



Pro-Pac Packaging Limited ABN: 36112971874

ASX / Media Release

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PRO-PAC DELIVERS 19% PROFIT GROWTH IN FY16

HIGHLIGHTS

- Profit after tax up 19% to \$6.9 million
- Net cash from operating activities up 162% to \$14.2m
- Earnings per share (EPS) up 16% to 3.01 cents
- Dividends per share of 2.75 cents, up 10%

Despite continued difficult general industry trading conditions, rising raw material input prices and adverse margin impacts from the significant downward movement in the A\$/US\$ exchange rate during the year, the business delivered a solid result for the 12 months to 30 June 2016.

Sales were down 1% on the prior year reflecting a sluggish Australian economy and competitive markets. As previously reported, demand from the manufacturing, distribution, resources and meat processing sectors was soft, particularly later in the first half and continued for the remainder of the financial year. However, the Company experienced good growth in the pharmaceutical, healthcare, retail and dairy sectors.

Despite hedging strategies, adverse forex movements due mainly to the ongoing decline of the AUD increased the cost of imported goods sold relative to the prior year, particularly during H1. Consequently, throughout the year the Company progressively increased prices to its customers to recover this cost increase. As a result, margins were maintained broadly in line with the prior year but sales volumes were adversely affected.

The maintenance of margins and the continued focus on cost out strategies yielded substantial savings in administration, distribution and selling expenses that enabled the Company to record a profit before tax of \$10.1 million, an increase of 20% up on the prior year.

The Company expects the Australian economy and the Company's markets to remain subdued. Cost reduction initiatives and measures to stabilise margins will continue during FY17.

While FY16 was a year of consolidation, the Company has a current pipeline of acquisition opportunities which it is continuing to assess.

The Company has today declared a fully franked final dividend of 1.5 cents per share for H2 bringing the total dividend paid in respect of FY16 to 2.75 cents, up 10% on the prior year. The record date for determining entitlement to the dividend will be 8 September 2016 and the dividend will be paid on 22 September 2016. The Company's Dividend Reinvestment Plan will apply to this dividend. No discount will apply to the issue price.

Enquiries

For further information please contact Mr. Brandon Penn Acting CEO, Pro-Pac Packaging Limited on Tel (02) 8781 0500.

About PPG

Pro-Pac Packaging Limited is a diversified manufacturing and distribution company, providing innovative, flexible and rigid packaging solutions for a broad group of clients. PPG is headquartered in Sydney with a national footprint including operations in all mainland states. PPG's securities are listed and quoted on the ASX. For further information on PPG visit www.ppgaust.com.au.