ORORA

ANNUAL REPORT 2019

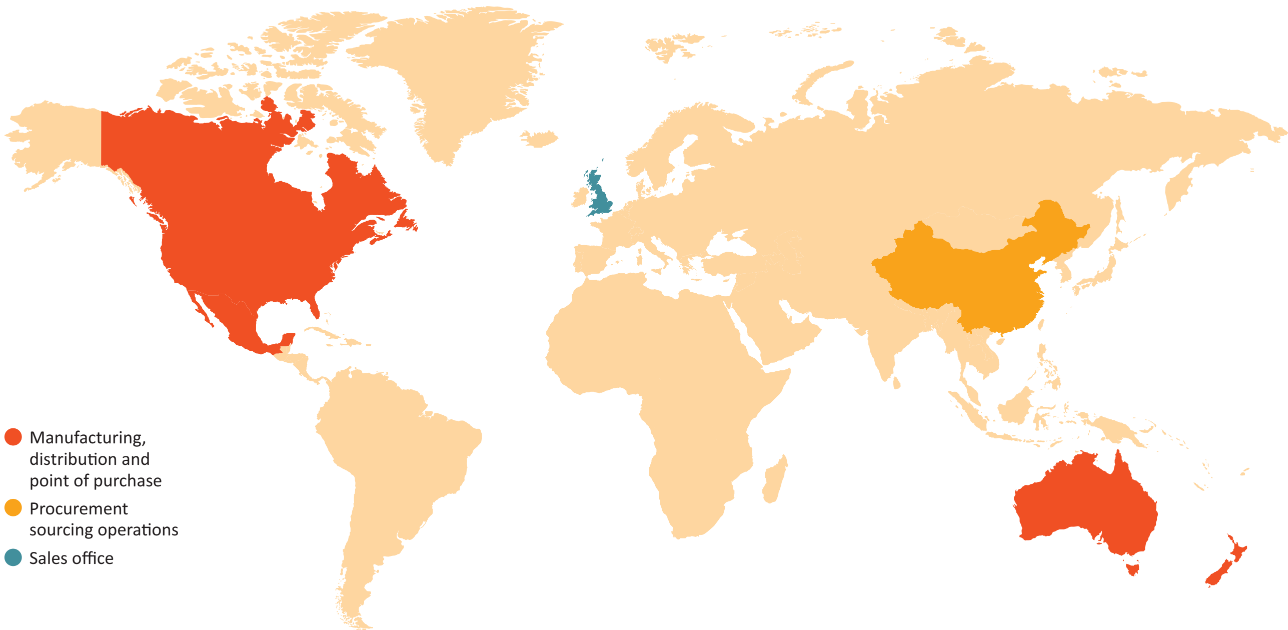
Our packaging touches lives

IN THIS ANNUAL REPORT

To view this report online or to download a copy, visit Orora's website: www.ororagroup.com

Cover image: Corrugated cardboard sculpture of a wind turbine, representing Orora's innovative agreements with renewable energy providers in Australia. Sculpture designed by Orora team member, David Carter, from Orora Fibre Packaging site in Rocklea, Queensland, Australia.

At Orora, we believe our packaging touches lives. We are in seven countries with over 7.2k team members. Together we deliver on the promise of what's inside.

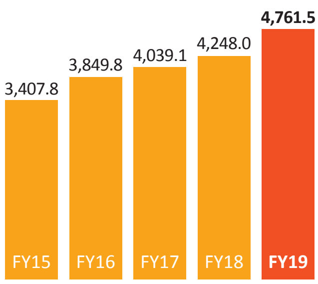


Orora works closely with its customers to provide an extensive range of tailored packaging and visual communications solutions. These include the design and manufacture of packaging products such as glass bottles, beverage cans, corrugated boxes, recycled paper, multi-walled paper bags and point of purchase displays. Orora also offers broad end-to-end packaging solutions and complementary services, including global product sourcing, distribution, design, printing and warehouse optimisation. Every day, millions of consumers buy and use goods in packaging proudly designed, developed, produced or supplied by Orora.

Operating and financial highlights

- Orora continues to deliver top line growth in challenging markets
- Underlying earnings per share up 3.7%
- Solid earnings growth delivered in Australasia
- Earnings have been successfully converted into operating cash
- Acquired Texas based Bronco Packaging and Pollock Packaging
- Strong balance sheet maintained which provides future growth optionality
- Declared dividends up 4.0%, above indicated payout range

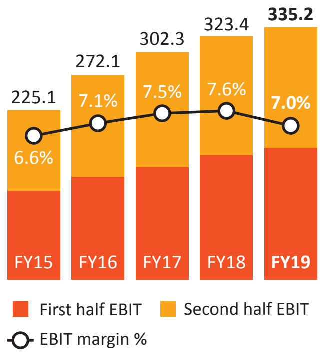
SALES REVENUE (AUD million)



$4,761.5m

↑ 12.1% increase

EBIT (AUD million)[1]



$335.2m

↑ 3.7% increase

RoAFE[1]

13.0%

↓ 100bps decrease

UNDERLYING NET PROFIT AFTER TAX[1]

$217.0m

↑ 4.0% increase

UNDERLYING OPERATING CASH FLOW

$268.9m

↓ 17.3% decrease

DIVIDEND (per share)

13.0¢

↑ 4.0% increase

* Except as expressly defined in this Annual Report, $ refers to Australia Dollars.

(1) FY16, FY17, FY18 and FY19 represent underlying earnings excluding the impact of significant items. FY16 excludes significant item income representing the gain on sale of the former Petrie Mill site in Queensland. Refer to the 2016 Annual Report for further information. FY17 excludes a significant item expense relating to additional decommissioning costs of the former Petrie Mill site. Refer to the 2017 Annual Report for further information. FY18 excludes a net significant item expense relating to the sale of the Smithfield site, restructure of the Fibre Packaging New South Wales business, including and closure of the Smithfield site and additional expected costs associated with the decommissioning of the former Petrie Mill site and a one-off US tax adjustment gain. Refer to the 2018 Annual Report for further information. FY19 excludes a significant item expense after tax of $55.8 million relating to restructuring costs associated with the re-sizing of business groups within both Australasia and North America of $20.8 million and additional decommissioning costs associated with the Petrie Mill site of $35.0 million.

NOTE REGARDING NON-IFRS FINANCIAL INFORMATION
Throughout this report, 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. The following non-IFRS measures have not been audited but have been extracted from Orora's audited Financial Statements: earnings before interest and tax excluding significant items (EBIT); earnings before interest, tax, depreciation and amortisation excluding significant items (EBITDA); average funds employed. Performance measures such as Earnings per Share, Return on Average Funds Employed and EBIT Margins have been calculated using the non-IFRS measures listed above. All other non-IFRS measures, unless otherwise stated, have not been extracted from Orora's audited Financial Statements. References to earnings throughout this report are references to EBIT excluding significant items.

A message to Orora shareholders

Orora is pleased to present its 2019 Annual Report. The Company has delivered another year of earnings growth during the financial year ended 30 June 2019, despite challenging economic and market conditions.

CHRIS ROBERTS
Chairman

NIGEL GARRARD
Managing Director and Chief Executive Officer

The positive result underlines the value of Orora's portfolio of businesses, serving established market segments and spread across geographies in Australasia and North America, with solid profit growth in Australasia helping to offset lower earnings from North America.

Orora grew sales revenue by 12.1% to $4,761.5 million, and earnings before interest and tax (EBIT), excluding significant items, increased by 3.7% to $335.2 million. Underlying net profit after tax (NPAT) before significant items increased by 4.0% to $217.0 million and underlying earnings per share (EPS) increased by 3.7% to 18.0 cents per share.

Statutory NPAT for the financial year was $161.2 million. This included an after tax significant item expense of $55.8 million, consisting of a $35.0 million expense for additional decommissioning costs associated with the former Petrie Mill site in Queensland and $20.8 million for restructuring and impairment charges.

The $20.8 million for restructuring and impairment charges follow Orora's announcement in May 2019 that cost structures in its Australasian and North American operations were being reviewed. This review determined that certain parts of the business required restructuring to ensure operations were optimised and the cost base aligned with the expected market outlook. The process also reviewed assets across these operations which resulted in a non-cash impairment charge of $3.7 million after tax.

Operating cash flow for the year ended 30 June 2019 was $268.9 million, $56.4 million below the prior period which included $45.5 million of proceeds on the sale of the Smithfield site. Cash conversion for the period was in line with expectations at ~56%. Leverage was at 1.9 times, up from 1.5 times at June 2018. Net debt for the period increased to $890.0 million, up from $667.5 million for the prior corresponding period, primarily as a result of growth investments and foreign exchange impacts.

The Board declared a final ordinary dividend of 6.5 cents per share, franked to 30%. This takes the total dividend for the financial year ended 30 June 2019 to 13.0 cents per share, which is an increase of 4% over the prior period. This full year dividend represents a payout ratio of approximately 72%, which is above Orora's indicated payout range and reflects the Board's continued confidence in the business and its strategy.

Leadership transition

At the conclusion of the financial year, Orora announced that Managing Director and Chief Executive Officer, Mr Nigel Garrard, would retire and be succeeded by Mr Brian Lowe, and that Chris Roberts, would continue as Chairman into 2020 to ensure a smooth leadership transition.

Mr Garrard has led the business for more than 10 years, including through Orora's successful foundation years after Orora's listing on the Australian Securities Exchange (ASX) in 2013. Mr Garrard's drive to build the Orora brand, culture and exceed customer expectations, together with his focus on innovation and a disciplined approach to capital allocation has generated substantial value for stakeholders. The Board would like to thank Mr Garrard, who has been an outstanding leader of Orora, guiding the Company to become the profitable, well capitalised and successful global business it is today.

Mr Lowe will commence as Managing Director and Chief Executive Officer of Orora Limited on 1 October 2019. Having joined the business in 2011 to lead the Beverage business group, Mr Lowe is currently serving as Group General Manager, Orora Fibre Packaging and the Board is delighted that a successor was appointed from within Orora's global management team, and that someone of Brian's calibre will lead Orora into the future.

Orora has also welcomed two new Independent Non-Executive Directors, as part of ongoing Board succession planning. Mr Rob Sindel joined the Board in March 2019 and Mr Tom Gorman on 2 September 2019.

A message to Orora shareholders

Business Review

A detailed review of Orora Group's activity in Australasia and North America is presented in the Operational and Financial Review section of this report.

At a Group level, Orora's performance was positive, despite challenging economic and market conditions, particularly in North America.

In Orora Australasia, which comprises the Fibre and Beverage business groups, EBIT increased by 6.2% to $246.6 million, with sales revenue increasing by 2.1% to $2,150.0 million.

Earnings were higher in the Fibre business, driven by record production volumes at the Botany Recycled Paper Mill (Botany Mill) in New South Wales, sales growth in targeted market segments, benefits from recent organic and innovation investments and the continued focus on manufacturing and operating efficiencies.

Botany Mill produced above its 400,000 tonne design capacity for the second year in a row, and the commissioning of the secondary waste water treatment plant is nearing completion. The plant reduces the mill's impact on the environment by reducing regulated discharges in effluent from the site and also generates renewable energy by converting biogas to electricity for use in the mill.

In Beverage, earnings growth was driven by higher Can volumes, favourable product mix in Cans and Glass, and continued improvement in operating efficiencies across all Beverage businesses.

During the year, the first stage of the $35.0 million warehouse expansion at the Gawler glass plant in South Australia was completed as planned. The new warehouse will reduce off-site pallet storage and transportation costs, delivering further efficiencies in the business.

In Orora's North American segment, which comprises Orora Packaging Solutions (OPS) and the visual communications business, Orora Visual, sales revenue grew by 21.9% to $2,611.5 million, while EBIT was $116.6 million, down 3.6% from the prior period. In local currency terms sales revenue grew 12.4% to US$1,867.8 million, while EBIT declined 11.1% to US$83.4 million.

The OPS business completed the multi-year ERP system rollout during the period, and costs associated with the transition are progressively being removed which will have a positive impact in the financial year ending 30 June 2020. As the ERP implementation matures and confidence grows in the integrated data solution, there is more emphasis on growth with some benefits already being realised.

The acquisitions of Bronco Packaging and Pollock Packaging were also completed during the period. The integration of both businesses is delivering to expectation, adding scale and increasing OPS's exposure to the large and growing Texas market. OPS's constant currency revenue growth of 14.1% was primarily driven by the contributions from these acquisitions.

The performance of Orora Visual continues to steadily improve. The combination of new account wins and share of wallet gains from existing customers helped to drive sales growth during the period, providing further evidence that the customer value proposition is gaining traction.

Growth and Innovation

Orora continues to strengthen its business by investing in growth and innovation initiatives with approximately $300.0 million invested in acquisitions, organic capital projects and innovation to drive sustainable growth.

During the period, Orora announced and completed the previously mentioned acquisitions of Pollock Packaging for ~$110.0 million and Bronco Packaging for ~$33.0 million. The acquisitions add significant scale and capability to the Company's OPS business in North America and increase Orora's exposure to the large and growing Texas market.

In Australasia, a further ~$95.0 million was invested during the period to support asset replacement, upgrades and debottlenecking in the Australasian business group including final commissioning of the secondary water treatment plant at Botany Mill, a new can line in New Zealand and laser cutting and creasing solutions to support the large-format, high speed digital print offering.

In Orora Beverage, the ~$35.0 million warehouse expansion at the Glass manufacturing facility in Gawler, South Australia is progressing well and is on track for completion in December 2019. The upgrade to the existing warehouse was completed in January 2019.

The $75.0 million Orora Global Innovation Initiative continues its focus on bringing new, innovative, customer-led product solutions to life, as well as a number of initiatives aimed at improving productivity in the plants. To date, ~$66.0 million has been committed to the initiative across the Group, with the remaining amount expected to be invested over the coming year.

Sustainability

Orora's Sustainability program, which centres on *People, Planet* and *Prosperity,* reflects the Company's commitment to running a sustainable and socially responsible business.

Orora is a market-leading, large-scale industrial recycler. The Company's efforts to reduce its impact on the planet are guided by the concept of a Circular Economy, where a continuous loop sees sustainable packaging manufactured, used, recycled, and transformed into new packaging. This concept applies to the three main packaging types that Orora manufactures – fibre-based packaging, glass bottles and aluminium cans. All three are both recyclable and contain recycled material.

In line with increasing consumer and customer focus on sustainable packaging, Orora continues to invest in and trial new packaging solutions with improved environmental credentials. During the financial year, this commitment delivered a number of new sustainable products to the market, including fibre based trays and punnets for fresh produce. The consumer's desire for recycled and recyclable packaging is also resulting in a shift toward recycled aluminium cans, where Orora is working with a number of customers to transition previously bottled products, including still and sparkling water, to cans.

Orora also recognises that the ways in which it manufactures these products, and its usage of natural resources in the process, also impacts the sustainability outcomes of the products sold to customers and used by consumers. In 2014, Orora set itself challenging Eco Targets related to the intensity of CO_2 emissions, the volume of waste its operations send to landfill, and water usage in its manufacturing operations. As at 30 June 2019, Orora met all of these five-year Eco Targets. This achievement is the result of a multi-year program of investments and initiatives to address the target areas across Orora's Australasian and North American operations. More detail is contained within the Sustainability section of this Annual Report. The journey to reduce Orora's impact is ongoing, and the Company looks forward to announcing a new set of targets in the coming financial year.

Orora is committed to the responsible usage of energy in its manufacturing operations. During the year, the Company continued to implement its long-running energy efficiency program and was recognised with two Energy Efficiency Council Awards at the Botany Mill. Orora won the Best Energy Efficiency Project for a large energy user by achieving a 10% year-on-year energy reduction at the site, as well as the Best Integrated Clean Energy Award for its secondary water treatment plant, which reduces regulated waste water discharges and also generates biogas that is converted into heat and electricity at the site.

During the period, the second of Orora's innovative long-term power purchase agreements (PPAs) with renewable energy providers commenced supply with the Lal Lal wind farm in regional Victoria coming online. Combined, these PPAs supply wind generated electricity for volumes equivalent to 80% of the Company's total electricity demand in Australia, providing Orora with a competitively priced sustainable energy source, and reducing the Company's exposure to fluctuating wholesale energy prices.

The third pillar of Orora's approach to sustainability is *People*. Every initiative that was delivered during the period was the direct result of the passion and commitment of Orora team members. The Company is committed to and invests in its people and believes that this, ultimately, drives outperformance and shareholder value.

Keeping people safe is a principal commitment for Orora. Safety performance during the period was not acceptable. As a result, Orora has continued to invest in safety initiatives and a key focus over the period has been the engagement of an independent firm to review Orora's safety culture and performance. The outcomes of the safety review will be used to continue to drive improvement in safety performance.

Orora continues to focus on increasing the diversity of its workforce. Launched in 2016, the Champions of Change program has continued to raise awareness about the importance of diversity and inclusion. Led by a network of senior leaders from across the business, this year the Champions of Change developed a company-wide LGBT+ network called *Orora Proud*, designed to build a more inclusive Orora.

During the period, Orora also accepted its third intake into the Women in Leadership at Orora (WILO) program – extending the program to aspiring female leaders in the USA, Canada and Mexico for the first time. Upon graduation, this group of female leaders now join the WILO Alumni from Australia and New Zealand who have completed the leadership development program.

The Orora Way – driving outperformance

Orora places a premium on its company culture. It helps to drive high performance, create a competitive advantage for the business and, ultimately, create shareholder value.

The Orora Way is a practical framework that outlines the Company's belief, values, vision and outperformance measures. It unites team members and provides a shared understanding of the Company's purpose. During the year it played a key role in helping new team members quickly assimilate into the business, including those who joined the Company in North America through the acquisitions of Bronco Packaging and Pollock Packaging.

Team members who demonstrate a commitment to The Orora Way are recognised and celebrated through the Orora Hero Awards, the Company's annual global reward and recognition program. Team members are nominated by their peers and winners are selected by the global management team based on their achievements in the Company's four outperformance measures – *Safety*, *Customer Focus*, *Our People* and *Financial Discipline*. In December 2018, two members shared the Orora Hero Award for their efforts to address the challenge of rising energy prices in Australia.

Outlook

To help offset flat market conditions and cost headwinds, in the financial year ending 30 June 2020, Orora will continue to invest in efficiency, growth and innovation, as well as integrate recent acquisitions.

The Board thanks Orora's shareholders, customers, team members and suppliers for their valued support over the past year.

CHRIS ROBERTS
Chairman

NIGEL GARRARD
Managing Director and Chief Executive Officer

AWARDS

Coca-Cola Amatil 2019 Partner for Growth Awards – Supply Continuity Award – Orora Beverage

National Energy Efficiency Awards 2018 – Best Industrial Energy Efficiency Project and Integrated Clean Energy Awards. Orora Botany Paper Mill

Printing Impressions of America Big Top show – Best of Category Award – Orora Visual

Pride in Print Awards – Orora Cartons New Zealand – 3 Gold Awards and 1 Highly Commended

National Human Resource Association (NHRA) HR Team of Excellence Award – Orora Packaging Solutions Talent Acquisition Team

The Circular Economy: Closing the loop with next generation packaging

Orora's manufacturing operations collect used packaging products and recycle them to create new packaging products – making Orora a market-leading, large-scale industrial recycler. Orora also invests in initiatives to minimise the environmental impact of our manufacturing operations.

Consumers are telling Orora's customers they want to reduce their impact on the world and buy products in recyclable packaging. In response, Orora is partnering with customers to develop innovative, recycled and sustainable packaging solutions.

The key packaging products manufactured by Orora (cardboard, glass bottles and aluminium cans) are all inherently recyclable, creating a continuous loop of recycling, with used packaging ultimately returned to Orora's manufacturing facilities to create new packaging products.

Orora's efforts to reduce its impact on the planet are guided by the concept of a Circular Economy, where a continuous loop sees sustainable packaging manufactured, used, recycled and transformed into new packaging.

Orora has long-term power purchase agreements in place with renewable energy providers to supply renewable energy for volumes equivalent to

80%

of Orora's total electricity requirements in Australia.

Orora is committed to using fibre from traceable, socially and environmentally responsible sources. In addition to its continuing FSC® certification program in Australia and New Zealand,

3 out of 5

Orora Visual sites are now FSC® and SFI® Certified.[1]

Orora has achieved

all 3 Eco Targets

by reducing greenhouse gas emissions, waste to landfill and water usage despite increasing production and establishment of significant new operational plants (Refer page 29). The Company will set new targets in FY20.

Orora Fibre Packaging

Orora Fibre Packaging is partnering with fresh produce customers to trial sustainable fibre punnets and tray inserts that are manufactured using recycled paper. Fibre punnets attractively present fresh produce including apples, mushrooms and tomatoes in-store and Orora's range of innovative paper-based tray inserts are replacing plastic alternatives for produce including mangoes and avocados.

Orora Beverage Cans

Orora Beverage Cans is supporting the consumer transition towards infinitely recyclable cans. This includes Orora's support of Carlton & United Breweries' disaster relief initiative – clean drinking water in a can. In 2019, more than 80,000 cans were dispatched to help people in flood affected regions.

Orora Packaging Solutions

Orora Packaging Solutions developed an e-book to help its customers comply with Amazon Frustration Free Packaging regulations, designed to reduce consumer frustration with packaging and to eliminate unnecessary packaging materials from the ecommerce supply chain.

Orora collects approximately

700,000

tonnes of used cardboard each year. Around 450,000 of this is recycled at our Botany Mill in New South Wales to produce approximately 400,000 tonnes of 100% recycled brown packaging paper every year.

Orora sources coils of aluminium that contain approximately

66%

recycled aluminium to make cans. During can production, leftover aluminium is collected and sold back to aluminium manufacturers for recycling.

Orora recycles approximately

80%

of all glass collected through South Australia's container deposit scheme through its glass manufacturing plant located at Gawler, South Australia. Orora also re-melts any glass rejects that result from the manufacturing process.

(1) Orora Cartons, ANZ FSC-C127957; Orora Fibre Packing, Revesby FSC-C1129579; Orora Paper & Recycling, Botany FSC-C113466; Orora Visual, Chicago, Los Angeles & New Jersey FSC-C006660, SFI-01887

The Orora Way

The Orora Way unites team members from around the world, providing a shared understanding of the Company's values, its strategy and longer term vision.

THE ORORA WAY

OUR BELIEF

AT ORORA WE BELIEVE PACKAGING TOUCHES LIVES.
TOGETHER WE DELIVER ON THE PROMISE OF WHAT'S INSIDE.

OUR VALUES

TEAMWORK	PASSION	RESPECT	INTEGRITY
· Safety first · One Orora · In it together	· Courageous · Innovative · Responsible	· For each other · For the community · For our customers	· Do what is right · True to what we stand for · True to our promise

OUR VISION

TO BE THE INDUSTRY-LEADING PACKAGING AND VISUAL SOLUTIONS COMPANY DELIVERING ON OUR PROMISE EVERY DAY.

OUR STRATEGIC FOCUS

INNOVATE TO LEAD	ENHANCE THE CORE	INVEST TO GROW
· Customer solutions · Technical leadership · Digital enablement	· Doing better every day · Best-in class capabilities – people, process & systems · Improving efficiency	· In partnership with customers · Extending our reach (bolt-on M&A) · Diversified solutions (adjacent M&A)

OUR OUTPERFORMANCE

SAFETY	CUSTOMER FOCUS	OUR PEOPLE	FINANCIAL DISCIPLINE
· Zero harm · Injury frequency	· Sales growth · Net Promoter Score	· Engagement · Diversity	· Increasing earnings & ROAFE · Operating cash flow

CREATING SHAREHOLDER VALUE

Orora places a premium on its company culture, as it helps drive high performance and creates a competitive advantage for the business.

The Orora Way is a practical framework that clearly articulates the Company's belief, its values, its strategy and overarching vision.

It begins with the Company's belief statement – *at Orora we believe packaging touches lives. Together we deliver on the promise of what's inside.* The belief acts as a mantra embraced by team members across Orora's seven countries.

Four key values – *Teamwork, Passion, Respect* and *Integrity* – guide the way Orora team members work together and the decisions they make on a daily basis.

At the heart of The Orora Way is the Company vision – *to be the industry-leading packaging and visual solutions company delivering on our promise every day.* This aspirational statement unites team members and embeds a shared belief in everything they do.

To achieve this vision, Orora aligns its commercial activity against three strategic focus areas:

- Innovate to lead in Orora's chosen markets
- Enhance Orora's core operations
- Invest to grow the business.

In turn, these pillars are incorporated into the Company strategy. They provide the blueprint for every aspect of the business, enabling Orora to capitalise on growth opportunities as they emerge.

Additional operational rigour is achieved through four Outperformance measures – *Safety, Customer Focus, Financial Discipline* and *Our People.*

Importantly, team members who demonstrate exceptional commitment to Outperformance are formally recognised through the Orora Hero Awards, a global recognition program that celebrates outstanding performance and contribution to the Company.

The Orora Way continues to prove its worth by optimising the performance of team members in the markets that the Company serves. Over the coming 12 months Orora will continue to use The Orora Way to enhance its company-wide culture and drive shareholder value.

CASE STUDY

Orora Heroes help power the business

Two team members have helped address the challenge of rising energy prices in Australia and, in the process, shared the Orora Hero Award.

These annual awards are the Company's flagship reward and recognition program, designed to celebrate exceptional performance. Anoop Thakur and Peter Dobney were named joint winners for their role in developing two long-term power purchase agreements (PPAs) to provide wind generated electricity to power Orora's operations in New South Wales, South Australia and Victoria.

Under the PPAs, Orora has secured renewable energy from a sustainable energy source for volumes equivalent to 80% of the Company's total electricity demand in Australia and, as a result, reduced the Company's exposure to fluctuating wholesale energy prices.

The Orora business strategy

Orora is continuing to execute against its proven business strategy. The Company is well-positioned for sustained underlying growth through ongoing enhancements in the core business, increasing the innovation focus, as well as strategic growth investment to generate additional value for customers and shareholders.

Consistent delivery

Led by an experienced Board and executive team, Orora has maintained a disciplined focus on delivering against its defined business strategy.

The Orora Way has provided an effective framework for Orora's team members and business units to align their focus and deliver shareholder returns.

Every day, Orora delivers packaging and visual communications solutions that exceed customers' expectations. Orora delivers on the promise of what's inside by innovating to lead, enhancing the core and investing to grow.

Orora will continue to target end-market segments with appealing growth and financial return characteristics. By focusing on delivering superior customer service, Orora remains firmly committed to strengthening its position in selected Australasian packaging formats, as well as increasing the market share and breadth of offering in its North American packaging solutions and point of purchase businesses.

Orora's business strategy is expected to continue to generate strong cash flows from the core business operations. Deployment of this cash flow will be through dividends to shareholders and capital investments in the core businesses, including organic growth investments and/or bolt-on and adjacent acquisitions.

Orora has committed approximately $675.0 million in growth initiatives since listing. Orora continues to drive innovation through its Global Innovation Initiative which was established to deliver customer-led product and service solutions and enhanced operational productivity. Since its launch in 2015, a total of $75.0 million capital has been allocated to this initiative.

Future strategic focus

Orora will maintain its vision to be the industry-leading packaging solutions company, leveraging the Group's core capabilities and delivering against the Shareholder Value Creation Blueprint. Orora's Shareholder Value Creation Blueprint summarises the key pillars through which the Group aims to build the business over the long term. Importantly, the Blueprint provides a structure against which activity and progress can be assessed by Orora and its shareholders.

In the future, Orora will continue to invest in its core businesses and deliver in line with its stated strategy. This level of investment is supplemented by an ongoing focus on improving the operational efficiency of the businesses and increased innovation to drive growth for shareholders.

CASE STUDY

Orora invests in warehouse storage

Orora has undertaken a major $35 million project to construct a new pallet warehouse at its glass bottle manufacturing plant in Gawler, South Australia.

The new warehouse enables Orora to hold more inventory on-site, thereby reducing third party pallet storage and transportation costs. The first stage of the project was focused on earth works and was completed in January 2019. To put the scale of the build in perspective, the excavation required 190,000 tonnes of soil to be removed, which is over 8,000 truckloads. The second and final stage of the development is scheduled for completion by December 2019.

Shareholder Value Creation Blueprint

ORGANIC GROWTH		RETURNS FOCUSED GROWTH CAPITAL ALLOCATION							SUSTAINABLE DIVIDEND
Orora Australasia GDP Sales Growth	Orora North America GDP+ Sales Growth	Organic Growth Capital		Bolt-on M&A (North America Focused)			Adjacent M&A		60–70% Pay Out Ratio
GDP based growth, enhanced by innovation	GDP based growth supple-mented by market share gains & increased share of wallet	Customer backed growth investments	20% RoAFE by Year 3	ONA footprint expansion/ ↑ product capability	Most deals < $100M in OV < $50M in OPS	Targeted 20% RoAFE by Year 3	Parallel packaging substrates/ markets	Targeted 20% RoAFE by minimum Year 5	~30% Franked

CASE STUDY

OPS acquisitions add scale and capability

Orora has added scale and capability to its OPS business in North America following the separate acquisitions of Bronco Packaging and Pollock Packaging.

Bronco primarily serves corporate accounts in the fresh food industry, providing an "on-demand" packaging delivery service to customers predominantly located in Texas, America's second largest and fastest growing state economy. Pollock is a highly regarded provider of packaging and facility supplies. In addition to its six distribution centres in Texas, Pollock has distribution centres in California, Georgia, New Jersey and North Carolina. The company has been in operation for 100 years and predominantly serves the industrial, retail and facility supplies market segments. Together, the businesses significantly enhance the OPS customer value proposition in key geographic markets.

Board of Directors

Chris Roberts (BCom)

Independent Non-Executive Director and Chairman

Chris Roberts has significant knowledge of fast-moving consumer products, where the packaging component is critical. He has gained this expertise through executive roles internationally and in Australia as Chief Executive Officer of Reckitt & Colman, Orlando Wyndham Wines and Arnotts Limited.

Previous directorships include Amcor Limited, Telstra Limited, MLC Life, Email Limited, Petaluma Wines Limited and Australian Agricultural Company Limited.

Director and Chairman of Orora Limited since December 2013.

Directorships of listed entities within the past three years, other directorships and offices (current and recent):

- Deputy Chairman, The Centre for Independent Studies (since August 2004)

Board committee membership

- Chair, Executive Committee and Nomination Committee
- Member, Human Resources Committee and Audit & Compliance Committee

Nigel Garrard (BEc, CA, MAICD)

Managing Director and Chief Executive Officer [1]

Nigel Garrard is a qualified chartered accountant with an extensive career in the consumer goods industry.

In 2009, Nigel joined Amcor as President of the Australasia and Packaging Distribution business group. Prior to Amcor, Nigel was Managing Director of Coca-Cola Amatil's Food and Services Division (2007–2009), Managing Director of the publicly listed SPC Ardmona (2000–2009) and held a range of positions in Australia and New Zealand with US-based Chiquita Brands International, including as Managing Director of Chiquita Brands South Pacific Limited.

A former Chairman of National Food Industry Strategy Limited and former Director of Australian Food & Grocery Council and Victorian Relief Foodbank Limited, Nigel has been involved with a wide range of industry associations.

Director since May 2009. Appointed Managing Director and Chief Executive Officer of Orora Limited in December 2013.

Directorships of listed entities within the past three years, other directorships and offices (current and recent):

- Director, Hudson Institute of Medical Research (since February 2016)
- Chair, McMahon Services (Advisory Board) (since February 2019)

Board committee membership

- Member, Executive Committee

Abi Cleland (BA, BCom, MBA, GAICD)

Independent Non-Executive Director

Abi Cleland has extensive global experience in strategy, M&A, digital and business growth. This has been gained from executive roles in the industrial, retail, agriculture and financial services sectors, including with ANZ, Amcor, Incitec Pivot and Caltex after starting her career at BHP.

From 2012 to 2017, Abi set up and ran an advisory and management business, Absolute Partners, focusing on strategy, M&A and building businesses leveraging disruptive changes.

Director of Orora Limited since February 2014.

Directorships of listed entities within the past three years, other directorships and offices (current and recent):

- Director, Coles Group Ltd (since November 2018)
- Director, Sydney Airport Limited (since April 2018)
- Director, Computershare Limited (since February 2018)
- Director, Swimming Australia (Audit Chair) (since July 2015)
- Chair, Planwise Australia (since June 2016) and Director (since January 2016)
- Director, BWX Limited (August 2017 to December 2017)

Board committee membership

- Member, Audit & Compliance Committee, Human Resources Committee and Nomination Committee

Sam Lewis (BA(Hons), CA, ACA, GAICD)

Independent Non-Executive Director

Sam (Samantha) Lewis is a chartered accountant and has extensive financial experience, including as lead auditor to a number of major ASX-listed entities. She has 24 years' experience with Deloitte, where she was a Partner for 14 years. In addition to external audits, Sam provided accounting and transactional advisory services to major organisations in Australia, and has significant experience working with manufacturing and consumer business organisations.

Sam holds a Bachelor of Arts, Economics from the University of Liverpool in the UK, and is a member of the Institute of Chartered Accountants in Australia and the Institute of Chartered Accountants in England and Wales.

Director of Orora Limited since March 2014.

Directorships of listed entities within the past three years, other directorships and offices (current and recent):

- Director, Nine Entertainment Co Holdings Limited (since March 2017)
- Director, Aurizon Holdings Limited (since February 2015)
- Chair, APRA Audit Committee and Member, APRA Risk Committee (since June 2016)

Board committee membership

- Chair, Audit & Compliance Committee
- Member, Executive Committee

John Pizzey (BE. (Chem), Dip. Mgt., FTSE, FAICD)
Independent Non-Executive Director

John Pizzey has extensive knowledge of the international resources industry and global environmental management.

John was formerly Executive Vice President and Group President Primary Products for Alcoa Inc., Chairman of London Metal Exchange, Chairman of Iluka Resources Limited and a Director of Amcor Limited.

Director of Orora Limited since December 2013.

Directorships of listed entities within the past three years, other directorships and offices (current and recent):

- Chair, Kidman Resources Ltd (since January 2018)
- Chair, Alumina Limited (November 2011 to April 2018) and Director (June 2007 to April 2018)
- Director, Air Liquide Australia Limited (April 2008 to April 2017)
- Member, MonashHeart Strategic Advisory Board (2014 to March 2017)

Board committee membership

- Chair, Human Resources Committee
- Member, Executive Committee

Rob Sindel
(BEng, MBA, GAICD, FIEAust, CPEng)
Independent Non-Executive Director

Rob Sindel has extensive experience obtained from executive management and leadership positions, in particular gained from his 30-year career in the construction industry both in Australia and the United Kingdom. Rob has particular insights in manufacturing, sales and marketing in B2B environments, strategic management and operating in high-risk industries.

Rob holds the position of Managing Director and Chief Executive Officer of CSR Limited. CSR has announced that Rob will be stepping down from his role at CSR during September 2019.

Director of Orora Limited since March 2019.

Directorships of listed entities within the past three years, other directorships and offices (current and recent):

- Managing Director and Chief Executive Officer, CSR Limited (since January 2011) and Director (since December 2010)
- Director, Green Building Council of Australia (since September 2013)
- Director, Australian Business and Community Network (since October 2013)
- Member, UNSW Australian School of Business Advisory Council (since June 2013)
- Member, Yalari NSW Advisory Committee (since August 2017)

Board Committee membership

- Member, Human Resources Committee

Jeremy Sutcliffe (LLB(Hons))
Independent Non-Executive Director and Deputy Chairman

Jeremy Sutcliffe has broad international corporate experience as Chief Executive Officer of two ASX Top 100 companies and has extensive experience with businesses operating in North America and Europe with diverse trading relationships in Asia. A qualified lawyer in Australia and the UK, Jeremy previously held positions with Baker McKenzie, London and Sydney, Sims Metal Management Limited and associated companies (including Group Chief Executive Officer), and Interim Managing Director & Chief Executive Officer of CSR Limited.

Director of Orora Limited since December 2013.

Directorships of listed entities within the past three years, other directorships and offices (current and recent):

- Director, Amcor Limited (since October 2009)
- Chairman, CSR Limited (July 2011 to May 2018) and Director (December 2008 to May 2018)
- Member, Advisory Board of Veolia Environmental Services Australia (June 2010 to December 2018)
- Member, Australian Rugby League Commission Limited (February 2012 to March 2017)

Board committee membership

- Member, Human Resources Committee, Audit & Compliance Committee and Nomination Committee

As announced to the market on 15 August 2019, Mr Tom Gorman will join the Board as an Independent Non-Executive Director on 2 September 2019.

BOARD COMMITTEES

Executive Committee	Nomination Committee	Audit & Compliance Committee	Human Resources Committee
Chris Roberts, Chair	Chris Roberts, Chair	Samantha Lewis, Chair	John Pizzey, Chair
Nigel Garrard	Abi Cleland	Abi Cleland	Abi Cleland
Samantha Lewis	Jeremy Sutcliffe	Chris Roberts	Chris Roberts
John Pizzey	Secretary: Ann Stubbings	Jeremy Sutcliffe	Rob Sindel
Secretary: Ann Stubbings		Secretary: Ann Stubbings	Jeremy Sutcliffe
			Secretary: Ann Stubbings

(1) Mr Nigel Garrard will retire as Managing Director and Chief Executive Officer on 30 September 2019 and be succeeded by Mr Brian Lowe on 1 October 2019.

Executive leadership team

Nigel Garrard (BEc, CA, MAICD)
Managing Director and Chief Executive Officer

Please see page 12.

Brian Lowe (MBA)
Group General Manager, Fibre [1]

Brian Lowe joined the business in 2011 as the Group General Manager of the Beverage business, before taking on his current role in 2014 as Group General Manager, Fibre. Prior to Orora, Brian spent eight years with Delphi Technologies where he was Managing Director of the Asia Pacific Powertrain business, including five years based in Shanghai. This followed a 10-year career at General Electric (GE), where he held various leadership roles in sales and marketing and supply chain. His last role was Managing Director of GE Plastics, Australia from 2001 to 2003.

Simon Bromell (BSc, GDip Agribus, GAICD)
Group General Manager, Beverage

Simon Bromell joined Orora in 2014 bringing 25 years' experience in leadership roles across the national food supply chain in consumer goods and agribusiness. Prior to Orora, Simon was General Manager of Gold Coin Asia, and also spent four years as Managing Director of Fonterra's Australian Ingredients business. Before this, he held senior management roles across a range of businesses and functions at Mars from 1996 to 2009.

Stuart Hutton (BBus, CA)
Chief Financial Officer

Stuart Hutton joined Orora in December 2013, having previously served as Chief Financial Officer of Amcor's Australasia and Packaging Distribution business. Stuart brings more than 20 years' experience in senior finance roles, including five years with Orica as Chief Financial Officer of the Minova, Chemical Services and Mining Services (North America) Divisions as well as Investor Relations Manager. Stuart spent nine years during the early part of his career with Deloitte in audit and corporate finance.

Craig Jackson (BCom, MBA, CPA, GAICD)
Chief Transformation Officer

Craig Jackson was previously Group General Manager, Procurement and Supply at Orora, a role he held since the listing of Orora on the ASX in 2013. Prior to this, Craig held the position of General Manager Supply Chain and Operations at Fonterra Australia from 2009. Craig's 20-year career in finance, procurement and supply chain roles includes four years as Commercial Vice President at Mars Australia and New Zealand, and three years as Commercial Director, Mars Food.

Chris Rosser (BSc (Hons), FCA)
Group General Manager, Paper and Recycling

Chris Rosser joined Orora in 2017, bringing 20 years' experience in leadership roles in the European paper and packaging industries. Immediately prior to Orora, Chris was the Senior Operations Director for the Flint Group across Europe and previously had a 20-year career with DS Smith Plc. Initially, this was in financial and operational roles prior to becoming Managing Director (MD) for their UK Paper business and then MD of the Paper Supply Company across Europe. Before this, he qualified as a chartered accountant with Ernst and Young.

Bernie Salvatore (Dip Ind Mngt (Eng), MBA)
President, Orora Packaging Solutions

Prior to taking on his current role, Bernie Salvatore was President of Amcor Packaging Distribution, having joined the company in 2002. Bernie brings more than 30 years' experience in the North American packaging industry, working for several publicly listed companies. Prior to Amcor, Bernie spent 20 years with Sealed Air and Cryovac, primarily in sales and marketing roles. His last role at Sealed Air was as Vice President Sales, North America from 2000 to 2002.

Jim Snyder
(BSc (MechEng), MSc (MechEng), MBA), MAICD
President, Orora Visual

Jim Snyder joined Orora Visual in 2018, bringing over 30 years' experience in operations, sales, marketing and general management across global industrial and consulting environments. Prior to joining Orora, Jim had an 11-year career in professional services. This included roles as Director at AlixPartners, Managing Director at PwC and Principal at PRTM management consulting company. Jim has also held various positions at General Electric, United Technologies, and Owens Corning. Jim spent the early part of his career working as an aerospace engineer.

Ann Stubbings (BA/LLB, GAICD)
Company Secretary and Group General Counsel

Ann Stubbings was appointed Company Secretary and Group General Counsel and a member of the Executive leadership team upon Orora's listing on the ASX in December 2013. Ann leads the Legal, Company Secretariat, Sustainability and Global Safety teams. Prior to joining Orora, Ann was Senior Group Legal Counsel at Amcor Limited (2008 to December 2013), and Alternate Company Secretary (2009 to December 2013). Ann has over 25 years' experience in the legal profession, commencing her career in private practice at Hall and Wilcox, and subsequently in senior in-house roles practising in corporate and commercial law, insurance, dispute resolution, governance and company secretariat across manufacturing and financial services.

(1) Mr Brain Lowe will succeed Mr Nigel Garrard as Managing Director and Chief Executive Officer on 1 October 2019.

Operational review Orora Australasia

Orora Australasia produced another strong operating result, increasing sales and earnings while continuing to invest in the business to drive productivity and efficiency gains.

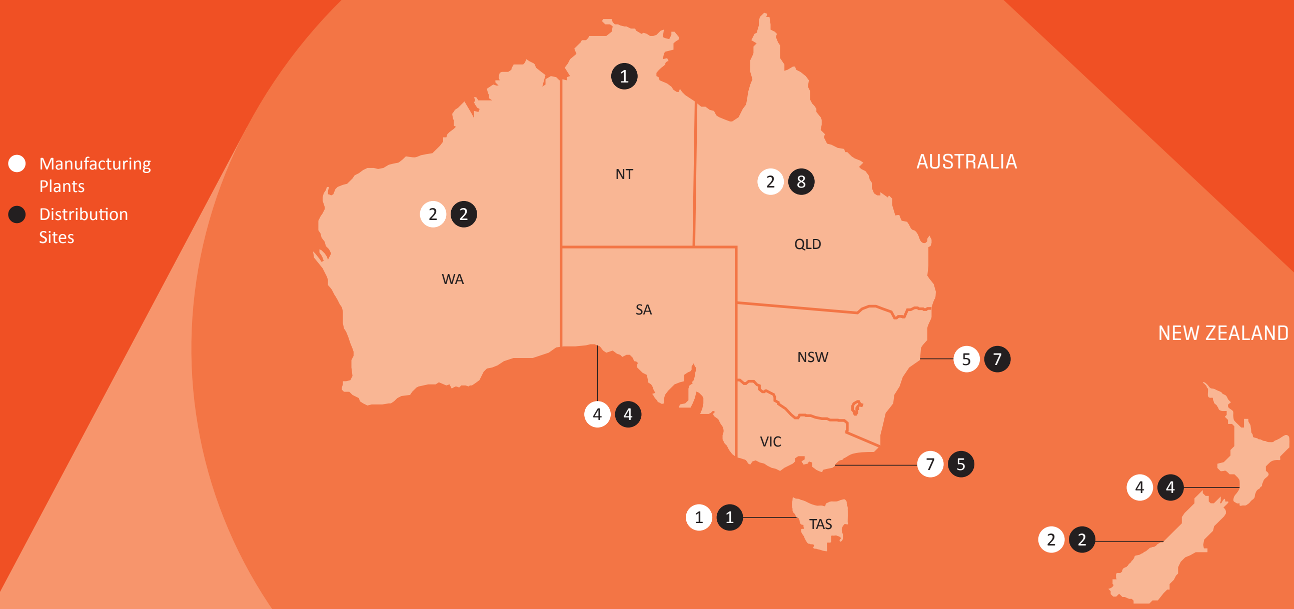
BUSINESS SEGMENT	ORORA AUSTRALASIA					
BUSINESS GROUP	FIBRE		BEVERAGE			
DIVISION	FIBRE PACKAGING	PAPER & RECYCLING (B9)	BEVERAGE CANS	GLASS	CLOSURES	

2 Countries

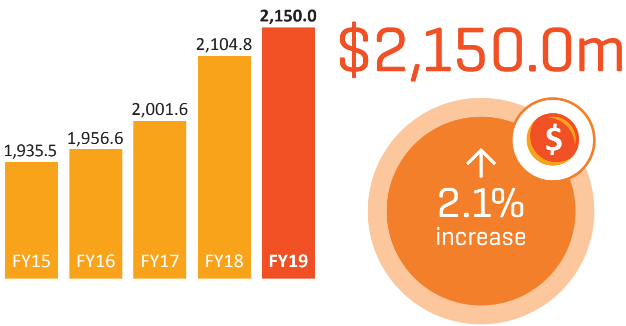
27 Manufacturing Plants

34 Distribution Sites

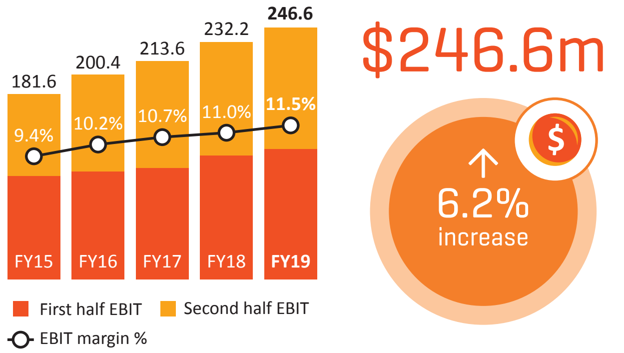
3.7K Team Members



SALES REVENUE (AUD million)



EBIT (AUD million)



Key points

- Overall, Australasia increased EBIT by $14.4 million to $246.6 million which was 6.2% higher than the previous year.
- The EBIT growth reflected ongoing delivery of self-help programs and benefits from organic investments which more than offset input cost headwinds and volume softness in certain fresh produce and wine segments. Return on sales increased by 50 bps from 11.0% to 11.5%.
- Underlying sales in Australasia increased approximately 1.5% after taking into account the pass through of higher aluminium prices.
- Return on Average Funds Employed (RoAFE) was flat at 13.4% year-on-year, with increased earnings offset by recent capital investments and increased working capital.
- Economic conditions in Australia remained flat, with organic volume growth broadly in line with GDP.

EARNINGS[1]

AUD million	FY19	FY18	Change %
Sales Revenue	**2,150.0**	2,104.8	2.1%
EBIT[2]	**246.6**	232.3	6.2%
EBIT Margin %	**11.5%**	11.0%	
RoAFE[3]	**13.4%**	13.4%	

SEGMENT CASH FLOW

AUD million	FY19	FY18	Change %
EBITDA[4]	**342.0**	324.3	5.5%
Non-cash Items	**16.4**	26.3	
Movement in Total Working Capital	**(46.9)**	(48.9)	
Base Capex	**(114.0)**	(111.3)	
Sale Proceeds	**1.0**	45.6	
Underlying Operating Cash Flow	**198.5**	236.0	(15.9%)
Cash Significant Items	**(0.5)**	(14.4)	
Underlying Free Cash Flow[1]	**198.0**	221.6	
Cash Conversion	**55.4%**	67.3%	

(1) As reported in the Segment Note contained within the Financial Statements, refer note 1.
(2) Earnings before interest, related income tax expense and significant items.
(3) Return on Average Funds Employed (RoAFE) is calculated as EBIT divided by average funds employed.
(4) Earnings before depreciation, amortisation, interest and related income tax expense and significant items.

Operational review
Orora Australasia

Fibre business group

Fibre earnings were higher than the prior year driven by successful revenue growth in targeted market segments, additional sales and record production volume at the recycled paper mill at Botany, New South Wales (Botany Mill) and manufacturing and operating efficiencies right across the business.

Fibre Packaging

Ongoing operational efficiency and cost improvement programs, which were supported by the asset refresh investments, were largely offset by the impact of higher input cost prices in kraft paper, starch and imported carton board. As such, earnings in the Fibre Packaging business were in line with the prior period.

The focus on specific market segments continued to deliver revenue growth, highlighted by higher volumes in certain processed food, fresh produce and meat sectors. Climatic conditions in some regions of Australasia adversely impacted volumes in some key fresh produce sectors such as kiwi fruit and apples.

Botany Mill

Botany Mill production volumes were up on the prior year and again exceeded the original 400,000 tonne design capacity.

Old Corrugated Cardboard (OCC) is the primary feedstock for Botany Mill and is sourced from a range of vendors with a mix of terms and contract tenure. While OCC prices continue to be volatile, the impact was not material across the year.

Beverage business group

Beverage earnings were ahead of the prior period, driven by higher Cans volumes, favourable product mix in Cans and Glass and continued improvement in operating efficiencies across all Beverage businesses.

Beverage Cans

Volumes were higher than the previous period and set a new record. This was underpinned by steady volumes in carbonated soft drinks as volumes begin to transition from other substrates, strong growth in the Pacific Islands, growth in mainstream beer as customers switch from glass, growth in craft beer segments and increased volumes of other non-alcoholic beverages such as still and sparkling water.

The successful commissioning of a new small format can line in New Zealand supported volume growth in the region.

Glass

In Glass, volumes were marginally lower in comparison to a record prior year reflecting reduced volumes in some wine export markets, which were partially offset by market share gains in beer and increased volumes in non-alcoholic beverages such as kombucha.

Favourable product mix, together with an ongoing focus on operational cost improvements, drove an increase in earnings compared to the prior period.

CASE STUDY

Cutting edge laser technology

Orora continues to invest in cutting edge technology to increase operational efficiency and productivity.

This year, Orora's Rota Die business took delivery of one of the most advanced laser cutting machines in the world. The machine cuts the rotary and flat wooden formes that are used to make corrugated and carton boxes. It is another example of the investments being made to enhance the manufacturing capability in Orora sites.

Innovation and growth update

Orora continued to invest in its Australasian business to drive innovation and improve productivity across its plants and facilities.

In 2018, the Orora Glass business committed approximately $35.0 million to build a new warehouse at its manufacturing facility in Gawler, South Australia. The additional warehousing space will enable Orora to hold inventory onsite and further reduce offsite pallet storage and transport costs. The project is on track to be completed by December 2019. The investment includes the purchase of automated guidance vehicles to further reduce operational costs.

In addition to the investment in the new warehouse, each of the three glass furnaces at Gawler also needs to be re-lined every 15 years, with each of them being commissioned 5 years apart. During 2019, preparation work commenced for the rebuild of the second furnace (G2), which is scheduled to take place between February and April 2020. While G2 is offline, the second forming line off G2 will also be upgraded (the first line was upgraded in 2017), adding approximately 10 million bottles of annual capacity.

At the Botany Mill, the commissioning of the $25.0 million secondary waste water treatment plant is nearing completion. The plant reduces the Mill's impact on the environment by reducing regulated discharges in effluent from the site and also generates renewable energy by converting biogas into electricity for use at the Mill.

During the period, Orora also continued to invest in product innovation across a number of its businesses. As consumer preferences evolve towards more sustainable packaging, Orora's Beverage and Fibre Research & Technology teams continue to work closely with customers, from farmers to retailers, on new product development. Some of these innovative products have now been successfully rolled out to the market, including fibre trays and punnets as well as water and wine in a can.

The successful Fibre Packaging asset refresh program continued during the year to support additional projects including asset replacement, upgrades and debottlenecking. The cumulative commitment made to the asset refresh program now exceeds $125.0 million. In light of progress made to date and the desire to consolidate the investments made since the commencement of the program, the program will continue in FY20 at a reduced intensity.

Orora's new high speed, large-format digital printer at Fibre Packaging's Oakleigh site in Victoria, Australia, continued to receive positive feedback from customers. During the year, digitally printed corrugated boxes were sold into the wine, beer, fruit and produce, industrial and point of sale markets. To further support this innovative technology, Orora introduced new laser cutting solutions this financial year which add production quality and speed to match the recently commissioned high speed digital printers.

Orora has also continued investing in advanced data analytics to provide further insight and analysis into manufacturing processes. Some early benefits from these advanced processes were realised during the period, informed by insights into overall equipment effectiveness, spoilage, energy usage and material consumption.

Orora worked with Billson's, a rural Australian brewery, to deliver the first still and sparkling water products in 330ml sleek cans in the country. The move supports Billson's pledge towards more sustainable packaging – their entire water range now uses 100% recyclable cans and fibre packaging.

Operational review Orora North America

Orora North America delivered sales growth predominately from the acquisition of Texas based Bronco Packaging and Pollock Packaging. EBIT was down due to generally tough market conditions.

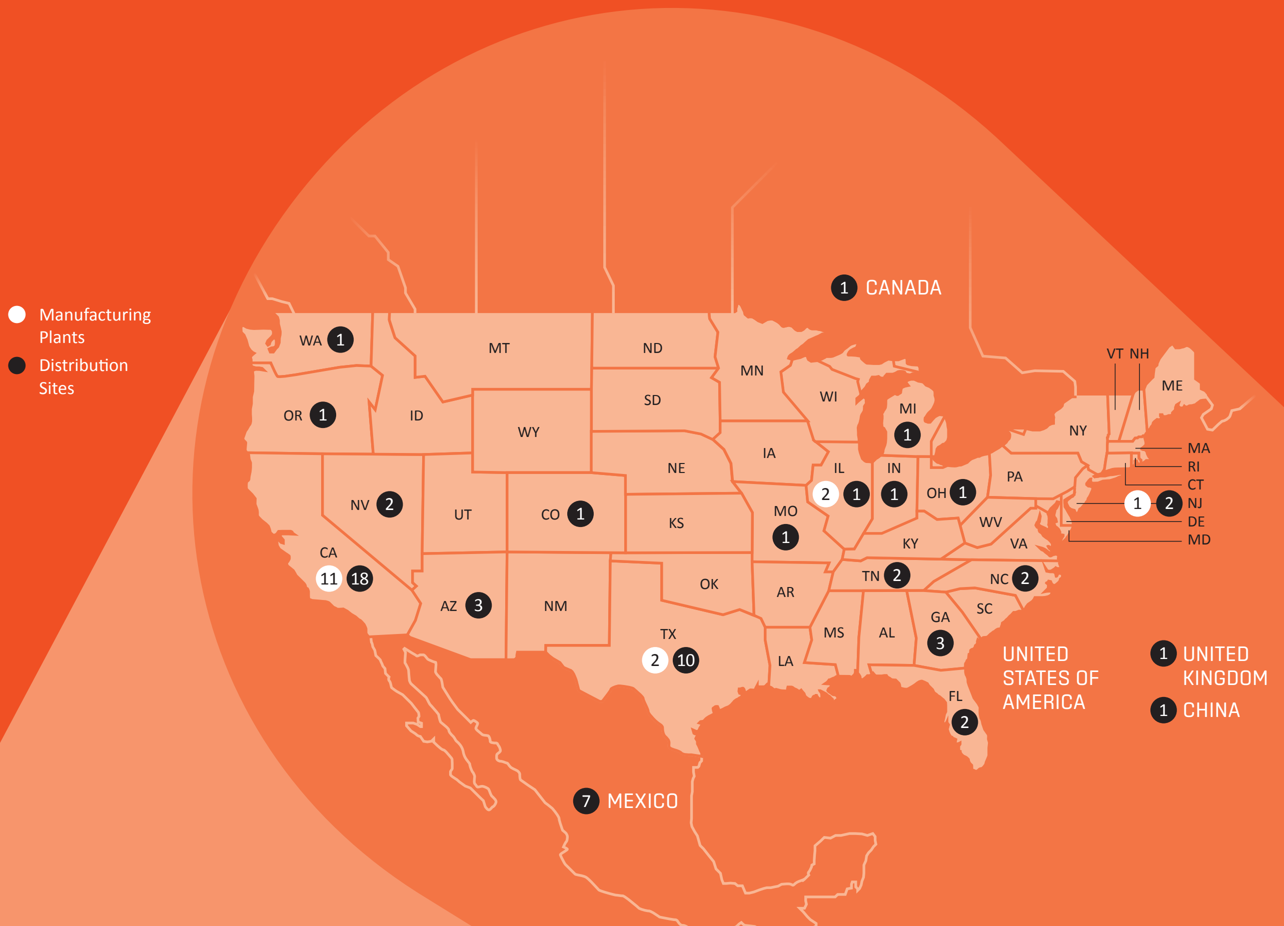
BUSINESS SEGMENT	ORORA NORTH AMERICA	
BUSINESS GROUP	ORORA PACKAGING SOLUTIONS	ORORA VISUAL
DIVISION	LANDSBERG PACKAGING SOLUTIONS; MANUFACTURING	

5 Countries

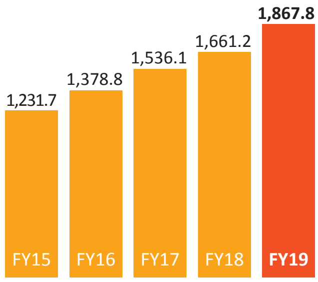
16 Manufacturing Plants

62 Distribution Sites

3.5K Team Members



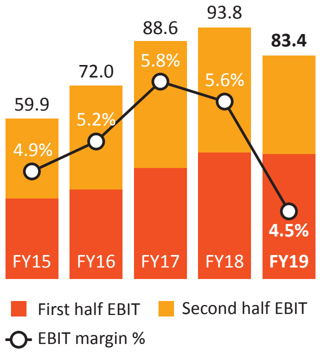
SALES REVENUE (USD million)



$1,867.8m

↑ 12.4% increase

EBIT (USD million)



$83.4m

↓ 11.1% decrease

Key points

- North America's reported EBIT declined 3.6% to $116.6 million. This includes a positive $7.8 million foreign exchange translation impact.
- In local currency terms, EBIT declined 11.1% to US$83.4 million. This is a result of generally tough market conditions impacting volumes and margins in OPS and the earnings reset in Orora Visual from the loss of business during fiscal 2018. These, combined with other factors, flowed through to the EBIT margin which was lower at 4.5% from 5.6% in the prior period.
- Sales grew 12.4% to US$1,867.8 million mainly from acquisitions. Net organic sales growth was approximately 1.0%.
- EBIT includes the initial earnings contributions from the Bronco Packaging and Pollock Packaging acquisitions completed during the year.
- Cash flow decreased to $96.9 million while cash conversion declined to approximately 69% from approximately 73% in the prior period. The decline in cash conversion was driven by increases in working capital, partly offset by reduced capital spend.
- RoAFE declined by 400bps to 15.0% with lower earnings and the initial dilutionary impact of the Bronco Packaging and Pollock Packaging acquisitions.
- In response to the tough market conditions, management implemented a number of initiatives aimed at improving processes, efficiencies and taking costs out of the business. This earnings improvement program was bolstered in July 2019 with further dedicated external resources. While these initiatives progressively gained traction during the year, most of the benefits are expected to impact in the coming financial year. The costs associated with implementing this program have been included in the group-wide restructuring initiative significant item expense.

EARNINGS(1)

AUD million	FY19	FY18	Change %
Sales Revenue	**2,611.5**	2,143.2	21.9%
EBIT(2)	**116.6**	121.0	(3.6%)
EBIT Margin %	**4.5%**	5.6%	
RoAFE(3)	**15.0%**	19.0%	

USD million	FY19	FY18	Change %
Sales Revenue	**1,867.8**	1,661.2	12.4%
EBIT	**83.4**	93.8	(11.1%)

SEGMENT CASH FLOW

AUD million	FY19	FY18	Change %
EBITDA(4)	**149.7**	146.1	2.5%
Non-cash Items	**(8.3)**	6.6	
Movement in Total Working Capital	**(17.7)**	(7.6)	
Base Capex	**(28.5)**	(33.9)	
Sale Proceeds	**1.7**	0.7	
Underlying Free Cash Flow(1)	**96.9**	112.0	(13.5%)
Cash Conversion	**68.5%**	73.3%	

(1) As reported in the Segment Note contained within the Financial Statements, refer note 1.
(2) Earnings before interest, related income tax expense and significant items.
(3) Return on Average Funds Employed (RoAFE) is calculated as EBIT divided by average funds employed.
(4) Earnings before depreciation, amortisation, interest and related income tax expense and significant items.

Operational review Orora North America

Orora Packaging Solutions

OPS delivered constant currency revenue growth of approximately 14.1% in the financial year ended 30 June 2019, which was predominantly from acquisitions.

Net organic revenue growth was approximately 1.0% which was largely a reflection of challenging market conditions experienced across the OPS business.

During the period, the business completed the acquisitions of Bronco Packaging and Pollock Packaging with both businesses closely aligned to Orora's North American focused M&A growth strategy in packaging solutions.

Pollock Packaging was acquired in November 2018 and is a leading provider of industrial, retail and facility supplies as well as a vertically integrated corrugated box manufacturer. Bronco Packaging, which was acquired in August 2018, is a highly regarded specialist packaging business primarily serving corporate accounts in the fresh food manufacturing industry.

These businesses provide "on-demand" packaging solutions to customers across the USA with a particular focus in the large and fast growing state of Texas. The combined consideration totalled US$104.0 million or approximately $140.0 million. The integration of both acquisitions is on track.

EBIT margins for OPS declined to 4.2% from 5.5% in the prior period. This was caused by margin pressures from generally tough market conditions and new manufacturing capacity coming on stream, the impact of the Pollock acquisition which initially has lower return on sales and earnings more weighted to the first half of Orora's fiscal year, as well as the impact of passing through raw material increases.

The multi-year ERP system rollout was completed during the period. As the ERP implementation matures and confidence grows in the integrated data solution, more emphasis has returned to growth initiatives, with some benefits already being realised.

Landsberg will continue to leverage its national footprint, product breadth and standardised service offering, to deliver sales growth from both increased share of wallet with existing corporate accounts and new customer wins.

Orora Visual

Orora Visual financial results in the period were impacted by the reset from lost business due to a customer bankruptcy in the prior period.

As a positive sign for an improving outlook, Orora Visual was able to achieve revenue growth of approximately 1.0% in the period.

As evidenced by the sales growth achieved, the customer value proposition is gaining traction with a number of share of wallet gains from existing customers as well as a number of new accounts being on-boarded.

As the business continues its integration journey, further leveraging collaboration and driving efficiencies across all sites, Orora Visual is expected to drive towards the targeted returns.

CASE STUDY

Orora Visual spreads Holiday cheer

A premier US retailer called on Orora Visual to handle their store settings for the all-important Holiday season.

From sparkling snowflakes and hanging displays, to wall units and decorative signage, the Orora team brought the festive season to life across the retailer's nationwide stores. Production of the displays was a true coast-to-coast effort involving teams in Orange County and New Jersey, which demonstrated the benefits of Orora Visual's national footprint.

Innovation and growth update

In February 2019, OPS committed to a self-help earnings improvement program to combat the slower than expected start to second half earnings.

A number of initiatives as part of this program were implemented during the period and delivered some improvement in margins.

With market conditions expected to continue to be challenging, Orora has engaged additional external resources to work alongside OPS Management to continue to drive efficiencies and maintain the focus on sales growth across the business.

OPS also continued to focus on the integration of the newly acquired Bronco Packaging and Pollock Packaging businesses during the period, which added approximately 500 team members to Orora North America. The functional and organisational integration of these businesses is on track, with accountabilities firmly embedded.

Landsberg remains focused on executing its organic market growth strategy by leveraging its national footprint, extensive product breadth, service offering and customised value proposition to secure new larger multi-site corporate accounts, as well as increase sales with existing customers.

During the year, Orora's second high speed large format digital printer was commissioned in Southern California, enhancing the business' value proposition to customers, including superior print quality and speed to market.

The OPS Manufacturing Division, as part of its own "asset refresh" program, also commissioned a new six colour press in Northern California, providing a step up in capability and creating opportunities in new higher value add markets.

During the period, Orora Visual continued to successfully build out its value proposition to serve national corporate customers with a consistent point of purchase, visual communications and fulfilment offering across multiple locations. Orora Visual now has two creative design centres in Los Angeles on the west coast and one in New Jersey on the east coast. This combines well with the expected "uniformity of offering" benefits from digital and fabric printing capability recently installed across Orora Visual's footprint.

The ERP rollout was completed across OPS sites in North America, enhancing efficiency and improving the customer experience.

Financial review summary

INCOME STATEMENT[1]

AUD million	2019	2018
Sales revenue	**4,761.5**	4,248.0
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	**468.1**	445.3
Depreciation and amortisation	**(132.9)**	(121.9)
Earnings before interest, related income tax expense and significant items	**335.2**	323.4
Significant items	**(79.2)**	(2.7)
Earnings before interest and related income tax expense	**256.0**	320.7
Net financing costs	**(39.4)**	(34.5)
Income tax expense	**(55.4)**	(74.0)
Profit for the financial period from continuing operations	**161.2**	212.2

BALANCE SHEET[2]

AUD million	2019	2018
Cash	**70.3**	87.6
Other current assets	**1,375.9**	1,230.5
Property, plant and equipment	**1,765.5**	1,693.7
Intangible assets	**614.7**	494.7
Investments and other assets	**91.8**	110.6
Total assets	**3,918.2**	3,617.1
Interest-bearing liabilities	**960.3**	755.1
Payables and provisions	**1,313.4**	1,231.5
Total equity	**1,644.5**	1,630.5
Total liabilities and equity	**3,918.2**	3,617.1

CASH FLOW FOR THE YEAR ENDED 30 JUNE

AUD million	2019	2018
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	**468.1**	445.3
Non-cash items	**15.5**	38.9
Movement in total working capital	**(65.6)**	(51.9)
Net capital expenditure	**(149.1)**	(107.0)
Underlying Operating Cash Flow from continuing operations	**268.9**	325.3
Cash significant items	**(25.5)**	(30.0)
Operating Free Cash Flow from continuing operations[3]	**243.4**	295.3

(1) As reported in the Segment Note contained within the Financial Statements (refer note 1) with the exception of net financing costs and income tax expense which is not included in the Segment Note.

(2) IFRS compliant information extracted from the audited Financial Statements.

(3) As reported per the Segment Note in the Financial Statements (refer note 1).

Revenue

Sales revenue of $4,761.5 million was up 12.1% on the prior financial year.

The Australasian segment increased sales by 2.1% with strong growth across most of the Beverage Cans market segments. Higher paper sales were delivered from record production volumes of the recycling paper mill located in Botany, New South Wales (Botany Mill) and increased sales in the Fibre business, despite some adverse seasonal conditions impacting certain fresh produce segments.

North America grew local currency revenue through organic sales growth in OPS and the inclusion of incremental revenues from the Bronco Packaging and Pollock Packaging acquisitions that occurred in the first half of the financial year.

There was a $201.8 million favourable impact on US dollar denominated North American sales.

Earnings before interest and tax

During the period, EBIT increased by 3.7% to $335.2 million. This excluded the significant item expenses in respect of restructuring and impairment charges identified through a review of the Group's cost structures in both Australasia and North America and an expense relating to additional decommissioning costs associated with the Petrie site.

The Australasian segment increased earnings as a result of the Fibre business experiencing higher sale volumes, including Botany Mill production volumes being above design capacity, and the ongoing focus on improving manufacturing and operating efficiencies across the business. The Beverage business also experienced higher earnings as a result of increased Can volumes, favourable Glass and Can product mix and continued focus on innovation and value added product lines. The earnings gains were partially offset by higher electricity, kraft paper and starch costs.

The North American business segment faced tough market conditions during the period which impacted volumes and margins within the OPS business, while Orora Visual contended with the earnings reset from the loss of business due to a customer bankruptcy during the previous financial year. In response to the market conditions, management has implemented a number of initiatives aimed at improving processes, efficiencies and taking costs out of the business.

Significant item expense

Restructuring and impairment

With economic and market conditions across Australasia and North America remaining challenging and expected to continue to be so, a group wide restructuring initiative was announced on 2 August 2019 with a number of initiatives already being implemented.

The main aim of the restructuring is to drive efficiency as well as reset the cost base to match the expected market conditions.

A $29.2 million ($20.8 million after tax) expense has been recognised in respect of restructuring and impairment charges and is separately disclosed in the financial statements as a significant item. This includes the recognition of an impairment charge of $5.2 million ($3.7 million after tax).

From a timing and cash flow perspective the majority of the initiatives will be implemented in the first half of the coming financial year.

Petrie decommissioning

The decommissioning of the Petrie site is a significant and complex exercise involving multiple government agencies. Recently the Group entered into an amended contract with the landowner, resulting in finalisation of the scope for the final phase of remediation and decommissioning. This resulted in the estimated costs to complete the remaining decommissioning to be higher than previously contemplated. The Group has engaged a specialist environmental consulting firm to manage the completion of the remaining remediation works.

The Group has recognised a significant item expense of $50.0 million (after tax $35.0 million) relating to additional costs associated with the decommissioning of the former Petrie Mill site and is separately disclosed in the financial statements as a significant item.

Balance sheet

The increase in other current assets is primarily driven by acquired receivables and inventory of the Bronco Packaging and Pollock Packaging acquisitions and inventory builds as a result of the mixed climatic conditions in some regions of Australasia, which adversely impacted volumes in some key fresh produce sectors, and to maintain supply during the upcoming asset refresh and furnace rebuilds in Australasia. The impact from foreign exchange translation on current assets was an increase of $33.3 million.

Net property, plant and equipment was higher reflecting ongoing investment in the base businesses including the asset refresh program in Fibre. Capex included spend on the following major items: Fibre asset refresh, new warehouse developments and initial pre-spend on the G2 rebuild at Glass, digital and fabric printing equipment in Orora Visual to harmonise and expand the service offering, and projects approved under the Orora Global Innovation Initiative. Depreciation for the financial year ended 30 June 2019 was $122.9 million. The impact from foreign exchange translation was an increase of $13.8 million.

Intangible assets increased as a result of the Bronco Packaging and Pollock Packaging acquisitions and general IT software development costs. The impact from foreign exchange translation on intangible assets was an increase of $22.4 million.

Net debt increased by $222.5 million during the period with the main drivers being the acquisitions in North America and ongoing base and growth capital investment across the business. The impact from foreign exchange translation was an increase of $21.2 million.

The increase in payables and provisions was driven by the recently announced restructuring and decommissioning provisions and the impact of the Bronco Packaging and Pollock Packaging acquisitions. The impact from foreign exchange translation on payables and provisions was an increase of $24.0 million.

Financial review summary

Cash flow

Increased earnings were converted into cash with operating cash flow of $268.9 million, down by 17.3% on the comparative period.

Cash conversion was 56%, lower than the comparative period of 67% which included the benefit of sales proceeds of $45.5 million received from the sale of the Smithfield, New South Wales site.

A summary of the main cash flow movements included:

- An increase in EBITDA of $22.8 million, excluding significant items
- Working capital was unfavourably impacted by higher inventories due to mixed seasonal conditions in Australasia adversely impacting volumes in some key fresh produce sectors late in the season, and planned inventory builds in Fibre and Glass for capital investment related activities
- With ongoing investment in base capital and Orora Global Innovation Initiative investments, gross capex (base and growth) was approximately 150% of depreciation.

Working capital

During the financial year ended 30 June 2019, average total working capital to sales was 10.3%, versus 9.1% in the prior financial year. This movement was mainly reflective of higher raw material prices and seasonal impacts to inventory, as well as capital investment timing summarised as follows:

- Glass inventory build for the G2 furnace rebuild had commenced
- Higher inventories in Fibre are being held to ensure that customers are not impacted through the Fibre asset refresh program
- Mixed climatic conditions in Australasia adversely impacted volumes in some key fresh produce sectors late in the season, which led to higher inventories.

While receivables management is solid, there is still room for improvement. This will continue to be a focus as economic conditions remain challenging.

The management target for average total working capital to sales is less than 10% in the medium term and remains an area of focus across the business.

Corporate

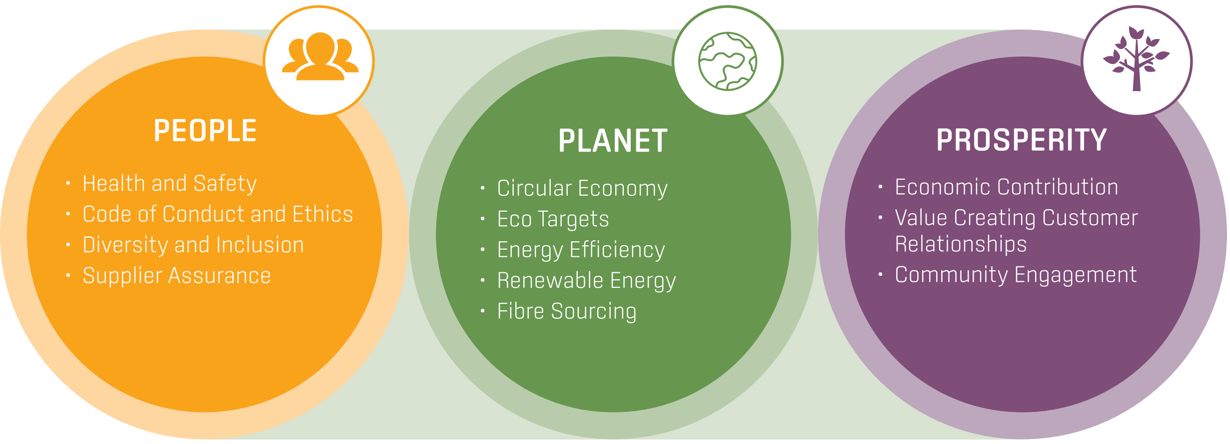
Corporate costs of $28.0 million in the financial year ended 30 June 2019 were slightly lower than underlying costs in the prior financial year of $29.9 million.

Orora successfully completed the refinancing of its syndicated bank debt facilities in April 2019. The Australian Syndicate was increased by $50.0 million to $450.0 million with a maturity in April 2022 while, at the same time, the US Syndicate was increased by USD100.0 million to USD300.0 million with a maturity in April 2024. The average tenor of facilities was increased from 2.1 years to 3.9 years. There were no material changes to banking syndicate counterparties or commercial terms.

Orora's highly specialised Innovation and Design team works with customers to explore and develop market leading packaging solutions that meet a specific challenge or need.

Orora's approach to sustainability

Orora's 2019 sustainability activities were framed and guided by the *People*, *Planet* and *Prosperity* pillars. Focus was placed on Orora's contribution to the *Planet* and the principles of the Circular Economy, by ensuring packaging is manufactured for the customer, collected for recycling and transformed into new packaging that is returned to the customer. The main packaging types manufactured by Orora are inherently recyclable and contain significant recycled content. Orora worked with customers to develop innovative recyclable packaging alternatives to help reduce environmental impact. Ways to improve the use of recycled content in fibre, glass and aluminium packaging are also continually examined.



Framing Orora's approach and Governance

Orora's approach to sustainability is framed by its obligations as a signatory to the United Nations Global Compact (UNGC), together with the work undertaken in 2015 and 2018 by external consultants to understand the external and internal sustainability risks and opportunities. These elements were utilised by Orora in framing its sustainability approach through the *People, Planet* and *Prosperity* pillars.

Orora's ongoing commitment to assessing opportunities and exposure to material risks is in accordance with the ASX Corporate Governance Council's Recommendation 7.4.[1] The 2018 review, re-examined in 2019, determined that, other than as set out in the Principal Risks section of this Report, Orora does not at this time, have a material exposure to environmental or social sustainability risks. Information on the Company's assessment of material risks, including economic risks, is set out separately in the Principal Risks section of this Report.

Orora's sustainability activity is overseen by the Board and the Executive Leadership Team, with regular updates provided to the Board as part of the Legal, Governance and Sustainability Report.

Reporting Orora's approach

During the year, Orora continued to report on its sustainability activity via its annual Communication on Progress to the UNGC, outlining its activities to further implement the Covenant's Principles on human rights, labour, environment and anti-corruption. Orora continued to support the CDP[2], voluntarily disclosing information under the Climate, Water and Forest Risk CDP sections. Orora again ranked above the industry average for same sector companies, for climate, at average for water and just below average for forest risk. As a signatory to the Australian Packaging Covenant (APC), Orora provided its annual report during the year and was assessed as being in the Leader category.

(1) Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. Source: *Corporate Governance Principles and Recommendations*, Australian Securities Exchange Corporate Governance Council (3rd edition), 2014.

(2) CDP, formerly known as the Carbon Disclosure Project.

Orora's approach to sustainability

Planet

Circular Economy

Circular Economy is fundamental to Orora's business, with focus on turning recyclable material into new packaging products, demonstrated throughout Orora's Beverage, Paper and Recycling and Fibre Packaging business groups. Orora transforms used packaging material into new packaging products for its customers. All of Orora's main packaging types, namely glass, fibre and aluminium, are completely recyclable. Orora strives to increase the amount of recyclable material used in the packaging it manufactures.

The recycled paper mill at Botany, New South Wales (Botany Mill) produces 100% recycled paper that is Forest Stewardship Council® (FSC®) Certified[3]. Source stock of fibre for the mill is old corrugate cardboard collected from commercial and industrial suppliers Australia-wide. This is old cardboard that would potentially go to landfill if not re-manufactured into paper. Orora produced over 400,000 tonnes of recycled paper at Botany Mill during the reporting period that is primarily used within the corrugated box businesses in Australia, New Zealand and North America to produce carton board packaging.

Recycled inputs are also important to Orora's Beverage business, with the South Australian glass plant being a major consumer of recycled glass. The plant uses approximately 80% of recycled glass collected from the South Australian Container Deposit Scheme and transforms it into new beverage containers, primarily for the wine and beer industry. Orora Beverage Cans uses flat sheet aluminium to make aluminium cans with an average recycled content of 66% in 2019.

Ways of further improving the utilisation of recycled material have also been explored in 2019 with Orora participating in two working groups run by the APC. These included examining ways of improving use of recycled glass and broader materials circularity in the Australian economy.

Eco Targets

Orora established a set of five-year Eco Targets in 2014 to guide its activities on reducing Orora's environmental impact – to be achieved by 30 June 2019. These Eco Targets aimed to reduce CO_2 emissions, waste to landfill and water use, measured as ratios against Orora's net revenue.

Work on understanding the potential impacts of climate change on Orora operations continued, in part, to recognise Orora's obligations under Principle 7 of the UNGC, which requires businesses to support a precautionary approach to environmental challenges. Orora's work on its CO_2 Eco Target over the last five years has been its main response to recognising this principle. External consultants were engaged during the latter part of the financial year to review and begin implementing the findings of the Taskforce on Climate Related Financial Disclosure (TCFD) to better understand the potential impacts of climate change on Orora. This work will be completed during the coming financial year. Orora will again address applicable TCFD disclosure requirements as part of its CDP response for the most recent reporting period[4].

Energy efficiency

During the reporting period, approximately 80% of Orora's Australian production sites installed new monitoring and measurement equipment to understand site energy use and allow for improved benchmarking of energy consumption. The energy efficiency program was also initiated in New Zealand.

Orora received recognition for its energy efficiency program by winning two Energy Efficiency Council of Australia awards in 2019:

- Energy Efficiency Award for Orora's work on saving energy at Botany Mill
- Integrated Renewable Energy Award for Orora's biogas energy plant at Botany Mill.

Other energy efficiency initiatives included installing insulation on steam and condensate lines, further LED lighting systems and variable speed drive system installation. This resulted in Orora generating over 40,000 Energy Saving Certificates under New South Wales' Energy Saving Certificate Scheme.

Orora's energy efficiency program has resulted in a ~10% improvement in energy intensity and was a prime contributor to Orora surpassing its CO_2 Eco Target. Energy intensity will continue as an important part of the program as Orora resets its Eco Targets during the coming financial year.

CASE STUDY

Sunshine state solar savings

Orora is continuing to use renewable energy to power its operations, with the first solar photovoltaic solution installed on the roof of the Rocklea site in Queensland.

The system uses solar panels to generate electricity from sunlight, helping to reduce the Company's CO_2 emissions.

(3) FSC-C113466

(4) The most recent period for CDP reporting is for the financial year ended 30 June 2018.

ECO TARGETS

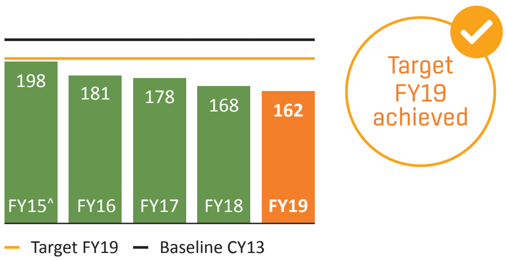
Orora has, pleasingly, surpassed all Eco Targets for CO_2, Waste to Landfill and Water, including reductions in the use of potable water. Performance against the Eco Targets was achieved despite increasing production and successful commissioning of significant new plants such as Botany Mill. Orora is developing new Eco Targets, to be announced during the coming financial year. Orora's existing approach to environmental performance will continue, including focus on renewable energy and energy efficiency as outlined below.

ECO TARGETS*	PROGRESS

CO_2 EMISSIONS

↓ 10% decrease by 30 June 2019

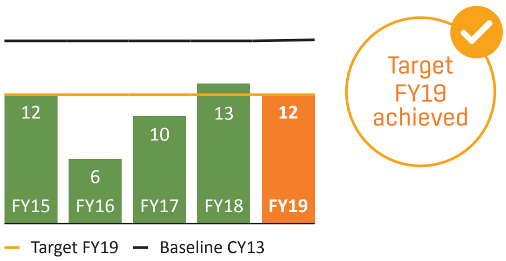
Orora Group Greenhouse Gas Reduction [tonnes CO_2e/Net Revenue AUD million]



WASTE TO LANDFILL

↓ 25% decrease by 30 June 2019

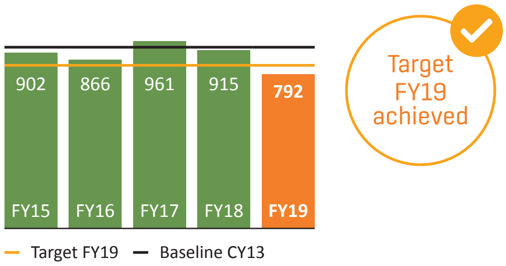
Orora Group Waste To Landfill Reduction [tonnes/Net Revenue AUD million]



WATER USE

↓ 10% decrease by 30 June 2019

Orora Group Water Use Reduction [kilolitres/Net Revenue AUD million]



* New acquisitions during FY19 have been excluded due to unavailability of data. Data will be included within 24 months of acquisition.

^ G1 rebuild during FY15 resulted in reduced energy usage during the period.

Orora's approach to sustainability

Renewable energy

Orora continued to examine ways of increasing its use of renewable energy through the installation of small scale solar systems at a number of sites during the period. Three small scale solar electricity systems were installed at its Beverage, Fibre and shared warehouse facilities located at Rocklea in Queensland. Planning is also underway for the installation of another small scale solar electricity system on the roof of Orora's new warehouse located at the South Australian Gawler glass facility. A further 13 of Orora's sites are being examined for potential installation of similar systems.

Orora's renewable energy initiatives during the period followed Orora's entry into two long-term power purchase agreements during the previous period with renewable energy providers to supply wind-generated electricity to Orora's New South Wales, South Australia and Victoria operations. These agreements secured the supply of renewable energy for volumes equivalent to 80% of Orora's total electricity requirements in Australia.

Fibre sourcing

Orora has continued its commitment to use fibre from traceable, socially and environmentally responsible sources in the manufacture of its paper and carton board products in Australia, New Zealand and North America. Orora refreshed its global Responsible Fibre Sourcing Policy to ensure it does not inadvertently, directly or indirectly contribute to:

- Illegal logging or the trade in illegal wood or forest products
- Conflict timber or the trade in conflict timber
- Significant conversion of forests to plantations or non-forest use
- Destruction of high conservation values in forestry operations
- Introduction of genetically modified organisms in forestry operations
- Violation of traditional, indigenous and human rights in forestry operations
- Violation of any of the core International Labour Organisation Core Conventions.

Orora's approach to responsible fibre sourcing is supported by a due diligence framework giving preference to suppliers with credible, independent chain of custody certification based on international standards and transparent and traceable supply chains. Orora has also implemented a forestry certification chain of custody program for its fibre-based businesses in Australia and New Zealand where all Orora's Cartons sites are certified to the Forest Stewardship Council® Chain of Custody standard [5]. In North America, Orora maintained the Sustainable Forestry Initiative certification for several of its sites.

People

Code of Conduct and Ethics

The Orora Code of Conduct and Ethics was refreshed during the year, re-emphasising a strong culture of integrity and ethical conduct. A new independent Anti-Bribery and Corruption Policy was implemented and the Whistleblower Policy was refreshed. These policies cover expectations on a broad range of issues, including environmental management, health and safety, human rights, community engagement, political donations and participation, use of information and its security, market disclosure, fraud, bribery, corruption and the avoidance of conflicts of interest.

Health and safety

Keeping people safe is a principal commitment for Orora. Orora's long-term safety objectives detailed in the Group's five-year health and safety strategy are focused on the following key areas:

- Leadership – building on the existing commitment of leaders to deliver a continuously improving safety culture
- Risk management – focusing teams on identification of hazards and development of mitigation actions that are appropriate to the risk exposure
- Safety standards – enhancing Orora's system to effectively manage safety risk, with a focus on serious injury or fatality prevention

CASE STUDY

A balanced you

The health and safety of team members is a principal commitment for Orora.

During the year, Orora Fibre Packaging launched an innovative program focusing on the physical, mental and financial wellbeing of its people. Entitled "A Balanced You", the program was introduced across Australia and New Zealand and involved a series of workshops with subject matter experts to help team members achieve a healthier lifestyle, inside and outside of work. The program will continue to run over coming years.

(5) FSC-C127957

- Plant and equipment design – ensuring that new plant and equipment is suitably designed and safeguarded
- Capability – embedding the skills of team members so they can work safely.

The implementation of this strategy is managed by action plans in place across all business groups.

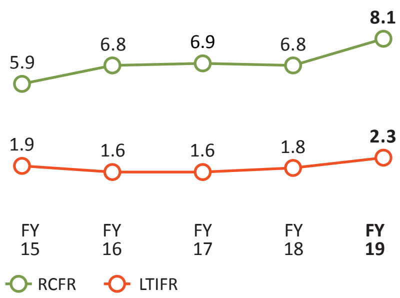
Orora's injury rates are measured using two key metrics Recordable Case Frequency Rate (RCFR) and the Lost Time Injury Frequency Rate (LTIFR). LTIFR is measured by calculating the number of injuries resulting in at least one full workday lost per million hours worked over a 12 month period. RCFR is measured by calculating the number of medical treatment cases and lost time injuries per million hours worked across a 12 month period.

For the reporting period, the LTIFR was 2.3 which corresponds to 36 cases across Orora's business. This compares with the previous year's performance of 1.8 (30 cases).

This financial year, the RCFR was 8.1 which corresponds to 136 cases across Orora's business. This compares with the previous financial year's performance of 6.8 (114 cases).

Notwithstanding improvement initiatives that have been implemented across the business, RCFR and LTIFR deteriorated during the period. The business will continue to invest in safety and is committed to driving improved performance during FY20.

Orora Group Safety Performance



A key focus over the period has been to review Orora's safety culture and performance. Independent safety consultants were engaged to undertake industry benchmarked assessments of Orora across a range of criteria. Team members contributed feedback to provide a comprehensive insight into Orora's safety culture. The information gathering and assessment phase has been completed in Orora's Australian and New Zealand businesses, and has commenced in North America. The Australian and New Zealand business review found that the risk of injury has been reduced in many sites, and there are many areas of excellent safety practice, however opportunities exist to prioritise safety improvement actions.

Following the review, the leadership team has agreed on the improvement recommendations for Australia and New Zealand. Planning and implementation of these initiatives has commenced in the Australian and New Zealand businesses, with North America to follow on completion of the review phase.

Health and wellbeing programs were also run across business groups during the period, and these will be enhanced going forward.

As part of Orora's commitment to team member safety and wellbeing, and zero tolerance approach to alcohol and drugs in the workplace, Orora launched a new Alcohol and Other Drugs Policy and associated education, testing and support program across its Australian businesses. Keeping team members safe is a prime and consistent commitment across Orora. The continued focus on Orora's five-year health and safety strategy, and the outcomes of the safety review, will again be used to drive improvement in safety performance during the coming year.

Orora contributes to the prosperity of the communities in which it operates. Orora's global community engagement approach focuses on three broad challenges – advancing jobs, skills and people; addressing the sustainable energy challenge; and recycling for a sustainable future.

Orora's approach to sustainability

Diversity and inclusion

Orora is strongly committed to developing an inclusive and respectful work environment to optimise diversity of thought and background. Bringing together people with different backgrounds and ways of thinking is a powerful source of competitive advantage in driving better decision-making, innovation and growth.

Gender diversity

Orora continued its gender equality focus and clear targets have been set to build a gender-balanced workforce. In 2014, as its initial priority, Orora announced a gender diversity target of 30% of new team member hires being female by 30 June 2017. Orora has again exceeded this target this year (35.75%) and continues to ensure that progress is within the context of hiring the best talent available. Orora has achieved positive gender diversity outcomes with recruitment across Orora in the past 12 months, and taken the overall representation of females from 22.0% up to 24.1% in both the waged and salaried workforce. Over the year, Orora has continued to address gender pay equity issues through an annual gender pay review process, following which, a number of key strategies are being implemented.

Women in Leadership

Orora conducted a third Women in Leadership at Orora program for 20 women across its North American operations, following two programs across Australia and New Zealand. This tailored development and mentoring program aims to support Orora's ability to cultivate a diverse leadership talent pipeline.

Champions of Change

Orora's diversity progress has been enhanced through its Champions of Change network of managers who are empowered and accountable for driving a diverse, talented workforce. As well as driving greater gender representation, the Champions of Change activated three Orora-wide initiatives during the year ended 30 June 2019 focused on: driving more women in leadership roles and assisting with their career progression; storytelling to enhance awareness on how diversity and inclusion is changing the dynamic of the workforce, leading to improved business benefits; and expanding Orora's focus beyond gender and age diversity to creating a more inclusive culture, through recognising the LGBT+ community.

Orora Proud

An initiative led by the Champions of Change is the creation and launch of Orora Proud, the team member LGBT+ network, designed to build a more inclusive Orora. The Orora Proud vision is to attract and retain the best talent from the entire talent pool, and to provide ongoing education in LGBT+ inclusion across Orora, ensuring that inclusion is integral to being a member of the Orora team.

Diversity and inclusion storytelling

As part of Orora's diversity and inclusion awareness and communication campaign, a group was established on Orora's internal social media tool. This group is open to all team members to see the work of the Champions of Change, share stories of progress, and celebrate diverse teams, individuals and inclusive practices across Orora.

Supplier Assurance Framework

Orora continued the implementation of its Supplier Assurance Framework (SAF) during the period to identify and mitigate potential human rights risks within Orora's supplier base. 80% of Orora's suppliers on an expenditure basis across Australia and New Zealand were analysed via SAF. The program was also initiated in North America. A supplier identified as high-risk following assessment is required to mitigate risks via an agreed plan, with failure to do so resulting in contract cancellation.

Prosperity

Economic contribution

As an Australian headquartered and listed manufacturing business, Orora makes a significant economic contribution to the communities in which it operates. As discussed on pages 1 and 2 of the Annual Report, Orora generates $4,761.5 million in sales revenue, employs approximately 7,200 team members and operates 139 sites across seven countries. Orora strives to generate this prosperity in a manner that is balanced with Orora's Planet and People initiatives.

Value creating customer relationships

Orora is strongly committed to ensuring sustainability is integral to its customer relationships. Orora works with its customers to reduce their environmental impact by utilising packaging produced by Orora that is both recyclable and contains recycled content.

The year ended 30 June 2019 saw an increased focus by many customers on greater use of fibre-based packaging. Orora introduced the innovative Accu-Label fruit labelling system which gives customers the ability to use paper fruit labels as an alternative to plastic. Orora introduced the Limotronic digital printer to the market, giving customers the ability to print directly on carton board, removing the need for plastic labels on boxes. Orora also trialled in market fibre-based produce trays, fibre punnets and fibre bubble wrap as alternatives to plastic. These initiatives have been an inherent part of Orora's approach to the Circular Economy under the *Planet* pillar and also align with The Orora Way's *Invest to Grow* strategic focus.

Community engagement

An Orora-wide approach to community engagement was launched during the year, which aims to contribute to the prosperity of the communities in which Orora operates.

This approach focuses efforts on three broad pillars that are relevant to the business – advancing jobs, skills and people; addressing the sustainable energy challenge; and recycling for a sustainable future. Orora supported many initiatives under each of these pillars during the period, including partnering with a number of leading universities to offer adult and junior apprenticeships, an Industry 4.0 Cadetship program, and various internship programs as part of its jobs, skills and people pillar. The Beverage business also worked with The Smith Family to deliver a Work Inspirations program for disadvantaged local children in Dandenong, Victoria. In North America, Orora Packaging Solutions continued to support the Working Wardrobes, a not-for-profit organisation that helps men, women, military veteran and young adults overcome obstacles to enter or return to the workforce.

Each of Orora's business groups also engages strategically to support causes aligned to their customers' interests, such as the Fibre business' support of drought affected Australian farmers and Orora Visual's ongoing support of one of its key customers, the American Heart Foundation.

Principal risks

Orora actively manages a range of principal risks and uncertainties with the potential to have a material impact on the Orora Group and its ability to achieve its stated objectives. While every effort is made to identify and manage material risks, additional risks not currently known or detailed below may also adversely affect future performance. Orora's principal risks are outlined below in no particular order.*

Area of Materiality	Risk	Mitigation and Monitoring Strategies
Workplace Health and Safety	Workplace health and safety events may have the potential to adversely affect Orora's team members and operations.	Orora's commitment to keeping people safe and healthy is paramount and is a core value for Orora. Orora's senior leadership team and Board regularly review safety performance and improvement strategies and activities across the business. Further information regarding Orora's commitment to health and safety is set out in the Sustainability section of this Report.
Business Interruption and Disruption (including cyber risk)	Orora operates numerous sites across a number of countries. Circumstances such as natural disaster, cyber breaches, operational failure or industrial disruption may occur, which may preclude key sites from operating. In these circumstances, financial performance may be negatively impacted.	Orora undertakes business continuity and disaster preparedness planning for high value or strategically important sites and functions. This includes continuously monitoring and, as appropriate, enhancing information security capabilities to keep pace with the evolving nature and sophistication of cyber threats. In December 2018, Orora invested in a new Information Security team responsible for driving the management of cyber risks. Orora also engages in continuous identification, review and mitigation of property risks, as well as independent loss prevention audits and has a suitable insurance program in place. Insurances are reviewed annually.
Economic Conditions	Orora is susceptible to major changes in macro-economic conditions in a single country, region or market. Sudden and/or prolonged deterioration in the economy may impact the value chain or industries on which Orora is dependent and could have a material negative impact on financial performance.	Orora seeks to mitigate the severity of impact that deterioration in macro-economic conditions in a single country, region or market may have by: • operating businesses that have a broad spread of geographic locations, raw material inputs and customers servicing a number of end markets • deploying an operating model that focuses on continually improving the value proposition to customers • creating and maintaining a high-performance culture • remaining disciplined in cash and cost management • continuing to invest in manufacturing capabilities and innovation to improve cost positions.
Competition	Orora operates in highly competitive markets with varying barriers to entry, industry structures and competitor motivational patterns. The actions of established or potential competitors may have a negative impact on financial performance.	Orora is ideally placed to leverage both its regional experience and insight, and its international footprint and scale, to deliver new ideas and value propositions to customers to gain competitive advantage. Orora also continuously focuses on innovation as a source of competitive advantage.
Supply Chain	Disruption to Orora's supply chain caused by an interruption to the availability of key components, raw materials, energy supply, or by technology failure may adversely impact sales and/or customer relations, resulting in unexpected costs. Orora's businesses are sensitive to input price risks, specifically energy and other commodities, in various forms and with varying degrees of impact. Although Orora seeks to mitigate these risks through various input pricing strategies and pass-through mechanisms, there is no guarantee that Orora will be able to manage all future energy and commodity price movements. Failure to do so may adversely affect Orora's operations and financial performance.	Orora's approach to supply chain risk management is multi-faceted and includes: • implementing a multi-sourcing strategy for the supply of raw materials • customer contracts that provide for regular and timely pass-through of movements in raw material input costs • input pricing strategies including active monitoring of input prices • supplier due diligence and risk management including a supplier assurance framework • a focus on innovation in sustainable energy sourcing and pricing including entering long-term renewable energy power purchase agreements.

* Environmental and social sustainability risks that are not currently considered material are referenced in pages 27 to 32 of this Report.

Principal risks

Area of Materiality	Risk	Mitigation and Monitoring Strategies
Climate Change	The physical and non-physical impacts of climate change may affect our assets and productivity. Climate change may present risks arising from extreme weather events affecting business operations and certain customer segments along with the introduction of new laws and government policies designed to mitigate climate change. These could impact the future profitability and prospects of Orora.	Orora is mitigating its contribution to climate change through its CO_2 emissions reduction Eco Target focusing on energy efficiency and its participation in renewable electricity markets and, where appropriate, co-generation investments. Further information is available on pages 27 to 32 of this Report. In addition, as set out below, Orora continuously reviews operating and capital expenditure plans to mitigate its customer risk, and operating businesses that have a broad geographic spread and customers serving a number of end markets.
Talent	Orora's operating and financial performance is largely dependent on its ability to attract and retain talent and, in particular, key personnel. Any loss of key personnel could adversely affect operating and financial performance.	Orora's strategic Human Resources (HR) priorities aim to create an inclusive culture that optimises diversity of thought, by attracting and retaining the best talent in the market. A high-performance culture is encouraged by setting challenging objectives and rewarding high performers, while succession planning is undertaken to develop leadership talent. Orora believes this strategic approach to HR management provides a tangible source of competitive advantage. Remuneration is competitive in the relevant employment markets to attract, motivate and retain talent, and is aligned with business outcomes that deliver value to shareholders.
Customers and Consumer Preferences	Orora has strong relationships with key customers for the supply of packaging and Point of Purchase products and related services. These relationships are critical to Orora's success. The loss of a key customer may have a negative impact on financial performance. Changes in consumer preferences may result in some of Orora's existing product range becoming obsolete or new products not meeting sales and margin expectations. Consumer preferences may be influenced by regulation change and climate risk (both these risks are separately listed here).	The key to mitigating customer risk is Orora's commitment to being the industry-leading customer focused packaging solutions company. This is embedded in The Orora Way, which is the blueprint for delivery of Orora's promise to its customers. In addition, no single customer generates revenue greater than 10% of total revenue for the Orora Group. Orora's commitment to innovation, and its strong relationships with its customers, seeks to address evolving consumer preferences. Orora also continuously reviews operating and capital expenditure plans to mitigate customer risk or changing consumer preferences.
Mergers and Acquisitions (M&A)	Orora's growth opportunities are dependent, in part, on disciplined selection and integration of suitable targets in the right geographies with the right participation strategy. Failure to be disciplined in selection, effective at integration or focused on capturing value could impact operations and have adverse consequences for the achievement of expected financial benefits.	The Orora Way articulates the Group's purpose, strategy and guiding vision, against three strategic areas of focus: innovate to lead, enhance the core and invest to grow. These three pillars provide the blueprint for every aspect of the business including growth through acquisition, and are reflected in Orora's M&A framework, which is approved by the Board. This framework imposes rigour in target selection, approval, due diligence, integration planning and post-acquisition value capture.
Country and Regulatory Risk	Orora predominantly operates in Australia, New Zealand and the United States under a broad range of legal, accounting, tax, regulatory (including environmental) and political systems. The profitability of Orora's operations may be adversely impacted by changes in fiscal or regulatory regimes including tax policies, difficulties in interpreting or complying with the local laws of the countries in which Orora operates and reversal of current political, judicial or administrative policies. Orora's customers, many of which operate across a broad range of countries, are subject to regulatory risk in various jurisdictions, which may have an impact on their operations and consequently Orora's operations.	Orora continually monitors changes or proposed changes in regulatory regimes that may have an impact on Orora and, where appropriate, engages consultants and advisors to address specific issues. Where possible, Orora appoints local management teams that bring a strong understanding of the local operating environment and strong customer relationships. Orora also has a global compliance training program across the Orora Group and its business leaders regularly review country and regulatory risk. Orora's tax affairs are governed by a tax risk framework that is approved, reviewed and reported against, by the Audit and Compliance Committee of the Board. Tax risks are actively monitored and managed.
Litigation	As is the case with all organisations, Orora is exposed to potential legal and other claims or disputes in the ordinary course of business, including contractual disputes and other claims.	Orora takes legal advice in respect of such claims and, where relevant, makes provisions and disclosure regarding such claims in its financial statements. There are no current claims or disputes of a material nature.
Financial and Treasury	Orora faces a variety of risks arising from the unpredictability of financial markets, including the cost and availability of funds to meet its business needs and movements in interest rates, foreign exchange rates and commodity prices.	Orora's treasury function adopts financial risk management policies approved by the Board. Appropriate commercial terms are negotiated and derivative financial instruments are used, such as foreign exchange contracts and interest rate swaps, to hedge these risk exposures. In addition, where possible, Orora will proportionally draw down debt in currencies that align with the proportion of assets in those same currencies, thereby creating a natural hedge.

Directors' report

The Directors of Orora Limited (Orora or the Company) present their report, together with the Financial Statements of the Company and its controlled entities (collectively referred to as the consolidated entity or the Orora Group), for the financial year ended 30 June 2019.

IN THIS SECTION

Statutory matters

Board of Directors

The Directors of the Company in office as at the date of this report are:

C I (Chris) Roberts

N D (Nigel) Garrard

A P (Abi) Cleland

S L (Samantha) Lewis

G J (John) Pizzey

A R H (Rob) Sindel

J L (Jeremy) Sutcliffe

All Directors except A R H (Rob) Sindel served on the Board for the period from 1 July 2018 to 30 June 2019. A R H (Rob) Sindel was appointed as a Director on 26 March 2019. T J (Tom) Gorman joins as a Director on 2 September 2019.

The qualifications, experience and special responsibilities of the current Directors, and other directorships held by them during the previous three years, are set out on pages 12 to 13 of this Annual Report.

Company Secretary

A L (Ann) Stubbings is the Company Secretary of the Company, having commenced the position on 25 September 2013. Ms Stubbings' qualifications and experience are set out on page 15 of this Annual Report.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of Board Committees) held during the period from 1 July 2018 to 30 June 2019, and the number of meetings attended by each Director.

		Board		Audit & Compliance Committee		Executive Committee		Human Resources Committee		Nomination Committee**
Scheduled Meetings		12		4		2		4		–
Unscheduled Meetings		2		–		–		–		–
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
A P Cleland	14	14	4	4	1*	–	4	4	–	–
N D Garrard	13	14	4*	–	2	2	4*	–	–	–
S L Lewis	14	14	4	4	1	2	4*	–	–	–
G J Pizzey	14	14	3*	–	1	2	4	4	–	–
C I Roberts	14	14	4	4	2	2	4	4	–	–
A R H Sindel***	6	6	1*	–	–	–	1	1	–	–
J L Sutcliffe	14	14	4	4	1*	–	4	4	–	–

* Indicates that although the Director is not a member of a specific committee, the Director attended the meeting. Due to the size of the Orora Board, it is the practice of all of the Directors to attend the meetings of the Audit & Compliance and Human Resources Committee meetings.

** All Nomination Committee matters were dealt with by the full Board during the financial year.

*** Mr Sindel was appointed as Director on 26 March 2019. He attended all Directors' meetings from his date of appointment to 30 June 2019.

A Number of meetings attended.

B Number of meetings held during the time the Director held office (in the case of Board meetings) or as a member of the committee during the year (in the case of committee meetings).

Operating and financial review

An operating and financial review of the consolidated entity during the financial year and the results of these operations begins at page 8 of this Annual Report.

State of affairs

There have been no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2019 other than as disclosed in this Annual Report.

Principal activities

The principal activities of the consolidated entity are set out on page 1 of this Annual Report. There were no significant changes in the nature of the principal activities of the consolidated entity during the financial year ended 30 June 2019.

Events subsequent to the end of the financial year

On 2 August 2019, Orora announced to the market that a significant item after tax expense of $55.8 million will be recognised in the statutory financial results for the year ended 30 June 2019, comprising $35.0 million relating to the final phase of decommissioning of the old Petrie Mill site and $20.8 million related to restructuring and asset revaluation charges to optimise operations and align the cost base to the market outlook. Further information can be found at www.ororagroup.com/investors and on page 71 of this Annual Report.

There have been no other matters or circumstances which have arisen between 30 June 2019 and the date of this report that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

Likely developments

The Operating and Financial Review section from pages 8 to 34 of this Annual Report contains information on the consolidated entity's business strategies and prospects for future financial years, and refers to likely developments in the consolidated entity's operations and the expected results of these operations in future financial years. Information on likely developments in the consolidated entity's business strategies, prospects and operations for future financial years and the expected results of those operations has not been included in this report where the Directors believe it would likely result in unreasonable prejudice to the consolidated entity. Details that could give rise to material detriment to the consolidated entity; for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, have also not been included.

Dividends

Dividends paid or declared by the Company to members during the financial year ended 30 June 2019 are set out in note 2.2 to the Financial Statements.

On 11 February and 13 August 2019, the Board authorised management to issue a request to the Trustee of the Orora Employee Share Trust to waive the entitlement of Treasury Shares held in the Trust to be paid the 2019 interim and final dividends. Refer to note 6.3 of the Financial Statements.

Environmental performance and reporting

The Orora Group is committed to continuous improvement of its environmental performance by finding better ways to manufacture and distribute its products. This is guided by the Orora Group's Environmental Policy, a copy of which is available on Orora's website.

(a) Carbon emissions

The *National Greenhouse and Energy Reporting* (*Safeguard Mechanism*) *Rule 2015* (Rule) made under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act) applies to facilities with direct CO_2 emissions (scope 1) of greater than 100,000 tonnes per year. These facilities are required to maintain their direct emissions below their historical peak level. Facilities that exceed their historical peak CO_2 emissions will be required to purchase CO_2 credits to offset their increase in emissions.

The only Orora Group facility that exceeds the 100,000 tonnes per year CO_2 threshold is the glass facility in Gawler, South Australia.

Following the recent capacity expansion at this facility, Orora received approval from the Clean Energy Regulator for a new calculated CO_2 Baseline under section 22 of the Rule. This facility complies with its obligations under the Rule.

(b) Greenhouse gas requirements

In Australia, the Orora Group is subject to reporting obligations under the NGER Act.

The NGER Act requires the Company to report on its annual Australian greenhouse gas emissions and energy use. The Orora Group has data gathering and management systems in place that comply with the NGER Act and the Clean Energy Regulator's audit processes. To comply with this obligation, Orora provides a report to the Clean Energy Regulator each year.

(c) Manufacturing

All of the Orora Group's manufacturing sites are subject to significant environmental regulation, including, where applicable, specific environmental licences. These licences require discharges to air, land and water to be below specified levels of contamination.

Compliance with these regulations and the Orora Group's overall environmental performance is monitored by Orora's internal Sustainability Team, which liaises directly with divisional and site-based health, safety and environment professionals. The Orora Group's environmental performance and material regulatory compliance is also discussed regularly at Executive Leadership Team meetings.

The Directors are not aware of any material breaches of environmental regulations or site-specific licences during or since the financial year ended 30 June 2019.

Statutory matters

Directors' interests

The relevant interests of each Director in the share capital of the Company as at the date of this report are as follows:

Name	No. of shares
Directors of Orora Limited	
A P Cleland	155,469
N D Garrard	3,340,967[1]
S L Lewis	109,196
G J Pizzey	133,363
C I Roberts	115,582
A R H Sindel	–
J L Sutcliffe	157,551

(1) Details of rights and options over shares in the Company held by N D Garrard and his related parties as at 30 June 2019 are set out in Table 10 of the Remuneration Report.

Unissued shares under option

Unissued ordinary shares or interests of the Company under option as at the date of this report are as follows:

Options granted	Expiry date	Issue price	Number under option
19 Feb 2014	30 Sep 2021	1.22	199,561
19 Feb 2014	30 Sep 2023	1.22	185,000
30 Oct 2015	30 Sep 2024	2.08	4,039,629
20 Oct 2016	29 Aug 2025	2.69	4,273,580
20 Oct 2017	30 Aug 2026	2.86	3,723,000
22 Oct 2018	31 Aug 2027	3.58	2,011,000

These options do not allow the holder to participate in any share or rights issue of the Company.

Shares issued on exercise of options

There were no ordinary shares of the Company issued during or since the financial year ended 30 June 2019 on the exercise of options granted over unissued shares or interests.

On-market share purchases to satisfy employee share plans

During the financial year ended 30 June 2019, 3,000,000 ordinary shares of the Company were purchased on-market and held on trust to satisfy obligations under the Company's employee incentive plans. The average price per security at which these shares were purchased was $3.48.

Indemnification and insurance of officers

In accordance with the Company's Constitution, the Company has entered into agreements with each person who is, or has been, an officer of the Company. This includes the Directors in office at the date of this report, all former Directors and other executive officers of the Company, indemnifying them against any liability to any person other than the Company, or a related body corporate that may arise from their acting as officers of the Company, notwithstanding that they may have ceased to hold office. There is an exception where the liability arises out of conduct involving a lack of good faith, or is otherwise prohibited by law.

During and since the end of the financial year ended 30 June 2019, the Company has paid or agreed to pay the premiums for an insurance policy to insure current and previous Directors and other executive officers of the Company against certain liabilities incurred in that capacity.

Due to the confidentiality obligations and undertakings set out in these agreements, no further details in respect of the premiums paid, or the terms of the agreements, can be disclosed.

No indemnity payment has been made under any of the documents referred to above during or since the financial year ended 30 June 2019.

Indemnification of auditors

The Company's auditor is PricewaterhouseCoopers (PwC). During and since the financial year ended 30 June 2019:

- no premium has been paid by the Company in respect of any insurance for PwC
- no indemnity has been paid by the Company in respect of PwC's appointment as auditor
- no officers of the Company were partners or directors of PwC, while PwC undertook an audit of the Company.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court, nor has any application for leave been made in respect of the Company, under section 237 of the *Corporations Act 2001*.

Non-audit services

During the year, PwC, the Company's auditor, performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the financial year ended 30 June 2019 by the auditor and, in accordance with written advice provided by resolution of the Audit & Compliance Committee, is satisfied that the provision of those non-audit services during the financial year by the auditors is compatible with the general standard of independence for auditors, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor. In particular, all non-audit services are approved in accordance with the non-audit services delegations and approvals framework and reported to the Audit & Compliance Committee at each meeting.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* can be found at the end of Remuneration Report within the Directors' Report.
- Details of the amounts paid to PwC and its related practices for audit and non-audit services provided during the financial year are set out in note 7.2 to the Financial Statements. In each case, the engagement of PwC was made on its merits (based on service level, expertise, cost, as well as geographical spread).

Rounding off

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and except where otherwise stated, amounts in the Financial Statements and Directors' Report have been rounded off to the nearest $100,000 or to zero where the amount is $50,000 or less.

Corporate Governance Statement

The key features of the Company's corporate governance framework are set out in the Corporate Governance Statement, which is available at: www.ororagroup.com/investors/corporate-governance-statement.

Remuneration report

Orora's remuneration framework balances short and long term returns to shareholders as demonstrated by the strong alignment between financial performance and executive remuneration outcomes.

JOHN PIZZEY
Chair, Human Resources Committee

Dear Fellow Shareholder,

On behalf of the Board, I am pleased to present Orora's Remuneration Report for the financial year ended 30 June 2019.

Company performance

Orora has established a track record of delivering year on year earnings growth, strong cash generation and disciplined capital management. The Company's results for 2019 report earnings growth, with underlying net profit after tax and earnings per share (EPS) higher, despite challenging economic and market conditions, particularly in North America. For the financial year ended 30 June 2019, Orora has delivered a 3.7% increase in earnings before interest and tax excluding significant items (EBIT) of $335.2 million.

Orora's executives are rewarded for annual performance against challenging business plans as well as longer term returns for shareholders. The 2019 financial year has delivered a solid set of results for Orora given the business faced more challenging economic and market conditions.

The short-term incentive (STI) assessment includes a number of financial and non-financial metrics (at a Group and individual level). The 2019 financial year STI outcome was at the lower end primarily as a result of EPS excluding significant items of 18.0 cents only increasing by a moderate 3.7% from the financial year ended 30 June 2018. This performance is reflected in STI payments for the executive key management personnel (Executive KMP), which were paid out between 17.6-23.3% of their maximum STI opportunity. This demonstrates the strong alignment between financial performance, executive remuneration outcomes and the challenging nature of the objectives set for the executives.

Orora's track record of year on year earnings growth is directly attributed to the continued focus on culture, leadership and innovation.

Improving long term value for shareholders

Driving long-term shareholder value is one of the key objectives of Orora's remuneration strategy. Orora's incentive plans achieve this by aligning challenging and relevant performance metrics with competitive and appropriate executive reward.

The Orora management team has delivered a cumulative total shareholder return (TSR) of 235.4% since listing in December 2013.

Orora's Executive KMP have been rewarded for achieving strong cumulative returns to shareholders. During the financial year ended 30 June 2019, the long-term incentive (LTI) – Tranche 3 grants awarded in the financial year ended 30 June 2014, which had a performance period of 1 January 2014 to 30 June 2018, fully vested. Following the end of the current reporting period, the LTI grant awarded in the financial year ended 30 June 2016, which had a performance period of 1 July 2015 to 30 June 2019, was tested. The outcome of this testing resulted in full vesting of options and a total of 96% vesting of rights.

Remuneration changes during the financial year

During the financial year ended 30 June 2019, a moderate fixed remuneration increase was provided to the Chief Financial Officer, aligned to both individual performance and positioning against the market. No increase was provided to the Managing Director and Chief Executive Officer.

No other changes were made to Orora's approach to remuneration during the financial year ended 30 June 2019.

Remuneration changes for the financial year ending 30 June 2020

Orora regularly reviews its approach to executive remuneration to ensure it remains relevant, competitive and appropriate in the context of changing business and economic environments.

Orora's LTI plan has undergone a recent change following a Board review of current and emerging market practice of similar sized manufacturing peer companies listed on the ASX, as well as discussions with external consultants. The Board has determined that options will no longer be used as part of Orora's LTI plan.

The Board has made this decision to better align with current market and emerging peer practice and to ensure the remuneration framework supports the overall business strategy, appropriately incentivises key executives, aligns with shareholder interests and Orora remains competitive for talent. Performance rights will now be the only form of grant under the LTI plan for the Managing Director and Chief Executive Officer and other key executives who are eligible to participate in the LTI plan. Performance will be measured across a three year period, with an additional one year holding restriction, to better align with market practice, whilst continuing to be an effective tool to attract, retain and engage key executives.

The changes to the LTI plan will apply to the incoming Managing Director and Chief Executive Officer, Mr. Brian Lowe, who takes office with effect from 1 October 2019.

Role of the Human Resources Committee

As Chair of the Human Resources Committee, it is my role, together with my fellow Committee members, to ensure that Orora's Senior Executives are motivated and incentivised to develop and lead their teams to successfully execute against a long-term strategy that grows the business in a manner consistent with Orora's company values, and generates shareholder returns.

Successful execution of this strategy relies heavily on the capabilities and engagement of all Orora team members. As such, the Human Resources Committee is also accountable for ensuring that Orora's talent management program appeals to, attracts and retains the best possible talent and develops that talent as a key differentiator for the Company.

Orora's management team has continued to embed its fit for purpose talent, development and diversity strategy during the period, and the Committee is pleased with the progress made in each of the key focus areas. This has included the targeted development of key talent through senior levels in each of Orora's businesses and regions, and the continued strong focus on the development and advancement of women at Orora.

It has been my pleasure to serve on the Board of Orora Limited and Chair the Human Resources Committee during the financial year ended 30 June 2019.

JOHN PIZZEY
Chair, Human Resources Committee

Remuneration report

Introduction

The Directors of Orora Limited (Orora or the Company) present the Remuneration Report (which forms part of the Directors' Report) prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) for the Company and its controlled entities (collectively, the Group or Orora Group) for the financial year ended 30 June 2019.

Structure of this report

Orora's 2019 Remuneration Report is divided into the following sections:

1. Key management personnel

For the purposes of this Remuneration Report, key management personnel (KMP) includes each of the Directors, both executive and non-executive, and nominated Senior Executives who have authority and responsibility for planning, directing and controlling the activities of the Orora Group, either directly or indirectly.

In this Remuneration Report, "Executive KMP" refers to the KMP other than the Non-Executive Directors (and includes the Managing Director and Chief Executive Officer). The use of the term "Senior Executives" in this remuneration report is a reference to the Managing Director and Chief Executive Officer and all of his direct reports (including the Other Executive KMP), not all of whom meet the definition of a KMP. References to "Other Executive KMP" means the Executive KMP excluding the Managing Director and Chief Executive Officer.

Non-Executive Directors have oversight of the strategic direction of the Orora Group but no direct involvement in the day-to-day management of the business.

Particulars of KMP and Senior Executives' qualifications, experience and special responsibilities are detailed on pages 12 to 15. The KMP covered in this report are listed in **Table 1** and were designated as KMP in the current year and comparative period unless otherwise stated.

Table 1

Name	Title
Non-Executive Directors	
C I (Chris) Roberts	Independent Non-Executive Director and Chairman
G J (John) Pizzey	Independent Non-Executive Director
J L (Jeremy) Sutcliffe	Independent Non-Executive Director
A P (Abigail) Cleland	Independent Non-Executive Director
S L (Samantha) Lewis	Independent Non-Executive Director
A R H (Rob) Sindel (joined 26 March 2019)	Independent Non-Executive Director
Executive KMP	
N D (Nigel) Garrard[(1)]	Managing Director and Chief Executive Officer
S G (Stuart) Hutton	Chief Financial Officer

(1) Mr Garrard will retire as Managing Director and Chief Executive Officer on 30 September 2019 and be succeeded by Mr Brian Lowe on 1 October 2019.

As announced to the ASX on 15 August 2019, Mr T J Gorman will commence as Independent Non-Executive Director on 2 September 2019.

1.1 Executive KMP service agreements

Orora formalises remuneration and other terms of employment for the Executive KMP in service agreements. Specific information relating to the terms of the Executive KMP's service agreements is set out in **Table 2**.

Table 2

Name	Term	Notice period	Redundancy/termination payment
N D Garrard(1)	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (total termination payment must not exceed 12 months' Total Fixed Remuneration).
S G Hutton	Open	6 months	Greater of amount payable required by law and payment in lieu of notice (total termination payment must not exceed 12 months' Total Fixed Remuneration).

(1) Mr Garrard will retire as Managing Director and Chief Executive Officer on 30 September 2019 and be succeeded by Mr Brian Lowe on 1 October 2019.

2. Remuneration governance

2.1 Governance framework

CONSULTATION WITH SHAREHOLDERS & OTHER STAKEHOLDERS

THE ORORA BOARD

The Board maintains overall accountability for the oversight of Orora's remuneration approach for all Orora executives, having regard to the recommendations made by the Human Resources Committee.

HUMAN RESOURCES COMMITTEE

Responsible for reviewing and making recommendations to the Board on matters including (but not limited to):

- remuneration of Non-Executive Directors
- remuneration of the Managing Director and Chief Executive Officer, Other Executive KMP and other Senior Executives
- at-risk remuneration policies and guidelines for all Orora executives
- talent management processes and programs – including succession planning for key leadership roles
- initiatives to deliver sustainable business success
- diversity across all Orora operations.

EXTERNAL ADVISORS

The Human Resources Committee may seek advice from independent remuneration consultants in determining appropriate Senior Executive remuneration.

During the financial year ended 30 June 2019, the Human Resources Committee did not obtain advice or a recommendation from any remuneration consultants but did enter discussions with external advisors relating to changes to Orora's long-term incentive plan commencing year ending 30 June 2020.

MANAGEMENT

Responsible for making recommendations to the Human Resources Committee on matters including (but not limited to):

- remuneration of the Other Executive KMP and other Senior Executives
- at-risk remuneration policies and guidelines for all Orora executives
- talent management processes and programs – including succession planning for key leadership roles
- initiatives to deliver sustainable business success
- diversity across all Orora operations.

INTERNAL ADVISORS

Orora employs in-house remuneration professionals who provide data to the Human Resources Committee on remuneration matters. This may take into consideration market information from external providers.

CORPORATE GOVERNANCE POLICIES RELATED TO EXECUTIVE KMP REMUNERATION

Remuneration report

2.2 Corporate governance policies related to Executive KMP remuneration

2.2.1 Senior executive reward and evaluation policy

The Board has a policy which outlines its commitment to ensure the structure of Orora Group remuneration is aligned to business outcomes that deliver value to shareholders. Systems of evaluation for performance of senior executive are based on predetermined key performance indicators, including alignment with Orora's company values. The Board retains discretion on variable remuneration outcomes to mitigate the risk of unintended award outcomes (including forfeiture or claw-back of LTI grants in certain circumstances) and to alter the vesting conditions of Performance Rights in certain circumstances.

Further detail can be found within the Corporate Governance Policies and Standards section of the Orora website at: www.ororagroup.com/investors/policies-and-standards.

2.2.2 Minimum shareholding policy

To strengthen alignment of the interests of the Executive KMP and other Senior Executives with value creation for shareholders, they must build and maintain a minimum shareholding of shares in the Company. The Managing Director and Chief Executive Officer is required to build and maintain a shareholding equivalent to 100% of total fixed remuneration within six years of his/her appointment and Other Executive KMP and other Senior Executives are required to build and maintain a shareholding equivalent to 50% of total fixed remuneration within six years of their appointment.

Once the relevant minimum shareholding has been reached, the Executive KMP and other Senior Executives must not dispose of Orora shares obtained from awards under Orora's equity-based incentive schemes granted on or after 1 January 2014, where to do so would result in them holding less than the relevant minimum shareholding. Further details can be found within the Corporate Governance Policies and Standards section of the Orora website at: www.ororagroup.com/investors/policies-and-standards.

2.2.3 Share trading policy

The Board has implemented blackout periods during which all Orora team members (including Executive KMP and other Senior Executives) and Non-Executive Directors are unable to trade in Orora shares. Further detail can be found within the Corporate Governance Policies and Standards section of the Orora website at: www.ororagroup.com/investors/policies-and-standards.

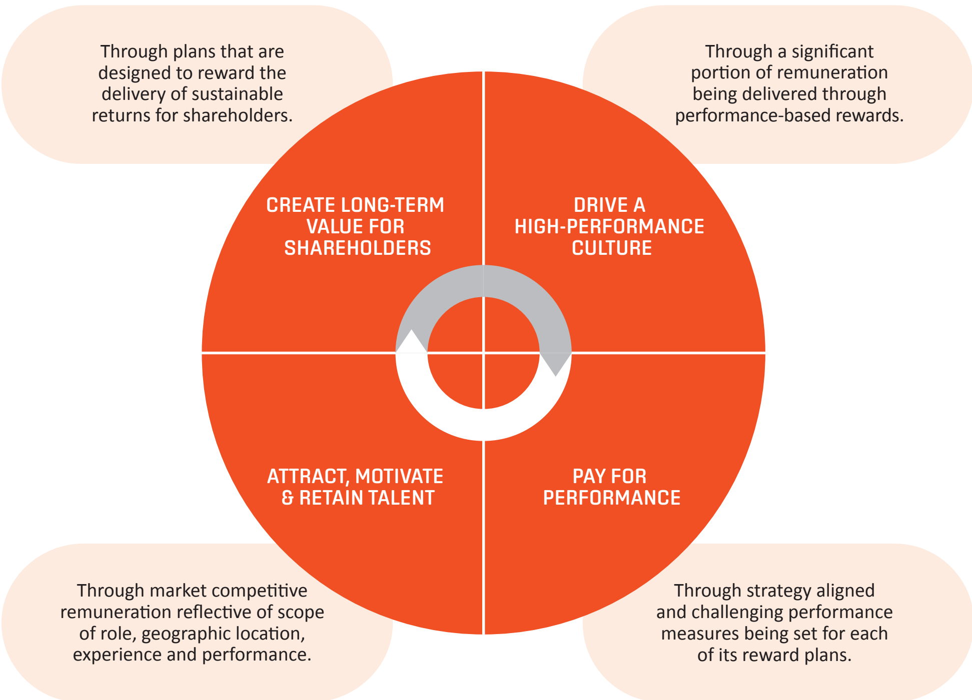
2.2.4 Hedging of securities

Executive KMP and other Senior Executives are prohibited under the Share Trading Policy from engaging in hedging arrangements over unvested securities issued under team member share plans. This prohibition extends to vested securities held by Executive KMP and other Senior Executives to which the Minimum Shareholding Policy applies. Non-Executive Directors do not participate in Orora's team member share plans.

3. Remuneration strategy and structure

3.1 Remuneration strategy

Orora's executive remuneration strategy is designed to drive a high performance culture, pay for performance, attract, motivate and retain talent and, ultimately, create long-term value for shareholders.



3.2 Remuneration framework for Executive KMP

The remuneration of Orora's Executive KMP is delivered using both fixed and variable (at-risk) components as outlined in **Table 3**. Specific outcomes and performance measures for the financial year ended 30 June 2019 are included in Section 4.

Table 3

Component	Payment vehicle	Performance measure/s	Link to strategy
Fixed remuneration Fixed remuneration for the Executive KMP is set by referencing the market median remuneration for similar roles in listed companies of similar size to Orora, competing in comparable geographic locations	Fixed remuneration consists of **cash salary and retirement benefits**[1].	Individual fixed remuneration is reflective of scope of role, geographic location, skills, responsibilities, experience and performance	Market competitive fixed remuneration is paid to attract, motivate and retain Executive KMP with the appropriate experience and talent to drive Orora's strategy.
+			
Short-term incentive (STI) (at risk) Orora's STI is designed to reward Executive KMP for the achievement of the key short-term performance measures in each financial year.	Any award achieved will be delivered, following the release of the end of year results, as **2/3 cash payment** and **1/3 deferred equity (Performance Rights)** – deferred for two years.	A scorecard of performance measures is used to determine any STI award payable. This is measured at Orora Group level. This scorecard represents the key priority areas for the current year and typically includes strategic initiatives and has a strong weighting towards financial growth and returns. A safety and performance overlay also applies.	The STI provides a reward linked to the delivery of short-term objectives, and the equity deferral both aligns overall reward outcomes to longer-term value creation for shareholders, and acts as a retention tool.
+			
Long-term incentive (LTI) (at risk) Orora's LTI is designed to reward Executive KMP for the achievement of long-term sustainable business outcomes and value creation for shareholders.	Executive KMP are allocated both **Performance Rights (75%)** and **Options (25%)** with vesting based on the delivery of set performance measures over a four-year performance period. Grants are made using market value (Performance Rights) and fair value (Options) but may be adjusted nominally at the Board's discretion.	1. CAGR in EPS with a RoAFE gateway 2. Relative Total Shareholder Return with an Absolute Total Shareholder Return gateway 3. Strategic Objective (applies to the MD & CEO only) An exercise price also applies to Options.	The LTI builds Executive KMP equity ownership. It also aligns the interests of the Executive KMP with shareholders by having an exercise price for Options, as no Options are earned unless earnings and returns increase and this is reflected in an increased share price.
=			
Total remuneration The sum of all fixed and variable (at-risk) elements of remuneration			

Optional component (used only on a limited basis)

Retention Share/Payment Plan (CEO Grant) Time-restricted (up to five years) shares or cash, subject to forfeiture in the event of voluntary termination or termination for cause.	Used on a limited basis at recruitment to replace existing entitlements from previous employers or as retention awards to existing executives.

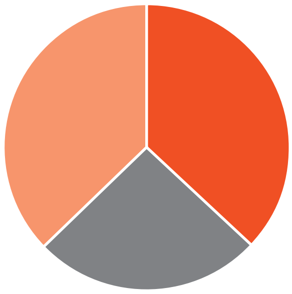
(1) Retirement benefits are delivered under defined contribution funds for all Executive KMP. Retirement benefits are set by reference to regulatory requirements in the relevant employing jurisdictions.

Remuneration report

3.3 Remuneration mix

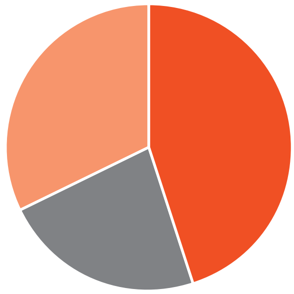
The current mix of remuneration components for Orora's Executive KMP is shown below and clearly demonstrates the emphasis placed on variable (at-risk) plans, designed to directly incentivise performance.

MD & CEO



Fixed	**37%**
STI	**26%**
LTI	**37%**

Other Executive KMP

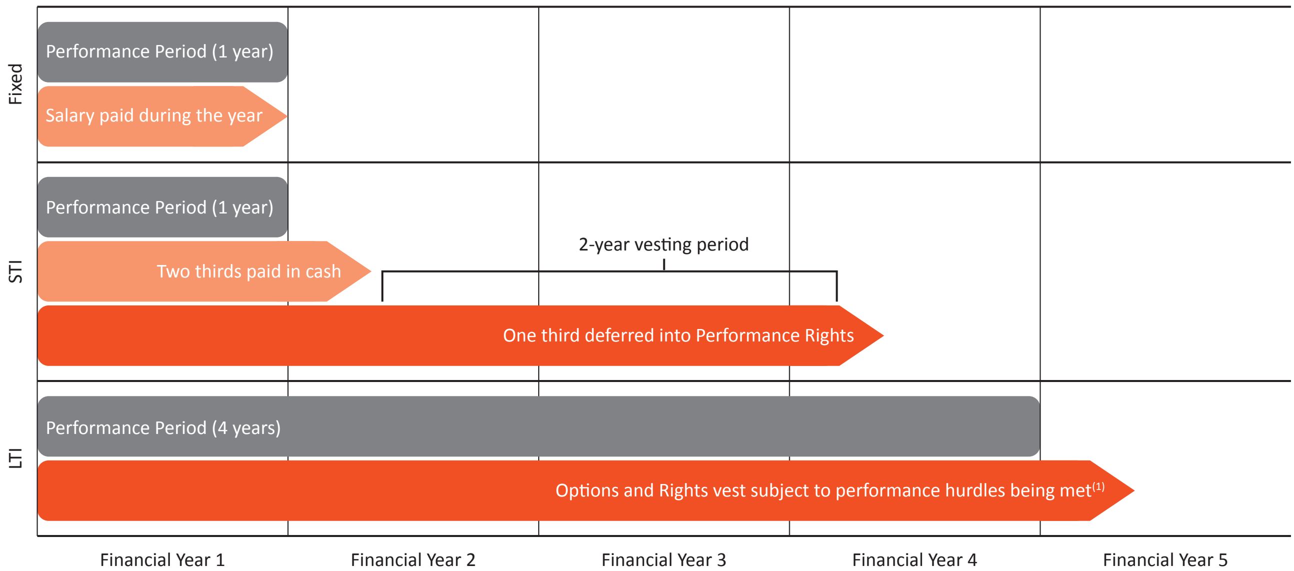


Fixed	**45%**
STI	**23%**
LTI	**32%**

3.4 Reward delivery

Each remuneration component for Orora's Executive KMP is delivered over a one to four-year horizon. **Chart 1** demonstrates the delivery of each remuneration component from the commencement of the performance period for each component in Financial Year 1.

Chart 1



(1) Commencing from FY20, the LTI will be Rights only.

4. FY19 Executive KMP remuneration

Orora has a strong performance-based culture. The Board seeks to foster this through rewarding Senior Executives for the achievement of the Group's short-term and long-term strategy and business objectives in a manner consistent with Orora's company values and with a view to generating above-average, sustainable returns for shareholders. The Board retains discretion on variable remuneration outcomes to mitigate the risk of unintended award outcomes, and to alter the vesting conditions of Performance Rights in certain circumstances.

4.1 Shareholder return information

Table 4 summarises key indicators of the performance of the Orora Group and relevant shareholder returns over the financial year ended 30 June 2019.

Table 4

Financial summary for year ended 30 June	2019(1)	2018(2)	2017(3)	2016(4)	2015
EBIT ($m)	**335.2**	323.4	302.3	272.1	225.1
Dividends per ordinary share (cents)	**13.0**	12.5	11.0	9.5	7.5
Closing share price (as at 30 June)	**$3.24**	$3.57	$2.86	$2.76	$2.09
EPS growth (%)	**3.7%**	11.5%	14.6%	24.8%	25.9%
NPAT ($m)	**217.0**	214.1	186.2	162.7	131.4
TSR (%)(5)	**(5.6%)**	29.0%	5.9%	36.1%	51.2%
Operating cash flow(6) ($m)	**268.9**	325.3	331.4	313.8	260.8
RoAFE(7) (%)	**13.0%**	14.0%	13.6%	12.7%	10.6%
AWC as a % of Sales (%)	**10.3%**	9.1%	8.4%	9.6%	10.3%

(1) EBIT, NPAT, EPS growth and RoAFE exclude the impact of the significant expense item of $29.2 million (after tax $20.8 million) in respect of restructuring and impairment charges that have been identified through a review of the Group's costs structures in both Australasia and North America and a significant item expense of $50.0 million (after tax $35.0 million) for additional decommissioning costs associated with the Petrie site.

(2) EBIT, NPAT, EPS growth and RoAFE exclude the impact of the profit on sale of the Smithfield site and costs recognised in respect of the restructure of the Fibre Packaging New South Wales business, additional costs associated with decommissioning the Petrie site and a one-off tax benefit from US tax reform measures. Refer to the 2018 Annual Report for further information.

(3) EBIT, NPAT, EPS growth and RoAFE exclude the impact of the Petrie decommissioning significant item. Refer to the 2017 Annual Report for further information.

(4) EBIT, NPAT, EPS growth and RoAFE exclude the one-off profit on the sale of the Petrie land. Refer to the 2016 Annual Report for further information.

(5) Total shareholder return (TSR) is calculated as the change in share price for the financial year, plus dividends paid during the financial year, divided by the opening share price for the financial year.

(6) Operating cash flow excludes cash significant items that are considered to be outside the ordinary course of operations and non-recurring in nature but includes net capital expenditure.

(7) Return on average funds employed (RoAFE) is calculated as EBIT excluding significant items divided by average funds employed.

4.2 Pay for performance

The Board has set challenging financial and non-financial performance targets for Senior Executives and has directly aligned Senior Executive incentives to the achievement of those targets for the financial year ended 30 June 2019.

The "Pay for Performance" link is clear:

Target performance achieved = target rewards paid.

Above-target performance achieved = above-target rewards paid.

Where the Orora Group's performance does not meet the Board's performance targets, either reduced or no benefits are earned from a Senior Executives' at-risk short-term or long-term incentive components.

An outline of the Orora Executive KMP remuneration framework is set out in section 3.2.

A summary of the outcomes for each reward component in the financial year ended 30 June 2019 is provided in sections 4.3, 4.4 and 4.5 in respect of the Executive KMP.

Remuneration report

4.3 Fixed remuneration

Fixed remuneration is reviewed for each of the Executive KMP by referencing the market median remuneration for similar roles in listed companies, of similar size to Orora, competing in comparable geographic locations.

A moderate adjustment was made for the CFO, Mr S G Hutton giving consideration to market position and individual performance. No increase was provided to the Managing Director and CEO, Mr N D Garrard.

4.4 Short-term incentive (STI)

As outlined in section 3.2 the Orora STI consists of two components, a cash component and a deferred equity component. Two-thirds of any STI award made annually is paid in the form of cash following the release of the end of year financial results, and one-third is deferred for a period of two years into time-based performance rights.

Performance measures are carefully selected at the start of the financial year that align to the key short-term priority areas for the Orora Group. An overview of achievements against each of the performance measures selected for the financial year ended 30 June 2019 is included in **Table 5**. Overall, the 2019 STI outcome was at the lower end primarily as a result of earnings per share excluding significant items of 18.0 cents only increasing by a moderate 3.7% from the financial year ended 30 June 2018 and non-achievement of key safety metrics, where applicable and appropriate. This performance is reflected in Executive KMP STI payments which were paid out between 17.6-23.3% of maximum STI opportunity. This demonstrates the strong alignment between financial performance and executive remuneration outcomes, and the challenging nature of the objectives set.

Table 5

KPI	Weighting	Overview of performance
Group earnings Earnings per Share (EPS)	50%[1]	Despite the challenging market conditions group earnings did grow in the financial year ended 30 June 2019, with underlying EPS before significant items being a moderate 3.7% ahead of the underlying EPS for the financial year ended 30 June 2018.
Group returns Return on average funds employed (RoAFE)	10%	In a difficult operating environment RoAFE fell from 14.0% to 13.0% in the financial year ended 30 June 2019.
Group asset management Average working capital (AWC) as a % of sales	10%	AWC continued to be a priority and the result for the financial year ended 30 June 2019 was slightly below the medium/long-term goal of being less than 10% of sales at 10.3%.
Personal strategic measures Performance against strategic measure/s in area of strategic influence	30%	The outcome of these measures varied by individual Executive KMP, and by individual objective, with assessments ranging from "partially achieved/not achieved" to "partially achieved/fully achieved."
Total Scorecard	**100%**	
Safety Overlay Performance and leadership against a selection of key safety metrics	If not met, may reduce STI award by up to 10%	Safety results for the financial year ended 30 June 2019 were disappointing and the overlay was applied where appropriate. A number of initiatives were launched across the business to address safety performance.

(1) A stretch weighting of 100% applies.

At the conclusion of the financial year ended 30 June 2019, the Board made an assessment on the performance of each Executive KMP against each of the agreed performance measures, and determined any STI award outcome payable based on this assessment. In their assessment, the Board also considered how the Executive KMP achieved performance:

- aligned to Orora's company values;
- how proactive they were in overcoming challenges in the delivery of the final outcome; and
- what their individual contribution was to the collective outperformance of Orora.

Details of the Executive KMP STI opportunity and actual payments received for the financial year ended 30 June 2019 are provided in **Table 6**.

Table 6

Name	STI % range	STI target % of TFR	Total STI earned ($)	STI earned as % of TFR	% of Maximum STI forfeited	Cash STI ($)	Deferred Performance Rights ($)	Deferred Performance Rights Number[1]
Executive Directors								
N D Garrard[2]	0% to 100% of TFR	70.0%	303,379	23.3%	76.7%	303,739	–	–
Other Executive KMP								
S G Hutton	0% to 75% of TFR	50.0%	119,680	17.6%	76.5%	79,787	39,893	12,350

(1) The cash and deferred performance rights will be granted in September 2019 following the determination of the STI. Deferred performance right allocations will be determined based on the volume-weighted average price of the Company's shares for the five trading days prior to 30 June 2019 ($3.23 per share). The Company intends that where deferred performance rights vest under the STI, the right to acquire a share in respect of each deferred performance right will be satisfied by the Company arranging to acquire shares on behalf of the recipient on market, however the Company may instead issue new ordinary shares to the recipient.

(2) Shareholder approval was obtained at 2018 Annual General Meeting for the grant of deferred performance rights to N D Garrard for the financial year ended 30 June 2019. The Board has exercised its discretion to settle the deferred performance rights that Mr Garrard (retiring as Managing Director and Chief Executive Officer of the Company on 30 September 2019) would have received under the STI in respect of the financial year ended 30 June 2019 by way of a cash payment. The amount paid to Mr Garrard was equivalent to the value of rights he would have received based on a VWAP of Orora shares for the five trading days up to and including 30 June 2019 of $3.23.

STI deferred performance rights

The Board considers the use of time-restricted equity in the form of deferred performance rights to be a key component of Orora's STI program. Orora uses deferred performance rights to provide for greater talent retention and alignment with shareholders' interests through exposure to Orora's share price movements.

The number of performance rights to be allocated under the STI to the Executive KMP is calculated as:

- one-third of the total STI award payable following the end of the performance period, divided by
- the volume-weighted average price of Orora shares for the five trading days prior to 30 June (the end of the performance period).

The vesting of deferred performance rights is subject to a continued service condition of two years (from the date of the grant). Each Executive KMP's allocation is subject to a risk of forfeiture if that member of the Executive KMP either voluntarily leaves Orora's employment during the restriction period, or if employment is terminated for cause.

4.5 Long-term incentive (LTI)

This section summarises both the LTI component of remuneration offered, and prior year LTI offers that vested for the Executive KMP, during the financial year ended 30 June 2019.

4.5.1 LTI awarded during the year

Incentive Securities

The LTI grant during the financial year ended 30 June 2019 (FY19 LTI Grant) was made up of two different incentive securities (Incentive Securities):

- **75% performance rights** to acquire fully paid ordinary shares in the Company (Rights)
- **25% options** over fully paid ordinary shares in the Company (Options).

Performance period and vesting

Performance will be assessed for the period from 1 July 2018 to 30 June 2022.

Vesting will occur following the release of the full year results for the financial year ending 30 June 2022, anticipated to be in August 2022. Vesting will occur prior to the ex-dividend date for the full year dividend.

Remuneration report

Performance hurdles

The performance hurdles that apply to the FY19 LTI Grant are detailed in **Table 7**, and consist of:

- EPS hurdle (based on the Company's compound annual growth rate (CAGR) in EPS over the relevant performance period), with a separate minimum "gateway" based on return on RoAFE
- TSR hurdle, which compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group, with a separate "gateway" based on Absolute TSR (aTSR), which requires that aTSR must not be negative
- Strategic Objective (which applies, at the Board's discretion, to the Managing Director & Chief Executive Officer only).

The combination of RoAFE and EPS represents a strong measure of overall business performance. Having an exercise price for Options ensures that this performance translates into value creation for shareholders, as no Options are earned unless the share price increases. The use of a relative TSR condition for Rights provides a shareholder perspective of the Company's relative performance against comparable ASX-listed companies, and actual shareholder returns, with the introduction of an aTSR gateway. The inclusion of a strategic objective is complementary to the other performance hurdles, and ensures the Managing Director & Chief Executive Officer is appropriately incentivised for performance which is consistent with long term value creation for shareholders.

Table 7

LTI hurdles

<table>
<tr><th colspan="4">Managing Director & Chief Executive Officer</th></tr>
<tr><td colspan="2">EPS hurdle (with a RoAFE gateway)
40% weighting</td><td>Relative TSR (with an aTSR gateway)
40% weighting</td><td>Strategic Objective
20% weighting</td></tr>
<tr><td>Options (100% of Options)</td><td>Rights (20% of Rights)</td><td colspan="2">Rights (80% of Rights)</td></tr>
<tr><th colspan="4">Other Executive KMP</th></tr>
<tr><td colspan="2">EPS hurdle (with a RoAFE gateway)
50% weighting</td><td colspan="2">Relative TSR (with an aTSR gateway)
50% weighting</td></tr>
<tr><td>Options (100% of Options)</td><td>Rights (1/3 of Rights)</td><td colspan="2">Rights (2/3 of Rights)</td></tr>
</table>

- **EPS hurdle with RoAFE gateway**

Incentive Securities subject to the EPS hurdle first need to meet a minimum RoAFE gateway in order to vest according to the EPS vesting schedule in **Chart 2**.

RoAFE will be calculated as earnings before interest and tax (excluding significant items, subject to Board discretion) divided by the average funds employed in each financial year at the 30 June testing date.

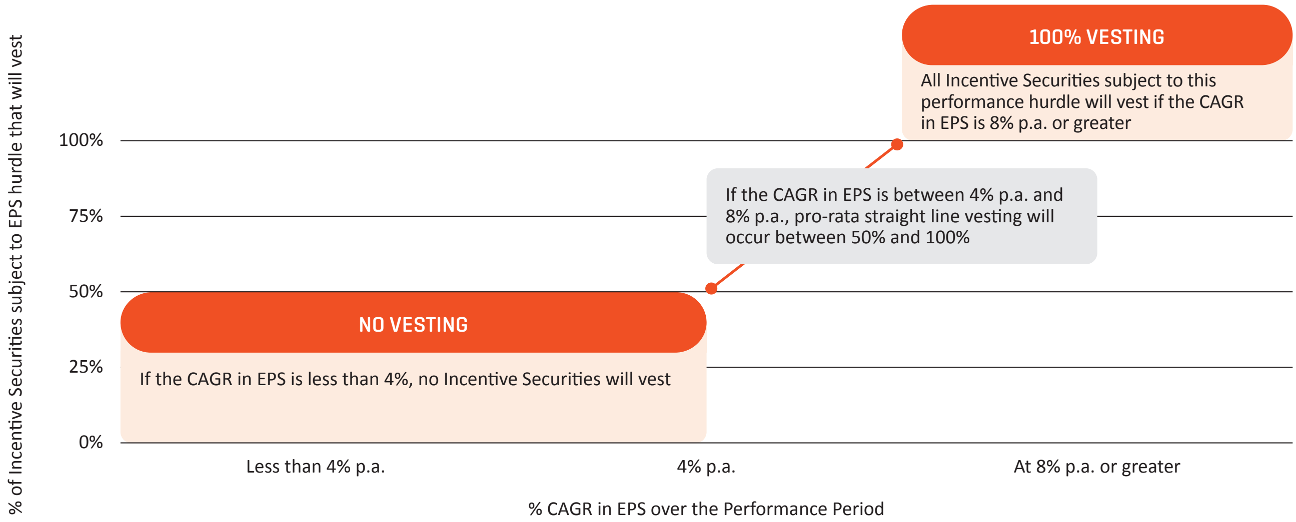
The RoAFE gateway, for the LTI grant for the financial year ended 30 June 2019 is **12.5%**. If the RoAFE gateway is not met in the relevant performance period set out above (Performance Period), all Incentive Securities in that grant subject to the EPS hurdle will lapse. If the RoAFE gateway for the grant is met in the relevant Performance Period, the Incentive Securities subject to the EPS hurdle will vest in accordance with the EPS vesting schedule in **Chart 2**.

EPS measures the earnings generated by the Company attributable to each Orora share. EPS is calculated based on net profit after tax (NPAT) excluding significant items calculated on a constant currency basis (subject to Board discretion) for the relevant financial year, divided by the weighted average number of Orora shares on issue.

The growth in the Company's EPS over the relevant Performance Period will be calculated as the increase in audited EPS over the base of **17.4 cents** (the normalised EPS outcome for the financial year ended 30 June 2018). The compound growth in EPS will be expressed as a cumulative percentage.

The percentage of Incentive Securities subject to the EPS hurdle (which vest subject to achievement of the RoAFE gateway) will be determined based on the performance achieved against the EPS vesting schedule set out in **Chart 2**, subject to any adjustments for significant items that the Board, in its discretion, considers appropriate.

Chart 2



- **TSR hurdle with absolute TSR (aTSR) gateway**

TSR measures the growth in the Company's share price together with the value of dividends declared and paid or any other returns of capital during the Performance Period against companies ranked 30 to 130 on the S&P/ASX index as at 1 July 2018 (Comparator Group).

The share price used to calculate the TSR of the Company and each Comparator Group company for the Performance Period will be measured as follows:

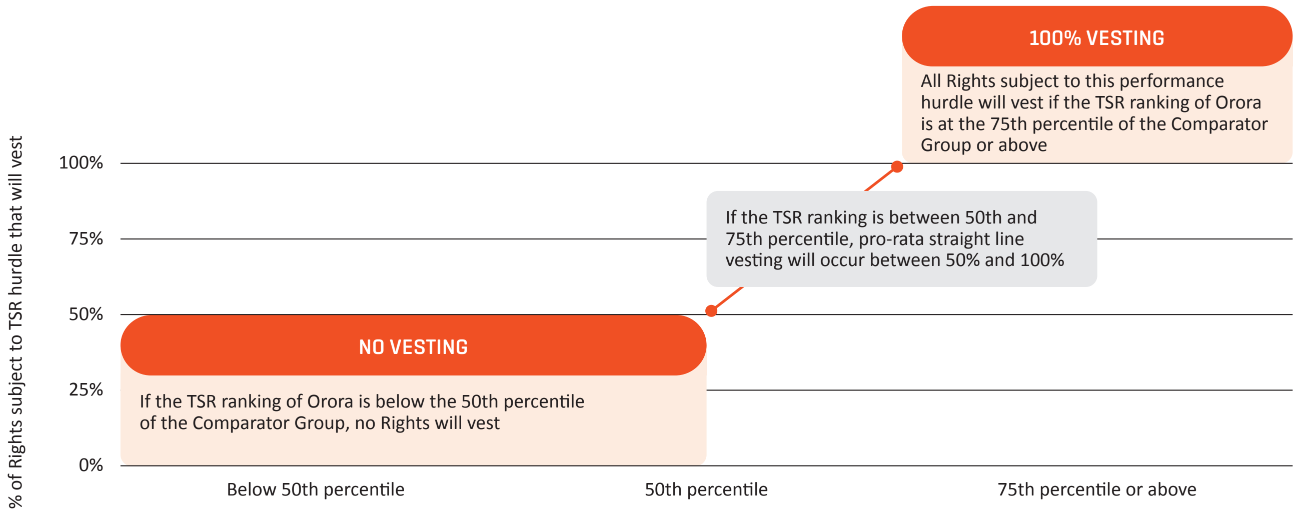
- the opening share price is the volume-weighted average price on the ASX of the Company, or the applicable Comparator Group company, for the final five trading days of the previous financial year (up to 30 June 2018)
- to ensure the impact of share price volatility is minimised, the closing price will be the volume-weighted average price on the ASX of the Company, or the applicable Comparator Group company, for the 20 trading days ending on the last trading day of the Performance Period (up to 30 June 2022).

The percentage of Rights subject to the TSR hurdle that vest, if any, will be determined by reference to the percentile ranking achieved by the Company, over the relevant Performance Period, compared to the other entities in the Comparator Group as outlined in **Chart 3**.

Rights subject to the TSR hurdle first need to meet a minimum aTSR gateway in order to vest according to the vesting schedule in **Chart 3**.

The aTSR gateway is a condition that Orora's aTSR over the Performance Period must not be negative. If Orora's aTSR over the Performance Period is negative, no Rights subject to the TSR hurdle will vest, regardless of Orora's relative TSR performance against the Comparator Group.

Chart 3



Remuneration report

Key features of the LTI

- The applicable rules for the LTI (Plan Rules) contain forfeiture and claw back provisions which will apply if an Executive KMP member has acted in a manner contrary to Orora values or in a manner that brings Orora, the Group or any company within the Orora Group into disrepute.
- The Board also retains discretion to alter the vesting conditions of Performance Rights where there is a material event (such as an acquisition, divestment or change of control) or other strategic initiative that affects the Company's capital structure and the relevance of the vesting conditions.
- Executive KMP are subject to the requirements of the Company's Share Trading Policy when dealing with Incentive Securities. Any dealing in respect of an unvested Right or unvested or unexercised Option is prohibited, unless the Board determines otherwise or the dealing is required by law.
- Incentive Securities do not carry any dividend or voting rights prior to vesting and, where applicable, prior to exercise.
- Executive KMP are not obliged to participate in the LTI offer.

4.5.2 LTI outcomes for the year

Table 8 shows the Company's performance against the targets set for both Tranche 3 of the LTI award granted to Executive KMP during the financial year ended 30 June 2014 and the FY16 LTI award granted to Executive KMP during the financial year ended 30 June 2016. The performance period for Tranche 3 was 1 January 2014 to 30 June 2018. The performance period for the FY16 LTI award was 1 July 2015 to 30 June 2019. An overview of these grants was detailed in the Remuneration Report included in the 2014 and 2016 Annual Reports respectively.

The performance hurdles for Tranche 3 were either met or exceeded and this resulted in 100% of Rights and Options for Tranche 3 vesting during the financial year ended 30 June 2019 (lapsed: 0%). The FY16 LTI award was tested following the end of the financial year ended 30 June 2019, being the end of the performance period. The performance hurdles were partially met and this will result in the partial vesting of the FY16 LTI award, which will occur during the financial year ending 30 June 2020.

Table 8
Testing of performance hurdles

		50% of vesting 100% Options & one-third Rights						50% of vesting two-third Rights		
		RoAFE gateway		EPS hurdle			Share price	Relative TSR		
LTI awards & performance periods	Testing date	RoAFE gateway	RoAFE[1] outcome	EPS vesting threshold (50%)	EPS vesting maximum (100%)	EPS[2] outcome constant FX	Greater than share price at offer	TSR vesting Threshold (50%)	TSR vesting Maximum (100%)	TSR outcome
FY16 1 July 2015 – 30 June 2019	**30-Jun-19**	**11.9**	**13.0**	**12.8**	**15.4**	**17.6**	**Yes**	**50th percentile**	**75th percentile**	**79th percentile**
FY14 Tranche 3 – 1 January 2014 – 30 June 2018	30-Jun-18	11.3	14.0	10.6	12.7	16.8	Yes	50th percentile	75th percentile	94th percentile

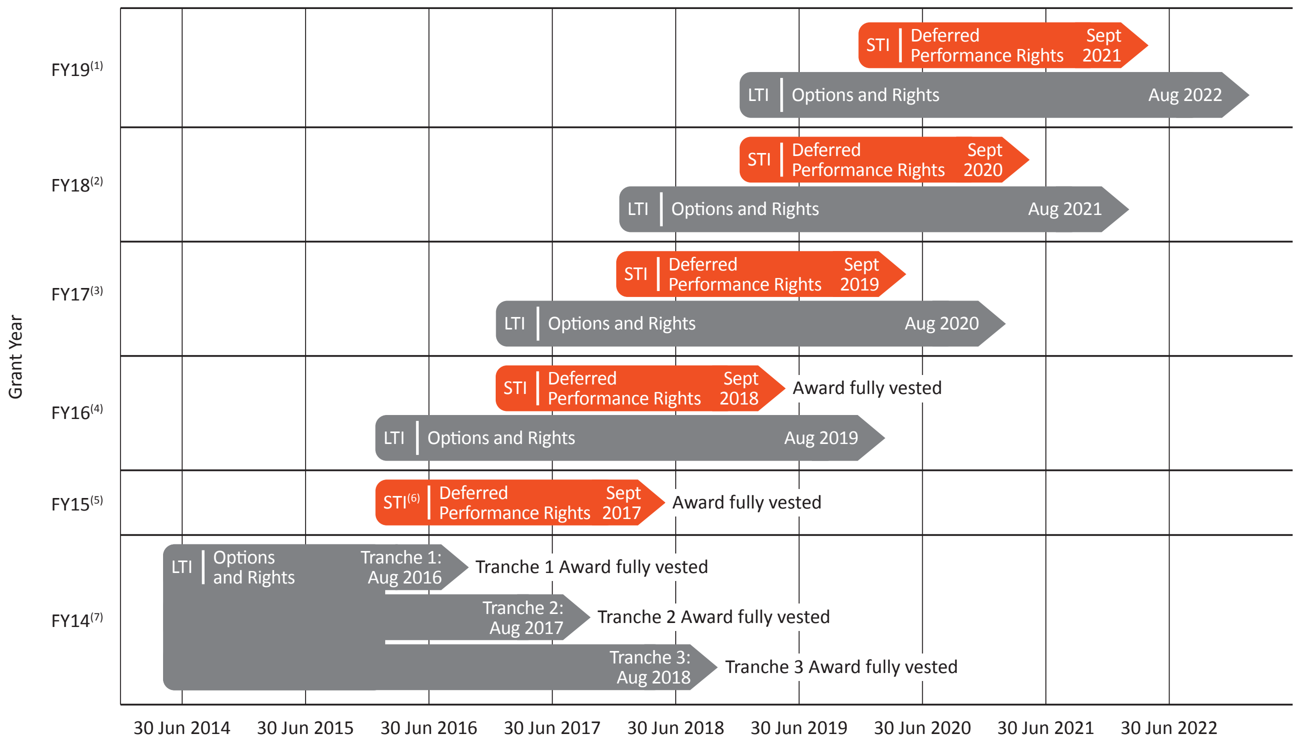
(1) Refer to Table 4, notes (1) and (2) in relation to the calculation of RoAFE.

(2) The EPS outcome is calculated on a constant currency basis for each LTI Grant. The Board exercised its discretion to calculate the FY16 LTI award excluding significant items. The EPS outcome for FY14 Tranche 3 was calculated excluding significant items and includes the one off benefit from the restatement of the US tax provision and the unbudgeted benefit from the lower US tax rates, as these items had no impact on the vesting calculation.

4.6 Grants of Options and Rights affecting remuneration

Chart 4 details awards granted that are still in progress (remain unvested) which impact Executive KMP remuneration for the financial year ended 30 June 2019.

Chart 4



Full service and performance conditions for rights and options granted in previous financial years are summarised in the Remuneration Report for the relevant year of grant.

(1) The Board has exercised its discretion to settle the deferred performance rights that Mr Garrard (retiring as Managing Director and Chief Executive Officer of the Company on 30 September 2019) would have received following approval by shareholders at the 2018 Annual General Meeting under the STI in respect of the financial year ended 30 June 2019 by way of a cash payment. The amount paid to Mr Garrard was equivalent to the value of rights he would have received based on a VWAP of Orora shares for the five trading days up to and including 30 June 2019 of $3.23. For all Other Executive KMP, the STI deferred performance rights relating to the financial year ended 30 June 2019 will be granted in September 2019. Vesting is subject to a continued service condition of two years (from the date of grant). The cash component of the STI award will also be paid in August 2019. The LTI for N D Garrard was granted on 22 October 2018 following shareholder approval at the 2017 Annual General Meeting. Grants to all Other Executive KMP occurred on the same day, 22 October 2018. Vesting is subject to the EPS hurdle with a RoAFE gateway, Relative TSR hurdle (comparator group: ASX 30-130) with aTSR gateway and the Company's share price being greater than the exercise price for Options. Vesting date will be following the announcement of the full year results for the financial year ended 30 June 2022, and will occur prior to the ex-dividend date for the full year dividend. The Options may be exercised after vesting until their expiry date (being five years from the date of vesting).

(2) The STI deferred performance rights were granted on 20 October 2018, following shareholder approval at the 2017 Annual General Meeting in respect of the grant to N D Garrard. Vesting is subject to a continued service condition of two years (from the date of the grant). The cash component of the STI award was paid on 31 August 2018. The LTI for N D Garrard was granted on 20 October 2017 following shareholder approval at the 2017 Annual General Meeting. Grants to all Other Executive KMP occurred on the same day, 20 October 2017. Vesting is subject to the EPS hurdle with a RoAFE gateway, Relative TSR hurdle (comparator group: ASX 30-130) with aTSR gateway and the Company's share price being greater than the exercise price for Options. Vesting of the LTI grant to N D Garrard is also subject to a strategic objective hurdle. Vesting date will be following the announcement of the full year results for the financial year ended 30 June 2021, and will occur prior to the ex-dividend date for the full year dividend. The Options may be exercised after vesting until their expiry date (being five years from the date of vesting).

(3) The STI deferred performance rights were granted on 20 October 2017, following shareholder approval at the 2016 Annual General Meeting in respect of the grant to N D Garrard. Vesting is subject to a continued service condition of two years (from the date of the grant). The cash component of this STI award was paid on 16 August 2017. The LTI for N D Garrard was granted on 30 October 2016 following shareholder approval at the 2016 Annual General Meeting. Grants to all Other Executive KMP occurred on the same day, 30 October 2016. Vesting is subject to the EPS hurdle with a RoAFE gateway, Relative TSR hurdle (comparator group: ASX 30-130) and the Company's share price being greater than the exercise price for Options. Vesting date will be following the announcement of the full year results for the financial year ended 30 June 2020, and will occur prior to the ex-dividend date for the full year dividend. The Options may be exercised after vesting until their expiry date (being five years from the date of vesting).

(4) The STI deferred performance rights were granted on 21 September 2016. Vesting is subject to a continued service condition of two years (from the date of grant). The cash component of this STI award was paid on 15 August 2016. The LTI was granted on 30 October 2015. Vesting is subject to an EPS hurdle with RoAFE gateway, Relative TSR hurdle (comparator group: ASX 50-150) and the Company's share price being greater than exercise price for the Options. Vesting of the LTI will follow the announcement of the full year results from the financial year ended 30 June 2019, and will occur prior to the ex-dividend date for the full year dividend. The Options may be exercised after vesting until their date of expiry (being five years from the date of vesting).

(5) The STI deferred performance rights were granted on 8 October 2015. Vesting at 1 September 2017 is subject to a continued service condition of two years (from the date of the grant). The cash component of this STI award was paid on 15 September 2015.

(6) An ASX waiver from the requirement in Listing Rule 10.14 to obtain separate shareholder approval for the grant of deferred performance rights to N D Garrard under the STI was obtained at the time of the Orora Group's demerger from Amcor Ltd. This waiver applies to the 2014, 2015 and 2016 STI grants. The 2014 grant fully vested during the financial year ended 30 June 2017, the 2015 grant fully vested during the financial year ended 30 June 2018 and the 2016 STI grant fully vesting during the financial year ended 30 June 2019.

(7) The LTI grant to N D Garrard occurred on 21 October 2014 following shareholder approval at the 2014 Annual General Meeting. LTI grants for all Other Executive KMP occurred on 1 May 2014 as disclosed in the 2014 Annual Report. Vesting subject to EPS hurdle with RoAFE gateway, Relative TSR hurdle (comparator group: ASX 50-150) and the Orora share price being greater than exercise price for Options. The Award was split into three tranches as detailed in the 2014 and 2015 Annual Reports. Tranche 1 fully vested during the financial year ended 30 June 2017, Tranche 2 fully vested during the financial year ended 30 June 2018 whilst Tranche 3 fully vested during the financial year ended 30 June 2019. The Options may be exercised after vesting until their expiry date (being five years from the date of vesting).

Remuneration report

4.7 Summary of all remuneration received by Executive KMP

Details of the nature and amount of each element of remuneration of the Executive KMP are presented in **Table 9**. All Executive KMP were employed for the full financial year ended 30 June 2019.

Table 9

		Employee benefits						
		Short term			Long term	Post employment	Value of share-based payments(2)	
		Base salary	Other benefits(1)	Cash STI	Long service leave	Super-annuation benefits	Options and rights	Total employee compensation
Executive Director								
N D Garrard Managing Director and Chief Executive Officer	**2019**	**1,284,468**	**246**	**303,739**	**32,053**	**23,138**	**1,348,571**	**2,992,215**
	2018	1,272,000	257	538,313	36,906	25,000	1,949,640	3,822,116
Other Executive KMP								
S G Hutton Chief Financial Officer	**2019**	**655,718**	**–**	**79,787**	**22,362**	**25,000**	**486,299**	**1,269,166**
	2018	636,250	–	204,488	19,662	25,000	589,403	1,474,803
D J Lewis(3) Group General Manager, Strategy	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	340,125	39,423	78,760	9,709	25,000	240,090	733,107
Total	**2019**	**1,940,186**	**246**	**383,526**	**54,415**	**48,138**	**1,834,870**	**4,261,381**
	2018	2,248,375	39,680	821,561	66,277	75,000	2,779,133	6,030,026

(1) Other benefits include costs associated with employment (inclusive of any applicable fringe benefits tax).

(2) The figures in this column for share-based payments are not actually provided to the Executive KMP in the financial periods presented. The amounts represent the accounting fair value of restricted shares, options, rights and performance rights granted, collectively referred to as the "grants". In accordance with the Accounting Standards the accounting fair value of the grants is recognised proportionally over the grant's performance period. Refer to sections 4.4 and 4.6 for further details of the grants, their performance conditions and performance periods. Changes in the value of share-based payments is primarily due to awards being expensed over their respective performance periods.

The amounts presented above, for both 2018 and 2019, represent management's best estimate, at the date of this report, of the likelihood that the performance conditions of the grants will be met and will therefore vest, at which point the Executive KMP will be entitled to receive the share-based payment. If the performance conditions are not met, the Executive KMP will not be entitled to the share-based payment.

(3) D J Lewis ceased to be a KMP effective 30 April 2018 upon his resignation. The employee benefits above for Mr Lewis therefore represent the period 1 July 2017 to 30 April 2018, and include termination and other benefits paid upon his resignation.

4.8 Executive KMP: Ordinary shareholding and holding of Options and Rights over equity instruments

Table 10 shows the movements of Orora ordinary shares, and the Options and Rights over Orora ordinary shares, held directly, indirectly or beneficially, by each Executive KMP, including their related parties during the financial year ended 30 June 2019 and for the comparative period.

Table 10

		Movements during the financial period					Additional information		
Name and holding		Opening balance	Granted/ received on exercise(1)	Sold/ exercised	Purchased	Closing balance	Vested during the year(6)	Balance vested and not yet exercised	Accounting fair value of grant yet to vest ($)(2)
Executive Director									
N D Garrard									
Ordinary Shares	**2019**	**3,893,684**	**2,618,464**	**(3,598,464)**	**887**	**2,914,571**	**–**	**–**	**–**
	2018	3,138,002	2,683,596	(1,928,596)	682	3,893,684	–	–	–
Short Term Incentive Awards									
– Deferred Performance Rights	**2019**	**248,493**	**75,183**(3)	**(128,964)**(6)	**–**	**194,712**	**128,964**	**–**	**593,023**
	2018	323,060	119,529	(194,096)	–	248,493	194,096	–	713,427
Long Term Incentive Awards									
– Share Options	**2019**	**5,954,000**	**666,000**(4)	**(1,750,000)**(6)	**–**	**4,870,000**	**1,750,000**	**–**	**2,503,660**
	2018	6,399,000	1,305,000(5)	(1,750,000)	–	5,954,000	1,750,000	–	2,968,080
– Performance Rights	**2019**	**1,895,500**	**273,500**(4)	**(739,500)**(6)	**–**	**1,429,500**	**739,500**	**–**	**2,733,481**
	2018	2,293,000	342,000(5)	(739,500)	–	1,895,500	739,500	–	3,228,393
Other Executive KMP									
S G Hutton									
Ordinary Shares	**2019**	**966,948**	**862,525**	**(1,384,395)**	**–**	**445,078**	**–**	**–**	**–**
	2018	903,980	877,968	(815,000)	–	966,948	–	–	–
Short Term Incentive Awards									
– Deferred Performance Rights	**2019**	**81,900**	**28,559**(3)	**(47,525)**(6)	**–**	**62,934**	**47,525**	**–**	**192,398**
	2018	110,493	34,375	(62,968)	–	81,900	62,968	–	234,082
Long Term Incentive Awards									
– Share Options	**2019**	**2,046,500**	**243,000**(4)	**(575,000)**(6)	**–**	**1,714,500**	**575,000**	**–**	**883,165**
	2018	2,156,000	465,500(5)	(575,000)	–	2,046,500	575,000	–	928,825
– Performance Rights	**2019**	**643,000**	**99,500**(4)	**(240,000)**(6)	**–**	**502,500**	**240,000**	**–**	**994,117**
	2018	761,000	122,000(5)	(240,000)	–	643,000	240,000	–	1,007,740

(1) The aggregate equity securities granted to/received by all participants in each of the equity incentive schemes (other than the Executive KMP), during the 2019 financial year are as follows: STI (deferred performance rights) 489,415; LTI (Options) 1,215,500 and LTI (Rights) 1,110,500. In respect of the LTI, awards are only exercisable upon satisfaction of performance conditions whilst the STI award vests on 1 September 2021. Each share option, performance right and deferred performance right entitles the holder to one fully paid Orora ordinary share. The accounting value of all Options granted to the Executive KMP during the financial year ended 30 June 2019 is as follows: N Garrard $253,080 and S Hutton $92,340. The fair value of all Options exercised by the Executive KMP during the financial year ended 30 June 2019 is as follows: N Garrard $3,881,669 and S Hutton $1,293,750.

(2) This represents the maximum accounting value of the STI awards (deferred performance rights) and the LTI awards (Options and Rights) as at their grant date. The minimum possible total value of these grants is nil if the applicable performance/vesting conditions are not met.

(3) The STI awards were granted on 22 October 2018, have an accounting fair value at the date of the grant of $3.15 and will expire on 1 September 2021. No exercise price is applicable to the deferred performance rights granted.

(4) The LTI Options and Rights were granted on 22 October 2018. The Options have an exercise price of $3.58, an accounting fair value of $0.38 at the date of the grant and will expire on 31 August 2027. The Rights granted have an accounting fair value of $1.72 for N Garrard and $1.91 for S Hutton, no exercise price is payable in respect of the Rights granted. No awards granted during the period vested during the period.

(5) The LTI Options and Rights were granted on 20 October 2017. The Options have an exercise price of $2.86, an accounting fair value of $0.63 as at the date of the grant and will expire on 30 August 2026. In respect of the Rights granted they have an accounting fair value of $2.26 for N Garrard and $2.36 for S Hutton, no exercise price is payable in respect of the Rights granted.

(6) Of the awards that vested during the period no price was payable in respect of the STI deferred performance rights or LTI Rights, an exercise price of $1.22 per share was paid in respect of the LTI Options that vested and were exercised. There are no amounts unpaid on shares provided as a result of the exercise of STI deferred performance rights, LTI Rights or LTI Options during the financial year ended 30 June 2019. No LTI Options lapsed during the financial year ended 30 June 2019.

Remuneration report

5. FY19 Non-Executive Director remuneration

5.1 Fee Policy

The Non-Executive Director fee policy enables the Company to attract and retain high-quality Directors with relevant experience. The fee policy is reviewed annually by the Human Resources Committee. The fees are set after consideration of fees paid by companies of comparable size, complexity, industry, and geography, and reflect the qualifications and experience necessary to discharge the Board's responsibilities.

The current Non-Executive Director aggregate fee limit is $1,900,000 as approved by shareholders at the 2015 Annual General Meeting.

Non-Executive Directors receive an annual fixed "base" fee for their role as board members, plus additional fees for chairs and members of Board Committees to reflect the additional time and responsibility required. Members of the Nomination Committee do not receive any additional fees. The Chairman receives an annual fixed fee but does not receive additional fees for his involvement with Committees. No increase was made to fixed base fees or committee fees, during the financial year ended 30 June 2019. An allowance previously provided to Non-Executive Directors to cover the costs incurred in respect of performing their duties has been added to the fixed base fee.

5.2 Performance-based remuneration and minimum shareholding

Non-Executive Directors do not receive performance-based remuneration and are not granted equity instruments by Orora as part of their compensation.

Non-Executive Directors are not subject to a minimum shareholding policy. This is consistent with the principles of independence and impartiality adopted by the Board.

5.3 Non-Executive Director remuneration outcomes

Table 11

$		Base and Committee Fees(1)	Superannuation Benefits	Total Compensation
C I Roberts	**2019**	**397,531**	**25,000**	**422,531**
	2018	388,804	25,000	413,804
G J Pizzey	**2019**	**210,909**	**20,036**	**230,945**
	2018	208,809	19,837	228,646
J L Sutcliffe	**2019**	**210,909**	**20,036**	**230,945**
	2018	208,809	19,837	228,646
A P Cleland	**2019**	**210,909**	**20,036**	**230,945**
	2018	208,807	19,837	228,644
S L Lewis	**2019**	**215,795**	**20,501**	**236,296**
	2018	213,669	20,022	233,691
A R Sindel(2)	**2019**	**53,490**	**5,082**	**58,572**
	2018	–	–	–
Total	**2019**	**1,299,543**	**110,691**	**1,410,234**
	2018	1,228,898	104,533	1,333,431

(1) The Base and Committee Fee includes an allowance to cover costs the incurred in respect of a Director performing their duties.

(2) Mr. Sindel joined the Board on 26 March 2019.

5.4 Non-Executive Directors' ordinary shareholdings

Table 12

Number of shares		Opening balance	Purchased	Other[1]	Closing balance
C I Roberts	**2019**	**579,269**	**4,582**	**(468,269)**	**115,582**
	2018	1,153,188	32,235	(606,154)	579,269
G J Pizzey	**2019**	**133,363**	**–**	**–**	**133,363**
	2018	132,123	1,240	–	133,363
J L Sutcliffe	**2019**	**152,262**	**5,289**	**–**	**157,551**
	2018	150,000	2,262	–	152,262
A P Cleland	**2019**	**151,288**	**4,181**	**–**	**155,469**
	2018	147,637	3,651	–	151,288
S L Lewis	**2019**	**104,867**	**4,329**	**–**	**109,196**
	2018	101,087	3,780	–	104,867
A R Sindel	**2019**	**–**	**–**	**–**	**–**
	2018	–	–	–	–

Directors' Declaration

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 29 August 2019.

C I ROBERTS
Chairman

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Orora Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Orora Limited and the entities it controlled during the period.

ANTON LINSCHOTEN
Partner

PricewaterhouseCoopers

Melbourne
29 August 2019

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Financial report

This is the financial report of Orora Limited (the Company) and its subsidiaries (collectively referred to as the Group).

The financial report has been prepared in a style that attempts to make the report less complex and more relevant to shareholders. The note disclosures have been grouped into a number of sections with each section also including details of the accounting policies applied in producing the relevant note, along with details of any key judgements and estimates used.

Notes to the financial statements provide information required by statute, accounting standards or Listing Rules to explain a particular feature of the financial statements. The notes which follow also provide explanation and additional disclosures to assist readers in their understanding and the interpretation of the Annual Report and the financial statements.

IN THIS SECTION

Financial statements

Notes to the Financial statements

Income Statement

For the financial year ended 30 June 2019

$ million	Note	2019	2018
Sales revenue	1.1	**4,761.5**	4,248.0
Cost of sales		**(3,891.3)**	(3,441.0)
Gross profit		**870.2**	807.0
Other income	1.4	**13.7**	46.4
Sales and marketing expenses		**(233.6)**	(209.9)
General and administration expenses		**(394.3)**	(322.8)
Profit from operations	1.1	**256.0**	320.7
Finance income		**0.4**	0.3
Finance expenses		**(39.8)**	(34.8)
Net finance costs		**(39.4)**	(34.5)
Profit before related income tax expense[1]		**216.6**	286.2
Income tax expense[2]	4.1	**(55.4)**	(74.0)
Profit for the financial period attributable to the owners of Orora Limited		**161.2**	212.2
		Cents	**Cents**
Profit per share attributable to the ordinary equity holders of Orora Limited[1], [2]			
Basic earnings per share	1.3	**13.4**	17.7
Diluted earnings per share	1.3	**13.3**	17.4

(1) Profit for the current period includes significant expense item of $29.2 million (after tax $20.8 million) in respect of restructuring and impairment charges that have been identified through a review of the Groups cost structures in both Australasia and North America and a significant item expense of $50.0 million (after tax $35.0 million) for additional decommissioning costs associated with the Petrie site. Profit for the comparative period includes a significant item income of $32.4 million (after tax $22.7 million) representing the gain recognised in respect of the sale of the Smithfield New South Wales site and a significant item expense of $35.1 million (after tax $24.6 million) recognised in respect of the restructure of the fibre Packaging New South Wales businesses and additional expected costs associated with decommissioning the Petrie site. Refer note 1.2 for further information.

(2) The income tax expense for the comparative period includes a net one-off tax benefit of $5.5 million related to US tax reform changes enacted during that financial period.

The above Income Statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

For the financial year ended 30 June 2019

$ million	2019	2018
Profit for the financial period	**161.2**	212.2
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Cash flow hedge reserve		
Unrealised gains on cash flow hedges	**0.2**	8.3
Realised (gains)/losses transferred to profit or loss	**(4.6)**	5.8
Realised (gains)/losses transferred to non-financial assets	**(0.1)**	0.1
Tax effect	**1.4**	(4.4)
Exchange fluctuation reserve		
Exchange differences on translation of foreign operations	**16.7**	0.1
Net investment hedge of foreign operations	**1.0**	(1.2)
Other comprehensive income for the financial period, net of tax	**14.6**	8.7
Total comprehensive income for the financial period attributable to the owners of Orora Limited	**175.8**	220.9

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2019

$ million	Note	2019	2018
CURRENT ASSETS			
Cash and cash equivalents	2.3	**70.3**	87.6
Trade and other receivables	3.1	**674.4**	606.1
Inventories	3.2	**642.0**	559.1
Derivatives	5.4	**4.0**	9.8
Other current assets	3.4	**55.5**	55.5
Total current assets		**1,446.2**	1,318.1
NON-CURRENT ASSETS			
Property, plant and equipment	3.5	**1,765.5**	1,693.7
Goodwill and intangible assets	3.6	**614.7**	494.7
Derivatives	5.4	**4.3**	6.3
Other non-current assets	3.4	**87.5**	104.3
Total non-current assets		**2,472.0**	2,299.0
Total assets		**3,918.2**	3,617.1
CURRENT LIABILITIES			
Trade and other payables	3.3	**999.1**	951.2
Interest-bearing liabilities	2.3	**1.0**	1.7
Derivatives	5.4	**3.0**	4.4
Current tax liabilities		**10.6**	8.7
Provisions	3.8	**146.9**	132.7
Total current liabilities		**1,160.6**	1,098.7
NON-CURRENT LIABILITIES			
Other payables		**12.8**	21.4
Interest-bearing liabilities	2.3	**959.3**	753.4
Derivatives	5.4	**2.6**	4.0
Deferred tax liabilities	4.2	**82.3**	83.3
Provisions	3.8	**56.1**	25.8
Total non-current liabilities		**1,113.1**	887.9
Total liabilities		**2,273.7**	1,986.6
NET ASSETS		**1,644.5**	1,630.5
EQUITY			
Contributed equity	2.4.1	**488.0**	499.7
Treasury shares	2.4.1	**(3.9)**	(19.8)
Reserves	2.4.2	**164.7**	152.1
Retained earnings	2.4.3	**995.7**	998.5
TOTAL EQUITY		**1,644.5**	1,630.5

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the financial year ended 30 June 2019

$ million	Note	Contributed equity	Cash flow hedge reserve	Share-based payment reserve	Demerger reserve	Exchange fluctuation reserve	Retained earnings	Total equity
		Attributable to owners of Orora Limited						
Balance at 1 July 2017		472.3	(6.9)	18.1	132.9	(0.1)	930.5	1,546.8
Net profit for the financial period	2.4.3	–	–	–	–	–	212.2	212.2
Other comprehensive income/(loss):								
Unrealised gains on cash flow hedges		–	8.3[1]	–	–	–	–	8.3
Realised losses transferred to profit or loss		–	5.8[1]	–	–	–	–	5.8
Realised losses transferred to non-financial assets		–	0.1[1]	–	–	–	–	0.1
Exchange differences on translation of foreign operations		–	–	–	–	(1.1)	–	(1.1)
Deferred tax		–	(4.4)	–	–	–	–	(4.4)
Total other comprehensive income/(loss)		–	9.8	–	–	(1.1)	–	8.7
Transactions with owners in their capacity as owners:								
Proceeds received from employees on exercise of options	2.4.1	6.3	–	–	–	–	–	6.3
Purchase of treasury shares	2.4.1	(7.7)	–	–	–	–	–	(7.7)
Dividends paid	2.2 & 2.4.3	–	–	–	–	–	(144.2)	(144.2)
Settlement of options and performance rights	2.4.1	9.0	–	(9.0)	–	–	–	–
Share-based payment expense	7.1	–	–	8.4	–	–	–	8.4
Balance at 30 June 2018		**479.9**	**2.9**	**17.5**	**132.9**	**(1.2)**	**998.5**	**1,630.5**
Impact of change in accounting policy (note 7.8.1)	2.4.3	**–**	**–**	**–**	**–**	**–**	**(7.3)**	**(7.3)**
Restated balance at 1 July 2018		**479.9**	**2.9**	**17.5**	**132.9**	**(1.2)**	**991.2**	**1,623.2**
Net profit for the financial period	2.4.3	**–**	**–**	**–**	**–**	**–**	**161.2**	**161.2**
Other comprehensive income/(loss):								
Unrealised gains on cash flow hedges		**–**	**0.2**[1]	**–**	**–**	**–**	**–**	**0.2**
Realised gains transferred to profit or loss		**–**	**(4.6)**[1]	**–**	**–**	**–**	**–**	**(4.6)**
Realised gains transferred to non-financial assets		**–**	**(0.1)**[1]	**–**	**–**	**–**	**–**	**(0.1)**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**17.7**	**–**	**17.7**
Deferred tax		**–**	**1.4**	**–**	**–**	**–**	**–**	**1.4**
Total other comprehensive income/(loss)		**–**	**(3.1)**	**–**	**–**	**17.7**	**–**	**14.6**
Transactions with owners in their capacity as owners:								
Proceeds received from employees on exercise of options	2.4.1	**5.4**	**–**	**–**	**–**	**–**	**–**	**5.4**
Purchase of treasury shares	2.4.1	**(10.5)**	**–**	**–**	**–**	**–**	**–**	**(10.5)**
Shares used to settle Team Member Share Plan Issue	2.4.1	**1.3**	**–**	**–**	**–**	**–**	**–**	**1.3**
Dividends paid	2.2 & 2.4.3	**–**	**–**	**–**	**–**	**–**	**(156.7)**	**(156.7)**
Settlement of options and performance rights	2.4.1	**8.0**	**–**	**(8.0)**	**–**	**–**	**–**	**–**
Share-based payment expense	7.1	**–**	**–**	**6.0**	**–**	**–**	**–**	**6.0**
Balance at 30 June 2019		**484.1**	**(0.2)**	**15.5**	**132.9**	**16.5**	**995.7**	**1,644.5**

(1) During the 12-months to 30 June 2019 gains relating to the valuation of forward exchange contracts of $0.3 million (2018: gains of $7.9 million) and losses on interest rate swap contracts of $0.1 million (2018: gains of $0.4 million), were recognised in the cash flow hedge reserve. In addition, gains of $6.9 million (2018: losses of $3.3 million) relating to forward exchange contracts and losses of $2.3 million (2018: losses $2.5 million) relating to interest rate swap contracts were transferred to profit or loss, whilst a gain of $0.1 million relating to forward exchange contracts (2018: gain of $0.4 million on forward exchange contracts and a loss of $0.5 million relating to the time value of options) was transferred to non-financial assets. Refer to note 5.4 for further information on these derivative instruments.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the financial year ended 30 June 2019

$ million	Note	2019	2018
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the financial period		**161.2**	212.2
Depreciation	1.5	**122.9**	113.6
Amortisation of intangible assets	1.5	**10.0**	8.3
Net impairment losses on property, plant and equipment, intangibles, receivables and inventory		**2.2**	7.7
Net finance costs		**39.4**	34.5
Net loss/(gain) on disposal of non-current assets	1.4	**0.3**	(31.6)
Fair value loss/(gain) on financial instruments at fair value through income statement		**0.5**	(2.0)
Share-based payment expense	1.5	**6.0**	8.4
Restructuring and decommissioning expense		**79.2**	35.1
Other sundry items		**6.4**	23.9
Income tax expense	4.1	**55.4**	74.0
Operating cash inflow before changes in working capital and provisions		**483.5**	484.1
– (Increase)/Decrease in prepayments and other operating assets		**3.8**	(38.2)
– Increase/(Decrease) in provisions		**(33.3)**	(32.8)
– (Increase)/Decrease in trade and other receivables		**14.9**	(31.6)
– (Increase)/Decrease in inventories		**(39.4)**	(72.5)
– Increase/(Decrease) in trade and other payables		**(36.9)**	94.5
		392.6	403.5
Interest received		**0.4**	0.3
Interest and borrowing costs paid		**(43.6)**	(33.2)
Income tax paid		**(51.5)**	(41.6)
Net cash inflow from operating activities		**297.9**	329.0
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
(Granting)/repayment of loans to associated companies and other persons		**(0.2)**	0.1
Payments for acquisition of controlled entities and businesses, net of cash acquired		**(144.1)**	(15.4)
Payments for property, plant and equipment and intangible assets	1.1	**(190.2)**	(188.9)
Proceeds on disposal of non-current assets		**2.7**	48.0
Net cash flows used in investing activities		**(331.8)**	(156.2)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from exercise of employee share options		**5.4**	6.3
Payments for treasury shares	2.4.1	**(10.5)**	(7.7)
Proceeds from borrowings		**2,534.4**	1,670.6
Repayment of borrowings		**(2,358.4)**	(1,664.9)
Principal lease repayments		**(0.8)**	(0.7)
Dividends paid and other equity distributions	2.2	**(156.7)**	(144.2)
Net cash flows from/(used in) financing activities		**13.4**	(140.6)
Net (decrease)/increase in cash held		**(20.5)**	32.2
Cash and cash equivalents at the beginning of the financial period		**87.6**	53.4
Effects of exchange rate changes on cash and cash equivalents		**3.2**	2.0
Cash and cash equivalents at the end of the financial period[1]	2.3	**70.3**	87.6

(1) For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank and short-term money market investments, net of outstanding bank overdrafts. Refer to note 2.3 for details of the financing arrangements of the Group.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the financial year ended 30 June 2019

About this report

Orora Limited (the Company) is a for-profit entity for the purposes of preparing this financial report and is domiciled in Australia. The Company and its subsidiaries (collectively referred to as the Group) are primarily involved in the manufacture and supply of packaging products and services to grocery, fast moving consumer goods and industrial markets.

This financial report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations adopted by the AASB, and the *Corporations Act 2001*. The financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB);
- has been prepared under the historical cost basis except for financial instruments which have been measured at fair value. Non–derivative financial instruments are measured at fair value through the income statement;
- is presented in Australian dollars with values rounded to the nearest $100,000 unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- presents reclassified comparative information where required for consistency with the current period presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2018;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective; and
- has applied the Group accounting policies consistently to all periods presented, with the exception of AASB 15 *Revenue from Contracts with Customers*, which is only applicable from 1 July 2018 (refer note 7.8.1).

This general purpose financial report for the Group for the year ended 30 June 2019 was authorised for issue with a resolution of the Directors on 29 August 2019. The Directors have the power to amend and reissue the financial report.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled entities. Details of the controlled entities (subsidiaries) of the Company are contained in note 6.1.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the Group obtains control until the date that control ceases. The subsidiary financial statements are prepared for the same reporting period as the parent company, using consistent accounting policies and all balances and transactions between entities included within the Group are eliminated.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting when control is obtained by the Group.

Foreign currency

Items included in the financial statements of each of the entities included within the Group are measured using the currency of the economic environment in which the entity primarily generates and expends cash (the 'functional currency'). These financial statements are presented in Australian dollars, which is the functional and reporting currency of the Company, Orora Limited.

Transactions in foreign currencies are initially recorded in the functional currency of the entity using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses arising from the translation of the monetary assets and liabilities, or from the settlement of foreign currency transactions, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or net investment hedges. The amounts deferred in equity in respect of cash flow hedges are recognised in the income statement when the hedged item affects profit or loss and for net investment hedges when the investment is disposed of.

As at the reporting date, the assets and liabilities of entities within the Group that have a functional currency different from the presentation currency, are translated into Australian dollars at the rate of exchange at the balance sheet date and the income statements are translated at the average exchange rate for the year. The exchange differences arising on the balance sheet translation are taken directly to a separate component of equity in the Exchange Fluctuation Reserve.

Judgements and estimates

The preparation of the financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes:

Page		
86	Note 3.7	Impairment of non-financial assets
88	Note 3.8	Provisions
91	Note 4	Income tax
101	Note 5.4	Hedging instruments
110	Note 7.3	Commitments and contingent liabilities

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used, and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements.

The notes to the financial statements

The following notes include information which is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant due to its size or nature or the information:

- is important for understanding the Group's current period results;
- provides an explanation of significant changes in the Group's business – for example, business acquisitions; or
- it relates to an aspect of the Group's operations that are important to its future performance.

The notes are organised into the following sections:

- *Results for the year* – provides details on the results and performance of the Group for the year;
- *Capital structure and financing* – outlines how the Group manages its capital structure and related financing activities;
- *Assets and liabilities* – provides details of the assets used to generate the Group's trading performance and the liabilities incurred as a result;

- *Income tax* – provides information on the Group's tax position and the current and deferred tax charges or credits in the year;
- *Financial risk management* – provides information on how the Group manages financial risk exposures associated with holding financial instruments;
- *Group structure* – explains the characteristics of and changes within the group structure during the year;
- *Other notes to the financial statements* – provides additional financial information required by accounting standards and the *Corporates Act 2001*, including details of the Groups employee reward and recognition programs and unrecognised items.

Current Period Significant Events

Dividend

During the financial year the Group paid a 30% franked FY18 final dividend of $78.3 million and a 50% franked FY19 interim dividend of $78.4 million, both being 6.5 cents per ordinary share.

Since 30 June 2019 the Directors have determined a final dividend for FY19 of $78.4 million, 30% franked, of 6.5 cents per ordinary share. Refer note 2.2 for further details.

Business restructuring and decommissioning costs

Restructuring and Impairment

In May 2019, the Group announced that in response to the slow start to earnings experienced early in calendar 2019, cost structures in both Australasia and North America were being reviewed. The Group has completed this review and identified that certain parts of the business require restructuring to ensure operations are optimised and the cost base aligns with the expected market outlook.

As a result of this review a significant item expense of $29.2 million ($20.8 million after tax) has been recognised in respect of restructuring and impairment charges (refer note 1.2). This includes the recognition of an impairment charge of $5.2 million ($3.7 million after tax). This significant item expense is presented in 'general and administration' expense.

Decommissioning costs

The Group has recognised a significant item expense of $50.0 million (after tax $35.0 million) relating to additional costs associated with the decommissioning of the former Petrie Mill site (refer note 1.2). This significant item expense is presented in 'general and administration' expense.

The decommissioning of the Petrie site is a significant and complex exercise involving multiple government agencies. Recently the Group entered into an amended contract with the landowner in respect of finalisation of the scope for the final phase of remediation and decommissioning which resulted in the estimated costs to complete the remaining decommissioning to be higher than previously contemplated. The Group has engaged a specialist environmental consulting firm to manage the completion of the remaining remediation works.

The provision as at 30 June 2019 (refer note 3.8), represents management's best estimate in respect of the anticipated costs to complete the remediation, using all currently available information and considering applicable legislative and environmental regulations.

Refinancing

During the financial year the Group refinanced its Global Syndicated Facility due to mature in September 2019. The facility was increased by $50.0 million to $450.0 million with a maturity in April 2022. Concurrently, the US Syndicated Facility, due to mature in April 2021, was extended to mature in April 2024 and upsized from USD200.0 million to USD300.0 million.

There were no material changes to banking syndicate counterparties or commercial terms across either facility.

One of the two $50.0 million bilateral facilities, originally due to mature in September 2020, was renegotiated and its maturity changed to July 2019. Subsequent to 30 June 2019, this facility was refinanced under similar terms to the current agreement and matures in January 2022. As at 30 June 2019 the Group has not drawn down on the bilateral facilities.

Acquisitions

During the year the Group acquired the assets and operations of two North American based businesses which have expanded the Group's 'on demand' packaging solutions capability to customers across the USA, with a particular focus on the large and fast growing state of Texas. The acquisitions include:

Pollock Investments Incorporated

On 28 November 2018, the Group acquired 100% of the issued share capital of Pollock Investments Incorporated (Pollock). The consideration of USD81.8 million ($111.8 million) includes an indemnity holdback of USD5.0 million. During the period USD2.0 million of the indemnity holdback was paid. Of the remaining balance payable USD1.0 million is expected to be paid in August 2019 and the balance in November 2019.

Pollock is a market leading provider of packaging and facility supplies with distribution centres located throughout Texas, Georgia, North Carolina, New Jersey and California. The Pollock operations predominantly service the industrial, retail and facility supplies market segments and also operates a corrugated box manufacturing plant and in-house packaging design service in Dallas, Texas.

Bronco Packaging

On 31 August 2018, the Group acquired the assets and operations of Bronco Packaging Corporation, a business which serves corporate accounts in the fresh food and manufacturing industry and provides an 'on-demand' packaging delivery service to its customers which are predominately located in Texas. The consideration of USD20.6 million ($28.4 million) includes a deferred consideration payment of USD1.6 million, which was paid during the period.

The results of these businesses are included in the North America segment from their respective date of acquisition. Refer to note 6.2 for further details.

Section 1: Results for the year

IN THIS SECTION

This section focuses on the results and performance of the Group. On the following pages you will find disclosures explaining the Group's results for the year, segmental information, significant items and earnings per share.

This section also analyses the Group's profit before tax by reference to the activities performed by the Group and an analysis of key operating costs. Earnings before significant items, interest and related income tax expense (EBIT) is a key profit indicator for the Group. This measure reflects the way the business is managed and how the Directors assess the performance of the Group.

Financial highlights of the Group

- Sales revenue of $4,761.5 million, up 12.1%
- EBIT, before significant items, of $335.2 million, up 3.6%
- Earnings per share, before significant items of 18.0 cents, up 1.1%

1.1 Segment results

The Group's operating segments are organised and managed according to their geographical location. Each segment represents a strategic business that offers different products and operates in different industries and markets. The Corporate Executive Team (the chief operating decision-makers) monitor the operating results of the businesses separately for the purpose of making decisions about resource allocation and performance assessment.

The following summary describes the operations of each reportable segment.

Orora Australasia

This segment focuses on the manufacture of fibre and beverage packaging products within Australia and New Zealand. The products manufactured by this segment include glass bottles, beverage cans, wines closures, corrugated boxes, cartons and sacks, and the manufacture of recycled paper.

Orora North America

This segment, predominately located in North America, purchases, warehouses, sells and delivers a wide range of packaging and other related materials. The business also includes integrated corrugated sheet and box manufacturing and equipment sales capabilities, point of purchase retail display solutions and other visual communication services and the recently acquired Bronco Packaging and Pollock Investments (refer note 6.2).

Other

This segment includes the Corporate function of the Group.

Accounting policies

Segment performance is evaluated based on earnings before significant items, interest and related income tax expense (EBIT). This measure excludes the effects of significant items which are typically gains or losses arising from events that are not considered part of the core operations of the business whilst including items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Interest income and expenditure and other finance costs are not allocated to the segments, as this type of activity is managed at the Group level. Transfer prices between segments are priced on an 'arms-length' basis, in a manner similar to transactions with third parties, and are eliminated on consolidation.

Section 1: Results for the year (continued)

1.1 Segment results (continued)

The results of the reportable segments for the year ended 30 June 2019 and 30 June 2018 are set out below:

	Australasia		North America		Other		Total Reported	
$ million	2019	2018	2019(1)	2018	2019	2018	2019	2018
Reportable segment revenue								
Revenue from external customers	**2,150.0**	2,104.8	**2,611.5**	2,143.2	**–**	–	**4,761.5**	4,248.0
Inter-segment revenue	**64.4**	66.4	**–**	–	**–**	–	**64.4**	66.4
Total reportable segment revenue(2)	**2,214.4**	2,171.2	**2,611.5**	2,143.2	**–**	–	**4,825.9**	4,314.4
Reportable segment earnings								
Earnings before significant items, interest, tax, depreciation and amortisation	**342.0**	324.3	**149.7**	146.1	**(23.6)**	(25.1)	**468.1**	445.3
Depreciation and amortisation	**(95.4)**	(92.0)	**(33.1)**	(25.1)	**(4.4)**	(4.8)	**(132.9)**	(121.9)
Earnings before significant items, interest and tax	**246.6**	232.3	**116.6**	121.0	**(28.0)**	(29.9)	**335.2**	323.4
Significant items before related income tax (refer note 1.2)							**(79.2)**	(2.7)
Earnings before interest and tax							**256.0**	320.7
Capital spend on the acquisition of property, plant and equipment and intangibles	**146.0**	139.5	**34.9**	39.5	**9.3**	9.9	**190.2**	188.9
Receivables	**273.5**	278.1	**417.3**	348.7	**21.5**	22.5	**712.3**	649.3
Inventory	**431.1**	403.4	**211.6**	156.5	**(0.7)**	(0.8)	**642.0**	559.1
Payables	**(463.9)**	(485.6)	**(463.2)**	(381.3)	**(58.9)**	(58.8)	**(986.0)**	(925.7)
Working capital	**240.7**	195.9	**165.7**	123.9	**(38.1)**	(37.1)	**368.3**	282.7
Inter-segment working capital	**21.6**	27.3	**(21.1)**	(27.3)	**(0.5)**	–	**–**	–
Total reportable segment working capital	**262.3**	223.2	**144.6**	96.6	**(38.6)**	(37.1)	**368.3**	282.7
Average funds employed(3)	**1,835.5**	1,738.2	**819.4**	621.6	**(33.9)**	(49.0)	**2,621.0**	2,310.8
Operating free cash flow(4)	**198.0**	221.6	**96.9**	112.0	**(51.5)**	(38.3)	**243.4**	295.3

(1) For the period to 30 June 2019 the North America segment includes the results of operations the recently acquired Bronco Packaging and Pollock Investments businesses from their respective acquisition dates. Refer note 6.2 for further information.

(2) Across all segments, in accordance with AASB 15 *Revenue from contracts with Customers*, the timing of revenue recognition materially occurs at a point in time.

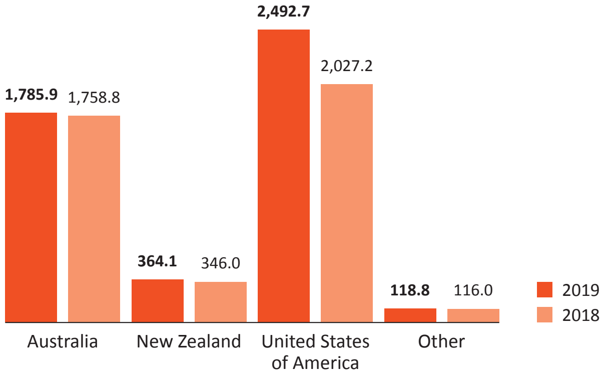
(3) Average funds employed excludes intersegment balances and represents net assets less net debt and assets under construction, at the beginning and end of the reporting period.

(4) Operating free cash flow represents the cash flow generated from the Groups operating and investing activities, before interest, tax and dividends. The operating free cash flow of the Australasia segment, for the period to 30 June 2018, includes an inflow of $45.5 million representing the proceeds received from the sale of the fibre converting and distribution site in Smithfield, New South Wales (refer note 1.2).

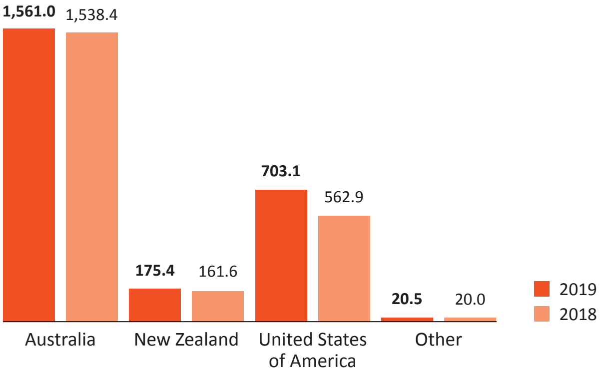
Geographical segments

In presenting information on the basis of geographical location both segment revenue and non-current assets are based on the location of the Orora business.

Revenue
$m



Non-current assets[1]
$m



(1) Non-current assets exclude deferred tax assets and non-current financial instruments.

Revenue by product

$ million	2019	2018
Fibre and paper-based packaging	**2,090.8**	2,066.2
Beverage packaging	**778.6**	736.3
Traded packaging products	**1,892.1**	1,445.5
Total sales revenue	**4,761.5**	4,248.0

No single customer, within an operating segment, generates revenue greater than 10% of the Group's total revenues.

Section 1: Results for the year (continued)

1.1 Segment results (continued)

Reconciliation of segmental measures

The following segmental measurements reconcile to the financial statements as follows:

Capital spend on the acquisition of property, plant and equipment and intangibles

$ million	2019	2018
Reported segment capital spend	**190.2**	188.9
Movement in capital creditors	**(4.1)**	3.4
Movement in prepaid capital items	**(2.3)**	0.1
Capitalised asset restoration costs	**(0.7)**	(0.6)
Other non-cash adjustments	**5.0**	2.4
Acquisition of property, plant and equipment and intangibles[1]	**188.1**	194.2

(1) Excludes balances acquired through business combinations. Refer notes 3.5 and 3.6.

Operating free cash flow

$ million	2019	2018
Reported segment operating free cash flow	**243.4**	295.3
Add back capital expenditure activities included in segment operating free cash flow	**149.2**	108.2
Less operating activities excluded from operating free cash flow:		
Interest received	**0.4**	0.3
Interest and borrowing costs paid	**(43.6)**	(33.2)
Income tax paid	**(51.5)**	(41.6)
Net cash flows from operating activities	**297.9**	329.0

Working capital

$ million	2019	2018
Reported segment working capital	**368.3**	282.7
Add/(Less) amounts included in working capital for management reporting purposes:		
Derivatives	**(1.1)**	(5.3)
Add/(Less) amounts excluded from working capital for management reporting purposes:		
Net capital receivables and payables	**3.5**	(13.9)
Loan receivables and other assets	**0.3**	–
Other payables	**(11.7)**	(10.1)
	359.3	253.4
Reconciles to the financial statements as follows:		
Trade receivables (note 3.1)	**674.4**	606.1
Inventories (note 3.2)	**642.0**	559.1
Trade and other payables (note 3.3)	**(999.1)**	(951.2)
Current prepayments (note 3.4)	**42.0**	39.4
	359.3	253.4

1.2 Significant items

Significant items are typically gains or losses arising from events that are not considered part of the core operations of the business.

$ million	Before tax	Tax (expense)/ benefit	Net of tax
2019			
General and administrative expense			
Restructuring and asset impairment	**(29.2)**	**8.4**	**(20.8)**
Decommissioning costs	**(50.0)**	**15.0**	**(35.0)**
Total significant item expense	**(79.2)**	**23.4**	**(55.8)**
2018			
Other income			
Profit on sale of Smithfield site	32.4	(9.7)	22.7
Total significant item income	32.4	(9.7)	22.7
General and administrative expense			
Restructuring and decommissioning costs	(35.1)	10.5	(24.6)
Total significant item expense	(35.1)	10.5	(24.6)
Total net significant item expense	(2.7)	0.8	(1.9)

2019

Restructuring and asset impairment
In May 2019, the Group announced that in response to the slow start to earnings experienced early in calendar 2019, cost structures in both Australasia and North America were being reviewed. The Group has since completed this review and identified that certain parts of the business require restructuring to ensure operations are optimised and the cost base aligns with the expected market outlook.

As a result of this review a significant item expense of $29.2 million ($20.8 million after tax) has been recognised in respect of restructuring and impairment charges. This includes the recognition of an impairment charge of $5.2 million ($3.7 million after tax). This significant item expense is presented in 'general and administration' expense.

Decommissioning costs
The Group has recognised a significant item expense of $50.0 million (after tax $35.0 million) relating to additional costs associated with the decommissioning of the former Petrie Mill site. This significant item expense is presented in 'general and administration' expense.

The decommissioning of the Petrie site is a significant and complex exercise involving multiple government agencies. Recently the Group entered into an amended contract with the landowner in respect of finalisation of the scope for the final phase of remediation and decommissioning which resulted in the estimated costs to complete the remaining decommissioning to be higher than previously contemplated. The Group has engaged a specialist environmental consulting firm to manage the completion of the remaining remediation works.

The provision as at 30 June 2019 (refer note 3.8), represents management's best estimate in respect of the anticipated costs to complete the remediation, using all currently available information and considering applicable legislative and environmental regulations.

2018

Sale of Smithfield
In August 2017, the Group announced a reorganisation of the Fibre Packaging New South Wales business, including the closure of the fibre converting and distribution site in Smithfield along with the Group's commitment to upgrade the plant and machinery of the nearby Revesby facility, into which the operations of the Smithfield site were to be consolidated.

During FY18, the Smithfield site was closed and the transfer of the site's operations into the nearby Revesby facility was completed. In September 2017, the Group sold the Smithfield site for total consideration of $45.5 million. A significant item gain of $32.4 million ($22.7 million after tax), representing the net profit on sale of the Smithfield site, was recognised and presented in 'other income'.

Restructuring and decommissioning costs
During the year ended 30 June 2018 a significant item expense of $35.1 million ($24.6 million after tax) was recognised in respect of the restructure of the Fibre Packaging New South Wales business, which included redundancies, transition costs and asset impairment charges related to the closure of the Smithfield site, and potential additional costs associated with decommissioning the Petrie site. This significant item expense was presented in 'general and administration' expense.

Section 1: Results for the year (continued)

1.3 Earnings per share (EPS)

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is calculated on the Group profit for the year attributable to ordinary shareholders of the Company of $161.2 million (2018: $212.2 million) divided by the weighted average number of shares on issue during the reporting period, excluding ordinary shares purchased by the Company and held as Treasury Shares, being 1,204.4 million (2018: 1,200.2 million).

Diluted EPS reflects any commitments made by the Group to issue shares in the future and so it includes the effect of the potential conversion of share options and rights granted to employees. To calculate the impact it is assumed that all share options and rights are exercised and new shares are issued.

Basic and Diluted EPS, before significant items, is presented below in order to show the business performance of the Group in a consistent manner and reflect how the business is managed and measured on a day-to-day basis. It is also a measure that is considered by the Board in determination of dividend payments.

Calculation of EPS

Calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

EPS attributable to the ordinary equity holders of Orora Limited

million	2019	2018
Profit for the financial period	**$161.2**	$212.2
Add back significant items (refer note 1.2)	**$55.8**	$1.9
Profit for the financial period, before significant items	**$217.0**	$214.1
Weighted average number of ordinary shares for basic earnings per share	**1,204.4**	1,200.2
Dilution due to share options and rights	**10.9**	16.4
Weighted average number of ordinary shares for diluted earnings per share	**1,215.3**	1,216.6
Basic earnings per share	**13.4c**	17.7c
Diluted earnings per share	**13.3c**	17.4c
Basic earnings per share, before significant items	**18.0c**	17.8c
Diluted earnings per share, before significant items	**17.9c**	17.6c

1.4 Income

$ million	2019	2018
Revenue from sale of goods	**4,761.5**	4,248.0
Net gain on disposal of property, plant and equipment	**–**	31.6
Service income	**7.2**	6.6
Other	**6.5**	8.2
Total other income	**13.7**	46.4

Accounting policies

The Group generates revenue primarily from the sale of packaging materials and products providing customers with an extensive range of tailored packaging and visual communication solutions.

The Group provides standard packaging materials to its customers as well as customer specific (made-to-order) packaging products. The Group also sources and provides packaging equipment/solutions to customers who enter into long-term agreements under bundled contract arrangement.

Revenue is recognised when control of the goods or services are transferred to the customer and the Group's right to payment arises. Revenue is measured on the consideration to which the Group expects to be entitled to in a contract with a customer. For certain customers the Group provides retrospective rebates once the quantity of product purchased during the period exceeds a threshold specified in the contract. For contracts that include rebates the amount of revenue recognised is adjusted to the anticipated rebates payable, which is based on the historical purchase history of the customer.

Refer to note 7.8.1 for further information regarding the nature and timing of the satisfaction of performance obligations in respect of revenue recognition.

1.5 Operating costs

Employee benefit expense

$ million	2019	2018
Wages and salaries	**825.2**	773.5
Workers' compensation and other on-costs	**44.7**	40.0
Superannuation costs – accumulation funds	**27.9**	27.1
Other employment benefits expense	**0.2**	4.4
Share-based payments expense		
– Options	**1.5**	1.9
– Performance rights and other plans	**4.5**	6.5
Total employee benefits expense	**904.0**	853.4

The Group's accounting policy for liabilities associated with employee benefits is contained in note 3.8, whilst the policy for share-based payments is set out in note 7.1.

Depreciation and amortisation

Depreciation in the year was $122.9 million (2018: $113.6 million) whilst the amortisation charge was $10.0 million (2018: $8.3 million). Refer to notes 3.5 and 3.6 for the Group's accounting policy and details on depreciation and amortisation.

Operating leases

The Group leases motor vehicles, plant and equipment and property which are classified as operating leases. The leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease, while any material lease incentive is recognised as an integral part of the total lease expense, over the term of the lease.

The lease rental payments expensed during the year was $111.4 million (2018: $97.3 million). There were no contingent rental payments (2018: nil).

Refer to note 7.3 for future operating lease commitments. Refer to note 7.8.2 for details of the potential impact of the new lease accounting policy in respect of the Group's operating leases.

Section 2: Capital structure and financing

IN THIS SECTION

This section outlines how the Group manages its capital structure and related financing, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure of the Group, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future. Maintaining capital discipline and balance sheet efficiency remains important to the Group, as seen through the refinancing activities undertaken during the year. Any potential courses of action in respect of the Group's structure take into account the Group's liquidity needs, flexibility to invest in the business and impact on credit ratings.

The Directors consider the Group's capital structure and dividend policy at least twice a year ahead of announcing results, and do so in the context of its ability to continue as a going concern, to execute the strategy and to invest in opportunities to grow the business and enhance shareholder value.

2.1 Capital management

Capital is defined as the combination of shareholders' equity, reserves and net debt. The key objective of the Group when managing its capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital and funding structure.

The aim of the Group's capital management framework is to maintain an investment grade credit profile, and the requisite financial metrics, to secure access to alternate funding sources with a spread of maturity dates and sufficient undrawn committed facility capacity and optimise, over the long term and to the extent practicable, the weighted average cost of capital to reduce the cost of capital to the Group while maintaining financial flexibility.

The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including on-balance sheet gearing and leverage ratios, and to ensure that its capital structure provides sufficient financial strength to allow it to secure access to debt finance at reasonable cost. At 30 June 2019, the Group's on-balance sheet gearing and leverage ratios were 35.1% (2018: 29.0%) and 1.9 times (2018: 1.5 times), respectively.

$ million	Note	2019	2018
Net debt			
Total interest-bearing liabilities	2.3	**960.3**	755.1
Less: Cash and cash equivalents	2.3	**(70.3)**	(87.6)
		890.0	667.5
Equity and reserves			
Contributed equity	2.4.1	**488.0**	499.7
Treasury shares	2.4.1	**(3.9)**	(19.8)
Reserves	2.4.2	**164.7**	152.1
Retained earnings	2.4.3	**995.7**	998.5
		1,644.5	1,630.5
Net Capital		**2,534.5**	2,298.0

In order to optimise the capital structure, the Group may:

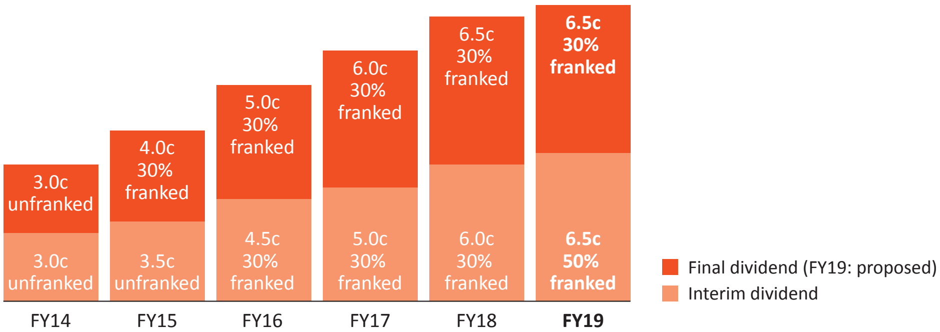
- adjust the amount of ordinary dividends paid to shareholders;
- maintain a dividend investment plan;
- raise or return capital to shareholders; and
- repay debt or raise debt for working capital and capital expenditure requirements, or to facilitate acquisitions in line with the strategic objectives and operating plans of the Group.

2.2 Dividends

	Cents per share	Total $ million
Declared and paid during the period		
For the year ended 30 June 2019		
Final dividend for 2018 (30% franked)	**6.5**	**78.3**
Interim dividend for 2019 (50% franked)	**6.5**	**78.4**
		156.7
For the year ended 30 June 2018		
Final dividend for 2017 (30% franked)	6.0	72.1
Interim dividend for 2018 (30% franked)	6.0	72.1
		144.2
Proposed and unrecognised at period end[(1)]		
For the year ended 30 June 2019		
Final dividend for 2019 (30% franked)	**6.5**	**78.4**
For the year ended 30 June 2018		
Final dividend for 2018 (30% franked)	6.5	78.0

(1) Estimated final dividend payable, subject to variations in the number of shares up to record date.

Shareholder distributions – cents per share



Dividend reinvestment plan

The Group operates a dividend reinvestment plan which allows eligible shareholders to elect to invest dividends in ordinary shares. All holders of Orora Limited ordinary shares with Australian or New Zealand addresses registered with the share registry are eligible to participate in the plan. The allocation price for shares is based on the average of the daily volume weighted average price of Orora Limited ordinary shares sold on the Australian Securities Exchange, calculated with reference to a period of not less than ten consecutive trading days as determined by the Directors.

Franking Account

Franking credits are available to shareholders of the Company at the 30.0% (2018: 30.0%) corporate tax rate. The interim dividend for 2019 was 50% franked, the proposed final dividend for 2019 is 30.0% franked (2018: 30.0% franked). The balance of franking credits available as at 30 June 2019 is $4.5 million (2018 $1.7 million). It is estimated that this will reduce by $10.0 million (2018: $10.0 million) after payment of the estimated final dividend on 21 October 2019. The Company is of the opinion that sufficient franking credits will arise from tax instalments expected to be paid in the year ending 30 June 2020.

Conduit Foreign Income Account

For Australian tax purposes non-resident shareholder dividends will not be subject to Australian withholding tax to the extent that they are franked or sourced from the Company's Conduit Foreign Income (CFI) Account. For the 2019 dividends, 50.0% of the 2019 interim dividend was sourced from the Company's CFI account, with 70% of the 2019 final dividend (2018: 70.0%) to be sourced from the CFI account. As a result all of the 2019 dividends paid to a non-resident will not be subject to Australian withholding tax. The balance of the conduit foreign income account as at 30 June 2019 is $141.5 million (2018: $79.6 million), it is estimated that this will reduce by $55.0 million (2018: $55.0 million) after payment of the estimated final dividend on 21 October 2019.

Section 2: Capital structure and financing (continued)

2.3 Net debt

In addition to the US Private Placement of notes of USD250.0 million, of which USD100.0 million matures in July 2023 and USD150.0 million in July 2025, the Group had access to the following facilities as at 30 June 2019:

- a $450.0 million revolving multicurrency facility through a syndicate of domestic and international financial institutions, which was upsized and extended in April 2019, maturing in April 2022;
- a USD300.0 million five-year USD revolving facility, through a syndicate of domestic and international financial institutions, which was upsized and extended in April 2019, maturing in April 2024; and
- two bilateral agreements for $50.0 million, each with separate domestic institutions, with one maturing in July 2019(1) and the other maturing in September 2020.

These facilities are unsecured. During both the current and comparative reporting period Orora Limited has complied with the financial covenants of its borrowing facilities.

(1) Subsequent to 30 June 2019, this facility was refinanced under similar terms to the current agreement and now matures in January 2022.

$ million	2019	2018
Cash on hand and at bank	**70.2**	86.9
Deposits at call	**0.1**	0.7
Total cash and cash equivalents	**70.3**	87.6
Lease liabilities due within one year	**1.0**	1.7
Current interest-bearing liabilities	**1.0**	1.7
Lease liabilities due after one year	**0.3**	–
Bank loans due after one year	**604.1**	415.3
US Private Placement due after one year	**354.9**	338.1
Non current interest-bearing liabilities	**959.3**	753.4
Total debt	**960.3**	755.1
Net debt	**890.0**	667.5

Accounting policies

Cash and cash equivalents
Cash and cash equivalents include cash at bank and on hand and short-term money market investments with an original maturity of three months or less and are classified as financial assets held at amortised cost.

Cash at bank earns interest at floating rates based on daily bank deposits. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The carrying value of cash and cash equivalents is considered to approximate fair value due to the assets liquid nature.

Bank loans
All loans and borrowings are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are measured at amortised cost using the effective interest rate method.

Interest-bearing liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss.

Interest-bearing liabilities are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the reporting period which are classified as non-current liabilities.

The US Private Placement notes have a carrying value of $356.1 million (excluding borrowing costs) while the fair value of the notes is $373.3 million. For all other borrowings, the fair values are not materially different to their carrying amount since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

2.3.1 Net debt reconciliation

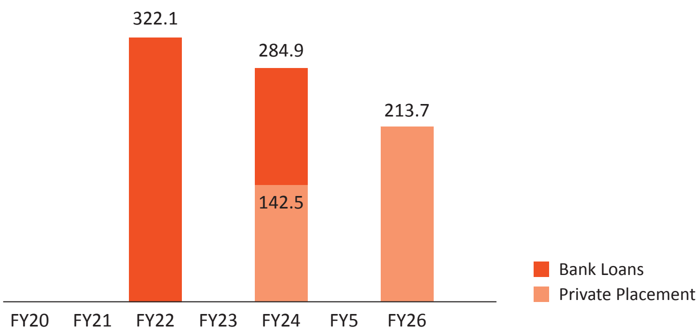
The following table illustrates the cash and non-cash movements of net debt:

	Assets	Liabilities from financing activities				
$ million	Cash and cash equivalents	Bank overdrafts	Lease liabilities	Bank loans	US Private Placement	Total
Net debt at 1 July 2017	58.5	(5.1)	(2.4)	(402.0)	(323.0)	(674.0)
Cash flows	27.1	5.1	0.7	(5.7)	–	27.2
Other non-cash movements	–	–	–	0.3	(1.3)	(1.0)
Effect of movements in foreign exchange rates	2.0	–	–	(7.9)	(13.8)	(19.7)
Net debt at 30 June 2018	**87.6**	**–**	**(1.7)**	**(415.3)**	**(338.1)**	**(667.5)**
Business acquisitions	**7.9**	**–**	**(0.3)**	**–**	**–**	**7.6**
Cash flows	**(28.4)**	**–**	**0.8**	**(176.0)**	**–**	**(203.6)**
Other non-cash movements	**–**	**–**	**–**	**2.0**	**1.0**	**3.0**
Effect of movements in foreign exchange rates	**3.2**	**–**	**(0.1)**	**(14.8)**	**(17.8)**	**(29.5)**
Net debt at 30 June 2019	**70.3**	**–**	**(1.3)**	**(604.1)**	**(354.9)**	**(890.0)**

2.3.2 Interest-bearing liabilities

The Group's interest-bearing liabilities represent borrowings from financial institutions. The maturity profile of the Group's borrowings drawn down, excluding the impact of capitalised borrowing costs, as at 30 June 2019 is illustrated in the following chart:

Maturity profile of drawn debt by facility – A$ million



Loans due after one year

At 30 June 2019, bank loans due after one year include:

- $295.0 million and USD19.0 million drawn under a $450.0 million committed global syndicated multicurrency facility maturing in April 2022 (2018: $200.0 million and USD20.0 million drawn under a $400.0 million committed global syndicated multicurrency facility maturing in December 2019);
- USD200.0 million drawn under a USD300.0 million committed syndicated facility maturing in April 2024 (2018: USD125.0 million drawn under a USD200.0 million committed syndicated facility maturing in April 2021).

The amounts have been drawn under Australian and US dollars and bear interest at the applicable BBSY and LIBOR rate plus an applicable credit margin.

The US Private Placement of notes of USD250.0 million, consists of USD100.0 million which matures in July 2023 and USD150.0 million which matures in July 2025.

Section 2: Capital structure and financing (continued)

2.4 Equity

This section explains material movements in shareholders' equity that are not explained elsewhere in the financial statements. The movements in equity and the balance at 30 June 2019 are presented in the statement of changes in equity.

2.4.1 Contributed equity

	Ordinary shares		Treasury shares	
	No. '000	$ million	No. '000	$ million
At 1 July 2017	1,206,685	508.7	(13,864)	(36.4)
Acquisition of shares by the Orora Employee Share Trust (note 6.3)	–	–	(2,350)	(7.7)
Restriction lifted on shares issued under the CEO Grant (note 7.1)	–	0.6	–	–
Cancellation of CEO Grant	–	0.5	(291)	(0.5)
Exercise of vested grants under Employee Share Plans	9,738	14.7	–	–
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	(9,738)	(24.8)	9,738	24.8
At 30 June 2018	**1,206,685**	**499.7**	**(6,767)**	**(19.8)**
Acquisition of shares by the Orora Employee Share Trust (note 6.3)	**–**	**–**	**(3,000)**	**(10.5)**
Restriction lifted on shares issued under the CEO Grant (note 7.1)	**–**	**0.4**	**–**	**–**
Treasury shares used to settle Team Member Share Plan	**–**	**–**	**357**	**1.3**
Treasury shares used to satisfy issue of CEO Grant	**–**	**(0.2)**	**50**	**0.2**
Exercise of vested grants under Employee Share Plans	**8,233**	**13.0**	**–**	**–**
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	**(8,233)**	**(24.9)**	**8,233**	**24.9**
At 30 June 2019	**1,206,685**	**488.0**	**(1,127)**	**(3.9)**

Ordinary shares

Ordinary shares are classified as equity. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid, all shares rank equally with regard to the Company's residual assets. Ordinary shares entitle the holder to participate in dividends, as declared from time to time, and are entitled to one vote per share at meetings of the Company. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit effects.

Treasury shares

Where the Orora Employee Share Trust purchases equity instruments in the Company that have been identified as treasury shares, the consideration paid, including any directly attributable costs is deducted from equity, net of any related income tax effects. When the treasury shares are subsequently sold or reissued, any consideration received, net of any directly attributable costs and the related income tax effects, is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in retained earnings. Refer to note 6.3 for further information on the Orora Employee Share Trust.

2.4.2 Reserves

$ million	2019	2018
Cash flow hedge reserve	**(0.2)**	2.9
Share-based payment reserve	**15.5**	17.5
Demerger reserve	**132.9**	132.9
Exchange fluctuation reserve	**16.5**	(1.2)
Total reserves	**164.7**	152.1

Details of movements in each of the reserves is presented in the statement of changes in equity.

Accounting policies

Cash flow hedge reserve
The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and the cumulative change in fair value arising from the time value of options related to future forecast transactions. Refer to note 5.4 for more information on hedging instruments.

Share-based payment reserve
The share-based payment reserve is used to recognise the fair value of options and rights recognised as an expense. The Company provides benefits to employees of the Group in the form of share-based payments, whereby employees render services in exchange for options or rights over shares. Refer to note 7.1 for further details of the Groups share-based payment plans.

The fair value of options and rights granted is recognised as an employee benefit expense in the income statement with a corresponding increase in the share-based payments reserve in equity and is spread over the vesting period during which the employees become unconditionally entitled to the option or right. Upon exercise of the options or rights, the balance of the share-based payments reserve, relating to the option or right, is transferred to share capital.

Demerger reserve
The demerger reserve represents the difference between the consideration paid by Orora under an internal corporate restructure and the assets and liabilities acquired, which were recognised at their carrying value under a common control transaction.

Exchange fluctuation reserve
For controlled entities with a functional currency, that is not Australian dollars, their assets and liabilities are translated at the closing exchange rate at reporting date while income and expenses are translated at year to date average exchange rates.

On consolidation all exchange differences arising from translation are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. When a foreign operation is disposed of, the amount within the reserve related to that entity is transferred to the income statement as an adjustment to the profit or loss on disposal.

2.4.3 Retained earnings

Retained earnings comprises profit for the year attributable to owners of the Company and other items recognised directly in equity as presented on the statement of changes in equity.

$ million	2019	2018
Retained earnings at the beginning of the period	**998.5**	930.5
Impact of change in accounting policy (note 7.8.1)	**(7.3)**	–
Restated retained earnings at beginning of the period	**991.2**	930.5
Net profit attributable to the owners of Orora Limited	**161.2**	212.2
	1,152.4	1,142.7
Ordinary dividends:		
– Interim paid (refer note 2.2)[1]	**(78.4)**	(72.1)
– Final paid (refer note 2.2)[2]	**(78.3)**	(72.1)
	(156.7)	(144.2)
Retained earnings at the end of the period	**995.7**	998.5

(1) 2019 Interim dividend paid on 11 April 2019 (2018: 2018 Interim dividend paid on 16 April 2018).
(2) 2018 Final dividend paid on 15 October 2018 (2018: 2017 Final dividend paid on 16 October 2017).

Section 3: Assets and liabilities

IN THIS SECTION

This section details the assets used to generate the Group's trading performance and the liabilities incurred as a result. On the following pages there are notes covering working capital, other assets, non-current assets and provisions.

Liabilities relating to the Group's financing activities are set out in Section 2, whilst the assets and liabilities recognised in respect of derivative instruments, used to hedge financial risks, are contained in Section 5. Information pertaining to deferred tax assets and liabilities is provided in Section 4.

3.1 Trade and other receivables

$ million	2019	2018
Trade receivables	**609.8**	563.8
Less loss allowance provision	**(3.2)**	(8.4)
	606.6	555.4
Other receivables(1)	**67.8**	50.7
Total current trade and other receivables	**674.4**	606.1

(1) These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

Accounting policies

Trade receivables and other receivables are all classified as financial assets held at amortised cost.

Trade receivables
Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less a loss allowance provision. The Group, from time to time, enters into trade financing instruments in respect of trade receivables.

The carrying value of trade and other receivables, less impairment provisions, is considered to approximate fair value, due to the short-term nature of the receivables.

Impairment of trade receivables
The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectable are written off when identified.

The Group recognises an impairment provision based upon anticipated lifetime losses of trade receivables. The anticipated losses are determined with reference to historical loss experience and is regularly reviewed and updated.

The amount of the impairment loss is recognised in the income statement within 'general and administration' expense.

Credit risks related to receivables

In assessing an appropriate provision for impairments of receivables consideration is given to historical experience of bad debts, the ageing of receivables, knowledge of debtor insolvency or other credit risk and individual account assessment.

Customer credit risk is managed by each business group in accordance with the procedures and controls set out in the Group's credit risk management policy. Credit limits are established for all customers based on external and internal credit rating criteria and letters of credit or other forms of credit insurance cover are obtained where appropriate. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry and existence of previous financial difficulties.

For some trade receivables the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The Group does not otherwise require collateral in respect of trade and other receivables.

The following tables sets out the ageing of trade receivables, according to their due date:

$ million	Loss allowance provision 2019	Loss allowance provision 2018	Gross carrying amount 2019	Gross carrying amount 2018
Not past due	**–**	–	**511.8**	488.2
Past due 0–30 days	**0.1**	–	**65.0**	34.9
Past due 31–120 days	**0.5**	0.8	**27.8**	31.1
More than 121 days past due	**2.6**	7.6	**5.2**	9.6
	3.2	8.4	**609.8**	563.8

The Group has recognised a net loss of $2.8 million (2018: $6.2 million) in respect of the trade receivables written off in the financial year. The loss has been included in 'general and administration' expense in the income statement.

3.2 Inventories

$ million	2019	2018
At cost		
Raw materials and stores	**226.6**	239.6
Work in progress	**20.7**	20.0
Finished goods	**331.5**	273.1
Total inventory carried at cost	**578.8**	532.7
At net realisable value		
Raw materials and stores	**31.0**	7.8
Work in progress	**1.8**	0.9
Finished goods	**30.4**	17.7
Total inventory carried at net realisable value	**63.2**	26.4
Total inventories	**642.0**	559.1

Accounting policies

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Costs incurred in bringing each product to its existing location and condition are accounted for as follows:

- Raw materials – purchase cost on a weighted average cost formula;
- Manufactured finished goods and work in progress – cost of direct material and labour and an appropriate proportion of production and variable overheads incurred in the normal course of business.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

During the period the Group recognised a net write-down of $4.5 million (2018: $1.5 million) with regard to the net realisable value of inventories which has been recognised in 'cost of sales' expense in the income statement.

Section 3: Assets and liabilities (continued)

3.3 Trade and other payables

$ million	2019	2018
Trade creditors	**714.2**	636.6
Other creditors and accruals	**284.9**	314.6
Total current trade and other payables	**999.1**	951.2

Accounting policies

Trade and other payables are all classified as financial liabilities held at amortised cost. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which were unpaid at the end of the financial year and these amounts are unsecured. The Group, from time to time, enters into trade financing instruments in respect of trade payables.

The carrying value of trade and other payables is considered to approximate fair value due to the short-term nature of the payables.

Trade and other payables are included in current liabilities, except for those liabilities where payment is not due within 12 months from reporting date which are classified as non-current liabilities.

3.4 Other assets

$ million	2019	2018
Current		
Contract incentive payments[1]	**13.5**	16.1
Prepayments	**42.0**	39.4
Total other current assets	**55.5**	55.5
Non-Current		
Contract incentive payments[1]	**31.4**	48.1
Other non-current assets	**56.1**	56.2
Total other non-current assets	**87.5**	104.3

(1) Contract incentives are provided to customers to secure long-term sale agreements and are amortised over the period of the contractual arrangement.

3.5 Property, plant and equipment

The following note details the physical assets used by the Group to operate the business, generating revenues and profits.

The cost of these assets is the amount initially paid for them with a depreciation charge recognised in the income statement to reflect the wear and tear of the assets as they are used which reduces the value of the asset over time.

$ million	Land	Land improvements	Buildings	Plant and equipment	Finance leased assets	Total
Cost						
At 1 July 2017	59.7	11.4	473.3	2,804.8	3.3	3,352.5
Additions for the period	–	–	1.4	174.7	–	176.1
Disposals during the period	(8.5)	(0.4)	(9.8)	(55.1)	–	(73.8)
Additions through business acquisitions	–	–	0.4	(9.5)	–	(9.1)
Other transfers	0.8	1.9	24.8	(27.5)	–	–
Effect of movements in foreign exchange rates	(0.1)	–	0.9	(0.5)	0.2	0.5
At 30 June 2018	**51.9**	**12.9**	**491.0**	**2,886.9**	**3.5**	**3,446.2**
Additions for the period	**–**	**–**	**4.4**	**177.1**	**–**	**181.5**
Disposals during the period	**(0.1)**	**–**	**(0.5)**	**(62.6)**	**–**	**(63.2)**
Additions through business acquisitions	**–**	**–**	**0.1**	**2.2**	**0.9**	**3.2**
Other transfers	**0.2**	**0.2**	**14.3**	**(14.7)**	**–**	**–**
Effect of movements in foreign exchange rates	**0.1**	**0.1**	**3.2**	**33.3**	**0.2**	**36.9**
At 30 June 2019	**52.1**	**13.2**	**512.5**	**3,022.2**	**4.6**	**3,604.6**
Accumulated depreciation and impairment						
At 1 July 2017	(0.4)	(4.0)	(141.7)	(1,557.2)	(0.6)	(1,703.9)
Depreciation charge	–	(0.3)	(11.9)	(101.0)	(0.4)	(113.6)
Disposals during the period	–	0.2	9.9	54.3	–	64.4
Other transfers	–	–	(0.2)	0.2	–	–
Effect of movements in foreign exchange rates	–	–	(0.3)	0.9	–	0.6
At 30 June 2018	**(0.4)**	**(4.1)**	**(144.2)**	**(1,602.8)**	**(1.0)**	**(1,752.5)**
Depreciation charge	**(0.1)**	**(0.3)**	**(15.6)**	**(106.3)**	**(0.6)**	**(122.9)**
Disposals during the period	**0.1**	**–**	**0.3**	**60.2**	**–**	**60.6**
Impairment loss	**–**	**–**	**–**	**(1.2)**	**–**	**(1.2)**
Effect of movements in foreign exchange rates	**–**	**–**	**(2.1)**	**(20.4)**	**(0.6)**	**(23.1)**
At 30 June 2019	**(0.4)**	**(4.4)**	**(161.6)**	**(1,670.5)**	**(2.2)**	**(1,839.1)**
Net book value						
At 30 June 2018	51.5	8.8	346.8	1,284.1	2.5	1,693.7
At 30 June 2019	**51.7**	**8.8**	**350.9**	**1,351.7**	**2.4**	**1,765.5**

At 30 June 2019, no property, plant and equipment was provided as security for any interest-bearing borrowings (2018: nil).

Section 3: Assets and liabilities (continued)

3.5 Property, plant and equipment (continued)

Accounting policies

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item including borrowing costs that are related to the acquisition, construction or production of an asset. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group.

All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation
Property, plant and equipment, excluding freehold land, is depreciated at rates based upon the expected useful lives, or in the case of leasehold improvements and certain leased plant and equipment the lease term, using the straight-line method. Land is not depreciated. Depreciation rates used for each class of asset for the current and comparative periods are as follows:

- Buildings 1% – 5%
- Land improvements 1% – 3%
- Plant and equipment 2.5% – 25%

Depreciation is calculated by estimating the number of years the Group expects an asset to be used over. At each reporting date depreciation methods, residual values and useful lives are reassessed and adjusted if necessary. In addition, assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that an asset carrying amount may not be recoverable. If an asset's value falls below its depreciated value an additional one-off impairment charge is made against profit. Refer note 3.7 for further details.

3.6 Intangible assets

The following note details the non-physical assets used by the Group to generate revenue and profits.

These assets include computer software and licences, customer relationships and goodwill. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, the fair value of the specific intangible assets identified. In the case of goodwill, its cost is the amount the Group has paid for acquiring a business over and above the fair value of the individual assets and liabilities acquired. The value of goodwill is 'intangible' value that comes from, for example, synergies available with the integration of the acquired business into the Group, a skilled and knowledgeable assembled workforce, proprietary technologies and processes and uniquely strong market positions.

	Other intangible assets			
$ million	Computer software	Other	Goodwill	Total
Cost				
At 1 July 2017	186.5	14.1	398.4	599.0
Additions for the period	18.1	–	–	18.1
Additions through business acquisitions	0.1	7.1	15.8	23.0
Disposals during the period	(6.9)	–	–	(6.9)
Effect of movements in foreign exchange rates	3.5	1.8	12.0	17.3
At 30 June 2018	**201.3**	**23.0**	**426.2**	**650.5**
Additions for the period	**6.6**	**–**	**–**	**6.6**
Additions through business acquisitions	**–**	**5.2**	**95.8**	**101.0**
Disposals during the period	**(0.6)**	**–**	**–**	**(0.6)**
Effect of movements in foreign exchange rates	**4.5**	**1.2**	**19.1**	**24.8**
At 30 June 2019	**211.8**	**29.4**	**541.1**	**782.3**
Accumulated amortisation and impairment				
At 1 July 2017	(136.5)	(7.8)	(8.2)	(152.5)
Amortisation charge	(6.3)	(2.0)	–	(8.3)
Disposals during the period	6.7	–	–	6.7
Other transfers	0.2	(0.2)	–	–
Effect of movements in foreign exchange rates	(1.4)	(0.3)	–	(1.7)
At 30 June 2018	**(137.3)**	**(10.3)**	**(8.2)**	**(155.8)**
Amortisation charge	**(7.7)**	**(2.3)**	**–**	**(10.0)**
Disposals during the period	**0.6**	**–**	**–**	**0.6**
Effect of movements in foreign exchange rates	**(1.9)**	**(0.5)**	**–**	**(2.4)**
At 30 June 2019	**(146.3)**	**(13.1)**	**(8.2)**	**(167.6)**
Net book value				
At 30 June 2018	64.0	12.7	418.0	494.7
At 30 June 2019	**65.5**	**16.3**	**532.9**	**614.7**

Section 3: Assets and liabilities (continued)

3.6 Intangible assets (continued)

Accounting policies

Other intangible assets
Other intangible assets include computer software, customer relationships and software licences. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, their fair value at the date of acquisition. Internal spend on computer software is only capitalised within the development phase, when the asset is separate and it is probable that future economic benefits attributable to the asset will flow to the Group. Following initial recognition, other intangible assets are carried at cost less amortisation and any impairment losses.

Other intangible assets are amortised on a straight line basis over their useful life and tested for impairment whenever there is an indication that they may be impaired. Refer to note 3.7 for further details on impairment.

Computer software and licences are amortised over a period of between three to ten years whilst customer relationships are amortised over a period of up to 20 years. The amortisation period and method is reviewed each financial year.

The Group does not hold any indefinite life other intangible assets.

Goodwill
The goodwill recognised by the Group has arisen as a result of business combinations and represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised.

Goodwill is initially measured as the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired. Goodwill is not amortised but is instead tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

The value of intangible assets, with the exception of goodwill, reduces over the number of years the Group expects to use the asset via an annual amortisation charge to the income statement. The amortisation charge is calculated by estimating the number of years the Group expects to benefit from the use of the asset. At each reporting date amortisation methods and useful lives are reassessed and adjusted if necessary.

Where there has been a change in the Group's circumstances such as, technological changes or a decline in business performance, a review of the value of the intangible assets, including goodwill, is undertaken to ensure the assets' value has not fallen below its amortised value. Should an assets' value fall below its amortised value an additional one-off impairment charge is made against profit. Refer note 3.7.

3.7 Impairment of non-financial assets

Testing for impairment

The Group tests property, plant and equipment, intangibles and goodwill for impairment:

- where there is an indication that an asset may be impaired (which is assessed each reporting date);
- where there is an indication that previously recognised impairments (on assets other than goodwill) have changed; and
- at least annually for goodwill.

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than an operating segment.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

An impairment loss is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then, to reduce the carrying amount of the other assets in the CGU (group of CGUs).

Impairment calculations

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the risks specific to the asset or CGU and the market's current assessment of the time value of money.

Value in use is assessed using cash flow projections for five years using data from the Group's latest internal forecasts and is management's best estimate of income, expenses, capital expenditure and cash flows for each CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the Group operates. Cash flows beyond the five-year period are extrapolated using estimated growth rates which are determined with regard to the long-term performance of each CGU in their respective markets and are not expected to exceed the long-term average growth rates for the industry in which each CGU operates.

The discount rate used in performing the value in use calculations reflects the Group's weighted average cost of capital, as adjusted for specific risks relating to each geographical region in which the CGU's operate.

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or may have decreased, the asset is tested for impairment. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. Impairments recognised for goodwill are not reversed.

Goodwill impairment tests

For the purpose of impairment testing, goodwill is allocated to CGUs or groups of CGUs according to the level at which management monitors goodwill. Goodwill is tested annually or more regularly if there are indicators of impairment.

The following table presents a summary of the goodwill allocation and the key assumptions used in determining the recoverable amount of each CGU:

	Australasia CGU		North America CGU	
	2019	2018	**2019**	2018
Goodwill allocation ($ million)	**105.9**	104.9	**427.0**	313.1
Pre-tax discount rate (%)	**9.7**	10.3	**9.5**	9.0
Growth rate (%)	**2.0**	2.0	**2.0**	2.0

The recoverable amounts of the CGUs were based on the present value of the future cash flows expected to be derived from the CGU (value in use calculation). Value in use is calculated from cash flow projections for five years using data from the Group's latest internal forecasts. The key assumptions for the value in use calculations are those regarding the expected changes in earnings during the initial five-year period, discount rates and growth rates applied to the extrapolated periods of the value in use calculation.

There are no reasonable possible changes in the key assumptions of the value in use calculation that would result in an impairment.

Judgements and estimates

The determination of impairment involves the use of judgements and estimates that include, but are not limited to, the cause, timing and measurement of the impairment. Management is required to make significant judgements concerning the identification of impairment indicators, such as changes in competitive positions, expectations of growth, increased cost of capital, and other factors that may indicate impairment, such as a business restructuring.

Management is also required to make significant estimates regarding future cash flows and the determination of fair values when assessing the recoverable amount of assets (or groups of assets). Inputs into these valuations require assumptions and estimates to be made about forecast earnings and related future cash flows, growth rates, applicable discount rates, useful lives and residual values.

The judgements, estimates and assumptions used in assessing impairment are management's best estimates based on current and forecast market conditions. Changes in economic and operating conditions impacting these assumptions could result in changes in the recognition of impairment charges in future periods.

Section 3: Assets and liabilities (continued)

3.8 Provisions

$ million	Employee entitlements	Workers' compensation, insurance and other claims	Asset restoration, restructuring and decommissioning	Total
2019				
Opening balance	**87.7**	**10.0**	**60.8**	**158.5**
Provisions made during the period[1]	**31.6**	**0.8**	**74.9**	**107.3**
Payments made during the period	**(30.4)**	**(3.2)**	**(29.2)**	**(62.8)**
Released during the period	**(0.9)**	**(1.5)**	**(0.7)**	**(3.1)**
Additions through business acquisitions	**1.7**	**–**	**–**	**1.7**
Unwinding of discount	**–**	**–**	**0.4**	**0.4**
Effect of movement in foreign exchange rate	**0.8**	**0.1**	**0.1**	**1.0**
Closing balance	**90.5**	**6.2**	**106.3**	**203.0**
Current	**82.4**	**6.2**	**58.3**	**146.9**
Non-current	**8.1**	**–**	**48.0**	**56.1**
2018				
Opening balance	85.0	13.5	52.5	151.0
Provisions made during the period[1]	33.7	0.8	39.2	73.7
Payments made during the period	(30.9)	(3.3)	(31.5)	(65.7)
Released during the period	(0.4)	(1.1)	(1.1)	(2.6)
Additions through business acquisitions	0.3	–	1.2	1.5
Unwinding of discount	–	–	0.4	0.4
Effect of movement in foreign exchange rate	–	0.1	0.1	0.2
Closing balance	87.7	10.0	60.8	158.5
Current	79.7	10.0	43.0	132.7
Non-current	8.0	–	17.8	25.8

(1) During the period a significant item expense of $24.0 million in respect of restructuring charges that have been identified through a review of the Groups costs structures in both Australasia and North America and a significant item expense of $50.0 million for additional decommissioning costs associated with the Petrie site. In the comparative period significant item expense of $35.1 million has been recognised in respect of the restructure of the Fibre Packaging New South Wales business, which included redundancies, transition costs and asset impairment charges related to the closure of the Smithfield site, and potential additional costs associated with decommissioning the Petrie Mill site. Refer note 1.2 for further information.

Accounting policies

A provision is recognised when: the Group has a present legal or constructive obligation arising from past events; it is probable that cash will be paid to settle it; and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the income statement.

Employee entitlements

The provision for employee entitlements represents the obligation for annual leave, long service leave entitlements and incentives accrued by employees.

Liabilities for employee benefits such as wages, salaries and other current employee entitlements represent present obligations arising from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates, including related on-costs, such as workers compensation insurance and payroll tax, and are presented in other payables.

The liability for annual leave and long service leave is measured as the present value of estimated future cash outflows to be made in respect of services provided by the employee up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments that are not expected to be settled within 12 months are discounted using market yields at the reporting date of high-quality corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Workers' compensation, insurance and other claims

The Group self-insures for various risks, including risks associated with workers' compensation. Provisions are recognised for claims received and expected to be received in relation to incidents occurring prior to reporting date and are measured based upon historical claim rates.

Estimated net future cash flows are based on the assumption that all claims will be settled and the weighted average cost of historical claims adjusted for inflation will continue to approximate future costs.

Asset restoration, restructuring and decommissioning

Asset restoration and decommissioning
Where the Group has a legal or constructive obligation to restore a site on which an asset is located, either through make-good provisions included in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase in the related item of property, plant and equipment.

At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement. If there is no related asset in respect of the restoration or decommissioning activity changes in the liability are recognised in the income statement.

During the period the Group has recognised a significant item expense of $50.0 million relating to additional costs associated with the decommissioning of the former Petrie Mill site (refer note 1.2).

The decommissioning of the Petrie site is a significant and complex exercise involving multiple government agencies. Recently the Group entered into an amended contract with the landowner in respect of finalisation of the scope for the final phase of remediation and decommissioning. The Group has engaged a specialist environmental consulting firm to manage the completion of the remaining remediation works.

At the date of this Report, decommissioning work continues on site with the estimated costs to complete the decommissioning contingent on final remediation requirements which require significant judgement in respect of determining a reliable estimate.

Management have measured the decommissioning provision at 30 June 2019 using all currently available information and considering applicable legislative and environmental regulations. However, given the complexity and multiple stakeholders involved in the decommissioning of the Petrie site, there remains a risk of further currently unidentified costs in the future.

Restructuring
A provision for restructuring is recognised when the Group has a detailed formal restructuring plan and the restructuring has either commenced or has been publicly announced, including discussions with affected personnel. Future operating costs in relation to the restructuring are not provided for. Payments falling due greater than 12 months after reporting date are discounted to present value.

During the year ended 30 June 2019 a significant item expense of $24.0 million has been recognised after a review of both the Australasia and North American cost structures (refer note 1.2). The majority of the restructuring initiatives will be implemented during the first half of FY20.

In the comparative period a significant item expense of $35.1 million was recognised in respect of the restructure of the Fibre Packaging New South Wales business, which included redundancies, transition costs and asset impairment charges related to the closure of the Smithfield site, and potential additional costs associated with the decommissioning of the Petrie site (refer note 1.2).

Section 3: Assets and liabilities (continued)

3.8 Provisions (continued)

Judgements and estimates

A provision is recognised by the Group where an obligation exists relating to a past event, it is probable that a cash payment will be required to settle it, and the Group is not certain how much cash will be required to settle the liability. The value of that provision is based upon estimates and assumptions with regards to the amount and timing of cash flows required to settle the obligation, which are dependent on future events. The key assumptions applicable to the determination of the provisions are as follows:

Employee entitlements
The provision for employee entitlements is based on a number of management estimates, which include:

- future increase in salaries, wages and on-cost rates
- future probability of employee departures
- future probability of years of service (long service leave provision)

Workers' compensation
The self-insured workers' compensation provision is based on a number of management estimates including, but not limited to:

- future inflation
- claim administration expenses
- historical weighted average size of claims
- claim development

Asset restoration and decommissioning
Asset restoration and decommissioning provisions require assessments to be made of lease make-good conditions and decommissioning and environmental risks. The provisions require estimates to be made of costs to dismantle and remove equipment and to restore the site to the condition required under the terms of the lease or contract and as required by environmental laws and regulations.

The recognition and measurement of asset restoration and decommissioning provisions is a complex area and requires significant judgement and estimates. The measurement of the provision can vary as a result of many factors, including, but not limited to:

- changes in the relevant legal or local/national government requirements and any other commitments made to stakeholders;
- review of remediation and restoration options
- identification of additional remediation requirements identified during the restorative process
- the emergence of new restoration techniques

In determining an appropriate provision management gives consideration to the results of the most recently completed surveying data in respect of the remediation process, current cost estimates and appropriate inclusion of contingency in cost estimates to allow for both known and unknown residual risks.

Estimates can be impacted by the emergence of new restoration techniques and experience at other operations. This is compounded by the fact that there has been limited restoration activity and historical precedent within the Group against which to benchmark estimates of the costs to remediate.

All the uncertainties discussed above may result in future actual expenditure differing from the amounts currently provided for in the balance sheet.

Restructuring
Restructuring provisions require assessments to be made regarding the timing of recognition, specifically are plans sufficiently detailed, approved and communicated to support recognition at a point in time. The provisions also require estimates to be made of the cost of restructuring and the timing of these cash outflows.

The judgements, estimates and assumptions used in the booking of all provisions are evaluated on an ongoing basis and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance and are management's best estimates based on currently available information, legislation and environmental laws and regulations. The actual result may differ from these account estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Section 4: Income tax

IN THIS SECTION

This section sets out the Group's tax accounting policies, the current and deferred tax charges or credits in the year (which together make up the total tax charge or credit in the income statement), a reconciliation of profit before tax to the tax charge for the period and the movements in the deferred tax assets and liabilities.

4.1 Income tax expense

The total taxation charge in the income statement is analysed as follows:

$ million	2019	2018
Current tax expense		
Current period	**(53.9)**	(46.3)
Adjustments relating to prior periods	**0.5**	(0.8)
Total current tax expense	**(53.4)**	(47.1)
Deferred tax expense		
Origination and reversal of temporary differences	**(2.0)**	(26.9)
Total income tax expense	**(55.4)**	(74.0)
Deferred income tax expense included in income tax expense comprises:		
Increase/(Decrease) in deferred tax assets	**13.0**	(15.5)
(Increase)/Decrease in deferred tax liabilities	**(15.0)**	(11.4)
Deferred income tax expense included in total income tax expense	**(2.0)**	(26.9)

The following table provides a numerical reconciliation of income tax expense to prima facie tax payable:

$ million	2019	2018
Profit before related income tax (expense)/benefit	**216.6**	286.2
Tax at the Australian tax rate of 30% (2018: 30%)	**(65.0)**	(85.9)
Net tax effect of amounts which are non-deductible/non-assessable for tax	**5.4**	8.2
	(59.6)	(77.7)
Over/(under) provision in prior period	**0.4**	(0.8)
One off US tax reform impact(1)	**–**	5.5
Foreign tax rate differential	**3.8**	(1.0)
Total income tax expense(2)	**(55.4)**	(74.0)

(1) This represents the one-off net tax benefit arising from tax reform changes relating to the Group's US operations that were enacted on 22 December 2017.

(2) Total income tax expense in the current period includes an income tax benefit of $23.4 million in respect of the significant items recognised during the period. The comparative periods includes net income tax benefit $0.8 million relating to significant items (refer note 1.2).

Section 4: Income tax (continued)

4.2 Deferred tax balances

Deferred income tax in the balance sheet relates to the following:

$ million	2019	2018
Deferred tax assets		
Trade receivable loss allowance provision	**0.9**	2.1
Valuation of inventories	**14.6**	12.2
Employee benefits	**44.2**	42.2
Provisions	**31.1**	19.7
Financial instruments at fair value	**1.5**	0.2
Accruals and other items	**11.9**	10.6
	104.2	87.0
Tax set off	**(104.2)**	(87.0)
Deferred tax asset	**–**	–
Deferred tax liabilities		
Property, plant and equipment	**134.2**	114.5
Intangible assets	**24.3**	19.9
Other items	**28.0**	35.9
Deferred tax liabilities	**186.5**	170.3
Tax set off	**(104.2)**	(87.0)
Deferred tax liability	**82.3**	83.3

Deferred income tax in the income statement relates to the following:

$ million	2019	2018
Property, plant and equipment	**17.8**	24.6
Trade receivable loss allowance provision	**1.2**	(0.7)
Intangible assets	**3.6**	(4.4)
Valuation of inventories	**(2.9)**	(1.1)
Employee benefits	**(1.7)**	4.7
Provisions	**(11.1)**	(0.7)
Financial instruments at fair value	**–**	2.1
Accruals and other items	**(4.9)**	2.4
Deferred tax expense	**2.0**	26.9

Accounting policies

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income respectively.

Current tax

Current tax is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax is also adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by the availability of unused tax losses.

Current tax assets and liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- taxable temporary differences arising on the initial recognition of goodwill;
- taxable differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Unrecognised deferred tax assets and liabilities

Deferred tax liabilities have not been recognised in respect of temporary differences arising as a result of the translation of the financial statements of the Group investments in subsidiaries. The deferred tax liability will only arise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

Unremitted earnings of the Group's international operations are considered to be reinvested indefinitely and relate to the ongoing operations. Upon distribution of any earnings in the form of dividends or otherwise, the Group may be subject to withholding taxes payable to various foreign countries, however, such amounts are not considered to be significant. As the Group controls when the deferred tax liability will be incurred and is satisfied that it will not be incurred in the foreseeable future, the deferred tax liability has not been recognised. There are no unrecognised deferred tax assets.

Judgements and estimates

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result the calculation of the Group's tax charge involves a degree of estimation and judgement in respect of certain items, including assumptions made in respect of the application of tax legislation. There are many transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for uncertain tax positions based on management's best estimate of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determinations are made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment. The assumptions regarding the future realisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

The assumptions made in respect of the recognised tax balances are subject to risk and uncertainty and there is a possibility that changes in circumstances or differences in opinion will alter outcomes which may impact the amount of deferred tax assets and deferred tax liabilities recognised and the amount of tax losses and timing differences not yet recognised.

Section 5: Financial risk management

IN THIS SECTION

The following section outlines how the Group manages the financial risks it is exposed to associated with holding financial instruments that arise from the Group's need to access financing (bank loans and overdrafts and unsecured notes), from the Group's operational activities (cash, trade receivables and payables) and instruments held as part of the Group's risk management activities (derivate financial instruments).

Financial risk management is carried out by Orora Group Treasury under policies that have been approved by the Board for managing each of the below risks including principles and procedures with respect to risk tolerance, delegated levels of authority on the type and use of derivative financial instruments and the reporting of these exposures. The Treasury function reports regularly to the Audit & Compliance Committee and treasury procedures are subject to periodic reviews.

In accordance with Board approved policies the Group typically uses derivative financial instruments to hedge underlying exposures arising from the Group's operational activities relating to: changes in foreign exchange rates on foreign currency commercial transactions (transaction risk), exposure to changes in commodity prices, changes in interest rates on net borrowings and changes in the Company's share price.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance as set out in the table below:

Risk	Exposure	Management
Market risks		
• Interest rate risk	The Group is exposed to interest rate risk in respect of short and long-term borrowings where interest is charged at variable rates.	The Group mitigates interest rate risk primarily by entering into fixed rate borrowing arrangements. Where necessary the Group hedges interest rate risk using derivative instruments – eg interest rate swaps. Refer notes 5.1.1 and 5.4.
• Foreign exchange risk	The Group is exposed to foreign exchange risk because of its international operations. These risks relate to future commercial transactions, financial assets and liabilities not denominated in A$ and net investments in foreign operations.	Where possible, loans are drawn in foreign currency by foreign entities to create a natural hedge of foreign currency assets and liabilities. Where this is not possible the Group's policy is to hedge contractual commitments denominated in a foreign currency by entering into forward exchange contracts. Refer notes 5.1.2 and 5.4.
• Commodity price risk	The Group is exposed to changes in commodity prices in respect of the purchase of aluminium raw materials and the price of electricity.	Where possible, the Group mitigates raw material commodity price risk by contractually passing rise and fall adjustments through to customers. To mitigate the variability of wholesale electricity prices in Australia, the Group utilises Power Purchase Arrangements (PPAs). Refer notes 5.1.3 and 5.4.
• Employee share plan risk	The Group's employee share plans require the delivery of shares to employees in the future when rights vest or options are exercised. The Group currently acquires shares on market to deliver these shares exposing the Group to cash flow risk – ie as the share price increases it costs more to acquire the shares on market.	The Group has established the Orora Employee Share Trust which manages and administers the Group's responsibilities under the employee share plans through acquiring, holding and transferring shares or rights to shares in the Company to participating employees. Refer note 5.1.4 and 7.1.
Credit risk	The Group is exposed to credit risk from financial instrument contracts and trade and other receivables. The maximum exposure to credit risk at reporting date is the carrying amount, net of any provision for impairment, of each financial asset in the balance sheet.	The Group manages credit risk through a robust system of counterparty approval, granting and renewal of credit limits, regular monitoring of exposures against such credit limits and assessing the overall financial stability and competitive strength of the counterparty on an ongoing basis. Refer to notes 5.2 and 3.1 for credit risk exposures relating to trade and other receivables. The Group only enters into financial instrument contracts with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's.

Risk	Exposure	Management
Liquidity and funding risk	The Group is exposed to liquidity and funding risk from operations and from external borrowings, where the risk is that the Group may not be able to refinance debt obligations or meet other cash outflow obligations when required.	The Group mitigates funding and liquidity risks by ensuring that: • a sufficient range of funds are available to meet working capital and investment objectives; • adequate flexibility within the funding structure is maintained through the use of bank overdrafts, bank loans and unsecured notes; • through regular monitoring of rolling forecast of cash inflows and outflows, the cost of funding is minimised and that the return on any surplus funds is maximised through efficient cash management; • there is a focus on improving operational cash flow and maintaining a strong balance sheet. Refer note 5.3.

5.1 Market risks

5.1.1 Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's Treasury risk management policy is to maintain an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates, and where appropriate, hedging floating interest rate exposures or borrowings at fixed interest rates through the use of interest rate swaps and forward interest rate contracts.

The Group's policy is to hold up to 85.0% fixed rate debt. At 30 June 2019, approximately 39.6% (2018: 68.0%) of the Group's debt is fixed rate.

Exposure
The Group had the following variable rate borrowings and interest rate swap contracts outstanding at 30 June:

	Weighted average interest rate	Balance $ million
2019		
Bank loans	**3.0%**	**607.0**
Interest rate swaps (notional principal amount)	**3.7%**	**(25.0)**
Net exposure to cash flow interest rate risk		**582.0**
2018		
Bank loans	3.4%	416.2
Interest rate swaps (notional principal amount)	3.7%	(175.0)
Net exposure to cash flow interest rate risk		241.2

Section 5: Financial risk management (continued)

5.1 Market risks (continued)

5.1.1 Interest rate risk (continued)

Interest rate derivatives used for hedging
The below carrying values represent the fair value of instruments used to hedge interest rate risk together with the associated nominal volume:

	Notional item	Balance $ million
2019		
Cash flow hedge	**AUD25.0 floating to fixed**	**(0.1)**
Total derivatives in a liability position		**(0.1)**
2018		
Cash flow hedge	AUD175.0 floating to fixed	(2.4)
Total derivatives in a liability position		(2.4)

All of the Group's interest rate swaps are predominantly classified as cash flow hedges so any movement in the fair value is recognised directly in equity. The amounts accumulated in equity are transferred to the income statement in the period in which the hedged item affects profit or loss. During the period a $0.1 million loss (2018: $0.4 million gain) was recognised directly in equity in relation to interest rate swaps.

Sensitivity
At 30 June 2019, if Australian and US interest rates had increased by 1.0% (100 bps), post-tax profit for the year would have been $4.2 million lower (2018: $1.5 million lower), net of derivatives. If interest rates on Australian and US dollar denominated borrowings had decreased by 1.0% (100 bps), post-tax profit for the year would have been $4.2 million higher (2018: $1.5 million higher), net of derivatives.

Amounts recognised in profit or loss and other comprehensive income

During the year, a loss of $0.1 million (2018: $0.4 million gain) relating to cash flow hedges was recognised in other comprehensive income. Losses of $2.3 million (2018: $2.5 million loss) relating to cash flow hedges were transferred from equity to operating profit. During the period there was no amount recognised in the income statement in respect of hedge ineffectiveness on interest rate swaps contracts (2018: nil).

5.1.2 Foreign exchange risk

The Group operates internationally and is therefore exposed to currency risk arising from movements in foreign currency rates, primarily with respect to the US Dollar and NZ Dollar. The foreign exchange risk arises from:

- recognised monetary assets and liabilities held in a non-functional currency and net investments in foreign operations (translation risk); and
- differences in the dates foreign currency commercial transactions are entered into and the date they are settled (transaction risk).

Translation risk

To limit translation risk exposure the Group's borrowings are generally denominated in currencies that match the cash flows generated by the underlying operations of the Group, which are primarily Australian and US dollars. Interest payable on those borrowings is denominated in the currency of the borrowing. In respect of the US operations this provides a natural economic hedge without requiring derivatives to be entered into.

Exposure
The summary quantitative data about the Group's exposure to translation currency risk, as reported to the management of the Group, is as follows:

	2019		2018	
$ million	USD	NZD	USD	NZD
Funds employed	**806.7**	**243.6**	603.9	199.4
Net Debt	**(625.8)**	**6.5**	(475.1)	6.8
	77.6%	**(2.7%)**	78.7%	(3.4%)

Transaction risk

To manage foreign currency transaction risk the Group's policy is to hedge material foreign currency denominated expenditure at the time of commitment and to hedge a proportion of foreign currency denominated forecasted exposures (mainly relating to export sales and the purchase of inventory) on a rolling 18-month basis, using either a natural hedge where one exists, or through the use of forward foreign exchange contracts or foreign currency options taken out for up to two years from the forecast date.

Forward exchange derivatives used for hedging
The below carrying values represent the fair value of instruments used to hedge foreign exchange risk together with the associated nominal volume:

	Notional item	Weighted Average	$ million	
			Asset	Liability
2019				
Cash flow hedges				
AUD/USD	**USD63.7**	**0.7184**	**1.8**	**(0.1)**
AUD/NZD	**NZD(1.7)**	**1.0834**	**–**	**(0.1)**
AUD/EUR	**EUR22.6**	**0.6177**	**0.3**	**(0.1)**
NZD/USD	**USD13.6**	**0.6784**	**0.2**	**(0.1)**
NZD/EUR	**NZD0.1**	**0.5577**	**–**	**–**
NZD/AUD	**AUD82.7**	**0.9398**	**0.1**	**(1.3)**
Total derivatives in an asset/(liability) position			**2.4**	**(1.7)**
2018				
Cash flow hedges				
AUD/USD	USD89.4	0.7717	5.0	(0.3)
AUD/NZD	NZD1.1	1.0869	0.1	–
AUD/EUR	EUR17.7	0.6332	0.3	–
NZD/USD	USD16.9	0.7130	1.1	–
NZD/EUR	EUR2.0	0.5819	0.1	–
NZD/AUD	AUD67.4	0.9323	1.6	(0.3)
Fair value hedges				
AUD/USD	USD9.3	0.7363	0.1	–
Total derivatives in an asset/(liability) position			8.3	(0.6)

Sensitivity
The following sensitivity illustrates how a reasonably possible change in the US dollar and NZ dollar would impact the fair value of the derivative financial instruments (refer note 5.4) held for future commercial transactions as at 30 June 2019:

- if the Australian dollar had weakened by 10% against the US dollar with all other variables held constant, equity would have been $11.8 million higher (2018: $17.2 million higher); and
- if the Australian dollar had weakened by 10% against the NZ dollar with all other variables held constant, equity would have been $0.2 million lower (2018: $3.1 million lower).

Amounts recognised in profit or loss and other comprehensive income

During the year, the Group recognised a foreign currency loss of $1.0 million (2018: $0.5 million loss) and a loss of $0.5 million (2018: gain of $2.0 million) relating to foreign currency derivatives, that did not qualify as hedges, within general and administrative expenses in the income statement.

In addition, a gain of $0.3 million (2018: $7.9 million gain) relating to cash flow hedges and a $17.7 million gain (2018: $1.1 million loss) on the translation of foreign operations was recognised in other comprehensive income. Gains of $6.9 million (2018: $3.3 million loss) and a gain of $0.1 million (2018: gain of $0.4 million), relating to cash flow hedges, were transferred from equity to operating profit and non-financial assets, respectively.

Section 5: Financial risk management (continued)

5.1 Market risks (continued)

5.1.3 Commodity price risk

The Group is exposed to commodity price risk arising from the purchase of aluminium and the price of electricity.

Electricity prices

To manage the risk associated with the variability of wholesale electricity prices in Australia the Group utilises Power Purchase Arrangements (PPAs). These contracts are entered into in order to economically hedge exposure to fluctuations in electricity prices by purchasing electricity at predetermined prices.

These derivative instruments meet the requirements for hedge accounting. Settlement of the contracts require exchange of cash for the difference between the contracted and spot market price. The contracts are measured at fair value and the resultant gains or losses that effectively hedge designated risk exposures are deferred within the cash flow hedge reserve.

At 30 June 2019 the net carrying value, and fair value, of the instruments used to hedge commodity price risk in respect of electricity prices is $2.1 million (2018: $2.4 million).

Aluminium purchases

In managing commodity price risk associated with aluminium purchases the Group is able to pass on the price risk contractually to customers through rise and fall adjustments. In the case of aluminium some hedging is undertaken using fixed price swaps on behalf of certain customers. Hedging undertaken is upon customer instruction and all related benefits and costs are passed onto the customer on maturity of the transaction.

The movements in commodity hedges are recognised in equity and the cumulative amount of the hedge is recognised in the income statement when the forecast transaction is realised. There is no impact on profit as a result of movements in commodity prices where hedges have been put in place as the Group passes the price risk contractually through to customers. As the Group ultimately passes on the movement risk associated with commodity prices to customers, no sensitivity has been performed.

5.1.4 Employee Share Plan risk

The Group is exposed to movements in the value of ordinary shares of the Company in respect of the obligations under the Group's Employee Share Plans (refer note 7.1). To mitigate this risk the Group has established the Orora Employee Share Trust (the Trust) to manage and administer the Group's responsibilities under the Employee Share Plans through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees.

As at 30 June 2019, the Trust held 1,126,545 treasury shares in the Company (2018: 6,767,418) and 264,040 allocated shares in respect of the CEO Grant (2018: 385,446). Refer to note 6.3 for further details.

5.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers, cash and cash equivalents and in-the-money derivatives. There is also credit risk relating to the Group's own credit rating as this impacts the availability and cost of future finance.

The Group manages credit risk through the maintenance of procedures such as the utilisation of systems of approval, granting and renewal of credit limits, regular monitoring of exposures against such credit limits and assessing the overall financial stability and competitive strength of the counterparty on an ongoing basis.

Trade and other receivables

Credit risk exposures related to trade and other receivables are discussed in note 3.1.

Cash and cash equivalents and derivatives

Credit risk related to balances with banks and financial institutions is managed by Orora Group Treasury in accordance with Group policy. The policy only allows financial derivative instruments to be entered into with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. In addition the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regards to limits, dealing and settlement procedures.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any security held, is equivalent to the carrying amount and classification of the financial assets (net of any provisions) as presented in the statement of financial position.

Guarantees

The Group's policy is to provide financial guarantees only to certain parties securing the liabilities of subsidiaries, and are only provided in exceptional circumstances (refer note 7.3).

5.3 Liquidity and funding risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's financing policy is to fund itself for the long term by using debt instruments with a range of maturities and to ensure access to appropriate short-term facilities. Orora Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts and bank loans.

Management manages liquidity risk through maintaining minimum undrawn committed liquidity of at least $175.0 million that can be drawn upon at short notice and regularly monitoring rolling forecasts of cash inflows and outflows in relation to the Group's activities. This monitoring includes financial ratios to assess possible future credit ratings and headroom and takes into account the accessibility of cash and cash equivalents.

Financing arrangements

At 30 June 2019, the Group had access to:

- $450.0 million revolving multicurrency facility through a syndicate of domestic and international financial institutions maturing in April 2022. This facility is unsecured and can be extended.
- US Private Placement of notes USD250.0 million of which USD100.0 million matures in July 2023 and USD150.0 million matures in July 2025.
- USD300.0 million five-year USD revolving facility, through a syndicate of domestic and international financial institutions, maturing in April 2024.
- Two bilateral agreements for $50.0 million, each with separate domestic institutions, with one maturing in July 2019(1) and the other maturing in September 2020.

(1) Subsequent to 30 June 2019, this facility was refinanced under similar terms to the current agreement and now matures in January 2022.

The committed and uncommitted standby arrangements and unused facilities of the Group are set out below:

	2019			2018		
$ million	**Committed**	**Uncommitted**	**Total**	**Committed**	**Uncommitted**	**Total**
Financing facilities available:						
Bank overdrafts	**–**	**6.3**	**6.3**	–	6.2	6.2
US Private placement	**356.1**	**–**	**356.1**	338.3	–	338.3
Loan facilities and term debt	**977.4**	**116.3**	**1,093.7**	770.7	84.1	854.8
	1,333.5	**122.6**	**1,456.1**	1,109.0	90.3	1,199.3
Facilities utilised:						
Bank overdrafts	**–**	**–**	**–**	–	–	–
US Private placement	**356.1**	**–**	**356.1**	338.3	–	338.3
Loan facilities and term debt	**607.0**	**–**	**607.0**	416.2	–	416.2
	963.1	**–**	**963.1**	754.5	–	754.5
Facilities not utilised:						
Bank overdrafts	**–**	**6.3**	**6.3**	–	6.2	6.2
US Private placement	**–**	**–**	**–**	–	–	–
Loan facilities and term debt	**370.4**	**116.3**	**486.7**	354.5	84.1	438.6
	370.4	**122.6**	**493.0**	354.5	90.3	444.8

Section 5: Financial risk management (continued)

5.3 Liquidity and funding risk (continued)

Maturity of financial liabilities

The table below analyses the Group's financial liabilities, including derivatives, into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the amounts disclosed in the statement of financial position:

$ million	1 year or less	1–2 years	2–5 years	More than 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
2019						
Non-derivative financial instruments						
Trade and other payables	**999.1**	**8.8**	**3.5**	**0.5**	**1,011.9**	**1,011.9**
Borrowings	**32.8**	**30.6**	**817.1**	**221.3**	**1,101.8**	**960.3**
Total non-derivatives	**1,031.9**	**39.4**	**820.6**	**221.8**	**2,113.7**	**1,972.2**
Derivatives						
Net settled (interest rate swaps and commodity contracts)	**0.5**	**0.5**	**1.0**	**–**	**2.0**	**2.0**
Gross settled forward exchange contracts						
– Inflow	**209.1**	**18.9**	**1.6**	**–**	**229.6**	
– Outflow	**(208.4)**	**(19.0)**	**(1.5)**	**–**	**(228.9)**	
Total gross settled forward exchange contracts	**0.7**	**(0.1)**	**0.1**	**–**	**0.7**	**0.7**
Total derivatives	**1.2**	**0.4**	**1.1**	**–**	**2.7**	**2.7**
2018						
Non-derivative financial instruments						
Trade and other payables	951.1	13.4	6.8	1.3	972.6	972.6
Borrowings	27.0	249.4	228.6	352.7	857.7	755.1
Total non-derivatives	978.1	262.8	235.4	354.0	1,830.3	1,727.7
Derivatives						
Net settled (interest rate swaps and commodity contracts)	(1.8)	0.5	1.3	–	–	–
Gross settled forward exchange contracts						
– Inflow	268.9	5.3	–	–	274.2	
– Outflow	(261.1)	(5.4)	–	–	(266.5)	
Total gross settled forward exchange contracts	7.8	(0.1)	–	–	7.7	7.7
Total derivatives	6.0	0.4	1.3	–	7.7	7.7

5.4 Hedging instruments

Hedging activities and the use of derivatives

What is a derivative?
A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables, such as exchange rates or interest rates, and is entered into for a fixed period of time. A hedge is where a derivative is used to manage exposure in an underlying variable.

The Group is exposed to certain market risks which include foreign exchange risk, interest rate risk and commodity price risk. In accordance with Board approved policies the Group manages these risks by using derivative financial instruments to hedge the underlying exposures.

Why do we need them?
The key market risks facing the Group:

- Foreign currency transaction risk is the risk that currency fluctuations will have a negative effect on the value of the Group's future cash flows due to changes in foreign currency between the date a commercial transaction is entered into and the date at which the transaction is settled.
- Interest rate risk arises from fluctuations in variable market interest rates impacting the fair value or future cash flows on long-term borrowings.
- Commodity price risk arises from significant changes in the price of electricity and key raw material inputs, in particular the purchase of aluminium.

How do we use them?
The Group employs the following derivative financial instruments when managing its foreign currency and interest rate risk:

- Forward exchange contracts and options are derivative instruments used to hedge transaction risk so they enable the sale or purchase of foreign currency at a known fixed rate on an agreed future date. The Group holds forward exchange contracts and options denominated in US Dollar, Euro and NZ Dollar to hedge highly probable forecast sale and purchase transactions (cash flow hedges).
- Interest rate swaps are derivative instruments that exchange a fixed rate of interest for a floating rate, or vice versa, or one type of floating rate for another, and are used to manage interest rate risk. These derivatives are entered into to optimise the Group's exposure to fixed and floating interest rates arising from borrowings. These hedges incorporate cash flow hedges, which fix future interest payments, and fair value hedges, which reduce the Group's exposure to changes in the value of its assets and liabilities arising from interest rate movements.
- Power Purchase Arrangements are derivative instruments that are used to hedge transaction risk associated with the variability of wholesale electricity prices in Australia. These forward commodity contracts exchange a variable wholesale price of electricity for a fixed electricity price.

In respect of managing commodity price risk associated with aluminium purchases the Group uses forward commodity contracts. Forward commodity contracts are derivative instruments used to hedge price risk so they enable the purchase of aluminium raw materials at a known fixed rate on an agreed future date. On behalf of customers, aluminium hedging is undertaken using fixed price swaps. The Group passes on the price risk of commodities contractually through to customers, including any benefits and costs relating to swaps upon their maturity (fair value hedge).

All derivative financial instruments utilised by the Group are hedges of highly probable forecast transactions with a hedge ratio of 1:1, therefore the change in the hedging instrument is equal to the change in the value of the underlying hedged item.

Derivative financial instruments are only undertaken if they relate to underlying exposures, the Group does not use derivatives to speculate.

Analysis of the derivatives used by the Group to hedge its exposure and the various methods used to calculate their respective fair values are detailed in this section.

Accounting policies

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into and are subsequently remeasured at fair value or 'marked to market' at each reporting date. The gain or loss on remeasurement is recognised immediately in the income statement unless the derivative is designated as a hedging instrument in which case the remeasurement is recognised in equity.

Hedge accounting

At the inception of the hedge relationship, the Group formally designates the relationship between hedging instruments and hedged items, as well as its risk management objective for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. Where option contracts are used to hedge forecast transactions, only the intrinsic value of the option contract is designated as the hedging instrument.

Section 5: Financial risk management (continued)

5.4 Hedging instruments (continued)

Rebalancing

If the hedging ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

For the purposes of hedge accounting, hedges are classified as fair value hedges, cash flow hedges or net investment hedges and are accounted for as set out in the table below.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

	Fair value hedge	Cash flow hedge	Net investment hedge
What is it?	A derivative or financial instrument designated as hedging the change in fair value of a recognised asset or liability or firm commitment.	A derivative or financial instrument hedging the exposure to variability in cash flow attributable to a particular risk associated with an asset, liability or forecasted transaction.	Financial instruments hedging changes in foreign currency when the net assets of a foreign operation are translated from their functional currency into Australian dollars.
Movement in fair value	Changes in the fair value of the derivative are recognised in the income statement, together with the changes in fair value of the hedged asset or liability attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps, hedging fixed rate borrowings, is recognised in the income statement within 'finance costs', together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other income' or 'general and administration expenses'.	The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the hedging reserve. The change in the fair value that is identified as ineffective is recognised immediately in the income statement within 'other income' or 'general and administration expenses'. Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset. Where options are used, changes in the fair value of the option are recognised in other comprehensive income depending on whether it is designated as the hedging instrument in its entirety, or it's intrinsic value only. If only the intrinsic value is designated, the option's time value that matches the terms of the hedged item is recognised in equity and released to profit or loss over the term of the hedged item.	On consolidation, foreign currency differences arising on the translation of financial assets and liabilities designated as net investment hedges of a foreign operation are recognised in other comprehensive income and accumulated in the foreign exchange reserve, to the extent that the hedge is effective. Any ineffective portion is recognised in the income statement.
Discontinuation of hedge accounting	If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the income statement over the period to maturity using a recalculated effective interest rate.	When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.	Upon disposal of the foreign operation, which is subject to the net investment hedge, the cumulative amount that has been recognised in equity in relation to the hedged net investment is transferred to the income statement and recognised as part of the gain or loss on disposal.

Fair value measurement

The following table sets out the fair value of derivative financial instruments utilised by the Group, analysed by type of contract. There were no transfers between level 1 and 2 for recurring fair value measurements during the year. The Group does not hold any material level 3 financial instruments.

		Level 2 Fair Value Hierarchy			
		2019		2018	
$ million	**Note**	**Asset**	**Liability**	**Asset**	**Liability**
Cash flow hedges					
Foreign exchange derivative contracts	5.1.2	**2.4**	**(1.7)**	8.3	(0.6)
Interest rate swap contracts	5.1.1	**–**	**(0.1)**	0.2	(2.6)
Electricity and commodity derivatives	5.1.3	**5.9**	**(3.8)**	7.6	(5.2)
Total derivatives in an asset/(liability) position		**8.3**	**(5.6)**	16.1	(8.4)
Current asset/(liability)		**4.0**	**(3.0)**	9.8	(4.4)
Non-current asset/(liability)		**4.3**	**(2.6)**	6.3	(4.0)

Judgements and estimates

The Orora Group Treasury team performs the financial instrument valuations and reports directly to the Chief Financial Officer (CFO) and the Audit & Compliance Committee. Discussions of valuation processes and results are held with the CFO and Orora Group Treasury at least once every six months, in line with the Group's half-yearly reporting requirements. Significant valuation issues are reported to the Audit & Compliance Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into three levels as prescribed under accounting standards, with each of these levels indicating the reliability of the inputs used in determining fair value. The levels in the fair value hierarchy are:

Level 1: Financial instruments traded in an active market (such as publicly traded derivatives, and trading and available-for-sale securities). Fair value is from a quoted price, for an identical asset or liability at the end of the reporting period, traded in an active market. The quoted market price used for assets is the last bid price.

Level 2: Financial instruments that are not traded in an active market (for example over-the-counter derivatives). Fair value is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. All significant inputs used in the valuation method are observable.

Level 3: Financial instruments for which no market exists in which the instrument can be traded. Where one or more of the significant inputs in determining fair value for the asset or liability is not based on observable market data (unobservable input), the instrument is included in level 3.

Determining fair value

The specific valuation techniques used to value derivative financial instruments are as follows:

- the fair value of forward exchange contracts and currency options is determined by using the difference between the contract exchange rate and the quoted exchange rate at the reporting date;
- the fair value of interest rate swaps calculated as the present value of the estimated future cash flows – ie the amounts that the Group would receive or pay to terminate the swap at the reporting date, based on observable yield curves;
- the fair value of electricity and aluminium commodity forward contracts is determined by using the difference between the contract commodity price and the quoted price at the reporting date.

Section 6: Group structure

IN THIS SECTION

This section provides information on those subsidiaries whose results principally affect the financial results of the Group, including details of the acquisitions that occurred during the period.

Details of the Orora Employee Share Trust are also discussed below.

6.1 Principal subsidiary undertakings and investments

The ultimate parent of the Group is Orora Limited, a company incorporated in Australia. The companies listed below are those whose results, in addition to the parent Company, principally affect the figures shown within the Annual Report:

		Ownership interest	
Controlled entities	Country of incorporation	2019	2018
Specialty Packaging Group Pty Ltd	Australia	**100%**	100%
Orora Packaging New Zealand Ltd	New Zealand	**100%**	100%
Orora Packaging Solutions	United States	**100%**	100%
Landsberg Orora	United States	**100%**	100%
Orora Visual TX LLC	United States	**100%**	100%
Orora Visual LLC	United States	**100%**	100%
Pollock Investments Incorporated	United States	**100%**	–

The Group did not dispose of any controlled entities during the 12-month period ending 30 June 2019 (2018: nil). Refer below for details of acquisitions.

6.2 Business acquisitions

Pollock Investments Incorporated

On 28 November 2018, the Group acquired 100% of the issued share capital of Pollock Investments Incorporated (Pollock), a market leading provider of packaging and facility supplies head quartered in Texas, USA. In addition to 6 distribution centres located throughout Texas the business has distribution centres in Georgia, North Carolina, New Jersey and California. Pollock predominantly services industrial, retail and facility supplies market segments and also operates a corrugated box manufacturing plant and in-house packaging design service in Dallas, Texas.

The results of Pollock are included in the North America segment from the date of acquisition.

As at 30 June 2019, the accounting for this acquisition has been provisionally determined as the post-close adjustment process remains in progress. Management is continuing to assess the fair value of the opening balance sheets which may result in adjustments to the fair value attributable to the net assets acquired as reported below.

Purchase consideration

$ million	
Initial cash consideration paid	**102.9**
Cash paid for completion adjustments	**2.1**
Deferred consideration	**6.8**
Total purchase consideration	**111.8**

Deferred consideration

The deferred consideration relates to a USD5.0 million indemnity holdback. During the period to 30 June 2019 USD2.0 million of the holdback has been paid. Of the remaining balance USD1.0 million is expected to be paid in August 2019 and the balance in November 2019.

Fair value of net assets acquired and goodwill

$ million	Fair Value
Cash and cash equivalents	**7.9**
Trade and other receivables	**54.9**
Inventories	**33.6**
Property, plant and equipment	**2.9**
Intangible assets	**5.1**
Trade and other payables	**(56.1)**
Provisions	**(2.2)**
Non-current liabilities	**(1.9)**
Fair value of net identifiable assets acquired	**44.2**
Add goodwill	**67.6**
Fair value of net assets acquired	**111.8**

Goodwill
The goodwill is mainly attributable to the synergies expected to be achieved from integrating the business purchased into the Group's existing North American operations and the skills and talent of the workforce in the newly acquired businesses.

Acquired receivables
The fair value of the acquired trade receivables was $46.6 million. The gross contractual amount for trade receivables due is $47.2 million, of which $0.6 million was expected to be uncollectable.

Purchase consideration and acquisition-related costs
During the period from acquisition date to 30 June 2019 the Group reported the following cash flows:

$ million	
Cash consideration paid	**105.0**
Deferred consideration paid	**2.7**
Less: cash acquired	**(7.9)**
Outflow of cash	**99.8**

Acquisition-related costs of $1.6 million were recognised in general and administrative expenses in the income statement and in operating cash flow in the cash flow statement.

Bronco Packaging

On 31 August 2018, the Group acquired the assets and operations of Bronco Packaging Corporation, a business which serves corporate accounts in the fresh food and manufacturing industry and provides an 'on-demand' packaging delivery service to its customers which are predominately located in Texas.

From the date of acquisition to 30 June 2019 consideration of USD20.6 million ($28.4 million) has been paid. This includes a deferred consideration payment of USD1.6 million arising as a result of customary completion processes. The fair value of the net identifiable assets acquired was USD1.9 million. The resulting goodwill recognised represents the synergies expected to be achieved from integrating the Bronco business into the Group's existing North American operations.

The results of the business are included in the North America segment from the date of acquisition.

Accounting policies

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets of a business are acquired.

In accordance with the acquisition method the Group measures goodwill, at acquisition date, as the fair value of the consideration transferred less the fair value of the identifiable assets and liabilities acquired. The fair value of the consideration transferred comprises the initial cash paid and an estimate for any future contingent or deferred payments the Group may be liable to pay.

The application of the acquisition method requires certain estimates and assumptions to be made particularly around the determination of fair value of: any contingent or deferred consideration; the acquired intangible assets; property, plant and equipment; and liabilities assumed. Such estimates are based on the information available at the acquisition date and valuation techniques which require considerable judgement in forecasting future cash flows and developing other assumptions.

Section 6: Group structure (continued)

6.3 Orora Employee Share Trust

The Group holds shares in itself as a result of shares purchased by the Orora Employee Share Trust (the Trust). The Trust was established to manage and administer the Company's responsibilities under the Groups Employee Share Plans (refer note 7.1) through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees. In respect of these transactions, at any point in time the Trust may hold 'allocated' and 'unallocated' shares.

As at 30 June 2019, the Trust held 1,126,545 Treasury Shares (unallocated shares) in the Company (2018: 6,767,418) and 264,040 allocated shares in respect of the CEO Grant (2018: 385,446).

Allocated shares

Allocated shares represent those shares that have been purchased and awarded to employees under the CEO Grant (refer note 7.1). Shares granted to an employee under the CEO Grant are restricted in that the employee is unable to dispose of the shares for a period of up to five years (or as otherwise determined by the Board). The Trust holds these shares on behalf of the employee until the restriction period is lifted at which time the Trust releases the shares to the employee. Allocated shares are not identified or accounted for as treasury shares.

Where the Orora Employee Share Trust purchases equity instruments in the Company, as a result of managing the Company's responsibilities under the Group's CEO Grant Employee Share Plan award, the consideration paid, including any directly attributable costs is deducted from equity, net of any related income tax effects.

Unallocated shares

Unallocated shares represent those shares that have been purchased by the Trustee on-market to satisfy the potential future vesting of awards granted under the Groups Employee Shares Plans, other than the CEO Grant. As the shares are unallocated they are identified and accounted for as treasury shares (Treasury Shares) refer note 2.4.1.

Accounting policies

Transactions with the Group-sponsored Trust are included in these financial statements. In particular, the Trust's purchases of shares in Orora Limited are debited directly to equity. The shares are held in the Trust until such time as they may be transferred to participants of the various Group share schemes. In accordance with the Trust Deed, the Trustees have the power to exercise all voting rights in relation to any investment (including shares) held within the Trust.

Management has been authorised by the Board to issue a request to the Trustee to waive all right and entitlement to be paid the final FY19 dividend in respect of Treasury Shares held by the Trust. As a result, assuming the Trustee grants the request, the Treasury Shares will not receive a dividend payment in respect of the final FY19 dividend.

Section 7: Other notes to the financial statements

IN THIS SECTION

This section includes additional financial information that is required by the accounting standards and the *Corporations Act 2001*, including details about the Group's employee reward and recognition programs.

7.1 Share-based compensation

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based incentives. The Orora employee incentive plans have been established to ensure employees are motivated and incentivised to develop and successfully execute against both short and long-term strategies that grow the business and generate shareholder returns. The plans provide an appropriate level and mix of short and long-term incentives to appropriately recognise and reward employees creating a high performance culture and Orora's ability to attract and retain talent. Orora's remuneration strategy is competitive in the relevant markets to support the attraction and retention of talent.

The following information provides details of Orora's employee incentive plans. During the period the Group recognised a share-based payment expense of $6.0 million (2018: $8.4 million). Employee expenses and employee provisions are shown in note 1.5 and 3.8 respectively.

This note should be read in conjunction with the Remuneration Report, as set out in the Directors' Report, which contains detailed information regarding the setting of remuneration for Key Management Personnel.

The following table details the total movement in the CEO Grant, Share Options, Performance Rights or Performance Shares issued by the Group:

			Long Term Incentive Plans				Short Term Incentive Plan	
	CEO Grant		Share Options		Performance Rights and Performance Shares		Deferred Equity[1]	
	No.	$[2]	No.	$[2]	No.	$[2]	No.	$[2]
2019								
Outstanding at beginning of period	**385,446**	**2.65**	**17,134,808**	**0.47**	**7,635,916**	**1.76**	**1,822,418**	**2.87**
Granted during the period	**80,000**	**3.09**	**2,124,500**	**0.38**	**1,483,500**	**1.99**	**593,157**	**3.15**
Exercised during the period	**(171,406)**	**2.28**	**(4,405,185)**	**0.31**	**(2,819,166)**	**1.22**	**(1,009,022)**	**2.79**
Forfeited during the period	**(30,000)**	**2.13**	**(422,353)**	**0.54**	**(526,859)**	**2.31**	**(87,617)**	**3.04**
Outstanding at end of period	**264,040**	**2.38**	**14,431,770**	**0.50**	**5,773,391**	**2.06**	**1,318,936**	**3.05**
Exercisable at end of period	**–**	**–**	**384,561**	**0.23**	**–**	**–**	**–**	**–**
2018								
Outstanding at beginning of period	1,808,109	2.41	19,551,561	0.39	9,275,000	1.42	2,402,246	2.46
Granted during the period	–	–	3,946,000	0.63	1,941,000	2.40	948,754	2.98
Exercised during the period	(1,131,804)	2.32	(5,215,000)	0.30	(3,035,500)	1.11	(1,487,322)	2.29
Forfeited during the period	(290,859)	1.31	(1,147,753)	0.49	(544,584)	1.25	(41,260)	2.64
Outstanding at end of period	385,446	2.65	17,134,808	0.47	7,635,916	1.76	1,822,418	2.87
Exercisable at end of period	–	–	199,561	0.23	–	–	–	–

(1) The equity outcomes for the 2019 financial year short-term incentive will be determined and allocated in September 2019.

(2) The above weighted average fair value is determined in accordance with AASB 2 *Share-based Payment* in respect of recognising the share-based payment expense of the award granted.

Section 7: Other notes to the financial statements (continued)

7.1 Share-based compensation (continued)

The exercise price of the CEO Grant, Performance Rights and Performance Shares and Deferred Equity Awards are nil. The exercise price of Share Options outstanding at the end of the year are set out below:

Grant date	Vesting Date	Expiry date	Exercise price	Number 2019	Number 2018
19 Feb 2014	30 Sept 2016	30 Sept 2021	1.22	**199,561**	199,561
19 Feb 2014	30 Sept 2018	30 Sept 2023	1.22	**185,000**	2,840,185
21 Oct 2014	30 Sept 2018	30 Sept 2023	1.22	**–**	1,750,000
30 Oct 2015	30 Sept 2019	30 Sept 2024	2.08	**4,039,629**	4,049,562
20 Oct 2016	29 Aug 2020	29 Aug 2025	2.69	**4,273,580**	4,349,500
20 Oct 2017	30 Aug 2021	30 Aug 2026	2.86	**3,723,000**	3,946,000
22 Oct 2018	31 Aug 2022	31 Aug 2027	3.58	**2,011,000**	–
Share options outstanding at end of period				**14,431,770**	17,134,808
Weighted average contractual life of options outstanding at end of period				**6.4 years**	6.6 years

A description of the equity plans in place during the year ended 30 June 2019 is described below:

	Retention/Share Payment plan	Long-term incentives		Short-term incentive
	CEO Grant	**Share Options**	**Performance Rights and Performance Shares**	**Deferred Equity**
Overview	The Board endorses certain employees as eligible to receive ordinary shares in part satisfaction of their remuneration for the relevant financial year. The number of shares issued is at the discretion of the Board. The restrictions on these shares do not allow the employee to dispose of the shares within the vesting/restriction period. The shares subject to the CEO Grant carry full dividend entitlements and voting rights.	Under the long-term incentive plan, share options or performance rights over ordinary shares in the Company, or performance shares, may be issued to employees. The exact terms and conditions of each award are determined by the Directors of the Company at the time of grant. Give the employee the right to acquire a share at a future point in time upon meeting specified vesting conditions, described below, and require payment of an exercise price. The share options are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.	Give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions, as described below, no exercise price is payable. The rights are granted at no consideration and carry no dividend entitlement or voting rights until they vest and convert to ordinary shares on a one-for-one basis.	Provides an additional short-term incentive opportunity to selected employees, in the form of rights to ordinary shares. The number of rights that are allocated to each eligible employee is based on: • 33.3% of the value of the cash bonus payable under the Short Term Incentive Plan, following the end of the performance period; • the volume weighted average price of Orora Limited ordinary shares for the five trading days up to and including 30 June, being the end of the performance period; and • where cash bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five-day period.
Vesting conditions	Subject to alignment of performance with Orora's Values as assessed by the Board and the employee remaining in employment of the Group at the vesting date.	Subject to meeting an Earnings per Share (EPS) hurdle, the satisfaction of a Return on Average Funds Employed (RoAFE) gateway test, and the employee remaining in employment of the Group at the vesting date.	Two-thirds are subject to meeting a relative Total Shareholder Return test, the remaining one-third is subject to meeting an EPS hurdle and the satisfaction of a RoAFE gateway test. Vesting of the rights is subject to the employee remaining in employment of the Group at vesting date.	Remain in employment of the Group at vesting date.

	Retention/Share Payment plan	Long-term incentives		Short-term incentive
	CEO Grant	**Share Options**	**Performance Rights and Performance Shares**	**Deferred Equity**
Vesting period	Up to 5 years	4 years	4 years	2 years
Vested awards	Restriction lifted upon vesting.	Vested share options will remain exercisable until the expiry date. On expiry, any vested but unexercised share options will lapse.	Shares are issued upon vesting.	Shares issued upon vesting.
Unvested awards	Unvested awards are forfeited if the employee voluntarily ceases employment or is dismissed for cause or poor performance.			

Accounting policies

The cost of the share-based compensation provided to employees is measured using the fair value at the date at which the option or right is granted and is recognised as an employee benefit expense in the income statement with a corresponding increase in the share-based payment reserve in equity. The expense is spread over the vesting period during which the employees become unconditionally entitled to the option or right granted. Upon exercise of the option or right, the balance of the share-based payment reserve, relating to the option or right, is transferred to share capital.

At each reporting period the Group revises the estimate of the number of options that are expected to vest based on the non-market vesting conditions. Any impact to the revision of an original estimate is recognised in the income statement with a corresponding adjustment to the share-based payment reserve. The employee expense, recognised each period, reflects the most recent estimate.

The fair value of options is measured at grant date taking into account market performance conditions, but excludes the impact of any non-market conditions (eg profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be exercisable.

The fair value of each option granted is measured on the date of grant using the Black Scholes option pricing model that takes into account the exercise price, the vesting and performance criteria, and where applicable the market condition criteria, term of the option, impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of rights is measured at grant date using a Monte-Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined a Black-Scholes methodology is utilised to determine the fair value of the rights granted.

The following weighted average assumptions were used in determining the fair value of options and rights granted during the period:

	2019	2018
Expected dividend yield (%)	**3.70**	3.80
Expected price volatility of the Company's shares (%)	**22.00**	22.63
Share price at grant date ($)	**3.30**	3.32
Exercise price ($) – options only	**3.58**	2.86
Risk-free interest rate – options (%)	**2.61**	2.69
Expected life of options (years)	**4.00**	4.00
Risk-free interest rate – rights (%)	**2.12**	2.16
Expected life of rights (years)	**3.58**	3.54

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected price volatility, of the Company's shares, reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Section 7: Other notes to the financial statements (continued)

7.2 Auditors' remuneration

$ thousand	2019	2018
Auditors of the Company – PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	**907.9**	821.0
Other assurance services	**29.0**	17.5
Other services		
Taxation services and transaction related taxation advice(1)	**557.3**	678.0
Total PwC Australia	**1,494.2**	1,516.5
Network firms of PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	**10.0**	30.0
Other services		
Taxation services, transaction related taxation advice and due diligence	**97.2**	83.2
Total Network firms of PwC Australia	**107.2**	113.2
Total Auditors' remuneration	**1,601.4**	1,629.7

(1) Taxation services included advice received on the implications of various global tax legislative changes in the US, Australia and New Zealand.

7.3 Commitments and contingent liabilities

Capital expenditure commitments

At 30 June 2019, the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of $25.6 million (2018: $24.3 million).

Other expenditure commitments

At 30 June 2019, the Group had other expenditure commitments of $79.1 million (2018: $90.1 million) in respect of other supplies and services yet to be provided.

Operating lease commitments

The total undiscounted future minimum lease payments under non-cancellable operating leases fall due for payment as follows:

$ million	2019	2018
Within one year	**103.7**	92.2
Between one and five years	**299.3**	277.9
More than five years	**88.3**	100.1
	491.3	470.2
Less sub-lease rental income	**–**	–
	491.3	470.2

Contingent liabilities

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

Guarantees
The Group has issued a number of bank guarantees to third parties for various operational and legal purposes. In addition, Orora Limited has guaranteed senior notes issued by Landsberg Orora in the US private placement market, the notes have maturities between 2023 and 2025 (see note 2.3). It is not expected that these guarantees will be called on.

Asset restoration and decommissioning
The decommissioning of the Petrie site is a significant and complex exercise involving multiple government agencies. Recently the Group entered into an amended contract with the landowner in respect of finalisation of the scope for the final phase of remediation and decommissioning. The Group has also engaged a specialist environmental consulting firm to manage the completion of the remaining remediation works. At the date of this Report, decommissioning work continues on site with the estimated costs to complete the decommissioning contingent on final remediation requirements which require significant judgement in respect of determining a reliable estimate. Refer to note 1.2 and 3.8 for further information pertaining to the decommissioning process.

Other
Certain entities in the Group are party to various legal actions and exposures that have arisen in the ordinary course of business. The actions are being defended and the Directors are of the opinion that provisions are not required as no material losses are expected to arise.

Judgements and estimates

Legal proceedings
The outcome of currently pending and future legal, judicial, regulatory and other proceedings of a litigious nature cannot be predicted with certainty. Legal proceedings can raise difficult and complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each proceeding is brought and differences in applicable law.

An adverse decision in a legal proceeding could result in additional costs that are not covered, either wholly or partially, under insurance policies, which could significantly impact the business and the results of operations of the Group.

Each legal proceeding is evaluated on a case-by-case basis considering all available information, including that from legal counsel, to assess potential outcomes. Where it is considered probable that a future obligation will result in an outflow of resources, a provision is recognised in the amount of the present value of the expected cash outflows, if these are deemed to be reliably measureable.

Section 7: Other notes to the financial statements (continued)

7.4 Orora Limited

Summarised income statement and comprehensive income

	Orora Limited	
$ million	2019	2018
Profit before related income tax expense	166.1	214.1
Income tax expense	(22.0)	(39.6)
Profit for the financial period	**144.1**	174.5
Total comprehensive income	**140.9**	184.6

Summarised balance sheet

	Orora Limited	
$ million	2019	2018
Total current assets	526.7	489.6
Total non-current assets	2,059.1	1,696.2
Total assets	**2,585.8**	2,185.8
Total current liabilities	605.3	593.6
Total non-current liabilities	691.0	282.2
Total liabilities	**1,296.3**	875.8
Net assets	**1,289.5**	1,310.0
Equity		
Contributed equity	484.1	479.9
Reserves:		
Share-based payment reserve	15.5	17.5
Cash flow hedge reserve	0.5	3.7
Retained profits(1)	789.4	808.9
Total equity	**1,289.5**	1,310.0

(1) The opening position for retained profits was reduced by $6.9 million to $802.0 million as a result impact of the adoption of AASB 15 *Contracts with Customers*. Refer note 7.8.1 for more information.

Orora Limited financial information

The financial information for the parent entity Orora Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries
In the Company's financial statements, investments in subsidiaries are carried at cost less, where applicable, accumulated impairment losses.

Nature of tax sharing agreement
Upon tax consolidation, the entities within the tax-consolidated group entered into a tax sharing agreement. The terms of this agreement specify the methods of allocating any tax liability in the event of default by the Company on its group payment obligations and the treatment where a subsidiary member exits the group. The tax liability otherwise remains with the Company for tax purposes.

Orora Limited and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Orora Limited.

The Company, and the members of the tax-consolidated group, recognise their own current tax expense/income and deferred tax assets and liabilities arising from temporary differences using the 'stand alone taxpayer' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

In addition to its current and deferred tax balances, the Company also recognises the current tax liabilities (or assets), and the deferred tax assets arising from unused tax losses and unused tax credits assumed from members of the tax-consolidated group, as part of the tax-consolidation arrangement. Assets or liabilities arising as part of the tax consolidation arrangement are recognised as current amounts receivable or payable from the other entities within the tax-consolidated group.

Contingent liabilities of Orora Limited

Deed of Cross Guarantee

Pursuant to the terms of the ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785, which relieved certain wholly-owned subsidiaries from specific accounting and financial reporting requirements, Orora Limited and all of the Company's Australian wholly-owned subsidiaries entered into an approved deed for the cross guarantee of liabilities. No liabilities subject to the Deed of Cross Guarantee at 30 June 2019 are expected to arise to Orora Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date.

Details of the deed and the consolidated financial position of the Company and the subsidiaries party to the Deed are set out in note 7.5.

Other guarantees

Orora Limited has guaranteed senior notes issued by Landsberg Orora in the US private placement market, the notes have maturities between 2023 and 2025 (see note 2.3). It is not expected that these guarantees will be called on.

7.5 Deed of Cross Guarantee

The Company, Orora Limited, and the subsidiaries listed below are subject to a Deed of Cross Guarantee (Deed) under which each company guarantees the debts of the others:

Orora Packaging Australia Pty Ltd
Pak Pacific Corporation Pty Ltd
Fibre Containers (Queensland) Pty Ltd
Speciality Packaging Group Pty Ltd
ACN 002693843 Box Pty Ltd
ACN 089523919 CCC Pty Ltd
Rota Die International Pty Ltd
Orora Closure Systems Pty Ltd
PP New Pty Ltd
AP Chase Pty Ltd
Lynyork Pty Ltd
Chapview Pty Ltd
AGAL Holdings Pty Ltd
Rota Die Pty Ltd
Envirocrates Pty Ltd

Under the terms of ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785, those wholly-owned subsidiaries that have entered into the Deed are granted relief from the *Corporations Act 2001* requirement to prepare and lodge audited Financial Reports and Directors' Reports.

Financial statements for the Orora Limited Deed of Cross Guarantee

The consolidated income statement, statement of comprehensive income and statement of financial position of the entities party to the Deed for the year ended and as at 30 June, are set out below.

Consolidated income statement, statement of comprehensive income and retained earnings

$ million	**2019**	2018
Sales revenue	**1,906.7**	1,878.3
Profit from operations	**144.1**	243.8
Net finance costs	**(15.4)**	(16.0)
Profit before related income tax expense	**128.7**	227.8
Income tax expense	**(25.8)**	(44.2)
Profit for the financial period	**102.9**	183.6
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Cash flow hedge reserve		
Unrealised gains on cash flow hedges, net of tax	**0.1**	5.7
Realised (gains)/losses transferred to profit or loss, net of tax	**(3.2)**	4.1
Realised (gains)/losses transferred to non-financial assets, net of tax	**(0.1)**	0.2
Other comprehensive income, net of tax	**(3.2)**	10.0
Total comprehensive income for the financial period	**99.7**	193.6
Retained profits at beginning of financial period	**1,103.1**	1,063.7
Impact of change in accounting policy (refer 7.8.1)	**(6.9)**	–
Restated Retained profits at beginning of financial period	**1,096.2**	1,063.7
Profit for the financial period	**102.9**	183.6
Dividends recognised during the financial period	**(156.7)**	(144.2)
Retained profits at end of the financial period	**1,042.4**	1,103.1

Section 7: Other notes to the financial statements (continued)

7.5 Deed of Cross Guarantee (continued)

Consolidated Balance Sheet

$ million	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	**26.3**	23.6
Trade and other receivables	**247.1**	244.9
Inventories	**350.0**	343.6
Derivatives	**4.0**	9.8
Other current assets	**26.2**	29.4
Total current assets	**653.6**	651.3
NON-CURRENT ASSETS		
Investments in controlled entities	**687.0**	345.9
Property, plant and equipment	**1,446.1**	1,406.7
Goodwill and intangible assets	**100.9**	99.1
Derivatives	**4.3**	6.3
Other non-current assets	**19.2**	37.9
Total non-current assets	**2,257.5**	1,895.9
Total assets	**2,911.1**	2,547.2
CURRENT LIABILITIES		
Trade and other payables	**462.2**	481.4
Interest-bearing liabilities	**47.3**	8.0
Derivatives	**3.0**	4.4
Current tax liabilities	**9.0**	10.8
Provisions	**115.2**	114.8
Total current liabilities	**636.7**	619.4
NON-CURRENT LIABILITIES		
Other payables	**3.4**	5.9
Interest-bearing liabilities	**604.2**	219.6
Derivatives	**2.6**	3.5
Deferred tax liabilities	**31.5**	37.8
Provisions	**50.7**	17.3
Total non-current liabilities	**692.4**	284.1
Total liabilities	**1,329.1**	903.5
NET ASSETS	**1,582.0**	1,643.7
EQUITY		
Contributed equity	**488.0**	499.7
Treasury shares	**(3.9)**	(19.8)
Reserves	**55.5**	60.7
Retained earnings	**1,042.4**	1,103.1
TOTAL EQUITY	**1,582.0**	1,643.7

7.6 Related party transactions

The related parties identified by the Directors include investments and key management personnel.

Details of investment in subsidiaries are disclosed in note 6.1 and details of the Orora Employee Share Trust are provided in note 6.3. The Group does not hold any interests in associates or joint ventures.

7.6.1 Parent entity

The ultimate parent entity within the Orora Group is Orora Limited, which is domiciled and incorporated in Australia. Transactions with entities in the wholly-owned Orora Group are made on normal commercial terms and conditions and during the year included:

- purchases and sales of goods and services;
- advancement and repayment of loans;
- interest expense paid by Orora Limited for money borrowed;
- transfer of tax related balances for tax consolidation purposes;
- provision of transactional banking facilities on behalf of subsidiaries;
- provision of payroll, superannuation, share-based remuneration and managerial assistance.

7.6.2 Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 1.5.

7.7 Key Management Personnel

Key Management Personnel (KMP) consists of Orora Limited Executive and Non-Executive Directors, the Chief Financial Officer and the Group General Manager, Strategy. Key management personnel compensation is as follows:

$ thousand	2019	2018
Short-term employee benefits	**3,623**	4,299
Long-term employee benefits	**54**	66
Post employment benefits	**159**	180
Termination benefits	**–**	40
Share-based payment expense	**1,835**	2,779
	5,671	7,364

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report. Apart from the information disclosed in this note, no Director has entered into a material contract with the Group this financial year and there were no material contracts involving Directors' interests existing at year end (2018: nil).

At 30 June 2019, no individual KMP or related party holds a loan with the Group (2018: nil).

Section 7: Other notes to the financial statements (continued)

7.8 New and amended accounting standards and interpretations

7.8.1 Adopted from 1 July 2018

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2018 to the Group have been adopted, including:

- AASB 15 *Revenue from Contracts with Customers*;
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*.

The adoption of AASB 15 *Revenue from Contracts with Customers*, has resulted in a change to the Group's accounting policies, more detail is provided below.

The adoption of the other amending standards has not resulted in a change to the financial performance or position of the Group.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts and related Interpretations*. Under AASB 15 revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted AASB 15 using the cumulative effective method in respect of initially applying this standard at the date of application of 1 July 2018. Accordingly, the information presented for 2018 has not been restated, it is presented as previously reported under AASB 118, AASB 111 and related Interpretations. Additionally, the disclosure requirements of AASB 15 have not generally been applied to comparative information.

The impact, net of tax, of transition to AASB 15 on retained earnings at 1 July 2018 was $7.3 million. In assessing the impact of AASB 15 on contract incentives paid to customers and, with specific reference to individual customer contracts, it was identified that in a limited number of instances, previous upfront incentives did not represent modifications of previous contracts and therefore should not be carried forward and allocated to the transaction price under the terms of the current contract.

The following table summarises the impact of adopting AASB 15 on the Group's statement of financial position as at 30 June 2019. This adjustment reflects the base change in the allocation of upfront incentives to the transaction price under current contracts, as discussed above. There was no material impact on the Groups income statement or cash flow statement for the twelve months to 30 June 2019.

AASB 15 did not have a significant impact on the Group's accounting policies with respect to other revenue streams.

Impact on the statement of financial position

	As at 30 June 2019		
$ million	As reported	Adjustments	Amounts without adoption of AASB 15
Assets			
Other current assets	55.5	2.0	57.5
Other non-current assets	87.5	5.0	92.5
Others	3,775.2	–	3,775.2
Total assets	3,918.2	7.0	3,925.2
Liabilities			
Deferred tax liabilities	82.3	2.1	84.4
Others	2,191.4	–	2,191.4
Total liabilities	2,273.7	2.1	2,275.8
NET ASSETS	1,644.5	4.9	1,649.4
Equity			
Retained earnings	995.7	4.9	1,000.6
Others	648.8	–	648.8
TOTAL EQUITY	1,644.5	4.9	1,649.4

As allowed by AASB 15, the Group has not provided information about remaining performance obligations at 30 June 2019 given its contracts with customers have an expected duration of one year or less.

Revenue recognition accounting policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises income when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including related revenue recognition policies.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognised under AASB 15 (applicable from 1 July 2018)	Revenue recognised under AASB 118 (applicable before 1 July 2018)
Standard packaging products	Customers obtain control of standard packaging products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time with payment terms varying depending on the customer, ranging from 30 days to 90 days. Some contracts allow for volume discounts/rebates.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that include rebates the amount of revenue recognised is adjusted for anticipated rebates payable, which is estimated based on the historical purchase history of the customer.	Revenue was recognised when goods were delivered to the customer's premises, which was taken to be the point in time at which the related risks and rewards of ownership transferred to the customer. An accrual for estimated rebates was recognised based on the customers historical purchase history.
Made-to-order packaging products	Made-to-order contracts are usually long-term contracts which contain several elements. In the vast majority of cases these elements represent only one performance obligation to the customer. In some cases the Group produces these products in advance of delivery. Typically control over these goods remain with the Group until shipment or when the customer takes physical possession of the goods. The right to payment arises only at the point in time when control over the good is transferred to the customer. The Group has determined that for made-to-order products the customer obtains control of the products when the goods are delivered to and have been accepted at their premises. This represents the point in time when invoices are generated as the right to payment arises. Payment terms varying depending on the customer, ranging from 30 days to 90 days. Some contracts allow for volume discounts/rebates.	Revenue is recognised when the goods are delivered and have been accepted by the customers at their premises and the Group has the right to receive payment. For contracts that include rebates the amount of revenue recognised is adjusted for anticipated rebates payable, which is estimated based on the historical purchase history of the customer.	Revenue was recognised when goods were delivered to the customer's premises, which was taken to be the point in time at which the related risks and rewards of ownership transferred to the customer. An accrual for estimated rebates was recognised based on the customers historical purchase history.
Bundled packaging solutions	The Group sources and provides packaging equipment/solutions to customers who enter into long term product supply agreements. The customer obtains control of the equipment and product when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time with payment terms varying depending on the customer, ranging from 30 days to 60 days.	Revenue relating to the equipment supplied under the bundled packaging solution is recognised when the equipment is delivered and has been accepted by the customer at their premises. Revenue relating to the products supplied under the bundled packaging solution is recognised when the goods are delivered and have been accepted by the customer at their premises.	Revenue relating to the equipment supplied under the bundled packaging solution was recognised over the period of the contracts as products were purchased by the customer.

Section 7: Other notes to the financial statements (continued)

7.8 New and amended accounting standards and interpretations (continued)

7.8.2 Issued but not yet effective

The following new accounting standard issued by the AASB is relevant to current operations and may impact the Group in the period of initial application. It is available for early adoption but has not been applied in preparing this financial report.

AASB 16 Leases

AASB 16 replaces the current dual operating/finance lease accounting model for lessees under AASB 117 *Leases* and the guidance contained in Interpretation 4 *Determining whether an Arrangement contains a Lease*.

The new standard introduces a single, on-balance sheet accounting model, similar to the current finance lease accounting. Under the new standard the Group will be required to recognise a 'right-of-use' asset and a lease liability for all identified leased assets unless the lease term is 12 months or less or the underlying asset has a low value. The new standard will impact leases which are currently classified by the Group as operating leases, being mainly leases over premises, equipment and motor vehicles. New disclosure requirements have also been introduced under the new standard.

The standard is effective for annual reporting periods commencing on or after from 1 January 2019, making it effective for the Group's interim financial statements ending 31 December 2019.

Transition to AASB 16

The Group intends to retain the classification of existing contracts as leases under current accounting standards instead of reassessing whether existing contracts are or contain a lease and use the modified retrospective approach at the date of application of the new standard. Under the modified retrospective approach the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 July 2019, while the lease asset is measured as if AASB 16 had been applied from the commencement of the lease with any difference between the asset and liability being recognised as an adjustment to opening retained earnings. Therefore the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

In addition, the Group does not intend to bring short term leases (12 months or less to run as at 1 July 2019, including reasonably certain options to extend) or low value leases on balance sheet. Costs for these items will continue to be expensed directly to the income statement.

The Group has implemented lease accounting systems and amended processes that ensure the Group's ongoing compliance with AASB 16, including the additional disclosures that will be required around lease arrangements. Whilst the new standard is expected to materially impact key financial ratios of the Group it is not anticipated that the adoption of AASB 16 will impact the Group's ability to comply with debt covenants.

Estimated financial impact

The Group has completed an indicative assessment of AASB 16 and estimates the following impact upon the Group's statement of financial position at 1 July 2019 and the income statement for the year ending 30 June 2020. The actual financial impact on the results for the 30 June 2020 financial year will also be contingent on any new leases that are entered into, or any lease modifications, that occur during the financial year.

Estimated impact on statement of financial position as at 1 July 2019[(1)]

Right-of-use assets	**$455.0 million**
Right of use lease liabilities	**$545.0 million**

Estimated impact on the income statement for year ending 30 June 2020

Increase in EBITDA	**$96.0 million**
Increase in EBIT	**$21.5 million**
Increase in net profit before tax	**$1.5 million**
Increase in net profit after tax	**$1.0 million**

(1) The net effect of the new right-of-use assets and lease liabilities, adjusted for deferred tax will be recognised in retained earnings.

In future periods earnings before significant items, interest, tax, depreciation and amortisation (EBITDA), as disclosed in note 1.1 Segment results, will increase as the operating lease cost currently charged against EBITDA under AASB 117 will be replaced with a depreciation and interest charge which are excluded from the EBITDA measure (although included in profit before tax). Short-term leasing costs and non-lease component expenditure will continue to be charged against EBITDA. In addition, operating cash flows will increase under AASB 16 as the element of cash paid under lease arrangements, attributable to the repayment of principal will be included in financing cash flows. The net increase/decrease in cash and cash equivalents will remain the same.

Directors' declaration

1. In the opinion of the Directors of Orora Limited (the Company):

   (a) the financial statements and notes, and the Remuneration Report within the Directors' Report, are in accordance with the *Corporations Act 2001* including:

   (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Orora Group's financial position as at 30 June 2019 and its performance for the year ended on that date; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. Within the notes to the financial statements it is confirmed that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

3. At the date of this declaration, there are reasonable grounds to believe that the Company and the consolidated entities identified in note 7.5 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to *ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785*.

4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Managing Director and Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

This declaration is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 29 August 2019.

C I ROBERTS
Chairman

Independent auditor's report to the members of Orora Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Orora Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the statement of financial position as at 30 June 2019
- the income statement for the year then ended
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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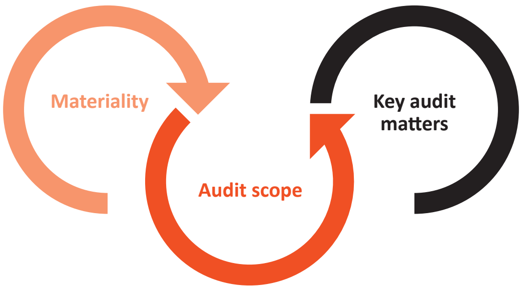
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Orora Limited is an Australian company listed on the Australian Stock Exchange. Orora manufactures and distributes a wide range of tailored packaging solutions. The Group also offers end-to-end packaging solutions, including global product sourcing, distribution, design, printing and warehousing optimisation.



Materiality

- For the purpose of our audit we used overall Group materiality of $16.8 million, which represents approximately 5% of the Group's profit from operations (being profit before net finance costs and income tax expense), excluding significant items.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit from operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We also adjusted for significant items as they are unusual or infrequently occurring items impacting profit and loss.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Orora operates across two operating segments, being Orora Australasia and Orora North America, with its head office functions based in Melbourne, Australia.
- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Independent auditor's report to the members of Orora Limited

pwc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Compliance Committee.

Key audit matter	How our audit addressed the key audit matter
Significant Items **(Refer to note 1.2 Significant items)** Orora recognised a significant item expense of $79.2 million ($55.8 million after tax) in the year. This comprised restructuring and asset impairment costs of $29.2 million ($20.8 million after tax), and decommissioning costs of $50.0 million ($35.0 million after tax). The decommissioning costs relate to additional costs associated with the decommissioning of the former Petrie Mill site in Queensland. This provision is evaluated by the Group on an ongoing basis using historical experience and other factors, including expectation of future events, using currently available information and environmental laws and regulations. The Group have engaged a specialist environmental consulting firm to manage the completion of the remaining decommissioning works. These are a key audit matter because of the financial significance of the expenses and the judgement involved in assessing the nature and extent of decommission work to be performed and the future cost of performing the decommissioning, and the timing and ability to recognise the restructuring provisions.	We obtained Orora's calculation of the estimated costs to complete the Petrie site decommissioning work, and the restructuring and asset impairment activities, and performed the following audit procedures for the year ended 30 June 2019: • Tested the mathematical accuracy of the calculations. • Assessed the adequacy of disclosures within the financial report compared to Australian Accounting Standards. For Petrie Mill site decommissioning work; • Considered the progression of decommissioning activities completed, including a site visit. • Tested the accuracy of costs incurred compared to budget through the year. • Read selected reports and supporting documentation, including correspondence with regulatory authorities and the specialist environmental consulting firm. • Compared cost estimates, where possible, to third party quotes. • Assessed the Group's rights and obligations under the contract with the landowner. For restructuring and asset impairment activities, amongst others, we; • Considered the recognition criteria for restructuring provisions. • Read selected supporting documentation, including communications with the impacted workforce.
Revenue Recognition (Refer to note 1.1 Segment results, 1.4 Income and 7.8 New and amended accounting standards and interpretations) For the year ended 30 June 2019, Orora recognised $4,761.5 million in revenue from the sale of packaging products. Sales were made under a variety of different customer terms and conditions, which impact the timing or amount of revenue recognised. The Group's revenue arrangements include: • Various pricing mechanisms, including pricing adjustments linked with movements in commodity indices, payment of upfront contract incentives which are amortised over the life of the contract, volume rebates and discounts. • A range of trading terms which require determination of the performance obligation within the contract. • Consignment and other arrangements where the goods are delivered directly from a third party to the customer and revenue recognition only becomes certain after the delivery to the customer or when the subsequent sale to a third party has occurred. From 1 July 2018, the Group adopted AASB 15 *Revenue from Contracts with Customers*. In the financial report for the year ended 30 June 2019, the Group has disclosed the impact of AASB 15 on the current year results. Given the inherent risk associated with the appropriate recognition of revenue and the range of revenue arrangements in place which are specific to customers, revenue recognition was considered to be a key audit matter.	In considering the Group's revenue recognition at 30 June 2019, we have performed the following audit procedures, amongst others: • Considered the Group's assessment of the terms and conditions of major new sales contracts entered into during the year and the appropriateness of revenue recognised, net of contract incentive payment amortisation, rebates and discounts. • Identified a sample of manual journal entries impacting revenue based on a specified fraud criteria and tested the appropriateness of these transactions. • Selected a sample of revenue transactions, and: – Evaluated the timing and amount of revenue recognised in comparison to the terms and conditions of sale, timing of delivery and receipt of cash based on supporting documentation obtained. – Tested the appropriateness of revenue cut-off pre and post 30 June 2019, focusing on shipping and delivery terms. • Evaluated revenue recognition in line with the five step model required by AASB 15, based on the Group's assessment of their revenue streams and contract types of Standard packaging products, Made-to-order packaging products, and Bundled packaging solutions. • Considered the adequacy of disclosures made in the financial report compared to Australian Accounting Standards

Key audit matter	How our audit addressed the key audit matter
Impairment of non-current assets including property, plant and equipment and goodwill (Refer to note 3.5 Property, plant and equipment, note 3.6 Intangible assets and note 3.7 Impairment of non-financial assets) Orora had property, plant and equipment assets of $1,765.5 million and goodwill and intangible assets of $614.7 million at 30 June 2019. These assets are tested for impairment using a discounted cash flow model in accordance with note 3.7. In undertaking impairment testing, the following assumptions were judgemental: • expected earnings, as taken from board approved budgets and Orora's strategic plan, for financial years ending 2020 to 2023 and extrapolated to 2024 • discount rates used to discount the estimated cash flows • the long term growth rates to be applied to the forecast cash flows in the terminal year. We considered this to be a key audit matter because of the level of judgement involved by the Group in determining the assumptions used to perform impairment testing.	We evaluated Orora's cash flow forecasts used to assess the carrying value of cash generating units. This included updating our understanding of how the budgets and forecasts were compiled and comparing them to the latest Board approved FY20 budget and FY21 – FY23 strategic plan. We also tested the calculations in the cash flow forecast model for mathematical accuracy. We compared actual historical results to budget to assess the level of the Group's accuracy in forecasting cash flows. With the assistance of our valuation experts, we evaluated the appropriateness of Orora's discount rates assumptions used in the cash flow forecasts. We evaluated the appropriateness of Orora's long term growth rate based on relevant external market factors. We compared recoverable amount calculations to the Group's market capitalisation and performed sensitivity calculations over the forecast cash flows. We also considered the adequacy of disclosures made in relation to impairment testing of assets in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Independent auditor's report to the members of Orora Limited

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 40 to 57 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Orora Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

ANTON LINSCHOTEN
Partner

Melbourne
29 August 2019

Statement of shareholdings

Statement pursuant to Australian Securities Exchange official list requirements.

Top 20 shareholders as at 5 August 2019

Rank	Name	Shares held	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	401,585,499	33.28
2	J P Morgan Nominees Australia Pty Limited	157,552,149	13.06
3	Citicorp Nominees Pty Limited	129,164,820	10.70
4	National Nominees Limited	54,647,718	4.53
5	BNP Paribas Nominees Pty Ltd	15,841,270	1.31
6	BNP Paribas Noms Pty Ltd	14,336,949	1.19
7	HSBC Custody Nominees (Australia) Limited	13,021,536	1.08
8	Australian Foundation Investment Company Limited	6,165,000	0.51
9	Pacific Custodians Pty Limited	5,062,495	0.42
10	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	4,683,306	0.39
11	UBS Nominees Pty Ltd	4,182,580	0.35
12	AMP Life Limited	4,015,375	0.33
13	HSBC Custody Nominees (Australia) Limited-GSCO ECA	3,935,722	0.33
14	UBS Nominees Pty Ltd	3,776,189	0.31
15	Bond Street Custodians Limited	3,671,293	0.30
16	Citicorp Nominees Pty Limited	3,508,707	0.29
17	Sandhurst Trustees Ltd	3,338,890	0.28
18	Netwealth Investments Limited	2,720,993	0.23
19	HSBC Custody Nominees (Australia) Limited	2,594,002	0.21
20	National Nominees Limited	1,813,454	0.15
Total		**835,617,947**	**69.25**

Substantial shareholders as at 5 August 2019

Holder	No. of shares
Perpetual Limited	101,973,496
The Vanguard Group, Inc.	60,355,965

Statement of shareholdings

Distribution of shareholdings

Fully paid ordinary shares as at 5 August 2019

Range	No. of holders	No. of shares	% of issued capital
100,001 and Over	235	902,002,512	74.75
10,001 to 100,000	7,503	166,548,988	13.80
5,001 to 10,000	9,134	66,068,065	5.48
1,001 to 5,000	24,823	65,027,084	5.39
1 to 1,000	13,298	7,038,274	0.58
Total	**54,993**	**1,206,684,923**	**100.00**
Unmarketable Parcels	1,624	91,554	0.01

Voting rights

Votes of shareholders are governed by Rules 45 to 50 of the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, on a show of hands every shareholder present in person shall have one vote and upon a poll every shareholder present in person, or by proxy or attorney, shall have one vote for every fully paid share held.

Unquoted equity securities – Issued pursuant to various Orora Limited Employee Incentive Plans as at 5 August 2019

Unquoted equity securities	No. of employees participating	No. of securities
Options over ordinary shares – exercise price $1.22	2	384,561
Options over ordinary shares – exercise price $2.08	9	4,039,629
Options over ordinary shares – exercise price $2.69	8	4,273,580
Options over ordinary shares – exercise price $2.86	8	3,723,000
Options over ordinary shares – exercise price $3.58	8	2,011,000
Rights	55	6,981,612

Five year historical financial information

Results shown for all operations before significant items except where indicated $ million (except where indicated)

For the years ended 30 June	2019	2018	2017	2016	2015
Orora Consolidated Results					
Net sales	**4,761.5**	4,248.0	4,039.1	3,849.8	3,407.8
Operating profit before interest and tax pre significant items	**335.2**	323.4	302.3	272.1	225.1
Operating profit before tax pre significant items	**295.8**	288.9	264.7	231.0	187.2
Net operating profit pre significant items	**217.0**	214.1	186.2	162.7	131.4
Net operating profit after significant items	**161.2**	212.2	171.1	168.6	131.4
Basic earnings per share (cents) pre significant items	**18.0**	17.8	15.6	13.6	10.9
Basic earnings per share (cents) after significant items	**13.4**	17.7	14.3	14.1	10.9
Dividend and distribution	**156.7**	144.2	119.6	101.7	78.4
Dividend per ordinary share (cents)	**13.0**	12.5	11.0	9.5	7.5
Dividend franking (% p.a)	**30%**[(2)]	30%	30%	30%	30%[(1)]
Dividend cover (times)	**12.4**	17.0	15.6	17.7	17.5
Financial Ratios					
Net tangible asset backing per share ($)	**0.85**	0.94	0.91	0.93	0.96
Net PBITDA interest cover pre significant items (times)	**11.9**	12.9	11.1	9.2	8.5
Gearing (net debt/net debt and shareholders' equity) (%)	**29%**	29%	30%	30%	30%
Return on average funds employed (%)[(3)]	**13.0%**	14.0%	13.6%	12.7%	10.6%
Financial Statistics					
Income from dividends and interest	**0.4**	0.3	0.2	0.5	0.7
Depreciation and amortisation provided during the year	**132.9**	121.9	116.1	107.5	98.1
Net finance costs	**39.4**	34.5	37.6	41.1	37.9
Cash flow from operations	**297.9**	329.0	351.2	305.0	254.0
Capital expenditure and acquisitions	**334.3**	204.3	292.0	230.3	122.3
Balance Sheet Data as at 30 June					
Current assets	**1,446.2**	1,318.1	1,170.1	1,082.7	998.4
Non-current assets	**2,472.0**	2,299.0	2,193.1	2,047.2	1,938.6
Total assets	**3,918.2**	3,617.1	3,363.2	3,129.9	2,937.0
Current liabilities	**1,160.6**	1,098.7	985.4	833.4	752.9
Non-current liabilities	**1,113.1**	887.9	831.0	798.9	742.1
Total liabilities	**2,273.7**	1,986.6	1,816.4	1,632.3	1,495.0
Net assets	**1,644.5**	1,630.5	1,546.8	1,497.6	1,442.0
Shareholders' equity					
Share capital	**484.1**	479.9	472.3	481.8	502.7
Reserves	**164.7**	152.1	144.0	136.8	127.2
Retained profits	**995.7**	998.5	930.5	879.0	812.1
Total shareholders' equity	**1,644.5**	1,630.5	1,546.8	1,497.6	1,442.0
Other data as at 30 June:					
Fully paid shares (000's)	**1,206,685**	1,206,685	1,206,685	1,206,685	1,206,685
Orora share price					
– year's high ($)	**3.69**	3.60	3.16	2.78	2.37
– year's low ($)	**2.89**	2.73	2.66	1.35	1.41
– close ($)	**3.24**	3.57	2.86	2.76	2.09
Market capitalisation	**3,909.7**	4,307.9	3,451.1	3,330.5	2,522.0
Employee numbers	**7,221**	7,014	7,038	6,394	6,025
Number of shareholders	**55,087**	54,164	54,002	47,542	45,786

(1) The FY15 final dividend was 30% franked, FY15 interim dividend was unfranked.

(2) The FY19 final dividend was 30% franked, FY19 interim dividend was 50% franked.

(3) Return on average funds employed is calculated as earnings before interest and tax excluding significant items.

Shareholder information

Shareholder enquiries

Shareholders seeking information about their shareholding or dividends should contact Orora's Share Registry, Link Market Services Limited (Link). Contact details are opposite. For security and privacy reasons, before contacting the Share Registry, shareholders should have their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) available.

Shareholders can also access a wide variety of holding information via Link's website: www.linkmarketservices.com.au and make changes either online or by downloading a form.

These changes include:

- choosing the preferred method of receiving the Annual Report, Notice of Meeting and payment statements
- checking holding balances
- updating address details
- providing an email address
- updating bank details
- electing to participate in the DRP.

Stock Exchange Listing

Orora Limited shares are listed on the Australian Securities Exchange (ASX) and are traded under the code ORA.

Annual General Meeting

The Annual General Meeting of Orora Limited will be held at the Hawthorn Arts Centre, 360 Burwood Road, Hawthorn, Victoria, Australia at 10.30am (Melbourne Time) on 15 October 2019.

Formal notice of the meeting is sent to each shareholder.

Orora publications and communications

The Annual Report is mailed in mid-September only to those shareholders who have previously requested to receive hard copies of the document.

If you have previously requested a printed copy of the Annual Report, but no longer require it in printed form, please update your preference online with Link Market Services or advise Link in writing.

To view this report online, or to download a copy, visit Orora's website: www.ororagroup.com.

Orora's website, www.ororagroup.com, offers shareholders details of the latest share price, announcements made to the ASX, including half-year and full-year results, investor and analyst presentations and many other publications that may be of interest.

Dividends

The Company normally pays dividends around April and October each year.

Shareholders should retain all remittance advice relating to dividend payments for tax purposes.

1. Direct deposit to a bank, building society or credit union account

Shareholders can receive their dividends directly into a nominated bank, building society or credit union account held in Australia, the United States of America or New Zealand.

The currency selected must match the location of the financial institution. For example, NZD can only be paid into an account held with a financial institution located in New Zealand.

Shareholders can provide or update banking details online at Orora's Share Registry at www.linkmarketservices.com.au.

2. Cheque payable to international shareholders

International shareholders who do not have an account with an Australian, United States or New Zealand financial institution will receive their dividends by Australian dollar cheque.

Lost or stolen cheques should be reported immediately in writing to Orora's Share Registry to enable a "stop payment" and replacement.

In addition, eligible shareholders can choose to have their dividend earnings reinvested in Orora shares.

Dividend Reinvestment Plan (DRP)

The DRP provides shareholders in Australia and New Zealand with the opportunity to reinvest their dividends to acquire additional Orora shares. Shares acquired under the DRP rank equally with existing fully paid ordinary shares.

Full details of the DRP and a DRP election form are available from Orora's Share Registry or from Orora's website.

Financial calendar 2019–2020

Financial year 2019 (FY19) ends	30 June 2019
Announcement of full-year results for FY19	15 August 2019
Ex-dividend date for final dividend FY19	16 September 2019
Record date for final dividend FY19	17 September 2019
Record date for Dividend Reinvestment Plan (DRP) for FY19 final dividend	18 September 2019
Annual General Meeting	15 October 2019
Dividend payment date and DRP allotment for FY19 final divided	21 October 2019
Financial half year 2020 ends	31 December 2019
Announcement of interim results for financial year 2020 (FY20)	February 2020
Ex-dividend date for interim dividend FY20	March 2020
Record date for interim dividend FY20	March 2020
Record date for Dividend Reinvestment Plan (DRP) for FY20 interim dividend	March 2020
Dividend payment date and DRP allotment for FY20 interim dividend	April 2020
Financial year 2020 ends	30 June 2020

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This publication is printed using vegetable-based soy inks.

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