

Nampak aims to double its Africa earnings

South African packaging company Nampak (NPK) CEO Andrew Marshall said that the company plans to double earnings from businesses elsewhere on the continent, up to 16 percent of the total this fiscal year.



"We will perhaps double profits from Africa by the end of this financial year," Marshall told Bloomberg. As a major manufacturer of packaging materials from beverage cans to cement packets, Nampak is waiting for a decision by the Angolan government, who is committed to pass laws that will make imports more expensive by charging duties on finished packaging products made in the country.

"We will then invest in two beverage-related plants totaling over \$100 million," said Marshall, adding that the Angolan government had also promised to reverse consumption tax on packaging products manufactured inside the country. Built at a cost of \$152 million, Nampak's existing Angolan manufacturing plant started operations in April 2011. Nampak operates in 12 other African countries as well as the U.K. It is working on projects across the continent, and may enter new markets, Marshall said. "Those projects will help increase earnings and sales to 25 percent of the group in four years' time," Marshall said. He would not identify the projects or the countries as negotiations have not yet been concluded.

Marshall told Bloomberg that Nampak's Nigerian unit has won a contract to provide labels for beer bottles to Heineken NV (HEIA) controlled brewer Nigeria Breweries Plc (NB). "We are currently supplying labels for 20 percent of their volume." Nampak is in talks with the brewer to increase the labels it provides to 40 percent of Nigeria Breweries' total volume, he said, adding - "we hope to invest in more capacity as soon as the company gives us a long-term contract."

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