

ASX ANNOUNCEMENT

DATE: 16 November 2016

PACT GROUP HOLDINGS LTD 2016 Annual General Meeting

Chairman and Managing Director/CEO's Address

Attached are copies of the Chairman's and Managing Director/Chief Executive Officer's addresses to be presented at Pact Group Holdings Ltd's Annual General Meeting, commencing at 11:00am (Melbourne time), Wednesday 16 November 2016.

A copy of the presentation which accompanies these addresses will follow.

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PACT GROUP HOLDINGS LTD
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ANNUAL GENERAL MEETING

11.00AM, WEDNESDAY 16 NOVEMBER 2016

CHAIRMAN'S ADDRESS

Before addressing the formal items of today's meeting I will provide a summary of the Group's results for FY16. I will also give you an overview of our approach to Governance and highlight some changes to the Board of Directors.

Our Managing Director and CEO, Malcolm Bunday, will then take you through the operational performance of the business and provide an update of our growth strategy.

FY16 Results

I am delighted to report that FY16 was another highly successful year for the Group. Our performance demonstrates our keen focus on managing the fundamentals and the benefits of our diversified product portfolio and customer base.

The Group generated sales revenue of almost \$1.4 billion in FY16, up 11%, while net profit after tax and before significant items was also up 11% at \$94.3 million.

We have continued to demonstrate disciplined management of our cash and balance sheet. We have maintained our gearing well within targeted levels whilst funding \$114 million on acquisitions.

Our strong financial performance has enabled us to deliver increased returns to our shareholders, with dividends for the year of 21 cents per share, up 8% on the total for FY15.

Since listing in December 2013, Pact has consistently delivered growth in sales, profit, cash flow and dividends. Total shareholder return for FY16 was 33.5%, with cumulative TSR since listing at 53.9%. A very pleasing result and a reflection of our performance culture and the benefits of our growth strategy. Mal will speak more on this shortly.

Governance

The Board recognises the importance of good corporate governance and its role in ensuring the accountability of the Board and Management to stakeholders. Pact's corporate governance framework is set out in its Corporate Governance Statement which can be found on the Company's website.



Our Company's vision is 'to enrich lives every day through sustainable packaging solutions'. Sustainability is core to our business and a consideration in all of our business decisions. The Group also has a significant sustainability operation that enables both ourselves and our customers to reduce environmental impacts. Our annual Sustainability Report can also found on the Company's website.

Board Changes

I would like to take this opportunity to highlight the changes to the Board of Directors since our last Annual General Meeting. In December 2015 we welcomed Malcom Bunday as our new Managing Director and Chief Executive Officer. Mal was previously President and CEO of Graham Packaging, a US\$3 billion global rigid packaging company. He has brought a wealth of experience in our industry with him and has already made a significant and positive impact on the Group and the way the business operates.

In April 2016 Mal's predecessor Brian Cridland retired and I want to pay tribute to Brian who successfully managed the Group from inception delivering a period of exceptional growth and transformation and steering the Company through its successful listing in 2013.

In October 2015 we were also delighted to announce the appointment of Ray Horsburgh AM as a Non-Executive Director and you met him last year. Ray has extensive Board and senior management experience in manufacturing and M&A, complementing the Board's diverse skills mix.

We welcome both Mal and Ray to our Board of Directors.

Conclusion

FY16 has been another year of growth and achievement for Pact Group. On behalf of the Board I thank all our employees, customers, suppliers and other stakeholders. I would also like to thank our shareholders for their continued support. I am confident that together we will continue to grow and transform the Company to the benefit of all stakeholders.

I will now ask our Managing Director and CEO, Malcolm Bunday, to present the Group's operational performance for FY16, an overview of our growth strategy and an update on trading in FY17 to date.

Thank you.



MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S ADDRESS

Thank you Ruffy.

Good morning ladies and gentlemen. I would also like to welcome you to this year's AGM. I am delighted to be attending my first AGM since joining Pact and I look forward to meeting you afterwards.

As Ruffy mentioned, the Group delivered strong financial results in FY16, with growth across all key financial metrics.

Sales revenue increased by an impressive 11%, EBIT before significant items was up 7%, NPAT before significant items was up 11% and we delivered improvements in operating cashflow.

The results in the year were particularly pleasing as they were delivered against a backdrop of challenging economic and market conditions.

FY16 Financial and Operational Performance

Earnings benefitted from acquisition benefits and efficiency savings which combined to more than offset the impact of lower underlying sales volumes in our agricultural, dairy and industrial sectors.

In Pact Australia, sales revenue grew by 15.5% and earnings by 10.8%, supported by growth from the acquisition of Jalco, our co-manufacturing business, along with other smaller acquisitions completed during the year. In addition we saw growth in our materials handling business, and the benefit of lower costs delivered through our 2015 Efficiency Program. These benefits were partly offset by subdued demand in agriculture and mining and net contract losses.

In Pact International, sales revenue was slightly lower than the prior year but the benefits of diversification and a focus on efficiency delivered higher earnings and improved margins. We experienced stronger agricultural demand in the second half of the year and growth in materials handling, but demand from the dairy and industrial oils sectors remained weak.

These results once again demonstrate the resilience of our business model, the benefits of our diversification and our relentless focus on efficiency.

Our balance sheet remains strong. The business delivered a strong operating cash-flow performance, generating funds to pursue our growth opportunities and reward our shareholders. Our gearing and interest cover metrics remain well within management's targeted levels.



Our Strategy – Focussed on Growth

Our strategy at Pact remains simple, focusing on growing the business to deliver long term shareholder value through 3 core pillars:

- Organic growth – protecting our core and growing organically;
- Operational excellence and efficiency; and
- Disciplined M&A.

We aim to achieve organic growth by protecting our core and growing with purpose. The Group's core business benefits from our leading sector positions, diverse product portfolio and customer base, extensive networks and, critically, our world class and award winning innovation.

In 2016 the lack of organic growth due to market conditions and some lost customer contracts from prior periods was disappointing and in response we made changes to our management structures, to improve role clarity and accountability and we have introduced disciplined sales pipeline management processes.

We captured an exciting growth opportunity with Woolworths, entering into an arrangement to provide crate pooling and washing services for their fresh produce providers. This long term arrangement will deliver us strong returns in line with our investment return hurdles and provides the business with further diversification into the materials handling sector.

We remain passionate about innovation. The Company continues to be recognised as an innovation leader and has won multiple design and innovation awards. Our innovation culture has once again been recognised by the Australian Financial Review in their list of Australia's Top 50 Most Innovative Companies. I am very proud to say that we are the only packaging company to achieve this recognition for four consecutive years.

The second pillar of our strategy, in line with our performance culture, is to drive growth through efficiency. This means delivering operational excellence and the lowest possible cash cost of production throughout the Group.

During the year our 2015 Efficiency Program was fully implemented, delivering benefits ahead of expectation and at a cost in line with expectation. We will see a full year benefit from that program in the year ahead.

We are seeking to generate further efficiency savings via the implementation of lean manufacturing techniques across our manufacturing footprint. We have begun the implementation at 10 of our sites. I have been impressed by the way it's been embraced by employees, as well as the efficiency opportunities already identified.

The third pillar of our strategy is growth through disciplined M&A. Pact has a long and successful history of identifying and integrating value accretive acquisition opportunities, providing diversity to the Group and opening up new sectors of growth.



During the year we completed the acquisition of Jalco and 3 bolt-on acquisitions. In July of the new financial year we acquired the Fruit Case Company, a New Zealand based crate pooling business, and more recently in September we acquired Australian Pharmaceutical Manufacturers, a speciality contract manufacturer servicing the growing nutraceuticals sector. These acquisitions complement our existing business and deliver continued expansion of our customer and product portfolio.

These acquisitions complement our existing capabilities, are expected to meet our financial hurdles and will play an important role in our growth story into the future.

Our People and Safety

Our people are critical to the continued success and growth of Pact. We encourage all our employees to “walk in our customers’ shoes to serve them better”. Through our internal Applause reward and recognition program we encourage employees to submit ideas for process and product improvement. We consider this a vital part of our growth strategy as it fosters innovation, success and team spirit.

The safety of our people remains a top priority and we are continuing to work in this area to achieve improved outcomes. Various programs and initiatives are underway across our network, including our Towards Zero Harm campaign, and we believe these will drive improvements, particularly in our newer acquisitions. In addition we expect a positive impact on safety as an outcome of our implementation of lean manufacturing.

I would like to take this opportunity to thank our talented and committed people and acknowledge their contribution to the Group’s success in FY16 and beyond.

Trading Update and Outlook

Turning now to the trading update. Trading conditions for the first four months of FY17 have been in line with our expectations, with underlying market conditions remaining subdued. We maintain previous guidance – that is we expect to achieve higher revenue and earnings (before significant items) in FY17, subject to global economic conditions.

Conclusion

To conclude, it is now almost one year since I joined Pact, and in that time I have travelled widely around the Group, visiting sites, speaking with employees, engaging with our customers and importantly our shareholders. I have been extremely impressed by the Group’s capabilities, particularly in meeting the challenges of the external environment, and with the great potential of this business. I believe the Group is strategically well positioned, with solid foundations and has clear opportunities to grow and generate strong shareholder returns well into the future.

Finally, I would like to thank my executive team as well as all of our Board for their hard work, commitment and the support they have given me.

Thank you, I will now hand you back to our Chairman.