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NEWS RELEASE

19 August 2021

Orora announces strong improvement in full year results, reflecting the benefits of disciplined and continued execution of strategy

RESULTS OVERVIEW - Operating results for the year ended 30 June 2021

- Underlying net profit after tax (NPAT) before significant items was $156.7M, up 23.7% on the prior year, or 34.1% on a constant currency basis.
- Underlying earnings per share (EPS)[1] was 16.9 cents per share (cps), up 29%.
- Sales revenue was $3,538.0M, down 0.8% on FY20. On a constant currency basis, underlying sales revenue up 7.8%.
- Underlying Earnings Before Interest and Tax (EBIT) was $249.1M, up 11.6%, or 17.3% on a constant currency basis.
- Operating cash flow was $246.0M, $76.2M above the prior year.
- Return on average funds employed (RoAFE)[2] was 19.9%, up from 15.8% at 30 June 2020, reflecting higher earnings across all business units.
- Cash conversion was 72.9%, up from 54.3% the prior year.

Key Group Metrics

- **Statutory NPAT** was $135.8M. Statutory EPS was 14.6 cps.
- **Final ordinary dividend** of 7.5cps unfranked. Total annual dividends for FY21 to 14.0 cps, a 16.7% or 2.0 cps increase.
- **Net debt**[3] at 30 June 2021 was ~$453M, up from ~$292M in the prior year.
- **Leverage** was 1.5 times EBITDA, up from 0.9 times at 30 June 2020 and 31 December 2020.

Orora Limited (ASX: ORA), leading sustainable packaging solutions provider, has today announced its financial results for the year ended 30 June 2021.

Commenting on Orora's FY21 results, Managing Director and Chief Executive Officer, Brian Lowe said:
"In a year that continued to present unique challenges due to COVID-19, I'm proud to say Orora delivered a financial result that reflects the team's outstanding commitment, passion and resilience, and the company's focus on delivering against the core strategies for each business.

"We were pleased to report an increase in both net profit after tax and underlying EBIT, demonstrating a solid contribution from all of our business groups across Australasia and North America.

"In Australasia the increase in EBIT was largely a result of stronger volumes across Cans and Closures, partially offset by declines in Glass as the impact of lower exports to China crystallised.

"North America delivered a 43.0% increase in EBIT on a constant currency basis, reflecting the disciplined focus on cost control and profit improvement programs, as well as improved trading conditions in the second half of the year.

"Our strategy is delivering, with focused execution improving our operations, stabilising our North American businesses and returning them to growth. We are also well positioned to pursue new growth opportunities as they emerge, both within our market-leading Australasian Beverage business as well as in North America.

"A strong balance sheet and cash flow provides the company with flexibility. We head into FY22 with positive momentum and the ability to invest where it will deliver the greatest long-term value. I am confident we have the strategies, business model and team capability in place to continue this momentum," Mr Lowe said.

Operational Performance

Australasia sales revenue increased 6.1% to $834.1M, reflecting strong demand for Cans and Closures. Australasia EBIT of $150.3M, grew 2.5% driven by strong growth in Cans volumes across all categories, offset by the impact from tariffs on Australian wine exports to China.

[1] Calculated as underlying NPAT / weighted average ordinary shares (net of Treasury Shares)
[2] Calculated as EBIT / trailing 12-month average funds employed.
[3] Net bank debt excludes the impact of AASB16 Lease Accounting.

North America's EBIT increased by 43.0% to US$73.8M on a constant currency basis (28.8% on a reported basis to $98.8M). Local currency sales revenue grew 8.2% to US$2,019.8M, with increases achieved for both OPS and OV.

Sustainability Update

Orora progressed its sustainability agenda with significant advances on circular economy initiatives together with solid progress on the Group's five-year Eco Targets[4]. Following a comprehensive review, the pillars of Orora's sustainability program were redefined, clearly highlighting Orora's focus areas - Circular Economy, Climate Change and Community.

Importantly, today Orora has committed to achieving net zero Scope 1 and 2 greenhouse gas emissions across its operations by 2050, with a well-defined plan to achieve a 40% reduction in these emissions by 2035. The pathway between 2035 and 2050 will be firmed up over time and will require advances in technology. The company also announced it has committed to a target of achieving 60% recycled content[5] for glass beverage containers by 2025.

Commenting on sustainability, Mr Lowe said: "Sustainability is integral to the way we operate at Orora, and I am particularly pleased with the progress the company has made. In Australasia, we increased the use of recycled glass at our production site at Gawler, now taking the majority of recycled glass from the WA and SA Container Deposit Schemes and accessing other state initiatives where we can. Renewable energy provided 80% of our total domestic electricity requirements, secured through wind-generated electricity.

"In North America, OPS drove an average of 70% recycled content in the corrugated board manufactured for our customers. At OV, we introduced fabric made from 100% recycled PET bottles, used for customer advertising campaigns.

"We take a holistic approach, continuing to drive reductions across carbon emissions, waste to landfill and water use, as well as making progress in the areas of diversity, equity and inclusion. Our redefined approach to sustainability and our commitment to achieving net zero scope 1 and 2 greenhouse gas emissions by 2050, and 40% by 2035, along with our glass recycling target of 60% by 2025, are the next significant and logical steps in our sustainability journey."

Significant Items

Significant item expense after tax of $20.9M comprised an incremental net gain from the disposal of the Australasian Fibre business sale of $6.1M, and additional costs of $27.0M associated with the decommissioning of the former Petrie mill site.

Capital Management Update

During FY21, Orora purchased 89.3 million shares (representing 9.3% of issued capital) as part of an on-market buyback at a total outlay of $256.2M, at an 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.

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.

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

ENDS

MEDIA CALL: Orora is hosting a media call at 1.00PM (AEST) today

TELEPHONE: Local dial in: +612 8373 3507 / Toll free dial in: 1800 175 864

ACCESS CODE: 4066645

Media Enquiries: Carolyn Coon, Corporate Affairs, Mb: +61 405 183 628

[4] Refer to Orora's 2021 Annual Report for detail on the company's performance across its Eco Targets
[5] Pre and post-consumer content

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