

R1,6bn spending spree for Nampak

Nampak said Friday (8 February) that it will spend R1.6bn on two projects to strengthen its position in both the beverage can and glass sectors in South Africa.



Funding for both projects will come from Nampak's own resources given its low level of gearing and strong balance sheet.

The Nampak board approved the installation of a third glass furnace that will be commissioned by the end of this year.

The company has also agreed on long-term supply contracts with its large beverage can customers. As a result, it plans to purchase a new high speed aluminium line to make cans and convert existing lines from tin to aluminium.

The new can line is expected to be commissioned in Springs by May and the conversion of the first of the existing lines will be completed by October.

Nampak said at its annual general meeting on Friday (8 February) that the first quarter of the 2013 saw mixed consumer demand for packaged products.

Hot weather in most parts of SA during the festive season resulted in strong sales for beverage packaging with beverage cans continuing to show further growth over the same period last year, it said.

Demand for other fast moving consumer goods was subdued and packaging volumes were affected accordingly. Nampak said selling prices remained under pressure in a very competitive environment.

Although there was moderate demand for toilet tissue and disposable diapers, fierce price competition continued to depress trading margins.

In the rest of Africa, the Angolan beverage can plant continued to perform well despite cooler weather affecting demand in the early part of the quarter. Other operations in the rest of Africa and the plastic milk bottle business in the United Kingdom performed in line with expectations.

Despite the challenging economic conditions in SA where Nampak generates some 70% of its revenue, the company remains confident of a further improvement in performance this year.

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