News Release

AMCOR ANNOUNCES INTERIM PROFIT RESULT FOR HALF YEAR ENDED 31 DECEMBER 2017

Statutory profit for the half year ended 31 December 2017 was USD 329.7 million, up 15.0%

Highlights – underlying earnings unless otherwise indicated (1)(2)

- Profit after tax (PAT) of USD 329.7 million up 3.7% on a constant currency basis;
- Earnings per share (EPS) of 28.5 US cents up 3.7% on a constant currency basis;
- Profit before interest and tax (PBIT) margin up 30 basis points to 11.4%;
- Strong returns, measured as profit before interest and tax to average funds employed of 19.7%;
- Operating cash flow, after net capital expenditure and cash significant items of USD 90.8 million(3); and
- Interim dividend per share increased 7.7% to 21.0 US cents.

First half result in line with expectations

Amcor's CEO Mr Ron Delia said: "During the half year we have grown earnings, expanded margins and maintained strong returns, with good progress on key investments. Cash flow and the balance sheet remain strong which, along with our confidence in the earnings growth capacity of the business, enabled the Board to increase the interim dividend by 8% to 21.0 US cents per share.

"The first half result was in line with the expectations we outlined at our AGM, and demonstrated the resilience and agility of Amcor in the context of short-term industry challenges related to raw material cost increases, weak volumes in one Rigid Plastics segment and mixed conditions in emerging markets.

"The business has responded exceptionally well, focusing on the growth levers that are within our control, implementing pricing actions to recover higher input costs and adapting the cost base and production capacity where volumes have been weaker. Those actions helped underpin the first half result and will continue to provide further support for earnings and margins as these short-term challenges continue into the second half.

"Looking ahead, we expect another year of earnings growth in constant currency terms. We have continued to make progress against our strategic priorities with investments in the Alusa and Sonoco acquisitions and restructuring initiatives in the Flexibles segment, contributing more than USD 30 million to PBIT in the current half. Together these investments will deliver more than USD 100 million of PBIT growth across the three-year period ending FY2020, in addition to organic growth and further M&A.

"The long-term growth potential of Amcor remains substantial. We have a truly global business with a presence in more than 40 countries, unique market leading positions in attractive segments and a strong, differentiated value proposition for customers. This will enable continued strong cash generation, allowing us to take advantage of the significant growth opportunities, both organic and through acquisitions, across all Amcor's businesses."

Key financials and ratios(1)(2)

Financials (USD million)	1H17	1H18	△%	Constant Currency △%
Sales revenue	4,467.3	4,502.2	0.8	(1.7)
PBITDA	677.7	695.2	2.6	(0.1)
PBIT	495.7	513.8	3.7	0.8
PAT	**308.6**	**329.7**	**6.8**	**3.7**
EPS (US cents)	**26.7**	**28.5**	**6.8**	**3.7**
Statutory PAT	286.6	329.7	15.0	
Statutory EPS (US cents)	24.8	28.5	15.0	
Operating cash flow(3)	52.9	90.8		
Cash from operating activities	214.9	178.1		

Ratios	1H17	1H18
Return on funds employed %(4)	21.0	19.7
PBIT margin %	11.1	11.4
Interest cover, times	7.9	7.5
Leverage, times(5)	2.9	2.9
Dividend per share (US cents)	19.5	21.0

(1) to (5) refer to pages 10 and 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 half year ended 31 December 2017. This is available at www.amcor.com

12 February 2018

Financial result

Consolidated income

(USD million)	1H17	1H18
Sales revenue	**4,467.3**	**4,502.2**
PBITDA	677.7	695.2
- Depreciation and amortisation	(182.0)	(181.4)
PBIT	495.7	513.8
- Net finance costs	(93.8)	(101.7)
Profit before tax	**401.9**	**412.1**
- Income tax expense	(86.0)	(78.2)
- Non-controlling interest	(7.3)	(4.2)
Profit after tax	**308.6**	**329.7**

Consolidated balance sheet

(USD million)	30/06/17	31/12/17
Current assets	3,286.5	3,201.8
Property, plant and equipment	2,765.3	2,780.2
Intangible assets	2,409.3	2,434.1
Investments and other assets	622.2	643.9
Total assets	**9,083.3**	**9,060.0**
Current interest-bearing liabilities	1,124.6	2,314.8
Non-current interest-bearing liabilities	3,486.4	2,458.4
Payables, provisions and other liabilities	3,580.8	3,328.9
Total equity	891.5	957.9
Total liabilities and equity	**9,083.3**	**9,060.0**

Consolidated operating cash flow

(USD million)	1H17	1H18
PBITDA	677.7	695.2
Net interest paid	(77.5)	(80.7)
Income tax paid	(86.1)	(66.6)
Capital expenditure	(203.8)	(187.1)
Movement in working capital	(222.9)	(275.7)
Flexibles segment restructuring[(i)]	(36.2)	(34.0)
Other	1.7	39.7
Operating cash flow	**52.9**	**90.8**
Dividends and other equity distributions	(258.0)	(282.2)
Free cash flow	**(205.1)**	**(191.4)**
Acquisitions	(299.8)	(12.2)
Other movements in share capital	(48.4)	(44.5)
Foreign exchange rate changes, hedges and other	(31.1)	0.5
Cash increase in net debt [(ii)]	**(584.4)**	**(247.6)**

i. Refer page 4 for further information.
ii. Refer note (c) "movement in net debt" on page 11 for further information.

Exchange rate impact

For the half year ended 31 December 2017, the favourable impact on profit after tax of translating non-US dollar earnings into US dollars for reporting purposes was approximately USD 10 million. Of this amount, approximately USD 8 million reflects a 7% depreciation of the average exchange rate for the US dollar against the Euro, from 0.9117 in the prior year to 0.8502 in the current year. The remaining USD 2 million reflects a 3% depreciation in the weighted average exchange rate for the US dollar against all other currencies.

Net debt and net finance costs

Net debt was USD 4,353.3 million at 31 December 2017 and leverage, measured as net debt over LTM PBITDA, was 2.9 times at 31 December 2017.

The next sizeable refinancing is a USD 777 million syndicated multi-currency facility, due to mature in October 2018. Refinancing of this facility with a new maturity date of February 2021 is close to completion.

Net financing costs of USD 101.7 million were higher than the prior period, mainly reflecting the depreciation of the US dollar against currencies in which borrowings have been drawn.

Income tax and implications of US tax reform

During the half year, the USA passed the Tax Cuts and Jobs Act which contains significant tax reform measures. Income tax expense of USD 78.2 million includes a provisional non-cash net benefit of approximately USD 5 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.

In relation to the Group's ongoing effective tax rate, Amcor currently expects the impact of the USA Tax Cuts and Jobs Act to be broadly neutral, as the benefit from a lower federal tax rate is offset by a widening of the tax base. Looking forward the effective tax rate range is expected to remain between 21% and 23%.

Refer to page 3 for effective tax rate guidance for the 2017/18 financial year.

Dividend

The Directors declared an unfranked interim dividend for the 2017/18 financial year of 21.0 US cents per share, 1.5 US cents per share higher than the 2016/17 interim dividend.

The interim dividend will be paid in Australian dollars and will be 26.17 cents. This reflects the dividend declared in US dollars converted at an exchange rate of 0.8023. This rate is the average exchange rate over the five days ending 5 February 2018.

100% of the dividend is sourced from the Conduit Foreign Income Account. The ex-dividend date will be 27 February 2018, the record date will be 28 February 2018 and the payment date will be 28 March 2018.

Outlook commentary for 2017/18 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.

In addition, for the 2017/18 financial year:

- net interest costs are expected to be between USD 195 million and USD 205 million, assuming average exchange rates for the December 2017 half year prevail for the remainder of the financial year. Cash interest paid is expected to be in line with the profit and loss charge;
- the effective tax rate is currently expected to be between 19% and 21%, which includes the provisional non-cash net benefit recognised in the current half year. Cash tax payments are expected to be between 85% and 95% of the profit and loss charge; and
- free cash flow expectations remain unchanged at USD 150 million to USD 250 million, after taking into account approximately USD 60 million to USD 65 million of cash payments related to the Flexibles segment restructuring initiatives announced on 9 June 2016. Refer to page 11 for further details of the Flexibles segment restructuring.

Conference call

Amcor is hosting a conference call with investors and analysts to discuss these results today, 12 February 2018 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.

Segment information(i)

	1H17			1H18		
(USD million)	Sales revenue	PBIT	Return on funds employed %	Sales revenue	PBIT	Return on funds employed %
Flexibles	3,090.4	373.0	24.7	3,166.4	396.8	24.4
Rigid Plastics	1,376.9	143.5	22.2	1,335.8	143.7	18.7
Investments / Other / Intersegment	-	(20.8)	-	-	(26.7)	-
TOTAL	**4,467.3**	**495.7**	**21.0**	**4,502.2**	**513.8**	**19.7**

Cash flow 1H18 (USD million)	Flexibles	Rigid Plastics	Investments / Other	Consolidated
PBITDA	513.1	205.7	(23.6)	695.2
Capital expenditure	(112.0)	(73.0)	(2.1)	(187.1)
Movements in working capital	(132.8)	(157.0)	14.1	(275.7)
Flexibles segment restructuring(ii)	(34.2)	-	0.2	(34.0)
Other	39.6	19.2	(19.1)	39.7
Interest	-	-	(80.7)	(80.7)
Tax	-	-	(66.6)	(66.6)
Operating cash flow	**273.7**	**(5.1)**	**(177.8)**	**90.8**

i. 1H17 refers to underlying result. See page 10 for more detail.
ii. Cash spend related to restructuring initiatives within the Flexibles reporting segment. Refer page 4 for further information.

Flexibles

Earnings	EUR million 1H17	EUR million 1H18	△%	USD million 1H17	USD million 1H18	△%	Constant Currency △%
Sales revenue	*2,818*	*2,692*	*(4.5)*	3,090	3,166	2.5	(1.2)
PBIT[(i)]	***340.0***	***337.4***	***(0.8)***	**373.0**	**396.8**	**6.4**	**2.3**
PBIT margin (%)	*12.1*	*12.5*		12.1	12.5		
Average funds employed	*2,840*	*2,987*		3,131	3,389		
Return on funds employed (%)	***24.7***	***24.4***		**24.7**	**24.4**		
Cash flow							
PBITDA	*441.7*	*436.2*		484.6	513.1		
Capital expenditure	*(96.1)*	*(95.2)*		(105.4)	(112.0)		
Movement in working capital	*(54.3)*	*(112.9)*		(59.5)	(132.8)		
Flexibles segment restructuring	*(33.3)*	*(29.1)*		(36.2)	(34.2)		
Other	*18.9*	*33.7*		20.2	39.6		
Operating cash flow	***276.9***	***232.7***		**303.7**	**273.7**		
USD: EUR average exchange rate	*0.91*	*0.85*					

i. 1H17 represents underlying PBIT. This is defined and reconciled on page 10.

The Flexibles segment delivered PBIT of USD 396.8 million, up 2.3% in constant currency terms compared with the prior period. Earnings growth is consistent with the expectations outlined at Amcor's AGM in November 2017, and reflects benefits from restructuring initiatives along with modest organic growth. This was partly offset by the adverse impact from the normal time lag in recovering higher raw material costs.

Operating margins expanded 40 basis points to 12.5%, and returns remained strong at 24.4%.

Flexibles segment restructuring – previously announced on 9 June 2016

Execution and progress under individual plant closure and restructuring plans has been exceptional and the business is advancing towards full run rate for PBIT benefits. PBIT in the first half of the 2017/18 financial year includes a benefit of approximately USD 25 million.

Total benefits to be generated by the end of the 2018/19 financial year are expected to be towards the top end of the previously announced range of approximately USD 50 million to USD 60 million. This represents an outstanding cash return on investment of more than 35%.

Raw materials

As noted in August 2017 and November 2017, the flexible packaging industry has experienced rising raw material costs, and this continued through the balance of the December 2017 half year.

These cost increases will be recovered over time through higher selling prices, however there is a normal time lag between the impact of raw material cost increases and related pricing actions. Price increases have been implemented across the businesses with further actions to be undertaken in the June 2018 half year.

Across the Flexibles segment the net adverse impact on PBIT in the December 2017 half year, was approximately USD 20 million, within the expected range provided at Amcor's AGM.

The net adverse impact on PBIT for the year ended 30 June 2018 is expected to be approximately USD 25 million.

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 major 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 continues to perform well and had another strong half year of earnings growth. In constant currency terms sales were modestly higher than last year, cost and operating performance in the business were outstanding and earnings also improved through incremental benefits delivered under the Flexibles restructuring program. These benefits were partly offset by the adverse impact of higher raw material costs.

By end market, volumes were higher in the pet food, pharmaceutical, ambient ready meal, dairy and snacks segments. The business experienced weaker volumes in the cheese, yoghurt and confectionery end segments.

In the wine and spirit closures segment, continued growth reflects the ability to support customers with a strategically located plant network and innovative product offering.

Flexibles Americas

The Flexibles Americas business sells into the defensive food and healthcare market segments and has a wide range of organic and acquisition growth opportunities across a region that accounts for approximately 30% of global flexible packaging consumption.

Earnings for the half year were higher than the prior period reflecting a combination of organic sales and volume growth in the legacy business, lower costs and net synergy benefits from recently acquired businesses.

The Alusa integration team has continued to make good progress, advancing the delivery of net synergy benefits in line with expectations for the half year. Market conditions in parts of South America have remained subdued and the business experienced the adverse impact of higher raw material costs. These factors more than offset net synergy benefits delivered during the half year.

Flexibles Asia Pacific

The Flexibles Asia Pacific business has 37 plants in eight countries throughout the region and sells into the defensive food and healthcare market 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 market leading positions and generates attractive margins and returns.

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

The business is continuing to implement pricing actions to recover higher raw material costs and has taken measures to reduce costs. As a result, relative to the first half, earnings are expected to improve in the June 2018 half year.

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 and strengthen the partnership with a key customer. The investment is underpinned by a long-term contract. Construction commenced in the June 2017 half year and has been progressing in line with expectations. The plant is expected to be ready for commercial production in the first half of the 2018 calendar year.

Recently acquired business

The RMB 185 million (USD 28 million) acquisition of Hebei Qite Packing Co. Ltd was completed on 9 January 2017. Qite has one plant located in Hebei and generates sales of over RMB 180 million from the sale of flexible packaging products to large domestic customers within the dairy and food segments. Once fully integrated the business will have an even stronger platform to grow in the strategically important Northern China region.

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 volumes were considerably weaker than the prior period reflecting an increase in the prevalence of illicit trade as well as significant customer destocking.

Conditions have remained challenging in Asia, where customer performance in the Philippines and weak markets resulted in lower volumes.

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 pricing actions have been implemented in certain markets where current demand is below long-term trend.

Outlook

In constant currency terms, the Flexibles segment is now expected to deliver modest PBIT growth in the 2017/18 financial year, compared with PBIT of USD 804.7 million (EUR 738.8 million) achieved in the 2016/17 year. This takes into account:

- incremental restructuring benefits of approximately USD 30 million to USD 35 million. Refer to page 11 for further information regarding Flexibles segment restructuring initiatives;
- assuming raw material input costs remain at current levels for the balance of the year, an adverse impact of approximately USD 25 million related to the normal time lag in recovering higher raw material costs;
- incremental net synergy benefits of USD 10 million to USD 15 million related to the Alusa acquisition, partly offset by an adverse impact related to the normal time lag in recovering higher raw material costs, and general economic conditions in the South American region, which are expected to remain mixed; and
- modest organic growth across the remainder of the Flexibles segment, before taking into account one-off cash costs of approximately USD 5 million to USD 10 million to be incurred in the June 2018 half year, in order to complete cost savings initiatives commenced in the first half.

Rigid Plastics

Earnings	USD million 1H17	1H18	△%	Constant Currency △%
Sales revenue	1,377	1,336	(3.0)	(2.6)
PBIT	**143.5**	**143.7**	**0.1**	**0.4**
PBIT margin (%)	10.4	10.8		
Average funds employed(i)	1,540	1,829		
Return on funds employed (%)	**22.2**	**18.7**		

Cash flow	1H17	1H18
PBITDA	209.0	205.7
Capital expenditure	(97.8)	(73.0)
Movement in working capital	(161.6)	(157.0)
Other	3.9	19.2
Operating cash flow	**(46.5)**	**(5.1)**

i. Average funds employed over the previous 12 month period. 1H18 includes a full 12 month weighting for the USD 280 million Sonoco acquisition completed in November 2016.

The Rigid Plastics business delivered PBIT of USD 143.7 million during the half year, in line with the prior year and in line with expectations outlined at Amcor's AGM in November 2017. This was an excellent outcome given the volume challenges experienced in the North America beverage segment. The negative impact of lower volumes was offset by outstanding cost performance and benefits from recently acquired businesses.

North America Beverage

The North American Beverage business had a challenging half year and earnings were lower than last year. Operating cost performance and capacity management was exceptional during the period and provided a partial offset to the adverse impact from lower volumes and unfavourable product mix.

Total organic volumes were 7.4% lower than the same period last year, with combined preform and cold fill container volumes 3% lower and hot fill container volumes 14% lower than the prior year. While the business maintained share, the lower volumes resulted from a softer overall market, adverse customer mix and customer inventory reductions.

The business continued to grow share with regional customers, following investments in the unique 'Upstart' manufacturing platform and a dedicated and focused commercial team, to serve the growing number of customers in this segment who require a tailored product and smaller run volumes.

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.

The ability to offer a broad range of products, materials and production technologies is an important enabler for success in these markets. 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. In the last 12 months the business has significantly increased annualised sales, inclusive of recent acquisitions. Looking forward, there are many opportunities to grow organically as well as to acquire additional complementary technologies and capabilities which will unlock further growth in key sub-segments.

The business delivered higher earnings compared with last year reflecting benefits of approximately USD 10 million from the recently acquired Sonoco businesses. This is higher than anticipated given timing of integration costs.

Recently acquired business

On 8 November 2016, the USD 280 million acquisition of the Sonoco Products Company's North American rigid plastics blow molding operations was completed. The business has six production sites in the United States and one in Canada, and generates annual sales of approximately USD 210 million. This acquisition significantly enhances Amcor's product offering by adding more extensive extrusion blow molding and injection technologies, expertise in polyethylene, polypropylene and multi-layer containers, as well as additional decorating capabilities. This acquisition is expected to add approximately USD 50 million of PBIT to Amcor's Rigid Plastics segment at the end of the third full year of ownership (2019/20 financial year). Additional growth opportunities underpinned by a broader product offering will further enhance returns on this acquisition beyond that timeframe.

Latin America

Earnings were in line with the same period last year. Economic conditions have remained mixed in the Latin American region and volumes were lower. This was offset by benefits from the recently acquired Plasticos Team business, favourable mix and lower overhead costs.

Overall volumes were 4.2% 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 exit, volumes were approximately 5% higher than the prior period, reflecting volume growth in Brazil, Central America and Mexico. This was partly offset by lower volumes in Colombia where economic conditions have been particularly challenging. Volumes in Argentina were in line with last year.

Recently acquired business

On 3 May 2017, Amcor expanded its specialty container business in Latin America with the acquisition of Plasticos Team S.A.S. (Plasticos Team) from Team Foods Colombia S.A. (Team Foods). Plasticos Team has one stand-alone facility located in Guachene, Colombia, and annual sales of approximately USD 13 million, the majority of which comes from the manufacture and supply of preforms, thin wall containers and closures to Team Foods. Sales to Team Foods will continue under an exclusive long-term supply agreement and the acquired business will also continue to supply other customers in the food, beverage and home care segments. This is an excellent example of opportunities that exist to facilitate customers exiting in-house but non-core packaging operations.

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.

Overall earnings were lower than last year, reflecting lower volumes in the 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 is expected to be operational in the June 2018 half year.

Outlook

The Rigid Plastics segment is now expected to deliver PBIT in the 2017/18 financial year which is broadly in line with PBIT of USD 342.7 million achieved in the 2016/17 year. This takes into account:

- lower earnings in the North America beverage segment inclusive of the challenging first half and assuming volumes in the second half are broadly in line with the prior year;
- growth in Latin America, dependent on general economic conditions in the region which are expected to remain mixed; and
- an additional 5 months of acquired earnings from the Sonoco blow molding business. For the 2017/18 year, integration costs are expected to be an expense of USD 10 million and will offset synergy benefits.

Investments / Other

PBIT	USD million 1H17	1H18
AMVIG	6.0	7.1
Corporate costs	(26.8)	(33.8)
Total	**(20.8)**	**(26.7)**

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

Corporate costs of USD 33.8 million were in line with expectations. Prior period costs included a one-off net benefit related to pension plans.

For the 2017/18 year, corporate costs are expected to be between USD 75 million and USD 85 million, assuming average exchange rates for the December 2017 half year prevail for the remainder of the financial year.

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About Amcor

Amcor (ASX: AMC; www.amcor.com) is a global leader in developing and producing high-quality, responsible packaging for a variety of food, beverage, pharmaceutical, medical-device, home and personal care and other products. Amcor works with leading companies around the world 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. The company's 35,000 people generate more than USD 9 billion in sales from operations that span 200-plus locations in more than 40 countries.

Footnotes and appendix information

Footnotes applicable to this announcement

(1) Throughout this document, all references to 1H18 are to statutory earnings and references to 1H17 are to underlying earnings unless otherwise indicated. Underlying earnings for 1H17 are defined and reconciled below.
(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 interim financial statements. For a reconciliation of IFRS compliant statutory result for the period to underlying results see below.
(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. Refer to notes (a) and (b) on page 11 for further information.
(4) Return on average funds employed are calculated as last 12 months PBIT over average funds employed for the previous 12 months. 1H17 restated to be calculated on a consistent basis.
(5) Calculated as net debt at period end divided by LTM PBITDA. LTM PBITDA includes historical PBITDA for acquired businesses. LTM PBITDA at 31 December 2017 has been translated at average exchange rates applicable for 1H18.

Reconciliation of statutory earnings to underlying earnings

	Statutory earnings		Adjustments		Underlying earnings	
(USD million)	1H17	1H18	1H17	1H18	1H17	1H18
Sales revenue	**4,467.3**	**4,502.2**	**-**	**-**	**4,467.3**	**4,502.2**
PBITDA	650.3	695.2	(27.4)	-	677.7	695.2
- Depreciation and amortisation	(182.0)	(181.4)	-	-	(182.0)	(181.4)
PBIT	468.3	513.8	(27.4)	-	495.7	513.8
- Net finance costs	(93.8)	(101.7)	-	-	(93.8)	(101.7)
Profit before tax	**374.5**	**412.1**	**(27.4)**	**-**	**401.9**	**412.1**
- Income tax expense	(80.6)	(78.2)	5.4	-	(86.0)	(78.2)
- Non-controlling interest	(7.3)	(4.2)	-	-	(7.3)	(4.2)
Profit after tax	**286.6**	**329.7**	**(22.0)**	**-**	**308.6**	**329.7**

Segmental reconciliation of statutory PBIT to underlying PBIT

	1H17					1H18				
Segment information (USD million)	Sales revenue	Statutory PBIT	Adjustment PBIT	Underlying PBIT	Underlying ROAFE%	Sales revenue	Statutory PBIT	Adjustments PBIT	Underlying PBIT	Underlying ROAFE%
Flexibles	3,090.4	345.6	(27.4)	373.0	24.7	3,166.4	396.8	-	396.8	24.4
Rigid Plastics	1,376.9	143.5	-	143.5	22.2	1,335.8	143.7	-	143.7	18.7
Investments / Other / Intersegment	-	(20.8)	-	(20.8)	-	-	(26.7)	-	(26.7)	-
TOTAL	**4,467.3**	**468.3**	**(27.4)**	**495.7**	**21.0**	**4,502.2**	**513.8**	-	**513.8**	**19.7**

Details of adjustments

	EUR million Flexibles		USD million Flexibles		Rigid Plastics		Investments / Other		Consolidated	
Income statement	**1H17**	**1H18**	**1H17**	**1H18**	**1H17**	**1H18**	**1H17**	**1H18**	**1H17**	**1H18**
Flexibles segment restructuring	(25.0)	-	(27.4)	-	-	-	-	-	(27.4)	-
Total PBIT adjustments	**(25.0)**	-	**(27.4)**	-	-	-	-	-	**(27.4)**	-
Tax on adjustments	4.9	-	5.4	-	-	-	-	-	5.4	-
Total PAT adjustments	**(20.1)**	-	**(22.0)**	-	-	-	-	-	**(22.0)**	-

Flexibles segment restructuring

1. Main initiatives announced

Date	Announcement
14 June 2016	Closure of the Flexibles packaging plant in Halen (Belgium)
14 June 2016	Closure of the Specialty Cartons plant in Bristol (England)
14 June 2016	A restructure of the Flexibles 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 the Flexibles packaging plant in Nunawading (Australia)
22 August 2016	Closure of the Flexibles packaging plant in Christchurch (New Zealand)
29 November 2016	Closure of the Specialty Cartons plant in Singapore
29 November 2016	Closure of the Specialty Cartons plant in Lachine (Canada)
9 February 2017	Closure of the Flexibles packaging plant in Argentan (France)
31 August 2017	Closure of the Flexibles packaging plant in Moreuil (France)

2. Expected phasing of restructuring costs and benefits

(USD million)	Total post-tax costs(1)	Cash costs	Pre-tax benefits(2)
Recognised in FY16	78	-	-
Recognised in FY17	104	98	15
Expected to be recognised in FY18	-	60-65	30-35
Expected to be recognised in FY19	-	-	5-10
Cumulative costs and benefits	**182**	**160**	**50-60**

(1) Total costs on a pre-tax basis of USD 230 million. There are no further costs expected to be recognised in profit and loss in relation to these restructuring initiatives.

(2) Benefits to be recognised in earnings for the Flexibles segment in the period indicated.

Acronyms used in 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 adding back depreciation and amortisation extracted from Amcor's interim financial report to PBIT.
ROAFE	Return on average funds employed, calculated as last 12 months PBIT over average funds employed for the previous 12 months.
EPS	Earnings per share.
IFRS	International Financial Reporting Standards.
LTM	Last twelve months.
FY	Financial year.
AGM	Annual general meeting.
M&A	Mergers & acquisitions.

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 interim financial report, adjusted to take into account capital expenditure and other items. This measure is reconciled to cash flow from operating activities as follows:

USD million	1H17	1H18
Operating cash flow	52.9	90.8
Capital expenditure	203.8	187.1
Proceeds from sale of PP&E	(45.7)	(107.0)
Other items	3.9	7.2
Cash flow from operating activities	214.9	178.1

(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 interim 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 interim financial report as follows:

USD million	1H17	1H18
Proceeds from borrowings	(3,701.5)	(2,328.4)
Repayment of borrowings	3,254.4	2,276.5
Net decrease in cash held	(104.6)	(191.2)
Effects of exchange rate changes on cash and cash equivalents	(30.6)	(4.8)
Other items	(2.1)	0.3
Cash increase in net debt	(584.4)	(247.6)

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