Orora acquires IntegraColor

1 March 2016
**Transaction summary**

- Orora acquired US-based IntegraColor
- Consideration of US$77M (approximately A$107M)
- EBITDA multiple of 6.9 times
- RoAFE expected to be in excess of 15% by third full year and 20% by year five
- Approximately US$100M sales revenue
- Acquisition enhances Orora’s packaging solutions capability and geographic footprint
- IntegraColor to be managed as a separate division within Orora
- Synergies relating to purchasing and administrative shared services in excess of US$2M (approximately A$2.7M) are expected to be realised over 2-3 years.
- Acquisition effective 1 March 2016
- Funded from existing bank debt facilities
- Transaction costs of approximately US$1.0m (approximately A$1.4m) will be expensed in FY16
IntegraColor overview

• IntegraColor is a well regarded US provider of point of purchase (POP) retail display solutions and other visual communications services
• Serves blue-chip corporate customers across the consumer (including food and beverage), horticulture and healthcare/education sectors
• Established 1956
• Located in Dallas, Texas
• Large long-term leased facility
• Vertically integrated manufacturing operations
• Approximately 300 employees
  • Plus 135 casuals – demand driven
IntegraColor overview

• Offers a broad set of value-added services and complete supply chain solutions including:
  • Design
  • Campaign development
  • Data management & proprietary analytics
  • Digital media
  • Logistics
  • Fulfilment

• High class modern manufacturing operations
  • Eight different printing processes, multi substrate capability on over 40 presses

• Long-term customer relationships
• Well-established position in both defensive and growth markets
Alignment with Orora’s growth strategy

Orora North America
Objective: Drive regional growth/expand capability

Organic growth
- Continue to target large corporate accounts and increase share of wallet with current customers → Focused on large corporate customers

Adjacent M&A
- Investments in parallel packaging substrates/markets → Well regarded provider of point of purchase retail display solutions and other visual communications services
- Targets servicing preferred markets of food, pharma/health, IT & automotive → Established position servicing consumer, healthcare/education & horticulture markets
- Enhance geographic footprint and/or extend product offering/value proposition → Enhances Orora’s packaging solutions capability and geographic footprint

Integrated fibre offering
- Sell the improved performance characteristics of B9 paper → B9 paper expected to complement customer offering
IntegraColor - Enhances Orora’s customer value proposition

- Landsberg Orora offers custom packaging solutions from concept to consumer
- IntegraColor enhances Orora’s customer-value proposition, particularly in high value-added areas such as:
  - Design
  - Fulfilment
  - Logistics
  - POP - retail ready displays
- Orora North America target markets:
  - Food & Beverage
  - Healthcare/Pharmaceutical
  - Information Technology
  - Automotive
- IntegraColor sales by segment:
  - Consumer – approx 60%
  - Horticulture – approx 30%
  - Healthcare/Education – approx 10%
Integration

- Landsberg and IntegraColor will be managed as separate divisions within Orora
  - Landsberg will continue as a solutions provider for customised packaging requirements
  - IntegraColor’s primary focus will be on POP solutions to its existing customers and, in time, Landsberg customers
  - IntegraColor will report directly to the Orora MD&CEO
- A detailed 100 day plan has been prepared with clear responsibilities and accountabilities
  - Steering group includes Orora MD&CEO/CFO
- As soon as practical, both divisions will utilise a centrally managed service model, encompassing design, supply chain and logistics
  - Procurement and administrative functions will also be integrated and optimised across the group in time
  - The integration of IntegraColor onto SAP (likely FY17) will be scheduled but will not disrupt the existing Landsberg SAP roll out program
  - Cross-sell opportunities will be coordinated centrally
- Several key senior IntegraColor executives have been provided earn out incentives on the achievement of minimum RoAFE requirements over the first three years
Key Financial Metrics

• The purchase price has two components:
  1. Up-front price of US$70M (approximately A$97.0M) paid on completion
  2. A reps and warranties holdback of US$7M (approximately A$10.0M), to be paid in equal instalments after 12 months and 18 months from the date of acquisition

• Orora expects the acquisition to achieve a return on investment in excess of 15% by the third full year of ownership and 20% by year five

• Cost synergies of approximately US$2M (approximately A$2.7M) are expected to be realised over two to three years primarily through improved procurement and integration of shared administrative services

• Approximately US$100M sales revenue

• The acquisition will be funded utilising Orora’s existing debt facilities

• Transaction has been structured to enable tax deductibility (over time) of the full purchase price

• Transaction costs of approximately US$1.0M (approximately A$1.4M) will be expensed in FY16
Orora has invested approx. $220M in growth since ASX Listing in December 2013

<table>
<thead>
<tr>
<th>Organic Growth Capital</th>
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<tbody>
<tr>
<td><strong>2H14</strong></td>
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<td>Opened new Landsberg DC in Nashville, USA – customer backed</td>
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<th>Bolt-on M&amp;A</th>
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<tr>
<td><strong>1H15</strong></td>
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<tr>
<td>Acquired World Wide Plastics (Rigid plastic containers)</td>
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<td><strong>2H15</strong></td>
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<td>New customer backed Dairy Sack Line ($20M)</td>
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<td>Launched $45M Orora Global Innovation Initiative</td>
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<table>
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<th>Adjacent M&amp;A</th>
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<tr>
<td><strong>1H16</strong></td>
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<tr>
<td>Established 2 new East Coast US DCs (Charlotte &amp; Orlando) – both customer backed</td>
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<tr>
<td>$16M spend committed from Orora Global Innovation Initiative to date</td>
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<tr>
<td><strong>2H16</strong></td>
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<td>Investing $42M to increase glass bottle manufacturing capacity – import replacement, underpinned by existing customer demand</td>
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<tr>
<td>Acquired Jakait ($23M) (Greenhouse produce &amp; labels)</td>
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<td>Acquired small Californian based supplier of flexible packaging</td>
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<tr>
<td>Acquired IntegraColor (Point of purchase solutions)</td>
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Total Investment

- Organic Growth Capital: ~$80M
- Bolt-on M&A: ~$35M
- Adjacent M&A: ~$107M

Orora Ltd 2016
Summary

• Acquisition is in line with stated growth strategy
• Provides a platform in POP - an adjacent customised value added proposition
• Provides another platform, in addition to Landsberg, to support future bolt-on M&A growth for Orora
• Enhances Orora’s North American geographic footprint through bolstering position in Texas
• Strengthens Orora North America’s corporate account revenue growth strategy
• Services two of our four identified target markets – food/beverage and healthcare
• Opportunities for cross sell between Landsberg and IntegraColor
Orora acquires IntegraColor

Appendix

1 March 2016
Landsberg Orora has 11 manufacturing plants and 50 distribution sites across 5 countries – opportunity to leverage IntegraColor offering

IntegraColor is based in Dallas, Texas
- Serves over 3,200 customer locations across North America

Central location, ideally located to facilitate southern and national distribution

Expands Orora’s presence in Texas

Enhances Orora’s geographic footprint and reach
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