

LEADER OF THE PACK

Nampak, the biggest listed company in SA's packaging market, is set on expanding into the African continent, says its CEO Andre de Ruyter

BY KERRY DIMMER



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'My contribution is going to be to continue to protect, grow and improve our strong South African business product lines – paper, plastics, metals, glass, recycling and related services – as well as ensuring our success and growth into Africa,' says Nampak CEO Andre de Ruyter.

De Ruyter acknowledges that although Africa may be in vogue in the global corporate world, from Nampak's perspective the demographics clearly indicate that the continent's fast-emerging middle class – with its substantial spending power – is going to impact significantly on the fast-moving consumer goods environment and particularly food and beverage, which is where Nampak operates.

'Nampak actually cast its net into Africa two decades ago, so while others are still promising what they will do on the continent, we are already delivering a quarter of our trading income from our African operations. Add exports from South Africa into the mix and that number increases to 34%, so our exposure in Africa is fairly substantial,' says De Ruyter.

'Fairly' is an understatement, especially considering the organisation's current footprint. Its Angolan beverage can operation, established in 2011, is being expanded to more than double its capacity, taking it from the current production of 800 million cans to 1.8 billion. 'That's a lot of beer,' jokes De Ruyter, 'so we're looking seriously into taking our enormously successful South African recycling programme to that nation as well.'

Speaking of millions and billions, Nampak recently concluded a US\$300 million acquisition in Nigeria that currently produces one billion cans per year. Expansion of this bev-can line will see that figure increase to 2.2 billion within the next two to three years. For this reason, De Ruyter is understandably bullish about Nigeria.

'The interesting thing about packaging is that the numbers are very progressive. Nampak's advantage lies in having an already well established footprint on the continent, proving we know Africa intimately. This competitive advantage means we can be considered a partner of choice for multinational corporations that may find opening a new African business somewhat daunting.'

Nampak's SA growth is also exciting, says De Ruyter. Aside from the upcoming R2.5 billion full conversion from steel beverage cans to aluminium, there is the recent R1.2 billion third glass furnace addition. 'This sort of activity tells me that while some people talk about South African corporates being on an investment strike, our investments disprove that hypothesis,' says De Ruyter. 'Furthermore, we will continue to grow with our South African customers.'

'Nampak is certainly not a South African pessimist but we are definitely Afro-optimists. Although we have ambitious plans to grow our presence in [West and East] Africa, South Africa remains a central focus.' There are, however, issues that De Ruyter is driving to change, one being that the manufacturing industry needs to return to its rightful place in the economy. He says: 'We have

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enjoyed a very strong and positive relationship with the dti [Department of Trade and Industry], especially with its manufacturing competitiveness enhancement programme [MCEP] that has [facilitated] investment for Nampak.' Granted in terms of Section 12I of the Income Tax Act, MCEP is a tax credit for manufacturers that wish to establish a new production facility or expand/upgrade an existing one.

Recycling is another aspect that De Ruyter believes can be looked at more intensively. Nampak enjoys a 70% recovery rate in SA, a high figure even against international benchmarks. He says that while this is impressive, overall the recycling and environmental aspects remain a somewhat neglected part of the economy. 'There are many positive environmental practices that have a sound business footing but we still do not know the numbers of the people involved in this industry given there is so much informal waste gathering.'

De Ruyter, who took over from former CEO Andrew Marshall in March, is a hands-on executive who wanders shop-floors and business facilities, digging deep to understand base-line operations and the psyche of Nampak's people and the industry at large. This leads him to offer sound advice for corporates. 'It seems to be fashionable to whinge and moan in South Africa but we need to change that narrative to be more positive and optimistic. Sometimes it is difficult and challenging but, after all, this is where we are all invested.' ■