

# First-half Results 2016



June 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.



**Group  
revenue**

 **10%**

**Trading profit  
from rest of Africa**

 **45%**

**R1.7 billion to be raised  
through sale and lease  
back of property, balance  
sheet bolstered**

**Adjusted  
HEPS**

 **21%**

**Group  
trading profit**

 **17%**

**Rest of Africa 47% of  
group trading profit,  
up from 38% in 2015**

**Glass delivers R44 million  
in profit, operating at  
benchmark rates**

**HEPS (after abnormal  
exchange rate effects)**

 **4%**

## Market conditions

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- › Subdued economic growth in key markets
  - » Lower commodity prices
  - » Drought
  - » Tightening global financial conditions
- › Volatile currencies
- › Higher inflation
- › Consumer spending impacted

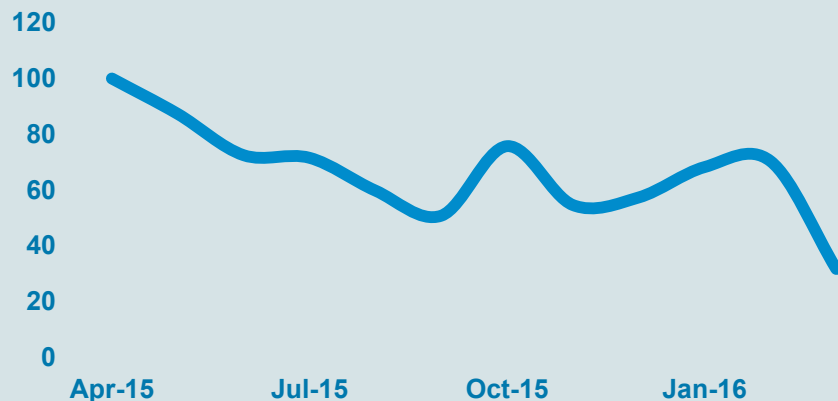
## Nampak's strategic response

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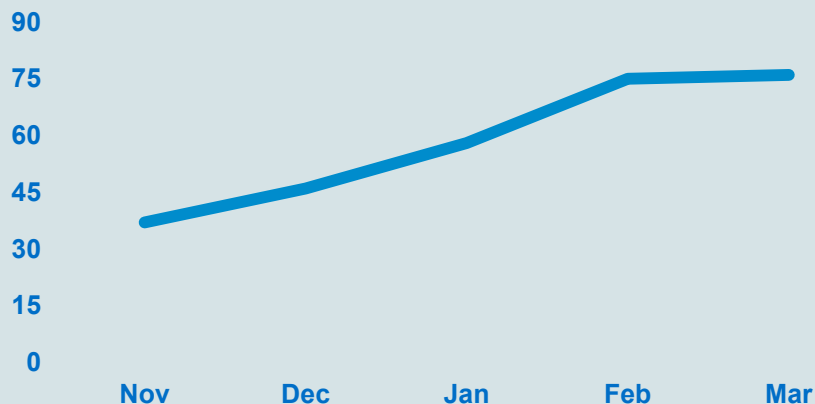
- › **Buy Better**
  - » Savings flowing through – R120 million benefit by year-end
- › **Make Better**
  - » 29% improvement in safety
  - » Glass turned around and profitable
  - » Operations excellence: Plastics and Bevcan improvements contributing to performance
- › **Sell Better**
  - » Further SKU rationalisation contributes to better product mix and margin
  - » Glass wine bottle opportunity, gaining market share
- › **Cash conservation and balance sheet structure improvement**
  - » Sale and leaseback expected to yield R1.7 billion to reduce liabilities
  - » No interim ordinary dividend declared in light of liquidity constraints and elevated debt levels
  - » Balance sheet restructured, current ratio strengthened by 20%
  - » R169 million released from inventories since Sept 2015 despite weaker ZAR/USD
  - » FY16 cost savings from headcount reduction and general measures expected
  - » Capex curbed, new projects approved by exception

# Operations excellence: operational performance continues to improve

## IMPROVING SPOILAGE AT SPRINGS (INDEXED FROM APRIL 2015)



## PLASTICS INDUSTRIA EFFICIENCY IMPROVEMENTS – 2015/2016 (%)



## GLASS PACK TO MELT (PTM) AT BENCHMARK LEVELS



- › Bevcan yielding results, consultation on shutdown of Durban commenced – approximately R40 million annual savings expected
- › Plastics improvements contributing to performance
- › R114 million swing in Glass performance

- › R10.4 billion net outflow from capital expenditure, divestitures and acquisitions (2011 to 2016)
  - » Net debt increased from R16 million (2011) to R7.4 billion (2016)
  - » Gross gearing peaked at 91% with net gearing of 72% in financial year 2015
  - » Dividend policy maintained at 64.5% payout over the period
- › Projects did not initially deliver expected returns
  - » Glass Furnace 3 (approved 2012)
  - » Bevcan aluminium conversion (approved 2011)
- › Weakening ZAR/USD impacts translation of USD390 million USD denominated debt (obtained since 2013), bringing net debt/EBITDA to 2.7 times
- › R1.5bn restricted cash in Angola and Nigeria impacts group's liquidity

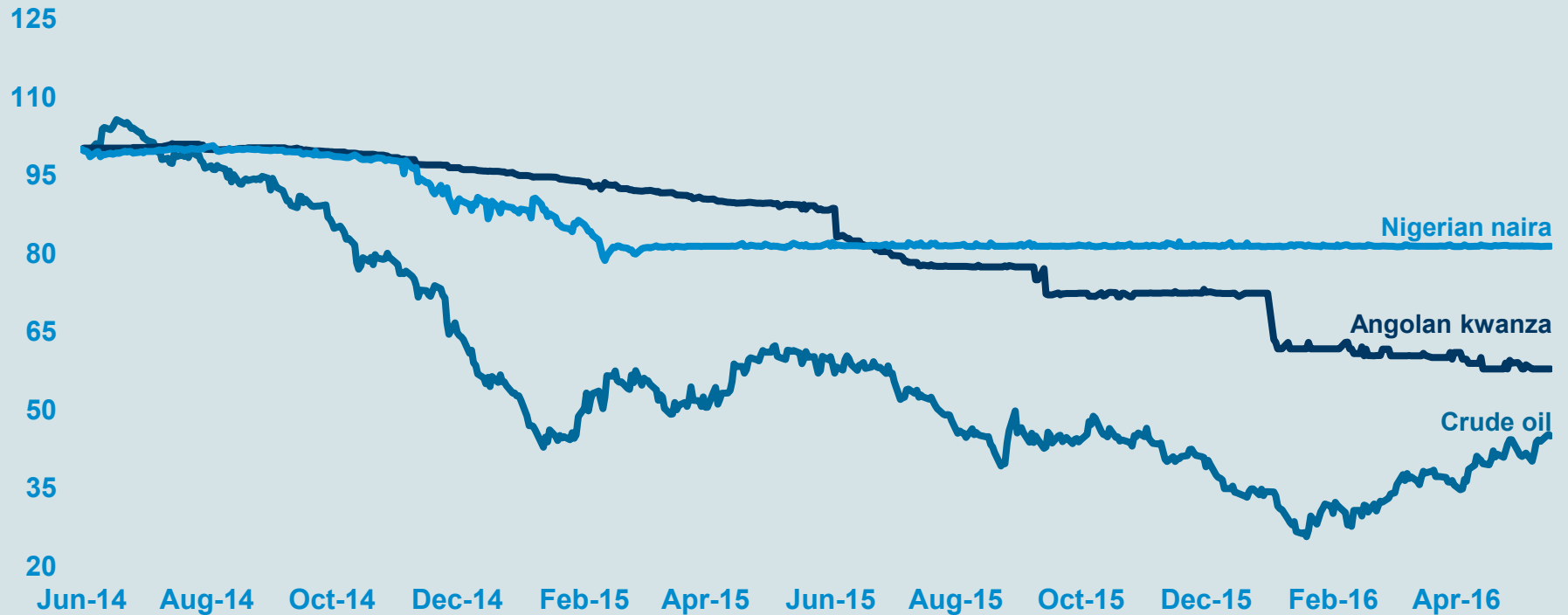
# Balance sheet bolstered

## R1.7 billion sale and lease back transaction

- › Proceeds to be used to retire liabilities
- › Sixteen properties, R350 million book value, sold for R1.7 billion
- › Subject to legal process, competition authority approval and lender consent
- › Transaction terms:
  - » 3 – 15 years for strategic properties with pre-emptive rights to repurchase and renewal options
  - » Rental escalating at CPI
- › Significantly reduce gearing levels
- › Net rental equivalent to rental paid prior to transaction, competitiveness not affected
- › Capital gains tax credits used, rentals tax deductible
- › HEPS positive over lease period, hurdle rate at 14.8%

# Oil price recovering naira pegged, kwanza devaluing

DATA INDEXED FROM JUNE 2014



Source: Bloomberg

**R367 million of the R1.5 billion restricted cash in Angola and Nigeria hedged**

# Rest of Africa an important growth driver: trading profit up 45%

- › Recorded sales of R2.8 billion, and generated a trading profit of R462 million

- › Trading margin of 16.5% (2015:14.7%)

- › Operating margin of 12.4% after abnormal foreign exchange rate effects still above South African trading margin of 8.5%

- › Rest of Africa now contributes 47% to trading profit, up from 38% in 2015

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

- › Long-term fundamentals remain intact

## 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

# Financial results



# Key financial focus areas



# Group financial results for first-half

R million	2016	2015	%
<b>Revenue</b>	<b>9 422</b>	8 588	10
<b>Trading profit</b>	<b>989</b>	845	17
<b>Abnormal items (loss)/profit</b>	<b>(119)</b>	90	
<b>Operating profit</b>	<b>870</b>	935	(7)
Net finance costs	<b>(239)</b>	(166)	44
Share of profit from associates and joint ventures	<b>3</b>	3	
<b>Profit before tax</b>	<b>634</b>	772	(18)
Tax expense	<b>(28)</b>	(8)	
<b>Profit for the period from continuing operations</b>	<b>606</b>	764	(21)
Discontinued operations	<b>–</b>	(69)	
<b>Profit for the period</b>	<b>606</b>	695	(13)
<b>Adjusted HEPS – before abnormal forex effects (cents)</b>	<b>123.2</b>	101.6	21
<b>HEPS – after abnormal forex effects (cents)</b>	<b>105.2</b>	101.6	4

**Revenue up 10%**

**Trading profit up 17%**

**Trading profit from rest of Africa up 45%, now 47% of group**

**Abnormal items adverse swing of R209 million**

**Operating profit down 7% due to Angola forex loss**

**EBITDA of R1.3 billion flat against prior year**

**Effective tax rate of 4.4%**

**Adjusted HEPS up 21%**

**HEPS up 4%**

# Operating profit and trading profit reconciliation

R million	2016	2015
<b>Trading profit</b>	<b>989</b>	<b>845</b>
Abnormal (losses)/gains	(119)	90
Impairments, retrenchment and restructuring costs	(18)	(30)
Net profit on disposal of property and joint venture	13	–
Loss on translation of financial instruments	(114)	–
Gain on consolidation of Zimbabwe associates	–	124
Other	–	(4)
<b>Operating profit</b>	<b>870</b>	<b>935</b>

- › Abnormal items are losses or gains not arising from normal trading activities or are of such a size, nature or incidence that their disclosure is relevant to explain the performance for the period
- › R114 million loss on translation of financial instruments relates to the devaluation of the Angolan kwanza during the period
- › The once-off gain of R124 million in 2015 resulted from the restructuring of the Zimbabwe group

# Segmental by substrate

Glass returns a profit, revenue up 21%

	REVENUE (R million)			TRADING PROFIT (R million)			TRADING MARGIN (%)	
	2016	% Δ	2015	2016	% Δ	2015	2016	2015
Metals	<b>5 041</b>	2	4 940	<b>622</b>	6	588	<b>12.3</b>	11.9
Plastics	<b>2 891</b>	17	2 481	<b>202</b>	20	168	<b>7.0</b>	6.8
Paper	<b>831</b>	34	621	<b>95</b>	34	71	<b>11.4</b>	11.4
Glass	<b>659</b>	21	546	<b>44</b>	>100	(70)	<b>6.7</b>	(12.8)
Corporate	–	–	–	<b>26</b>	(70)	88	–	–
<b>Group</b>	<b>9 422</b>	10	8 588	<b>989</b>	17	845	<b>10.5</b>	9.8

- › Metals delivers strong performance driven by Bevcan Nigeria coupled with margin improvement
- › Plastics benefited from good volume growth and margin improvements through improved efficiencies
- › Paper revenue benefits from Nigeria cartons volume recovery
- › Pleasing turnaround at Glass albeit at lower than expected margin due to soft market demand
- › Corporate contribution declines due to lower recovery of central costs and FEC's mark to market movements

	REVENUE (R million)			TRADING PROFIT (R million)			TRADING MARGIN (%)	
	2016	% Δ	2015	2016	% Δ	2015	2016	2015
South Africa	<b>5 459</b>	–	5 459	<b>466</b>	24	375	<b>8.5</b>	6.9
Rest of Africa	<b>2 805</b>	30	2 161	<b>462</b>	45	318	<b>16.5</b>	14.7
United Kingdom	<b>1 158</b>	20	968	<b>35</b>	(45)	64	<b>3.0</b>	6.6
Corporate	–	–	–	<b>26</b>	(70)	88	–	–
<b>Group</b>	<b>9 422</b>	10	8 588	<b>989</b>	17	845	<b>10.5</b>	9.8

- › South African revenue in line with 2015, trading profit positively impacted by:
  - » Significant turnaround achieved in Glass
  - » Good volume and cost control in Plastics
- › Strong performance in Rest of Africa driven by
  - » Bevcan Nigeria's improved volume and margins
  - » Good recovery in Nigeria cartons business
- › United Kingdom
  - » Revenue boosted on translation by ZAR weakness

# R1.3 billion short term funding converted to long term

## 20% short term solvency improvement

R million	1H2016	1H2015	2015
Property, plant & equipment	11 807	9 944	11 026
Goodwill	4 299	3 651	4 119
Other non-current assets	231	208	222
<b>Current assets</b>	<b>9 511</b>	<b>7 390</b>	<b>8 894</b>
Assets held for sale	22	3 058	146
<b>Total assets</b>	<b>25 870</b>	<b>24 251</b>	<b>24 407</b>
<b>Total equity</b>	<b>10 016</b>	<b>8 365</b>	<b>9 172</b>
<b>Non-current liabilities</b>	<b>7 790</b>	<b>7 819</b>	<b>6 611</b>
<b>Current liabilities</b>	<b>8 064</b>	<b>7 142</b>	<b>8 624</b>
Liab. ass. assets held for sale	–	925	–
<b>Total equity and liabilities</b>	<b>25 870</b>	<b>24 251</b>	<b>24 407</b>

- › PPE increase of R1.9 billion in line with capex programme – spend now almost complete
- › Goodwill increase due to forex translation only
- › Current assets up 29% off stronger trading, higher cash balances and weaker ZAR
- › Identified disposal process almost complete
- › Total equity of R10 billion up 20% boosted by:
  - » R963 million increase in foreign currency translation reserve (FCTR)
  - » Improved profitability
- › ZAR weakness impacts translation of USD portion of long-term debt
- › R191 million reduction in retirement benefit obligation
- › Net debt to equity improves to 74% (2015: 85%)
- › Net debt to EBITDA at 2.7 times (2015: 2.4 times)

	CLOSING RATES			AVERAGE RATES		
	2016	% Δ	2015	2016	% Δ	2015
ZAR/USD	<b>14.69</b>	(21.0)	12.14	<b>15.04</b>	(30.9)	11.49
ZAR/GBP	<b>21.15</b>	(17.4)	18.02	<b>22.13</b>	(24.5)	17.77

- › Group trading results
  - » Impacted by kwanza devaluation versus the USD
  - » Benefited from translation of non-South African earnings at a weaker ZAR
- › Weaker ZAR boosts group equity
  - » R963 million increase in foreign currency translation reserve – impacts ROE
- › Weaker ZAR/USD exchange rate on 31 March 2016 impacted translation of net long-term debt
  - » ZAR has devalued by a further 6% against the USD since 30 September 2015 (ZAR/USD = R13.86)
- › On 31 March 2016, Nampak cash balances in Nigeria and Angola were R1.5 billion up from R700 million on 30 September 2015
  - » During the period approximately 60% liquidity was achieved from Nigerian and Angolan banks
  - » Offshore funding rate slowed considerably towards the end of the reporting period as various management interventions took place
  - » R367 million (USD25 million) hedged in Angola via USD linked kwanza bonds

# Incentives and lower rates in key markets benefit group tax rate

%	2016	2015
<b>Effective group rate of tax</b>	<b>4.4</b>	1.1
Government incentives	<b>12.6</b>	9.3
Prior year adjustments	<b>15.1</b>	2.8
Tax rate differential	<b>11.2</b>	10.1
Withholding tax	<b>(4.2)</b>	(2.4)
Other	<b>(11.1)</b>	7.1
<b>Normal tax rate</b>	<b>28.0</b>	28.0

- › Low tax rate as the group continued to benefit from:
  - » Government grants for capital-related projects in Bevcan
  - » Lower tax rates in tax jurisdictions outside South Africa
  - » Utilisation of existing capital gains tax (CGT) losses to offset capital gains arising from sale and lease back transaction
- › Sale and lease back transaction primary reason for tax rate lower than previous guidance
- › Tax rate expected to return to previous guidance range of 15% – 20% in 2017

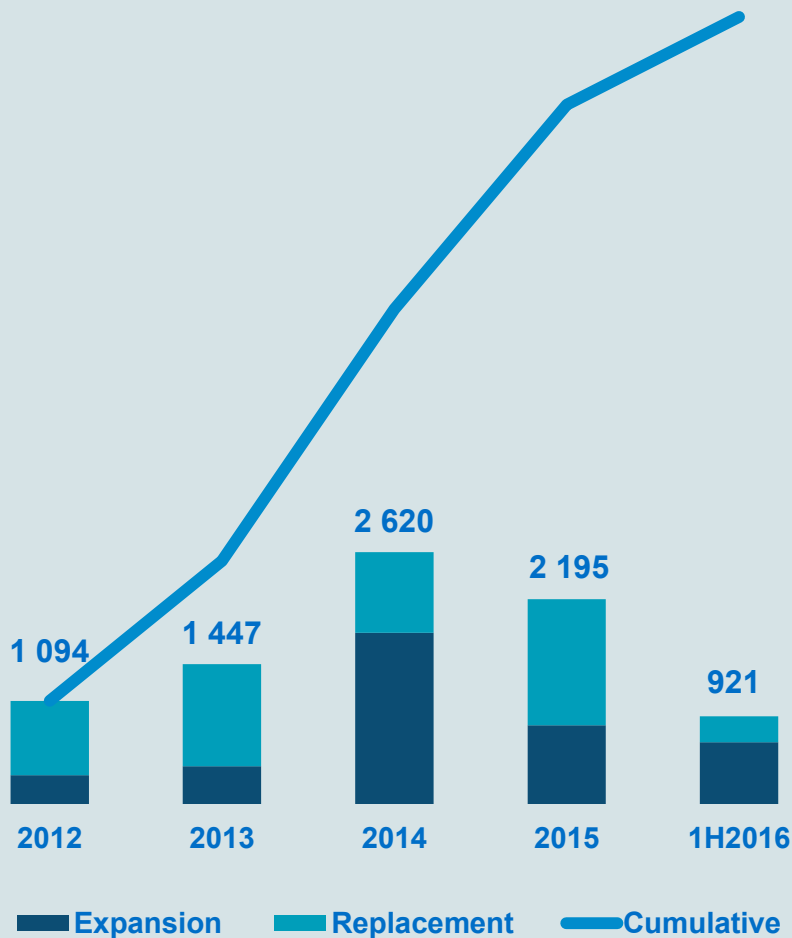
(%)



- › Proportion of USD net borrowings impacted by the weaker ZAR/USD and ZAR/GBP
- › R5.7 billion USD denominated interest bearing debt
  - › USD debt raised since 2013 to fund Nigeria acquisition and Angola expansion where revenues are USD linked
- › Nigerian and Angolan USD liquidity impacting ability to match USD debt with USD cash holdings
  - › Impact of ZAR/USD movement is partially off-set by GBP cash holdings translated at weaker exchange rate

# Capital programme tightly controlled, spend slowing

R million



## First half 2016 capital expenditure – R921 million

- › Primarily relates to previously approved capex projects and in line with guidance
- › Significant slow down in new capex approvals
- › Capital allocation linked to revised hurdle rates

## Expansion – R648 million

- › Bevcan: new ends plant and Rosslyn line 2
- › DivFood new high speed line

## Replacement – R273 million

- › Production efficiency improvement projects

## Full-year 2016 capital expenditure

- › Estimated range between R1.0 – R1.4 billion
- › Greenfield Glass projects delayed and under review

# Cash generated from operations up 20%

R million	2016	2015
<b>Cash from ops. before working capital changes</b>	<b>1 371</b>	1 424
Working capital changes	(488)	(689)
<b>Cash generated from operations</b>	<b>883</b>	735
Net interest paid and investment income	(237)	(166)
Income tax paid	(167)	(57)
Replacement capital expenditure	(273)	(641)
<b>Cash inflow/(outflow) from operations</b>	<b>206</b>	(129)
Dividend paid	(572)	(682)
<b>Net cash utilised in operating activities</b>	<b>(366)</b>	(811)
Expansion capital expenditure	(648)	(564)
Other investing activities	146	100
<b>Net cash utilised before financing activities</b>	<b>(868)</b>	(1 275)
Cash raised from financing activities	1 886	167
<b>Net increase/(decrease) in cash</b>	<b>1 018</b>	(1 108)

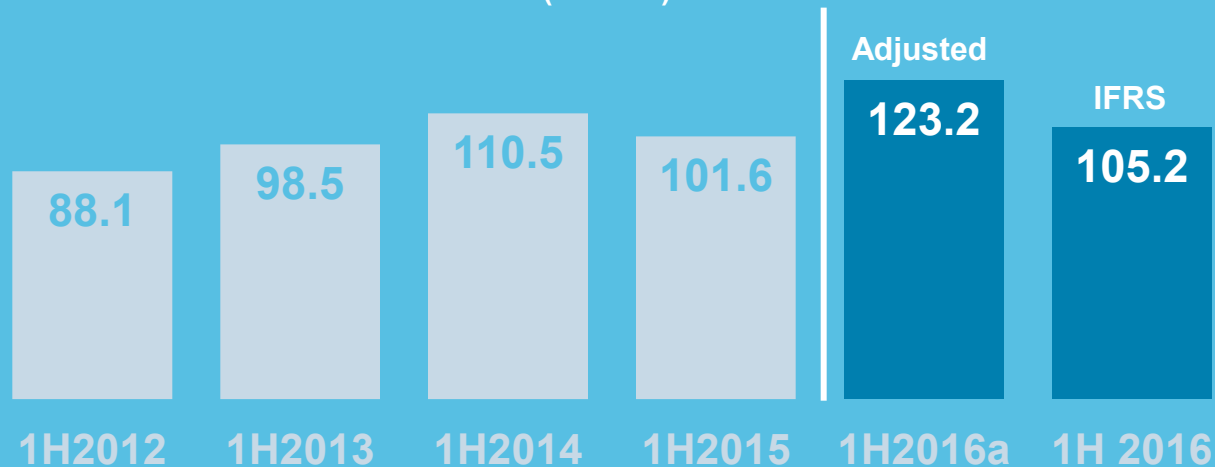
- › Improved working capital management but still a focus area
- › Interest impacted by increases in SA interest rates and translation effects on USD debt
- › Total capex spend of R921 million down 24% compared to R1.2 billion in prior period
- › Cash inflow from operations of R206 million pleasing vs. outflow of R129 million in prior year
- › R1.9 billion raised
  - » R1.5 billion debt restructure
  - » R0.4 billion repayment of BMT loan
- › Net cash increase of R1.0 billion compared to a decrease of R1.1 billion in prior period

<b>R million</b>	<b>2016</b>	<b>2015</b>
Decrease/(increase) in inventories	<b>169</b>	(323)
Decrease/(increase) in trade receivables and other current assets	<b>241</b>	(48)
<b>Cash inflow/(outflow) before payables</b>	<b>410</b>	(371)
Decrease in trade payables and other current liabilities	<b>(898)</b>	(318)
<b>Net working capital changes</b>	<b>(488)</b>	(689)

- › Proactive management of inventories releases cash albeit offset by weakened rand
- › Quality of trade receivables good with improved management resulting in an inflow
- › Cash inflow swing before payables of R781 million
- › Full consolidation of Nampak Zimbabwe Limited
- › Outflow from trade payables mainly due to settlement of capex related payables

# Adjusted headline earnings per share up 21%

HEADLINE EARNINGS PER SHARE (CENTS)



- › Adjusted HEPS before abnormal foreign exchange rate effects at 123.2 cents up 21%
- › HEPS after abnormal foreign exchange rate effects at 105.2 cents up 4%

# Prudent approach to dividend

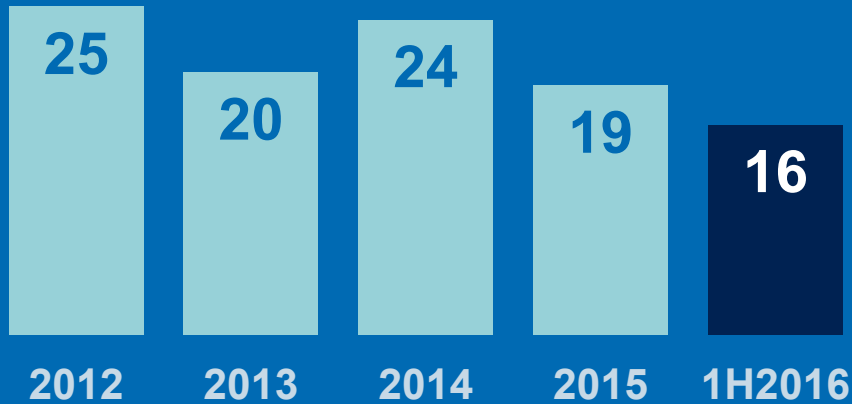
## ORDINARY DIVIDEND PER SHARE (CENTS)



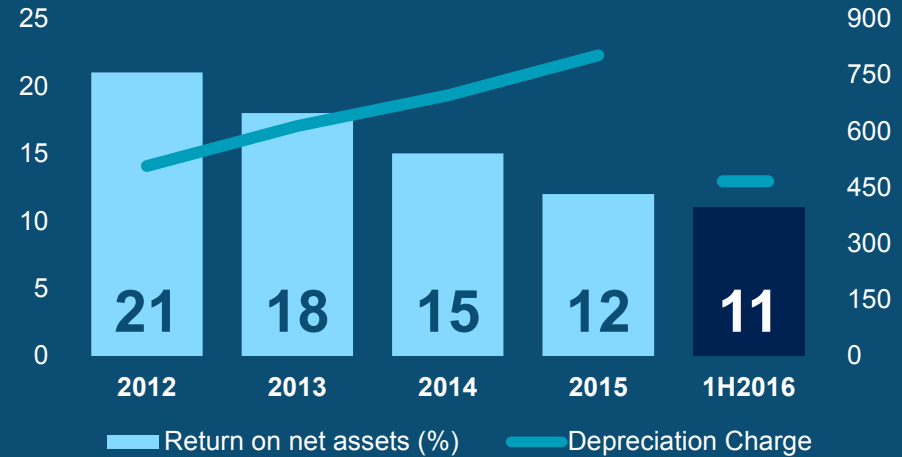
- › Strong cash generation in the rest of Africa
  - » Repatriation currently hampered by in country USD shortages
- › Rest of Africa liquidity issues and elevated debt
- › Volatile exchange rates and increasing interest rates in key markets on elevated interest bearing debt
- › Reduction of interest bearing debt and gearing a key strategic objective
- › Not considered prudent to apply the historic dividend policy under current circumstances
- › No interim ordinary dividend declared
  - » Improve gearing
  - » Reduce interest costs
  - » Contribute towards balance sheet restructuring
- › Future ordinary dividends dependent on macroeconomic conditions, liquidity and cash generated from operations

# Five-year balance sheet performance

## RETURN ON EQUITY (%)



## RETURN ON ASSETS

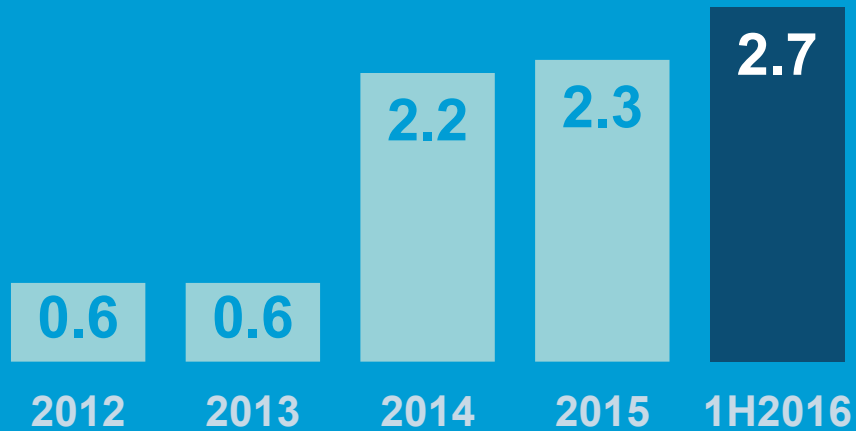


- › Foreign currency translation reserve (FCTR) boosts to equity adversely impact ROE %
- › Traditionally second half stronger than first half

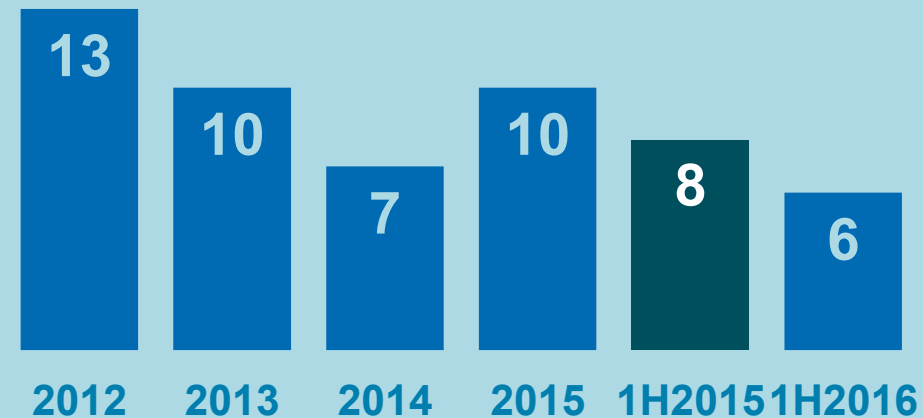
- › Historic defensive spends adversely impacted ratio
- › Improved profitability and leveraging of modernised capex base expected to improve FY16 RONA
- › Expansionary capex programme coming to an end with efficiencies being sought from new equipment

# All loan covenants complied with

## NET DEBT:EBITDA (TIMES)



## EBITDA:INTEREST COVER (TIMES) DEBT COVENANTS



- › Ratio impacted by weaker ZAR/USD
- › 2014 increase related to Bevcan Nigeria acquisition
- › Group continues to perform within its covenants
- › Capex management and balance sheet optimisation are key focus areas
- › Covenants re-negotiated for 2016 to create funding flexibility from 3.0 times to 4.0 times

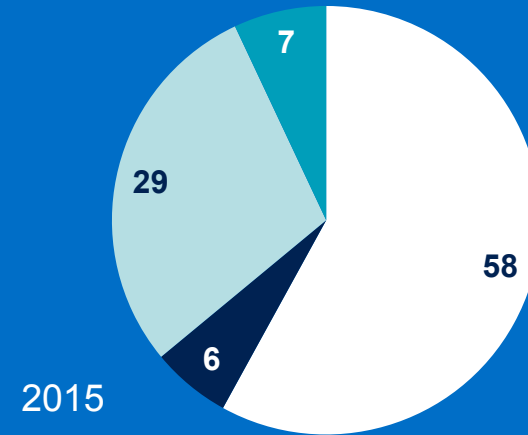
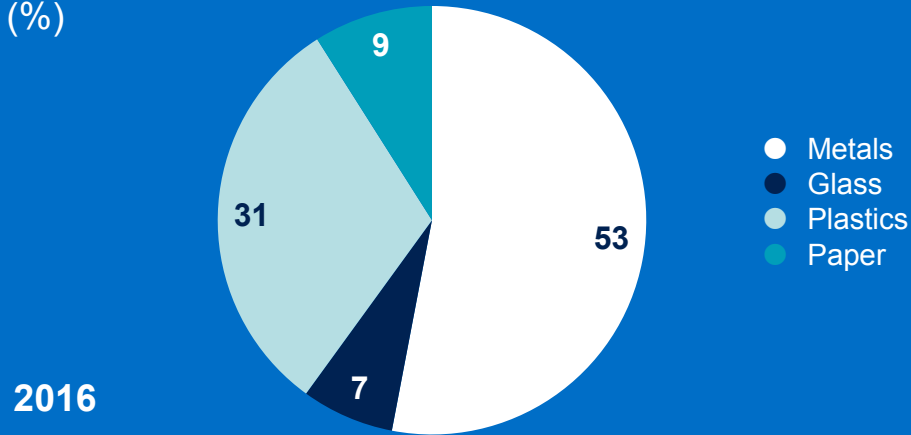
- › EBITDA interest cover strong at 5.9 times
- › 2015 positively impacted by R100 million capitalised interest

# Operational review

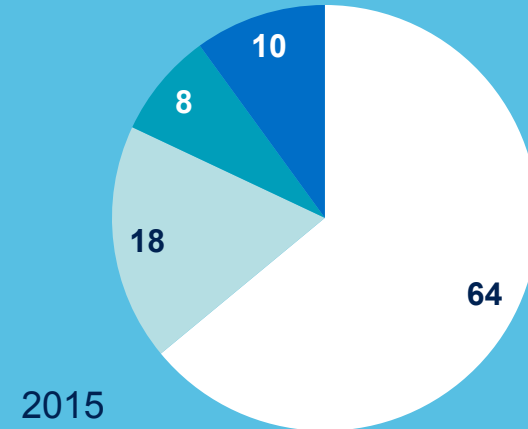
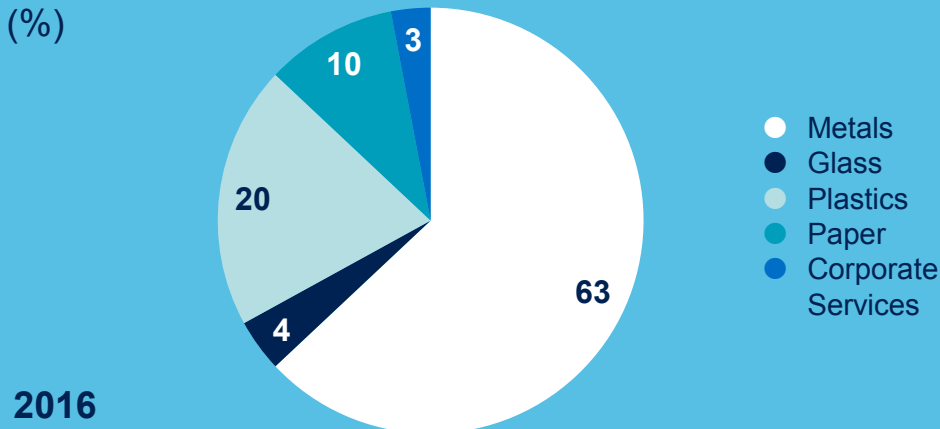


# Revenue and trading profit contribution by substrate

## REVENUE (%)

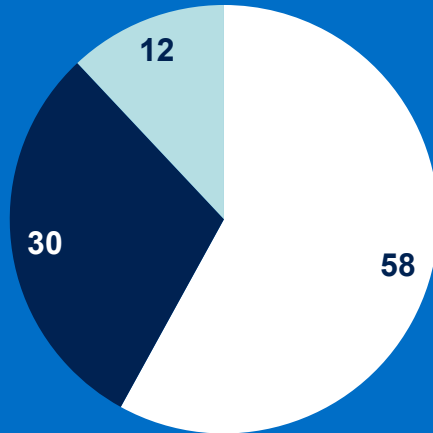


## TRADING PROFIT (%)



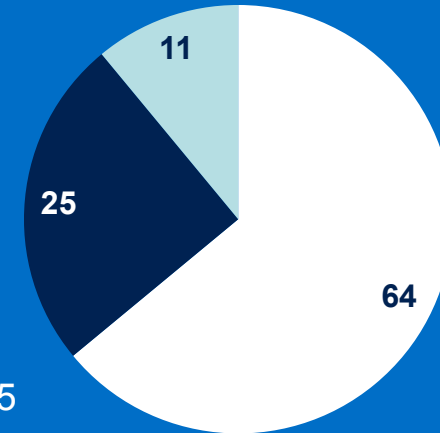
# Revenue and trading profit contribution by region

## REVENUE (%)



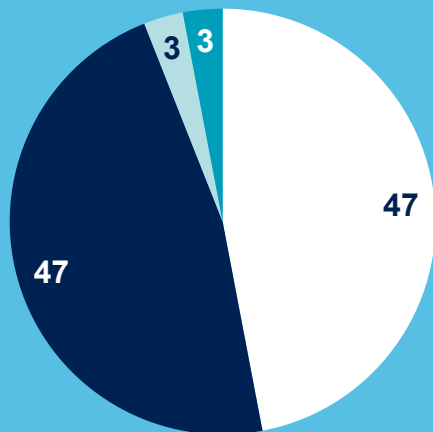
2016

- South Africa
- Rest of Africa
- United Kingdom



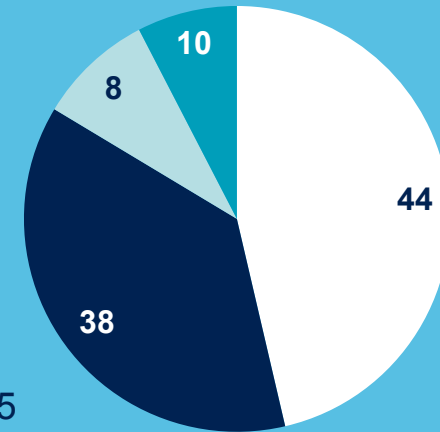
2015

## TRADING PROFIT (%)



2016

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



2015



## Metals

R million	2016	2015	% Δ
<b>Revenue</b>	<b>5 041</b>	4 940	2
<b>Trading profit</b>	<b>622</b>	588	6
<b>Margin (%)</b>	<b>12.3</b>	11.9	3

### › **Bevcan South Africa**

- » Volumes down 4% due to softening market and termination of Angola exports (2.4%) – new capacity installed
- » Well positioned to maintain market share and leverage opportunities
- » Bevcan Durban plant closure – consultations commenced

### › **Bevcan Angola**

- » Macroeconomic challenges – volumes down 18%
- » New agreement to benefit volumes for the year, full year volumes expected to be moderately down

### › **Bevcan Nigeria**

- » Volume growth of 30% from existing and new customers as market share expands

### › **DivFood**

- » Pleasing food packaging performance
- » Satisfactory diversified packaging results
- » Recapitalisation and product rationalisation project 50% complete, on budget and on schedule

### › **General Metal Packaging**

- » Nigeria demand recovers half on half
- » ZAR/USD exchange rate benefits performance



# Plastics



R million	2016	2015	% Δ
<b>Revenue</b>	<b>2 891</b>	2 481	17
<b>Trading profit</b>	<b>202</b>	168	20
<b>Margin (%)</b>	<b>7.0</b>	6.8	3

### › **Liquid Packaging**

- » Healthy beverage demand due to hotter than normal peak season and new sales
- » Sorghum beer cartons impacted by market changes
- » Cost management initiatives contribute to reduced costs
- » Drums impacted by reduced bulk alcohol sales to the rest of Africa

### › **Closures and tubes**

- » Lower metal closure volumes
- » Growth in wine metal closures and plastic closures for water and CSDs
- » Tubes volumes impacted by customer imports
- » Crates continue to benefit from improved efficiencies and strong demand

### › **Zimbabwe CMB and Megapak**

- » Continued growth benefiting from import replacement and general stronger demand

### › **Plastics UK**

- » Sales volumes benefit from new customer



# Paper



**Nampak**  
packaging excellence

R million	2016	2015	% Δ
<b>Revenue</b>	<b>831</b>	621	34
<b>Trading profit</b>	<b>95</b>	71	34
<b>Margin (%)</b>	<b>11.4</b>	11.4	–

### › **Nigeria Cartons**

- » Cigarette carton sales recover
- » Currency losses significantly lower than prior year

### › **Zambia**

- » Sorghum beer carton volumes down due to lower demand and product substitution

### › **Malawi**

- » Stronger sorghum beer carton sales
- » Local currency appreciation benefits results

### › **Bullpak**

- » Flat demand for self-opening bag

### › **Hunyani**

- » First quarter solid performance and cost containment initiatives contribute to a good performance



## Glass



R million	2016	2015	% Δ
Revenue	659	546	21
Trading profit	44	(70)	>100
Margin (%)	6.7	(12.8)	>100

- › Production output ramped up and operational efficiencies at predicted levels
- › Production volumes 30% up on first half 2015
- › Second quarter demand softened post a strong first quarter resulting in 6.7% trading margin
- › Good market share growth recorded in wine
- › 2016 trading profit expected to be lower than previous guidance due to muted demand forecasts
- › Furnace 3 technical and optimisation initiatives continue

- › External macroeconomic challenges in key markets expected to prevail for the rest of the 2016 financial year
- › Demand for packaged goods and exchange rates to remain key factors influencing results
- › Glass has turned around and is expected to deliver profits in line with market conditions
- › Nampak is focused on minimising the impact of external factors on performance, particularly exposure to currency volatility
- › Steps taken to reduce costs, bolster the balance sheet and improve operational performance
- › Medium-term demand outlook remains favourable underpinned by some 900 million emerging consumers in an urbanising Sub-Saharan Africa
- › Capital investments, strong customer relationships, recently signed long-term contracts, and a well-established footprint with in-depth knowledge of local markets cement position

Thank you



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# Appendix



## › **Nigeria investments**

- » **USD700 – 800 invested into Nigerian FMCG since Sept 2015 by multinationals**
  
- » **South African companies also see Nigeria as driver for long-term sustainable growth**
  - Checkers growth plans
  - Pick and Pay JV with AG Leventis to roll-out stores
  - MMI Holdings acquired full ownership of United Metropolitan Nigeria Life Insurance
    - › Acquisition “... demonstrates MMI Holding’s commitment to grow our market presence in Africa.” MMI Holdings CEO

## › **Angola investments**

- » Shoprite/Checkers investments – USD572 million

# Nigerian FMCG investments since Sept 2015

## USD700 – 800 invested into Nigerian FMCG since Sept 2015 by multinationals

Date	Acquirer name	Acquirer country	Acquirer description	Target name	Target description	Stake acquired (%)	100% valuation (USD MM)
Jan 16	Coca-Cola	USA	Beverage company, manufactures and distributes various nonalcoholic beverages worldwide	Chi	Nigerian-based manufacturer and wholesaler of fruit drinks, fruit juices and dairy products	40	240
Jan 16	Suntory	Japan	Soft drink company, manufactures and sells foods and beverages in Japan, Europe, Asia, Oceania and the Americas	GSK Consumer Nigeria	Bottling and distribution of drinks business of GlaxoSmithKline	100	Undisclosed
Jan 16	Olam International	Singapore	Singapore-based company that engages in sourcing, processing, packaging and merchandising agricultural products	Amber Foods	Manufacturer of breakfast cereals	100	275
Nov 15	Actis	UK	UK-based private equity and venture capital firm	Sigma Pensions	Nigerian-based provider of pension fund services	Majority stake	62
Sep 15	Kellogg	USA	US-based manufacturer of ready-to-eat cereal and convenience foods	Multi-pro Enterprise	Nigerian-based food distributor	50	450
Jul 15	Kagiso Tiso Holdings	South Africa	South African investment company	Me Cure Healthcare	Nigerian healthcare diagnostics company	Minority stake	Undisclosed
Feb 15	AXA	France	Global insurance and asset management provider	African Reinsurance	Provider of insurance-related services in Nigeria	7.2	61
Nov 14	AXA	France	Global insurance and asset management provider	Assur Africa	Special purpose acquisition company which owns a 77% interest in Mansard Insurance	100	247
Nov 14	Carlyle	USA	US private equity and investment firm	Diamond Bank	Nigerian commercial bank	Minority stake	147
Nov 14	American Tower Corp	USA	US-based tower company	Bharti Airtel-Tower	Provider of satellite telecommunications services, ultimately owned by Bharti Airtel Ltd	100	1 050
Sep 14	QNB	Qatar	Qatari state owned Qatar National Bank SAQ	Ecobank Transnational	Nigerian-based retail, wholesale and investment bank	23.5	600

**Source:** Thompson Reuters

## › **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
- » \$25 million dollar hedged, R150 million exposed, liquidity improving, net repayments on IOM loan accounts
- » 2016 Angola budget based on \$45/bbl., IMF provides support

## › **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
- » USD/NGN pegged at around 199 – government has said devaluation not on the cards
- » R640 million restricted cash exposed to devaluation

# Our operations

South Africa

4 158 



Kenya

209 



Swaziland

8 



UK and Ireland

557 



Angola

220 



Malawi

125 



Tanzania

70 



Botswana

18 



Mozambique

19 



Zambia

165 



Ethiopia

2 



Nigeria

509 



Zimbabwe

603 



 Number of operations

## › **Political and country risk**

- » Countries in which Nampak does business have relatively lower political risk
- » Nampak has been doing business in the rest of Africa for 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 USD

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

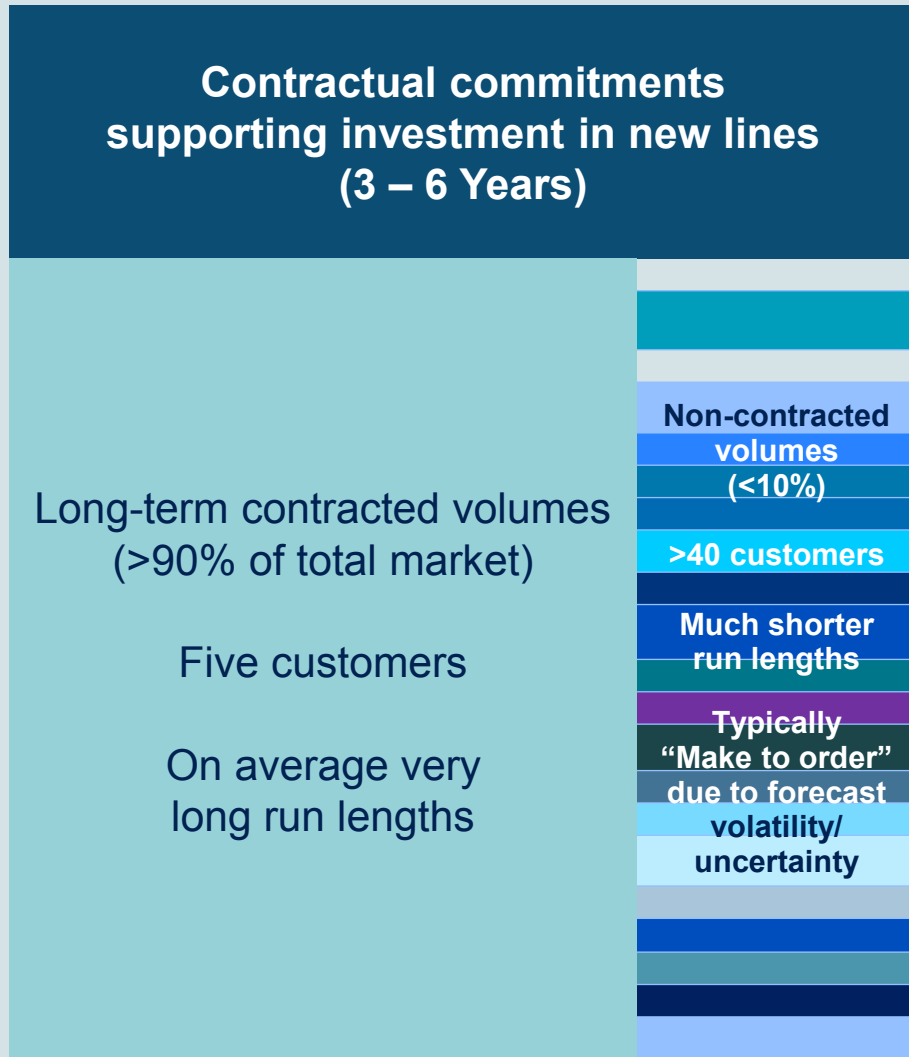
- » Plant location and self-sufficiency very important

## › **Payment risk**

- » Approximately 60% Nampak customers are multinational companies

## › **Liquidity and forex risk**

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



- › Pack share low by international standards
- › Long-term pricing based on notional most-efficient entrant
- › Double digit volume growth in South Africa required the industry to invest in additional capacity
- › Largest beverage can manufacturer in Africa provides local economies of scale
- › Low-cost producer
- › Strong market position with in-depth knowledge of local market dynamics
- › Well established footprint
- › Proven track record – trusted supplier
- › Modern assets built at a much stronger ZAR/USD than today