



Pro-Pac Packaging Limited ABN: 36112971874

ASX / Media Release

25 February 2016

PRO-PAC DELIVERS SOLID RESULTS FOR H1 FY16

HIGHLIGHTS

- Earnings per share (EPS) up 5% to 1.97 cents
- Profit after tax up 7% to \$4.5 million
- Cash and cash equivalents have increased to \$9.5 million from \$6.1 million.
- Dividend per share of 1.25 cents, up 25%

In the 6 months to 31 December 2015 the business delivered a solid result in challenging market conditions. Sales growth of 2% reflected modest growth in the Australian economy and competitive markets. Demand from the manufacturing, distribution, resources and meat processing sectors was soft, particularly later in the half. However, the Company experienced good growth in the pharmaceutical, healthcare, retail and dairy sectors.

The ongoing decline of the AUD continued to increase the cost of imported goods. Despite hedging strategies, adverse forex movements increased the cost of goods sold by circa \$6 million in the half relative to the same period last year. Throughout the half the Company progressively increased prices to its customers to recover this cost increase. As a result, margins in the half were maintained in line with the prior year but sales volumes were affected.

Sales growth combined with cost reduction initiatives, resulted in profit before tax increasing to \$6.5 million an increase of 7% versus the prior year.

Rigid Division had an excellent half, with good top line growth and lower resin costs resulting in EBITDA increasing 20% on the prior year.

Industrial Division, which imports most of its products, was adversely affected by the declining AUD. Sales were below the prior year but margin and cost control resulted in EBITDA 1% up on the prior year.

The Company expects the Australian economy and the Company's markets to remain subdued but anticipates that new business development and cost reduction activities should result in higher earnings in FY16 versus the prior year. This assumes no unexpected adverse events. The Company continues to evaluate a healthy pipeline of acquisitions.

The Company has today declared a fully franked interim dividend of 1.25 cents per share - up 25% on the prior year comparative period. The record date for determining entitlement to the dividend will be 9 March 2016 and the dividend will be paid on 19 May 2016. The Company's Dividend Reinvestment Plan will apply to this dividend. No discount will apply to the issue price.

Enquiries

For further information please contact Mr. Peter Sutton CEO, Pro-Pac Packaging Limited on Tel (02) 8781 0500.

About PPG

Pro-Pac Packaging Limited is a diversified manufacturing and distribution company, providing innovative, flexible and rigid packaging solutions for a broad group of clients. PPG is headquartered in Sydney with a national footprint including operations in all mainland states. PPG's securities are listed and quoted on the ASX. For further information on PPG visit www.ppgaust.com.au.

The Company expects the Australian economy and the Company's markets to remain subdued but anticipates that new business development and cost reduction activities should result in higher earnings in FY16 versus the prior year. This assumes no unexpected adverse events. The Company continues to evaluate a healthy pipeline of acquisitions.

The Company has today declared a fully franked interim dividend of 1.25 cents per share - up 25% on the prior year comparative period. The record date for determining entitlement to the dividend will be 9 March 2016 and the dividend will be paid on 19 May 2016. The Company's Dividend Reinvestment Plan will apply to this dividend. No discount will apply to the issue price.

Enquiries

For further information please contact Mr. Peter Sutton CEO, Pro-Pac Packaging Limited on Tel (02) 8781 0500.

About PPG

Pro-Pac Packaging Limited is a diversified manufacturing and distribution company, providing innovative, flexible and rigid packaging solutions for a broad group of clients. PPG is headquartered in Sydney with a national footprint including operations in all mainland states. PPG's securities are listed and quoted on the ASX. For further information on PPG visit www.ppgaust.com.au.