PACT GROUP

MEDIA RELEASE

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PACT ANNOUNCES 1H14 RESULTS AND CONFIRMS PROSPECTUS FORECASTS

- 1H14 sales revenue of $567.6 million, up 0.2% (1H13: $566.6 million)
- 1H14 earnings before interest and tax (EBIT) before significant items of $75.0 million, up 0.1% (1H13: $74.9 million)
- Net debt of $661.3 million at 31 December 2013, approximately $20.0 million less than assumptions made in the Prospectus
- Pact International delivering solid sales growth of 3.4% and EBIT growth of 30.7% buoyed by increased volumes, strong demand and a strengthening NZD
- Four acquisitions successfully completed following the company's initial public offering (IPO) and integration programs tracking to plan
- Directors confirm Prospectus forecasts, including current intention to pay the listed company's first dividend in October 2014 following 2H14 results

Key financials for the half year ended 31 December 2013

A$ in millions	1H2014	1H2013	Change (%)
Sales revenue	$567.6	$566.6	0.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (before significant items)	$99.6	$99.2	0.4%
EBIT (before significant items)	$75.0	$74.9	0.1%
Net profit after tax (NPAT) (before significant items)	$21.7	$22.6	(4.0%)
Statutory NPAT attributable to equity holders	$(2.0)	$45.6	-
Free cash flow	$26.9	$5.7	-
Net debt	$661.3	n.a.	-

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Pact Group Holdings Ltd ("Pact") today announced the Group's first financial results since listing on the Australian Stock Exchange (ASX) in December 2013, delivering solid revenue and earnings in line with expectations and prospectus forecasts.

Pact reported 1H14 sales revenue of $567.6 million for the six months ended 31 December 2013, an increase of 0.2% (1H13: $566.6 million). Pact reported EBIT of $75.0 million before significant items (1H13: $74.9 million). Significant items of $26.2 million (before tax) relate to transaction costs associated with the IPO of Pact (Prospectus estimates: $30.1 million).

Continued strength in core markets, solid international sales, continued business optimisation and efficiency improvements all contributed to the consistent result.

Pact's Chairman, Mr Raphael Geminder said: "Pact's interim results demonstrate that the company is tracking to Prospectus forecasts and completely focused on delivering solid full year numbers for our shareholders. The Management team has delivered a pleasing and consistent result during a period of transition for the company. As we move into the second half, we are focused on integrating recent acquisitions, delivering further operational efficiencies and positioning Pact for future growth through innovation and geographic expansion".

Sales steady, with strong international growth

Sales remained steady for the six months ended 31 December 2013 and consistent with Board and Management expectations. Australian sales of $409.9 million were positively impacted by cost recovery from rising raw material costs but offset by lower volumes. International sales of $157.7 million were up by 3.4%, buoyed by strong demand particularly in New Zealand and the impact of the higher NZD.

Pact has recently been chosen to support a number of clients with new projects, underscoring the stability and reliability of future revenue streams:

- In the **Food & Dairy** category, Pact continues to experience strong demand, having entered into three contracts in Australia. These contracts have tenures of between 2 and 6 years.
- In the **Personal Care** category, Pact has won a contract for the supply of products in South East Asia to cater for growth in the regional market.
- In the **Materials Handling** category, Pact has expanded its offering including a new design folding crate.

Pact expects 2H14 sales and earnings will be positively impacted by consolidation of the four identified IPO acquisitions into the group (Viscount China, Asia Peak, Ruffgar Holdings and Cinqplast Plastop Australia) and continued efficiency programs.

Pact Chief Executive, Mr Brian Cridland, said: "In the first half, Pact benefited from continued strong demand in core markets, particularly in the food and dairy sector. However, volumes for agricultural products weakened as drought continued to impact local sales.

"Pact continues to be chosen to support clients with new products, innovation and expansion. We are proud to have the opportunity to support a major personal care customer in South East Asia. This contract underscores the strength of our partnerships and the scope that exists for Pact to continue to develop its international business through existing customer relationships."

Investment in innovation and technology continues

Pact continues to develop new technology alliances and partnerships with global technology providers, with three major initiatives currently under development for the food & beverage, bulk materials and personal care segments.

Pact is nearing the commercial launch of its "Perfect Paint Pail", with trials of the ergonomically designed product currently being run with customers.

Mr Cridland said: "The Perfect Paint Pail is a great example of Pact's Inpact innovation team working with customers and end users to improve the product experience through packaging. The Perfect Paint Pail has an easy peel and reseal lid, a base grip for pouring, reduced weight and increased stacking strength. We look forward to helping our customers launch this product to the market in the second half."

Financial strength post IPO

Operating cash flow during 1H14 was $47.2 million, up 79.5% (1H13 $26.3 million), reflecting tighter management of working capital. Pact's strong cash flow generation is forecast to continue, with the company typically converting 75-85% of EBITDA into cash flow over the full financial year. Cash flow is impacted by seasonal movements in working capital with a significantly increased requirement for investment in the July to December half.

Pact has a flexible and long-dated capital structure, with minimal near-term maturities. During 1H14 Pact repaid its existing USD Term Loan B and Revolving Credit Facilities and entered into a new secured syndicated facility agreement and revolving credit facility. As at 31 December 2013 Pact's net debt totalled $661.3 million, which is approximately $20.0 million less than expectations provided in the Prospectus.

Pact reiterates its Prospectus forecast FY2014 cash flow generation, and accordingly expects net debt as at 30 June 2014 to be lower than the Pro forma 30 June 2013 balance of $603.0 million provided in the Prospectus.

Outlook

Pact is on track to deliver FY2014 Prospectus Statutory and Pro forma forecasts, outlined as:

- Statutory EBITDA before significant items of $196.7 million
- Pro forma EBITDA before significant items of $201.9 million

The Directors reiterate their confidence in Pact's strategy and their current intention, consistent with that stated in the Prospectus, to determine a dividend of 9.5 cents per share after the conclusion of the 2014 financial year.

Ends

ABOUT PACT GROUP

Pact Group is Australasia's largest supplier of rigid plastic packaging, with operations throughout Australia, New Zealand and Asia. Pact converts plastic resin and steel into packaging and related products that service customers in industries including the food, dairy, beverage, health, chemical, agricultural and industrial sectors. We employ more than 3,500 people across our business and produce more than 8 billion units of packaging annually. Our vision is to enrich lives every day through sustainable packaging.

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