MEDIA RELEASE

27 August 2014

PACT EXCEEDS PROSPECTUS PROFIT FORECASTS AND CONTINUES POSITIVE GROWTH MOMENTUM

HIGHLIGHTS

- **Exceeding Prospectus profit forecasts** – statutory NPAT, before significant items of $59.7 million, up 13.5%
- **Continued growth momentum** – year-on-year statutory EBIT, before significant items, up by 4.8% to $147.0 million and pro forma EBIT, before significant items, up by 9.0% to $148.5 million
- **Strong cash flow performance** – operating cash flow up 11.8% or $21.0 million to $198.9 million, compared to the prior year
- **Successful transition to public company** – with continued focus on innovation, resilience and growth
- **Inaugural dividend of 9.5 cps** – for the period ended 30 June 2014, franked to 65%

Pact Group Holdings Ltd ('Pact' ASX: **PGH**) today announced it had exceeded its Prospectus profit forecasts for the full year ending 30 June 2014, with statutory net profit after tax (NPAT) and before significant items of $59.7 million, 13.5% higher than the Prospectus forecast of $52.6 million.

Compared to prior year, Statutory EBIT before significant items was up by 4.8% to $147.0 million and pro forma EBIT before significant items was up by 9.0% to $148.5 million.

Statutory NPAT after significant items of $57.7 million was significantly better than the Prospectus forecast of $25.2 million[1]. Pro forma NPAT before significant items of $83.8 million was better than the Prospectus forecast of $83.5 million. Pro forma EBITDA of $202.1 million was in line with the Prospectus.

[1]The major factors which contributed to the improved performance were due to lower than forecast post-IPO financing costs, lower than forecast swap termination costs associated with the pre-IPO USD denominated loan facility, and the tax benefit of $19.2m announced to the ASX on 7 August 2014.

Pact Managing Director and Chief Executive Officer, Mr Brian Cridland, said, "Pact has successfully continued its positive growth momentum in the first year of listing by bettering Prospectus profit forecasts and achieving solid year-on-year growth. These results reflect the diversity and resilience of the business.

"Product innovation, improving productivity through automation, simplification and innovation, and the integration of the four businesses acquired at IPO, have contributed to this pleasing result. EBITDA and EBIT margins remained stable despite challenging market conditions and the business has seen strong cash flow generation, with operating cash flow of $198.9 million up 11.8% on FY13."

FULL YEAR ENDED 30 JUNE 2014 COMPARISON TO PROSPECTUS FORECASTS

(Year ended 30 June 2014, A$ in millions)	FY14 PROFORMA			FY14 STATUTORY		
	Actual	Prospectus Forecasts	Variance (%)	Actual	Prospectus Forecasts	Variance (%)
Sales revenue	1,194.6	1,197.3	(0.2%)	1,143.2	1,151.6	(0.7%)
EBITDA before significant items	202.1	201.9	0.1%	198.2	196.7	0.8%
EBITDA margin	16.9%	16.9%	-	17.3%	17.1%	0.2%
EBIT before significant items	148.5	149.1	(0.4%)	147.0	146.1	0.6%
EBIT margin	12.4%	12.5%	(0.1%)	12.9%	12.7%	0.2%
NPAT before significant items	**$83.8**	**$83.5**	**0.3%**	**$59.7**	**$52.6**	**13.5%**
NPAT after significant items	83.8	83.5	0.3%	57.7	25.2	129.0%
Net debt	**$565.3**	**$575.0**	**1.7%**	**$565.3**	**$575.0**	**1.7%**

BUSINESS OVERVIEW

Pact is the largest manufacturer in Australasia of rigid plastics packaging and derives approximately 76% of revenue from 'everyday staple' products, delivering resilience in earnings. In comparison to FY13, statutory NPAT before significant items increased by 76.1% to $59.7 million and statutory sales revenue increased by 3.6% to $1,143.2 million.

Despite a challenging macroeconomic environment, Pact Australia's sales revenue increased to $822.7 million compared to $813.1 million in the prior year. The Australian business acquired at IPO contributed positively during the period; however, revenue was impacted by the loss of a major contract which occurred in the second half of the prior financial year and soft agricultural sales during the first half of FY14 due to drought conditions in rural Australia.

Pact International's sales revenue was $320.5 million compared to $290.6 million in the prior year, an increase of 10.3%, due to continued growth in demand, consistently favourable currency translation movements and a positive contribution from the three Asian businesses acquired at IPO.

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Product diversity and innovation

Pact's product diversity provides resilience in earnings and its innovation supports growth and ongoing market leadership. Pact is the market leader in rigid plastics in Australia and New Zealand, the highest growth sector in the packaging industry, and a leader in industrial metal packaging.

There has been a growing market shift towards rigid packaging across multiple product ranges. During the year Pact developed and commercialised a number of new products to address these new market trends and customer demand.

Mr Cridland commented, "The quick commercialisation of these new products, underpinned by Pact's strong global technology alliances, has driven an expansion in Pact's customer base and deeper customer relationships."

Across all divisions, substrate conversion and alternative technologies have led to greater product diversity and a broadening of Pact's client base. Pact has introduced a new reusable plastic container for poultry to replace cardboard boxes and contracted for the supply of revolutionary noise wall panels used in motorway soundproofing.

Productivity, cost control and efficiencies

Pact has a relentless focus on cost control and driving productivity gains. During the year, Pact continued to improve productivity through the automation of production lines and consolidation of production sites across the Group. As well, Pact has invested in developing a standalone IT platform to drive additional productivity benefits.

Despite challenging market conditions, Pact's EBITDA and EBIT margins have remained stable and free cash flow has increased year-on-year by 21.2% to $162.5 million.

Capital management

The Directors have determined an inaugural dividend of 9.5 cps for the period ended 30 June 2014, franked to 65% and to be paid on 3 October 2014 to shareholders on record at 5 September 2014.

The Board has a long-term target payout ratio of 65% - 75% of NPAT. The Board's intention is to pay an interim dividend in respect of the half years ending 31 December and final dividends in respect of the full years ending 30 June.

Net debt at 30 June 2014 was $565.3 million, $9.7 million lower than the Prospectus forecast of $575.0 million, with net debt to pro forma EBITDA before significant items reducing to 2.8x.

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Pact for the future

Pact looks to deliver growth as the largest manufacturer in Australasia of rigid plastics packaging.

Mr Cridland said, "Pact's aspirational vision for the future is '5 cubed' - to be a $5 billion company with operations in 5 regions within 5 years. This vision is driven by our strategy of innovation, resilience and growth.

"We have a robust pipeline of leading-edge products and are driving increased productivity through rationalisation and simplification. We are customer-centric and look to increase sales to new and existing customers.

"In Australia, we see customers increasingly focussed on innovative packaging and substrate conversion opportunities continuing to expand. In International, strong GDP growth combined with a growing middle class will provide ongoing growth in the Asia-Pacific region."

The Board has undertaken a preliminary review of the Dynapack acquisition opportunity and has some concern over the financial metrics of the proposed transaction given the Company's criteria for assessing acquisitions. The Board has requested for further due diligence to occur.

Outlook

In commenting on the outlook, Mr Cridland said, "Current trading conditions are in line with management expectations and we expect to see revenue growth consistent with overall increases in GDP in the International division and benign in Australia. In addition, there will be the positive impact of the recently announced Sulo acquisition. We also expect margins across the Group to be broadly in line with FY14.

"The Board and management actively assess M&A opportunities focussing on adjacencies, geographical expansion and acquisitions that will bring about transformational change, and deliver long-term shareholder value and returns."

ENDS

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ABOUT PACT GROUP

Pact Group is Australasia's largest supplier of rigid plastics packaging with operations throughout Australia, New Zealand and Asia. Pact converts plastics resin and steel into packaging and related products that service customers in food, dairy, beverage, chemical, agricultural, industrial and many other sectors. Pact employs more than 3,500 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.

Appendix

FULL YEAR ENDED 30 JUNE 2014 YEAR-ON-YEAR COMPARISON

	PROFORMA			STATUTORY		
(Year ended 30 June, A$ in millions)	FY14	FY13	Change (%)	FY14	FY13	Change (%)
Sales revenue	1,194.6	1,159.9	3.0%	1,143.2	1,103.7	3.6%
EBITDA before significant items	202.1	196.1	3.1%	198.2	197.4	0.4%
EBITDA margin	**16.9%**	**16.9%**	**-**	**17.3%**	**17.9%**	**(0.6%)**
EBIT before significant items	148.5	136.2	9.0%	147.0	140.3	4.8%
EBIT margin	12.4%	11.7%	0.7%	12.9%	12.7%	0.2%
NPAT before significant items	**$83.8**	**N/A**	**-**	**$59.7**	**33.9**	**76.1%**
NPAT after significant items	83.8	N/A	-	57.7	45.1	27.9%
Net external debt	**$565.3**	**603.0**	**6.3%**	**$565.3**	**917.0**[1]	**38.4%**

[1]Net external debt for FY13 excludes the promissory note payable to Geminder Holdings Pty Ltd of $1,069.4m.

Non-IFRS Financial Information

This document uses non-IFRS financial information including EBITDA, EBITDA before significant items, EBIT and EBIT before significant items.

EBITDA, EBITDA before significant items, EBIT and EBIT before significant items are non-IFRS key financial performance measures used by Pact, the investment community and Pact's Australian peers with similar business portfolios. Pact uses EBITDA, EBITDA before significant items, EBIT and EBIT before significant items for its internal management reporting as it better reflects what Pact considers to be its underlying performance. EBIT before significant items are used to measure segment performance and has been extracted from the segment information disclosed in the Full Year Consolidated Financial Report. All non-IFRS information has not been subject to review by the Company's external auditor.

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