

ASX Announcement

ORORA LIMITED – ANNUAL GENERAL MEETING

10.30AM WEDNESDAY 21 OCTOBER 2020

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S ADDRESS

Introduction

Thank you, Rob. And to echo the Chairman, let me begin by thanking all shareholders for your continued support of Orora during a year like no other.

Likewise, thank you for joining us via webcast today as we continue to adhere to COVID safe restrictions and legislation here in Australia.

3 core focus areas during COVID-19

Few could have predicted the events of this year, but we are incredibly proud of what the Company and our teams have been able to achieve. Throughout the pandemic, we have maintained a clear commitment to health, safety and wellbeing of our people. Teams have worked in lockstep with customers and suppliers, and we've actively managed operating costs and increased the focus on efficiency.

Orora's 3800 team members have risen to the challenge, driving productivity and service agility to ensure that 24 manufacturing plants and 82 distribution centres continue to operate seamlessly.

Having recently quarantined and passed several COVID-19 tests, I was able to visit the Gawler, Dudley Park, Revesby and Rocklea sites. It's remarkable to see and hear about the resilience of our teams and operations despite everything they've been through.

Regular catch ups with the North American leadership teams tells a similar story, that all workplaces globally are making an incredible effort to adhere to health and regulatory requirements in all jurisdictions.

Continued focus on safety

The strong focus on safety during FY20 delivered a 23 percent reduction in total recordable cases globally, and pleasingly, we have maintained this positive momentum into FY21. Teams continue to drive a program of safety improvement initiatives across the business, guided by the senior leadership team, as part of a comprehensive three year program.

At Orora, safety is just as much about mental as well as physical wellbeing. Programs are being carried out across Orora to reinforce the importance of mental wellbeing, particularly as some jurisdictions, including Victoria, experience higher levels of COVID-19 restrictions than others.

Building momentum

It's been a year that has seen Orora shift the focus and composition of its businesses.

- Orora completed the sale of the Australasian Fibre business for an enterprise value of \$1.72 billion, one of the largest transactions completed in Australia during this unprecedented year.

- A significant portion has since been returned to shareholders, and in September Orora commenced an on market buyback program.
- We have reviewed our businesses, their market opportunities and the overall strategy.
- We upgraded and expanded the state of the art Gawler glass facility – the largest facility of its kind in the Southern Hemisphere. This marks a five year, \$200 million investment program.
- The North American Orora Packaging Solutions business has continued its business improvement and digital transformation journey.
- The Orora Visual business continues its consolidation program, and while there is more work to do, both North American businesses have stabilised performance as we have entered FY21.

Review of Strategy complete

As the Chairman noted earlier, Orora's Strategy has been refreshed and aligned to the current operating strengths, opportunities and future for each of the Orora businesses.

Orora's Strategy is underpinned by safe and diverse workplaces, customer focus and operating excellence. Orora has a long track record of delivering innovative product and operating solutions, and while the strategic approach has been adjusted, the commitment to prudent financial management has not changed.

The strategy has three core pillars which are to optimise, enhance and expand, and to enter new markets. I'll briefly discuss how these will be applied to our respective businesses.

Portfolio assessment and approach

Beginning with the Australasian Beverage business, the cans, glass and closures businesses are all leaders in their respective markets with operating and financial performance that compares with best in class peers.

The team has a very good reputation for product quality and reliability. During the last 12 months, the Beverage team have maintained and renewed several key long term customer contracts. They are continuing to optimise the manufacturing process with a combination of investments such as the digital printer at Dandenong and expansion of Industry 4.0 initiatives.

The focus of the revised strategy is to identify opportunities to expand the Beverage footprint into adjacent or complementary end markets.

In North America, the Orora Packaging Solutions (OPS) and Orora Visual businesses have established positions in significant markets, underpinned by an extensive network of distribution and production sites.

Despite challenging market conditions, the breadth and depth of the US economy means B2B distributors like OPS will remain a key element of the food, beverage and medical supply chains.

The OPS business has stabilised performance during the first quarter of FY21 and its future success will be further maximised via digital transformation. A digital transformation leader with Fortune 500 company experience has been appointed. His focus will include maximising opportunities to deliver on changing customer needs and sale experience, including increasing the visibility of customer and purchasing data for the thousands of products distributed by OPS.

OPS has also invested in operating efficiency and warehouse automation with 'pick to light technology' and robotics capability, with further implementation planned.

Orora Visual continues to build its value proposition with a consistent point of purchase, visual

communications and fulfilment offering across multiple locations. This includes investment in digital customer and consumer engagement capability and print on demand solutions.

To support Orora's strategic activity, Matt Wilson, the new Group General Manager for Strategy joined us in January this year. More recently Orora announced the appointment of new Chief Financial Officer, Shaun Hughes.

Shaun joins us with extensive commercial, procurement and supply chain experience. It is a pivotal time for Orora as we realign the strategic direction and apply a fresh lens to the future of Orora's businesses. Shaun is currently working through an orderly transition with Stuart Hutton, who will leave Orora after a decade of strong leadership.

I would like to take this opportunity to thank Stuart for his support of, and contribution to, Orora. He leaves Orora with an incredibly strong foundation on which we plan to build.

Our ambition

The review of Strategy also reconfirmed that Orora's enduring commitment to sustainable business is the right one. It is why we have emphasised it in our ambition - to be a leading sustainable packaging solutions provider.

As the Chairman noted, Orora's focus on sustainability is holistic. It's inherent in the recyclability of our product portfolio, our commitment to safety, health and mental wellbeing, and the importance of diversity, respect and inclusion in the workplace.

During the second half of financial year 2020, a culture and values program commenced to assess aspects of Orora's leadership, business practices and employee engagement with our core values. These are the same attributes that will enable Orora to achieve its strategic ambition and future growth.

Orora is investing into a more sustainable future. This includes our recently completed investment in the rebuild of the G2 furnace, forming machines and inspection equipment at the Gawler Glass site in South Australia. Specialists who would have typically been flown in to oversee the detailed construction and commissioning were not all able to do so due to COVID-19 travel bans. Instead, the rebuild was successfully delivered by a combination of site operations, engineering and local contractors who video conferenced the specialists throughout commissioning. Several upgrades were also made during the rebuild to make the furnace more energy efficient and to reduce environmental impacts, including a special innovation that will enable future waste heat recovery.

Orora works closely with customers and suppliers to reduce waste and embed the shift to a circular economy. The Cans team are working to minimise packaging in their supply chains and further increase recycled aluminium content above 63 percent. OPS aims to reduce the overall packaging footprint of customers and achieved 70 percent recycled content in the manufacture of corrugated board.

Earlier this month, the Gawler site began receiving its first shipment of glass cullet from the Western Australian Government's Container Deposit Scheme. This volume is in addition to the approximately 80 percent of all glass collected through South Australia's own CDS scheme. The more cullet that is used, the more Orora reduces its energy consumption and carbon emissions, positively contributing to our new five year Eco Targets.

By proactively addressing the challenge to reduce waste and increase recycled content, Orora can accelerate simple and sustainable solutions for customers and society alike. This is what sustainability means at Orora, investing in people, product and operations to make a difference.

Financial performance

I'll now briefly recap the full year financial performance for 2020 and provide some commentary on the focus areas for FY21.

Sales revenue grew 5.2 percent during the year, whereas group earnings were impacted by a number of factors. Australasian Beverage saw solid growth in Cans volumes and largely mitigated the impact of COVID-19, however, unfavourable product mix and lower glass export volumes had an impact. When combined with the necessary completion of the G2 furnace rebuild, this resulted in slightly lower Beverage earnings for FY20.

Separately, and as noted by the Chairman, the challenging economic and market conditions in North America are well documented and weighed on earnings for both the Orora Packaging Solutions and Orora Visual businesses during FY20.

Trading update

As we move further into FY21, the combination of COVID-19 and the pending US election sees some challenge and uncertainty persisting. However, Orora's businesses continue to prove their strength and resilience, with all three continuing to operate as essential service providers.

Three months into FY21, the Australasian Beverage Business has continued to deliver as a market leader in all segments. During the first quarter, earnings before interest and taxes (EBIT) is in line with the first quarter of the prior year despite adverse product mix.

In North America, both the OPS and Orora Visual businesses have been trading steadily with EBIT across both businesses tracking ahead of the first quarter of last year. The strengthening of the North American performance comes off the back of comprehensive business improvement plans. These plans have delivered, despite the ongoing challenge and uncertainty within that region.

Focus areas for FY21

Finally, and before I hand back to the Chairman, I wanted to reiterate:

- This year has seen Orora recalibrate and restore momentum amid challenging conditions.
- We are a best in class manufacturer, we are focused on creating the digital step change in our distribution business, and are targeting defensive markets in visual communications.
- Our teams have proven that Orora can safely and seamlessly work to a 'COVID-19' normal and have adapted to continue to deliver.
- The Australasian Beverage business will continue to identify and implement cost reduction opportunities, invest in asset upgrades, new capacity and innovation.
- In North America, the businesses will continue to consolidate and deliver by driving sales growth, margin improvement and cost efficiency.

Along with the management team and Board, I am confident that with the revised strategic approach and prudent approach to capital, Orora will continue to move from strength to strength.

With that, I will now hand back to the Chairman for the procedural part of the meeting. Thank you all.

ENDS

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