

NEWS RELEASE

16 February 2022

Orora delivers strong profit improvement and a 22.9% improvement in earnings per share

RESULTS OVERVIEW - Operating results for the half year ended 31 December 2021

- Underlying earnings per share (EPS)¹ was 11.8 cents per share (cps), up 22.9%.
- Underlying net profit after tax (NPAT) before significant items was \$102.7M, up 12.9% on the prior corresponding period (pcp) or 13.6% on a constant currency basis.
- Sales revenue was \$1,988.6M, up 9.6% on the pcp (up 10.6% on a constant currency basis).
- Underlying Earnings Before Interest and Tax (EBIT) was \$154.5M, up 10.4% on the pcp (up 11.1% on a constant currency basis).
- Operating cash flow remains strong at \$145.5M with cash conversion at 75%.
- Return on average funds employed (RoAFE)² was 24.8%, up from 21.4% at the pcp, reflecting higher Group earnings.

Key Group Metrics

- **Statutory NPAT** was \$100.3M and Basic EPS was 11.5cps.
- **The interim dividend** is 8.0 cps, a 23.1% or 1.5 cps increase on the pcp, representing a dividend payout ratio of ~68%.
- **Net debt**³ as at 31 December was ~\$512M, up \$59M from 30 June 2021.
- **Leverage** was 1.6 times EBITDA, up from 1.5 times at 30 June 2021.

Orora Limited (ASX: ORA), leading sustainable packaging and visual solutions provider, has today announced its financial results for the half year ended 31 December 2021.

Commenting on Orora's half year results, Managing Director and Chief Executive Officer, Brian Lowe said:

"I am pleased to report that Orora delivered a strong result for the first half of the fiscal year 2022. Our performance reflects the unwavering focus of our team on executing our strategic priorities in the context of a global pandemic.

"The Group reported an increase in underlying net profit after tax and underlying EBIT on the prior corresponding period, demonstrating the continued strength of the Group's diversified packaging assets and sustainable earnings.

"Our North American business produced another outstanding result in the first half, continuing to drive improvements in operating and financial performance, exercising pricing discipline in a higher inflation operating environment and delivering strong earnings growth in both the manufacturing and distribution OPS businesses.

"And we are pleased with the Australasian business which reported a solid result, having largely mitigated the impacts of lower wine Glass volumes as the impact of Chinese tariffs on Wine were cycled, with 100% of this capacity now redeployed to new product categories. Cans demand remains strong, with solid volumes achieved across all categories.

"Underpinning our results is the ongoing commitment to the Group's corporate strategy, with clear strategic priorities formulated for each business unit. A strong balance sheet and operating cash flow ensures Orora is well positioned for growth, and continues to provide operating and strategic flexibility as we move forward. Our team remains disciplined and focused on delivering against our strategies, and I look forward to continuing our positive momentum in FY22."

¹ Calculated as underlying NPAT / weighted average ordinary shares (net of Treasury Shares)

² Calculated as EBIT / trailing 12-month average funds employed

³ Net bank debt excludes the impact of AASB16 Lease Accounting

Sustainability Update

The company made good progress on its sustainability goals aligned to the refreshed pillars of Circular Economy, Climate Change and Community. Importantly, Orora is well on track to achieve its 2025 goal of 60% recycled content⁴ in the glass packaging it manufactures. Contributing to this goal is construction of a \$25M glass beneficiation plant at Gawler, South Australia, which is expected to be commissioned in Q4 FY22. The company is also well on track to achieving a 40% reduction in greenhouse gas emissions for Scope 1 and 2 by 2035 through a range of initiatives which include alternative furnace technologies.

Capital Management Update

In October 2021, Orora announced an \$150M on-market buyback. As at 31 December 2021, the buyback is ~20% complete, with ~9.3 million shares bought back at an average price of \$3.37, for total consideration of \$31.5M. The buyback is forecast to be completed during 2022.

Outlook

Positive operating and earnings momentum is expected to continue for the Orora Group throughout FY22, correspondingly we are forecasting FY22 EBIT to be higher than FY21. In Australasia, EBIT growth is expected for the Beverage business in 2H22, with FY22 EBIT to be broadly in line with FY21. In North America, with sustained improvement in the performance of both OPS and OV, we expect 2H22 EBIT to be up on the pcp with continued strong earnings growth for the full year. This outlook remains subject to global and domestic economic conditions, currency fluctuations and the continuing impacts of the COVID-19 pandemic.

Authorised for release to the ASX by Orora's Company Secretary, Ann Stubbings.

ENDS

MEDIA CALL: Orora is hosting a media call at 1.00PM (AEDT) today

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⁴ Pre and post-consumer content