FINANCIAL REVIEW

SE Companies and Markets

HD **Manufacturer's pact for $5b in five years**

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WC 627 words
PD 28 August 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 26
LA English

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Packaging **billionaire**Raphael Geminder says he is willing to consider mergers, consolidation and major acquisitions to help Pact **Group**, Australia's largest plastic packaging manufacturer, achieve its $5 **billion** sales target within five years.

"We will do whatever is in the best interests of shareholders whether it's a roll-up, an acquisition, a merger – as long as it's accretive – whatever combination works we'll be open minded," Mr Geminder told investors as Pact released its first annual results after a $1.7 **billion** initial public offer last December.

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Pact, which makes plastic and steel containers for the food, beverage, personal care and chemical industries, reported a net profit of $57.7 **million** in 2014, beating prospectus forecasts, after booking a one-off tax benefit, cutting costs and reaping the benefit of recent acquisitions.

Sales rose 3.6 per cent to $1.14 **billion**, falling slightly short of prospectus forecasts of $1.15 **billion**, due mainly to the loss of a **milk** bottle contract with Parmalat and softer agricultural conditions in Australia.

However, statutory earnings before interest and tax before one-off items rose 4.8 per cent to $147 **million**, beating a prospectus forecast of $146.1 **million**, as the **company** cut costs, recovered higher resin prices and completed the acquisition of three acquisitions.

Pact acquired Cinqplast, Plastop and Viscount **China** from Mr Geminder at the time of the IPO.

Pact booked one-off costs of $26.2 **million**, but also reported a $19.2 **million** one-off tax benefit, which swelled bottom line profits to $57.7 **million**. Pact declared a final dividend of 9.5¢, payable October 3.

Pact shares traded above their $3.80 issue price for the first time this week, but slipped 1¢ to $3.85 after the result. The shares have been weighed down by concerns over related party transactions and corporate governance issues.

However, chief executive Brian Cridland said Pact's decision to turn down an opportunity to **buy** an Indonesian packaging **company** 50 per cent owned by Mr Geminder showed corporate governance protocols were working..

Mr Cridland said the **board** had concerns about the price of the Dynapak acquisition and future returns.

But there was no shortage of growth opportunities, ranging from organic growth through product innovation and new contracts to geographic expansion and "transformational" mergers and acquisitions.

Mr Geminder, the son-in-law of late Visy **Group** chairman Richard Pratt, wants to transform Pact into a $5 **billion** enterprise during the next five years, with operations in five regions.

"We are constantly looking and are constantly aware of what's around and what might be around," said Mr Cridland, pointing to Pact's six-fold growth in revenues over the last 12 years.

Most of the major opportunities were in Asia, where the rigid plastic packaging market was estimated to be worth $US58 **billion** – compared with $US3 **billion** in Australia and New Zealand – and growing 10 per cent a year.

However, there were also opportunities to grow organically and via acquisition in Australia, Mr Cridland said, pointing to the recent $35 **million** acquisition of plastic wheelie-bin maker Sulo.

"There are lots of dialogues that happen all the time," said Mr Geminder. "We know the targets and partners we're interested in."

Pact said current trading conditions were in line with expectations. Revenues were expected to grow this year, margins to remain stable and the Sulo acquisition would boost earnings.

Full year 2014 2013 Sales ($**m**) 1143.2 1103.7 EBIT ($**m**) 147.0 140.4 Net ($**m**) 57.7 45.1 EPS 35.1¢ n/a Final div* 9.5¢ n/a *Payable Oct 3 Close Change Shares (last) $3.85 -1¢

IN i483 : Plastics Products | iplascp : Plastic Containers/Packaging | iindstrls : Industrial Goods | ipap : Packaging

NS cacqu : Acquisitions | c18 : Ownership Changes | c181 : Acquisitions/Mergers/Takeovers | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

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AN Document AFNR000020140827ea8s0002s