



Nampak
packaging excellence



Annual Results
November 2020

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.



FY2020 overview

Salient features

FY2020 results

Loss for the period of R4.3bn primarily due to impairments of

R4.0bn

related to goodwill at Bevcn Nigeria and assets at Bevcn Angola, Plastics SA and DivFood

HEPS down to 78cps loss for continuing operations (2019: HEPS of 54cps)

HEPS down to 88cps loss for total operations (2019: headline loss of 19cps)

Net proceeds received from disposals and liquid bonds of

R2.0bn

utilised to reduce US\$-denominated debt to 66% from 75% of total debt

Weak economies, reduced economic activity in key markets due to COVID-19, competition and impact of currency devaluation in Angola

- › Turnover down 23%, R11.3bn
- › Trading profit down 56%, R682m
- › R1.1bn cash generated from operations
- › Operating loss of R283m

Group funding covenants renegotiated and complied with

- › Net debt:EBITDA – 4.94x ($\leq 5.25x$)
- › EBITDA interest cover – 2.55x ($\geq 2.25x$)
- › Covenants EBITDA of R1.1bn

Key operational successes

- › Renewal of key contracts for Bevcn SA and Bevcn Nigeria
- › Secured export contracts for Bevcn SA and Bevcn Angola late in Q4
- › Remained cash positive throughout the year

Impact of COVID-19 on FY2020 results

Reduced economic activity during lockdown greatly reduced profitability in key markets

- › Lost sales due to COVID-19 lockdowns from March 2020 to limit spread of COVID-19
- › South Africa
 - › Inclusion of no social events and
 - › Ban on production, distribution and sale of alcohol – 3 months in H2
 - › Metals
 - Bevcan – no sale of beverage cans and ends to brewers + associated products – mixers, etc.
 - DivFood – no sale of closures for wine and spirits markets, majority of diversified cans (non-essential)
 - › Plastics – no sale drums for bulk alcohol exports, reduced demand for smaller bottles
 - › Paper – no sales for conical cartons for mageu (traditional beer)
- › Nigeria – reduced sales during strict lockdown, no social events
- › Angola – exacerbated impact of currency devaluation, no exports due to closed borders
- › Zimbabwe – mixed impact, certain sectors benefited due to lack of imports, results worsened by hyperinflation

Our response to limit the impact of COVID-19



Salary sacrifices

Sliding scale 30% executives to 15% for junior management, no salary increases



Nimble decision making

Uncertain demand
Managing quicker/faster and more frequently

Unutilised staff on annual leave – reduced leave pay provision



Increased scrutiny of all expenditure



Uncertainty on extent of COVID-19 impact

Significant impact on H2 and FY20 results

Likely impact on FY21 demand



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



Rightsizing of operations in line with reduced demand



Capital expenditure freeze, only committed capex to go ahead

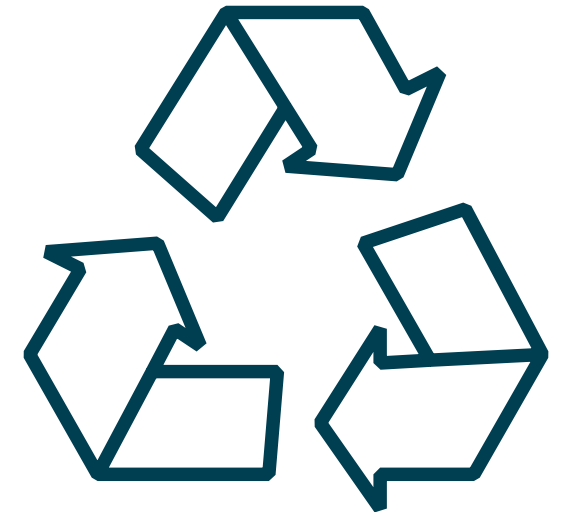


Exploiting opportunities and exports to improve profitability

Our response to limit the impact of COVID-19

Export opportunities to service current global capacity shortages

- › Global shortage of beverage cans – Europe, South and North America
- › Driven by:
 - » Increased demand for more sustainable packaging
 - Negative sentiment towards single-use plastics
 - » Changing consumer pattern shifts during COVID-19 lockdown periods
 - Higher home consumption of single packs
 - Fewer social events
 - » Higher can pack share in these markets
 - » High growth of new products introduced in various markets – water and wine in cans
 - » Capacity shortages
 - Current demand outstrips supply
 - Additional capacity only available in 12-18 months
- › Opportunity for Nampak:
 - » Two significant contracts secured – mainly for FY21
 - » Bevcan SA and Bevcan Angola plants to benefit
 - » Fill gap of reduced local demand due to COVID-19
 - » Contribute to earnings in FY21 and possibly FY22





Operational review

Group revenue 2020 continuing operations

Metals



Revenue

R7 853m

down 28%

Trading profit

R421m

down 70%

Plastics



Revenue

R2 479m

down 6%

Trading profit

R143m

down 27%

Paper



Revenue

R946m

down 10%

Trading profit

R158m

down 1%

Metals SA pulled back by weak trading and lockdown restrictions

Bevcan SA successfully defended strong market share



METALS

R million	2020	2019	% Δ
Revenue	7 853	10 943	(28)
Trading profit	421	1 380	(70)
Margin (%)	5.4	12.6	

SOUTH AFRICA

Bevcan SA

- › Defending strong market share
 - » Successfully renewed a large supply agreement for three years with allocation of 85% (previously 100%)
- › Reduced volume resulted in reduced profitability
 - » Lost sales due to alcohol ban and lack of social events
 - » Lost contribution resulted in halved profits
- › Sizable export contract from FY21
 - » Almost all spare capacity sold-out for the next year
 - » Additional contribution

DivFood

- › Significant loss due to reduced demand
 - » Loss of key customer in prior year
 - » COVID-19 impact on diversified cans
 - Deemed non-essential goods
 - Unable to manufacture
 - » Weaker demand for food cans
 - Lower fish and meat can volumes
 - » Limited sales of metal closures
 - Lost sales during alcohol bans
- › Restructuring to reduce cost structures and return to profitability
 - » Phase two underway for completion in FY21
 - » R92m restructuring costs
- › R224m impairments
 - » Including goodwill of R37m

Metals RoA: Nigeria trading promising, depressed demand in Angola

R3.4bn impairments recognised in Angola and Nigeria

METALS continued

R million	2020	2019	% Δ
Revenue	7 853	10 943	(28)
Trading profit	421	1 380	(70)
Margin (%)	5.4	12.6	

REST OF AFRICA

Bevcan Nigeria

- › Good performance, despite tough operating environment
- › Volumes impacted by lockdown restrictions
- › Strong recovery from Aug 2020 onwards
- › Stable 330ml market share
 - › Secured a multi-year supply agreement with a major customer for a 100% volume allocation (previously ~50%)
 - › Volumes declined over the lockdown period
 - › Demand recovering faster than other territories
- › Liquidity sustained, R1.3bn transferred
- › R2.2bn (US\$130.4m) goodwill impairment
 - › Slower economic growth, higher WACC and revised forecasts

Bevcan Angola

- › Kwana devaluation significantly impacted demand
 - › Depressed consumer demand due to lagging wage inflation
 - › Reduced fixed cost structure - ~60% lower head count, breakeven profitability in 2020
 - › R1.2bn (US\$69.8m) asset impairment
 - › Volume trends positive since July 2020
- › Good liquidity, R1.1bn transferred
 - › Kwana bonds provided shield of >R2bn against Kwana devaluation to date
 - › No further such bonds being issued by Angolan Government
- › Sizable export contract for FY21
 - › Requires completion of conversion of line 1 from steel to aluminium
 - › Improve utilisation of plant, margin contribution

General metals packaging

- › Nigeria recovered in Q4, weak trading in Kenya, improved profitability in Tanzania

Plastics resilient, but limited by lockdown restrictions

Reduced profitability in the Rest of Africa

PLASTICS

R million	2020	2019	% Δ
Revenue	2 479	2 645	(6)
Trading profit	143	197	(27)
Margin (%)	5.8	7.4	

REST OF AFRICA

- › Good operational performance, despite challenging economic conditions in Zimbabwe
- › Continued to self-fund operational and capital requirements
 - » Generated cash is reinvested into operations and equipment

SOUTH AFRICA

- › Revenue and trading profit down
 - » Plastics SA
 - R424m asset impairment
 - Decline in demand during lockdown pulled back annual results
 - Improved profitability in H1, H2 impacted by COVID-19
 - Small trading loss for the year
 - Significantly improved trading margins
 - Improved fixed cost base from site consolidations
 - » Cartons results limited by COVID-19
 - Lost sales in H2 due to alcohol ban
 - Product launches were hampered by travel restrictions
- › JV with Elopak to grow footprint of gable top cartons in SSA
 - » Fresh and aseptic beverage markets

Paper in RoA improved profitability despite lockdown restrictions

PAPER

R million	2020	2019	% Δ
Revenue	946	1 054	(10)
Trading profit	158	160	(1)
Margin (%)	16.7	15.2	

⁽¹⁾ Cartons Nigeria sold, only included for 3 months.

Zambia and Malawi

- › Lockdown materially reduced carton demand in Zambia
- › Stable demand in Malawi
- › Improved profitability
 - » Improved fixed cost base from previous restructuring initiatives

Zimbabwe Hunyani

- › Higher sales and improved profitability
 - » Benefited from reduced imports for tobacco cases due to lockdown
 - » Cash generative, self funding
- › Challenging operating environment
 - » Liquidity remains challenging, only R9m transferred
 - » Produce to extent able to source raw materials



Financial review

Results summary

Continuing operations

Group revenue down 23%

R11.3bn

impacted by significantly lower demand in Angola, weak trading conditions and reduced economic activity resulting from COVID-19 lockdown periods in key markets and disposal of Cartons Nigeria

Trading profit down 56% to

R682m

primarily due to softer demand in Angola, the impact of COVID-19 and a loss made by DivFood

Operating loss of

R283m

adversely impacted by the impact of COVID-19, weak economies, foreign exchange losses, loss on disposal of businesses and retrenchment and restructuring costs

Cash generation from total operations stable at

R1.1bn

with cash flows from operations of R415 million up 57% primarily due to strong working capital management and lower taxes paid

Net proceeds received from disposals and liquid bonds

R2.0bn

primarily used to reduce USD-denominated debt from 75% to 66% of total debt

Cash transferred from Angola and Nigeria of

R2.4bn

pleasing, with good liquidity, 92% of cash hedged in Angola and 29% in Nigeria

Results summary continued

Headline loss from continuing operations of R500m (2019: headline earnings of R349m)

Headline loss from total operations of R565m (2019: headline loss of R125m)

Headline loss per share from continuing operations of 77.6 cents (2019: HEPS 54.1 cents)

Headline loss per share from total operations of 87.7 cents (2019: headline loss per share 19.4 cents)

Loss per share from continuing operations of 594.9 cents compared to earnings per share of 42.2 cents in prior year

Loss per share from total operations of 537.7 cents compared to loss per share of 132.1 cents in prior year (after R4.0bn impairments)

Net impairments of

R4.0bn

- › Nigeria goodwill of R2.2bn
- › Angola assets of R1.2bn
- › Plastics SA assets of R424m
- › DivFood assets and goodwill of R224m

Net working capital inflow of

R367m

resulted from improved working capital management, swiftly addressing changes in demand compared to outflow of R705m in prior year

Group funding covenants renegotiated and complied with

- › Net debt:EBITDA – 4.94x (≤5.25x)
- › EBITDA interest cover – 2.55x (≥2.25x)

Improvement in **short-term liquidity** and **adequate facilities**

Limited consumer spending, COVID-19 and impairments adversely impacted 2020 results

Statement of comprehensive income

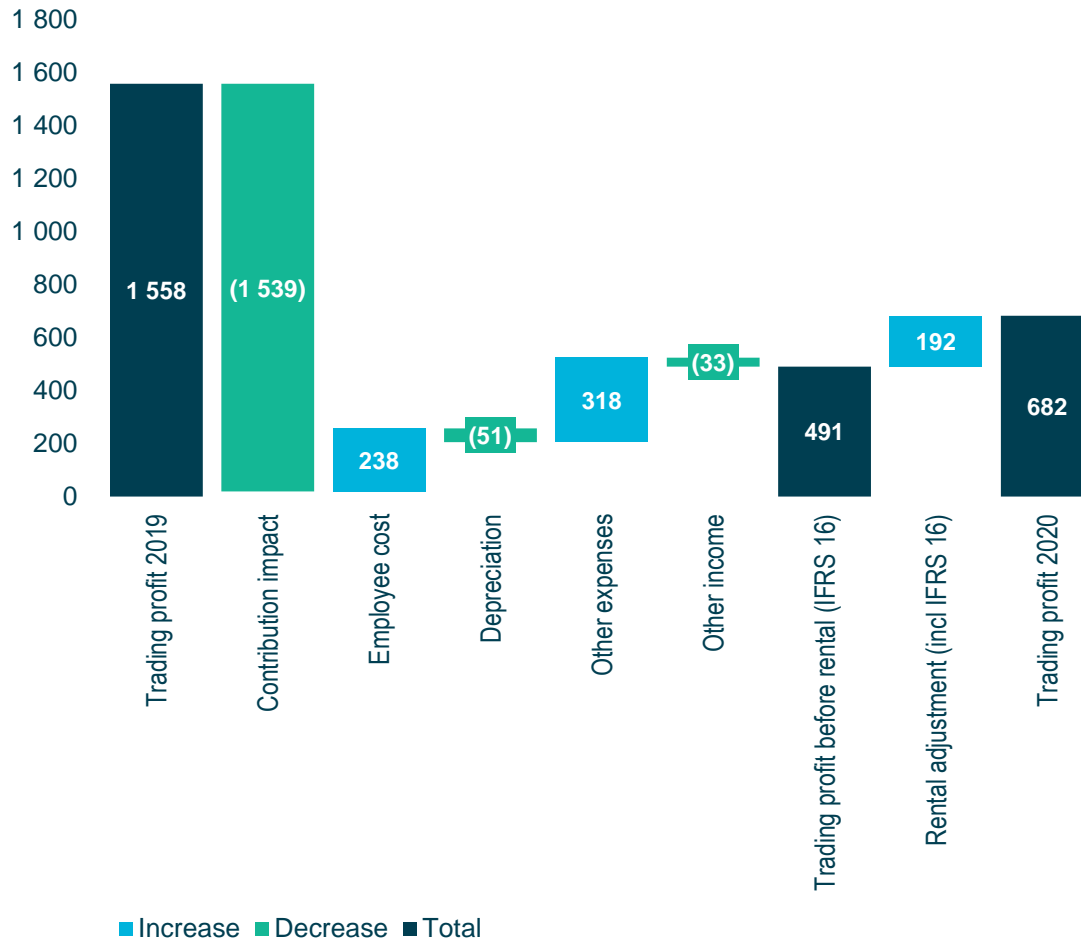
R million	2020	2019	% Δ
Revenue	11 278	14 642	(23)
Trading profit	682	1 558	(56)
Capital and other non-trading items	(701)	(119)	(>100)
Operating (loss)/profit before Zimbabwe devaluation	(19)	1 439	(>100)
Net impact of devaluation in Zimbabwe	(264)	(1 037)	
Operating (loss)/profit	(283)	402	(>100)
Net finance costs	(448)	(246)	(82)
Share of net profit from associates and joint venture	1	(1)	>100
(Loss)/profit before net impairments	(730)	154	(>100)
Net impairments	(4 020)	(148)	(>100)
(Loss)/profit before tax	(4 750)	6	(>100)
Income tax benefit/(expense)	401	(396)	>100
(Loss) for the year from continuing operations	(4 349)	(390)	(>100)
Profit/(loss) for the year from discontinued operations	369	(1 124)	>100
Loss for the year from total operations	(3 980)	(1 514)	(>100)
<i>Continuing operations:</i>			
(Loss)/earnings per share (cents)	(594.9)	42.2	(>100)
Headline (loss)/earnings per share (cents)	(77.6)	54.1	(>100)
<i>Discontinued operations:</i>			
Loss per share (cents)	(537.7)	(132.1)	(>100)
Headline loss share (cents)	(87.7)	(19.4)	(>100)

- › Revenue down due to economic downturn in key markets, adverse impacts of the COVID-19 pandemic in H2, subdued consumer spending in Angola
- › Trading profit adversely affected by COVID-19 in various markets. Impacted by alcohol ban and impact of lockdown on the hospitality industry in South Africa, significantly reduced demand in Angola due to the kwanza devaluation and reduced economic activity in other key markets in H2
- › Capital and other non-trading items include forex losses of R324m from Angola and Nigeria, retrenchment and restructuring costs of R135m, a net loss of R141m on the disposal of businesses and a R136m loss on restructuring of financial liabilities, partially offset by insurance proceeds of R83m
- › Net impact of devaluation in Zimbabwe significantly reduced due to revocation agreement and derecognition of NZL USD liability to NIL. RBZ to settle NIL directly. Adverse adjustment relates primarily to monetary adjustment for hyperinflation
- › Net finance costs includes R129m related to the first-time adoption of IFRS16 for leased assets and liabilities. Excluding IFRS 16, interest paid up 5%. Interest received down 41% due to reduced interest earned on US dollar linked kwanza bonds. Glass proceeds only received on 30 March 2020. On average higher debt given reduced profitability
- › Net impairments comprise of R2.2bn goodwill impairment in Nigeria, asset write-down of R1.2bn in Angola, R424m for Plastics SA and R224m for DivFood
- › Capital items are excluded from headline loss of 77.6c
- › Net profit from discontinued operations primarily relates to disposal of Nampak Plastics Europe and includes disposal of net liabilities and recycling of FCTR on disposal

FY20 results in perspective

COVID-19 impacts on trading levels, significantly impacts profitability

Trading profit source of change (Rm)



- › Turnover down by R3.4bn
- › Reduced volumes due to weak economies and COVID-19 adversely impact profitability
- › Salary sacrifices and reduced overtime benefit employee costs
- › IFRS 16 rental impacts/rental reductions R192m
- › Capital and other items excluded from trading profit
 - › Net loss on disposals R141m
 - › Insurance proceeds R 83m
 - › Forex losses in Angola and Nigeria R324m
 - › Retrenchments and restructuring costs R135m
 - › Loss on restructuring financial liabilities R136m
- › Potential insurance claim of R228m not accounted for as not yet certain
- › Good control over manageable costs

ZAR:USD weakness impacts rand debt and gearing, significant weakening in kwanza and ZWL impact earnings

Major foreign exchange rates

	Average rates			Closing rates		
	2020	2019	% Δ	2020	2019	% Δ
ZAR/USD	16.24	14.35	(13)	16.69	15.17	(10)
NGN/USD	375.15	361.55	(4)	381.75	362.04	(5)
AOA/USD	549.67	333.94	(65)	640.10	389.49	(64)
ZWL/USD ⁽¹⁾	36.76	5.01	(>100)	81.44	15.20	(>100)
ZAR/GBP	20.68	18.30	(13)	21.55	18.65	(16)
ZAR/EUR	18.19	16.18	(12)	19.56	16.54	(18)

⁽¹⁾ ZWL average rate not applicable as results translated at year-end spot rate

- › Impact in South African rand on results:
 - » Income statement translated at average rates, balance sheet at closing rate
 - » Earnings benefited from weaker ZAR:USD rates
 - » Covenants and gearing – USD-denominated debt translation negatively impacted by 10% weaker ZAR/USD closing rate
- › Angolan kwanza closing rate devalued by 64%
 - » Forex loss of R186m on unhedged monetary items
- › Nigeria
 - » Forex loss of R138m
- › Zimbabwean dollar devalued by 436%
 - » Impacting US dollar availability, pricing and consumer demand
 - » Disconnection between hyperinflation rate and currency devaluation significantly impacted results

Zimbabwe – net impact of devaluation and hyperinflation

	2020	2019
Net foreign exchange losses in Zimbabwe operations	(82)	(1 945)
Monetary adjustment for hyperinflation	(182)	832
Gain on recognition of Reserve Bank of Zimbabwe financial instrument	–	795
Expected credit loss provision on Reserve Bank of Zimbabwe financial instrument	–	(719)
Net impact of devaluation in Zimbabwe	(264)	(1 037)

- › Accounting and consolidation principles
 - › Translate foreign currency assets and liabilities to ZWL then hyperinflate
 - › Spot translate income statement at final closing rate at year-end on consolidation
- › In prior year, agreement reached with RBZ in terms of which RBZ undertook to settle legacy debt on 1:1 basis to USD
- › Financial asset recognised with expected credit loss provision of 85% raised
- › Nampak Zimbabwe Limited (NZL) balance sheet restructured in current year:
 - › Revocation agreement entered into between Nampak International Limited (“NIL”) and NZL in March 2020
 - › NIL waived its rights under the recourse agreement
 - › Resulted in de-recognition of RBZ financial asset in NZL and full settlement of US\$67m liability to NIL
 - › Agreement between RBZ, NZL and NIL allows settlement of legacy US\$67m owed by RBZ to NZL directly to NIL
 - › Transaction removed US dollar denominated liability from NZL ZWL functional currency accounts
 - › Significantly reducing the net foreign exchange losses
 - › Future foreign exchange losses on intragroup legacy US\$ debt will be avoided

Zimbabwe – net impact of devaluation

Zimbabwe inflation vs exchange rate



- › Trading results impacted by:
 - › Translation of income statement at year-end spot given hyperinflationary economy
 - › 436% devaluation of ZWL/USD to 81.44 at 30 September 2020 compared to 15.20 in prior year
 - › Effectively translating Zimbabwe earnings at 20% of prior year rate
 - › Net foreign exchange losses of R55m significantly down, primarily relates to external US dollar denominated liabilities
 - › Monetary adjustment for hyperinflation resulted in a loss of R182m
 - › The expected credit loss provision on the RBZ receivable was maintained at 85%
- › Further impacts will be limited to monetary adjustments for hyperinflation
 - › Derived from the income statement and non-monetary items in the balance sheet
- › The inflation index moved from 290.4% to 2 205.2% from 30 September 2019 to 30 September 2020 representing an inflation rate of 659% for the year
- › Exchange differences on translation and hyperinflation effects of Zimbabwe operation of R593m
 - › Accounted for in other comprehensive income
 - › Primarily relate to translation of NZL equity at 30 September 2019 to closing spot rate at 30 September 2020
 - › Adversely impacts group equity and gearing

Net proceeds of R1.6bn received from disposals

Net profit of R369m from discontinued operations

Glass division

R million	2020	2019	% Δ
Revenue	791	1 518	(48)
Trading profit	70	142	51
Margin (%)	8.8	9.4	
Net loss from operations	(46)	(471)	90
Net loss on disposal	(100)	–	
Net loss for the year (incl. disposal impact)	(146)	(471)	68

- › 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
 - › Adjusted by difference between planned and actual net working capital value at effective date and F1 rebuild
 - › Net R1.41bn proceeds after contractual true-ups adjustments and selling costs

Plastics Europe

R million	2020	2019	% Δ
Revenue	131	974	(87)
Trading loss	(14)	(191)	93
Margin (%)	(10.7)	(19.6)	
Net loss from operations	(32)	(653)	95
Net profit on disposal	547	–	
Net profit/(loss) for the year (incl. disposal impact)	515	(653)	>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

US dollar debt exposure reduced

Abridged statement of financial position

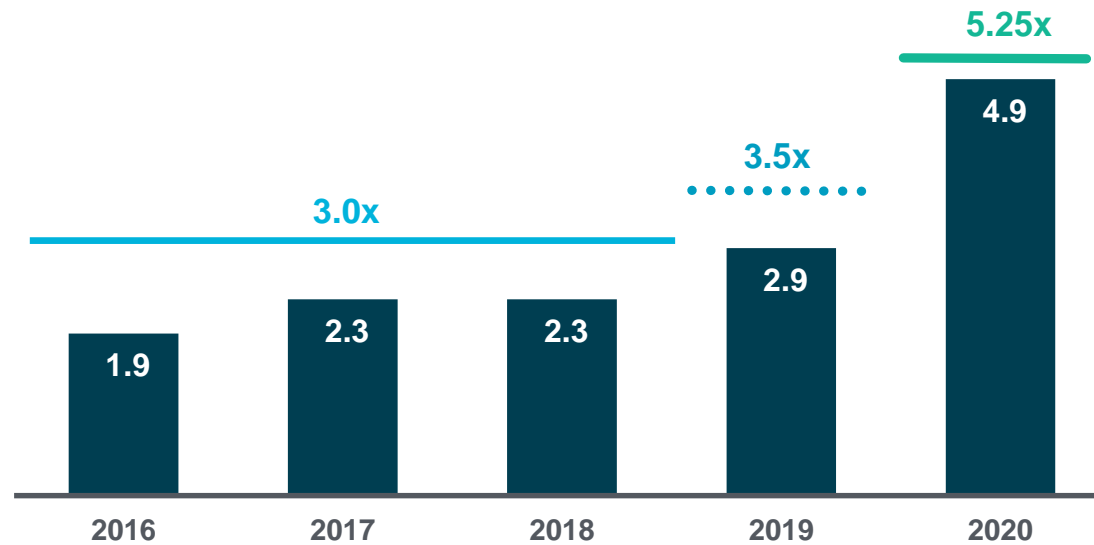
R million	2020	2019	% Δ
Property, plant, equipment and investment property	5 906	7 195	(18)
Goodwill	1 878	3 735	(50)
Other intangible assets	164	169	(3)
Right of use assets	881	–	100
Liquid bonds and other loan receivables	140	862	(84)
Other non-current assets	403	451	(11)
Non-current assets	9 372	12 412	(24)
Liquid bonds and loans	359	40	>100
Bank balances	1 529	1 463	5
Other current assets	4 841	6 150	(21)
Current assets	6 729	7 653	(11)
Assets held for sale	93	2 394	(96)
Total assets	16 194	22 460	(28)
Total equity	4 214	8 210	(49)
Secured loans	5 755	6 133	6
Lease liabilities	1 291	–	(100)
Other non-current liabilities	1 033	1 470	30
Non-current liabilities	8 079	7 603	(6)
Current liabilities	3 901	5 620	(31)
Liabilities for assets held for sale	–	1 027	(100)
Total equity and liabilities	16 194	22 460	(28)

- › **PPE:** Reduced due to asset write-downs of R1.2bn in Angola, DivFood R131m and Plastics SA R270m
- › **Goodwill:** Bevcan Nigeria goodwill impaired by R2.2bn (US\$130.4m), DivFood R37m, other movements are from ZAR:USD movements
- › **Right of use assets:** Recognition of assets related to adoption of *IFRS16 Leases* in FY20 net of DivFood and Plastics SA impairments of R56m and R153m respectively
- › **Liquid bonds:** Proceeds from bonds traded and matured bonds
- › **Equity:** Adversely impacted by impairments, operating loss, devaluation of Zimbabwean dollar and forex losses
- › **Gearing of 149% up from 68%** (excluding *IFRS16* 115%) adversely impacted by trading losses and impairments
- › **Lease liabilities:** Recognition of liabilities related to adoption of *IFRS16 Leases* in FY20. Higher than right of use asset primarily due to impairments
- › **Secured loans and current liabilities:**
 - › Unutilised long-term Facility E used to settle USPP funders on 28 May 2020, thereby reducing current liabilities by equivalent of R1.7bn at FY19 closing rate of R15.17/USD1 (for comparative purposes)
 - › 10% weaker rand adversely impacts net debt
 - › R1bn mandatory repayment of funding by 30 September 2021 included in current liabilities
- › **Short term liquidity ratios improved**
 - › Adversely impacted by inclusion of R1bn debt repayment on 30 September 2020 to be funded from asset disposal not yet classified as assets held for sale

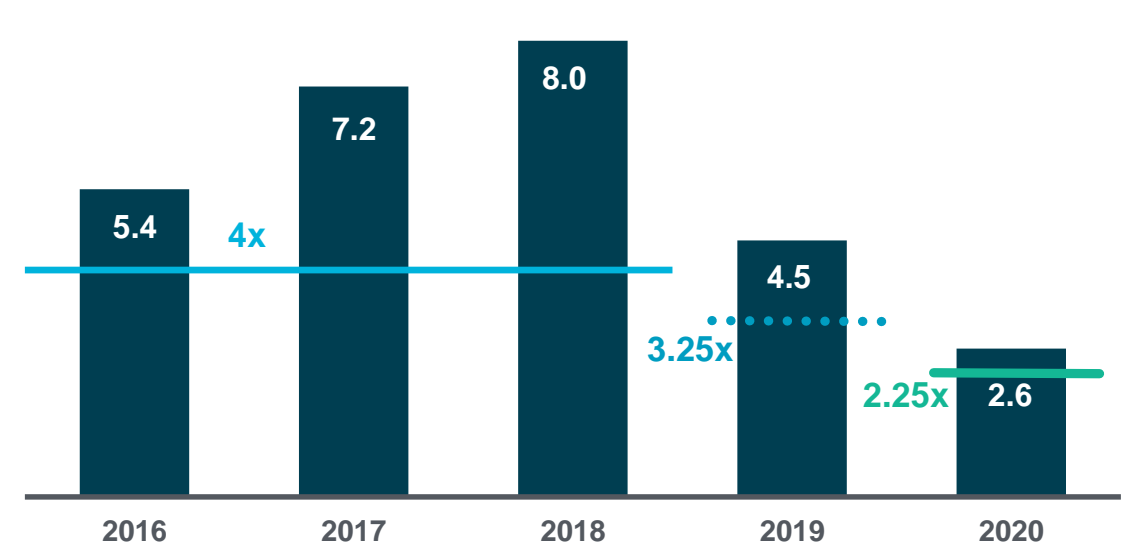
Covenants significantly impacted by COVID-19

Successfully renegotiated and complied with

Net debt: EBITDA (times)
Covenant less than 5.25 times



EBITDA: Interest cover (times)
Covenant greater than 2.25 times



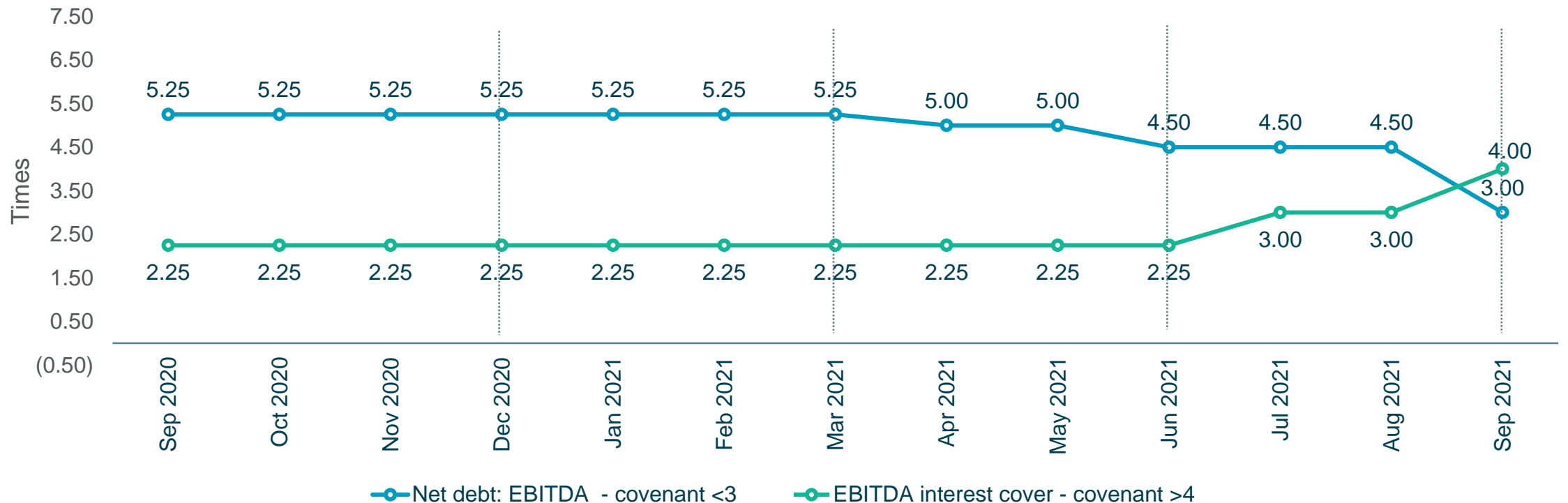
- › Covenant relaxed to 5.25 times from 3.5 times for FY20
- › Net debt: EBITDA covenant :
 - › IFRS 16 lease liabilities excluded from net debt and EBITDA adjusted for actual lease payments
 - › 10% weaker year end closing rate for USD-denominated adversely impacted rand translated debt vs FY19
 - › Lower rolling 12 month EBITDA for FY20 primarily due to COVID-19 compared to FY19
 - › Relaxed covenant alleviated impact of ZAR/USD weakness, COVID-19 effects and weaker trading

- › Covenant relaxed to 2.25 times from 4.0 times for FY20
- › Ratio has declined due to lower EBITDA and higher interest due to lower interest received on US dollar linked kwanza bond
- › Net interest paid excludes IFRS16 impacts

FY21 covenants

Covenants levels for FY2021 accommodate impacts of COVID-19

- › EBITDA based on rolling 12 months
- › Impacts of lockdowns due to COVID-19 will reduce from April 2021 in computation
- › Covenants will be measured on a quarterly basis for the duration of 2021
- › Internal budgets indicate return to historic covenant levels by 30 September 2021 without disposals
- › Asset disposals to reduce debt and benefit covenants



Deleveraging milestones

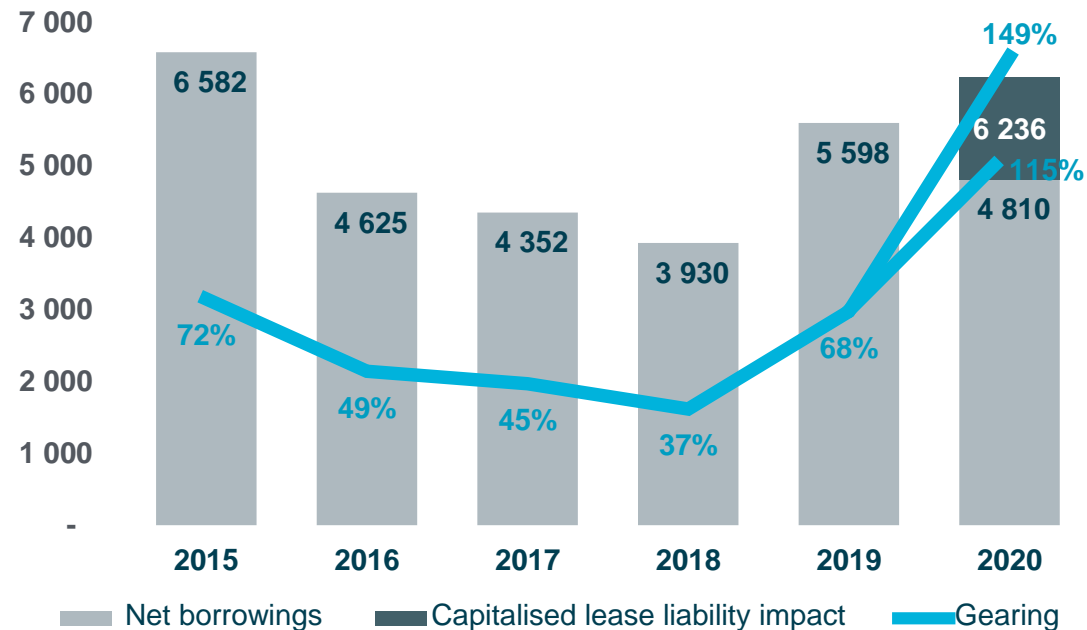
Clear plan targeted at deleveraging the Group by 30 September 2021

Milestone	Deliverable	Due date	Progress
1	Appoint independent advisor to perform valuation of potential business disposals	15 Oct 2020	✓
2	Completion of independent valuation	30 Oct 2020	✓
3	Receipt of non-binding offers for business disposals	1 Dec 2020	✓
4	Receipt of binding offers for business disposals	31 Mar 2021	
5	Delivery of duly executed sale and purchase agreement for each potential business disposal	30 Jun 2021	
6	Permanent repayment of senior financial indebtedness by not less than R1bn	30 Sep 2021	

- › Milestones 1 and 2 adhered to
- › In the event of non-compliance with the business disposal milestone 3, 4 or 5, Nampak required to publicly announce its intention to implement a rights offer/capital raise
- › If a capital raise is to be implemented in this manner Nampak will be required to launch a capital raise by either 28 February 2021, 13 August 2021 or 31 August 2021 if the respective milestones 3 or 4 or 5 are not met
- › Non-binding offers in excess of R1 billion received by 30 November 2020 – milestone 3 complied with

Gearing and debt covenants impacted by impairments, IFRS16 adoption but USD debt reduced

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



	2020	2019
Net gearing (%)		
– total net borrowings	149	68
– excl. capitalised finance leases	115	68
Net debt: EBITDA (times) – debt covenant	4.9	2.9
EBITDA: Net interest (times) – debt covenant	2.6	4.5

- › Proceeds on disposals used to reduce net borrowings to R4.8bn from R5.6bn
- › Gearing adversely impacted by:
 - » Impairments of R4.0bn reducing total equity by 49% to R4.2bn
 - » IFRS 16 first time adoption required recognition of R1.4bn lease liabilities materially increasing total gearing
 - » 10% weaker rand/US dollar exchange rate at year-end
 - » 64% weaker kwanza
- › R1.4bn (US\$61m) proceeds from Glass and R0.4bn from Cartons Nigeria utilised to settle USD debt
- › USD debt proportion reduced to 43% of net debt after year-end utilising Rand based facility
- › Renegotiated covenants complied with

Short-term liquidity sound

Impacted by R1bn mandatory debt repayment disclosed as short term

	2020	2019
Current ratio		
– incl. current portion of liquid bonds	1.7	1.5
– incl. total liquid bonds	1.7	1.6
– pro-forma excl. short term interest bearing debt	2.3	1.6
Acid test ratio		
– incl. current portion of liquid bonds	1.0	1.0
– incl. total liquid bonds	1.0	1.1
– pro-forma excl. short term interest bearing debt	1.4	1.1

› Current and acid test ratios:

- › Adversely impacted classification of R1bn mandatory debt repayment by 30 September 2021 as a current liabilities
- › Positively impacted by settlement of US\$115m USPP funding with previously unutilised long term facility E
- › IFRS 5 conditions not yet complied with for potential disposals
- › Hence, mismatch at year-end as long term assets and liabilities associated with potential disposals not yet classified as assets/ liabilities held for sale
- › The proceeds from these disposals will be utilised to settle R1bn mandatory repayment

› Pro-forma current and acid test ratios:

- › Excluding R1bn mandatory debt repayment are 2.3 times and 1.4 times respectively
- › Good short term liquidity

R2.4 billion transferred from Nigeria and Angola

Cash transfers in key markets impacted by lower trading levels

Cash balances including liquid bonds

30 September 2020

R million	Angola ⁽¹⁾	Nigeria ⁽¹⁾	Sub-total	Zimbabwe ⁽²⁾	Total
Opening cash on hand – 30 Sep 2019	1 041	217	1 258	57	1 315
Cash on hand – 30 Sep 2020	335	294	629	62	691
Net movement for the year	706	(77)	629	(5)	624
Hedged cash	307	84	391	–	391
% cash hedged	92%	29%	62%	–	57%
Cash transferred	1 099	1 255	2 354	9	2 363

30 September 2019

R million	Angola ⁽¹⁾	Nigeria ⁽¹⁾	Sub-total	Zimbabwe ⁽²⁾	Total
Opening cash on hand – 30 Sep 2018	2 307	300	2 607	1 190	3 797
Cash on hand – 30 Sep 2019	1 041	217	1 258	57	1 315
Net movement for the year	1 266	83	1 349	1 133	2 482
Hedged cash	742	–	742	–	742
% cash hedged	71%	–	59%	–	56%
Cash transferred	1 747	1 458	3 205	43	3 248

⁽¹⁾ US dollar availability in Angola and Nigeria slowed in H2

⁽²⁾ No further funding provided to Zimbabwe since April 2018. Operations are self-funding

Cash generated from operations stable at R1.1bn

Cash generated from operating activities up 57%

Statement of cash flows

R million	2020	2019	% Δ
Cash generated from operations before working capital changes	720	1 847	(61)
Net working capital inflow/(outflow)	367	(705)	>100
Cash generated from operations	1 087	1 141	(4)
Net interest paid	(552)	(506)	(9)
Retirement benefits, contributions and settlements	(78)	(143)	45
Income tax paid	(42)	(228)	82
Cash generated from operating activities	415	264	57
Cash flows from investing activities	1 413	833	70
Capital expenditure	(666)	(735)	9
Disposal of property, plant, equipment and investments	52	145	(64)
Net proceeds on the disposal of businesses	1 568	–	100
Decrease in liquid bonds	457	1 469	(69)
Decrease/(increase) in other non-current financial assets	2	(46)	>100
Net cash generated before financing activities	1 828	1 097	67
Cash repaid in financing activities	(1 817)	(564)	(>100)
Net increase in cash and cash equivalents	11	533	(97)
Net cash and cash equivalents at beginning of year	1 358	1 837	(26)
Translation of cash in foreign subsidiaries	31	(1 011)	>100
Cash and cash equivalents at end of year	1 400	1 358	3

- › Cash generated from operations before working capital down 61% due to COVID-19 impacts on trading levels, alcohol ban and weaker economic conditions in key markets
- › R367m net working capital inflow due to active management of working capital levels to cater for lower demand
- › Cash generated from operations of R1.1bn maintained
- › Lower taxes paid due to lower profitability
- › Cash generated from operating activities up 57% assisted by working capital swing
- › Capital expenditure well managed and reduced by 9% including lumpy capex for Angola line conversion of R213m
- › Debt reduced by R1.8bn, using proceeds from disposals and liquid bonds
- › Cash and cash equivalents stable at year end

Working capital well managed

Continuing and discontinuing operations

Changes in working capital

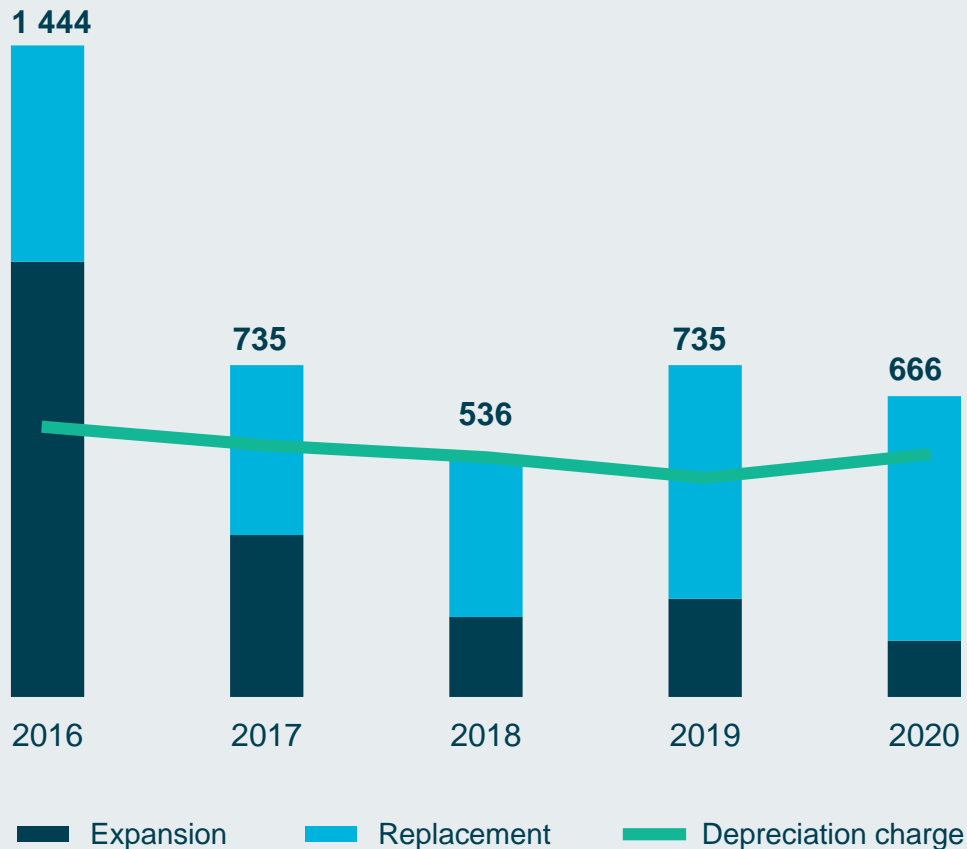
R million	2020	2019
Decrease/(increase) in inventories	570	(384)
Decrease/(increase) in trade and other receivables and other current assets	590	(158)
Cash inflow/(outflow) before payables	1 160	(542)
Decrease in trade payables and other current liabilities	(793)	(163)
Net working capital inflow/(outflow)	367	(705)

- › Decrease in inventories due to active programme focused on reducing inventory in line with demand given impacts of COVID-19
- › Decrease in trade receivables due to significant reduction in revenue
- › Pleasing improvement in cash inflow of R1.1bn before payable compared to cash outflow of R542m in prior year
- › Reduction in trade payables due to lower procurement levels compared to prior year
- › Significant improvement in net working capital with R367m inflow compared to outflow of R705m in prior year
- › Focus on sales and operating plans to inform procurement decisions have yielded benefits

Capital programme tightly controlled

Continuing and discontinued operations

Capital expenditure and depreciation



- › Capital Assurance Committee continued to be effective
- › Prudent allocation of capital without compromising integrity of asset base
- › Significant capex of R213m related to tin plate line conversion to aluminium in Angola
- › Capex of R451m excluding Angolan line conversion
- › Replacement capex ~81%
- › No major single capex spends in FY20 or foreseeable future
- › Future capex planned to be significantly lower than FY20



Strategic review

Strategic review

- › Key objectives from previous strategy:
 - » Unlock further value from base business
 - » Accelerate African growth

- › More recently, the African growth objective did deliver the intended results
 - » Good operational performance, but
 - » Higher risk than originally anticipated
 - High dependency on single commodity – Oil
 - Weak economic growth
 - Foreign currency shortages, resulting in
 - Significant forex losses

- › Underperformance of Rest of Africa investments have exposed our funding structure
 - » High exposure to USD debt
 - » Over-reliance on RSA businesses to repay debt

- › Complexity, volatility of earnings and high gearing expose Nampak to undue risk



“When the facts
change, I change
my mind”

JOHN MAYNARD KEYNES

Realignment of strategy

Strategic building blocks



Focusing on what we can control

Deliver sustainable profitability through:



Reduce risk



1 Strengthen capital structure

Optimal capital structure supported by sustainable earnings

- › Deleverage
- › Reduce currency risk
- › Create capacity for growth
- › Improve cash generation



2 Simplification

Reduce risk and improve returns through a more sustainable portfolio that satisfies customer needs and leverages market opportunities, whilst avoiding unnecessary complexity

- › Rationalise portfolio — businesses, products, operations
- › Reduce operational complexity and related risks
- › Reduce reliance on commodity-dependent economies



Grow profits



3 Optimisation

Refine product and service offerings with a competitive cost structure and enable operational efficiencies

- › Process innovation
- › Review product offering and terms
- › Improve operational efficiencies
- › Drive sustainability



4 Growth and innovation

Expand into new markets to diversify earnings and improve profitability

- › Geographical diversification
- › Exploit niche market segments
- › Product/service offering innovation



Outlook

Roadmap to FY2022

FY2019 – FY2020	FY2021	FY2022
Reduce risk		
<p>Reduced debt by R2.0 billion</p> <ul style="list-style-type: none"> › US\$-denominated debt reduced to 65% of gross debt from 73% <p>Raised R2.0bn from sale of Glass division, Cartons Nigeria and IBCs</p> <p>Removed R538m (£25m) liability from balance sheet with sale of Plastics Europe</p> <p>Effective hedging strategy in Angola limited forex losses</p>	<p>Relaxed debt covenants</p> <p>Raise R1bn through sale of assets to further reduce dependency on USD debt</p> <p>Continued hedging in Angola to limit forex losses, subject to availability of hedging instruments</p>	<p>Debt covenants within:</p> <ul style="list-style-type: none"> › Net debt:EBITDA \leq 3.0x › EBITDA: Interest cover \geq 4.0x
Limited capital expenditure		
Grow profits		
<p>Restructuring of DivFood and Plastics SA site consolidation to improve cost structures</p> <p>Successful renewal of key contracts for Bevcan SA and Bevcan Nigeria</p> <p>Salary sacrifices for all employees</p>	<p>Restructuring of DivFood and Plastics SA site consolidation completed</p> <p>No salary increases</p>	<p>Full benefit from restructurings realised</p>
<p>Secured significant export contract for Bevcan SA and Bevcan Angola</p> <ul style="list-style-type: none"> › Improved utilisation of beverage can and ends lines › Margin contribution while countries recover from COVID-19 		
<p>Bevcan Nigeria to expand beverage can offering to market</p> <p>JV with Elopak to grow footprint of gable cartons for aseptic (niche) and fresh markets in SSA (geographical diversification)</p>		

Conclusion

Poised for much improved performance



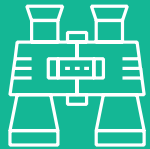
Enhanced position
to compete



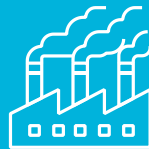
Long-term
supply contracts



Reduced
cost base



Simplified and more
focused portfolio



Optimised
footprint



Balance sheet
capacity for future
investment



Thank you



Appendices

Tax reconciliation

Continuing operations

Reconciliation of statutory to effective tax rate

%	2020	2019
Statutory tax rate	28.0	28.0
Government incentives	(2.9)	(0.6)
Tax rate differential, withholding and foreign taxes	2.7	(7.7)
Prior year adjustments	(43.6)	(6.5)
Other	22.0	0.3
Effective tax rate – continuing operations before impairments and loss on disposals	6.2	13.5
<i>Tax effects of the following:</i>		
Impairments and loss on disposal	5.6	–
Effective tax rate – continuing operations before Angola forex losses and normal losses impact	11.8	13.5
Angolan losses not shielded	(2.4)	8.3
Impact of Angolan forex losses capped at 7%	–	25.0
Effective tax rate – continuing operations before Zimbabwe impacts	9.4	46.8
Tax effect of Zimbabwe hyperinflation, exchange losses and loan receivable	(0.9)	6 441.7
Effective group tax rate – continuing operations	8.5	6 488.5

The group continued to benefit from a number of incentives in South Africa (SA)

The tax rate impacts of trading in countries with a lower tax rate than SA offset by withholding tax in foreign jurisdictions primarily on interest and technical fees

Prior year adjustments include release of some tax provisions that are no longer required – IFRIC 23 application

Other includes deferred tax not recognised in Kenya, Malawi and Tanzania

Tax effect of impairment of goodwill pertaining to Bevcan Nigeria increased the effective tax rate while impairment of fixed assets in Angola, SA and Nigeria were adjusted to obtain a normalised effective tax rate

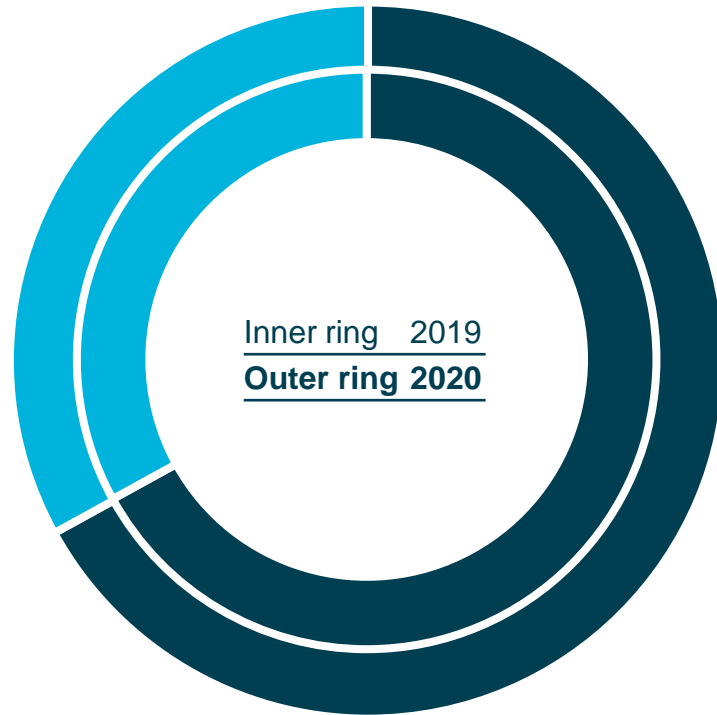
Tax impact of weak economic conditions in Angola results in negative impact on tax base of non-monetary assets and deferred tax assets not raised due to uncertainty of future taxable profit streams

Tax effects of Zimbabwe becoming a hyperinflationary economy in FY19

Effective tax rate for the year materially impacted by the release of tax provisions no longer required, impairments, Angolan trading conditions and hyperinflation impacts in Zimbabwe

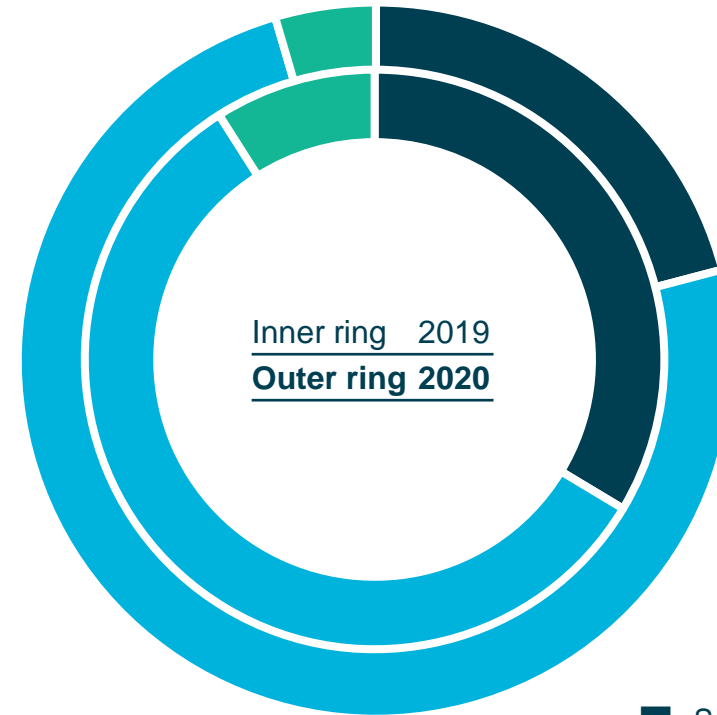
Segmental information by region

Revenue (%)
Continuing operations



■ South Africa	67 67
■ Rest of Africa	33 33

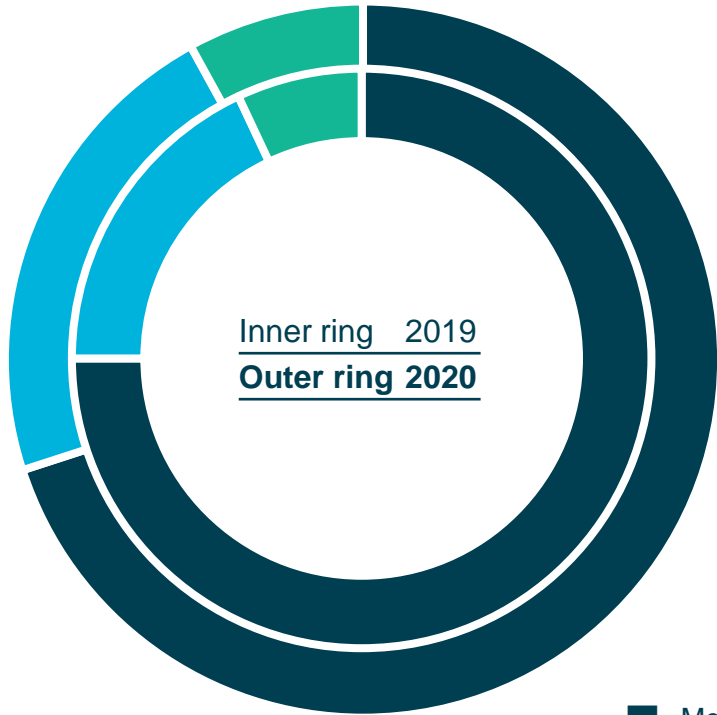
Trading profit (%)
Continuing operations



■ South Africa	41 23
■ Rest of Africa	70 82
■ Corporate	(11) (5)

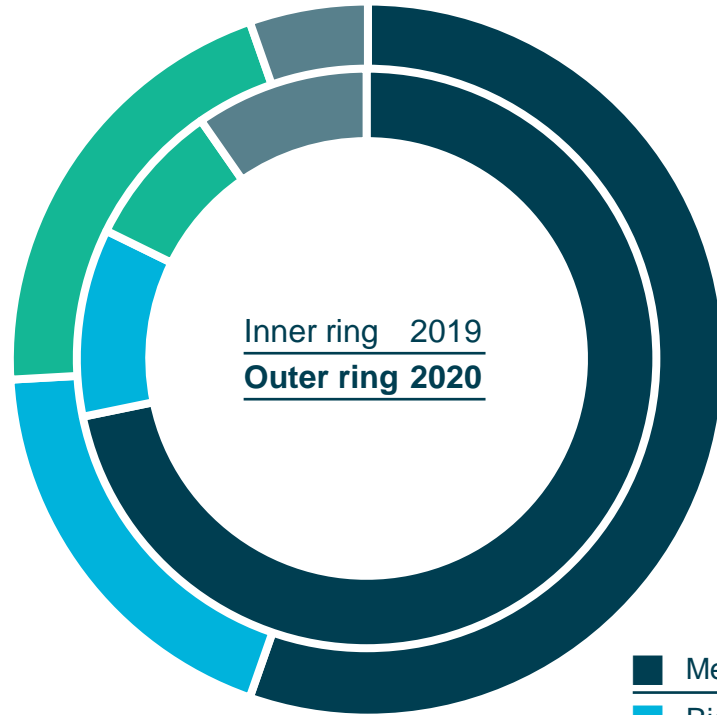
Segmental information by substrate

Revenue (%)
Continuing operations



Metals	75 70
Rigids	18 22
Paper	7 8

Trading profit (%)
Continuing operations



Metals	89 62
Rigids	13 21
Paper	10 23
Corporate	(12) (6)



Segmental information

Segmental performance by substrate: revenue

R million	2020	2019	% Δ
Metals	7 853	10 943	(28)
Rigids	2 479	2 645	(6)
Paper	946	1 054	(10)
Continuing operations	11 278	14 642	(23)
Glass	791	1 518	(48)
Plastic Europe	131	974	(87)
Discontinued operations	922	2 492	(63)
Total	12 200	17 134	(29)

Segmental performance by region: revenue

R million	2020	2019	% Δ
South Africa	7 576	9 849	(23)
Rest of Africa	3 702	4 793	(23)
Continuing operations	11 278	14 642	(23)
South Africa – Glass	791	1 518	(48)
Europe	131	974	(87)
Discontinued operations	922	2 492	(63)
Total	12 200	17 134	(29)

Segmental performance by substrate: trading profit

R million	2020	2019	% Δ
Metals	421	1 380	(69)
Rigids	143	197	(27)
Paper	158	160	(1)
Corporate Services	(40)	(179)	78
Continuing operations	682	1 558	(56)
Glass	70	142	(51)
Plastic Europe	(14)	(191)	93
Discontinued operations	56	(49)	>100
Total	738	1 509	(51)

Segmental performance by region: trading profit

R million	2020	2019	% Δ
South Africa	160	643	(75)
Rest of Africa	562	1 094	(49)
Corporate services	(40)	(179)	78
Continuing operations	682	1 558	(56)
South Africa - Glass	70	142	(51)
Europe	(14)	(191)	93
Discontinued operations	56	(49)	>100
Total	738	1 509	(51)



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