MEDIA RELEASE

26 August 2015

PACT DELIVERS STRONG RESULT AND CONTINUES POSITIVE GROWTH MOMENTUM

HIGHLIGHTS

- **Continued growth momentum** – Sales revenue increased 9.3% to $1,249.2 million, EBITDA before significant items increased 5.3% to $208.7 million, and NPAT before significant items increased 42.7% to $85.2 million, compared to the prior year.
- **Strong cash flow generation** – underlying operating cash flow was up by 8.2% to $215 million, compared to the prior year, and cash flow conversion was 103%. A further $97 million was generated from the debtors securitisation program taking the total operating cash flow to $312 million (150% cash conversion).
- **Acquisitions increasing scale and diversity, and opening up new markets** – five acquisitions made in FY15, the Sulo acquisition delivered opportunities in new markets.
- **Efficiency program underway–** to reduce excess capacity and align with customer requirements, expected to deliver benefits from FY16.
- **Increased dividend to shareholders** – final dividend of 10.0 cps, up 5.3% on the prior year and franked to 65%. Total FY2015 dividends were 19.5 cps.

Pact Group Holdings Ltd ('Pact' ASX: **PGH**) today reported a strong result, delivering a 42.7% increase in net profit after tax (NPAT) before significant items for the year ending 30 June 2015. NPAT before significant items was $85.2 million, while NPAT after significant items was $67.6 million, an increase of 17.2% on the previous year. A final dividend of 10.0 cps (65% franked) was determined, 5.3% higher than the previous year's final dividend. Total dividends were 19.5 cps for the FY2015 financial year.

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Pact Managing Director and Chief Executive Officer, Mr Brian Cridland, said, "This strong result is testament to our relentless focus on the execution of our strategy. Our continued focus on our customers, cost management and acquisition opportunities has supported the delivery of higher earnings and increased returns to our shareholders."

KEY FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 30 JUNE 2015

(Year ended 30 June, $A millions)	FY15	FY14	Variance (%)
Sales revenue	**1,249.2**	**1,143.2**	**9.3%**
EBITDA before significant items	**208.7**	**198.2**	**5.3%**
EBITDA Margin	*16.7%*	*17.3%*	
EBIT before significant items	**152.5**	**147.0**	**3.7%**
EBIT Margin	*12.2%*	*12.9%*	
NPAT before significant items	**85.2**	**59.7**	**42.7%**
NPAT after significant items	**67.6**	**57.7**	**17.2%**
Dividends per share	**19.5**	**9.5**	**105.3%**
Net Debt	**440.3**	**565.3**	**22.1%**

Business Review

Sales revenue grew by 9.3% to $1,249 million underpinned by new sales from acquisitions and favourable currency movements in Pact International. EBITDA was $209 million, 5.3% higher than the prior year. EBITDA and EBIT margin percentages reduced on the back of the lower margin businesses we acquired through the year and the challenging operating environment. Margins improved in H2 as synergies were delivered from the acquired businesses.

Pact continues to work with its customers to find innovative solutions to aid them in dealing with challenging market conditions and ongoing price pressure.

Pact Australia reported sales revenue of $890 million, up 8.2% on FY14, and EBIT of $86 million, up 5.0%, driven by the contribution from the Sulo business and ongoing efficiency improvements, which were negated by the higher post IPO costs.

Pact International also reported both growth in sales revenue and growth in EBIT. Sales revenue increased 12.1% to $359 million, assisted by an increased contribution from Sulo New Zealand, the Asian businesses acquired at the time of IPO and favourable currency movements. These were partially offset by softer agriculture sales in New Zealand, and weaker demand from industrial customers in China in the second half of the financial year.

Establishment of a joint venture in Thailand (with Weener Plastics) and construction of the new facility in Indonesia to support our multinational customers businesses in Asia, are both expected to deliver benefits in FY16. These sites support Pact's customer-led strategy to grow into Asia.

Cash flow generation

During the year, operating cash flow improved by 8%, excluding the impact of the securitisation program announced on 23 June 2015. With the benefit of the securitisation program, Pact delivered operating cash flows of $312 million, an increase of 57% on the previous year.

Mr Cridland commented, "Our strong cash flow generation is a result of our continued focus on delivering value for our shareholders through disciplined balance sheet management.

"The securitisation program that we announced in June, has further strengthened our already robust balance sheet and allowed us to reduce our gearing substantially. Our active focus on capital management helps us to remain competitive and improves our capacity to fund potential growth opportunities."

Acquisitions opening up new markets

Through the year Pact acquired Sulo and four smaller bolt-on businesses, providing access to new markets and greater diversity within its customer base. The Sulo business, acquired in August 2014, has been performing above expectations and is on target to exceed Pact's ROI hurdle rate.

The remaining acquisitions provided further scale in a number of different business sectors. These acquisitions were mostly completed towards the end of the financial year, with benefits to be delivered in FY2016.

In June, Pact announced the acquisition of Jalco, a contract manufacturing business with operations in New South Wales. Jalco offers Pact entry into the contract filling market, a market that it is complementary to our existing business and provides new growth opportunities. The acquisition is expected to be completed on 1 September 2015.

Commenting on the FY15 acquisitions, Mr Cridland said, "Pact continues to build on its very long history of successfully acquiring and integrating businesses to deliver growth in earnings."

"These acquisitions have and will broaden our business into new markets, increasing the scale and diversity of our business and opening up growth opportunities for the future."

Efficiency review program

On the 25 February 2015, Pact announced a proactive response to changing market conditions through an efficiency review program. The objective is to reduce excess capacity in the business, and further align Pact with its customer's requirements. The program which is expected to cost $30M (approximately half of which are cash costs), will deliver partial benefits in FY16, with full benefits in FY17, representing a two year payback.

As part of this program, Pact has recognised a pre-tax significant item of $21 million in the FY15 result.

Capital management

The Directors have determined a final dividend of 10.0 cps (a 5.3% increase on the FY14 final dividend) for the period ended 30 June 2015, franked to 65%. The final dividend will be paid on 5 October 2015 to shareholders on record at 4 September 2015.

Total dividends were 19.5 cps for the year, representing a payout ratio of 67%.

Net debt at 30 June 2015 was $440 million, $125 million lower than at 30 June 2014. The reduction in debt was assisted by $97 million from the receivables securitisation program. The Group's gearing was 2.1x as at 30 June 2015 a reduction from 2.8x at 30 June 2014.

Outlook

In commenting on the outlook, Mr Cridland said, "We remain committed to our strategy which is to focus on resilience, innovation and growth.

"The efficiency review program is a demonstration of our resilience, by allowing us to effectively optimise our assets, delivering benefits to shareholders from FY16.

"Customers see us as their preferred packaging provider because of our focus on delivering best-in-class innovation, and our commitment to sustainability.

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

"We expect to achieve higher revenue and underlying earnings in FY16, subject to global economic conditions."

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 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.