NAMPAK ZIMBABWE LIMITED

Nampak
quality distinction

TRADING UPDATE FOR THE THIRD QUARTER AND NINE MONTHS ENDED JUNE 2025

TRADING ENVIRONMENT

The economic environment remained relatively stable during the quarter under review. This has largely been driven by a stable ZWG exchange rate as well as the impact of a record-breaking tobacco marketing season. As a result, the business benefited from improved volumes in the quarter under review, as demand for tobacco packaging increased. However, the Ruwa plant remains constrained by severe power shortages and has had to rely on the use of generators to meet customer demand.

The entrance of competition across all our operations has negatively impacted some of our categories, resulting in pressures on gross margins. The growth in informalisation of the economy is expected to put further strain on margins due to higher compliance costs for formal businesses as well as the varied application of route to market regulations. The business will continue to re-engineer some of the product offering in line with international packaging trends in order to preserve margins.

BUSINESS AND FINANCIAL PERFORMANCE

Group volumes for the third quarter were 3% behind the prior year, mainly due to weaker demand and increased competitor activity for PET/preforms and commercial cartons. Metal volumes were also significantly down on prior year volumes in the quarter due to reduced demand and product rationalisation to align with market demand and achieve improved efficiencies. Volumes across the business units are expected to improve in the last quarter driven by stronger seasonal demand in the beverages sector and increased agriculture output.

Volumes for the 9 months to June 2025 are 13% below the prior period due to volume recoveries in the current quarter, which have made up for some of the volume loss in the previous periods.

Group revenue for the 9 months to June 2025 was 12% below the comparative period. This has been due to volume losses in the plastics segment, as well as the commercial cartons, where self-manufacture has impacted current period volumes. Lower tobacco carryover volumes at the start of the FY25 season due to the El Nino effects in the FY24 season impacted volumes in the current period.

PRINTING AND CONVERTING SEGMENT

Hunyani Paper and Packaging

Sales volumes at the Hunyani Corrugated Division for the third quarter were in line with the prior year. Sales volumes in the tobacco sector were marginally behind the same period last year due to the slow start on the tobacco season deliveries. Demand is expected to remain strong as we approach peak season on the back of a larger tobacco crop this season. Commercial carton volumes in the quarter under review were 3% ahead of the prior year, driven by increased demand in the horticultural sector.

The Cartons, Labels and Sacks Division sales volumes for the third quarter were 34% ahead of the prior year due to improved demand for tobacco paper wrap. Commercial packaging was 17% ahead of the prior year due to volume recovery.

PLASTICS AND METALS SEGMENT

Mega Pak

The third quarter sales volumes were 14% down on the prior year. Volumes were affected by increased competitor pressures, as well as higher plant breakdowns due to severe power cuts in Ruwa. This negatively impacted our ability to meet customer demand. The use of generators has mitigated the impact of the power cuts, albeit at higher operating costs. Management is actively monitoring this whilst exploring cheaper alternatives for improved power supply.

CarnaudMetalbox

The sales volumes in the third quarter were 8% ahead of the prior year. However, Metal volumes were significantly below prior year volumes due to market driven product rationalisation, as well as the impact of the late arrival of raw material at the end of the second quarter. HDPE volumes were 47% ahead of the prior year and benefited from strong demand in the quarter under review.

DIRECTORATE

There have been no changes to the directorate in the period under review.

OUTLOOK

The operating environment has been relatively stable, supported by the stable exchange rate, despite the tight liquidity conditions being experienced. The Paper operation is expected to benefit from the increased volumes from the record-breaking tobacco marketing season. Volume recoveries are also expected in the Plastics and Metals operations as pricing distortions reduce on the back of a stable exchange rate.

The Group continues to trade under a cautionary notice regarding the concluded sale and purchase agreement between Nampak Southern Africa Holdings Limited and TSL Limited, which agreement remains subject to various suspensive conditions.

By Order of the Board

J P Van Gend
Group Managing Director

68 Birmingham Road
Southerton
Harare

8 August 2025

Directors: A. H. Howie (Chairman), J. P. Van Gend* (Group Managing Director), M. Matafeni* (Group Finance Director), A. Aldridge, S. H. Murray, M. Valela (A. Makamure, Alt) * Executive Directors

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