

Interim Results



Nampak

May 2005

Agenda



- ❖ **Review of Interim Results**
- ❖ **Earnings improvement programme**
- ❖ **Prospects**

Income Statement



Rm		2005	2004	%ch
Revenue	continuing	8 017	8 840	-9
	discontinued		316	
Profit before abnormals		724	842	-14
Abnormal income		96	219	
Profit from operations	continuing	820	808	2
	discontinued		253	
Net finance costs		(48)	(92)	
Investment income		4	6	
Profit before tax		776	975	-21
Tax		(279)	(276)	
Profit after tax		497	699	
Minorities		(3)	(8)	
Net profit		494	691	-29
Headline earnings per share		70.8c	79.8c	-11

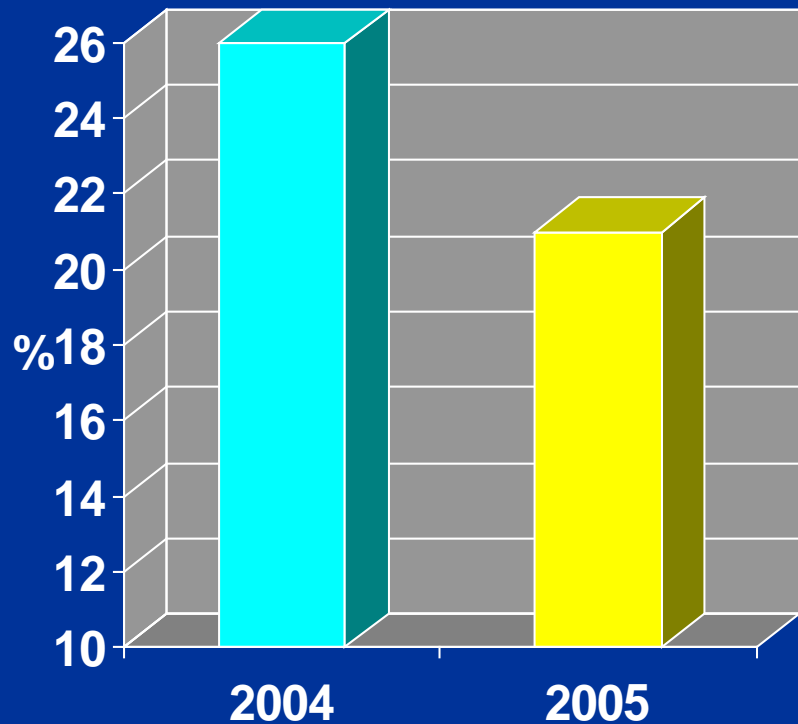
Revenue Reconciliation



	Rm
Revenue 2004	8 840
Short Run plastics	(457)
Peters Papers	(432)
Adjusted revenue 2004	7 951
Revenue 2005	8 017
Peters Papers	(371)
Adjusted revenue 2005	7 646
	(4%)

South Africa

direct & indirect exports



- ❖ Reduction of R260m in packaging sales revenue
- ❖ Remaining 21% is generally at lower margin
- ❖ Highlights impact of strong currency

Abnormal Items



Rm	Africa				Europe		Total
	Metals & Glass	Paper	Plastics	Serv	Paper	Plastics	
Retrenchment		5			15		20
Restructuring					1	1	2
Goodwill w/o			1		112		*113
Sale of props				(5)		(364)	*(369)
Def. pension						142	*142
Hyperinflation	(2)	4	(7)				(5)
AC 133	(2)	5	(2)				1
FEC costs							-
	(4)	14	(8)	(5)	128	(221)	(96)

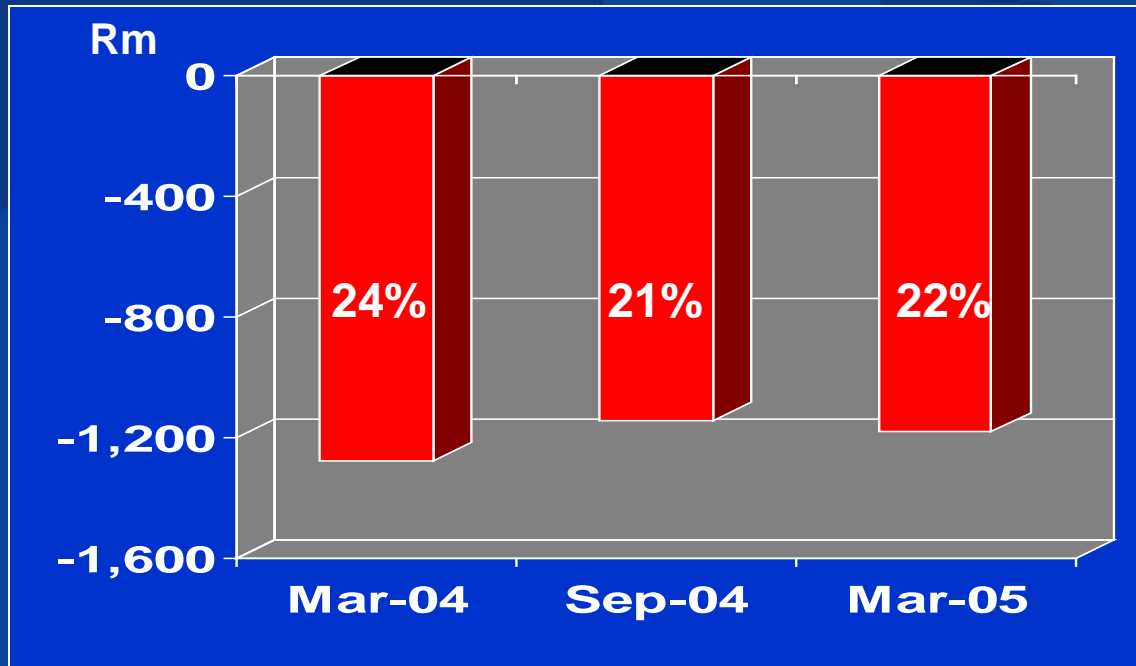
* not included in HEPS

Tax Reconciliation



Rm	2005	2004
Profit before tax	776	975
Tax	279	276
Tax rate reconciliation	%	%
Effective tax rate	36.0	28.3
Less: STC & withholding tax	(6.0)	(4.0)
SIP rebates	3.6	
Cartons UK impairment	(4.2)	
Exempt income		6.7
Other	(0.4)	(1.0)
Standard tax rate	29.0	30.0

Net Borrowings



	Rm
Sale of businesses	424
Sale of properties	205
Share buy-back	-152
Working capital	-432

Working Capital



- ❖ **Increased by R432m**
 - ❖ **Pre-price increase buying of raw materials**
 - ❖ **Start-up stocks for Cartons Nigeria**
 - ❖ **Change in suppliers' terms of payment**
 - ❖ **Payment of capex creditors**

Geographical Analysis



Rm	Revenue		Profit from operations before abnormals		Margin	
	2005	2004	2005	2004	2005	2004
South Africa	5 779	6 147	586	604	10.1%	9.8%
Africa	422	452	56	85	13.3%	18.8%
Europe	1 818	2 443	82	116	4.5%	4.7%
Intergroup	(2)	(202)				
	8 017	8 840	724	805	9.0%	9.1%
NamITech		316		38		
Total	8 017	9 156	724	843	9.0%	9.2%

Segmental Analysis

africa



Rm	Revenue		Operating profit before abnormals		Margin	
	2005	2004	2005	2004	2005	2004
Metals & Glass	2 310	2 485	342	326	14.8%	13.1%
Paper	2 514	2 768	133	227	5.3%	8.2%
Plastics	1 377	1 346	133	128	9.7%	9.5%
Group Services			34	8		
	6 201	6 599	642	689	10.4%	10.4%

South Africa cost management



Rm excluding Peters Papers	2005	%	2004	%
Turnover	5 409	100.0	5 652	100.0
Cost of sales	2 960	54.7	3 141	55.6
Gross profit	2 449	45.3	2 511	44.4
Expenses	1 913	35.4	1 936	34.3
Trading profit	536	9.9	574	10.1
Group Expenses	2 804		2 830	

Africa

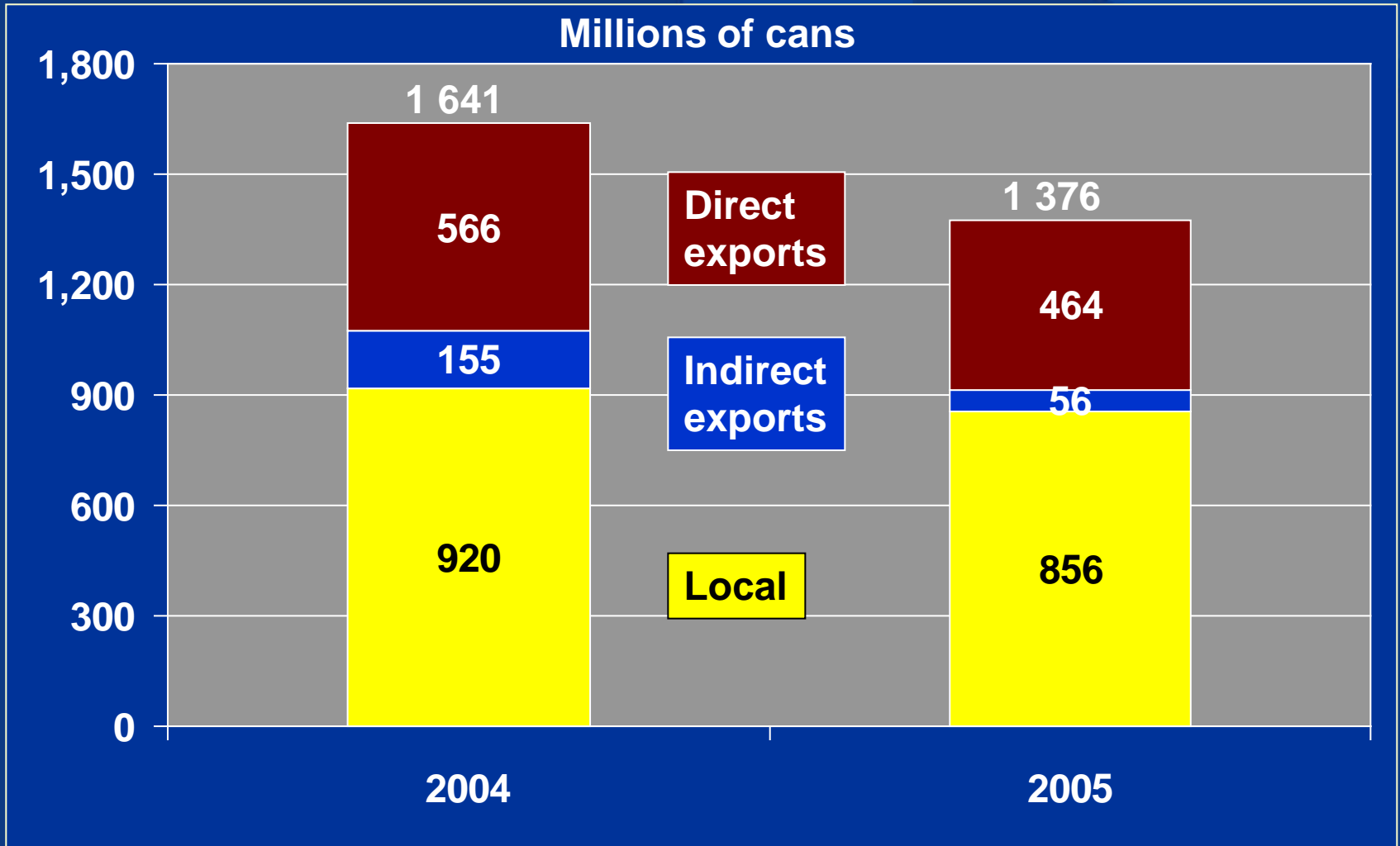
Metals & Glass



Rm	Revenue		Operating profit before abnormals		Margin	
	2005	2004	2005	2004	2005	2004
Metals & Glass	2 310	2 485	342	326	14.8%	13.1%

- Beverage can volumes declined by 16%
- Food can volumes down - lower pilchard catch
- Growth in aerosol cans
- Paint can sales up 7%
- Turnaround in Glass profitability

Beverage Can volumes



Africa paper



Rm	Revenue		Operating profit before abnormals		Margin	
	2005	2004	2005	2004	2005	2004
Paper	2 514	2 768	133	227	5.3%	8.2%

- Corrugated volumes dropped 8% - commercial, sheetboard
- Folding cartons volumes fell 3% - white fish, cigarettes & confectionery
- Sacks lower but gained cement market share in 2nd quarter
- Tissue volumes lower in a highly competitive market
- No raw material price increases

Africa plastics



Rm	Revenue		Operating profit before abnormals		Margin	
	2005	2004	2005	2004	2005	2004
Plastics	1 377	1 346	133	128	9.7%	9.5%

- PET bottle volumes grew by 29% - higher servicing costs
- Closures grew by over 20%
- Good growth in crates & drums
- Milk and juice cartons showed exceptional growth
- Sasol fire
- Constantly rising polymer prices difficult to fully recover
- Flexibles volumes declined by 9% due to lower exports

Segmental Analysis

europe



Rm	Revenue		Operating profit before abnormals		Margin	
	2005	2004	2005	2004	2005	2004
Paper	1 309	1 406	43	71	3.3%	5.0%
Plastics	509	923	22	37	4.3%	4.0%
Group Services		114	17	8		
	1 818	2 443	82	116	4.5%	4.7%

Europe paper



£m	Revenue		Operating profit before abnormals		Margin	
	2005	2004	2005	2004	2005	2004
UK	53.3	59.7	(2.2)	1.4	-ve	2.3%
Europe	30.0	30.8	2.4	2.6	8.0%	8.4%
Healthcare	32.5	27.7	3.6	3.9	11.1%	14.1%
M.Y. Corporate				(2.0)		
	115.8	118.2	3.8	5.9	3.3%	5.0%

- Tough conditions in UK
- Customers relocating to the Continent
- Loss of some market share – e auctions
- Hoogerheide good in difficult conditions
- Healthcare good on Continent – margin down in UK

Europe plastics



£m	Revenue		Operating profit before abnormals		Margin	
	2005	2004	2005	2004	2005	2004
	44.9	77.4	2.0	3.1	4.5%	4.0%

- Sale of Short Run
- New in-plants
- Substantial increase in raw material costs
- Change in terms by suppliers

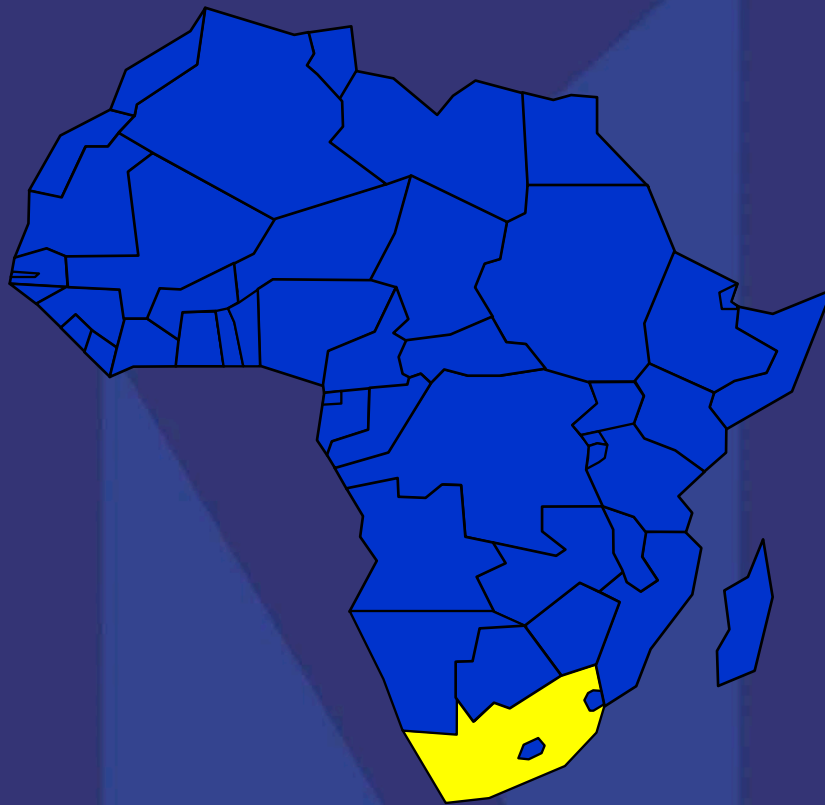


Earnings Improvement Programme

Earnings Improvement major review

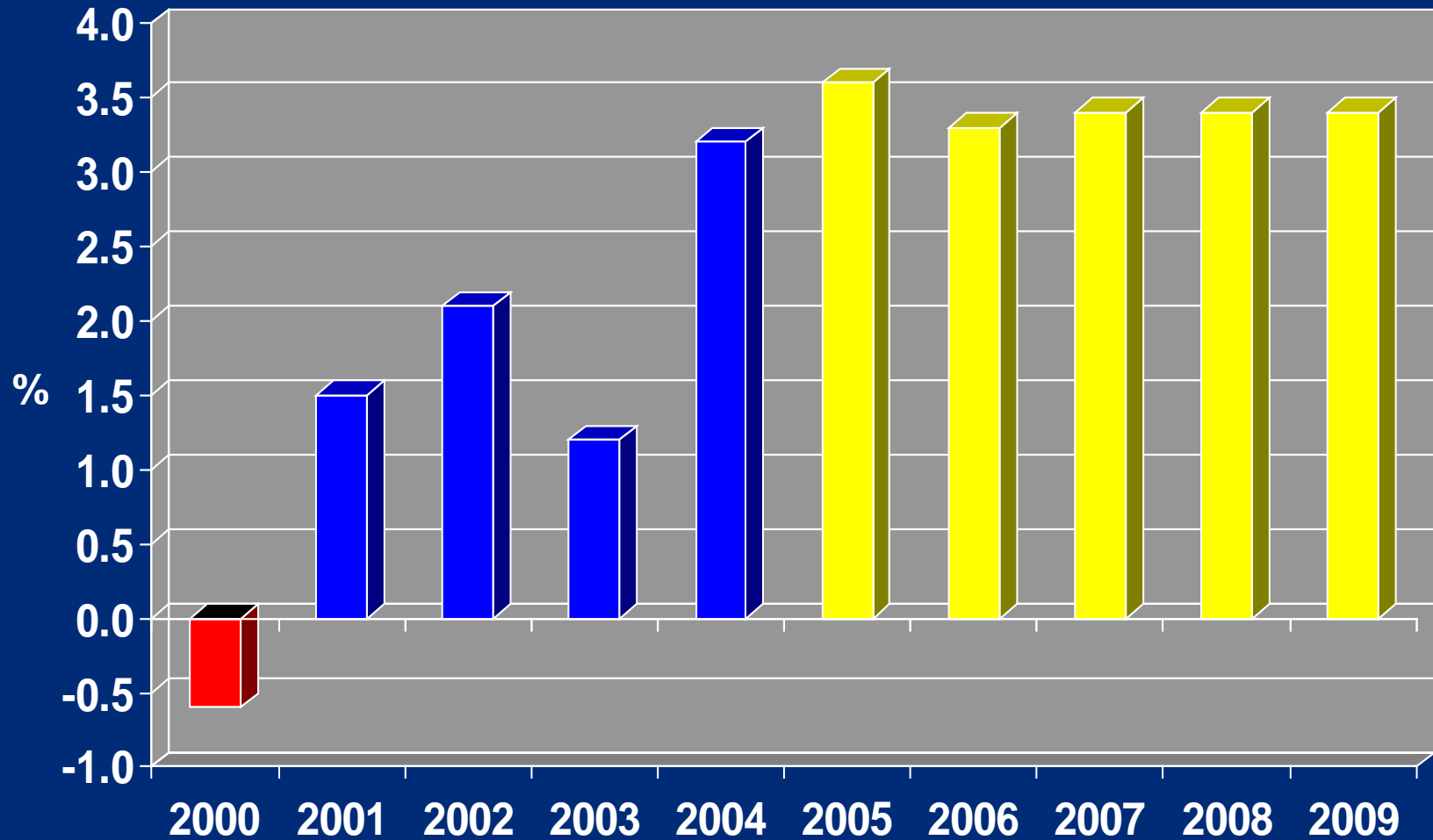


- ❖ Undertaken thorough review of all aspects of Nampak strategy
- ❖ Determined focus on cost leadership and significant restructuring
- ❖ No major acquisitions planned in medium term



South Africa

South Africa non-durables



Source: Econometrix

Metals & Glass

volume growth prospects



	Growth Prospects		
	High 3%+	Medium 1 – 3%	Low <1%
Beverage Cans			
Food Cans			
Aerosols			
Paint Cans			
Polish Cans			
Closures			
Glass Bottles			

South Africa metals & glass



- ❖ Actively promote beverage can
- ❖ Rationalise production capacity
- ❖ Regain glass market share

Paper

volume growth prospects



	Growth Prospects		
	High 3%+	Medium 1 – 3%	Low <1%
Corrugated Boxes			
Folding Cartons			
Labels			
Liquid Cartons			
Sacks			
Tissue			

South Africa paper



Corrugated

- ❖ Focus on high-value segments
- ❖ Rationalise production capacity

Cartons & Labels

- ❖ Rationalise production capacity
- ❖ Leverage new investments

Tissue

- ❖ Intense focus on costs
- ❖ Reduce complexity

Plastics

volume growth prospects



	Growth Prospects		
	High 3%+	Medium 1 – 3%	Low <1%
PET Bottles	High		
HDPE Bottles		Medium	
Drums and Pails	High		
Crates	High		
Check-out Bags			Low
Pouches	High		
Snacks & Confectionery Pack.		Medium	

South Africa plastics



- ❖ PET – focus on factory efficiencies
- ❖ Crates – rebuilding of crate float
- ❖ Liquid cartons – increase market penetration
- ❖ Flexibles - optimise consolidated capacity

South Africa cost leadership



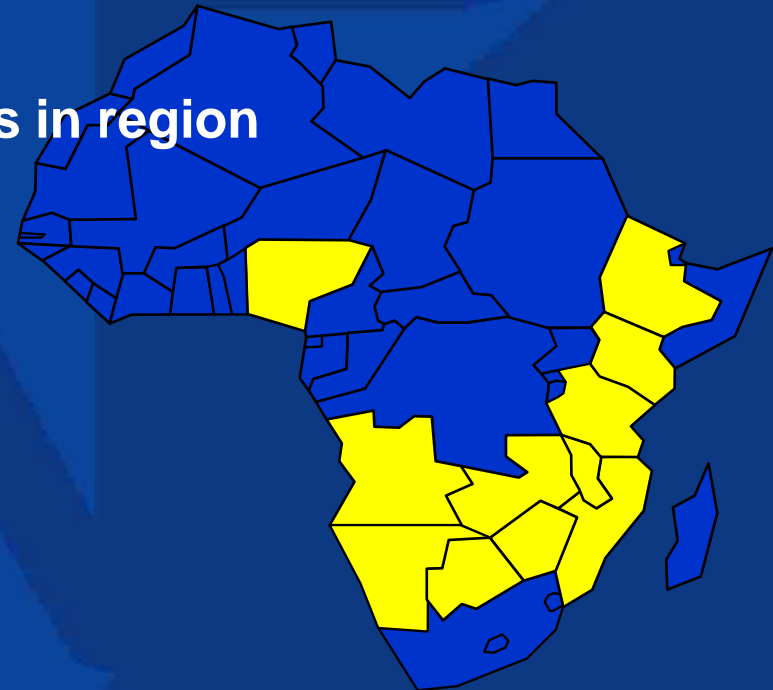
- ❖ Flatter management structure
- ❖ Improve capacity utilisation
- ❖ Technology leadership
- ❖ Procurement savings
- ❖ Working capital focus

Restructuring Costs 2005	Savings 2006	Savings 2007
R80m	R80m	R100m

Rest of Africa



- ❖ Alignment with customer regional supply strategy
- ❖ Leverage investments in Nigeria
- ❖ Seek new investment opportunities in region





Europe

Europe plastics



- ❖ **Good business**
- ❖ **Market share increased to 70% of milk bottle market**
- ❖ **Limited market growth**
- ❖ **Confident of recovering polymer price increases**

Europe cartons UK



- ❖ **Closure of Crown Point Leeds and Leicester**
 - ❖ Lower cost base
 - ❖ Better capacity utilisation
 - ❖ Cash/profit from property sales
- ❖ Leeds now has appropriate equipment
- ❖ Cost savings +/- £4m – however, tougher trading
- ❖ Turnaround forecast at Leeds and Insight factories in 2006

Europe cartons Europe



- ❖ **Good business**
- ❖ **Achieving margin of 8%**
- ❖ **No acquisitions identified that meet return criteria**

Europe healthcare



- ❖ **Market demand growing**
- ❖ **Margins under pressure in the UK**
- ❖ **Continue with “Pacman” strategy**

The background of the slide is a dark blue color with large, stylized, lighter blue letters 'M', 'A', and 'P' partially visible. The letters are rendered in a bold, sans-serif font and are slightly offset from each other, creating a layered effect. The 'M' is on the left, the 'A' is in the center, and the 'P' is on the right. The letters are not fully formed, appearing as if they are part of a larger graphic that is cut off by the edges of the slide.

Prospects

Prospects



- ❖ **2nd half of 2005 will be tough**
- ❖ **Substantial restructuring costs**
 - ❖ **1st half R22m, 2nd half R110m**
- ❖ **% decline in full year earnings is expected to be greater than 1st half**
- ❖ **Balance sheet still strong**
- ❖ **Benefits of restructuring to flow in 2006**

THANK YOU



Nampak