

cRegistration number 1951/000799/06 | ISIN: ZAE000007480 | Share code: TPC

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

### NET ASSET VALUE PER SHARE 1 671 CENTS ■ HEADLINE EARNINGS PER SHARE 178 CENTS ■ DIVIDEND PER SHARE 48 CENTS

### INTRODUCTION

Transpaco's performance, reflecting a 7% decrease in headline earnings per share (HEPS), as a result of a continued challenging economic environment, was below expectations.

The group's margins remained under pressure declining slightly during the period. Expenses were well contained and below inflation. However, sales volumes did not reach anticipated levels.

All Transpaco operations traded favourably with certain divisions outperforming the previous year.

Transpaco's balance sheet remains strong due to continued stringent working capital management and the group's performance for the six months.

### **FINANCIAL RESULTS**

Group	December 2016	December 2015	% decrease
Turnover (R'm)	903,6	912,5	(1,0)
Operating profit (R'm)	82,4	89,3	(7,7)
Headline earnings (R'm)	58,5	62,8	(7,0)
Earnings per share (cents)	177,8	190,4	(6,6)
Headline earnings per share (cents)	177,9	190,6	(6,7)
Diluted headline earnings per share (cents)	177,8	190,3	(6,6)

Headline earning per share for the 12 calendar months ended 31 December 2016 increased 3,3% to 317,4 cents (December 2015: 307,2)

The group's net interest-bearing debt-to-equity (gearing) position is 8,0% (December 2015: 17,6%).

Net asset value per share increased by 11,2% to 1 671 cents (December 2015: 1 503 cents)

R'000	Unaudited 6 months Dec 2016	% change	Unaudited 6 months Dec 2015	Audited 12 months June 2016
Revenue	905 676		913 817	1 714 724
Turnover	903 641	(1,0)	912 532	1 712 376
Cost of sales	(581 068)		(586 777)	(1 099 90
Profit before operating costs and depreciation	322 573	(1,0)	325 755	612 47
Operating costs	(218 122)		(215 899)	(412 613
Depreciation	(22 045)		(20 530)	(42 878
Operating profit	82 406	(7,7)	89 326	156 980
Finance income	2 035		1 285	2 348
Finance costs	(3 252)		(3 218)	(6 76
Profit before taxation	81 189	(7,1)	87 393	152 56
Taxation	(22 767)		(24 593)	(43 31
Profit for the period	58 422	(7,0)	62 800	109 24
Other comprehensive income	-		-	
Total comprehensive income	58 422	(7,0)	62 800	109 24
Weighted average ranking number of shares in issue ('000)	32 858		32 978	32 83
Diluted weighted average ranking number of shares in issue ('000)	32 883		33 022	32 883
Earnings per share (cents)	177,8	(6,6)	190,4	332,
Diluted earnings per share (cents)	177,7	(6,6)	190,2	332,
Headline earnings per share (cents)	177,9	(6,7)	190,6	330,
Diluted headline earnings per share (cents)	177,8	(6,6)	190,3	329,
Dividend per share (cents)*	48,0	(7,7)	52,0	150,00
*Dividend declared after the period		,	,	,
Reconcilliation of headline earnings (R'000)				
Basic earnings	58 422		62 800	109 248
Loss/(profit) on disposal of property, plant and equipment	41		48	(85)
Headline earnings	58 463	(7,0)	62 848	108 39

CONSOLIDATED ST	ATEME	NT OF	CHAN	GES IN E	<b>QUITY</b>
R'000	Issued share capital	Share premium	Other reserves	Distributable reserve	Total
Balance at 30 June 2015 (audited)	328	11 019	4 005	439 824	455 176
Profit for the period	_	-	-	62 800	62 800
Other comprehensive income	_	_	_	_	_
Total comprehensive income	_	-	-	62 800	62 800
Dividend paid	-	-	-	(24 356)	(24 356)
Balance at 31 December 2015 (unaudited)	328	11 019	4 005	478 268	493 620
Profit for the period	_	_	-	46 448	46 448
Other comprehensive income	_	_	-	_	-
Total comprehensive income	_	_	_	46 448	46 448
Dividend paid	-	_	-	(17 114)	(17 114)
Balance at 30 June 2016 (audited)	328	11 019	4 005	507 602	522 954
Profit for the period	-	-	-	58 422	58 422
Other comprehensive income	-	_	-	_	-
Total comprehensive income	_	-	-	58 422	58 422
Dividend paid	_	_	-	(32 271)	(32 271)
Balance at 31 December 2016 (unaudited)	328	11 019	4 005	533 753	549 105

### **PROSPECTS**

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

Transpaco has concluded an agreement to purchase the Johannesburg property from which Transpaco Recycling operates. The transaction will be finalised during the financial year.

### RANSFORMATION

Transpaco's seventh independent accreditation process in respect of Black Economic Empowerment reflected a Level 4 value added contributor.

Transformation remains a key strategic imperative of the group.

### DIVIDEND

The board has declared an interim gross cash dividend out of income reserves of 48,0 cents per share (December 2015: 52,0 cents per share) for the six-month period ended 31 December 2016. After applying the dividend withholding tax of 15%, a net interim dividend of 40,80000 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 33 317 482 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 cum dividend
Tuesday, 14 March 2017
Shares trade ex-dividend
Wednesday, 15 March 2017
Record date
Friday, 17 March 2017
Payment date
Monday, 20 March 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 15 March 2017 and Friday, 17 March 2017, both days inclusive.

#### STATEMENT OF FINANCIAL POSITION Dec 2015 R'000 ASSETS Non-current assets 335 408 304 501 311 664 292 309 266 288 267 823 Property, plant and equipment 17 855 482 17 855 Intangibles Goodwill 23 195 35 704 23 195 Deferred taxation 2 049 2 027 2 791 **Current assets** 579 930 529 067 558 051 Inventories 176 686 212 704 259 524 Trade and other receivables 339 454 333 187 656 3 634 Taxation receivable 275 Cash and cash equivalents 55 214 15 560 85 167 **TOTAL ASSETS** 915 338 833 568 869 715 **EQUITY AND LIABILITIES Capital and reserves** 549 105 493 620 522 954 328 328 328 Issued share capital 11 019 11 019 11 019 Share premium 4 005 Other reserves 4 005 4 005 Distributable reserve 533 753 478 268 507 602 Non-current liabilities 129 520 118 947 99 345 Interest-bearing borrowings 86 362 82 815 58 733 7 648 12 007 Deferred income 13 365 28 484 28 605 Deferred taxation 29 793 **Current liabilities** 236 713 221 001 247 416 Trade payables and accruals 201 180 172 055 201 221 28 338 29 462 Current portion of interest-bearing borrowings 12 974 19 379 14 077 2 812 870 2 098 Deferred income 3 949 359 558 Taxation payable TOTAL EQUITY AND LIABILITIES 915 338 869 715 Number of shares in issue ('000) Number of shares (net of treasury shares) 32 821 32 821 Net movement in treasury shares 20 20 20 Ranking number of shares 32 861 32 841 32 841 Saliant faature 1 671 1 503 1 592 Net asset value per share (cents) 9,2 Operating margin % 9,8 9,1 Net cash Net interest-bearing debt:equity ratio % 17,6 positive

# CAPITAL COMMITMENTS Unaudited 6 months Dec 2016 Capital expenditure authorised and contracted Property, plant and equipment CAPITAL COMMITMENTS Unaudited 6 months Dec 2015 12 months Dec 2015 12 months Dec 2015 13 39 665

### **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The group's unaudited interim financial results have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), its interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices 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 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 2016. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The group's unaudited interim financial statements comply with IAS 34 – Interim Financial Reporting ("IAS 34").

### **APPROVAL AND PREPARATION**

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

### ON BEHALF OF THE BOARD

 DJ Thomas
 PN Abelheim
 L Weinberg

 Non-executive Chairman
 Chief Executive
 Financial Director

### **DIRECTORS**

DJJ Thomas (Chairman)\*; PN Abelheim (Chief Executive); L Weinberg (Financial Director); HA Botha\*; SR Bouzaglou; SI Jacobson\*; SP van der Linde (Lead Independent Director)\*

\*non-executive ^independent non-executive

### Date 22 February 2017

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

Auditors Ernst & Young Inc. 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

	Unaudited 6 months	Unaudited 6 months	Audited 12 months
R'000	Dec 2016	Dec 2015	June 2016
Cash flow from operating activities			
Cash generated/(utilised) from operations	40 661	(23 185)	139 090
Dividends paid	(32 271)	(24 356)	(41 470
Finance income received	2 035	1 285	2 348
Finance costs paid	(3 252)	(3 218)	(6 767
Taxation paid	(17 064)	(20 319)	(41 369
Net cash (outflow)/inflow from operating activities	(9 891)	(69 793)	51 832
Cash flow used in investing activities			
Proceeds on disposal of property, plant and equipment	570	783	2 77
Acquisition of business	-	(109 650)	(109 650
Expansion and replacement of property, plant and equipment	(47 158)	(31 492)	(56 12
let cash outflow from investing activities	(46 588)	(140 359)	(162 993
Cash flow used in financing activities			
Proceeds from borrowings	36 363	78 637	90 622
Repayment of borrowings	(9 837)	(6 525)	(47 89
Net cash inflow from financing activities	26 526	72 112	42 728
Net movement in cash for the period	(29 953)	(138 040)	(68 43
Cash and cash equivalents at the beginning of the period	85 167	153 600	153 600
Cash and cash equivalents at the end of the period	55 214	15 560	85 167

## SEGMENTAL ANALYSIS Unaudited six months December 2016, six months December 2015 and audited 12 months June 2016

R'000	Plastic Products	Paper and Board Products	Properties and Group Services	Tota Group
Revenue – December 2016	662 831	240 821	2 024	905 676
Revenue to all customers	687 644	260 658	2 024	950 326
Less revenue to internal customers	24 813	19 837	-	44 650
Revenue – December 2015	665 281	247 285	1 251	913 817
Revenue to all customers	682 375	263 236	1 251	946 862
Less revenue to internal customers	17 094	15 951	_	33 045
Revenue – June 2016	1 231 499	481 104	2 121	1 714 724
Revenue to all customers	1 279 367	509 911	2 121	1 791 399
Less revenue to internal customers	47 868	28 807	_	76 675
Operating profit – December 2016	57 098	20 737	4 571	82 406
Operating profit – December 2015	60 168	27 035	2 123	89 326
Operating profit – June 2016	99 626	50 929	6 425	156 980
Profit before tax- December 2016	56 983	19 732	4 474	81 189
Profit before tax – December 2015	59 849	26 263	1 281	87 393
Profit before tax – June 2016	95 436	49 299	7 826	152 56°
Capital expenditure December 2016	45 562	1 402	194	47 158
Capital expenditure December 2015	22 467	6 321	2 704	31 492
Capital expenditure – June 2016	33 798	17 645	4 677	56 120
Assets – December 2016	624 701	195 357	95 280	915 338
Assets – December 2015	591 058	202 738	39 772	833 568
Assets – June 2016	549 871	192 446	127 398	869 715
Liabilities – December 2016	255 756	82 307	28 170	366 233
Liabilities – December 2015	226 223	83 931	29 794	339 948
Liabilities – June 2016	217 105	97 766	31 890	346 761