



## ASX Announcement

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### ORORA LIMITED – ANNUAL GENERAL MEETING

10.30AM TUESDAY 16 OCTOBER 2018

#### CHAIRMAN'S ADDRESS

Ladies and gentleman, before addressing the formal items of business as outlined in the Notice of Meeting, I would like to provide an overview of Orora's 2018 financial results and Orora's corporate governance practices.

The Managing Director and CEO, Nigel Garrard, will then provide an overview of the Company strategy and take you through the operational performance of the business divisions.

#### Financial Highlights

I am pleased to report that Orora has continued to successfully execute against its strategy to deliver another year of earnings growth, strong cash generation, disciplined capital management and improved shareholder returns.

Sales revenue was higher, up just over 5 percent to more than \$4.2 billion, despite continued subdued market conditions in both the Australasian and North American regions.

Net profit after tax was 12 percent higher at \$208.6 million compared to the prior financial year and earnings before interest and tax were 7 percent higher to \$323.4 million. Earnings per share also increased to 17.4 cents, up more than 11 percent on the prior year.

Net profit and earnings are, of course, underlying results which exclude an after-tax significant item expense, as well as a net one-off benefit as a result of US tax reforms.

An after-tax significant item expense of approximately \$1.9 million was recorded and relates to the net profit from the sale of the Fibre Packaging Smithfield site in New South Wales, offset by costs associated with the restructure of NSW Fibre Packaging, including the closure of the Smithfield site and additional expected costs associated with decommissioning of the former Petrie Mill site in Queensland.

Statutory net profit after tax for the financial year was just over \$212 million, with statutory earnings per share of 17.7 cents.

Orora's commitment to financial discipline and a strong balance sheet have resulted in operating cash flow for the period of \$325.3 million. Cash conversion was 67 percent, down from 74 percent in the prior year, but in line with expectations as a result of the increased capital expenditure across the business, to upgrade assets and enhance productivity.

This has further strengthened the Company's balance sheet, leading to leverage reducing to 1.5 times from 1.6 times.

Net debt was lower at \$667 million compared to \$674 million in the prior corresponding period.



The Board declared a final dividend of 6.5 cents per share, franked to 30 percent. This took the total dividend for the financial year ended 30 June 2018 to 12.5 cents per share, which is an increase of more than 13 percent over 2017. This represents a payout ratio of approximately 71 percent of net profit after tax, which is slightly above Orora's indicated payout range and reflects the Board's continued confidence in the business and its strategy.

### **Orora's strategy**

Orora's objective is to deliver sustainable value creation for shareholders and is embodied in The Orora Way strategy statement, which Nigel will outline in a moment.

Since listing on the ASX in late 2013, The Orora Way has underpinned the Company's track record of strong performance and ensures Management applies a returns focused lens to initiatives, innovation and investment activity. I would like to commend Nigel and the Orora team on their disciplined and successful execution of The Orora Way, which the Board believes continues to serve the Company well.

### **Governance**

Turning now to Orora's governance practices which are set out in its Corporate Governance Statement and published on the Company's website.

Shareholders will be aware that the importance of rigorous corporate governance practices has very much been in the community spotlight this past year.

At Orora, the Board continues to refine and enhance the Company's Corporate Governance practices to ensure that they are meeting the interests of Orora's stakeholders and form a solid foundation for the Company's performance.

The Board also takes seriously Orora's commitment to support, and be a positive contributor to, the communities in which it operates. Orora adheres to all relevant regulations and industry standards and has sound risk management frameworks in place.

An important aspect of the Board's role is to regularly monitor and assess Board composition and performance. This is particularly important as the Company grows. The Board's view is that the current composition of the Company's Non-Executive Directors is appropriate, having regard to the skill set, expertise, and experience needed for a company of Orora's size and geographic spread. The Board continues to regularly monitor and assess these matters.

However, as I touched on this time last year, Orora will engage in board renewal in the coming 12 months. As you will have seen in the Notice of Meeting, I stand for re-election today in accordance with the ASX Listing Rules and the Company's constitution, which require that Non-Executive Directors stand for re-election every three years.

Should my re-election be successful, it is my intention to continue to serve as Chairman in the short term, to oversee an orderly transition to a new Chairman of Orora Limited during the course of calendar year 2019. It is then my intention to step-down from the Board. Many of you will recall that I joined the Orora Board as Chairman in December 2013, at the time of Orora's listing on the ASX. Since then it has been my privilege to serve Orora shareholders and oversee Orora's journey to become the successful, independent company it is today.

My colleague Jeremy Sutcliffe also stands for re-election to the Board today. Jeremy has similarly been a member of the Orora Board since December 2013 and the Board has resolved, subject to his successful re-election today, to appoint him as Deputy Chairman of Orora. The Board anticipates that this appointment will be used to facilitate the transition of Jeremy into the role of Chairman of the Board, subject to the Board formally appointing a new Chairman upon my retirement. The Board considers that this approach will ensure a smooth transition as Orora enters this period of board renewal.

### **Conclusion**

In closing, it has been another successful period for the Company and I wish to thank Orora's senior executive team, Orora team members globally and my fellow Non-Executive Directors for their commitment and efforts over the last year. I also particularly want to thank you, Orora's shareholders, for your continued support.

I will now ask Nigel to take you through the operational highlights for the 2018 financial year and the company's strategy for the future. Nigel will also provide an update on the first quarter trading performance for the current financial year.

Thank you.

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