ASX Announcement

17 October 2017

ORORA LIMITED – ANNUAL GENERAL MEETING

10.30AM TUESDAY 17 OCTOBER 2017

CHAIRMAN’S ADDRESS

Ladies and gentleman, before addressing the formal items of business as outlined in the Notice of Meeting, I would like to provide an overview of Orora’s 2017 financial results and corporate governance practices.

Nigel Garrard, will then provide an overview of the Company strategy and take you through the operational performance of the business divisions.

Financial Highlights

I am pleased to report that it has been another successful year for Orora, with the Company delivering on its financial objectives, generating strong earnings growth and continuing to execute its strategy to drive future growth.

Turning first to the results for financial year 2017. These reflect another solid performance from the business, with double-digit earnings growth delivered for the third consecutive year.

Net profit after tax was more than 14% higher to $186 million compared to the prior financial year and earnings before interest and tax were 11% higher to $302 million. Earnings per share also increased to 15.6 cents, up almost 15% on the prior year.

All of the above are, of course, underlying results.

Sales revenue was also higher, up approximately 5% to just over $4 billion, despite continued subdued market conditions in both the Australasian and North American regions.

Statutory net profit after tax for the financial year was $171 million, with statutory earnings per share of 14.3 cents.

An after-tax significant item expense of approximately $15 million relates to the additional expected costs associated with decommissioning the former Petrie Mill site. This followed an interim project review and re-assessment of the estimated costs to complete. The increase in expected decommissioning costs is due to a range of factors including delays in the commencement of some works, the scope and complexity of remediation works required and increases in costs.

Returning to the financial results, the combination of earnings growth and working capital management has resulted in a 5.6% improvement in operating cash flow with cash conversion at 74%, which is above Orora’s long term target of 70%.
This has further strengthened the Company’s balance sheet, leading to leverage reducing to 1.6 from 1.7 times.

Net debt rose to $674 million, mainly due to the completion of the Orora Visual acquisitions in North America, but remains well within Orora’s target range and provides capacity to support continued execution of Orora’s growth investment strategy.

The Board declared a final dividend of 6 cents per share, franked to 30%. This took the total dividend for the financial year ended 30 June 2017 to 11 cents per share, which is an increase of approximately 16% over the prior year. This represents a payout ratio of approximately 70% of net profit after tax, which is again at the top end of Orora’s indicated payout range and reflects the Board’s continued confidence in the business and its strategy.

**Orora’s strategy**

Orora’s objective is to deliver outperformance and therefore sustainable value creation for shareholders and is embodied in The Orora Way strategy statement which Nigel will outline in a moment.

The Board believes this strategy continues to serve shareholders well. The Orora Way underpins the Company’s track record of strong performance and ensures Management applies a returns focused lens to initiatives, innovation and investment activity. I would like to commend Nigel and the Orora team on their disciplined and successful execution of The Orora Way strategy since listing in 2013.

**Governance**

Moving now to Orora’s governance practices. These are set out in the Company's Corporate Governance Statement and published on the Company’s website.

The Board continues to refine and enhance these practices to ensure that the Orora Group operates to the highest standards of corporate governance.

The Board also takes seriously Orora’s commitment to support, and be a positive contributor to, the communities in which it operates. Orora adheres to all relevant regulations and industry standards and has sound risk management frameworks in place.

These strong corporate governance practices are designed to meet the interests of Orora’s stakeholders and build a solid foundation for the Company’s performance.

An important aspect of the Board’s role is to regularly monitor and assess Board composition and performance. This is particularly important as the Company grows and expands in North America. The Board’s view is that the composition of the Company’s Non-Executive Directors is appropriate, having regard to the skill set, expertise, and experience needed for a company of Orora’s size and geographic spread. The Board continues to regularly monitor and assess these matters.

However, the observant among you will have noticed that some of us are not getting any younger... and Orora will look to some Board renewal over the next 12 months or so.
Conclusion

In closing, I wish to thank Orora’s senior executives, team members globally and my fellow Non-Executive Directors for their commitment and efforts over the last year. I also particularly want to thank you, Orora’s shareholders, for your continued support.

I will now ask Nigel to take you through the operational highlights for the 2017 financial year and the company’s strategy for the future. Nigel will also provide an update on the first quarter’s trading performance for the current financial year.

Thank you.

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