

# MEDIA RELEASE

24 February 2016

## PACT GROUP 2016 HALF YEAR RESULTS

### Key points

- Efficiency and acquisitions drive growth
  - Statutory net profit after tax (NPAT) of \$41.9 million, in line with prior corresponding period (pcp)
  - NPAT before significant items<sup>1</sup> of \$45.9 million, up 9.8% versus the pcp
  - Revenue of \$688.2 million up 8.4% versus the pcp
  - EBIT before significant items<sup>1</sup> of \$80 million, up 4.3% versus the pcp
- Strong operating cash flow<sup>2</sup> generation, up 7% versus the pcp
- Increased dividend to Shareholders, with interim dividend of 10.0 cps up 5.3% versus the pcp

\$A millions	1H 2016	1H 2015	Change %
Sales revenue	688.2	635.0	+8%
EBIT (before significant items) <sup>1</sup>	80.0	76.7	+4%
NPAT (before significant items) <sup>1</sup>	45.9	41.8	+10%
NPAT after significant items	41.9	41.8	+0%
Interim dividend - cents per share	10.0	9.5	+5%

<sup>1</sup> EBIT before significant items and NPAT before significant items are non-IFRS financial measures and have not been subject to review by the Company's external auditor. Refer to page 25 of the 2016 Half Year Results Investor presentation for a reconciliation.

<sup>2</sup> Excluding securitisation. Operating cashflow is a non-IFRS financial measure and has not been subject to review by the Company's external auditor. Refer to page 29 of the 2016 Half Year Results Investor presentation for a definition.

Pact Group Holdings Ltd ('Pact' ASX: PGH) today announced net profit after tax and significant items of \$41.9 million for the half year ended 31 December 2015. This included significant items after tax of \$4.0 million. Net profit after tax before significant items was \$45.9 million, up 9.8% compared to the prior corresponding period of \$41.8 million.

The Board has determined an interim dividend of 10.0 cents per ordinary share (65% franked), 5.3% higher than the prior year's interim dividend.

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In his first results announcement, Pact Managing Director and Chief Executive Officer Malcolm Bunday said the strong result demonstrated the resilience of the company's earnings and the benefits of diversification. The result has been achieved against a backdrop of global economic challenges and is a testament to the company's relentless focus on managing business fundamentals.

"We remain committed to our business fundamentals, particularly in our drive for efficiency and cash generation.

"Critical to meeting the challenges of our external environment is our relentless focus on costs and delivery of the targeted returns from the Efficiency Program announced in 2015. This program is now well advanced and we are pleased to report \$2.8 million in efficiency savings during the period.

"We continue to demonstrate disciplined management of our balance sheet and operating cash generation. Gearing for the period was 2.7 times, improved from 3.1 times at 31 December 2014, and interest cover was 6.7 times, both well within targeted levels. Net finance costs were improved versus the prior corresponding period, illustrating the beneficial impact of the refinancing completed in June 2015 and the net benefit of the securitisation program.

"Operating cashflow was improved, up 7% on the prior corresponding period, excluding securitisation, illustrating our keen focus on delivering cash to fund growth opportunities.

"As incoming CEO, this is a very pleasing result to report. In my first 80 days I have visited numerous customers and many of our operating sites. I have been impressed by our people and our capabilities. I would like to thank Pact's former CEO, Brian Cridland, for his support over the last few months during transition and for his contribution to making Pact the company it is today. I would also like to thank our capable people for their outstanding performance in the period", Mr Bunday said.

## Business Review

The Group reported EBIT (before significant items) of \$80.0 million, representing a 4.3% increase over the pcp. Growth in EBIT, generated by acquisitions and the benefits realised by the Efficiency Program, was partly offset by the impact of lower volumes. Volumes were impacted by lower demand from the agricultural and dairy sectors, due to unfavourable weather conditions and weak global dairy markets; lower demand in the industrial sector, influenced by weaker mining markets; and net contract losses in the period. Demand across most of the Group's other sectors was also subdued.

## Growth

On 1 September 2015 the company acquired Jalco, a contract manufacturing business with operations in New South Wales. Jalco provides Pact entry into the contract filling sector, which is complementary to its existing business and provides significant growth opportunities. The integration of Jalco is progressing well and business performance in the period was in line with expectations.

Commenting on growth opportunities, Mr Bunday said, “Jalco has provided exposure to this attractive sector and increased our diversity. The acquisition illustrates our ability to enter adjcancies, leverage our core competencies and deliver shareholder value.

“We continue to look for other opportunities which are strategically aligned to our core sectors and competencies and which meet our disciplined assessment criteria,” he said.

## Outlook

Mr Bunday said Pact was a company with very solid foundations. “Pact has extensive operational and functional capability. The company is strategically well placed with sector leading positions and world-class innovation. We are seen as a supplier of choice by our customers.

“Our product, industry and geographic diversity, our disciplined approach to value accretive acquisitions and our relentless focus on efficiency have enabled us to deliver revenue and earnings growth despite market challenges.

“We reaffirm previous guidance for the 2016 financial year. We expect to achieve higher revenue and underlying earnings in FY16, subject to global economic conditions,” Mr Bunday said.

## ENDS

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## ABOUT PACT GROUP

Pact Group is Australasia's largest manufacturer of rigid plastics packaging with operations throughout Australia, New Zealand and Asia. Pact also provide metals packaging and a range of services including out-sourced manufacturing, filling and packing and sustainability, recycling and environmental services to assist customers in reducing the environmental impact of their product packaging and related processes. Pact services customers in many sectors including food and beverage, personal care, household consumer, industrial and chemical, and materials handling and infrastructure. Pact employs more than 4,000 people across its business and produces more than 8 billion units of packaging annually. The Group's vision is to enrich lives every day through sustainable packaging.