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 3 MONTHS ENDED 31 DECEMBER 2023

Introduction

This announcement serves to update the market on the group's performance and trading conditions for the first quarter ("Q1") of the financial year ending 30 September 2024.

Salient features of group results for the 3 months ended 31 December 2023

- Bevcan SA and DivFood delivered operational and trading performance improvements through margin management, cost reduction and efficiency gains;
- Bevcan Angola volume recovery;
- Reduced forex losses contributed to an improvement in our operating profit;
- Divestiture program proceeding in line with previous guidance;
- A number of smaller disposals were concluded and proceeds utilised to repay debt;
- Volume contraction in Nigeria consequent to macroeconomic conditions;
- Plastics and Paper results remain turbulent;
- Lower comparable net debt levels;
- Compliance with lender covenants; and
- The business model evolution towards Nampak Metals is on track.

Trading environment and operational performance

Muted SA turnover growth was experienced due to sustained macro-economic headwinds, port congestion impacting raw material imports and customer factory closures occurring sooner and for extended periods. Slower than expected consumer demand was exacerbated by surplus inventory in the market. Demand is expected to normalise in the second quarter as customers replenish their inventory holdings. The lower than expected turnover did not detract from the newly merged Bevcan South Africa and Diversified division performing well and generating strong operating leverage.

The South African Metals operations improved profitability with Bevcan cost and efficiency gains being the key enablers. Beverage can volumes were in line with the comparable period which is encouraging in light of constrained consumer spending. The installation of the incremental 500ml capacity at Bevcan Springs is on track for commissioning ahead of time and within budget. This capital project will enable volume growth.

The demand for canned goods remains positive, with growth within the fish and infant food categories supported by demand for fruit cans, with the fruit season yielding a good crop. The turnaround plan for DivFood is ahead of expectations with profitability improvements expected for the year.

The Nigerian economy continues to face high levels of inflation, lower-disposable income and a weakening Naira which has impacted demand. Beverage can demand in Angola has improved, which is encouraging.

In Angola, beverage can demand has increased. However, the US dollar shortage in the Angola market is impacting the ability to settle US dollar liabilities for offshore procurement.

Plastic closure sales were stable although demand for drums, bottles and tubes were lower than prior year. A competitive dairy market resulted in volume losses with an adverse impact on revenue and profitability.

In Paper, the demand for conical and PurePak cartons reduced in South Africa, albeit from a strong base in the prior year. Zambia and Malawi were negatively affected by lower demand for conical cartons and crates and foreign exchange losses. The Zimbabwe operations continue to perform well in local currency.

Across the Group, planned cost and efficiency savings were realised in line with previous guidance. Labour costs remain unsustainably high and discussions with labour representatives to limit increases are underway.

An improvement in cash generated before working capital changes was achieved. Working capital disciplines remain robust, however cash flows were negatively impacted by seasonality. A recovery to normalised levels of working capital is expected for the half year ended 31 March 2024.

Foreign exchange rate movements in Nigeria and Angola and settlement of procurement obligations

Currency markets in Nigeria and Angola remain dysfunctional with US dollar shortages in Angola restricting transferability and resulting in a higher than normal kwanza operational cash position. The Naira devalued during Q1 as the Nigerian Central Bank closed the gap between the official and secondary market naira exchange rate. No effective hedging instruments are available in Angola, Nigeria and Zimbabwe.

Progress on compliance with Lender Requirements under Facility Agreements

In terms of the restructured lender agreements, the group is required to reduce debt by R243 million by 31 March 2024. The group is on track to meet this repayment obligation, with R180 million already repaid from the proceeds on the disposal of the Nampak Nigeria Metals property and the United Kingdom apartment.

Outlook

Management is focused on the divestiture program in order to reduce debt to sustainable levels and will continue to optimise the operating efficiency of the remaining business units. The reduction of head office cost and the implementation of a lean operating model are high priorities which will be reported on in the next period.

The group extends its thanks to the chairman, Mr Peter Surgey, who has led the board through challenging times. Peter has elected to resign at the annual general meeting ("AGM") to be held on 15 February 2024 and his leadership and guidance will be missed. The Board has resolved to appoint Andre van der Veen as chairman once Mr Surgey has stepped down after the AGM.

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

Nampak will release its interim results for the six months ending 31 March 2024 on the Stock Exchange News Service on or about 29 May 2024. Nampak will be in closed period from 31 March 2024 until the release of its interim results.

Cape Town
15 February 2024
Sponsor: PSG Capital