Mpact Limited Interim Results presentation

Interim Results for half-year ended 30 June 2011

11 August 2011

Agenda

- Introduction and Major Events
- Highlights for 1st Half Year to 30 June 2011
- Financial Overview
- Operational Review
- Summary and Outlook
- Annexures

Introduction & Major Events

30 June 2011

- No changes from comparative prior period, except for the disposal of Paperlink on 31 March 2011.

5 July 2011

The Company was recapitalised:

- Additional 140,853,726 ordinary shares were issued for R2,1 billion.
- R1,8 billion was drawn from new banking facilities.
- Old bank loans amounting to R1,1 billion were prepaid.
- Shareholders loans amounting to R2,8 billion were repaid.
- Resulting in net debt of R1,7 billion at date of listing

11 July 2011

- The Company listed on the JSE with 164,046,476 ordinary shares and demerged from Mondi .
- Shanduka holds 10,45% and 89,55% is the free float

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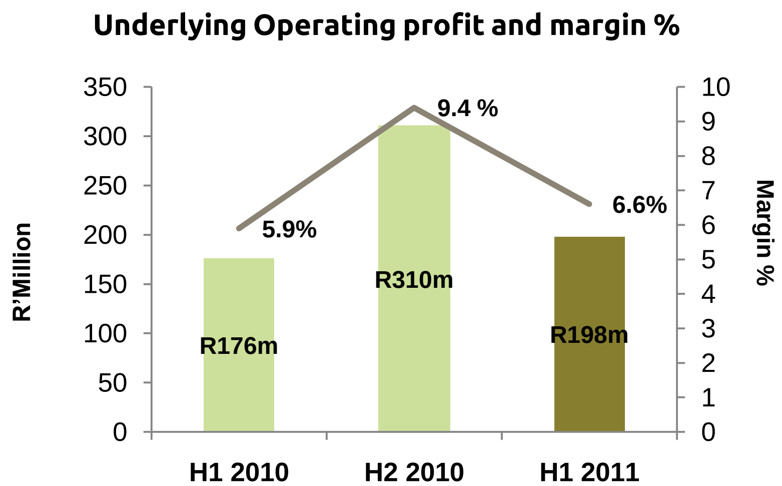
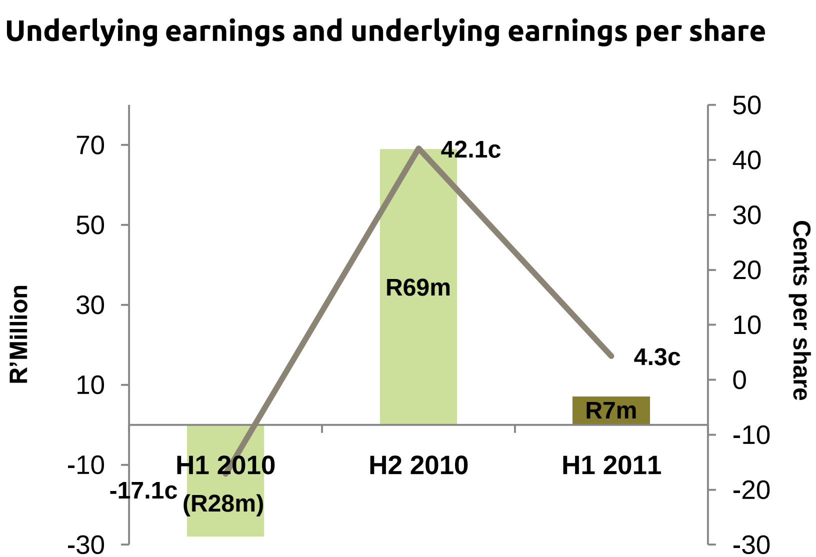
Highlights





- Sales revenue increase by 5,2% over the comparable prior year period (ie excluding Paperlink).
- Underlying operating profit of R198m is 12,5% up the comparable prior year period.
- Margins improved from 5,9% to 6,6%.
- Group ROCE of 13,1% up from 12,9% in December 2010 and 11,9% in June 2010.
- Underlying earnings per share of 4,3 cents compared to a loss of 17.1 cents in the comparable prior year period.
- Successful listing and demerger from Mondi in July.

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Basis of preparation

- Income statement highlights *Special items*.

  Special items are adjusted to EBIT to arrive at *Underlying operating profit* which is the basis of the results presented.

- For all earnings per share calculations the number of listed issued ordinary shares of 164,046,476 was used for consistency in earnings per share comparatives.

Operating Financial Highlights

R'Millions	H1 2010	H2 2010	H1 2011	% Change (vs H1 2010)	% Change (vs H2 2010)
Group Revenue	2,968	3,290	3,006	1.3%	(8.6)%
EBITDA[1]	332	473	356	7.2%	(24.7)%
EBITDA margin %	*11.2%*	*14,4%*	*11,8%*	*5,3%*	*(18,1%)*
Underlying operating Profit[2]	176	310	198	12.5%	(36.1)%
Underlying operating profit margin %	*5,9%*	*9,4%*	*6,6%*	*11,8%*	*(29,8%)*
Underlying earnings per share (cents)	(17,1c)	42,1c	4,3c	125,1%	(89,8%)
Working Capital Cash flows	(55)	(92)	(91)		
Cash Generated from Operations	281	398	233	(17,1%)	(41,5%)
Net Debt (including inter-company)	(3,677)	(3,640)	(3,697)	(0,5%)	(1,6%)
Group ROCE[3]	11,9%	12,9%	13,1%		

(1) EBITDA is operating profit of subsidiaries and joint ventures before special items, depreciation and amortisation. (2) Underlying operating profit is operating profit of subsidiaries and joint ventures before special items. (3) Group return on capital employed (ROCE) is an annualised measure based on underlying operating profit plus share of associates net earnings divided by average trading capital employed before impairments and adjusted for major capital projects not yet commissioned.

Special Items

H1 2010	H2 2010	H1 2011
• Plastics Impairment (R4,8m)	• Plastics and Paper Impairment of plant (R1,5m)	• Demerger and listing transaction costs (R5,4m)
TOTAL R4,8m cost	TOTAL R1,5m cost	TOTAL R5,4m cost

- An additional R43m demerger and listing transaction costs are expected in the H2 2011 and these will add to special items in 2011.

Financial Review

R'Million	H1 2010	H2 2010	H1 2011	% Change (vs H1 2010)	% Change (vs H2 2010)
Underlying operating profit[1]	176	310	198	12,5%	(36,1%)
Net Finance Costs	(199)	(188)	(185)	7,0%	1,6%
Associate net earnings	-	4	1		
Underlying profit before tax[2]	(23)	126	14	160,0%	(88,9%)
Tax before special items	2	(50)	(3)	(250,0%)	94,0%
Total Non-Controlling Interest	(7)	(7)	(4)		
Underlying earnings	(28)	69	7	125,0%	(90,0%)
Special Items (after tax and minorities)	(3)	(1)	(5)		
Reported (loss) /after tax and minority interests for total operations	(31)	68	2	106,5%	(97,1%)

(1) Underlying operating profit is operating profit of subsidiaries and joint ventures before special items. (2) underlying profit before tax is reported profit before tax before special items.

Finance charges and net debt

R'Millions	H1 2010	H2 2010	H1 2011	% Change (vs H1 2010)	% Change (vs H2 2010)
Net debt	(3,677)	(3,640)	(3,697)	(0,5%)	(1,6%)
Interest expense, net of investment	199	188	185	7,0%	1,6%
Effective interest rate	10,8%	10,4%	9,9%		

- Interest cost lower than prior year periods due to lower interest rates and improved cash management.
- In the structuring of new bank debt, a swap close out cost of R20m plus one time debt restructuring and co-ordinating fees of R11,2m will be incurred in H2 2011.

Will benefit substantially in future from reduction of net debt in July.

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Taxation and non-controlling interests

Taxation

R'Millions	H1 2010	H2 2010	H1 2011
Underlying tax charge	(2)	50	3
Tax on special items	(1)	(1)	-
Taxation charge/(credit)	(3)	49	3

- Listing costs are disallowed for tax and will increase the effective tax rates for 2011.

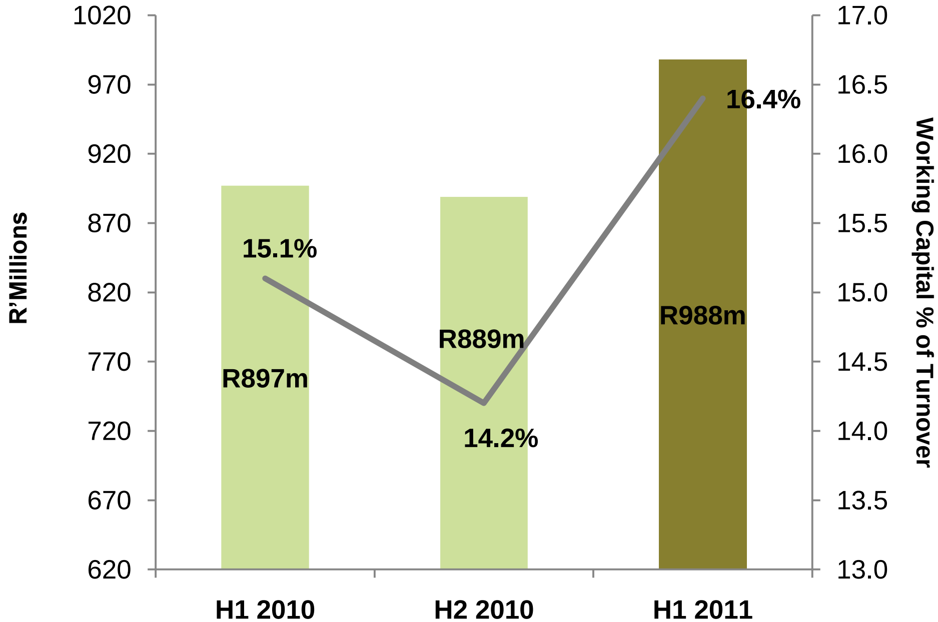
Non-controlling interests

R'Millions	H1 2010	H2 2010	H1 2011
Non-controlling share before special items	7	7	4
Non-controlling share of special items	(1)	-	-
Profit attribute to non-controlling interests	6	7	4

- Non-controlling interests are mainly in the Plastics segment.

Tax rates expected to normalise around company tax rate from next year onwards.

Trading Working Capital Management[1]



- Price inflation increases nominal values.
- Higher stocks and debtors this year versus the comparable prior year period.

Working Capital Management is an ongoing priority

(1) Trading Working comprises stock, trade receivables and trade payables.

Cash Flow

R'Million	H1 2010	H2 2010	H1 2011	% Change (vs H1 2010)	% Change (vs H2 2010)
EBITDA	332	473	356	7.1%	(24.8)%
Working Capital movements	(55)	(92)	(91)	65.1%	(1.1)%
Other Operating Cashflows	4	17	(32)		
Cash generated from Operations	**281**	**398**	**233**	**(17.1)%**	**(41.5)%**
Taxes Paid	(23)	(7)	(5)		
Net cash inflow from operating activities	**258**	**391**	**228**	**(11.8)%**	**(41.7)%**
Net Capital Expenditure	(136)	(130)	(166)	21.9%	27.6%
Acquisitions and Disposals	5	(13)	90	1,570.3%	(783.2)%
Net Cash Flow before Borrowings	**127**	**248**	**152**	**19.7%**	**(38.7)%**

Dividends

- No interim dividend is proposed.
- Our dividend policy targets a dividend cover of two to three times based on underlying earnings on average over the cycle.

Net debt and facilities

R'Million	As at 30 June 2011	As at 11 July 2011
Net debt	3,697	1,718
Undrawn amount (bank facilities)	78	292
Gearing (net debt/trading capital employed)	96%	45%
Net debt/12 months rolling EBITDA	4.5 times	2.1 times

- Net debt reduces by R1,979 million between 30 June 2011 and 11 July 2011 through recapitalisation.
- Net debt as at 30 June 2011 includes shareholders loans, bank loans and finance leases.
- Net debt as at 11 July 2011 comprises bank loans and finance leases.

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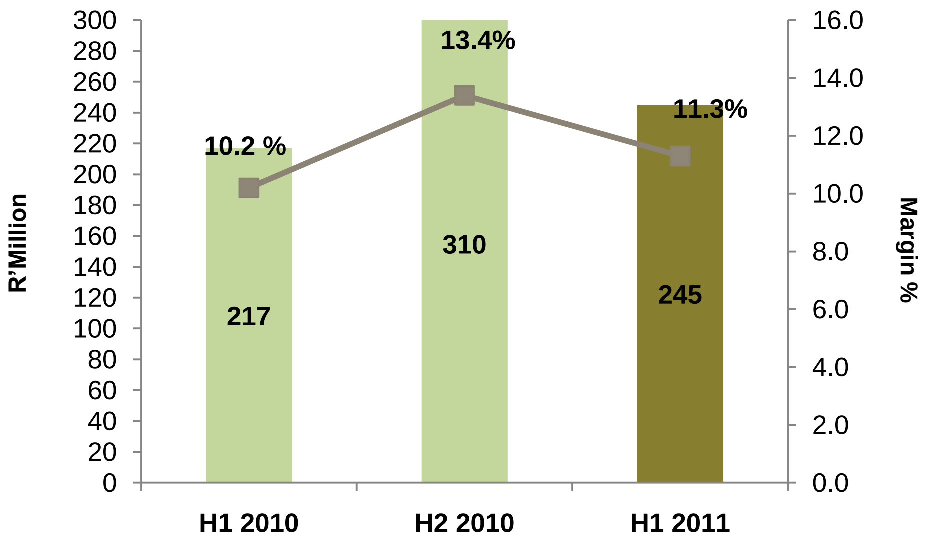
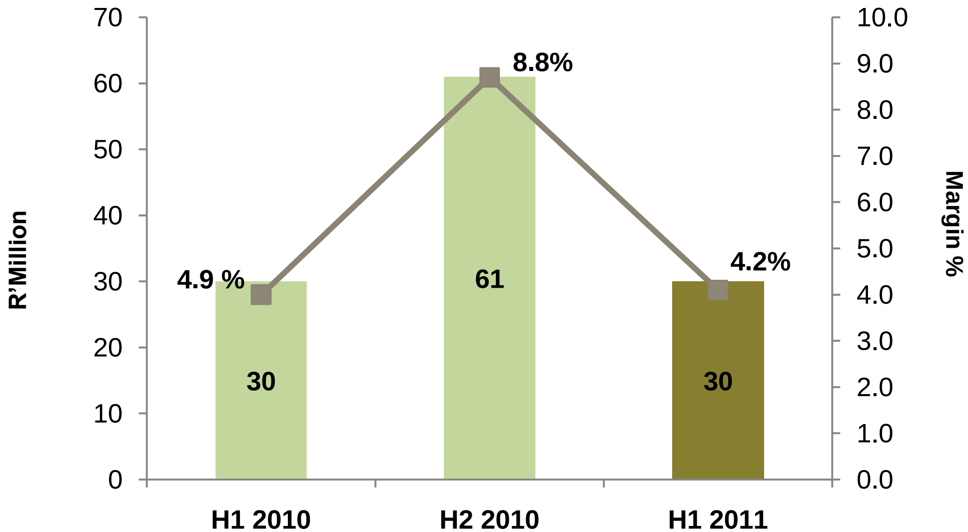
Paper underlying operating profit and margin %



- Revenue is 2,2% up.
- Underlying operating profit is 12,9% up.
- Higher average selling prices and cost savings offset by lower volumes vs H1 2010.

Plastics underlying operating profit and margin %



- Revenue is 15,5% up on back of higher average selling prices and increased volumes.
- Underlying operating profit is on par with the comparable prior year period.
- Selling prices increased on the back of increasing raw material costs.

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Summary

- Good operating performance in difficult trading environment – ROCE of 13,1% and operating profit up 12,5%.
- Successful listing and demerger from Mondi.
- Net debt reduced by R2 billion to R1,7 billion in July, following recapitalisation.
- Business well positioned.

Outlook

- Net earnings in H2 are expected to be enhanced by debt reduction on July 5th.
- Due to seasonality trading in H2 is typically better than H1.
- Concern about demand in H2 – consumer uncertainty, economic weakness, rand strength.
- Net effects of industrial action in July not yet certain.
- Businesses still well positioned in respective sectors.

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THANK YOU

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Mpact business overview

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Paper

Primary product categories

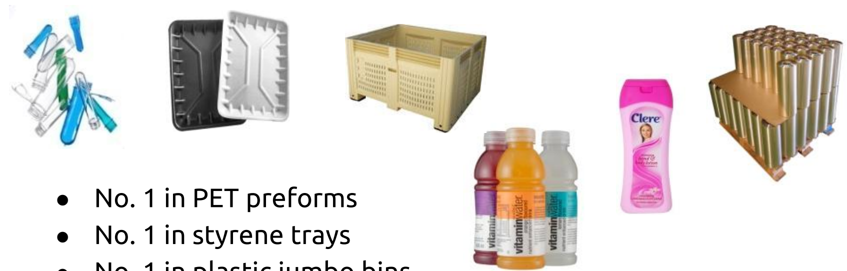
- Recovered paper collection
- Packaging and industrial papers such as cartonboard and containerboard
- Corrugated packaging

- No. 1 in corrugated packaging
- No. 1 in recycled based cartonboard and containerboard
- No. 1 in recovered paper collection

Plastics

Primary product categories

- PET bottles and preforms, hot fill bottles, PET jars and closures
- Large injection moulded containers
- Styrene trays, fast food containers and clear plastic films
- Other plastic packaging



- No. 1 in PET preforms
- No. 1 in styrene trays
- No. 1 in plastic jumbo bins

CENTRES OF EXCELLENCE
Human Resources, Safety, Health, Environment

SHARED SERVICES
Finance, IS&T, Stellenbosch R&D

Employing 3,500 people, 22 manufacturing operations, 29 operating sites

Sources: Mpact, BMI Report (2010), PAMSA and PRASA

Our strategy…

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
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
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

Source: Mpact

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