FULL YEAR RESULTS

Sanjay Dayal – Managing Director and Group Chief Executive Officer
Richard Betts – Chief Financial Officer

14 August 2019

Pact Group Holdings Ltd
ABN: 55 145 989 644

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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 23 for the reconciliation of EBITDA and EBIT before significant items. Refer to Page 24 for the reconciliation of operating cashflows. Refer to page 26 for definitions of non-IFRS financial measures.

OVERVIEW

An improved pricing and cost environment
- Lower resin costs and improved pricing in the second half, partly recovering adverse lags from prior periods
- Strong cost management and overhead reductions

Transformation of packaging network progressed
- Two facilities closed in the period and another rationalised
- Import supply channel established for certain product categories

Expansion of pooling and reuse operations
- Crate pooling operations expanded following long-term contract win - services supporting ALDI fresh produce growers commenced in August 2019
- Large contract win for reuse services will expand TIC operations in USA in FY20

Disciplined balance sheet management
- Strong operating cashflows and capital expenditure well controlled
- Leverage improved in the second half
- $380 million debt extended to January 2022 and a $50 million subordinated term loan facility established, providing balance sheet capacity to continue planned rationalisation activities and complete existing growth projects
- The Board has determined there will be no final dividend

New CEO and strategy review commenced
- Sanjay Dayal commenced as CEO in April 2019
- Detailed business strategy review underway

RESULTS SUMMARY

- Revenue up 10% to $1.8 billion (pcp: $1.7 billion)
- EBITDA[1] down 3% to $231 million (pcp: $237 million)
- NPAT[1] of $77 million (pcp: $95 million)
- Statutory net loss after tax of $290 million (pcp: statutory net profit after tax of $74 million)
- Significant items after tax of $367 million expense (pcp: $20 million), including non-cash asset impairments of $327 million

1 Before significant items

FOCUSED ON ZERO HARM

	FY 2019	FY 2018
Lost time injury frequency rate	4.7	5.5

Improvement in the LTIFR, though significant opportunities exist to deliver long term sustainable change.

TOWARDS
ZERO
HARM

FINANCIAL RESULTS SUMMARY

$A millions	FY 2019	FY 2018	Movement
Revenue	1,834	1,674	10%
Packaging and Sustainability	155	153	1%
Materials Handling and Pooling	51	45	15%
Contract Manufacturing Services	25	40	(37%)
EBITDA	231	237	(3%)
EBITDA margin	*12.6%*	*14.2%*	(1.6%)
EBIT	148	165	(10%)
EBIT margin	*8.1%*	*9.8%*	(1.7%)
NPAT	77	95	(18%)
Statutory NPAT	(290)	74	–

Operating cash flow	203	223	(9%)

Gearing	3.0x	2.5x	(0.5x)

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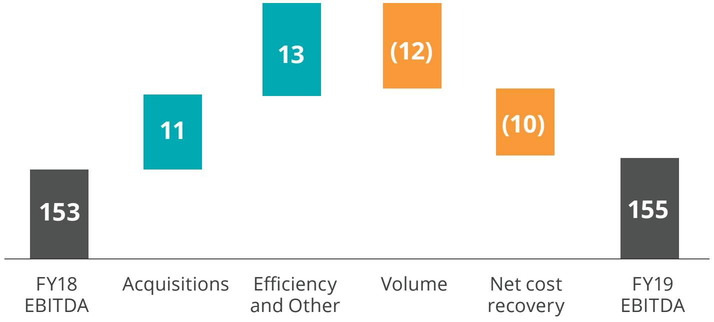
PACKAGING AND SUSTAINABILITY

$A millions	FY 2019	FY 2018	Change
Revenue	1,208	1,102	10%
EBITDA	155	153	1%
EBITDA Margin	12.8%	13.9%	



Volume

- Modest growth in Asia and sustainability services
- Lower volume into the dairy, food and beverage sector
- Demand from agricultural sector adversely impacted by drought

Net cost recovery

- Higher resin costs in H1, partly recovered in H2
- Higher energy costs only partly recovered in the market

Efficiency and other

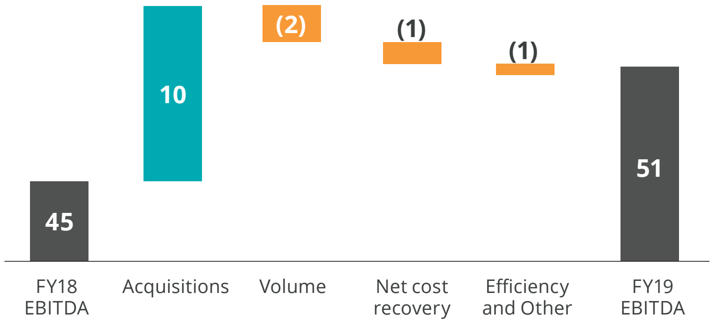
- Restructuring activities in Australia lowering the cost to serve
- Benefits from overhead reduction initiatives accelerated in H2

Acquisitions

- Incremental earnings contribution from the Asia Acquisition (completed February 2018) and ECP (completed November 2017)

MATERIALS HANDLING AND POOLING

$A millions	FY 2019	FY 2018	Change
Revenue	296	220	35%
EBITDA	51	45	15%
EBITDA Margin	17.2%	20.2%	



Volume

- Improved council bin volumes in H2
- Crate pooling volumes in Australia slightly up on prior year
- Fewer available infrastructure projects
- Drought conditions have adversely impacted demand for agricultural bins

Net cost recovery

- Higher energy costs only partly recovered in the market

Efficiency and other

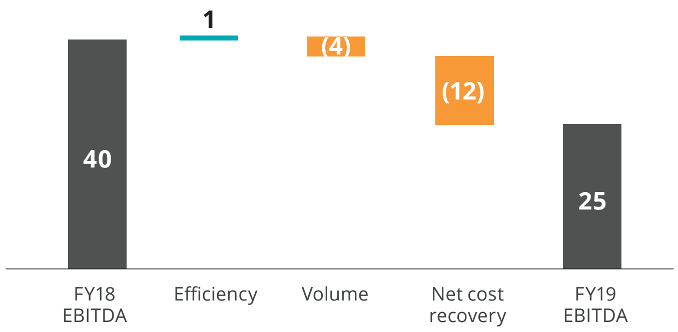
- Up front costs for the expansion of crate pooling operations in Australia to support new volumes in FY20

Acquisitions

- TIC, completed 31 October 2018, performing to expectation

CONTRACT MANUFACTURING SERVICES

$A millions	FY 2019	FY 2018	Change
Revenue	372	385	(3%)
EBITDA	25	40	(37%)
EBITDA Margin	6.7%	10.4%	



Volume

- Health and wellness volumes in line with pcp following weaker demand in H2 due to customer destocking
- Home care category impacted by customer offshoring and weaker demand for home pest control products due to a dryer summer
- Personal care category adversely impacted by product mix

Net cost recovery

- Earnings impact from higher input costs for key raw materials, only partly recovered

Efficiency

- Automation projects have improved efficiency

CASH MANAGEMENT

$A millions	FY 2019	FY 2018
Operating cashflow	203	223
Capex	69	90
Free cashflow	134	133
Operating cashflow conversion	88%	94%

Strong operating cashflow maintained, with cash conversion of 88% despite adverse impact from higher resin purchases following the change to an import supply model for resin supply into Australia

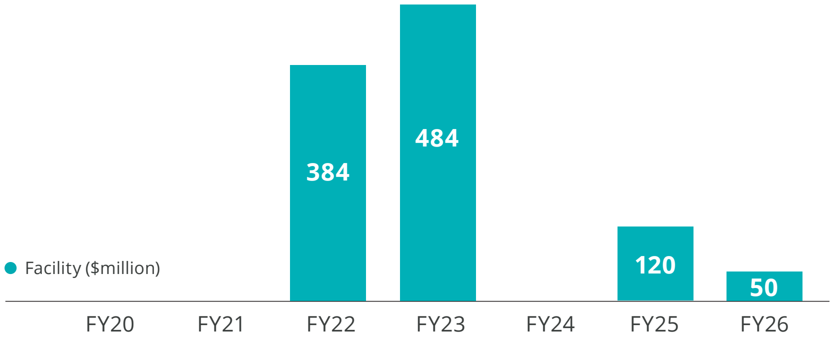
Focused capital expenditure, with lower spend on the Australian crate pooling business

BALANCE SHEET METRICS

$A millions	FY 2019	FY 2018
Net Debt	684	599
Gearing	3.0x	2.5x
Interest Cover	5.9x	7.4x

- Gearing improved in the second half
- $380 million debt extended to January 2022 reducing near term refinancing risk
- Subordinated term loan facility of $50 million established, with funds used to pay down senior debt providing greater financing flexibility
- Balance sheet capacity available to continue planned rationalisation activities and complete existing growth projects
- Tenor of debt has improved to 3.6 years from 3.4 years

Debt Maturity Profile



STRATEGIC PRIORITIES

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OUR PRIORITIES

1. Core business fundamentals	Deliver improvements in core business fundamentals
2. Sustainability	Continue progress towards our 2025 sustainability promise
3. Strategy	Complete strategy review

1. CORE BUSINESS FUNDAMENTALS

	IMPROVEMENT OPPORTUNITIES
Safety	Safety culture
Margin management	Pricing controls Cost to serve
Sales	Organic growth Innovation penetration
Customer experience	Quality Delivery
Capital returns	Capital allocation and prioritisation Inventory management Return on funds employed

CORE BUSINESS FUNDAMENTALS
PACKAGING NETWORK REDESIGN

FY20 PRIORITIES

Program will be aligned with outcomes of the strategy review

- Total implementation spend is expected to be below previous guidance
- An updated spend and benefit profile of the program will be provided when the strategy review is complete

Further plant closures and offshoring opportunities will be progressed in FY20, leveraging the import model already established

- Cash spend of $20-30 million and incremental EBITDA benefits of approximately $10 million expected in FY20

FY19 OUTCOMES

- 2 facilities (food packaging) closed in the second half FY19, including one of the largest facilities in Australia
- A further facility (beverage closures) has been rationalised
- Import supply chain established for select product categories
- 2 facilities closed in FY18
- Cash spend to date of approximately $30 million
- Annual benefits of $13 million, of which $10 million will be delivered in FY20

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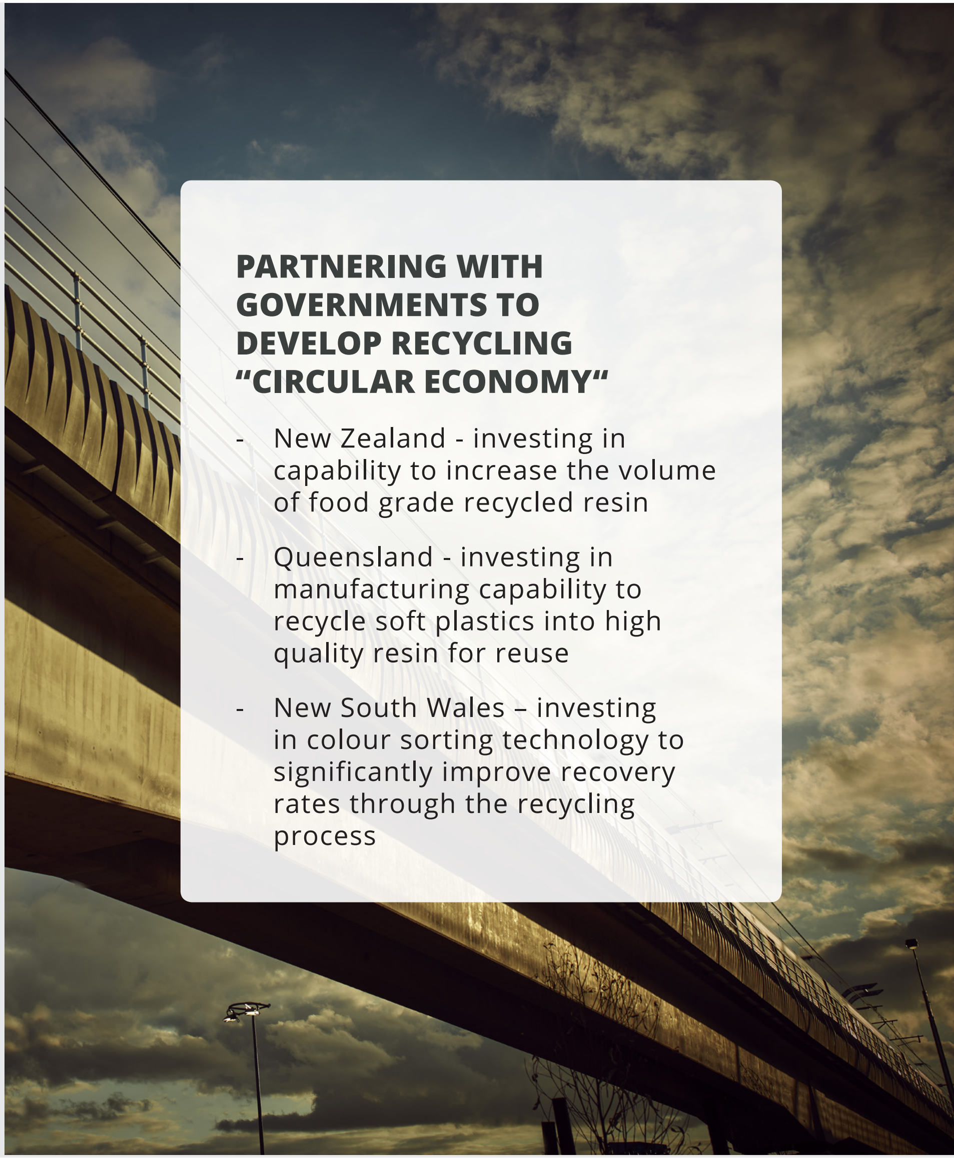
2. SUSTAINABILITY

PROGRESSING OUR SUSTAINABILITY PROMISE

Pooling	Expansion of crate pooling services in Australia
Re-use	Expansion of re-use services in offshore markets
Recycle	Opportunity to grow though developing local recycling “circular economy” Leverage government co-investment targeting acceleration of local capability
Innovate	Sustainable packaging design (including light weighting, non-recyclable to recyclable conversion, replacement of virgin resin with recycled material)



PARTNERING WITH GOVERNMENTS TO DEVELOP RECYCLING “CIRCULAR ECONOMY“

- New Zealand - investing in capability to increase the volume of food grade recycled resin
- Queensland - investing in manufacturing capability to recycle soft plastics into high quality resin for reuse
- New South Wales – investing in colour sorting technology to significantly improve recovery rates through the recycling process

SUSTAINABILITY
CRATE POOLING

PACT HAS BUILT A WORLD CLASS PRODUCE CRATE POOLING PLATFORM DELIVERING MARKET LEADING QUALITY AND EFFICIENCY

Quality

- World standard in hygiene and food safety
- Unique grower interface providing extensive data analytics for improved supply chain control has delivered market leading grower satisfaction
- Low environmental footprint
- Innovation capability, supported by global technology partners, to deliver tailored product and design solutions

Efficiency

- National crate pool delivers significant cost efficiencies to both growers and retailers
- Low cycle times and improved asset availability
- Patented Intellicrate™ system
- Innovation and technology developments will further enhance asset tracking and enable real time decision making

NATIONAL POOLING PLATFORM NOW SERVICING ALDI GROWERS

Returnable produce crate pooling services supporting ALDI growers commenced on 1 August 2019, underpinned by a long-term agreement with ALDI

SUSTAINABILITY
RE-USE SERVICES

A GLOBAL LEADER IN RE-USE SERVICES

A long-term partnership with a major us retailer for the supply of reuse services will establish Pact as the global leader in garment hanger re-use

- Partnership reflects Pact's proven capability in supporting global retailers reduce waste and improve their environmental footprint
- Provides a major step into the largest retail market in the world
- Leverages established manufacturing and re-use operations in Asia
- $30 million revenue from 300 million hangers annually
- $10 million cash investment, with operations expected to commence H2 FY20

PACT'S RE-USE PLATFORM IS AN INNOVATIVE AND SUSTAINABLE SUPPLY CHAIN SOLUTION WHICH REDUCES WASTE AND COST

3. STRATEGY

STRATEGY REVIEW COMMENCED

- The review will clarify the activities and operations which are core to Pact's long term success
- The review is supported by external strategy consultants
- Future resource allocation and capital investment will be guided by strategy
- Growth will be prioritised in those sectors where Pact has a competitive advantage and can achieve sustainable financial returns

SUMMARY

- Strong focus on efficiency and overhead cost reduction
- Transformation of the packaging network progressed
- Crate pooling services expanded
- Major contract win for reuse services
- Good progress towards our sustainability promise
- Balance sheet capacity improved and near-term refinancing risk reduced

Focused on developing clarity in strategy and driving business transformation that maximises long term shareholder value

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PERSPECTIVES FOR FY20

Packaging and Sustainability

- Continue delivering benefits from network restructuring;
- Demand environment expected to remain subdued in Australia and New Zealand;
- Contract wins expected to drive modest volume growth in Asia;
- Growth in recycling and sustainability services expected; and
- Resin input costs assumed to be in line with Q4 FY19, resulting in modest recovery of lags.

Materials Handling and Pooling

- Commencement of crate pooling services for ALDI from 1 August 2019;
- EBITDA benefit from a full year contribution from TIC; and
- Expansion of reuse services to support a major retailer in USA expected H2 FY20.

Contract Manufacturing Services

- Lower volumes expected from customer destocking, in the first half, and customer offshoring;
- Raw material input costs expected to remain high in line with FY19;
- New management appointed; and
- Increased focus on efficiency and reducing cost to serve.

Depreciation, amortisation, net financing costs and tax

- Depreciation, amortisation and net financing costs, on a comparable basis[1], expected to be slightly higher than FY19; and
- The effective tax rate is expected to be between 29.0%-29.5%.

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1. On a comparable basis - excluding impacts which will arise in FY20 from the adoption of AASB16 by the Group

OUTLOOK

FY20 OUTLOOK

The Group expects EBITDA (before significant items)[1] in FY20 to modestly improve, subject to global economic conditions.

1. On a comparable basis, excluding impacts which will arise in FY20 from the adoption of AASB16 by the Group.

APPENDIX

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RECONCILIATION OF STATUTORY INCOME

$A millions	FY 2019	FY 2018
Statutory (loss) / profit before income tax	(313.9)	109.1
Add: net finance cost and loss on de-recognition of financial assets[1]	39.0	32.1
EBIT after significant items	(274.9)	141.2
Add: significant items	423.3	23.3
EBIT	148.4	164.5
Add: depreciation and amortisation expense	82.3	72.7
EBITDA	230.7	237.3

$A millions	FY 2019	FY 2018
Statutory net (loss) / profit for the period	(289.6)	74.5
Add: significant items	423.3	23.3
Tax effect of significant items	(56.4)	(3.1)
NPAT	77.3	94.7

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1 Net finance cost and loss on derecognition of financial assets is presented net of interest income

CASHFLOW RECONCILIATION

$A millions	FY 2019	FY 2018
Statutory net cash flows provided by operating activities	108.7	150.4
Borrowing, trade debtor securitisation and other finance costs paid	39.2	33.7
Income tax paid	38.4	33.1
Reorganisation spend (relating to operating activities)	26.1	7.3
Other items	4.5	1.8
Operating cash flow - including proceeds from securitisation	216.9	226.3
Less: Proceeds from securitisation of trade debtors	(13.6)	(3.2)
Operating cash flow - excluding proceeds from securitisation	203.3	223.1

SIGNIFICANT ITEMS

$A millions	FY 2019	FY 2018
Acquisition costs	(3.7)	(4.4)
Deferred settlement costs (earn-out)[1]	0.0	(8.8)
Inventory write downs and disposal costs	(13.0)	0.0
Impairment expenses		
- Asset write downs	(136.3)	0.0
- Intangible assets	(232.4)	0.0
Business reorganisation program – restructuring costs	(37.8)	(10.1)
Total significant items before tax	**(423.3)**	**(23.3)**
Tax effect of significant items above	56.4	3.1
Total significant items after tax	**(366.9)**	**(20.2)**

1 FY 2018 deferred settlement costs represent revisions to earn-out estimates for acquisitions made in FY2017, 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 and losses on de-recognition of financial assets, income tax, depreciation and amortisation – refer to page 23 for a reconciliation

EBITDA margin is calculated as EBITDA before significant items as a percentage of revenue

EBIT refers to EBIT before significant items. EBIT is defined as earnings before net finance costs and losses on de-recognition of financial assets and income tax – refer to page 23 for a reconciliation

EBIT margin is calculated as EBIT before significant items as a percentage of 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 finance costs and losses on de-recognition of financial assets

Net finance costs and losses on de-recognition of financial assets is net of interest income

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

NPAT refers to NPAT before significant items. NPAT is defined as net profit after tax – refer to page 23 for a reconciliation

Operating cashflow is defined as EBITDA, less the change in working capital, less changes in other assets and liabilities and excluding the impact of proceeds from securitisation of trade debtors – refer to page 24 for a reconciliation

Operating cashflow conversion is defined as operating cashflow divided by EBITDA

ROFE represents return on funds employed. ROFE is defined as rolling 12 months EBIT divided by average funds employed. Funds employed represents total assets (less cash and cash equivalents) less current liabilities (excluding interest bearing liabilities). Average funds employed are calculated as an average of the period opening and closing balances

Significant items are items that are non-recurring, individually material or do not relate to the operations of the existing business – refer to page 25 for a breakdown