



Pact Group Holdings Ltd
ABN: 55 145 989 644

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STRATEGIC ASIAN GROWTH ACQUISITION

A\$176M ENTITLEMENT OFFER

15 November 2017



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This Presentation has been prepared by Pact Group Holdings Ltd (ABN 55 145 989 644) (**Pact**). This Presentation has been prepared in relation to a fully underwritten 1 for 9 accelerated pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in Pact (**New Shares**) (**Offer**) to be made under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) and its proposed acquisition of the Asian operations (ex-Japan) of Closure Systems International and Graham Packaging Company (the **Asia Acquisition**) and the acquisition of ECP Industries (**ECP Acquisition**).

The Offer will be made to eligible institutional shareholders of Pact (**Institutional Entitlement Offer**) and eligible retail shareholders of Pact (**Retail Entitlement Offer**).

Summary information

This Presentation contains summary information about Pact and its activities which is current only as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Pact or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

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This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by Pact or its advisers to acquire New Shares and does not and will not form any part of any contract for the acquisition of New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Pact and the impact that different future outcomes may have on Pact.

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This Presentation contains certain 'forward looking statements', including but not limited to projections, guidance on future revenues, earnings, margin improvement, other potential synergies and estimates, the timing and outcome of the proposed acquisitions, the outcome and effects of the Offer and the use of proceeds, and the future performance of Pact and the target businesses. Forward looking statements can generally be identified by the use of forward looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Pact, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

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Investment risk

An investment in Pact shares is subject to known and unknown risks, some of which are beyond the control of Pact. Pact does not guarantee any particular rate of return or the performance of Pact. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

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Investors should note that the pro forma financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission and such information does not purport to comply with Article 3-05 of Regulation S-X. Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and International Financial Reporting Standards (**IFRS**). The non-IFRS financial information/non-GAAP financial measures include Enterprise Value, EBITDA, EBIT and others, as shown on slide(s) 3,4,8,9 and 10. Pact believes the non-IFRS financial information/non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of Pact. The non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS and IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation.

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A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Past performance

Investors should note that past performance, including past share price performance of Pact and pro forma historical information in this Presentation, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Pact performance including future share price performance. The pro forma historical information is not represented as being indicative of Pact's views on its future financial condition and/or performance.

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The Underwriter and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer, and you represent, warrant and agree that you have not relied on any statements made by the Underwriter, or any of its advisers, affiliates, related bodies corporate, directors, officers, partners, employees or agents in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Determination of eligibility of investors for the purposes of the institutional and retail components of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Pact and the Underwriter. Each of Pact, the Underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

The Underwriter may have interests in the shares of Pact, including by providing investment banking services to Pact. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Underwriter may receive fees for acting in their capacities as underwriter and/or bookrunners, as applicable, to the New Shares.

Statements made in this Presentation are made only as the date of this Presentation. The information in this Presentation remains subject to change without notice.

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By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation you acknowledge and agree to the terms set out in this 'Important Notice and Disclaimer'.

Pact reserves the right to withdraw, or vary the timetable for the Offer without notice.

Cooling off rights do not apply to the acquisition of New Shares.

TRANSACTION SUMMARY

ACQUISITIONS

STRATEGIC ASIAN ACQUISITION

Pact Group Holdings Ltd ("Pact") has signed an agreement to acquire the Asian operations (ex-Japan⁽¹⁾) of Closure Systems International ("CSI") and Graham Packaging Company⁽²⁾ ("GPC") (together "**the Asia Acquisition**") from Reynolds Packaging for an Enterprise Value of A\$142 million

CY 2017 revenue of A\$151m, pro forma EBITDA of A\$19.0m, and pro forma EBIT of A\$12.6m⁽³⁾

Enterprise Value represents a multiple of 7.5x EBITDA for the 12 months to 31 December 2017 based on normalised earnings (pre-synergies)⁽⁴⁾

Net operational synergies of A\$2m p.a. expected to be realised over 18 months

Completion is expected to occur around three months post signing subject to certain conditions precedent including regulatory approvals in China and the Philippines

MATERIALS HANDLING & SUSTAINABILITY GROWTH

Pact has separately signed an agreement to acquire ECP Industries ("ECP"), a West Australian based ISO tank and IBC reconditioning business that also deals in repairing and leasing of ISO tanks for A\$11.7m in cash⁽⁴⁾ ("**the ECP Acquisition**")

FINANCIAL IMPACT OF ACQUISITIONS AND EQUITY RAISING

A\$176m 1 for 9 fully underwritten, accelerated, non-renounceable entitlement offer ("**Entitlement Offer**")

Proceeds from the Entitlement Offer will be applied to fund the Asia Acquisition, the ECP Acquisition, transaction costs, the costs of the Entitlement Offer and provide additional financial flexibility for potential near-term growth initiatives

The Asia Acquisition, the ECP Acquisition and equity raising together expected to be modestly accretive to Pact's underlying EPS for the first full financial year post acquisition (FY 2019) including synergies

1 And excluding the associated plant at Hangzhou.

2 Relates to GPC Guangzhou, China facility. Excludes in plant operations in Taizhou, China which relate to a global Graham Packaging Company customer relationship.

3 Represents the 12 months to 31 December 2017, based on 9 months actual results and 3 months forecast. Pro forma EBIT based on restatement of Asia Acquisition's depreciation policy in line with Pact Group policies.

4 Purchase price is \$11.7m of which \$10.5m is to be paid on completion and the remaining \$1.2m is deferred (\$0.4m for 12 months and \$0.8m for 24 months).

OVERVIEW OF THE ASIAN ACQUISITION

ESTABLISHING SCALE IN ASIA

Acquisition of CSI Asia⁽¹⁾ and GPC Guangzhou for A\$142m (equating to 7.5x CY2017 EBITDA pre-synergies)

Establishes a material Asian platform – builds scale to existing footprint in Asia – from ~A\$50m p.a. revenue today to ~A\$200m p.a.⁽²⁾

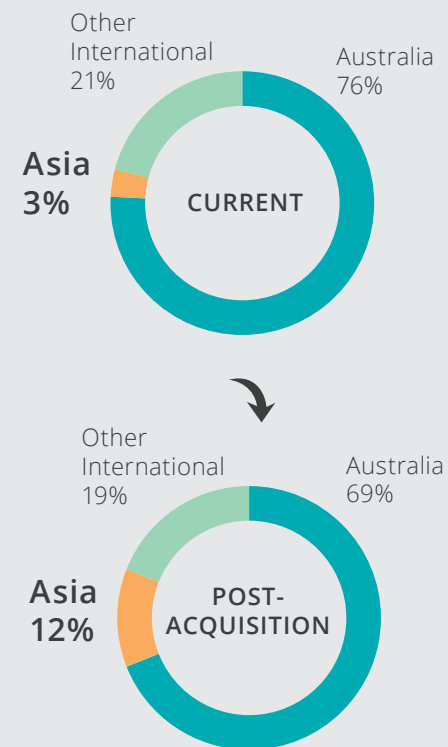
Transaction strongly aligned with Pact's strategy to accelerate growth in existing sectors through disciplined M&A

Strong regional position in plastic closures and bottles, with a reputation for quality, service, technical expertise and innovation

Significantly enhances customer diversity, manufacturing, technology and management capability to accelerate growth within region

Experienced local management team with significant regional experience supported by ~750 employees

Geographic diversification⁽³⁾



EXPANDED ASIAN PLATFORM

ENHANCED CUSTOMER DIVERSITY, MANUFACTURING, TECHNOLOGY AND MANAGEMENT CAPABILITY

Investment highlights



Leading positions in regions with positive market dynamics



Strong, long-term customer relationships with large global FMCG customers and emerging local manufacturers



Multiple opportunities for future growth, including:

- Provides a broader Asian platform for expansion
- New closures opportunities in water and dairy sectors

Diverse regional presence - 7 manufacturing sites in 5 countries (China, South Korea, Nepal, India and the Philippines)



Boen-Gun, South Korea
Closures

Tianjin, China
Closures

Hetuada, Nepal
Closures

Guangzhou, China
Closures
Research and development

Hong Kong, China
Regional headquarters
Sales and marketing

Bangalore, India
Closures

Calamba City, Philippines
Closures



Guangzhou, China
Bottles and closures



Langfang, China
1 manufacturing plant

Changzhou, China
1 manufacturing plant

Guangzhou, China
1 manufacturing plant

Philippines (including JV)
1 manufacturing plant

Thailand (JV)
1 manufacturing plant

Singapore
1 Office

Indonesia (including JV)
1 manufacturing plant



CSI is a leader in rigid plastic closure design, manufacturing and high speed capping equipment/application systems



GPC is an established market player in Injection Blow Moulded (IBM) and Extrusion Blow Moulded (EBM) bottles in China

PRODUCTS AND CUSTOMERS

COMPLEMENTARY PRODUCT PORTFOLIO AND ENHANCED CUSTOMER DIVERSITY



REGIONAL
LEADER IN
PLASTIC CAPS
& CLOSURES

Example products



Example customers



CHINA
PRESENCE IN
FOOD, HEALTH
SUPPLEMENTS,
NUTRITION
AND
AUTOMOTIVE
LUBRICANTS



ASIAN GROWTH STRONGLY ALIGNED TO STRATEGY

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PROTECT OUR CORE AND GROW ORGANICALLY

- Strong reputation for product quality, customer service, technical expertise and innovation
- Provides complementary product portfolio

OPERATIONAL EXCELLENCE AND EFFICIENCY

- Builds scale to existing footprint in Asia
- Provides a low cost manufacturing base with opportunity to support new product sales into existing markets

GROWTH THROUGH A DISCIPLINED APPROACH TO M&A

- Significantly enhances customer diversity, manufacturing, technology and management capability to accelerate growth within region



ACQUISITION OF ECP INDUSTRIES

Key transaction details

- Purchase price is \$11.7m of which \$10.5m is to be paid on completion and the remaining \$1.2m is deferred (\$0.4m for 12 months and \$0.8m for 24 months)
- FY17 EBITDA of A\$2.5m representing a multiple of 4.7x
- Completion expected 30 November 2017⁽¹⁾

Overview of ECP Industries

- Leading player in IBC reconditioning and ISO tank reconditioning, repairing and leasing services provider
- Operates in Western Australia

Strategic rationale

- Attractive entry point into ISO tank market
- Complementary service offering to Pact's Sustainability Services in familiar operating sectors
- Opportunity to provide complete IBC and Sustainability Services offering nation-wide



GROWTH THROUGH DISCIPLINED M&A

Recent M&A and contract wins driving scale in our key growth platforms



CONTRACT MANUFACTURING

Contract manufacturing is a significant product portfolio, with growth in this sector strongly aligned with our rigid packaging businesses and leverages our core capabilities in innovation and manufacturing



Year: 2015
EV: A\$80m



Year: 2016
EV: A\$90m



Year: 2017
EV: A\$41m



MATERIALS HANDLING PRODUCTS AND SOLUTIONS

We have established a leading position in Returnable Produce Crates (RPCs) in Australia and New Zealand through the acquisition of the Fruit Case Company (FCC) and a 10 year contract to support fresh produce supply to Woolworths



Year: 2014
EV: A\$31m



Year: 2016
EV: A\$21m



Year: 2016
EV: A\$70m



Year: 2017
EV: A\$12m



RIGID PACKAGING ASIA

Asian Acquisition delivers a step-change in our customer base and scale in the Asia region – from ~A\$50m p.a. revenue today to ~A\$200m p.a.⁽¹⁾



Year: 2017
EV: A\$142m

The Asian Acquisition is Pact's largest acquisition since IPO

Strategic acquisition in complementary core competencies

Aligns with Pact's strategy to grow via disciplined M&A

Pact has a proven track record of delivering growth through disciplined and value accretive acquisition opportunities, having completed and successfully integrated more than 50 acquisitions since inception and 18 since IPO

FINANCIAL IMPACT OF ACQUISITIONS AND EQUITY RAISING

INDICATIVE FINANCIAL PROFILE OF ACQUISITIONS

(A\$m)	Asia Acquisition ⁽¹⁾	ECP ⁽²⁾	Total
Revenue	150.9	6.3	157.2
EBITDA	19.0	2.5	21.5
EBIT	12.6	2.3	14.9

- Asia Acquisition, the ECP Acquisition and equity raising together expected to be modestly accretive to Pact's underlying EPS for the first full financial year post acquisition (FY 2019) including synergies

UPDATE ON FINANCING & HEADROOM

- Pact is in the process of renewing part of its existing debt and is looking at options to improve tenor and diversity of funding
- Intention is to partially repay existing Australian facilities with net proceeds of the Entitlement Offer and drawdown on existing USD facilities to fund the majority of the Asia Acquisition at closing
- Pro forma undrawn headroom in debt facilities of ~A\$180m (post acquisitions and Entitlement Offer)

SOURCES AND USES OF FUNDS

Sources	A\$m	Uses	A\$m
Entitlement Offer	175.6	Asia Acquisition ⁽³⁾	142.0
		Asia Acquisition - cash acquired ⁽⁴⁾	8.1
		ECP Acquisition ⁽⁵⁾	10.5
		Transaction costs	4.8
		New growth projects	10.1
Total sources	175.6	Total uses	175.6

ENTITLEMENT OFFER – SUMMARY

OFFER STRUCTURE AND SIZE

A\$176m 1 for 9 fully underwritten, accelerated, non-renounceable entitlement offer ("Entitlement Offer")
Approximately 33.2m New Shares to be issued (equivalent to approximately 11.1% of existing shares on issue)

OFFER PRICE

The Entitlement Offer price is \$5.28 per New Share ("Offer Price") representing:

- 9.1% discount to the last traded price of \$5.81 on 14 November 2017
- 8.3% discount to TERP of \$5.76¹

USE OF PROCEEDS

Proceeds from the Entitlement Offer will be applied to fund the Asia Acquisition, the ECP Acquisition, transaction costs, the costs of the Entitlement Offer and provide additional financial flexibility for potential near-term growth initiatives

INSTITUTIONAL INVESTORS

The Institutional Entitlement Offer will be conducted from Wednesday 15 November 2017 to Thursday 16 November

RETAIL INVESTORS

The Retail Entitlement Offer will open on Wednesday 22 November 2017 and close on Friday 1 December 2017

RANKING

New Shares will rank equally with existing fully paid ordinary shares from their time of issue

UNDERWRITING

The Entitlement Offer is fully underwritten by Credit Suisse (Australia) Limited

MAJOR SHAREHOLDER SUPPORT

Major shareholder Kin Group Pty Ltd and its related entities has committed to take up its full entitlement of 39.3% under the Entitlement Offer

ENTITLEMENT OFFER – TIMETABLE

Event	Date ⁽¹⁾
Trading halt and announcement of the Asia Acquisition, the ECP Acquisition, Institutional Offer opens	Wednesday 15 November 2017
Institutional Entitlement Offer closes	Thursday 16 November 2017
Trading halt lifted – shares recommence trading on ASX	Friday 17 November 2017
Record date for determining entitlement to subscribe for New Shares	7:00pm Friday 17 November 2017
Retail Entitlement Offer opens	Wednesday 22 November 2017
Retail Offer Booklet and Application and Entitlement Forms despatched	Wednesday 22 November 2017
Settlement of New Shares issued under the Institutional Offer	Friday 24 November 2017
Allotment and trading of New Shares issued under the Institutional Offer	Monday 27 November 2017
Retail Entitlement Offer closes	5:00pm Friday 1 December 2017
Settlement of New Shares issued under the Retail Entitlement Offer	Friday 8 December 2017
Allotment of New Shares issued under the Retail Entitlement Offer	Monday 11 December 2017
Quotation and trading of new shares issued under the Retail Offer	Tuesday 12 December 2017
Expected dispatch of holding statements	Wednesday 13 December 2017

TRADING UPDATE AND OUTLOOK

FY18 OUTLOOK

We expect to achieve higher revenue and earnings (before significant items) in FY18, subject to global economic conditions

TRADING UPDATE (4 MONTHS)

- Pleasingly, we are seeing early signs of organic growth with sales trending in the right direction, despite a slow start to the dairy season in New Zealand.
- Energy costs have increased significantly and we are investing in efficiency programs to enhance our manufacturing and operational capability.
- Recent acquisitions and the new crate pooling business are performing to expectation.
- At the first half we expect EBITDA to be broadly in line with the previous corresponding period followed by a stronger second half, driven by a full contribution from the recent acquisitions and crate pooling operations.



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APPENDIX



KEY RISKS – KEY ACQUISITION RISKS

This section discusses some of the key risks associated with an investment in shares in Pact. These risks may affect the future operating and financial performance of Pact and the value of Pact shares. The risks set out below are not listed in order of importance and do not necessarily constitute an exhaustive list of all risks involved with an investment in Pact.

Before investing in Pact, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Pact (such as that available on the websites of Pact and ASX), carefully consider their personal circumstances and consult their professional advisers before making an investment decision. Additional risks and uncertainties that Pact is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Pact's operating and financial performance.

You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Pact, its directors and senior management. Further, you should note that this section focuses on the potentially key risks and does not purport to list every risk that Pact may have now or in the future. It is also important to note that there can be no guarantee that Pact will achieve its stated objectives or that any forward looking statements contained in this Presentation will be realised or otherwise eventuate. Potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

Risk	Description
Completion risk	<p>Completion of the Asia Acquisition is conditional on certain matters, including regulatory approvals in China and the Philippines and other customary conditions. If any of those conditions are not satisfied or waived, completion of the Asia Acquisition may be delayed or may not occur.</p> <p>Further, if the Asia Acquisition is not completed as a result of the above conditions not being satisfied or waived, Pact will need to consider alternative uses for the proceeds raised from the Offer which have been allocated to that acquisition, or ways to return them to its shareholders. Also, certain transaction costs such as underwriting and advisory fees will still be payable by Pact.</p>
Due diligence in relation to the Asia Acquisition	<p>Pact has undertaken a due diligence review in respect of the Asia Acquisition, which relied mostly on the review of financial and other information provided by the vendors. Pact has not been able to verify the accuracy, reliability or completeness of all the information provided against independent data.</p> <p>There is a risk that information provided by or on behalf of the vendors (including financial information) was incomplete, inaccurate, misleading or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to the Asia Acquisition. Therefore, there is a risk that unforeseen issues and risks may arise.</p> <p>Limited contractual representations and warranties have been obtained from the vendors in the acquisition agreement relating to the Asia Acquisition (Acquisition Agreement) regarding the accuracy of the materials disclosed during the due diligence process.</p>
Analysis of Asia Acquisition opportunity	<p>It is possible that the financial, operational, business and/or other analysis undertaken by Pact in relation to the Asia Acquisition, as well as its best estimates and forecasts, are inaccurate or will not be realised in due course.</p> <p>To the extent that actual results achieved by the target businesses being acquired as part of the Asia Acquisition are weaker than those assumed by Pact's analysis and forecasts, this may have an adverse impact on the financial position and financial performance of Pact and/or Pact's share price.</p>
Assumed liabilities	<p>As part of the Asia Acquisition, Pact will assume the liabilities of CSI, GPC and related entities, including any actual contingent liabilities associated with the past operations of those entities (including taxation liabilities), as well as other liabilities relating to the target businesses being acquired. This includes exposure to possible taxation or legal claims. Pact, as part of its due diligence review, has sought to identify the existence, scope and quantum of these potential liabilities and has sought to address the risk that these potential liabilities may eventuate through specific warranties and indemnities in the Acquisition Agreement.</p> <p>However, there is a risk that potential liabilities were not identified as part of Pact's due diligence review in relation to the Asia Acquisition, or the scope or quantum of potential liabilities was not fully accounted for. There is also the risk that contractual protection (in the form of representations and warranties and indemnities) in the Acquisition Agreement negotiated by Pact turns out to be inadequate in the circumstances.</p> <p>If Pact assumes these new or additional potential liabilities, and such liabilities materialise, it may have an adverse impact on Pact's financial position, financial performance and/or Pact's share price. Further, there is a risk that these new or additional potential liabilities are not covered by warranties or indemnities in the Acquisition Agreement and, as such, Pact may be unable to recover any losses which occur following completion of the Asia Acquisition.</p>
Operational Implementation Risk	<p>The target businesses being acquired as part of the Asia Acquisition have not previously been managed as a standalone business unit and will need to be separated from several functions that will not transfer to Pact (although the current management structure of the target businesses will be inherited by Pact as part of the Asia Acquisition). Pact has entered into various commercial agreements, including certain transitional services arrangements and technology and intellectual property licensing arrangements, with the vendors to ensure that the target businesses being acquired continue to enjoy access to certain assets owned by the vendors used in the target businesses.</p> <p>Nonetheless, the integration of the target businesses to be acquired as part of the Asia Acquisition carries risks, including potential delays or costs in implementing necessary changes, higher than anticipated integration costs, unintended loss of key personnel, a failure to maintain key customer and supplier relationships and difficulties in integrating various operations.</p>

KEY RISKS – BUSINESS RISKS

Risk	Description
Customer risks	The target businesses being acquired as part of the Asia Acquisition have a relatively concentrated customer base. The loss of one or more key customers could have an adverse impact on the future financial performance.
	In addition, the target businesses being acquired are also exposed to increased competition and pricing pressure exerted by key customers, which could result in price reductions, under-utilisation of personnel, reduced operating margins and/or loss of market share, which may have a material adverse effect on future financial performance.
	Further, customers are fundamental to the success of Pact's business and, in recognition of this, Pact invests in the quality of its relationships with key customers, and in producing products to their required specification and standard. The loss of key customers, a reduction in their product demand, or a claim for non-performance could have a negative effect on the future financial performance of Pact and/or the target businesses in the future.
People risks	Future financial and operational performance of Pact is significantly dependent on the performance and retention of key personnel including senior management. The unplanned or unexpected loss of key personnel, or the inability to attract and retain high performing individuals to the business may adversely impact Pact's future financial performance.
	In-line with the manufacturing industry, Pact has an exposure to health and safety management incidents in the manufacturing operations. Failure to comply with health and safety legislation and industry good practice may result in harm to a person or persons, which may lead to negative operational, reputational and financial impacts.
Occupational health and safety	Pact is exposed to occupational health and safety incidents and is required to comply with occupational health and safety legislation and regulations, including in relation to its manufacturing operations. A breach of these obligations could result in harm to a person or persons, adverse operational or reputational impacts, fines, penalties and/or cost to Pact.
Debt Funding and Interest Rate Risk	The ability of Pact to implement its business strategy may depend in part on its ability to continue to raise additional funds and/or to secure appropriate funding in the future. No assurances can be given that funding will be available or that such funding will be available on attractive terms to Pact.
Competitor risks	Pact operates in a highly competitive environment due to factors including actions by existing or new competitors, price, product selection and quality, manufacturing capability, innovation and the ability to provide the customer with an appropriate range of products and services in a timely manner.
	Any deterioration in Pact's competitive position as a result of actions from competitors may result in a decline in sales revenue and margins, and an adverse effect on future financial performance and profitability of Pact and/or the target businesses.
Consumer preferences	Changes in consumer preference for Pact's and/or the target businesses' products or adverse activities in key industry sectors which Pact, and/or the target businesses', and/or their customers service may be influenced by various factors. These industry sectors include consumer goods (e.g. food, dairy, beverages, personal care and other household consumables) and industrial (e.g. surface coatings, petrochemical, agriculture and chemicals) industry sectors.
	Factors which may influence these sectors include climate conditions, seasonality of foods, an increase of focus in Australian and New Zealand supermarket chains on private brands, and reputation of products, substrates or technology in the wider industry sector.
	Demand for Pact's and/or target businesses' products may materially be affected by any of these factors. Any deterioration in demand for these products, including as a result of changing consumer demand and preferences, could have an adverse effect on future financial performance or profitability.
Strategic acquisitions	Pact's strong growth over time has been aided by the acquisition of numerous businesses and assets. This growth has placed, and may continue to place, significant demands on management, information reporting systems and financial and internal control systems. Effective management of Pact's growth, including identification of suitable acquisition candidates and effective management of integration costs will be required on an ongoing basis. If this does not occur then there may be an adverse effect on Pact's future financial performance. Large capital projects are also scrutinized to ensure the associated risks are appropriately managed to ensure return on capital investment and project milestones are achieved.

KEY RISKS – BUSINESS RISKS (CONT'D)

Risk	Description
Foreign exchange rates	Pact's financial reports are prepared in Australian dollars. However, a substantial proportion of Pact's sales revenue, expenditures and cash flows are generated in, and assets and liabilities are denominated in, New Zealand dollars. Pact is also exposed to a range of other currencies including the US dollar, Chinese yuan, the Philippines peso, the Indonesian rupiah and the Thai baht in relation to Pact's business operations. Any depreciation of the Australian dollar and adverse movement in exchange rates would have an adverse effect on Pact's future financial performance.
Supply chain	<p>Pact's manufacturing operations, including the sourcing of raw materials, is reliant on key relationships with suppliers. Any material changes to Pact's agreements with its key suppliers, including the termination of such agreements, could cause significant disruption to Pact's business and have a material adverse impact on Pact's profitability, performance and/or financial position. Further, there is a risk that new supply arrangements may only be available on less favourable terms and conditions than those presently in place.</p> <p>The price and availability of raw materials, input costs, and future consolidation in industry sectors could result in a decrease in the number of suppliers or alternative supply sources available to Pact. Additionally, Pact may not always be able to pass on changes in input prices to its customers. Any of these factors may have an adverse effect on Pact's future financial performance.</p>
Interruption to operations	Pact's operations may, from time to time, be interrupted by factors outside its control, including natural disasters, acts of terrorism, a failure of information technology or security systems, and industrial disputes. Such interruptions could have an adverse impact on Pact's future financial performance.
Credit risk	Credit market conditions and the financial performance and position of Pact will affect borrowing costs as well as Pact's capacity to repay, refinance or increase its debt. Pact is subject to covenants in its debt facilities, including interest coverage and leverage tests. If Pact were to breach any of these covenants, its debt could be immediately declared repayable and there is no guarantee that Pact would have sufficient cash flow or be able to source refinancing on acceptable terms.
Compliance and regulatory risks	<p>Pact is required to comply with a range of laws and regulations, and those of particular significance to Pact are in the areas of employment, work health and safety, property, environmental, competition, anti-bribery and corruption, customs and international trade, tax and corporations.</p> <p>A breach of these laws and regulations by Pact could result in significant penalties. Pact's business, operations and future growth prospects rely on its ability to market its products and services. Any regulatory change, event or enforcement action which would restrict those activities could have an adverse impact on Pact's future financial performance. The adverse impact to Pact's business caused by changes in the regulatory environments in which it operates cannot be accurately predicted.</p> <p>The target businesses being acquired as part of the Asia Acquisition will be subject to a number of risks as a result of conducting an international business, including the risk of adverse changes in the various regulatory environments in which those businesses operate. For example, changes in foreign capital control regulation may result in Pact encountering difficulties in accessing or using cash located in certain countries in which the target businesses holds funds.</p>
Accounting risk	The Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB). Changes to the Australian Accounting Standards issued by ASX could materially adversely affect the financial performance and position reported in Pact's financial statements.
Tax risk	Future changes in tax law, including changes in interpretation or application of the law by the courts or tax authorities, may affect tax treatment of an investment in Pact shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Pact and the target businesses operate, may impact the future tax liabilities and performance of Pact.

KEY RISKS – BUSINESS RISKS (CONT'D)

Risk	Description
Litigation	Legal proceedings and claims may arise from time to time in the ordinary course of Pact's business, and may result in high legal costs, adverse monetary judgements and/or damage to Pact's reputation which could have an adverse impact on Pact's financial position and financial performance and the price of Pact's shares.
Future payment of dividends	Pact's future dividend levels will be determined by the Pact Board having regard to the operating results and financial position of Pact. There is no guarantee that any dividend will be paid or, if paid, that they will be at previous levels.
Insurance	Pact seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry sectors. Any increase in the cost of such insurance policies could adversely affect Pact's business, financial condition and operational results.
Other commercial risks	<p>There are a number of general commercial risk factors that could adversely impact Pact's and/or target businesses' operating and financial performance, position or prospects, including, but not limited to, the following:</p> <ul style="list-style-type: none"> - risks associated with adverse media coverage which may impact Pact's reputation; - material increases in the rate of inflation in Australia; - the level of market acceptance for the products and services provided; - risks associated with political instability, international hostilities, war and acts of terrorism; - general security risks to facilities; and - other causes of interruption to business operations.

KEY RISKS – SHARE AND ENTITLEMENT OFFER RISKS

Risk	Description
Risks associated with an investment of shares	<p>There are general risks associated with investments in equity capital such as Pact shares. The trading price of Pact shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors which may affect the market price of shares include:</p> <ul style="list-style-type: none"> - general movements in Australian and international stock markets; - investor sentiment; - Australian and international economic conditions and outlook; - changes in interest rates and the rate of inflation; - changes in government legislation and policies, in particular tax laws; - announcement of new technologies; and - geo-political instability, including international hostilities and acts of terrorism. <p>No assurances can be given that the New Shares will trade at or above the Offer Price. None of Pact, its directors or any other person guarantees the market performance of the New Shares.</p> <p>Further, the impact of these conditions on Pact's ability to refinance its debt obligations, and the terms on which any such refinancing can be obtained, is uncertain. If these conditions result in Pact being unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse impact on the financial position and performance of Pact and its share price.</p> <p>The operational and financial performance and position of Pact and its share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress or that existing risks may manifest themselves in ways that are not currently foreseeable.</p>
Dilution risk	<p>Eligible shareholders should note that if they do not take up their full Entitlements under the Offer, then their percentage shareholding in Pact will be diluted by not participating to the full extent of their Entitlement under the Offer.</p>
Sell-down by existing shareholders	<p>There is a risk that existing substantial shareholders (including directors) may seek to sell-down their shareholdings in Pact. A significant sale of shares, or a perception that a sell-down may occur, could adversely impact the price of Pact shares.</p>
Underwriting risk	<p>Pact has entered into an underwriting agreement under which Credit Suisse (Australia) Limited (Underwriter) has agreed to fully underwrite the Offer, subject to the terms and conditions of the underwriting agreement between the Underwriter and Pact (the Underwriting Agreement). The Underwriter's obligation to underwrite the Offer is conditional on certain customary matters, including Pact delivering certain certificates, sign-offs and opinions. Further, if certain events occur, the Underwriter may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the Offer and Pact's ability to pay the purchase price for the Asia Acquisition. The Acquisition Agreement is not conditional on Pact successfully completing the Offer. Accordingly, if the Underwriting Agreement is terminated, Pact will not be entitled to terminate the Acquisition Agreement. In these circumstances, Pact would need to find alternative funding to meet its contractual obligations under the Acquisition Agreement to pay the purchase price. Termination of the Underwriting Agreement could materially adversely affect Pact's business, cash flow, financial performance, financial condition and share price.</p> <p>The Underwriting Agreement sets out various events, the occurrence of which will entitle the underwriter to terminate the Underwriting Agreement. These events include (but are not limited to) if:</p> <ul style="list-style-type: none"> • the Acquisition Agreement is terminated, rescinded or repudiated or amended in certain respects without the consent of the Underwriter; • there is a failure to obtain quotation approval of the New Shares by ASX; • Pact alters its capital structure without the Underwriter's consent; • the Offer timetable is delayed by Pact for more than 1 business day with respect to the period prior to settlement of the Institutional Entitlement Offer, or 2 business days in respect of the period after that date and prior to settlement of the Retail Entitlement Offer (without the Underwriter's consent); • Pact withdraws the Offer or indicates that it does not intend or is unable to proceed with the Offer; • Pact does not provide the relevant certificates to the Underwriter as and when required; • an insolvency event occurs in relation to Pact or any of its material subsidiaries; • there is an adverse change in the assets, liabilities, financial position, results, or prospects of the Pact group; • a statement contained in the Offer materials is, or becomes, misleading or deceptive; • Pact or any of its directors or officers are charged in relation to any fraudulent conduct or activity; • a Pact director or senior manager is charged with certain indictable offences or a Pact director is disqualified from managing a corporation; • a force majeure event occurs; • ASIC issues or threatens proceedings in relation to the Offer or commences any formal inquiry or investigation into the Offer; • Pact is in breach of the Underwriting Agreement; or • there is a change in the chief executive officer, chief financial officer or the chairman of the Pact board. <p>In some cases, the Underwriter's ability to terminate the Underwriting Agreement will depend on whether the event has or is likely to have a materially adverse effect on the success or settlement of the Offer, or has given or is likely to give rise to a contravention by the Underwriter of any applicable law.</p>

INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

INTERNATIONAL OFFER RESTRICTIONS (CONT'D)

European Economic Area - Denmark, Germany and Netherlands

This document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

INTERNATIONAL OFFER RESTRICTIONS (CONT'D)

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.