



Mpact Limited Interim Results

Interim results for the six months ended 30 June 2013

Agenda

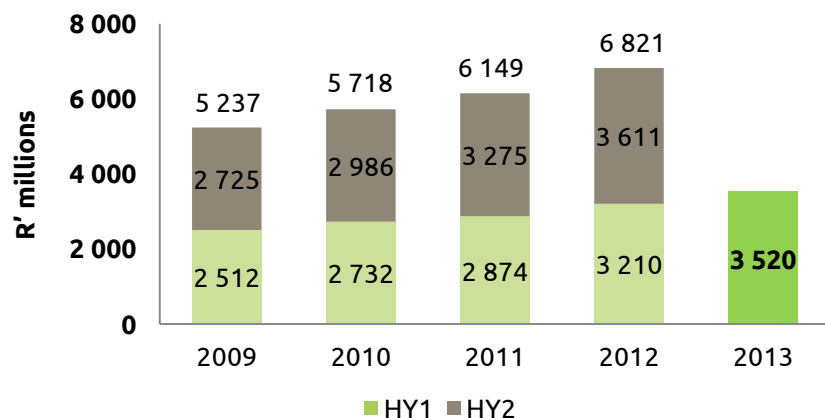
- **Half year 2013 in perspective and financial highlights**
- **Operating review**
- **Financial review**
- **Strategy and outlook**
- **Annexures**

Half year 2013 in perspective

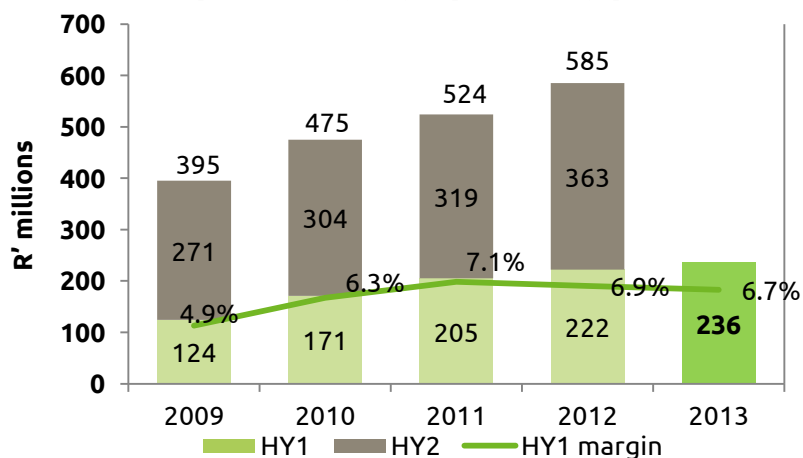
- Muted GDP and consumer spending growth
- Competitive trading environment and margin pressure
- Weaker rand
- Good growth in fruit exports translated to growth in packaging
- Raw material price increases under recovered

Financial highlights¹

Group revenue



Group underlying operating profit



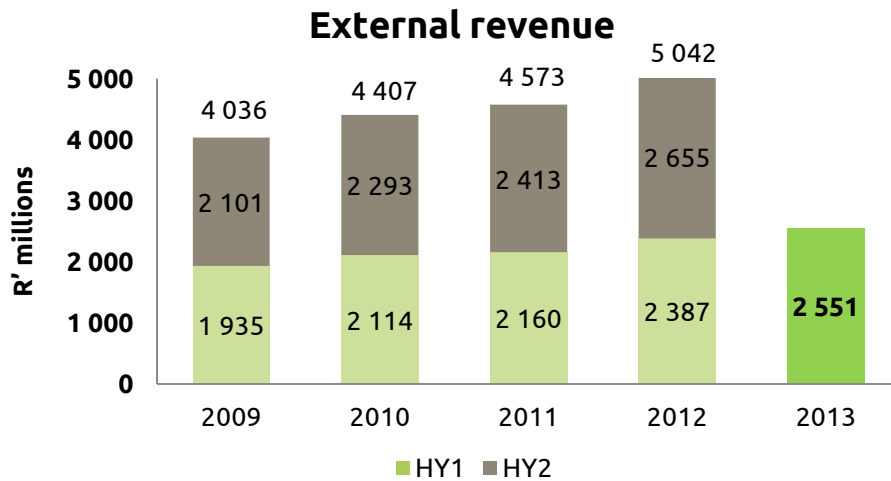
- Revenue up 9.7% to R3.5bn
 - Plastics volume growth
 - Product mix
 - Overall volume growth of 2.5%
- Underlying operating profit margin down to 6.7% from 6.9%
 - Under recovery of raw material cost increases
- Underlying operating profit up 6.1% to R236m
 - Cost savings and other initiatives
- Underlying earnings per share up 20.9% to 77.0 cents
- ROCE at 15.5%

¹ Revenue and underlying operating profit excludes Paperlink from 2009 to 2011 financial years

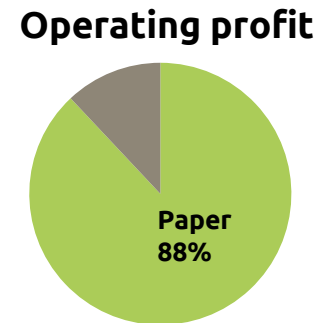
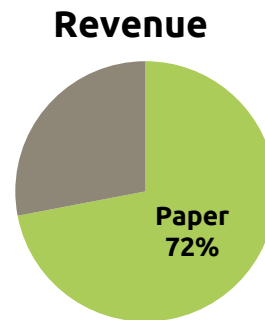
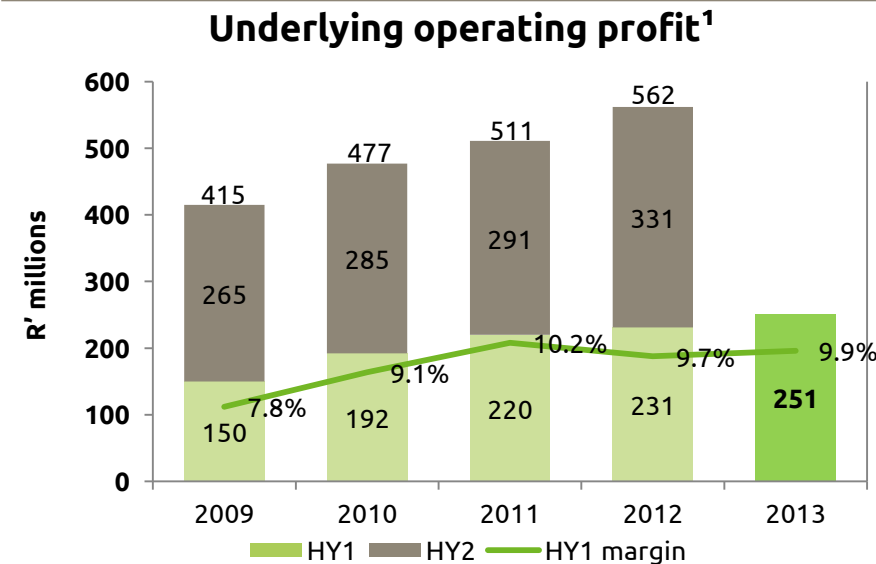
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Paper business

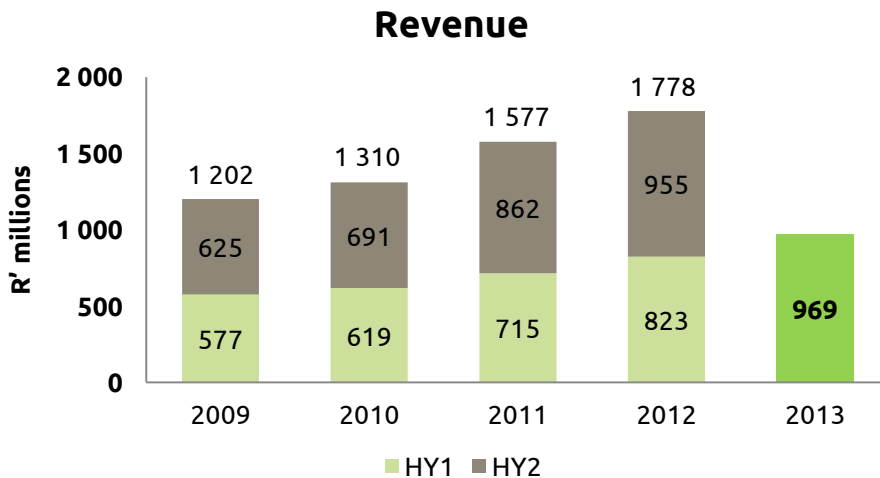


- Revenue up 6.9% to R2.6bn
 - Volumes up 1.3%
 - Price increases below inflation
 - Favourable product mix variance
- Underlying operating profit up 8.9% to R251m
 - Stringent cost control
 - Offset by exchange rate driven raw material cost increases
 - Integration benefits

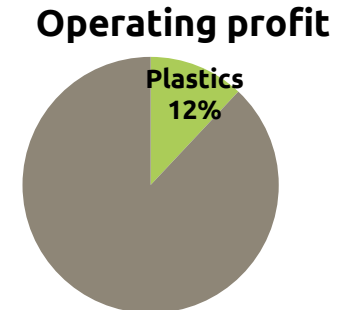
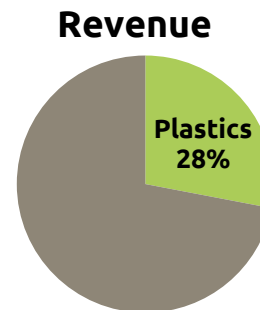
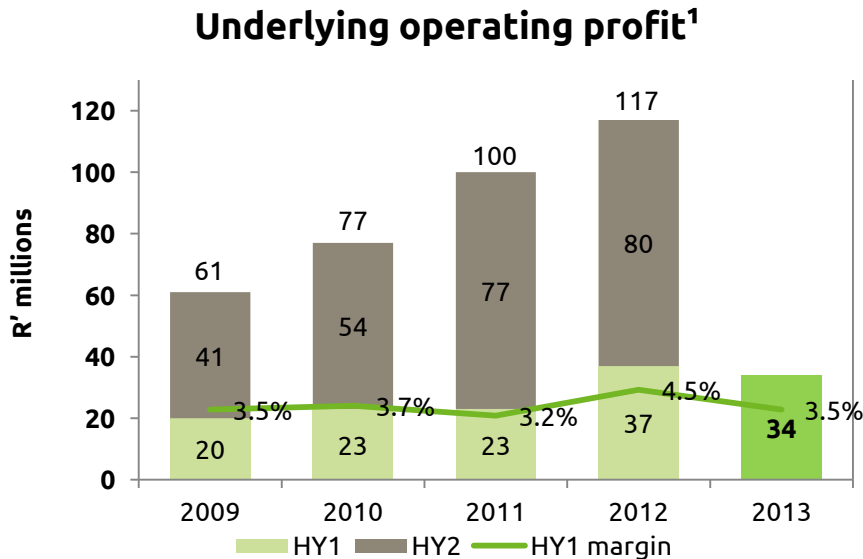


¹ For comparative purposes, full year 2009, 2010 and 2011 underlying operating profit has been restated to reflect corporate costs of R50 million directly attributable, but previously not charged to the Paper business

Plastics business



- Revenue up 17.7% to R969m
 - Volumes up 14.1% (beverages, trays and films, and acquisitions)
 - Price increases below inflation
- Underlying operating profit down 7.6% to R34m
 - Under recovery of polymer prices
 - Improvements in FMCG and preforms & closures

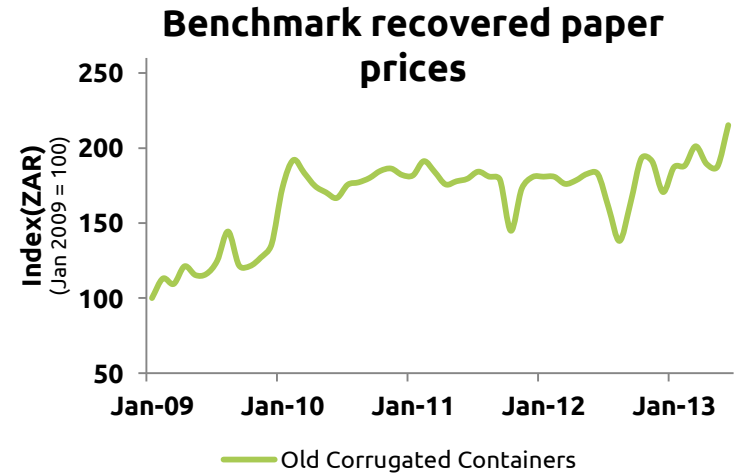
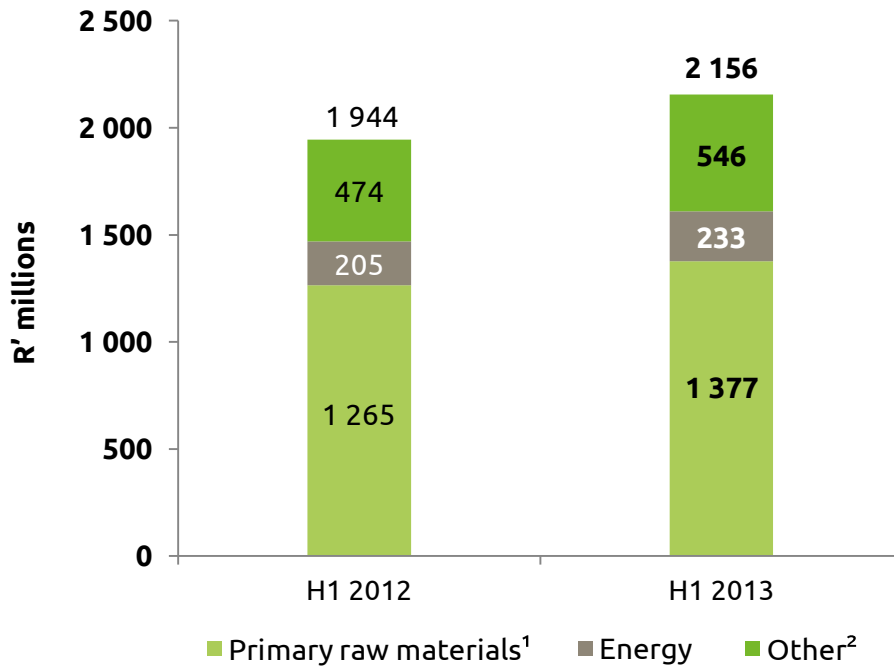


¹ For comparative purposes, full year 2009, 2010 and 2011 underlying operating profit has been restated to reflect corporate costs of R14 million directly attributable, but previously not charged to the Plastics business

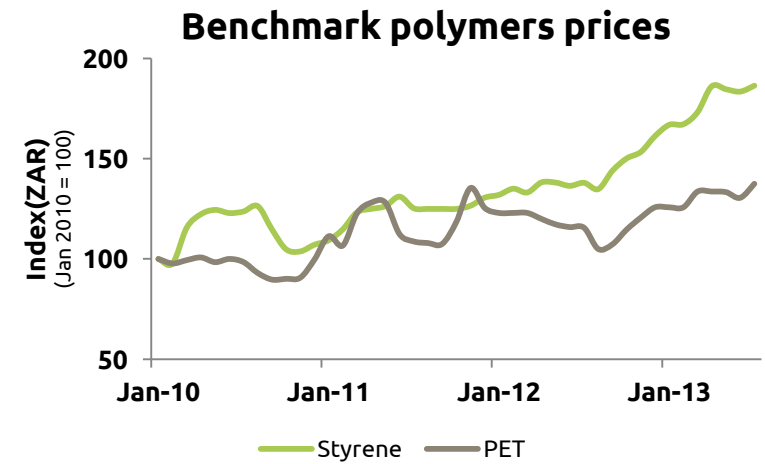
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Variable costs



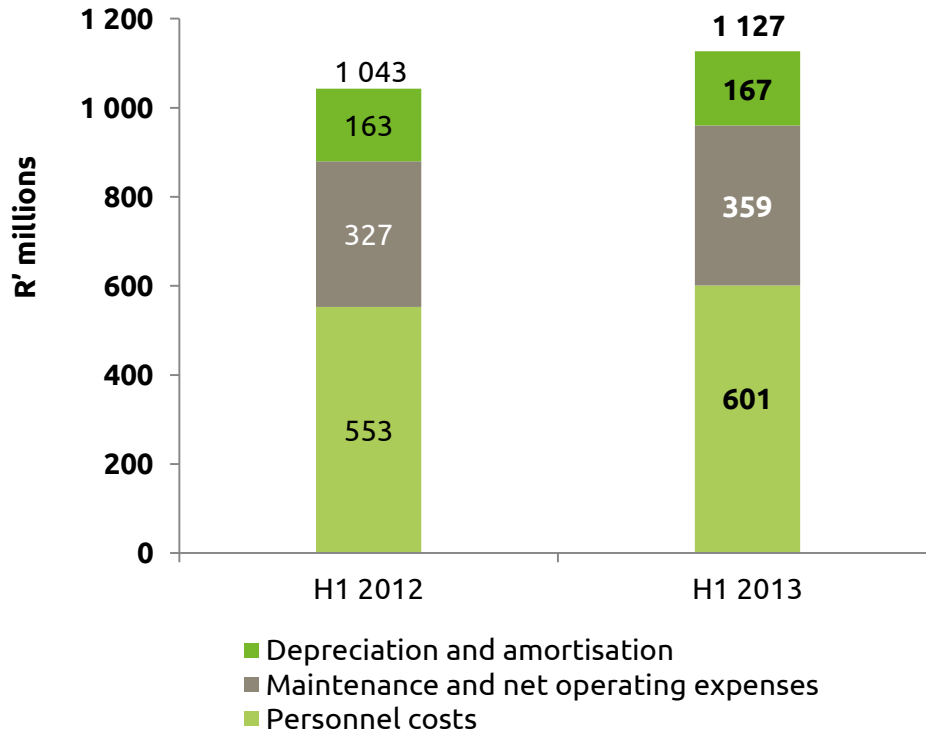
Source: RISI – PPI Asia, Old Corrugated Containers, CNF China US\$, converted to ZAR



Notes:

- 1 Primary raw materials include wood, pulp, paper, recovered paper and plastic polymers
- 2 Other variable costs include chemicals, packaging costs, variable selling expenses

Fixed costs



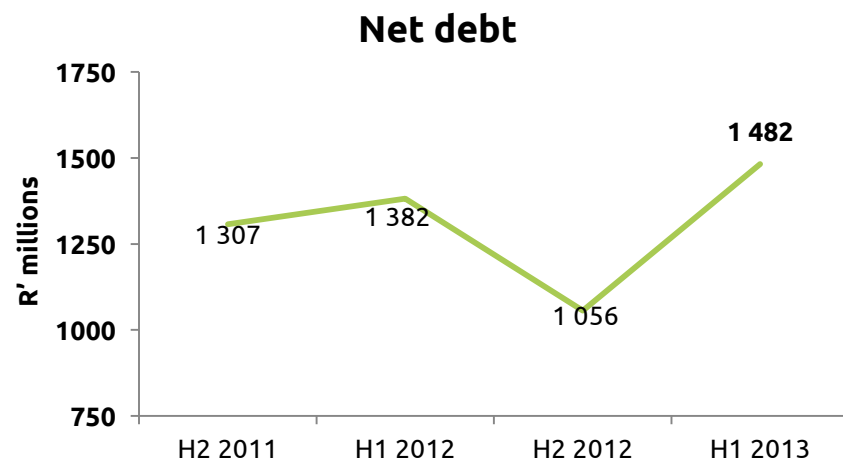
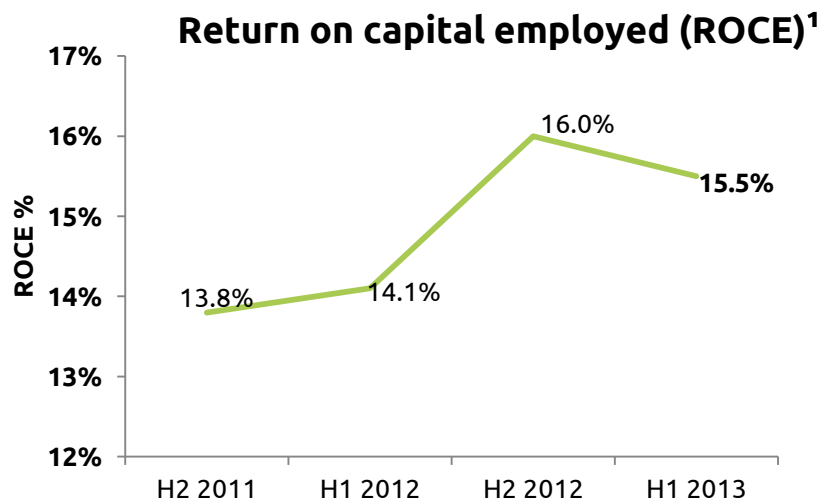
- Fixed costs up 8.1% (cost per ton 5.5%)
- Includes acquired Plastics business costs
- Continued focus on cost management

Financial review

R'millions	H1 2012	H1 2013	Change
Underlying operating profit ¹	222	236	6.1%
Net finance costs	(64)	(60)	6.4%
Associates and JV net earnings	2	4	81.8%
Underlying profit before tax	160	180	12.1%
Tax before special items	(50)	(51)	(2.4%)
Total non-controlling interests	(6)	(3)	55.0%
Underlying earnings	104	126	20.7%
Special items (after tax and minorities)	(4)	-	100%
Reported profit after tax and non-controlling interests	100	126	25.4%
Underlying earnings per share (cents)	63.7	77.0	20.9%

1 Underlying operating profit includes operating profit of subsidiaries before special items.

ROCE and net debt



- ROCE of 15.5% (June 2012: 14.1%); above the through-the-cycle target of 15%

- Gearing down to 35.6% (June 2012: 36.0%)
- Net debt up to R1.5bn (June 2012: R1.4bn)

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

Net finance costs and net debt

R'millions	Full Year 2012	H1 2012	H1 2013	Change vs. H1 2012
Net debt - close	1,056	1,382	1,482	(7.2%)
Net debt - average	1,377	1,484	1,420	4.3%
Net finance costs, excluding special items	128	64	60	6.4%
Gearing %	28.6%	36.0%	35.6%	0.4
Interest cover (underlying EBIT)	4.6 times	3.5 times	4.0 times	
Net debt to EBITDA ¹	1.2 times	1.6 times	1.6 times	

- Net finance costs lower by 6.4% to R60m:
 - Lower average net debt and interest rates over the period
 - Improved cash management
- Net debt closed at R1.5bn, 7.2% higher than June 2012:
 - Payments made for acquired businesses
 - Increase in working capital
- Headroom available for further investments

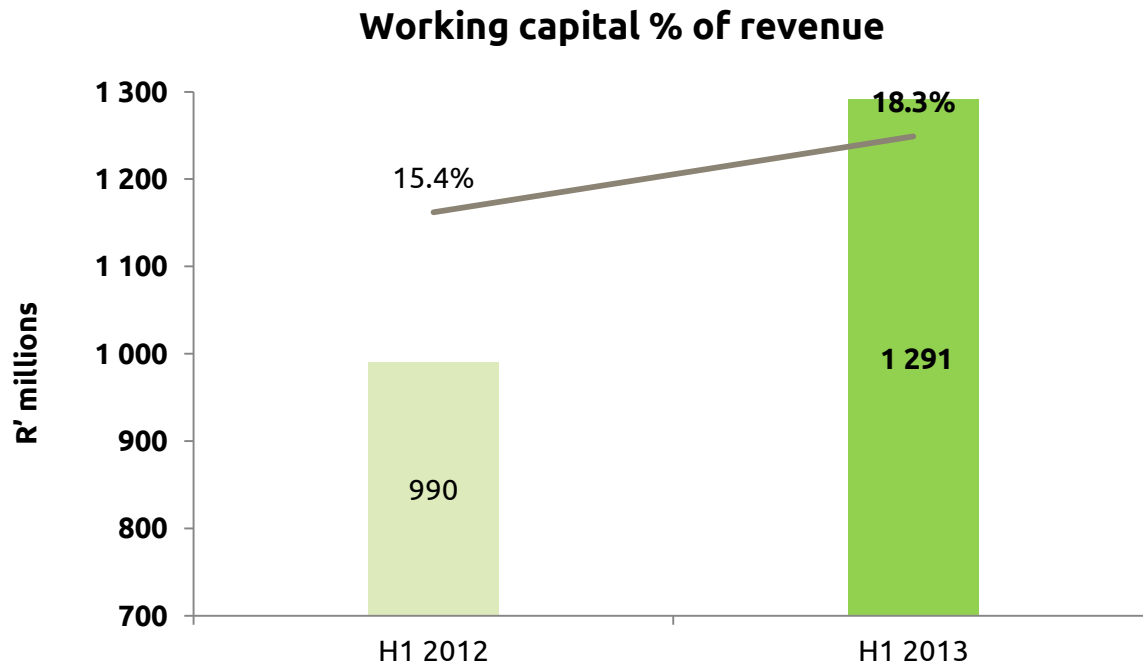
¹ EBITDA annualised over the trailing 12-month period

Taxation

R' millions	H1 2012	H1 2013	Change
Underlying tax charge	50	51	(2.4%)
Tax on special items	(1)	-	>100%
Taxation charge	49	51	(5.5%)
Effective tax rate	31.4%	28.6%	2.8

- Effective tax rate down to 28.6% due mainly to the repayment in 2012 of a loan on which the interest was not tax deductible
- Mpact Limited will start to pay current tax in the second half of 2013

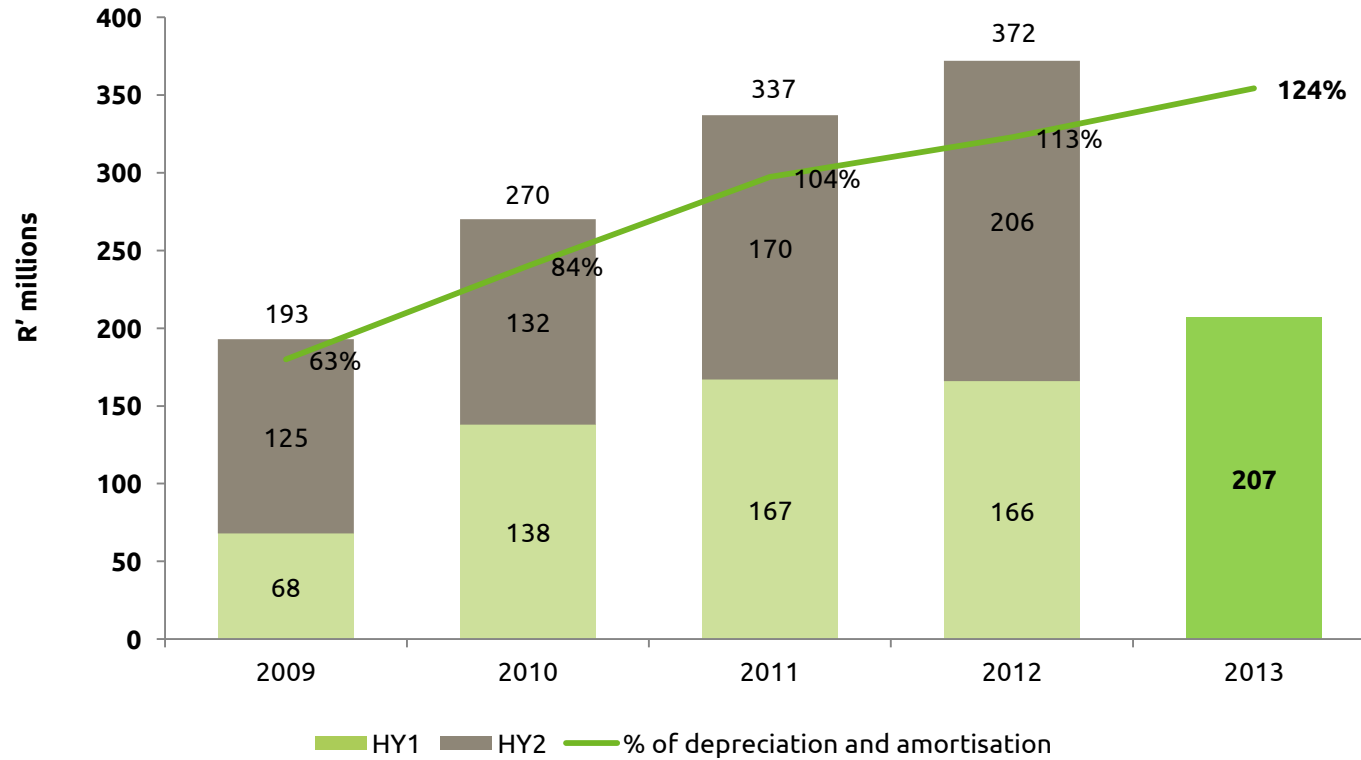
Working capital¹



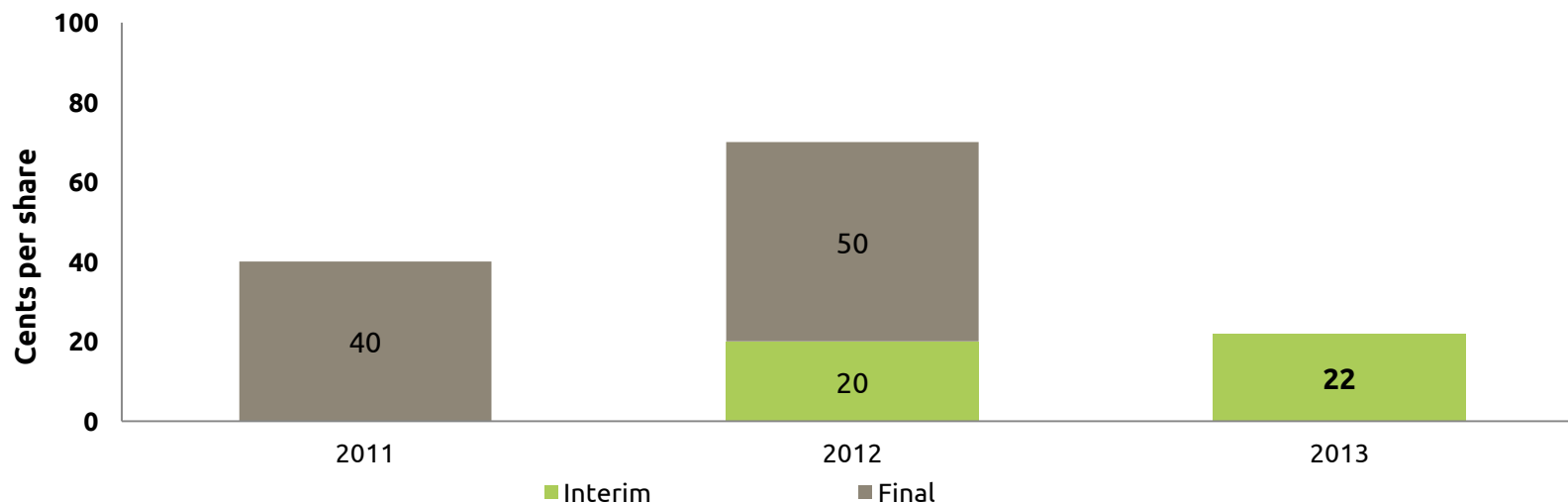
- Higher inventory level affected by raw material purchases ahead of price increases
- Lower trade payables due to early payments to suppliers to take advantage of settlement discounts

¹ Working capital includes inventories, trade receivables and trade payables

Capital expenditure



Dividends



Dividend cover:	2012	2013
Trailing 12 months (times)	2.7	2.8

Salient dates for interim 2013 dividend:

Last day to trade to receive a dividend

Friday, 6 September 2013

Shares commence trading "ex" dividend

Monday, 9 September 2013

Record date

Friday, 13 September 2013

Payment date

Monday, 16 September 2013

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Strategy

- Leading market positions
 - New business, market share, key products and geographical areas
 - Strategic acquisitions
- Customer focused operating structure
 - Investing to meet changing customer needs and to remain cost competitive
 - Continue to develop geographic footprint
- Focus on performance
 - Delivering acceptable returns to our shareholders
 - Cost containment and improved efficiencies a key focus area

Outlook

- GDP and consumer spending growth expected to remain subdued
- Cost increases in labour, electricity and other administered services expected to be above inflation
- Trading conditions to remain highly competitive with associated margin pressures
- Weak rand should improve competitive position relative to imports, offset by related cost increases
- Focus on profitability, cash generation and ROCE
- Group is well positioned in the sectors in which it operates

THANK YOU

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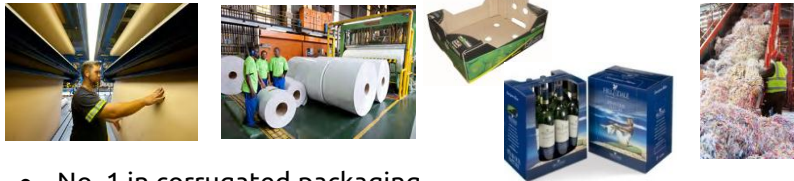
Mpact business overview

Mpact

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 3,760 people, 32 operating sites

Sources: Mpact, BMI Report (2012), 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

Disclaimer

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