ASX ANNOUNCEMENT

24 August, 2016

PACT GROUP 2016 FULL YEAR RESULTS

Pact Group Holdings Ltd ('Pact' ASX: PGH) today announced statutory net profit after tax of $85.1 million for the full year ended 30 June 2016. This included significant items after tax of $9.2 million. Net profit after tax before significant items was $94.3 million, up 11% compared to the prior corresponding period of $85.2 million.

KEY HIGHLIGHTS OF THE RESULT INCLUDE:

- Sales revenue up 10.6% to $1,381.3 million
- EBIT before significant items(1) up 6.6% to $162.5 million
- NPAT before significant items(1) up 10.7% to $94.3 million
- Efficiency Program announced in FY2015 is substantially complete, with $6.6 million EBIT benefits delivered in the period
- Continued strong cash generation, with operating cash flow(2) up 1.8% and operating cash conversion(2) of 99.5%
- A robust balance sheet and strong financing metrics – gearing(3) of 2.3x and interest cover(3) of 7.2x
- Significant growth initiatives realised in the period including four acquisitions and the entering into a contract to provide crate pooling services in Australia from FY2018
- Total Shareholder Return (TSR) of 33.5%(4) and a final dividend of 11.0 cents per share, up 10%

$A millions	2016	2015	Change (%)
Sales revenue	**1,381.3**	1,249.2	**11%**
EBIT (before significant items)[1]	**162.5**	152.5	**7%**
NPAT (before significant items)[1]	**94.3**	85.2	**11%**
NPAT after significant items	**85.1**	67.6	**26%**
Total dividends – cents per share	**21.0**	19.5	**8%**

(1) EBIT before significant items and NPAT before significant items are non-IFRS financial measures and have not been subject to review by the Company's external auditor. Refer to page 26 of the 2016 Full Year Results Investor presentation for a reconciliation.

(2) Excluding securitisation. Operating cashflow and Operating cash conversion are non-IFRS financial measures and have not been subject to audit by the Company's external auditor. Refer to page 11 of the 2016 Full Year Results Investor presentation for definitions.

(3) Gearing and Interest cover are non-IFRS financial measures and have not been subject to audit by the Company's external auditor. Refer to page 12 of the 2016 Full Year Results Investor presentation for definitions.

(4) TSR measured as June 2016 30 day volume weighted average share price plus dividends received by shareholders in FY2016, compared to June 2015 30 day volume weighted average share price.

Pact Managing Director and Chief Executive Officer Malcolm Bundey said these results once again demonstrated the resilience of the business, the benefits of diversification and management's relentless focus on efficiency and cash generation.

"The Group has delivered growth against a backdrop of economic and market challenges. Critical to meeting the challenges of the external environment is our focus on reducing costs and managing cash.

"Our Efficiency Program announced in 2015 is now substantially complete with $6.6 million in efficiency savings delivered during the year, slightly ahead of expectation. The program is on track to deliver annual savings of $15 million as previously committed.

"The Group continues to demonstrate disciplined management of our balance sheet and operating cash generation, with gearing for the period of 2.3 times and interest cover of 7.2 times, both well within our targeted levels. Net finance costs were improved versus the prior corresponding period, illustrating the beneficial impact of the refinancing completed in June 2015, the net benefit of the securitisation program and the favourable interest rate environment.

“Operating cashflow was also strong, with a 99.5% operating cash conversion, delivering cash to fund our growth opportunities and to reward our shareholders,” Mr Bundey said.

In the period the Group completed an organisational restructure and introduced disciplined sales pipeline management processes to better position the Group to capture growth opportunities and manage external challenges.

“The results in the period were very pleasing,” Mr Bundey said. “I continue to be impressed by the Group’s capabilities, particularly in meeting the challenges of the external environment. I would like to thank our talented and committed people for their outstanding performance during the year that has contributed to this result.”

Business Review

Group sales revenue increased 10.6% to $1,381.3 million, with growth driven through acquisitions, partly offset by lower underlying volumes. Volumes were impacted by lower demand from the agricultural and dairy sectors, due to unfavourable weather conditions and weak global dairy markets; lower demand in the industrial sector, influenced by weaker mining markets; and net contract losses in the period. Demand across most of the Group’s other sectors was also subdued.

The Group reported EBIT (before significant items) of $162.5 million, up 6.6% ($10.0 million) versus the prior comparative period. EBIT was favourably impacted by acquisitions, the 2015 Efficiency Program and benefits delivered through property sales and lower lease related costs. These benefits were partly offset by the EBIT impact of lower net sales volumes, and other costs, largely associated with facility start-up costs in Australia and Indonesia and management transitions in the period.

Growth Initiatives

During the year the Group continued the expansion of its product and customer portfolio, completing the acquisition of Jalco, in addition to three smaller bolt-on acquisitions:

- Stowers Containment Solutions – a New Zealand based distributor of containment solutions, acquired February 2016;
- Power Plastics - a New South Wales based manufacturer of rigid plastic containers, acquired in March 2016; and
- Ecopolymers - a plastics recycler based in Queensland, acquired in May 2016.

Jalco, a contract manufacturing business with operations in New South Wales was acquired in September 2015. Jalco provides Pact entry into the contract manufacturing sector, which is complementary to its existing business and provides significant growth opportunities. The integration of Jalco is complete and the business is performing well.

During the period the Group also entered into an agreement under which it will construct, own and operate crate pooling, washing and storage facilities to service Woolworths (operations expected to commence in FY2018). This opportunity, coupled with the acquisition of the assets, brands and trademarks of the Fruit Case Company in New Zealand has established a strong position in crate pooling. This sector is strongly aligned with core competencies of the Group.

Commenting on growth opportunities, Mr Bundey said, “2016 has been an exciting period of growth for the Group. The Group has entered sectors offering strong long term growth opportunities. Our acquisition program continues to demonstrate our ability to leverage our core competencies in existing sectors and close adjacencies and deliver shareholder value.”

Outlook

Mr Bundey said the Group was well positioned for the future. “We have very solid foundations and clear opportunities for growth.

“Our diversity, relentless focus on efficiency and cash generation and our disciplined acquisition strategy have enabled us to deliver sales revenue and earnings growth despite market challenges. Benefits from our organisational restructure and disciplined sales pipeline management processes will further enhance our performance going forward.

“Our outlook for the 2017 financial year is that we expect to achieve higher revenue and earnings (before significant items), subject to global economic conditions,” Mr Bundey said.

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.

Pact Group Holdings Limited
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