



ASX ANNOUNCEMENT

DATE: 18 November 2020

Pact Group Holdings Limited's 2020 Annual General Meeting Presentation

Please find the Presentation which accompanies the Chairman's address and CEO's Speech, at Pact Group Holdings Limited's Annual General Meeting on 18 November 2020, commencing at 12:00PM (AEDT), to be held virtually.

ENDS

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

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Pact Group Holdings Ltd
ABN: 55 145 989 644

Annual General Meeting

18 November 2020



Important Information

This Presentation contains the summary information about the current activities of Pact Group Holdings Ltd (Pact) and its subsidiaries (Pact Group). It should be read in conjunction with Pact's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX).

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Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

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.

EBITDA before significant items and 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.

Raphael Geminder

Chairman



Your Board



**Raphael
Geminder**

Non-Executive
Chairman



**Jonathan
Ling**

Non-Executive
Director



**Lyndsey
Cattermole AM**

Non-Executive
Director



**Carmen
Chua**

Non-Executive
Director



**Ray
Horsburgh AM**

Non-Executive
Director



**Michael
Wachtel**

Non-Executive
Director



**Sanjay
Dayal**

Managing
Director &
Group CEO

FY20 In Review

Solid financial results delivered in a period of unprecedented challenges

Effective
management
of COVID-19
challenges

Solid earnings
and strong
operating
cashflows despite
a challenging
macro backdrop

Disciplined
balance sheet
management and
reduction in debt

Dividends
resumed

Strategy review
completed and
a new vision
to *Lead the
Circular Economy*
established

Execution
of strategy
progressing well



Our Sustainability Promise

We have made a promise to become the number one partner of sustainable choices for our customers

Our 2025 Targets



Reduce

Eliminate all non-recyclable packaging that we produce



Reuse

Have solutions to reduce, reuse and recycle all single use secondary packaging in supermarkets



Recycle

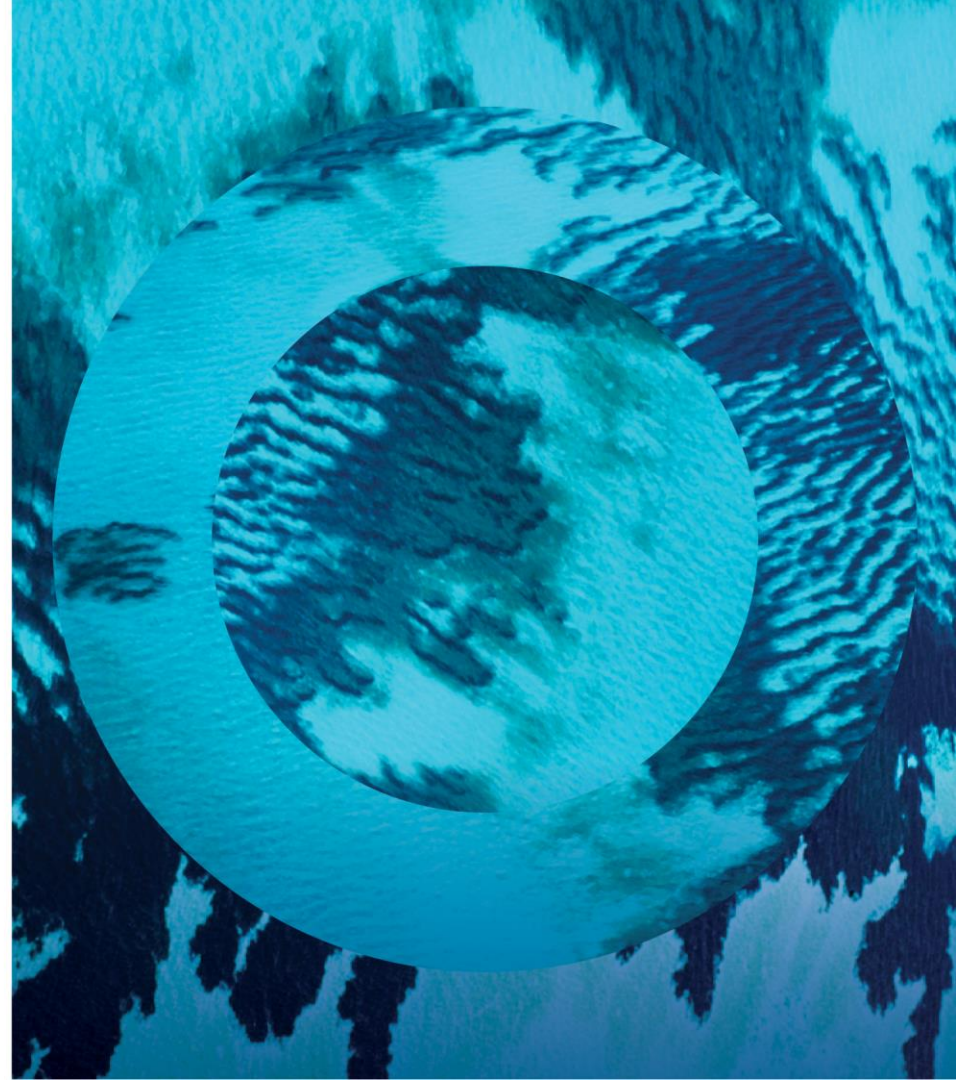
Offer 30% recycled content across our packaging portfolio

A Leader in Innovation

Pact is Australia's most innovative packaging company. Our technical, design and engineering experts challenge conventional thinking and identify new opportunities through insight led innovation

Pact was included on the Australian Financial Review and Boss Magazine's Most Innovative Companies List for the eighth consecutive year.

Pact ranked second on the Manufacturing and Consumer Goods list and was a joint winner in a new category of Best Pandemic Pivot.



Sanjay Dayal

Managing
Director &
Group CEO



Safety

We remain focussed on driving continued improvement in our safety culture and processes

The Company is saddened to report a fatality in the period

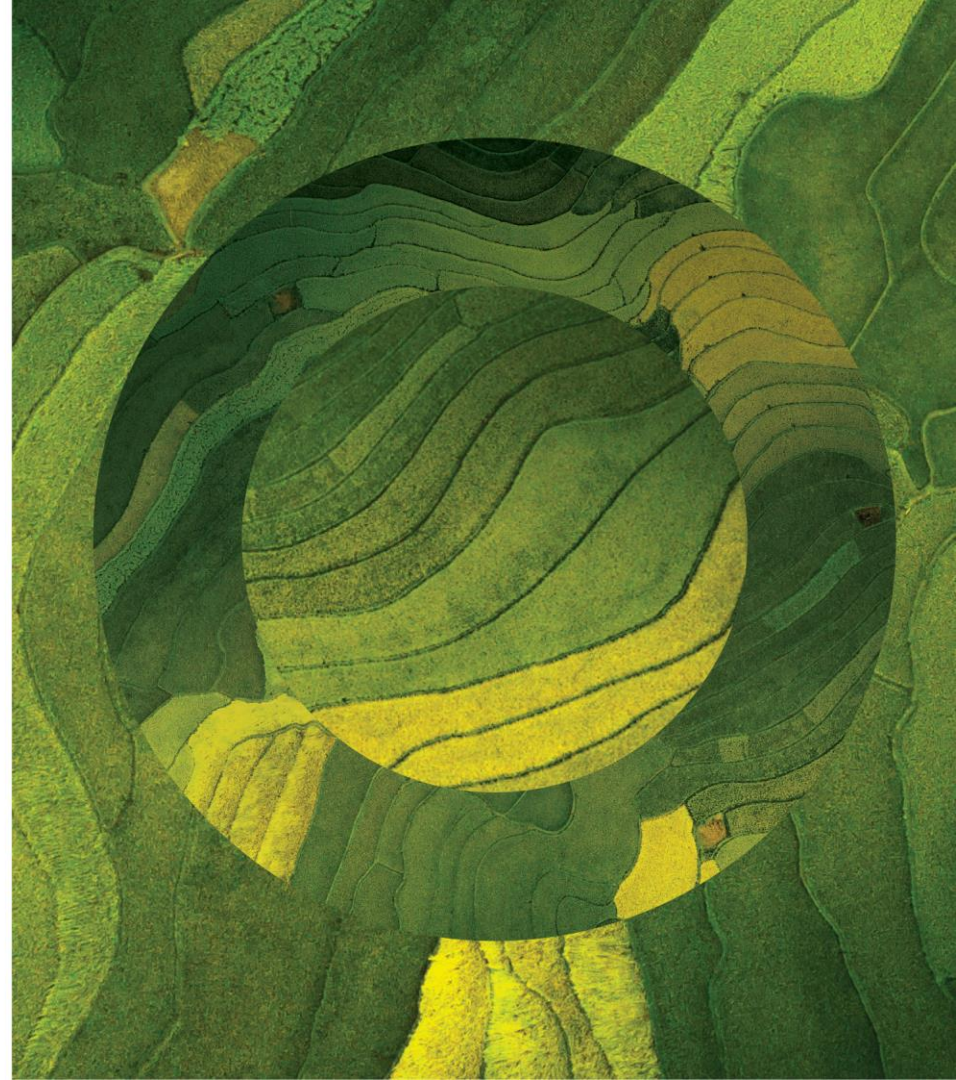
- Paul Pita, a valued team member at the Company's Albany site in New Zealand, died in a tragic incident in May

Lost time injury frequency rate at lowest level in six years

- LTIFR at 4.0 improved from 4.7 in FY19
- The Company remains focused on continued improvement in safety culture and processes

Strict management of COVID-19 health and safety risks

- Strict health and safety protocols implemented to protect employees and the community, no reported cases in the period



FY20 Financial & Operational Highlights



Solid operating performance, despite COVID-19 challenges

- Group EBITDA and margins improved
- Solid organic growth in the Contract Manufacturing hygiene category and in crate pooling services
- Modest underlying growth in New Zealand and Asia
- Tight cost control and disciplined cash management
- ROIC improved at 12.6%, up 1.5% pts (excluding AASB16)



Net debt reduced and leverage improved

- Net debt reduced by \$70 million
- Gearing improved at 2.6x, down 0.4x (excluding AASB16)
- Strong operating cash flows

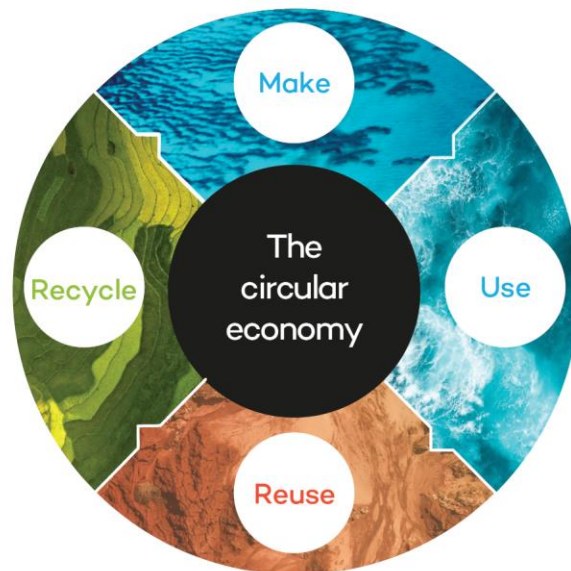
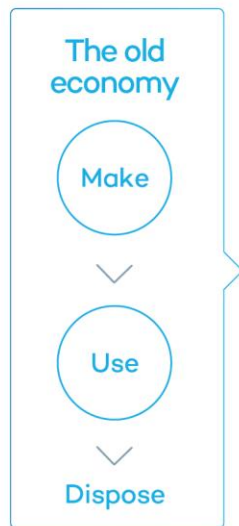


Dividends resumed

- Final dividend of three cents per share, 65% franked

The Circular Economy Transition

Plastics sustainability is not only a social and environmental need, it is an economic necessity



There is government and industry wide commitment to change



Banning the export of waste plastic, paper, glass and tyres, while building Australia's capacity to generate and use high value recycled commodities will increase our resource recovery rate and produce high quality materials for reuse.

Transforming these wastes into high value materials will create jobs, build a more sophisticated industry, and provide positive outcomes for the environment and community wellbeing.



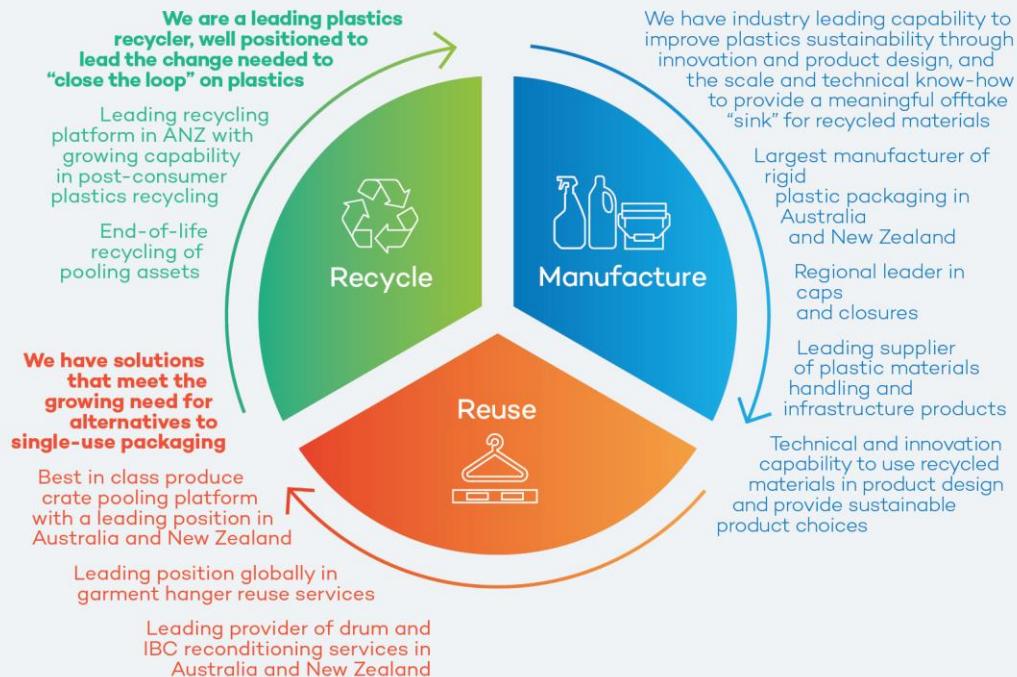
Nestlé... will invest up to CHF 2 billion [A\$3 billion] to lead the shift from virgin plastics to food-grade recycled plastics and to accelerate the development of innovative sustainable packaging solutions.



...we must be both innovative and collaborative. That ranges from ensuring we use recyclable materials at the outset and making them recyclable after use, to tackling wider infrastructural issues such as local collection and sorting facilities and building the technical and commercial viability of reprocessing them at scale.

Our Special Capabilities

Pact's special positions in the circular economy enable the Company to lead change in the industry and deliver sustainable competitive advantage



Our Vision to Lead the Circular Economy

Delivery of strategy will drive value creation and provide a significant step in delivering Pact's own sustainability aspirations



Aspiration

Vision Pact will Lead the Circular Economy through reuse, recycling and packaging solutions

Target Top quartile shareholder returns and 30% recycled content across portfolio by 2025

Priorities

Strengthen Our Core

Focus portfolio and strengthen balance sheet

Turnaround and defend core ANZ consumer packaging businesses

Expand Reuse and Recycling Capability

Lead plastics recycling in ANZ

Scale-up reuse solutions

Differentiate industrial and infrastructure businesses

Leverage Regional Scale

Grow Asian packaging platform

Enablers

Safe, diverse and motivated workforce

Competitive manufacturing

Segment skilled sales capability

Differentiated solutions through technical expertise and innovation

Circular economy credentials and communication

Disciplined capital management

Data-driven decision-making

Strategy in Action

In FY20 we made good progress in the delivery of our strategy

Priorities

Our Vision



Pact will lead the circular economy through reuse, recycling and packaging solutions

Focus portfolio and strengthen balance sheet

Turnaround and defend core ANZ consumer packaging businesses

Lead plastics recycling in ANZ

Scale-up reuse solutions

Differentiate industrial and infrastructure businesses

Grow Asian packaging platform

Progress in FY20

- Phase 1 of the turnaround of Australian packaging complete
 - Operating model transformed, with new customer centric structure in place
 - New senior leadership appointed
- Recycling capability expanded through strategic agreements
- Reuse platform expanded to support crate pooling services for ALDI fresh produce and hanger reuse services for major USA contract
- Centralised leadership of the regional closures platform
- Sale process in respect of Contract Manufacturing to recommence

Momentum in Strategy Maintained

The execution of our strategy is on track and our near term priorities are clear

Priorities

Our Vision



Pact will lead the circular economy through reuse, recycling and packaging solutions

Focus portfolio and strengthen balance sheet

Turnaround and defend core ANZ consumer packaging businesses

Lead plastics recycling in ANZ

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Grow Asian packaging platform

FY21 Key Initiatives

- Progress Phase 2 of the turnaround of the core packaging business **1**
- Leverage value from recycling to differentiate and win in the market **2**
- Leverage Flight acquisition to create a competitive platform in the ANZ fresh food segment
- Increase penetration of reuse solutions **3**
- Leverage consolidation of regional closures platform
- Progress sale process in respect of Contract Manufacturing business



1. Turnaround in Australian Packaging

Our packaging platform is integral to delivering value in the circular economy

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Phase 1 – Structure and Leadership

Transform the operating model to deepen the focus on customer segments and re-establish clear accountabilities



New customer centric operating model implemented

Appoint strong leadership to deliver change



New senior leadership appointed to lead turnaround

Phase 2 – Improve competitiveness

Improve the competitiveness of our manufacturing platform

In Progress

Targeted investment to improve platform capability underway

Improvements in core business fundamentals delivered

Develop targeted segment strategies to improve performance and differentiate in the market

FY21 priority

A customer centric structure focused on market facing segments will align accountability to customer needs



Our priorities will be assessed through the lens of our customers. We will develop detailed plans and targets that will guide our resource decisions, improve our margins and sharpen our focus on growth opportunities.

2.



Leverage value from recycling to differentiate

Solid progress made in expanding recycling capacity to support targeted demand of over 60kt¹ recycled plastics by 2025

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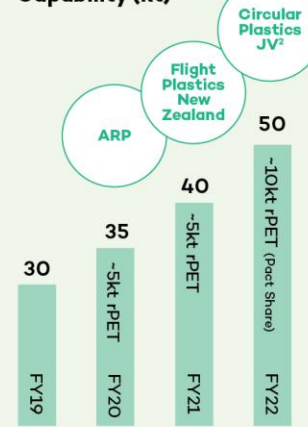
Recycled material will differentiate Pact in the market

We will use our local recycled material to differentiate our packaging products

- Meet increasing demand for more sustainable packaging solutions
- Packaging that is recycled and recyclable will increasingly be demanded by our customers
- Scale, technical capability and innovation in both recycling and packaging will ensure Pact stays at the forefront of meeting the markets changing needs

By 2022 Pact will be the largest PET Recycler in the ANZ region

Pact's Recycling Capacity (kt)



2025 strategy target
60kt+

1 Required capacity to support 30% recycled content across the portfolio by 2025

2 The Circular plastics JV is a partnership between Pact, Cleanaway and Asahi

3.



Increase penetration of reuse solutions

Driving conversion from single-use to reuse solutions

Increase penetration of reuse solutions

We will leverage our world class crate pooling and garment hanger reuse platforms to grow

- Increase penetration of RPCs through expansion in fresh produce and other asset categories (e.g. bread, eggs, protein, milk)
- Continued expansion of reuse services in offshore markets

Our Targets

Top quartile shareholder returns by 2025

ROIC above 15% by 2025, increased from 11.1% in FY19 (target of 13.5% on a post AASB16 basis)

A **strong balance sheet** with leverage maintained below 3x (below 4x on a post AASB16 basis)

30% recycled content across our packaging portfolio by 2025

A **focussed portfolio** with investments and divestments clearly aligned to strategy

Payment of **dividends** in line with dividend policy

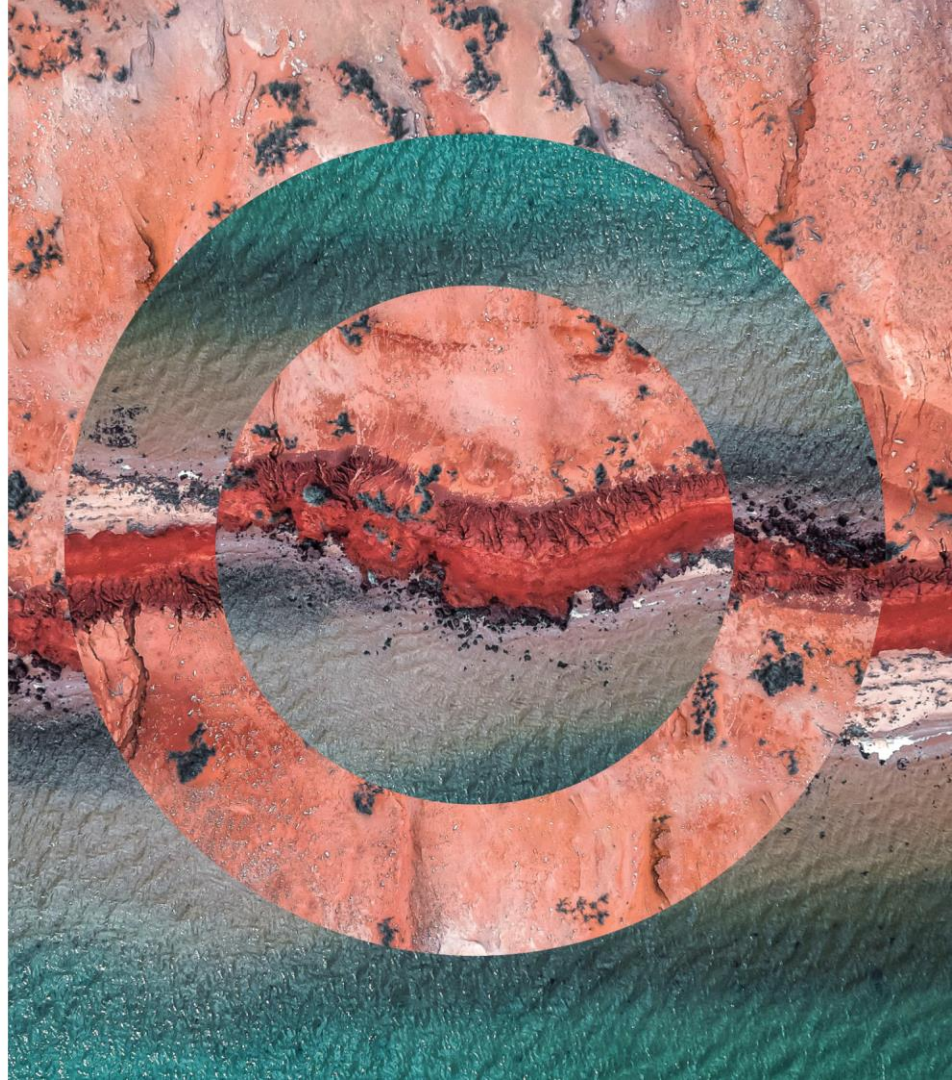
An aerial photograph of a rugged coastline with dark, jagged rocks and shallow turquoise water. Two large, solid blue curved shapes are overlaid on the image, one on the left and one on the right, framing the central text.

We have a clear
Vision for the
future and through
our strategy we can
deliver significant
long-term value for
all stakeholders

FY21 Trading Update

In trading to date, the business has demonstrated earnings resilience. Pleasingly we have seen good earnings momentum in our reuse business, supported by improved clothing retail demand and increased volumes into the USA. In our Contract Manufacturing segment, volumes have been higher than the same period last year and efficiency is improved. Packaging volumes have been in line with seasonal expectations. We expect EBIT (before significant items) for the half year to be ahead of the prior comparative period.

The duration and economic impact of COVID-19 remains uncertain. A further update on FY21 trading will be provided at the Company's half year results in February.





Thank you

