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A year in review of JSE listed manufacturers of financial year 2025

Thriving in an era of transformation

March 2026

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Executive summary

The South African manufacturing sector stands at a pivotal crossroads. Despite facing headwinds such as declining margins, rising costs, and increasing financial risks in specific subsectors, the industry shows resilience with earnings growth, improved liquidity, and emerging opportunities in technology-driven innovation.

This publication unpacks the sector's shifting financial landscape, identifies both vulnerabilities and competitive advantages and outlines the strategic levers manufacturers must pull to not just weather disruption—but thrive in an era defined by rapid transformation.

Globally, manufacturers are facing an expanding array of pressures and imperatives that are set to disassemble the industry's existing structure. In combination, these forces are driving the reconfiguration of the wider "how we make" ecosystem, requiring existing and new participants to work together in new ways to overcome common challenges and leverage new opportunities. For South African manufacturers, this means one thing: adapting quickly is no longer optional its—a matter of urgency.

What factors are triggering this reconfiguration? Digital transformation is clearly at the forefront, as manufacturers adopt automation, AI and other advanced technologies to boost productivity, efficiency and agility. But tech is just one driver among many. Businesses also need resilience in supply chains, as companies diversify and relocate their supplier bases to reduce risks and impacts, and the push to improve sustainability and circularity through more energy-efficient infrastructure and processes together with closed-loop systems to reduce waste. Adding to these pressures is the growing need for specialised skills—especially in technology—in a constrained talent environment, the impact of geopolitical tensions on trade routes, the rising tide of regulations in the environmental, data privacy and cybersecurity arenas, and consumers' increasing demand for personalisation. Together, these forces make it clear that radical change is no longer optional—it's inevitable.

The new technology-enabled manufacturing ecosystem that emerges in response to these challenges will have several key characteristics. It will foster the decarbonisation of energy intensive industries—the likes of chemicals, textiles, plastic, steel and paper—through new processes and sustainable energy sources. There will be localisation and near-shoring of production, supported by government initiatives and local infrastructure construction. Supply chain routes will also be optimised as AI will improve energy and cost efficiency. At the same time, we'll see the rise of new capital allocation models to support flexible manufacturing, and technology being used to connect consumer markets more closely to supply chains to improve planning, logistics and reduce inventories. Carbon markets for manufacturers will also be supported by blockchain technology to maintain accessibility, visibility and compliance—an opportunity highlighted by the World Economic Forum. There will be greater circularity, with an increasing focus on repair and recycling of existing manufactured goods. And we'll see technology enable closer integration between manufacturers and their customers, with manufacturers gaining access to a wealth of customer data via apps and using it to deliver better, more personalised customer outcomes and experiences.

As value pools emerge and grow in the reconfigured ecosystem, we'll see the creation of an array of new business models to tap into them. Platform-as-a-Service (PaaS) providers will open up advanced manufacturing capabilities—including robotics, automation and sophisticated production tools—to small and medium-sized enterprises (SMEs) through subscription-based access. Additive manufacturing networks of 3D printing hubs enabling on-demand production and rapid prototyping. And collaborative supply chain networks where multiple manufacturers share resources, data and logistics to improve efficiency and resilience.

These are just some of the value opportunities arising as the "how we make" ecosystem reconfigures. It's a transformation we can already see happening all around us–and one that demands existing manufacturers reinvent themselves for success.

"While technologies like automation, AI and the Internet of Things (IoT) are already changing the face of the "how we make" domain, a far more profound reshaping of the manufacturing sector is now beginning—as the legacy industry structure breaks down to be replaced by a more diverse technology-enabled ecosystem of existing and new players working together in new ways."

Pieter Theron, PwC Africa Industrials & Services Leader

Value in motion—The Make domain

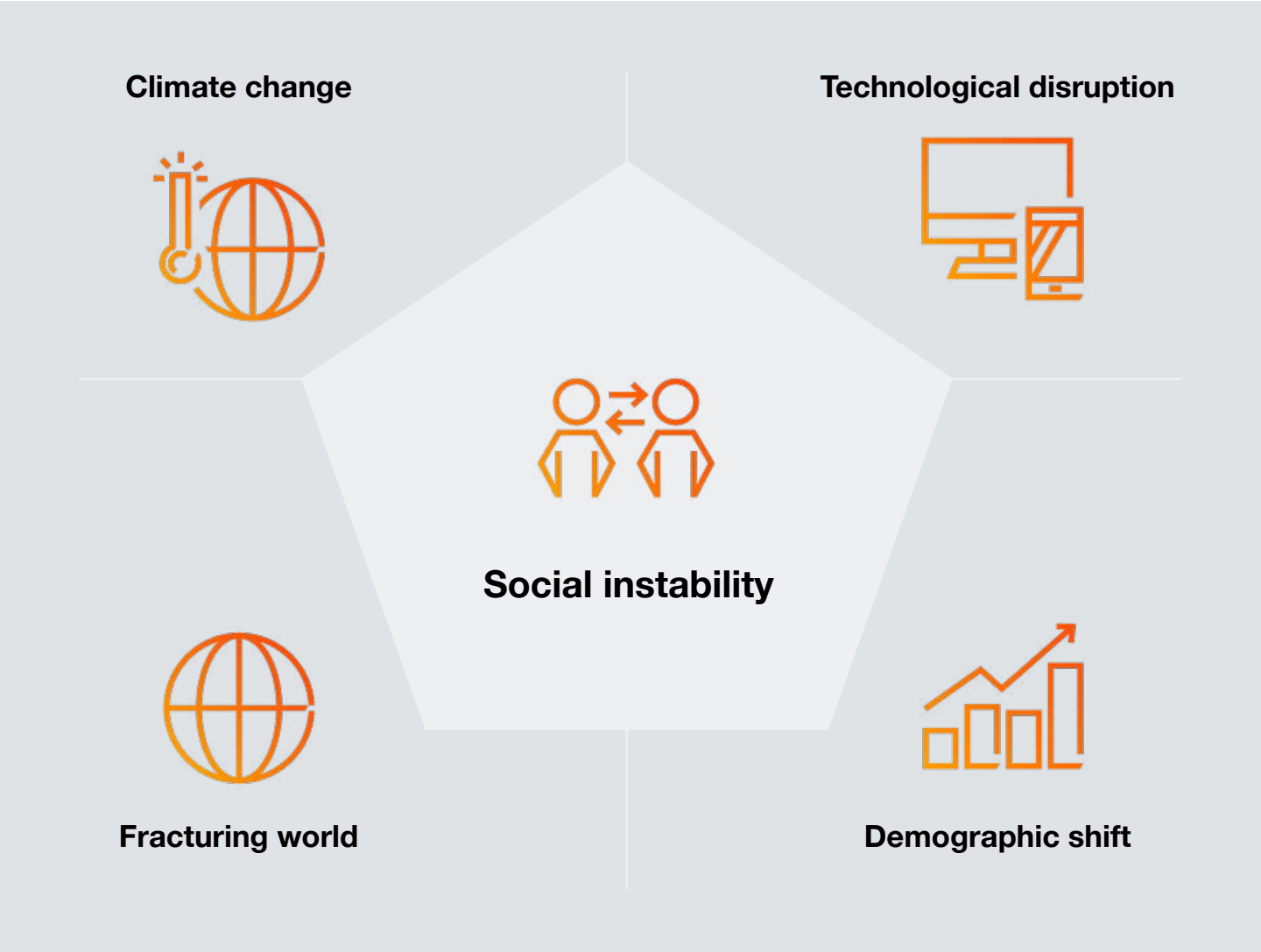
Introduction

Our conversations with business leaders make one point unmistakably clear: the line between surviving and thriving in the next decade does not lie in whether organisations face disruption—but in how they **respond** to it.

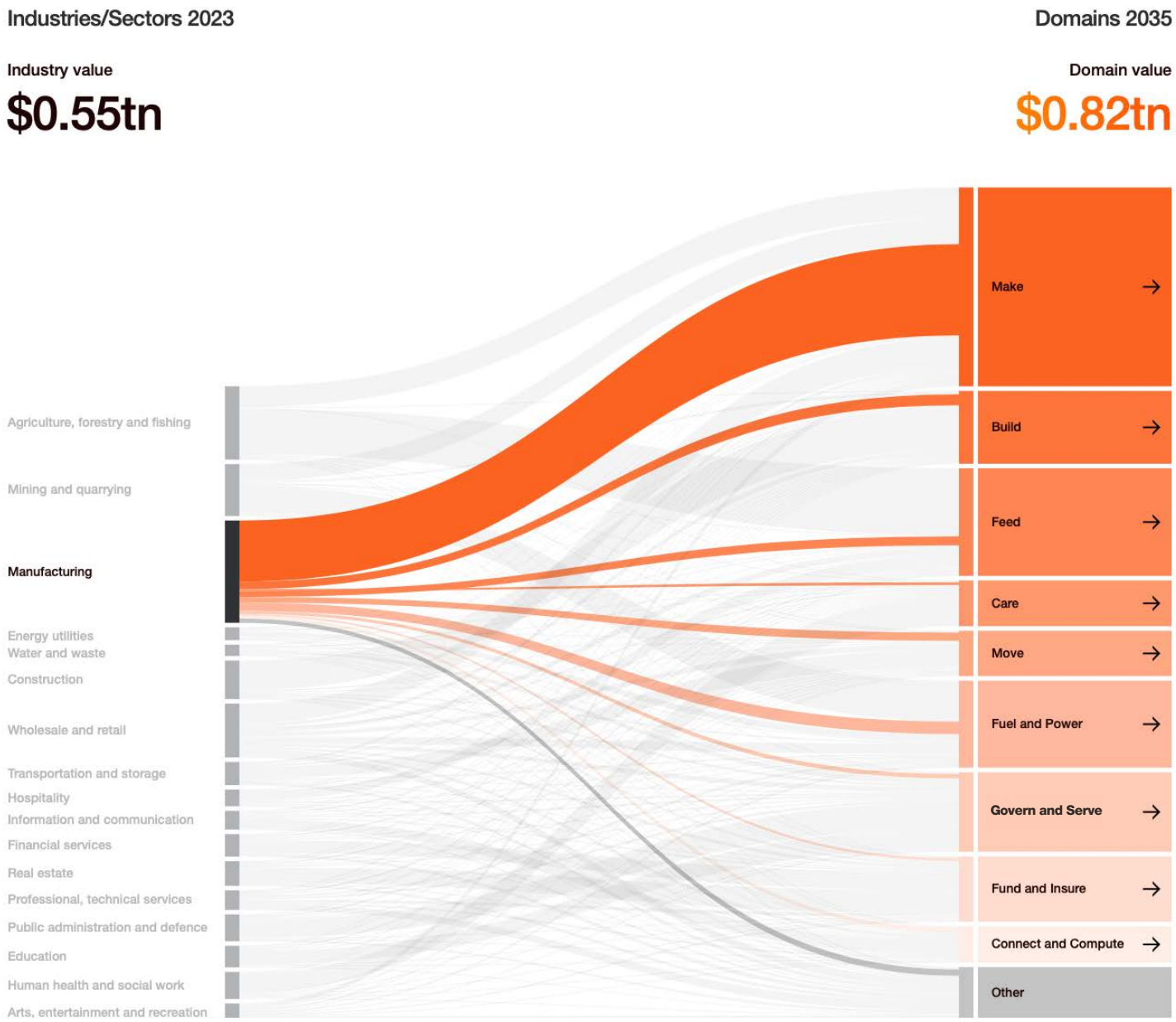
As **Megatrends** converge, companies are being compelled to rethink the very foundations of their business models. Across the global economy, entire industries are redefining how we move, feed and care for ourselves; how we build and make; and how we fuel society. These shifts are not happening in isolation. The systems that support them—how we fund and insure, connect and compute, and govern and serve—are also undergoing profound transformation to keep pace.

Amid this sweeping realignment, industrial manufacturing sits at the centre of change demanding decisive, future-focused action from leaders. Emerging tech-driven competitors, fragmented global supply networks, and the push for net zero are redefining requirements for success. At the same time, shifting market demands intensify this transformation, while evolving distribution models add new layers of complexity, the “How we Make” will never be the same again.

But disruption is more than a challenge for industrial manufacturing it’s—an opportunity for accelerated innovation and agile reinvention. Advantage will be unlocked by those who embrace change by upskilling, innovating and adapting at pace.



To thrive, manufacturing businesses must explore new domains of growth—where companies work across sector boundaries to meet fundamental human needs. In fact, **PwC's 29th Global CEO Survey** proves just this. 52% of industrials and services (I&S) CEOs say their companies have competed in new sectors or industries in the last five years. 34% of I&S CEOs say that their C-suite leadership team has equipped their company to respond effectively to disruptions.



Source: PwC research and analysis

How we make

To meet the world's need for materials and industrial goods, manufacturing must reinvent itself through innovation, digitisation and automation.

A new era of manufacturing is underway.

In the Fourth Industrial Revolution, (4IR) manufacturers are becoming a beacon of innovation—embracing the use of new technologies such as automation, 3D printing and AI to boost their productivity, efficiency and agility. Companies are already using these advances to reinvent themselves. As a result of these efforts, up to US$1.8 trillion of global manufacturing revenues could be redistributed from 2025 onwards. Meaning that companies which successfully adopt and leverage new technologies are likely to gain a competitive edge, capturing a larger share of the total industry revenue.

Other powerful catalysts for change include the need to insulate supply chains from climate shocks, the push to improve sustainability and circularity, the growing demand for workers with specialised skills, and the impact of geopolitical tensions on trade routes. Together, they're combining to forge a major sectoral reconfiguration in manufacturing.

An expansive ecosystem is forming as companies reimagine what—and how—we make.

Compared to the manufacturing sector that we know, the Make domain will be a more diverse, tech-enabled zone in which firms integrate their capabilities and knowledge to create offerings that better meet customers' increasingly complex needs. The new cast of players consist of classic manufacturers, along with: IoT providers, AI firms, cybersecurity specialists, and robotics companies.

Cross-sector collaboration has already helped companies develop elegant, multifaceted solutions. Aerospace companies, for example, boost aircraft and engine uptime by combining remote monitoring, predictive analytics, coordinated inventory management, and automated maintenance scheduling. In other instances, customers pay for a function like energy generation, heating or filtration, while the company owns and manages the equipment, enhancing efficiency with the IoT and advanced analytics.

The burgeoning Make domain offers significant economic gains to decisive players.

Companies will find growth opportunities by looking across traditional sectors and recognising distinct areas of customer need, such as raw materials, manufacturing data, climate solutions and materials science. By 2035, the Make domain could contribute $34.17 trillion to global GDP, representing about a quarter of total output.

The extent of that growth will depend on how megatrends play out.

To obtain a quantitative picture of what the Make domain might look like in 2035, we modelled the potential global economic impact of two of the most pressing megatrends: technological disruption (specifically disruption from AI) and climate change. The result is three divergent scenarios, corresponding to a range of outcomes, from a low of $33.91 trillion to a high of $36.84 trillion.

The opportunity

Businesses that grasp the full potential of the Make domain will have the edge in 2035.

The nature and scale of the new business opportunities that emerge in the Make domain will depend on how AI adoption and climate action progress. Your strategy should account for a range of possible outcomes.

Three scenarios can help leaders in the Make domain consider what the future might bring:

1. In the **Trust-Based Transformation**, a coordinated, conscientious approach to tech deployment and climate response fosters productivity growth, job creation and environmental health.
2. In the **Tense Transition**, regionalisation and nationalism give rise to technology systems and sustainability efforts that deliver benefits without the economies of global scale.
3. In **Turbulent Times**, atomised interests, divisive uses of technology, and suspended sustainability initiatives hamper economic growth.

Learn more about the **three divergent tomorrows.**

Sizing the Make opportunity where you are

The projected growth of the Make domain varies greatly across the three scenarios, not just across potential future but among regions and territories, too. Knowing where opportunities are likely to emerge—and where they might be overlooked—can help companies target geographies, design offerings and retool their business models.

		Trust-based transformation	Tense transition	Turbulent times
Projected value in 2035	Global	$36.84tn	$35.36tn	$33.91tn
	Africa	$1.07tn	$1.07tn	$1.07tn

Global alignment, responsible tech, sustainable solutions.

Demand for goods and equipment that cause minimal harm to the environment—along with strict environmental regulations—encourages businesses to embrace sustainable sourcing and production practices. Waste reduction and resource circularity become governing concepts for successful manufacturing firms. Technology firms develop AI and data-security tools to promote transparency and efficiency along value chains.

Regional alignment, fragmented tech, subscale sustainability.

Conflicts over land use, resources and migration lead to political and economic fragmentation along regional lines. Companies prioritise smaller-scale, local manufacturing and shorten supply chains to achieve operational resilience and conform to the particular standards of each region. They also seek efficiency gains and resource security through reuse and recycling, contributing to an active market for after-life goods and materials.

Atomised interests, disruptive and divisive tech, suspended sustainability.

Poor resource management causes intense geopolitical conflicts over raw materials, leading to disruptions in global supply chains. Companies localise their procurement of raw materials and invest in developing alternative materials. Meanwhile, with few incentives to buy reusable or recyclable goods, consumers increasingly value convenience and speed over sustainability. Companies respond by prioritising low-cost production.

Examples: Who succeeds?

A materials science company in Johannesburg bioengineers an environmentally safe, waste-free method for producing high-performance industrial fibres by cultivating genetically modified yeast in tanks. The complex production process is streamlined by AI and a secure IoT device network, with output informed by digital forecasting tools and an integrated inventory-management platform.

A Cape Town-based business specialising in the reclamation and recycling of corrosion-resistant composite materials develops a cloud-based subscription platform. The new platform enables aerospace firms, flooring companies and marine manufacturers to easily sign up for offtake services and thereby reduce disposal costs. Revenue—and a reliable stream of raw materials—from a growing subscription base prompt the recycling company to pilot a new business producing modular building components from reclaimed composites.

By subscribing to a robotics-as-a-service platform and using AI-assisted anomaly detection on the factory floor—and by shifting to regionally procured plastics and components—a medium-sized appliance manufacturer in Durban shortens its production cycle and reduces costs. The changes enable it to introduce a line of refrigerators at a radically lower price than those of its competitors.

Seizing the Make opportunity

In a future of divergent possibilities, imagining new ways to create value can help reframe how we think about viable business models, products and services. Regardless of the scenario, leaders can act now to ensure they succeed in the decade ahead. The reinvention actions you prioritise will of course depend on your company's unique situation and the opportunities you identify.

Imagining your 2035 business model

Fast-forward a decade. What sorts of innovative offerings might generate outsize value for industrial manufacturing companies in the Make domain?

Trust-based transformation	Tense transition	Turbulent times
Full-scope energy innovation partner International renewable energy standards, cross-border energy and carbon trading, and widespread trust in sharing data create an opening for a provider of turnkey clean energy services to global manufacturers. Instead of charging for energy by the unit, the company collects payment for delivering precisely enough power to keep customers' facilities running in a cost-effective way—giving all parties an incentive to maximise efficiency. The approach begins with analysing each manufacturer's energy needs and cutting demand through equipment tweaks or upgrades. Next, the service provider builds onsite facilities for renewable electricity generation and storage, and configures the system to source or provide carbon-free grid power as market prices fluctuate. Additional revenues come from carbon credits earned as the system runs.	**Digitised recruiting and hiring platform** The market for computer-literate assembly-line workers is volatile. Sometimes, companies need large pools of employees. At other times, workers are willing to accept flexible arrangements, such as short-term contracts. Responding to these complexities, a tech company sets up a digital hiring platform that rapidly connects workers with jobs. It uses AI to analyse the skills, locations and other attributes indicated in job postings and worker profiles, and suggest matches—collecting fees when matches are made and as workers remain on the job past discrete benchmarks. Powerful analytics deliver real-time updates and forecasts of manufacturing activity to help employers adapt as conditions change.	**AI-optimised materials management company** In a world of resource nationalism, a technology-enabled business has the opportunity and incentive to develop closed-loop capabilities for sourcing and supplying materials. With prices for copper and steel at a premium, the company uses equipment powered by AI and machine learning to automate and optimise waste sorting and processing. Predictive systems loaded with point-of-sale data from retailers identify consumers who might be convinced to turn in their older home appliances. The company is able to make dynamically priced offers in times of high demand. Through innovative leasing contracts, the company provides standardised materials-as-a-service to producers of industrial equipment and reclaims the materials after equipment is retired from service, thereby retaining value and eliminating waste.
Who's got the edge?		
• Renewable equipment makers that can extend down the value chain by installing custom solar arrays, batteries and energy management systems for individual properties • Providers of smart-city infrastructure that can use their network data to aggregate energy supply and demand, and optimise generation and storage across urban districts • Telecom companies with distributed infrastructure assets that can connect power providers with users and collect and analyse data.	• Online learning platforms that can match users with suitable jobs, with intuitive features for both employers and workers • Providers of remote-working solutions that can capitalise on their knowledge of employee behaviours and preferences to optimise the screening, evaluation and matching of candidates • Financial institutions that use payment data to predict worker availability and connect companies with prospective employees before they start searching for jobs.	• Logistics and delivery companies that can operate scalable recycling infrastructure • E-commerce platforms that incorporate customer-relationship management analytics and AI to track sales and encourage end-of-life use of products • Manufacturing companies that can partner with local governments and businesses to create incentives for the recovery and reuse of industrial waste.
Future growth area		
Developing solutions to electrify and decarbonise hard-to-abate sectors like concrete and steel.	Implementing blockchain technology to enable secure and transparent contract management, quality control reporting, and payments.	Launching a subscription-based and ad-supported consumer app that gamifies recycling.

Six more future-ready business ideas

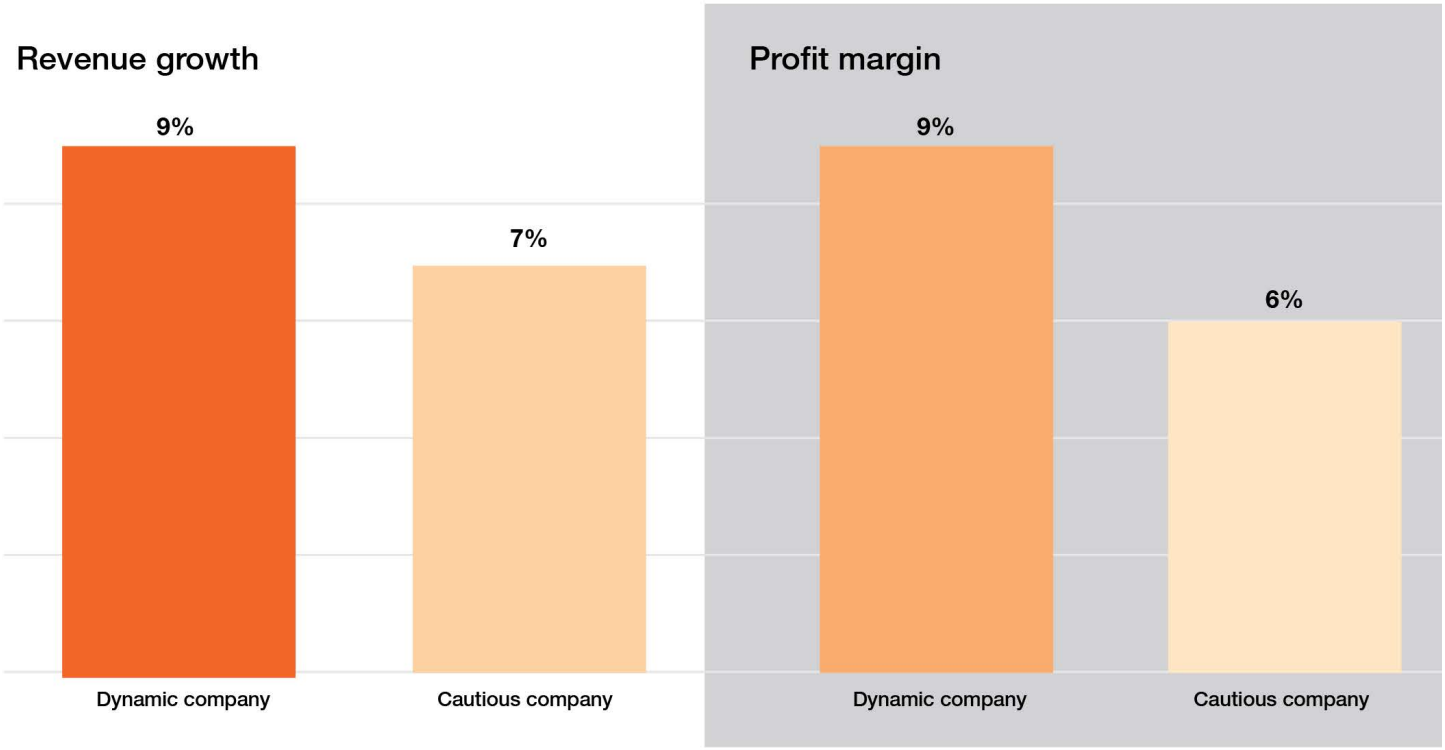
These quick-hit concepts—some of them suited for just one future scenario, others for more—offer additional inspiration for business model innovation.

Trust-based transformation	Tense transition	Turbulent times
Closed-loop materials formulated for maximum recoverability and reuse		Cybersecurity for IOT devices and software
Seamless aggregation and sharing of manufacturing data		Least-cost, lightweight materials derived from waste
	Manager of regional manufacturing networks that streamline distribution and withstand disruption	
AI-driven, robot-equipped warehousing systems		

To reinvent for multiple tomorrows, take action today

The process of reinvention needs to start now, with a focus on priorities that respond to the reconfiguration that's already underway. This means driving hard towards a set of innovation imperatives—securing competitive advantages in areas such as technology and trust, and turning obstacles such as climate threats into enablers of growth. Whether your organisation is motivated by the carrot of revenue growth, the stick of rising competitive pressure or both, PwC global research suggests that when companies take actions to reinvent their business model, they enjoy higher profit margins.

Cautious companies are shown to under perform



Note: Values are predictions from regression modelling, adjusted for country, sector, ownership structure, revenue, and headcount. Cautious companies (15% of the sample) are those that don't plan to make any major acquisitions in the next three years and have a decreased likelihood of making large, new investments due to geopolitical uncertainty. Dynamic companies are all other companies in the sample (n = 3,134; 4,185).

Source: PwC's 29th Global CEO Survey

Innovation imperatives

Today's manufacturing sector is making impressive advances in automation and digitisation. Many players in the Make domain are already well-equipped to initiate the critical changes to their operating and business models that will help their organisation withstand—and leverage—sudden market shifts, unstable supply chains and resource scarcity. Here are a few key areas of innovation to target:

AI

The applications of this fast-evolving set of technologies have huge transformative potential for the Make domain. AI-enabled flexible manufacturing systems, supported by advanced robotics and automation, can drive mass personalisation and customisation. AI can also be used to optimise workflows for maximum efficiency and to manage plant maintenance.

PwC's 29th Global CEO survey shows that close to a third (30%) report increased revenue from AI in the last 12 months and a quarter (26%) are seeing lower costs.

Further PwC analysis shows that generative AI (GenAI) alone could boost operating margins by double digits across many industries.

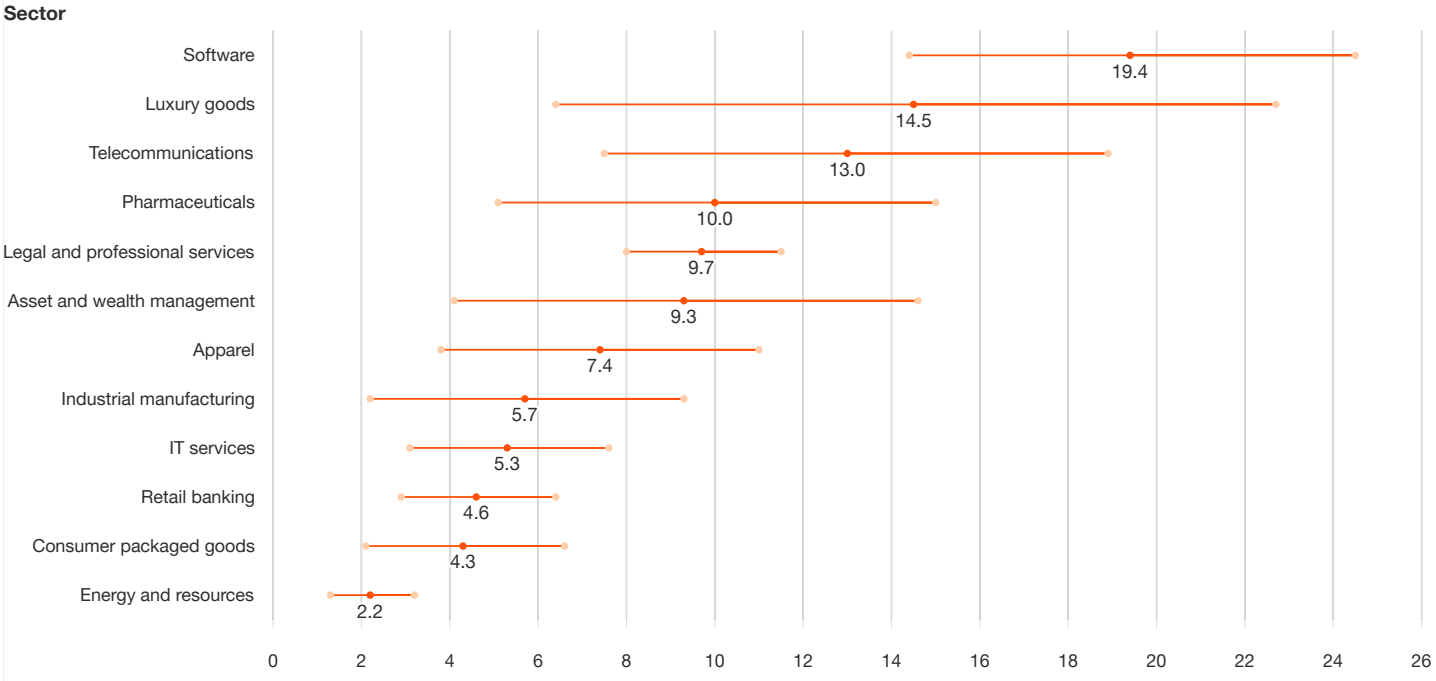
pwc

30%

of CEOs report increased revenue from AI in the last 12 months and 26% are seeing lower costs, while the majority remain poised for future financial returns as they continue to invest in AI.

The potential value of GenAI across sectors

Potential increase in operating profit margin (percentage points)



Note: The range of values indicates levels of uncertainty: the impact of some use cases will vary considerably across companies in a sector. The potential increase in value is calculated by assessing the cumulative use case impact on benchmarked profits and losses for each sector, which is itself based on current operating models.

Source: S&P Capital IQ data with PwC and Strategy& analysis

Supply chain

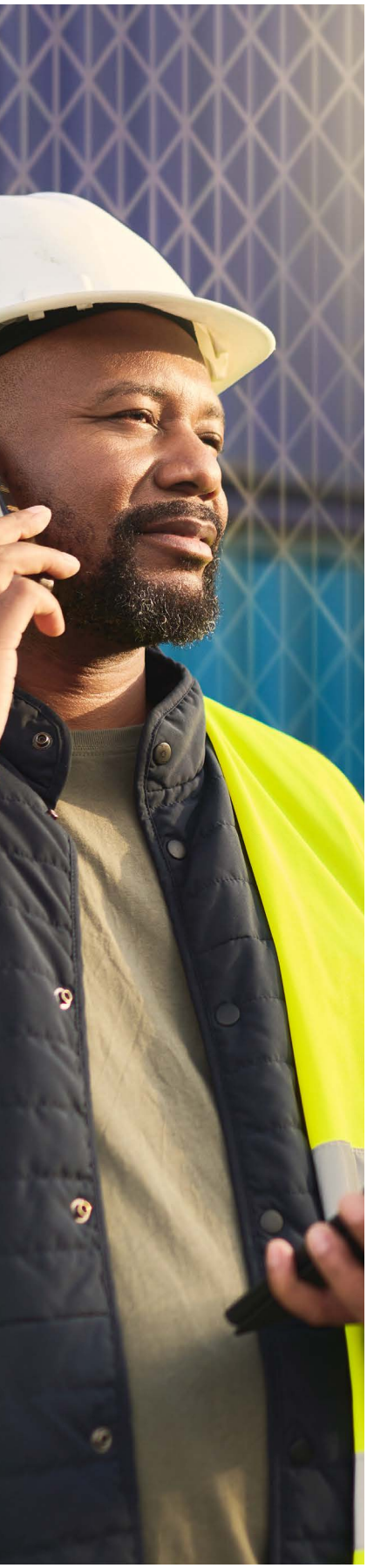
Investing in real-time supply chain tracking, enhanced traceability, and in smart adaptive logistics can unlock significant cost savings and efficiency gains—freeing resources for reinvention. At the same time, micromobility solutions can help streamline last-mile delivery.

Energy use

Investments such as electric trucks, green roofs, solar panels, optimised building insulation and natural lighting—are straightforward investments that can deliver significant savings while advancing sustainability goals.

Advanced digitisation and next-gen production

Digital-twin technology and predictive analytics can significantly accelerate R&D, giving companies an advantage when piloting a new business concept. 3D printing of complex parts can also reduce third-party dependency and insulate against supply chain disruptions.



Sources of competitive advantage

Technology is a critical differentiator in the Make domain—but gaining an edge doesn't just mean replacing legacy IT and upgrading data capabilities. Real advantage comes from applications of leading-edge tools originating in other sectors. Another distinguishing factor: trust, both within and outside the organisation.

Technological innovations

Among the tools that are already driving massive change. Wearable devices, precision robotics and remote monitoring tools—first developed for the pharma and life sciences industries—transforming shop-floor operations, boosting safety, and enabling real-time visibility across production environments. Similarly, pressures in the semiconductor industry have produced advances in extreme ultraviolet lithography, which enables miniaturisation of circuits, and in next-gen materials like graphene.

The advantage of trust

Every leader knows that trusted organisations attract customers, talent and investors. Trust is also vital for growth in new domains. Consumer trust gives you the credibility to test new business models in new sectors, whereas trust with your ecosystem partners improves collaboration and unlocks value—in part by lowering the transaction costs that could slow operations with unnecessary friction. Yet as important as trust already is, it is likely to become even more crucial in the decade ahead. The reality is that the underlying data, processes, controls and governance that companies rely on to operate in a trusted fashion will be less effective in responding to the new opportunities—or threats—that industry reconfiguration brings.

Companies are boosting customer engagement via new digital platforms that let them learn more about their customers and enable personalisation. Inside the organisation, manufacturers are creating robust feedback mechanisms to give workers an active role in product development and to improve communication between management and the factory floor.

Performance trust

enables companies to operate and transform more efficiently and confidently by implementing systems and processes that enhance operational effectiveness and reliability.

Accountability trust

enables companies to comply and communicate with confidence by meeting regulatory requirements and expectations with precision and integrity.

Digital trust

helps companies maximise the potential of AI and or other technologies with confidence by ensuring that digital assets and operations are secure, reliable and compliant.

Turning obstacles into enablers

Reducing exposure to physical climate risk is an urgent challenge, as is emissions mitigation—especially for hard-to-decarbonise subsectors. Both these urgencies also represent opportunities for companies that can innovate fast enough. Here are some areas where players in the Make domain can start taking action now.

Materials innovation

Supply chain emissions and extreme weather events are prompting manufacturers to reconsider how they select and source materials. More climate-friendly materials are being developed through advances in materials science (especially those breakthroughs enabled by biotechnology and nanotechnology) and in process engineering. Closed-loop designs and recovery systems can also reduce environmental impact and preserve value by keeping materials in use for longer. Such advances can also help Make companies less dependent on far-flung production sites.

Operational transparency

Recently adopted regulations in Europe and other large markets mean that companies must demonstrate responsibility for the environmental and social impacts that occur in their operations and supply chains—by measuring and reporting to a greater extent than before. In meeting these compliance requirements, companies will collect data that can reveal opportunities to lower costs or otherwise improve performance.

While technologies like automation, AI and IoT are already changing the face of the “how we make” domain, a far more profound reshaping of the manufacturing sector is now beginning–as the legacy industry structure breaks down to be replaced by a more diverse technology-enabled ecosystem of existing and new players working together in new ways.

This shift to a reconfigured ecosystem will be propelled both by ongoing advances in technology and a wide array of drivers fuelled by the Megatrends. These include the pressure to achieve climate goals and reduce other environmental impacts, to the effects of demographic changes on customer demand, to the impacts of geopolitical tensions on supply chains.

The common thread of operating in the ecosystem will be smart use of technology, which will help companies tap into new value pools that will emerge and grow in the ecosystem, through models ranging from IoT-enabled smart factories, to Platform-as-a-Service (PaaS) manufacturing services, to collaborative supply chain networks serving multiple manufacturers.

Financial performance

Economic review

South African manufacturers benefitted in 2025 from a combination of positive developments: a significant reduction in electricity load-shedding, a slowdown in input cost inflation (associated with a stronger exchange rate), growth in total export sales (despite the adverse impact of US tariffs), interest rate cuts benefitting consumer demand and financing costs, as well as some improvement in the quality of rail and port services. This overall improvement in the business environment was reflected in the latest GDP growth data showing that the South African economy expanded by 1.1% in 2025 compared to 0.5% in the preceding year.

Outlook

The outlook for South African manufacturers in 2026 has shifted materially. While the domestic fundamentals at the start of the year were encouraging—with Producer Price Index (PPI) inflation at 2.2% y-o-y in January and market expectations pointing to further interest rate cuts—the escalation of the Middle East conflict has introduced a significant new risk vector. The multi-country military action commencing 28 February 2026 has resulted in the most significant disruption to the global energy market since the 2022 start of the Russia–Ukraine conflict.

The ripple effect of the US-Israeli military action against Iran

$100

/barrel translates to a material increase in pump prices, placing significant upward pressure on manufacturers' cost bases.

Fuel and input costs are rising sharply. Brent crude surged to over $100/barrel in early-March, and the outlook for South African fuel prices suggests further compounding as legislated levy increases—including the General Fuel Levy, Carbon Levy, and RAF Levy—take effect in April alongside a sustained elevation in global oil prices. At current exchange rates, a prolonged oil price above $100/barrel translates to a material increase in pump prices, placing significant upward pressure on manufacturers' cost bases.

For manufacturers, diesel—the backbone of South Africa's road freight-dependent logistics network—is the critical cost line. These increases will flow through to transport, warehousing, packaging, and ultimately the price of manufactured goods and groceries reaching the end consumer.

20%

of global seaborne oil and natural gas flows-is technically open but commercially closed, with Protection and Indemnity (P&I) insurance formally withdrawn, rendering transit economically unviable.

Supply chains are under renewed strain. The Strait of Hormuz-a small sea passage adjacent to Iran through which 20% of global seaborne oil and natural gas flows-is technically open but commercially closed, with Protection and Indemnity (P&I) insurance formally withdrawn, rendering transit economically unviable. All major container lines have suspended Hormuz and Red Sea/ Suez operations. The Cape of Good Hope route is now the world's only viable east–west shipping corridor, adding approximately 10–14 days to Asia–Europe voyages.

For JSE-listed manufacturers reliant on imported raw materials, intermediates, or packaging, lead times will lengthen and procurement costs will rise.

5%

from its February average to R16.85/$, its weakest level since mid-December.

The rand is weaker, amplifying the shock. The rand has depreciated by approximately 5% from its February average to R16.85/$, its weakest level since mid-December. For manufacturers with dollar-or euro-denominated input costs who have recently benefitted from a stronger rand, this compounds the fuel-driven inflation and erodes margins further.

4%

of the CPI basket, but its indirect transmission—through transport, logistics, food, and manufactured goods—is far larger.

Consume price inflation (CPI) is expected to accelerate, compressing consumer demand. Fuel directly accounts for approximately 4% of the CPI basket, but its indirect transmission—through transport, logistics, food, and manufactured goods—is far larger. Should the conflict in the Middle East persist, CPI inflation may rise above the South African Reserve Bank's (SARB) new 2%-4% target range, with food inflation rising further. Inflation was most recently measured at 3.5% year-on-year in January 2026.

In a more severe regional escalation scenario, inflation could reach levels last seen during the 2022 energy crisis. This will negatively affect disposable incomes and weigh heavily on consumer demand—particularly in the FMCG and grocery segments. Manufacturers should anticipate volume pressure even as input costs rise, a margin squeeze familiar from previous inflationary cycles.

With the SARB facing a difficult pivot, the anticipated rate-cutting cycle is now uncertain. Market participants have even begun to price in the possibility of rate hikes—a sharp reversal from prior expectations. For manufacturers, the implications are twofold: higher borrowing and financing costs, and weaker consumer credit appetite. Government officials have flagged that sustained oil prices risk both inflation and growth, underscoring the delicate balancing act facing policymakers.

However, not all signals are negative. The country's position as a leading producer of key commodities provides a meaningful windfall, with prices trading at historically elevated levels and major forecasters expecting further upside. Mining-related tax revenues have risen significantly, providing a useful fiscal buffer. The government's Budget 2026 projects a strengthening primary surplus and debt-to-GDP peaking this fiscal year—a stronger starting position than in previous crises. The Cape shipping route opportunity, if captured through rapid port and regulatory reform, also offers an economic offset, though South Africa's readiness gap remains a constraint.

What this means for JSE-listed manufacturers

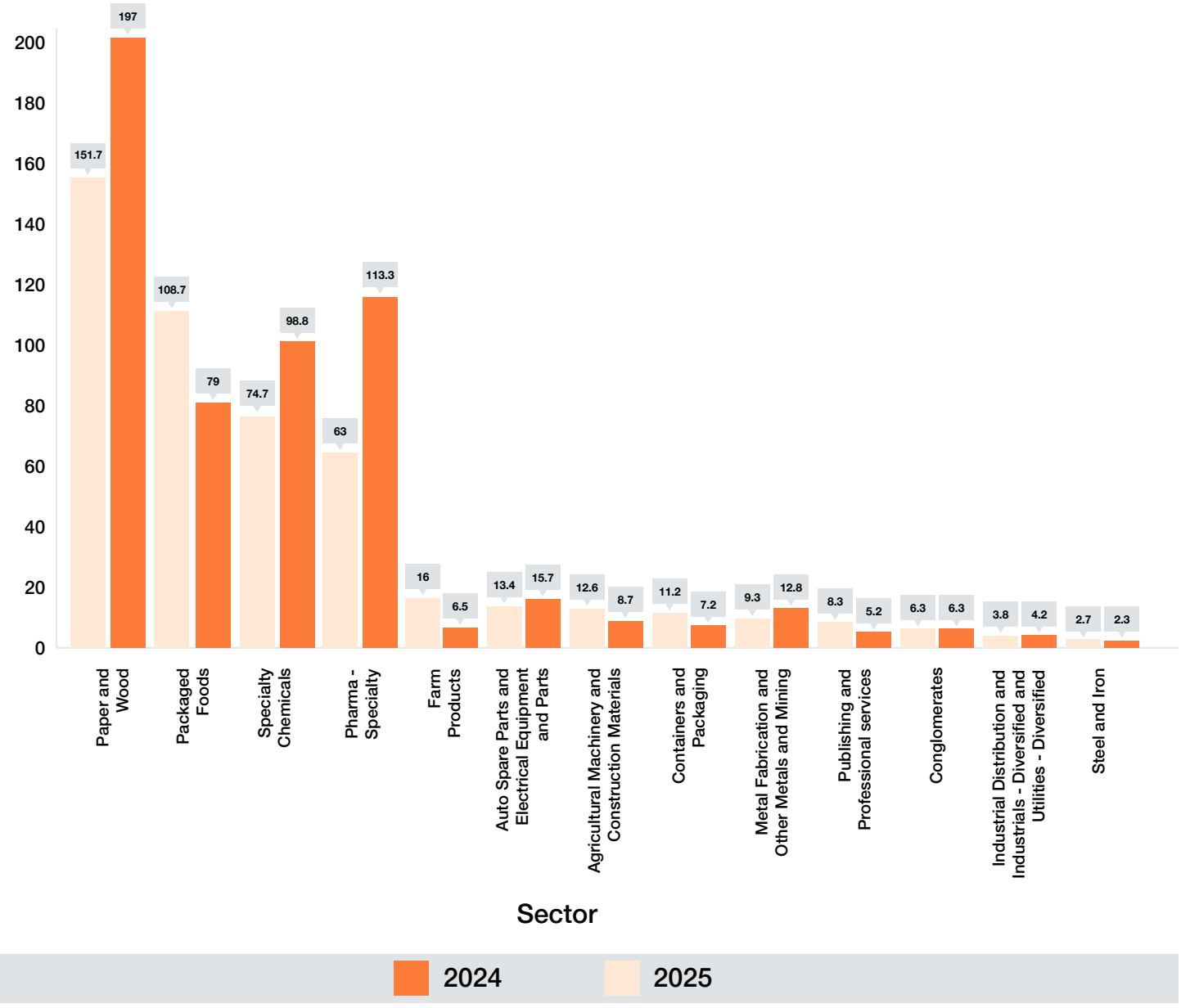
The fiscal growth assumption of 1.5–1.8% GDP is at risk. Manufacturers should plan for a period of elevated input costs, compressed margins, and softer volume growth—while remaining alert to the possibility of a rapid de-escalation in the Middle East, which would relieve pressure but is currently assessed as low probability. Successfully navigating these headwinds will require disciplined cost management, supply chain diversification, and proactive pricing strategies.

Market capitalisation

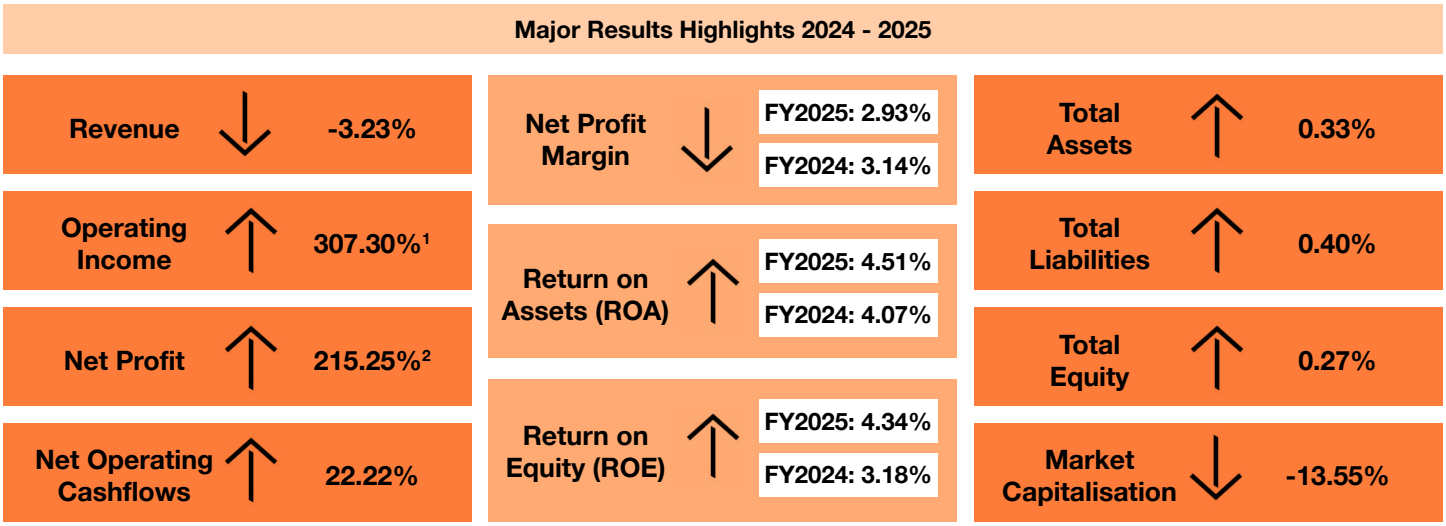
Between 2024 and 2025, total market capitalisation fell by 13.55%, declining from R557.22 bn to R481.72 bn—a decrease of R75.49 bn. The downturn was led by the Pharma, Specialty Chemicals, and Paper and Wood sectors. Pharma saw the steepest drop, losing over R50 bn, largely reflecting a R49 bn reduction in a major sector constituent. By contrast, the Farm Products sector surged by 145%, buoyed by a significant new listing on the JSE.

The Packaged Food sector increased by over R29.6 bn, up 37.46% and continues to exhibit some of the strongest profitability and return metrics, with the largest contributions coming from two leading diversified food producers.

Figure 1: Manufacturing: Market capitalisation, 31 May 2024 and 1 June 2025



Major results highlights



Operating and net profit margins remain above historical averages (see endnotes), while revenue dipped 3% year-on-year, likely due to rising input costs and energy price volatility. Return on assets (ROA) edged up, reflecting better asset utilisation and faster capital turnover. Headline Earnings per Share (HEPS) rose 15.83% year-on-year, driven by cost optimisation despite macroeconomic challenges. Return on equity (ROE) improved, showing effective leverage and strong shareholder returns, signalling confidence in long-term value creation. Liquidity ratios strengthened across most sectors, backed by enhanced working capital and inventory management. Gearing levels are generally healthy, though some subsectors face over-leverage, heightening interest rate risk. Overall, manufacturing shows resilience with earnings growth and improved liquidity, but must focus on asset efficiency, cost control, and debt management to sustain profitability.

Revenue and profitability trends

Gross profit margin

Gross profit has steadily declined since 2022, although margins remain comparatively high—signalling continued profitability. However, concern exists over future trends. Low and falling margins in Agricultural Machinery and Construction Materials, Farm Products, Metal Fabrications and Other Metals and Mining, and Steel and Iron sectors suggest mounting competitive or cost pressures. Conversely, high margins in Containers and Packaging, Packaged Foods, and Pharma – Specialty sectors continue to exhibit strong margins, reflecting greater pricing power, stronger demand fundamentals and more effective cost management.

Operating profit margin

Operating income has generally trended downward over the past three years, pointing to deteriorating management of operating costs. Agricultural Machinery and Construction Materials show low operating margins, while the Steel and Iron sector has experienced negative margins, reflecting significant production cost and pricing challenges. By contrast, Containers and Packaging and Packaged Foods continue to maintain high operating profitability.

Net profit margin

Net profit margins largely follow operating margin trends, with average returns falling below the benchmark of 5%, raising concerns about sector-wide profitability. Agricultural Machinery and Construction Materials, Pharma–Specialty, and Steel and Iron sectors report losses. Notably, the Containers and Packaging sector improved net profit margins despite declines in gross and operating margins, likely due to better finance expense management.

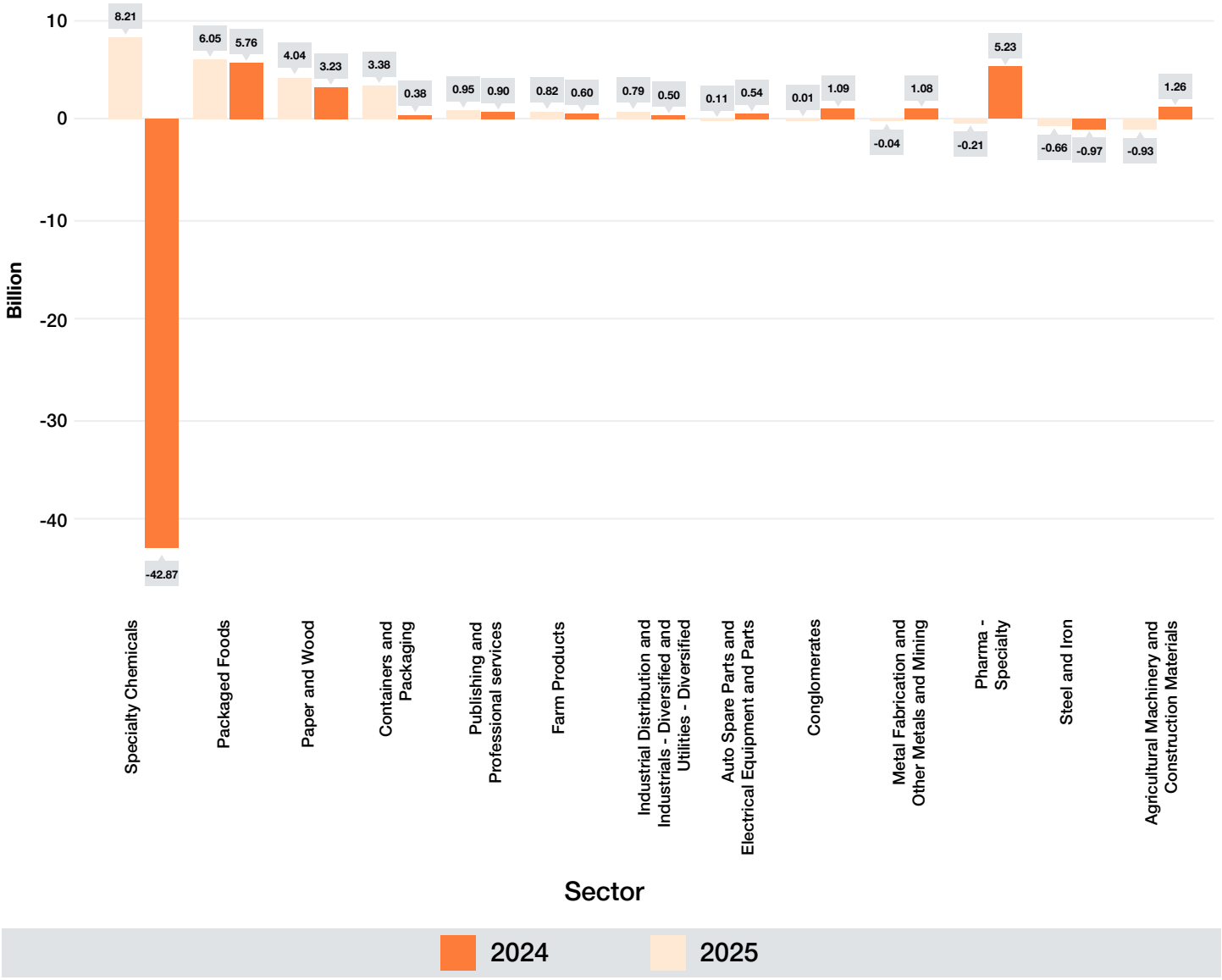
Declines across gross, operating, and net margins point to increased costs or pricing pressures. Strong performers such as: Containers and Packaging, Packaged Foods, Industrial Distribution, and Publishing and Professional Services demonstrate efficient operations and market strength.

In contrast, Agricultural Machinery and Construction Materials, Metal Fabrications and Mining, and Steel and Iron struggle with low or negative profits, likely due to high production costs and pricing difficulties.

Sector	Gross profit margin (Gross profit / Sales)		Operating profit margin (EBIT / Sales)		Net profit margin (profit after taxes / Sales)	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Agricultural Machinery and Construction Materials	8.48%	8.76%	1.00%	2.24%	-1.06%	0.91%
Auto Spare Parts and Electrical Equipment and Parts	19.98%	19.89%	4.94%	8.85%	2.13%	5.72%
Conglomerates	17.39%	17.69%	3.96%	7.58%	0.29%	4.14%
Containers and Packaging	61.32%	62.26%	11.22%	12.13%	6.31%	5.89%
Farm Products	12.44%	11.55%	3.97%	3.73%	2.90%	2.11%
Industrial Distribution and Industrials - Diversified and Utilities - Diversified	29.96%	28.99%	8.60%	7.49%	9.00%	6.09%
Metal Fabrication and Other Metals and Mining	12.95%	18.06%	3.40%	8.92%	0.17%	5.56%
Packaged Foods	51.93%	50.80%	9.77%	9.72%	8.39%	7.31%
Paper and Wood	26.48%	27.85%	5.64%	5.17%	2.92%	2.46%
Pharma - Specialty	42.07%	41.66%	4.76%	14.53%	-0.40%	9.42%
Publishing and Professional services	27.98%	23.97%	8.75%	8.66%	8.69%	8.28%
Specialty Chemicals	26.31%	28.97%	7.38%	-7.52%	3.22%	-13.23%
Steel and Iron	12.43%	20.27%	-0.19%	-0.56%	-2.73%	-3.85%
Industry Average	**26.90%**	**27.75%**	**5.63%**	**6.23%**	**3.06%**	**3.14%**

Source: PwC analysis

Figure 2: Manufacturing: Net profit 2025 and 2024



Return on assets

Year-on-year, the industry's average ROA has slightly increased, indicating improved efficiency in converting assets into earnings. However, the current average remains below the standard benchmark of 5%. Industrial Distribution, Industrials–Diversified and Utilities–Diversified, Packaged Foods, and Publishing and Professional Services sectors exhibit notably high ROAs, reflecting effective asset utilisation.

Return on equity

ROE increased by 3% year-on-year, suggesting stronger profitability relative to shareholders' equity. However at 6%, it still trails below industry benchmarks. Agricultural Machinery and Construction Materials and Steel and Iron sectors report significantly negative ROE, highlighting poor returns on investor capital. Containers and Packaging and Specialty Chemicals posted the largest ROE gains. The unusually high ROE in Containers and Packaging is driven by Nampak's net profit boost from income on discontinued operations.

Fixed asset turnover

The industry displays solid fixed asset turnover rates, improving from the prior year—exceeding the healthy benchmark of 1.5x. Agricultural Machinery and Construction Materials and Industrial Distribution have high turnover, indicating efficient use of fixed assets. For Agricultural Machinery and Construction Materials, despite a negative ROA and ROE, strong turnover means revenue generation is efficient, however profits are eroded by costs, expenses, or factors like high interest or depreciation. The Paper and Wood sector has the lowest fixed asset turnover, suggesting underutilised or heavily capital-intensive assets.

Industry averages reveal low returns on assets and equity overall, though sectors like Containers and Packaging, Packaged Foods, Industrial Distribution, and Publishing and Professional Services maintain strong returns, showcasing market strength. Rising fixed asset turnover points to marginal revenue gains per rand invested in plant and equipment. Industrial Distribution and Utilities-Diversified and Agricultural Machinery efficiently utilise asset bases, while Paper and Wood and Containers and Packaging face challenges with underused or aging assets.

Return and efficiency indicators

Sector	Return on assets (Profit before tax/ Total assets)		Return on equity (Profit after tax / Equity)		Fixed assets turnover (Sales/ Fixed assets)	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Agricultural Machinery and Construction Materials	0.18%	2.07%	-4.55%	4.15%	5.58	5.87
Auto Spare Parts and Electrical Equipment and Parts	2.47%	4.95%	1.84%	5.44%	4.18	3.39
Conglomerates	0.76%	4.56%	0.08%	8.53%	1.86	1.78
Containers and Packaging	5.82%	4.68%	44.53%	2.67%	1.62	1.74
Farm Products	6.55%	5.06%	8.63%	7.02%	4.90	4.96
Industrial Distribution and Industrials - Diversified and Utilities - Diversified	11.90%	6.04%	14.90%	6.28%	9.29	7.54
Metal Fabrication and Other Metals and Mining	1.97%	9.12%	-0.53%	11.22%	3.39	3.25
Packaged Foods	14.18%	10.79%	15.79%	14.85%	4.41	4.53
Paper and Wood	1.94%	2.11%	2.59%	2.12%	0.86	1.01
Pharma - Specialty	0.71%	4.63%	-0.23%	5.80%	2.28	2.49
Publishing and Professional services	9.96%	9.25%	10.10%	9.23%	3.58	3.39
Specialty Chemicals	3.73%	-7.75%	4.78%	-24.91%	1.63	1.71
Steel and Iron	-1.48%	-2.59%	-19.31%	-11.02%	2.55	2.73
Industry Average	**4.51%**	**4.07%**	**6.05%**	**3.18%**	**3.55**	**3.41**

Source: PwC analysis

Liquidity and Inventory Management

Current ratio

All sectors report a current ratio comfortably above 1.0, with a year-on-year improvement across most sectors, indicating stronger liquidity management. The Steel and Iron sector has the lowest current ratio at 1.07, signalling a relatively tight liquidity position and potential concern.

Quick ratio

Most sectors maintain quick ratios well above 1.0, reflecting solid liquidity—even when excluding inventory. However, Agricultural Machinery and Construction Materials, Auto Spare Parts and Electrical Equipment and Parts, Metal Fabrications and Other Metals and Mining, Paper and Wood, and Steel and Iron sectors have notably low quick ratios below 1.0, raising concerns over short-term liquidity without inventory buffers.

Inventory to efficiency indicators

There is a growing reliance on inventory within working capital management. Metal Fabrications and Steel and Iron sectors exhibit high inventory-to-net-working-capital ratios, posing liquidity risks due to potential slow-moving or excess stock and an over-reliance on inventory to cover short-term liabilities. In contrast, Publishing and Professional Services shows the lowest ratio, consistent with its service-oriented business model and minimal inventory requirements.

Liquidity across the sector is generally satisfactory, with current and quick ratios above one. Publishing and Professional Services stands out for exceptionally strong liquidity. Conversely, Metal Fabrications and Mining and Steel and Iron face potential short-term cash flow challenges due to lower quick ratios. The rising inventory-to-net-working-capital ratios industry-wide suggest increased stockholding, especially pronounced in Steel and Iron and Metal Fabrications and Mining, while service-focused sectors maintain minimal inventory reliance.

Liquidity indicators

Sector	Current ratio (Current assets/ Current liabilities)		Quick Ratio (Current assets - Inventories/ Current liabilities)		Inventory to net working capital (Inventory/ Current assets – Current liabilities)	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Agricultural Machinery and Construction Materials	1.32	1.29	0.96	0.92	1.14	1.28
Auto Spare Parts and Electrical Equipment and Parts	2.21	1.70	1.55	1.16	0.54	0.77
Conglomerates	1.35	1.18	0.87	0.74	1.37	2.47
Containers and Packaging	2.14	1.83	1.64	1.43	0.43	0.48
Farm Products	1.95	1.72	1.56	1.28	0.41	0.61
Industrial Distribution and Industrials - Diversified and Utilities - Diversified	2.37	2.36	1.18	1.14	0.87	0.90
Metal Fabrication and Other Metals and Mining	1.12	1.61	0.50	0.72	5.33	1.45
Packaged Foods	1.78	1.58	1.08	0.77	0.90	1.39
Paper and Wood	1.34	1.85	0.74	1.13	1.76	0.85
Pharma - Specialty	2.18	1.83	1.15	1.06	0.88	0.93
Publishing and Professional services	3.21	3.64	2.99	3.41	0.10	0.09
Specialty Chemicals	1.90	1.91	1.27	1.28	0.70	0.70
Steel and Iron	1.07	1.25	0.54	0.55	7.45	2.78
Industry Average	**1.84**	**1.83**	**1.23**	**1.20**	**1.68**	**1.13**

Source: PwC analysis

Solvency and gearing

Debt to assets

The industry average debt-to-assets ratio of 0.52 falls within the typical range of 0.4 to 0.6 generally observed in capital-intensive industries such as manufacturing. Moderate ratios around 0.5 indicate that half of the assets are financed through debt. The Steel and Iron sector has the highest debt-to-assets ratio at 0.9, signalling elevated financial risk. Conversely, Publishing and Professional Services records the lowest ratio at 0.24 reflecting its minimal need for heavy capital investment and therefore its limited dependence on debt.

Debt to equity

The industry average debt-to-equity ratio rose markedly over the past year, from 1.01 in 2024 to 1.63 in 2025, pointing to elevated financial risk. The Steel and Iron sector shows the highest leverage, driven by a significant outlier within the segment that reported a debt-to-equity ratio in the mid-20s at its fiscal year-end. In contrast, Publishing and Professional Services maintains the lowest debt-to-equity ratios, indicating relatively modest use of debt.

Interest cover

The average manufacturing industry interest cover ratio exceeds 3.0, standing at 4.31 for 2025, which reflects healthy financial performance at the industry level. However, several sectors fall below this benchmark and may face difficulties meeting financial obligations over the long term. The Steel and Iron sector exhibits significant financial risk with a negative interest cover ratio. This aligns with its negative operating profit and return margins, suggesting an inability to cover interest costs through operating earnings and an overreliance on external funding to meet obligations.

Solvency Indicators

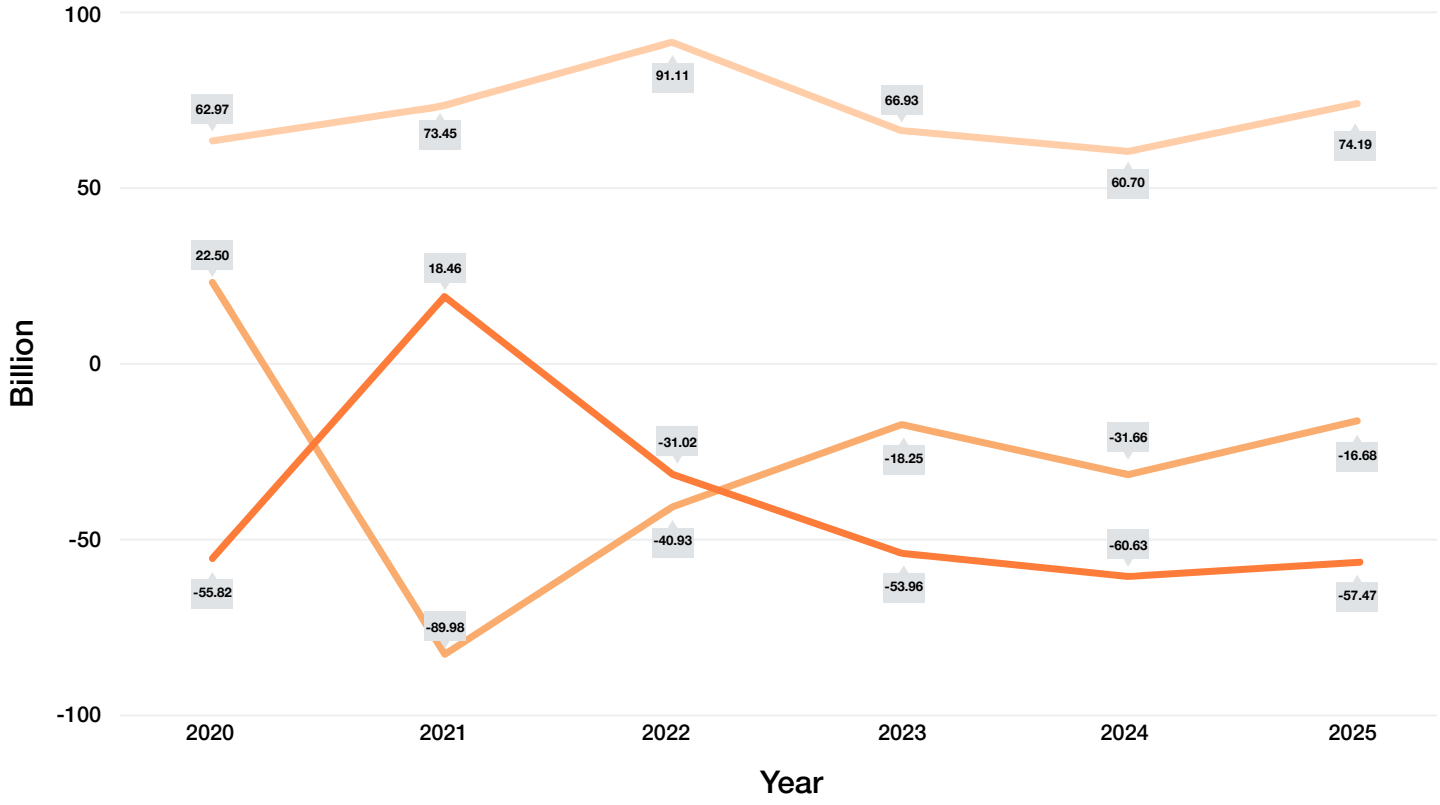
Sector	Debt to assets (Total liabilities/ Total assets)		Debt to equity (Total liabilities/ Shareholders equity)		Interest cover (EBIT / Total interest expense)	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Agricultural Machinery and Construction Materials	0.57	0.60	1.34	1.00	1.27	2.86
Auto Spare Parts and Electrical Equipment and Parts	0.56	0.48	1.28	0.77	2.36	5.55
Conglomerates	0.59	0.59	1.42	1.63	1.11	2.45
Containers and Packaging	0.61	0.66	1.56	1.26	3.65	2.34
Farm Products	0.45	0.47	0.81	0.72	9.33	3.53
Industrial Distribution and Industrials - Diversified and Utilities - Diversified	0.41	0.46	0.69	0.51	4.36	4.15
Metal Fabrication and Other Metals and Mining	0.51	0.43	1.06	0.77	2.14	8.71
Packaged Foods	0.41	0.41	0.69	0.79	10.19	9.12
Paper and Wood	0.52	0.48	1.09	1.30	3.13	3.16
Pharma - Specialty	0.37	0.39	0.59	1.09	1.24	3.31
Publishing and Professional services	0.24	0.23	0.32	0.55	15.10	13.12
Specialty Chemicals	0.55	0.58	1.23	1.50	2.18	-2.20
Steel and Iron	0.90	0.73	9.09	1.26	-0.06	-0.19
Industry Average	**0.52**	**0.50**	**1.63**	**1.01**	**4.31**	**4.30**

Source: PwC analysis

Cash flow

5 year trend

Figure 3: Manufacturing: Cash flow movements 5 year term



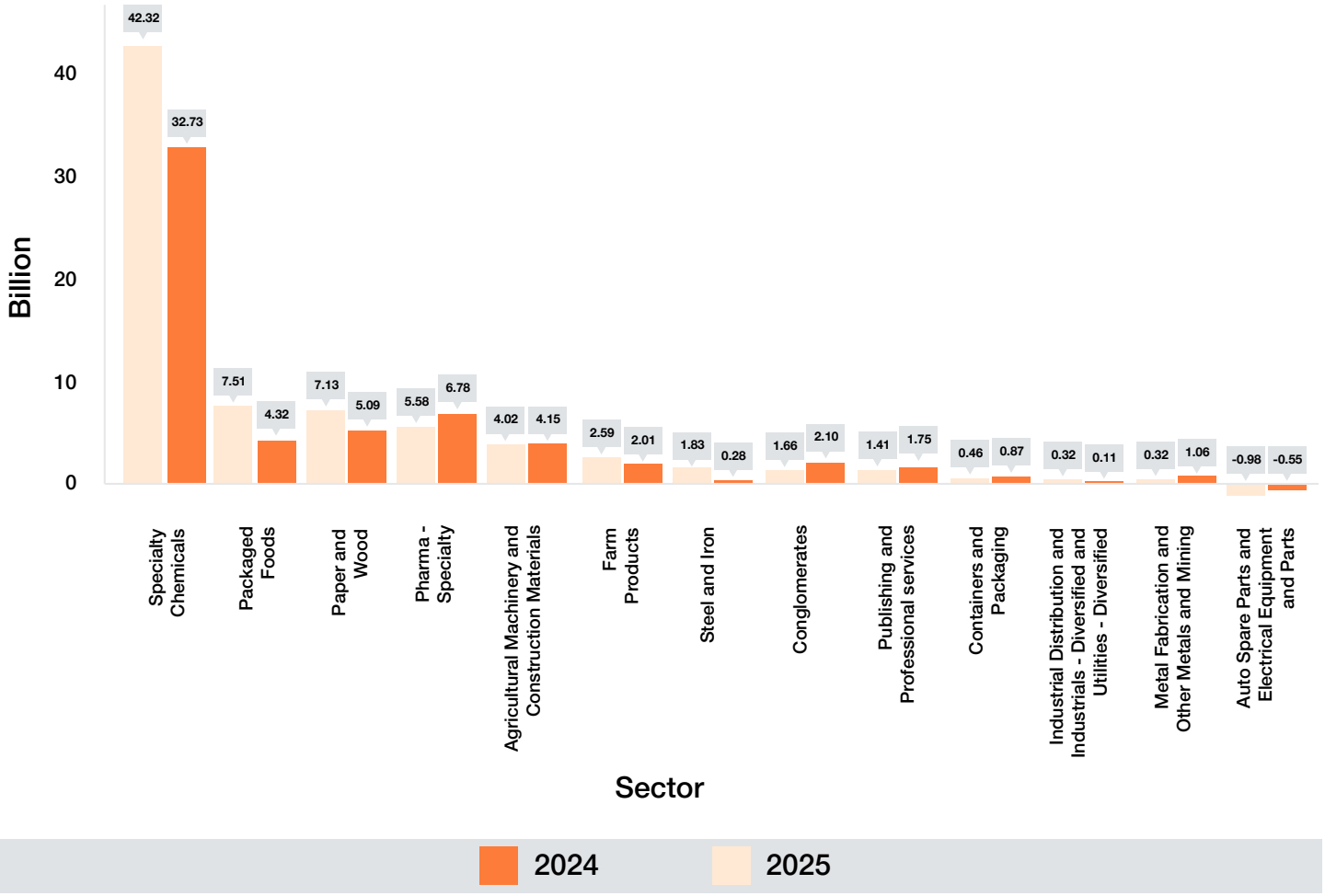
Operating cash flows have shown inconsistent trends over the past five years. From 2020 to 2022, cash flows grew steadily. However, between 2022 and 2024, there was a decline, followed by some growth again in 2025.

Financing and investing cash flows trended similarly from 2023 to 2025, which contrasts with the period from 2020 to 2022 when they moved in opposite directions. In 2020, positive financing cash flows combined with negative investing cash flows suggest that the industry was raising capital through debt or equity to finance investments in growth opportunities.

Conversely, the opposite trend was observed in 2021—where investing cash flows were positive and financing cash flows negative—indicates that the industry was divesting assets or parts of the business and using the proceeds to repay debt or return capital to shareholders.

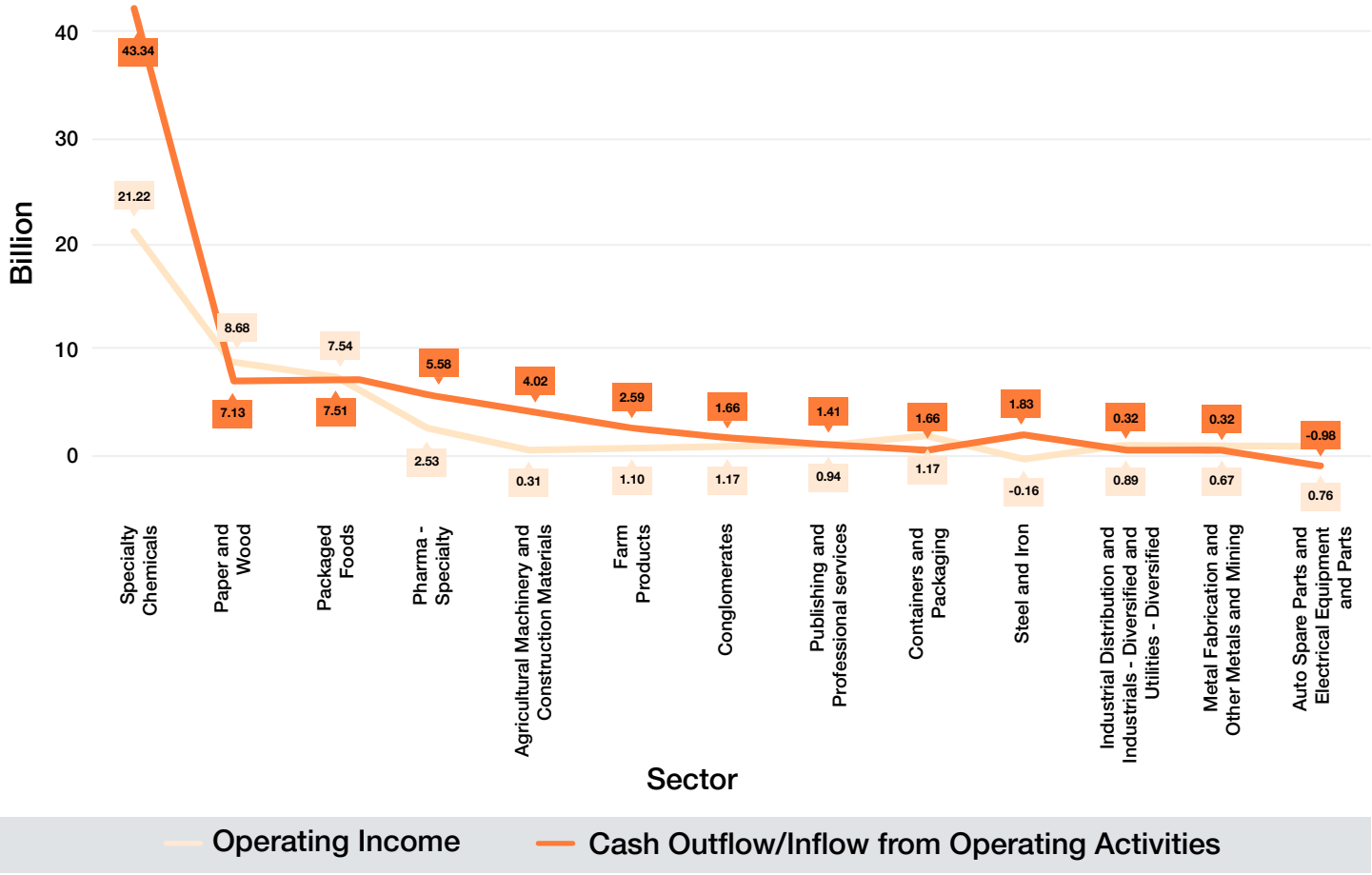
Operating cashflows

Figure 4: Manufacturing: Operating cashflows per sector, 2024 and 2025



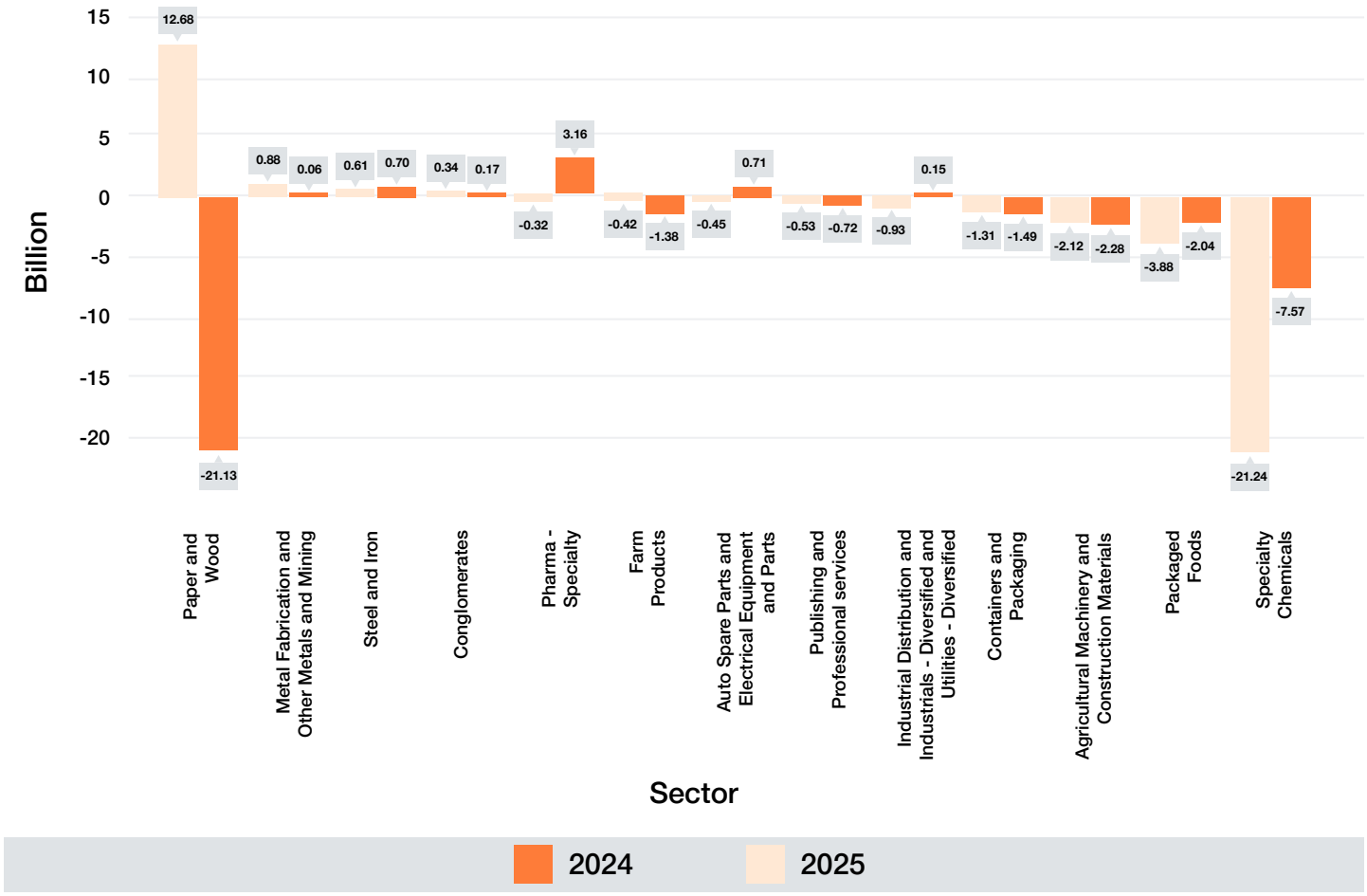
There was a general increase in operating cash flows across the industry from 2024 to 2025. The Specialty Chemicals sector recorded the largest increase, with operating cash flows rising by R9.6 bn, driven primarily by Sasol Limited. Meanwhile, the Steel and Iron sector experienced the highest percentage growth in operating cash flows, up 554%, primarily due to a significant increase at a leading company within the segment.

Figure 5: Manufacturing: Operating cashflows and operating income per sectors



In 2025, the Specialty Chemicals sector's operating cash flows exceeded its operating income, indicating strong cash generation relative to accounting profits. This suggests that the sector is efficiently converting its earnings into cash. Conversely, the Paper and Wood and Containers and Packaging sectors reported operating incomes that surpass their operating cash flows. This disparity may signal less efficient cash conversion and could be a potential concern for these sectors.

Figure 6: Manufacturing: Financing cashflows per sector, 2024 and 2025



The Paper and Wood sector experienced the largest increase in financing cash flows between 2024 and 2025, indicating that the sector is raising more capital in the current year compared to a higher level of payouts in 2024. In contrast, the Specialty Chemicals sector increased its cash outflows in 2025, reflecting higher capital repayments or distributions. Similarly, the Pharma – Specialty sector shifted from raising funds in 2024 to net cash outflows in 2025, indicating a move towards paying out funds.

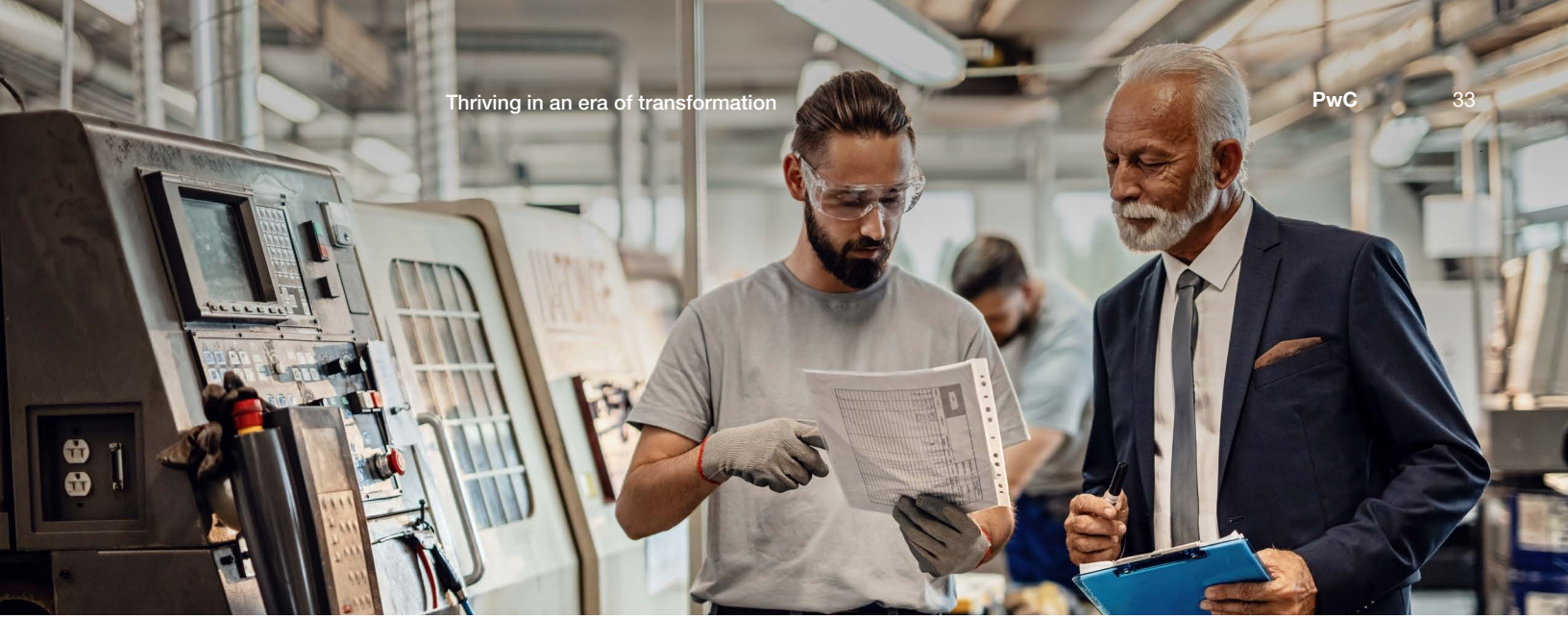
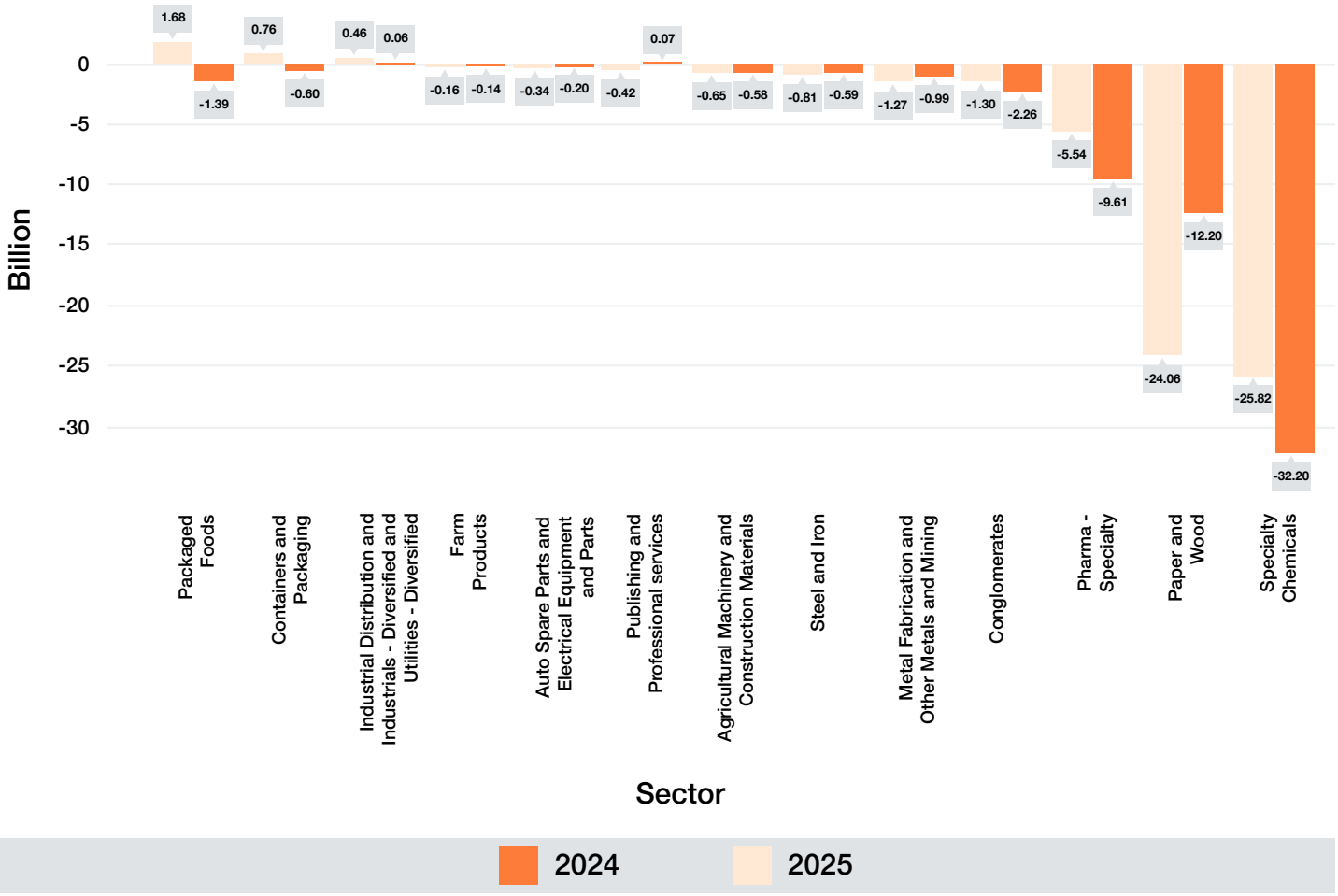
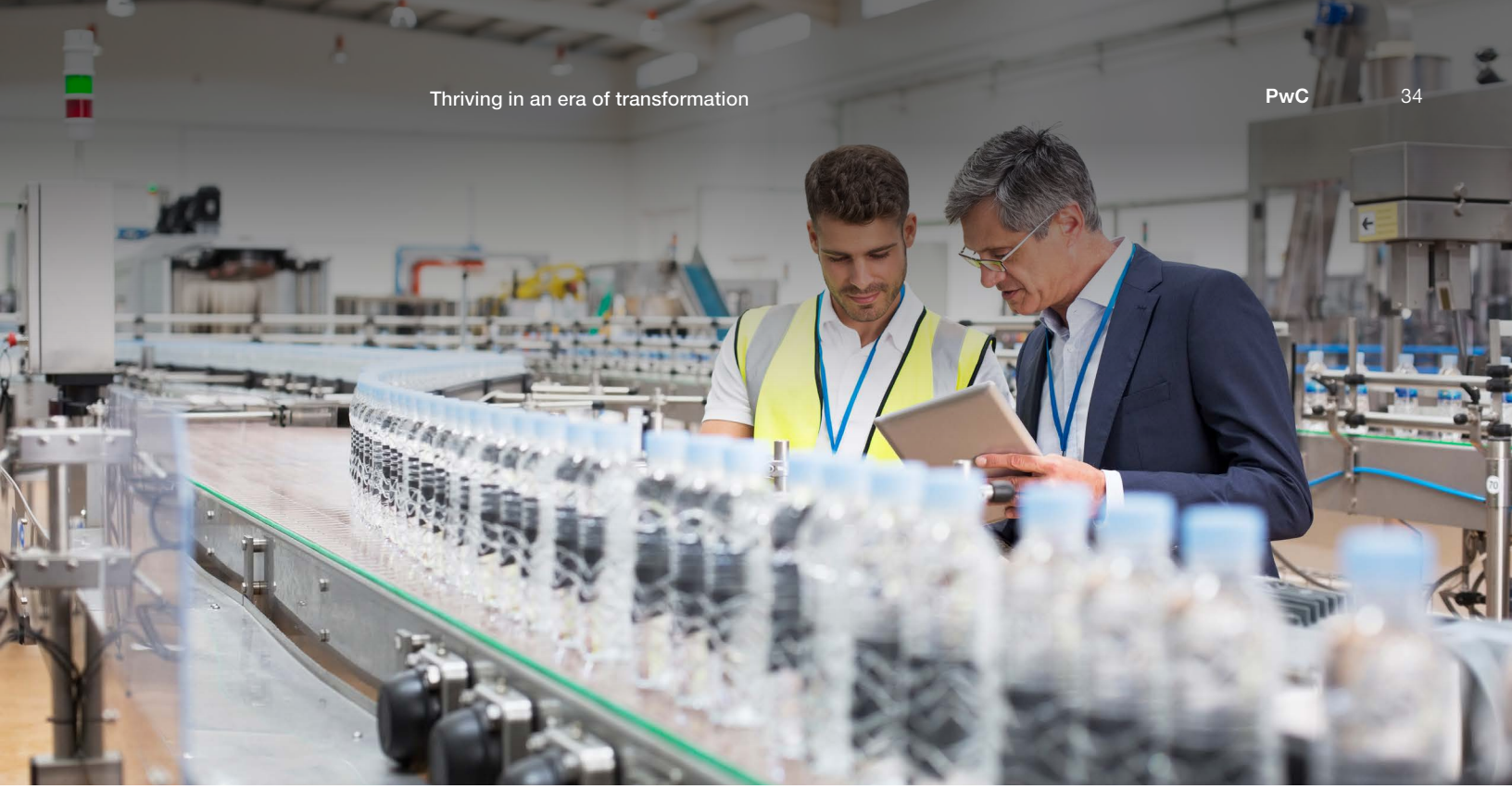


Figure 7: Investing cashflows per sector, 2024 and 2025



Most sectors recorded negative investing cash flow balances in 2025, indicating that the industry as a whole has been making substantial capital investments. Conversely, Packaged Foods, Containers and Packaging, and Industrial Distributions were the only sectors with positive investing cash flows, suggesting that these sectors have been liquidating certain investments during the period.



Industry earnings

Sector	Earnings per share (Basic) average per industry	Headline earnings per share (Basic) average per industry	Percentage difference
Agricultural Machinery and Construction Materials	- 2.47	- 4.62	-47%
Auto Spare Parts and Electrical Equipment and Parts	0.69	1.13	39%
Conglomerates	0.00	0.24	98%
Containers and Packaging	91.58	18.70	-390%
Farm Products	3.27	3.00	-9%
Industrial Distribution and Industrials - Diversified and Utilities - Diversified	3.65	2.91	-25%
Metal Fabrication and Other Metals and Mining	0.08	0.27	72%
Packaged Foods	4.60	3.93	-17%
Paper and Wood	2.99	2.95	-1%
Pharma - Specialty	1.14	4.75	76%
Publishing and Professional services	1.40	1.34	-5%
Specialty Chemicals	6.82	16.07	58%
Steel and Iron	2.06	2.01	-2%

Source: PwC analysis

A -390% difference between EPS (Earnings per share) and HEPS in the Containers and Packaging sectors indicates significant non-recurring items affecting EPS, such as restructuring costs and one-off gains. Containers and Packaging shows high EPS and HEPS due to Nampak, which posted a profit after tax of R2.9 bn, EPS of R358.42, and HEPS of R66.92. Over the past five years, EPS and HEPS have exhibited irregular movements.

The future of manufacturing

South Africa's manufacturing sector is undergoing a structural reset. Despite earnings growth, stronger liquidity and improving export performance, the industry is still under pressure:

- Market capitalisation fell 13.55%, driven largely by declines in Pharma, Speciality Chemicals and Paper and Wood.
- Several subsectors face margin compression, with industry wide gross, operating and net profit margins all trending downward.
- Return on assets and equity remain below benchmark levels, dragged down especially by Steel and Iron and Agricultural Machinery and Construction Materials.
- Climate risk, energy instability, and supply chain fragility continue to threaten long term resilience.

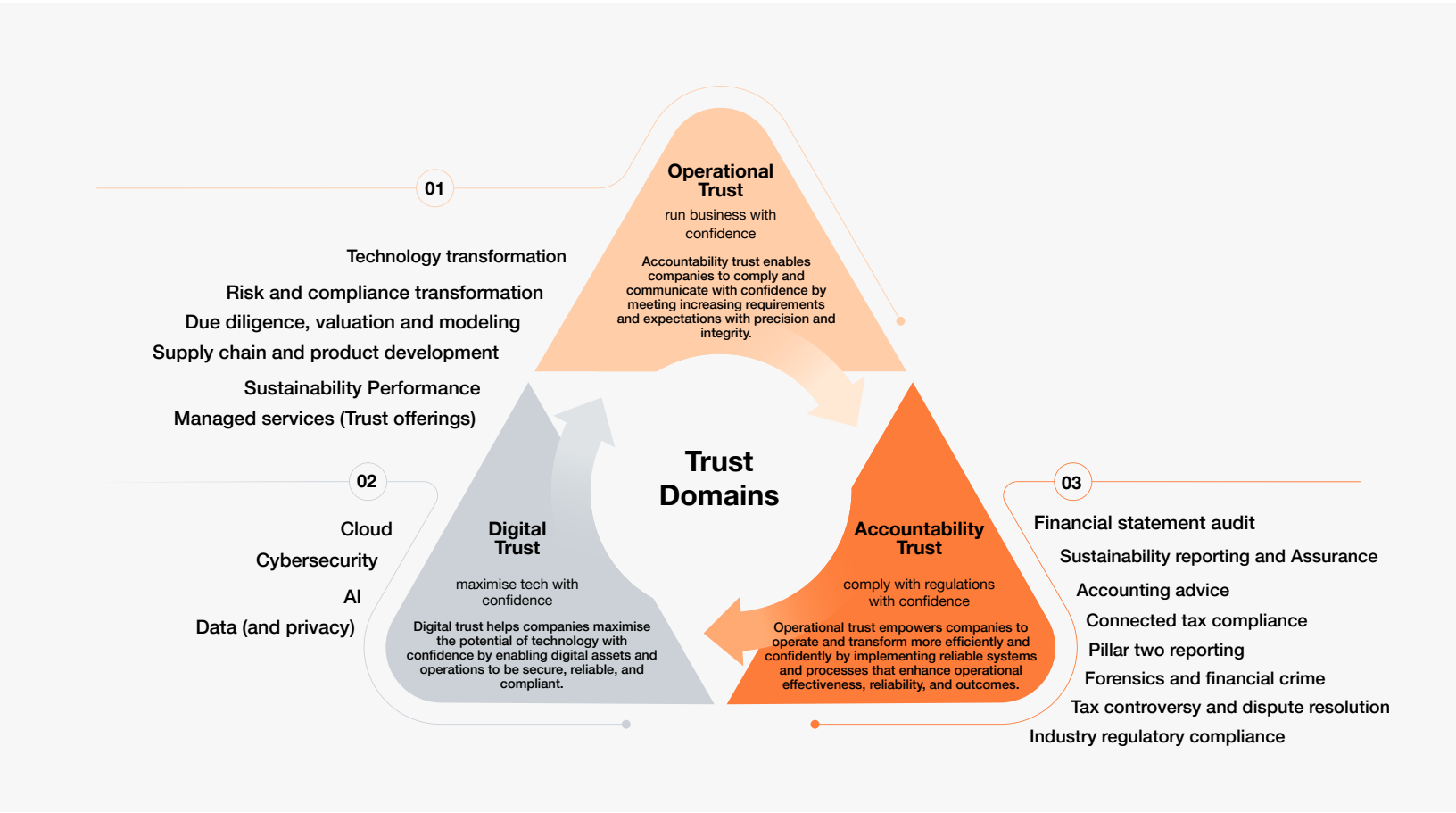
Yet the same data shows that transformation is not only possible—it is already underway. Packaged Foods, Containers and Packaging, Industrial Distribution, and high-growth entrants demonstrate that efficiency, tech-enabled production, and strategic reinvention can outperform even in a constrained environment.

What the industry needs to do

Although load shedding has eased, energy reliability is still uncertain, so strengthening resilience through smarter energy use and alternative sources remains essential. Global supply disruptions have also shown the need for more responsive, locally grounded supply chains that can adapt quickly to change. At the same time, technology continues to separate the strongest performers from the rest, creating clear opportunities for the industry to boost productivity through automation, better forecasting, and improved decision-making. As the sector evolves, building trust through reliable operations, strong governance, and secure digital systems—and investing in the most promising areas of the market—will help manufacturers grow confidently in the years ahead.

How can we help

We categorise our Trust services into three domains: Operational Trust, Accountability Trust, and Digital Trust.



The bottom line: Reinvention is no longer optional

The financial data is clear: South African manufacturing is resilient but stretched. Without decisive change, profitability will continue to erode while competitors both local and global accelerate ahead.

But with coordinated action across various channels manufacturers can turn current pressures into a platform for growth.

About this analysis

Basis for compiling this report

The results aggregated in this report have been sourced from the latest publicly available financial information. We have sourced data for the financial year-ends June 2025 and June 2024. For those companies that only had March or February financial information available, we have "flexed" the Income Statement data for aggregation purpose to enable comparison across all companies and sectors as the June financial year-end.

If you would like to better understand which sector your company falls under, our team would be happy to provide further insight–please contact us.

For the flexed data, we have assumed all Income Statement line items accrue evenly throughout the year. Because of this approach; not all figures reconcile, as reflected by the discrepancies between the 2024 figures quoted in the current publication, compared to the 2024 publication.

Methodological considerations

- All ratios have been averaged across entities within each sector rather than being proportionally weighted.
- Goodwill is included in intangible assets.
- We used a main sector description based on Standard Industrial Classification (SIC) codes to categorise JSE-listed manufacturers. We used a cut-off market capitalisation of R200 mn and excluded all companies with suspended listings.
- All companies with audited results released and their comparatives up until 31 August 2025 have been captured.
- Companies included in this report have different year ends and report under different accounting regimes. Information has been flexed for individual companies, and no adjustments have been made to consider different reporting requirements.
- We did not adjust any of the results, except when full FY25 results did not exist.
- We have also taken into account restatements and adjustments to the prior period, as reflected in the latest published results.

Financial figures

All currency figures are reported in South African rands, except where otherwise stated. The results of companies that report in currencies other than the rand have been translated at the average rand exchange rate for the financial year, with balance sheet items translated at the closing rand exchange rate.

Excluded companies

Our selection criteria excluded Anheuser-Busch InBev SA/NV, Compagnie Financiere Richemont S.A., Montauk Renewables Inc and Oando PLC. Although these companies have a significant South African footprint, their primary listings are not on the JSE. Their exposure and size mean that they do not necessarily reflect trends in the South African manufacturing environment. While many entities included also have international exposure, most of their operations are in Africa.

Some diversified companies undertake activities outside of the manufacturing industry. No attempt has been made to exclude such non-manufacturing activities from the aggregated financial information.

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Endnotes

1. The Operating Income increase has been largely influenced by Sasol Limited, which is part of the specialty chemicals Sector. Sasol moved from a negative operating income of R27bn to a positive operating income of R18bn. Sasol reduced their operating expenses by over 66%. (might be due to translation / accounting differences). Without the influence of Sasol, Operating Income for the Industry experienced a -20.64% reduction from 2024 to 2025.

2. Net profit is largely impacted by Sasol Limited (Specialty Chemicals) and Nampak Limited (Containers & Packaging). Both companies went from a net loss in the prior year to a net profit. Sasol increased their net profit by over 115%. This was due to income made from continued operations, which totalled R7,7bn in the current year, compared to a loss of R44bn in the prior year. Nampak increased their net profit by over 1000%. This was due to income made from discontinued operations, which totalled over R2,5bn compared to the loss of R573m made in the prior year. Without the influence of Sasol and Nampak, net profit for the industry experienced a -15.30% reduction from the prior year.