

**CIRCULAR
THINKING
IN ANY SHAPE**



smarter, sustainable solutions

2024
**RESULTS
PRESENTATION**

for the year ended 31 December 2024

2024 in context



2024 in context

Navigating a challenging, uncertain operating environment

- Trading hampered by a weak economy for most of the year
 - Low consumer and business confidence during 1H2024
 - First signs of recovery at the end of 3Q2024, after interest rates and inflation declined, were not fully sustained
- Most operations delivered commendable performances despite the headwinds, demonstrating financial and operational resilience
 - Increased sales volumes across several businesses
 - Good cash generation from operations of R1.9bn
 - Net debt reduced to R2.4bn and gearing down to 29%
 - After investing R1.0bn in capital projects and paying out R155m in dividends
 - NAV per share up 6% to R35.76
- Profitability negatively impacted by lower selling prices and once-off costs

2024 in context (continued)

Good progress on strategic projects, including portfolio optimisation

- Portfolio optimisation
 - Versapak sale concluded in November for R255m
 - Acquired minority interest in Africa Tanks in April
 - Plastics FMCG Wadeville product portfolio realignment progressing well despite disappointment of once-off costs
- Growth projects
 - Upgraded Felixton paper machine exceeded performance expectations
 - Corrugated factory upgrades in Nelspruit and PE contributing positively
 - Plastic Containers Castlevue automated warehouse commissioned in December 2024
 - Mkhondo mill upgrade project construction in full swing
 - Team doing well to navigate several challenges

2024 in context (continued)

Working towards a sustainable future

- Solar generated power (16MWp) increased by 79% saving over R40 million in electricity costs - more solar installations underway
- First digital twin development project
- Successful CFO transition
- Award-winning packaging designs
- Growing Mpact e-Learning academy employee participation
- Level 1 B-BBEE status for Mpact Operations (Pty) Ltd

**Delivering
on our
strategy -
investing for
the future**



Mkhondo Mill upgrade project, Mpumalanga

Mkhondo Mill Project					
Capex budget	R1.3 billion				
Planned completion	1H 2025: Pulp plant upgrade, new spray dryer, paper machine modifications 2H 2027: Upgraded waste management infrastructure				
Targeted capacity per annum	Virgin pulp: 120,000 tonnes (additional 58,000 tonnes) Containerboard: 142,000 tonnes (additional 10,000 tonnes) SLS powder: 35,000 tonnes (new)				
Targeted saleable product mix	Containerboard: 80% Semi-chemical fluting (Bayplex®); 20% Mixed liner (HiPact®) By-products: SLS powder (new); purified sodium sulphate and SLS liquid dust suppressant (existing - Dalisu)				
Rationale	<ul style="list-style-type: none"> Repositioning of the mill to a predominantly virgin fibre mill to meet increasing demand for high quality SC-fluting based on growth in the export fruit sector Improved cost competitiveness Attractive returns with IRR above 20% 				
Other benefits	<ul style="list-style-type: none"> USD revenue generated through SLS powder exports Enhanced and flexible product range Reduced environmental footprint 				
Planned cash flow	2023 actual	2024 actual	2025 planned	2026 planned	2027/2028 planned
	R344m	R424m	R446m	R39m	R47m
Update 28 February 2025	<ul style="list-style-type: none"> Team doing well to navigate several challenges Main project scheduled to be commissioned by end-June 2025 <ul style="list-style-type: none"> Project shut down delayed by 3 months to June 2025 Estimated to be completed within approved budget of R1.3 billion, but with limited leeway <ul style="list-style-type: none"> 88% of project budget committed Projected returns still attractive 				



Mkhondo Mill upgrade project, Mpumalanga



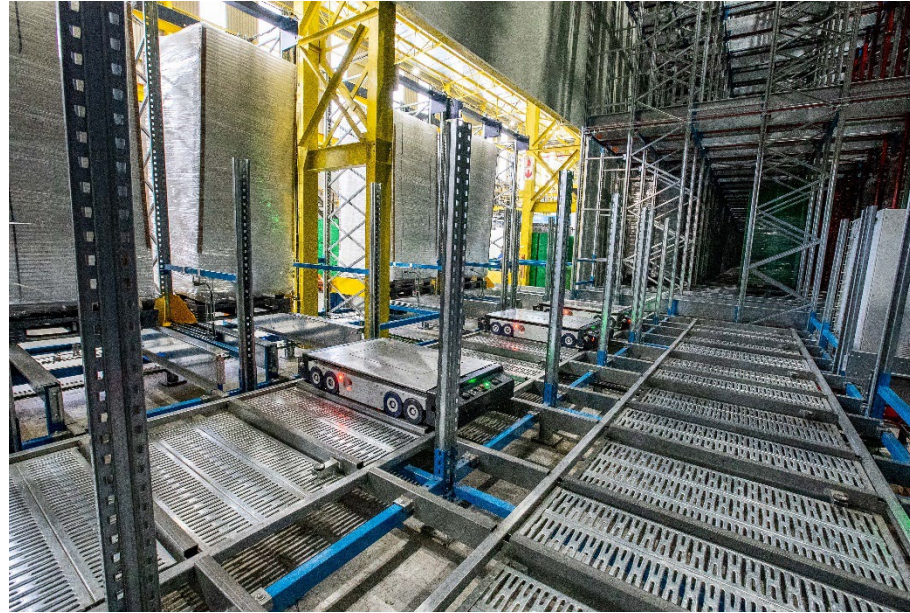
Mpact Paper Converting upgrades

- **Purpose:** Expansion of capabilities to meet customer requirements and extend innovative product and service offering
- **Scope:**
 - Converting equipment (Corrugator, RDC, FFG, bag and cup lines): Western Cape, Mpumalanga, Eastern Cape, Gauteng and Namibia
 - Site expansions: Eastern Cape, Mpumalanga and Gauteng
 - Customer services centres: Limpopo and Eastern Cape
- **Investment:** Approx. R780 million
- **Planned completion:** 2025
- **Products:** Corrugated boxes and paper bags for fruit and other sectors, extended in-field customer service offering
- **Update February 2025:**
- **Site expansions:**
 - Gqeberha customer service centre and logistics lines completed during 2024
 - Other projects completed in prior year



Mpact Plastic Containers, Castlevue

- **Purpose:** Expansion of capabilities to meet customer requirements and *extend innovative product offering*, including food-grade production facility and automated warehouse
- **Scope:** Property acquisition; setup manufacturing facility and warehouse; install new and relocated machines
- **Investment:** R274 million for phases 1,2 and 2A
 - R178 million for phases 1&2 plus R96 million for phase 2A, 10 800-pallet automated warehouse
 - R80 million for acquisition, refurbishment and installation of second-hand machines and equipment – Phase 3
- **Planned completion:** Phases 1&2 (factory and 9 machines) – Q4 2022; Phase 2A (automated warehouse) – Q1 2024; Phase 3 (Install 5 second-hand machines acquired in 2023) – Q3 2023
- **Products:** Plastic bins and crates
- **Update March 2025:**
 - **Phase 1,2 & 3:** All 14 machines operational (vs 9 originally planned). The site is close to full capacity (originally planned for 2027).
 - **Phase 2A:** Automated warehouse currently in optimisation phase. Expected signoff Q1 2025. Capacity revised to 9 600 pallets.
 - **Increased scope:** Toolroom, 2 new beverage crate printing lines, 1.1 MWp solar and standby generators complete. Future plans include three polymer silos and admin building to meet site requirements.



Innovation – award-winning products

Mpact’s dedication to creating smarter, sustainable solutions was recognised through 10 prestigious industry awards during 2024



Innovative packaging for polarium lithium-ion-batteries



Packaging design for Phoenix Beer



Zlox cardboard component provides an interlocking corrugated carton solution



Golden Mile Grape Carton



In-mould polypropylene containers developed for Vida Life hair care products



The industrial syrup concentrate bottle

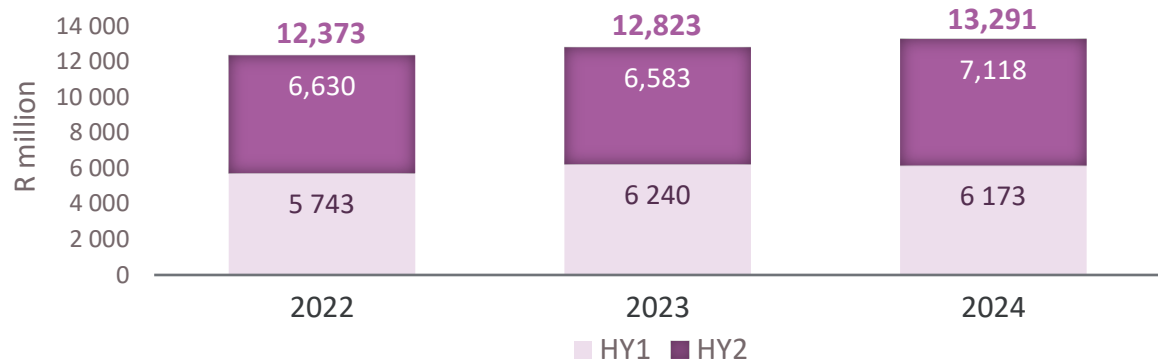
Financial overview



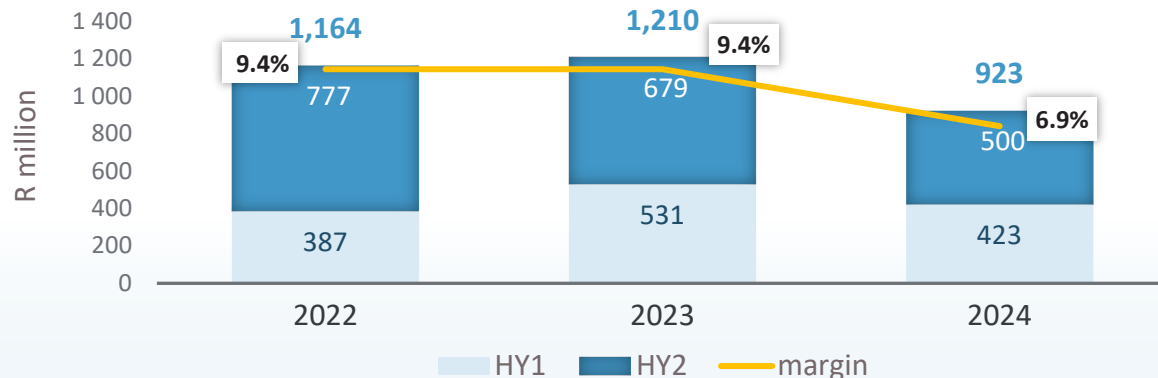
Financial review

from continuing operations, excluding Versapak

Group revenue

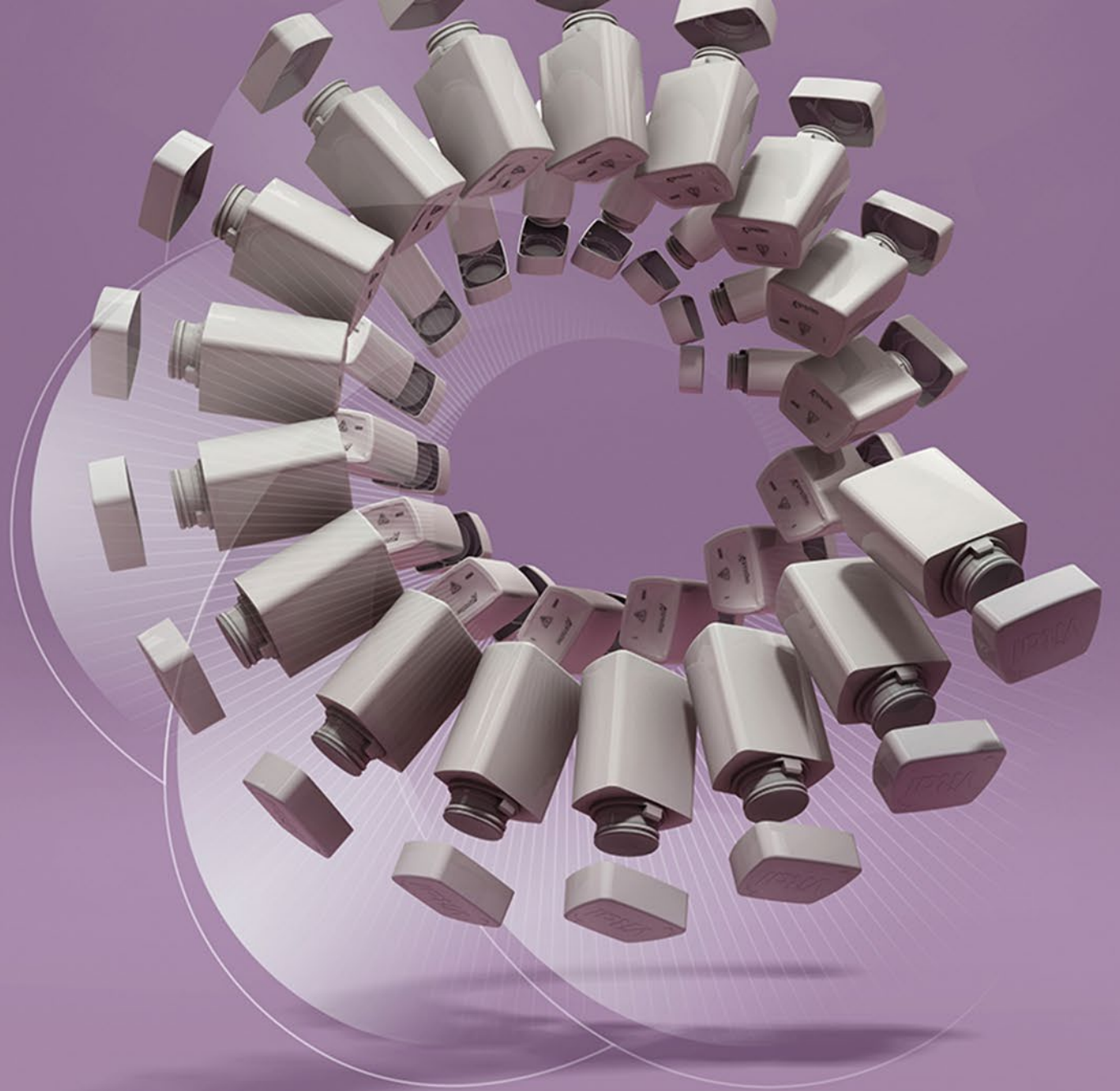


Underlying EBIT



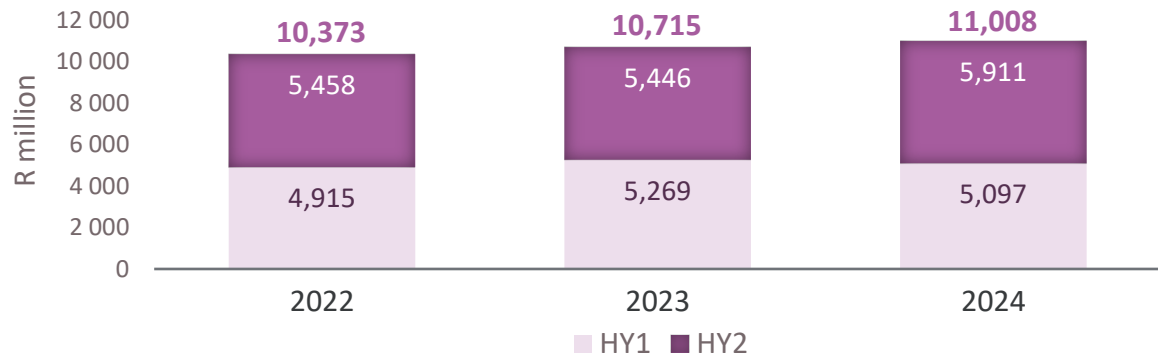
- Revenue up 3.6% to R13.3bn
- Sales volumes up 1.6% (2H24 up 5.2% vs -2.1% in 1H24)
- Average selling price increase (up 2.0%) reflects a mix change in Plastics, more than an increase in unit selling prices
- Underlying operating profit of R923m (2023: R1.2bn)
 - Under-recovery of higher fixed costs
 - Non-recurring expenses and asset write-offs
- HEPS decreased to 323.6 cents (2023: 461.7 cents)
- ROCE of 11.7% (2023: 16.6%)
- Gearing decreased to 28.8% (2023: 32.9%)
- Net debt decreased to R2.4bn (2023: R2.7bn)
- Total dividend per share of 105 cents (2023: 120 cents)

Operating Review

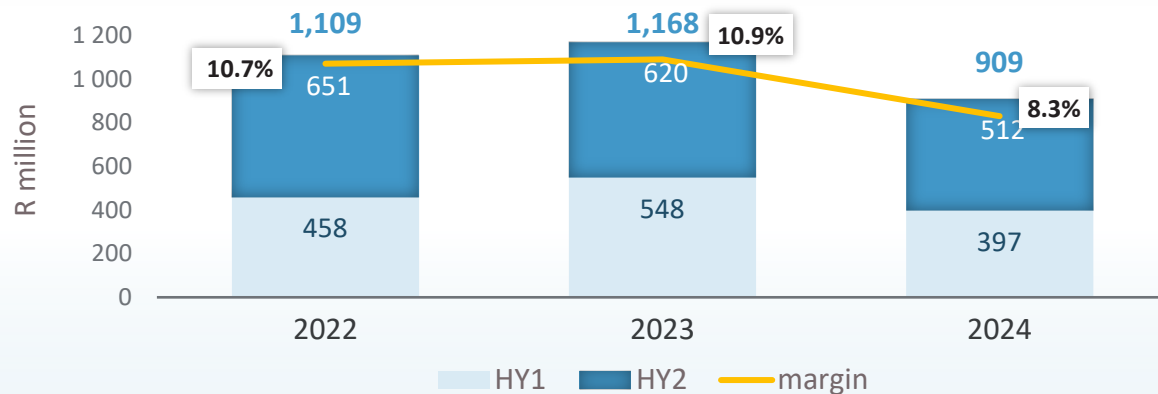


Paper Business

Segment revenue



Underlying EBIT

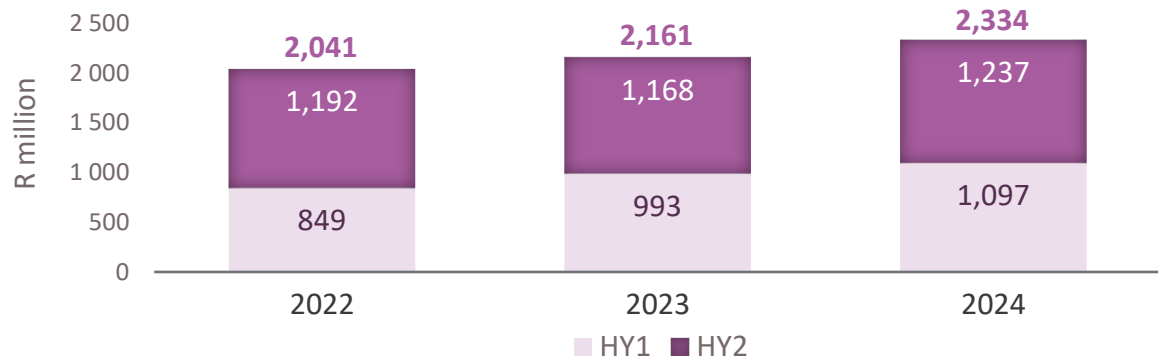


- Revenue up 2.7% to R11.0bn, with an increase of 3% in sales volumes offset by lower selling prices
- Paper manufacturing volumes up 7.5% mainly due to increased exports in 2H2024
 - Commercial downtime reduced to 6.6% (2023: 12.9%), mostly in 1H2024
- Paper converting volumes similar to prior, with growth in the fruit sector offset by a decline in industrial
- Underlying operating profit of R909m (2023: R1.17bn), margin of 8.3%
 - Under-recovery of fixed costs increases due mainly to lower selling prices in paper manufacturing
- Other notable variances versus prior
 - Insurance proceeds received in prior year of R63m
 - Political unrest and other factors in Mozambique resulted in R40m negative variance
 - Gauteng retrenchment and restructuring costs of R35m

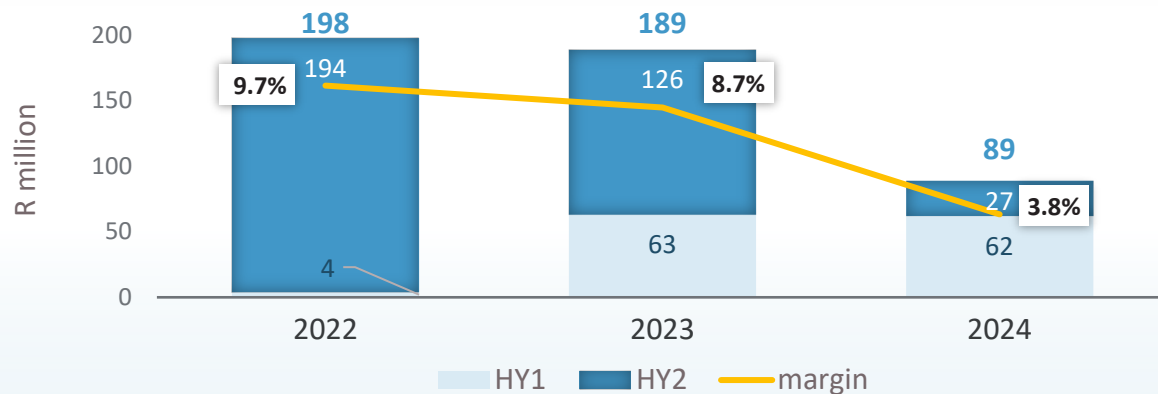
Plastics Business

from continuing operations, excluding Versapak

Segment revenue



Underlying EBIT



- Revenue up 8.0% to R2.3bn
 - Higher sales revenue and volumes at all operations other than FMCG Wadeville, which declined as expected
 - Bins & Crates volumes up 17% with good growth in agricultural and retail sectors
 - FMCG (excl. Wadeville) volumes up 4.3% - top tier customers demonstrated resilience in a difficult market
 - FMCG Wadeville volumes down 35% following the expiry of a beverage contract in June 2024
 - Average prices (excl. Wadeville) up around 2%
- Underlying EBIT down 52.7% to R89m, with margin declining to 3.8%
 - Expiry of contracted volume at FMCG Wadeville
 - Once-off costs of approximately R90m following site consolidation and restructuring
 - Delays in customer off-take on new contracts for which costs had already been incurred – FMCG and Bins & Crates
- Mpact Plastic Containers Castleview (Pty) Ltd acquired a 30% shareholding in Africa Tanks, effective 1 April 2024.

Versapak – discontinued operation

Disclosed separately in the Annual Financial Statements for the year ended 31 December 2024, with the assets and liabilities being reported as “held-for-sale” and the Income Statement reported as a “discontinued operation”

- Sale completed on 4 November 2024
 - Proceeds of R254.5m received in 4Q2024, which reduced net debt
- Trading for 10 months in FY2024 vs 12 months in FY2023
 - Excludes intercompany costs of approximately R23m (2023: R33m) reflected under continuing operations as per accounting treatment
- Debtors and creditors are disclosed in continuing operations
- Approximately R100m of receivables outstanding at year-end

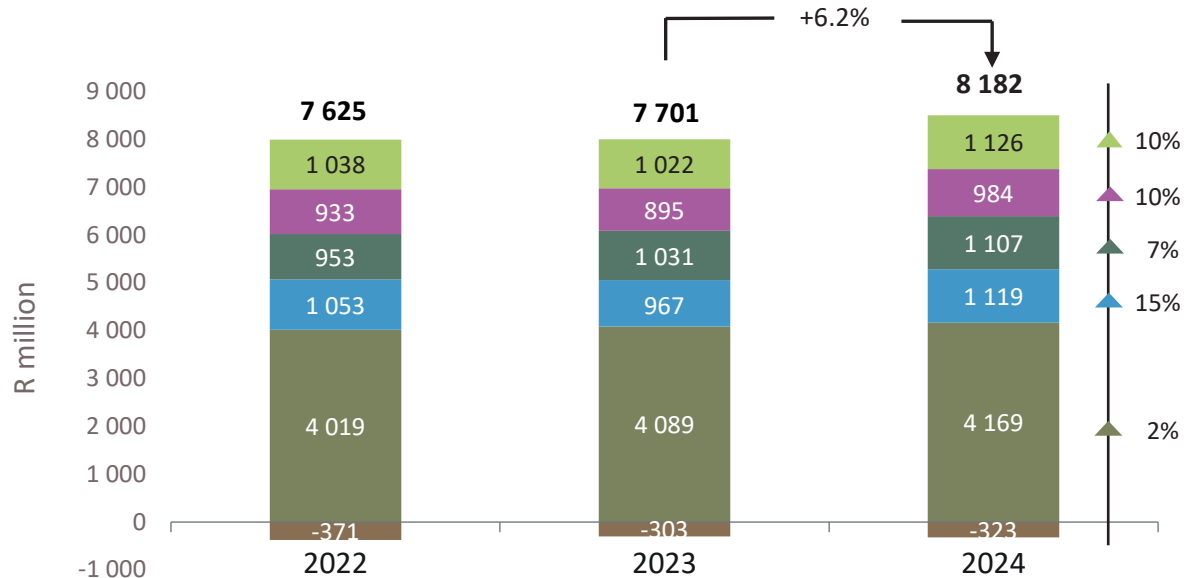
R'million	10-months ended October 2024	December 2023
Revenue	856	1,137
Underlying EBIT	63	101
Net asset held-for-sale	-	240
Asset held-for-sale	-	248
Liabilities held-for-sale	-	(8)

Financial Performance



Variable costs

from continuing operations, excluding Versapak

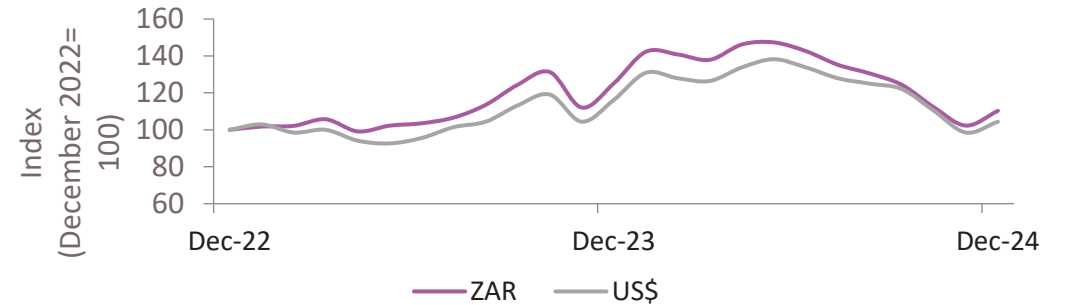


- Paper raw materials are up 2% due to higher sales and OCC prices in 2H2024
- Plastic raw materials are up 15% largely due to a change in mix (reduction in hard-tolling at FMCG Wadeville)
- Selling and distribution costs are higher due to an increase in Paper Manufacturing exports
- Other variable costs increased mostly due to chemical usage and price increases, as well as an increase in waste management costs due to growth in that business division

Notes:

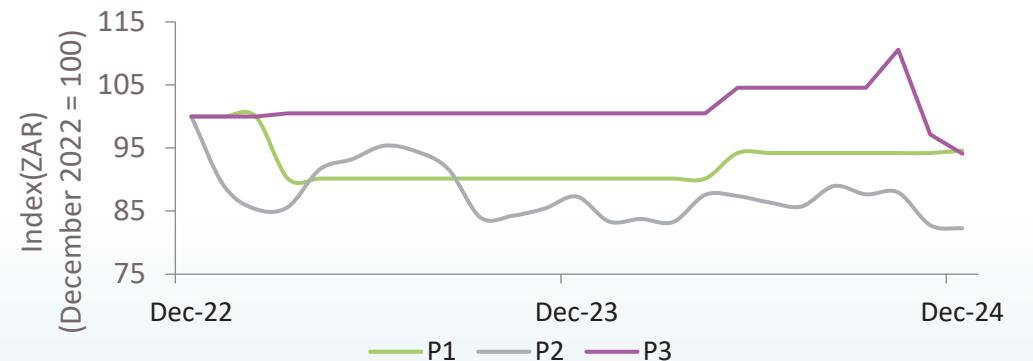
1. Paper business raw materials include purchased paper, wood, pulp and recovered paper
2. Plastic raw materials include PET, HDPE, PVC, polypropylene and recovered plastics
3. Other variable costs include chemicals, starch and packaging costs

Benchmark recovered paper prices (OCC)



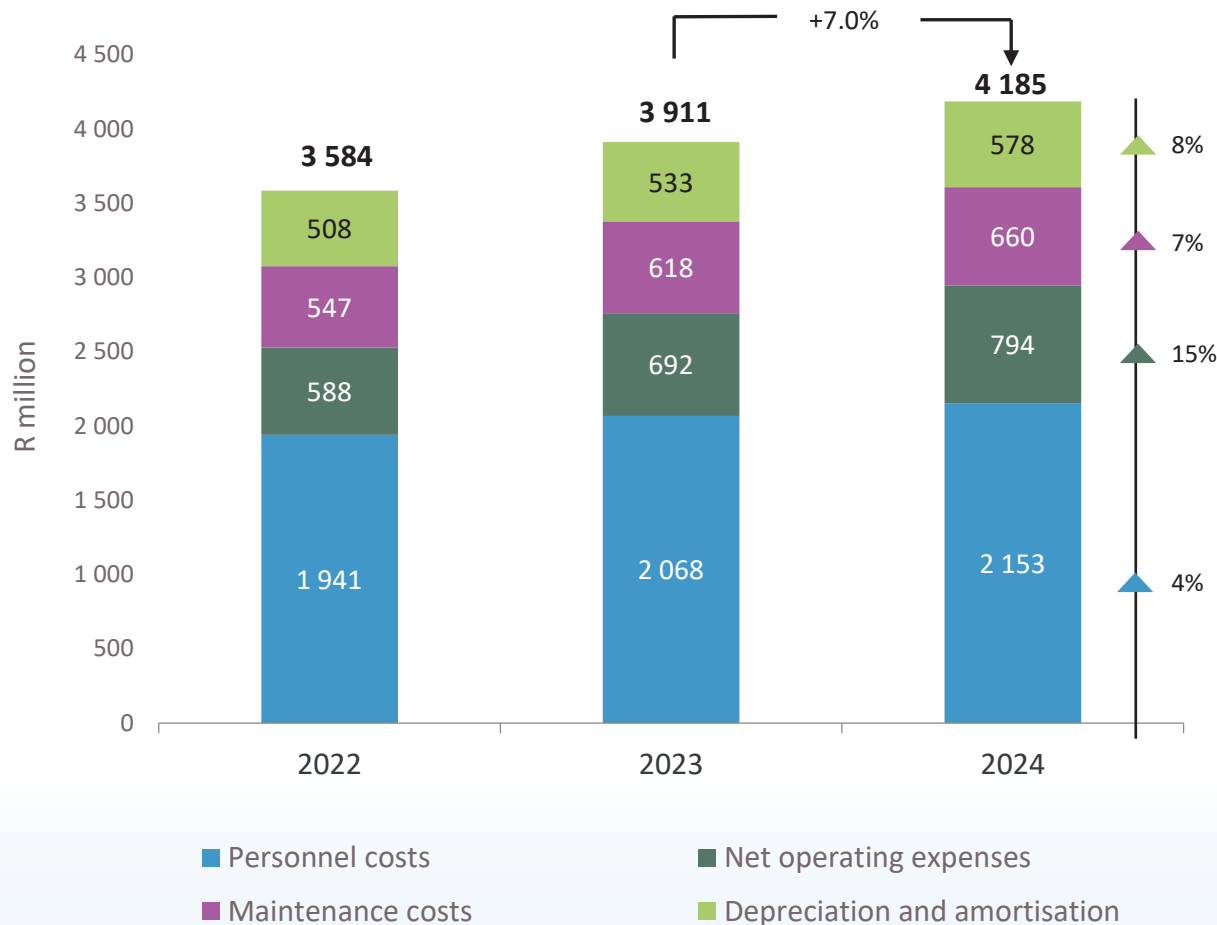
Source: RISI – PPI Asia, Old Corrugated Containers (OCC), CNF China US\$, converted to ZAR

Benchmark polymer prices



Fixed costs

from continuing operations, excluding Versapak



- Total fixed costs, excluding depreciation and non-recurring items, up by 5%
 - Personnel costs increased by 3%
 - Maintenance costs up by 6.8%
 - Expanded operations at Bins & Crates
 - Net operating expenses increased by 9.4%
 - M&A transaction costs
 - Above inflationary increases in insurance, IT and security costs
- Depreciation up due to major projects capitalised in 2H2023

Financial review

from continuing operations, excluding Versapak

Rands in millions	December 2024	December ¹ 2023	change
Underlying operating profit from profit continuing operations	923	1,210	(23.7%)
Net finance costs	(297)	(284)	4.6%
Earnings from equity accounted investees and other	19	18	1.1%
Underlying profit before tax from continuing operations	645	944	(31.8%)
Tax charge	(77)	(202)	(61.7%)
Non-controlling interest	(88)	(62)	40.5%
Underlying earnings from continuing operations	480	678	(29.1%)
Special items	3	(93)	>100%
Basic earnings for the year from continuing operations	483	585	(17.9%)
Basic headline earnings per share from continuing operations (cps)	323.6	461.7	(29.9%)
Effective tax rate from continuing operations (%)	12.3%	24.2%	(11.9)

- The effective tax of 12.3% is lower than the statutory rate due to:
 - the recognition of a deferred tax asset of R73m attributable to previously unrecognised tax losses
 - a positive variance of R28m related to tax allowances claimed on submission of tax returns

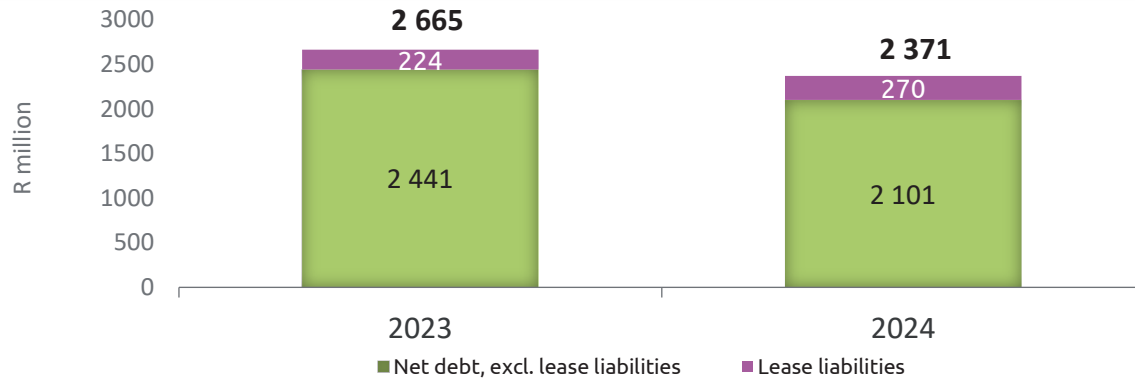
- Special items includes the reversal of impairment on plant and equipment (2023: impairment charge on goodwill of R92m, impairment on plant and equipment of R1m)

Notes:

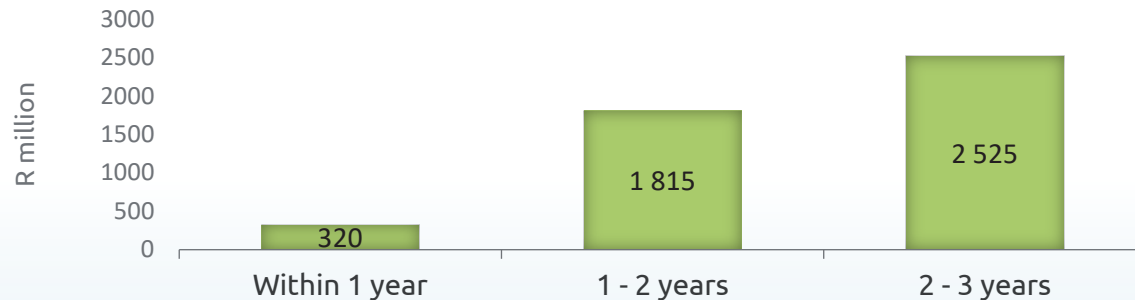
1. Tax charge has been restated to present Versapak, the discontinued operation, on a post-tax basis. This restatement impacted both the continuing and discontinued operations.

Net debt and bank facilities

Net debt



Bank facilities profile

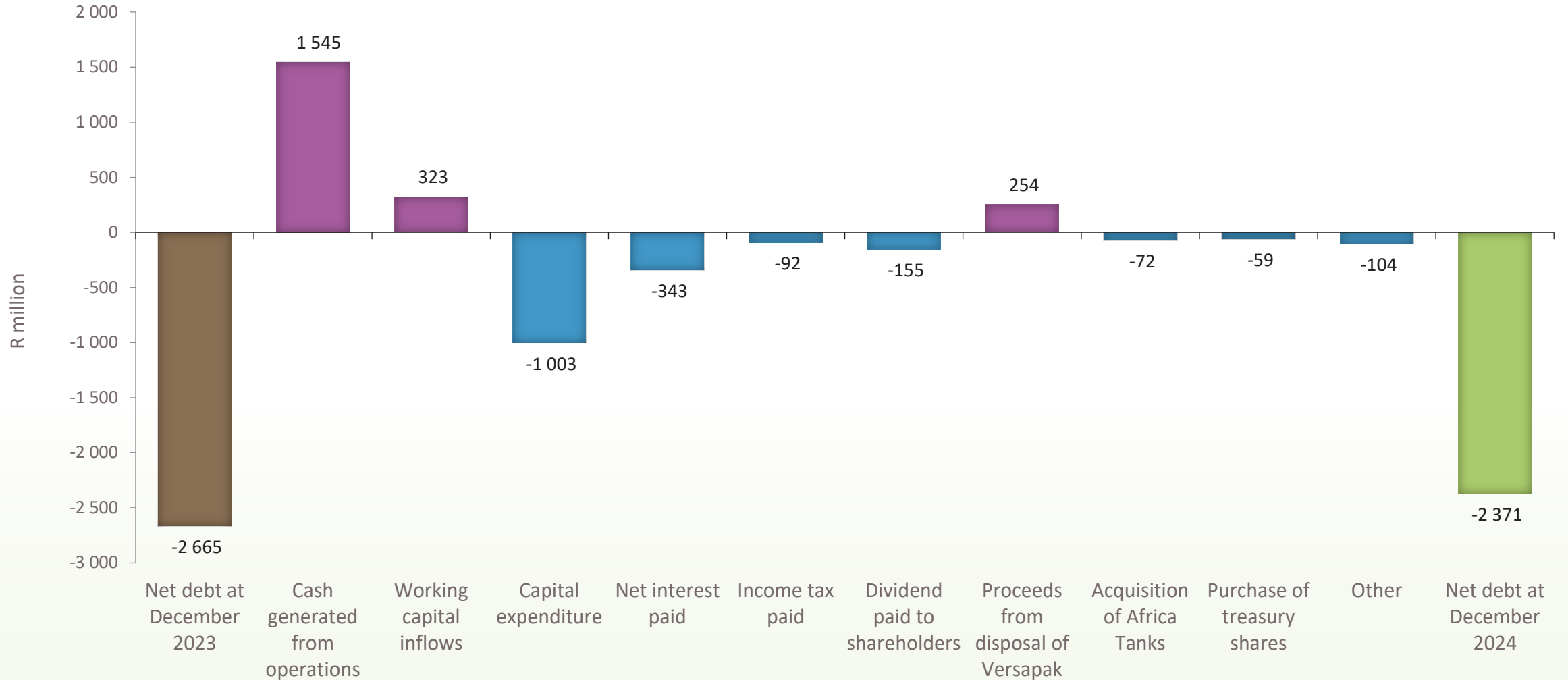


Rands in millions	December 2024	December 2023	change	June 2024
Net debt close	2,371	2,665	(11.0%)	3,230
Net debt average	3,311	2,921	13.3%	3,251
Net finance costs	297	284	4.6%	148
Gearing (%)	28.8%	32.9%	(4.1)	36.9%
Bank covenant ratios (times)				
- Interest cover (≥ 3.5)	4.6	6.1		5.3
- Net debt to EBITDA (≤ 3.0)	1.3	1.2		1.6

As at 31 December 2024:

- Total committed bank facilities R4.7 billion
- Gross drawn R3.1 billion
- Available R1.6 billion**

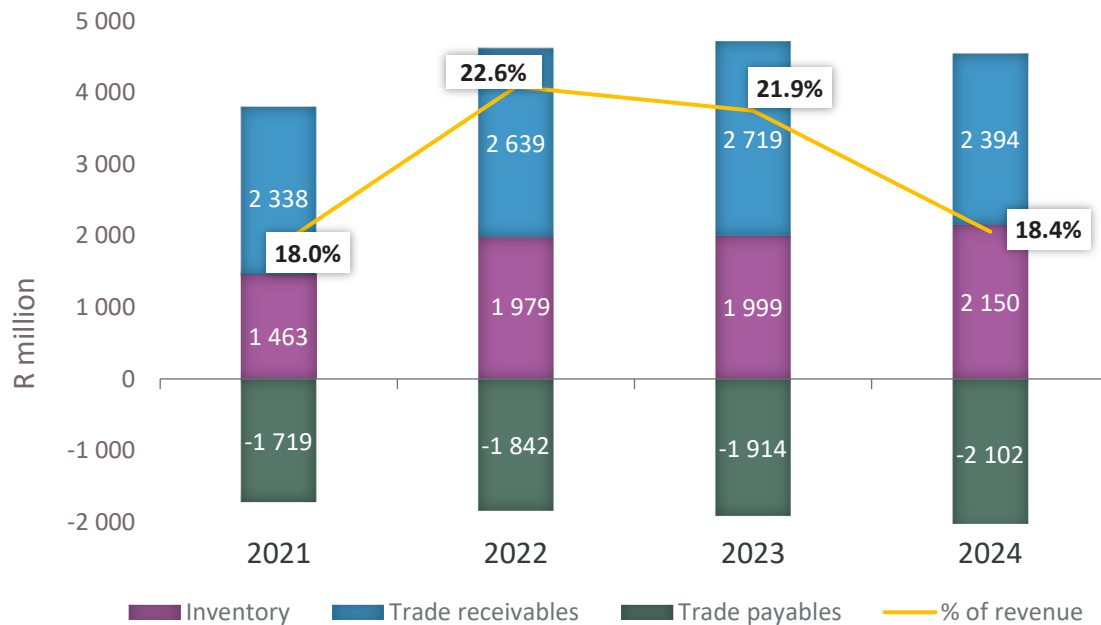
Movements in net debt



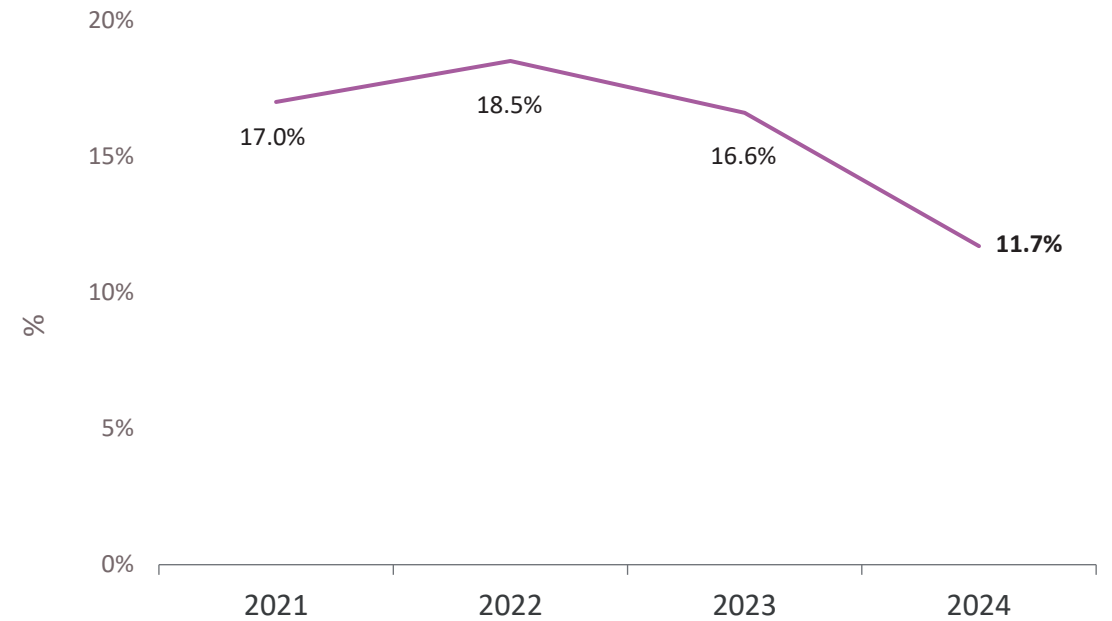
Working capital and ROCE

from continuing operations, excluding Versapak

Trade working capital % of revenue



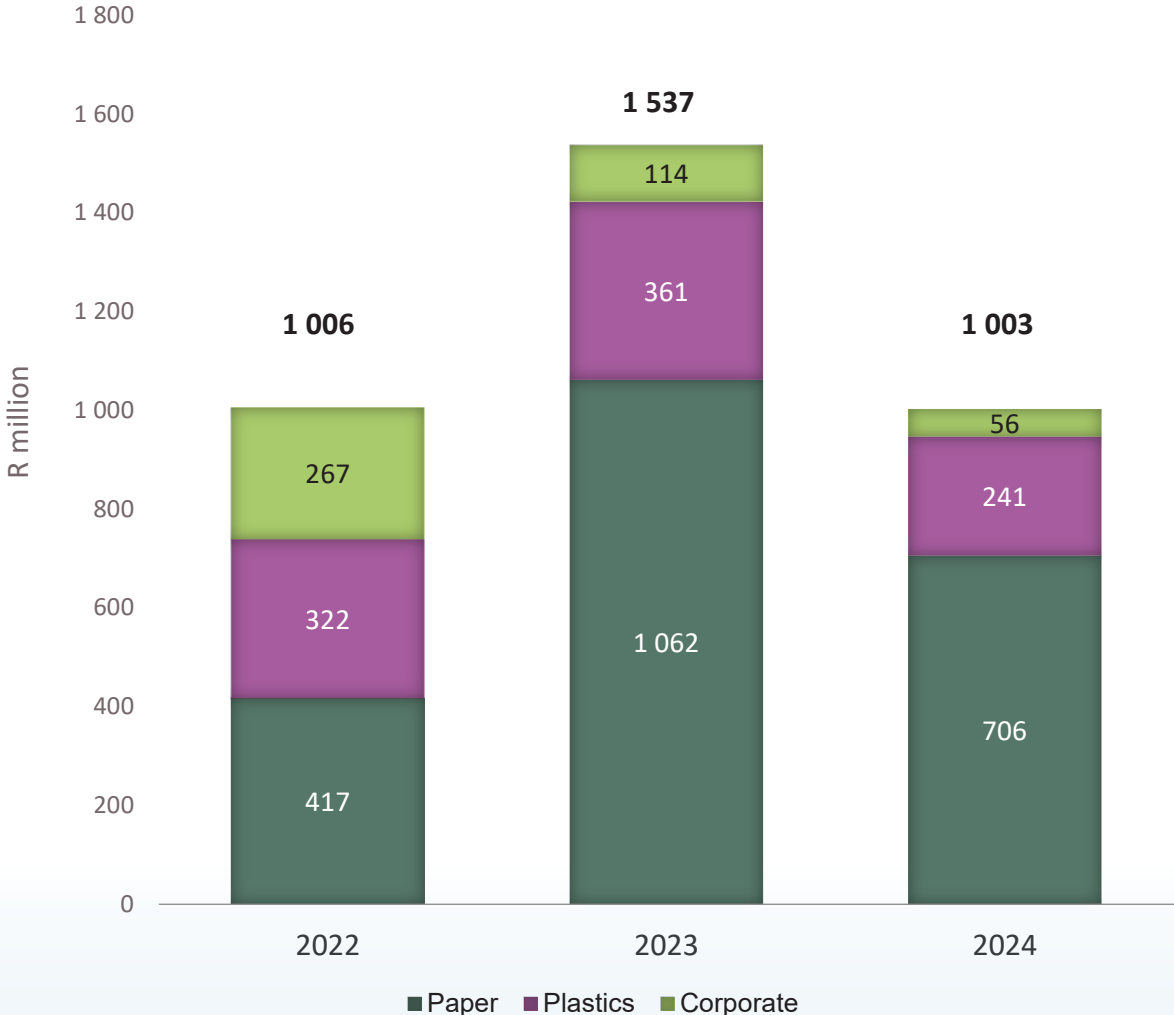
Return on Capital Employed (ROCE)



- Improvement mainly due to a reduction in trade receivables in the Paper business and sale of Versapak

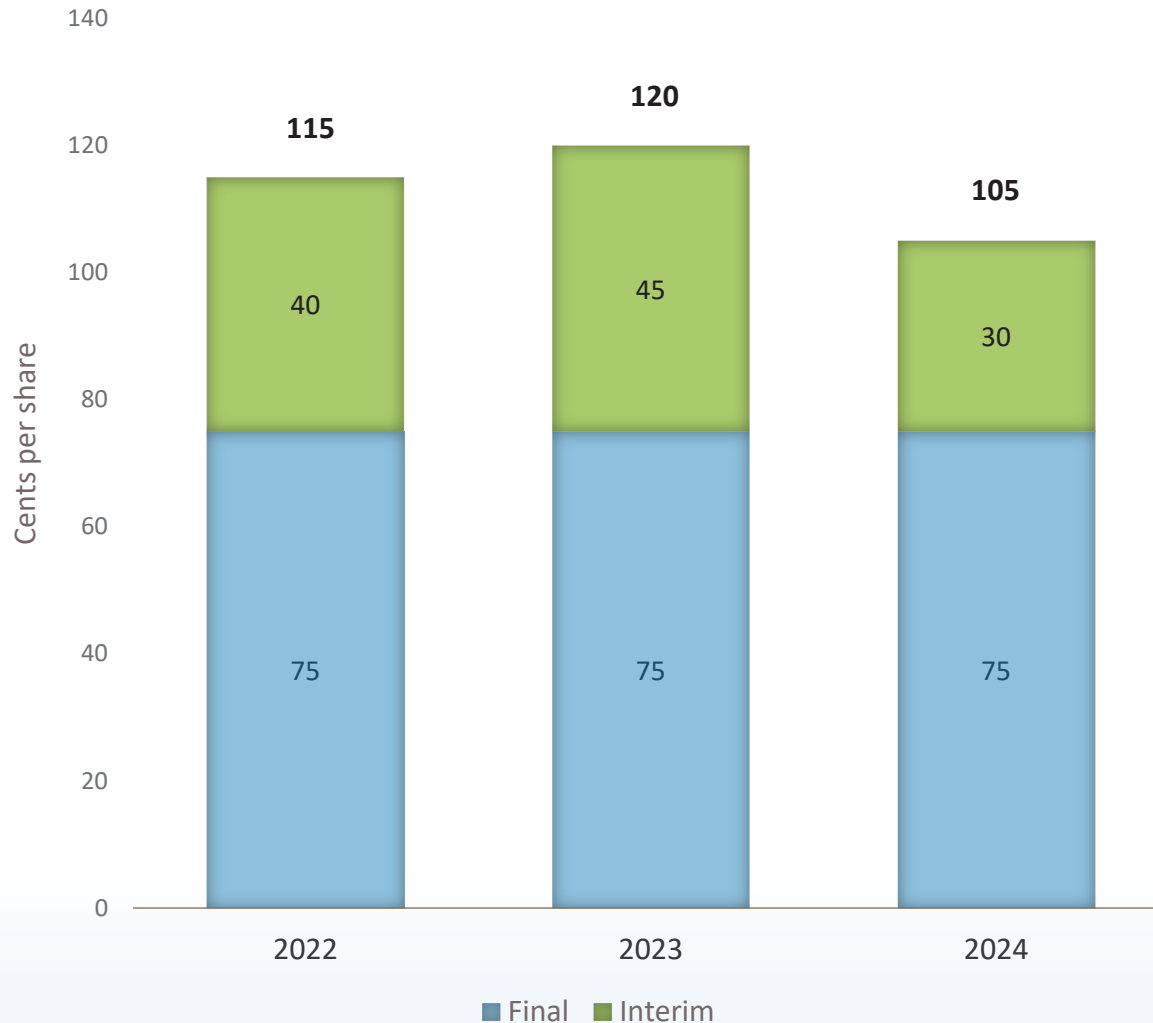
- Increase in average capital employed due to large capital projects and lower EBIT

Capital expenditure



- Capital commitments of R1.5bn
 - R225m has been contracted
 - we expect to spend R1.1bn in the next 12 months, of which R446m relates to the Mkhondo Mill project
- Mkhondo Mill project spend included in FY2024 amounts to R424m (2023: R344m)

Dividends



- Final dividend in line with prior years
- Reflects our view of the importance of shareholder returns and our continued confidence in the future of the business
- Will continue to focus on:
 - driving long-term value for shareholders;
 - prudent capital allocation in the context of growth opportunities; and
 - returning cash to shareholders through dividends, share buybacks or a combination thereof
- Targeting dividend cover of three times underlying earnings through the cycle

Outlook



Outlook

- Mpact is well positioned to capitalise on any economic recovery in South Africa
- Mkhondo Mill upgrade project commissioning scheduled for the end of June 2025
 - Approximately three weeks of planned project downtime in 1H2025
 - Financial benefits not expected to be realised immediately, but on a phased basis over approximately three years
- No commercial downtime anticipated at containerboard mills.
 - Lower selling prices will reduce the benefits of increased paper machine utilisation
- Fresh fruit exports sector prospects are promising, which should benefit the Paper Converting and Bins & Crates businesses
- Paper Converting business is well positioned for any recovery in the local economy
- Bins & Crates business is expected to benefit from increased utilisation of recently upgraded capacity and new product lines
- An improvement in the FMCG business' profitability is anticipated this year after the travails of 2024
- We are committed to executing our strategy, which aims to consistently yield tangible benefits for the business and improved returns for our shareholders

Thank you

Bruce Strong

Chief Executive Officer

Hannes Snyman

Chief Financial Officer

For any further Investor Relations questions please contact:

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