

Nampak Overview

March 2016



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.

- › Africa's leading diversified packaging manufacturer
- › Listed on the JSE Limited (Johannesburg Stock Exchange) under the symbol NPK since 1969
- › Produces world-class metal, glass, plastic and paper packaging from facilities across Africa and the United Kingdom
- › World-class research and development facility based in South Africa provides technical and product development support to our businesses and customers
- › Committed to creating sustainable value for all our stakeholders
- › Work to minimise environmental impact includes supporting and facilitating the recycling, reuse and recovery of packaging

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 a 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

	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
United Kingdom								X	X		
Ethiopia		X	X							X	X
Angola	X										X
Nigeria	X	X		X				X	X		X
Kenya		X	X			X			X		
Botswana							X (fill)	X			
Malawi					X		X				
Swaziland										X	
Tanzania		X	X				X (fill)	X			
Zambia		X	X			X	X	X	X	X	
Zimbabwe		X	X	X	X	X	X (fill)	X	X	X	

- Existing
- Potential growth projects

	Metals	Plastics	Paper*	Glass
Contribution to total sales R million	9 933	5 011	1 470	877
Contribution to trading income R million	1 254	376	184	(76)
Margin (%)	12.6	7.5	12.5	(8.7)**
Raw materials	Aluminium & Tinplate	Polymer	Paper pulp	Limestone, Sand & Soda Ash
Products produced	Aluminium ends, Beverage, Food, Aerosol and Paint cans	Closures, Cartons, Plastic bottles, PET bottles, Crates, Drums and Tubes	Self-opening bags, Cigarette and Sorghum beer cartons	Bottles and Jars
Number of employees	3 771	2 618	1 051	453
Divisions	Bevcan DivFood	Liquid Packaging, Closures & Plastics UK	Zambia, Zimbabwe, Malawi, Kenya, Nigeria	Glass

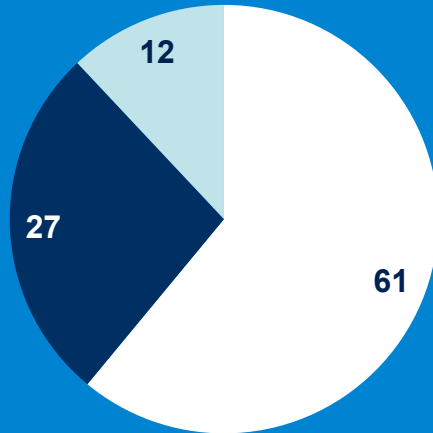
*Only in the rest of Africa, no business in South Africa

** Business has turned around

Revenue and trading profit contribution by region

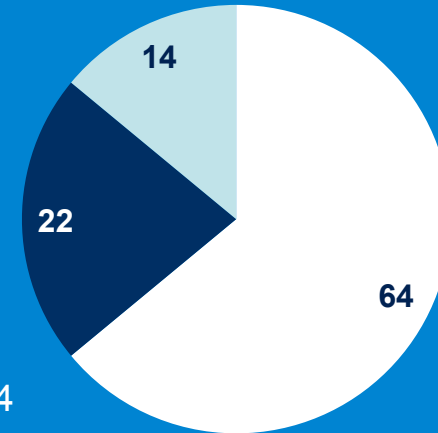
REVENUE (%)

2015



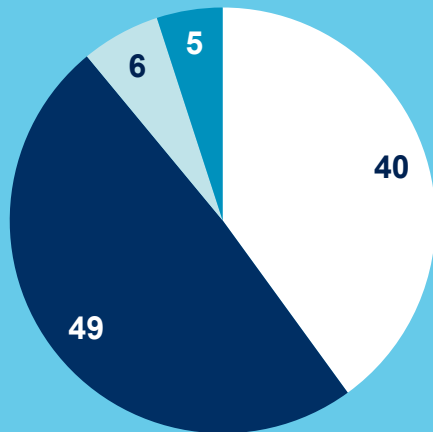
- South Africa
- Rest of Africa
- United Kingdom

2014



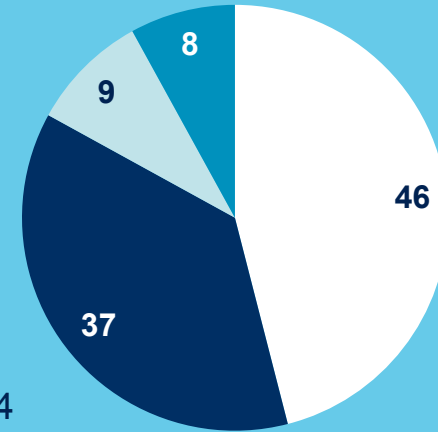
TRADING PROFIT (%)

2015



- South Africa
- Rest of Africa
- United Kingdom
- Corporate

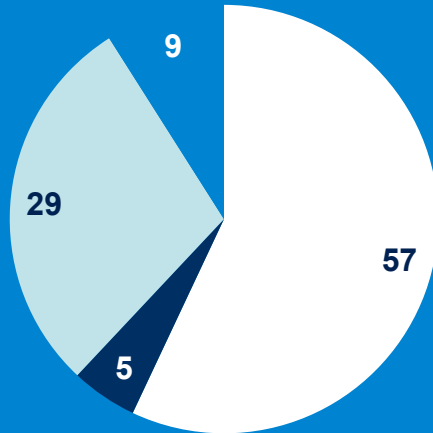
2014



Revenue and trading profit contribution by substrate

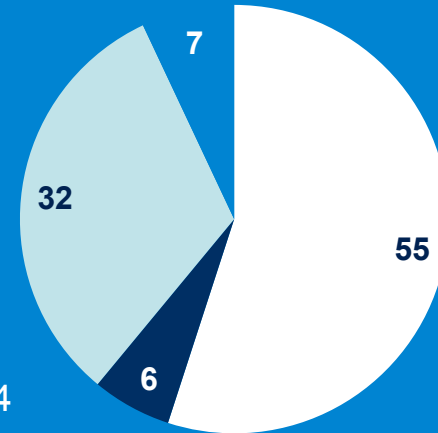
REVENUE (%)

2015



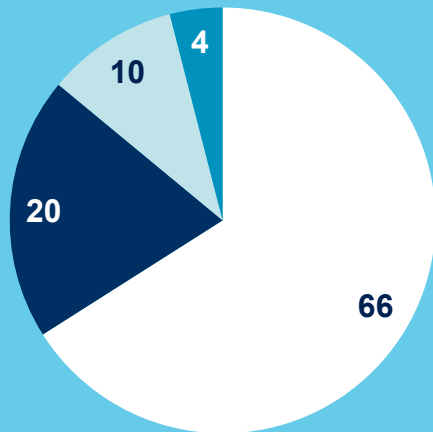
- Metals
- Glass
- Plastics
- Paper

2014



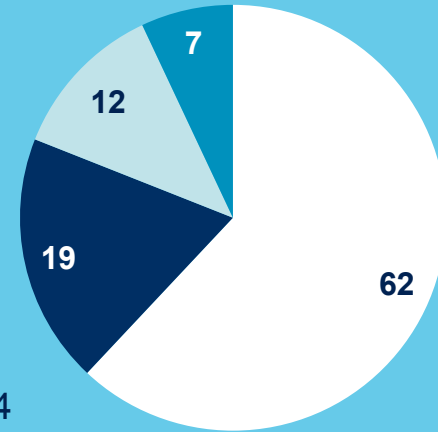
TRADING PROFIT (%)

2015



- Metals
- Plastics
- Paper
- Corporate services

2014



Rest of Africa growth

- › Focus on greenfield opportunities with higher equity returns - previously identified potential acquisitions were declined
- › Further investments in RoA being considered carefully taking into account current macroeconomics
 - › Angola third beverage can line and glass furnace projects delayed
 - › Nigeria and Ethiopia glass projects - significant future value, being evaluated and considered with prudence

Operations improvement and cost management

- › Programmes implemented - benefits to start flowing in 2016:
 - › **Buy better** to deliver significant annual savings by 2016
 - › **Make better** to embed operations excellence – Glass has turned around
 - › **Sell better** 30% SKU (stock key unit) reduction in DivFood and Glass
 - › Head office head count reduced by 44%

Active portfolio management

- › Possible sale of non-core assets within the portfolio
- › Proceeds earmarked for debt retirement

2020 Targets

DIFR: 0.3

Profit from RoA
>50%

Responsible approach to growth and committed to creating sustainable shareholder value

- › Returned to profitability in late 2015
- › Greater operational efficiencies due to improved sales and operational planning processes as well as specific operational excellence interventions
- › Manufacturing footprint aligned to manufacturing strategy cements competitiveness
 - » Reduced the number of product variants by a third
 - » Significantly reduced product complexity
- › Current PTM averaging 85% (excluding product/process changes)
- › Wine opportunity:
 - » SA duty free wine quota exported to the EU increases from 48 to 110 million litres
 - » Industry targeting approximately 26 million litres additional bottled wine exports to EU in 2016
 - About 12 000 tons additional wine bottles for the overall industry
 - » Nampak plans to double sales to the wine industry

Priorities for improved performance

Safety

- › Reduce DIFR to 0.3 from 1.2 (2014)

Operations excellence

- › Maximise profitability, and improve production efficiencies throughout the group
- › Leverage operational benefits from modern competitive units at Glass, Bevcan, Plastics and DivFood in South Africa

Cost discipline

- › Sustain Nampak Head Office cost savings
- › Maintain cash fixed cost discipline

Sales and marketing

- › Continued Stock Key Units (SKU) rationalisation
- › Leverage further initiatives in the pipeline

Working capital management

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

Project management and execution

- › Improve project evaluation and management
- › Embed implemented stage-gate model into group culture

Rest of Africa growth and business optimisation

- › Leverage existing businesses and improve efficiencies
- › Leverage RoA macroeconomic and political insights for prudent investment decisions
- › Evaluate smaller growth projects that reinforce existing competitive advantage



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 Africa growth story

- › Africa's largest packaging company with operations in South Africa and 11 countries in the rest of Africa
- › Strong competitive positions 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

Rest of Africa an important market 2015 trading profit up 43%

- › Recorded sales of R4.7 billion, up from R3.3 billion in 2014, and operating profit of R884 million

- › Trading margins remain attractive even after adjusting for forex volatility

- › Rest of Africa now contributes 49% to trading profit, up from 37% in 2014

- › Current challenges do not change the overall investment rationale in key markets

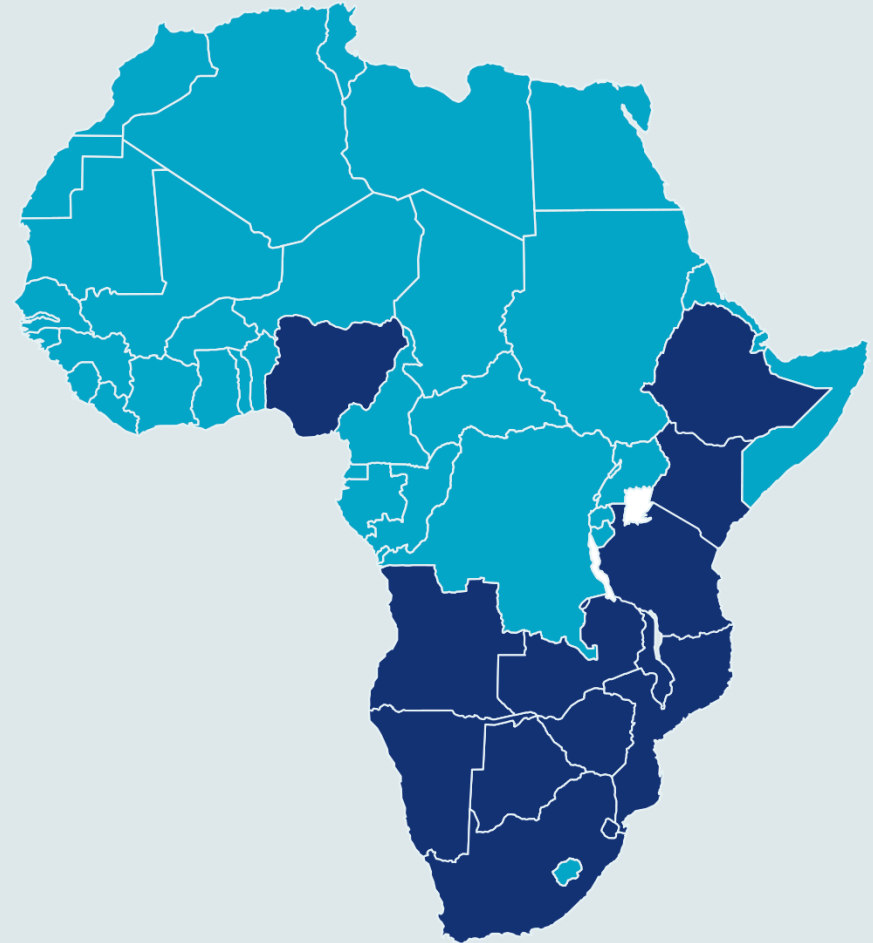
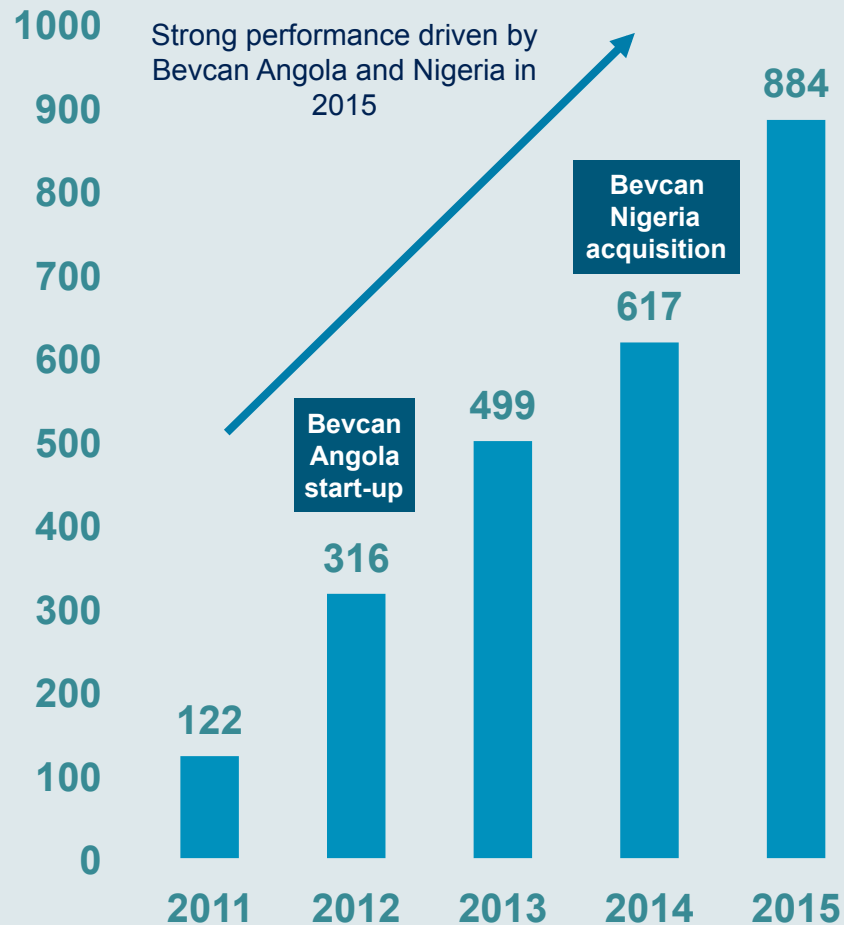
Looking forward

- › Key market GDP growth rate estimates revised downwards for 2016, recovery expected from 2017

- › Operations expected to continue generating growth in revenue and profit supported by beverage market demand growth

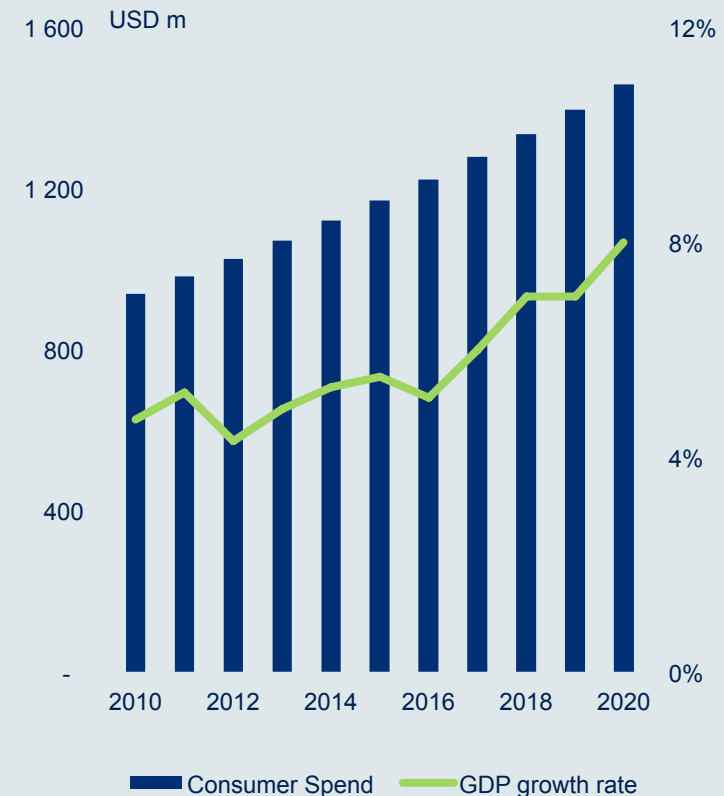
Exceptional trading profit growth from rest of Africa

R million



The growth opportunity in SSA is a long term country specific growth story

- › Improving conditions around policy certainty
- › Strengthening political commitment to private sector growth and job creation
- › Increasing working-age population
- › Increased investment, population growth (predominantly young) and rapid urbanisation
- › Growth of the middle income consumer, creating demand for packaged products
- › Consumer spend accounts for ~60% of GDP (avg.)
- › Strong growth in implementation of key infrastructure projects, improving cost and ease of doing business
- › GDP growth rate slowed, to recover 2017



Source: McKinsey, World Bank, Standard Bank Research, AfDB, Frost & Sullivan

“Africa is not suffering from a lack of demand, but a lack of supply”

- › On average, the youth
 - » is optimistic about the future
 - » attach more importance to quality of products than price
 - » brand conscious
 - » prefer local brands (food and drinks)
- › Today
 - » the majority of the population remains predominantly lower class with the greatest opportunity to migrate to middle class
 - » Some private sector firms have been successful and some not
 - » Some private sector firms are investing further and some pulling out
 - » Value and lower-end middle class market and local brands more successful
- › Recent slump in commodity prices encouraging SSA countries to diversify economies to support growth

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

NIGERIA

- › 1 in 5 households in middle class
- › Middle class: 30% (2020) & ~40% (2030)
- › Population: 179m growing at 3% y-o-y
- › GDP growth: 2.8% (2015), 4.1% (2016f)
- › 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 in middle class
- › Middle class: 50% (2030)
- › Population: 25m growing at 3% y-o-y
- › GDP growth: 3% (2015e), 3.3% (2016f)
- › 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

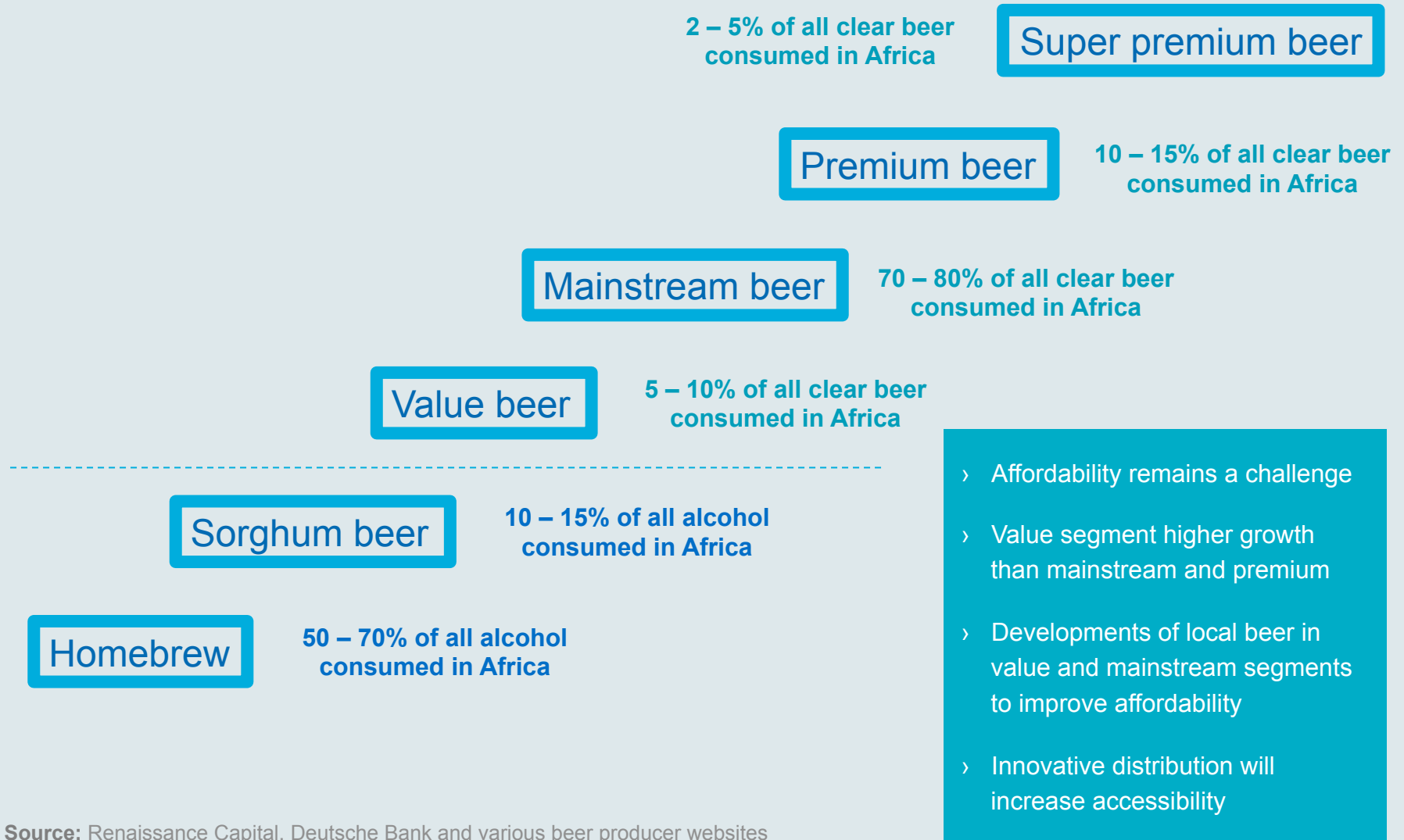
ETHIOPIA

- › 98% of households low income
- › Middle class: 2% (2015) and 4% (1 million) by 2020
- › Population: 90m growing at 3% y-o-y
- › GDP growth: 10.2% (2015e), 10.2% (2016f)
- › 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

Middle class growth supports trading up, increases use of packaging



Developments in agroprocessing a future growth area for packaging in Africa

- › Africa has 60% of the world's arable land
- › Developing agriculture as a business in Africa has the ability to make the continent the new frontier for growth in feeding the world
 - » Nigeria is the second largest producer of citrus in the world after China and yet they import orange juice
 - » They are also the largest producer of pineapples in Africa yet they import pineapple juice
- › Key aspiration of African governments to develop agroprocessing hubs, but...
 - » Commercial agriculture to be developed
 - » Food processing companies to invest
 - » Packaging produced locally



Current macroeconomic risks and challenges oil recovery a trigger for a turnaround

› **Angola**

- » Oil sector contributes 36% to GDP and 97% of exports
- » Weaker government spending in light of the lower oil price
- » Consumer spending under pressure
- » Projects to enhance agriculture, manufacturing and other non-oil sector industries likely to go ahead
- » Potential further currency devaluation – appears the BNA is willing to let currency depreciate further
 - Parallel rate overvalued

› **Nigeria**

- » Government ambitious capital expenditure plan – may contribute to improvements in disposable income
- » 2016 budget higher than 2015 – shortfall will be funded with debt
- » Challenges in accessing foreign exchange impacting private sector operations
- » Forex reserves under pressure
- » USD/NGN pegged at around 198 – government has said devaluation not on the cards
 - High inflation and weak economic growth exerting pressure

› **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 dollar
- » 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

› **Liquidity and forex risk**

- » Bevcan businesses “dollar pricing”
- » Good relationships with relevant authorities
- » Manufacturing a key industry in most African countries



Thank you



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
Rosslyn				
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

Summary of group income statement

30 Sep 2015

R million	2015	2014	%
Revenue	17 291	15 306	13
Trading profit	1 820	1 657	10
Abnormal items (loss)/profit	(139)	186	
Operating profit	1 681	1 843	(9)
Net finance costs	(279)	(308)	9
Share of (loss)/profit from assoc.	(3)	33	
Profit before tax	1 399	1 568	(11)
Tax benefit/(expense)	57	(142)	
Profit for the period from continuing operations	1 456	1 426	2
Discontinued operations	(395)	(222)	
Profit for the year	1 061	1 204	(12)
HEPS continuing	208.2	221.9	(6)

Revenue up 13%

Trading profit up 10%, despite disappointing first half performance from Glass

Significant adverse change in abnormal items

Revenue and trading profit from rest of Africa up 43%, now 49% of group

Operating profit down 9%, impacted by abnormal items

EBITDA of R2.5 billion, in line with prior year

Effective tax rate of (4%)

HEPS down 6%

Summary of group balance sheet

30 Sep 2015

R million	2015	2014
Property, plant and equipment	11 026	9 864
Goodwill	3 769	3 166
Other non-current assets	571	668
Current assets	9 041	8 193
Total assets	24 407	21 891
Total equity	9 172	7 883
Non-current liabilities	6 611	7 430
Current liabilities	8 624	6 578
Total equity and liabilities	24 407	21 891

- › PPE increased in line with capex programme
- › Current assets increased 10%
- › 3% due to consolidation of previous associates
- › Interest bearing debt offset by proceeds from disposals and cash from operations
- › Rand weakness impacts translation of dollar portion of long-term debt
- › Net debt to equity improves to 72% (2014: 73%)
- › Net debt to EBITDA at 2.3 times (2014: 2.2 times)
- › Total equity up 16% boosted by R775 million
 - » Increase in foreign currency translation reservation (FCTR)

Summary of group cash flow statement

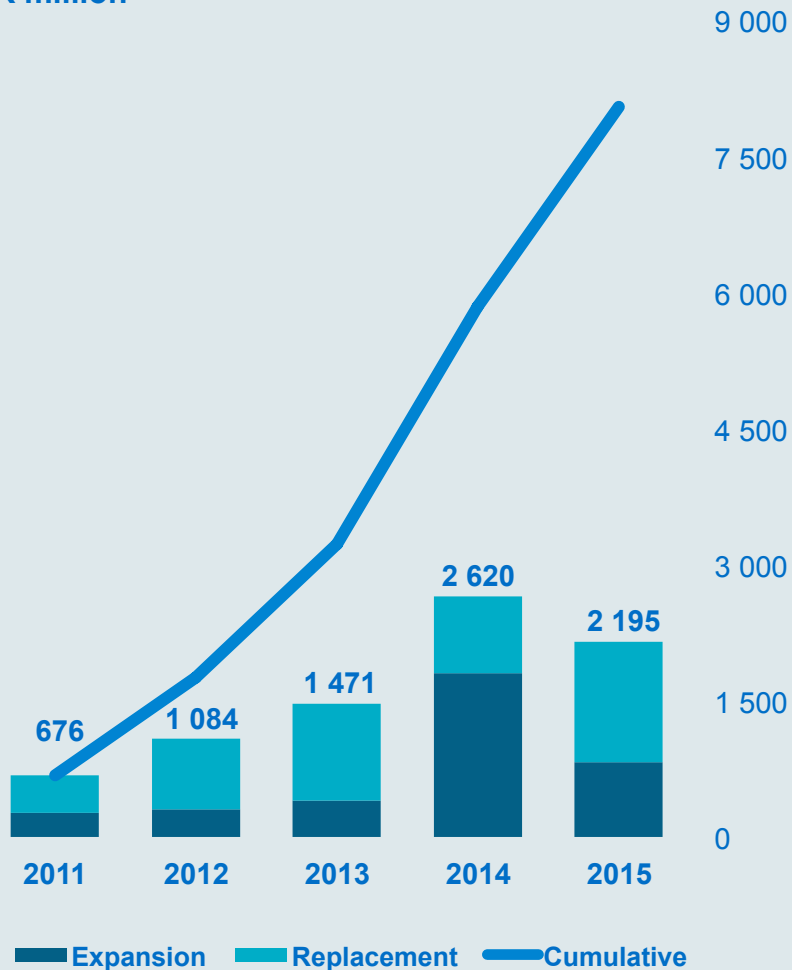
30 Sep 2015

R million	2015	2014
Operating profit before working capital changes	2 395	2 929
Working capital changes	(669)	(189)
Cash generated from operations	1 726	2 740
Net interest paid and investment income	(369)	(355)
Retirement benefits	(365)	(133)
Income tax paid	(152)	(95)
Replacement capital expenditure	(1 352)	(833)
Cash (outflow)/inflow from operations	(512)	1 324
Dividend paid	(946)	(904)
Cash (utilised in)/generated from op activities	(1 458)	420
Expansion capital expenditure	(771)	(1 771)
Disposals/(acquisitions) of business	2 107	(3 199)
Cash (repaid in)/raised from financing activities	(1 413)	897
Net decrease in cash	(1 535)	(3 653)

- › Cash generated from operations of R1.7 billion
- › Interest reduced by retiring expensive debt
- › Retirement benefits outflows relate to buy-out of active members
- › Net proceeds generated from disposals used to repay non-current debt
- › Dividend payment up 5%
- › Total capex spend R2.2 billion (2014: R2.6 billion)

Capital expenditure positions Nampak for the future

CAPEX SPEND 2011 TO 2015
R million



› **Full-year 2015 capital expenditure of R2.2 billion, in line with guidance**

» **Expansion**

- Bevcn Angola warehouse and second line
- Glass third furnace

» **Replacement**

- Bevcn SA aluminium
- DivFood production efficiency improvement

» Replacement capex well managed

› **Full-year 2016 capital expenditure of R1.2 billion – R1.5 billion**

- » R600 – 800 million on replacement
- » R600 – 800 million on expansion
- » Excludes possible greenfields Glass projects