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# Amcor Tobacco Packaging: Investor Presentation

June 2016



## Agenda

- 1 Safety Briefing
- 2 Introduction to ATP**
- 3 ATP Winning Formula
- 4 Case Study: Winning in Brazil



### Strong leadership position

- Worldwide leader in Tobacco packaging
- Unrivalled position in Americas region



### Strong relations with customers

- Supplying all major tobacco players
- Underpins strong growth opportunities



### Opportunities to pursue further value-add through

- Customer relationships
- Innovation
- Diversification

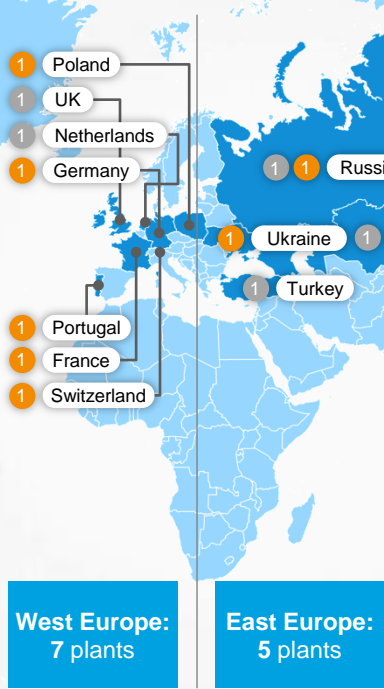
## Americas: 7 plants

## Europe: 12 plants

## Asia: 5 plants



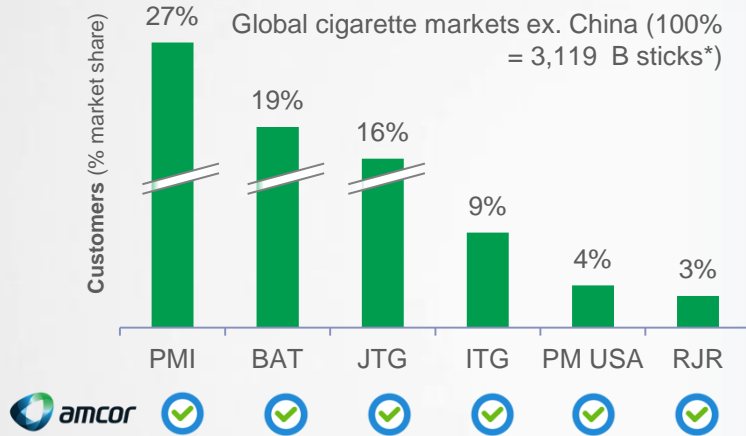
24 plants  
21 countries  
USD1.4 B sales



- Legacy Amcor
- Legacy Alcan
- New acquisitions / greenfield since Alcan in 2010

- Worldwide leader in tobacco packaging
- Strong international relationships with all major tobacco customers
- Unrivalled global footprint across Europe, Asia and the Americas

### Tobacco Packaging Segments Overview



- Global market leader, ATP supplies all major tobacco players, e.g. supplying PMI for >30 years and BAT for 70 years
- Customers have access to world class folding carton packaging capabilities and innovation platforms

\*Euromonitor 2015 global cigarette market size ex. China



# Unrivalled Footprint with Seven Plants Across Americas

Sales \$400m\*

### Philip Morris International

- Argentina, Brazil, Bolivia, Colombia, Ecuador, Costa Rica, Venezuela, Curacao, Guatemala, Mexico, Canada

### British American Tobacco

- Argentina, Brazil, Venezuela, Trinidad & Tobago, Cuba, Honduras, Mexico, Chile

### Imperial Brands

- USA

### JT Group

- Canada

### Altria

- USA

### RJ Reynolds

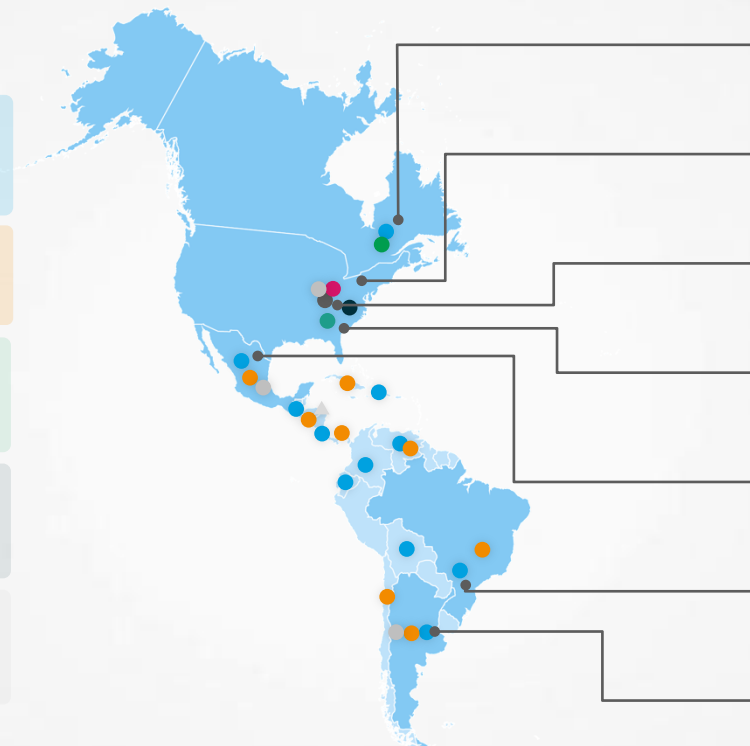
- USA

### Wrigley

- USA

### Mondeléz International

- USA, Argentina, Mexico



**Lachine, Canada**  
 2010 105

**Richmond, Virginia**  
 2010 127

**Reidsville, North Carolina**  
 2010 130

**Atlanta, Georgia**  
 2010 96

**Apodaca, Mexico**  
 2012 269

**Cachoeirinha, Brazil**  
 2015 204

**Buenos Aires, Argentina**  
 2012 162

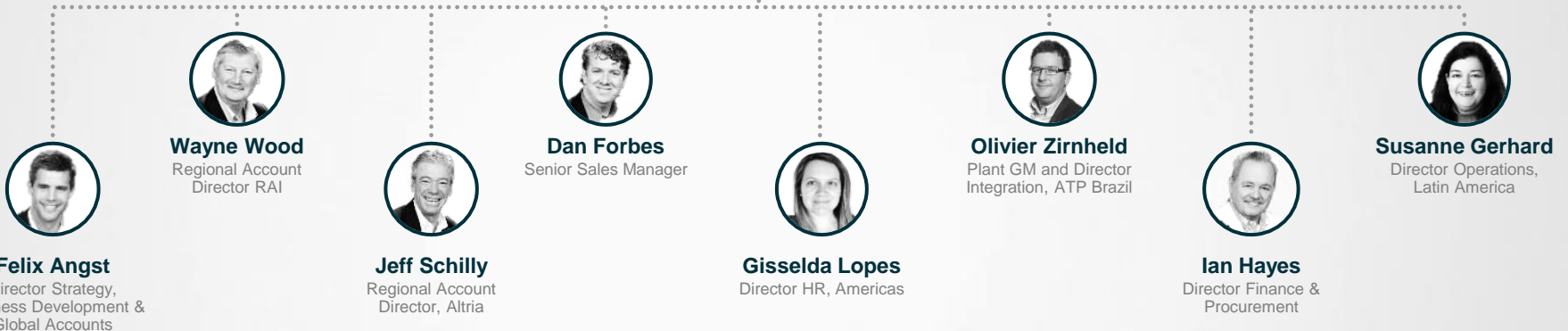
\*Includes 10 months Brazil



## Experienced Americas Leadership Team



**Dwight Kennedy**  
VP & GM Americas  
Amcor Tobacco Packaging



### Leadership changes, effective 1 July 2016:



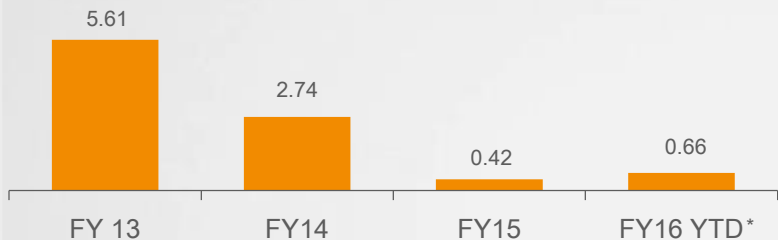
- Todd Hurd named VP & GM, ATP Americas, ensuring leadership continuity across ATP Americas
- Dwight Kennedy named VP, Folding Carton Sales, ATP, ensuring strong focus on diversification.

## Agenda

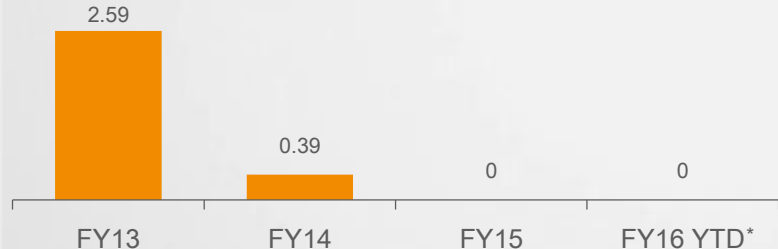
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## ATP Americas Recordable Case Frequency Rate



## ATP Americas Lost Time Injury Frequency Rate



\*Includes ATP Brazil \*\*At time of preparing slide (May 2016)

## Key Highlights from the Region

- ATP America: Winners of the 2015 CEO Outperformance Award & ATP President's Award for Safety
- 'I Got Your Back' co-worker engagement program driving safety performance
- 70% Americas sites RC free for more than one year
- Latin Americas LTI Free for 36 months\*\*
- Brazil integration – Zero Injuries from Day 1



# 88%

Reduction in Recordable Cases from  
FY13 – FY16 YTD



## ATP Winning Formula in Americas: Grow, Innovate and Diversify



### Grow

- **Organic growth:** strengthen ATP's leadership position in Americas by growing with existing and new customers
- **M&A:** Souza Cruz printshop acquisition in 2015 solidifies ATP's leadership position in Latin America given combined footprint with Argentina and Mexico
- **Discipline:** Deliver superior returns with continued YOY growth in sales and operating PBIT while maintaining capital discipline



### Innovate

- **Differentiate through innovation:** drive smart innovation along clearly defined focus areas to deliver value for customers



### Diversify

- **Enter attractive new segments:** rifle shot approach to accelerate commercialisation in non-tobacco segments in the Americas
- **Expand geographic footprint across the region:** continue growing where our customers need us



## Grow

# ATP Supporting Customers In Driving Growth

### Key Industry Trends

### Subsequent Customer Needs

### ATP Value Proposition



#### Volume Decline

- NA and Lat Am volumes expected to decline at ~2% CAGR (2015-19)
- Drivers include increased regulation, market economics and growing health awareness

- Leverage ATP footprint and smart innovation to offer differentiation at improved Total Cost of Ownership (TCO)



#### Customer Focus

- Customer cost savings initiatives, industry consolidation, plant closures increases pressure to be cost competitive
- Divesting non-core in-house print shops

- Deliver improved TCO via ATP scale, ops excellence, innovation
- Continue to support customers by acquiring attractive print shops



#### Regulatory Intervention

- Continuous tax hikes in large Lat Am markets
- Initial discussions around Plain Packaging
- Need to invest in marketing and brand building to solidify share position in tightening regulatory environment

- Support customer stock builds before regulatory implementation
- Deliver innovation to help build brand awareness / loyalty before major regulatory changes



#### Innovation

- Increased market competition drives need to differentiate products in the market, maintain premium and margins
- Conversion from soft labels to hinge lids

- Deliver smart innovation to help customers win on the shelf: several technologies ready to go plus strong forward pipeline

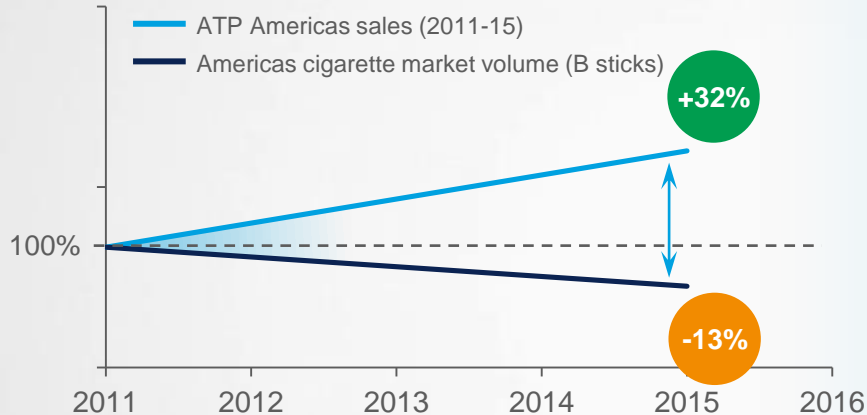
Source: Euromonitor



Grow

## ATP Outperforming Market Through M&A and Organic Growth

### ATP Americas vs Cigarette Market (USD M)



### Growth in four year period driven by

- Strong growth from M&A: Aluprint Mexico (2012), IPC&L Argentina (2012), Shorewood Mexico and US (2013), BAT Souza Cruz (2015)
- Commercial excellence and innovation critical drivers of value of organic growth
- Further growth opportunities from:
  - share gains with global customers
  - expansion across the region
  - diversification into attractive non-tobacco segments, e.g. confectionary and gum



**Grow**

**>USD80 M Invested in Lat Am Tobacco Sector Over Last 4 Years\***



ATP  
Argentina



ATP  
Mexico



ATP  
Brazil

**2013**

- New gravure press acquired in Argentina
- One new reel to reel press and 2 press upgrades in Mexico

**2014**

- Continued investment on press upgrades, Bobst die cutter acquisition in Mexico

**2015**

- BAT Souza Cruz acquisition
- Continued press upgrades in Mexico

### ATP Commitment to Tobacco

- Besides growth from M&A, ATP strongly committed to investing in upgrades to existing printing capabilities for tobacco customers
- Further investments in innovation to drive differentiation are planned in the future

\*Includes capital expenditure and acquisition value (M&A activities: Aluprint Mexico (2012), IPC&L Argentina (2012), Shorewood Mexico and US (2013), BAT Souza Cruz (2015))

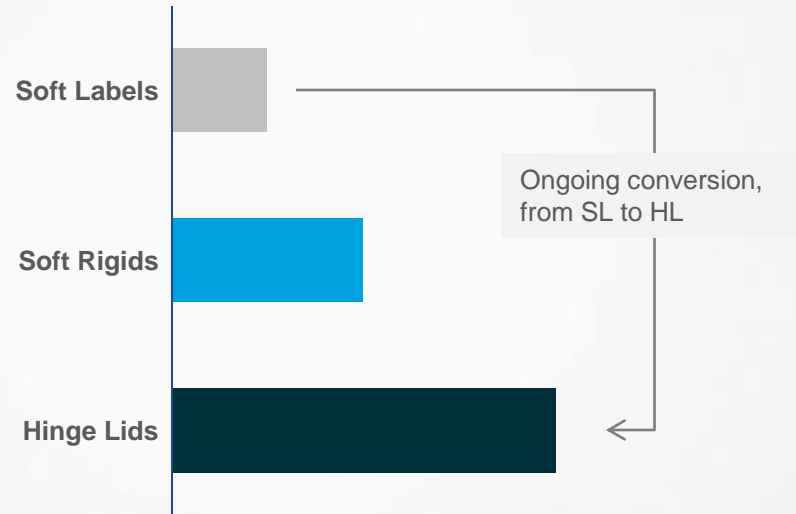


Grow

## Opportunity for ATP to further convert soft labels to hinge lids

### Relative value by packaging type (Brazil)

Ongoing conversion to increase share of hinge lid packaging

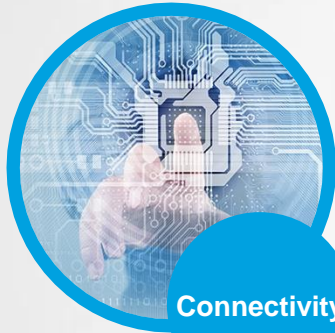




**Innovate**

## ATP's Innovation Focus Areas & Capabilities

### Innovation Focus Areas



**Connectivity**



**Freshness**



**Premium  
Decoration**



**Convenience**



**TCO**



## Innovate

# Adding Value Through Innovation

Sunshine and Starlight

### Example 1: Sunshine

Highly reflective metallic effects at lower cost



- Premium Decoration
- Total Cost of Ownership
- Manufacturing & Process Capability

### Example 2: Starlight

Inline casting method via modified Gravure press to create 3D micro-structures



- Premium Decoration
- Total Cost of Ownership
- Material Science
- Manufacturing & Process Capability





## Diversify

# Growth in New Market Segments & Geographies

## New Segments

Accelerate diversification into attractive new segments

- Opportunity to further expand in the region and diversify in non-tobacco segments: must maintain rifle shot focus
- Focus on premium folding carton in personal care segments (e.g. chewing gums) where there are long runs and premium packaging needs
- Leverage relationships with existing Amcor Group customers



## New Geographies

Continue to penetrate attractive new (emerging) markets

- **Brazil:** Acquisition of Souza Cruz print-shop is a key component of ATP regional growth strategy for Latin America
- **Opportunities** to supply other customers in Brazil and to other Lat Am markets out of Brazil

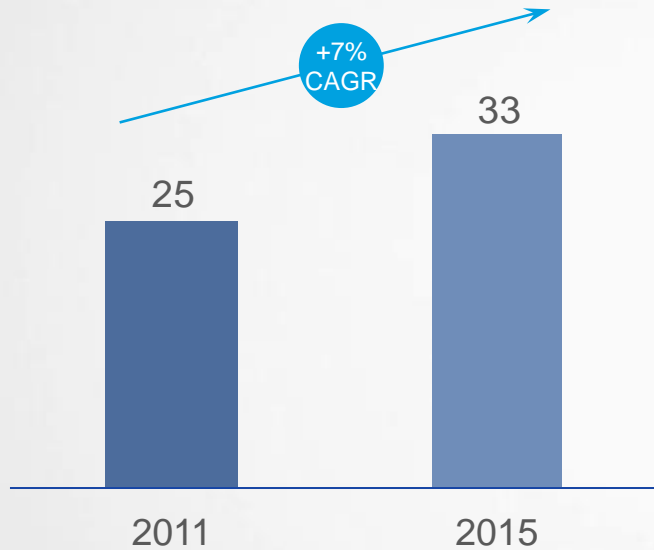




Diversify

## ATP Americas: Strong Growth in Non-Tobacco Segments

### Americas Non-Tobacco Sales (USD M)



### ATP Non-Tobacco Strategic Priorities

- Focus on large, high growth and premium packaging segments
- Leverage ATP expertise in premium packaging to add value
- Leverage existing asset base
- Dedicated sales and business development teams
- 7% CAGR over past 5 years off low base
- New business wins secured

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### Volume

- **Long-term growth in legal cigarette consumption:** first decline in illegal consumption after 7 years, driven by increasingly effective government combat against illicit trade
- Opportunities to **supply other customers in Brazil** and to **other Lat Am markets out of Brazil**
- Potential for **long-term volume growth** driven by new product initiatives, innovation and at some point economic recovery



### Value

- **Ongoing conversion from soft packs to HL:** incremental value with market migrating from semi-rigid to HL packaging
- Investments in **brand building, new products and innovation**
- **Delivering Synergies from Souza Cruz acquisition:** Successfully executing the integration plan and delivering on synergies

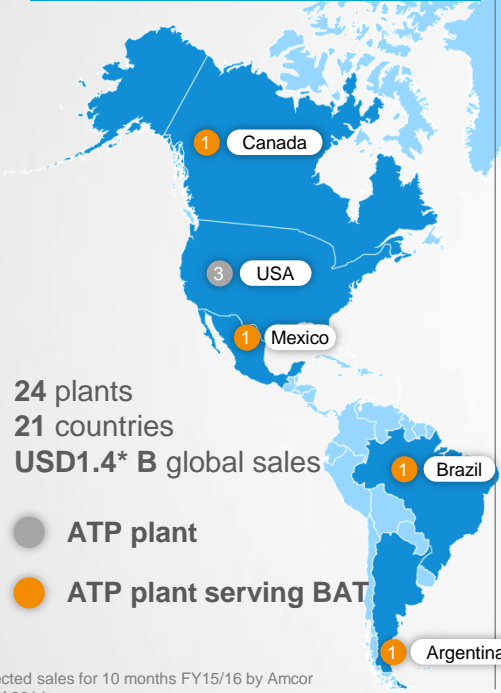


### Diversification

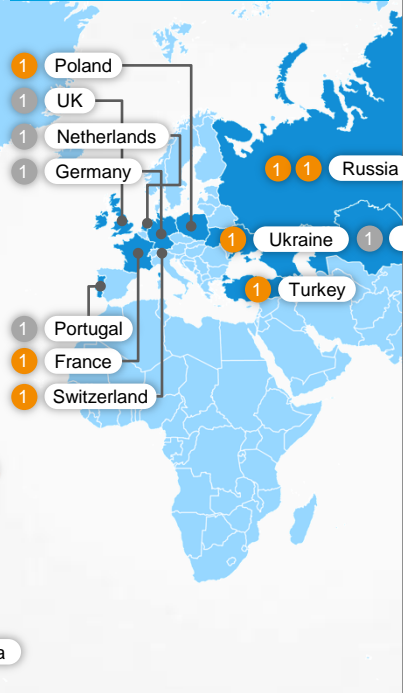
- **Diversification Strategy** focuses on winning new business in non-tobacco segments in Brazil and other Latin American markets

# Acquisition Strengthens ATP's Global Footprint

## Americas: 7 plants



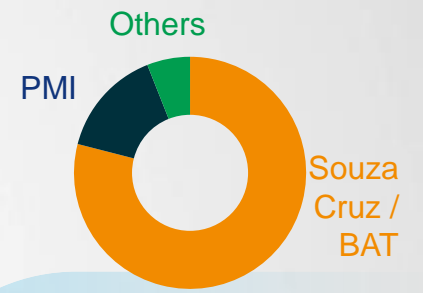
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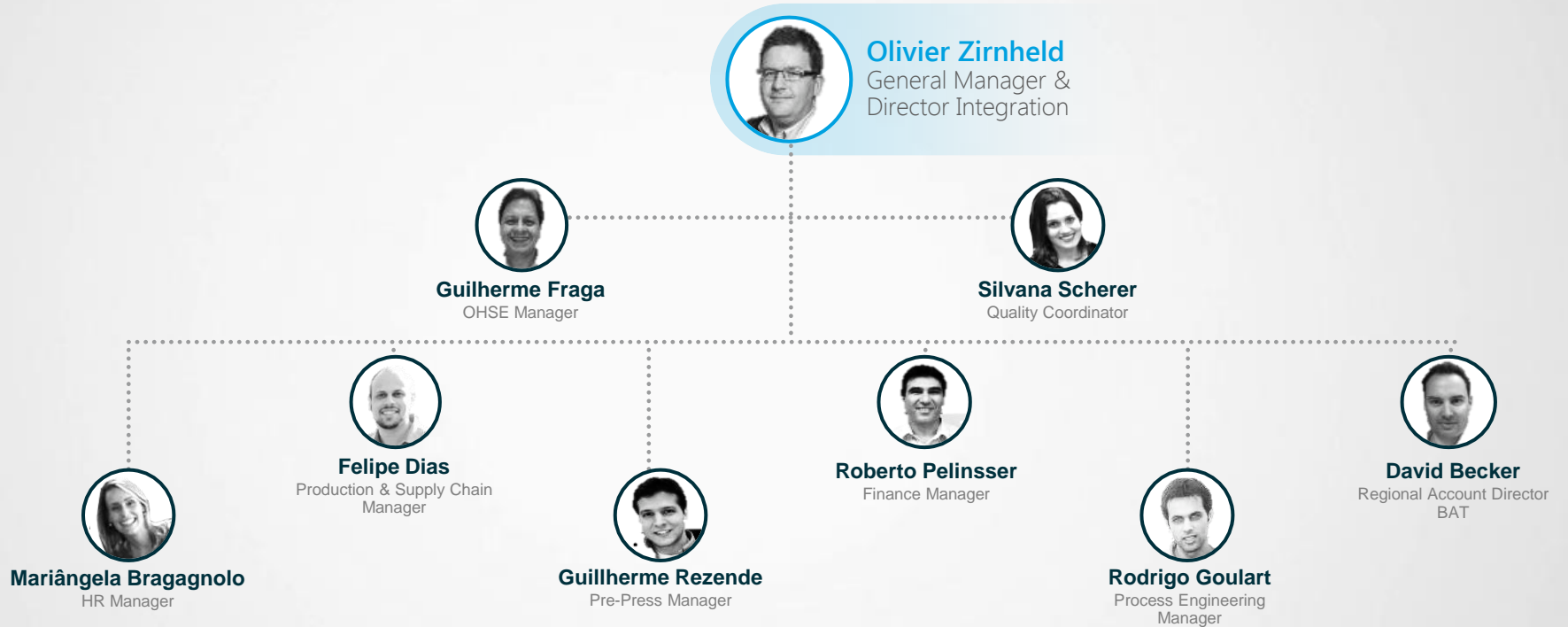
## Brazil Cigarette Market Share\*\*



## ATP's Opportunities in Brazil

- Grow ATP global market share with BAT
- Give customers in Brazil access to ATP's resources, capabilities and innovation platforms
- Provide contingency of supply and benefits of a global footprint

\*Expected sales for 10 months FY15/16 by Amcor  
\*\*as of 2014



## ATBC Site Overview



Acquired  
in 2015



204 FTE's



Av. Frederico Augusto Ritter  
8000 Distrito Industrial  
Cachoeirinha Brazil

### Machinery

- 4 Gravure Presses
- 4 Slitters
- 5 Perforators (tipping)
- 1 Sheeter
- 1 Offline Die Cutter

### Capabilities

- 10 Print Units (max)
- Gravure
- UV
- Product Development
- Rotary

### Specialties

- Hinge Lid
- Soft Label
- Soft Rigid
- Inner Bundle
- Overwrap
- Tipping Paper

# ATBC Integration

## Robust Planning & Stakeholder Engagement

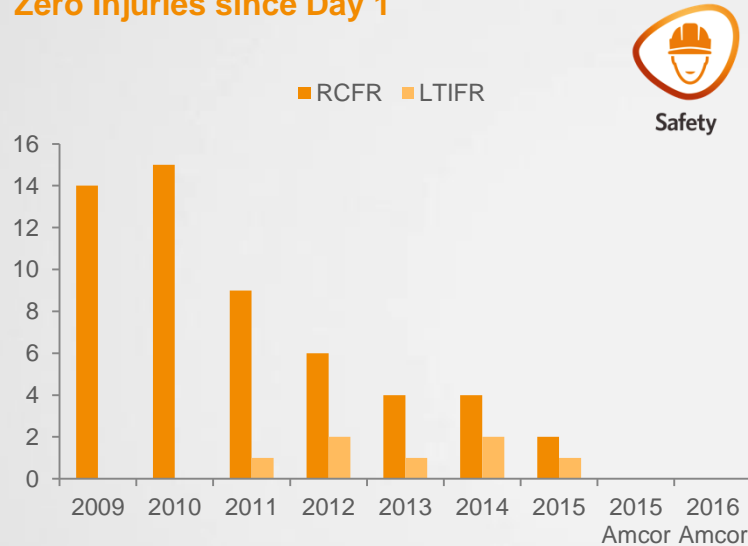


Outperformance





### Zero Injuries since Day 1



### DIFOTIS (year to date)

# 97%

delivered in full, on time and to customer specification





Engagement

Development

Community



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