2016

Mpact Group Interim Results

for the six months ended 30 June 2016

- **Half-year 2016 in context**
- Financial highlights
- Operating review
- Financial performance
- Outlook
- Appendices

Half-year 2016 in context

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- Mixed fortunes
  - Good Plastics Converting and Corrugated performance
  - Challenges in Polymers and containerboard
- Limited effects of drought to date
- Remade acquisition
  - Support of group strategy in recyclables
- Felixton mill upgrade progressing according to plan
- Strong balance sheet despite significant new investments
- Higher interest costs and effective tax rate
- Corrugated MD succession complete

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- Operating review
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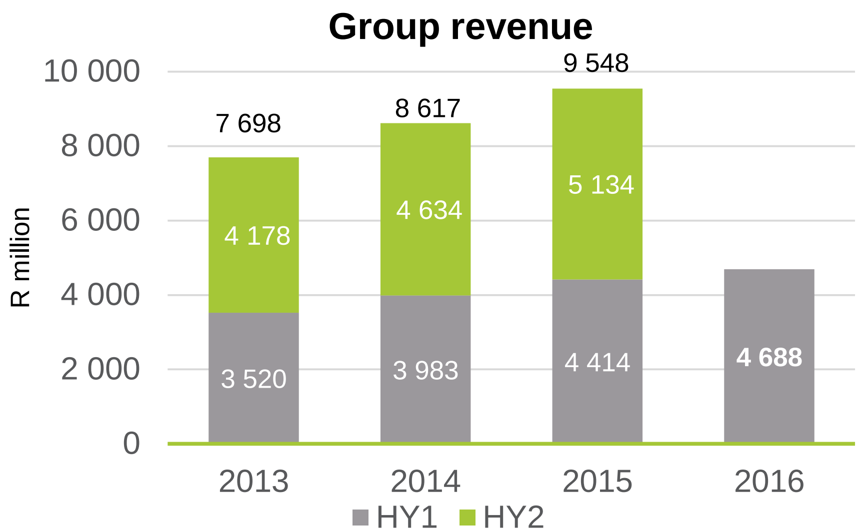
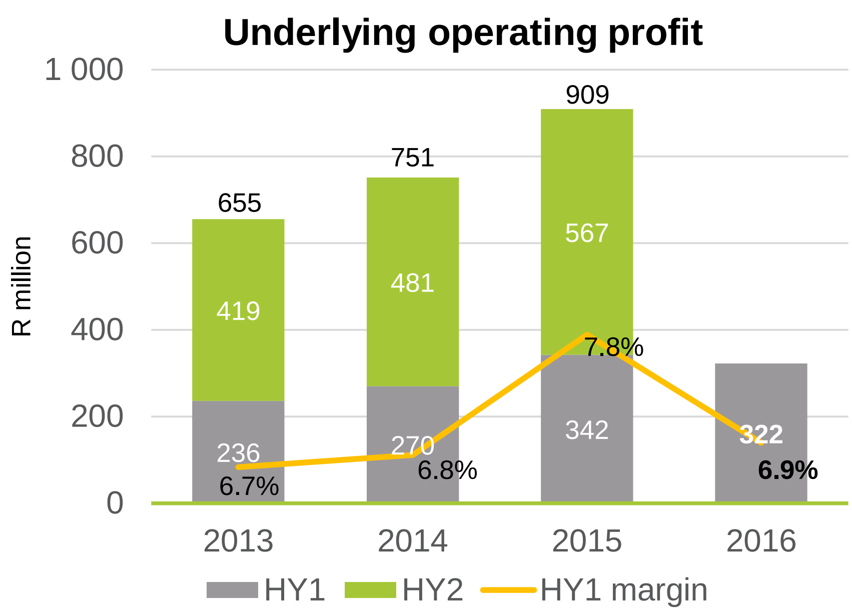
- Outlook
- Appendices

Financial highlights





- Revenue up 6.2% to R4.7bn
  - Acquisition contributed 1.7%
  - Volumes declined by 0.8%
    - Excluding Remade volumes declined by 6.5%
- Underlying operating profit declined by 6.0% to R322m
  - Improved trading performance in the Paper and Plastics Converting operations, offset by
    - effect of lower containerboard sales and
    - loss in Mpact Polymers
- Underlying earnings per share declined by 29.6% to 95.2 cents
- ROCE of 16.7% (June 2015: 17.9%)
- Gearing at 33.8% (June 2015: 34.2%)
- Interim dividend of 30 cps unchanged

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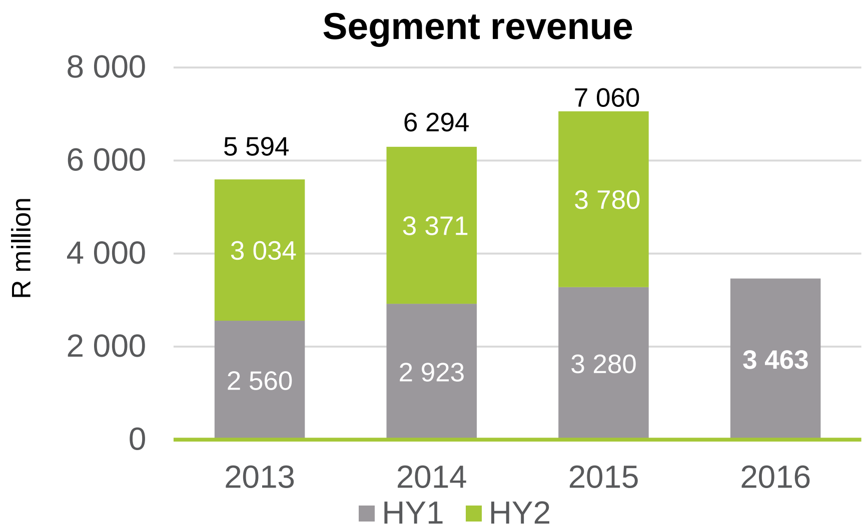
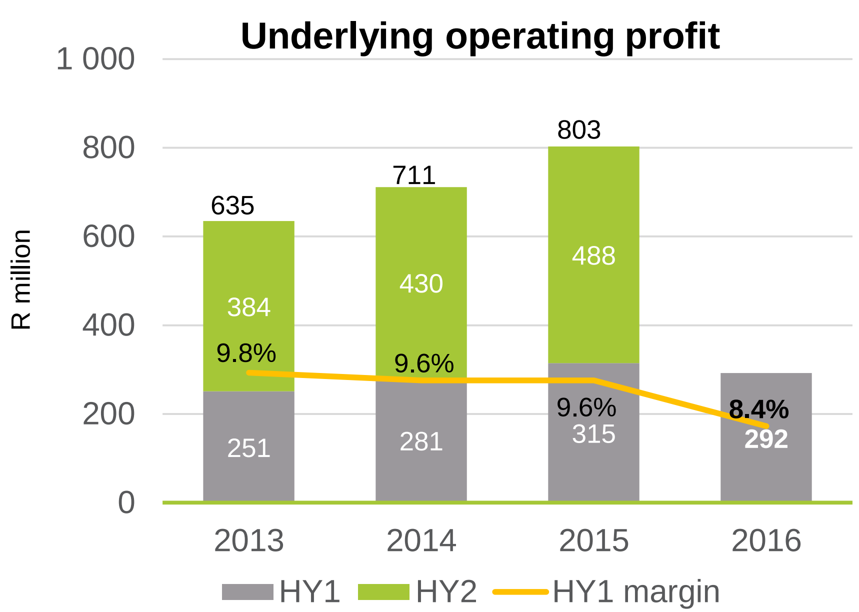
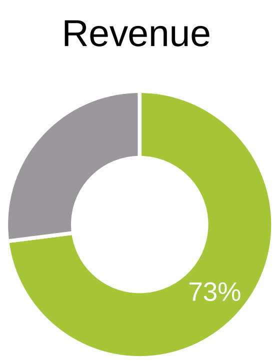
- **Operating review**
- Financial performance
- Outlook
- Appendices

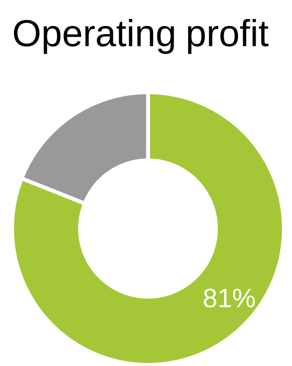
Paper business



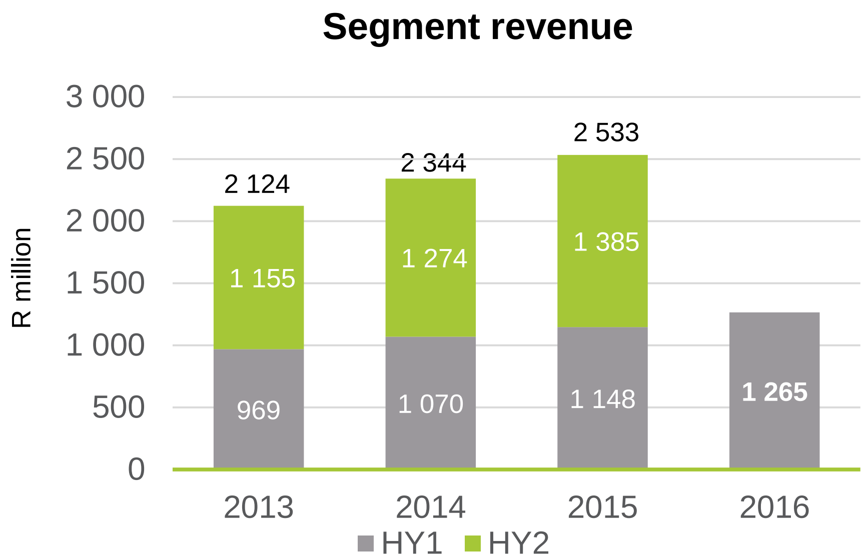


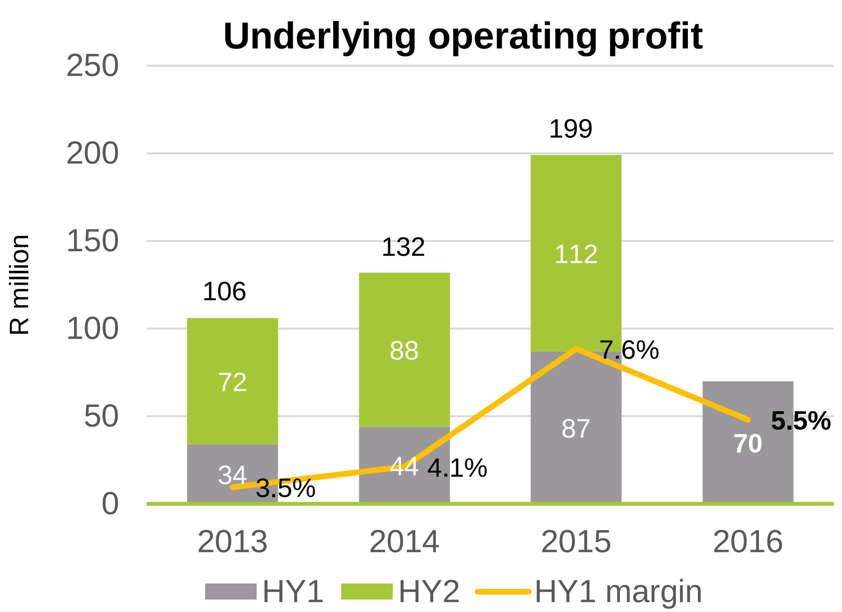
- Revenue up 5.6% to R3.5bn
  - Acquisition contributed 2.4%
  - Volumes declined by 0.2%
  - Excluding Remade
    - Volumes declined by 6.6%
    - Average price variance strongly influenced by product mix
- Underlying operating profit declined 7.4% to R292m
  - Lower containerboard sales partly offset by improved performance in the rest of the Paper business
- Felixton mill Phase 2 upgrade on track



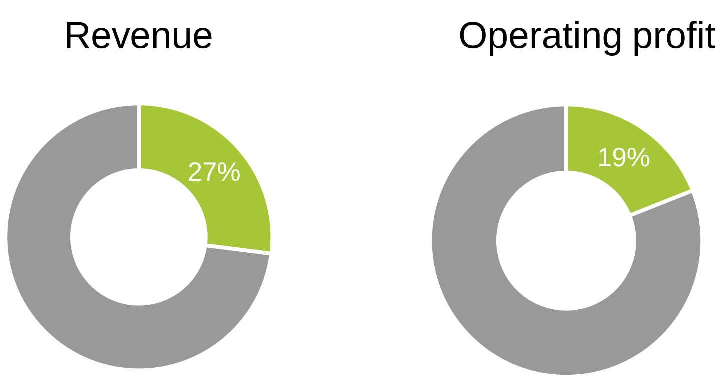


Plastics business





- Revenue up 10.2% to R1.3bn
  - Selling price and product mix higher by 4.6%
  - Volume growth of 5.6%
- Underlying operating profit declined by 20.1% to R70m
  - Plastics excluding Mpact Polymers (Plastics Converting)
    - Underlying operating profit up 22.8% to R119m (margin 9.5%)
    - Volume growth of 4.2%



Mpact Polymers update

Key challenges to date	Status: May site visit	Status: as at August
Plant availability		
• Power interruptions and allocation	Partly resolved	Resolved
• Staff confidence and training	In progress	Improved
• Intermittent stoppages	Being resolved	Improved
Quality - colour	Resolved	Resolved
Throughput		
• Equipment bottlenecks	Resolution in progress	Several issues resolved - grinder evaluation underway
• Yield - process stability, purge rates	Improving	Improved
• Raw material feedstock quality	In progress	Improved
Further convertor and bottler approval		
• Commitment and approval from major customer	10% on certain product lines	10% on all lines, up to 15% in Q4

- Half-year 2016 in context
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- Operating review
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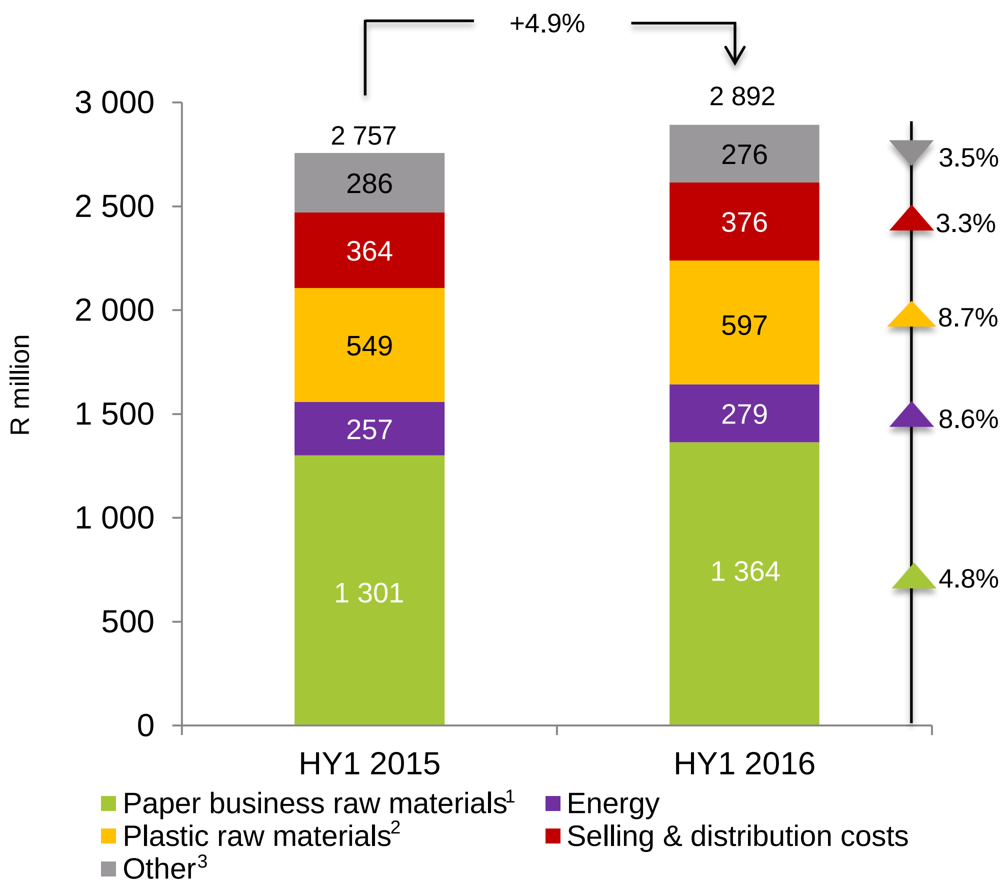
- Appendices

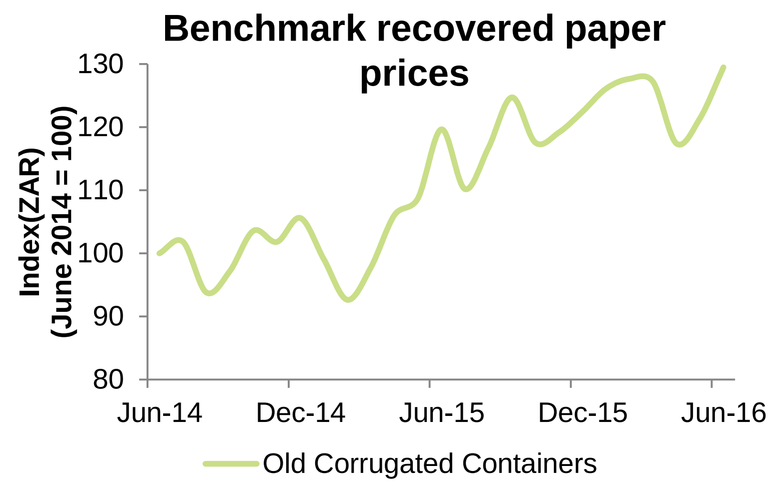
Financial summary

Revenue	▲ 6.2%	R4.7 billion
Underlying operating profit	▼ 6.0%	R322 million
Underlying EPS	▼ 29.6%	95.2 cents per share
Interim dividend	unchanged	30 cents per share
ROCE	▼ 1.2	16.7%
Gearing %	▼ 0.4	33.8%

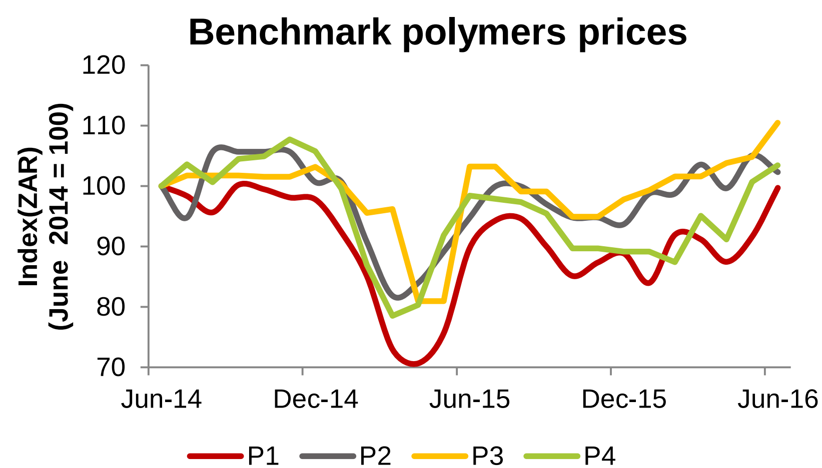
Variable costs



- Variable cost per tonnes up 5.6%



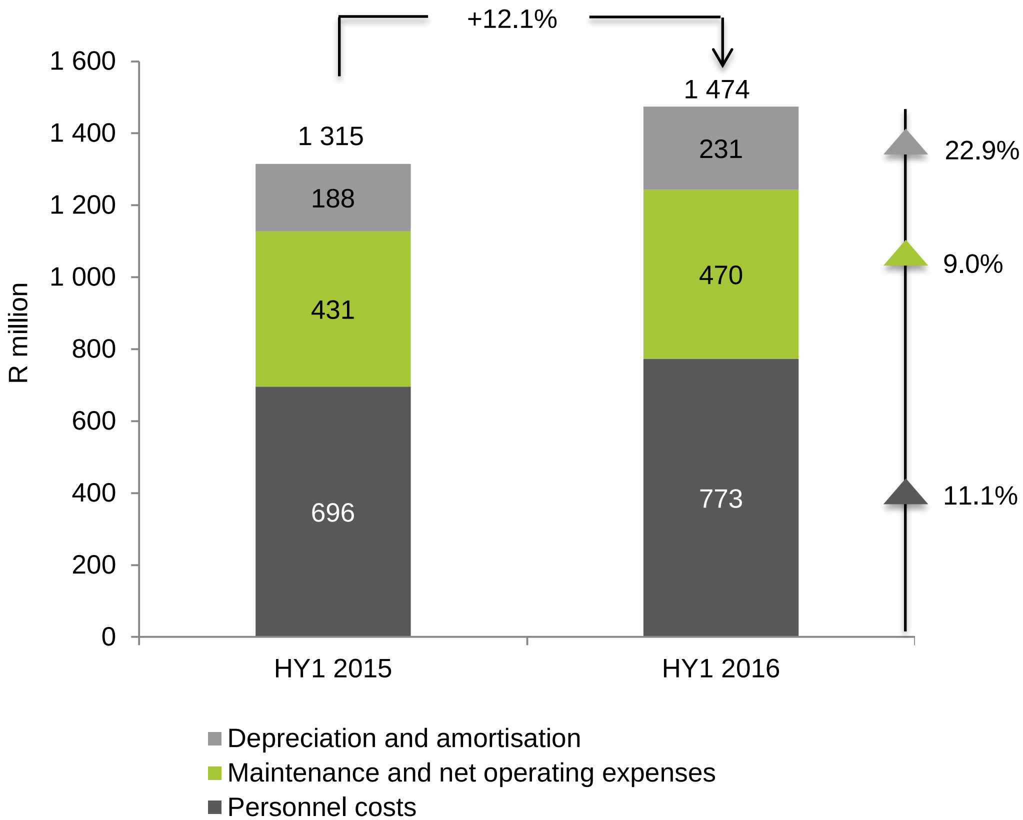
Source: RISI – PPI Asia, Old Corrugated Containers, CNF China US$, converted to ZAR



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, polypropylene and recovered plastics.
3. Other variable costs include chemicals, packaging costs and stock movements.

Fixed costs



- Total fixed costs up 12.1%
- Total fixed costs, excluding Mpact Polymers, acquisition and Felixton (Phase 1), up 7.8%
  - Depreciation up 10.1%
  - Maintenance and net operating expenses up 5.1%
  - Personnel costs up 8.8%

Financial review

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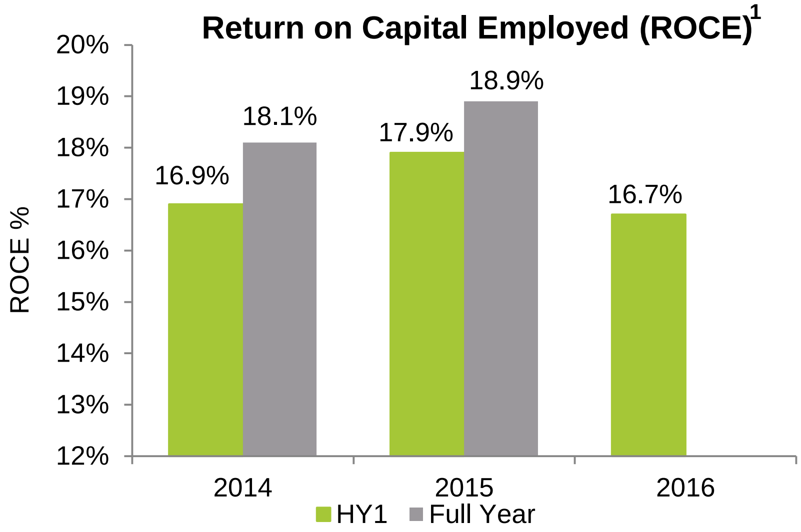
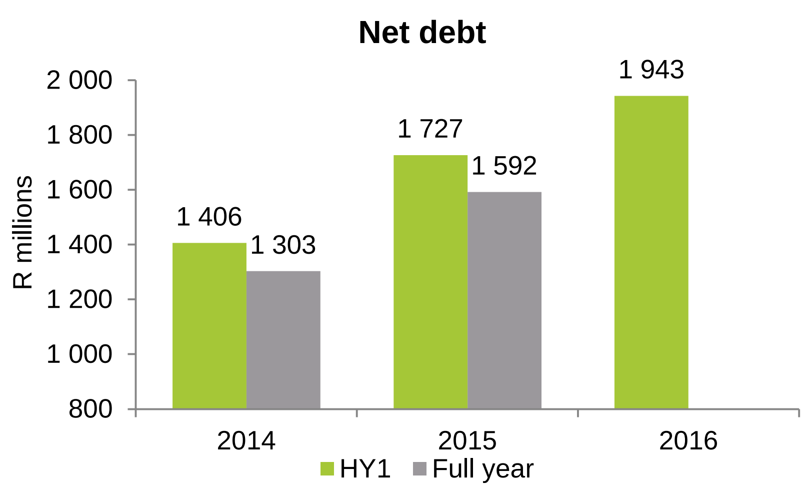
R'million	HY1 2015	HY1 2016	change
Underlying operating profit	342	322	(6.0%)
Net finance costs	(58)	(91)	57.0%
Earnings from equity accounted investees	5	6	18.0%
Underlying profit before tax	289	237	(18.2%)
Tax charge	(61)	(82)	33.4%
Non-controlling interests	(6)	3	>100%
Underlying earnings for the period	**222**	**158**	**(28.8%)**
Underlying earnings per share (cps)	**135.3**	**95.2**	**(29.6%)**

ROCE and net debt

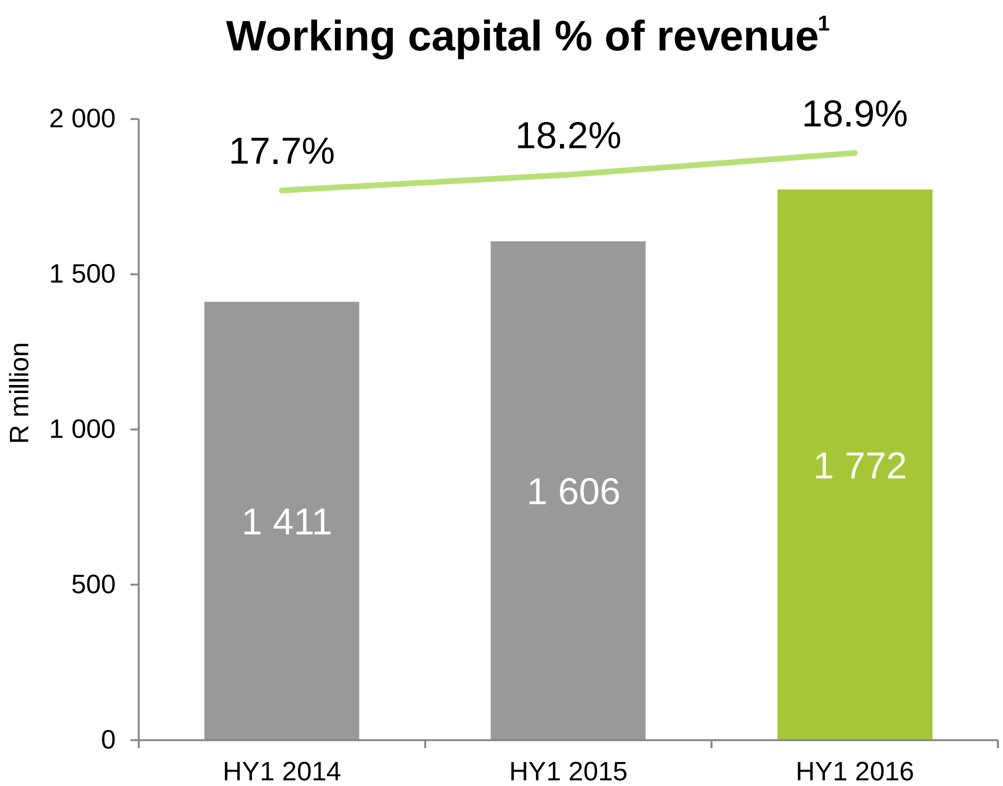




- ROCE of 16.7% (June 2015 : 17.9%)
  - Investments in new capital projects
- Net debt increased to R1.9bn
  - Investments in capital projects
  - Payment made for acquisition
- Gearing at 33.8% (June 2015: 34.2%)

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.

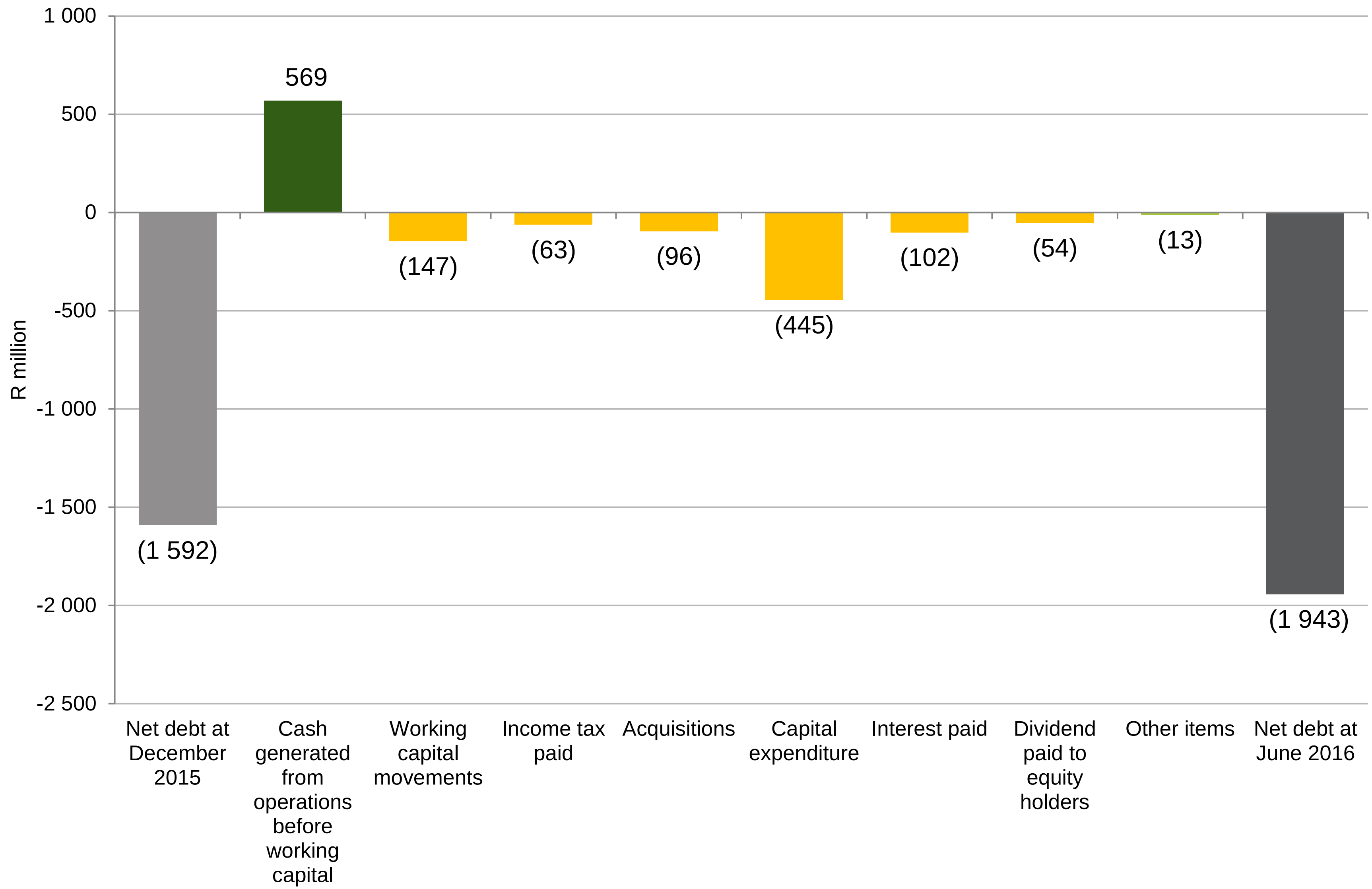
Working capital



- Higher inventory levels due to:
  - Containerboard and rPET

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

Movements in net debt



Net finance cost and net debt

R million	Full year 2015	HY1 2015	HY1 2016	change
Net debt - close	1,592	1,727	1,943	12.5%
Net debt - average	1,685	1,693	1,868	10.3%
Net finance costs	132	58	91	57.0%
Gearing %	30.2%	34.2%	33.8%	(0.4)
Interest cover (EBIT) (times)	6.9	5.9	3.5	
Net debt to EBITDA (times)	1.2	1.4	1.4	

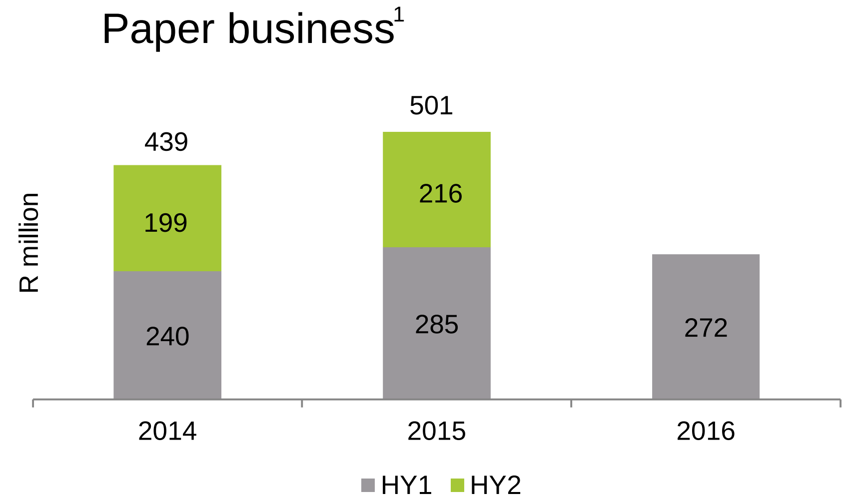
- Net finance costs higher by 57.0%
  - Higher average net debt and interest rate
    - Interest rate increase (+R16m) and higher average net debt (+R9m)
  - Borrowing costs related to the Mpact Polymers and Felixton (Phase 1) projects no longer being capitalised, following their completion in 2015
  - Adequate committed facilities of R2.4bn

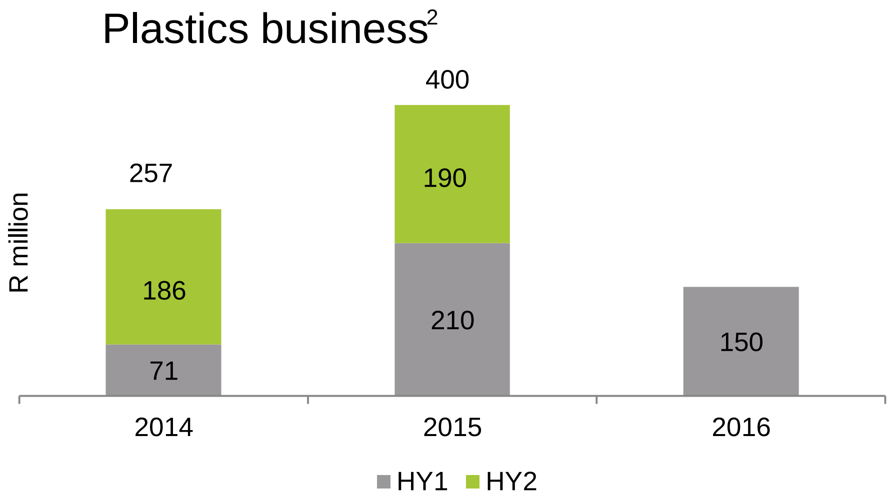
Taxation

R million	HY1 2015	HY1 2016	change
Taxation charge	61	82	33.4%
Effective tax rate	21.1%	34.4%	13.3
Tax paid	49	63	28.6%

- Effective tax rate of 34.4% higher than the statutory tax rate of 28%
  - Deferred tax on certain tax losses not recognised in Mpact Polymers

Capital expenditure cash flows

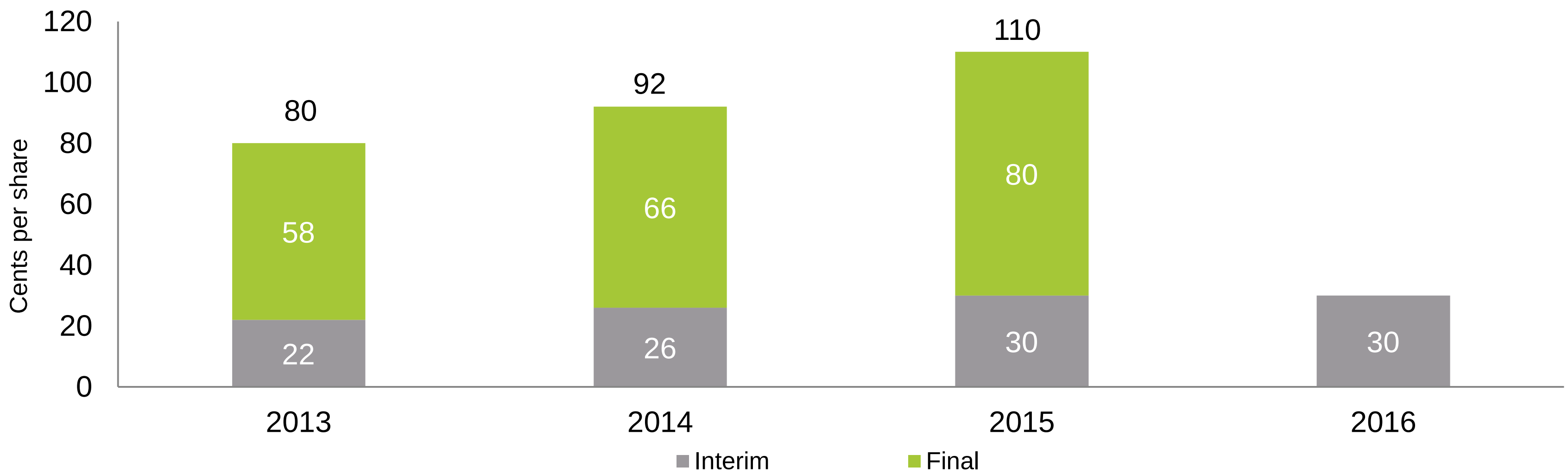




- Continue to invest in new projects

1. Includes major strategic capital expenditure spends. (2014: R136 million, 2015: R155 million and 2016 HY1: R44 million)
2. Includes major strategic capital expenditure spends. (2014: R104 million and 2015: R184 million).

Dividends



- Scrip distribution with an option to receive a cash dividend

Salient dates for the 2016 interim Scrip Distribution and Cash Dividend alternative

Last day to trade to be eligible for the Scrip Distribution and Cash Dividend alternative	Tuesday, 6 September 2016
Shares commence trading “ex” the Scrip Distribution and Cash Dividend alternative	Wednesday, 7 September 2016
Record date in respect of Scrip Distribution and Cash Dividend alternative	Friday, 9 September 2016
Scrip Distribution certificates posted and Cash Dividend payments	Monday, 12 September 2016

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- **Outlook**
- Appendices

Outlook

- Subdued trading anticipated in the second half
- Continued pressure on the Paper business
  - Excess containerboard capacity
- Phase 2 of Felixton mill upgrade progressing as planned
- Mpact Polymers making steady progress
  - Expect to generate profits during 2017
- Effective tax rate expected to be higher than 2015
- Higher net finance costs
- Higher depreciation charges
  - Felixton Phase 1 and Mpact Polymers
- Effects of drought uncertain
- Strategy addresses sustainable growth initiatives

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- Outlook
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Overview of Remade Recycling

Purchase consideration	● Remade Holdings : R89 million ● Remade Property Companies: R39 million
Background	● Established in 1987 ● Collector and trader of recyclable material in South Africa ● Approximately 200,000 tons per year ● 7 branches in Gauteng, 2 in the North West province ● Established network of suppliers and collection points
Source of recyclable material	● Leading manufactures and retailers ● Residential estates ● Buy-back centres ● Publishers and printers
Benefits	● Expansion of collection infrastructure ● Access to PET collections for Mpact Polymers ● Access to recovered paper for Felixton rebuild project and the liquid-packaging recycling plant

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