

ASX ANNOUNCEMENT

22 February, 2017

Pact Group Acquires Pascoe's Group

Pact Group Holdings Ltd ('Pact' ASX: PGH) today announced it had entered into an agreement to acquire specialty contract manufacturer, Pascoe's Group (Pascoe's), for \$41 million. The acquisition price represents a multiple of 6.5 times historical EBITDA. In addition, the agreement contains an earn-out arrangement payable on the delivery of specific financial hurdles for the calendar year ended 31 December, 2017. Completion is expected to occur on 28th February, 2017, subject to customary conditions.

Pascoe's is one of Australia's largest manufacturers of aerosol and liquid based consumer products within the household and industrial chemicals category. Its products include cleaning, pesticides, air care, personal care and aerosol based food products. It is Australia's largest manufacturer of aerosol cooking oil.

The acquisition of Pascoe's further expands the Group's investment in specialised contract manufacturing following the recent acquisitions of Jalco and Australian Pharmaceutical Manufacturers. Pascoe's manufactures both branded and private label products on behalf of key customers, in addition to the manufacture and distribution of a number of owned brands.

Pascoe's is located in Sydney. It supplies the major supermarkets and hardware stores in Australia. It has a reputation for quality with strong, long-term customer relationships.

The acquisition will be funded by existing bank debt facilities. It will be EPS accretive in year one and will meet Pact's target return hurdle of 20% ROI in year three.

Pact Group's Managing Director and Chief Executive Officer, Malcolm Bunday, said, "The acquisition of Pascoe's is strongly aligned with our recent growth in contract manufacturing and significantly enhances our product and service portfolio.

"This acquisition provides capability in aerosol based products, a highly attractive segment in which Pascoe's has a leading position. It also extends our capability within liquids filling, providing alignment with our Jalco business.

"The team at Pascoe's share our passion for innovation. They have strong technical knowledge and a demonstrated commitment to research and development. Our enhanced product and service portfolio and our continued commitment to innovation will enable us to better serve our customers and deepen existing relationships".

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The Group recently appointed Charmaine England to the newly created position of Executive General Manager, Contract Manufacturing. Charmaine most recently held the position of Managing Director at the Lion owned Daily Drinks Company following a highly successful career with Unilever in both Australia and overseas. Charmaine's appointment reflects the growing significance of contract manufacturing to the Group.

Speaking on Charmaine's appointment, Mr Bunday said, "Our expansion into contract manufacturing has been an exciting period of growth. We are committed to realising our return expectations from the acquisitions and have ensured our management structure aligns with this need.

"We are delighted to have an executive with Charmaine's experience and talent assume this important senior leadership position. Charmaine brings to the Group a unique mix of experience in FMCG markets and operations. This experience will be greatly beneficial as we consolidate and grow our contract manufacturing businesses.

"We look forward to welcoming Charmaine and the Pascoe's team to the Group", Mr Bunday said.

Further details regarding this acquisition can be found in the 2017 Half Year Results investor and analyst presentation released today.

ENDS

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ABOUT PACT GROUP

Pact Group is Australasia's largest manufacturer of rigid plastics packaging with operations throughout Australia, New Zealand and a growing footprint in Asia. Pact also provides metals packaging and a range of services including out-sourced manufacturing, filling and packing and sustainability, recycling and environmental services to assist customers in reducing the environmental impact of their product packaging and related processes. Pact services customers in many sectors including food and beverage, personal care, household consumer, industrial and chemical, and materials handling and infrastructure. Pact employs more than 4,000 people across its business and produces more than 8 billion units of packaging annually. The Group's vision is to enrich lives every day through sustainable packaging.

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