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INTERIM RESULTS 2020

MAY 2020

Forward-looking statements

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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.



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H1 2020 OVERVIEW

SALIENT FEATURES

H1 2020 results

- › Turnover down 17%
- › Trading profit down 39%
- › Operating profit down 68%
- › Trading margin at 9.7%

Economic slowdown and weak trading conditions in key markets

**HEPS down 95%
to 7.0 cents per share**
for continuing operations

**EPS down >100%
to loss of 408.9 cents per share**
for continuing operations

**Gross proceeds received
from Glass and Nigeria Cartons
businesses of**

R2.0bn

Proceeds to be used to reduce USD debt in H2

**Weak economic conditions
led to impairments of R3.0bn**

- › Nigeria goodwill R2.2bn
- › Angola assets R0.8bn

**Portfolio optimisation
continued**

- › Plastics Europe disposed
- › R0.6bn avoided in capex

**Strong cash transfers from
Angola and Nigeria at
R1.6bn**

No liquidity constraints in Nigeria,
56% of remaining cash balance
in Angola hedged

EXECUTING ON PORTFOLIO OPTIMISATION

R1.9bn proceeds available to settle USD-denominated debt



COMPLETED

- › Sale of Glass – R1.4bn net of contractual true-ups
 - » Gross proceeds of R1.6bn received in March 2020
 - » Competition authorities approvals received in February 2020
- › Nigeria Cartons – R0.4bn (€28m)
 - » Competition authorities received in January 2020
- › Plastics Europe
 - » Nominal value but positive impact on Group long term liabilities
 - » Disposed of with R538m (GBP25m) pension fund liability
 - » Avoided ~R600m in replacement capital expenditure
- › Sold intermediate bulk containers – R27m



IN PROGRESS

- › Restructuring of DivFood and Plastics
 - » 17% headcount reduction at Vanderbiljpark
 - » Exiting unprofitable SKUs
 - » Consolidating sites
- › Improving competitiveness
 - » Labour savings
 - » Aligning employment cost structures to market rates
- › Simplifying portfolio
 - » Review of business units and SKUs
 - » Exiting complex products
 - » Shift patterns and overall productivity levels
- › Site consolidation
- › Further portfolio optimisation

R3.0BN IMPAIRMENTS DRIVEN BY WEAK MARKET CONDITIONS

Low oil price coupled with COVID-19 accelerated write-downs

NIGERIA

- › **Goodwill impaired by R2.2bn**
- › **Deteriorating market conditions**
 - › Pricing pressure
 - › Slower future growth
 - › Overcapacity in market, 3 lines including 1 idle line
- › **Assessed impact of COVID-19, accelerated impairments**
- › **Low oil price coupled with COVID-19**
 - › Limit beverage can market growth
 - › Reduced foreign currency availability
 - › Significant slowdown of economic growth
- › **Liquidity shortage expected**
 - › Only produce to extent operations are able to source forex, no funding from Group
- › **Increased country risk = higher WACC**
- › **Operational assets in tact – 1bn cans per annum capability**
 - › Increased capacity = no capex required in short/medium term

ANGOLA

- › **Asset impaired by R0.8bn**
- › **>200% devaluation of Angolan kwanza vs US dollar since 1 January 2018**
 - › Lead to extremely high inflation
 - › Lagging wages and labour rates
 - › Reduced consumer buying power
 - › Temporary move away from cans to glass and plastic packaging (backwardly integrated customers)
- › **Low oil price coupled with COVID-19**
 - › Further depress market growth
 - › Reduced foreign currency availability
 - › Contraction of economy
- › **Weak prospects for next 12-24 months further worsened by impact of COVID-19**
- › **Increased country risk = higher WACC**
- › **L1 conversion halted due to COVID-19**
- › **Headcount reduced to <50% of original employees to limit impact on profitability**
- › **Adequate raw materials until end of September**

LOWER DISPOSABLE INCOME POST COVID-19 = SLOWER ECONOMIC RECOVERY

Contraction of key markets expected for 2020



Deemed essential services, able to continue operating – factories and corporate offices



Shift in consumer consumption patterns during lockdown

Demand for immediate consumption packs negatively impacted

Shift away from single to bulk products for home consumption

Upside on DivFood – stronger demand for food cans

Plastics – experienced stronger demand initially for bulk sanitiser containers



Direct impact – ban on sale of alcohol for 2 months



Bigger COVID-19 risks emanates from reduced consumer/corporate spending

Loss of income – temporary and permanent

- › Salary sacrifices/cuts for employees
- › Job losses

Cash preservation by corporates

Accelerated contraction of economy – from -0.5% (Dec 2019) pre-COVID to between -7 and -10% GDP growth forecast for South Africa in 2020



Resumption of sale of alcohol in SA under level 3 from 1 June 2020 will improve demand for alcohol packaging

NAMPAK'S RESPONSE TO LIMIT IMPACT OF COVID-19



Nimble decision making

Uncertain demand

Managing quicker/faster and more frequently

Unutilised staff on annual leave – reduced leave pay provision



Capital expenditure freeze, only committed capex to go ahead



Increased focus on working capital – reducing inventory levels to match reduced demand



Salary sacrifices

Sliding scale 30% executives to 15% for junior management



Rightsizing of operations in line with reduced demand



Uncertainty on extent of COVID-19 impact

Significant impact on H2 and FY20 results

Likely impact on FY21 demand



Assessing alternatives to improve profitability



Increased scrutiny of all expenditure



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OPERATIONAL REVIEW

BEVCAN NIGERIA CONTINUED TO GROW, WEAK TRADING CONDITIONS ELSEWHERE

Impairments recognised in Angola and Nigeria

METALS

R million	H1 2020	H1 2019	% Δ
Revenue	4 553	5 698	(20)
Trading profit	429	737	(42)
Margin (%)	9.4	12.9	

SOUTH AFRICA

- › **Bevcan SA**
- › Lower results
 - › Beverage market decline due to weak economy
 - Subdued consumer spending
 - › Volumes negatively impacted
 - › Lower end sales to Angola
 - › Slow ramp-up of second competitor
 - › Maintained substantial market share
- › **DivFood**
- › Made significant loss
 - › Lost key contract end of H1 2019
 - › Food cans subdued – lower volumes for fish, meat and fruit cans
 - › Diversified can demand improved for tinsplate aerosols and shoe polish

REST OF AFRICA

- › **Bevcan Angola**
- › Kwanza devaluation significantly impacted demand
 - › Consumer purchasing power impacted by lagging wage inflation
 - › R0.8bn (US\$51.4 million) impairment of assets
 - › Actively managing current situation
 - › ~49% headcount reduction
 - › Economic recovery timing uncertain due to oil/COVID-19
- › Liquidity sustained for the period
 - › R842m transferred from Angola
 - › Kwanza bond programme has provided R1.9bn shield against devaluation of Kwanza over last two years
- › Completion of L1 conversion delayed by COVID-19
- › **Bevcan Nigeria**
- › Continued volume growth – malt and beer categories
 - › Stable market share
 - › Operational improvements increased total utilisation capability to ~1 billion cans per annum
 - › Best safety record for the Group
- › Good liquidity, R794m transferred
- › R2.2bn goodwill impairment
 - › Low oil price impacts Angolan and Nigerian economies, higher WACC and revised forecasts
- › **General metals packaging**
 - › Weak demand in Nigeria and Kenya

PLASTICS SA RETURNED TO PROFITABILITY

Weak economic conditions in Zimbabwe limited demand

PLASTICS

R million	H1 2020	H1 2019	% Δ
Revenue	1 438	1 570	(8)
Trading profit	157	174	(10)
Margin (%)	10.9	11.1	

SOUTH AFRICA

- › Resilient performance
 - » Revenue marginally down limited by fire at key customer's premises
 - » Improved profitability, turnaround yielding results
 - » Demand for closures improved
 - » Higher allocations for crates business
 - » Strong March sales for certain products due to COVID-19
 - » Weaker demand for conical cartons
- › Focus on improving profitability continues
 - » Managing costs
 - » Working capital improvements

REST OF AFRICA

- › Challenging economic conditions in Zimbabwe adversely impacted results
 - » Lower demand due to hyperinflation
 - » Limited supply of raw materials
 - » Operations are self-funding
 - No cash injections from Group since April 2018
 - Customers and exports enable raw material purchases

PAPER MARGINS IMPROVED

Cartons disposal impacts results, focused approach on cost management yielding benefits

PAPER

R million	H1 2020	H1 2019	% Δ
Revenue	528	614	(14)
Trading profit	133	94	41
Margin (%)	25.2	15.3	

› Zimbabwe Hunyani

› Good performance

- › Healthy demand for tobacco cases
- › Less impacted by disposable income shifts
- › Revenue and margin growth
- › Good cost control

› Export volumes

- › Hub for tobacco cases

› Liquidity remains challenging

- › Production dependent on ability to source raw materials

› Cash generative

- › No additional funding extended to operations
- › Self funding since April 2018

› Nigeria Cartons

› Divested business for €28m (R444m)

- › Disposed on effective 31 December 2019
- › Classified as continuing operation in both periods, but as an asset held for sale at 30 September 2019
- › Current period only includes 3 months vs 6 months trading in prior period
- › Proceeds received in January 2020
- › Protected shareholder value

› Zambia and Malawi

› Improved profitability for restructured operations

- › Zambia now hub for conical cartons
- › Malawi packing for local market
 - Lower overheads

› Zambia strategy yielding results

- › Limited volume growth due to tough economic environment



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FINANCIAL REVIEW



RESULTS SUMMARY

Continuing operations

Group revenue down 17%

R6.5bn

impacted by weak trading conditions in key markets

Trading profit down 39% to

R633m

due to a loss in DivFood, poor demand in Angola, weak trading conditions in South Africa and Zimbabwe, partially offset by good trading in Bevcan Nigeria

Operating profit down 68% to

R287m

adversely impacted by foreign exchange devaluations, restructuring costs and a net capital loss

R1.6bn cash

transferred from Angola and Nigeria pleasing with good liquidity and transfer rate of 130% from these countries

Gross proceeds of R2.0bn received from disposals

R1.6bn

net of contractual true-ups and selling costs to be used to reduce USD debt

Cash generated from total operations

R667m

up 277% from R177m



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RESULTS SUMMARY

Continuing and discontinued operations

Asset impairments of **R3.0bn**

- › Nigeria goodwill R2.2bn
- › Angola assets R0.8bn

HEPS from continuing operations down 95% to 7.0 cents from 130.0 cents

HEPS from total operations down 100% to 0.3 cents from 115.7 cents

Profit for the period for discontinued operations of R470m primarily from NPE disposal partially offset by loss on disposal of Glass division

Loss per share from continuing operations of 408.9 cents compared to earnings per share of 137.4 cents in prior period impacted by challenging trading conditions, impairments, loss on disposals and forex devaluations

Loss per share from total operations of 336.0 cents compared to earnings per share of 107.8 cents in prior period assisted by net profit on disposal from discontinued operations

RESULTS IMPACTED BY IMPAIRMENTS AND CURRENCY DEVALUATIONS

Continuing operations

STATEMENT OF COMPREHENSIVE INCOME

R million	H1 2020	Restated H1 2019	% Δ
Revenue	6 519	7 882	(17)
Trading profit	633	1 032	(39)
Net devaluation losses in Angola and Nigeria	(219)	(21)	
Capital items	(46)	65	
Net impact of devaluation in Zimbabwe	(29)	(123)	
Restructuring and other costs	(52)	(59)	
Operating profit	287	894	(68)
Net finance costs	(169)	(151)	(12)
Share of net profit from associates & joint ventures	(1)	(1)	0
Profit before net impairments	117	742	(>100)
Net impairment (losses)/reversals	(3 040)	43	(>100)
(Loss)/profit before tax	(2 923)	785	(>100)
Tax benefit	65	59	(>100)
(Loss)/profit for the year	(2 858)	844	(>100)
EPS (cents)	(408.9)	137.4	(>100)
HEPS (cents)	7.0	130.0	(95)

- › Revenue down as a result of weaker trading conditions in South Africa, Angola and Zimbabwe, partially offset by Bevcan Nigeria's pleasing result.
- › Trading profit down as Divfood made a significant trading loss, materially reduced volumes in Angola due to kwanza devaluation and lagging wage inflation, decline in South African beverage can market and lower demand in plastic businesses in Zimbabwe.
- › Forex losses of R170m in Angola increased >100% as Kwanza devalued 46% and lower hedging due to cash backed LC requirement. Forex losses of R49m as Nigerian Naira began devaluing in March 2020.
- › Capital items include a net loss of R148m on disposal on Cartons Nigeria partially offset by insurance proceeds of R83m.
- › 2019 restated for IAS 21:15 application for RBZ agreement in Zimbabwe. Hyperinflationary economy led to monetary gain.
- › Operating profit lower due to significantly lower Angolan profitability, Divfood losses and higher forex losses
- › Net finance costs up 12%. Excluding interest expense of R69m on adoption of IFRS 16 and RBZ interest received, comparable net interest down 21%.
- › Goodwill impairment of R2.2bn recognised in Nigeria and R0.8bn in Angolan assets due to weak economic conditions, increased WACC and lower expected future profitability.
- › Capital items excluded from HEPS of 7.0 cents

SEGMENTAL REVENUE H1 2020

Continuing operations

METALS

REVENUE

R4 553m

-20%

TRADING PROFIT

R429m

-42%

PLASTICS

REVENUE

R1 438m

-8%

TRADING PROFIT

R157m

-10%

PAPER

REVENUE

R528m

-14%

TRADING PROFIT

R133m

+41%

USD STRENGTHENED VS KEY CURRENCIES

ZAR:USD disconnect between spot and average rates at interim period negatively impacted covenants and gearing

MAJOR FOREIGN EXCHANGE RATES

	AVERAGE RATES				CLOSING RATES			
	H1 2020	H1 2019	% Δ	FY2019	H1 2020	FY2019	% Δ	H1 2019
ZAR/USD	15.04	14.15	(6.3)	14.35	17.80	15.17	(17.3)	14.50
NGN/USD	363.75	362.50	(0.3)	361.55	387.51	362.04	(7.0)	360.23
AOA/USD	493.22	315.40	(56.4)	333.94	567.04	389.49	(45.6)	326.11
ZWL/USD	17.34	2.54	(>100)	5.01	25.00	15.20	(64.5)	3.01
ZAR/GBP	19.29	18.32	(5.3)	18.30	22.07	18.65	(18.3)	18.90
ZAR/EUR	16.61	16.11	(3.1)	16.18	19.53	16.54	(18.1)	16.27

- › Impact of Rand on results:
 - » Income statement translated at average rates, balance sheet at closing rate
 - » Trading profit from Rest of Africa benefited by 6% from weakened ZAR/USD average rate
 - » Covenants and gearing – USD-denominated debt translation negatively impacted by 17% weaker ZAR/USD closing rate
- › Kwanza closing rate devalued by 46% in H1 2020
 - » Forex loss of R170m on unhedged monetary items
- › Naira began weakening in March 2020
 - » Forex loss of R49m on unhedged monetary items
- › Zimbabwean dollar further devalued by 65% H1 2019
 - » Capped at ZWL25:USD1
 - » Net forex loss of R120m on unhedged monetary items

TAX RECONCILIATION

Continuing operations

RECONCILIATION OF STATUTORY TO EFFECTIVE TAX RATE

%	H1 2020	Restated H1 2019	FY2019	
Statutory tax rate	28.0	28.0	28.0	
Foreign tax rate differential	(21.1)	(15.5)	(13.9)	Effect of operations in multiple jurisdictions with different tax rates impacted by normalised profit before tax
Withholding and other foreign taxes paid	8.7	6.1	6.2	Withholding tax in foreign jurisdictions primarily applicable to interest and technical fees
Disallowed expenses and other	5.2	1.0	(6.8)	Disallowed expenses relates to interest in UK and disallowed expenses in African operations
Effective tax rate before Angola and Zimbabwe impacts	20.8	19.6	13.5	Tax rate before Angola and Zimbabwe tax impacts well managed at 20.8%
<i>Tax effects of the following:</i>				
Impairment of Bevcan Nigeria goodwill	(12.3)	-	-	Tax effect of impairment of goodwill pertaining to Bevcan Nigeria reduced the effective tax rate
Impairment of assets – Angola	(3.4)	-	-	Tax impact of impairment on assets on loss before tax and deferred tax liability in Angola
Reversal of deferred tax asset and deferred tax not recognised in Angola	(2.4)	(33.4)	33.3	Tax impact of exchange rate devaluation in Angola on the tax base of non-monetary assets and deferred tax assets not raised due to uncertainty of future taxable profit streams and law changes in Angola
Loss on disposal of Cartons Nigeria	(1.5)	-	-	
Adjusted tax rate before Zimbabwe	1.2	(13.8)	46.8	
Tax effect of Zimbabwe conversion to RTGS	-	6.3	-	Tax effects of Zimbabwe becoming a hyperinflationary economy in FY2019
Tax effect of Zimbabwe hyperinflation, exchange losses and loan receivable	1.0	-	6 441.7	Effective tax rate at half year materially impacted by impairments, Angola trading conditions and tax law change
Effective group tax rate	2.2	(7.5)	6 488.5	

GROSS PROCEEDS OF R2.0BN RECEIVED FROM SALE OF GLASS AND CARTONS

Discontinued operations

GLASS BUSINESS

R million	H1 2020	H1 2019	% Δ
Revenue	791	764	4
Trading profit	88	89	(1)
Margin (%)	11.1	11.6	
Net loss from operations	(19)	(105)	82
Net loss on disposal	(25)	–	(100)
Net loss (incl. disposal impact)	(44)	(105)	58

- › Classified as asset held for sale in March 2018. Delayed disposal due to size of deal, complexities and competition authorities approval being required
- › Transaction effective 31 March 2020 with gross proceeds of R1.57bn received on 30 March 2020
 - › To be adjusted by difference between planned and actual net working capital value at effective date and F1 rebuild
 - › Expect net R1.41bn proceeds after contractual true-ups adjustments and selling costs
- › Overall volumes limited by challenging production
- › Depreciation at Group level ceased from 1 April 2018 in accordance with IFRS 5 as carrying value of asset would primarily be recovered from disposal

PLASTICS EUROPE

R million	H1 2020	H1 2019	% Δ
Revenue	131	571	(77)
Trading (loss)/profit	(18)	(73)	75
Margin (%)	(13.7)	(12.8)	
Net loss from operations	(37)	(85)	56
Net profit on disposal	552	–	100
Net profit (incl. disposal impact)	515	(85)	>100

- › Classified as asset held for sale in September 2019
- › Disposal completed in December 2019
 - › Challenging UK dairy market impacted by vertical integration
 - › Sold for nominal amount in line with exit strategy
 - › Net liabilities of R302m disposed of inclusive of R538m (GBP25m) defined benefit fund liability
 - › Disposal costs of R128m includes 1 year contribution to pension fund, contractual true up costs and advisory fees
 - › Credit foreign currency translation reserve of R378m recycled on disposal
 - › Further operating losses avoided
 - › Capex of R600m avoided

STRONG SHORT TERM LIQUIDITY RATIOS

R3.0bn impairments

ABRIDGED STATEMENT OF FINANCIAL POSITION

R million	H1 2020	Restated H1 2019	% Δ	FY 2019
Property, plant, equipment and investment property	8 427	7 738	9	7 195
Goodwill and other intangibles	2 215	3 755	(41)	3 904
Liquid bonds and other loan receivables	192	1 572	(88)	862
Other non-current assets	131	677	(80)	451
Non-current assets	10 965	13 742	(20)	12 412
Liquid bonds and loans	270	12	>100	40
Bank balances	3 494	1 966	78	1 463
Other current assets	6 236	6 263	(1)	6 151
Current assets	10 000	8 241	21	7 654
Assets held for sale	38	2 686	(99)	2 394
Total assets	21 003	24 669	(15)	22 460
Total equity	5 875	10 738	(45)	8 210
Non-current liabilities	9 168	9 593	(4)	7 603
Current liabilities	5 960	3 746	59	5 620
Liabilities for assets held for sale	-	592	100	1 027
Total equity and liabilities	21 003	24 669	(15)	22 460

› PPE

› Capex of R407m well controlled. Weaker ZAR:USD exchange rate increased value of US dollar functional operations' PPE, offset by Angolan R0.8bn (US\$51.4m) asset impairment. Movement includes R1.4bn for IFRS16 right of use assets capitalised.

› Goodwill

› R2.2bn (US\$130.4m) Bevcan Nigeria goodwill impaired. Goodwill impacted by weaker ZAR:USD rate

› Assets held for sale and discontinued operation

› NPE disposed of effective 13 December 2019
› Glass division disposal effective 31 March 2020
› Remaining R38m relates to DivFood Botswana

› Liquid bonds

› Significant proceeds received since March 2019
› Proceeds from bonds received in full on maturity

› Bank balances

› Includes gross proceeds from Glass and Cartons Nigeria disposals

› Equity

› Adversely impacted by impairments, devaluation of Zimbabwean dollar and forex losses partially offset by net profit on disposals

› Non-current liabilities

› Increase vs 30 September 2019 due to capitalisation of IFRS 16 finance leases

› Current liabilities

› USPP US\$115m to be settled using long term facility E
› Will further strengthen short term liquidity ratios

R1.6 BILLION TRANSFERRED FROM NIGERIA AND ANGOLA

Sustained cash transfers in key markets

CASH BALANCES INCLUDING LIQUID BONDS

31 MARCH 2020

	ANGOLA	NIGERIA	SUB-TOTAL	ZIMBABWE	TOTAL
Opening cash on hand – 30 Sep 2019	R1 041m	R217m	R1 258m	R57m	R1 315m
Cash on hand	R477m	R379m	R856m	R68m	R924m
Hedged cash	R266m	–	R266m	–	R266m
% cash hedged	56%	–	31%	–	29%
Cash transferred	R842m	R794m	R1 636m	–	R1 636m
Cash transfer rate	81%	366%	130%	–	124%

31 MARCH 2019

	ANGOLA	NIGERIA	SUB-TOTAL	ZIMBABWE	TOTAL
Opening cash on hand – 30 Sep 2018	R2 307m	R300m	R2 607m	R1 190m	R3 797m
Cash on hand	R1 474m	R215m	R1 689m	R466m	R2 155m
Hedged cash	R717m	–	R717m	–	R717m
% cash hedged	49%	–	42%	–	33%
Cash transferred	R1 105m	R663m	R1 768m	R27m	R1 795m
Cash transfer rate	48%	221%	68%	2%	47%

CASH GENERATED FROM OPERATIONS UP 277% TO R667M

Net proceeds of R1.6bn on disposals boost net cash position

STATEMENT OF CASH FLOWS

R million	H1 2020	H1 2019	% Δ
Cash generated from operations before working capital changes	743	1 101	(33)
Net working capital changes	(76)	(924)	92
Cash generated from operations	667	177	>100
Net interest paid	(212)	(229)	7
Income tax paid	(86)	(69)	(25)
Net cash generated from/(utilised in) operating activities	369	(121)	>100
Cash generated from investing activities	1 763	1 248	41
Capital expenditure	(407)	(360)	(13)
Decrease in liquid bonds	518	1 461	(65)
Net proceeds on the disposal of businesses	1 599	-	100
Other investing activities	53	147	(64)
Net cash generated before financing activities	2 132	1 127	89
Cash repaid in financing activities	(449)	(235)	(91)
Net increase in cash and cash equivalents	1 683	892	89

- › Cash generated from operations before working capital impacted by weak economic conditions in key markets
- › Working capital improved as inventory levels reduced in line with lower demand, includes disposal cost accruals
- › Cash generated from operations improved >100% due to better management of working capital
- › Lower interest payments due to lower interest rates and working capital management
- › Capital expenditure well managed and impacted by lumpy capex on Angola L1 conversion
- › Maturing USD-linked Kwanza bonds augmented cash generated from investing activities
- › R1.6bn net proceeds from disposals primarily relate to Cartons Nigeria and Glass net true-up of working capital and capex adjustments as well as costs to sell
- › Increase in net cash of R1.7bn

WORKING CAPITAL INFLOW OF R848M

Continuing and discontinuing operations

CHANGES IN NET WORKING CAPITAL

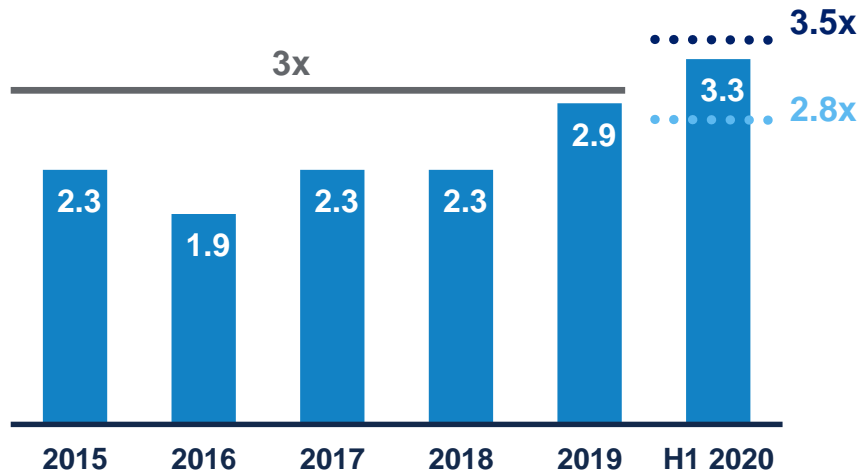
R million	H1 2020	H1 2019
Decrease/(increase) in inventories	353	(260)
Increase in trade and other receivables and other current assets	(148)	(404)
Cash inflow/(outflow) before payables	205	(664)
Decrease in trade payables and other current liabilities	(281)	(260)
Net working capital changes	(76)	(924)

- › Decrease in inventories due to active programme focused on procurement
- › Improvements in inventory holdings reduced by higher than planned inventories in Angola due to economic slow down, planned conversion of line 1 and conversion placed on hold due to weak demand and COVID-19
- › Increase in trade receivables due to a major customer changing its terms as well as weaker rand dollar exchange rate on dollar functional operations
- › Pleasing improvement in cash inflow of R205m before payable compared to cash outflow of R664m in prior period
- › Significant improvement in net working capital with R76m outflow compared to outflow of R924m in prior period
- › Focus on sales and operating plans to inform procurement decisions have yielded benefits
- › Improvements impacted by changing demand patterns and procurement lead times but good progress made

COVENANTS IMPACTED BY FOREX FLUCTUATIONS

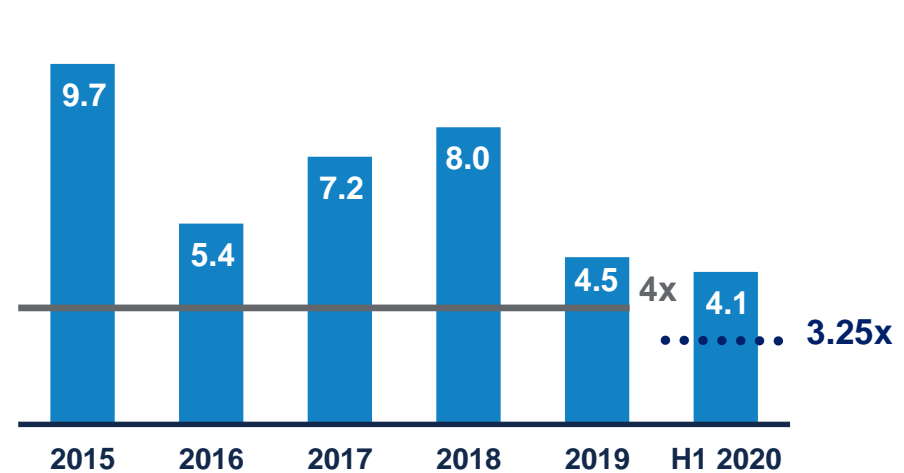
Repayment of USD-denominated debt will reduce covenant volatility

NET DEBT:EBITDA (TIMES) COVENANT LESS THAN 3.5 TIMES



- › Covenant relaxed to 3.5 times from 3.0 times for March 2020 measurement period
- › Net debt: EBITDA covenant adversely impacted by:
 - › 17% weaker ZAR/USD spot rate vs year end spot rate for USD-denominated debt
 - › Dislocation in spot R/\$ rate to R17.80 at 31 March 2020 compared to average R/\$ rate of R15.04 impacted covenant
 - › Net debt:EBITDA = 2.8x using average rate, within covenant
 - › Lower rolling 12 month EBITDA to 31 March 2020 compared to 2019
 - › Relaxed covenant alleviated impact of ZAR/USD weakness
 - › Proceeds from Cartons Nigeria and Glass disposals to be used to partially settle US denominated debt

EBITDA:INTEREST COVER (TIMES) COVENANT GREATER THAN 3.25 TIMES



- › Covenant relaxed to 3.25 times from 4.0 times for March 2020 measurement period
- › Ratio has declined due to lower EBITDA
- › Net interest paid to benefit from proceeds on disposals and lower interest rates in second half

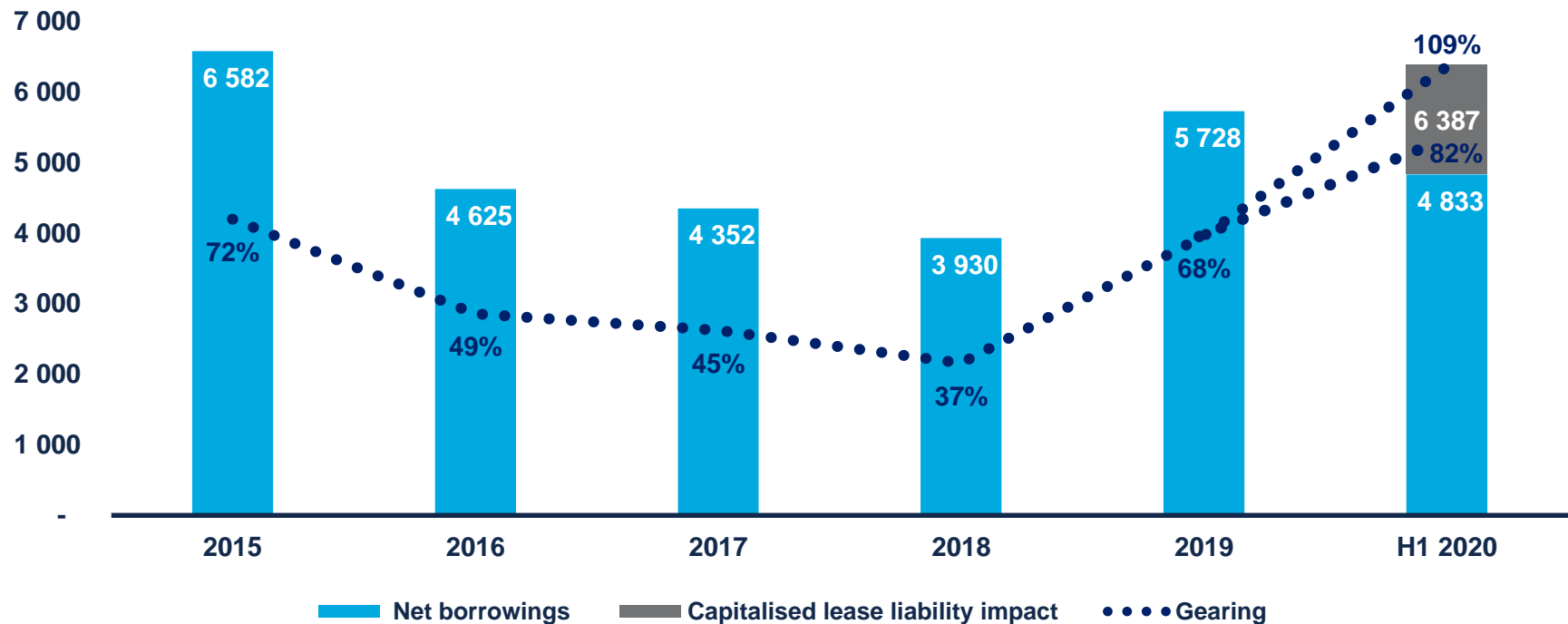
GEARING AND COVENANTS IMPACTED BY IMPAIRMENTS, IFRS 16 LEASES AND CURRENCY DEVALUATIONS

	H1 2020	H1 2019	FY 2019
Net gearing (%)			
– total net borrowings	109	41	68
– excl. capitalised finance leases	82	41	68
Net debt: EBITDA (times)	3.3	2.7	2.9
EBITDA: Net interest (times)	4.1	7.0	4.5
Current ratio			
– incl. current portion of liquid bonds	1.7	2.5	1.5
– incl. total liquid bonds	1.7	2.7	1.6
Acid test ratio			
– incl. current portion of liquid bonds	1.1	1.8	1.0
– incl. total liquid bonds	1.1	1.9	1.1

- › Total equity of R5.9 billion down 45% compared to comparative period and down 28% since Sep 2019 primarily due to R3.0bn impairments
- › Current and acid test ratios impacted by USD115m USPP debt due in May 2020 classified as short-term
 - » Settled on 28 May 2020 through use of USD-denominated long term facility E (US\$100m) with the balance of US\$15m funded from portion of the proceeds on disposal of Cartons Nigeria

GEARING IMPACTED BY IMPAIRMENTS, IFRS 16 LEASES AND CURRENCY DEVALUATIONS

NET BORROWINGS (R MILLION) AND GEARING RATIO (%)



- › IFRS 16: Leases and impairments adversely impacted gearing
 - » Reduced net equity value
- › For covenant purposes, capitalised lease liability is excluded from net interest-bearing debt

CAPITAL PROGRAMME TIGHTLY CONTROLLED

Continuing and discontinuing operations

CAPITAL EXPENDITURE AND DEPRECIATION (R MILLION)



› Capital Assurance Committee operating effectively

- › Prudent allocation of capital without compromising integrity of asset base
- › Expenditure in line with FY2020 budget albeit impacted by weaker ZAR:USD exchange rate
- › Replacement capex ~86%
- › Maintenance programmes continue to receive management attention
- › Asset base well maintained
- › Capex forecast of between R650m to R750m

› Significant projects include:

- › Conversion of Angolan tin plate line to aluminium

› Includes:

- › Glass capex – R63m
- › Plastics SA – R43m replacement capex
- › No Glass depreciation with effect from 1 April 2018 on consolidation in terms of IFRS 5

- › Impact of COVID-19 on Group interim results was not material as lockdown occurred on 27 March 2020 in South Africa
- › Nigeria and Angola adversely impacted by:
 - » Global oil price decline
 - » Pricing and volume pressure from customers
 - » Further exchange rate and liquidity volatility
 - » Uncertainty of timing and recovery of markets
 - » Resulting in impairment of Nigerian goodwill and asset impairment in Angola
- › Impact of COVID-19 on Group's solvency and liquidity position assessed through scenario planning reviews
- › Group has significant banking facilities with adequate headroom albeit use of headroom limited by declining EBITDA and weak Rand at 31 March 2020
- › Short term liquidity position boosted by proceeds from disposals
- › Active management of funding covenants with banking partners and USPP noteholders
- › Assessment of capital structure, management of working capital, restrictions on further capital expenditure and cost management are key priorities
- › Level 3 lock down allows sale of alcohol, which is expected to improve volumes
- › Strengthening trend of Rand may offer relief on translation of US denominated debt

OPERATIONAL AND CORPORATE FINANCE INITIATIVES

Multi-faceted approach under review

Review of appropriate funding and capital structure		
Portfolio optimisation review		
Utilise proceeds from disposals to reduce dollar denominated debt		
Further manage funding costs through lower on average debt levels and lower interest rates		

Corporate finance

Human resources optimisation		
Overtime	Head count optimisation	Structure reviews
Asset management		
Capex	Operational excellence	Improve quality of maintenance
Operational cost management		
Working capital management optimisation		
Demand planning	Further focus on customers and supplier terms	Trade finance

Operational initiatives

Comprehensive review of operational aspects of the business under review with positive impacts expected.

Rolling 24 months forecasts in advanced stages to inform future decision making.

Corporate finance initiatives focusing on reducing US dollar denominated debt levels, mitigating funding risks and a review on portfolio optimisation.

Scenario planning in process with focus being on long term planning.

Long term decisions will not be taken based on short-term market conditions.

Multi-faceted approach being adopted



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STRATEGIC OUTLOOK



PREVIOUS STRATEGY

Alignment required to changing market conditions



**Unlock further value
from base business**

Unlock further value from base business:

- » Defend market share
- » Offer value to customers
 - High quality products
 - Innovation
 - Competitive pricing
- » Competitive cost structure
- » Efficient operations



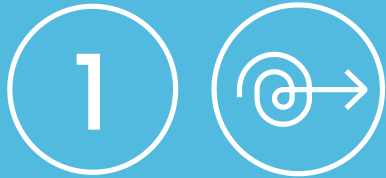
**Accelerate
Africa growth**

Accelerate Africa growth:

- » Built strong market positions in major economies
- » Good operational performance
- » Self sustaining
- » Demographical potential remains intact
- » Ready to benefit from future growth
- » No medium-term need for further investment

REVISED STRATEGIC OBJECTIVES

Lowering business risk and building trust



Simplification

- › **Portfolio rationalisation**
 - » Sustainability
 - » Non-competing market segments
 - » Market potential
 - » Risk vs. return
 - » Potential move to single substrate
- › **Reduce complexity and related risks and costs**



Optimisation

- › **Product offering and terms**
- › **Cost structures**
- › **Operational efficiency**

REVISED STRATEGIC OBJECTIVES

Lowering business risk and building trust



Alignment of funding structures

- › **Reduce USD debt**
 - » Proceeds from disposals
 - » Reduce risk and earnings volatility
- › **Strengthen balance sheets**
- › **Operations locally funded**
- › **Consolidate South African debt**



Growth through geographical diversification

- › **Slow growth in South African economy**
- › **Rest of Africa highly dependent on commodities**
- › **Need exposure to higher growth outside of Africa**
- › **Investments only to be considered once gearing levels under control**



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THANK YOU



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APPENDICES



PAN-AFRICAN PACKAGING LEADER

Strong positions – biggest beverage can producer in Africa

- › **Well established footprint in Metals, Paper and Plastics**
 - » 20 manufacturing locations in South Africa
 - » Operate in 11 African countries
 - » 16 manufacturing locations across Rest of Africa
- › **Market leader in beverage cans in South Africa (#1)**
 - » Estimated market position at 70 to 80%
 - » Strong operational excellence drive
- › **Multi-line capability, experience, flexibility for customers and established relationships**
- › **Strong history and proven resilience in challenging market conditions**
 - » Proactive measures implemented to deal with COVID-19
- › **Extensive asset base offers upside for future growth**



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CRITICAL JUDGEMENTS, KEY SOURCES OF ESTIMATION UNCERTAINTY, PRIOR PERIOD RESTATEMENTS AND ZIMBABWE HYPERINFLATION

› Critical judgements and estimation uncertainty

- › Impairment of assets
 - Bevcan Nigeria goodwill impairment
 - Bevcan Angola asset impairment
 - Market capitalisation below shareholders equity (Valuations of CGU's reviewed)
- › Zimbabwe revocation agreement
- › Deferred tax assets

› Restatement of comparatives

- › Discontinued operation
 - Nampak Plastics Europe – IFRS 5
 - Disposal effective 13 December 2019

› Prior period error

- › 2019 interim results prepared on the basis that the requirements of IAS 21: Effects of Changes in Foreign Exchange Rates paragraph 15 had been met
- › Accounted for inter-company balances between NZL and NIL as part of the group's net investment in the foreign operation
- › During September 2019 audit was determined that the requirements had not been met as a plan for repayment existed through the RBZ agreement
- › Full effects accounted for at 2019 year-end
- › Accounting at 31 March 2019 now aligned to 2019 year-end accounting with restatement of prior period to address this interpretation error

› Effects on the prior period are as follows:

- › Reduction in EPS and HEPS of 3 cents
- › Increase in NAV of 49 cents

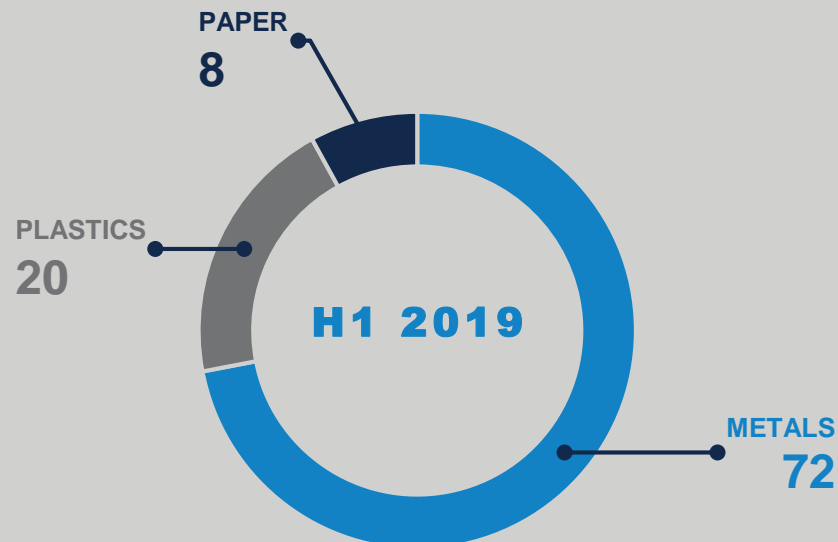
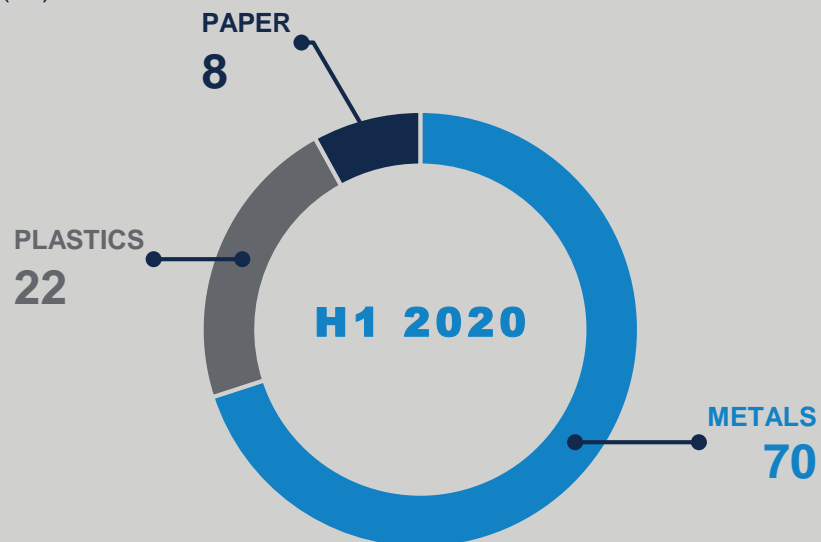
› Zimbabwe accounting

- › Under IAS 29 hyperinflation accounting results in the translation of the full Zimbabwe Group income statement on a hyperinflationary basis as well as all non-monetary items in the balance sheet
- › In addition, under hyperinflation, income statement translation is at spot rather than average
- › Conservative expected credit loss provision of 85% has been maintained on RBZ financial instrument given the financial and economic conditions facing Zimbabwe at present.
- › Net impact in period of devaluation in forex in Zimbabwe amounts to R29 million

METALS REMAINS LARGEST CONTRIBUTOR

CONTINUING OPERATIONS – REVENUE

(%)

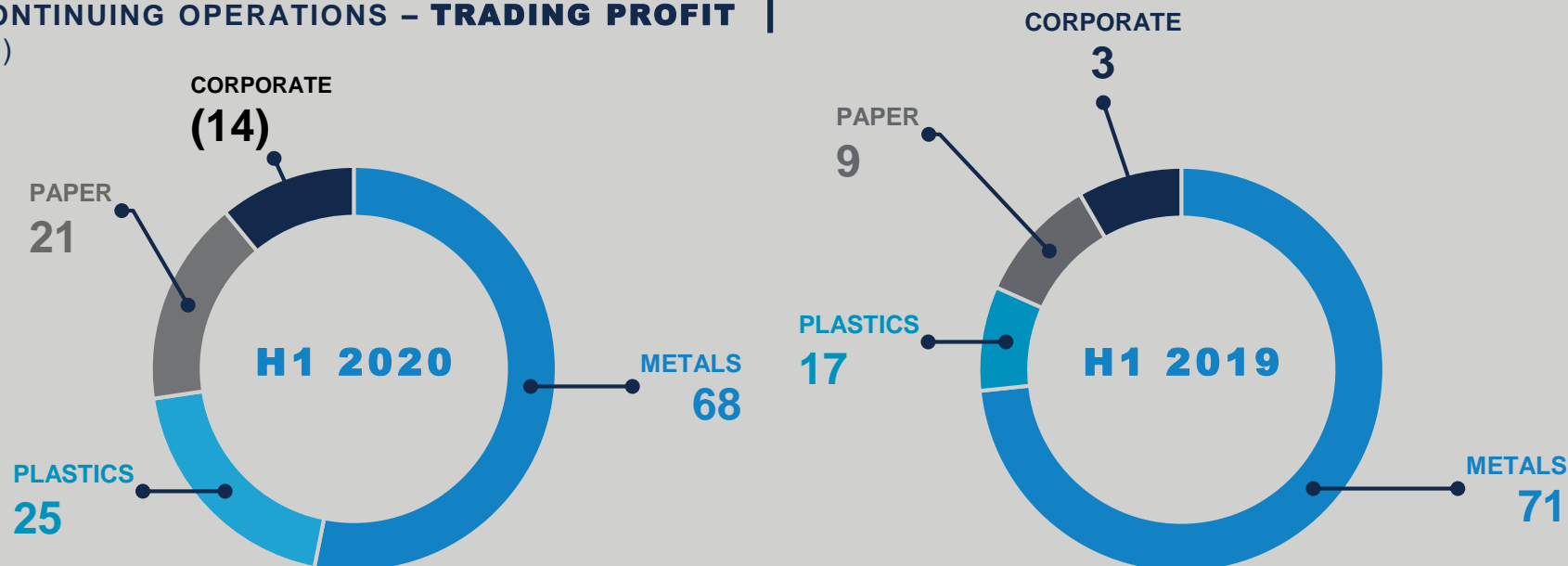


SEGMENTAL PERFORMANCE BY SUBSTRATE – REVENUE

R million	H1 2020	H1 2019	% Δ
Metal	4 553	5 698	(20)
Plastics	1 438	1 570	(8)
Paper	528	614	(14)
Continuing operations	6 519	7 882	(17)
Glass	791	764	3
Plastics Europe	131	572	(78)
Discontinued operations	922	1 336	(31)
Total	7 441	9 218	(19)

METALS REMAINS LARGEST CONTRIBUTOR

CONTINUING OPERATIONS – TRADING PROFIT (%)



SEGMENTAL PERFORMANCE BY SUBSTRATE – TRADING PROFIT

R million	H1 2020	H1 2019	% Δ
Metal	429	737	(42)
Plastics	157	174	(10)
Paper	133	94	41
Corporate services	(86)	27	(100)
Continuing operations	633	1 032	(39)
Glass	88	89	(1)
Plastics Europe	(18)	(73)	75
Discontinued operations	70	16	>100
Total	703	1 048	(33)

SEGMENTAL PERFORMANCE BY REGION – REVENUE

R million	H1 2020	H1 2019	% Δ
South Africa	4 304	5 092	(15)
Rest of Africa	2 215	2 790	(21)
Continuing operations	6 519	7 882	(17)
South Africa - Glass	791	764	3
Europe	131	572	(78)
Discontinued operations	922	1 336	(31)
Total	7 441	9 218	(19)

SEGMENTAL PERFORMANCE BY REGION – TRADING PROFIT

R million	H1 2020	H1 2019	% Δ
South Africa	232	432	(46%)
Rest of Africa	487	573	(15%)
Corporate services	(86)	27	>(100)
Continuing operations	633	1 032	(39%)
South Africa – Glass	88	89	(1)
Europe	(18)	(73)	75
Discontinued operations	70	16	>100
Total	703	1 048	(33%)

	DEAL CONCLUDED	COMMENT
DISPOSAL OF CARTON NIGERIA		Proceeds of R444m received
DISPOSAL OF NAMPAK PLASTICS EUROPE		Positive impact on balance sheet with pension fund liability reduction
DISPOSAL OF GLASS		Gross proceeds of R1.6bn received
WORKING CAPITAL MANAGEMENT		Significant improvement
NAMPAK ZIMBABWE DEBT TO NAMPAK INTERNATIONAL LIMITED SETTLED		Limits forex losses in Zimbabwe



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INVESTOR RELATIONS CONTACT DETAILS

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