



Mpack Limited Interim Results

Interim results for the six months ended
30 June 2015

The slide features a dark grey vertical bar on the left, a light green vertical bar in the middle, and a large green vertical bar on the right. A vertical color palette is located on the far right edge, consisting of a series of small colored squares in shades of black, grey, purple, pink, red, orange, and teal.

Half year 2015 in context and financial highlights

Operating review

Financial review

Outlook

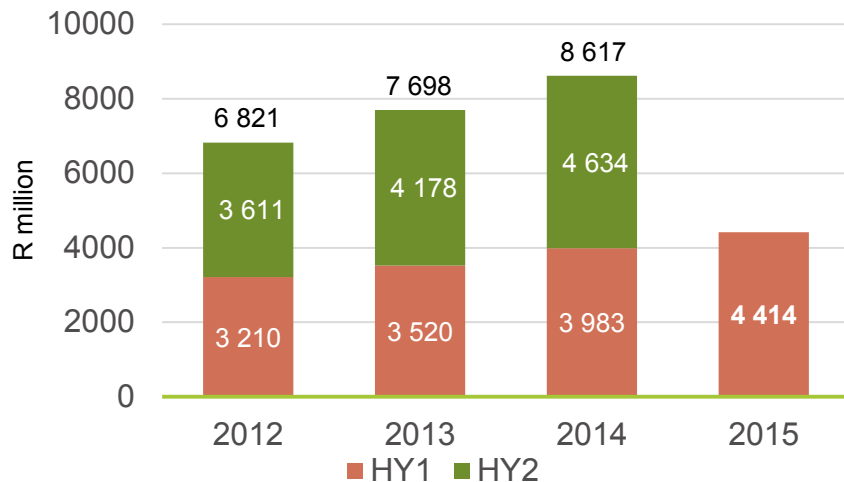
Appendices

Half year 2015 in context

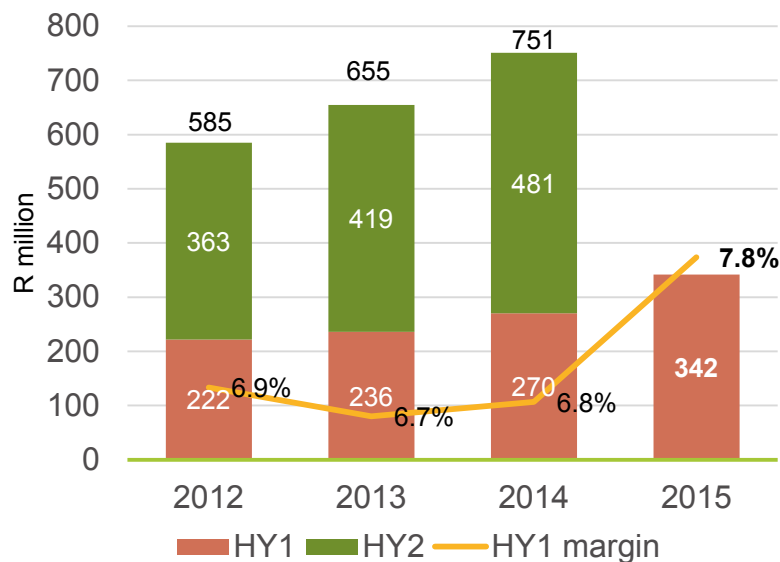
- General improvement in Plastics business
- Good volume growth despite subdued economy
- rPET and Felixton mill rebuild projects on schedule and within budget
- Successful implementation of the B-BBEE transaction
 - Establishment of Mpact Foundation Trust
 - B-BBEE rating improved to Level 3

Financial highlights

Group revenue



Underlying operating profit



- Revenue up 10.8% to R4.4bn
 - Selling price increase and product mix of 6.8%
 - Volume growth of 3.0%
 - Acquisitions of 1.0%

- Underlying operating profit up 26.8% to R342m
 - Margin up to 7.8% from 6.8%
 - Improved trading performance
 - Paper business up 12.4%
 - Plastic business up 98.9%

- Underlying earnings per share up 47.4% to 135.3 cents

- ROCE up to 17.9% (June 2014: 16.9%)

- Interim dividend of 30 cps, up 15.4%

- Gearing at 34.2% (June 2014: 32.5%)



Half year 2015 in context and financial highlights

Operating review

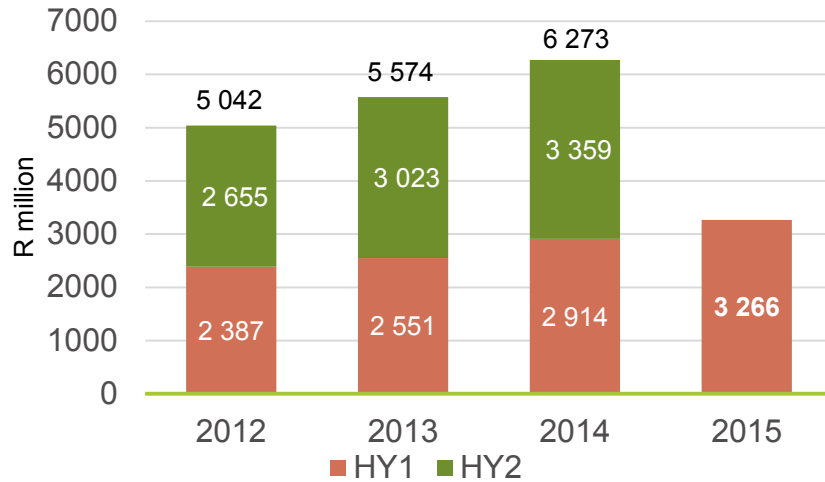
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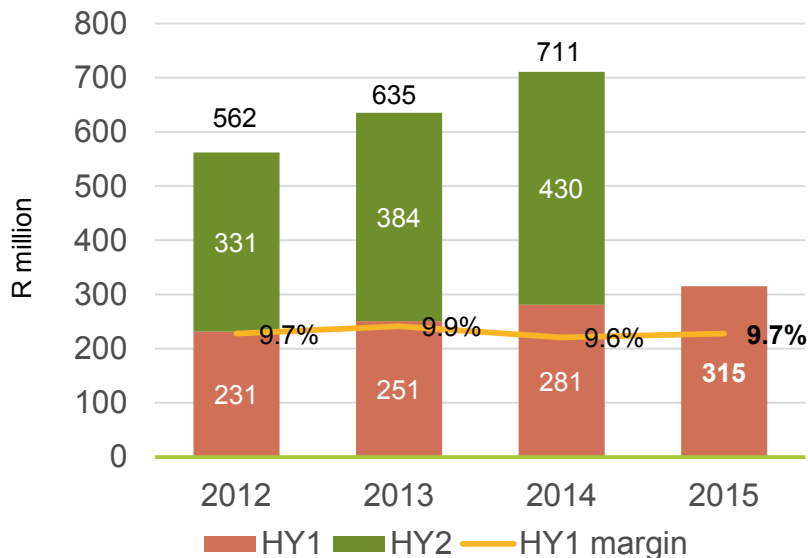
Appendices

Paper business

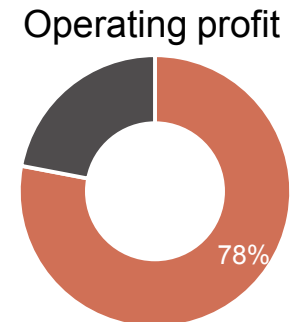
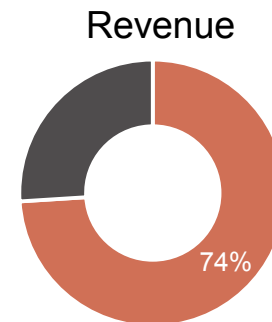
External revenue



Underlying operating profit

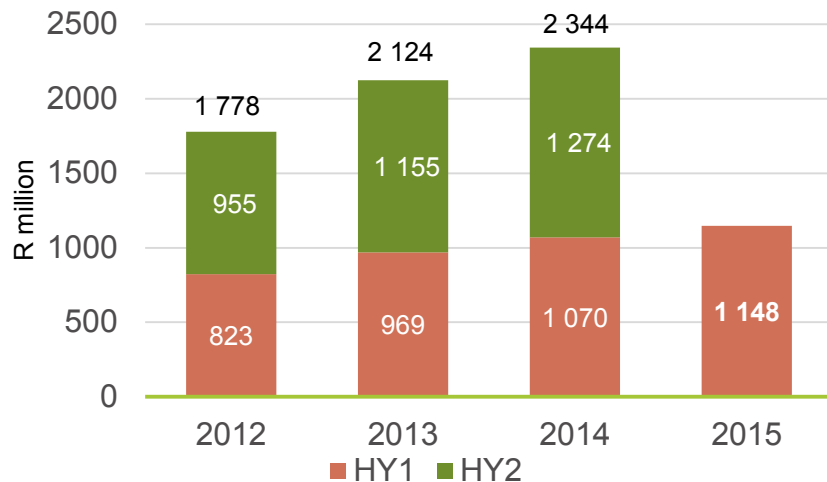


- Revenue up 12.1% to R3.3bn
 - Selling price increase and favourable product mix of 8.4%
 - Volume growth of 2.4%
 - Acquisitions of 1.3%
- Underlying operating profit up 12.4% to R315m
 - Margin increased to 9.7% from 9.6%
 - Favourable product mix
 - Recovery of deciduous fruit exports



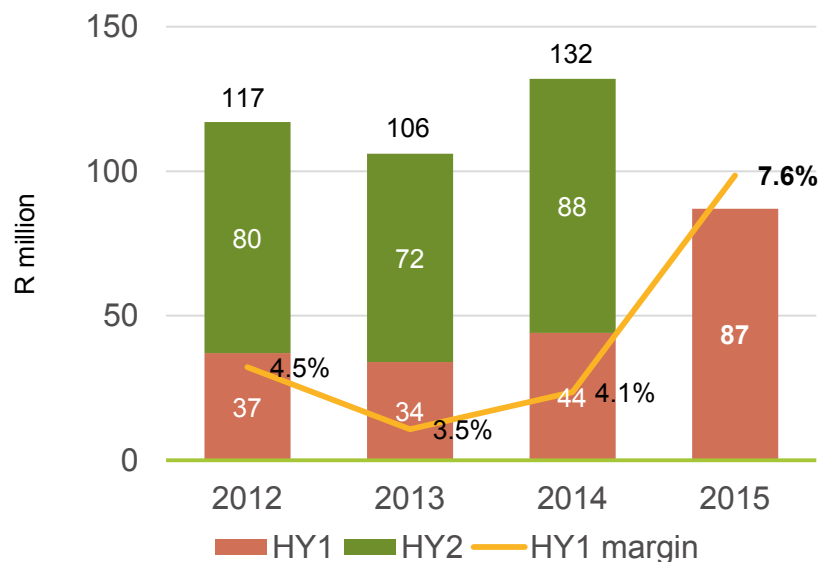
Plastics business

External revenue

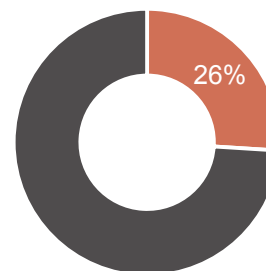


- Revenue up 7.3% to R1.1bn
 - Selling prices and mix marginally lower by 1.0%
 - Volume growth of 8.3%
- Underlying operating profit higher by 98.9% to R87m
 - Margin up to 7.6% from 4.1%
 - Favourable product mix
 - Lower raw material prices
 - Benefit of FMCG restructure

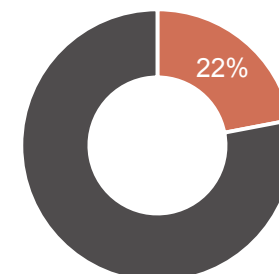
Underlying operating profit



Revenue



Operating profit





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Half year financial summary

Revenue

10.8%

R4.4 billion

Underlying operating profit

26.8%

R342 million

Underlying EPS

47.4%

135.3 cents per share

Interim dividend

15.4%

30 cents per share

ROCE

1.0

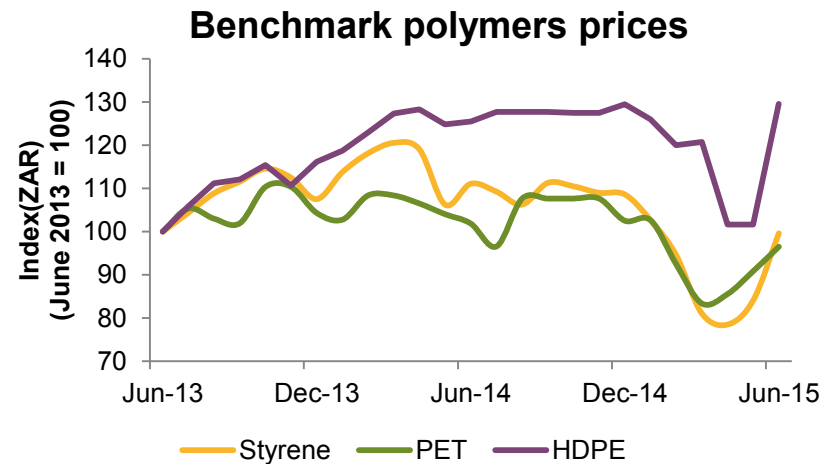
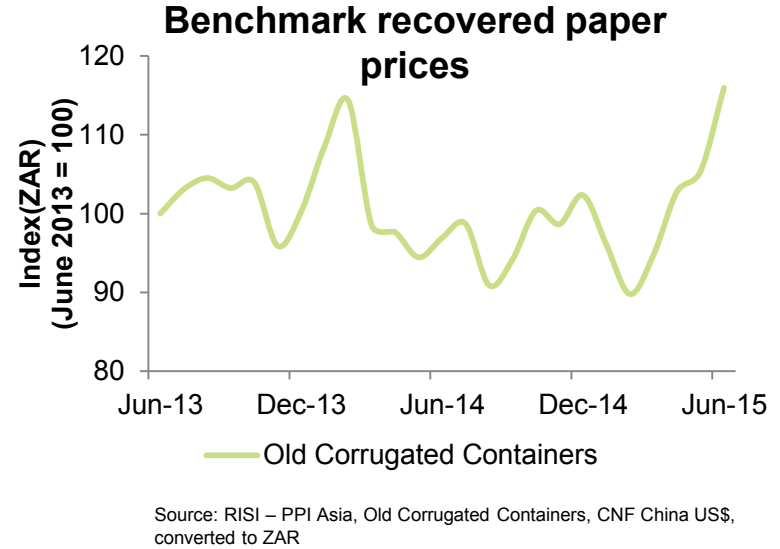
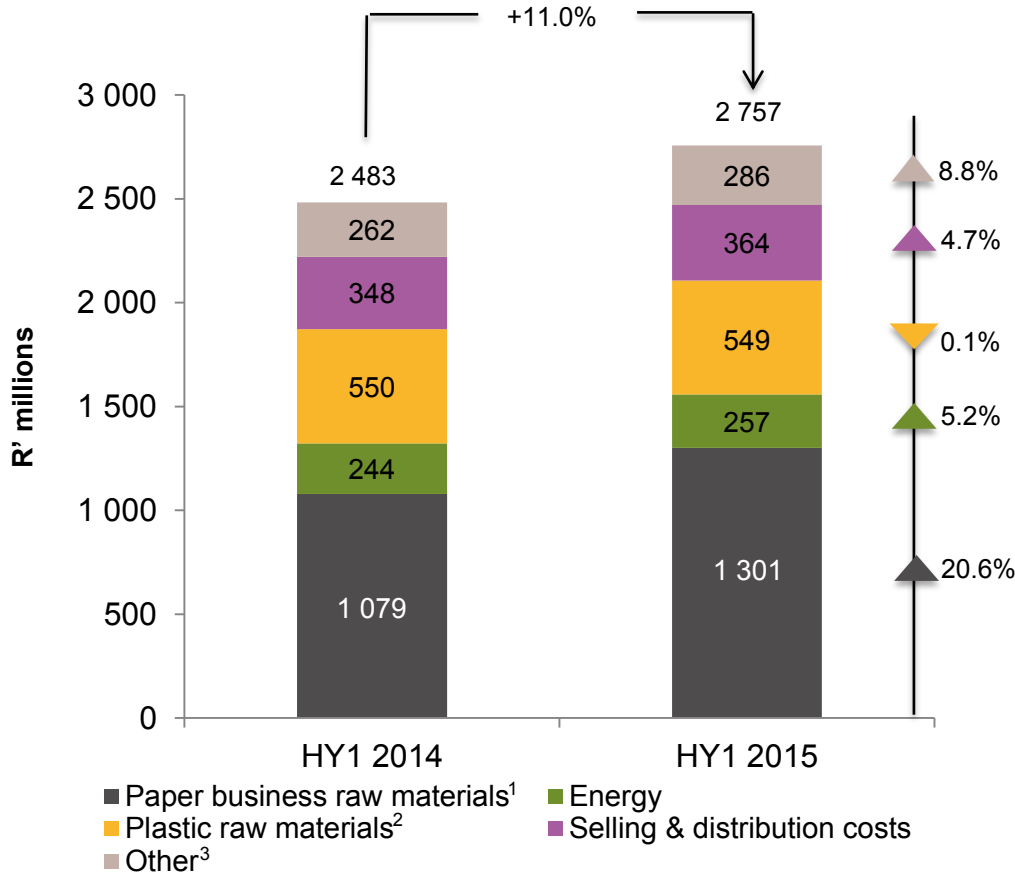
17.9%

Gearing

1.7

34.2%

Variable costs

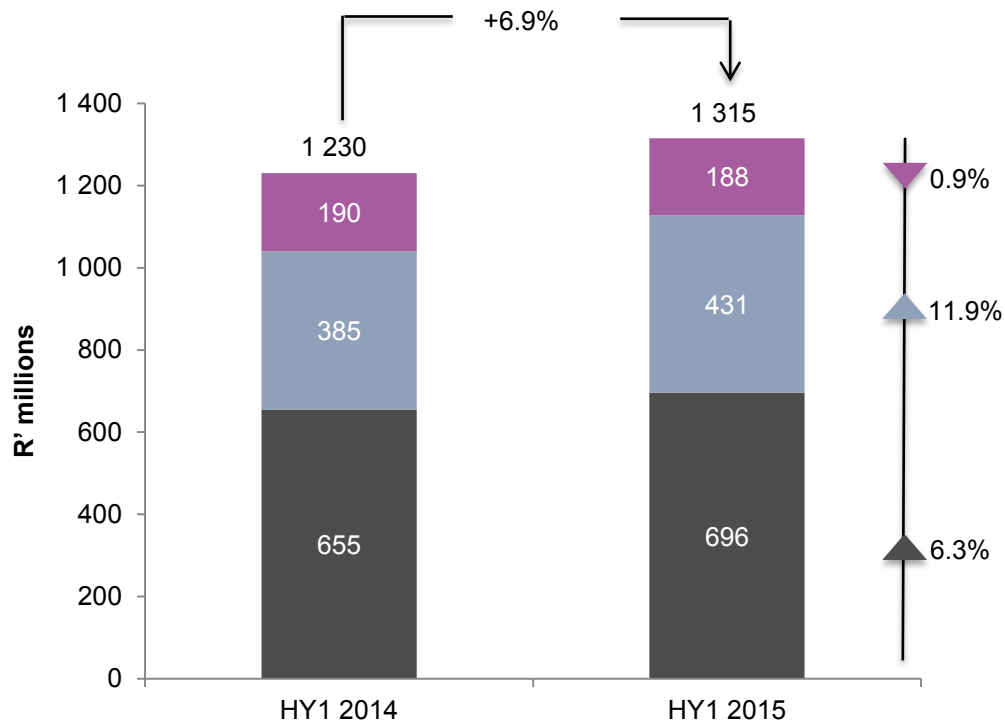


- Higher recovered fibre cost
- Increased corrugated throughput
- Lower plastic raw materials

Notes:

1. Paper business raw materials include purchased paper, wood, pulp, bagasse and recovered paper.
2. Plastic raw materials include styrene, PET, HDPE, PVC and polypropylene.
3. Other variable costs include chemicals, packaging costs and stock movements.

Fixed costs



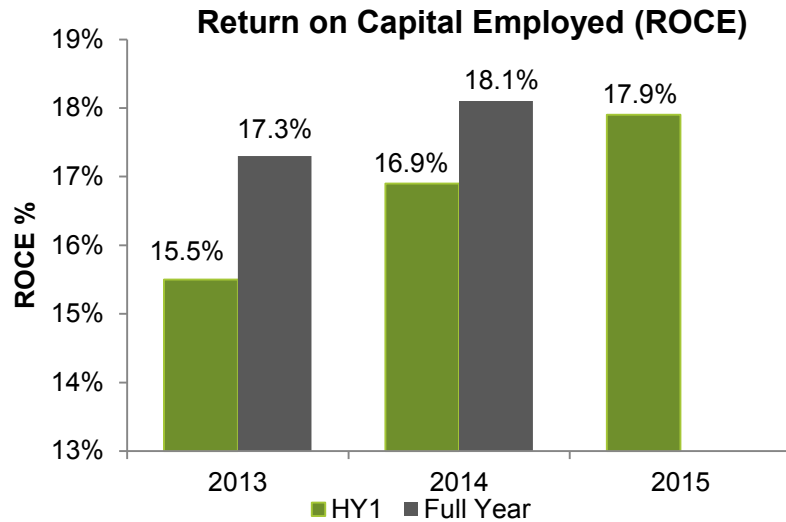
- Depreciation and amortisation
- Maintenance and net operating expenses
- Personnel costs

- Total fixed costs up 6.9% (up 3.4% per ton)
- Net operating expenses and maintenance up 11.9%. Excluding acquired business and Polymers up 9.1%.
- Lower depreciation charge
 - FMCG restructure completed in 2014

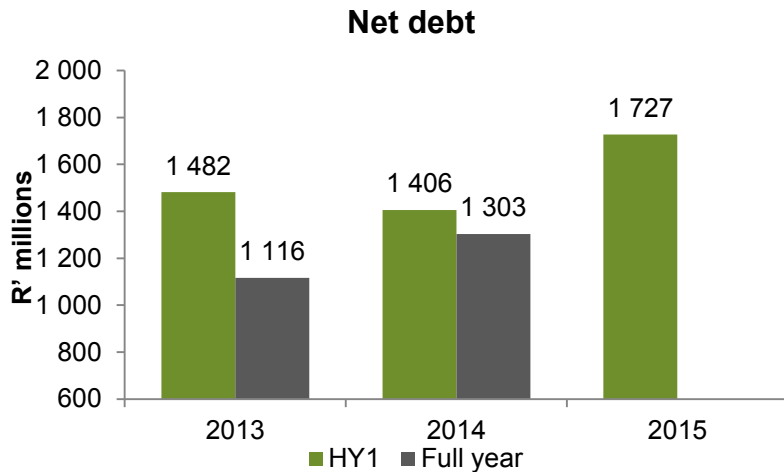
Financial review

R'million	HY1 2014	HY1 2015	change
Underlying operating profit	270	342	26.8%
Net finance costs	(60)	(58)	2.9%
Share of profits from equity accounted investees'	3	5	61.3%
Underlying operating profit before tax	213	289	35.6%
Tax before special items	(64)	(61)	4.5%
Non-controlling interests	(0)	(6)	-
Earnings for the period	149	222	48.3%
Underlying earnings per share (cps)	91.8	135.3	47.4%

ROCE and net debt



- ROCE of 17.9% (June 2014: 16.9%)
 - Improved profitability

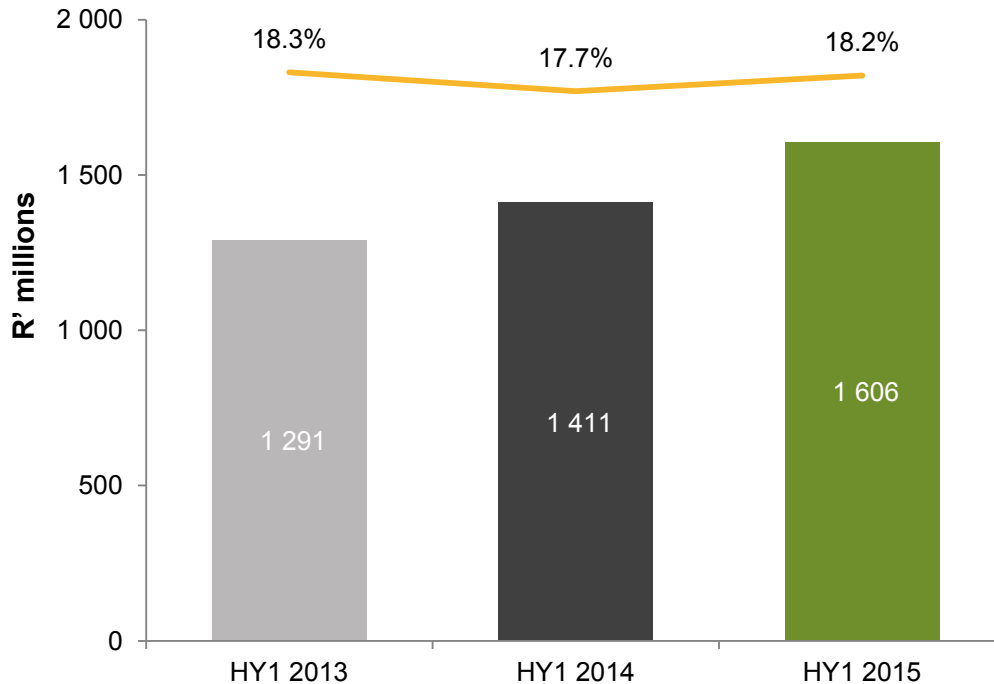


- Net debt up to R1.7bn
 - Investment in capital projects
 - Higher working capital
- Gearing at 34.2% (June 2014: 32.5%)

1. Return on Capital Employed (ROCE) is an annualised measure based on underlying operating profit plus share of equity accounted investees' net earnings divided by average capital employed before impairments.

Working capital

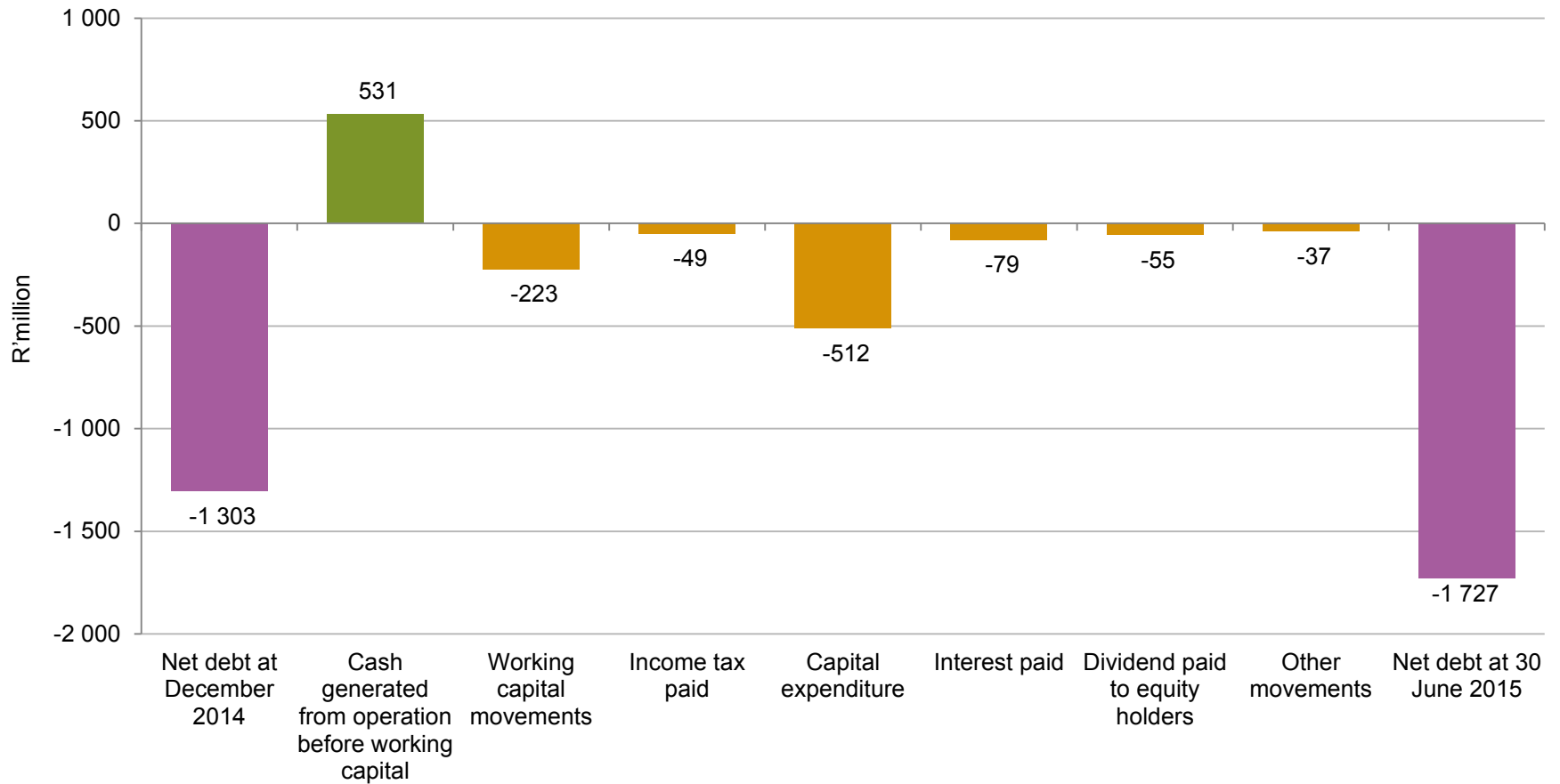
Working capital % of revenue



- Increase in working capital % of revenue due to:
 - Higher closing stock

1. Working capital includes inventories, trade receivables and trade payables.

Movements in net debt



Net finance cost and net debt

R million	Full Year 2014	HY1 2014	HY1 2015	Change vs HY1 2014
Net debt – close	1,303	1,406	1,727	22.8%
Net debt - average	1,379	1,358	1,693	24.7%
Net finance costs	121	60	58	2.9%
Gearing %	29%	32.5%	34.2%	(1.7)
Interest cover (underlying EBIT) (times)	6.2	4.6	5.9	
Net debt to EBITDA (times)	1.1	1.3	1.4	

- Net finance costs lower by 2.9%:
 - Benefits of capitalised interest (R8m) and unwinding of an interest rate swap (R4m) partially offset by
 - Higher interest rates and average net debt
- Secured an 8-year loan facility with KZN Growth Fund of R200m at a fixed rate of 9.15%
- Swapped variable interest rate on R500m facility to a fixed rate of 9.49% maturing on 23 December 2019

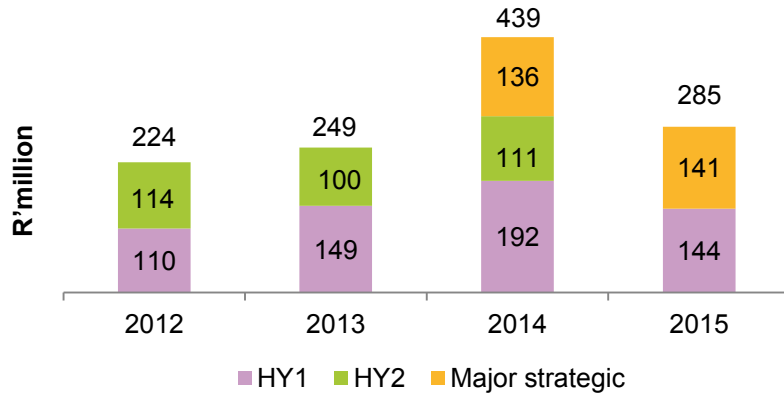
Taxation

R million	HY1 2014	HY1 2015	change
Taxation charge	64	61	4.5%
Effective tax rate	30.0%	21.1%	8.9
Tax paid	73	49	32.4%

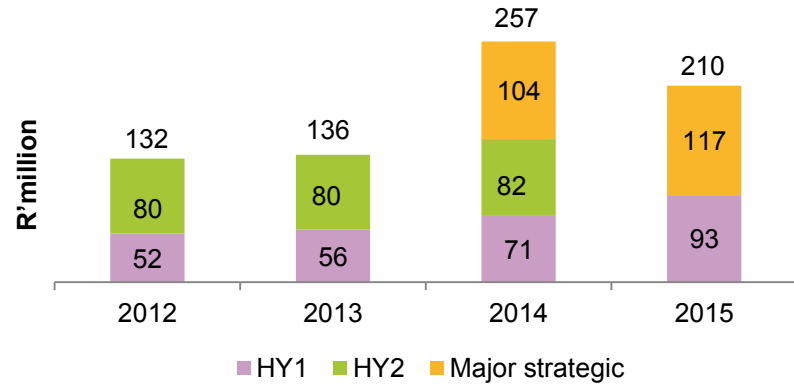
- Effective tax rate of 21.1% lower than the statutory tax rate of 28%:
 - Recognition of deferred tax on previously unrecognised tax losses

Capital expenditure cash flows

Paper business



Plastics business



Capital commitments at 30 June 2015

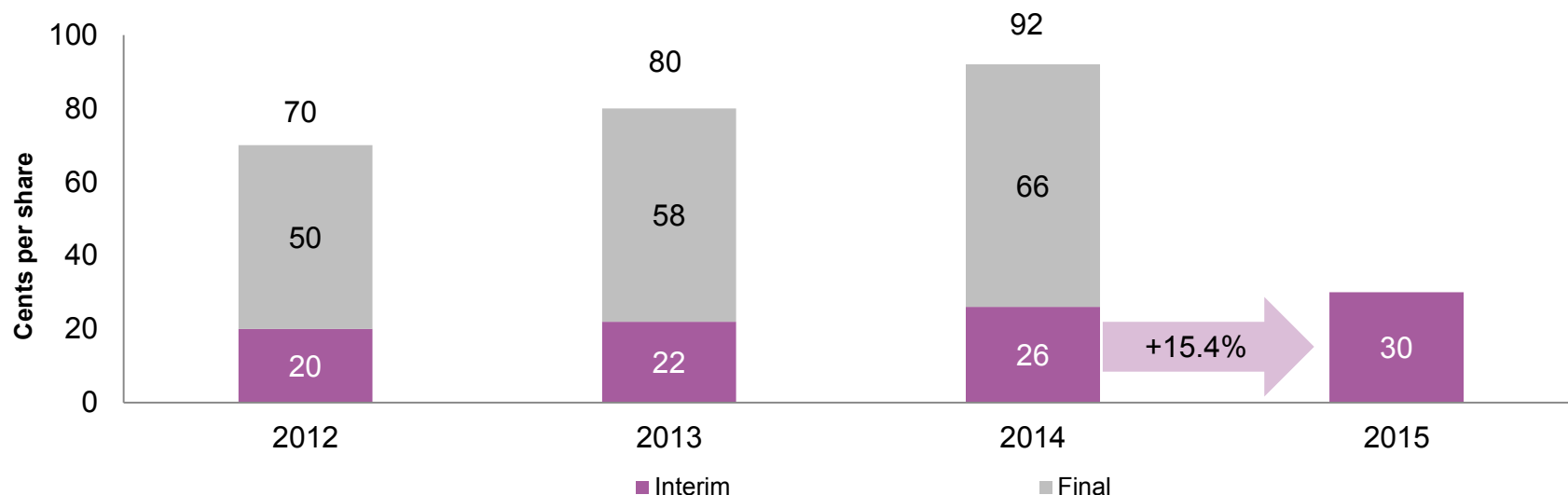
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Total commitments	1,140
Spend within 1 year	682
Spend between 1 to 5 years	458

Capital commitments made up of major spend relating to:

- Felixton upgrade: R484m
- rPET: R109m

Dividends



- Scrip distribution with an option to receive a cash dividend

Salient dates for the 2015 interim Scrip Distribution and Cash Dividend alternative

Last day to trade to be eligible for the Scrip Distribution and Cash Dividend alternative	Friday, 28 August 2015
Shares commence trading “ex” the Scrip Distribution and Cash Dividend alternative	Monday, 31 August 2015
Record date in respect of Scrip Distribution and Cash Dividend alternative	Friday, 4 September 2015
Scrip Distribution certificates posted and Cash Dividend payments	Monday, 7 September 2015



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- Domestic economy expected to remain subdued
- Input cost inflation
- Second half impact of start-up cost associated with rPET plant and phase 1 of Felixton mill rebuild
- Effective tax rate to be a similar level
- Paper packaging industry developments in SA
- Remain confident in our strategy

Thank you



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Our Strategic Pillars

1

Leading market positions

- Develop and selectively grow our leading market positions in rigid plastics, paper-based packaging and packaging papers in sub-Saharan Africa
 - Growth where we are able to extract value through business and operational management expertise as well as product application, design and market knowledge

2

Customer focused operating structure

- Further develop our established manufacturing and service footprint to continually deliver superior solutions to our customers
Underpinned by:
 - a decentralised structure reflecting management depth and experience at all levels
 - an innovative customer focused product offering
 - leading market positions that enable us to achieve sustainable cost effectiveness through economies of scale

3

Focus on performance

- Focus on performance through effective business excellence programmes and sound asset management
Enabling us to sustainably:
 - provide our customers with quality products and services worth their price
 - retain a motivated and skilled workforce
 - deliver good returns to our shareholders