16 August 2023

2023 Full Year Results

Sanjay Dayal: Managing Director and Group 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 cash flow, capex, free cash flow, 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 audit by the Company's external auditor. Refer to Appendices for the reconciliation of underlying EBITDA and underlying EBIT items. Refer to Appendix 4 for definitions of non-IFRS financial measures.

Contents

FY23 Group results

Revenue
$1.949b
$1.838b in pcp

EBIT (Underlying)
$145m
$156m in pcp

NPAT (Underlying)
$45m
$70m in pcp

NPAT (Reported) profit/(loss)
($7m)
$12m in pcp

Gearing
3.0
2.7x in pcp

Total dividend
-
5.0c in pcp

Underlying EBIT in line with guidance

- Revenue growth of 6% due to cost recovery with some volume growth in parts of Packaging & Sustainability and Contract Manufacturing segments
- Underlying EBIT within guidance range and reflects weather events and changes in consumer spending patterns in Australia and New Zealand, and a slow down in demand out of China
- Reported NPAT reflects a non-cash impairment of assets in Packaging Australia and China, and increased finance costs
- Gearing temporarily elevated due to the scale of the capital program to prepare the packaging platform for recycled plastic packaging
- The Pact board has resolved not to pay a final dividend.

Pact Strategy Update

Our Vision is to Lead the Circular Economy

PACT GROUP

Strategy Update

*expected to complete in calendar year 2023

Sold 50% of Crate Pooling into separate joint venture

– expected completion in 2023 calendar year

The transaction

- 50% of the Crate Pooling business sold to Morrison & Co, a global infrastructure investment manager
- Created a new joint venture owned 50/50
- Enterprise value $380 million[1] (FY23 EBITDA[2] $34.9 million)
- Net cash proceeds after transaction costs, duties and taxes in the order of $160 million

Impact

- Joint venture will fast track growth in pooling
- Secured strong financial partner to help grow this business
- Releases capital to accelerate investment in Circular Economy strategy
- Pay down debt and thereby reduce Gearing
- Detailed update on financial impact to be provided at AGM

1. Enterprise Value on a debt free, cash free basis, subject to completion adjustments including for movements in working capital and contingent upon future outcomes.
2. on a pre AASB16 basis

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
   - Woolworths Group and Aldi Australia agreements have validated this strategy
   - Right-sizing cost to serve
2. **Margin growth in Packaging Australia** to 10% by FY26 as part of the Circular Economy strategy
   - Progress slowed as economic conditions have put pressure on margins
   - Margin from recycled content to contribute to growth
3. **Increase average recycled content** across plastics to 30% by the end of FY25
   - At 12% and on track to meet target

Strategic growth targets cont'd

Our Vision

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

Targets

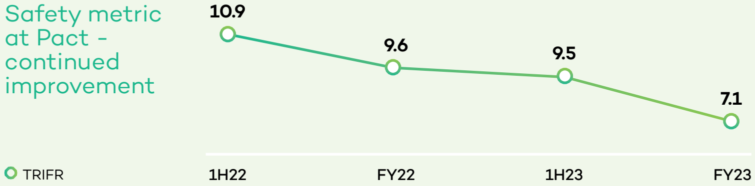
4. **Refine the portfolio** and reset gearing levels to below 2.5 times by end of FY24
   - Focussed on optimising our portfolio of businesses
5. **Safety target** of TRIFR below 8.0 by FY24
   - Achieved TRIFR of 7.1 at reporting date
6. **Emissions target** to reduce our Scope 1 and 2 Greenhouse Gas emissions by 50% by 2030 in Australia & New Zealand from a FY21 baseline
   - On track with solar panels added to new sites and implementing required changes

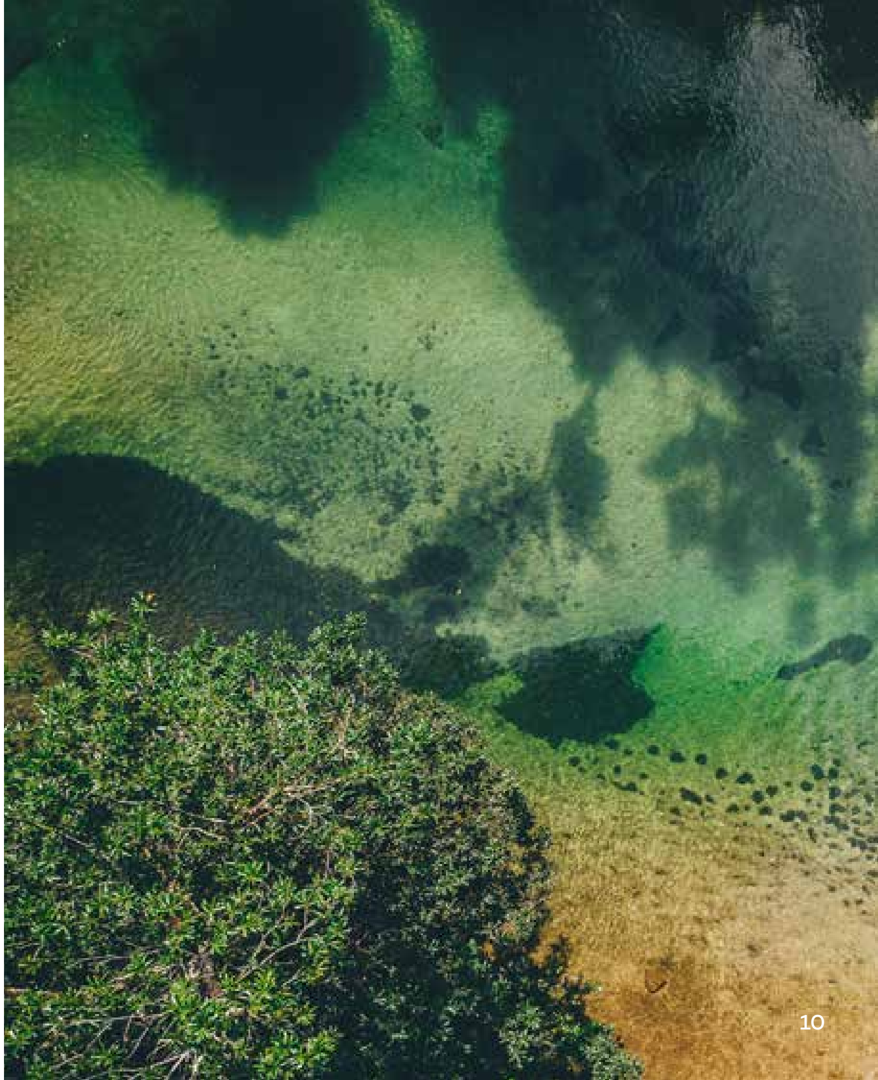
Focus on our people

Safety as a Value comes first

- The safety of our people is our priority, we are committed to keeping our people safe, with strict health and safety protocols at our sites
- TRIFR has reduced again to 7.1 and majority of the injuries were low consequence
- The key focus is on identification and elimination of hazards and assessment of major risks

Safety metric at Pact - continued improvement





Segment update

Packaging & Sustainability

Revenue growth achieved in challenging conditions

$A millions	FY22	FY23	Variance
Revenue	1,209	1,282	6%
Underlying EBITDA	198	189	(5%)
Underlying EBITDA Margin	16.4%	14.7%	(1.7pp)
Underlying EBIT	110	102	(8%)
Underlying EBIT Margin	9.1%	7.9%	(1.2pp)

Disciplined approach to cost containment and recovery in an inflationary environment

- Packaging Australia revenue up 8% on pcp reflecting cost recovery and strong volume growth in Health & Personal Care
- Packaging New Zealand performance was solid with revenue up 9% on pcp
- Closures and Asia revenue up 1% on pcp despite significant demand reduction out of China
- Underlying EBIT down 8% due to increases in domestic freight and labour costs not fully recovered from the market

Materials Handling & Pooling

Reuse growth offset by challenging retail backdrop

$A millions	FY22	FY23	Variance
Revenue	354	347	(2%)
Underlying EBITDA	83	74	(11%)
Underlying EBITDA Margin	23.6%	21.3%	(2.3pp)
Underlying EBIT	50	40	(19%)
Underlying EBIT Margin	14.1%	11.6%	(2.5pp)

Performance in 2H in line with pcp. Result reflects negative retail trade conditions in 1H

- Reuse revenue up 9% reflecting volume growth in Crate Pooling and SULO bins
  - Woolworths and Aldi crate pooling contract extensions
  - Invested in the crate pool in New Zealand
- Retail Accessories revenue declined 17% on pcp as a result of sharp and deep slow down in garment retail sector

Contract Manufacturing

Turnaround developing pace

$A millions	FY22	FY23	Variance
Revenue	306	357	17%
Underlying EBITDA	9	14	65%
Underlying EBITDA Margin	2.8%	4.0%	1.2pp
Underlying EBIT	(4)	3	184%
Underlying EBIT Margin	(1.3%)	0.9%	2.2pp

Underlying EBIT turnaround in line with ambition

- Revenue up 17% on pcp reflecting increased volume and price recovery across all sectors
- Horsley Park new state of the art liquid facility to be operational in Q2 FY24

Financial Results

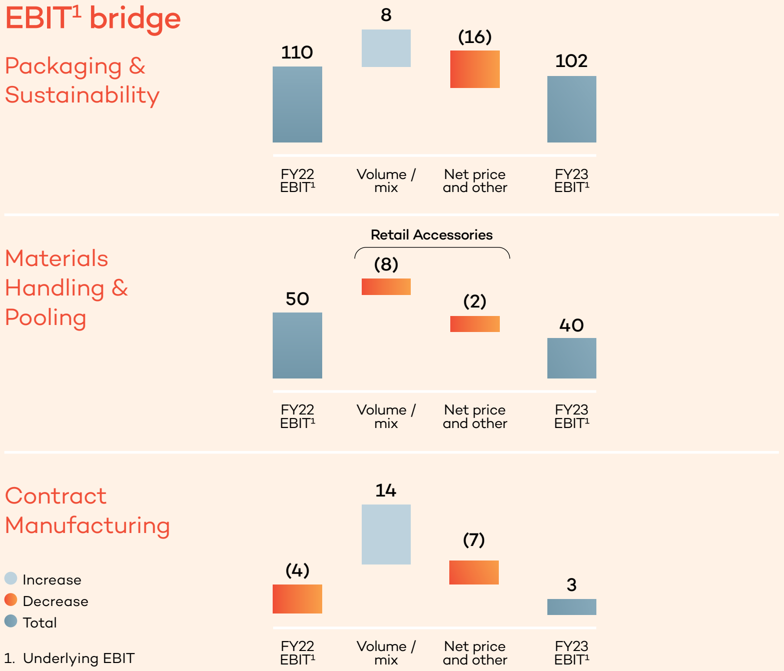
Group Results

FY23 full year results

$A millions	FY22	FY23	Variance
Revenue	1,838	1,949	6%
Underlying EBITDA	290	277	(4%)
Underlying EBIT	156	145	(7%)
Underlying EBIT Margin	8.5%	7.5%	(1.0pp)
Underlying NPAT	70	45	(36%)
Underlying adjustments after tax	(58)	(51)	
Reported NPAT profit/(loss)	12	(7)	

- Revenue up 6% driven primarily by cost recovery of $95 million
- Underlying EBIT within previously guided range and reflecting inflationary pressures in Australia and New Zealand, and a slow down in China late in the year
- Underlying adjustments total $51 million after tax and primarily relates to the non-cash impairment of assets in Packaging Australia

EBIT[1] bridge



1. Underlying EBIT

Balance Sheet

Debt, Cash and Working Capital

Gearing

3.0x

FY22 2.7x
+ 0.3x

Net Debt

$586m

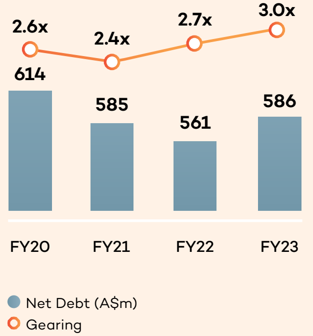
FY22 $561 million
+ $25 million

Inventory

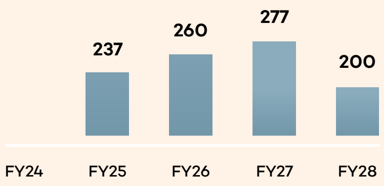
$252m

FY22 $285 million
- $33 million

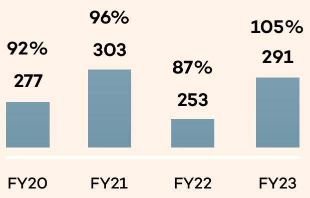
Net Debt and Gearing



Debt maturity profile



Operating cash flow



Capital expenditure and returns

ROIC

9.0%

9.8% in pcp

Capex

$130m

$90m in pcp

Continued investment in strategic growth initiatives

$A millions	FY22	FY23
Capital expenditure	90	130
Recycling JVs	13	1
M&A	-	20

- Capital expenditure of $130 million is gross of $7 million from Federal Government fund
- Capital investment reflects an investment in the plastic packaging platforms to enable recycled content in packaging
- ROIC of 9.0% reflects the delayed return on the packaging platforms
- Medium term focus remains on Return on Invested Capital of >15%
- Total capital expenditure to reduce to approximately $85 million for FY24

FY23 capital spend

Packaging & Sustainability

Continued the upgrade of processed foods, opened a new packaging site in Laverton, recycled content upgrade at the Brownes Dairy site in WA, and moved to a new facility in the Philippines manufacturing deodorant bottles and caps

$63m

Materials Handling & Pooling

Introduced a new mega folding bin, significantly increased the crate pool in New Zealand and added capacity to SULO bin manufacturing

$33m

Contract Manufacturing

Finalising a new facility in Horsley Park with a high speed liquid laundry fill line, in testing phase and operational this calendar year

$34m

Update on key capital projects

Minto – folding mega bins

Operating since Q4 FY23

Horsley Park – high speed liquid fill line

To open Q2 FY24

Philippines – packaging new site

Operating since Q4 FY23

Christchurch - Dairy closures site

Operating since Q4 FY23

Balance Sheet

Non-cash impairment of assets

Impairment before tax

$53m

Impairment background

- Property, plant and equipment in Packaging Australia ($48m) and in China ($5m) has been written down
- Continued investment in multiple recycling platforms will result in stranded and redundant plant and equipment
- This aligns to Pact's strategic intent to invest in new plant and equipment to build scaled rHDPE packaging solutions including the Dairy & Beverage category
- The new platform will access rHDPE produced at Laverton joint venture facility

Outlook

Outlook

We will provide an update on performance at our AGM.

In relation to factors impacting FY24:

- Inflationary pressures are continuing which impacts on consumer demand and buying patterns
- Input costs remain elevated but are stabilising
- Focussed on a reduction in cost to serve

Appendices

1. Reconciliation of Statutory Income

$A millions	FY22	FY23
Statutory profit/(loss) before income tax expense	**22.4**	**(3.8)**
Net finance costs and loss on de-recognition of financial assets	56.6	82.7
Reported EBIT	**79.0**	**78.9**
Underlying adjustments expense	77.2	66.4
Underlying EBIT	**156.2**	**145.3**
Depreciation and amortisation expense	133.7	131.8
Underlying EBITDA	**289.8**	**277.0**

$A millions	FY22	FY23
Statutory net profit / (loss)	**12.2**	**(6.6)**
Underlying adjustments before tax	77.2	66.4
Tax benefit on underlying adjustments	(19.2)	(15.0)
Underlying NPAT	**70.2**	**44.8**

2. Underlying Adjustments

$A millions	FY22	FY23
Transaction costs	(6.7)	(4.0)
Costs arising from factory fire	(1.7)	-
Inventory write downs and related disposal costs	(17.8)	-
Insurance settlements for events in prior periods	7.0	1.2
Profit on sale of properties	20.5	2.8
Net gains on lease modification	2.7	-
Compensation for business closure	8.9	-
Business Restructuring Programs:		
Restructuring costs	(10.7)	(9.3)
Asset write downs	(4.4)	(4.5)
Right of use asset impairment	(2.7)	-
Impairment and write down expenses:		
Tangible asset write down	(42.3)	(52.6)
Intangible assets impairment	(29.9)	-
Total underlying adjustments	**(77.2)**	**(66.4)**
Tax benefit on underlying adjustments	19.2	15.0
Underlying adjustments after tax	**(58.0)**	**(51.4)**

3. Cash flow reconciliation

$A millions	FY22	FY23
Statutory net cash flows provided by operating activities	**174.6**	**186.4**
Payments for property, plant and equipment	(90.3)	(129.8)
Proceeds from sale of property, plant and equipment	26.6	0.1
Proceeds from government grants	8.0	7.0
Repayment of lease liability principal (net of incentives received)	(52.1)	(54.4)
Sundry items	2.5	0.0
Free cash flow	**69.4**	**9.3**
Statutory net cash flows provided by operating activities	**174.6**	**186.4**
Borrowing, trade debtor securitisation and other finance costs paid	57.1	77.1
Income tax paid	27.6	12.8
Business restructuring spend	5.4	12.6
Other items	(10.3)	5.4
Proceeds from securitisation of trade debtors	(1.2)	(3.6)
Operating cash flow	**253.2**	**290.8**

4. Definitions including 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 cash flow 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 Leases

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 cash flow is defined as underlying EBITDA, adjusted for interest, tax and one-off items

Operating cash flow conversion is defined as operating cash flow divided by underlying EBITDA

pcp prior corresponding period

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 includes items that are individually material or do not relate to the operating business

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

Let's Lead the Way Together.

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