



Nampak reports improved results for the six months ended 31 March 2025

Phil Roux, CEO of Nampak, reported, “The first half yielded a rewarding financial outcome notwithstanding constrained consumer spending and the high base effect of the first half in the prior period. A sustained focus on margin management, cost containment and efficiency improvements translated into top line growth, margin expansion, a trading profit increase of 22% and a 7% increase in operating profit.”

Roux added that the group continues to make good progress in decreasing debt levels, assisted by the sale of Bevcan Nigeria, strong operating cash flow and lower interest costs, partially offset by an increased investment in net working capital.

Beverage South Africa’s revenue growth was hampered by a slower than planned commissioning of the Springs Line 2 expansion despite demand for beverage cans exceeding supply. Significant focus is being placed on remedying this situation to match customer demand.

Diversified South Africa reported strong improvement in revenue from organic growth, a new fruit can contract and the improved supply of fish cans. Excellent margin management and cost control yielded pleasing operating results. A higher investment in net working capital was required to meet turnover growth, service customer needs and address sub-optimal payments to suppliers in the prior year.

Beverage Angola performed admirably in a very difficult macro-economic environment. The business delivered a strong performance supported by volume growth, cost management and currency stability.

Financial overview: continuing operations

Nampak noted that despite pressure on consumers’ disposable income resulting from high interest rates and inflation, revenue from continuing operations of R5.7 billion increased 11% due to volume growth and price management. EBITDA of R1.1 billion rose 7% benefiting from improved trading margins and stringent cost control. Trading profit increased by 22% to R764 million. Operating profit of R952 million grew 7% from R887 million.

Net finance costs decreased by 38% to R282 million from R458 million due to lower interest rates negotiated on the financing package and the 33% reduction in net debt (excluding lease liabilities) post the disposal proceeds.

Profit before tax of R670 million increased 58% from R425 million. Taxes of R167 million compared to a tax credit of R14 million in the prior period, resulting in an effective tax rate of 25%. Cash generated from operations before changes in working capital of R1.2 billion, rose by 38% from R905 million, reflecting improved profitability. R742 million was utilised to fund net working capital.

Earnings per share of 6 064.4 cents compared to 5 296.8cps in 1H24 from continuing operations grew 15%. Headline earnings from continuing operations of R471 million (5 683.5cps) increased 5% compared to R448 million headline earnings (5 410.4cps) in the prior period.

Capital and other items of R188 million primarily consist of R100 million relating to the recognition of the initial tranche of the outstanding Covid-19 insurance claim and a R65 million pension fund surplus. The prior period was bolstered by the R290 million postretirement medical aid gain.

The profit for the year from discontinued operations was R2.5 billion compared to a loss of R574 million in the prior period. This was mainly due to the R2.4 billion recycling of a foreign currency translation reserve following the sale of Bevcan Nigeria.

For **total operations**, the group recorded a profit of R3.0 billion compared to a loss of R135 million in the prior period. This resulted in earnings per share of 35 842.2 cents compared to a loss of 1 123.5cps in 1H24. The headline earnings of R555 million (6 692.2cps) and headline increased 108% compared to R267 million headline earnings (3 227.9cps) in the prior period.

Nampak's net asset value per share of 21 588 cents in the current period was 16% higher than the 18 652 cents in the prior period, primarily due to improved profitability.

Trading performance and cost control improvements yielded a 38% increase in cash generated from operations before working capital changes of R1.2 billion from R905 million in the prior period. Cash generated from operations decreased to R505 million from R878 million.

Asset Disposal Plan

Bevcan Nigeria was sold for R1.3 billion, resulting in a recycling of the foreign currency translation reserve of R2.4 billion into the group profit for the period. This disposal represented 50% of the proceeds required from the asset disposal plan and was critical in the group's deleveraging and de-risking strategy. Cash proceeds of R77 million for the disposal of certain Kenyan assets were received subsequent to 31 March 2025.

In FY24, agreements were reached for the disposal of Nampak's 51.43% interest in Nampak Zimbabwe Limited (NZL) for a maximum amount of US\$25 million, as well as for the disposal of the business of I&CS for R145 million. The proceeds from the I&CS disposal were received in the current period. The NZL disposal is subject to the buyer securing funding, Competition Commission approval being granted and the deal being approved by the shareholders of TSL Limited in a general meeting.

Net debt reduced due to the proceeds from asset disposals, the assignment of various lease obligations as part of the disposals and the payment of lease obligations, supported by cash generated. Including lease liabilities, net debt of R3.9 billion decreased by R1.8 billion from R5.7 billion.

The board has decided not to declare an ordinary dividend for the period.

Outlook

The beverage market shows encouraging growth prospects for the short to medium term with local can demand exceeding supply. The strategic initiatives include enhancing capacity and improving operating efficiencies.

Diversified South Africa has opportunities to gain market share as a result of successful manufacturing architecture initiatives. More value accretion opportunities in execution phases will yield further results in the short to medium term. The market and economic situation in Angola appear stable, with revenue trending positively. Sustaining high efficiencies, good product quality and customer support have been key to improving revenue growth management in Bevcan Angola.

Roux concludes, "The outlook for the Nampak group remains promising. The continuity of strategic and cultural interventions bode well for sustaining performance in the future. The Nampak brand proposition continues to be strengthened by virtue of quality distinction."

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