2 December 2024

NAMPAK MAKES STRONG FINANCIAL RECOVERY AS IT CONTINUED ITS AMBITIOUS TRANSFORMATION

Phil Roux, CEO of Nampak, announced the Company's annual results today, saying, "over the past twelve months, we have made positive strides in our ambitious transformation journey. The success of the turnaround strategy to date is evidenced by the strong financial recovery including effective revenue growth management, cost and inefficiency extraction, profitability and positive cash flow. This was augmented by the successful refinancing, numerous divestitures and the implementation of a sustainable business model."

The establishment of the GNU in South Africa, is a positive development that should deliver economic prosperity that will arguably be realised over time.

In the second half of the year, consumer spending remained muted. While food and beverage categories are largely defensive in nature, they are not immune to inflationary pressures and high interest rates, which typically manifest in reduced consumption. This was evident in all geographies in which Nampak participated in 2024.

Volume growth for Nampak is highly dependent on customer growth and the ability to gain market share. Roux stated that the company is well positioned for category and share growth given available and recently installed capacity in readiness for the new financial year.

Group revenue from continuing operations of R10bn increased 1% in an operating environment characterised by high interest rates, inflation and resultant pressure on consumers' disposable income. Increases in Beverage South Africa and Beverage Angola were partially offset by a decline in Diversified South Africa due to category contraction, slower customer growth and partial volume loss.

The Beverage category, in particular beverages in cans, continued to grow. While challenges in the installation of the new 500ml line at Springs meant that Nampak was unable to fully capitalise on this increased demand, this short-term setback was corrected expeditiously. Further capex to support growth will be invested, including the relocation of a spare line from Angola to South Africa.

Diversified South Africa continued its turnaround, generating a pleasing operating profit compared to a loss in the prior year, despite volume declines due to slower customer demand, loss of business, the extended plant shutdown by a key customer and supply chain disruptions, all of which, for the most part, have been remedied.

Despite the Angolan economy remaining constrained with limited discretionary spending by consumers, this business performed exceptionally well. Increased oil output could be a renewed catalyst for economic growth and bring respite to tough trading conditions. Beverage

Angola's volumes were bolstered by normalised trading with a large customer. Costs were exceptionally well managed, augmented by excellent plant efficiencies.

For continuing operations, the group reported EBITDA of R1.5bn which increased by R1.1bn from R343m, benefiting from the implementation of the group's turnaround plan. Cash generated from operations before working capital of R1.6bn, increased by 114%. Strong management of working capital allowed a further release of R175m in cash due to optimised net working capital.

Group revenue growth for continuing operations of 1% was supported by increases of 4% and 6% in Beverage South Africa and Beverage Angola respectively, partially offset by a 7% decline in revenue in Diversified South Africa. The stronger Rand adversely impacted the translation of Angola's revenue to Rand.

Nampak recorded reversals of asset impairment losses of R471m compared to net impairment losses of R1.1bn in the prior year. These were due to net impairment reversals of R272 million and R234 million related to Diversified South Africa and Beverage Angola respectively, reflecting the improved outlook for these operations. This compares favourably to net impairment losses of R1.1 billion in the prior year.

An operating profit of R1.7 billion was reported compared to an operating loss of R1.0 billion in the prior year.

Net finance costs decreased by 24% to R926m from R1.2bn. The group incurred R32m of refinancing transaction costs compared to R335m in 2023.

The rigour with which procurement processes were managed contributed significantly to the reduction in raw materials and consumables purchased to R5.8bn from R6.3bn. Employee costs of R1.4bn decreased 11% from R1.5bn due to cost containment, retrenchment and restructuring initiatives. Other operating expenses declined by 23% to R1.3bn from R1.7bn. The group continued to focus on cost savings through site rationalisation, cost synergies and rationalised centralised costs.

Nampak reported a reduction in forex losses in Angola to R41m from R179m and cash transfers of R587m compared to R717m in 2023 were made to settle foreign creditors.

Discontinued operations include Beverage Nigeria, Liquid Cartons South Africa, Malawi and Zambia, South Africa Plastics and Tubes businesses, Inspection and Coding Systems (I&CS), Nampak's Ethiopia business, Kenya Metals and Nampak Zimbabwe. The loss for the year from discontinued operations was R1.0bn, representing a decline of 42% from R1.7bn in 2023.

A loss of R373 million attributable to owners of Nampak Limited on total operations for 2024 was reported compared to a loss of R4.0 billion in 2023. This resulted in a loss per share of 4 500.8 cents compared to a loss of 117 295.5 cents per share (cps) in the prior year. The headline earnings were R114 million and headlines earnings per share of 1 378.0cps compared to R1.6 billion headline loss and a headline loss of 46 811.7cps in 2023.

Nampak’s net asset value per share of 14 216 cents was 28% lower than 19 810 cents in September 2023. This was primarily due to the loss incurred for the year.

During the year the group disposed of the following operations which had previously been included in the Plastic segment: Drums and Crates; Plastics South Africa, Malawi and Zambia as well as properties in London, Nigeria and Tanzania. The proceeds from these disposals were utilised to repay R720 million in net interest-bearing debt.

On 16 May 2024, an agreement was reached for the disposal of Bevcan Nigeria, the proceeds of which will be used to repay interest-bearing debt. Agreements were reached for the disposal of the group’s 51.43% interest in Nampak Zimbabwe Limited for a maximum amount of US$25 million, as well as for the disposal of I&CS for R143 million. The finalisation of these disposals will materially complete the disposal plan, with transactions amounting to R2.7bn either completed or in advanced stages of completion.

In September 2024, the group was successfully refinanced, simplifying Nampak’s funding structure. All debt was converted to long-term debt with 98% now Rand-denominated, considerably reducing exposure to forex movements. Inclusive of lease liabilities, net debt of R5.3bn in 2024 decreased by R522 million from R5.9bn. Net interest-bearing debt, excluding lease liabilities, decreased by 4% to R4.4bn from R4.6bn mainly due to the cash generated from operations and net proceeds from disposals.

Post year-end we concluded a black ownership deal with Cambrian Capital Partners. This is a strategic partner with exceptionally talented and experienced individuals in South Africa. The ownership structure has contributed to other B-BBEE initiatives improving our B-BBEE contributor status.

Roux concluded, “The focus on the transformational agenda and corporate activity has been all-consuming. It is now shifting to a deepened focus on the core business, which is well capitalised and poised for growth and sustained earnings. The balance sheet is in a healthy state allowing for free cash flow generation.”

For Media Enquiries

Contact
Anne Dunn
Tel: 082 448 2684
Email: anne@annedunn.com

Investor queries:
Teboho Lempe
Investor Relations
Tel: 011 719 6300
Email: teboho.lempe@nampak.com

About Nampak **www.nampak.com**

Nampak Limited is Africa's largest diversified packaging manufacturer and has been listed on the JSE Limited since 1969. As a market leader in the supply of beverage cans in South Africa and Angola and a major player in the supply of beverage cans in Nigeria, Nampak operates and produces world-class metal, rigid plastic and paper packaging from 17 sites in South Africa and 14 sites in the rest of

Africa. We leverage the skills of our 4 252 people and capitalise on our substantial investment in state-of-the-art production facilities. Our world-class research and development facility based in Cape Town, South Africa, provides technical and innovative product development support to our businesses, as well as to our customers – many of which are among the world's largest fast-moving consumer goods companies.