

BELL POTTER**ORORA (ORA)**

FY16 result

RESULTS	FY15	FY16	CHANGE	CONSENSUS	BELL POTTER ESTIMATES	COMMENTS
Revenue (\$bn)	3.4	3.8	13%		3.9	Australasia sales rev up 1.1% and North America up 28.6% in AUD
EBITDA (\$m)	323.2	388.0	20.0%			
EBIT (\$m)	225.1	272.1	20.9%		266	Excluding EBIT on Petrie sale of \$8.4m
Net Profit (\$m)	131.4	162.7	23.8%	158.8	157.5	Excluding NPAT on Petrie land sale of \$5.9m
Dividend (cents)	7.5	9.5	26.7%		9.0	Final div 30% franked, 5.0cps. represents 67.4% payout ratio. ex 12 Sep, Pay 17 Oct

- Segment EBIT

- **Australasia** up 10.4% to \$200.4m, EBIT margin up from 9.4% in FY15 to 10.2% in FY16 (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). Beverage earnings increased driven by increased sales volumes and improved operating efficiency.
- **North America** up 20.2% to US\$72m (or 38.1% to \$98.9m in AUD terms), EBIT margin up from 4.9% in FY15 to 5.2% in FY16 (Orora Packaging Solutions delivered improved EBIT through continuing to deliver on its organic sales growth strategy). B9 delivered incremental cost reduction and innovation benefits of \$18.4m over pcp, taking the cumulative benefits delivered to \$21.4m which was slightly ahead of guidance. The program remains on track.

- B9 delivered incremental cost reduction and innovation benefits of \$13.7m over pcp taking the cumulative benefit to \$35.1m

- Underlying operating cash flow was up 20% to \$313.8 million.

- Net debt \$630 million, up from \$607 million at 30 June 2015 . Leverage was 1.7 times, down from 1.9 times at 30 June 2015 and interest cover was 9.2 times, up from 8.5 times

Outlook: "It is expected the Group will 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"

Today's share price reaction: Up 10.7% to \$3.06 (11.54 am)

Recommendation: Neutral rating likely to be maintained. Research report available tomorrow to Bell Potter clients.

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BELL POTTER

1000 BELLS (1300 023 337)
www.bellpotter.com.au
info@bellpotter.com.au

ABN 23 000 370 114
AFSL No. 243480

BELL POTTER
Securities Limited