FULL YEAR FINANCIAL RESULTS
FULL YEAR ENDING 30 JUNE 2020

Presentation by
Brian Lowe – Managing Director and CEO
Stuart Hutton – CFO

Orora Limited ABN 55 004 275 165
Authorised for release to the ASX by Orora’s Company Secretary, Ann Stubbings
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”, “forecast”, “plan”, “seeks”, “estimate”, “anticipate”, “believe”, “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 to differ materially from any future results, 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.

Minor Reclassification of Prior Year Numbers
Certain prior year amounts have been reclassified for consistency with the current period presentation. This includes the allocation of Corporate Costs to each of the business units, including discontinued operations.

Discontinued Operations
The financial results and position of the Fibre business are presented as a discontinued operation within the consolidated Interim Financial Report and this presentation. Accordingly, this presentation has been presented in the following manner:

- The consolidated income statement presents the Fibre business as a discontinued operation. As a consequence the results of the Fibre business have been excluded from this presentation. The comparative period has been restated to reflect the current period presentation.

AASB16 Leases
Orora has initially applied AASB 16 Leases using the modified retrospective approach. Under this method, the comparative figures excluding AASB16 Leases is contained in Appendix 2.

The following notes apply to the entire document.

Continuing Businesses:
FY20 – the net significant item expense after tax of $100.1M relating to restructuring and impairment costs in North America has been excluded from underlying results of the continuing businesses to assist in appropriate comparisons with the operating performance of the business and the pcp.
FY19 – the net significant item expense after tax of $48.9M comprised of restructuring costs associated with re-sizing the businesses and decommissioning costs associated with the Petrie Mill site have been excluded for the same reason.

Discontinued Operations:
FY20 – the net significant item income after tax is comprised of the net profit recognised on the divestment of the Australasian Fibre business of $171.7M which includes transaction and restructuring costs has been excluded from the underlying results to assist in appropriate comparisons with the operating performance of the business and the pcp.
FY19 – the net significant item expense after tax of $6.9M associated with re-sizing the businesses has been excluded from underlying results for the same reason.
## FY20 financial highlights – continuing operations

<table>
<thead>
<tr>
<th>Category</th>
<th>FY20 Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Revenue</strong></td>
<td>$3,566.2M</td>
<td>5.2% INCREASE</td>
</tr>
<tr>
<td><strong>Underlying Net Profit After Tax (NPAT)</strong></td>
<td>$127.7M</td>
<td>22.8% DECREASE</td>
</tr>
<tr>
<td><strong>Underlying Earnings Before Interest and Tax (EBIT)</strong></td>
<td>$224.3M</td>
<td>14.3% DECREASE</td>
</tr>
<tr>
<td><strong>Underlying Earnings Per Share (EPS)</strong></td>
<td>13.2¢</td>
<td>23.4% DECREASE</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>$169.8M</td>
<td>CASH CONVERSION ~54%</td>
</tr>
<tr>
<td><strong>Dividend (per share)</strong></td>
<td>5.5 cps</td>
<td>UNFRANKED</td>
</tr>
<tr>
<td><strong>Leverage</strong></td>
<td>0.9x</td>
<td>1.0x DECREASE</td>
</tr>
<tr>
<td><strong>CAPEX Invested in the Business</strong></td>
<td>$112.4M</td>
<td>167% OF DEPRECIATION</td>
</tr>
</tbody>
</table>

- Resilient despite COVID-19
- North American financial performance recently stabilised
- $600.0M capital return completed
- Full year dividend ~78% of NPAT
- Strong balance sheet provides optionality

---

1. EPS is calculated as NPAT / weighted average ordinary shares (net of Treasury Shares) as though the share consolidation that was completed in June 2020 had occurred at the beginning of the comparative period, in accordance with accounting standards.

**$1,720 M Enterprise Value**
- Completion of the Fibre Australasia sale was a significant milestone for Orora
- Represented compelling value for shareholders
- Enhanced optionality for future growth investment or additional capital management

**$600 M Cash Return & Share Consolidation**
- Capital management completed in June 2020 and comprised a pro rata cash return of ~A$600.0M or A$0.497 per share, comprising two components:
  - capital return of A$150.0M – 12.4 cents per share
  - special dividend of A$450.0M – 37.3 cents per share (50% franked)
- Equal and proportionate share consolidation of ~0.8 shares for every one share held (ie 5 shares became 4) was undertaken

*Orora’s strong balance sheet provides value creation optionality*
Delivering further value with on-market buyback

Orora is pleased to announce an on-market buyback of up to ten percent of its issued share capital

• The buyback represents ~96.5 million shares, with a current market value of ~$230 million, based on Orora’s closing share price on 19 August 2020.

• Reflects the strength of Orora’s balance sheet, current liquidity position and the strong cash generation capability of the Group’s businesses (targeting a Group cash conversion of greater than 70% in FY21).

• The buyback will commence in September 2020.

• As announced in May, the Board’s preference is to pursue growth investment opportunities.

• In the absence of imminent opportunities and with a focus on organic growth in the North American businesses, return of excess capital to shareholders is appropriate.

• The Dividend Reinvestment Plan will be suspended for the final dividend and is expected to be suspended while the on-market buyback is undertaken.

• Shareholders need to ensure their account details are up to date by 8 September 2020 (record date) in order to receive their dividend payment on 12 October 2020.

An Appendix 3C was released today. It is intended that the buyback will commence no earlier than 14 September 2020 and cease no later than 30 June 2021. Orora reserves the right to vary, suspend or terminate the share buyback at any time and to buy back less than the 96,536,856 shares stated.
COVID-19 Response Framework and Principles

1. Health, Safety & Wellbeing
   - Adherence to government and health authority advice
   - Staggered shift start times
   - Additional sanitization and hygiene practices introduced with pandemic preparation training
   - > 2,000 team members continuing to work remotely
   - Increased mental health support for all team members

2. Customers and Supply Chain
   - Strong emphasis on clear customer and supplier communication
   - Focus on safe, efficient, quality and surety of supply
   - Identification of alternative supply sources

3. Active Financial Management
   - Realignment of operating costs and increased focus on efficiency
   - Adapting product offering
   - Preserving and growing volumes
   - Cash, counterparty risk and active receivables management
   - Deferral of non-essential capital
   - Balance sheet provides support and flexibility

The health, safety and wellbeing of our people, customers and suppliers remains paramount
## Comprehensive COVID-19 response

### Supported and engaged workforce
- Immediate separation of production and non-production workforces globally
- Site based teams quickly developed and adopted pandemic safety procedures and protocols and undertook pandemic simulations in accordance with Business Continuity Planning
- >2,000 team members continue to work remotely

### Early engagement with suppliers
- Proactive and early engagement with suppliers to mitigate disruption
- Procurement and operational teams continue to work with input, PPE and other suppliers to preserve ongoing supply

### Working closely with customers
- Direct engagement with customers with partnership approach applied to ensure continuity of product supply
- Shift to virtual meetings to support safety and wellbeing

### Mixed demand by geography and end market
- Australasian Beverage business experienced extreme volatility in volumes before normalizing in June
- Retail shutdowns in North America affected performance of both OPS and Orora Visual businesses – has stabilized in last few months
- Grocery, Food & Beverage and Horticulture end markets continue to see firm demand

### Operational cost alignment
- Corporate headcount reduction undertaken post completion of the sale of the Australasian Fibre business
- North American businesses modified work schedules, ceased overtime, eliminated discretionary expenses, implemented furlough, hourly and salaried shift reductions
- OV expedited footprint reduction and workforce realignment with site consolidation program

### Government engagement
- Orora’s response to the COVID-19 pandemic continues to be guided by formal government and health advice across each jurisdiction in which the Group operates – Orora’s businesses all classified as essential services
- Where possible the North American businesses accessed subsidies under the US Federal Government’s Coronavirus Aid, Relief and Economic Security (CARES) Act. (Benefits related to the CARES program did not impact EBIT)

### Financial impact
- Orora’s businesses have worked tirelessly to mitigate the financial impact of COVID-19
- Focus on managing cash, receivables, counterparty risk and capital expenditure
- Consistent with what was disclosed in May, the EBIT impact of COVID-19 was ~$25.0M, with ~90% of the earnings disruption occurring in North America
Orora Ltd

Orora safety performance improving

Update on our approach to improving safety

• Post completion of a global safety review, Orora commenced a three-year program to continue to improve health, safety and wellbeing across the business. The program is initially focused on three core areas across the entire business:
  • Broaden and focus governance systems
  • Restructure safety management systems
  • Enhance serious injury or fatality prevention program.

• **Significantly improved performance, 23.5% reduction** in total recordable cases globally this year

• To support **mental health and wellbeing**, Orora has invested in additional learning and virtual / digital support mechanisms for all team members.

<table>
<thead>
<tr>
<th></th>
<th>June 2019</th>
<th>June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCFR</td>
<td>8.7</td>
<td>7.2</td>
</tr>
<tr>
<td>LTIFR</td>
<td>1.9</td>
<td>1.5</td>
</tr>
</tbody>
</table>

RCFR = (Number of recordable safety incidents / Total number of hours worked for employees and contractors) x 1,000,000

LTIFR = (Number of lost time injuries / Total number of hours worked for employees and contractors) x 1,000,000

The health, safety and wellbeing of all team members is paramount
The Beverage businesses are classified as essential services and have continued to operate throughout COVID-19 related lockdowns in Australia and New Zealand.

Underlying sales increased 2.9% after taking into account the pass through of lower aluminium prices.

Growth driven by higher volumes in Cans partially offset by softness in wine exports and domestic beer markets in Glass.

Earnings decline reflected the impact of COVID-19 and previously announced second half cost headwinds related to the G2 rebuild, increased gas prices, as well as higher corporate and insurance costs.

RoAFE was below the pcp at 27.0%, on lower earnings and recent capital upgrades, with benefits to flow in coming years.

Investment continued with the completion of several major projects at Gawler: the ~$50M G2 furnace rebuild, ~$35m warehouse development and upgrade of the second forming line off G2 (~$10M).

Cash flow was impacted by G2 rebuild and unwinding some customer/supplier financing arrangements. Expecting cash conversion in excess of 70% in FY21.

Investment totalled 238% of depreciation (excluding AASB16) in FY20 to further strengthen the base business and grow earnings into the future.
Organic growth was offset by cost headwinds largely associated with the G2 rebuild and impacts of COVID-19
## FY20 North American financial highlights

**North American Group**
- Both OPS and OV are classified as essential services.
- Lower local currency earnings in tough market conditions, further impacted by effects of COVID-19.
- The financial performance of the business has stabilised in the last couple of months.
- Cash flow decreased by 40.1% to $49.8M, while cash conversion declined to ~47.0% (~65.0% in pcp). Cash flow target will be ~70% in FY21 and beyond.
- RoAFE declined by 360bps to 9.0% in-line with lower earnings.

**OPS**
- Delivered constant currency revenue growth of approximately 3.4%, all from acquisitions, with underlying revenues down on the pcp as a result of COVID-19.
- EBIT was lower than the pcp, however gross margin has improved with a number of initiatives starting to positively impact.
- Underlying EBIT margins declined to 3.1% from 4.1% in the pcp but were in-line with 2H19 on lower revenue.

**OV**
- Business was severely impacted from March onwards by COVID-19. While the cost base continues to be reworked and reduced, the business recorded a loss of ~US$5.0M for the year.
- OV Los Angeles site has been closed, consolidating west coast operations to Orange County to maintain consistent capabilities across the country.
- There are opportunities to drive profit growth and improve returns.
- Immediate focus is on cost reduction and to rebuild revenue growth as end markets recover.

### Key Financial Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>FY20</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD Sales Revenue</strong></td>
<td>$1,866.4M</td>
<td>0.1% DECREASE</td>
</tr>
<tr>
<td><strong>Operating Cash Flow (USD)</strong></td>
<td>$49.8M</td>
<td>2.8% CASH CONVERSION ~47%</td>
</tr>
<tr>
<td><strong>EBIT Margin %</strong></td>
<td>2.8%</td>
<td>110 bps DECREASE</td>
</tr>
<tr>
<td><strong>ROAFE%</strong></td>
<td>9.0%</td>
<td>360 bps DECREASE</td>
</tr>
<tr>
<td><strong>CAPEX Invested in the Business (USD)</strong></td>
<td>$15.1M</td>
<td>76% of DEPRECIATION</td>
</tr>
</tbody>
</table>

**USD EBIT**
- $51.8M
- 29.6% DECREASE
Local currency earnings lower; impacted by volume and margin headwinds in tough market conditions and COVID-19.
OPS is an integrated packaging solutions and corrugated manufacturer serving customers in the food & beverage, healthcare & pharmaceutical, technology, automotive, retail, industrial manufacturing and warehousing & shipping industries.

OPS is a total packaging solutions provider.
OPS underlying\(^{(1)}\) gross margins are improving

- OPS gross margins steadily improved in 2H20, returning to 1H19 levels.
- Underlying EBIT margins in FY20 were in-line with 2H19, however 2H20 declined after gains in 1H20, due to reduced volumes.
- The existing improvement program is delivering - this is across all facets of the business with a focus on adapting the product offering, preserving and growing volume with existing and new customers, margin improvement and efficiency / cost reduction.
- Further opportunities are being identified as the program matures
- Visibility greatly improved as ERP is being optimised
- Gross margin improvement initiatives are continuing to positively impact with the exit rate percentage ~60 bps higher than the pcp.

---

Underlying gross margins trending upward; COVID-19 related volume headwinds in 2H20 affected underlying EBIT margins

\(^{(1)}\) Excludes the benefit of lease accounting
Orora Corporate

• Corporate costs have been allocated to the continuing business segments with prior year’s figures being restated for comparison.

• Ongoing Corporate costs are expected to reduce commensurate with those previously allocated to the Australasian Fibre business. So the expectation is there will be minimal stranded costs.

• Petrie decommissioning is progressing as expected, with several milestones completed.
Operating cash flow in line with management’s expectation in year of transition

Operating cash flow\(^{(3)}\) decreased 30.0% to $169.8M

- Decrease in cash EBITDA from lower earnings
- Cash conversion was ~54.0%, down from ~71.0% in the pcp, largely driven by increases in working capital and heightened capital expenditure on the G2 rebuild
- Cash conversion is expected to return to ~70.0% in FY21 and beyond

Working capital outflow

- Inventory build to support the Cans business volume growth and ensure continuity of supply to customers in the event of supply risk in light of COVID-19
- Early payment of vendors in North America to capture settlement discounts and unwind of some supplier financing arrangements in Australia
- Receivables management has remained strong

Capex spend above depreciation and includes investment in key projects

- Gross capex (base and growth) was approximately 167.0% of underlying depreciation which included significant investment at Gawler across the G2 furnace rebuild, new warehouse developments and a forming line upgrade to add additional capacity
- Gross capex is expected to be approximately 90.0% of depreciation (excluding lease depreciation) in FY21

Average total working capital to sales

- Average total working capital to sales was 8.3% (8.4% in pcp)

---

<table>
<thead>
<tr>
<th>A$ Million</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>336.9</td>
<td>349.8</td>
</tr>
<tr>
<td>Leases</td>
<td>-</td>
<td>(65.9)</td>
</tr>
<tr>
<td>Non Cash Items</td>
<td>6.0</td>
<td>29.5</td>
</tr>
<tr>
<td>Cash EBITDA</td>
<td><strong>342.9</strong></td>
<td><strong>313.4</strong></td>
</tr>
<tr>
<td>Movement in Working Capital</td>
<td>(45.5)</td>
<td>(69.0)</td>
</tr>
<tr>
<td>Capex</td>
<td>(56.6)</td>
<td>(84.4)</td>
</tr>
<tr>
<td>Proceeds from disposals</td>
<td>1.7</td>
<td>9.9</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td><strong>242.5</strong></td>
<td><strong>169.8</strong></td>
</tr>
<tr>
<td>Cash Significant Items</td>
<td>(25.0)</td>
<td>(42.1)</td>
</tr>
<tr>
<td>Operating Free Cash Flow</td>
<td><strong>217.5</strong></td>
<td><strong>127.7</strong></td>
</tr>
<tr>
<td>Interest</td>
<td>(43.1)</td>
<td>(44.6)</td>
</tr>
<tr>
<td>Tax</td>
<td>(39.4)</td>
<td>(49.1)</td>
</tr>
<tr>
<td>Growth Capex</td>
<td>(33.6)</td>
<td>(33.0)</td>
</tr>
<tr>
<td>Free Cash Flow available to shareholders</td>
<td>101.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Cash Conversion(^{(1)})</td>
<td>70.7%</td>
<td>54.2%</td>
</tr>
<tr>
<td>Average Working Capital to Sales(^{(2)}) (%)</td>
<td><strong>8.4%</strong></td>
<td><strong>8.3%</strong></td>
</tr>
</tbody>
</table>

\(^{(1)}\) Cash conversion measured as operating cash flow divided by cash EBITDA
\(^{(2)}\) Average net working capital for the period / sales
\(^{(3)}\) Operating cash flow excludes cash flow from discontinuing operations
### Balance Sheet

<table>
<thead>
<tr>
<th>A$ Million</th>
<th>June 19</th>
<th>June 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Employed</td>
<td>1,339</td>
<td>1,403</td>
</tr>
<tr>
<td>Net Debt</td>
<td>890</td>
<td>292</td>
</tr>
<tr>
<td>Equity</td>
<td>1,645</td>
<td>1,032</td>
</tr>
<tr>
<td>Leverage (x) (^{(1)})</td>
<td>1.9x</td>
<td>0.9x</td>
</tr>
<tr>
<td>RoAFE (%) (^{(2)})</td>
<td>19.5%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Undrawn bank debt capacity</td>
<td>370</td>
<td>614</td>
</tr>
</tbody>
</table>

**Strong balance sheet to enable further growth investment**
- Net debt at ~$292.0M with ample capacity to target growth
- FX impact of ~$27.0M upon retirement of US denominated debt

**Committed to sensible debt levels and investment grade credit metrics**
- Average tenor of facilities is 3.0 years
- No material refinancing due until April 2022
- Significant headroom in facilities and covenants
- Facilities reduced post completion of sale of Fibre to efficiently provide capacity

---

\(^{(1)}\) Equal to Net Debt / trailing 12 months EBITDA (excludes SIs, includes discontinued operations)

\(^{(2)}\) Calculated as trailing 12 month EBIT (excludes SIs) / trailing 12 month average funds employed
Update on Review of Strategy & Perspectives for FY21
Review of Strategy

• New Head of Strategy commenced in February 2020.
• Review of strategy undertaken and focused on:
  • Critically assessing the industries and markets in which Orora operates and the trends that will influence future performance;
  • Confirming Orora’s core competencies and points of competitive advantage;
  • Clarifying the key areas of opportunity and challenges within the existing Orora portfolio and key actions to address; and
  • Identifying potential new opportunities for Orora to leverage its core competencies to expand its products and services over time.
• The culmination of the review of strategy was the establishment of a set of strategic pillars for Orora to execute in the near-term that support Orora’s objective to be a leading sustainable packaging solutions company:
  • Optimise and grow through operational improvement and best-in-class execution.
  • Enhance and expand core products and services to enhance Orora’s customer value proposition.
  • Enter new segments that are complementary to Orora’s capability set.
• These strategic pillars form a critical part of Orora’s refreshed blueprint for shareholder value creation.
• Within each strategic pillar, a set of initiatives have been identified and prioritised, with a number of projects already underway with further opportunities to be explored over the course of FY21 and beyond.
Portfolio assessment

### Strengths

**Australasia**
- Market leadership
- Sustainable products
- Leading decoration & design capabilities
- Reputation for reliable supply of high quality products
- Significant investments made in capacity, capability and supply chain
- Strong and longstanding customer relationships

**North America**
- Established market positions in significant markets
- Broad customer reach across a range of end-markets
- Significant network infrastructure
- Strong sales teams with longstanding relationships
- Data-enabled through SAP

### Strategies

**Australasia**
- Maintain, renew and win key contracts
- Invest in new capacity
- Continued focus on optimising manufacturing processes
- Enhance product capability through innovation
- Explore opportunities to expand Beverage footprint offshore
- Assess opportunities to leverage core capabilities in adjacent markets in ANZ

**North America**
- Stabilise businesses
- Pursue further business model enhancements
- Accelerate investments in digital capabilities to enhance customer proposition
- Improve customer profitability through newly established business intelligence tools
- No near-term M&A
To be a leading sustainable packaging solutions company

Delivering on the promise of what's inside

1. OPTIMISE AND GROW
2. ENHANCE AND EXPAND
3. ENTER NEW SEGMENTS

ENABLERS
- Safety
- Diverse talent
- Customer focus
- Operating excellence
- Innovation
- Financial discipline
Shareholder value blueprint

**TSR COMPONENT**

**ORGANIC GROWTH**
- **Optimise & Grow**
  - **Australasia**
    - GDP sales growth
    - Enhanced by innovation and customer wins
  - **North America**
    - GDP sales growth
    - Supplemented by market share gains and increase share of wallet

**RETURNS-FOCUSED INVESTMENT**
- **Enhance & Expand**
  - Capital investment
    - Enhance digital capabilities, particularly in NA
    - Enhance capacity and product capabilities across portfolio
    - Customer-backed growth projects
  - Acquisitions
    - Beverage footprint expansion in ANZ and offshore
    - Expand aluminium and glass product capability in ANZ
    - Complementary adjacencies – near-term focus in ANZ

- **Enter new segments**

**CAPITAL MANAGEMENT**
- Disciplined approach to capital allocation
  - Sustainable dividend
    - Revised payout ratio of 60—80% (previously 60-70%)
    - Franked to the extent possible
  - Potential additional capital returns
    - Assessed when appropriate
    - On- or off-market buybacks
    - Special dividends/capital returns
  - Sensible leverage
    - Target leverage remains unchanged at 2.0 – 2.5x EBITDA

**RETURN TARGETS**
- Lower
- Premium to WACC
- Higher
Sustainability & perspectives for FY21
Reinforcing the circular economy

Orora Glass recycles ~80% of South Australia’s Container Deposit Scheme (CDS) glass volumes

Orora uses more than 63% recycled coil in Can manufacturing and all offcuts are recycled

In North America, OPS achieved 70% recycled content in the manufacture of corrugated board

Shifting the energy mix

Wind farms supply 80% of the total Australian electricity requirement for Orora

Orora has installed 5 solar arrays at 4 sites across Australia to collectively generate around 720 MWh and offset ~433 tonnes of CO₂e pa

OV implemented weekend energy load shedding at all facilities and painted the roof of its Dallas facility white to reduce heat ingress

Reducing our impact

From October this year, Orora will collect a high proportion of glass from Western Australia’s CDS scheme and process it at Gawler, increasing our total recycled content

Introduced new Eco Targets to drive further reduction in CO₂ Emissions, Waste to Landfill and Water use

Orora does not have any material exposure to environmental social or climate change risks consistent with the ASX Corporate Governance Council’s Recommendation 7.4
Orora has launched new Eco Targets

- New Eco Targets **build on success** of previous 5-year targets met in FY19.

- Aim is for a 5% improvement on each Eco Target ratio for the Production and Distribution businesses **across CO₂e, Waste to Landfill, and Water Use** by 30 June 2024.

- **Measured as ratios** against production related metrics relating to specific activity of each business division.

- **Reflect primary activity of** each of the business units:
  
  - Manufacturing of packaging: measured against tonnes produced
  
  - Distribution of packaging: measured against floorspace square metres.
Perspectives for 2021

Top priorities for FY21
• Continue to respond and support customers and team members with respect to the impact of COVID-19;
• Continue to implement the improvement programs in North America;
• Launch and complete the on market buyback; and
• Launch and implement the refreshed strategy.

Market conditions
• Expect ongoing challenging conditions in all markets in which Orora operates.
• The ongoing impact of COVID-19 in both Australasia and North America adds to the uncertainty.

Australasia
• As it has done consistently over recent years, in addition to pursuing organic growth and to offset ongoing input cost headwinds, the Australasian business will continue to identify and implement cost reduction opportunities, invest in asset upgrades and new capacity as well as maintain a focus on innovation.
• Lower Australian wine vintage will adversely impact Glass volumes.
• Approximately $6.0M of the adverse earnings impact from the rebuild of G2 will largely reverse in 2H21.

• Input costs:
  • The remaining net cost impact from energy price increases of ~$1.5M will impact 1H21.
  • Insurance costs have again increased - the estimated impact in FY21 is a further ~$1.5M.

North America
• The focus for the North American businesses is to consolidate and deliver on the existing earnings improvement programs – this is to drive sales growth, margin improvement and cost efficiency.
• The continued improvement in gross margin in OPS provides optimism.
• US$1.5M of increased insurance costs will impact the North American business in FY21.

Cash Flow and Capex
• Targeting cash conversion in excess of 70% in FY21
• Capital expenditure to be ~90% of underlying depreciation (excluding depreciation of leases)
• The North American businesses are both investing further in e-commerce platforms to enable improved interaction, efficiency and engagement with customers.
Orora expects the challenging and uncertain market conditions to persist for the foreseeable future. Despite the current COVID-19 pandemic, Orora’s businesses qualify as essential service providers in both Australasia and North America and are therefore able to continue to operate. A number of improvement initiatives have been successfully implemented across the Orora businesses and pleasingly North American financial performance has stabilised. A further update will be provided at the AGM in October.
APPENDIX

FY2020
Appendix 1 - Significant items

• Total significant items during the year amount to a profit after tax of $71.6M and consist of the following:
  • Continuing Businesses – A significant item expense after tax of $100.1M. This is comprised of restructuring and impairment charges in North America as a result of resetting the businesses to adjust to the tough market conditions which were compounded by COVID-19 and includes costs associated with the closure of the OV Los Angeles site as part of a rationalisation of the Californian footprint.
  • Discontinued Operations – A significant item gain after tax of $171.7M in respect of the net profit recognised on the sale of Fibre which includes transaction and restructuring costs.
Orora has initially applied AASB 16 Leases using the modified retrospective approach. Under this method, the comparative information has not been restated. To assist the reader with a consistent year on year analysis, “like for like” refers to figures excluding AASB16 Leases.

Financial Summary – Continuing business – FY20 Lease adjusted

<table>
<thead>
<tr>
<th>A$ Million</th>
<th>FY19</th>
<th>FY20</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>3,390.2</td>
<td>3,566.2</td>
<td>5.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>336.9</td>
<td>283.9</td>
<td>(15.7%)</td>
</tr>
<tr>
<td>EBIT</td>
<td>261.8</td>
<td>204.8</td>
<td>(21.8%)</td>
</tr>
<tr>
<td>NPAT</td>
<td>165.4</td>
<td>123.4</td>
<td>(25.4%)</td>
</tr>
<tr>
<td>EPS (cents)</td>
<td>17.2</td>
<td>12.8</td>
<td>(25.6%)</td>
</tr>
<tr>
<td>Return on sales</td>
<td>7.7%</td>
<td>5.7%</td>
<td></td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>242.6</td>
<td>169.8</td>
<td>(30.0%)</td>
</tr>
<tr>
<td>Cash conversion</td>
<td>71%</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td>890</td>
<td>292</td>
<td></td>
</tr>
<tr>
<td>Leverage</td>
<td>1.9x</td>
<td>0.9x</td>
<td></td>
</tr>
<tr>
<td>Gearing</td>
<td>35%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>RoAFE</td>
<td>19.5%</td>
<td>14.2%</td>
<td></td>
</tr>
</tbody>
</table>
### Australasia - Continuing business – Lease adjusted

<table>
<thead>
<tr>
<th>(A$ mil)</th>
<th>FY19</th>
<th>FY20</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Revenue</td>
<td>778.7</td>
<td>785.9</td>
<td>0.9%</td>
</tr>
<tr>
<td>EBIT</td>
<td>159.0</td>
<td>146.1</td>
<td>(8.1%)</td>
</tr>
<tr>
<td>EBIT Margin %</td>
<td>20.4%</td>
<td>18.6%</td>
<td></td>
</tr>
<tr>
<td>RoAFE</td>
<td>30.3%</td>
<td>27.5%</td>
<td></td>
</tr>
</tbody>
</table>

### North America (AUD) – Lease adjusted

<table>
<thead>
<tr>
<th>(A$ mil)</th>
<th>FY19</th>
<th>FY20</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Revenue</td>
<td>2,611.5</td>
<td>2,780.3</td>
<td>6.5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>102.8</td>
<td>58.7</td>
<td>(42.9%)</td>
</tr>
<tr>
<td>EBIT Margin %</td>
<td>3.9%</td>
<td>2.1%</td>
<td></td>
</tr>
<tr>
<td>RoAFE</td>
<td>12.6%</td>
<td>6.6%</td>
<td></td>
</tr>
</tbody>
</table>

### North America (USD) – Lease adjusted

<table>
<thead>
<tr>
<th>(US$ mil)</th>
<th>FY19</th>
<th>FY20</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Revenue</td>
<td>1,867.8</td>
<td>1,866.4</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>EBIT</td>
<td>73.6</td>
<td>39.4</td>
<td>(46.4%)</td>
</tr>
</tbody>
</table>