2020 Full Year Results

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

19 August, 2020

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

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 Full 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, net interest expense 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 before significant items and EBIT before significant items is 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 audit by the Company's external auditor. Refer to Page 34 for the reconciliation of EBITDA and EBIT before significant items. Refer to Page 35 for the reconciliation of operating cashflows. Refer to page 37 for definitions of non-IFRS financial measures.

AGENDA

1. HIGHLIGHTS
2. FINANCIAL PERFORMANCE
3. SEGMENT PERFORMANCE
4. STRATEGY
5. OUTLOOK

Highlights

PACT GROUP

FY20 RESULTS | HEADLINES

We have delivered solid financial results in a period of significant market uncertainty

SALES REVENUE **$1.81 billion** ↓ 1% (pcp $1.83 billion)	**EBITDA**[1] **$302 million** 16.7% margin on sales	**NPAT (Statutory)** **$89 million** ↑ >100% (pcp $290 million loss)
ROIC (excl AASB16) **12.6%** ↑ 1.5% (pcp 11.1%)	**EBITDA (excl AASB16)** [1] **$234 million** ↑ 1% (pcp $231 million)	**NPAT (excl AASB16)**[1] **$81 million** ↑ 5% (pcp $77 million)
FREE CASH FLOW GENERATION (excl AASB16) **$71 million** ↑ 81% (pcp $39 million)	**GEARING (excl AASB 16)** **2.6x** ↓ 0.4x (pcp 3.0x EBITDA)	**DIVIDEND (Per Share)** **3 cents** **65% franked** ↑ 100% (pcp $Nil)

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 prior year on a consistent basis.

1 Before significant items

KEY BUSINESS HIGHLIGHTS

Driving improvements in our controllables and reducing debt

SOLID OPERATING PERFORMANCE, DESPITE COVID-19 CHALLENGES

- Group **EBITDA and margins improved**
- **Solid organic growth** in the Contract Manufacturing hygiene category and in crate pooling services
- Modest underlying growth in New Zealand and Asia
- **Tight cost control** and disciplined cash management
- Recovery of pricing lags
- **ROIC improved at 12.6%**, up 1.5% pts

NET DEBT REDUCED AND LEVERAGE IMPROVED

- **Operating cashflow improved**, working capital well managed
- Net debt reduced and leverage substantially improved at 2.6x (excluding the impact of AASB16)

DIVIDENDS RESUMED

- **Final dividend of 3c per share**, 65% franked

STRATEGY IN ACTION

We have made good progress in the delivery of our strategy

PRIORITIES

Our Vision

PACT GROUP

Pact will lead the circular economy through reuse, recycling and packaging solutions

- 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

Progress in the period

- Phase 1 of the **turnaround of Australian packaging** complete
  - Operating model transformed, with new customer centric structure in place
  - New senior leadership appointed
- **Recycling capability expanded** through strategic agreements
- **Reuse platform expanded** to support crate pooling services for ALDI fresh produce and hanger reuse services for major USA contract
- **Centralised leadership** of the regional closures platform
- Sale process in respect of **Contract Manufacturing** to recommence

RESILIENCE DEMONSTRATED THROUGH COVID-19

Our strong local manufacturing and service capability has enabled us to provide security of supply to our customers and respond quickly to their changing needs

OUR RESPONSE PLAN

Protecting our people
- Strict health and safety protocols implemented

Supporting our customers and the community
- Comprehensive business continuity plans supporting demand and supply planning
- Close regulatory engagement to reduce the impact of government enforced lockdowns
- Investment in resources and capacity to meet changing customer needs

Safeguarding the balance sheet
- Reduction in discretionary spend
- Deferment of non-essential capital
- Robust controls to manage working capital
- Strong liquidity and debt capacity to support new business opportunities

OUR MARKETS

Resilient consumer sectors
- Resilient demand in most sectors
- Hygiene and homecare categories outperformed, whilst beverages and fruit trays underperformed
- Crate pooling volumes were improved, with strong demand for fresh produce

Industrial volumes lower
- Industrial packaging volumes were impacted by end-market demand disruption
- Several bin and infrastructure projects were delayed

Weak clothing retail demand
- Lower hanger reuse services due to weak retail demand during periods of lockdown

SAFETY AND SUSTAINABILITY

SAFETY AND HEALTH

The Company is saddened to report a fatality in the period

- Paul Pita, a valued team member at the Company's Albany site in New Zealand, died in a tragic incident in May.

Lost time injury frequency rate at lowest level in six years

- LTIFR at 4.0 improved from 4.7 in FY19
- The Company remains focused on continued improvement in safety culture and processes

Strict management of COVID-19 health and safety risks

- Strict health and safety protocols implemented to protect employees and the community, no reported cases in the period

COMMUNITY

Supporting the community through the COVID-19 pandemic

- Manufacturing capacity for hand sanitiser urgently upgraded to supply needs of emergency services, hospitals and the broader community
- Support for the most vulnerable members in the community provided through donations of hand sanitiser and other hygiene products to Australian Charities FareShare and Oz Harvest

ENVIRONMENT

Targeting 30% recycled content across the portfolio by 2025

- Recycled resin content in finished goods of 7%
- Strategic initiatives progressed to expand local post consumer recycling capability

Financial Performance

PACT
GROUP

FINANCIAL RESULTS SUMMARY

Improvements in key metrics despite impacts from COVID-19

$A millions	FY 2020 Statutory	FY 2020 Excl AASB16	FY 2019	Movement Excl AASB16	
Sales revenue	1,809	1,809	1,834	(1%)	↓
EBITDA (before significant items)	302	234	231	1%	↑
EBITDA Margin	*16.7%*	*12.9%*	*12.6%*	*0.3%pts*	↑
EBIT (before significant items)	166	151	148	1%	↑
EBIT margin	*9.2%*	*8.3%*	*8.1%*	*0.2%pts*	↑
NPAT (before significant items)	73	81	77	5%	↑
NPAT after significant items	89	92	(290)	>100%	↑
ROIC	10.6%	12.6%	11.1%	1.5%pts	↑
Operating cash flow	277	206	203	1%	↑
Gearing[1]	3.5	2.6	3.0	0.4x	↓
EPS	25.8c	26.7c	(85.3c)	>100%	↑

Commentary

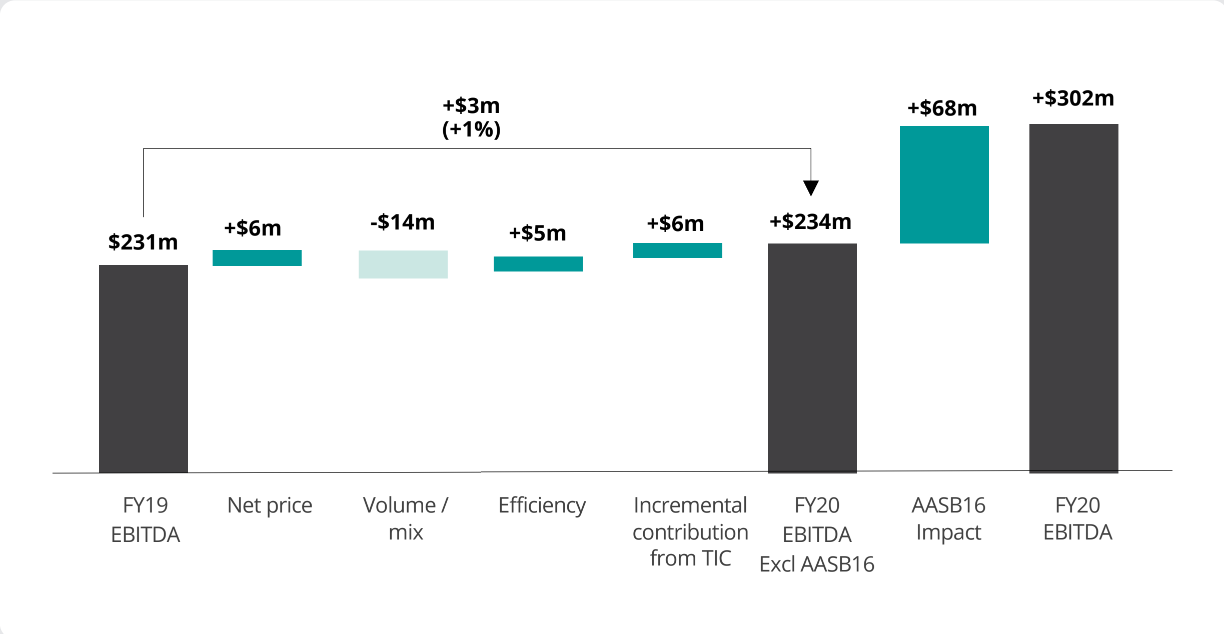
- Sales revenue is broadly in line with prior year
  - Packaging & Sustainability (-5%)
  - Materials Handling & Pooling (+6%)
  - Contract Manufacturing Services (+6%)
- EBITDA up 1% over prior year
- EBITDA margins improved to 12.9%
- ROIC improved to 12.6%
- Strong EPS accretion: >100%

1 Changes arising from AASB16 do not impact our current banking arrangements. Covenants are grandfathered applying previous EBITDA definitions.

GROUP EBITDA

EBITDA growth achieved in challenging volume environment through favourable mix, improved pricing and cost efficiencies

EBITDA Bridge FY2019 to FY2020
(A$ million)



Commentary

- Recovery of resin pricing lags and improved pricing discipline in Contract Manufacturing
- Lower volumes in Australian packaging and COVID-19 related volume impacts in the industrial and retail sectors
- Improved mix with increased revenues from pooling and reuse services, and growth in the hygiene category in Contract Manufacturing
- Improved efficiency, offset in part by higher cost to serve during COVID-19 affected period
- Incremental 4 months contribution from TIC in line with expectations (completed 31 October 2018)

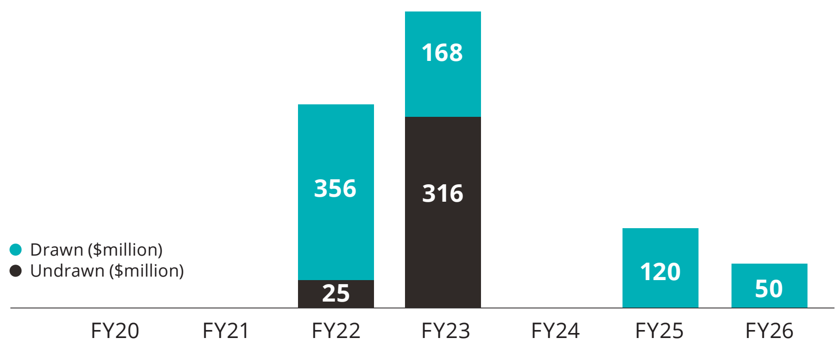
BALANCE SHEET STRENGTH

Our balance sheet strength has substantially improved with gearing at 2.6x

Debt Metrics

$A millions	FY 2020 Statutory	FY 2020 Excl AASB16	FY 2019
Net Debt	1,068	614	684
Gearing	3.5	2.6	3.0
Interest Cover	4.8	6.4	5.9
ROIC	10.6%	12.6%	11.1%

Debt Maturity Profile



Commentary

- Reduction in debt and improved gearing (excluding AASB16) delivered through disciplined balance sheet management
- Significant undrawn debt capacity of $341 million together with improved gearing will support the delivery of the Group's strategic agenda

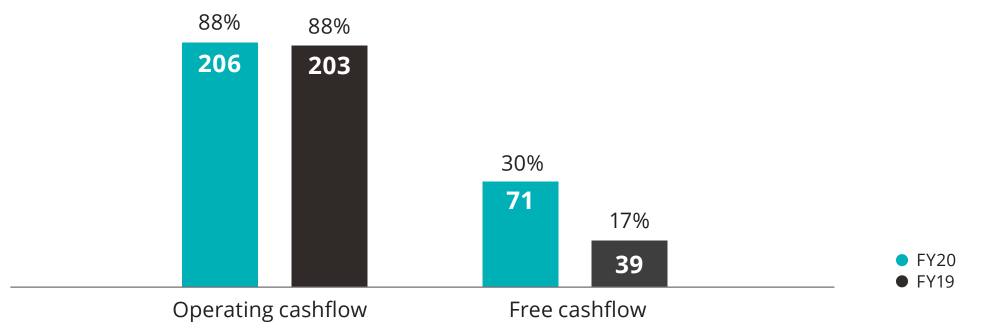
Changes arising from AASB16 do not impact our current banking arrangements. Covenants are grandfathered applying previous EBITDA definitions

SOLID CASH FLOW GENERATION

Operating cashflow conversion of 88% with disciplined management of working capital

$A millions	FY 2020 Statutory	FY 2020 Excl AASB16	FY 2019
Statutory operating cash flow	192	148	109
Capex	76	76	69
Free cash flow	116	71	39
Operating cashflow	277	206	203
Operating cashflow conversion	*92%*	*88%*	*88%*

Cashflow Conversion (A$m, %)



Commentary

- Strong operating cashflow, improved on prior year
- Disciplined management of working capital during COVID-19, with overdue receivables improved on the prior year
- Capital expenditure managed tightly. Spend now assessed through a prioritisation framework aligned to the Group strategy

OUR FOCUS ON IMPROVING CAPITAL RETURNS

CAPITAL ALLOCATION

Operating cash flow

Sustenance capital
Annual spend 70% of deprecation[1]

Maintain a strong balance sheet
Net Debt to EBITDA under 3.0x (below 4x on a post AASB16 basis)

Dividends	**Organic growth and restructuring**	**M&A**
> 40% of NPAT before significant items	Prioritised based on ROIC return (>15%) and in aligned segments	Strategically aligned and delivers >15% ROIC in the medium term

MAXIMISE SHAREHOLDER VALUE
ROIC >15%[2] (13.5% ON A POST AASB16 BASIS)

FY20 performance

(All metrics excluding AASB16)

Operating cash flow improved to $206 million (up 1% on pcp)

Capital framework implemented prioritising sustenance capital

Net Debt to EBITDA at 2.6x (pcp 3.0x)

Investments in new recycling capability

Resumed dividends, final dividend of 3.0 cents per share

ROIC improved to 12.6% (pcp 11.1%)

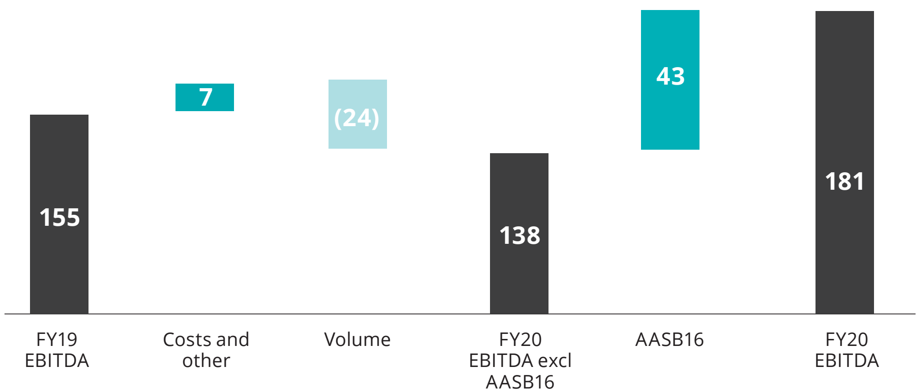
1 Deprecation excluding the deprecation of right of use assets
2 EBIT divided by Average Invested Capital which is defined as Average Total Assets – Average Cash and equivalents – (Average Current Liabilities – Average Current Financial Liabilities)

Segment Performance

PACKAGING AND SUSTAINABILITY

Modest growth in Asia and New Zealand, good progress on turnaround in Australia

$A millions	FY 2020 Statutory	FY 2020 Excl AASB16	FY 2019	Movement Excl AASB16
Sales revenue	1,144	1,144	1,208	(5%)
EBITDA	181	138	155	(11%)
EBITDA Margin	*15.8%*	*12.0%*	*12.8%*	*(0.8%pts)*
EBIT	91	80	97	(18%)
EBIT Margin	*7.9%*	*7.0%*	*8.1%*	*(1.1%pts)*



COVID-19

- Disciplined focus on managing costs and pricing
- Volumes in most consumer packaging sectors in Australia, New Zealand and Asia were resilient
- Volumes into the industrial packaging sector were down
- Net adverse impact to segment EBITDA of approximately $5 million

Underlying performance

- Modest underlying volume growth in New Zealand and in Asia
- Continued volume challenges in the Australian dairy, food and beverage sector
- Weak demand in the health and wellness sector, due in part to customer destocking
- Lower industrial volumes in Australia due to unfavourable macro factors, though some benefit from easing of drought conditions in H2
- Recovery of resin pricing lags from prior periods

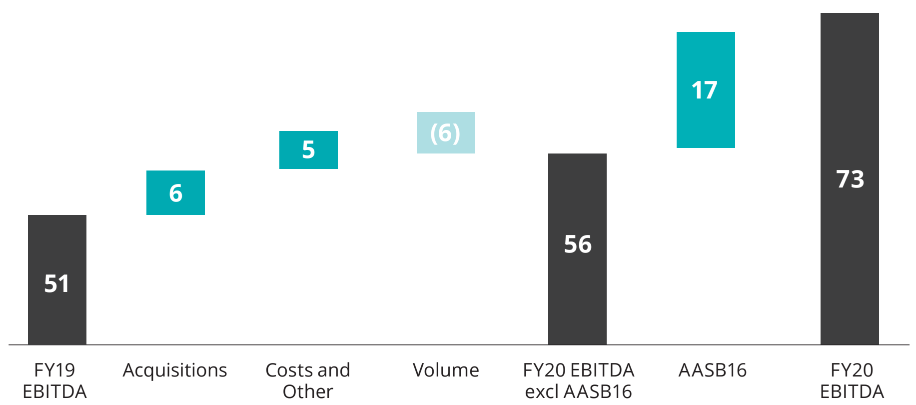
Phase 1 of Australian turnaround complete

- Operating model transformed, with new customer centric structure implemented
- New senior leadership appointed to lead the transformation
- Investment in improved platform capability underway

MATERIALS HANDLING AND POOLING

Strong revenue and earnings growth driven by expansion of crate pooling and reuse platforms

$A millions	FY 2020 Statutory	FY 2020 Excl AASB16	FY 2019	Movement Excl AASB16
Sales revenue	316	316	296	6%
EBITDA	73	56	51	10%
EBITDA Margin	*23.1%*	*17.7%*	*17.2%*	*0.5%pts*
EBIT	44	41	36	13
EBIT Margin	*14.0%*	*12.8%*	*12.0%*	*0.8%pts*



COVID-19

- Crate pooling volumes were improved, with strong demand for fresh produce
- Several bin and infrastructure projects were delayed
- Demand from the clothing retail sector was weak, with hanger reuse services well down
- Net adverse impact to segment EBITDA of approximately $7 million

Underlying performance

- Crate pooling revenue up 27%, following start-up of pooling services for ALDI, driving improved segment margins
- Higher reuse services in the USA following contract win, partly offset by weaker underlying clothing retail demand in Australia
- Lower sales from NBN infrastructure projects as roll-out nears completion
- Efficiency benefits from overhead reduction initiatives
- Recovery of resin pricing lags from prior periods
- Incremental 4 months contribution from acquisition of TIC in line with expectations (completed 31 October 2018)

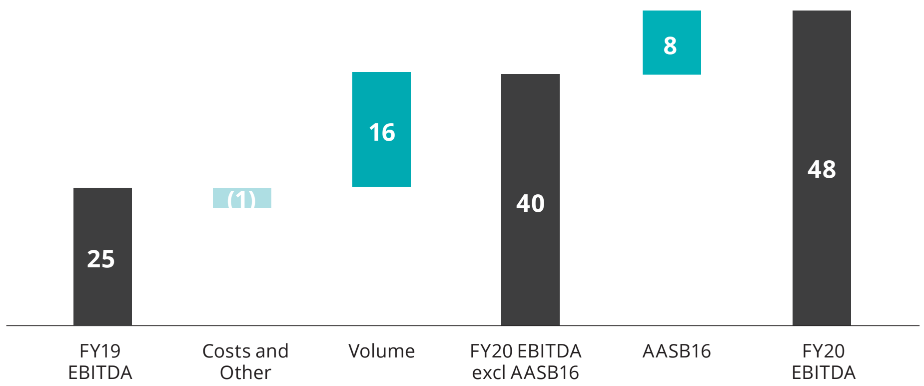
Successful expansion of pooling and reuse platforms

- Expansion of reuse platform to support major contract win in the USA (commenced January 2020) performing in line with expectation, though volumes were lower than expected in H2 due to COVID-19
- Expansion of crate pooling services to support fresh produce supply into the ALDI supply chain (commenced August 2019) performing slightly ahead of expectation

CONTRACT MANUFACTURING SERVICES

EBITDA growth of 60% and improved margins driven by increased volumes in the hygiene category and improved platform efficiency

$A millions	FY 2020 Statutory	FY 2020 Excl AASB16	FY 2019	Movement Excl AASB16
Sales revenue	394	394	372	6%
EBITDA	48	40	25	60%
EBITDA Margin	*12.1%*	*10.1%*	*6.7%*	*3.4%pts*
EBIT	31	30	15	97%
EBIT Margin	*7.9%*	*7.6%*	*4.1%*	*3.5%pts*



COVID-19

- The hygiene category outperformed, with volumes up significantly
- The business responded rapidly to meet strong hygiene demand by expanding manufacturing capacity and establishing a reliable localised raw material supply chain
- Supply chain very well managed, though some higher costs to serve due to rapid ramp up required to supply strong demand
- Whilst demand in hygiene category moderated by the end of the period, demand is expected to remain above historical levels going forward.

Underlying performance

- Diversification of the customer portfolio
- Innovative go to market approaches improved customer reach
- Significantly improved underlying efficiency and disciplined pricing
- Lower volume in the health and wellness sector, due to customer destocking

Strategy

OUR VISION TO LEAD THE CIRCULAR ECONOMY

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

MOMENTUM IN STRATEGY MAINTAINED

The execution of our strategy is on track and our near term priorities are clear

PRIORITIES

Our Vision

PACT GROUP

Pact will lead the circular economy through reuse, recycling and packaging solutions

- 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

FY21 Key initiatives

- Progress Phase 2 of the **turnaround of the core packaging business** 1
- **Leverage value from recycling** to differentiate and win in the market 2
- **Leverage Flight acquisition** to create a competitve platfrom in the ANZ fresh food segment 3
- Increase penetration of **reuse solutions** 4
- **Leverage** consolidation of regional closures platform
- Progress sale process in respect of **Contract Manufacturing** business

1. TURNAROUND OF AUSTRALIAN PACKAGING BUSINESS

> “Our packaging platform is integral to delivering value in the circular economy.”

PHASE 1
STRUCTURE AND LEADERSHIP

Transform the operating model to deepen the focus on customer segments and re-establish clear accountabilities

- ✓ New customer centric operating model implemented

Appoint strong leadership to deliver change

- ✓ New senior leadership appointed to lead turnaround

PHASE 2
IMPROVE COMPETITIVENESS

Improve the competitiveness of our manufacturing platform

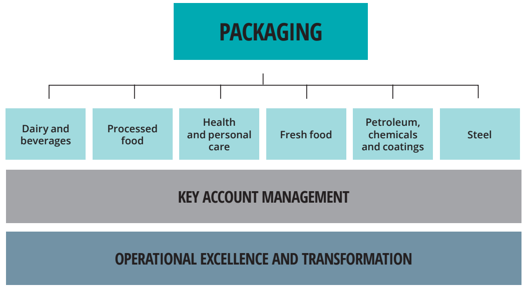
- IN PROGRESS: Targeted investment to improve platform capability underway

  Improvements in core business fundamentals delivered

Develop targeted segment strategies to improve performance and differentiate in the market

- FY21 PRIORITY

A customer centric structure focused on market facing segments will align accountability to customer needs



> “Our priorities will be assessed through the lens of our customers. We will develop detailed plans and targets that will guide our resource decisions, improve our margins and sharpen our focus on growth opportunities.”

IMPROVING OUR COMPETITIVENESS

Develop targeted segment strategies

to differentiate in the market, improve our margins and sharpen our focus on growth opportunities

- External market and macro forces
- How to leverage innovation and technical capability and access to recycled materials to differentiate
- Sharpen focus on growth opportunities
- Determine manufacturing capability and innovation needs

Our segment strategies will inform our investment decisions and drive improved resource allocation

Invest in the business platform

to support the needs of our customers and drive cost competitiveness

- New technology and innovation
- Support changing customer preferences
- Improve use of recycled materials
- Automation and efficiency of the platform

2. LEVERAGE VALUE FROM RECYCLING TO DIFFERENTIATE

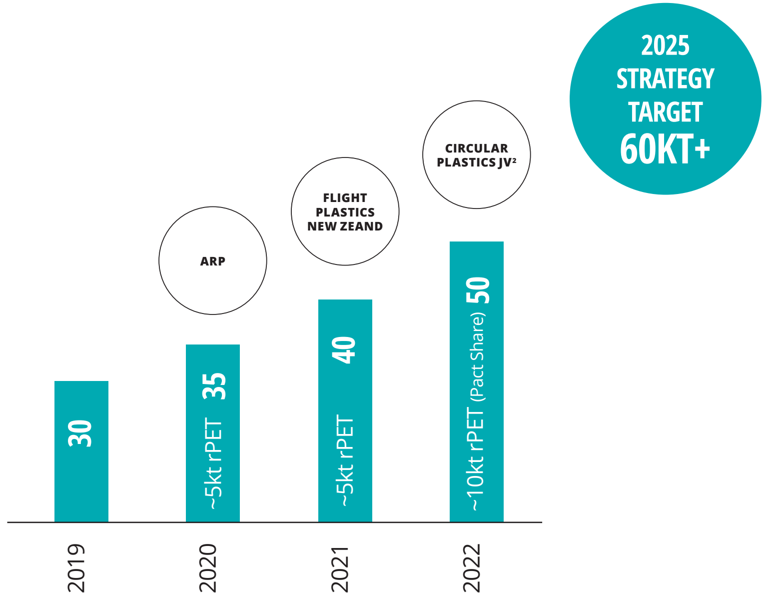
Solid progress made in expanding recycling capacity to support targeted demand of over 60KT[1] recycled plastics by 2025

Recycled material will differentiate Pact in the market

We will use our local recycled material to differentiate our packaging products

- Meet increasing demand for more sustainable packaging solutions
- Packaging that is recycled and recyclable will increasingly be demanded by our customers
- Scale, technical capability and innovation in both recycling and packaging will ensure Pact stays at the forefront of meeting the markets changing needs

BY 2022 PACT WILL BE THE LARGEST PET RECYCLER IN THE ANZ REGION



[1] Required capacity to support 30% recycled content across the portfolio by 2025
[2] The Circular plastics JV established during the period (refer Appendix 1)

3. CREATING A COMPETITIVE PLATFORM IN THE ANZ FRESH FOOD SEGMENT

Establishing a leading position for the supply of locally sourced recycled packaging to the fresh food segment

We have entered into an agreement to acquire Flight Plastics NZ a leading provider of plastic trays and containers for the fresh food segments, and New Zealand's only plastic packaging manufacturer with an integrated recycling plant.

Acquisition strongly aligned with strategy

- Will give Pact access to over 5,000 tonnes of recycled PET to sell into food grade packaging in the ANZ region
- Capability to offer customers a range of Fresh Food packaging products which can contain up to 100% recycled material will differentiate Pact in the market
- Flight's leading packaging capability will compliment and enhances Pact's manufacturing platform

Transaction overview

- Purchase consideration of NZ$26 million
- EBITDA multiple of 5.8 times
- EPS accretive in year 1

This transaction remains conditional on regulatory approval.

4. INCREASE PENETRATION OF REUSE SOLUTIONS

Driving conversion from single-use to reuse solutions

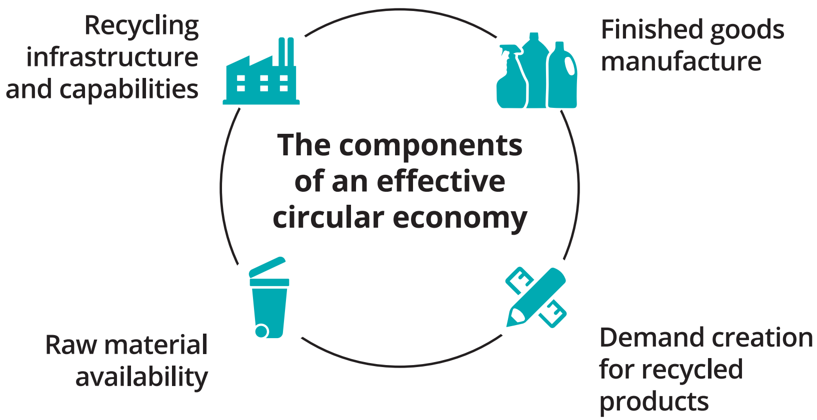
Increase penetration of reuse solutions

We will leverage our world class crate pooling and garment hanger reuse platforms to grow

- Increase penetration of RPCs through expansion in fresh produce and other asset categories (e.g. bread, eggs, protein, milk)
- Continued expansion of reuse services in offshore markets

ACCELERATING THE DEVELOPMENT OF THE CIRCULAR ECONOMY

We are collaborating with government and industry to accelerate the development of infrastructure and policy to support growth in the circular economy



Pact's MD and CEO, Sanjay Dayal, with Minister of the Environment, Sussan Ley MP, at the launch of the Federal Government's $600 million Recycling Modernisation initiative.

Outlook

Q1 FY20 OUTLOOK

We expect our diversified portfolio to be resilient, with trading in the first quarter of FY21 in most sectors to be generally in line with recent trends.

The duration and economic impact of COVID-19 is uncertain. An update on trading will be provided at the AGM on 18 November 2020.

COMMITTED TO OUR STRATEGY

> "We have a clear Vision for the future and through our strategy we can deliver significant long-term value for all stakeholders."

Our targets

Top quartile shareholder returns 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 maintained 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

Payment of **dividends** in line with dividend policy

Appendix

PACT GROUP

CIRCULAR PLASTICS JOINT VENTURE FORMALISED

PACT HAS FORMALISED THE JOINT VENTURE ARRANGEMENTS WITH CLEANAWAY AND ASAHI TO JOINTLY DEVELOP RECYCLING CAPABILITY IN AUSTRALIA. THE PARTNERS HAVE ESTABLISHED A JOINT VENTURE WHICH WILL TRADE AS *CIRCULAR PLASTICS AUSTRALIA*.

Circular Plastics Australia will build a recycling facility near Albury/Wodonga, at an expected cost of approximately $45 million. Construction will be part funded by a $5 million grant from the NSW government. The facility is expected to be operational by 2022.

Circular Plastics Australia

- The new facility will recycle the equivalent of around 1 billion 600ml PET plastic bottles each year, which will be used as a raw material to produce new food and beverage packaging
- The facility will lift Australia's PET recycling capacity by 28,000 tonnes, or 50%, to 85,000 tonnes

Joint venture agreement

- Pact will have a 40% share
- The entity will be funded through a combination of equity and external debt. Pacts equity contribution is expected to be ~$9 million
- Offtake will be shared between Pact and Asahi

RECONCILIATION OF STATUTORY INCOME

$A millions	FY 2020 Statutory	FY 2020 Excl AASB16	FY 2019
Statutory profit / (loss) before income tax expense	110.0	116.2	(313.9)
Add: net finance costs and loss on de-recognition of financial assets	62.8	36.4	39.0
EBIT after significant items	172.8	152.6	(274.9)
Less: significant items (benefit) / expense	(6.5)	(2.0)	423.3
EBIT	166.3	150.6	148.4
Add: depreciation and amortisation expense	135.5	83.1	82.3
EBITDA	301.8	233.7	230.7

$A millions	FY 2020 Statutory	FY 2020 Excl AASB16	FY 2019
Statutory net profit / (loss) for the period	88.8	91.8	(289.6)
Less: significant items (benefit) / expense	(6.5)	(2.0)	423.3
Less: Tax effect of significant items and other significant tax items	(9.1)	(9.1)	(56.4)
NPAT	73.2	80.8	77.3

CASHFLOW RECONCILIATION

$A millions	FY 2020	FY 2019
Statutory net cash flows provided by operating activities	**192.1**	**108.7**
Borrowing, trade debtor securitisation and other finance costs paid	60.3	39.2
Income tax paid	4.3	38.4
Business restructuring spend	9.3	26.1
Other items	4.0	4.5
Operating cash flow - including proceeds from securitisation	**270.1**	**216.9**
Less: Payments to / (proceeds from) securitisation of trade debtors	6.8	(13.6)
Operating cash flow - excluding proceeds from securitisation	**276.9**	**203.3**
Repayment of lease liability principal (net of incentive received)	(44.5)	0.0
Payment of interest on lease liabilities	(26.4)	0.0
Operating cash flow - excluding impact of AASB 16	**206.1**	**203.3**

SIGNIFICANT ITEMS

$A millions	FY 2020 Statutory	FY 2020 Excl AASB16	FY 2019
Transaction costs	(4.0)	(4.0)	(3.7)
Inventory write downs and related disposal costs	-	-	(13.0)
Net gain on lease modification	4.5	-	-
Reversal of contingent consideration obligation	30.0	30.0	-
Finalisation of acquisition consideration	(7.2)	(7.2)	-
Impairment and write off expenses			
- Property plant and equipment	-	-	(136.3)
- Intangible assets and goodwill	(11.8)	(11.8)	(232.4)
Business restructuring programs	(5.0)	(5.0)	(37.8)
Significant items before tax	**6.5**	**2.0**	**(423.3)**
Tax effect of significant items and other significant tax items	9.1	9.1	56.4
Significant items after tax	**15.6**	**11.1**	**(366.9)**

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 34 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 34 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 34 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 35 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)

Significant items are items that are non-recurring, individually material or do not relate to the operations of the existing business – refer to page 36 for an breakdown