



ASX ANNOUNCEMENT

4 September 2024

Orora announces sale of North American packaging solutions business (OPS) for A\$1.775 billion

Orora Limited (“**Orora**”) is pleased to announce that it has entered into a binding agreement to sell Orora Packaging Solutions (“**OPS**”) to Veritiv Corporation (“**Veritiv**”), an investee company of Clayton, Dubilier & Rice, LLC (“**CD&R**”) for an enterprise value of A\$1.775 billion¹ (US\$1.2 billion) on a cash and debt-free basis (“**Transaction**”)².

Veritiv’s offer fully values OPS and implies approximately 9.9x FY24A cash EBITDA³, a premium to Orora’s trading multiple and relevant comparable transactions. The Transaction is expected to result in net cash proceeds of approximately A\$1.687 billion after tax⁴, transaction costs and purchase price adjustments⁵.

Strategic Rationale

As announced at the company’s FY24 results, a strategic review of OPS was undertaken with the objective of unlocking value for shareholders. The sale of OPS to Veritiv concludes a robust process spanning many months, and:

- transforms Orora into a focused beverage packaging business, with market-leading positions and a defensive growth profile across beverage substrates and end-markets; and
- leaves Orora with a strong balance sheet, providing flexibility to pursue value accretive organic growth opportunities, including additional Cans expansion projects.

Orora intends to bring forward A\$130 million of capital investment to further expand its Cans capacity in Rocklea, Queensland. The Rocklea expansion, in combination with recent and ongoing projects, will increase Cans capacity by more than 30%.

Capital Management

Upon completion of the Transaction, Orora’s priorities will be to reduce debt and invest in an organic Cans capacity expansion in Rocklea, Queensland.

Orora’s intention is to distribute surplus proceeds from the Transaction to shareholders over time in a tax efficient manner to deliver a balance sheet consistent with a global beverage packaging business. The form and timing of shareholder distributions will be communicated in due course.

¹AUD/USD of 0.6759.

²Veritiv has provided debt financing commitments in support of its ability to fund the purchase price and otherwise also intends to make an issue of high-yield bond to finance any of, or in lieu of, any portion of the committed debt financing.

³Cash EBITDA as reported by Orora is equal to underlying EBITDA less lease repayments less non-cash items.

⁴The company has engaged external advisors and has undertaken an extensive level of due diligence in relation to the divestment of the OPS business. This diligence and external advice supports the expected tax outcomes associated with the divestment. In particular, the company is satisfied that no material capital gain is expected to arise on the divestment of the shares in OPS.

⁵Net proceeds and gain on sale will be finalised upon completion of the Transaction.

Orora is committed to maintaining an investment grade credit profile while supporting its organic growth ambitions and is currently undertaking a review of its capital allocation framework.

Key Terms and Conditions

The Transaction is subject to customary conditions of a transaction of this nature, including obtaining all necessary regulatory approvals from applicable governmental antitrust authorities. Subject to the satisfaction of all conditions precedent, completion is expected to occur late calendar year 2024.

The agreement contains certain termination triggers that entitle Orora to a termination fee. This includes a payment of US\$62.5 million by Veritiv to Orora if Veritiv fails to satisfy conditions relating to antitrust clearance (including as a result of such clearance not being obtained within 12 months of the date of the agreement). It also includes a payment of US\$75 million by Veritiv to Orora where all conditions precedent to the Transaction have been satisfied, but Veritiv fails to complete the Transaction (including as a result of failing to finance the purchase price).

It is expected that Orora will provide certain transitional services for a limited period after completion, noting that OPS is operated on a largely stand-alone basis, with the business managed independently from Head Office. Orora expects its corporate cost base to improve both on completion and then after fulfilling its transitional commitments.

Orora's Managing Director & CEO, Brian Lowe said:

"Today's announcement marks a new era for Orora as well as the OPS business as it transitions to Veritiv ownership. Veritiv's interest in acquiring OPS provided us with an opportunity to realise an attractive valuation for shareholders and accelerate our strategy of becoming a specialty value-added beverage packaging player. This leaves Orora with a strong balance sheet, allowing the company to grow our beverage packaging businesses, including further investment in high returning projects such as the expansion of our Rocklea cans facility in Queensland. The sale is the culmination of a robust process and months of disciplined focus from our team to deliver a compelling outcome for Orora's shareholders. We are extremely proud of the way the OPS business has grown and the value it has delivered whilst being part of the Orora Group. Veritiv's offer is an exciting opportunity for the OPS team to join an industry leader in the North American packaging distribution market, with differentiated capabilities."

Advisers

UBS Securities Australia Limited and Jarden Australia Pty Ltd are acting as financial advisers to Orora, and Baker McKenzie is acting as legal adviser to Orora on the Transaction.

About Veritiv

Veritiv Corporation, headquartered in Atlanta, Georgia, is a leading full-service provider of packaging, jan-san and hygiene products, services and solutions. Additionally, Veritiv provides print and publishing products. Serving customers in a wide range of industries both in North America and globally, Veritiv has distribution centres throughout the U.S. and Mexico, and team members around the world helping shape the success of its customers. For more information about Veritiv and its business segments visit <https://www.veritiv.com>

This announcement is authorised for release to the ASX by the Board of Directors of Orora.

INVESTOR CALL: Orora is hosting an investor call at **9.30am** (AEST) today.
Register for the call at this link: <https://s1.c-conf.com/diamondpass/10041817-q8hfte.html>
Participants will be provided with dial-in details and a personal PIN code upon registration.

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About Orora

Orora is a leading manufacturer and distributor of sustainable, innovative packaging solutions for customers across the world. Listed on the ASX and headquartered in Melbourne, Australia, the company is focused on designing and delivering products and services that enables its customers' brands to thrive. Every day, millions of consumers buy and use goods in packaging proudly designed, developed, manufactured or distributed by Orora. Learn more at www.ororagroup.com.

Forward Looking Statements

This announcement may contain forward looking statements that involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to Orora. Forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "forecast", "plan", "seeks", "estimate", "anticipate", "believe", "continue", or similar words. Indicators of and guidance on future earnings and financial position are also forward looking statements. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including Orora). In addition, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward looking statements will be achieved. Actual future events may vary materially from the forward looking statement and the assumptions on which the forward looking statements are based. Given these uncertainties, investors and prospective investors are cautioned not to place undue reliance on such forward looking statements.



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Important information



The information in this presentation has been prepared by Orora Limited (ABN 55 004 275 165) (Orora) and contains summary information about the current activities of Orora and its subsidiaries (Orora Group) as at the date of this presentation.

The information in this presentation is of a general nature, is not investment or financial product advice, does not purport to be complete and is not intended to be used as the basis for making an investment decision. This presentation is not, and does not, constitute an offer to sell or the solicitation, invitation, recommendation to purchase any securities, and neither this presentation nor anything contained herein shall form the basis of any contract or commitment. This presentation does not purport to contain all the information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a prospectus or other disclosure documents.

Investors and prospective investors should read the information in this presentation in conjunction with Orora's other periodic and continuous disclosure announcements which are available at www.ororagroup.com or www.asx.com.au.

All currency amounts are in Australian dollars unless otherwise stated.

Past Performance

Past performance information should not be relied upon as (and is not) an indication of future performance.

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Non-IFRS Information

Orora Group results are reported under International Financial Reporting Standards (IFRS). However, investors should be aware that this presentation may contain financial measures that are non-IFRS financial information for the purposes of providing a more comprehensive understanding of the performance of the Orora Group. These non-IFRS financial measures include EBIT, EBITDA and other "normalised" measures.

No Liability

To the maximum extent permitted by law, Orora and its respective subsidiaries, affiliates, related bodies, directors, corporates, officers, employees, partners, agents and advisers make no representation or warranty (express or implied) as to the currency, accuracy, reliability, reasonableness or completeness of the information in this presentation and disclaim all responsibility and liability for the information (including without limitation, liability for negligence) and are not obliged to update this presentation after its release, even if things change materially.

Binding agreement for the sale of Orora Packaging Solutions (“OPS”)



Sale of OPS creates a focused beverage packaging business, and leaves Orora with a strong balance sheet, providing flexibility to pursue future organic growth opportunities and capital management

1 Sale of OPS

- Sale of OPS to Veritiv Corporation (“**Veritiv**”), an investee company of Clayton, Dubilier & Rice, LLC (“**CD&R**”) for an enterprise value of A\$1.775 billion¹ (US\$1.2 billion), implying 9.9x FY24A cash EBITDA¹
- Estimated net cash proceeds of approximately A\$1.687 billion² after tax³, transaction costs and purchase price adjustments
- Sale to a strategic buyer concludes a robust process over many months

2 Strategic re-shaping of our portfolio

- As announced at FY24 results, a strategic review of OPS was undertaken with the objective of unlocking value for shareholders
- The sale of OPS transforms Orora into a focused beverage packaging business, with:
 - Leading market positions in most specialised, value-added beverage bottle categories
 - Exposure to higher growth premium spirits and wine categories
 - Defensive earnings growth in Australia, with number one market position in aluminum cans
 - Cans capacity expansion program supported by long-term customer contracts and associated volumes

3 Strong balance sheet, with increased capacity to invest for growth

- The transaction leaves Orora with a strong balance sheet, providing flexibility to pursue organic growth opportunities
- Upon completion, Orora’s priorities will be to reduce debt and to invest in additional Cans capacity expansion at Rocklea, Queensland
- The intention is to distribute surplus proceeds to shareholders over time in a tax efficient manner to deliver a balance sheet consistent with a global beverage packaging business

(1) Excluding AASB-16 leases. Based on foreign exchange rate of 0.6759 AUD/USD.

(2) Net proceeds and gain on sale will be finalised upon completion of the transaction.

(3) The company has engaged external advisors and has undertaken an extensive level of due diligence in relation to the divestment of the OPS business. This diligence and external advice supports the expected tax outcomes associated with the divestment. In particular, the company is satisfied that no material capital gain is expected to arise on the divestment of the shares in OPS

Binding agreement to sell OPS to Veritiv

Valuation and proceeds

- Veritiv's offer fully values OPS and implies 9.9x FY24A cash EBITDA , a premium to Orora's trading multiple and relevant comparable transactions
- Estimated net cash proceeds of approximately A\$1.687 billion¹ after tax, transaction costs and purchase price adjustments

Approvals and timing

- The sale is subject to customary conditions of a transaction of this nature, including regulatory approvals
- Completion is expected to occur late calendar year 2024

Other key terms and conditions

- Orora entitled to a termination fee under certain termination triggers
- Includes a payment of US\$62.5 million if Veritiv fails to satisfy conditions relating to antitrust clearance (including as a result of such clearance not being obtained within 12 months of the date of the agreement)
- Also includes a payment of US\$75 million where all conditions precedent to the Transaction have been satisfied, but Veritiv fails to complete the Transaction (including as a result of failing to finance the purchase price)

Business separation

- Separation planning has commenced, and any transitional service agreements between Orora and Veritiv will continue for a limited period after completion, noting that OPS is operated on a largely stand-alone basis, with the business managed independently from Head Office
- Orora expects its corporate cost base to improve both on completion and then after fulfilling its transitional commitments

(1) Based on foreign exchange rate of 0.6759 AUD/USD and excludes AASB-16 leases. Net proceeds and gain on sale will be finalised upon completion of the transaction.

2 Strategic re-shaping of our portfolio



The sale of OPS transforms Orora into a focused beverage packaging business

Portfolio has been transformed and optimised over time

Sale of fibre business in 2020

Growth and optimisation of OPS

Capital investment to support growth in Cans

Acquisition of Saverglass in 2023

Focused beverage packaging building blocks in place

Focus on global beverage, a long-held strategy – building blocks now in place

Market leader in Australasian Cans

Global leader in premium and high-end spirit and wine bottles

Integrated, global glass production network

Next step in our evolution

Sale of OPS to Veritiv for A\$1.775 billion (US\$1.2 billion)

Creation of a focused, specialised value-added beverage packaging business

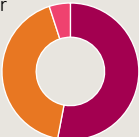



Strong balance sheet

Increased flexibility to invest in high returning Cans capacity expansion projects and support shareholder returns

Market leading positions and defensive growth profile across beverage substrates and end-markets

Defensive growth exposure through Glass and Cans

Leading market positions in Cans and global premium+ spirits and wine packaging

	Glass ¹	Cans ¹
Segment	<p>ANZ beer 5%</p> <p>Wine 42%</p> <p>Spirits 53%</p>  <p>Top 3 global premium+</p> <p>#2 Australasia</p>	<p>ANZ alcohol 27%</p> <p>ANZ non-alcohol 73%</p>  <p>#1 in Australasia</p>
Industry growth drivers	<ul style="list-style-type: none"> ✓ Ongoing premiumisation ✓ “Drinking better, less often” ✓ Brand proliferation ✓ Sustainability 	<ul style="list-style-type: none"> ✓ Substrate shifts to aluminum ✓ Attractive category growth (e.g. energy) ✓ Brand proliferation ✓ Sustainability
Growth priorities	<ul style="list-style-type: none"> • Increased wallet share in North American premium wine & spirits • Optimise mix in Europe • Utilise network to expand presence in under-represented markets 	<ul style="list-style-type: none"> • Expand capacity to meet ongoing customer demand • Establish digital printing capability
Product		
	~\$21bn market size, 2-6% p.a. market growth	~\$1.3bn market size, 4-6% p.a. market growth

Strong balance sheet



Proceeds from the transaction expected to immediately reduce leverage from 2.8x to 0.2x, providing significant flexibility to undertake further investment in Cans capacity expansion and capital management

Estimated net proceeds

	A\$m ¹	US\$m
Enterprise value	1,775	1,200
Estimated tax, transaction costs and purchase price adjustments	(88)	(59)
Estimated net cash proceeds	1,687	1,141

Pro forma impact on FY24 metrics

	Orora (A\$m) (Reported FY24)	Orora (A\$m) (FY24 PF for full-year SVG)	Orora, post sale of OPS (A\$m) (FY24 PF for full-year of SVG, and sale of OPS)
Sales	4,698	5,201	2,220
EBITDA (post AASB-16) ²	616	721	455
EBITDA (pre AASB-16) ²	519	617	432
Net debt (pre AASB-16)		1,753	66
Lease liabilities		420	160
Net debt / EBITDA		2.8x	0.2x

(1) Based on a foreign exchange rate of 0.6759 AUD/USD and excludes AASB-16 leases.

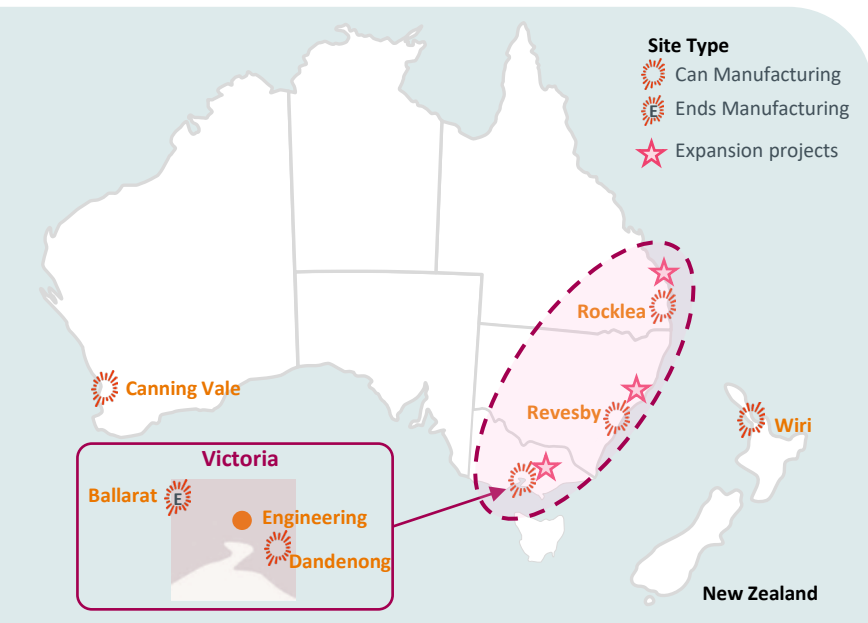
(2) Pro forma for full year impact of Saverglass. Based on underlying EBITDA (excluding significant items).

3 Increased flexibility to invest in high returning organic growth projects



Sale of OPS enables Orora to bring forward \$130 million of Cans capacity expansion in Rocklea, Queensland

Australasian Cans network



Cans capacity expansion capex

Capex spend by project	Capacity increase	Status	FY25 spend (A\$m)	Total spend (A\$m)
Dandenong – new multi-size line	+10%	Complete		80
Ballarat – ends capacity expansion	+40%	Complete		30
Revesby – new multi-size line	+10%	Ongoing	~30	~97
Rocklea – new classic line	+13%	Ongoing	~110 – 115	~135 – 140

Group capex guidance (FY25)

(A\$m)	Previous guidance	Updated guidance
G3 furnace (rebuild)	~53	~53
Base	~100 – 110	~100 – 110
Growth	~90 – 100	~200 – 215
Total	~240 – 260	~350 – 380

The Rocklea expansion, in combination with recent and ongoing projects, will increase Cans capacity by more than 30%

Following completion of the transaction, Orora intends to return surplus proceeds of the transaction to shareholders over time

- Estimated net cash proceeds of approximately A\$1.687¹ billion after tax, transaction costs and purchase price adjustments
- Upon completion, Orora's priorities are to reduce debt and invest in an organic Cans capacity expansion at Rocklea, Queensland
- Orora's intention is to distribute surplus proceeds to shareholders over time in a tax efficient manner to deliver a balance sheet consistent with a global beverage packaging business. The form and timing of shareholder distributions will be communicated in due course
- Orora is committed to maintaining an investment grade credit profile while supporting its organic growth ambitions and is currently undertaking a review of its capital allocation framework

(1) This position will be finalised upon completion on transaction and lodgment of Orora's tax return and is subject to foreign currency translation at completion.

ORORA

Appendix



OPS at a glance



OPS is a provider of specialised packaging solutions in North America, with operations across specialty distribution, custom manufacturing, and visual graphics and displays

US\$1,955m
FY24 Revenue

US\$121m
FY24 Cash EBITDA

66
Locations

~3,500
Total employees

Products

- Printed corrugated
- Cushioning and inserts
- Packaging equipment & automation
- Shrink film
- Flexibles
- Rigid packaging
- Tape and labels
- Folding cartons
- Food service and facility supplies
- Cold chain solutions
- Point-of-purchase (POP) displays
- Retail signage

Key markets

- Food & Drink
- Industrial & Transit
- Healthcare & Cosmetics
- Other Consumer

Capabilities and technologies

- Custom packaging solutions
- Graphic and structural design
- Digital printing
- Packaging line automation
- Sustainability focused products and services
- In-house ISTA, APASS, and other industry testing and certification
- Cold chain testing
- Fulfilment solutions
- Inventory management
- Rapid prototyping



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