2018 FULL YEAR RESULTS

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15 August 2018

Pact Group Holdings Ltd
ABN: 55 145 989 644

PACT GROUP

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All dollar values are in Australian dollars (A$) unless otherwise stated.

Non IFRS Financial Information
This presentation uses Non-IFRS financial information including EBITDA, EBIT, NPAT, operating cashflow, capex, free cashflow, operating cashflow conversion, gearing, interest cover, net interest expense and net debt. These measures are Non-IFRS key financial performance measures used by Pact, the investment community and Pact's Australian peers with similar business portfolios. Pact uses these measures for its internal management reporting as it better reflects what Pact considers to be its underlying performance.

EBIT before significant items is used to measure segment performance and has been extracted from the Segment Information disclosed in the Full Year Consolidated Financial Report.

All Non-IFRS information has not been subject to audit by the Company's external auditor. Refer to Page 22 for the reconciliation of EBITDA and EBIT before significant items. Refer to Page 23 for the reconciliation of operating cashflows. Refer to page 25 for definitions of non-IFRS financial measures.

FULL YEAR PERFORMANCE

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FY2018 RESULTS OVERVIEW

Financial Results

Sales revenue of $1.7B up 13% (pcp: $1.5B)
EBITDA[1] of $237M up 2% (pcp $233M)
EBIT[1] of $165M down 3% (pcp: $169M)
NPAT[1] of $95M down 5% (pcp: $100M)
Statutory NPAT of $74M down 18% (pcp: $90M)

1 Before significant items

Dividends

Final dividend of 11.5 cps
Total dividends of 23.0 cps in line with prior

- Significant EBITDA impact of $13M from higher input costs
  - Delay in recovering significantly higher raw material input costs
  - Significant increase in Australian energy costs only partially recovered in the market
- Strong revenue and earnings growth from strategic initiatives, in line with expectations
  - Australian crate pooling business fully commissioned
  - Integration of the Asia Acquisition progressing to schedule
- Stable underlying volume supported by portfolio diversity
  - Underlying growth delivered in contract manufacturing, sustainability and infrastructure sectors
  - Lower materials handling and rigid packaging volumes
- Strong focus on efficiency and operational effectiveness
  - Transformation of the Australian rigid packaging network commenced
  - Efficiency benefits from operational excellence programs delivered
- Continued strong cash generation and robust balance sheet maintained
- TIC acquisition announced, providing further growth in pooling solutions

INPUT COST HEADWINDS

EBITDA in the period was adversely impacted by $13 million from higher input costs. This included $6 million from delays in recovering raw material input costs and $7 million from unrecovered Australian energy costs

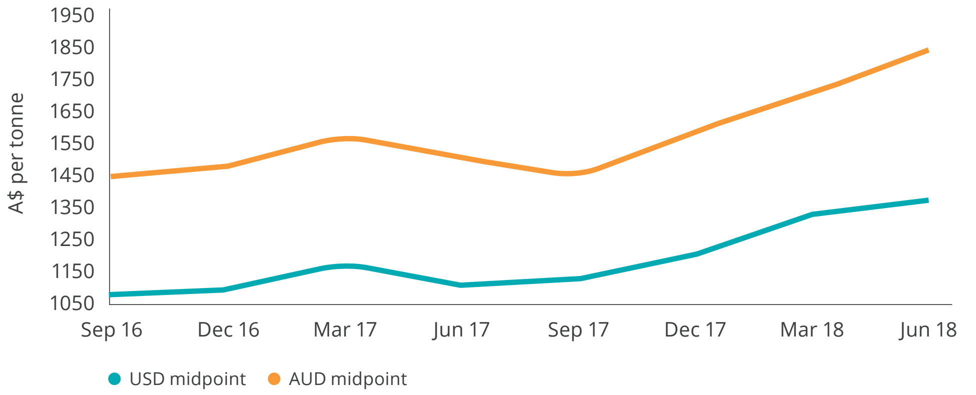
- **RAW MATERIAL INPUT COSTS**
  - $6 million EBITDA impact from time lags in recovering input price movements, particularly resin
  - Time lag impact will be recovered in future periods
  - Impact exacerbated by a weaker AUD late in the period

Managing raw material price movements

- The Group has disciplined pricing mechanisms which pass through raw material price movements in the market
- A$100/t movement in resin prices results in a monthly cost change of approximately $1.5 million[2]
- The average lag[3] in passing through costs in pricing is approximately 3 months

- **AUSTRALIAN ENERGY COSTS**
  - $10 million cost increase (representing a 40% increase in prices) in H218
  - $3 million recovered in the market
  - Similar earnings impact is expected in H119

Volume weighted resin pricing trend[1]



1 Quarterly average prices are volume weighted using Pact's average consumption of HDPE, PP, PET and PS. Source: ICIS (S.E. Asia, CFR: HDPE Blow Moulding, PP Injections, PET Bottle, HIPS)
2 Assumes consistent price movements for all resin grades
3 This time lag may result in earnings impacts in a reporting period.

FOCUSED ON ZERO HARM

TOWARDS ZERO HARM

	FY 2017	FY 2018
Lost time injury frequency rate	5.8	5.5

Improved safety outcomes driven through the operational excellence programs and ongoing cultural change initiatives

FINANCIAL RESULTS SUMMARY

$A millions	FY 2018	FY 2017	Movement
Sales revenue	1,674	1,475	13%
EBITDA	237	233	2%
EBITDA margin	*14.2%*	*15.8%*	
EBIT	165	169	(3%)
EBIT margin	*9.8%*	*11.5%*	
NPAT	95	100	(5%)
Statutory NPAT	74	90	(18%)
Operating cashflow	223	225	(1%)
Gearing	2.5	2.8	0.3

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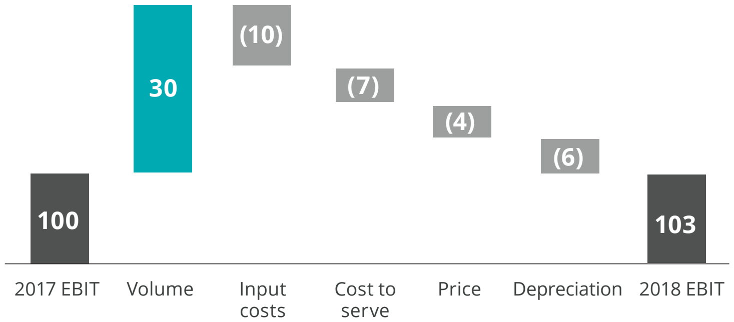
PACT AUSTRALIA



$A millions	FY 2018	FY 2017	Change
Sales revenue	1,280	1,118	15%
EBITDA	157	147	7%
EBIT	103	100	4%
EBIT Margin	8.1%	8.9%	

Volume

Crate pooling business operating in line with expectations

Solid growth in contract manufacturing, infrastructure and sustainability sectors

Improved demand for rigid packaging in the health and wellness sector

Lower rigid packaging volumes elsewhere, impacted by a major customer plant closure in the dairy sector, and drought conditions in the agricultural sector

Lower materials handling volumes due to raw material supply constraints

Input costs

Time lag in recovering raw material input costs

Significantly higher energy costs only partly recovered in the market

Cost to serve

Operational excellence programs delivering in line with expectations

Higher costs to serve in the rigid packaging business

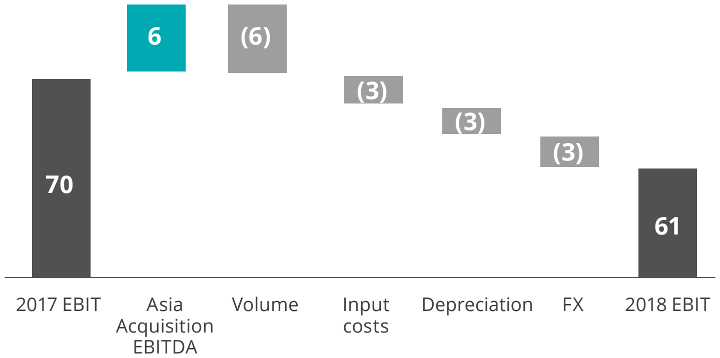
Price

Contract extensions in the prior year

Depreciation

Higher depreciation from new crate pooling business

PACT INTERNATIONAL



$A millions	FY 2018	FY 2017	Change
Sales revenue	394	358	10%
EBITDA	80	86	(7%)
EBIT	61	70	(13%)
EBIT Margin	15.5%	19.5%	

Volume

Asia Acquisition performing in line with expectation

Lower volume in the materials handling sector following a significant government project in the prior year

Weak industrial demand in China

Input costs

Time lag in recovering raw material input costs

Depreciation

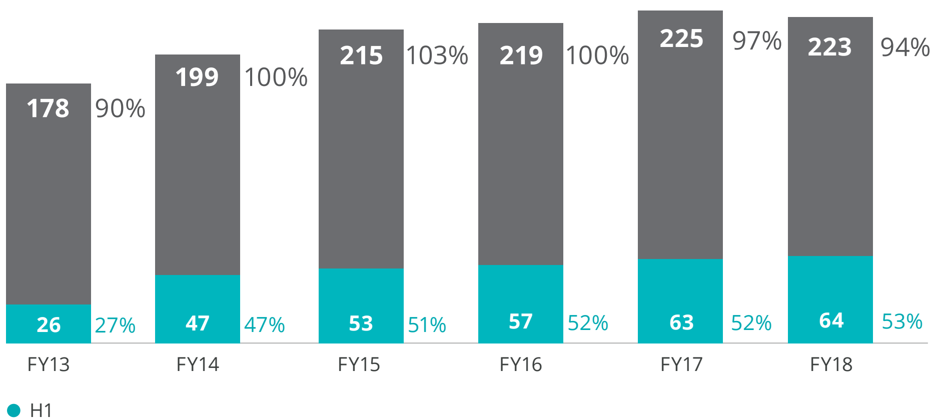
Higher depreciation following the Asia acquisition

Strong cost management and efficiency benefits offset the impact of lower pricing following contract extensions in the prior year

DISCIPLINED CASH MANAGEMENT

$A millions	FY 2018	FY 2017
Operating cashflow	223	225
Capex	90	116
Free cashflow	133	109
Operating cashflow conversion	94%	97%

Operating cashflow ($m) / conversion %



Disciplined cash management maintained

Reduced capital expenditure, with lower spend on the new crate pooling business in Australia, partly offset by higher spend on efficiency and automation projects

STRONG BALANCE SHEET FUNDING GROWTH

$A millions	FY 2018	FY 2017
Net Debt	599	647
Gearing	2.5	2.8
Interest Cover	7.4	7.7

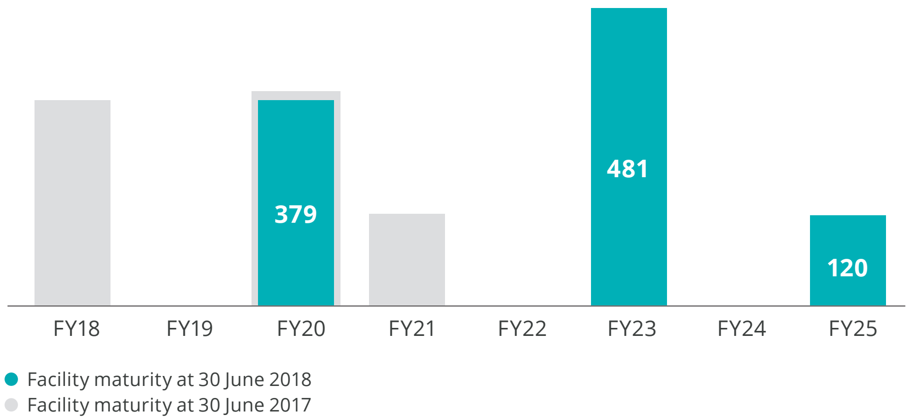
Highlights

Successful renewal of expiring facilities during the period has increased average tenor to 3.9 years

Extension of the debtors securitisation facility to July 2020

Key metrics within targeted levels

Debt Maturity Profile



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GROWTH & EFFICIENCY

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EXECUTING OUR STRATEGY

2018 SCORECARD

Strategy	Objectives	2018 Scorecard
PROTECT OUR CORE AND GROW ORGANICALLY	• Target the delivery of growth in line with GDP over the longer term • Protect our core	• Commissioning of the new crate pooling business completed on time • Stable underlying volume supported by portfolio diversity • Recognised on the AFR's Most Innovative Companies List for the 6th consecutive year

OPERATIONAL EXCELLENCE & EFFICIENCY	• Embed a culture of operational excellence
	• Consolidate operations and increase automation
	• Protect margins from impacts of rising costs and competition
		• Transformation of the Australian rigid packaging network commenced
		  • Two rigid packaging plants closed in the period
		  • Management structures realigned
		• Efficiency benefits delivered through operational excellence programs

GROWTH THROUGH A DISCIPLINED APPROACH TO M&A	• Accelerate growth in existing sectors and drive growth in new and adjacent sectors through M&A • Target sectors which can leverage our extensive sector knowledge and core capabilities in manufacturing and innovation	• Completion of the Asia Acquisition, building scale in Asia • Acquisition of ECP Industries, providing attractive growth in the sustainability sector • Acquisition of TIC Retail Accessories announced, expanding the Group's closed loop asset pooling platform and geographic reach • Prior year acquisitions performing well, with earnings contribution from Pascoe's in the period ahead of expectation

OUR DIVERSIFIED PORTFOLIO

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RIGID PACKAGING

MATERIALS HANDLING PRODUCTS AND SOLUTIONS

CONTRACT MANUFACTURING SERVICES

STRATEGIC PRIORITIES

Rigid packaging

- Transform existing network to deliver scale advantages from an integrated regional supply chain
- Grow platform geographically

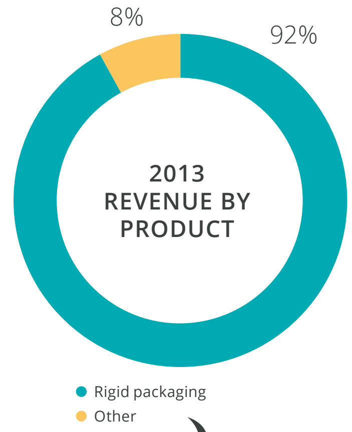
Materials handling products and solutions

- Expand closed loop pooling platform
- Leverage pooling know-how and technologies
- Leverage manufacturing capability and product innovation

Contract manufacturing services

- Maximise asset efficiency and utilisation to support growing customer demand
- Further consolidate in attractive sectors

PORTFOLIO DIVERSIFICATION



1 Assumes full year contribution from Asia Acquisition, ECP and the new Australian crate pooling business
2 Other includes recycling services, infrastructure and other custom moulded products

TRANSFORMING OUR RIGID PACKAGING NETWORK

The Challenge: A Complex Network

Rapid growth through acquisition has created a complex rigid packaging network in Australia which has created scale inefficiencies

- 26 rigid packaging plants
- Over 700 work centres
- Limited standardisation across plants
- Multiple manufacturing technologies
- Significant off-site warehousing

The Future: An Integrated Supply Network

- Reduced manufacturing footprint
- Integrated sales and operations planning
- Increased automation
- Focussed centre of excellence
- Import supply chain that leverages the Asian Acquisition
- A portfolio strategy driving future investment
- Period to achieve future state of 3–5 years

THE OPPORTUNITY

- Improved operations management and higher asset utilisation
- Improved productivity
- Improved quality
- Lower freight costs
- Improved inventory control and reduced warehousing costs
- Improved training and safety

Progress

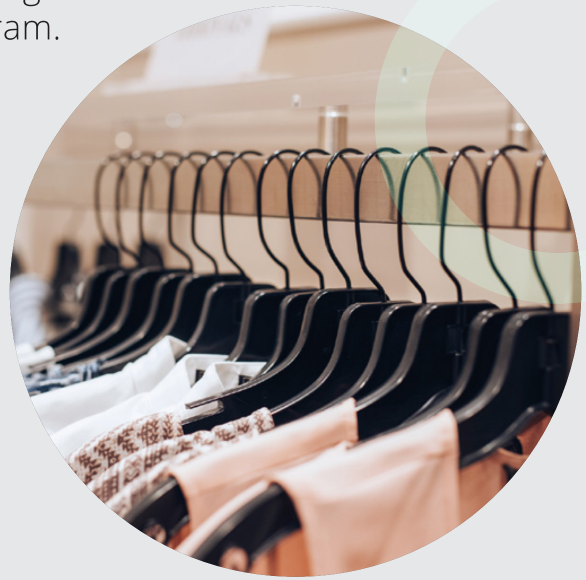
- Two rigid packaging plants closed in the period
- Management structures realigned
- Key leadership capability added to support the transformation
- Review of opportunities to leverage Asian supply chain underway

Investment and returns potential

- Investment payback hurdle of <3.5 years
- Potential ongoing cash benefits of up to $50 million annually, subject to financial and operational analysis

GROWING OUR ASSET POOLING PLATFORM
ACQUISITION OF TIC RETAIL ACCESSORIES

TIC Retail Accessories is a leading closed loop plastic garment hanger and accessories re-use services provider. TIC has transformed the garment hanger industry, eliminating significant waste from single-use plastic hangers and accessories through an innovative and sustainable closed loop re-use program.



STRONG STRATEGIC ALIGNMENT

- Expands the Group's closed loop pooling platform, providing scale and expanding geographic reach
- Leverages the Group's developed pooling capability and technologies
- Strongly aligned with the Group's commitment to providing sustainable packaging and supply chain solutions for customers
- Leverages the Group's plastics manufacturing capability

LEADING SECTOR POSITION WITH ATTRACTIVE CLIENT PORTFOLIO

- Attractive client portfolio includes major retail brands and leading department stores in Australia, New Zealand, UK and USA supplied through garment manufacturers located largely in Asia
- Leading position in Australia
- Strong global team of over 800 employees supporting sales, manufacturing, sorting and warehousing

Overview

- Purchase consideration of $122 million (EBITDA multiple of 6.5 times)
- Earn-out payments of up to $30 million, payable over 2 years
- FY2018 revenue of $95 million
- EPS accretive in year 1

MANAGING OUR PORTFOLIO

CHANGING OUR OPERATING MODEL

The Group is now a diversified supplier of packaging and supply chain solutions with broad geographic reach

To maximise the return from the Group's portfolio we are implementing changes to:

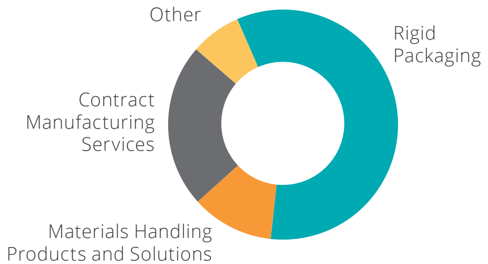
- **Reporting structures**, to improve focus in portfolio performance;
- **Management structures**, to align capability with the unique characteristics of each product segments; and
- **Capital allocation criteria**, to support the growth of each product segment.

Overall, the emphasis is on managing each product segment independently

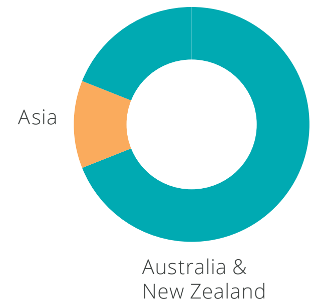
BOARD CAPABILITY

Our Asian platform continues to grow. Recognising the strategic importance of Asia to the Group the Board has appointed Carmen Chua, who brings a depth of experience in operating in Asia

DIVERSE PRODUCT PORTFOLIO[1]



GROWING GEOGRAPHIC REACH[1]



1 2018 Revenue assuming a full year contribution from Asia Acquisition, ECP and the new Australian crate pooling business

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OUR SUSTAINABILITY VISION

Our vision is to enrich lives everyday through sustainable packaging solutions

Pact has been at the forefront in its commitment to sustainable packaging. Pact implemented its War on Waste program, targeting waste reduction throughout the supply chain, focussing on food waste, resource waste and operational waste and diversion from landfill.

Pact 2025 extends the Group's commitment to the war on waste.

The **Pact 2025** promise

1. REDUCE

BY 2025, PACT GROUP WILL ELIMINATE ALL NON RECYCLABLE PACKAGING THAT WE PRODUCE

2. REUSE

BY 2025, PACT GROUP WILL HAVE SOLUTIONS TO REDUCE, REUSE AND RECYCLE ALL SINGLE USE SECONDARY PACKAGING IN SUPERMARKETS

3. RECYCLE

BY 2025, PACT GROUP WILL OFFER 30% RECYCLED CONTENT ACROSS ITS PACKAGING PORTFOLIO

SOLID PLATFORM FOR THE FUTURE

- Strategic growth initiatives performing in line with expectations
- Stable underlying volume supported by portfolio diversity
- Strong focus on efficiency and operational effectiveness
- Disciplined cash management and a robust balance sheet
- Dividend maintained illustrating confidence in cash generation
- Ambitious sustainability goals set with the Pact 2025 Promise
- Solid platform to deliver future growth

OUTLOOK

FY19

The Group expects to achieve higher revenue and earnings (before significant items) in FY2019, subject to global economic conditions.

The following is also relevant to earnings expectations in FY2019. Including the impact to earnings from the acquisition of TIC Retail Accessories (TIC), which is anticipated to complete on 1 October 2018, the Group expects:

- EBITDA (before significant items) between $270 million and $285 million;
- Depreciation and amortisation between $84 million and $86 million;
- Net finance costs between $38 million and $40 million, subject to changes in market interest rates; and
- An effective tax rate (% of net profit before tax and significant items) between 29.0% and 29.5%.

The completion of the acquisition of TIC remains subject to customary conditions.

APPENDIX

RECONCILIATION OF STATUTORY INCOME

$A millions	FY 2018	FY 2017
Statutory profit before income tax	109.1	126.2
Add net finance cost expense[1]	32.1	30.2
EBIT after significant items	141.2	156.4
Add significant items	23.3	13.0
EBIT	164.5	169.4
Add depreciation and amortisation	72.7	63.7
EBITDA	237.3	233.1

$A millions	FY 2018	FY 2017
Statutory NPAT	74.5	90.3
Add significant items	23.3	13.0
Tax effect of significant items	(3.1)	(3.4)
NPAT	94.7	100.0

1 Finance costs expense is presented net of interest revenue

CASHFLOW RECONCILIATION

$A millions	FY 2018	FY 2017
Statutory net cash used in operating activities	150.4	171.5
Interest	33.7	30.7
Tax	33.1	24.3
Reorganisation spend (relating to operating activities)	7.3	9.7
Other items	1.8	5.2
Operating cash flow - including securitisation	226.3	241.5
Less Securitisation	(3.2)	(16.2)
Operating cash flow	223.1	225.3

SIGNIFICANT ITEMS

$A millions	FY 2018	FY 2017
Acquisition related costs	(4.4)	(2.2)
Deferred settlement costs[1]	(8.8)	-
New business start-up costs	-	(3.3)
Business reorganisation program – restructuring costs	(8.5)	(6.7)
Business reorganisation program – asset write downs	(1.6)	(0.8)
Total significant items before tax	**(23.3)**	**(13.0)**
Tax effect of significant items above	3.1	3.4
Total significant items after tax	**(20.2)**	**(9.7)**

1 Deferred settlement costs represent revisions to earn-out estimates for acquisitions made in the prior year, due mostly to stronger than expected earnings from Pascoe's in the period

DEFINITIONS OF NON-IFRS FINANCIAL MEASURES

Capex represents capital expenditure payments for property, plant and equipment

EBITDA refers to EBITDA before significant items. EBITDA is defined as earnings before net finance costs, tax, depreciation and amortisation – refer to page 22 for a reconciliation and page 24 for a breakdown of significant items

EBITDA margin is calculated as EBITDA as a percentage of sales revenue

EBIT refers to EBIT before significant items. EBIT is defined as earnings before interest and tax – refer to page 22 for a reconciliation and page 24 for a breakdown of significant items

EBIT margin is calculated as EBIT as a percentage of sales revenue

Free cashflow is defined as operating cashflow less capex

Gearing is calculated as net debt divided by rolling 12 months EBITDA

Interest cover is calculated as rolling 12 months EBITDA divided by rolling 12 months net interest expense

Net debt is calculated as interest bearing liabilities less cash and cash equivalents

Net interest expense is equivalent to net finance costs and is net of interest revenue

NPAT refers to NPAT before significant items. NPAT is defined as net profit after tax – refer to page 22 for a reconciliation and page 24 for a breakdown of significant items

Operating cashflow is defined as EBITDA less the change in working capital, less changes in other assets and liabilities and excluding securitisation cash impact – refer to page 23 for a reconciliation

Operating cashflow conversion is defined as operating cashflow divided by EBITDA

Significant items are items that are non-recurring, individually material or do not relate to the operations of the existing business – refer to page 24 for a breakdown

ACQUISITION OF TIC RETAIL ACCESSORIES

TRANSACTION SUMMARY

- Acquisition of TIC Retail Accessories (TIC RA), a closed loop plastic garment hanger and accessories reuse business, from the TIC Group of companies
- Expands the Group's closed loop asset pooling capability, providing scale and expanding geographic reach
- Strongly aligned with the Group's commitment to providing sustainable packaging and supply chain solutions for customers
- Purchase consideration of $122 million representing a multiple of 6.5 times FY18 EBITDA
- Funded by $62 million cash and an issue of $60 million shares to the vendors ($21 million cash consideration deferred for 6 months, $21 million deferred for 24 months)
- Earn-out payments of up to $30 million, payable on the delivery of specific financial hurdles in FY19 and FY20
- EPS accretive in year 1
- Transaction costs of approximately $1 million to be accounted for in FY19
- TIC RA's founders will support integration and ongoing operations for two years following completion, enabling a disciplined transfer of critical product, process and customer know-how

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TIC GROUP Retail Accessories

ACQUISITION OF TIC RETAIL ACCESSORIES

OVERVIEW OF TIC RA

- TIC RA, established in 1989, transformed the garment hanger industry, eliminating significant waste from single-use plastic hangers and accessories by pioneering a closed loop re-use program. TIC RA is now the leading supplier of re-use services in Australia
- TIC RA's re-use program is a global closed loop supply chain which supplies plastic garment hangers and accessories to garment manufacturers. The hangers and accessories are collected from retail stores after the sale of the garments, sorted and then distributed back to the garment manufacturers for re-use
- The re-use program provides customers with a sustainable supply chain solution which significantly reduces waste, with re-use rates of up to 80%
- Attractive client portfolio includes major retail brands and leading department stores in Australia, New Zealand, UK and USA supplied through garment manufacturers located largely in Asia.
- Strong global team of over 800 employees supporting sales, manufacturing, sorting and warehousing
- FY18 sales of $95 million

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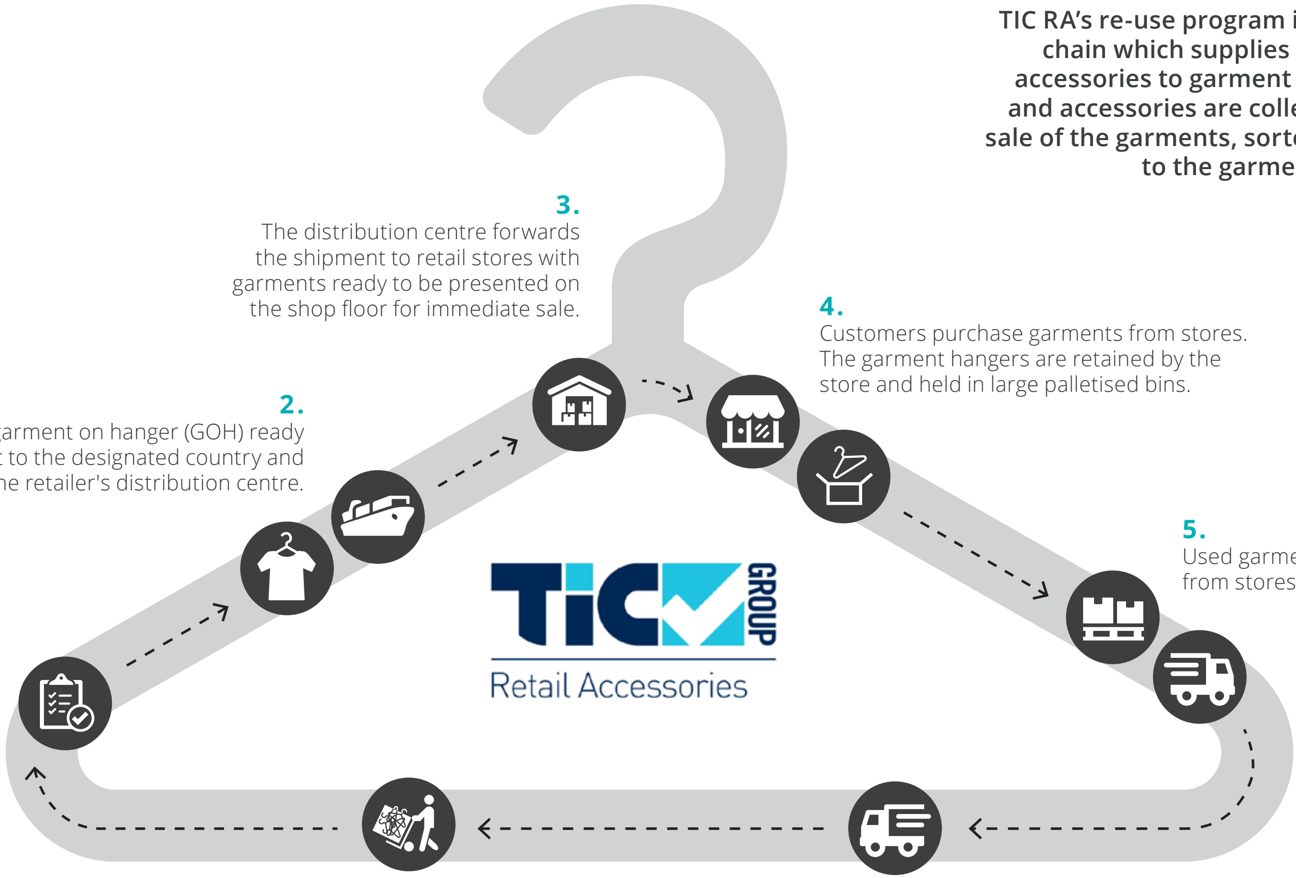
TIC GROUP Retail Accessories

ACQUISITION OF TIC RETAIL ACCESSORIES

THE RE-USE PROGRAM

TIC RA's re-use program is a global closed loop supply chain which supplies plastic garment hangers and accessories to garment manufacturers. The hangers and accessories are collected from retail stores after sale of the garments, sorted and then distributed back to the garment manufacturers for re-use.



1. Garment manufacturer places order for garment hangers. Once received, the garment manufacturer places finished garments on hangers and prepares them for shipment.

2. The shipment of garment on hanger (GOH) ready goods is sent to the designated country and received by the retailer's distribution centre.

3. The distribution centre forwards the shipment to retail stores with garments ready to be presented on the shop floor for immediate sale.

4. Customers purchase garments from stores. The garment hangers are retained by the store and held in large palletised bins.

5. Used garment hangers are collected from stores

6. Garment hangers are returned to one of TIC RA's central returns centres.

7. Garment hangers are sorted, quality inspected and packed as finished stock ready for use again.

New TIC RA manufactured garment hangers enter the loop at **1.** if required.