ASX ANNOUNCEMENT
H1FY25 Results

13 February 2025

Orora completes portfolio simplification and focuses on cost reductions to offset challenging market conditions

Announcement headlines for the half year ended 31 December 2024

- Portfolio simplified, with clear focus on global beverage packaging following sale of OPS which provides a strong balance sheet enabling capital management
- Underlying earnings before interest and tax (EBIT) of $120.8m[1], up 24.6% (includes six months of Saverglass contribution compared to one month in the pcp)
- Underlying net profit after tax (NPAT) of $58.8m[1] up 1.2%
- Statutory NPAT from continuing operations of $0.2m reflecting $58.6m[2] in significant items
- Underlying earnings per share (EPS) of 4.4 cents per share (cps) [1]
- Interim dividend of 5.0 cps consistent with previous two dividends
- Cash conversion remains strong at 92.3%[3]. Underlying operating cash flow of $125.7m, down 14.9%

Commenting on Orora's first half results, Managing Director and Chief Executive Officer, Brian Lowe said:

"In the first half of FY25 we continued to transform the Orora Group, simplifying our portfolio through the sale of the OPS business as well as the sale of the Closures business. This now enables us to focus on the global beverage industry through our market-leading Glass and Cans offerings.

"With a strong balance sheet following the OPS transaction, we have reduced debt and are returning value to shareholders through an on-market share buyback. We are now focused on organic growth opportunities, particularly through capacity expansion of the Cans business and leveraging our Global Glass network to cater for all segments of the beverage industry.

"Market conditions remain challenging globally. Against this backdrop, the Group reported EBIT of $120.8m, up 24.6%, driven by the inclusion of six months of Saverglass earnings, compared to one month in the pcp.

"Excluding Saverglass, EBIT was $58.4 million representing a decrease of 30.1%. This was largely due to the G3 furnace shutdown at Gawler which was hampered by bad weather and equipment delays, impacting EBIT by $24 million. De-stocking across the Saverglass business continues, and while we have noted some encouraging signs of improved order intake, the pace of recovery in Europe remains uncertain.

"Orora has managed softness in commercial wine and beer volumes in Australia for several years, and in light of this has undertaken a review of glass capacity across the Australasian market. This has resulted in the decision to move from a three furnace to two furnace operation at Gawler, and close our oldest furnace, the G1 furnace, in the second half of calendar year 2025. In turn, some existing production volumes will be redirected to our manufacturing site in the UAE. Furthermore, we plan to invest in modernising our Ghlin glass manufacturing site in Belgium, where all European wine and champagne bottles will be produced.

"We are pleased to report the performance of the Australasian Cans business on a standalone basis. This business again performed strongly, delivering strong growth with EBIT and revenue increasing more than 5%, despite modest volume growth, which reflected subdued consumer spending. We continue our program of capacity expansion across the Cans network, with a second line at Revesby NSW commissioned late in 2024. Preliminary works have commenced on a new line at Rocklea Queensland, as announced following the sale of OPS. This expansion program will facilitate further organic growth and leverage the ongoing preference shift to cans for some beverage categories."

[1] Excludes OPS and Closures as treated as discontinued operations and significant items
[2] Gawler production capacity review restructuring provision and impairment of $83.7m pre-tax ($58.6m post-tax)
[3] Excludes G3 furnace rebuild capex ($41.9m in 1H25)

Sale of OPS and portfolio simplification

The sale of the OPS business was completed in December, strengthening Orora's balance sheet, with proceeds used to pay down debt and return funds to shareholders via an on-market share buy-back. In January, the sale of the Closures business was completed for a value of $20 million. These transactions enable Orora to become a specialised global beverage packaging provider, with Global Glass and Australasian Cans.

On-market share buy back

On 10 December 2024, Orora announced an on-market buyback of up to 10% of issued shares. This equates to approximately $320m. The buyback commenced 24 December 2024 and will resume following the results announcement on 13 February 2025.

Glass Production Capacity Review

The Australian commercial wine market has been in structural decline for several years, with declines greater than growth opportunities from exports to China or new products such as food jars. In light of this, Orora has undertaken a review of production capacity in Australia. As a result of this review, the Gawler site in Australia will transition from three furnaces to two, and the G1 furnace will be closed in the second half of calendar year 2025. Some production volumes will be redirected to the Ras Al-Khaimah site in the UAE to meet customer demand. A two-furnace operation will improve utilisation and efficiency at the site and lower costs overall.

Orora has also reviewed its capacity requirements for Saverglass to determine its future needs. Ongoing capacity requirements will be evaluated with lower European demand, and short-term actions have been taken to reduce costs. Orora plans to invest in the modernisation of the Ghlin manufacturing site in Belgium, which would result in it becoming the most economic furnace for European wine and champagne bottle production. Accordingly, all European wine and champagne bottle production would be consolidated at this site enabling capacity at Ras Al-Khaimah to be utilised for the Australasian and US markets.

Sustainability

Orora continued to make good progress across its sustainability program, with goals aligned to the pillars of Circular Economy, Climate Change and Community. We remain well on track to meet our target of 60% recycled glass in new glass products in Australia this financial year. A significant highlight for the half was the commissioning of the rebuilt G3 at Gawler, powered by oxyfuel technology. The new furnace is delivering up to 30% reduction in energy use and close to 30% reduction in CO_2 emissions. It will contribute to Orora achieving its interim goal of a 40% reduction in greenhouse gas emissions for Scope 1 and 2 by 2035.

Work is underway on implementing Scope 3 emissions reporting, and an update will be provided with the full year results. Additionally, new Group-wide Circular Economy and Climate Change goals will be announced for both Saverglass and Australasian Cans. Saverglass' sustainability program is comprehensive and aligns well with Orora's sustainability agenda. A program of furnace hybridisation in Europe is progressing well, with a pathway to 50% electrification of new furnaces by 2027.

Outlook

We expect group EBIT for the second half of FY25 to be broadly in line with the second half of FY24 (continuing operations) with each business improving compared to the first half of FY25. For Gawler, G3 is fully operational and there will be no further impact from the G3 rebuild. Volumes are seasonally lower in the second half compared to the first with the structural challenges of commercial wine to remain. For Saverglass the pace of recovery in European demand remains uncertain, however some recovery in the level of order intake indicates improvement in second half volumes. For our Cans business we expect an improved growth rate in second half volumes compared to the prior year. The focus remains on new capacity additions with Revesby commissioning and the commencement of the Rocklea expansion. As always, this outlook remains subject to global and domestic economic conditions, currency fluctuations and the potential of US tariffs.

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

ANALYST CALL

Orora is hosting a results webcast at 10.30 AM (AEDT) today

Click here to join the webcast

https://edge.media-server.com/mmc/p/aakqoct9

Company contacts:

Media enquiries
Carolyn Coon
General Manager
Corporate Affairs & Communications
carolyn.coon@ororagroup.com
+61 405 183 628

Investor enquiries
Chris Vagg
General Manager
Investor Relations
Chris.vagg@ororagroup.com
+61 409 406 128

Financial Summary

Financial Summary[1,2] A$m	1H25	1H24	Var%	Var% Constant Currency
Cans revenue	372.8	354.5	5.2%	
Global Glass revenue	655.5	269.7	143.1%	145.3%
Total revenue	**1,028.3**	**624.2**	**64.8%**	**65.7%**
Total revenue excluding Saverglass	***527.1***	***509.0***	***3.6%***	***3.6%***
Underlying EBITDA	190.6	131.8	44.7%	45.8%
Cans EBIT	49.4	46.4	6.4%	
Global Glass EBIT	71.4	50.5	41.3%	43.0%
Underlying EBIT	**120.8**	**96.9**	**24.6%**	**25.5%**
Underlying EBIT excluding Saverglass	***58.4***	***83.5***	***(30.1%)***	***(30.1%)***
Underlying NPAT	**58.8**	**58.1**	**1.2%**	**1.7%**
Statutory NPAT	0.2	17.7	(99.0%)	
Underlying EPS (cents)[3]	4.4	5.0	(12.0%)	
Return on Sales (EBIT margin)[4]	11.7%	15.5%		
Underlying operating cash flow[5]	125.7	147.6	(14.9%)	
Cash conversion[6]	92.3%	108.6%		
RoAFE (exc Saverglass)[7]	16.4%	21.3%		
RoAFE (inc Saverglass)[7]	8.9%	18.6%		
Dividends per share (cents)	5.0	5.0	0.0%	
Net Debt[8]	155.5	1,658.2		
Leverage[9]	0.28x	2.59x		

Financial Summary (continuing operations)

- Underlying net profit after tax (NPAT) of $58.8m, up 1.2%.
- Underlying earnings per share (EPS) of 4.4 cents per issued share (cps), down 12%, reflecting the dilutionary impact of additional shares for the acquisition of Saverglass.
- Statutory NPAT of $0.2m was down from 1H24 reflecting significant items relating to the future closure of the G1 furnace.
- Revenue was $1,028.3m, up 64.8% (up 65.7% on a constant currency basis (CC basis)). The increase was driven by the acquisition of Saverglass with six months contribution in the period, compared to only one month in the prior comparative period. Excluding Saverglass, revenue was up 3.6%, driven by:
  - Australasian Cans revenue growth of 5.2%, reflecting higher aluminium pass-through pricing and 1.1% volume growth. Excluding the aluminium price pass through impact, revenue would have increased 1.6%;
  - Australasian Glass (Gawler) revenue down 0.1% with 1% lower tonnage from weaker wine and beer sales offset by contracted price increases.
- Saverglass contributed €306.0m (A$501.2m) of revenue with a full six months of trading.
- Underlying earnings before interest and tax (EBIT) was $120.8m, up 24.6% (up 25.5% on a CC basis) due to the increased contribution from Saverglass. Excluding Saverglass, underlying EBIT was down 30.1% predominantly due to the impact from the G3 furnace rebuild at Gawler of $24m.
- Cash generation remained strong with underlying operating cash flow of $125.7m, a decrease of 14.9%. The decrease was due to the inclusion of six months of base capex from Saverglass and the G3 rebuild with cash EBITDA increasing 26.5%.
- Cash conversion at 92.3% excluding the G3 furnace rebuild, compares to 108.6% in 1H24 with the increase due to additional base capex for Saverglass.
- The sale of OPS resulted in a decrease in net debt to $155.5m at 31 December 2024, with leverage reducing to 0.28 times EBITDA.
- RoAFE of 16.4% (excluding Saverglass) was 490bps below 1H24, reflecting the increase in funds employed for new capital investment in Glass and Cans and the impact of the G3 rebuild to EBIT.

Sale of OPS and Closures (discontinued operations)

- The sale of OPS was completed on 12 December 2024 for an enterprise value of $1.792 billion on a cash and debt-free basis. As a result of the sale, the OPS business is classified as a discontinued operation in the financial statements.
- On 6 November 2024, Orora entered into an agreement to sell its Closures business for $20m. This was completed after balance date on 31 January 2025. As a result, the Closures business is classified as a discontinued operation in the financial statements.
- The combined post-tax profit from discontinued operations is $907.4m for the period.

On-market buyback

- On 10 December 2024, Orora announced on on-market buyback of up to 10% of issued shares which equates to approximately $320m.
- The buyback was subject to the completion of the sale of OPS and commenced 24 December 2024.

Interim Dividend

- The interim dividend is 5.0 cps, consistent with the previous two dividends.
- The payout ratio of 114% is above the 60-80% target payout ratio due to earnings from OPS being treated as discontinued and finance costs not reducing until late in the period after completion of the sale.
- The interim dividend is unfranked and sourced 25% from the conduit foreign income account. The ex-dividend date is 28 February 2025, the record date is 3 March 2025, and the payment date is 3 April 2025.
- The Dividend Reinvestment Plan (DRP) will be operative for this dividend, with shares purchased on market to meet DRP obligations.

Group Balance Sheet

Balance Sheet (A$m)[1,2]	31 Dec 2024	30 June 2024	Var$
Cash	255.3	274.7	(19.4)
Other Current Assets	1,016.1	1,660.0	(643.9)
Property, Plant & Equipment	1,673.6	1,756.9	(83.3)
ROU Lease Assets	128.5	345.9	(217.4)
Goodwill & Intangible Assets	1,399.9	1,732.3	(332.4)
Other Non-Current Assets	132.1	222.9	(90.8)
Assets held for sale	23.9	-	23.9
Total Assets	**4,629.4**	**5,992.7**	(1,363.3)
Borrowings	384.3	1,998.4	1,614.1
Lease Liabilities	166.7	419.5	252.8
Payables & Provisions	1,099.7	1,483.1	383.4
Liabilities held for sale	11.0	-	(11.0)
Total Equity	2,967.7	2,091.7	876.0
Total Liabilities & Equity	**4,629.4**	**5,992.7**	(1,363.3)
Net Debt	155.5	1,753.5	(1,598.0)
Leverage	0.28x	2.78x	

- Orora's total assets decreased by $1,363.3m to $4,629.4m mainly due to the disposal of OPS which reduced assets by $1,685.2m.
- This was partly offset by increased PPE (excluding OPS) from the ongoing investment in Cans capacity and completion of the G3 furnace rebuild.
- Working capital was lower reflecting the unwind of the Gawler inventory built ahead of the G3 closure and a reduction in Saverglass from the impacts of de-stocking.
- Liabilities were reduced by $1,189.7m from the sale of OPS with the net proceeds used to reduce debt, with net debt now $155.5m representing a leverage of 0.28x EBITDA.
- Net debt decreased by $1,598.0m to $155.5m, with the net proceeds from the sale of OPS used to pay down debt in the first instance.

Group Cash Flow

Cash Flow[1,2] A$m	1H25	1H24	Var%
Underlying EBITDA	**190.6**	**131.8**	**44.7%**
Lease repayments	(13.0)	(3.8)	
Non-cash Items	4.0	15.5	
Cash EBITDA	**181.6**	**143.5**	**26.5%**
Movement in Total Working Capital	21.7	22.0	
Base Capex	(79.1)	(17.9)	
Sale proceeds	1.5	-	
Underlying Operating Cash Flow	**125.7**	**147.6**	**(14.9%)**
Cash Significant Items	(2.4)	(22.4)	
Operating Free Cash Flow	**123.3**	**125.2**	**(1.5%)**
Interest	(46.1)	(9.0)	
Tax	(20.0)	(12.4)	
Growth capex	(78.0)	(46.0)	
Free Cash Available to Shareholders	**(20.8)**	**57.8**	**nm**
Cash Conversion[6]	92.3%	108.6%	

- The strong cash flow generation of the group is evident with underlying operating cash flow of $125.7m.
- This decreased 14.9% with higher cash EBITDA of $181.6m partly offset by an increase in base capex to $79.1m due to completion of the G3 furnace rebuild.
- Cash significant items of $2.4m related to Saverglass acquisition transaction costs partly offset by receipt of the final proceeds for the sale of the Petrie site.
- Net interest payments were higher at $46.1m due to the increased debt from the Saverglass acquisition and an increase in base interest rates. Although net debt was significantly lower at 31 December 2024 following receipt of the net proceeds, the disposal of OPS was not completed until late December, therefore net interest payments will reduce significantly in the second half.
- Cash taxes increased to $20.0m consistent with additional earnings from Saverglass.
- Growth capex reflects the continued investment in Cans capacity expansions and the Glass oxygen plant at Gawler.
- FY25 total capex, including Saverglass, is expected to be ~$340m-$360m, including growth capex of ~$210m - $220m and base capex (excluding G3 rebuild) of ~$70m - $80m.
- Long-run continuing base capex, excluding the G3 furnace rebuild, remains an estimated ~$90m-$130m per annum. This includes Saverglass base capex of ~€30m-€45m (A$50m-A$70m).

Global Glass

Financial Summary[1,2] A$m	1H25	1H24	Var%
Sales Revenue	655.5	269.7	143.1%
EBIT	71.4	50.5	41.3%
EBIT Margin %	10.9%	18.7%	

Key Points

- Revenue was up 143.1% to $655.5m with six months contribution from Saverglass compared to one month in the prior corresponding period. Revenue for Gawler was flat with volumes down 1% offset by contracted price increases.
- EBIT was up 41.3% to $71.4m with the increased contribution from Saverglass partly offset by the impact of the G3 furnace rebuild. The furnace was shut down for the rebuild to be completed which impacted EBIT by $24m. The rebuild was successfully completed at the end of December.

Business Group Performance

- Australian volumes were 1% lower with continued softness in commercial wine and beer partly offset by new products including food jars.
- The commercial wine market in Australia remains in structural decline which has led to the decision to close the G1 furnace in the second half of CY25.
- The added complexity of the G3 rebuild and construction of the oxygen plant resulted in delays for the project, increasing the impact from the initial estimate of $16m to $24m.
- The rebuild was successfully completed in December and initial results of a 30% improvement in emissions reductions have exceeded the initial expectations of approximately 20%.

Perspectives for FY25 (Gawler)

- Continue to see some increases in wine volumes from Chinese exports, but domestic commercial wine market expected to remain challenging given structural decline in demand.
- Three furnaces in operation with improved productivity and emissions with G3 furnace fully ramped up.
- Further improvements expected with optimisation across two furnaces once G1 shut down in second half of CY25.
- There is a potential for an additional $20m in onerous contracts resulting from the G1 closure in future periods.

Saverglass[10]

Financial Summary[1,2] €m	1H25	2H24	Var%
Revenue	306.0	358.0	(14.5%)
Underlying EBIT	38.1	40.7	(6.4%)
EBIT Margin %	12.5%	11.4%	110bps

Financial Summary[1,2] A$m	1H25	2H24	Var%
Revenue	501.2	590.2	(15.1%)
Underlying EBIT	62.4	67.2	(7.1%)
EBIT Margin %	12.5%	11.4%	110bps

Key Points

- Saverglass performance compares against 2H24 to provide a more meaningful comparison.
- Revenue was down 14.5% to €306.0m with volumes down 13% due to prolonged global de-stocking.
- EBIT down 6.4% to €38.1m with revenue decline partly offset by benefit from ongoing cost containment measures, a €9m half on half reduction in profit sharing costs and reduced depreciation.
- Depreciation is lower due to the re-set of asset useful lives in 2H24.

Business Group Performance

- Volume decline from the second half of FY24 reflects the ongoing softness from global de-stocking, particularly in Europe.
- Proposed Ghlin rebuild and modernisation to result in all European wine and champagne bottle production being consolidated to Ghlin.

Perspectives for FY25

- There have been early signs of a strengthening order intake in America and Europe.
- Convert new product development opportunities into incremental volume growth.
- Evaluating ongoing capacity requirements with lower European demand and balancing global footprint.
- Monitoring evolving US tariff situation – approximately 7% of Saverglass revenue for 1H25 was for products manufactured in Mexico and sold into the US.
- Flexibility to move production to respond to external factors.

Australasian Cans

Financial Summary[1,2] A$m	1H25	1H24	Var%
Revenue	372.8	354.5	5.2%
Underlying EBIT	49.4	46.4	6.4%
EBIT Margin %	13.3%	13.1%	20bps

Key Points

- Revenue was up 5.2% to $372.8m with volumes 1.1% higher which reflected subdued customer spending especially in beer and higher aluminium prices.
- Excluding the benefit from higher aluminium pass-through pricing, revenue increased 1.6%.
- EBIT was up 6.4% with unit costs held constant with lower freight from reduced inter-site transfers offsetting higher energy and labour costs.
- Depreciation is lower due to the re-set of asset useful lives in 2H24.
- Accordingly the EBIT margin increased 20bps to 13.3%.

Business Group Performance

- Visibility provided into the Cans business for the first time as one of two businesses for the Orora group following the disposal of OPS.
- The business continues to invest in new capacity alongside customers with the new canning line at Revesby beginning its commissioning process and construction commencing in Rocklea for a new canning line in Queensland.

Perspectives for FY25

- Volume growth to improve in 2H but expected to remain moderate due to lower consumer spending.
- Completion of commissioning of the second line at Revesby.
- Delivery and commissioning of digital printing capabilities with Helio by June.
- Continued expansion in production capacity with new line at Rocklea – to complete in FY26.

NOTES TO THE INVESTOR RESULTS RELEASE

1. 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 reference to earnings before significant items, interest and tax.
2. References to underlying earnings and measures exclude a significant item expense post tax of $58.6m (pre-tax of $83.7m) relating to the restructuring provision and impairment of Gawler.
3. Earnings Per Share (EPS) is calculated as underlying NPAT / weighted average ordinary shares (net of Treasury Shares).
4. Return on Sales is calculated as underlying EBIT / Sales.
5. Underlying operating cash flow excludes cash significant items that are considered to be outside of the ordinary course of operations.
6. Cash conversion is calculated as underlying operating cash flow / cash EBITDA and excludes base capex for the G3 furnace rebuild ($41.9m in 1H25 and $8.2m in 1H24).
7. Return on Average Fund Employed (RoAFE) has been provided excluding the impact of Saverglass as a like for like comparison. RoAFE including Saverglass earnings and funds employed, has also been included.
8. Net Debt excludes the impact of AASB 16 Leases but includes the value of finance leases ($26.5m).
9. Leverage is calculated as Net Debt / trailing 12-month underlying EBITDA (excluding AASB 16 Leases).
10. The company is disclosing the results of Saverglass for the period due to the recent acquisition of the business. Saverglass forms part of the Global Glass segment.