

UNAUDITED CONDENSED INTERIM GROUP RESULTS

FOR THE SIX MONTHS TO 31 DECEMBER 2023

AND DECLARATION OF DIVIDEND



Registration number 1951/000799/06 | ISIN: ZAE000007480 | Share code: TPC
("Transpaco" or "the company")

A leading manufacturer and distributor of plastic and paper packaging products

NET ASSET VALUE PER SHARE 3 090 CENTS ■ HEADLINE EARNINGS PER SHARE DOWN 5,6% TO 299,1 CENTS ■ DIVIDEND PER SHARE 80 CENTS

INTRODUCTION

Transpaco's results for the six months ended 31 December 2023 ("the period") reflect a 5,6% decrease in headline earnings per share (HEPS) to 299,1 cents (December 2022: 316,7 cents).

Trading conditions remained challenging due to rampant load shedding, a stagnant economy and high interest rates. However, Transpaco's share buyback strategy curtailed the negative impact on HEPS.

Revenue decreased by 4,5% to R1 377,2 million (December 2022: R1 442,1 million) with operating profit down 12,3% to R126,3 million (December 2022: R144,0 million).

Revenue in the Plastics Division decreased by 10,1%, while conversely revenue in the Paper and Board Division increased by 2,6%. Traditionally revenue is higher in the first six months of the financial year due to the seasonal nature of the business.

The reduction in operating margin to 9,2% (December 2022: 10,0%) contributed to the decrease in the group's operating profit by 12,3%.

FINANCIAL RESULTS

	Six months to December 2023	Six months to December 2022	% increase/ (decrease)
Total operations			
Revenue (R'm)	1 377,2	1 442,1	(4,5)
Operating profit (R'm)	126,3	144,0	(12,3)
Profit before taxation (R'm)	121,4	136,4	(11,0)
Total comprehensive income (R'm)	88,6	99,6	(11,0)
Headline earnings (R'm)	88,6	99,8	(11,2)
Earnings per share (cents)	299,1	316,1	(5,4)
HEPS (cents)	299,1	316,7	(5,6)
Net asset value per share (cents)	3 090	2 788	10,8

Transpaco's balance sheet remains robust as the group continues its sound investment strategy and strict working capital management.

The supply of plastic and paper raw material has stabilised, reducing Transpaco's stock holding to more acceptable levels.

The net interest-bearing debt-to-equity (gearing) position improved to 5,4% (December 2022: 8,9%).

The weighted average number of ordinary shares in issue in calculating EPS and HEPS is 29 622 540 (December 2022: 31 499 388). Shareholders are reminded of the specific share buy-back of 1 100 000 ordinary shares which took place during November 2023 representing 3,30% of the issued share capital of Transpaco, reducing the number of shares in issue to 28 839 988.

EVENTS AFTER THE REPORTING PERIOD

There were no subsequent events after the reporting period.

GOING CONCERN

The Group has assessed its cash flow forecasts and borrowings profiles and is of the view that the Group has sufficient liquidity to meet its obligations as currently foreseen for the foreseeable future.

TRANSFORMATION

Transpaco maintained a level 2 BEE contributor level based on the revised B-BBEE scorecard through various strategic initiatives, including participation in the YES programme.

PROSPECTS

The group will continue its proven business strategy of targeting organic growth while maintaining strict financial control and at the same time identifying and pursuing appropriate acquisitions.

While difficult trading conditions are expected to continue, Transpaco will endeavour to counter this by driving sales, containing costs and maintaining gross profit contributions.

Load shedding will continue to negatively impact Transpaco, and particularly when levels exceed stage 3. In addition, the impact of load shedding on Transpaco's customers is affecting sales.

The purchase of the property from which Transpaco Cores and Tubes Gauteng operates for R44 million , is expected to close in the current financial year.

DIVIDEND

The board has declared an interim gross cash dividend out of income reserves of 80,0 cents per share (December 2022: 85,0 cents per share) for the six-months ended 31 December 2023. After applying the dividend withholding tax of 20%, a net interim dividend of 64,00000 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 28 839 388 ordinary shares. The Income Tax reference number is 9975/11271/6.

The salient dates for the dividend are as follows:

Last date to trade shares cum dividend	Tuesday, 12 March 2024
Shares trade ex-dividend	Wednesday, 13 March 2024
Record date	Friday, 15 March 2024
Payment date	Monday, 18 March 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 March 2024 and Friday, 15 March 2024, both days inclusive.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The group's unaudited condensed interim financial results for the six months ended 31 December 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting ("IAS 34"), interpretations issued by the IFRS Interpretations Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and comply with the JSE Listings Requirements and the Companies Act of South Africa. The accounting policies and methods of computation used in the preparation of the unaudited condensed interim financial results are in terms of IFRS and are consistent in all material aspects with those applied in the most recent annual financial statements.

The unaudited condensed interim group financial 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 consolidated financial statements as at 30 June 2023.

APPROVAL AND PREPARATION

These unaudited interim financial results have been prepared under the direction and supervision of the Chief Financial Officer, L Weinberg CA (SA).

On behalf of the board

DJJ Thomas	PN Abelheim	L Weinberg
Non-executive Chairman	Chief Executive Officer	Chief Financial Officer

19 February 2024

DIRECTORS

DJJ Thomas (Chairman)*; PN Abelheim (Chief Executive); L Weinberg (Chief Financial Officer); HA Botha*; SR Bouzaglou; SY Mahlangu*; SP van der Linde (Lead Independent Director) ^

* Non-executive ^ Independent non-executive

Transpaco Limited Registration number: 1951/000799/06, Share code: TPC, ISIN: ZAE000007480

Auditors BDO South Africa Incorporated Company Secretary HJ van Niekerk Sponsor Investec Bank Limited

Registered office 331 6th Street, Wynberg, Sandton Transfer secretaries Computershare Investor

Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg Website www.transpaco.co.za

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME				
R'000	Unaudited six months December 2023	Unaudited six months December 2023 % change	Unaudited six months December 2022	Audited 12 months June 2023
Revenue	1 377 206	(4,5)	1 442 149	2 591 074
Revenue – plastic products (recognised at a point in time)	728 477	(10,0)	809 852	1 364 663
Revenue – paper and board products (recognised at a point in time)	648 729	2,6	632 297	1 226 411
Cost of sales	(1 011 419)		(1 052 741)	(1 918 039)
Gross profit	365 787	(6,1)	389 409	673 035
Operating Costs	(230 283)	2,4	(235 969)	(405 439)
Depreciation	(9 223)	2,4	(9 453)	(15 132)
Operating profit	126 281	(12,3)	143 987	252 464
Finance income	4 466	240,1	1 313	5 348
Finance costs	(9 328)	(4,3)	(8 942)	(18 105)
Profit before taxation	121 419	(11,0)	136 358	239 707
Taxation	(32 806)	10,8	(36 793)	(63 062)
Profit for the year	88 613	(11,0)	99 565	176 645
Other comprehensive income	–		–	–
Total comprehensive income	88 613	(11,0)	99 565	176 645
Weighted average ranking number of shares in issue ('000)	29 623		31 499	31 106
Diluted weighted average ranking number of shares in issue ('000)	29 623		31 499	31 106
Earnings and diluted earnings per share (cents)	299,1	(5,4)	316,1	567,9
Headline and diluted headline earnings per share (cents)	299,1	(5,6)	316,7	567,8
Dividend per share (cents)^	80,0	(5,9)	85,0	260,0
^Dividend declared after the period				
Reconciliation of headline earnings (R'000)				
Net profit attributable to ordinary equity holders for basic earnings	88 613		99 565	176 645
Loss/(profit) on disposal of property, plant and equipment	2		253	(50)
Total tax effect	(1)		(68)	14
Headline earnings	88 614	(11,2)	99 750	176 609

SEGMENTAL ANALYSIS				
Unaudited six months December 2023, six months December 2022 and audited 12 months June 2023				
R'000	Plastic products	Paper and board products	Properties and group services	Total operations
Revenue from external customers – December 2023 (Recognised at a point in time)	728 477	648 729	–	1 377 206
Revenue from all customers	762 592	685 826	–	1 448 418
Less revenue from internal customers	(34 115)	(37 097)	–	(71 212)
Revenue from external customers – December 2022 (Recognised at a point in time)	809 852	632 297	–	1 442 149
Revenue from all customers	843 901	668 543	–	1 512 444
Less revenue from internal customers	(34 049)	(36 246)	–	(70 295)
Revenue from external customers – June 2023 (Recognised at a point in time)	1 364 663	1 226 411	–	2 591 074
Revenue from all customers	1 423 073	1 290 371	–	2 713 444
Less revenue from internal customers	(58 410)	(63 960)	–	(122 370)
Operating profit – December 2023	73 498	41 062	11 721	126 281
Operating profit – December 2022	93 496	45 383	5 108	143 987
Operating profit – June 2023	133 938	98 817	19 709	252 464
Profit before tax – December 2023	70 693	38 513	12 213	121 419
Profit before tax – December 2022	90 650	42 583	3 125	136 358
Profit before tax – June 2023	128 291	93 336	18 080	239 707
Capital expenditure – December 2023	19 698	2 769	965	23 432
Capital expenditure – December 2022	14 352	7 046	1 003	22 401
Capital expenditure – June 2023	20 630	28 728	4 869	54 227
Assets – December 2023	694 283	535 465	198 932	1 428 680
Assets – December 2022	724 452	572 896	189 483	1 486 831
Assets – June 2023	571 796	590 408	300 497	1 462 701
Liabilities – December 2023	252 822	201 502	83 155	537 479
Liabilities – December 2022	247 338	261 551	99 658	608 547
Liabilities – June 2023	230 831	259 323	86 952	577 106

CONDENSED STATEMENTS OF FINANCIAL POSITION			
	Unaudited six months December 2023	Unaudited six months December 2022	Audited 12 months June 2023
R'000			
ASSETS			
Non-current assets	608 990	615 177	620 470
Property, plant and equipment	482 588	481 568	486 111
Right-of-use assets	33 481	43 169	40 217
Intangibles	17 855	17 855	17 855
Goodwill	64 182	64 182	64 182
Financial assets	4 500	3 000	4 500
Deferred taxation	6 384	5 403	7 605
Current assets	819 690	871 654	842 231
Inventories	243 911	281 463	308 167
Trade and other receivables	501 710	517 004	365 687
Taxation receivable	992	2 230	1 700
Cash and cash equivalents	73 077	70 957	166 677
TOTAL ASSETS	1 428 680	1 486 831	1 462 701
EQUITY AND LIABILITIES			
Capital and reserves	891 201	878 284	885 595
Issued share capital	288	314	299
Share premium	9 661	10 554	10 029
Retained income	881 252	867 416	875 267
Non-current liabilities	153 627	176 763	175 448
Interest-bearing borrowings	83 996	104 602	104 653
Lease liability	19 648	28 013	27 006
Deferred income	593	615	593
Deferred taxation	49 390	43 533	43 196
Current liabilities	383 852	431 784	401 658
Trade payables and accruals	325 599	362 305	347 434
Interest-bearing borrowings	37 647	44 309	32 805
Lease liability	19 311	21 842	19 525
Deferred income	241	952	241
Taxation payable	1 054	2 376	1 653
TOTAL EQUITY AND LIABILITIES	1 428 680	1 486 831	1 462 701
Number of shares in issue ('000)			
Opening balance	29 939	31 499	31 499
Shares repurchased and cancelled	(1 100)	–	(1 560)
Number of shares	28 839	31 499	29 939
Salient features			
Net asset value per share (cents)	3 090	2 788	2 958
Operating margin (%)	9,2	10,0	9,7
Net interest-bearing debt : Equity ratio (%)	5,4	8,9	Net cash positive

CAPITAL COMMITMENTS			
	Unaudited six months Dec 2023	Unaudited six months Dec 2022	Audited 12 months June 2023
R'000			
Capital expenditure authorised and contracted			
Property, plant and equipment	63 613	68 701	51 745

CONDENSED STATEMENTS OF CHANGES IN EQUITY				
R'000	Issued share capital	Share premium	Distributable reserve	Total
Balance at 30 June 2022 (audited)	314	10 554	816 675	827 543
Profit for the period	–	–	99 565	99 565
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	99 565	99 565
Dividend paid	–	–	(48 824)	(48 824)
Balance at 31 December 2022 (unaudited)	314	10 554	867 416	878 284
Profit for the period	–	–	77 080	77 080
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	77 080	77 080
Shares repurchased and cancelled	(15)	(525)	(42 454)	(42 994)
Dividend paid	–	–	(26 775)	(26 775)
Balance at 30 June 2023 (audited)	299	10 029	875 267	885 595
Profit for the period	–	–	88 613	88 613
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	88 613	88 613
Shares repurchased and cancelled	(11)	(368)	(30 234)	(30 613)
Dividend paid	–	–	(52 394)	(52 394)
Balance at 31 December 2023 (unaudited)	288	9 661	881 252	891 201

CONDENSED STATEMENTS OF CASH FLOW			
	Unaudited six months December 2023	Unaudited six months December 2022	Audited 12 months June 2023
R'000			
Cash flows from operating activities			
Cash generated from operations	171 833	184 729	323 036
Changes in working capital	(101 651)	(66 164)	48 804
Dividends paid	(52 394)	(48 824)	(75 599)
Finance income received	4 466	1 313	5 348
Finance costs paid	(9 328)	(8 942)	(18 105)
Taxation paid	(25 280)	(31 090)	(60 091)
Net cash (outflow)/inflow from operating activities	(12 354)	31 022	223 393
Cash flow used in investing activities			
Proceeds on disposal of property, plant and equipment	89	230	3 058
Expansion and replacement of property, plant and equipment	(23 432)	(22 401)	(41 122)
Repayment of financial asset	–	–	2 000
Financial asset advanced	–	–	(3 500)
Net cash outflow from investing activities	(23 343)	(22 171)	(39 564)
Cash flows used in financing activities			
Repurchase of shares	(30 613)	–	(42 994)
Payment of principal portion of lease liability	(11 475)	(9 893)	(20 426)
Proceeds from borrowings	–	16 000	20 771
Repayment of borrowings	(15 815)	(16 251)	(46 753)
Net cash outflow from financing activities	(57 903)	(10 144)	(89 402)
Net movement in cash for the period	(93 600)	(1 293)	94 427
Cash and cash equivalents at the beginning of the period	166 677	72 250	72 250
Cash and cash equivalents at the end of the period	73 077	70 957	166 677