Orora delivers on expectations for the year ended 30 June 2014

25 August 2014

Following the demerger from Amcor Ltd in December 2013, Orora today announced its first result as a standalone company.

**IMPORTANT - PLEASE NOTE:** As a result of the restructure of Orora within Amcor and subsequent implementation of the demerger, the statutory accounts for Orora do not reflect the complete 12 months of results for Orora’s operations. Consequently, this announcement is focused on pro forma figures, which reflect 12 months’ results. Selected statutory results, however, are also shown for completeness.

Further detail in relation to segment financial information sourced from the statutory accounts and pro forma financial information is contained in the Investor Results Release which has been lodged with the Australian Securities Exchange today.

**Result highlights**

**Pro forma Results (reflecting 12 months of operating results)**

- Pro forma net profit after tax (NPAT) before significant items of A$104.4 million, reflecting a full year underlying result
- Sales revenue up 7.9% to A$3,176.1 billion (on constant currency basis, sales up 3.5%)
- Pro forma earnings before interest and tax (EBIT) up 29.6% to A$192.1 million
- Operating cash flow was A$224.1 million, up from A$168.9 million
- Final ordinary dividend (unfranked) of 3.0 cents per share – total dividends 6.0 cents per share (approximately a 70% pay out ratio)
- Net debt at 30 June 2014 was reduced to A$636 million, representing leverage of 2.2 times

**Statutory Results (do not reflect a complete 12 months of operating results)**

- Statutory net loss after tax of A$106.5 million which includes significant items of A$181.6 million. NPAT before significant items was A$75.1 million.

Commenting on the Group’s performance for the year ended 30 June 2014, Orora’s Managing Director and CEO, Mr Nigel Garrard, said “We have delivered pro forma earnings growth of approximately 30% by increasing sales revenue and continuing to successfully deliver on our cost reduction programs”.

Orora Limited
www.ororagroup.com
“This earnings growth was achieved despite flat market conditions and was underpinned by on target delivery of our ‘self-help’ cost reduction programs, and market share gains and manufacturing efficiencies in both the Glass division and Orora’s North American business”.

“Equally important, by maintaining strong financial discipline, we were able to convert earnings growth into cash and improve the strength of our balance sheet. This has enabled us to declare a final dividend of 3.0 cents per share, which is at the top of our indicated payout range and takes the full year dividend to 6.0 cents per share.”

**Business Group Performance**

Orora Australasia delivered a 25.7% increase in pro forma EBIT to A$162.5 million. In the Beverage group the company gained market share in the Glass division, while volume in the Cans division was stable. The Fibre group generated increased earnings from successful delivery of cost reduction and footprint rationalisation initiatives. The incremental EBIT from cost reduction programs during the year was A$27.1 million.

The B9 recycled paper mill is now 18 months into an expected ramp-up period of 2-3 years and remains on track. The paper’s increased strength and improved printability is better than expected and being well received by customers in Australasia and North America. The mill produced 335,000 tonnes of recycled paper during the year with export successfully commencing to Orora North America in January.

Despite flat market conditions, the North American business had a strong year with constant currency sales up 12.1% to US$1,159.7 million. Earnings were driven by strong sales growth to new and existing customers, market share gains, manufacturing efficiencies as well as a positive FX translational benefit of A$6.1 million.

**Outlook**

“We will continue to invest in our core businesses and innovation to drive continuing growth as we strive to be a customer focussed packaging company in our markets,” said Mr Garrard.

“We expect the Group to continue to deliver on the cost reduction initiatives in 2015, with earnings expected to be higher than that reported on a pro forma basis in 2014, subject to global economic conditions”.

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