NAMPAK ZIMBABWE LIMITED

Nampak
quality distinction

TRADING UPDATE FOR THE FIRST QUARTER OCTOBER TO DECEMBER 2025

REVIEW OF THE ECONOMIC ENVIRONMENT

The operating environment during the first quarter ended 31 December 2025 remained stable. Tight monetary policy measures remain the key anchor for stability, though liquidity conditions were constrained as a result. This has led the official inflation statistics to trend downwards as the monetary authorities push for single-digit inflation in the short term.

Improvements in the operating environment have largely been driven by a recovery in the agricultural sector, on the back of improved rains, as well as higher gold production driven by record gold prices.

The tobacco marketing season achieved record deliveries of 355 million kilograms, which benefited the demand for tobacco cases, resulting in a sizeable carryover of orders in the first quarter ended 31 December 2025.

BUSINESS AND FINANCIAL PERFORMANCE OVERVIEW

Group volumes for the first quarter to December 2025 were 39% ahead of the prior year, mainly due to the carryover of late-season tobacco case orders from local tobacco merchants. There were also notable improvements in demand in the PET/preforms category, whilst commercial corrugated volumes were subdued due to weak demand driven by the intensifying competitive landscape. Metal volumes were significantly down on the prior year due to delays in the raw material supply chain and product rationalisation to align with current market demand. Volumes across all business units are expected to firm up in line with steady demand for packaging.

Group revenue for the first quarter to December 2025 was 19% ahead of the comparative period. This is mainly due to improved demand driven by the larger tobacco crop from the previous tobacco marketing season. Improved PET/Preforms volumes also contributed to the increase in revenue.

PRINTING AND CONVERTING SEGMENT

Hunyani Paper and Packaging
Sales volumes at the Hunyani Corrugated Division for the opening quarter were 73% ahead of the prior year. Sales volumes in the tobacco sector were significantly ahead of the same period last year, driven by a large carryover of late-season orders from the local tobacco industry. Demand for the forthcoming season is expected to remain stable, although we anticipate that the competitive landscape will intensify. Commercial carton volumes in the quarter under review were 11% below the prior year, as demand softened amid some customers moving to self-manufacture of their packaging.

Cartons, Labels, and Sacks Division sales volumes fell 10% in the first quarter compared to the prior year, despite improved demand for tobacco paper wrap. Commercial packaging volumes were lower due to weak demand and contributed to the overall drop in volumes compared to the prior year.

PLASTICS AND METALS SEGMENT

Mega Pak
First quarter sales volumes were 10% ahead of the prior year, primarily due to improved demand in PET/Preforms, driven in part by peak festive season demand. Conversely, HDPE demand was marginally lower than in the comparative period last year. In Ruwa, persistent power challenges led to continuous stop-starts and increased plant breakdowns, adversely affecting operational efficiency. The use of generators during power cuts raises operational costs, thereby limiting production hours. Management actively monitors these expenses while exploring more cost-effective power supply alternatives.

CarnaudMetalbox
Sales volumes in the first quarter were 15% below the prior-year level. All categories were below prior-year volumes due to plant breakdowns, which affected performance in the first quarter. Metal volumes were affected by supply chain delays.

DIRECTORATE

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

OUTLOOK

The Group is cautiously optimistic about the prospects for an improved operating environment, which requires concerted efforts from the fiscal and monetary authorities to sustain economic conditions that enable the business community to succeed.

The business will maintain its focus on improving operational efficiencies and implementing cost-optimisation strategies to achieve sustainable growth. This approach includes thoughtful considerations for capital expenditure, aimed at enhancing capacity and profitability.

By Order of the Board

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