

ANNUAL GENERAL MEETING

16 October 2018



# **Chris Roberts**

Chairman



### Important information



This presentation contains summary information about the current activities of Orora Limited (Orora) and its subsidiaries (Group). It should be read in conjunction with Orora's other periodic and continuous disclosure announcements filed with the Australian Stock Exchange.

#### Forward Looking Statements

This presentation contains forward looking statements that involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to Orora. Forward looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "seeks", "estimate", "anticipate", "continue", or similar words.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including Orora). In addition, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward looking statements will be achieved. Actual future events may vary materially from the forward looking statement and the assumptions on which the forward looking statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.

In particular, we caution you that these forward looking statements are based on management's current economic predictions and assumptions and business and financial projections. Orora's business is subject to uncertainties, risks and changes that may cause its actual results, performance or achievements provide the performance or achievements expressed or implied by these forward-looking statements. The factors that may affect Orora's future performance include, among others:

- Changes in the legal and regulatory regimes in which Orora operates;
- Changes in behaviour of Orora's major customers;
- Changes in behaviour of Orora's major competitors;
- The impact of foreign currency exchange rates; and
- General changes in the economic conditions of the major markets in which Orora operates.

These forward looking statements speak only as of the date of this presentation. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rule, Orora disclaims any obligation or undertaking to publicly update or revise any of the forward looking statements in this presentation, whether as a result of new information, or any change in events conditions or circumstances on which any statement is based.

#### Non-IFRS information

Throughout this presentation, Orora has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Orora uses these measures to assess the performance of the business and believes that the information is useful to investors. All non-IFRS information unless otherwise stated has not been extracted from Orora's financial statements.

#### Current Year: Underlying Earnings – excludes Significant Items and one off tax benefit

Throughout this presentation, all references to 'underlying earnings' ('underlying EBITDA', 'underlying EBIT', 'underlying NPAT', 'underlying EPS') exclude a net significant item expense of \$1.9M and a net one-off tax benefit of \$5.5M both (described below) to assist in making appropriate comparisons with the operating performance of the business and the prior corresponding period.

The net significant item expense after tax of \$1.9m is comprised of the following; a net gain after tax on the sale of the Smithfield site of \$22.7M and an expense after tax of \$24.6M relating to the restructure of Fibre Packaging NSW including the closure of the Smithfield site and additional expected costs associated with decommissioning the Petrie Mill site. The net one-off benefit from the US tax reform measures was \$5.5M, mainly reflecting the revaluation of the Group's net deferred tax liability to the reduced US tax rate.

#### Prior Year: Underlying Earnings – excludes Significant Items

An after tax significant item expense \$15.1M NPAT relating to additional expected costs associated with decommissioning the Petrie Mill site has been excluded to assist in making appropriate comparisons with the current period and to assess the operating performance of the business.

#### **Minor Reclassification of Prior Year Numbers**

Certain prior year amounts have been reclassified for consistency with the current period presentation.

All amounts are in Australian dollars unless otherwise stated

### 2018 financial year highlights



UNDERLYING **UNDERLYING EARNINGS BEFORE** NET PROFIT AFTER TAX (NPAT) **INTEREST AND TAX (EBIT)** \$208.6m \$323.4m 12.0% INCREASE 7.0% INCREASE UNDERLYING EARNINGS PER SHARE (EPS) SALES REVENUE \$4,248.0m 17.4¢ 11.5% INCREASE 5.2% INCREASE **RETURN ON AVERAGE OPERATING CASH FLOW** FUNDS EMPLOYED \$325.3m 14.0%

1.9% DECREASE

**40bps INCREASE** 

**NET DEBT** \$667m

\$7m DECREASE

LEVERAGE

Solid earnings growth is being

flow, increased dividends and

converted into strong cash

higher returns.

1.5x

0.1x DECREASE

Strong shareholder returns







cents per share

# Payout ~71% of NPAT

### Value-creating strategy





### Game-changing EFI digital printers

Orora is investing in sophisticated digital printing technology to help customers respond in a market where speed is critical. As part of this commitment, Orora purchased two state-ofthe-art EFI Nozomi C18000 single-pass LED inkjet corrugated packaging printers – one installed at Orora Packaging Solutions in Fullerton, California and the other at Orora Specialty Packaging in Melbourne, Australia. The printers are game-changers for corrugated packaging customers, with the Nozomi offering exceptional print quality at very high speed. The Nozomi delivers photographic quality imagery directly onto corrugated board. Unlike more traditional printers, the digital interface reduces the set-up time, while print runs can be customised and are far shorter. Orora is the first company to install the Nozomi in Australia and one of the first to introduce the technology in North America.



# Investing in productivity gains at Gawler

Orora continues to invest in process improvements at its glass facility in Gawler, South Australia. In the past 12 months, Orora installed a world-first automated swabbing robot and a state-of-the-art automated laser mould cleaning machine. Both solutions have been purposefully designed to increase operational efficiency and productivity.

# Helping customers stand out in the market

Orora Visual developed a stunning three-tier billboard in Times Square, New York to promote a major new movie. The top board alone spanned a massive 178 feet (more than 54 metres). From printing and packaging to indoor displays and outdoor signage, Orora Visual is providing clients with an extensive range of customised visual communications solutions to help build brand prominence.



### Smarter produce labels

Accu-Label is a world leader in eco-friendly fruit labelling technology and is exclusive to Orora in Australia. Unveiled for the first time at the Orora Innovation Expo18, the Accu-Label ORB-it\* G-2 Print & Apply solution integrates an in-line printer with a label applicator.





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# Glass is more than half full

Orora is proud of its status as one of Australia's leading recyclers. Orora recycles around 80% of all glass collected through South Australia's container deposit scheme at its glass manufacturing facility in Gawler.

### Stronger produce trays

Exclusive to Orora in Australasia, the Ghelfi 'No Crush' packaging solution maximises the strength of trays used to transport and display fresh produce. The tray erector makes trays with solid cardboard corner posts that offer superior stacking protection, while the unique tray design provides added ventilation and superior branding opportunities on the market floor.

### Governance





### The Orora business strategy

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...strong corporate governance practices are designed to meet the interests of Orora's stakeholders



# **Nigel Garrard**

Managing Director & CEO



### The Orora Way



	THE OR RA WAY							
OUR BELIEF	AT ORORA WE BELIEVE PACKAGING TOUCHES LIVES. TOGETHER WE DELIVER ON THE PROMISE OF WHAT'S INSIDE.							
OUR VALUES	EAMWORK • Safety first • One Orora • In it together	- Co - II	ASSION PASSION purageous phovative esponsible	RESPECT • For each other • For the community • For our customers		INTEGRITY • Do what is right • True to what we stand for • True to our promise		
OUR VISION	TO BE THE INDUSTRY-LEADING PACKAGING AND VISUAL SOLUTIONS COMPANY DELIVERING ON OUR PROMISE EVERY DAY.							
DUR STRATEGIC Focus	INNOVATE TO LEAD · Customer solutions · Technical leadership · Digital enablement		· Best-in class people, proce	er every day · In		INVEST TO GROW partnership with customers nding our reach (bolt-on M&A) • Diversified solutions (adjacent M&A)		
OUR OUTPERFORMANCE SAFETY - Zero harm - Injury frequency		CUSTOMER FOCUS • Sales growth • Net Promoter Score		OUR PEOPLE • Engagement • Diversity		FINANCIAL DISCIPLINE <ul> <li>Increasing earnings</li> <li>ROAFE</li> <li>Operating cash flow</li> </ul>		
	CREATING SHAREHOLDER VALUE							

### Orora's blueprint for creating shareholder value

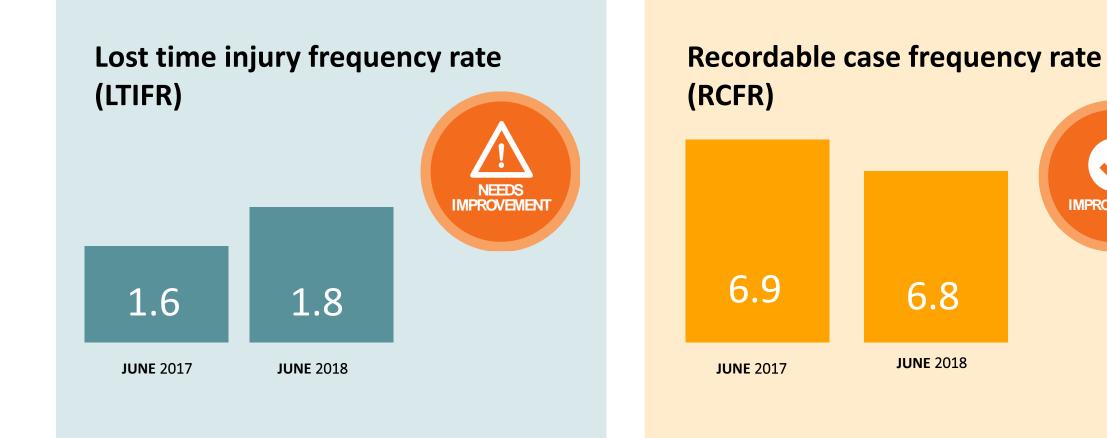


ORGANIC GROWTH       Image: Comparison of the second					SUSTAINABLE DIVIDEND				
Orora Australasia GDP Sales Growth	Orora North America GDP+ Sales Growth	Organic Cap		Bolt-on M&A (North America Focused)			Adjacent M&A		60-70% Pay Out Ratio
GDP based growth, enhanced by innovation	GDP based growth supplemented by market share gains & increase share of wallet	Customer backed growth investments	20% RoAFE by Year 3	ONA footprint expansion/ 个 product capability	Most deals < \$100M in OV < \$50M in OPS	Targeted 20% RoAFE by Year 3	Parallel packaging substrates/ markets	Targeted 20% RoAFE by minimum Year 5	~30% Franked

Estimated \$150M - \$200M of annual capacity for returns focused organic and M&A growth investments Safety



IMPROVEMENT



### **Business performance**





### Business performance – Australasia



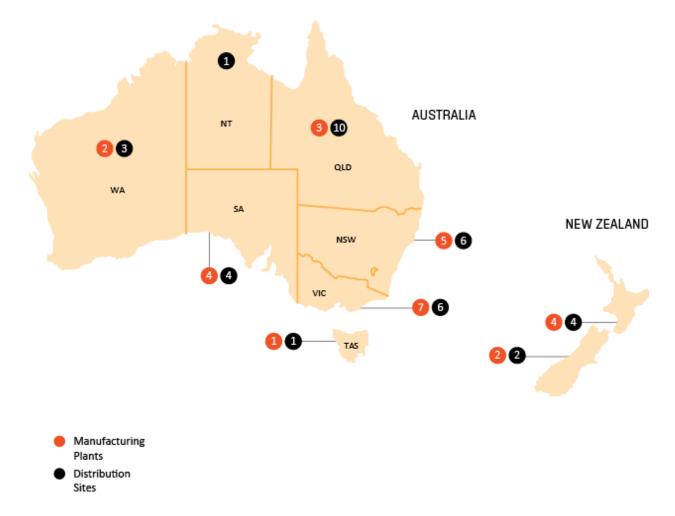
### FINANCIAL HIGHLIGHTS

EARNINGS BEFORE INTEREST AND TAX (EBIT)

\$232.3m

8.7% INCREASE

SALES REVENUE \$2,104.8m 5.2% INCREASE



### Australasia highlights

- A further \$140 million of capex invested in FY18
- Innovation Expo held in May







### FINANCIAL HIGHLIGHTS

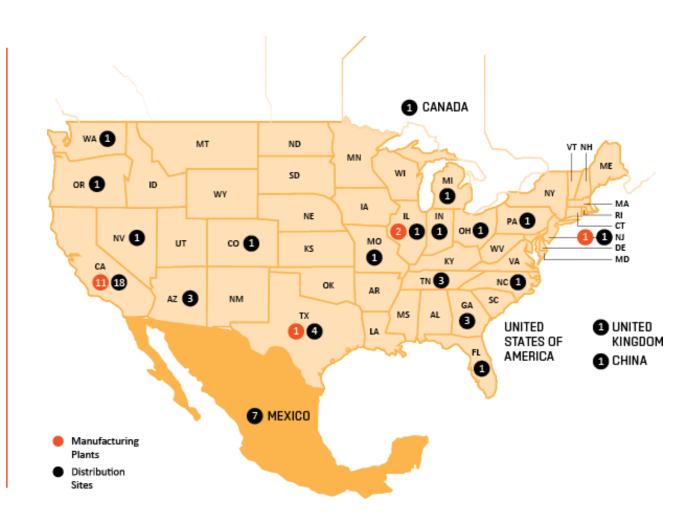
EARNINGS BEFORE INTEREST AND TAX (EBIT)

USD93.8m

5.9% INCREASE

SALES REVENUE

8.1% INCREASE



### Growth and innovation



Investing in organic capital projects and innovation to drive sustainable growth.



### Powering Orora

- Renewable energy, gas, coal and hydro are all part of the mix of energy sources Orora will deploy
- Orora has entered into two separate power purchase agreements (PPAs) with renewable energy providers, to supply wind generated electricity to Orora's operations in South Australia, Victoria and New South Wales
- The PPA's have secured a long-term supply of renewable energy for Orora, for volumes equivalent to 80 percent of the Company's total electricity requirements in Australia







# Building a sustainable business

- Orora is a recycling market leader in Australia
- Botany recycled paper mill (B9) in NSW is one Australia's largest cardboard recyclers
- The Gawler glass manufacturing plant in SA recycles 80% of the glass collected through SA's container deposit scheme
- Orora makes cans from 70% recycled aluminium and recycles aluminium left over in the can manufacturing process
- Orora's sustainability credentials = competitive advantage for the business
- Orora a signatory to the United Nations Global Compact







# First quarter trading and outlook

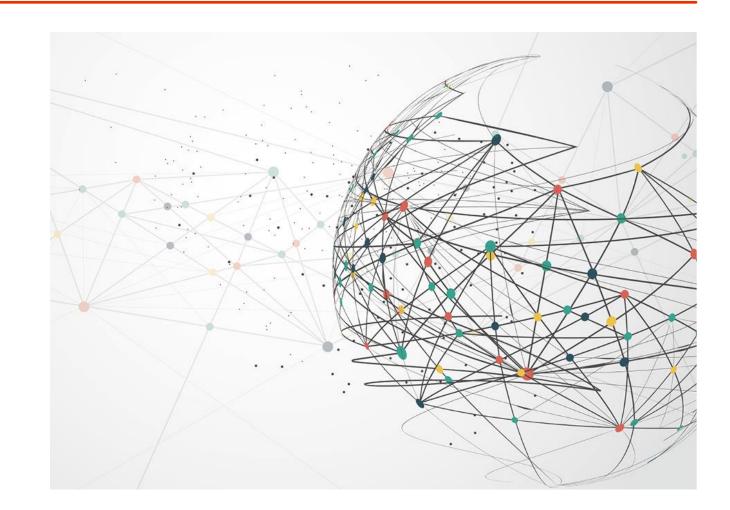


### First quarter trading update:

- Group operations tracking ahead of plan
- Company trading in-line with internal expectations
- Major capital projects all progressing as expected

### **FY19 Outlook:**

 Orora expects to be able to deliver underlying earnings growth, subject to global economic conditions





# THANK YOU