News Release

AMCOR ANNOUNCES RESULT FOR YEAR ENDED 30 JUNE 2016

Statutory profit for the year ended 30 June 2016 was US$244.1 million.

Underlying profit[1] for the year ended 30 June 2016 was US$671.1 million.

Highlights - underlying earnings unless otherwise indicated[1][2]

- Profit after tax of US$671.1 million up 7.5% on a constant currency basis;
- Earnings per share (EPS) up 11.3% to 57.7 US cents on a constant currency basis;
- Returns, measured as profit before interest and tax to average funds employed of 21.6%;
- Free cash flow of US$311.2 million[3]; and
- Annual dividend per share (DPS) increased to 41.0 US cents. Paid as 55.3 AUD cents, up 4.3%.

Strong result delivered in a challenging macroeconomic environment

The defensiveness and resilience of our businesses was once again evident with balanced growth across the portfolio. Growth was solid in both developed and emerging markets, there was a mix of growth from organic sources and from acquisitions and both the flexibles and rigid plastics segments achieved higher results than the same period last year.

Return on funds employed, cash flow and balance sheet have all remained strong. This has enabled Amcor to redeploy US$1.2 billion of cash to generate value for shareholders by increasing the dividend, closing several acquisitions and completing a share buy-back.

Amcor has made good progress against a set of strategic priorities that were introduced over the last 12 months. The business is in a strong position today, and there are many opportunities to make it even stronger by generating our own growth, increasing our agility and adapting the organisation, and developing our people.

Key financials and ratios[1][2]

Financials (US$ million)	2015	2016	Δ%	Constant Currency Δ%[1]
Sales revenue	9,611.8	9,421.3	(2.0)	3.7
PBITDA	1,408.6	1,409.3	-	6.5
PBIT	1,053.3	1,055.3	0.2	7.0
PAT	**671.1**	**671.1**	**-**	**7.5**
EPS (US cents)	**55.8**	**57.7**	**3.4**	**11.3**
Statutory PAT	680.3	244.1	(64.1)	
Statutory EPS (US cents)	56.6	21.0	(62.9)	
Free cash flow[3]	298.3	311.2	4.3	
Cash from operating activities	1,002.3	1,099.4	9.7	

Ratios	2015	2016
PBIT/Average funds employed (%)	20.3	21.6
PBIT/Sales (%)	11.0	11.2
Net PBITDA interest cover (times)[4]	8.4	8.4
Net debt / PBITDA (times)[4]	2.0	2.6
DPS (US cents)	40.0	41.0

(1) Throughout this document, references are to underlying earnings unless otherwise indicated. Underlying earnings are defined and reconciled on page 10.
(2) Certain non-IFRS financial information has been presented within this news release. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Amcor uses these measures to assess the performance of the business and believes that the information is useful to investors. Non-IFRS information, including underlying earnings and average funds employed has not been audited but has been extracted from Amcor's audited financial statements. For a reconciliation of IFRS compliant statutory result for the period to underlying results refer to page 10.
(3) Free cash flow is operating cash flow less dividends and other equity distributions. Operating cash flow is after capital expenditure and proceeds from sale of property, plant and equipment. Refer notes (a) and (b) on page 11 for further information.
(4) Calculated on a 12 month pro forma basis for acquisitions completed during the year ended 30 June 2016.

Conference call

Amcor is hosting a conference call with investors and analysts to discuss these results today, August 25 2016 at 11:30 am AEST. Investors are invited to listen to a live audiocast of the conference call at our website, www.amcor.com, in the "Investors" section. A replay of the audiocast will also be available on our website within 24 hours.

Refer to page 11 for relevant footnotes and definitions of various measures used within this news release. Amcor has released to the Australian Securities Exchange a presentation on its financial results for the full year ended 30 June 2016. This is available at www.amcor.com

25 August 2016

amcor

Financial result[1]

Consolidated income

(US$ million)	2015	2016
Sales revenue	**9,611.8**	**9,421.3**
PBITDA	1,408.6	1,409.3
- Depreciation and amortisation	(355.3)	(354.0)
PBIT	1,053.3	1,055.3
- Net finance costs	(169.2)	(166.8)
Profit before tax	**884.1**	**888.5**
- Income tax expense	(185.4)	(187.9)
- Non-controlling interest	(27.6)	(29.5)
Profit after tax	**671.1**	**671.1**

Consolidated balance sheet

(US$ million)	30/06/15	30/06/16
Current assets	3,413.0	3,193.1
Property, plant and equipment	2,566.7	2,690.9
Intangible assets	1,845.3	2,102.1
Investments and other assets	722.1	696.0
Total assets	**8,547.1**	**8,682.1**
Current interest-bearing liabilities	1,012.7	916.7
Non-current interest-bearing liabilities	2,572.6	3,428.4
Payables, provisions and other liabilities	3,374.8	3,491.5
Total equity	1,587.0	845.5
Total liabilities and equity	**8,547.1**	**8,682.1**

Consolidated operating cash flow

(US$ million)	2015	2016
PBITDA	1,408.6	1,409.3
Net interest paid	(165.8)	(153.4)
Income tax paid	(154.7)	(170.3)
Capital expenditure	(323.0)	(348.9)
Movement in working capital	(46.0)	37.2
Other	59.3	17.6
Operating cash flow	**778.4**	**791.5**
Dividends and other equity distributions	(480.1)	(480.3)
Free cash flow	**298.3**	**311.2**
Acquisitions / divestments	(97.6)	(496.6)
Venezuela adjustment[2]	-	(184.2)
Share buy-back / other movements in share capital	(374.8)	(309.6)
Foreign exchange rate changes, hedges and other	(22.6)	(170.5)
Increase in net debt [3]	**(196.7)**	**(849.7)**

(1) Refers to underlying result.
(2) Related to cash balance at 30 June 2016.
(3) Refer note (c) "movement in net debt" on page 11 for further information.

Exchange rate sensitivity

For the year ended 30 June 2016, the negative impact on profit after tax of translating non US dollar earnings into US dollars for reporting purposes was approximately US$51 million. Of this amount, approximately US$14 million reflects an 8% appreciation of the average exchange rate for the US dollar against the Euro, from 0.8312 in the prior year to 0.9011 in the current year. The remaining US$37 million reflects a 14% appreciation in the weighted average exchange rate for the US dollar against all other currencies.

Net debt and net finance costs

Net debt was US$3,829.4 million at 30 June 2016, US$305.8 million higher than net debt at 31 December 2015. This increase mainly reflects additional drawdowns to fund acquisitions completed in the June 2016 half year. Leverage, measured as net debt over PBITDA was 2.6 times at 30 June 2016.

The next sizeable refinancing is in December 2016 with a US$275 million United States Private Placement borrowing due to mature.

Net financing costs of US$166.8 million were marginally lower than the prior year, mainly reflecting the favourable impact of currency movements against the US dollar. This was partly offset by additional interest on higher average debt balances.

Dividend

The Directors declared an unfranked final dividend for 2016 of 22.0 US cents per share. This brings the annual dividend to 41.0 US cents per share, 1.0 US cent higher than the 2015 annual dividend. The final dividend will be paid in Australian dollars, and the amount received will be 28.6 cents. This reflects the dividend declared in US dollars converted at an exchange rate of 0.7686. This rate is the average exchange rate over the five days ending 18 August 2016.

100% of the dividend is sourced from the Conduit Foreign Income Account. The ex-dividend date will be 6 September 2016, the record date will be 7 September 2016 and the payment date will be 29 September 2016.

Share buy-back

On 20 October 2015, Amcor completed a US$500 million on-market share buy-back announced on 17 February 2015. 48.5 million shares were bought back at an average price of A$13.74. This represents 4.0% of the total number of shares on issue at the time the buy-back was announced.

The buy-back resulted in a 3.3% reduction in the weighted average number of shares used to calculate earnings per share for the full year ended 30 June 2016.

Outlook commentary for 2016/17 financial year

Outlook comments for the Flexibles and Rigid Plastics segments are included on pages 6 and 8 respectively. Guidance for corporate costs is included on page 9.

For the 2016/17 year:

- net interest costs are expected to be between US$185 million and US$195 million, in constant currency terms. Cash interest paid is expected to be in line with the profit and loss charge;
- the effective tax rate is expected to be between 21% and 23%. Cash tax payments are expected to be between 85% and 95% of the profit and loss charge; and
- free cash flow is expected to be between US$150 and US$250 million, after taking into account approximately US$90 to US$110 million of cash payments related to the Flexibles segment restructuring initiatives announced on 9 June 2016. Refer to page 10 for further details of Flexibles restructuring.

Segment information[1]

Earnings

(US$ million)	2015 Sales revenue	2015 PBIT	2015 ROAFE%	2016 Sales revenue	2016 PBIT	2016 ROAFE%
Flexibles	6,294.6	772.7	25.1	6,065.9	755.9	25.8
Rigid Plastics	3,317.2	321.3	20.3	3,357.3	352.5	23.3
Investments / Other / Intersegment	-	(40.7)		(1.9)	(53.1)	
TOTAL	**9,611.8**	**1,053.3**	**20.3**	**9,421.3**	**1,055.3**	**21.6**

Cash flow

2016 (US$ million)	Flexibles	Rigid Plastics	Investments / Other	Consolidated
PBITDA	965.1	487.8	(43.6)	1,409.3
Capital expenditure	(215.2)	(125.0)	(8.7)	(348.9)
Movements in working capital	92.1	(65.2)	10.3	37.2
Other	0.2	3.4	14.0	17.6
Interest			(153.4)	(153.4)
Tax			(170.3)	(170.3)
Operating cash flow	**842.2**	**301.0**	**(351.7)**	**791.5**

(1) Refers to underlying result. Underlying result is defined and reconciled on page 10.

Flexibles

Earnings	2015 US$ mill	2016 US$ mill	Change %	2015 € mill	2016 € mill	Change %	Constant Currency change %
Sales revenue	6,295	6,066	(3.6)	5,232	5,466	4.5	4.7
PBIT[(1)]	**772.7**	**755.9**	**(2.2)**	**642.9**	**681.2**	**6.0**	**7.2**
Operating margin (%)	12.3	12.5		12.3	12.5		
Average funds employed	3,080	2,934		2,560	2,643		
PBIT/AFE (%)	**25.1**	**25.8**		**25.1**	**25.8**		
USD:Euro average exchange rate	0.83	0.90					

Cash flow						
PBITDA	986.4	965.1		820.5	869.7	
Capital Expenditure	(165.8)	(215.2)		(137.8)	(193.9)	
Movement in Working Capital	(26.2)	92.1		(21.7)	83.0	
Other	57.0	0.2		46.9	0.1	
Operating cash flow	**851.4**	**842.2**	**(1.1)**	**707.9**	**758.9**	**7.2**

(1) Represents underlying PBIT. This is defined and reconciled on page 10.

The Flexibles segment had a solid year, with constant currency PBIT up 7.2%. This was equally balanced between acquisition benefits and organic growth.

Demand from emerging markets was solid and cost performance was excellent across all business groups. Demand in developed markets remained subdued. Specifically in the tobacco packaging business, organic growth remained strong through the year as customers built inventories ahead of regulatory changes taking effect in May 2016.

Operating margins expanded 20 basis points to 12.5%. This includes the negative impact from acquired businesses, which partly offset organic margin expansion. Returns, measured as PBIT over average funds employed, increased to 25.8%.

Flexibles restructuring
On 9 June 2016, Amcor announced initiatives to optimise the cost base and drive earnings growth in the Flexibles segment. The initiatives 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; and
- streamlining the organisation and reducing complexity, particularly in Europe, to enable greater customer focus and speed to market.

Since that time Amcor has announced four plant closures, one plant restructure and an organisation restructure.

PBIT benefits of US$40 to US$50 million (PAT benefit of US$30 to US$40 million) are expected to be generated within three years. This represents a return of approximately 35% on cash costs of between US$120 and US$150 million. Total costs to be expensed (cash and non-cash) are expected to be between US$150 and US$180 million after tax (pre-tax US$170 to US$200 million), and are excluded from underlying earnings. Refer to page 10 for further information, including announced closures and restructures and phasing of PBIT benefits, total costs and cash costs.

Flexibles Europe, Middle East and Africa

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

The business delivered modest sales growth in constant currency terms. Growth in Eastern Europe was solid, while demand in Western Europe remained stable. By end market, volumes were higher in the cheese and single serve coffee segments. Pet food and confectionery, particularly in Eastern Europe, and wine capsules continued to experience strong growth. This was offset by weakness in the liquid beverage and multi-serve coffee segments.

Margins continued to improve compared with the prior year and earnings growth was higher than sales growth. The overall business remained focused on a number of initiatives to reduce operating costs, improve product mix and enhance the customer value proposition. Through a focus on innovation and simplification there are many opportunities to deliver value adding improvements in packaging formats to customers. In addition, Amcor's scale in the European region is unique, and this has enabled the business to improve cost performance over time. There remains a deep opportunity set in both of these areas.

Businesses acquired during the year

On 1 July 2015 the ZAR 250 million (US$22 million) acquisition of Nampak Flexibles was completed. The business, renamed Amcor Flexibles South Africa, is the market leader in South Africa and generates revenue of approximately ZAR 1.1 billion (US$94 million) from the sale of flexible packaging for the beverage, food and home care end markets. The business services many of Amcor's existing global customers and provides a platform for growth in the Sub Saharan African region. The integration has proceeded well and the business had a strong first year.

Flexibles Americas

The Flexibles Americas business became a stand-alone business group in June 2015, with an expectation the business could accelerate growth in both North and South America. Over a relatively short period of time, sales in the region have almost doubled to nearly US$1 billion, including annualised sales from the recently acquired Alusa and Deluxe Packages businesses. With those acquisitions, combined with the legacy business, the Flexibles Americas business has quickly established a strong and unique platform for continued growth in a region that accounts for approximately 25% of global flexible packaging consumption.

In constant currency terms, earnings were in line with last year. This mainly reflects some weakness in the medical segment in North America, offset by strong cost improvement and operating efficiencies. The contribution from acquisitions during the period was marginal, as acquired earnings and synergy benefits were offset by integration costs.

Businesses acquired during the year

The US$45 million acquisition of Deluxe Packages was completed on 31 December 2015. The business operates one well invested manufacturing plant with attractive technologies, capabilities and highly skilled co-workers in Yuba City, California. Revenues of approximately US$42 million are generated from the supply of high performance flexible packaging products to customers in the fresh food and snack food segments. This acquisition enhances growth in priority segments by strengthening Amcor's customer value proposition with a combined east and west coast footprint.

The US$435 million acquisition of Alusa, the largest flexible packaging business in South America, was completed on 1 June 2016. The business has four plants – one in each of Chile, Peru, Argentina and Colombia – and a broad range of capabilities including film extrusion, flexographic and gravure printing and lamination. Sales of approximately US$375 million per annum are generated from the supply of flexible packaging for food, personal care and pet food applications. A large number of Amcor's multinational customers operate in South America, and this acquisition significantly improves our ability to support their needs and to grow with them in these markets.

The integration of both businesses remains in line with expectations.

Flexibles Asia Pacific

The Flexibles Asia Pacific business has 38 plants in eight countries throughout the region. The business had a good year against a backdrop of subdued economic conditions in many of its key markets. Sales and earnings were higher than the previous year in constant currency terms.

In China, the business benefited from prior period acquisitions, with the Jiangsu Shenda and Zhongshan TianCai businesses delivering strong earnings growth. Performance stabilised in the June 2016 half year, with sales in line with the June 2015 half year after a challenging period for organic growth in the December 2015 half year. This reflects good growth in the Southern and Western regions which offset lower sales in the North of China.

Collectively the businesses in Thailand, Singapore, India and Indonesia achieved strong earnings growth during the year, reflecting benefits from the acquisitions of Bella Prima Packaging (Indonesia) and Packaging India Private Limited and organic growth.

Commissioning of a new flexibles packaging plant in the Philippines commenced in July 2016. This greenfield plant is dedicated to a large multinational customer in the fast moving food and beverage segment and provides an excellent opportunity to further expand the business in the Philippines and improve the customer value proposition in the high growth South East Asian region. Volumes are expected to progressively ramp up through the next financial year.

Earnings in the developed markets of Australia and New Zealand were in line with last year in constant currency terms. In Australia, the market remained stable and the business achieved higher volumes offset by unfavourable product mix. Lower volumes in New Zealand, particularly in the dairy segment, were offset by improved mix and strong cost performance.

Businesses acquired during the year

On 13 July 2015, the INR 1,650 million (US$26 million) acquisition of Packaging India Private Limited (PIPL) was completed. PIPL generates sales of approximately INR 2,500 million (US$40 million) from three plants located in the North and South of India and produces flexible packaging predominately for the food and personal care markets. This acquisition provides an opportunity for the business to further expand its customer base and value proposition in the high growth Indian market.

On 26 April 2016 the acquisition of BPI China was completed. This acquisition strengthens Amcor's leadership position in Southern China with the addition of state-of-the-art blown film and flexographic printing capabilities.

Tobacco Packaging

The Tobacco Packaging business had a particularly strong year, with earnings higher than the same period last year.

As the only manufacturer with a global footprint, the business is very well positioned to support customers as they focus on premiumisation of brands, growth in emerging markets and cost improvement initiatives. By providing exceptional service and unique product innovation capabilities, the business has been able to continually improve product mix by securing additional volumes for higher value-add cartons across multiple regions. These efforts continued to drive earnings growth in the current year.

Volumes across Europe were significantly higher compared with last year. In Eastern Europe demand remained robust, reflecting volume gains and strong industry volumes in key markets. In Western Europe, demand increased across European Union member states as customers built inventories ahead of the second Tobacco Packaging Directive coming into effect in May 2016. Volumes remained at higher levels until customer destocking began towards the end of the financial year. It is expected this destocking will continue through the December 2016 half year.

In the Americas, earnings were lower than last year, reflecting lower volumes in North America and higher operating costs in South America.

In Asia, the business delivered good earnings growth driven by market share gains and improved product mix. The business benefited from new volumes secured from a multinational customer in the Philippines market in the June 2015 half year. A new greenfield plant in Indonesia started up during the year. The new plant supplies both existing and new customers and better positions the business to capture growth in the region.

Businesses acquired during the year

On 1 September 2015, the BRL 96 million (US$30 million) acquisition of Souza Cruz's internal tobacco packaging operations in Brazil was completed. Souza Cruz is owned by British American Tobacco plc and is the market leader in the Brazilian cigarette market. This investment is supported by a long-term supply agreement between Amcor and Souza Cruz. The integration of this business has proceeded as expected.

Outlook

In constant currency terms, the Flexibles segment is expected to deliver particularly strong PBIT growth in the 2016/17 year, compared with PBIT of €681.2 million achieved in the 2015/16 year. This outlook takes into account:

- modest organic growth across the Flexibles segment, inclusive of an unfavourable customer destocking impact within the tobacco packaging business in the first half;
- an additional 11 months of acquired earnings from the Alusa business. For the full year synergy benefits will be offset by integration costs.
    - Synergy benefits and integration costs are expected to be a net expense of approximately US$5 to US$10 million in the first half of the year; and
    - Synergy benefits and integration costs are expected to be a net benefit of approximately US$5 to US$10 million in the second half of the year.
- in addition to Alusa, the business is expected to generate modest growth from other recently acquired businesses net of integration costs; and
- restructuring benefits of approximately €9 to €13 million (US$10 to US$15 million) are expected to be delivered in the second half of the year.

Given the timing of restructuring benefits, the timing of integration costs and synergy benefits related to the Alusa acquisition and the timing of inventory movements in the Tobacco Packaging business, overall growth is expected to be significantly weighted towards the second half of the year. PBIT growth in the first half is expected to be moderate compared with PBIT of €321.0 million achieved in the first half of the 2015/16 year.

Rigid Plastics

Earnings	2015 US$ mill	2016 US$ mill	Change %
Sales revenue	3,317	3,357	1.2
PBIT[(1)]	**321.3**	**352.5**	**9.7**
Operating Margin (%)	9.7	10.5	
Average funds employed	1,582	1,512	(4.4)
PBIT/AFE (%)	**20.3**	**23.3**	

Cash flow		
PBITDA[(2)]	454.4	487.8
Capital Expenditure	(134.2)	(125.0)
Movement in Working Capital	(31.9)	(65.2)
Other	24.5	3.4
Operating cash flow	**312.8**	**301.0**

(1) Represents underlying PBIT. This is defined and reconciled on page 10.
(2) Includes share of net profit of equity accounted investments.

The Rigid Plastics business had an outstanding year with PBIT of US$352.5 million, 9.7% higher than the prior period. All business units performed well during the year and delivered earnings which were higher than the same period last year. Growth in underlying markets and new business wins underpinned higher volumes and management of operating costs through the year was excellent. This was partly offset by unfavourable sales mix.

Returns, measured as PBIT over average funds employed, increased from 20.3% to 23.3%.

Sales revenue for the business remained in line with the previous year at US$3,357 million. This was negatively impacted by approximately US$190 million as the business passed through lower average PET resin costs to customers during the year.

North America Beverage

The North American Beverage business had a solid year, achieving higher earnings than the same period last year. This reflects strong organic growth and cost performance, partly offset by unfavourable product mix.

Excluding the acquired Encon business, total organic volume growth was 7.6% compared to last year, with custom container volumes increasing by 6.2%, and combined preform and cold fill container volumes increasing by 8.5%. The business benefited from market share gains largely secured during the 2015 financial year and was able to capture additional spot volumes mostly during the first half. Across all beverage categories the PET container format continued to grow at above category rates, driven by the long term consumer trend towards resealable packages and smaller pack sizes. The business was also successful in increasing share with regional customers following investments in the ‘Upstart’ manufacturing platform, designed to target smaller run volumes.

Construction of a new onsite facility in Paris, Texas commenced during the year. This facility will be dedicated to a large existing customer who participates in the fast moving food and beverage segments across the United States. This is an excellent example of an opportunity to strengthen the value proposition for a key customer, and existing volumes will be transferred into the new facility towards the end of the 2016 calendar year.

Businesses acquired during the year

On 28 October 2015, the US$55 million acquisition of Encon, a privately owned preform manufacturing business in the United States, was completed. The business operates from four manufacturing sites, producing the majority of preforms from one large scale plant located in Dayton, Ohio. The business generates revenues of approximately US$110 million servicing both existing and new customers. Given the manufacturing overlap, the acquisition will deliver considerable operating synergies and generate strong returns once fully integrated. The integration effort has proceeded well. Closure of the plant in Dayton, Ohio was announced in July 2016 and volume transfers are underway.

North America Diversified Products

The Diversified Products business produces specialty containers from multiple materials for a variety of end markets, including pharmaceutical, healthcare, food, alcoholic beverage, personal care and homecare.

The ability to offer a broad range of products, materials and production technologies is an important enabler for success in the market place. Over many years Amcor's Diversified Products 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.

Looking forward, there are many opportunities to grow organically as well as to acquire complementary technologies and capabilities which unlock further growth in key segments.

The business had a good year and delivered higher earnings compared with last year. This reflects volume growth in attractive markets, favourable product mix and improvements in operating costs.

Businesses acquired during the year

On 12 May 2016, the CAD 38 million (US$30 million) acquisition of Plastic Moulders Limited was completed. Plastic Moulders is a rigid plastics business that manufactures containers and closures for the food, home and personal care markets in North America. The business operates a single plant in Toronto and has sales of approximately CAD 35 million. Plastic Moulders provides specialised manufacturing capabilities, including precision injection moulding and in-mould labelling. These capabilities broaden the existing product offering for the benefit of current and future customers.

Latin America

Excluding Venezuela, the Latin American operations performed well and earnings were higher than the same period last year. This reflects the benefit of higher volumes and excellent cost management. Economic conditions have continued to be challenging in several countries within the region where rapid inflation and currency depreciation has resulted in higher costs. However the business continued its long standing track record of recovering these cost increases in the market place.

Volumes were 2.6% higher than last year, which includes a 19% reduction in volumes in Venezuela. This was driven by market growth in several countries and new business wins, particularly in Brazil and Mexico. Difficult economic conditions resulted in moderate volume declines in Argentina.

As announced on 9 June 2016, economic conditions in Venezuela deteriorated during the period and impacted the business environment, including the ability to convert local currency to the US dollars required for importing raw materials. As a result, a number of measures were taken to eliminate Amcor's financial exposure to Venezuela. As outlined in the June announcement:

- there was no impact on PBIT during the 2016 financial year. However, compared with 2016, PBIT in the 2017 financial year will be negatively impacted by approximately US$40 million (unfavourable PAT impact of US$20 million); and
- this resulted in a one-off charge of US$348.9 million (US$384.7 million pre-tax) at 30 June 2016 which has been excluded from underlying earnings. After taking this one-off charge there is no material financial exposure on the Amcor balance sheet related to Venezuela.

Refer pages 10 and 11 for further details.

Bericap

The Bericap North America joint venture is managed and reported within the Rigid Plastics segment. This business produces plastic closures for beverage, food, personal and home care containers and has plants in Ontario, Canada, and in California and South Carolina in the United States.

The business had a strong year, achieving higher earnings compared with the same period last year. This mainly reflects higher volumes driven in part by new business wins.

Outlook

The outlook for the Rigid Plastics segment in the 2016/17 year, compared with PBIT of US$352.5 million achieved in the 2015/16 year, takes into account:

- the decision announced on 9 June 2016 to eliminate Amcor's financial exposure to Venezuela. As a result, PBIT for the year ended 30 June 2017 will be negatively impacted by approximately US$40 million. Of this amount, approximately US$25 million will negatively impact the December 2016 half year;
- continued growth in Latin America excluding Venezuela, notwithstanding the challenging conditions in some countries;
- solid volume growth in North America, at rates lower than those achieved in the 2015/16 year given timing of market share gains; and
- benefits from the Encon and Plastic Moulders acquisitions.

Investments / Other

PBIT	2015 US$ mill	2016 US$ mill
AMVIG	21.3	18.2
Corporate costs	(62.0)	(71.3)
Total	**(40.7)**	**(53.1)**

Investments / Other include corporate costs and equity accounted earnings from the 48% interest in the Hong Kong publicly listed company AMVIG Holdings Limited (AMVIG).

Corporate costs of US$71.3 million were within the guidance range of US$70 million to US$75 million provided in February 2016. For the 2016/17 year corporate costs are expected to be in the range of US$70 million to US$80 million in constant currency terms.

Reconciliation of statutory earnings to underlying earnings

(US$ million)	Statutory earnings 2015	Statutory earnings 2016	Adjustments 2015	Adjustments 2016	Underlying earnings 2015	Underlying earnings 2016
Sales revenue	**9,611.8**	**9,421.3**	**-**	**-**	**9,611.8**	**9,421.3**
PBITDA	1,420.4	929.7	11.8	(479.6)	1,408.6	1,409.3
- Depreciation and amortisation	(355.3)	(354.0)	-	-	(355.3)	(354.0)
PBIT	1,065.1	575.7	11.8	(479.6)	1,053.3	1,055.3
- Net finance costs	(169.2)	(166.8)	-	-	(169.2)	(166.8)
Profit before tax	**895.9**	**408.9**	**11.8**	**(479.6)**	**884.1**	**888.5**
- Income tax expense	(188.0)	(135.3)	(2.6)	52.6	(185.4)	(187.9)
- Non-controlling interest	(27.6)	(29.5)	-	-	(27.6)	(29.5)
Profit after tax	**680.3**	**244.1**	**9.2**	**(427.0)**	**671.1**	**671.1**

Segmental reconciliation of statutory PBIT to underlying PBIT

Segment information (US$ million)	2015 Sales revenue	2015 Statutory PBIT	2015 Adjustments	2015 Underlying PBIT	2015 Underlying ROAFE%	2016 Sales revenue	2016 Statutory PBIT	2016 Adjustments	2016 Underlying PBIT	2016 Underlying ROAFE%
Flexibles	6,294.6	784.5	11.8	772.7	25.1	6,065.9	661.0	(94.9)	755.9	25.8
Rigid Plastics	3,317.2	321.3	-	321.3	20.3	3,357.3	(32.2)	(384.7)	352.5	23.3
Investments / Other / Intersegment	-	(40.7)	-	(40.7)		(1.9)	(53.1)	-	(53.1)	-
TOTAL	**9,611.8**	**1,065.1**	**11.8**	**1,053.3**	**20.3**	**9,421.3**	**575.7**	**(479.6)**	**1,055.3**	**21.6**

Details of adjustments

Income statement	Flexibles (€ million) 2015	Flexibles (€ million) 2016	US$ million Flexibles 2015	US$ million Flexibles 2016	US$ million Rigid Plastics 2015	US$ million Rigid Plastics 2016	US$ million Investments / Other 2015	US$ million Investments / Other 2016	US$ million Consolidated 2015	US$ million Consolidated 2016
Sale of surplus land in Turkey(1)	9.2	-	11.8	-	-	-	-	-	11.8	-
Flexibles restructuring	-	(85.5)	-	(94.9)	-	-	-	-	-	(94.9)
Change of accounting treatment Venezuela	-	-	-	-	-	(384.7)	-	-	-	(384.7)
Total PBIT adjustments	**9.2**	**(85.5)**	**11.8**	**(94.9)**	**-**	**(384.7)**	**-**	**-**	**11.8**	**(479.6)**
Tax on adjustments	(2.0)	15.1	(2.6)	16.8	-	35.8	-	-	(2.6)	52.6
Total PAT adjustments	**7.2**	**(70.4)**	**9.2**	**(78.1)**	**-**	**(348.9)**	**-**	**-**	**9.2**	**(427.0)**

(1) This item has not been presented as an adjustment in Amcor's annual financial report. However, management believe it is useful to present underlying earnings exclusive of this item in order to facilitate comparability. This item was disclosed in Amcor's earnings announcements for the year ended 30 June 2015 and the half year ended 31 December 2015.

Flexibles restructuring

1. Initiatives announced

Date	Announcement
14 June 2016	closure of the Flexibles packaging plant in Halen (Belgium)
14 June 2016	closure of the Tobacco packaging plant in Bristol (England)
14 June 2016	a restructure of the Flexible packaging plant in Cumbria (England)
21 June 2016	a new organisation structure for the Flexibles Europe, Middle East and Africa business
17 July 2016	closure of a Flexibles packaging plant in Nunawading (Australia)
22 August 2016	closure of a Flexibles packaging plant in Christchurch (New Zealand)

2. Expected phasing of restructuring costs and benefits

(US$ million)	Total pre-tax costs(1)	Cash costs	Pre-tax benefits(2)
Recognised in FY16	94.9	-	-
Expected to be recognised in FY17	75-105	90-110	10-15
Expected to be recognised in FY18	-	30-40	20-25
Expected to be recognised in FY19	-	-	10-15
Cumulative costs and benefits(3)	**170-200**	**120-150**	**40-50**

(1) Total costs on an after tax basis expected to be between US$150 and US$180 million.
(2) Benefits to be recognised in earnings for the Flexibles segment in the period indicated. Total benefits on an after tax basis expected to be between US$30 and US$40 million.
(3) Expectations for total benefits and total costs (pre-tax and post-tax) and cash costs are consistent with those announced on 9 June 2016.

Venezuela

Detail of one-off charge and impact on balance sheet

(US$ million)	Statutory earnings	Net assets
Profit after tax loss / Retained earnings	**(348.9)**	
Reversal of foreign exchange translation losses previously recognised in equity(1)	147.9	
Reversal of non-controlling interest previously recognised in equity(1)	(26.3)	
Reduction in total equity	**(227.3)**	**(227.3)**
Other net assets		(43.1)
Cash balance at 30 June 2016		(184.2)

(1) On reversal these amounts were recognised in earnings.

Appendix information

The following financial acronyms have been used within this announcement:

PAT	Profit after tax. Within Amcor's financial report, PAT equals Profit for the financial period attributable to owners of Amcor Limited.
PBIT	Profit before interest and tax. Within Amcor's financial report, PBIT equals Profit from operations.
PBITDA	Profit before interest, tax, depreciation and amortisation. PBITDA is derived by deducting Depreciation and Amortisation of intangible assets extracted from Amcor's financial report from PBIT.
AFE	Average funds employed.
ROAFE	Return on Average funds employed, calculated as PBIT over Average funds employed.
EPS	Earnings per share.
IFRS	International Financial Reporting Standards
DPS	Dividend per share

The following notes provide further details of certain non-IFRS financial measures used within this announcement:

(a) **Operating cash flow** is cash flow from operating activities calculated in accordance with IFRS and extracted from Amcor's financial report, adjusted to take into account capital expenditure and other items. This measure is reconciled to cash flow from operating activities as follows:

	US$ million	
	2015	**2016**
Operating cash flow	778.4	791.5
Capital expenditure	323.0	348.9
Proceeds from sale of PP&E	(83.5)	(30.4)
Other items	(15.6)	(10.6)
Cash flow from operating activities	1,002.3	1,099.4

(b) **Free cash flow** is Operating cash flow (refer note (a) above) less dividends paid during the period calculated in accordance with IFRS and extracted from Amcor's financial report.

(c) **Movement in net debt** is reconciled to the net increase in cash held calculated in accordance with IFRS and extracted from Amcor's financial report as follows:

	US$ million	
	2015	**2016**
Proceeds from borrowings	(6,084.0)	(5,701.2)
Repayment of borrowings	5,698.7	5,036.2
Net decrease in cash held	193.7	(24.5)
Effects of exchange rate changes on cash and cash equivalents	(1.4)	(159.6)
Other items	(3.7)	(0.6)
Cash increase in net debt	(196.7)	(849.7)

(d) **Underlying earnings** is defined and reconciled to IFRS compliant statutory earnings on page 10.