HALF YEAR RESULTS

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20 February 2019

Pact Group Holdings Ltd
ABN: 55 145 989 644

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All dollar values are in Australian dollars (A$) unless otherwise stated.

Non IFRS Financial Information
This presentation uses Non-IFRS financial information including EBITDA, EBIT, NPAT, operating cashflow, capex, free cashflow, operating cashflow conversion, gearing, interest cover and net debt. These measures are Non-IFRS key financial performance measures used by Pact, the investment community and Pact's Australian peers with similar business portfolios. Pact uses these measures for its internal management reporting as it better reflects what Pact considers to be its underlying performance.

EBITDA and EBIT before significant items are used to measure segment performance and have been extracted from the Segment Information disclosed in the Half Year Consolidated Financial Report.

All Non-IFRS information has not been subject to review by the Company's external auditor. Refer to Page 27 for the reconciliation of EBITDA and EBIT before significant items. Refer to Page 28 for the reconciliation of operating cashflows. Refer to page 30 for definitions of non-IFRS financial measures.

HALF YEAR RESULTS

PACT GROUP

OVERVIEW

Results Summary

Revenue up 13% to $915 million (pcp: $808 million)

EBITDA[1] down 9% to $110 million (pcp: $121 million)

NPAT[1] down 29% to $36 million (pcp: $51 million)

Statutory net loss after tax of $320 million (pcp: statutory net profit after tax of $44 million)

Significant items after tax of $355 million expense (pcp: $6 million), including an after tax non-cash asset impairment of $327 million

[1] Before significant items

Operating environment

- Higher energy and raw material costs
- Lower demand from dairy, food and beverage and agricultural sectors
- Fewer available bin and infrastructure projects
- Growth in health and wellness sector

Operational improvement

- Operational excellence programs have been accelerated
- Network Redesign progressing with urgency
- New operating model implemented and reporting segments changed

Strategic growth projects

- New crate pooling win with ALDI, to commence in late 2019, will further enhance scale of crate pooling services
- Prior year acquisitions and TIC Retail Accessories performing in line or slightly above expectations

Capital management

- Gearing above targeted range at period end due to lower EBITDA
- Taking into account the current earnings performance and the importance of the Network Redesign, the Board has determined that there will be no interim dividend

CEO succession

- Global search for a new CEO well advanced

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OPERATING ENVIRONMENT

INPUT COST HEADWINDS

Resin

- Continued upward movement in resin input prices during the period, exacerbated by a weaker AUD
- The Group will benefit from favourable lags in H2, however the in-year benefit will be reduced due to the extension of the supply chain following the transition to the import supply model in Australia

Contract manufacturing materials

- Sharply higher raw material input pricing during the period, exacerbated by a weaker AUD
- Recovery lags of 3 to 6 months
- Sell price increases in the 2nd half of $4 million expected

Australian energy costs

- Continued impact from higher energy costs following price increases in January 2018, which can only be partly recovered in the market
- Energy costs in H2 are expected to remain stable

OPERATING ENVIRONMENT
TRENDS IN PACKAGING

Trends
- Subdued underlying demand
- Increasing threat of imports in “freight logical” product categories
- Increasing focus on sustainable packaging solutions

Pact's response
- Establishing import supply channels to overcome the challenging macro environment in Australia
- Invest in technologies to deliver sustainable packaging options for our customers

FOCUSED ON ZERO HARM

TOWARDS ZERO HARM

	H1 2019	FY 2018
Lost time injury frequency rate	4.3	5.5

Operational excellence programs and ongoing cultural change initiatives continue to deliver improved safety outcomes

FINANCIAL RESULTS SUMMARY

$A millions	1H 2019	1H 2018	Movement
Sales revenue	915	808	13%
EBITDA	110	121	(9%)
EBITDA margin	*12.0%*	*14.9%*	(2.9%)
EBIT	70	87	(20%)
EBIT margin	*7.6%*	*10.7%*	(3.1%)
NPAT	36	51	(29%)
Statutory NPAT	(320)	44	(824%)
Operating cash flow	42	64	(33%)
Gearing	3.26x	2.23x	(1.13x)

IMPAIRMENT CHARGES

Asset impaired	Before Tax	After Tax
Packaging assets[1] in Australia	$137 million	$96 million
Goodwill in Australia	$231 million	$231 million

- The impairment charges reflect the performance of packaging assets in Australia. Consequently, assumptions applied to the assessment of value in use were adjusted
- The charges reflect impairment at the CGU level
- Depreciation in the Packaging and Sustainability segment will reduce by approximately $5–9 million annually as a result of the impairment charges

1. $95 million property, plant and equipment and $1 million intangibles

NEW REPORTING SEGMENTS

Packaging and Sustainability

Packaging for consumer and industrial use

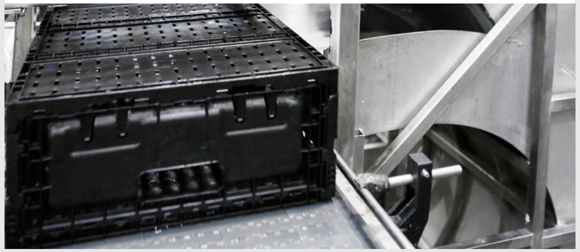
Recycling and sustainability services

Materials Handling and Pooling

Closed loop pooling services

Plastic materials handling products

Infrastructure and industrial products



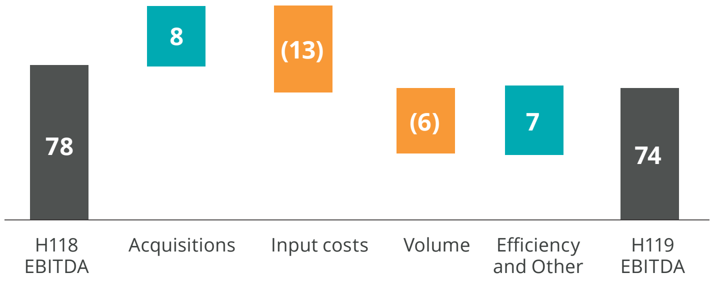
Contract Manufacturing Services

Integrated contract manufacturing services focused on home, personal care and health and wellness sectors

OPERATING SEGMENTS WILL INCREASE TRANSPARENCY FOR MANAGEMENT AND INVESTORS

PACKAGING AND SUSTAINABILITY

$A millions	H1 2019	H1 2018	Change
Sales revenue	615	525	17%
EBITDA	74	78	(4%)
EBITDA Margin	12.1%	14.8%	



Volume

- Lower volume into the dairy, food and beverage sector
- Drought conditions have adversely impacted demand from the agricultural sector

Input costs

- Earnings were impacted by lags in recovery due to upward movement in resin prices throughout the period
- As expected, higher energy costs following a significant step-up in prices from 1 January 2018 have been only partly recovered in the market

Efficiency and other

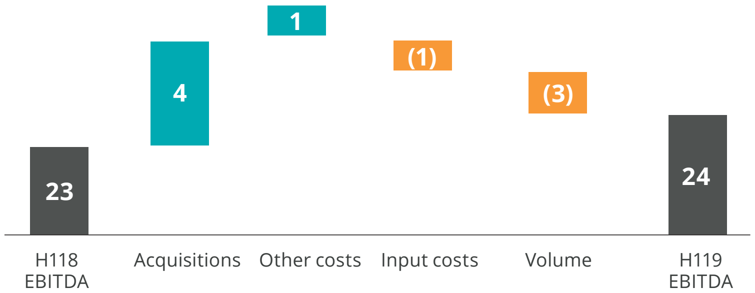
- Efficiency and restructuring activities in Australia are lowering costs to serve

Acquisitions

- Incremental earnings contribution from CSI and GPC (completed February 2018) and ECP (completed November 2018)

MATERIALS HANDLING AND POOLING

$A millions	H1 2019	H1 2018	Change
Sales revenue	125	109	15%
EBITDA	24	23	4%
EBITDA Margin	19.3%	21.3%	



Volume

- The new Australian crate pooling business continues to perform well, with volumes in line with expectation
- Fewer available bin and infrastructure projects
- Drought conditions have adversely impacted demand for agricultural bins

Input costs

- Significantly higher energy costs only partly recovered in the market

Acquisitions

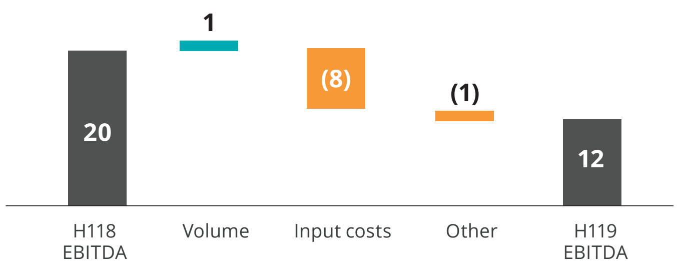
- TIC, completed 31 October 2018, performing slightly ahead of expectation

Other costs

- Lower costs following the commissioning of the new crate pooling business in the prior period

CONTRACT MANUFACTURING SERVICES

$A millions	H1 2019	H1 2018	Change
Sales revenue	195	189	3%
EBITDA	12	20	(41%)
EBITDA Margin	6.0%	10.5%	



Volume

- Slightly higher volumes in the health and wellness and personal care categories
- Home care category impacted by weaker demand for home pest control products due to a dry start to the summer season

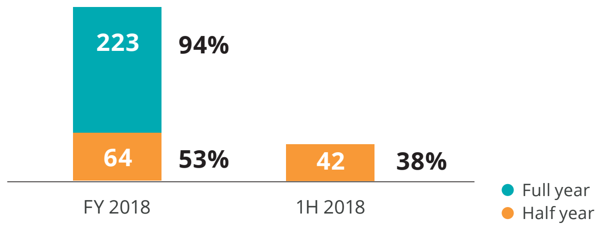
Input costs

- Earnings have been adversely impacted by time lags in recovering higher input costs for key raw materials following significant upward price movements

CASH MANAGEMENT

$A millions	1H 2019	1H 2018
Operating cashflow	42	64
Capital expenditure	37	45
Free cashflow	5	18
Operating cashflow conversion	38%	53%

Operating cashflow ($m) / conversion %



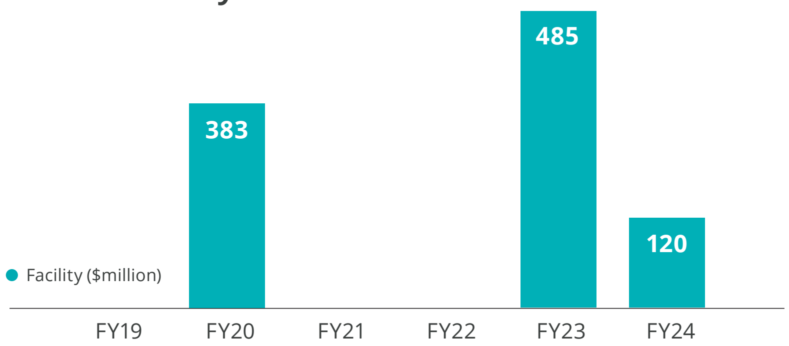
- Operating cashflow adversely impacted by higher inventory levels following the change to an import supply model for resin into Australia and lower EBITDA

BALANCE SHEET METRICS

$A millions	1H 2019	FY 2018
Net Debt	738	599
Gearing	3.26x	2.53x
Interest Cover	6.5x	7.4x

- Gearing above targeted level of 3x, due largely to reduced EBITDA
- EBITDA benefits from the Network Redesign will not improve leverage initially due to the upfront cost of the investment
- The Group is reviewing a range of capital options to provide greater flexibility and allow for the Network Redesign

Debt Maturity Profile



PRIORITIES

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OUR PRIORITIES

1. Focus on the core and restore margins

2. Restructure our packaging network to deliver our scale advantage

3. Leverage our market leading platform to deliver growth

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1. FOCUS ON THE CORE AND RESTORE MARGINS

Focus on the core	✓ Restore margins with a focus on efficiency and volume within core business
Improve resource allocation decisions	✓ New operating model implemented ✓ Increased focus on asset returns
Reset our cost base	✓ Overhead reduction initiatives
Increase our flexibility to pursue rationalisation initiatives with urgency	✓ Reviewing a range of capital options

2. RESTRUCTURE OUR PACKAGING NETWORK

NETWORK REDESIGN

A program of inter-dependent projects to create an integrated regional supply network, delivering efficiencies and improved customer satisfaction through:

- Reduced manufacturing footprint
- Integrated sales and operations planning
- Increased automation
- Import supply chain that leverages the Asia Acquisition

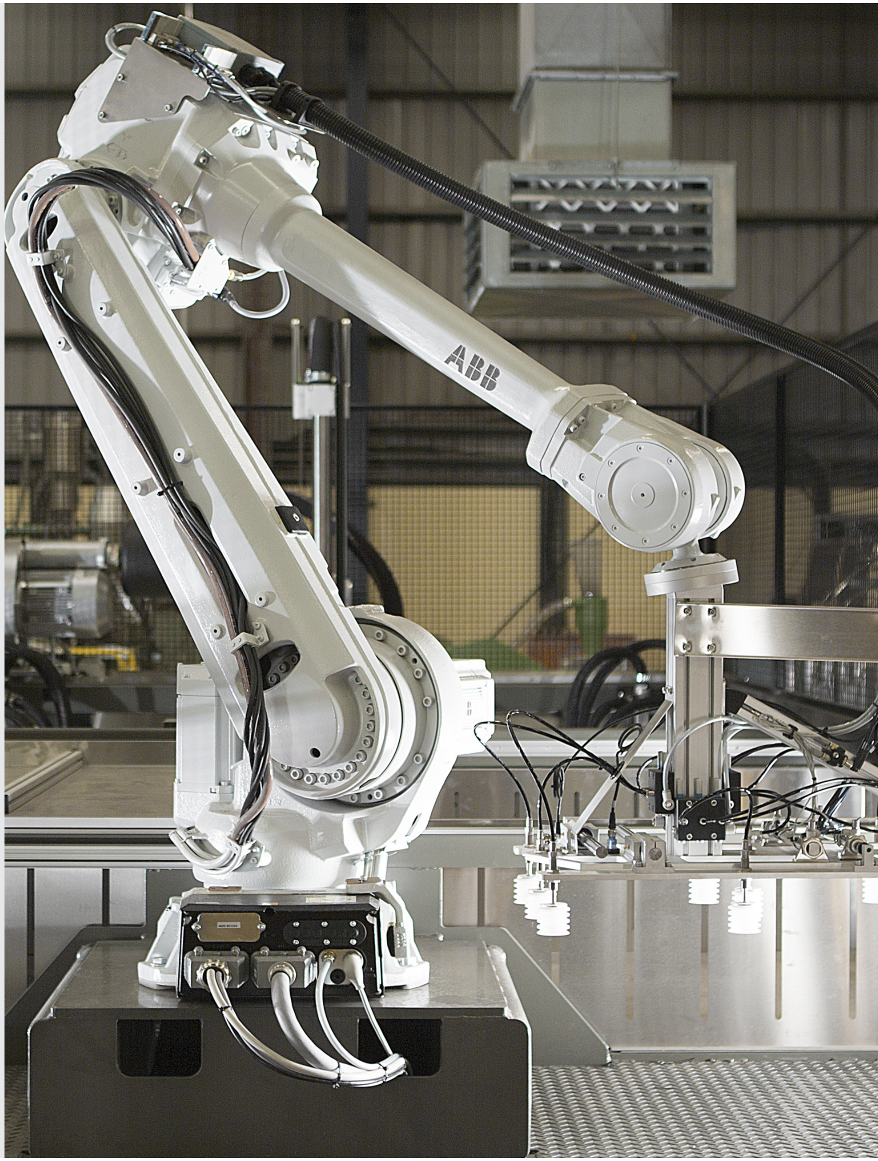
Progressing with urgency

- Rationalisation of a further three facilities (food packaging and beverage closures), well advanced, with completion expected by end of FY19
- Transition to an import supply chain for some product categories well advanced

Benefits and cash investment

- FY19 in year benefits of $3 million
- Benefit run-rate at end of FY19 of $13 million
- FY19 cash investment of $35 million
- Targeted annual savings of $50 million in FY22
- Cash investment of $150–$175 million to FY22

TARGETED ANNUAL BENEFITS OF $50 MILLION IN FY22

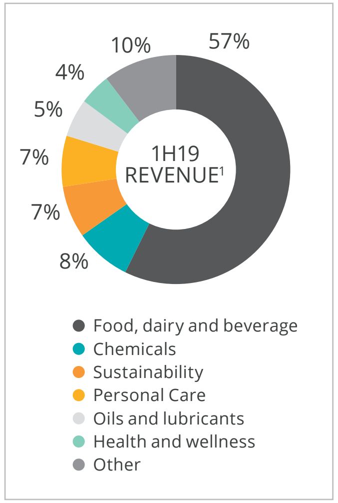


3. OUR MARKET LEADING PLATFORM

PACKAGING AND SUSTAINABILITY

Our packaging platform

- Market leader in rigid plastic packaging in Australia and New Zealand with a growing position in Asia
- Leading supplier of sustainability services



Our advantage

- Regional scale with extensive manufacturing footprint
- Leading positions in consumer and industrial sectors supported by scale and innovation

Market and growth opportunities

- Meet increasing demand for sustainable packaging through innovation
- Integrate and drive value from Asia platform
- Continue to pursue volume growth in attractive sectors
- Restructure network to realise our scale advantage

Current priorities

- Progress the Network Redesign
- Integrate and leverage Asia Acquisition

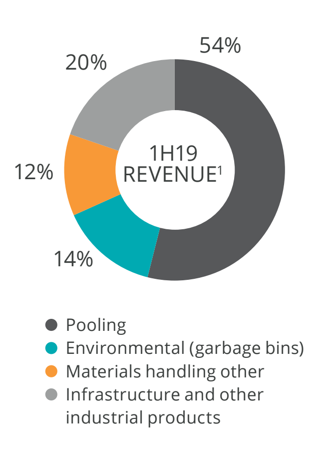
1 Excludes inter-segment revenue

3. OUR MARKET LEADING PLATFORM

MATERIALS HANDLING AND POOLING

Our materials handling and pooling platform

- Largest provider of returnable produce crate (RPC) pooling services in Australia and New Zealand
- Largest provider of garment hanger reuse services in Australia and New Zealand with a growing presence in the UK and the USA
- Leading supplier of plastic materials handling products



Our advantage

- Comprehensive service offering
- Asset tracking technology
- Extensive manufacturing and product design capability

Market and growth opportunities

- Expansion of pooling capability
- Increased use of returnable packaging and materials handling products

Current priorities

- Integration of TIC Retail Accessories
- Expansion of pooling operations to support ALDI

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1 Excludes inter-segment revenue. Revenue from TIC Retail Accessories has been included as if the acquisition occurred on 1 July 2018 (actual results include revenue from 1 November 2018)

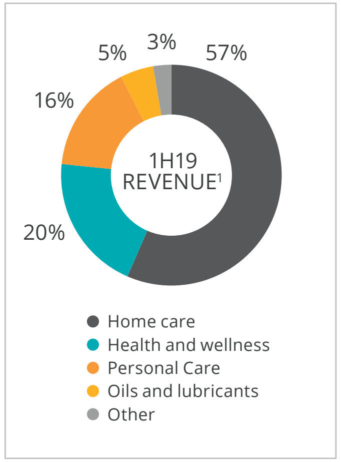
3. OUR MARKET LEADING PLATFORM
CONTRACT MANUFACTURING SERVICES

Our contract manufacturing platform

- A leading supplier of contract manufacturing services in Australia for the home, personal care and health and wellness categories

Our advantage

- Broad manufacturing capability for liquid, powder, aerosol and therapeutic nutraceutical products
- Strong innovation and product development capability
- Strong customer relationships



Market and growth opportunities

- Increasing demand for lowest cost manufacture
- Increasing demand for private label products
- Growing demand for health and wellness products

Current priority

- Increasing capacity to meet strong customer demand

1 Excludes inter-segment revenue

EXPANDING PRODUCE CRATE POOLING OPERATIONS

ALDI contract win provides attractive growth in Australian pooling

- The Group has secured a longterm agreement with ALDI for supply of returnable produce crate pooling services and supply of display pallets
- Services expected to commence by end of 2019 calendar year
- Leverages the Group's established world class wash facilities and the patented Intellicrate™ system
- Supports continued investment in track and trace technologies to add value through the supply chain
- Will deliver synergies for ALDI trading partners
- Investment of $20 million

SUMMARY

We are responding to a challenging operating environment with decisive action

- Input cost increases continue to be pushed into the market
- Overhead reduction initiatives implemented
- Network Redesign progressing with urgency
- New operating model in place
- Global search for a new CEO is progressing

We are carefully managing our balance sheet

- The Group is reviewing a range of capital options to provide greater flexibility and allow for the Network Redesign

Our market leading platform remains solid

- Recent acquisitions and the new crate pooling business is performing well
- New contract win with ALDI will expand crate pooling operations

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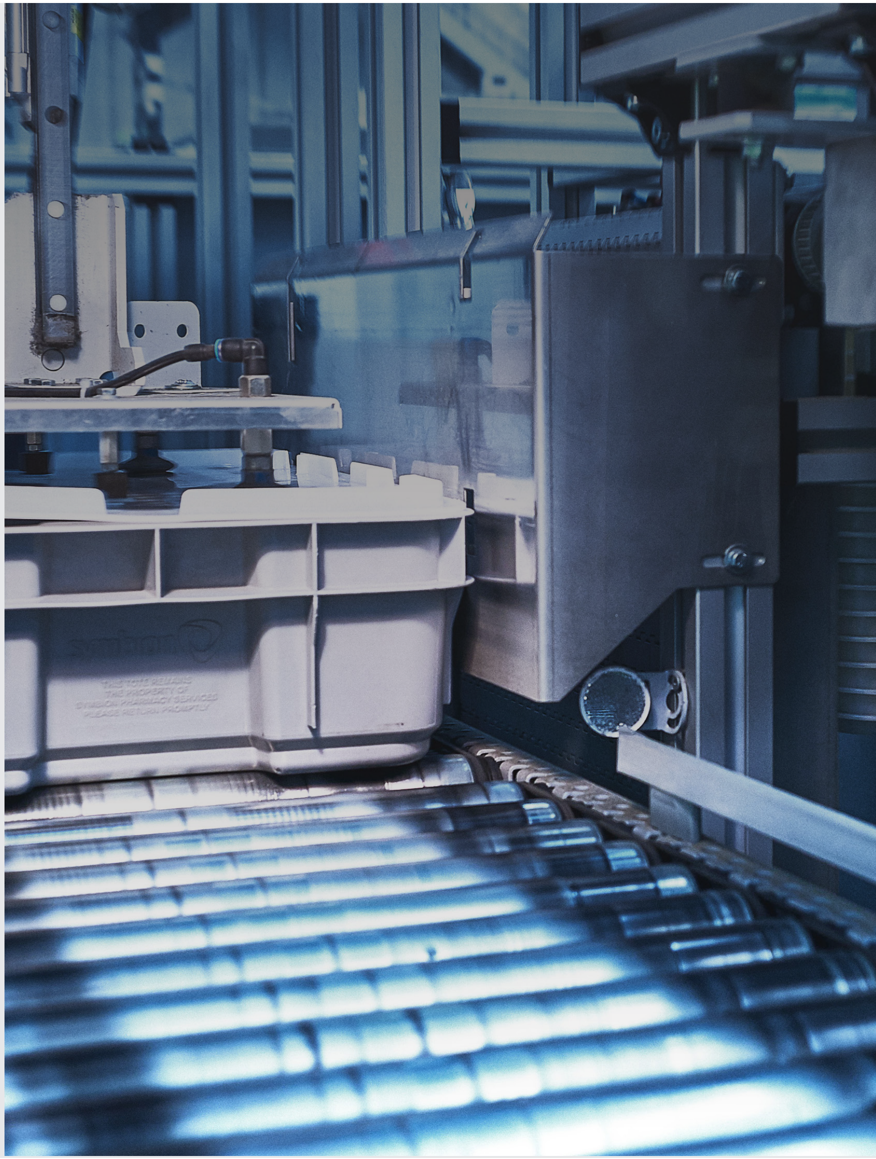
OUTLOOK

Guidance

The Group expects EBITDA for the full year ending 30 June 2019 to be in the range of $230 million to $245 million. The range is impacted by uncertainty around the speed with which revenue and efficiency projects can be delivered and the rate with which input cost lags can be recovered.

Dividends

Looking forward, the Board will continue to balance the capital needs of the business with shareholder returns in order to make a final assessment regarding reinstating dividends at the appropriate time.



APPENDIX

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RECONCILIATION OF STATUTORY INCOME

$A millions	1H 2019	1H 2018
Statutory (loss) / profit before income tax	(357.1)	63.9
Add: net finance cost and loss on de-recognition of financial assets[1]	18.9	16.2
EBIT after significant items	(338.2)	80.1
Add: significant items	407.7	6.7
EBIT	69.5	86.8
Add: depreciation and amortisation expense	40.6	33.9
EBITDA	110.1	120.7

$A millions	1H 2019	1H 2018
Statutory net (loss) / profit for the period	(319.6)	44.1
Add: significant items	407.7	6.7
Tax effect of significant items	(52.4)	(0.3)
NPAT	35.7	50.5

1 Net finance cost and loss on derecognition of financial assets is presented net of interest income

CASHFLOW RECONCILIATION

$A millions	1H 2019	1H 2018
Statutory net cash flows provided by operating activities	2.5	29.9
Borrowing, trade debtor securitisation and other finance costs paid	18.9	15.0
Income tax paid	22.8	19.8
Reorganisation spend (relating to operating activities)	8.0	1.6
Other items	3.8	(1.6)
Operating cash flow - including proceeds from securitisation	55.9	64.7
Less: Proceeds from securitisation of trade debtors	(13.6)	(1.2)
Operating cash flow - excluding proceeds from securitisation	42.3	63.5

SIGNIFICANT ITEMS

$A millions	1H 2019	1H 2018
Acquisition costs	(2.1)	(0.6)
Deferred settlement costs (earn-out)[1]	0.0	(5.1)
Inventory write downs and disposal costs	(2.6)	0.0
Impairment expenses		
- Asset write downs	(136.3)	0.0
- Intangible assets	(232.4)	0.0
Business reorganisation program – restructuring costs	(34.2)	(1.0)
Total significant items before tax	**(407.7)**	**(6.7)**
Tax effect of significant items above	52.4	0.3
Total significant items after tax	**(355.3)**	**(6.4)**

1 1H 2018 deferred settlement costs represent revisions to earn-out estimates for acquisitions made in FY2017, due mostly to stronger than expected earnings from Pascoe's in the period

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DEFINITIONS OF NON-IFRS FINANCIAL MEASURES

Capex represents capital expenditure payments for property, plant and equipment

EBITDA refers to EBITDA before significant items. EBITDA is defined as earnings before net finance costs and losses on de-recognition of financial assets, income tax, depreciation and amortisation – refer to page 27 for a reconciliation

EBITDA margin is calculated as EBITDA before significant items as a percentage of revenue

EBIT refers to EBIT before significant items. EBIT is defined as earnings before net finance costs and losses on de-recognition of financial assets and income tax – refer to page 27 for a reconciliation

EBIT margin is calculated as EBIT before significant items as a percentage of revenue

Free cashflow is defined as operating cashflow less capex

Gearing is calculated as net debt divided by rolling 12 months EBITDA

Interest cover is calculated as rolling 12 months EBITDA divided by rolling 12 months net finance costs and losses on de-recognition of financial assets

Net finance costs and losses on de-recognition of financial assets is net of interest income

Net debt is calculated as interest bearing liabilities less cash and cash equivalents

NPAT refers to NPAT before significant items. NPAT is defined as net profit after tax – refer to page 27 for a reconciliation

Operating cashflow is defined as EBITDA, less the change in working capital, less changes in other assets and liabilities and excluding the impact of proceeds from securitisation of trade debtors – refer to page 28 for a reconciliation

Operating cashflow conversion is defined as operating cashflow divided by EBITDA

Significant items are items that are non-recurring, individually material or do not relate to the operations of the existing business – refer to page 29 for an breakdown