



ASX ANNOUNCEMENT

DATE: 15 November 2017

Pact Group Holdings Ltd 2017 Annual General Meeting

Chairman and Managing Director/CEO 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 15 November 2017.

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

For further information, contact:

Anita James
GM – Finance & Investor Relations
T +61 3 8825 4100

PACT GROUP HOLDINGS LTD
ABN 55 145 989 644

Level 1, Building 6, 650 Church Street, Richmond VIC 3121 Australia
T +61 3 8825 4100 F +61 3 9815 8388 W pactgroup.com.au



Pact Group Holdings Ltd
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ANNUAL GENERAL MEETING

11:00AM, WEDNESDAY 15 NOVEMBER 2017

CHAIRMAN'S ADDRESS

2017 was a year of transformational change for your Company.

We invested over \$200 million in acquisitions and organic growth initiatives to establish and enhance leading sector positions for Pact Group in rigid packaging, contract manufacturing and materials handling.

A TRANSFORMATIONAL YEAR

Pact generated sales revenue of \$1.48 billion in 2017, an increase of 7% on the previous year. Net profit after tax before significant items was \$100 million, an improvement of 6% on 2016.

Our strong financial performance has enabled us to increase returns to our shareholders, delivering total dividends of 23 cents per share, up 10% on the 2016 financial year.

Your Management team has delivered these results by acting with speed and purpose to serve customers, commit to sustainability measures and pursue opportunities for transformation.

Today we are also pleased to announce the further diversification of Pact Group's footprint and earnings profile with two strategic acquisitions.

We have reached agreement to acquire The Reynolds Group's Asian operations for A\$142 million. This transaction includes their closure businesses in China, the Philippines, South Korea, India and Nepal and the rigid packaging business in China.

We have also entered into an agreement to acquire a Western Australian sustainability business, ECP Industries, for \$11.7 million.

These acquisitions will be funded by a \$176 million entitlement offer to shareholders. The Asian acquisitions will establish a material platform to drive growth, delivering scale to our existing operations and enhancing our position in the region. ECP Industries is an attractive business, strongly aligned with our existing sustainability businesses in Australia and New Zealand.

I am excited by the long term strategic benefits these acquisitions will bring to the Group and to shareholders. I welcome the highly capable teams across these businesses to Pact.

SUSTAINABILITY RUNS TO OUR CORE

Sustainability runs to the core of our business, so much so that it is captured within our vision 'to enrich lives every day through sustainable packaging solutions'. We work tirelessly to innovate our products and develop sustainable manufacturing practices. Our FY17 sustainability report, which sets out our goals, initiatives and results can be found on our website.

Your 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.

FY17 was a year of change for your company, in which we delivered solid financial performance and substantial investments in long term growth initiatives. Together with the acquisitions announced today, we are now in a stronger position with a broader product mix, expanded customer base and bolstered scale across all regions.

I will now hand over to our Managing Director and CEO, Malcolm Bunday, who will take you through the operational performance of the business and provide an overview of our transformation into a leading integrated packaging company.



CEO'S PRESENTATION

Thank you Mr Chairman and good morning everyone.

I am very pleased to provide you with an update on your Company's performance over the last year and the progress we have made in enhancing the Group's future growth opportunities.

FOCUSED ON PERFORMANCE AND LONG TERM GROWTH

As Ruffy mentioned, in this transformational year, the Group again delivered a solid financial performance in FY17, with growth in all key financial metrics.

- Sales revenue grew by 7% to \$1.475 billion;
- EBIT before significant items grew by 4.3% to \$169.4 million;
- NPAT before significant items was up 6.0% to \$100.0 million; and
- Dividends grew 10% to 23 cents per share.

At a segment level, both Australia and International performed strongly, and today we announced a major acquisition to improve our scale and offering in Asia.

Our focus on operational excellence provided strong earnings benefits in the period and volume growth was delivered through our recent acquisitions and from contract wins in our contract manufacturing business. Pleasingly, these benefits more than offset the impact of some sector specific market challenges in the period.

We continued to demonstrate disciplined management of cash and our balance sheet remains strong. Operating cash flow was improved on the prior year and our balance sheet metrics remain within our targeted levels.

A STRATEGIC PLATFORM TO GROW

Pact's key focus has been developing and implementing a strategy that positions your Company for the longer term, while maximising returns to shareholders. We are focussed on sustainable growth through three core pillars:

- protecting our core business and organic growth initiatives;
- operational excellence and efficiency improvements; and
- disciplined M&A.

I am pleased to report that we have made considerable progress over the past year. The Group has significantly enhanced the diversity of its product portfolio investing over \$200 million in FY17.

Meanwhile, our acquisition of Reynolds Asian operations announced today, will deliver a meaningful shift in our geographic diversity.

These investments will continue to strengthen your company, giving us a robust platform for long-term sustainable growth.

In today's market we remain focused on:

- Further DIVERSIFYING our portfolio;
- Developing stronger PARTNERSHIPS with our customers via expansion into contract manufacturing and materials handling and sustainability;
- Strengthening our platform in ASIA; and
- Continuing our investment in INNOVATION.

LEADING POSITIONS IN NEW GROWTH SECTORS

Our product mix has significantly changed since our IPO in 2013. We have transformed from a business with over 90% of our revenues generated from rigid packaging products, to a business with three highly complementary product lines, with the capability of providing comprehensive packaging, product and service solutions for our customers.

After a transformational year, we have established this company as a leading packaging solutions provider with a unique service offering, providing:

- rigid plastic and metal packaging;
- contract manufacturing services; and
- materials handling and sustainability products and solutions.

Our investment of over \$200 million on growth initiatives has diversified and enhanced our product portfolio. This has created new organic business opportunities, increased our exposure to attractive growth segments and has enhanced our customer relationships.

Within our rigid packaging businesses, we have been focussed on diversifying our sector exposure, pursuing opportunities in sectors which offer stronger long-term growth potential. To this end we invested \$10 million in a world class packaging facility to support new customer contracts in the health and wellness sector which is due to begin in Q4 FY18.

WORLD CLASS CONTRACT MANUFACTURING CAPABILITY

Our focus within contract manufacturing during the year has been on developing a leading position in our target sectors of health and wellness and non-food FMCG. Through the year, we enhanced our position with two strategic acquisitions, APM and Pascoes, which complemented our Jalco acquisition completed in FY16. Contract manufacturing now represents more than 20% of the Group's revenue.

We see contract manufacturing as a strong strategic fit with our rigid packaging businesses. There is strong alignment with our core capabilities in manufacturing and product development, and we are able to leverage our extensive sector knowledge and long-term customer relationships. Our contract manufacturing capability can provide our customers a comprehensive finished goods product solution. Our aim is to move from a component packaging supplier to an integral part of our customer's supply chain.

Many of our major customers now see us as a strategic partner rather than a transactional supplier. For example, over the past 12 months we have expanded our relationship with a major customer, supporting not just their packaging needs, but also the manufacture and packing of nutraceutical products. We increased capacity to produce a newly designed packaging range and meet that customers growing requirements.

Not only are we providing integrated solutions for our customers but we are also manufacturing award winning products for consumers. Through our relationship with Aldi, our laundry products continue to win awards and were named best laundry product of the year in 2016 and 2017.

ESTABLISHING A LEADING POSITION IN CRATE POOLING

Our materials handling business has also been transformed over the FY17 year. Through a major organic growth project in Australia and an acquisition in New Zealand, we have established Pact as the leading provider of returnable crate pooling services for fresh produce in this region.

Our crate pooling service for Woolworths in Australia launched in August. Establishing this new business and operationalising it has been the largest organic growth initiative ever undertaken by the Group. Pact has leveraged world class innovations and technology to build out this service offering. Crates are manufactured by Pact with RFID technology, dispatched to growers for stocking, delivered to Woolworths and then returned to us for washing and sterilising at one of our four automated HACCP accredited facilities. Our national solution provides a better operating model for growers and our advanced crate tracing technology creates a competitive advantage over other providers.

The performance of this business has been in-line with expectations and commissioning activities have progressed well. We are on track to deliver \$40-50 million of revenue on an annualized basis by the end of FY18.



INNOVATION SUPPORTING LONG TERM PARTNERSHIPS

Much of Pact Group's success is owed to the development of a company culture focused on innovation. We deliver world class solutions to our valued customers through our innovation hub, Inpact, which delivers innovation development, testing and new product execution.

Our capabilities are widely recognised. As a practical example, working with our customer, The A2 Milk Company, our redesign and repositioning of the A2 Milk Bottle won the 2017 Australian Institute of Packaging - Design Innovation of the Year award.

I'm proud that our innovation efforts have been recognised with numerous industry and product awards. In 2017 Pact was recognised as one of only five companies in Australasia to make the Australian Financial Review's Most Innovative Companies list for five consecutive years and the only packaging company to do so. Pact was the only company to improve its standing on the list every year.

We will continue driving an innovation-led approach to deliver results as a core part of our strategy.

OUR FOCUS ON OPERATIONAL EXCELLENCE

We have maintained a strong focus on efficiency as we drive a culture of operational excellence through our manufacturing sites utilising lean manufacturing principles. This is a major cultural change program that is embedding continuous improvement to all of our manufacturing processes, as well as heightened focus on product quality and customer service and delivery.

In FY17 we implemented lean manufacturing at a number of our plants and delivered approximately \$7 million in benefits through various improvements to quality, plant utilisation, material usage and logistics, among others. These benefits were implemented with a low capital cost and minimal manufacturing disruption. Our program will deliver further incremental benefits in FY18 and beyond to help counter increased energy and operating costs.

Given the scale and geographic spread of our operations, as we improve the efficiency of our facilities we will also consider the opportunities for asset rationalisation to continue to make our network more efficient.

GROWTH PLATFORM INTO ASIA

As released to the market today, I am delighted to share with you that we have entered agreements to acquire the Reynolds Group's Asian packaging operations of Closure Systems International in Asia and China and Graham Packaging in China.

Closure Systems International operates in China, the Philippines, South Korea, India and Nepal and is a leader in plastic closure design, manufacturing and high-speed capping application systems.

Meanwhile, Graham Packaging operates in China and produces rigid plastic packaging via Injection Blow Moulding and Extrusion Blow Moulding.

These are businesses that I am familiar with and we are excited by the opportunity to bring them into Pact. The acquisitions are strongly aligned with Pact's strategy to accelerate growth through disciplined M&A. They leverage and enhance our existing sector knowledge, our core capabilities in manufacturing and innovation as well as our geographic presence and provide us with a material platform in Asia for the Group. They will add scale to our existing footprint in the region and will enhance our customer diversity. They have long-term relationships with large global FMCG customers and local manufacturers.

As a result of these transactions, we will be welcoming new talent to Pact including a strong in-market management team and approximately 750 employees.

We know our success depends on the capability of our people and we look forward to adding to our expertise in Asia.

These businesses are leaders in their region in product and manufacturing technology and innovation. We will look to leverage this capability across our entire footprint.

The acquisitions will be funded by a \$176 million underwritten 1-for-9 entitlement offer. Further information will be provided to retail shareholders in the entitlement offer booklet which is expected to be dispatched on Wednesday 22nd November, 2017.

TRADING UPDATE AND 2018 OUTLOOK

The transformation of your company has created a more diversified business with a strong platform to grow over the long term.

We expect to achieve higher revenue and earnings (before significant items) in FY2018, subject to global economic conditions.

In our first 4 months of trading:

- Pleasingly, we are seeing early signs of organic growth with sales trending in the right direction, despite a slow start to the dairy season in New Zealand.
- Energy costs have increased significantly and we are investing in efficiency programs to enhance our manufacturing and operational capability.
- Recent acquisitions and the new crate pooling business are performing to expectation.
- At the first half we expect EBITDA to be broadly in line with the previous corresponding period, followed by a stronger second half, driven by a full contribution from the recent acquisitions and crate pooling operations.

I'd like to take this opportunity to thank our talented and committed people across all areas of the organisation for their outstanding contribution in FY17. I'm confident that together we will remain focused on the future and drive the business to further success. I would also like to thank our Chairman and Board of Directors for their support and guidance and you, our shareholders, for your continued support.

I will now hand back over to Ruffy who will go through the formal resolutions of today's meeting.