

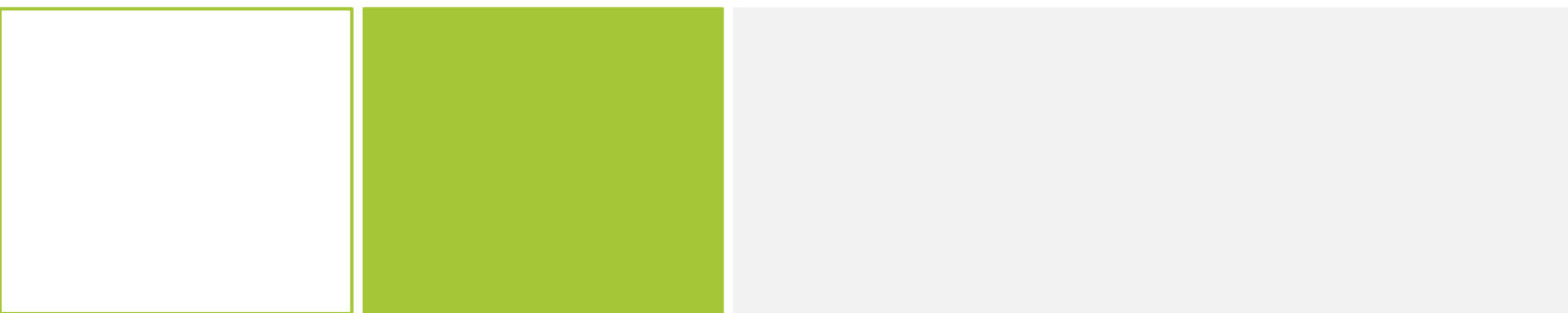
2015

**Mpact Group
Annual Results**

31 December 2015



• **2015 in context and financial highlights**

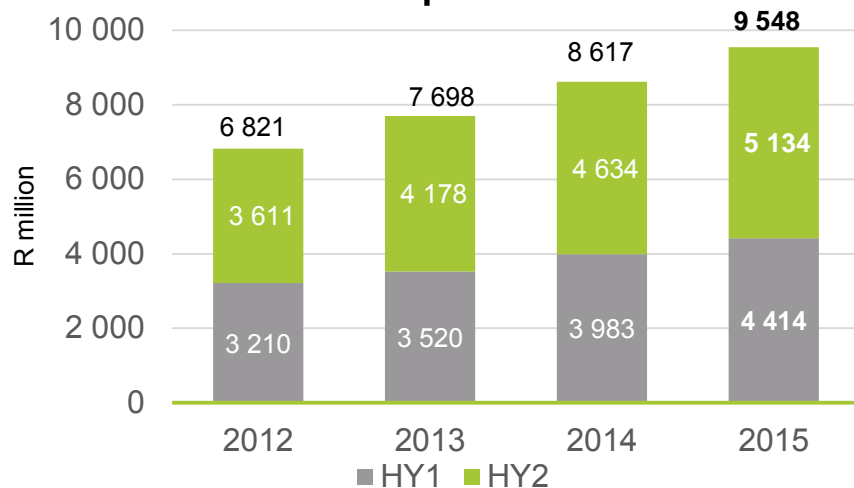
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2015 in context

- Challenging trading environment across South African industries
- Benefit of buoyant sub-sector growth and internal interventions
- Strong improvement in the Plastics business
- Major capital projects delivered on time and within budget
 - Obtained approvals for Savuka PET
- Improved B-BBEE to Level 3
- Renegotiated debt facilities

Financial highlights

Group revenue



- Revenue up 10.8% to R9.5bn
 - Selling price increase and product mix of 7.5%
 - Organic volume growth of 2.1%
 - Growth through acquisitions of 1.2%

- Underlying operating profit up 21.0% to R909m

- Margin up to 9.5% from 8.7%
- Improved trading performance
 - Paper business up 13.0%
 - Plastics business up 50.9%

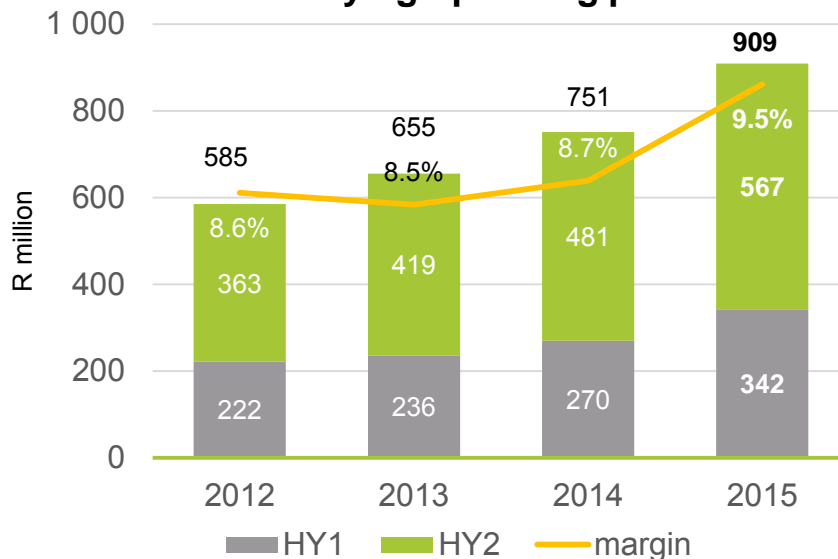
- Underlying earnings per share up 36.3% to 366.9 cents


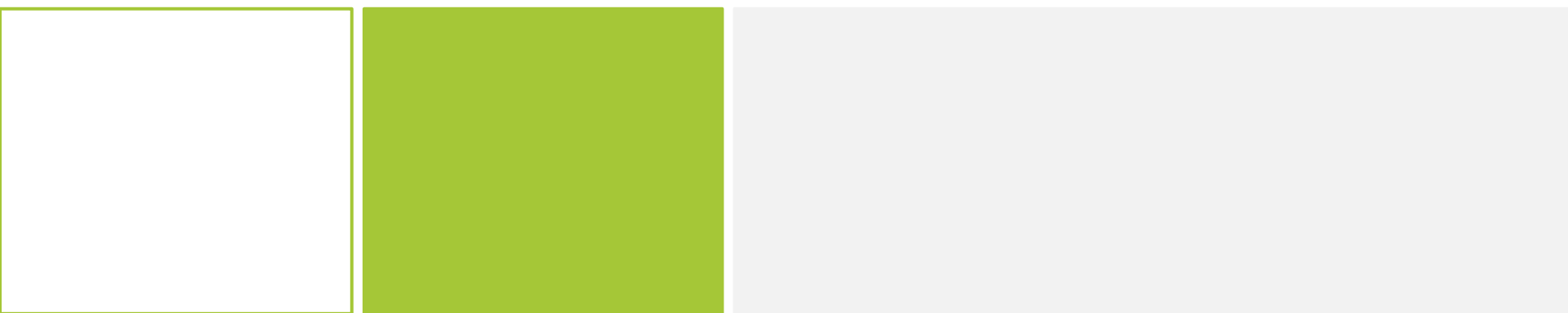
- ROCE improved to 18.9% (2014: 18.1%)

- Total dividend of 110 cps, up 19.6%

- Gearing at 30.2% (2014: 29.0%)

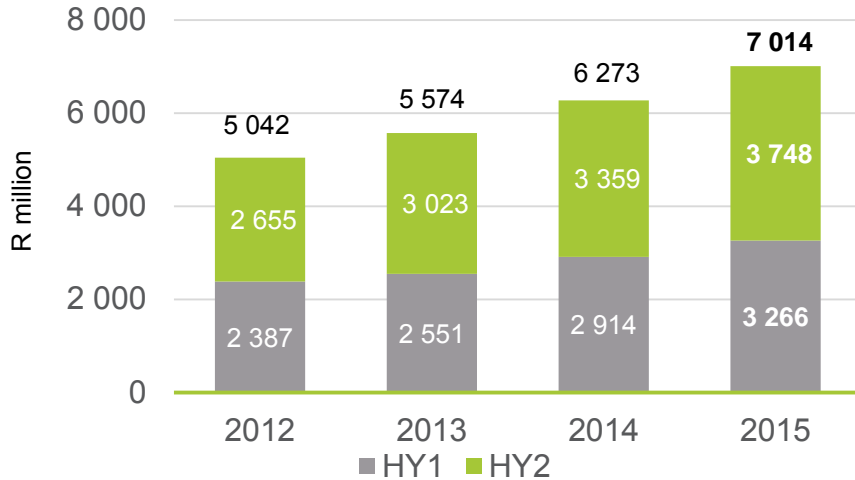
Underlying operating profit



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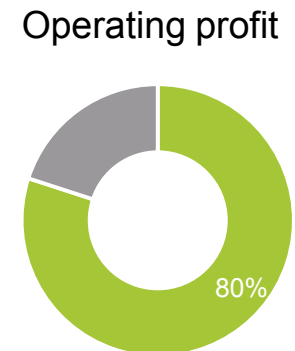
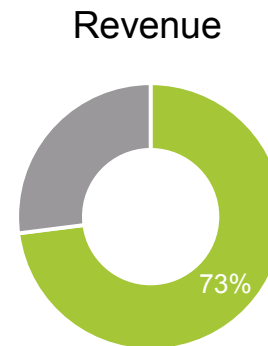
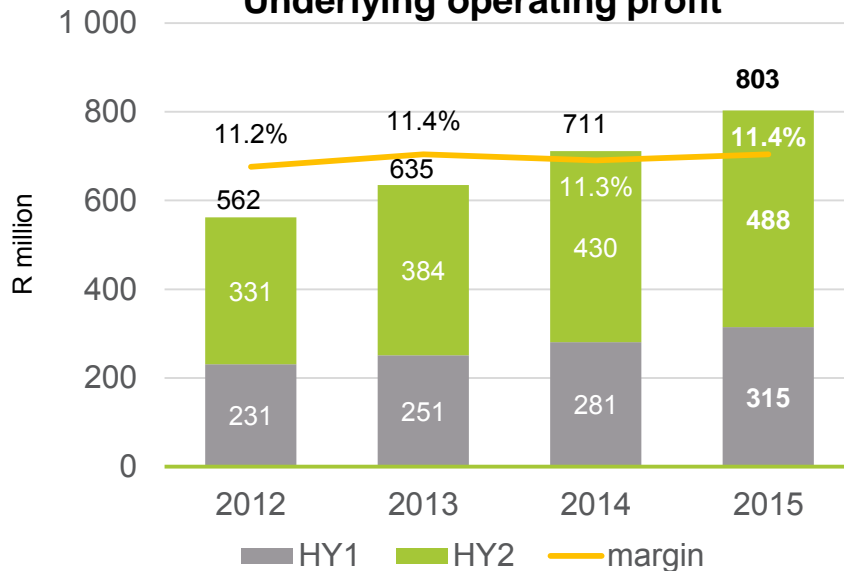
Paper business

External revenue



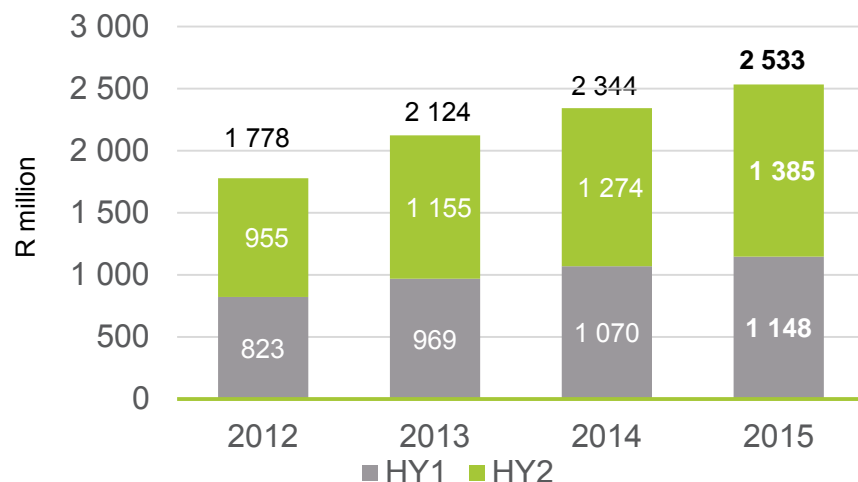
- Revenue up 11.8% to R7.0bn
 - Selling price increase and favourable product mix of 9.2%
 - Organic volume growth of 0.9%
 - Growth through acquisitions of 1.7%
- Underlying operating profit up 13.0% to R803m
 - Margin increased to 11.4% from 11.3%
 - Favourable product mix
- Paper industry developments

Underlying operating profit



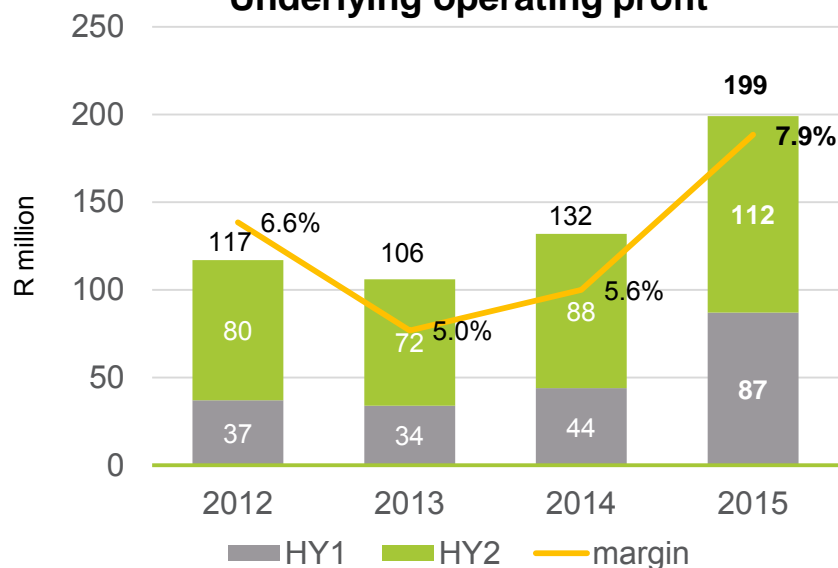
Plastics business

External revenue

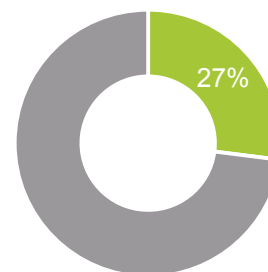


- Revenue up 8.1% to R2.5bn
 - Selling price and product mix lower by 4.0%
 - Volume growth of 12.1%
- Underlying operating profit up 50.8% to R199m
 - Margin up to 7.9% from 5.6%
 - Favourable product mix
 - Lower raw material prices
 - Benefit of FMCG restructure

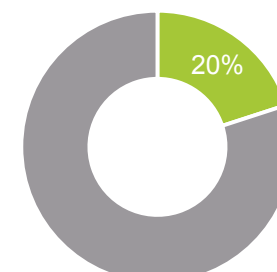
Underlying operating profit


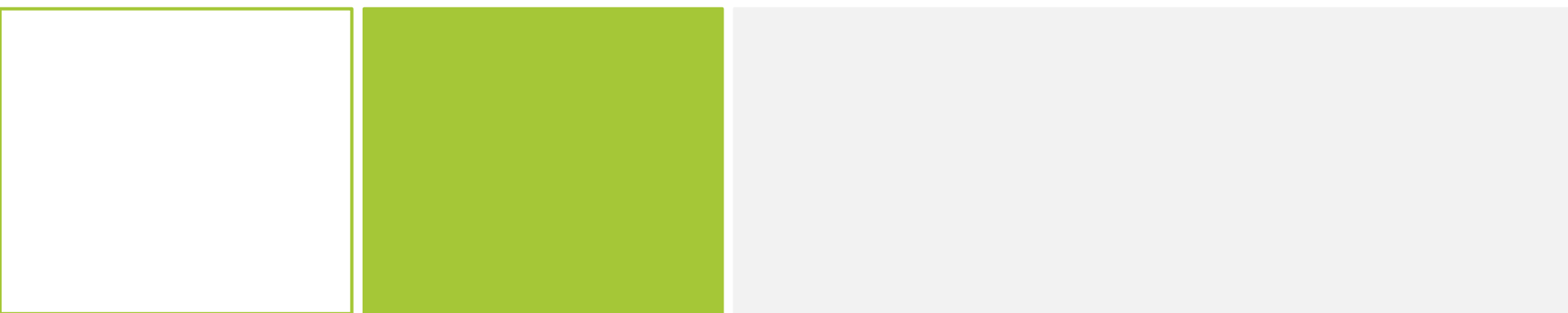


Revenue



Operating profit

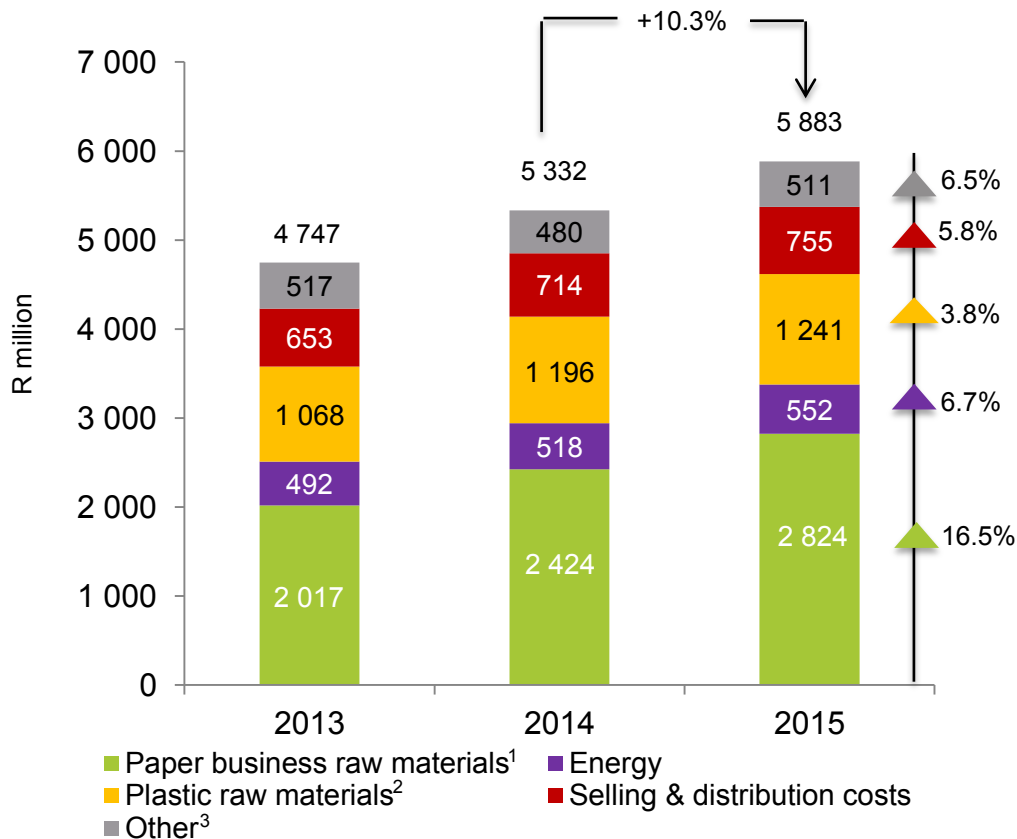


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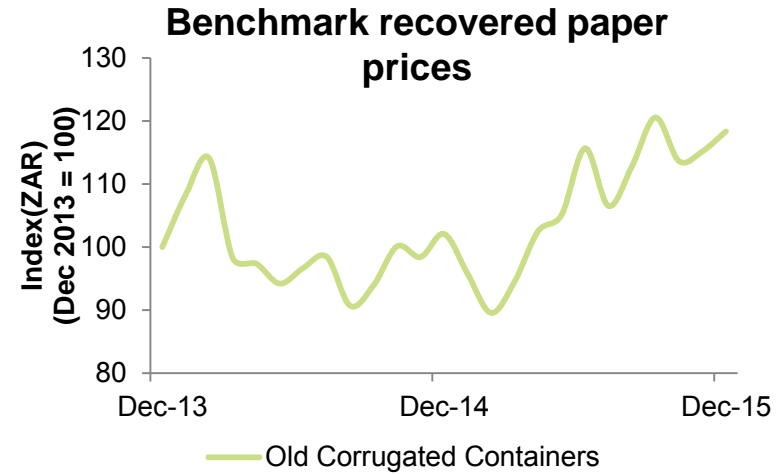
Financial summary

Revenue	10.8%	R9.5 billion
Underlying operating profit	21.0%	R909 million
Underlying EPS	36.3%	366.9 cents per share
Total dividend	19.6%	110 cents per share
ROCE	0.8	18.9%
Gearing %	1.2	30.2%

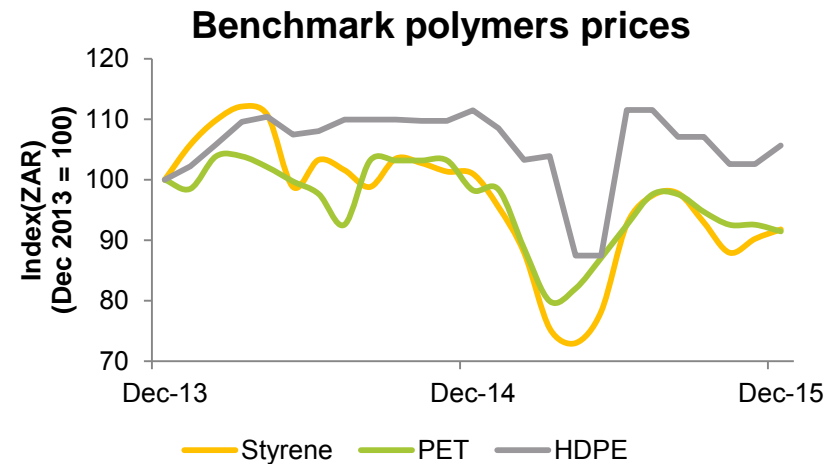
Variable costs



- Variable cost per ton up 7.5%
 - Higher recovered fibre cost, offset by lower plastic raw materials



Source: RISI – PPI Asia, Old Corrugated Containers, CNF China US\$, converted to ZAR

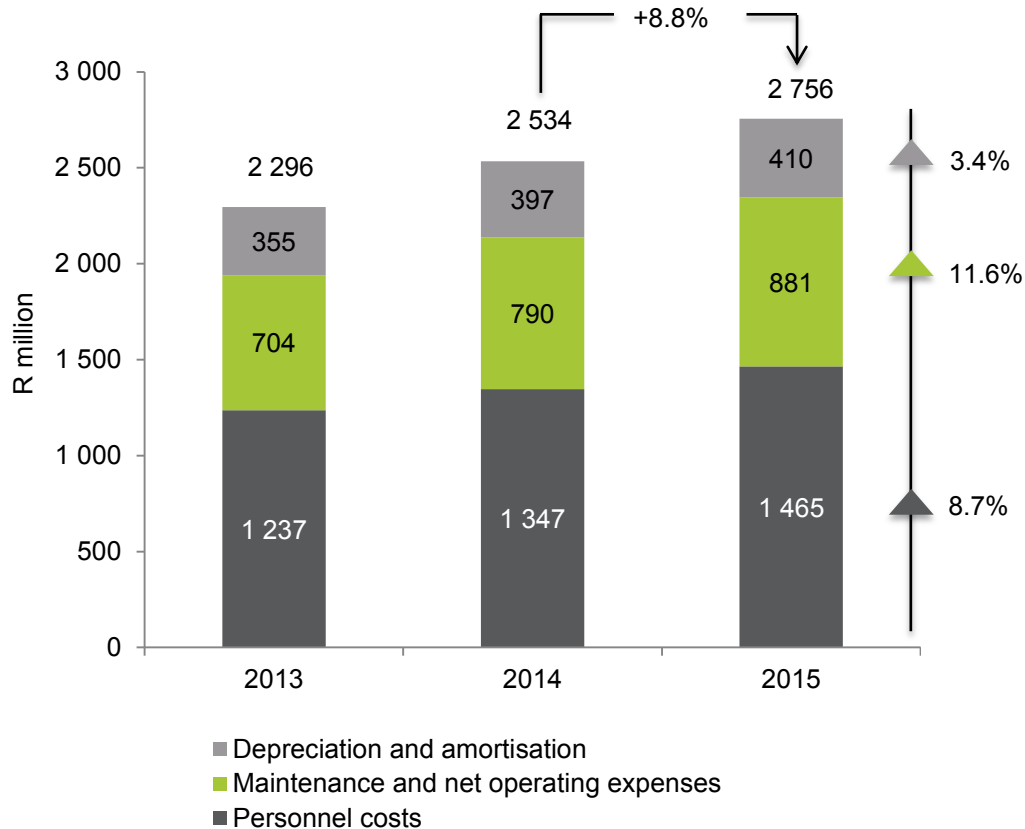


Source: Mpact

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

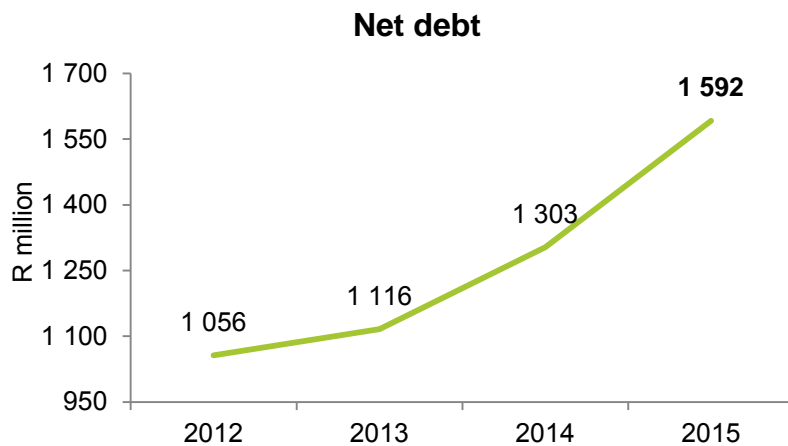
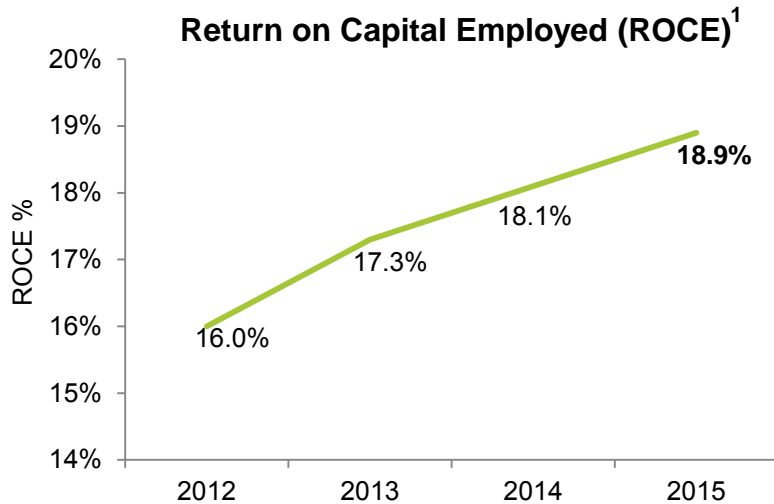


- Total fixed costs up 8.8% (excl. acquired business and Mpact Polymers up 5.7%)
 - Up 6.0% per ton
- Net operating and maintenance up 11.6%
 - Excluding new businesses, up 6.4%
- Personnel cost increase excl. new businesses up 6.5%

Financial review

R'million	2014	2015	change	HY1 2014	HY2 2014	HY1 2015	HY2 2015
Underlying operating profit	751	909	21.0%	270	481	342	567
Net finance costs	(121)	(132)	(9.1%)	(60)	(61)	(58)	(74)
Earnings from equity accounted investees	16	13	(16.7%)	3	13	5	8
Underlying profit before tax	646	790	22.3%	213	433	289	501
Tax before special items	(183)	(172)	6.0%	(64)	(119)	(61)	(111)
Non-controlling interests	(23)	(15)	34.1%	(0)	(23)	(6)	(9)
Underlying earnings	440	603	37.1%	149	291	222	381
Special items, net of tax	(17)	0	>100%	0	(17)	0	0
Reported earnings for the year	423	603	42.5%	149	274	222	381
Underlying earnings per share (cps)	269.2	366.9	36.3%	91.8	177.4	135.3	231.6

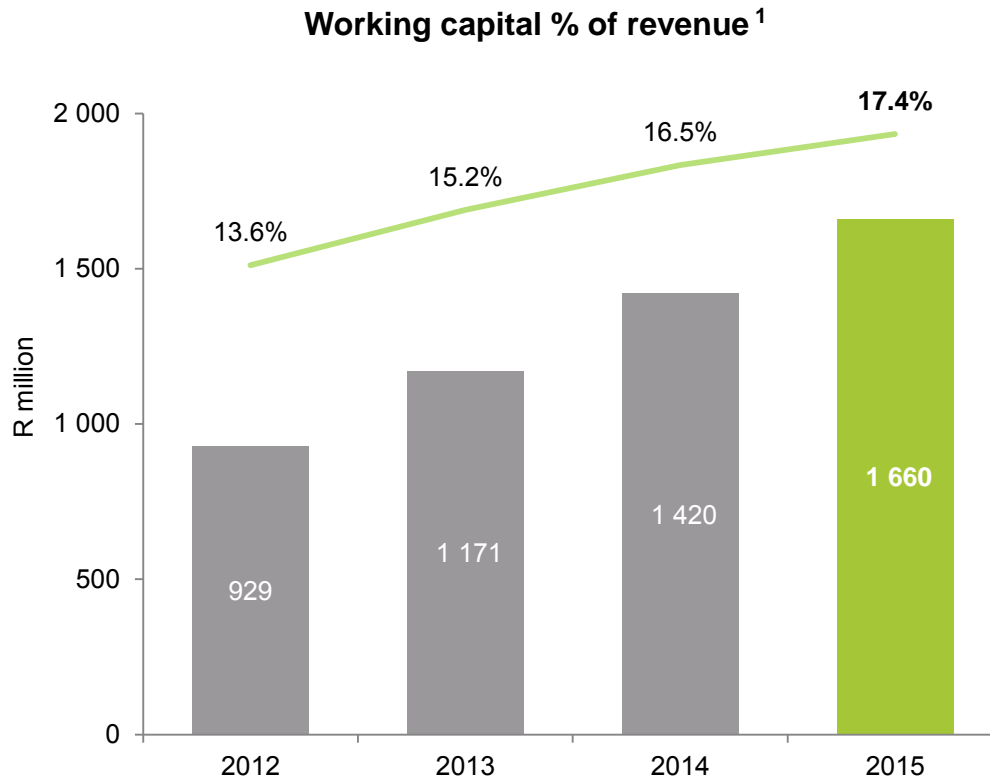
ROCE and net debt



- ROCE of 18.9% (December 2014 : 18.1%)
 - Improved profitability
- Net debt up to R1.6bn
 - Investments in capital projects
 - Higher working capital levels
- Gearing at 30.2% (December 2014: 29.0%)

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

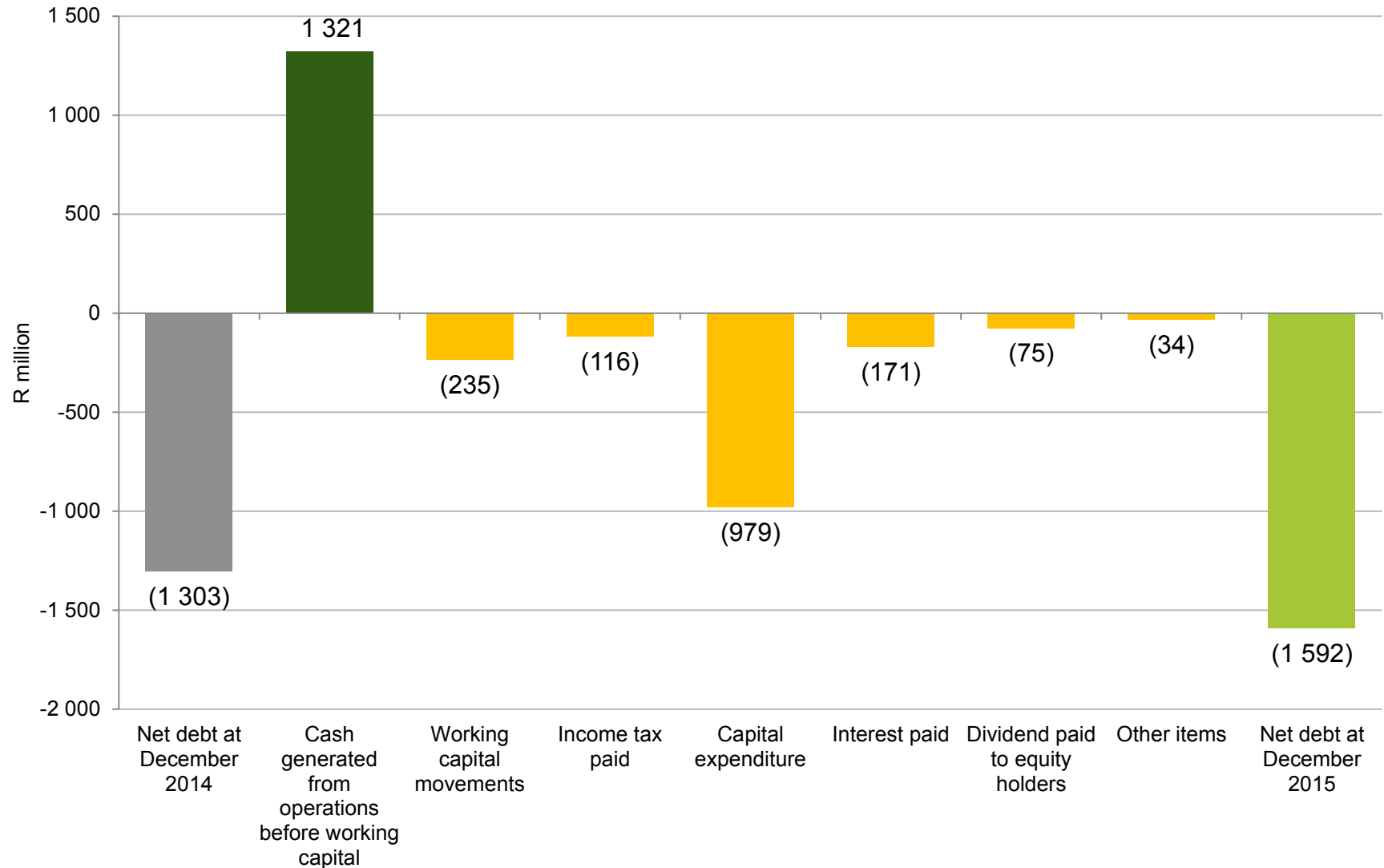
Working capital



- Opportunity for improvement across the business

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

Movements in net debt

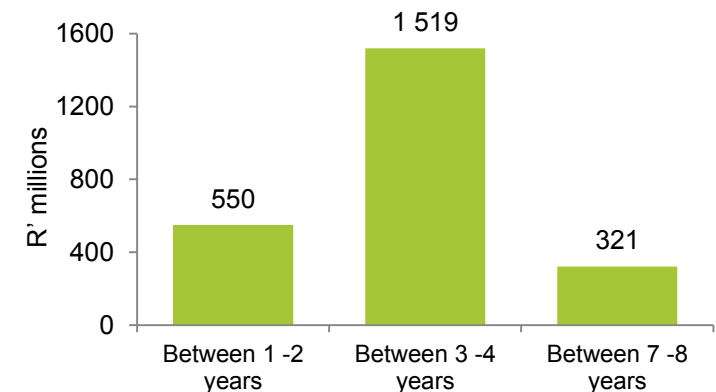


Net finance cost and net debt

R million	2014	2015	change
Net debt - close	1,303	1,592	22.2%
Net debt - average	1,379	1,685	22.1%
Net finance costs	121	132	9.1%
Gearing %	29.0%	30.2%	1.2
Interest cover (underlying EBIT) (times)	6.2	6.9	
Net debt to EBITDA (times)	1.1	1.2	

- Net finance costs higher by 9.1%
 - Higher average net debt and interest rate, offset by capitalised interest of R27m
- Fixed interest rate on R700m of borrowings

Maturity profile of committed facilities¹



1. Includes Standard Bank & RMB, KZN Growth Fund and IDC committed facilities.

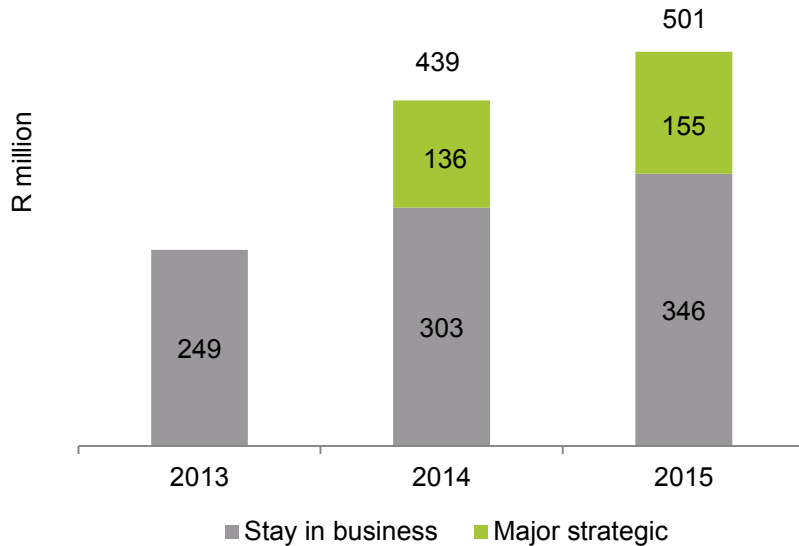
R million	2014	2015	change
Taxation charge ¹	177	172	(2.5%)
Effective tax rate	28.4%	21.8%	(6.6)
Tax paid	167	115	(30.9%)

- Effective tax rate of 21.8% lower than the prior year
 - Recognition of tax losses previously unrecognised

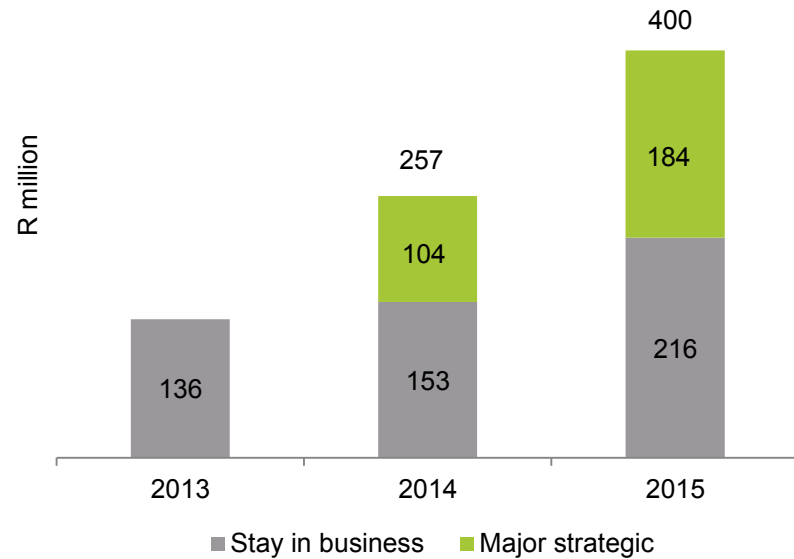
1. Taxation charge includes tax on special items in 2014.

Capital expenditure cash flows¹

Paper business



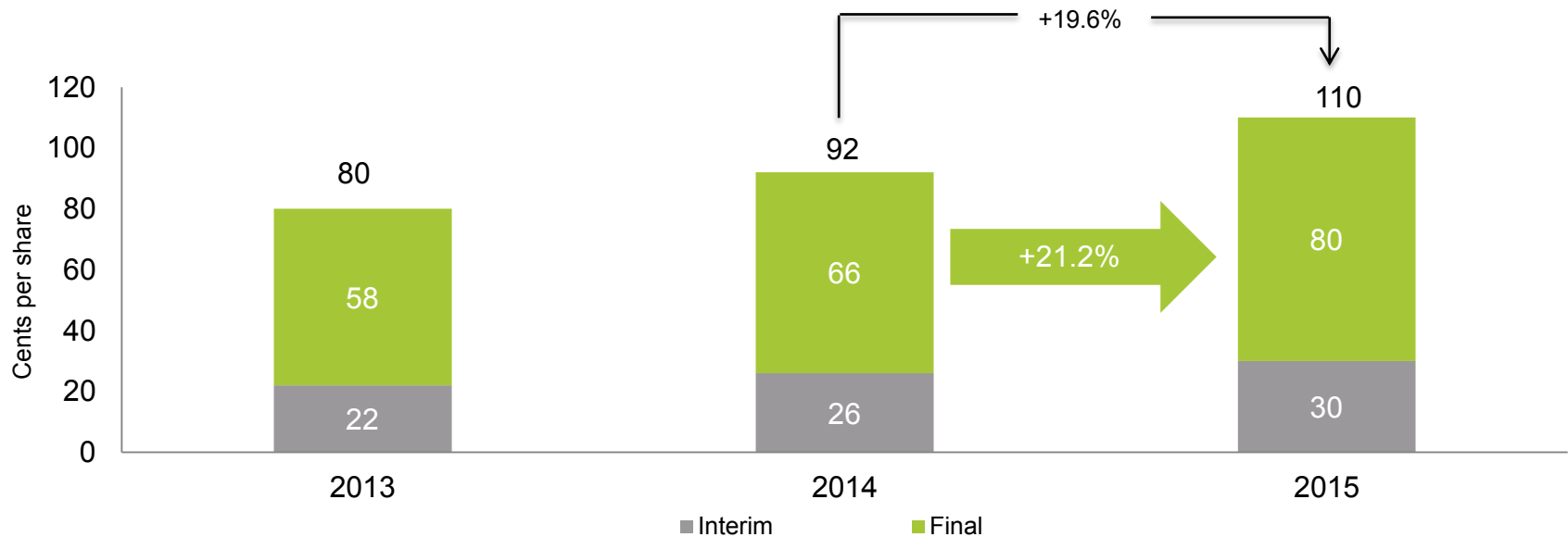
Plastics business



- Felixton mill upgrade and rPET remaining commitment of R475m

1. Excludes Corporate capital expenditure of R78 million which comprise spends related mainly to the purchase of Land and Buildings.


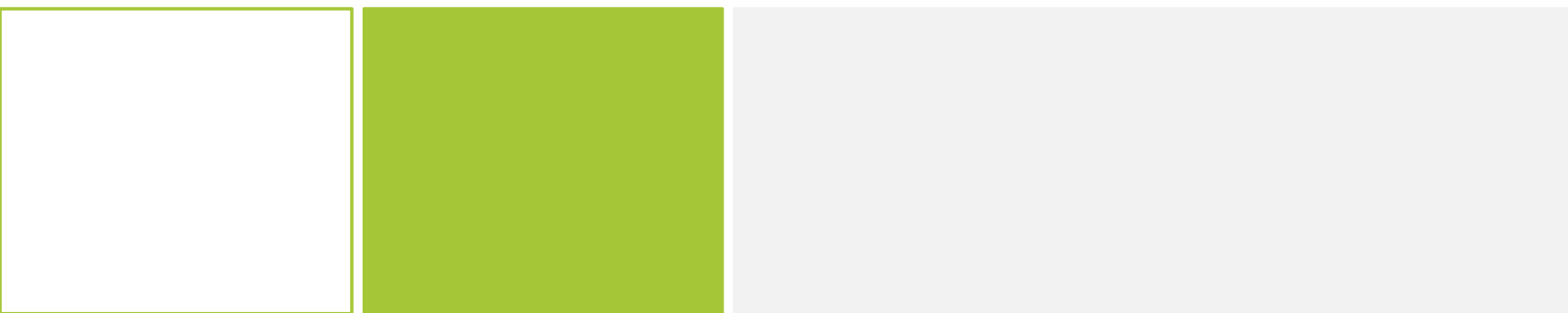
Dividends



- Scrip distribution with an option to receive a cash dividend

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

Last day to trade to be eligible for the Scrip Distribution and Cash Dividend alternative	Friday, 8 April 2016
Shares commence trading “ex” the Scrip Distribution and Cash Dividend alternative	Monday, 11 April 2016
Record date in respect of Scrip Distribution and Cash Dividend alternative	Friday, 15 April 2016
Scrip Distribution certificates posted and Cash Dividend payments	Monday, 18 April 2016

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- Economic turbulence in South Africa expected to continue
- Effects of drought uncertain
- Change in competitive landscape of South African paper packaging industry
- Effective tax rate expected to be higher than 2015
- Strategy addresses sustainable growth initiatives

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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