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 JSE Limited Listings Requirements, 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.

Mpact’s earnings before interest, tax and special items (underlying EBIT) for the six months ended 30 June 2019 are expected to increase between 19% and 35% when compared to the same period last year (June 2018 underlying EBIT: R168 million). Group revenue is expected to increase by approximately 4% (June 2018 revenue: R5.0 billion).

The Group benefitted from improved containerboard margins and production volumes. These benefits were partly offset by lower containerboard exports and lower domestic sales volumes in both the Paper and Plastics businesses due to the subdued South African economy.

The adoption of the new accounting standard for leases (IFRS 16) has decreased profit after tax by approximately R12 million and has increased net debt and right-of-use assets by R435 million and R377 million, respectively for the period ended 30 June 2019.

Based on the above, shareholders are advised that for the six months ended 30 June 2019 Mpact expects:

- Earnings per share (EPS) to be between 38 cents and 43 cents, an increase of between 27.9% and 44.8% when compared to the prior period EPS of 29.7 cents.

- Headline EPS (HEPS) to be between 37 cents and 42 cents, an increase of between 21.3% and 37.7% when compared to prior period HEPS of 30.5 cents.

- Underlying EPS to be between 37 cents and 42 cents, an increase of between 17.5% and 33.3% when compared to the prior period underlying EPS of 31.5 cents.

Shareholders are advised that the financial information on which this trading statement is based has not been reviewed nor reported on by the Company’s external auditor.

Mpact’s unaudited results for the period ended 30 June 2019 will be released on SENS on or about 7 August 2019.

Melrose Arch

24 July 2019

Sponsor: RAND MERCHANT BANK (A division of FirstRand Bank Limited)