



Company	Orora Limited
Code	ORA
Meeting	AGM
Date	2019
Venue	Hawthorn Leisure Centre, 360 Burwood Road, Hawthorn, Victoria.
Monitor	Gavin Morton

Number attendees at meeting	About 80
Number of holdings represented by ASA	253
Value of proxies	About \$6 million
Number of shares represented by ASA	1,977,195
Market capitalisation	\$2.5 billion
Were proxies voted?	Yes.
Pre AGM Meeting?	Yes, with the Chair, Chris Roberts

Tough Times Ahead For Orora

It was a quiet meeting. The ASA Company Monitor was the only speaker from the floor.

The Chair said that the company's recent sale of its fibre packaging business to Nippon Paper Industries Limited for \$1,720 million would allow the company to return the majority of the \$1,200 million net proceeds to the shareholders. The earnings before interest, tax, depreciation and amortisation multiple on the sale was about 11.5 times. He said that Orora would continue to focus on its Australian beverage and on its North America businesses. Both had organic and inorganic growth potential.

The new CEO, Brian Lowe said that the company was restructuring its North America businesses where the earnings before interest and tax had declined over the last 3 years. In the 2019 financial year (FY19), North America profit before interest and tax had declined by 11.1%. The acquisition of Bronco Packaging and Pollock Packaging had contributed to a 12.4% increase in sales. He said that North America focus was on making all products recyclable and on sustainable initiatives. Australasian sales

had moved in line with inflation. He said that first half results would be below those in first half FY19.

The Monitor was advised that the company would remain responsible for the remediation of the Petrie site. The Chair said further costs were difficult to predict. The Monitor said that the market conditions in North America were more than difficult. He said that Amcor had no return on \$2 billion invested in North America. The Chair said that he was aware of the need to fully consider any new investment. In reply to a question, he said that franking credits would continue at 30%.

Election and Re-election of Directors: Ms Sam Lewis was re-elected with an approval vote of 99.2%. Rob Sindel and Tom Gorman were elected with approval votes of 99.8% and 98.6% respectively. The Chair said that he would be retiring from the Board in the coming year. The Monitor said that ASA guidelines were for women to comprise 30% of Board members. The Chair did not address a direct answer to the statement.

Incentive grants to CEO Brian Lowe: The use of options will no longer be part of Orora's long-term incentive (LTI) plan. Performance rights are based on volume weighted average share price, 5 days prior to the company's financial year. The Monitor said that he would vote open proxies for this proposal. This proposal received an approval vote of 97.9%.

Remuneration Report: short-term incentives (STI) performance measures are based on Return on average funds employed (RoAFE), earnings per share (EPS), average weighted capital and personal measures. The Monitor said that there should be a relationship between total shareholder return (TSR) and bonus payments. TSR in 2019 FY was -10.3%. STI payments varied between 17.6% and 23.3%, which suggests an alignment with TSR. Payment is in the form of 2/3 in cash and 1/3 deferred for 2 years.

LTI grants are in the form of performance rights. Performance hurdles are EPS growth 4%, relative shareholder return between 50% and 100%. TSR must not be negative. RoFE greater than 12.5%. Vesting in 3 years with 1-year lock.

The Monitor said that sufficient of the STI and LTI plans met ASA guidelines. The approval vote was 80.4% which suggests that at least one of the major shareholders voted against the Remuneration Report. The ASA members directed vote approval rate was 91.5%.