

REVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2014 AND DIVIDEND ANNOUNCEMENT



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A leading manufacturer, recycler and distributor of plastic and paper packaging products

TURNOVER UP 11% ■ NAV UP 11% ■ TOTAL DIVIDEND PER SHARE 93 CENTS (FINAL DIVIDEND PER SHARE 54 CENTS)

INTRODUCTION

Transpaco maintained its consistent performance, with good turnover growth and a slight increase in headline earnings per share despite challenging trading conditions.

The group achieved turnover of R1,25 billion, attributable to a combination of volume growth and certain price increases.

Emphasis on marketing and sales strategies remain a prime focus of the group in order to maintain momentum.

Transpaco's performance was further strengthened by controlled operating costs which increased by 6,1% year on year despite above inflation rises in energy and labour costs. Improved production and manufacturing efficiencies together with well-managed working capital resulting in minimal net interest paid of R1,0 million (June 2013: R1,0 million) assisted in achieving these results.

Margins remained under pressure from higher input costs – notably energy and raw materials resulting in a reduction in operating margin to 7,8% (June 2013: 8,3%).

FINANCIAL RESULTS

Group operating profit increased by 5,1% to R97,8 million (June 2013: R93,1 million) on turnover of R1 247,4 million up 11,1% (June 2013: R1 123,2 million).

Transpaco's total comprehensive income improved by 4,2% to R69,7 million (June 2013: R66,9 million) and earnings per share (EPS) by 3,7% to 216,5 cents (June 2013: 208,9 cents).

Headline earnings grew by 1,0% to R67,3 million (June 2013: R66,7 million) and headline earnings per share (HEPS) by 0,5% to 209,2 cents (June 2013: 208,2 cents).

The weighted average number of shares in issue in calculating HEPS and EPS is 32 164 000 compared to 32 012 000 in the previous year.

Diluted HEPS increased 0,9% to 205,5 cents (June 2013: 203,7 cents).

Cash generated from operations increased to R121,0 million (June 2013: R100,1 million). Cash and cash equivalents at the end of the year were R91,3 million (June 2013: R83,7 million).

Transpaco's net interest-bearing debt-to-equity position remains cash positive with interest cover improving to 95,6 times (June 2013: 90,5 times).

Net asset value per share increased by 10,8% to 1 249 cents (June 2013: 1 127 cents).

STATEMENT OF COMPREHENSIVE INCOME				
R'000	Reviewed 12 months June 2014	% Change	Audited 12 months June 2013	
Revenue	1 248 997		1 125 260	
Turnover	1 247 386	11,1	1 123 204	
Cost of sales	(816 179)		(715 749)	
Profit before operating costs and depreciation	431 207	5,8	407 455	
Operating costs	(300 060)		(282 697)	
Depreciation	(33 303)		(31 618)	
Operating profit	97 844	5,1	93 140	
Finance income	1 611		2 056	
Finance costs	(2 635)		(3 085)	
Profit before taxation	96 820	5,1	92 111	
Taxation	(27 169)		(25 246)	
Profit for the year	69 651		66 865	
Other comprehensive income	–		–	
Total comprehensive income for the year	69 651	4,2	66 865	
Weighted average number of shares in issue ('000)	32 164		32 012	
Diluted weighted average number of shares in issue ('000)	32 748		32 719	
Earnings per share (cents)	216,5	3,7	208,9	
Diluted earnings per share (cents)	212,7	4,1	204,4	
Headline earnings per share (cents)	209,2	0,5	208,2	
Diluted headline earnings per share (cents)	205,5	0,9	203,7	
Dividend per share (cents)*	93,0	3,3	90,0	
Reconciliation of headline earnings (R'000)				
Basic earnings	69 651		66 865	
Profit on disposal of property, plant and equipment	(2 354)		(208)	
Headline earnings	67 297	1,0	66 657	

*Includes interim dividend of 39 cents (June 2013: 36,5 cents) and a dividend declared after the period of 54 cents (June 2013: 53,5 cents)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY					
R'000	Share Capital	Share Premium	Other Reserves	Distributable Reserve	Total
Balance at 30 June 2012	320	11 019	2 438	306 746	320 523
Profit for the year	–	–	–	66 865	66 865
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	66 865	66 865
Share-based payments	–	–	920	–	920
Dividend paid	–	–	–	(27 521)	(27 521)
Movement in treasury shares	–	–	–	148	148
Balance at 30 June 2013	320	11 019	3 358	346 238	360 935
Profit for the year	–	–	–	69 651	69 651
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	69 651	69 651
Share-based payments	–	–	498	–	498
Dividend paid	–	–	–	(29 919)	(29 919)
Movement in treasury shares	2	–	–	1 016	1 018
Balance at 30 June 2014	322	11 019	3 856	386 986	402 183

PROSPECTS

The tough trading environment continues to present challenges for Transpaco. Management will remain focused on sound business and financial fundamentals in an effort to achieve Transpaco's organic growth ambitions.

Expansion opportunities including acquisitions are being pursued.

A national industry strike which affected several Transpaco facilities and many customers of Transpaco may impact trading for the first two months of the 2015 financial year.

TRANSFORMATION

Transpaco's fifth independent accreditation process in respect of B-BBEE reflected an improvement in level of contribution. However, the group retained its status as a Level 4 value added contributor due to the movement in targets. Consequently Transpaco customers can attribute 125% of their purchases from Transpaco to preferential procurement.

DIVIDEND

The board has declared a final gross cash dividend out of income reserves of 54,0 cents per share resulting in total dividends of 93,0 cents per share for the year ended 30 June 2014 (June 2013: 90,0 cents per share), an increase of 3,3%. No STC credits have been utilised. After applying the dividend withholding tax of 15% a net final dividend of 45,90000 cents per share will be paid to those shareholders who are not exempt from the dividends tax. The issued shares at the date of declaration is 33 177 482 ordinary shares. The Income Tax reference number is 9975/112/71/6.

The salient dates for the dividend are as follows:

Last date to trade shares <i>cum</i> dividend	Friday, 12 September 2014
Shares trade <i>ex</i> dividend	Monday, 15 September 2014
Record date	Friday, 19 September 2014
Payment date	Monday, 22 September 2014

Share certificates may not be dematerialised or rematerialised between Monday, 15 September 2014 and Friday, 19 September 2014, both days inclusive.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The reviewed condensed consolidated annual financial results have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) issued by the International Standards Board (IASB), its interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, minimum presentation and disclosure requirements set out in IAS 34 – Interim Financial Reporting, the JSE Listings Requirements and the Companies Act of South Africa. The accounting policies are consistent in all material respects with those applied in the preparation of the group's annual financial statements for the year ended 30 June 2013.

STATEMENT OF FINANCIAL POSITION			
R'000	Reviewed 12 months June 2014	Audited 12 months June 2013	
ASSETS	213 606	202 602	
Non-current assets	207 163	193 901	
Property, plant and equipment	207 163	193 901	
Intangibles	482	482	
Goodwill	3 204	3 204	
Long-term receivables	–	642	
Deferred taxation	2 757	4 373	
Current assets	441 404	393 393	
Inventories	161 835	120 416	
Trade and other receivables	183 757	185 579	
Short-term receivables	642	2 308	
Taxation receivable	3 904	1 404	
Cash and cash equivalents	91 266	83 686	
Non-current asset classified as held-for-sale	–	885	
TOTAL ASSETS	655 010	596 880	
EQUITY AND LIABILITIES	402 183	360 935	
Capital and reserves	322	320	
Issued share capital	322	320	
Share premium	11 019	11 019	
Other reserve	3 856	3 358	
Distributable reserve	386 986	346 238	
Non-current liabilities	49 222	53 491	
Interest-bearing borrowings	21 539	32 612	
Deferred income	5 230	–	
Deferred taxation	22 453	20 879	
Current liabilities	203 605	182 454	
Trade payables and accruals	172 988	148 898	
Provisions	19 225	17 449	
Current portion of interest-bearing borrowings	10 632	13 244	
Deferred income	689	–	
Taxation payable	71	2 863	
TOTAL EQUITY AND LIABILITIES	655 010	596 880	
Number of shares in issue ('000)	32 017	31 991	
Number of shares (net of treasury shares)	32 017	31 991	
Net movement in treasury shares	180	26	
Ranking number of shares	32 197	32 017	
Salient features	1 249	1 127	
Net asset value per share (cents)	1 249	1 127	
Operating margin %	7,8%	8,3%	
Net interest-bearing debt: equity ratio %	Net cash positive	Net cash positive	
Interest cover (X)	95,6	90,5	

CAPITAL COMMITMENTS			
R'000	Reviewed 12 months June 2014	Audited 12 months June 2013	
Capital expenditure authorised and contracted			
Property, plant and equipment	10 059	9 347	

The condensed consolidated results do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements for the year ended 30 June 2014.

REVIEW OF INDEPENDENT AUDITORS

The group's auditors Ernst & Young Inc. have reviewed the condensed consolidated financial information for the year. The unmodified review report is available for inspection at Transpaco's registered office. The review was performed in accordance with ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's external auditors.

APPROVAL AND PREPARATION

These condensed consolidated financial results have been prepared under the direction and supervision of the Financial Director, L Weinberg CA(SA).

ON BEHALF OF THE BOARD

AJ Aaron <i>Non-executive Chairman</i>	PN Abelheim <i>Chief Executive</i>	L Weinberg <i>Financial Director</i>
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DIRECTORS

AJ Aaron (Chairman)**; PN Abelheim (Chief Executive); L Weinberg (Financial Director); HA Botha**; SR Bouzaglou; SI Jacobson*; D Thomas*; SP van der Linde**
**non-executive ** independent non-executive*

Date	20 August 2014
Auditors	Ernst & Young Incorporated
Transpaco Limited	Registration number: 1951/000799/06 Share code: TPC ISIN: ZAE000008480
Company secretary	HJ van Niekerk
Sponsor	Investec Bank Limited
Registered Office	331 6 th Street Wynberg Sandton
Transfer Secretaries	Computershare Investor Services (Pty) Limited 70 Marshall Street Johannesburg
Website	www.transpaco.co.za

STATEMENT OF CASH FLOWS			
R'000	Reviewed 12 months June 2014	Audited 12 months June 2013	
Cash flow from operating activities	120 977	100 067	
Cash generated from operations	120 977	100 067	
Dividends paid	(29 919)	(27 521)	
Finance income	1 611	2 056	
Finance costs	(2 635)	(3 085)	
Taxation paid	(29 271)	(23 768)	
Net cash inflow from operating activities	60 763	47 749	
Cash flow from investing activities	4 083	436	
Proceeds on disposal of property, plant and equipment	4 083	436	
Expansion and replacement of property, plant and equipment	(46 907)	(40 007)	
Decrease in long-term receivables	642	2 309	
Decrease/(increase) in short-term receivables	1 666	(198)	
Net cash outflow from investing activities	(40 516)	(37 460)	
Cash flow from financing activities	1 018	148	
Movement in treasury shares	1 018	148	
(Decrease)/increase in interest-bearing borrowings	(11 073)	7 644	
Decrease in current portion of interest-bearing borrowings	(2 612)	(4 947)	
Net cash (outflow)/inflow from financing activities	(12 667)	2 845	
Net movement in cash for the year	7 580	13 134	
Cash and cash equivalents at the beginning of the year	83 686	70 552	
Cash and cash equivalents at the end of the year	91 266	83 686	

SEGMENTAL ANALYSIS				
R'000	Plastic Products	Paper and Board Products	Properties and Group Services	Total Group
Turnover – 2014	818 215	429 171	–	1 247 386
Turnover to customers	879 406	452 993	–	1 332 399
Less turnover to internal customers	61 191	23 822	–	85 013
Turnover – 2013	689 172	434 032	–	1 123 204
Turnover to customers	738 518	450 872	–	1 189 390
Less turnover to internal customers	49 346	16 840	–	66 186
Operating profit – 2014	46 113	46 121	5 610	97 844
Operating profit – 2013	36 028	53 360	3 752	93 140
Profit before tax – 2014	45 125	45 229	6 466	96 820
Profit before tax – 2013	34 557	52 943	4 611	92 111
Capital expenditure – 2014	41 645	4 715	547	46 907
Capital expenditure – 2013	15 861	22 838	1 308	40 007
Assets – 2014	396 058	165 093	93 859	655 010
Assets – 2013	334 186	165 794	96 900	596 880
Liabilities – 2014	154 979	82 317	15 531	252 827
Liabilities – 2013	133 908	76 209	25 828	235 945