

Mpact Limited
(Incorporated in the Republic of South Africa)
(Registration number 2004/025229/06)
JSE share code: MPT ISIN: ZAE000156501
("Mpact" or "the Company" or "the Group")

TRADING STATEMENT

In terms of the Listings Requirements of the JSE Limited ("JSE"), companies are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will differ by 20% or more from the financial results of the previous corresponding reporting period.

The difficult trading conditions experienced in the first six months of 2017 continued to negatively impact the Group's performance during the second half when compared to the prior year ended 31 December 2016 ("prior year").

For the full year ended 31 December 2017, Group revenue and sales volumes were in line with the prior year with increased exports of containerboard offset by lower domestic sales volumes across most of the Group's businesses. Domestic volumes decreased due to subdued consumer demand, the drought in the Eastern Cape and Western Cape affecting demand for fruit packaging, planned downtime related to the Felixton mill project and a supply shortage of virgin PET during the peak production period.

Profitability was adversely affected by lower domestic sales, higher recovered paper costs which could not be recouped through selling prices and non-recurring lost contribution of approximately R30 million associated with the Felixton mill project. The loss in Mpact Polymers was less than the prior year with operational efficiencies and throughput remaining below expectations.

The Section 12i tax incentive for the Felixton mill project reduced the Group's tax charge by R114 million.

Based on the above factors, shareholders are advised that for the year ended 31 December 2017 Mpact expects:

- Underlying earnings before interest and tax to decline between 38% and 45% when compared to the prior year (2016: R784.4 million).
- Basic earnings per share ("EPS") to be between 170 cents and 155 cents, a decrease of between 28% and 34% when compared to the prior year EPS of 234.6 cents.
- Headline earnings per share ("HEPS") to be between 170 cents and 155 cents, a decrease of between 30% and 36% when compared to prior year HEPS of 242.0 cents.

The Group is nearing the end of its extensive capital investment programme which is anticipated to contribute to improved future earnings. The most recent investment of R150 million in the new corrugator in Port Elizabeth was successfully commissioned during January 2018. Recovered paper prices have declined since peaking in June 2017 and domestic demand for Felixton mills' products is encouraging. The drought remains a concern and its effect on the Group's future performance is uncertain.

Shareholders are advised that the financial information on which this trading statement is based has not been reviewed and reported on by the Company's external auditors.

Mpact's audited results for the year ended 31 December 2017 will be released on SENS on or about 7 March 2018.

Melrose Arch

15 February 2018

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)