mpact

smarter, sustainable solutions

UNAUDITED INTERIM RESULTS

for the six months ended 30 June 2013

HIGHLIGHTS

REVENUE

R3,5 **billion**

▲ **9.7%**

UNDERLYING OPERATING PROFIT

R236 million

▲ **6.1%**

UNDERLYING EARNINGS PER SHARE

77.0 cents per share

▲ **20.9%**

June 2012: 63.7 cents

RETURN ON CAPITAL EMPLOYED (ROCE)

▲ **15.5%**

June 2012: 14.1%

INTERIM GROSS CASH DIVIDEND DECLARED

22.0 cents per share

▲ **10%**

June 2012: 20 cents per share

Company profile

Mpact is a leading manufacturer of paper and plastics packaging in Southern Africa. The Paper business is integrated across the recycled paper-based corrugated packaging value chain and comprises three divisions being Recycling, Paper Manufacturing and Corrugated. The Plastics business manufactures rigid plastic packaging for the food, beverage, personal care, home care, pharmaceutical, agricultural and retail markets. Products include PET preforms, bottles and jars; plastic jumbo bins, wheelie bins, and crates; plastic containers for the Fast Moving Consumer Goods (FMCG) market; and styrene and PET trays, fast food containers and clear plastic films. The Group employs 3,760 people in 32 operations in South Africa, Namibia, Mozambique and Zimbabwe.

Group performance

The results for the six months ended 30 June 2013 reflect subdued GDP and consumer spending growth in South Africa, which led to a very competitive trading environment. The weaker rand provided some relief, improving the relative competitive position of the Group's manufactured products compared to imported substitutes, and also supported growth in packaging for fruit exports, which remained robust during the period. However, these benefits were offset by increases in raw material prices, most notably plastic polymers, pulp and chemicals, which were not fully recovered in selling prices during the period under review.

Group revenue of R3,520 million is 9.7% higher than the comparable prior period, attributable mainly to volume growth in the Plastics business and higher average selling prices. External sales volumes increased by 2.5% over the same period last year.

Underlying operating profit increased by 6.1% to R236 million. The under recovery of raw material price increases led to the operating profit margin decreasing to 6.7% from 6.9% in the comparable prior year period.

Underlying earnings per share improved by 20.9% to 77.0 cents compared to the prior period as a result of the increase in operating profit, lower finance costs and a lower effective tax rate.

ROCE increased to 15.5% (June 2012: 14.1%).

Net debt at 30 June 2013 was R1,482 million, an increase of R100 million from 30 June 2012. The increase in net debt is due primarily to working capital outflows at the end of June 2013. Average net debt was 4.3% lower than the comparable prior year period.

Financial summary

R'million	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Change %
Revenue	**3,520**	3,210	9.7
Underlying operating profit[1]	**236**	222	6.1
Underlying profit before tax[2]	**180**	161	12.1
Net debt	**1,482**	1,382	7.2
Return on capital employed (%)	**15.5**	14.1	1.4
Interim gross dividends (cents)	**22**	20	10.0
Basic earnings per share (cents)	**77.0**	61.3	25.6
Basic underlying earnings per share (cents)	**77.0**	63.7	20.9
Basic headline earnings per share (cents)	**76.7**	61.2	25.3

1 *Underlying operating profit is the Group operating profit before special items.*
2 *Underlying profit before tax is the Group profit before tax before special items.*

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. Any investment decision should be based on the full announcement published on SENS and is also available on our website **www.mpact.co.za.** The full announcement is also available at our registered offices for inspection, at no charge, during office hours. Copies of the full announcement may be requested by contacting Noriah Sepuru on telephone: **+27 (0)11 994-5551**, email: **nsepuru@mpact.co.za**, or fax: **086 520 6969.**