17 August, 2022

2022 Full Year Results

Sanjay Dayal: Chief Executive Officer
Paul Washer: Chief Financial Officer

PACT GROUP

Pact Group Holdings Ltd
ABN: 55 145 989 644

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All dollar values are in Australian dollars (A$) unless otherwise stated.

Non IFRS Financial Information
This presentation uses Non-IFRS financial information including EBITDA, EBIT, NPAT, operating cashflow, capex, free cashflow,, gearing, and net debt. These measures are Non-IFRS key financial performance measures used by Pact, the investment community and Pact's Australian peers with similar business portfolios. Pact uses these measures for its internal management reporting as it better reflects what Pact considers to be its underlying performance.

Underlying EBITDA and underlying EBIT are used to measure segment performance and have been extracted from the Segment Information disclosed in the Full Year Consolidated Financial Report.

All Non-IFRS information has not been subject to review by the Company's external auditor. Refer to Appendices for the reconciliation of underlying EBITDA and underlying EBIT items. Refer to Appendix 3 for definitions of non-IFRS financial measures.

PACT GROUP

Contents

Group Results

Earnings in line with guidance & delivering on strategy to lead the Circular Economy

PACT GROUP

FY22 Group results

Revenue
$1.838b
$1.762b in pcp

EBIT (Underlying)
$156.2m
$183m in pcp

NPAT (Underlying)
$70m
$94m in pcp

NPAT (Reported)
$12m
$88m in pcp

Gearing
2.7x
Within target range of <3x

Total Dividend
5.0c
Final Dividend 1.5c, franked to 65%

Earnings in line with guidance & delivering on strategy to lead the Circular Economy

- Revenue growth in both Packaging & Sustainability and Material Handling & Pooling segments with escalating demand for sustainable packaging
- Underlying adjustments are in line with those reported in 1H22, and Underlying EBIT within guidance range and in line with consensus
- Gearing at 2.7x, within target range
- Final dividend of 1.5 cents per share for a total of 5.0 cents per share for FY22

Environmental factors

1.

Labour efficiency and availability

- Flow on effects of the pandemic have been more severe than during the pandemic with staff availability significantly impacted by ongoing COVID impacts and flu season
- Supply side challenges remain, with record low unemployment

2.

Supply chain delays

- Shipping reliability below 40% and average shipping days over 5 days late throughout FY22
- Early signs of improvement with critical ports now open

3.

Raw material pricing

- Rapid price increases – HDPE resin up 35% from start of FY22 to peak in May 2022
- At record highs and expected to stabilise

4.

Demand subdued

- Westpac Consumer Confidence index reported material reduction in confidence in FY22 including a reduction each month for the last 7 months of the year with flow on effects experienced in discretionary spend sectors including health and beauty packaging
- Greenshoots yet to materialise

5.

Energy escalation

- Geopolitical factors including the Russia-Ukraine war and local supply constraints have seen energy prices escalate
- At record highs, expected to stabilise

Pact Overview & Strategy

We work with our customers to design innovative packaging solutions with increasing recycled content

PACT GROUP

Our segments

Three segments working together across the Circular Economy

PACT GROUP

PACT — PACKAGING & SUSTAINABILITY

68% of FY22 underlying EBITDA

A leader in sustainable packaging and plastics recycling, differentiated through manufacturing, technical and innovation capability and access to recycled materials. Building a network of recycling infrastructure, well positioned for growth

PACT — MATERIALS HANDLING & POOLING

29% of FY22 underlying EBITDA

An integral service provider to major supermarkets, retailers and governments. Provides sustainable and efficient supply chain solutions through best-in-class reuse platforms and technology.

PACT — CONTRACT MANUFACTURING

3% of FY22 underlying EBITDA

Leading supplier of innovative Contract Manufacturing products for the home, personal care, health and wellness categories.

Global footprint

Our locations serve our customers

PACT
PACKAGING & SUSTAINABILITY

PACT
MATERIALS HANDLING & POOLING

PACT
CONTRACT MANUFACTURING

Pact's role in the Circular Economy

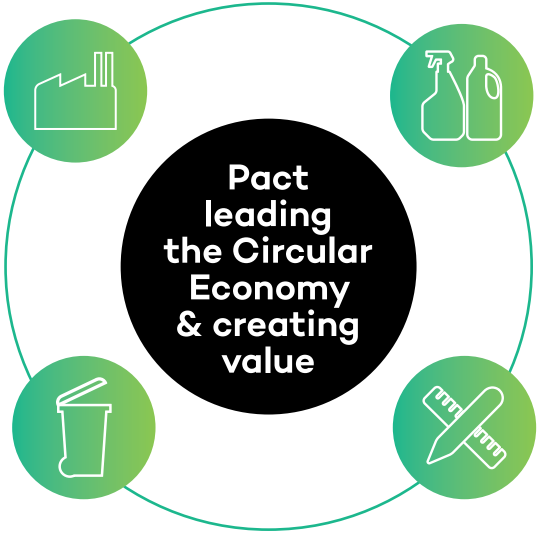
Pact is uniquely positioned within the recycled plastic packaging value chain

Recycling infrastructure and capabilities

- Circular Plastics Australia (PET) joint venture in Albury is operating, with recycling facilities at Laverton and Altona underway, and planning three additional sites
- Recycling capacity potential of 120k tonnes when pipeline complete
- Pact to receive $20 million from the Federal Government's Modern Manufacturing Initiative (MMI) supporting upgrade of facilities to enable use of recycled materials

Raw material availability

- Waste and export bans in place from 1 July
- Adoption of Container Deposit Schemes (CDS) in all states by 2023
- Improved recovery of recyclables through the 4 bin system
- Joint Ventures (JVs) provide unique access to plastic waste



Finished goods manufacture

- We are the largest rigid plastic packaging manufacturer in the region with a full service offering
- Pact sites including JVs now capable of producing recycled content. Pact is now at 10% average recycled content across plastics and increasing

Demand creation for recycled products

- Education, media, and labelling are changing consumer preferences, retailers such as Woolworths are driving change
- APCO 2025 targets adopted by our customers will require at least 20% average recycled content across all plastic packaging
- Government commitment to prioritise recycled materials in government procurement contracts

Our vision to lead the Circular Economy

Aspiration

Vision Pact will Lead the Circular Economy through reuse, recycling and packaging solutions

Target Top quartile shareholder returns and 30% recycled content across portfolio by 2025

Priorities

Strengthen Our Core		Expand Reuse and Recycling Capability			Leverage Regional Scale
Focus portfolio and strengthen balance sheet	Turnaround and defend core ANZ consumer packaging businesses	Lead plastics recycling in ANZ	Scale-up reuse solutions	Differentiate industrial and infrastructure businesses	Grow Asian packaging platform

Enablers

- Safe, diverse and motivated workforce
- Competitive manufacturing
- Segment skilled sales capability
- Differentiated solutions through technical expertise and innovation
- Circular Economy credentials and communication
- Disciplined capital management
- Data-driven decision-making

Values

Safety | Customer | Integrity | Innovation | Respect

Progress towards our 5 year strategy

Strategic priority highlights

- Recycled content firsts – converting customers to recycling, and producing at scale 100% recycled PET milk bottles for Norco & 30% recycled HDPE milk bottles for Meadow Fresh, developed fully recyclable protein tray & film packaging in NZ
- Circular Plastics Australia (PET) Joint Venture recycling facility commenced operations with food safe accreditation in place

  Link to Albury Recycling Facility video

- Acquisition of Synergy Packaging for ~$20 million to help meet the rapidly increasing demand for recycled plastic packaging
- Pact and Woolworths sustainability partnership underway and our pipeline of large Australian retailers is significant
- Continued growth in Pooling volume enhanced by Woolworths agreement to increase pooling usage by 30 million crates per annum

Strategic growth targets

Our Vision

Pact will lead the Circular Economy through reuse, recycling and packaging solutions

Targets

1. **Deliver value** from the Circular Economy of at least an additional $25 million EBIT, with run rate achieved by end FY25
2. **Increase average recycled content** across plastics to 30% by the end of FY25
3. **Margin growth in Packaging Australia** to 10% by FY26
4. **Refine the portfolio** and reset gearing levels to below 2.5 times by FY24
5. **Safety target** of TRIFR below 8.0 by FY24
6. **Emissions target** to reduce our Scope 1 and 2 Greenhouse Gas emissions by 50% by 2030 in Australia & New Zealand from a FY21 baseline

Focus on our people

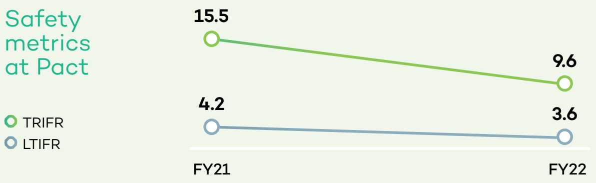
Safety as a value comes first

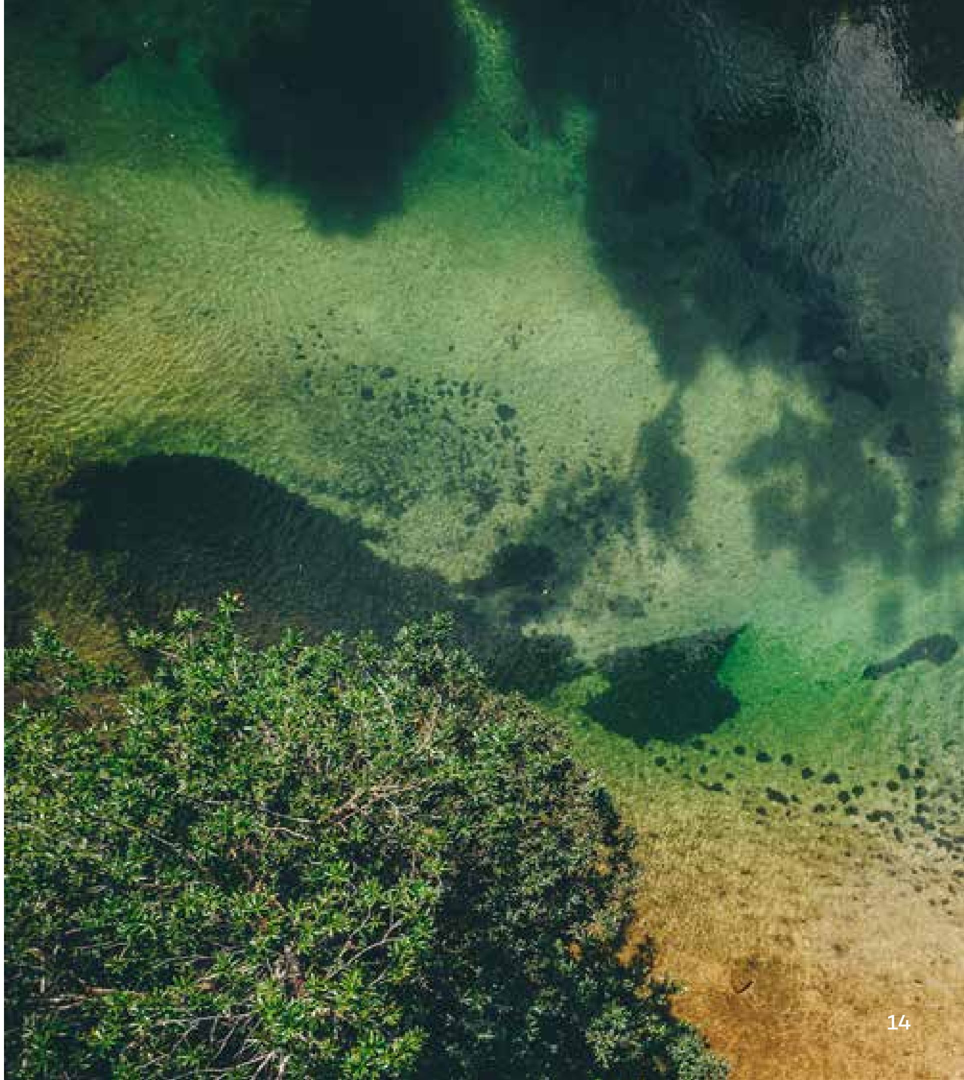
- Committed to keeping our people safe, with strict health and safety protocols at our sites
- TRIFR decreased from 15.5 in FY21 to 9.6 in FY22, LTIFR down from 4.2 in FY21 to 3.6 in FY22
- Significant reduction in days lost with lower workers compensation claims due to increased focus on safety

Diverse and engaged workforce with high performing culture

- Introduced an in-house leadership program raising capability and driving culture
- Rolled out sales excellence program which will drive value from our strategy to lead the Circular Economy

Safety metrics at Pact





Segment update

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Packaging & Sustainability

Earnings growth reflects strong demand and cost recovery

$A millions	FY21	FY22	Variance
Revenue	1,131	1,209	7%
Underlying EBITDA	191	198	4%
Underlying EBIT	105	110	5%
EBITDA %	16.9%	16.4%	(0.5)pp
EBIT %	9.2%	9.1%	(0.1)pp

Strong performance in tough market

- Volume growth in Packaging New Zealand on the back of a strong dairy season, a major new piece of business which covers supply in Australia and New Zealand, and first full year of Pact Packaging Wellington (Flight) volume
- Closures business achieved revenue and EBIT growth despite significant impact from China disruption
- Recycling business delivered strong revenue growth with increasing demand and EBIT up on prior year
- Circular Plastics Australia (PET) joint venture recycling facility in Albury operating well, two more facilities on stream next year and a further three in planning phase

PACT
PACKAGING & SUSTAINABILITY

Pact's increased capacity to process recycled content locally will play an important role in enabling more of our Unilever products to be made with recycled plastic... It is partnerships like these that help us bring some of Australia's favourite brands to consumers in a more sustainable way.

Unilever

Having access to a local sourced food grade rHDPE is of particular interest as it will enable us to achieve our sustainability targets...and meet the Australian National Packaging Targets...

Fonterra

Materials Handling & Pooling

Revenue growth despite trading conditions

$A millions	FY21	FY22	Variance
Revenue	344	354	3%
Underlying EBITDA	86	83	(3%)
Underlying EBIT	54	50	(8%)
EBITDA %	24.9%	23.6%	(1.3)pp
EBIT %	15.8%	14.1%	(1.7)pp

Economic conditions impacted costs and earnings

- Reuse business recorded underlying revenue growth and slight EBIT decline reflecting lag effect of cost recoveries
- Pooling business reported organic growth despite the negative impact from a slowing of the supply chain, Sulo bins have secured significant new revenue for FY23, Infrastructure recorded growth in FY22
- Retail accessories impacted by slow down in retail sector towards the end of FY22, recent contract renewals with key Australian customers to impact positively on FY23

PACT
MATERIALS HANDLING & POOLING

Woolworths Group and Pact's latest work on recycled plastic is the next chapter of a long-term relationship between the two businesses...Together, Pact and Woolworths plan to scale up the use of reusable plastic produce crates over the next three years to approximately 80 million crates per year.

Woolworths press release 25 July 2022

Contract Manufacturing

Foundations in place to drive turnaround

$A millions	FY21	FY22	Variance
Revenue	322	306	(5%)
Underlying EBITDA	39	9	(78%)
Underlying EBIT	24	(4)	(117%)
EBITDA %	12.0%	2.8%	(9.2)pp
EBIT %	7.4%	(1.3%)	(8.7)pp

FY22 reflects a full year without hand sanitiser sales

- Revenue down $16 million on pcp due to one off revenue in prior year of $20 million. Underlying EBIT loss of $4 million in a very challenging year with rapid cost inflation and lower volumes in 1H22 due to COVID lockdowns
- Quarterly price rises for customers on rise and fall contracts implemented and price increases realised with many "contract" customers, will impact positively on FY23
- Contract negotiations underway and recent success with a range of new customers looking to onshore in all categories driving revenue in FY23
- New management building capabilities to better manage ongoing domestic and global supply chain challenges. New liquids facility at Horsley Park on track for completion in FY23, will increase capability and reduce cost

PACT
CONTRACT MANUFACTURING

Pact Contract Manufacturing has been an extremely reliable and solutions focused partner for Swisse over the past few years. Their commitment to quality and service, and their willingness to work with us on our strategic goals has had a meaningful impact on the success of Swisse in Australia and internationally.

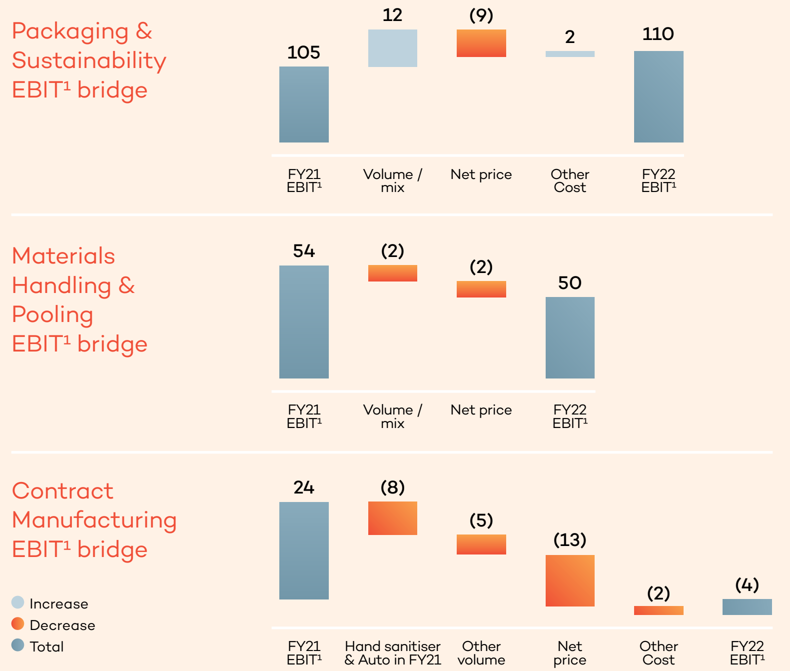
Swisse

FY22 Financial Results

FY22 results

$A millions	FY21	FY22	Variance
Revenue	1,762	1,838	4%
Underlying EBITDA	315	290	(8%)
Underlying EBIT	183	156	(15%)
Underlying EBIT margin	10.4%	8.5%	(1.9%)
Underlying NPAT	94	70	(25%)
Underlying adjustments after tax	(6)	(58)	
Reported NPAT	88	12	(86%)
ROIC	11.8%	9.8%	(2.0pp)
Free cash flow	104	69	(34%)
Gearing	2.4	2.7	(0.3)
Gearing (including leasing)	3.4	3.6	(0.2)
Reported EPS (cps)	25.4	3.5	(86%)

- Revenue up 4% driven by growth particularly in Packaging & Sustainability segment
- Underlying EBIT within previously guided range despite ongoing supply chain disruption



1. Underlying EBIT

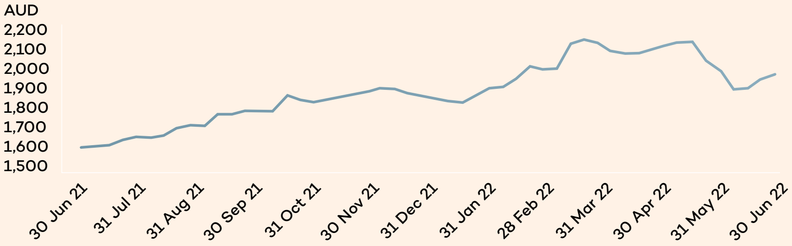
Trading Result

Supply chain disruption & adjustments

One off negative impacts in FY22, expect 2H23 to show improvement

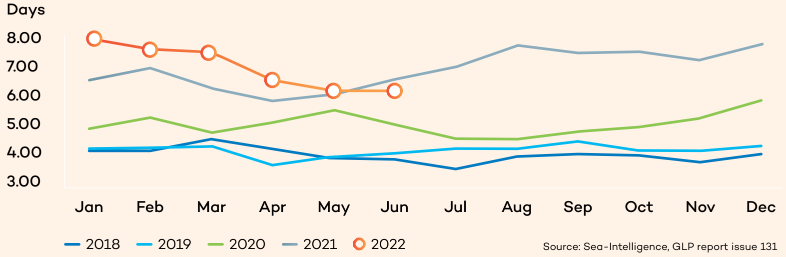
- Underlying EBIT negatively impacted by ~ $17 million, net of price increases to customers, due to raw material price increases including resin (see chart right), labour inefficiencies, and both shipping delays and deterioration in reliability (see charts below)
- Anticipate these elevated supply chain costs will continue
- Underlying adjustments for the year totalled $77 million pre tax and $58 million post tax, predominantly relating to impairments in the Contract Manufacturing business and are in line with the adjustments outlined in the first half of FY22 , refer Appendix 2

Resin index FY22



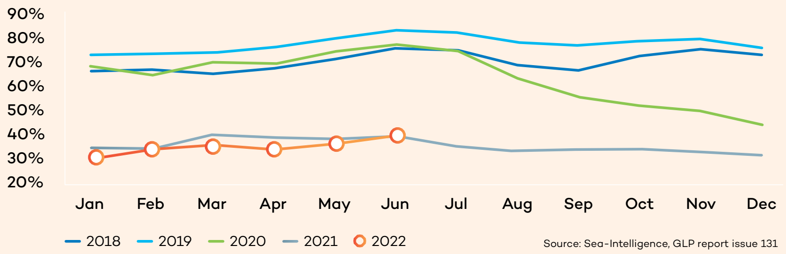
HDPE Blow Moulding South East Asia mid point, AUD

Global Shipping Average Delays for Late Vessel Arrivals



Source: Sea-Intelligence, GLP report issue 131

Global Shipping Schedule Reliability

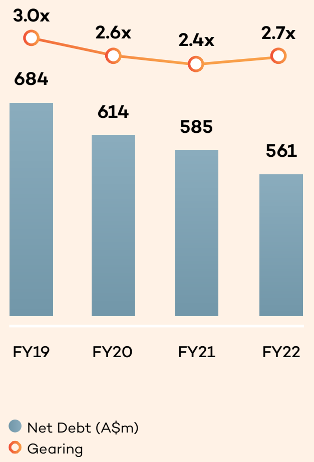


Source: Sea-Intelligence, GLP report issue 131

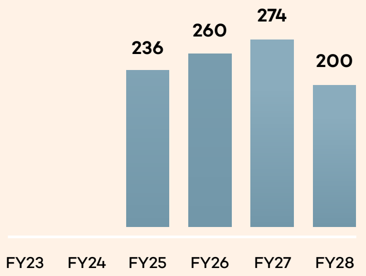
Balance Sheet

Debt facilities refinanced, gearing below target

Net Debt and Gearing



Debt Maturity Profile



Gearing maintained below target range at

2.7x

within targeted range of less than 3.0x

Net Debt

$561m

improved on pcp by $24 million

- Unused debt facilities total $326 million
- Average period to maturity improved to 4 years on the back of refinance during FY22
- Loan book interest rate hedged to 37% of variable debt facilities at year end excluding Securitisation facilities
- Net Debt reduction achieved despite supply chain challenges

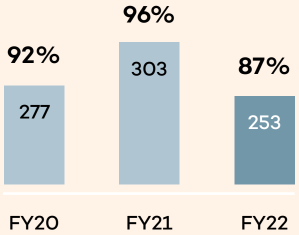
Cash Flow

Cash management

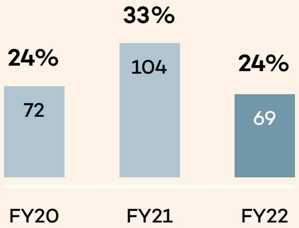
Capital investment program continues and significant one-off inflows in FY22

Cashflow conversion (A$m, %)

Operating cashflow



Free cashflow



- Operating cash flow of $253 million is lower than FY21 due to reduced earnings and increased working capital requirements
- Capital investment plan continued with capex $90 million and investment in Joint Ventures $13 million
- One off inflows from underlying adjustments include net cash inflows of $28 million relating primarily to a property disposal in China
- Working capital investment elevated in 2H22 with a decision made to increase inventory levels to ensure customers received orders on time despite supply chain challenges
- Working capital requirement for 1H23 will be dependent on supply chain disruption and timing of capital projects

Capital expenditure well managed

Capital Allocation

Operating cash flow

Sustenance capital
Annual spend 70% of depreciation[1]

Maintain a strong balance sheet
Gearing under 3.0x

Dividends
40% of Underlying NPAT

Organic growth and restructuring
Prioritised based on ROIC return (>15%) and in aligned segments

M&A
Strategically aligned and delivers 15% ROIC in the medium term

Maximise Shareholder Value
ROIC above 13.5%[2]

Total Dividend
5.0c
11c in pcp

ROIC
9.8%
down 2.0pp

Continued the investment in strategic growth initiatives

$A millions	FY21	FY22
Capital expenditure	78	90
Recycling JVs	9	13
M&A	47	0

- Packaging & Sustainability capex $59 million including upgrading recycling capability and investment in packaging platforms
- Material Handling & Pooling capex $20 million including expanding crate fleet
- Contract Manufacturing $11 million for the new premises and high speed fill line in Horsley Park
- Investment in Joint Ventures to develop recycling infrastructure
- FY23 capital expenditure expected to be around $100 million
- ROIC of 9.8% reflects supply chain impact on FY22 result

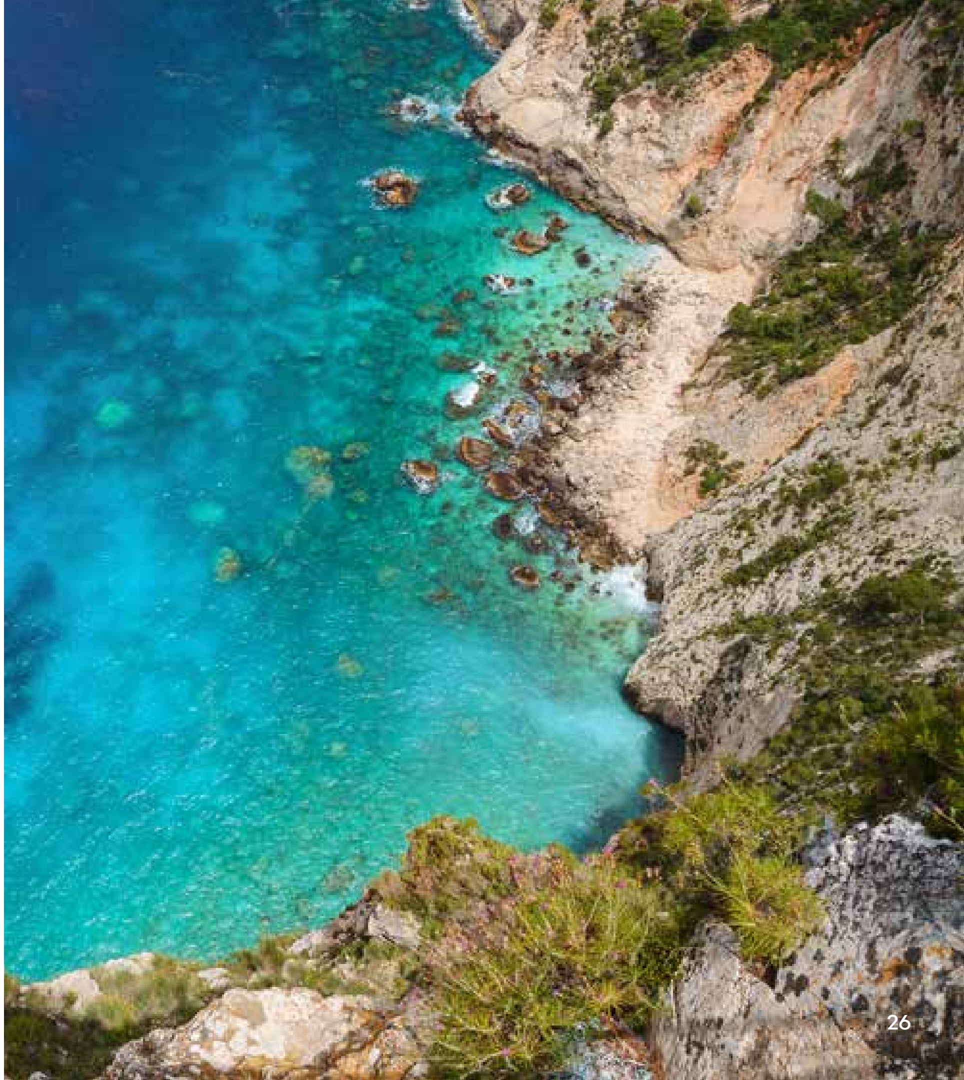
1. Depreciation excluding the depreciation of right of use assets
2. EBIT divided by Average Invested Capital which is defined as Average Total Assets (exc Deferred Tax) – Average Cash and equivalents – (Average Current Liabilities (exc Deferred Tax Liabilities) – Average Current Financial Liabilities)

Outlook

FY23 Outlook

Pact expects ongoing supply chain disruption, cost increases across most spend categories and volatile labour availability. Despite these disruptions, we forecast underlying EBIT to grow slightly in FY23.

Consistent with our approach last year and given the uncertainties of the operating environment, the Group will provide an update on trading at the AGM.



Appendices

1. Reconciliation of Statutory Income

$A millions	FY21	FY22
Statutory profit before income tax expense	**123.3**	**22.4**
Net finance costs and loss on de-recognition of financial assets	51.2	56.6
Reported EBIT	**174.5**	**79.0**
Underlying adjustments expense	8.4	77.2
Underlying EBIT	**182.9**	**156.2**
Depreciation and amortisation expense	132.0	133.7
Underlying EBITDA	**314.9**	**289.8**

	FY21	FY22
Statutory net (loss) / profit	**87.5**	**12.2**
Underlying adjustments before tax	8.4	77.2
Tax benefit on underlying adjustments	(2.4)	(19.2)
Underlying NPAT	**93.5**	**70.2**

2. Underlying Adjustments

$A millions	**FY21**	**FY22**
Transaction costs	(1.7)	(6.7)
Costs arising from factory fire	(4.0)	(1.7)
Inventory write downs and related disposal costs	0.0	(17.8)
Insurance settlements for events in prior periods	1.8	7.0
Profit on sale of properties	4.4	20.5
Net gains on lease modification	0.0	2.7
Compensation for business closure	0.0	8.9
Business restructuring programs		
Restructuring costs	(6.2)	(10.7)
Asset write downs	0.0	(4.4)
Right of use asset impairment	0.0	(2.7)
Impairment and write off expenses:		
Tangible asset write off	(2.7)	(42.3)
Intangible assets impairment	0.0	(29.9)
Underlying Adjustments before tax	**(8.4)**	**(77.2)**
Tax on underlying adjustments	2.4	19.2
Underlying adjustments after tax	**(6.0)**	**(58.0)**

3. Definitions of Non-IFRS Financial Measures

Capex represents capital expenditure payments for property, plant and equipment

Underlying EBITDA refers to EBITDA before underlying adjustments. EBITDA is defined as earnings before net finance costs and losses on de-recognition of financial assets, income tax, depreciation and amortisation – refer to Appendix 1 for a reconciliation to statutory profit for the period

Underlying EBIT refers to EBIT before underlying adjustments. EBIT is defined as earnings before net finance costs and losses on de-recognition of financial assets and income tax – refer to Appendix 1 for a reconciliation to statutory profit for the period

EBIT margin is calculated as underlying EBIT before significant items as a percentage of revenue

Free cashflow is defined as statutory net cash flows provided by operating activities less capex, less repayments of lease liability principals and after proceeds from asset sales and other sundry items

Gearing is calculated as net debt divided by rolling 12 months underlying EBITDA excluding the impact of lease accounting following the adoption of AASB16

LTIFR is lost time injury frequency rate

Net finance costs and losses on de-recognition of financial assets is net of interest income

Net debt is calculated as interest bearing liabilities (excluding lease liabilities recognised under AASB16) less cash and cash equivalents

Underlying NPAT refers to NPAT before underlying adjustments. NPAT is defined as net profit after tax – refer to Appendix 1 for a reconciliation to statutory profit for the period

Operating cashflow is defined as underlying EBITDA, adjusted for interest, tax and one-off items

Operating cashflow conversion is defined as operating cashflow divided by underlying EBITDA

ROIC represents return on invested capital and is defined as rolling 12 months underlying EBIT divided by rolling 12 months average total assets (excluding cash, cash equivalents and deferred tax) less current liabilities (excluding interest bearing liabilities and tax liabilities)

TRIFR is total recordable injury frequency rate

Underlying adjustments (referred to as significant items in prior periods), includes items that are individually material or do not relate to the operating business. The measurement of underlying adjustments is consistent with that used for significant items in prior periods.

Our promise is to create a better and more prosperous world all round. That's our future Pact.

Let's Lead the Way Together.

www.pactgroup.com

PACT GROUP

Pact Group Holdings Ltd
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