

Summarised consolidated financial results

For the year ended
30 September 2018



Nampak
packaging excellence

Highlights — continuing operations

Group revenue of

R17.3bn

marginally down by 1%

Trading profit increased to

R2.0bn

up by 3%

Operating profit increased to

R1.5bn

up by 7%

Profit increased to

R1.2bn

up by 29%

EPS increased by

38%

to 169.2 cents per share

HEPS increased by

15%

to 168.7 cents per share

Cash transferred from Angola,
Nigeria and Zimbabwe

R3.5bn

up by 103%

Successfully secured

R12.5bn

of committed funding, further
strengthening the Group's
financial position to provide
a platform for future growth

Net gearing further
improved to

37%

from 45%

“Nampak Group performance was pleasing in a tough economic environment in most of the geographies in which we operate. Good cost control led to operational efficiencies, with improved margins for Bevcan and the recovery of DivFood, despite lacklustre demand in South Africa.

Plastics in the United Kingdom delivered profitability as promised, while Plastics South Africa had a tough year due to a very competitive landscape. The significant improvement in the availability of foreign currencies in Angola, sustained liquidity and market share growth for beverage cans in Nigeria, and strong demand in Zimbabwe resulted in improved performance in the Rest of Africa.”

Nampak CEO, André de Ruyter

Commentary

Overview

Nampak's profit from continuing operations grew 29% to R1.2 billion (2017: R905 million) in a year characterised by tough economic conditions in most territories in which Nampak operates, as consumers navigated high inflation, increased taxes, fuel price increases and other pricing pressures. Earnings of R1.1 billion increased by 39% primarily due to lower abnormal items and a reduction in the minority shareholders' share of profits in the current year. As revenue remained largely unchanged, focused internal initiatives — cost containment, operational efficiency improvements, the retention of customers and the targeting of new market segments — ensured that Nampak was able to grow earnings and profits. Earnings per share grew 38% to 169.2 cents (2017: 122.3 cents) while headline earnings per share rose 15% to 168.7 cents (2017: 146.3 cents).

Cash transferred from Angola, Nigeria and Zimbabwe was 103% higher than the prior period at R3.5 billion (USD265 million), up from R1.7 billion (USD127 million) as liquidity continued in Nigeria and was boosted by improved foreign currency availability in Angola towards the end of the second half. Liquidity in Zimbabwe remains challenging, and this issue is receiving significant attention.

Demand in South Africa was under pressure, but operational efficiencies paid off resulting in trading margins being maintained at 8.6%. The Rest of Africa produced varying results — Nigeria is showing signs of a recovery; Angola experienced limited liquidity which negatively impacted the second half and Zimbabwean operations' performance boosted margins in both the Plastics and Paper divisions. This resulted in an improved trading margin for Rest of Africa of 22.1% (2017: 20.6%). The European operations returned to profitability as expected and the Group trading margin was higher at 11.4% (2017: 11.0%).

The board made the decision in the first half to dispose of the Glass division resulting in the division being classified as a discontinued operation. Commentary on the results excludes this division unless stated otherwise. The proposed sale of the Glass division is proceeding as planned and according to schedule. In the second half, the board also made the decision to dispose of the Crates and Drums businesses with the assets and liabilities of these operations being disclosed as assets held for sale.

Financial performance — continuing operations

R million	2018	Restated 2017	% change
Revenue	17 310	17 402	(1)
Trading profit	1 970	1 922	+3
Operating profit	1 523	1 430	+7
Profit for the year — continuing operations	1 168	905	+29
Loss for the year — discontinued operation	(599)	(549)	9
Profit for the year — continuing and discontinued operations	569	356	60
Earnings per share (cents) — continuing operations	169.2	122.3	+38
Earnings per share (cents) — continuing and discontinued operations	76.0	36.6	+108
Headline earnings per share (cents) — continuing operations	168.7	146.3	+15
Headline earnings per share (cents) — continuing and discontinued operations	151.4	123.8	+22

Revenue and margins

Revenue for continuing operations marginally declined to R17.3 billion (2017: R17.4 billion), largely as a result of constrained revenue growth in the Metals division. Pleasing volume growth in Bevcan Nigeria and DivFood was offset by lower volumes in Bevcan Angola, as the foreign currency shortages impacted the procurement of raw materials and hence production volumes in the second half of the year. Liquidity improved too late towards the end of the second half to have a material impact on our ability to increase sourcing of raw materials. Revenue from the Plastics division in the Rest of Africa also improved significantly but was muted by the performance of the rest of the Plastics division.

Trading profit increased by 3% to R1.97 billion (2017: R1.92 billion) and trading margins for most divisions improved, driven by enhanced operational efficiencies in Bevcan South Africa, the recovery in fish volumes at DivFood and volume growth in Bevcan Nigeria. Exceptional performances by Plastics and Paper operations in Zimbabwe also contributed towards the higher trading margin for the Group of 11.4% (2017: 11.0%).

Operating profit and abnormal items

Growth in trading profit and a 9% reduction in net abnormal losses to R447 million (2017: R491 million) led to operating profit growing 7% to R1.5 billion (2017: R1.4 billion). The key contributors to abnormal losses in the prior year — net impairments and foreign currency losses — reduced by 97% to R7 million (2017: R233 million) and 21% to R127 million (2017: R160 million) respectively. Higher restructuring and retrenchment costs of R96 million (2017: R73 million), onerous contracts of R100 million (2017: R82 million) and the liquid bonds disposal cost in Angola of R73 million (2017: nil) also contributed to abnormal losses in 2018.

Profit for the year

Profit for the year increased 29% to R1.17 billion (2017: R905 million) as a result of lower net finance costs, an increased share of net profits from associates and joint ventures as well as a lower effective taxation rate. The reduction in the tax rate is primarily due to the significant reduction in impairments, with the significant impairments in the prior year not offering any tax shield. Higher net cash balances during the year from improved transfers of cash from Nigeria and Angola coupled with strong cash generation in Zimbabwe led to 107% higher finance income of R244 million (2017: R118 million). Finance costs of R465 million are 37% higher (2017: R339 million) but include R65 million that relates to Angolan capital enforcement tax which in accordance with International Financial Reporting Standards is classified as an interest cost on foreign exchange gains on the US dollar linked Kwanza bonds. Excluding this, net finance costs of R156 million have been well managed and reflect a decrease of 30%. There has been an increase in the share of profits from associates and joint ventures. Profit before tax of R1.3 billion increased by 8% (2017: R1.2 billion).

A lower effective tax rate of 10.7% (2017: 25.1%), largely due to the reduction of net impairments, also boosted profit for the year in 2018 by 29%. Government incentives, a tax rate differential and deferred tax assets raised during the year are main contributors to the reduction in the effective tax rate from the statutory tax rate of 28%.

Earnings

Continuing operations

Earnings attributable to Nampak equity holders increased 39% to R1.1 billion (2017: R784 million) as a result of higher profits from continuing operations together with a lower portion due to outside shareholders of R80 million (2017: R121 million) in 2018. Accordingly, earnings per share increased by 38% to 169.2 cents (2017: 122.3 cents) despite a 1% increase in the weighted average number of shares in issue for the year.

Headline earnings grew 16% to R1.1 billion (2017: R937 million) largely due to lower net impairments of R7 million (2017: R233 million) which are added back for computing headline earnings. Headline earnings per share rose 15% to 168.7 cents (2017: 146.3 cents).

Continuing and discontinued operations

Earnings attributable to Nampak equity holders increased 108% to R489 million (2017: R235 million) as a result of higher profits from continuing operations together with a lower portion due to outside shareholders of R80 million (2017: R121 million) in 2018. Accordingly, earnings per share increased by 108% to 76.0 cents (2017: 36.6 cents) despite a 0.4% increase in the weighted average number of shares in issue for the year.

Headline earnings grew 23% to R974 million (2017: R793 million) largely due to improved overall performance from operations. Headline earnings per share rose 22% to 151.4 cents (2017: 123.8 cents).

Liquidity and cash transfers in the Rest of Africa

Cash transferred from Angola, Nigeria and Zimbabwe more than doubled, increasing 103% to R3.5 billion (2017: R1.7 billion) as a result of improved liquidity in Angola and Nigeria.

There was limited liquidity in Angola for most of the year as the country had low foreign currency reserves due to relatively low oil production. Nampak continued to hedge as much cash as possible in USD-linked Kwanza bonds which provided much required protection of cash balances against a series of timed devaluations by the Angolan Government which resumed in early 2018. By the end of the financial period, the Angolan kwanza had devalued by 75% against the US dollar to AOA301:USD1 and the hedging strategy provided a R1.6 billion shield against devaluation.

As Angola experienced a number of fiscal interventions during the course of the year, liquidity returned in the latter part of the second half and R1.8 billion (USD138 million) was secured for transfer to settle internal Group procurement and treasury facilities which had been used to fund operations in Angola. This was 135% more than the amount of R769 million (USD57 million) transferred in the prior year.

R1.6 billion (USD120 million) was transferred from Nigeria, representing a 190% cash transfer rate as the NAFEX (Nigerian autonomous foreign exchange rate) continued to provide sustained liquidity since its introduction in April 2017. Both cash generated during the year and accumulated funds earned in previous financial years were transferred from Nigeria. As a result, cash balances fell 64% to R300 million (2017: R828 million). Going forward, only currently generated cash is expected to be remitted and hedging is considered unnecessary.

Minimal cash of R87 million was transferred from Zimbabwe as liquidity constraints remained. Operations in this country were highly cash generative in spite of restrictions on further funding of working capital from Nampak operations outside Zimbabwe and cash balances accordingly grew to R1.2 billion (2017: R654 million).

30 September 2018				Limited liquidity	
	Angola	Nigeria	Subtotal	Zimbabwe	Total
Cash on hand (Rm)	2 307	300	2 607	1 190	3 797
Hedged cash (Rm)	2 166	— ²	2 166	— ³	2 166
% cash hedged	94	— ²	83	— ³	57
Cash transferred (Rm)	1 807	1 574	3 381	87	3 468
Cash transfer rate (%) ¹	83	190	112	13	94

30 September 2017				Limited liquidity	
	Angola	Nigeria	Subtotal	Zimbabwe	Total
Cash on hand (Rm)	2 188	828	3 016	654	3 670
Hedged cash (Rm)	1 954	— ²	1 954	— ³	1 954
% cash hedged	89	— ²	65	— ³	53
Cash transferred (Rm)	769	848	1 617	93	1 710
Cash transfer rate (%) ¹	77	86	81	32	75

¹ Cash transfer rate is the amount of cash transferred compared to cash on hand at the end of the previous period.

² Hedges are not considered necessary in light of continued liquidity since the introduction of NAFEX in April 2017 and the convergence of the NAFEX and NIFEX markets.

³ There are currently no appropriate hedges available in Zimbabwe.

Foreign exchange rate movements

Nampak has sizeable operations outside South Africa and, as a result, its performance is impacted by various foreign currency movements. The currency movements for key markets are set out in the following table:

	Average rates				Closing rates			
	30 Sep 2018	30 Sep 2017	% Δ	31 Mar 2018	30 Sep 2018	30 Sep 2017	% Δ	31 Mar 2018
ZAR/GBP	17.61	16.96	4	17.35	18.43	18.17	1	16.62
ZAR/EUR	15.58	14.78	5	15.36	16.41	15.98	3	14.57
ZAR/USD	13.11	13.38	(2)	12.78	14.14	13.56	4	11.86
NGN/USD	360.61	321.90	12	359.75	362.79	358.99	1	360.00
AOA/USD	222.09	171.74	29	189.76	300.72	171.75	75	218.64

The translation of the Group's results of its US dollar based operations was adversely impacted by the 2% strengthening of the average Rand Dollar exchange rate with the 4% weakening in the year-end spot rate adversely impacting the translation of dollar denominated debt. The US dollar linked Kwanza bonds provided R1.6 billion protection to the Group given the 75% weakening in the year-end spot Kwanza US dollar exchange rate. These hedging instruments have proven to be highly effective with 94% of the Angolan cash balances hedged at the year-end.

Financial position

Nampak concluded an agreement with various banks, locally and internationally, to provide committed revolving credit facilities and term facilities ("RCF") with respective terms of four and five years which will replace the Group's existing loan facilities. The RCF comprises two major facilities, including USD525 million to fund the Group's Rest of Africa and European operations and R4 billion for the South African operation, and addresses the Group's maturing debt profile over the next four to five years. Existing core overnight facilities of R1.1 billion were also maintained.

This RCF includes provision for repaying the first tranche to US private placement obligation amounting to USD115 million, which falls due in May 2020. Pricing on the RCF has been keen and we are satisfied that the Group statement of financial position will be secure for at least a five year period with the new banking facilities, further strengthening the Group's financial position.

Covenant ratios were revised for the new debt facilities in place and exclude Zimbabwean cash balances in light of limited liquidity; 50% of Angola cash balances are taken into account plus 45 days working capital requirements. The Group's financial position strengthened as a result and net gearing improved to 37% (2017: 45%).

Capital expenditure

Capital expenditure for the year was 27% lower at R536 million (2017: R735 million) due to prudent capital allocation without compromising the quality of the asset base. The Capital Assurance Committee continues to function effectively applying rigorous review processes.

Trading performance

R million	Revenue		Trading profit		Trading margin (%)	
	2018	2017	2018	2017	2018	2017
Metals	11 079	11 281	1 736	1 695	15.7	15.0
Plastics	4 745	4 624	202	166	4.3	3.6
Paper	1 486	1 497	229	177	15.4	11.8
Corporate services	—	—	(197)	(116)		
Continuing operations	17 310	17 402	1 970	1 922	11.4	11.0
Discontinued operation:						
Glass	1 456	1 420	18	45	1.2	3.2
Group total	18 766	18 822	1 988	1 967	10.6	10.4

The increase in the Corporate Services is primarily due to foreign exchange movements and additional property related provisions raised in the year. The savings in corporate costs has been offset by the non-recurring post-retirement medical aid gain reported in the prior year.

Continuing operations

Metals

Revenue for the Metals division declined marginally for the year to R11.1 billion (2017: R11.3 billion) due to challenging market conditions in most of the Rest of Africa operations excluding Nigeria and South Africa. Trading profit grew by 2% to R1.74 billion (2017: R1.70 billion) as a result of internal operating efficiencies in South Africa and exceptional beverage can volume growth in Nigeria.

Bevcan South Africa's revenue was slightly higher, boosted by a strong first half, while lower market demand and the entry of a competitor impacted volumes negatively in the second half as expected. In anticipation of this loss of volume, the closure of a beverage can line located in Epping, Cape Town, (announced in 2017), was completed in July and has led to partial savings this year, with the full annual savings of R50 million to be derived from 2019 onwards. The majority of the employees at this operation accepted retrenchment packages or opted for early retirement, while some of the employees were able to fill vacant positions elsewhere within the Group. Operations excellence initiatives led to improved efficiencies and contributed to better trading margins for the Metals division of 15.7% (2017: 15.0%).

DivFood revenue recovered on the back of improved fish volumes canned locally in South Africa and a pleasing performance by the vegetables category. Diversified can volumes reflected the current subdued consumer sentiment while meat food can volumes were negatively impacted by the listeriosis outbreak experienced during 2018. This is now resolved and meat can volumes are expected to improve in the next financial period. Operationally, the division made great strides and operations excellence practices led to an improved safety performance, enhanced quality and more stringent cost control. Trading profit grew substantially as a result and trading margins more than doubled for the year albeit off an extremely low base in the prior year.

Revenue declined for Bevcan Angola as can ends previously supplied by this entity are now being supplied to customers directly by Bevcan South Africa. Volumes also declined in the second half of the year as a result of foreign currency shortages in the country which led to limited liquidity for the purchase of raw materials. The significant currency devaluation of the Angolan kwanza against the US dollar also contributed to a softer market for the year. In late August and early September there was a major improvement in the availability of foreign currencies, and as a consequence, raw material purchases have resumed as normal. Trading profit was also negatively impacted but to a lesser extent due to can ends now being supplied out of Bevcan South Africa, as well as foreign currency movements. Following the restoration of liquidity, Nampak has resumed the project to invest in converting its tinplate production line to manufacture slender aluminium cans to meet market demand.

Bevcan Nigeria had very strong volume growth driven by the malt category, caused by Nampak gaining market share and growth in the underlying market for beverage cans. As a result, both revenue and trading profit increased. In anticipation of further volume growth, work has commenced to enable the manufacture of 500ml cans and feasibility studies to increase capacity by debottlenecking the line are underway. The general metal packaging business in Nigeria declined as high inflation impacted consumer spending.

Demand in Kenya and Tanzania was disappointing as orders from a major crowns customer fell due to increased imports, while a very soft market led to reduced demand in Tanzania.

Plastics

The Plastics division had a mixed year with strong growth in Zimbabwe, improved profitability in Europe, while some operations in South Africa experienced challenges. Revenue grew 3% and trading profit 22%.

Plastics South Africa managed to maintain its revenue in line with the prior year, despite a challenging year characterised by a tough trading environment and lower allocated volumes resulting from a change in strategy by a key customer for bottles and related plastic closures. Higher demand for drums by current customers, as well as business development efforts which gained new customers, offset this impact so that revenue growth was flat for the year. Cartons performed well and grew margins as operating costs were contained and operations excellence initiatives paid off. Cartons will continue to drive market share growth initiatives by expanding its product offering and continuing to target new customers with an emphasis on sustainability and the recyclability. The first phase of the cost reduction project at Plastics SA is now complete and the second phase is underway; the first plant and depot closures have been implemented as planned. Once-off costs resulting from site consolidation projects negatively affected trading profit in the second half. The sale of the crates and drum businesses is progressing with firm offers expected in early 2019. Once sale agreements are finalised, both transactions will be submitted for regulatory approvals where required.

The turnaround implemented at Plastics Europe yielded results as the business returned to profitability, despite a challenging trading environment created by uncertainties in the UK market due to global economic concerns and Brexit. In addition the unusually hot summer led to lower milk consumption than normal. Volumes also declined as the dairy market consolidated and a key customer lost market share. This was mitigated by securing new customers and continued management focus on improving operational efficiencies.

The Zimbabwean operations, Megapak and CMB, exceeded growth expectations producing double digit growth in revenue driven by higher volume demand and improved exports to neighbouring countries. Volume grew by 32% and trading profit increased, raising the overall trading margin for the Plastics division to 4.3% from 3.6%.

Paper

The Paper division performed well during the year as its profitability improved by 29% to produce a trading profit of R229 million (2017: R177 million) on the back of a strong performance in Zimbabwe and Nigeria. Revenue was flat at R1.5 billion (2017: R1.5 billion).

Hunyani experienced good volume growth driven by higher customer demand and an increased tobacco crop in the second half. Trading profit improved significantly as a result of additional volume and effective cost saving initiatives, lifting the overall trading margin for the Paper division. While liquidity remains a challenge in Zimbabwe, robust trading is expected to continue as long as Nampak Zimbabwe is able to source and supply raw materials. To date, raw materials have been successfully sourced in collaboration with customers, to ensure continuous supply in this market. Credit extension by other Nampak entities to Nampak Zimbabwe is closely managed to ensure no further increases.

Cartons in Nigeria performed well with good volume and revenue growth in local currency. Volumes remain buoyant on the back of stable demand from the key customer and other cigarette and commercial customers. This performance was moderated to single digit revenue growth upon translation as the Rand strengthened by 24% on average for the period against the Naira. Cost saving and efficiency improvement initiatives at the plant further contributed to trading margin improvement in excess of revenue growth and contributed to the higher overall trading margin for the division. A contract with a key customer was renewed for a further two year period and this further solidifies the future performance of this business.

East African operations were restructured towards the end of the previous year with Zambia operating as the hub for conical cartons and Zimbabwe for tobacco cases. Malawi now sources semi-finished goods from these two countries and packs them for this market. This revised structure has resulted in improved cost savings during the year as the region is serviced collectively and will also drive operational efficiencies going forward.

Zambia is already benefiting from the change in strategy and volume demand is on an upward trajectory, coming off a lower base the previous year. The shift in focus, from an anchor customer to a wider base of independent brewers, has led to exponential growth in the number of customers serviced and the business continues to target new customers. This strategy is further supported by the Government drive to ban the sale of opaque beer in bulk in the country. Trading margins have improved by double digits as a result.

Bullpak in Kenya experienced a challenging year on volume demand as market dynamics shifted unfavourably on various fronts. Efficient cost containment in response to the unpredictable market led to improved trading profits.

Discontinued operation

Glass

Revenue grew by 3% despite flat volume growth limited by capacity constraints. Operationally, the plant's performance continues to improve and production output rose by 11% for the year. As a decision to dispose of Glass was taken in March 2018, in terms of IFRS 5: Non-current assets held for sale and discontinued operations at a Group level depreciation ceased from 1 April 2018. At a Group level trading profit (excluding depreciation) decreased by 60% to R18 million (restated 2017: R45 million). At a divisional level, this operation reported a trading loss (including depreciation) of R75 million for the year (2017: R63 million trading profit). Electricity supply from Ekurhuleni has improved in recent months, after ongoing fluctuations and supply disruption throughout the winter months. While significantly better, electricity supply still remains inconsistent. The rotary uninterruptible power supply system has functioned well to mitigate these interruptions. While the overall glass market is estimated to have grown by low single digits, demand is anticipated to remain strong. The Glass division's growth remains dependent on its ability to meet demand. A further R677 million (2017: R435 million) of this division's assets were impaired in 2018 comprising R665 million impairment based on a value-in-use valuation model and R12 million for moulds. The valuation model is highly sensitive to changes in key variables — the pack-to-melt ratio, various profitability ratios, growth rates, the extent and timing of capital expenditure and working capital assumptions as well as the discount rate — which have been rigorously reviewed.

The proposed disposal of this division is progressing as planned and according to schedule. The detailed due diligence processes have commenced with offers being evaluated.

Trading performance by region is as follows:

R million	Revenue		Trading profit		Trading margin (%)	
	2018	2017	2018	2017	2018	2017
South Africa	10 085	9 883	865	846	8.6	8.6
Rest of Africa	5 878	6 083	1 297	1 256	22.1	20.6
Europe	1 347	1 436	5	(64)	0.4	(4.5)
Corporate services	—	—	(197)	(116)	—	—
Continuing operations	17 310	17 402	1 970	1 922	11.4	11.0
Discontinued operation:						
South Africa (Glass)	1 456	1 420	18	45	1.2	3.2
Group total	18 766	18 822	1 988	1 967	10.6	10.4

Outlook

The outlook in South Africa is challenging and demand driven. Consumer spending is under pressure in light of inflationary pressures from the recent VAT increase, ongoing fuel and electricity increases, as well as the recent recession. In response to expected subdued demand in the short term, Nampak will continue to focus on improving operational efficiencies in order to mitigate these demand pressures. The entry of the second beverage competitor is expected to lead to additional volume losses in 2019 by Bevcan SA, while DivFood is expected to recover some volumes for meat cans. The focus for the Plastics division will be to continue to evaluate its businesses for optimisation and look to progress the second phase of the turnaround plan to improve profitability.

Nampak remains very positive about business prospects in Nigeria and will focus on expanding its product offering by investing in a new beverage can size (500ml) and investing in a food can line to service its significant consumer base in the medium term. The macroeconomic environment is beginning to improve and gradually accelerating growth is expected in the short to medium term for Nigeria.

Prospects for an economic recovery in Angola are solid after the devaluation of the Kwanza. Whilst demand remains relatively strong in Zimbabwe, liquidity continues to be a concern and Nampak will supply customers to the extent that foreign currency is available to secure raw materials. The Rest of Africa's operations will continue to be reviewed for rationalisation opportunities in order to service these markets more profitably.

Market share growth is a priority for the Plastics UK business and management will continue to focus on obtaining new dairy customers coupled with expanding Nampak's product offering.

To summarise, efficiency improvements, cost containment and targeting new market segments will be key focus areas for 2019 to drive improved profitability and better returns going forward.

Dividend

The board has decided not to resume dividends to shareholders until the sustainability of cash transfers from Angola and Zimbabwe is assured and the disposal of the Glass business is finalised. The board will evaluate the various options available with a view to enhancing shareholder value.

Events after the reporting date

On 1 October 2018 the Zimbabwe Reserve Bank announced the splitting of the Zimbabwean RTGS (real time gross settlement) notes and foreign currency accounts. This has led to consideration of whether the functional currency of the Zimbabwean operations has changed from US dollars to a local Zimbabwean currency. In the event of such a change on the functional currency this may lead to a revaluation of assets and liabilities in Zimbabwe.

On behalf of the board

PM Surgey
Chairman

AM de Ruyter
Chief executive officer

GR Fullerton
Chief financial officer

Bryanston
26 November 2018

Summarised consolidated statement of comprehensive income

R million	Notes	2018	Restated 2017
Revenue		17 309.8	17 401.8
Operating profit	3	1 522.9	1 430.2
Finance costs		(465.2)	(339.1)
Finance income		244.3	117.7
Share of net profit from associates and joint venture		5.8	0.1
Profit before tax		1 307.8	1 208.9
Income tax expense		(139.5)	(304.0)
Profit for the year from continuing operations		1 168.3	904.9
Discontinued operation			
Loss for the year from discontinued operation	4,1	(599.2)	(548.9)
Profit for the year		569.1	356.0
Other comprehensive income/(expense), net of tax			
Items that will not be reclassified to profit or loss			
Net actuarial gain from retirement benefit obligations		34.4	19.5
Items that may be reclassified subsequently to profit or loss			
Exchange gain/(loss) on translation of foreign operations		217.4	(122.1)
Gain/(loss) on cash flow hedges		51.7	(14.1)
Other comprehensive income/(expense) for the year, net of tax		303.5	(116.7)
Total comprehensive income for the year		872.6	239.3
Profit attributable to:			
Owners of Nampak Limited		489.2	234.8
Non-controlling interest in subsidiaries		79.9	121.2
Total		569.1	356.0
Total comprehensive income attributable to:			
Owners of Nampak Limited		769.9	120.3
Non-controlling interest in subsidiaries		102.7	119.0
Total		872.6	239.3
Earnings per share			
Basic (cents per share)			
Continuing operations		169.2	122.3
Discontinued operation		(93.2)	(85.7)
Total		76.0	36.6
Diluted (cents per share)			
Continuing operations		168.4	121.9
Discontinued operation		(92.7)	(85.4)
Total		75.7	36.5

Summarised consolidated statement of financial position

R million	Notes	30 Sep 2018	Restated* 30 Sep 2017
ASSETS			
Non-current assets			
Property, plant, equipment and investment property		8 177.0	10 151.4
Goodwill and other intangible assets		3 708.0	3 568.8
Associates and joint ventures		35.3	21.8
Deferred tax assets		173.5	49.3
Liquid bonds and other loan receivables	6	1 787.9	1 164.0
		13 881.7	14 955.3
Current assets			
Inventories		3 205.6	3 980.3
Trade and other current receivables		3 071.0	2 761.0
Tax assets		14.1	17.3
Liquid bonds and other loan receivables — current	6	450.6	882.1
Bank balances and deposits		2 844.8	2 385.0
		9 586.1	10 025.7
Assets classified as held for sale		2 446.3	—
Total assets		25 914.1	24 981.0
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		35.5	35.5
Capital reserves		(70.3)	(116.4)
Other reserves		200.0	(84.4)
Retained earnings		9 975.1	9 476.9
Shareholders' equity		10 140.3	9 311.6
Non-controlling interest		472.2	369.5
		10 612.5	9 681.1
Non-current liabilities			
Loans and other borrowings		8 023.1	6 007.2
Retirement benefit obligations		1 478.4	1 558.0
Deferred tax liabilities		168.1	294.5
Other non-current liabilities		98.6	64.8
		9 768.2	7 924.5
Current liabilities			
Trade payables, provisions and other current payables		4 195.3	4 517.1
Tax liabilities		45.5	82.6
Loans, other borrowings and bank overdrafts		990.0	2 775.7
		5 230.8	7 375.4
Liabilities directly associated with assets classified as held for sale	4	302.6	—
Total equity and liabilities		25 914.1	24 981.0

* Refer note 2.

Summarised consolidated statement of cash flows

R million	Notes	30 Sep 2018	30 Sep 2017
Cash generated from operations before working capital changes		2 272.2	2 395.1
Working capital changes		(676.9)	(326.8)
Cash generated from operations	7,1	1 595.3	2 068.3
Net interest paid		(458.1)	(405.8)
Retirement benefits, contributions and settlements		(145.2)	(119.1)
Income tax paid		(170.8)	(152.7)
Cash flows from operations		821.2	1 390.7
Dividends paid		(0.1)	(0.1)
Net cash generated from operating activities		821.1	1 390.6
Cash flows from investing activities			
Capital expenditure		(536.4)	(735.3)
Replacement		(359.8)	(377.0)
Expansion		(176.6)	(358.3)
Net proceeds on the disposal of business		—	57.8
Post retirement medical aid buy-out		(1.8)	(569.2)
Increase in liquid bonds for hedging purposes		(6.9)	(1 336.5)
Other investing activities		47.8	12.0
Net cash utilised in investing activities		(497.3)	(2 571.2)
Net cash generated/(utilised) before financing activities		323.8	(1 180.6)
Net cash raised from/(repaid in) financing activities		1 659.7	(238.4)
Net increase/(decrease) in cash and cash equivalents	7,2	1 983.5	(1 419.0)
Net (overdraft)/cash and cash equivalents at beginning of year		(168.8)	1 224.5
Translation of cash in foreign subsidiaries		22.1	25.7
Net cash and cash equivalents/(overdraft) at end of year	7,3	1 836.8	(168.8)

Summarised consolidated statement of changes in equity

R million	2018	2017
Opening balance	9 681.1	9 444.5
Shares issued during the year	6.5	11.8
Share-based payment expense	4.0	5.0
Share grants exercised	(6.5)	(11.7)
Treasury shares disposed	54.9	—
Acquisition of business	—	(7.7)
Total comprehensive income for the year	872.6	239.3
Dividends paid	(0.1)	(0.1)
Closing balance	10 612.5	9 681.1
Comprising:		
Share capital	35.5	35.5
Capital reserves	(70.3)	(116.4)
Share premium	268.9	262.4
Treasury shares	(515.8)	(557.9)
Share-based payments reserve	176.6	179.1
Other reserves	200.0	(84.4)
Foreign currency translation reserve	1 569.6	1 375.0
Financial instruments hedging reserve	56.4	4.7
Recognised actuarial losses	(1 412.7)	(1 447.1)
Share of non-distributable reserves in associates and joint ventures	3.7	—
Other	(17.0)	(17.0)
Retained earnings	9 975.1	9 476.9
Shareholders' equity	10 140.3	9 311.6
Non-controlling interest	472.2	369.5
Total equity	10 612.5	9 681.1

Notes

1. Basis of preparation

The summarised consolidated financial statements are derived from the consolidated financial statements approved by the directors on 26 November 2018. They are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

The consolidated financial statements and the summarised consolidated financial statements have been prepared under the supervision of the chief financial officer, GR Fullerton CA(SA).

2. Accounting policies and restated comparatives

The accounting policies applied in the preparation of the consolidated financial statements for 2018, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies adopted and methods of computation used in the preparation of the previous year's consolidated financial statements.

New and revised International Financial Reporting Standards in issue and effective for the current financial year

The Group adopted all amendments or improvements to standards or interpretations that became effective during the current financial year with no effect on the financial statements of the Group. No new standards were effective for the current financial year and the Group did not elect to adopt any of these standards earlier than their effective dates.

New and revised International Financial Reporting Standards in issue but not yet effective for the current financial year

At the date of authorisation of these consolidated financial statements, the following standards were in issue but not yet effective for the current year and have not been early adopted.

These standards will be effective for annual periods beginning after the dates listed below:

IFRS 9: Financial Instruments

The standard is effective for years commencing on or after 1 January 2018. The standard will be adopted by the Group for the financial reporting period commencing 1 October 2018.

IFRS 9 provides guidance on the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS 39. The standard establishes three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. Classification of financial assets into these categories is dependent on the entity's business model and the characteristics of the contractual cash flows of the specific financial asset. There were no significant changes to the classification guidance for financial liabilities.

IFRS 9 introduces a new expected credit loss impairment model that replaces the incurred loss impairment model used in IAS 39.

The Group will have to design impairment models incorporating new principles such as 12 months expected credit loss, life time expected credit loss, forward-looking information and time value of money in order to comply with expected credit loss impairments under IFRS 9. The Group has performed a preliminary assessment, the results thereof indicate that an adjustment to the opening balance of retained earnings and the impairment provision of approximately R87 million, primarily related to the Angolan kwanza bonds, is required for the 2019 financial year.

IFRS 15: Revenue From Contracts With Customers

The standard is effective for years commencing on or after 1 January 2018. The standard will be adopted by the Group for the financial reporting period commencing 1 October 2018.

IFRS 15 requires an entity to recognise revenue in such a manner as to depict the transfer of the goods or services to customers, at an amount representing the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard has a five step process to be applied to all contracts with customers. The standard provides guidance for identifying the contract with the customer, identification of the deliverables (performance obligations), determination of the transaction price (including the treatment of variability in the transaction price and significant financing components), how to allocate the transaction price and when to recognise revenue.

The Group has assessed its significant contracts with customers in line with the new standard and notes that the treatment of contracts with variable pricing will be altered under IFRS 15, however no material impacts are otherwise expected with respect to revenue measurement and timing.

IFRS 16: Leases

The standard is effective for years commencing on or after 1 January 2019. The standard will be adopted by the Group for the financial reporting period commencing 1 October 2019.

IFRS 16 requires a lessee to recognise a right of use asset and lease obligations for all leases except for short term leases, or leases of low value assets which may be treated similarly to operating leases under the current standard IAS 17 if the exceptions are applied. A lessee measures its lease obligation at the present value of future lease payments, and recognises a right of use asset initially measured at the same amount as the lease obligation including costs directly related to entering into the lease. Right of use assets are subsequently treated in a similar way to other assets such as property, plant and equipment or intangible assets dependent on the nature of the underlying item.

The Group has assessed a majority of its significant lease agreements, in particular those relating to property rentals, and the preliminary assessment indicates that material adjustments to non-current assets, non-current liabilities and EBITDA are to be expected as a result of the new standard. The current estimate of the impact of adopting IFRS 16 on the 2018 reported numbers is as follows:

- › increase in net assets: R408 million;
- › increase in EBITDA: R202 million;
- › decrease in profit for the period: R34 million.

Management continues to assess the implications of the remaining individually insignificant lease agreements in which the Group is the lessee which may cause the final impact to differ from the estimates provided above.

The Group is still to make a decision on the application of exceptions related to short term and low value asset leases.

Restatement of comparatives

The comparatives to the summarised statement of comprehensive income have been restated for the impact of the Nampak Glass division being recognised as a discontinued operation during the year. Refer note 4.

The main impact of these restatements is as follows:

R million	2017
Revenue — decrease	(1 419.9)
Operating profit — increase	469.2
Finance costs — decrease	169.7
Profit before tax — increase	638.9
Income tax expense — increase	(90.0)
Profit for the year from continuing operations — increase	548.9
Loss for the year from discontinued operation — increase	(548.9)
Profit for the year	—
Earnings per share — continuing operations	
Earnings per share (cents) — increase	85.7
Diluted earnings per share (cents) — increase	85.4

The comparatives to the statement of financial position (September 2017) have been restated for intergroup royalties receivable of R248.9 million presented in trade and other current receivables in error. These have been moved to trade and other current payables where the matching intergroup royalties were presented.

3. Included in operating profit are:

R million	2018	2017
Depreciation	545.9	587.8
Amortisation	23.1	18.4
Reconciliation of operating profit and trading profit¹		
Operating profit	1 522.9	1 430.2
Net abnormal losses ²	447.1	491.3
Net impairment losses on property, plant and equipment	7.0	232.5
Devaluation loss arising from Angolan and Nigerian exchange rate movements	126.6	160.0
Retrenchment and restructuring costs	95.6	73.1
Cash transfer and liquid bond disposal losses	73.0	—
Onerous contract and related losses	99.7	81.8
Remediation and related activities pertaining to sale and leaseback properties	63.9	—
Profit on disposal of properties	(12.4)	(3.0)
Net profit on disposal of investment and business	—	(25.4)
Gain on acquisition of investment and business	(6.0)	(27.0)
Other	(0.3)	(0.7)
Trading profit	1 970.0	1 921.5

¹ Trading profit is the main measure of profitability used for segmental reporting purposes.

² Abnormal losses/(gains) are defined as losses/(gains) which do not arise from normal trading activities or are of such size, nature or incidence that their disclosure is relevant to explain the performance for the year.

4. Discontinued operation and disposal group held for sale

4.1 Discontinued operation — Nampak Glass division

On 16 February 2018, the Nampak Limited board ("board") took a decision to dispose of the Nampak Glass division ("Nampak Glass"). The Group met the criteria of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations as at 31 March 2018 and therefore classified the asset as held for sale and as a discontinued operation at that date. The asset consists of three furnaces, nine associated production lines, net working capital and the property at which the operation is located. To ensure the long term profitability of Nampak Glass and to address the operational skills gap, the board resolved to approach packaging industry players to invite proposals for the sale of this business. Exploratory discussions have been held with a number of strategic players with a formal corporate finance disposal process currently in progress. It is expected that this disposal will be concluded by no later than the end of the first half of the 2019 financial year. Nampak Glass is the only operation in the Glass operating segment.

An impairment loss of R665.0 million was recognised at 30 September 2018 on these assets in consideration of their fair value less expected realisation costs at this date.

Results of the discontinued operation

R million	2018	2017
Revenue	1 456.5	1 419.9
Operating expenses other than depreciation, amortisation and impairment expenses	(1 313.7)	(1 228.6)
EBITDA*	142.8	191.3
Depreciation and amortisation	(124.8)	(225.2)
Impairment of plant, goodwill, other intangible assets and assets classified as held for sale	(677.3)	(435.3)
Net finance costs	(173.4)	(169.7)
Loss before tax	(832.7)	(638.9)
Attributable income tax benefit	233.5	90.0
Loss for the year from discontinued operation	(599.2)	(548.9)

* EBITDA is calculated before net impairments.

Cash flows of the discontinued operation

R million	2018	2017
Net cash flows from operating activities	89.2	98.1
Net cash flows from investing activities	(91.7)	(177.6)
Net cash flows	(2.5)	(79.5)

The major classes of assets and liabilities of the discontinued operation at the end of the year are as follows:

R million	2018
Property, plant and equipment	1 125.6
Intangible assets	2.5
Inventories	631.1
Trade and other current receivables	310.4
Assets classified as held for sale	2 069.6
Trade and other current payables	202.5
Liabilities directly associated with assets classified as held for sale	202.5
Net operating assets	1 867.1

4.2 Disposal groups held for sale — Megapak Crates and Drums businesses

On 30 May 2018, the Nampak Limited board ("board") took a decision to dispose of the Megapak business consisting of the Crates and Drums businesses. The Group met the criteria of IFRS 5: Non-current Assets Held for Sale for these businesses as at 30 May 2018 and 31 July 2018 respectively, and therefore classified these businesses as disposal groups held for sale at these dates. The assets for these disposal groups consist of blow molder and large Injection machines and associated utilities respectively, as well as net working capital. To ensure the long term profitability of the Drums and Crates businesses and to address strategic alignment, the board resolved to approach packaging industry players to invite proposals for their sale. Exploratory discussions have been held with a formal corporate finance disposal process currently in progress. It is expected that the sale agreements on these disposals will be concluded by no later than the end of the first half of the 2019 financial year.

The major classes of assets and liabilities of the disposal groups at the end of the year are as follows:

R million	2018
Property, plant and equipment	133.9
Inventories	75.2
Trade and other current receivables	167.6
Assets classified as held for sale	376.7
Trade and other current payables	100.1
Liabilities directly associated with assets classified as held for sale	100.1
Net operating assets	276.6

5. Determination of headline earnings

R million	2018	2017
Continuing operations		
Profit attributable to equity holders of the company for the year	1 088.4	783.7
Less: preference dividend	(0.1)	(0.1)
Basic earnings	1 088.3	783.6
Adjusted for:		
Net impairment losses on property, plant and equipment	7.0	232.5
Net gain on disposal of investment and business	—	(25.4)
Gain on acquisition of investment and business	(6.0)	(27.0)
Net profit on disposal of property, plant, equipment and intangible assets	(9.4)	(9.1)
Tax effects and outside shareholders' interest	5.7	(17.4)
Headline earnings for the year	1 085.6	937.2
Headline earnings per share (cents)	168.7	146.3
Diluted headline earnings per share (cents)	168.0	145.8
Continuing and discontinued operations		
Profit attributable to equity holders of the company for the year	489.2	234.8
Less: preference dividend	(0.1)	(0.1)
Basic earnings	489.1	234.7
Adjusted for:		
Net impairment losses on property, plant, equipment, goodwill, other intangible assets and assets classified as held for sale	684.3	667.8
Net gain on disposal of investment and business	—	(25.4)
Gain on acquisition of investment and business	(6.0)	(27.0)
Net profit on disposal of property, plant, equipment and intangible assets	(9.4)	(7.4)
Tax effects and outside shareholders' interest	(183.9)	(49.9)
Headline earnings for the year	974.1	792.8
Headline earnings per share (cents)	151.4	123.8
Diluted headline earnings per share (cents)	150.7	123.4

6. Liquid bonds and other loan receivables

R million	2018	2017
Liquid bonds ¹	2 165.8	1 954.0
Equipment sales receivables ²	46.0	68.7
Other loan receivables	26.7	23.4
Total liquid bonds and other loan receivables	2 238.5	2 046.1
Less: amounts receivable within one year reflected as current	450.6	882.1
Liquid bonds	435.3	867.0
Equipment sales receivables	9.0	10.7
Other loan receivables	6.3	4.4
Net non-current liquid bonds and other loan receivables	1 787.9	1 164.0

¹ Liquid bonds relate to US dollar indexed Angolan Kwanza bonds. As at 30 September the Angolan Kwanza equivalent of USD153.1 million (2017: USD144.1 million) had been hedged through these bonds in order to protect the Group against further Angolan Kwanza devaluation. Interest rates earned are between 5.0% to 7.8%.

² Equipment sales receivables are repayable from 2019 to 2025. Interest rates earned are between 7.0% and 14.4%.

7. Summarised Group statement of cash flows analysis

7.1 Reconciliation of profit before tax to cash generated from operations (continuing and discontinued operations)

R million	2018	2017
Profit before taxation	475.1	570.0
Continuing operations	1 307.8	1 208.9
Discontinued operations	(832.7)	(638.9)
Adjustment for:		
Depreciation and amortisation	693.8	831.4
Net profit on disposal of property, plant, equipment, intangible assets, investment and business	(9.4)	(32.8)
Financial instruments fair value adjustment	(45.7)	(62.7)
Gain on acquisition of investment and business	(6.0)	(27.0)
Net defined benefit plan expense	86.1	50.5
Impairment losses	723.4	672.6
Reversal of impairment losses	(39.1)	(4.8)
Share of net profit in associates and joint ventures	(5.8)	(0.1)
Share-based payments expense	5.5	6.9
Net finance costs	394.3	391.1
Cash generated from operations before working capital changes	2 272.2	2 395.1
Net working capital changes	(676.9)	(326.8)
Decrease/(increase) in inventories	106.7	(621.4)
(Increase)/decrease in trade and other current receivables	(637.2)	167.7
(Decrease)/increase in trade and other current payables	(146.4)	126.9
Cash generated from operations	1 595.3	2 068.3

7.2 Movement in cash and cash equivalents

R million	2018	2017
Net increase/(decrease) in cash and cash equivalents per statement of cash flows	1 983.5	(1 419.0)
Add back non-operational items:		
Post-retirement medical aid buy-out	1.8	569.2
Increase in liquid bonds for hedging purposes	6.9	1 336.5
Net increase in cash and cash equivalents adjusted	1 992.2	486.7

7.3 Net cash and cash equivalents/(overdraft) at end of year

R million	2018	2017
Bank balances and deposits*	2 844.8	2 385.0
Bank overdrafts	(1 008.0)	(2 553.8)
	1 836.8	(168.8)

* Included in bank balances and deposits are balances relating to Nampak Zimbabwe Limited of R1.2 billion (USD84.7 million) which is regarded as restricted.

8. Carrying amount of financial instruments

The carrying amounts of financial instruments as presented on the statement of financial position are measured as follows:

R million	2018	2017
At fair value — level 2		
Financial assets		
Derivative financial assets ¹	81.7	19.1
Financial liabilities		
Derivative financial liabilities ¹	22.6	22.6
At amortised cost		
Financial assets	8 229.4	7 266.6
Non-current liquid bonds and other loan receivables	1 787.9	1 164.0
Trade and other current receivables ²	3 146.1	2 835.5
Current liquid bonds and other loan receivables	450.6	882.1
Bank balances and deposits	2 844.8	2 385.0
Financial liabilities	13 089.6	13 166.7
Non-current loans and borrowings	8 023.1	6 007.2
Trade and other current payables ³	4 076.5	4 383.8
Current loans, other borrowings and bank overdrafts	990.0	2 775.7

¹ Derivative financial assets and liabilities consist of forward exchange contracts and commodity futures. Their fair values are determined using the contract exchange rate at their measurement date, with the resulting value discounted back to the present value.

² Excludes derivative financial assets (disclosed separately) and prepayments. Includes trade and other current receivables presented as part of assets classified as held for sale.

³ Excludes derivative financial liabilities (disclosed separately) and provisions. Includes trade and other current payables presented as part of liabilities directly associated with assets classified as held for sale.

9. Capital expenditure, commitments and contingent liabilities

R million	2018	2017
Capital expenditure	536.4	735.3
Replacement	359.8	377.0
Expansion	176.6	358.3
Capital commitments	478.6	589.9
Contracted	128.1	256.4
Approved not contracted	350.5	333.5
Lease commitments (including sale and leaseback transaction)	3 071.8	3 585.5
Land and buildings	3 031.9	3 542.6
Other	39.9	42.9
Contingent liabilities — customer claims and guarantees	17.4	6.8

10. Share statistics

	2018	2017
Ordinary shares in issue (000)	689 812	689 404
Ordinary shares in issue — net of treasury shares (000)	644 723	640 620
Weighted average number of ordinary shares on which basic earnings and headline earnings per share are based (000)	643 374	640 496
Weighted average number of ordinary shares on which diluted basic earnings and diluted headline earnings per share are based (000)	646 297	642 630

11. Key ratios and exchange rates

11.1 Key ratios

		2018	2017
EBITDA* — continuing operations	R million	2 098.9	2 268.9
Return on equity — continuing operations	%	11.2	8.5
Return on net assets — continuing operations	%	14.3	14.4
EBITDA: Interest cover — debt covenants	times	8.0	7.2
Current ratio	times	2.2	1.3
Current ratio (including non-current portion of liquid bonds)	times	2.5	1.5
Acid test ratio	times	1.6	0.8
Acid test ratio (including non-current portion of liquid bonds)	times	1.9	1.0
Net gearing	%	37.0	45.0
Net debt: EBITDA — debt covenants	times	2.3	2.3
Net debt: EBITDA — debt covenants (including total liquid bonds)	times	2.0	1.6
Net worth per ordinary share**	cents	1 573	1 454
Tangible net worth per ordinary share**	cents	998	896

* EBITDA is calculated before net impairment losses.

** Calculated on ordinary shares in issue — net of treasury shares.

11.2 Exchange rates

Key currency conversion rates used for the years concerned were as follows:

	2018	2017
Rand/UK pound		
Average	17.61	16.96
Closing	18.43	18.17
Rand/Euro		
Average	15.58	14.78
Closing	16.41	15.98
Rand/US dollar		
Average	13.11	13.38
Closing	14.14	13.56
Naira/US dollar		
Average	360.61	321.90
Closing	362.79	358.99
Kwanza/US dollar		
Average	222.09	171.74
Closing	300.72	171.75

12. Related party transactions

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates, joint ventures and other related parties. The effect of these transactions, being not significant, is included in the financial results of the Group.

13. Subsequent events

On 1 October 2018 the Zimbabwean Reserve Bank announced the splitting of the Zimbabwean RTGS (real time gross settlement) notes and foreign currency accounts. This has led to consideration of whether the functional currency of the Zimbabwean operations has changed from US dollars to a local Zimbabwe currency. In the event of this change in their functional currency, this may lead to a revaluation of assets and liabilities in Zimbabwe.

14. Independent auditor's opinion

The auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 30 September 2018, as well as these summarised consolidated financial statements. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified opinion. These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements.

The directors take full responsibility for the preparation of the summarised consolidated financial results and confirm that the financial information has been correctly extracted from the underlying audited consolidated financial statements.

Copies of their audit report and the consolidated financial statements are available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the issuer's registered office.

Independent auditor's report on summarised financial statements

To the shareholders of Nampak Limited

Opinion

The summarised consolidated financial statements of Nampak Limited, which comprise the summarised consolidated statement of financial position as at 30 September 2018, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Nampak Limited for the year ended 30 September 2018.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Nampak Limited, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Nampak Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 26 November 2018. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

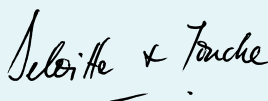
Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee [and Financial Pronouncements as issued by the Financial Reporting Standards Council], and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



Deloitte & Touche
Registered Auditors
Per: Trushar Kalan
Partner

26 November 2018

Buildings 1 and 2, Deloitte Place, The Woodlands Office Park, Woodlands Drive, Woodmead, Sandton

Administration

Nampak Limited

(Registration number 1968/008070/06)
(Incorporated in the Republic of South Africa)
Share code: NPK
ISIN: ZAE 000071676

Independent non-executive directors

PM Surgey (appointed Chairman with effect from 10 October 2018), RC Andersen, E Ikazoboh, RJ Khoza, J John, NV Lila, PM Madi, IN Mkhari, TT Mboweni (resigned as Chairman with effect from 10 October 2018)

Executive directors

AM de Ruyter (Chief executive officer), GR Fullerton (Chief financial officer), MMF Seleokane (Group human resources director)

Company Secretary

IH van Lochem

Registered office

Nampak House, Hampton Office Park, 20 Georgian Crescent East, Bryanston, Sandton, 2191, South Africa
(PO Box 69983, Sandton, 2021, South Africa)
Telephone +27 11 719 6300

Share registrar

Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa
(PO Box 61051, Marshalltown, 2107, South Africa)
Telephone +27 11 370 5000

Sponsor

UBS South Africa (Pty) Limited

Website

www.nampak.com

Disclaimer

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 profit forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

