PACT GROUP

ASX ANNOUNCEMENT

16 August, 2017

PACT GROUP 2017 FULL YEAR RESULTS

HIGHLIGHTS

- Transformational investments deliver leading positions in new growth sectors
- Growth achieved in all key metrics
- Sales revenue up 7% to $1,475.3 million
- EBITDA before significant items (1) up 6% to $233.1 million
- EBIT before significant items (1) up 4% to $169.4 million
- NPAT before significant items (1) up 6% to $100.0 million
- Strong earnings growth from acquisitions
- Efficiency benefits of $16 million delivered in the period
- Continued strong cash generation and a robust balance sheet - gearing[2] of 2.8x and interest cover[2] of 7.7x
- Total dividends of 23.0 cents per share, up 10%

$A millions	2017	2016	Change %
Sales revenue	**1,475.3**	1,381.3	**7%**
EBITDA (before significant items)[1]	**233.1**	220.2	**6%**
EBIT (before significant items)[1]	**169.4**	162.5	**4%**
NPAT (before significant items)[1]	**100.0**	94.3	**6%**
NPAT after significant items	**90.3**	85.1	**6%**
Total dividends - cents per share	**23.0**	21.0	**10%**

(1) EBITDA before significant items, 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 19 of the 2017 Full Year Results Investor presentation for a reconciliation.
(2) Gearing and Interest cover are non-IFRS financial measures and have not been subject to review by the Company's external auditor. Refer to page 11 of the 2017 Full Year Results Investor presentation for definitions.

Pact Group Holdings Ltd ('Pact' ASX: PGH) today announced statutory net profit after tax of $90.3 million for the year ended 30 June 2017. This included a significant expense after tax of $9.7 million. Net profit after tax before significant items was $100.0 million, up 6.0% compared to the prior corresponding period (pcp) of $94.3 million.

The Board has determined a final dividend of 11.5 cents per share (65% franked), delivering total dividends for the year of 23.0 cents per share, 9.5% higher than the prior year's total dividend.

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TRANSFORMATIONAL INVESTMENTS DELIVER LEADING POSITIONS IN NEW GROWTH SECTORS

Pact Managing Director and Chief Executive Officer, Malcolm Bundey, said that 2017 was a transformational year, which clearly demonstrated the Group's strategic focus on leveraging its innovation and manufacturing capability to provide strong platforms for growth.

"We have invested over $200 million in new growth initiatives which have transformed our product and service portfolio in sectors offering attractive growth opportunities.

"The Group is now a leader in contract manufacturing services for the health and wellness and non-food FMCG sectors in Australia. Contract manufacturing moves us from a component manufacturer to an integral part of our customer's supply chain. This is a service portfolio we did not participate in two years ago, which now represents over twenty percent of Group revenue.

"We are also now the leading supplier of crate pooling services for fresh produce in Australia and New Zealand. Most pleasing is that our growth in this sector is largely organic, enabled by our demonstrated service capability, significant innovation and customer focus. We are delighted to announce that our new crate pooling business in Australia commenced on schedule in August 2017.

"In the year, we also invested in new rigid packaging capability in sectors we believe have attractive growth opportunities. This included investment in a world-class clean-room facility to expand our capacity to meet growth in the health and wellness sector.

"These sectors are expected to deliver higher growth over the longer term than some of our more mature rigid packaging sectors. Maintaining a strong position in our core sectors while diversifying into these higher growth sectors through acquisition is fundamental to our strategy," Mr Bundey said.

ACQUISITION BENEFITS AND SELF-HELP OFFSET IMPACT OF MARKET CHALLENGES

In the period, demand for rigid packaging was subdued and competitive risks in some sectors increased. The Group offset these challenges through self-help initiatives from the Group's Operational Excellence Program and volume growth delivered through new contract wins and recent acquisitions. Operating cashflow was improved, and balance sheet metrics remained within targeted levels.

"Our efficiency programs have delivered strong earnings benefits in the period," Mr Bundey said. "The implementation of our Operational Excellence Program is progressing well.

"We have delivered strong volume growth in the period. New contract wins in our contract manufacturing business, Jalco, and the contribution from our recent acquisitions more than offset the impact of subdued demand. The business has also been keenly focused on securing volume and extending terms to mitigate competitive risks in some sectors.

"We have again demonstrated disciplined management of cash and delivered a strong operating cashflow performance, vital to supporting our strategic growth initiatives. Our balance sheet remains strong.

"And we have increased our returns to shareholders. I am delighted to report an increase in total dividends for the year of 9.5% to 23 cents per share.

"It is a pleasing performance," Mr Bundey said. "2017 has been a significant year in establishing pathways for future growth. Whilst we have faced challenges, I am pleased with the Group's ability to respond and remain focused on the future. I would like to take this opportunity to thank our talented people across the organisation for their outstanding contribution and commitment in delivering this outcome".

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BUSINESS REVIEW

Group sales revenue increased 6.8% to $1,475.3 million, with growth driven through acquisitions. Excluding acquisitions, sales were 2.8% below the pcp. Contract manufacturing volumes were up strongly on the prior year (excluding acquisitions), with new contract wins in Jalco, however rigid packaging volumes were down, adversely impacted by subdued consumer demand in the dairy, food and beverage sector, customer destocking in the health and wellness sector and the incremental impact of prior year contract losses. In New Zealand, the relocation of some customer manufacturing operations offshore also adversely impacted volume. Demand for industrial packaging in the New Zealand dairy sector improved in H2 following a weak H1, with full year volumes only slightly down on the prior year.

Pricing was generally lower than the prior period, due largely to the pass through of lower input costs.

EBIT (before significant items) increased $6.9 million (4.3%) to $169.4 million. Benefits delivered through acquisitions and the Group's efficiency programs more than offset the impact of weaker volumes, the margin impact of contract extensions and costs associated with the implementation of the Operational Excellence Program and the start-up of new contracts in Jalco.

GROWTH INITIATIVES

The Group continued to drive the diversification of its product and customer portfolio, completing the acquisitions of:

- Australian Pharmaceutical Manufacturers (APM), a specialty contract manufacturer, completed in September 2016. The acquisition expands the Group's operations in specialised contract manufacturing and provides increased exposure to the attractive nutraceutical sector.
- Pascoe's Group, a specialty contract manufacturer, completed in February 2017. Pascoe's expands the Group's contract manufacturing capability into aerosol based products and extends its capability in liquids filling.
- The Fruit Case Company (FCC), a crate pooling and hire business in New Zealand, completed in July 2016. FCC provides the Group with a leading position in crate pooling services in New Zealand.

During the year the Group also established a new crate pooling business in Australia. Services to support fresh produce supply to Woolworths commenced on schedule in August 2017.

OUTLOOK

Mr Bundey said the Group was well positioned for the future. "We have overcome significant challenges in 2017 and delivered strong returns through our focus on efficiency and the delivery of value accretive acquisitions. Our strategy has proven sound.

"We have remained keenly focused on the future. Our investments in 2017 provide solid pathways for future growth.

"Whilst demand conditions across some sectors in which we operate remain subdued, we believe our strategy will continue to drive growth. We expect to achieve higher revenue and earnings (before significant items) in FY2018, subject to global economic conditions," Mr Bundey said.

ENDS

Pact will host an investor briefing at 10.00am (AEST) today. This can be accessed by dialling +61 2 9007 3187 (Australia Local) or 1800 558 698 (Australia Toll Free) and entering conference ID 522141. The briefing can also be accessed at http://webcasting.boardroom.media/broadcast/595d8791e01e7e0c0d869005. A recording of the briefing will be available on the Pact website as soon as practicable after the briefing.

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ABOUT PACT GROUP

Pact is a leading provider of specialty packaging solutions in Australasia, servicing both consumer and industrial sectors. Pact specialises in the manufacture and supply of rigid plastic and metal packaging, materials handling solutions, contact manufacturing services and sustainability services. With operations throughout Australia, New Zealand and Asia, Pact is passionate about innovation and is constantly expanding its diverse product portfolio across a variety of packaging and product substrates and expertise. The objective is to deliver customers the best possible packaging, co-manufacturing and supply chain solutions. 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 solutions.