



# Management Presentation

Mpact demerger and listing

June 2011

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# Rationale for the transaction

- Listing positions Mpack Limited (“Mpack”) to pursue optimisation and growth initiatives in line with its strategic vision:
  - Attractive opportunities for Mpack to invest in optimisation and growth plans in its rigid plastics and paper packaging business
  - Potential to expand geographic footprint into African markets
  - Mpack’s prospects currently restricted as part of the Mondi Group

**Listing provides Mpack with the ability to pursue optimisation plans and growth initiatives in line with its business focus**

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# Mpact at a glance

# Mpact business overview

Mpact (Revenue R5,718m<sup>1</sup>)

Paper (Revenue R4,407m<sup>2</sup>)

Plastics (Revenue R1,310m<sup>2</sup>)

## Primary product categories

- Recovered paper collection
- Packaging and industrial papers such as cartonboard and containerboard
- Corrugated packaging

## Primary product categories

- PET bottles and preforms, hot fill bottles, PET jars and closures
- Large injection moulded containers
- Styrene trays, fast food containers and clear plastic films
- Other plastic packaging



- No. 1 in corrugated packaging
- No. 1 in recycled based cartonboard and containerboard
- No. 1 in recovered paper collection

- No. 1 in PET preforms
- No. 1 in styrene trays
- No. 1 in plastic jumbo bins

## CENTRES OF EXCELLENCE

Human Resources, Safety, Health, Environment

## SHARED SERVICES

Finance, IS&T, Stellenbosch R&D

Approximately 3,500 people employed as at 31 December 2010, 22 manufacturing operations, 29 operating sites

Sources: Mpact, BMI Report (2010), PAMSA and PRASA

Notes: (1) Revenue extracted from unaudited Mpact pro-forma financial information which excludes Paperlink

(2) External sales extracted from audited Mpact financial information

# Our strategy...

## Leading market positions

- Develop and selectively grow our leading market positions in rigid plastics, paper-based packaging and packaging papers in sub-Saharan Africa
  - Growth where we are able to extract value through business and operational management expertise as well as product application, design and market knowledge

## Customer focused operating structure

- Further develop our established manufacturing and service footprint to continually deliver superior solutions to our customers  
Underpinned by:
  - a decentralised structure reflecting management depth and experience at all levels
  - an innovative customer focused product offering
  - leading market positions that enable us to achieve sustainable cost effectiveness through economies of scale

## Focus on performance

- Focus on performance through effective business excellence programmes and sound asset management  
Enabling us to sustainably:
  - provide our customers with quality products and services worth their price
  - retain a motivated and skilled workforce
  - deliver good returns to our shareholders

Source: Mpact



# ... delivering a track record of profitable growth

## Key financials 2005-2010

- Revenue CAGR %
- Organic Revenue CAGR %
- EBITDA CAGR %
- Underlying EBIT CAGR %

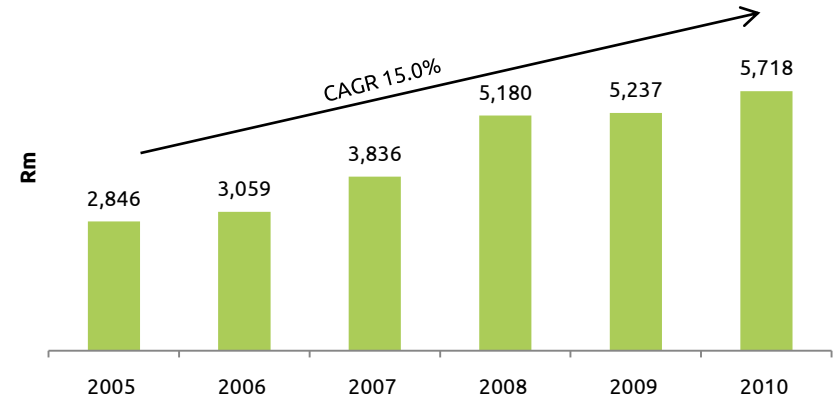
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9.1

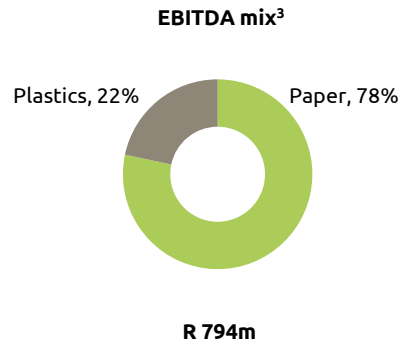
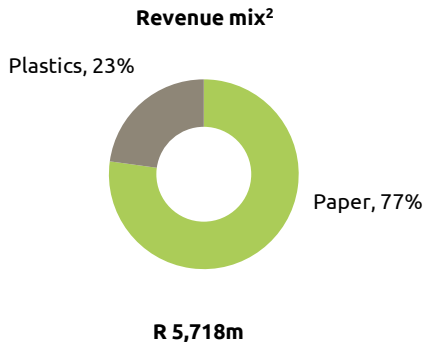
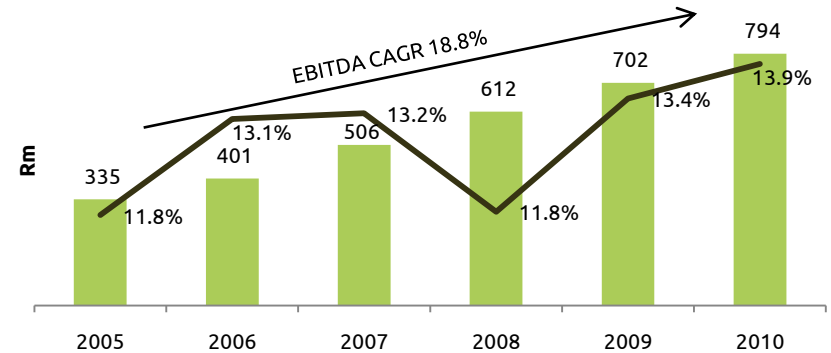
18.8

13.4

## Revenue<sup>1</sup>



## EBITDA<sup>1</sup>



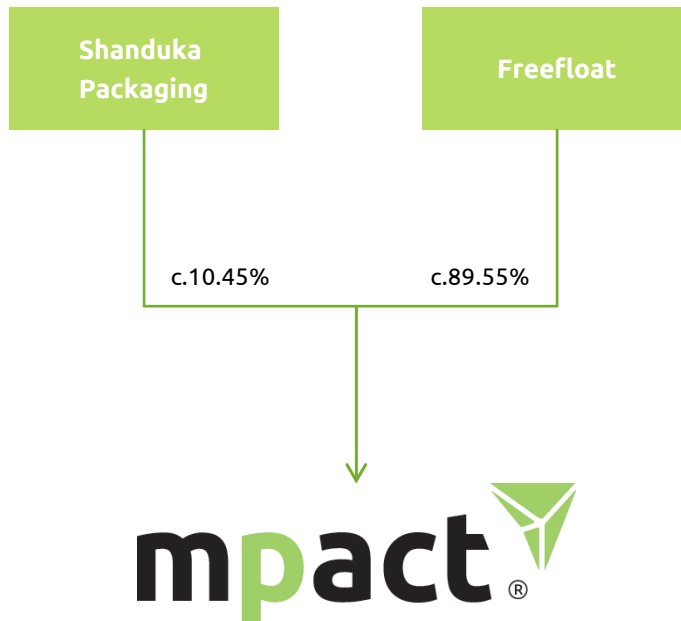
**2010 ROCE of 12.9%**

Source: Financials extracted from audited Mpact financial information, adjusted to exclude Paperlink

- Notes:
- (1) Acquired Plastics in 2007
  - (2) Revenue mix before intercompany elimination
  - (3) EBITDA mix before corporate costs

# Corporate governance

## Shareholding structure on listing



## Board of directors

Director	Role
Anthony (Tony) Phillips*	Non-executive Chairman
Bruce Strong	CEO
Egar (Les) Leong	CFO
Andrew Thompson*	Non-executive
Neo Dongwana*	Non-executive
Timothy Ross*	Non-executive
Nomalizo (Ntombi) Langa-Royds*	Non-executive

\* Independent director

- Independent Chairman
- Majority of the board are non-executive independent directors
- Quarterly board and audit committee meetings
- Board reserved authority levels and delegation of authority to executive
- Board sub-committees
  - Audit & Risk
  - Nomination & Remuneration
  - Social & Ethics
- Capex and trading budget reviews
- Strategy

Mpack is committed to the principles of good governance as set out in the King Code III

Source: Mpack

# Key investment highlights

# Key investment highlights

- 1 Leading market positions
- 2 Customer focused operating structure
- 3 Integrated corrugated packaging value chain
- 4 Track record of profitable growth
- 5 Opportunities for continued growth

# 1 Leading market positions

## Mpact rankings

Key products categories	Market position in South Africa
Corrugated packaging	# 1
Recycled based cartonboard and containerboard	# 1
Recovered paper collection	# 1
PET preforms	# 1
Styrene trays	# 1
Plastic jumbo bins	# 1

- Leading market position allows Mpact to achieve economies of scale
- Strategy to be a market leader occupying the number 1 or 2 position in its key product categories
- Well-positioned to compete and therefore continue to grow market share and volumes across core segments

The leading product categories account for more than 90% of revenue

Sources: Management estimates, BMI Report (2010), PAMSA, PRASA

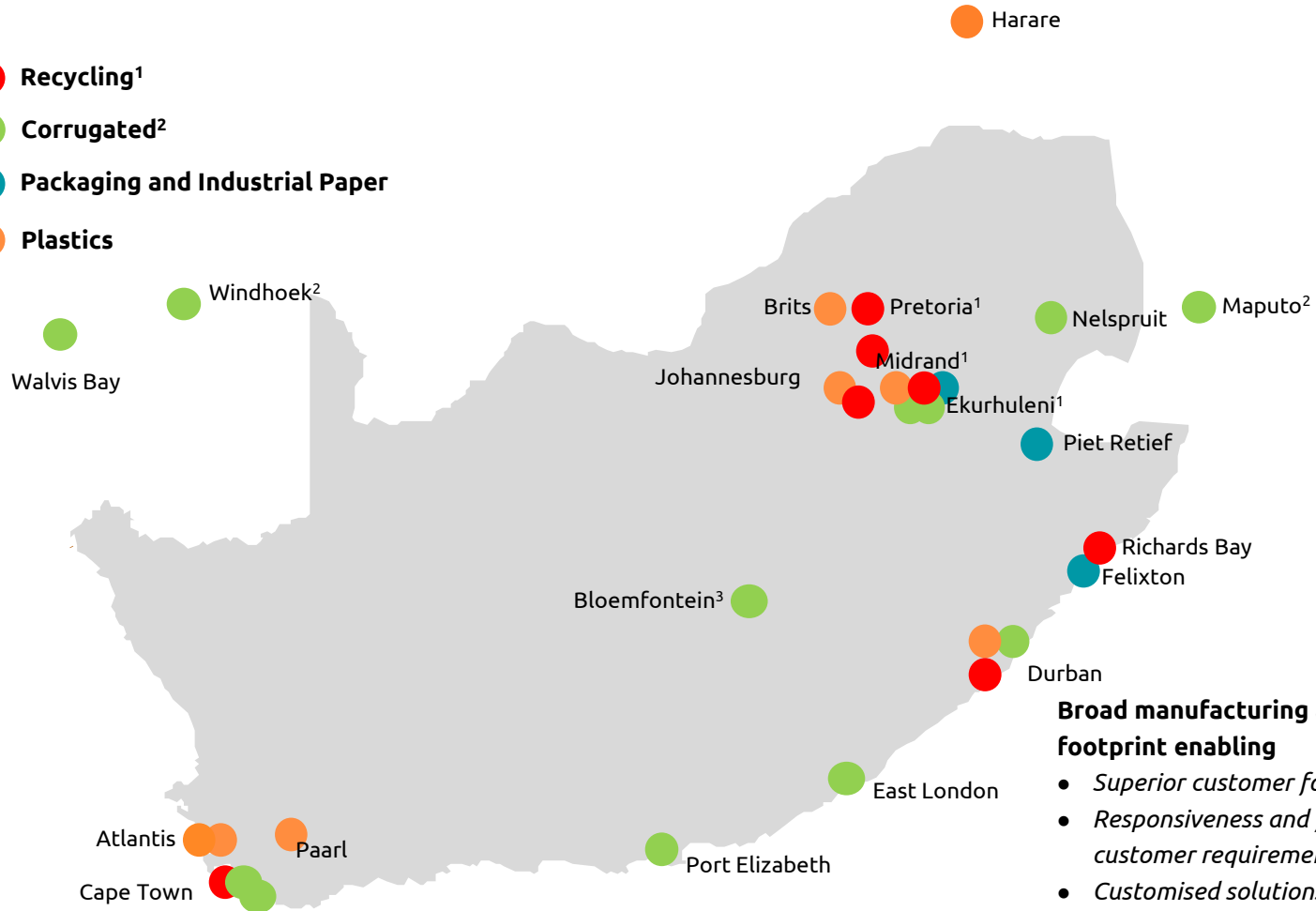
## 2 Customer focused operating structure...

● Recycling<sup>1</sup>

● Corrugated<sup>2</sup>

● Packaging and Industrial Paper

● Plastics



### Broad manufacturing and service footprint enabling

- Superior customer focus
- Responsiveness and flexibility in meeting customer requirements
- Customised solutions

Operating structure which enables superior flexibility and responsiveness to customer requirements

Source: Mpack

Notes: (1) Mpack has 3 outsourced recycling operations in Midrand, Springs (Ekurhuleni) and Pretoria  
 (2) Mpack has 2 sheet plants in Mozambique and Namibia in which it holds a controlling interest  
 (3) Corrugated sales office

2

# ... underpinned by an innovative product offering



## Innovation Centres

- Structural and graphic design
- Development studios
- Value added services

## Plastics Design Studio

- Drawings, new designs, growing of samples
- First PET wine bottle in South Africa
- First in light weighting neck design



## Stellenbosch R&D Centre

### Internal synergy:

- Production/ technical support/ sales
- Backward integration: Stellenbosch Research Centre

### External synergy:

- Understanding the total value chain
- Forward integration: collaborate with customers



Retail Ready



Play self-erecting wraparound sleeve<sup>1</sup>



Super Lay-flat divider<sup>1</sup>



500ml Glaceau PET Hot Fill bottle<sup>1</sup>



Chill Pack



PET Wine Bottle



Polyfilla squeeze pack<sup>1</sup>



Denel Cores<sup>1</sup>



Mpact Indoor



Nestable pallet with perimeter base clip<sup>1</sup>

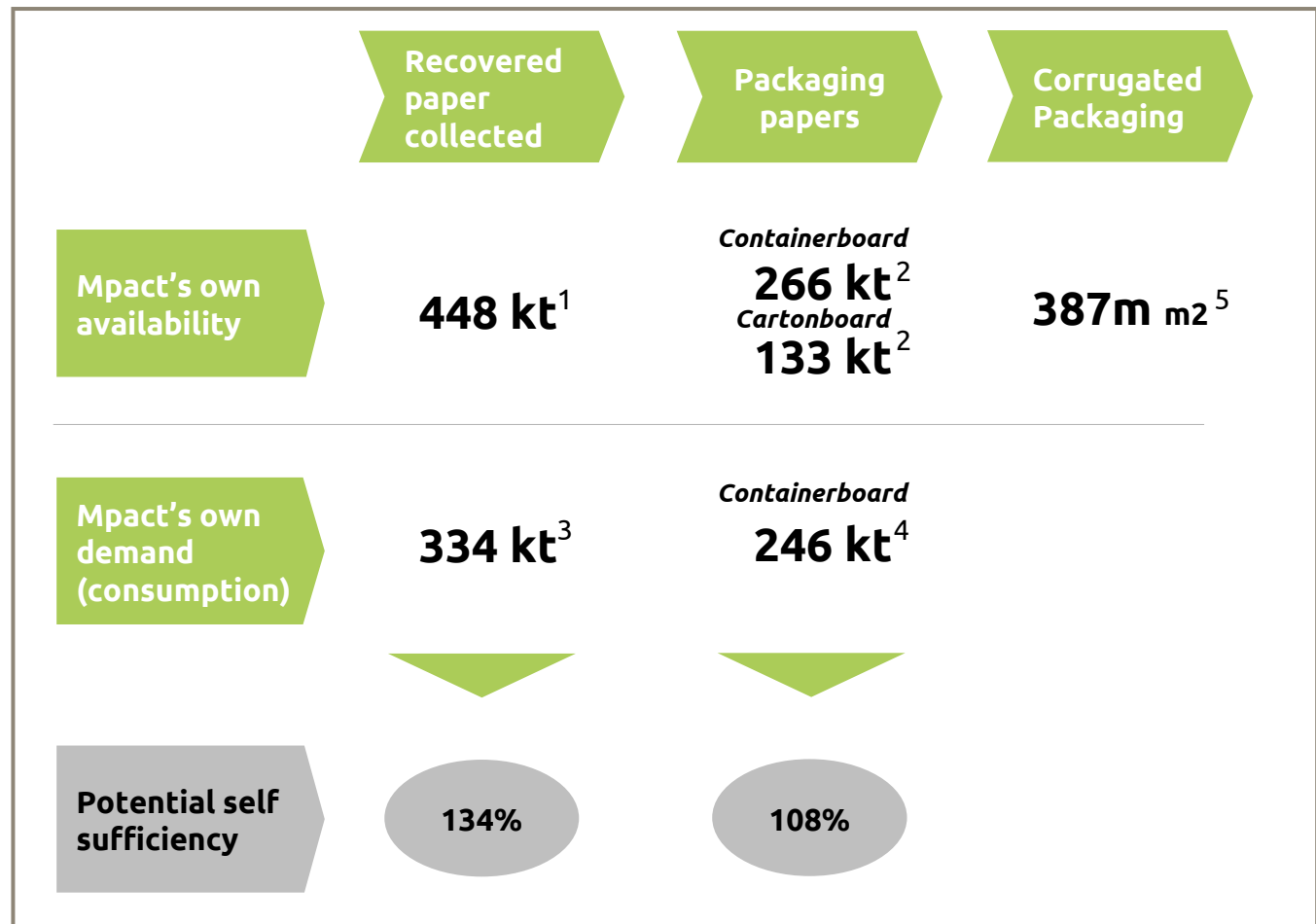
Established reputation for innovation, quality, reliability

Source: Mpact

Note: (1) Gold Pack Award winner

### 3 Integrated corrugated packaging value chain

- Security of supply of key raw material
- Reduced impact of cyclicity of raw material prices



Source: Mpact 2010 production statistics

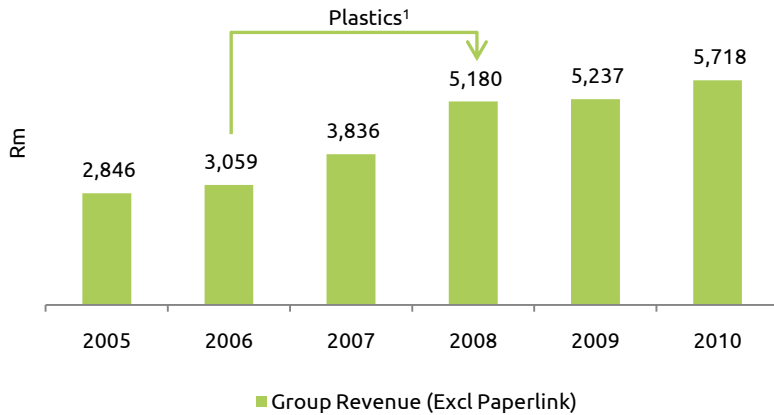
- Notes:
- (1) Recovered paper collected in 2010 by Mpact
  - (2) Paper mills production volumes
  - (3) Volume of recovered paper consumed by the paper mills
  - (4) Total containerboard purchased internally and externally
  - (5) Saleable production

High level of integration and self-sufficiency in corrugated packaging



# 4 Track record of profitable growth...

## Revenue



Revenue CAGR %

15.0

EBITDA CAGR %

18.8

Underlying EBIT CAGR %

13.4

Ave EBITDA Margin %

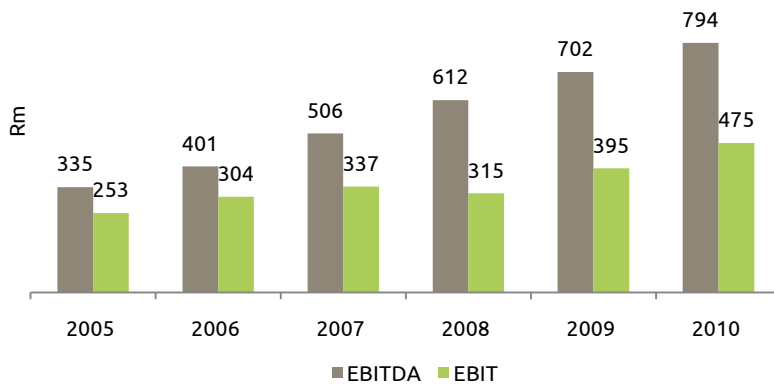
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Ave EBIT Margin %

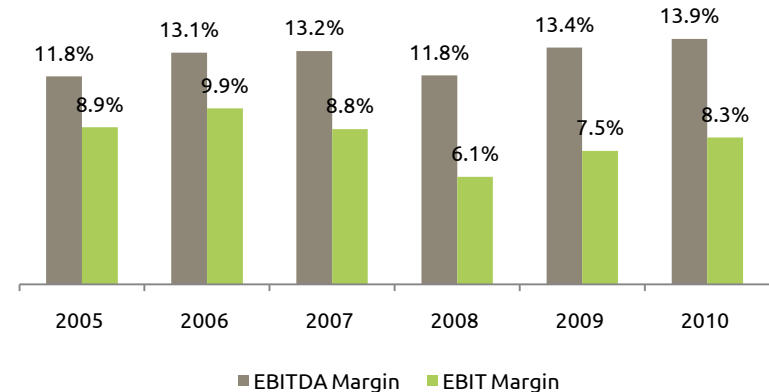
8.3

2005 to 2010

## EBITDA and EBIT



## Margins (%)



Source: Financials extracted from audited Mpact financial information, adjusted to exclude Paperlink

Note: (1) Plastics (Lenco) had 2008 Revenue of R1,208m

# ...delivered by an experienced management team



## **Bruce Strong (42)**

CEO

- CEO Mpact since March 2009
- Former GM Packaging and Industrial Paper
- 16 years experience in paper and packaging, both locally and in Europe



## **Les Leong (61)**

CFO

- CFO Mpact since December 2008
- Former FD Kohler Packaging which was taken over by Nampak
- 27 years experience in the paper and packaging industry



## **Ralph von Veh (59)**

MD Corrugated Division

- MD Corrugated Division since 1999
- Former Regional director of Kohler Corrugated
- 35 years experience in the paper and packaging industry



## **Ray Crewe-Brown (66)**

Executive Chairman Plastics Division

- Executive Chairman of Plastics since November 2009
- Founder of Astrapak and CEO from inception to June 2008
- 35 years experience in the plastics industry



## **Hugh Thomson (45)**

MD PIP Division

- MD Packaging and Industrial Paper since October 2009
- MD Plastics until Sept 2009, CFO Mpact until March 2007
- Former SVP Corporate Finance Anglo American plc
- 9 years experience in packaging sector



## **John Hunt (47)**

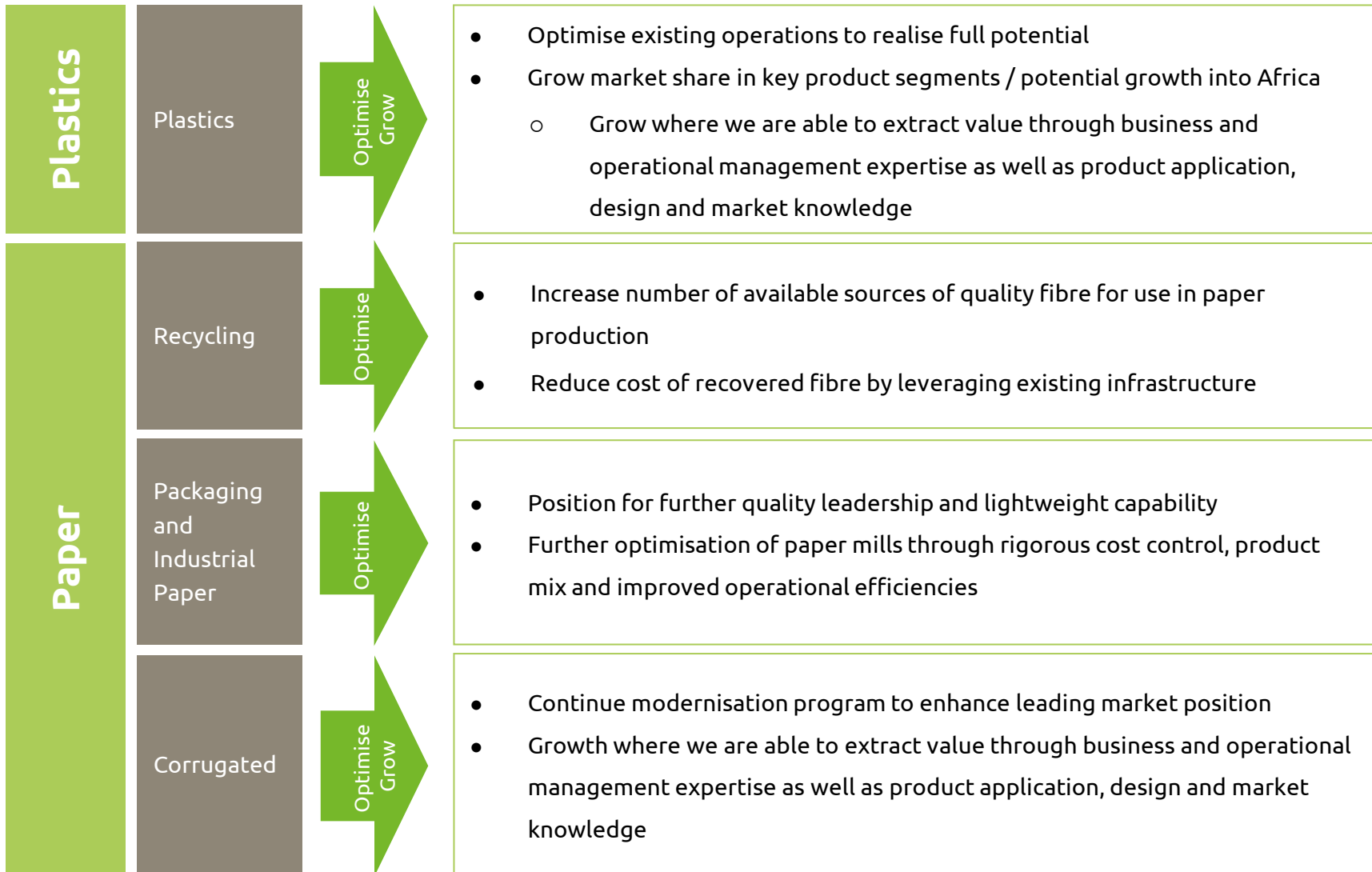
MD Recycling Division

Business Manager: Technology Optimisation

- Business Manager: Technology Optimisation since 2008
- Executive Director of Paper Manufacturers Association of South Africa
- 20 years experience in the paper industry

- Current management team has been behind the success of Mpact
- Decentralised structure underpinned by management depth in experience and accountability
  - Operations managers responsible for customer relationship management, EBIT and working capital
- Winner of multiple Gold pack awards and Mondi Group awards
- Successful delivery on capex projects
- Excellent safety record
- Established and effective management processes and systems including
  - Business excellence programme
  - Performance management
  - Succession planning

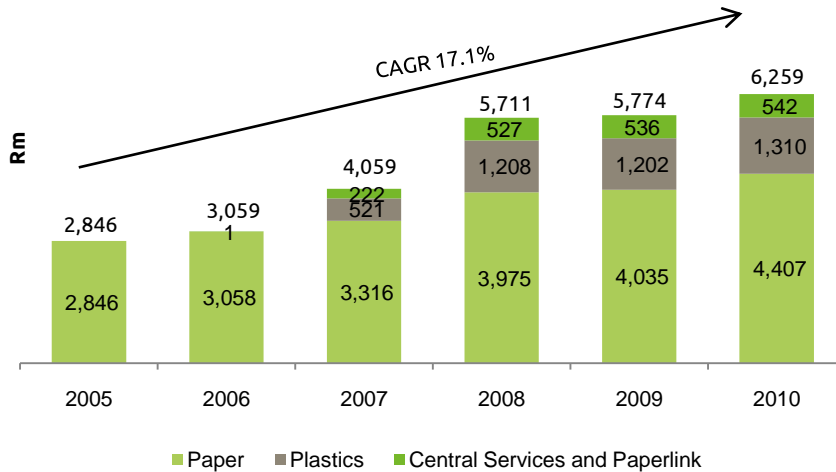
## 5 Opportunities for continued growth



# Financial information

# Financial summary (Including Paperlink)

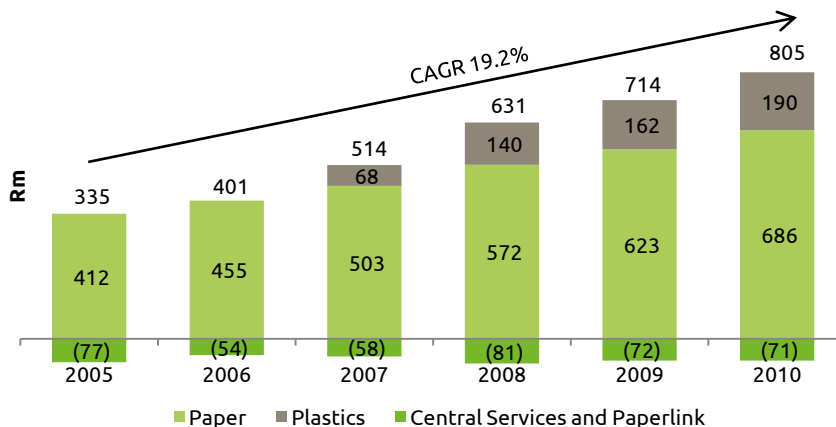
## Revenue



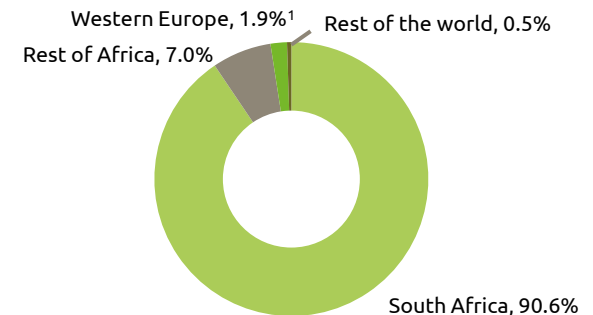
## Overview

- Mpact was formed with effect 1 January 2005 and over the period 2005 – 2010 generated revenue CAGR of 17.1%
- EBITDA CAGR of 19.2% (2005 – 2010)
- Sales revenues ex-South Africa accounted for only 9.4% - Potential to expand outside the country

## EBITDA



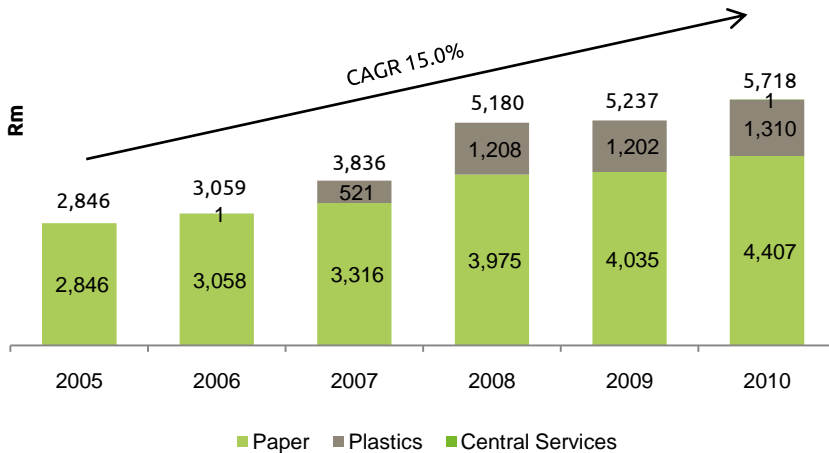
## Revenue by Geography (2010)



Source: Financials extracted from audited Mpact financial information (which includes Paperlink)  
 Note: (1) The majority of these sales were delivered to customers in African countries

# Financial summary (Excluding Paperlink)

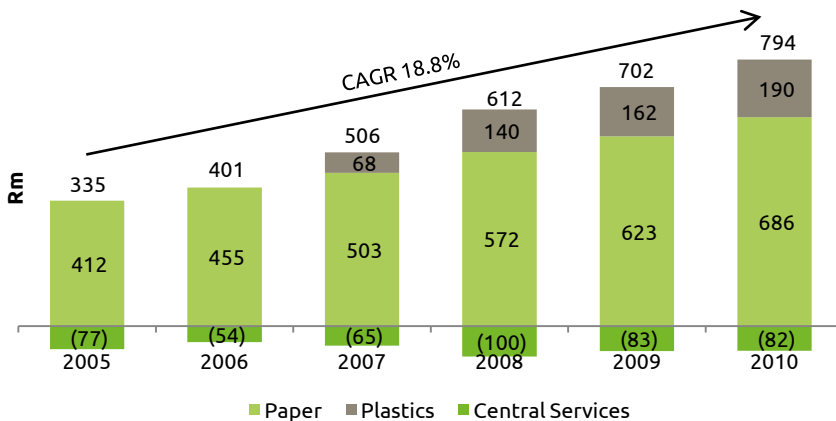
## Revenue



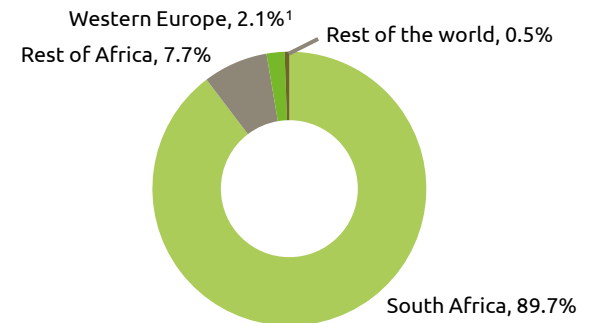
## Overview

- Since 2005 Mpact has generated revenue CAGR of 15.0%, excluding Paperlink
- EBITDA of 18.8%, excluding Paperlink (2005 – 2010)
- Without Paperlink, sales revenues ex-South Africa accounted for 10.3% of sales revenue in 2010

## EBITDA



## Revenue by Geography (2010)



Source: Financials extracted from audited Mpact financial information, adjusted to exclude Paperlink  
 Note: (1) The majority of these sales were delivered to customers in African countries

# Working capital focus

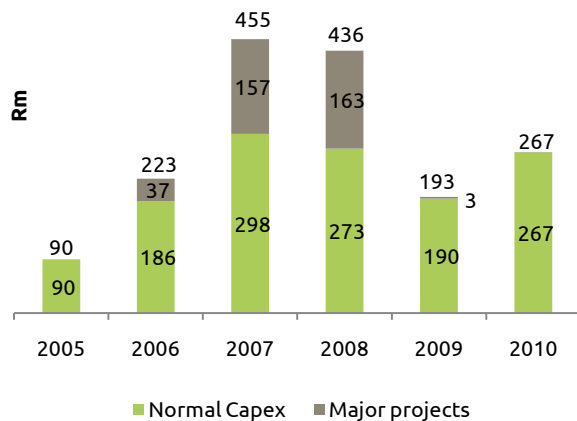
Working capital as a % of revenue<sup>1</sup>



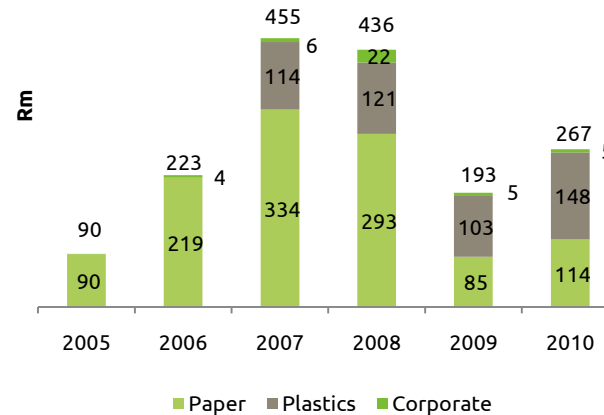
Source: Analysis based on numbers extracted from audited Mpac financial information, adjusted to exclude Paperlink  
Note: (1) Working capital includes inventories, trade receivables and trade payables

# Capital expenditure analysis

## Capital expenditure



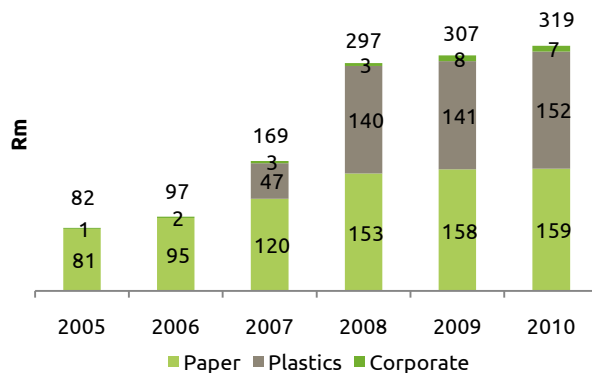
## Capital expenditure by business



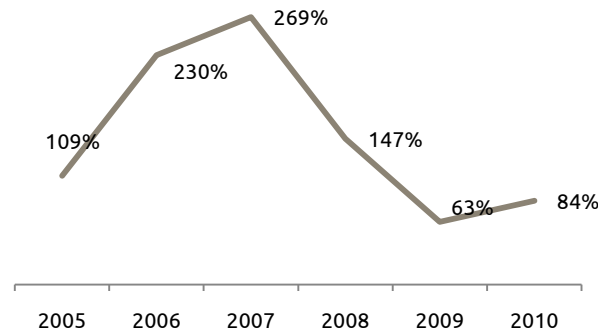
## Overview

- Since 2005 Mpact has invested R1.7bn in capex, including investment in 2 major projects (to optimise production plants and increase efficiencies in Felixton and Springs)
- Paper capex of R1.1bn and plastic capex of R486m
- Capex spend in paper segment tends to be in lumps but is expected to be c.100% of depreciation through the cycle

## Depreciation and amortisation



## Capital expenditure to depreciation



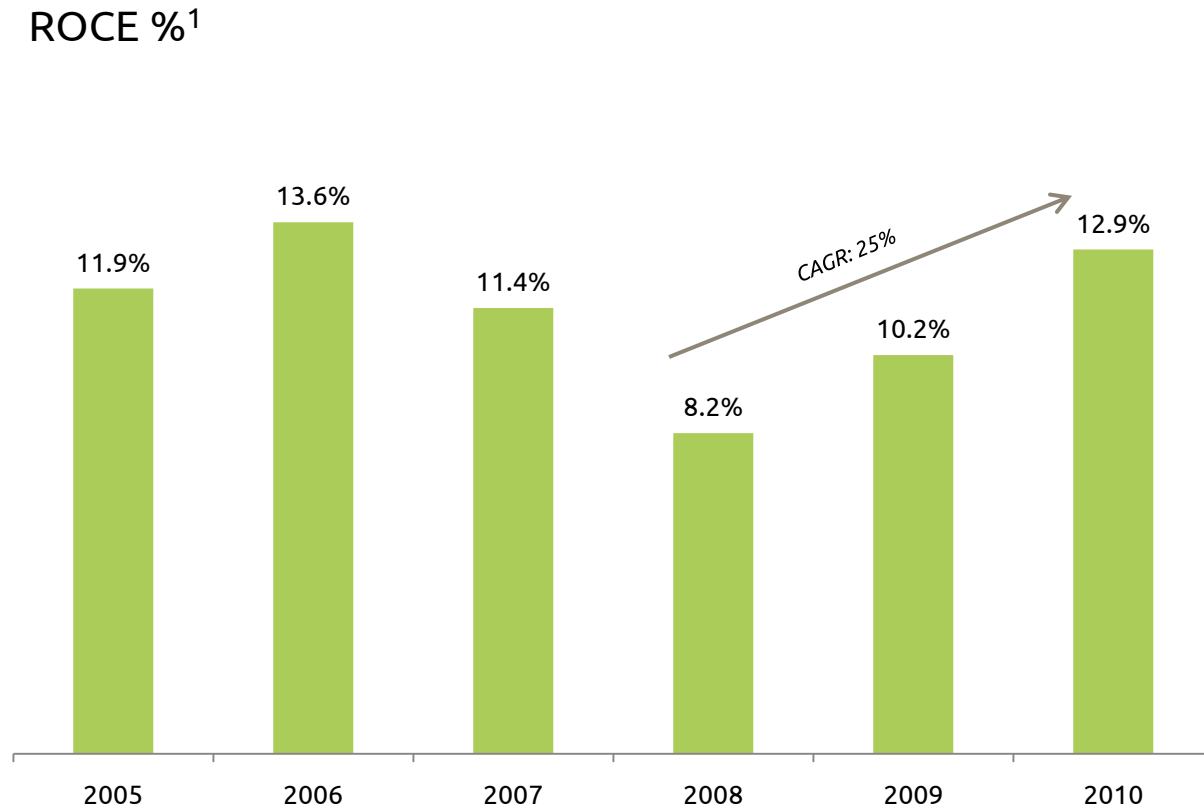
Going forward Mpact expects total capex to be c.100% of depreciation through the cycle

Source: Financials extracted from audited Mpact financial information, adjusted to exclude Paperlink



# ROCE

- Acquisition and integration of plastics had an impact on ROCE from mid 2007



Source: Analysis based on numbers extracted from audited Mpact financial information, adjusted to exclude Paperlink  
Note: (1) Capital employed defined as shareholders equity plus net debt less financial assets plus loans to subsidiaries

# Pro-forma consolidated key financial information

Rm	Audited 2010 <sup>1</sup>	Pro-forma 2010 <sup>2</sup>
<b>Revenue</b>	<b>6,259</b>	<b>5,718</b>
Gross margin	2,399	2,358
<b>EBITDA</b>	<b>805</b>	<b>783</b>
<i>Margin</i>	12.9%	13.7%
Depreciation, amortisation and impairments	(320)	(319)
<b>Underlying EBIT</b>	<b>485</b>	<b>464</b>
<i>Margin</i>	7.8%	8.1%
<b>Total profit from operations and associates</b>	<b>482</b>	<b>428</b>
Net finance costs	(387)	(134)
<b>Profit before tax</b>	<b>96</b>	<b>294</b>
<b>Profit on ordinary activities after tax</b>	<b>50</b>	<b>192</b>
Non-controlling interest	(13)	(13)
<b>Profit attributed to parent</b>	<b>37</b>	<b>180</b>
<b>Net assets</b>	<b>181</b>	<b>2,251</b>
<b>Net cash / (debt)</b>	<b>(3,640)</b>	<b>(1,467)</b>
Net debt / EBITDA	4.5x	1.9x

Note: (1) Financials extracted from audited Mpact financial information which includes Paperlink  
 (2) Full details of the pro forma financial effects of the Demerger are contained in the PLS

## Overview

- Pro-forma financial information reflects:
  - Capital and debt restructuring resulting in net debt/EBITDA of c.2x
  - Transaction costs estimated to be c.R33m (non-recurring adjustment)
  - Sale of Paperlink and 25% of Recycling division to Mondi Group
  - Accelerated shared based payments charge relating to share awards granted to executive directors of Mpact under the Mondi Limited share and incentive plans (non-recurring adjustment)

# Other considerations

# Other considerations

## Dividend policy

- Dividend policy which reflects Mpack's strategy of creating value and growth
- Offering shareholders long-term dividend growth
- Target a dividend cover of two to three times underlying earnings on average over the cycle
  - Payout ratio in each year may vary according to the business cycle

## Separation issues

- Corporate and product branding
- Operational agreements (containerboard distribution, pulp, wood, corrugated boxes) continuity – operated at arm's length since inception of Mpack
- Transitional services (IT, reporting systems and corporate services)
- Sale of Paperlink and 25% of Recycling Division to Mondi Group

## BBBEE

- Mpack continues to demonstrate a significant commitment to BBBEE
  - Level Five Empowerdex rating measured against the Generic Scorecard
  - Will be scored under Manufacturing Sector Charter once approved
  - It is expected that the current BBBEE rating will be maintained going forward
- Shanduka Packaging, the BEE shareholder of Mpack, will remain invested in Mpack and has agreed to a 180 day lock-in from date of the demerger

## Health, safety and environment

- Mpack's philosophy is that all injuries, occupational illnesses, safety and environmental incidents, are preventable and Mpack's target for them is zero
- Over the past 12 months Mpack has managed to decrease its lost time injury frequency rate from 0.18 to 0.14

Source: Mpack

# Summary

# Summary

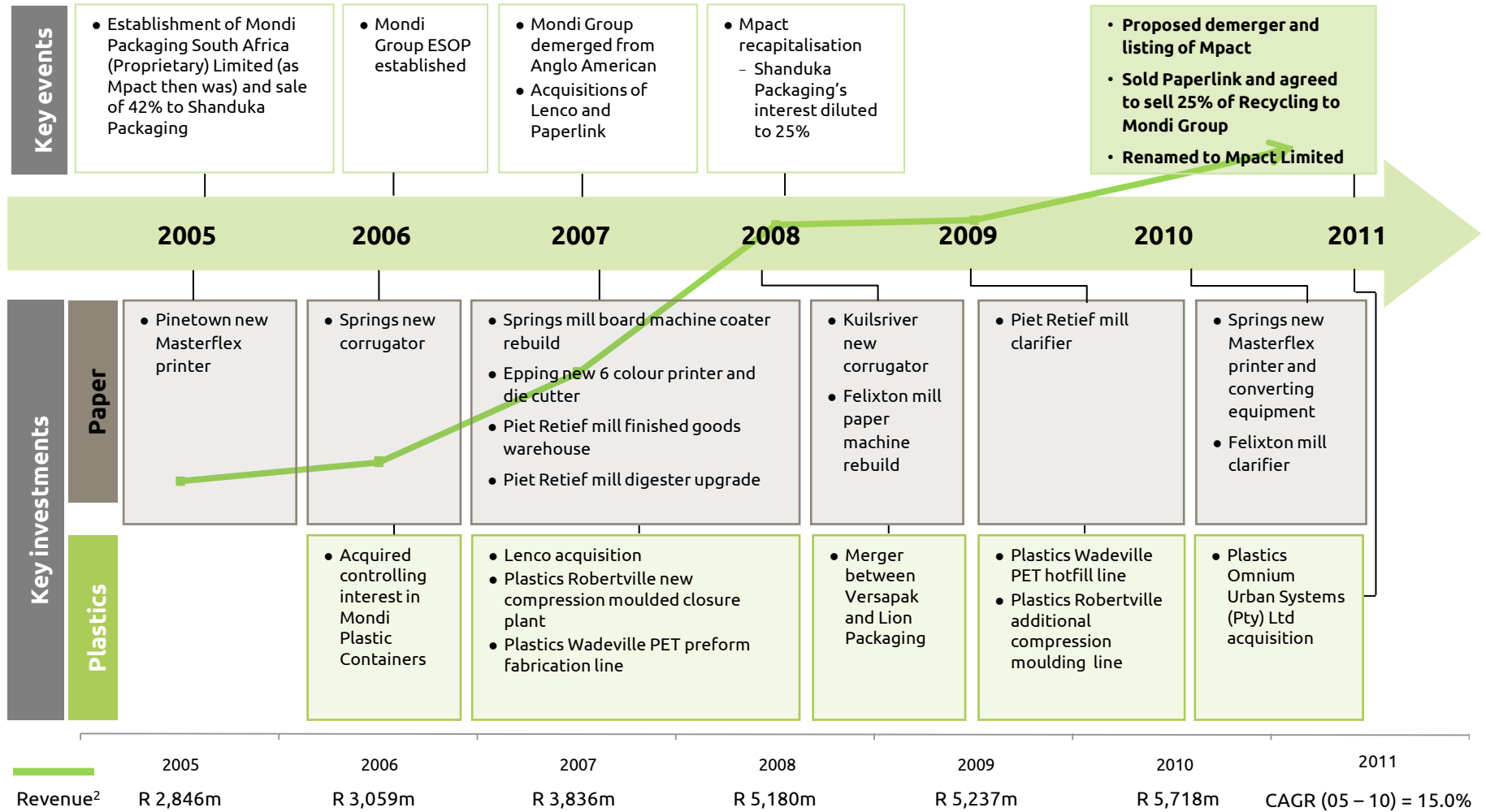
- 1 Leading market positions
- 2 Customer focused operating structure
- 3 Integrated corrugated packaging value chain
- 4 Track record of profitable growth
- 5 Opportunities for continued growth

# Annexure

Key historical events and investments

# Key historical events and investments

Since 2005 Mpact invested R2.7bn<sup>1</sup> to double revenue and EBITDA



Source: Mpact

Notes: (1) Includes both capex and acquisitions (Lenco and Paperlink)

(2) Revenue extracted from audited Mpact financial information, adjusted to exclude Paperlink



# Annexure

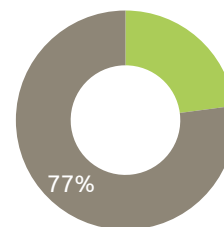
## Paper business overview

# Paper business overview



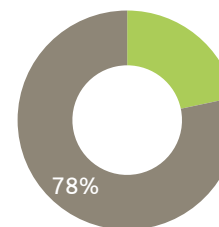
Divisions	: Recycling : Packaging and Industrial Paper : Corrugated
Key products	: Cartonboard : Containerboard : Retail ready packaging : Regular slotted cartons : POS packaging and displays : Die cut solutions
Key customers	: Packaging Converters (Containerboard and Cartonboard) : Agricultural producers : FMCG Companies : Other consumer and industrial packaging companies
Operations	: Recycling <sup>1</sup> (7) : Packaging and Industrial paper (3) : Corrugated (9) + (2) <sup>2</sup>
Employees	: 2,298

External Revenue (2010)



R4,407m

EBITDA (2010)



R686m

**Leader in recovered paper collection, production of cartonboard, containerboard and corrugated packaging**

Sources: Mpact and financial figures extracted from audited Mpact financial information

Notes: (1) Of the 7 recycling operations, 3 are outsourced

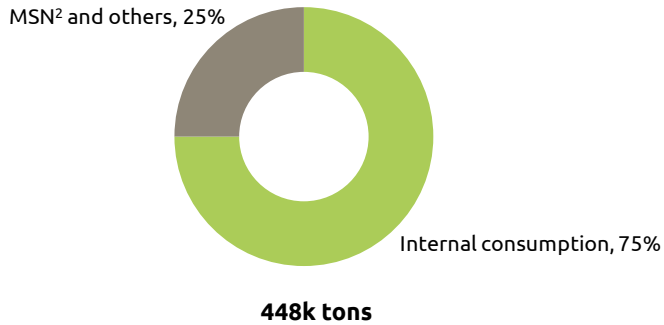
(2) Mpact has 2 sheet plants in Mozambique and Namibia in which it holds a controlling interest

# Recycling

## Geographic footprint<sup>1</sup>



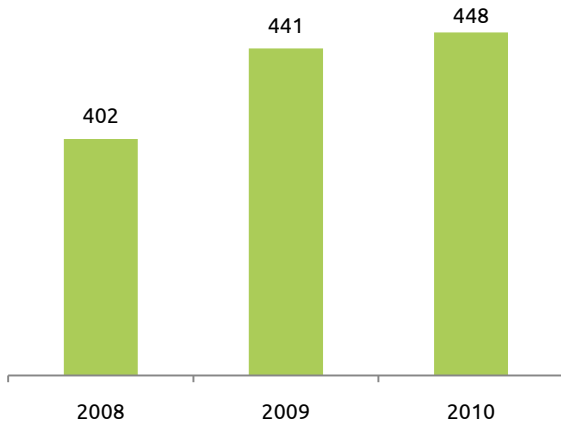
## Customer base (2010)



## Key competitors

- Sappi
- Nampak
- Kimberly Clark
- Lothlorien
- Gayatri
- Independents

## Collected volumes (kt)



Source: Mpack

Note: (1) Mpack has 3 outsourced recycling operations in Midrand, Springs (Ekurhuleni) and Pretoria  
 (2) Mondi Shanduka Newsprint

## Sources of recovered paper

- Governments and local authorities
- Schools
- Paper banks
- Converters
- Agents, dealers, waste management companies
- Business and offices
- Kerbside
- Imports
- Mobile cages and bakkies

**58%** Current recovery rate of recoverable paper in SA

**61%** Target rate

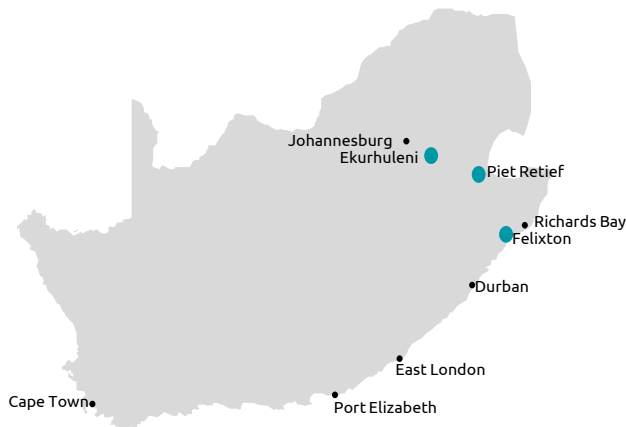
## Key development

- Mpack has agreed to sell a 25% interest in the recycling business to Mondi Group



# Packaging and Industrial Paper

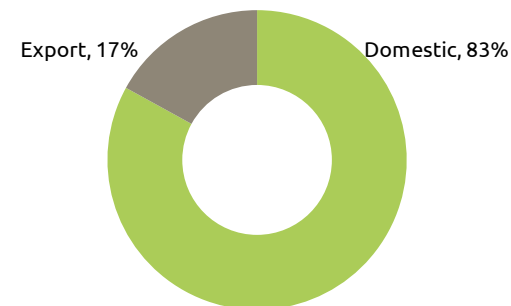
## Geographic footprint



## Customers

- Containerboard and cartonboard packaging converters (internal and external)

## Geographic sales



## Production capacity in kt

Mill/Plant	Main products	Capacity 2010 (ktpa)
Piet Retief	Linerboard and semichemical fluting	133
Felixton	Linerboard and semichemical fluting	150
Springs	Cartonboard and specialities	137

- Additionally, Mpack distributes all containerboard products of Mondi Group's Richards Bay Mill, selling mainly into South Africa and selected markets in sub-Saharan Africa and Indian Ocean

### Islands

Source: Mpack

## Key competitors

### Non integrated

Sappi

Lothlorein

Imports

### Integrated

Nampak

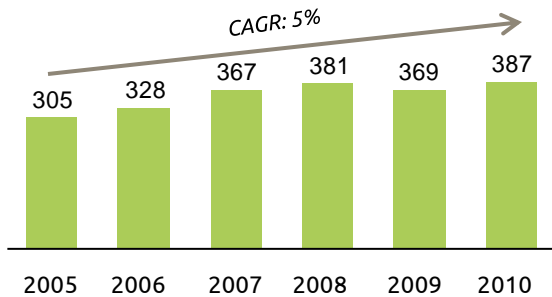
Gayatri

# Corrugated Packaging

## Geographic footprint



## Production in m² (million)



Market volume (tonnes) CAGR 05-10e: **0.4%**  
 Mpack volume (tonnes) CAGR 05-10e: **4.2%**

Sources: Mpack and BMI Report (2010)

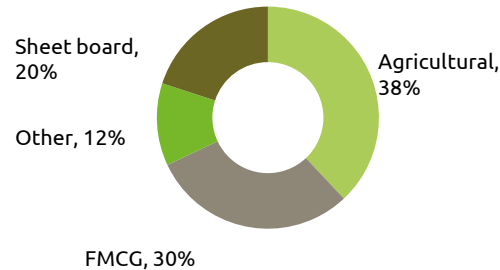
Notes: (1) Mpack has sheet plants in Mozambique and Namibia (holding a controlling interest)

(2) Corrugated sales office in Bloemfontein

(3) Management estimates

## Customers

- Localised customer base
- Customers include producers of agricultural, food durable and non durable goods<sup>3</sup>:



## Key competitors

Nampak
New Era
APL
Corruseal
Houers

## Overview

- 3 high graphic printing machines situated in Springs, Pinetown and Epping which offer high quality graphic printing on corrugated board. These are complimented by in-house graphic design facilities
- ISO 14,000 and ISO 9,000 environmental and quality management systems, respectively
- Corrugated packaging products include:
  - Corrugated regular cases
  - Die cut cases
  - Folded glued cases
  - Trays
  - Point of sale displays



**mpact**®

# Annexure

## Plastics business overview

# Plastics business overview

## PET Preforms, Bottles and Jars



## Plastic Jumbo Bins, Wheelie Bins, Plastic Crates and Pallets



## FMCG Bottles, Jars, Closures and In Mould Labelling



## Styrene Trays, Fast Food Containers and Clear Plastic Film



**Key products**

- : PET preforms, bottles and jars
- : Plastic jumbo bins, wheelie bins, plastic crates
- : Plastic containers such as bottles, jars, closures, with in mould labelling capability
- : Styrene trays, fast food containers and clear plastic films

**Key customers**

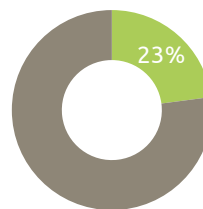
- : FMCG Companies (carbonated soft drinks, personal care, pharmaceuticals, food producers)
- : Fast food producers
- : Agricultural producers
- : Retail Chains

**Operations**

- : Styrene trays & clear plastic films (2)
- : Large injection moulds (2)
- : PET injection (1) and FMCG plastic packaging (3)

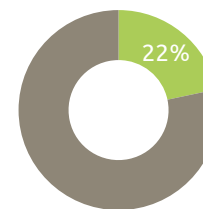
**Employees** : 984

### External Revenue (2010)



R1,310m

### EBITDA (2010)



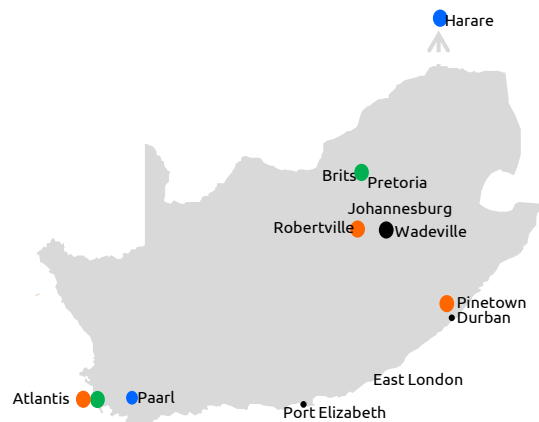
R190m

**Leader in the manufacture of PET preforms, styrene trays and plastic jumbo bins**

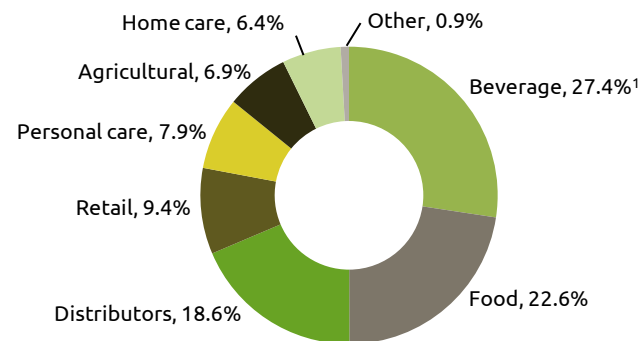
Sources: Mpact and financial figures extracted from audited Mpact financial information

# Plastics segment overview (cont'd)

## Geographic footprint



## Customer base (2010)



## Mills/plants and main products

Mill/Plant	Main products
Wadeville	PET preforms, jars, bottles and hot fill bottles Injection moulding, blow moulding
Atlantis (Large Injection)	Plastic jumbo bins, wheelie bins, plastic crates Injection moulding
Brits	Plastic jumbo bins, wheelie bins, plastic crates Injection moulding
Pinetown	FMCG packaging bottles, jars, closures, in mould labels Injection moulding, blow moulding, IML
Robertville	FMCG Plastic bottles, jars, closures Injection moulding, blow moulding, compression moulding
Atlantis (FMCG)	FMCG Plastic bottles, jars, closures Injection moulding, blow moulding, PET bottles and printing
Versapak Paarl	Styrene trays, fast food containers and clear plastic films
Versapak Harare	Styrene trays, fast food containers and clear plastic films

## Key competitors



Source: Mpact

Note: (1) A significant proportion of Beverage sales is made up by an Amalgamated Beverages (ABI) contract for PET preforms



# Annexure

Industry overview

# Key industry drivers and trends

## Macro economic factors

- Economic growth
- Consumer income and expenditure growth
- Competitiveness of SA producers (e.g. FMCG, durable goods, fresh produce)

## Brand enhancements

- Increasing competition amongst brand owners has led to increasing demand for high quality, innovative packaging solutions at the point of sale
- Growing aspirations of consumers leading to higher value packaging solutions

## Technology and innovation

- Barriers and additives for improved properties and new functionality
- Functionality to reduce handling without compromising product integrity
- Active and intelligent components

## Sustainable development

- Drive to reduce the environmental impacts of packaging
  - Extended producer responsibility - Reduce reuse recycle recover
  - Move to lighter weights and products with lower carbon footprint
- Food security – adequate packaging required to reduce food wastage between farm and final consumption
- Health and safety developments

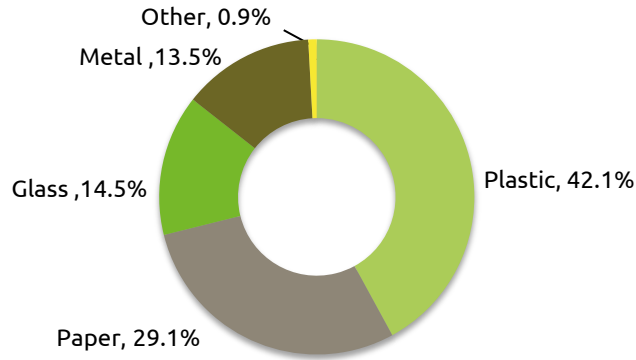
## Other considerations

- Cost of packaging as % of total product cost
  - Transport in bulk with local processing and packing vs. smaller pack sizes/online shopping
  - Light weighting across all substrates which are fit for use
  - International benchmarking - quality, price
- Different prospects
  - Primary manufactured goods
  - Intermediate goods
  - Consumer goods

# SA packaging sector overview

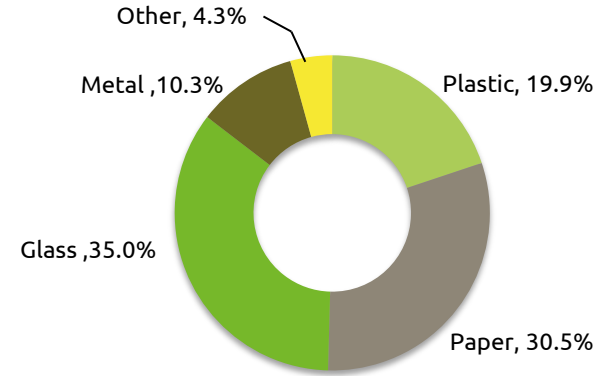
- In 2009 paper and plastics accounted for 71.2% of the market by value and 50.4% by volume
- Rigid plastic packaging has grown substantially in the past 10 years, outperforming other forms of packaging on a value basis with exception of glass

SA packaging ex-converter sales<sup>1</sup> 2009 (Value)



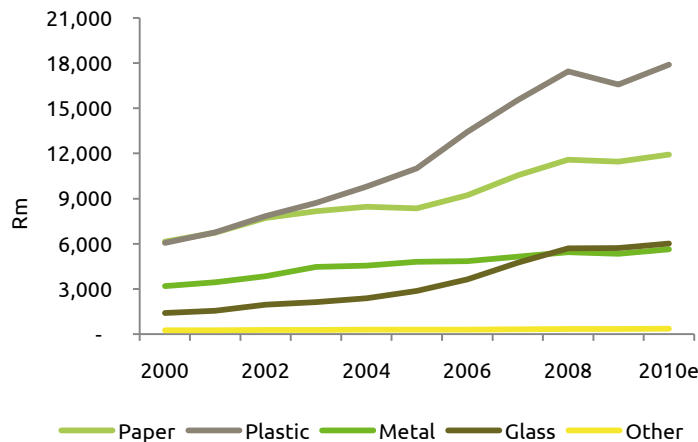
**R 39.4bn**

SA packaging ex-converter sales<sup>1</sup> 2009 (Volume)

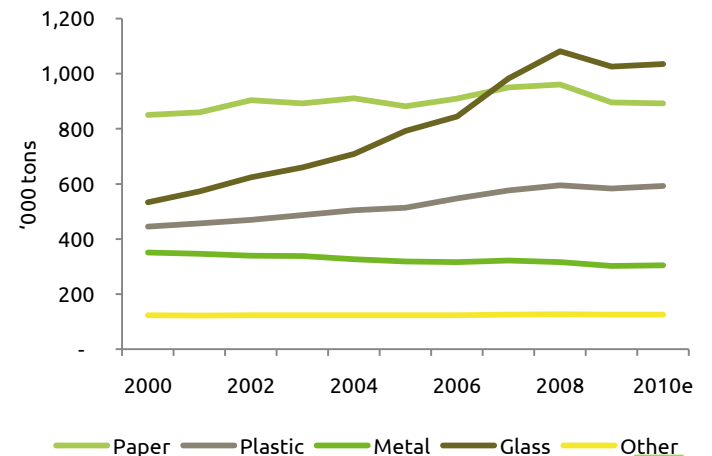


**2.9m tons**

SA annual packaging ex converter sales<sup>1</sup> (Value)



SA annual packaging ex converter sales<sup>1</sup> (Volume)



	Value CAGR ('00 - '10E)	Volume CAGR ('00 - '10E)
Paper	6.8%	0.5%
Plastics	11.4%	2.9%
Metal	5.8%	(1.4%)
Glass	15.6%	6.9%
Other	3.1%	0.2%

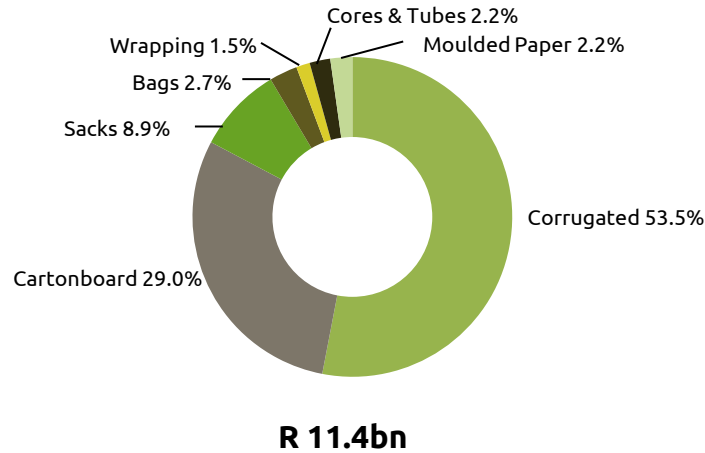
Source: BMI Report (2010)

Note: (1) "Ex converter" sales refer to sales of packaging materials converted in the country by local producers (excludes imports, but includes exports)

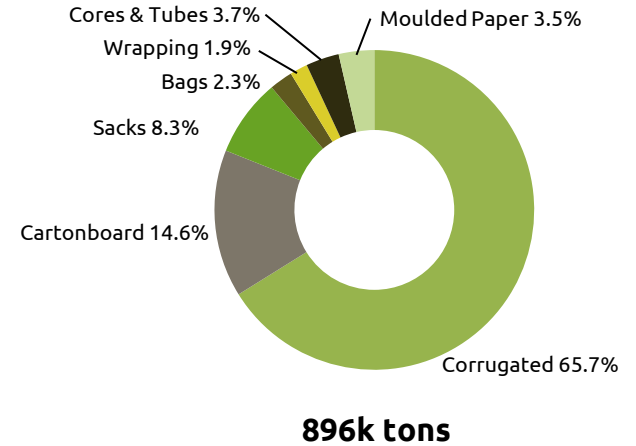
# SA paper packaging sector overview

- Corrugated by far the biggest segment at 53.5% by value and 65.7% by volume
- Volume growth in corrugated impacted by move to lighter weights and market mix.
- Ave gsm in 2005 ~ 606 g/sqm<sup>1</sup>
- Ave gsm in 2010 ~ 586 g/sqm<sup>1</sup>

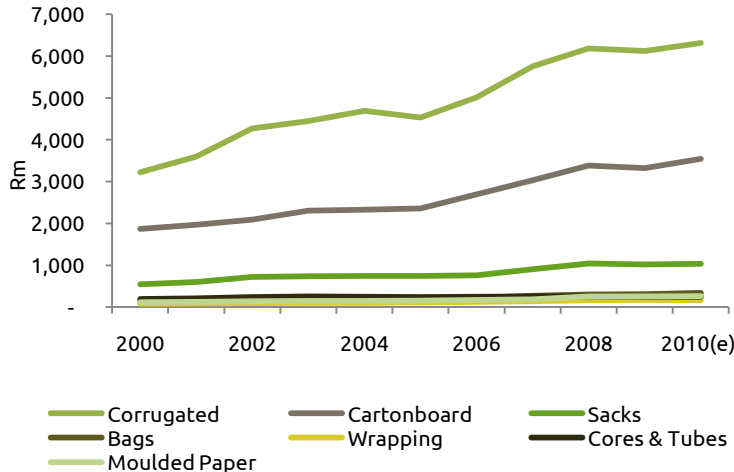
Paper packaging ex-converter sales 2009 (Value)



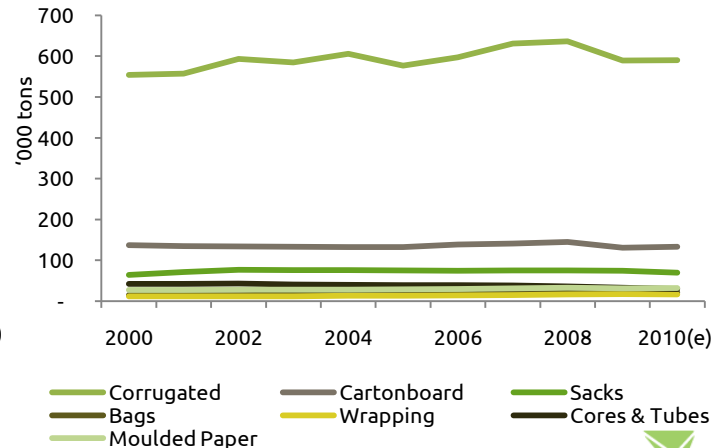
Paper packaging ex-converter sales 2009 (Volume)



Paper packaging ex-converter sales (value)



Paper packaging ex-converter sales (volume)

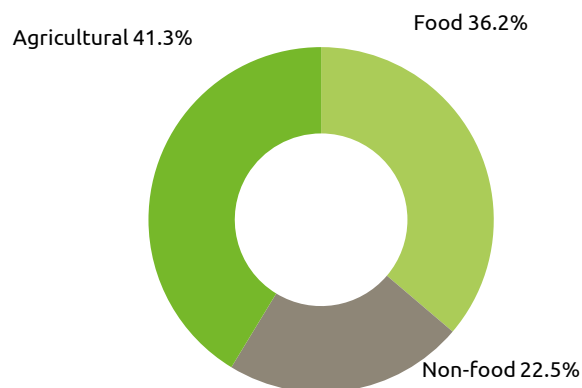


	Value CAGR ('00 - '10E)	Volume CAGR ('00 - '10E)
Corrugated	7.0%	0.6%
Cartonboard	6.6%	(0.3%)
Sacks	6.6%	0.9%
Bags	8.6%	3.4%
Wrapping	7.2%	2.9%
Cores & Tubes	2.7%	(3.3%)
Moulder paper	8.1%	1.7%

Source: BMI Report (2010)  
Note: (1) Mpac management estimates

# SA corrugated packaging by end user

## SA corrugated packaging market end user



### Food

- Mostly packaging for alcoholic and non alcoholic beverages as well as fresh produce (poultry, meat, dairy, seafood) and canned food
- Other major constituents are biscuits and snacks, breakfast food and confectionery

### Non-food

- Mostly packaging for chemicals, footwear, clothing, textiles and domestic appliances
- Other major constituents are toiletries and cosmetics, automotive products and pharmaceuticals

### Agricultural

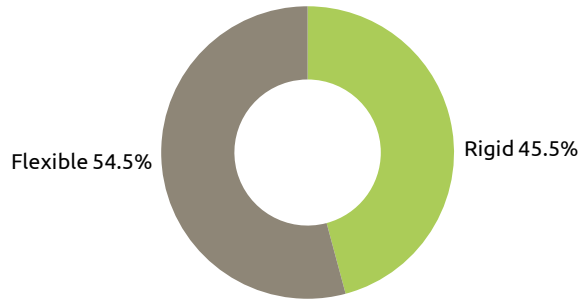
- Agricultural packaging is dominated mainly by citrus and deciduous fruit as well as grapes and bananas

Source: BMI

# SA plastics packaging sector overview

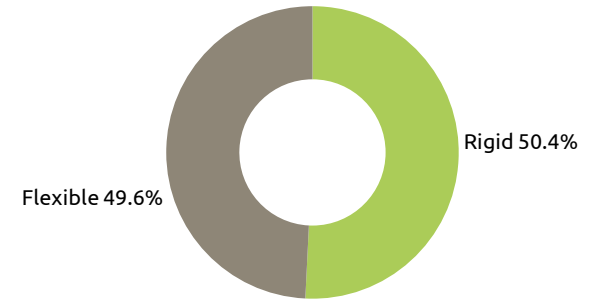
- Strong volume growth in rigids of 5.4% p.a. and 14.0% in value from 2000 to 2010E
- Expected to continue in medium term with shift from glass and cans to PET
- Rigids more suited to local manufacture due to lower packing density than flexibles

Plastics pack. ex-converter sales 2009 (Value)



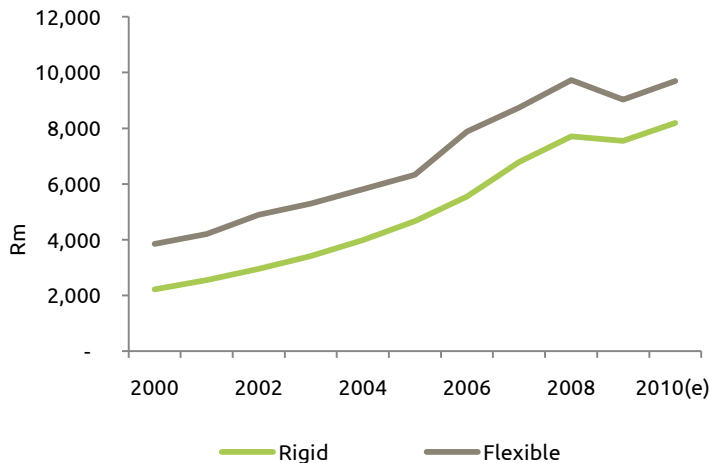
**R 16.6bn**

Plastics pack. ex-converter sales 2009 (Volume)

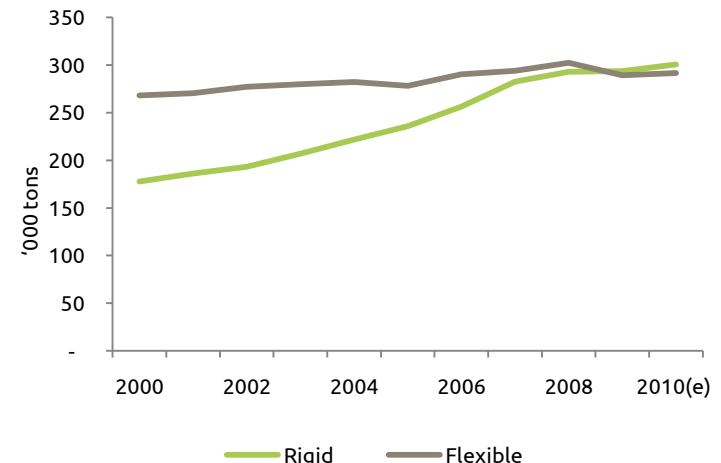


**583k tons**

Plastics packaging ex-converter sales (value)



Plastics packaging ex-converter sales (volume)



	Value CAGR ('00 - '10E)	Volume CAGR ('00 - '10E)
Flexible	9.7%	0.8%
Rigid	14.0%	5.4%

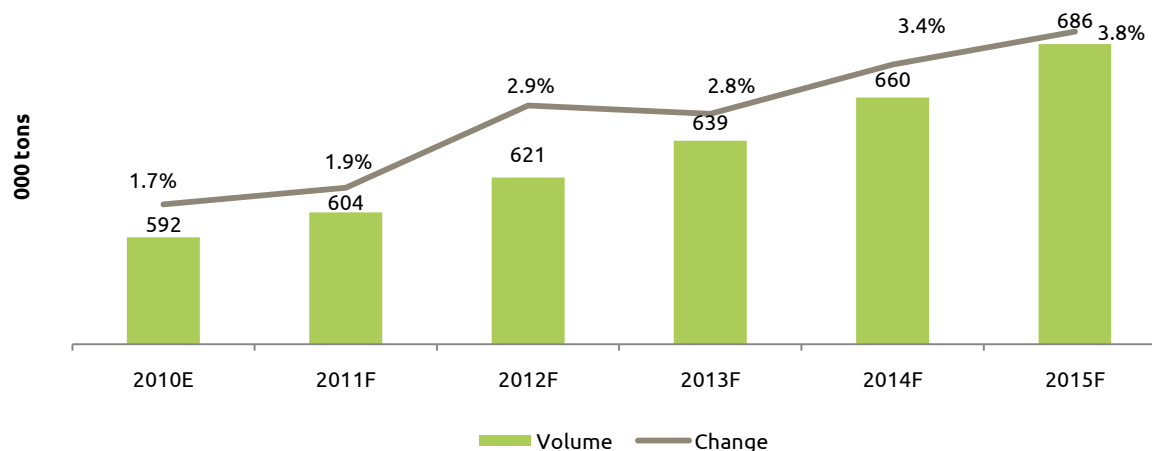
Source: BMI Report (2010)

# BMI Industry forecasts

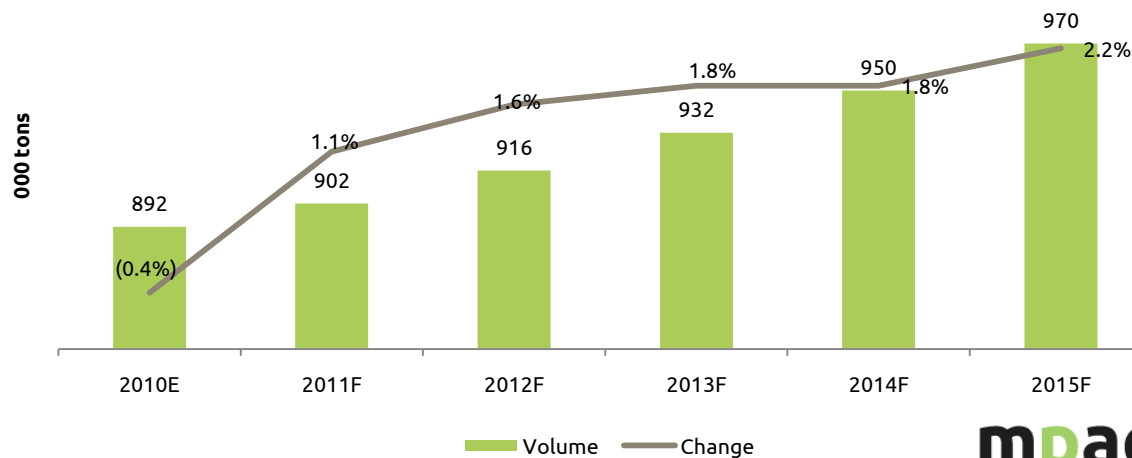
## Trends

- Production of plastics is forecast to grow at a faster rate than all the other packaging medium (CAGR of 3.0% from 2010E – 2015F)
  - Substitution for glass and metal
    - Light weighting
    - Packaging density
    - Raw material / energy costs
- Growth in tons of paper packaging impacted by light weighting (CAGR of 1.7% from 2010E – 2015F)
- Growth in export of SA FMCG producers not reflected in the forecasts

Plastics packaging ex converter sales (flexibles and rigids) volume forecasts (BMI)



Paper packaging ex converter sales volume forecasts (BMI)



Source: BMI report (2010)

# Overview of key players in the packaging sector

## Key players

Company	Listed / unlisted	2010 Revenue (Rm)	Glass	Metal	Plastic	Paper/ Board	Recycling
<b>Mpact</b>	<b>Unlisted</b>	<b>5,718</b>			✓	✓	✓
Nampak (South Africa)	Listed	13,293	✓	✓	✓	✓	✓
Consol	Unlisted	4,189 <sup>1</sup>	✓				✓
Astrapak	Listed	2,613			✓		
Transpaco	Listed	786			✓	✓	✓
Bowler Metcalf	Listed	518			✓		
MCG Industries	Unlisted	unknown		✓	✓		
Golden Era	Unlisted	unknown		✓		✓	✓
Afripak	Unlisted	unknown			✓	✓	
Polyoak Packaging	Unlisted	unknown			✓		
Tetra Pak SA	Unlisted	unknown			✓	✓	

Source: BMI Report (2010), company websites and reports. Mpact excludes Paperlink sales

Note: (1) Revenue figure obtained from third party sources



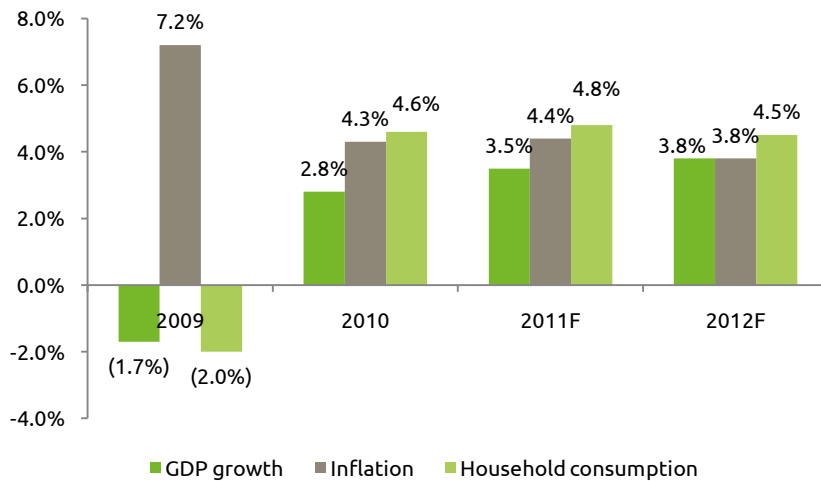
# Annexure

## Economic information

# Macro fundamentals

## Improving fundamentals: SA consumer market

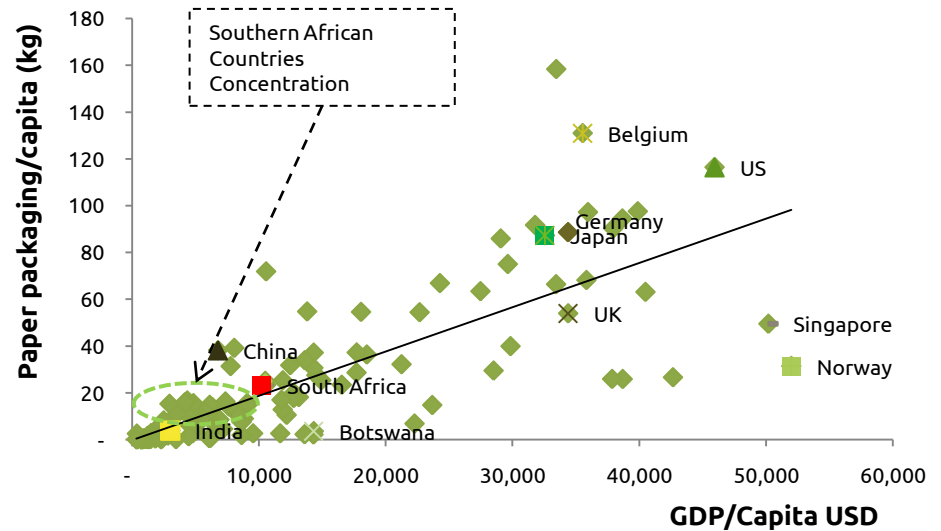
- Fundamentals of the consumer market continue to improve on the back of growth in GDP and Personal Consumption Expenditure
  - Stable GDP growth outlook
  - Household consumption expenditure supported by recovery in household net wealth, lower debt service costs, strong wage growth and low inflation
  - Consumer confidence remains elevated and consumption growth remains relatively strong
- Real wage growth



Source: RMB Morgan Stanley research

## Per capita consumption

- South Africa's per capita packaging consumption is well below that of developed markets
- Positive correlation between increasing wealth (GDP/capita) and packaging consumption
- Structural growth in Southern Africa expected to support continued packaging consumption in the region
- South Africa provides a platform to access other Southern African markets which also present attractive fundamentals



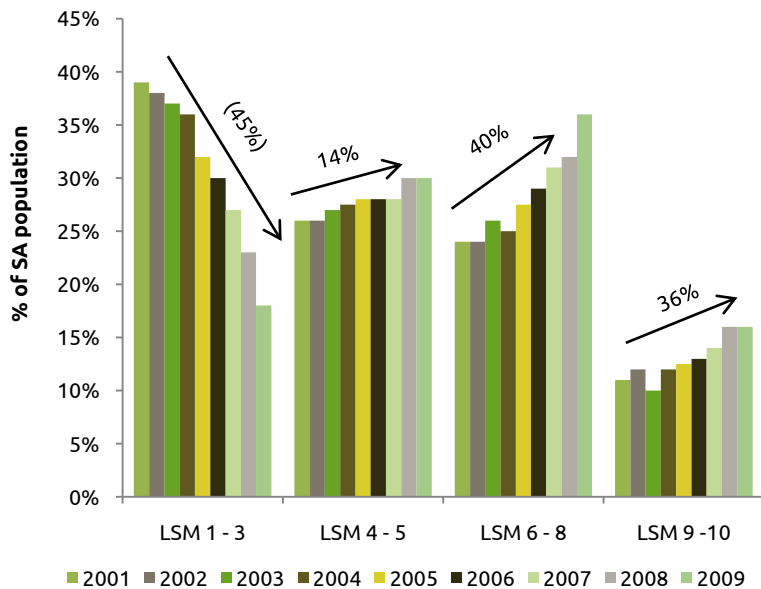
Source: RISI, IMF

# Macro fundamentals (cont'd)

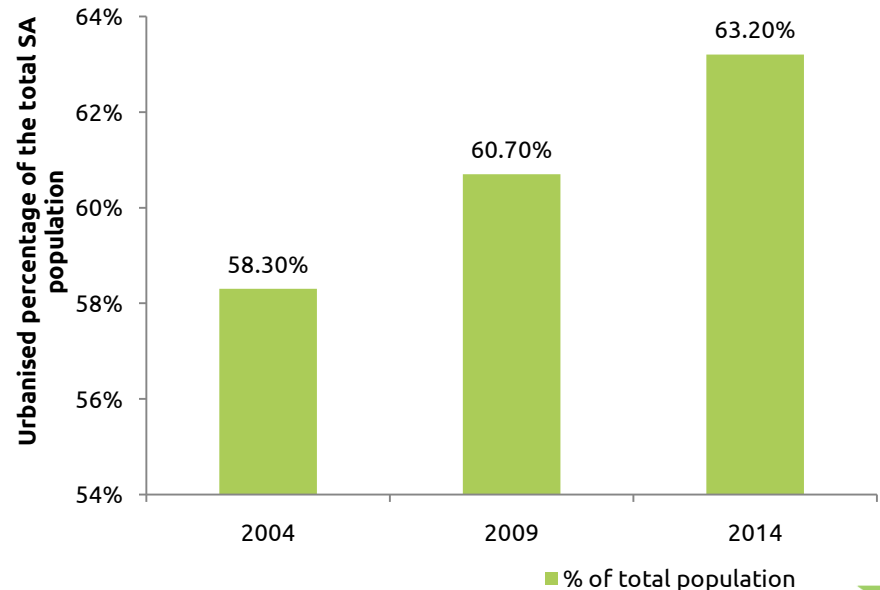
## LSM migration and urbanisation

- Consumer fundamentals and personal consumption expenditure is expected to be underpinned by structural changes in the South African economy including:
  - Fundamental migration of consumers from lower Living Standards Measure (“LSM”) to higher LSMs
  - Continued trends of urbanisation
- Structural shift is supportive of continued direct and indirect demand for packaging and packaging products

### LSM migration



### SA urbanisation



Source: AMPS

Source: EIU country profile 2010