations

Chief financial officer's review continued

OVERVIEW

The South African economy slipped into recession during the second quarter of 2018, shrinking by 0.7% quarter-on-quarter (seasonally adjusted and annualised). South African household consumption expenditure fell in the second quarter of 2018 compared with the first quarter of 2018, in line with the fall in retail trade sales. Households spent less on products such as transport, food, beverages and clothing. Manufacturing was the third industry to record a second consecutive quarter of negative growth. Manufacturing activity fell by 0.3%. As reported by StatsSA.

The group's revenue was impacted by the effects of the recent recession in South Africa, pressure on the group's key economies in the Rest of Africa and a strong rand for the greater part of the financial year which adversely impacted the translation of the group's revenue from its dollar based operations.

Despite soft consumer demand limiting turnover growth trading profit of R2.0 billion increased by 3% compared to the prior year. SA Metals performed well despite increased competition, UK Plastics successfully implemented its turnaround plan to trade profitably complemented by a strong performance from the Paper business. The timing of cash transferred from Angola to South Africa was optimal as these dollars were converted to rand at a favourable exchange rate.

During the year the group made the strategic decision to dispose of Nampak Glass and consequently it has been disclosed as a non-current asset held for sale and a discontinued operation. This transaction is progressing according to plan and is expected to be concluded in the second half of the 2019 financial year.

The group continues to address overhead cost and this has led to the Project Rejuvenate being implemented in the South African Plastics business. This programme is in progress and will result in a re-engineered business with a decision taken to sell the Megapak crates and drums business with these assets and liabilities being disclosed as assets and liabilities held for sale at the year-end. This is a focus area for the group and will continue to receive the required attention.

The financial year was concluded with the successful negotiation and implementation of a four and five-year committed revolving credit and term facility which substantially strengthened the group's financial position and addressed the group's maturing debt profile. The securing of the R12.5 billion financing package has positioned the group well for the next five years and placed the group in a strong position to consider growth opportunities.

Strong focus was placed on working capital management during the year, the effects of which are reflected in the 30% reduction in the net interest cost before taking into account the Angolan tax included in net interest costs. The group's year-end fell on a Sunday which adversely impacted receipts from trade debtors at the year-end.

Focus area	How we did in 2018
Debt maturity profile	●
Headline earnings per share growth	●
Managing overheads/improving profitability	●
Cash transferred and hedging:	
– Nigeria	●
– Angola	●
– Zimbabwe	●
Balance sheet management	●
Cash generation	●
Working capital management	●
Capital expenditure management	●

● Good progress made ● Some progress, more to come ● Challenging

Profit for the year

	2018 Rm	2017 Rm	% change
Revenue	17 310	17 402	(1)
Trading profit	1 970	1 922	3
Abnormal items	(447)	(491)	9
Operating profit	1 523	1 430	7
Net profit	1 168	905	29
EBITDA *	2 099	2 269	(7)
EBITDA **	2 541	2 528	1
PBT	1 308	1 209	8
EPS – cents	169.2	122.3	38
HEPS – cents	168.7	146.3	15
Ordinary dividend – cents	–	–	

* Adjusted for impairments.

** Based on trading profit.

Considering a difficult year from a revenue perspective, the 3% increase in the group's trading profit to R1 970 million from R1 922 million has been a pleasing outcome assisted by trading margins improving to 11.4% from 11.0%.

The metals segment delivered a solid result with a 2% increase in trading profit assisted by forex gains in the Bevcan operations. Angola had a tough year but the group is hopeful that this position will improve as oil prices rise and these economies begin to stabilise. Bevcan South Africa and Bevcan Nigeria delivered improved results.

The 22% improvement in the plastics segment's trading profit is largely attributable to the UK business returning to profitability in the year complemented by Megapak Zimbabwe's strong performance. Plastics SA experienced a tough year and continues its plans to restructure with significant portions of the plan already underway. The transactions to sell the Megapak crates and drums business are expected to be completed in the second half of the 2019 financial year.

The paper segment delivered a stellar performance with strong performances in the Nigerian Cartons business and the Zambian operation.

The corporate segment is largely affected by foreign exchange movements and this year saw an adverse swing of R74 million in forex losses incurred or reduced gains with the majority of these forex movements being unrealised. Excluding these movements, head office savings to the value of R29 million were achieved. These gains were offset by the non-recurring PRMA gain of R28 million delivered in the prior year.

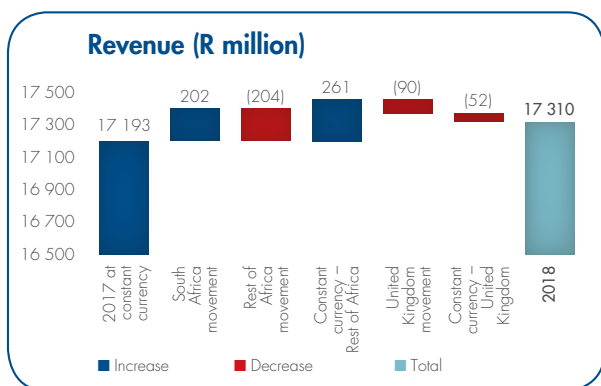
Geographically, South Africa contributed 58% (2017: 57%) to revenue and 44% (2017: 44%) to trading profit. The Rest of Africa contributed 34% (2017: 35%) to revenue and 66% (2017: 65%) to trading profit. The UK contributed 8% (2017: 8%) to revenue but made no contribution to trading profit though recovering from a loss of R64 million in the prior year to a trading profit of R5 million in the current year.

CONSTANT CURRENCY REVENUE AND TRADING PROFIT

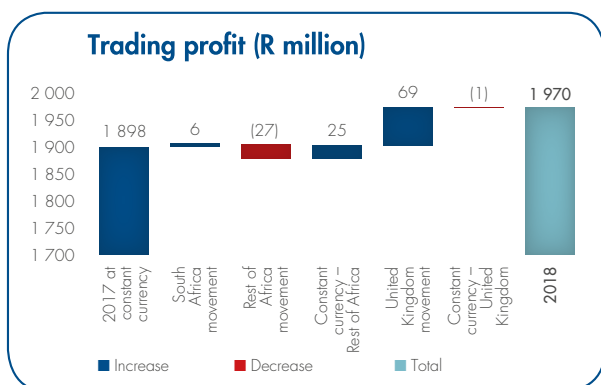
Key issues

The average rand/dollar exchange rate for 2018 of R13.1073 was 2% stronger than the comparative rate of R13.3832 adversely impacting the translation of the results from foreign operations on consolidation. The impact of the stronger average rand was R261 million on group revenue for the year. The average rand/sterling exchange rate in 2018 weakened by 4% to R17.6079 compared to R16.9564 in 2017 positively impacting group revenue by R52 million.

In US dollar and pound terms we earned less in 2018 than in 2017.



Trading profit in the Rest of Africa declined in dollar terms and was negatively impacted by R25 million in 2018. The UK returned to profitability in pound terms and the impact of the exchange rate was therefore minimal.



ABNORMAL ITEMS

During the year, the group incurred abnormal items related to devaluations of financial instruments and certain restructuring costs to ensure that overheads remain under control and profitability is sustained considering the market pressure experienced in most of the environments in which we operate. Given increased competition, it is vital that this process is successful. The table below provides a high level analysis of significant abnormal items:

	2018 Rm	2017 Rm
Net impairment costs	7	232
Devaluation of financial instruments	127	160
Cost related to the transferring of cash	73	-
Property remediation provision	64	-
Onerous contracts and related costs	100	82
Retrenchment and restructuring costs	96	73
Gain on acquisition of business	(6)	(27)
Net profit on disposal of investment business	-	(25)
Profit on disposal	(13)	(3)
Other	(1)	(4)
Total	447	491

Restructuring and retrenchment costs are largely related to the Plastics business in South Africa, the proposed sale of the Megapak Crates and Drums businesses as well as the closure of the Bevcan Epping site. The plan related to plastics incorporates site closure, consolidation and relocation, head office relocation, existing business optimisation and seeking growth opportunities.

Cash transfers amounting to R3.5 billion from Angola, Nigeria and Zimbabwe have been successful during the current financial year with efforts ongoing to ensure cash is successfully transferred from these countries to the group's international treasury and procurement company, Nampak International Limited and South Africa. This is further explained under the detailed section related to cash transfers and hedging. While every attempt is made to keep costs related to this transferring of cash to a minimum this is not always possible and an amount of R73 million was incurred during the current year. In addition, the weakening of the Angolan kwanza from 171.75 to 300.72 to the US dollar has resulted in devaluation of R116 million during the year. The balance of the devaluation relates to the Nigerian entities.

With property remediation related to site closure and disposal becoming more prevalent, a decision was taken to reassess the provision related to property closure and disposal costs, with an additional provision of R64 million being raised in the year at a corporate level.

Significant actions have been taken to remedy our overhead cost base and to review the group's structure. It is expected that these actions will have a positive impact on the group's performance going forward.

Chief financial officer's review continued

CASH TRANSFERRED AND HEDGING

	Angola Rm	Zimbabwe Rm	Total Rm	Nigeria Rm	Total Rm
30 September 2018					
Opening cash on hand	2 188	654	2 842	828	3 670
Cash on hand	2 307	1 190	3 497	300	3 797
Hedged	2 166	0	2 166	0	2 166
Net unhedged cash	141	1 190	1 331	300	1 631
Cash transferred from	1 807	87	1 894	1 574	3 468
Cash transfer rate (%)*	83	13	67	190	94
Percentage of cash on hand hedged (%)	94	0**	62	0	57
30 September 2017					
Opening cash on hand	1 004	290	1 294	984	2 278
Cash on hand	2 188	654	2 842	828	3 670
Hedged	1 954	0	1 954	0	1 954
Net unhedged cash	234	654	888	828	1 716
Cash transferred from	769	93	862	848	1 710
Cash transfer rate (%)*	77	32	67	86	75
Percentage of cash on hand hedged (%)	89	0	69	0	53

* Cash transfer rate is the cash transferred from the country compared to cash on hand at the end of the previous period.

** No suitable economic hedge available.

The above rand equivalent of dollar cash balances has increased due to the 4% weakening in the year-end spot rate compared to the prior year.

Nigeria

The NIFEX and NAFEX exchange rates converged during the year and were almost on a par at the reporting date. The Central Bank of Nigeria has boosted its dollar reserves with US dollar reserves of US\$44 billion up from approximately US\$20 billion two years ago. Cash of R1.6 billion transferred from Nigeria exceeded expectation, representing a cash transfer rate of 190% with no material restrictions impacting the operations. Cash on hand at the end of 2018 of R300 million reflects a 64% reduction from the R828 million held at 30 September 2017. Cash generated during the period was, for the most part, also transferred. This is a pleasing outcome given the previous concern related to this territory. No hedging is required due to good in-country liquidity and a stable naira/dollar exchange rate.

It should, however, be noted that the exceptional transfers from Nigeria are not expected to be matched going forward as the arrears accumulation of funds has largely been remitted. Flows from Nigeria will now be normal operational flows based on profits generated.

Angola

The Angolan operation remains highly cash generative. The improvement in the cash transferred during the year to R1.8 billion from R0.8 billion in the prior year reflects the concerted effort that management has placed on this risk area. The increase in the cash transfer rate to 83% from 77% in the comparative period was encouraging with 94% of the remaining in-country cash balances hedged at the year-end. Of the R1.8 billion transferred, R1.0 billion was remitted to the group's Rest of Africa treasury and procurement operation, Nampak International Limited, and R0.8 billion was utilised to fully settle export funding provided by Bevcan SA to Bevcan Angola for ends exported to Angola. Cash balances increased in rand due to the weaker rand/dollar exchange rate, the highly cash generative nature of the business and the contracted working capital position at year-end that boosted the cash balance. The kwanza continues to devalue, with a 75% devaluation from AOA171.749 in 2017 to AOA300.721 in 2018.

The group continues to hedge its foreign exchange exposures in Angola. Our strategy to hedge the cash in Angola through the purchase of US dollar linked kwanza bonds has resulted in the avoidance of R1.6 billion in potential foreign exchange losses. These hedges have proven to be highly effective.

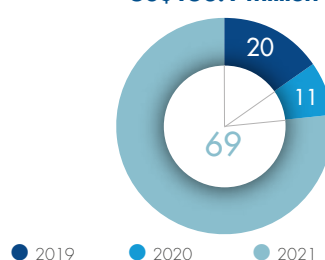
Zimbabwe

Cash continues to build in Zimbabwe given the highly cash generative nature of these operations despite all efforts to transfer cash from this region. There are some potential opportunities for hedging and transferring of cash being explored.

General

While the success of the past year has been stellar with total cash transfer rates rising from 75% in the prior year to 94% and from R1.7 billion to R3.5 billion in value in the current year it should be noted that risk to liquidity in the relevant markets remains, given local developments such as elections in Nigeria. The situation in each country is being closely monitored and it is possible that the transfers from these countries in the year ahead may not be repeated. Angolan hedging remains strong with pleasing liquidity during the year. Zimbabwe remains a focus area.

USD linked kwanza bond maturity profile by financial year (%)
US\$153.1 million



NET FINANCE COSTS

Proactive management has resulted in net finance costs of R156 million, before the inclusion of Angolan capital enforcement tax (Imposto sobre a Aplicação de Capitais) being down by 30% and unchanged from the prior year inclusive of this tax. In terms of International Financial Reporting Standards, this tax on gains resulting from Angolan indexed bonds, is disclosed as an interest cost. The effective interest rate for the group for the period was slightly higher at 5.6% in 2018 compared to 5.4% in 2017.

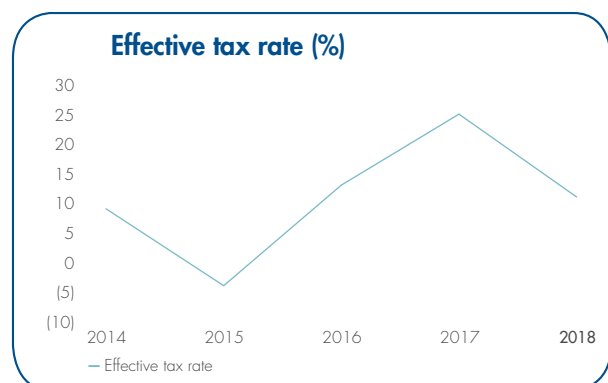
In line with the group's strategic intent to increase its long-term funding, a committed revolving long-term credit facility was successfully implemented to address the group's maturing debt profile. With the implementation of the revolving credit facility the group's effective interest rate is expected to rise to 6.0% with the sound funding structure providing a platform for future growth. This facility was implemented on 28 September 2018 and therefore did not have an impact on the interest cost this year.

TAXATION

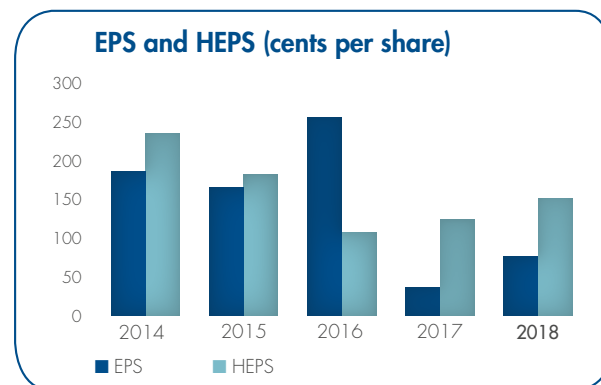
The effective tax rate for the year ended is depicted below:

	2018 %	2017 %
Statutory tax rate	28.0	28.0
Government incentives	(3.8)	(9.9)
Tax rate differential	(8.6)	(9.5)
Withholding and other foreign taxes	4.3	4.0
Deferred tax asset raised	(9.3)	(5.2)
Other	0.1	3.2
Effective tax rate – normalised	10.7	10.6
Impairments and other losses – UK and Ireland	–	10.8
Forex losses not protected	–	3.7
Effective tax rate – continuing operations	10.7	25.1

The reduction in the effective tax rate is primarily due to the non-recurrence of impairments and forex losses that did not provide a tax shield in the prior year. This has been offset by increased deferred tax assets raised and a reduction in government incentives. The normalised effective tax rate before these items of 10.7% is marginally up from the 10.6% in the prior year.



EARNINGS PER SHARE (EPS) AND HEADLINE EARNINGS PER SHARE (HEPS)



EPS and HEPS have both increased pleasingly over last year with non-recurrence of the once-off items previously experienced. While abnormal foreign exchange losses continued this year in Angola this should now start to normalise. In the current year, a strong performance by Bevcac South Africa was complimented by the plastics business in the UK that returned to profitability creating more stability in the group's earnings.

HEPS and EPS – continuing operations

	2018 Actual	2017 Actual	% change
Final HEPS	168.7	146.3	15
Final EPS	169.2	122.3	38

HEPS and EPS – continuing and discontinued operations

	2018 Actual	2017 Actual	% change
Final HEPS	151.4	123.8	22
Final EPS	76.0	36.6	108

CAPITAL EXPENDITURE

Through the capital assurance committee, the group continues to allocate capital to capital expenditure prudently without compromising the integrity or productive capacity of the group's property, plant and equipment.

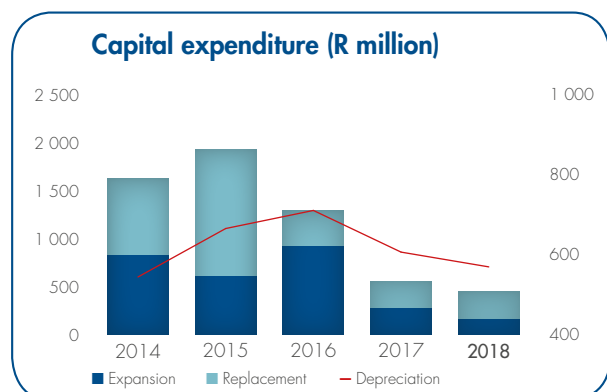
Capital projects are evaluated by a multi-skilled capital assurance committee that sets clearly defined hurdle rates of 1.5 times the in-country weighted average cost of capital.

Capital expenditure has been well managed reflecting a decrease of 20% from R558 million in 2017 to R445 million in 2018.

There were no major capital projects undertaken during the year. Some of the more significant expenditures were as follows:

The aerosol line A1 upgrade in DivFood cost R30 million this year. The cost of site consolidation of Industria and Isando in plastics amounted to R36 million in the current year. The purchase of property in Megapak Zimbabwe for R46 million.

Chief financial officer's review continued



CASH GENERATED FROM OPERATIONS

	2018 Rm	2017 Rm
Cash generated from operations before working capital changes	2 272.2	2 395.1
Net working capital changes	(676.9)	(326.8)
Decrease/(increase) in inventories	106.7	(621.4)
(Increase)/decrease in trade and other current receivables	(637.2)	167.7
(Decrease)/increase in trade and other current payables	(146.4)	126.9
Cash generated from operations	1 595.3	2 068.3

Cash generated from operations before working capital changes decreased by 5% partly due to the 2% on average rand dollar exchange rate impacting foreign operations and tough trading conditions. The decrease of R473 million in cash generated from operations is largely attributable to working capital changes. Inventory levels have been well managed throughout the year with a significant drive from management to reach optimal inventory levels. In 2018, we reduced inventory levels by R106.7 million and utilised this cash to early settle trade payables where possible. Nampak's 30 September 2018 year-end fell on a Sunday, which despite every effort from management to ensure the timely payment from customers, certain customers' payments only reflected in the bank on 1 October 2018. Strong working capital management throughout the year resulted in 30% reduction in the net interest costs excluding the Angolan tax included in net interest cost. The trade receivables outflow is a timing issue and is not representative of normal year-end closing positions.

CASH UTILISED IN INVESTING ACTIVITIES

	2018 Rm	2017 Rm
Cash utilised in investing activities	(497.3)	(2 571.2)

With the improved cash transfers from Angola, management utilised in-country bond balances to obtain foreign currency. The increase in liquid bonds in the current year of R6.9 million compared to R1.3 billion in the prior year is evidence of bonds maturing and sold being utilised to transfer funds. Capital expenditure was well managed with a decrease of R198.9 million in the outflow relating to capital expenditure. No major projects were undertaken during the year.

NET CASH GENERATED/(UTILISED) BEFORE FINANCING ACTIVITIES

	2018 Rm	2017 Rm
Net cash generated/(utilised) before financing activities	323.8	(1 180.6)

Net cash of R323.8 million before financing activities was generated in the year compared to a utilisation of R1 180.6 million in the prior year. Strong cash generation from operations was complimented by good capital expenditure management and strong cash transfers from Nigeria and Angola, partially offset by an increasing investment in net working capital.

CASH RAISED FROM/(UTILISED IN) FINANCING ACTIVITIES

	2018 Rm	2017 Rm
Cash raised/(repaid) in financing activities	1 659.7	(238.4)

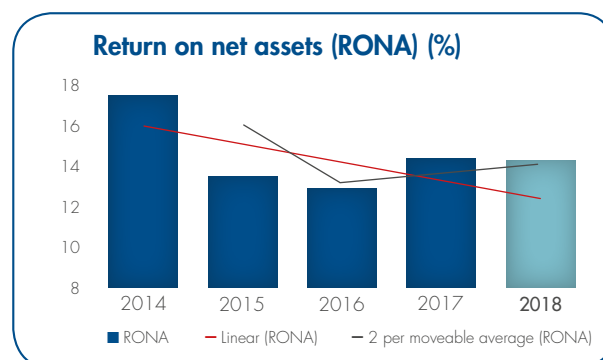
The successful negotiation and implementation of a four and five-year committed revolving credit and term facility led to a net increase in non-current borrowings of R1.6 billion.

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

The group achieved a much improved cash position at the year-end compared to the prior year with a significant positive cash balance of R1.8 billion compared to the prior year's overdraft of R169 million. This was largely attributed to increased cash transfers from previously cash restricted areas, reduced net investment in liquid bonds, borrowings raised through the successful implementation of the revolving credit facilities and improved capital expenditure management. Due to the in-country shortage of US dollars, the highly cash generative nature of the Zimbabwean businesses and the weakening of the rand dollar exchange rate, the Zimbabwean cash balance increased from R654 million to R1.2 billion at the year-end.

Net cash and cash equivalents have increased by R1 983.5 million compared to a decrease of R1 419.0 million in the prior year.

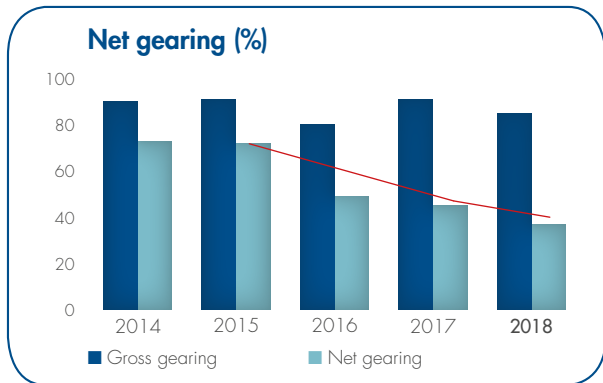
RETURN ON NET ASSETS



Return on net assets of 14.3% (2017: 14.4%) was marginally down from the prior year but ahead of the weighted cost of capital.

KEY RATIOS

Net gearing (%)



A pleasing downward trend in the net gearing ratio has been achieved through a combination of the sale and leaseback transaction in 2016, prudent management of capital expenditure, a focus on working capital management and the cessation of the dividend for the last three-years. The net gearing ratio of 37% has been reduced from 45% in the prior year.

The refinancing of the group's maturing debt profile has significantly improved the funding structure with resultant improvements in the current and acid test ratios. These positions are the strongest that they have been in the last five-years.

COVENANTS AND GEARING

2018 has been a successful year in addressing the group's maturing funding structure and in transferring R3.5 billion from Angola, Nigeria and Zimbabwe with 97% of these funds transferred being secured from Angola and Nigeria. Net gearing has reduced to 37% from 45% with short-term liquidity ratios being significantly strengthened through the group's new financing structure.

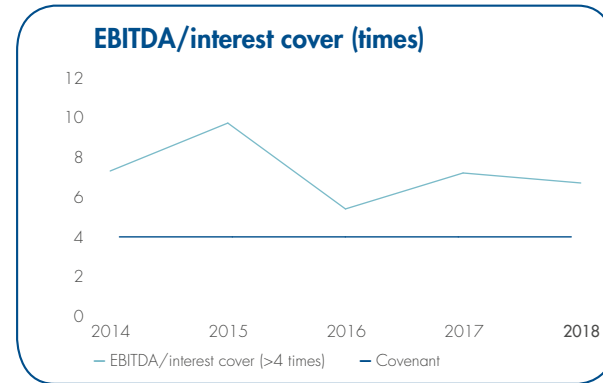
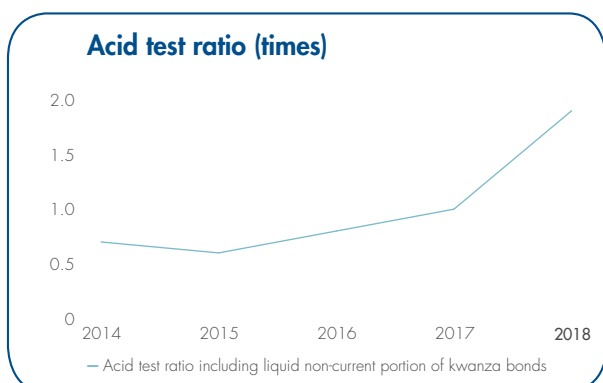
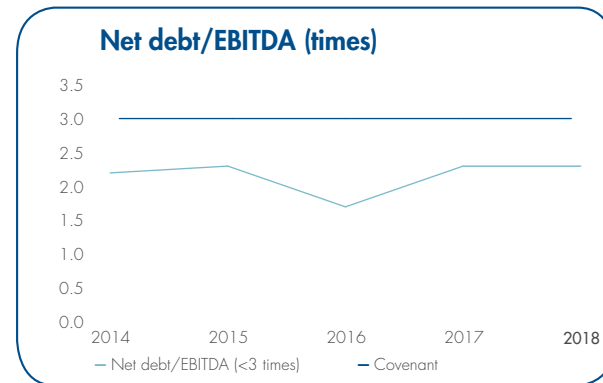
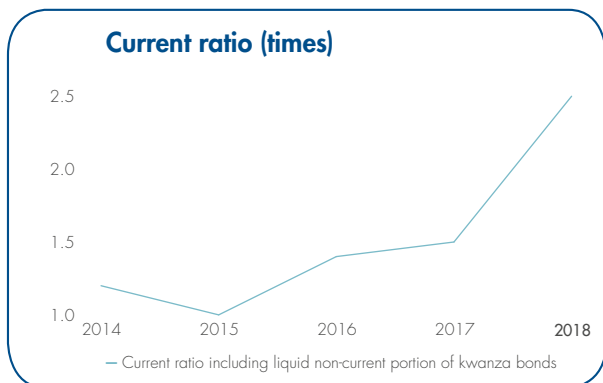
As part of the re-financing of the group, the group's covenants remain as follows:

- Net interest bearing debt:EBITDA <3 times; and
- EBITDA interest cover >4 times

The definition of cash and cash equivalents for covenants purposes for the committed revolving credit and term loan facility has been amended to only include 50% of Angolan cash and cash equivalents and US dollar linked Kwanza bonds plus 45 days net working capital for Angola and in excludes all Zimbabwean cash.

The group remains comfortably within both covenants as set out in the five-year financial review and in the following graphs.

Current ratio and acid test ratios (times)



Chief financial officer's review continued

REVOLVING CREDIT FACILITY

Prior to the restructuring of the group's financing facilities the following banking facilities were repayable in the short term:

Facility	Amount US\$m	Exchange rate	Amount Rm
Facility A	86	14.1415	1 216.2
Facility B	25	14.1415	353.5
Facility C	-	-	1 000.0
			2 569.7

These maturing debt profiles were addressed through the successful implementation of the group's committed long-term revolving credit facility and loan facilities.

On 25 September 2018, Nampak refinanced and re-organised its funding structure in order to optimise liquidity, flexibility and capacity for growth raising R12.5 billion. It has refinanced its existing, bilateral ZAR and US\$ facilities into one common terms agreement catering for multiple currencies and borrowers in order to address a maturing group debt profile. The facilities raised include Facility E the use of which will be restricted solely for settling the US\$115 million private placement falling due in May 2020.

In addition, the group's funding structure includes US\$175 million in private placements with US\$115 million maturing in May 2020 and US\$60 million maturing in May 2023. There is a significant cost to early-settle these facilities and as such, the US PP note holders will be settled on maturity date of the existing facilities utilising Facility E.

ANGOLAN FUNCTIONAL CURRENCY AND HYPER-INFLATION ACCOUNTING

Bevcan Angola is classified as a US dollar functional currency entity as it meets the requirements of IAS 21: *The effects of Changes in Foreign Exchange Rates* as the currency that mainly influences sales prices for goods sold, the currency that mainly influences labour, material and other costs of providing these goods and the currency in which funds from financing activities are generated is the US dollar.

The group does not apply hyper-inflationary accounting to Bevcan Angola as IAS 29 *Financial Reporting in Hyper-Inflationary Economies* states that this standard shall be applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyper-inflationary economy. Accordingly, despite Angola being classified as a hyper-inflationary economy, the group does not apply the standard as the functional currency of Bevcan Angola is the US dollar and not the Angolan Kwanza.

GLASS DISPOSAL

Following a careful review of the Glass business, challenges in leveraging economies of skill and scale, and the significant capital requirements, the board decided, on 16 February 2018, to dispose of the glass business in order to free up cash for potential growth, debt reduction and to enhance free cash flow. Accordingly, Glass has been accounted for as a non-current asset held for sale and a discontinued operation. A formal disposal process is progressing and is expected to reach its conclusion in the first half of the 2019 financial year.

The valuation of the Glass business is highly sensitive to key variables such as the pack to melt ratio, various profitability ratios, growth rates, the extent and timing of capital expenditure and working capital assumptions as well as the discount rate. The business continues to be production constrained as opposed to demand constrained. Accordingly, management is focused on improving internal production efficiencies through improved processes and the securing of further skills to ensure that it can meet growing market demand.

After careful consideration and detailed evaluation the board has, based on a value-in-use valuation, decided to impair the Glass asset by R665 million with a further impairment of R12 million relating to certain moulds.

DIVIDEND

The board has decided not to resume dividends to shareholders until the sustainability of the transferring of cash from Angola and Zimbabwe is assured and the disposal of the Glass business is finalised. The Board will evaluate the various options available with a view to enhancing shareholder value.

EVENTS AFTER THE REPORTING DATE

On 1 October 2018 the Zimbabwean Reserve Bank announced the splitting of the Zimbabwean RTGS (real time gross settlement) notes and foreign currency accounts. This has led to consideration of whether the functional currency of the Zimbabwean operations has changed from US dollars to a local Zimbabwe currency. In the event of a change in the functional currency, this may lead to a revaluation of assets and liabilities in Zimbabwe.

LOOKING FORWARD

The group will continue to prudently allocate capital to capital expenditure with a specific focus on growth projects complementing necessary replacement expenditure. In addition leveraging the group's modernised asset base is expected to unlock future value. The further streamlining of the working capital cycles will be a priority complemented by a sharp focus on procurement and supply chain.

The refinanced balance sheet places the group in a strong position and provides a platform for future growth.

I would like to thank the finance team for their diligence and resourcefulness in what has been a successful year, and the group committees, as well as our providers of capital, for the support during the year.

We look forward to meeting the challenges and harnessing the opportunities in the year ahead and delivering value to all our stakeholders.



Glenn Fullerton
Chief financial officer

Bryanston
26 November 2018

Five-year financial review

DEFINITIONS

Treasury shares

Treasury shares represent shares in Nampak Limited held by group subsidiary companies and trusts.

Weighted average number of shares

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year (net of treasury shares), increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the profit of the group.

Dividends declared/cash distributions per ordinary share

Interim dividend/cash distribution paid per ordinary share plus the final dividend/cash distribution declared in respect of the current year's profits.

Trading profit

Operating profit adjusted for abnormal gains/(losses).

Abnormal gains/(losses)

Gains/(losses) which do not arise from normal trading activities or are of such size, nature or incidence that their disclosure is relevant to explain performance for the period.

Net assets

Total assets, excluding tax, deferred tax, bank balances and deposits, and liquid bonds and other loan receivables, less trade and other current payables, provisions and other non-current liabilities.

EBITDA

Operating profit before depreciation and amortisation.

EBITDA (debt covenants)

Operating profit before depreciation, amortisation and abnormal gains/(losses).

Net debt

Loans, other borrowings and overdrafts, less bank balances and deposits, and liquid bonds and other loan receivables.

Net debt (debt covenants)

Loans, other borrowings and overdrafts, less bank balances and deposits (excluding balances in restricted countries), and liquid bonds (as capped per covenant agreements).

Net finance costs (debt covenants)

Finance income and costs, and capitalised finance costs.

Employee numbers used for calculations

Total number of employees adjusted for discontinued operations.

Market capitalisation

Number of ordinary shares in issue multiplied by the year-end market price per share.

Return on equity

$$\frac{\text{Profit attributable to ordinary shareholders}}{\text{Average shareholders' equity}}$$

Return on net assets

$$\frac{\text{Trading profit, investment income and share of profit in associates and joint ventures}}{\text{Average net assets}}$$

Net asset turn

$$\frac{\text{Revenue}}{\text{Average net assets}}$$

Return on invested capital

$$\frac{\text{Trading profit less notional taxation adjustment}}{\text{Average net debt plus average total equity}}$$

Current ratio

$$\frac{\text{Current assets including assets classified as held for sale}}{\text{Current liabilities including liabilities directly associated with assets classified as held for sale}}$$

Acid-test ratio

$$\frac{\text{Current assets excluding inventories, including assets classified as held for sale}}{\text{Current liabilities including liabilities directly associated with assets classified as held for sale}}$$

Net debt to EBITDA (debt covenants)

$$\frac{\text{Net debt (debt covenants)}}{\text{EBITDA (debt covenants)}}$$

EBITDA interest cover

$$\frac{\text{EBITDA}}{\text{Finance costs and finance income}}$$

EBITDA interest cover (debt covenants)

$$\frac{\text{EBITDA (debt covenants)}}{\text{Net finance costs (debt covenants)}}$$

Gross gearing

$$\frac{\text{Loans and other borrowings, and overdrafts}}{\text{Total equity}}$$

Net gearing

$$\frac{\text{Net debt}}{\text{Total equity}}$$

Productivity per employee

$$\frac{\text{EBITDA}}{\text{Employee numbers used for calculations}}$$

Employment cost per employee

$$\frac{\text{Employee benefit expense}}{\text{Employee numbers used for calculations}}$$

Earnings yield

$$\frac{\text{Headline earnings per share}}{\text{Year-end market price per share}}$$

Dividends/cash distributions yield

$$\frac{\text{Dividends/cash distributions per ordinary share}}{\text{Year-end market price per share}}$$

Price/earnings ratio

$$\frac{\text{Year-end market price per share}}{\text{Headline earnings per share}}$$

		2018	2017	2016	2015	2014
STATISTICS						
Earnings and dividend data						
Weighted number of ordinary shares in issue	'000	643 374	640 496	632 667	629 726	627 728
Headline earnings per share	cents	151.4	123.8	107.6	182.1	234.7
Continuing operations	cents	168.7	146.3	113.2	225.4	212.2
Discontinued operations	cents	(17.3)	(22.5)	(5.6)	(43.3)	22.4
Change over previous year (continuing operations)	%	15	29	(41)	6	47
Earnings per share	cents	76.0	36.6	254.5	165.6	186.3
Continuing operations	cents	169.2	122.3	262.8	245.8	212.1
Discontinued operations	cents	(93.2)	(85.7)	(8.2)	(80.1)	(25.8)
Change over previous year (continuing operations)	%	38	(53)	7	16	36
Dividends declared/cash distributions per share	cents	-	-	-	134.0	153.0
Change over previous year	%	-	-	-	(12)	9
Five-year compound annual growth rate	%	-	-	-	(4)	(12)
Dividend cover/cash distribution	times	-	-	-	1.5	1.5
FINANCIAL DATA						
Return on equity						
Continuing operations	%	11.2	8.5	18.5	18.5	23.6
Continuing and discontinued operations	%	5.0	2.5	17.9	12.5	15.4
Return on net assets						
Continuing operations	%	14.3	14.4	12.9	13.5	17.5
Continuing and discontinued operations	%	12.5	12.3	11.2	11.0	14.8
Net asset turn						
Continuing operations	times	1.3	1.3	1.3	1.1	1.3
Continuing and discontinued operations	times	1.2	1.2	1.1	1.2	1.5
Current ratio	times	2.2	1.3	1.4	1.0	1.2
Current ratio (including non-current portion of liquid bonds)	times	2.5	1.5	1.5	1.0	1.2
Acid-test ratio	times	1.6	0.8	0.8	0.6	0.7
Acid-test ratio (including non-current portion of liquid bonds)	times	1.9	1.0	0.9	0.6	0.7
EBITDA interest cover – debt covenants	times	8.0	7.2	5.4	9.7	7.3
Effective rate of tax						
Continuing operations	%	10.7	25.1	12.9	(4.1)	9.1
Continuing and discontinued operations	%	(19.8)	37.5	11.9	(21.5)	4.1
Net debt		3 929.8	4 351.8	4 625.3	6 582.1	5 721.5
Gross gearing	%	84.9	90.7	79.7	90.8	89.8
Net gearing	%	37.0	45.0	49.0	71.8	72.6
Net debt to EBITDA – debt covenants	times	2.3	2.3	1.9	2.3	2.2
Net debt to EBITDA – debt covenants (including total liquid bonds)	times	2.0	1.6	1.7	2.3	2.2
Number of ordinary shares in issue*	'000	644 723	640 620	639 884	630 057	628 267
Net asset value per ordinary share	cents	1 573	1 454	1 438	1 456	1 255
Change over previous year	%	8	1	(1)	16	9
* Net of treasury shares						
EMPLOYEE DATA						
Permanent employees		6 082	6 420	6 678	6 663	9 269
Temporary employees		1 502	1 706	1 422	1 328	1 851
Total employees		7 584	8 126	8 100	7 991	11 120
Employee numbers used for calculations		6 976	7 653	7 628	7 494	7 174
Revenue per employee	R'000	2 481	2 274	2 336	2 190	1 996
Employment cost per employee	R'000	401	367	378	353	328
Productivity per employee	Index	22	23	40	25	21
OPERATING RESULTS						
Continuing operations						
Revenue	R million	17 309.8	17 401.8	17 816.2	16 414.6	14 321.6
Trading profit		1 970.0	1 921.5	1 828.8	1 942.5	1 928.1
Profit after tax from continuing operations		1 168.3	904.9	1 530.4	1 565.9	1 365.5
Discontinued operations						
Loss from discontinued operations		(599.2)	(548.9)	(52.1)	(504.6)	(161.9)
Profit for the year		569.1	356.0	1 478.3	1 061.3	1 203.6

Five-year financial review continued

		2018	2017	2016	2015	2014
Attributable to:	R million					
Equity holders of Nampak Limited		489.2	234.8	1 610.4	1 043.2	1 169.4
Non-controlling interests		79.9	121.2	(132.1)	18.1	34.2
Total		569.1	356.0	1 478.3	1 061.3	1 203.6
EBITDA	R million	1 557.4	1 792.4	3 074.5	1 989.4	2 378.3
Continuing operations		2 091.9	2 036.4	2 776.6	2 428.1	2 449.6
Discontinued operations		(534.5)	(244.0)	297.9	(438.7)	(71.3)
EBITDA (adjusted for impairments)		2 241.7	2 460.2	3 434.9	2 188.5	2 809.7
Continuing operations		2 098.9	2 268.9	3 135.7	2 549.5	2 486.8
Discontinued operations		142.8	191.3	299.2	(361.0)	322.9
STATEMENTS OF FINANCIAL POSITION	R million					
Total shareholders' funds		10 612.5	9 681.1	9 444.5	9 172.4	7 883.1
Retirement benefit obligation		1 478.4	1 558.0	1 855.7	2 008.4	2 173.0
Non-current loans and borrowings		8 023.1	6 007.2	6 202.1	4 212.0	4 753.3
Other non-current liabilities		266.7	359.3	267.1	390.8	503.5
Current liabilities		5 533.4	7 624.3	6 334.4	8 623.9	6 578.2
Total equity and liabilities		25 914.1	25 229.9	24 103.8	24 407.5	21 891.1
Property, plant and equipment		8 177.0	10 151.4	10 573.4	11 025.7	9 864.3
Intangible assets		3 708.0	3 568.8	4 043.4	4 118.6	3 419.5
Other non-current assets		1 996.7	1 235.1	772.2	222.4	414.0
Current assets		12 032.4	10 274.6	8 714.8	9 040.8	8 193.3
Total assets		25 914.1	25 229.9	24 103.8	24 407.5	21 891.1
CASH FLOW	R million					
Cash generated from operations before working capital changes		2 272.2	2 395.1	2 264.0	2 395.1	2 929.2
Cash generated from operations		1 595.3	2 068.3	2 825.3	1 726.5	2 740.1
Cash generated from/(utilised in) operating activities		821.1	1 390.6	1 366.1	(1 457.8)	419.5
Additions to property, plant, equipment and intangibles		(536.4)	(735.3)	(1 443.6)	(2 195.2)	(2 620.1)
Net increase/(decrease) in cash		1 983.5	(1 419.0)	3 545.0	(1 535.2)	(3 653.1)
SHARE PERFORMANCE						
Market price per share						
Highest	cents	1 930	2 361	2 820	4 885	4 154
Lowest	cents	1 288	1 551	1 635	2 572	4 001
Year-end	cents	1 534	1 760	1 944	2 580	4 113
Number of ordinary shares in issue	'000	689 812	689 404	688 668	702 497	700 708
Market capitalisation	R million	10 582	12 134	13 388	18 124	28 820
Volume of shares traded	'000	416 939	539 937	523 826	437 360	388 869
Value of shares traded	R million	6 656.3	9 814.4	9 520.0	13 055.2	24 525.0
Volume of shares traded as a percentage of total issued shares	%	60.4	78.3	76.1	62.3	55.5
Earnings yield	%	9.9	7.0	5.5	7.1	5.7
Dividend/cash distribution yield	%	–	–	–	5.2	3.7
Price/earnings ratio	times	10.1	14.2	18.1	14.2	17.5
EXCHANGE RATES						
Rand/UK pound						
Average		17.61	16.96	21.07	18.56	17.54
Closing		18.43	18.17	17.80	20.97	18.33
Rand/Euro						
Average		15.58	14.78	16.43	13.77	14.36
Closing		16.41	15.98	15.42	15.50	14.27
Rand/US dollar						
Average		13.11	13.38	14.79	12.02	10.58
Closing		14.14	13.56	13.72	13.86	11.30
Naira/US dollar						
Average		360.61	321.90	229.60	191.21	161.77
Closing		362.79	358.99	315.00	199.00	163.70
Kwanza/US dollar						
Average		222.09	171.74	161.57	114.52	100.76
Closing		300.72	171.75	171.72	140.06	101.21

Summarised consolidated statement of comprehensive income

for the year ended 30 September 2018

	Notes	2018 R million	Restated 2017 R million
CONTINUING OPERATIONS			
Revenue		17 309.8	17 401.8
Operating profit	3	1 522.9	1 430.2
Finance costs		(465.2)	(339.1)
Finance income		244.3	117.7
Share of net profit from associates and joint ventures		5.8	0.1
Profit before tax		1 307.8	1 208.9
Income tax expense		(139.5)	(304.0)
Profit for the year from continuing operations		1 168.3	904.9
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	4.1	(599.2)	(548.9)
Profit for the year		569.1	356.0
Other comprehensive income/(expense), net of tax			
<i>Items that will not be reclassified to profit or loss</i>			
Net actuarial gain from retirement benefit obligations		34.4	19.5
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange gain/(loss) on translation of foreign operations		217.4	(122.1)
Gain/(loss) on cash flow hedges		51.7	(14.1)
Other comprehensive income/(expense) for the year, net of tax		303.5	(116.7)
Total comprehensive income for the year		872.6	239.3
Profit attributable to:			
Owners of Nampak Limited		489.2	234.8
Non-controlling interest in subsidiaries		79.9	121.2
Total		569.1	356.0
Total comprehensive income attributable to:			
Owners of Nampak Limited		769.9	120.3
Non-controlling interest in subsidiaries		102.7	119.0
Total		872.6	239.3
Continuing operations			
Earnings per share (cents)		169.2	122.3
Diluted earnings per share (cents)		168.4	121.9
Continuing and discontinued operations			
Earnings per share (cents)		76.0	36.6
Diluted earnings per share (cents)		75.7	36.5

Summarised consolidated statement of financial position

at 30 September 2018

	Notes	30 September 2018 R million	Restated* 30 September 2017 R million
ASSETS			
Non-current assets			
Property, plant, equipment and investment property		8 177.0	10 151.4
Goodwill and other intangible assets		3 708.0	3 568.8
Associates and joint venture		35.3	21.8
Deferred tax assets		173.5	49.3
Liquid bonds and other loan receivables	6	1 787.9	1 164.0
		13 881.7	14 955.3
Current assets			
Inventories		3 205.6	3 980.3
Trade and other current receivables		3 071.0	2 761.0
Tax assets		14.1	17.3
Liquid bonds and other loan receivables – current	6	450.6	882.1
Bank balances and deposits		2 844.8	2 385.0
		9 586.1	10 025.7
Assets classified as held for sale	4	2 446.3	–
		25 914.1	24 981.0
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		35.5	35.5
Capital reserves		(70.3)	(116.4)
Other reserves		200.0	(84.4)
Retained earnings		9 975.1	9 476.9
Shareholders' equity		10 140.3	9 311.6
Non-controlling interest		472.2	369.5
		10 612.5	9 681.1
Non-current liabilities			
Loans and other borrowings		8 023.1	6 007.2
Retirement benefit obligation		1 478.4	1 558.0
Deferred tax liabilities		168.1	294.5
Other non-current liabilities		98.6	64.8
		9 768.2	7 924.5
Current liabilities			
Trade payables, provisions and other current payables		4 195.3	4 517.1
Tax liabilities		45.5	82.6
Loans, other borrowings and bank overdrafts		990.0	2 775.7
		5 230.8	7 375.4
Liabilities directly associated with assets classified as held for sale	4	302.6	–
		25 914.1	24 981.0

* Refer to note 2.

Summarised consolidated statement of changes in equity

for the year ended 30 September 2018

	Notes	2018 R million	2017 R million
Opening balance		9 681.1	9 444.5
Shares issued during the year		6.5	11.8
Share-based payment expense		4.0	5.0
Share grants exercised		(6.5)	(11.7)
Treasury shares disposed		54.9	-
Acquisition of business		-	(7.7)
Total comprehensive income for the year		872.6	239.3
Dividends paid		(0.1)	(0.1)
Closing balance		10 612.5	9 681.1
Comprising:			
Share capital		35.5	35.5
Capital reserves		(70.3)	(116.4)
Share premium		268.9	262.4
Treasury shares		(515.8)	(557.9)
Share-based payments reserve		176.6	179.1
Other reserves		200.0	(84.4)
Foreign currency translation reserve		1 569.6	1 375.0
Financial instruments hedging reserve		56.4	4.7
Recognised actuarial losses		(1 412.7)	(1 447.1)
Share of non-distributable reserves in associates and joint ventures		3.7	-
Other		(17.0)	(17.0)
Retained earnings		9 975.1	9 476.9
Shareholders' equity		10 140.3	9 311.6
Non-controlling interest		472.2	369.5
Total equity		10 612.5	9 681.1

Summarised consolidated statement of cash flows

for the year ended 30 September 2018

	Notes	2018 R million	2017 R million
Cash generated from operations before working capital changes		2 272.2	2 395.1
Working capital changes		(676.9)	(326.8)
Cash generated from operations	7.1	1 595.3	2 068.3
Net interest paid		(458.1)	(405.8)
Retirement benefits, contributions and settlements		(145.2)	(119.1)
Income tax paid		(170.8)	(152.7)
Cash flows from operations		821.2	1 390.7
Dividends paid		(0.1)	(0.1)
Net cash generated from operating activities		821.1	1 390.6
Cash flows from investing activities			
Capital expenditure		(536.4)	(735.3)
Replacement		(359.8)	(377.0)
Expansion		(176.6)	(358.3)
Net proceeds on the disposal of business		–	57.8
Post-retirement medical aid buy-out		(1.8)	(569.2)
Increase in liquid bonds for hedging purposes		(6.9)	(1 336.5)
Other investing activities		47.8	12.0
Net cash utilised in investing activities		(497.3)	(2 571.2)
Net cash generated/(utilised) before financing activities		323.8	(1 180.6)
Net cash raised from/(repaid in) financing activities		1 659.7	(238.4)
Net increase/(decrease) in cash and cash equivalents	7.2	1 983.5	(1 419.0)
Net (overdraft)/cash and cash equivalents at beginning of year		(168.8)	1 224.5
Translation of cash in foreign subsidiaries		22.1	25.7
Net cash and cash equivalents/(overdraft) at end of year	7.3	1 836.8	(168.8)

Notes to the summarised consolidated financial statements

for the year ended 30 September 2018

1. BASIS OF PREPARATION

The summarised consolidated financial statements are derived from the consolidated financial statements approved by the directors on 26 November 2018. They are prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*, and the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements.

The consolidated financial statements and the summarised consolidated financial statements have been prepared under the supervision of the chief financial officer, GR Fullerton CA(SA).

2. ACCOUNTING POLICIES AND RESTATED COMPARATIVES

The accounting policies applied in the preparation of the consolidated financial statements for 2018, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies adopted and methods of computation used in the preparation of the previous year's consolidated financial statements.

New and revised International Financial Reporting Standards in issue and effective for the current financial year

The group adopted all amendments or improvements to standards or interpretations that became effective during the current financial year with no effect on the financial statements of the group. No new standards were effective for the current financial year and the group did not elect to adopt any of these standards earlier than their effective dates.

New and revised International Financial Reporting Standards in issue but not yet effective for the current financial year

At the date of authorisation of these consolidated financial statements, the following standards were in issue but not yet effective for the current year and have not been early adopted.

These standards will be effective for annual periods beginning after the dates listed below:

IFRS 9: Financial Instruments

The standard is effective for years commencing on or after 1 January 2018. The standard will be adopted by the group for the financial reporting period commencing 1 October 2018.

IFRS 9 provides guidance on the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS 39. The standard establishes three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. Classification of financial assets into these categories is dependent on the entity's business model (which depicts its objectives with respect to the management of financial assets as a whole) and the characteristics of the contractual cash flows of the specific financial asset. There were no significant changes to the classification guidance for financial liabilities.

IFRS 9 introduces a new expected credit loss impairment model that replaces the incurred loss impairment model used in IAS 39.

The group will have to design impairment models incorporating new principles such as 12 months expected credit loss, life time expected credit loss, forward-looking information and time value of money in order to comply with expected credit loss impairments under IFRS 9. The group has performed a preliminary assessment. The results thereof indicate that an adjustment to the opening balance of retained earnings and the impairment provision of approximately R87 million, primarily related to the Angolan kwanza bonds, is required for the 2019 financial year.

IFRS 15: Revenue From Contracts With Customers

The standard is effective for years commencing on or after 1 January 2018. The standard will be adopted by the group for the financial reporting period commencing 1 October 2018.

IFRS 15 requires an entity to recognise revenue in such a manner as to depict the transfer of the goods or services to customers, at an amount representing the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard has a five step process to be applied to all contracts with customers. The standard provides guidance for identifying the contract with the customer, identification of the deliverables (performance obligations), determination of the transaction price (including the treatment of variability in the transaction price and significant financing components), how to allocate the transaction price and when to recognise revenue.

The group has assessed its significant contracts with customers in line with the new standard and notes that the treatment of contracts with variable pricing will be altered under IFRS 15, however, no material impacts are otherwise expected with respect to revenue measurement and timing.

Notes to the summarised consolidated financial statements continued

for the year ended 30 September 2018

2. ACCOUNTING POLICIES AND RESTATED COMPARATIVES continued

IFRS 16: Leases

The standard is effective for years commencing on or after 1 January 2019. The standard will be adopted by the group for the financial reporting period commencing 1 October 2019.

IFRS 16 requires a lessee to recognise a right of use asset and lease obligations for all leases except for short-term leases, or leases of low-value assets which may be treated similarly to operating leases under the current standard IAS 17 if the exceptions are applied. A lessee measures its lease obligation at the present value of future lease payments, and recognises a right-of-use asset initially measured at the same amount as the lease obligation including costs directly related to entering into the lease. Right of use assets are subsequently treated in a similar way to other assets such as property, plant and equipment or intangible assets dependent on the nature of the underlying item.

The group has assessed a majority of its significant lease agreements, in particular those relating to property rentals, and the preliminary assessment indicates that material adjustments to non-current assets, non-current liabilities and EBITDA are to be expected as a result of the new standard. The current estimate of the impact of adopting IFRS 16 on the 2018 reported numbers is as follows:

- increase in net assets: R408 million;
- increase in EBITDA: R202 million;
- decrease in profit for the period: R34 million.

Management continues to assess the implications of the remaining individually insignificant lease agreements in which the group is the lessee which may cause the final impact to differ from the estimates provided above.

The group is still to make a decision on the application of exceptions related to short-term and low-value asset leases.

Restatement of comparatives

The comparatives to the summarised statement of comprehensive income have been restated for the impact of the Nampak Glass division being recognised as a discontinued operation during the year. Refer note 4.

The main impact of these restatements is as follows:

	2017 R million
Revenue – decrease	(1 419.9)
Operating profit – increase	469.2
Finance costs – decrease	169.7
Profit before tax – increase	638.9
Income tax expense – increase	(90.0)
Profit for the year from continuing operations – increase	548.9
Loss for the period from discontinued operation – increase	(548.9)
Profit for the year	–
Earnings per share – continuing operations	
Earnings per share (cents) – increase	85.7
Diluted earnings per share (cents) – increase	85.4

The comparatives to the statement of financial position (September 2017) have been restated for intergroup royalties receivable of R248.9 million that were presented with trade and other current receivables in error, and have been moved to trade and other payables where the matching intergroup royalties payable were presented.

	2018 R million	2017 R million
3. OPERATING PROFIT		
<i>Included in operating profit are:</i>		
Depreciation	545.9	587.8
Amortisation	23.1	18.4
Reconciliation of operating profit and trading profit¹		
Operating profit	1 522.9	1 430.2
Net abnormal losses ²	447.1	491.3
Net impairment losses on property, plant and equipment	7.0	232.5
Devaluation loss arising from Angolan and Nigerian exchange rate movements	126.6	160.0
Retrenchment and restructuring costs	95.6	73.1
Cash transfer and liquid bond disposal losses	73.0	–
Onerous contract and related losses	99.7	81.8
Remediation and related activities pertaining to sale and leaseback properties	63.9	–
Profit on disposal of properties	(12.4)	(3.0)
Net profit on disposal of investment and business	–	(25.4)
Gain on acquisition of investment and business	(6.0)	(27.0)
Other	(0.3)	(0.7)
Trading profit	1 970.0	1 921.5

¹ Trading profit is the main measure of profitability used for segmental reporting purposes.

² Abnormal losses/(gains) are defined as losses/(gains) which do not arise from normal trading activities or are of such size, nature or incidence that their disclosure is relevant to explain the performance for the year.

4. DISCONTINUED OPERATION AND DISPOSAL GROUPS HELD FOR SALE

4.1 Discontinued operation – Nampak Glass division

On 16 February 2018, the Nampak Limited board (board) took a decision to dispose of the Nampak Glass division (Nampak Glass). The group met the criteria of IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations* as at 31 March 2018 and therefore classified the asset as held for sale and as a discontinued operation at that date. The asset consists of three furnaces, nine associated production lines, net working capital and the property at which the operation is located. To ensure the long-term profitability of Nampak Glass and to address the operational skills gap, the board resolved to approach packaging industry players to invite proposals for the sale of this business. Exploratory discussions have been held with a number of strategic players with a formal corporate finance disposal process currently in progress. It is expected that this disposal should be concluded by no later than the end of the first half of the 2019 financial year. Nampak Glass is the only operation in the Glass operating segment.

An impairment loss of R665.0 million was recognised at 30 September 2018 on these assets in consideration of their fair value less expected realisation costs at this date.

The sensitivities of the assumptions and estimates applied in the valuation model used to determine the value of the Nampak Glass division are set out in the full consolidated financial statements in note 4.

	2018 R million	2017 R million
Results of the discontinued operation		
Revenue	1 456.5	1 419.9
Operating expenses other than depreciation, amortisation and impairment expenses	(1 313.7)	(1 228.6)
EBITDA ¹	142.8	191.3
Depreciation and amortisation ²	(124.8)	(225.2)
Impairment of plant, goodwill, other intangible assets and assets classified as held for sale	(677.3)	(435.3)
Net finance costs	(173.4)	(169.7)
Loss before tax	(832.7)	(638.9)
Attributable income tax benefit	233.5	90.0
Loss for the year from discontinued operation	(599.2)	(548.9)
Cash flows of the discontinued operation		
Net cash flows from operating activities	89.2	98.1
Net cash flows from investing activities	(91.7)	(177.6)
Net cash flows	(2.5)	(79.5)

¹ EBITDA is calculated before net impairments.

² Depreciation and amortisation ceased on classification of Nampak Glass as a discontinued operation and disposal group held for sale.

Notes to the summarised consolidated financial statements continued

for the year ended 30 September 2018

	2018 R million
4. DISCONTINUED OPERATION AND DISPOSAL GROUPS HELD FOR SALE <i>continued</i>	
4.1 Discontinued operation – Nampak Glass division <i>continued</i>	
<i>The major classes of assets and liabilities of the discontinued operation at the end of the year are as follows:</i>	
Property, plant and equipment	1 125.6
Intangible assets	2.5
Inventories	631.1
Trade and other current receivables	310.4
Assets classified as held for sale	2 069.6
Trade and other current payables	202.5
Liabilities directly associated with assets classified as held for sale	202.5
Net operating assets	1 867.1

4.2 Disposal groups held for sale – Megapak Crates and Drums businesses

On 30 May 2018, the Nampak Limited board (board) took a decision to dispose of the Megapak business consisting of the Crates and Drums businesses. The group met the criteria of IFRS 5: *Non-current Assets Held for Sale* for these businesses as at 30 May 2018 and 31 July 2018 respectively, and therefore classified these businesses as disposal groups held for sale at these dates. The assets for these disposal groups consist of blow molder and large injection machines and associated utilities respectively, as well as net working capital. To ensure the long-term profitability of these businesses and to address strategic alignment, the board resolved to approach packaging industry players to invite proposals for their sale. Exploratory discussions have been held with a formal corporate finance disposal process currently in progress. It is expected that the sale agreements for these disposals will be concluded by no later than the end of the first half of the 2019 financial year.

The Crates and Drums businesses are not recognised as discontinued operations in accordance with the above standard as they neither represent a separate major line of business or geographical area of operations.

	2018 R million
<i>The major classes of assets and liabilities of the disposal groups at the end of the year are as follows:</i>	
Property, plant and equipment	133.9
Inventories	75.2
Trade receivables and other current receivables	167.6
Assets classified as held for sale	376.7
Trade payables and other current payables	100.1
Liabilities directly associated with assets classified as held for sale	100.1
Net operating assets	276.6

	2018 R million	2017 R million
5. DETERMINATION OF HEADLINE EARNINGS		
Continuing operations		
Profit attributable to equity holders of the company for the year	1 088.4	783.7
Less: Preference dividend	(0.1)	(0.1)
Basic earnings	1 088.3	783.6
Adjusted for:		
Net impairment losses on property, plant and equipment	7.0	232.5
Net gain on disposal of investment and business	–	(25.4)
Gain on acquisition of investment and business	(6.0)	(27.0)
Net profit on disposal of property, plant, equipment and intangible assets	(9.4)	(9.1)
Tax effects and outside shareholders' interest	5.7	(17.4)
Headline earnings for the year	1 085.6	937.2
Headline earnings per share (cents)	168.7	146.3
Diluted headline earnings per share (cents)	168.0	145.8
Continuing and discontinued operations		
Profit attributable to equity holders of the company for the year	489.2	234.8
Less: Preference dividend	(0.1)	(0.1)
Basic earnings	489.1	234.7
Adjusted for:		
Net impairment losses on property, plant, equipment, goodwill, other intangible assets and assets classified as held for sale	684.3	667.8
Net profit on disposal of investment and business	–	(25.4)
Gain on acquisition of investment and business	(6.0)	(27.0)
Net profit on disposal of property, plant, equipment and intangible assets	(9.4)	(7.4)
Tax effects and outside shareholders' interest	(183.9)	(49.9)
Headline earnings for the year	974.1	792.8
Headline earnings per share (cents)	151.4	123.8
Diluted headline earnings per share (cents)	150.7	123.4
6. LIQUID BONDS AND OTHER LOAN RECEIVABLES		
Liquid bonds ¹	2 165.8	1 954.0
Equipment sales receivables ²	46.0	68.7
Other loan receivables	26.7	23.4
Total liquid bonds and other loan receivables	2 238.5	2 046.1
Less: amounts receivable within one year reflected as current	450.6	882.1
Liquid bonds	435.3	867.0
Equipment sales receivables	9.0	10.7
Other loan receivables	6.3	4.4
Net non-current liquid bonds and other loan receivables	1 787.9	1 164.0

¹ Liquid bonds relate to US dollar indexed Angolan kwanza bonds. As at 30 September the Angolan kwanza equivalent of US\$153.1 million (2017: US\$144.1 million) had been hedged through these bonds in order to protect the group against further Angolan kwanza devaluation. Interest rates earned are between 5.0% and 7.8%.

² Equipment sales receivables are repayable from 2019 to 2025. Interest rates earned are between 7.0% and 13.4%.

Notes to the summarised consolidated financial statements continued

for the year ended 30 September 2018

	2018 R million	2017 R million
7. SUMMARISED GROUP STATEMENT OF CASH FLOWS ANALYSIS		
7.1 Reconciliation of profit before tax to cash generated from operations (continuing and discontinued operations)		
Profit before taxation	475.1	570.0
Continuing operations	1 307.8	1 208.9
Discontinued operations	(832.7)	(638.9)
Adjustment for:		
Depreciation and amortisation	693.8	831.4
Net profit on disposal of property, plant, equipment, intangible assets, investment and business	(9.4)	(32.8)
Financial instruments fair value adjustment	(45.7)	(62.7)
Gain on acquisition of investment and business	(6.0)	(27.0)
Net defined benefit plan expense	86.1	50.5
Impairment losses	723.4	672.6
Reversal of impairment losses	(39.1)	(4.8)
Share of net profit in associates and joint ventures	(5.8)	(0.1)
Share-based payments expense	5.5	6.9
Net finance costs	394.3	391.1
Cash generated from operations before working capital changes	2 272.2	2 395.1
Net working capital changes	(676.9)	(326.8)
Decrease/(increase) in inventories	106.7	(621.4)
(Increase)/decrease in trade and other current receivables	(637.2)	167.7
(Decrease)/increase in trade and other current payables	(146.4)	126.9
Cash generated from operations	1 595.3	2 068.3
7.2 Movement in cash and cash equivalents		
Net increase/(decrease) in cash and cash equivalents per statement of cash flows	1 983.5	(1 419.0)
Add back non-operational items:		
Post-retirement medical aid buy-out	1.8	569.2
Increase in liquid bonds for hedging purposes	6.9	1 336.5
Net increase in cash and cash equivalents adjusted	1 992.2	486.7
7.3 Net cash and cash equivalents/(overdraft) at end of year		
Bank balances and deposits	2 844.8	2 385.0
Bank overdrafts	(1 008.0)	(2 553.8)
Total	1 836.8	(168.8)
<i>* Included in bank balances and deposits are balances relating to Nampak Zimbabwe Limited of R1.2 billion (US\$84.7 million) which is regarded as having limited transferability.</i>		
8. CARRYING AMOUNT OF FINANCIAL INSTRUMENTS		
The carrying amounts of financial instruments as presented on the statement of financial position are measured as follows:		
At fair value – level 2		
Financial assets		
Derivative financial assets ¹	81.7	19.1
Financial liabilities		
Derivative financial liabilities ¹	22.6	22.6

	2018 R million	2017 R million
8. CARRYING AMOUNT OF FINANCIAL INSTRUMENTS <i>continued</i>		
At amortised cost		
Financial assets	8 307.4	7 017.8
Non-current liquid bonds and other loan receivables	1 787.9	1 164.0
Trade and other current receivables ²	3 224.1	2 586.7
Current liquid bonds and other loan receivables	450.6	882.1
Bank balances and deposits	2 844.8	2 385.0
Financial liabilities	13 089.6	12 917.8
Non-current loans and borrowings	8 023.1	6 007.2
Trade and other current payables ³	4 076.5	4 134.9
Current loans, other borrowings and bank overdrafts	990.0	2 775.7
¹ Derivative financial assets and liabilities consist of forward exchange contracts and commodity futures. Their fair values are determined using the contract exchange rate at their measurement date, with the resulting value discounted back to the present value.		
² Excludes derivative financial assets (disclosed separately) and prepayments. Includes trade and other current receivables presented as part of assets classified as held for sale.		
³ Excludes derivative financial liabilities (disclosed separately) and provisions. Includes trade and other current payables presented as part of liabilities directly associated with assets classified as held for sale.		
9. CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENT LIABILITIES		
Capital expenditure	536.4	735.3
Replacement	359.8	377.0
Expansion	176.6	358.3
Capital commitments	478.6	589.9
Contracted	128.1	256.4
Approved not contracted	350.5	333.5
Lease commitments (including sale and leaseback transaction)	3 071.8	3 585.5
Land and buildings	3 031.9	3 542.6
Other	39.9	42.9
Contingent liabilities – customer claims and guarantees	17.4	6.8
10. SHARE STATISTICS		
Ordinary shares in issue ('000)	689 812	689 404
Ordinary shares in issue – net of treasury shares ('000)	644 723	640 620
Weighted average number of ordinary shares on which basic earnings and headline earnings per share are based ('000)	643 374	640 496
Weighted average number of ordinary shares on which diluted basic earnings and diluted headline earnings per share are based ('000)	646 297	642 630
11. RELATED PARTY TRANSACTIONS		
Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates, joint ventures and other related parties. The effect of these transactions being not significant, is included in the financial results of the group.		
12. EVENTS AFTER THE REPORTING DATE		
On 1 October 2018 the Zimbabwean Reserve Bank announced the splitting of the Zimbabwean RTGS (real time gross settlement) notes and foreign currency accounts. This has led to consideration of whether the functional currency of the Zimbabwean operations has changed from US dollars to a local Zimbabwe currency. In the event of a change in the functional currency, this may lead to a revaluation of assets and liabilities in Zimbabwe.		
13. INDEPENDENT AUDITOR'S OPINION		
The auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 30 September 2018. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements. Copies of their audit report on the consolidated financial statements are available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors.		
The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the issuer's registered office.		

Operational review – Metals

Metals – Value chain



OUR 2018 INPUTS, OUTPUTS AND OUTCOMES



Revenue

R11 079 million ↓
(2017: R11 281 million)

Trading profit

R1 736 million ↑
(2017: R1 695 million)

Trading margin

15.7% ↑
(2017: 15.0%)



Employees

3 078 ↑
(2017: 3 074)

LTIFR

0.12 👍
(2017: 0.18)



Energy use

1 484 672GJ 👍
(2017: 1 527 722GJ)

Emissions intensity

(t/CO₂e/Rm revenue)
16.77 ↑
(2017: 16.01)

↑ Increase ↓ Decrease 👍 Improved

Bevcan is Africa's largest beverage can manufacturer. Our cans make up most of the South African and Angolan markets and about 45% of the Nigerian market. DivFood operates five sites in South Africa and one in Botswana, manufacturing two- and three-piece tinplate food cans, and various diversified tinplate cans. We are the only producer of two-piece tinplate cans and aluminium monobloc aerosol cans in South Africa. Around two-thirds of our sales are to the food industry. Our businesses in other countries in the Rest of Africa produce a wide range of metal packaging products.

SOUTH AFRICA

Performance

After a strong first half, **Bevcan** reported slightly lower sales volumes for the year as customer demand declined sharply in the second half in a weak economy. The downturn in demand was exacerbated by the start-up of competition and larger volume allocations by customers to the new entrant.

Greater internal operating efficiencies – including reduced levels of spoilage and cost savings – supported stronger profits in the year. In June, we closed our Cape Town tinplate beverage can line, removing capacity of 600 million cans a year and delivering annual savings of some R60 million.

We regrettably report that Ngwato Matsimela was killed in an accident at Bevcan Springs on 24 October 2018. We express our sincere condolences to his family.

DivFood recorded increases in both sales volumes and profitability, supported by a higher South African fish catch and good demand for canned vegetables, as well as better supply chain management and a stronger safety performance.

The improved financial performance was despite heightened competition and subdued demand from consumers for discretionary spend items packaged in metal, such as paint, air fresheners and monobloc aerosols.

Outlook

With slow demand in a weak economy as well as greater competitor activity, the outlook for Nampak Metals in South Africa affords us the opportunity to further improve our efficiency and cost base by focusing on "simplifying to satisfy".

We are well positioned for any growth in demand in the short term and our costs are tightly managed.

Early in the new financial year, at **DivFood** we will complete the modernisation of our two-piece can line in Rosslyn as well as the installation of additional tinplate aerosol can capacity in Vanderbijlpark. We look forward to benefiting from recent gains in our ability to run on lower levels of inventory.

REST OF AFRICA

Performance

Despite continued sluggish economic activity, **Bevcan** grew sales volumes in **Nigeria**, expanding our share of the market, which was accompanied by some downward pressure on unit margins.

In **Angola**, foreign currency shortages for much of the year and a weakening kwanza impacted the supply of raw materials, leading to lower production volumes as well as reduced affordability of beverage cans by consumers. This resulted in lower trading profits. With the restoration of foreign exchange liquidity towards year-end, we resumed a project to convert our tinplate beverage can production line to one that manufactures slender aluminium cans, at a cost of some R280 million.

Demand for general metal packaging (diversified cans and aerosols for the food, household, industrial, personal care and paint markets) in **Nigeria** was weak, feeling the impact of lower disposable incomes after the depreciation of the currency in recent years.

In **Kenya**, trading conditions remained challenging after a key customer expanded the self-manufacture of certain can sizes. In **Tanzania**, the market for crowns remained extremely competitive. In **Zimbabwe**, volumes and profitability improved on strong demand. However, the limited availability of forex required to pay for raw material imports remained a challenge.

Outlook

Following the market share gains made by **Bevcan Nigeria** in the year, and the accompanying increase in utilisation rates, we are investigating opportunities to add more can sizes to our offering and debottleneck our line to increase our production capacity. In **Angola**, we expect to complete the conversion of our tinplate beverage can line early in the 2020 calendar year.

Demand for general metal packaging in **Nigeria** is expected to pick up on increased government spending ahead of elections in February. To take advantage of the strong demand for food cans in **Nigeria**, we will invest approximately R100 million in our first food can line in the country, in Lagos, which should come on line at the end of calendar year 2019.

In **Zimbabwe**, we are uniquely positioned to take advantage of any improvement in economic conditions. Similarly, in **Zambia**, should the copper price recover, demand for metal drums from the mining industry should increase. In **Kenya**, we will continue to work to improve efficiencies and profitability.

Operational review – Glass – discontinued operation

Glass Value chain



OUR 2018 INPUTS, OUTPUTS AND OUTCOMES



Revenue

R1 457 million ↑
(2017: R1 420 million)

Trading profit

R18 million ↓
(2017: R45 million)

Trading margin

1.2% ↓
(2017: 3.2%)



Employees

441 ↑
(2017: 433)

LTIFR

1.14 ↑
(2017: 1.07)



Energy use

2 165 584GJ ↓
(2017: 2 079 480GJ)

Emissions intensity

(t/CO₂e/Rm revenue)
148.04 ↑
(2017: 127.45)

Limestone

30 866t ↓
(2017: 32 700t)

Silica sand

116 287t ↑
(2017: 113 965t)
(restated)

Soda ash

35 815t ↓
(2017: 36 027t)

Nampak Glass is one of two container glass manufacturers in South Africa, and has a market share of approximately 25%. We operate three furnaces at our site southeast of Johannesburg and have installed capacity of 285 000 tonnes. Our bottles have the following share of these markets: beer: 18%; flavoured alcoholic beverages: 25%; wine: 21% and spirits: 67%.

The board has taken a decision to dispose of Nampak Glass as its financial returns have failed to meet required levels due to inadequate skills, high capital expenditure and high fixed costs.

SOUTH AFRICA

Performance

Inconsistent municipal electricity supply continued to challenge operations at Nampak Glass. However, the rotary uninterruptible power supply system which regulates and stabilises electricity supply functioned well, helping to mitigate these disruptions.

While volumes were broadly flat, revenue rose 3% on improved pricing in certain market segments. The business reported a small profit for the year primarily due to the ongoing manufacturing constraints and consequent inability to capitalise on sales growth opportunities.

The initiatives put in place to improve operational efficiencies are now showing results with production efficiencies and output showing significant improvements through the year. Monthly production volume rose by 11% in the second half of the year compared to the first half.

Following the board's decision to dispose of Nampak Glass, the operation is classified in Nampak's accounts as a discontinued operation. The disposal is progressing to plan.

Outlook

Should no successful disposal be concluded, in the year ahead, we expect pricing and demand to remain stable and profitability to improve as the benefits of operational interventions are realised and production efficiencies improve.

Following the ongoing examination of Furnace one's condition, a decision was made to postpone the planned rebuild of this furnace to 2020.



Operational review – Plastics

Plastics – Value chain



OUR 2018 INPUTS, OUTPUTS AND OUTCOMES



Revenue
R4 745 million ↑
(2017: R4 624 million)

Trading profit
R202 million ↑
(2017: R166 million)

Trading margin
4.3% ↑
(2017: 3.6%)



Employees
1 794 ↓
(2017: 1 998)

LTIFR
0.58 👍
(2017: 0.62)



Energy use
545 258GJ ↓
(2017: 654 492GJ)

Emissions intensity
(t/CO₂e/Rm revenue)
20.10 ↓
(2017: 27.93)

↑ Increase ↓ Decrease 👍 Improved

Nampak has 15 plastics and liquid cartons facilities in South Africa, running lines for customers across a number of industries. We make PET preforms and bottles; HDPE bottles; paper gable-top cartons; drums and intermediate bulk containers; closures; tubes and crates. In the Rest of Africa, we have bottle, preform, crate and closure businesses and are the leading producer of rigid plastic packaging in Zimbabwe and Zambia. In Europe, we operate eight facilities producing HDPE bottles. We are the leading producer of rigid plastic packaging for the dairy industry in the UK.

SOUTH AFRICA

Performance

2018 was a challenging year for Nampak Plastics, marked by a drop in the sales volumes and profitability of liquid packaging and plastic closures after the loss of a key customer, itself the subject of consolidation. However, the liquid cartons business had a strong year.

As part of our plans to rejuvenate the business and cut costs, we implemented the first of planned plant and depot closures. These included the consolidation of the Isando and Industria sites in Gauteng and the closure of warehouses in George, Western Cape and East London, Eastern Cape. The once-off costs related to these activities, as well as volume losses as a result of lower volume allocation from a significant customer, reduced trading profit.

We commenced with the recapitalisation of an in-plant facility for a major dairy customer in support of growth and increased sales of ROPP (roll-on pilfer-proof) closures.

Despite low household disposable income pressuring demand for gable-top cartons, we improved the profitability of the Isithebe facility in KwaZulu-Natal thanks to a firm focus on cost containment and maintaining operational efficiencies. The profitability improvement was supported by a very strong safety performance, achieving one million injury-free hours. We continued to work to build our share of the market for non-oral-care tubes. To improve profitability by reducing complexity, we announced plans to sell our crates and drums businesses.

Outlook

In the new financial year, we expect to start realising the savings related to the consolidation of our sites in Gauteng and will focus on their operational stability. We plan further site consolidation in other provinces.

Our liquid cartons facility is poised to take advantage of the growing demand for more environmentally friendly, cost-effective packaging. Much focus is being devoted to securing new business within various liquid and dry food product categories and we look forward to launching various new carton designs, with improved appearance and functionality, supported by recyclability, renewability and Forest Stewardship Council (FSC) accreditations.

To meet market demand, we will invest in "seam-to-seam" technology for tubes, as well as the moulds and injection moulders required to produce closures for motor lubricant bottles. We expect to conclude the sale of crates and drums businesses in the new financial year.

REST OF AFRICA

Performance

In **Zimbabwe**, our plastics business performed well, reporting a sharp increase in volumes and profitability. This was despite a shortage of foreign exchange in-country. The main challenge in Zimbabwe was not demand for our products, but the availability of forex to sustain raw material requirement purchases.

In **Zambia**, demand for our bottles, closures and crates remained stable.

Our **Nigerian** plastics closures business performed in line with expectations in the year. In **Ethiopia**, despite continued demand for crates, production was constrained by the limited supply in the market of foreign exchange with which to fund the necessary imports of raw materials.

Outlook

Our businesses in **Zimbabwe** are uniquely positioned to take advantage of any improvement in economic activity in the country. However, the continued lack of US dollar liquidity remains a concern in both **Zimbabwe** and **Ethiopia**, limiting our ability to sustain raw material purchases. In **Nigeria**, our closures business faces changes in closure type by major customers, which will require investment in new moulds.

UNITED KINGDOM AND REPUBLIC OF IRELAND

Performance

In a challenging environment, Nampak Plastics Europe made progress in improving both our operational and financial performance as well as building our business with medium-sized dairies and customers outside the dairy market. Operational improvements included those in machine efficiencies, resulting in lower overhead costs, as well as in our waste and health and safety performance.

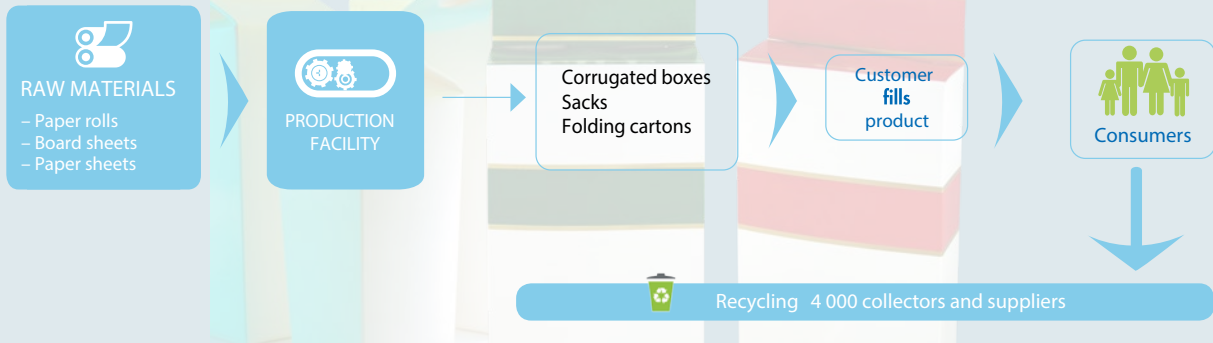
Traditionally, the business had focused on the UK's largest dairies. But consolidation among major milk producers has led to a loss of volumes to backward integration as well as a change in the milk-sourcing strategies of many supermarkets to favour smaller local dairies. We recorded some success in securing some of these dairies as customers in the year. We also signed a new deal with one customer whose contract had previously been assessed as "onerous".

Outlook

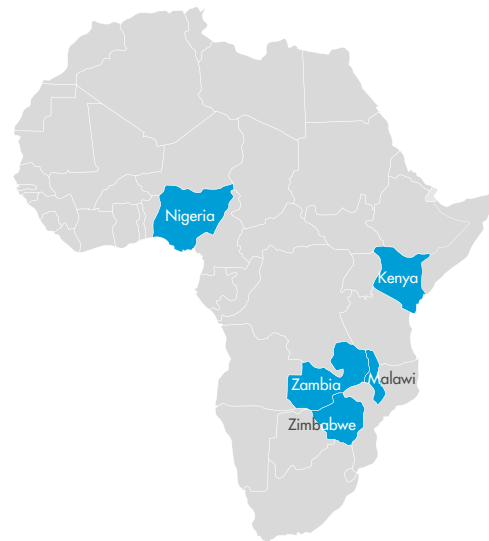
We will continue to work to secure smaller dairies as customers as well as to win new business outside the dairy industry, including in the home care, laundry care and personal care markets. We are confident of further operational improvements in the year ahead.

Operational review – Paper

Paper – Value chain



OUR 2018 INPUTS, OUTPUTS AND OUTCOMES



Revenue

R1 486 million ↓
(2017: R1 497 million)

Trading profit

R229 million ↑
(2017: R177 million)

Trading margin

15.4% ↑
(2017: 11.8%)



Employees

585 ↓
(2017: 673)

LTIFR

0.10 👍
(2017: 0.25)



Energy use

70 237GJ ↓
(2017: 112 979GJ)
(restated)

Emissions intensity

(t/CO₂e/Rm revenue)
3.55GJ ↓
(2017: 6.79GJ)

↑ Increase ↓ Decrease 👍 Improved

In the Rest of Africa, Nampak supplies paper packaging to a range of sectors, including the milling, cigarette, tobacco and sorghum beer industries. In most of these markets we are the major producer. Among our extensive product range are cartons, sacks, bags, board and boxes.

REST OF AFRICA

Performance

In **Zimbabwe**, our paper business continued to perform well on strong domestic demand and a better operational performance. We reported larger production and sales volumes as well as higher trading profit. This was supported by a good 2017/18 harvest of tobacco, which is packaged for export in large corrugated cases.

In **Nigeria**, demand for both cigarette and general cartons was good and we secured an extension of a contract to supply cartons to a key customer.

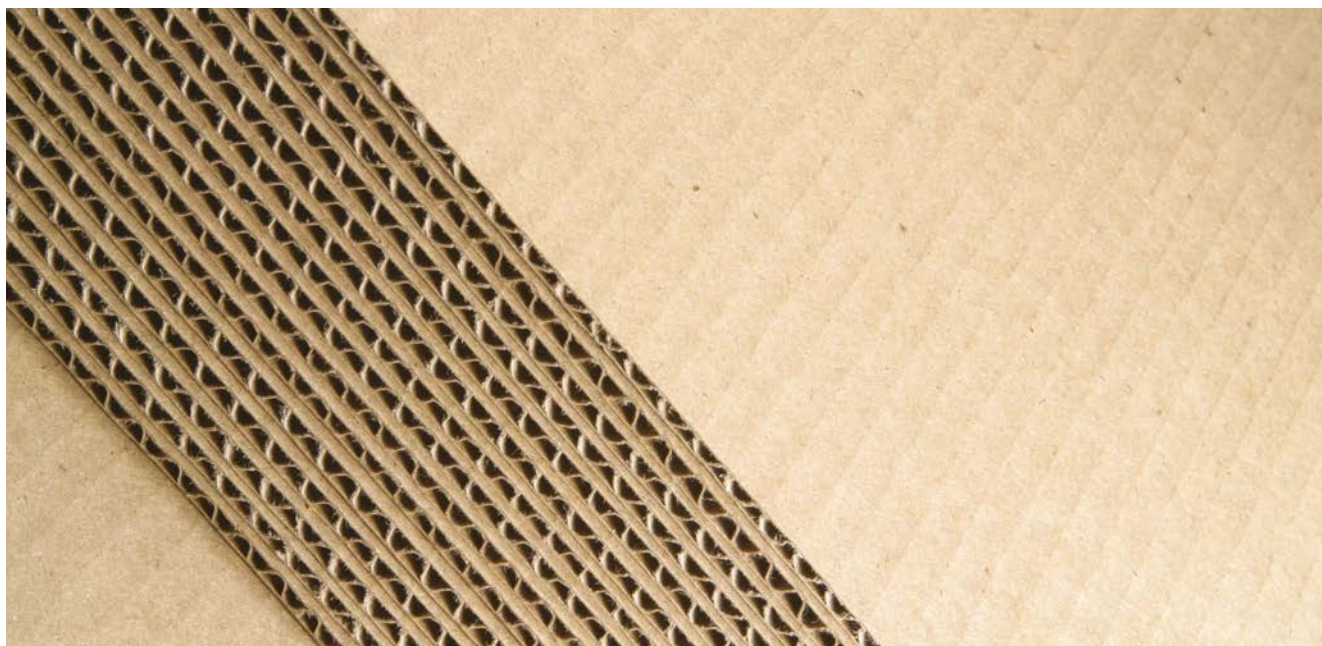
In **Kenya**, greater production efficiencies supported profitability, despite a decline in turnover. We reduced the complexity of our **Malawi** operation, concentrating the first stage of production of sorghum beer cartons in **Zambia** and of tobacco cases in **Zimbabwe**, while maintaining stitching and printing activities in **Malawi**. This led to a reduction in employee numbers and a corresponding decline in overhead costs.

A new market approach in **Zambia** started to yield results towards year-end. This entailed moving away from our traditional reliance on one large customer towards assisting independent breweries to change the packaging of their sorghum beer to conical cartons, from bulk and plastic containers previously. This led to a more than six-fold increase in monthly carton sales volumes between January and September.

Outlook

Significant economic reforms are required to set **Zimbabwe** on a path of economic recovery, which would support demand for packaging. In **Zambia**, we are well positioned to benefit from the increasing adoption of conical carton packaging for sorghum beer, helped by better regulation of the industry by authorities as well as greater competition within the end-product market.

Following the restructuring of the business in **Malawi**, in 2019 we look forward to improving the operation's financial performance as we work to further enhance our relationships with customers as well as focus on the quality of our conical cartons and tobacco cases. This will be supported by a larger tobacco harvest.



Ensuring good corporate governance

Nampak's board of directors believes that good corporate governance contributes to fairness, competence, enhanced accountability, ethics and transparency.

SETTING THE TONE AND ENSURING COMPLIANCE AND HIGH STANDARDS OF GOOD GOVERNANCE AND ETHICS

The board sets the direction of the organisation and is ultimately accountable and responsible for the performance and affairs of the company, and is satisfied that it fulfilled all its duties and obligations in the 2018 financial year.

Nampak complied with the Listings Requirements of the JSE Limited and applied all the principles of King IV™.

A statement on Nampak's application of the principles of King IV™ is available on www.nampak.com.

Nampak is committed to **conducting its business ethically** and in compliance with all applicable laws and regulations, while focusing on effective risk management to ensure long-term sustainable development. Necessary processes are in place to ensure that all entities in the group adhere to essential group requirements and appropriate minimum corporate governance standards.

A code of conduct and business ethics sets the minimum standards expected of all directors and employees. Violations may be reported through "Tip-Offs Anonymous", which is independently administered by Deloitte & Touche and is accessible 24 hours a day, seven days a week.

The primary purpose of Nampak's **compliance programme** is to ensure that Nampak conducts its business strictly within the confines of the law. Its aim is to promote and ensure compliance with laws, regulations and company policy, while also enabling the company to address transgressions immediately. The programme is currently being refined.

Safety, health, environmental and competition laws remain Nampak's key legal compliance areas and receive the necessary attention on an ongoing basis. During the year Nampak also focused on the Protection of Personal Information Act, No 4 of 2013, the provisions of which will be implemented during the year ahead.

During the year under review, there have been **no material violations** of any laws or regulations, nor were any material penalties or fines imposed on the company or its directors for contraventions of any laws or regulations.

OUR GOVERNANCE STRUCTURES

All non-executive directors are considered to be independent.

The board comprises an appropriate combination of executive and non-executive directors with a balance of skills, experience and independence, to conduct the business of the company in a professional and effective manner.

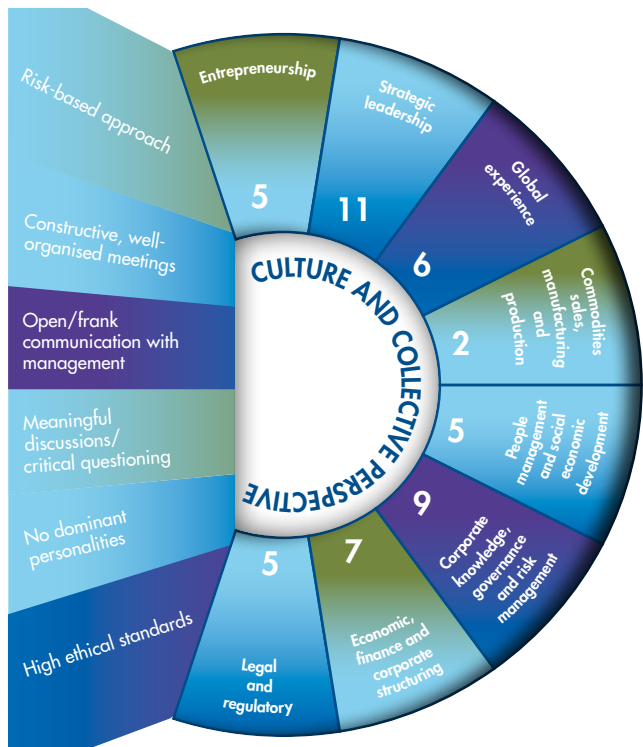
Board **diversity** enriches the collective perspective and contributes towards a sustainable and competitive advantage and the board's gender and race diversity policies are specifically taken into consideration when reviewing the composition of the board and its committees. The board has reconfirmed the independence of its non-executive directors who have been in office for more than nine years, namely RJ Khoza, RC Andersen, PM Madi and PM Surgey whose experience, knowledge and independent judgement continue to benefit the company.

Mr RC Andersen, Prof PM Madi and Ms NV Lila are the directors who are required to retire as directors of the company in terms of clause 29.1 of the MOI. Mr Andersen and Prof Madi have decided not to avail themselves for re-election due to their tenure on the board.

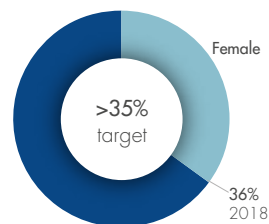
Taking into consideration the tenure of service of some directors, succession planning is currently a key focus area, with a view of also augmenting certain skills on the board.

For a summary of the biographical details of directors, refer to 62 and 63 in the integrated report. For full details, refer to our website, www.nampak.com.

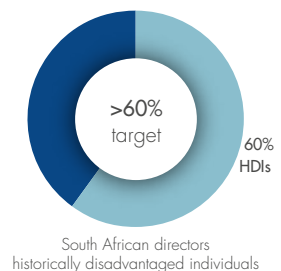
Our board comprises diverse* skills and experience:



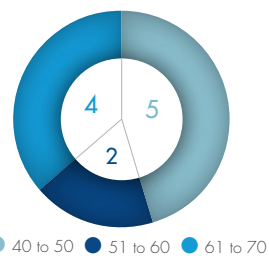
Gender diversity



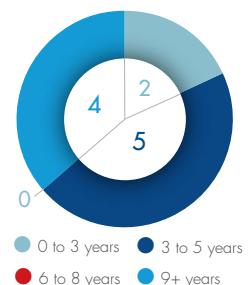
Race diversity



Age

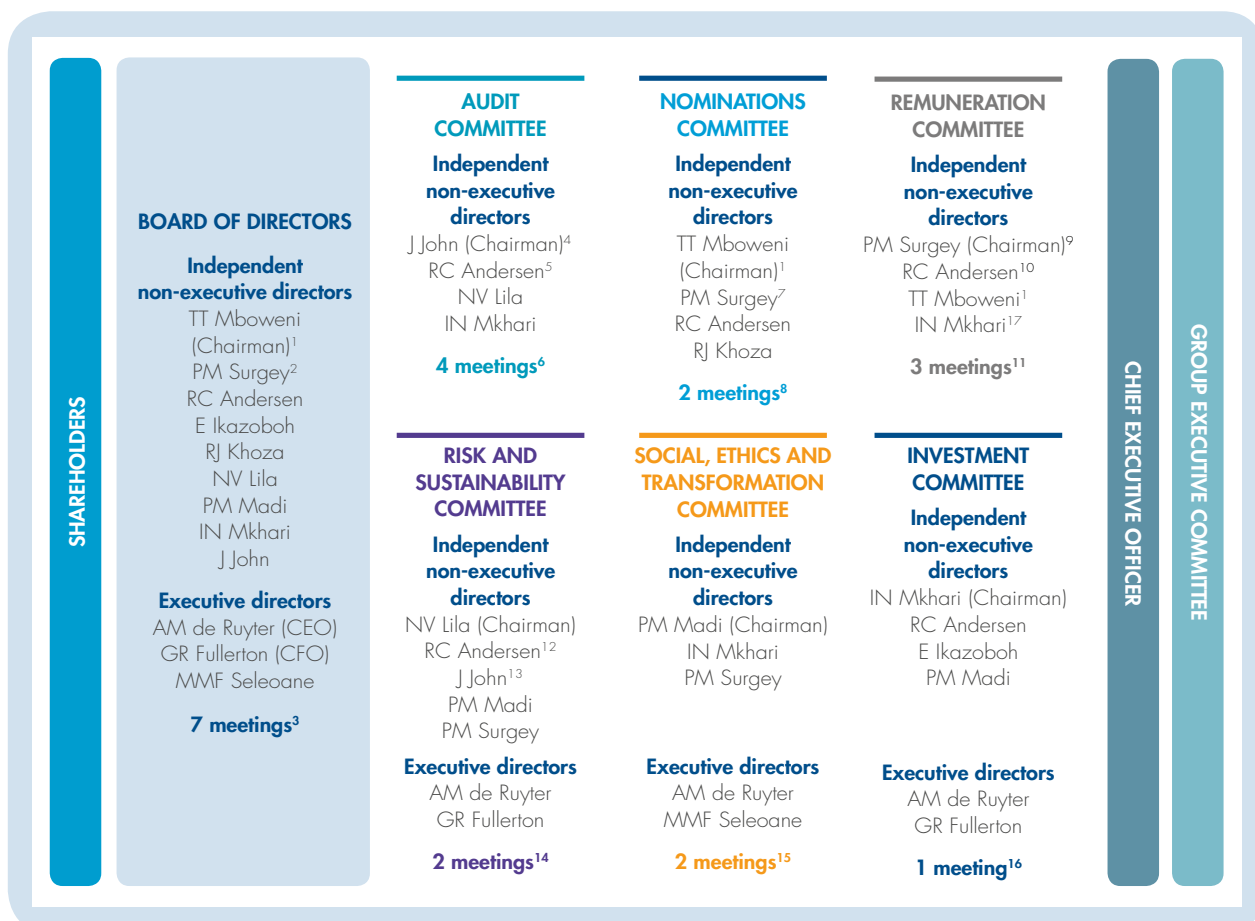


Tenure




* Diversity of the board as at date of publication.

Nampak's memorandum of incorporation provides that the minimum number of directors shall be six and not less than such number as the board may determine from time to time. One-third of directors must retire at every annual general meeting (excluding the CEO and CFO) and are eligible for re-election. The current composition of our board and board committee structures is as follows:



The CEO attends meetings of the audit committee, the nomination committee or the remuneration committee by invitation. He is requested to leave the meeting, where appropriate, before decisions are made which relate to him personally.

¹ Resigned with effect from 10 October 2018 following his appointment as Minister of Finance in South Africa.
² Lead independent director (LID): appointed as chairman of the board with effect from 10 October 2018.
³ Refer to table for board attendance.
⁴ Member: appointed as chairman on 2 February 2018.
⁵ Remained a member but retired as chairman on 1 February 2018.
⁶ Meetings held on 1 November 2017 (special), 15 November 2017, 4 April 2018 and 15 May 2018 (NV Lila unable to attend due to illness).
⁷ Member: appointed as chairman of the committee with effect from 10 October 2018.
⁸ Meetings held on 14 March 2018 and 18 September 2018 – all members attended.
⁹ Resigned as chairman of the committee with effect from 10 October 2018 due to his appointment as chairman of the board.
¹⁰ Member: appointed as chairman with effect from 10 October 2018.
¹¹ Meetings held on 15 November 2017, 14 March 2018 and 18 September 2018 – all members attended.
¹² Resigned as ex officio member due to his retirement as chairman of the audit committee on 1 February 2018.
¹³ Appointed as ex officio member by virtue of her appointment as chairman of the audit committee on 2 February 2018.
¹⁴ Meetings held on 16 November 2017 (AM de Ruyter unable to attend due to an official visit to Angola) and 25 July 2018 (PM Madi unable to attend due to a prior commitment).
¹⁵ Meetings held on 17 November 2017 (AM de Ruyter unable to attend due to an official visit to Angola) and 10 May 2018.
¹⁶ Ad hoc committee. Meeting held on 8 May 2018 – all members attended.
¹⁷ Appointed as member with effect from 8 November 2018.

The roles and functions of the chairman, the lead independent director and the CEO are described in the board charter available on our website at www.nampak.com. 

Ensuring good corporate governance continued

Board attendance by director

Members	Meeting dates						
	14 Nov 2017 ¹	28 Nov 2017	1 Feb 2018	16 Feb 2018 ¹	30 May 2018	19 Sep 2018*	20 Sep 2018*
Independent non-executive directors							
TT Mboweni (Chairman)	✓	✓	✓	✓	✓	✓	✓
PM Surgey	✓	✓	✓	✓	✓	✓	✓
RC Andersen	✓	✓	✓	✓	✓	✓	✓
E Ikazoboh	✓	✓	✓	X ²	✓	✓	✓
RJ Khoza	✓	X ²	✓	✓	✓	✓	✓
NV Lila	✓	✓	✓	✓	✓	✓	✓
PM Madi	✓	✓	✓	✓	✓	✓	✓
IN Mkhari	✓	✓	✓	✓	X ²	X ³	X ³
J John	✓	X ²	✓	✓	✓	✓	X ²
Executive directors							
AM de Ruyter	✓	✓	✓	✓	✓	✓	✓
GR Fullerton	✓	✓	✓	✓	✓	✓	✓
MMF Seleokane	✓	✓	✓	✓	✓	X ⁴	X ⁴

* Board meeting and strategy conference.

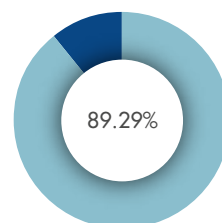
¹ Special meeting.

² Unable to attend due to prior commitment.

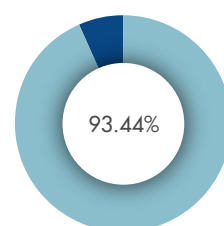
³ Unable to attend due to bereavement.

⁴ Unable to attend due to illness.

Board attendance



Board committee attendance

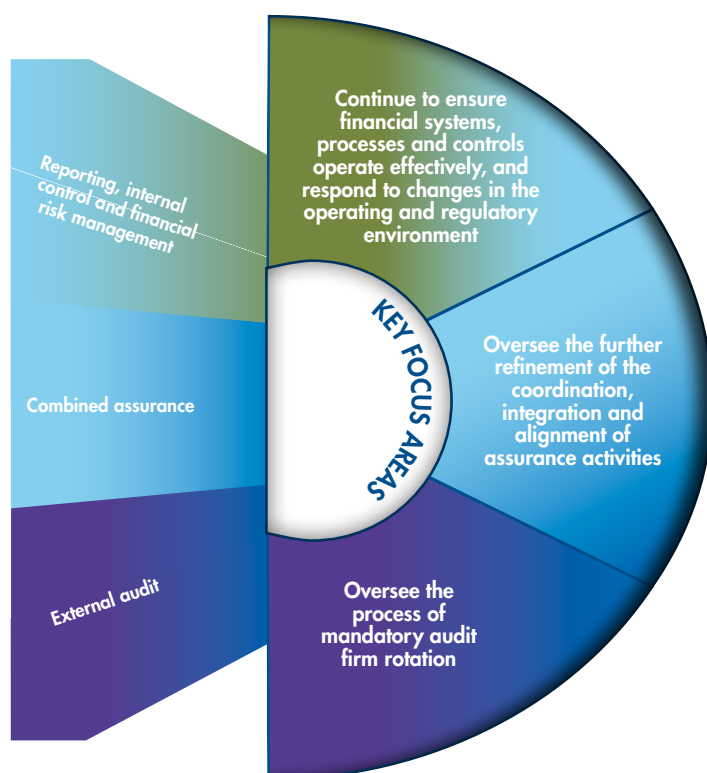


THE ROLE OF OUR COMMITTEES AND KEY FOCUS AREAS

The board and all the board committees actively support the company's long-term strategy, ensuring sustainable profitability and unlocking further value through increased operational efficiency and cost management.

The committees play an important role in enhancing corporate governance and effectiveness within the group. The committees support the board by providing oversight and direction in their areas of responsibility, and report to the board through their respective chairmen.

The committee charters outlining the responsibilities of each committee are reviewed annually by the board and are available on our website, www.nampak.com.

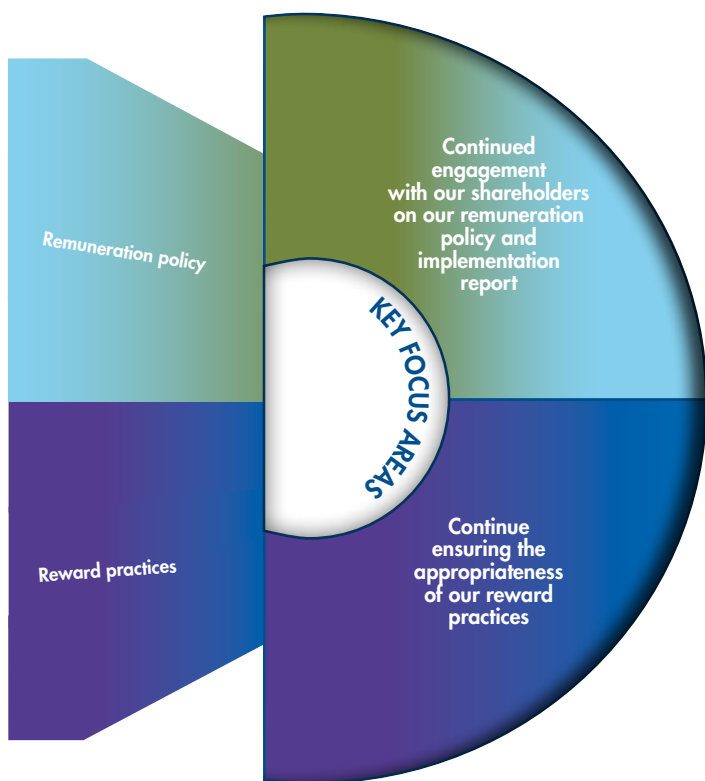


AUDIT COMMITTEE

The committee is a statutory committee constituted in terms of the Companies Act. It primarily assists the board to oversee the quality and integrity of Nampak's integrated and financial reporting; the qualification, independence and effectiveness of the internal and external audit functions, and internal controls.

Chairman Jenitha John: "The committee continues to play a key role in overseeing the quality and integrity of the company's results, integrated report, the effectiveness of the internal and external audit functions and the adequacy and effectiveness of internal financial controls, risk management and governance."


Refer to the annual financial statements for the audit committee report.



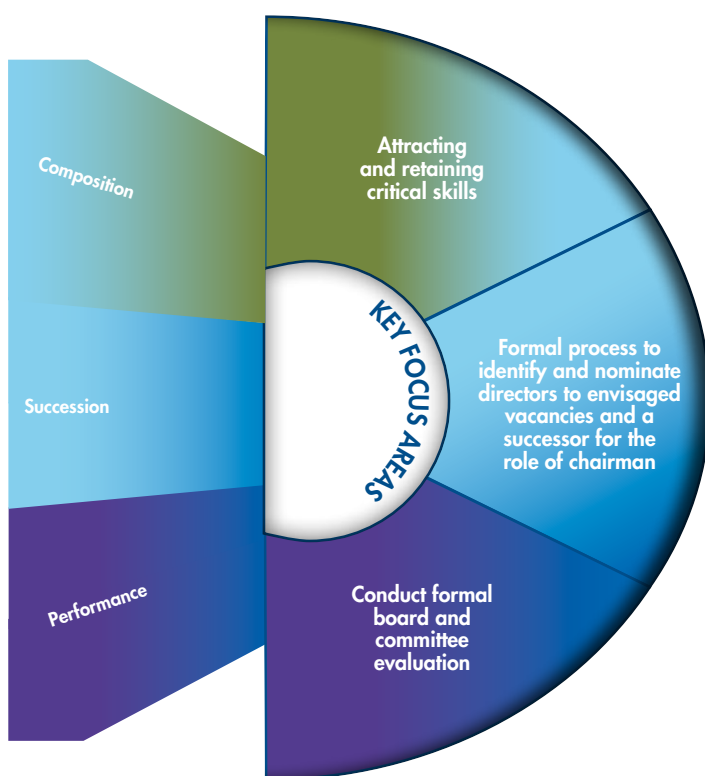
REMUNERATION COMMITTEE

The committee is responsible for ensuring that the group remunerates its directors and employees fairly, responsibly and transparently.

Chairman Roy Andersen*: *"The committee focuses on ensuring that our remuneration is fair and equitable and that it encourages management and staff to act in the interest of all stakeholders."*

 Refer to the remuneration committee report for details of directors' remuneration and other relevant remuneration information.

* Chairman with effect from 10 October 2018.



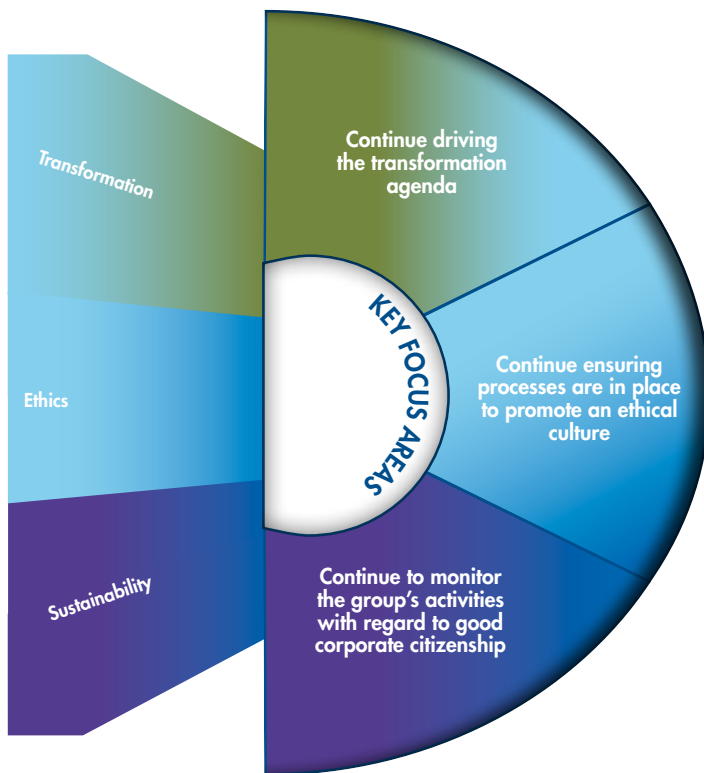
NOMINATIONS COMMITTEE

The committee is mainly responsible for assisting the board and makes recommendations regarding the composition of the board and its committees, succession planning and the appointment of directors as well as managing the performance of the board, the board committees and directors.

Chairman Peter Surgey*: *"The unforeseen appointment of Tito Mboweni as the Minister of Finance resulted in a significant loss to the board. Although the committee had already started focusing on succession planning, this process will be accelerated."*

* Chairman with effect from 10 October 2018.

Ensuring good corporate governance continued



SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The committee performs the role of a social and ethics committee as required in terms of the Companies Act, and assists the board to ensure that the appropriate strategies, policies and processes are in place in order to drive transformation and the continued development and sustainability of an ethical culture within the group.

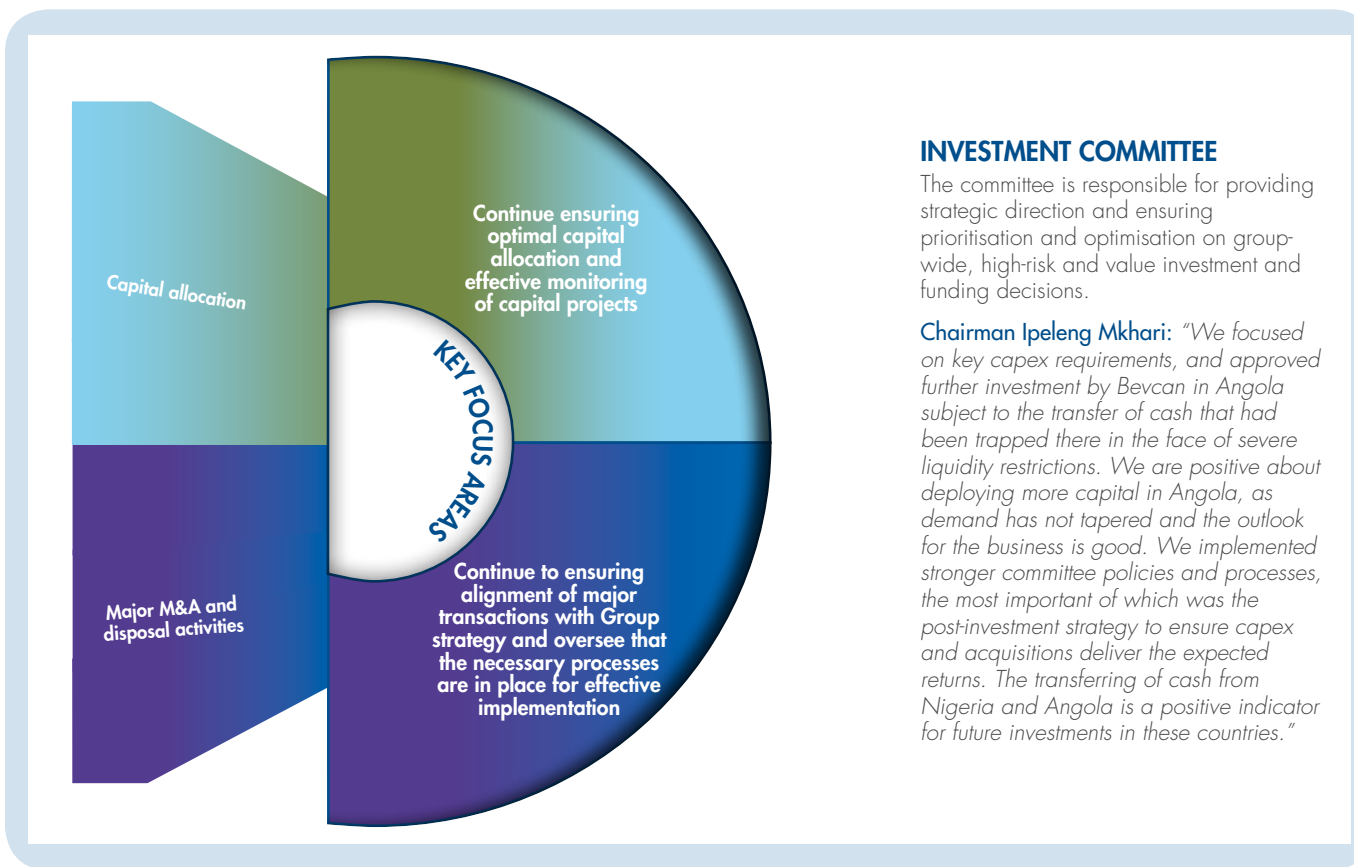
Chairman Phinda Madi: *“Nampak redoubled its B-BBEE efforts, centralising control and visibility of all activities through the new B-BBEE steering committee. Ethics remained a major focus area, requiring ongoing vigilance. This is particularly true considering that many South African companies have become more exposed to ethical challenges at home given the phenomenon of state capture. In a spill over from the political arena, the tip-offs line recorded more calls alleging interracial tension. Whether real or imagined, each reported incident was dealt with seriously, swiftly and decisively.”*



RISK AND SUSTAINABILITY COMMITTEE

The committee is responsible for ensuring effective risk management oversight and providing direction on the overall sustainability processes.

Chairman Nopasika Lila: *“Our committee works to better understand the risks to the sustainability of the organisation. Risks are inherent in strategy, but we need to know how to set effective controls to allow us to achieve the strategy. While managing and monitoring risks we are conscious of the importance of integrated reporting, as through that process gaps will ordinarily be revealed.”*



INVESTMENT COMMITTEE

The committee is responsible for providing strategic direction and ensuring prioritisation and optimisation on group-wide, high-risk and value investment and funding decisions.

Chairman Ipeleng Mkhari: *"We focused on key capex requirements, and approved further investment by Bevcan in Angola subject to the transfer of cash that had been trapped there in the face of severe liquidity restrictions. We are positive about deploying more capital in Angola, as demand has not tapered and the outlook for the business is good. We implemented stronger committee policies and processes, the most important of which was the post-investment strategy to ensure capex and acquisitions deliver the expected returns. The transferring of cash from Nigeria and Angola is a positive indicator for future investments in these countries."*

BOARD EFFECTIVENESS

The development of industry knowledge is a continuous process and the board is continually appraised of new developments and changes in Nampak's business environment. Training is also provided to individual directors on request. The company has a formal **induction programme**, which includes the opportunity for new directors to visit key operations.

Directors are entitled to obtain independent professional advice, at Nampak's expense, and enjoy unfettered access to group records and company employees, in order to discharge their duties.

The **evaluation of the performance** and effectiveness of the board, its committees, individual directors and the chairman was externally assessed in 2017. The next formal assessment will be conducted in 2019. The board reflected on its performance during 2018 and re-confirmed that, in its view it continues to function effectively and professionally and that decision-making processes are robust. Priority focus recommendations for the year ahead include the attraction and retention of certain critical skills.

The effective functioning of the board is facilitated and supported by the company secretariat. Nampak's **company secretary** is IH van Lochem, who was appointed with effect from 1 September 2017, in accordance with the Companies Act.

Ms van Lochem is a member of the group executive committee and reports to the CEO. The company secretary is not a director.

Having considered the competence, qualifications and experience of the company secretary, the board is satisfied that she is competent and has the appropriate qualifications and experience to serve as the company secretary.

The board considered the interactions between the company secretary and the board, and is satisfied that there is an arm's length relationship between the board and the company secretary.

For more details on the responsibilities, powers, policies, and processes of the board, directors, the group executives, the company secretary and other officials, refer to the board charter as well as the memorandum of incorporation of the company on our website, www.nampak.com.

Board of directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Peter Surgey (63)

Qualifications: BA LLB

Appointed: 29 July 2009



Mr Surgey was managing director of Plascon and chief executive officer of Barloworld Coatings from 1992 to 2003. From 1995 to 2008 he was a board member and director of Barloworld Ltd. Mr Surgey also served on the remuneration and audit committees of Control Instruments (Pty) Ltd and NCS Resins (Pty) Ltd. He is currently the chairman of Eazi Access Investments (Pty) Ltd and director and shareholder of Earth Probiotic Industrial (Pty) Ltd.

Experience and expertise

- Strategic leadership
- Commodities, sales, manufacturing and production
- Economic, finance and corporate structuring
- Legal and regulatory
- People management and socio-economic development
- Entrepreneurship
- Corporate knowledge, governance and risk management
- Global experience



Roy Andersen (70)

Qualifications: CA(SA), CPA, CD(SA)

Appointed: 28 November 2008



Mr Andersen is the former chairman of Sanlam Limited and former CEO of the Liberty Group and president of the JSE Ltd. He is currently a member of the King Committee on Corporate Governance and director of Aspen Pharmicare Holdings Limited, Sasfin Holdings Limited, Sasfin Bank, Chief of Defence Reserves of SANDF with rank of Major-General. He also serves as a trustee on the South African Museum of Military History Building and Development Trust and SANDF Education Trust.

Experience and expertise

- Strategic leadership
- Economic, finance and corporate structuring
- People management and socio-economic development
- Corporate knowledge, governance and risk management
- Global experience



Emmanuel Ikazoboh (Nigerian) (69)

Qualifications: FCCA, MBA

Appointed: 1 October 2013



Mr Ikazoboh is currently the chairman of the board of Ecobank Transnational Inc. and managing director of a business process outsourcing company in Nigeria, Hedonmark Management Services. Previously he served as administrator of the Nigerian Stock Exchange and chairman and CEO of Deloitte West and Central Africa.

Experience and expertise

- Strategic leadership
- Economic, finance and corporate structuring
- Corporate knowledge, governance and risk management
- Global experience



Jenitha John (47)

Qualifications: BCompt (Hons), CTA, CA(SA), CD(SA), CIA, QIAL, Senior executive programme (Wits and Harvard)

Appointed: 5 May 2017



Ms John is the Chief Audit Executive of FirstRand Ltd and held various audit roles at Discovery Holdings Ltd, Telkom SA Ltd, Eskom, Toyota SA and RMBT Property Services. She served on a number of boards and audit committees of both public and private sector entities and is the vice-chairman – professional certifications at the Global Institute of Internal Auditors.

Experience and expertise

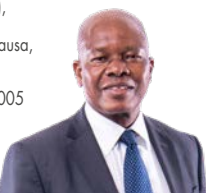
- Strategic leadership
- Economic, finance and corporate structuring
- Legal and regulatory
- People management and socio-economic development
- Corporate knowledge, governance and risk management
- Global experience



Reuel Khoza (68)

Qualifications: BA (Hons), MA, Eng D, ILD honoris causa, D Econ honoris causa, CD(SA)

Appointed: 1 October 2005



Dr Khoza is the Chancellor of the University of Limpopo and a founding director of the Black Management Forum and former chairman of Eskom Holdings Limited and Nedbank Group Limited. He is a fellow and president of the Institute of Directors in Southern Africa, a deputy chairman of the King Committee on Corporate Governance and a visiting professor at Rhodes University, the University of the Free State and Wits Business School. He also holds a number of other directorships.

Experience and expertise

- Strategic leadership
- Legal and regulatory
- Corporate knowledge, governance and risk management



Nampak's board of directors is committed to ensuring that the group adheres to the highest standards of corporate governance. The board is responsible for the strategic direction of the group, while maintaining control over all material issues affecting Nampak.

Independent non-executive directors committee key

- N** Nomination committee
- R** Remuneration committee
- A** Audit committee
- I** Investment committee
- RS** Risk and sustainability committee
- S** Social, ethics and transformation committee

Nopasika Lila (49)

Qualifications: CA(SA)

Appointed: 1 March 2014



Ms Lila was appointed as the chief executive officer of the Eskom Pension and Provident Fund on 1 April 2018. Previously she was the chief financial officer of the Eskom Pension and Provident Fund and served as an independent non-executive director of Basil Read Holdings Ltd and the Johannesburg Development Agency. Currently she serves as director on enX Group Limited and African Group Lubricants (Pty) Limited.

Experience and expertise

- Economic, finance and corporate structuring
- Corporate knowledge, governance and risk management
- Strategic leadership
- Entrepreneurship

A
RS

Phinda Madi (54)

Qualifications: BProc, EDP

Appointed: 21 November 2008



Prof Madi is a qualified attorney and owner of the venture capital business, Madi Investments. He is also a retired *ad hominem* professor at Rhodes University and a professor of management studies at the University of Johannesburg. He is a director of the Spar Group Limited.

Experience and expertise

- Strategic leadership
- Legal and regulatory
- Entrepreneurship

I
RS
S

Ipeleng Mkhari (44)

Qualifications: BA

Appointed: 1 October 2013



Ms Mkhari is the co-founder and CEO of Motseng Investment Holdings (Pty) Ltd, a diversified investment holding company that was founded in 1998 and operates in South Africa and other African countries. She is also a director of Kap Industrial Holdings Limited and the South African Property Owners Association.

Experience and expertise

- Strategic leadership
- Entrepreneurship
- Corporate knowledge, governance and risk management

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EXECUTIVE DIRECTORS

André de Ruyter (50)

Chief executive officer

Qualifications: BA, BLC, LLB, MBA

Appointed: 1 April 2014



Mr de Ruyter spent more than 20 years with the petrochemicals group Sasol in a number of senior management roles. He was a member of the Sasol group executive committee from 2009 to 2014 and was appointed as CEO of Nampak in 2014.

Experience and expertise

- Strategic leadership
- Commodities, sales, manufacturing and production
- Economic, finance and corporate structuring
- Legal and regulatory
- People management and socio-economic development
- Entrepreneurship
- Corporate knowledge, governance and risk management
- Global experience

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Mandisa Seleokane (45)

Executive director, Human Resources

Qualifications: BA (Hons) Human resources and labour relations, BA (Psychology)

Appointed: 1 July 2017

Prior to joining Nampak in 2017 Ms Seleokane was the group human capital executive at Adapt IT (Pty) Ltd. She held executive positions at Primedia and De Beers.

Experience and expertise

- Strategic leadership
- People management and socio-economic development
- Corporate knowledge, governance and risk management
- Global experience

S



Glenn Fullerton (51)

Chief financial officer

Qualifications: CA(SA)

Appointed: 1 September 2015



Mr Fullerton commenced his career at Deloitte where he completed his articles in 1987. He has held numerous senior finance positions at HL&H and Computicket, before joining the Malbak group in 1995, where he was finance director in various divisions until 2000. Mr Fullerton then joined MB Technologies Group as chief financial officer and in 2009, became chief executive officer until October 2013, when he left on a sabbatical. He became chief financial officer of Nampak in September 2015.

Experience and expertise

- Strategic leadership
- Economic, finance and corporate structuring

RS
I

Executive committee

The group executive committee assists the CEO in guiding and controlling the overall direction of the business. It also acts as a medium of communication and coordination between divisions, group companies and the board.

André de Ruyter (50)

Chief executive officer

Qualifications: BA, BLC, LLB, MBA

Relevant skills and expertise

- Strategic leadership in the manufacturing sector



Glenn Fullerton (51)

Chief financial officer

Qualifications: CA(SA)

Relevant skills and expertise

- Financial
- Strategic leadership



Mandisa Seleokane (45)

Executive director, Human Resources

Qualifications: BA (Hons) Human resources and labour relations, BA (Psychology)

Relevant skills and expertise

- People management and development
- Employee relations



Christiaan Burmeister (55)

Group executive: DivFood and R&D

Qualifications: CA(SA), AMP (Harvard)

Relevant skills and expertise

- Financial
- Strategic leadership
- Operational management
- General management



Lynne Kidd (58)

Group executive: Integrated strategy

Qualifications: BA (Hons), Psychology (Hons)

Relevant skills and expertise

- Remuneration practices and policies
- Employee benefits
- Social and environmental issues



Mxolisi Khutama (42)

Group executive: Plastics

Qualifications: BSc Eng, PGDMM, PGDBM, E-MBA

Relevant skills and expertise

- General management
- Operational management
- Business development
- Administration



Rob Morris (56)

Group executive: Africa and Glass

Qualifications: PrEng, BSc Eng, BComm (Hons)

Relevant skills and expertise

- General management
- Operational management in the Rest of Africa
- Strategic leadership



Erik Smuts (48)

Group executive: Bevcan

Qualifications: CA(SA), ACMA, GEDP, CPIM, (GIBS), AMP (Harvard)

Relevant skills and expertise

- Financial
- Operational management in the Rest of Africa
- General management
- Strategic leadership



Ilse van Lochem (53)

Group executive: Legal and Secretarial

Qualifications: BA, LLB, MBA, Postgraduate diploma in corporate law

Relevant skills and expertise

- Legal
- Company secretarial
- Insurance



Remuneration report

for the year ended 30 September 2018

Nampak produces a remuneration report which is compliant with the requirements of King IV™. As such the following sections have been included in this report:

SECTION 1

A report from the chairman of the remuneration committee that sets out the context for remuneration consideration and decisions as well as an outline of the material matters considered during the year.

SECTION 2

The remuneration policy and framework to be tabled at the AGM for a non-binding vote by shareholders.

SECTION 3

The implementation of the remuneration policy to be tabled at the AGM for a separate non-binding vote by shareholders.

SECTION 4

As required by the Companies Act, non-executive directors' fees for the financial year ending 30 September 2019 will be put to shareholders by way of a special resolution.

We have retained the comprehensive version on the website at <http://www.nampak.com/Content/Documents/About/remuneration-report-2018.pdf> to assist with any detailed information around share plan implementation which may be required.

For details of the composition of the committee and attendance at meetings, please refer to 57 and 58.

SECTION 1: REPORT FROM THE CHAIRMAN

Nampak's remuneration is designed to facilitate delivery of the group's strategy on a sustainable basis and to deliver value for stakeholders over the short, medium and long term. This report provides details of our remuneration policy and framework as it relates to our employees, group executive committee members, executive directors and non-executive directors. It also includes our implementation report for executive directors, group executive committee members and non-executive directors.

In February 2018, for the first time, we did not receive the required number of votes in favour of the remuneration policy and the implementation report.

The results of voting at the 2018 and 2017 annual general meetings are indicated in the table below:

Percentage vote in favour	Required percentage	February 2018	February 2017
Remuneration policy and framework	75% non-binding	62.98%	97.50%
Implementation report	75% non-binding	62.50%	Not applicable
Non-executive directors' fees and committee membership fees	75% binding	99.82%	99.90%

As a result, the company issued a SENS announcement inviting shareholders and other interested parties to engage with the company. Constructive engagements with a number of shareholders and proxy advisers took place during 2018 either as a direct result of a query or concern or as part of general engagements linked to remuneration structures. These discussions were positive and well received. There was consensus that shareholders would have supported the remuneration policy and implementation reports had the retention payments that were approved outside of policy not been paid. Details of the engagement issues are set out below:


Topic	Shareholder/proxy adviser comments	Remuneration committee responses
Retention bonus payments to CEO and CFO	Concerns were raised that the retention bonus payments were outside of our remuneration philosophy and policies and this resulted in many shareholders and proxy advisers voting against both the remuneration policy and implementation resolutions at the AGM	The chairman of the remuneration committee has engaged extensively on this issue and has provided details behind the decision of the remuneration committee. At the end of 2017, there were very limited retention mechanisms and the company was at risk of losing its two most senior executives who understood the business requirements and were critical to resolving key material matters in the short term. The retention structure was deemed to be most appropriate under the circumstances. The committee will consult proactively and seek prior approval for any future material changes of this nature. No such payments to the chief executive officer and the chief financial officer were approved in 2018.
Lack of performance conditions attached to matching award under the deferred bonus plan	Concern was raised, particularly by offshore proxy advisers, that there were no performance conditions linked to the release of matching share awards in terms of the deferred bonus plan	The after-tax short-term incentive (STI) is voluntarily invested in shares to encourage share ownership and the matching shares further facilitate ownership. In order to participate in the deferred bonus plan, participants needed to have earned a short-term incentive which would have been subject to performance conditions and the deferred bonus plan structure had been introduced largely as a retention component and to encourage executives to build a shareholding in our company. The committee agreed to review this position annually. For the overall weighting in the remuneration structure, please refer to the remuneration mix on page 68 and page 69 .
Certain executives received retirement gratuities	The payments were made in terms of a legacy policy entitlement which had been capped at R500 000 and which was subsequently closed to executives appointed after December 2013	The remuneration committee agreed to provide more detailed disclosure in the 2018 remuneration report.

We encourage all shareholders to provide feedback and contributions regarding their position on the various voting requirements. We therefore invite shareholders wishing to engage with the chairman of the remuneration committee to do so via email at corporategovernance@nampak.com. Should we receive 25 percent dissenting vote for either the remuneration policy or the implementation report, or both, we will include an outline of the process and timing of our proposed engagement with shareholders to resolve unsatisfactory results in the SENS announcement of the voting results of the AGM.

EXTERNAL ADVICE TO THE COMMITTEE

Together with input obtained from shareholders and proxy advisers during the year, we have considered it prudent to retain the current policy, target structures and frameworks with some minor adjustments to individual performance conditions in the short-term incentive plan (STI). In the past, the STI has been slanted towards financial performance measures with a smaller portion linked towards other economic, social, environmental and governance requirements. During the year, the focus has shifted to identify and include more key drivers of sustainable profitability and this trend will continue into 2019.

ACTIVITIES UNDERTAKEN IN 2018

The committee attended to all activities set out in its charter and the annual committee work plan during the year. The committee charter is available on the website at <http://www.nampak.com/Content/Documents/About/remuneration-committee-charter.pdf>. 

Engagement with shareholders and proxy advisers continued in order for the committee members to understand and discuss the material issues on the remuneration policy and framework and implementation report with the board.

The committee implemented the change to a more simplified share plan structure consisting of two plans, namely the performance share plan and deferred bonus plan for executive directors and group executive committee members. The overall benchmark remuneration for on-target performance remained. Participation in the share appreciation plan has been retained for senior management levels that do not receive any awards under the other share plans as a mechanism to attract, motivate and retain the appropriate calibre of talent and diversity.

Achievement of objectives

The overall annual increases for executive director and group executive committee members amounted to 5.5% and remained below the average annual increases granted to other staff. This is in line with our objective to improve wages and the socio-economic conditions of our lower level workers.

The group headline earnings per share target linked to the STI was fully achieved resulting in this portion of the incentive bonus being released. Various levels of EBITDA adjusted for interest, trading income and key performance objectives were achieved and these are reflected in the incentives earned by the operational and support executives. These levels of achievement are consistently reflected in other managerial STI payments.

Remuneration report continued

for the year ended 30 September 2018

The performance conditions aligned to the performance share plan and share appreciation plan were not achieved and as a result none of the December 2015 awards will vest.

The actual earnings reported under section three of this document reflect the levels of achievement against the performance targets at executive director and group executive committee levels.

Decisions taken during 2018

The committee:

- Approved the guaranteed packages for executive directors and group executives.
- Approved the terms and conditions of the executive directors.
- Approved the STI payments for executive directors and group executives after considering achievement against performance conditions.
- Approved the LTI awards for all participants and determined the performance conditions.
- Reviewed the defined benefits liability strategy and implementation against plans.
- Reviewed the fee recommendations for non-executive directors and committee fees, excluding the fees for the remuneration committee before submission to the board for consideration.

Areas of focus for 2019

The committee considers the financial performance conditions and targets for the STI and LTI plans annually to ensure that they are relevant and fair to the different stakeholder groups. In light of lower GDP growth rates, declining inflation and increasing unemployment depressing consumer demand, together with benchmark data, the committee approved changes to the 2019 targets. These changes are reflected on [70](#) and [71](#) of this report. The committee considers the revised targets to be prudent and yet still provide alignment between executive remuneration and shareholder experience.

The committee has requested a review of its equality in income distribution position and a wage gap analysis for our continuing operations in order to manage fair and responsible remuneration including the wage gap and any gender pay disparities more comprehensively. Current basic salary and benefit levels for non-managerial employees exceed the industry norms by some margin which contributes to a stronger gini-coefficient for the company versus industry norms. In addition, retirement, insured benefits and voluntary medical aid membership remain an integral part of the remuneration structures of the vast majority of our employees.



RC Andersen
Chairman of the remuneration committee¹

16 November 2018

¹ PM Surgey resigned on 10 October 2018. RC Andersen appointed on 10 October 2018.

SECTION 2: REMUNERATION POLICY

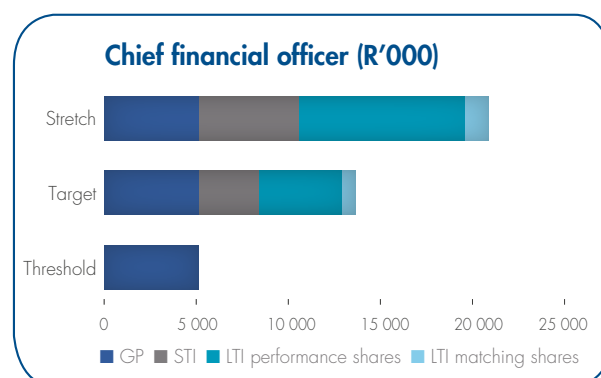
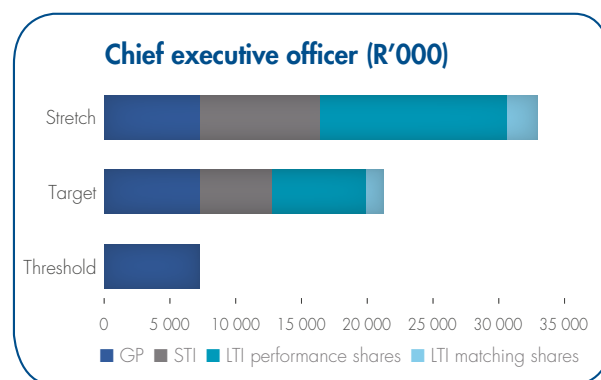
Our remuneration policy at executive level remains largely unchanged from previous years and continues to focus on delivery of financial and non-financial measures that underpin the group's strategy and sustainable profitability objectives.

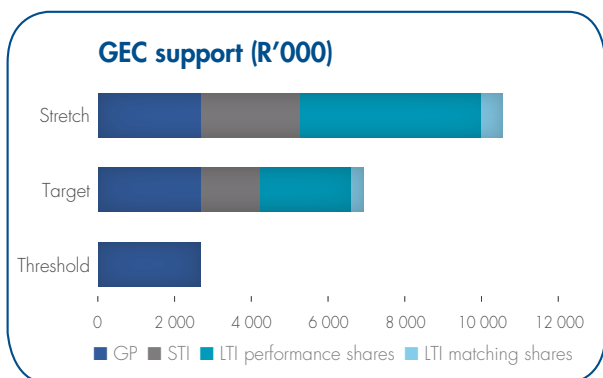
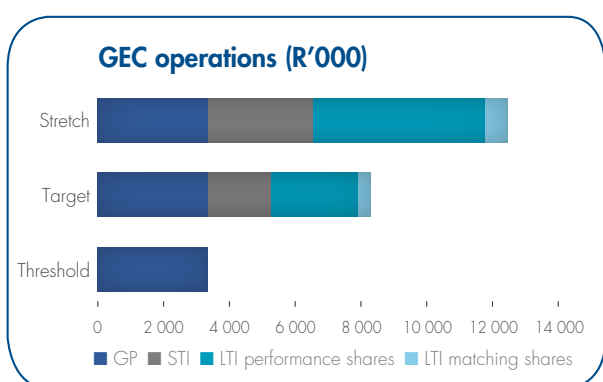
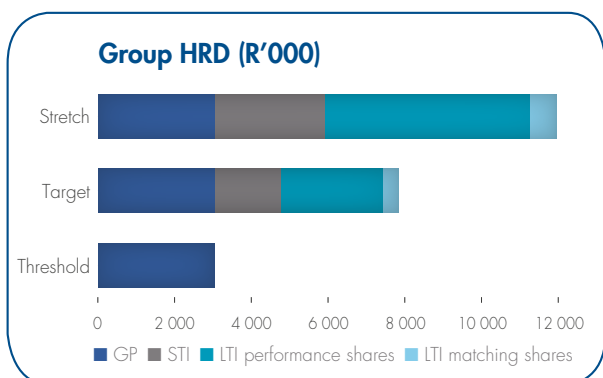
The components of the remuneration structures applicable to other managerial and non-managerial employees are set out in the table on [71](#) to [73](#) of this report.

The balance of the report is focused on executive director and group executive remuneration policy and frameworks and this is also the case for the implementation report.

REMUNERATION MIX

The remuneration structure for executive directors and group executive committee members has been designed to reward consistent improvements in short- and medium-term sustainable profitability which underpin value creation for shareholders. Guaranteed packages are generally clustered at the median of the benchmark. There is a larger weighting towards at-risk or variable pay components which are provided in the form of an annual short-term incentive (STI) and longer-term share plans (LTI) participation. Challenging performance conditions that are aligned with shareholder requirements and expectations are set and must be achieved for earnings to accrue to participants. If these targets are achieved, upper quartile remuneration should be delivered from the variable pay structure for executive directors, group executive committee members and certain senior managers. For purposes of illustration below, 60% of maximum is assumed to represent threshold performance and target reflects full achievement for both the STI and LTI components.





ALIGNMENT TO VALUE CREATION

The remuneration structures for executive directors and group executive committee members have been designed to encourage sustainable profitability on a consistent basis. This has been achieved by consistent application of appropriate financial targets linked to the STI and LTI components. The social, environmental and governance performance will ultimately reflect in consistent financial performance over the long term. Therefore, and in order to ensure the self-funding nature of STI and LTI remuneration structures, the performance targets are more heavily weighted towards quantitative achievements.

Individual key performance indicators form up to 60% of the STI for executive directors and group executive committee members. These are reviewed and set annually and focus on essential drivers of value that may impact negatively on short-term performance, as

well as focus on material matters that could have a negative impact on the group's sustainability. For 2018 and going into 2019 the individual key deliverables include drivers such as:

- attraction, retention and development of a diverse and skilled workforce;
- a safe and healthy working environment;
- a strengthened balance sheet and focus on cash and liquidity management;
- improvements in operational efficiencies and asset utilisation that positions the company to take advantage of future growth opportunities as macroeconomic conditions improve;
- appropriate site consolidations and operational footprint;
- a competitive fixed cost baseline; and
- management of governance and ethics.

The LTI elements provide the board with a tool to attract and retain the right calibre of executives. The performance targets are set over three-year performance periods and require consistent achievement of challenging financial performance conditions. Experience of executives is aligned with that of shareholders as once vested, the shares are released in three tranches and executive earnings are impacted by movements in the share price and dividends earned. The deferred bonus plan has been included in the LTI components to encourage executives to purchase and hold shares in the company. These shares may only be purchased using proceeds from STI earnings once those performance conditions have been achieved.

CONTRACTUAL TERMS AND PAYMENTS ON TERMINATION OF EMPLOYMENT

The chief executive officer and chief financial officer have indefinite service contracts with a six-month notice period. In order to ensure that the notice period remains relevant and necessary, at the end of September each year, the notice period returns to three months. The committee reviewed and agreed the applicable notice period for the next year. The notice periods were renewed for the year ahead.

The group human resources director and the other group executive committee members have indefinite service contracts with three-month notice periods.

In the event of redundancy, executive directors and other group executive members are entitled to receive payment, in addition to notice pay, in terms of the Nampak redundancy policy. Redundancy pay is calculated based on length of service and age and varies between two weeks and four weeks for every year of service and is calculated using 75% of guaranteed package. The maximum entitlement is capped at 60 weeks. Certain long service executives are entitled to a retirement gratuity from a legacy policy which was capped at R500 000 and then closed to future appointments after December 2013. The executive directors are not entitled to the retirement gratuity, however, certain of the other group executive committee members have retained this capped benefit.

The service contracts do not contain any other provisions relating to payments due on termination of employment (for whatsoever reason) or following a change of control of the company. In the event of a change of control, executive share allocations will be dealt with in terms of the rules of the relevant share plans. Further, the directors and executives have no entitlement to a restraint of trade payment and are not entitled to any other material *ex-gratia* payment.

Remuneration report continued

for the year ended 30 September 2018

ELEMENTS OF REMUNERATION AND POLICY

GUARANTEED PACKAGE		SHORT-TERM INCENTIVES																										
Basic salary	Benefits																											
<p>Remuneration principles</p> <ul style="list-style-type: none"> Designed to attract and retain executives with appropriate competence and experience levels and diversity of skills and views to deliver sustainable profitability for the benefit of all stakeholders 	<p>Remuneration principles</p> <ul style="list-style-type: none"> There is a trade-off between receiving compulsory benefits and voluntary benefits from an employee value proposition. The company understands the importance of saving for retirement from an early age and therefore continues to provide the benefit 	<p>Remuneration principles</p> <ul style="list-style-type: none"> Intended to provide a variable pay element for executive directors and group executive committee members which is earned against stretch performance targets Places emphasis on delivering strategic imperatives which may impact negatively on short-term financial performance and which are vital to long-term sustainability Covers all aspects which underpin sustainable profitability and ethical governance 																										
<p>External advisers</p> <ul style="list-style-type: none"> The Deloitte SA Executive Guide 2018 PwC Research Services' REMchannel® 	<p>External advisers</p> <ul style="list-style-type: none"> Various professional advisers and administrators recognised in their respective jurisdictions 	<p>External advisers</p> <ul style="list-style-type: none"> The Deloitte SA Executive Guide 2018 PwC Research Services' REMchannel® 																										
<p>Competitiveness of offer</p> <ul style="list-style-type: none"> Benchmarked using survey data from external advisers. The published remuneration of other listed companies of similar size and complexity is also considered 	<p>Competitiveness of offer</p> <ul style="list-style-type: none"> Compulsory levels of retirement saving and life and disability cover is set using published survey data Optional medical aid membership Car allowance linked to requirements for business travel 	<p>Competitiveness of offer</p> <ul style="list-style-type: none"> Benchmarked using survey data from external advisers Relevant to strategic intent 																										
<p>Performance metrics</p> <ul style="list-style-type: none"> Individual performance, contribution and future growth potential are considered 	<p>Performance metrics</p> <ul style="list-style-type: none"> Not applicable 	<p>Performance metrics</p> <p>A combination of group, divisional and individual metrics are used as follows:</p> <table border="1"> <thead> <tr> <th>Weighting within STI</th> <th>Component</th> <th>Metric</th> <th>Threshold</th> <th>On-target</th> <th>Stretch</th> </tr> </thead> <tbody> <tr> <td>Between 20% and 70%</td> <td>Group financial</td> <td>Improvement in HEPS</td> <td>CPI</td> <td>CPI + 5.4%</td> <td>CPI + 9%</td> </tr> <tr> <td>Operational executive only – up to 40%</td> <td>Divisional financial</td> <td>EBITDA adjusted for interest or trading income Improvements is required by each division are set at commencement of the performance period</td> <td colspan="3">Sufficient stretch and aligned to achievement of the group financial target</td> </tr> <tr> <td>Up to 60% (all executives)</td> <td rowspan="2">Individual key performance indicators</td> <td rowspan="2">Linked to strategic issues and material matters that underpin sustainable profitability</td> <td colspan="3" rowspan="2"></td> </tr> <tr> <td>Up to 40% (other managers)</td> </tr> </tbody> </table>	Weighting within STI	Component	Metric	Threshold	On-target	Stretch	Between 20% and 70%	Group financial	Improvement in HEPS	CPI	CPI + 5.4%	CPI + 9%	Operational executive only – up to 40%	Divisional financial	EBITDA adjusted for interest or trading income Improvements is required by each division are set at commencement of the performance period	Sufficient stretch and aligned to achievement of the group financial target			Up to 60% (all executives)	Individual key performance indicators	Linked to strategic issues and material matters that underpin sustainable profitability				Up to 40% (other managers)	
Weighting within STI	Component	Metric	Threshold	On-target	Stretch																							
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Up to 40% (other managers)																												

The proposed group financial target for 2019 is as follows:

Improvement in HEPS

Threshold	CPI
On-target	CPI + 3.6%
Stretch	CPI + 6%

LONG-TERM INCENTIVES		Share appreciation plan (SAP) (not applicable for executive directors and group executive committee members)																								
<p>Performance share plan (PSP)</p> <p>Remuneration principles</p> <ul style="list-style-type: none"> ■ Aimed at aligning executive remuneration directly with that of shareholders interests ■ Challenging performance targets underpin executive earnings and, if achieved, will deliver sustainable value to shareholders and underlying investors over the longer term ■ Because of staggered release of shares at the end of the third, fourth and fifth years from the original award date, executive remuneration is directly aligned to share price movements and dividend performance along with investors 	<p>Deferred bonus plan (DBP)</p> <p>Remuneration principles</p> <ul style="list-style-type: none"> ■ Provides a retention element to the remuneration structure ■ Encourages executives to build shareholding in Nampak Limited ■ Aligns executive remuneration with share price and dividend performance experienced by shareholders 	<p>Remuneration principle</p> <ul style="list-style-type: none"> ■ Provides the chief executive officer with a reward and retention element for employees at middle management levels 																								
<p>External advisers PwC People and Organisation (Reward) (PwC)</p>	<p>External advisers PwC</p>	<p>External advisers PwC</p>																								
<p>Competitiveness of offer</p> <ul style="list-style-type: none"> ■ PwC are formally engaged annually to provide recommendations against market data for share plan awards to executive directors, group executive committee members and senior managers. They also provide guidance on whether vesting performance conditions linked to prior year allocations have been achieved and should be released to participants 	<p>Competitiveness of offer</p> <ul style="list-style-type: none"> ■ PwC as advisers to the remuneration component offset potential earnings under the deferred bonus plan when determining the recommended awards under the performance share plan 	<p>Competitiveness of offer</p> <ul style="list-style-type: none"> ■ Allocations determined every second year 																								
<p>Performance metrics</p> <table border="1"> <thead> <tr> <th>Weighting within allocation</th> <th>Performance condition</th> <th>Target range</th> </tr> </thead> <tbody> <tr> <td>40%</td> <td>Improvement in HEPS</td> <td>Straight-line vesting between entry of CPI + 8% to CPI + 24%</td> </tr> <tr> <td>30% Note 1</td> <td>Cumulative improvement in total shareholder return (TSR) on an absolute basis</td> <td>Straight-line vesting between entry of CPI + 8% to CPI + 24%</td> </tr> <tr> <td>30% Note 1</td> <td>Return on net assets (RONA)</td> <td>60% release for 11.5% 70% released for 12% 80% released for 12.5% 90% released for 13% 100% released for 13.5%</td> </tr> </tbody> </table> <p>The proposed metrics for the allocations in the 2019 financial year are:</p> <table border="1"> <thead> <tr> <th>Weighting within allocation</th> <th>Performance condition</th> <th>Target range</th> </tr> </thead> <tbody> <tr> <td>40%</td> <td>Improvement in HEPS</td> <td>Straight-line vesting between entry of CPI + 3% to CPI + 15%</td> </tr> <tr> <td>30% Note 1</td> <td>Cumulative improvement in TSR on an absolute basis</td> <td>Straight-line vesting between entry of CPI + 3% to CPI + 15%</td> </tr> <tr> <td>30% Note 1</td> <td>RONA</td> <td>No change to previous targets</td> </tr> </tbody> </table> <p><i>Note 1: The committee may adjust the targets in the event of strategic investment decisions or extraordinary share price volatility.</i></p>	Weighting within allocation	Performance condition	Target range	40%	Improvement in HEPS	Straight-line vesting between entry of CPI + 8% to CPI + 24%	30% Note 1	Cumulative improvement in total shareholder return (TSR) on an absolute basis	Straight-line vesting between entry of CPI + 8% to CPI + 24%	30% Note 1	Return on net assets (RONA)	60% release for 11.5% 70% released for 12% 80% released for 12.5% 90% released for 13% 100% released for 13.5%	Weighting within allocation	Performance condition	Target range	40%	Improvement in HEPS	Straight-line vesting between entry of CPI + 3% to CPI + 15%	30% Note 1	Cumulative improvement in TSR on an absolute basis	Straight-line vesting between entry of CPI + 3% to CPI + 15%	30% Note 1	RONA	No change to previous targets	<p>Performance metrics</p> <ul style="list-style-type: none"> ■ Executives and group executive committee members are able to use a percentage of after-tax STI earnings which are paid after achieving challenging performance conditions annually to purchase shares in Nampak Limited ■ Executives will receive a matching number of shares after three years provided they have remained in employment ■ No shares will vest for resignation or dismissal ■ Pro-rated shares will vest for good leavers such as retirees 	<p>Performance metrics</p> <ul style="list-style-type: none"> ■ Threshold performance target of improvement in headline earnings per share of CPI + 6% over the three-year performance period ■ The proposed threshold performance target for 2019 is cumulative CPI growth over the three-year performance period
Weighting within allocation	Performance condition	Target range																								
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Remuneration report continued

for the year ended 30 September 2018

ELEMENTS OF REMUNERATION AND POLICY continued

GUARANTEED PACKAGE

SHORT-TERM INCENTIVES

Basic salary

Benefits

Maximum limits

- Target level for guaranteed packages for executives and prescribed officers is clustered around the median

Maximum limits

- Flexibility within guaranteed package governed by income tax regulations

Maximum limits

Role	Maximum potential STI as percentage of guaranteed package			
	Total	Group	Divisional	Individual
CEO	125%	85%	–	40%
CFO	105%	74%	–	31%
Group HRD	95%	38%	–	57%
GEC operations	95%	19%	53%	23%
GEC support	85%	38%	–	47%

Performance period

- Annual review

Performance period

n/a

Performance period

- Annual cash award payable in December
- Performance period 1 October to 30 September

Governance requirement

- Set out in contracts of employment

Governance requirement

- Set out in group policies

Governance requirement

- The committee has discretion to withdraw or change the STI. In addition, the committee holds overriding discretion on incentive bonus payments should circumstances warrant
- Approval of STI payments only takes place after the annual financial statements have been audited and approved by the board

Other employees

- Managerial employees receive guaranteed packages
- Other employees receive a basic salary, shift allowances, overtime and benefits on a build-up basis
- The target guaranteed package for other employees is the median. The 75th percentile is considered for top performers and positions where we have scarce skill risks
- Our levels of pay and benefits for our shopfloor employees are significantly higher than the agreed sector wage levels

Other employees

- Employees in all jurisdictions have access to retirement funding and insured benefit arrangements in line with local regulations. Expatriate employees in certain countries receive remuneration for retirement funding and insured benefits where local options are not appropriate
- Employees have voluntary access to medical aid or similar arrangements
- Employees have access to EAP counselling

Other employees

- Managerial employees participate in the group's STI scheme at different capped levels ranging between 65% and 75% of guaranteed package per annum
- Individual key performance indicators generally form up to 40% of the maximum potential incentive with the balance accruing based on achievement of the divisional performance targets
- Key performance targets address sustainable drivers for future success on a line of sight basis to their role requirements
- Various productivity incentives provide line of sight rewards for non-managerial employees

LONG-TERM INCENTIVES																								
Performance share plan (PSP)		Deferred bonus plan (DBP)																						
<p>Share appreciation plan (SAP) (not applicable for executive directors and group executive committee members)</p>																								
<p>Maximum limits</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Set to deliver a percentage of guaranteed package:</th> </tr> <tr> <th>Expected value</th> <th>For superior performance</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>80%</td> <td>160%</td> </tr> <tr> <td>CFO and Group HRD</td> <td>70%</td> <td>140%</td> </tr> <tr> <td>GEC operations and support</td> <td>60%</td> <td>120%</td> </tr> </tbody> </table>			Set to deliver a percentage of guaranteed package:		Expected value	For superior performance	CEO	80%	160%	CFO and Group HRD	70%	140%	GEC operations and support	60%	120%	<p>Maximum limits</p> <table border="1"> <thead> <tr> <th>Role</th> <th>Maximum limit of after-tax STI</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>Up to 50%</td> </tr> <tr> <td>CFO and GHRD</td> <td>Up to 45%</td> </tr> <tr> <td>Other group executives</td> <td>Up to 40%</td> </tr> </tbody> </table>	Role	Maximum limit of after-tax STI	CEO	Up to 50%	CFO and GHRD	Up to 45%	Other group executives	Up to 40%
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Role	Maximum limit of after-tax STI																							
CEO	Up to 50%																							
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Other group executives	Up to 40%																							
<p>Performance period</p> <ul style="list-style-type: none"> Share awards vest to the level of achievement of the performance conditions at the end of the three-year performance period and are released in three equal tranches at the end of the third year, fourth year and fifth year from the original award date 		<p>Performance period</p> <ul style="list-style-type: none"> Vesting and release of matching awards after three years 																						
<p>Performance period</p> <ul style="list-style-type: none"> Share allocations vest after three years if the performance condition is achieved. Participants have seven years from the allocation date to exercise their awards 																								
<p>Governance requirement</p> <ul style="list-style-type: none"> Governed in accordance with the share plan rules as approved by shareholders Share awards are allocated annually usually in December to avoid allocations during closed periods The extent of achievement against the performance targets is reviewed by PwC 		<p>Governance requirement</p> <ul style="list-style-type: none"> Governed in terms of the share plan rules as approved by shareholders Eligible participants are provided with an option to purchase shares immediately after receipt of the STI payments and once the stock market has had sufficient time to adjust to the published results 																						
<p>Governance requirement</p> <ul style="list-style-type: none"> Governed in terms of the share plan rules as approved by shareholders The extent of achievement against the performance targets is reviewed by PwC 																								
<p>Other employees</p> <ul style="list-style-type: none"> Certain senior managers may receive awards under the performance share plan after considering remuneration benchmarks provided by PwC 		<p>Other employees</p> <ul style="list-style-type: none"> Certain senior managers may use up to 35% of their after-tax STI to purchase shares 																						
<p>Other employees</p> <ul style="list-style-type: none"> Prior to 2017, executive directors and prescribed officers received share allocations in terms of the share appreciation plan. In order to simplify the LTI structure, it was agreed to remove these allocations in 2017. However, the share appreciation plan remains the preferred allocation vehicle for awards to reward and retain other managers 																								

Remuneration report continued

for the year ended 30 September 2018

SECTION 3: IMPLEMENTATION REPORT

The implementation report details the outcomes of executing the remuneration policy for executive directors and group executive committee members in the current financial year. The remuneration committee has applied the King IV™ recommendation that companies must disclose a single figure of earnings received and receivable for the reporting period.

DEVIATIONS FROM POLICY

The remuneration committee monitored the implementation of the remuneration policy and is able to confirm that there are no deviations from policy to report.

CONTRACTUAL TERMS AND PAYMENTS ON TERMINATION OF EMPLOYMENT

There were no deviations from policy on the contractual terms. There were no terminations at executive director and group executive committee member level during the year.

FAIR AND RESPONSIBLE REMUNERATION

The average increases to guaranteed packages for the executive directors and group executive committee members relative to other staff groupings are set out below:

Grouping	Increase percentage 2018	Increase percentage 2017
Executive directors	5.8	6.7
Group executive committee members	5.3	5.9
Managers	7.0	9.6
Other employees	9.5	

This is in line with our approach to fair and responsible remuneration where we aim to realise:

- Higher merit increases for staff than those granted to executive management (other than promotion and market alignment)
- Total levels of executive remuneration that are not excessive in comparison to market benchmarks and other staff and that other staff are paid competitively against benchmarks

This analysis pertains to South Africa where most of our employees are located.

STI

The committee's assessment of performance against targets set for the various elements of the STI are as follows:

The group exceeded the improvement in headline earnings per share target.

There were varying levels of achievement against the divisional financial targets, with some divisions not achieving the required threshold and others achieving 100%.

There were varying levels of achievement by executive directors and group executive committee members against their individual key deliverables which covered the following broad categories:

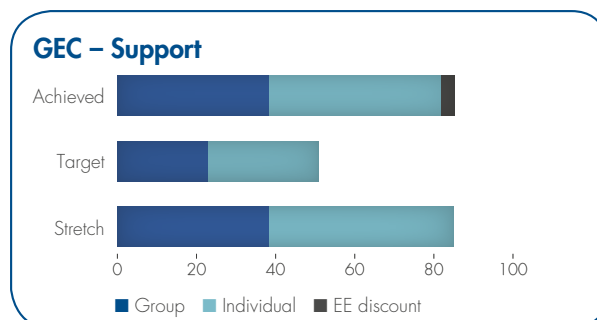
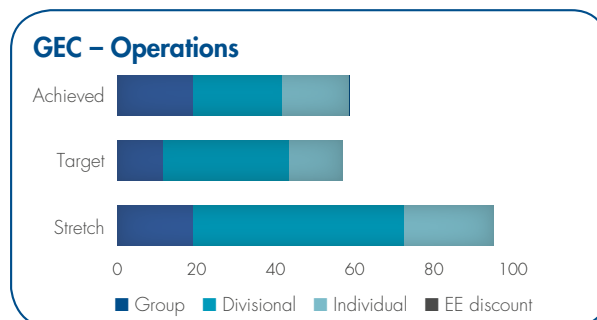
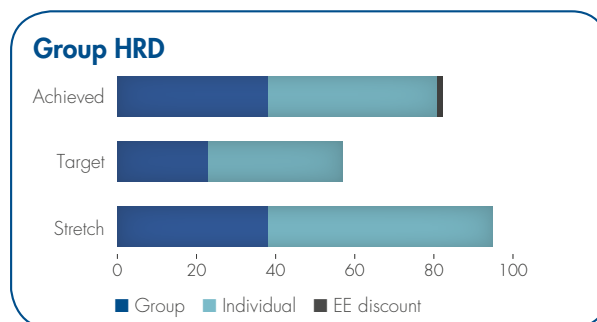
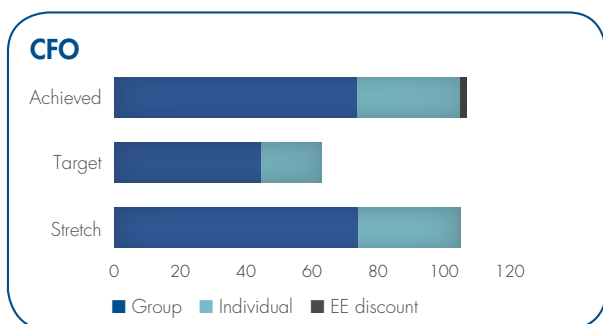
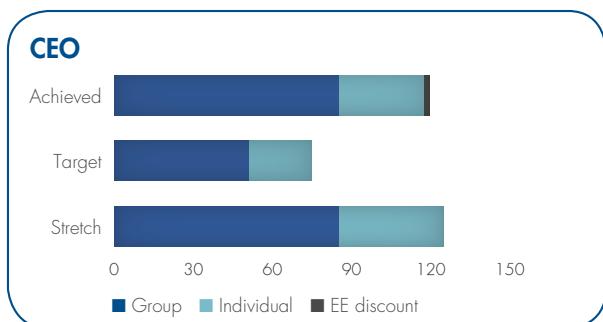
Strategic objectives	Strategic drivers	Key performance indicator	Performance
Actively manage our portfolio		Disposals of Glass, plastic crates and drums per agreed timelines	●
	Financial capital	Improved group liquidity	●
		Restructured group funding arrangements	●
		Consistent management and de-risking activities in respect of defined benefit liabilities	●
		Commercial contract negotiation	●
Manage costs stringently*	Human capital	Plans implemented to improve B-BBEE performance	●
		Group organisation design reviewed and staff establishments implemented	● ●
		Reduction in cash fixed costs	● ●
Improve business by buying better, making better and selling better*	Manufactured capital	Operating efficiency improvements and implementation of reduced operational footprint requirements	● ●
		Governance and legal compliance	●
		Governance and regulatory training	●

● Good progress made ● Some progress, more to come ● Disappointing performance

* Reflects differing levels of operational performance.

STI ACHIEVEMENT (AS A % OF GUARANTEED PACKAGE)

The results of applying the financial and non-financial performance achievements are reflected graphically below against target and stretch levels. A discount was applied for the non-achievement of employment equity targets.



LTI AWARDS

The annual LTI awards for the executive directors and group executive committee members awarded in December 2017 are reflected in the table below:

	Performance share plan Note 1			Deferred bonus plan Note 2		
	Number of conditional awards	Value	% of guaranteed package	Number of conditional matching awards	Value	% of guaranteed package
Executive directors						
AM de Ruyter	752 000	6 331 768	82%	122 563	1 748 994	23%
GR Fullerton	441 000	3 713 178	72%	45 961	655 871	13%
MMF Seleokane	260 000	2 189 175	72%	9 192	131 171	4%
Group executive committee members						
C Burmeister	220 000	1 852 379	62%	16 399	234 016	8%
M Khutama	210 000	1 768 180	61%	–	–	–
LD Kidd	209 000	1 759 760	62%	–	–	–
RG Morris	269 000	2 264 954	62%	12 808	182 772	5%
EE Smuts	283 000	2 382 833	62%	42 714	609 536	16%
IH van Lochem	184 000	1 549 262	62%	3 064	43 724	2%

Note 1: Share awards will vest in December 2020 to the extent that the performance conditions are achieved.

Note 2: Participants receive conditional matching awards in December 2020 provided the participant remains in employment and is still the owner of the purchased shares.

The performance targets are set out on [F71](#) of this report.

For further information relating to the implementation of LTIs please refer to the full remuneration report available on the website at <http://www.nampak.com/Content/Documents/About/remuneration-report-2018.pdf>.

Remuneration report continued

for the year ended 30 September 2018

2018 LTI PERFORMANCE ASSESSMENT

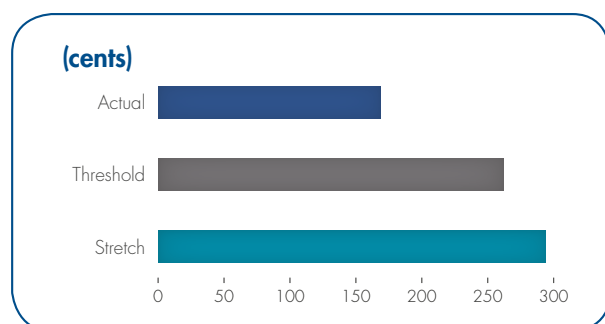
Performance share plan

The performance conditions linked to the performance share plan awards in December 2015 were tested and were not achieved. Therefore, no awards will be released in December 2018 in respect of these awards. The performance conditions for the three-year period were:

- 40% based on a growth in HEPS measured on a straight-line basis between threshold of CPI + 9% and target of CPI + 24%
- 30% based on the cumulative growth in TSR on a straight-line basis between threshold of CPI + 9% to target of CPI + 24%
- 30% based on return on equity (RoE) targets where 60% of shares vest for a RoE of 15.5%, 70% for 16%, 80% for 16.5%, 90% for 17% and 100% for 17.5%

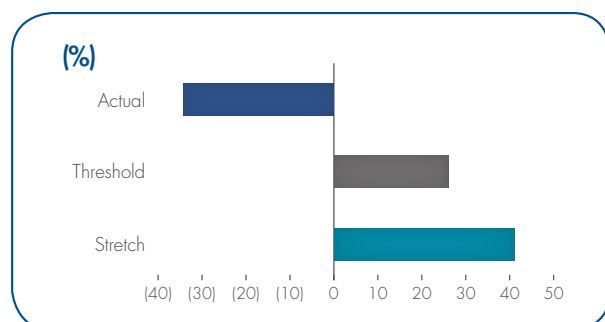
HEPS performance

The chart displays the HEPS which was required for the threshold and stretch achievement levels of this performance condition against the actual achievement. Actual HEPS achieved was 168.7 which was significantly below the threshold HEPS of 262.3 cents and the stretch HEPS of 293.5 cents.



TSR performance

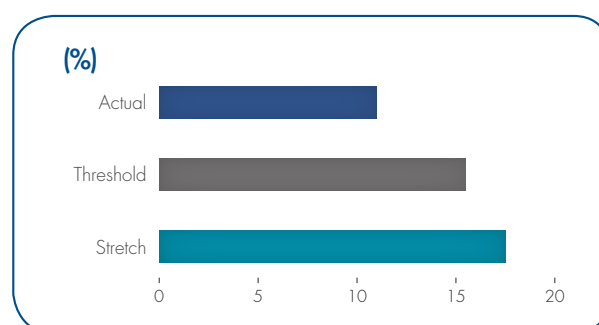
The chart displays the cumulative TSR which was required for the threshold and stretch achievement levels of this performance condition against the actual achievement. Actual cumulative TSR achieved was -34.3% which was significantly below the threshold cumulative TSR and the stretch cumulative TSR.



Return on equity performance (RoE)

The chart displays the RoE which was required for threshold and stretch achievement levels of the performance condition against the actual achievement.

Actual RoE achieved was 11% which was significantly below the stretch RoE of 17.5% and the threshold RoE of 15.5%. For this performance condition, 60% of the shares would vest for an RoE achievement of 15.5%, 70% for a RoE achievement of 16%, 80% for a RoE achievement of 16.5% and stretch for an RoE achievement of 17.5%.

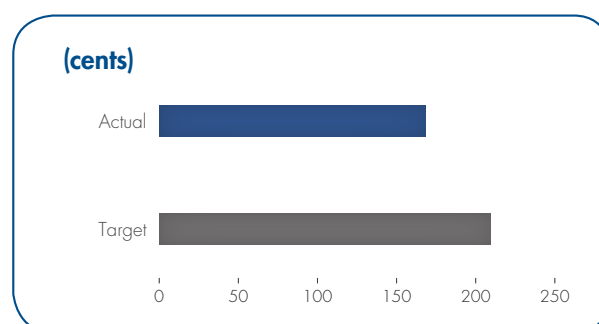


SHARE APPRECIATION PLAN

The performance condition linked to the share appreciation plan allocations in December 2015 will not be achieved and therefore no awards will be released in December 2018 in respect of these allocations.

HEPS performance

The chart displays the HEPS which was required for on target achievement of this performance condition against the actual achievement. Actual HEPS achieved was 168.7 which was significantly below the target HEPS of 209.2 cents.



THE SINGLE TOTAL FIGURE OF REMUNERATION

The following table sets out the total remuneration received and receivable by executive directors and group executive committee members for 2018:

Executive director remuneration 2018

	Guaranteed pay			Other		STI ² (rand)	LTI ³ (rand)	Total single figure remuneration (rand)
	Basic salary (rand)	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits ¹ (rand)	Retention/ termination (rand)			
Executive directors								
AM de Ruyter	7 574	103	7 677	21	–	8 846	1 749	18 293
GR Fullerton	5 049	98	5 147	14	–	5 305	656	11 122
MMF Seleokane	2 916	119	3 035	8	–	2 406	131	5 580
	15 539	320	15 859	43	–	16 557	2 536	34 995
Group executive committee members								
C Burmeister	2 887	120	3 007	8	–	1 708	234	4 957
M Khutama	2 794	94	2 888	8	–	784	–	3 680
ID Kidd	2 730	118	2 848	8	–	2 220	–	5 076
RG Morris	3 566	96	3 662	10	–	1 987	183	5 842
EE Smuts	3 767	92	3 859	10	–	3 666	610	8 145
IH van Lochem	2 400	110	2 510	7	–	1 956	44	4 517
	18 144	630	18 774	51	–	12 321	1 071	32 217

Notes

¹ Other benefits refer to Group Personal Accident cover.

² STI disclosed is based on performance during the 2018 financial year, but actual STI payments will only be made in December 2018.

³ LTI disclosed is the award of matching shares under the DBP scheme in December 2017. Values are calculated using market value at purchase date. The performance conditions aligned to the PSP and SAP were not achieved. None of the December 2015 awards will vest.

Remuneration report continued

for the year ended 30 September 2018

The following table sets out the total remuneration received and receivable by executive directors and group executive committee members for 2017.

Executive director remuneration 2017

	Guaranteed pay			Other		STI ² (rand)	LTI ⁹ (rand)	Total Single figure remuneration (rand)
	Basic salary (rand)	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits ¹ (rand)	Retention/ termination (rand)			
Executive directors								
AM de Ruyter	7 028	249	7 277	22	–	8 165	–	15 464
GR Fullerton	4 545	334	4 879	15	–	5 046	234	10 174
MMF Seleokane ³	876	74	950	3	–	902	–	1 855
FV Tshiqi ⁴	2 121	178	2 299	7	961	2 086	–	5 353
	14 570	835	15 405	47	961	16 199	234	32 846
Group executive committee members								
C Burmeister	2 655	236	2 891	9	–	1 194	368	4 462
M Khutama	2 531	241	2 772	8	–	1 466	94	4 340
LD Kidd ⁵	2 341	228	2 569	8	–	1 673	548	4 798
RG Morris	3 297	231	3 528	11	–	1 900	403	5 842
NP O'Brien ⁶	2 334	211	2 545	7	1 042	2 030	–	5 624
EE Smuts ⁷	3 314	194	3 508	11	3 508	3 168	219	10 414
IH van Lochem ⁸	1 525	149	1 674	5	–	529	–	2 208
	17 997	1 490	19 487	59	4 550	11 960	1 632	37 688

Notes

¹ Other benefits refer to Group Personal Accident cover.

² STI disclosed is based on performance during the 2017 financial year, but actual STI payments were only made in December 2017.

³ MMF Seleokane was appointed with effect from 1 June 2017.

⁴ FV Tshiqi retired with effect from 30 June 2017. Termination pay comprises a gratuity of R500 000, leave pay of R453 948 and a farewell gift to the value of R7 500.

⁵ LD Kidd was appointed to the group executive committee with effect from 1 September 2017. Remuneration disclosed is for the full financial year.

⁶ NP O'Brien retired with effect from 31 August 2017. Termination pay comprises a gratuity of R500 000, leave pay of R533 918 and a farewell gift to the value of R7 500.

⁷ Cash retention award paid to the group executive – Bevcan in the 2018 financial year in recognition of the performance and contribution made in the 2017 financial year and secures retention.

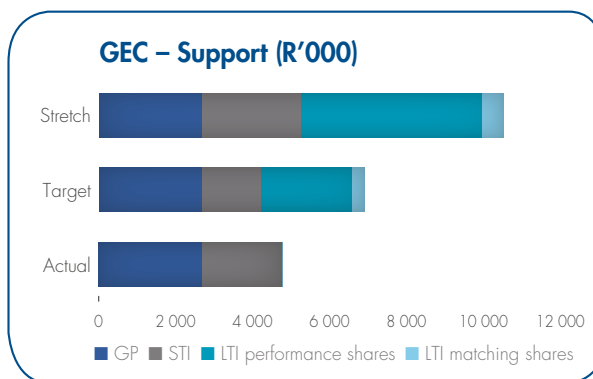
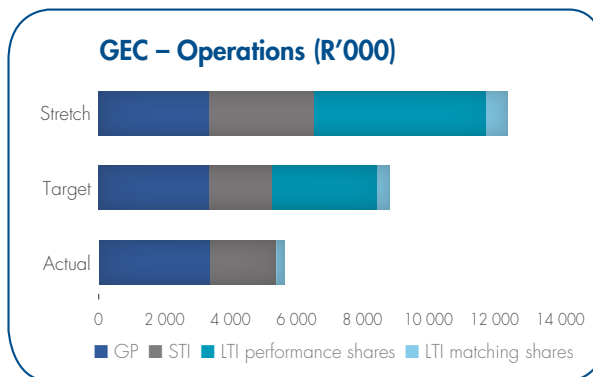
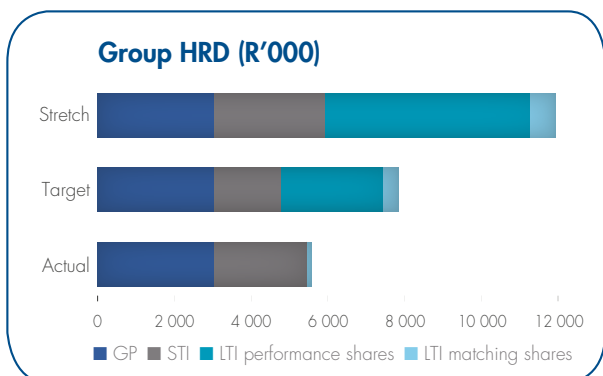
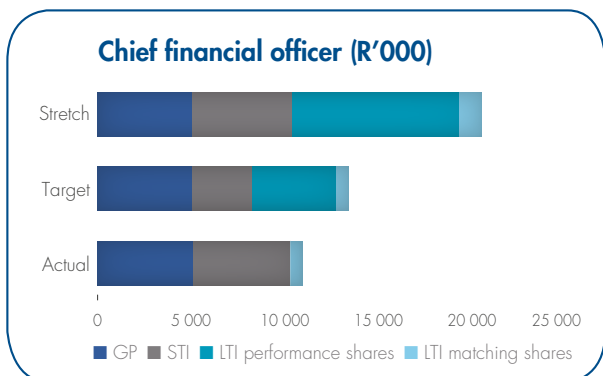
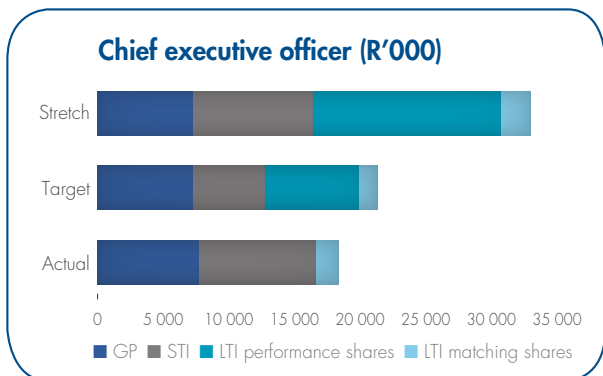
⁸ IH van Lochem was appointed to the group executive committee with effect from 1 September 2017. Remuneration disclosed is for the full financial year.

⁹ LTI disclosed is the award of matching shares under the DBP scheme in December 2016. Values are calculated using market value at purchase date. The performance conditions aligned to the PSP and SAP were not achieved. None of the December 2015 awards will vest.

REMUNERATION MIX

Remuneration implementation

The achievement against target for the remuneration components is set out in the graphs below.



The share disclosure tables

Disclosure on the quantum and value of awards outstanding at the beginning of the reporting period, as well as new awards made during the reporting period have been provided in the separate and detailed remuneration report available at <http://www.nampak.com/Content/Documents/About/remuneration-report-2018.pdf>

Remuneration report continued

for the year ended 30 September 2018

SECTION 4: NON-EXECUTIVE DIRECTOR REMUNERATION

POLICY

Non-executive directors receive a base fee for their services as well as a meeting fee based on their participation in board meetings and other committees. The non-executive directors do not receive incentive bonus payments nor do they participate in any of the executive share plans. Non-executive directors are appointed by rotation in terms of our memorandum of incorporation.

The remuneration committee of the board recommends the non-executive fee structures other than for the remuneration committee after obtaining benchmarks from the Deloitte non-executive director report 2018 and specific guidance from PwC regarding market movements and current pay practices. Published non-executive directors' fees and committee fees of companies in manufacturing and companies with similar market capitalisation are also benchmarked. Consideration is given to any changes in the level of complexity of the roles when assessing the fee recommendations. These recommendations are then considered by the remuneration committee (excluding recommendations of their own fees) and the board before being submitted to shareholders for approval in terms of the Companies Act requirements.

IMPLEMENTATION

Non-executive directors' remuneration 2018/2017

The non-executive directors' remuneration paid during the year under review (as approved previously by shareholders) and the total comparative figures are disclosed below.

	Directors' fees (rand)	Audit committee total fees (rand)	Remuneration committee total fees (rand)	Nomination committee total fees (rand)	Investments committee total fees (rand)	Risk and sustainability committee total fees (rand)	Social, ethics and transformation committee total fees (rand)	Total 2018 (rand)	Total 2017 (rand)
RC Andersen ²	320 100	277 933	110 400	73 500	91 800	36 800	–	910 533	905 526
E Ikazoboh	300 700	–	–	–	91 800	–	–	392 500	352 500
J John ²	281 300	278 567	–	–	–	64 300	–	624 167	179 386
RJ Khaza	300 700	–	–	73 500	–	–	–	374 200	310 550
NV Lila	320 100	171 700	–	–	–	198 300	–	690 100	632 350
PM Madi	320 100	–	–	–	91 800	91 800	198 300	702 000	608 400
TT Mboweni ¹	1 870 000	–	–	–	–	–	–	1 870 000	1 767 450
IN Mkhari	261 900	171 700	–	–	182 300	–	101 100	717 000	703 230
DC Moephuli	–	–	–	–	–	–	–	–	138 085
CWN Malope	–	–	–	–	–	–	–	–	296 424
PM Surgey	320 100	–	214 300	73 500	–	101 100	101 100	810 100	765 250
	4 295 000	899 900	324 700	220 500	457 700	492 300	400 500	7 090 600	6 659 151

Directors' fees are shown excluding VAT where applicable. (2017 including VAT where applicable).

¹ Fee includes participation in board meetings and sub-committee meetings.

² J John took over the chairman role of the audit committee from RC Andersen with effect 2 February 2018 and replaced RC Andersen as ex officio member of the risk and sustainability committee. RC Andersen remained a member of the audit committee.

Proposed fees for 2019

The proposed fees for 2019 are set out on [83](#). After considering recommendations from management, the board has proposed a 6% increase to non-executive director fees and committee fees. No increase has been proposed for the chairman's fee for 2019.

Social, ethics and transformation committee report

for the year ended 30 September 2018

I am pleased to present the social and ethics report on behalf of the social, ethics and transformation committee and confirm that the committee discharged all its responsibilities and carried out all the functions assigned to it in terms of regulation 43 made under the Companies Act, and as contained in the committee's charter.

RESPONSIBILITIES

In executing its social and ethics responsibilities, the committee considered and monitored Nampak's activities, having regard to human rights, relevant legislation and prevailing best practice, in matters relating to:

- good corporate citizenship, with a focus on corporate social investment and enterprise development
- consumer and customer relationships
- health and safety
- the environment, with the assistance of the risk and sustainability committee
- socio-economic development, ethics and transformation

REPORT ON RESPONSIBILITIES

Good corporate citizenship – focusing on corporate social investment and enterprise development

The main focus of Nampak's corporate social investment for many years has been education and the partnership we have with seven carefully selected schools, is now in its sixteenth year. These schools have produced a number of outstanding students, many of whom have gone on to obtain Nampak bursaries and subsequently were employed within the group.

As the largest packaging company in Africa, we acknowledge the important role we have to play in environmental education and we continue to sponsor the Eco Schools programme, which has been in operation for many years.

Enterprise development is important in assisting small and medium size businesses to play a meaningful role in the economy.

We continued our support of a number of enterprise development initiatives during 2018, including Tin Pac packaging, Last Drop Juice and Vukani MaNtuli.

Consumer and customer relationships

The committee reviewed performance against customer and consumer legislation and regulations and recorded that there were no material breaches. We are pleased to note that the majority of our manufacturing sites continued to hold quality certifications, including those relating to food safety standards. Many of our operations are subject to regular audits by our customers.

Health, safety and the environment

The committee acknowledges the importance of health and safety in the workplace and monitors performance against safety tolerance levels. We are pleased that the lost-time injury frequency rate (LTIFR) continued to improve and was 0.27 in 2018 compared to 0.41 in 2017, 0.48 in 2016 and 0.89 in 2015. Individual incentive bonus payments are linked to safety targets. OHSAS 18000 certification or other safety standards have been achieved by 18 sites in the group.

Refer to the full sustainability report on our website, www.nampak.com for more details of activities with an impact on the environment, which were considered by the risk and sustainability committee.

Ethics

The committee ensures oversight of employment relationships, organised labour and the International Labour Organisation Protocol on decent work and working conditions.

Nampak is committed to promoting equal opportunities and fair employment practices across its business.

Our code of conduct and business ethics was recently revised to meet current conditions and forms the basis of ethical behaviour in the group and sets the minimum standards expected of all directors and employees, regardless of the country in which they are employed. These individuals are obligated under the code to act with honesty and integrity and to maintain the highest ethical standards. Tip-Offs Anonymous, which is independently administered, allows callers to confidentially report any violations of Nampak's policies and procedures. The committee exercises ongoing oversight over the management of calls received. A total of 45 (29 in 2017) reports were received in 2018, which resulted in 15 (12 in 2017) disciplinary hearings and five (four in 2017) dismissals.

As a result of these reports 38 (41 in 2017) forensic reviews were conducted in addition to investigations. The reviews resulted in 23 (10 in 2017) disciplinary hearings which led to 12 (six in 2017) dismissals. The remaining reviews did not reveal substantiated evidence of misconduct or irregularities.

No human rights violations were reported during the year, nor were any material incidents of corruption detected or reported.

The committee considered and is satisfied with the progress in monitoring Nampak's compliance with its code of conduct and business ethics, the 10 principles of the United Nations Global Compact as well as the Organisation for Economic Co-operation and Development's recommendations regarding corruption. The committee also considered local jurisdictional issues and is satisfied that there was compliance in all respects. The committee is pleased to report that there were no reportable offences during the year.

Transformation

Nampak is fully committed to transformation. The committee monitors the company's performance against its broad-based black economic empowerment (B-BBEE) targets in each category on the scorecard. We retained our level 6 contributor status in 2018 and we continue to focus on improving our contribution towards B-BBEE.

Although recruitment has generally been in the right direction it has not been possible to advance employment equity as fast as we would have preferred. This remains a key focus area.

The full sustainability report is available on our website, www.nampak.com.



PM Madi
Chairman of the social, ethics and transformation committee

16 November 2018

Notice of annual general meeting

Nampak Limited

(Nampak or the company)

Incorporated in the Republic of South Africa

Registration number: 1968/008070/06

Share code: NPK ISIN: ZAE000071676

Notice is hereby given that the 51st annual general meeting of Nampak Limited shareholders will be held on Tuesday, 5 February 2019 at 14:00 at The Forum at The Campus, Wanderers building, 57 Sloane Street, Bryanston, 2021, South Africa.

The holders of Nampak Limited shares (the shareholders) and any persons who are not shareholders but who are entitled to exercise any voting rights in relation to the resolutions to be proposed at the meeting as at the record date of Friday, 25 January 2019, (collectively the holders or you), are entitled to participate in and vote at the annual general meeting in person or by proxy/ies.

The board of directors of Nampak Limited (the board) has determined, in accordance with section 59 of the Companies Act, No. 71 of 2008 (the Companies Act), that the record date for purposes of determining which shareholders are entitled to receive this notice is Friday, 7 December 2018. The record date for persons to be recorded as shareholders in the securities register of the company in order to be able to attend, participate and vote at the annual general meeting, is Friday, 25 January 2019. Accordingly, the last date to trade in order to be registered in the company's securities register is Tuesday, 22 January 2019.

This document is available in English only. Your attention is drawn to the notes at the end of this notice, which contain important information with regard to participation in the annual general meeting.

The purpose of the annual general meeting is for you to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the company's Memorandum of Incorporation (MOI) and the Companies Act, as read with the Listings Requirements of the stock exchange operated by JSE Limited (the JSE) (the Listings Requirements):

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS AND SOCIAL AND ETHICS REPORT

1. Annual financial statements

The consolidated audited annual financial statements of the company and of the Nampak Group, for the financial year ended 30 September 2018, together with the directors' report, the audit committee report and the report from the external auditors, are available and can be obtained from the Nampak website at www.nampak.com. Summarised annual financial statements are included with this notice of annual general meeting; and

2. Social and ethics report

The social and ethics report of the social, ethics and transformation committee for the financial year ended 30 September 2018, as required in terms of regulation 43(5)(c) of the Companies Regulations, 2011 (the Regulations) is set out on 81 of the integrated report.

ORDINARY RESOLUTIONS

Ordinary resolutions, save to the extent expressly provided in respect of a particular matter contemplated in the Listings Requirements or MOI, shall be adopted with the support of more than 50% of the voting rights exercised on the resolution by those persons present at the meeting.

3. Election of retiring directors

Mr RC Andersen, Prof PM Madi and Ms NV Lila are the directors who are required to retire as directors of the

company in terms of clause 29.1 of the MOI. Mr Andersen and Prof Madi have decided not to avail themselves for re-election due to their tenure on the board.

The holders are required to vote on the election, by way of a separate vote, for the following director who is required to retire as director of the company in terms of clause 29.1 of the MOI, and who is eligible and available for re-election, and therefore the holders are required to:

3.1 Ordinary resolution number 1 – re-election of NV Lila

“RESOLVE THAT NV Lila be and is hereby re-elected as director of the company.”

The nominations committee has recommended the eligibility of the director after due consideration of *inter alia*, past performance and contributions made. It is the board's view that the re-election of the director referred to above would enable the company to reliably maintain a mixture of diversity, experience and skills relevant to the company and enable the company to maintain a balance of executive, non-executive and independent directors on the board.

A brief biography of the aforementioned director is included on 63 of the integrated report, distributed with this notice.

4. Ordinary resolution number 2 – appointment of external auditors

The holders are required to vote on the appointment of Deloitte & Touche to act as the company's independent external auditor until the end of the next annual general meeting.

The audit committee has concluded that the appointment of Deloitte & Touche will comply with the requirements of the Companies Act and the Regulations, and accordingly nominates Deloitte & Touche for re-appointment as external auditor of the company.

The auditor will be re-appointed automatically without any resolution being passed if none of the circumstances set out in section 90(6) of the Companies Act apply as at the date of the annual general meeting.

5. Appointment of members of the audit committee

The holders are required to vote on the election, each by way of a separate vote, of the members of the audit committee of the company, and therefore the holders are required to:

5.1 Ordinary resolution number 3 – appointment of J John

“RESOLVE THAT J John be and is hereby elected as member of the audit committee of the company to hold office until the end of the next annual general meeting;”

5.2 Ordinary resolution number 4 – appointment of IN Mkhari

“RESOLVE THAT IN Mkhari be and is hereby elected as member of the audit committee of the company to hold office until the end of the next annual general meeting”; and

5.3 Ordinary resolution number 5 – appointment of NV Lila

“RESOLVE THAT NV Lila be and is hereby elected as member of the audit committee of the company (subject to her being re-elected as director in terms of ordinary resolution number 1) to hold office until the end of the next annual general meeting.”

At the date of this notice, there are no vacancies on the audit committee.

The board has reviewed the proposed composition of the audit committee against the requirements of the Companies Act and the Regulations¹, and has confirmed that the proposed audit committee will comply with the relevant requirements, and has the necessary knowledge, skills and experience to enable the audit committee to perform its duties in terms of the Companies Act. The board recommends the election by holders of the directors listed above as members of the audit committee, to hold office until the end of the next annual general meeting.

Brief biographies of the aforementioned directors are included on 62 and 63 of the integrated report, distributed with this notice.

NON-BINDING ADVISORY VOTES

The holders are required to consider and vote on the resolutions set out below, in the manner required by the Report on Corporate Governance for South Africa 2016 (King IVTM), as read with the Listings Requirements and therefore the holders are required to:

6. Remuneration policy of the company

"ENDORSE on an advisory basis the company's remuneration policy (excluding the remuneration of the non-executive

directors for their services as directors and members of board committees and the audit committee) as set out on 70 to 73 of the company's integrated report for the year ended 30 September 2018"; and

7. Implementation report of the company's remuneration policy

"ENDORSE on an advisory basis the implementation report of the company's remuneration policy as set out on 74 to 79 of the company's integrated report for the year ended 30 September 2018."

Reason for advisory endorsement

In terms of King IVTM and the Listings Requirements, advisory votes should be obtained from the shareholders on the company's remuneration policy and implementation report. The votes allow shareholders to express their views on the remuneration policy adopted and the extent of the implementation of the company's remuneration policy, but is not binding on the company.

SPECIAL RESOLUTIONS

Special resolutions shall be adopted with the support of at least 75% of the voting rights exercised on the resolution of those persons present at the meeting. The holders are required to:

8. Special resolution number 1 – approval of non-executive directors' remuneration

"RESOLVE THAT for the period commencing 1 October 2018 until this resolution is specifically replaced, the remuneration payable to non-executive directors of the company for their services as directors is as follows:

Board/committee (note 1)	Proposed fees Represents a rounded off 6% increase from the prior year and are exclusive of VAT ²	
	Base fee per annum (rand)	Fee per meeting for attendance (rand)
Non-executive chairman (note 2)	1 870 000	n/a
Non-executive director	195 400	20 600
Audit committee chairman	177 300	42 300
Audit committee member	105 700	19 100
Chairman of other board committees	176 300	17 000
Member of other board committees	87 500	9 900

¹ There are currently 6 (six) board committees (the audit, nominations, remuneration, risk and sustainability, social, ethics and transformation and investment committees). The investment committee is an ad hoc committee which only meets when required. It is envisaged that the number of board committees will be reduced in the near future.

² Single fee for the role of non-executive chairman and participation in any board committee meetings, as member or chairman. No increase to the chairman's fee is proposed for 2019.

Reason and effect of special resolution number 1

In terms of section 65(1)(h) of the Companies Act, read with sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the holders within the previous 2 (two) years, and only if this is not prohibited in terms of the MOI.

The proposed remuneration payable to non-executive directors is based on best practice and aimed at ensuring fair and competitive remuneration. It is important for the company to attract and retain directors with the relevant experience and skills to effectively lead to the company.

9. Special resolution number 2 – amendment of clause 29.1 of the MOI of the company

"RESOLVE THAT clause 29.1 of the MOI of the company be amended as follows in accordance with section 16(5)(b)(ii) and (iii) of the Companies Act, with effect from the date of the filing of the notice of amendment with the Companies and Intellectual Property Commission:

'29.1. A retiring director shall act as a director throughout the meeting at which he retires. 1/3 (one third) of the directors (excluding the chief executive officer, ~~and~~ the chief financial officer ~~and any other executive director~~), or if their number is not a multiple of 3 (three), then the number nearest to, but not

¹ Sections 94(4) and 94(5) of the Companies Act read with Regulation 42.

Notice of annual general meeting continued

less than 1/3 (one third), shall retire from office at each annual general meeting. If, at the date of any annual general meeting, any non-executive director will have held office for a period in excess of ~~3 (three)~~ 9 (nine) years or longer since his/her last election or appointment, he/she shall retire at such annual general meeting, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. The directors so to retire at each annual general meeting shall be those who have been longest in office since their last election, for which purposes the length of time a director has been in office shall be computed from the date of his last election. As between directors of equal tenure, the directors shall, in the absence of agreement, be selected from amongst them ~~by lot~~ in alphabetical order."

Reason and effect of special resolution number 2

Special resolution number 2 is proposed for the following reasons:

- (i) By virtue of executive directors being employed by the company and being subject to open ended employment contracts. This is inconsistent with the requirement for executive directors to retire by rotation together with non-executive directors. The effect of the current wording of clause 29.1 is the executive director, human resources, is required to retire by rotation but neither the chief executive officer nor the chief financial officer are required to retire by rotation. The amendment will ensure that all executive directors are treated equally by excluding all executive directors from the requirement to retire by rotation; and
- (ii) In order to align the company's governance practices to international best practice and generally accepted good corporate governance, which mostly suggests that the maximum tenure for a non-executive director to be considered independent is between 9 (nine) and 12 (twelve) years, and for reasons outlined in (i) above regarding differentiating between executive and non-executive directors, the requirement that directors retire at an annual general meeting after serving on the board for a maximum period of 3 (three) years since the date of such director's last election/appointment, should be amended to ensure that non-executive directors are only required to retire after a maximum period of 9 (nine) years.

The effect of special resolution number 2 will be that executive directors will not be required to retire by rotation in terms of the company's MOI, and that only non-executive directors having served on the board for 9 (nine) years or longer since their last election or appointment, shall be required to retire at an annual general meeting, either as one of the 1/3 (one third) of directors to retire or additionally thereto.

10. Special resolution number 3 – general authority to repurchase company shares

"TO AUTHORISE the board, as it in its discretion deems fit, but subject to compliance with the MOI, section 48 of the Companies Act and the Listings Requirements applicable to the company, to approve the general repurchase by the company or purchase by any of its subsidiaries, (Repurchase) of any of the company's ordinary shares provided that:

- (i) the number of shares acquired in any one financial year shall not exceed 10% (ten per cent) of the shares in issue in the applicable class at the date on which this resolution is passed;

- (ii) a decision by the board involving the repurchase of more than 5% (five per cent) of the issued shares of any class will be subject to the requirements of sections 114 and 115 of the Companies Act;
- (iii) no voting rights attached to the company's shares repurchased by a subsidiary of the company may be exercised while shares are held by that subsidiary, whilst it remains a subsidiary of the company;
- (iv) this authority shall lapse on the earlier of the date of the next annual general meeting of the company or the date 15 (fifteen) months after the date on which this special resolution is passed;
- (v) any repurchase may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the repurchase transaction is effected;
- (vi) the repurchase of shares may not be effected during a prohibited period, unless such repurchase is done in accordance with the Listings Requirements;
- (vii) the repurchase must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- (viii) such details as may be required in terms of the Listings Requirements are announced when the company or its subsidiaries have repurchased an aggregate of 3% (three per cent) of shares in issue at the time the authority is given;
- (ix) at any point in time, the company may only appoint one agent to effect any repurchase(s) on its behalf;
- (x) the board, by resolution, has authorised the repurchase and acknowledged that it has applied the solvency and liquidity test and reasonably concluded that the company and its subsidiaries will satisfy the solvency and liquidity test immediately after the repurchase and subject to the board reconsidering the solvency and liquidity test at the time of any repurchase and that since the test was performed there have been no material changes to the financial position of the group; and
- (xi) the general authority granted to the board may be varied or revoked, by special resolution, at any time prior to the next annual general meeting of the company."

Reason and effect of special resolution number 3

In terms of paragraph 5.72(c) of the Listings Requirements, a special resolution is required to approve a general repurchase by the company of its securities. In terms of the Companies Act, the board must make a determination to acquire its shares only if it reasonably appears that the company will satisfy the solvency and liquidity test immediately after completing the proposed acquisition.

The reason and effect for special resolution number 3 is to grant the company a general authority to allow it or any of its subsidiaries, if the board of the company deems it appropriate in the interests of the company, to acquire, through purchase on the JSE, ordinary shares up to a maximum of 10% (ten per cent) issued by the company subject to the restrictions contained in the above special resolution.

This general authority to acquire the company's shares replaces the general authority granted at the annual general meeting of the company held on 1 February 2018.

Statement of intent

This authority will only be used if the circumstances are appropriate and ordinary shares will be purchased on the JSE.

The directors, after considering the effect of such general repurchase, are of the opinion that if such repurchase is implemented:

- (i) the company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 (twelve) months after the date of this notice;
- (ii) recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the company and that of its subsidiaries will exceed the liabilities of the company and its subsidiaries for a period of 12 (twelve) months after the date of this notice;
- (iii) the ordinary capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 (twelve) months after the date of this notice;
- (iv) the working capital of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 (twelve) months after the date of this notice; and
- (v) a resolution being passed by the board that it authorised the repurchase of shares, that the company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the company.

For the purpose of considering special resolution number 3 and in compliance with paragraph 11.26 of the Listings Requirements, the following general information is included in the annual financial statements and integrated report:

- (i) Directors and management (62 to 65) of the annual integrated report;
- (ii) Major shareholders as at 30 September 2018 (84) of the annual financial statements;
- (iii) There have been no material changes in the financial or trading position of the company between the date of publication of the financial results for the financial year ended 30 September 2018 and the date of this notice;
- (iv) Directors' interests in securities (16) of the annual financial statements;
- (v) Share capital of the company as at 30 September 2018 (13) of the annual financial statements;
- (vi) The company is not party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on 62 and 63 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information relating to this special resolution and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this special resolution contains all information required by law and the Listings Requirements.

11. Special resolution number 4 – company acquiring the company's shares from a director or prescribed officer

"RESOLVE THAT, when any general repurchase by the company of its shares takes place in accordance with special resolution number 3, the board is authorised, as required by section 48(8)(a) of the Companies Act, to approve the

purchase by the company of its issued shares from a director and/or a prescribed officer of the company, and/or person related to a director or prescribed officer of the company, subject to the provisions of the MOI, the Companies Act, and the Listings Requirements."

Reason and effect of special resolution number 4

This resolution is proposed in order to enable the board, from the date of passing of this special resolution until the date of the next annual general meeting of the company, (such resolution not to be valid for a period greater than 15 (fifteen) months from the date of the passing of this special resolution), to approve the acquisition by the company of its shares from a director and/or a prescribed officer of the company, and/or a person related to any of them when a general repurchase by the company of the company's shares takes place in accordance with special resolution number 3.

Section 48(8)(a) of the Companies Act provides, amongst others, that a decision by the board to acquire shares of the company from a director or prescribed officer of the company, or a person related to a director or prescribed officer of the company, must be approved by a special resolution of the shareholders of the company. When a general repurchase by the company of the company's shares takes place in accordance with special resolution number 3, the company may inadvertently acquire shares from a director and/or a prescribed officer of the company, and/or a person related to a director or prescribed officer of the company and such repurchase must, in terms of the Companies Act, be approved by a special resolution of the shareholders.

In terms of the Companies Act, the board must make a determination for the company to acquire securities issued by the company only if it reasonably appears that the company will satisfy the solvency and liquidity test immediately after completing the proposed acquisition.

The board has no specific intention of acquiring shares from a director and/or a prescribed officer of the company, and/or any person related to them. The authority is intended to provide for instances where shares are inadvertently acquired from directors and/or prescribed officers and/or persons related to any of them during the execution of a general share repurchase programme in accordance with the authority provided for in special resolution number 3 above.

By order of the board



IH van Lochem

Company secretary

14 December 2018

Nampak Limited

Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, Sandton, 2191
Republic of South Africa

Notes to the notice of annual general meeting

IDENTIFICATION, VOTING AND PROXIES

1. Shareholders holding dematerialised shares in their own name, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and lodge it with the share registrar, being Computershare Investor Services (Pty) Ltd, whose details are contained on the inside back cover.
2. In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out below:
 - (i) A shareholder entitled to attend and vote at the annual general meeting may appoint one or more individuals, who need not be shareholders of the company, concurrently as proxies and may appoint more than one proxy to attend, participate in and exercise voting rights attached to different securities held by such shareholder.
 - (ii) A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid until the end of the meeting.
 - (iii) A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
 - (iv) The appointment of a proxy is suspended at any time, and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
 - (v) The appointment of a proxy is revocable by the shareholder in question cancelling it in writing and delivering a copy of the revocation instrument to the proxy and to the company before the proxy exercises any rights of the shareholder at the annual general meeting on Tuesday, 5 February 2019 at 14:00 or any adjournment thereof. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of: (a) the date stated in the revocation instrument, if any and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
 - (vi) If the instrument appointing the proxy has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the company to the shareholder, must be delivered by the company to: (a) the shareholder or (b) the proxy, if the shareholder has: (i) directed the company to do so in writing and (ii) paid any reasonable fee charged by the company for doing so.
 - (vii) Attention is also drawn to the notes to the form of proxy. The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.
3. In terms of section 63(1) of the Companies Act, before any person attends or participates in the annual general meeting, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate in and vote (whether as a shareholder or as a proxy) has been reasonably verified. Without limiting the generality hereof, the company will accept a valid South African identity document, a valid driver's licence or a valid passport as satisfactory identification.
4. In accordance with the MOI, voting shall be by ballot only.
5. Shareholders holding dematerialised shares, but not in their own name, must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with the agreed default position or your most recent mandate furnished to it.

6. If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you.
7. If you have disposed of all of your Nampak securities, this document should be handed to the purchaser of such securities or to the broker, CSDP, banker, attorney, accountant or other person through whom the disposal was effected.
8. If you are in any doubt as to what action you should take arising from this document, please immediately consult your broker, CSDP, banker, attorney, accountant or other appropriate professional adviser.
9. Registration for those attending the meeting physically will be available from two hours before the meeting and we request that you or your proxy/ies register by not later than 15 minutes before the start of the annual general meeting.
10. The company does not accept responsibility and will not be liable for any failure on the part of the broker, CSD participant, banker, attorney, accountant or other appropriate professional adviser of any holder of dematerialised securities to notify the holder thereof of the contents of this document.

ELECTRONIC COMMUNICATION

1. In accordance with sections 61(10) and 63(3) of the Companies Act, you or your proxy/ies, may participate in the annual general meeting by electronic means. Teleconference facilities will be available for this purpose, and may be accessed at your cost, for the duration of the annual general meeting, subject to the arrangements in respect of identification and practicality as referred to below:
 - (i) In order for Nampak to arrange teleconferencing, holders must deliver written notice to Computershare Investor Services (Pty) Ltd by 9:00 on Friday, 1 February 2019 to indicate that they wish to participate by means of electronic communication at the annual general meeting.
 - (ii) The written notice referred to above must contain:
 - a certified copy of your or your proxy's/ies' South African identity document/s or passport if you or your proxy/ies is an individual;
 - a certified copy of a resolution or letter of representation/proxy given by you if you are a company or other juristic person and a certified copy of the identity documents or passports of the persons who passed the relevant resolution. The authorising resolution must set out who is authorised to represent you at the annual general meeting by means of teleconference facilities if you are a company or other juristic person; and
 - your valid e-mail address and/or facsimile number and/or telephone number.
 - (iii) The company shall notify you, if you have delivered a valid written notice, by no later than 24 (twenty four) hours before the annual general meeting of the relevant dial-in details as well as the passcode through which you or your proxy/ies can participate via the teleconference facilities and of the process for participation.
2. Voting while participating in the annual general meeting by way of electronic communication, will not be possible via electronic facilities and shareholders wishing to vote their shares will need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in the notice of the meeting.
3. Should you or your proxy/ies wish to participate in the annual general meeting by way of electronic communication as aforesaid, you or your proxy/ies, will be required to dial in with the details provided by the company as referred to above by not later than 15 minutes prior to the commencement of the annual general meeting, during which time registration will take place.

Form of proxy

For the 51st annual general meeting

Nampak Limited

(Nampak or the company)
Incorporated in the Republic of South Africa
Registration number: 1968/008070/06
Share code: NPK ISIN: ZAE000071676

Shareholders are advised that the company has appointed Computershare Investor Services (Pty) Ltd as its proxy solicitation agent. If you are a Nampak shareholder entitled to attend and vote at the annual general meeting you can appoint a proxy to attend, participate in, speak and vote in your stead. You must complete and return this form of proxy, in accordance with the instructions contained herein, to Computershare Investor Services (Pty) Ltd, to be received by them on or before 10:00 on Friday, 1 February 2019 or alternatively the form of proxy can be handed in before the relevant resolution on which the proxy is to vote, is considered at the annual general meeting.

If you are a Nampak shareholder and have dematerialised your share certificate through a CSDP (and have **not** selected "own name" registration in the sub-register maintained by a CSDP), **do not** complete this form of proxy but instruct your CSDP to issue you with the necessary letter of representation to attend the annual general meeting, or if you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with them.

I/We _____ (Full names in BLOCK LETTERS please)

of (address) _____

telephone (work) _____ (home) _____ cellphone number _____

email address _____ being the holder(s) of _____ shares in the company, hereby appoint (see note 2):

1. _____ or failing him/her _____

2. the chairman of the meeting as my/our proxy to attend, participate in and speak and, on a poll, to vote or abstain from voting on my/our behalf at the annual general meeting of the company to be held at The Forum at The Campus, Wanderers building, 57 Sloane Street, Bryanston, 2021, South Africa on Tuesday, 5 February 2019 at 14:00 or at any adjournment thereof as follows:

Insert an "x" or the number of voting rights held in the company (see note 2)

		Number of voting rights:		
		For	Against	Abstain
3.	To elect, by way of separate vote, the following directors retiring in terms of clause 29.1 of the MOI:			
3.1	NV Lila			
4	To appoint Deloitte & Touche to act as independent auditor of the company until the end of the next annual general meeting			
5.	To elect, by way of separate vote, each of the members of the audit committee:			
5.1	J John			
5.2	IN Mkhari			
5.3	NV Lila			
5.	To endorse, on a non-binding advisory basis, the company's remuneration policy			
7.	To endorse, on a non-binding advisory basis, the implementation report of the company's remuneration policy			
8.	Special resolution number 1: to approve the remuneration payable to the non-executive directors			
9.	Special resolution number 2: to amend clause 29.1 of the MOI of the company			
10.	Special resolution number 3: to authorise the board to approve the general repurchase of the company's ordinary shares			
11.	Special resolution number 4: to approve the purchase by the company of its issued shares from a director and/or prescribed officer, in the event it conducts a general repurchase of the company's shares			

My/our proxy/ies may (subject to any restriction set out herein)/may not delegate the proxy/ies authority to act on behalf of me/us to another person (delete as appropriate). This form of proxy will lapse and cease to be of force and effect immediately after the annual general meeting of the company to be held at The Forum at The Campus, Wanderers building, 57 Sloane Street, Bryanston, 2021, South Africa on Tuesday, 5 February 2019 at 14:00 or any adjournment(s) thereof, unless it is revoked earlier.

Signed at _____ on _____ 20____

Signature _____

To be lodged with:

Computershare Investor Services (Pty) Ltd
PO Box 61051 Marshalltown 2107
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Shareholder hotline:

For assistance with annual general meeting queries and forms of proxy:
Telephone +27 11 373 0033
Smart number +27 80 000 6497
Email web.queries@computershare.co.za

Notes to form of proxy

1. Each holder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, participate in, speak and vote or abstain from voting in place of that holder at the meeting.
2. A holder may insert the name of a proxy, or alternative proxies of the holder's choice in the space provided, with or without deleting the words "the chairman of the meeting." Any such deletion must be initialled by the holder. The person whose name appears first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A holder's instructions to the proxy must be indicated by the insertion of an "X" or the insertion of the relevant percentage of voting rights exercisable by that holder in the appropriate space provided. If you fail to comply with the above, you would be deemed to have authorised the proxy to vote or abstain from voting at the meeting, as he deems fit, in respect of all the holder's voting rights exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution.
4. A holder or his proxy is not obliged to use all the voting rights exercisable by the holder or by his proxy, but the total of the voting rights cast and in respect whereof abstention is recorded, may not exceed the total of the voting rights exercisable by the holder or by his proxy.
5. A holder's authorisation to the proxy, including the chairman of the meeting, to vote on his or her behalf, shall be deemed to include the authority to vote on procedural matters at the meeting.
6. The completion and lodging of this form of proxy will not preclude the holder from attending, participating in, and voting in person at the meeting to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so.
7. In case of joint holders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the company's register of shareholders in respect of the joint holding.
8. Proxy appointments must be in writing, dated and signed by the holder. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy. Without limiting the generality hereof, the company will accept a valid identity document, a valid driver's licence or a valid passport as satisfactory identification.
9. Any alteration or correction to this form of proxy must be initialled by the signatory/ies.
10. A holder may revoke the proxy appointment by cancelling it in writing and delivering a copy of the revocation instrument to the proxy/ies and to the company, to be received before the proxy exercises any rights of the holder at the annual general meeting on Tuesday, 5 February 2019 at 14:00 or adjournment thereof.
11. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's/proxies' authority to act on behalf of the shareholder as of the later of (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument was delivered as required in note 10 above.
12. Please note that the reason why holders are asked to send in their form of proxy before the meeting is because the scrutineers must consider each proxy to determine whether it is validly given and whether the voting rights have been correctly inserted. Significant delays could be caused at the annual general meeting if these checks have to be carried out by the scrutineers while the annual general meeting is in progress.
13. Forms of proxy must be dated and signed and submitted to a representative of Computershare Investor Services (Pty) Ltd by no later than 10:00 on Friday, 1 February 2019, or may be presented to a representative of Computershare Investor Services (Pty) Ltd at The Forum at The Campus, Wanderers building, 57 Sloane Street, Bryanston, 2021, South Africa on Tuesday, 5 February 2019 or can be handed in before the relevant resolution on which the proxy is to vote, is considered at the annual general meeting.

Shareholders' diary

Annual general meeting
Interim statement and ordinary dividend announcement for the half-year ending 31 March 2019
Group results and ordinary dividend announcement for the year ending 30 September 2019

Tuesday, 5 February 2019
May 2019
November 2019

DIVIDEND

Ordinary

Final dividend for the year ended 30 September 2018
Interim dividend for the half-year ending 31 March 2019

No dividend being paid
To be paid in July 2019 if payable

Preference

6.5% and 6% cumulative preference dividends

Payable twice per annum during February and August

Glossary of terms

B-BBEE	Broad-based black economic empowerment
CAGR	Compound annual growth rate
Capex	Capital expenditure
CDP	Formerly Carbon Disclosure Project
Cullet	Waste glass
CSD	Carbonated soft drinks
DBP	Deferred bonus plan
DEA	Department of Environmental Affairs
diti	Department of Trade and Industry
EBITDA	Earnings before interest, taxation, depreciation and amortisation
FABS	Flavoured alcoholic beverages
FMCG	Fast-moving consumer goods
FTSE/Russell ESG	FTSE Russell Environmental Social & Governance
GDP	Gross domestic product
GEC	Group executive committee
HDPE	High-density polyethylene
HEPS	Headline earnings per share
HRD	Human resources director
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IOM	Isle of Man
ISO	International Organisation for Standardisation
LTI	Long-term incentive
LTIFR	Lost-time injury frequency rate. It refers to the rate of occurrence of workplace incidents that result in an employee's inability to work the next full work shift. It refers to the number of such injuries that occur within a given period relative to the total number of hours worked in the same accounting period
MTI	Medium-term incentive
NAFEX	Nigerian Autonomous Foreign Exchange market
OHSAS	Occupational Health and Safety Assessment Series

PET	Polyethylene terephthalate
Preforms	Test-tube shaped containers with thick walls, blow-moulded on customers' sites
PRMA	Post-retirement medical aid
PRO	Producer responsibility organisations
PSP	Performance share plan
R&D	Research and development
ROE	Return on equity
RONA	Return on net assets
rPET	Recycled PET
SAP	Share appreciation plan
SKU	Stock keeping unit
STI	Short-term incentive
TGRC	The Glass Recycling Company

Corporate information

Auditors

Deloitte & Touche
Buildings 1 and 2, Deloitte Place
The Woodlands Office Park
Woodlands Drive
Woodmead, Sandton

Business address and registered office

Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, 2191, South Africa
PO Box 69983, Bryanston, 2021
Telephone +27 719 6300
Website www.nampak.com

Company secretary

Ilse van Lochem
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Investor relations

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Share registrar

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15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Telephone +27 11 370 5000
Telefax +27 11 370 5487

Sponsor

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64 Wierda Road East
Sandton, 2196, South Africa
PO Box 652863, Benmore, 2010
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Sustainability

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Forward-looking information – disclaimer

This report, together with Nampak's suite of annual reports published for the financial year ended 30 September 2018, are not reported financial results or historical information, but forward-looking statements. These statements are predictions of or indicate future events, prospects, objectives or plans. Examples of such forward-looking statements include, but are not limited to, statements regarding volume growth, increases in market share, exchange rate fluctuations, shareholder return and cost reductions. By their nature, forward-looking statements are inherently predictive, speculative and involve inherent risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. If one or more of these risk materialise, or should underlying assumptions prove incorrect, Nampak's actual results may differ materially from those anticipated. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: changes in economic or political conditions and changes to the associated legal, regulatory or tax environments; lower than expected performance of existing or new products and the impact thereof on the group's future revenue, cost structure and capital expenditure; skills shortage; changes in foreign exchange rates and a lack of market liquidity; increased competition, slower than expected customer growth and reduced customer retention; acquisitions and investments of group businesses and assets and the pursuit of new, unexpected strategic opportunities; the extent of any future write-downs or impairment charges on the group's assets; the impact of legal or other proceedings against the group; uncontrollable increases to legacy defined benefit liabilities and higher than expected costs or capital expenditures. When relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and Nampak does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.



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