

ASX ANNOUNCEMENT

22 February, 2017

PACT GROUP 2017 HALF YEAR RESULTS

HIGHLIGHTS

- Sales revenue up 6% to \$727.4 million
- EBIT before significant items⁽¹⁾ up 13% to \$90.2 million
- NPAT before significant items⁽¹⁾ up 15% to \$52.9 million
- Strong earnings growth from acquisitions
- Efficiency benefits of \$8 million delivered in the period
- Strong cash generation and a robust balance sheet with gearing² of 2.9x and interest cover² of 7.6x
- Total Shareholder Return (TSR) of 41%³ and an interim dividend of 11.5 cents per share, up 15%

\$A millions	1H 2017	1H 2016	Change %
Sales revenue	727.4	688.2	6%
EBIT (before significant items)¹	90.2	80.0	13%
NPAT (before significant items)¹	52.9	45.9	15%
NPAT after significant items	50.2	41.9	20%
Interim dividend - cents per share	11.5	10.0	15%

(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 21 of the 2017 Half Year Results Investor presentation for a reconciliation.

(2) Gearing and Interest cover are non-IFRS financial measures and have not been subject to review by the Company's external auditor. Refer to page 11 of the 2017 Half Year Results Investor presentation for definitions.

(3) TSR measured as December 2016 31 day volume weighted average share price plus dividends received by shareholders in the 12 months to 31 December 2016, compared to December 2015 31 day volume weighted average share price.

Pact Group Holdings Ltd ('Pact' ASX: PGH) today announced statutory net profit after tax of \$50.2 million for the half year ended 31 December 2016. This included significant items after tax of \$2.7 million. Net profit after tax before significant items was \$52.9 million, up 15% compared to the prior corresponding period (pcp) of \$45.9 million.

The Board has determined an interim dividend of 11.5 cents per share (65% franked), 15% higher than the prior year's interim dividend.

Pact Managing Director and Chief Executive Officer, Malcolm Bunday, said the solid financial performance in the period, delivered against a backdrop of subdued demand conditions, demonstrates the Group's strengths in managing business fundamentals and executing value accretive acquisitions.

"We have maintained our focus on managing the fundamentals and have delivered further efficiency benefits and improved our customer focus.

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"Efficiency benefits of \$8 million were delivered in the period. This included benefits from the implementation of our Operational Excellence Program in addition to the incremental benefits from our 2015 Efficiency Program. A very pleasing result which is testament to our relentless focus on costs and the commitment of our people to ongoing business improvement.

"Pleasingly, we have delivered growth through new contract wins, particularly in our contract manufacturing sector, through a keen focus on our customer and improved sales process management.

"In addition, we have delivered further growth through acquisitions. We completed two acquisitions in the period, further diversifying our business portfolio, and successfully integrated the acquisitions completed last financial year. These acquisitions are performing well and in line with our expectations. Today we also announced the acquisition of a further contract manufacturing business, confirming our commitment to this growing industry segment.

"Disciplined management of our balance sheet and operating cash generation continues to support our growth initiatives. We have maintained gearing and interest cover within targeted levels and operating cash-flow was again improved.

"It is pleasing to report this solid operating performance," Mr Bunday said. "Our relentless focus on operational excellence, our diversity, and our disciplined acquisition strategy has enabled us to overcome market challenges and deliver revenue and strong earnings growth. I would like to thank our capable people for their outstanding contribution in the period to achieving this outcome".

Business Review

Group sales revenue increased 6% to \$727.4 million, with growth driven through acquisitions, new contract wins and favourable currency translation. These benefits were partly offset by lower underlying volumes and lower resin prices. Volume was adversely impacted by generally subdued consumer demand, lower volumes in the health and wellness sector largely due to customer destocking, lower demand for industrial packaging from dairy customers in New Zealand, and the incremental impact of prior year contract losses.

EBIT (before significant items) increased 13% to \$90.2 million. EBIT was favourably impacted by growth delivered through acquisitions, new contract wins and efficiency benefits of \$8 million. These benefits more than offset the impact of lower underlying volumes. EBIT margins improved to 12.4%, up 0.8%pts, favourably impacted by the Group's efficiency programs.

Growth Initiatives

During the half year the Group continued to drive the diversification of its product and customer portfolio, completing the acquisitions of:

- Australian Pharmaceutical Manufacturers (APM), a specialty contract manufacturer, completed in September 2016. The acquisition expands the Group's operations in specialised contract manufacturing and provides increased exposure to the attractive nutraceutical sector; and
- The Fruit Case Company (FCC), a crate pooling and hire business in New Zealand, completed in July 2016. FCC provides the Group with a leading position in crate pooling services in New Zealand, which complements our growing presence in the Australian market.

Today, the Group also announced it had entered into an agreement to acquire Pascoe's Group, a further expansion into specialised contract manufacturing, which expands Pact's capabilities into aerosol manufacturing.

During the period the Group progressed the establishment of crate pooling services in Australia to support Woolworths. Construction of the crate pool and wash facilities is well advanced. Operations are expected to commence on schedule in Q1 FY2018.

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Commenting on these important growth initiatives, Mr Bunday said, "The first half of this financial year has been a period of continued achievement. Our growth in contract manufacturing and materials handling represents a significant and valuable diversification of our product and service portfolio. We look forward to further growth as we integrate the Pascoe's acquisition in coming months".

Outlook

Mr Bunday said that the Group remains well positioned for the future. "We have a solid strategy which is delivering results. Whilst demand conditions across some sectors in which we operate remain subdued, acquisition benefits and our efficiency programs continue to support earnings growth.

"Our outlook remains unchanged. We expect to achieve higher revenue and earnings (before significant items) in FY2017, subject to global economic conditions," Mr Bunday said.

Ends

Pact will host an investor briefing at 10.00am (AEDT) today. This can be accessed by dialling +61 2 9007 3187 (Australia Local) or 1800 558 698 (Australia Toll Free) and entering conference ID 684043. The briefing can also be accessed at <http://webcasting.boardroom.media/broadcast/58741dbb1aa7170e402f3946>. A recording of the briefing will be available on the Pact website as soon as practicable after the briefing.

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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 contract 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 a diverse range of 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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