

NEWS RELEASE

19 February 2024

Orora delivers increase of 11.0% underlying EBIT and 0.5% underlying NPAT as it enters a new phase with Saverglass part of the Orora Group^{1,2}

Financial highlights for the half year ended 31 December 2023^{1,2}

- Sales revenue of \$2,139.1 million, down 5.5% (down 7.3% on a constant currency basis).
 - Excluding Saverglass, revenue was down 10.6%
- Statutory net profit after tax (NPAT) of \$68.2 million, down \$39.9 million due to significant item expense after tax of \$40.4 million, relating to transaction costs for the Saverglass acquisition
- Underlying NPAT of \$108.6 million, up 0.5% (down 1.0% on a constant currency basis)
- Underlying earnings before interest and tax (EBIT) of \$184.1 million, up 11.0% (up 9.5% on a constant currency basis).
 - Excluding Saverglass, underlying EBIT was up 3.0%
- Underlying earnings per share (EPS)³ of 9.4 cents per share (cps), reflecting additional shares on issue
- Interim dividend of 5.0 cps representing a 62% underlying dividend payout ratio, reflecting additional shares on issue
- Continued optimisation gains reflected in 0.9% increase in EBIT in North America, and resilient earnings performance in Australasia with EBIT up 2.2%
- Saverglass' results for the first month under Orora ownership were in line with the December 2023 trading update, contributing revenue of €69.5 million, EBITDA of €15.1 million and EBIT of €8.1 million (including AASB 16 Leases)
- Return on average funds employed (RoAFE)⁴ of 21.3%
- Continued strong cash generation, with underlying operating cash flow of \$240.5 million (\$193.8 million excluding Saverglass) and cash conversion of 92.7%⁵
- Net debt of \$1,658.2 million and leverage of 2.59 times EBITDA⁶

Orora Limited (ASX: ORA), leading global packaging solutions provider, has today announced its financial results for the half year ended 31 December 2023.

Commenting on Orora's half year results, Managing Director and Chief Executive Officer, Brian Lowe said:

"The period was marked by a significant milestone for Orora, with the acquisition of premium global glass business Saverglass completed in December. Against a backdrop of challenging economic conditions, Orora once again delivered a solid earnings performance for the first half, with growth reported in underlying EBIT and NPAT.

"Sustained business optimisation gains with strong embedded pricing discipline delivered an increase in EBIT of 0.9% from OPS North America, despite being impacted by ongoing softness in the broader North American manufacturing industry.

"Underlying EBIT increased by 2.2% in Beverage Australasia, reflecting another robust performance from the team, with continued volume growth and improved product mix in cans volumes partially offset by lower glass volumes.

¹ References to underlying earnings and measures exclude a significant item expense after tax of \$40.4m relating to transaction costs incurred in respect of the acquisition of Saverglass

² Orora's results for the half-year ended 31 December 2023 include one month of Saverglass following completion of the acquisition on 1 December 2023

³ Calculated as underlying NPAT / weighted average ordinary shares (net of Treasury shares)

⁴ Calculated as trailing 12-month EBIT / trailing 12-month average funds employed and excludes Saverglass

⁵ Excludes Saverglass and G3 furnace rebuild capex (\$8.2 million) in 1H24

⁶ Net debt excludes the impact of AASB 16 Leases and leverage includes 12 months of Saverglass EBITDA

“And for its first month under the ownership of Orora, Saverglass performed in line with expectations during December 2023,” said Lowe.

“Our results reflect the ongoing passion, resilience and focus of our team, delivering a commendable set of results in the current market environment, while also successfully completing the Saverglass acquisition. As we enter the second half of FY24, we look forward to continuing to deliver on our strategy, transitioning Saverglass into the Orora Group and building momentum across the organisation. Orora retains a strong balance sheet and with robust cash generation, the company remains well positioned for ongoing organic investment.”

Saverglass update

Implementation is progressing well with multiple value creation activities underway. Implementation has commenced for combining Orora’s glass manufacturing plant in South Australia (Gawler) with the Saverglass portfolio to form a global network of high-performance production facilities. Near-term synergies of ~\$15m are expected to be progressively realised from FY25 from network optimisation, cost rationalisation and operational efficiencies across the combined Glass business.

Significant item

The acquisition of Saverglass was completed on 1 December 2023, which was funded via a fully underwritten equity raising of \$1,345.0m and \$875.0m of long-term debt. The purchase consideration at completion was €1,309.7 million, inclusive of lockbox mechanism and cash acquired. Acquisition-related transaction costs of \$40.4 million were recognised in the six months to 31 December 2023.

Sustainability update

Orora continued to make good progress toward ‘Our Promise to the Future’ sustainability goals aligned to the pillars of Circular Economy, Climate Change and Community. Saverglass’ sustainability targets are in line with, and in some instances in advance of, Orora’s sustainability targets, as reflected by its Science-Based Target initiative certification. New solar and wind farm PPAs were secured in 2023 for electricity consumption at Orora’s South Australian and Queensland facilities. The Saverglass F5 furnace was recommissioned in December 2023 as a low-carbon hybrid furnace delivering up to 30% electricity boost, and successful hydrogen trials were completed at Saverglass’ furnace in Feuquières, France.

Outlook

Whilst global consumer demand remains uncertain, Orora Group EBIT is expected to be higher in FY24, excluding the EBIT contribution from Saverglass. In North America, in line with 1H24, ongoing margin accretion through account profitability programs and a continued focus on cost management, is expected to be largely offset by ongoing volume softness. In Australasia, continued strength in Cans in FY24 is expected to offset the ongoing softness in Glass from lower commercial wine volumes. Saverglass EBITDA in FY24 is expected to be broadly in line with the EBITDA run rate of the proforma LTM to June 2023 (~€168 million, excludes AASB 16 Leases). This could be affected by either a prolonged customer destocking or softness in consumer demand if these continue beyond the first quarter of calendar 2024. This outlook remains subject to global and domestic economic conditions, and currency fluctuations.

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

ENDS

MEDIA CALL: Orora is hosting a media call at 12.00PM (AEDT) today

Register for the call at this link:

<https://s1.c-conf.com/diamondpass/10036542-6dnhw0.html>

Participants will be provided with dial-in details and a personal PIN code upon registration.

Company contacts:

Media enquiries

Carolyn Coon
General Manager
Corporate Affairs & Communications
carolyn.coon@ororagroup.com
+61 405 183 628

Investor enquiries

Peter Kopanidis
Acting Head of
Investor Relations
investors@ororagroup.com
+61 412 171 673