

Question:

Good afternoon Mr. Chairman, my name is Hans and I am a volunteer Company Monitor for the Australian Shareholders Association. I would first like to use this opportunity to congratulate the company on the progression of the strategic review. I would also like to commend the company in being able to return to a position where it can provide dividends again. I would like to ask for further information on the company's outlook in it's dividends moving forward.

Answer:

Thank you for your continued support of Pact. We are pleased with the progress the Company has made in the implementation of our new strategy, and the improved performance in FY20. We were delighted to reward our shareholders through the resumption of dividends.

As part of the strategy review, the Company reviewed its capital allocation priorities. The Company has agreed a disciplined capital allocation framework. This framework is included on page 15 of the Full Year Results Investor Presentation and is included below for your reference.

Under this Framework, priority is first given to sustaining capital. Ensuring our assets are, and remain, competitive. Secondly, we must maintain a strong balance sheet, with leverage managed below our desired target of less than 3x.

The allocation of remaining capital is then assessed based on returns, with the goal to maximise shareholder value. Our target here is to have a dividend payout ratio of greater than 40% of NPAT before significant items.

Achieving this dividend target will be influenced by our internal need for capital, particularly as we progress the turnaround of our packaging business, and the outcome of the proposed sale of Contract Manufacturing. These factors will be assessed by the Board when considering the payment of dividends, with the target to move to a minimum of 40% NPAT payout at the appropriate time.

