Nampak plan to box clever pays off

Nampak announced that for the year ended 30 September 2010, its operating profit increased by 126% following good turnarounds in the paper businesses in South Africa and Europe and the sale or closure of a number of loss-making businesses.

Cash generated from operations was a record R2.5 billion with major reductions in working capital and capital expenditure contributing to this achievement. Despite tough trading conditions in South Africa and Europe, the trading margin increased to 8.3% from 5.8% last year.

Headline earnings per share were 79% higher as a result of the improvement in operating profit and a reduction in finance costs. These, together with significantly lower abnormal items resulted in earnings per share increasing by over 300%. The dividend has been increased by 98% making a total distribution of 83 cents per share for the year. Together with the more than 50% increase in Nampak's share price over the past eighteen months shareholder value has increased significantly.

Revised strategy pays off

CEO Andrew Marshall said, "We are pleased that the revised strategy implemented in 2009 has resulted in our improved performance. We sold or closed a number of underperforming businesses and have focused on growing our core profitable operations. Almost R800 million was invested in those businesses where we have sustainable, competitive advantages.

"The Angolan beverage can factory is on track for commissioning in the first half of next year and together with other investments will add to future earnings growth. The downward spiral in profitability, trading margins and cash generation has been reversed and I am confident that the momentum that has been created will continue into 2011."