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AMCOR ANNOUNCES INITIATIVES TO OPTIMISE COST BASE AND DRIVE EARNINGS GROWTH IN THE FLEXIBLES SEGMENT

As first outlined in the FY2015 results presentation last August, Amcor is focused on efforts to generate our own growth and more aggressively adapt to changes in the operating environment. Generating our own growth requires increasing customer focus, building on our strength in innovation and continuing to drive our M&A agenda. We have made good progress in each of these areas.

The initiatives announced today are focused on the Flexibles segment, which includes Tobacco Packaging, and are designed to accelerate the pace of adapting the organisation within developed markets through:

- Footprint optimisation, to better align capacity with demand, increase utilisation and improve the cost base. This will likely result in the restructuring or closure of several plants in developed markets.
- Streamlining the organisation, particularly in Europe, to enable greater customer focus and speed to market by reducing complexity. This will also result in lower overhead costs.

Details of individual initiatives are being developed, local consultation will occur and announcements will be released at the appropriate time.

Collectively these initiatives are expected to generate a pre-tax return of approximately 35% on the cash invested within three years, delivering a profit before interest and tax benefit of US\$40 million to US\$50 million (profit after tax benefit of US\$30 million to US\$40 million).

The total cash investment is expected to be US\$120 million to US\$150 million across the 2017 and 2018 financial years. Including non-cash costs, profit before interest and tax will be negatively impacted by US\$170 million to US\$200 million (profit after tax cost of US\$150 million to US\$180 million). Of these pre-tax costs, approximately US\$90 to US\$100 million is expected to be incurred in the 2016 financial year with the remainder being recognised in the 2017 financial year.

Amcor CEO and Managing Director, Ron Delia said: "Amcor has strong flexible and tobacco packaging businesses in the developed markets with leading market positions which provide a solid platform for future growth. To build on that strong foundation, it is critical we continue to take decisive steps to align the organisation with market growth opportunities and customer needs.

"The initiatives we have announced today are important enablers of our plan to drive greater customer focus and to generate faster organic growth in our Flexibles segment. In addition to reducing complexity and ensuring the cost position of the businesses remains competitive, the cash invested will generate attractive returns. Combined with the benefits from the recent Alusa acquisition, the Flexibles segment is expected to deliver pre-tax earnings growth of more than US\$100 million over the next 3 years.

"Importantly, all the elements of our Shareholder Value Creation model will remain unchanged. Amcor will continue to generate strong cash flow and investing in these initiatives will not impact the ability to fund capital expenditure, acquisitions or dividends"

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