

ASX ANNOUNCEMENT

21 January 2020

PACT GROUP ANNOUNCES THE INTENTION TO DIVEST ITS CONTRACT MANUFACTURING DIVISION

Pact Group Holdings Ltd ('Pact' ASX: PGH) today announced it has commenced a sale process in respect of its Contract Manufacturing division. Pact has appointed Citigroup to assist in the sale process.

The Group's Contract Manufacturing division, which includes the combined businesses of Jalco, Pascoe's and Australian Pharmaceutical Manufacturers (together "Contract Manufacturing"), is a leading supplier of contract manufacturing services in Australia for the home care, personal care and health and wellness segments. Contract Manufacturing reported sales of \$372 million and EBITDA of \$25 million in the 2019 financial year.

Commenting on the announcement, Pact Group's Managing Director and Chief Executive Officer, Mr Sanjay Dayal, said, "We have undertaken a detailed strategic review of our business, including a review of our portfolio. Contract Manufacturing is an attractive business that enjoys leading positions in sectors with strong growth potential. However, Pact's success over the longer term is dependent on our ability to deliver organic growth and restore margins in the core packaging business while growing our materials handling and sustainability businesses. Divesting Contract Manufacturing will simplify the portfolio and sharpen our focus on driving improved returns in the remaining Group. Importantly, divestment will strengthen our balance sheet and improve our financial flexibility."

Pact will provide further details of the strategy review in February with its FY20 Half Year results.

Contract Manufacturing Overview

- Leading supplier of contract manufacturing services in Australia for the home care, personal care and health and wellness segments
- Extensive service offering including product development and innovation, manufacturing, packing and promotional services
- Attractive customer portfolio which includes major brand owners, supermarkets and hardware stores
- Manufacturing capability for powders, liquids, aerosols and therapeutic nutraceutical products
- Broad product portfolio including laundry detergents and softeners, home cleaning products, insecticides, skin care products, hair care products, vitamins and supplements
- The breadth of its innovation and manufacturing capability is unique with hundreds of products in development
- Sales revenue of \$372 million and EBITDA of \$25 million (FY2019)

ENDS

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This document has been authorised for release by Jonathon West, Company Secretary.

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