

BELL POTTER

ORORA (ORA)

FY15 result slightly ahead of our estimates, double digit EBIT growth in both segments

RESULTS	FY14	FY15	CHANGE	CONSENSUS	BELL POTTER ESTIMATES	COMMENTS
Revenue (\$bn)	3.2	3.4	7.4%			Australasia sales rev up 1.2% and North America up 6.2%
EBITDA (\$m)	290.8	323.	11.1%			
EBIT (\$m)	192.1	225.1	17.2%			driven primarily by benefits from business improvement programs despite subdued market conditions in both Australasia and North America
Net Profit (\$m)	104.4	131.4	25.9%	131	128	
Dividend (cents)	6.0	7.5	25%			Final div 30% franked, 4.0cps. represents 68.8% payout ratio. ex 8 Sep, Pay 13 Oct

- Segment EBIT
 - Australasia up 11.8% to \$181.6m, EBIT margin up from 8.2% in FY14 to 9.5% in FY15 (driven by cost improvement initiatives)
 - North America up 25.4% to \$71.6m, EBIT margin up from 4.5% in FY14 to 4.9% in FY15 (market share gains and improved efficiencies in the box conversion business)
- 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.
- Operating cash flow up 19% from \$219m to \$261m. Net debt \$607m, leverage 1.9x from 2.2x at pcp

Outlook: Anticipated B9 will exit FY16 on a monthly production run rate approaching name plate capacity of 400,000 tonnes. Expect to deliver approximately \$15.0M of incremental B9 'self help' benefits – will take cumulative benefits to approx \$37m. It is expected the Group will continue to drive organic growth, deliver on the B9 self-help initiatives, and invest in innovation and growth during FY16, with earnings expected to be higher than FY15, subject to global economic conditions,

Today's share price reaction: na- market opens 10:00 am

Recommendation: Buy rating likely to be retained due to valuation. Research report available tomorrow to Bell Potter clients.

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