



Orora acquires Pollock

29 November 2018



Transaction summary



Orora acquires Pollock – a market leading Texas based packaging and facility supplies business for a total consideration of US\$80.5m (A\$110m)

Consideration	<ul style="list-style-type: none">• US\$75.5m (A\$103m) paid upfront• Holdback of US\$5m (A\$7m) payable in instalments at 6, 9 & 12 month milestones
EBITDA Multiple	<ul style="list-style-type: none">• 8.7x LTM
ROI Hurdle Rate	<ul style="list-style-type: none">• Will be returns accretive and targeting to meet 20% RoAFE by 3rd full year of ownership
Sales Revenue	<ul style="list-style-type: none">• >US\$260.0m (LTM) (A\$355m)• Steadily growing sales revenues combined with a focus on margin improvement
Synergies	<ul style="list-style-type: none">• Approximately US\$6m (A\$8m)• Expected over the first 2-3 years• Relating to operating cost reductions (including footprint), procurement and administration efficiencies• Opportunities for sales synergies across the expanded OPS business
Other Key Points	<ul style="list-style-type: none">• Scale acquisition – 6 sites in Texas (second largest and fastest growing state in the US), as well as presence in Georgia, New Jersey, North Carolina and California• In-house box manufacturing capability• Management committed to minimum 2 year term• Pollock is on SAP (since 2005)• Earn out of up to US\$2m (A\$2.8m) payable based on robust earnings growth hurdles in first 12 months

Pollock overview

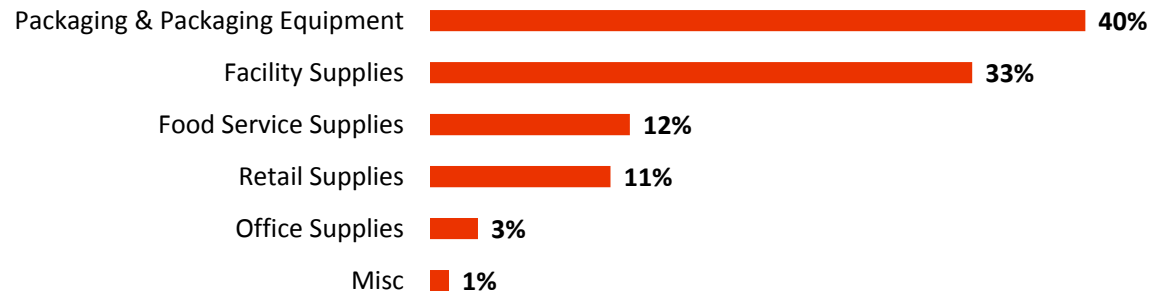


Pollock is a leading provider of industrial, retail and facility supplies and is a vertically integrated corrugated box manufacturer

- One source approach to the market focused on the facility supplies, packaging & packaging equipment, food service supplies and retail supplies segments.
- Celebrating 100 years of operations this year
- Headquartered in Dallas, TX
- 10 locations across 5 states (6 in Texas)
- Approx 440 employees
- Significant synergy opportunities – both cost and revenue



Sales by Product Category



In-house packaging design and manufacturing / Packaging Solutions portfolio



Manufacturing capabilities include:

- In-house design
- Flexo folder gluers
- Rotary die cutting
- Flat die cutting
- Multicolor direct print
- Label laminating
- Kitting
- Specialty gluing
- Collating & packing
- Assembly & fulfillment
- Warehousing

Packaging Solutions portfolio:

Beverage

- Custom Craft Beer Packaging
- Liquor Boxes
- Wine Boxes & Partitions



Industrial Packaging

- Corrugated for Tray Formers & Case Erectors
- Slip Sheets & Pads
- Specialists in Dim/Weight Packaging
- Plain Boxes
- Jumbo – Bin & Appliance Boxes



Food Service

- Carry Out Containers
- Beverage Containers
- Pizza Boxes



Retail

- Litho Laminated Boxes
- Informational Displays
- Consumer Electronics Boxes



Point of Purchase

- Wholesale Club Displays
- Sidekick Hanging Displays
- Standee's Full Scale Displays
- Countertop Displays
- Dropped Ceiling Displays

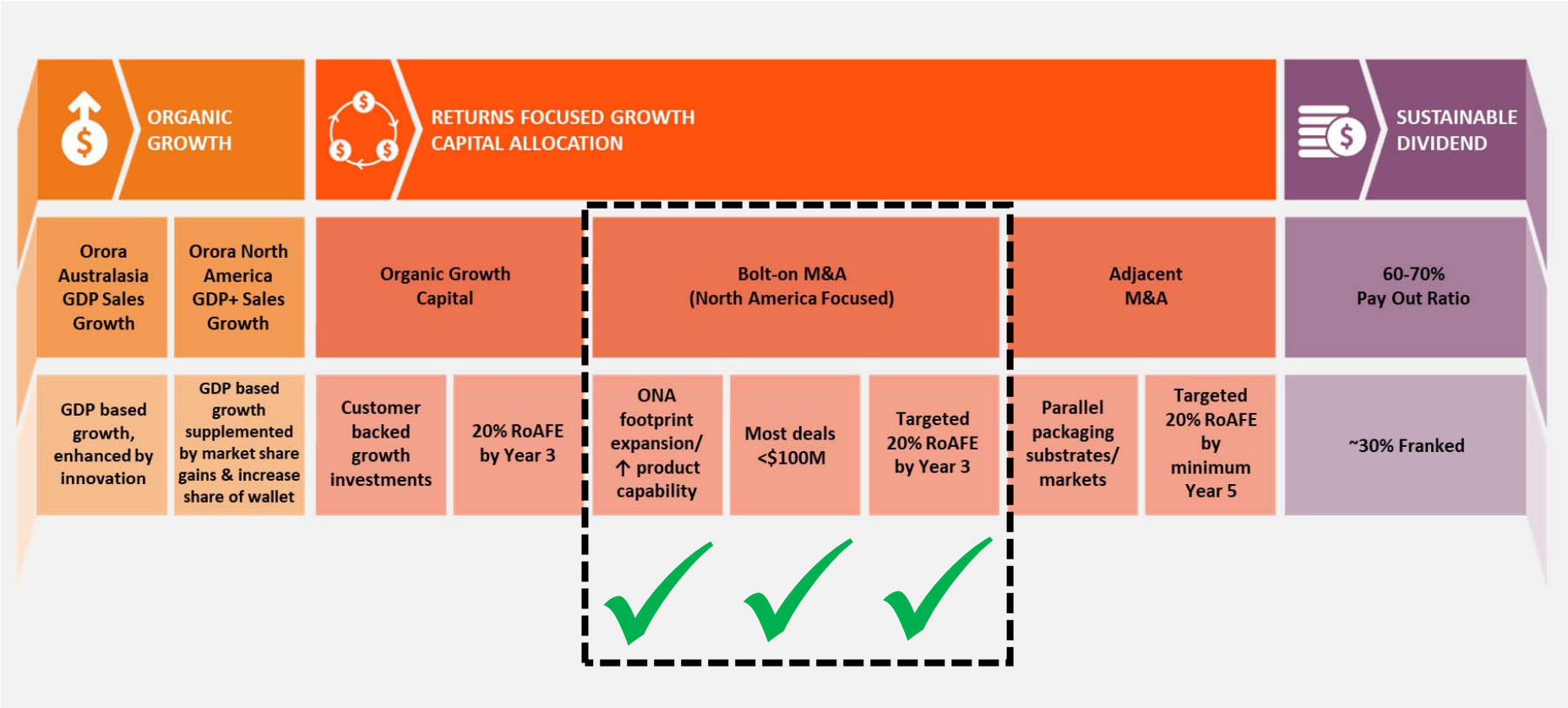


Food Packaging

- Produce Containers
- Meat Packing Boxes
- Bakery Packaging
- Canned Beverage Trays



Alignment with Orora's Value Creation strategy



Pollock is the largest M&A transaction for OPS

Alignment with Orora's growth strategy in packaging solutions

The acquisition of Pollock aligns with Orora's four key strategic M&A pillars

FOOTPRINT

- Increases exposure to attractive Texas market, a growth state and the second largest economy in the USA
- Opportunities for site consolidation and synergies

CUSTOMERS

- Serves long term blue chip customers
- Well balanced customer concentration
- Established customers in Orora's current segments and strong adjacency in attractive Facility Supplies
- Consolidate relationships with key current OPS customers

CAPABILITY

- Strong brand equity
- Leverage Pollock's strong position in Facility Supplies across broader OPS footprint
- Manufacturing capability a platform for vertical integration for existing OPS businesses in Texas

TALENT

- Experienced, stable and proven management team
- Strong cultural fit
- Key management have all signed 2 year agreements

Synergy opportunities



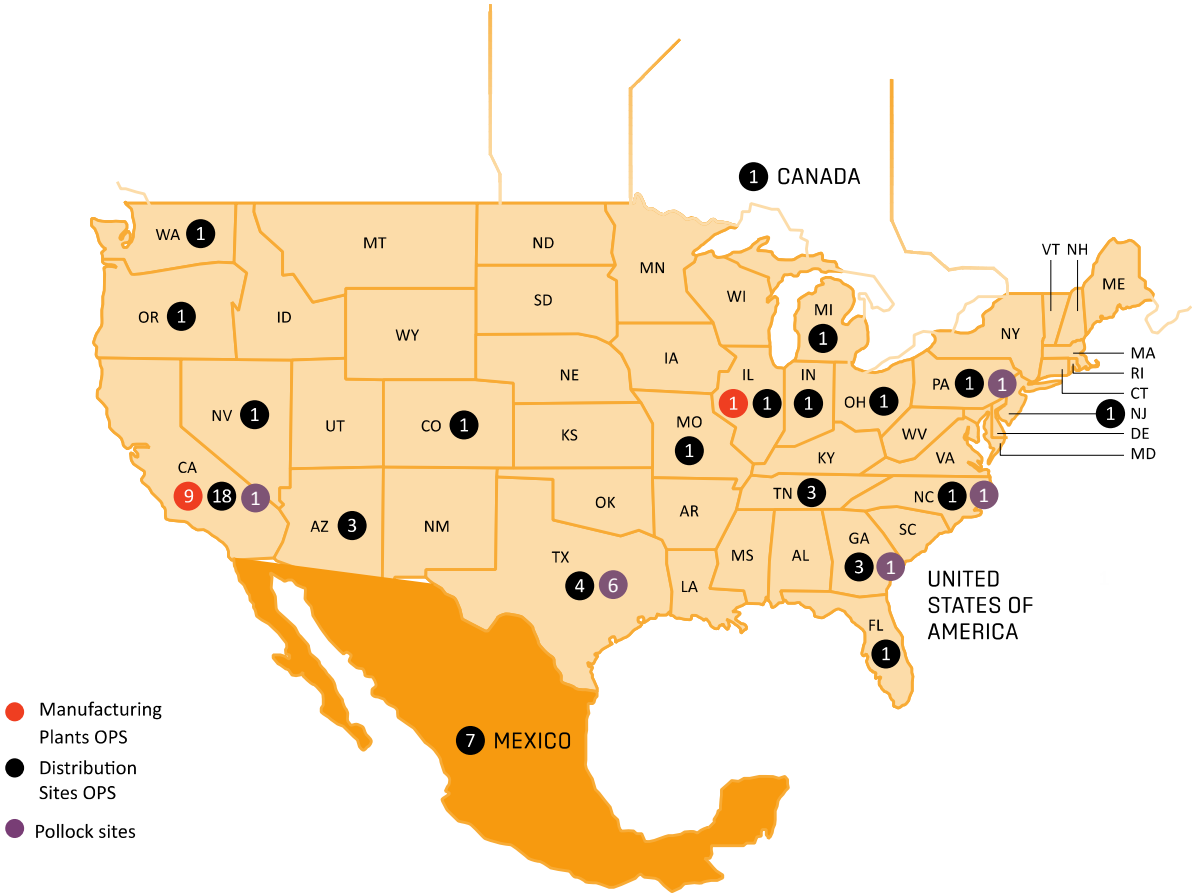
Significant synergies are available over the first 2 – 3 years totalling approximately US\$6m p.a.

Cost synergies

- Operating cost reductions
- Footprint consolidation
- Procurement
- Working capital management
- Administration efficiency

Sales synergies

- New corporate accounts
- Expanded facility supplies offering to existing OPS customers



Key financial metrics

- Purchase Price - up to US\$80.5m
 - Upfront payment of US\$75.5m
 - Holdback of US\$5.0m
 - Balance progressively payable at 6, 9 and 12 month milestones
- Earn-out of up to US\$2m, payable approximately 12 months after completion based on business growth of greater than 8.5% in first year
- Structure: Acquisition of the stock of Pollock by Landsberg Orora
 - Plant and equipment will be tax deductible upfront
 - Goodwill is tax deductible over 15 years
- Conditions to completion: None, simultaneous sign and close
- Customary representations and warranties
- LTM revenue of >US\$260m (A\$355m)
- LTM EBITDA of US\$9.3m (A\$12.7m)
- Seasonality for Orora fiscal years – EBITDA is approx. 2/3 in first half and 1/3 in second

Strong integration plan

- Senior Orora Manager will relocate to Dallas for at least first 12 months of integration
- Business will be branded Pollock Orora
- Business will be integrated into OPS with Pollock CEO to report to OPS CEO
- A detailed 100 day integration plan has been prepared with clear responsibilities and accountabilities
- Steering group includes Orora MD & CEO / CFO
- Procurement and administrative functions will be integrated and optimised across the group
- Cross-sell opportunities will be coordinated centrally
- Pollock is on SAP; Integration onto OPS SAP environment expected in first 12 – 18 months

The logo for ORORA, featuring the word "ORORA" in a bold, black, sans-serif font. The letter "O" is replaced by a stylized sun icon consisting of a central circle with radiating lines. The logo is positioned within a white, rounded, teardrop-shaped area in the top right corner of the page. The background is a solid orange color with a large, light-orange, rounded shape in the lower-left quadrant and a small red triangle in the top right corner.