

NAMPAK LIMITED

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Incorporated in the Republic of South Africa

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("Nampak" or "the group" or "the company")

Voluntary trading update for the 11 months to 31 august 2022 and pre-closed period investor/analyst call

This announcement is to update the market on the group's performance for the first 11 months of the financial year ending 30 September 2022.

Strong revenue growth but profitability impacted by higher forex losses and funding costs

Trading conditions for the 11 months ended 31 August 2022 ("the period") remained healthy, with good demand for the majority of our products. Continued volume growth for beverage cans in our key markets coupled with higher selling prices in most market segments due to elevated commodity prices continued to benefit group revenue growth. Operating profit was adversely impacted by increased foreign exchange losses and an increased net devaluation impact in Zimbabwe. Higher interest rates coupled with abnormally high commodity prices increased the group's investment in net working capital and consequently borrowings with a concomitant increase in funding costs.

Pleasing trading performance in Rest of Africa with challenging conditions in some South African segments

Metals

The Metals division saw volume increases in most key markets with the Rest of Africa making the largest contribution to trading profit for the period. Elevated commodity prices continued to impact 2H22, albeit at a reduced level as commodity prices began to moderate in 4Q22.

Strong demand in the South African beverage can market persisted in 2H22 to date. Demand for large can sizes ensured full capacity utilisation for these lines at our Bevcan operations. Double digit growth in local demand exceeded expectations and more than compensated for the loss of once off export volumes in the prior period.

Bevcan Nigeria continued to perform well and was a key contributor to improved trading results for the period, but forex losses increased due to foreign currency shortages.

Demand for cans in Bevcan Angola continued to improve, with a strong recovery during 4Q22, resulting in a pleasing improvement in profitability for the period.

Trading at DivFood in South Africa has been disappointing. Revenue growth was supported by strong demand for fish cans and the recovery of higher tinplate costs, but demand for diversified cans and metal closures were below prior year levels as consumer disposable income came under pressure. Raw material shortages in 1H22 and operational challenges have further adversely impacted profitability.

Plastics

The Plastics division experienced a challenging 2H22 with overall revenue stable compared to the 11 months ended 31 August 2021 (“the prior comparative period”). Good performance at our Zimbabwean operations was diluted on translation due to the significantly weakened Zimbabwean currency (ZWL) relative to FY21. This adversely impacted overall 2H22 performance for the division, despite healthy volume growth for our products in Zimbabwe.

Plastics South Africa’s performance and volumes were below expectations due to strikes at key customers and raw material shortages caused by worsened port delays resulting from the impact of flooding in Kwazulu-Natal, South Africa in April 2022. Despite these challenges revenue was only marginally below the prior comparative period. Trading profits were negatively impacted by reduced volumes as well as higher input costs.

Paper

Revenue growth for the Paper division was pleasing, largely driven by the improved performances in Zambia, Malawi and Kenya. The strong in-country performance of our Zimbabwean operation was adversely impacted by a weaker ZWL on translation.

Cash transfers, forex losses and capital expenditure

Cash transfers from Angola were satisfactory for the period with the Kwanza on average 24% stronger than the prior comparative period relative to the US dollar. In Nigeria foreign currency availability at official market rates slowed compared to the prior comparative period, resulting in cash transfers being done at Naira rates weaker than official rates. Accordingly, forex losses have been incurred in Nigeria, partially offset by forex gains in Angola.

A significant increase in the hyperinflation monetary adjustment in Zimbabwe compared to the prior comparative period has adversely impacted profitability.

Capital expenditure remained well controlled and within the guided expenditure for the financial year.

Higher commodity prices, elevated working capital requirements and higher interest rates have led to higher borrowings and significant increases in net finance costs

Operational cash generation before working capital requirements remains strong. Unprecedented increases in commodity prices resulted in elevated working capital levels for a significant portion of the period to date which have been funded by a combination of internally generated cash and existing borrowing facilities. Despite certain commodity prices beginning to ease towards the end of 4Q22, higher shipping costs, global supply chain disruptions and the geopolitical risk of the Russian/Ukrainian war remained. The investment in working capital and higher interest rates led to increased finance costs.

The weakening of the Rand in 2H22 contributed to a delay in the anticipated release of net working capital with benefits only expected to flow during FY23.

Impairment testing

The group is in the process of performing its year-end impairment testing which takes into account the impacts of rising interest rates and the global trend of higher in country risk premiums on its weighted average cost of capital.

Debt refinancing, covenants and optimisation of group capital structure

The group complied with its covenants for the measurement periods to date.

Management is in the process of addressing the group's capital and funding structure and is committed to reduce the complexity of the lending consortium, simplify the funding structure and refinance the debt maturing on 1 April 2023 and 25 September 2023. Cash proceeds from asset disposals and/or proceeds from a capital raise continue to be actively considered as part of addressing the group's funding structure. As part of this process Nampak and the group's funders have agreed to the:

- extension of the maturity date for the group's revolving credit and term loan facilities from 1 April 2023 and 25 September 2023 to 31 December 2023;
- maintenance of the group's current net interest bearing debt : EBITDA covenant at 3.5 times until it is lowered to 3:00 times from 31 March 2023;
- reduction of the minimum threshold of the EBITDA : interest cover from the current 4.0 times to 3.0 times from 30 September 2022 until 31 December 2023; and
- repayment of net interest-bearing debt of at least R1.35 billion by no later than 31 March 2023.

These relaxations will allow time for the group to continue the process of optimising its capital and funding structure while providing the necessary flexibility for the group to operate under conditions with elevated commodity prices and higher interest rates.

Pre-closed period conference call with management

Nampak management will hold a pre-closed period conference call on Friday, 30 September 2022 at 15:00 Central Africa Time (UTC+2) to discuss this trading update and address questions from the investment community. Dial-in details are available on Nampak's website.

The financial information contained in this trading update is based on unaudited management accounts and has not been reviewed or reported on by the company's external auditors.

Nampak will release its annual results for the year ending 30 September 2022 on the Stock Exchange News Service on or about 5 December 2022. Nampak will be in a closed period from 1 October 2022 until the release of annual results.

Bryanston

30 September 2022

Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Forward-looking statements: Certain statements in this document are not 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 plans. Examples of such forward-looking statements 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.