



## Mpact – Trading Update

Date: 16 July 2025

**Key message:** Investments in capacity should ensure organic growth over the medium-term.

- Mpact released a Trading Update. HEPS from continuing operations is expected to be down 18-28% to 88-100c.
- **Takeaways from the Trading Update:** The update is weaker than expected with challenging market conditions and weak consumer demand.
- Revenue in the Paper division increased by 7%, with higher containerboard sales offset by lower cartonboard and corrugated sales. Although no commercial downtime was taken at Felixton and Mkhondo, operating profit must have fallen by 10-15% (higher recovered paper, energy and fixed costs). Margin pressure is evident in the weak market.
- Revenue in the Plastics division fell 15% with Wadeville's sales down significantly after the expiration of two contracts with a major customer. While some replacement volume has been found, the uptake has been slower than expected. Bins & Crates sales were down. FMCG sales were good.
- Overall EBITDA and operating profit are expected to decline by approx. 15% and 26% respectively.
- Mpact has invested in growth projects in both the Paper and Plastics divisions and remains well positioned for a recovery in demand. The balance sheet has not been overly geared for these projects with net debt/EBITDA expected to be around 1.7 times.
- The update implies a weak consumer market for Mpact's products and we have reduced our forecasts accordingly. We reduce our Target Price to R30.80 (from R36.50).

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Price (16/07/2025): R24.50  
Target Price: R30.80  
Dividend yield: 3.4%  
Total return: 29%

Market cap R3.72bn  
Shares in issue 149.0mn

### Financial summary

ZARmn (year to December)	FY23A	FY24A	1H FY25	2H FY25	FY25E	FY26E	FY27E
Revenue	12823	13291	6368	6979	13348	14414	15576
EBITDA	1838	1501	612	781	1384	1642	1738
Net income	539	485	143	234	368	510	599
<b>Headline EPS (diluted)</b>	<b>4.40</b>	<b>3.23</b>	<b>0.94</b>	<b>1.56</b>	<b>2.50</b>	<b>3.47</b>	<b>4.07</b>
PE Ratio	6.1	8.6			10.0	7.2	6.1
Dividend	1.20	1.05	0.32	0.52	0.84	1.16	1.36
Dividend yield (%)		0.0%			3.4%	4.6%	5.5%

Source: Factset, Company data, Chronux Research estimates

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Figure 1 Financial summary

Financial year to December	FY23A	FY24A	1H FY25	2H FY25	FY25E	FY26E	FY27E
ZAR/USD exchange rate	18.40	18.40	18.40	18.40	18.4	18.40	18.40
<b>Per share data</b>							
Earnings (diluted)	3.65	3.26	0.94	1.56	2.50	3.47	4.07
<b>Headline earnings (diluted)</b>	<b>4.40</b>	<b>3.23</b>	<b>0.94</b>	<b>1.56</b>	<b>2.50</b>	<b>3.47</b>	<b>4.07</b>
<i>HEPS growth</i>		<b>-26.7%</b>	<b>-22.7%</b>	<b>-22.5%</b>	<b>-22.6%</b>	<b>38.7%</b>	<b>17.5%</b>
NAV	34.10	36.26			41.95	45.12	48.62
Dividend	1.20	1.05	0.32	0.52	0.84	1.16	1.36
<b>Valuation ratios</b>							
P/E ratio	6.1	8.6			10.0	7.2	6.1
EV/EBITDA	4.5	4.9			5.2	4.4	4.2
P/B					0.59	0.55	0.54
Dividend yield					3.4%	4.6%	5.5%
ROE	11.9%	8.1%			6.0%	7.7%	8.4%
ROCE	13.4%	10.0%			8.1%	10.7%	11.5%
<b>Income Statement (ZARmn)</b>							
Sales	12,823	13,291	6,368	6,979	13,348	14,414	15,576
<i>Sales growth</i>	<b>3.6%</b>	<b>3.6%</b>	<b>3.2%</b>	<b>-1.9%</b>	<b>0.4%</b>	<b>8.0%</b>	<b>8.1%</b>
Cost of Goods Sold (COGS)	(7,608)	(8,182)	(4,259)	(4,740)	(8,999)	(9,679)	0
<b>Gross Income</b>	<b>5,215</b>	<b>5,109</b>	<b>2,110</b>	<b>2,240</b>	<b>4,349</b>	<b>4,735</b>	<b>15,576</b>
<i>Gross margin</i>	<b>40.7%</b>	<b>38.4%</b>	<b>33.1%</b>	<b>32.1%</b>	<b>32.6%</b>	<b>32.9%</b>	<b>100.0%</b>
SG&A Expense	(3,378)	(3,607)	(1,502)	(1,463)	(2,965)	(3,094)	(13,838)
Other Operating Income/Expense	0	0	4	5	0	0	0
<b>EBITDA</b>	<b>1,838</b>	<b>1,501</b>	<b>612</b>	<b>781</b>	<b>1,384</b>	<b>1,642</b>	<b>1,738</b>
<i>EBITDA margin</i>	<b>14.3%</b>	<b>11.3%</b>	<b>9.6%</b>	<b>11.2%</b>	<b>10.4%</b>	<b>11.4%</b>	<b>11.2%</b>
Depreciation & Amortisation	(627)	(576)	(297)	(319)	(616)	(622)	(629)
<b>EBIT (Operating Income)</b>	<b>1,210</b>	<b>926</b>	<b>315</b>	<b>462</b>	<b>768</b>	<b>1,019</b>	<b>1,110</b>
<i>EBIT margin</i>	<b>9.4%</b>	<b>7.0%</b>	<b>4.9%</b>	<b>6.6%</b>	<b>5.8%</b>	<b>7.1%</b>	<b>7.1%</b>
Nonoperating Income - Net	(93)	3	0	0	0	0	0
Net Interest Expense	(284)	(297)	(126)	(151)	(276)	(209)	(171)
Equity in Earnings of Affiliates	18	19	10	10	19	20	21
<b>PBT</b>	<b>851</b>	<b>650</b>	<b>199</b>	<b>321</b>	<b>511</b>	<b>831</b>	<b>960</b>
Income Taxes	(250)	(77)	(16)	(35)	(51)	(224)	(259)
<i>Tax rate</i>	<b>29.3%</b>	<b>11.9%</b>	<b>8.0%</b>	<b>11.0%</b>	<b>10.0%</b>	<b>27.0%</b>	<b>27.0%</b>
Consolidated Net Income	602	572	183	286	460	607	701
Minority Interest	(62)	(88)	(40)	(52)	(92)	(97)	(102)
<b>Net Income</b>	<b>539</b>	<b>485</b>	<b>143</b>	<b>234</b>	<b>368</b>	<b>510</b>	<b>599</b>
<b>Cash flow statement (ZARmn)</b>							
Changes in working capital	108	323	(133)	120	(13)	(235)	(256)
<b>Cash from operating activities</b>	<b>1,794</b>	<b>1,793</b>	<b>469</b>	<b>871</b>	<b>1,340</b>	<b>1,203</b>	<b>1,245</b>
Capital expenditure	(1,536)	(1,003)	(458)	(473)	(931)	(625)	(630)
Other	35	201	(3)	28	25	25	25
<b>Investing cash flow</b>	<b>(1,501)</b>	<b>(802)</b>	<b>(462)</b>	<b>(445)</b>	<b>(906)</b>	<b>(601)</b>	<b>(605)</b>
Changes in borrowings	546	(312)	110	(231)	(120)	(463)	(464)
Dividend paid	(176)	(155)	(111)	(46)	(157)	(141)	(186)
Other	(377)	(429)	(136)	(166)	(302)	(236)	(200)
<b>Financing cash flow</b>	<b>(7)</b>	<b>(896)</b>	<b>(136)</b>	<b>(443)</b>	<b>(579)</b>	<b>(840)</b>	<b>(849)</b>
Change in cash	286	94	(129)	(17)	(146)	(237)	(209)
<b>Balance sheet (ZARmn)</b>							
<b>Total assets</b>	<b>11,635</b>	<b>12,005</b>	<b>12,385</b>	<b>12,260</b>	<b>12,260</b>	<b>12,519</b>	<b>12,843</b>
Cash and equivalents	882	976	847	830	830	593	383
Other current assets	5,179	4,756	4,842	4,858	4,858	5,477	6,190
Non-current assets	5,574	6,274	6,696	6,573	6,573	6,449	6,270
<b>Total liabilities</b>	<b>6,168</b>	<b>6,139</b>	<b>6,451</b>	<b>6,091</b>	<b>6,091</b>	<b>5,884</b>	<b>5,693</b>
Long-term liabilities	3,780	3,620	3,762	3,562	3,562	3,162	2,762
Current liabilities	2,388	2,519	2,688	2,529	2,529	2,722	2,931
<b>Total shareholders' funds</b>	<b>5,468</b>	<b>5,866</b>	<b>5,934</b>	<b>6,169</b>	<b>6,169</b>	<b>6,635</b>	<b>7,150</b>
Net debt/(cash)	2,666	2,371	2,642	2,459	2,459	2,296	2,106

Source: Factset, Company data, Chronux Research estimates

## Valuation

- We value Mpact using a Sum-of-the-Parts methodology with EBITDA multiples on FY25 earnings.

**Figure 2 Valuation (FY25 EBITDA)**

Rm	Methodology	3-year compound EBITDA growth forecast	Discount Justification	FY25E EBITDA (Rm)	Multiple applied (x)	Value (Rm)
Paper	EV/EBITDA	5%	Integrated nature of business (with paper recycling) and market leading positions	1082	5.5	5949
Plastics	EV/EBITDA	11%	Rationalisation improving quality	335	4.0	1341
Corporate & other businesses	EV/EBITDA			(3)	5.0	(13)
				<b>1414</b>	<b>5.1</b>	<b>7277</b>
<b>Firm value</b>						<b>7277</b>
Investments						228
Tax loss (R600m)						41
Less: net debt/(cash)						-2,459
Less: minorities						-441
<b>Equity value</b>						<b>4646</b>
<b>Shares in issue</b>						<b>147.065</b>
<b>Valuation Per share (R)</b>						<b>30.84</b>

Source: Company data, Chronux Research estimates

- A number of capital projects should allow organic growth in the forecast period, with management expecting a R400-500m EBITDA contribution by 2026/27.
- We reduce our Target Price to R30.80 (from R36.50).
- Our valuation on a PE basis is shown in the following table. We believe that Mpact should trade at a 6-8x PE multiple due to competitive manufacturing and exposure to the growing agricultural market.

**Figure 3 PE Valuation**

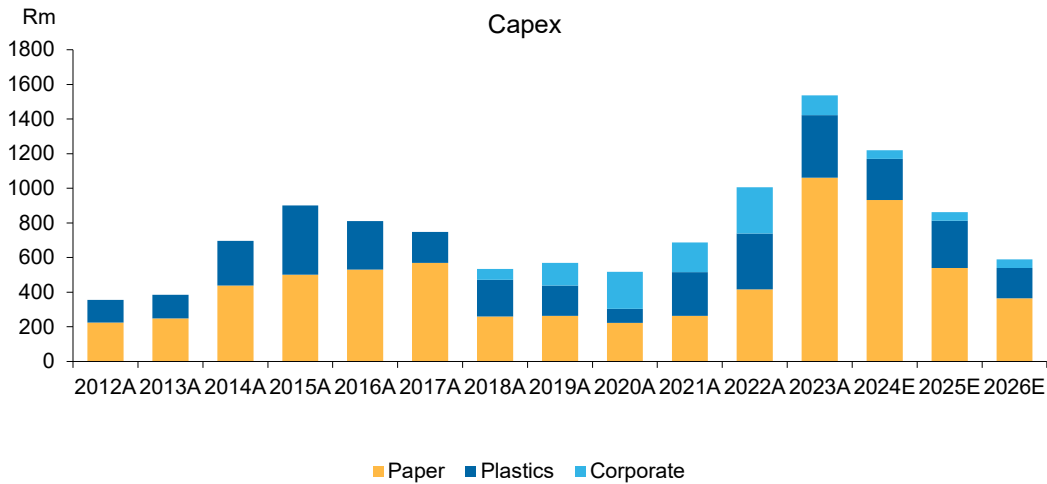
	<u>2024A</u>	<u>2025E</u>	<u>2026E</u>
<b>Diluted HEPS</b>	323	250	347
<b>MPT PE</b>	7.7	10.0	7.2
<b>TP exit PE</b>	9.6	12.3	8.9

Source: Company data, Chronux Research estimates

### Capital expenditure

- Capex of R1.5bn is planned for the next two years (which is mainly the remainder of the R1.3bn Mkhondo mill upgrade). R446m will be spend on Mkhondo in FY25.
- The capex has an approx. 5-year payback with 20-25% returns. The projects should boost earnings by R400-500m in additional EBITDA.

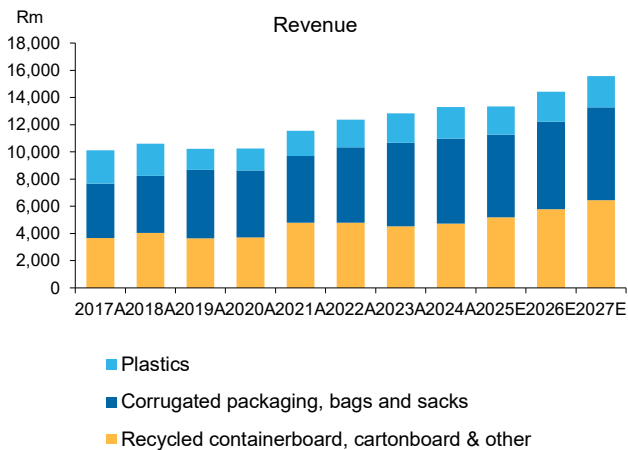
**Figure 4 Capex**



Source: Company data, Chronux Research estimates

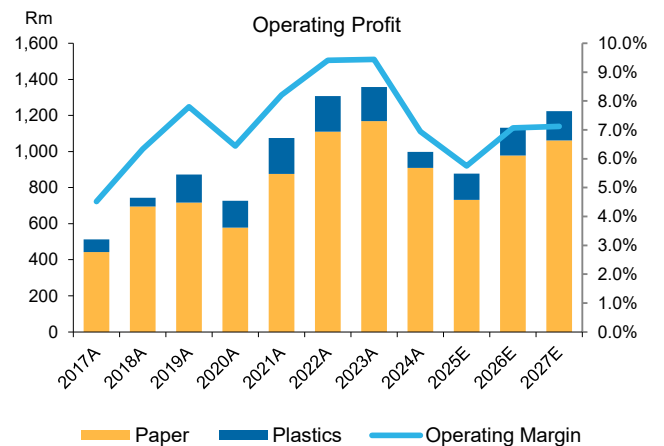
**Divisional Forecast**

**Figure 5 Group Revenue**



Source: Company data, Chronux Research estimates

**Figure 6 Group Operating Profit & Margin**

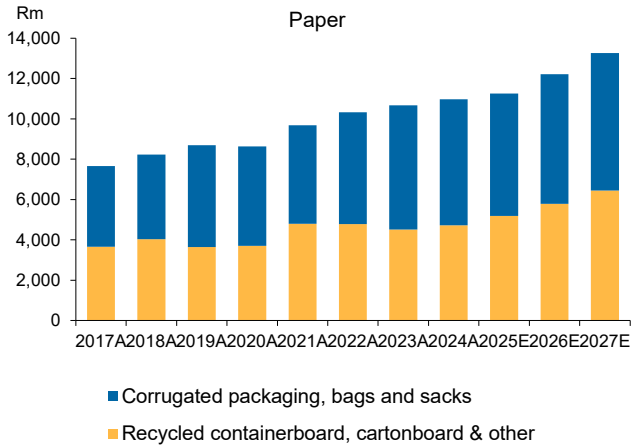


Source: Company data, Chronux Research estimates

- In FY25 and beyond the benefit from the current capex program should start to boost volumes.

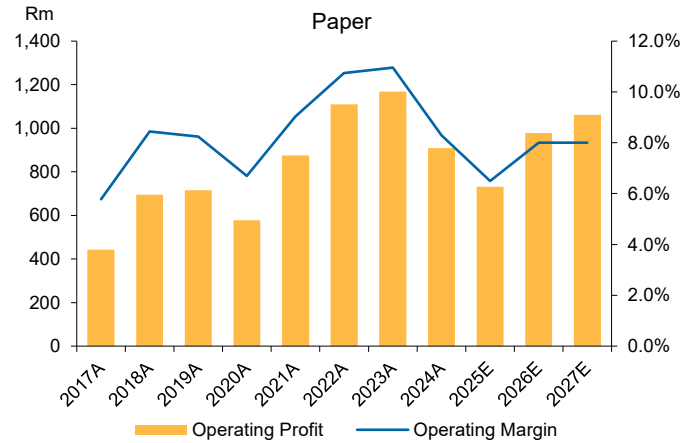
## Paper Division

**Figure 7 Paper Revenue**



Source: Company data, Chronux Research estimates

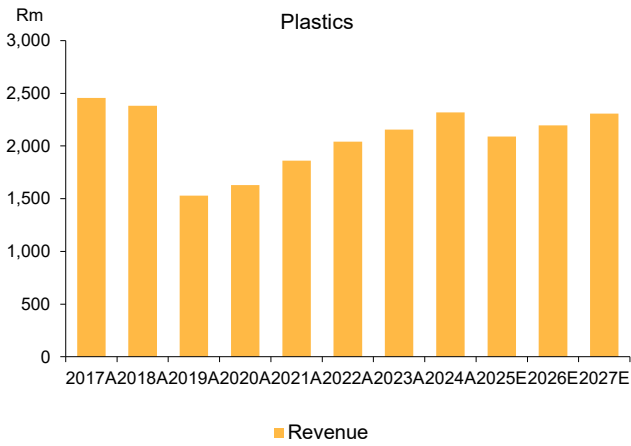
**Figure 8 Paper Operating Profit & Margin**



Source: Company data, Chronux Research estimates

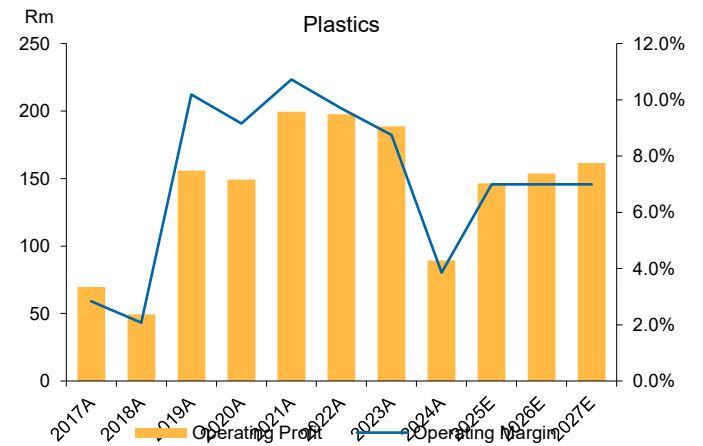
## Plastics Division

**Figure 9 Plastics Revenue**



Source: Company data, Chronux Research estimates

**Figure 10 Plastics Operating Profit & Margin**



Source: Company data, Chronux Research estimates

## Divisional Forecast

Figure 11 Divisional Forecast

<i>Rm</i>	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E
<b>Revenue</b>	<b>10,120</b>	<b>10,612</b>	<b>10,221</b>	<b>10,258</b>	<b>11,549</b>	<b>12,373</b>	<b>12,823</b>	<b>13,291</b>	<b>13,348</b>	<b>14,414</b>	<b>15,576</b>
Recycled containerboard, cartonboard & other	3,662	4,042	3,641	3,709	4,804	4,785	4,520	4,724	5,197	5,788	6,447
Corrugated packaging, bags and sacks	4,003	4,189	5,050	4,920	4,884	5,548	6,147	6,248	6,061	6,430	6,821
Plastics	2,455	2,382	1,530	1,629	1,861	2,041	2,156	2,318	2,090	2,196	2,307
<b>Revenue growth</b>		<b>4.9%</b>	<b>-3.7%</b>	<b>0.4%</b>	<b>12.6%</b>	<b>7.1%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>0.4%</b>	<b>8.0%</b>	<b>8.1%</b>
Recycled containerboard, cartonboard & other		10.4%	-9.9%	1.9%	29.5%	-0.4%	-5.5%	4.5%	10.0%	11.4%	11.4%
Corrugated packaging, bags and sacks		4.6%	20.6%	-2.6%	-0.7%	13.6%	10.8%	1.6%	-3.0%	6.1%	6.1%
Plastics		-3.0%	-35.8%	6.5%	14.2%	9.7%	5.7%	7.5%	-9.8%	5.1%	5.1%
<b>Operating Profit</b>	<b>457</b>	<b>672</b>	<b>797</b>	<b>661</b>	<b>948</b>	<b>1,164</b>	<b>1,210</b>	<b>923</b>	<b>768</b>	<b>1,019</b>	<b>1,110</b>
Paper	443	694	716	578	875	1,109	1,168	909	732	977	1,061
Plastics	70	50	156	149	200	198	189	89	146	154	162
Corporate & Other	-56	-72	-75	-58	-72	-81	-80	-15	-80	-80	-80
<b>Operating Margin</b>	<b>4.5%</b>	<b>6.3%</b>	<b>7.8%</b>	<b>6.4%</b>	<b>8.2%</b>	<b>9.4%</b>	<b>9.4%</b>	<b>6.9%</b>	<b>5.8%</b>	<b>7.1%</b>	<b>7.1%</b>
Paper	5.8%	8.4%	8.2%	6.7%	9.0%	10.7%	11.0%	8.3%	6.5%	8.0%	8.0%
Plastics	2.8%	2.1%	10.2%	9.2%	10.7%	9.7%	8.8%	3.9%	7.0%	7.0%	7.0%
<b>Operating Profit Growth</b>		<b>47%</b>	<b>18%</b>	<b>-17%</b>	<b>43%</b>	<b>23%</b>	<b>4%</b>	<b>-24%</b>	<b>-17%</b>	<b>33%</b>	<b>9%</b>
Paper		57%	3%	-19%	51%	27%	5%	-22%	-20%	34%	9%
Plastics		-29%	215%	-4%	34%	-1%	-5%	-53%	64%	5%	5%

Source: Company data, Chronux Research estimates

Figure 12 Divisional Forecast

Rm	2021A	2022A	2023A	1H24	2H24	2024A	1H25	2H25	2025E	1H26	2H26	2026E	1H27	2H27	2027E
<b>Group - Totals</b>															
<b>Total Turnover</b>	<b>11,549</b>	<b>12,373</b>	<b>12,823</b>	<b>6,173</b>	<b>7,118</b>	<b>13,291</b>	<b>6,368</b>	<b>6,979</b>	<b>13,348</b>	<b>6,880</b>	<b>7,534</b>	<b>14,414</b>	<b>7,438</b>	<b>8,138</b>	<b>15,576</b>
- Growth	12.6%	7.1%	3.6%	-1.1%	8.1%	3.6%	3.2%	-1.9%	0.4%	8.0%	7.9%	8.0%	8.1%	8.0%	8.1%
- Seasonality				46.4%	53.6%		47.7%	52.3%		47.7%	52.3%		47.8%	52.2%	
<b>EBITDA</b>	<b>1,447</b>	<b>1,673</b>	<b>1,744</b>	<b>729</b>	<b>774</b>	<b>1,502</b>	<b>608</b>	<b>776</b>	<b>1,384</b>	<b>716</b>	<b>926</b>	<b>1,642</b>	<b>767</b>	<b>971</b>	<b>1,738</b>
- Growth	20.9%	15.6%	4.3%	-8.6%	-18.3%	-13.9%	-16.6%	0.3%	-7.9%	17.8%	19.3%	18.6%	7.1%	4.9%	5.9%
Depr and Amort	499	508	534	306	273	579	297	319	616	300	322	622	303	326	629
	-7%	2%	5%	15%	2%	8%	-3%	17%	6%	1%	1%	1%	1%	1%	1%
<b>Operating profit - excluding special items</b>	<b>947.5</b>	<b>1,164.2</b>	<b>1,210.4</b>	<b>422.5</b>	<b>500.7</b>	<b>923.2</b>	<b>310.6</b>	<b>457.1</b>	<b>767.7</b>	<b>415.9</b>	<b>603.4</b>	<b>1,019.3</b>	<b>463.9</b>	<b>645.6</b>	<b>1,109.5</b>
- Margin	8.2%	9.4%	9.4%	6.8%	7.0%	6.9%	4.9%	6.5%	5.8%	6.0%	8.0%	7.1%	6.2%	7.9%	7.1%
- Growth	43.4%	22.9%	4.0%	-20.4%	-26.3%	-23.7%	-26.5%	-8.7%	-16.8%	33.9%	32.0%	32.8%	11.5%	7.0%	8.9%
- Seasonality				98.5%	101.3%		84.8%	113.9%		85.5%	113.3%		87.6%	111.4%	
<b>Assets (Tangible, goodwill &amp; intangible)</b>	<b>7,575</b>	<b>9,137</b>	<b>10,223</b>	<b>12,178</b>	<b>10,632</b>	<b>10,632</b>	<b>10,898</b>	<b>11,164</b>	<b>11,164</b>	<b>11,443</b>	<b>11,722</b>	<b>11,722</b>	<b>12,015</b>	<b>12,308</b>	<b>12,308</b>
- Growth	-5.7%	20.6%	11.9%	11.5%	4.0%	4.0%	-10.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
	-454	1,562	1,086			409			532			558			586
<b>Paper</b>															
<b>Paper - Total</b>															
Segment revenue	9,725	10,373	10,715	5,097		11,008									
Intersegment revenue	-37	-40	-48	-18		-36									
Turnover	9,688	10,333	10,667	5,078	5,894	10,972	5,439	5,818	11,257	5,904	6,314	12,218	6,413	6,856	13,268
- Growth	12.3%	6.7%	3.2%	-3.2%	8.8%	2.9%	7.1%	-1.3%	2.6%	8.5%	8.5%	8.5%	8.6%	8.6%	8.6%
- Volume		6.9%													
- Volume (other)															
- Price		9.0%													
Turnover - Recycled containerboard, cartonboard	4,804	4,785	4,520	2,104	2,621	4,724	2,524	2,672	5,197	2,812	2,977	5,788	3,132	3,315	6,447
- Growth	29.5%	-0.4%	-5.5%	-7.8%	17.0%	4.5%	20.0%	2.0%	10.0%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%
- Volume	9.8%	-8.0%	-15.0%	0.0%		7.5%	20.0%		3.0%	5.0%		5.0%	5.0%	5.0%	5.0%
- Capacity expansion										2.0%		2.0%	2.0%	2.0%	2.0%
- Price	19.7%	8.0%	9.5%	-7.8%		-3.0%	0.0%		0.0%	4.0%		4.0%	4.0%	4.0%	4.0%
Turnover - Corrugated packaging, bags and sacks	4,884	5,548	6,147	2,975	3,273	6,248	2,915	3,145	6,061	3,093	3,337	6,430	3,281	3,540	6,821
- Growth	-0.7%	13.6%	10.8%	0.3%	2.9%	1.6%	-2.0%	-3.9%	-3.0%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
- Volume	5.7%	5.0%	-7.0%	-1.4%		0.0%	-2.0%		-3.0%	3.0%		3.0%	3.0%	3.0%	3.0%
- Capacity expansion															0.0%
- Price	-6.4%	8.0%	17.8%	1.7%		1.6%	0.0%		0.0%	3.0%		3.0%	3.0%	3.0%	3.0%
<b>EBITDA</b>	<b>1,168</b>	<b>1,397</b>	<b>1,475</b>	<b>575</b>	<b>665</b>	<b>1,240</b>	<b>482</b>	<b>600</b>	<b>1,082</b>	<b>587</b>	<b>744</b>	<b>1,331</b>	<b>624</b>	<b>795</b>	<b>1,419</b>
Growth		19.6%	5.6%	-17.5%	-14.5%	-15.9%	-16.2%	-9.8%	-12.8%	21.8%	24.0%	23.0%	6.4%	6.8%	6.6%
Depr and Amort	293	287	307	178	153	331	172	179	350	173	180	354	175	182	357
<b>Operating profit</b>	<b>875</b>	<b>1,109</b>	<b>1,168</b>	<b>397</b>	<b>512</b>	<b>909</b>	<b>310</b>	<b>422</b>	<b>732</b>	<b>413</b>	<b>564</b>	<b>977</b>	<b>449</b>	<b>613</b>	<b>1,061</b>
- Margin	9.0%	10.7%	10.9%	7.8%	8.7%	8.3%	5.7%	7.2%	6.5%	7.0%	8.9%	8.0%	7.0%	8.9%	8.0%
- Growth	51.5%	26.8%	5.3%	-27.6%	-17.4%	-22.2%	-21.9%	-17.6%	-19.5%	33.3%	33.8%	33.6%	8.6%	8.6%	8.6%
<b>Assets (Tangible, goodwill &amp; intangible)</b>	<b>5,369</b>	<b>6,078</b>	<b>7,062</b>	<b>7,652</b>	<b>7,532</b>	<b>7,532</b>	<b>7,721</b>	<b>7,909</b>	<b>7,909</b>	<b>8,107</b>	<b>8,304</b>	<b>8,304</b>	<b>8,512</b>	<b>8,720</b>	<b>8,720</b>
- Growth	7.4%	13.2%	16.2%	12.4%		6.7%	2.5%		5.0%	2.5%		5.0%	2.5%		5.0%
<b>Operating profit excluding special items/Tota</b>	<b>16.3%</b>	<b>18.3%</b>	<b>16.5%</b>			<b>12.1%</b>			<b>9.3%</b>			<b>11.8%</b>			<b>12.2%</b>

Source: Company data, Chronux Research estimates

Figure 13 Divisional Forecast

<b>Plastics - Total</b>															
Turnover	1,861	2,041	2,156	1,095	1,224	2,318	929	1,161	2,090	976	1,220	2,196	1,025	1,282	2,307
- Growth	14.2%	9.7%	5.7%	10.3%	5.1%	7.5%	-15.1%	-5.1%	-9.8%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
- Volume															
- Price															
Turnover - Plastics Converting	1,861	2,041	2,156	1,095	1,224	2,318	929	1,161	2,090	976	1,220	2,196	1,025	1,282	2,307
- Growth	14.2%	9.7%	5.7%	7.8%	5.1%	12.2%	-15.1%	-5.1%	-9.8%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
- Volume	9.5%	0.0%	-3.8%	2.7%		10.0%	-20.0%		-15.0%	3.0%		3.0%	3.0%		3.0%
- Capacity expansion							4.0%		4.0%	0.0%		0.0%	0.0%		0.0%
- Price	4.7%	9.9%	9.5%	5.0%		2.0%	2.0%		2.0%	2.0%		2.0%	2.0%		2.0%
EBITDA	347	350	340	158	103	261	146	189	335	150	194	345	164	190	354
Depr and Amort	148	152	151	94	78	172	91	98	189	92	99	191	93	100	193
Operating profit	200	198	189	64	25	89	56	91	146	59	95	154	72	90	162
- Margin	10.7%	9.7%	8.8%	5.8%	2.1%	3.9%	6.0%	7.8%	7.0%	6.0%	7.8%	7.0%	7.0%	7.0%	7.0%
- Growth	33.7%	-0.9%	-4.6%	1.1%	-79.8%	-52.7%	-12.8%	256.7%	63.9%	5.1%	5.1%	5.1%	22.6%	-5.7%	5.1%
Operating profit - Plastics Converting	200	198	189	64	25	89	56	91	146	59	95	154	72	90	162
- Margin	10.7%	9.7%	8.8%	5.8%	2.1%	3.9%	6.0%	7.8%	7.0%	6.0%	7.8%	7.0%	7.0%	7.0%	7.0%
- Growth	33.7%	-0.9%	-4.6%	1.1%	-79.8%	-52.7%	-12.8%	256.7%	63.9%	5.1%	5.1%	5.1%	22.6%	-5.7%	5.1%
Assets (Tangible, goodwill & intangible)	1,417	2,050	2,145	2,280	2,033	2,033	2,084	2,135	2,135	2,188	2,242	2,242	2,298	2,354	2,354
- Growth	-7.8%	44.7%	4.6%	13.7%		-5.2%	2.5%		5.0%	2.5%		5.0%	2.5%		5.0%
Operating profit excluding special items/Total assets	14.1%	9.6%	8.8%			4.4%			6.9%			6.9%			6.9%
<b>Corporate and other business (incl paperlink)</b>															
<b>Corporate and other business - Total</b>															
Turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	-13	-12	-4	21	41	62	-5	3	-3	-5	3	-2	-5	3	-1
Depr and Amort	59	69	76	34	42	77	35	43	77	35	43	78	35	43	79
Operating profit	-72	-81	-80	-14	-1	-15	-40	-40	-80	-40	-40	-80	-40	-40	-80
Special items			-93			3									
Operating profit - including special items	-72	-81	-174	-14	2	-12	-40	-40	-80	-40	-40	-80	-40	-40	-80
- Margin															
- Growth	24.4%	4.0%	4.0%	4.0%	-101.4%	4.0%	4.0%	-2322.2%	4.0%	4.0%	0.0%	4.0%	4.0%	0.0%	4.0%
Assets (Tangible, goodwill & intangible)	789	1,009	1,016	2,246	1,066	1,066	1,093	1,120	1,120	1,148	1,176	1,176	1,205	1,234	1,234
- Growth	-47.2%	27.8%	0.7%	6.4%		5.0%	2.5%		5.0%	2.5%		5.0%	2.5%		5.0%
Operating profit/Total assets	-9.1%	-8.0%	-7.9%			-1.4%			-7.1%			-6.8%			-6.5%
<b>Intersegmental eliminations</b>															
Turnover	-37	-41	-53	0	0	0	0	0	0	0	0	0	0	0	0
- Growth	#DIV/0!	11.1%	28.9%	3.0%	-100.0%	-100.0%	3.0%	#DIV/0!	3.0%	3.0%	#DIV/0!	3.0%	3.0%	#DIV/0!	3.0%
Operating profit	-55	-62.3	-66.3	-24.8	-35.9	-60.7	-15.2	-15.2	-30.4	-15.9	-15.9	-31.9	-16.7	-16.7	-33.5

Source: Company data, Chronux Research estimates

Figure 14 Income Statement - Forecast

Mpact Limited	12/2015	12/2016	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	12/2027
<b>Sales</b>	<b>9548</b>	<b>10099</b>	<b>10120</b>	<b>10612</b>	<b>11076</b>	<b>11097</b>	<b>11549</b>	<b>12373</b>	<b>12823</b>	<b>13291</b>	<b>13348</b>	<b>14414</b>	<b>15576</b>
Cost of Goods Sold (COGS) incl. D&A	6293	6770	7021	7143	6658	6743	6897	7171	7340	7777	9615	10301	629
<b>Gross Income</b>	<b>3255</b>	<b>3329</b>	<b>3099</b>	<b>3469</b>	<b>4419</b>	<b>4354</b>	<b>4652</b>	<b>5203</b>	<b>5483</b>	<b>5514</b>	<b>3733</b>	<b>4113</b>	<b>14947</b>
SG&A Expense	2355	2532	2631	2845	3761	3770	3781	4140	4379	4654	2965	3094	13838
Other Operating Expense	0	36	0	0	-46	-23	-13	-21	-14	0	6	6	6
<b>EBIT (Operating Income)</b>	<b>900</b>	<b>761</b>	<b>468</b>	<b>624</b>	<b>703</b>	<b>607</b>	<b>884</b>	<b>1084</b>	<b>1118</b>	<b>891</b>	<b>762</b>	<b>1013</b>	<b>1104</b>
Nonoperating Income - Net	13	15	-10	38	26	6	28	47	35	28	26	27	28
Interest Expense	136	204	209	227	259	176	144	189	296	318	302	236	200
Unusual Expense - Net	-	9	8	30	1294	10	-24	-68	24	0	6	6	6
Income Taxes	172	183	-26	102	-84	78	228	293	250	77	51	224	259
Equity in Earnings of Affiliates	13	16	20	23	17	15	7	16	18	19	19	20	21
<b>Consolidated Net Income</b>	<b>618</b>	<b>397</b>	<b>288</b>	<b>327</b>	<b>-722</b>	<b>363</b>	<b>572</b>	<b>733</b>	<b>602</b>	<b>570</b>	<b>448</b>	<b>595</b>	<b>689</b>
Minority Interest	15	6	12	11	37	44	54	71	62	88	92	97	102
<b>Net Income</b>	<b>603</b>	<b>391</b>	<b>275</b>	<b>316</b>	<b>-759</b>	<b>319</b>	<b>518</b>	<b>663</b>	<b>539</b>	<b>482</b>	<b>356</b>	<b>498</b>	<b>587</b>
Discontinued Operations	0	0	0	0	-224	0	2	65	176	0	6	6	6
Net Income available to Common	603	391	275	316	-982	319	520	727	715	507	350	492	581
<b>Per Share</b>													
EPS (recurring)	3.63	2.38	1.65	1.97	-0.45	1.92	3.34	4.56	4.96	3.30	2.51	3.47	4.08
EPS (diluted)	3.63	2.34	1.62	1.85	-5.74	1.88	3.45	4.88	4.85	3.43	2.50	3.47	4.07
Earnings Persistence	80.30	82.52	86.74	92.43	83.01	81.73	84.04	79.25	84.41	93.88			
Dividends per Share	1.10	0.95	0.55	0.70	0.60	0.00	0.50	1.15	1.20	1.05	0.84	1.16	1.36
<b>EBITDA</b>													
EBITDA	1310	1249	1010	1190	1354	1146	1383	1592	1652	1469	1384	1642	1738

All figures in millions of South African Rand except per share items.

Mpact Limited	12/2015	12/2016	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	12/2027
Rental Expense	132	125	111	134	58	43	39	38	38	40			
Stock Option Comp Exp (Net of Tax)	14	17	20	20	21	15	25	28	29	17			
Foreign Currency Translation Gains/Losses	7	-36	-19	24	6	-9	10	42	20	4			
Tax Rate	22.2	32.4	-10.9	25.2	-	18.4	28.8	29.0	30.0	12.3	22.0	27.0	27.0
Headline EPS	3.66	2.42	1.65	1.96	1.49	1.96	3.44	4.75	5.12	3.40	2.51	3.47	4.08
Headline EPS (diluted)	3.63	2.41	1.64	1.95	1.49	1.96	3.36	4.63	5.09	3.39	2.50	3.47	4.07

All figures in millions of South African Rand except per share items.

Mpact Limited	12/2015	12/2016	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	12/2027
Price / Sales	0.8	0.5	0.4	0.3	0.2	0.2	0.5	0.4	0.3	0.3	0.3	0.3	0.2
Price / Earnings	12.8	12.0	15.1	11.3	-2.6	7.3	9.9	5.8	6.1	8.6	10.0	7.2	6.1
Price / Book Value	2.1	1.2	1.0	0.8	0.7	0.6	1.3	0.9	0.9	0.8	0.6	0.6	0.5
Price / Tangible Book Value	3.0	1.7	1.4	1.1	0.9	0.7	1.5	1.1	1.0	0.9	0.6	0.6	0.6
Price / Cash Flow	9.5	7.2	5.8	5.1	3.9	1.4	7.2	7.7	2.9	3.0			
Price / Free Cash Flow	-	-	-	20.1	37.7	2.1	124.4	-	-	9.8			
Dividend Yield (%)	2.3	3.4	2.3	3.3	4.0	0.0	1.4	3.9	4.0	1.7	3.4	4.6	5.5
Enterprise Value / EBIT	10.5	9.0	13.9	9.3	7.2	6.5	8.1	6.4	6.7	8.1	9.5	7.2	6.6
Enterprise Value / EBITDA	7.2	5.5	6.4	4.9	3.8	3.4	5.2	4.4	4.5	4.9	5.2	4.4	4.2
Enterprise Value / Sales	1.0	0.7	0.6	0.5	0.5	0.4	0.6	0.6	0.6	0.5	0.5	0.5	0.5
EBIT / Interest Expense (Int. Coverage)	5.5	3.6	2.0	2.7	2.7	3.4	6.1	5.7	3.6	2.4	2.5	4.3	5.5

Source: Factset, Company data, Chronux Research estimates

Figure 15 Balance Sheet and Cash Flow - Forecast

	12/2015	12/2016	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	12/2027
<b>Assets</b>													
Cash & Short-Term Investments	524	409	353	706	447	576	374	612	882	976	830	593	383
Short-Term Receivables	1999	2114	2307	2373	2273	2197	2362	2935	2932	2593	2674	3120	3645
Inventories	1275	1393	1431	1748	1885	1403	1463	1979	1999	2156	2165	2338	2527
Other Current Assets	19	33	0	1	3	1	3	4	1	6	18	18	18
<b>Total Current Assets</b>	<b>3817</b>	<b>3949</b>	<b>4091</b>	<b>4828</b>	<b>4608</b>	<b>4176</b>	<b>4203</b>	<b>5530</b>	<b>5813</b>	<b>5731</b>	<b>5688</b>	<b>6070</b>	<b>6573</b>
Net Property, Plant & Equipment	3041	3489	3822	3737	3099	3149	3330	3852	4923	5525	5632	5741	5851
Total Investments and Advances	106	124	129	142	100	108	112	114	113	182	237	247	257
Long-Term Note Receivable	23	20	23	40	39	27	20	31	31	46	0	0	0
Intangible Assets	1067	1126	1110	1102	569	556	550	538	434	426	470	518	571
Deferred Tax Assets	15	5	7	9	11	12	10	4	73	95	95	95	95
Other Assets	0	0	0	21	0	0	497	191	248	0	140	-150	-504
<b>Total Assets</b>	<b>8069</b>	<b>8712</b>	<b>9182</b>	<b>9879</b>	<b>8425</b>	<b>8028</b>	<b>8722</b>	<b>10260</b>	<b>11635</b>	<b>12005</b>	<b>12260</b>	<b>12519</b>	<b>12843</b>
<b>Liabilities &amp; Shareholders' Equity</b>													
ST Debt & Curr. Portion LT Debt	770	990	1207	1430	92	93	299	87	77	81	81	81	81
Accounts Payable	1068	1220	1434	1369	1197	1170	1111	1339	1379	1537	2407	2599	2809
Income Tax Payable	4	3	1	4	6	9	6	16	35	32	32	32	32
Other Current Liabilities	809	634	615	857	605	757	765	832	888	869	9	9	9
<b>Total Current Liabilities</b>	<b>2650</b>	<b>2847</b>	<b>3257</b>	<b>3660</b>	<b>1899</b>	<b>2030</b>	<b>2180</b>	<b>2274</b>	<b>2379</b>	<b>2519</b>	<b>2529</b>	<b>2722</b>	<b>2931</b>
Long-Term Debt	1331	1417	1388	1401	2631	1891	1831	2852	3471	3265	3208	2808	2408
Provision for Risks & Charges	53	52	49	40	40	44	42	38	35	34	32	32	32
Deferred Tax Liabilities	267	343	212	227	96	87	217	227	275	320	323	323	323
Other Liabilities	22	4	10	4	13	64	212	0	8	0	0	0	0
<b>Total Liabilities</b>	<b>4323</b>	<b>4663</b>	<b>4915</b>	<b>5332</b>	<b>4678</b>	<b>4116</b>	<b>4482</b>	<b>5391</b>	<b>6168</b>	<b>6139</b>	<b>6091</b>	<b>5884</b>	<b>5693</b>
Common Equity	3605	3907	4133	4418	3491	3628	3910	4482	5027	5345	5556	5926	6339
Total Shareholders' Equity	3605	3907	4133	4418	3491	3628	3910	4482	5027	5345	5556	5926	6339
Accumulated Minority Interest	107	113	110	111	256	285	330	386	441	521	613	709	811
Total Equity	3712	4021	4243	4529	3747	3913	4240	4868	5468	5866	6169	6635	7150
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>8069</b>	<b>8712</b>	<b>9182</b>	<b>9879</b>	<b>8425</b>	<b>8028</b>	<b>8722</b>	<b>10260</b>	<b>11635</b>	<b>12005</b>	<b>12260</b>	<b>12519</b>	<b>12843</b>
<b>Per Share</b>													
Book Value per Share	21.91	23.31	24.38	25.85	20.43	22.30	26.89	30.81	34.10	36.26	41.95	45.12	48.62
Tangible Book Value per Share	15.43	16.59	17.83	19.40	17.10	18.88	23.11	27.12	31.15	33.37	38.75	41.60	44.74
<b>Operating Activities</b>													
Net Income / Starting Line	790	580	261	429	-806	442	800	1026	851	647	511	831	960
Depreciation, Depletion & Amortization	410	488	542	566	650	539	499	508	534	578	616	622	629
Other Funds	-145	-123	-98	-50	1171	-22	-103	-213	9	-83	-77	-251	-287
<b>Funds from Operations</b>	<b>1056</b>	<b>945</b>	<b>705</b>	<b>946</b>	<b>1016</b>	<b>959</b>	<b>1196</b>	<b>1322</b>	<b>1394</b>	<b>1142</b>	<b>1050</b>	<b>1202</b>	<b>1301</b>
Changes in Working Capital	-234	-289	6	-236	-356	682	-466	-756	107	308	-13	-235	-256
<b>Net Operating Cash Flow</b>	<b>822</b>	<b>656</b>	<b>711</b>	<b>709</b>	<b>660</b>	<b>1641</b>	<b>730</b>	<b>566</b>	<b>1500</b>	<b>1450</b>	<b>1038</b>	<b>967</b>	<b>1045</b>
<b>Investing Activities</b>													
Capital Expenditures	-979	-837	-856	-534	-592	-518	-687	-1006	-1536	-1003	-931	-625	-630
Net Assets from Acquisitions	-1	-90	-18	-6	-13	0	-49	0	0	0	0	0	0
Sale of Fixed Assets & Businesses	5	9	17	33	4	6	43	14	17	260	0	0	0
Purchase/Sale of Investments	0	-20	0	-25	-29	-4	-7	9	2	-85	0	0	0
Other Funds	26	4	-4	1	32	12	7	1	1	2	25	25	25
<b>Net Investing Cash Flow</b>	<b>-949</b>	<b>-934</b>	<b>-861</b>	<b>-532</b>	<b>-597</b>	<b>-505</b>	<b>-692</b>	<b>-982</b>	<b>-1517</b>	<b>-827</b>	<b>-906</b>	<b>-601</b>	<b>-605</b>
<b>Financing Activities</b>													
Cash Dividends Paid	-76	-77	-47	-47	-125	-72	0	-131	-176	-155	-157	-141	-186
Change in Capital Stock	-74	-25	-50	-22	-8	-88	-302	-50	-59	-59	0	0	0
Issuance/Reduction of Debt, Net	256	287	196	231	-199	-752	212	846	613	-250	-120	-463	-464
Other Funds	-6	-11	-7	12	5	-15	-9	-14	-8	0	0	0	0
<b>Net Financing Cash Flow</b>	<b>101</b>	<b>175</b>	<b>93</b>	<b>175</b>	<b>-327</b>	<b>-998</b>	<b>-172</b>	<b>577</b>	<b>303</b>	<b>-530</b>	<b>-277</b>	<b>-604</b>	<b>-650</b>
Exchange Rate Effect	-	0	-	-	-	-	-	0	1	0	0	0	0
<b>Net Change in Cash</b>	<b>-26</b>	<b>-103</b>	<b>-57</b>	<b>352</b>	<b>-264</b>	<b>138</b>	<b>-134</b>	<b>160</b>	<b>287</b>	<b>94</b>	<b>-146</b>	<b>-237</b>	<b>-209</b>
<b>Free Cash Flow</b>													
Free Cash Flow per Share	-0.95	-1.08	-0.85	1.05	0.40	6.61	0.28	-2.95	-0.25	3.03	0.73	2.33	2.83
Free Cash Flow Yield (%)	-2.0	-3.8	-3.5	5.0	2.7	47.8	0.8	-10.1	-0.8	10.3	2.9	9.3	11.3

Source: Factset, Company data, Chronux Research estimates

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