

ASX - For immediate release

26 November 2018

PRO-PAC PACKAGING LIMITED TRADING UPDATE

Pro-Pac Packaging Limited (ASX: PPG) today announces that the on-going drought conditions in Australia, together with high raw material input costs, continue to impact the Company's Flexibles packaging business.

Mr Grant Harrod, Chief Executive Officer said, "the first half of FY19 includes our key agricultural selling period and the drought continues to impact sales volumes of grain bags and silage film relative to internal forecasts and previous market guidance. Whilst the season will not conclude until January, sales are tracking below our expectations as growers are either not planting or planting less. In addition, we have experienced on-going upward pressure from raw material cost increases, adverse FX and energy costs, and although we have made some progress in passing on these cost increases to customers, we do not expect margins to fully recover in the short-term, particularly in our Industrial and Flexible packaging businesses."

Mr Harrod said, "the Perfection Packaging and Polypak acquisitions that were completed in the first quarter of FY19 which support our strategy of moving up our customer's value chain, are both trading in line with our internal expectations, as is our Rigid packaging business."

With continued pressure on sales volumes and margins, we continue to strongly focus on growth and integration synergies which we believe will set up the business for success in the longer term."

Group FY19 Outlook

Given the on-going financial impact of the above issues, the Company has revised its FY19 EBITDA (before significant items) guidance range to \$30-33 million (FY18 actual \$16.1 million). This assumes that the current macro-economic conditions continue to hold for the second half of the financial year.

The Company will also be undertaking an assessment of the carrying value of intangible assets as part of its half-year accounts preparation. Whilst this assessment has not been finalised, it is likely to result in a non-cash impairment charge against the intangible assets of the Company.

For more information contact:

Grant Harrod
Chief Executive Officer
Phone: (61 2) 8781 0500
Mobile: 0418 612 754
Email: Grant.Harrod@ppgaust.com.au

Rick Rostolis
Group Chief Financial Officer
Phone: (61 3) 9474 4270
Mobile: 0412 489 686
Email: rick.rostolis@ppgaust.com.au

About PPG:

PPG is a diversified manufacturing and distribution business providing innovative industrial & flexible and rigid packaging solutions for a broad group of blue-chip clients and small-to-medium enterprises. PPG has corporate offices in Sydney and Melbourne, overseeing an international footprint including Australia, New Zealand and Canada. PPG's securities are listed and quoted on the ASX. For further information on PPG visit www.ppgaust.com.au.

Forward Looking Statements:

Some of the statements in this document constitute "forward-looking statements". These forward-looking statements reflect Pro-Pac Packaging Limited's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside Pro-Pac Packaging Limited's control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from Pro-Pac Packaging Limited's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this document with caution.