
2015 Investor Day

17 September 2015



Agenda for the day

Time	Activities	Venue
07:30 – 08:00	Arrival and registration Breakfast	The Forum at The Campus 57 Sloane Street Bryanston
	Presentations:	
08:00 – 08:40	1. Welcome and setting the scene (André de Ruyter, Nampak CEO)	
08:40 – 09:20	2. Bevcan (RSA and RoA) update (Erik Smuts, Executive: Bevcan South Africa and Rest of Africa)	
09:20 – 10:00	3. DivFood update (Christiaan Burmeister, Executive: DivFood and R&D)	
10:00 – 10:20	Tea and coffee	
	Presentations:	
10:20 – 11:00	1. Glass update (Pieter van den Berg, Managing Director: Glass)	
11:00 – 11:40	2. Rest of Africa update (Rob Morris, Executive: Glass and Rest of Africa)	
11:40 – 12:10	3. Initial observations by new CFO (Glenn Fullerton, Nampak CFO)	
12:30	Bus departs from The Forum to Nampak Glass, Roodekop	
13:30 – 14:00	Arrival and lunch	Nampak Glass Cnr Smith/Emmanuel Roads Roodekop
14:00 – 15:30	Factory walk-through	
16:00	Bus departs for Nampak Corporate Offices, Bryanston	
17:00 – 18:30	Drinks at Nampak House, Bryanston	Nampak House Hampton Office Park 20 Georgian Crescent East Bryanston

2015 Investor Day

André de Ruyter
Nampak CEO

17 September 2015



Forward looking statements

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions in such forward-looking statements are discussed in each year’s annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All income forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

The environment in which we operate

Nampak is navigating
a challenging environment

... but the medium term picture remains attractive

We face tough
macroeconomic conditions

**... but we understand the factors we can't control
and we track and mitigate these risks**

We have experienced
operational difficulties

**... but Nampak is returning to the basics of manufacturing
by focusing on operational excellence**

African economies
are facing challenges

**... but the demographics of the African market remain compelling
and Nampak is uniquely positioned to capitalise on this**

We have invested substantially in
new and more competitive capacity

**... and we are unlocking operating leverage from
these investments**

Our market positions
remain strong

**... and we have concluded multi-year agreements with
key customers**

**We are strengthening factors under our control – and can demonstrate
substantial progress**

Unlock further value from base business

- › Active portfolio management, including possible divestitures
- › Stringent cost management
- › Working capital management
- › Business process improvement
 - » **Buy better** – streamline procurement process
 - » **Make better** – operational excellence, safety and efficiency
 - » **Sell better** – margin expansion, customer portfolio management
- › Invest to compete

Accelerate African growth

- › Growth through greenfield investment and acquisitions in metals, glass and plastics
- › Growth at reasonable and sustainable return
- › Partner with major multinational customers
- › Sensibly manage and grow presence in current jurisdictions
 - » Building market base through exports
 - » Diversifying manufacturing to other Nampak products
 - » Building on existing hubs

Update on Nampak's journey to growth and improved results

Rest of Africa growth

- › Potential acquisitions were declined:
 - › EBITDA multiples much higher than Nampak's threshold
 - › forgoing due diligence not an option for Nampak
 - › commercial conditions not met
- › Focus on greenfield opportunities with higher equity returns

Operations improvement and cost management

- › Programmes implemented:
 - › *Buy better* to deliver significant annual savings by 2016
 - › *Make better* to embed operations excellence – Glass and Bevcan turnaround
 - › *Sell better* 30% SKU reduction in DivFood and Glass by 2016
 - › Head office head count reduced by 44%
- › Benefits to start flowing in 2016

Portfolio rationalisation

- › ~R2 billion cash proceeds received from sale of low-margin businesses
- › Employee productivity improved by 10% – 15%
- › Last of the major divestitures completed

2020 Targets

DIFR: 0.3

Profit from RoA
>50%

Responsible approach to growth and committed to creating sustainable shareholder value

Key focus areas

Returning to the basics of manufacturing

Safety

- › Reduce DIFR to 0.3 from 1.2 (2014)

Operations excellence

- › Maximise profitability, improve production efficiencies
- › Glass, Bevcan and DivFood now modern competitive units – operational leverage opportunity substantial

Cost discipline

- › Nampak Head Office cost saving initiated, R37m/a banked, further initiatives underway
- › Maintain cash fixed cost discipline

Sales and marketing

- › Stock Key Units (SKU) rationalisation
- › Further initiatives in the pipeline

Working capital management

- › Reduce working capital levels and minimise cash impact
- › Optimise value chains through improved planning and optimisation
- › Manage forex exposure

Project management and execution

- › Improve project evaluation and management
- › Implemented stage-gate model

Rest of Africa growth and business optimisation

- › Leverage existing businesses and improve efficiencies
- › Angola and Nigeria beverage can growth
- › Ethiopia, Nigeria and Angola greenfield glass
- › Acquisitions
- › Smaller growth projects – competitive advantage key

Successful project evaluation and execution key to performance

- › Introduced a new discipline to capital allocation and enforced clear hurdle rates for new projects and innovations
- › Group wide project management system ensures alignment and discipline
- › Focused project pipeline – ROIC and hurdle rate accretive
- › Accountability and disciplined capital investment process
- › Utilise external project management skills



Marketing excellence initiatives implemented

- › Sales and marketing excellence to maximise gross margin by optimising unit price and volume
- › Key for Nampak is to:
 - » Sell all products profitably
- › DivFood embarked on a project to rationalise customers and SKUs (Stock Key Units) in 2014
 - » Reduce active customer accounts by 180 (reduction since project inception at 100)
 - » Reduce SKU's by 1227 (reduction since project inception 771)
 - » Recapitalisation and rationalisation will allow production lines to be reduced from 200 to 100, with efficiency improvements and cash fixed cost reduction
- › Glass has embarked on a similar initiative to rationalise product mix to better align to production footprint
 - » Reduced SKUs from 130 to 110 (target < 100) – initial phase complete

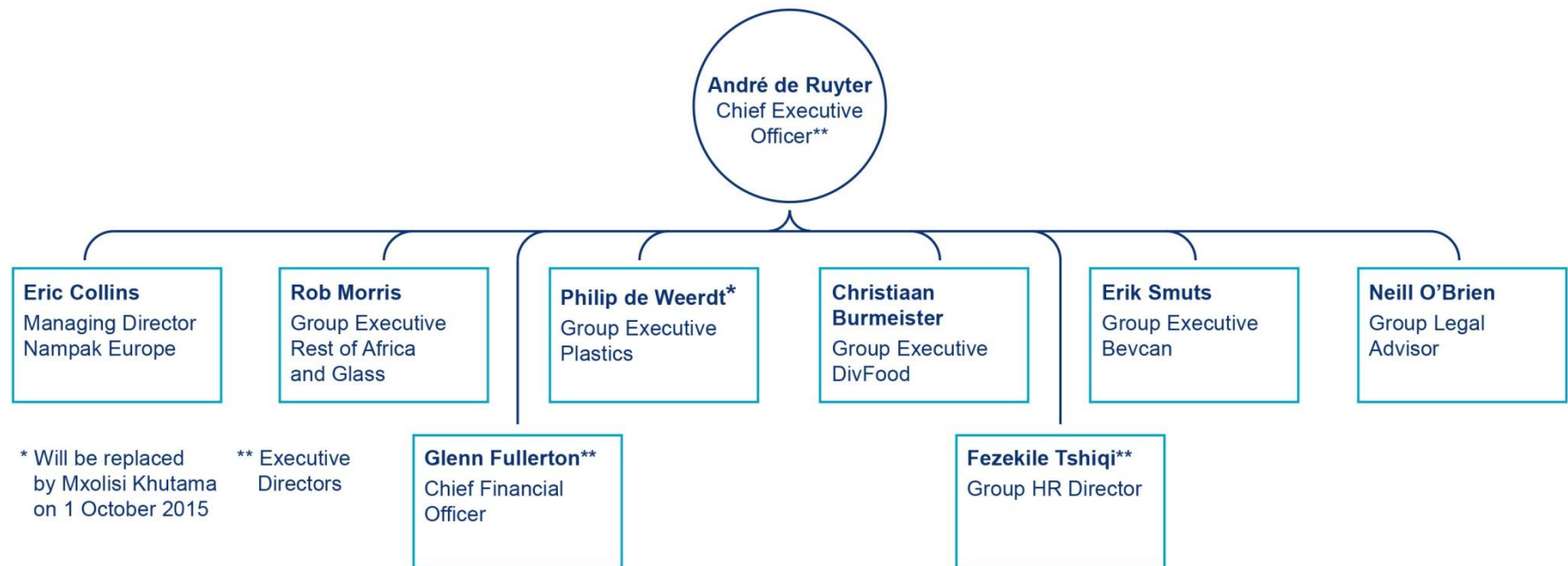
Our customer relationships remain strong – long-term contracts underpin capex

Robust pipeline of high growth, high value opportunities in SSA



Strong new leadership team driving culture change and pulling the right levers to improve performance

- › Culture change at Nampak: from “hands off” holding company to a “hands on” supportive, collaborative and internally aligned operating company that performs as a single unit
- › New leadership in place at head office and in operations to drive strategy
- › New leadership is shifting culture to focus on running a high-performance manufacturing business, from beginning to end



Solid foundation business

- › **Strong cash flow from base business**
- › Offers packaging **across the major packaging substrates** (metal, glass, paper and plastic)
- › **Number 1 supplier of beverage cans in Africa**
- › Managed through a **two-pronged strategy**:
 1. Unlock further value from base business
 2. Accelerate growth in the rest of Africa

Compelling African growth story

- › **Africa's largest packaging company** with operations in South Africa and 12 countries in the rest of Africa
- › Strong project pipeline to capture further **growth opportunity** in the rest of Africa
- › **Strong relationships with multinational corporates** reduces market risk and enhances growth prospects
- › **First mover advantage** in key African markets

CAPEX

R1 billion per annum
next two years

GLASS PTM

80% – 85% starting FY16

BEVCAN SPOILAGE

~ 4 – 5%

GROUP MARGIN

10 – 12% average per annum

- › Our strategy is unchanged and delivering results
- › We are focusing on our core excellence as a high-performance manufacturer
- › We have the right leadership team in place to execute our strategy in a challenging environment.
- › We are on track to deliver significantly improved financial performance in 2016

Nampak will deliver sustainable profitability

**Thank
you**

Countering the risks and challenges of doing business in Africa

› **Political and country risk**

- › Countries in which Nampak does business have relatively lower political risk
- › In some countries in the rest of Africa Nampak has been doing business for over 15 years

› **Regulatory risk**

- › Packaging industry rarely a target for government intervention
- › In most countries packaging industry seen as key to creating employment and skills transfer

› **Fiscal and monetary risk**

- › Nampak business predominantly done in local currency linked to the US\$
- › Brewers import between 40 – 80% of raw materials (Nigeria)

› **Resources, raw materials and infrastructure availability**

- › Plant location and self-sufficiency very important

› **Payment risk**

- › ~60% Nampak customers are multinational companies

Nampak Bevcan

Erik Smuts

Group Executive:
Bevcan

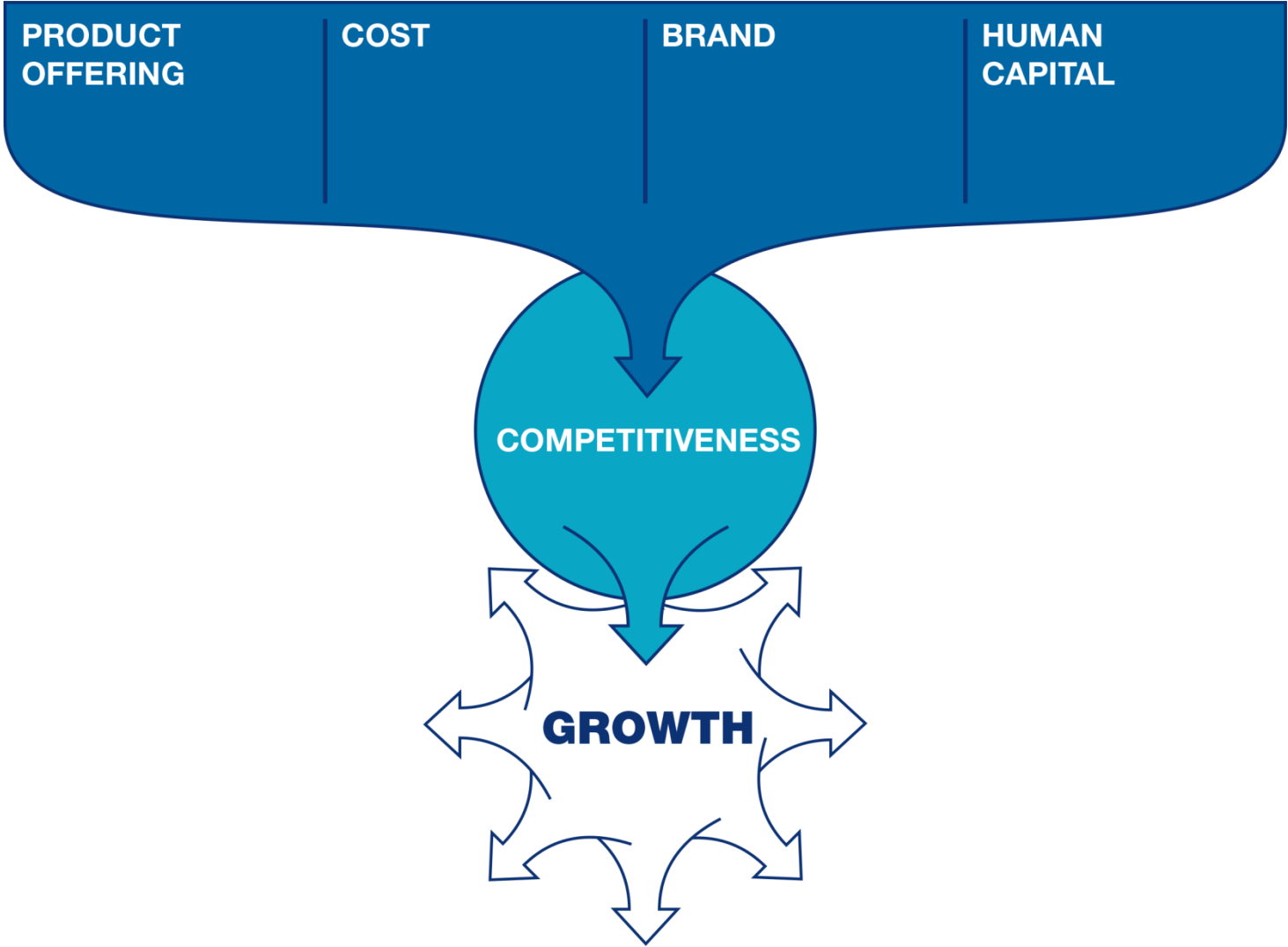
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- › **Strong volume growth in early '90s**
 - » Additional capacity installed and competitor entry
- › **Pack share and volume loss in late '90s and early 2000s**
 - » Over capacity
 - » Merger of Bevcan and Crown Cork (1999)
 - » Competitor exit (2001)
 - » Low investment in industry
 - » Bevcan profitable, non-competitive supplier with old technology
 - » Pack shares drop to <3% for Beer and around 7% for carbonated soft drinks (CSDs)

- › **Contract renegotiation (2010 – 2012)**
 - » Invitation to competitors by major customers to establish production capacity in RSA
 - » Contracts awarded to Bevcan
 - Significant margin erosion
 - Required aluminium conversion and potential factory consolidation
- › **Start of Bevcan's current strategic direction**
 - » Competitiveness drive
 - » Recapitalisation
 - » Africa expansion – Angola and Nigeria
 - » Can DO! Marketing campaign
 - Significant local growth between 2010 and 2015
 - Larger pack (440ml) growth at the expense of mainly glass
 - Pack shares improved: ±10% Beer and 8% CSDs

Strategic areas of focus



Key initiatives to deliver strategy

- › Assets
 - » Investments in technology
 - » South Africa footprint consolidation
 - » Expansion of revised footprint
- › “Buy Better”
 - » Improved cost structures
- › “Make Better”
 - » Operational excellence
 - » Quality of people – skills
- › “Sell Better”
 - » CAN DO! Marketing campaign
 - » Service focus



- › Largest beverage can manufacturer in Africa provides local economies of scale
- › Strong market position with in-depth knowledge of local market dynamics
- › Well established footprint
- › Proven track record – trusted supplier
- › Long term contracts with major customers to support capital investments

Motivation

- › Customer preference
- › Technological advances
- › Overall cost reduction
- › Sustainability

Status

- › Previously Completed
 - » Springs Line 1 (New Line)
 - » Springs Line 2 (Previous Tinplate Line)
 - » Springs Line 3 (Previous Tinplate Line)
 - » Angola Warehouse expansion
- › Completed during past year
 - » Rosslyn Line 1 (New Line)
 - » Angola Line 2 (New Line)
 - » Ends Plant upgrade

Expansion projects

- › South Africa
 - » Rosslyn Line 2
 - New high speed aluminium line
 - All size capability
 - Planned commissioning April '16
 - » Ends Plant Expansion
 - Additional 2 billion ends capacity
 - Supply growth in South Africa, Angola
 - Supply ends currently imported for Nigeria

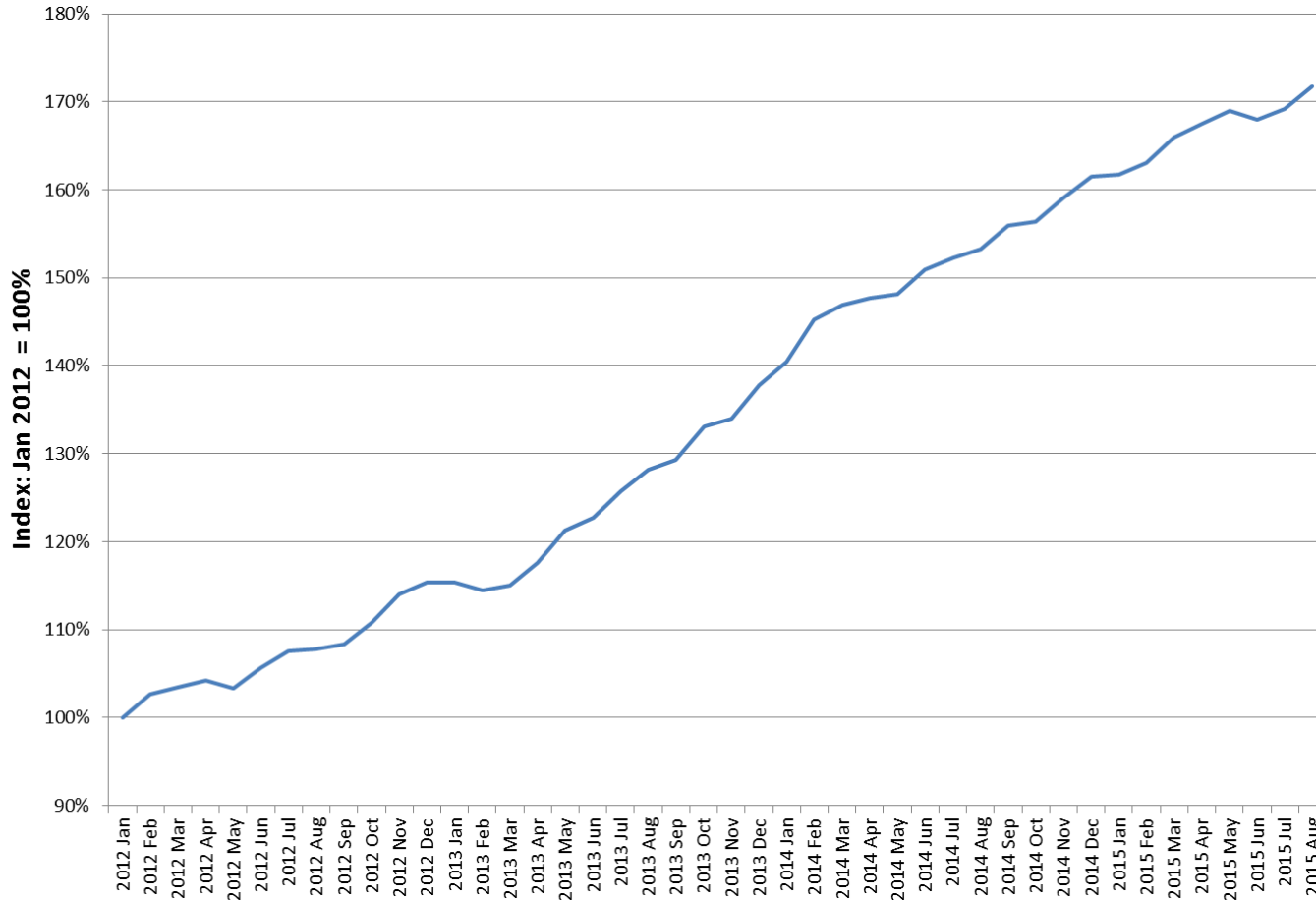
Beverage can capacity South Africa

	Historic	Current	Future	Potential
SOUTH AFRICA				
Springs				
Line 1 (All sizes) Alu		900m	900m	1 000m
Line 2 (330ml) Alu	700m	1 000m	1 000m	1 000m
Line 3 (330ml/440ml/500ml) Alu	750m	900m	900m	1 000m
Rossllyn				
Line 1 (All sizes) Alu	Nil	1 000m	1 000m	1 000m
Line 2 (All sizes) Alu (will replace old Line 4)	350m	Nil	1 000m	1 000m
Line 2 (Slimline) Steel	400m	400m		
Line 3 (Slimline/slender) Steel	350m	350m		
Cape Town				
Line 1 (330ml) Steel	600m	600m	700m	1 000m
Durban				
Line 1 (330ml) Steel	500m	500m		
SOUTH AFRICA – SUBTOTAL	3 650m	5 650m	5 500m	6 000m

Total beverage can capacity

	Historic	Current	Future	Potential
SOUTH AFRICA	3 650m	5 000m	5 500m	6 000m
Angola				
Line 1 (330ml)	700m	750m	750m	1 000m
Line 2 (All sizes)		1 000m	1 000m	1 000m
ANGOLA – SUBTOTAL	700m	1 750m	1 750m	2 000m
Nigeria				
Line 1 (330ml)		1 000m	1 000m	1 000m
Line 2 (All sizes)			900m	1 000m
NIGERIA – SUBTOTAL		1 000m	1 900m	2 000m
TOTAL	4 350m	7 750m	9 150m	10 000m

Volume growth since 2012 South Africa (all sizes – for filling in RSA)

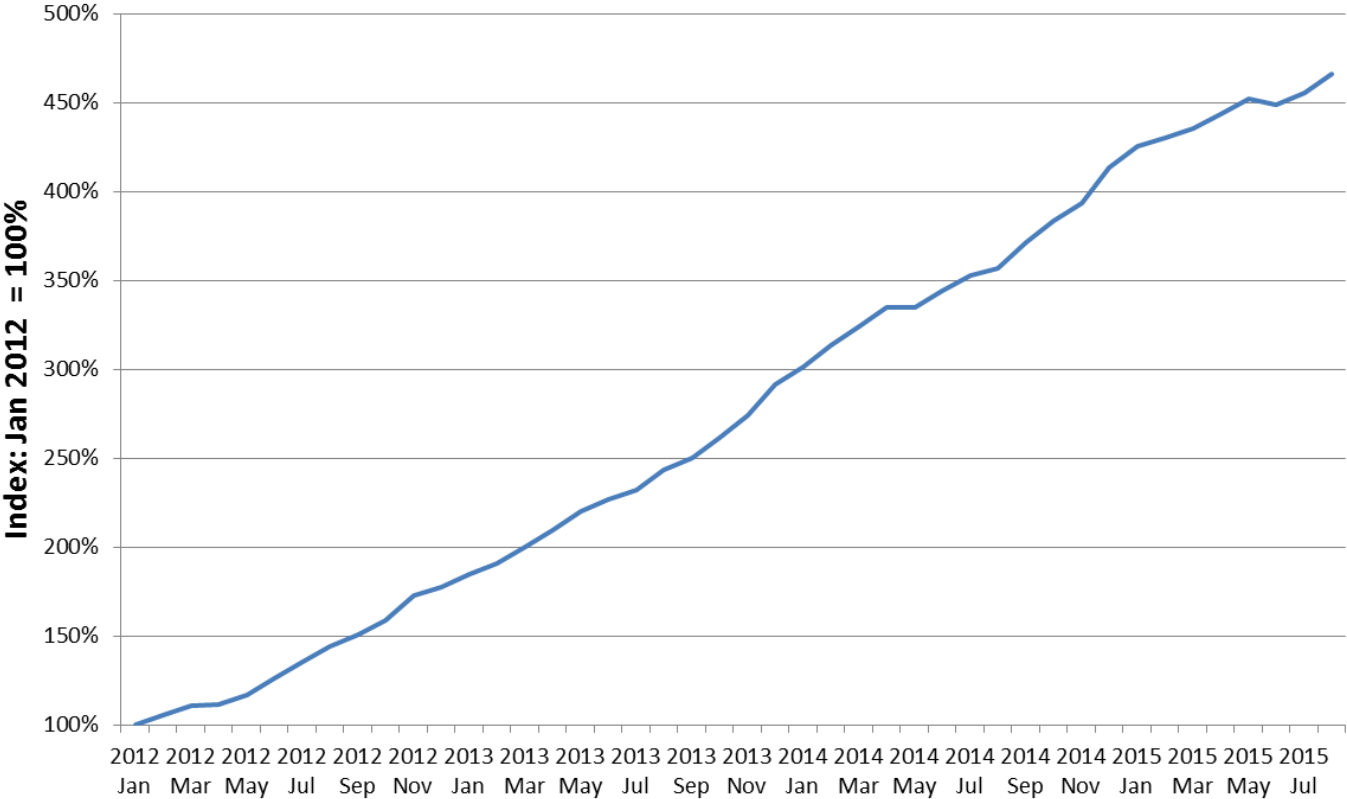


Growth past 12 months +12%



Volume growth since 2012

Value packs 440ml



Growth past 12 months +30%

Volume growth Angola and Nigeria

Angola

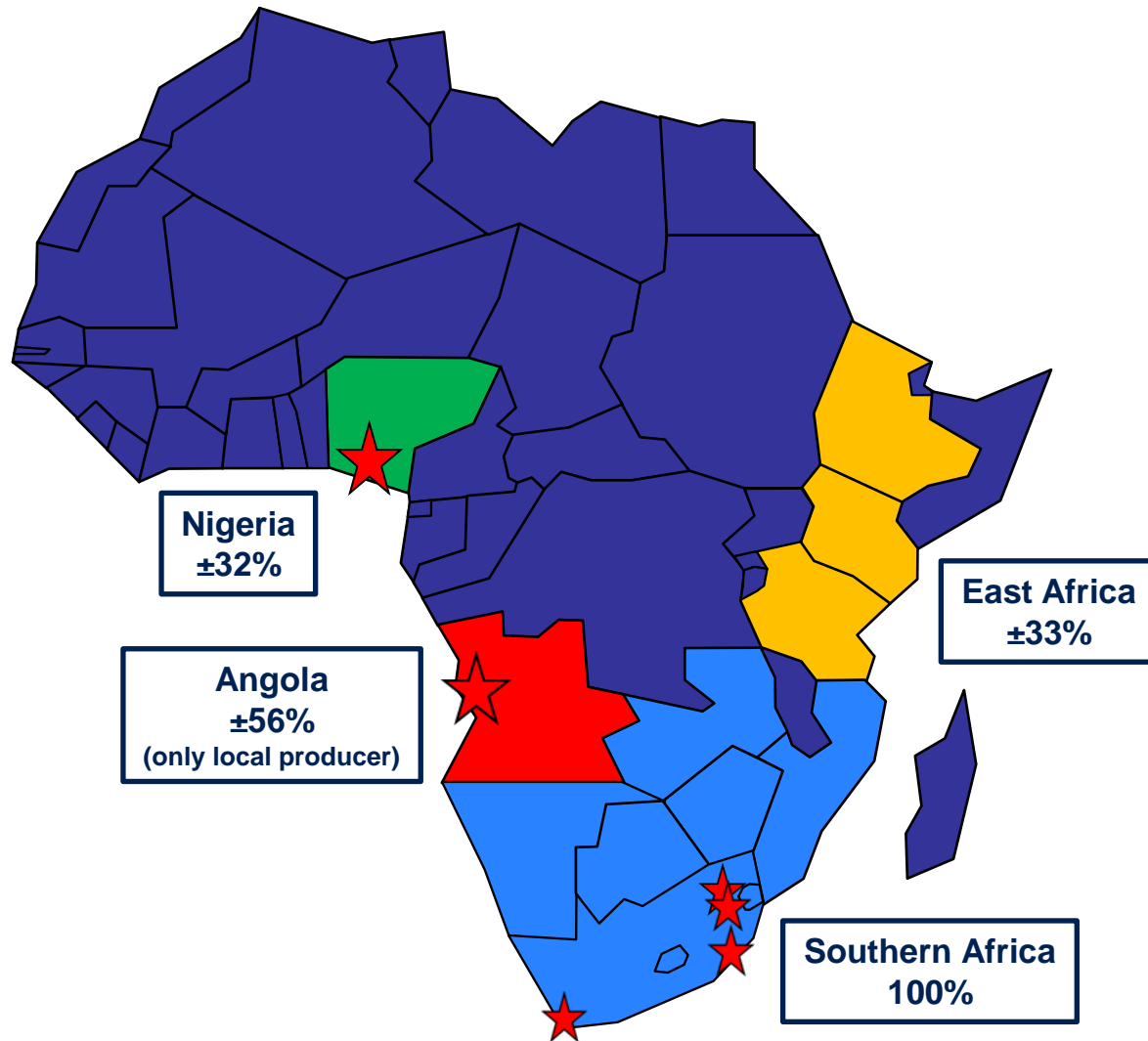
- › Shortage in forex resulting in increased demand for locally produced products
- › Negotiations in progress with major CSD customer
 - » Current European supply contract ends at the end of 2015
 - » Invited to meeting to discuss long term supply contract
 - » Trial run in September for supply of slender cans from South Africa

Nigeria

- › Slower market growth due to political uncertainty
- › Bevcan growing by increasing market share in line with expectations

Nampak Bevcan

Estimated market shares



- › New technology and higher speed lines highlighted skills shortages
- › Excessive spoilage experienced in Springs
- › Operational consultants utilised in identifying specific process deficiencies
- › Technical specialists assisting in focused areas
- › Spoilage levels in Springs improving, but still above target
- › Key learnings from Springs transferred to Angola and Rosslyn
- › New line in Rosslyn started up with acceptable spoilage levels and ramping up in line with expected learning curve
- › Steel lines continue to operate at good operational efficiencies

Angola

- › Steel line continued to operate well above design specifications
- › Aluminium line commissioned during May 2015
- › Operating above learning curve expectations
- › Very good spoilage learning curve
- › Capacity now available to supply remainder of market

Nigeria

- › Excellent facility
- › Good production efficiencies and spoilage in line with management expectation

- › Volume growth still strong in RSA
- › Further RSA customer consolidation
 - » Coca-Cola Bottling Africa – potentially good for can volume growth
- › Duty applications by local metal suppliers
 - » Limited exposure due to sourcing strategy

- › Impact of low oil prices in Angola and Nigeria
 - » Tight liquidity
 - » Translation losses in both countries due to local currency devaluations
- › Angolan import duties will be imposed, given availability of local capacity
- › Demographics in Africa points towards very strong beverage growth
- › Dollar based profits provide Rand hedge

- › Strategy remains on track – and is in execution mode
- › Nearing the end of the “structural change” programme
- › New technology has highlighted skill shortages, but being addressed
- › Strategy delivered exceptional volume growth to date, well in excess of GDP growth
- › New footprint allows us to supply total market, but with capacity for further growth
- › Bevcan now in much better position to defend its market
 - » Utilisation of latest technology
 - » Benefits of “Buy Better” programme, resulted in improved cost structures
 - » Internationally competitive pricing
 - » Investments in new lines supported by long term (3 – 6 years) contracts with major customers



**Thank
you**

Nampak DivFood

Christiaan Burmeister
Group Executive:
DivFood and R&D

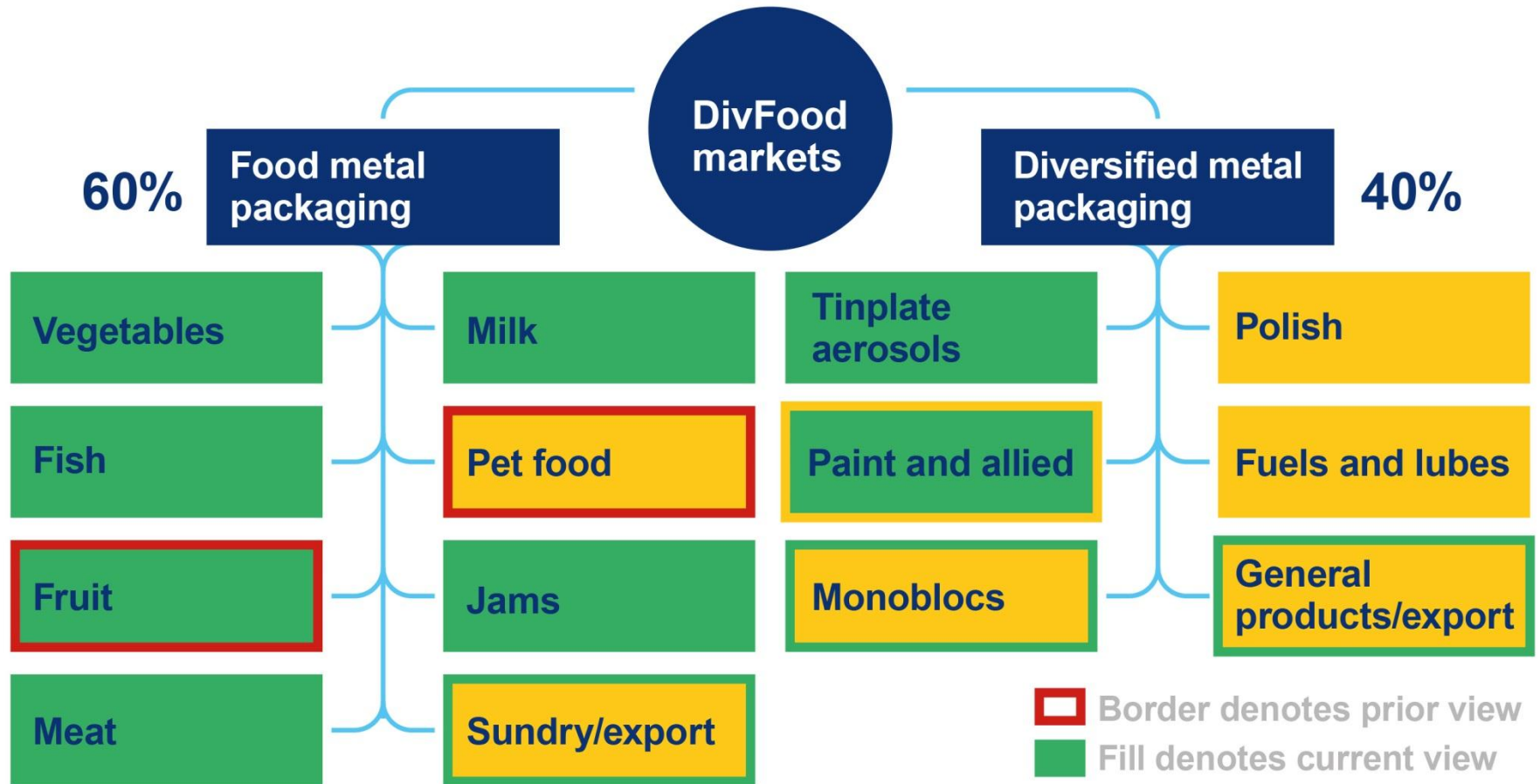
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Major market categories	Competitive dynamics (% of total market)		
	Nampak	Local competition	Imports
Food cans (2 and 3 piece)	63	20	17
Tinplate aerosols	78	3	19
Monobloc aerosols	59	0	41
Paint	68	32	0
Polish	91	9	0

- › Nampak DivFood the only two-piece food can manufacturer in South Africa
- › Fruit volume secured with key customer from 2016 onwards
- › Long term agreement with leading culinary customer
- › Fish opportunity → increased total allowable catch (TAC) and frozen cutlet imports being canned locally
- › Paint growth opportunity on back of new efficient technology investment at reduced unit cost
- › Foodcan growth opportunities in the rest of Africa limited by slow development in agro-processing

Majority of the market doing well despite challenging macroeconomic dynamics



Different markets are influenced by different drivers. GDP growth, consumer behaviour, weather patterns, agricultural harvest, fish quotas and exchange rates

- › DivFood's profitability decreased since 2007

- › Driven by the following factors:
 - » Emergence of low cost competition, cherry picking and eroding volume
 - » Large customers encouraging competition, driving down price
 - » Historic underinvestment in new technology manufacturing equipment
 - Most equipment is older than 30 years, not energy efficient, unable to utilise latest generation thin-gauge tinplate and not optimally efficient
 - » Challenges experienced in sourcing good quality and reliable supply of tinplate

We are addressing these and making good progress

An improvement programme based on 5 strategic pillars implemented in 2014

1. The business is now organised along major **markets in business units** and we understand the profitability of each of these.
2. We are establishing **leaner and focused production units** by investing in modern and appropriate equipment and removing underutilised capacity.
3. The business is being **simplified** by **rationalising raw material inputs, product offerings and the customer base**.
4. We are ensuring that the business has access to the **latest technology** in **light-weighted tinplate** and have **reliable supply of good quality material**.
5. Support services will be structured to deliver **appropriate levels of support at reduced costs**.

Pillar 1: Business unit focus on profitability

- › The various Business Unit areas have different customers, competitive pressures, technology requirements and product dynamics
- › Profitability is now being measured at a business unit, customer and item level
- › Business unit managers appointed to manage Food and Diversified businesses to bring focus and alignment
- › Targeting a minimum margin in line with corporate targets, for each business unit
- › Areas of focus and timing of intervention:

	Food				Diversified				
2015 to 2016	3pc Vdbjl Assembly	Vdbjl Components			Paint	Monoblocs			
2016 to 2017			3pc Paarl Assembly	2pc Epping & Rosslyn		Monoblocs	Tinplate Aerosols	Polish	General Products

	Highest effort & risk
	Medium effort & risk
	Lowest effort & risk

Pillar 2: Manufacturing footprint and planned investment programme – investment to compete

	Current		2015 – 2016 Approved (Rm)	2016 – 2017 Feasibility (Rm)	Future Manufacturing Footprint
	Manufacturing Footprint	Equipment age (Yrs)			
Food	47	Mostly 20 – 30+			<31
Diversified	149	Mostly 20 – 40+			<74
Coilshear	3	40+			2
Generators					5
Total	199		300 – 350	400 – 450	±100

Pillar 3: Simplify the business offering

- › Some business units have a large customer base and broad product offerings
- › Competitors being very selective: Long run (volume), discrete focus
- › Complexity adds costly business processes (high direct and indirect costs)
- › Busy rationalising customers and SKUs

- › Reduce active customer accounts by 180 (reduction since project inception at 100)
 - » Food: from 110 to 90
 - » Diversified: from 520 to 360
- › Reduce SKUs by 1 227 (reduction since project inception 771)
 - » Food: from 474 to 400
 - » Diversified: from 2 953 to 1 800

Pillar 4: Improved tinplate supply and DR access

› **Progress**

- › Improved local supply reliability, still some quality challenges
- › Solid international supply chain established from a number of mills, with attractive terms
- › Double Reduced (DR) plate usage progressing well across division in line with future investments
- › “Buy better” initiative to contribute further benefits

› **Challenges**

- › Future of local supply
- › Possible import tariff application on steel products including tinplate (proposed at 10%)
- › Phased internal structural reduction in tinplate stock-holding, without compromising customer supply

Pillar 5: Appropriate level of support services

- › Current split is 60% direct manufacturing, 40% indirect employees supporting the business
- › Significant workload on support services during the technology investment programme given the requirements and magnitude of change
- › Investigating the possibility to reduce cash fixed costs in the area of support services, once the new manufacturing footprint has been established and the business simplified (2017/2018)

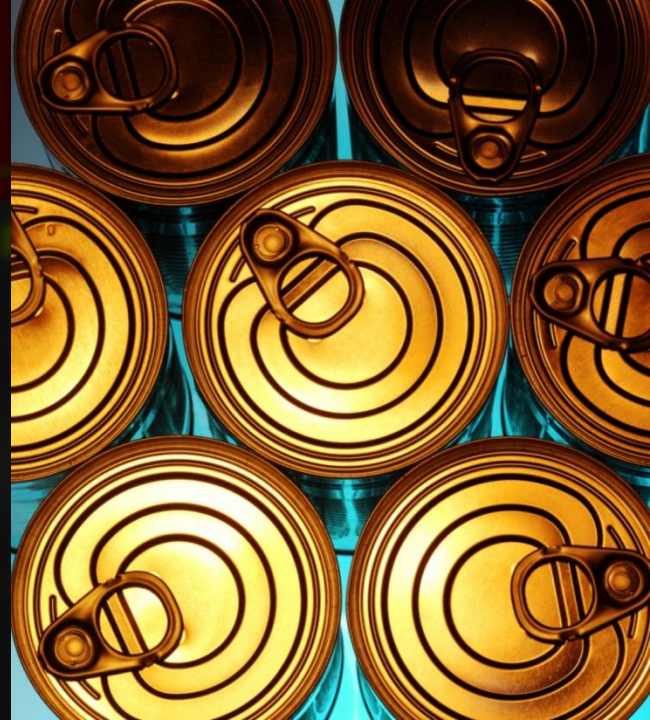
- › DivFood has a strong market position and enjoys good relations with our customers
- › Despite the execution of a challenging operational improvement plan, the business performance is on par with 2014 and in line with 2015 expectations
- › Business and operations improvement initiatives will start adding incremental value from 2016 onwards

**Thank
you**

Nampak Glass

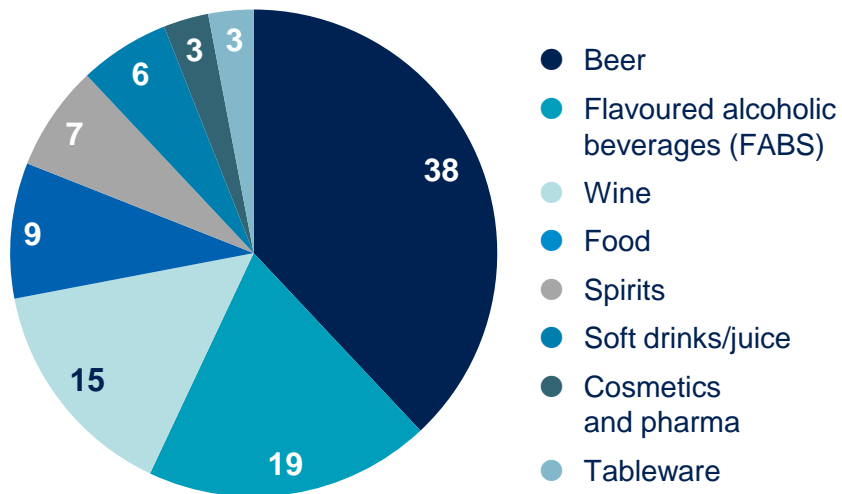
Pieter van den Berg
MD, Nampak Glass

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Market analysis

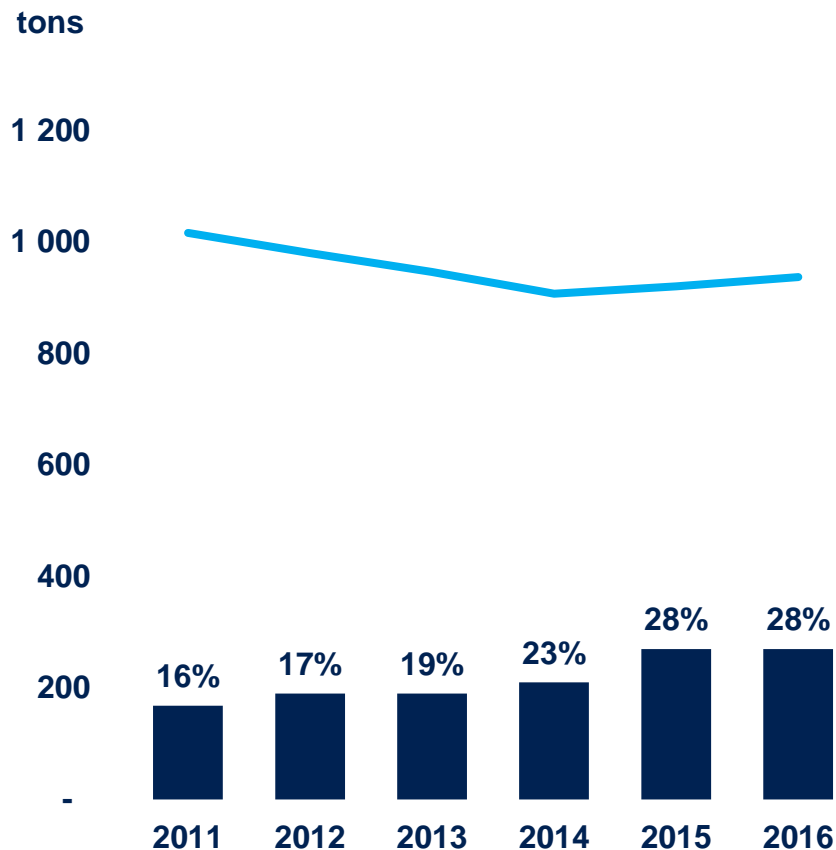
South African market (tons as a %)



Nampak Glass share of individual sectors

	% Share
Beer	18
Soft drinks/juice	44
FABS	25
Wine	15
Spirits	67
Food	41
Tableware	0
Cosmetics and pharma	0
Total	25

Market under pressure – little impact on Nampak's sales volumes



■ Nampak market share based on capacity

— Market demand

- › Market demand has been in decline but now recovering
- › Forecast indicates growth driven by wine and food products
- › Nampak's market share has increased with the ramp-up of Furnace 3
- › Nampak volume growth not dependent on market growth

Looking back

The peak October 2014 – February 2015

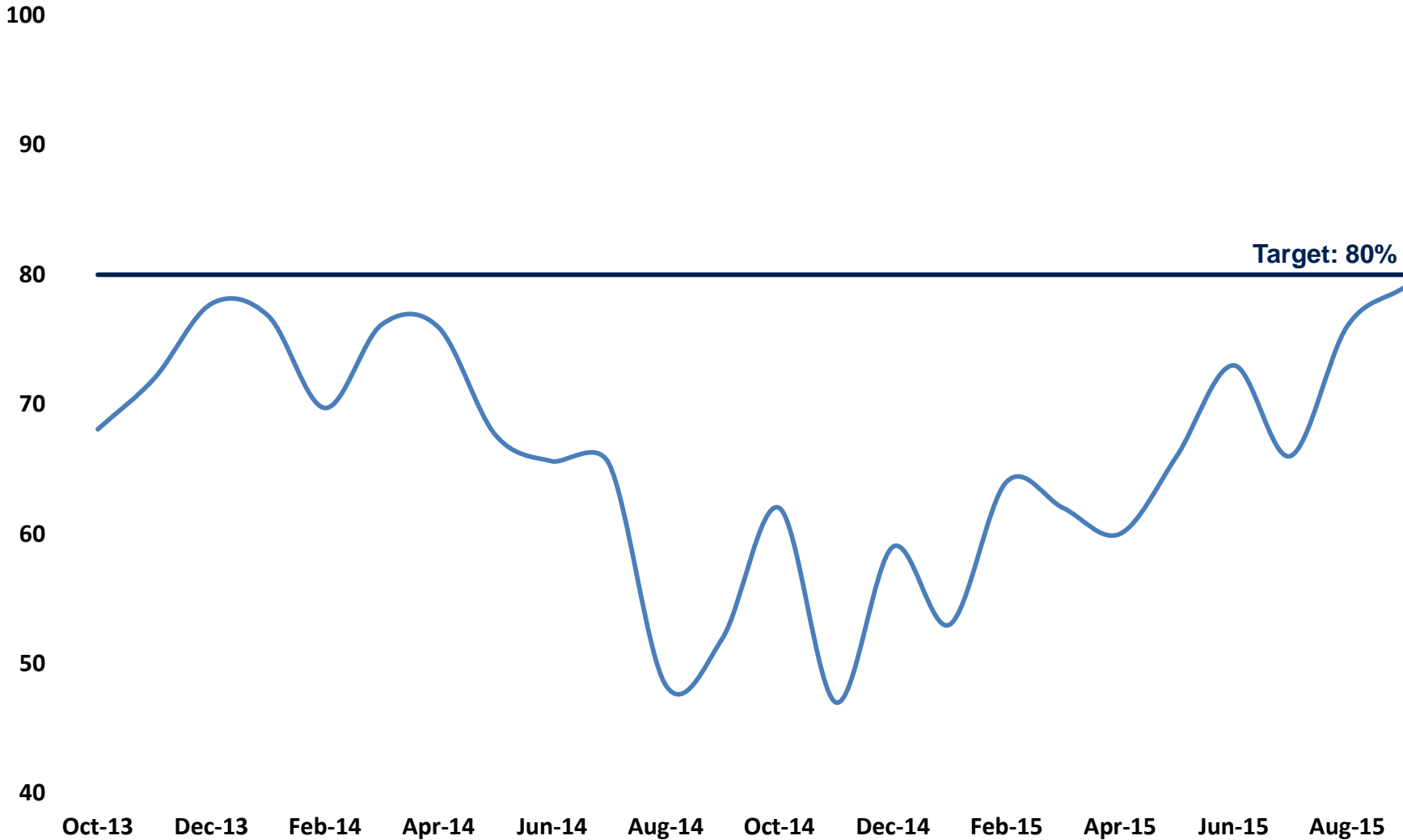
- › Commissioned Furnace 3 in peak in August/September 2014
 - » construction started three months late due to delayed signing of commercial contracts
- › Low stock levels and increased complexity of new work
- › Short runs to service immediate demand (job/process changes very high)
- › Operational efficiencies and business performance compromised
- › High management and key skills turnover as well as labour force instability
- › Inadequate forecasting and planning tools for increased operational complexity

- › Operational efficiencies (PTM) deteriorated
- › Quality issues surfaced
- › Customer service compromised
- › Financial performance negatively impacted

Key short term operational interventions

Intervention	Status
Stabilised supply and relationship with key customers relationship	Achieved
Management change and filling of key operational skill positions	Complete
Stabilise relationship with workforce	Achieved
Utilise additional technical support from global partners	Ongoing
Address technical constraints: <ul style="list-style-type: none"> i. Furnace 1 – Refurbishment of forming line 1/1 ii. Furnace 3 – UV green glass production iii. Furnace 3 – Performance of forming line 3/2 	<ul style="list-style-type: none"> i. Complete ii. Complete September 2015 iii. New line installation currently in progress
Address weaknesses in operating systems and processes: <ul style="list-style-type: none"> i. Forecasting, planning and scheduling ii. Operational process review, mould design, job changes etc. iii. Bottle forming simulation software 	New software system installed
Rationalised product mix to reduce complexity with better alignment to production footprint: Reduced from 130 to 110 (target <100)	1st phase complete

Current average pact-to-melt (PTM) close to target



Where are we now

September 2015

- › Significant improvements in factory performance
 - » Structure stability, all key positions filled
 - » Operational efficiencies improved and now acceptable
 - » Stock build in preparation for 2015 peak
 - » Positive feedback from the market on quality and service
 - » Job and process changes at 20 and less per month (plant stable)
- › Significant improvement in market credibility
 - » Customer requirements satisfied
 - » Positive sales volume growth opportunities in various markets
 - » Disciplined forecasting with customers

2012

- › Two furnace operation
- › 195 000t installed capacity
- › $\pm 18\%$ market share
- › Market share not sufficient to be material strategic 2nd player
- › Limited flexibility in production capability
- › Inability to optimise colour campaigns and operational efficiencies
- › EBITDA margins around 25 – 30% and trading margin around 12 – 17%

2016 and beyond

- › Three furnace operation
- › 285 000t installed capacity
- › $\pm 28\%$ market share
- › Ability to optimise colour campaigns (three furnaces to three colours)
- › World class energy efficiency
- › Increased product offering and flexibility
- › $> 85\%$ capacity contracted
- › Full contingency in electricity supply (Rotary Uninterrupted Power Supply)
- › Targets: Pack to melt – 80 to 82%
Trading margin around 12 – 15%

Our competitive advantage

- › Lower cost producer
 - » Well capitalised equipment
 - » One site production benefits from economies of scale
 - » World class energy efficiency
 - » Product portfolio fits operations strategy
- › Strong relationships with key customers
- › Increased product offering with expanded capacity with commissioning of Furnace 3
- › Rotary Uninterrupted Power Supply (RUPS) critical for process stability and contingency

- › Short term issues of 2014/2015 resolved, operation stable, safe and reliable
- › Key learnings and preventative measures put in place
- › For Nampak Glass, the market is not demand constrained
- › Medium term outlook positive
- › World class energy efficiency and highly competitive cost base
- › Opportunity to selectively increase market share to complement production capacity and capability

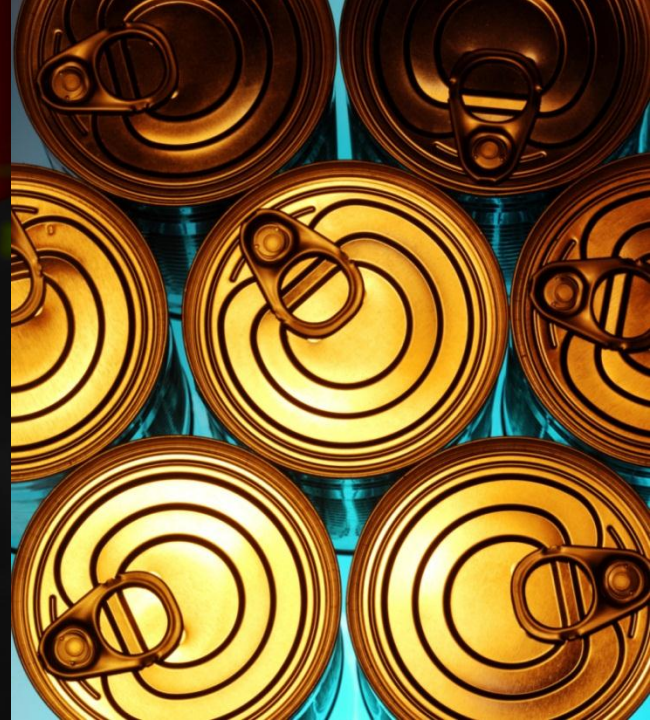
**Thank
you**

Nampak in the Rest of Africa

Rob Morris

Execute: Glass
and Rest of Africa

17 September 2015

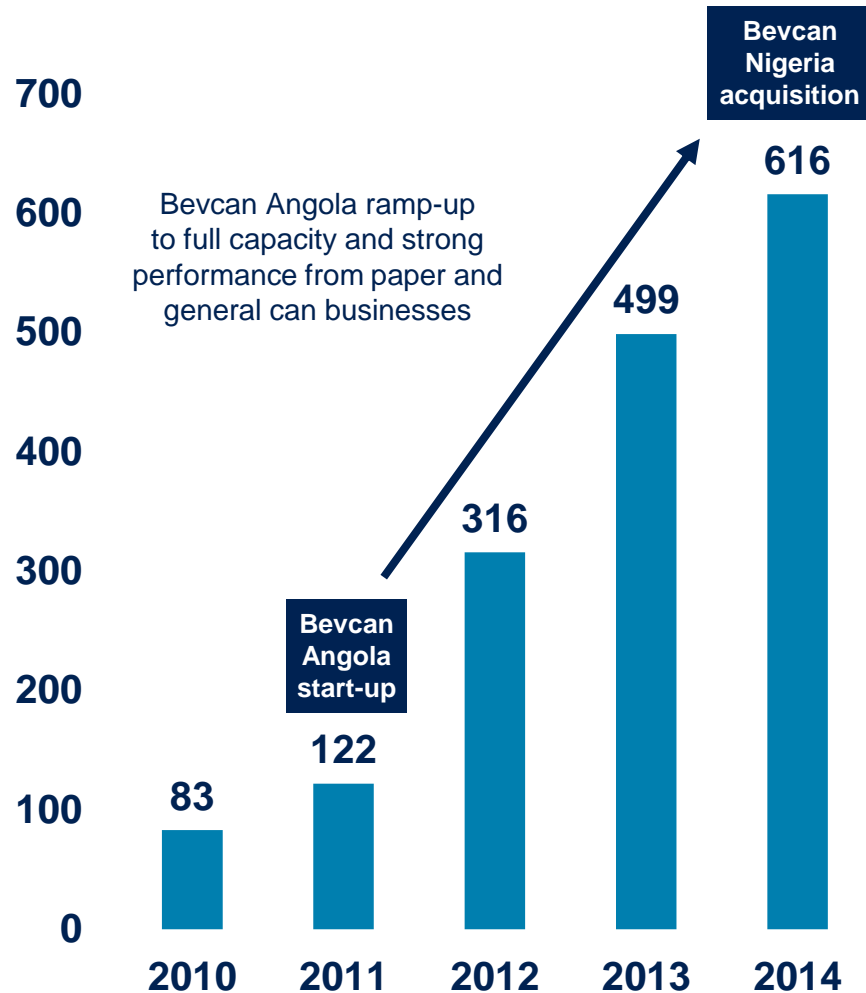


The rest of Africa strategic intent

**The rest of Africa to generate 50% of Nampak trading profit by the
year 2020**

Rest of Africa trading profit growth

R million



- › Growth through greenfield investment and acquisitions in metals, glass and rigid plastics
- › Partner with major multinational customers
- › Build market base through exports
- › Establish local manufacture
- › Diversify manufacturing to other Nampak products
- › Build on existing hubs

Rest of Africa contribution to trading profit increased from 8% in 2011 to 38% in 1H2015

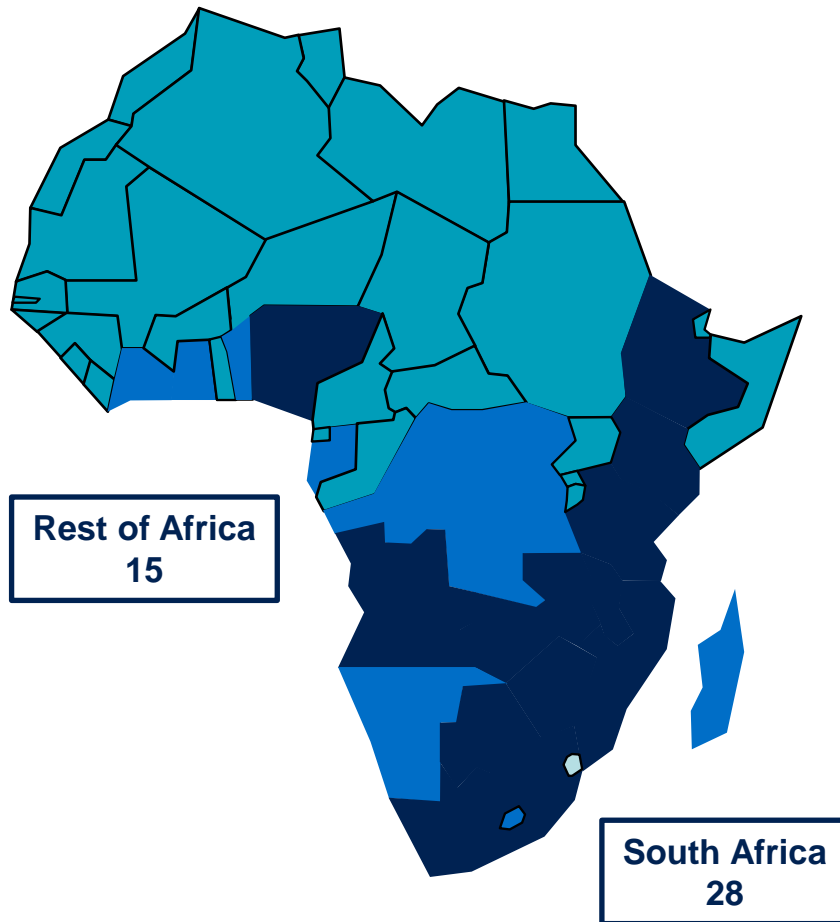
REVENUE (%)



TRADING PROFIT (%)



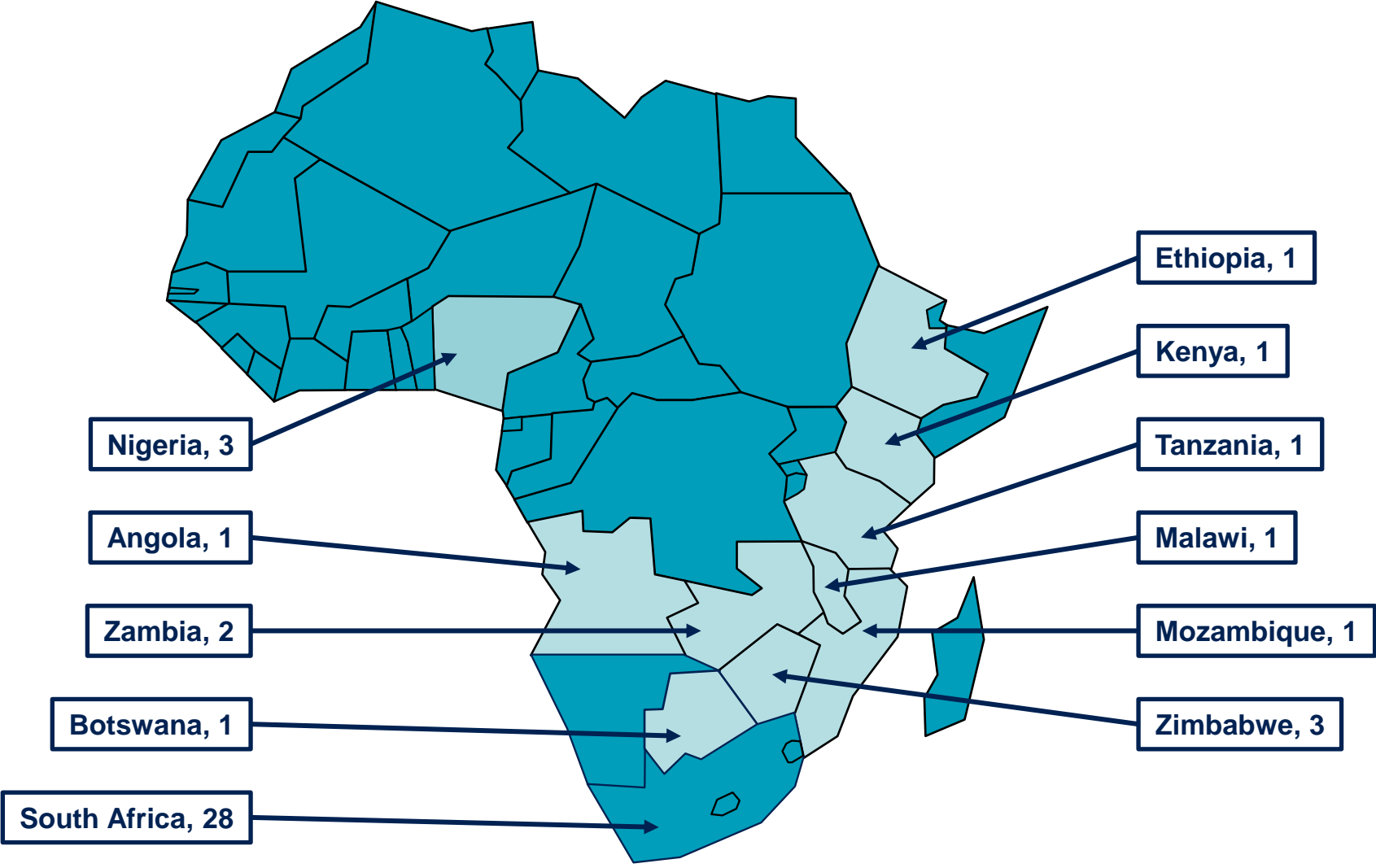
Rest of Africa operations contribute to profitability



Our competitive advantage

- › Established regionalised production footprint
- › Strong customer and stakeholder relationships
- › 15+ years experience in most African countries
- › Familiar with challenges of doing business in areas with inadequate infrastructure and volatile political and economic environment
- › Where no operational presence, well positioned to leverage early mover advantage

Nampak operations in Africa



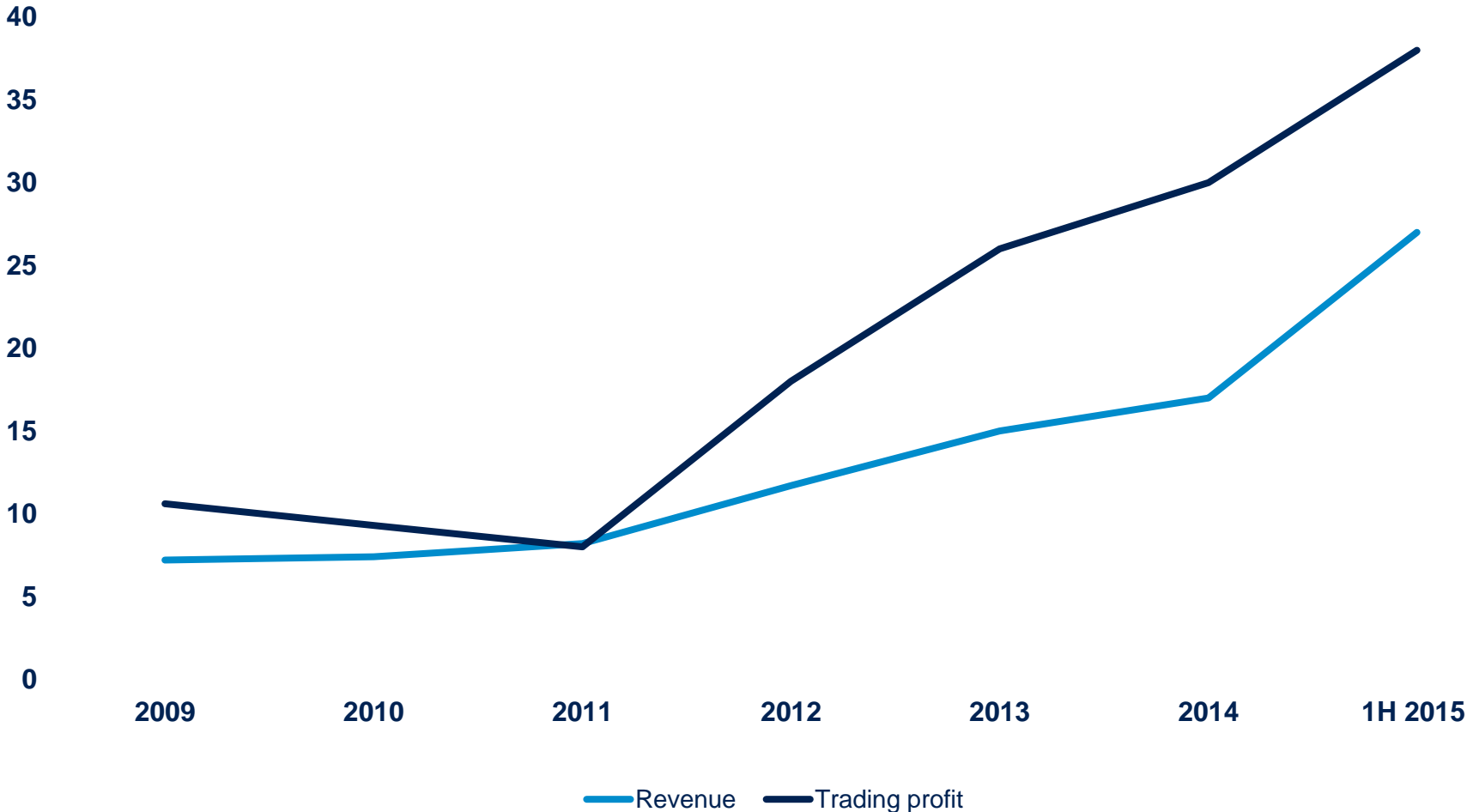
Future growth will be driven through greenfields, acquisitions and organic expansion

	Bev cans	Food and other cans/drum	Crown	Paper carton and labels	Corr	Sack	Liquid carton	Plastic bottles and jars	Closure	Crate	Glass
South Africa	X	X					X	X	X	X	X
Ethiopia		X	X							X	X
Angola	X										X
Nigeria	X	X		X				X	X	X	X
Kenya		X	X			X	X (fill)				
Botswana							X(fill)	X			
Malawi					X	X	X				
Mozambique			X								
Tanzania		X	X				X (fill)				
Zambia		X	X	X		X	X	X	X	X	
Zimbabwe		X	X	X	X	X	X (fill)	X	X	X	

- Existing
- Potential growth projects

The rest of Africa contribution to group results

Rest of Africa percentage contribution to group profits



2015 a challenging year

- › Oil price drop and subsequent impact on Nigeria and Angola
- › Elections and new government in Nigeria
- › General impact of decline in commodity prices

Managing currency fluctuations

- › **Direct impact**
 - › Debt / creditors: limited hard currency exposure
 - › Cost recovery from customers: limited currency volatility exposure due to pass through clauses in contracts
 - › Repatriation translation
 - › Forex liquidity: a concern in Angola and Nigeria – will impact results
- › **Indirect impact**
 - › Inflation/ macro economic demand

Where we have operations Angola and Mozambique

- › **Luanda** – beverage can operation
 - » 1st tin plate Line commissioned in 2011
 - » 2nd beverage can line (aluminium) commissioned May 2015
 - » Duties gazetted, not yet imposed
 - » Good volume opportunities
- › **Maputo** – crowns operation
 - » Considering closure of Mozambique operation



Where we have operations Nigeria

› Lagos

- › Metals factory
- › Acquired 57% in 2002
- › Acquired minority interest in 2011



› Ibadan

- › Cigarette cartons factory
- › Commissioned 2005, 2009 expanded into commercial cartons



› Agbara

- › Beverage cans
- › Acquisition March 2014



Operational update Nigeria

› Lagos

- › Subdued first half but good recovery evident after elections

› Ibadan

- › 2015: volumes down due to customer stock reduction
- › Volumes recovering well in 2H calendar year
- › Good growth in commercial volumes

› Agbara

- › Volume ramp up in line with expectations
- › Minimal impact of macro issues on volumes (low market share)



Where we have operations East Africa

› Kenya (Nairobi)

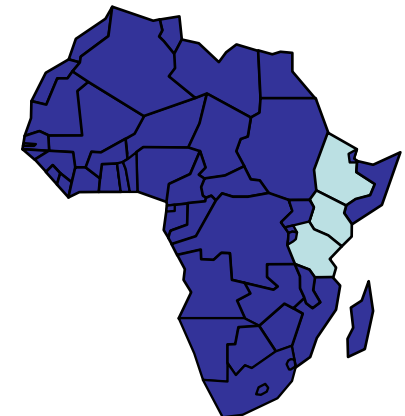
- › Metals and paper factory
- › Acquired 100% of Bullpak in 2014

› Tanzania (Dar es Salaam)

- › Metals and drums

› Ethiopia (Addis Ababa)

- › Acquired 25% of Ethiopia Crown Cork in 2002
- › Crate operation being commissioned



- › **Nairobi (Kenya):
Metals and paper sacks**
 - » Agricultural related volumes impacted by erratic weather
 - » Sacks had a strong year on flat market

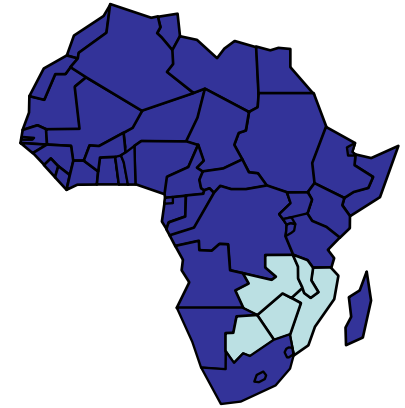
- › **Dar es Salaam (Tanzania):
Metals and drums**
 - » Market in beverages very subdued
 - » Exchange rate devaluation significant

- › **Addis Ababa (Ethiopia):
Metals and crates**
 - » Installation of crate line for East Africa Bottling (Sabco)
 - » Commitment to take full capacity for 3.5 years
 - » Project delay due to regulatory bureaucracy and logistic issues
 - » 2nd phase to include beer segment (2016)



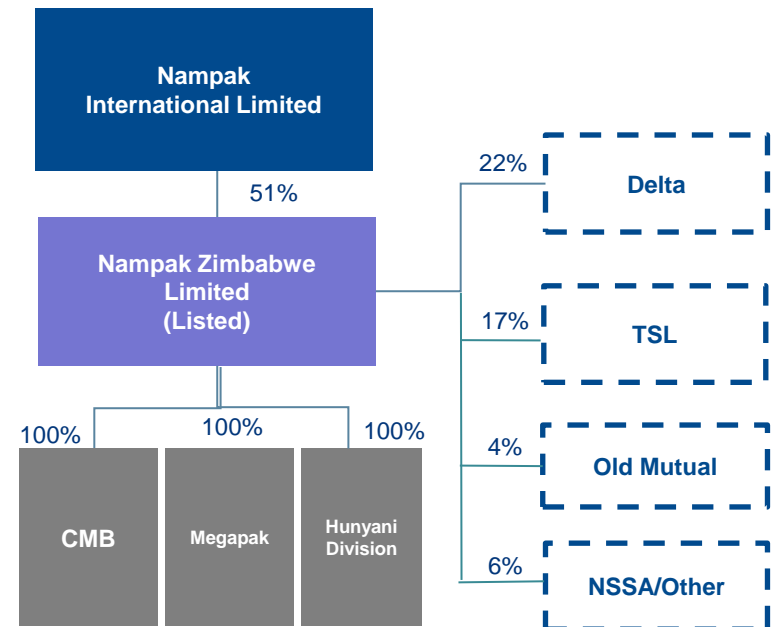
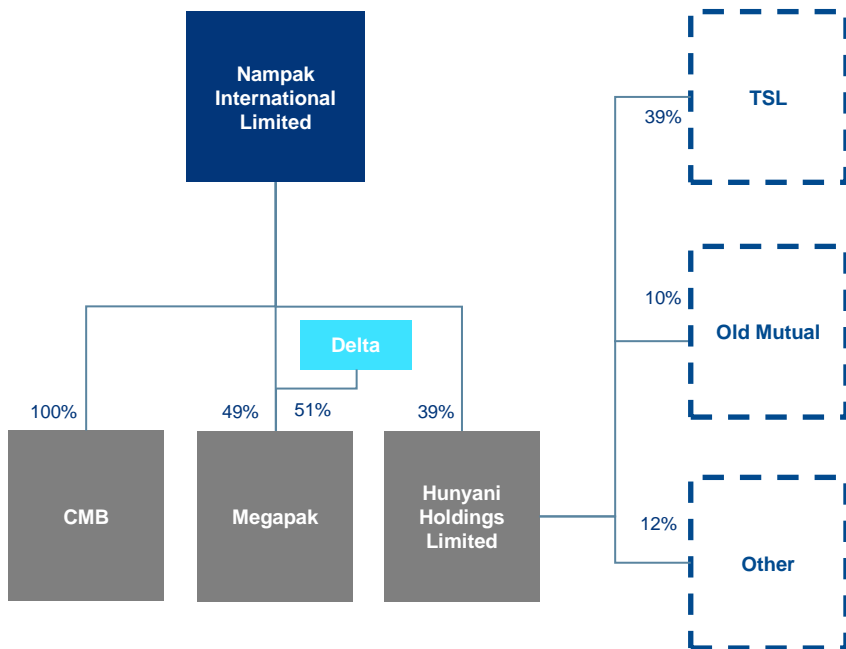
› Six Manufacturing operations

- › **Blantyre** (Malawi) Paper
- › **Maputo** (Mozambique) Crowns
- › **Lusaka** (Zambia) Various
- › **Harare** (Zimbabwe) Various – three operations

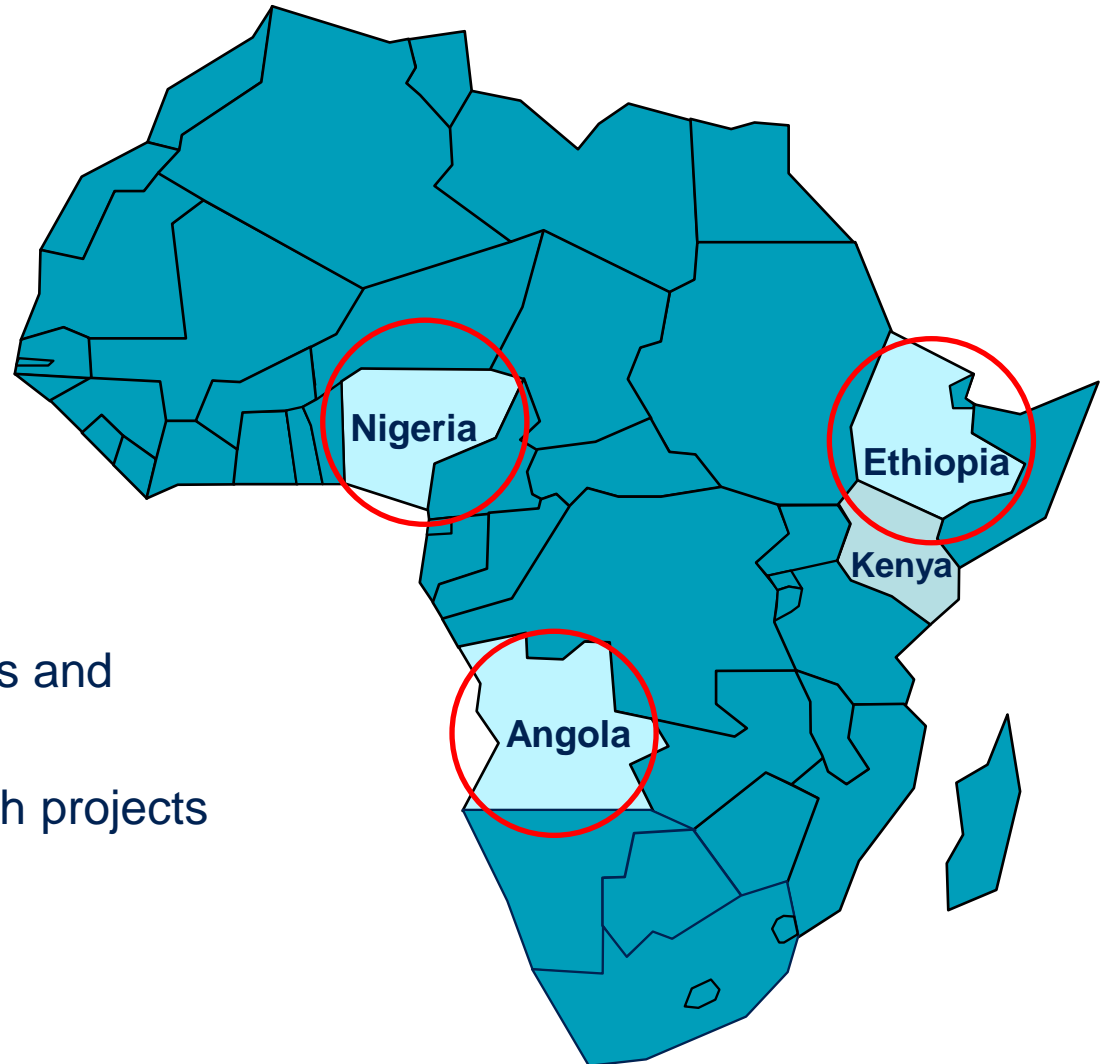


Nampak Zimbabwe overview

- › Restructured in October 2014, publically listed on Zimbabwe Stock Exchange (ZSE)
- › Comprises 3 operating companies
- › CMB Zimbabwe – metals, crowns and plastics
- › Hunyani – corrugated, cartons and labels
- › Megapak – PET, Preforms, roto and blow moulding
- › Fully compliant with indigenisation



Rest of Africa growth key growth geographies



- › Material greenfields projects and acquisitions (>\$50m)
- › Regional incremental growth projects
- › Acquisitions

The growth in alcoholic and non-alcoholic beverage consumption supports Nampak's strategy

NIGERIA

- › 1 in 5 households is middle class
- › Middle class: 30% (2020) & ~40% (2030)
- › Population: 175m growing at 3% y-o-y
- › GDP growth: 5.7% (2014), 5.2% (2015f)
- › Urbanisation: 46%, growing at 5% y-o-y
- › Reliance on oil & gas for growth reducing

Beer

- › 10% consumed alcohol is beer, 89% illicit
- › 9 – 10% volume growth (CAGR) to 2025
- › Size in volume to overtake RSA by 2030
- › Most growth seen in value segment
- › Innovative distribution channels drive consumption

CSDs

- › Large cities at the start of hot-zone
- › 13 – 15% growth y-o-y
- › Demand driven by poor access to water
- › Consumed mainly by teenagers and youth

ANGOLA

- › 1 in 3 households is middle class
- › Middle class: 50% (2030)
- › Population: 22m growing at 3% y-o-y
- › GDP growth: 6% (2014), 6.6% (2015)
- › Urbanisation: 42%, growing at 5% y-o-y
- › Reliance on oil & gas for growth reducing

Beer

- › 65% consumed alcohol is beer, 5% illicit
- › ~6 – 7% volume growth (CAGR) to 2025
- › 400 to 500 million units imported beer, customs tariffs on bottles driving investment
- › Continued investment in brewery and packaging capacity

CSDs

- › 7 – 8% growth y-o-y
- › Consumed mainly by teenagers and youth

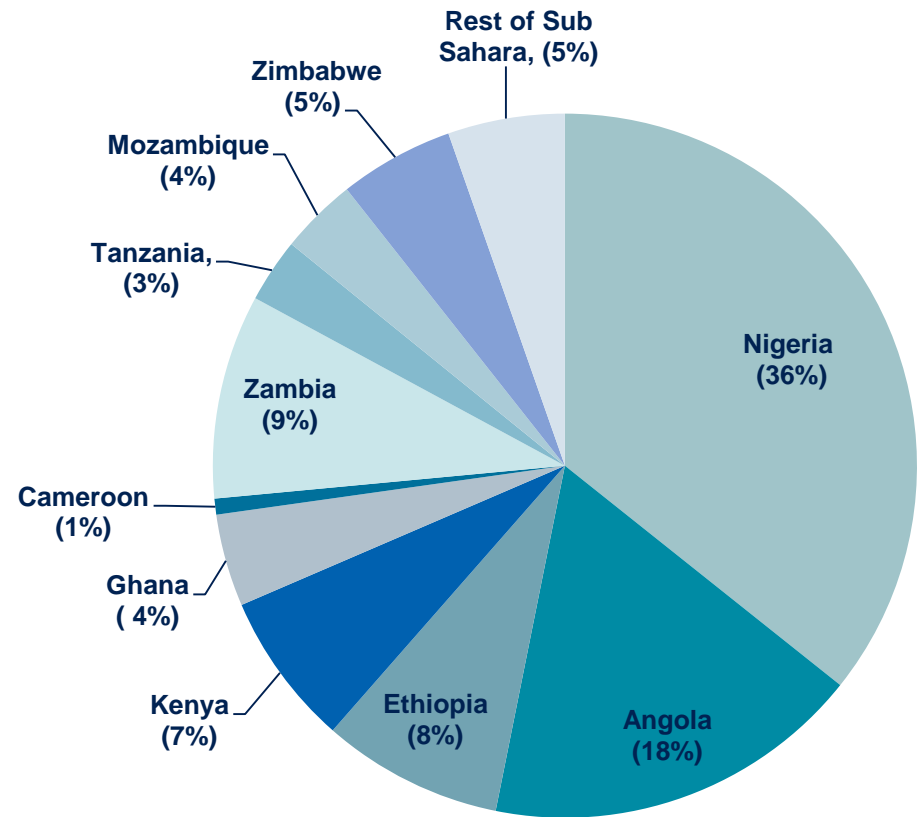
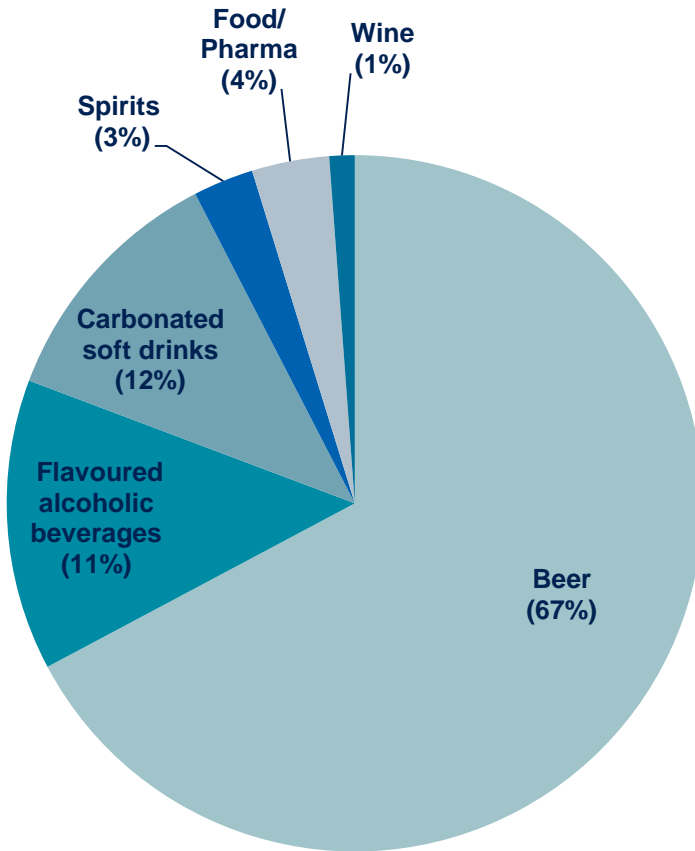
ETHIOPIA

- › 99% households are low income, earn <\$2/day
- › Middle class: 2% (410 000) by 2020 and 4% (1 million)
- › Population: 94m growing at 3% y-o-y
- › GDP growth: 10.6% (2014), 11% (2015f)
- › Urbanisation: 19%, growing at 5% y-o-y
- › Initial stages of growth, provides long-term economies of scale

Beer

- › 8% consumed alcohol is beer, ~90% illicit
- › 11% volume growth (CAGR) to 2025
- › Growth in consumption has surpassed forecasts
- › Almost all glass imported, import tariff in place
- › Two multinational brewers growing and building capacity
- › Third brewer to start operations Q2 2016

Current SSA glass market as big as South Africa's market



Nigeria greenfield opportunity

- › MoU is being finalised with a local partner
- › Land has been identified in Agbara, close to Nampak Bevcan
- › Gas is available
- › Support has been received from major customers
- › Furnace will be gas fired
200 – 250 t/day
- › Furnace will cater for the growth in glass market, capacity currently constrained
- › Feasibility in progress

Ethiopia greenfield opportunity

- › MoU signed with an investment partner
- › Total estimated investment:
~\$65 – 70m
- › Nampak direct investment:
~\$20m (depending on equity level)
- › Target market: beer
- › Plant design: complete
- › Location: Debre Birhan
(~130 km from Addis Ababa)
- › Furnace: Electrically fired with LPG boosting
- › 150t/day (amber and flint)
- › Due diligence in final stages

- › 2015 was a challenging year
- › Fundamental investment hypothesis remains unchanged
- › Key projects on track for 2015/2016
- › Project pipeline attractive
- › Demographics remain compelling for target market
- › We are being judicious with investments and managing risks appropriately

**Thank
you**

2015 Investor Day

Glenn Fullerton
Nampak CFO

17 September 2015



Forward looking statements

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions in such forward-looking statements are discussed in each year’s annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All income forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

Key external trends impacting our business

- › Challenging macroeconomic dynamics in RSA and some African countries
- › General economic activity in key markets under pressure
- › Currency devaluation in key markets resulting in imported inflation
- › Above inflation wage and energy increases in South Africa
- › Low business confidence
- › Sluggish growth in South Africa – GDP growth forecast – range 1,4% to 1,7%
- › Low oil price and currency deterioration in Rest of Africa (“ROA”)
- › Impacted availability of US dollars in Nigeria and Angola – RoA liquidity constraint
- › Growing consumer demand in RoA key to strategy

- › Implementation of portfolio management strategy has resulted in a focused and simplified group
- › Significant attention placed on corporate finance activities in recent years
- › Consistent strong cash generator
- › Once off credits to earnings have contributed to growth in comprehensive earnings, no impact on HEPS. Focus now on sustainable earnings
- › Investments in higher margin strategic opportunities have diversified earnings and will drive initiatives to increase ROIC

- › Capex spend in SA and Rest of Africa (RoA) markets expected to yield benefits in 2016
- › Exciting growth prospects in RoA to augment investments to date
- › Longer working capital cycles in RoA than SA have impacted working capital levels
- › Presence in RoA increases exposure to foreign currency fluctuations linked to dollar exposure
- › Focus area is repatriation of funds from RoA due to in country sovereign liquidity challenges. African Central Bank's control to remain a factor for some time to come

- › Expansion of geographical footprint achieved from internal reallocation of funds and long term debt
 - » dollar denominated funding utilised
 - » evaluated against internal hurdle rates
 - » no call was made on shareholders for additional funds and there was no change to existing dividend policy
 - » recent opportunities were declined as hurdle rate not achieved, fiscal discipline applied
- › Consequently, the gearing ratio has increased
- › Mix of funding has changed with increased dollar funding

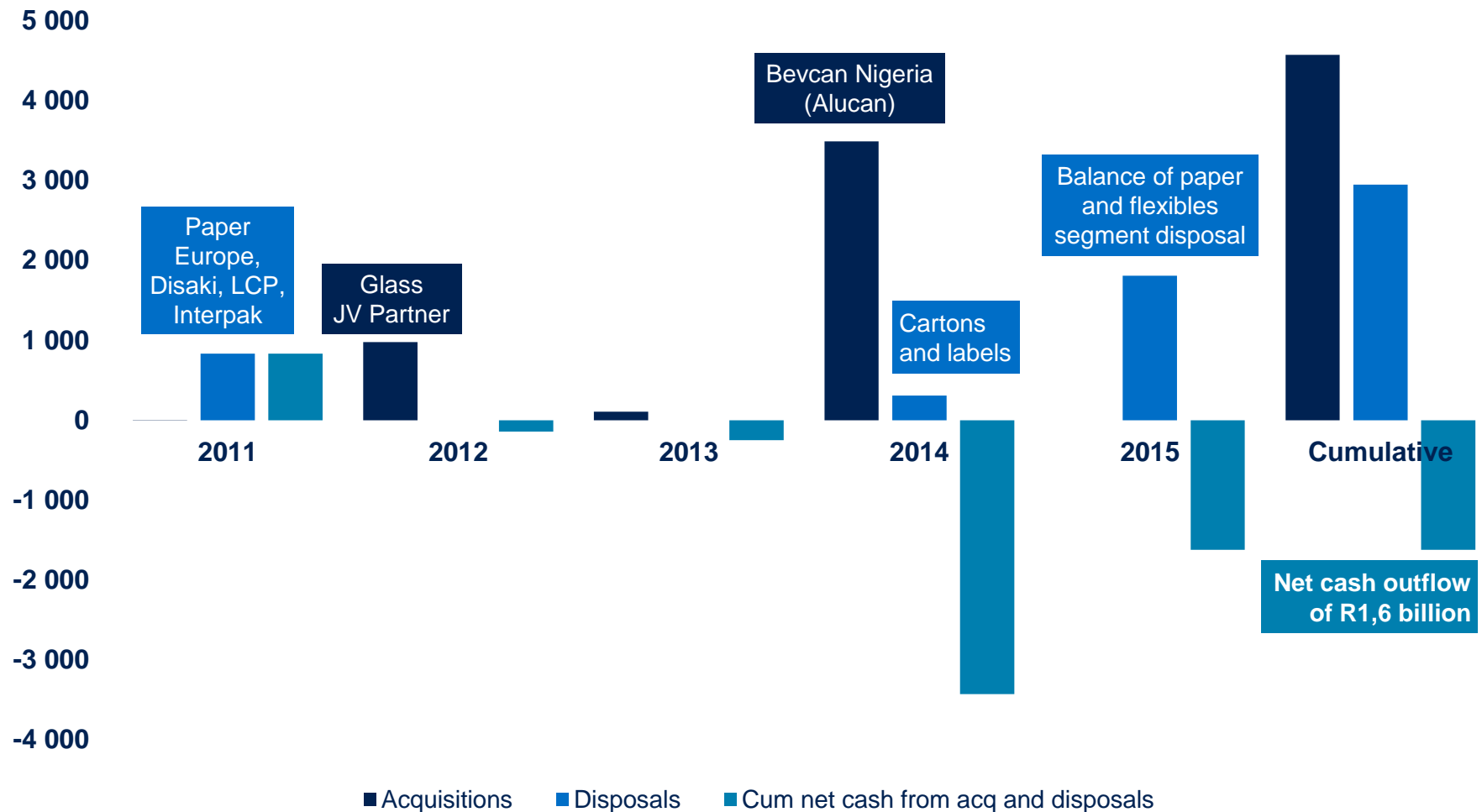


Expansion will yield long term growth ahead of that achievable in South Africa

Key financial trends

Acquisitions and disposals

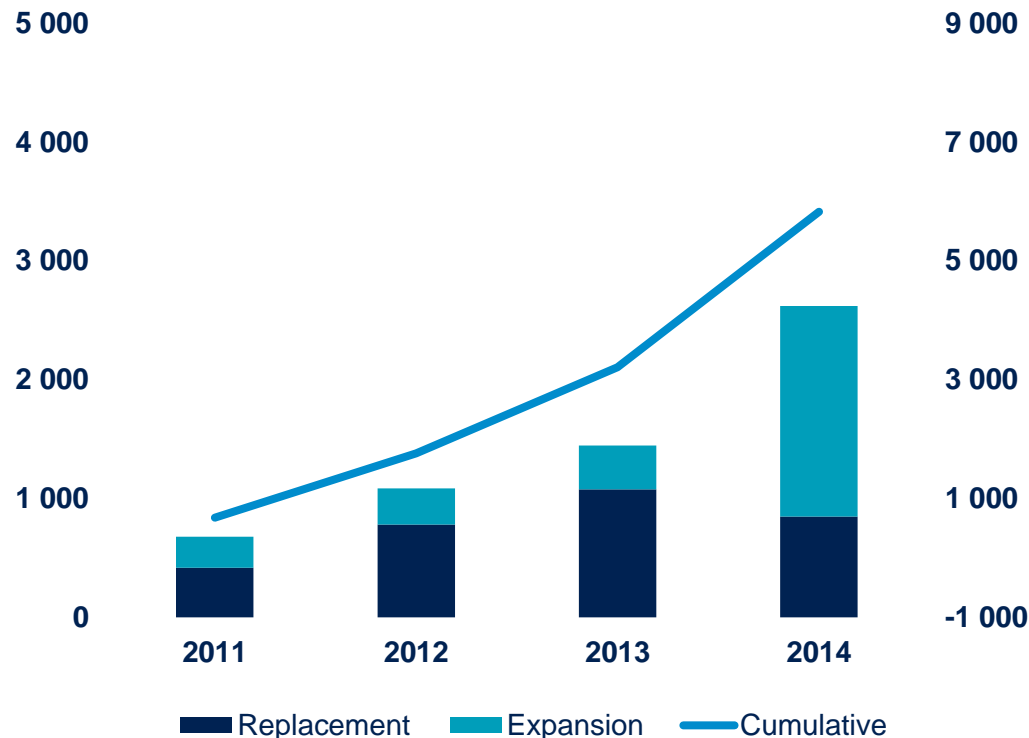
Net cash position from acquisitions and disposals 2011 to 2015 (R million)



Key financial trends

Capex

Capex spend 2011 to 2014 (R million)



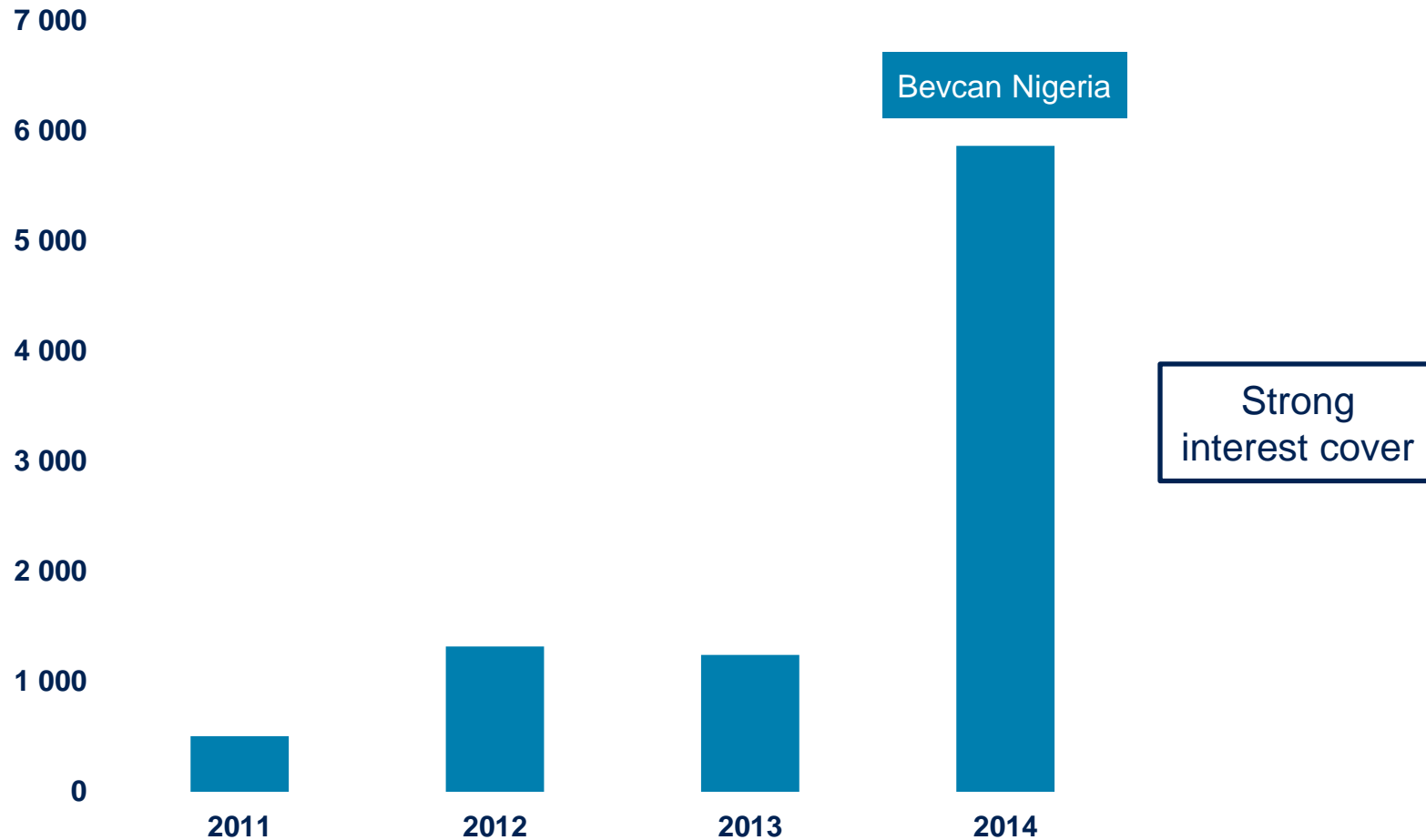
- › Strong investment to ensure productive capacity maintained and expanded
- › Key focus has been on expansion with certain replacement capex increasing capacity
- › Operational leverage now a key part of strategy
- › Well positioned for future

Focused capex plan for 2016

Key financial trends

Funding – interest bearing debt

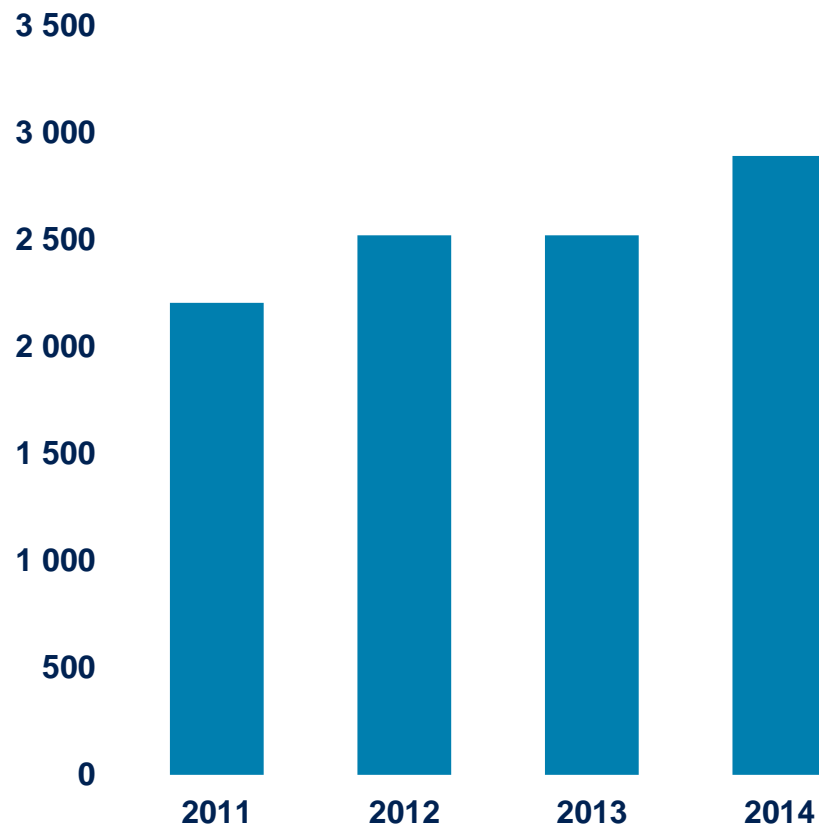
Interest bearing debt 2011 to 2014 (R million)



Key financial trends

Cash generation

Cash generated from operations from 2011 to 2014 (R million)

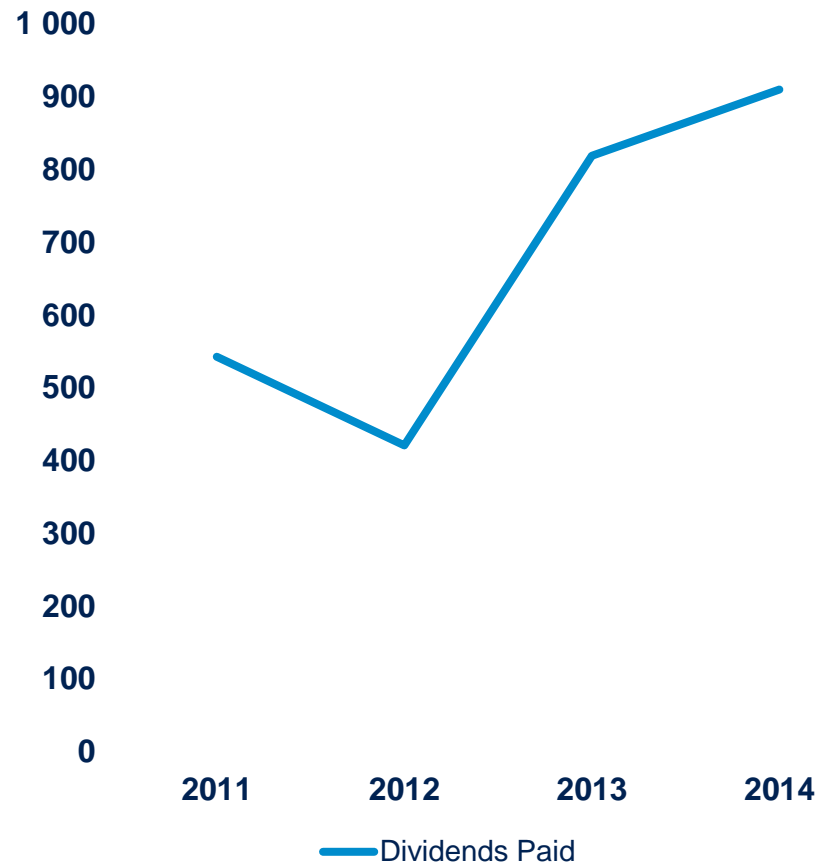


- › History of strong internal cash generation
- › Assisted in funding capex programme and other expansion activities
- › Expect 2016 to deliver strong cash flows with stabilised operating footprint

Key financial trends

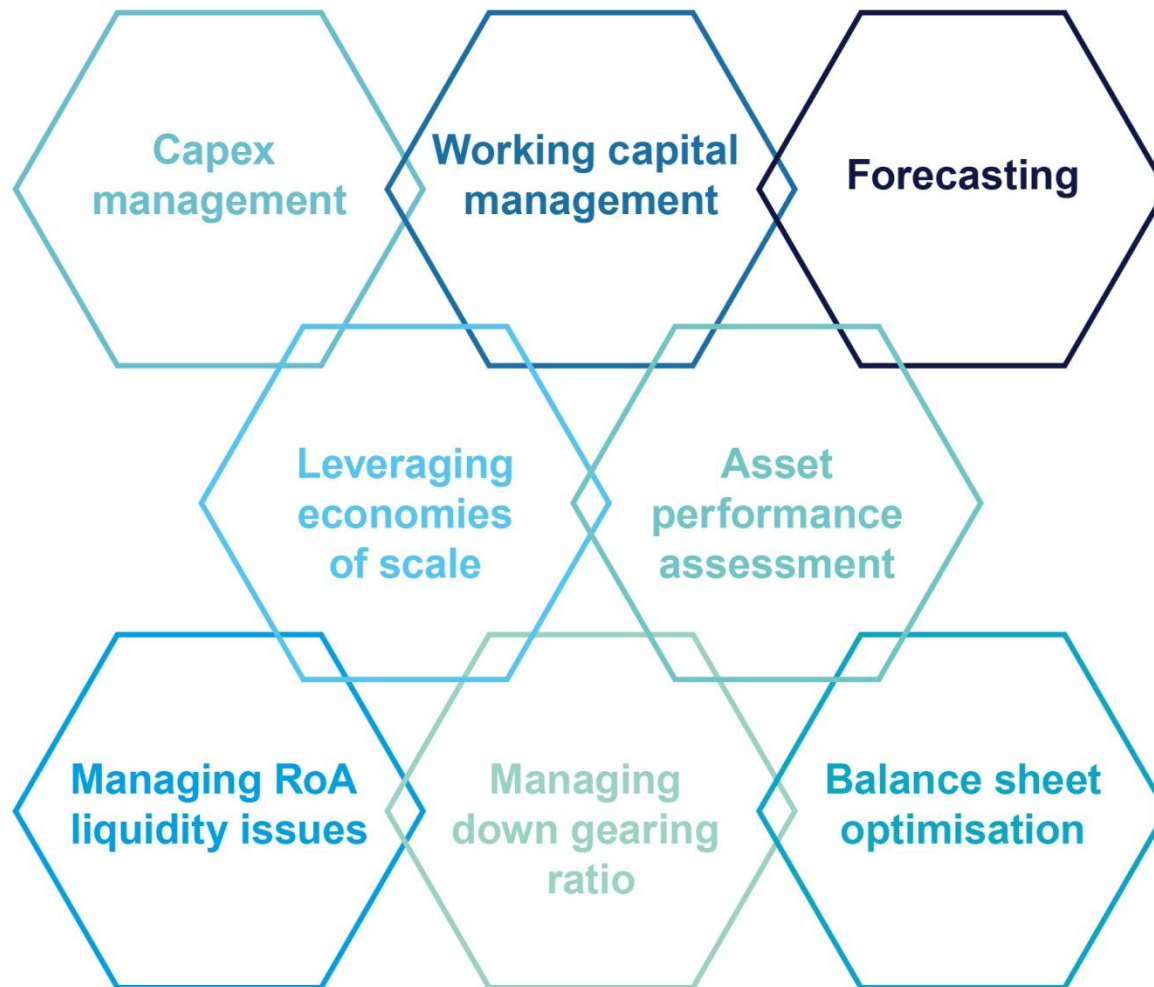
Dividends paid

R million

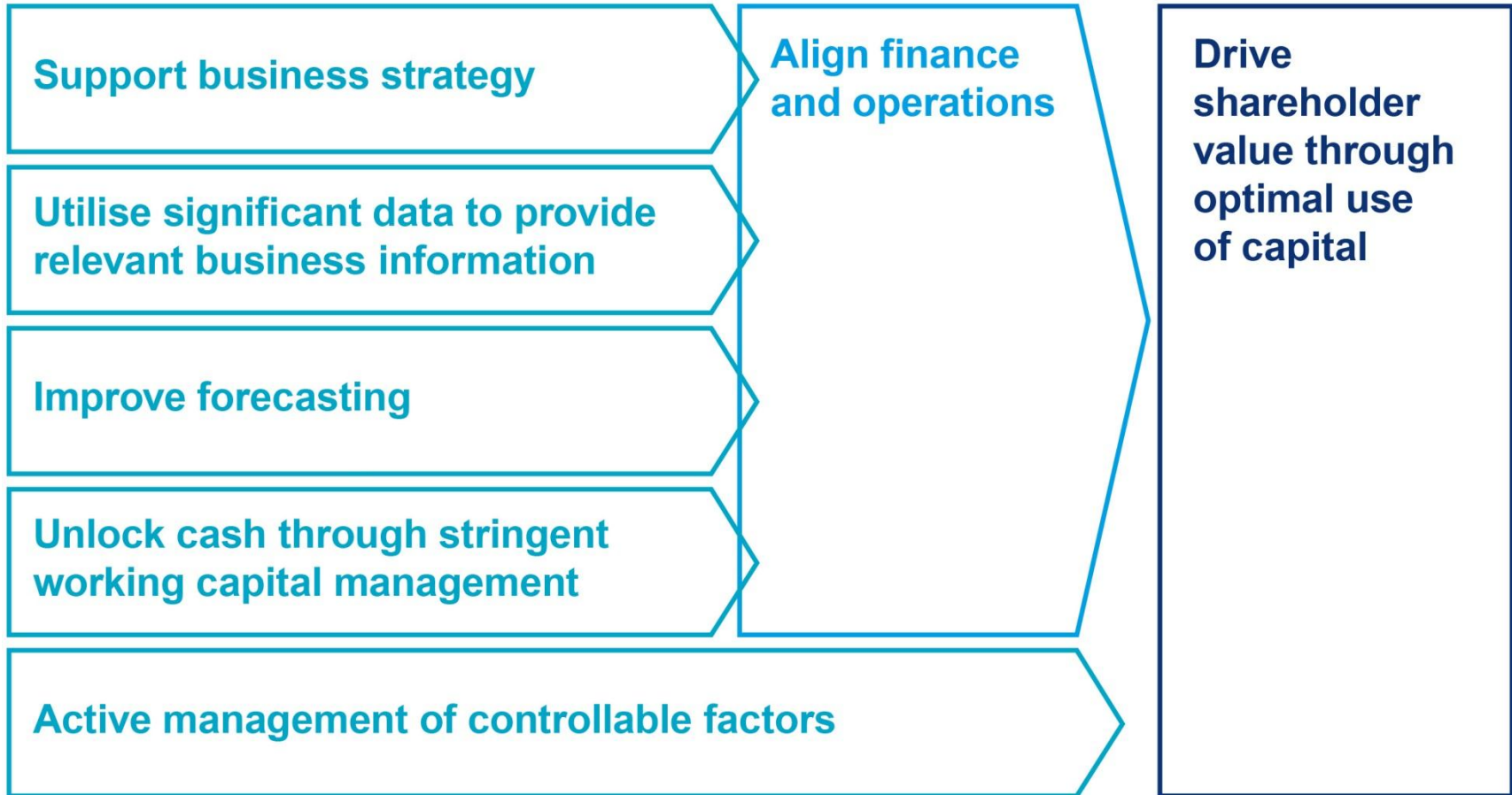


- › Group's cash generative capacity has strongly assisted funding of African growth as well as capex investment plan
- › Allowed dividend policy to be maintained
- › Strong historic dividend

Key focus areas



Near term CFO priorities



Finance to play a proactive role in the “buy, make and sell better” strategy

- › Group restructure completed utilising mix of internal funds and dollar loans
- › Implementation of strategic plan has resulted in focused group positioned for growth
- › Operating and productive capacity enhanced by capex programme
- › Exciting growth opportunities combined with improvements from operational leverage
- › Tightening of fiscal disciplines will optimise allocation of capital
- › Working capital refinement will be a focus area
- › Liquidity issues in Africa will be closely monitored
- › Group gearing to be closely managed
- › Finance to act as an enabler to operations to drive profitability and capital allocations

**Thank
you**