

# News Release

13 February 2017

## **AMCOR ANNOUNCES INTERIM RESULT FOR HALF YEAR ENDED 31 DECEMBER 2016**

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**Statutory profit for the half year ended 31 December 2016 was US\$286.6 million.**

**Underlying profit<sup>(1)</sup> for the half year ended 31 December 2016 was US\$308.6 million.**

### **Highlights - underlying earnings unless otherwise indicated <sup>(1)</sup>**

- Profit before interest and tax (PBIT) of US\$495.7 million, up 3.5% on a constant currency basis;
- Profit after tax (PAT) of US\$308.6 million, up 3.8% on a constant currency basis;
- Earnings per share (EPS) up 4.6% to 26.7 US cents on a constant currency basis;
- Returns, measured as profit before interest and tax to average funds employed of 19.2%;
- Operating cash flow of US\$52.9 million<sup>(2)</sup>; and
- Interim dividend per share increased to 19.5 US cents.

### **Solid half year result and expectations for full year earnings growth unchanged**

In announcing the result, Amcor's Managing Director & CEO Mr Ron Delia said: "Amcor has delivered a solid half year result and the full year expectation for growth in profit after tax remains unchanged. Our business remains very well placed for the current global environment and for the long term.

"Growth in PBIT and EPS was 3.5% and 4.6% respectively in constant currency terms. More importantly, the business delivered PBIT growth of 9% and EPS growth of 12% in constant currency terms after adjusting for Venezuela, where we have eliminated our financial exposure.

"The result illustrates the defensiveness and resilience of our unique global packaging business and our strategy. Earnings growth was balanced across the Flexibles and Rigid Plastics segments, and came from both organic sources and recently acquired businesses.

"The half year also demonstrated the benefit of our broad geographic diversification, including having a presence in every major region around the world. Across our diverse footprint, we saw growth in developed markets this period offsetting challenges in some emerging markets.

The local nature of the packaging industry is particularly important amid rising geopolitical uncertainty. Amcor operates more than 200 plants in over 40 countries and is not reliant on either imports or exports.

"Return on funds employed, cash generation and the balance sheet all remained strong, enabling us to continue to invest in the business and to increase the dividend we pay to shareholders.

"We also took important steps against our strategic priorities, moving quickly with clear alignment through the whole business. In the last seven months we invested in the large scale Alusa and Sonoco acquisitions as well as in the Flexibles restructuring initiatives. Relative to the 2016 financial year, these investments will underpin more than US\$150 million of PBIT growth over the next three years, in addition to organic growth and further M&A.

"Amcor's portfolio of businesses service defensive end markets and consistently generate strong cash flows. There are significant growth opportunities available in attractive segments where our businesses are uniquely positioned, and the balance sheet provides the capacity to pursue these opportunities. The outcome of this combination is Amcor's value proposition for shareholders - the ability to consistently deliver 10 to 15 percent of additional value each year.

## Business Group Performance

"The Flexibles Packaging segment had a solid half year with constant currency earnings growth of 7%. The key drivers of earnings growth in the Flexibles segment were benefits from recently acquired businesses, excellent cost performance, and innovation led sales mix improvements. Margins continued to expand, reaching 12.1% for the half year.

"The Rigid Plastics business had an outstanding half year with earnings up 12%. There was strong volume growth in the North American operations, where the market for beverages in PET containers continues to be supported by the long term trend towards resealable packages and smaller pack sizes. Volumes were lower in Latin America, however this was partly offset by favourable product mix.

## Outlook

"The Company is very well positioned for continued growth and the outlook for profit after tax in the 2016/17 year has not changed. In constant currency terms, we expect profit after tax to be higher than the US\$671.1 million delivered in the 2015/16 year."

(1) Throughout this document, references are to underlying earnings unless otherwise stated. Underlying earnings have been adjusted for costs related to restructuring in the Flexibles segment - previously announced on 9 June 2016.

(2) Operating cash flow is after capital expenditure, proceeds from sale of property, plant and equipment and cash significant items.

Certain non-IFRS financial information has been presented within this release. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Amcor uses these measures to assess the performance of the business and believes that the information is useful to investors. Non-IFRS information, including underlying earnings and average funds employed has not been audited but has been extracted from Amcor's audited financial statements.

Venezuela - As detailed on 25 August 2016, a number of measures were taken at 30 June 2016 to eliminate Amcor's financial exposure to Venezuela, following a deterioration in economic conditions. As outlined at that time, PBIT in the first half of the 2016/17 financial year is negatively impacted by approximately US\$25 million compared with the first half of the 2015/16 year.

Amcor has released to the Australian Securities Exchange a presentation on its financial results for the full year ended 31 December 2016. This is available at [www.amcor.com](http://www.amcor.com)

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