INVESTOR RESULTS RELEASE

Orora announces results for the full year ended 30 June 2016

FINANCIAL HIGHLIGHTS

- Net profit after tax (NPAT) was $168.6M, up 28.3% on the prior corresponding period (pcp);
- Excluding NPAT on Petrie land sale of $5.9M, underlying NPAT was $162.7M up 23.8% on pcp;
- Earnings per share (EPS) was 14.1 cents, up 29.4% on pcp;
- Excluding Petrie, EPS was 13.6 cents, up 24.8% on pcp;
- Sales revenue was up 13.0% to $3.8B;
- Reported EBIT up 24.6% to $280.5M. Excluding EBIT on Petrie sale of $8.4M, underlying EBIT was $272.1M, up 20.9%;
- Operating cash flow was $313.8M (excludes proceeds on sale of Petrie), up from $260.8M in pcp; Cash conversion was 76%, in line with pcp and in excess of 70% target;
- Final ordinary dividend is 5.0 cents per share (cps) – 30.0% franked and 70.0% sourced from the conduit foreign income account. Total dividend is 9.5 cps, up 26.7% on pcp and represents a pay-out ratio of 67.4%. The ex-dividend date will be 12 September 2016, the record date will be 13 September 2016 and the payment date 17 October 2016;
- Net debt at 30 June 2016 was $630M, up from $607M at pcp, primarily due to the acquisition of IntegraColor in March 2016.
- Leverage was 1.7 times, down from 1.9 times at pcp. Leverage at December 2015 was 1.7 times;
- RoAFE was 12.7%, up from 10.6% at pcp reflecting delivery of increased earnings and solid balance sheet management;
- Foreign exchange translation sensitivity on EBIT and NPAT to a 1 cent move in the AUD/USD on an annualised basis is approximately $1.4M and $0.8M respectively.

(A$ mil)	FY15	FY16	Change %
Sales Revenue	3,407.8	3,849.8	13.0%
EBITDA[1]	323.2	388.0	20.0%
EBIT	225.1	280.5	24.6%
NPAT	131.4	168.6	28.3%
EPS (cents)[2]	10.9	14.1	29.4%
Return on Sales[3]	6.6%	7.3%	
Operating Cash Flow[4]	260.8	313.8	20.3%
Cash Conversion[5]	76%	76%	
Dividend per share (cents)	7.5	9.5	26.7%
Net Debt	607	630	
Leverage[6]	1.9x	1.7x	
Gearing	30%	30%	
RoAFE[7]	10.6%	12.7%	

SEGMENT HIGHLIGHTS

- Australasia EBIT up 10.4% to $200.4M
  - Fibre earnings were higher than pcp driven by cost reduction and innovation benefits from the B9 Recycled Paper Mill (“B9”) and improved volumes in Fibre Packaging, owing to steady organic growth and favourable seasons in certain fruit and produce markets;
  - B9 delivered incremental cost reduction and innovation benefits of $13.7M over pcp;
  - Beverage earnings increased driven by increased sales volumes and improved operating efficiency. The majority of the adverse financial impact of the FY15 glass furnace rebuild reversed in FY16 but was partially offset by higher input costs.
- North American EBIT up 38.1% to $98.9M. In local currency, EBIT was up 20.2% to US$72.0M
  - Orora Packaging Solutions delivered improved EBIT through continuing to deliver on its organic sales growth strategy, the business grew sales to existing customers and also won new market share. The business delivered further benefits from improved procurement and cost efficiency;
  - Successful ongoing integration of the July 2014 acquisition of Worldwide Plastics has delivered a 20% RoAFE in FY16 – a full year ahead of return criteria;
  - The integration of the Jakait acquisition, completed on 1 September 2015, is on track;
  - The Manufacturing division generated higher sales and earnings despite ongoing margin pressure from additional industry capacity entering the market;
  - IntegraColor, a Texas based provider of Point of Purchase (POP) retail display and visual communication services, was acquired on 1 March 2016. The integration is progressing well and the business is performing in line with Management’s expectations;
  - FX translation benefit on US dollar denominated earnings was $10.7M on pcp.
- General economic conditions in Australia and New Zealand remain flat while the macro environment in the US is subdued albeit with a slightly positive bias.

OUTLOOK

- Orora expects to continue to drive organic growth and invest in innovation and growth during FY17, with earnings expected to be higher than reported in FY16, subject to global economic conditions.

This report includes certain non-IFRS financial information operating cash flow, average funds employed, EBIT and EBITDA. This information is considered by Management in assessing the operating performance of the business and has been included for the benefit of investors. References to earnings throughout this report are references to earnings before interest and tax.

The following notes apply to the entire document.

[1] Earnings before interest, tax, depreciation and amortisation

[2] Calculated as NPAT / weighted average ordinary shares (net of Treasury Shares)

[3] Calculated as reported EBIT / Sales

[4] Excludes cash significant items that are considered to be outside the ordinary course of operations and non-recurring in nature and includes Capital Expenditure net of sale proceeds. Excludes initial proceeds received from the sale of land at Petrie, Queensland.

[5] Calculated as underlying operating cash flow / cash EBITDA

[6] Calculated as Net Debt / trailing 12 month underlying EBITDA

[7] Calculated as EBIT / average funds employed. FY16 EBIT excludes gain on sale of Petrie land

INNOVATION

- Orora's vision is to be the industry-leading, packaging solutions company delivering on its promise every day. The proprietary Orora Way operating model provides the foundation to realising this vision including key elements of being customer led and innovative.
- With funding aided by the disposal of the Petrie land, the Orora Global Innovation Initiative was established in July 2015 to invest approximately $45.0M over 3 years on innovation, modernisation and productivity.
- Up to the end of July 2016, Orora has committed approximately $20.0M to projects focused on delivering new customer led product solutions (estimated 70%) and enhancing productivity (estimated 30%).
- Approximately $10.0M was invested during FY16. Implementation of the approved projects will progressively occur during FY17.
- To help drive and cultivate innovative thinking, a crowd sourcing initiative was launched in July 2016 that provides all employees with a platform to contribute and develop ideas in relation to the Orora Global Innovation Initiative. The program is receiving a very high level of participation companywide.

TREASURY UPDATE

- Orora successfully completed a bank debt refinancing in April 2016 and received strong support from both existing and new banks introduced to the Orora program.
- Refinancing summary:
  - Replaced A$350M multicurrency debt maturing in December 2016 with the following facilities:
    - 5 year USD denominated facility of US$200M (A$250M+)
    - 2 year AUD denominated facility of A$100M
  - Extended maturity of Tranche B (A$400M multi-currency) facility from December 2018 to December 2019
  - Minimal impact on interest costs
- The refinancing extends and smooths Orora's debt maturity profile, whilst providing funding diversification.
- This follows Orora successfully completing the funding of a US$250.0M US Private Placement in July 2015. The notes issued were for US$100.0M with an 8 year maturity and US$150.0M with a 10 year maturity.

CORPORATE UPDATE

- A parcel of surplus land was sold in 2H16 at Botany, NSW. The profit impact from the sale was minimal.
- The Board has resolved that payments of dividends and other distributions can, going forward, be made in AUD, USD and NZD to shareholders with appropriate direct credit details. It is anticipated that foreign currency payments will commence with the FY17 interim dividend.

CONFERENCE CALL

- Orora is hosting a conference call for investors and analysts at 11:00am today. The audio cast will be available on the Orora website, www.ororagroup.com, within 24 hours.

REVENUE

- Sales revenue of $3,849.8M was up 13.0% on pcp, driven by:
  - Higher sales revenue in North America from securing increased sales to existing customers, winning market share and benefits from the acquisitions of IntegraColor (effective 1 March 2016) and Jakait (effective 1 September 2015).
  - Excluding the impact of acquisitions, underlying organic local currency North American sales growth was approximately 6.0%;
  - Increased sales in Fibre Packaging from higher volumes across key segments including benefits from very strong kiwi fruit and apple crops in New Zealand, net of the transition impact of the "go direct" model in fruit and produce;
  - Increased market share in Glass (beer) and improving wine volumes through the period; and
  - FX benefit on US dollar denominated North America sales ($218.9M on pcp) – local currency sales increased by 11.9%.
- Revenue gains were partially offset by:
  - Lower export sales of surplus Old Corrugated Cardboard (OCC) from ongoing OCC collection footprint rationalisation; and
  - Pass through of lower aluminium prices within Beverage Cans.
- Taking into account the above factors, underlying sales in Australasia increased by 2.5%.

EARNINGS BEFORE INTEREST AND TAX

- EBIT increased by 24.6% to $280.5M. Excluding Petrie, underlying EBIT increased by 20.9% to $272.1M. Improved underlying earnings were attributable to:
  - Higher sales volumes in Fibre Packaging and delivery of incremental cost reduction and innovation benefits in B9 and Fibre Packaging;
  - Improved operating efficiency across the Beverage division, higher Glass volumes and reversal of the majority of the adverse financial impact from FY15 glass furnace rebuild;
  - Sales growth and benefits from procurement and cost efficiency within the North American business;
  - Benefits from acquisitions completed in North America during the period; and
  - Translational FX benefit from US dollar denominated earnings ($10.7M on pcp).
- Earnings gains were partially offset by:
  - Higher input costs within the Glass division (gas, electricity & soda ash) and B9 (gas);
  - Higher depreciation within the Glass division following the furnace rebuild in 2H15;
  - Timing impact from the transition to the "go direct" channel in the fruit and produce sector in Fibre Australia; and
  - Tighter margins in the North American Manufacturing business.

Revenue Summary (A$ mil)	**FY15**	**FY16**	**Change %**
Australasia	1,935.5	1,956.6	1.1%
North America	1,472.3	1,893.2	28.6%
Total sales revenue	**3,407.8**	**3,849.8**	**13.0%**

Earnings Summary (EBIT) (A$ mil)	**FY15**	**FY16**	**Change %**
Australasia	181.6	200.4	10.4%
North America	71.6	98.9	38.1%
Underlying Corporate	(28.1)	(27.2)	3.2%
Underlying EBIT	**225.1**	**272.1**	**20.9%**
Petrie Land Sale	0.0	8.4	N/A
Reported EBIT	**225.1**	**280.5**	**24.6%**

(A$ mil)	**Net "self-help" target**	**Cumulative "self-help" achieved in FY15**	**Incremental "self-help" achieved in FY16**	**Cumulative "self-help" achieved in FY16**
B9 Recycled Paper Mill	42.5	21.4	13.7	35.1

COST REDUCTION UPDATE

- Delivered $13.7M of incremental cost reduction and innovation benefits from the B9 Recycled Paper Mill in FY16 (compared with FY15) taking the cumulative total to $35.1M.
- Incremental B9 benefits reflect $11.2M from cost reduction and $2.5M from innovation/sales synergy benefits.
- The remaining incremental B9 EBIT benefits of approximately $7.0M are expected to be delivered in FY17.
- With the B9 'self help' program on track for successful completion in FY17, specific reporting will now cease.

BALANCE SHEET

- Key balance sheet movements since June 2015 were:
  - Increase in other current assets is mainly a result of a rise in capital receivables relating to the sale of land at Petrie (QLD); higher receivables within the Fibre Packaging division owing to the New Zealand kiwi fruit and apple season; finished good stock build in Glass ahead of output curtailments in relation to the FY17 capacity expansion; foreign exchange translation effect on North American receivables and inventories and the impact of the North American acquisitions of IntegraColor and Jakait. This was offset by lower inventory in most Australasian divisions.
  - Net property, plant and equipment (PP&E) was higher with the foreign exchange translation impact on Orora North America PP&E and additions relating to the recent acquisitions offsetting the sale of surplus land at Petrie (QLD) and Botany (NSW). Capex for FY16 included spend on the following major items: plant and equipment for the new dairy sack line at Keon Park (VIC), initial payments in relation to the Glass capacity upgrade, corrugated converting equipment upgrades, beverage can manufacturing equipment improvements, construction of the new Auckland Cartons site and payments for projects approved under the Orora Global Innovation Initiative. Depreciation and amortisation for the period was $107.5M;
  - Increase in intangible assets reflects movement within the North American business associated with the foreign exchange translation effect on intangible assets, goodwill relating to acquisitions and costs associated with the new ERP system;
  - Net debt increased by $22.7M during the period with investments in capital, acquisitions in North America and dividends offsetting increased operating cash flows and proceeds from the sale of surplus land. The adverse foreign exchange translation impact on USD denominated net debt was $2.1M. On a constant currency basis, net debt would have been $20.6M higher than June 2015; and
  - Increase in payables is mainly the result of an ongoing improvement in trading terms with vendors, impact of the North American acquisitions and the foreign exchange translation effect of North American payables. There was also an increase in provisions attributable to the decommissioning costs following the sale of land at Petrie.

Balance Sheet (A$ mil)	**30/06/15**	**30/06/16**	**Change %**
Cash	67	66	(1.4%)
Other Current Assets	931	1,017	9.2%
Property, Plant & Equipment	1,547	1,564	1.1%
Intangible Assets	288	378	31.3%
Investments & Other Assets	104	105	1.0%
Total Assets	**2,937**	**3,130**	**6.6%**
Interest-bearing Liabilities	674	696	3.3%
Payables & Provisions	821	936	14.0%
Total Equity	1,442	1,498	3.9%
Total Liabilities & Equity	**2,937**	**3,130**	**6.6%**
Net Debt	607	630	
Leverage	1.9x	1.7x	
Gearing	30%	30%	

Cash Flow (A$ mil)	**FY15**	**FY16**	**Change %**
EBITDA	323.2	388.0	20.0%
Non-cash Items	20.0	26.5	
Movement in Total Working Capital	(1.7)	(23.5)	
Net Capex	(80.7)	(77.2)	
Operating Cash Flow	**260.8**	**313.8**	**20.3%**
Cash Significant Items	(19.2)	(4.7)	
Operating Free Cash Flow	**241.6**	**309.1**	
Cash Conversion	*76%*	*76%*	

CASH FLOW

- Earnings growth was successfully converted into cash with operating cash flow increasing by $53.0M to $313.8M. This excludes the initial proceeds on the sale of Petrie.
- Cash conversion was 76%, in line with pcp and ahead of Management's indicated cash conversion target of 70%.
- Main movements included:
  - Increase in EBITDA of $64.8M;
  - Working capital was well managed across the Group. The increase in working capital was mainly attributable to the following timing related issues, which are all expected to reverse during FY17:
    - Inventory build at Glass ahead of the forthcoming capacity expansion;
    - Delay in transitioning to an import sourcing model for aluminium; and
    - Later fruit and produce season in NZ pushing up receivables in the Fibre Packaging business.
  - Gross capex totalled $87.8M which includes innovation projects;
  - Net capex of $77.2M includes the proceeds from the sale of surplus land at Botany ($10.6M) but excludes the initial proceeds from the sale of Petrie ($20.0M) for reporting consistency;
  - Total net capex in FY17, including investments under the Orora Global Innovation Initiative and the second instalment from the sale of Petrie, is expected to be in line with the medium term average of 80-90% of depreciation;
  - Cash significant items in FY16 relate to spend on onerous recycling contracts and minor plant closures. There is approximately $1.4M of spend remaining on the onerous recycling contracts, which are expected to run down over the next 1-2 years.

WORKING CAPITAL

- Average total working capital to sales decreased to 9.6% (versus 10.3% in pcp) due to generally improved working capital management across the Group.
- At the start of FY16 inventory levels at Glass were lower than the normal level following the furnace rebuild late in FY15 and have progressively increased during the year, including building inventories to cover downtime associated with the upcoming capacity expansion.
- The management target for average total working capital to sales is less than 10.0% in the medium term.
- Working capital management remains an on-going focus across the Group.

CORPORATE

- Corporate costs of $18.8M include an $8.4M gain from the sale of surplus land in Petrie (QLD).
- Underlying Corporate costs of $27.2M were slightly lower than pcp ($28.1M).
- Included in Corporate are reorganisation costs associated with both the new dairy sack line and New Zealand Cartons business partially offset by the profit on sale of surplus land at Botany (NSW).
- The Petrie site was sold for $50.5M. Consideration of $20.0M was received during FY16. The balance of the proceeds will be received as decommissioning of the site progresses over the next two years.
- Underlying Corporate costs in FY17 are expected to be broadly in line with FY16.

AUSTRALASIA

KEY POINTS

- Overall, Australasia delivered an increased EBIT of $18.8M to $200.4M, 10.4% higher than pcp.
- Underlying sales increased by 2.5% after excluding pass through of lower aluminium prices within Beverage Cans and the progressive exit of export sales of surplus Old Corrugated Cardboard (OCC).
- RoAFE improved by 140 bps to 11.6%, up from 10.2% in pcp.
- Economic conditions in Australia were flat and are expected to remain so. In general, organic growth remains muted and broadly in line with GDP.

FIBRE BUSINESS GROUP

- Fibre earnings were higher than pcp driven by cost reduction and innovation benefits from the B9 Recycled Paper Mill and improved sales and efficiencies in Fibre Packaging.

Fibre Packaging:

- Sales in Australia were higher than pcp driven by improved volumes across the agriculture and grocery sectors. The "go direct" channel transition in the fruit and produce sector is progressing well with new business partially offsetting lost revenues from the terminated distribution agreement (May 2015).
- The business has continued to expand its "go direct" channel to market. New depots in Queensland were opened in Bundaberg and Mareeba in July 2016 and a new site in Innisfail is expected to open in late calendar 2016. This expanded distribution network complements the strategic partnership formed with Australia's largest refrigerated transport company, AHG Refrigerated Logistics. Orora's augmented end-to-end value proposition, encompassing corrugated cartons and refrigerated logistics, is being well received by fruit and produce customers in the region.
- Sales in New Zealand were higher than pcp driven by increased volumes in the agriculture sector led by a record kiwi fruit and apple growing season.
- Ongoing cost improvement and sales margin initiatives contributed to improved margins.
- Designed to improve product quality and output, the business committed approximately $20.0M during the year to a continued asset upgrade program focussing on modernising printing and converting equipment across Orora's ANZ corrugating sites.
- In line with its small and medium sized enterprise (SME) customer strategy focusing on short run, customised corrugated packaging; the Fibre Packaging business rebranded its network of smaller footprint box converters to "Orora Specialty Packaging". Underpinned by the success of this SME initiative, an expanded Orora Specialty Packaging site in Oakleigh, Victoria, was opened in July 2016.

Packaging and Distribution:

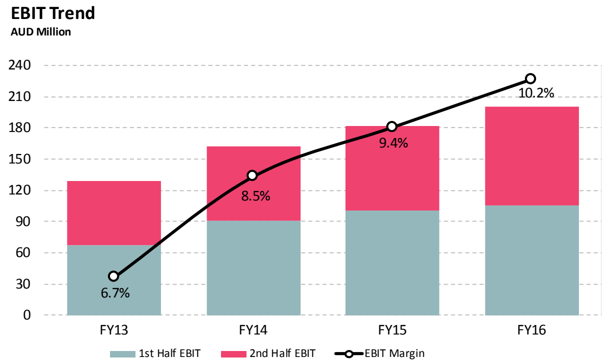
- Improved sales in the quick service restaurant sector were offset by general softness in the grocery and industrial segments. Sales in the dairy segment were broadly stable with the prior year.

Botany Recycled Paper Mill (B9):

- B9 produced 382,000 tonnes of recycled paper during FY16 (367,000 tonnes in pcp).
- In line with expectations, B9 successfully exited FY16 at a run rate equal to the design production capacity of 400,000 tonnes.
- Manufacturing consistency continued to stabilise in the second half of the year following the extended five day maintenance shut in September 2015, which affected first half volumes.
- B9 exported 79,500 tonnes of recycled paper to Orora North America and US-based customers during FY16 (55,300 in pcp).
- From January 2016, B9 commenced paying higher gas prices due to the expiry of the previous long-term supply agreement. The adverse EBIT impact in 2H16 was approximately $2.0M.

(A$ mil)	FY15	FY16	Change %
Sales Revenue	1,935.5	1,956.6	1.1%
EBIT	181.6	200.4	10.4%
EBIT Margin %	9.4%	10.2%	
RoAFE	10.2%	11.6%	

Segment Cash Flow (A$ mil)	FY15	FY16	Change %
EBITDA	261.9	286.1	9.2%
Non Cash Items	21.2	29.6	
Movement in Total Working Capital	(1.8)	(26.9)	
Net Capex	(64.1)	(60.3)	
Operating Cash Flow	**217.2**	**228.5**	**5.2%**
Cash Significant Items	(14.8)	(4.3)	
Operating Free Cash Flow	**202.4**	**224.2**	
Cash Conversion	77%	72%	



BEVERAGE BUSINESS GROUP

- Beverage volumes were higher than pcp. Earnings were higher with improved operating cost control across the Business Group and the reversal of the adverse financial impact from the FY15 glass furnace rebuild partially offset by the impact of higher input costs in Glass.

Beverage Cans:

- Volumes were in line with pcp with improved operating cost control and manufacturing efficiencies driving higher earnings.
- A long-term customer agreement which expired in June 2016, was renewed and extended for a further five years to June 2021.

Glass:

- Volumes were ahead of the prior year aided by an increase in market share in beer and improving wine volumes through the period.
- The Glass business successfully extended two major wine customer contracts for multi-year terms.
- Operating efficiency improved and the majority of the adverse financial impact from the FY15 glass furnace rebuild reversed although these upsides were largely offset by higher input costs of approximately $6.0M (energy and soda ash) and increased depreciation resulting from the furnace rebuild.
- With the Glass furnaces in an oversold position and Orora importing bottles to meet demand, in February 2016, it was announced that $42.0M would be invested to expand the combined forming capacity of two of the three furnaces by 60 million bottles.

AUSTRALASIA (continued)

INNOVATION, GROWTH AND SUSTAINABILITY

- Construction of the new $20.0M state of the art dairy sack line at the existing Keon Park (VIC) facility is largely completed with the project tracking on time and cost. The new line is currently being commissioned and is expected to be fully operational in 2QFY17.
- The Australasian business has continued to actively utilise the Orora Global Innovation Initiative. Approximately $13.0M of projects have been approved to enhance innovation, modernisation and productivity. As part of this program, to augment Orora's product offering, a new Glass bottle sleeving line was installed in Gawler (South Australia) and was successfully commissioned in July 2016.
- To enhance its customer value proposition through offering superior print and visual display quality, the Fibre Packaging division has committed to an investment in a new state of the art digital printer. This new asset will position Orora at the forefront of digital technology as it applies to the fibre packaging sector. The digital printer is to be located at Scoresby (VIC) and is expected to be operational in late calendar 2016.
- Orora established further relationships with specialist third party vendors during the period to augment its offering of innovative packaging concepts to customers.
    - Through the Fibre Packaging business in Australia, Orora has introduced an innovative cold-chain monitoring system called Xsense® to Australia. The system proactively monitors, analyses and disseminates temperature and relative humidity data – optimising the quality of perishable products throughout the cold chain. This technology complements Orora's solution portfolio for fresh produce, meat and other cold chain products.
    - Orora has entered an exclusive relationship with YBP Group Limited to provide customers with an anti-counterfeiting and consumer engagement technology platform with initial applications expected in the wine industry.
- Orora has committed to the world's largest corporate sustainability initiative, the UN Global Compact (UNGC), which is both a framework for action and a platform for demonstrating corporate commitment and leadership. The UNGC establishes ten principles across issues such as Bribery & Corruption, Human Rights, Labour Standards and Environmental Performance.
- Orora was awarded the Energy Efficiency & Conservation Council Energy Efficiency Award for large businesses in New Zealand. The Company also received a Highly Commended for specific energy efficiency initiatives at its Wiri Beverage Cans plant (NZ).

PERSPECTIVES FOR 2017

- The Glass capacity expansion, involving installation of three new forming lines, is expected to be complete and fully operational by the end of FY17. The capex spend is expected to be approximately $35.0M.
- Installation will be staged (August, October and March), with each of the three lines requiring scheduled down time of four to six weeks while works are completed. With the combination of down time and the need to work down low margin imported inventory, the earnings impact in FY17 from the Glass capacity expansion is expected to be broadly neutral. The investment is expected to exit FY18 at or near return hurdle rates.
- The remaining B9 cost reduction and innovation benefits of approximately $7.0M are expected to flow through in FY17. With B9 having reached name plate production capacity, focus is now on optimising production efficiency in terms of output and paper grades produced.
- It is anticipated that B9 will export in excess of 80,000 tonnes of recycled paper to North America in FY17.
- The Australasian business will continue to access the Orora Global Innovation Initiative to drive innovation, modernisation and productivity.
- The Fibre Division's reorganisation of its New Zealand Cartons operations is on track with upgraded production capability in Auckland and Christchurch due for completion in 2QFY17 and the Wellington site scheduled to be closed by December 2016.
- In terms of headwinds, both B9 and Glass will be adversely affected in 1H17 by the residual annualised impact of higher input costs from the prior year of approximately $5.0M-$7.0M, net of costs passed through to customers.

NORTH AMERICA

KEY POINTS

- Overall, North America's reported earnings grew 38.1% to $98.9M.
- EBIT margin improved to 5.2% (versus 4.9% pcp) reflecting improved efficiency and cost control in Orora Packaging Solutions with a minor positive impact from IntegraColor (acquired 1 March 2016).
- In local currency, earnings were up 20.2% to US$72.0M.
- Local currency sales grew 11.9% to US$1,378.8M. Excluding the impact of acquisitions, organic sales growth was approximately 6.0%.
- Cash flow increased 33.0% to $90.2M, representing a cash conversion of 76%.
- RoAFE improved 210 bps to 24.7% through higher earnings and improving balance sheet management.
- FX benefit on North American sales and earnings was $218.9M and $10.7M, respectively.

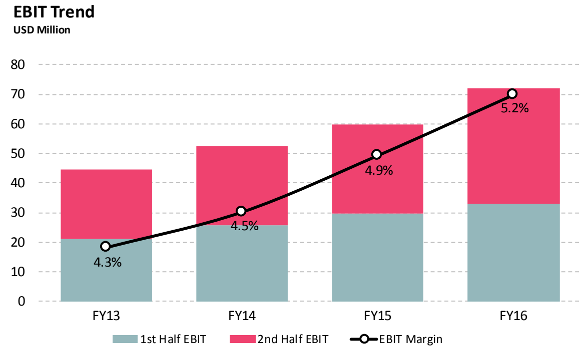
ORORA PACKAGING SOLUTIONS

- Orora Packaging Solutions (formerly "Orora North America" and comprises the Landsberg and Manufacturing divisions) delivered strong sales growth and higher earnings despite continued muted economic and market conditions.
- Orora Packaging Solutions' EBIT margin improved to 5.1% (versus 4.9% in pcp) driven by an ongoing focus on enhancing the value add service offering and improving efficiency, cost control and procurement.
- Despite flat market conditions, Landsberg increased revenue by continuing to successfully execute on its market growth strategy. Through its product breadth, uniform service offering and leveraging its national footprint, the business generated higher sales to existing customers and won market share largely from independent players.
- Increased revenue was driven by a continued focus on securing larger corporate accounts within the targeted markets of food, IT, auto and pharmaceutical/health and by sustained commission-only sales growth.
- To further enhance the ongoing evolution to a "Total Packaging Solutions Supplier", Landsberg acquired a small Californian based supplier of flexible packaging. The acquisition provides sourcing lines for flexible packaging from Asia and assisted Landsberg to win new business during the period through augmenting its customer value proposition.
- The successful integration of the July 2014 acquisition of Worldwide Plastics has delivered a 20% ROAFE in FY16 – a full year ahead of return criteria.
- Integration of the 1 September 2015 acquisition of Jakait, a specialised supplier of packaging, logistics services and label products to the greenhouse produce sector based in Ontario (Canada), is on track.
- Underpinned by support from existing corporate accounts, two new distribution sites were opened in Orlando (Florida) and Charlotte (North Carolina) during 2H16, further bolstering Landsberg's geographic footprint.
- The Manufacturing division increased earnings through higher volumes, improved manufacturing efficiency and solid operating cost control, despite continued margin pressure from surplus new industry capacity entering the market.
- The North American business imported 59,000 tonnes of B9 paper (49,000 tonnes in pcp) which enables the business to market an integrated fibre offering.
- Roll out of the new ERP system commenced in January 2016. It remains on track with the revised implementation schedule. Eleven sites have now successfully converted. Implementation at the remaining sites will be progressive over the next 12 to 18 months. There is no change to the revised capital cost estimate of US$25.0M. Total cumulative spend to date is approximately US$18.0M.

(A$ mil)	FY15	FY16	Change %
Sales Revenue	1,472.3	1,893.2	28.6%
EBIT	71.6	98.9	38.1%
EBIT Margin %	4.9%	5.2%	
RoAFE	22.6%	24.7%	

(US$ mil)	FY15	FY16	Change %
Sales Revenue	1,231.7	1,378.8	11.9%
EBIT	59.9	72.0	20.2%

Segment Cash Flow (A$ mil)	FY15	FY16	Change %
EBITDA	84.2	115.6	37.3%
Non-cash Items	(0.1)	2.7	
Movement in Total Working Capital	3.3	(1.4)	
Net Capex	(19.6)	(26.7)	
Operating Free Cash Flow	**67.8**	**90.2**	**33.0%**
Cash Conversion	*81%*	*76%*	



INTEGRACOLOR

- On 1 March 2016, Orora announced the acquisition of IntegraColor, a Texas-based provider of Point of Purchase (POP) retail display solutions and visual communication services, for US$77.0M.
- With sales of approximately US$100M, IntegraColor provides Orora with a new earnings stream in North America. The acquisition aligns with Orora's total packaging solutions customer proposition and moves the North American business further up the value chain and closer to the brand owner.
- The vendor has joined the Orora Global Management Team and in addition to overseeing the IntegraColor business, will focus on executing Orora North America's organic and inorganic growth strategy for POP. The experienced local management team will continue to run the day-to-day operations of IntegraColor.
- Integration is tracking well with good customer and employee engagement and sound progress being made across all integration components.
- Financially, IntegraColor is performing in line with expectations. The contribution to FY16 has been adversely impacted by acquisition transaction costs of approximately $1.4M (US$1.0M), which were expensed during the period.

NORTH AMERICA (continued)

GROWTH AGENDA

- Whilst the bias remains slightly positive, the business is yet to witness any tangible improvement in economic conditions within the region.
- The focus of Landsberg remains on securing large corporate accounts and increasing sales with existing customers. This growth will be driven organically through leveraging the national footprint, extensive product breadth, uniform service offering and customised packaging solution value proposition.
- Orora Packaging Solutions will continue to seek to capitalise on the benefits of an integrated fibre operation through selling the enhanced performance characteristics of B9 paper.
- Thus far, approximately US$5.0M of Orora North America projects have been approved under the Orora Global Innovation Initiative. This includes an investment in a B2C offering to which Landsberg is already supplying packaging and fulfilment services. The innovative online business provides chilled fresh food to the customer's home.
- A pipeline of acquisition targets within the preferred market segments continues to be developed in the Packaging Solutions sector. These acquisitions either extend the geographic footprint and/or enhance the business's customised product capability. The completion of the roll out of the new ERP system is a key enabler to this acquisition growth opportunity.
- Attracted by heavily customised product/service dynamics of POP, a pipeline of national acquisition targets to be bolted onto IntegraColor is also now being developed. These opportunities are likely to be primarily focussed on extending the geographic footprint as well as augmenting the product and service capability.

PERSPECTIVES FOR 2017

- The North American business will continue to integrate the recent acquisitions and actively pursue further M&A opportunities in both the packaging solutions and POP segments.
- Orora Packaging Solutions will continue to roll out and integrate the new ERP system. The majority of the remaining capital will be spent in FY17 with the final roll outs currently scheduled to be completed in FY18.
- To aid its sales growth strategy and improve efficiency in the supply chain, Orora Packaging Solutions will complete the upgrade and expansion of a key Californian warehouse and fulfilment centre in 1H17.
- The business will also pursue further customer supported organic geographic expansion opportunities.
- The North American businesses will continue to utilise the Orora Global Innovation Initiative to drive innovation, modernisation and productivity.