

Orora announces Significant Item

2 August 2019

Orora Limited (ASX: ORA) announced today that it will recognise a Significant Item (SI) after tax expense of \$55.8 million in the statutory financial results for the year ended 30 June 2019. Orora's results are scheduled to be announced on 15 August 2019.

The SI expense after tax consists of:

- \$35.0 million provision for additional decommissioning costs associated with the former Petrie Mill site.
 - As has been previously communicated, the decommissioning of the Petrie site is a significant and complex exercise involving multiple government agencies.
 - With an amended contract having recently been entered into with the landowner, the scope for the final phase of remediation and decommissioning was able to be finalised.
 - This has resulted in the estimated cost to complete the remaining decommissioning being higher than previously contemplated.
 - A specialist environmental consulting firm has been engaged to manage the completion of the works.
 - In terms of cash flow, the costs are expected to be relatively evenly phased over the next 3 financial years.

- \$20.8 million provision for restructuring and impairment charges.
 - In May 2019, Orora announced that in response to the slower start to earnings experienced in early calendar 2019, cost structures in both Australasia and North America were being reviewed.
 - Orora has since completed this review and determined that certain parts of the business require restructuring to ensure operations are optimised and the cost base aligns with the expected market outlook.
 - From a timing and cash flow point of view, the majority of the initiatives will be implemented in the first half of FY20.
 - The expected return on these initiatives is ~30% in FY20 and ~65% in FY21.
 - In addition, a review of assets was also undertaken which resulted in a non-cash impairment charge of \$3.7M after tax. There is no material impact on future earnings from this impairment charge.

Orora reaffirms that constant currency underlying earnings for FY19 are expected to be higher than reported in FY18.

Orora is hosting a conference call for investors and analysts at 12.30 pm today.

ENDS

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