Annual Results 2018

November 2018

1969 2019 Nampak packaging excellence

Results summary

Strong set of results in tough economic environment

Group revenue marginally down 1% to **R17.3bn** due to 2% stronger Rand

Trading profit up 3% to R2.0bn due to strong performance by Metals in South Africa, Bevcan Nigeria, Zimbabwean operations and Plastics UK turnaround

EPS from continuing operations up 38% to 169.2 cents from 122.3 cents

HEPS from continuing operations up 15% to 168.7 cents from 146.3 cents

R3.5bn (USD265m) cash transferred from Nigeria, Angola and Zimbabwe **up 103%**

Profit from continuing operations increased 29% to R1.2bn due to reductions in abnormal items, net finance costs, taxes and minorities

Achievements in 2018

Business fundamentals improved

Safety improved LTIFR reduced to 0.36 (2017: 0.41)

- Average cumulated incident free man-hours improved 15%
- Operations excellence delivering
  - Line speeds increasing
  - Spoilage now at world-class levels

Financial position strengthened through successful implementation of R12.5bn long term committed revolving credit facilities

- Net gearing improved to 37% from 45%
- Addressed debt maturity profile
- Stricter covenants comfortably adhered to

Operating profit up 7% to R1.5bn

- Lower net abnormal losses

Capex for continuing operations well managed

- Reduced 20% to R445m from R558m
- R100m approved for Nigerian food can line
- R280m approved for Angola L1 conversion

Group trading profit from continuing operations up 3%

Revenue flat in challenging macro environment

Metals	Plastics	Paper
Revenue	**Revenue**	**Revenue**
R11 079m	**R4 745m**	**R1 486m**
-2%	+3%	-1%
Trading profit	**Trading profit**	**Trading profit**
R1 736m	**R202m**	**R229m**
+2%	+22%	+29%

Operational Review

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Metals margin growth driven by operational efficiencies

R million	2018	2017	% Δ
Revenue	**11 079**	11 281	(2)
Trading profit	**1 736**	1 695	2
Margin (%)	**15.7**	15.0	

SOUTH AFRICA

- **Bevcan SA**
- Marginal revenue growth
  - Can volumes declined – total market down and new entrant started deliveries
  - Ends to Angolan customers directly supplied from SA
- Improved margins
  - Savings of R60m annualised from Epping closure
  - Operational efficiencies
  - Angolan cash transfers at favourable forex rate

- **DivFood**
- Profitability recovered
  - Improved fish volumes canned locally
  - Vegetables category performed well
  - Meat category impacted by listeriosis outbreak
  - Diversified can demand reflective of subdued consumer demand

REST OF AFRICA

- **Bevcan Angola**
- Revenue down
  - Ends no longer in Angola revenue base
  - Forex shortage impacted procurement of raw materials
- Improved liquidity towards end of H2
  - R1.8bn (USD138m) transferred from Angola
  - Kwanza bond programme provided R1.6bn shield against 75% devaluation of Kwanza
  - Conversion of L1 to aluminium going ahead

- **Bevcan Nigeria**
- Pleasing volume growth – malt beer category
  - Increased market share
- 500ml can to be launched

- **General metals packaging**
- Lower volumes in Nigeria
- Disappointing results in East Africa

Plastics margin improved despite tough markets

UK Plastics turned around as guided, now profitable

R million	2018	2017	% Δ
Revenue	**4 745**	4 624	3
Trading profit	**202**	166	22
Margin (%)	**4.3**	3.6	

SOUTH AFRICA

- Revenue flat
  - Tough trading environment
  - Lower tender volumes for bottles and closures
  - Drum volumes up
    - Bulk alcohol
    - Agriculture
  - Cartons performed well
- Cost reduction project continues
  - Phase 1 complete
  - Depots closed, sites consolidated
  - Phase 2 to progress

EUROPE

- Improved profitability
  - Turnaround yielded results
  - Diversifying customer base
  - Improving operational efficiencies
- Volumes down
  - Key customer lost market share
  - Lower milk consumption due to warmer weather
- Investing in new Northern site

REST OF AFRICA

- Revenue and trading profit growth in Zimbabwe
  - Strong volume growth
    - Growth for both Megapak and CMB
  - Increased exports to neighbouring countries enable forex earnings

Paper strategy yielding results

Trading profit up 29%

R million	2018	2017	% Δ
Revenue	**1 486**	1 497	(1)
Trading profit	**229**	177	29
Margin (%)	**15.4**	11.8	

- **Zimbabwe Hunyani**
- Volume growth
  - Increased customer demand
  - Higher tobacco crop in H2
- Export volumes
  - Hub for tobacco cases
- Liquidity remains challenging
  - Production dependent on ability to source raw materials
  - No additional funding extended to operations
- Highly cash generative

- **Nigeria Cartons**
- Good volume growth
- Performance moderated by strengthened Rand
- Contract with key customer renewed

- **Zambia and Malawi**
- Restructured operations
  - Zambia now hub for conical cartons
  - Malawi packing for local market
- Zambia strategy yielding results
  - Now focused on all brewers
  - Increased customer base
  - Profitability improving with additional volumes

- **Kenya Bullpak**
- New 8 colour printer to improve competitiveness
- Challenging market dynamics
- Focused on managing costs

Glass revenue up 3%

Discontinued operation

R million	2018	2017	% ∆
Revenue	**1 456**	1 420	3
Trading profit	**18**	45	(60)
Margin (%)	**1.2**	3.2	

- Classified as asset held for sale
- Revenue growth
  - 11% volume growth in H2
  - Market growth in low single digits
- Depreciation at Group level ceased from 1 April 2018 in accordance with IFRS: 5 as carrying value of asset will primarily be recovered from disposal
- Loss making at operational level
- Electricity supply improved recently
  - RUPS functioned well
  - Ongoing fluctuations and supply disruptions throughout winter months
- Improvements in pack-to-melt ratio in second half
- Skills shortage being addressed
- Disposal progressing as planned

Financial Results

1969 2019 Nampak packaging excellence

Results favourably impacted by improved trading margins, lower abnormal items and lower tax rate

Profit after tax up 29%

Statement of comprehensive income

R million	2018	2017*	% Δ
Revenue	**17 310**	17 402	(1)
Trading profit	**1 970**	1 922	3
Net abnormal losses	**(447)**	(491)	9
Operating profit	**1 523**	1 430	7
Net finance costs	**(221)**	(221)	–
Share of net profit from associates and joint ventures	**6**	–	
Profit before tax	**1 308**	1 209	8
Tax expense	**(140)**	(304)	54
Profit from continuing operations	**1 168**	905	29
Loss from discontinued operation	**(599)**	(549)	(9)
Profit for the year	**569**	356	60

** Restated*

EPS (cents) – continuing operations	**169.2**	122.3	38
HEPS (cents) – continuing operations	**168.7**	146.3	15

Growth constrained in Metals division, DivFood recovery and volume growth at Bevcan Nigeria and Zimbabwean operations, adversely impacted by 2% stronger ZAR/USD rate

Trading profit up 3%
Bevcan SA, Bevcan & Cartons Nigeria performed well, DivFood recovery, good performance in Zimbabwe and improved operational efficiencies

Impairments of R7m down 97%, lower forex losses of R127m down 21%, higher onerous contract losses of R100m, restructuring and retrenchment costs of R96m up 32%, costs of R73m on disposal of liquid bonds and property remediation costs of R64m

Effective tax rate of 10.7% down from 25.1% due to lower forex losses and impairments that offered no shield in prior year

R677m impairment adversely impacts Glass result, R665m relates to value in use and R12m to moulds

Higher profits from continuing operations, lower effective tax rate and allocation to outside shareholders

Lower effective tax rate, significant reduction in net impairments, lower allocation to minorities and lower capital profit adjustments

Rand movements moderated results

Angolan Kwanza significantly devalued, Nigeria Naira stable

Major foreign exchange rates

	AVERAGE RATES				CLOSING RATES			
	2018	2017	% Δ	H1 2018	**2018**	2017	% Δ	H1 2018
ZAR/USD	**13.11**	13.38	2	12.78	**14.14**	13.56	(4)	11.86
ZAR/EUR	**15.58**	14.78	(5)	15.36	**16.41**	15.98	(3)	14.57
ZAR/GBP	**17.61**	16.96	(4)	17.35	**18.43**	18.17	(1)	16.62
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

- Impact of Rand on results:
  - Income statement translated at average rates, balance sheet at closing rate
  - Trading profit from Rest of Africa comprises 66% – adversely impacted by 2% strengthening of ZAR/USD rate
  - Gearing levels improved to 37% from 45% despite US dollar-based debt translation negatively impacted by 4% weaker ZAR/USD closing rate
  - Foreign currency translation reserve credit to shareholders' equity of R217m (2017: R122m debit)
- NIFEX and NAFEX markets converge with closing rate almost aligned
- Kwanza devalued by 75% in 2018
  - Forex loss of R116m for the year on unhedged monetary items
  - Liquid bonds provided effective hedge and avoided R1.6bn forex loss on devaluation

Reconciliation of trading profit to operating profit

Continuing operations

Reconciliation of trading profit to operating profit

R million	2018	2017	% Δ
Trading profit	**1 970**	1 922	3
Net abnormal losses	**(447)**	(492)	9
Net impairment losses	**(7)**	(232)	97
Devaluation loss arising from Angolan and Nigerian exchange rate movements	**(127)**	(160)	21
Onerous contract and related losses	**(100)**	(82)	(22)
Retrenchment and restructuring costs	**(96)**	(73)	(32)
Cash transfer and liquid bonds disposal losses	**(73)**	–	(>100)
Remediation and related activities pertaining to sale and leaseback	**(64)**	–	(>100)
Profit on disposal of investments, businesses and other property	**13**	28	(57)
Other	**7**	27	(79)
Operating profit	**1 523**	1 430	7

2% average stronger Rand adversely impacts trading profit on consolidation

Lower impairments compared to prior period which consisted primarily of Plastics Europe impairments and Cape Town tin plate line

Forex losses down 21%
Forex losses largely relate to Angolan devaluation of Kwanza by 75% on unhedged monetary items, no material shifts in Nigerian Naira closing rate

Onerous contracts provision relates to SA Plastics site consolidation

Retrenchment and restructuring costs up 32% consisting primarily of closure of Bevcan plant in Epping and Plastics restructuring projects

Liquid bonds disposed at marginal discounts to enable cash transfers in Angola

Remediation provision on property portfolio raised during the year given fully repairing and maintaining nature of lease. Provision raised at corporate level.

Reconciliation of profit to headline earnings

Continuing operations

Reconciliation of profit from continuing operations to headline earnings

R million	2018	2017	% Δ
Profit from continuing operations	**1 168**	905	29
Non-controlling interest in subsidiaries	**(80)**	(121)	34
Preference dividends	**(0)**	(0)	
Basic earnings	**1 088**	784	39
Adjustments:	**(2)**	153	
Net impairments on PPE	**7**	232	97
Net profit on disposal of investment/business	**–**	(25)	
Gain on acquisition of investment/business	**(6)**	(27)	
Net profit on disposal of PPE and intangibles	**(9)**	(9)	
Tax effects of outside shareholders' interest	**6**	(18)	
Headline earnings	**1 086**	937	16
EPS (cents) – continuing operations	**169.2**	122.3	38
HEPS (cents) – continuing operations	**168.7**	146.3	15
WANOS ('000)	**643 374**	640 496	

Improved profitability, lower abnormal items and lower effective tax rate

Lower trading profit in Angola and higher interest charged on funding provided by Group to Angola, partially offset by improved trading in Zimbabwe

Reduced adjustments to basic earnings with prior year significantly impacted by net impairments

Majority of prior year impairments related to UK Plastics and Cape Town tin plate line impairment

R155m swing in adjustments from basic earnings to headline earnings dilutes impact of 39% increase in basic earnings

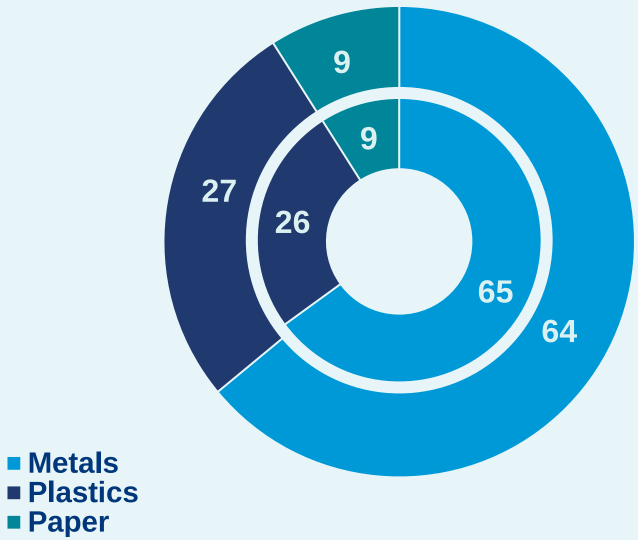
Pleasing growth in EPS and HEPS from continuing operations in tough trading conditions

Increase of 0.4% in the weighted average number of shares marginally impacts EPS and HEPS

Metals remains largest contributor

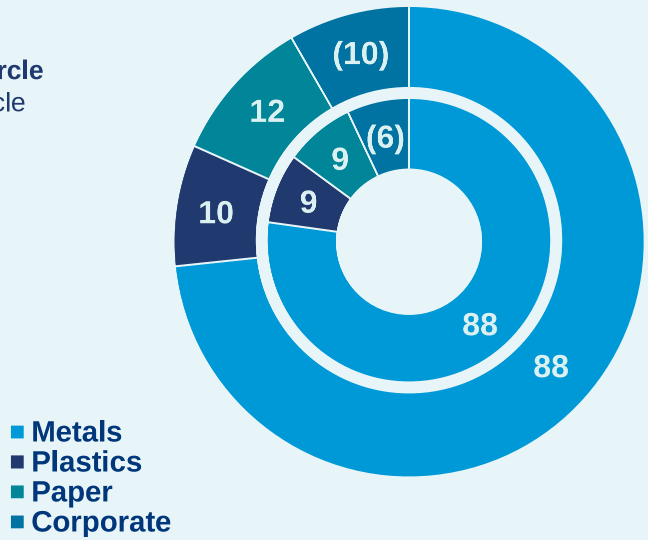
Zimbabwean Paper and Plastics operations boosted Group performance

Continuing operations – revenue (%)



2018 – Outer circle
2017 – Inner circle

Continuing operations – trading profit (%)



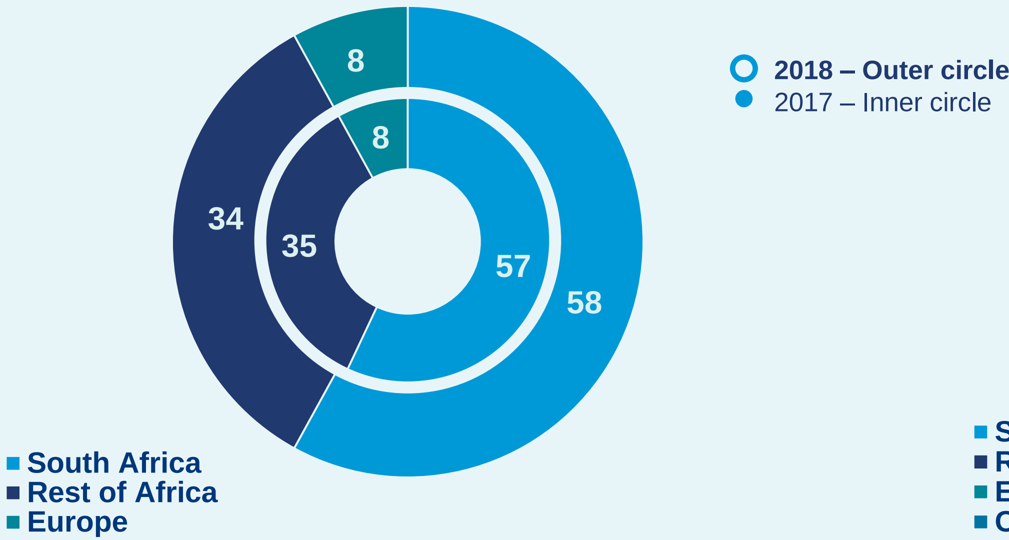
Segmental performance by substrate

	Revenue			Trading profit			Trading margin (%)	
R million	**2018**	2017	% Δ	**2018**	2017	% Δ	**2018**	2017
Metals	**11 079**	11 281	(2)	**1 736**	1 695	2	15.7	15.0
Plastics	**4 745**	4 624	3	**202**	166	22	4.3	3.6
Paper	**1 486**	1 497	(1)	**229**	177	29	15.4	11.8
Corporate services	**–**	–		**(197)**	(116)	(70)		
Continuing operations	**17 310**	17 402	(1)	**1 970**	1 922	3	11.4	11.0
Glass – discontinued	1 456	1 420	3	**18**	45	(60)	1.2	3.2
Group total	**18 766**	18 822	–	**1 988**	1 967	1	10.6	10.4

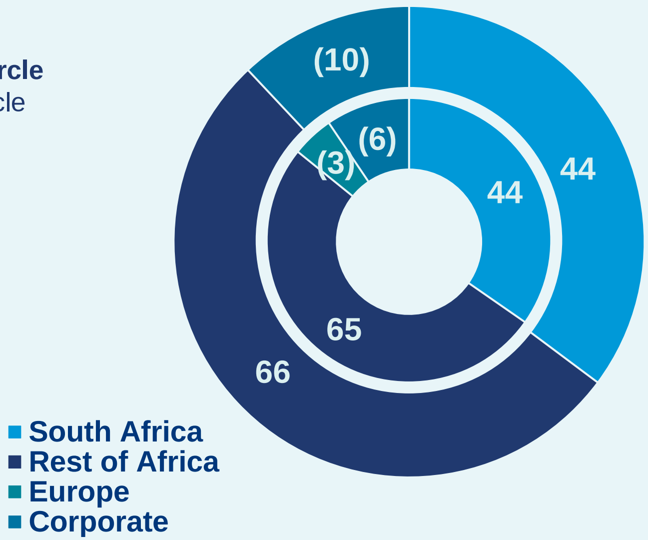
Improved profitability despite tough market conditions

Group margin improved to 11.4% for continuing operations

Continuing operations – revenue (%)



Continuing operations – trading profit (%)



Segmental performance by region

	Revenue			Trading profit			Trading margin (%)	
R million	**2018**	2017	% Δ	**2018**	2017	% Δ	**2018**	2017
South Africa	**10 085**	9 883	2	**865**	846	2	8.6	8.6
Rest of Africa	**5 878**	6 083	(3)	**1 297**	1 256	3	22.1	20.6
Europe	**1 347**	1 436	(6)	**5**	(64)	>100	0.4	(4.5)
Corporate services	**–**	–		**(197)**	(116)	(70)		
Continuing operations	**17 310**	17 402	(1)	**1 970**	1 922	3	11.4	11.0
Glass – discontinued	**1 456**	1 420	3	**18**	45	(60)	1.2	3.2
Group total	**18 766**	18 822	–	**1 988**	1 967	1	10.6	10.4

Tax rate reconciliation

Normalised effective tax rate in line with prior year

Reconciliation of statutory to effective tax rate

%	2018	2017
Corporate tax rate	**28.0**	28.0
Government incentives	**(3.7)**	(9.9)
Foreign tax rate differential	**(8.6)**	(9.5)
Deferred tax asset raised	**(9.3)**	(5.2)
Withholding and other foreign taxes	**4.3**	4.0
Other	**–**	3.2
Normalised effective group rate of tax – continuing operations	**10.7**	10.6
Impairments and other losses – Europe	**–**	10.8
Foreign taxes not protected	**–**	3.7
Effective group rate of tax – continuing operations	**10.7**	25.1

- Nigeria pioneer status ended 31 December 2017
- Angolan tax holiday ends 30 April 2019
- Nigerian and Angolan tax years are based on calendar years and not coterminous with Nampak year end

Bevcan Nigeria benefit from pioneer status reduced to 3 months in 2018 vs 12 months in prior year and reduced contribution from Angola

Relates to deferred tax raised on unrealised foreign exchange losses in Bevcan Nigeria given improved US dollar availability in Nigeria

Normalised tax rate in line with prior year, marginally ahead of half-year forecast of 9.0%

Effective tax rate of 10.7% down from 25.1% due to lower impairments and other disallowed expenses

Financial position strengthened by R12.5bn refinancing

Net gearing improved to 37% from 45%

Abridged statement of financial position

R million	2018	2017*	% Δ
Property plant and equipment	**8 177**	10 151	(19)
Goodwill and other intangibles	**3 708**	3 569	4
Liquid bonds and other loan receivables	**1 788**	1 164	54
Other non-current assets	**209**	71	>100
Non-current assets	**13 882**	14 955	(7)
Other current assets	**6 291**	6 759	(7)
Liquid bonds and loans	**450**	882	(49)
Bank balances	**2 845**	2 385	19
Current assets	**9 586**	10 026	(4)
Assets held for sale	**2 446**	–	>100
Total assets	**25 914**	24 981	4
Total equity	**10 612**	9 681	10
Non-current liabilities	**9 768**	7 925	23
Current liabilities	**5 231**	7 375	(29)
Liabilities for assets held for sale	**303**	–	>100
Total equity and liabilities	**25 914**	24 981	4

** Restated*

› Assets held for sale and discontinued operation

» Assets and liabilities of Glass, Crates and Drums divisions grouped and disclosed separately as decision taken to dispose of these assets (IFRS 5)

› PPE

» Capex spend for continuing operations reduced by 20% to R444m from R558m without compromising integrity of asset base

› Goodwill

» Bevcan Nigeria: no impairment indicator

» Movement in goodwill due to 4% weaker year-end ZAR/USD exchange rate

› Bank balances

» Increased due to cash transfers from Angolan US dollar-linked Kwanza bonds that matured

› Total equity

» Up 10% boosted by improved profitability and impact of 4% weaker ZAR/USD exchange rate on FCTR

› RCF and term loan impacts

» Non-current liabilities increased due to RCF refinancing

» Short-term liquidity strengthened with current ratio of 2.2x and acid test ratio of 1.6x excluding bonds

» Strong balance sheet with best short-term liquidity ratios in last 5 years

Results of Glass Division

Despite revenue growth, profitability remains challenging

Results of discontinued operation

R million	2018	2017
Revenue	**1 457**	1 420
Operating expenses	**(1 314)**	(1)(1 229)
EBITDA	**143**	191
Depreciation and amortisation	**(125)**	(225)
Operating profit/(loss)	**18**	(34)
Net finance costs	**(173)**	(170)
Net loss before impairment	**(155)**	(204)
Impairment of plant, goodwill and intangible assets	**(677)**	(435)
Net loss before tax	**(832)**	(639)

(1) Includes abnormal costs of R79m

- Glass accounted for as a discontinued operation with effect from 1 April 2018 in terms of IFRS 5
  - No depreciation in H2, impact in H2 = R95m
- Net finance costs based on 100% gearing of Glass balance sheet
- Impairment of R677m includes R665m based on value-in-use model and R12m on moulds

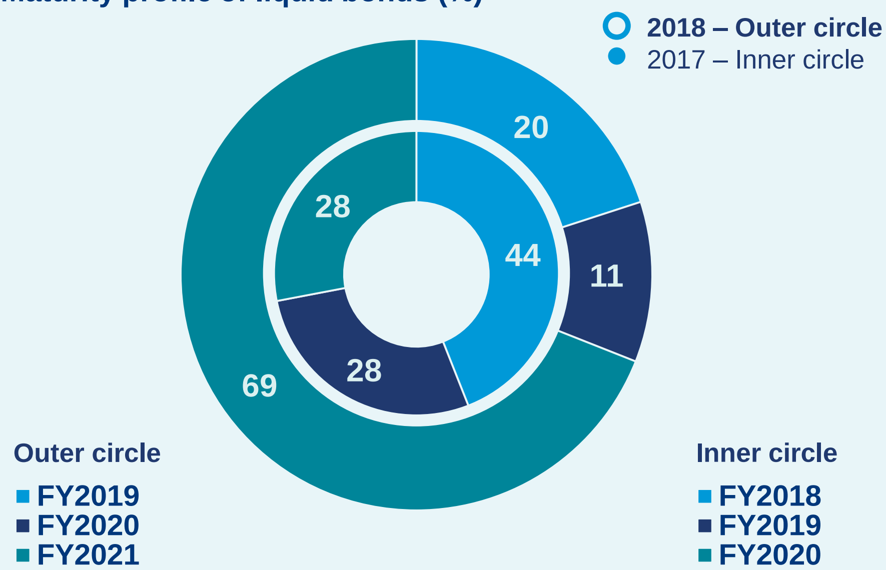
Major classes of assets and liabilities

R million	2018	2017
Property, plant and equipment	**1 126**	1 835
Intangible assets	**3**	5
Inventories	**631**	570
Trade receivables and other current assets	**310**	299
Assets classified as held for sale	**2 070**	2 709
Trade payables and other current liabilities	**(203)**	(184)
Net operating assets	**1 867**	2 525

Liquid bonds and hyperinflation accounting in Angola

Hedging strategy highly effective, forex losses of R1.6bn avoided

Maturity profile of liquid bonds (%)



Liquid bonds

- Separately disclosed from bank balances
- Split between short and long term
- Hedging strategy highly effective, avoiding forex losses of R1.6bn given 75% devaluation in Kwanza
- Cash transfer rate from Angola improved to 83% from 77%
- Hedging of in-country cash balances increased to 94% from 89% in 2017
- Continue to acquire bonds where available
- Reduction in short-term portion as bonds matured

Hyperinflation accounting in Angola

- Bevcan Angola is classified as a US dollar functional currency entity (per IAS21)
  - Currency that mainly influences sales prices for goods sold, labour, material and other costs of providing these goods and
  - Currency in which funds from financing activities are secured
- Hyperinflation accounting not applied to Bevcan Angola
  - IAS 29 Financial reporting in hyperinflationary economies requires:
    - Application to financial statements of entity whose functional currency is the currency of a hyperinflationary economy
  - Despite Angola being classified as a hyperinflationary economy, the Group does not apply the standard as:
    - Functional currency of Bevcan Angola is US dollar
    - Not Angolan Kwanza

Cash transferred improved 103% to R3.5 billion

Improved US dollar in-country liquidity in Angola and Nigeria

Cash balances including liquid bonds

	Angola	Nigeria	Sub-total	LIMITED LIQUIDITY Zimbabwe	Total
30 September 2018					
Cash on hand	R2 307m	R300m	R2 607m	R1 190m	**R3 797m**
Hedged	R2 166m	–[2]	R2 166m	–[3]	**R2 166m**
% cash hedged	94%	–[2]	83%	–[3]	**57%**
Cash transferred from	R1 807m	R1 574m	R3 381m	R87m	**R3 468m**
Cash transfer rate[1]	83%	190%	112%	13%	**94%**
30 September 2017					
Cash on hand	R2 188m	R828m	R3 016m	R654m	**R3 670m**
Hedged	R1 954m	–[2]	R1 954m	–[3]	**R1 954m**
% cash hedged	89%	–[2]	65%	–[3]	**53%**
Cash transferred from	R769m	R848m	R1 617m	R93m	**R1 710m**
Cash transfer rate[1]	77%	86%	81%	32%	**75%**
30 September 2016 – Cash on hand	R1 004m	R984m	R1 988m	R290m	**R2 278m**

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

[2] Cash balances in Nigeria are no longer considered restricted as a consequence of the liquidity that has been provided by the introduction of the NAFEX market

[3] There are currently no appropriate hedges available in Zimbabwe

Capital programme tightly controlled

Prudent allocation of capital

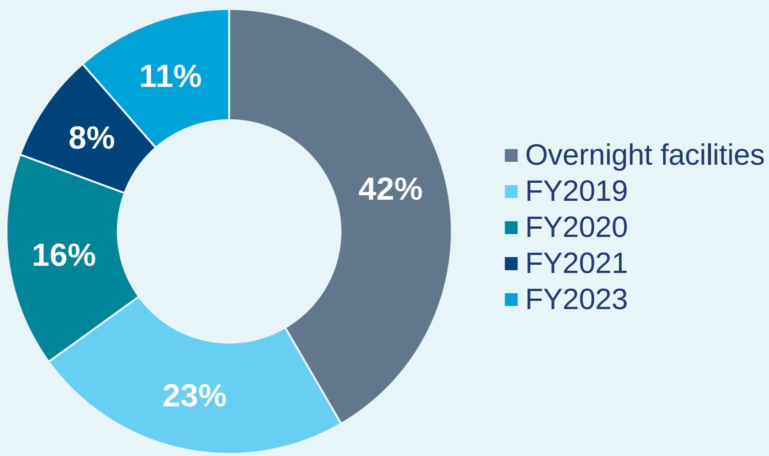
Capital expenditure and depreciation (R million)

- **Capital Assurance Committee operating effectively**
  - Prudent allocation of capital without compromising integrity of asset base
  - Maintenance programmes continue to receive management attention
  - Asset base well maintained
- **No major capex individual projects during the year**
- **Significant projects include:**
  - DivFood – aerosol line R30m upgrade
  - Plastics – Industria and Isando consolidation R36m
  - Megapak Zimbabwe – R46m property purchase
- **Includes:**
  - Glass capex R92m (2017: R177m)
  - Glass depreciation R125m (2017: R225m)
  - No Glass depreciation with effect from 1 April 2018 on consolidation in terms of IFRS 5
- **Growth projects for 2019 include:**
  - Food can line in Nigeria – R100m
  - Conversion of Angolan tin plate line to aluminium – R280m

New long-term committed revolving credit facility addresses maturity profile

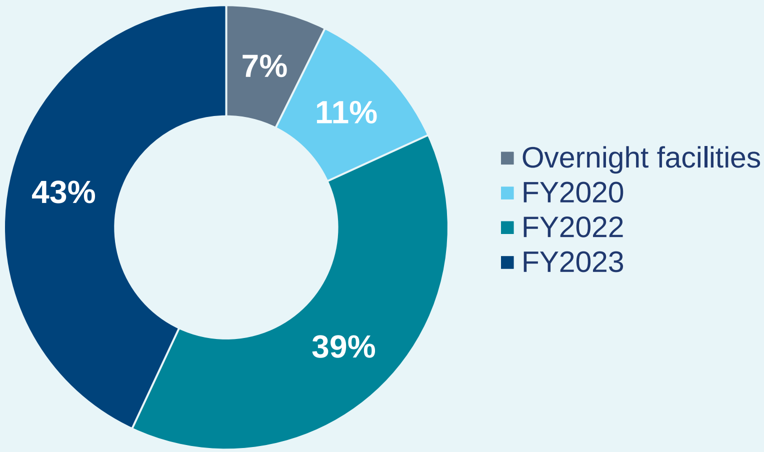
De-risks balance sheet and creates platform for growth

Group funding maturity profile before refinancing



- Historically relatively large portion of funding on overnight call with balance in term funding instruments
- Debt maturing within 12 months:
  - USD86m IOM facility maturing 1 Oct 2018
  - USD25m RCF maturing 29 Oct 2018
  - R1bn SA term facility maturing 31 Dec 2018
  - USD63m term facility maturing 22 Apr 2019
  - R3.5bn total classified as current liabilities

Group funding maturity profile after refinancing



- Concluded a new R12.5 billion funding agreement by year-end
  - Balance of funding between term, overnight and revolving credit facilities
- Funding secured for the next 4 and 5 years
  - Alleviated refinancing risk
  - Significantly improved balance sheet structure and particularly short term liquidity ratios
  - Created headroom for future growth

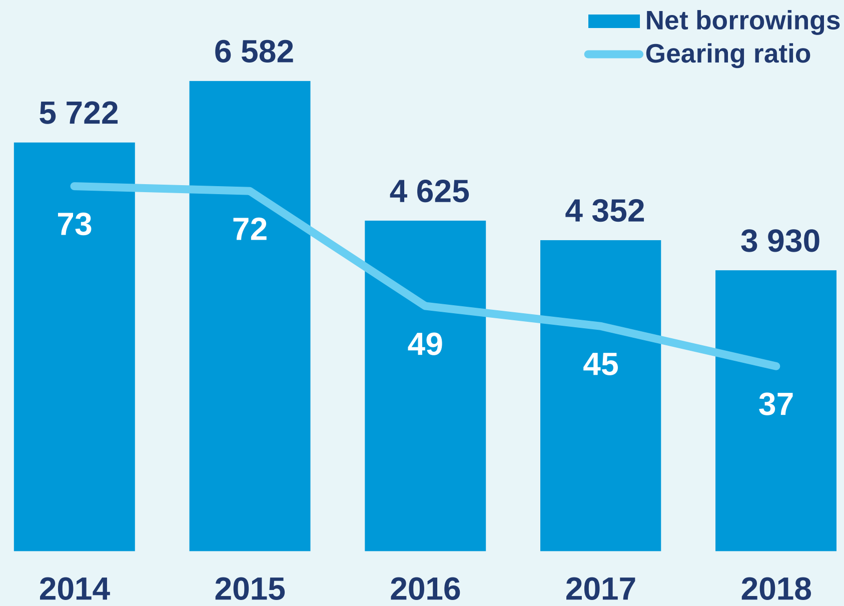
Financial position strengthened with reduced gearing and significant headroom on loan covenants

Adequate headroom in covenants despite tougher definition of cash

	2018	2017
Net gearing (%)	**37**	45
Net debt: EBITDA (times)		
– excl. liquid bonds	(3) **2.3**	(1) 2.3
– incl. total liquid bonds	(4) **2.0**	(2) 1.6
EBITDA: Net interest (times)	**8.0**	7.2
Current ratio		
– incl. current portion of liquid bonds	**2.2**	1.3
– incl. total liquid bonds	**2.5**	1.5
Acid test ratio		
– incl. current portion of liquid bonds	**1.6**	0.8
– incl. total liquid bonds	**1.9**	1.0

(1) Based on covenant before new RCF which included all cash
(2) Based on covenant before new RCF which included all cash and bonds
(3) Based on new RCF covenant calculations which excludes all Zimbabwe cash and only includes 50% of Angolan USD-linked kwanza bonds and cash and 45 days of Angolan net working capital
(4) Includes all cash and bonds except Zimbabwean cash

Net borrowings (R million) and gearing ratio (%)

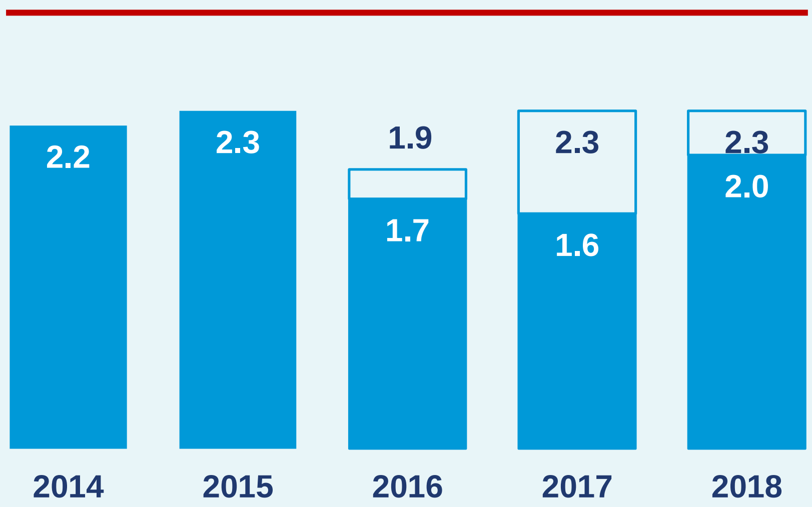


- Gearing well managed
  - Refinanced funding structure to optimise liquidity, flexibility and capacity for growth
- Improved short-term liquidity
  - RCF strengthens balance sheet
  - Best short-term liquidity ratios in last five years

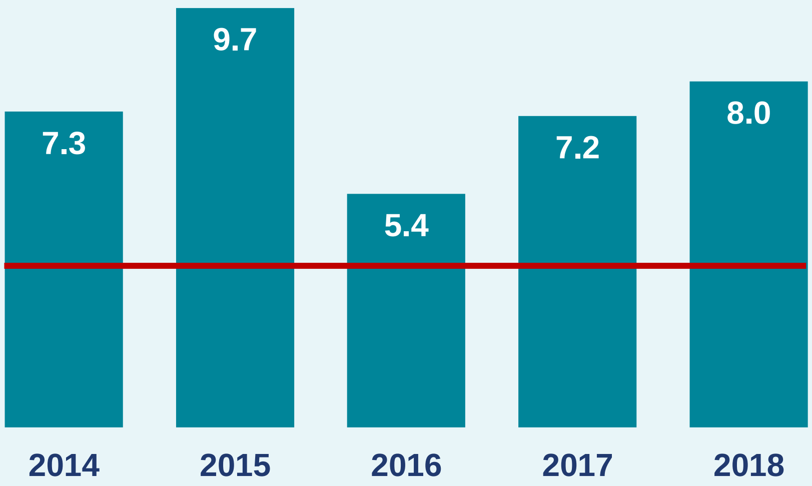
Covenant ratios strong with new RCF in place

Despite tighter covenants and weaker ZAR/USD exchange rate

Net debt:EBITDA (times)
covenant less than 3 times



EBITDA:interest cover (times)
covenant greater than 4 times



- **Definition of cash for RCF covenant amended**
  - Now only includes 50% of Angola cash and liquid bonds;
  - 45 days of Angolan net working capital; and
  - Excludes 100% of Zimbabwe cash
- **Prior year included 100% of Angola and Zimbabwe cash**

Significant improvement in year end cash balances

Continuing and discontinued operations

Statement of cash flows

R million	2018	2017	% Δ
Cash generated from operations before working capital changes	**2 272**	2 395	(5)
Working capital changes	**(677)**	(327)	(>100)
Cash generated from operations	**1 595**	2 068	(23)
Net interest paid	**(458)**	(405)	(13)
Retirement benefits, contributions and settlements	**(145)**	(119)	(21)
Income tax paid	**(171)**	(153)	(12)
Net cash generated from operating activities	**821**	1 391	(41)
Cash utilised in investing activities	**(497)**	(2 572)	81
Capital expenditure	**(536)**	(735)	27
Post retirement medical aid buy-out	**(2)**	(569)	100
Increase in liquid bonds	**(7)**	(1 337)	99
Other investing activities	**48**	69	(30)
Cash generated/(utilised) before financing activities	**324**	(1 181)	>100
Cash raised from/(repaid in) financing activities	**1 660**	(238)	>100
Net increase/(decrease) in cash and equivalents	**1 984**	(1 419)	>100

Impacted by on average 2% stronger ZAR/USD exchange rate and Glass performance

Net working capital adversely impacted by year-end falling on Sunday

Includes R65m deemed interest on the Angolan bonds not in prior year

Capex well managed, asset base not compromised

No offer made in current year. Prior year payment funded by 25% (R436m) of sale and leaseback proceeds and balance from internal resources

Cash outflow in 2017 relates to ramp-up of purchase of USD-linked Kwanza bonds. Position now stabilised with net neutral cash flow

R6.1bn drawn down against facilities and repaid R4.4bn during the year. Significant headroom in banking facilities

Pleasing improvement in net cash position at year-end

Working capital impacted by Sunday year-end

Timing issue with outflow not representative of rest of year

Changes in net working capital

R million	2018	2017
Decrease/(increase) in inventories	**107**	(621)
(Increase)/decrease in trade receivables and other current assets	**(637)**	167
Cash outflow before payables	**(530)**	(454)
(Decrease)/increase in trade payables and other current liabilities	**(147)**	127
Net working capital changes	**(677)**	(327)

- Strong working capital management throughout the year reflected by 30% reduction in net interest cost excluding Angolan tax included in net interest cost
- Management attention placed on inventory management with positive results
- Focus has been to fund inventory holdings through trade payables
- Year end fell on Sunday resulting in elevated trade receivables at year-end, hence increased investment (timing issue)
- Reduced capex creditors at year-end, early settlement of creditors resulted and reduced purchasing towards end of the year resulted in lower creditors

Stronger financial position supported by sound ratios

Ratios – continuing operations

	2018	2017	% Δ
HEPS (cents)	**168.7**	146.3	15
EPS (cents)	**169.2**	122.3	38
Net gearing (%)	**37**	45	
Current ratio (times) – including all liquid bonds	**2.5**	1.5	
Acid test ratio (times) – including all liquid bonds	**1.9**	1.0	
Net interest-bearing debt: EBITDA	**2.3**	2.3	
Covenant			
EBITDA interest cover (times)	**8.0**	7.2	
Covenant			
EBITDA from continuing operations	**2 092**	2 036	3
RONA from continuing operations (%)	**14.3**	14.4	
Cash generated before working capital (R million)[1]	**2 272**	2 395	(5)
Cash generated/(utilised) before financing activities (R million) [1]	**324**	(1 181)	>100
Net increase/(decrease) in cash and cash equivalents (R million) [1]	**1 984**	(1 419)	>100

[1] *For continuing and discontinued operations*

Strategy update and outlook

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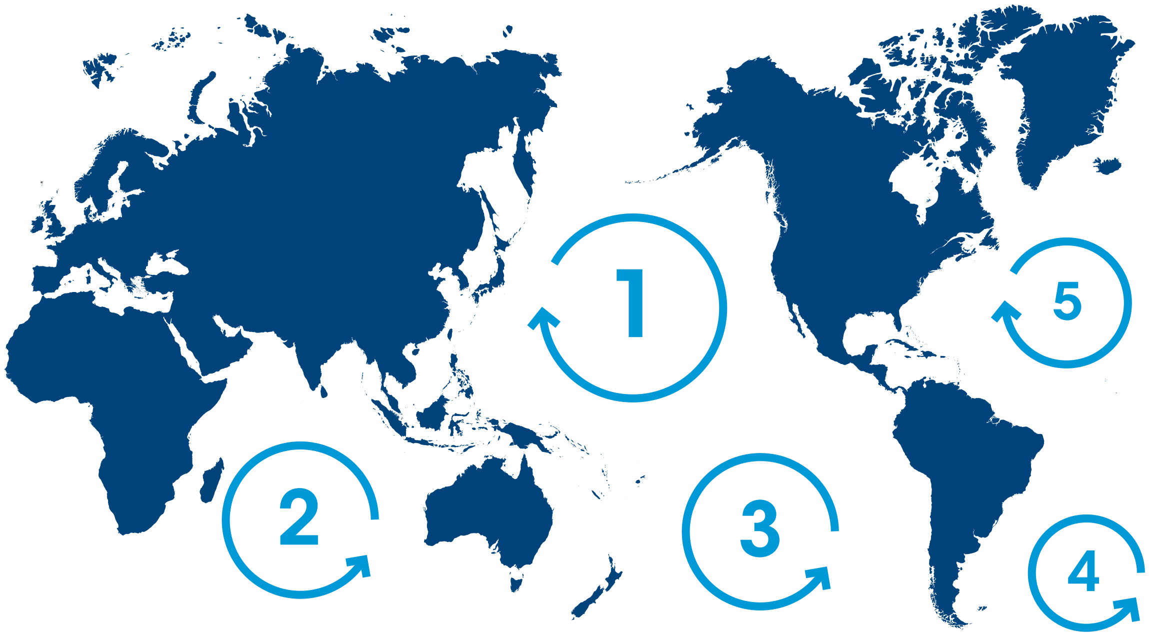
Greater consumer awareness of sustainability

Great Pacific Garbage Patches raised awareness of environmental impact of packaging



- GPGP cover an estimated surface area of 1.6 million square kilometres = ~3x size of France
  - Five offshore plastic accumulation zones in oceans
  - 8% microplastics, 92% large plastic
  - Estimate 1.8 trillion pieces of plastic floating in patches
  - Fishing nets account for 46% of the mass

Source: The Ocean Cleanup foundation, 2018

Sustainable profitability

- **SA has advantage – invested in recycling loops locally**
  - SA never exported waste and consequently built robust recycling businesses
  - Best-in-class recycle rates vs global averages
- **US/EU exported waste to China**
  - In 2012, up to 56% of global exported plastic waste ended up in China
- **Impact of China ban on importation of waste implemented in 2018**
  - Raised awareness on vulnerabilities and lack of recycling infrastructure globally
  - Many countries have followed suit – introduced legislation on waste collection/recycling
  - Encouraging use more recyclable materials
  - Lowering use of single-use materials
- **Nampak in good position to partner with customers**
  - Established world-class R&D facility in Cape Town
    - Provide innovative solutions to customers
    - Track record of light-weighting – cost savings and reduced carbon footprint
  - Use recycled raw materials to the extent viable
  - Participate in industry bodies and support recycling
  - Good recycle rates in South Africa
  - Exploring reverse vending – deposit packaging
- **Pressure on plastic increases market opportunities for beverage cans and liquid cartons**

Sustainable profitability

South Africa has invested in recycling infrastructure

Metals

- >75% collection rate
- Aluminium can most environmentally friendly – infinitely recyclable
- High collection rates (valuable)
- Light-weighting capabilities

Plastics

- ~46% collection rate
- Has advantages over other substrates – mouldable, durable, light, and inexpensive, extends shelf-life
- Light-weighting capabilities

Paper

- >60% collection rate
- Carton business uses fully FSC-certified board plus green cap (from sustainable sources)
- Capacity available
- Low capex requirements

Sustainable profitability

Creating value

Continued portfolio optimisation

- Rejuvenate – depots closed, exited Industria plant, sale of Crates and Drums
- Closure of Epping beverage can plant – R60m savings (R50m indicated)
- Simplifying business

Grow base business

- Conversion of Angola tin plate line to aluminium to increase capacity
- R100m investment in food cans in Nigeria
- Capability to manufacture 500ml beverage can in Nigeria
- New Northern site for UK Plastics
- Good base for further improvements

Ensuring Nampak has a licence to operate

- Environmental impact of operations and products
- Transformation and empowerment
- Ethics and compliance

Thank you

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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.

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