



ASX Announcement

15 October 2015

**ORORA LIMITED – ANNUAL GENERAL MEETING
10.30AM, THURSDAY 15 OCTOBER 2015**

MANAGING DIRECTOR'S ADDRESS

Thank you Mr Chairman. Good morning Ladies and Gentlemen.

I am very pleased to be able to present to you at Orora's second AGM as an independently listed company. These, our foundation years, are proving to be both eventful and exciting, and I am proud of the consistent progress we are making.

Orora has embarked on a truly customer-led strategy – we place the customer at the very core of our business and we work collaboratively with them to constantly expand, evolve and improve. It is this focus that ultimately generates shareholder value.

Great companies have a firmly held belief in the importance of what they do, a set of values that underpin all that they do and an operating framework by which to deliver that vision.

Orora's culture program, which we call The Orora Way, is now in its second year. It defines what we believe, what we value and what we deliver. It is championed and modelled by leadership, but importantly it was created by our people - developed by more than 300 of our team members from around the world. We see this as a competitive advantage for our business.

Our team members around the globe are driven by this shared belief and a determination to deliver on what they have termed 'our promise' – this is the promise we make to our customers, to our shareholders, to our communities and to each other.

These team members told us that they value teamwork, passion, respect and integrity above all else. These values are the very foundation of our one, united, innovative, customer-led business – One Orora. They are the key to our sustained delivery of Outperformance through:

- Customer focus
- Safety
- Financial discipline and
- Our people.

The Orora Way has enabled our people to clearly, and compellingly, articulate what it is they do, why it matters, and to convey this passion to others.



Our view was that this would inspire improved business practices, a level of teamwork that would achieve more than any individual could achieve on their own, a culture and mindset of innovation, a customer-led focus and, ultimately, stronger financial performance. I am very pleased to confirm that it is doing just that.

During the last year, we have continued to deliver a program to embed The Orora Way into our business, including an award-winning induction program through our Orora Global University platform.

We have also launched a rewards and recognition program to recognise behaviours and activities that demonstrate both our values and outperformance deliverables.

Employee Share Plan

The passion Orora's team members have, the determination with which they are chasing Outperformance, and their confidence in our ability to succeed, is further evidenced by their willingness to invest their own money in our Company.

In 2014, shortly before last year's AGM, Orora launched its first Employee Share Scheme or, as we call it, the Team Member Share Plan. In its first year, more than 1,000 of our eligible team members in Australia elected to participate, investing a portion of their salary in Orora shares. Eligible team members were recently invited to participate in the 2015 Plan which closes tomorrow. Initially open to team members in Australia, we are now working to extend a similar opportunity to our team members in New Zealand and North America.

We believe that having a financial stake in your business will further align the interests of our team members with you, our shareholders.

Safety

Safety is an integral part of who we are and how we work – it is part of The Orora Way and one of the four pillars by which we deliver Outperformance.

Although we measure safety performance using standard industry metrics, we must always bear in mind that every safety incident presents harm to a much valued team member and impacts not only them, but their family, friends and colleagues.

Safety initiatives across Orora in recent years have resulted in a steady reduction in our Recordable Case Frequency Rate, and our Lost Time Injury Frequency Rate is stable. Pleasingly, our safety performance remains top quartile.

That said, zero injuries is our ultimate aim so we will continue to invest in safety across our business in terms of capital expenditure, behavioural programs and developing our safety leadership talent to drive further improvements.



Business Performance

I will turn now to the operational performance of our business for the 2015 financial year.

Orora's customer-led business operates in two business segments: Australasia and North America.

The Australasian business spans both the Fibre Packaging and Beverage business groups. Our North American business spans Landsberg Packaging Solutions and Fibre Manufacturing businesses.

Our 2015 results were driven by the on-track production ramp up of our B9 recycled paper mill in Botany, New South Wales, delivery of the remaining 'self-help' cost reduction programs, and double digit earnings growth in both Australasia and North America, despite subdued market conditions.

Through continued financial discipline and improved management of working capital, we were able to convert earnings growth into cash. This further strengthened the Company's balance sheet, lowered debt servicing costs and enabled the Group to deliver approximately 26% increases in both Net Profit After Tax and Earnings per Share.

Looking across the business groups, Orora Australasia delivered Earnings Before Interest and Tax of AUD 181.6 million, an 11.8% increase on the previous year. In the Beverage group, the company gained market share in the Glass division while Beverage Can volumes remained stable. The Fibre group saw higher sales of corrugated board in New Zealand and generally stable volumes elsewhere.

During the year, the Australasian business delivered a further AUD 25.3 million of incremental benefits from our 'self-help' programs. This included delivery of the remaining footprint and cost-reduction efficiency programs in the Fibre Packaging business, but was largely driven by AUD 18.4 million of cost reduction and innovation benefits at our B9 recycled paper mill.

B9 is a major differentiator for our business in terms of both quality and integrity of product, as well as enabling us to market a vertically integrated offering to the US market through Orora North America. The machine continues to perform well in terms of production ramp-up, quality, and cost benefits. During the year, production increased by a further 10% to 367,000 tonnes, and the machine is expected to achieve an annualised monthly run rate approaching its designed output capacity of 400,000 tonnes towards the end of this coming financial year. Export volumes from B9 to our North American business increased from 8,500 tonnes in the previous year, to 55,300 tonnes, and we aim to export in excess of 70,000 tonnes this year.

I will turn now to our operations in North America which we repositioned during the year from being a distributor of commoditised products to a packaging solutions provider. This business had another strong year, delivering constant currency sales growth of 6.2% to USD 1.2 billion and earnings growth of 14.1% to USD 59.9 million.



The Landsberg Packaging Solutions division increased revenue by 8.7% through higher sales to existing customers, winning market share and the benefit of the July 2014 acquisition of Worldwide Plastics.

In line with Orora's returns-focused approach to capital allocation, merger and acquisition activity has become an increasingly significant focus for the Group. To this end, we have established a well-credentialed merger and acquisition team and adopted a proven and repeatable merger, acquisition and integration process. As a result, I am pleased to report that the integration of Worldwide Plastics continues to track ahead of expectations. We are set to deliver our targeted 20% return on investment acquisition hurdle rate in the 2016 financial year, one year ahead of return criteria.

In August this year, we announced the acquisition of Jakait, a supplier of packaging, logistics services and label products to the greenhouse produce sector based in Ontario, Canada. This acquisition provides further capability to our North American business in the food and produce market and expands our footprint into Canada. In line with the return criteria we apply to acquisitions, the purchase of Jakait is expected to generate a 20% return on average funds employed by the third full year of ownership.

Investing for future growth

In addition to these acquisitions in North America, we also announced a significant, customer-led investment in our Australasian business during the year to drive future growth. In March, we announced an investment of approximately AUD 20 million in a new state-of-the-art dairy bag production line supported by a new dairy bag making machine. This investment was made as a result of securing a long term supply agreement with Fonterra.

As a customer-led company, long term investments and contracts such as this demonstrate Orora's commitment to invest in initiatives for our customers and to drive innovation across the Company. The machine will be commissioned in late 2016 and be located at the existing facility in Keon Park, Victoria. When complete, the new production line will be one of the leading dairy bag manufacturing facilities in the world with the latest bag-making technology combined with the highest food safety standards.

In April this year, we also completed the rebuild of our first glass furnace, which we refer to as G1, in Gawler, South Australia. This was a large scale and complex rebuild that was delivered on schedule, on budget and, most importantly, without injury.

As the Chairman previously mentioned, we also established the Orora Global Innovation Fund this year, dedicating approximately AUD 45 million to be spent over the next three years to drive innovation in both product and process, modernisation and productivity across the Company. This is part of being customer-led and encouraging "out of the box" thinking to deliver sustainable benefits.

Recognition of Orora's achievements



Orora's achievements are increasingly being recognised by external parties, validating our customer-led strategy and the value that we see in our drive for innovation.

During the year, key customers including Coca-Cola Amatil and Lion recognised Orora's contribution to their business at their Supplier of the Year awards.

Orora's drive for innovation was recognised as the Company was named in the BRW Most Innovative Companies list for the second year running. This year, in addition to making it onto this prestigious list, Orora was awarded Best Process Innovation for its technology developed to enable cost-effective randomised printing of beverage cans to support consumer promotions.

Throughout the year, a number of our innovative packaging products received industry recognition at the Australian Packaging Design Awards, the World Packaging Organisation's awards program which is known as the Worldstar awards, and the New Zealand Pride in Print Awards.

Orora was also recognised as Australia's Leading Energy User in 2014, an award granted by the Energy Efficiency Council and Energy Users Association of Australia to celebrate excellence in energy management.

Orora's team members are passionate about what they do, and these awards offer an immense source of pride. It is this passion that will drive our team members to outperform and, ultimately, deliver continued improved financial performance for the Company.

First quarter trading

Turning to the first quarter of 2016, the economies of Australia, New Zealand and North America remain flat, and we expect these conditions to continue for the remainder of the financial year. Our trading results for the first quarter are ahead of the same period last year, and are in line with our expectations.

Consistent with our strategy, our focus for the year ahead will be:

1. Continuing to drive profitable organic growth across both the Australasian and North American businesses;
2. Continued improvements at B9 including increased production and delivery of further innovation and financial benefits;
3. Leveraging the Orora Global Innovation Fund to generate innovation and growth opportunities in line with our customer-led strategy; and lastly
4. The disciplined allocation of free cash flow to growth projects that are expected to meet our targeted returns.

We expect to be able to deliver higher earnings in 2016 than those reported in 2015, subject of course to global economic conditions.



In summary, with a strong leadership team in place, a focus on talent development, a sound strategy and a solid balance sheet, Orora is well placed to deliver further growth and further improvement in shareholder returns.

Thank you for your continued support.

I will now hand you back to the Chairman.

ENDS