



ASX Announcement

ORORA LIMITED – ANNUAL GENERAL MEETING

10.30AM TUESDAY 16 OCTOBER 2018

MANAGING DIRECTOR & CEO ADDRESS

Introduction

Thank you, Mr Chairman. Good morning ladies and gentlemen and once again, welcome.

It is my pleasure to update you today on Orora's progress towards realising its vision: to be the industry leading packaging and visual communications solutions company.

As mentioned by the Chairman, the business again delivered a strong performance in the 2018 financial year, driven by a combined focus on organic growth and margin improvement in the core businesses, as well as incremental benefits that have begun to flow from capital investments and acquisitions completed in the financial year.

This December marks five years since Orora first listed on the ASX and began the journey to refresh the core business assets, invest in organic and new growth opportunities to deliver sustainable value for shareholders. Five years of building on the steady momentum has seen the Company's underlying net profit and earnings per share more than double.

These results reflect five years of hard work and dedication from the Orora team...for which I thank them, and the ongoing support from each of you, our Orora shareholders, for which I thank you.

The Orora Way

As the Chairman mentioned, since the beginning of Orora's journey, The Orora Way culture program, has played a pivotal role, particularly as the business has evolved and integrated newly acquired businesses and welcomed new team members to the Company.

The Orora Way clearly articulates the Group's purpose, strategic focus areas, values and outperformance deliverables. It is the cultural touchstone that unites our team around the world behind a shared vision and belief in what they do and how they can deliver outperformance for Orora's customers and stakeholders in their roles.

The Orora Way will continue to be a priority, as we place a high value on organisational culture as a driver of performance and a compelling source of competitive advantage that generates shareholder value.

Orora's blueprint for creating shareholder value

Underpinning The Orora Way is the Company's 'blueprint for creating shareholder value', the framework against which initiatives, investments and opportunities to create value for shareholders are assessed.



It sets a multi-faceted approach comprising organic growth across Australasia and North America, continued investment in innovation and is supplemented by a returns focused approach to allocating capital towards growth investments.

Since 2013, the Company has committed approximately \$500 million to return generating investments and we continue to believe Orora has capacity to invest between \$150.0 million to \$200.0 million per annum in growth initiatives.

Safety

Turning now to safety. At Orora, the safety of the team, contractors and visitors at Orora locations is paramount. An injury to anyone, at any Orora workplace, impacts not only that person, but their family, friends, colleagues and the business.

Orora invests in a range of programs and initiatives to educate team members about safe work practices, to build awareness and develop practical interventions that minimise risks to prevent safety issues from occurring.

Despite these efforts, our 2018 safety performance was in line with that of 2017 with Orora's Recordable Case Frequency Rate and the Lost Time Injury Frequency Rate at similar levels to 2017.

This is disappointing and I can assure you that we are not satisfied with this lack of tangible progress towards Orora's ultimate safety goal of zero harm. In the year ahead, the business is committed to doing more to reduce workplace safety incidents.

Business performance

Looking now to business performance and it's pleasing to report that 2018 financial year was another successful year for the Company.

Orora Australasia

In Australasia, which includes the business groups of Fibre and Beverage, the business delivered earnings before interest and tax, or EBIT, of \$232.3 million, an 8.7 percent increase over last year and sales revenue growth of 5.2 percent to just over \$2.1 billion.

The Fibre business continued to perform well driven by sales growth in targeted market segments, improved operating efficiencies and benefits from recent capital investments.

The Botany Recycled Paper Mill, B9, in New South Wales, had a very good year, producing above its 400,000-tonne design capacity for the first time.

And in Beverage, the business continued to benefit from growth in exports of bottled wine, which are growing above GDP, as well as higher aluminium can volumes.

Orora has continued to invest in innovation, capacity expansion and asset refresh across the Australasian business and the success we are seeing flow from this capex supports this focus.

During the year, a further \$140 million was invested in the Australasian business. As a result, I think it is fair to say that the Australasian business today is a much stronger, more efficient business and better equipped to exceed customer expectations and changing needs.



To showcase Orora's commitment to asset refresh and innovation, the Company hosted an inaugural Innovation Expo in May under the theme 'delivering tomorrow's packaging innovation today'. The Expo was very successful, attracting more than 500 customers who came to see first-hand the investments Orora has made in the latest packaging innovations, capabilities and machinery, to help customers stay ahead of their competitors.

Orora North America

For Orora North America, which comprises Orora Packaging Solutions, or OPS as we call it, and Orora Visual it was a positive year. Despite the markets Orora serves being relatively flat, organic sales growth, steady improved profitability in OPS and contributions from Orora Visual acquisitions completed in the 2017 financial year, all contributed to the result.

In US Dollar terms, sales grew 8.1% to US\$1.66 billion and EBIT increased 5.9% to US\$93.8 million.

Further strengthening OPS's focus on target market segments, in late August this year, OPS announced the acquisition of Texas based packaging distributor, Bronco Packaging. This acquisition supports the expansion of OPS's footprint and product capability in the targeted, higher growth food sector, with Bronco bringing a strong corporate customer base to OPS.

Orora Visual, is showing a steady improvement in performance, following changes made early in the year to senior management and the addition of resourcing to support business integration and delivery of synergies.

Growth and innovation

Over the years, you will have heard me talk about the importance of growth and innovation at Orora and in the 2018 financial year the Company continued its focus on investing in organic capital projects and innovation to drive sustainable growth. It was another active year with projects such as:

- a further \$30 million invested in the Australasian Fibre asset refresh program.
- \$8 million was spent to complete the final build phase for the \$23 million waste water treatment plant at B9.
- \$7 million was invested in a new small format can capacity at Beverage Cans in NZ.
- \$35 million was committed to build a new warehouse at Orora's Gawler glass making facility in South Australia, which will reduce offsite storage and transport costs. Two previously leased warehouses adjacent to the Gawler site have also been purchased to ensure the business has access to inventory during peak bottling periods.

And, as part of the Orora Global Innovation Initiative, two new 'state of the art' EFI Nozomi high speed, and large format digital printers have been acquired - one each for OPS and Fibre Packaging. These printers represent a step-change for the business and is supporting the team to initiate new conversations with customers, as well as driving new business.

Given Orora's commitment to invest in innovation, Orora announced that funding for the Global Innovation Initiative will be increased to \$75 million.



The Global Innovation initiative was launched in 2015 with \$45 million earmarked for investment in innovation over three years. By December, 2017, the initial \$45 million had been fully committed, and it is very pleasing to see these investments contributing to earnings growth across our core businesses.

Power purchasing agreements

Like many Australian businesses, Orora has been absorbing rising energy costs for some years, and while I have been vocal in my public advocacy for energy reform, behind the scenes Orora's focus has been to deal with these market conditions. This has included 'self-help' initiatives to cut energy use as well as investigating options to manage higher energy prices and lock in supply for Orora's Australian operations.

These investigations led Orora to look at renewable energy, which today is competitively priced and along with gas, coal and hydro, is part of the mix of energy sources Orora will deploy to give the business greater price certainty over the long term.

In line with this, Orora announced during the year that it has entered into two separate long-term power purchase agreements with renewable energy providers, to supply wind generated electricity to Orora's operations in South Australia, Victoria and New South Wales. Across these States, Orora operates its largest and most energy intensive plants and the PPA's – as they are called - have secured a long-term supply of renewable energy for Orora, for volumes equivalent to 80 percent of the Company's total electricity requirements in Australia.

Building a sustainable business

Adding renewables to Orora's energy mix also supports the Company's strong commitment to improving the sustainability outcomes of the products and services we provide.

In this regard, Orora is a market leader in Australia. The recycled paper mill at Botany in New South Wales is one Australia's largest cardboard recyclers, where Orora has created a continuous loop of recycling – from paper, to cardboard, and back to paper again.

Similarly, Orora's Gawler glass manufacturing plant in South Australia is a significant user of recycled glass. Approximately 80% of the glass collected through South Australia's container deposit scheme is recycled through the plant, which equates to approximately 100 million bottles being removed from the waste stream each year.

Orora also sources coils of aluminium that contain around 70% recycled aluminium to make cans. During can production, the leftover aluminium is collected and sold back to aluminium manufacturers for recycling.

These sustainability credentials are an important competitive advantage for Orora, particularly in a world increasingly focussed on recycling and sustainability.

Orora is also a signatory to the United Nations Global Compact and is guided by its 10 Principles, particularly Principle 8, which requires signatories to 'undertake initiatives to promote greater environmental responsibility'. Orora will continue to take an integrated approach to deliver better and more sustainable business outcomes into the future.



First quarter trading and Outlook

Finally a few comments on first quarter trading results and outlook for the full year.

Pleasingly, we have started the financial year with Group operations tracking ahead of the same period last year and this is in-line with our internal expectations. The major capital projects we have underway across the business are all progressing as expected.

In terms of the full year outlook, and given the on-plan results for the first quarter, Orora expects to be able to continue to deliver underlying earnings growth for the full year, subject, of course, to global economic conditions.

Thank you once again for your continued support of Orora. I will now hand you back to the Chairman.

Thank you.

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