



# Paper & Packaging Sector Report 2023

**LRS** Labour  
Research  
Service

**FRIEDRICH  
EBERT  
STIFTUNG**  
TRADE UNION COMPETENCE CENTRE  
SUB-SAHARAN AFRICA

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# Introduction

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There are three companies in the Paper and Packaging sector that are represented in the LRS sample. Out of the four companies listed under the Forestry and Paper sector on the JSE, Mondi Group and Sappi are the two companies represented in the LRS sample. Nampak is listed as one of eleven companies in the general industrials sector.

The data from the [MNC Database](#) of the LRS provides rich information that allows for a thorough review of the company performances over the years. Following this, the data allows for an examination of the remuneration packages received by executive and non-executive directors in the sector.

## The Sector

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The Paper and Packaging sector in South Africa has undergone several significant changes since the onset of the pandemic. The South African national lockdown over the course of 2020 and 2021 caused a surge in panic-buying, stockpiling, online shopping, learning, and working. While panic-buying and stockpiling have been moderated, online shopping, learning, and working have been widely embraced.

According to market research, the paper and packaging sector in South Africa has been projected to grow at a Compound Annual Growth Rate (CAGR) of 5.98% between the years 2023 and 2028. This is attributable to the increase in demand for packaging in the food and beverage sector, as well as the surge in online shopping because in the wake of the COVID-19 pandemic, more people

shopped online thus increasing the demand for packaging materials that are durable and efficient to ensure that goods are delivered in good condition.

## Financials

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### Revenue

All three companies in our sample reported an increase in revenue from the 2021 financial year to the 2022 financial year. On average, the companies reported an increase of 33.9% in revenue. While it underwent a decrease in revenue in 2021, Sappi reported an increase in revenue of more than 50% in 2022, from ZAR 76.4 billion to ZAR 128 billion. The increase in revenue can be attributed to several reasons including a strong post-pandemic recovery, robust underlying demand particularly in the North American and South African regions, significant progress in deleveraging the business<sup>1</sup> and year-on-year pricing gains for paper products.

Nampak and Mondi Group also reported significant increases in revenue of 21.34% and 16.69% respectively. However, Nampak is reporting from a low base and is yet to report numbers similar to its revenue in 2018.

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<sup>1</sup> [Annual reports | Sappi Global](#)

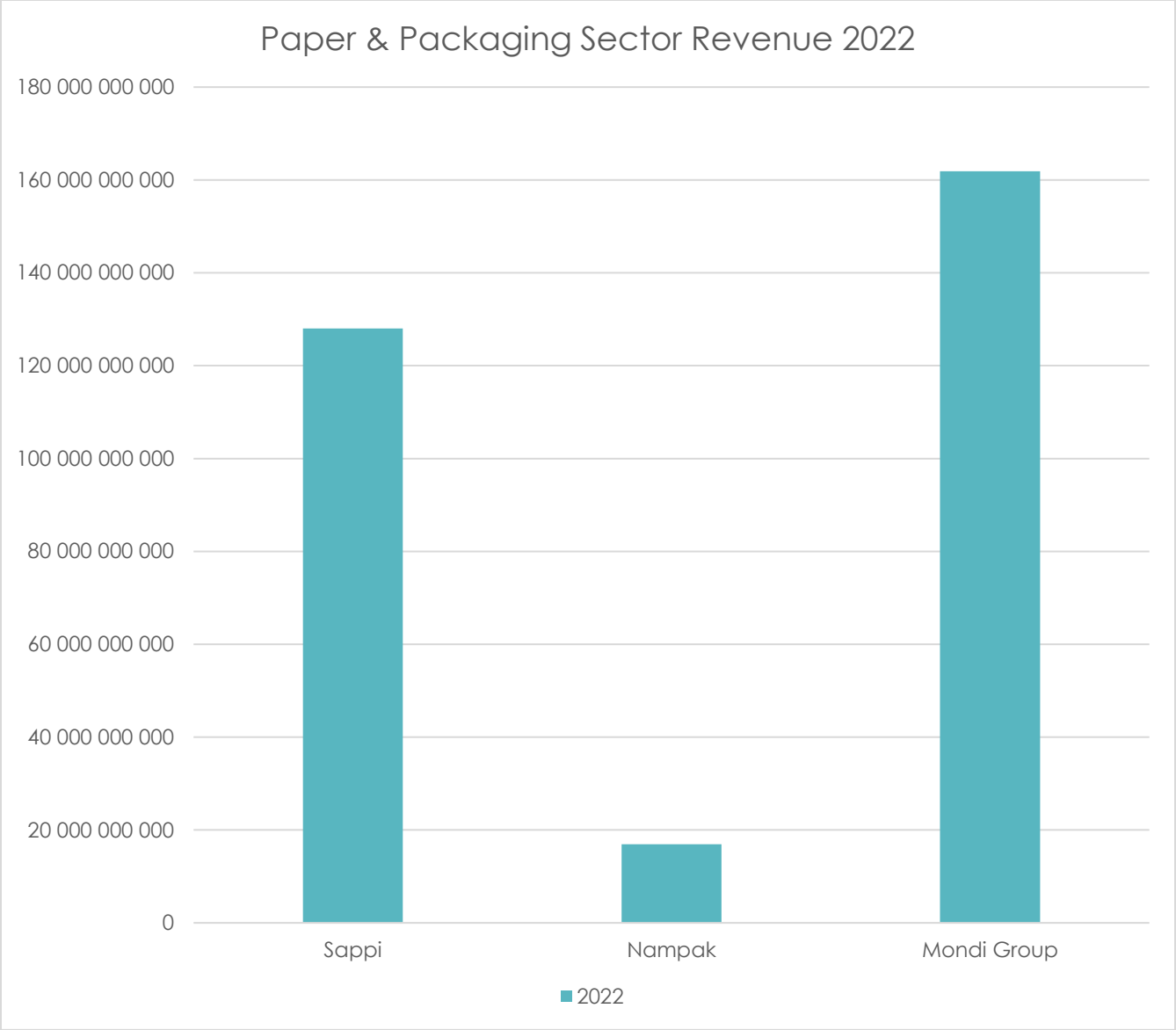
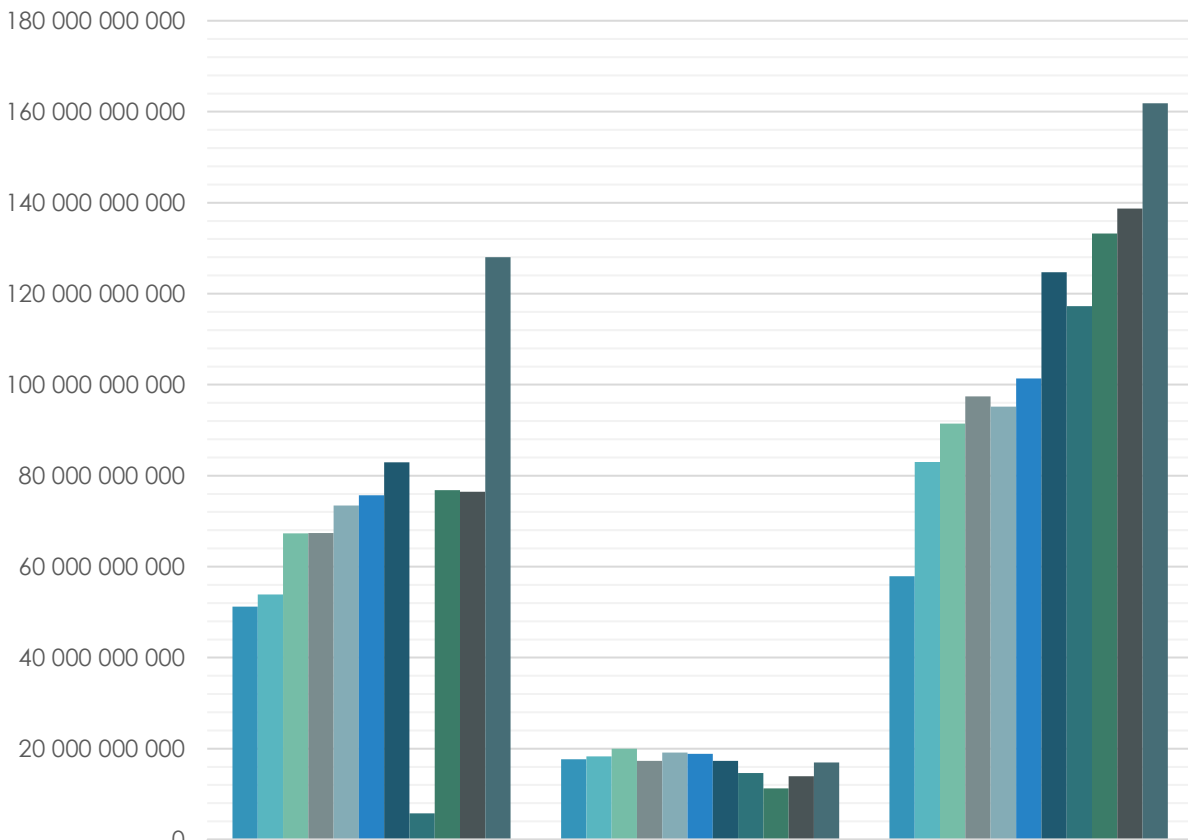


Figure 1 Paper & Packaging Sector Revenue 2022

## Paper & Packaging Revenue 2012-2022.



	Sappi	Nampak	Mondi Group
■ 2012	51 185 483 871	17 639 100 000	57 900 000 000
■ 2013	53 863 636 364	18 295 600 000	83 025 641 026
■ 2014	67 344 444 444	19 970 500 000	91 457 142 857
■ 2015	67 375 000 000	17 291 300 000	97 414 285 714
■ 2016	73 442 857 143	19 138 900 000	95 171 428 571
■ 2017	75 657 142 857	18 821 700 000	101 371 428 571
■ 2018	82 942 857 143	17 309 800 000	124 683 333 333
■ 2019	5 746 000 000	14 642 400 000	117 225 806 452
■ 2020	76 816 666 667	11 278 000 000	133 260 000 000
■ 2021	76 481 496 707	13 958 400 000	138 703 528 795
■ 2022	128 000 000 000	16 936 500 000	161 854 545 455

■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

Figure 2 Paper & Packaging Sector Revenue 2012 to 2022

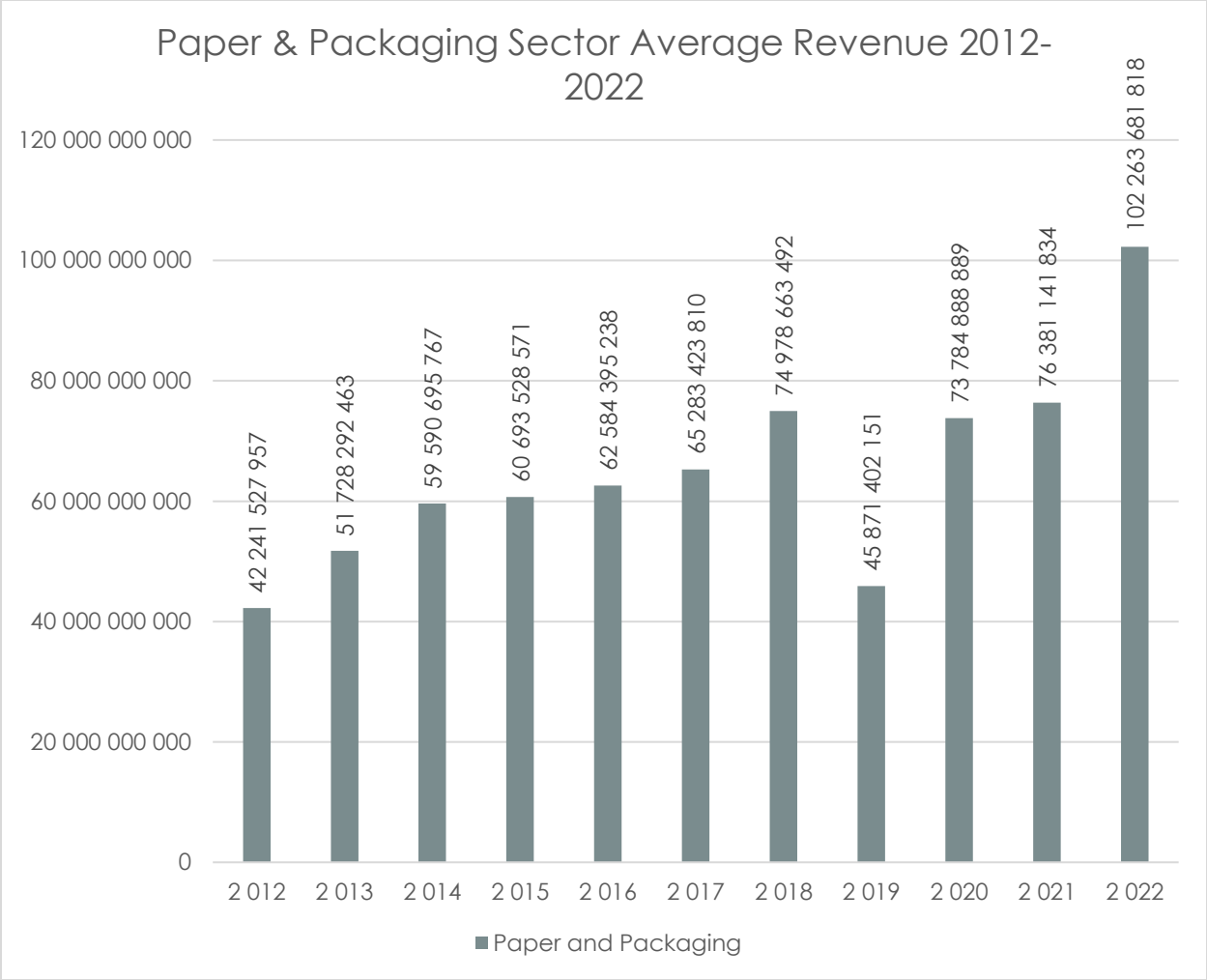


Figure 3 Paper & Packaging Sector Average Revenue 2012 to 2022

**Profit before Tax**

During the 2022 financial year, Mondi Group and Sappi, two out of the three companies listed in our sample, reported significant increases in PBT of 60.66% and 6673.31% respectively. Although there had been a reported increase in PBT for all three companies in 2021, Nampak reported a decrease of 86.79% during the 2022 financial year.



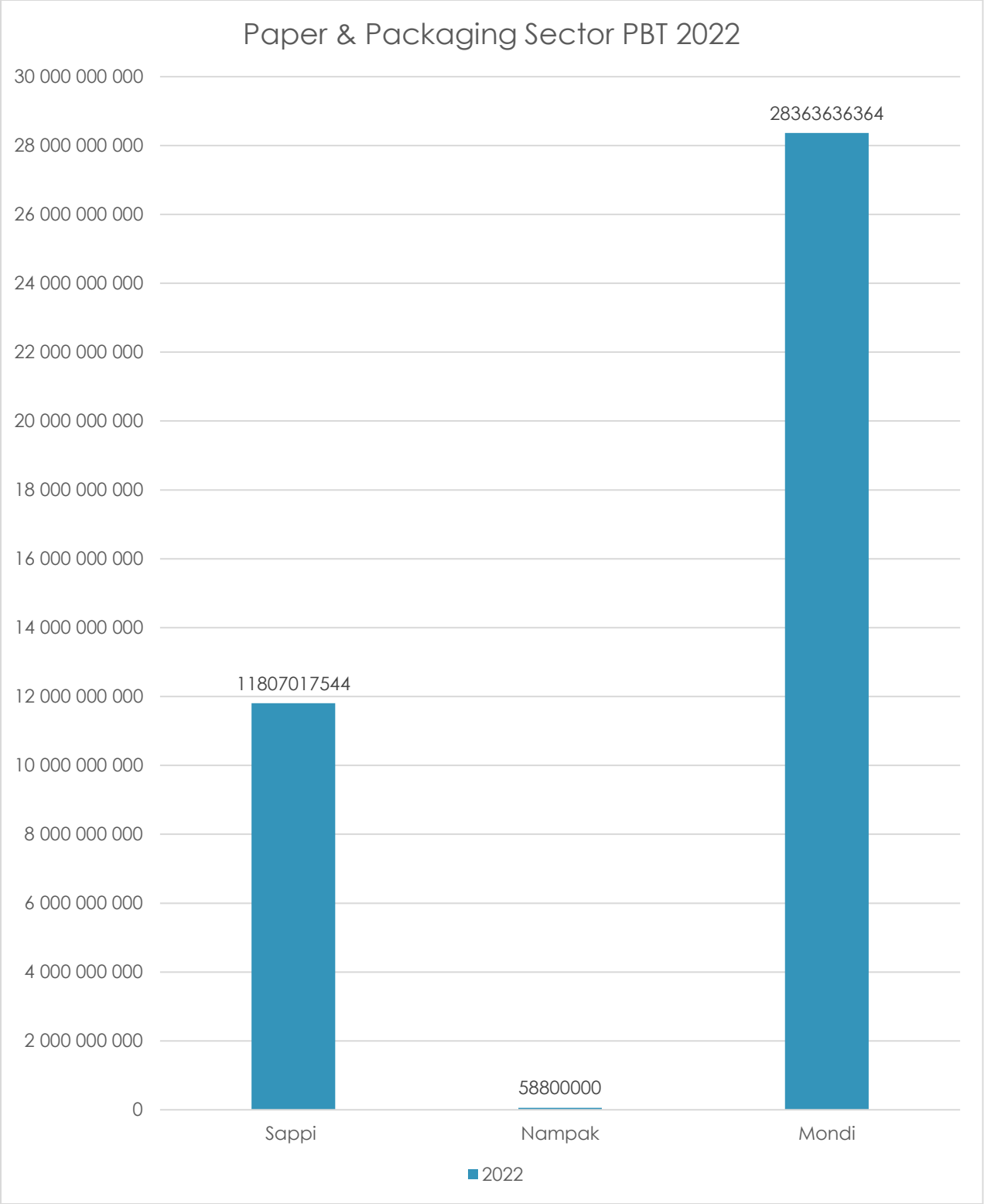


Figure 4 Paper & Packaging Sector Profit before Tax 2022

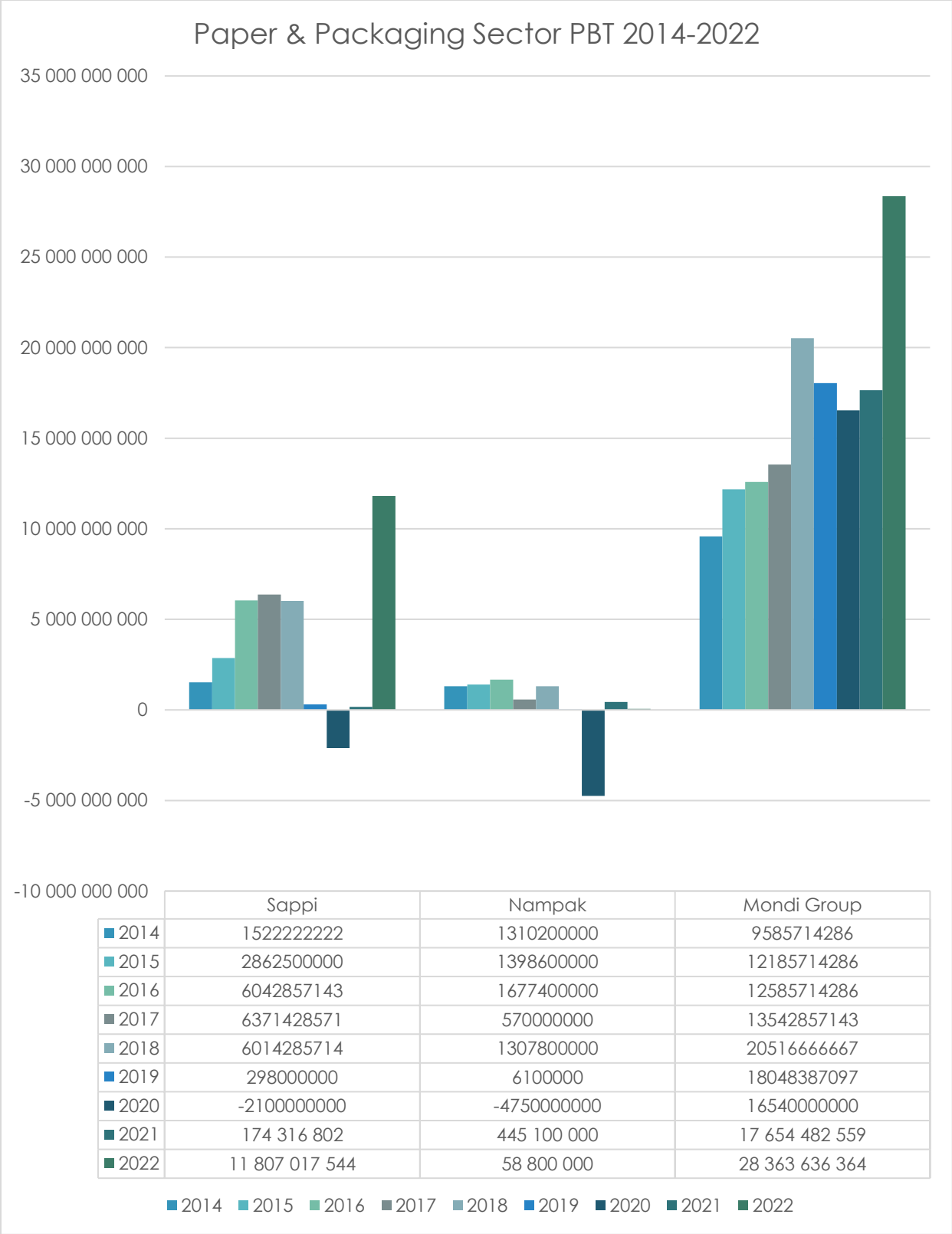


Figure 5 Paper & Packaging Sector Profit before Tax 2014 to 2022

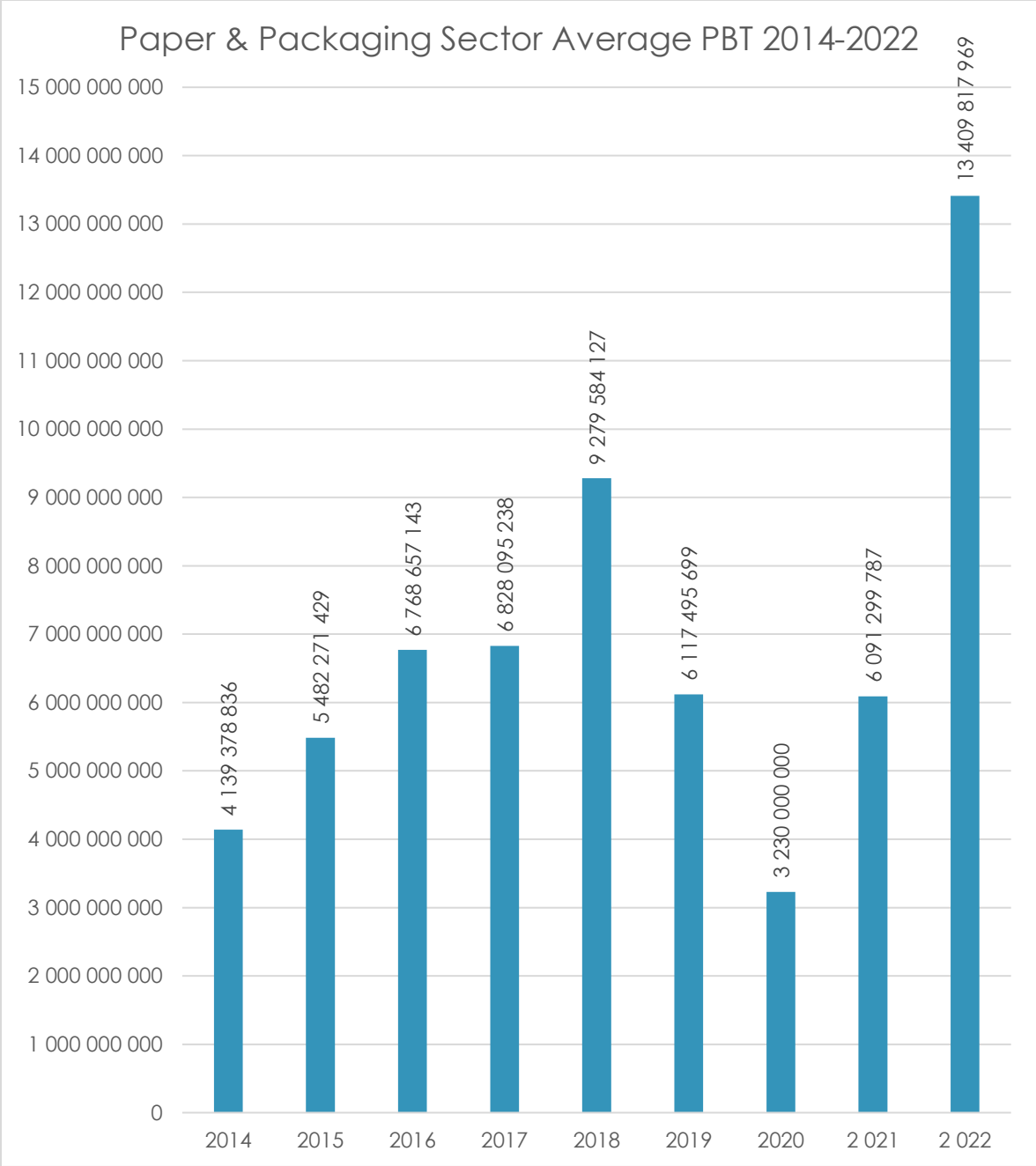


Figure 6 Paper & Packaging Sector Average PBT 2014 to 2022

# Directors' Remuneration

The LRS MNC database allows us to look at CEO remuneration over the course of the last twelve years. In the Paper & Packaging sector, and our sample specifically, we see the general trend over time being erratic. LTIs also are not traditionally very high in this industry. In 2022, we see a decreasing gap between average salary and average total income including LTI. On average, total CEO remuneration including LTI increased by almost 6% from 2021 to 2022.

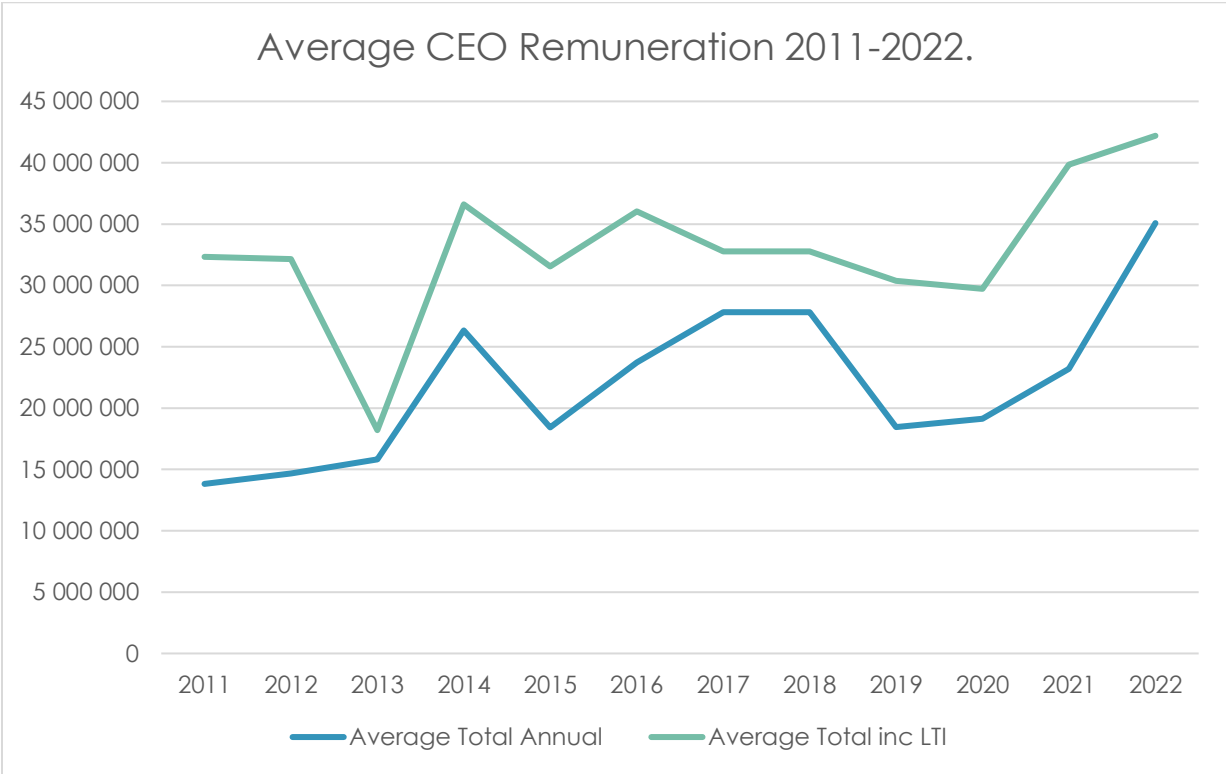


Figure 7 Paper & Packaging Sector CEO Remuneration 2011 to 2022

## CEO Remuneration 2022

In the paper and packaging sector, Andrew King, the CEO of Mondi Group received a remuneration package of over ZAR 77 million in 2022. The

remuneration package increased from ZAR 74 million in 2021 and is inclusive of a ZAR 20 million LTI payment in 2022. Although there is an increase in the remuneration package, the 4% increase in remuneration from 2021 to 2022 is significantly smaller than the increase of 37% from 2020 to 2021.

Erik Smuts, the CEO of Nampak, received a remuneration package of ZAR 20 million inclusive of a ZAR 500 hundred thousand LTI payment in 2022. This data indicates a decrease of 23% in the total remuneration between 2021 and 2022. The decrease in total remuneration can be attributed to the over 80% decrease in the company's PBT and the significant debt burden the company was dealing with.

The CEO of Sappi, Steve Binnie, received a remuneration package of ZAR 29 million in 2022. This indicates a 53% increase from the ZAR 19 million he received in 2021. On average, executive remuneration in our sample decreased by 0.17% and non-executive remuneration increased by 8% from 2021 to 2022.

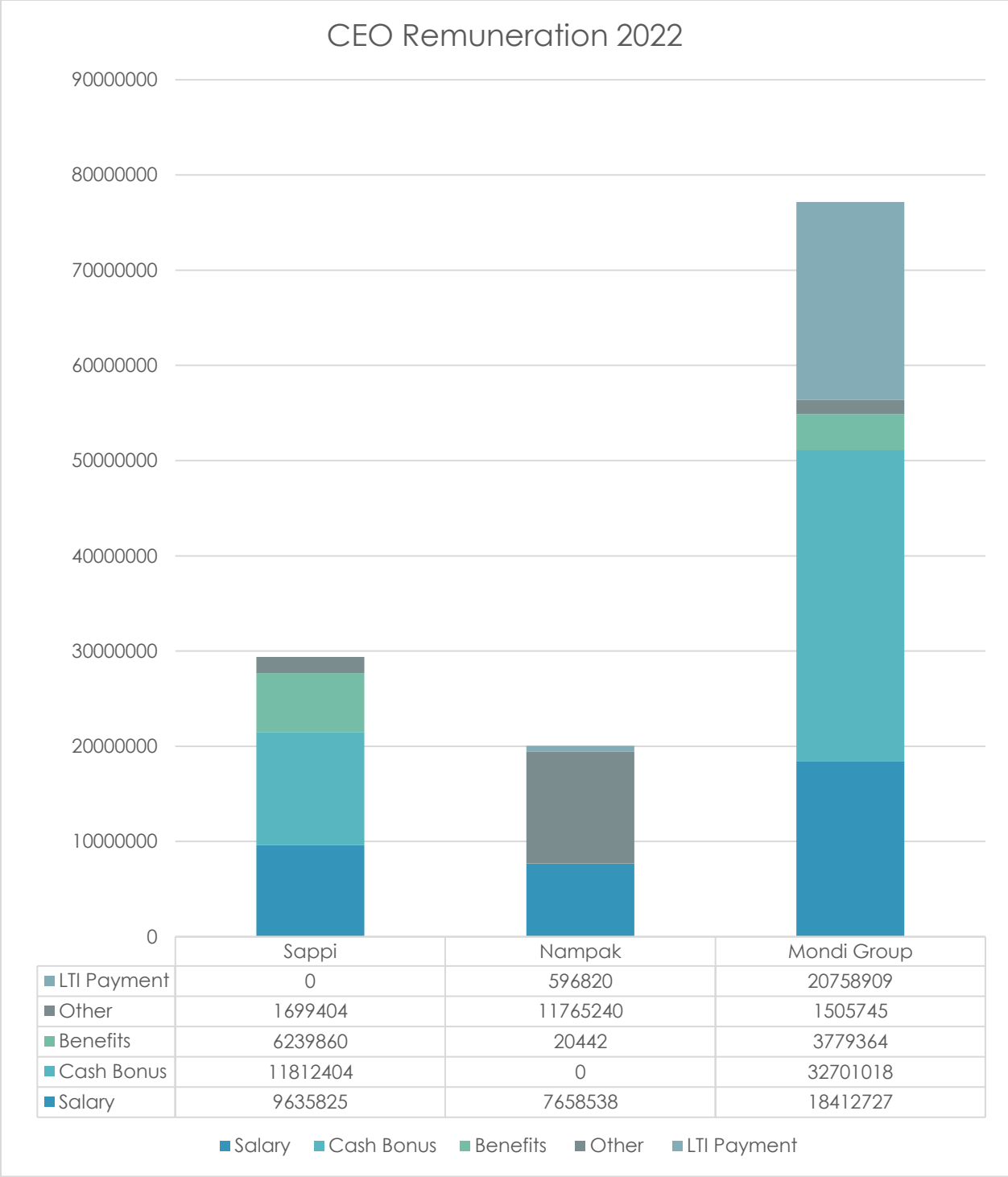


Figure 8 Paper & Packaging Sector CEO Remuneration 2022

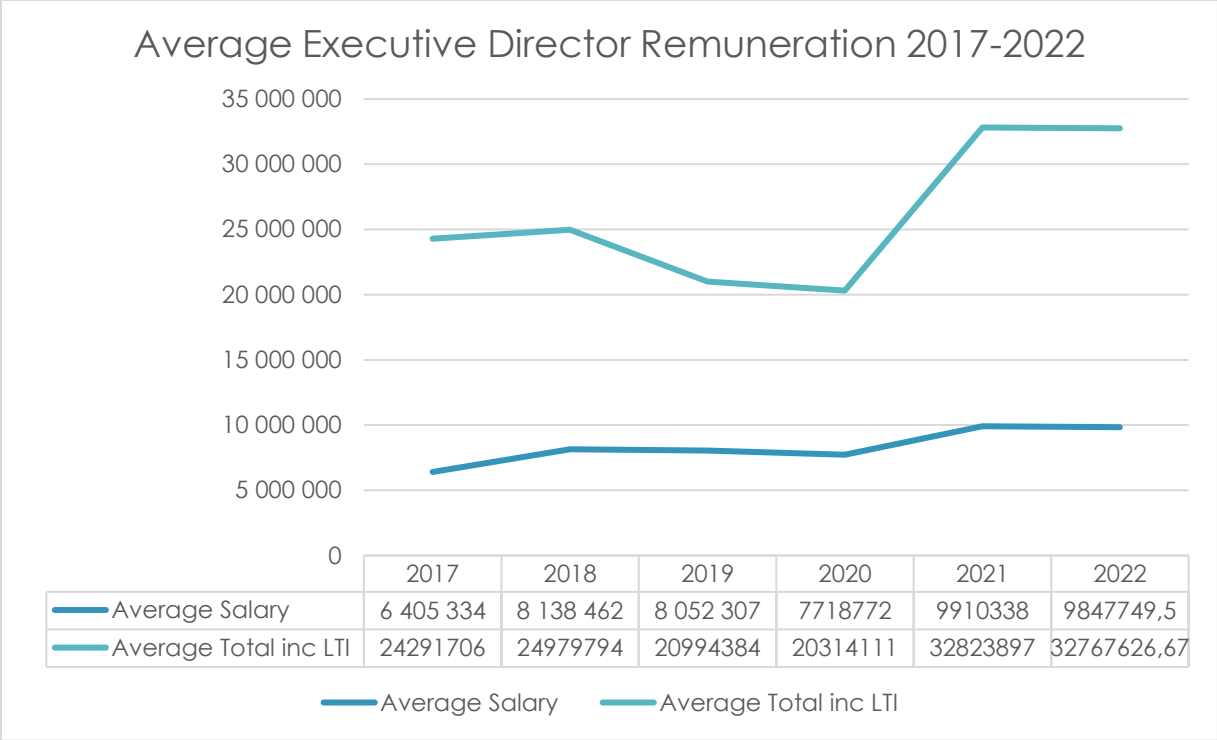


Figure 9 Paper & Packaging Sector Average Executive Director Remuneration 2017 to 2022

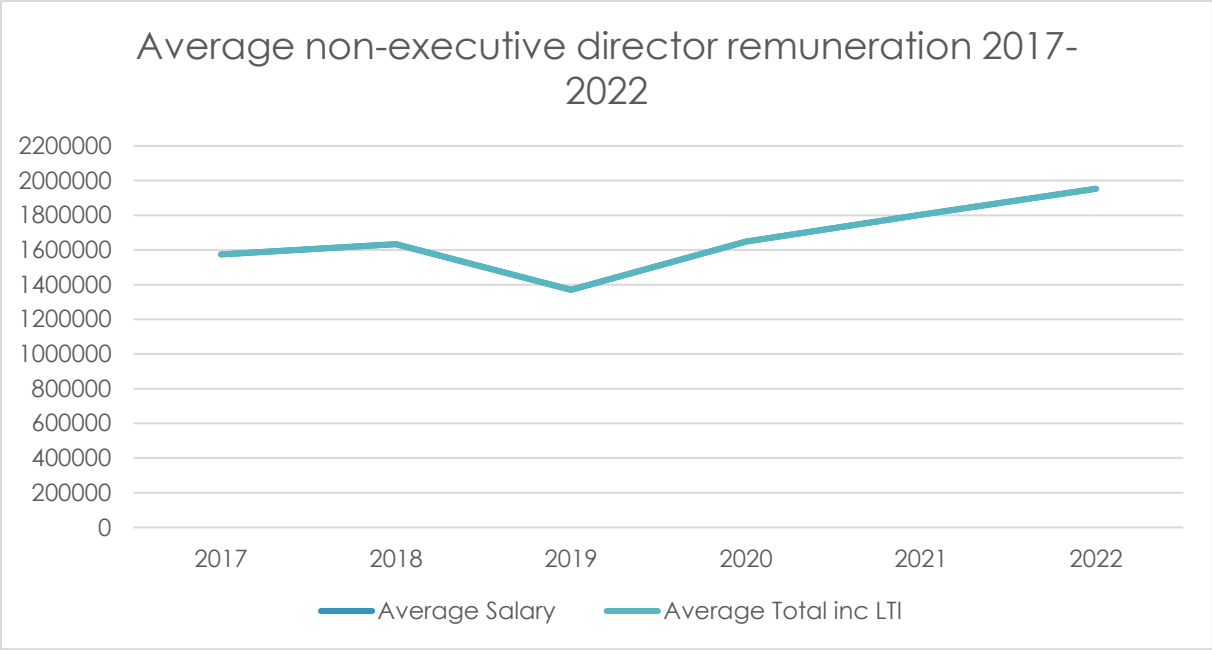


Figure 10 Paper & Packaging Sector NED Average Total Annual Remuneration 2017 to 2022