

ASX ANNOUNCEMENT

5 September 2016

PACT GROUP ACQUIRES SPECIALTY CO-MANUFACTURER APM

Pact Group Holdings Ltd ('Pact' ASX: PGH) today announced it had entered into an agreement to acquire specialty co-manufacturer, Australian Pharmaceutical Manufacturers (APM), for \$90 million. The acquisition price represents a multiple of 6.5 times historical EBITDA. Completion is expected to occur on 16 September 2016, subject to customary conditions.

APM is one of the largest providers of manufacturing and packaging services for nutraceuticals in Australia. Established in 2002, APM has significant industry experience. It is strongly aligned with its customers and has established, long term relationships with leading participants in the health and wellness sector.

The acquisition of APM is a further step in the Group's strategy to expand in specialised co-manufacturing. It compliments and extends Pact's existing position established through the successful acquisition of Jalco in September 2015.

APM is located in Keysborough, Victoria. Its manufacturing facilities utilise the latest technology to deliver tableting, encapsulation and packaging solutions. The business produces a range of therapeutic nutraceutical products including vitamin and mineral supplements, herbal remedies, amino acids and a range of other specialised formulations. It manufactures in accordance with the Australian Therapeutic Goods Administration's licensing requirements.

The acquisition will be funded by \$75 million of bank debt and a share issue of \$15 million. The acquisition will be EPS accretive in year one and will meet Pact's target return hurdle of 20% ROI in year three.

Pact Group's Managing Director and Chief Executive Officer, Malcolm Bunday, said, "The acquisition of APM is strongly aligned with our growth strategy and is expected to add significant value to Pact. APM operates in a very attractive sector which is experiencing robust growth in demand both domestically and in export markets.

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"APM's product and service portfolio complements and enhances our established position in co-manufacturing and our broader specialty packaging business. There is significant overlap in our customer portfolios. This acquisition enables us to expand our service offering and deepen our customer relationships.

"The team at APM share Pact's passion for innovation and our vision for providing the best manufacturing and packaging solutions for our customers. They are very experienced and have established their products as the benchmark in the Australian market, with an enviable reputation as a supplier of quality.

"We are very excited about the growth opportunities this acquisition provides Pact and look forward to welcoming the APM team to the Group."

ENDS

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ABOUT PACT GROUP

Pact Group is Australasia's largest manufacturer of rigid plastics packaging with operations throughout Australia, New Zealand and a growing footprint in Asia. Pact also provides metals packaging and a range of services including out-sourced manufacturing, filling and packing and sustainability, recycling and environmental services to assist customers in reducing the environmental impact of their product packaging and related processes. Pact services customers in many sectors including food and beverage, personal care, household consumer, industrial and chemical, and materials handling and infrastructure. Pact employs more than 4,000 people across its business and produces more than 8 billion units of packaging annually. The Group's vision is to enrich lives every day through sustainable packaging.

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