



**Nampak
Zimbabwe
Limited**



TRADING UPDATE FOR THE THIRD QUARTER AND NINE MONTHS ENDED JUNE 2024

TRADING ENVIRONMENT

The economic environment continues to show signs of strain with the El Nino induced drought having had an adverse effect on the agricultural season. Power shortages particularly at the Ruwa plant affected the Operation resulting in the increased usage of generators to meet customer demand. The third quarter under review was largely affected by tight liquidity following the introduction of the new ZWG currency from the 5th April 2024. Despite the tight liquidity, which affected volume offtake in some product lines such as HDPE and commercial cartons, overall volumes for the third quarter were 2% up compared to the prior year period.

BUSINESS PERFORMANCE

Group volumes for the third quarter were 2% ahead of prior year with most of the product lines higher than last year except for HPDE and commercial cartons which were affected by a slowdown in demand and increased competitor activity. Cumulative volumes for the 9-month period to June 2024 are now 3% below prior year due to volume recoveries in the current quarter which have made up for the volume losses in the previous quarter, particularly in the paper cluster as well as in metals.

Group revenue for the 9 months to June was 10% down in USD terms compared to prior year. This is mainly due to FY23 benefiting from a record tobacco crop in Zimbabwe, compared to a drought year in FY24.

PRINTING AND CONVERTING SEGMENT

Hunyani Paper and Packaging

Sales volumes at Hunyani Corrugated division for the third quarter were 2% down on prior year. Sales volumes to the tobacco sector were 4% ahead of the same period last year due to early season deliveries. The commercial carton volumes were 19% down on prior year and have been affected by competition with lower price offerings. However, there has been an improvement in the horticulture volumes and there is continued focus on developing this market.

The Cartons, Labels and Sacks Division sales volumes for the third quarter were 3% down on prior year due to reduced demand for tobacco paper wrap. Other commercial packaging was 7% up on prior year due to improved demand.

PLASTICS AND METALS SEGMENT

Mega Pak

Third quarter sales volumes were 11% up on prior year. Increased demand in the preforms category drove performance for the quarter despite reduced volumes in HDPE and closures. The use of generators has alleviated the impact of the power cuts even though this has resulted in a negative impact on the cost base which is being closely managed.

CarnaudMetalbox

Sales volumes in the third quarter were 4% down on prior year. Metals volumes were 21% ahead of prior year due to raw material availability. Plastics volumes were 10% down on prior year on the back of liquidity challenges for some major customers.

DIRECTORATE

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

OUTLOOK

The operating environment remains uncertain given the ongoing liquidity challenges. The Group will continue to focus on cost containment measures in order to preserve margin and improve profitability across all the businesses.

By Order of the Board

J P Van Gend
Group Managing Director

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14 August 2024