

# REVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2024 AND DIVIDEND ANNOUNCEMENT



Registration number 1951/000799/06 | ISIN: ZAE000007480 | Share code: TPC ("Transpaco" or "the group")

**A leading manufacturer and distributor of plastic and paper packaging products**

**NAV UP 9,3% TO 3 232 CENTS PER SHARE**

**HEPS DOWN 8,3% TO 520,9 CENTS**

**TOTAL DIVIDEND PER SHARE 240 CENTS**

## INTRODUCTION

Transpaco's reduction in operating profit was not unexpected due to challenging trading conditions. Weak consumer and business sentiment was driven by the uncertain socio-political environment prior to the elections, high levels of load shedding until the end of March 2024 as well as high inflation and interest rates.

Group revenue contracted by 4,0% to R2.5 billion (June 2023: R2.6 billion) for the 12 months ended 30 June 2024 (the year). The decrease in revenue of 7,8% in the Plastics Division was due to the termination of an export contract in the refuse bags business, raw material price deflation in the pallet wrap operation and the impact of reduced consumer spend on retail bag volumes.

The Paper division grew marginally by 0,2%.

Transpaco's operating profits decreased 15,7% to R212,7 million (June 2023: R252,5 million), reducing operating margin to 8,6% (June 2023: 9,7%).

Notwithstanding the decrease in headline earnings (HE) of 13,8%, headline earnings per share (HEPS) declined 8,3% to 520,9 cents (June 2023: 567,8 cents) assisted by the share buy-back during the year.

Notably, revenue in the first six months of the financial year is traditionally greater than in the last six months due to the seasonal nature of the business.

## FINANCIAL RESULTS

Total operations	June 2024	June 2023	% increase
Revenue (R'm)	2 487,1	2 591,1	(4,0)
Operating profit (R'm)	212,7	252,5	(15,7)
Profit before taxation (R'm)	206,5	239,7	(13,8)
Total comprehensive income (R'm)	152,5	176,6	(13,7)
Headline earnings (R'm)	152,3	176,6	(13,8)
Earnings per share (cents)	521,5	567,9	(8,2)
Headline earnings per share (cents)	520,9	567,8	(8,3)
Net asset value per share (cents)	3 232	2 958	9,3

Transpaco's robust balance sheet is attributable to the group's continued sound investment strategy, considered capital allocation and strict working capital management.

Transpaco's stock holding reduced comfortably while trade receivables increased as the last day of the financial year fell on a Sunday. Although cash and cash equivalents on hand remained the same, changes in working capital declined due to the timing of the year end and its impact on payments received from debtors.

Net interest-bearing debt-to-equity (gearing) remained net cash positive (June 2023: net cash positive).

The weighted average number of ordinary shares in issue in calculating EPS and HEPS is 29 245 126 (June 2023: 31 106 183). Shareholders are reminded of the specific share buy-back of 1 100 000 ordinary shares which took place during November 2023 representing 3,67% of the issued share capital of Transpaco, reducing the number of shares in issue to 28 839 388.

## EVENTS AFTER THE REPORTING PERIOD

There were no subsequent events after the reporting period.

## GOING CONCERN

The group has assessed its cash flow forecasts and borrowings profiles and is of the view that the group has sufficient liquidity to meet its obligations as currently foreseen for the foreseeable future.

## TRANSFORMATION

Transpaco maintained a level 2 BEE contributor status based on the revised B-BBEE scorecard through various strategic initiatives, including participation in the YES programme.

## PROSPECTS

The group will continue its proven business strategy of targeting organic growth, maintaining strict financial control and identifying and pursuing appropriate acquisitions.

While difficult trading conditions are expected to continue, Transpaco will endeavour to counter this by driving sales, containing costs and maintaining gross profit contributions.

## DECLARATION OF ORDINARY DIVIDEND IN RESPECT OF THE YEAR ENDED 30 JUNE 2024

The board has declared a final gross cash dividend out of income reserves of 160,0 cents per share, resulting in total dividends of 240,0 cents per share for the year ended 30 June 2024 (June 2023: 260,0 cents per share). After applying the dividend withholding tax of 20%, a net final dividend of 128,0000 cents per share will be paid to those shareholders who are not exempt from the dividends tax. The issued shares at the date of declaration is 28 839 388 ordinary shares. The Income Tax reference number is 9975/1127/16.

The salient dates for the dividend are as follows:

Last date to trade shares cum dividend	Tuesday, 17 September 2024
Shares trade ex-dividend	Wednesday, 18 September 2024
Record date	Friday, 20 September 2024
Payment date	Monday, 23 September 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 September 2024 and Friday, 20 September 2024, both days inclusive.

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

### Condensed consolidated financial statements

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for condensed consolidated financial statements and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require these financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards and the SA financial reporting requirements and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS Accounting Standards and are consistent with those applied in the previous consolidated annual financial statements.

The fair value of the financial assets and liabilities approximate the carrying amounts largely due to the short-term maturities of these instruments. Interest-bearing borrowings are not materially different from their calculated fair values due to market-related rates embedded into the terms of these borrowings.

## REVIEW BY INDEPENDENT AUDITOR

The group's auditor BDO South Africa Incorporated has reviewed the condensed consolidated financial information for the year. The unmodified review report is set out below. The review was performed in accordance with ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's external auditor.

## DIRECTORS' RESPONSIBILITY

The directors take full responsibility for the condensed consolidated results.

## APPROVAL AND PREPARATION

The preparation of the group's reviewed condensed consolidated results was supervised by Louis Weinberg CA(SA) (Chief Financial Officer).

On behalf of the board

<b>DJJ Thomas</b> Chairman	<b>PN Abelheim</b> Chief Executive Officer	<b>L Weinberg</b> Chief Financial Officer
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28 August 2024

## DIRECTORS

DJJ Thomas (Chairman)\*; PN Abelheim (Chief Executive); L Weinberg (Chief Financial Officer); HA Botha\*\*;

SR Bouzoglou; SY Mahlangu\*; SP van der Linde (Lead Independent Director)\*\*

\* *Non-executive* \*\* *Independent non-executive*

**Transpaco Limited** Registration number: 1951/000799/06, Share code: TPC, ISIN ZAE000007480

**Auditors** BDO South Africa Incorporated **Company secretary** HJ van Niekerk **Sponsor** Investec Bank Limited

**Registered office** 331 6th Street Wynberg Sandton **Transfer secretaries** Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Bierman Avenue, Rosebank, Johannesburg **Website** www.transpaco.co.za



## INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### To the shareholders of Transpaco Limited

We have reviewed the condensed consolidated financial statements of Transpaco Limited, contained in the accompanying report, which comprise the statements of financial position as at 30 June 2024 and the statements of comprehensive income, changes in equity, cash flows and segmental analysis for the year then ended, and selected explanatory notes.

## DIRECTORS' RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements, as set out in the "Basis of preparation and accounting policies" to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Transpaco Limited for the year ended 30 June 2024 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements, as set out in the "Basis of preparation and accounting policies" to the financial statements, and the requirements of the Companies Act of South Africa.

*BDO South Africa Inc.*

## BDO South Africa Incorporated

Registered Auditors

## Serena Ho

Director

Registered Auditor

28 August 2024

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

## STATEMENTS OF FINANCIAL POSITION

R'000	Reviewed 12 months June 2024	Audited 12 months June 2023
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>598 243</b>	620 470
Property, plant and equipment	475 097	486 111
Right-of-use assets	28 307	40 217
Intangibles	17 855	17 855
Goodwill	64 182	64 182
Financial asset	4 500	4 500
Deferred taxation	8 302	7 605
<b>Current assets</b>	<b>864 379</b>	842 231
Inventories	279 494	308 167
Trade and other receivables	421 231	365 687
Taxation receivable	3 085	1 700
Cash and cash equivalents	160 569	166 677
<b>TOTAL ASSETS</b>	<b>1 462 622</b>	1 462 701
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>	<b>932 035</b>	885 595
Issued share capital	288	299
Share premium	9 661	10 029
Retained income	922 086	875 267
<b>Non-current liabilities</b>	<b>126 639</b>	175 448
Interest-bearing borrowings	61 524	104 653
Lease liability	15 516	27 006
Deferred income	464	593
Deferred taxation	49 135	43 196
<b>Current liabilities</b>	<b>403 948</b>	401 658
Trade payables and accruals	361 662	347 434
Interest-bearing borrowings	24 154	32 805
Lease liability	17 837	19 525
Deferred income	132	241
Taxation payable	163	1 653
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 462 622</b>	1 462 701
<b>Number of shares in issue ('000)</b>		
Opening balance	29 939	31 499
Shares repurchased and cancelled	(1 100)	(1 560)
<b>Number of shares</b>	<b>28 839</b>	29 939
<b>Salient features</b>		
Net asset value per share (cents)	3 232	2 958
Operating margin %	8,6%	9,7%
	<b>Net cash positive</b>	Net cash positive
Net interest-bearing debt:equity ratio %		

## CAPITAL COMMITMENTS

R'000	Reviewed 12 months June 2024	Audited 12 months June 2023
Capital expenditure authorised and contracted		
Property, plant and equipment	60 631	51 745

## STATEMENTS OF CHANGES IN EQUITY

R'000	Share capital	Share premium	Distributable reserve	Total
<b>Balance at 30 June 2022</b>	<b>314</b>	<b>10 554</b>	<b>816 675</b>	<b>827 543</b>
Profit for the year	–	–	176 645	176 645
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	176 645	176 645
Shares repurchased and cancelled	(15)	(525)	(42 454)	(42 994)
Dividend paid	–	–	(75 599)	(75 599)
<b>Balance at 30 June 2023</b>	<b>299</b>	<b>10 029</b>	<b>875 267</b>	<b>885 595</b>
Profit for the year	–	–	152 518	152 518
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	152 518	152 518
Share repurchased and cancelled	(11)	(368)	(30 234)	(30 613)
Dividend paid	–	–	(75 465)	(75 465)
<b>Balance at 30 June 2024</b>	<b>288</b>	<b>9 661</b>	<b>922 086</b>	<b>932 035</b>

## STATEMENTS OF CASH FLOW

R'000	Reviewed 12 months June 2024	Audited 12 months June 2023
<b>Cash flow from operating activities</b>		
Cash generated from operations	283 832	323 036
Changes in working capital	(10 706)	48 804
Dividends paid	(75 465)	(75 599)
Finance income received	10 875	5 348
Finance costs paid	(17 078)	(18 105)
Taxation paid	(51 642)	(60 091)
<b>Net cash inflow from operating activities</b>	<b>139 816</b>	223 393
<b>Cash flow used in investing activities</b>		
Proceeds on disposal of property, plant and equipment	558	3 058
Expansion and replacement of property, plant and equipment	(42 950)	(41 122)
Repayment of financial asset	–	2 000
Granting of financial asset	–	(3 500)
<b>Net cash outflow from investing activities</b>	<b>(42 392)</b>	(39 564)
<b>Cash flow used in financing activities</b>		
Repurchase of shares	(30 613)	(42 994)
Payment of principal portion of lease liability	(21 140)	(20 426)
Proceeds from borrowings	–	20 771
Repayment of borrowings	(51 779)	(46 753)
<b>Net cash outflow from financing activities</b>	<b>(103 532)</b>	(89 402)
<b>Net movement in cash for the year</b>	<b>(6 108)</b>	94 427
Cash and cash equivalents at the beginning of the year	166 677	72 250
<b>Cash and cash equivalents at the end of the year</b>	<b>160 569</b>	166 677

## SEGMENTAL ANALYSIS

R'000	Plastic products	Paper and board products	Properties and group services	Total
<b>Revenue from external customers – 2024 (recognised at a point in time)</b>	<b>1 257 831</b>	<b>1 229 227</b>	–	<b>2 487 058</b>
Revenue from all customers	1 322 043	1 293 391	–	2 615 434
Less revenue from internal customers	(64 212)	(64 164)	–	(128 376)
<b>Revenue from external customers – 2023 (recognised at a point in time)</b>	<b>1 364 663</b>	<b>1 226 411</b>	–	<b>2 591 074</b>
Revenue from all customers	1 423 073	1 290 371	–	2 713 444
Less revenue from internal customers	(58 410)	(63 960)	–	(122 370)
<b>Operating profit – 2024</b>	<b>99 439</b>	<b>87 285</b>	<b>26 005</b>	<b>212 729</b>
Operating profit – 2023	133 938	98 817	19 709	252 464
<b>Profit before tax- 2024</b>	<b>93 964</b>	<b>83 289</b>	<b>29 272</b>	<b>206 526</b>
Profit before tax- 2023	128 291	93 336	18 080	239 707
<b>Capital expenditure – 2024</b>	<b>28 687</b>	<b>12 846</b>	<b>1 417</b>	<b>42 950</b>
Capital expenditure – 2023	20 630	28 728	4 869	54 227
<b>Total assets – 2024</b>	<b>634 047</b>	<b>533 981</b>	<b>294 594</b>	<b>1 462 622</b>
Total assets – 2023	571 796	590 408	300 497	1 462 701
<b>Total liabilities – 2024</b>	<b>228 810</b>	<b>210 448</b>	<b>91 330</b>	<b>530 588</b>
Total liabilities – 2023	230 831	259 323	86 952	577 106

Geographical segment disclosures have not been provided because the group operates mainly in South Africa.