



ASX Announcement

29 November 2021

Pact Group Holdings Limited's 2021 Annual General Meeting Presentation

Please find the Presentation which accompanies the Chairman's address and CEO's Speech, at Pact Group Holdings Limited's Annual General Meeting, commencing at 12:00PM (AEDT), to be held virtually.

ENDS

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This document has been authorised for release by Jonathon West, Company Secretary.

Internal use only

Annual General Meeting

29 November 2021

PACT
GROUP

Important Information

This Presentation contains the summary information about the current activities of Pact Group Holdings Ltd (Pact) and its subsidiaries (Pact Group). It should be read in conjunction with Pact's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), including the Full Year Consolidated Financial Report and associated Media Release, which are available at www.asx.com.au.

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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 EBIT, NPAT, operating 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 EBIT is used to measure segment performance and has 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 the FY21 Full Year Results Presentation released to the ASX on the 18th August 2021 for definitions of non-IFRS financial measures.

Raphael Geminder

Chairman



Your Board



**Raphael
Geminder**

Non-Executive
Chairman



**Jonathan
Ling**

Non-Executive
Director



**Lyndsey
Cattermole** AM

Non-Executive
Director



**Carmen
Chua**

Non-Executive
Director



**Michael
Wachtel**

Non-Executive
Director



**Sanjay
Dayal**

Managing
Director &
Group CEO

FY21 In Review



Underlying EBIT
up 10% to \$183M



Underlying NPAT
up 28% to \$94M



EBIT Margins up
1.2% to 10.4%



Net debt reduced
and gearing
improved to 2.4x
(prior year 2.6x)



ROIC improved to
11.8% (prior year
10.6%)



Execution of
strategy to lead the
Circular Economy
gaining momentum



Total dividends
11.0 cents per
share (65%
franked) — up from
3.0 cents per share
in the prior year

Sustainability

Sustainability underpins and shapes our core philosophy and day-to-day business decisions

We have made a promise to become the number one partner of sustainable choices for our customers. Our 2025 sustainability targets are:

Reduce

Eliminate all non-recyclable packaging that we produce

Reuse

Have solutions to reduce, reuse and recycle all single use secondary packaging in supermarkets

Recycle

Offer 30% recycled content across our packaging portfolio

Leading Innovation

We are very proud to be recognised as Australia's most innovative packaging company, recognised for our unwavering commitment to innovative sustainable Packaging, Reuse and Recycling solutions.



— FINANCIAL REVIEW BOSS — MOST INNOVATIVE COMPANIES

Pact was honoured to be recognised as one of Australia and New Zealand's Most Innovative Companies for the ninth consecutive year for its innovative freeway noise walls made from up to 75% recycled plastic.

Sanjay Dayal

Managing
Director &
Group CEO



Safety

Safety

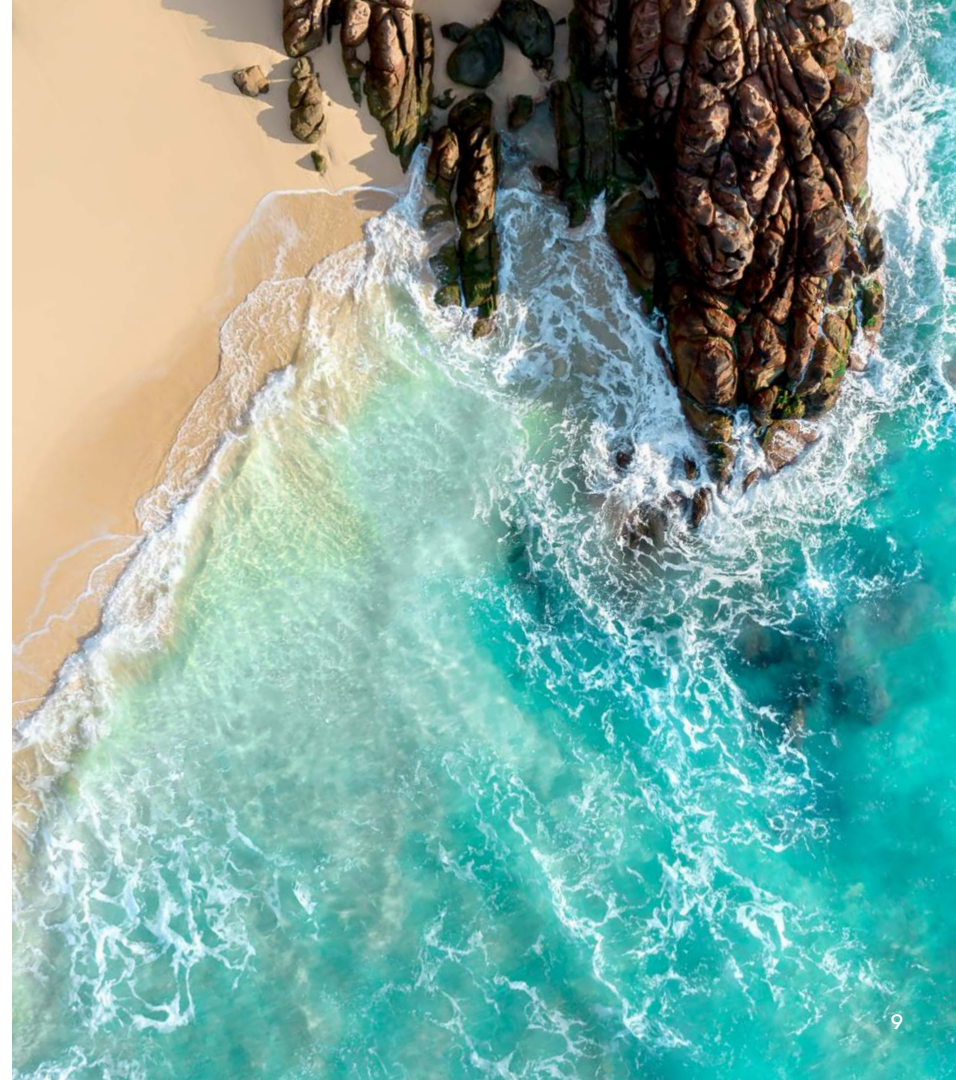
Targeting Zero Harm

- LTIFR at 4.2 (FY20 4.0)
- Reduction in severity of incidents through continued focus on safety culture and processes

COVID-19 Update

Strict management of COVID-19

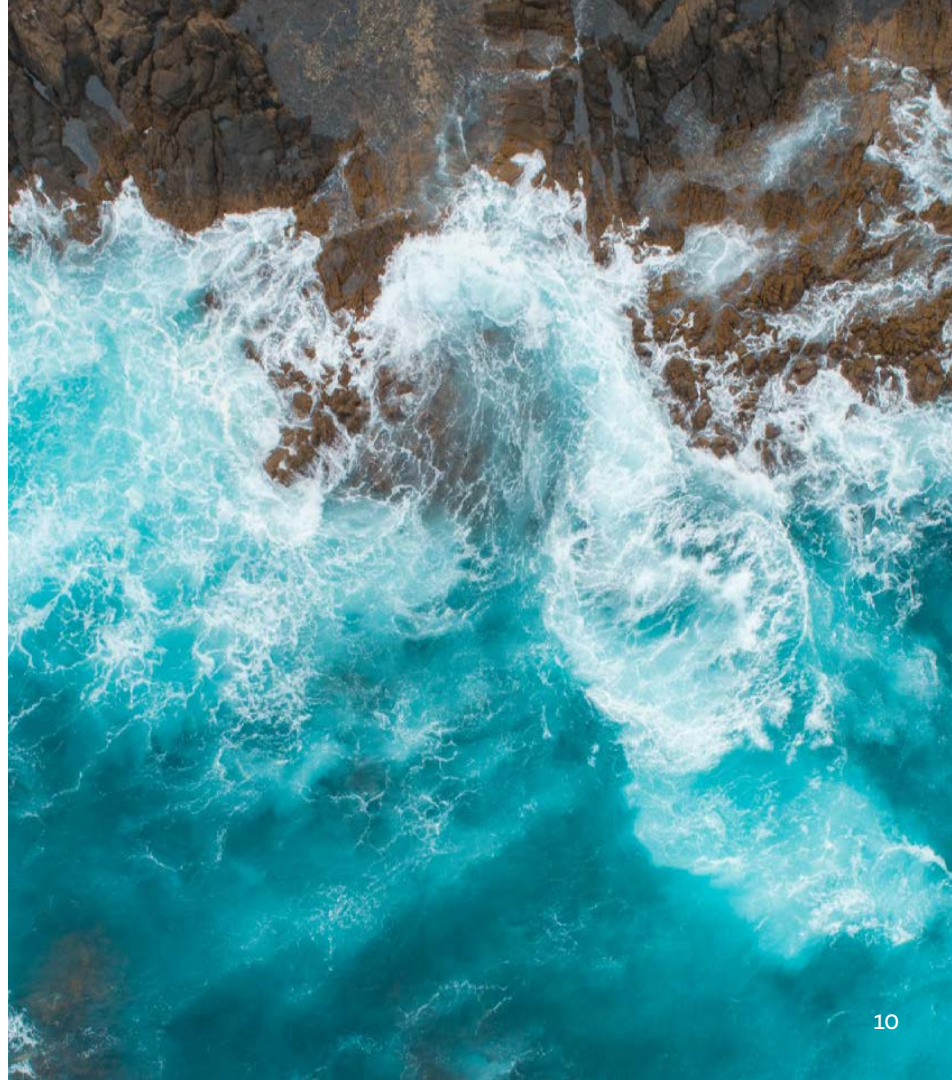
- Strict health and safety protocols maintained at all facilities to protect employees and the community
- All known and potential cases managed within strict guidelines, with no material impact to operations
- Funding support for vaccine program in Asia
- Strong operating performance maintained



FY21 Results Headlines

Solid financial and operating performance

- Strict management of COVID-19 risks, with no material disruption to operations
- Organic growth emerging in packaging, with strong volumes in closures
- Improved margins, with disciplined management of raw material input costs
- Strong organic growth in reuse platform, with USA reuse services performing above expectation
- Balance sheet strengthened
- Dividend payout increased



Redefining Pact in the Market

A leader in the Circular Economy

PACT PACKAGING

A leader in sustainable packaging, differentiated through manufacturing, technical and innovation capability and access to recycled materials

A scaled Asian platform, well positioned for growth

PACT RECYCLING

A leader in plastics recycling in Australia and New Zealand, building a network of recycling infrastructure

PACT REUSE

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



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

Focus portfolio and strengthen balance sheet

Turnaround and defend core ANZ consumer packaging businesses

Expand Reuse and Recycling Capability

Lead plastics recycling in ANZ

Scale-up reuse solutions

Differentiate industrial and infrastructure businesses

Leverage Regional Scale

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

FY21 Strategy Highlights

Delivery of strategy gaining momentum



Strengthen our core

- Disciplined financial management and balance sheet strengthened
- Delivery of margin improvements in Australian Packaging



Lead plastics recycling

- Albury 20kt PET recycling facility to be operational in December 2021
- Commitment to two new recycling projects which will increase recycling capability by 40kt
- Flight acquisition integrated
- Recycling capability providing differentiation in the market and enabling contract wins



Scale-up reuse solutions

- Increased pooling penetration in the fresh produce sector
- Developing "smart packaging" solutions
- Strong growth in reuse volumes into USA and new contract in Europe



Grow in Asia

- Consolidation of closures platform driving strong organic growth



Divestment of Contract Manufacturing

- Sale process ceased
- New management appointed, focused on managing short-term headwinds and developing a pathway to improve performance

Pact is leading change that is transforming our industry.

Strategic Growth Initiatives

The execution of our strategy is on track and our near-term priorities are clear

Priorities

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

Our Vision

Pact will lead the circular economy through reuse, recycling and packaging solutions

Near term initiatives

1. Deliver margin growth in Australian packaging
2. Lead plastics recycling in ANZ and deliver value as the partner of choice for recycled content packaging
3. Grow reuse platform to support growing demand for alternatives to single-use packaging
4. Grow Asian packaging platform

1

Deliver Margin Growth in Australian Packaging

We will return margins in our Australian packaging business to global industry standard

Multiple levers to deliver growth



Strategy

- Segment specific market based plans
- Differentiate using circular economy credentials and product innovation
- Investment to support growth strategies



Operations

- Investment to upgrade facilities
- Investment in automation and efficiency
- Improvements in safety, quality and delivery



Procurement and supply chain

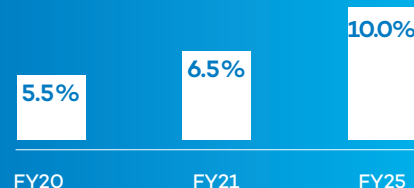
- Centralise management of spend targeting step-change improvements in key categories



People

- Employee and leadership development
- Evolve functional support structures
- Sales capability and customer engagement

Margins in Australian packaging will return to global industry standard by FY25



Investing to improve service, support growth and drive cost competitiveness

- Fully automated, market leading clean room to support growth in the health segment
- High cavity, flexible and efficient IML (in-mould labelling) capability to improve service and reduce cost in the processed food segment
- Multi-layer manufacturing capability to support use of recycled content in the processed food segment
- Platform upgrade to support the supply of Smart Cubes, a patented product developed by Pact for the chemicals segment

2

Lead Plastics Recycling

Building scaled industry solutions for high-quality food grade recycled resins

Leading the development of scaled plastics recycling solutions

- Scaled, best in class facilities
- Strong government support for continued investment
- New projects complement Pact's existing 40,000 tonne plastics recycling capability, including the recently acquired Flight Plastics in New Zealand
- Contracted offtake from the Albury and Laverton facilities is 80% committed

A National Network of Plastics Recycling Infrastructure

New South Wales (Albury)

(Pact share 33%)

- 20,000 tonne food grade recycled PET
- Operational late 2021
- Construction cost ~ \$45 million
- \$5 million government funding

Victoria (Laverton)

(Pact share 50%)

- 15,000 tonne recycled HDPE and 5,000 tonne PP (food grade and non-food grade)
- Operational by 2023
- Construction cost ~ \$38 million
- \$3 million government funding

rPET Plant (Location TBD)

(Pact share 33%)

- 20,000 tonne food grade recycled PET
- Operational by 2023
- Construction cost ~ \$50 million

Western Australia

- Under Review
- Mixed plastics facility
- \$9.5 million government funding

Queensland

- Under Review
- Working closely with government for a waste recycling plant proposal

All States

- Upgrade of manufacturing facilities to increase use of recycled raw materials in packaging and industrial products
- \$20 million government grant awarded

3

Expand reuse platform

Compelling sustainability and efficiency benefits of reuse are driving strong growth in pooling and hanger reuse services

A best-in-class reuse platform

- Dramatically decreases use of single-use packaging and improves supply chain sustainability
- Innovative product design and leading technology delivers compelling efficiency benefits and reduces waste
- At end of life, packaging is recycled and repurposed, creating a truly circular process



Produce crate pooling

Our pooling platform of over 6 million crates has the potential to replace 850 million single-use boxes.

Growth opportunities

- Continued penetration in fresh produce categories
- Diversification into new pooling loops, such as protein and eggs
- Investment in “smart packaging”



Garment hanger reuse

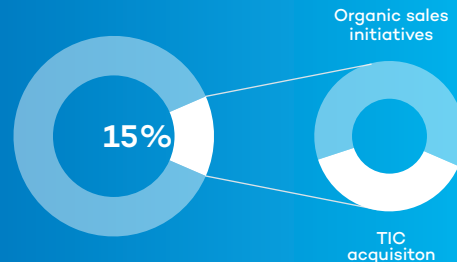
Dramatically reduces use of single-use plastic hangers through an innovative closed-loop system whereby hangers are used multiple times before being recycled.

Growth opportunities

- Continued geographic diversification and expansion of garment hanger reuse services
- Diversification into new reuse loops

Reuse solutions have grown to 15% of total group revenue (from 1% in FY17)

Reuse solutions sales revenue FY21



4

Grow Asian Packaging Platform

Focus is now turning to the opportunities we have to accelerate growth in our Asian region

Well positioned to grow

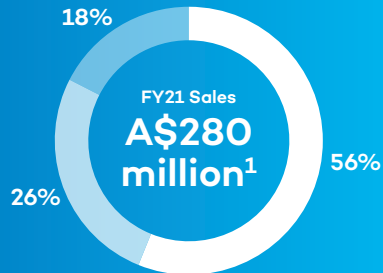
- Regional leader in caps and closures with niche positions in specialty packaging
- Broad manufacturing footprint and geographic reach
- Proprietary technical capability
- Strong customer relationships with reputation for product quality and superior customer service – products “designed in region for the region”
- Strong in-region management team
- Servicing high growth segments including CSD, water, dairy, food and beverage, pharmaceutical and health

1. Including Pact share of Joint Venture sales revenues

2. 4% increase FY21 v FY20 at constant currency

A regional leader in caps and closures

- Asian closures
- Australian closures
- Asian packaging



4%



FY21 revenue growth²

1,000

employees

9

countries



20

sites with strong in-region management team

Well positioned to create long- term shareholder value

Our targets

Top quartile shareholder returns¹ by 2025

ROIC above 13.5% by 2025, increased from 11.1% in FY19

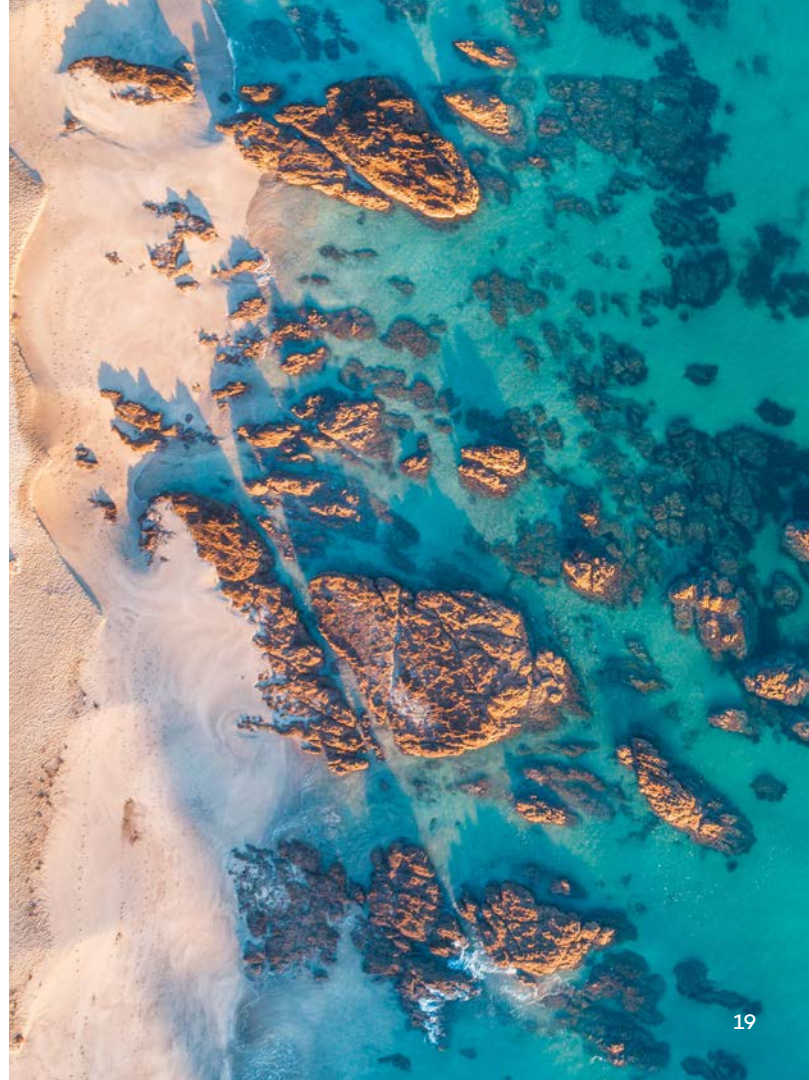
A strong balance sheet with leverage maintained below 3x

30% recycled content across our packaging portfolio by 2025

A focussed portfolio with investments and divestments clearly aligned to strategy

Payment of **dividends** in line with dividend policy

1. Cumulative TSR 2019-2024 within our comparator group.



Outlook

Continued resilience through short-term market and supply chain disruption

Trading Perspectives

Packaging and Sustainability / Materials Handling and Pooling Segments

- Volumes have been generally in line with expectation despite the disruption arising from raw material shortages and pallet availability. Maintaining continuity of supply to our customers, however, has required increased working capital in some areas.
- Pleasingly, strict margin management activities are covering higher raw material and international freight costs. In the Packaging and Sustainability segment these actions will mostly mitigate the impact to earnings in our first half. Covering these costs in our garment hanger reuse business has been more challenging, but we are making great progress here too.
- In the 2nd half, we expect positive underlying demand to continue. While market and supply chain disruption is expected to persist in the near term, it will be managed with the same focus and discipline that has been demonstrated to date.

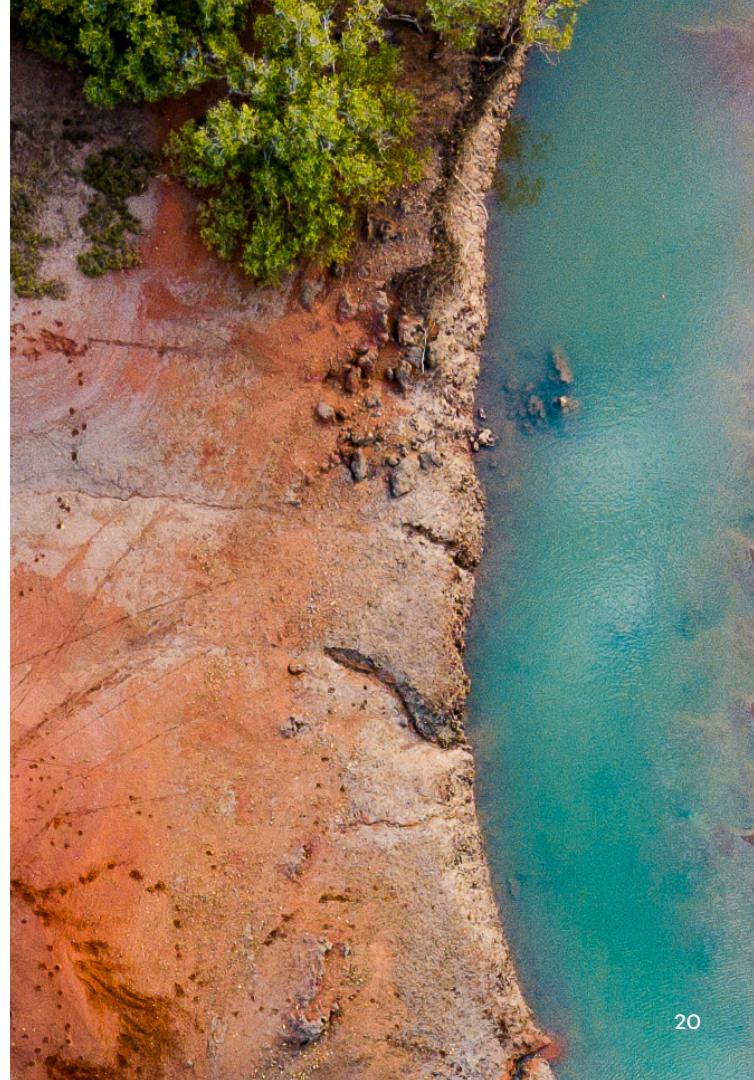
Contract Manufacturing Segment

- Performance has been impacted by lower demand, due to lockdowns in Victoria and New South Wales, and by higher input costs. For the first half, we expect Underlying EBIT to break even. While easing COVID-19 restrictions are expected to create a slightly more favourable demand environment in the 2nd half, further cost increases will challenge margins.

First Half FY22 Outlook

For the Group, we expect Underlying EBIT in the first half of FY22 to be around \$80 million. Excluding the Contract Manufacturing segment, this will be around \$5 million lower than the prior year.

A further update on earnings expectations for FY22 will be provided at the Company's half year results in February.





Questions

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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

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Pact Group Holdings Ltd
ABN: 55 145 989 644

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Thank you

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