



26 November 2015

## Nampak poised for growth in 2016

### Audited group results and dividend declaration for the year ended 30 September 2015

#### HIGHLIGHTS

- Group revenue from continuing operations up 13%
- Group trading profit from continuing operations up 10%, in spite of a disappointing Glass performance in the first half
- Revenue and trading profit from the rest of Africa up 43%, rest of Africa now 49% of group trading profit up from 37% in 2014
- Group operating profit from continuing operations down 9%, impacted by abnormal items of R139 million
- Net profit from continuing operations up 2%
- Glass fundamentally improved and poised to deliver a strong performance in FY16
- Basic EPS from continuing operations up 3%
- Final dividend per share declared at 92.0 cents
- Challenging macro-economic conditions continue in key markets

**Johannesburg, 26 November 2015** – Nampak, Africa’s leading manufacturer of beverage, food and non-perishable packaging, reported an increase in group revenue and trading profit of 13% and 10%, respectively, during a year of mixed fortunes to 30 September 2015. Basic earnings per share from continuing operations was up 3%, while profit from the year was up 2%.

Nampak CEO, André de Ruyter, is confident earnings growth is back on track for 2016. “We have cleared the decks for a much-improved performance,” said De Ruyter. “We have incurred restructuring charges of R224 million, which included retrenchment costs as well as once-off charges related to writing off redundant assets.”

“From an operational perspective, we have resolved the difficulties at our Glass operation. This division is now performing according to expectations. It had a significantly improved second half of the 2015 financial year, and the first few months of the 2016 financial year have been profitable. We are confident that Glass has turned around and will deliver profits to the bottom line.”

De Ruyter added that spoilage concerns at its Bevcan aluminium beverage can lines in Springs continue to improve, and would not have a material impact on Nampak’s earnings in the 2016 financial year. The company was able to defend its strong market positions across all substrates with the successful conclusion of long-term sales agreements in its Bevcan, DivFood and Glass divisions.

Although both revenue and trading profit from the rest of Africa rose 43%, boosting group trading profit from continuing operations by 10%, uncontrollable foreign exchange issues in key markets impacted group operating profits, with headline earnings per share shedding 6%.

“While operational issues in South Africa have been addressed, liquidity issues remain in the rest of Africa,” said De Ruyter. “Nampak’s operations in the rest of Africa are profitable and continue to perform well, delivering a trading margin of 15.7% after adjusting for forex losses. We reported a R141 million foreign exchange loss as a result of liquidity constraints in Angola and Nigeria.

“This reflects the difficulty of repatriating cash from these countries; however, the tap is not entirely closed. We are working very closely with the authorities and have been able to repatriate on average USD 6 million per month from Angola and Nigeria.”

On the question of debt, De Ruyter said: “Despite a significantly weaker rand, Nampak has been able to maintain its gearing at prior-year levels and remains well within debt covenants. Nampak’s strong cash-generating capability contributes to our ability to manage our debt levels ensuring a strong balance sheet.”

The financial year was marked by a significant streamlining of the group's portfolio. This entailed the sale of the Corrugated, Tissue, Flexible, Recycling and Sacks divisions. While Nampak incurred restructuring costs, the payback period for these costs is less than one year as a result of avoiding losses from the divested divisions.

"This process was accompanied by improving cost management and operational efficiency at our remaining divisions. Large capital projects were successfully commissioned, including the first aluminium beverage can line in Rosslyn, and a second beverage can line in Angola."

During the year Nampak spent R2.2 billion in capital expenditure, replacing superannuated equipment with new and technologically advanced equipment that is expected to contribute to sustainability going forward.

"Good progress was made in pursuit of greenfield glass furnace growth opportunities in Ethiopia and Nigeria," he said.

"Management remains focused on delivering improved performance and unlocking operating leverage from our recent capital investments. Prudent capital allocation, further cost reductions and operational improvement initiatives are expected to benefit the bottom line during the 2016 financial year," said De Ruyter.

He pointed to a good ramp-up in production at the group's beverage can businesses, in particular Bevcan Nigeria and Bevcan Angola. Operations in the rest of Africa now contribute 49% to group trading profit, up from 37% in 2014.

ENDS

#### **About Nampak**

*Nampak is Africa's largest diversified packaging manufacturer by volume and revenue. We leverage the skills of our 6 663 people and capitalise on our substantial investment in state-of-the-art facilities to produce world-class metal, glass and rigid plastics packaging from facilities in 12 countries across Africa, and in the United Kingdom. Our customers – many of them large fast-moving consumer goods companies – benefit from our extensive research and development services, which provide them with innovative solutions that promote their own products while keeping their impact on the environment in check.*

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