Interim Results 2019

May 2019

1969 2019

Nampak
packaging excellence

Forward-looking statements

Certain statements in this document do not comprise reported financial results or historical information, but forward-looking statements. These statements are predictions of or indicate future events, trends, future prospects, objectives, earnings, savings or plan and include, but are not limited to, statements regarding volume growth, increases in market share, exchange rate fluctuations, shareholder return and cost reductions. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “believe”, “continue”, “anticipate”, “ongoing”, “expect”, “will”, “could”, “may”, “intend”, “plan”, “could”, “may”, and “endeavour”.

By their nature, forward-looking statements are inherently predictive, speculative and involve inherent risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: changes in economic or political conditions and changes to the associated legal, regulatory and tax environments; lower than expected performance of existing or new products and the impact thereof on the Group’s future revenue, cost structure and capital expenditure; the Group’s ability to expand its portfolio; skills shortage; changes in foreign exchange rates and a lack of market liquidity which holds up the repatriation of earnings; increased competition, slower than expected customer growth and reduced customer retention; acquisitions and divestments of Group businesses and assets and the pursuit of new, unexpected strategic opportunities; the extent of any future write-downs or impairment charges on the Group’s assets; the impact of legal or other proceedings against the Group; uncontrollable increases to legacy defined benefit liabilities and higher than expected costs or capital expenditures.

When relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Navigating a tough economic climate

Low economic growth in certain key markets

Angola, SA and UK

Consumers' disposable income under pressure

South Africa: Ever increasing fuel prices, higher electricity tariffs and other levies, VAT increase, high unemployment

Angola: Devaluation of Kwanza led to significant producer price inflation and consumer price inflation

Nampak and key customer results reflective of subdued consumer spending patterns

South Africa: Trading down to value and in-house brands, only respond to promotions

Angola: Purchasing power restored once wage inflation catches up (12 – 18 months)

Nigeria: Consumer is resurgent

Salient features – continuing operations

Economic challenges in key markets

Group revenue down 4% to R8.5bn due to tough macro-economic conditions in certain key markets

Trading profit down 18% to R1.0bn due to lower volumes in Angola, Divfood and Plastics, offset by strong performance by Nigerian, Zimbabwean operations and Bevcan SA

EPS from continuing operations down 2% to 127.1 cents from 129.4 cents

HEPS from continuing operations down 9% to 119.7 cents from 132.0 cents

R1.8bn cash transferred from Nigeria, Angola and Zimbabwe, **up 44%**

Significant headroom in banking facilities 45% of facilities utilised, 55% available for future funding

Focus areas in 2019

Creating value

Continued portfolio optimisation

- Sale of Glass nearing completion
- Simplifying business – disposed Nigeria Cartons
- Project Rejuvenate continues in Plastics SA

Grow base business

- Bevcan successfully defending its SA position
- Further investments in Nigeria – R100m food can line
- Conversion of Angola tin plate line to aluminium to increase capacity
- Good base for further improvements
- Capex for continuing operations well managed

Ensuring Nampak has a license to operate

- Improved B-BBEE rating – to level 4 from level 6, level 2 targeted in next 12 months
- Safety improved LTIFR reduced to 0.34 (2018: 0.35)
- Environmental impact of operations and products

Glass disposal close to completion

Continued portfolio optimisation

OPERATION BASED IN ROODEKOP, GERMISTON

Approximately **440** employees

Since 2017 to date:
Unstable electricity supply

- **2012** – Exited JV arrangement with Wiegand Glass and acquired 100% of business
- **2014** – Commissioned third furnace
- **2017**
- **2018** – Classified as held for sale
- **2019** – **Skills shortage being addressed** Chief bottle maker work permit approved
- **R137m** impairment of PPE
- **2020**

RATIONALE

> Reduced profitability since exit from JV with Wiegand Glass (exit of critical skill at plant)

> High capital expenditure requirements – recapitalisation every 10 years

> High fixed energy costs (molten glass 24/7)

> Furnace 1 rebuild required in 2021

- » Capex of R350m – R500m, scope dependent
- » Unlikely to meet WACC at current performance
- » Injection of skill and capital required

STATUS OF DISPOSAL

December 2018
Submissions received from interested parties

January – February 2019
Offers reviewed and preferred bidder selected
– Black South African owned company and large international corporation with significant glass expertise

March 2019
Exclusive negotiations with preferred bidder

April 2019
Bidder confirms full financing in place

June 2019
Expected close of transaction and submission to competition authorities for approvals

Nigeria Cartons business sold for €26 million

Continued portfolio optimisation

OPERATION BASED IN IBADAN, OYO STATE

Approximately **200** employees

- **2004** – Established in 2004 as a subsidiary of Nampak
- Nampak awarded a 10-year exclusive supply contract to build a facility in Ibadan by key customer
- **2008** – Nampak commissioned a facility and commenced full production
- **2018**
- **2019**
- **2020**

RATIONALE

> Risks to the business:

- 10-year supply agreement ended in March 2018
- 70% of turnover derived from key customer
- Market growth limited due to the restrictions of gravure printing technology
- Possibility of new entrant facilitated by customer

DISPOSAL ACTIVELY PURSUED AND CONCLUDED IN 2019

Late 2018
Nampak secured an extension of supply agreement

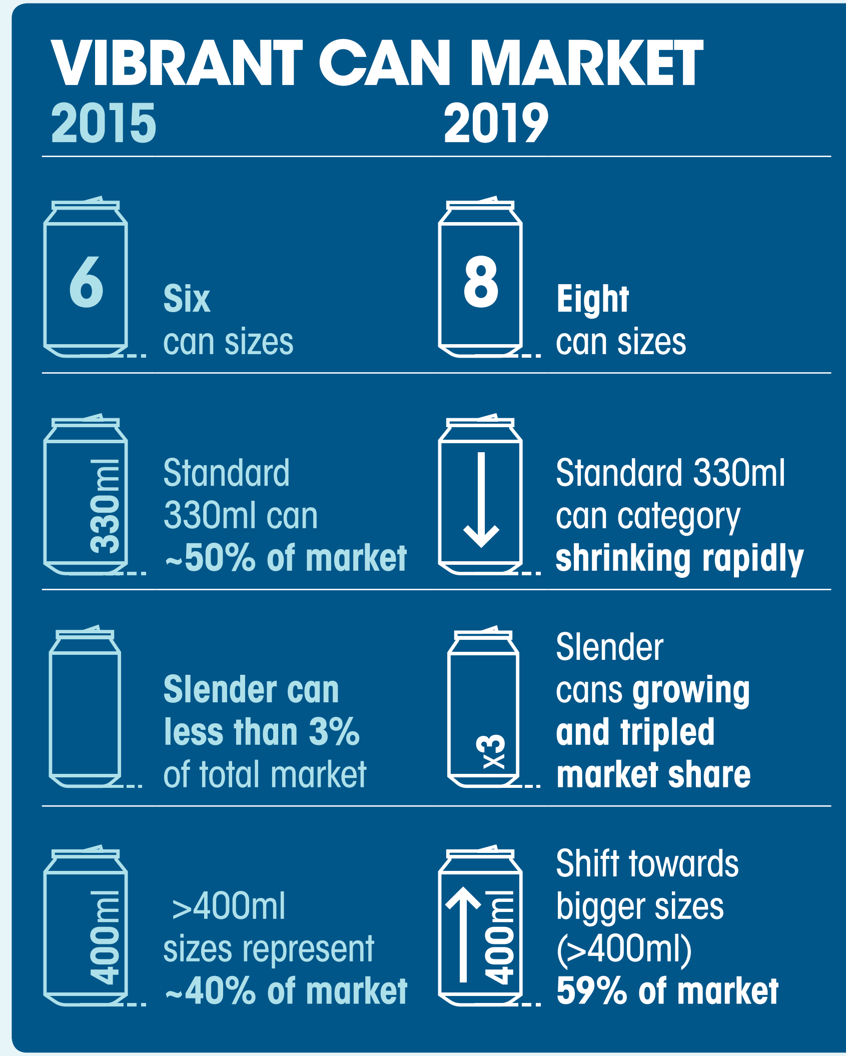
April 2019
100% of business sold to A&R of Germany for EV of €26 million (~R423m)

Proceeds to be applied to US dollar debt reduction

Bevcan margin maintained despite competition in South Africa

Agile in dynamic market

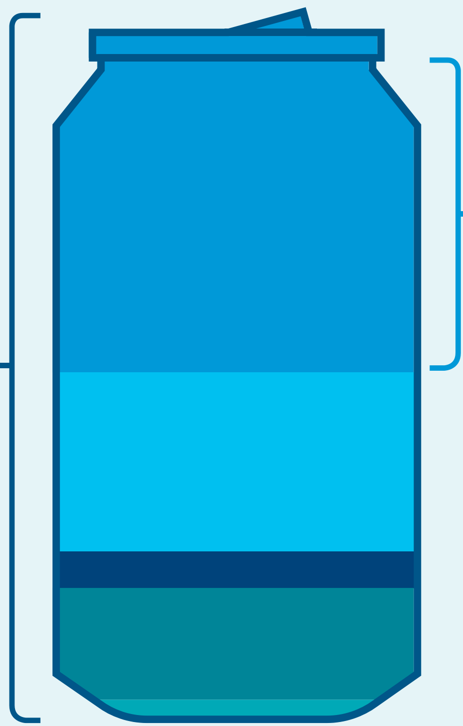
- **Margin sustained**
  - Operations excellence initiatives
    - Increasing line speeds
    - Reduced spoilage
    - Safer plants, fewer reported incidents
  - Rebased cost base
    - Closure of last steel can line in South Africa
    - Recurrent R60m annual operating cost savings
    - Overhead cost well controlled
  - Light-weighting will further reduce cost
- **Focus on expanding can pack share for overall market**
  - Actively promote use of cans
    - CAN DO! competition
    - Partner with customers at music festivals
    - With 86% recycling rate, aluminium cans appeal to youth and environmentally conscious consumers
  - Grow can pack share in new categories
    - Water, wine, coffee, craft beer, etc.
  - New launches by customers will also benefit market growth



Utilisation is always below name plate capacity

Effective capacity breakdown

Name plate **1.2bn** cans per annum at 1 can size 24/7/365 at 3 000 cans per minute



True available capacity **<600m** after making six can sizes

- Effective capacity
- Ramp-up after size/diameter change
- Diameter and size changes
- Normal efficiency loss (Breakdowns, label changes, etc.)
- Maintenance days

Complexity reduces capacity

200ml Slim | 250ml Slim | 300ml Slender | 330ml Slender

330ml Standard | 400ml Standard | 440ml Standard | 500ml Standard

Competitor dynamics in South Africa

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5 lines

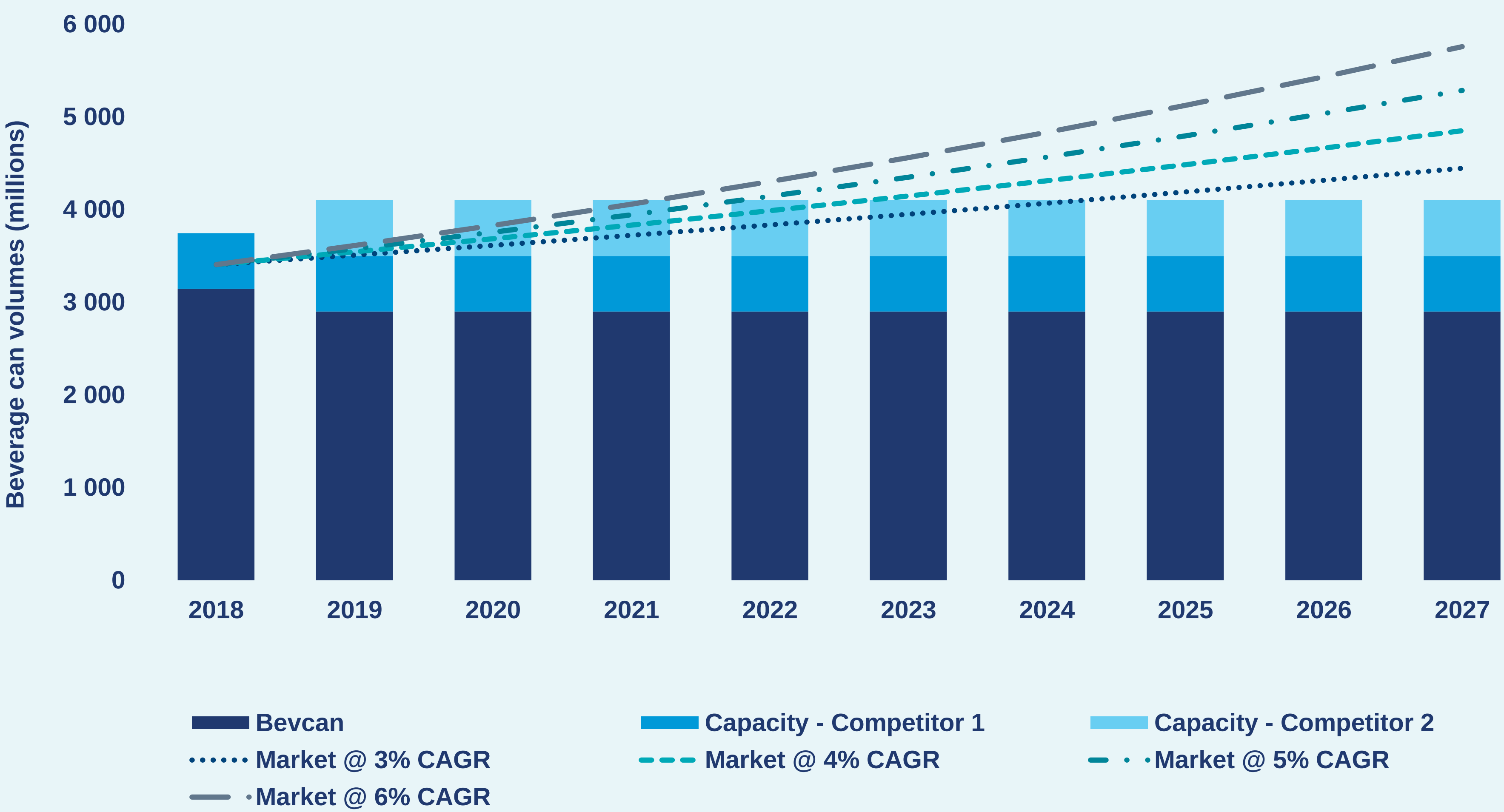
Competitor A
1 line

Competitor B
1 line

Market growth crucial to absorption of capacity

Higher market growth absorbs capacity quicker

Market growth vs. capacity absorption at effective 600m cans/line



Plastics SA profitability

Headcount reduction of 101 across divisions

PHASE 1 (June 2019)

Exit preform manufacturing

- Outsource requirements from specialist suppliers
- Simplify the business to focus only on bottle blowing
- Reduce machine footprint by five machines
- Reduction in maintenance and waste
- Avoid high re-capitalisation costs
- Cost reduction initiatives across the business

PHASE 2 (July 2019)

Rationalise footprint

- Decommission lines that are unprofitable and not competitive
- Cost reduction initiatives
- Reduce machine footprint by a further eight machines
- Operational improvements
- Training and skills development
- Capacity sell based on standardisation and profitability

PHASE 3 (January 2020)

PET growth strategy

- Investment in the latest technology
- Focus on SKU complexity and standardise
- Growth projects and new business development

Isando operation will return to profitability in 2020

Broad-based Black Economic Empowerment

Improved rating to level 4 from level 6

Business and moral imperative in South Africa

- Established B-BBEE Steering Committee
- Dedicated and resourced B-BBEE Office

Improved rating to level 4 from level 6

Immediate, positive impact for customers

- Empowering Supplier, 100% procurement spend deduction by customers

Target: Achieve a level 2 in Q1 calendar 2020

Next steps to improve rating

- Review two historical B-BBEE ownership transactions
  - No new equity deal envisaged
  - Minimal cost to shareholder
- Explore the Youth Employment Services (YES) programme
  - Provides quality of work experience
  - Significant impact on uplifting youth skills and South African economy
  - Unique collaboration between government and labour

2018	2019	2020
B-BBEE Level 6	B-BBEE Level 4	B-BBEE Level 2

Operational review

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Decisive action minimises market downsize

R million	H1 2019	H1 2018	% Δ
Revenue	**5 543**	5 849	(5)
Trading profit	**725**	925	(22)
Margin (%)	**13.1**	15.8	

SOUTH AFRICA

- **Bevcan SA**
- Marginal revenue growth
  - Can volumes declined – total market up, both entrants now supplying market
- Margins sustained
  - Operational efficiencies
  - Savings of R60m annualised from Epping closure

- **DivFood**
- Profitability declined
  - Vegetables category performed well
  - Stable fish, fruit and meat volumes
  - Diversified can demand reflective of subdued consumer demand
  - Loss due to various factors – forex losses linked to pricing, product mix, etc.

REST OF AFRICA

- **Bevcan Angola**
- Devaluation pulled back performance
  - Devaluation impacted consumer purchasing power
  - Currency devaluation saw demand pull back 37%
  - Margins down due to lower volumes
  - Actively managing current situation
  - 20% headcount reduction
- Improved liquidity sustained
  - R1.1bn (USD76m) transferred from Angola
  - Kwanza bond programme provided shield against devaluation of Kwanza
  - Conversion of L1 to aluminium going ahead
  - Economic situation expected to improve by end 2020

- **Bevcan Nigeria**
- Record sales, 17% volume growth – malt and beer categories
  - Increased market share
  - Second line under consideration

- **General metals packaging**
- Pleasing volume growth in Nigeria
- Disappointing results in East Africa – restructuring commenced, 50 FTEs retrenched

Plastics margin stable despite tough markets

Zimbabwean operations offset weak performance elsewhere

R million	H1 2019	H1 2018	% Δ
Revenue	**2 297**	2 393	(4)
Trading profit	**114**	121	(6)
Margin (%)	**5.0**	5.1	

SOUTH AFRICA

- Revenue down
  - Tough trading environment
  - Lower tender volumes for bottles and crates
  - Cartons performed well
- Cost reduction project continues
  - Depots closed, sites consolidated
  - Phase 2 to progress

EUROPE

- Volumes down
  - Key customer lost market share
  - Significantly impacted profitability
    - Closure of 2 in-plants accelerated due to pressure in UK dairy market
- Investing in new Northern site to drive cost saving

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 21%

R million	H1 2019	H1 2018	% Δ
Revenue	**614**	603	2
Trading profit	**94**	78	21
Margin (%)	**15.3**	12.9	

- **Zimbabwe Hunyani**
- Volume growth
  - Strong customer demand
- 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
- Renewed key contract ending in two years
  - Divested business for €26m
  - Protected shareholder value

- **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 6%

Discontinued operation

R million	H1 2019	H1 2018	% Δ
Revenue	**764**	720	6
Trading profit	**89**	(55)	>100
Margin (%)	**11.6**	(7.6)	

- Classified as asset held for sale
- Revenue growth
  - Price increases
  - Higher FAB and beer volumes
  - Overall volumes flat limited by production
- 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
  - R55m loss in H1 2018 after depreciation of R124m
  - Following impairment in FY2018 of R677m, depreciation in H1 2019 lower by R64m
- Electricity supply improved recently
  - RUPS functioned well
  - Ongoing fluctuations and supply disruptions throughout and load shedding
- Skills shortage being addressed
  - Chief bottle maker arrived in mid-April 2019
- Asset impaired by R137m in anticipation of sale
- Disposal progressing as planned

Financial Results

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Results negatively impacted by loss of trading margins, lower abnormal items and lower tax rate

Profit after tax up 3%

Statement of comprehensive income – continuing operations

R million	H1 2019	H1 2018	% Δ
Revenue	**8 454**	8 845	(4)
Trading profit	**959**	1 164	(18)
Net abnormal losses	**(57)**	(121)	53
Operating profit	**902**	1 043	(14)
Net finance costs	**(151)**	(89)	(70)
Share of net profit from associates and joint venture	**(2)**	3	(>100)
Profit before tax	**749**	957	(22)
Tax benefit/(expense)	**46**	(86)	>100
Profit from continuing operations	**795**	871	(9)
Loss from discontinued operation	**(105)**	(107)	2
Profit for the period	**690**	764	(10)
EPS (cents)	**127.1**	129.4	(2)
HEPS (cents)	**119.7**	132.0	(9)

Softer demand in Angola, entry of competitors in SA partially offset by strong demand from Nigerian and Zimbabwean businesses.

Improved operational efficiencies at Bevcan SA offset by impact of lower volumes and margins at Bevcan Angola, DivFood margin decline and challenging trading conditions for Plastics SA and UK. Cartons and General metals in Nigeria performed well, good performance in Zimbabwe. Trading margins declined from 13.2% to 11.3%.

Lower abnormal losses primarily due to higher profit on disposal of assets compared to a loss on disposal in the prior year offset by higher restructuring and retrenchment costs.

Net finance costs up 70% due to inclusion of R70m capital tax on disposal of liquid bonds in Angola deemed to be interest. Excluding this net finance costs are down 8%.

Income tax credit largely from deferred tax asset raised in Angola for unrealised forex losses and foreign tax differentials, offset by losses after interest in Angola not eligible for tax deduction and other disallowed taxes.

Reduced trading loss as no depreciation charged for Glass division – classified as held-for-sale. Further impairment of R137m on PPE.

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

Rand movements moderated results

Zimbabwean RTGS dollar significantly devalued – impacts EPS, HEPS and FCTR

Major foreign exchange rates

	AVERAGE RATES				CLOSING RATES			
	H1 2019	H1 2018	% Δ	FY2018	**H1 2019**	FY2018	% Δ	H1 2018
ZAR/USD	**14.15**	12.78	11	13.11	**14.50**	14.14	3	11.86
ZAR/EUR	**16.11**	15.36	5	15.58	**16.27**	16.41	(1)	14.57
ZAR/GBP	**18.32**	17.35	6	17.61	**18.90**	18.43	3	16.62
NGN/USD	**362.50**	359.75	1	360.61	**360.23**	362.79	(1)	360.00
AOA/USD	**315.40**	189.76	66	222.09	**326.11**	300.72	8	218.64
ZWL/USD	**2.54**	1.00	>100	1.00	**3.01**	1.00	>100	1.00

- Impact of Rand on results:
  - Income statement translated at average rates, balance sheet at closing rate
  - Trading profit from Rest of Africa comprises 60% – benefited by 11% from weakened ZAR/USD average rate
  - Gearing levels – US dollar debt translation negatively impacted by 3% weaker ZAR/USD closing rate
    - Adverse impact on net interest bearing debt is R0.2bn and R1.2bn (22% devaluation) vs Sep 2018 and Mar 2018 respectively
  - Foreign currency translation reserve reduces shareholders' equity by R1.1bn (2018: R665m reduction)
- Nigerian Naira stable with no material impacts and good liquidity
- Kwanza closing rate devalued by only 8% in H1 2019 despite devaluation in avg. rate of 66% vs prior year
  - Forex loss of R29m for the period on unhedged monetary items, new cash back LC rules secured forex but impacted results
  - Liquid bonds continue to provided effective hedge and avoided R1.6bn forex loss on 75% devaluation in FY2018
- Zimbabwean RTGS dollar devalued significantly in H1 2019
  - Forex loss of R73m for the year on unhedged monetary items
  - IAS 21 election on dollar denominated loans made and classified as part of net investment in Zimbabwe entities

Reconciliation of trading profit to operating profit

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Continuing operations – lower net abnormal losses

Reconciliation of trading profit to operating profit

R million	H1 2019	H1 2018	% Δ
Trading profit	**959**	1 164	(18)
Net abnormal losses	**(57)**	(121)	53
Net devaluation loss arising from Zimbabwean, Angolan and Nigerian exchange rate movements	**(94)**	(96)	2
Net impairment reversals/(losses) on plant, equipment and loans receivable	**43**	(27)	>100
Cash transfer and liquid bonds disposal losses	**(48)**	–	(100)
Retrenchment and restructuring costs	**(23)**	(8)	(>100)
Profit on disposal of investments, businesses and other property	**65**	11	>100
Other	**–**	(1)	100
Operating profit	**902**	1 043	(14)

Lower profitability from continuing operations.

Forex losses largely relate to Rest of Africa operations: Zimbabwean devaluation of RTGS dollar of R73m and limited losses from Kwanza devaluation. No material shifts in Nigerian Naira rate.

R48m reversal of IFRS9 expected loss provision due to reduction in USD-linked kwanza bonds on hand, R5m impairment for plant & equipment.

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

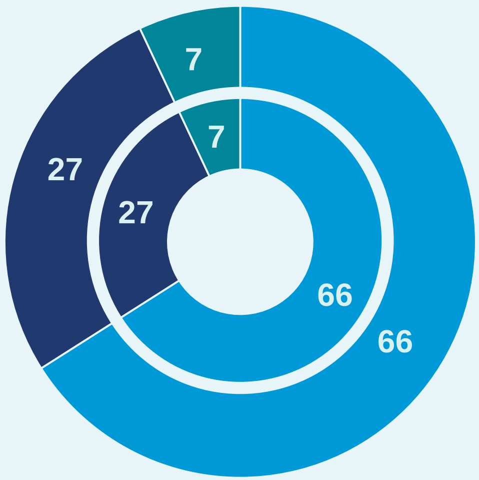
Retrenchment and restructuring costs up significantly consisting primarily of UK Plastics and Nampak head office restructuring costs.

Profit on disposal of Bevcan SA Epping line.

Metals remains largest contributor

Nigeria and Zimbabwean operations boosted Group performance, Angola challenging

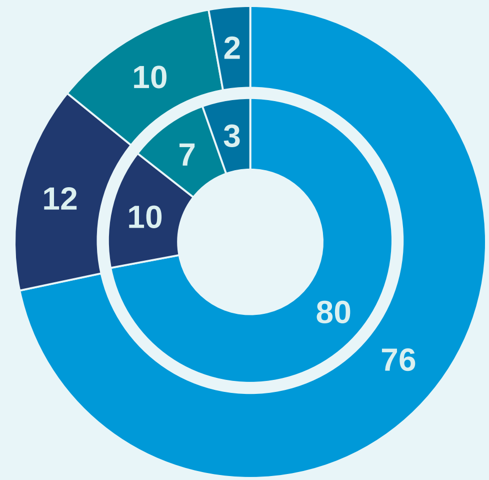
Continuing operations – revenue (%)



Metals
Plastics
Paper

H1 2019 – Outer circle
H1 2018 – Inner circle

Continuing operations – trading profit (%)



Metals
Plastics
Paper
Corporate

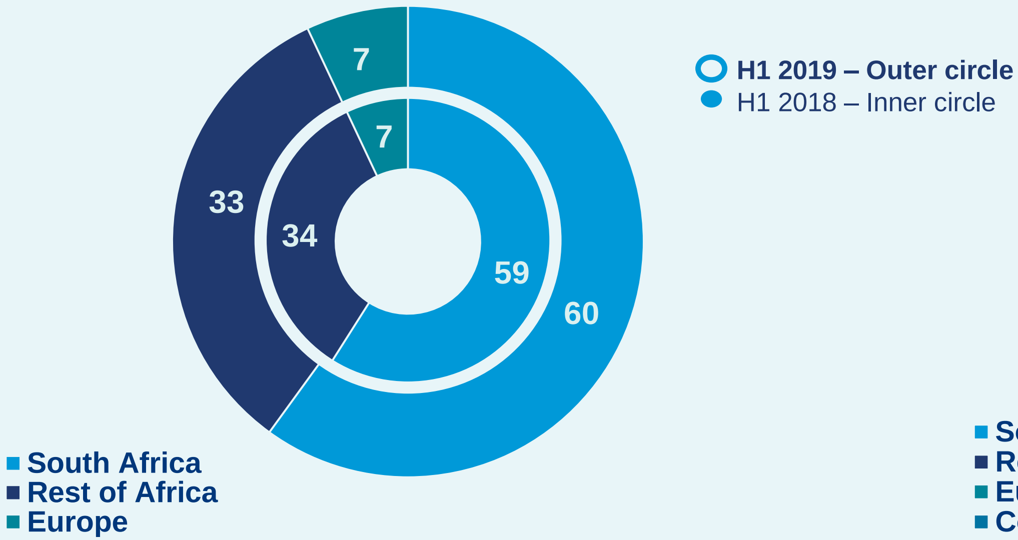
Segmental performance by substrate

	Revenue			Trading profit			Trading margin (%)	
R million	**H1 2019**	H1 2018	% Δ	**H1 2019**	H1 2018	% Δ	**H1 2019**	H1 2018
Metals	**5 543**	5 849	(5)	**725**	925	(22)	**13.1**	15.8
Plastics	**2 297**	2 393	(4)	**114**	121	(6)	**5.0**	5.1
Paper	**614**	603	2	**94**	78	21	**15.3**	12.9
Corporate services	**–**	–	–	**26**	40	(35)	**–**	–
Continuing operations	**8 454**	8 845	(4)	**959**	1 164	(18)	**11.3**	13.2
Glass – discontinued	764	720	6	**89**	(55)	>100	**11.6**	(7.6)
Group total	**9 218**	9 565	(4)	**1 048**	1 109	(6)	**11.4**	11.6

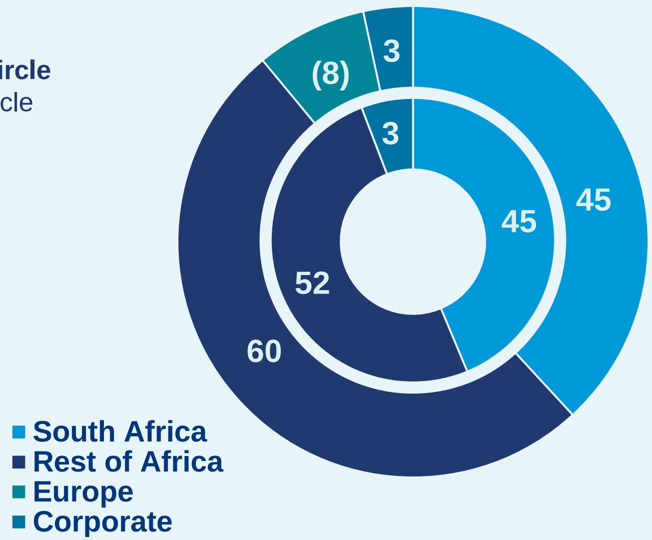
Rest of Africa remains most profitable segment

RoA margin maintained, Group margin declined for continuing operations, UK disappointing

Continuing operations – revenue (%)



Continuing operations – trading profit (%)



Segmental performance by region

	Revenue			Trading profit			Trading margin (%)	
R million	**H1 2019**	H1 2018	% Δ	**H1 2019**	H1 2018	% Δ	**H1 2019**	H1 2018
South Africa	**5 092**	5 208	(2)	**432**	527	(18)	**8.5**	10.1
Rest of Africa	**2 790**	2 973	(6)	**573**	608	(6)	**20.5**	20.5
Europe	**572**	664	(14)	**(72)**	(11)	(>100)	**(12.6)**	(1.7)
Corporate services	**–**	–	–	**26**	40	(35)	**–**	–
Continuing operations	**8 454**	8 845	(4)	**959**	1 164	(18)	**11.3**	13.2
Glass – discontinued	**764**	720	6	**89**	(55)	>100	**11.6**	(7.6)
Group total	**9 218**	9 565	(4)	**1 048**	1 109	(6)	**11.4**	11.6

Effective tax rate better than expected

Positively impacted by deferred tax in Angola not previously recognised
Tax rate before unusual items stable at 20%

Reconciliation of statutory to effective tax rate – continuing operations

%	H1 2019	H1 2018	FY 2018
Statutory tax rate	**28.0**	28.0	28.0
Foreign tax rate differential	**(15.2)**	(7.8)	(8.6)
Withholding and other foreign taxes	**0.2**	2.3	4.3
Disallowed expenses and other	**1.0**	(2.0)	(3.7)
Tax rate before adjustments	**14.0**	20.5	20.0
Withholding tax on Angolan interest	**6.0**	–	–
Tax rate before unusual items	**20.0**	20.5	20.0
Losses not protected – Angola	**12.5**	–	–
Zimbabwe devaluation losses	**6.4**	–	–
Deferred tax asset recognised	**(45.0)**	(11.5)	(9.3)
Effective group rate of tax	**(6.1)**	9.0	10.7

Benefit from operations in various jurisdictions with different tax rates.

Withholding tax on additional group interest charged to Angola.

Normalised tax rate in line with prior periods.

No tax shield provided on interest payments made due to being in tax holiday.

Certain foreign exchange losses in Zimbabwe on translation do not provide a tax shield on consolidation.

Deferred tax asset recognised in Angola for unrealised foreign exchange losses now expected to be realised against future profits. Prior period relates to Nigeria.

- Current period tax rate impacted in the main by recognition of deferred tax asset on forex losses in Angola not previously raised for which future tax shield now expected
- Pioneer status in Nigeria ended on 31 Dec 2017
- Tax holiday in Angola ended 30 Apr 2019

Financial position strengthened by R12.5bn refinancing

Significant funding capacity for future growth

Abridged statement of financial position

R million	H1 2019	H1 2018	% Δ	FY 2018
Property plant and equipment	**7 738**	7 651	1	8 177
Goodwill and other intangibles	**3 755**	3 144	19	3 708
Liquid bonds and other loan receivables	**747**	1 832	(59)	1 788
Other non-current assets	**676**	48	>100	209
Non-current assets	**12 916**	12 675	2	13 882
Other current assets	**6 264**	5 448	15	6 290
Liquid bonds and loans	**12**	883	(99)	451
Bank balances	**1 966**	1 844	7	2 845
Current assets	**8 242**	8 175	1	9 586
Assets held for sale	**2 685**	2 589	4	2 446
Total assets	**23 843**	23 439	2	25 914
Total equity	**10 125**	9 932	2	10 613
Non-current liabilities	**9 380**	5 031	86	9 768
Current liabilities	**3 746**	8 325	(55)	5 231
Liabilities for assets held for sale	**592**	151	>100	302
Total equity and liabilities	**23 843**	23 439	2	25 914

- Assets held for sale and discontinued operation
  - Assets and liabilities of Glass, Crates, Drums and Cartons Nigeria businesses grouped and disclosed separately as decision taken to dispose of these assets (IFRS 5)
- PPE
  - Capex spend for continuing operations R302m
- Goodwill
  - Movement in goodwill due to 22% weaker ZAR/USD exchange rate vs H1 2018
- Liquid bonds
  - Lower balances given maturity profile of bonds and various disposals of bonds to market
- Bank balances
  - Benefitted from cash transfers from Angolan USD-linked Kwanza bonds that matured
  - Adversely impacted by devaluation of R738m in Zimbabwe cash
- Non-current liabilities
  - Non-current liabilities increased due to RCF refinancing, strengthening balance sheet structure
- Short term liquidity
  - Significantly improved due to RCF restructuring in Sep 2018
  - Strong current and acid test ratios

Results of Glass Division

Revenue growth of 6% limited by production, EBITDA improvement

Results of discontinued operation

R million	H1 2019	H1 2018
Revenue	**764**	720
Operating expenses	**(675)**	(651)
EBITDA	**89**	69
Depreciation and amortisation	**–**	(125)
Operating profit/(loss)	**89**	(56)
Impairment of plant, goodwill and intangible assets	**(137)**	(7)
Net finance costs	**(98)**	(86)
Net loss before tax	**(146)**	(149)
Attributable income tax benefit	**41**	42
Net loss after tax	**(105)**	(107)

- Glass accounted for as a discontinued operation with effect from 1 Apr 2018 in terms of IFRS 5
  - EBITDA up by 29%
  - No depreciation since H2 2018
  - Impairment of R137m in H1 2019
- Net finance costs based on 100% gearing of Glass balance sheet

Major classes of assets and liabilities

R million	H1 2019	FY 2018	H1 2018
Property, plant and equipment	**999**	1 126	1 749
Intangible assets	**3**	3	5
Inventories	**715**	631	587
Trade and other current receivables	**306**	310	248
Assets classified as held for sale	**2 023**	2 070	2 589
Trade and other current payables	**(188)**	(203)	(151)
Net operating assets	**1 835**	1 867	2 438

- Transaction has taken longer than originally expected
- Buyers have secured fully funded financing package
- Both parties are committed to the transaction
- Exclusivity period ends on 10 Jun 2019
- Transaction subject to competition authorities' approval

Cash transferred improved 44% to R1.8 billion

Improved US dollar in-country liquidity in Angola, Nigeria balances reduced, Conservative view on translation of Zimbabwe cash despite USD57m hedge

Nampak
packaging excellence

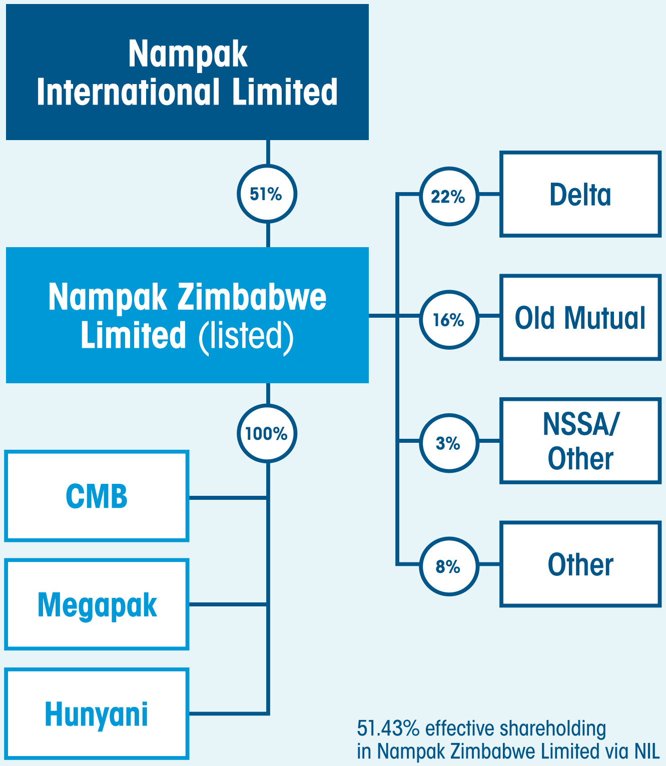
Cash balances including liquid bonds

	Angola	Nigeria	Sub-total	LIMITED LIQUIDITY Zimbabwe	Total
31 March 2019					
Cash on hand	R1 474m	R215m	R1 689m	R466m(3)	R2 155m
Hedged cash	R717m	–(2)	R717m	–(4)	R717m
% cash hedged	49%	–(2)	42%	–(4)	33%
Cash transferred	R1 105m	R663m	R1 768m	R27m	R1 795m
Cash transfer rate(1)	48%	221%	68%	2%	47%
30 September 2018					
Cash on hand	R2 307m	R300m	R2 607m	R1 190m	R3 797m
Hedged cash	R2 166m	–(2)	R2 166m	–(4)	R2 166m
% cash hedged	94%	–(2)	83%	–(4)	57%
Cash transferred	R1 807m	R1 574m	R3 381m	R87m	R3 468m
Cash transfer rate(1)	83%	190%	112%	13%	94%
31 March 2018					
Cash on hand	R2 748m	R410m	R3 158m	R816m	R3 974m
Hedged cash	R2 622m	–(2)	R2 622m	–(4)	R2 622m
% cash hedged	95%	–(2)	83%	–(4)	66%
Cash transferred	R275m	R952m	R1 227m	R23m	R1 250m
Cash transfer rate(1)	13%	115%	41%	4%	34%
30 September 2017 – Cash on hand	R2 188m	R828m	R3 016m	R654m	R3 670m

(1) Cash transfer rate is the amount of cash transferred compared to cash on hand at the end of the previous reported period.
(2) Cash balances in Nigeria are no longer considered restricted.
(3) Net of a devaluation adjustment amounting to R738 million due to the introduction of the RTGS dollar. Devaluation from Zimbabwe dollar 1:1 to US$ to RTGS 3.01:1 to US$.
(4) USD57 million hedge secured (representing approximately 67% of 30 September 2018 balance) before new Monetary Policy announcement was made on 20 February 2019. This amount has now been transferred to a non-resident account with repayment to be made in quarterly payments over three years on a RTGS 1:1 to US$.

Zimbabwean devaluation: R0.7bn adverse FCTR impact

Hedge for USD57m cash



51.43% effective shareholding in Nampak Zimbabwe Limited via NIL

- Adverse impact of devaluation on shareholders' equity via FCTR
  - Gross R1.2bn
  - Minority share R587m
  - Net reduction in Group equity R622m

- Adopted RTGS dollar reporting
  - Adopted RTGS dollar reporting effective from 1 October 2018
    - Average rate RTGS$2.54: USD1
- Impact of new monetary policy
  - Assets revalued using RTGS$3.01: USD1 closing rate
    - PPE devalued by R441m
    - Bank balance reduced by R738m
    - R1.2bn forex loss on translation in other comprehensive income
  - Elected *IAS21: The Effects of Changes in Foreign Exchange Rates*
    - Include US dollar loans to Zimbabwean operations as part of net foreign investment
    - Translation of forex difference in other comprehensive income at Group level – impact R599m
- USD57m sovereign hedge of historical debt in place, but not accounted for
  - Debt of USD57m due to Nampak International (NIL) settled by Nampak Zimbabwe
  - US dollar non-residents account opened and funds paid into account as required, NIL now owed by sovereign party
  - Quarterly repayments over three year period
  - Effectively hedges two thirds of USD86m cash balance at 30 Sep 2018
  - Potential for legacy debts to be honoured on 1:1 basis by Zimbabwe Government based on Monetary Policy

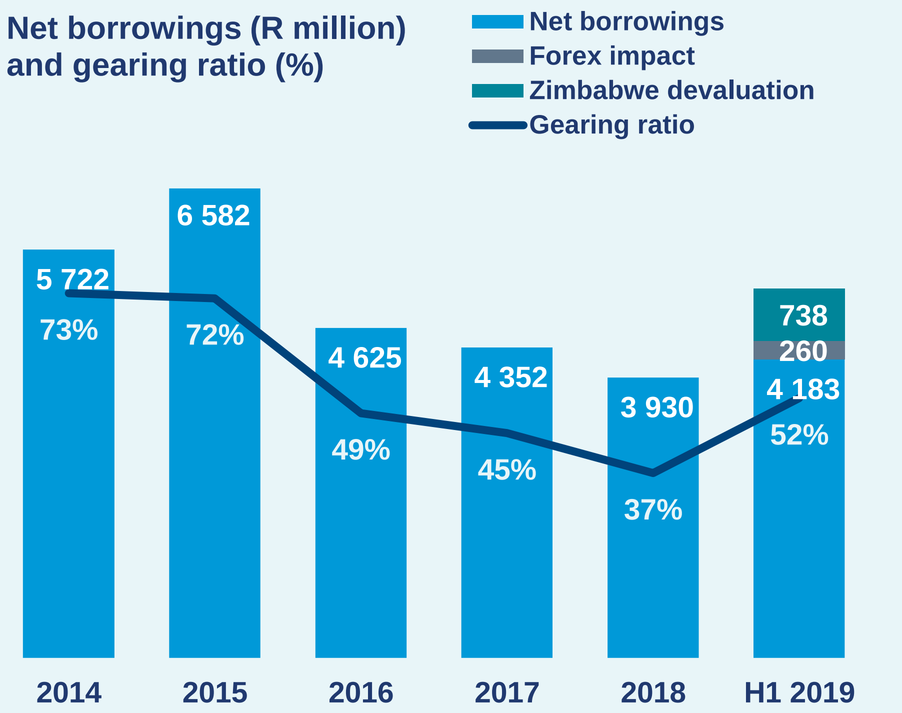
Covenants well managed

Gearing remains within targeted range, Zimbabwe impacts gearing by 12%

	H1 2019	FY2018	H1 2018
Net gearing (%)	**52**	37	39
Net debt: EBITDA (times)			
− excl. liquid bonds	(3)**2.7**	(3)2.3	(1)2.3
− incl. total liquid bonds	(4)**2.5**	(4)2.0	(2)1.4
EBITDA: Net interest (times)	**7.0**	8.0	7.6
Current ratio			
− incl. current portion of liquid bonds	**2.5**	2.2	1.3
− incl. total liquid bonds	**2.7**	2.5	1.5
Acid test ratio			
− incl. current portion of liquid bonds	**1.8**	1.6	0.9
− incl. total liquid bonds	**1.9**	1.9	1.1

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

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

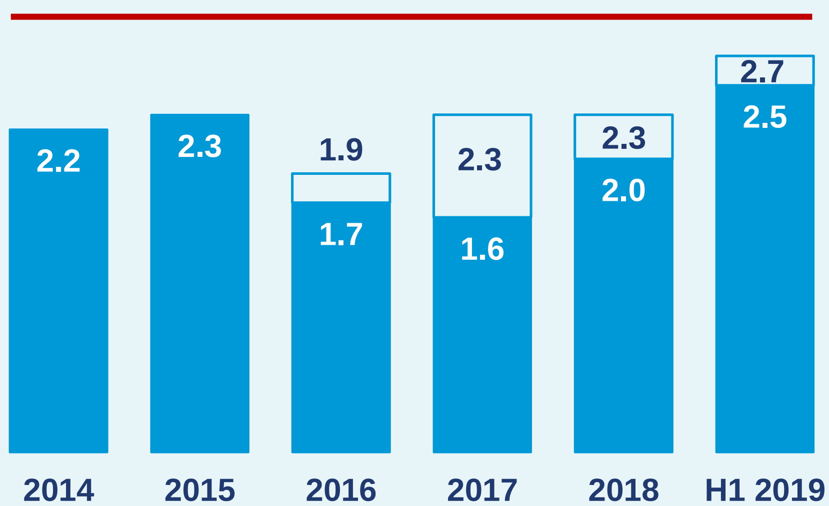


› Gearing well managed
  » Refinanced funding structure to optimise liquidity, flexibility and capacity for growth
  » RCF concluded in Sep 2018 strengthens balance sheet
  » Zimbabwe impacts gearing adversely by 12%
    – Reduction in cash R738m, equity adversely impacted by R622m
  » Gearing remains within targeted range of 40% - 60%

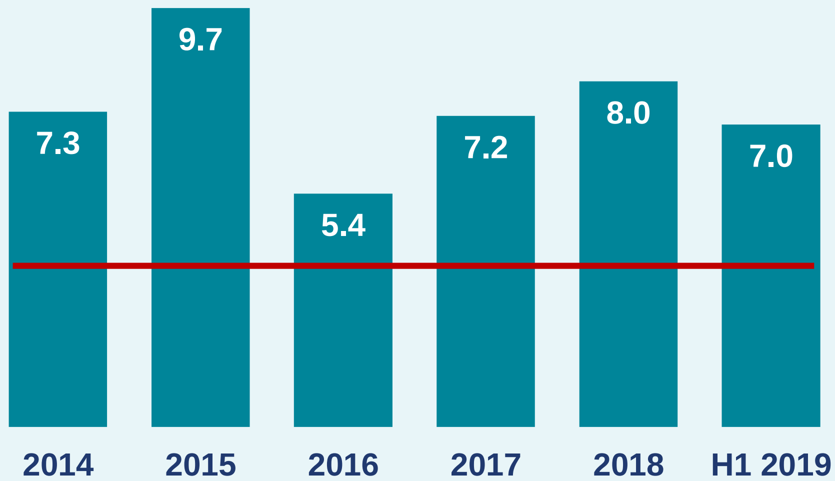
Covenant ratios strong with new RCF in place

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



- RCF and term loan facility implemented in Sep 2018
- Definition of cash for RCF covenant amended in FY2018
  - Now only includes 50% of Angola cash and liquid bonds;
  - 45 days of Angolan net working capital; and
  - Excludes 100% of Zimbabwe cash
- 2017 and historical – included 100% of Angola and Zimbabwe cash

Significant inflow from liquid bonds improves cash balances

Continuing and discontinued operations

Statement of cash flows

R million	H1 2019	H1 2018	% Δ
Cash generated from operations before working capital changes	**1 101**	1 435	(23)
Working capital changes	**(924)**	(859)	(8)
Cash generated from operations	**177**	576	(69)
Net interest paid	**(229)**	(222)	(3)
Retirement benefits, contributions and settlements			
Income tax paid	**(69)**	(78)	12
Net cash (utilized in)/generated from operating activities	**(121)**	276	(>100)
Cash generated/(utilised) in investing activities	**1 248**	(1 186)	>100
Capital expenditure	**(360)**	(206)	(75)
Decrease/(increase) in liquid bonds	**1 462**	(994)	>100
Other investing activities	**146**	14	>100
Cash generated/(utilised) before financing activities	**1 127**	(910)	>100
Cash (repaid in)/raised from financing activities	**(235)**	118	(>100)
Net increase/(decrease) in cash and equivalents	**892**	(792)	>100

Impacted by lower profitability from continuing operations.

Net working capital adversely impacted by month end falling on Sunday, planned increase in inventory in Angola ahead of conversion of steel plate line to aluminium and lower trade payables. 22% weakening in closing rate.

Cash generated from investing activities boosted by cash release on maturity of liquid bonds.

Capex well managed in line with plan for the year.

R2.5 billion movement liquid bonds with cash released on maturity compared to substantial investment in prior period. Majority of devaluation occurred in FY18. Bonds provided an effective hedge. Imports now supported by cash backed LCs.

A portion of facilities repaid during the period. Significant headroom in banking facilities.

Pleasing improvement in cash and cash equivalents at year-end, despite increased investment in working capital and capex.

Working capital impacted by Sunday month end

Timing issue with outflow not representative of rest of period

Changes in net working capital

R million	H1 2019	H1 2018
(Increase)/decrease in inventories	**(260)**	207
Increase in trade and other current receivables	**(404)**	(78)
Decrease in trade and other current payables	**(260)**	(988)
Net working capital changes	**(924)**	(859)

› Working capital management remained a focus throughout the period with net interest paid only 3% more than prior period

› Additional investment in inventory
  » Due to contraction of inventory at 30 Sep 2018 compared to higher investment at 30 Sep 2017 impacting respective movements to March
  » Requirement to increase inventories in Angola ahead of planned conversion of tin plate line to aluminium later in the year
  » 22% weakening in ZAR/USD exchange rate versus 31 Mar 2018 impacting inventory valuation of Rest of Africa operation at 31 Mar 2019

› Increased investment in trade receivables impacted by
  » 31 March 2019 falling on a Sunday, expect this to be a timing issue given high quality trade receivables book
  » Increased investment in UK, pressure on certain terms in SA and higher exposure in Angola

› Lower utilisation of trade payables at 31 Mar 2019

› Expect lower net investment for full year in line with movements in second half of prior year

Conclusion

Scorecard

Sale of Glass	✓✓
Cash transfers	✓✓
Nigeria Cartons disposal	✓✓✓
Operational efficiency	✓✓
Rejuvenate Plastics SA	✓✓
Capital discipline	✓✓
B-BBEE improvement	✓✓
Balance sheet stable and strong	✓✓✓
Overhead cost control	✓✓
Ongoing portfolio optimisation	✓✓

Key

✓ Not achieved

✓✓ Work in progress

✓✓✓ Achieved

Way forward

01
Aggressively manage costs

02
Continue to optimise and improve marginal gains

03
Balance sheet carefully managed

- Covenant compliance carefully managed
- Capex tightly controlled
- Opportunity to return cash to shareholders pending sale of Glass

Growth opportunities

01

Metals scope historically restricted

» Expires September 2019

» R40m saving per annum

» Geographical restriction to Sub-Saharan Africa no longer applies

» Other territories being considered

» Nigeria R100m food can and 500ml beverage can investments

02

Adequate headroom in funding capacity for EBITDA enhancing acquisitions

03

Increasing environmental awareness will drive cans and cartons

» Plastic water packaging generally backwardly integrated

Thank you

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