



ASX ANNOUNCEMENT

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Pact Group Macquarie Conference 2021 Presentation

The attached presentation will be presented at the Macquarie Conference 2021 by Mr Sanjay Dayal, Group Chief Executive Officer.

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
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Leading the Circular Economy.

Macquarie Conference 2021

Sanjay Dayal – Managing Director and Chief Executive Officer

May, 2021



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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), including the Half Year Consolidated Financial Report and associated Media Release released today, which are available at www.asx.com.au.

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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 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.

Underlying EBITDA and underlying EBIT are used to measure segment performance and have been extracted from the Segment Information disclosed in the Half Year Consolidated Financial Report.

All Non-IFRS information has not been subject to review by the Company's external auditor. Refer to Page 31 of the 2021 Half Year Results presentation for the reconciliation of underlying EBITDA and underlying EBIT items and page 32 for the reconciliation of operating cashflows. Refer to page 25 for definitions of non-IFRS financial measures.

Agenda

Pact Overview

Creating Shareholder Value

1. Strategy
2. Performance

FY21 Outlook



Pact Overview



Pact At a Glance

Operating across the plastics circular economy, we deliver a diversity of smarter scaled solutions to a huge range of trusted brands

Our capabilities



Packaging



Reuse



Recycling



Contract Manufacturing

**\$1.8
billion**

revenue in FY20

15



countries
and regional
scale

— FINANCIAL REVIEW BOSS —
**MOST INNOVATIVE
COMPANIES**

8 years recognised as
one of Australasia's Most
Innovative Companies¹

6,000

employees:
casuals and
contractors



7,000+

customers



¹ Australian Financial Review Most Innovative Companies List 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020.

Our Special Capabilities

Scale and industry leading capability across the plastics value chain



Industry leading packaging capability

- Largest manufacturer in Australia and New Zealand of rigid plastic packaging
- Leading closures platform, with manufacturing capability across Asia and Australia
- Diverse manufacturing, technical and innovation capability



Leading recycling capability

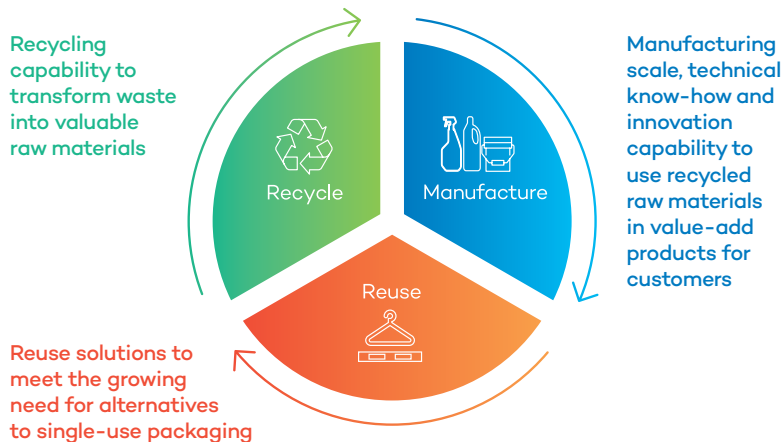
- Over 20 years experience in plastics recycling
- Innovative industry partnerships and government collaboration



Leading packaging reuse platform

- Best-in-class produce crate pooling platform
- Leading position globally in garment hanger reuse services

Strongly positioned in the plastics circular economy



Strategy



Our Vision to Lead the Circular Economy

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

Leadership and Capability

Strong leadership and capability will underpin delivery of strategy

Leadership and structure

- Customer centric operating model implemented
- Key leadership positions in place

Capability

- Supply chain excellence driving end-to-end supply chain efficiencies
- Transformation of functional teams driving standardisation, improved data analytics and operational excellence
- Leadership development programs underway
- External appointments to senior roles challenging the status quo
- Strong employee alignment to strategy, supported by incentive and share ownership programs



Our Near Term Priorities

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

Scale-up reuse solutions

Differentiate industrial and infrastructure businesses

Grow Asian packaging platform

Near term initiatives

- Deliver margin and volume growth in Australian packaging
- Expand plastics recycling infrastructure in Australia
- Deliver value from recycling through differentiation in packaging and infrastructure sectors
- Increase penetration of reuse solutions
- Leverage consolidation of regional closures platform in Asia
- Progress sale process in respect of the Contract Manufacturing business

1. Deliver margin and volume growth in Australian packaging

Turnaround initiatives progressing well

Our competitiveness will be enhanced through:

Clear strategy and growth plans

- Targeted segment strategies will guide investment and resource decisions
- We will differentiate and grow using our circular economy credentials
- An improved service model for small and mid size customers will drive increased customer satisfaction and efficiency

Operational improvements

- Safety, quality and delivery
- Operational performance and equipment reliability
- Supply chain management

Investment in the business platform

- Increase capability to process recycled raw materials and enhance capability in attractive segments

Our Turnaround Approach

Phase 1 – Structure and Leadership

Restructure the business to deepen the focus on customer segments and re-establish clear accountabilities



Appoint strong leadership to deliver change



Phase 2 – Improve competitiveness

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



Improve the competitiveness of our manufacturing platform

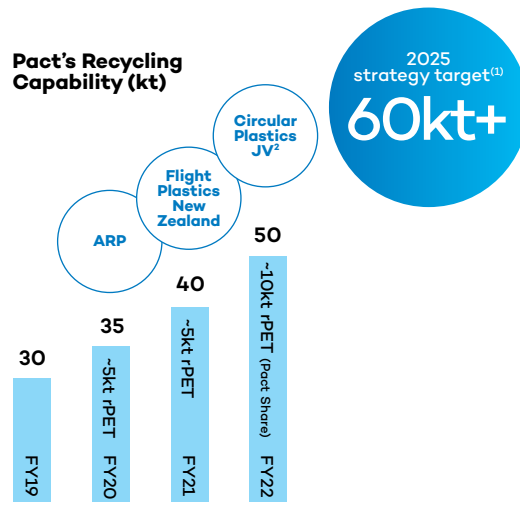


2. Lead Plastics Recycling in ANZ

Solid progress made in developing infrastructure to support growing demand for recycled content

Leading plastics recycling

- Construction of new PET recycling facility in Albury progressing well, expected to be operational late CY21
- Further expansion opportunities have been identified
- Strong state and federal government support for development of local recycling infrastructure through funding grants
 - \$9.5 million to develop a mixed plastics recycling facility in Western Australia
 - \$3.0 million to develop a HDPE recycling facility in Victoria
- New Recycling Technical Centre of Excellence



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

2. JV with Cleanaway and Asahi, Pact 40% share.

3. Deliver Value from Recycling

Access to recycled materials is enabling Pact to differentiate and win in the market

Pact's recycling capability will support customers deliver ambitious 2025 sustainability targets

- Demand for recycled content is accelerating, with a step change required to deliver 2025 customer commitments
- Customers, including major brand owners and retailers, are now engaging Pact to develop strategic partnerships to “lock-in” access to recycled materials, with several MOUs signed

Growing demand for recycled content in the packaging and infrastructure sectors



Fresh food segment

- Pact has secured a new contract to supply trays with up to 100% recycled PET through major supermarkets in ANZ



Home and personal care categories

- Pact is supporting a major multinational increase the use of recycled content through the supply of packaging with up to 50% rHDPE for leading brands in the home and personal care categories



Noisewalls

- Pact is supplying noisewalls with up to 70% recycled content to a major Victorian infrastructure project



Dairy & Beverage

- Contract wins in the dairy and beverage categories

4. Increase Penetration of Reuse Solutions

Compelling sustainability and efficiency benefits of reuse are driving strong growth in pooling and hanger reuse services

Pooling penetration in the fresh produce sector

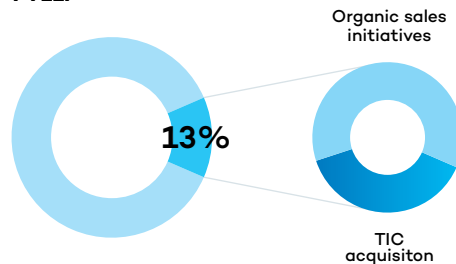
- >10% annual growth expected over medium term from continued penetration and diversification in new categories

Geographic expansion of garment hanger reuse services

- Sales revenue growth of > 40% from FY19 to FY21F
- Customer portfolio improved through geographic diversification and expansion
- Margins improved through scale benefits
- Further opportunities for expansion in offshore markets

Reuse solutions have grown to 13% of total group revenue (from 1% in FY17)

Reuse solutions sales revenue FY21F

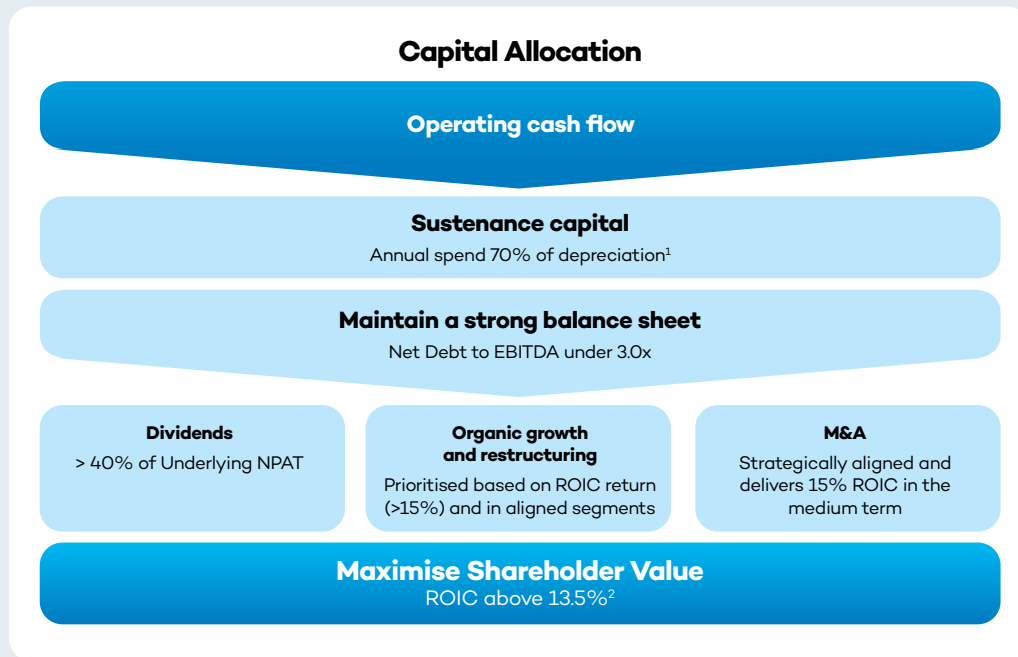


5. Deliver Top Quartile Shareholder Returns

Focused on maintaining a robust balance sheet and delivery of target returns

Disciplined capital allocation

- Target gearing of less than 3x
- Investments clearly aligned to strategy
- Focus on capital returns and disciplined capital process



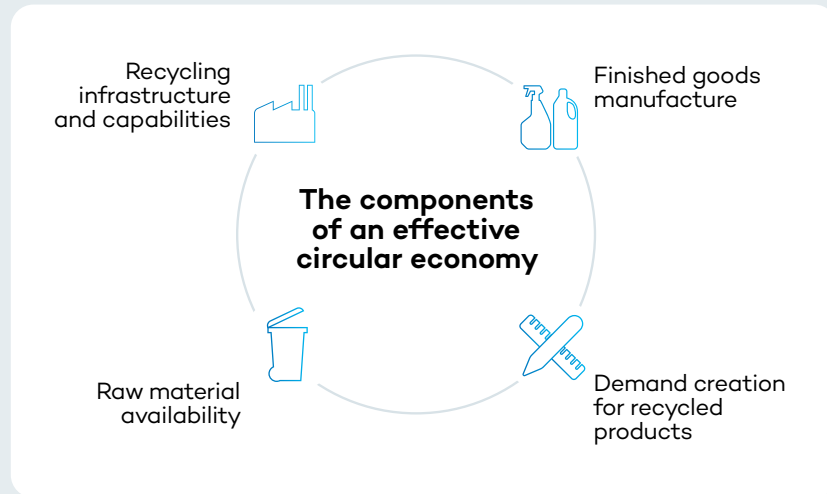
1. Depreciation excluding the depreciation of right of use assets
2. EBIT divided by Average Invested Capital which is defined as Average Total Assets – Average Cash and equivalents – (Average Current Liabilities – Average Current Financial Liabilities)

Developing the Circular Economy

The circular economy is a compelling opportunity to create value, improve jobs creation, and deliver positive environmental outcomes

Shared commitment across the value chain

- Strong government commitment to “turbo charging” progress in each component of the value chain through policy and industry support
 - Recycling and Waste Reduction Act 2020
 - Recycling Modernisation Fund
 - Modern Manufacturing Initiative
- Pact is now recognised by government, industry and customers as a leader in the circular economy





Performance

FY21 Half Year Results Highlights



Solid Improvement In All Key Metrics in 1H21

Sales revenue

\$894m ↑1%

(pcp \$885 million)

EBIT (Underlying)

\$99m ↑25%

(pcp \$79 million)

NPAT (Reported)

\$50m ↑44%

(pcp \$35 million)

EBIT Margin (Underlying)

11.0% ↑2.1%_{pts}

(pcp 8.9%)

ROIC

12.1% ↑1.3%_{pts}

(pcp 10.8%)

EPS

14.5 cps ↑44%

(pcp 10.1 cps)

Free Cash Flow Generation

\$46m ↑119%

(pcp \$21 million)

Gearing

2.4x ↓0.5x

(3.2x including leasing)

Dividend

5.0 cps ↑

65% franked

(pcp \$Nil)

Outlook and Summary



FY21 Outlook

Our outlook for FY21 remains consistent with that provided in February 2021

The business continues to demonstrate sustainable momentum and earnings resilience. In a seasonally softer second half we forecast similar underlying trends to that which we enjoyed in the first half, but anticipate a weaker hygiene category.

We expect underlying EBIT for the full year to be better than last year, subject to the duration and economic impact of uncertainty related to Covid-19 and other global conditions.

Well Positioned To Create Long-Term Shareholder Value

Our targets

Top quartile shareholder returns by 2025

ROIC above 13.5% by 2025, increased from 11.1% in FY19

A strong balance sheet with leverage maintained below 3x

30% recycled content across our packaging portfolio by 2025

A focussed portfolio with investments and divestments clearly aligned to strategy

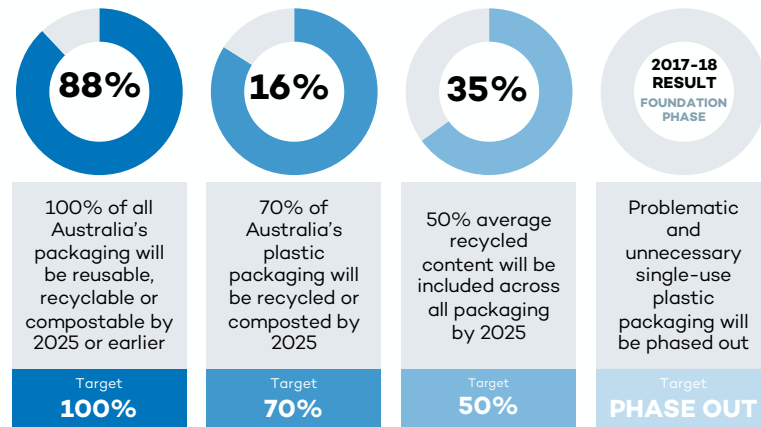
Payment of **dividends** in line with dividend policy



Appendix



APCO 2025 Targets



| MATERIAL TYPE | CURRENT RECYCLED CONTENT RATE | |
|-------------------|-------------------------------|-----|
| | 2025 TARGETS | |
| ALL PACKAGING | 35% | 50% |
| PLASTICS | 2% | 20% |
| PET | 12% | 30% |
| HDPE | 2% | 20% |
| PP | 3% | 20% |
| FLEXIBLE PLASTICS | UNKNOWN | 10% |
| PAPER | 49% | 60% |
| METALS | 30% | 35% |
| GLASS | 32% | 50% |

Definitions of Non-IFRS Financial Measures

Capex represents capital expenditure payments for property, plant and equipment

Underlying EBITDA refers to EBITDA before underlying adjustments. EBITDA is defined as earnings before net finance costs and losses on de-recognition of financial assets, income tax, depreciation and amortisation

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

Underlying EBIT refers to EBIT before underlying adjustments. EBIT is defined as earnings before net finance costs and losses on de-recognition of financial assets and income tax

EBIT margin is calculated as underlying EBIT before significant items as a percentage of revenue

Free cashflow is defined as statutory net cash flows provided by operating activities capex, less repayments of lease liability principals and after proceeds from asset sales and other sundry items

Gearing is calculated as net debt divided by rolling 12 months underlying EBITDA excluding the impact of lease accounting following the adoption of AASB16

Interest cover is calculated as rolling 12 months underlying EBITDA divided by rolling 12 months net finance costs and losses on de-recognition of financial assets (with underlying EBITDA and net finance costs both excluding the impact of lease accounting following the adoption of AASB16)

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

Net debt is calculated as interest bearing liabilities (excluding lease liabilities recognised under AASB16) less cash and cash equivalents

Underlying NPAT refers to NPAT before underlying adjustments. NPAT is defined as net profit after tax – refer to page 31 for a reconciliation

Operating cashflow is defined as underlying EBITDA, less changes in working capital, less changes in other assets and liabilities and excluding the impact of proceeds from securitisation of trade debtors

Operating cashflow conversion is defined as operating cashflow divided by underlying EBITDA

ROIC represents return on invested capital and is defined as rolling 12 months underlying EBIT divided by rolling 12 months average total assets (excluding cash, cash equivalents and deferred tax) less current liabilities (excluding interest bearing liabilities and tax liabilities)

Underlying adjustments (referred to as significant items in prior periods), includes items that are individually material or do not relate to the operating business. The measurement of underlying adjustments is consistent with that used for significant items in prior periods.