

## ASX Announcement

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### ORORA LIMITED – ANNUAL GENERAL MEETING

10.30AM WEDNESDAY 21 OCTOBER 2020

#### CHAIRMAN'S ADDRESS

##### Introduction

Good morning ladies and gentlemen. I'm Rob Sindel, Chairman of Orora Limited, and the Chairman of the meeting today.

On behalf of the Board of Directors, I'm pleased to welcome you to the seventh annual general meeting of the Company. The meeting is being held by webcast due to the continuing restrictions on large physical gatherings.

Before addressing the formal items of business, I will briefly recap the Company's major activities during the 2020 financial year, including completion of the sale of the Australasian Fibre business, our recent capital management activities, and Orora's strategy review. It has been a very interesting and rewarding year to serve as Chairman of the Company.

Orora has a long history in manufacturing, distribution and visual design both in Australasia and North America. The Company is an innovative market leader in its field, and this year has adapted and responded well to the challenges thrown up by COVID-19 - arguably one of the most significant and challenging health, social and economic events in recent history. Your Board and Management took quick and decisive action to protect Orora's people and work with our customers to maintain open supply chains very early in the pandemic. The Orora businesses continued to operate seamlessly as essential service providers, ensuring customer requirements were met.

Before turning to financial performance, I wanted to acknowledge the resilience and incredibly high health and safety standards that Orora teams have demonstrated throughout the pandemic. Brian will shortly provide additional comments, but most importantly, Orora kept its people, suppliers and customers safe during this time. Pleasingly our safety performance also has improved during the last 12 months.

##### Financial performance

Turning briefly to the financial results for the year ended 30 June 2020. Orora delivered a 5.2 percent increase in sales revenue primarily in North America, assisted by movement in exchange rates. Reported Group Earnings Before Interest and Taxes (EBIT) and Net Profit After Tax (NPAT) were lower than the prior period due to a confluence of factors across operating geographies.

While Orora mitigated the operating impact of COVID-19, the total EBIT impact was around \$25.0 million – primarily due to lower sales as the pandemic spread across the world; coupled with additional costs to address the impact on our factories and distribution network. 90 percent of this earnings disruption occurred in North America, which was more severely affected by the onset of COVID-19 during the second half.

Cognisant of our shareholders desire to maintain dividend income, coupled with Orora's strong balance sheet, enabled the Board to declare and pay a final ordinary dividend of 5.5 cents per share, unfranked, and 100 percent sourced from conduit foreign income. This represents a total payout of 78 percent of NPAT for the year, at the top end of our revised range.

## Capital management

Following the successful completion of the sale of the Australasian Fibre business on 30 April 2020, Orora returned a total of \$600 million to shareholders comprising a special dividend and cash return. We were able to achieve this before the end of the 2020 financial year.

Shareholders also approved a consolidation of shares at the Company's Extraordinary General Meeting held in June, to adjust Orora's number of shares equivalent to the quantum of the cash return.

As we said at the Extraordinary General Meeting, the sale of the Australasian Fibre Business:

- represented compelling value for shareholders;
- enhanced Orora's already strong balance sheet; and
- enables the Company to continue to pursue value creation opportunities, whether through our desire for growth investment, or by way of additional capital management, in addition to our current on market buyback of up to 10 percent of issued share capital.

## Shareholder Value Blueprint

Following the sale of the Australasian Fibre business, the Board and management team took the opportunity to assess the strategic path and opportunities ahead for the Company. The revised strategy, which Brian will talk to shortly, reflects Orora's commitment to growth, balanced with capital discipline, and prudent use of shareholder funds. Our goal is to generate top quartile total shareholder returns and is reflected in the revised Shareholder Value Blueprint released at the Full Year results and included as part of the Company's 2020 Annual Report.

Underlying growth is expected to be broadly in-line with gross domestic product in the near-term, supplemented by enhancements to business models and further innovation, with operational investments to continue to improve shareholder returns. Our previous target of 20 percent return on mergers and acquisitions was of course aspirational. Accordingly, this has been re-assessed considering current interest rates, market conditions and asset valuations. Our revised objective is to generate a return with an appropriate premium to weighted average cost of capital while being mindful of the risk of the investment.

The Board continues to focus on an enhanced returns to shareholders with a revised payout ratio of 60-80 percent of NPAT, franked to the greatest extent possible, and a recommitment to conservative leverage at 2.0-2.5x EBITDA.

## Sustainability

Turning now to the three core pillars of Orora's sustainability efforts which appropriately align with the Company's ambition to become a leading packaging solutions provider.

Beginning with People – Orora is committed to providing a safe, respectful, diverse and inclusive workplace. We will protect the health and wellbeing of our people, work closely with our customers and suppliers, and maintain the respect of the communities in which we operate. A few examples during FY20 are:

- the improvement of our safety performance, as noted before;
- meeting our gender diversity targets, with approximately 35 percent of new hires being female, and the Board maintaining no less than 30 percent of each gender; and
- as an employer of a broad and multi-cultural workforce both here and in North America, Orora is actively monitoring the treatment of minority groups and working to ensure that its governance around Diversity, Equity and Inclusion remains robust. This includes our ongoing investment in the

successful Women in Leadership (WILO) program and other training and development initiatives.

Our next priority area is the Planet and how we play our part in the community – Orora recognises that its activities are essential to consumers, however we must also do OUR part to influence environmental and climate outcomes.

Orora seeks to reduce impact on the environment and, accordingly, after the successful achievements of Orora's first set of Eco Targets, has announced new five year Eco Targets, which will drive further reductions in Orora's greenhouse gas emissions, waste to landfill, and water usage globally.

In Australia, Orora derives 80 percent of its total electricity use from renewable energy. Orora is committed to making the shift to greener outcomes and supports government and regulators working collaboratively with industry to drive better outcomes in this area.

Our final priority area is Prosperity – this pillar reflects Orora's commitment to a viable and enduring business, creating value and opportunity for our customers and the communities in which we operate. Orora is a significant employer in regional and rural areas across Australasia and North America, providing purposeful employment in diverse roles across manufacturing and distribution.

To further focus these efforts and maintain clear oversight of emerging sustainability risks and trends, the Board has established a new Safety, Sustainability and Environment Committee. The role of the Committee is to advise the Board with respect to the objectives and targets set by Orora, including its commitment as a signatory of the United Nations Global Compact. The Committee is chaired by Abi Cleland who is standing for re-election today.

### **Governance & leadership**

Moving now to governance. Good corporate governance is integral to culture and business practices at Orora. It adds to performance, creates value and supports an appropriate risk and return framework.

During FY20, Orora maintained compliance with the ASX Corporate Governance Principles and Recommendations and is proud to have been an early adopter of the recommendations of the 4th edition, where appropriate. The Board continues to refine and improve Orora's governance framework and practices to ensure they meet the interests and expectations of shareholders and all stakeholders. Orora's main corporate governance practices are summarised in the Company's 2020 Corporate Governance Statement, published on our website and available to all shareholders.

The Board also recognises that diverse skills, backgrounds, knowledge and experience is fundamental to robust decision-making and achieving the Company's objectives. The key skills required for the Board to meet its objectives are disclosed in the Company's 2020 Annual Report and Corporate Governance Statement. This skills matrix is used to review the existing skills and capabilities of the Board and to identify any gaps in skills or experience.

During the formal part of this meeting, Orora will seek shareholder approval to adopt an amended Constitution, which is considered best practice and is broadly consistent with the current Constitution. Shareholders will note a reference to a procedural matter in the proposed Constitution to allow Orora to hold virtual general meetings in the future, only if the law is changed to that effect.

### **Conclusion**

As we move ahead, Orora will continue to protect our people, be partners to our customers, and use both innovation and sustainability to differentiate our Company. This is good for our many stakeholders and shareholders and forms an important part of the way we do business at Orora.

In conclusion, and following a year that has reshaped the Company in more ways than one, let me summarise the Orora investment proposition:

- Orora's businesses are leaders in the markets in which they operate. They are resilient and continue to operate seamlessly irrespective of ever-changing circumstances.
- Orora has a strong balance sheet and our businesses are highly cash generative.
- Orora has a refreshed strategy, a more agile footprint, and a clear vision for how we can continue to grow and deliver value to shareholders.

I wish to thank the Orora leadership team and all Orora team members and co-workers globally for their efforts during the year.

On behalf of the Board, I also extend our thanks and gratitude to those former directors who retired during the year – being Chris Roberts, John Pizzey and Nigel Garrard for their stewardship and commitment to Orora.

This will also be Stuart Hutton's last AGM as the CFO of Orora. Stuart has been a wonderful, dedicated member of the leadership team at Orora. He has guided the Company through the demerger, listing on the ASX, substantial growth in revenue and improved performance and share price. He was also instrumental in the Australasian Fibre sale which has been an excellent outcome for shareholders. On behalf of the Board and the Orora team, thank you Stuart for what you have achieved and we wish you all the best in your future endeavours.

I will now hand over to Managing Director & CEO, Brian Lowe, for his comments.

Thank you.

**ENDS**

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