

SENS ANNOUNCEMENT



NAMPAK LIMITED
Registration number 1968/008070/06
Incorporated in the Republic of South Africa
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Share Code: NPP1 ISIN: ZAE000004966
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LEI: 3789003820EC27C76729
("Nampak" or "the group" or "the company")

TRADING STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022 AND PROPOSED CAPITAL RAISE

Nampak is in the process of finalising its audited annual results for the year ended 30 September 2022 ("the year" or "FY22"). In terms of the JSE Listings Requirements, shareholders are advised that Nampak is satisfied that a reasonable degree of certainty exists that the financial results for the year to be reported upon will differ by at least 20% from 30 September 2021 ("the prior year" or "FY21").

The change in headline earnings per share ("HEPS") and loss per share ("LPS")/earnings per share ("EPS") for the group for the year are expected to be as follows:

- HEPS is expected to decrease to between 33.0 cents and 37.0 cents compared to HEPS of 62.3 cents in FY21, representing a decrease of between 41% and 47%.
- A LPS of between 22.0 cents and 25.0 cents is expected compared to EPS of 32.1 cents in FY21.

Proposed capital raise

With the group's current debt package and the US Private Placement funding maturing on 31 December 2023 and on 28 May 2023 respectively, coupled with the requirement to repay R1.35 billion of net debt by 31 March 2023, the group is required to refinance its debt package before the 31 March 2023. This refinancing is in process and subject to the group raising capital of no less than R1.35 billion (net of fees and expenses) by 31 March 2023.

As a result of the current economic environment self-help measures have not fully yielded the required results. Nampak will therefore convene an extra-ordinary general meeting in respect of which a circular will be published on or about 15 December 2022, seeking all relevant authorisations required to enable the company to proceed with a potential rights offer of up to R2.0 billion during the course of the first quarter of 2023 which, if successful, will enable management to focus on delivering on Nampak's growth strategy and result in a simplified, more robust capital structure.

A breakdown of the use of proceeds of the proposed rights offer is as follows:

- R1.35 billion to repay lenders, as a minimum requirement for the refinancing;
- R350 million to upgrade a beverage can line in South Africa. This will add urgently needed production capacity to satisfy the unprecedented growth in beverage can demand;
- R150 million to provide operating flexibility, as the group is currently operating with inadequate capacity to handle seasonal fluctuations in working capital requirements; and
- R150 million to cover the estimated transaction costs of both the refinancing and the proposed rights offer.

A number of historic impairments, such as the goodwill in Nigeria and asset impairments in Angola and more recently, impairments arising from the application of a higher weighted average cost of capital to asset valuations together with the net effects of hyperinflation in Zimbabwe and an expected credit loss raised in 2019 against the debt from the Reserve Bank of Zimbabwe, have all resulted in elevated levels of gearing.

The historical decisions to fund the African expansion mainly with US dollar debt has meant that the impact of the aforementioned macro-economic and operational pressures placed significant strain on the balance sheet and required the group to seek covenant relaxations from its funding partners. This has resulted in an increase in funding costs, which has been more acute in the context of the rising commodity prices and interest rate environment that has emerged since the onset of the war in Ukraine.

As pressures on the group's fiscal position increased, the group has undertaken a number of self-help initiatives to de-lever the balance sheet and improve capital allocation. As a result, Nampak has become a smaller and more focused business. There is still however, a high level of complexity as the group operates in 10 countries across the African continent, many of which are dependent on commodities and therefore vulnerable to price changes, currency instability (including the pegging of currencies to the dollar) and a general lack of availability of foreign exchange. The group is also being disproportionately funded by a complex consortium of lenders with gearing levels exceeding shareholders' equity.

In light of the proposed rights offer and associated capital raise, shareholders are advised of the following features of the FY22 financial results which would ordinarily not be disclosed prior to the formal results announcement nor appear in a normal trading statement:

- R222 million benefit of pension fund surplus recognised;
- higher net foreign exchange losses of R546 million (FY21: R246 million) incurred primarily due to foreign currency shortages in Nigeria;
- R101 million increase in net finance costs; and
- R512 million net impairments (FY21 264 million), of which R392 million is due to the negative impact of the group's increased weighted average cost of capital on asset valuations resulting from increased country risk premiums and long-term interest rates. The bulk of these impairments are asset impairments that could reverse should country risk premiums or long-term interest rates return to normal.

The information contained in this announcement has not been reviewed or reported on by the company's external auditors. Nampak expects to release its audited annual results on or about Monday, 5 December 2022.

Bryanston

1 December 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.