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Capital Management and Trading Update – Investor Release

Orora Group

8 May 2020

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

Proposed capital management



Orora intends to return ~A\$600M to shareholders by 30 June 2020, comprising a capital return of \$150M (subject to shareholder approval) and a special dividend of A\$450M (Board determined)

Cash Return

- The first stage of capital management comprises a pro rata cash return of ~A\$600M or A\$0.497 per share to be paid to shareholders, comprising two components:
 - capital return of A\$150.0M – 12.4 cents per share
 - dividend of A\$450.0M – 37.3 cents per share (50% franked)
- An equal and proportionate share consolidation of ~0.8 shares for every one share currently held (ie 5 shares would become 4) to be undertaken, to adjust Orora's number of shares for the quantum of the Cash Return
- Shareholder approval for the capital return and share consolidation to be sought at a special meeting of shareholders to be held on 16 June 2020
 - If approved, Orora expects to make the cash payment to shareholders on 29 June 2020

Growth investment or further returns

- The above return is considered appropriate and has been determined after having regard to a variety of factors including: COVID-19 related uncertainty, tightening liquidity in debt markets and the terms of Orora's debt facilities, retaining Orora's strong balance sheet, as well as preserving flexibility to pursue potential growth opportunities
- The Board's preference is to pursue potential growth investment opportunities. In the absence of these opportunities, return of excess capital to shareholders will be considered in due course.

Cash Return and share consolidation



Cash Return of \$0.497 per share and share consolidation of 0.8 shares for every one share held (ie 5 shares would become 4), subject to shareholder approval

Cash return amount: \$0.497 per share

Components	Return of capital – Shareholder Approval Required 12.4 cents per share	Dividend – Determined by the Board 37.3 cents per share
Tax implications	Share capital base reduced	50% franked dividend
Share consolidation – Shareholder Approval Required	<ul style="list-style-type: none"> The cash return will be accompanied by an equal and proportionate consolidation of ordinary shares: <ul style="list-style-type: none"> the net impact is to reduce the number of Orora shares on issue and preserve consistency of both the EPS and share price each shareholder’s proportionate ownership interest in Orora will remain unchanged following the consolidation The consolidation ratio of 0.80 is calculated based on: $\text{Share consolidation ratio} = \frac{(a - b)}{a} = 0.80$ <p><i>a = the 20 day volume weighted average price ("VWAP") of \$2.51 as at 30 April 2020</i> <i>b = the cash return amount of \$0.497 per share</i></p> 	

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Capital management – key dates



Shareholder meeting to approve the capital return and share consolidation on 16 June 2020

Item	Date
Notice of meeting lodged with ASX	Friday 8 May 2020
Shareholder meeting and potential approval of capital return and share consolidation	Tuesday 16 June 2020
Last day for trading in pre-consolidated shares entitled to the cash return	Thursday 18 June 2020
Ex date: shares begin trading on an 'ex-cash return' basis	Friday 19 June 2020
Record date for the cash return on a pre-consolidated basis	Monday 22 June 2020
Commencement of trading in consolidated shares on a deferred settlement basis	Tuesday 23 June 2020
Record date for the share consolidation	Wednesday 24 June 2020
Share consolidation date	Thursday 25 June 2020
Payment of cash return of \$0.497 per share Deferred settlement trading ends	Monday 29 June 2020
Ordinary shares resume trading on a normal settlement basis	Tuesday 30 June 2020

Trading update and outlook statement

COVID-19 impact



Orora's outlook statement at February 2020 was as follows:

Orora expects challenging market conditions to persist for the remainder of FY20. These coupled with the financial impact of the G2 rebuild in H2 and time for the North American improvement initiatives to be fully realised, are expected to result in reported operating EBIT for the continuing operations being lower in FY20. Orora will continue to invest in efficiency, growth and innovation, as well as integrate recent acquisitions and finalise the sale of the Fibre business.

Estimated COVID-19 Impact (not included in February 2020 Outlook Statement):

While the above outlook statement remains relevant, the adverse financial impact from COVID-19 in the second half is estimated at approximately A\$25.0M. This is predominantly in the North American businesses which supply and service retail, entertainment, convenience and manufacturing segments. The estimated financial impact is determined after including the benefit of a number of initiatives that are progressively being implemented to lower the cost base as necessary in the current market conditions.

G2 Furnace Rebuild

On a more positive note, the rebuild of the G2 furnace has been successful with commissioning nearing completion.