ASX ANNOUNCEMENT

DATE: 19 February 2020

Pact Group Holdings Ltd
2020 Half-Year Results Presentation

Please find enclosed for release Pact Group Holdings Ltd 2020 Half-Year Results Presentation.

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Company Secretary

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This document has been authorised for release by the Board of Directors.

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PACT GROUP

2020 Half Year Results
and Strategy Overview

Sanjay Dayal – Managing Director and Chief Executive Officer
Richard Betts – Chief Financial Officer

19 February, 2020

Pact Group Holdings Ltd
ABN: 55 145 989 644

IMPORTANT INFORMATION

This Presentation contains the summary information about the current activities of Pact Group Holdings Ltd (Pact) and its subsidiaries (Pact Group). It should be read in conjunction with Pact's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), including the Half Year Consolidated Financial Report and associated Media Release released today, which are available at www.asx.com.au.

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Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

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 32 for the reconciliation of EBITDA and EBIT before significant items. Refer to Page 33 for the reconciliation of operating cashflows. Refer to page 35 for definitions of non-IFRS financial measures.

Half Year Results

OVERVIEW

Results Summary

- Revenue down 3% to $885 million (pcp: $915 million)
- Statutory net profit after tax of $35 million (pcp: statutory net loss after tax of $320 million)
- Excluding the impact of AASB16:
  - EBITDA up 2% to $113 million (pcp: $110 million)
  - NPAT of $37 million (pcp: $36 million)

Statutory financial results for the period reflect the adoption of AASB16: Leases. Comparatives have not been restated. The Company has presented results excluding impacts of AASB16 to compare current year results to the proior year on a consistent basis.

Lower volumes in some sectors

- Lower volumes in Australian packaging and weak demand for health and wellness products
- Modest volume growth in Asia and New Zealand

Improved margins

- Favourable resin costs have allowed for the part recovery of pricing lags
- Strong cost management and overhead reductions
- Expansion of crate pooling services into the ALDI fresh produce supply chain

Disciplined balance sheet management and improved leverage

- Leverage improved and within targeted range at 2.9x (excluding the impact AASB16)
- Strong operating cashflows and capital expenditure well controlled
- No interim dividend with cash to be retained to fund strategic initiatives and reduce debt

New strategy endorsed and strategic initiatives progressed

Board has endorsed new strategy to “Lead the Circular Economy”, with several strategic initiatives progressed:

- A sale process in respect of the Contract Manufacturing division has commenced
- Continued focus on business fundamentals and reinvestment in the core
- A MoU with Cleanaway and Asahi to develop local recycling capability
- Acquisition of Australian Recycled Plastics (51% share), expanding our recycling footprint
- Expansion of hanger reuse operations to support major contract win in USA

FOCUSED ON ZERO HARM

	H1 2020	FY 2019
Lost time injury frequency rate	4.5	4.7

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

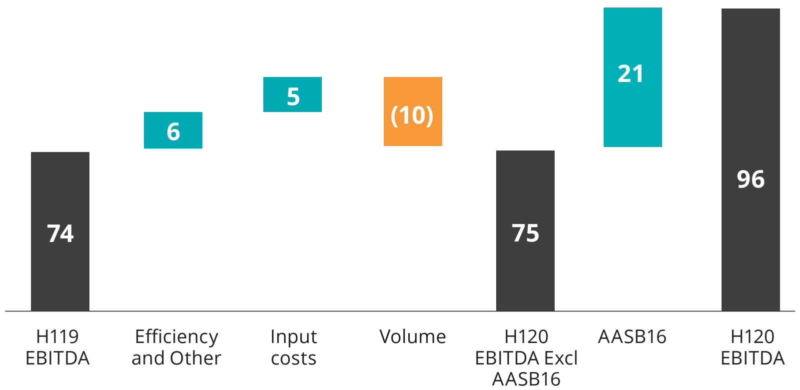
FINANCIAL RESULTS SUMMARY

$A millions	1H 2020 Statutory	1H 2020 Excl AASB16	1H 2019	Movement Excl AASB16
Sales revenue	885	885	915	(3%)
EBITDA	145	113	110	2%
EBITDA margin	*16.4%*	*12.7%*	*12.0%*	
EBIT	79	71	70	3%
EBIT margin	*8.9%*	*8.1%*	*7.6%*	
NPAT	33	37	36	4%
Statutory NPAT	35	35	(320)	
Operating cash flow	101	71	42	68%
Gearing[1,2]	3.8x	2.9x	3.3x	0.4x

1 1H 2020 statutory gearing has been normalised to include a full rolling 12 months impact of AASB16.
2 Changes arising from AASB16 do not impact our current banking arrangements. Covenants are grandfathered applying previous EBITDA definitions.

PACKAGING AND SUSTAINABILITY

$A millions	1H 2020 Statutory	1H 2020 Excl AASB16	1H 2019	Movement Excl AASB16
Sales revenue	585	585	615	(5%)
EBITDA	96	75	74	0%
EBITDA Margin	*16.4%*	*12.7%*	*12.1%*	
EBIT	51	45	46	(1%)
EBIT Margin	*8.6%*	*7.8%*	*7.4%*	



Efficiency and other

- Restructuring benefits delivered in line with expectation

Input costs

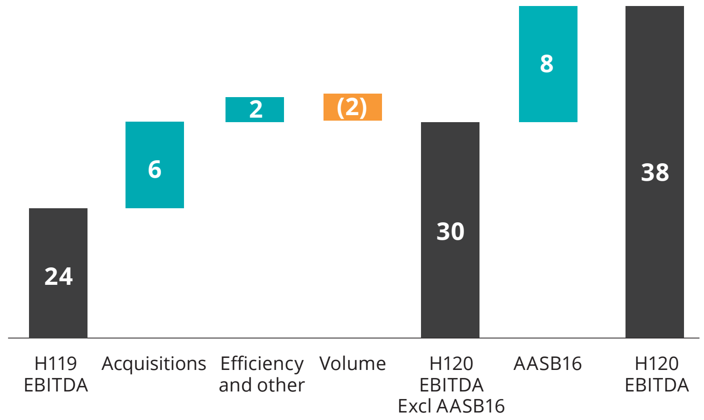
- Net cost benefit from lower resin input prices, recovering, in part, pricing lags from prior periods

Volume

- Lower volume into the dairy, food and beverage sector
- Weak demand in the health and wellness sector
- Lower demand in industrial sectors due to unfavorable macro-economic conditions

MATERIALS HANDLING AND POOLING

$A millions	1H 2020 Statutory	1H 2020 Excl AASB16	1H 2019	Movement Excl AASB16
Sales revenue	161	161	125	28%
EBITDA	38	30	24	26%
EBITDA Margin	*23.9%*	*18.9%*	*19.3%*	
EBIT	25	23	17	37%
EBIT Margin	*15.4%*	*14.3%*	*13.4%*	



Acquisitions

- Incremental 4 months contribution from acquisition of TIC, in line with expectations (completed 31 October 2018)

Efficiency and other

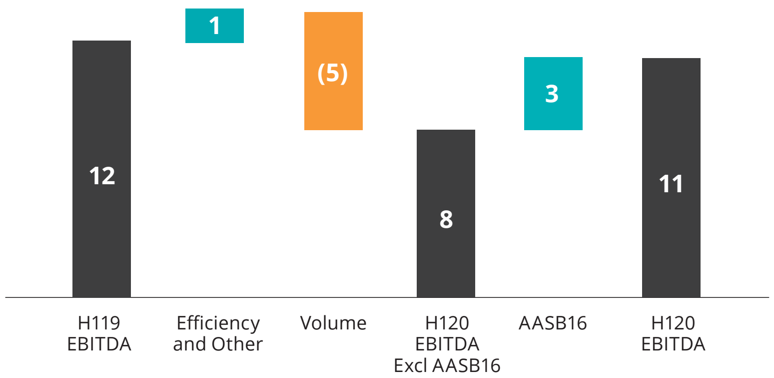
- Efficiency benefits from overhead reduction initiatives in the prior year

Volume

- Strong growth in crate pooling volumes following start-up of pooling services for ALDI
- Fewer available bin projects
- Weak retail demand in Australia has adversely impacted hanger reuse services

CONTRACT MANUFACTURING SERVICES

$A millions	1H 2020 Statutory	1H 2020 Excl AASB16	1H 2019	Movement Excl AASB16
Sales revenue	157	157	195	(19%)
EBITDA	11	8	12	(34%)
EBITDA Margin	*6.9%*	*4.9%*	*6.0%*	
EBIT	3	3	7	(57%)
EBIT Margin	*2.1%*	*1.9%*	*3.5%*	



Volume

- Significant decline in demand for health and wellness products, due to customer destocking
- Homecare and personal care category impacted by customer offshoring in 2H 2019

Efficiency

- Efficiency gains have partly offset the impact of volume

CASH MANAGEMENT

$A millions	1H 2020 Statutory	1H 2020 Excl AASB16	1H 2019
Operating cashflow	101	71	42
Capex	30	30	37
Free cashflow	71	42	5
Operating cashflow conversion	70%	63%	38%

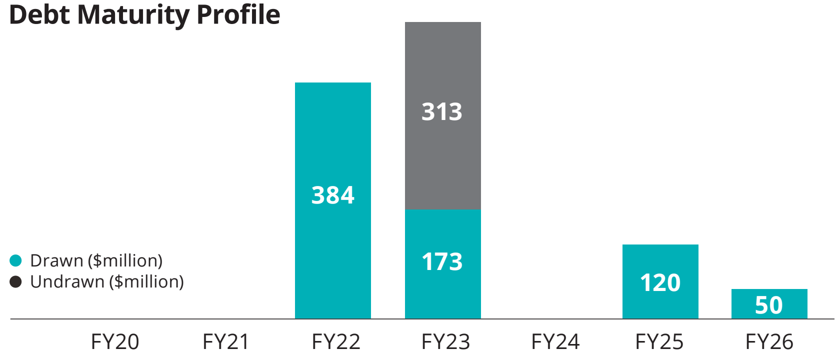
- Strong operating cashflow
- Reduced capital expenditure, with lower spend on growth capital, including the Australian crate pooling business

BALANCE SHEET METRICS

$A millions	1H 2020 Normalised[1]	1H 2020 Excl AASB16	1H 2019
Net Debt	1,142	667	738
Gearing[1]	3.8	2.9	3.3
Interest Cover[1]	4.5	5.9	6.5

- Disciplined balance sheet management has delivered a reduction in debt and improvement in gearing (excluding AASB16)
- Sufficient balance sheet capacity to support business needs
- Changes arising from AASB16 do not impact our current banking arrangements. Covenants are grandfathered applying previous EBITDA definitions

Debt Maturity Profile



1 1H 2020 gearing and interest cover have been normalised to include a full rolling 12 months impact of AASB16.

Strategy Overview

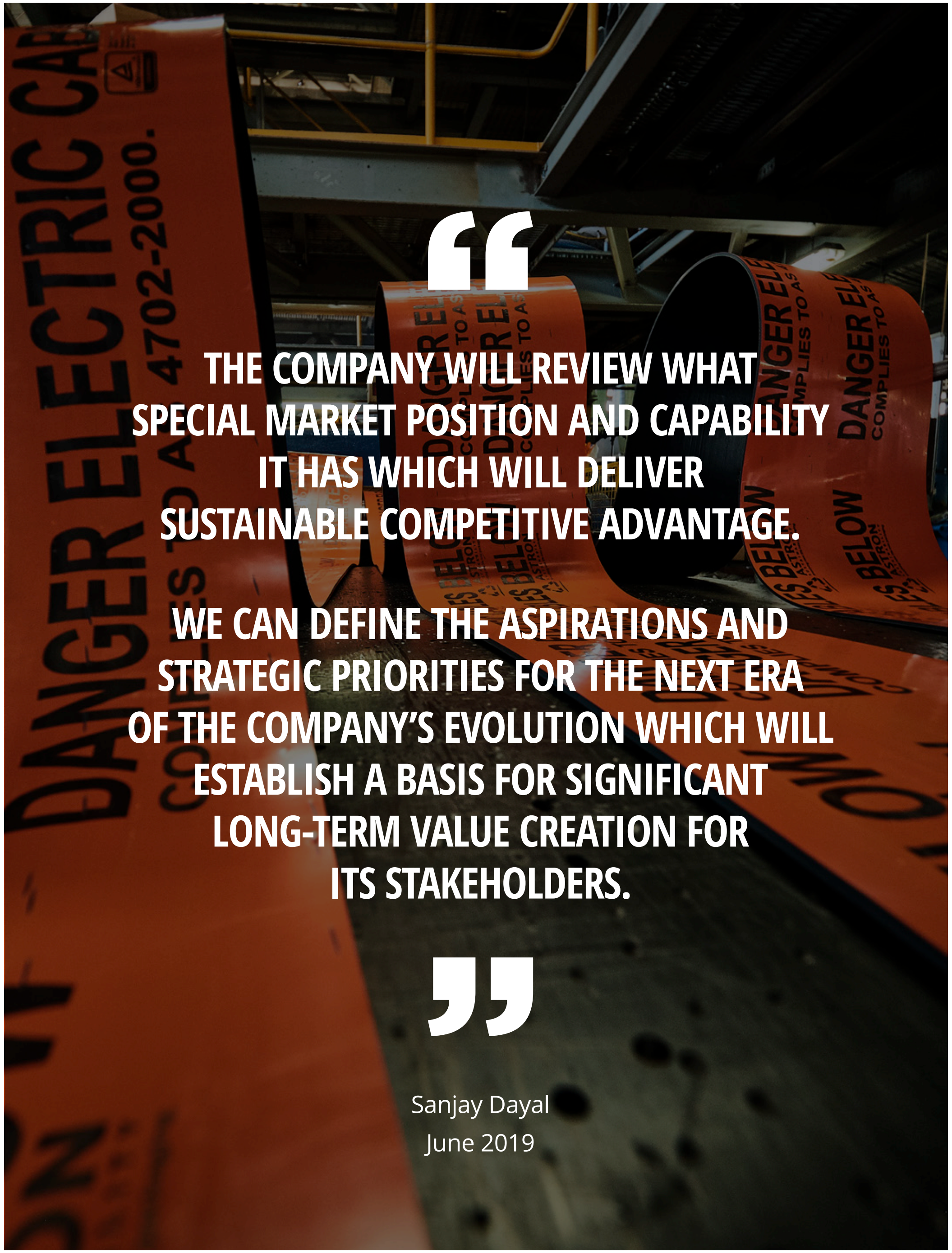
STRATEGY OVERVIEW

1. STRATEGY REVIEW HIGHLIGHTS
2. CHANGE WITHIN THE PLASTICS INDUSTRY
3. THE CIRCULAR ECONOMY TRANSITION
4. PACT'S SPECIAL MARKET POSITIONS
5. STRATEGY
6. CAPITAL ALLOCATION MODEL
7. OUR TARGETS

The Company will release further details of the strategy on 25th March 2020 as part of a proposed Pact Investor Day.

1. STRATEGY REVIEW HIGHLIGHTS

- Clarification of our special market position and capability
- Understanding of how we can leverage our position to create long-term value for stakeholders
- Clear strategic priorities and detailed 5 year plans
- A disciplined capital allocation framework
- Long-term financial targets



"THE COMPANY WILL REVIEW WHAT SPECIAL MARKET POSITION AND CAPABILITY IT HAS WHICH WILL DELIVER SUSTAINABLE COMPETITIVE ADVANTAGE.

WE CAN DEFINE THE ASPIRATIONS AND STRATEGIC PRIORITIES FOR THE NEXT ERA OF THE COMPANY'S EVOLUTION WHICH WILL ESTABLISH A BASIS FOR SIGNIFICANT LONG-TERM VALUE CREATION FOR ITS STAKEHOLDERS."

Sanjay Dayal
June 2019

2. CHANGE WITHIN THE PLASTICS INDUSTRY

PLASTIC REMAINS THE MOST EFFICIENT PACKAGING SUBSTRATE

- Low cost and easy to design
- Extends the shelf-life of food and reduces food waste
- Low carbon footprint to manufacture
- Light-weight and easy to move through the supply chain
- Can be recycled

BUT... CHANGING COMMUNITY EXPECTATIONS, WITH A STRONG FOCUS ON SUSTAINABILITY AND THE ENVIRONMENT, ARE DRIVING RAPID CHANGE WITHIN THE PLASTICS INDUSTRY

- Reduction in plastic waste
  - Reusable and/or recyclable packaging
  - Increased use of recycled content
  - Innovative product design
- Sustainable supply chain solutions, such as pooling
- Improved waste collection
- Requirement for local waste processing solutions

THERE IS GOVERNMENT AND INDUSTRY WIDE COMMITMENT TO CHANGE

Australian Government
Department of the Prime Minister and Cabinet

Banning the export of waste plastic, paper, glass and tyres, while building Australia's capacity to generate and use high value recycled commodities will increase our resource recovery rate and produce high quality materials for reuse.

Transforming these wastes into high value materials will create jobs, build a more sophisticated industry, and provide positive outcomes for the environment and community wellbeing.

Nestlé

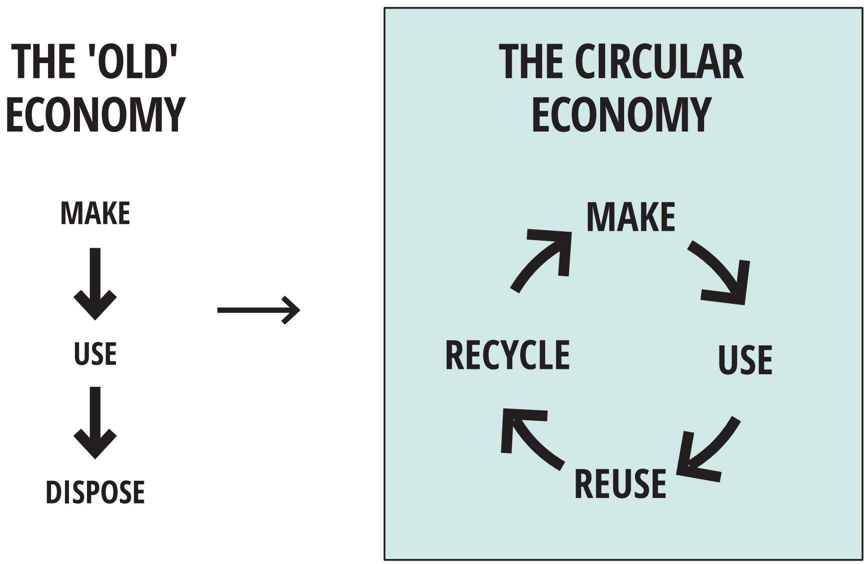
Nestlé... will invest up to CHF 2 billion [A$3 billion] to lead the shift from virgin plastics to food-grade recycled plastics and to accelerate the development of innovative sustainable packaging solutions.

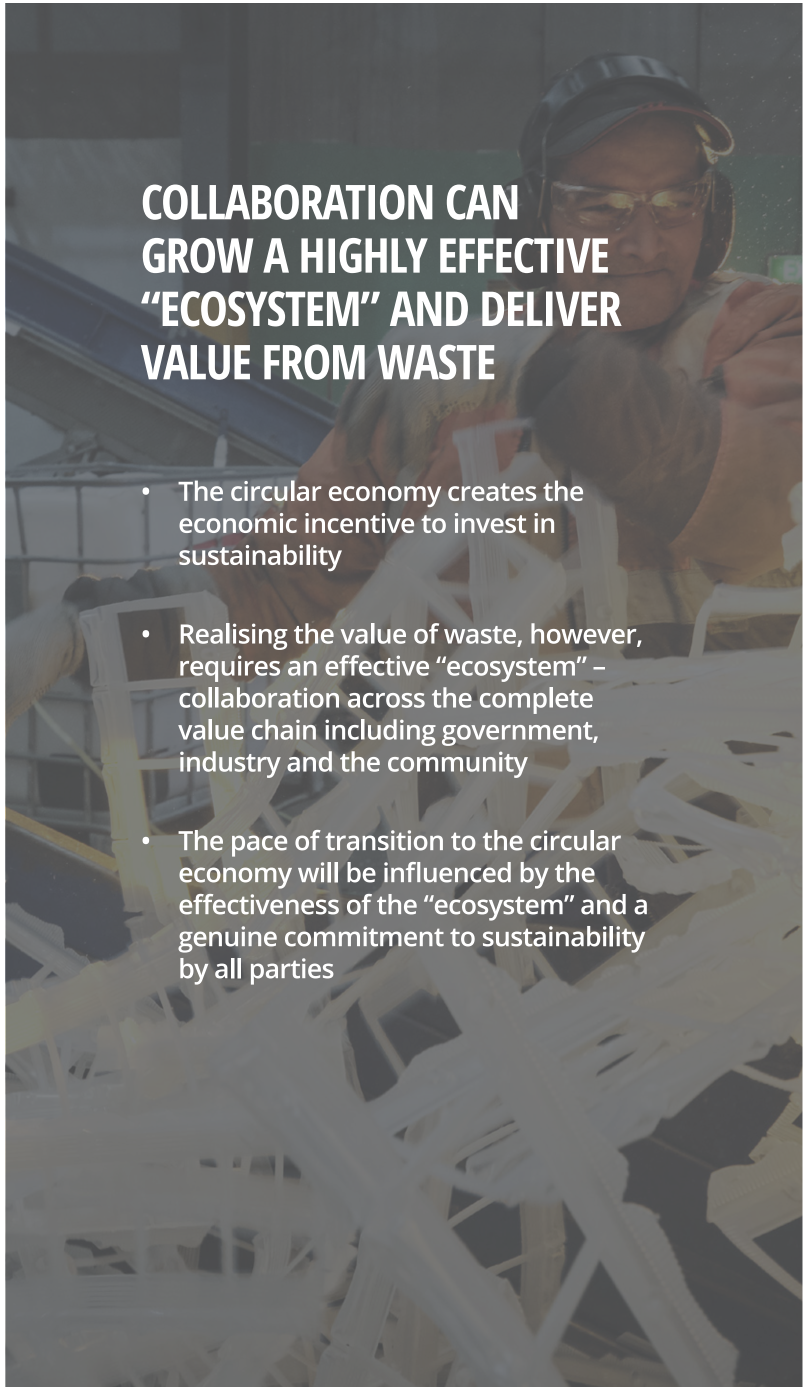
Unilever

...we must be both innovative and collaborative. That ranges from ensuring we use recyclable materials at the outset and making them recyclable after use, to tackling wider infrastructural issues such as local collection and sorting facilities and building the technical and commercial viability of reprocessing them at scale.

3. THE CIRCULAR ECONOMY TRANSITION

PLASTICS SUSTAINABILITY IS NOT ONLY A SOCIAL AND ENVIRONMENTAL NEED, IT IS AN ECONOMIC NECESSITY





COLLABORATION CAN GROW A HIGHLY EFFECTIVE "ECOSYSTEM" AND DELIVER VALUE FROM WASTE

- The circular economy creates the economic incentive to invest in sustainability
- Realising the value of waste, however, requires an effective "ecosystem" – collaboration across the complete value chain including government, industry and the community
- The pace of transition to the circular economy will be influenced by the effectiveness of the "ecosystem" and a genuine commitment to sustainability by all parties

4. PACT'S SPECIAL MARKET POSITIONS

INDUSTRY LEADING PACKAGING CAPABILITY

- Largest manufacturer in Australia and New Zealand of rigid plastic packaging
- Diverse **manufacturing and technical capability**

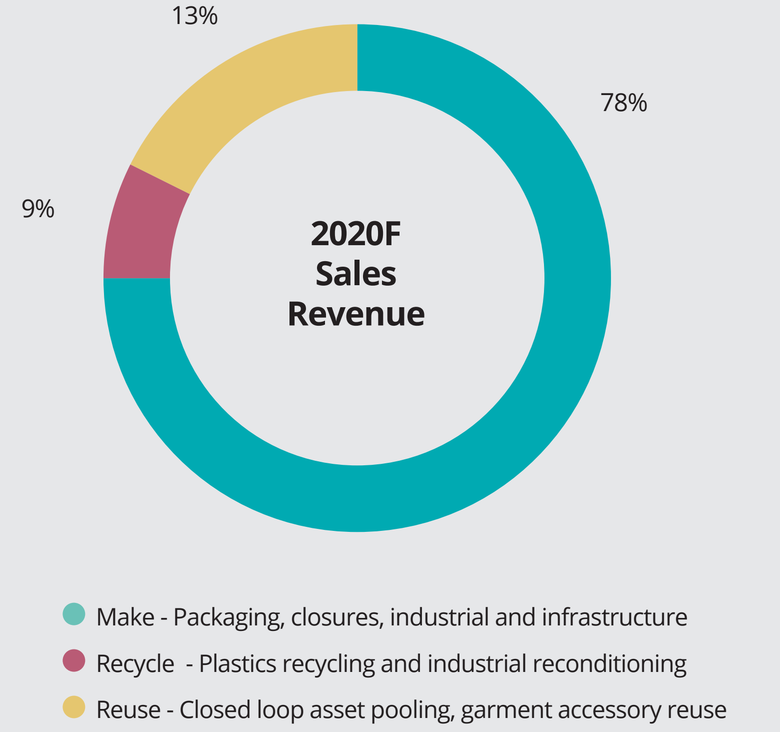
LEADING RECYCLING CAPABILITY

- Over 20 years experience in the plastics **recycling** industry
- Uniquely positioned with capability across the value chain

LEADING POSITIONS IN PACKAGING REUSE

- Best in class produce crate **pooling** platform
- Leading position globally in garment hanger **reuse** services

EXISTING SCALE AND CAPABILITY ACROSS THE PLASTICS VALUE CHAIN (MAKE, REUSE, RECYCLE)



5. STRATEGY

ASPIRATION

VISION	**Pact will lead the circular economy through reuse, recycling and packaging solutions**
TARGET	**Top quartile shareholder returns and 30% recycled content across portfolio by 2025**

PRIORITIES

STRENGTHEN OUR CORE		EXPAND REUSE AND RECYCLING CAPABILITY			LEVERAGE REGIONAL SCALE
Focus portfolio and strengthen balance sheet	Turnaround and defend core ANZ consumer packaging businesses	Lead plastics recycling in ANZ	Scale-up reuse solutions	Differentiate industrial and infrastructure businesses	Grow Asian packaging platform

ENABLERS

- Safe, diverse and motivated workforce
- Competitive manufacturing
- Segment skilled sales capability
- Differentiated solutions through technical expertise and innovation
- Circular economy credentials and communication
- Disciplined capital management
- Data-driven decision making

FOCUS PORTFOLIO AND STRENGTHEN BALANCE SHEET

OUR PORTFOLIO AND FUTURE INVESTMENTS WILL BE CLEARLY ALIGNED WITH STRATEGY AND OUR BALANCE SHEET WILL BE MANAGED WITH DISCIPLINE

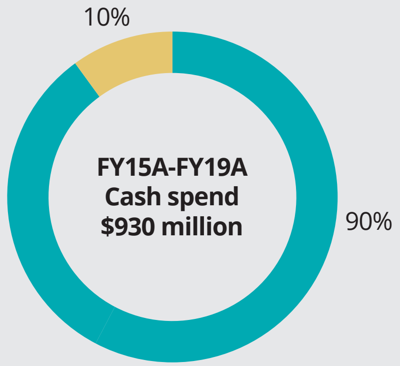
Divest Contract Manufacturing

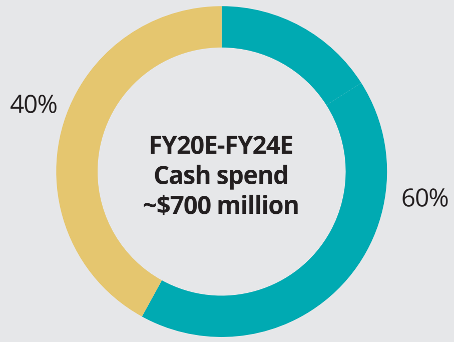
- Sales process has been initiated
- Proceeds from asset sales will be used to pay down debt and fund strategically aligned growth and restructuring initiatives

Manage the balance sheet with discipline and focus on quality of returns

- Disciplined capital allocation model has been implemented
- Target hurdle of 15% ROIC on all growth capital
- Leverage to be managed below 3x (below 4x on a post AASB16 basis)

SUSTAINING AND GROWTH INVESTMENT





- Growth, M&A and rationalisation spend
- Sustaining capital

TURNAROUND AND DEFEND CORE ANZ CONSUMER PACKAGING BUSINESSES

Our Packaging Platform

Leading regional platform with scale, technical and innovation capability integral to the circular economy

- A large "sink" for recycled raw materials
- Sustainable product design and innovation - reduce use of plastics, eliminate non-recyclables

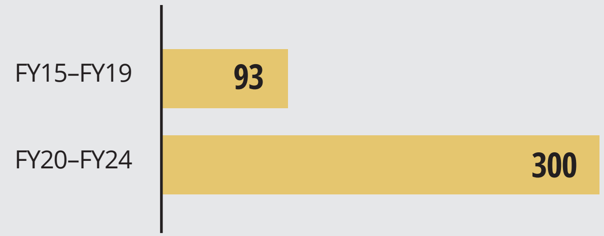
WE WILL IMPROVE THE COMPETITIVENESS OF OUR PACKAGING PLATFORM AND USE OUR PRODUCT AND MANUFACTURING CAPABILITIES TO DIFFERENTIATE

Strategic Imperatives

1. Embed a customer centric structure with accountability aligned to customer needs
2. Maintain a competitive manufacturing platform
   - Improve core business fundamentals – safety, quality, delivery, price, cost
   - Increase investment in sustaining capital
3. Leverage technical and innovation capability and access to recycled raw materials to differentiate in the market

WE WILL INCREASE SPEND ON SUSTAINING CAPITAL TO ADDRESS UNDERINVESTMENT AND IMPROVE COMPETITIVENESS

Investment in sustaining capital[1] will be increased 320% in 5 years FY20-FY24



"We will focus on improving our overall competitiveness through organisational structure, operating efficiency and the performance of our equipment. This will take time. Our priorities will be assessed through the lens of our customers. Whilst rationalising our footprint will be required, this will not be our only focus."

1. Total Group sustaining capital

LEAD PLASTICS RECYLING IN AUSTRALIA AND NEW ZEALAND

Our Recycling Platform

- Largest recycler of post-industrial plastics in ANZ, producing 30kt annually
- Strong and profitable business, with deep industry and technical knowledge
- Uniquely positioned with capability across the value chain

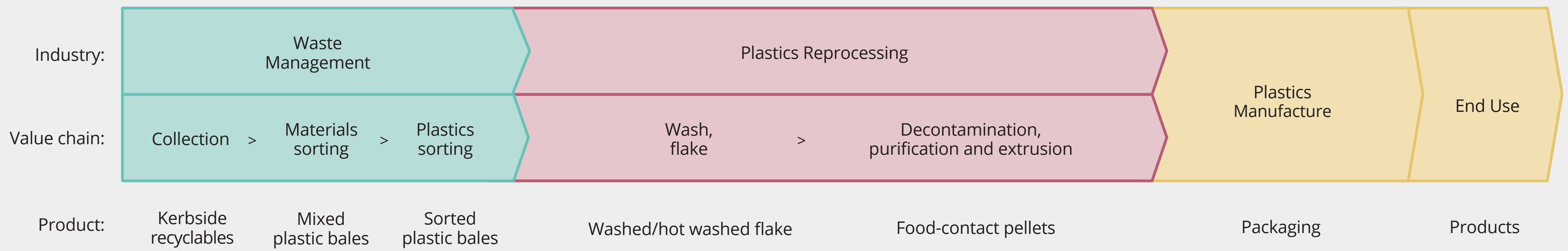
WE WILL LEVERAGE OUR SPECIAL POSITION IN THE VALUE CHAIN TO EXPAND RECYCLING CAPACITY

Strategic Imperative

Lead a “whole of value chain” approach to recycling

- Work with governments to accelerate investment in local recycling capability
- Collaborate with waste management industry participants to provide recyclate offtake
- Partner with customers

The Recycling Value Chain



PARTNERSHIP WITH CLEANAWAY AND ASAHI

PACT HAS SIGNED A MEMORANDUM OF UNDERSTANDING WITH CLEANAWAY AND ASAHI TO JOINTLY DEVELOP LOCAL PLASTIC RECYCLING CAPABILITY

- Clearly aligned with Pact's Vision to lead the circular economy and will support the Company in achieving its 2025 Sustainability Promise to offer 30% recycled content across its packaging portfolio
- The proposed facility will process up to 28,000 tonnes of plastic waste into recycled materials for use in packaging for food and beverages
- The venture will leverage the unique expertise of each participant in their respective parts of the value chain
- It is anticipated that the facility will be operational by December 2021, with Pact's investment approximately $10 million
- The arrangement will be part funded by a grant from the New South Wales State Government

> “THIS PARTNERSHIP IS A MEANINGFUL STEP IN IMPROVING THE PLASTICS VALUE CHAIN AND DEVELOPING A LOCAL CIRCULAR ECONOMY. WASTE COLLECTED IN THIS COUNTRY WILL BE PROCESSED AND USED LOCALLY.
>
> THE VENTURE ILLUSTRATES STRONG COLLABORATION ACROSS INDUSTRY AND GOVERNMENT, AND A GENUINE COMMITMENT TO THE SUSTAINABILITY OF PLASTICS BY ALL PARTIES.”

SCALE-UP REUSE SOLUTIONS

Our Reuse Platform

- Leading supplier of pooling services for returnable produce crates (RPCs) in Australia and New Zealand
- Leading supplier of garment hanger reuse services globally
- World class facilities supported by leading supply chain capability and proprietary technology

WE WILL EXPAND OUR REUSE PLATFORM TO MEET GROWING DEMAND FOR SUSTAINABLE SUPPLY CHAIN SOLUTIONS

Strategic Imperatives

1. Increase penetration of RPCs
   - Expand in fresh produce
   - Penetrate other asset categories
2. Expand reuse model in offshore markets
   - Ramp-up of supply for new US contract
   - Continued penetration in offshore markets

DRIVING CONVERSION FROM SINGLE-USE TO REUSE SOLUTIONS

Returnable Crate Pooling

There are multiple growth avenues for our pooling platform – and the infrastructure to support this is in place

- Driving deeper penetration in existing produce categories – increase penetration rates from ~47% to 70%
- Adding new produce categories
- Entering new fresh food loops (e.g. bread, eggs, protein, milk)

DIFFERENTIATE IN INDUSTRIAL AND INFRASTRUCTURE SECTORS

Our Infrastructure Platform

- Leading supplier of plastic infrastructure products
- Attractive segment supplying products to government and private projects including: garbage bins, industrial bins, noise walls and underground cable cover for infrastructure, telecommunication pits
- Deep industry experience
- Proprietary product capability

WE WILL ALIGN CAPABILITY IN OUR INFRASTRUCTURE PLATFORM TO SUPPORT THE SUSTAINABILITY NEEDS OF GOVERNMENT AND PRIVATE INFRASTRUCTURE INVESTMENT

Strategic Imperatives

Use sustainability offering to differentiate

- Proprietary noise wall technology using recycled materials
- Increase recycled content in industrial products

GROWING DEMAND FOR RECYCLED CONTENT IN INFRASTRUCTURE PROJECTS

- Governments will play an important role in stimulating demand for recycled materials in infrastructure
- The National Waste Policy Action Plan 2019[1] includes specific actions to increase the use of recycled content in infrastructure, specifically providing at Task 4:
  - 4.2 Partner with Infrastructure Australia, the Green Building Council of Australia and the Australian Institute of Quantity Surveyors to improve demand for recycled materials
  - 4.3 Work with industry to identify specific opportunities to increase uptake of recycled content in buildings and infrastructure with priority given to plastics, glass and rubber

1. The National Waste Policy Action Plan 2019 was prepared by the Australian Government, state and territory governments and the Australian Local Government Association.

GROW ASIAN PACKAGING PLATFORM

Our Closures Platform

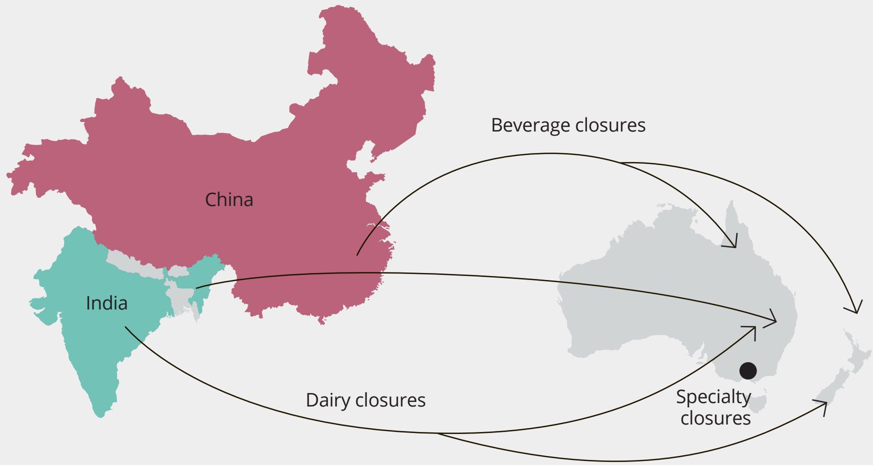
- Regional leader in caps and closures with broad geographic reach
- Proprietary technical capability
- Reputation for product quality and superior customer service – products "designed in region for the region"
- Annual revenue of approximately $250 million

WE WILL OPTIMISE OUR VALUE CHAIN THROUGH REGIONAL CONSOLIDATION OF OUR CLOSURES PLATFORM

Strategic Imperatives

1. Optimise value chain through regional consolidation and transition of supply to lowest cost operations
2. Target growth in fast growing Asian markets

Leveraging Benefits of Regional Scale



- We will leverage our regional network to deliver lowest cost manufacture – products are light-weight and "freight-friendly" and can be moved throughout the network efficiently
- Increased investment in specialty closures to support niche sectors in local markets

6. CAPITAL ALLOCATION MODEL

PROMOTING DISCIPLINE IN ALL CAPITAL DECISIONS AND MAINTAINING A STRONG BALANCE SHEET

	CAPITAL ALLOCATION HEIRARCHY	BENCHMARK
	Free cash flow	Maximise cash flow through 1. Strengthening Pact's core 2. Expand re-use and recycling capabilities 3. Leverage regional scale in advantaged capabilities
1.	Sustaining capital expenditure	Annual spend 70% of deprecation[1]
2.	Growth capital and restructuring expenditure	Prioritised based on ROIC return (>15%) and in aligned segments
3.	Debt reduction	Net Debt to EBITDA below 3x (below 4x on a post AASB16 basis)
4.	M&A	M&A that is strategically aligned and delivers 15% ROIC in the medium term
5.	Dividends	Remaining cash available for dividends

TARGET

ROIC ABOVE 15%[2] (13.5% ON A POST AASB16 BASIS)

1. Deprecation excluding the deprecation of right of use assets
2. EBIT divided by Average Invested Capital which is defined as Average Total Assets – Average Cash and equivalents – (Average Current Liabilities – Average Current Financial Liabilities)

7. OUR TARGETS

Top quartile shareholder returns[1] by 2025

ROIC above 15% by 2025, increased from 11.1% in FY19 (target of 13.5% on a post AASB16 basis)

A strong balance sheet with leverage managed below 3x (below 4x on a post AASB16 basis)

30% recycled content across our packaging portfolio by 2025

A focussed portfolio with investments and divestments clearly aligned to strategy

Return to payment of **dividends**

1. Cumulative TSR 2019-2024 within our comparator Group

SUMMARY

“WE HAVE A CLEAR VISION FOR THE FUTURE AND WHEN WE COMBINE CAPABILITY, COLLABORATION AND STRONG LEADERSHIP, WE CAN DELIVER SIGNIFICANT LONG-TERM VALUE FOR ALL STAKEHOLDERS.”

Sanjay Dayal
February 2020

Outlook

FY20 OUTLOOK

- Volume challenges will continue in the Group's Australian packaging and contract manufacturing businesses.
- The potential impact on sales and supply chains from further disruption related to the coronavirus outbreak and other macro-economic factors is uncertain at this time.
- The outcome of the proposed sale of Contract Manufacturing Services and its impact on FY20 earnings is not yet known.

Excluding Contract Manufacturing Services, the Group expects EBITDA (before significant items) from its continuing operations for FY20 to be generally in line with FY19 (on a comparable basis[1]), subject to global economic conditions.

1. Adjusting for the impact of AASB16 on FY20 EBITDA

Appendix

RECONCILIATION OF STATUTORY INCOME

$A millions	1H 2020 Statutory	1H 2020 Excl AASB16	1H 2019
Profit / (loss) before income tax	46.6	48.1	(357.1)
Add: net finance cost and loss on de-recognition of financial assets[1]	33.1	19.8	18.9
EBIT after significant items	79.7	67.9	(338.2)
Add: significant items	(1.1)	3.5	407.7
EBIT	78.6	71.4	69.5
Add: depreciation and amortisation expense	66.7	41.2	40.6
EBITDA	145.4	112.6	110.1

$A millions	1H 2020 Statutory	1H 2020 Excl AASB16	1H 2019
Net profit / (loss) for the period	34.8	34.5	(319.6)
Add: significant items	(1.1)	3.5	407.7
Tax effect of significant items	(1.0)	(1.0)	(52.4)
NPAT	32.7	37.0	35.7

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

CASHFLOW RECONCILIATION

$A millions	1H 2020	1H 2019
Statutory net cash flows provided by operating activities	66.2	2.5
Borrowing, trade debtor securitisation and other finance costs paid	33.7	18.9
Income tax (received) / paid	(5.4)	22.8
Business restructuring spend	5.6	8.0
Other items	1.8	3.8
Operating cash flow - including proceeds from securitisation	101.8	55.9
Less: Proceeds from securitisation of trade debtors	(0.7)	(13.6)
Operating cash flow - excluding proceeds from securitisation	101.1	42.3
Payment of lease liability repayments	(16.5)	0.0
Payment of interest on lease liabilities	(13.3)	0.0
Operating cash flow excluding AASB16 impacts	71.2	42.3

SIGNIFICANT ITEMS

$A millions	1H 2020 Statutory	1H 2020 Excl AASB16	1H 2019
Acquisition costs	(1.8)	(1.8)	(2.1)
Inventory write downs and disposal costs	-	-	(2.6)
Net gain on lease modification	4.5	-	-
Impairment expenses			
- Tangible asset write downs	-	-	(136.3)
- Intangible asset write downs	-	-	(232.4)
Business restructuring	(1.7)	(1.7)	(34.2)
Total significant items before tax	**1.1**	**(3.5)**	**(407.7)**
Tax effect of significant items above	1.0	1.0	52.4
Total significant items after tax	**2.1**	**(2.5)**	**(355.3)**

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 32 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 32 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 32 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 33 for a reconciliation

Operating cashflow conversion is defined as operating cashflow divided by EBITDA

ROIC represents return on funds employed. ROIC is defined as rolling 12 months EBIT divided by average funds employed. Funds employed represents total assets (less cash and cash equivalents) less current liabilities (excluding interest bearing liabilities). Average funds employed are calculated as an average of the period opening and closing balances

Significant items are items that are non-recurring, individually material or do not relate to the operations of the existing business – refer to page 34 for an breakdown