



**Nampak**  
packaging excellence



**Voluntary trading update**  
for the three months to  
31 December 2022 and  
additional detail on the  
proposed capital raise



## Announcement relating to:

- › Voluntary trading and business update for the three months to 31 December 2022; and
- › Update on the proposed rights offer.

## Key highlights:

- › Revenue growth in excess of 20% relative to the comparative period;
- › A reduction in operating profit before net impairments mainly attributable to foreign exchange losses;
- › Significantly higher foreign exchange losses and net finance costs coupled with a higher effective tax rate impacting net profits;
- › An updated board-approved strategic turnaround plan has been in place since September 2022 and has started yielding positive results;
- › To the date of this update, this plan has yielded an estimated annual working capital benefit and liquidity improvement in excess of R500 million; and
- › Reduction in the rights offer quantum from up to R2 billion to no more than R1.5 billion.

## Introduction

Shareholders of Nampak ("shareholders") are referred to the circular in terms of which they were requested to approve the necessary resolutions in order for the company to proceed with its proposed rights offer.

As indicated in the Securities Exchange News Service of the JSE ("SENS") announcements released on Monday, 16 and Wednesday, 18 January 2023, there have been ongoing constructive discussions with a number of stakeholders since the announcement of the company's plan to proceed with a rights offer. Following these discussions, the company deemed it appropriate to update the market on the group's performance for the first three months of the financial year ending 30 September 2023 ("Q1FY23" or "the period"), as well as provide details of the turnaround plans for the underperforming businesses and operational processes implemented and to be implemented.

## Overview of group results for Q1FY23

Revenue growth in excess of 20% was achieved relative to the three months of the financial year ended 30 September 2022 ("Q1FY22" or "comparative period"), supported by increases across most of the group's beverage can businesses, and a moderate recovery at DivFood.

Trading profit growth was higher than revenue growth due to the partial recovery of higher cash transfer costs, improving supply chains and continued improvements in internal efficiencies in the Metals and Paper divisions.

However, foreign exchange losses recognised through increased transfers of cash from Angola and Nigeria and the impact of the devaluation of the respective currencies on the translation of monetary items significantly impacted operating profit before net impairments. Although significant cash transfers were achieved in 2022 financial year ("FY22"), the majority of the related foreign exchange losses were incurred in the second half of FY22. Accordingly, the comparative Q1FY23 results have been materially impacted by the acceleration of cash transfers and the extraction of cash balances built up during periods of foreign currency unavailability. The transfer of foreign exchange remains challenging but cash extracted is sufficient to fund raw material requirements.

Higher debt levels coupled with increased interest rates and a weaker Rand/US dollar exchange rate resulted in significantly higher net finance costs. The group operated within the stipulated debt covenant thresholds as at 31 December 2022.

A higher effective tax rate, primarily due to the effect of the weakening Kwanza on net deferred tax balances in Bevcan Angola, negatively impacted reported profitability.

## Trading environment and operational performance

### Metals

#### Bevcan

Demand in the South African beverage can market remained strong during Q1FY23 on the back of the strong volume growth experienced during FY22, resulting in positive volume growth for the period. The demand for large can sizes remained strong resulting in full capacity utilisation for these lines at the Bevcan operations. The continued focus on improving operational efficiencies delivered positive results and enhanced operational performance.

In Angola, the upward trend in can volume demand that was observed during the latter part of FY22 continued on the back of an improved economic environment, although at a reduced rate when compared to the last quarter of FY22.

As anticipated, beverage can volumes in Nigeria declined when compared to the same period in FY22 due to a weaker overall Nigerian economic environment and the increased cost of imported goods. While the group's beverage can plant continues to operate at world-class efficiency levels, a sustained weak economy in Nigeria and higher in-country risk premiums increase the risk of further impairments. Goodwill amounting to R1.9 billion relating to this operation is carried on the group balance sheet.

#### DivFood

Trading results at DivFood South Africa improved from a loss in the comparative period to a small trading profit in Q1FY23.

Despite still being in the early stages of the DivFood turnaround strategy, the results were supported by improved operational performance at both the Paarl and Epping operations, on the back of some initial challenges experienced in FY22 when manufacturing equipment was relocated from Vanderbijlpark. A more stable import supply chain resulted in improved raw material availability.

A reduction in US dollar tinsplate pricing for new orders should bring much needed cost relief to brand owners once the anticipated lower cost tinsplate finds its way into products being supplied to customers. Although imported tinsplate forms part of a supply chain with very long lead times, the commodity price reduction is expected to reduce the net working capital investment in DivFood over the coming months.

Fish can demand to date has been strong, as a result of a stable import supply of frozen fish. However, this was offset by lower market demand in the vegetable and meat categories, resulting from depressed consumer spending.

Demand for most diversified products was disappointing due to a slow start to the insecticide season and consumers having less disposable income to spend on personal and homecare products. Shoe polish can sales bucked the trend and remained strong.

Demand from the wine and spirits industries for caps and closures remained stable.

#### General Metals Nigeria

The trend of customers producing some of their own packaging requirements continued in the general metals segment, resulting in poor demand. A decision has therefore been made to exit Nampak Metals Nigeria. It is the group's intention to run out existing raw material supplies and dispose of the property in Lagos as soon as practically possible. Discussions with interested parties are in progress.

### Plastic

Raw material cost increases necessitated product pricing increases to the market. Demand for certain products was negatively impacted by higher prices in a weak disposable income environment. Tube sales improved and plastic closures sales were stable, although demand for drums, crates and bottles was lower.

Nampak is engaging with all affected stakeholders to enable a smooth transition process on the exit of the Crates business as well as site closures in various parts of the country in order to reduce costs and return the business to an acceptable level of profitability.

## Paper

The demand for conical carton volumes in South Africa reduced, following strong demand in FY22. The demand for PurePak cartons was stable, despite the persistence of weak economic conditions and operational challenges at our customers. The demand for corrugated paper products from Hunyani in Zimbabwe remained robust, delivering pleasing results in local currency. Malawi delivered a much-improved performance due to increased demand for conical cartons. Overall volumes in Zambia were down, owing to pressure on conical carton sales and erratic crate demand.

## Cash transfers and foreign exchange losses

Total cash transfers for the period of R452 million from Angola and Nigeria represent a 53% increase over the comparative period (R296 million) with 68% of these funds being transferred from Nigeria, albeit at a significant cost to operating income.

Cash transfers from Angola continued to be satisfactory with R146 million being transferred, 13% ahead of the R129 million transferred in the comparative period. During Q1FY23 the Kwanza devaluated from a rate of 443.55 to the US dollar at 30 September 2022 to 516.54 to the US dollar at 31 December 2022, representing a devaluation of 16.5%. This resulted in associated foreign exchange losses of R37 million compared to a gain of R23 million in Q1FY22.

The group remains concerned about the outlook of the Nigerian currency and therefore has accelerated cash transfers where possible. The group transferred the equivalent of R306 million in Q1FY23 (Q1FY22: R167 million), representing an increase of 83% over the comparative period. Owing to a weaker exchange rate, foreign exchange losses of R310 million (Q1FY22: R59 million) were recognised.

Foreign exchange hedges are not currently available in Angola and Nigeria and access to and the cost of foreign exchange in these countries remain a significant risk to the group's performance.

## Deferred tax movement

The devaluation of the Kwanza resulted in an increase of R48.8 million (\$2.8 million) in the net deferred tax liability during Q1FY23, against a decrease in the comparative period of R25.8 million (\$1.6 million) when the Kwanza appreciated. The functional currency of Bevan Angola is the US dollar.

## Load shedding

In general, Nampak's operations are not materially affected at lower stages of load shedding, but the negative impact escalates substantially beyond stage 4. Management works closely with the municipalities where the group operates with the aim of being exempted from lower stages of load shedding through approved curtailment programs. However, load shedding remains a concern across the South African operations. Power generation alternatives have in the past ensured that Nampak continues to operate and deliver on operational objectives, but the increasing frequency of load shedding, if sustained in the medium term, may require additional investment in alternative supply systems.

## Operational measures and turnaround plans

In the dynamic environment in which Nampak operates, the Nampak board of directors ("the board" or "the Nampak board") reviews the group's strategy on a continuous basis. A key focus over the last three years has been the strengthening of the group's liquidity position, capital structure and optimising operational performance. In September 2022, the board approved updated turnaround plans, which, inter alia, include operational measures to improve the group's liquidity position, principally by improving the company's working capital cycle and the profitability of certain businesses ("the operational measures"). Since announcing on Thursday, 1 December 2022, an intention to proceed with a proposed rights offer meaningful progress has been made in delivering on the company's strategy vis-a-vis the operational measures. Further details are set out below.

### 1. Working capital benefits

- › The structural disparities in the payment terms and credit limits in place with certain major suppliers and customers have, where possible, been addressed and negotiations with other suppliers and customers are ongoing.
- › To date, these efforts have yielded an estimated annual working capital benefit and liquidity improvement in excess of R500 million.

## 2. Strategic initiatives

In addition, the group continues to make progress on several strategic initiatives which are focused on turning around underperforming businesses, thereby increasing Nampak's cash flow generation. The key completed and planned initiatives include the following:

### 2.1 Turnaround plan: DivFood

- › Changes to senior management, including the early retirement of the group executive committee member previously responsible for DivFood and the appointment of a restructuring specialist, effective January 2023;
- › An ongoing assessment of the company's operational performance at a sub-unit level to determine whether to either exit or close non-profitable segments and/or plants where, in management's view, there are no feasible turnaround prospects;
- › Implementation of a strategy to return to a working capital model that funds inventory through trade payables. In addition, Nampak expects a reduction in working capital consumption as commodity prices continue to ease and global supply chains continue to recover;
- › Continuing to renegotiate contractual terms with key suppliers and customers and strengthening of the group's forecasting and ordering practices to improve working capital management, all with a clear focus on right sizing the net operating asset base and returning the business to sustainable profitability; and
- › Investing in skills improvement for new and existing employees in the Paarl operation, following the completion of the relocation and recommissioning of equipment from Vanderbijlpark.

### 2.2 Turnaround plan: Plastic SA

Over a number of years, the Plastic bottle business has been negatively impacted by the complexity of its product range, a fragmented customer base delivering limited profitability, excessive overhead costs resulting from multiple subscale operating facilities and limited product innovation.

The board approved a strategic plan in September 2022 to refocus the business and deliver a realistic improvement in operational and financial performance. This plan is currently in execution phase and progress to date and initiatives include:

- › The customer base was rationalised by 41%, which in turn has brought significant simplification of the product range;
- › The reality of competing in a commodity product market necessitated a focussed product range and standardising on a square and round bottle range. With this in mind, Nampak recently launched a new PET bottle range that produces bottles for dairy, juice and other beverage products that are the lightest but strongest comparable bottles in the South African market;
- › To reduce overhead costs, the business is refocusing to stabilise and grow the bottle, closure and drum businesses;
- › The exit of the Crate business will be finalised in the second quarter of FY23 and agreements on equipment sales and discussions with customers for a smooth transition to new suppliers have been completed;
- › Various sites were identified for consolidation to reduce overhead cost and discussions with employees, social partners and customers are underway; and
- › An objective of the turnaround strategy is to self-fund capital requirements, through the sale of redundant equipment, without support from the rest of the group. A binding offer has already been received and accepted for the sale of some of the redundant equipment.

The group will continue to apprise the market of progress made.

### 2.3 Divestitures

- › Having performed a detailed portfolio assessment, the group has commenced the divestment from assets or businesses in the Rest of Africa that are either unprofitable and/or subscale. The identified territories and businesses include East Africa and the General Metals business in Nigeria. The aggregate operating assets value (excluding working capital) of these businesses is R95 million, as outlined in the "planned exit" category of the segmental disclosure below.
- › The proceeds from all targeted disposals will be used to reduce debt and self-fund approved capital expenditure or turnaround plans. Nampak expects to conclude most of these disposals during the next twelve months, albeit success cannot be guaranteed.

## 2.4 General and ongoing operational improvement measures

- › The ongoing negotiations to improve contractual terms with suppliers and customers, foreign exchange management and the introduction of a contractual mechanism for an equitable pass through of interest costs associated with inflated commodity prices are key focus areas for the management team;
- › Bevcan Nigeria will reduce foreign exchange risk as far as possible by extracting excess cash balances and cash required for raw material purchases as soon as a liquidity window presents itself, even in the event of elevated costs, in order to ensure the business is self-funded;
- › A degree of flexibility will be allowed in terms of the timing of cash extractions in order to ensure continuity of raw material supply, through a controlled process and by engaging with potentially affected customers;
- › The company will continue to engage with the Reserve Bank of Zimbabwe ("RBZ") regarding the payment of the outstanding balance of \$63 million (±R1.1 billion). Although an expected credit loss of 90% against this balance has previously been recognised, the group is actively exploring mechanisms to recover the entirety of the outstanding debt;
- › The group will continue to explore the declaration and extraction of dividends from Zimbabwe; and
- › An insurance claim for losses incurred as a result of the COVID-19 pandemic has been finalised and submitted.

## Foreign exchange volatility and availability

Notwithstanding the measures outlined above, Nampak remains exposed to heightened volatility in the translated rand value of earnings from its Rest of Africa operations. The US dollar availability in Nigeria, and to a lesser extent Angola, remains constrained and currency volatility is expected to continue throughout 2023.

One of Nampak's primary foreign exchange risk exposures relates to the change in exchange rates between the invoice date of products to customers, which is based on the last extraction rate, and eventual rate applicable at the time of purchasing currency after settlement by customers. It is therefore key to limit the time between determining the invoice rate and the purchase of foreign exchange from customer invoice settlements. Negotiations with key customers to agree on an equitable sharing of this risk are ongoing.

## Working capital cycle

The working capital cycle has been adversely affected by global externalities, primarily related to supply chain issues driven by backlogs caused by the COVID-19 pandemic, the war in Ukraine and shipping disruptions. This has resulted in the group having to maintain higher inventory levels at increased cost, placing additional strain on the group's cash resources.

Over the last two financial years there have been additional working capital requirements of R1 280 million. This was partly due to a contracted working capital base in 2020, following a reduction in response to reduced demand during the COVID-19 pandemic. In 2022, Nampak faced heightened commodity prices and volatility as well as increasing global interest rates. This exacerbated the cost of inventory, resulting in further absorption of working capital.

The group traditionally utilises as much as R1 billion in working capital during the first quarter due to seasonality effects and the impact of the financial reporting dates of key suppliers and customers on payments and receipts. Whilst Nampak continues to optimise the working capital cycle and expects working capital to reduce as commodity prices ease, it requires sufficient balance sheet facilities to manage the inherent working capital volatility, particularly in peak trading periods, which has been taken into account in determining the quantum of the proposed rights offer.

## Refinancing of the Funding Package

Nampak raised an unsecured Revolving Credit Facility and Term Loans ("Funding Package") in 2018 with components which were to mature in September 2022 and September 2023 respectively, in addition to the remaining final portion of US Private Placement funding ("USPP"), which matures on 28 May 2023. Over the last three years, numerous covenant relaxations and extensions of maturity dates have been granted by the lenders primarily due to the impacts of a weakening rand dollar exchange rate and the COVID-19 pandemic. These relaxed covenants were complied with throughout the period. At the end of FY22, the maturity date of the Funding Package was extended to 31 December 2023, conditional on Nampak launching a rights offer to raise minimum net proceeds of R1.35 billion, with such proceeds to be applied to reducing debt.

The group has appointed Metis Strategic Advisors to advise the board and negotiate an equitable new funding package ("New Funding Package") with the lenders. As it stands, a condition of the New Funding Package under negotiation is Nampak launching a rights offer to raise minimum net proceeds of R1.35 billion, with such proceeds to be applied to reducing debt. The group's lenders are also in the process of appointing debt advisors to facilitate the process of reaching consensus between all the group's lenders in determining the participants, appropriate size and terms of the New Funding Package.

Shareholders holding at least 30 percent of Nampak's ordinary shares indicated their requirement for the group to first finalise the New Funding Package prior to launching the rights offer. The Nampak board has resolved not to launch the proposed rights offer until such time as the New Funding Package has been secured and approved by both the credit committees of the lenders and the Nampak board. Shareholders will be updated on the New Funding Package, to the extent available, before the Extraordinary General Meeting to be held at 09h00 on Wednesday, 8 March 2023.

## Detailed segmental information

In order to provide shareholders and potential investors with a better understanding of the underlying profitability, return on net operating assets and cash flow generation of Nampak's various business units, the company provides hereunder a more granular breakdown of its segmental results for FY22 and 30 September 2021 ("FY21"):

Category	Description	Businesses or territories
<b>Profitable: lower foreign exchange risk</b>	Stable businesses with a good or reasonable level of operating profit.	Bevcan RSA, Liquid Cartons RSA, Malawi, Zambia
<b>Profitable: higher foreign exchange risk</b>	Stable businesses with a good or reasonable level of trading profit, but high foreign exchange risk to operating profit.	Bevcan Angola, Bevcan Nigeria
<b>DivFood and Plastic SA</b>	Businesses with strong revenues, but a poor level of current trading profit and reasonable prospects of becoming profitable. Currently in a turnaround phase.	DivFood, Plastic SA
<b>Planned exit</b>	Businesses outside of South Africa that are unprofitable and/or subscale, or which the group plans to exit in the short term.	East Africa and General Metals Nigeria
<b>Corporate</b>	Central and/or unallocated costs.	Corporate Offices in South Africa and Isle of Man
<b>Zimbabwe</b>	Stable businesses with a good or reasonable level of trading profit but operating in a hyperinflationary environment.	Carnaud MetalBox, Hunyani, Megapak

It should be noted that the additional segmental information based on the above classifications has been provided for information purposes only and does not reflect or represent the way the group is managed, nor will it be disclosed in future reporting periods, unless deemed necessary. The breakdown of the financial information below reconciles to the group's audited annual financial results on an aggregated basis, however the format and descriptions are not intended to comply with IFRS. This information has been extracted, without adjustment or modification from the financial information and calculations underlying the published audited financial information of the group, prepared in terms of IFRS. The financial information on which this trading update is based has not been reviewed by or reported on by the group's external auditors and is the responsibility of the Nampak board. The segmental breakdown provided is intended to provide shareholders and/or potential investors with a deeper insight into the profitability and cash generation of the various business categories, as per the above classifications.



## Profitability

R million	Revenue	EBITDA <sup>1</sup>	Depreciation	Trading profit	Foreign exchange losses	Capital and other items	Operating profit/(loss) before net impairment losses	Operating assets before working capital	Net working capital	Total net operating assets <sup>2</sup>
<b>FY22</b>										
Profitable: lower foreign exchange risk	7 467	649	175	474	—	2	476	2 708	988	3 696
Profitable: higher foreign exchange risk	3 001	1 009	102	907	(509) <sup>3</sup>	—	398	4 233	427	4 660
DivFood	3 258	18	98	(80)	—	(4)	(84)	834	651	1 485
Plastic SA	1 631	19	25	(6)	—	16	10	267	253	520
DivFood and Plastic SA	4 889	37	123	(86)	—	12	(74)	1 101	904	2 005
Planned exit	522	35	13	22	(36)	(6)	(20)	100	(128) <sup>4</sup>	(28)
Corporate	(528)	18	43	(25)	(1)	151 <sup>5</sup>	125	88	829 <sup>6</sup>	917
<b>Territories without hyperinflation</b>	<b>15 351</b>	<b>1 748</b>	<b>456</b>	<b>1 292</b>	<b>(546)</b>	<b>159</b>	<b>905</b>	<b>8 230</b>	<b>3 020</b>	<b>11 250</b>
<b>Territory with hyperinflation: Zimbabwe</b>	<b>1 586</b>	<b>335</b>	<b>16</b>	<b>319</b>	<b>—</b>	<b>(72)<sup>7</sup></b>	<b>247</b>	<b>99</b>	<b>304</b>	<b>403</b>
<b>Total</b>	<b>16 937</b>	<b>2 083</b>	<b>472</b>	<b>1 611</b>	<b>(546)</b>	<b>87</b>	<b>1 152</b>	<b>8 329</b>	<b>3 324</b>	<b>11 653</b>
<b>FY21</b>										
Profitable: lower foreign exchange risk	5 800	725	161	564	—	—	564 <sup>8</sup>	2 777	1 167	3 944
Profitable: higher foreign exchange risk	2 203	638	98	540	(219) <sup>9</sup>	—	321	3 711	567	4 278
DivFood	2 557	92	94	(2)	—	1	(1)	1 189	432	1 621
Plastic SA	1 646	59	56	3	—	—	3	259	151	410
DivFood and Plastic SA	4 203	151	150	1	—	1	2	1 448	583	2 031
Planned exit	456	56	16	40	(27)	(0)	13	154	7	161
Corporate	(408)	(42)	20	(62)	—	13	(49)	46	135	181
<b>Territories without hyperinflation</b>	<b>12 254</b>	<b>1 528</b>	<b>445</b>	<b>1 083</b>	<b>(246)</b>	<b>14</b>	<b>851</b>	<b>8 136</b>	<b>2 459</b>	<b>10 595</b>
<b>Territory with hyperinflation: Zimbabwe</b>	<b>1 704</b>	<b>354</b>	<b>15</b>	<b>339</b>	<b>—</b>	<b>5</b>	<b>344</b>	<b>108</b>	<b>315</b>	<b>423</b>
<b>Total</b>	<b>13 958</b>	<b>1 882</b>	<b>460</b>	<b>1 422</b>	<b>(246)</b>	<b>19</b>	<b>1 195</b>	<b>8 244</b>	<b>2 774</b>	<b>11 018</b>

### Notes:

- EBITDA represents earnings before interest, tax, depreciation and amortisation.
- Net operating assets consists of total assets, excluding current and deferred tax balances, bank balances and deposits, and liquid bonds and other loan receivables, less trade and other current payables, provisions and other non-current liabilities.
- Includes a foreign exchange loss of R569 million in Bevcn Nigeria partially offset by a gain of R60 million in Angola.
- Impacted by operational ability to access dollars in country to transfer to the group's central treasury and procurement operation in the Isle of Man.
- Includes the surplus of R222 million recognised related to the Malbak pension fund and a once-off insurance loss of R50 million was incurred by Nampak Insurance Company Limited.
- Consists primarily of accounts payable in the SA corporate entity and the trade debtors owing to the group's central treasury and procurement operation in the Isle of Man.
- Net impact of devaluation associated with Zimbabwe.
- Enhanced by a once-off profit related to the buying out of outstanding beverage can export orders canceled by the customer due to a decline in demand.
- Includes a foreign exchange loss of R227 million in Bevcn Nigeria partially offset by a gain of R8 million in Angola.

## Cash generation

R million	Cash generated from/(utilised by) operations before working capital changes	Net working capital changes	Cash generated from/(utilised by) operations	Capital expenditure	Cash generated from/(utilised by) operations after capital expenditure
<b>FY22</b>					
Profitable: lower foreign exchange risk	641	108	749	(68)	681
Profitable: higher foreign exchange risk	500	(60)	440	(20)	420
DivFood	14	(293)	(279)	(18)	(297)
Plastic SA	27	(102)	(75)	(21)	(96)
DivFood and Plastic SA	41	(395)	(354)	(39)	(393)
Planned exit	(7)	116	109	(39)	70
Corporate	(6)	(182)	(188)	(13)	(201)
<b>Territories without hyperinflation</b>	<b>1 169</b>	<b>(413)</b>	<b>756</b>	<b>(179)</b>	<b>577</b>
<b>Territory with hyperinflation: Zimbabwe</b>	<b>335</b>	<b>(246)</b>	<b>89</b>	<b>(29)</b>	<b>60</b>
<b>Total</b>	<b>1 504</b>	<b>(659)</b>	<b>845</b>	<b>(208)</b>	<b>637</b>
Interest received					11
Interest paid					(557)
Retirement benefits, contributions and settlements					(75)
Income tax paid					(170)
Disposal of property, plant, equipment and investments					43
Decrease in other non-current financial assets					3
Net cash utilised before financing activities					(108)
<b>FY21</b>					
Profitable: lower foreign exchange risk	725	39	764	(98)	666
Profitable: higher foreign exchange risk	420	74	494	(60)	434
DivFood	86	(78)	8	(34)	(26)
Plastic SA	56	(85)	(29)	(63)	(92)
DivFood and Plastic SA	142	(163)	(21)	(97)	(118)
Planned exit	29	23	52	(12)	40
Corporate	18	(388)	(370)	(4)	(374)
<b>Territories without hyperinflation</b>	<b>1 334</b>	<b>(415)</b>	<b>919</b>	<b>(271)</b>	<b>648</b>
<b>Territory with hyperinflation: Zimbabwe</b>	<b>346</b>	<b>(206)</b>	<b>140</b>	<b>(42)</b>	<b>98</b>
<b>Total</b>	<b>1 680</b>	<b>(621)</b>	<b>1 059</b>	<b>(313)</b>	<b>746</b>
Interest received					21
Interest paid					(544)
Retirement benefits, contributions and settlements					(78)
Income tax paid					(152)
Disposal of property, plant, equipment and investments					41
Proceeds on disposal of liquid bonds					268
Proceeds from RBZ receivable					57
Decrease in other non-current financial assets					3
Net cash generated before financing activities					362

## Lease liabilities of turnaround business

Lease liabilities associated with IFRS 16: Leases amounted to R489 million for DivFood and R416 million for Plastic SA as at 30 September 2022.

## Update on the proposed rights offer

As disclosed in the circular, it was proposed that Nampak would seek to raise up to R2.0 billion through a proposed rights offer to ensure that the lenders' requirement of a minimum debt reduction of R1.35 billion net of costs is met, along with providing additional capital for growth and operational flexibility.

It was previously proposed that the balance of R500 million raised, which related to R350 million of the committed capital expenditure for the expansion of a production line for Bevcan South Africa and R150 million for working capital flexibility, would need to form part of the proposed rights offer. Based on current volumes and proposed new allocation commitments from customers, the company expects this investment to produce double-digit returns, in excess of the group's existing cost of capital and meeting the capital allocation committee's minimum hurdle rate. Furthermore, given the progress made on the operational measures, the Nampak board is confident that it should be possible to fund the expansion of the beverage can line over the ensuing two financial years through operational cash flows.

Accordingly, the proposed rights offer quantum will be limited to no more than R1.5 billion. As previously mentioned, R1.5 billion is required in order to meet the minimum settlement of the R1.35 billion of debt by 31 March 2023. The minimum settlement is a prerequisite to concluding the New Funding Package and the additional R150 million is expected to cover transaction and refinancing costs incurred.

## Responsibility statement

The board accepts responsibility for the information contained in this announcement to the extent that it relates to the company and confirm that to the best of their knowledge and belief, the information contained in this announcement is true and correct.

Bryanston

30 January 2023

**Joint transaction sponsors:** Nedbank Corporate and Investment Banking, a division of Nedbank Limited;  
The Standard Bank of South Africa Limited

**Financial advisor:** Rothschild and Co South Africa Proprietary Limited

**Legal advisor:** Edward Nathan Sonnenbergs Inc.

## Forward-looking statements

This announcement contains statements about Nampak that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the packaging industry; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings and specifically including the proposed rights offer. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Nampak cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments including within the industry in which Nampak operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement.

All these forward-looking statements are based on estimates and assumptions, which estimates and assumptions, although Nampak may consider them to be reasonable, are inherently uncertain and as such may not eventuate. Many factors (including factors not yet known to Nampak, or not currently considered material), could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

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 related foreign exchange gains or losses; a lack of market liquidity which holds up the repatriation of funds; changes in commodity prices and working capital cycles; increased competition; higher inflation; increased interest rates; 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; changes in taxation rates; 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.

Nampak shareholders should keep in mind that any forward-looking statement made in this announcement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors may emerge from time to time that could cause the business of Nampak or other matters to which such forward-looking statements relate, not to develop as expected and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Nampak has no duty to, and does not intend to, update or revise the forward-looking statements contained in this announcement after the date of this announcement, except as may be required by law.

# Corporate information

## Nampak Limited

Registration number: 1968/008070/06  
Incorporated in the Republic of South Africa  
Share Code: NPK ISIN: ZAE000071676a  
Share Code: NPP1 ISIN: ZAE000004966  
Share Code: NPKP ISIN: ZAE000004958  
LEI: 3789003820EC27C76729  
("Nampak" or "the group" or "the company")

## Business address and registered office

### Nampak House

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20 Georgian Crescent East  
Bryanston, 2191, South Africa

PO Box 69983, Bryanston, 2021

**T** +27 719 6300

[www.nampak.com](http://www.nampak.com)

## Auditors

### Deloitte & Touche

5 Magwa Crescent  
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South Africa

## Company secretary

### Ilse van Lochem

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## Sponsor

### Nedbank Corporate and Investment Banking

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PO Box 1144, Johannesburg, 2000 Share registrar

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## Investor relations

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