Financial Results

Full Year Ended 30 June 2022

18 August 2022

Important information

Forward Looking Statements

This presentation contains 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.

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In particular, we caution you that these forward looking statements are based on management’s current economic predictions and assumptions and business and financial projections. Orora’s business is subject to uncertainties, risks and changes that may cause its actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward looking statements. There are a number of factors that may have an adverse effect on our results or operations, including those identified as principal risks in our most recent Annual Report filed with the Australian Securities Exchange at asx.com.au

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No offer of securities

Nothing in this presentation should be construed as either an offer or a solicitation of an offer to buy or sell Orora securities. or be treated or relied upon as a recommendation or advice by Orora.

Non-IFRS information

Throughout this presentation, Orora has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Orora uses these measures to assess the performance of the business and believes that the information is useful to investors. All non-IFRS information unless otherwise stated has not been extracted from Orora’s financial statements.

The following notes apply to the entire document.

All currency amounts are in Australian dollars unless stated otherwise. All amounts are presented inclusive of AASB 16 Leases unless stated otherwise.

The financial periods presented in this report represent underlying earnings from continuing operations of the Group, excluding the impact of significant items, unless otherwise stated.

Continuing Businesses:

FY22 – no net significant items

FY21 – the net significant item expense after tax of $27.0m relates to additional costs associated with the decommissioning of the former Petrie Mill site. These additional estimated costs to complete were recognised in FY21, following ongoing project review and reassessment of remediation requirements.

Discontinued Operations:

FY22 – the net significant item expense after tax of $2.4m relates to tax expense recognised upon finalisation of the tax position of the Australasian Fibre business and the filing of associated tax returns with tax authorities

FY21 – the net significant item income after tax of $6.1m reflects the full year incremental gain on the divestment of the Australasian Fibre business. It follows the finalisation of the post-close completion accounts process and tax position of the sale during 1H21, together with the impact of additional provisions recognised in 2H21 with respect to potential employee settlement costs.

FY22 Highlights and Group Strategy

Brian Lowe

Managing Director & Chief Executive Officer

FY22 financial highlights

Revenue

$4,090.8m

15.6% increase

+13.0% constant currency

Underlying Earnings Before Interest and Tax (EBIT)

$285.5m

14.6% increase

+12.7% constant currency

Underlying Net Profit After Tax (NPAT)

$187.1m

19.4% increase

+17.6% constant currency

Underlying Earnings Per Share (EPS)

21.7cps

28.2% increase

Underlying RoAFE %

22.4%

250bps increase

Underlying operating cash flow

$272.6m

10.8% increase
Cash conversion of 73.5%

Total FY22 dividends

16.5 cps

+2.5 cps or 17.9% vs FY21
76.2% payout ratio

Leverage

1.8x

0.3x increase vs June 2021

Total capex spend invested in the business

$87.2m

135.4% of depreciation

- Disciplined execution of strategy delivers a strong increase in earnings, with underlying EBIT and NPAT up 14.6% and 19.4%, respectively
- Earnings growth driven by a 15.6% increase in revenue, business optimisation gains and mitigation of inflation impacts from embedded pricing disciplines
- Underlying EPS increased 28.2% to 21.7 cents per share
- Increased capital expenditure to support future earnings growth with total Capex up $30.1m to $87.2m
- Strong balance sheet with leverage ratio of 1.8x reflects capex investment and the share buyback of $109.0m
- Final dividend of 8.5 cps (unfranked), up 13.3% or 1.0 cps, from FY21
- Continued robust cash generation with the Group well positioned for investment and growth

ORORA

FY22 operating and segment highlights

Strong revenue and earnings growth in North America with a robust earnings performance in Australasia

Australasia

Revenue up 9.0%

Revenue growth of 1.5% excluding aluminium cost pass through

EBIT up 0.2%

Inflationary pressures well managed and partially offset by contracted price pass through mechanisms

- Revenue growth driven by pass through of higher aluminium costs and slight growth in Cans and Glass volumes, partially offset by Glass product sales mix
- **EBIT in line with forecast, up $0.3m to $150.6m**, reflecting slight growth in Cans, offset by short term inflationary pressures, supply chain disruptions, and the final full year impact of Chinese wine tariffs
- **EBIT margin down 140bps to 16.6%,** primarily reflects the impact of higher aluminium costs passed through to customers

North America

Revenue (USD) up 14.3%

Year-on-year increases achieved by both OPS and OV

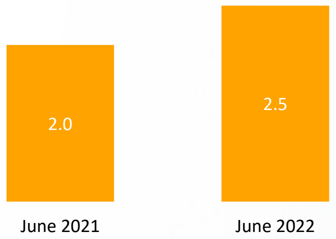
EBIT (USD) up 32.6%

Continued business optimisation gains with embedded pricing disciplines

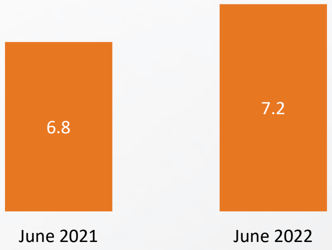
- Revenue growth on a local currency basis to US$2,308.3m
- **Local currency EBIT up 32.6% to US$97.9m**, driven by significant earnings growth in both manufacturing and distribution reflecting continued business optimisation gains and active account profitability management
- Inflation and wage cost increases continued through 2H22 with the impact mitigated by disciplined price pass through
- **OPS EBIT margin increased by 80bps to 5.2%**

Orora safety performance update

Lost time injury frequency rate (LTIFR)*



Recordable case frequency rate (RCFR)^



LTIFR* = (Number of lost time injuries / Total number of hours worked for employees and contractors) x 1,000,000

RCFR^ = (Number of recordable case injuries (lost time, restricted work case and medical treatment) / Total number of hours worked for employees and contractors) x 1,000,000

Update on our approach to improving safety

- No Serious Injuries or Fatalities
- Modest increase in LTIFR and RCFR predominately due to high labour turnover in the North American businesses
- Operating during COVID-19 has continued to add complexity and challenges to our operating environment
- A number of additional health and safety measures have been introduced to continually improve our response to COVID-19, targeted at mitigating the risk of transmission into and at Orora's sites
- Improvements in incident reporting through increased rigour in governance of processes and greater awareness of requirements
- Orora's Global Integrated Safety Improvement Program (GISIP) progressed to plan, focusing on managing high risk activities and improving effectiveness of critical controls
- Launched Stay Safe rules targeting 10 high-risk activities to help teams make better decisions about working safely

ORORA

We are One Orora

One Orora

Every day, across our businesses, we deliver sustainable and innovative packaging and visual solutions that lead the industry and bring our customers' brands to life.

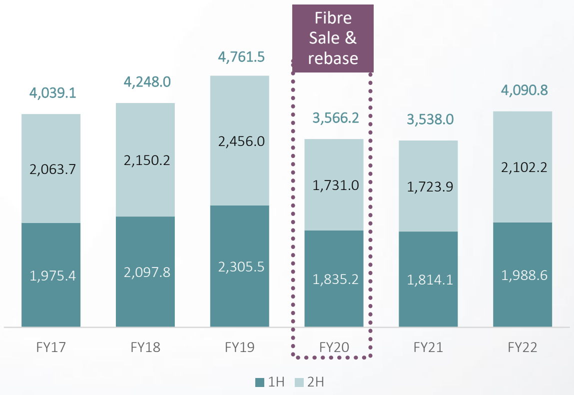
Together we deliver on the promise of what's inside.

Our Purpose	To be a leading **sustainable** packaging solutions provider, designing and delivering products and services that **enable our customers' brands to thrive**
Our Identity	We operate a **portfolio** of **customer-focused** packaging businesses aligned by our **common purpose** and **unifying principles**
Our Strategy	Optimise to grow; Enhance and expand; Enter new segments
Our Principles	Customer value-add; Digitally-enabled; Diverse talent; End-to-end capabilities; Innovation; Operating excellence; Staying safe; Sustainability
Our Values	TEAMWORK; PASSION; RESPECT; INTEGRITY

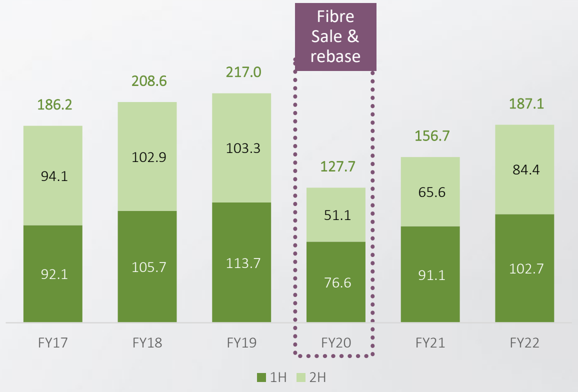
Long-term performance

Over the past six years we have retuned $965m to shareholders by way of capital return, special dividend and share buyback, **whilst growing EPS 39% and DPS 50%**

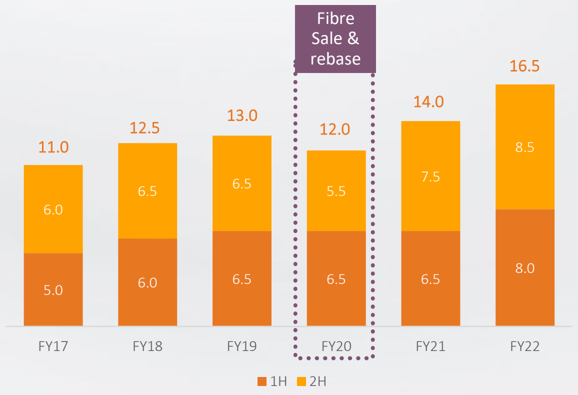
Revenue ($m)



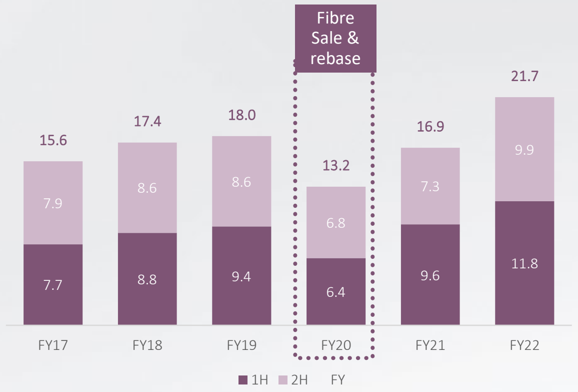
Underlying NPAT ($m)



Ordinary dividends per share (cps)



Underlying EPS (cps)



Note: Numbers sourced from the investor results release materials in the year of release. FY19 and prior includes Australasian Fibre.

ORORA

Compelling investment proposition

Orora provides investors with a robust and defensive earnings profile in Australasia with attractive growth upside in North America

- **Leadership positions in attractive markets**
- **Robust and diversified business model**
- **Well invested assets and defensive growth profile**
- **Long term customer trading relationships**
- **Disciplined approach to capital allocation**
- **Strong financial track record and strong growth prospects**
- **Experienced stable management team**
- **Favourably positioned in sustainability**

Delivering an attractive growth outlook

Each business has a clear set of strategic priorities aligned to our strategic pillars. Collectively these position Orora to deliver Shareholders with consistent, above-market, long-term growth

Long-term market growth

- Market leadership across business units
- Strong customer relationships
- Favourably positioned with strong sustainability credentials

GDP growth

Optimise to grow – everyday focus

- Manufacturing and supply chain excellence
- Increase recycled content
- Continue to drive salesforce effectiveness and account profitability

GDP growth +

Enhance and expand – everyday focus

- Grow share of customer wallet
- Capability and capacity expansion
- Ongoing innovation and investment
- Continued digitisation and e-commerce capability enhancement

GDP growth ++

Enter new segments – mid-term targets

- New products
- Expand products and services into new categories
- Explore adjacent categories in existing markets
- Pursue scale and geographic footprint expansion and offshore entry points

GDP growth +++

Attractive growth with reliable cash flow generation

FY22 cash flow conversion of 73.5%	FY22 RoAFE of 22.4%

Progressing our strategy

Disciplined execution of our strategy to drive sustainable earnings growth

Australasia – FY22 Progress

- Extension of long-term contracts for key Cans and Glass customers
- Redeployment of Glass capacity – with volume growth in 2H22
- ~$65m of capex investments, including ~$50m of growth capex, primarily to meet increased customer demand in Cans and deliver on sustainability commitment
  - Commenced construction of additional cans lines and ends capacity
  - Announced additional multi-size can line at Revesby
  - Welcomed a government grant to upgrade G3 furnace to oxyfuel technology and completed construction of Cullet Beneficiation Plant

North America – FY22 Progress

- Continued improvement in OPS financial performance and operating discipline, with EBIT margin up 80bps to 5.2%
- Profitable growth driven by salesforce alignment including embedding account profitability and pricing disciplines
- Realised operational, safety and financial benefits from integration of Pollock and Bronco operations into a singular OPS Central region
- Significant development work on ongoing business model enhancement and optimisation, including improved digital platforms and customer interaction and investment in automation

Australia – FY23+ Priorities

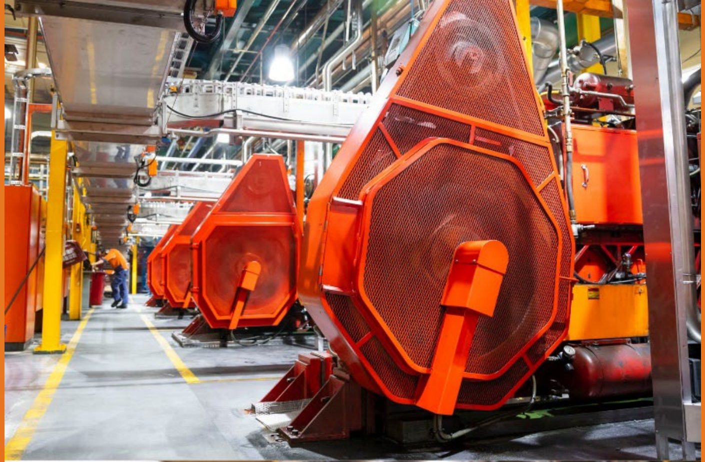
- Successfully execute capacity expansion and sustainability projects
- Optimisation of Glass product mix
- Enhance eCommerce capabilities and drive further development of digital printing capabilities
- Drive supply chain excellence and pursue further automation
- Continue to explore business expansion opportunities, new product development, potential ANZ adjacencies and offshore entry points

North America – FY23+ Priorities

- Ongoing account profitability work to deliver EBIT margin expansion
- Continued focus on salesforce effectiveness to drive earnings growth
- Continued enhancement of business model, including digitisation and refreshed eCommerce platforms to further streamline processes
- Extend OPS product and service offering, broaden customer base and expand custom packaging capabilities
- Assess OPS manufacturing footprint and consider scale expansion opportunities
- Continue active assessment of M&A opportunities in OPS

Financial Results

Shaun Hughes
Chief Financial Officer



FY22 Group Financial Performance

Underlying ($m)	FY22	FY21	Var$	Var%	CC%
Revenue	**4,090.8**	**3,538.0**	**552.8**	**15.6%**	**13.0%**
EBITDA	403.4	369.3	34.1	9.2%	7.5%
Depreciation & Amortisation	(117.9)	(120.2)	2.3	1.9%	3.7%
EBIT	**285.5**	**249.1**	**36.4**	**14.6%**	**12.7%**
Net Finance Costs	(26.7)	(32.8)	6.1	18.6%	20.5%
Profit Before Tax	258.8	216.3	42.5	19.6%	17.8%
NPAT	**187.1**	**156.7**	**30.4**	**19.4%**	**17.6%**
EPS (cents per share)[1]	**21.7**	**16.9**	**4.8**	**28.2%**	
Statutory ($m)	**FY22**	**FY21**	**Var$**	**Var%**	
EBITDA	403.4	330.7	72.7	22.0%	
EBIT	285.5	210.5	75.0	35.6%	
Profit Before Tax	258.8	177.7	81.1	45.6%	
NPAT from continuing operations	187.1	129.7	57.4	44.3%	
Significant item – net profit / (loss) of sale of Australian Fibre	(2.4)	6.1	(8.5)	(>100%)	
NPAT post discontinued operations	184.7	135.8	48.9	36.0%	
EPS (cents per share)[1]	21.4	14.6	6.8	46.6%	

- Revenue up 15.6%, driven by a 17.7% increase in North America and a 9.0% increase in Australasia
- North American revenue increased by 14.3% on a constant currency basis, primarily due to a strong increase in OPS revenue, with price increases the key driver of growth
- Underlying EBIT of $285.5m, up 14.6%, or 12.7% on a constant currency basis, driven by a 32.6% or US$24.1m increase in North America
- Underling NPAT of $187.1m, up 19.4% or 17.6% on a constant currency basis, reflects the higher EBIT (+$36.4m) and lower net finance costs (-$6.1m), partially offset by higher tax expense (+$12.1m)
- Lower finance costs in FY22 reflects accelerated amortisation of bank facility establishment fees in FY21
- Strong underlying EPS growth of 28.2% driven by an increase in underlying NPAT and the impact of the on-market share buyback in FY21 and FY22

1. Calculated as NPAT / weighted average ordinary shares (net of Treasury Shares) of 864.0m (FY21: 928.3m)

FY22 Australasia financial highlights

Revenue

$909.1m

9.0% increase

EBIT

$150.6m

$0.3m increase

Underlying Operating cash flow

$156.0m

72.9% cash conversion

EBIT Margin

16.6%

140bps decrease

RoAFE %

24.6%

80bps decrease

Total capex invested in the business

$65.0m

144.4% of depreciation

Business Performance

- Revenue increased $75.0m (9.0%), primarily due to higher aluminium costs passed through to customers. Excluding aluminium pass-through, revenue was up 1.5%
- Following significant Cans volume growth in FY21 (9.7%), Cans volumes have remained strong
- Glass 2H revenue and earnings improved with growth in volumes
- EBIT was in line with forecast and prior year, driven by:
  - Sustained volumes in Cans and a slight improvement in mix
  - Change in Glass product sales mix to lower profit margin categories
  - Inflationary pressures relating to freight, energy and materials, mostly offset by cost recoveries and improvement in operating efficiencies
- EBIT margin decline primarily reflects the impact of higher aluminium costs (130bps) passed through to customers

Cash flow and Investment

- Continued strong cash conversion of 72.9% (FY21: 72.2%)
- Underlying operating cash flow of $156.0m was $2.0m or 1.3% below FY21 as a result of lower cash EBITDA, partially offset by lower base capex
- Total capex of $65.0m (base capex of $15.2m and growth capex of $49.8m), primarily relating to the new Cans line and end capacity expansion ($26.9m) and Cullet Beneficiation Plant ($19.0m)
- RoAFE declined 80bps to 24.6%, driven primarily by higher average working capital

FY22 North America financial highlights

Revenue (USD)

$2,308.3m

14.3% increase

EBIT (USD)

$97.9m

32.6% increase

Underlying Operating cash flow (USD)

$84.6m

74.1% cash conversion

EBIT margin

4.2%

50bps increase

RoAFE %

20.3%

530bps increase

Total capex invested in the business (USD)

$16.1m

94.5% of depreciation

Business performance

- Significant earnings growth in North America, with EBIT up 32.6%, on the back of strong revenue growth, up 14.3%, and margin improvement
- 15.1% revenue growth for OPS, primarily attributable to price increases
- Earnings growth in manufacturing and distribution driven by improvements in account profitability, operating efficiency and cost to serve as a result of ensuring price impacts that were passed on to customers
- OPS EBIT margin increased by 80bps, from 4.4% to 5.2%, reflecting the impact of improving customer account profitability and managing supply cost inflation

Cash flow and investment

- Strong cash conversion of 74.1%, consistent with FY21
- Underlying operating cash flow of US$84.6m, with a US$18.9m or 28.7% increase on FY21, attributable to higher cash EBITDA, partially offset by an increase in base capex
- Total capex invested of US$16.1m, was broadly in line with FY21 of US$17.1m
- RoAFE of 20.3% increased by 530bps from FY21 due to higher earnings

Operating cash flow

$m	FY22	FY21	Var$	Var%
EBITDA	**403.4**	**369.3**	**34.1**	**9.2%**
Lease payments	(59.1)	(59.4)	0.3	
Non-cash items	26.8	27.7	(0.9)	
Cash EBITDA	**371.1**	**337.6**	**33.5**	**10.0%**
Movement in working capital	(62.6)	(61.6)	(1.0)	
Base capex	(36.4)	(31.9)	(4.5)	
Sale proceeds	0.5	1.9	(1.4)	
Underlying operating cash flow[1]	**272.6**	**246.0**	**26.6**	**10.8%**
Cash significant items	(27.0)	(33.8)	6.8	
Operating free cash flow	**245.6**	**212.2**	**33.4**	**15.7%**
Interest	(17.8)	(22.0)	4.2	
Tax	(55.4)	1.5	(56.9)	
Growth capex	(50.8)	(25.2)	(25.6)	
Free cash flow available to shareholders	**121.6**	**166.5**	**(44.9)**	**(27.0%)**
Cash conversion[2]	**73.5%**	**72.9%**		
Average working capital to sales[3]	**6.6%**	**6.4%**		

- Underlying operating cash flow of $272.6m exceeded last year by $26.6m driven by earnings growth and continued working capital management, partially offset by higher base capex
- Cash EBITDA increased $33.5m or 10.0% to $371.1m
- Cash conversion of 73.5% is marginally above prior year. FY23 cash conversion, excluding the G3 glass furnace rebuild, is expected to be greater than 70% in FY23
- The increase in working capital is in line with prior year and attributable to growth and replenishment of inventories depleted in FY21
- Inventory returned to more historical levels as supply chains normalised and finished goods inventory levels were rebuilt
- Growth capex of $50.8m is up $25.6m on prior year as a result of the investment in a new canning line and cans ends capacity as well as the Cullet Beneficiation Plant
- Tax payments of $55.4m in FY22 reflect a return to normal company tax payments, following Fibre sale related impacts in FY21
- Average working capital to sales was 6.6%, with the marginal increase reflecting higher inventory

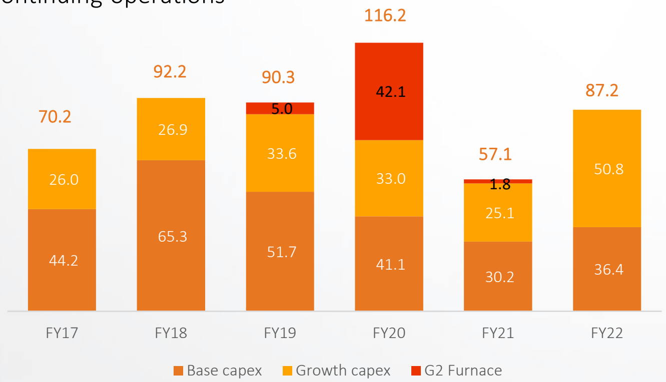
1. Underlying operating cash flow excludes cash flow from discontinuing operations and significant items
2. Cash conversion measured as operating cash flow / cash EBITDA
3. Average net working capital for the period / annualised sales

Group capex profile

Continued investment in capex to support strong end-market customer demand and sustainability initiatives

Base and Growth capex ($m)

Continuing operations



Significant capex projects

Initiative	Type	Purpose	Period	Capital Spend
Glass - Cullet beneficiation plant	Growth	Sustainability	Complete	~$25m[1]
Glass - G3 furnace rebuild (oxyfuel)	Base	Rebuild	FY23 - FY25	~$90m
Glass - Oxygen plant	Growth	Sustainability	FY23 - FY25	~$40m[2]
Cans - Ballarat ends capacity expansion	Growth	+40% capacity	FY22 - FY23	~$30m
Cans - Dandenong second canning line	Growth	+10% capacity	FY22 - FY23	~$80m
Cans - Revesby second canning line	Growth	+10% capacity	FY23 - FY25	~$85m

- Growth capex investment to fund a step change in capacity and drive further earnings growth for Cans:
  - Dandenong second canning line: operational late FY23, +10% capacity, to be progressively filled over 2 – 3 years
  - Revesby second canning line: operational FY25, +10% capacity
  - Ballarat ends capacity: operational 1H23, supports Cans line growth
- Total capex expected to be ~$230m in FY23 – Growth capex of ~$150m

- Commitment to sustainability through commissioning of Cullet Beneficiation Plant in August 2022 and investment in oxygen plant (oxyfuel technology) for future glass furnace rebuilds
- Glass furnace rebuild costs expected approximately every five years, with furnace G3 in 2024 and furnace G1 in 2029
- Spend to-date on significant growth capex projects of ~$55m

1. Gross capital commitment with $8.0m of Government funding
2. Gross capital commitment with $12.5m of Government funding

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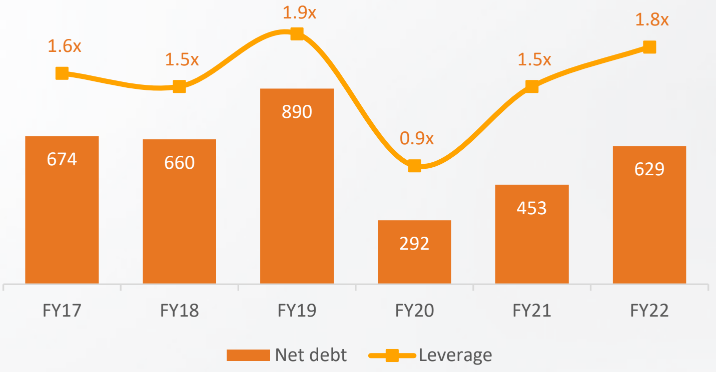
Balance sheet and net debt

Strong balance sheet providing operating and strategic flexibility to support Orora's growth strategy

Balance sheet

$m	FY22	FY21
Average funds employed	1,275.6	1,250.5
Net debt	629.0	452.9
Net assets	731.7	768.6
Leverage (x)[1]	1.8x	1.5x
RoAFE (%)[2]	22.4%	19.9%
Undrawn committed bank debt capacity	372.4	405.1

Net debt and leverage ratio



- Disciplined approach to capital deployment and working capital management ensures the balance sheet remains strong to pursue organic and inorganic investment
- On-market share buyback – acquired 30.7m shares in FY22 for consideration of $109.0m at an average price of $3.55 per share
- RoAFE of 22.4%, up from 19.9% at the pcp, reflecting higher North American earnings, partially offset by higher Australasian average working capital

- Net debt of $629.0m as at June 2022, up $176.1m since June 2021, attributable to the on-market share buyback, higher capex spend and the FX increase on USD debt facilities, partially offset by higher earnings
- Committed undrawn debt facilities of $372.4m with an average committed debt maturity of 2.4 years at June 2022 (total liquidity of $425.0m)
- Leverage ratio of 1.8x, with a long-term target of 2.0x – 2.5x
- Growth capex will drive a short-term increase in leverage before associated earnings flow from late FY23

1. Calculated as net debt / trailing 12 month EBITDA
2. Calculated as FY22 EBIT / trailing 12 month average funds employed

FY22 Dividend

17.9% dividend growth reflects strong earnings performance

FY22 final dividend

8.5 cps

+1.0 cps
13.3% increase

Total FY22 dividends

16.5 cps

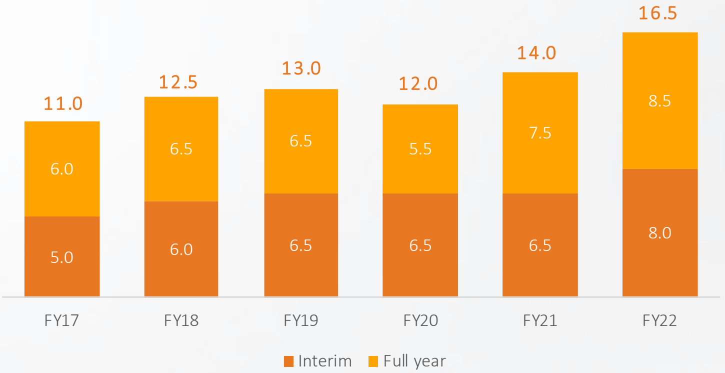
+2.5 cps
17.9% increase

Payout ratio

76.2%

60-80% target payout ratio

Ordinary dividends per share (cps)



- Final dividend of 8.5 cents per share (unfranked)
- Total dividends declared for FY22 of 16.5 cents, a 2.5 cents or 17.9% increase from FY21
- Full year underlying dividend payout ratio of 76.2% which is at the upper end of Orora's 60 – 80% target payout ratio
- The Dividend Reinvestment Plan will be reinstated for this dividend, with shares purchased on market to meet DRP obligations

- Key dates for final dividend:
  - Ex-dividend date: 5 September 2022
  - Record date: 6 September 2022
  - Payment date: 10 October 2022
- Given the Group's near-term capital investment programs, and the tax effects of Australia's instant asset write-off legislation, the Group does not expect to frank future dividends until after FY24

Sustainability Update

Brian Lowe
Managing Director & Chief Executive Officer

Sustainability goals

Our Promise to the Future

Circular Economy

- Recycled content
- Recyclable packaging
- Recyclable substrates
- Certification

60% recycled content[1] for Glass beverage containers by 2025

Climate Change

- GHG reduction
- Energy efficiency
- Renewable energy
- Climate risk analysis

Net zero emissions[2] by 2050
40% reduction in emissions[2] by 2035

Community

- Safety & health
- Diversity, equity & Inclusion
- Human rights and supply chain
- Responsible sourcing

Prioritising action for our people and our community

1. Pre and post-consumer
2. Scope 1 and 2 from FY19 baseline

FY22 sustainability performance highlights

We continue to invest and make good progress with our sustainability goals and commitments

Circular Economy

- 38% average recycled content in glass containers produced, up from 31% in the prior year
- Cullet Beneficiation Plant construction completed, with full commissioning in August 2022
- 54% average recycled content in OPS manufactured corrugated board
- Increased utilisation of eco-friendly printable fabric, comprising 100% recycled content from recycled PET bottles

Climate Change

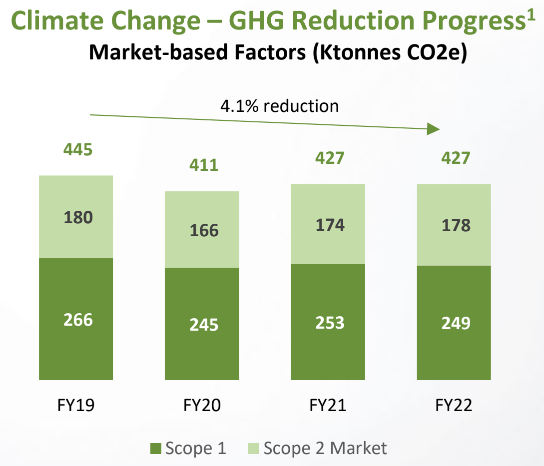
- Reduced emissions by 8.3% (Scope 1 & 2 location-based factors) and 4.1% (Scope 1 location-based factors and Scope 2 market-based factors) from FY19 baseline
- Welcomed a $12.5m government grant to upgrade G3 glass furnace to oxyfuel technology in 2024, moving it into top 10% of energy efficient furnaces worldwide
- Completed review and implementation of TCFD findings – no material risks and climate change strategy is fit-for-purpose
- Procurement of warehouse-based Electric Vehicles as leases arise for renewal in OPS

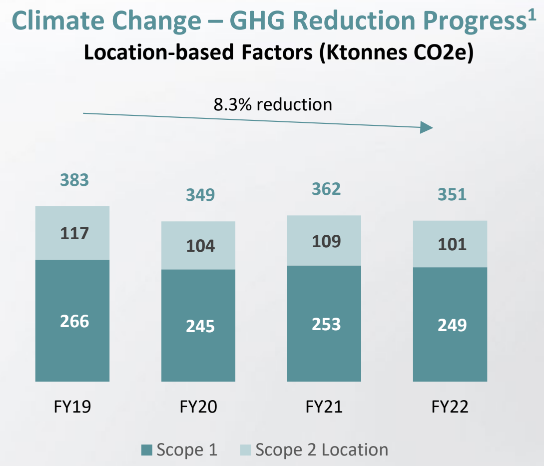
Community

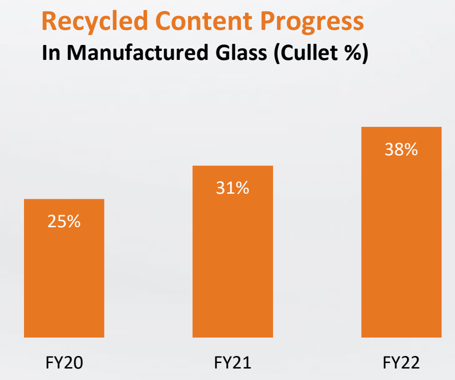
- Launched Our Orora Culture Shaping workshops to move culture from ‘good’ to ‘great’
- Women in Leadership at Orora (WILO) program is now in its sixth year
- Unconscious Bias training conducted for all Senior Leaders in North America
- Published second Modern Slavery Statement

Progress on sustainability

Orora is on track to achieve its sustainability goals







Climate Change

- Orora has achieved reductions in total Scope 1 and Scope 2 greenhouse gas emissions on its journey towards a 40% reduction by 2035

Circular Economy

- Solid progress has been made towards 60% recycled content in manufactured glass beverage containers by 2025

1. From FY19 baseline to FY22

FY23 Perspectives and Outlook

Brian Lowe
Managing Director & Chief Executive Officer

Perspectives for FY23

Disciplined execution of our strategy to drive sustainable earnings growth

Australasia

- Expected growth in Cans and Glass driven by volume growth and product mix optimisation[1]
- Continued focus on inflationary pressures – 1H23 EBIT expected to modestly decline ahead of contracted price changes effective in 2H23
- Drive and enhance eCommerce capability and supply chain excellence
- Commissioning of Dandenong multi-size canning line and Ballarat Cans ends capacity expansion, with construction to commence on Revesby canning line
- Continued focus on sustainability with advancement of Oxygen Plant (oxyfuel technology) for G3 furnace and commissioning of Cullet Beneficiation Plant

North America

- Build on operating and earnings momentum in OPS and OV to drive further earnings, cost efficiency and margin expansion
- OPS EBIT margin expected to further improve in FY23
- Inflationary pressures starting to stabilise – confident embedded pricing disciplines will enable further price adjustments if required
- Manufacturing could be impacted by softness in the US economy
- Assess OPS manufacturing footprint and consider scale expansion opportunities

Market conditions

- Ongoing economic market headwinds with inflation and energy cost pressures persisting
- Supply chain challenges to persist
- Revenue and margin protection with continuation of price pass-throughs and CPI / cost-basket contract mechanisms
- Energy costs well managed in Australasia with ~80% of electricity covered by wind farm PPA's / fixed retail contracts, and ~99% of gas contracted
- Energy costs represent ~2% of Orora's total cost of sales and ~10% of Australasia's cost of sales

Cash flow and capital management

- Dividends expected to be towards top end of target payout range
- Cash conversion (excluding G3 furnace rebuild) of greater than 70%
- Significant investment in capacity expansion, asset upgrades, innovation and sustainability initiatives
- Continue active assessment of M&A opportunities in North America and potential adjacencies and offshore entry points in Australasia

1. Subject to any supply chain disruptions

FY23 outlook

- The Orora Group earnings are expected to be higher in FY23, reflecting the resilience of the business in what is expected to be a challenging year of economic conditions
- In Australasia, EBIT is expected to be broadly in line with FY22, with 1H23 impacted by inflationary cost increases ahead of further 2H23 customer price recovery
- In North America, further EBIT growth is expected, reflecting the full year impact of FY22 price increases and continued implementation of profit improvement programs
- This outlook remains subject to global and domestic economic conditions, currency fluctuations and the continuing impacts of the COVID-19 pandemic

Supporting Information

Shareholder value blueprint

Orora applies a returns-focussed, risk-weighted approach to investment and capital management decisions

TSR COMPONENT	ORGANIC GROWTH		RETURNS-FOCUSED INVESTMENT			CAPITAL MANAGEMENT		
STRATEGIC PILLAR	Optimise to Grow			Enhance and Expand	Enter new segments	Disciplined approach to capital allocation		
ELEMENT	Australasia	North America	Capital investment	Acquisitions		Sustainable dividend	Potential additional capital returns	Sensible leverage
	• GDP sales growth • Enhanced by innovation and customer wins	• GDP sales growth • Supplemented by market share gains and increased share of wallet	• Enhance digital capabilities, particularly in North America • Enhance sustainability capacity and product capabilities across portfolio • Customer-backed growth projects	• Beverage footprint expansion in ANZ and offshore • Expand aluminium and glass product capability in ANZ • Expand product and service capabilities in North America	• Complementary adjacencies – near-term focus in ANZ	• Payout ratio of 60% – 80% • Franked to the extent possible	• Assessed when appropriate • On- or off-market buybacks • Special dividends/ capital returns	• Target leverage at 2.0 – 2.5x EBITDA (excluding AASB 16)
RETURN TARGETS			Lower ← Premium to WACC → Higher					

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Statutory to underlying reconciliations

Statutory to underlying results ($m)	FY22 EBIT	FY22 PBT	FY22 NPAT	FY21 EBIT	FY21 PBT	FY21 NPAT
Statutory result	**285.5**	**258.8**	**184.7**	**210.5**	**177.7**	**135.8**
Add significant items:						
- Continuing operations – decommissioning costs	-	-	-	38.6	38.6	27.0
- Discontinued operations – net (profit) / loss on sale of Australasian Fibre	-	-	2.4	-	-	(6.1)
Underlying result[1]	**285.5**	**258.8**	**187.1**	**249.1**	**216.3**	**156.7**

Statutory operating cash flow to operating free cash flow ($m)	FY22	FY21
Statutory net cash flow from operating activities	**257.6**	**270.6**
Less net base capex / sale proceeds	(35.9)	(30.0)
Less lease repayments	(59.1)	(59.4)
Add net external interest and finance charges on RoU assets	27.6	32.5
Add tax paid / (received)	55.4	(1.5)
Add cash significant items	27.0	33.8
Underlying operating cash flow[2]	**272.6**	**246.0**

1. Underlying result is a non-GAAP measure which adjusts for the effects of one-off significant items
2. Underlying operating cash flow is a non-GAAP measure which adjusts for the effects of certain items included / excluded in the statutory net cash flow from operating activities

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