

ASX ANNOUNCEMENT

15 November 2017

Not for distribution to US newswire services or distribution in the United States

Pact Group announces Asia Acquisition and acquisition of ECP Industries; to be funded via a fully underwritten A\$176 million Entitlement Offer

- Acquisition of CSI Asia and GPC Guangzhou for A\$142m (equating to 7.5x CY2017 EBITDA pre-synergies)
- Transaction strongly aligned with Pact's strategy to accelerate growth in existing sectors through disciplined M&A
- Leverages and enhances existing sector knowledge and core capabilities in manufacturing and innovation
- Provides complementary product portfolio
- Establishes a material Asian platform – builds scale to existing footprint in Asia and enhances customer diversity – from ~A\$50m p.a. revenue today to in excess of A\$200m p.a.¹
- Provides a low cost manufacturing base with opportunity to support new product sales into existing markets
- Provides access to management capability, facilities and technology to progress our Asian growth strategy
- Strong regional management capability

Acquisitions

Pact Group Holdings Ltd ("Pact" ASX: PGH) has entered into a strategic agreement to acquire the Asian packaging operations (excluding Japan) of Closure Systems International ("CSI Asia")² and Graham Packaging Company³ ("GPC Asia") (together "the Asia Acquisition") from Reynolds Packaging for an Enterprise Value of A\$142 million in cash (*multiple of 7.5x EBITDA for the 12 months to 31 December 2017 based on forecast normalised earnings (pre-synergies)*)

Pact has also entered into an agreement to acquire ECP Industries ("the ECP Acquisition") for an Enterprise Value of A\$11.7 million in cash⁴ (*multiple of 4.7x EBITDA for the 12 months to 30 June 2017 based on normalised earnings (pre-synergies)*)

(together "the Acquisitions").

¹ Existing revenue refers to Pact FY17A Asian revenue. Combined revenue incorporates Asian Acquisition converted at AUDUSD 0.7680.

² Being the Asia operations (ex-Japan and the associated plant at Hangzhou) of Closure Systems International.

³ Relates to GPC Guangzhou, China facility. Excludes in plant operations in Taizhou, China which relate to a global Graham Packaging Company customer relationship.

⁴ Purchase price is \$11.7m of which \$10.5m is to be paid on completion and the remaining \$1.2m is deferred (\$0.4m for 12 months and \$0.8m for 24 months).

Asia Acquisition – Strategic Step-Change in Asian Growth Platform

The Asia Acquisition represents a platform that is a regional leader in supplying plastic closures and plastic bottles primarily to blue chip customers in the CSD, FMCG, and health supplements/nutrition industries in Asia.

The Asia Acquisition is forecast to generate CY 2017 revenue of A\$151m, pro forma EBITDA of A\$19.0m, and pro forma EBIT of A\$12.6m⁵ and up to A\$2.3m in synergies from CY19.

Both CSI Asia and GPC Asia have established strong reputations in the Asian market for product quality, customer service, technical expertise and innovation.

CSI Asia is a leader in plastic closure design, manufacturing and high speed capping equipment/application systems. GPC Asia produces plastic bottles via Injection Blow Moulding and Extrusion Blow Moulding using HDPE.

The acquired business has a diverse geographical presence, encompassing seven manufacturing sites across China, South Korea, Nepal, India and the Philippines. It will significantly complement and extend Pact's existing geographical reach and customer footprint in Asia, increasing revenues from ~A\$50m to ~A\$200m within the region.

The Asia Acquisition has a complementary product portfolio, aligned with Pact's core existing competencies. Pact believes the Asia Acquisition will provide it with a broader range of opportunities to deliver continued growth in the Asian rigid plastic packaging market.

Completion of the Asia Acquisition is expected to occur within three months, subject to certain conditions precedent including regulatory approvals in China and Philippines.

Pact Group's Managing Director and Chief Executive Officer, Malcolm Bunday, said, "the Asia Acquisition will provide Pact with further scale in the high growth Asian market, and provides a complementary footprint to Pact's current footprint in Asia, a step-change in our customer base and manufacturing, technology and management capability to deliver our Asian growth strategy. This is an attractive opportunity to invest in further diversification and growth in the region as the business will be a core asset for Pact".

Acquisition of ECP – Bolt-on Addition to Sustainability/Materials Handling Platform

ECP is a West Australian based IBC reconditioning business that also deals in the reconditioning, repairing and leasing of ISO tanks.

ECP operates two sites in Western Australia, providing Pact the capability to offer national coverage in its Sustainability division. It further provides the opportunity for future growth in reconditioning, repairing and leasing ISO tanks and a further step in materials handling growth in Australia.

⁵ Represents the 12 months to 31 December 2017, based on 9 months actual results and 3 months forecast. Pro forma EBIT based on restatement of Asia Acquisition's depreciation policy in line with Pact Group policies.

Financial impact of Acquisitions and Entitlement Offer

The Acquisitions will be funded by a fully underwritten, accelerated, non-renounceable entitlement offer ("Offer") to raise approximately A\$176 million. Under the Offer, eligible shareholders are invited to subscribe for 1 New Share for every 9 existing shares held as a 7:00pm (Melbourne time) on Friday, 17 November 2017.

The Offer price of \$5.28 per New Share ("Offer Price") represents:

- A 9.1% discount to the last traded price of \$5.81 on Tuesday, 14 November 2017
- An 8.3% discount to TERP⁶ of \$5.76.

Net proceeds from the Offer will be applied to fund the Asia Acquisition, the ECP Acquisition and transaction costs, and provide additional financial flexibility for potential near-term growth initiatives.

The Acquisitions and Offer are together expected to be modestly accretive to Pact's underlying EPS in the first full financial year post acquisition (FY2019) including synergies.⁷

Approximately 33.2 million new Pact shares will be issued under the Offer. Each New Share issued will rank equally with existing Pact shares on issue. Pact will seek quotation of the New Shares on the ASX upon issue.

Major shareholder Kin Group Pty Ltd and its related entities has committed to take up its full entitlement of 39.3% under the Offer.

Credit Suisse (Australia) Limited is acting as financial adviser to Pact in relation to the Transaction and as sole lead manager, bookrunner and underwriter of the Offer. Baker McKenzie is acting as legal adviser to Pact in relation to the Transaction and Offer.

Further information in relation to both the Acquisitions and Offer can be found in the accompanying presentation.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Entitlement Offer for institutional shareholders ("Institutional Entitlement Offer") which is being conducted today, Wednesday, 15 November 2017 and tomorrow, Thursday, 16 November 2017.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Institutional Entitlements cannot be traded on market or transferred.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new and existing institutional investors concurrently with the Institutional Entitlement Offer.

Pact shares will remain in a trading halt pending completion of the Institutional Entitlement Offer.

⁶ TERP means the theoretical ex-rights price at which Pact shares should trade immediately after the ex-date of the Offer. TERP is a theoretical calculation only and the actual price at which Pact's shares trade at that time will depend on many factors and may not be equal to TERP.

⁷ EBITDA Synergies of A\$2.3m p.a. expected from CY19 attributable to operational consolidation..

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Entitlement Offer for retail shareholders ("Retail Entitlement Offer") at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 22 November 2017 and close at 5:00pm on Friday, 1 December 2017. Eligible retail shareholders may also apply for New Shares in excess of their Entitlement up to a maximum of 25% of their Entitlement.

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet, which Pact expects to lodge with the ASX and despatch on Wednesday, 22 November 2017.

Entitlements cannot be traded on the ASX or transferred. Eligible shareholders who do not take up their Entitlement under the Entitlement Offer in full or in part, will not receive any value in respect to those Entitlements not taken up.

Key dates

Event	Date
Trading halt and announcement of the Asia Acquisition, the ECP Acquisition, Institutional Offer opens	Wednesday 15 November 2017
Institutional Entitlement Offer closes	Thursday 16 November 2017
Trading halt lifted – shares recommence trading on ASX	Friday 17 November 2017
Record date for determining entitlement to subscribe for New Shares	7:00pm Friday 17 November 2017
Retail Entitlement Offer opens	Wednesday 22 November 2017
Retail Offer Booklet and Application and Entitlement Forms dispatched	Wednesday 22 November 2017
Settlement of New Shares issued under the Institutional Offer	Friday 24 November 2017
Allotment and trading of New Shares issued under the Institutional Offer	Monday 27 November 2017
Retail Entitlement Offer closes	5:00pm Friday 1 December 2017
Settlement of New Shares issued under the Retail Entitlement Offer	Friday 8 December 2017
Allotment of New Shares issued under the Retail Entitlement Offer	Monday 11 December 2017
Quotation and trading of new shares issued under the Retail Offer	Tuesday 12 December 2017
Expected dispatch of holding statements	Wednesday 13 December 2017

All dates and times are indicative and subject to change without notice. Times refer to Melbourne time. Pact reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Offer without prior notice, including extending the Offer or accepting late applications, either generally or in particular cases, or to withdraw the Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

Disclaimer

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Forward looking statements

This announcement contains certain 'forward looking statements', including but not limited to projections, guidance on future revenues, earnings, margin improvement, other potential synergies and estimates, the timing and outcome of the proposed acquisitions, the outcome and effects of the Offer and the use of proceeds, and the future performance of Pact and the target businesses.

Forward looking statements can generally be identified by the use of forward looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions.

Forward-looking statements, including projections, guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. The forward looking statements contained in this announcement are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Pact, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the 'Key Risks' section of Pact's investor presentation announced to ASX in connection with the acquisitions for a summary of certain acquisition, business and share and entitlement offer risk factors that may affect Pact. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in Pact's investor presentation announced to ASX in connection with the acquisitions. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement.

The forward looking statements are based on information available to Pact as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), Pact undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Nothing in this announcement will under any circumstances create an implication that there has been no change in the affairs of Pact since the date of this announcement.

ENDS

For further information contact:

Anita James

General Manager Finance and Investor Relations

+61 416 211 498

+61 3 8825 4116

ABOUT PACT GROUP

Pact is a leading provider of specialty packaging solutions in Australasia, servicing both consumer and industrial sectors. Pact specialises in the manufacture and supply of rigid plastic and metal packaging, materials handling solutions, contract manufacturing services and sustainability services. With operations throughout Australia, New Zealand and Asia, Pact is passionate about innovation and is constantly expanding its diverse product portfolio across a variety of packaging and product substrates and expertise. The objective is to deliver customers the best possible packaging, co-manufacturing and supply chain solutions. 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 solutions.