



Investor Presentation
First Half Results -2014

"Heavy lifting of the final rationalisation all but complete – the stage is set."

Our Vision: Australasia's stand out packaging partner

colorpak 

foilmasters 

brandpack
AUSTRALASIA | the packaging architects

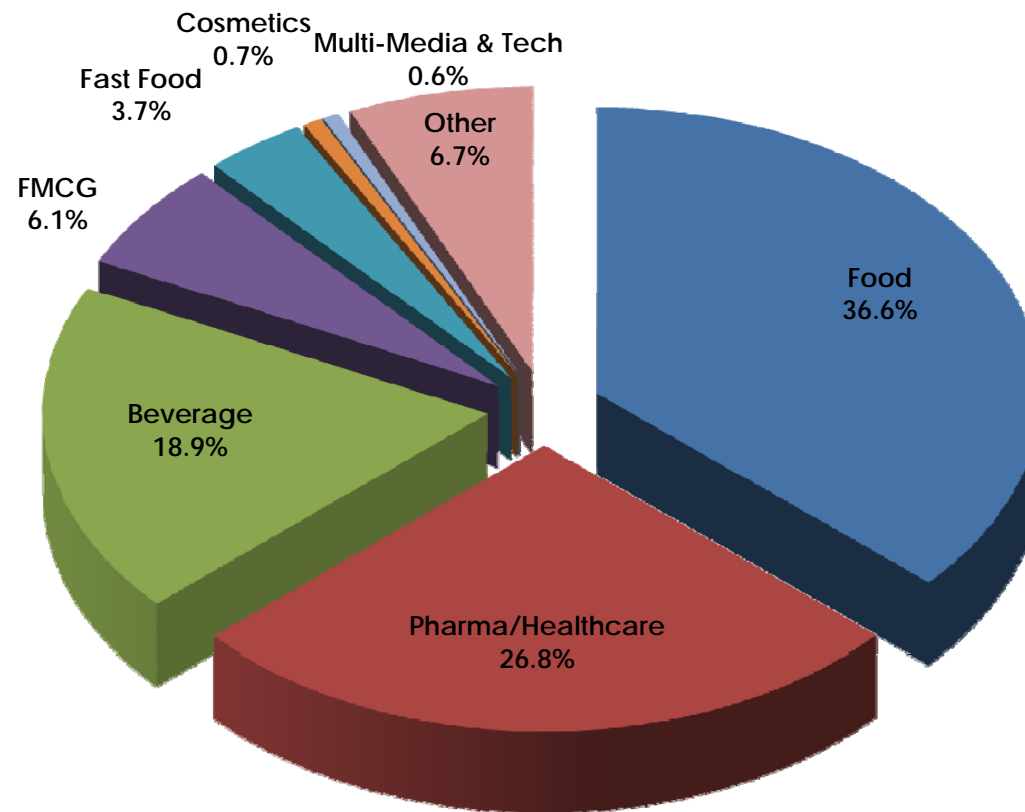
pharmakit 

Who We Are

- Manufacturer of folding cartons, paper cups and lids, “short-run, fast-turnaround” digital cartons and other printed components, printed leaflets, printed blister and lidding foils, printed self-adhesive labels, sachets and point-of-sale displays.
- Operator of Brandpack, our integrated design agency and pre press component management business.
- Market leader, as evidenced by consistent ranking as one of the industry’s top suppliers by BIS Shrapnel for reliable delivery, competitive price/value for money, ability to respond to customer needs, consistent quality and machineability and response time for urgent orders.
- Operate in most market segments, with the more significant segments being pharmaceutical / healthcare, beverage, food, cosmetics, and FMCG.
- 650 employees, operating from 2 sites in Australia and 1 site in New Zealand.
- Long term revenue growth rate 13.5% (10 years to June '13).



Market Segments



Company transformation

- 1HFY14 has seen our third plant rationalisation in three years post our acquisition of CHH in March 2011.
- \$3.0 million of savings are expected to flow from the rationalisation activities.
- The business has deliberately set about these activities to structurally improve its competitive position by reducing duplicate labour cost, down sizing occupancy foot prints, and to use scale as leverage for improved input cost purchasing.
- All of these changes internally have taken place against a backdrop of a competitive fragmented market where customers have choices of supply from local, and in some instances offshore sources.
- These internal changes have within our expectation impacted short term profits.
- Despite disruptions caused by the rationalisations, the company has preserved its reputation as one of this country's leading suppliers measured by quality, innovation and service.
- 2HFY14 will see the completion of our final rationalisation we expect by March 2014.
- With a retracting \$A and an anticipated improvement in economic activity the business is well placed to capitalise on emerging opportunities.
- The full year benefits of this final rationalisation will crystallize in the FY15 results.

1HFY14 Results Summary

6 months to December

Results Summary	1HFY14		1HFY13	Change
	Underlying (*)	Reported	Reported	Underlying
Sales (goods/services) (\$000)	82,560		92,727	(11.0)%
EBITDA (\$000)	7,371	5,332	10,700	(31.1)%
EBITDA %	8.9%	6.5%	11.5%	
NPAT (\$000)	2,653	1,226	4,719	
NPAT %	3.2%	1.5%	5.1%	
EPS (cps)	3.25	1.50	5.79	
Interim dividend (cps), (payable 1 April 2014)	1.75		1.75	

(*) Excludes impact of restructuring the Victorian operations

1 HFY14 Highlights

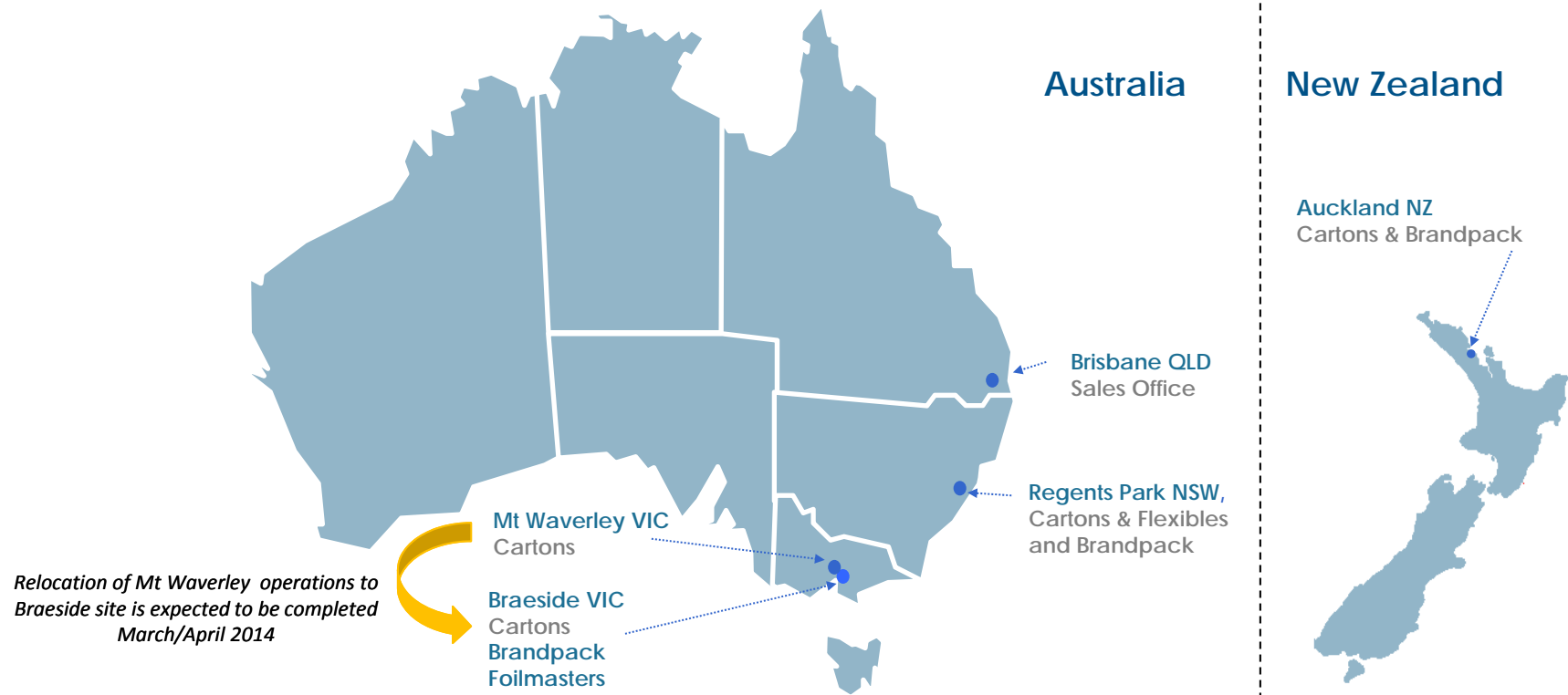
- Mt Waverley plant rationalisation into Braeside is 90% complete with full project completion expected by March 2014.
- Driving for ongoing internal efficiencies & productivity gains. Mt Waverley site into Braeside site consolidation should underpin profitable growth in FY15.
- The first half conditions have been difficult both internally due to the plant move (infrastructure changes have been large and demanding), and externally due to market conditions being sluggish and customers commercial demands remaining tough.
- Villawood lease has been surrendered to Landlord to remove ourselves from one of the last remaining CHH legacy over-market lease positions.
- Our digital press and related ancillary equipment for the production of “short-run, fast-turnaround” products was commissioned in December 2013.
- Innovation, targeted investment, leading industry reputation and strong customer partnerships driving growth opportunities.



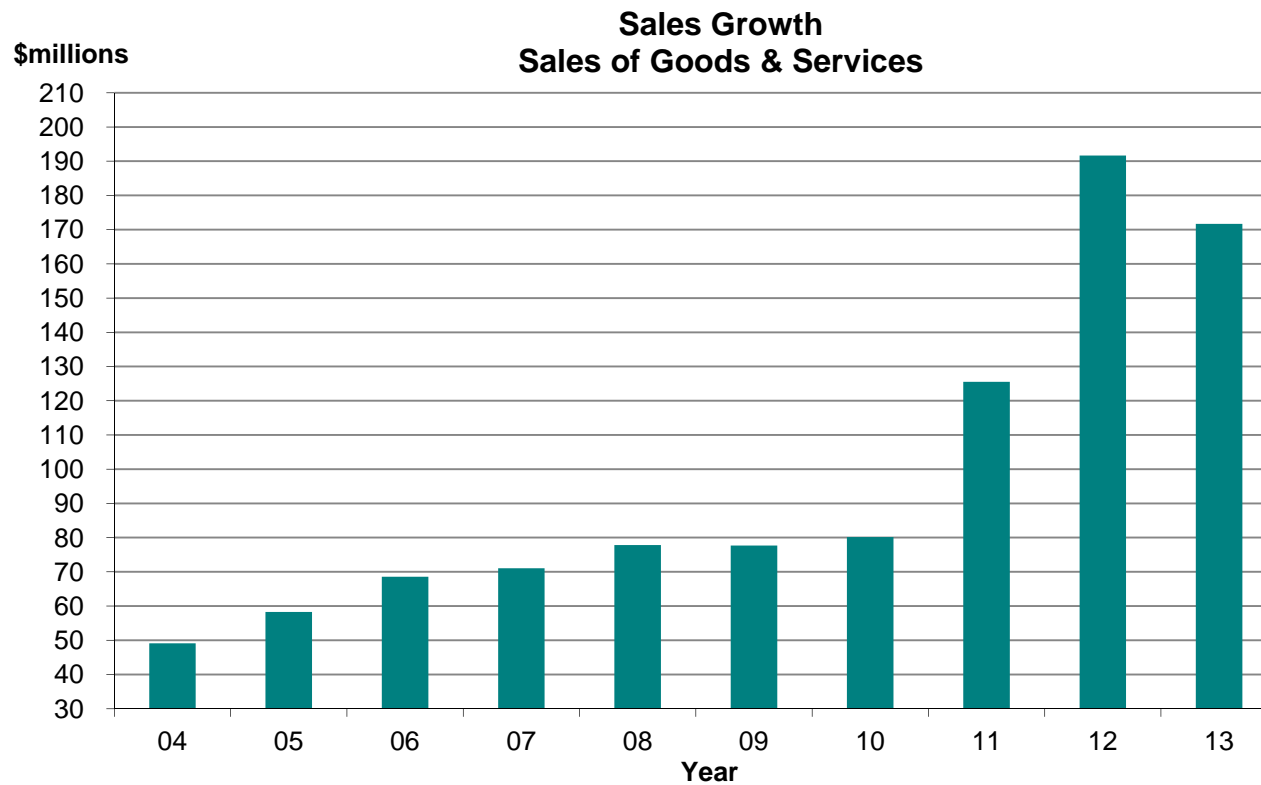
Colorpak has been actively acquiring and integrating packaging businesses for the past 15 years.....

- 1998 Foilmasters (Victoria)
- 2000 Hale Foldpack (New South Wales)
- 2001 Pemara Packaging (Victoria)
- 2004 Castle Graphics (New South Wales)
- 2010 Remedies printing business (New South Wales)
- 2011 Carter Holt Harvey Cartons including Montage Graphics (New South Wales, Victoria, New Zealand)

Colorpak Locations



Sales Growth



Long term revenue growth rate 13.5% (10 years to June '13)

Client Endorsements



Cash Flow and Debt Management

6 months to December

(\$000)	1HFY14		1HFY13	Change
	Underlying *	Reported	Reported	Underlying
Operating cash flow	5,137	3,915	9,734	(4,597)
Capex (net)	(4,785)	(4,785)	(2,577)	(2,208)
Free cash flow	542	(870)	7,157	(6,615)
Dividends	(1,427)	(1,427)	(1,427)	-
Reduction / (increase) in debt	(885)	(2,297)	5,730	(6,615)

** Excludes impact of restructuring the Victorian operations*

Free Cash Flow

(\$000)	1HFY14	1HFY13	
	Underlying (*)		Change
EBITDA	7,371	10,700	(3,329)
Capex	(4,785)	(2,577)	(2,208)
Taxation	418	433	(15)
Interest	(1,358)	(1,673)	315
Change in working capital	(1,104)	274	(1,378)
Free cash flow	542	7,157	(6,615)

* Excludes impact of restructuring the Victorian operations

Balance Sheet Metrics

(\$000)	2014	2013
Net Debt	35,288	32,995
Interest Cover (EBITDA) (times)	3.78	5.04
Gearing (Debt/Debt + Equity, %)	33.0%	31.5%
Net Equity	71,786	70,359
Net Tangible Assets	25,652	24,225
Net assets per share (cents)	88.0	86.3
Return on Net Tangible Assets	10.3%	19.5%
Debtor Days	56	48
Inventory Days	97	112

* Trade and other receivables + Inventories – Trade and other payables.

Debt Facilities

Debt

Conservatively Managed

Debt Facilities

- Existing debt agreed until October 2015;
- \$48.6 mill committed bill, cash advance & trade finance facilities + \$2.9 mill OD;
- No bill facilities mature within next 12 months;

Debt Covenants

- Financial ratios well within bank covenants;

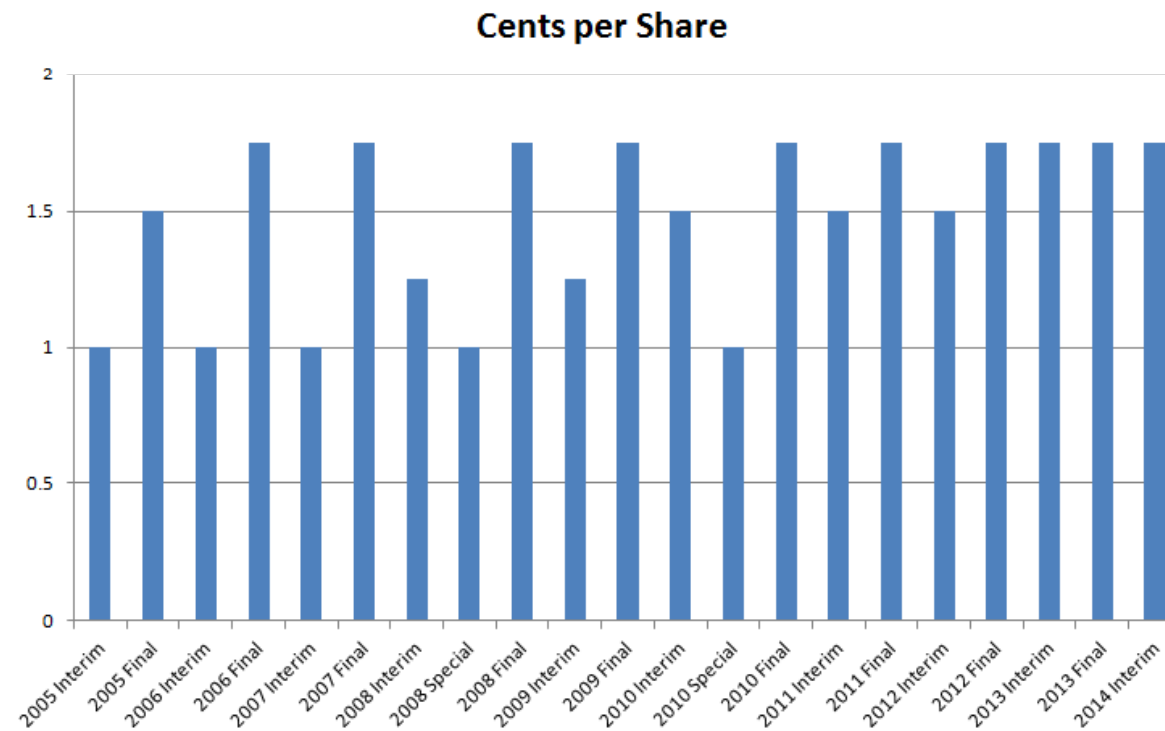
Debt Capacity

- Capacity to finance both growth & integration activities.
- Net Debt / (Net Debt + Book Equity) 33.0%;

Interest Rates

- 78.6% of debt swapped to fixed rates maturing between 2014 and 2017.

Dividend Return to Shareholders since Listing



- **27.50 cents per share returned since listing**
- **Shares listed at 50 cents per share = 55% returned**
- **At 83 cent share price = 66% capital growth or 121% return on funds invested**

Competitive Position

- CKL's competitive position is improving.
- CKL well placed as competitors with vertically integrated business models "de-couple". Increasing transparency on industry returns is a positive.
- Lower A\$ helps, reduces offshoring risk.
- Exposure to acquired CHH premises leases reducing. Negotiated early exit of Mt Waverley and at Villawood. NZ lease expires June 2016.
- Long term reputational leader in the industry as independently validated by BIS Shrapnel annual survey into the Paperboard and Packaging sector.
- Leader in the Australian pharmaceutical sector with an industry unique multi-printed component offering under our Pharmakit model. High barriers to entry in this high regulated sector industry space, and Colorpak has a strong market position built up over many years.
- Uniquely placed to partner with a customer from a concept design both structurally and graphically, and drive it through to final delivered product. Brandpack adds a new dimension of depth to our business – continues to be a market differentiator.
- First and only participant in the folding carton sector with a true carton capable digital solution.

Market Trends

- More modest industry wage outcomes are being awarded in the current environment.
- Amcor closed its Petrie board mill in December 2013 putting pressure on competitors to secure new board supply.
- Amcor successfully demerged its Australasian business unit in December 2013 under the brand name of Orora. The integrated fibre division of this newly listed entity will now be our competitor rather than Amcor.
- Early signs of economic recovery in the broader retail sector.
- Industry structure regionalising and expected to consolidate.
- Supermarket pricing power putting pressure on the industry customer base.
- Customers looking for convenience and reduced compliance costs, which they can find in our offerings. This will be further enhanced now with our digital solution.
- Weakened \$A putting pressure back on importing of packaging, be it fully packed or commoditised style raw packaging. Also, pressure for increased pricing on imported raw material input costs.
- Risk mitigation and contingency plans are big issues for customers particularly in the pharmaceutical sector. Colorpak is able to tick those boxes given our multiple plant locations with full reciprocal manufacturing capability system compliance between sites.

Outlook

Financial

- FY14 - underlying profit(excludes impact of restructuring the Victorian operations) in line with prior year (excludes onerous contract release in FY13).
- FY14 headline results will be impacted by \$2.4 mill of one-off restructuring costs associated with Victorian rationalisation. Payback < 1 year.
- Expect \$3.0 mill of cost savings to flow from the rationalisation in FY15.
- Continued commitment to margin improvement - expansion driven by productivity gains resulting from the Victorian plant rationalisation and cost savings.
- Expect profit growth in FY15, aided by full year of rationalisation benefits.
- Expect margin improvement, strong free cash flow and further debt reduction.
- Improving competitive position. Lower A\$ helps, reduces offshoring risk.
- CKL well placed to benefit from any recovery in consumer demand.
- Optimistic that over the medium term global benchmark EBITDA returns of 12% can be achieved.



Outlook

CAPEX

- 2014 full year net capex expected to be around \$6.0 mill – directed towards :
- Rationalisation of Victorian operations, completion expected March 2014.
- Expansion of automated processes and infrastructure to underpin factory efficiencies.
- Adoption of emerging world class technologies for expansion within new and existing markets with purchase of HP Digital press for NSW – commissioned Dec 2013.
- Replacement productivity boosting capacity with the purchase of Roland 700 6-colour press for Victoria – commissioning Feb 2014.

Growth Opportunities

- An additional cup forming machine to be commissioned in the paper cup room in March/April 2014 to improve efficiency and meet increased demand.
- Use the scale, innovation and expertise of the expanded group to prevail in competitive tender situations for new and existing business opportunities.
- Brandpack are leveraging our design and pre-press expertise deeper within our existing and potential customer base with unique offerings such as “virtual supermarket technology”.
- Digital strategy has been prepared and in the initial stages of implementation.



Strategies & Priorities

- Continued commitment to margin improvement, free cash flow, and debt retirement by :
- Completion of the last stage of Victorian integration.
- Strong focus on streamlining systems and processes of combined Victorian operations to return to maximum productive capability.
- Streamline labour effort to reduce duplication and remove excess labour costs.
- Drive to swift change over of material inputs on specific accounts to enhance margin expansion.
- Ensure a smooth initiation and revenue take up on newly employed digital technology enabling increase in productivity and margin.
- Keep strong management of working capital stock holdings.
- Work with customers to improve commercial terms on contracts as they roll over in particular on CHH legacy accounts.
- Maintain our excellence in service and quality culture.
- Remain vigilant to new technologies that will underpin future productivity improvements.

Shareholder Information

Substantial Shareholders	No. of Shares	%	6 Month Movement
Carton Services Pty Ltd (Commins Family)	20,814,827	25.5	
Perpetual Limited	10,976,205	13.5	
Blue Drive Pty Ltd	5,781,714	7.1	
Investors Mutual Limited	4,500,000	5.5	
Total for substantial shareholders	42,073,546	51.6	
All other shareholders	39,463,605	48.4	
Total Shares on issue	81,537,151	100.0	



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Thank you.