

Pro-Pac Packaging Limited Corporate Presentation

June 2020

CEO & Managing Director **Tim Welsh**

CFO **Iona MacPherson**



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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 capital expenditure, EBIT, EBIT margin, EBITDA, EBITDA margin, gearing, net debt, operating cash flow, operating cash flow conversion and working capital. This information is Non-IFRS measures used by the Group, the investment community and Pro-Pac Packaging's Australian peers with similar business portfolios. Pro-Pac Packaging uses these measures for its internal management reporting as it better reflects what we consider to be the underlying performance of the Group.

Certain Non-IFRS financial information have not been subject to review by the Group's external auditor; however, reconciliations have been provided to balance contained in the financial report.

About Pro-Pac Packaging

Pro-Pac Packaging is an innovative Industrial, Rigid and Flexible packaging company with a diversified distribution and manufacturing network throughout Australia and New Zealand

Flexibles

- With its Australian and New Zealand manufacturing and distribution network, Pro-Pac Packaging provides bespoke flexible packaging solutions specifically tailored for the industrial, food and beverage, health and agriculture sectors
- Products include stretch and shrink wrap, agricultural silage packaging, fresh produce bags, barrier and lidding films, industrial protective films and complementary machinery
- Integrated Recycling specialises in converting waste plastics into high quality performance products such as Duratrack railway sleepers



Industrial

- A one stop shop for primary, secondary and tertiary packaging with deep expertise in food, beverage, agriculture, retail and health sectors
- Manufactures, sources and distributes high performance packaging and combines this with personalised service from its national footprint
- Pro-Pac Packaging's key focus is to deliver innovative solutions to the manufacturing and industrial industries
- A key global sourcing partner to global supermarkets

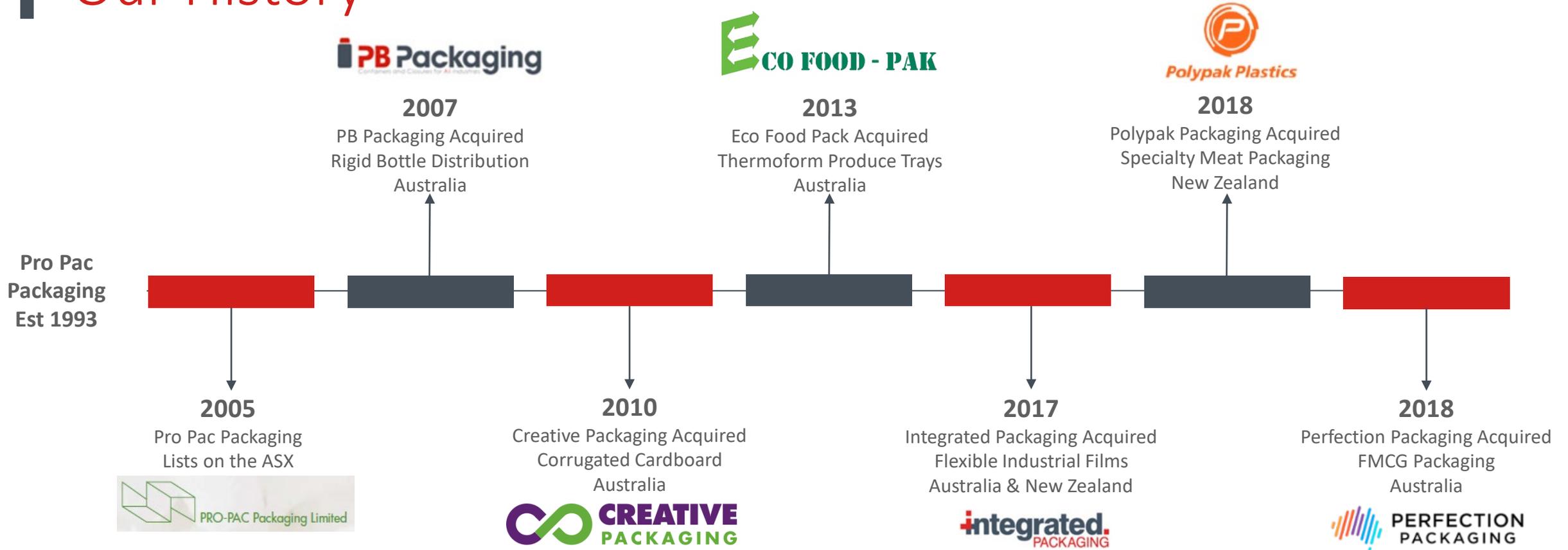


Rigid

- Manufactures, sources and distributes high quality rigid containers, closures and related products and services
- A solutions oriented bottle and closures business that focusses on partnering with the small to medium customers seeking technical and business support with tailored, personalised product and supply chain services
- National distribution network and comprehensive product range offers agile and superior service to our customers



Our History



Pro-Pac in numbers

\$166m

Market Capitalisation based on an A\$0.20 share price on 5 June 2020

850

Employees across Australia and New Zealand

19

Manufacturing & Warehousing facilities across Australia and New Zealand

7.2%

1H FY20 EBITDA margin

\$30m

FY20 EBITDA guidance¹ Pre-AASB16

\$60m

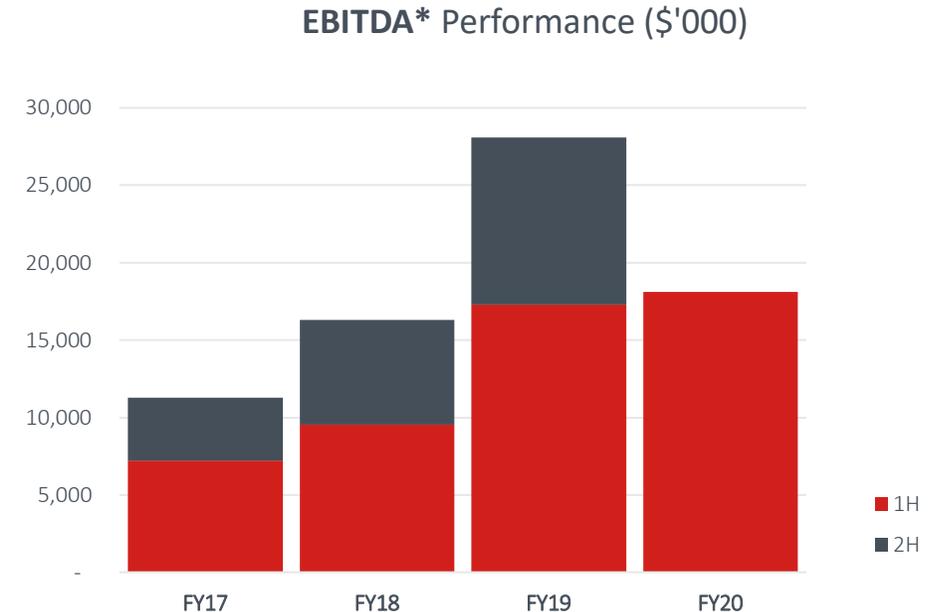
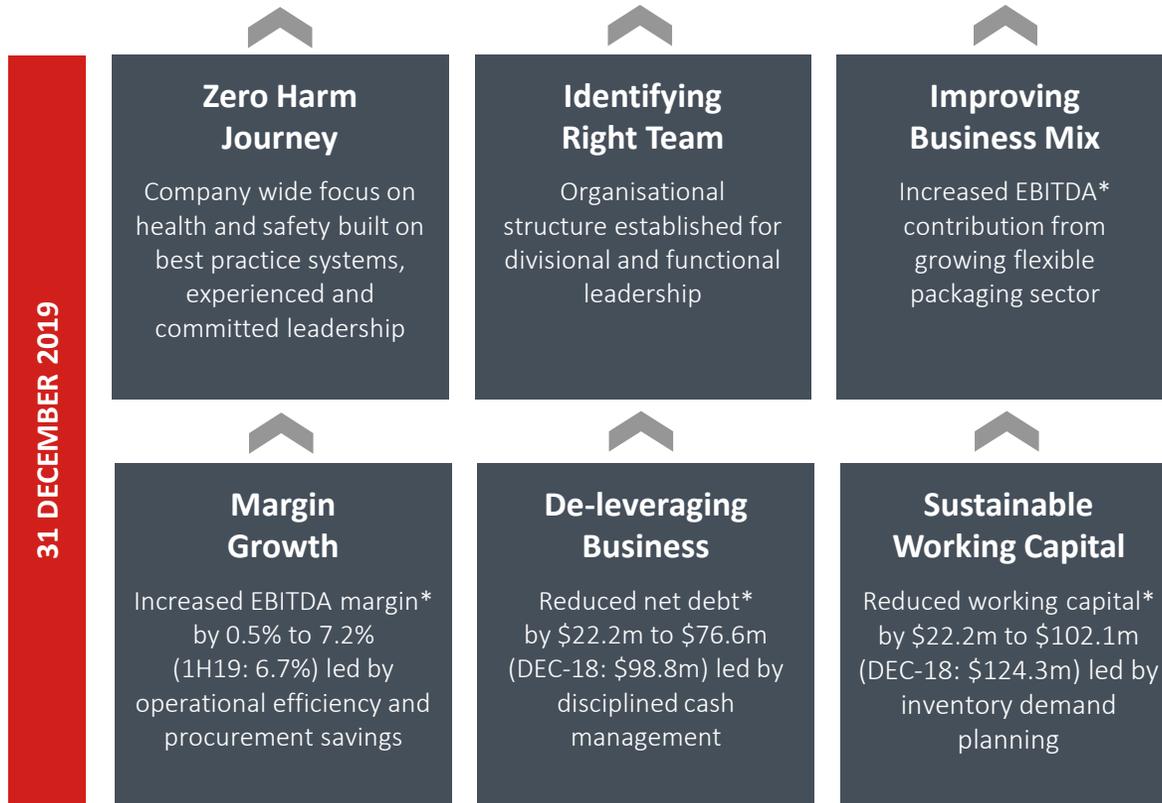
Net debt guidance¹ for 30 June 2020 down 22% in past 12 months



1. Guidance for FY20 EBITDA and Net Debt refer to ASX statement 27 May 2020

Delivering Improvement

Last 12 months has seen management drive considerable improvement in the key operating parameters, building a platform for the combined business to succeed



* Non-IFRS measure as defined in the Appendices, pre-AASB 16

Flexibles Packaging

With its Australian and New Zealand manufacturing and distribution network, Pro-Pac Packaging provides bespoke flexible packaging solutions specifically tailored for the industrial, food and beverage, health and agriculture sectors

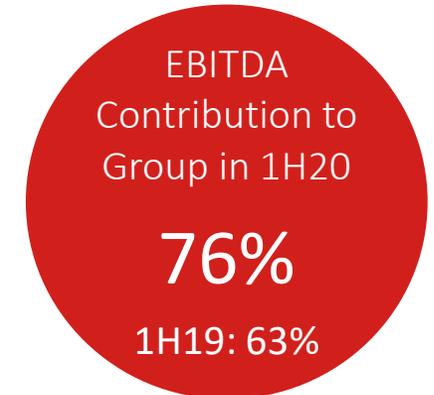
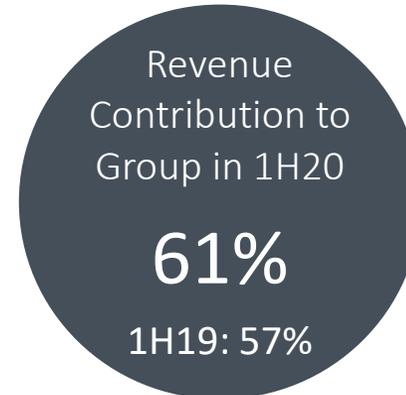
Products

- Products include stretch and shrink wrap, agricultural silage packaging, fresh produce bags, barrier and lidding films, industrial protective films and complementary machinery
- Integrated Recycling specialises in converting waste plastics into high quality performance products such as Duratrack railway sleepers

Key Priorities

Major areas of focus:

- Invest and grow with newly acquired extrusion technology
- Continuing to improve the operational fundamentals
- Advance site consolidation and overhead reduction
- Deepen customer intimacy



Industrial Packaging

A one stop shop for primary, secondary and tertiary packaging with deep expertise in food, beverage, agriculture, retail and health sectors

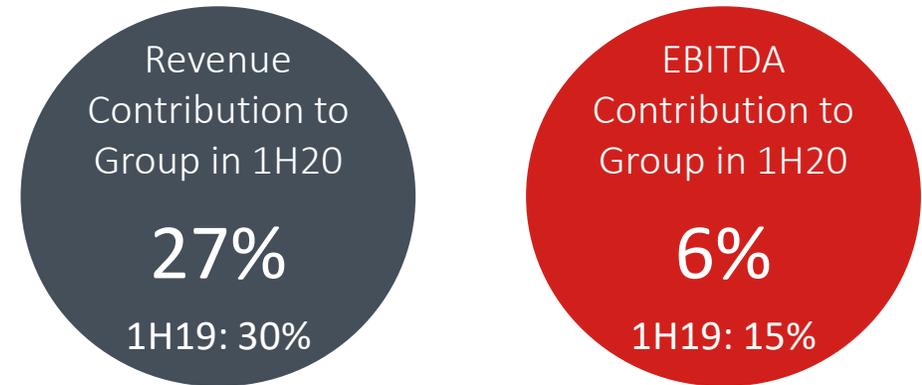
Products

- Manufactures, sources and distributes high performance packaging and combines this with personalised service from its national footprint
- Pro-Pac Packaging's key focus is to deliver innovative solutions to the manufacturing and industrial industries
- A key global sourcing partner to global supermarkets

Key Priorities

Major areas of focus:

- Getting the basics right
- Improve margins by leveraging new Procurement capabilities
- Right size business to a lower cost model and focus on value delivery
- Implement systems that enhance the customer experience



Rigid Packaging

A solution oriented business that focusses on partnering with the small to medium customers seeking technical and business support with tailored, personalised product and supply chain services

Products

- Manufactures, sources and distributes high performance packaging and combines this with personalised service from its national footprint
- Pro-Pac Packaging's key focus is to deliver innovative solutions to the manufacturing and industrial industries
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Key Priorities

Major areas of focus:

- New business opportunities in food and beverage, as well as emerging domestic health and wellbeing segments
- Advance the portfolio analysis and focus on niche product capabilities
- Improved plant efficiencies and consolidation of sourcing

Revenue
Contribution to
Group in 1H20

12%

1H19: 13%

EBITDA
Contribution to
Group in 1H20

18%

1H19: 22%



Key Priorities & Outlook

Key Priorities

Key Priorities

- Build a sustainable safety culture
- Invest and grow Flexibles business and continue to optimise manufacturing footprint
 - Consolidate Chester Hill Facility into Flexibles footprint. Annualised benefits of \$7m from 2022¹
- Establish a stable platform for growth, focused on customer – People, Processes and Systems
- Continue to strengthen the balance sheet
- Improve Industrial and Rigid business margins and return to growth



1. Refer to ASX statement 27 May 2020

Outlook

Outlook

- Trading¹ has been better than expected in the challenging COVID-19 environment and the company expects full year EBITDA², before significant items of around \$30 million (FY19 - \$28.1m).
- The company has continued to work diligently on working capital improvements and the net debt position at 30 June 2020 is expected to be around \$60m (30 June 2019 - \$82.9m).



1. Guidance for FY20 EBITDA and Net Debt refer to ASX statement 27 May 2020
2. Prior to AASB16 impacts and net of significant items