MEDIA RELEASE

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NAMPAK: MOMENTUM OF RENEWAL GAINS TRACTION

Today Nampak reported annual results for the year ended 30 September 2023.

Highlights

- Revenue of R16.6bn down 2%
- Trading profit of R1.6bn up 2%
- Forex losses of R1.2bn
- Operating profit before net impairments of R276m down 76%; operating loss of R2.6bn; basic loss of R4bn and headline loss of R1.6bn
- Cash generated from operations R1.6bn, 95% improvement before working capital changes
- Impairments of R2.8bn
- Net finance costs of R1.2bn (inclusive of R335m once off costs)
- Loss per share of 117 295.5cps
- Headline loss 46 811.7cps

Phil Roux, CEO, noted, "2023 was a year of much-needed intervention at Nampak. Significant milestones have been reached and the momentum of renewal gains traction. We embarked on implementing a comprehensive turnaround plan, including board and management changes, a business model review, a capital and debt restructuring programme, a rights offer and the adoption of a new strategy, focused on our core Metals business."

He added, "The extensive transformation agenda has been well executed to date notwithstanding macro-economic headwinds and other vagaries in most geographies. Increased competition was particularly evident in the short term, attempting to capitalise on the temporary hiatus that the company has been experiencing."

Roux noted that the group's capital and financing structure was strengthened through the successful rights issue of R1.0 billion - raising R960 million (net of transaction costs) - and the restructuring and refinancing of the group's banking facilities.

He said that Nampak's leadership has been resolute in ensuring that the company remains a critical contributor to the extensive value chain within which it participates.

He added that doing business in South Africa and the rest of Africa has become particularly onerous given pedestrian economic growth, currency vagaries, leadership changes and policy uncertainty, which all manifest in constrained consumer spending and volatility.

Overview

The group's revenue declined by 2% with volume reductions primarily in Bevcan Nigeria, DivFood and Bevcan SA. A 5% decrease in Metals was partially offset by increases of 2% and 28% for

Plastics and Paper respectively.

Bevcan SA performed strongly, improving its trading profit by 28% despite a lower revenue. DivFood returned to profitability posting a R77 million improvement in its trading profit. Plastics reported a reduction in cash consumption.

Profitability in the period was adversely impacted due to forex losses of R1.2 billion, with R1 billion attributable to Nigeria, and R179 million to Angola.

Impairment losses of R2.8 billion and net finance costs of R1.2bn adversely impacted profitability and reduced the group's shareholder equity base by 61% to R1.6 billion from R4.7 billion.
Despite these challenges, the group recorded sustainable cash generation of R1.6 billion and a working capital improvement of R905 million, in part due to a step change in working capital disciplines.

An earnings loss of 117 295.5cps and headline loss of 46 811.7 cps was reported, compared to an earnings loss of 4 879.5 cps and a headline earnings of 7 589.2 cps in the prior period. The weighted average number of shares in issue takes the effect of the 250:1 consolidation into account.

The board decided not to declare a dividend for 2023, a decision aligned with the requirements of Nampak's funding agreements and stated objective to actively reduce net interest-bearing debt.

Metals
Revenue decreased by 5% to R12.3 billion and operating profit decreased by 76% to R178 million from R732 million as volumes significantly reduced in Nigeria.

Bevcan South Africa's revenue declined marginally, but improved production efficiencies and overhead management across key operations significantly boosted profitability. Beverage can sales rose due to encouraging growth in demand for 500ml cans (alcoholic c.55% and energy drinks c.45%), while sales of 440ml cans decreased notably as a result of a drop in export demand and volume shift to other pack sizes.

Bevcan Nigeria's revenue declined sharply due to lower sales of beverage cans. Elasticity of demand has been impacted by rising inflation linked to the higher costs of imports and a concomitant decline in demand as wage increases lag inflation.

Bevcan Angola's revenue increased by 7% with excellent volume growth in the first ten months. This was adversely affected by a key customer being placed on hold to manage our working capital and to recover outstanding amounts. Profitability in H2 was negatively affected by the weakening of the kwanza.

Trading results at DivFood South Africa improved by R77 million following a robust turnaround. However, demand across the food, closures and diversified business units was subdued because of pressure on consumers' disposable income. Improvements in operational efficiencies in the last quarter supported higher gross margins towards year-end.

Plastics
Revenue increased by 2% to R3 billion despite subdued economic activity in South Africa, and the Rest of Africa markets facing power and packing material challenges. Operating profit before net

impairments increased by 6% to R224 million from R212 million. Progress was made on our strategic initiatives to reduce overhead costs.

Paper
Revenue increased by 28% to R1.4 billion from R1.1 billion with operating profit before net impairments increasing by 38% to R216 million from R157 million, driven by volume growth. Although the Zimbabwe operation continued to perform well, hyperinflation remained a deterrent.

Impairments
Goodwill impairments in Nigeria amounted to R1.5 billion, with asset impairments of R827 million in Angola, and R291 million and R175 million in DivFood and Plastic respectively.

Conclusion
Looking ahead, Roux expects the macro-economic environment to remain tough with sustained low growth and hard currency constraints in key markets. He stated, “We will continue to strengthen our value proposition and competitor status, build cultural grit and focus on our strategic transformation agenda. In 2023, we overcame challenges that some thought were insurmountable. We still have much work to do in the year ahead.”

He added, “In line with the criteria in the new funding package, we are required to raise R2.7 billion through asset disposal in the next 18 months to repay interest-bearing debt.”

He concluded, “Our investment thesis articulates our path of rejuvenation and growth, that of ‘One Nampak - a high-quality business with distinctive capabilities, operating in a mostly defensive market with sustainable growth characteristics.”

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NOTES TO EDITORS

www.nampak.com

Nampak is Africa’s leading diversified packaging manufacturer and has been listed on the JSE Limited since 1969. Nampak operates from 19 sites in South Africa, contributing approximately 67% to group revenue, 11 sites in the rest of Africa, contributing 33% to group revenue.

We leverage the skills of our people and capitalise on our substantial investment in state-of-the-art production facilities. Our world-class research and development facility based in Cape Town, South Africa, provides technical and innovative product development support to our businesses, as well as to our customers — many of which are among the world's largest fast-moving consumer goods companies.

The group participates in extensive collection and recycling initiatives and continues to invest significant time and resources in the development of sustainable products. Our work to minimise our environmental impact includes supporting and facilitating the recycling, re-use and recovery of packaging.