

# Annual Report 2018



**amcor**



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## Annual General Meeting

The Annual General Meeting of Amcor Limited will be held at the Club Pavilion, RACV Club, Level 2, 501 Bourke Street, Melbourne, Victoria at 10:30am (Melbourne time), Thursday 11 October 2018.

Formal notice of the meeting is sent to each shareholder.

**Julie McPherson**  
Company Secretary  
Amcor Limited

## About this report

Amcor's Full Year Financial Report can be viewed on, or downloaded from, Amcor's website [www.amcor.com](http://www.amcor.com)

With sustainability playing a key role in Amcor's business plan, all publications are available online. You can help save paper by downloading the electronic version of Amcor's publications.

If you previously requested a printed report but no longer require it in printed form, please advise Link Market Services in writing of changes to your report mailing preferences, or update your details online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) Contact details for Link Market Services are provided in the back of this report.

In this report, 'the year', '2017/18', '2018', 'FY18' and 'fiscal 2018' refer to the financial year ended 30 June 2018. '2016/17', '2017', 'FY17', 'fiscal 2017' refer to the financial year ended 30 June 2017.

All references to dollars are references to US dollars unless otherwise stated. The Financial Report was authorised for issue by the Directors on 21 August 2018. The Directors have the power to amend and reissue the Financial Report.

## Note regarding non-IFRS financial information

Within this report, Amcor has included certain non-IFRS financial information. 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.

The following non-IFRS measures have not been audited but have been extracted from Amcor's audited financial statements:

- Profit before interest and tax before significant items (PBIT)
- Profit before interest, tax, depreciation and amortisation before significant items (PBITDA)
- Significant items
- Profit after tax before significant items (PAT)
- Average funds employed

Performance measures such as Earnings Per Share, Operating Margins and Return on Average Funds Employed have been calculated using the non-IFRS measures listed above.

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We are a global leader in developing and producing high-quality, responsible packaging for a variety of food, beverage, medical-device, pharmaceutical, home and personal-care and other products.





## Food

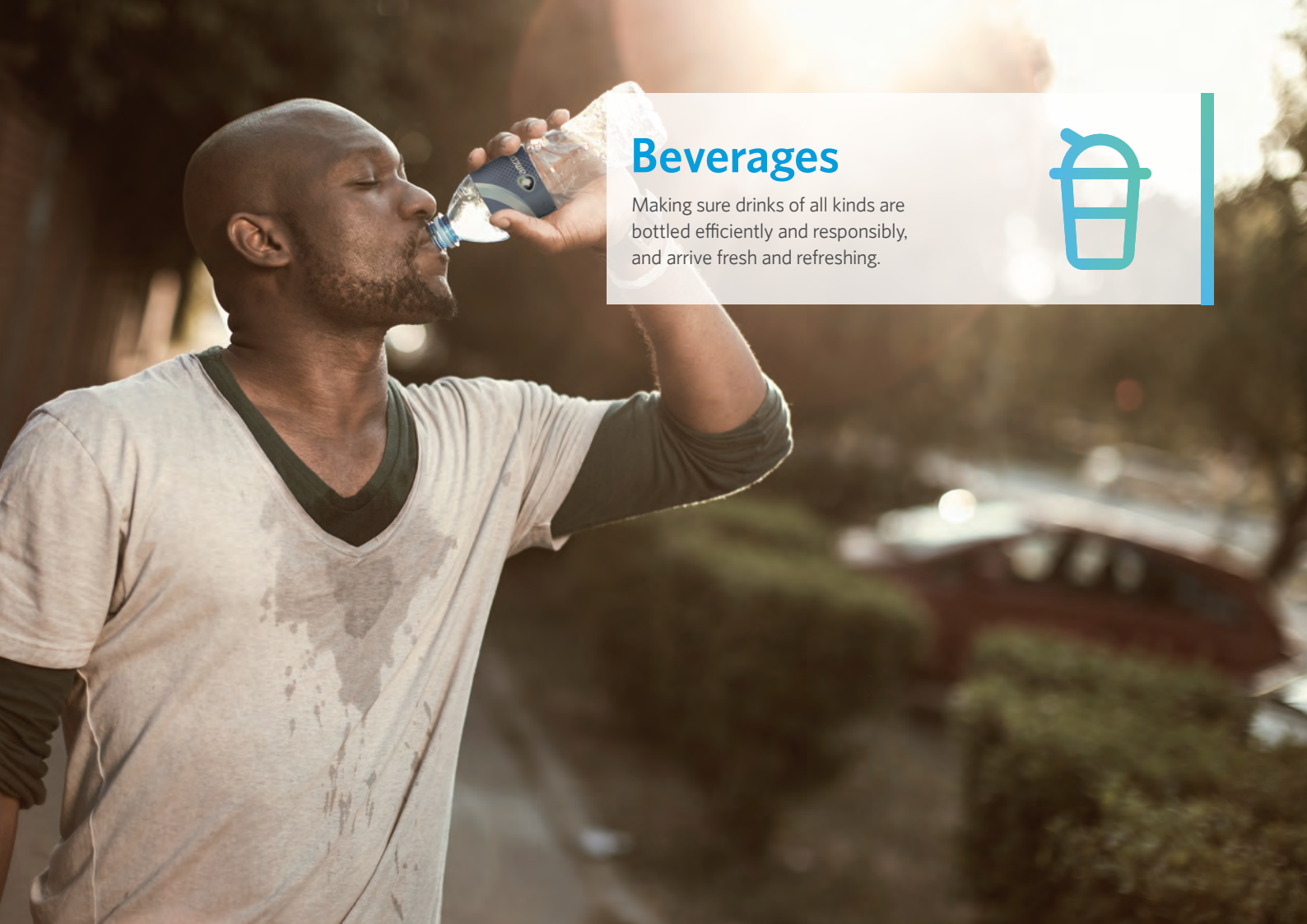
Protecting food – assuring it is at its most flavourful and nutritious, and accessible to people worldwide.



## Home care

Helping people around the world easily and safely keep their homes and businesses clean and welcoming.





## Beverages

Making sure drinks of all kinds are bottled efficiently and responsibly, and arrive fresh and refreshing.



## Healthcare

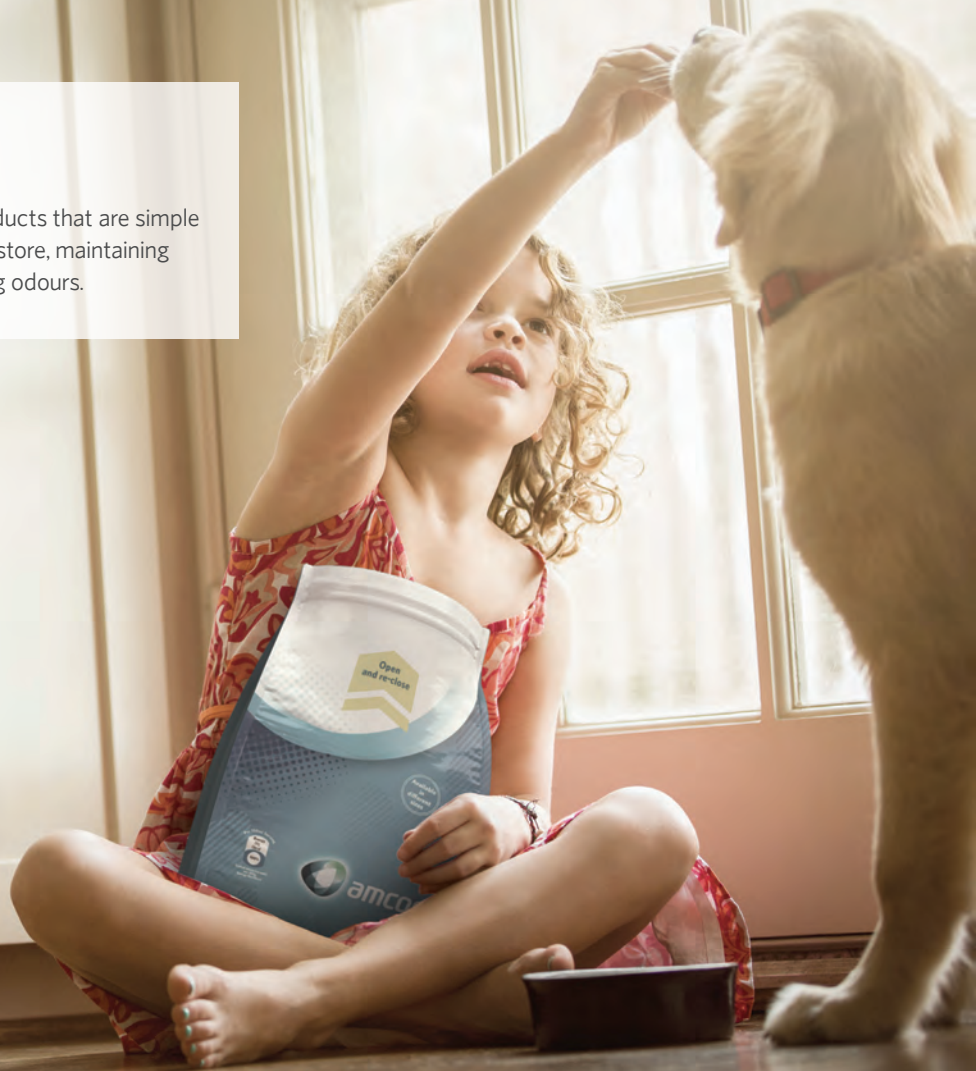
Assuring medical equipment is sterile and medicines are dispensed accurately, so that patients become and stay healthy.





## Pet care

Caring for pets with products that are simple to dispense, re-seal and store, maintaining freshness and minimising odours.



## Personal care

Maintaining quality and performance of fragrances, cosmetics and other products, so consumers look and feel their best.





## Ecommerce

Protecting the products that consumers want, in a way that's optimised for the supply chain and the environment.



## Sustainability

Better protecting the environment because of Amcor's leadership in operations and packaging.



# Message from the Chairman

Amcor has an obligation to help assure the safety of our employees, customers and suppliers; the consumers who use our packaging; and the communities where we operate.



Dear Shareholder,

After several strong years, fiscal 2018 was a trying one for our industry and for Amcor. Marketplace conditions were relatively difficult, with higher raw-material prices as well as soft demand volumes and unfavourable product mix in some areas.

At the same time, the year underscored two fundamental reasons why we remain very positive about Amcor's strategy: 1) the defensive nature of our business and 2) the leadership strength and adaptability of the Amcor team.

Overall, our financial results were solid. Revenue (USD 9.3 billion), profit after taxes (USD 724 million) and earnings per share (EPS, US 62.6 cents) were all comparable to fiscal 2017 levels in constant-currency terms. Our free cash flow (USD 194 million) was again strong, and Amcor's balance sheet remains investment-grade.

The company benefited from accelerated realisation of efficiencies in our flexible-packaging business following the 2016 acquisition of Alusa, which expanded Amcor's presence in South America. Recently we have initiated further projects in the rigid-containers business to reduce costs and secure future earnings growth.

Your board and management also have a strong focus on non-financial goals. Amcor has an obligation to help assure the safety of our employees, customers and suppliers; the consumers who use our packaging; and the communities where we operate.

Our rate of time lost to injuries during FY18 was 1.0 day per one million hours worked, which represents about 80 such cases across some 200 locations.

The ratio of incidents that required medical treatment, also per million hours worked, was 2.6, representing a little over 200 cases. On both counts, we compare favourably with similar companies, but the only acceptable rate is no injuries – an accomplishment recorded by more than 100 of our locations last year.

The board's ultimate responsibility to shareholders is to assure superior returns over time. Amcor's consistently strong cash flow helps make that possible, funding a value-creation model comprising three elements:

1. Dividends – In FY18, the board authorised dividends of US 45.0 cents per share, an increase of 4.7% representing 72% of EPS and a yield of 3.6%.
2. Capital Expenditures – Typically about USD 400 million each year, to organically maintain and grow the business, and expand earnings.
3. Acquisitions and/or buybacks – Usually representing USD 200 million to USD 300 million each year.

There is no cash required for what will be the company's largest acquisition to date. In early August, five weeks after the end of the fiscal 2018 financial year, we announced that Amcor would acquire Bemis, the largest supplier of flexible plastic packaging in the Americas, in an all-share transaction.

This combination will be transformational, making the new Amcor the global leader in consumer packaging. We will have the footprint, scale and capabilities to drive significant value for customers, shareholders and employees, and deliver the most sustainable primary packaging. For strategic significance, only our 2010 purchase of Alcan's consumer-packaging

operations, which set Amcor on the path to becoming a global packaging supplier, is comparable.

We believe the cash- and tax-free characteristics of the planned acquisition, along with the combined financial profile and liquidity of the companies, are compelling for Amcor and Bemis shareholders. We hope to complete the transaction in early calendar year 2019, after securing investor and certain regulatory approvals.

Among many benefits, the combination of Amcor and Bemis will extend our leadership in sustainability, and builds on a commitment made in January to develop all our packaging to be recyclable and reusable by 2025. We are proud of the evolving environmental profile of Amcor's operations and products. Setting and fulfilling even higher ambitions will be good for society and good for business.

We would like to thank all shareholders for your continued support. This is a time of great opportunity for Amcor. Your board is very confident in your company's strategy, in its people, and in its ability to generate value for all stakeholders as we move into this exciting period.

**Graeme Liebelt**  
Chairman of the Board



# Senior Executives



**Ron Delia**

Managing Director and  
Chief Executive Officer



**Michael Casamento**

Executive Vice President, Finance,  
and Chief Financial Officer



**Tom Cochran**

President,  
Amcor Flexibles Americas



**Jerzy Czubak**

President,  
Amcor Specialty Cartons



**Steve Keogh**

Executive Vice President,  
Human Resources



**Peter Konieczny**

President, Amcor Flexibles Europe,  
Middle East and Africa



**Julie McPherson**

Group General Counsel  
and Company Secretary



**Michael Schmitt**

President, Amcor Rigid Plastics



**Tracey Whitehead**

Senior Vice President,  
Investor Relations



**Ian Wilson**

Executive Vice President,  
Strategy and Development



**Michael Zacka**

Chief Commercial Officer and  
President, Amcor Flexibles Asia Pacific

# Message from the Managing Director and Chief Executive Officer

While fiscal 2018 presented stiff challenges across our industry, Amcor's resilient team and business responded to achieve solid profitability and generate strong cash flow.

By now, the circumstances are well known: raw-material prices were up sharply from FY17; demand in the North America beverage category was lower, and growth in emerging economies was sluggish. We knew the conditions were temporary, but they persisted for much of the year.

Amid those factors, our mindset distinguished Amcor. We believe that most of the things that can influence Amcor's performance are within our control – over time, if not always immediately. This past year, our people responded by reducing operating costs, securing savings in procurement, passing along increased raw-material costs, and delivering benefits from restructuring initiatives.

As a result, FY18 after-tax profits and per-share earnings held steady versus the prior year on a constant-currency basis. Free cash flow, after capital investments and dividends, was USD 194 million.

As we started fiscal 2019, we were encouraged that demand and other marketplace issues had begun to moderate, and that corrective actions adopted in FY18 continued to take hold.

## Safety

Everything at Amcor starts with safety – from how our colleagues and partners go about their work, to the way our packaging protects products and people.

In the workplace, we have a simple safety objective: No Injuries! On top of site-specific safety programs, in FY18 we emphasised reducing hand injuries, eliminating risks that can lead to serious injuries or fatalities, and further strengthening the safety culture across the company.

## Being Amcor

The world and the marketplace regularly change. We want Amcor to always be current, clear and consistent about who we are, what's important, and what success looks like.

'Being Amcor' helps us do that by summarising how we think about and make decisions for the company. It gives us predictability no matter what is happening around us, and is invaluable in engaging, aligning and inspiring our team. Being Amcor, which was refreshed this past year, defines:

- Our Winning Aspiration – To be THE leading global packaging company
- The Amcor Way – Capabilities that are deployed consistently across the company to help us win: Talent, Commercial Excellence, Operational Leadership, Innovation, and Cash & Capital Discipline; and
- Our Values – What guides our behavior: Safety, Integrity, Collaboration, Accountability, and Results and Outperformance.

## Investing in growth

Our business has unlimited potential, including in four focused growth areas: flexible packaging in the Americas and in Asia, specialty rigid-plastic containers, and closures. All of them present tremendous opportunities for differentiation, revenue and profit.

By consistently generating strong cash flow, we can regularly reinvest in growth, including acquisitions, to maximise returns to shareholders. On 6 August of this year, we announced an agreement to acquire US-based Bemis in an all-stock transaction. Combining the two highly



complementary companies is a major step in realising our great promise.

We are targeting to complete the transaction during the first quarter of calendar 2019. When that's done, the new Amcor will be the global leader in consumer packaging, with:

- comprehensive global coverage in flexible packaging in all key regions, in both developed and emerging markets – to go with our leading rigid-containers and specialty-cartons businesses
- greater scale and leadership to better serve customers everywhere
- increased access to attractive end markets and product categories
- best-in-class capabilities in operations and innovation
- continued strong commitment to environmental sustainability, and
- more depth of management talent.

### FY19 operating priorities

In the meantime, Amcor remains squarely focused on providing customers with great products and services, while nurturing and expanding our existing business. The operating priorities to help us do that are:

- safety – so that everyone goes home safely at the end of the day
- engagement – enabling everything we want to achieve
- delivering financial results – especially profit and cash flow, and
- securing our future – by embedding 'Being Amcor' and leading the industry in sustainable products and operations.

### Sustainability

Our passion for and commitment to sustainability are real and growing. In January, Amcor became the first global packaging company pledging to develop all our packaging to be recyclable or reusable by 2025. We also committed to significantly increasing our use of recycled materials, and helping drive greater recycling of packaging around the world.

For all that we have accomplished so far, we firmly believe that Amcor is just getting started. Better packaging makes for a better world – for customers and consumers, investors, the environment and our team. Our winning aspiration is to be THE leading global packaging company. In fiscal 2018, Amcor continued to make real, measurable progress toward that ambitious goal, and we are determined to continue the trend.

**Ron Delia**

Managing Director  
and Chief Executive Officer

# Amcor at a glance

Global sales USD

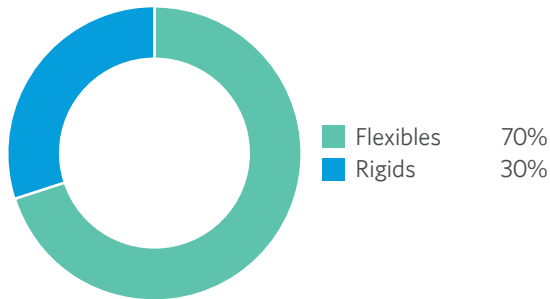
# 9.3 billion

Sites

# ~195

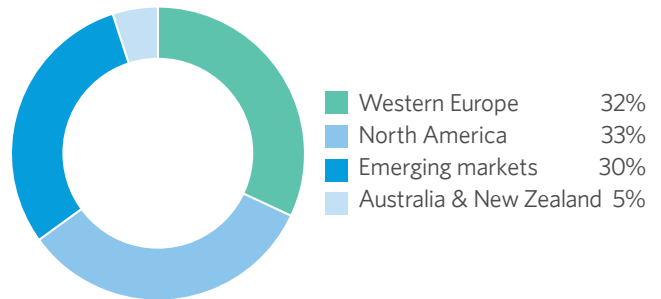
## Focused portfolio

Sales by business group %



## Global footprint

Sales by region %



## Protecting people and products

Amcor works with leading companies to protect their products and the people who rely on them, differentiate brands, and improve supply chains through a broad range of flexible packaging, rigid containers, specialty cartons, closures, and services.



Employees

33,000+

Countries

40+

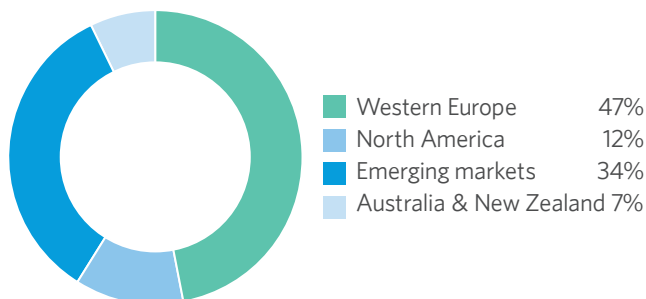
**Flexibles**

Ancor’s Flexibles business develops and supplies flexible packaging, closures and folding cartons. It has four business units: Flexibles Europe, Middle East and Africa; Flexibles Americas; Flexibles Asia Pacific; and Specialty Cartons.

Overview 2018

Sales (USD billion)	6.5
Number of plants	~ 130
Countries	37
Employees	~ 26,000

Sales by region %



End markets

The business develops and produces packaging products for food, beverage, healthcare and tobacco companies, including for fresh foods such as meat, fish, bread, produce, and dairy; processed foods such as confectionery, snack foods, and coffee; and ready meals. The business also produces packaging for industrial, hospital, pharmaceutical, home and personal care end markets.

Growth drivers

- Global footprint
- Focus segments in the Americas and Asia
- Emerging markets growth
- Strategic marketing
- Advantaged cost positions
- Product innovation

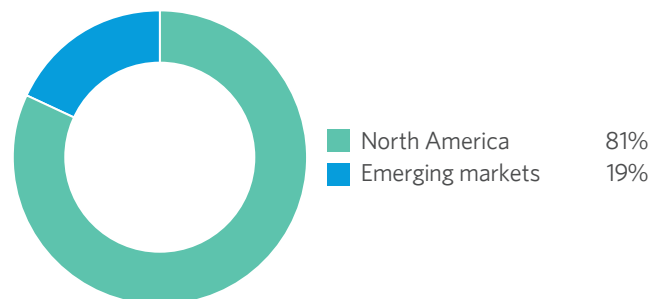
**Rigid Plastics**

Ancor’s Rigid Plastics business is one of the world’s largest suppliers of polyethylene terephthalate (PET) packaging along with containers and closures using other plastic resins.

Overview 2018

Sales (USD billion)	2.8
Number of plants	~ 60
Countries	12
Employees	~ 7,000

Sales by region %



End markets

The business is among the world’s largest manufacturers of rigid plastic packaging for the food, beverage, spirits, personal care, home care and healthcare industries.

Growth drivers

- Manufacturing and quality excellence
- Focus segments in Specialty Containers and Closures
- Innovation leadership
- Extensive and strategically located footprint
- Growing technology portfolio

# Operating and Financial Review

## Our strategy and business model

Amcor is a global packaging company with close to 200 sites in more than 40 countries. We are a leader in developing and producing packaging for a variety of food, beverage, pharmaceutical, medical-device, home- and personal-care, and other products.

Amcor works with premier companies around the world to protect their products and the people who rely on them, differentiate brands and improve supply chains. We do this through a broad range of flexible packaging, rigid containers, specialty cartons, closures and services.

Amcor converts raw materials – including polymers, aluminium foil and fibre – into packaging products. In most cases, the cost of raw materials is defined in contracts and passed on to customers.

Our business has two reporting segments:

**Flexibles** – Develops and supplies flexible packaging and specialty folding cartons. It has four business units: Flexibles Europe, Middle East and Africa; Flexibles Americas; Flexibles Asia Pacific; and Specialty Cartons.

**Rigid Plastics** – One of the world's largest suppliers of polyethylene terephthalate (PET) packaging and containers using other plastic resins. It has four business units: North America Beverages, North America Specialty Containers, Latin America, and Bericap Closures.

### Strategy

There are three consistent components to Amcor's strategy: a focused portfolio, differentiated capabilities, and our aspiration to be THE leading global packaging company. To fulfil our aspiration, we are determined to win for our customers, employees, shareholders and the environment.

### Focused portfolio

We choose to participate in four packaging segments: flexibles packaging, specialty cartons, rigid plastic containers, and closures. These share important characteristics:

- focus on primary packaging for fast-moving consumer goods (FMCG),
- good industry structure,
- attractive relative growth, and
- multiple paths for Amcor to win from its leadership position, scale and other competitive advantages.

### Differentiated capabilities

'The Amcor Way' describes the capabilities deployed consistently across Amcor that enable us to win: Talent, Commercial Excellence, Operational Leadership, Innovation, and Cash and Capital Discipline.

### Shareholder value creation

Amcor generates strong cash flow and redeploys it to consistently create superior customer value. The defensive nature of Amcor's end markets means that year-to-year volatility should be relatively low, measured on a constant currency basis. In most years, the combination of those sources of value should be 10–15 percent. A central driver to delivering shareholder value is appropriately allocating cash generated by the business, across dividends, growth investments and capital management.

### Growth

Significant organic and acquisition growth opportunities exist across all of Amcor's businesses, which gives us confidence that we will deliver strong value over the long term. We see substantial potential in these packaging segments and regions:

- Flexible Packaging in the Americas
- Flexible Packaging in Asia Pacific
- Specialty Rigid Plastic Containers, and
- Closures.

These are fundamentally very attractive packaging segments and regions, where Amcor can be differentiated and uniquely positioned, and where our current participation is significantly underweight relative to customers and our own potential. We expect to produce strong growth in these segments.

### Organic growth

Amcor typically reinvests around USD 400 million into the business every year in the form of capital expenditures which support organic growth. There are four primary sources of organic growth:

#### Commercial and cost productivity

Amcor pursues ongoing commercial and cost productivity initiatives, supported by 'The Amcor Way'.

#### Customer relationships

Amcor has strong relationships with customers around the world. Our value proposition to large, global FMCG customers is based largely on our innovation and ability to supply them around the world. This allows us to regularly broaden and deepen those relationships.

At the same time, Amcor has a proven track record of success with small and medium-sized customers. Today, brands emerge quickly to capture disproportionate shares of growth in many product categories; Amcor is well positioned to meet the needs of these customers with tailored packaging solutions.

Amcor has a consistent strategy and business model, and has identified, sustained and added to the capabilities needed to grow in the packaging industry.

We believe Amcor will continue to thrive with large customers and expand our appeal to small and medium-sized brands.

#### Innovation and sustainability

Amcor is highly regarded by customers and third parties for our innovation, which includes more than 1,700 active patents and annual research-and-development spending that far exceeds that of most of our competitors.

In the past three years alone, we have earned more than 30 awards for innovation, resulting in packaging that is more functional, more attractive, more intelligent and better for the environment. That helps our customers grow and protect their consumers and brands, while utilising more sustainable packaging.

In January 2018, Amcor became the first global packaging company pledging to develop all our packaging to be recyclable or reusable by 2025. We are also committed to significantly increasing our use of recycled materials, and to helping drive greater recycling of packaging around the world. While much of our packaging is already recyclable or reusable, and we are designing packaging that uses less material in the first place, we will do even more. We collaborate with major global brands, retailers and non-governmental organisations to address the challenges of plastics in the environment. We are energised by the potential to further benefit the planet and distinguish Amcor.

#### Emerging markets

At the end of 2017/18, Amcor had 78 plants in 26 countries within emerging markets. We have been operating in many of these countries for more than 20 years, have a deep understanding of their business environments and local

cultures, and produce attractive margins and returns.

Typically, emerging markets exhibit accelerating consumer spending on packaging products that require our packaging, as incomes rise and consumer needs develop. Over the long term, we expect those evolving needs – in areas like food safety, extended shelf life and individual portion packs – will continue to drive strong growth in emerging markets.

#### Acquisition growth

Given the high numbers of players in the packaging segments where we choose to play, there is a rich pipeline of acquisition opportunities. We expect to continue to grow through a pragmatic, but disciplined, approach to mergers and acquisitions.

Amcor has effectively integrated and derived value from 26 acquisitions completed over the past six years. During that time, every one of our businesses has benefited from at least one acquisition to supplement organic growth.

On 6 August 2018, Amcor and Bemis Company announced that their respective boards of directors had unanimously approved a definitive agreement under which Amcor will acquire Bemis in an all-stock combination. Combining these two complementary companies will create the global leader in consumer packaging, with 50,000 people and about 250 plants in more than 40 countries. We believe this transaction will result in a stronger value proposition for our people, our customers, our investors and the environment. We anticipate completion in the first quarter of calendar year 2019.

#### Summary

Amcor has a consistent strategy and business model, and has identified, sustained and added to the capabilities needed to grow in the packaging industry, and embedded them through 'The Amcor Way'.

Our portfolio is focused on segments where the company has leadership positions and provides unique value. This has maintained Amcor as a global leader with continued significant growth potential.

The company has achieved significant ongoing improvements in financial performance through higher margins and returns, and persistently strong operating cash flow. Disciplined reinvestment of that cash has generated consistent growth in shareholder value. By remaining focused on end markets where Amcor can differentiate and enhance its value to customers, the company expects to continue to grow and drive strong returns for shareholders and other stakeholders.

# Operating and Financial Review

## Review of operations

### Flexibles

#### Earnings

Million	EUR			USD			Constant currency change (%)
	2018	2017	Change (%)	2018	2017	Change (%)	
Sales revenue	5,478	5,716	(4.2)	6,535	6,227	4.9	(0.1)
<b>PBIT<sup>(a)</sup></b>	<b>700.0</b>	<b>738.8</b>	<b>(5.3)</b>	<b>835.1</b>	<b>804.7</b>	<b>3.8</b>	<b>(1.5)</b>
PBIT margin (%)	12.8	12.9	(0.1)	12.8	12.9	(0.1)	
Average funds employed	2,913	3,029		3,475	3,300		
<b>Return on funds employed (%)</b>	<b>24.1</b>	<b>24.4</b>		<b>24.1</b>	<b>24.4</b>		

#### Cash flow

Million	EUR		USD	
	2018	2017	2018	2017
PBITDA	890.7	940.6	1,062.5	1024.6
Capital expenditure	(188.0)	(201.4)	(224.2)	(219.4)
Movement in working capital	10.2	95.1	12.2	103.6
Flexibles segment restructuring	(48.9)	(87.3)	(58.3)	(95.1)
Other	50.8	45.4	60.7	49.5
<b>Operating cash flow</b>	<b>714.9</b>	<b>792.4</b>	<b>852.9</b>	<b>863.2</b>
USD: EUR average exchange rate	0.84	0.92		

The Flexibles segment delivered PBIT of USD 835.1 million, modestly lower than the prior period in constant currency terms. This reflects benefits from restructuring initiatives and organic growth, offset by an adverse impact from the normal time lag in recovering higher raw material costs, lower volumes in parts of South America and a disappointing first half in certain markets in Asia Pacific.

#### Flexibles segment restructuring – previously announced on 9 June 2016

Execution and progress under individual plant closures and restructuring plans has been exceptional and, during the June 2018 half year, the business reached full run rate for PBIT benefits of approximately USD 60 million – the top end of the previously announced and upgraded range. At full run rate, this represents an outstanding cash return on investment of more than 35%.

PBIT in the 2017/18 financial year includes a total incremental benefit of approximately USD 36 million in relation to these restructuring initiatives.

#### Raw materials

As previously noted, the flexible packaging industry has experienced substantial raw material cost inflation across a range of inputs including resin, aluminium and liquids. These cost increases are recovered over time through higher selling prices, and throughout the 2017/18 financial year, multiple price increases were implemented across the business.

However, there is a normal time lag between the impact of raw material cost increases and related pricing actions, and this time lag had an adverse impact on both organic and acquisition growth during the year. The net adverse impact



## Cost and operating performance was outstanding and earnings improved through benefits delivered under the Flexibles restructuring program.

on PBIT in the 2017/18 financial year, was approximately USD 35 million in the legacy business, with an additional adverse impact across all recently acquired businesses of approximately USD 8 million.

The business continues to implement systematic pricing adjustments to reflect higher input costs for certain raw materials.

### Flexibles Europe, Middle East and Africa

The Flexibles Europe, Middle East and Africa business sells into the defensive food and healthcare end market segments. The key segments served, making up approximately 95% of sales, are pharmaceutical, snacks and confectionery, cheese and yoghurt, fresh produce, beverage and pet food.

The business continues to perform well and had a solid year of earnings growth. In constant currency terms sales were higher than last year (excluding favourable price increases related to the pass through of higher raw material costs) with momentum building in the second half. Cost and operating performance in the business was outstanding and earnings also improved through incremental benefits delivered under the Flexibles restructuring program. These benefits were partly offset by the adverse impact of the time lag from passing through higher raw material costs.

Volumes increased across a broad range of segments including home and personal care, healthcare, pet food, cheese, ambient ready meals, confectionery and snacks. The business experienced weaker volumes in the powdered beverage and yoghurt segments.

### Flexibles Americas

The Flexibles Americas business sells into the defensive food and healthcare segments.

In the legacy business, earnings for the year were higher than the prior period, reflecting organic sales growth along with strong cost performance. This was partly offset by the adverse impact of higher raw material costs. The business also incurred one-off costs associated with cost-saving initiatives in the second half of the year. Volumes increased across all segments, with particularly strong growth in the pharmaceutical segment.

In South America, including the recently acquired Alusa business, volumes were lower and there was an adverse impact related to the time lag in recovering higher raw material costs. This more than offset synergy benefits and growth with large multinational customers.

Overall earnings for the Flexibles Americas business were lower than last year.

### Flexibles Asia Pacific

The Flexibles Asia Pacific business has 34 plants in eight countries throughout the region and sells into the defensive food and healthcare segments. The business offers a differentiated customer value proposition through its broad network of plants and its ability to leverage the strong innovation capabilities of a global flexible packaging business. Across the Asia Pacific region, the business has strong positions and generates attractive margins and returns.

Earnings were lower than the same period last year in constant currency terms, reflecting the time lag in passing on higher raw material costs and disappointing cost performance in certain plants in the first half. Sales volumes were higher across Asia, although at rates below the long-term trend. Market conditions in Australia and New Zealand remained subdued and operating costs were higher.

Relative to the first half of the 2018 financial year, underlying earnings improved in the June 2018 half year as the business continues to implement pricing actions to recover higher raw material costs and benefits from actions taken and one-off costs incurred in the second half of the 2018 financial year to improve cost performance going forward.

As previously announced, in the 2017 financial year an agreement was reached with a large multinational customer to build a dedicated greenfield plant in the high-growth Indian market. This is an exciting development and provides an excellent opportunity to improve Amcor's product offering, strengthen the partnership with a key global customer and the investment is underpinned by a long-term contract. Construction commenced in the 2017 financial year and commissioning is ongoing.

# Operating and Financial Review

## Review of operations

### Flexibles (continued)

#### Specialty Cartons

The Specialty Cartons business is very well positioned to support customers with high-value folding cartons as they focus on the premiumisation and differentiation of their brands. By offering exceptional service from a global manufacturing footprint and world-class innovation capabilities, the business is able to continue adding value by securing new volumes across a range of end markets and regions, and improving product mix.

Overall earnings were in line with the same period last year.

Volumes in Western Europe improved compared to the prior period. In Russia, tobacco packaging volumes were considerably weaker than the prior period as industry volumes were unfavourably impacted by an increase in the prevalence of illicit trade as well as significant customer destocking primarily in the first half of the year.

In Asia, conditions were challenging during the year with weak market and customer performance resulting in lower volumes. The business took advantage of an opportunity to adjust the manufacturing footprint in the Asia Pacific region following the relocation of a key customer facility. As a result, the plant in Malaysia was closed during the second half of the year. Volumes will be retained and are being on-boarded in the plants in the Philippines and Indonesia.

The business in the Americas performed well, continuing to support customers in multiple market segments.

Operating cost performance was strong across the business, incremental benefits from the Flexibles restructuring program were delivered and across the year, pricing actions were implemented in certain markets to align with lower volume and higher costs for key inputs including inks.

#### Outlook

In constant currency terms, the Flexibles segment is expected to deliver solid PBIT growth in the 2018/19 financial year, compared with PBIT of USD 835.1 million achieved in the 2017/18 year. This takes into account:

- modest organic growth, which assumes no earnings impact related to movements in raw material costs;
- net benefit from prior period acquisitions of approximately USD 10 million after deducting costs to achieve to be incurred in the first half; and
- incremental and final restructuring benefits related to initiatives previously announced on 9 June 2016, of approximately USD 10 million.

Earnings in the first half of the 2018/19 financial year are expected to be modestly higher than the prior year, subject to raw material cost development through the remainder of the first half.

Note: Outlook comments relate to Amcor on a stand-alone basis and therefore exclude any impact from the Bemis transaction announced on 6 August 2018. Subject to closing conditions the transaction is targeted to close in the first quarter of calendar year 2019.

# Operating and Financial Review

## Review of operations

### Rigid Plastics

#### Earnings

Million	USD 2018	USD 2017	Change (%)	Constant currency change (%)
Sales revenue	2,788	2,877	(3.1)	(1.8)
<b>PBIT</b>	<b>312.0</b>	<b>342.7</b>	<b>(8.9)</b>	<b>(7.2)</b>
PBIT margin (%)	11.2	11.9	(0.7)	
Average funds employed <sup>(1)</sup>	1,835	1,668		
<b>Return on funds employed (%)<sup>(1)</sup></b>	<b>17.0</b>	<b>20.5</b>		

(1) Comparative period has been restated (refer to note 6.6 in the Financial Report).

#### Cash flow

Million	USD 2018	USD 2017
PBITDA	434.6	471.7
Capital expenditure	(138.9)	(157.6)
Movement in working capital	(8.2)	47.1
Other	44.2	12.2
<b>Operating cash flow</b>	<b>331.7</b>	<b>373.4</b>

The Rigid Plastics business delivered PBIT of USD 312.0 million during the 2018 financial year. Cost performance across all business units was outstanding and earnings from recently acquired businesses were higher than last year. However, these benefits were offset by weaker volumes in the North America beverage segment and unfavourable product mix.

In the second half, the businesses exposed to the beverage segment in North America continued to experience weak volumes and unfavourable product mix with less opportunity to flex the cost base given the strong seasonality of customer demand. Earnings in the second half were also unfavourably impacted by lower volumes in the Specialty Containers business.

#### Restructuring initiatives

Utilisation remains high across the plant network despite coming off a period of weaker volumes, however the business has taken the opportunity to proactively identify initiatives to reduce structural costs and better position the business for higher earnings leverage going forward. A restructuring program will commence in the December 2018 half year and will include investments in manufacturing footprint optimisation and productivity improvements as well as overhead cost reductions.

Full run rate benefits are expected to reach approximately USD 15 million to USD 20 million by the end of the 2019/20 financial year which represents an outstanding return of around 40% on cash investment of approximately

USD 45 million. The favourable impact on earnings in the 2018/19 financial year is expected to be approximately USD 5 million to 10 million.

Total after-tax costs are expected to be between USD 50 million and USD 60 million (pre-tax USD 60 million and USD 70 million). The majority of these costs will be incurred in the 2018/19 financial year, and will be excluded from underlying earnings.

#### North America Beverage

The North America Beverage business had a challenging year and earnings were lower than last year. Operating cost performance and capacity management throughout the year was exceptional and provided a partial offset to the unfavourable impact of lower volumes

# Operating and Financial Review

## Review of operations

### Rigid Plastics (continued)

and unfavourable product mix. Earnings in the second half were particularly impacted as the strong seasonality in the business limits the opportunity to flex costs, as compared to the first half when volumes are seasonally lower.

Total organic volumes were 5% lower than the same period last year, with combined preform and cold fill container volumes 2% lower and hot fill container volumes 9% lower than the prior year. While the business maintained share with existing customers, lower volumes resulted from a softer overall market, adverse customer mix and customer inventory reductions, and this was partly offset by new business wins.

After a slow start to the 2018 summer season, volume performance modestly improved at the start of the 2019 financial year.

#### North America Specialty Containers

The Specialty Containers business produces containers from multiple plastic materials for a variety of end markets, including pharmaceutical, healthcare, food, spirits and wine, personal care and homecare.

Over the last two years, Amcor's Specialty Containers business has developed several capabilities in-house and also acquired specialised technologies which broaden the product offering for customers, expand the addressable market and provide further differentiation. These are important enablers for success and position the business to unlock further growth in key sub-segments over the long-term.

The business delivered higher earnings in the 2018 financial year reflecting benefits from the recently acquired

Sonoco business of approximately USD 10 million in the first half of the year. This was partly offset by lower volumes in the second half of the year reflecting the time required to commercialise new business wins compared to the timing of business losses.

#### Latin America

Earnings were in line with the same period last year. Economic conditions in the region remained mixed through the year, volumes were lower and product mix was unfavourable. This was offset by strong operating cost performance throughout the year.

Overall volumes were 5% lower than last year, including the adverse impact of a decision to exit a low-margin piece of business in the Andean region. Excluding this impact, volume growth was solid at 5% higher than last year, reflecting solid volume growth across Argentina and Mexico, partly offset by lower volumes in Colombia.

#### Bericap

The Bericap North America joint venture produces plastic closures for beverage, food and industrial containers. The business has plants in Canada and the United States, strong relationships with customers and a broad range of innovative products.

Earnings were lower than last year, reflecting lower volumes in the North America beverage segment.

The Bericap joint venture has commenced the setup of a new manufacturing facility in Cuautitlán, Mexico. This facility will manufacture closures for existing customers and contracts for incremental volumes have been secured to underpin

the initial investment. This is an exciting opportunity to establish a presence in one of the largest beverage markets in the world and will better position the Bericap joint venture for continued growth. The new facility has commenced installation of production equipment with commercial operation to follow in the December 2018 half year.

#### Outlook

The Rigid Plastics segment is expected to deliver solid underlying PBIT growth in the 2018/19 financial year, compared with USD 312.0 million achieved in the 2017/18 year. This takes into account:

- modest organic growth;
- net benefit from prior period acquisitions of approximately USD 5 million to USD 10 million after deducting costs to achieve to be incurred in the first half of the 2018/19 financial year; and
- approximately USD 5 million to USD 10 million of benefits from restructuring initiatives reflecting the 2018/19 financial year benefits of the restructuring initiatives detailed today. These benefits will be weighted towards the June 2019 half year.

Earnings in the first half of the 2018/19 financial year are expected to be modestly higher than the prior year, subject to volume development across the business in the first half.

# Operating and Financial Review

## Financial review

Profit after tax (PAT) of USD 724.0 million has increased by USD 22.8 million or 3.3% compared to the prior year. On a constant currency basis, the PAT was 0.2% lower than the prior year.

Throughout the financial review, certain non-IFRS financial information is included. Refer to the page inside the front cover for further details.

### Consolidated income statement

USD million	2018	2017
<b>Sales revenue</b>	<b>9,319.1</b>	<b>9,101.0</b>
PBITDA	1,441.8	1,447.0
- Depreciation and amortisation	(356.3)	(358.8)
<b>PBIT</b>	<b>1,085.5</b>	<b>1,088.2</b>
- Net finance costs	(204.8)	(187.0)
<b>Profit before related income tax expense and significant items</b>	<b>880.7</b>	<b>901.2</b>
- Income tax expense	(145.3)	(183.0)
- Non-controlling interest	(11.4)	(17.0)
<b>PAT</b>	<b>724.0</b>	<b>701.2</b>
Adjustments to underlying PAT <sup>(1)</sup>	-	(104.2)
<b>Statutory profit attributable to owners of Amcor</b>	<b>724.0</b>	<b>597.0</b>

(1) Refer to page 22 for a reconciliation of statutory profits to underlying profits.

Approximately 35–40% of Amcor's earnings are effectively in US dollars. Approximately 30–35% of earnings are generated in Euros with the remaining 25%–35% generated in currencies other than USD and Euros. The impact of translating Euro and other non-US dollar earnings into US dollars for reporting purposes will vary depending on the movement of those currencies from period to period.

On a constant currency basis using prior year's exchange rates, sales revenue would have decreased by USD 56.8 million to USD 9,044.2 million and PAT by USD 1.1 million to USD 700.1 million.

Net financing costs of USD 204.8 million were USD 17.8 million higher than the prior year, mainly reflecting the depreciation of the US dollar against currencies in which borrowings have been drawn and higher funding costs.

Income tax expense for the current year of USD 145.3 million includes a non-cash net benefit of approximately USD 9 million, reflecting the one-off revaluation of the Group's USA net deferred tax liability, largely offset by a one-off transition tax on unrepatriated foreign earnings.

Excluding this one-off revaluation adjustment, the effective tax rate for the year was 17.5%. This is lower than in previous periods, reflecting an ongoing net benefit from the lower USA federal corporate tax rate and a widening of the tax base.

Statutory PAT was USD 724.0 million compared to USD 597.0 million in prior year. The increase of USD 127.0 million mainly reflects USD 104.2 million post-tax cost related to the Flexibles restructuring program included in the prior year's statutory profit.

## Operating and Financial Review

### Financial review (continued)

#### Consolidated balance sheet

USD million	2018	2017
Current assets	<b>3,285.8</b>	3,286.5
Property, plant and equipment	<b>2,698.3</b>	2,765.3
Intangible assets	<b>2,387.8</b>	2,409.3
Investments and other assets	<b>674.8</b>	622.2
<b>Total assets</b>	<b>9,046.7</b>	<b>9,083.3</b>
Current interest-bearing liabilities	<b>1,822.0</b>	1,124.6
Non-current interest-bearing liabilities	<b>2,671.0</b>	3,486.4
Creditors and provisions <sup>(1)</sup>	<b>3,463.2</b>	3,602.6
Shareholders' equity	<b>1,090.5</b>	869.7
<b>Total liabilities and equity</b>	<b>9,046.7</b>	<b>9,083.3</b>

(1) Comparative period has been restated (refer to note 6.6 in the Financial Report).

Total assets decreased by USD 36.6 million during the period. This decrease mainly relates to the movement of the US dollar against many of the currencies in which assets are held.

Total interest-bearing liabilities decreased by USD 118.0 million from USD 4,611.0 million to USD 4,493.0 million. Net debt was USD 3,872.2 million compared to USD 4,049.5 million in 2017. This decrease is in line with the net cash generated during the period.

During the year ended 30 June 2018, Amcor completed the refinancing of a USD 775.0 million global syndicated multi-currency facility (renewed for 3 years to February 2021) and of a AUD 100.0 million committed multi-currency facility (renewed for 3 years to June 2021). Amcor also exercised an option to extend the maturity of a EUR 750.0 million syndicated facility by an additional 12 months to November 2022.

On 15 May 2018, Amcor successfully issued a USD 500.0 million 10-year senior unsecured note at a coupon of 4.50% in the US 144a/Reg S market.

During the year cash generation has continued to be solid and the balance sheet remains strong. This provides the flexibility to continue to grow organically and by acquisition, as well as paying dividends.

## Consolidated cash flow

USD million	2018	2017
Profit before depreciation, amortisation, interest, related income tax expense and significant items	<b>1,441.8</b>	1,447.0
Interest received/Interest (paid)	<b>(196.9)</b>	(176.7)
Income tax (paid)	<b>(149.7)</b>	(160.2)
Base capital expenditure	<b>(372.1)</b>	(379.2)
Movement in working capital	<b>17.6</b>	159.0
Flexibles segment restructuring	<b>(60.8)</b>	(98.1)
Other	<b>41.0</b>	(57.4)
<b>Operating cash flow</b>	<b>720.9</b>	<b>734.4</b>
Dividends and other equity distributions	<b>(526.8)</b>	(489.1)
<b>Free cash flow</b>	<b>194.1</b>	245.3
Acquisitions	<b>(13.2)</b>	(336.2)
Proceeds from share issues	<b>28.1</b>	23.6
Payments for own shares (share-based payment/share buy-back)	<b>(74.7)</b>	(83.6)
Proceeds/(return) of capital contribution from/(to) non-controlling interests	<b>(0.1)</b>	(0.5)
Foreign exchange rate changes and hedges	<b>(10.3)</b>	(19.0)
<b>Decrease/(Increase) in net debt<sup>(1)</sup></b>	<b>123.9</b>	<b>(170.4)</b>

(1) The movement in net debt is reconciled to the net increase in cash held calculation according to IFRS and extracted from the financial statements as shown below:

Operating cash flow for the year was USD 720.9 million, down USD 13.5 million from USD 734.4 million. The decrease is mainly attributable to the stronger working capital performance in the prior year partially offset by lower cash payments related to the Flexibles segment restructuring program in the current year.

Dividends per share have increased by 4.7% to USD 45.0 cents (AUD 58.82 cents, up 6.1%) per share.

Cash outflows related to acquisitions totalled USD 13.2 million for the year and reflect deferred payments associated with prior period acquisitions.

The cash impact on net debt of USD 123.9 million is mainly attributable to the strong free cash flow combined with the lower cash spent on acquisitions.

## Reconciliation of net debt to the net increase in cash:

USD million	2018	2017
Proceeds from borrowings	<b>(4,519.4)</b>	(3,959.5)
Repayment of borrowings	<b>4,660.0</b>	3,745.1
Net increase/(decrease) in cash held	<b>(9.8)</b>	57.8
Effects of exchange rate changes on cash and cash equivalents	<b>(5.8)</b>	(13.5)
Other items	<b>(1.1)</b>	(0.3)
<b>Cash inflow – decrease/(increase) in net debt</b>	<b>123.9</b>	<b>(170.4)</b>

## Operating and Financial Review

### Financial review (continued)

#### Reconciliation of statutory earnings to underlying earnings

USD million	Statutory earnings		Adjustments		Underlying earnings	
	2018	2017	2018	2017	2018	2017
<b>Sales revenue</b>	<b>9,319.1</b>	9,101.0	-	-	<b>9,319.1</b>	9,101.0
PBITDA	<b>1,441.8</b>	1,311.5	-	(135.5)	<b>1,441.8</b>	1,447.0
- Depreciation and amortisation	<b>(356.3)</b>	(358.8)	-	-	<b>(356.3)</b>	(358.8)
PBIT	<b>1,085.5</b>	952.7	-	(135.5)	<b>1,085.5</b>	1,088.2
- Net finance costs	<b>(204.8)</b>	(187.0)	-	-	<b>(204.8)</b>	(187.0)
<b>Profit before tax</b>	<b>880.7</b>	765.7	-	(135.5)	<b>880.7</b>	901.2
- Income tax expense	<b>(145.3)</b>	(151.7)	-	31.3	<b>(145.3)</b>	(183.0)
- Non-controlling interest	<b>(11.4)</b>	(17.0)	-	-	<b>(11.4)</b>	(17.0)
<b>Profit after tax</b>	<b>724.0</b>	597.0	-	(104.2)	<b>724.0</b>	701.2

#### Segmental reconciliation of statutory PBIT to underlying PBIT

Segment information USD million	2018					2017				
	Sales revenue	Statutory PBIT	Adjustments PBIT	Underlying PBIT	Underlying ROAFE%	Sales revenue	Statutory PBIT	Adjustment PBIT	Underlying PBIT	Underlying ROAFE%
Flexibles	<b>6,534.6</b>	<b>835.1</b>	-	<b>835.1</b>	<b>24.0</b>	6,226.5	669.2	(135.5)	804.7	24.4
Rigid Plastics	<b>2,787.5</b>	<b>312.0</b>	-	<b>312.0</b>	<b>17.0</b>	2,876.7	342.7	-	342.7	20.5
Investments / Other / Intersegment	<b>(3.0)</b>	<b>(61.6)</b>	-	<b>(61.6)</b>	-	(2.2)	(59.2)	-	(59.2)	-
<b>TOTAL</b>	<b>9,319.1</b>	<b>1,085.5</b>	-	<b>1,085.5</b>	<b>19.0</b>	9,101.0	952.7	(135.5)	1,088.2	20.4

#### Details of adjustments

Income statement	EUR million				USD million					
	Flexibles		Flexibles		Rigid Plastics		Investments / Other		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Flexibles segment restructuring	-	(124.4)	-	(135.5)	-	-	-	-	-	(135.5)
<b>Total PBIT adjustments</b>	-	<b>(124.4)</b>	-	<b>(135.5)</b>	-	-	-	-	-	<b>(135.5)</b>
Tax on adjustments	-	28.8	-	31.3	-	-	-	-	-	31.3
<b>Total PAT adjustments</b>	-	<b>(95.6)</b>	-	<b>(104.2)</b>	-	-	-	-	-	<b>(104.2)</b>



# Operating and Financial Review

## Sustainability

Being the leading global packaging company means winning on behalf of all stakeholders, importantly including the environment, and we are achieving that in ways that are good for business and good for the planet.

We are helping leading companies achieve ambitious sustainability goals and are active in global collaborations to better protect the environment through both our packaging products and the responsible operation of close to 200 Amcor sites around the world.

This is a summary of our sustainability performance in 2017/18. A comprehensive sustainability review is published annually in October, and available online at [www.amcor.com/sustainability](http://www.amcor.com/sustainability)

### Sustainability achievement

Amcor is regularly recognised for sustainability performance against global and regional indices. The company is included in the CDP Climate Disclosure Leadership Index for Australia, Dow Jones Sustainability Indices for Australia and Asia Pacific, the MSCI Global Sustainability Index series, the Ethibel Excellence Investment Register, and the FTSE4Good Index.

Amcor's sustainability achievements in the 2017/18 financial year included:

- recognition by Fortune Magazine in its annual 'Change the World' report for our work with the United Nations World Food Programme to improve aid packaging, resulting in more aid reaching people in urgent need;
- placing in the top 3% of best companies rated by EcoVadis, a global platform for evaluating corporate social and environmental practices, and top 1% of suppliers in the 'Manufacture of Plastic Products' category;
- being upgraded from A to AA by the MSCI Global Sustainability Index, primarily through advances in our supplier management program, which helped Amcor move ahead of competitors in offering sustainably manufactured products; and
- an 'A-' grade for Climate Change by CDP and recognition for 'best performance across program' for Australia and New Zealand.

In 2017/18, Amcor remained materially compliant with all environmental laws and regulations across the 40+ countries in which we operate.

### Our sustainability approach

Working with colleagues, customers, suppliers, industry groups, investors and non-governmental organisations, Amcor identifies, assesses, prioritises, and manages sustainability-related opportunities using an enterprise risk-management framework.

We contribute to better protecting the planet in three ways:

- Products: advancing the sustainability of packaging;
- Operations: protecting the environment and reducing our impact on the world around us; and
- Collaborations: leading and contributing to partnerships that address urgent environmental and humanitarian challenges.

### Products

#### Recyclability and recycled content

In January 2018, Amcor pledged to develop all our packaging to be recyclable or reusable by 2025, significantly increase our use of recycled materials, and help drive consistently greater recycling of packaging around the world. Much of our packaging is already designed to be recyclable or reusable and the challenges that remain will be overcome through Amcor's leadership and innovation, in close collaboration with others.

#### Smaller environmental footprint

We are already achieving sustainability gains for customers by reducing the gauge and weight of our packaging products, and by using more post-consumer recycled resin – lowering demand on virgin resources.

Amcor's lifecycle assessment tool, ASSET, helps customers identify packaging solutions that reduce their overall environmental impact and meet sustainability goals. ASSET, which is certified by The Carbon Trust, calculates the environmental footprints of packages across their full lifecycles, including the energy and water used and greenhouse gas emissions produced during manufacture. ASSET also compares the effects of any potential changes in product weights or materials.

# Operating and Financial Review

## Sustainability (continued)

### Supply chain

Amcor works with suppliers to maintain a supply chain that is responsible, ethical, transparent and sustainable. Amcor’s Supplier Code of Conduct includes principles for business integrity, labour standards, occupational health, and the environment. Suppliers are encouraged to join and be assessed by EcoVadis. In turn, Amcor shares results from its SEDEX and EcoVadis assessments with customers. Amcor belongs to AIM-PROGRESS, a forum of consumer goods manufacturers and suppliers that promotes responsible sourcing practices and sustainable production systems.

### Operations

#### EnviroAction

We measure and work to reduce the impact of all our worldwide operations. We set ambitious targets under Amcor’s internal EnviroAction program:

#### Reduce greenhouse gas (GHG) emissions

- by 6% in tonnes of carbon dioxide emitted per production unit over three years through 2018/19, and
- by 60% in intensity by 2030 from 2005/2006 levels.

#### Decrease waste-to-disposal

- by 10% in tonnes over three years through 2018/19, and
- zero as our long-term objective.

#### Conserve water

- All sites have water management plans to guide continuous improvement in water-use efficiency.

### Safety

Protecting the people who work for and with Amcor is an obligation and our most important commitment, so everyone goes home safely at the end of each day. We continue to focus on:

1. eliminating serious injuries by managing critical risk areas
2. determining which operating sites may require specific attention to further improve safety
3. strengthening processes and knowledge sharing about fire prevention, and
4. adopting best practices across all business groups to ensure a safe and healthy workplace.

Our Global Safety Steering Committee monitors safety performance and addresses focus areas. All Amcor manufacturing sites are subject to global standards for safety, environmental management and security. We conduct internal second party audits on a three-year frequency. Audit findings and continuous improvement efforts are addressed in action plans at all locations.

Amcor’s business groups provide monthly reports to the Board of Directors on safety performance, and compliance with Amcor standards.

During the past year, we continued our global focus on hand safety, with emphasis on frontline employee awareness and engagement to prevent the most frequent injury companywide. In addition, we implemented a global initiative to prevent serious injuries and fatalities, leading to the introduction of the Amcor Life Saving Rules and updated Critical Risk Standards training and audits across all manufacturing sites.

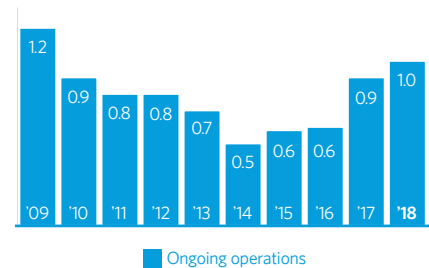
### Safety performance

Amcor’s lost-time injury frequency rate (LTIFR) is measured by calculating the number of injuries resulting in at least one full work day lost per million hours worked. In 2017/18, the LTIFR was 1.0, corresponding to 82 cases across our global business.

Amcor’s recordable-case frequency rate (RCFR) is measured by calculating the number of medical-treatment cases and lost-time injuries per million hours worked. In 2017/18, the RCFR was 2.6, corresponding to 207 injuries across our global business.

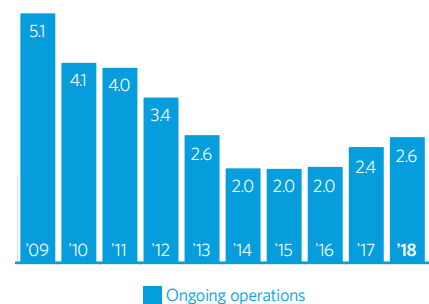
#### Lost-time injury frequency rate

Number of full work days lost per million hours worked – ongoing Amcor operations and acquired sites:



Note: Data for 2012 and earlier include the demerged Orora business; 2015 and onward, they include acquired businesses from the first day of ownership.

#### Recordable-case frequency rate





## Our 2025 pledge for the planet

To be the first global packaging company pledging to develop all its packaging to be recyclable or reusable by 2025.

### Collaborations

#### Amcor sustainability partnerships

Like Amcor, our sustainability partners concentrate on reducing the effects of packaging on the environment and using packaging to more effectively deliver humanitarian aid. By the end of 2017/18, the fourth of a five-year initiative, we had committed more than USD 4 million to Amcor's Sustainability Partnerships Program.

Highlights in 2017/18 included:

- Our participation as core packaging partner in the **Ellen MacArthur Foundation's (EMF) New Plastics Economy** initiative, a three-year effort to design a value chain in which plastics are used over and over. Amcor sustainability experts are leading EMF's pioneering 'Project Barrier', defining a global standard for what 'recycling-ready' means for flexible-barrier packaging. We also shaped the technical brief and helped judge the foundation's USD 2 million innovation prize.
- More than 1500 Amcor people taking part in the 2017 International Coastal Cleanup, hauling 11,000 kilograms of waste from waterways and coastlines around the world. The annual event is a major project of **Ocean Conservancy's Trash Free Seas Alliance**, in which Amcor is active alongside Nestlé Waters, Procter & Gamble, The Coca-Cola Company, the World Wildlife Fund and other organisations.
- Our partnership with the **United Nations World Food Programme (WFP)** began in 2015 when we improved packaging of a nutritional supplement for malnourished children. To date, we have saved WFP more than USD 5.2 million, prevented more than 960 tonnes of food loss, and reduced packaging waste by about 440 tonnes. Today, Amcor people are enhancing packaging for nutritional vegetable oil and high-energy biscuits, so that WFP aid better tolerates transportation and is more easily distributed to beneficiaries.
- Fifteen Amcor people took part in a research expedition to Cape Town, South Africa, with the **Earthwatch Institute**. In our 17th year with the program, our colleagues contributed vital data on the sources of marine debris and the flow of mismanaged plastic waste, which will help to identify ways to reduce the impact of waste on waterways.

Amcor experts are being called on to inform macro-governmental and legislative activity. One example is the participation of Amcor's Vice President, Sustainability in G7 roundtables on plastics, together with companies such as The Coca-Cola Company, Unilever and Danone; plastics producers; non-governmental organisations; retailers; and government officials from Canada and the US State Department.

*Amcor participates in regional partnerships and initiatives led by industry associations. Our contribution is described in detail online in Amcor's Sustainability Review.*

### The future

Sustainability and growth are complementary. With the world's population increasing in size and prosperity, and people more aware of the full lifecycle of products and services that they use, Amcor packaging is reducing environmental effects, and enabling delivery of fresh and nutritious food and safe products around the globe.

We continue to advance transformational change in our industry so that the environment is protected and enhanced by what we do. We know that urgent global challenges cannot be addressed alone. We are challenging ourselves and others to achieve more, while also helping to transform how business is done, through partnerships with customers, suppliers, leading sustainability organisations and others across the value chain.

## Operating and Financial Review

# 2018 Principal risks

Managing business risk to deliver opportunities is a key element of all our business activities and is undertaken with a practical and flexible framework that provides a consistent and sustained approach to risk evaluation.

The group's risk management system is designed to manage, rather than eliminate the risk of failure to achieve business objectives.

Business risks, which may be strategic, operational, financial, environmental, reputational, are understood, visible and the business context determines in each situation the level of acceptable risk and controls.

### Key features of our system of risk management include:

- Group statements on strategic priorities, purpose, value and ethics;
- Clear business objectives and business principles;
- An established risk policy;
- A continuous process for identification and evaluation of significant risks to the achievement of business objectives;
- Management processes to mitigate significant risks to an acceptable level;
- Continuing monitoring of significant risks and internal and external environmental factors that may change our risk profile;
- A regular review of both the type and amount of external insurance purchased, bearing in mind the availability of cover, its cost and the likelihood and magnitude of the risks involved;
- A process of regular reporting to the board through the audit committee on the status of the risk framework.

Set out below are the principal risks and uncertainties that could have a material impact on the Company and its ability to achieve its stated objectives.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
<b>Plastics and the environment</b>	Leakage of plastics into ecological systems.  Potential bans or taxes to reduce the use of plastic packaging.  Consumer backlash against plastic packaging.	Being the leading global packaging company means importantly focusing on the environment and we are achieving that in ways that are good for the planet.  Working with colleagues, customers, suppliers, industry groups, investors and non-governmental organisations, Amcor identifies, assesses, prioritises and manages plastics and environmental sustainability risks including: <ul style="list-style-type: none"> <li>• developing all our packaging to be recyclable or reusable by 2025;</li> <li>• significantly increasing the use of recycled materials in our packaging, and</li> <li>• working with others to drive consistently greater worldwide recycling of our packaging.</li> </ul> Please see the sustainability report on page 23 for full details.

## Managing business risk to deliver opportunities is a key element of all our business activities.

Risk	Description and potential consequences	Treatment strategies employed by Amcor
<b>General market risk</b>	Macroeconomic conditions specifically impacting the value chain or industries on which Amcor is dependent, could materially deteriorate and have a negative impact on Amcor's financial performance.	<p>Amcor seeks to mitigate the severity of the impact of a deterioration in economic conditions in a single country, region or market by:</p> <ul style="list-style-type: none"> <li>• operating businesses that have a broad spread of geographic locations, raw material inputs and customers servicing a number of end markets;</li> <li>• developing and deploying an operating model which focuses on continually improving the value proposition to customers, creating a high-performance culture, remaining disciplined in the use of cash, managing costs and improving plant efficiencies; and</li> <li>• proactively managing key risks across the Group through Amcor's Enterprise Risk Management (ERM) program.</li> </ul>
<b>Financial risks</b>	Amcor faces risks relating to the cost and availability of funds to meet its business needs, including commodity or equity price risk, interest rates and foreign exchange rates.	Amcor's Group Treasury function executes financial risk management policies approved by the Board. Appropriate commercial terms are negotiated or derivative financial instruments used, such as foreign exchange contracts and interest rate swaps to hedge these risk exposures. A detailed discussion of financial risks is included in note 3.3 Financial Risk Management.
<b>Customer risks</b>	<p>Amcor has strong relationships with key customers for the supply of packaging products and associated packaging-related services.</p> <p>These relationships are fundamental to Amcor's success and the loss of a key customer may have a negative impact on Amcor's financial performance.</p>	<p>Amcor seeks to manage this risk by delivering a superior value proposition to customers by leveraging its operating model.</p> <p>Key to the success of this strategy is a continued drive on customer focus (delivery in full, on time and in specification), low cost and innovation.</p>
<b>Competitor risks</b>	Amcor operates in a highly competitive market, with varying degrees of barriers to entry, industry structures and competitor motivational patterns. The actions of established or potential competitors may have a negative impact on Amcor's financial performance.	Amcor is ideally placed to leverage its global insight, footprint and scale to deliver new ideas and value propositions to customers and, in doing so, gain competitive advantage. In particular, Amcor recognises innovation as a source of competitive advantage.

## Operating and Financial Review

### 2018 Principal risks (continued)

Risk	Description and potential consequences	Treatment strategies employed by Amcor
<b>Mergers and acquisitions (M&amp;A) risks</b>	<p>Amcor's growth opportunities are dependent in part on a disciplined selection of suitable acquisition targets in the right geographic regions with the right participation strategy. Inappropriate target selection or poor integration could affect operations and have an adverse impact on the achievement of expected financial benefits.</p>	<p>Amcor's Strategic Development Group works with the businesses to identify suitable targets aligned to Amcor's strategy. The Amcor M&amp;A framework drives target selection, approval, due diligence, integration preparation/planning and post-merger value capture. In support of the framework, Amcor has developed an integration toolkit that shares best practice and provides the businesses with a methodology to manage post-merger integration. Amcor also takes learnings from completed M&amp;A transactions to enhance the M&amp;A framework.</p>
<b>Talent retention and attraction</b>	<p>The operating and financial performance of Amcor is largely dependent on its ability to retain and attract key management talent. A loss of key personnel could adversely impact Amcor's operating and financial performance.</p>	<p>Amcor's human resource policies are designed to:</p> <ul style="list-style-type: none"> <li>• access the widest possible pool of talent available, through Amcor's diversity in the workforce strategy;</li> <li>• provide co-workers with mobility and development opportunities through its leadership framework;</li> <li>• deliver a high-performance culture by setting challenging objectives and rewarding high-performing individuals;</li> <li>• remuneration is competitive in the relevant employment markets to support the attraction, motivation and retention of talent; and</li> <li>• remuneration is aligned with business outcomes that deliver value to shareholders.</li> </ul>
<b>Country risks</b>	<p>Amcor operates in over 40 countries, across a broad range of legal, regulatory or political systems, some of which could be subject to rapid change and civil unrest. The profitability of those operations and their ability to maintain and repatriate funds to Amcor, may be adversely impacted by changes in the fiscal or regulatory regimes, currency devaluation or difficulties in interpreting or complying with the local laws of those countries, reversal of current political, judicial or administrative policies.</p>	<p>Amcor continually monitors changes or proposed changes in regulatory regimes that may impact on Amcor's operations. Where possible, Amcor elects to appoint local management teams, who bring an in-depth understanding of the local operating environment and strong customer relationships.</p> <p>Amcor also implements training on compliance matters globally and a regular review of country risks is integrated into Amcor's Business Group ERM program.</p>
<b>Supply chain risk</b>	<p>Disruption to Amcor's supply chain caused by the availability of key components or raw materials, may adversely affect the price, sales volumes, and/or customer relations, resulting in unexpected costs.</p>	<p>Amcor's approach to supply chain risk management is multi-faceted and includes:</p> <ul style="list-style-type: none"> <li>• ensuring customer contracts provide for regular and timely pass-through of movements in input costs of raw materials;</li> <li>• supplier due diligence and risk management protocols; and</li> <li>• implementing a multi-sourcing strategy for the supply of raw materials.</li> </ul>

Risk	Description and potential consequences	Treatment strategies employed by Amcor
<b>Business interruption and key site risk</b>	Amcor operates from around 200 locations globally. Circumstances may arise which preclude key sites from operating, including natural disaster, fire incidents, technology failure or industrial disruption. Where this occurs Amcor's financial performance may be negatively impacted.	Amcor undertakes business continuity planning and disaster preparedness for high-value or strategically important sites. In addition, Amcor management undertakes continuous identification, review and management of property risks, as well as independent loss-prevention audits and where appropriate purchases external insurance.
<b>Change in consumer preferences</b>	Changes in consumer preferences may result in some of Amcor's existing product range becoming obsolete, or new products not meeting sales and/or margin expectations.	Amcor works closely with our customers and suppliers to propose solutions that address evolving consumer preferences. Amcor is continuing to build on its innovation capability to ensure it is the innovation leader for the packaging industry.
<b>Compliance and control risks</b>	<p>The risk of inadequate internal processes, or an internal control failure can potentially result in financial loss and reputational damage to the business. Examples of risks that could arise include:</p> <ul style="list-style-type: none"> <li>• fraud, bribery or insider trading by co-workers due to a lack of integrity or awareness;</li> <li>• failure to comply with laws (such as antitrust, competition laws and sanction regimes) and regulations. The Company's considerable global reach and diverse activities mean that a wide range of jurisdiction-specific laws apply; and</li> <li>• cyber-attack and/or information loss. The Company relies on information technology and control systems to support its business. The Company may experience threats to the confidentiality, integrity and availability of key information systems.</li> </ul>	<p>'The Amcor Way' operating model and Corporate Code of Conduct and Ethics provide a framework for all policies across the Group. To manage compliance and control risk, Amcor implements group-wide policies and procedures such as a Share Trading Policy, Sanctions Policy and a Competition Compliance Program, which are communicated periodically to Amcor co-workers. To maintain awareness of these policies, annual compliance training is mandatory for applicable co-workers.</p> <p>Amcor has a global Fraud Prevention Policy. This policy clearly outlines the principles and standards to be adopted in order to minimise the risk of fraud. Amcor's Fraud Prevention Program is supported by detailed investigation procedures and a global Whistleblower service provider.</p> <p>The Company continues to build on its existing information security capability via a continuous improvement approach aligned with IT threat assessments and appropriate business continuity plans.</p>

## Operating and Financial Review

### 2018 Principal risks (continued)

Risk	Description and potential consequences	Treatment strategies employed by Amcor
<b>Tax risks</b>	Amcor operates in over 40 countries, each with unique and dynamic tax environments. The tax affairs of operations in each country may be adversely impacted by changes in the fiscal or regulatory regimes, differences in interpretation of the local tax laws of those countries, and changes to current political, judicial or administrative policies relating to tax.	<p>Amcor's tax affairs are managed in accordance with a tax risk framework that is agreed with, reviewed and reported against by the Audit and Compliance Committee on a regular basis. This framework ensures that:</p> <ul style="list-style-type: none"> <li>• tax risks across the company are identified, monitored and managed;</li> <li>• tax risks are prioritised so that appropriate attention and action can be taken on key tax risks;</li> <li>• an active approach to tax risk management is pursued (including an open and co-operative approach with revenue authorities); and</li> <li>• informed judgment is exercised to establish the required level of provisioning for financial statement purposes.</li> </ul>
<b>Product safety and integrity risk</b>	As one of the world's largest packaging companies with over 95% of sales into food, beverage, healthcare and tobacco packaging industries, a product safety or integrity incident could have adverse consequences should it occur.	<p>Amcor is committed to being a responsible and safe packaging company, that our customers can rely on; Customer Focus is core to 'The Amcor Way'. Product safety is supported by infrastructure that includes:</p> <ul style="list-style-type: none"> <li>• dedicated product safety and compliance personnel responsible for the implementation of processes and controls;</li> <li>• continuous focus on quality; and</li> <li>• supplier due diligence and risk assessment.</li> </ul>



# The Board of Directors and Company Secretary

## Graeme Liebelt

(BEC (Hons), FAICD, FTSE)

### Independent Non-Executive Director and Chairman

#### Qualifications and experience

Mr Liebelt was Managing Director and Chief Executive Officer of Orica Limited, a position he held for six and a half years. During his 22 years with the ICI Australia/Orica group, he held a number of senior positions, including Managing Director of Dulux Australia, Chairman of Incitec Ltd, Director of Incitec Pivot Ltd and Chief Executive of Orica Mining Services. He was an Executive Director of the Orica Group from 1997 until March 2012.

Mr Liebelt is also Chairman and Director of DuluxGroup Limited and a Director of Australia and New Zealand Banking Group Limited, Australian Foundation Investment Company Ltd and Carey Baptist Grammar School. He is a Fellow of the Australian Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors. He is based in Australia.

#### Directorships of listed entities within the past three years:

- Director of Australia and New Zealand Banking Group Limited (since July 2013)
- Director of Australian Foundation Investment Company Ltd (since June 2012)
- Chairman of DuluxGroup Limited (since June 2018) and Director (since June 2016)

#### Board Committee membership

- Chairman of the Executive Committee
- Chairman of the Nomination Committee
- Member of the Audit and Compliance Committee
- Member of the Human Resources Committee

#### Term of office

- Director since April 2012
- Chairman since December 2013



## Dr Armin Meyer

(Dr. Sc. Techn. Dipl. El. Ing. ETH)

### Independent Non-Executive Director and Deputy Chairman

#### Qualifications and experience

From 2000 to 2009, Dr Meyer was the Chairman of the Board of Ciba Ltd. He was also Chief Executive Officer of that company between 2001 and 2007. From 1995 until 2000, Dr Meyer was Executive Vice President of ABB Ltd and a member of that group's executive committee. Until April 2013, Dr Meyer was a Director of Zurich Financial Services, a global insurance company and was, until the end of 2011, a member of the executive committee and the foundation Board of the International Institute for Management Development, IMD, in Lausanne, Switzerland. Dr Meyer is a former Director of Bracell Limited, a specialty cellulose producer which was listed on the Hong Kong Stock Exchange.

Dr Meyer is a qualified electrical engineer with a PhD from the Swiss Federal Institute of Technology. He is based in Switzerland.

#### Directorships of listed entities within the past three years:

- Director of Bracell Limited (formerly Sateri Holdings Ltd) (June 2014 – October 2016)

#### Board Committee membership

- Chairman of the Human Resources Committee
- Member of the Nomination Committee
- Member of the Executive Committee

#### Term of office

- Director since April 2010
- Deputy Chairman since December 2013



## Ron Delia

(MBA, BSc)

### Managing Director and Chief Executive Officer

#### Qualifications and experience

Mr Delia joined Amcor in 2005. He was appointed to his current role in April 2015 and is based in Zurich. His former positions at Amcor have been: Executive Vice President Finance and Chief Financial Officer, Amcor Ltd (2011–2015) based in Melbourne; Vice President and General Manager, Amcor Rigid Plastics Latin America (2008–2011) based in Miami; Executive Vice President Corporate Operations, Amcor Ltd (2005–2008) based in Melbourne and Brussels. Prior to joining Amcor, Mr Delia was an Associate Principal, McKinsey & Company based in New York and also held senior commercial roles in American National Can Co., based in New Jersey.

#### Board Committee membership

- Member of the Executive Committee

#### Term of office

- Appointed Managing Director and Chief Executive Officer April 2015



# The Board of Directors and Company Secretary (continued)

## Paul Brasher

(BEC (Hons), FCA)

### Independent Non-Executive Director

#### Qualifications and experience

Mr Brasher is Chairman of Incitec Pivot Limited, Deputy Chairman of Essendon Football Club and a member of the board of not-for-profit organisation, Teach for Australia. Mr Brasher is a former Non-Executive Director of Perpetual Limited (2009–2015) and was Chairman of that company's Audit, Risk and Compliance Committee and a member of the People and Remuneration Committee and the Nomination Committee. From 1982 to 2009, Mr Brasher was a partner of PricewaterhouseCoopers (PwC), including four years as the Chairman of the Global Board.

Mr Brasher's former roles include: Chairman of the Reach Foundation, Chairman of the National Gallery of Victoria's Business Council, member of the Committee for Melbourne, board member of Asialink, a trustee of the Victorian Arts Centre Trust and member of the Committee for Economic Development of Australia. He is based in Australia.

#### Directorships of listed entities within the past three years:

- Chairman, Incitec Pivot Limited (since June 2012) and Director (since September 2010)
- Director of Perpetual Limited (2009–2015)

#### Board Committee membership

- Chairman of the Audit and Compliance Committee
- Member of the Executive Committee

#### Term of office

- Director since January 2014

## Eva Cheng

(BA (Hons), MBA)

### Independent Non-Executive Director

#### Qualifications and experience

Mrs Cheng is a former Executive Vice President of Amway Corporation responsible for Greater China and South-East Asia (2005–2011). She led Amway's market launch in China in 1991 and held its Executive Chairman position for 20 years. In 2008 and 2009, she was twice named in the 'World's 100 Most Powerful Women' by Forbes Magazine.

Mrs Cheng is currently an Independent Non-Executive Director of Trinity Limited (since November 2011), Nestlé S.A. (since April 2013) and Haier Electronics Group Company Limited (since June 2013) and an Executive Director of the non-profit organisation, Our Hong Kong Foundation (since January 2015).

Mrs Cheng previously held positions with Amway (Malaysia) Holdings Berhad (June 2005 – June 2014), Esprit Holdings Ltd (December 2012 – June 2014) and The Link Management Limited (February 2014 – January 2015). She is based in Hong Kong.

#### Directorships of listed entities within the past three years:

- Director of Trinity Limited (since November 2011)
- Director of Nestlé S.A. (since April 2013)
- Director of Haier Electronics Group Company Limited (since June 2013)

#### Board Committee membership

- Member of the Audit and Compliance Committee

#### Term of office

- Director since June 2014

## Karen Guerra

(BSc)

### Independent Non-Executive Director

#### Qualifications and experience

Mrs Guerra has held senior executive positions in Europe, including President and Director General of Colgate Palmolive France and Chairman and Managing Director of Colgate Palmolive UK Ltd. Mrs Guerra is currently a Director of Davide Campari-Milano S.p.A and Electrocomponents PLC. Mrs Guerra was formerly a Non-Executive Director of Paysafe PLC, Inchcape PLC, Samlerhuset BV and Swedish Match AB.

Mrs Guerra holds a degree in Management Sciences from the University of Manchester and is based in Switzerland.

#### Directorships of listed entities within the past three years:

- Director of Electrocomponents PLC (since January 2013)
- Director of Davide Campari-Milano S.p.A (since April 2010)
- Director of Paysafe PLC (March 2017 – December 2017)
- Director of Swedish Match AB (April 2008 – April 2015)

#### Board Committee membership

- Member of the Human Resources Committee
- Member of the Nomination Committee

#### Term of office

- Director since April 2010



## Nicholas (Tom) Long

(BA, MBA)

### Independent Non-Executive Director

#### Qualifications and experience

Mr Long is the retired Chief Executive Officer of MillerCoors, LLC, the second largest beer company in the United States. Prior to the 2008 merger of Miller and Coors, he was CEO of Miller Brewing Company. During 17 years at The Coca-Cola Company, he held a variety of positions, including in Strategic Marketing Global Brands, President of Coca-Cola's Great Britain & Ireland business and President of the Northwest Europe Division. Before Coca-Cola, he worked for The Interpublic Group at McCann-Erickson Advertising.

Mr Long is a Non-Executive Director and member of the Compensation and Governance Committees of Wolverine World Wide, Inc, a global marketer of branded footwear. He is based in the United States.

#### Directorships of listed entities within the past three years:

- Director of Wolverine World Wide, Inc. (since July 2011)

#### Board Committee membership

- Member of the Human Resources Committee

#### Term of office

- Director since June 2017

## Jeremy Sutcliffe

(LLB (Hons), OAMP, MAICD)

### Independent Non-Executive Director

#### Qualifications and experience

Mr Sutcliffe has been the CEO of two ASX Top 100 companies. He is a qualified lawyer in Australia and the UK and has held positions with Baker & McKenzie Solicitors, London and Sydney (1982–1986), Sims Metal Management Limited and associated companies (1987–2009, including as Group CEO 2002–2008), and with CSR Limited as Interim Managing Director and CEO (April 2010 – December 2010).

Mr Sutcliffe is a member of the Advisory Board of Veolia Environmental Services Australia Pty Ltd and a former Director of the Australian Rugby League Commission Limited. He is based in Australia.

#### Directorships of listed entities within the past three years:

- Director of Orora Limited (since December 2013)
- Chairman of CSR Limited (July 2011 – May 2018) and Director (December 2008 – May 2018)

#### Board Committee membership

- Member of the Human Resources Committee

#### Term of office

- Director since October 2009

## Julie McPherson

(Dip Law SAB, M AppFin, LLM)

### Company Secretary and Group General Counsel

#### Qualifications and experience

Mrs McPherson was admitted as a solicitor in NSW and Victoria and admitted to practice in the High Court of Australia.

Prior to joining Amcor, Mrs McPherson held executive, legal and commercial positions, including Company Secretary and General Counsel at Goodman Fielder Ltd, Deputy Managing Director of Dresdner Kleinwort Benson and Partner, Corrs Chambers Westgarth. She is based in Australia.

#### Other directorships and offices (current and recent):

- Member of the Federal Government's Takeovers Panel (March 2011 – March 2014)
- Member of the Law Committee of AICD (since 2006)

#### Term of office

- Company Secretary since April 2005



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# Directors' Report

Your Directors present their report together with the Financial Report of Amcor Limited, being the Company and its controlled entities, for the year ended 30 June 2018 and the independent audit report thereon.

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# Directors' Report

## Statutory matters

### Board of Directors

The following persons were Directors of Amcor Limited at any time during the financial year and up to the date of this report:

G R (Graeme) Liebelt

A (Armin) Meyer

R S (Ron) Delia

P V (Paul) Brasher

E (Eva) Cheng

K J (Karen) Guerra

N T (Tom) Long

J L (Jeremy) Sutcliffe

J G (John) Thorn

(retired effective 1 November 2017)

The qualifications, experience, special responsibilities of Directors, and other directorships held by them during the previous three years, are set out on pages 31 to 33 of this report.

### Company Secretaries

J F (Julie) McPherson was the Company Secretary of Amcor Limited during the whole of the financial year and up to the date of this report. Her qualifications and experience are set out on page 33 of this report.

Mr Ryan Hellman, BE (Hons) LLB (Hons), was appointed as an additional Company Secretary with effect from 12 December 2016. Mr Hellman also holds the position of Senior Legal Counsel and is based in Melbourne, Australia. Prior to joining Amcor, Mr Hellman was a Senior Associate within the Corporate/M&A practice group of global law firm, K&L Gates.

### Officers

The names and roles of other officers of the Company during the year are disclosed in Table 10 in section 3 of the Remuneration report on page 48 of this report.

Table 1: Directors' meetings held between 1 July 2017 and 30 June 2018

	Board		Executive Committee		Audit & Compliance Committee		Human Resources Committee		Nomination Committee <sup>(1)</sup>	
	A	B	A	B	A	B	A	B	A	B
Scheduled meetings	10		2		4		4		-	
Unscheduled meetings	2		1		-		-		-	
P V Brasher	12	12	3	3	4	4	-	-	-	-
E Cheng	11	12	-	-	3	3	-	-	-	-
R S Delia	12	12	3	3	4 <sup>(2)</sup>	-	4 <sup>(2)</sup>	-	-	-
K J Guerra	11	12	-	-	-	-	4	4	-	-
G Liebelt	12	12	3	3	4	4	4	4	-	-
N T Long	12	12	-	-	-	-	3 <sup>(2)</sup>	2	-	-
A Meyer	12	12	3	3	-	-	4	4	-	-
J L Sutcliffe	11	12	-	-	-	-	4	4	-	-
J G Thorn <sup>(3)</sup>	3	3	2	2	1	1	-	-	-	-

(1) All Nomination Committee matters were dealt with by the full Board during the financial year.

(2) Indicates that a Director is not a member of a specific committee and attended by invitation.

(3) Retired as a Director effective 1 November 2017.

A Number of meetings attended.

B Number of meetings held during the time the Director held office or was a member of the committee during the year.

# Directors' Report

## Statutory matters (continued)

### Principal activities

The general activities of the consolidated entity (comprising Amcor Limited and its controlled entities) are set out on pages 12 to 18 of this report. There were no significant changes in the nature of the principal activities of the consolidated entity during the year under review.

### Operating and Financial Review

An operating and financial review of the consolidated entity during the financial year and the results of these operations, including any significant changes in the state of affairs of the consolidated entity, are contained on pages 12 to 30 of this report.

### Dividends

Dividends paid or determined to be paid by the Company to members during the financial year are set out in Note 1.2 to the financial statements.

### Events subsequent to the end of the financial year

On 6 August 2018, Amcor announced that, with the unanimous approval of the Board, it had entered into a definitive agreement under which Amcor will acquire Bemis Company, Inc. in an all-stock combination. The combination will be effected through a merger of Amcor and Bemis into a newly created holding company and is anticipated to be completed during the first quarter of calendar year 2019.

On 21 August 2018, the Company announced a restructuring program in the Rigid Plastics business. Total after-tax costs are expected to be between USD 50 million and USD 60 million (pre-tax USD 60 million and USD 70 million). The majority of these costs will be incurred in the 2018/19 financial year, and will be excluded from underlying earnings.

### Likely developments

The Operating and Financial Review on pages 12 to 30 of this report contains information on Amcor's business strategies and prospects for future financial years and refers to likely developments in Amcor's operations and the expected results of these operations in future financial years. Detail that could give rise to likely material detriment to Amcor, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, has not been included. Information on likely developments in Amcor's business strategies, prospects and operations for future financial years and the expected results of those operations has not been included in this report where the Directors believe it would be likely to result in unreasonable prejudice to Amcor.

### Environmental performance and reporting

Commentary regarding the Company's performance on environmental regulations is outlined in the Operating and Financial Review – Sustainability section on pages 23 to 25. The Company also publishes a Sustainability Review annually which is available at [www.amcor.com/sustainability](http://www.amcor.com/sustainability).

Amcor currently participates in the European Union's Emissions Trading Scheme, the 'Climate Change Agreements' program in the UK, the 'Covenants' program in Belgium and the Swiss Emissions Trading Scheme. Amcor also pays carbon taxes in any countries where they are applicable.

The Australian business of the Company is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*, which requires the Australian business to report its annual greenhouse gas emissions and energy use.

There were no material breaches of environmental regulations and specific requirements of site environmental licences identified across all of the consolidated entity's operations in the 2017/18 financial year.

## Table 2: Directors' interests

The relevant interest of each Director in the share capital of the Company at the date of this report is as follows:

Name	Balance at date of 2017 Annual Report	Received during the year on the exercise of rights and options	Other changes during the year	Balance as at the date of this report
<b>Directors of Amcor Limited</b>				
G R Liebelt	63,490	-	-	63,490
A Meyer	50,000	-	-	50,000
R S Delia	700,000	195,532	(70,532)	825,000
P V Brasher	15,000	-	6,769	21,769
E Cheng	1,118	-	10,042	11,160
K J Guerra	46,721	-	-	46,721
N T Long	-	-	4,000	4,000
J L Sutcliffe	61,366	-	1,045	62,411

## Table 3: Unissued shares under option

Unissued ordinary shares of Amcor Limited under option at the date of this report are:

Date options granted	Expiry date	Exercise price of options (AUD) <sup>(1)</sup>	Number under option
9/12/2011	30/11/2018	5.81	110,400
30/11/2012	31/10/2019	6.09	114,300
20/11/2013	30/10/2020	9.31	418,800
9/05/2014	30/10/2020	9.31	16,100
24/11/2014	29/10/2021	10.28	3,413,642
11/05/2015	29/10/2021	10.28	17,700
4/10/2016	31/10/2022	15.30	4,582,296
1/06/2017	31/10/2022	15.30	167,700
13/11/2017	31/10/2023	15.87	5,196,300
6/04/2018	31/10/2023	15.87	117,400
<b>Total</b>			<b>14,154,638</b>

(1) The exercise prices of certain options were amended as a result of the demerger of the Orora business. The method of adjustment was disclosed in the demerger booklet and approved by shareholders. New exercise price = exercise price pre-demerger – AUD 1.22 (Orora five-day VWAP).

### Shares issued on exercise of options

There were no ordinary shares of Amcor Limited issued during the year ended 30 June 2018 on the exercise of options granted.

### Indemnification and insurance of officers

The Company has agreements with each of the Directors of the Company in office at the date of this report, all former Directors and certain present and former officers of the Company, indemnifying these officers against any liability to any person other than the Company or a related body corporate that may arise from their acting as officers of the

Company notwithstanding that they may have ceased to hold office. There is an exception where the liability arises out of conduct involving a lack of good faith or is otherwise prohibited by law.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses and insurance contracts, as such disclosure is prohibited under the terms of the contracts.

# Directors' Report

## Statutory matters (continued)

### Non-audit services

During the year, PricewaterhouseCoopers (PwC), the Company's auditors, performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Compliance Committee to ensure they do not impact upon the impartiality and objectivity of the auditor. In particular, all non-audit services are approved in accordance with the non-audit services delegations and approvals framework and reported to the Audit and Compliance Committee at each meeting.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the Directors' Report on page 53.

Details of the amounts paid to PwC and its related practices for audit and non-audit services provided during the year are set out in Note 6.1 to the Financial statements on page 108.

The non-audit services provided by PwC mostly relate to taxation advice and compliance services. The Company's considerable global reach is such that it is critical that the Company can obtain external tax advice across a number of relevant jurisdictions. In many cases it is both efficient and effective to source such advice from a single service provider. Further, PwC has been providing tax advice since the year 2000. This pre-dates their appointment as the Company's auditor and, consequently, their historical knowledge is of material value to the Company.

In each of the above cases, the engagement of PwC was made on its merits (based on service level, knowledge and expertise, cost as well as geographical spread) and after careful consideration of the factors noted above.

### Rounding off

The Company is of a kind referred to in Instrument 2016/191 dated 24 March 2016 issued by the Australian Securities and Investments Commission. In accordance with that Instrument, amounts in the financial statements and the Directors' report have been rounded off to the nearest USD 100,000 or, where the amount is USD 50,000 or less, to zero, unless specifically stated.

### Loans to Directors and senior executives

Information on loans to Directors and senior executives, including amounts, interest rates and repayment terms, is set out in Note 5.3 to the financial statements.

### Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place in order to meet the interests of shareholders.

The Company complies with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* 3rd Edition ('the ASX Principles'). Amcor's Corporate Governance Statement, which summarises the Company's corporate governance practices and incorporates the disclosures required by the ASX Principles, can be viewed at [www.amcor.com/investors/corp.gov/statement](http://www.amcor.com/investors/corp.gov/statement).

### Declaration

This Directors' Report is made in accordance with a resolution of the Directors, dated at Melbourne, in the State of Victoria, on 21 August 2018.



**Graeme Liebelt**  
Chairman



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# Directors' Report

## Remuneration report

Dear Shareholder,

A competitive remuneration program is essential to attracting, retaining and motivating talented executives, and so is integral to the Company's talent management strategy.

Amcor operates in over 40 countries, and has a leadership group made up of many nationalities working in various locations around the world. Our programs must stand up to competition from other leading companies anywhere in the world.

Amcor continues to develop the leadership capabilities it requires to best serve its customers and other stakeholders, and deliver on its ambitious plans for growth and value creation.

The Board believes that Amcor's remuneration programs continue to be well aligned and incentivise strong operational performance and the creation of value for shareholders. For this reason, there has been no change this year in our approach to remunerating Amcor executives.

I am pleased to present this Remuneration report to you on behalf of the Board.



**Dr Armin Meyer**

Chairman, Human Resources Committee

# Directors' Report

## Remuneration report (continued)

### Introduction and summary of contents

The Directors of Amcor Limited ('Amcor' or the 'Company') present the Remuneration report prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*. All numbers in this report are expressed in US dollars unless stated otherwise.

### Key management personnel

For the purpose of this report, Key Management Personnel (KMP) are members of the leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. They include all Directors of the Board (executive and non-executive).

The use of the term Senior Executives in this report is a reference to direct reports of the CEO who are also KMP.

### Structure of this report

Amcor's 2018 Remuneration report is divided into the following sections:

1. Overview of Amcor's executive remuneration arrangements
2. CEO and Senior Executive performance-based variable incentive plan outcomes
3. CEO and Senior Executive remuneration
4. CEO and Senior Executive service agreements
5. Non-Executive Directors' remuneration
6. Transactions with KMP

## 1. Overview of Amcor's executive remuneration arrangements

### Remuneration strategy

At Amcor, remuneration for the CEO and Senior Executives is determined by reviewing what is generally paid for similar roles in relevant markets around the world. Amcor is an international company made up of a diverse group of Senior Executives working in a range of different countries outside of Australia (no Senior Executives listed in this report are based in Australia). Furthermore, their responsibilities extend beyond their own geographic location. This requires Amcor to attract and retain a CEO and Senior Executives who are global leaders with the experience and ability to perform in this environment.

This creates a challenge in our remuneration market benchmarking, in particular against the Australian market. When remuneration data is obtained from Australian companies it needs to be carefully selected to make certain it contains data from companies with a significant presence overseas (like Amcor) and is based on executives with global or regional responsibilities. Therefore, although it is important to understand and consider general market practice in Australia, reference to selected overseas markets is more relevant in determining competitive pay structures for Amcor executives. This approach is important given the remuneration and talent implications.

### Remuneration principles

The principles of Amcor's executive remuneration strategy, frameworks and programs are designed to:

- align remuneration to business strategy and outcomes that deliver value to shareholders;
- drive a high performance culture by setting challenging objectives and rewarding high-performing individuals; and
- assure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

### Overview of remuneration arrangements

We remunerate the CEO and Senior Executives using a combination of fixed and variable plans, with a greater emphasis on variable performance-based plans. Performance metrics are carefully selected to assure alignment with business imperatives and the delivery of shareholder value.

Table 1: Overview of remuneration arrangements for the CEO and Senior Executives

		% of total	
		CEO	Senior Executives <sup>(2)</sup>
<b>Fixed<sup>(1)</sup></b>		<b>33%</b>	<b>42%</b>
<b>Variable or 'at risk'</b>			
<b>Short Term Incentive (STI) Cash</b>		<b>22%</b>	<b>17%</b>
Purpose	Reward the achievement of annual business objectives.		
Term	1 year		
Instrument	Cash		
Performance conditions <sup>(3)</sup>	5% Safety		
	55–75% Financial (Earnings per share (EPS), Profit before Interest and Tax (PBIT), Cash Flow, Working Capital, Return on Average Funds Employed (RoAFE))		
	20–40% Priority project goals linked to strategic initiatives		
Why these were chosen	To incentivise continuous safety improvement; successful and sustainable financial business outcomes; and annual objectives that drive long-term business success and sustainability.		
<b>Short Term Incentive (STI) Deferred Equity</b>		<b>11%</b>	<b>9%</b>
Purpose	Defer a portion of the STI to build equity ownership; align management incentives with shareholder value creation; and act as a retention incentive.		
Term	2 years (following payment of cash STI)		
Instrument	Share Rights		
Performance conditions	Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause).		
Why these were chosen	To provide a mid-term retention incentive based on impact on business performance.		
<b>Long Term Incentive (LTI)</b>		<b>34%</b>	<b>32%</b>
Purpose	Reward the achievement of long-term sustainable business outcomes and consistent with the company's objective of value creation for shareholders.		
Term	3 years		
Instrument	Options and Performance Rights (Performance Shares are awarded to US participants in place of Performance Rights)		
Performance conditions <sup>(3)</sup>	Half the vesting outcome is determined based on average constant currency EPS growth (5% p.a. = 50% vesting; 8% p.a. = 100% vesting) with a condition that RoAFE is at or above 18%.		
	Half the vesting outcome is based on relative Total Shareholder Return (TSR) performance against two peer groups; an ASX-based group and international packaging group (50th percentile = 50% vesting; 75th percentile = 100% vesting).		
	Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause).		
Why these were chosen	The combination of EPS with a RoAFE condition assures that management is rewarded for achieving profitable growth while sustaining strong returns. The use of relative TSR provides a shareholder perspective of the Group's relative performance against comparable companies both in Australia and internationally.		

## Directors' Report

# Remuneration report (continued)

		% of total	
		CEO	Senior Executives <sup>(2)</sup>
<b>Retention Share/Payment Plan<sup>(4)</sup></b>		-	- <sup>(4)</sup>
Purpose	Used on a limited basis at recruitment to replace existing entitlements from previous employers or as retention awards to selected executives.		
Term	Up to 5 years		
Instrument	Shares or cash		
Performance conditions	Time restricted and continuation of employment (subject to forfeiture in the event of voluntary termination or termination for cause).		
Why these were chosen	To provide a retention incentive when required.		

(1) Consists of base salary, retirement and other benefits. Retirement benefits are delivered under defined contribution funds for all new executives. These and other benefits are set by reference to regulatory and salary market requirements in the relevant employing jurisdictions.

(2) Represents an aggregate across all Senior Executives. Individual percentage splits per individual are as follows: M Casamento 40/17/9/34; P Konieczny 42/17/8/33; M Schmitt 41/17/9/33; IG Wilson 44/19/9/28.

(3) Performance conditions are assessed using both quantitative and qualitative assessments. All financial performance conditions are determined on an after significant items basis. The Board may apply discretion to exclude significant items for the purposes of determining outcomes under financial performance conditions. The outcomes for the CEO and Senior Executives are reviewed and approved by the Human Resources Committee. This approach provides appropriate oversight and a rigorous review of the outcomes.

(4) During the year to 30 June 2018, an award was made to M Schmitt under the Retention Share/ Payment Plan instead of his participation in the LTI. The shares are subject to certain conditions specific to M Schmitt. The FY18 annualised value of that award is included in the calculation of the overall proportion of LTI amongst Senior Executives. The value of the award to M Schmitt represented 33% of his total remuneration and is consistent with the proportion of remuneration attributed to LTI for other Senior Executives.

**Table 2: Equity related remuneration policies**

Hedging of securities	Minimum shareholding policy	Share trading policy	Clawback policy
The CEO and Senior Executives are prohibited from engaging in hedging arrangements over unvested securities issued under any employee share plan. This extends to vested securities over which the Minimum Shareholding Policy applies (Note: no Non-Executive Directors participate in our employee share plans).	To strengthen alignment of the interests of the CEO and Senior Executives with value creation for shareholders, the CEO and Senior Executives must build and maintain a minimum shareholding of Amcor shares. The CEO is required to build and maintain a shareholding equivalent to 100% of base salary; Senior Executives are required to build and maintain a shareholding equivalent to 50% of base salary.	The Board has implemented blackout periods during which the Directors, CEO, Senior Executives and co-workers are prohibited from trading in Amcor shares. Further detail is provided in the Corporate Governance Statement available on the Amcor website. The Share Trading Policy reminds all co-workers of the insider trading prohibition under the Corporations Act.	Allows the Board to cancel awards in the event of fraud, dishonesty, breach of obligations, financial misstatements, or if awards were made on the basis of a misrepresentation or an omission, or on the basis of facts or circumstances that were later proven to be untrue or inaccurate.

## Remuneration governance

### The Human Resources Committee

The Human Resources Committee is responsible for determining and agreeing with the Board a framework for the remuneration of the CEO and Senior Executives. This is to assure that the CEO and Senior Executives are motivated to pursue the long-term growth and success of the Company and that there is a clear relationship between performance and remuneration. The Committee is also responsible for reviewing talent management processes and programs to assure that Amcor's leaders are of world-class quality and that succession depth for key leadership roles is sufficient to deliver sustainable business success.

Where appropriate, the Human Resources Committee seeks advice from independent remuneration consultants in determining appropriate Senior Executive remuneration. In 2018, the Committee sought input from independent remuneration consultants. This advice did not form a remuneration recommendation as defined in the Act.

## 2. CEO and Senior Executive performance-based variable incentive plan outcomes

The following section provides an overview of performance-based variable incentive plan outcomes for 2018:

### Short Term Incentive (STI)

Details of the range of potential STI cash payments, the proportion to be received at 'target' performance, actual payments made and the amounts forfeited by the CEO and Senior Executives in respect of the 2018 financial year are shown in Table 4 below. The actual outcomes are based on the performance of the CEO and Senior Executives against a selected range of safety, financial and priority project goals both on an Amcor and business group level. Table 3 below also includes a more detailed analysis of the targets and outcome for the CEO. The scorecards for other Senior Executives are also primarily financial based and consist of business unit specific financial targets. Given commercial sensitivities around these targets, the details of actual targets and outcomes have not been disclosed.

Table 3: STI performance outcomes

Name	Safety (weighting = 5%)	Financials (weighting = 75%)	Priority project goals (weighting = 20%)
<b>Executive Directors</b>			
R S Delia	<b>Target not met</b>  Although Amcor's recordable case frequency rate remained at world-class standards, it did not meet the required improvement target.	<b>Target partly met</b>  EPS for the year was US 60.5 cents on a constant currency ongoing operations basis; cash flow was USD 721 million; returns were 19%.	<b>Target partly met</b>  Included initiatives on growth and organisation development. These goals were partly met.

Table 4: STI cash and deferred equity awards

Name	STI % range (as % of TFR/ base salary)	STI % at target	STI payment (USD)	Paid in year (as % of maximum STI)	Forfeited in year (as % of maximum STI)	Deferred equity awarded (USD)	Deferred equity awarded (No. rights) <sup>(1)</sup>
<b>Executive Directors</b>							
R S Delia <sup>(2)</sup>	0% to 120% of base salary	80%	268,713	14%	86%	134,357	12,605
<b>Senior Executives</b>							
M Casamento	0% to 100% of base salary	50%	170,286	22%	78%	85,143	7,812
P Konieczny	0% to 100% of base salary	50%	200,362	19%	81%	100,181	9,192
M Schmitt	0% to 100% of base salary	50%	130,545	13%	87%	65,272	6,123
I G Wilson	0% to 100% of base salary	50%	221,488	25%	75%	110,744	10,173

(1) The cash and deferred equity awarded are usually paid and granted during the month of September following the determination of the STI. Equity allocations were determined based on the volume weighted average price (VWAP) of Amcor Limited shares for the five trading days prior to 30 June 2018 (AUD 14.45 per share). Where bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five day period was applied to determine the Australian dollar equivalent.

(2) In accordance with ASX Listing Rule 10.14, the Company sought and received approval from shareholders for the issue of deferred equity Share Rights to Mr Delia.

# Directors' Report

## Remuneration report (continued)

### Long Term Incentive (LTI)

The following table illustrates Amcor's performance against the key metrics that exist in the LTI plans awarded to the CEO and Senior Executives. Amcor's relative TSR performance against a group of comparable companies determines the level of Performance Rights that vest; while RoAFE performance determines the level of Options that vest, although an improvement in share price is also required before any rewards are delivered. The use of Options assures there is a strong correlation between rewards for management and shareholder returns. The following table shows the performance outcomes for the LTI plans that vested during the year. TSR performance was below the 50th percentile and therefore the performance rights under this award will not vest.

**Table 5: LTI plans assessed for vesting during the year (relating to the 4-year performance period ending in 2018)**

Performance Rights					Options				
Relative TSR performance (percentile ranking)					Underlying RoAFE (%) & share price increase				
Grant year	Performance at vesting				Grant year	Performance at vesting			
	min	max	ASX comparator group	International comparator group		min	max	RoAFE	Share price increase since grant
2015	50	75	48	38	2015	15.7	18.2	19.0	Yes

**Table 6: Shareholder return information over the past five financial years**

	2014	2015	2016	2017	2018
Net profit before significant items after tax (USD million)	677.8 <sup>(1)</sup>	680.3	671.1	701.2	<b>724.0</b>
Basic EPS before significant items (US cents)	56.2 <sup>(1)</sup>	56.6	57.7	60.6	<b>62.6</b>
Dividend paid (USD million)	448.1	472.4	466.7	480.7	<b>515.5</b>
Dividends per share (US cents)	39.2 <sup>(2)</sup>	40.0	41.0	43.0	<b>45.0</b>
Opening share price at 1 July (AUD)	10.14	10.43	13.72	14.93	<b>16.21</b>
	(1.22) <sup>(3)</sup>				
Change in share price (AUD)	1.51	3.29	1.21	1.28	<b>(1.80)</b>
Closing share price at 30 June (AUD)	10.43	13.72	14.93	16.21	<b>14.41</b>
Total Shareholder Return (TSR) % pa <sup>(4)</sup>	19.4	36.6	12.8	12.3	<b>(7.5)</b>
On-market share buy-back (USD million)	-	295.6	204.1	-	<b>-</b>

(1) Represents results for continuing operations only (i.e. excluding Orora)

(2) Includes a 3.0 cent dividend paid by Orora immediately following the Demerger and assumes that the shareholder retained the Orora share and received the dividend.

(3) An adjustment was made to the Amcor share price in the 2014 column of this table to reflect the value received by shareholders (in the form of Orora shares) following the Demerger. This approach intends to provide a more accurate representation of Amcor's share price performance and TSR during this period. The adjustment was based on the VWAP of Orora shares on first five days of listing on ASX.

(4) Total Shareholder Return (TSR) is calculated as the change in share price for the year, plus dividends announced for the year, divided by opening share price.

### 3. CEO and Senior Executive remuneration

Table 7 details awards granted that are still in progress or those that were tested during 2018 which impact the remuneration received by the CEO and Senior Executives for the year ended 30 June 2018:

**Table 7: Grants of options and rights affecting remuneration**

Grant year	Grant type	Instrument	Vesting condition(s)	Performance/ Vesting period	Status
2015 <sup>(1)</sup>	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> <li>Return on average funds employed</li> <li>Relative TSR performance to comparator group</li> <li>Share price increase</li> <li>Continuous service</li> </ul>	31 October 2018	Testing completed. This resulted in 100% of Options and 0% of Performance Rights vesting.
2016 <sup>(2)</sup>	Short Term Incentive Deferred Equity	Share Rights	<ul style="list-style-type: none"> <li>Continuous service</li> </ul>	1 September 2017	Vested in full.
2017 <sup>(3)</sup>	Short Term Incentive Deferred Equity	Share Rights	<ul style="list-style-type: none"> <li>Continuous service</li> </ul>	1 September 2018	In progress.
	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> <li>Earnings per share with a return on average funds employed gateway</li> <li>Relative TSR performance to comparator group</li> <li>Share price increase</li> <li>Continuous service</li> </ul>	31 October 2019	In progress.
2018 <sup>(4)</sup>	Short Term Incentive Deferred Equity	Share Rights	<ul style="list-style-type: none"> <li>Continuous service</li> </ul>	1 September 2019	In progress.
	Long Term Incentive	Options and Performance Rights	<ul style="list-style-type: none"> <li>Earnings per share with a return on average funds employed gateway</li> <li>Relative TSR performance to comparator group</li> <li>Share price increase</li> <li>Continuous service</li> </ul>	31 October 2020	In progress.

(1) The grant of the Long Term Incentive Award occurred on 24 November 2014.

(2) The Short Term Incentive Deferred Equity Award was granted on 1 September 2015.

(3) The Short Term Incentive Deferred Equity Award was granted on 1 September 2016, whilst the Long Term Incentive Award was granted on 4 October 2016.

(4) The Short Term Incentive Deferred Equity Award was granted on 1 September 2017, whilst the Long Term Incentive Award was granted on 13 November 2017.

Refer to section 5 of the financial statements for further information regarding the terms and conditions of the awards.

# Directors' Report

## Remuneration report (continued)

Table 8: Details of awards granted, vested and exercised

The following table illustrates the movements in options, performance rights, and share rights granted to the CEO and Senior Executives during the period, including details of ordinary shares provided in the Company as a result of the exercise of those options, performance rights and share rights:

Name	Number					
	Opening balance	Granted during the year <sup>(1),(2)</sup>	Exercised during the year <sup>(3)</sup>	Lapsed/cancelled during the year <sup>(4)</sup>	Closing balance <sup>(5)</sup>	Vested during the year
<b>Executive Directors</b>						
<b>R S Delia</b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	112,560	49,413	38,576	-	123,397	38,576
Long Term Incentive Awards:						
– Options	1,194,400	632,900	310,100	-	1,517,200	310,100
– Performance Rights	259,100	124,300	27,584	58,616	297,200	27,584
<b>Senior Executives</b>						
<b>M Casamento</b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	35,878	17,133	8,342	-	44,669	8,342
Long Term Incentive Awards:						
– Options	191,400	251,100	-	-	442,500	-
– Performance Rights	36,200	49,300	-	-	85,500	-
<b>P Konieczny</b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	68,809	40,165	27,899	-	81,075	27,899
Long Term Incentive Awards:						
– Options	858,400	350,700	299,800	-	909,300	299,800
– Performance Rights	201,800	68,900	26,688	56,712	187,300	26,688
<b>M Schmitt<sup>(6)</sup></b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	83,983	26,721	39,493	-	71,211	39,493
Long Term Incentive Awards:						
– Options	1,059,500	-	323,100	426,200	310,200	323,100
– Performance Rights	244,600	-	28,768	132,532	83,300	28,768
<b>I G Wilson</b>						
Short Term Incentive Deferred Equity Awards						
– Share Rights	83,129	18,314	44,834	-	56,609	44,834
Long Term Incentive Awards:						
– Options	604,800	211,400	229,400	-	586,800	229,400
– Performance Rights	146,400	41,500	20,416	43,384	124,100	20,416

(1) The Long Term Incentive Awards were granted on 13 November 2017. Options granted had an exercise price of AUD 15.87 on grant, a fair value of USD 1.11 and will expire on 31 October 2023. Performance Shares or Performance Rights granted have a fair value of USD 6.58 and will expire on 31 October 2023. The Short Term Incentive Deferred Equity Awards were granted on 1 September 2017 and have a fair value of USD 11.34 and will expire on 1 September 2019. No exercise price is applicable to Share Rights or Performance Rights granted. No awards granted during the period vested during the period.

(2) The fair value of all awards granted during the period to the CEO and Senior Executives are as follows: R S Delia USD 2,119,040; M Casamento USD 811,847; P Konieczny USD 1,323,170; M Schmitt USD 3,294,543 and I G Wilson USD 728,734. For the Long Term Incentive, awards are only exercisable upon satisfaction of performance conditions after 1 July 2020. For the Short Term Deferred Equity, awards are exercisable on 1 September 2019.



- (3) The value of all awards exercised during the period by the CEO and each Senior Executive are as follows: R S Delia USD 2,494,808; M Casamento USD 107,467; P Konieczny USD 2,320,950; M Schmitt USD 2,564,855 and I G Wilson USD 2,078,438. These values represent awards that were exercised from a combination of different grants made in prior years.
- (4) During the year to 30 June 2018, 68% of the Performance Rights issued under the 2014 Long Term Incentive lapsed as they did not meet the performance conditions.
- (5) The total fair value of these grants is R S Delia USD 5,007,765; M Casamento USD 1,529,592; P Konieczny USD 3,156,329; M Schmitt USD 4,536,787 and I G Wilson USD 2,104,158. The minimum possible total value of the grants is nil if the applicable performance/vesting conditions are not met.
- (6) During the year to 30 June 2018, an award was made to M Schmitt under the Retention Share/ Payment Plan instead of his participation in the Long Term Incentive. The shares are subject to certain conditions specific to M Schmitt. Long Term Incentive awards formerly granted were withdrawn as part of this arrangement. These are shown in the lapsed/ cancelled column.

There are no additional Options or Rights over Amcor shares held by a close member of the family of the CEO or Senior Executives, or an entity over which the CEO or Senior Executives has either directly or indirectly control, joint control or significant influence during the period.

### Table 9: Ordinary shareholding

The following table details the number of Ordinary Shares in Amcor Limited held by the CEO and Senior Executives on 30 June 2018, either directly, indirectly or beneficially, including those held by a close member of the family of the CEO or Senior Executives, or an entity over which the CEO or Senior Executives or a close family member of the CEO or Senior Executives, has either direct or indirect control, joint control or significant influence, and the movement in such during the period:

Name	Number				Balance at 30 June 2018
	Balance at 1 July 2017	Movements during the period granted/received on exercise	Purchased	Sold	
<b>Executive Directors</b>					
R S Delia	700,000	195,532	25,000	95,532	825,000
<b>Senior Executives</b>					
M Casamento	6,132	8,342	10,418	-	24,892
P Konieczny	512,061	181,073	-	600,000	93,134
M Schmitt <sup>(1)</sup>	88,953	308,261	-	100,000	297,214
I G Wilson	264,286	161,340	-	161,340	264,286

- (1) During the year to 30 June 2018, an award was made to M Schmitt under the Retention Share/ Payment Plan instead of his participation in the LTI. The award amounted to 240,000 shares with half vesting after 2 years and the remainder vesting after 3 years. The shares are subject to certain conditions specific to M Schmitt. The estimated value of that award to the year ending 30 June 2018 amounted to USD 990,961 and represented 33% of M Schmitt's total remuneration; this is consistent with the proportion of remuneration attributed to LTI for other Senior Executives.

# Directors' Report

## Remuneration report (continued)

**Table 10: Remuneration of CEO and Senior Executives**

Table 10 shows the nature and amount of each component of remuneration received by the CEO and Senior Executives during the year ended 30 June 2018. Note that remuneration paid in foreign currency is converted to US dollars for the purposes of presentation in this report. This may result in movements from year to year in line with changes to foreign exchange rates.

Name	Position	Short-term employee benefits				Post-employment		Share-based payments <sup>(1)</sup>		Total employee compensation	
		Base salary	Non-monetary benefits	Relocation and expatriate expenses <sup>(2)</sup>	Bonus	Superannuation benefits	Other <sup>(3)</sup>	Cash settled	Equity settled		
<b>Executive Directors</b>											
R S Delia <sup>(3)</sup>	Managing Director and Chief Executive Officer	2018	1,548,165	81,668	594,680	268,713	270,190	1,177,292	272,094 <sup>(4)</sup>	1,413,851	5,626,653
		2017	1,496,075	142,199	547,737	1,233,368	300,000	1,054,091	-	1,272,233	6,045,703
<b>Other Key Management Personnel</b>											
M Casamento	Executive Vice President, Finance and Chief Financial Officer	2018	753,856	128,127	623,639	170,286	19,375	-	-	431,935	2,127,218
		2017	701,190	126,005	566,935	415,490	22,616	-	-	291,125	2,123,361
P Konieczny	President, Amcor Flexibles Europe, Middle East and Africa	2018	1,058,671	117,874	201,373	200,362	188,424	-	-	977,911	2,744,615
		2017	938,411	103,562	124,869	973,997	183,814	-	-	997,514	3,322,167
M Schmitt	President, Amcor Rigid Plastics	2018	1,036,206	75,350	-	130,545	169,052	-	-	1,678,433	3,089,586
		2017	996,103	63,467	-	666,975	189,767	-	-	1,130,918	3,047,230
I G Wilson	Executive Vice President, Strategy and Development	2018	893,250	152,087	-	221,488	-	-	-	657,317	1,924,142
		2017	816,671	146,205	-	450,851	-	-	-	787,881	2,201,608
<b>Total</b>		2018	5,290,148	555,106	1,419,692	991,394	647,041	1,177,292	272,094	5,159,447	15,512,214
		2017	4,948,450	581,438	1,239,541	3,740,681	696,197	1,054,091	-	4,479,670	16,740,068

(1) In addition to the equity granted under the Short Term Incentive Deferred Equity for the year ended 30 June 2018, the amounts disclosed as share-based payments above include both Short Term Incentive Deferred Equity and Long Term Incentive Awards for the years ending 30 June 2017, 2016, and 2015. Details of these awards can be found in past Annual Reports.

(2) The expenses associated with relocation and expatriate expenses may include a combination of (i) the costs of relocation, (ii) ongoing expatriate type benefits related to that relocation, and (iii) the tax that the Company is required to pay in order to provide those benefits. The tax component of these expenses was as follows: for Mr Delia – USD 242,903 in 2017 and USD 275,446 in 2018; for Mr Casamento – USD 169,688 in 2017 and USD 198,137 in 2018; for Mr Konieczny – USD 47,409 in 2017 and USD 59,045 in 2018.

(3) Mr Delia is required to cover all personal tax obligations based on the requirements determined by his home country (the United States) and any additional tax obligations (by virtue of his presence in other countries as required by the Company) are covered by the Company. These tax payments made by the Company generate foreign tax credits which may be recoverable by the Company in the future.

(4) This relates to a cash settled component of the 2015 LTI that vested during the year.

#### 4. CEO and Senior Executive service agreements

Remuneration and other terms of employment for the CEO and Senior Executives are formalised in service agreements. Specific information relating to the terms of the service agreements of the current CEO and Senior Executives is set out in the table below:

**Table 11: Summary of specific terms of Senior Executive service agreements**

<b>Name</b>	<b>Term</b>	<b>Notice period</b>	<b>Redundancy/termination payment</b>
R S Delia	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
M Casamento	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
P Konieczny	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
M Schmitt	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).
I G Wilson	Open	12 months	Greater of amount payable required by law and payment in lieu of notice (12 months' base salary).

#### 5. Non-Executive Directors' remuneration

##### Fee policy

The Non-Executive Director fee policy enables the Company to attract and retain high-quality Directors with relevant experience.

At the same time, the cost to the Company is managed in relation to the maximum aggregate fee limit. The current aggregate fee limit of AUD 3,000,000 was approved by shareholders at the 2011 Annual General Meeting. Although the following table presents fees in US dollars (consistent with the remainder of the report), the underlying contractual arrangements are in Australian dollars and are used as the basis for compliance with the fee limit.

Non-Executive Directors receive a fixed 'base' fee for their role as Board members, plus additional fees for members and chairs of committees. The Chairman does not receive additional fees for his involvement with Board committees.

The fee policy is reviewed periodically by the Human Resources Committee.

##### Performance-based remuneration and minimum shareholding

In order to maintain independence and impartiality, Non-Executive Directors do not receive performance-based remuneration and are not granted equity instruments by the Company as part of their compensation. They are however required, under the Company's Constitution, to hold or be the beneficial owner of a minimum of 1,000 shares in the Company during their period of office.

## Directors' Report

### Remuneration report (continued)

#### Non-Executive Directors' remuneration for the 2018 financial year

Table 12: Details of Non-Executive Directors' remuneration

USD		Post-employment			Total compensation
Non-Executive Directors	Salary and fees	Non-monetary benefits	Superannuation benefits		
G R Liebelt	<b>2018</b>	<b>484,627</b>	<b>1,727</b>	<b>15,538</b>	<b>501,892</b>
	2017	461,616	1,680	14,788	478,084
A Meyer	<b>2018</b>	<b>248,071</b>	<b>3,284</b>	<b>1,077</b>	<b>252,432</b>
	2017	235,945	2,534	396	238,875
P V Brasher	<b>2018</b>	<b>204,542</b>	<b>1,727</b>	<b>15,538</b>	<b>221,807</b>
	2017	194,838	1,680	14,788	211,306
E Cheng	<b>2018</b>	<b>190,249</b>	<b>2,605</b>	<b>4,861</b>	<b>197,715</b>
	2017	173,454	8,726	4,530	186,710
K J Guerra	<b>2018</b>	<b>194,462</b>	<b>3,284</b>	<b>704</b>	<b>198,450</b>
	2017	185,499	2,729	396	188,624
T Long	<b>2018</b>	<b>188,319</b>	<b>3,975</b>	<b>4,107</b>	<b>196,401</b>
	2017	7,462	-	-	7,462
J L Sutcliffe	<b>2018</b>	<b>179,627</b>	<b>1,727</b>	<b>15,538</b>	<b>196,892</b>
	2017	171,107	1,680	14,788	187,575
J G Thorn <sup>(1)</sup>	<b>2018</b>	<b>60,606</b>	<b>432</b>	<b>5,179</b>	<b>66,217</b>
	2017	175,061	1,680	11,396	188,137
<b>Total</b>	<b>2018</b>	<b>1,750,503</b>	<b>18,761</b>	<b>62,542</b>	<b>1,831,806</b>
	2017	1,604,982	20,709	61,082	1,686,773

(1) J G Thorn resigned as a Director effective from 1 November 2017.

Table 13: Details of Non-Executive Directors' ordinary shareholding

The following table details the number of Ordinary Shares in Amcor Limited held by each Non-Executive Director on 30 June 2018, either directly, indirectly or beneficially, including those held by a close member of the family of the Non-Executive Director, or an entity over which the Non-Executive Director or a close family member of the Non-Executive Director has either direct or indirect control, joint control or significant influence, and the movement in such during the period:

Name	Balance at 1 July 2017	Number Movements during the period		Balance at 30 June 2018
		Purchased	Sold	
<b>Non-Executive Directors</b>				
G R Liebelt	63,490	-	-	63,490
A Meyer	50,000	-	-	50,000
P V Brasher	15,000	6,769	-	21,769
E Cheng	1,118	10,042	-	11,160
K J Guerra	46,721	-	-	46,721
T Long	-	4,000	-	4,000
J L Sutcliffe	61,366	1,045	-	62,411
J G Thorn <sup>(1)</sup>	25,994	-	-	25,994 <sup>(1)</sup>

(1) J G Thorn resigned as a Director effective from 1 November 2017, therefore the balance shown is that at the date of his resignation.

## 6. Transactions with KMP

During the year ended 30 June 2018, neither the Company, nor any of its subsidiaries, made, guaranteed or secured a loan to any individual KMP or close member of the family of the KMP, or an entity over which the KMP has either direct or indirect control, joint control or significant influence.

From time to time, KMP (and close members of the family of the KMP, or an entity over which the KMP has either direct or indirect control, joint control or significant influence) may enter into transactions with the Company and its controlled entities. These transactions occur within normal customer or supplier relationships on terms and conditions that are no more favourable than those it is reasonable to expect the Company would have adopted on similar transactions with an unrelated person on an arm's length basis.

Other than those items discussed above, there have been no other transactions between KMP and the Company or its controlled entities.

### Appendix to Remuneration report – details of share-based awards

Details of LTI awards made in 2018 are shown below:

Feature	Description
Participation	Selected Executives (including CEO and Senior Executives).
Performance period	Three years to 30 June 2020.
Vehicle	Options and Performance Rights (Performance Shares are awarded to US participants in place of Performance Rights).
Performance conditions	Half the vesting outcome is determined based on average constant currency EPS growth with a RoAFE condition and half is based on relative Total Shareholder Return (TSR) performance against two peer groups: an ASX-based group and international packaging group.
Re-tests	None.
Expiry	The expiry date of the Options and Performance Rights is October 2023.
TSR peer group	<p>Companies in the S&amp;P/ASX 100 excluding those companies in, or with heavy exposure to, the financial, resources, media, IT, gaming and property trust sectors; plus a select list of international industry peers.</p> <p>The peer group comprises:</p> <p>Adelaide Brighton Limited, Ansell Limited, Boral Limited, Brambles Limited, CIMIC Group Limited, Coca-Cola Amatil Limited, Cochlear Limited, Computershare Limited, CSR Limited, CSL Limited, Downer EDI Limited, Dulux Group Limited, Fletcher Building Limited, Goodman Group, GrainCorp Limited, Incitec Pivot Limited, James Hardie Industries plc, Orora Limited, Primary Health Care Limited, Qantas Airways Limited, Ramsay Health Care Limited, ResMed Inc, Sonic Healthcare Limited, Sydney Airport Holdings Limited, Telstra Corporation Limited, Transurban Group, Treasury Wine Estates Limited, Wesfarmers Limited and Woolworths Limited.</p> <p>International industry peers:</p> <p>Aptar Group Inc, Ball Corp, Bemis Co Inc, Berry Plastics Group Inc, CCL Industries Inc, Crown Holdings Inc, Graphic Packaging, Huhtamaki, International Paper, Mayr-Melnhof Karton, Owens-Illinois Inc, RPC Group Plc, Sealed Air Corp, Silgan Holdings Inc, Sonoco Products Co and Westrock Company.</p> <p>Certain events may occur (for example M&amp;A, public to private transactions) that could affect the structure of either peer group. The Board has, accordingly, retained discretion to determine how those events will be treated at the time they arise. This may result in the alteration of the composition of companies in either peer group from time to time. The Board also retains the discretion to deal with any other material event that affects the relevance of a share in a peer group.</p>

## Directors' Report

# Remuneration report (continued)

Feature	Description	
Vesting schedule for TSR performance	The table below sets out the TSR hurdle, and the calculation of the total vesting outcome based on satisfaction of this hurdle as determined by the Board.	
	Less than 50th percentile	Nil
	50th percentile	50%
	Between 50th and 75th percentiles	Calculated on a straight-line basis
	75th percentile and above	100%
Vesting schedule for EPS & RoAFE component growth	The table below sets out the EPS & RoAFE component hurdles, and the calculation of the total vesting outcome based on satisfaction of this hurdle (and the Share Price Condition), as determined by the Board.	
	<b>Average EPS on a constant currency basis over the three years ending 30 June 2020</b>	<b>Vesting percentage</b>
	Less than 5%	0%
	Equal to 5%	50%
	Greater than 5% but less than 8%	Calculated on a straight-line basis
	Equal to or greater than 8%	100%
	<p>EPS (after significant items) is determined on a constant currency basis (to avoid windfall gains and losses by virtue of currency movements) and is calculated by dividing the net profit (after significant items) attributable to ordinary shareholders for the relevant reporting period, by the weighted average number of ordinary shares on issue during the reporting period excluding ordinary shares purchased by Amcor and held as treasury shares, adjusted for any bonus issue.</p> <p>The EPS &amp; RoAFE component is also subject to a condition that RoAFE is at or above 18% in the financial year prior to vesting. RoAFE is calculated as the annualised profit before interest, tax and after significant items earned by Amcor during a reporting period, as a percentage of the average funds employed by Amcor during a reporting period.</p> <p>The Board may exercise its discretion to exclude significant items in the calculation of EPS and RoAFE for the purpose of determining vesting outcomes. Such items may be those relating to strategic initiatives or material events that are outside of normal operational activities.</p> <p>The Board will determine the final EPS and RoAFE hurdles to be used for the purposes of determining vesting outcomes, by no later than 30 June 2019. This is to allow the Board flexibility to either adjust the EPS and RoAFE hurdles, or adjust the structure of these hurdles, to assure they remain relevant in the event of material events or strategic initiatives and the relevance of the performance conditions.</p>	
Share Price Condition (applicable to Options)	Options will only vest and become exercisable if the price of Amcor shares exceeds the exercise price of the Options (Share Price Condition). Subject to satisfaction of the other performance hurdles, the Share Price Condition will be measured by calculating the volume weighted average price of Amcor shares traded on the ASX during the five trading days prior to 30 June 2020 (the end of the relevant performance period). If the Share Price Condition is not satisfied, it will continue to be tested at the end of each calendar month using the volume weighted average price of Amcor shares traded on the ASX during the five trading days prior to the final day of the relevant calendar month. This will occur until the Options vest or expire in 2023.	
Option exercise price	AUD 15.87 (VWAP of shares over the twenty trading days on which Amcor shares traded on the ASX including and following 1 July 2017).	
Clawback	This award is subject to Amcor's clawback policy – this can result in both vested and unvested awards being subject to the risk of forfeiture in the event of fraud, dishonesty, breach of obligations, financial misstatements, or if awards were made on the basis of a misrepresentation or an omission, or on the basis of facts or circumstances that were later proven to be untrue or inaccurate.	
Participation in future issues	Executives cannot participate in new issues of shares in respect of Options and Performance Rights held under the LTI until the Options and Performance Rights have been validly exercised and the underlying shares registered in their name. However, in the case of certain bonus or rights issues or a reorganisation of the capital of the Company, then subject to the Listing Rules, an appropriate adjustment may be made to the outstanding awards.	

# Auditor's Independence Declaration



As lead auditor for the audit of Amcor Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Amcor Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'John Yeoman', written over a light blue horizontal line.

**John Yeoman**

Partner  
PricewaterhouseCoopers

Melbourne  
21 August 2018

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# Financial Report

## Introduction

This is the Financial Report of Amcor Ltd (the Company) and its subsidiaries (together referred to as 'the Group') and including the Group's interest in associates and jointly controlled entities.

## About this report

Note disclosures are split into six distinct sections to enable a better understanding of how the Group has performed.

We have included an introduction at the start of each section to explain its purpose and content. Accounting policies and critical accounting judgments applied to the preparation of the financial statements are shown where the related accounting balance or financial statement matter is discussed. To assist in identifying critical accounting judgments, we have highlighted them with the following symbol:



Information is being included in the Financial Report to the extent it has been considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the dollar amount is significant in size (quantitative factor);
- the dollar amount is significant by nature (qualitative factor);
- the Group's results cannot be understood without the specific disclosure (qualitative factor);
- it is critical to allow a user to understand the impact of significant changes in the Group's business during the period such as business acquisitions (qualitative factor); or
- it relates to an aspect of the Group's operations that is important to its future performance.



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# Financial Report

## Income statement

### for the financial year ended 30 June 2018

USD million	Note	2018	2017
Revenue from sale of goods	1.4	9,319.1	9,101.0
Cost of sales		(7,462.3)	(7,189.2)
<b>Gross profit</b>		<b>1,856.8</b>	1,911.8
Other income	1.4	98.1	95.5
Sales and marketing expenses		(210.6)	(217.7)
General and administration expenses		(612.3)	(781.9)
Research costs		(65.5)	(69.1)
Share of net profit of equity-accounted investments		19.0	14.1
<b>Profit from operations</b>		<b>1,085.5</b>	952.7
Finance income	1.4	13.1	12.2
Finance expenses	1.4	(217.9)	(199.2)
<b>Net finance costs</b>		<b>(204.8)</b>	(187.0)
<b>Profit before related income tax expense</b>		<b>880.7</b>	765.7
Income tax expense	1.5	(145.3)	(151.7)
<b>Profit for the financial period</b>		<b>735.4</b>	614.0
<b>Profit attributable to:</b>			
Owners of Amcor Limited		724.0	597.0
Non-controlling interest		11.4	17.0
		<b>735.4</b>	614.0
		<b>US cents</b>	US cents
<b>Earnings per share for profit attributable to the ordinary equity holders of Amcor Limited</b>			
Basic earnings per share	1.1	62.6	51.6
Diluted earnings per share	1.1	62.2	51.1

The above income statement should be read in conjunction with the accompanying notes.

# Financial Report

## Statement of comprehensive income for the financial year ended 30 June 2018

USD million	Note	2018	2017
Profit for the financial period		735.4	614.0
<b>Other comprehensive income/(loss)</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<i>Cash flow hedges</i>			
Changes in fair value of cash flow hedges	3.6	(2.6)	7.4
Tax on cash flow hedges	3.6	0.6	(0.9)
<i>Exchange differences on translating foreign operations</i>			
Exchange differences on translation of foreign operations		40.9	(92.8)
Net investment hedge of foreign operations		(83.9)	38.0
Share of equity-accounted investees' exchange fluctuation reserve		16.0	(18.6)
Tax on exchange differences on translating foreign operations	3.6	7.2	(13.5)
<b>Items that will not be reclassified to profit or loss:</b>			
<i>Retained earnings</i>			
Actuarial gains on defined benefit plans	5.2	67.0	34.3
Tax on actuarial gains on defined benefit plans		(12.4)	(2.6)
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>		<b>32.8</b>	<b>(48.7)</b>
<b>Total comprehensive income for the financial period</b>		<b>768.2</b>	<b>565.3</b>
<b>Total comprehensive income attributable to:</b>			
Owners of Amcor Limited		757.6	548.3
Non-controlling interest		10.6	17.0
<b>Total comprehensive income for the financial period</b>		<b>768.2</b>	<b>565.3</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# Financial Report

## Statement of financial position for the financial year ended 30 June 2018

USD million	Note	2018	2017
<b>Current assets</b>			
Cash and cash equivalents	3.2	620.8	561.5
Trade and other receivables	2.1	1,283.5	1,405.2
Inventories	2.2	1,358.8	1,305.5
Other financial assets	3.3	8.8	8.7
Other current assets		13.9	5.6
<b>Total current assets</b>		<b>3,285.8</b>	<b>3,286.5</b>
<b>Non-current assets</b>			
Equity-accounted investments	4.2	438.5	411.9
Other financial assets	3.3	22.3	26.8
Property, plant and equipment	2.3	2,698.3	2,765.3
Deferred tax assets	1.5	65.5	66.7
Intangible assets	2.4	2,387.8	2,409.3
Retirement benefit assets	5.2	50.8	24.5
Other non-current assets		97.7	92.3
<b>Total non-current assets</b>		<b>5,760.9</b>	<b>5,796.8</b>
<b>Total assets</b>		<b>9,046.7</b>	<b>9,083.3</b>
<b>Current liabilities</b>			
Trade and other payables <sup>(1)</sup>		2,606.7	2,607.9
Interest-bearing liabilities	3.2	1,822.0	1,124.6
Other financial liabilities	3.3	36.5	44.3
Current tax liabilities <sup>(1)</sup>		139.9	86.5
Provisions	2.6	91.7	170.9
<b>Total current liabilities</b>		<b>4,696.8</b>	<b>4,034.2</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	3.2	2,671.0	3,486.4
Other financial liabilities	3.3	1.3	-
Deferred tax liabilities	1.5	162.5	215.4
Provisions	2.6	111.1	111.4
Retirement benefit obligations	5.2	292.2	355.7
Other non-current liabilities		21.3	10.5
<b>Total non-current liabilities</b>		<b>3,259.4</b>	<b>4,179.4</b>
<b>Total liabilities</b>		<b>7,956.2</b>	<b>8,213.6</b>
<b>NET ASSETS</b>		<b>1,090.5</b>	<b>869.7</b>
<b>Equity</b>			
Contributed equity	3.5	1,400.7	1,416.9
Reserves	3.6	(907.1)	(881.7)
Retained earnings <sup>(1)</sup>		528.1	264.9
<b>Total equity attributable to the owners of Amcor Limited</b>		<b>1,021.7</b>	<b>800.1</b>
Non-controlling interest		68.8	69.6
<b>TOTAL EQUITY</b>		<b>1,090.5</b>	<b>869.7</b>

(1) Comparative period has been restated (refer to note 6.6).

The above statement of financial position should be read in conjunction with the accompanying notes.

# Financial Report

## Statement of changes in equity for the financial year ended 30 June 2018

USD million	Note	Attributable to owners of Amcor Limited				Total	Non-controlling interest	Total equity
		Contributed equity	Reserves	Retained earnings				
<b>Balance at 1 July 2017</b>	3.5, 3.6	<b>1,416.9</b>	<b>(881.7)</b>	<b>264.9</b>	<b>800.1</b>	<b>69.6</b>	<b>869.7</b>	
Profit for the financial period		-	-	724.0	724.0	11.4	735.4	
Total other comprehensive income/(loss)		-	(21.1)	54.7	33.6	(0.8)	32.8	
<b>Total comprehensive income for the financial period</b>		<b>-</b>	<b>(21.1)</b>	<b>778.7</b>	<b>757.6</b>	<b>10.6</b>	<b>768.2</b>	
<b>Transactions with owners in their capacity as owners:</b>								
Contributions of equity, net of transaction costs and related tax		26.7	-	-	26.7	-	26.7	
Purchase of treasury shares	3.5	(39.1)	-	-	(39.1)	-	(39.1)	
Dividends paid	1.2	-	-	(515.5)	(515.5)	(11.3)	(526.8)	
Forward contracts to purchase own equity to meet share plan obligations		(26.5)	-	-	(26.5)	-	(26.5)	
Settlement of options and performance rights, inclusive tax	3.6	22.7	(22.7)	-	-	-	-	
Share-based payments expense	3.6	-	18.4	-	18.4	-	18.4	
Change in non-controlling interest		-	-	-	-	(0.1)	(0.1)	
<b>Balance at 30 June 2018</b>	3.5, 3.6	<b>1,400.7</b>	<b>(907.1)</b>	<b>528.1</b>	<b>1,021.7</b>	<b>68.8</b>	<b>1,090.5</b>	
<b>Balance at 1 July 2016<sup>(1)</sup></b>		<b>1,445.1</b>	<b>(800.2)</b>	<b>117.2</b>	<b>762.1</b>	<b>61.6</b>	<b>823.7</b>	
Profit for the financial period		-	-	597.0	597.0	17.0	614.0	
Total other comprehensive income/(loss)		-	(80.4)	31.7	(48.7)	-	(48.7)	
<b>Total comprehensive income/(loss) for the financial period</b>		<b>-</b>	<b>(80.4)</b>	<b>628.7</b>	<b>548.3</b>	<b>17.0</b>	<b>565.3</b>	
<b>Transactions with owners in their capacity as owners:</b>								
Contributions of equity, net of transaction costs and related tax		22.4	-	-	22.4	-	22.4	
Purchase of treasury shares	3.5	(40.2)	-	-	(40.2)	-	(40.2)	
Dividends paid	1.2	-	-	(480.7)	(480.7)	(8.4)	(489.1)	
Forwards contract to purchase own equity to meet share plan obligations		(38.1)	-	-	(38.1)	-	(38.1)	
Share buy-back		-	-	-	-	-	-	
Settlement of options and performance rights, inclusive tax	3.6	27.6	(27.6)	-	-	-	-	
Share-based payments expense	3.6	-	26.5	-	26.5	-	26.5	
Change in non-controlling interest		-	-	(0.1)	(0.1)	(0.5)	(0.6)	
<b>Balance at 30 June 2017<sup>(1)</sup></b>	3.5, 3.6	<b>1,416.9</b>	<b>(881.7)</b>	<b>264.9</b>	<b>800.1</b>	<b>69.6</b>	<b>869.7</b>	

(1) Comparative period has been restated (refer to note 6.6).

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Financial Report

## Cash flow statement

### for the financial year ended 30 June 2018

USD million	Note	2018	2017
<b>Cash flows from operating activities</b>			
Profit for the financial period		735.4	614.0
Depreciation, amortisation and net impairment losses		362.5	387.7
Non-cash retirement benefit (gain)/expense		6.4	(12.0)
Net finance costs		204.8	187.0
Net gain on disposal of non-current assets	1.4	(64.7)	(22.2)
Share of net profits of equity-accounted investments		(19.0)	(14.2)
Net foreign exchange (gain)/loss		2.0	2.7
Share-based payments expense	1.4	21.0	26.5
Other sundry items		(39.7)	(35.8)
Income tax expense	1.5	145.3	151.7
<b>Operating cash flows before changes in working capital and provisions</b>		<b>1,354.0</b>	<b>1,285.4</b>
- (Increase)/decrease in trade and other receivables		61.0	79.0
- (Increase)/decrease in inventories		(96.6)	(52.9)
- (Increase)/decrease in other operating assets		(21.0)	(9.3)
- Increase/(decrease) in trade and other payables		53.2	129.7
- Increase/(decrease) in provisions		(66.0)	(9.3)
- Increase/(decrease) in employee benefits and other operating liabilities		(9.6)	(65.2)
<b>Total changes in working capital and provisions</b>		<b>(79.0)</b>	<b>72.0</b>
Dividends received		8.7	6.9
Interest received		12.5	11.3
Interest expense		(209.4)	(188.0)
Income tax paid		(149.7)	(160.2)
<b>Net cash flows from operating activities</b>		<b>937.1</b>	<b>1,027.4</b>
<b>Cash flows from investing activities</b>			
(Granting)/repayment of loans to associated companies and other persons		(0.7)	-
Payments for acquisition of controlled entities, businesses and associates		(13.2)	(336.2)
Payments for property, plant and equipment and intangible assets		(372.1)	(379.2)
Proceeds on disposal of property, plant and equipment		156.6	82.8
<b>Net cash flows from investing activities</b>		<b>(229.4)</b>	<b>(632.6)</b>

The above cash flow statement should be read in conjunction with the accompanying notes.

USD million	Note	2018	2017
<b>Cash flows from financing activities</b>			
Proceeds from share issues		28.1	23.8
Shares purchased on-market and settlement of forward contracts		(39.0)	(43.6)
Payments for treasury shares	3.5	(35.7)	(40.2)
Buyouts of non-controlling interests		(0.1)	(0.6)
Proceeds from borrowings		4,519.4	3,959.5
Repayment of borrowings		(4,660.0)	(3,745.1)
Principal lease repayments		(3.4)	(1.7)
Dividends and other equity distributions paid		(526.8)	(489.1)
<b>Net cash flows from financing activities</b>		<b>(717.5)</b>	<b>(337.0)</b>
<b>Net increase/(decrease) in cash held</b>			
		<b>(9.8)</b>	57.8
Cash and cash equivalents at the beginning of the financial period		557.7	513.4
Effects of exchange rate changes on cash and cash equivalents		(5.8)	(13.5)
<b>Cash and cash equivalents at the end of the financial period<sup>(1)</sup></b>		<b>542.1</b>	<b>557.7</b>
<b>Reconciliation of cash and cash equivalents</b>			
For purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank and short-term money market investments, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Cash and cash equivalents as at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:			
Cash and cash equivalents	3.2	620.8	561.5
Bank overdrafts	3.2	(78.7)	(3.8)
<b>Cash and cash equivalents at the end of the financial period</b>		<b>542.1</b>	<b>557.7</b>

(1) Refer to note 3.2 for details of the financing arrangements of the Group.

The above cash flow statement should be read in conjunction with the accompanying notes.

# Financial Report

## Notes to the financial statements

### Section 1: Key performance metrics

#### In this section

This section provides insight into how the Group has performed in the current year, with the headline results being:

- Basic earnings per share (EPS) was US 62.6 cents, up 21.3%<sup>(1)</sup>
- Annual dividend of US 45.0 cents per share, up 4.7%
- Profit after tax attributable to the owners of Amcor Limited of USD 724.0 million, up 21.3%<sup>(1)</sup>

(1) After significant items (refer to note 1.4).

#### 1.1 Earnings per share

	2018	2017
<b>EPS for profit attributable to the ordinary equity holders of Amcor Limited</b>		
Basic EPS (US cents)	62.6	51.6
Diluted EPS (US cents)	62.2	51.1
Profit attributable to the ordinary equity holders of Amcor Limited (USD million)	724.0	597.0
Weighted average number of ordinary shares for basic EPS (shares, million)	1,157.1	1,157.2
Weighted average number of ordinary shares and potential ordinary shares for diluted EPS (shares, million)	1,164.4	1,167.7

#### Calculation methodology

Basic earnings per share (EPS) is the profit after tax attributable to ordinary equity holders of Amcor Limited, divided by the weighted average number of ordinary shares during the year. Shares held by the Share Trust (refer to note 3.5) are excluded.

Diluted EPS is calculated on the same basis except that it includes the impact of any potential commitments the Group has to issue shares in the future. In 2018, this dilutive potential from employee options and performance rights is 7.2 million shares (2017: 10.5 million shares).

Between the reporting date and the issue date of these financial statements, there have been no transactions involving ordinary shares or potential ordinary shares that would impact the calculation of these EPS figures.

#### 1.2 Dividends

	2018			2017		
	US cents per share	Total amount USD million	Date of payment	US cents per share	Total amount USD million	Date of payment
Interim	21.0	243.0	28 March 2018	19.5	225.9	24 March 2017
Final <sup>(1)(2)</sup>	24.0	278.0	16 October 2018	23.5	272.5	28 September 2017
<b>Total</b>	<b>45.0</b>	<b>521.0</b>		<b>43.0</b>	<b>498.4</b>	

(1) Estimated final dividend payable, subject to variations in number of shares up to record date. This dividend has not been recognised as a liability as at 30 June 2018 and will be recognised in subsequent consolidated financial statements.

(2) Estimated final 2017 dividend amount was USD 272.2 million.

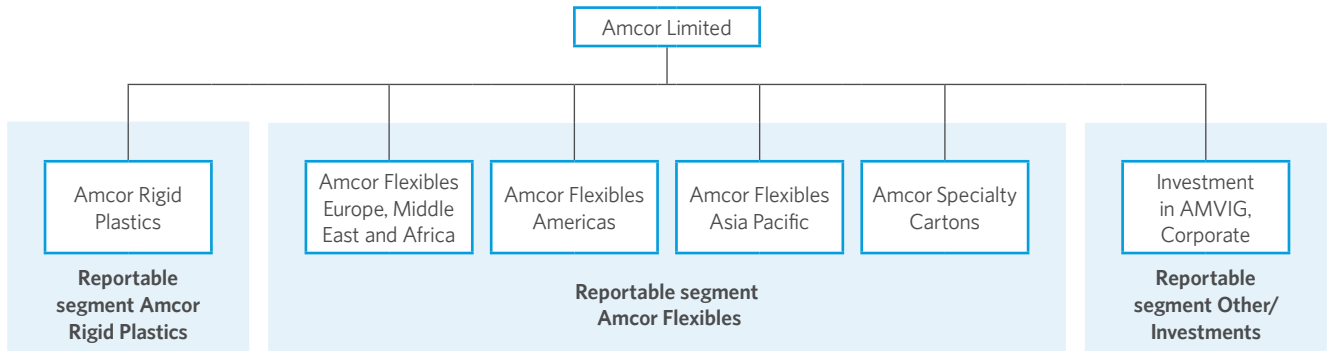
#### Franking credits and conduit foreign income account

There are insufficient franking credits available for distribution from the franking account. For the dividend payable on 16 October 2018, 100% of the dividend to non-residents is sourced from the parent entity's Conduit Foreign Income Account (2017: 100%). As a result, 100% of the dividend paid to a non-resident will not be subject to Australian withholding tax.



### 1.3 Segment performance

Amcor is a global market leader in its industry, with the following operational structure and reportable segments:



Reportable segment	Operations
Amcor Rigid Plastics	Manufactures rigid plastic containers for a broad range of predominantly beverage and food products, including carbonated soft drinks, water, juices, sports drinks, milk-based beverages, spirits and beer, sauces, dressings, spreads and personal care items and plastic caps for a wide variety of applications.
Amcor Flexibles	<p>This reporting segment represents the aggregation of four operating segments of which each manufactures flexible and film packaging for their respective industries. The operating segments are:</p> <ul style="list-style-type: none"> <li>• The Amcor Flexibles Europe, Middle East and Africa business which provides packaging for the food and beverage industry including confectionery, coffee, fresh food and dairy and pet food packaging.</li> <li>• The Amcor Flexibles Americas business produces flexible packaging for customers in the medical and pharmaceutical, fresh produce and snack food segments.</li> <li>• Amcor Specialty Cartons which manufactures specialty folding cartons for consumer goods, snacks and confectionery, personal care and other industries.</li> <li>• Amcor Flexibles Asia Pacific which provides packaging for the food and beverage industry including confectionery, coffee, fresh food and dairy and packaging for the pharmaceutical and home and personal care industries.</li> </ul> <p>These operating segments share similar characteristics as they are engaged in the printing and packaging of fast-moving consumer products. Management believe that it is appropriate to aggregate these four operating segments as one reporting segment due to the similarities in the nature of each operating segment.</p>
Other/Investments	This segment holds the Group's equity-accounted investments in the associate AMVIG Holdings Limited (AMVIG). AMVIG is principally involved in the manufacture of tobacco packaging. This segment also includes the corporate function of the Group.

Segment disclosures are consistent with the information reviewed by Amcor's chief operating decision makers, the Group Management Team (GMT). The GMT consists of the Managing Director and Chief Executive Officer and his direct reports and provides strategic direction and management oversight of the day-to-day activities of the Group in terms of monitoring results, approving capital expenditure decisions and the strategic plans for the business.

Segment performance is evaluated based on operating profit before interest and tax and is measured consistently with profit and loss in the consolidated Financial Report, except for significant items (refer to note 1.4) which are excluded in the evaluation of segment performance. Group financing (including finance income and costs) and income tax are managed on a Group basis and are not allocated to operating segments.

# Financial Report

## Notes to the financial statements

### Section 1: Key performance metrics (continued)

#### 1.3 Segment performance (continued)

##### Segment information provided to the GMT

The following segment information was provided to the GMT for the reportable segments for the financial years ended 30 June 2018 and 2017:

USD million	Amcor Rigid Plastics		Amcor Flexibles		Other/Investments		Total consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Reportable segment revenue</b>								
Revenue from sale of goods (refer to income statement)	2,787.5	2,876.7	6,531.6	6,224.3	-	-	9,319.1	9,101.0
Inter-segment revenue	-	-	3.0	2.2	-	-	3.0	2.2
Total reportable segment revenue	2,787.5	2,876.7	6,534.6	6,226.5	-	-	9,322.1	9,103.2
<b>Reportable segment profit/(loss)</b>								
Profit/(loss) before depreciation, amortisation, interest, related income tax expense and significant items	434.6	471.7	1,062.5	1,024.6	(55.3)	(49.3)	1,441.8	1,447.0
Depreciation and amortisation	(122.6)	(129.0)	(227.4)	(219.9)	(6.3)	(9.9)	(356.3)	(358.8)
Profit/(loss) before interest, related income tax expense and significant items	312.0	342.7	835.1	804.7	(61.6)	(59.2)	1,085.5	1,088.2
Significant items before related income tax expense (note 1.4)	-	-	-	(135.5)	-	-	-	(135.5)
Profit/(loss) before interest and related income tax expense	312.0	342.7	835.1	669.2	(61.6)	(59.2)	1,085.5	952.7
Share of net profits of equity-accounted investments	-	-	-	-	19.0	14.1	19.0	14.1
<b>Other</b>								
Net impairment losses on property, plant and equipment and other non-current assets	(1.0)	-	(3.4)	(1.0)	-	-	(4.4)	(1.0)
Cash acquisition of property, plant and equipment and intangibles	138.9	157.6	224.2	219.4	9.0	2.2	372.1	379.2
Receivables	259.9	304.0	968.7	1,004.8	56.6	54.9	1,285.2	1,363.7
Inventory	445.7	436.0	913.1	869.5	-	-	1,358.8	1,305.5
Payables <sup>(1)</sup>	(823.8)	(841.3)	(1,581.9)	(1,545.1)	(99.9)	(106.0)	(2,505.6)	(2,492.4)
Management working capital <sup>(1)</sup>	(118.2)	(101.3)	299.9	329.2	(43.3)	(51.1)	138.4	176.8
Average funds employed <sup>(1)</sup>	1,834.5	1,668.2	3,474.7	3,299.6	412.6	338.8	5,721.8	5,306.6
Equity-accounted investments	-	-	-	-	438.5	411.9	438.5	411.9

(1) Comparative period has been restated (refer to note 6.6).

### Product segment revenue

USD million	2018	2017
Containers, preforms and closures	2,787.5	2,876.7
Films and other flexible products	5,286.6	4,967.1
Specialty folding cartons	1,245.0	1,257.2
<b>Consolidated sales revenue</b>	<b>9,319.1</b>	<b>9,101.0</b>

The Group does not have an economic exposure to any individual contract that is in excess of 10% of net revenue. However, from time to time a single customer, depending on the current status and volumes of a number of separate contracts in disparate locations, may account for approximately 10% of the Group's revenue.

### Geographic segments

In presenting information on the basis of geographical segments, segment revenue is based on the location of Amcor businesses:

USD million	2018	2017
Western Europe	3,059.8	2,778.0
North America	3,045.7	3,162.2
Emerging markets	2,763.7	2,700.0
Australia and New Zealand	449.9	460.8
<b>Consolidated sales revenue</b>	<b>9,319.1</b>	<b>9,101.0</b>

Revenues in Australia (Amcor's country of domicile) amounted to USD 332.7 million in 2018 (2017: USD 335.6 million).

Revenues in the United States of America and included within the North America geographical segment amounted to USD 2,889.6 million in 2018 (2017: USD 2,976.6 million) and represented more than 10% of the Group's revenue. There was no other individual country with more than 10% of the Group's revenue.

### Non-current assets based on the location of the assets:

USD million	2018	2017
Western Europe	1,471.2	1,489.6
North America	1,946.6	1,980.3
Emerging markets	1,995.7	1,985.2
Australia and New Zealand	208.3	223.0
<b>Consolidated non-current assets<sup>(1)</sup></b>	<b>5,621.8</b>	<b>5,678.1</b>

(1) Non-current assets exclude retirement benefit assets, deferred tax assets and non-current financial assets.

Non-current assets in Australia amounted to USD 173.1 million (2017: USD 181.9 million). Non-current assets in the United States of America are USD 1,732.2 million (2017: USD 1,753.3 million) and included within the North America geographical segment represented more than 10% of the Group's non-current assets.

There was no other individual country with more than 10% of the Group's non-current assets.

# Financial Report

## Notes to the financial statements

### Section 1: Key performance metrics (continued)

#### 1.3 Segment performance (continued)

##### Reconciliation of segment information to consolidated results

###### Segment receivables

USD million	2018	2017
<b>Working capital receivables</b>		
Total reportable segment working capital receivables	1,285.2	1,363.7
Financial instruments included for management reporting purposes	(8.8)	(6.2)
Other receivables excluded for management reporting purposes	7.1	47.7
<b>Consolidated trade and other receivables (refer to note 2.1)</b>	<b>1,283.5</b>	<b>1,405.2</b>

###### Segment payables

USD million	2018	2017
<b>Working capital payables</b>		
Total reportable segment working capital payables <sup>(1)</sup>	(2,505.6)	(2,492.4)
Financial instruments included for management reporting purposes	7.1	3.6
Capital creditors and other payables excluded for management reporting purposes	(108.2)	(119.1)
<b>Consolidated trade and other payables</b>	<b>(2,606.7)</b>	<b>(2,607.9)</b>

(1) Comparative period has been restated (refer to note 6.6).

###### Segment acquisition of property, plant and equipment and intangible assets

USD million	2018	2017
<b>Acquisition of property, plant and equipment and intangibles</b>		
Total consolidated reportable segments	372.1	379.2
Movement in capital creditors	(5.0)	19.0
Other non-cash adjustments	(1.1)	0.4
<b>Consolidated acquisition of property, plant and equipment and intangibles<sup>(1)</sup></b>	<b>366.0</b>	<b>398.6</b>

(1) Additions for the period exclude acquired balances through businesses acquired (refer to note 4.1).

## 1.4 Income and expenses

### Income

USD million	2018	2017
Revenue from sale of goods	<b>9,319.1</b>	9,101.0
Other income:		
Net gain on disposal of property, plant and equipment	<b>64.7</b>	22.2
Net foreign exchange gains	<b>2.2</b>	3.9
Curtailment gains, settlements and plan amendments	<b>10.0</b>	30.0
Rebates, incentives and claims	<b>1.8</b>	4.2
Other <sup>(1)</sup>	<b>19.4</b>	35.2
Total other income	<b>98.1</b>	95.5
Finance income <sup>(2)</sup>	<b>13.1</b>	12.2
<b>Total income</b>	<b>9,430.3</b>	9,208.7

(1) Other includes royalties, government subsidies and other non-core income.

(2) Finance income comprises interest income on funds invested and related to defined benefit plans.

### Revenue from sale of goods

Revenue from sale of goods is recognised when risks and rewards of ownership transfer to the customer. Depending on customer terms, this can be at the time of despatch, delivery or upon formal customer acceptance. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is risk of return of goods or there is continuing management involvement with the goods.

# Financial Report

## Notes to the financial statements

### Section 1: Key performance metrics (continued)

#### 1.4 Income and expenses (continued)

##### Expenses

The following specific expenses are included in the income statement:

USD million	2018	2017
<b>Employee benefits expenses</b>		
Wages and salaries	1,659.3	1,634.2
Workers' compensation and other on-costs	178.8	174.7
Defined benefit plans	13.4	14.3
Defined contribution plans	39.8	39.9
Share-based payments expense	21.0	26.5
Other employment benefits expense	8.6	8.4
<b>Total employee benefits expense</b>	<b>1,920.9</b>	<b>1,898.0</b>
<b>Depreciation and amortisation</b>	<b>356.3</b>	<b>358.8</b>
<b>Finance expenses</b>		
- Interest and borrowing costs	208.0	190.1
- Other	9.9	9.1
<b>Total finance expenses</b>	<b>217.9</b>	<b>199.2</b>
<b>Rental expense relating to operating leases</b>		
- Minimum lease payments	103.5	95.9
- Contingent rentals	5.8	5.5
<b>Total rental expense relating to operating leases</b>	<b>109.3</b>	<b>101.4</b>
<b>Restructuring costs</b>	<b>35.9</b>	<b>6.8</b>
<b>Significant items</b>		
Flexibles restructuring	-	135.5
Significant items before related income tax expense <sup>(1)</sup>	-	135.5
Tax benefit on significant items	-	(31.3)
<b>Total significant items</b>	<b>-</b>	<b>104.2</b>

(1) Significant items in the prior year relate to the Flexibles restructuring as announced on 9 June 2016. These expenses are included in general and administration expenses.

##### Finance expenses

Finance expenses comprise mainly interest expense on borrowings, interest costs related to defined benefit pension plans and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. They are recognised in the income statement when they are incurred, except to the extent the expenses are directly attributable to the acquisition, construction or production of a qualifying asset. Such financing costs are capitalised as part of the cost of the asset up to the time it is ready for its intended use and are then amortised over the expected useful economic life.

##### Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease, while any lease incentive is recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability. The interest element of the finance cost is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## 1.5 Taxation

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.



### Key judgments and estimates

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result the calculation of the Group's tax charge involves a degree of estimation and judgment in respect of certain items. There are transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for potential tax audit issues based on management's estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determination is made. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The assumptions regarding future realisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

On 22 December 2017, the USA passed the *Tax Cuts and Jobs Act* which contains significant tax reform measures. Income tax expense for the current year of USD 145.3 million includes a non-cash net benefit of approximately USD 9 million (compared with provisional benefit of USD 5 million at 31 December 2017), reflecting the one-off revaluation of the Group's USA net deferred tax liability, largely offset by a one-off transition tax on unrepatriated foreign earnings following the US Tax Reform.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. To the extent permitted by the accounting standards, deferred tax is recognised for all taxable temporary differences between the amounts used for financial reporting and those used for taxation purposes. Both current and deferred tax assets and liabilities are offset only where the Group intends to settle on a net basis and has a legally enforceable right to do so.

### Income tax expense for the year

USD million	2018	2017
<b>Current tax (expense)/benefit</b>		
Current period	(223.6)	(177.8)
Adjustments to current tax expense relating to prior periods	22.9	(3.6)
Tax losses, tax credits and temporary differences not recognised for book in prior years now recouped	8.4	3.4
<b>Total current tax (expense)/benefit</b>	<b>(192.3)</b>	<b>(178.0)</b>
<b>Deferred tax (expense)/benefit</b>		
Origination and reversal of temporary differences	10.2	35.7
Adjustments to deferred tax expense relating to prior period	(15.8)	6.7
Tax losses and credits derecognised	(5.2)	(15.4)
Change in applicable tax rates	57.8	(0.7)
<b>Total deferred tax (expense)/benefit</b>	<b>47.0</b>	<b>26.3</b>
<b>Total income tax (expense)/benefit</b>	<b>(145.3)</b>	<b>(151.7)</b>

# Financial Report

## Notes to the financial statements

### Section 1: Key performance metrics (continued)

#### 1.5 Taxation (continued)

##### Numerical reconciliation of income tax expense to prima facie tax payable

USD million	2018	2017
<b>Profit before related income tax expense</b>	<b>880.7</b>	765.7
Tax at the Australian tax rate of 30% (2017: 30%)	<b>(264.2)</b>	(229.7)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net items non-deductible/non-assessable for tax	<b>7.6</b>	12.2
Previously unrecognised tax losses, tax credits and temporary differences now used to reduce income tax expense	<b>8.4</b>	3.4
Tax losses and credits derecognised	<b>(5.2)</b>	(15.4)
Effect of local tax rate change	<b>57.8</b>	(0.7)
Underprovision in prior period	<b>7.1</b>	3.1
Foreign earnings taxed at rates other than 30%	<b>43.2</b>	75.4
<b>Total income tax expense</b>	<b>(145.3)</b>	(151.7)

##### Tax on items recognised directly in equity

For the year ended 30 June 2018, USD 1.4 million tax expense (2017: USD 1.4 million) was charged directly to equity as a transaction with owners in their capacity as owners (refer to note 3.6).



### Deferred tax assets and liabilities reconciliation

USD million	Statement of financial position		Income statement	
	2018	2017	2018	2017
Property, plant and equipment	(205.9)	(239.3)	33.4	15.3
Impairment of trade receivables	4.3	6.4	(2.1)	2.8
Intangibles	(63.4)	(133.2)	69.0	24.6
Valuation of inventories	5.8	5.3	0.5	(3.7)
Employee benefits	56.4	93.0	(28.3)	(3.5)
Provisions	5.2	45.1	(39.7)	(16.3)
Financial instruments at fair value and net investment hedges	17.7	2.2	7.7	4.5
Tax losses carried forward	32.2	24.5	8.2	(9.4)
Accruals and other items	50.7	47.3	(1.7)	12.0
<b>Deferred tax (expense)/benefit</b>			<b>47.0</b>	<b>26.3</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(97.0)</b>	<b>(148.7)</b>		
Presented in the statement of financial position as follows:				
Deferred tax assets	65.5	66.7		
Deferred tax liabilities	(162.5)	(215.4)		
<b>Net deferred tax assets/(liabilities)</b>	<b>(97.0)</b>	<b>(148.7)</b>		

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

USD million	2018	2017
<b>Unused tax losses for which no deferred tax asset has been recognised<sup>(1)</sup></b>	<b>820.0</b>	<b>716.4</b>
Potential tax benefits on unused tax losses at applicable rates of tax	214.8	207.9
Unrecognised tax credits	48.0	35.9
Deductible temporary differences not recognised	7.3	21.4
<b>Total unrecognised deferred tax assets</b>	<b>270.1</b>	<b>265.2</b>

(1) Unused tax losses have been incurred by entities in various jurisdictions. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in those jurisdictions against which the Group can utilise the benefits.

### Unrecognised deferred tax liabilities

A deferred tax liability on differences that result from translating financial statements of the Group's subsidiaries only arises in the event of a disposal. It is not expected in the foreseeable future to dispose of any subsidiary or associate and no such deferred tax liability is therefore recognised.

When retained earnings of subsidiaries are distributed upstream to Amcor Limited or other parent entities, withholding taxes may be payable to various foreign countries. These amounts are not expected to be significant and the Group controls when and if this deferred tax liability arises. No significant deferred tax liabilities are thus recognised on unremitted earnings.

# Financial Report

## Notes to the financial statements

### Section 2: Operating assets and liabilities

#### In this section

This section highlights the primary operating assets used and liabilities incurred to support the Group's operating activities.

Liabilities relating to the Group's financing activities are covered in Section 3: Group's capital and risks. Deferred tax assets and liabilities are shown in note 1.5.

#### 2.1 Trade and other receivables

Trade and other receivables are initially recognised at the value of the invoice issued to the customer and then adjusted to the amount considered recoverable from the customer, taking into account impairment, foreign exchange and interest effects where material.

Trade and other receivables as at 30 June comprise:

USD million	2018	2017
Not past due	929.9	996.8
Past due 0–30 days	65.7	78.9
Past due 31–120 days	32.2	38.5
More than 121 days	24.0	22.7
Trade receivables	1,051.8	1,136.9
Less provision for impairment losses	(16.9)	(20.9)
<b>Total trade receivables</b>	<b>1,034.9</b>	<b>1,116.0</b>
Prepayments	77.8	77.2
Other receivables	170.8	212.0
<b>Total trade and other receivables</b>	<b>1,283.5</b>	<b>1,405.2</b>

#### Credit risk management of customer contracts

Customer-related credit risk is the risk of a customer not paying in full the amounts owing to Amcor under its customer contract. This risk is managed in accordance with procedures and controls set out in the Group's credit risk management policy. These include:

- Credit limits are established for all customers based on external or internal rating criteria and letters of credit or other forms of credit insurance cover are obtained where appropriate.
- Credit quality of trade receivables is constantly monitored in order to identify any potential adverse changes.
- Collectability of trade and other receivables is reviewed on an ongoing basis.

While the Group holds no significant collateral as security, it also has no material exposure to any individual customer contract.

Financial difficulty of a customer, default in payments and the probability that a customer will enter bankruptcy are considered indicators that outstanding customer invoices on which Amcor is awaiting payment may be impaired. Where the Group will be unable to collect all or part of the amounts due, an impairment provision is recognised within general and administration expense. Individual customer debts which are known to be uncollectable are written off when identified.

## 2.2 Inventories

Inventories are valued at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, which is the estimated selling price less estimated costs to sell.

USD million	2018	2017	Costs included to bring each product to its present location and condition <sup>(1)</sup>
Raw materials and stores	611.9	614.6	Purchase cost on a first-in first-out or weighted average basis.
Work in progress	194.1	168.8	Direct materials and labour and a proportion of manufacturing overheads incurred in the normal course of business.
Finished goods	552.8	522.1	
<b>Total inventories</b>	<b>1,358.8</b>	1,305.5	

(1) Cost also includes reclassification from equity of any gains or losses on qualifying cash flow hedges relating to the purchase of inventories in foreign currency.

### Inventory pledged as security

No inventory in the current or prior year is pledged as security over any borrowings.

## 2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost comprises expenditure that is directly attributable to the acquisition of the item and subsequent costs incurred to replace parts that are eligible for capitalisation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset or, in the case of leasehold improvements and leased assets, over the period of the lease or useful life of the asset, whichever is shorter.



### Key judgments and estimates

Depreciation methods, residual values and useful lives are reassessed at each reporting date, and adjusted prospectively, if appropriate.

### Leased assets

Leases under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Finance leases are recognised at the lower of the leased asset's fair value and the present value of the minimum lease payments. The asset is then depreciated over the shorter of its useful life and the lease term. Where it is reasonably certain that ownership will be obtained at the end of the lease term, the leased asset is depreciated over the expected useful life.

All other leases are operating leases and are expensed on a straight-line basis over the lease term.

### Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between disposal proceeds and carrying value is either recognised in other income (gain on disposal) or general and administration expense (loss on disposal).

# Financial Report

## Notes to the financial statements

### Section 2: Operating assets and liabilities (continued)

#### 2.3 Property, plant and equipment (continued)

USD million	Land	Land improvements	Buildings	Plant and equipment	Finance leases	Total
<b>Key judgments and estimates</b>	Land – nil	Shorter of lease term	Less than 40 years	Less than 25 years	Shorter of lease term or less than 25 years	
Depreciation policy	Leasehold land – over lease term	or less than 30 years				

#### 2018

##### Cost

Opening balance	159.1	5.9	887.8	4,641.2	16.8	5,710.8
Additions for the period	-	-	26.0	317.9	0.1	344.0
Disposals during the period	(8.6)	-	(89.9)	(177.4)	(1.6)	(277.5)
Additions through business acquisitions	2.3	-	1.9	(2.8)	-	1.4
Other transfers	0.5	0.1	15.5	(16.0)	(0.1)	-
Effect of movements in foreign exchange rates	(3.3)	(0.1)	(8.8)	(67.1)	0.4	(78.9)
Closing balance	150.0	5.9	832.5	4,695.8	15.6	5,699.8
<b>Accumulated depreciation and impairment</b>						
Opening balance	(0.9)	(2.9)	(310.1)	(2,621.3)	(10.3)	(2,945.5)
Depreciation charge	(0.3)	(0.2)	(38.0)	(281.0)	(1.3)	(320.8)
Disposals during the period	-	-	59.0	165.4	1.6	226.0
Impairment loss	-	-	-	(4.5)	-	(4.5)
Reversal of impairment loss	-	-	-	0.1	-	0.1
Effect of movements in foreign exchange rates	(0.2)	(0.1)	3.9	40.2	(0.6)	43.2
Closing balance	(1.4)	(3.2)	(285.2)	(2,701.1)	(10.6)	(3,001.5)
<b>Carrying value 30 June 2018</b>	<b>148.6</b>	<b>2.7</b>	<b>547.3</b>	<b>1,994.7</b>	<b>5.0</b>	<b>2,698.3</b>

#### 2017

##### Cost

Opening balance	151.7	7.4	807.9	4,498.2	15.4	5,480.6
Additions for the period	0.1	-	51.9	325.9	0.5	378.4
Disposals during the period	(16.3)	(2.7)	(49.0)	(192.4)	(1.2)	(261.6)
Additions through business acquisitions	9.6	-	21.3	29.6	-	60.5
Other transfers	12.7	1.2	46.0	(61.4)	1.5	-
Effect of movements in foreign exchange rates	1.3	-	9.7	41.3	0.6	52.9
Closing balance	159.1	5.9	887.8	4,641.2	16.8	5,710.8
<b>Accumulated depreciation and impairment</b>						
Opening balance	(0.7)	(4.0)	(285.4)	(2,490.0)	(9.7)	(2,789.7)
Depreciation charge	(0.1)	(0.3)	(45.4)	(275.2)	(1.6)	(322.6)
Disposals during the period	-	1.5	30.7	186.6	1.2	220.2
Impairment loss	(0.1)	(0.1)	(7.5)	(13.2)	-	(20.9)
Reversal of impairment loss	-	-	-	0.1	-	0.1
Other transfers	-	-	1.7	(1.7)	-	-
Effect of movements in foreign exchange rates	-	-	(4.2)	(27.9)	(0.2)	(32.3)
Closing balance	(0.9)	(2.9)	(310.1)	(2,621.3)	(10.3)	(2,945.5)
<b>Carrying value 30 June 2017</b>	<b>158.2</b>	<b>3.0</b>	<b>577.7</b>	<b>2,019.9</b>	<b>6.5</b>	<b>2,765.3</b>

## 2.3 Property, plant and equipment (continued)

### Non-current assets pledged as security

At 30 June 2018, property, plant and equipment with a carrying value of USD 43.0 million were provided as security for certain interest-bearing borrowings (2017: USD 35.2 million and a further USD 2.9 million relating to the Group's Brazil excise and income tax claim). Refer to note 3.2 for more information on non-current assets pledged as security by the Group.

## 2.4 Intangible assets

The Group's intangible assets comprise goodwill and other intangible assets. Goodwill is considered to have an indefinite useful economic life. It is therefore not being amortised and is carried at cost less any accumulated impairment losses. All other intangibles are carried at cost less any accumulated amortisation and impairment losses.

A summary of the major classes of other intangible assets is as follows:

- customer relationships obtained through business acquisitions;
- computer software, developed internally or acquired externally; and
- product development to the extent that the capitalised costs relate to a specific asset that will generate a probable future economic benefit. Research activities undertaken with the prospect of gaining more general scientific or technical knowledge are expensed as incurred.



### Key judgments and estimates

Intangible assets require the following management judgments and estimates:

- recoverable value and useful life of an intangible asset (reassessed at each reporting date); and
- determination that a project has progressed from general research to the development phase.

# Financial Report


## Notes to the financial statements

### Section 2: Operating assets and liabilities (continued)

#### 2.4 Intangible assets (continued)

USD million	Goodwill	Other intangible assets				Total
		Customer relationships	Computer software	Product development	Other	
<b>Key judgments and estimates</b>						
Amortisation policy	Not applicable	10 – 20 years	3 – 10 years	Less than 10 years	Less than 10 years	
<b>2018</b>						
<b>Cost</b>						
Opening balance	2,037.3	333.1	181.3	35.1	65.5	2,652.3
Additions through internal activities	-	-	10.3	-	-	10.3
Additions for the period	-	-	5.6	-	6.1	11.7
Additions through business acquisitions	7.2	(6.6)	-	-	-	0.6
Disposals during the period	-	-	-	(0.4)	-	(0.4)
Other transfers	-	(0.1)	-	-	0.1	-
Effect of movements in foreign exchange rates	(3.8)	(2.1)	(5.9)	(1.3)	(2.8)	(15.9)
Closing balance	2,040.7	324.3	191.3	33.4	68.9	2,658.6
<b>Accumulated amortisation and impairment</b>						
Opening balance	(4.0)	(99.3)	(105.8)	(21.3)	(12.6)	(243.0)
Amortisation charge <sup>(1)</sup>	-	(19.3)	(13.1)	(2.6)	(0.5)	(35.5)
Disposals during the period	-	-	-	0.4	-	0.4
Effect of movements in foreign exchange rates	0.1	0.5	2.2	0.8	3.7	7.3
Closing balance	(3.9)	(118.1)	(116.7)	(22.7)	(9.4)	(270.8)
<b>Carrying value 30 June 2018</b>	<b>2,036.8</b>	<b>206.2</b>	<b>74.6</b>	<b>10.7</b>	<b>59.5</b>	<b>2,387.8</b>

(1) Amortisation expenses are included in general and administration expenses USD 35.1 million (2017: USD 35.7 million), sales and marketing expenses USD 0.3 million (2017: USD 0.2 million) and research costs USD 0.1 million (2017: USD 0.3 million).

USD million	Other intangible assets					Total
	Goodwill	Customer relationships	Computer software	Product development	Other	
 <b>Key judgments and estimates</b>						
Amortisation policy	Not applicable	10 – 20 years	3 – 10 years	Less than 10 years	Less than 10 years	
<b>2017</b>						
<b>Cost</b>						
Opening balance	1,794.3	286.5	162.8	34.3	30.5	2,308.4
Additions through internal activities	-	-	11.3	-	-	11.3
Additions for the period	-	-	8.4	-	0.5	8.9
Additions through business acquisitions	222.7	44.4	-	-	36.3	303.4
Disposals during the period	-	-	(4.1)	-	(0.1)	(4.2)
Other transfers	-	-	0.8	-	(0.8)	-
Effect of movements in foreign exchange rates	20.3	2.2	2.1	0.8	(0.9)	24.5
Closing balance	2,037.3	333.1	181.3	35.1	65.5	2,652.3
<b>Accumulated amortisation and impairment</b>						
Opening balance	(4.0)	(80.6)	(98.4)	(14.6)	(8.7)	(206.3)
Amortisation charge	-	(17.7)	(8.6)	(6.1)	(3.8)	(36.2)
Disposals during the period	-	-	4.0	-	0.1	4.1
Impairment loss	-	-	(1.6)	-	-	(1.6)
Effect of movements in foreign exchange rates	-	(1.0)	(1.2)	(0.6)	(0.2)	(3.0)
Closing balance	(4.0)	(99.3)	(105.8)	(21.3)	(12.6)	(243.0)
<b>Carrying value 30 June 2017</b>	<b>2,033.3</b>	<b>233.8</b>	<b>75.5</b>	<b>13.8</b>	<b>52.9</b>	<b>2,409.3</b>

# Financial Report

## Notes to the financial statements

### Section 2: Operating assets and liabilities (continued)

#### 2.5 Carrying value assessment of property, plant and equipment and intangible assets

The Group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried above their recoverable amounts:

- at least annually for goodwill; and
- where there is an indication that the assets may be impaired (which is assessed at least each reporting date).

These tests are performed by assessing the recoverable amount of each individual asset or, if this is not possible, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. The recoverable amount is the higher of an asset's or a CGU's fair market value less costs of disposal or value in use. The value-in-use calculations are based on discounted cash flows expected to arise from the asset.



#### Key judgments and estimates

Management is required to make significant estimates and judgments in determining whether the carrying amount of the non-financial assets has any indication of impairment, in particular in relation to:

- the forecasting of future cash flows – these are based on the Group's latest approved internal five-year forecasts and reflect expectations of sales growth, operating costs, margin, capital expenditure and cash flows, based on past experience and management's expectation of future market changes.
- discount rates applied to those cash flows.
- the expected long-term growth rates – cash flows beyond the five-year period are extrapolated using estimated growth rates. The growth rates are based on the long-term performance of each CGU in their respective market and are consistent with the long-term average industry growth rates in which the CGU operates.

Such estimates and judgments are subject to change as a result of changing economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes in the recognition of impairment charges in future periods. Any impairment change is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount.

The following table presents a summary of the goodwill allocation and the key assumptions used in determining the recoverable amount of each CGU:

CGU	Goodwill allocation		Pre-tax discount rate		Growth rate	
	2018 USD million	2017 USD million	2018 %	2017 %	2018 %	2017 %
Rigid Plastics						
Rigid Plastics	915.3	907.1	9.6	10.6	1.5	1.5
Flexibles						
Flexibles Europe, Middle East and Africa	296.1	289.0	7.7	8.3	-	-
Flexibles Americas	324.4	328.4	9.9	10.5	2.0	2.0
Specialty Cartons	256.7	254.8	8.7	8.3	-	-
Flexibles Asia Pacific	244.3	254.0	8.2	9.0	3.0	3.0
<b>Total goodwill</b>	<b>2,036.8</b>	<b>2,033.3</b>				

Sensitivity analysis on reasonably possible changes to the discount rates or long-term growth rates did not result in an outcome where impairment would be required.



**Recognised impairment**

**Property, plant and equipment**

During the year ended 30 June 2018, the Group recorded impairments totalling USD 4.5 million (2017: USD 20.9 million) within general and administration expense in the income statement. The impairments recognised during the period related to specific items of property, plant and equipment that were identified as surplus to current requirements.

**Intangibles**

During the year ended 30 June 2018, the Group recorded nil impairments (2017: USD 1.6 million) within general and administration expense in the income statement.

**Reversal of impairment**

Impairment losses recognised for goodwill are not reversed. Impairment losses recognised in prior periods for assets other than goodwill are assessed at each reporting date for any indications that the impairment loss has decreased or may no longer exist. In such situations, the impairment loss is reversed and the depreciation charge is revised retrospectively to take into account the higher carrying value.

There were no material reversals of impairment in the current or prior year.

**2.6 Provisions**

Provisions are:

- recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that cash will be required to settle the obligation and the amount can be reliably estimated; and
- measured at the present value of management’s best estimate of the cash outflow required to settle the obligation. Any reasonable change in these assumptions is not expected to have a significant impact on the provisions.

Where a provision is non-current and the effect is material, the nominal amount is discounted and the unwind of the discount is recognised as financing cost in the income statement.

Provision	Description	Key judgments and estimates
<b>Employee entitlements</b>	Liabilities for wages and salaries, including non-monetary benefits, and annual leave which are expected to be settled within 12 months of the reporting date. All other short-term employee benefit obligations are presented as payables.  Liabilities for long service leave are measured as the present value of estimated future payments for the services provided by employees up to the reporting date.	Expected future wages and salary levels  Experience of employee departures  Periods of service (long service leave provisions only)
<b>Insurance and other claims</b>	The Group is self-insured for insurance and other claims. Provisions are recognised based on claims reported and claims expected to be reported in relation to incidents occurring prior to reporting date, based on historical claim rates.	Likelihood of settling customer and insurance claims
<b>Onerous contracts</b>	Onerous contract provisions relate to rental of land and buildings which are not able to be fully used or sublet by the Group, and certain customer and supply contracts procured through business acquisitions.  A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the obligations under the contract. The provision is measured as the lower of the cost of fulfilling the contract and any compensation or penalties arising from the failure to fulfil it and is recognised only in respect of the onerous element of the contract.	Surplus lease space which the Group is not using and contracts the Group has entered into that are now unprofitable

# Financial Report

## Notes to the financial statements

### Section 2: Operating assets and liabilities (continued)

#### 2.6 Provisions (continued)

Provision	Description	Key judgments and estimates
<b>Asset restoration</b>	<p>The asset restoration provision comprises mainly:</p> <ul style="list-style-type: none"> <li>make-good provisions included in lease agreements for which the Group has a legal or constructive obligation.</li> <li>decommissioning costs associated with environmental risks. At a number of sites, there are areas of contamination caused by past practice, many of which relate to operations prior to the Group's ownership. In addition, the Group recognises the environmental risks associated with underground storage tanks. The provision includes costs associated with the clean-up of sites it owns, or contamination that it caused, to enable ongoing use of the land as an industrial property and costs associated with the decommissioning, removal or repair of any tanks which may fail integrity tests.</li> </ul> <p>The present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase to the related item of property, plant and equipment.</p> <p>At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement.</p>	Future costs associated with dismantling and removing assets and restoring sites to their original condition
<b>Restructuring</b>	<p>Restructuring provisions are recognised when the Group has a detailed formal plan identifying the business or part of the business concerned, the location and approximate number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the restructuring has either commenced or been publicly announced.</p> <p>During the period, Amcor continued to adapt the organisation within developed markets and parts of the provisions made in relation to the Flexibles restructuring initiatives announced in June 2016 were used.</p>	Future costs associated with the restructuring and timeline the restructure will take

The Group's provisions are analysed as follows:

USD million	Employee entitlements	Insurance and other claims	Onerous contracts	Asset restoration	Restructuring	Other	Total
<b>Balance at 1 July 2017</b>	<b>84.9</b>	<b>35.1</b>	<b>2.9</b>	<b>41.0</b>	<b>101.9</b>	<b>16.5</b>	<b>282.3</b>
Provisions made during the period	34.2	9.1	-	0.1	5.9	1.1	50.4
Payments made during the period	(29.3)	(10.9)	(1.7)	(1.7)	(70.9)	(1.2)	(115.7)
Released during the period	(1.2)	(2.6)	(0.6)	(4.2)	(4.9)	(1.3)	(14.8)
Additions through business acquisitions	-	-	0.4	0.7	-	-	1.1
Unwinding of discount	-	-	-	0.8	0.1	-	0.9
Other transfers	0.1	-	-	-	(0.1)	-	-
Effect of movement in foreign exchange rate	(1.2)	(3.0)	-	(0.1)	2.9	-	(1.4)
<b>Balance at 30 June 2018</b>	<b>87.5</b>	<b>27.7</b>	<b>1.0</b>	<b>36.6</b>	<b>34.9</b>	<b>15.1</b>	<b>202.8</b>
<b>Current</b>	<b>38.4</b>	<b>12.4</b>	<b>0.9</b>	<b>0.4</b>	<b>34.9</b>	<b>4.7</b>	<b>91.7</b>
<b>Non-current</b>	<b>49.1</b>	<b>15.3</b>	<b>0.1</b>	<b>36.2</b>	<b>-</b>	<b>10.4</b>	<b>111.1</b>

# Financial Report

## Notes to the financial statements

### Section 3: Group's capital and risks

#### In this section

The Group is exposed to a number of market and financial risks, and this section outlines these key risks and how they are managed.

Management uses a wide range of metrics to assist in maintaining an efficient capital structure, including but not limited to:

- Leverage ratio: net debt/profit before interest, tax, depreciation and amortisation (PBITDA) pre significant items
- PBITDA interest cover: PBITDA pre significant items/net finance costs

#### 3.1 Capital management

The Group's objective when managing capital (net debt and total equity) is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders. Management aims to maintain an optimal capital and funding structure that ensures the lowest cost of capital available to the Group.

The key objectives include:

- maintaining an investment grade rating and maintaining appropriate financial metrics;
- securing access to diversified sources of debt and equity funding with sufficient undrawn committed facility capacity; and
- optimising the Weighted Average Cost of Capital (WACC) to the Group while providing financial flexibility.

In order to optimise the capital structure, the Company and its management may alter the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, draw down additional debt or sell assets to reduce debt in line with the strategic objectives and operating plans of the Group.

The capital management strategy aims to achieve an investment grade rating. The ratings at 30 June 2018 were investment grade BBB/Baa2 (2017: BBB/Baa2). The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including leverage ratio and PBITDA interest cover.

Metrics are maintained within debt covenant restrictions.

#### 3.2 Net debt

The Group borrows money from financial institutions and debt investors in the form of bank overdrafts, bank loans, corporate bonds, unsecured notes and commercial paper. The Group has a mixture of fixed and floating interest rates and uses interest rate swaps to provide further flexibility in managing the interest cost of borrowings.

Interest-bearing liabilities are initially recognised at their fair value, net of transaction costs incurred. Similarly, the foreign currency liabilities are carried at amortised cost, translated at exchange rates as at reporting date. Subsequent to initial recognition, the interest-bearing and foreign currency liabilities are measured at amortised cost with any difference between the net proceeds received and the maturity amount to be paid recognised in the income statement over the period of the borrowings using the effective interest rate method.

Interest-bearing liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Interest-bearing liabilities are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the year end which are classified as non-current liabilities.

# Financial Report

## Notes to the financial statements

### Section 3: Group's capital and risks (continued)

#### 3.2 Net debt (continued)

The following table details the net debt position of the Group:

USD million	2018		2017	
	Current	Non-current	Current	Non-current
<b>Secured borrowings:</b>				
Bank loans	10.7	2.1	10.5	4.9
Other loans	0.0	11.0	0.3	11.0
Lease liabilities	2.3	4.2	3.5	6.3
<b>Total secured borrowings</b>	<b>13.0</b>	<b>17.3</b>	<b>14.2</b>	<b>22.2</b>
<b>Unsecured borrowings:</b>				
Bank overdrafts	78.7	-	3.8	-
Bank loans <sup>(1)</sup>	6.1	804.9	65.8	1,183.5
Commercial paper	759.5	-	775.7	-
US dollar notes	299.4	272.8	100.0	575.9
Euro notes	-	115.6	-	114.4
Eurobond	635.0	368.4	-	994.1
144a	-	595.8	-	595.3
	-	494.9	-	-
Swiss bond	-	-	156.6	-
Other loans	30.3	1.3	8.5	1.0
<b>Total unsecured borrowings</b>	<b>1,809.0</b>	<b>2,653.7</b>	<b>1,110.4</b>	<b>3,464.2</b>
<b>Total interest-bearing liabilities</b>	<b>1,822.0</b>	<b>2,671.0</b>	<b>1,124.6</b>	<b>3,486.4</b>
<b>Total current and non-current interest-bearing liabilities</b>		<b>4,493.0</b>		<b>4,611.0</b>
Cash on hand and at bank <sup>(2)</sup>		(523.3)		(447.8)
Deposits – short-term and at call <sup>(3)</sup>		(97.5)		(113.7)
<b>Total cash and cash equivalents</b>		<b>(620.8)</b>		<b>(561.5)</b>
<b>Net debt</b>		<b>3,872.2</b>		<b>4,049.5</b>

Facility details	Facility limit	Maturity	Facility usage	
			2018	2017
Land, plant and buildings Mortgages	USD 11.0	May 2021 – USD 8.0 November 2053 – USD 2.7	<b>11.0</b>	11.0
Property, plant and equipment is provided as security for lease liabilities. Refer note 2.3				
- Committed multi-currency facility	AUD 100.0	June 2021	<b>64.1</b>	69.3
- Committed syndicated multi-currency facility to support uncommitted commercial paper programs.	USD 565.4	July 2020	-	138.2
- Committed global syndicated multi-currency facility.	USD 775.0	February 2021	<b>590.3</b>	776.8
- Syndicated facility entered into in April 2014 to support US commercial paper program	USD 750.0	April 2019	-	160.0
- Syndicated multi-currency facility entered into in Nov 2016	EUR 750.0	November 2022	<b>150.0</b>	110.0
- Other loans			<b>6.6</b>	2.5
Commercial paper markets borrowing – Uncommitted promissory note facility	AUD 600.0	Footnote 4	<b>397.9</b>	371.0
Commercial paper markets borrowing – Uncommitted commercial paper program	USD 600.0	Footnote 4	<b>361.6</b>	404.7
United States Private Placement borrowing – Senior unsecured notes issued 2009	USD 575.0	Bullet maturities between 2018 and 2021	<b>572.2</b>	575.9
United States Private Placement borrowing – Senior unsecured notes issued 2002	USD 100.0	December 2017	-	100.0
United States Private Placement borrowing – Senior unsecured notes issued 2010	EUR 100.0	September 2020	<b>115.6</b>	114.4
Eurobond market borrowings – unsecured notes	EUR 550.0	April 2019	<b>635.0</b>	627.5
Eurobond market borrowings – unsecured notes	EUR 300.0	March 2023	<b>368.4</b>	366.5
144a / Regulation S – senior unsecured notes issued 2016	USD 600.0	April 2026	<b>595.8</b>	595.3
144a / Regulation S – senior unsecured notes issued 2018	USD 500.0	May 2028	<b>494.9</b>	-
Swiss bond market borrowings – unsecured notes	CHF 150.0	April 2018	-	156.6

(1) Unsecured bank loans are presented net of borrowing fees.

(2) Deposits for the Group bear floating interest rates based on prevailing market rates of the respective jurisdictions.

(3) Short-term deposits and short-term money market investments.

(4) Commercial paper borrowings are classified as a current interest-bearing liability due to the short-term rollover nature of the borrowings. Two syndicated global multicurrency tranches of USD 565.4 million due in July 2020 along with the USD 750 million syndicated facility due in April 2019 act as a liquidity backstop. Usage of these facilities reduces the available capacity to be drawn under the syndicated multicurrency facility.

# Financial Report

## Notes to the financial statements

### Section 3: Group's capital and risks (continued)

#### 3.2 Net debt (continued)

<b>Analysis of changes in consolidated net debt</b>	Lease liabilities	Other borrowings	Cash/cash equivalents	<b>Net debt 2018</b>	Net debt 2017
Opening balance	9.8	4,601.2	(561.5)	<b>4,049.5</b>	3,829.4
Cash movements	(3.4)	(44.6)	(86.2)	<b>(134.2)</b>	154.9
Business acquisitions	-	-	-	-	8.3
Foreign exchange adjustment	0.1	(73.2)	26.9	<b>(46.2)</b>	56.7
Other movements	-	3.1	-	<b>3.1</b>	0.2
<b>Closing balance</b>	<b>6.5</b>	<b>4,486.5</b>	<b>(620.8)</b>	<b>3,872.2</b>	<b>4,049.5</b>

#### Risks associated with net debt

##### (i) Liquidity risk

##### *Nature of liquidity risk*

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

##### *Liquidity risk management*

Liquidity risk is managed centrally by Amcor Group Treasury and involves maintaining available funding and ensuring the Group has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the business, Amcor Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts, bank loans, corporate bonds, unsecured notes and commercial paper. The following is used to manage the risk:

- maintaining minimum undrawn committed liquidity of at least USD 200 million (in various currencies) that can be drawn upon at short notice;
- regularly performing a comprehensive analysis of all cash inflows and outflows in relation to operational, investing and financing activities;
- generally using tradeable instruments only in highly liquid markets;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- monitoring duration of long-term debt;
- only investing surplus cash with major financial institutions; and
- to the extent practicable, spreading the maturity dates of long-term debt facilities.

##### *Financing arrangements*

Actual and forecasted cash flows of each business segment are regularly monitored to assess the funding requirements of the Group to enable management to ensure that the Group has access to a range of diverse funding sources over various timeframes in order to meet cash flow requirements and to maintain adequate liquidity of the Group.

Committed facilities are those where an agreement is in place with the bank to provide funds on request up to a specified maximum at a specified interest rate and where agreement conditions must be adhered to by the borrower for the facility to remain in place. Uncommitted facilities are those where an agreement is in place with the bank where it agrees in principle to make funding available but is under no obligation to provide funding to the Group. The committed and uncommitted standby arrangements and unused credit facilities of the Group are analysed in the table below.

USD million	2018			2017		
	Committed	Uncom- mitted	Total	Committed	Uncom- mitted	Total
<i>Financing facilities available:</i>						
Bank overdrafts	-	206.0	206.0	-	118.9	118.9
Unsecured bill acceptance facility/standby facility	1,040.8	-	1,040.8	1,060.6	-	1,060.6
Loan facilities and term debt	4,771.5	123.7	4,895.2	4,501.9	103.5	4,605.4
	<b>5,812.3</b>	<b>329.7</b>	<b>6,142.0</b>	<b>5,562.5</b>	<b>222.4</b>	<b>5,784.9</b>
<i>Facilities utilised:</i>						
Bank overdrafts	-	78.7	78.7	-	3.8	3.8
Unsecured bill acceptance facility/standby facility	759.6	-	759.6	775.7	-	775.7
Loan facilities and term debt	3,585.8	68.9	3,654.7	3,790.3	41.2	3,831.5
	<b>4,345.4</b>	<b>147.6</b>	<b>4,493.0</b>	<b>4,566.0</b>	<b>45.0</b>	<b>4,611.0</b>
<i>Facilities not utilised:</i>						
Bank overdrafts	-	127.3	127.3	-	115.1	115.1
Unsecured bill acceptance facility/standby facility	281.2	-	281.2	284.9	-	284.9
Loan facilities and term debt	1,185.7	54.8	1,240.5	711.6	62.3	773.9
	<b>1,466.9</b>	<b>182.1</b>	<b>1,649.0</b>	<b>996.5</b>	<b>177.4</b>	<b>1,173.9</b>

For the purposes of reporting on management's internal liquidity targets to the Board, undrawn committed facility capacity excludes bank overdrafts and other short-term subsidiary loan borrowings.

#### Maturity of financial liabilities

The table below analyses the Group's financial liabilities excluding derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, including principal and/or interest, calculated at 30 June. Non-derivative financial liabilities comprise interest-bearing liabilities and trade and other payables. Trade and other payables are recognised at the value of the invoice received from the supplier which is considered to approximate fair value. Trade payables are unsecured and non-interest-bearing.

USD million	1 year or less	1-2 years	2-5 years	More than 5 years	Total
<b>2018</b>					
Non-interest-bearing	2,606.7	-	-	-	2,606.7
Variable rate	859.1	1.3	804.3	2.8	1,667.5
Fixed rate	1,080.6	65.2	954.6	1,271.3	3,371.7
<b>Total non-derivatives</b>	<b>4,546.4</b>	<b>66.5</b>	<b>1,758.9</b>	<b>1,274.1</b>	<b>7,645.9</b>
<b>2017</b>					
Non-interest-bearing <sup>(1)</sup>	2,607.9	-	-	-	2,607.9
Variable rate	882.5	947.8	255.0	5.6	2,090.9
Fixed rate	362.0	1,014.8	513.2	1,073.5	2,963.5
<b>Total non-derivatives</b>	<b>3,852.4</b>	<b>1,962.6</b>	<b>768.2</b>	<b>1,079.1</b>	<b>7,662.3</b>

(1) Comparative period has been restated (refer to note 6.6).

# Financial Report

## Notes to the financial statements

### Section 3: Group's capital and risks (continued)

#### 3.2 Net debt (continued)

##### (ii) Interest rate risk

###### *Nature of interest rate risk*

Interest rate risk is the risk that the Group is impacted by significant changes in interest rates. Borrowings issued at or swapped to floating rates expose the Group to interest rate risk.

###### *Interest rate risk management*

Amcor Group Treasury manages the Group's exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates and, where appropriate, hedging floating interest rate exposure or borrowings at fixed interest rates through the use of interest rate swaps and forward interest rate contracts. The Group's policy is to hold up to 75.0% fixed debt. At 30 June 2018, approximately 49% of the Group's debt is fixed rate (2017: 43%).

All of the Group's interest rate swaps are classified as fair value hedges so all movements in the fair values are recorded in the income statement.

###### *Interest rate sensitivity*

A sensitivity analysis has been performed to determine the impact on the income statement, based on the exposure to interest rates, for both derivative and non-derivative instruments at the end of the financial year utilising a 100 basis points movement in the floating rate on the relevant interest rate yield curve applicable to the underlying currency the borrowings are denominated in, with all other variables held constant. There is no single currency with an interest rate sensitivity greater than USD 10.0 million. The currency with the largest sensitivity is the Australian dollar which has a movement of USD 8.3 million. The 100 basis points sensitivity analysis has been determined reasonable based on the Group's current credit rating and mix of debt in Australia and foreign countries, relationships with financial institutions, the level of debt that is expected to be renewed as well as a review of the last two year's historical movements and economic forecasters' expectations.

##### (iii) Credit risk

###### *Nature of credit risk*

Credit risk is the risk of loss if a counterparty fails to fulfil its obligation under a financial instrument contract. The Group is exposed to credit risk arising from financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

###### *Credit risk management*

Credit risk from balances with financial institutions is managed by Amcor Group Treasury in accordance with Board approved policies. The investment of surplus funds is made only with approved counterparties and within credit limits assigned to each counterparty. Financial derivative instruments can only be entered into with high credit quality approved financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. The Board has approved the use of these financial institutions, and specific internal guidelines have been established with regard to limits, dealing and settlement procedures. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The Group has no significant concentration of credit risk in relation to derivatives undertaken in accordance with the Group's hedging and risk management activities.



### 3.3 Financial risk management

The Group's risk management program seeks to mitigate market risks including foreign exchange volatility, commodity price risk and employee share plan risk and reduce the volatility of the Group's financial performance. All financial risk management is carried out or monitored centrally by Amcor Group Treasury and is undertaken in accordance with treasury risk management policies approved by the Board.

Transactions in foreign currencies are translated into the functional currency of the entity using exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year end are translated to the functional currency at the year-end spot rate. Foreign exchange gains and losses arising from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or net investment hedges.

#### Foreign exchange risk – transaction management

There is a risk that the value of a financial commitment, recognised monetary asset or liability or cash flow will fluctuate due to changes in foreign currency rates. Management's policy is to use forward exchange contracts to hedge forecast or actual foreign currency exposures, on transactions in currencies other than the entity's functional currency as follows:

	Transaction greater than USD 500,000 <sup>(1)</sup>	Capital expenditure greater than USD 100,000
<b>Contractual certainty:</b>	Must hedge 100%	Must hedge 100% or have a hedge strategy in place
<b>Contractual uncertainty:</b>		
timeframe <6 months		Hedge 75%
timeframe 7–12 months		Hedge 50%
timeframe 1–2 years		Hedge 25%
timeframe >2 years		Nil

(1) The hedging of transactions smaller than USD 500,000 is at local management's discretion.

Forecast exposure greater than two years from the forecast date must not be hedged unless specifically approved by the Executive Vice President Finance and Chief Financial Officer. Businesses are not permitted to speculate on future currency movements.



#### Key judgment and estimates

Each individual entity within the Group records its transactions in its relevant functional currency, which is the currency of the economic environment in which the entity primarily generates and expends cash. For all entities within the Group with a functional currency that is not the United States dollar:

- assets and liabilities are translated at the closing exchange rate at the date of that balance sheet; and
- income and expenses are translated at year-to-date average exchange rates.

On consolidation, all exchange differences arising from translation are recognised in other comprehensive income and accumulated as a separate component of equity in the exchange fluctuation reserve (EFR). When a foreign operation is disposed of, the amount within EFR related to that entity is transferred to the income statement as an adjustment to the profit or loss on disposal.

# Financial Report

## Notes to the financial statements

### Section 3: Group's capital and risks (continued)

#### 3.3 Financial risk management (continued)

##### Foreign exchange risk – translation management

The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant currency. The following table details how borrowings are used as designated hedges to eliminate the translation risk on net investments in foreign operations.

USD million	USD	EUR	GBP	NZD	HKD
<b>2018</b>					
Net assets, excluding net debt	1,768.4	1,065.9	82.2	86.1	438.4
Natural hedges	(1,396.5)	352.3	190.5	26.7	-
Net investment	371.9	1,418.2	272.7	112.8	438.4
Designated hedge	180.8	1,154.5	143.8	64.1	203.0
<b>Unhedged net assets</b>	<b>191.1</b>	<b>263.7</b>	<b>128.9</b>	<b>48.7</b>	<b>235.4</b>
<b>2017</b>					
Net assets, excluding net debt	1,738.4	1,015.5	41.9	88.8	411.9
Natural hedges	(1,458.9)	182.8	227.7	26.1	-
Net investment	279.5	1,198.3	269.6	114.9	411.9
Designated hedge	235.0	1,084.2	142.9	69.3	324.7
<b>Unhedged net assets</b>	<b>44.5</b>	<b>114.1</b>	<b>126.7</b>	<b>45.6</b>	<b>87.2</b>

On consolidation, foreign currency differences arising on external borrowings designated as net investment hedges of a foreign operation are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, the foreign currency differences are recognised in the income statement. When a hedged net investment is disposed of, a percentage (calculated as the percentage of funds employed disposed compared to the Group's total funds employed of that relevant currency) of the cumulative amount recognised in equity in relation to the hedged net investment is transferred to the income statement as an adjustment to the profit or loss on disposal.

##### Exchange rate sensitivity

The following table illustrates the sensitivity of the Group's net assets (after hedging) and financial derivatives movements against observed annual volatility in the relevant foreign currencies, with all other variables held constant, taking into account all underlying exposures and related hedges.

All forward contracts that do not have an underlying exposure already within the balance sheet are designated as cash flow hedges at inception. Subsequent testing of effectiveness ensures that all effective hedge movements flow through the cash flow hedge reserve within equity and have a minimal pre-tax impact on profit.

	Change in foreign exchange rate (annual volatility)		Impact on equity	
	2018	2017	2018	2017
	%	%	USD million	USD million
Australian dollar	9.2	9.4	102.8	104.3
Euro	7.5	7.5	10.2	1.5
British pound	8.1	8.8	11.8	11.5
Swiss franc	7.3	7.7	11.7	1.7
New Zealand dollar	9.5	10.0	4.3	3.9

**(i) Commodity price risk**

The Group is exposed to commodity price risk from several commodities, including aluminium, resin and certain other raw materials. In managing commodity price risk, the Group is ordinarily able to pass on the price risk contractually to customers through rise and fall adjustments. In the case of aluminium, some hedging is undertaken using fixed price swaps on behalf of certain customers. Hedging undertaken is based on customer instructions and all related benefits and costs are passed onto the customer on maturity of the transaction. Movements in commodity hedges are recognised within equity. The cumulative amount of the hedge is recognised in the income statement when the forecast transaction is realised. However, there is no impact on profit as a result of movements in commodity prices where hedges have been put in place as the Group passes the price risk contractually through to customers through rise and fall adjustments in customer contractual arrangements. As the Group ultimately passes on the risk associated with the movements in commodity prices, no sensitivity has been performed.

**(ii) Employee share plan risk**

The Group's employee share plans require the delivery of shares to employees in the future when rights vest or options are exercised. The Group currently acquires shares on market to deliver shares to employees to satisfy vesting or exercising commitments, this exposes the Group to cash flow risk, that is as the share price increases it costs more to acquire the shares on market.

**Management of risk**

The Amcor Employee Share Trust (the 'Trust') manages and administers the Group's responsibilities under the employee share plans through acquiring, holding and transferring shares or rights to shares, in the Company to participating employees. The Trust is consolidated as the substance of the relationship is that the Trust is controlled by the Group. All shares held by the Trust are disclosed as treasury shares and deducted from contributed equity. As at 30 June 2018, the Trust held 909,988 (2017: 690,564) of the Company's shares (refer to note 3.5).

To manage the cash flow risk, the Group has entered into forward contracts for the on-market purchase of ordinary shares of the Company. The details are:

	2018			2017		
	Expiry date	Contract volume	Average hedged price AUD	Expiry date	Contract volume	Average hedged price AUD
Less than one year	May 2019	2,500,000	13.80	October 2018	3,000,000	16.54

The financial liability of the forward contract is measured at the present value of the expenditure required to settle the contract with a corresponding reduction, net of any related income tax effects, recognised in equity.

**(iii) Derivative financial instruments**

The Group documents, at the inception of the transaction, the type of hedge, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The documentation also demonstrates, both at hedge inception and on an ongoing basis that the hedge has been and is expected to continue to be highly effective.

# Financial Report

## Notes to the financial statements

### Section 3: Group's capital and risks (continued)

#### 3.3 Financial risk management (continued)

The Group uses derivative financial instruments for two types of hedges:

	Fair value hedges	Cash flow hedges
<b>What is it?</b>	A derivative or financial instrument designated as hedging the change in fair value of a recognised asset or liability.	A derivative or financial instrument to hedge the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or forecast transaction.
<b>Recognition date</b>	At the date the instrument is entered into.	At the date the instrument is entered into.
<b>Measurement</b>	Measured at fair value.	Measured at fair value.
<b>Changes in fair value</b>	<p>The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs, together with loss or gain in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within finance income or expenses.</p> <p>If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity using a recalculated effective interest rate.</p>	<p>Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income and accumulated in equity in the hedging reserve to the extent that the hedge is highly effective.</p> <p>To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement within other income or other expenses. Amounts accumulated in equity are transferred to the income statement or the balance sheet, for a non-financial asset, at the same time as the hedged item is recognised.</p> <p>The cumulative gain or loss existing in equity is reclassified into profit or loss at the time the forecast transaction impacts profit or loss or when the forecast transaction is no longer expected to occur.</p>

The tables below provide details of the derivative financial assets and liabilities included in the balance sheet:

USD million	2018		2017	
	Asset	Liability	Asset	Liability
<b>Current</b>				
Fair value through profit and loss:				
Forward exchange contracts	6.5	4.9	5.6	6.0
Cash flow hedges:				
Commodity contracts	1.6	0.5	2.5	0.2
Forward exchange contracts	0.7	1.7	0.6	-
Forward contracts to purchase own equity to meet share plan obligations	-	29.4	-	38.1
<b>Total current other financial assets/liabilities</b>	<b>8.8</b>	<b>36.5</b>	8.7	44.3

USD million	2018		2017	
	Asset	Liability	Asset	Liability
<b>Non-current</b>				
Fair value hedges:				
Interest rate swaps	22.3	1.3	26.8	-
<b>Total non-current other financial assets/liabilities</b>	<b>22.3</b>	<b>1.3</b>	26.8	-

The table below analyses the Group's net and gross settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows calculated at 30 June.

USD million	1 year or less	1-2 years	Total
<b>2018</b>			
Derivatives – gross settled			
- Inflow	557.9	10.3	568.2
- Outflow	(599.0)	(12.6)	(611.6)
<b>Net expected cash outflow</b>	<b>(41.1)</b>	<b>(2.3)</b>	<b>(43.4)</b>
<b>2017</b>			
Derivatives – gross settled			
- Inflow	551.8	5.3	557.1
- Outflow	(599.6)	(5.6)	(605.2)
<b>Net expected cash outflow</b>	<b>(47.8)</b>	<b>(0.3)</b>	<b>(48.1)</b>

### 3.4 Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition, measurement and disclosure purposes.



#### Key judgments and estimates

Financial asset and liability	Fair value approach
Cash and cash equivalents	Carrying value approximates fair value due to the short-term nature of the assets and liabilities.
Short-term monetary financial assets and liabilities	
Trade and other receivables	
Trade payables	
Other monetary financial assets and liabilities	Based on market prices (if they exist) or discounting the expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.
Unquoted equity investments	Based on underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment.
Derivative financial instruments – reflects the estimated amounts which the Group would be required to pay or receive to terminate the contracts or replace them at their current market rates.	Based on internal valuations using standard valuation techniques with current market inputs including interest and forward exchange rates. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

# Financial Report

## Notes to the financial statements

### Section 3: Group's capital and risks (continued)

#### 3.4 Fair value measurement (continued)

The Group has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values approximate their carrying amounts. Differences between the carrying amount and fair value were identified for the following instruments at 30 June:

USD million	Note	2018		2017	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial liabilities</b>					
US Dollar notes	3.2	<b>572.2</b>	<b>604.2</b>	675.9	735.8
2016 144a	3.2	<b>595.8</b>	<b>568.3</b>	595.3	599.6
2018 144a	3.2	<b>494.9</b>	<b>501.6</b>	-	-
Euro notes	3.2	<b>115.6</b>	<b>128.5</b>	114.4	132.3
Eurobond	3.2	<b>1,003.4</b>	<b>1,038.9</b>	994.1	1,053.0
Swiss bond	3.2	-	-	156.6	159.8

The fair value of the US dollar notes, 144a Senior unsecured notes, Euro notes, the Eurobond, and the Swiss bond reflects the revaluation of these instruments, at prevailing market rates.

For financial assets and liabilities carried at fair value, the Group uses the following to categorise the method used:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as over-the-counter prices) or indirectly (derived from over-the-counter prices).
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise derivative financial instruments.

Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3. The Group holds no level 1 or level 3 instruments at 30 June 2018 (2017: nil). The derivative financial instruments in note 3.3 were recognised at fair value using a level 2 valuation method.

### 3.5 Contributed equity

#### Ordinary shares

Ordinary shares issued are classified as equity and are fully paid, have no par value and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit.

#### Treasury shares

Treasury shares are shares in the Company that are held by the Amcor Employee Share Trust for the purpose of issuing shares to employees under the Group's employee share plans. Treasury shares are recognised at cost and deducted from equity, net of any income tax effects. When the treasury shares are subsequently sold, or re-issued any consideration received, net of any directly attributable costs and income tax effects, is recognised as an increase in equity.

#### Repurchase of share capital

Where the Group purchases the Company's own equity instruments, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. The amount of the consideration paid, including directly attributable costs, is recognised as a deduction from contributed equity, net of any related income tax effects.

	2018		2017	
	No. '000	USD million	No. '000	USD million
<b>Ordinary shares</b>				
<b>Balance at beginning of period</b>	<b>1,158,141</b>	<b>1,425.0</b>	1,158,141	1,466.6
Exercise of options	3,961	33.4	5,153	28.2
Exercise of performance shares / rights	413	1.2	1,729	3.5
Exercise of share rights	1,388	13.0	1,385	17.0
Exercise under the Senior Executive Retention Share Plan	219	1.8	356	1.3
Forward contract settled/(entered into) to satisfy exercise of options and rights under employee share plans	-	12.5	-	5.5
Treasury shares used to satisfy exercise of options and rights under employee share plans	(5,981)	(75.5)	(8,623)	(97.2)
<b>Balance at end of period</b>	<b>1,158,141</b>	<b>1,411.4</b>	1,158,141	1,425.0
<b>Treasury shares</b>				
Balance at beginning of period	(691)	(8.1)	(2,391)	(21.5)
Acquisition of shares by the Amcor Employee Share Trust	(3,200)	(39.1)	(3,323)	(40.2)
Forward contract settled	(3,000)	(39.0)	(3,600)	(43.6)
Employee share plan issue	5,981	75.5	8,623	97.2
<b>Balance at end of period</b>	<b>(910)</b>	<b>(10.7)</b>	(691)	(8.1)
<b>Total contributed equity</b>	<b>1,157,231</b>	<b>1,400.7</b>	1,157,450	1,416.9

# Financial Report

## Notes to the financial statements

### Section 3: Group's capital and risks (continued)

#### 3.6 Reserves

##### Cash flow hedge reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

##### Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and rights recognised as an expense.

##### Demerger reserve

This reserve arose on the demerger of the AAPD group (now known as Orora). It represents the difference between the fair value of the AAPD shares (being the distribution liability arising on demerger), the amount allocated as a capital reduction and any transfers to other reserves.

##### Exchange fluctuation reserve (EFR)

Exchange differences arising on translation of foreign controlled operations are recognised in the exchange fluctuation reserve.

USD million	Cash flow hedge reserve	Share-based payments reserve	Demerger reserve	Exchange fluctuation reserve	Total reserves
<b>Balance at 1 July 2017</b>	<b>(6.6)</b>	<b>53.1</b>	<b>(652.1)</b>	<b>(276.1)</b>	<b>(881.7)</b>
Reclassification to profit or loss	(3.5)	-	-	-	(3.5)
Reclassified to non-financial assets	0.1	-	-	-	0.1
Effective portion of changes in fair value	0.8	-	-	-	0.8
Currency translation differences	-	-	-	(26.3)	(26.3)
Deferred tax	0.6	-	-	7.2	7.8
Tax effect on forward contracts entered into to purchase own equity to meet share plan obligations	-	(1.4)	-	-	(1.4)
Settlement of performance rights	-	(21.3)	-	-	(21.3)
Share-based payments expense	-	18.4	-	-	18.4
<b>Balance at 30 June 2018</b>	<b>(8.6)</b>	<b>48.8</b>	<b>(652.1)</b>	<b>(295.2)</b>	<b>(907.1)</b>
<b>Balance at 1 July 2016</b>	<b>(13.1)</b>	<b>54.2</b>	<b>(652.1)</b>	<b>(189.2)</b>	<b>(800.2)</b>
Reclassification to profit or loss	(0.1)	-	-	-	(0.1)
Reclassified to non-financial assets	0.6	-	-	-	0.6
Effective portion of changes in fair value	6.9	-	-	-	6.9
Currency translation differences	-	-	-	(73.4)	(73.4)
Deferred tax	(0.9)	-	-	(13.5)	(14.4)
Tax effect on forward contracts entered into to purchase own equity to meet share plan obligations	-	(1.4)	-	-	(1.4)
Settlement of performance rights	-	(26.2)	-	-	(26.2)
Share-based payments expense	-	26.5	-	-	26.5
<b>Balance at 30 June 2017</b>	<b>(6.6)</b>	<b>53.1</b>	<b>(652.1)</b>	<b>(276.1)</b>	<b>(881.7)</b>



# Financial Report

## Notes to the financial statements

### Section 4: Business portfolio

#### In this section

Building on 1.3, this section provides further insight into the business portfolio of the Group, including the value-creating acquisition opportunities which the Group has secured to improve industry structures and strengthen its leadership positions in chosen market segments.

#### 4.1 Businesses acquired

In the year ended 30 June 2018, the Group has not acquired any new businesses. The purchase accounting for the blow molding operations of Sonoco Products Company, Discma AG, Hebei Qite Packaging Co. Ltd and Plasticos Team S.A.S. has been completed during the period. Adjustments made to previous acquisitions did not result in material changes to goodwill.

#### 4.2 Equity-accounted investments



#### Key judgments and estimates

Amcor has one significant associate, AMVIG Holdings Limited (AMVIG), over which it has significant influence, but not control or joint control, to govern the financial and operating policies of AMVIG.

The Group's investment in its associates and joint ventures (investees) is initially recorded at cost and subsequently accounted for using the equity method. The carrying amount of the investment is adjusted to recognise changes in the Group's interest in the net assets of the investees. Dividends received from the investees are recognised as a reduction in the carrying amount of the investment. Goodwill relating to the investees is included in the carrying amount of the investment and is not tested for impairment individually.

The Group's share of the results of the investees is reported in the income statement and its share of movements in other comprehensive income is recognised in other comprehensive income. Changes in the Group's share of the net assets of the investees, due to dilution caused by an issue of equity by the investees, are recognised in the income statement as a gain or loss.

Investments in investees are reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment review compares the net carrying value with the recoverable amount, where the recoverable amount is the higher of the value in use calculated as the present value of the Group's share of the associate's future cash flows and its fair value less costs of disposal.

The associates and joint ventures of the Group are listed below:

Name of entity	Nature of relationship	Principal activity	Country of incorporation	Ordinary share ownership interest (%)		Carrying amount USD million	
				2018	2017	2018	2017
AMVIG Holdings Limited	Associate	Tobacco packaging	Cayman Islands	47.6	47.6	438.4	411.9
Individually immaterial equity-accounted investments						0.1	-
<b>Total equity-accounted investments</b>						<b>438.5</b>	<b>411.9</b>

# Financial Report

## Notes to the financial statements

### Section 4: Business portfolio (continued)

#### 4.2 Equity-accounted investments (continued)

##### Transactions with equity-accounted investments

During the 12 months to 30 June 2018, the Group received dividends of USD 8.5 million from associates (2017: USD 6.5 million).

##### Reconciliation to carrying value of AMVIG

USD million	2018	2017
Group's share of net assets	246.1	213.6
Notional goodwill	201.2	199.6
Effects of movement in foreign exchange rates and other adjustments	(8.9)	(1.3)
<b>Carrying amount at the end of the financial year</b>	<b>438.4</b>	<b>411.9</b>



##### Key judgments and estimates

The Amcor carrying value of its equity investment in AMVIG when expressed in Hong Kong dollars per share is greater than the Hong Kong dollar per share quoted for AMVIG on the Hong Kong Stock Exchange at 30 June 2018. The Group's view is that AMVIG's quoted share price does not accurately reflect the fundamental value of the business.

Accordingly, in order to assess the carrying value of the investment in AMVIG, the Group has assessed the recoverable amount with reference to the higher of fair value less costs of disposal and value in use. The value-in-use calculation requires the use of assumptions and includes cash flow projections for five years using management's best estimates based on historical publicly available information from AMVIG. The value-in-use calculation included a pre-tax discount rate of 9.0% (2017: 9.1%) and a perpetual growth rate of 4% (2017: 4%).

The Group also performed a sensitivity analysis on the impact of changes in the key assumptions underpinning the value-in-use model. Based on the value-in-use assessment, including the sensitivity analysis over key assumptions, the Group believes that the recoverable amount of the investment in AMVIG exceeds the Group's carrying value of the investment at 30 June 2018.

### Summarised financial information for AMVIG Holdings Limited

The balance date for AMVIG is 31 December which is different to that of the Group due to the listing requirements of this entity on the Hong Kong Stock Exchange. In determining the Group's share of profits of AMVIG for the financial year ended 30 June 2018, the Group has used the latest publicly available financial information, being the audited results for the year ended 31 December 2017 plus management's best estimate for the six months ended 30 June 2018. The Group's share of net assets is based on the latest publicly available set of financial statements dated 31 December 2017 (2017: 31 December 2016).

The following tables provide summarised financial information for 100% of AMVIG from their latest available annual report.

USD million	2018	2017
<b>Summarised statement of comprehensive income</b>		
Revenues	312.9	328.6
<b>Profit after tax</b>	<b>51.5</b>	29.5
Other comprehensive income	35.7	(26.4)
<b>Total comprehensive income</b>	<b>87.2</b>	3.1
<b>Summarised statement of financial position</b>		
Current assets	339.5	362.4
Non-current assets	480.9	443.6
<b>Total assets</b>	<b>820.4</b>	806.0
Current liabilities	112.4	189.6
Non-current liabilities	190.9	167.7
<b>Total liabilities</b>	<b>303.3</b>	357.3
<b>Net assets reported by AMVIG</b>	<b>517.1</b>	448.7

# Financial Report

## Notes to the financial statements

### Section 4: Business portfolio (continued)

#### 4.3 Subsidiaries

The consolidated financial statements include Amcor Limited (parent entity) and the following significant wholly owned subsidiaries, unless stated otherwise, in the table below. Subsidiaries are fully consolidated from the date of acquisition, being the date on which Amcor obtains control, and continue to be consolidated until the date that such control ceases. Control exists where the Group has the power to govern the financial and operating policies of the entity in order to obtain benefits from its activities.

Controlled entity	Country of incorporation
Vinisa Fueguina S.R.L.	Argentina
Amcor Flexibles (Australia) Pty Ltd	Australia
Amcor Flexibles Transpac BVBA	Belgium
Amcor Rigid Plastics do Brasil Ltda	Brazil
Amcor Packaging Canada Inc	Canada
Alusa Chile S.A.	Chile
Jiangyin Propack Packing Co Ltd	China
Propack Huizhou Ltd	China
Amcor Flexibles Denmark ApS	Denmark
Amcor Flexibles Capsules France SAS	France
Amcor Flexibles Packaging France SAS	France
Amcor Flexibles Sarrebourg SAS	France
Amcor Flexibles Selestat SAS	France
Amcor Flexibles Singen GmbH	Germany
Tscheulin-Rothal GmbH (98.76%)	Germany
Amcor Flexibles Italia S.r.l.	Italy
Amcor Flexibles Zutphen BV	Netherlands
Amcor Flexibles (New Zealand) Ltd	New Zealand
Peruplast S.A.	Peru
Amcor Flexibles Reflex Sp z.o.o	Poland
Amcor Specialty Cartons Polska Spolka z.o.o.	Poland
Amcor Flexibles Portugal Lda	Portugal
Amcor Flexibles Novgorod LLC	Russia
Amcor Specialty Cartons Novgorod LLC	Russia
Amcor Specialty Cartons St. Petersburg LLC	Russia
Amcor Fibre Packaging Asia Pte Ltd	Singapore
Amcor Flexibles South Africa (Pty) Ltd	South Africa
Amcor Flexibles Espana SL	Spain
Amcor Flexibles Burgdorf GmbH	Switzerland
Amcor Flexibles Kreuzlingen AG	Switzerland
Amcor Flexibles Rorschach AG	Switzerland
Amcor Group GmbH	Switzerland
Amcor Flexibles Bangkok Public Company Ltd (99.42%)	Thailand
Amcor Specialty Cartons Baski Sanayi Ticaret AS	Turkey
AFP (Europe) Ltd	United Kingdom
Amcor Flexibles UK Ltd	United Kingdom
Amcor Packaging UK Ltd	United Kingdom
Amcor Flexibles Inc	United States of America
Amcor Packaging Investments USA Inc	United States of America
Amcor Rigid Plastics USA, LLC	United States of America
Amcor Specialty Cartons Americas LLC	United States of America
Bericap SC LLC (50.00%)	United States of America
Encon, Inc (49.00%)	United States of America

# Financial Report

## Notes to the financial statements

### Section 5: Employee remuneration

#### In this section

This section provides financial insight into employee remuneration arrangements.

This section should be read in conjunction with the remuneration report as set out in the Directors' Report, which contains detailed information regarding the setting of remuneration for Key Management Personnel. Employee expenses and employee provisions are shown in note 1.4 and note 2.6 respectively.

#### 5.1 Share-based payments

The Company provides benefits to employees (including the CEO and Senior Executives) of the Group in the form of share-based payments, whereby employees render services in exchange for options or rights over shares. Share-based payments can either be equity- or cash-settled. The expense arising from these transactions is shown in note 1.4.

The Group operates a number of share-based payment plans. A description of each type of share-based payment arrangement that existed at any time during the period is provided below. The fair value of options and rights granted under equity-settled share-based arrangements are measured at grant date and spread over the vesting period via a charge to employee benefit expense in the income statement and a corresponding increase in the share-based payments reserve in equity. The fair value of options takes into account market performance conditions, but excludes the impact of any non-market vesting conditions (for example; internal financial targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be vested.

Upon exercise of the options or rights, the relevant amount in the share-based payments reserve is transferred to contributed equity.

##### Cash-settled share-based payments

The Board may nominate certain employees as eligible to participate in the Senior Executive Retention Payment Plan (SERPP). These employees then receive entitlements that reflect the performance of Amcor Limited shares. These entitlements may be converted into a cash payment after the three-year restriction period has expired. As at 30 June 2018, 456,013 SERPP entitlements (30 June 2017: 50,000) are outstanding with an average fair value of USD 10.59 each (30 June 2017: USD 12.44).

Also, cash-settled share-based payment plans are in place where the Group is unable to issue shares or options. Liabilities for cash-settled share-based payment arrangements are as follows:

USD million	2018	2017
Total carrying amount of liabilities for cash-settled arrangements	4.1	3.4

These liabilities also include former equity awards that were converted to cash-settled arrangements.

##### Equity-settled share-based payments

A description of plans is contained in the table on the next page. The only additional equity plan not listed in the table is the Retention Share/Payment Plan. Under this plan, the Board nominates certain Senior Executives as eligible to receive fully-paid ordinary shares in part satisfaction of their remuneration for the relevant financial year. The number of shares issued is at the discretion of the Board. The restrictions on these shares do not allow the employee to dispose of the shares for a period of up to five years (or otherwise as determined by the Board), unless the employee ceases employment later than three years after the shares were issued. Any right or interest in the shares will be forfeited if the employee voluntarily ceases employment within three years from the date the shares were issued or if the employee is dismissed during the restriction period, for cause or poor performance. The shares subject to the Retention Share/Payment Plan carry full dividend entitlements and voting rights. The weighted average fair value is calculated using the market value at the date the shares were issued.

# Financial Report

## Notes to the financial statements

### Section 5: Employee remuneration (continued)

#### 5.1 Share-based payments (continued)

##### Equity-settled share-based payments (continued)

Details of the total movement in shares issued under the Retention Share/Payment Plan during the current and comparative period are as follows:

	2018		2017	
	No.	Fair value AUD	No.	Fair value AUD
Weighted average				
Restricted shares at beginning of financial period	271,541	13.89	585,281	13.49
Issued during the period	555,712	15.64	66,858	15.08
Restriction lifted	(218,969)	13.61	(355,598)	13.50
Cancelled	(28,572)	15.18	(25,000)	13.31
<b>Restricted shares at end of financial period</b>	<b>579,712</b>	<b>15.61</b>	<b>271,541</b>	<b>13.89</b>

	Long Term Incentive		Short Term Incentive Deferred Equity
	Options	Performance Rights or Performance Shares	Share Rights
<b>Overview</b>	Give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions described below and require payment of an exercise price.  They are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.	Give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions described below with no exercise price payable.  They are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.	Give the co-worker the right to acquire a share at a future point in time upon meeting specified vesting conditions described below with no exercise price payable.  They are granted at no consideration and carry no dividend entitlement or voting rights until they vest into ordinary shares on a one-for-one basis.
<b>Vesting conditions</b>	Subject to an EPS test, a Return on Average Funds Employed (RoAFE) test, a Share Price Condition, a relative Total Shareholder Return (TSR), and the employee remaining in employment of the Company.	Subject to an EPS test, a Return on Average Funds Employed (RoAFE) test, a relative Total Shareholder Return (TSR) test and the employee remaining in employment of the Company.	Subject to the employee remaining in employment of the Company.
<b>Vesting period</b>	3 years	3 years	2 years
<b>Vested awards</b>	Vested Options will remain exercisable until the expiry date. On expiry, any vested but unexercised Options will lapse.	Vested Performance Rights or Performance Shares will remain exercisable until the expiry date. On expiry, any vested but unexercised Performance Rights or Performance Shares will lapse.	Shares are issued upon vesting.
<b>Unvested awards</b>	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.	Unvested awards are forfeited if the co-worker voluntarily ceases employment or is dismissed for poor performance.

	Options		Performance Shares / Rights	Share Rights
	No.	Exercise price	No.	No.
		AUD		
<b>Weighted average</b>				
<b>2018</b>				
Outstanding at 1 July	14,515,836	11.88	3,197,699	2,940,615
Granted	5,840,900	15.87	1,147,600	1,185,575
Exercised	(3,961,123)	9.05	(372,744)	(1,387,740)
Lapsed/cancelled	(1,965,508)	14.44	(1,134,029)	(244,660)
<b>Outstanding at 30 June</b>	<b>14,430,105</b>	<b>13.92</b>	<b>2,838,526</b>	<b>2,493,790</b>
Exercisable at 30 June	659,600	8.17	27,580	-
<b>2017</b>				
Outstanding at 1 July	13,992,748	8.26	3,538,340	2,813,808
Granted	6,418,200	15.09	1,075,600	1,727,548
Exercised	(5,153,121)	6.05	(1,102,853)	(1,385,001)
Lapsed/cancelled	(741,991)	12.01	(313,388)	(215,740)
<b>Outstanding at 30 June</b>	<b>14,515,836</b>	<b>11.88</b>	<b>3,197,699</b>	<b>2,940,615</b>
Exercisable at 30 June	572,400	5.96	27,000	-

The weighted average share price as at the date of exercise for Options was AUD 15.78 (2017: AUD 15.59), AUD 15.92 (2017: AUD 15.45) for Performance Shares / Rights and AUD 16.17 (2017: AUD 16.00) as at the date of exercise for the Share Rights. During the year, the remaining 40,000 CEO Special Equity Awards were exercised at a weighted average share price of AUD 15.42 (2017: 626,400 at AUD 14.90).

Options outstanding at the end of the year have the following exercise prices:

Grant date	Exercise price	2018	2017
	AUD	No.	No.
5 August to 22 September 2010	5.17	-	6,100
9 December 2011 to 12 June 2012	5.81	110,400	246,100
30 November 2012	6.09	114,300	320,200
20 November 2013 to 9 May 2014	9.31	434,900	3,924,288
24 November 2014 to 11 May 2015	10.28	3,470,642	3,891,848
4 October 2016 to 1 June 2017	15.30	4,869,663	6,127,300
13 November 2017 to 6 April 2018	15.87	5,430,200	-
<b>Outstanding at 30 June</b>		<b>14,430,105</b>	14,515,836
Weighted average remaining contractual life of options outstanding at 30 June		<b>4.4 years</b>	4.4 years

# Financial Report

## Notes to the financial statements

### Section 5: Employee remuneration (continued)

#### 5.1 Share-based payments (continued)

##### Fair value of options and rights granted

The average fair value of the options granted on 13 November 2017 and 6 April 2018 was AUD 1.45. Performance rights and shares granted on the same dates had an average fair value of AUD 8.63.



##### Key judgments and estimates

The fair value of options and performance rights is measured using the Black-Scholes methodology to produce a Monte Carlo simulation which allows incorporation of performance hurdles. The following assumptions are used in the calculation:

	2018	2017
Expected dividend yield assuming no change in dividend payout (%)	3.70	4.00
Expected price volatility of the Company's shares based on historical data (%)	21.00	21.00
Share price at grant date (AUD)	14.98	15.30
Weighted average exercise price (AUD)	15.87	15.09
Risk-free interest rate (%)	2.06	1.47
Expected life of option based on historical data (years)	4.00	4.00

The number of options that are expected to vest based on the non-market conditions is revised at each reporting date and the impact, if any, is recognised in the income statement.

#### 5.2 Retirement benefit obligations

The Group contributes to a number of defined contribution funds on behalf of employees and the Group's legal or constructive obligation is limited to these contributions. Contributions payable by the Group are recognised as an expense in the income statement as incurred. The expense is not material for further disclosures.

The Group also maintains a number of defined benefit schemes. These include statutory and mandated benefit provision in some countries as well as voluntary plans (generally closed to new joiners). The plans can either be funded or unfunded. Where funded, the Group and, in some countries, the employees make cash contributions into the pension fund. In the case of unfunded plans, the Group is responsible for benefit payments as they fall due. Plan funding requirements are generally determined by local regulation and/or best practice and differ between countries – the local statutory funding positions are not necessarily consistent with the funded status disclosed in the statement of financial position. For any funded plans in deficit (as measured under local country guidelines), the Group agrees with the trustees and plan fiduciaries to undertake suitable funding programmes to provide additional contributions over time in accordance with local country requirements.

During the year, the Group maintained 15 statutory and mandated defined benefit arrangements and 49 voluntary defined benefit plans. The principal defined benefit plans are structured as follows:

Country	Number of funded plans	Number of unfunded plans	Comment
United Kingdom	1	-	Closed to new entrants and future accruals.
Switzerland	1	-	Open to new entrants.
France (other Europe) <sup>(1)</sup>	3	1	One plan is closed to new entrants, two plans are partially indemnified by Rio Tinto Ltd.
Germany (other Europe) <sup>(1)</sup>	4	12	10 plans are closed to new entrants, six are partially indemnified by Rio Tinto Ltd.
Canada (North America)	4	1	Closed to new entrants and future accruals.
United States of America (North America)	1	2	Unfunded retirement plan is closed to new entrants and is not accruing future benefits.

(1) Rio Tinto Limited assumes responsibility for its former employees' retirement entitlements as at 1 February 2010 when the Group acquired Alcan Packaging from Rio Tinto Limited.



### Movements in defined benefit obligation and fair value of plan assets

The movement in defined benefit obligation and fair value of plan assets is due to the following:

Items	Description	Recognised in
<b>Current service cost</b>	The cost to the Group of future benefits resulting from employee service in the current period.	Operating costs in the income statement.
<b>Past service cost</b>	Refers to the cost or credit as a result of changes in the benefits offered to members (plan amendments), a reduction in the number of employees (curtailments) covered by the plan or transactions entered into by the Group to eliminate all further legal or constructive obligations for some or all of the benefits provided by the schemes (settlements). Settlement gains or losses can arise from the transfer of member benefits into alternative pension arrangements, fully insuring benefits or on business disposals.	Operating costs in the income statement.
<b>Interest (expense)/income</b>	Interest expense is the unwinding of the discount on the present value of the obligation. Interest income on plan assets is based on the value of the scheme assets at the beginning of the year multiplied by the same rate as the discount rate applied to the obligation.	Net finance costs in the income statement.
<b>Experience (gains)/losses</b>	In order to value the Group's defined benefit obligation at the end of the period, it is necessary to apply certain assumptions in relation to demographic and financial trends. Actuarial gains or losses arise when there is a difference between previous estimates and actual experience, or a change in assumptions.	Other comprehensive income.
<b>Re-measurement return on plan assets</b>	Arise from differences between actual and the expected final asset values.	Other comprehensive income.
<b>Contributions</b>	The Group's contributions and cash contributions by the scheme participants are paid into the schemes to be managed and invested.	Statement of financial position.
<b>Benefits paid</b>	Any benefits paid out by the scheme will lower the obligations of those plans.	Statement of financial position.

# Financial Report

## Notes to the financial statements

### Section 5: Employee remuneration (continued)

#### 5.2 Retirement benefit obligations (continued)

The defined benefit obligations and the plan assets' fair values have moved as follows:

USD million	2018			2017		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)
<b>Balance at 1 July</b>	<b>1,319.3</b>	<b>(988.1)</b>	<b>331.2</b>	1,551.7	(1,120.1)	431.6
Current service cost	16.4	-	16.4	18.0	-	18.0
Past service cost – plan amendments	-	-	-	0.1	-	0.1
Past service cost – curtailments / settlements	(20.8)	10.8	(10.0)	(239.6)	209.5	(30.1)
Interest expense/(income)	26.6	(20.1)	6.5	26.4	(19.5)	6.9
<b>Total amount recognised in the income statement</b>	<b>22.2</b>	<b>(9.3)</b>	<b>12.9</b>	(195.1)	190.0	(5.1)
Re-measurements:						
- loss/(gain) from change in demographic assumptions	(23.4)	-	(23.4)	(1.0)	-	(1.0)
- loss/(gain) from change in financial assumptions	(73.1)	-	(73.1)	41.1	-	41.1
- experience loss/(gain)	7.3	-	7.3	(21.0)	-	(21.0)
- return on plan assets, excluding amounts included in interest expense/(income)	-	23.3	23.3	-	(54.1)	(54.1)
Restrictions on assets recognised	-	(1.1)	(1.1)	-	0.7	0.7
<b>Total amount recognised in other comprehensive income</b>	<b>(89.2)</b>	<b>22.2</b>	<b>(67.0)</b>	19.1	(53.4)	(34.3)
Contributions:						
- paid by the employer	-	(36.5)	(36.5)	-	(67.8)	(67.8)
- paid by participants	6.4	(6.4)	-	6.5	(6.5)	-
Benefits paid	(72.5)	72.5	-	(58.1)	58.1	-
Business acquisitions	-	-	-	3.2	-	3.2
Effect of movements in exchange rates	(4.0)	4.8	0.8	(8.0)	11.6	3.6
Total other	(70.1)	34.4	(35.7)	(56.4)	(4.6)	(61.0)
<b>Balance at 30 June</b>	<b>1,182.2</b>	<b>(940.8)</b>	<b>241.4</b>	1,319.3	(988.1)	331.2
<b>Non-current asset</b>			<b>(50.8)</b>			<b>(24.5)</b>
<b>Non-current liability</b>			<b>292.2</b>			<b>355.7</b>
Restrictions on asset recognised		-			(1.1)	
Fair value of plan assets		(940.8)			(989.2)	
Present value of unfunded defined benefit obligation	163.5			165.1		
Present value of funded defined benefit obligation	1,018.7			1,154.2		
Liabilities for defined benefit obligations	1,182.2			1,319.3		
Actives	455.7			492.2		
Vested terminatees	358.2			430.4		
Retirees	368.3			396.7		
<b>Balance as at 30 June</b>	<b>1,182.2</b>	<b>(940.8)</b>	<b>241.4</b>	1,319.3	(988.1)	331.2

The plan assets and liabilities by country are as follows:

USD million	2018			2017		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)
UK	452.5	(472.7)	(20.2)	552.6	(520.4)	32.2
Switzerland	280.1	(235.8)	44.3	303.8	(241.8)	62.0
Other Europe	297.6	(137.6)	160.0	304.5	(137.0)	167.5
North America	139.6	(91.4)	48.2	147.0	(87.3)	59.7
Latin America	4.3	-	4.3	3.0	-	3.0
Asia	8.1	(3.3)	4.8	8.4	(1.6)	6.8
<b>Balance as at 30 June</b>	<b>1,182.2</b>	<b>(940.8)</b>	<b>241.4</b>	<b>1,319.3</b>	<b>(988.1)</b>	<b>331.2</b>

#### Categories of plan assets

The funded pension plans hold assets across a number of different classes, these being equities, bonds, real estate, cash and other investments. These assets are managed by each Plan's Trustees, although the Trustees are required to consult with the Group on changes to their investment policy.

The fair value of the major categories of plan assets is as follows:

USD million	2018			2017		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity instruments	137.8	-	137.8	261.2	-	261.2
Government bonds	88.6	-	88.6	284.0	-	284.0
Corporate bonds	55.4	-	55.4	152.4	-	152.4
Real estate	55.0	-	55.0	52.7	-	52.7
Cash and cash-equivalents	5.5	-	5.5	6.7	-	6.7
Indemnified assets	-	180.7	180.7	-	0.6	0.6
Other	313.1	104.7	417.8	126.0	104.5	230.5
<b>Total plan assets as at 30 June</b>	<b>655.4</b>	<b>285.4</b>	<b>940.8</b>	<b>883.0</b>	<b>105.1</b>	<b>988.1</b>

# Financial Report

## Notes to the financial statements

### Section 5: Employee remuneration (continued)

#### 5.2 Retirement benefit obligations (continued)



##### Key judgments and estimates

The main assumptions used in the valuation of retirement benefit assets and obligations include discount rate, rate of inflation, expected return on plan assets, future salary increases and medical cost trend rates (in the case of the post-retirement health plans). The Group takes independent actuarial advice in determining these assumptions. A change in assumptions or the application of different assumptions could have a significant effect on the income statement, other comprehensive income and statement of financial position.

The table below shows the significant actuarial assumptions (expressed as weighted averages) used for the purposes of reporting under AASB 119 *Employee Benefits* for the Group's defined benefit plans are as follows:

	2018	2017
Discount rate	2.32%	2.04%
Rate of inflation	2.26%	2.35%
Longevity at age 65 for current pensioners	Years	Years
Males	19.3 to 24.6	19.3 to 24.6
Females	22.0 to 28.0	22.0 to 28.0

The following sensitivity analysis gives an estimate of the potential impacts of changes in the significant actuarial assumptions on the defined benefit obligation (DBO) as at year end:

USD million		Impact on DBO	
		2018	2017
Discount rate	+ 0.25%	(47.1)	(55.8)
	- 0.25%	50.0	59.1
Inflation rate	+ 0.25%	26.1	35.0
	- 0.25%	(24.5)	(34.1)
Future mortality	+ 1 year	37.1	43.3
	- 1 year	(37.2)	(43.1)

The sensitivity to inflation rate includes the impact from movements in all inflation-linked assumptions such as salary and pension increases.

##### Duration and amount of future cash flows

The table below gives an indication of the average duration of the defined benefit obligations as well as the expected Group's contributions to the plan for the next year:

	2018	2017
Weighted average duration of defined benefit obligation, years	17.0	17.9
Contributions next period, USD million	32.3	37.3

## 5.3 Key Management Personnel

### Key Management Personnel compensation

Key Management Personnel (KMP) compensation is set out below. Detailed remuneration disclosures are provided in the audited Remuneration Report section in the Directors' Report.

USD thousand	2018	2017
Short-term employee benefits	11,203	13,190
Post employment benefits	710	757
Share-based payments expense	5,432	4,480
<b>Total compensation to KMPs</b>	<b>17,344</b>	18,427

### Individual Directors' and Executives' compensation disclosures

Apart from the information disclosed in this note, no Director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests at year end.

No individual KMP or related party holds a loan with the consolidated entity. No impairment losses have been recognised in relation to any loans made to KMP and no loans were advanced during the current year. Other than those items discussed above, together with the detailed disclosures in the audited Remuneration report section in the Directors' Report, there have been no other transactions between KMP and the Company.

# Financial Report

## Notes to the financial statements

### Section 6: Other disclosures

#### In this section

This section includes additional financial information that is required by the accounting standards and the *Corporations Act 2001*.

#### 6.1 Auditors' remuneration

USD thousand	2018	2017
<b>Audit and other assurance services – PwC</b>		
Auditors of the Company – PwC Australia		
Audit and review of financial reports	368	404
Other assurance services	140	-
Network firms of PwC Australia		
Audit and review of financial reports	2,328	2,207
Other regulatory audit services	4,208	3,808
Other assurance services	4	3
<b>Total audit and other assurance services – PwC</b>	<b>7,048</b>	<b>6,422</b>
<b>Other services – PwC</b>		
Auditors of the Company – PwC Australia		
Taxation services, transaction related taxation advice and due diligence	76	692
Other advisory services	40	-
Network firms of PwC Australia		
Taxation services, transaction related taxation advice and due diligence	767	1,127
Other advisory services	34	120
<b>Total other services – PwC</b>	<b>917</b>	<b>1,939</b>
<b>Non-PwC audit firms</b>		
Other regulatory services	137	267
Taxation services and transaction related taxation advice	43	269
<b>Total auditors' remuneration</b>	<b>8,145</b>	<b>8,897</b>

## 6.2 Commitments and contingencies

### Commitments

USD million	2018	2017	Description
<b>Operating lease commitments</b>			
Lease commitments contracted but not provided for are payable as follows:			The Group has operating leases for motor vehicles, plant, equipment and property. The leases have varying terms, escalation clauses and renewal rights. Not included in these commitments are contingent rental payments which may arise from consumer price index (CPI) links or in the event that defined production capacities of certain leased assets are exceeded.
within one year	93.2	87.7	
between one and five years	238.6	221.6	
after more than five years	226.6	169.4	
Total operating lease commitments	558.4	478.7	
<b>Capital commitments</b>			
Property, plant and equipment commitments	42.3	87.1	Capital commitments for the purchase of property, plant and equipment.

### Contingencies

USD million	2018	2017
Contingent liabilities	53.0	48.0



#### Key judgments and estimates

The Group operates in many territories around the globe under different direct and indirect tax regimes. From time to time the Group receives assessments for additional tax from revenue authorities which, having consulted with experts including external counsel, it believes are unfounded. Nonetheless, at any point in time matters will be under discussion and review with revenue authorities for which a theoretical exposure may exist.

Specifically, the Brazil operations have received a series of excise and income tax claims from the local tax authorities which are being challenged via a court process. In the opinion of outside counsel these claims have a remote likelihood of being upheld, however as these cases progress through the court system in Brazil, Amcor is required to pledge assets, provide letters of credit and/or deposit cash with the courts to continue to defend the cases. The company will continue to provide such pledges in the future as the matters are being vigorously defended by Amcor. At this stage, it is not possible to accurately determine the exact exposure. The disclosed contingent liabilities reflect an estimate of the amount or range of expense that could result from an unfavourable outcome in respect of these or any additional assessments that may be issued in the future as penalties and interest may be applied should the entity be unsuccessful in defending the cases. Management continues to monitor with the support of external counsel and all means are being examined in order to minimise any exposure.

The Directors are of the opinion that provisions are not required in respect of these matters, as it is either not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

# Financial Report

## Notes to the financial statements

### Section 6: Other disclosures (continued)

#### 6.3 Amcor Limited – parent entity

The financial information for the Company has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries – carried at cost less, where applicable, accumulated impairment losses.

#### Summary financial information

USD million <sup>(1)</sup>	Amcor Limited	
	2018	2017
Total current assets	4,277.2	4,638.2
Total assets	10,712.1	11,149.9
Total current liabilities	6,676.0	6,235.5
Total liabilities	7,725.5	8,149.6
<b>Net assets</b>	<b>2,986.6</b>	<b>3,000.3</b>
<b>Equity</b>		
Contributed equity	1,411.4	1,425.0
<b>Reserves:</b>		
Share-based payments reserve	48.6	53.1
Demerger reserve of Australasia and Packaging Distribution business	(652.1)	(652.1)
Exchange fluctuation reserve	1,453.7	1,278.7
Retained earnings/(accumulated losses)	725.0	895.6
<b>Total equity</b>	<b>2,986.6</b>	<b>3,000.3</b>
Profit for the financial period <sup>(2)</sup>	345.0	1,809.8
Total comprehensive income <sup>(2)</sup>	519.9	1,682.5
Financial guarantees		
<b>Bank term loans of controlled entities (a)</b>	<b>nil</b>	<b>nil</b>
Contingent liabilities of Amcor Limited		
Contingent liabilities arising in respect of guarantees (b)	266.0	224.6

(1) Amcor Limited's functional currency is Australian dollars. Retained earnings at 30 June 2018 are AUD 1,602.5 million (2017: AUD 1,974.5 million).

(2) Year-on-year decrease is driven by lower dividends received from other Amcor entities.

#### (a) Financial guarantees

As at 30 June 2018 and 2017, there were no bank overdrafts, finance leases or drawn components of bank loans of subsidiaries where the Company provides a guarantee.

The Company has entered into a Deed of Cross Guarantee with certain subsidiaries. Refer to note 6.4 for more details.

#### (b) Contingent liabilities of Amcor Limited

The contingent liabilities comprise guarantees given by Amcor Limited in respect of property leases and other financial obligations in wholly-owned subsidiaries including letters of credit to support the ongoing defence of tax cases in Brazil.



### Tax consolidation

Amcor Limited and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Amcor Limited.

Members of the tax-consolidated group recognise their own current tax expense/income and deferred tax assets and liabilities as if each entity in the tax consolidated group continues to be a 'stand-alone taxpayer' in its own right.

In addition to its current and deferred tax balances, Amcor Limited also recognises the current tax liabilities (or assets), and the deferred tax assets arising from unused tax losses and unused tax credits assumed from members of the tax-consolidated group.

Members of the tax-consolidated group have entered into a tax funding agreement which requires each member of the tax-consolidated group to pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. The funding amounts are recognised as intercompany receivables or payables.

Assets or liabilities arising under tax funding agreements with members of the tax-consolidated group are recognised as current amounts receivable or payable from the other members of the tax-consolidated group.

Any difference between the amounts assumed by Amcor Limited and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

## 6.4 Deed of Cross Guarantee

The parent entity, Amcor Limited, and subsidiaries listed below are subject to a Deed of Cross Guarantee (Deed) under which each company guarantees the debts of the others:

Amcor Packaging (Asia) Pty Ltd	Amcor Holdings (Australia) Pty Ltd
Amcor Services Pty Ltd	Techni-Chem Australia Pty Ltd
Amcor Investments Pty Ltd	Amcor Flexibles Group Pty Ltd
Amcor Finance Australia Pty Ltd	Amcor Flexibles (Australia) Pty Ltd
Packsys Pty Ltd	Packsys Holdings (Aus) Pty Ltd
Amcor Flexibles (Dandenong) Pty Ltd	Amcor Flexibles (Port Melbourne) Pty Ltd
Amcor European Holdings Pty Ltd	

By entering into the Deed, the wholly owned subsidiaries have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

In the year ended 30 June 2018, Amcor Finance (NZ) Ltd has been removed from the Deed as the entity ceased to exist.

# Financial Report

## Notes to the financial statements

### Section 6: Other disclosures (continued)

#### 6.4 Deed of Cross Guarantee (continued)

##### Financial statements for the Amcor Limited Deed of Cross Guarantee

The functional currency of the Deed of Cross Guarantee is Australian dollars. The consolidated income statement, statement of comprehensive income and statement of financial position of the entities under the Deed for the year ended and as at 30 June are set out below:

##### Income statement

USD million	2018	2017
<b>Sales revenue</b>	<b>355.8</b>	357.0
Cost of sales	<b>(307.8)</b>	(301.6)
<b>Gross profit</b>	<b>48.0</b>	55.4
Other income <sup>(1)</sup>	<b>767.5</b>	2,686.6
Operating expenses	<b>(20.2)</b>	(15.7)
<b>Profit from operations</b>	<b>795.3</b>	2,726.3
Financial income	<b>37.2</b>	42.2
Financial expenses	<b>(104.8)</b>	(96.9)
<b>Profit before related income tax expense</b>	<b>727.7</b>	2,671.6
Income tax benefit/(expense)	<b>(2.6)</b>	(9.4)
<b>Profit for the financial period</b>	<b>725.1</b>	2,662.2

(1) Year-on-year decrease is driven by dividends received from other Amcor entities.

##### Statement of comprehensive income

USD million	2018	2017
<b>Profit for the financial period</b>	<b>725.1</b>	2,662.2
Other comprehensive income/(loss)		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
<i>Cash flow hedges</i>		
Changes in fair value of cash flow hedges	<b>0.2</b>	(0.1)
Tax on cash flow hedges	<b>(0.1)</b>	-
<i>Exchange differences on translating foreign operations</i>		
Exchange differences on translation of foreign operations	<b>(29.7)</b>	(53.7)
Tax on exchange differences on translating foreign operations	<b>9.4</b>	(26.4)
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>(20.2)</b>	(80.2)
<b>Total comprehensive income for the financial period</b>	<b>704.9</b>	2,582.0

##### Summarised income statement and accumulated losses

USD million	2018	2017
Profit for the financial period	<b>725.1</b>	2,662.2
Retained earnings/(accumulated losses)	<b>2,128.0</b>	(53.5)
<b>Accumulated profits before distribution</b>	<b>2,853.1</b>	2,608.7
Dividends recognised during the financial period	<b>(515.5)</b>	(480.7)
<b>Accumulated losses at the end of the financial period</b>	<b>2,337.6</b>	2,128.0

## Statement of financial position

USD million	2018	2017
<b>Current assets</b>		
Cash and cash equivalents	53.1	21.8
Trade and other receivables	1,149.7	1,459.0
Inventories	70.9	65.7
Other financial assets	1.0	0.2
Other current assets	2.4	1.0
<b>Total current assets</b>	<b>1,277.1</b>	<b>1,547.7</b>
<b>Non-current assets</b>		
Other financial assets	22.3	24.3
Property, plant and equipment	86.5	83.6
Deferred tax assets	65.8	61.5
Intangible assets	132.9	135.7
Other non-current assets	6,110.3	5,989.4
<b>Total non-current assets</b>	<b>6,417.8</b>	<b>6,294.5</b>
<b>Total assets</b>	<b>7,694.9</b>	<b>7,842.2</b>
<b>Current liabilities</b>		
Trade and other payables	125.7	136.2
Interest-bearing liabilities	2,257.5	1,659.3
Other financial liabilities	28.8	39.2
Current tax liabilities	7.7	7.3
Provisions	18.3	28.8
<b>Total current liabilities</b>	<b>2,438.0</b>	<b>1,870.8</b>
Non-current liabilities		
Interest-bearing liabilities	1,020.9	1,906.7
Provisions	3.3	3.4
<b>Total non-current liabilities</b>	<b>1,024.2</b>	<b>1,910.1</b>
<b>Total liabilities</b>	<b>3,462.2</b>	<b>3,780.9</b>
<b>Net assets</b>	<b>4,232.7</b>	<b>4,061.3</b>
<b>Equity</b>		
Contributed equity	1,411.4	1,425.0
Reserves	483.7	508.3
Retained earnings/(accumulated losses)	2,337.6	2,128.0
<b>Total equity</b>	<b>4,232.7</b>	<b>4,061.3</b>

# Financial Report

## Notes to the financial statements

### Section 6: Other disclosures (continued)

#### 6.5 Subsequent events

##### Bemis acquisition

On 6 August 2018, Amcor Limited and Bemis Company, Inc. announced that their respective Boards of Directors unanimously approved a definitive agreement under which Amcor will acquire Bemis in an all-share combination.

The transaction will be effected at a fixed exchange ratio of 5.1 Amcor shares for each Bemis share, resulting in Amcor and Bemis shareholders owning approximately 71% and 29% of the combined company respectively. This is equal to a transaction price of USD 57.75 per Bemis share based on Amcor's closing share price of AUD 15.28 on 3 August 2018 and represents a premium of 25% to Bemis' closing price of USD 46.31 per share on 2 August 2018.

Closing of the transaction is conditional upon the receipt of regulatory approvals, approval by both Amcor and Bemis shareholders, and satisfaction of other customary conditions. Subject to the satisfaction of the conditions to closing, the transaction is targeted to close in the first quarter of calendar year 2019.

##### Rigid Plastics restructuring initiatives

On 21 August 2018, the company announced a restructuring program in the Rigid Plastics business. Total after-tax costs are expected to be between USD 50 million and USD 60 million (pre-tax USD 60 million and USD 70 million). The majority of these costs will be incurred in the 2019 financial year, and will be excluded from underlying earnings.

#### 6.6 Basis of preparation and compliance

##### Basis of preparation

Throughout the Financial Report, the Company refers to Amcor Limited and the Group includes its subsidiaries. The Company is domiciled and incorporated in Australia and the Group is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial statements were approved by the Board of Directors on 21 August 2018.

The Financial Report:

- is a general purpose Financial Report;
- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (AASBs) including Australian Accounting Interpretations, adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) and Interpretations as issued by the International Accounting Standards Board;
- has been prepared on a going concern basis using historical cost conventions except for the following items in the statement of financial position measured at fair value:
  - available-for-sale financial assets;
  - derivative financial instruments;
  - non-derivative financial instruments at fair value through profit or loss;
  - liabilities for cash-settled share-based payment arrangements; and
  - defined contribution plan assets, refer to note 5.2 for more details;
- is presented in United States Dollars with all values rounded to the nearest 100,000 or, where the amount is USD 50,000 or less, zero, unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended AASBs and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2017;
- does not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective with the exception of those mentioned below; and
- has all intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions eliminated in full.

Financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

### Adjustment of prior period comparatives

During the period, Management has identified the need for a net after-tax adjustment of USD 21.8 million related to an unsupported debit balance in the accrual accounting for resin purchases related to periods prior to 1 July 2016. The following line items have been restated in the statement of financial position for the comparative period:

USD million	2017 as reported	Adjustment	2017 restated
Trade and other payables	2,578.3	29.6	2,607.9
Current tax liabilities	94.3	(7.8)	86.5
Retained earnings	286.7	(21.8)	264.9

The statement of changes in equity has been restated accordingly showing the above impact as a reduction in the 1 July 2016 opening retained earnings balance.

### New and amended accounting standards and interpretations adopted from 1 July 2017

The Group has applied AASB 2016-2 *Disclosure Initiative: Amendments to AASB 107* for the first time in the annual reporting commencing 1 July 2017. This amendment requires the disclosure of an additional reconciliation of liabilities arising from financing activities (refer to note 3.1) without impacting the Group's statement of financial position or results.

### New and amended standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are non-mandatory for the year ended 30 June 2018.

#### AASB 9: *Financial Instruments*

Application date by Amcor: Financial year starting on 1 July 2018

AASB 9 is introducing a new approach for the classification and measurement of financial assets based on cash flow characteristics and the business model used for the management of the financial instruments. Further, an expected credit loss model is introduced whereby losses must be recognised as they are expected and not only when they are incurred. The third component relates to hedge accounting where more flexibility and better alignment with companies' risk management practices is provided.

Certain of the Group's financial assets may from time to time be sold, and in such circumstances would be classified as fair value through OCI. However, most of the Group's financial assets are held to collect contractual cash flows and are therefore held at amortised cost. This is in line with the Group's Shareholder Value Creation Model and management's intention to return any surplus cash, to the extent it is not reinvested in the business, to shareholders through dividends or repurchase of shares rather than to temporarily invest it in any financial investments. The only financial assets currently held by the Group that are carried at fair value through profit and loss ('FVTPL') are derivatives (forward exchange contracts, commodity contracts and interest rate swaps) used for hedging purposes (refer to note 3.3 for details on derivative financial assets included in the statement of financial position). To the extent cash flow or net investment hedges are effective, fair value movements on the corresponding instruments are taken through other comprehensive income (OCI). Neither measurement nor presentation in the statement of financial position will be impacted by the new Standard for these financial instruments. In the absence of any other significant financial assets with different characteristics, the impacts on Amcor's accounts from applying the revised classification and measurement model of AASB 9 will not be material.

Management has performed an assessment of potential credit losses that would have to be recognised in accordance with AASB 9's expected loss model if the Standard was already applicable as at 30 June 2018. For this purpose, both quantitative information from historic credit losses as well as qualitative information on different customer/debtor profiles and geographies have been collected from all businesses as part of the 30 June 2018 year-end close process. Based on this additional information, Management has determined that the application of the new expected loss model would have resulted in an additional impairment provision of less than USD 5.0 million which confirms the previously communicated expectation of the adoption impact being immaterial. This impact will be recognised retrospectively in retained earnings upon first time adoption in FY19.

# Financial Report

## Notes to the financial statements

### Section 6: Other disclosures (continued)

#### 6.6 Basis of preparation and compliance (continued)

The Group has reviewed its current hedging strategies (in regards to foreign exchange risk, interest rate risk and commodity risk) and concluded that the current practice can continue to be applied under AASB 9. There is therefore no impact to the Group other than having to slightly adapt some internal processes to continue being able to demonstrate effectiveness under AASB 9 and to be prepared for the potential expansion of the current hedging strategies if and when needed.

Based on the above, management concluded that the application of AASB 9 will not have any material impact on the Group's financial results. This is in line with what was previously communicated.

#### *AASB 15: Revenue from Contracts with Customers*

Application date by Amcor: Financial year starting on 1 July 2018.

The core of AASB 15 is that revenue is recognised when control of the goods or services passes to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Group has reviewed an extensive sample of contracts with customers across all its businesses and the various types of arrangements to identify potential changes in timing of revenue recognition, measurement of the amount of revenue and disclosures under the new AASB 15 vs the current Standard (AASB 118). The following points were noted as part of this assessment:

- Whilst Amcor and its customers often enter umbrella arrangements that can cover several years and different regions or products, it is only the individual purchase orders that then trigger an actual performance obligation for Amcor. For accounting, the individual purchase orders are therefore seen as the actual contracts with customers, whereas the terms and conditions of the overarching umbrella arrangements are still considered when determining the adequate accounting treatment.
- Amcor is providing packaging materials to its customers based on contracts that may contain several elements, but for the vast majority of contracts, these elements represent only one single performance obligation for which revenue will be recognised at the point in time when the customer obtains control over the packaging goods. This is not materially different from revenue recognition under current Standards and management is not expecting any impact from applying AASB 15 on these arrangements. The number of arrangements where multiple performance obligations are covered in one single contract is limited and the aggregated impact from applying the new AASB 15 on these exceptional situations is therefore considered immaterial to the Group.
- There are arrangements where, in agreement with the customer, Amcor produces goods well in advance of delivery. Typically, control over these goods will remain with Amcor until shipment or when the customer takes physical possession of the goods and the right to payment arises only at the point in time when control over the goods is transferred to the customer. This is not materially different from revenue recognition under the current accounting Standards. There are exceptions to this (e.g. bill-and-hold arrangements) but these are limited and accounting for bill-and-hold arrangements is again not materially different under AASB 15 compared to the current Standards.
- The Group also has service (e.g. design services) and licensing arrangements in place where revenue is recognised over time. These revenue streams make up less than 0.1% of the Group's total revenue. The impact of AASB 15 on these arrangements is therefore immaterial to the Group but management is observing as to if and when the impact may become material.
- Amcor's pricing structure is usually such that the customers receive volume-dependent rebates. Already under current accounting Standards, Amcor discloses its revenue net of such expected rebates and will continue to do so under AASB 15 with the impact being immaterial.
- Under AASB 15, disclosure requirements for revenue have been extended and the Group is required to disclose material contract assets and liabilities. These include customer receivables where the right to payment is dependent on the completion of further performance obligations (contract assets) and deferred revenue where the customers have paid Amcor before the related performance obligations were satisfied (contract liabilities). Whilst not material, the Group is already recognising these assets and liabilities in its statement of financial position under the current Standards. However, systems and processes have now been updated to separately identify and disclose contract assets and contract liabilities as required by AASB 15.

Following the above assessment, the Group has updated its accounting policy manual, rolled it out across the Group together with changes to systems and processes and trained its accounting staff across the globe in time to adequately report revenue from customer contracts from 1 July 2018 onwards.

Based on the above, management has concluded that the application of AASB 15 will not have any material impact on the Group's revenue recognition. This is in line with what was previously communicated.

The Group will adopt the modified transitional approach to implementation where any transitional adjustment is recognised in retained earnings at 1 July 2018 without adjustment of comparatives and the new Standard will only be applied to contracts that remain in force at that date. However, it is not expected that material adjustments will be made.

#### AASB 16: Leases

Application date by Amcor: Financial year starting on 1 July 2019.

Essentially, the new Standard requires all lease arrangements ('right of use assets') to be recognised on the balance sheet. The structure of the income statement will change as the previous lease expense will be replaced by a depreciation charge on the right of use assets and the interest expense on the corresponding lease liability. The related cash flows will be divided into a repayment of the lease liability and interest portion, thus changing the structure of the cash flows.

A preliminary impact assessment of AASB 16 has been performed in the financial year ended 30 June 2018. As part of this exercise, management reviewed the details of the Group's approximately 3,000 lease contracts for individual items exceeding the low asset value threshold of USD 5,000. This assessment showed that more than 90% of the value of leased assets is represented by the Group's approximate 160 property leases, whereas the remaining lease contracts related to IT, vehicle and equipment leases contribute less than 10% to the overall value. On the basis of this assessment, Amcor is now collaborating with external partners to implement the tools needed to track lease details and enable adequate accounting under AASB 16 and to be prepared for implementation using the modified retrospective approach where the cumulative impact of application is recognised as at 1 July 2019 without restating comparative figures.

Under AASB 16 the present value of the Group's operating lease commitments as defined under the old Standard, excluding low-value leases and short-term (under 12 months) leases, will be shown as right of use assets and lease liabilities on the balance sheet. The actual impact from applying AASB 16 will depend on the structure of the Group's portfolio of leased assets in FY20 as well as on the discount rates applicable at that time. It is therefore difficult to estimate the discounted value of lease commitments to be taken up in the balance sheet. Information on the undiscounted amount of the Group's current operating lease commitments under AASB 117, the current leasing Standard, is disclosed in note 6.2.

The structure of balance sheet, income statement and cash flow of the Group will significantly change as a result of the adoption of this new Standard. Management continues to monitor developments around the Group's lease arrangements under both current and future lease accounting Standards.

There are no other Standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

# Directors' Declaration

1. In the opinion of the Directors of Amcor Limited ('the Company'):
  - (a) the financial statements and notes, and remuneration disclosures that are detailed within the Remuneration report in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
    - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
    - ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 6.6 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. At the date of this declaration, there are reasonable grounds to believe that, for the purposes of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the Company and the consolidated entities identified in note 6.4 will be able to meet any liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the Directors, dated at Melbourne Victoria, this 21st day of August 2018.



**Graeme Liebelt**  
Chairman



# Independent Auditor's Report

## To the members of Amcor Limited



### Report on the audit of the Financial Report

#### Our opinion

In our opinion:

The accompanying Financial Report of Amcor Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The Group Financial Report comprises:

- the income statement for the year ended 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of financial position as at 30 June 2018
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, which includes a summary of significant accounting policies
- the Directors' Declaration

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Our audit approach

An audit is designed to provide reasonable assurance about whether the Financial Report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

#### **PricewaterhouseCoopers, ABN 52 780 433 757**

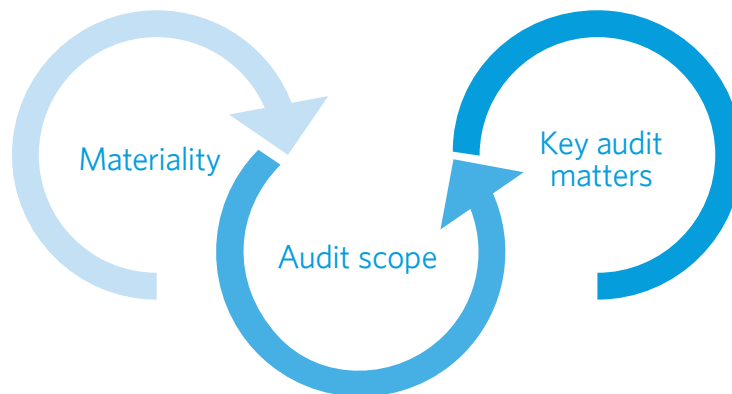
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

# Independent Auditor's Report

## To the members of Amcor Limited (continued)

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



### Materiality

- For the purpose of our audit, we used an overall Group materiality of USD 44.0 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose profit before tax because, in our view, it is a generally accepted benchmark.
- We selected a 5% threshold based on our professional judgment, noting that it is also within the range of commonly accepted profit-related thresholds.
- The Group is structured into five Business Groups (Flexibles Europe, Middle East and Africa; Flexibles Americas; Flexibles Asia Pacific; Specialty Cartons; Rigid Plastics) and Other/Investments (which includes corporate functions and the Group's equity-accounted investment in AMVIG). For each Business Group and for Other/Investments, we applied a materiality level lower than the overall Group materiality in view of the risk of a material misstatement occurring through aggregation when all of the Business Groups and Other/Investments are consolidated.

### Audit scope

- Our audit focused on where the Group made subjective judgments; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group audit team considered the extent to which they were able to place reliance on the group-wide control environment and on the Group's Risk and Audit functions, i.e. Group Internal Audit (GIA) and other compliance functions. Accordingly, we:
  - reconfirmed our understanding of the Group's standardised internal controls framework, which includes business process and IT controls;
  - identified the critical locations (including shared service centres) and key IT systems on which we planned to rely for the purpose of the audit;
  - critically evaluated the work undertaken by the Group's Risk and Audit functions and assessed their competence and objectivity in order to determine whether we could place reliance on their work; and
  - performed controls testing on selected IT systems in key locations.
- The Business Groups and Other/Investments form three reportable segments as set out in note 1.3 in the Financial Report. Each Business Group consists of a number of businesses, which are consolidated by the Group. There are almost 200 manufacturing plants in over 40 countries, which constitute the operations contained within these Business Groups.
- The Group audit team determined the type of work that needed to be performed by it and by other auditors under its instructions (component auditors). Appropriately detailed audit instructions were sent to component auditors, which specified the areas of audit focus, identified the risks of material misstatement and set out the information to be reported back to the Group audit team.

- Where work was performed by component auditors, the Group audit team determined the level of involvement needed in their audit work to be able to conclude whether sufficient and appropriate audit evidence had been obtained. The Group audit team's involvement included keeping in regular contact with the component auditors throughout the year through written instructions, telephone calls, discussions and visits to some locations.
- The Group audit team visited each of the Business Group's head office locations during the year to meet with Business Group Management and with component auditors to discuss the audit approach and findings.
- The Group audit team performed further audit procedures at a Group level, including performing audit procedures in respect of the consolidation of the financial information for the Group's operations and the preparation of the Financial Report. The Group audit team determined what tax, valuation, pension and treasury specialists and experts were required to support the audit.
- As a component of Amcor's Group Management is located in Switzerland, to facilitate the effective direction and supervision of the audit, some senior members of the Group audit team from Melbourne were based in Switzerland.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report for the current period.

The key audit matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Compliance Committee.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment risk of carrying value of investment in AMVIG</b> (Refer to note 4.2 to the Financial Report)</p> <p>Amcor has a 47.6% investment in AMVIG Holdings Limited (AMVIG) over which it has significant influence but does not exercise control. AMVIG is listed on the Hong Kong Stock Exchange (Hang Seng). In January 2018, AMVIG completed the acquisition of Outstanding View Point Limited for HKD 700m.</p> <p>As at 30 June 2018, the carrying value of Amcor's investment in AMVIG expressed in Hong Kong dollars per share is greater than the Hong Kong dollar price per share quoted on the Hang Seng at 30 June 2018. This is an indicator of potential impairment of this investment.</p> <p>This is a key audit matter due to the deficit between the investment's carrying value and the quoted share price and because judgment is required in:</p> <ul style="list-style-type: none"> <li>• determining whether the share price reflects the recoverable amount of the investment;</li> <li>• estimating future cash flows in the value-in-use discounted cash flow model prepared by the Group (the Model) to support the carrying value; and</li> <li>• determining the discount and growth rates to be adopted in the Model.</li> </ul>	<p>To evaluate the Model and the process by which it was developed, our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• assessing the Group's ability to develop reliable forecasts by comparing the forecasts used in the prior year models with AMVIG's performance in the current year;</li> <li>• together with PwC's valuation experts, considering the methodology underlying the Group's impairment analysis and testing the mathematical accuracy of the Model;</li> <li>• comparing the forecasts used in the Model with the Group budgets discussed and agreed by the Board;</li> <li>• comparing the growth rates used in the Model with historical results and economic and industry forecasts;</li> <li>• together with PwC valuation experts, calculating independently a pre-tax discount rate and comparing it with the one used in the Model;</li> <li>• performing sensitivity tests on the Model by analysing the impact of using other possible growth rates and pre-tax discount rates within a reasonable and foreseeable range; and</li> <li>• meeting with AMVIG Management and the local auditors in Hong Kong to develop an understanding of the operating performance and outlook used in their own valuation model, including the expected impact of the acquisition and to assess consistency with the Model.</li> </ul> <p>The impairment assessment remains sensitive to a range of assumptions, in particular to changes in the pre-tax discount rate and the achievement of the forecasted growth rates. Accordingly, we evaluated the adequacy of the disclosures made in note 4.2 of the Financial Report, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.</p>

# Independent Auditor's Report

## To the members of Amcor Limited (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Risk of material income tax exposures across the Group not identified or accounted for</b> (Refer to notes 1.5 and 6.2 to the Financial Report)</p> <p>The Group is subject to income taxes in Australia and many foreign jurisdictions and can be impacted by a number of regulatory changes. Accordingly, the calculation of the Group's tax charge is complex and involves estimation and judgment in respect of tax risks and exposures.</p> <p>Where the amount of tax payable or receivable is uncertain, the Group recognises provisions based on the Group's estimate of the probable amount payable or receivable.</p> <p>We considered this a key audit matter as there is a risk that:</p> <ul style="list-style-type: none"> <li>• A material tax exposure in a specific country or jurisdiction is not adequately identified or accounted for.</li> <li>• A change in the Group's judgments and estimates may significantly affect the levels of provisions recorded in the financial report.</li> </ul>	<p>We developed an understanding of the Group's tax strategy and how the Group assesses the risk of potential material tax exposures and regulatory changes in the various tax jurisdictions.</p> <p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• assessing, together with our global tax experts, the Group's processes for identifying uncertain tax positions and the related accounting policy for provisioning for tax exposures;</li> <li>• assessing the accuracy of the Group's historical estimates of certain tax risks by comparing liabilities recognised in previous periods to any amounts settled during the year; and</li> <li>• inspecting selected communications with local tax authorities and copies of tax advice obtained from local tax advisors and lawyers (where available).</li> </ul>
<p><b>Risk of material indirect tax exposures in Brazil</b> (Refer to notes 2.3, 6.2 and 6.3 to the Financial Report)</p> <p>From time to time, the Group receives assessments for additional tax from tax authorities in jurisdictions other than Australia. As at 30 June 2018, the most significant assessment of this nature related to excise and indirect tax claims from local tax authorities in Brazil. The tax assessments are complex and the Group sought the guidance of external counsel in Brazil to determine the likelihood of tax risks and exposures arising from the tax assessments.</p> <p>We considered this a key audit matter as a change in circumstances could result in the Group having to pay significant tax, associated penalties and interest.</p>	<p>To assess the Group's position in relation to the Brazilian indirect tax and excise claims, our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• holding discussions with the local statutory audit team in Brazil to understand any relevant changes to the regulatory environment and relevant judicial developments in Brazil; and</li> <li>• comparing the Group's assessment of the likelihood of tax risks and exposures arising from the tax assessments with the latest correspondence received by the Group from its external legal counsel.</li> </ul>

### Other information

The Directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the Financial Report and our auditor's report thereon.

Our opinion on the Financial Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf).

This description forms part of our auditor's report.

## Report on the Remuneration report

### Our opinion on the Remuneration report

We have audited the Remuneration report included in the Directors' Report for the year ended 30 June 2018.

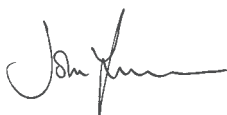
In our opinion, the Remuneration report of Amcor Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



PricewaterhouseCoopers



**John Yeoman**  
Partner

Melbourne  
21 August 2018

# Statement of Shareholdings

Statement pursuant to Australian Securities Exchange official list requirements:

## Holders of shares in Amcor

The 20 largest holders of shares in Amcor Ltd as at 3 August 2018:

Rank	Name	Shares held	% held
1	HSBC Custody Nominees (Australia) Limited	487,433,504	42.09%
2	J P Morgan Nominees Australia Limited	247,272,980	21.35%
3	Citicorp Nominees Pty Limited	61,192,355	5.28%
4	National Nominees Limited	47,736,211	4.12%
5	BNP Paribas Noms Pty Ltd	14,510,177	1.25%
6	BNP Paribas Nominees Pty Ltd	13,894,120	1.20%
7	Australian Foundation Investment Company Limited	12,527,216	1.08%
8	Citicorp Nominees Pty Limited	5,811,725	0.50%
9	Custodial Services Limited	5,478,158	0.47%
10	HSBC Custody Nominees (Australia) Limited	5,283,730	0.46%
11	Argo Investments Limited	4,918,564	0.42%
12	AMP Life Limited	3,597,371	0.31%
13	The Senior Master Of The Supreme Court	2,769,033	0.24%
14	IOOF Investment Management Limited	1,923,761	0.17%
15	Navigator Australia Ltd	1,678,403	0.14%
16	National Nominees Limited	1,543,284	0.13%
17	UBS Nominees Pty Ltd	1,511,000	0.13%
18	Milton Corporation Limited	1,321,512	0.11%
19	Equity Trustees Limited	1,279,277	0.11%
20	HSBC Custody Nominees (Australia) Limited	1,150,570	0.10%
<b>TOTAL</b>		<b>922,832,951</b>	<b>79.68%</b>

## Substantial shareholders

The Vanguard Group, Inc. by notice dated 14 June 2018 has a relevant interest in 58,103,725 shares.

BlackRock Group, by notice dated 17 January 2018, has a relevant interest in 93,901,814 shares.

## Distribution of shareholdings

Distribution of fully-paid ordinary shares as at 3 August 2018:

Size of holding (range)	Number of holders	Number of securities	% Issued capital
100,001 and over	132	959,733,311	82.86%
10,001 to 100,000	3,018	60,525,386	5.23%
5,001 to 10,000	5,683	39,813,604	3.44%
1,001 to 5,000	35,593	80,799,256	6.98%
1 to 1,000	37,659	17,269,719	1.49%
<b>TOTAL</b>	<b>82,085</b>	<b>1,158,141,276</b>	<b>100.00%</b>
Unmarketable parcels	2,119	25,111	0.00%

## Voting rights

Votes of shareholders are governed by Rules 43 to 48 of the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, on a show of hands every shareholder present in person shall have one vote and upon a poll every shareholder present in person or by proxy or attorney shall have one vote for every fully-paid share held.

## Unquoted equity securities

Unquoted equity securities issued pursuant to various Amcor Employee Incentive Plans as at 3 August 2018:

<b>Unquoted equity securities</b>	<b>Number of employees participating</b>	<b>Number of securities</b>
Options over ordinary shares exercisable at various prices	103	14,303,305
Rights	272	4,207,934
Performance shares	33	1,052,825

## On market share acquisitions

During the 2017/18 financial year, 6,200,000 Amcor ordinary shares were purchased on market at an average price of AUD 16.09 per share to satisfy obligations under various Amcor employee incentive plans. Refer to the Remuneration Report, pages 39 to 52 for further details of the Company's employee incentive plans.

# Statistical Summary

Results shown for all operations before significant items except where indicated  
USD million (except where indicated)

For the years ended 30 June	2018	2017	2016	2015	2014 <sup>(1)</sup>
<b>Amcor consolidated results</b>					
Net sales	9,319.1	9,101.0	9,421.3	9,611.8	9,964.5
Profit before interest, tax, depreciation and amortisation (PBITDA)	1,441.8	1,447.0	1,409.3	1,420.4	1,458.0
Operating profit before interest and tax	1,085.5	1,088.2	1,055.3	1,065.1	1,082.1
Operating profit before interest and tax margin	11.6%	12.0%	11.2%	11.1%	10.9%
Return on funds employed	19.0%	20.4%	21.6%	20.5%	19.4%
Net operating profit	724.0	701.2	671.1	680.3	677.8
Net operating profit after significant items	724.0	597.0	244.1	680.3	677.8
Earnings per share (cents)	62.6	60.6	57.7	56.6	56.2
Earnings per share (cents) after significant items	62.6	51.6	21.0	56.6	56.2
Dividend and distribution	515.5	480.7	466.7	472.4	448.1
Dividend per ordinary share (cents)	45.0	43.0	41.0	40.0	39.2
Dividend cover (times)	1.39	1.41	1.41	1.41	1.43
<b>Financial ratios</b>					
Net PBITDA interest cover	7.0	7.8	8.4	8.4	7.5
Leverage, times <sup>(2)</sup>	2.7	2.7	2.6	2.0	2.1
<b>Financial statistics</b>					
Depreciation and amortisation provided during the year	356.3	358.8	354.0	355.3	375.9
Net finance costs	204.8	187.0	166.8	169.2	193.2
Cash flow from operations	937.1	1,027.4	1,099.4	1,002.3	1,075.0
Capital expenditure and acquisitions	385.3	715.4	847.0	421.4	443.7
Free cash flow after capex and dividends <sup>(3)</sup>	194.1	245.3	311.2	298.3	354.0
Net debt	3,872.2	4,049.5	3,829.4	2,880.4	3,013.4
<b>Statement of financial position as at 30 June</b>					
Current assets	3,285.8	3,286.5	3,193.1	3,413.0	3,326.5
Non-current assets	5,760.9	5,796.8	5,489.0	5,134.1	5,807.4
<b>Total assets</b>	<b>9,046.7</b>	9,083.3	8,682.1	8,547.1	9,133.9
Current liabilities	4,696.8	4,012.4	3,645.2	3,674.4	3,296.0
Non-current liabilities	3,259.5	4,179.4	4,191.4	3,285.7	3,698.8
<b>Total liabilities</b>	<b>7,956.2</b>	8,191.8	7,836.6	6,960.1	6,994.8
<b>Net assets</b>	<b>1,090.5</b>	891.5	845.5	1,587.0	2,139.1
<b>Shareholders' equity</b>					
Share capital	1,400.7	1,416.9	1,445.1	1,680.6	2,072.0
Reserves	(907.1)	(881.7)	(800.2)	(666.5)	(414.3)
Retained profits	528.1	286.7	139.0	452.1	370.4
Shareholders' equity attributable to Amcor Limited	1,021.7	821.9	783.9	1,466.2	2,028.1
Non controlling interests in controlled entities	68.8	69.6	61.6	120.8	111.0
<b>Total Shareholders' equity</b>	<b>1,090.5</b>	891.5	845.5	1,587.0	2,139.1



For the years ended 30 June	2018	2017	2016	2015	2014 <sup>(1)</sup>
<b>Other data as at 30 June:</b>					
Fully paid shares (000's)	<b>1,158,141</b>	1,158,141	1,158,141	1,181,415	1,206,685
Amcor share price					
- year's high (AUD)	<b>16.38</b>	16.78	16.66	14.72	10.83
- year's low (AUD)	<b>13.29</b>	13.62	12.06	10.02	9.00
- close (AUD)	<b>14.41</b>	16.21	14.93	13.72	10.43
Market capitalisation (AUD million)	<b>16,688.8</b>	18,773.5	17,291.0	16,209.0	12,585.7
Employee numbers	<b>33,344</b>	35,211	31,761	29,788	29,299
Number of shareholders	<b>82,085</b>	77,817	73,594	73,580	69,578
Average USD:EUR	<b>0.8383</b>	0.9180	0.9011	0.8312	0.7370
Average AUD:USD	<b>0.7750</b>	0.7539	0.7280	0.8366	0.9181

(1) The statistical summary for 2014 consists of the continuing operations of Amcor Limited Group and excludes the Australasia and Packaging Distribution business demerged during the year. The 2014 statistical summary also includes changes to accounting policy for retirement benefit obligations under the revised standard AASB 119 Employee Benefits.

(2) Calculated as net debt at period end divided by PBITDA.

(3) Free cash flow is operating cash flow less dividends and other equity distributions. Operating cash flow is after capital expenditure, proceeds from sale of property, plant and equipment and other items.

Note: Numbers are shown as reported in each of those years and do not include impact from any retrospective adjustments made.

# Investor Information

## Share registry enquiries

Shareholders who wish to approach the Company on any matter related to their shareholding should contact Amcor's Share Registry.

Contact details are:  
Link Market Services Limited  
Street Address:  
Level 1, 333 Collins Street,  
Melbourne VIC 3000

Postal Address:  
Locked Bag A14,  
Sydney South NSW 1235

Telephone:  
+61 1300 302 458  
(available from all locations)

Facsimile:  
+61 3 9287 0303

Email:  
amcor@linkmarketservices.com.au

Website:  
www.linkmarketservices.com.au

## Online shareholder services

Shareholders can access Amcor's Share Registry information via Amcor's website [www.amcor.com](http://www.amcor.com). This facility provides historical price information and graphs of the share price against market indices. In addition, the facility provides a 24-hour service to shareholders, enabling access to information such as current holding balances, holding transactions and dividend statements for historical payments. This information can be accessed by clicking on 'Investors' in the main menu, then 'Shareholders' in the submenu and selecting 'Share Registry', from here select 'Login to Amcor Share Registry'. You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and your registered postcode in order to access this information.

Amendments to your shareholder details, such as a change of address, communication preference election, notification of your TFN and or ABN, direct credit of dividends or Dividend Reinvestment Plan preferences, can be submitted directly from this website.

Alternatively, you can complete downloadable forms and forward them to Amcor's Share Registry.

## Dividends

The Company normally pays dividends in April and October each year. Shareholders should retain all remittance advices relating to dividend payments for tax purposes.

Dividends are declared in US Dollars. The following alternatives are available to shareholders regarding payment of dividends:

### 1. Shareholders with a registered address in Australia

Payments to shareholders with a registered address in Australia will be paid directly into a nominated bank, building society or credit union account. Dividends will be paid in Australian dollars and the applicable exchange rate used to convert the

dividend is made available at the time the dividend is announced. Payments are electronically credited on the dividend payment date and confirmed by a payment advice sent to the shareholder. To receive a dividend payment, shareholders should ensure that details of a current Australian account are provided to the Amcor Share Registry by the Record Date for the dividend.

### 2. Shareholders with a registered address outside Australia

Shareholders with a registered address outside Australia may elect to receive dividend payments by direct credit in any of the following currencies: Australian Dollar, US Dollar, Pound Sterling, Euro, New Zealand Dollar, Singapore Dollar, Hong Kong Dollar or Swiss Franc. Shareholders electing to receive payment by direct credit must provide details for an account in one of the offered currencies and that is held with a bank in the country of the selected currency. Shareholders who have not provided the Amcor Share Registry with bank details by the Record Date for a dividend, will be paid by cheque in Australian dollars.

### 3. Dividend Reinvestment Plan (DRP)

The DRP provides shareholders with the opportunity to re-invest their dividends to acquire additional Amcor shares. Shares acquired under the DRP rank equally with existing fully paid ordinary shares and during the year ended 30 June 2018 were provided at no discount at a price equivalent to the arithmetic average of the weighted average market price of Amcor shares sold on the ASX during a period of nine business days after the record date for the relevant dividend. That period begins on the third business day after the record date and ends on the eleventh business day.

Due to legal constraints which apply, security holders who reside in certain countries will not be able to participate in the DRP. A booklet containing full

details of the DRP and a DRP election form are available on request from Amcor's Share Registry, or they can be downloaded from Amcor's website in PDF format.

### Tax File Numbers

Amcor is required to withhold tax at the rate of 47.0% (49.0% prior to 1 July 2017) on any unfranked component of a dividend or interest paid to investors resident in Australia who have not supplied the Company with a tax file number (TFN) or exemption form. Investors are not required by law to provide their TFN and can choose whether or not they wish to do so.

### Stock Exchange Listings

Amcor shares are listed on the Australian Securities Exchange. All shares are recorded on the principal share register of Amcor Limited, located in Victoria, Australia.

Amcor Limited's Eurobond Notes issued under Amcor's €2,000,000,000 Euro Medium Term Note Programme are listed on the Singapore Stock Exchange.

### American Depositary Receipts

Amcor shares are traded in the form of American Depositary Shares (ADSs) evidenced by American Depositary Receipts (ADRs) on the Over-The-Counter market in the US. Each ADS represents four Amcor ordinary shares. Information about ADRs is available from the depository, JPMorgan Chase Bank and via the internet on ADR.com

### Amcor publications

The Company's Annual Report including the financial statements and notes for the full year has historically been the main source of information for investors. The Annual Report is published on the Company's website and a printed report is mailed to those shareholders who request a copy. The Annual Report is usually published in September.

The Half Year Financial Report reviewing the Company's performance for the six months to 31 December is ordinarily published in February of each year.

These publications, and many others which may also be of interest, such as the annual Sustainability Report, are available on the Company's website.

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## Financial Calendar 2018/19

Financial year 2017/18 ends	30 June 2018
Announcement of full year results for 2017/18	21 August 2018
Ex-dividend date for final dividend for 2017/18	7 September 2018
Record date for final dividend for 2017/18	10 September 2018
Annual General Meeting	11 October 2018
Final dividend payment date for 2017/18	16 October 2018
Financial half year 2018/19 ends	31 December 2018
Announcement of interim results for 2018/19	February 2019
Ex-dividend date for interim dividend for 2018/19	February / March 2019
Record date for interim dividend for 2018/19	February / March 2019
Interim dividend payment date for 2018/19	April 2019
Financial year 2018/19 ends	30 June 2019

# Senior Management and Corporate Directory

Website: [www.amcor.com](http://www.amcor.com)

## Amcor Limited

### Registered office

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President Amcor Flexibles Europe,  
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### Tom Cochran

President Amcor Flexibles Americas

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### Michael Zacka

President Amcor Flexibles Asia Pacific,  
and Chief Commercial Officer

## Amcor Specialty Cartons

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Switzerland

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Facsimile: +41 44 316 1718

### Jerzy Czubak

President Amcor Specialty Cartons

## Amcor Rigid Plastics

935 Technology Drive  
Ann Arbor, Michigan 48108  
USA

Telephone: +1 734 428 9741  
Facsimile: +1 734 302 2298

### Michael Schmitt

President Amcor Rigid Plastics

## Share Registry

Amcor Share Registry  
C/- Link Market Services  
Locked Bag A14  
Sydney South NSW 1235  
Australia

Telephone: +61 1 300 302 458  
(available from all locations)

Facsimile: +61 3 9287 0303

Email: [amcor@linkmarketservices.com.au](mailto:amcor@linkmarketservices.com.au)

## American Depository Receipts Registry

Attn: Depository Receipts Group  
JPMorgan Chase Bank N.A  
383 Madison Avenue, Floor 11  
New York, NY 10179

Telephone: +1 800 990 1135

Telephone from outside the US:  
+1 651 453 2128

# US Legal Considerations

## Cautionary Statement Regarding Forward-Looking Statements

This communication contains certain statements that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. Amcor Limited (“Amcor”), its subsidiary Arctic Jersey Limited (“New Amcor”) and Bemis Company, Inc. (“Bemis”) have identified some of these forward-looking statements with words like “believe,” “may,” “could,” “would,” “might,” “possible,” “will,” “should,” “expect,” “intend,” “plan,” “anticipate,” “estimate,” “potential,” “outlook” or “continue,” the negative of these words, other terms of similar meaning or the use of future dates. Forward-looking statements in this communication include, without limitation, statements about the anticipated benefits of the contemplated transactions, including future financial and operating results and expected synergies and cost savings related to the contemplated transactions, the plans, objectives, expectations and intentions of Amcor, New Amcor or Bemis and the expected timing of the completion of the contemplated transactions. Such statements are based on the current expectations of the management of Amcor or Bemis, as applicable, are qualified by the inherent risks and uncertainties surrounding future expectations generally, and actual results could differ materially from those currently anticipated due to a number of risks and uncertainties. None of Amcor, New Amcor or Bemis, or any of their respective directors, executive officers or advisors, provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements will actually occur. Risks and uncertainties that could cause results to differ from expectations include, but are not limited to: uncertainties as to the timing of the contemplated transactions;

uncertainties as to the approval of the transactions by Bemis’s and Amcor’s shareholders, as required in connection with the contemplated transactions; the possibility that a competing proposal will be made; the possibility that the closing conditions to the contemplated transactions may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant a necessary approval; the effects of disruption caused by the announcement of the contemplated transactions or the performance of the parties’ obligations under the transaction agreement making it more difficult to maintain relationships with employees, customers, vendors and other business partners; the risk that shareholder litigation in connection with the contemplated transactions may affect the timing or occurrence of the contemplated transactions or result in significant costs of defense, indemnification and liability; uncertainties as to the availability and terms of refinancing for the existing indebtedness of Amcor or Bemis in connection with the contemplated transactions; uncertainties as to whether and when New Amcor may be listed in the US S&P 500 index and the S&P / ASX 200 index; uncertainties as to whether, when and in what amounts future dividend payments may be made by Amcor, Bemis or New Amcor; other business effects, including the effects of industry, economic or political conditions outside of the control of the parties to the contemplated transactions; transaction costs; actual or contingent liabilities; disruptions to the financial or capital markets; other risks and uncertainties discussed in Amcor’s disclosures to the Australian Securities Exchange (“ASX”), including the “2017 Principal Risks” section of Amcor’s Annual Report 2017; and other risks and uncertainties discussed in Bemis’s filings with the U.S. Securities and Exchange Commission (the “SEC”), including the “Risk Factors” section of Bemis’s annual report on Form 10-K for the fiscal year ended December 31, 2017. You can obtain copies of Amcor’s disclosures to the ASX for free at ASX’s website ([www.asx.com.au](http://www.asx.com.au)). You can obtain

copies of Bemis’s filings with the SEC for free at the SEC’s website ([www.sec.gov](http://www.sec.gov)). Forward-looking statements included herein are made only as of the date hereof and none of Amcor, New Amcor or Bemis undertakes any obligation to update any forward-looking statements, or any other information in this communication, as a result of new information, future developments or otherwise, or to correct any inaccuracies or omissions in them which become apparent, except as expressly required by law. All forward-looking statements in this communication are qualified in their entirety by this cautionary statement.

## Legal Disclosures

### No Offer or Solicitation

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities will be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act.

### Important Additional Information Will Be Filed with the SEC

In connection with the contemplated transactions, New Amcor intends to file a registration statement on Form S-4 with the SEC that will include a joint proxy statement of Bemis and prospectus of New Amcor. The joint proxy statement/prospectus will also be sent or given to Bemis shareholders and will contain important information about the contemplated transactions. Shareholders are urged to read the joint proxy statement/prospectus and other relevant documents filed or to be filed with the SEC carefully when they become available because they will contain important information about Bemis, Amcor, New Amcor, the contemplated transactions and related matters. Investors and

shareholders will be able to obtain free copies of the joint proxy statement/prospectus (when available) and other documents filed with the SEC by Bemis, Amcor and New Amcor through the SEC's website ([www.sec.gov](http://www.sec.gov)).

### Participants in the Solicitation

Bemis, Amcor, New Amcor and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from Bemis shareholders in connection with the contemplated transactions. Information about Bemis's directors and executive officers is set forth in its proxy statement for its 2018 Annual Meeting of Shareholders and its annual report on Form 10-K for the fiscal year ended December 31, 2017, which may be obtained for free at the SEC's website ([www.sec.gov](http://www.sec.gov)). Information about Amcor's directors and executive officers is set forth in its Annual Report 2017, which may be obtained for free at ASX's website ([www.asx.com.au](http://www.asx.com.au)). Additional information regarding the interests of participants in the solicitation of proxies in connection with the contemplated transactions will be included in the joint proxy statement/prospectus that New Amcor intends to file with the SEC.

### Paper and printing of this Annual Report

The printing process used digital printing plates to eliminate film and chemicals. Vegetable-based inks were used rather than traditional mineral oils that emit higher volumes of greenhouse gases.





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