

28 April 2022

ASX Market Announcements Office Australian Securities Exchange 20 Bridge Street Sydney NSW 2000

Orora Limited (ORA) – Investor Day

The following document is attached:

• Orora Investor Day Presentation 28 April 2022

Yours faithfully

ng **Ann Stubbings** 

Company Secretary

This announcement has been authorised for release by the Board of Directors of Orora Limited.



# Investor Day

28 - 29 April 2022

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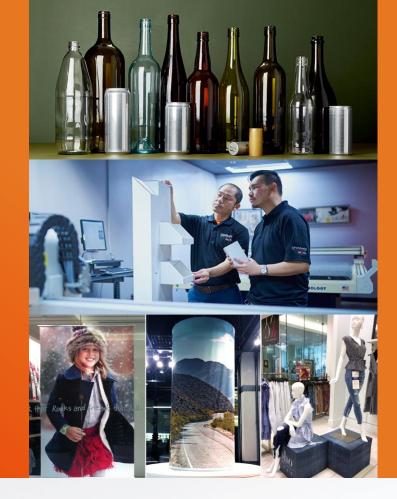
Orora Group results are reported under International Financial Reporting Standards (IFRS). However, investors should be aware that this presentation includes certain financial measures that are non-IFRS financial information for the purposes of providing a more comprehensive understanding of the performance of the Orora Group. These non-IFRS financial measures include EBIT, EBITDA and other "normalised" measures.



## Welcome

#### **Alister Crow**

General Manager, Treasury & Investor Relations





### Agenda

01. Group overview and investment proposition Brian Lowe

04. Orora Beverage Simon Bromell

02. Shareholder value blueprint Shaun Hughes 05. Orora's approach to Sustainability Ann Stubbings



Orora Packaging Solutions and Orora Visual Frank Pennisi and Brian Lowe 06. Concluding remarks Brian Lowe



### **Today's presenters**



#### Brian Lowe Managing Director & Chief Executive Officer

- Commenced role in October 2019
- Over 30 years of operational and management experience
- Previously led Orora's Fibre (2015-2019) and Beverage (2011-2014) divisions
- Formerly held senior roles at Delphi and GE



Shaun Hughes Chief Financial Officer

- Joined in October 2020
- Over 25 years of experience in finance, procurement and IT
- Previously CFO of ASX-listed EBOS
- Formerly held senior executive roles at Telstra, Elders and IBM



Frank Pennisi President, Orora Packaging Solutions

- Joined in November 2020
- Over 25 years of experience in leading and transforming large-scale industrial businesses across multiple sectors
- Formerly held senior management roles in FLIR Systems, Honeywell and GE



Simon Bromell Group General Manager, Beverage

- Joined in 2014
  - Over 30 years of experience in leadership roles across the national food and beverage supply chain in consumer goods, agribusiness, and packaging
  - Formerly held senior positions with Fonterra and Mars



Ann Stubbings Chief People, Sustainability & Governance Officer

- Joined the Executive team upon Orora demerger in 2013
- Leads Legal/Co Sec, Sustainability, Group HR, Safety and Corporate Affairs
- Over 30 years of leadership, legal and governance experience
- Previously held senior legal roles in corporate and commercial law including with Amcor



#### Matt Wilson Chief Strategy & Corporate Development Officer

- Joined in January 2020
- Over 20 years of strategy and corporate finance experience
- Prior senior roles with J.P. Morgan's investment banking group and independent corporate advisory firm, Flagstaff Partners



## **Group Overview and Investment Proposition**

**Brian Lowe** 

Managing Director & Chief Executive Officer





### Orora at a glance

We are manufacturers and distributors of tailored packaging, products and visual communication solutions to customers all around the world

Orora's ambition is to be a leading sustainable packaging solutions provider





plants

14

Distribution sites

3.7k Team members

\$3.2bn \$3.5bn

Market capitalisation<sup>1</sup>

FY21 revenue \$249m FY21 underlying FBIT



1. Market capitalisation is as at 19 April 2022

()ne Orora ()ur Purpose

Identity

**Principles** 

Our

Our

Our

Values

To be a leading **sustainable** packaging solutions company, designing and delivering products and services that **enable our customers' brands to thrive** 

Every day, across our businesses, we deliver sustainable and innovative packaging and visual solutions that lead the industry and bring our customers' brands to life.

Together we deliver on the promise of what's inside.

We operate a **portfolio** of **customer-focused** packaging businesses aligned by our **common purpose** and **unifying principles** 

Customer value-add Digitally-enabled Diverse talent End-to-end capabilities Innovation Operating excellence Staying safe Sustainability

 $\langle \rangle$ 

PASSION



### **Compelling investment proposition**

Orora provides investors with a robust and defensive earnings profile core in Australasia with attractive growth upside in North America





### Leadership positions in attractive markets

Orora possesses strong market positions in its core operating divisions

Division		Market position	Market size <sup>1</sup>	Market growth <sup>1</sup>
	Glass	#2	~\$1.5 billion	2-4%
	Cans	#1	~\$1 billion	4-6%
	Closures	#2	~\$100 million	2-4%
	Orora Packaging Solutions	Top 10	~US\$50 billion	3-5%
	Orora Visual	Niche <sup>2</sup>	~US\$8 billion	3-5%

1. Management estimates, supplemented with cross-references to external market research

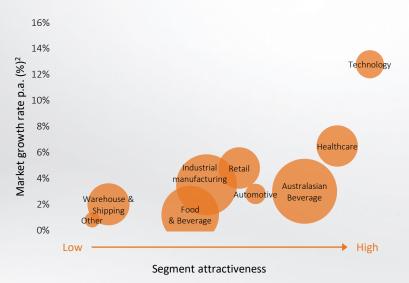
2. Orora Visual has leading market positions in a number of specialist sub-segments such as large fabric displays, horticultural tags and retail point-of-purchase displays

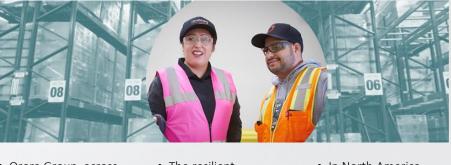


### **Robust and diversified revenue generation**

Diversified nature of operations and broad set of customers underpins a growing defensive earnings profile

#### Indicative revenue breakdown by end market<sup>1</sup>





- Orora Group, across Australasia and North America services a
   high quality and diverse range of longterm customers across attractive end markets
- The resilient consumer staples and industrial manufacturing categories represent the Group's largest end markets
- In North America, Orora is focused on increasing its presence in the higher growth Technology and Healthcare categories

1. Bubble size indicates relative revenue size. Healthcare includes cosmetics and pharmaceuticals. All segments refer to North America addressable markets except Australasian beverage 2. Source: Orora market research, Smithers, Euromonitor, Mordor Intelligence, Insight Partners, IMARC group, Databridge and others



### **Delivering an attractive growth outlook**

Each business has a clear set of strategic priorities aligned to our strategic pillars. Collectively these position Orora to deliver Shareholders with consistent, above-market, long-term growth

#### Long-term market growth

- Market leadership across
   business units
- Strong customer relationships
- Favourably positioned with strong sustainability credentials
- Strong US recovery

**GDP** growth

#### Optimise to Grow – everyday focus

- Manufacturing and supply chain excellence
- Increase recycled content
- Continue to drive salesforce effectiveness and account profitability

GDP growth +

#### Enhance and Expand – everyday focus

- Grow share of customer wallet
- Capability and capacity expansion
- Ongoing innovation and investment
- Continued digitisation and e-commerce capability enhancement

**GDP growth ++** 

#### Enter new segments – mid-term targets

- New products
- Expand products and services into new categories
- Explore adjacent categories in existing markets
- Pursue scale and geographic footprint expansion and offshore entry points

GDP growth +++

ATTRACTIVE GROWTH WITH RELIABLE CASHFLOW GENERATION



# Historical Financial Performance

#### **Brian Lowe**

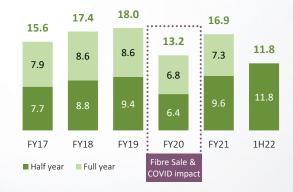
Managing Director & Chief Executive Officer



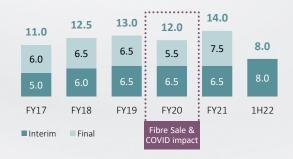
### Long-term performance

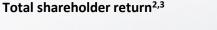
Since demerger, disciplined capital allocation has driven strong shareholder returns

#### Reported earnings per share<sup>1</sup> (cps)



Ordinary dividends per share (cps)





**FY14** 

FY15

FY16

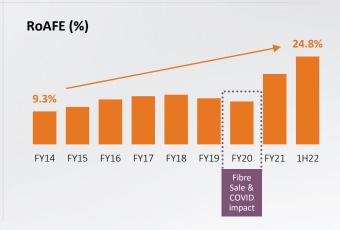
FY17



FY18

FY19

FY20



1. Reported EPS in FY20 excludes impact of discontinued operations of 4.2 cents per share

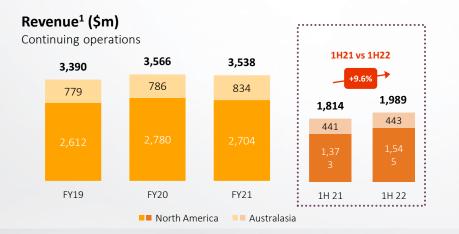
2. Orora TSR includes dividends reinvested but excludes capital returns to align with index methodology (data is as at 19 April 2022). Including the 12.4 cps Capital Return paid on 29 June 2020, Orora's TSR is 384%



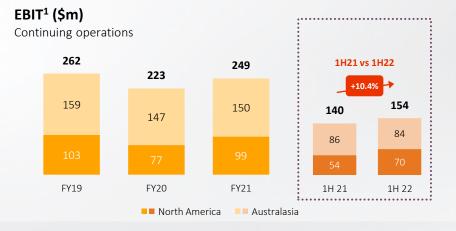
3. Source: IRESS, Orora company announcements, S&P/ASX 200 Gross Total Return Index

### **Overview of sales and earnings**

Robust financial performance with strong earnings recovery in FY21 continuing in FY22



- Resilient sales performance throughout COVID
- OPS account profitability program delivering churning unprofitable contracts, quality of earnings has lifted and profit margins improving
- Strong discipline to actively manage inflationary pressures passing on costs whilst maintaining margin



- Australasia consistently delivering strong and stable earnings growth we have now fully cycled the impact of Chinese wine tariffs with alternate glass products
- North America performing well with local currency EBIT up 43.0% in FY21 and 32.1% in 1H22



# 1H22 Financial Highlights and FY22 Outlook

**Brian Lowe** *Managing Director & Chief Executive Officer* 





### 1H22 financial highlights and FY22 Outlook

SALES	EARNINGS BEFORE INTEREST AND TAX (EBIT)	UNDERLYING NET PROFIT AFTER TAX (NPAT)		
\$1,988.6m	\$154.5m	\$102.7m		
9.6% increase	10.4% increase	12.9% increase		
+10.6% constant currency	+11.1% constant currency	+13.6% constant currency		
UNDERLYING EARNINGS PER SHARE (EPS)	UNDERLYING ROAFE %	OPERATING CASH FLOW		
11.8cps	24.8%	\$145.5m		
22.9% increase	340 bps increase	Cash conversion of 75%		



### FY22 outlook

Positive operating and earnings momentum has continued for the Orora group post 1H22 Results, and 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 performance, we expect 2H22 EBIT to be up on pcp with continued strong earnings growth for the full year
- Group cash conversion of >70% in FY22
- FY22 Total Dividend to be towards the top end of target 60%-80% payout range (1H22:8cps +23.1%)
- Buyback is 63% complete as at 15 April 2022; 26.7 million shares at \$3.53 average price



# Shareholder Value Blueprint

Shaun Hughes Chief Financial Officer





### **Overview of Orora's shareholder value blueprint**

Orora's TSR performance will be driven by three key components

TSR COMPONENT	ORGANIC GROWTH		RETURNS-FOCUSED INVESTMENT			CAPITAL MANAGEMENT			
STRATEGIC PILLAR	Optimise to Grow				hance and Expand	Enter new segments	Disciplined a	approach to capit	tal allocation
	Australasia	North America	Capital investment		Acduisi		Sustainable dividend	Potential additional capital returns	Sensible leverage
ELEMENT	<ul> <li>GDP sales growth</li> <li>Enhanced by innovation and customer wins</li> </ul>	<ul> <li>GDP sales growth</li> <li>Supplemented by market share gains and increased share of wallet</li> </ul>	<ul> <li>Enhance dig capabilities, particularly North Amer</li> <li>Enhance sustainabilit capacity and product capabilities portfolio</li> <li>Customer-b growth proj</li> </ul>	, in rica ty d across packed	<ul> <li>Beverage footprint expansion in ANZ and offshore</li> <li>Expand aluminium and glass product capability in ANZ</li> <li>Expand product and service capabilities in North America</li> </ul>	Complementary adjacencies – near-term focus in ANZ	<ul> <li>Payout ratio of 60% – 80%</li> <li>Franked to the extent possible</li> </ul>	<ul> <li>Assessed when appropriate</li> <li>On- or off-market buybacks</li> <li>Special dividends/ capital returns</li> </ul>	Target leverage at 2.0 – 2.5x EBITDA (excluding AASB 16)
	RETURN TARGETS				Premium to WACC	Higher			



#### **Disciplined Approach to Capital Allocation**

#### **Operating Free Cash Flow Base capital expenditure** Core business Growth capital expenditure capital Sustainable dividend: Payout ratio of 60% - 80%, franked to extent possible Excess cash flow Excess cash flow framework Acquisitions / Potential additional Flement Leverage target 2.0 - 2.5x EBITDA divestments capital returns Maximise shareholder returns Over \$2bn<sup>1</sup> returned to shareholders since demerger RoAFE improvement from 9.3% in FY14 to 24.8% in 1H22

1. Includes payment of FY22 interim dividend and assumed completion of share buy back of \$150m announced in 1H22

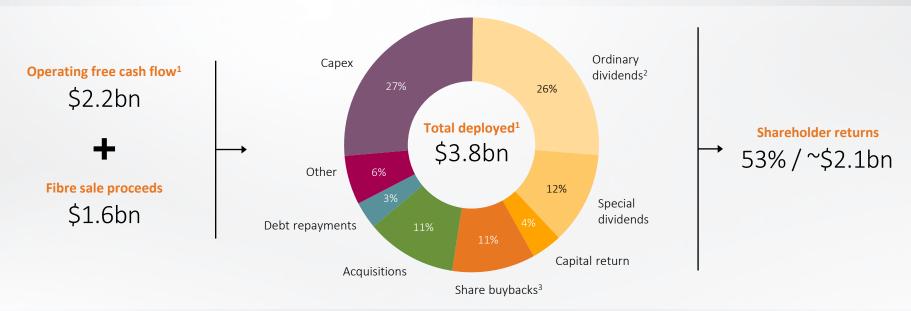


Capital

allocation

# Balanced and disciplined approach to capital allocation

Disciplined capital allocation: Capex (\$1.0bn), shareholder returns (\$2.1bn) and M&A (\$0.4bn)



1. Commencing from start of FY15

2. Includes payment of FY22 interim dividend

3. Includes assumed completion of share buy back of \$150m announced in 1H22



### **Group capex profile**

To support strong end-market customer demand, Orora will continue to invest in base and growth capex



#### Significant capex projects:

Initiative	Est. completion date	Capital Commitment
Cullet beneficiation plant	FY22	\$25m <sup>1</sup>
Dandenong second Canning Line	Q4 FY23	\$80m
Ballarat Ends capacity expansion	FY22 - FY23	\$30m
Oxy-fuelled technology G3 replacement	FY24	ТВА
Revesby second Canning Line	FY25	\$85m

- Base capex, excluding Glass furnace rebuilds, is expected to be ~\$60-80 million per annum
- Furnace rebuild costs expected every ~5 years
- Oxy-fuelled furnace requires additional capex to build an Oxygen plant

1. Gross with \$8 million of Government funding secured

Growth capex (\$m)

Continuing operations

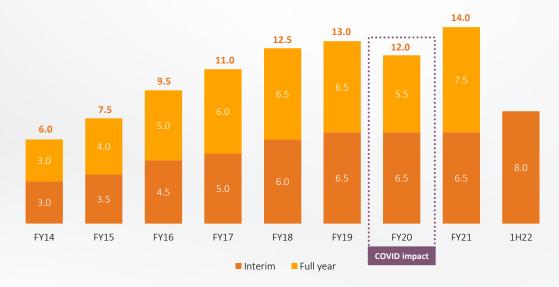
- Australasia is a more capital-intensive business given the greater extent of manufacturing assets
- Since demerger, Orora has invested ~\$176 million in growth capex across the continuing businesses
- We will continue to invest in both our capacity and capabilities to continue to support our customers growth



### Sustainable dividend

Given the company's cash conversion and profit generation, dividends have grown consistently

#### Ordinary dividends per share (cps)

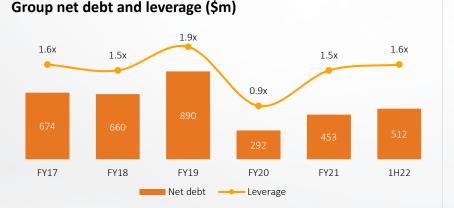


- With consistent cashflow and a strong balance sheet, Orora is able to balance capital needs in the business whilst providing a sustainable income stream for shareholders
- Orora targets a dividend payout ratio of 60-80%, FY22 guidance is towards the top end of this range
- Given the earnings profile of the business, and the instant asset write off tax deductions in Australia, management does not currently expect dividends to be franked until after FY24

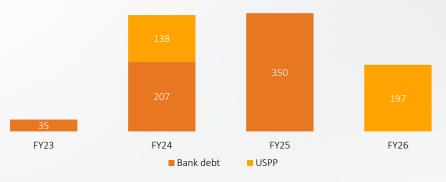


### **Committed to investment grade credit profile**

Orora has strong cash conversion and flexibility to fund capital initiatives as well as future M&A



Debt maturity profile (\$m)



- Orora has consistently generated strong cash flow, underpinned by a disciplined approach to capital deployment and working capital management
- The cash conversation target greater than 70%
- Orora has a long-term leverage target of 2.0 2.5 times EBITDA
- Committed undrawn debt facilities of ~\$400 million with average debt tenor of 2.7 years at Dec 21



# Concluding remarks

- Orora's approach to **capital allocation** remains focused on an appropriate balance between capital deployment and cash returns to shareholders
- Orora has a strong track record of deploying capital into the business, whilst also **rewarding shareholders with strong cash returns**
- Cash conversion remains high, providing Orora with funding flexibility
- Orora will actively **invest more growth capital** into the business to better serve both existing and new customers
- With a strong balance sheet, the Company is well-placed to **explore** strategic acquisitions in the near-term





## Q&A with Brian Lowe and Shaun Hughes





# Orora Packaging Solutions (OPS)

Frank Pennisi

President, Orora Packaging Solutions





### **Orora Packaging Solutions business overview**

Who we are	Our customers' packaging department	Market growth	Positioned for growth	Opportunities to deploy capital
• A leading vertically- integrated provider of packaging solutions in North America focused on custom design, small and medium runs, and enhancing sustainability	<ul> <li>OPS plays a critical role in customers' supply chains, through our focus on value-adding products, services and differentiated business model</li> <li>Scale ensures our customers always have the packaging supplies they need, when they need it</li> </ul>	<ul> <li>US packaging distribution industry is a large and growing market</li> <li>Fragmentation exists across North America, presenting opportunities for OPS to grow in scale, capability and geography</li> </ul>	<ul> <li>Focus on business optimisation has driven significant earnings improvement and has built a strong foundation on which OPS will leverage into the future</li> </ul>	• Targeted, returns- focused capital deployment is a core pillar of OPS' <b>future</b> <b>growth strategy</b>



### **Investment proposition**



Leading vertically integrated packaging provider



Large and growing addressable market



Strategic capital deployment



Essential part of our customers supply chain - S

Scalable, differentiated business model



### OPS business model





OR RA



### Solving customers' packaging challenges

OPS plays an important role in our customers' packaging supply chains by solving their challenges



#### **Customer challenges**

- Numerous suppliers
- Access to the right suppliers
- Working capital complexity and investment
- Resources to manage multiple product lines
- Multiple lines of credit needed
- Lack of visibility of supplier sustainability profile
- Lead time challenges
- Limited warehouse space

### OR

#### **Packaging Solutions**

- Consultative approach, experienced sales force
- One stop shop for customers
- Value add: design, automation, fulfillment
- Sustainable solutions focus
- Compliance and testing services
- Inventory management and warehousing
- Concept to consumer support
- Provide credit to SMEs



### **Operations snapshot**

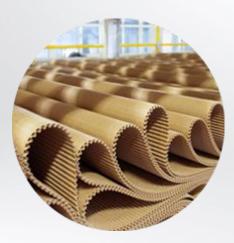
A vertically-integrated packaging solutions provider delivering essential products and services to diverse and defensive end-markets primarily across North America and Mexico

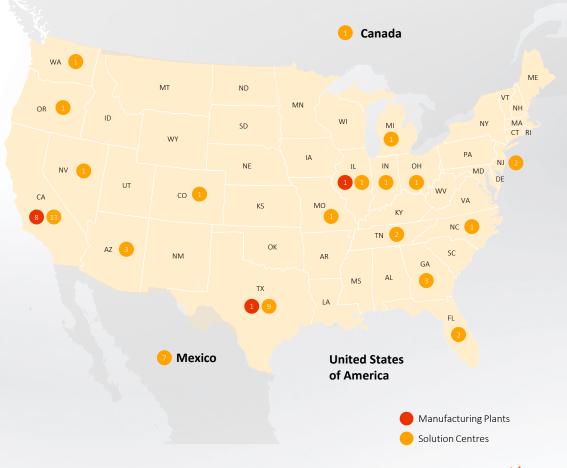
	Manufactu	ring	Distribution Engine		Engineering	Engineering and Design Fulfillment		Testing			
Capabilities	<ul> <li>Corrugated packaging</li> <li>10 manufacturing sites in California, Texas, and Illinois</li> <li>Services both OPS Distribution and Fulfillment, and external customers</li> </ul>		solu Pro cus war On- Pac Sup acro	tomer consultation and ition selling duct sourcing, tomisation and ehousing demand logistics kage testing ported by 54 sites oss USA, Mexico, China Canada and S.E. Asia	<ul> <li>design servic packaging</li> <li>Equipment, r services for packaging</li> <li>Services incl production li optimisation</li> </ul>	<ul> <li>Equipment, materials and services for automated packaging</li> </ul>		<ul> <li>Assembly and kitting</li> <li>"Pick-n-pack"</li> <li>Production and filling</li> <li>Inventory management</li> <li>Testing and inspection</li> <li>Repair and rework</li> </ul>		<ul> <li>ISTA-certified distribution testing</li> <li>Amazon FFP &amp; SIOC testing</li> <li>Logistical testing</li> <li>Chemical testing</li> <li>7 series temperature testing</li> <li>Food contact testing</li> </ul>	
nue down	Product	ProductCorrugate 50%Facility supplies 10%Film 10%Cushioning 5%		Bags 5%	ĸ	Citting 5%	Other 15%				
Revenue breakdown	End-market	Food bevera 25-30	ige	<b>Industrial</b> 20-25%	Warehouse & shipping 10-15%	Healthcare & beauty 10-15%	<b>Technology</b> 10-15%	Aut	omotive 5%	Other 5%	



### Locations

OPS has broad reach and a presence in most key markets in North America and an attractive position in Mexico





### Industry perspectives

Distributors represent ~20% (US\$40 billion) of the ~US\$200 billion overall packaging market



	US packaging consumption <sup>1</sup>	% packaging sales through distributors <sup>2</sup>
Fibre-based	US\$67 billion	~15%
Flexible packaging	US\$41 billion	~25-30%
Rigid plastic	US\$41 billion	~15%
Metal	US\$30 billion	~10%
Glass	US\$6 billion	~20%
Other	US\$12 billion	~20%
Total size	~US\$200 billion	~20%

Source: 2021 packaging consumption per Smithers PIRA
 Management estimates



### **Competitive landscape**

OPS wins against different companies depending on product, region, and customer type

#### **OPS competitors:**

- Undifferentiated offerings going direct
- Substrate focused distributors
- National, regional and local packaging distributors
- Digital retailers
- Big integrated manufacturers
- End-market focused distributors
- Industrial suppliers secondary packaging focus



### How and why does OPS win?

OPS' breadth of capability and ability to service, allows us to compete for customers of all sizes



	Small orders	Large orders	Global scale	Financial strength	Product breadth	Custom capabilities
Small independent	<b></b>					<b>Ø</b>
Digital	<b>⊘</b>			<b></b>	<b>~</b>	
Big integrated		<b>⊘</b>	<b></b>	<b></b>		
How OPS wins	0	0	<b>Ø</b>	<b></b>	<b></b>	<b>Ø</b>



### What we do Custom packaging design

OPS specialises in custom design, short and medium runs, and helping our customers become more sustainable

#### **Products & services**

- Wide range of recyclable, corrugated products
- Substrates & materials:
- » Printed boxes
- » Displays and POPs
- » Cushioning and inserts » Printed tape and
- » Bags and pouches
- » Shrink film
- » Rigid packaging» Printed tape and labels

» Flexibles

- es » Folding cartons
  - » Retail signage

#### **Markets served**

- Ecommerce
- Retail
- Healthcare
- Technology
- Automotive
- Food & beverage

#### Capabilities

- Custom packaging solutions
- · Sustainability focused products and services
- Graphic and structural design
- Digital printing
- Socially & environmentally responsible supply chain solutions
- ISTA-certified distribution and cold chain testing
- Fulfilment solutions & inventory management
- Packaging equipment & automation

### **OPS competitive advantage**

- Expert sales and design teams
- Custom packaging design focused on:
- » Sustainable options
- » Increased marketability» Brand enhancement
- » Packaging optimization
- » Improved product protection
- Short & medium runs
- In-house testing labs
- Partially integrated corrugated manufacturer



### What we do Tailored packaging

Packaging engineers work with a wide variety of substrates and recommend the optimal solution Re-design of a complex box and foam set to a more sustainable package for an expensive and delicate baby crib







Orora Landsberg's design centres are an invaluable partner. They have provided amazing support on several package designs to move from traditional foam designs to fibre-based packaging. They are creative and hard working. In addition, Orora Landsberg's access to multimaterials enables them to solve packaging problems in creative ways.



## What we do **Sustainability**

OPS creates packaging solutions that reduce the impact on the environment From an EPS foam cooler to paper and cornstarch-based insulated pads with MPP printed corrugated boxes





# What we do **Manufacturing**

High-grade, recyclable boards and liners improve product protection and product marketability From foam inserts to a completely corrugated solution printed on the Nozomi digital printer





Orora Landsberg has demonstrated a commitment to the ongoing business relationship and conducts business in a highly ethical manner.



### What we do Fulfillment

OPS manages B2B, B2C, and direct-to-consumer fulfillment of any product





# What we do **Testing**

OPS creates, tests and analyses packaging to ensure it adheres to industry regulations and arrives safely



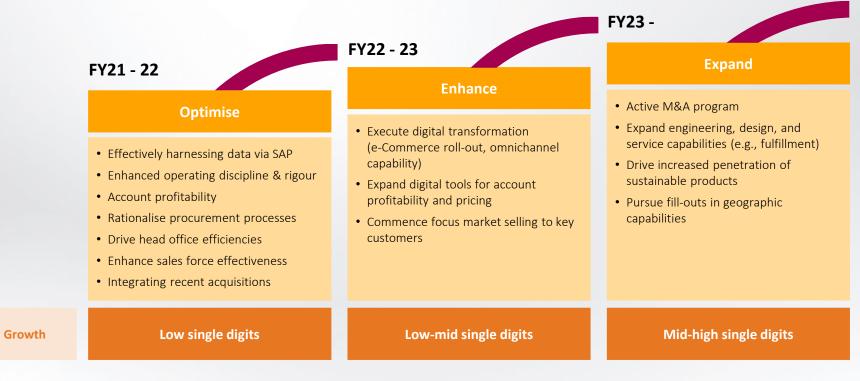


Data driven metrics provided are exactly what we are looking for



### Strategic roadmap

Now entering the second phase of the strategic journey, OPS is positioned for sustainable growth





### Optimise Approach to customer account profitability

Price management

Systematic guardrails

Tailored strategies

Profitability +

OR RA

HALF STACK

I BRAILERIN

### Optimise Integration and M&A strategy

### **Integration progress**

- Orora Fresh Mexico and Bronco Packaging transitioned to SAP with zero downtime and no customer impact
- Continued progress in Pollock:
  - » More profit in first month of fiscal year 2022 than entire second half of FY21
  - » Operating expenses down over prior year
  - » Gross Margin increases through execution of Account Profitability strategy
  - » Reduction in recordable injury rate in FY22

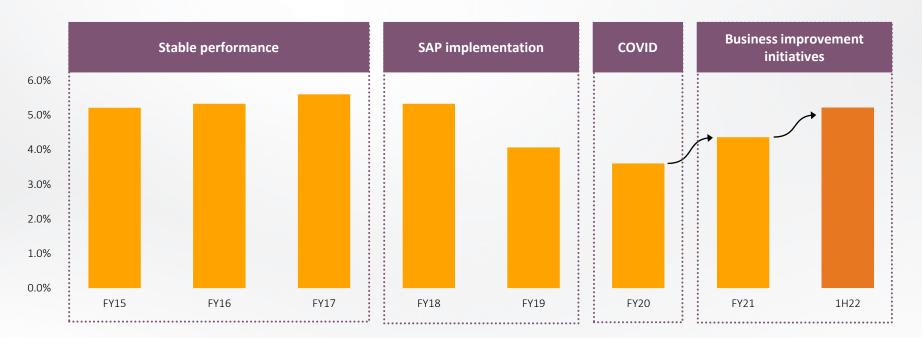
### **M&A** strategy

- Methodical approach
- Application of the learnings and key takeaways from reviews of past acquisitions
- Curated short list of companies under a series of categories
- Increased level of expertise and diligence
- Detailed integration team starting with day 1 actions
- Methodical about how we source, value, and integrate
- Focus on gaining margin and opportunity from our acquisitions



### Optimise OPS EBIT margins

Positive EBIT margin momentum has continued into FY22





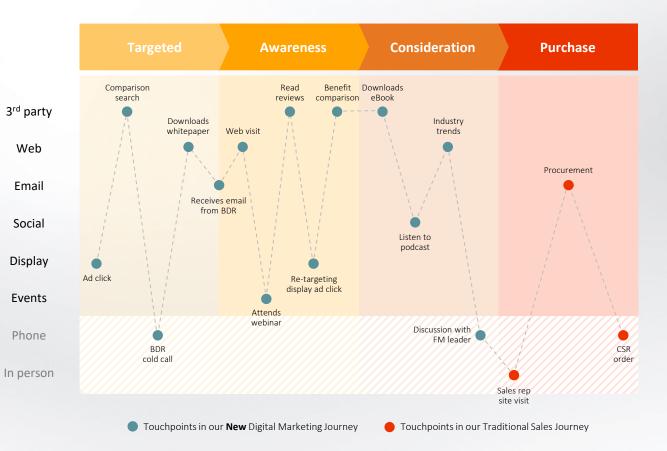
### Enhance Digital transformation roadmap





### Enhance Digital Journey Mapping

Systematic approach to **optimising** the customer journey





### Enhance and expand Future capital deployment opportunities

Capital deployment is a key part of OPS' growth strategy

Capability extension	Paper and corrugated adjacencies	M&A
<ul><li>Digital printing</li><li>Automation</li><li>Equipment renewal</li></ul>	<ul> <li>Expansion of corrugate capacity in favourable markets</li> <li>Potential vertical integration in select product lines</li> </ul>	<ul> <li>Custom focused</li> <li>Medium and short runs</li> <li>Favourably positioned in Sustainability</li> </ul>



# Concluding remarks

- We are a **leading vertically-integrated provider of packaging solutions** focused on custom design, small and medium runs, and enhanced sustainability
- OPS plays a critical role in customers' supply chains, through our focus on value-adding products, services and differentiated business model
- Fragmentation exists across North America, presenting opportunities for OPS to grow in scale, capability, and geography
- Focusing on **business optimisation has driven significant earnings improvement in recent years** and has built a strong foundation on which OPS will look to leverage into the future
- Targeted, returns-focused, capital deployment is a core pillar of OPS' future growth strategy





### Orora Visual – Business Overview and Strategic Roadmap

**Brian Lowe** Managing Director & Chief Executive Officer





### **Orora Visual business overview**

#### **Products and services**

Visual & product marketing	<ul> <li>In-store displays: End-caps, floor units, fabric/canvas, counter displays</li> <li>Promotional signage: Sales posters, graphic wall out-fittings, decals</li> </ul>	
Consumer packaging	Retail-ready and consumer packaging: High resolution graphic laminate sheets for retail-ready cartons	
Labels & tags	• In-store labels: Horticulture tags and other product and promotional marketing materials	



# Research, Strategy & BrandingContentDesign & CreativePrintFinishPack Out & FulfillFreight & TransportationInstallMeasure & Analyze

Visual display value chain

#### Sales breakdown





### Orora Visual strategic roadmap

OV has identified various strategic opportunities to pursue capital-lite, high-return initiatives over the next one to three years that are expected to drive earnings growth

### Near-term (FY22-23) Optimise to grow Build a scalable platform

- Business process optimisation
- Enhanced estimation and pricing processes
- Build customer value proposition for sustainability program
- Further investments in automation

### Medium-term (FY23-25)

#### Enhance

#### *Realise full entitlement of business*

- Broaden customer base and reach in horticulture business
- Revitalise and modernise critical equipment
- Continued investment in sales team to grow market share
- Grow single digital client technology platform

### Expand

Longer-term (FY25+)

#### Capability extension

- Expand capabilities in core product areas (e.g. hort tags, fabric)
- Expand in new verticals
- Establish fulfilment capability to expand service offering and capture share of wallet





### Q&A – OPS and OV

**Frank Pennisi and Brian Lowe** 





### **Orora Beverage**

### **Simon Bromell**

Group General Manager, Beverage





# Beverage overview



**Eight manufacturing sites** 

#### **Multiple distribution sites**

Australia and NZ footprint supplying Australasia

Orora Beverage provides market-leading sustainable packaging solutions for the beverage industry

#### Infinitely recyclable beverage packaging



#### Aluminium cans

Complete can range of classic, sleek and slim cans, with market-leading design and decoration expertise



#### **Glass bottles**

Comprehensive range of glass bottles in a range of colours as well as custom designs and glass bottle sleeving



#### **Closures and caps**

Screw cap closures with a range of enhancements and decoration finishes to enhance your brand





### **Investment proposition**





### Why do customers choose Orora Beverage?

### Value creating packaging solutions

#### Multi-substrate beverage capability

- Credentials in digital decoration has driven significant new customer wins and driven further penetration in high growth categories
- Enhanced digital capabilities facilitate greater customer reach and growth

### Reputation for reliability and quality of supply

- Investments in supply chain capability and continuous improvement programs have been fundamental to maintaining consistent supply
- Track record of delivery has entrenched collaborative and mutually beneficial customer relationships

### Advantaged in sustainability

- Manufacturer of infinitely recyclable products in aluminium and glass
- High extent of recycled content in products with initiatives in train to increase those levels
- Momentum in lowering emissions, with shift to renewable electricity use and reduced waste

### Efficient highly capable operators

- Defined Advanced Manufacturing Strategy and investments in Industry 4.0 capabilities are driving greater efficiencies across network
- Deep relationships with leading global technical partners, skilled team members, and investments in leading technology maintains quality and responsiveness



### Value creating packaging solutions

Market leaders in design and decoration of primary packaging

#### Cans

- Extensive can design and decoration expertise
- Digital printer/proofer enables fast development

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• Expanded capability -Revesby slims

#### Glass

- Proprietary bottles designs across
  - » Wine
  - » Beer
  - » Olive Oil
  - » Spirits
- Orora Crystal<sup>®</sup> speciality glass for spirits



#### Closures

- Leading range of colour and design solutions
  - » Two colour emboss
  - » Hybrid emboss
  - » 3D emboss
- Expanded capability -31.5mm caps



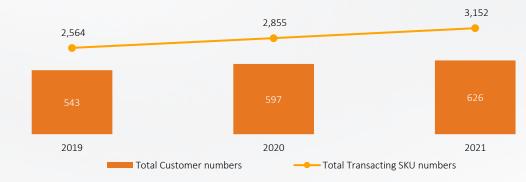


### Value creating packaging solutions

Investing in a digitally-enabled business model



#### **Customer and live product SKUs**



- New eCommerce capability extends reach and improves service to a growing high value SME customer group
- A customer-focused solution that increases the ease of doing business with Orora
- Customers can self serve on the platform, access their decoration artwork, view product information and pricing, place orders, track progress and view inventory levels
- Digital marketing campaigns continue to **fuel new** customer growth



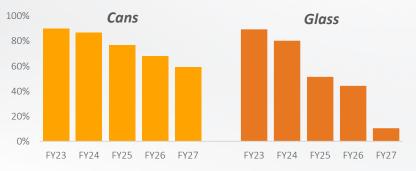
### **Reputation for reliability and quality of supply**

- Significant investments and capability in supply chain planning and distribution
- Continued investments in capability and improvement programs

- Strong reputation and brand name recognition within B2B environment
- Recognised by customers for meeting complex needs

- Consistently maintained Deliveries in Full Time On Time (DIFOT) metric at 99%+ over the last five years
- Track record of securing supply extensions and contract renewals well ahead of expiry

#### Beverage Group contracted revenue profile up to FY27<sup>1</sup>



<sup>1.</sup> The contracted revenue profile above includes customers with either contracts or memorandums of understanding (MOUs) in place, and is based on their FY22 revenue forecasts

#### Key customer awards<sup>2</sup>



2. CCA/CCEP have not run similar award programs in 2020 or 2021



### **Focused sustainability activity**



### **Circular Economy**

- Infinitely recyclable products and substrates
- Initiatives to increase recycled content
- Closed-loop recycling programs
- Cullet beneficiation plant



### **Climate Change**

- Renewable energy agreements and solar
- Focused initiatives to address Orora Eco Targets
- Committed to lowering emissions through oxyfuel furnace technology



- Protecting safety, health and human rights
- Championing diversity, equity and inclusion
- Community engagement through sponsorships











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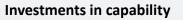


### Well-invested business

Cumulative Capex (\$m)



Efficient and highly capable operators



The Beverage Group has a track record of **investing in capability and continuous improvement programs**, including:

- Industry 4.0 and Advanced Manufacturing Strategy, encompassing Automation initiatives, Data Analytics and IWS deployment
- New Beverage eCommerce platform
- Decoration Centre of Excellence
- Innovation and Design facility

- Orora continues to invest in the Beverage business to support long term growth, with \$367 million total capital investment since demerger
- Avg Capex/D&A over this period has been 117%
- Strong RoAFE maintained since demerger





# Orora Beverage Cans





### Cans overview



Six manufacturing sites

#### 450 team members

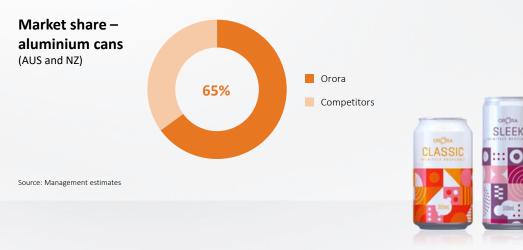
### Australia and NZ footprint supplying Australasia

#### Key markets

- Carbonated soft drink
- Beer
- Seltzers and RTD's
- Energy drinks
- Still and sparking waters

#### Capabilities and technologies

- Diverse range of metal packaging formats for beverages including classic, slims and sleek cans
- Leading decoration capability (Decoration Centre of Excellence)
- Specialised customer engineering service division
- Technology partnership with Ball Corp (USA)





SLIM

### We are experiencing strong growth in cans

**Orora Can sales volumes** 



- Strong volume growth across all segments:
  - » Sustainability tailwinds and consumer preference supporting growth in carbonated soft drinks
  - » Growth in beer, driven by craft trends
  - » Rapid growth in flavoured alcoholic beverages, including seltzers
- Volume growth is expected to continue based on outlook from our key customers, new customer wins, and forecast growth rates<sup>1</sup>
- The business has successfully negotiated supply extensions, securing a significant proportion of base volumes beyond the forecast period

1. Euromonitor: Global can volumes forecast growth 3.4% CAGR over 2020-25



### We are investing to drive growth

Investing in capacity expansion, asset upgrades and innovation to meet expected demand







On two new Can lines and Ends capacity 40% increase in Cans End capacity



- Capital program backed by secured long term contracts with major customers
- Cans planned capital spend is weighted towards growth capex, being largely capacity expansions or further investments in light-weighting and digital decoration capabilities

- Update on key projects:
  - » Dandenong capacity expansion: On track for commissioning in Q4 FY23
  - » Ballarat ends capacity expansion: Both stages are on track, with Stage 1 commissioning in Q4 FY22, and Stage 2 during Q1 FY23
  - » Recently approved Revesby Capacity expansion project to commence in FY23 with commissioning in Q3 FY25



### Leading in sustainability

#### Aluminium is infinitely recyclable



1. Source: International Aluminium Institute



#### **Cans priorities**

- Further light-weighting of can bodies and ends
- Maximising recycled content of aluminium coils and flat sheets
- Productivity improvements to minimise waste, and reduce energy and water consumption
- Solar PV installations
- Power and air meter installations



# Orora Beverage **Glass**





### Glass overview



Three furnaces on one site

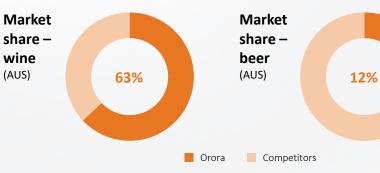
#### 390 team members

#### **Key markets**

- Wine
- Beer
- Flavoured alcoholic beverages RTDs
- CSD and Non alcoholic beverages
- Emerging markets:
  - » Spirits
  - » Olive oil

#### Capabilities and technologies

- Scale plant Three furnaces, six forming lines
- Diverse range of industry bottle shapes and colours
- Proprietary and light weight bottles
- Sleeving design and application



Source: Management estimates



Strong response to win new business following China impact



#### Spirits

- Capitalising on strong growth in the boutique spirits market
- Range includes a new proprietary glass colour developed by Orora – Orora Crystal<sup>™</sup>
- Production began in late 2021



#### Olive oil

- Strategy to capitalise on strong **domestic olive oil industry**
- Orora is now supplying Australia's first locally manufactured olive oil bottle
- Production began in late 2021

- Focused activity to **recover volume through entry into new segments**, diversification of production capabilities and customer portfolio expansion
- New segments include **premium spirits**, **olive oil and sparkling water categories**, while diversification has resulted from new **customer wins in domestic beer and wine** and some **increases in share of wallet** of existing wine customers



## Strong track record of investment

FY17	FY18	FY19	FY20	FY21	FY22	FY23 and beyond
G1 furnace rebuild	Warehouse 3 and 4 acquisition and integration	Glass capacity expansion	G2 furnace rebuild	Line 24,35 and 36 Cooling Fan VSDs	Cullet beneficiation plant	G3 Rebuild with oxyfuel technology
G1 Narrow Neck, Press and Blow Capability	Robotic laser mould cleaning and Insourcing	Auto-swab robots	Line 24 capacity upgrade		Pallet and divider cleaning safety and capability	WH 3 and 4 automation
<ul> <li>Capacity and capability upgrades</li> <li>Furnace rebuilds</li> <li>Future projects</li> </ul>		Warehouse 3 and 4 expansion	Warehouse 5 build and automation			

Note: Highlighted above are the significant projects undertaken by the Glass business, totalling to ~\$215m of ~\$260m total capex spend since demerger



## Leading in sustainability





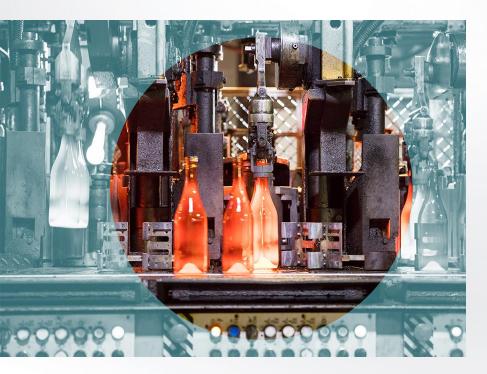
### **Glass priorities**

- Increase cullet use through interstate sourcing
- Construction of new Glass beneficiation plant
- Extend use of renewable electricity
- Upgrade G3 furnace to oxyfuel technology
- Transition to lower emissions furnace technology
  - » Work with global technical partners (IPGR<sup>1</sup>), and local industry groups with common goals (i.e., APCO<sup>2</sup> Glass Working Group and the SA H2H Hydrogen Technology Cluster)

1. IPGR = International Partners in Glass Research 2. APCO = Australian Packaging Covenant Organisation



# New technology investment in G3 furnace to deliver significant sustainability benefit





#### **Climate Change**

### Step change reduction in fossil fuel use

- The G3 furnace rebuild in 2024 is expected to employ oxyfuel technology, an Australian first for glass furnaces
- Investment into a new oxygen plant at Gawler was recently reviewed by the Board, as part of plans to fulfil Orora's commitment to emission reduction targets to 2035
- Key benefits from this significant sustainability-led investment include:
- » Reductions in emissions of nitrogen oxide and carbon dioxide, and lower use of natural gas
- » G3 would move into top 10% of energy efficient furnaces worldwide
- » Supports our customers' sustainability objectives, further advanced by recycled content and emissions reduction benefit from higher cullet levels enabled by the investment in the benefits of the cullet beneficiation plant project



# Orora Beverage **Closures**





## Closures overview



10 lines on site

#### 75 team members

### **Key markets**

- Wine
- Beer

### Capabilities and technologies

- Full service solution (Closures and Capping technical expertise)
- Full range of wine closures in multiple sizes
- Leading design and decoration capabilities, including digital printing





## **Investing in new capabilities**

Orora Closures will grow through considered investment in new capabilities

### Win market share

- Utilise eCommerce platform and digital marketing to extend reach and enhance service offering
- Insource flatsheet printing to strengthen supply chain, improve quality and improve efficiency
- Lead with sustainability initiatives, including light weighting and sustainable liners

### **Extend products and services**

- Invest in capacity and capability upgrades to supply premium higher value closures
- Add to capability in customisable digital decoration
- Develop a combined glass and closures offering to the emerging craft and premium spirits segment





## Leading in sustainability

#### Aluminium is infinitely recyclable

Our Eco Targets drive reductions in CO2, waste to landfill and water use

Scrap aluminium is

manufacturers for

returned to

recycling



Wind farms supply 80% of Orora's Australian electricity needs



### **Closures priorities**

- Light-weighting of aluminium
- PVC free sustainable liners
- Explore eco-based paints
- Drive further CO2 emissions reduction:
  - » Gas usage reduction
  - » Lighting and air conditioning upgrades to drive down electricity use



# Beverage Group Strategic Summary



## Beverage Group strategic summary

### **Optimise to grow**

- Continue roll-out of
   Advanced Manufacturing
   capabilities
- Drive productivity through further loss reduction initiatives
- Drive increased recycled content in our product range
- Evaluate alternative energy furnace fuel sources
- Invest in further automation opportunities across the network

### Enhance and expand

- Complete Can capacity expansion in Ballarat, Dandenong and Revesby
- Leverage installed capability to **further light-weight cans**
- Capitalise on eCommerce capability to drive growth in SME customer base
- Establish in-house closures flat sheet printing capability
- Invest in more sustainable technology at Gawler, including new beneficiation plant and oxyfuel technology for G3 furnace

### Enter new segments

- Extend proprietary glass spirits bottle capability
- Expand olive oil and premium water segments in glass
- Continue development of new occasion opportunities for cans
- Pursue innovation in sustainable substrates for liquids
- Accelerate assessment of offshore expansion



# Concluding remarks

- Orora Beverage is a **market leader** with a strong reputation for **supply reliability, quality**, and **value-creating packaging solutions**
- Strong customer focus with a long track record of securing contract renewals, with a significant proportion of base volume secured over the long-term
- Significant investments in capacity, capabilities and continuous improvement programs over the past decade have enhanced Orora Beverage's customer value proposition
- Investments to drive growth in the business are continuing, with significant capital committed to a number of key projects that expand capacity, drive innovation, and underpin the sustainability agenda





## **Q&A - Beverage**

Simon Bromell and Brian Lowe





# Orora's Approach to Sustainability

### **Ann Stubbings**

*Chief People, Sustainability & Governance Officer* 





## Sustainability – always a part of Orora's DNA

Orora has had a Sustainability program since inception, the original program focused on these material areas, but was updated, expanded and refreshed during FY21 to 'Our Promise to the Future'





## A new chapter in sustainability

# Our Promise to the Future



### **Circular Economy**

- Recycled content
- Recyclable packaging
- Recyclable substrates
- Certification



### **Climate Change**

- GHG reduction
- Energy efficiency
- Renewable energy
- Climate risk analysis



### Community

- Safety & health
- Diversity, equity & Inclusion
- Human rights and supply chain
- Responsible sourcing





## **Our commitment to addressing climate change**



### Net zero emissions by 2050

## 40% reduction in emissions by 2035

- Orora is committed to achieving net zero greenhouse gas emissions by 2050 for Scope 1 & 2
- Orora is committed to achieving an interim goal of 40% reduction in greenhouse gas emissions by 2035 for Scope 1 & 2 from FY19. Our well defined plan to achieve this goal includes:
   » Increased use of recycled glass cullet to leverage greenhouse gas reducing benefits
   » Implementing less greenhouse gas intensive furnace technology
  - » Procuring greenhouse gas-free electricity for our business globally
- Our pathway between 2035 and 2050 will be firmed up over time and will require advances in technology





## We're a proven leader in the Circular Economy

# (ircular Economy

## 60% recycled content

for glass beverage containers by 2025





This target is in excess of the 2025 50% recycled content target for glass packaging supported by the Australian Packaging Covenant Organisation

\*pre and post-consumer



## We're working to enrich our communities

# Community

### Our Promise to the Future

### Prioritising action for our people and our community

We're focused on initiatives that benefit our teams and our communities through:

- Protecting safety, health and human rights
- Championing diversity, equity and inclusion

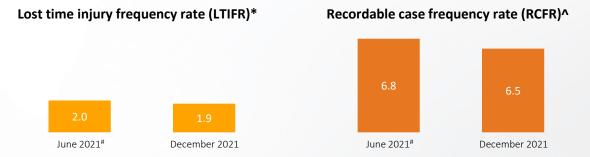






## Orora safety performance update





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

RCFR<sup>A</sup> = (Number of recordable case injuries (lost time, restricted work case and medical treatment) / Total number of hours worked for employees and contractors) x 1,000,000 June 2021<sup>#</sup> = Subject to change where reclassification of injuries is necessary at year end reporting FY22.



#### Update on our approach to improving safety

- Operating during COVID-19 has continued to add complexity and challenge to our operating environment
- A number of additional health and safety measures have been introduced to continually improve our response to COVID-19, targeted at mitigating the risk of transmission into and at Orora's sites

- Reduction in both LTIFR and RCFR
- No Serious Injuries or Fatalities
- Orora's Global Integrated Safety Improvement Program (GISIP) continues to progress to plan, focusing on managing high risk activities and improving effectiveness of critical controls



## **Our progress on Sustainability**

We are making good progress with our sustainability goals and commitments



Circular Economy

### 60% recycled content\* for Glass beverage containers by 2025

- Orora's use of recycled Glass content (cullet) is increasing year on year and on track towards 2025 goal
- Construction of Glass beneficiation plant at Gawler - facilitates increased use of recycled Glass cullet and delivers greenhouse gas reducing benefits



Climate Change

Net zero emissions by 2050 40% reduction in emissions by 2035

Orora is on track towards our 2035 40% Scope 1 & 2 emissions greenhouse reduction goal – initiatives include:

- Exploring less greenhouse gas intensive Glass furnace technology at Gawler glass plant
- Ongoing implementation of renewable energy initiatives as part of procuring greenhouse gasfree electricity for our business globally
- Program of procuring electric warehouse based vehicles for OPS in North America commenced



### Prioritising action for our people and our community

Progressing initiatives that benefit our teams and our communities through a number of initiatives including:

- Safety Management
- Launch of new global Diversity, Equity and Inclusion goals
- Women in Leadership at Orora (WILO) program
- Modern Slavery Statement
- Unconscious Bias Training



\*pre and post-consumer



# Q&A with Executive Leadership Team





## **Compelling Investment Proposition and Closing**

**Brian Lowe** 

Managing Director & Chief Executive Officer





## **Compelling investment proposition**

Orora provides investors with a robust and defensive earnings profile core in Australasia with attractive growth upside in North America







### Investor Relations Contact

### **Alister Crow**

General Manager, Treasury & Investor Relations alister.crow@ororagroup.com