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# Amcor Rigid Plastics Latin America

June 2016

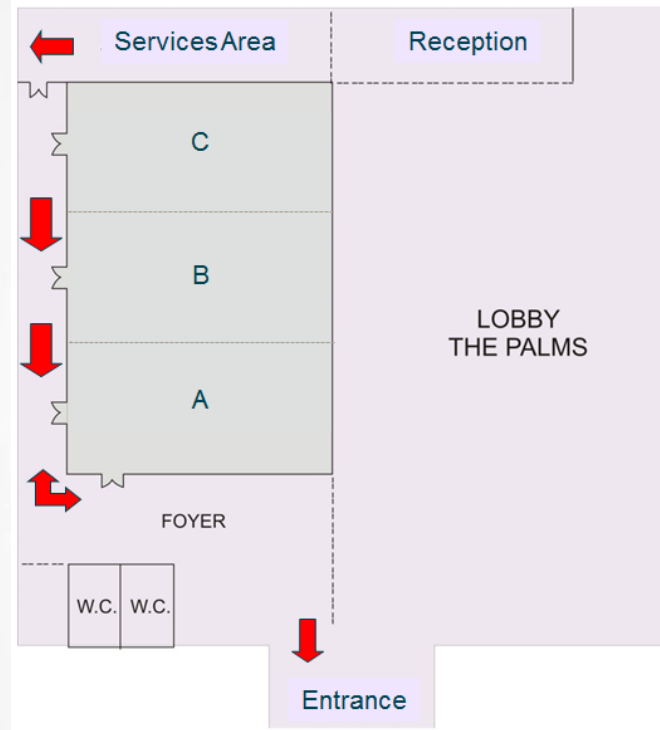
An abstract graphic in the bottom right corner of the slide. It consists of several overlapping, curved, semi-transparent shapes in shades of blue and green, creating a sense of depth and movement. The shapes are layered, with some appearing in front of others, and they curve upwards and to the right.

## Agenda

- 1 **Safety Briefing**
- 2 Introduction to ARP Latin America
  - 1 Where we are
  - 2 What we do
  - 3 Strategy
- 3 Looking forward
  - 1 Understanding the growth drivers and our competitive position
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## Safety – Evacuation Route



*Salas Infante Dom Henrique*

## Staying safe on the shop floor

Required safety behaviors for visitors

**Take Action, Take Care!** is Amcor's safety philosophy and a cornerstone of staying safe in our site.

If you see something you think is unsafe during your visit, **Take Action** by telling your guide. **Take Care** of yourself and others by staying with your guide at all times, not touching anything, and following a few basic rules, including:



**Listen to your guide and pay attention to signs.**  
Obey all instructions (verbal or written)



**No jewelry**  
Consult your guide in case of concern



**Mobile phones are not allowed on the shop floor**



**No cameras allowed on site**  
Except by special permission



**Pay attention to vehicles and stay in pedestrian walkways**  
Make eye contact with drivers before crossing pathways



**Don't touch machinery or equipment**



**Hold the handrails on stairs**

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## Amcor in Latin America

### ATP, ARP & Flexibles Latin America

38 sites  
12 countries

US\$1.5 billion  
proforma sales  
5,500 employees



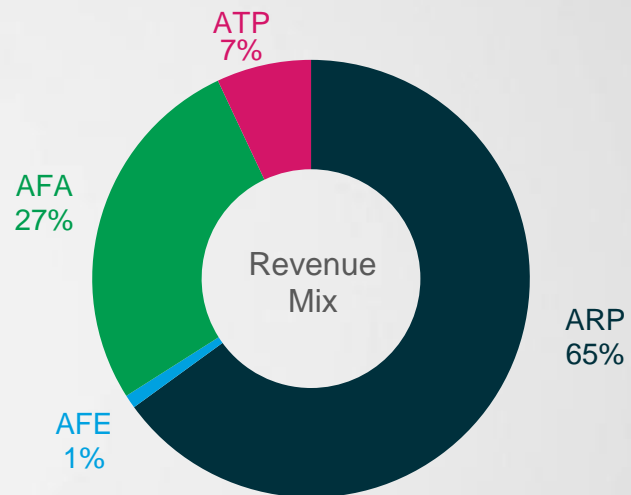
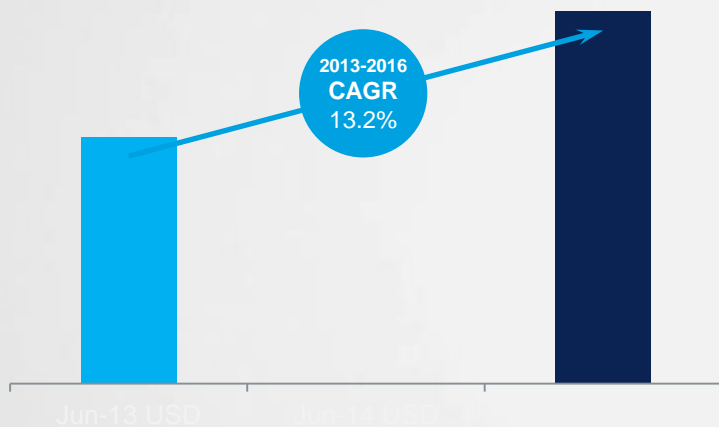
**Rigid Plastics**  
28 manufacturing plants  
10 countries

**Tobacco Packaging**  
3 manufacturing plant  
3 countries

**Flexibles Americas**  
6 manufacturing plants  
6 countries

**Flexibles Europe, Middle East & Africa**  
1 manufacturing plant  
1 country

Revenue Growth



## Amcor Rigid Plastics (ARP) Key Messages



### Robust growth and financial performance

- Outpaced GDP and industry growth rates (volume & profitability) in spite of slowing economies in the region.
- Strategic framework, organization and processes in place to deliver growth.



### Local management teams with in-depth understanding of country dynamics

- Operating in the region since 1994.
- Anticipate and prepare to benefit from market inflection points.
- Develop strong relationships with major customers and stakeholders.



### Unmatched geographical coverage

- Scale.
- Portfolio benefits.



### Significant growth opportunities exist

- Favorable demographics.
- Organic: market share, self-man exits and material replacement (glass & HDPE conversion).
- Active M&A agenda throughout the region.



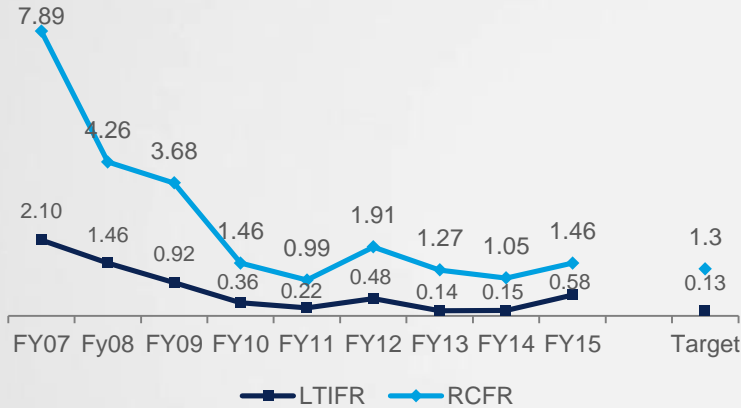
### Technology and innovation leader in Latin America

- Continuous investment and upgrades in platforms.
- Dedicated product development center capable of developing new products in-house

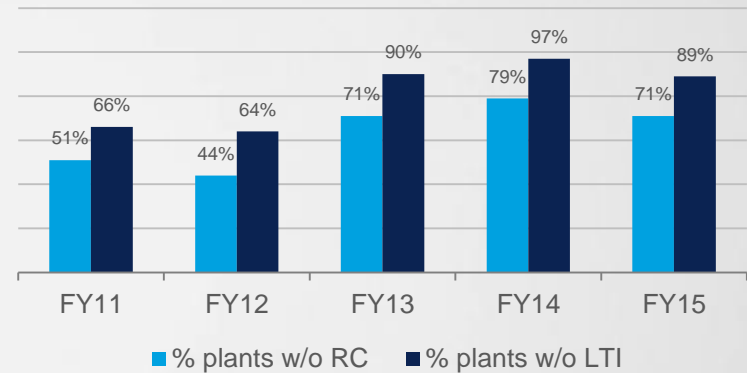




ARP LATAM has achieved best-in-class safety record ...



... out of 28 plants, 89% had no LTIs and 71% no RCs ...



LTIR – Lost Time Incident Rate  
RCFR – Recordable Case Frequency Rate

# ARP Regional Footprint



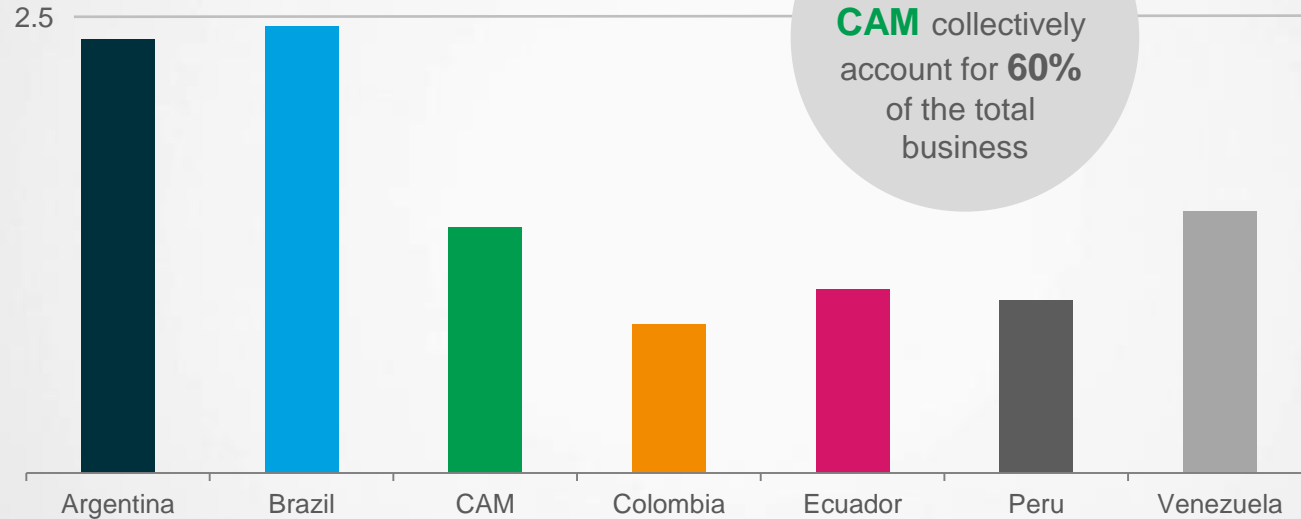


## Long History of Operating in the Region



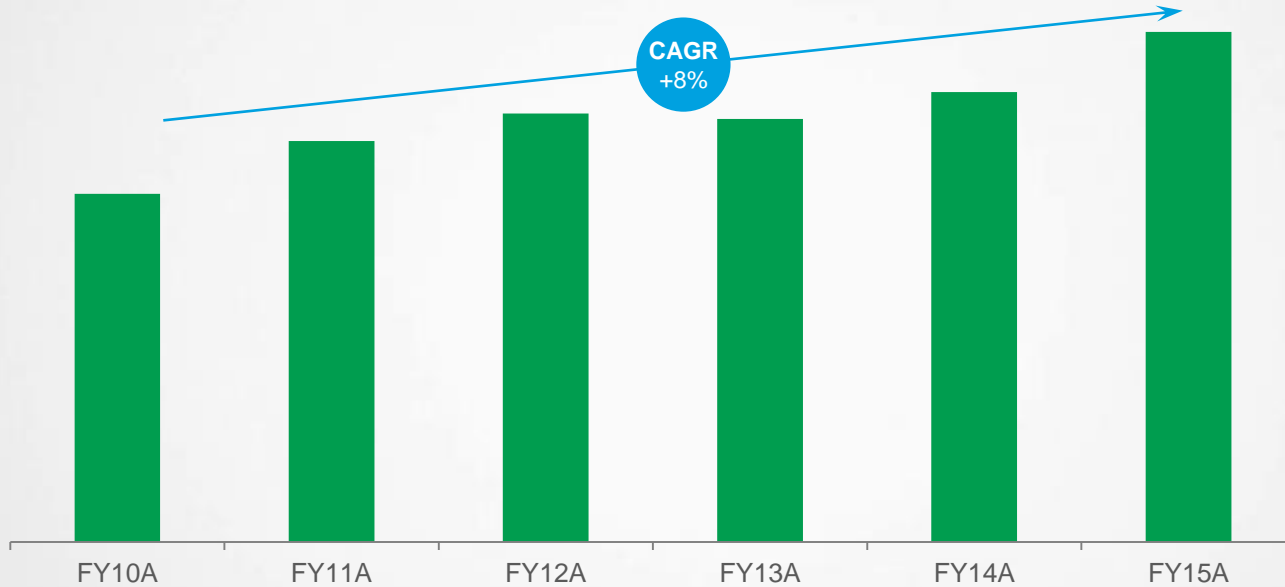
More than  
**US\$250 million**  
invested over  
**5 years**

### Volume in Billion units



CAM = Central America, The Caribbean, Mexico

PBIT in US\$ million





**Ricardo Vasi**  
 VP & GM  
 Latin America  
 28 years  
 Monsanto, IBM



**Julie Sauvé**  
 VP Finance  
 24 years  
 ATP, PWC



**Enrique Sobrino**  
 Dir. HR  
 25 years  
 Microsoft, Lucent, Clorox



**Alberto Mascarenas**  
 VP Operations  
 25 years  
 Unilever, Kraft Foods



**Mauro Catopodis**  
 VP Sales & Marketing  
 20 years  
 Cargill



**Juan Cazes**  
 GM Argentina  
 22 years  
 Johnson Controls, S. Lubeca



**Jose Guillermet**  
 GM CAM  
 14 years  
 IBM, Quintal



**Rubén Melara**  
 GM Brazil  
 24 years  
 Coca-Cola, SAB Miller, K. Clark



**Juan Procel**  
 GM ECCO  
 20 years  
 Latienvases



**Gonzalo Belaunde**  
 GM Peru  
 23 years  
 ELSA, Cervesus



**Fernando Arzola**  
 GM Venezuela  
 26 years  
 Kimberly Clark, Kraft, Gillette

Seasoned executives, experts in Latin America



-7.9%

### Amcor is well protected against currency and inflation fluctuations:

- 1) Resin is purchased in US\$ and priced in US\$
- 2) Local cost inflation (energy, labor, etc.) revised on an appropriate cadence depending on country's inflation
- 3) Several mechanisms in place to protect pricing from devaluation

-44.5%

### Venezuela economic conditions are exceptionally challenging

#### Amcor has elected to adopt the floating exchange rate (DICOM) for Venezuelan Bolivars for reporting purposes



- For year ended 30 June 2016:
  - Operational earnings not impacted, Rigid Plastics outlook unchanged
  - One off charge of US\$350m will be recognised in earnings
- For year ended 30 June 2017:
  - PBIT for Rigid Plastics and the Amcor Group negatively impacted by US\$40m
  - PAT for the Amcor Group negatively impacted by US\$20m



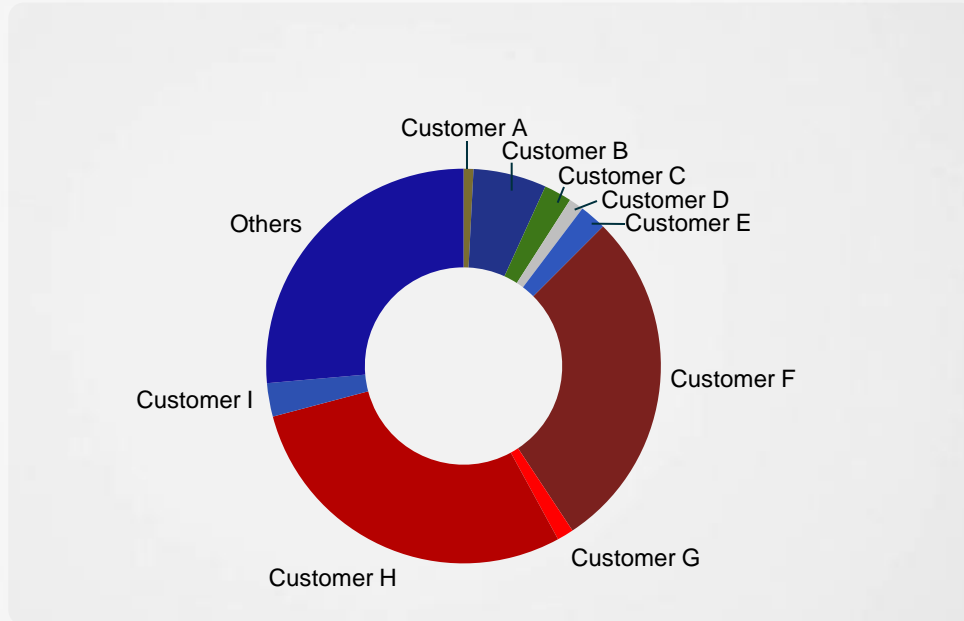
#### Long term attractiveness and our ability to deliver value from Emerging Markets

- Talented local management have consistently delivered strong earnings and returns from these operations
- Able to eliminate risk and focus on the opportunities we have within emerging markets including in the Latin American region



















The top ten customers account for 75% of the regional business



## Key Regional Competitors by Country

Country	Amcor	Competitor A	Competitor B	Competitor C	Competitor D
 Argentina	✓	✓			
 Brazil	✓	✓	✓		
 Colombia	✓			✓	✓
 Dominican Republic	✓	✓			
 Ecuador	✓				✓
 El Salvador	✓				✓
 Guatemala				✓	
 Honduras		✓			
 Mexico	✓	✓	✓	✓	
 Panama					✓
 Peru	✓				✓
 Puerto Rico		✓			
 Trinidad & Tobago	✓				
 Venezuela	✓	✓			

## We will compete by being the best in:



### **Operational Excellence**

Running safe, efficient, low cost plants that benefit from scale and technology



### **Customer Focus**

Delighting our customers through service, winning value propositions and innovation



### **Talent Development**

Having the best talent that is engaged, motivated to win and continually learning

Create value  
for our shareholders,  
employees and  
communities  
where we operate

## Operating Model

**Independent BUs  
with Operation  
Accountability**

+

**Regional  
Headquarters**

### How we operate

- BU GM locally based
- Functional leaders with direct report to local GM

- Regional GM and functional leaders

### The value it brings

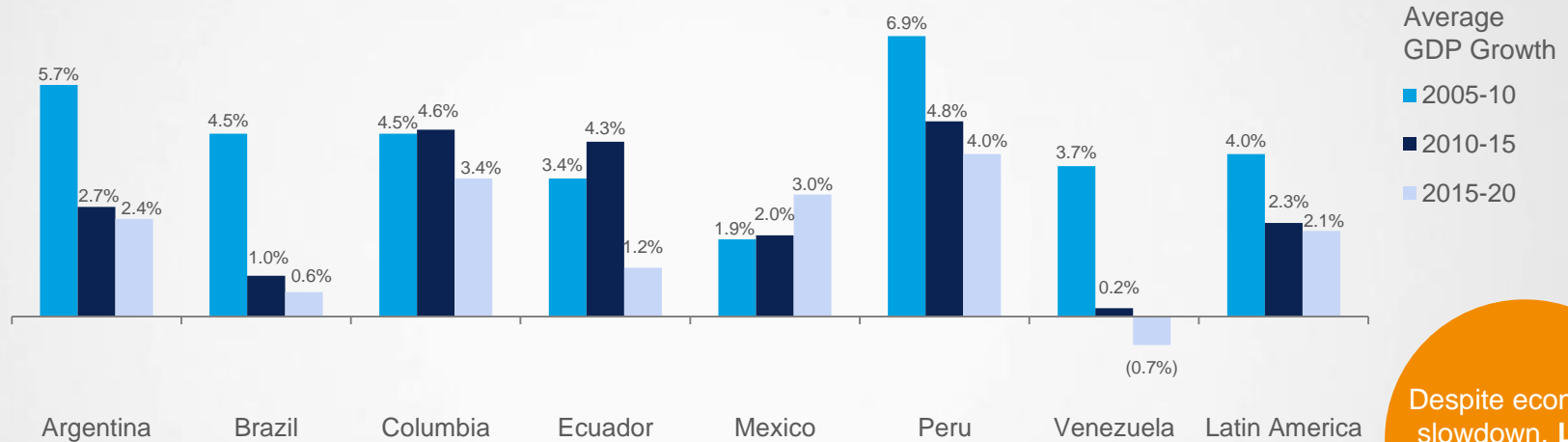
- Faster reaction time
- Focused – Better understanding of unique local landscape
- Closer to customers

- Portfolio risk management
- Strategic leadership
- Identify and execute synergies
- Leverage talent across the region
- Best practices sharing
- Corporate initiatives, processes and controls: fiduciary responsibility
- Innovation and product development hub

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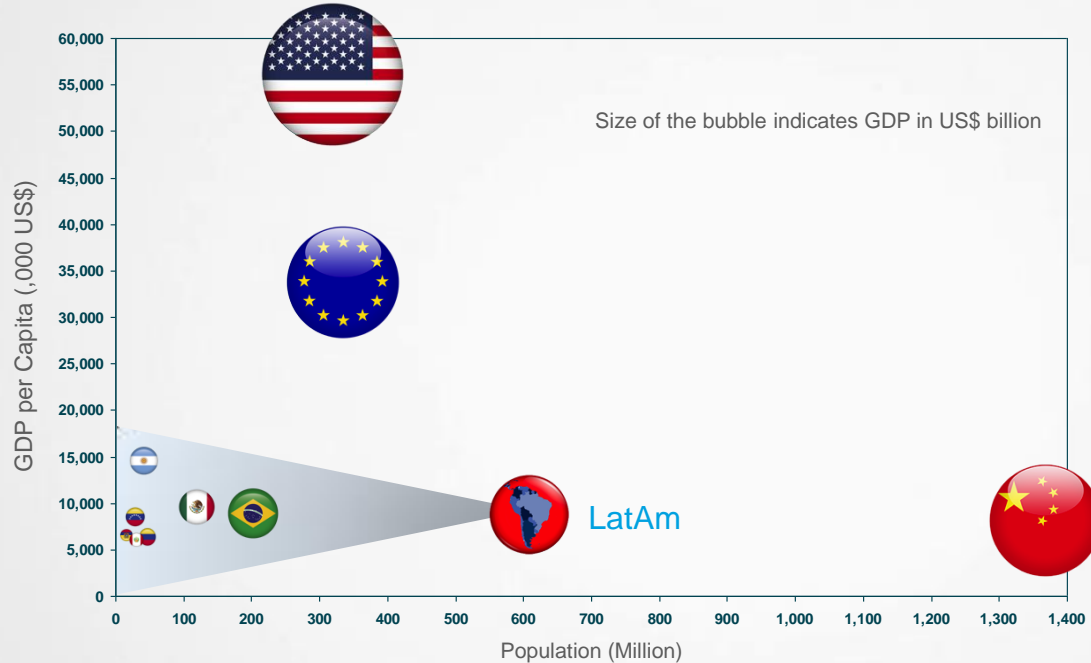
## GDP Growth in the Region













Despite economic slowdown, Latin America is still growing

Source: Focus Economics / EIU - March 2016

## Worldview macro economic indicators: Population, GDP and GDP per capita



-  Argentina
-  Brazil
-  China
-  Colombia
-  Ecuador
-  Europe
-  Mexico
-  Peru
-  Venezuela
-  USA

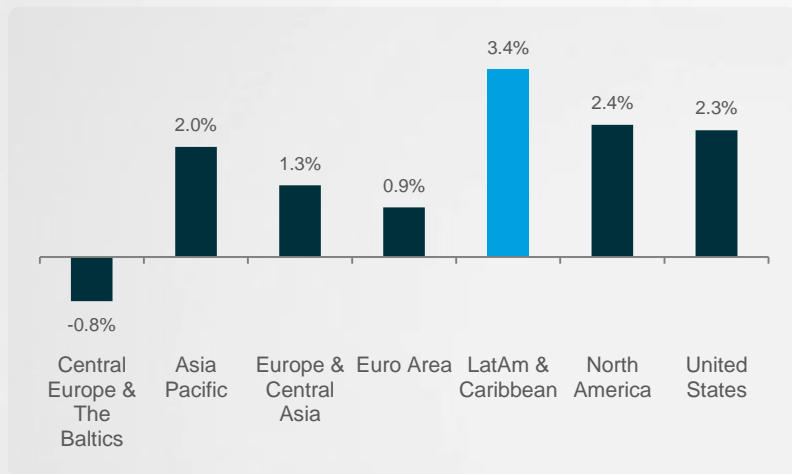
## PET consumption per capita (kg/year)



Source: DAK Americas 2016, \* Canadean 2013



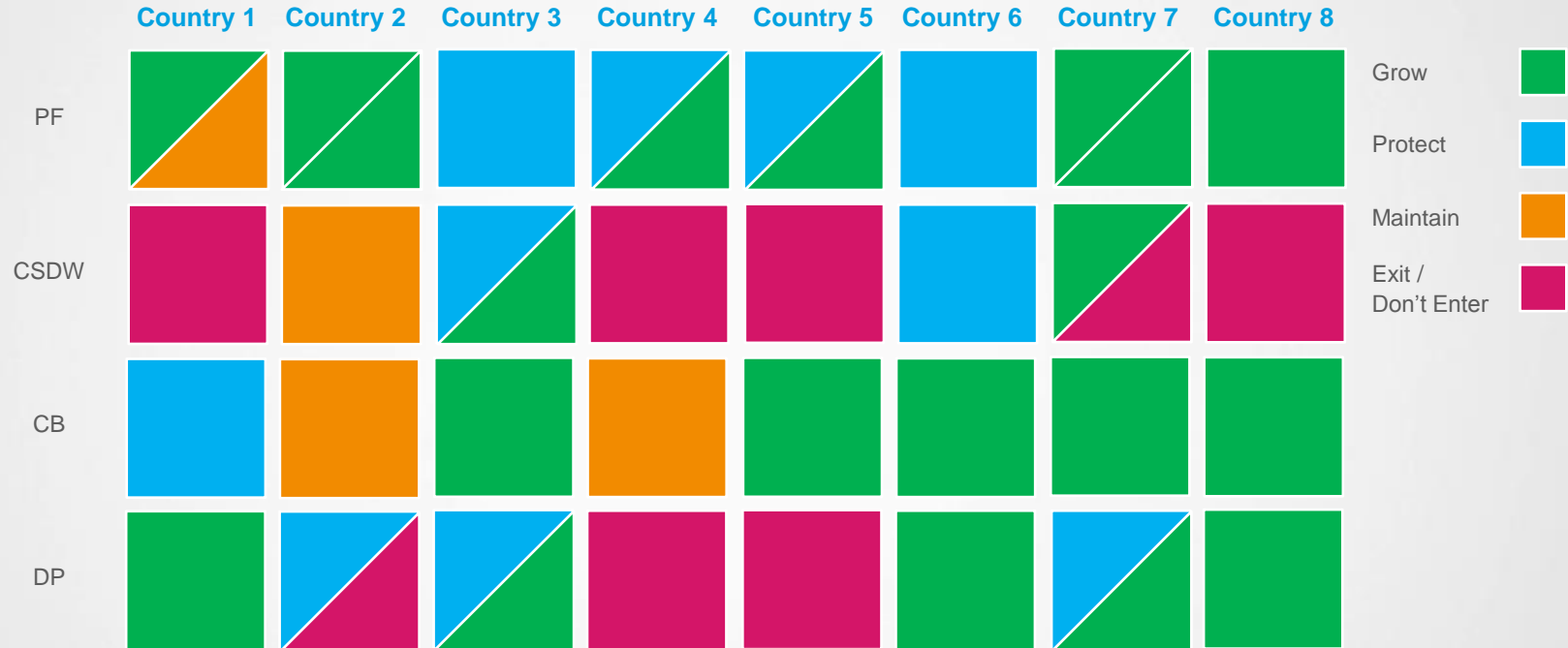
## What Drives PET per capita consumption



Source: World Bank (average 2010-14)

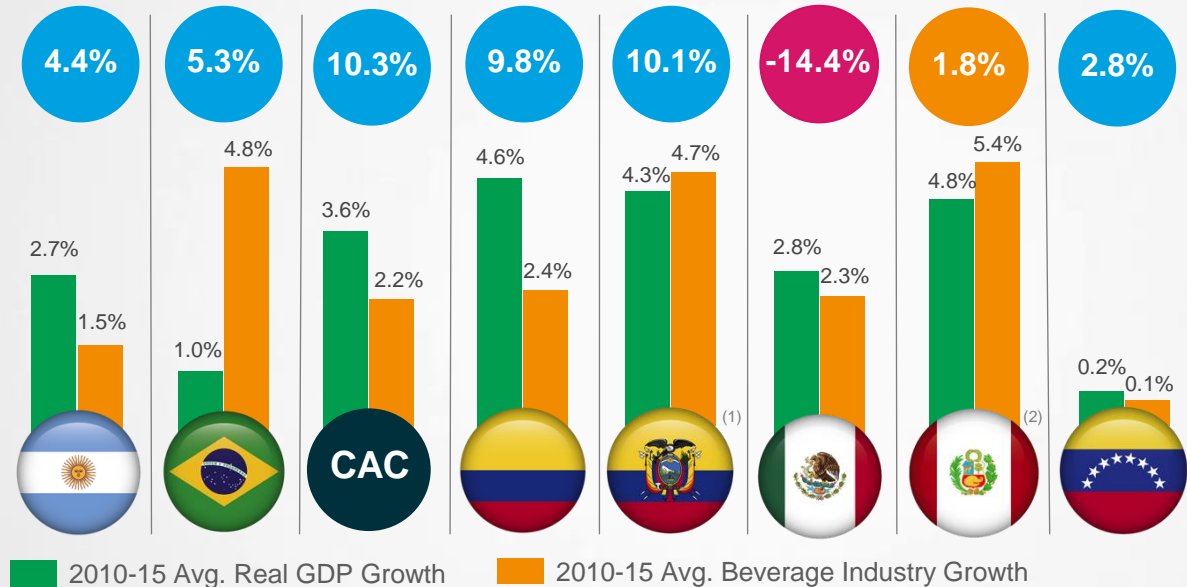
- **Demographics** – Latin American is the region with highest population growth rate worldwide
- **Material replacement** – opportunity to convert to PET away from glass, carton and metal packaging
- Growing middle class and increasing disposable income to consume CSD, RTD juices, teas, coffees and dairy products
- In many emerging markets, the scarcity of clean water makes bottled water a necessary staple rather than a value-added refreshment beverage

## Deep Understanding of Where We Can Be Competitive





## 2010-15 Avg. AMCOR Volume Growth



Amcor delivered strong performance underpinned by:

- ✓ Customer relationships
- ✓ Innovation
- ✓ Scale position

Note: Mexico

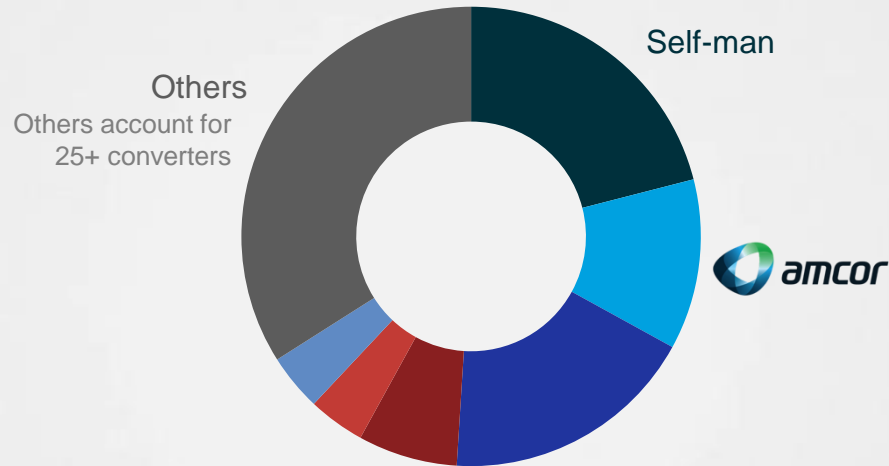
- ✓ Adjusted mix and stream-lined operations in 2012
- ✓ Returning to profitable growth

(1) Ecuador Period 2011-2015 (2) Peru Volume growth NET of Exports  
 Sources: GDP growth - Focus Economics, CIA, Beverage growth - Euromonitor (CSD-W, Juices, Sports & Energy Drinks, RTD Teas), AMCOR growth - Internal report

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    - M&A / Diversified Products growth
    - Self-manufacturing exits
    - Innovation
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## Latin America Market Poised for Consolidation



Source: ARP LatAm Internal Research  
CY 15 Rigid Plastics volumes in countries where AMCOR operates



## Market Size for countries in which AMCOR operates

Category	Total Market Size <sup>(1)</sup> (Rigid Plastics, Glass, Metal, Carbon, Flexibles)		Rigid Plastic Market Size	
	B units	CAGR '10-'15	B units	%
CSDW <sup>(2)</sup>	56.9	1.9%	42.6	74.9%
CB <sup>(3)</sup>	17.2	8.6%	7.8	45.5%
DP <sup>(4)</sup>	277.6	2.0%	53.8	19.4%
<b>Total</b>	<b>351.7</b>	<b>2.3%</b>	<b>104.2</b>	<b>29.6%</b>

**Note:**

(1) 2015 market size includes all packaging materials (Rigid Plastics, Glass, Metal, Carton, Flexibles)

(2) CSDW Market includes: Carbonated Soft Drinks and Water

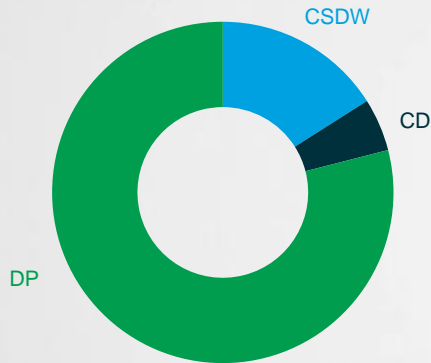
(3) CB Market includes: Juices, Sport & Energy and RTD Teas

(4) DP Market includes: Food, Personal Care, Home Care, and Alcoholic Beverages

Source: Euromonitor

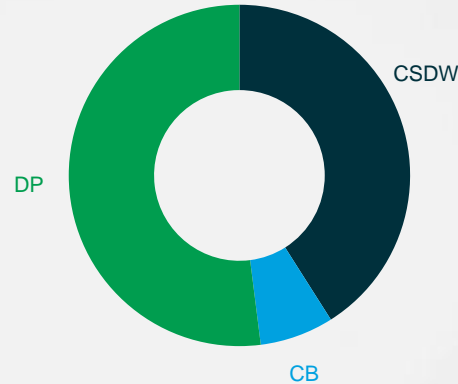
## Diversified Products provides opportunity for growth

**Overall Packaging Demand by Category**  
351.7 billion units

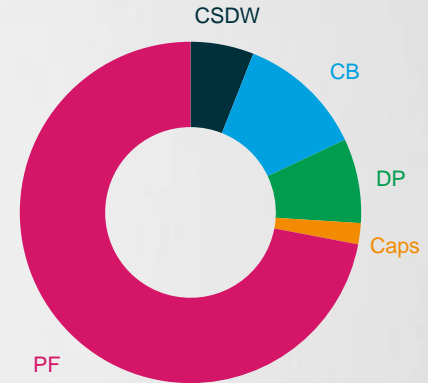


Includes rigid plastics, glass, metal, cartons and flexibles

**Rigid Plastic Demand by Category**  
104.2 billion units



**Amcor Rigid Plastics LATAM FY15 Volume Breakdown**

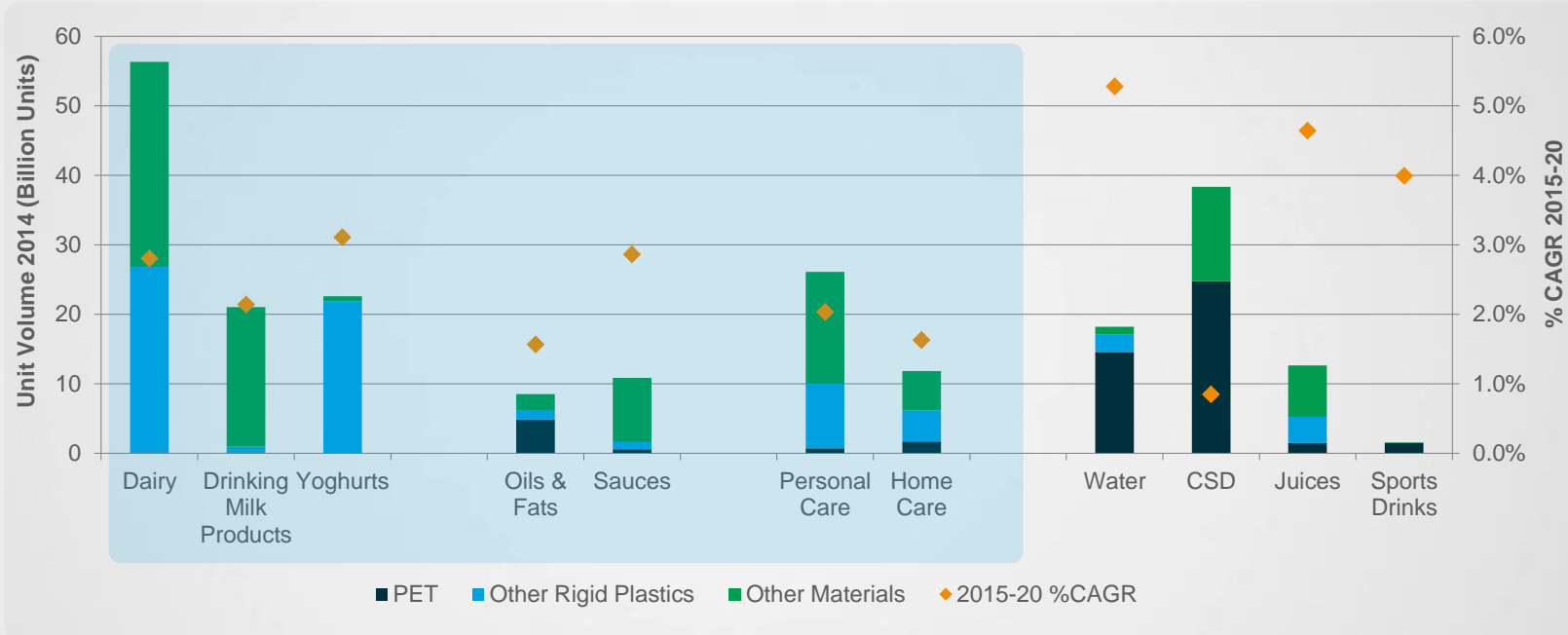


Majority of PF and CB volumes go into Beverage applications

**Amcor is a relatively small player in the DP segment.**



## DP segment continues to grow and offers opportunity for material replacement/conversions



Source: Euromonitor





## Brand companies considering exits from self-manufacturing are being monitored closely

### Early 2000s - Self manufacturing

- Lack of merchant suppliers in the region and value chain economics led to self-manufacture of preforms.

### Today – Exiting self manufacturing

- Self manufacturing operations require re-investment to refresh assets (machines and molds).
- Customers recognize the value of focusing on their core CPG business.
- Customers also recognize the value of a merchant supplier for packaging expertise.
  - Resin buying scale
  - Operational know-how
  - R&D/Innovation
  - Demand surge / planning



## Objectives

- New insights to differentiate and GROW, consistent with ARP's organic growth initiative
- Need to identify / match LATIN AMERICAN customer needs to ARP innovation initiatives
- Leverage strengths of new organization: Innovation Team and Strategic Marketing function staffed
- Need to prioritize resource allocation to drive value and speed to market



## Process

### Enabling Capabilities:

Processes, Tools, Structure

### Scoping

- 1 Project Definition / What is in, what is out (which categories and segments)

- 2 Internal Brainstorming

- 3 External Brainstorming & Customer Process Mapping

- 4 Quantification & Prioritization

## Results

- Phase 2: 704 ideas generated out of which 130 have been further developed by 118 people in 6 BU's
- The project delivers an innovation pipeline with 3-7 years worth of projects
- Generates a few home runs and multiple singles / doubles driven by Latin American customer needs
- Generates additional US\$ 20 million PBIT by 2020 (aspiration is 10% of projected PBIT)

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## What does all this mean?

### PBIT in US\$ million



NB: Excludes impact of change in accounting treatment for Venezuela. Refer ASX release dated 9/06/16



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