ORORA

INVESTOR RESULTS RELEASE

Orora announces results for the year ended 30 June 2021

Focused execution of strategic priorities results in a 17.3% increase in underlying constant currency EBIT and a 29.0% increase in underlying EPS compared to the prior year.

FY21 results reflect the strength of Orora's business model, the benefits of a continued focus on delivering against the core strategies in each business and a balanced and disciplined approach towards capital management.

FINANCIAL SUMMARY

- Underlying net profit after tax (NPAT) before significant items was $156.7M, up a 23.7% on the prior year or 34.1% on a constant currency basis.
- Underlying earnings per share (EPS) was 16.9 cents per share (cps), up 29.0%.
- Statutory NPAT was $135.8M and EPS was 14.6 cps.
- Sales revenue was $3,538.0M, down 0.8% on FY20 (up 7.8% on a constant currency basis), driven by:
  - Volume growth in Cans and Closures, with strong revenue growth in Cans, partially offset by declines in Glass – Australasian revenue increased 6.1%;
  - OPS and OV revenue increasing by 8.3% and 7.7% respectively in local currency terms; and
  - $303.2M negative FX translational impact on sales, predominantly US dollar denominated North American sales;
- Underlying Earnings Before Interest and Tax (EBIT) was $249.1M, up 11.6% on FY20 (up 17.3% on a constant currency basis), driven by:
  - Stronger volumes in Cans and Closures in the Australasian business;
  - Significantly improved financial performance in North America. Local currency EBIT increased 43.0% on the prior year, a result of revenue growth and an ongoing focus on profit improvement initiatives with OPS margins improving by 80bps to 4.4%.
  - These factors were partially offset by:
    - Weakness in Glass, driven by a reduction in volumes in 2H21 as the impact of lower exports to China crystallized;
    - Cost headwinds associated with energy and insurance; and
    - Negative translational FX impact from US denominated earnings of $12.9M. US dollar earnings were translated at AUD/USD ~74.7 cents in FY21, compared to ~67.1 cents in the prior year.
- Significant item ("SI") expense after tax of $20.9M comprised of:
  - An incremental net gain from the disposal of the Australasian Fibre business ("Fibre") of $1.5M ($6.1M after tax benefit) arising from the post 30 June 2020 completion accounts process reported in 1H21. The 1H21 gain after tax benefit of $12.8M was offset in 2H21 by the recognition of additional costs and obligations associated with the sale.
  - Additional costs of $38.6M ($27.0M after tax) associated with the decommissioning of the former Petrie mill site ($29.3M was expensed in 2H21 or $20.5M after tax).

FINANCIAL SUMMARY – Continuing Operations (refer to footnotes)

(A$ mil)	FY21[1]	FY20[1]	Change %	Change % Constant Currency
Australasia revenue	834.1	785.9	6.1%	
North America revenue	2,703.9	2,780.3	(2.7%)	8.2%
Total sales revenue	3,538.0	3,566.2	(0.8%)	7.8%
EBITDA[2]	369.3	348.6	5.9%	11.5.%
Australasia EBIT	150.3	146.6	2.5%	
North America EBIT	98.8	76.7	28.8%	43.0%
Total EBIT	249.1	223.3	11.6%	17.3%
NPAT	156.7	126.7	23.7%	34.1%
EPS (cents)[3]	16.9	13.1	29.0%	
Return on sales (EBIT margin)[4]	7.0%	6.3%		
Operating cash flow[5]	246.0	169.8	44.9%	
Cash conversion[6]	72.9%	54.3%		
RoAFE[7]	19.9%	15.8%		
Dividend per share (cents)	14.0	12.0	16.7%	
Net bank debt[8]	453	292		
Leverage[9]	1.5x	0.9x		
Gearing	37%	22%		

- Operating cash flow was $246.0M, $76.2M above the prior year. Cash conversion was ~73%, up from ~54%, reflecting stronger earnings, improved working capital management and lower base capital expenditure. Prior year base capital expenditure reflects spend on the G2 rebuild (~$50M) not repeated in FY21.
- Final ordinary dividend is 7.5 cps. The final dividend brings total annual dividends for FY21 to 14.0 cps, a 16.7% or 2.0 cps increase on the prior year, representing a full year dividend payout ratio of ~80%. This is at the top end of the indicated payout range, reflecting the strength of the balance sheet and positive outlook for the Group's businesses.
- The final dividend is unfranked and sourced from the conduit foreign income account. The ex-dividend date is 6 September 2021, the record date is 7 September 2021 and the payment date is 11 October 2021.
- Shareholders should ensure their account details are up to date by the record date of 7 September 2021, in order to receive their dividend payment on 11 October 2021.
- Dividend Reinvestment Plan will be re-activated for this dividend, with shares purchased on market to meet DRP obligations

[1] This report includes certain non-IFRS financial information (operating cash flow, average funds employed, EBIT and EBITDA). This information is considered by Management in assessing the operating performance of the business and has been included for the benefit of investors. References to earnings throughout this report are references to earnings before interest and tax and significant items.
[2] Earnings before interest, tax, depreciation, and amortisation
[3] Calculated as underlying NPAT / weighted average ordinary shares (net of Treasury Shares)
[4] Calculated as EBIT / Sales
[5] Excludes cash significant items that are considered to be outside the ordinary course of operations and discontinued operations
[6] Calculated as underlying operating cash flow / underlying cash EBITDA
[7] Calculated as EBIT / trailing 12 month average funds employed.
[8] Net bank debt excludes the impact of AASB16 Lease Accounting.
[9] Calculated as Net Debt (excluding AASB16) / trailing 12 month underlying EBITDA including discontinued operations (excluding AASB16)

- Net bank debt at 30 June 2021 was ~$453M, up from ~$292M in the prior year, primarily reflecting the impact of increased debt arising from the on-market share buyback ("buyback"), partially offset by stronger earnings, reduced capital expenditure, the receipt of a tax refund and the settlement of the working capital completion account adjustment process related to the sale of Fibre in 1H21.
- Leverage was 1.5 times EBITDA, up from 0.9 times at 30 June 2020 and 31 December 2020. Targeted leverage remains between 2.0 and 2.5 times EBITDA.
- RoAFE was 19.9%, up from 15.8% at 30 June 2020, reflecting higher earnings across all business units.
- Going forward, foreign exchange translation sensitivity on EBIT and NPAT to a 1 cent move in the AUD/USD on an annualised basis is ~$1.5M and ~$0.9M respectively.

DISCONTINUED OPERATIONS

- On 30 April 2020, Orora completed the sale of Fibre to a wholly owned subsidiary of Nippon Paper Industries Co., Limited for an enterprise value of $1,720.0M.
- Net proceeds received in FY20 were ~$1,637.0M. In 1H21, Orora finalised the working capital completion account adjustment process which resulted in further net cash inflows of $20.7M.
- A further ~$32M is expected to be received in FY22 related to the deferred settlement of two properties.

CAPITAL MANAGEMENT UPDATE

- During FY21, Orora purchased ~89.3 million shares (representing 9.3% of issued capital) as part of an on-market buyback which was announced in August 2020.[10]
- Shares were bought back for a total outlay of $256.2M and a volume weighted average price of $2.87 per share.
- When combined with the capital return and special dividend payments made during FY20, the buyback brings the total returns of capital made to shareholders since the sale of Fibre to $856.2M, in addition to ordinary dividends.
- Consistent with a focus on the disciplined pursuit of growth and capacity enhancement investment opportunities, Orora continues to maintain a strong balance sheet, providing operating and strategic flexibility.

STRATEGY UPDATE

- The Group's refreshed corporate strategy facilitates Orora's ambition to be a leading sustainable packaging solutions company through three strategic pillars:
    - Pillar 1: Optimise and grow through operational improvement and best in class execution;
    - Pillar 2: Enhance and expand core products and services to enhance Orora's customer value proposition; and
    - Pillar 3: Enter new segments that are complementary to Orora's capability.
- Each of Orora's business units have formulated strategic priorities in each of these pillars underpinned by a focus on sustainability, innovation and digitisation.
- The strategic pillars form a critical part of Orora's blueprint for shareholder value creation. The pursuit of our priorities has ensured continued resilience in our business model, and supported positive progress in the optimisation of our operations and stabilisation of Orora's businesses in North America.
- Orora's strategy is expected to continue to generate strong cash flows from the core business operations. Deployment of this cash will be a combination of investments in the core businesses, strategic acquisitions that enhance Orora's product and service offering and capital management considerations, taking into account Orora's targeted dividend payout ratio of 60% - 80% of NPAT and targeted leverage ratio of 2.0 to 2.5 times EBITDA.
- Orora is well positioned for growth and continues to actively prepare for the deployment of further capital in the near and medium term – both within our market leading Australasian Beverage business and in response to growth opportunities that emerge to expand our product and service capabilities in North America following the stabilisation of our businesses.
- Future growth initiatives will be assessed with a rigorous approach to capital allocation ensuring that only value accretive investments that meet Orora's return criteria (to generate a return with an appropriate premium to WACC depending on risk of the investment) are undertaken.

SUSTAINABILITY UPDATE

- Orora progressed its sustainability agenda in FY21, with significant advances on circular economy initiatives in the Beverage and OV businesses, as well as good progress made toward achieving the Group's new five-year Eco Targets launched in FY20, focused on reducing greenhouse gas emissions, waste to landfill and water usage.
- During the period, Orora also undertook a comprehensive review of the Company's approach to sustainability, involving consultation with functional specialists across Orora, as well as an assessment of the sustainability areas of greatest relevance and importance to customers, investors and other stakeholders.
- Using insights gathered from the review, the pillars forming Orora's sustainability framework have been redefined as Circular Economy, Climate Change and Community.
- The redefined program, which will guide activity in FY22 and beyond, presents a more aspirational approach to sustainability at Orora and is more closely aligned with the expectations of customers, investors and the broader communities in which the company operates.
- As part of the next important chapter in its sustainability journey, Orora today announced:
    - Orora is committed to achieving net zero greenhouse gas emissions by 2050 for Scope 1 and Scope 2 emissions.
    - In addition, Orora is committed to achieving an interim goal of 40% reduction in Scope 1 and 2 greenhouse gas emissions by 2035 from FY19 levels. Our well defined plan to achieving this goal includes:
        - Increased use of recycled glass cullet to leverage greenhouse gas reducing benefits
        - Implementing less greenhouse gas intensive furnace technology
        - Procuring greenhouse gas-free electricity for our business globally
    - Our pathway between 2035 and 2050 will be firmed up over time and will require advances in technology.
    - Orora is targeting 60% recycled content (pre and post consumer) for glass beverage containers by 2025.

[10] An Appendix 3C was released on 17 August 2020. The buyback commenced on 14 September 2020 and ended on 30 June 2021.

COVID-19 IMPACT AND RESPONSE

- Despite the impact of COVID-19, all the businesses have adapted and performance has continued to improve over the course of FY21.
- Since the beginning of the COVID-19 pandemic in 2020, Orora's Management Team has continued to steward the Company's response across people, operations, suppliers and customers.
- Orora's response comprises three key focus areas: (1) safety, health and wellbeing, (2) customers and supply chain, and (3) active financial management.
- Orora's swift implementation and deployment of a range of health and safety measures enabled effective mitigation of the risk of transmission of COVID-19 throughout the pandemic.
- Orora has been, and will continue to work with, customers and procurement partners to ensure continuity of our operations and quality of supply.

OUTLOOK

In Australasia, we expect FY22 EBIT to be broadly in line with FY21. Continued strength in the Cans business is expected to offset the impact of subdued Glass volumes as the impacts of China wine tariffs are cycled in 1H22.

In North America, significant progress made on the implementation of core strategic initiatives and the OPS, and OV profit improvement programs are expected to continue. We are confident that recent performance improvements are sustainable, and we anticipate further EBIT growth in FY22.

Positive momentum is expected to continue into FY22 and correspondingly, we are forecasting further growth in underlying Group earnings.

This outlook remains subject to global and domestic economic conditions, currency fluctuations and the continuing impacts of the COVID-19 pandemic.

BALANCE SHEET

- Key balance sheet movements since June 2020 included:
  - Reduction in Cash reflects a conscious decision to reduce cash balances in offshore accounts and a more centralised approach to cash management and debt reduction;
  - Decrease in other current assets of ~$18M was largely driven by FX impacts (~$41M decrease). On an underlying basis , trade receivables increased in North America and across Beverage, reflecting increased sales. Underlying inventory levels remained relatively flat versus the prior year;
  - Net property, plant and equipment ("PP&E") decreased by ~$44M. Capex for FY21 was $57.1M and included spend on the Revesby small format can line, preliminary work on a new glass beneficiation plant at Gawler and a new folder gluer and investments in digital for OPS. Depreciation for the period was $68.1M (excl. ROU assets). The FX impact on PP&E was ~$11M (decrease);
  - Decrease in intangible assets of ~$23M was largely driven by FX impacts (~$30M decrease). Investments of ~$20M were made in digital platforms and software upgrades in FY21. Amortisation for the period was $7.9M;
  - Net debt increased by ~$161M during the year with the main driver being ~$256M spent on the buyback. This was partially offset by increased operating cash flow, the receipt of a tax refund and settlement of the working capital completion account adjustment process in connection with Fibre in 1H21. The FX translation impact was ~$26.0M (decrease). Orora remains well within all debt covenant requirements;
  - The ~$10M net increase in payables and provisions was driven by an increase in underlying payables across the businesses and the recognition of additional SI provisions during the year, partially offset by FX translation impacts (~$30M decrease); and
  - The net Right of Use ("ROU") Lease Liability declined ~$10M, with ~$4M of the net movement due to FX. ROU Leases relate predominantly to the North American business, with very few leases in Australasia.

Balance Sheet (A$ mil)	30/06/21	30/06/20[11]	Change %
Cash	51	107	(52.3%)
Other Current Assets	930	948	(1.9%)
Property, Plant & Equipment	628	672	(6.5%)
ROU Lease Assets	201	217	(7.4%)
Intangible Assets	411	434	(5.3%)
Other Non Current Assets	104	120	(13.3%)
Total Assets	**2,325**	**2,498**	(6.9%)
Borrowings	504	399	26.3%
ROU Lease Liabilities	253	279	(9.3%)
Payables & Provisions	799	790	(11.4%)
Total Equity	769	1,030	(23.3%)
Total Liabilities & Equity	**2,325**	**2,498**	(6.9%)
Net debt	453	292	
Leverage	1.5x	0.9x	
Gearing	37%	22%	

[11] In response to the International Financial Reporting Interpretation Committee (IFRIC) agenda decision regarding the accounting of upfront configuration and customisation costs incurred in implementing Systems-as-a-Service (SaaS) arrangements the Group has revised its accounting policy in respect of the treatment of these costs. The change in accounting policy has been applied retrospectively and the historical information restated to account for the impact of the change, impact in FY21 $0.7M (FY20 $1.0M).

CASH FLOW

- Increased earnings were converted into cash with operating cash flow of $246.0M, up by $76.2M or 44.9%.
- Cash conversion of 72.9% was stronger than 54.3% reported in the prior year.
- Main movements / points to note in cash flow include:
  - Increase in cash EBITDA of 8.0% (sum of EBITDA and non-cash items), broadly in-line with lease adjusted earnings;
  - An $8.0M improvement in total working capital movement compared to FY20 of ($69.6M), with an increase in trade receivables reflecting increased sales across the Group, offset by an improvements in OPS DSO and payables;
  - Underlying inventory levels remained relatively flat versus FY20;
  - Lower base capex of $31.9M compared to $83.2M in FY20, largely reflecting the impact of the G2 rebuild at Gawler of ~$50M in FY20; and
  - Gross capex (base and growth) of $57.1M was ~84.0% of underlying depreciation for the year.
- FY22 base capex is expected to be ~80% of underlying depreciation (excluding depreciation of leases).
- Tax refund of ~$1.5M reflects the timing of FY21 tax payments made in North America and New Zealand, offset by a tax refund of Australian taxes.
- Average total working capital to sales was 6.4% (8.3% in FY20), with the decrease largely attributable to increased sales and reduced average working capital balances.
- The medium term management target for average total working capital to sales is less than 10.0%.

Cash Flow (A$ mil)	FY21	FY20	Change %
EBITDA	**369.3**	**348.6**	5.9%
Lease repayments[12]	(59.4)	(65.5)	
Non-cash Items	27.7	29.5	
Cash EBITDA	**337.6**	**312.6**	8.0%
Movement in Total Working Capital	(61.6)	(69.6)	
Base capex	(31.9)	(83.2)	
Sale proceeds	1.9	10.0	
Operating cash flow	**246.0**	**169.8**	44.9%
Cash significant Items	(33.8)	(42.1)	
Operating free cash flow	**212.2**	**127.7**	
Interest – Group[13]	(22.0)	(37.9)	
Tax – Group	1.5	(49.1)	
Growth capex	(25.2)	(33.0)	
Free cash available to shareholders	**166.5**	**7.7**	
Cash conversion	72.9%	54.3%	

[12] Cash impact of AASB16 Leases has been included in operating cash to provide a view of cash EBITDA
[13] Group includes values pertaining to continuing and discontinuing operations

AUSTRALASIA

KEY POINTS

- Sales were up 6.1%, reflecting strong demand for Cans and Closures offset by the anticipated revenue impacts arising from tariffs on Australian wine exports to China.
- EBIT growth of 2.5% underscores the resilience of the Group's earnings and was predominately driven by:
  - Strong growth in Cans volumes across all categories reflecting increased levels of at home consumption across FY21.
  - A reduction in Glass volumes in 2H21 as the impact of lower exports to China crystallized. Good progress has been made to redeploy capacity, mainly into lower profit margin beverage categories. This shift in Glass mix to other beverage categories was made to maximise recovery and throughput given expected lower wine volumes; and
  - Increased costs related to insurance (~$1M) and energy (~$1.5M).
- As a result of the above, return on sales reduced by 60 bps to 18.0%.
- Underlying sales in Australasia increased 7.5% after taking into account the pass through of lower aluminium prices.
- Operating Cash Flow was $158.0M, up $38.0M or ~32% compared to the prior year.
- Cash conversion was ahead of the prior year at 72.2%, reflecting higher cash EBITDA, lower base capital expenditure partially offset by an increase in working capital. The negative movement in total working capital largely reflects an increase in the timing of increased sales compared to FY20, which impacted trade receivables.
- Base capital expenditure of $18.9M was materially lower compared to the prior year, with FY20 including investment relating to the G2 rebuild at Gawler of ~$50.0M.
- RoAFE was 25.4%, down 160bps from the prior year, with the impact of slightly increased earnings being offset by the full year impact of commissioning of G2 and warehouses at Gawler in FY20.

BEVERAGE BUSINESS GROUP

Cans:

- Earnings grew strongly on the prior year, with an increase in volumes. All sites moved to 24/7 operations during the second half of FY21 in response to strong demand with 1H21 and 2H21 volumes both up on their respective pcp.
- Steady volume growth was underpinned by increased demand in carbonated soft drinks, and both craft beer and mainstream beer segments, benefiting from a preference shift from Glass to Can format.
- Volumes also increased in non-alcoholic beverages such as still and sparkling water, and other alcoholic beverages such as seltzers, RTD's, and wine.

Glass:

- Overall volumes in FY21 reflect the impact of reduced bottled wine exports to China, with growth in beer and other lower margin beverage categories providing a partial offset.
- Solid progress has been made to replace wine bottle volumes through entry into new segments, diversification of production capabilities and customer portfolio expansion. Orora continues to work closely with customers to replace volumes lost due to lower bottled wine exports to China by accelerating alternate Glass growth pathways.
- Ongoing focus on operational cost improvement and the benefits of the new warehouses commissioned in FY20 have flowed as anticipated. This was however largely offset by a reduction in Glass volumes in 2H21 as the impact of lower exports to China crystallised. As a result, Glass earnings were down on the prior year, but in line with expectations.

(A$ mil)	FY21	FY20	Change %
Sales Revenue	834.1	785.9	6.1%
EBIT	150.3	146.6	2.5%
EBIT Margin %	18.0%	18.6%	
RoAFE	25.4%	27.0%	

Segment Cash Flow

(A$ mil)	FY21	FY20	Change %
EBITDA	**197.8**	**191.5**	3.3%
Lease repayments	(6.0)	(6.1)	
Non-cash Items	27.1	21.0	
Cash EBITDA	**218.9**	**206.4**	6.1%
Movement in Total Working Capital	(41.7)	(35.1)	
Base Capex	(18.9)	(60.8)	
Sale Proceeds	(0.3)	9.5	
Operating Cash Flow	**158.0**	**120.0**	31.7%
Cash Significant Items	(28.5)	(20.6)	
Operating Free Cash Flow	**129.5**	**99.4**	
Cash Conversion	72.2%	58.1%	

Closures:

- Closure volumes were up on the prior year reflecting increased levels of at home consumption, with earnings broadly in line with FY20.
- China tariffs have not had an impact on closures, as exports to China were predominantly to cork closures.

STRATEGY, GROWTH & INNOVATION UPDATE

- Orora Australasia's strategy continues to be underpinned by a relentless focus on servicing our customers through manufacturing and supply chain excellence and maintaining leadership in packaging decoration and design.
- With a portfolio of leading sustainable packaging formats, Orora is well-placed to benefit from continued momentum in consumer preference towards recyclable packaging formats.
- Orora continues to prioritise investment in its market leading Australasian operations with a number of milestones achieved during FY21 to support further growth across the full spectrum of the business.
- Installation of small format can capability at Revesby (NSW) was completed during 2H21, at a cost of ~$13M. This is complementary to existing small format can capability already installed in Rocklea (Qld) and Wiri (Auckland), and further enhances Orora's ability to meet customer preferences and demand.
- Reflecting a strong customer led outlook for can volume growth, capacity expansion plans continue to progress. We anticipate that, once a number of customer contract extensions are secured, work will commence during 2022 on the installation of a new can line at an existing site at a cost of ~$70M – $80M.

AUSTRALASIA (continued)

- In FY21 Orora began utilising glass cullet from the new West Australian Container Deposit Scheme (“CDS”). This was in addition to cullet already used from the South Australian and New South Wales schemes. The business continues to seek further opportunities to source recycled content.
- Construction of an advanced glass beneficiation plant is underway at Gawler at an estimated cost of ~$25M. Federal and State Government funding of ~$8M has been received to support this development through the Recycling Modernisation Fund. Commissioning is expected in 2H22. This will enable Orora to increase recycled glass content toward its target of ~60%, further progressing the Group’s sustainability agenda.
- The Beverage Group continued to focus on operational excellence through Advanced Manufacturing including data analytics and Integrated Work Systems deployment. In line with this strategy, investment has continued in the Industry 4.0 plant efficiency initiative. The data analytics platform has now been rolled out to all Cans body sites and at Gawler, providing better data to problem solve and improve efficiencies.
- The benefits of the ~$35.0M warehouse at Gawler to enable onsite storage of inventory and further reduce offsite pallet storage and transport costs continued to materialise as forecast throughout FY21.
- Orora continues to invest in capacity and innovation to produce best in class products and services. At Glass, ~$250M has been invested in the world class Gawler facility since the demerger, including the G2 furnace rebuild, capacity expansions, mould insourcing, system upgrades and on-site, highly automated warehouse capacity. The Cans business has also seen significant investment in capacity and capability with ~$90M invested since demerger.
- With Cans, Orora maintains its market leading decoration and differentiation capabilities while continuing to explore a number of innovative concepts in aluminium containers.
- Quality and service remain paramount, and investments in eCommerce enhancements continue to assist with customer engagement.

PERSPECTIVES FOR FY22 AUSTRALASIA

- The Australasian business will continue to identify and implement cost reduction initiatives, as well as reinvest in upgrades to the asset base and new capacity with the support of customers. This is consistent with Orora’s proven approach to offset ongoing cost headwinds, in addition to pursuing organic and inorganic growth.
- With the success of investments in Australasia to date, investment in innovation, including innovation that drives sustainability improvements, will continue to enhance the value proposition and / or improve productivity and drive earnings growth of the Australasian business.
- Continued strength in Cans demand will support 24/7 operations across all sites and together with anticipated gradual improvements in product mix, drive earnings growth. With the support of customers, further investment in capacity expansion, asset upgrades and innovation will set a foundation for continued growth beyond FY22.
- The Australasian business is expected to deliver an FY22 EBIT that is broadly in line with FY21. The continued strength in the Cans business is expected to offset the impact of the Glass business cycling the impact of reduced bottle exports to China.
- The business will continue to work closely with customers to replace volumes lost due to lower bottled wine exports to China by accelerating alternate growth pathways as Glass cycles the impact of China tariffs in 1H22.
- Cash conversion in FY22 is expected to be greater than 70.0%.

NORTH AMERICA

(A$ mil)	FY21	FY20	Change %
Sales Revenue	2,703.9	2,780.3	(2.7%)
EBIT	98.8	76.7	28.8%
EBIT Margin %	3.7%	2.8%	
RoAFE	15.0%	8.9%	

(US$ mil)	FY21	FY20	Change %
Sales Revenue	2,019.8	1,866.4	8.2%
EBIT	73.8	51.6	43.0%

Segment Cash Flow

(A$ mil)	FY21	FY20	Change %
EBITDA	**171.5**	**157.1**	9.2%
Lease repayments	(53.4)	(59.4)	
Non-cash Items	0.6	8.5	
Cash EBITDA	**118.7**	**106.2**	11.8%
Movement in Total Working Capital	(19.9)	(34.5)	
Base Capex	(13.0)	(22.4)	
Sale Proceeds	2.2	0.5	
Operating Cash Flow	**88.0**	**49.8**	76.7%
Cash Significant Items	(5.3)	(21.5)	
Operating Free Cash Flow	**82.7**	**28.3**	
Cash Conversion	74.1%	46.9%	

KEY POINTS

- North American sales were up 8.2% on a local currency basis to US$2,019.8M, with year on year increases achieved for both OPS and OV. On a reported basis sales were down 2.7%.
- North America's EBIT increased by 43.0% to US$73.8M on a constant currency basis (up 28.8% on a reported basis to $98.8M).
- EBIT margins increased 90bps to 3.7% compared to the prior year.
- Operating cash flow increased to $88.0M while cash conversion increased to ~74% from ~47% in FY20.
- The increase in cash conversion was driven by a 11.8% increase in cash EBITDA, an improvement in total working capital movement compared to FY20 and lower base capital expenditure. An increase in trade receivables reflecting increased sales was partially offset by a significant improvement in OPS days sales outstanding and an increase in payables. Total capex of $23.0M, including growth capex of $10.0M, was broadly in line with FY20 of $22.4M.
- RoAFE increased by 610bps to 15.0% in-line with higher earnings and the OV impairments made in FY20.
- Reported EBIT includes a negative A$12.9M FX translation impact.

COVID-19 IMPACT

- Both OPS and OV are classified as essential services.
- The impact of COVID-19 on North America's retail landscape during FY21 was significant. Pleasingly, both OPS and OV have returned to revenue growth, with trading conditions progressively improving over the course of H2.
- The businesses continue to successfully manage the safety of Orora's people and provide effective service to customers, while focussing on a realignment of operating costs commensurate with prevailing volumes.

ORORA PACKAGING SOLUTIONS

- EBIT was higher than the pcp in both H1 and H2 of FY21.
- OPS delivered constant currency revenue growth of ~8.3% compared to the prior year.
- EBIT margins were higher than the pcp in both H1 and H2 of FY21. On a full year basis, EBIT margins increased by 80bps to 4.4% from 3.6%, noting the impact of seasonality between H1 and H2.
- This material and sustainable EBIT margin increase is the result of continued improvement in business performance and margins resulting from the delivery of profit improvement programs – principally volume growth, margin recovery and cost efficiency / reduction. This program continues to gain momentum, and will continue throughout FY22. Improved performance in FY21 was driven by:
  - Full year benefit of headcount reductions made in FY20;
  - A detailed focus on customer profitability and cost to serve whilst maintaining pricing discipline in response to upstream pricing changes; and
  - An ongoing focus on further leveraging the ERP and associated data analytics to provide additional transparency to sales representatives, further enhancing decision making on price, procurement and costs to serve.

ORORA VISUAL

- OV revenue for the year increased by 7.7% on a constant currency basis, with H2 performance more than offsetting a constant currency revenue decline in 1H21 compared to the pcp.
- A positive full year EBIT result compared favourably to a prior year loss.
- These results reflect the continued focus on cost reduction and a shift to defensive segments delivering revenue and margin growth. Defensive markets such as food, beverage and horticulture – segments which now represent over ~37% of the revenue base, up from ~34% in FY20.
- This improved operating performance has offset the continuing impact of COVID-19 which has created challenging trading conditions, with retail store closures and the deferral of promotional programs – particularly in 1H21.

STRATEGY, GROWTH & INNOVATION UPDATE

- In both OPS and OV, the management teams have been focused on establishing platforms that enable scalable expansion.
- Strategically, OPS continues to focus on providing customised solutions that enhance the value of its customers' products and services, whilst also reducing the costs of their packaging.
- OPS continues to benefit from its vertically-integrated corrugate manufacturing capability ensuring enhanced customer responsiveness and operating flexibility.
- OV's strategy remains to utilise its national footprint, creative resources and breadth of in-house services and manufacturing capabilities to deliver impactful graphic visual solutions for customers.
- Both OPS and OV seek to differentiate themselves in their respective markets through the product expertise and experience of their sales teams, sound execution and supply chain excellence.
- The OPS profit improvement program is being well executed with positive momentum building. The improvement in earnings on the prior year has been achieved despite the enduring impacts of COVID-19. New initiatives, and in some cases extensions to existing initiatives, will be implemented throughout FY22.
- The journey to return to historic EBIT margins continues to gain momentum, with OPS aiming to generate a > 5% EBIT margin in the next two to three years. Success achieved to date demonstrates the positive impact of the work undertaken, with further benefits expected to be realised over FY22 and beyond.
- OPS continues to invest in new digital platforms to replace legacy web portals and to enable customers to transact digitally with customised

NORTH AMERICA (continued)

product offerings via digital channels. The omnichannel strategy is designed to integrate all channels of customer engagement and improve the overall customer experience, with the first phase of the new platform now expected to launch in FY22, after COVID-19 related delays in FY21.

- Automation at Orora Fresh Canada continues, and will remove manual work processes and drive costs out.
- OPS has committed capital to improving the Pollock Manufacturing capability.
- Orora Visual continues to build on its value proposition to serve national customers with a series of consistent point of purchase, visual communication and fulfilment offerings. New fabric lines commissioned in Orange County and New Jersey in FY20 assisted the fulfillment of customer demand that drove an increase in revenue in segments including Beauty, Home and Apparel during FY21. These fabric lines continue to gain traction with increased customer demand driving higher levels of utilisation throughout FY21.
- Orora Visual continues to invest in digital technology including Customer and Consumer Engagement capability and print on demand solutions.

PERSPECTIVES FOR FY22 – NORTH AMERICA

- The focus for the North American businesses and the OPS and OV management teams remains on driving further positive momentum and continuing to build on the demonstrated improvements in performance delivered throughout FY21 via earnings, cost effiency and margin improvement programs.
- Market conditions for parts of North America business will remain challenging, however the business is well positioned as the broader economy emerges from COVID-19.
- With significant progress made on the implementation of core strategic initiatives, and the OPS profit improvement program expected to continue, we are confident that recent performance improvements are sustainable, and we anticipate further EBIT growth in FY22.
- Successful pass-through of substrate and other input cost increases is expected to continue.
- OPS is on track to achieve a > 5% EBIT margin in the next two to three years.
- A review of the strategic direction of Orora Visual remains ongoing and will complete by the end of calendar 2021.
- With the business platforms now stabilised and scalable, expansion of product and service capabilities for OPS, including through M&A, will come into greater focus throughout FY22.
- Cash conversion in FY22 is expected to remain in excess of 70%.

CORPORATE

- Corporate costs are allocated directly to the business segments.
- In May 2021 Orora refinanced a $350M Syndicated Facility. The refinanced facility will mature in November 2024. Commercial terms and composition of the lending syndicate were not materially changed.
- Orora has substantial headroom under its existing debt facilities, with a $35M bilateral facility maturing in January 2022 (undrawn at 30 June 2021) and no material maturities thereafter until July 2023.
- Reflecting the strength of the Group's balance sheet and liquidity position, a range of committed bilateral facilities that were established during FY20 were either not renewed upon maturity or were converted to lower cost uncommitted lines during FY21.
- The decommissioning of the Petrie site is progressing but continues to be a significant and complex exercise involving multiple government agencies. A further $38.6M ($27.0M after tax) was recognised in respect of estimated costs to complete during FY21 ($29.3M was expensed in 2H21 or $20.5M after tax). Approximately $28M was spent on decommissioning during the year. Recent significant developments associated with unprecedented rainfall levels, and unforeseen complexities related to the remediation of the most technically complex remaining areas, have resulted in increases to the estimated costs to complete. The Petrie related provision at 30 June 2021, 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.
- Orora expects dividends in FY22 to be towards the top end of its target payout range (60% - 80% of NPAT).
- Dividends in FY22 will be unfranked, due to the tax benefits associated with Australia's instant asset write-off legislation for capital expenditure and other timing differences. The Group does not expect to frank future dividends until after FY23.

CONFERENCE CALL

Orora is hosting a conference call for investors and analysts at 11:30am today. The audio cast will be available on the Orora website, www.ororagroup.com, within 24 hours.

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