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1969
2019



Nampak
packaging excellence

ANNUAL RESULTS 2019

NOVEMBER 2019



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STRATEGY OVERVIEW



AFRICA'S LONG-TERM POTENTIAL INTACT

Short-term volatility to be expected



PAN-AFRICAN PACKAGING LEADER

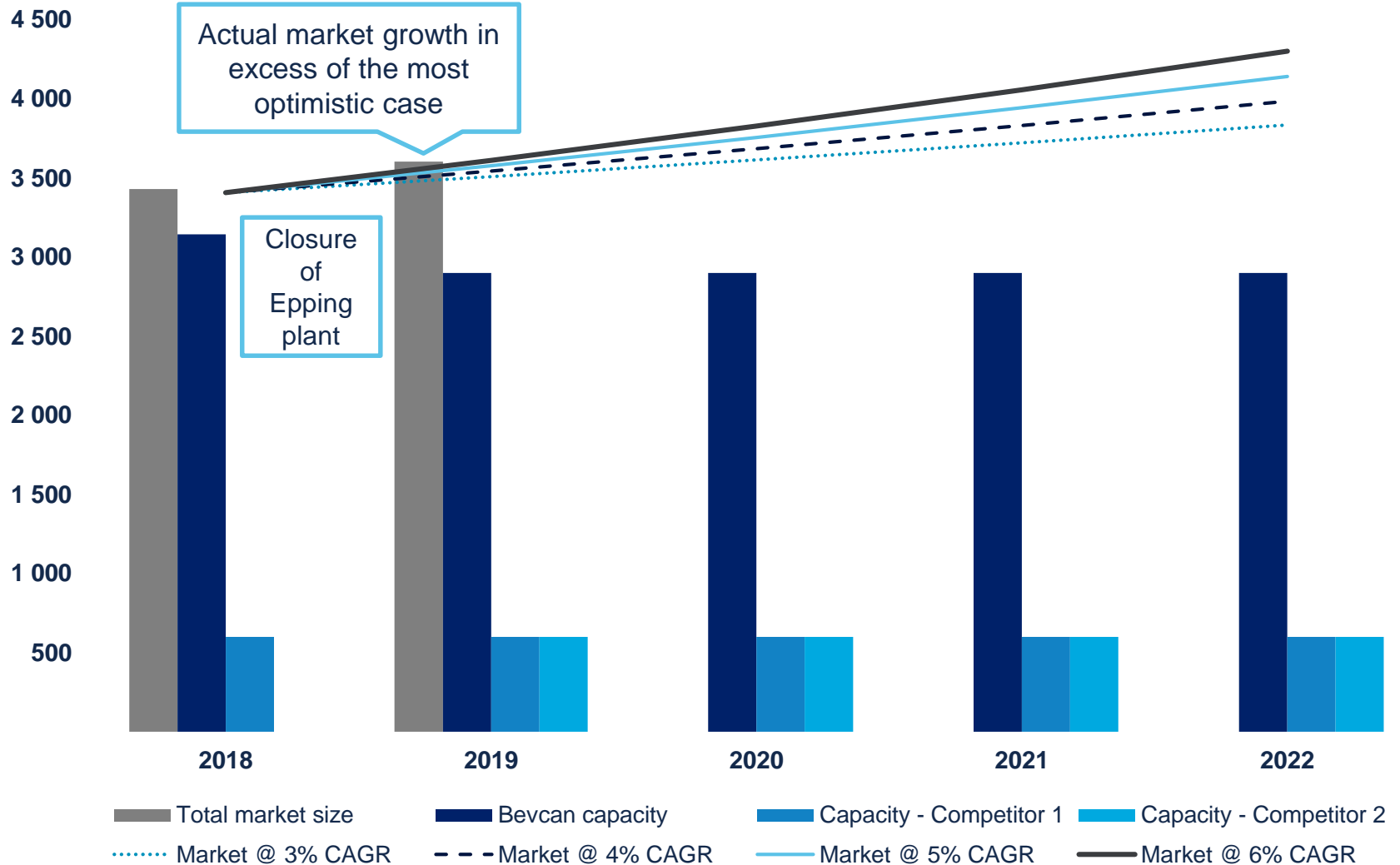
Strong positions – biggest beverage can producer in Africa

- › **Market leader in beverage cans in South Africa (#1)**
 - » Estimated market position at >80%
 - » Revenue and trading profit stable despite competition
 - » Operations excellence → improved line speeds
- › **Multi-line capability, experience, flexibility for customers, established relationships**
- › **Well capitalised and maintained asset base offers upside for future growth**
- › **24 manufacturing locations in South Africa**
- › **Operate in 11 African countries**
- › **Trading margin of 10.6% from continuing operation**
- › **Strong positions in Angola (#1) and Nigeria (joint #1)**
- › **18 manufacturing locations across Rest of Africa**
 - » Further investment in Nigerian food can line and L1 conversion



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MARKET GROWTH RAPIDLY ABSORBING EXCESS CAPACITY



CREATING VALUE

Delivering for all our stakeholders

- › **Strategic focus areas, in order of priority**
 - › Pay down debt, particularly USD denominated debt
 - › Buy back shares
 - › Resume a dividend
 - › Pursue high return projects
- › **Ambition – to be the best packaging company in Africa**
- › **Make Nampak the partner of choice for our customers**
- › **Build on our strong experience**
 - › Innovation
 - › R&D capabilities
 - › Strengthen relationships
- › **Deliver sustainable results**
 - › Deliver efficient growth
 - › Create value
 - › Build trust and credibility

HIGHLIGHTS

Steady progress

**Sale agreement for Glass, Nigeria
Cartons businesses concluded for**

R1.9bn

Proceeds expected in Q2 FY20,
used to reduce debt

**B-BBEE level 2
contributor**

- › Improved from level 6
- › Key competitive advantage
in South African business

**Normalised HEPS down 9%
to 158.3 cents per share**

**Normalised EPS down 17%
to 146.6 cents per share**

**Strong cash transfers from
Angola and Nigeria at**

R3.2bn

- › No liquidity constraints in Nigeria,
remaining cash balance in Angola
73% hedged
- › Shareholder value of R1.9bn
protected through hedge

- › **Turnover down 8%**
- › **Trading profit down 21%**
- › **Margin at 10.6%**

Portfolio optimisation continues

- › Plastics Europe
- › IBC business

OUR PRIORITIES

Creating value for shareholders through improved cash generation

TOTAL GROSS MARGIN

(Buy, Make and Sell better)

SUSTAINABILITY AND INNOVATION

CASH FIXED COSTS

(Operational excellence – Buy and Make better)

CAPITAL ALLOCATION

(Efficient capital allocation and portfolio optimisation)

SUSTAINABLE PROFITABILITY

Buy better, make better, sell better

INCREASE TOTAL GROSS MARGIN

- › Bevcan SA maintained >80% market share
- › Higher volumes in Nigeria
- › Cartons volume growth
- › Crates new contract
- › Operational efficiencies drive margin expansion
- › Spares and maintenance optimisation
- › New competitive suppliers identified

REDUCE CASH FIXED COSTS

- › Below inflation increases
- › Headcount reductions
 - › Bevcan Angola
 - › Plastics SA
 - › East Africa
- › Opportunities to further reduce overhead cost
- › R412m saving delivered
- › Programme ongoing to deliver further R240m over 18 months

PRUDENT CAPITAL ALLOCATION

- › Capital expenditure limited to R735m
- › Cash release of R203m delivered
- › Programme ongoing to deliver further R137m over 18 months
- › Portfolio optimisation process continues

SUSTAINABILITY AND INNOVATION

- › BEE level 2 achieved
- › More focused on renewable and recyclable substrates – launched water in aluminium cans and paper cartons
- › Light-weighting opportunities
- › Expanded the market for rPET bottles and exploring returnable PET bottles
- › Committed funds to the YES4Youth programme



COMPLETED

- › Nigeria cartons – €26 million (R440m)
- › Sale of Glass – R1.4 billion net of costs to sell
- › Sold intermediate bulk containers – R27m

**R1.9 BILLION PROCEEDS
AVAILABLE TO RETIRE
LONG-TERM DEBT**



WORK IN PROGRESS

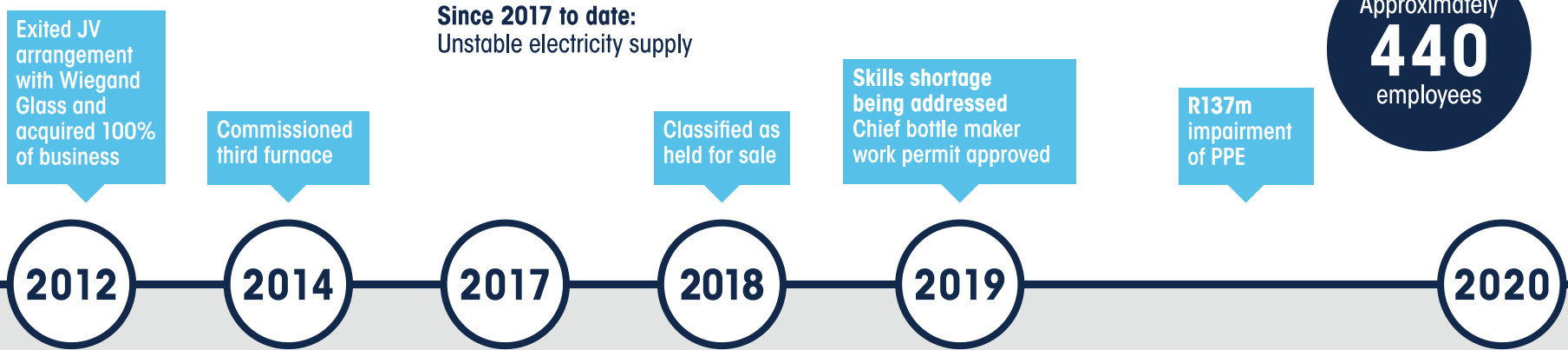
- › Plastics Europe
- › Tubes

**PORTFOLIO CONTINUOUSLY
SCRUTINISED TO DRIVE
SHAREHOLDER VALUE**

GLASS DISPOSED FOR R1.4 BILLION

Continued portfolio optimisation

OPERATION BASED IN ROODEKOP, GERMISTON



RATIONALE

- > Reduced profitability since exit from JV with Wiegand Glass (exit of critical skill at plant)
- > High capital expenditure requirements – recapitalisation every 10 years
- > High fixed energy costs (molten glass 24/7)
- > Furnace 1 rebuild required in 2021
 - » Capex of R350m – R500m, scope dependent
 - » Unlikely to meet WACC at current performance
 - » Injection of skill and capital required

STATUS OF DISPOSAL

December 2018
Submissions received from interested parties

January – February 2019
Offers reviewed and preferred bidder selected – Black South African owned company and large international corporation with significant glass expertise

March 2019
Exclusive negotiations with preferred bidder

April 2019
Bidder confirms full financing in place

September 2019
Glass transaction disposed for R1.4 billion to Isanti Glass 1, awaiting authorities' approvals

Merger approval filings submitted, decision expected by **March 2020**.

NIGERIA CARTONS BUSINESS SOLD FOR €26 MILLION

Continued portfolio optimisation

OPERATION BASED IN OYO STATE

Established in 2004 as a subsidiary of Nampak

Nampak awarded a 10-year exclusive supply contract to build a facility in Ibadan by key customer

Nampak commissioned a facility and commenced full production

2004

2008

2018

2019

2020

Approximately
200
employees

RATIONALE

> Risks to the business:

- » 10-year supply agreement ended in March 2018
- » 70% of turnover derived from key customer
- » Market growth limited due to the restrictions of gravure printing technology
- » Possibility of new entrant facilitated by customer

DISPOSAL ACTIVELY PURSUED AND CONCLUDED IN 2019

Late 2018
Nampak secured an extension of supply agreement

April 2019
100% of business sold to A&R of Germany for EV of €26 million (~R440m)

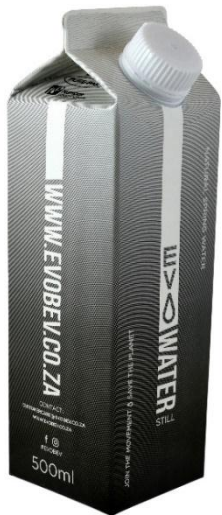
Awaiting approval from Nigerian competition authorities

Proceeds to be applied to reduce long term debt

› Sustainability at the heart of the business

› Innovative solutions to strengthen our solid market positions

- › Major progress on JV with large European liquid carton manufacturer to grow volumes in Africa
- › Returnable PET – major new market segment to minimise single-use plastics
- › New market segments to drive volume growth
 - Water in cartons
 - Water, wine and craft beer in cans
- › Export opportunities in RoA after termination of restrictive technical agreement
- › R&D is unique value-adding service supporting divisions





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**FINANCIAL &
OPERATIONAL
REVIEW**



RESULTS SUMMARY

continuing operations

Group revenue down 8%

R14.6bn

impacted by lower demand in Angola and hyperinflation in Zimbabwe

Trading profit down 21% to

R1.6bn

due to softer demand in Angola, Divfood, trading margin decline, Zimbabwe net forex loss and hyperinflation

Cash generated of

R1.1bn

before financing activities
up from R324m

R3.2bn cash

transferred from Angola and Nigeria pleasing with good liquidity and transfer rate of 123%

Operating profit down 84% to

R254m

adversely impacted by net devaluation loss of R1.0bn in Zimbabwe

RESULTS SUMMARY

continuing operations

Normalised EPS excluding net foreign exchange losses in Zimbabwe down 17% to 146.4 cents from 176.7 cents

EPS from continuing operations down 76% to 42.2 cents from 176.7 cents

Loss per share from total operations of 132.1 cents compared to earnings per share of 76.0 cents in prior year impacted by losses from discontinued operations

Normalised HEPS excluding net foreign exchange losses in Zimbabwe down 9% to 158.3 cents from 173.3 cents

HEPS from continuing operations down 69% to 54.1 cents from 173.3 cents

Headline loss per share from total operations of 19.4 cents compared to earnings per share of 151.4 cents in prior year impacted by losses from discontinued operations

GROUP REVENUE 2019 CONTINUING OPERATIONS

Good performance from Bevcan SA and Bevcan Nigeria

METALS

REVENUE

R10 620m

down 4%

TRADING PROFIT

R1 368m

down 21%

RIGIDS

REVENUE

R2 968m

down 13%

TRADING PROFIT

R209m

up 6%

PAPER

REVENUE

R1 054m

down 29%

TRADING PROFIT

R160m

down 30%

RESULTS IMPACTED BY REST OF AFRICA FOREX MOVEMENTS

Continuing operations

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STATEMENT OF COMPREHENSIVE INCOME

R million	2019	Restated 2018	% Δ
Revenue	14 642	15 963	(8)
Trading profit	1 558	1 968	(21)
Net abnormal losses	(267)	(393)	32
Net impact of devaluation in Zimbabwe	(1 037)	–	
Net foreign exchange losses in Zimbabwe operations	(1 945)	–	
Hyperinflation monetary gain in Zimbabwe	832	–	
Gain on recognition of Reserve Bank of Zimbabwe (RBZ) financial instrument	795	–	
Expected credit loss provision on RBZ financial instrument	(719)	–	
Operating profit	254	1 575	(84)
Net finance costs	(246)	(224)	(10)
Share of net profit from associates and joint venture	(2)	5	(>100)
Profit before tax	6	1 356	(100)
Tax expense	(396)	(139)	(>100)
(Loss)/profit for the year	(390)	1 217	(>100)
EPS (cents)	42.2	176.7	(76)
HEPS (cents)	54.1	173.3	(69)

- › Revenue down as a result of weak demand in Angola and hyperinflation impact in Zimbabwe partially offset by 9% weaker average ZAR/USD exchange rate
- › Trading profit down as result of lower volumes in Divfood and Angola as well as hyperinflation impact at Hunyani and CMB in Zimbabwe
- › Net abnormal losses excluding Zimbabwe down 32%. Forex losses of R214m in Angola have increased by 84% due to cash backed LC requirement and devaluation in kwanza
- › Hyperinflation gain due to translation of Zimbabwe non-monetary items to year end spot rate. Earnings translated at spot vs normal average rate due to hyperinflationary economy
- › Operating profit lower due to R1.0bn net impact of devaluation in Zimbabwe
- › Conservative 85% ECL taken on Zimbabwe financial instrument
- › Net finance costs up 10% primarily due to lower finance income due to requirement for cash backed LCs for all imports in Angola
- › Tax impacted by change in tax legislation in Angola in H2, limiting deduction of forex losses to 7%, impact of R438m in tax but no cash impact

OPERATING PROFIT SIGNIFICANTLY IMPACTED BY ZIMBABWE FOREX DEVALUATION

Continuing operations

NORMALISED STATEMENT OF COMPREHENSIVE INCOME

R million	Reported 2019	Zimbabwe adjustments	Normalised 2019	Restated 2018	% change
Revenue	14 642		14 642	15 963	(8)
Trading profit	1 558		1 558	1 968	(21)
Net abnormal losses	(267)		(267)	(393)	32
Operating profit before Zimbabwe impact	1 291	–	1 291	1 575	(18)
Net impact of devaluation in Zimbabwe	(1 037)	1 759	722	–	
Net foreign exchange losses in Zimbabwe operations	(1 945)	1 835	(110)	–	
Hyperinflation monetary gain in Zimbabwe	832	–	832	–	
Gain on recognition of Reserve Bank of Zimbabwe (RBZ) financial instrument	795	–	795	–	
Expected credit loss provision on RBZ financial instrument	(719)	(76)	(795)	–	
Operating profit	254	1 759	2 013	1 575	28
Net finance costs	(246)	–	(246)	(224)	
Share of net profit from associates and joint venture	(2)	–	(2)	5	
Profit before tax	6	1 759	1 765	1 356	30
Tax expense	(396)	(453)	(849)	(139)	
(Loss)/profit for the year	(390)	1 306	916	1 217	(25)
EPS (cents)	42.2	104.2	146.4	176.7	(17)
HEPS (cents)	54.1	104.2	158.3	173.3	(9)

HYPERINFLATION, RESERVE BANK OF ZIMBABWE AGREEMENT AND EXPECTED CREDIT LOSS

- › Under IAS 29 hyperinflation accounting results in the translation of the full Zimbabwe Group income statement on a hyperinflationary basis as well as all non-monetary items in the balance sheet
- › This took place effective 1 October 2018 and resulted in a total adjustment credit to the group income statement of R832m
- › In addition, under hyperinflation, income statement translation is at spot rather than average
- › Nampak Zimbabwe owes Nampak International Limited USD67 million which when translated and hyper-inflated results in a loss of R1.9bn
- › A financial hedge was secured through an agreement with the RBZ in terms of which the RBZ has contracted to repay NIL USD67m on a 1:1 basis to the US dollar in quarterly repayments of USD5.6m commencing on 31 March 2021. This agreement is classified as a financial instrument with a net present value of R795m at 30 September 2019.
- › A conservative expected credit loss provision of 85% has been raised against this financial instrument given the financial and economic conditions facing Zimbabwe at present.
- › A net gain of R76m has been recognised in the year.
- › IAS 21 precludes the USD67m funding from being classified as part of the net investment in the foreign operation with the associated net foreign exchange impacts being charged to profit or loss as opposed to being charged to other comprehensive income.
- › Net impact of devaluation in Zimbabwe for the year was R1.0bn

RECONCILIATION OF STATUTORY TO EFFECTIVE TAX RATE

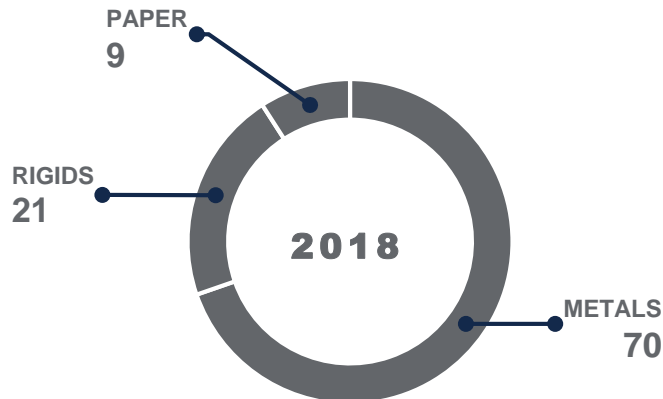
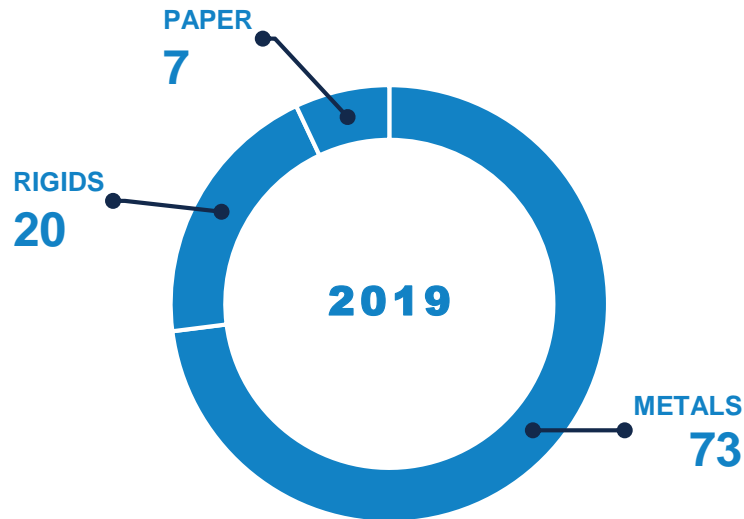
%	2019	2018
Statutory tax rate	28.0	28.0
Government incentives	(0.6)	(3.8)
Foreign tax rate differential	(13.9)	(8.6)
Withholding and other foreign taxes	6.2	4.3
Deferred tax asset raised	–	(9.3)
Prior year adjustments	(6.5)	(2.5)
Other	0.3	2.2
Effective tax rate before Angola and Zimbabwe impacts	13.5	10.3
Angolan losses not shielded during tax holiday	8.3	–
Angolan forex losses and tax losses capped	25.0	–
Effective tax rate before Zimbabwe impacts	46.8	10.3
Gain on loan receivable	2 477.9	–
Impairment of loan receivable	(2 738.9)	–
Foreign exchange losses in Zimbabwe	6 702.7	–
Effective group rate of tax	6 488.5	10.3

- › Tax rate before Angola and Zimbabwe tax impacts well managed at 13.5%
- › Tax rate increased due to interest charged to Angola during tax holiday period for which no tax deduction granted
- › Change in Angolan tax law in second half of the year has capped tax deduction on forex losses at 7% adversely impacting tax rate. Due to the trading conditions in Angola, the operation was also not able to raise a deferred tax asset on tax losses. The net impact of this was a 25 percentage point increase in the tax rate. Should trading conditions improve, the group should potentially benefit from these tax losses in future
- › Forecast effective tax rate at half year materially impacted by Angola tax law change

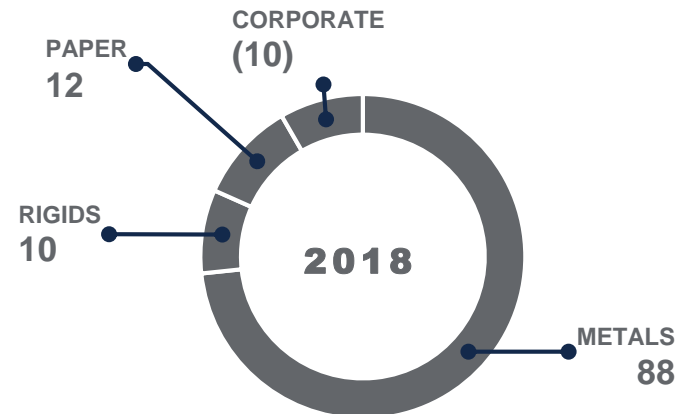
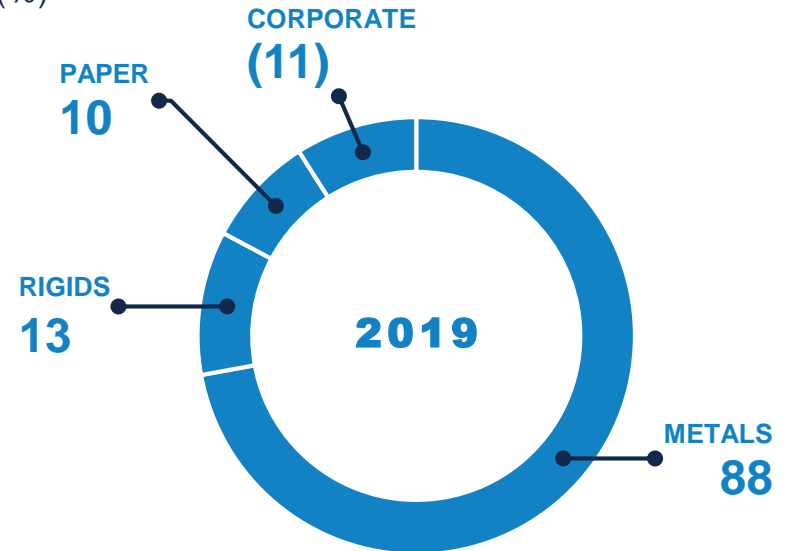
METALS REMAINS LARGEST CONTRIBUTOR

Zimbabwean Paper and Plastics operations impacted Group performance

CONTINUING OPERATIONS – REVENUE (%)



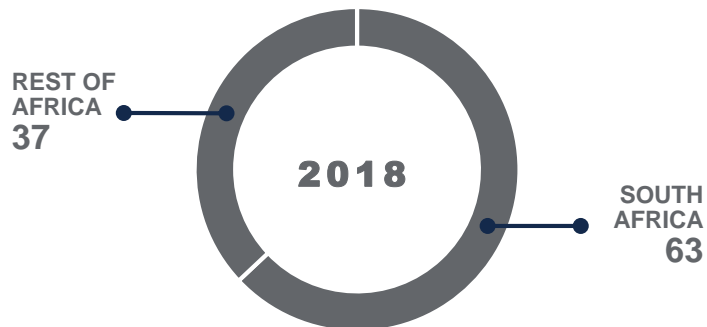
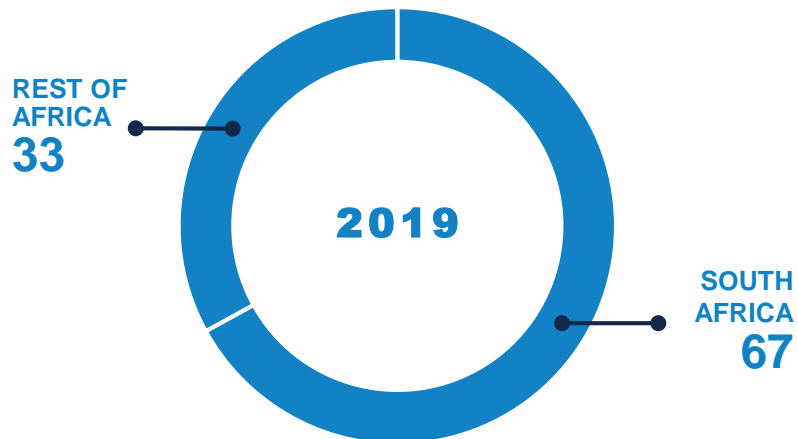
CONTINUING OPERATIONS – TRADING PROFIT (%)



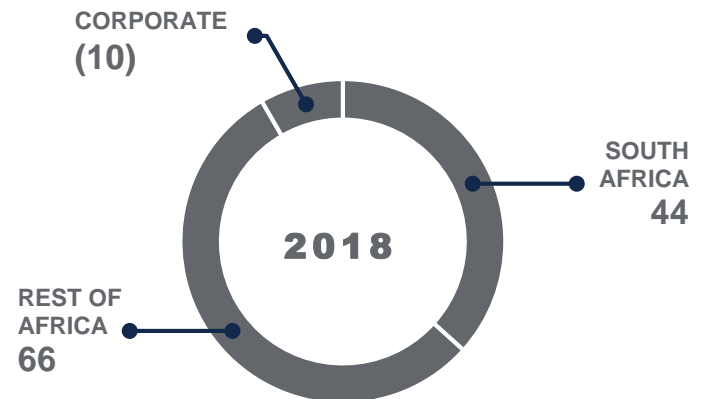
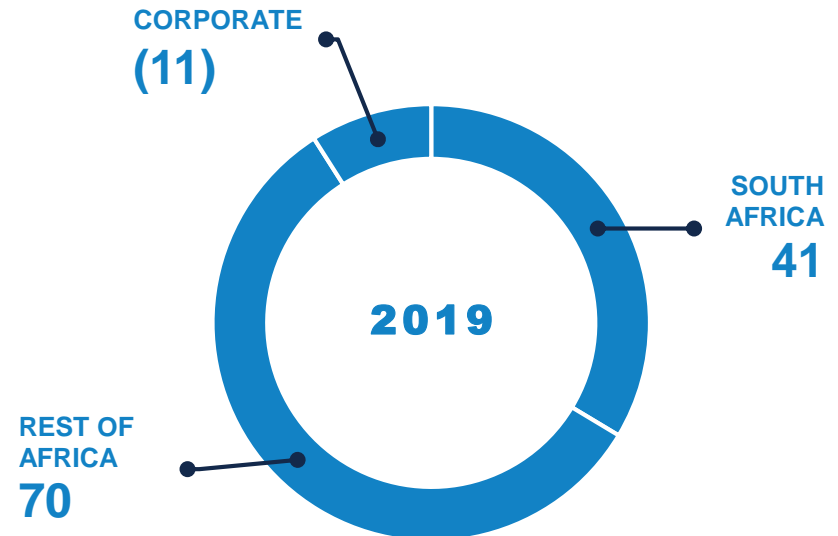
REST OF AFRICA A STRONG CONTRIBUTOR

South Africa impacted by disappointing Divfood results, Bevcan SA sustained profits

CONTINUING OPERATIONS – REVENUE (%)



CONTINUING OPERATIONS – TRADING PROFIT (%)



BEVCAN SA DEFENDED MARKET SHARE WELL, MARKET SHARE GAINS IN NIGERIA

R million	2019	2018	% Δ
Revenue	10 620	11 079	(4)
Trading profit	1 368	1 736	(21)
Margin (%)	12.9	15.7	

SOUTH AFRICA

- › **Bevcan SA**
- › Stable results
 - › Revenue and trading profit on par with prior year
 - › Maintained substantial market share
 - › Market growth well ahead of GDP
 - › Operational efficiencies
 - › Savings of R60m annualised from Epping closure
- › **DivFood**
- › Made loss
 - › Growth in fish, milk and meat volumes
 - › Diversified can demand reflective of subdued consumer demand
 - › Loss due to various factors – lost key contract end of H1, forex losses linked to pricing, product mix, etc.

REST OF AFRICA

- › **Bevcan Angola**
- › Devaluation pulled back performance
 - › Devaluation impacted consumer purchasing power
 - › Currency devaluation saw demand pull back
 - › Actively managing current situation
 - › 33% headcount reduction
- › Improved liquidity sustained
 - › R1.8bn transferred from Angola
 - › Kwanza bond programme has provided R1.9bn shield against devaluation of Kwanza over last two years
 - › Conversion of L1 to aluminium going ahead
 - › Required inventory build to meet demand during conversion temporarily impacts working capital
 - › Economic situation expected to improve by end 2020
- › **Bevcan Nigeria**
- › Record sales, 20% volume growth – malt and beer categories
 - › Increased market share
- › **General metals packaging**
 - › Muted volume growth in Nigeria
 - › Disappointing results in East Africa – restructuring commenced, 123 FTEs retrenched
 - › Food can line under construction

PLASTICS MARGIN IMPROVED

Megapak Zimbabwe margin improvements offset weaker margins elsewhere

R million	2019	2018	% Δ
Revenue	2 968	3 398	(13)
Trading profit	209	197	6
Margin (%)	7.0	5.8	

SOUTH AFRICA

- › Revenue marginally down
 - » Operations excellence giving results
 - » New management team regaining customer confidence
 - » Cartons performed well
 - Innovations gaining traction
 - No additional capex to drive growth
- › Cost reduction project continues
 - » Depots closed, warehouses and sites consolidated
 - » Focus on improving profitability
 - Gaining market share – secured Crates volumes
 - Managing costs, costs savings of R41m achieved
 - Working capital improvements driven by clear plans

REST OF AFRICA

- › Hyperinflationary accounting in Zimbabwe adversely impacted results
 - » Good volume growth
 - » Results pulled back by hyperinflationary accounting
 - » IFRS requires year end spot rate to be used to translate income statement as opposed to average rate due to hyperinflationary economy
 - » Group has not funded Zimbabwean operations since April 2018 with these operations being self funding
 - » Exports also enable raw material purchases
 - » Trading profit growth at Megapak

PAPER RESULTS

HUB AND SPOKE MANUFACTURING STRATEGY

R million	2019	2018	% Δ
Revenue	1 054	1 486	(29)
Trading profit	160	229	(30)
Margin (%)	15.2	15.4	

› Zimbabwe Hunyani

› Hyperinflationary accounting limited results

- › Closing rate used to translate trading results vs norm of average rate given hyperinflationary economy adversely impacting results

› Stable volumes

- › Strong customer demand prevailing in tough economic conditions
- › Healthy demand in line with prior year

› Export volumes

- › Hub for tobacco cases

› Liquidity remains challenging

- › Production dependent on ability to source raw materials
- › No additional funding extended to operations

› Cash generative

- › Self funding since April 2018

› Nigeria Cartons

› Divested business for €26m (R440m)

- › Protected shareholder value
- › Awaiting competition authorities' approval

› Renewed key contract ending in two years

› Weaker H2 volumes

› Zambia and Malawi

› Restructured operations

- › Zambia now hub for conical cartons
- › Malawi packing for local market
 - Improved results
 - Lower overheads

› Zambia strategy yielding results

- › Now focused on all brewers
- › Increased customer base
- › Limited volume growth due to tough macro environment

› Kenya Bullpak

- › Focused on managing costs
- › New 8-colour printer to improve competitiveness

PORTFOLIO OPTIMISATION CONTINUES

Discontinued operations

GLASS BUSINESS

R million	2019	2018	% Δ
Revenue	1 518	1 456	4
Trading profit	142	18	>100
Margin (%)	9.4	1.2	
Net loss	(471)	(599)	21

- › Revenue growth
 - » Price increases
 - » Higher FAB and beer volumes
 - » Overall volumes limited by challenging production
- › Depreciation at Group level ceased from 1 April 2018 in accordance with IFRS 5 as carrying value of asset will primarily be recovered from disposal
- › Electricity supply improved recently
 - » RUPS functioned well
 - » Ongoing fluctuations and supply disruptions throughout and load shedding
- › Skills shortage being addressed
 - » Chief bottle maker arrived in mid-April 2019
 - » Operations director appointed
- › Expected proceeds of R1.4bn net of cost to sell
- › Filing to competitions authorities submitted

PLASTICS EUROPE

R million	2019	2018	% Δ
Revenue	974	1 347	(28)
Trading (loss)/profit	(191)	2	(>100)
Margin (%)	(19.6)	0.1	
Net loss	(653)	(48)	(>100)

- › Classified as asset held for sale in September 2019
- › Disposal progressing as planned
 - » Accelerated process showing good progress and on track
 - » Prospective buyers with strong interest, offers received
 - » Expect disposal to be completed in FY20
- › Volumes down, loss making
 - » Key customer lost market share
 - » Closure of two in-plants accelerated due to pressure in UK dairy market
 - » Declining dairy market in the UK
 - » Lower volumes significantly impacted profitability
- › New Northern site to drive cost saving
 - » Modernised equipment installed
 - » Programme under review to expedite project completion

STATEMENT OF FINANCIAL POSITION

Continuing and discontinued operations

ABRIDGED STATEMENT OF FINANCIAL POSITION

R million	2019	2018	% Δ
Property, plant, equipment and investment property	7 195	8 177	(12)
Goodwill and other intangibles	3 904	3 708	5
Liquid bonds and other loan receivables	862	1 788	(52)
Other non-current assets	451	209	>100
Non-current assets	12 412	13 882	11
Other current assets	6 033	6 290	(4)
Liquid bonds and loans	40	451	(91)
Bank balances	1 463	2 845	(49)
Current assets	7 536	9 586	(21)
Assets held for sale	2 512	2 446	3
Total assets	22 460	25 914	(13)
Total equity	8 210	10 612	(23)
Non-current liabilities	7 603	9 768	(22)
Current liabilities	5 620	5 231	7
Liabilities for assets held for sale	1 027	303	>100
Total equity and liabilities	22 460	25 914	(13)

- › Assets held for sale and discontinued operation
 - › Assets and liabilities of Glass, Plastics Europe and Cartons Nigeria businesses grouped and disclosed separately as decision taken to dispose of these assets (IFRS 5)
- › PPE
 - › Impacted by NPE being classified as an asset held for sale and discontinued operation
 - › R480m capex spend for continuing operations
- › Goodwill
 - › Movement due to weaker ZAR/USD exchange rate
- › Liquid bonds
 - › Proceeds from maturing bonds received in full on maturity and used to settle interest bearing debt
- › Bank balances
 - › Adversely impacted by devaluation of R1.1bn in Zimbabwe
- › Equity
 - › Adversely impacted by Zimbabwe forex losses and FCTR
- › Non-current liabilities
 - › Reduction due to maturity of bonds and USD115m USPP maturing in May 2020 now classified as current liabilities
- › Short term liquidity
 - › Impacted by debt repayment in May 2020. Facility E which is a pre-arranged RCF term facility to be utilised to settle USPP payment thereby improving balance sheet structure in FY20

R3.2 BILLION TRANSFERRED FROM NIGERIA AND ANGOLA

Sustained cash transfers in key markets

CASH BALANCES INCLUDING LIQUID BONDS

30 SEPTEMBER 2019

	ANGOLA	NIGERIA	SUB-TOTAL	ZIMBABWE	TOTAL
Opening cash on hand – 30 Sep 2018	R2 307m	R300m	R2 607m	R1 190m	R3 797m
Cash on hand	R1 041m	R217m	R1 258m	R57m ⁽³⁾	R 1315m
Hedged cash	R742m	– ⁽²⁾	R742m	– ⁽⁴⁾	R742m
% cash hedged	71%	– ⁽²⁾	59%	– ⁽⁴⁾	56%
Cash transferred	R1 747m	R1 458m	R3 205m	R43m	R3 248m
Cash transfer rate ⁽¹⁾	76%	486%	123%	4%	86%

30 SEPTEMBER 2018

	ANGOLA	NIGERIA	SUB-TOTAL	ZIMBABWE	TOTAL
Opening cash on hand – 30 Sep 2017	R2 188m	R828m	R3 016m	R654m	R3 670m
Cash on hand	R2 307m	R300m	R2 607m	R1 190m	R3 797m
Hedged cash	R2 166m	– ⁽²⁾	R2 166m	– ⁽⁴⁾	R2 166m
% cash hedged	94%	– ⁽²⁾	83%	– ⁽⁴⁾	57%
Cash transferred	R1 807m	R1 574m	R3 381m	R87m	R3 468m
Cash transfer rate ⁽¹⁾	83%	190%	112%	13%	94%

⁽¹⁾ Cash transfer rate is the amount of cash transferred compared to cash on hand at the end of the previous reported period.

⁽²⁾ Cash balances in Nigeria are no longer considered restricted as a consequence of the liquidity that has been provided by the introduction of the NAFEX market.

⁽³⁾ Net of a devaluation adjustment amounting to R1.1 billion due to the introduction of the RTGS dollar.

⁽⁴⁾ USD67 million financial instrument secured with the Reserve Bank of Zimbabwe to repay legacy debt on a 1:1 basis over a period of five years in quarterly payments commencing on 31 March 2021. In terms of IFRS 9 an expected credit loss ratio of 85% has been applied to this financial instrument given the current economic and financial situation in Zimbabwe. This provision will reverse in future to the extent that cash is received in terms of this financial instrument.

R1.1BN CASH GENERATED BEFORE FINANCING ACTIVITIES

Continuing and discontinued operations

STATEMENT OF CASH FLOWS

R million	2019	2018	% Δ
Cash generated from operations before working capital changes	1 846	2 272	(19)
Working capital changes	(705)	(677)	(4)
Cash generated from operations	1 141	1 595	(28)
Net interest paid	(506)	(458)	(10)
Retirement benefits, contributions and settlements	(143)	(145)	2
Income tax paid	(228)	(171)	(33)
Net cash generated from operating activities	264	821	(68)
Cash generated/(utilised) in investing activities	833	(497)	>100
Capital expenditure	(735)	(536)	(37)
Decrease/(increase) in liquid bonds	1 469	(7)	>100
Other investing activities	99	46	>100
Net cash generated before financing activities	1 097	324	>100
Cash (repaid in)/raised from financing activities	(564)	1 660	(>100)
Net increase in cash and cash equivalents	533	1 984	(73)

- › Net cash generated before financing activities of R1.1bn up from R0.3bn
- › Cash generated from operations before working capital impacted by tough trading conditions
- › Working capital impacted by inventory build to cater for demand in Angola during line 1 conversion to aluminium
- › Net interest paid up due to requirement for cash backed LCs in Angola
- › Capital expenditure well managed and in line with budget
- › Cash flows augmented by maturing USD-linked kwanza bonds in line with original profiles
- › Prior year financing activities included cash draws from RCF finalised in September 2018, R0.6bn repaid during the year
- › Year-end cash balances adversely impacted by hyperinflation in Zimbabwe with cash balances reducing by R1.1bn

WORKING CAPITAL CHANGES

Continuing and discontinuing operations

CHANGES IN NET WORKING CAPITAL

R million	2019	2018
(Increase)/decrease in inventories	(384)	107
Increase in trade and other receivables and other current assets	(158)	(637)
Cash outflow before payables	(542)	(530)
Decrease in trade payables and other current liabilities	(163)	(147)
Net working capital changes	(705)	(677)

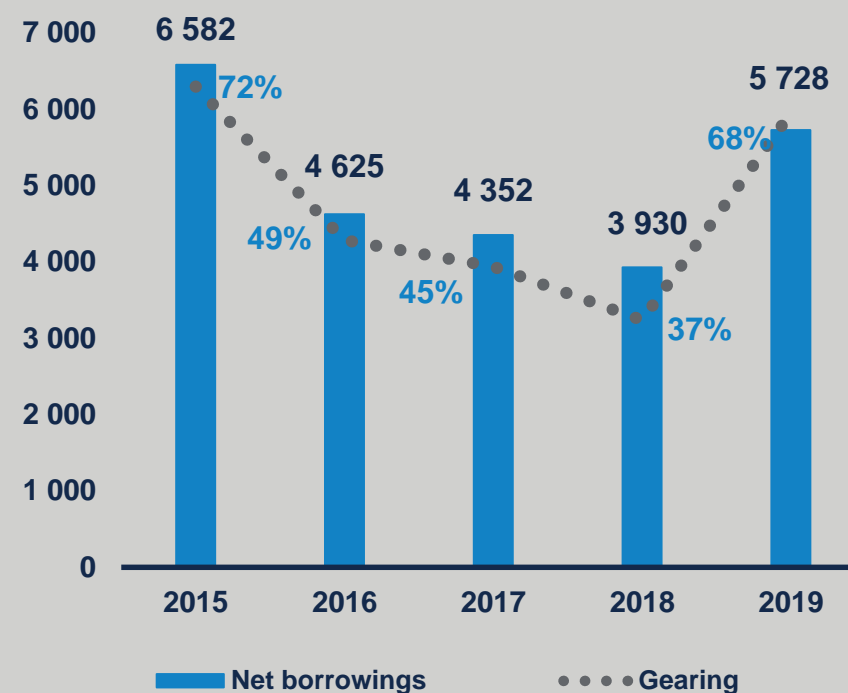
- › Increase in inventories due to requirement to build inventory in Angola and hyperinflationary impact on Zimbabwe inventories
- › Significant attention placed on managing trade receivables with positive results. Prior year impacted by year end falling on a Sunday
- › Cash outflow before payables marginally up on prior year
- › Trade payables declined in line with revised purchasing to cater for demand patterns
- › Net working capital impacted by long lead times which have been difficult to respond to timeously as demand has changed with Angola materially impacting cash utilisation
- › Further focus required on demand planning

GEARING AND COVENANTS IMPACTED BY ANGOLA AND ZIMBABWE CURRENCY EFFECTS

	2019	2018
Net gearing (%)	68	37
Net debt: EBITDA (times)		
– incl. total liquid bonds	2.9	2.0
EBITDA: Net interest (times)	4.5	8.0
Current ratio		
– incl. current portion of liquid bonds	1.5	2.2
- incl. total liquid bonds	1.6	2.5
Acid test ratio		
– incl. current portion of liquid bonds	1.0	1.6
– incl. total liquid bonds	1.1	1.9

- › Current and acid test ratios impacted by USD115m repayment of USPP debt in May 2020, therefore classified as short-term at 30 September 2019
 - » To be settled through use of long term facility E, thereby improving short-term liquidity and strengthening the balance sheet at 30 September 2020

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

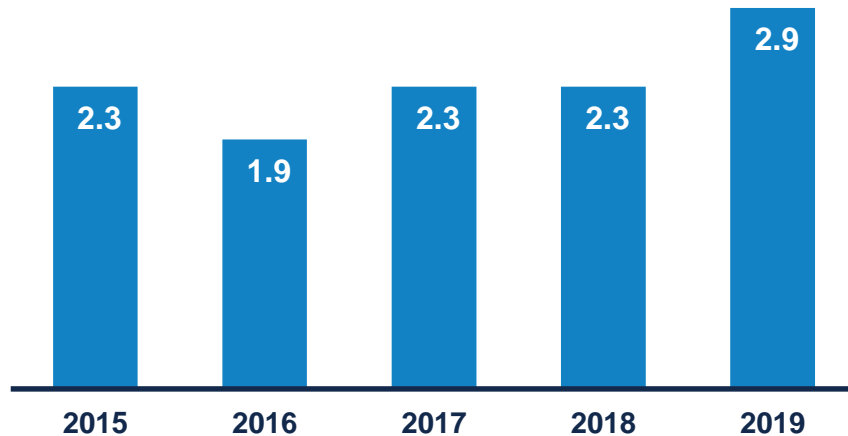


- › Hyperinflation impact of Zimbabwe and IAS21 classification adversely impacted gearing
- › Reduction in cash R1.1bn

OVERVIEW OF COVENANTS

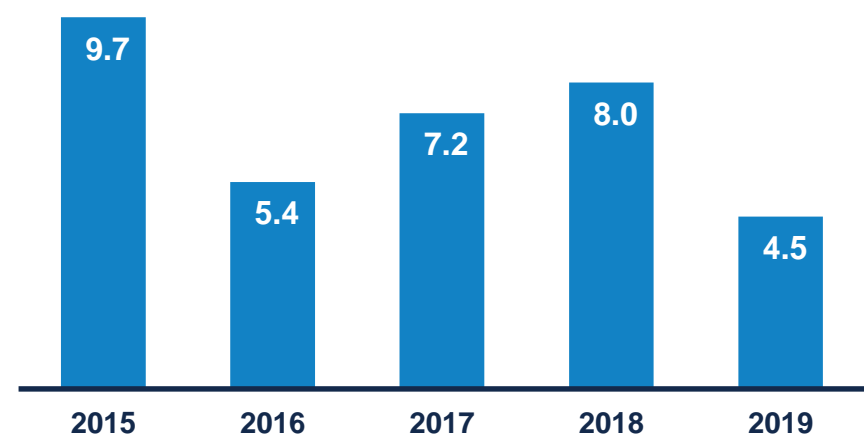
Proceeds from sale of Glass and Cartons Nigeria will ameliorate compliance

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



- › Net debt: EBITDA covenant adversely impacted by 7% weaker ZAR/USD year end spot rate, R1.1bn devaluation in the Zimbabwean cash position and lower EBITDA compared to 2018
- › Expected proceeds of R1.9bn from disposals will be used to reduce net interest bearing debt with significant focus on reducing US dollar denominated debt thereby improving this covenant and alleviating the impact of ZAR/USD fluctuations

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

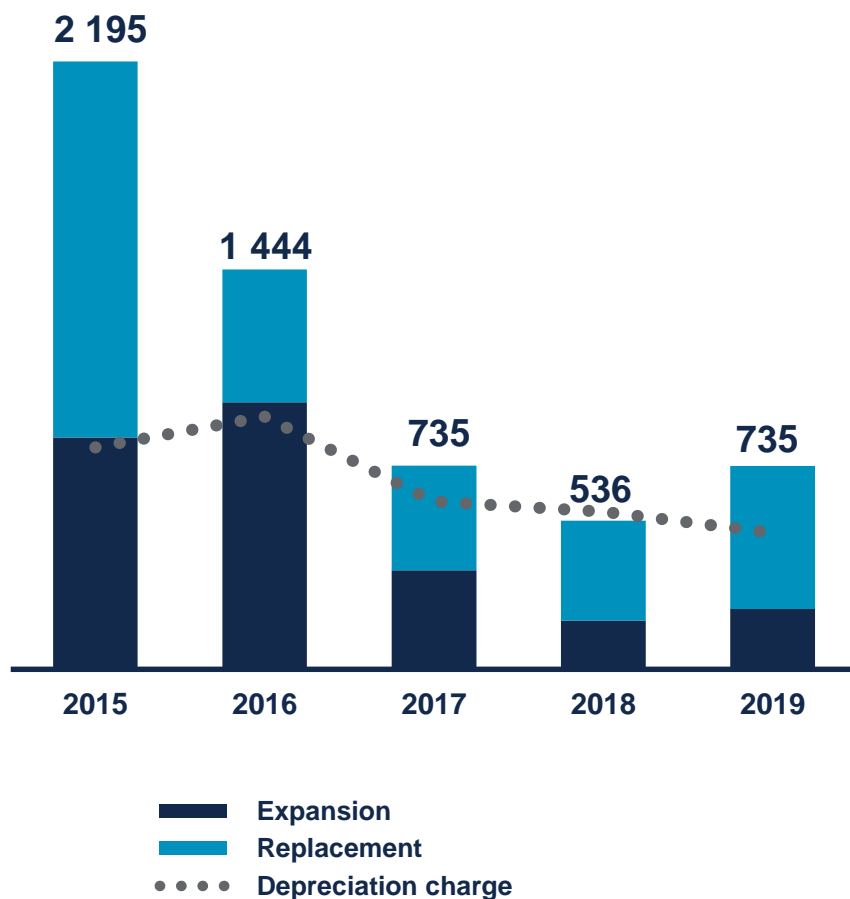


- › Ratio has declined due to lower EBITDA and a higher net interest paid
- › Net cash interest paid up 11% to R506m impacted by lower net finance income due the new Angolan law for all imports to be cash backed and the impacts of hyperinflation in Zimbabwe
- › Net interest paid to benefit from proceeds on disposals in FY20

CAPITAL PROGRAMME TIGHTLY CONTROLLED

Continuing and discontinuing operations

CAPITAL EXPENDITURE AND DEPRECIATION (R MILLION)



- › **Capital Assurance Committee operating effectively**
 - › Prudent allocation of capital without compromising integrity of asset base
 - › Expenditure in line with FY19 budget
 - › Replacement capex ~70%
 - › Maintenance programmes continue to receive management attention
 - › Asset base well maintained
- › **Significant projects include:**
 - › Bevcan Angola – R114m
 - › Rigids SA – R120m
 - › NPE – R163m on new site Livingston
- › **Includes:**
 - › Glass capex R93m (2018: R92m)
 - › Glass depreciation R nil (2018: R125m)
 - › No Glass depreciation with effect from 1 April 2018 on consolidation in terms of IFRS 5
- › **Growth projects for 2020 include:**
 - › Food can line in Nigeria – additional cash of R62m
 - › Conversion of Angolan tin plate line to aluminium – R280m



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CONCLUSION

EFFICIENT CAPITAL ALLOCATION AND PORTFOLIO OPTIMISATION

SALE OF GLASS 

CARTONS NIGERIA DISPOSAL 

BALANCE SHEET MANAGEMENT/DEBT REDUCTION 

IMPROVE IN-COUNTRY US DOLLAR LIQUIDITY 

OPERATIONS EXCELLENCE

TURNAROUND OF PLASTICS SA 

BEVCAN SA EFFICIENCY IMPROVEMENTS 

ONGOING COST OPTIMISATION 

ACHIEVE MARGIN SUSTAINABILITY 

SUSTAINABILITY AND INNOVATION

IMPROVED B-BBEE TO LEVEL 2 

NO LONGER RESTRICTED IN METALS SPACE 

ALTERNATIVE PACKAGING OPPORTUNITIES 

FOOD CAN EXPORTS IN RoA 

JV WITH MAJOR LIQUID CARTONS MANUFACTURER 



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THANK YOU





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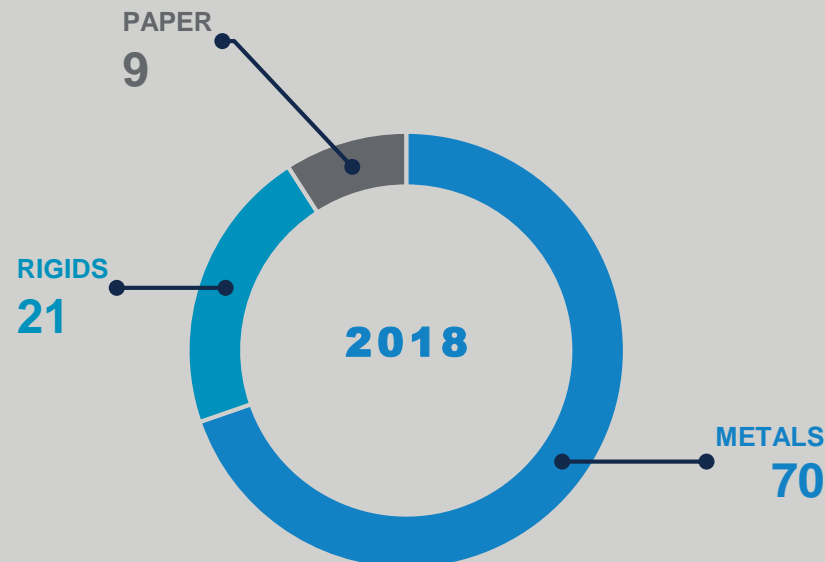
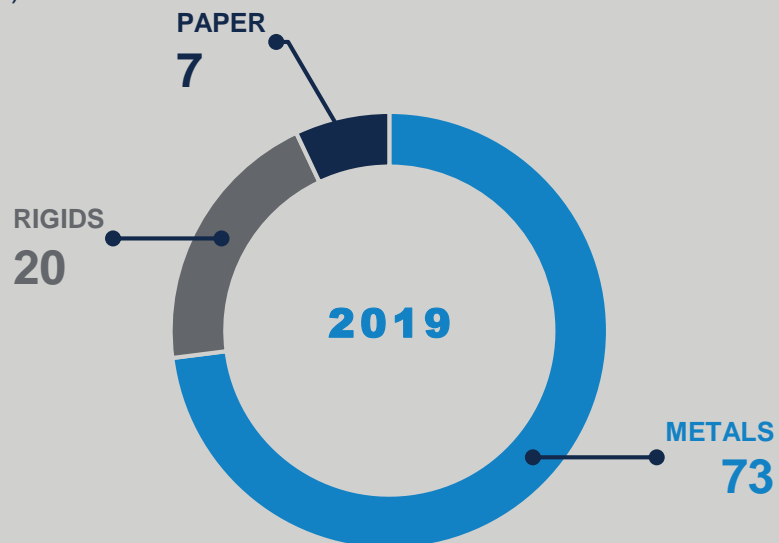
APPENDICES



METALS REMAINS LARGEST CONTRIBUTOR

CONTINUING OPERATIONS – REVENUE

(%)



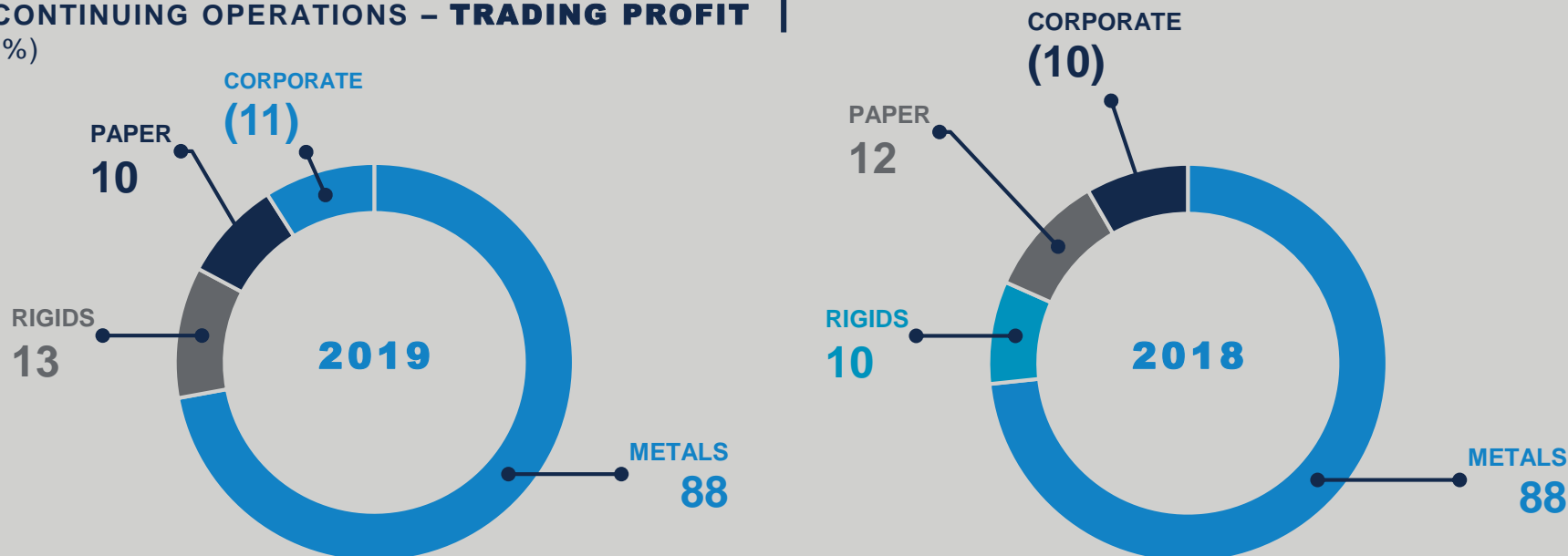
SEGMENTAL PERFORMANCE BY SUBSTRATE – REVENUE

R million	2019	2018	% Δ
Metal	10 620	11 079	(4)
Plastics	2 968	3 398	(13)
Paper	1 054	1 486	(29)
Continuing operations	14 642	15 963	(8)
Glass and Plastics Europe – discontinued	2 492	2 803	(11)
Group total	17 134	18 766	(9)

METALS REMAINS LARGEST CONTRIBUTOR

CONTINUING OPERATIONS – TRADING PROFIT

(%)



SEGMENTAL PERFORMANCE BY SUBSTRATE – TRADING PROFIT

R million	2019	2018	% Δ
Metal	1 368	1 736	(21)
Rigids	209	197	6
Paper	160	229	(30)
Corporate services	(179)	(194)	8
Continuing operations	1 558	1 968	(21)
Glass and Plastics Europe – discontinued	(49)	20	(>100)
Group total	1 509	1 988	(24)

SEGMENTAL PERFORMANCE BY REGION – REVENUE

R million	2019	2018	% Δ
South Africa	9 849	10 085	(2)
Rest of Africa	4 793	5 878	(18)
Continuing operations	14 642	15 963	(21)
Glass and Plastics Europe – discontinued	2 492	2 803	(11)
Group total	17 134	18 766	(9)

SEGMENTAL PERFORMANCE BY REGION – TRADING PROFIT

R million	2019	2018	% Δ
South Africa	643	865	(26)
Rest of Africa	1 094	1 297	(16)
Corporate services	(179)	(194)	8
Continuing operations	1 558	1 968	(21)
Glass and Plastics Europe – discontinued	(49)	20	(>100)
Group total	1 509	1 988	(24)

RECONCILIATION OF TRADING PROFIT TO OPERATING PROFIT

R million	2019	Restated 2018
Trading profit	1 558	1 968
Net abnormal losses	(267)	(394)
Devaluation loss arising from Angolan and Nigerian exchange rate movements	(212)	(127)
Net impairment losses	(148)	14
Retrenchment and restructuring costs	(44)	(64)
Cash repatriation and liquid bonds disposal losses	(48)	(73)
Onerous contracts and related losses	–	(99)
Remediation pertaining to sale and leaseback properties	–	(64)
Profit on disposal of other property	67	12
Gain on acquisition of business	–	6
Other	118	1
Operating profit before Zimbabwe impact	1 291	1 575
Net abnormal losses relating to Zimbabwe	(1 037)	–
Foreign exchange loss in Zimbabwe	(1 945)	–
Hyperinflationary monetary adjustment	832	–
Gain on recognition of sovereign financial instrument	795	–
Expected credit loss on Zimbabwe financial instrument	(719)	–
Operating profit	254	1 575



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