

News Release

18 February 2013

AMCOR ANNOUNCES PROFIT RESULT FOR HALF YEAR ENDED 31 DECEMBER 2012

Highlights

- Profit after tax and before significant items of \$322.0⁽¹⁾ million, up 5.7%;
- The translation impact from the higher Australian dollar on profit after tax and before significant items was negative \$20⁽¹⁾ million. On a constant currency basis profit after tax and before significant items was \$342⁽¹⁾ million, up 12.2%;
- Earnings per share before significant items was 26.7 cents, up 7.2%;
- Significant items after tax, relating to the closure of the cartonboard plant in Queensland, were \$83.7⁽²⁾ million;
- Profit after tax and significant items of \$238.3⁽³⁾ million, up 16.3%;
- Returns, measured as profit before interest, tax and significant items to average funds employed, of 15.8%;
- Operating cash flow after net capital expenditure of \$236.7⁽⁴⁾ million;
- Cash flow from operating activities of \$333.9⁽³⁾ million; and
- Interim dividend of 19.5 cents per share, up 8.3%.

Results	1H12	1H13	Change %	Key Ratios	1H12	1H13
Sales revenue ⁽³⁾	6,085.3	6,034.9	(0.8)	PBIT/Average funds employed (%) ⁽¹⁾	15.1	15.8
PBITDA ⁽¹⁾	770.9	768.1	(0.4)	Net debt / Net debt plus equity (%)	49.6	52.5
PBIT ⁽¹⁾	515.7	531.1	3.0	Net PBITDA interest cover (times) ⁽¹⁾	7.5	7.7
PAT⁽¹⁾	304.7	322.0	5.7			
Significant items ⁽²⁾	(99.8)	(83.7)	16.1			
Profit ⁽³⁾	204.9	238.3	16.3			
EPS ⁽⁵⁾ (cents)	24.9	26.7	7.2			
Operating cash flow ⁽⁴⁾	129.9	236.7	82.2			
Dividend ⁽³⁾ (cents per share)	18.0	19.5	8.3			

(1) Throughout this news release, we have included certain non-IFRS financial information, including profit after tax and before significant items, operating cash flow, free cash flow, PBIT and PBITDA before significant items. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Amcor Management uses these measures to assess the performance of the business and believes that the information is useful to investors. References to earnings throughout this report are references to PBIT before significant items. For a reconciliation of IFRS compliant profit for the period to PBIT, PBITDA and PAT before significant items refer to the Consolidated Income Statement included on page 2.

(2) Refer page 11 for further information.

(3) IFRS compliant information extracted from Amcor's interim financial report. Amcor's interim financial report is subject to review by the external auditors.

(4) After significant items and net capital expenditure. Refer page 11 for further information.

(5) Based on profit after tax and before significant items.

Amcor has released to the Australian Securities Exchange a presentation on its financial results for the half year ended 31 December 2012. This is available at www.amcor.com

Segment information

Segment analysis (A\$ mill)	1H12			1H13		
	Sales revenue ⁽¹⁾	PBIT	ROAFE%	Sales revenue ⁽¹⁾	PBIT	ROAFE%
Flexibles	3,042.0	329.0	22.4	3,109.3	344.6	23.0
Rigid Plastics	1,575.4	113.0	13.0	1,441.8	122.9	14.7
Australasia and Packaging Distribution	1,478.9	89.8	11.0	1,493.0	82.8	10.6
Investments / Other / Intersegment	(11.0)	(16.1)	-	(9.2)	(19.2)	-
TOTAL	6,085.3	515.7	15.1	6,034.9	531.1	15.8

Financial results

Consolidated Income (A\$ mill)	1H12	1H13
Sales revenue	6,085.3	6,034.9
PBITDA	770.9	768.1
- Depreciation and amortisation ⁽¹⁾	(255.2)	(237.0)
PBIT	515.7	531.1
- Net finance costs ⁽¹⁾	(102.4)	(100.4)
Profit before tax	413.3	430.7
- Income tax expense	(97.9)	(97.0)
- Non-controlling interest ⁽¹⁾	(10.7)	(11.7)
Profit after tax and before significant items	304.7	322.0
Significant items after tax	(99.8)	(83.7)
Profit for the financial period⁽¹⁾	204.9	238.3

Consolidated balance sheet ⁽¹⁾	30/06/12	31/12/12
Current assets	3,728.1	3,758.8
Property, plant and equipment	4,667.6	4,595.5
Intangible assets	1,999.5	2,037.8
Investments and other assets	933.9	854.3
Total assets	11,329.1	11,246.4
Current interest-bearing liabilities	915.5	1,507.0
Non-current interest-bearing liabilities	2,992.7	2,626.8
Payables and provisions	4,041.3	3,692.5
Total equity	3,379.6	3,420.1
Total liabilities and equity	11,329.1	11,246.4

Consolidated cash flow (A\$ mill)	1H12	1H13
PBITDA	770.9	768.1
Interest received/borrowing costs paid	(92.2)	(87.7)
Income tax paid ⁽¹⁾	(49.6)	(88.1)
Net capital expenditure	(174.9)	(96.0)
Movement in working capital	(190.3)	(203.8)
Cash significant items	(74.4)	(41.8)
Other	(59.6)	(14.0)
Operating cash flow⁽²⁾	129.9	236.7
Dividends and other equity distributions ⁽¹⁾	(226.3)	(240.9)
Free cash flow⁽²⁾	(96.4)	(4.2)
Divestments	131.1	0.5
Growth capital / acquisitions	(156.2)	(188.7)
Movements in share capital	(169.0)	(41.2)
Proceeds on capital contribution from minority interests ⁽¹⁾	1.8	-
Foreign exchange rate changes	3.0	15.5
Increase in net debt⁽²⁾	(285.7)	(218.1)

- (1) IFRS compliant information extracted from Amcor's interim financial report. Amcor's interim financial report is subject to review by the external auditors.
(2) Refer page 11 for further information.

Net debt and net finance costs

Net debt increased from \$3,550.6 million at 30 June 2012 to \$3,774.1 million at 31 December 2012 as a result of funds drawn down to finance acquisitions announced in prior periods and spending on the new recycled paper mill in Botany, New South Wales.

Gearing, measured as net debt over net debt plus equity, was 52.5% at 31 December 2012.

During the period, the company renewed a three year US\$740 million multi currency syndicated revolving bank facility and increased the size of the tranche to US\$900 million. Following this refinancing, the next sizeable refinancing is in December 2013 with another US\$740 million multi currency bank facility due to mature.

Net finance costs were \$100.4 million. Interest cover, measured as PBITDA to net interest, was 7.7 times.

Operating cash flow was \$236.7 million and, after the payment of dividends, free cash outflow was \$4.2 million.

Exchange rate sensitivity

The main currencies that Amcor is exposed to when translating overseas earnings into Australian dollars for reporting purposes are US dollars and Euros. For the second half of the 2013 financial year the annualised profit after tax sensitivity for a one cent movement against the Euro is expected to be approximately \$5 million. The annualised sensitivity for a one cent movement against the US dollar is expected to be approximately \$3 million.

Capital management

The Directors declared an unfranked interim dividend of 19.5 cents per share, an increase of one and a half cents or 8.3% compared with the 2012 interim dividend.

100% of the dividend is sourced from the Conduit Foreign Income Account. The ex-dividend date will be 25 February 2013, the record date will be 1 March 2013 and the payment date will be 27 March 2013.

Flexibles

The Flexibles segment includes the Flexibles Europe & Americas, Flexibles Asia Pacific and Tobacco Packaging businesses.

Earnings	1H12	1H13	Change	1H12	1H13	Change
	A\$ mill	A\$ mill	%	€ mill	€ mill	%
Sales revenue	3,042	3,109	2.2	2,272	2,534	11.5
PBIT	329.0	344.6	4.7	245.7	280.9	14.3
Operating Margin (%)	10.8	11.1		10.8	11.1	
Average funds employed	2,939	3,003	2.2	2,195	2,447	11.5
PBIT/AFE (%)	22.4	23.0		22.4	23.0	
Average exchange rate (cents)	0.75	0.82				

Cash flow

PBITDA ⁽¹⁾	438.7	447.3	2.0	327.6	364.5	11.3
Net Capital Expenditure	(51.9)	(71.1)		(38.7)	(57.9)	
Movement in Working Capital	(68.4)	(72.3)		(51.1)	(58.9)	
Synergy costs	(48.5)	(22.9)		(36.2)	(18.7)	
Operating cash flow	269.9	281.0	4.1	201.6	229.0	13.6

(1) Includes share of net profit of associates.

The Flexibles segment had a strong half year with PBIT up 14.3% to €280.9 million. This was a particularly strong result as economic conditions remained subdued in developed markets and reflects the defensive nature of the food, beverage, healthcare and tobacco packaging end markets.

Sales revenue for the half increased 11.5% or €262 million. Of this amount, approximately €150 relates to acquired operations in the Asia Pacific and Tobacco Packaging businesses. The remaining €112 million reflects underlying sales growth and movements in raw material cost and exchange rates.

The operating sales margin increased from 10.8% to 11.1%. This includes the impact of acquired businesses with lower margins until synergy benefits are realised.

Returns, measured as PBIT over average funds employed, increased from 22.4% to 23.0%.

Flexibles Europe and Americas

The Flexibles Europe and Americas business services the defensive market segments of food and healthcare in Europe and the Americas. The major end markets served, making up more than 85% of sales, are healthcare, medical & pharmaceutical, snacks & confectionery, cheese & yoghurt, fresh produce, beverage, wine and spirit closures and pet food.

Underlying volumes remained stable through the half year, reflecting the defensiveness of the food and healthcare market segments, despite subdued economic conditions in Europe and North America.

The increase in earnings was mainly driven by an improved cost position and the growth of high performance products. Simplification and synergy programs have captured value through procurement and supply chain initiatives, and costs are being reduced through innovation including standardized specifications for new low cost product platforms.

Through a combined focus on achieving advantaged positions in the marketplace, commercializing new product innovations and leveraging strategic marketing, the business is well placed to increase the value it creates for customers and further improve returns.

Flexibles Asia Pacific

The Flexibles Asia Pacific business has 35 plants in 7 countries throughout the region. The business had a strong half year. Sales were up 48% and earnings were significantly higher driven by benefits from acquisitions and continued organic growth.

In China, sales for the half increased by 21% due to solid organic growth as well as the benefit of prior period acquisitions. Earnings were significantly higher.

The Thailand business had a strong half year, with underlying sales 6% higher and a significant increase in earnings. The business benefited from prior period investment to expand capacity in high value-add, high barrier products.

The performance of the businesses in India, Singapore and Indonesia was mixed with overall earnings in line with last year. In November 2012 the Uniglobe acquisition in India was completed and the initial integration has proceeded well.

The Australia and New Zealand operations achieved significantly higher earnings, reflecting the acquisition of the Aperio Group in the June 2012 half year, underlying volume growth and benefits from cost reduction programs.

In May 2012 the A\$238 million acquisition of the Aperio Group was completed. The business comprised 13 manufacturing facilities in Australia and New Zealand and sales of approximately A\$350 million. There has been an excellent integration of the business and realisation of synergy benefits is in line with expectations. For the half year, these synergy benefits were offset by associated synergy capture costs. In February 2013, the A\$22 million sale of three former Aperio plants focused on industrial and agricultural markets was completed. These plants represent annual sales of approximately A\$80 million.

Tobacco Packaging

The Tobacco Packaging business had another strong half year. Sales were up 12% due to a combination of organic growth, predominately driven by the ongoing shift to higher value-add packaging, and acquisitions in Mexico and Argentina. Earnings for the half were substantially higher.

In Europe the customer trend towards utilising print enhancement and pack design to differentiate their product continued and was a key driver for strong sales growth and higher earnings in the region. This trend to higher value-add packaging is continuing and the business is investing in specialised equipment to meet this increased demand.

The Americas region also had a good half year. In the US the business achieved solid volume growth in the tobacco packaging segment. The trend towards higher value-add products is accelerating and this is creating opportunities for new pack designs and other innovative features. The business continues to selectively move into non-tobacco end markets requiring high quality, large volume gravure printing.

The integration of the recent acquisitions in Mexico and Argentina has proceeded well and both businesses are delivering as expected in terms of both sales and earnings.

The Asian business had an excellent half year with strong earnings growth. This was driven by increased volumes, growth in higher value-add products and significant improvements in operating efficiencies.

On 15 February 2013, the US\$115 million acquisition of the AGI-Shorewood printing assets was announced. For the 2012 calendar year the acquired business had sales of US\$126 million and an EBITDA of US\$22 million. The EBITDA purchase multiple is 5.2 times, based on the last twelve months of earnings.

The acquisition expands Amcor's business in the higher growth regions of Asia and Latin America and includes speciality folding carton production assets in the United States. In Mexico, it builds on the position established by Amcor following the recent acquisition of Aluprint.

Net synergy benefits are anticipated to be approximately US\$13 million, and the net cash cost to achieve these synergies is expected to be approximately US\$20 million.

Outlook

The earnings outlook for the Flexibles business remains unchanged from the full year results in August. For the 2012/13 year the Flexibles segment is expected to achieve a solid increase in earnings, expressed in local currency terms.

Margins for the legacy operations are expected to increase however the new acquisitions will have lower margins until synergy benefits are realised. In aggregate this should result in a modest increase in margins.

Rigid Plastics

Earnings	1H12	1H13	Change	1H12	1H13	Change
	A\$ mill	A\$ mill	%	US\$ mill	US\$ mill	%
Sales revenue	1,575	1,442	(8.4)	1,625	1,497	(7.9)
PBIT	113.0	122.9	8.8	116.6	127.7	9.5
Operating Margin (%)	7.2	8.5		7.2	8.5	
Average funds employed	1,744	1,674	(4.0)	1,798	1,738	(3.3)
PBIT/AFE (%)	13.0	14.7		13.0	14.7	
Average exchange rate (cents)	1.03	1.04				

Cash flow

PBITDA ⁽¹⁾	194.4	197.8	1.7	200.5	205.4	2.4
Net Capital Expenditure	(79.6)	(58.0)		(82.1)	(60.2)	
Movement in Working Capital	(70.2)	(154.5)		(72.4)	(160.5)	
Synergy costs	(10.5)	(6.6)		(10.9)	(6.9)	
Operating cash flow	34.1	(21.3)	>(100.0)	35.1	(22.2)	>(100.0)

(1) Includes share of net profit of associates.

The Rigid Plastics business had a solid half with PBIT up 9.5% to US\$127.7 million.

Capital expenditure was US\$60.2 million, and returns, measured as PBIT over average funds employed, were 14.7%.

North America Beverage

The North American beverage business, which includes Mexico, delivered a solid operating performance with earnings modestly lower than the same period last year. Synergy benefits from prior period restructuring activities and improved product mix were offset by the timing impact of lower volumes in the carbonated soft drink and water (CSDW) segment, specifically exiting low margin volumes in Mexico and acquiring new volumes in the US.

Following the successful integration of the Ball Plastics acquisition the operations in North America have a substantially improved manufacturing footprint with low cost, scale plants strategically located across North America.

Effective in the March 2013 quarter, the business has secured substantial new CSDW volumes. This is attractive volume given it is being manufactured at existing facilities, further improving the scale and low cost position of these plants. The competitor who lost this volume has elected to close their excess capacity and exit this segment of the business.

Custom beverage container volumes were 4% higher. Underlying volumes in this segment remained stable during the period, with the increase mainly reflecting the addition of new business volumes.

North America Diversified Products

The Diversified Products segment consists of rigid plastic containers predominately for the pharmaceutical / healthcare, food, alcoholic beverage and personal care / homecare markets.

For the half underlying sales volumes increased however reported sales were flat due to the pass through of lower raw material prices. The business achieved a strong increase in earnings driven by underlying sales growth in all four market segments, improved product mix and ongoing operating improvements.

During the half the business was successful in developing new business in a number of high value-add segments. Capacity is currently being installed to meet this growth and the benefits will be progressively evident over the next 12 months.

South & Central America

The South & Central American business continued to deliver strong results and high returns. Earnings for the half were marginally higher than the same period last year.

Beverage volumes were 10% higher with growth in all countries. The positive impact of higher volumes was partially offset by the lag in recovering increased costs.

Bericap

The majority-owned joint venture, Bericap North America, is managed and reported within the Rigid Plastics segment. This business has plants in Ontario, Canada, and in California and South Carolina in the United States.

Earnings for the half were higher. This was mainly a result of increased volumes supported by prior period capital investments.

Outlook

The earnings outlook for the Rigid Plastics business remains unchanged from the full year results in August. For the 2012/13 year, earnings are expected to be moderately higher than the prior year, expressed in local currency terms.

Australasia and Packaging Distribution

	1H12	1H13	Change
Earnings	A\$ mill	A\$ mill	%
Sales revenue	1,479	1,493	0.9
PBIT	89.8	82.8	(7.8)
Operating Margin (%)	6.1	5.5	
Average funds employed	1,638	1,564	(4.5)
PBIT/AFE (%)	11.0	10.6	
Cash flow			
PBITDA	152.7	141.3	(7.5)
Net Capital Expenditure	(42.0)	35.0	
Movement in Working Capital	(42.0)	30.9	
Restructuring costs	(6.3)	(10.6)	
Operating cash flow	62.4	196.6	>100.0
Growth capital expenditure – Recycled paper mill, Botany	(142.7)	(84.8)	

Australasia and Packaging Distribution achieved a PBIT of \$82.8 million, 7.8% lower than last year. After a slow first quarter, business conditions improved in the second quarter.

Returns, measured as PBIT over average funds employed, were 10.6% and operating cash flow for the half was \$196.6 million.

During the first half non-capitalised costs relating to the start-up of the Botany recycled paper mill were \$23 million. This amount was included in reported earnings and offset by profit from property sales.

Paper – Botany Mill

The new recycled paper mill, located at Botany, NSW commenced commissioning in October and the start up is progressing as expected. The ramp up to full production, in terms of running speeds and paper grades, is expected to be completed by the end of June 2014.

The new machine will deliver PBIT benefits of approximately \$50 million once operating at full speed and manufacturing the full range of papers. There will also be additional benefits, over time, due to the improved paper quality and the ability to bring new products to market.

In the second half of the 2012/13 year it is anticipated there will be approximately \$5 million benefit to PBIT from the new mill. Assuming the start-up continues to track expectations over the next 18 months it is estimated that the PBIT benefit will increase to \$50 million in FY2014/15.

Fibre

The fibre operations consist of the integrated corrugated box business and the integrated cartons business. Earnings for the half were lower due to a reduction in earnings at the recycled cartonboard mill in Petrie, Queensland. Due to several structural changes in the competitive environment the mill is no longer covering its cash costs.

The decision has been made to close the Petrie cartonboard site. The net cash cost will be approximately \$13 million, comprising estimated proceeds of \$20 million from asset sales and costs to close the mill of \$33 million. The improvement in PBIT will be approximately \$13 million. The non cash write down included in earnings in the current half was \$86 million and the mill will close by December 2013.

Corrugated and Paper

In Australia volumes in the corrugated box business were stable with improved volumes in the fruit and produce segment and lower volumes in the industrial segment. In New Zealand volumes were marginally higher.

The acquisition of Wayne Richardson Sales was completed in July 2012. The business has performed well during the half and creates an improved value proposition with small to medium sized customers.

Earnings in the corrugated operations, excluding the benefits from Wayne Richardson Sales, were in line with the corresponding period.

Cartons

The carton converting business had a good half and earnings were higher than the same period last year. This increase reflects the benefits from prior period restructuring and improved operating costs.

Rigids

The beverage can business had a solid half. Warm weather conditions in the December quarter improved demand, and along with additional business from new and existing customers, partly offset the loss of the Schweppes contract.

The glass business had stable sales and has benefited from the strategic diversification into beer and non wine products. Over the past two years, the other domestic glass bottle manufacturer has elected to close several furnaces. This has ensured that the domestic industry capacity has appropriately adjusted to the change in demand.

The closures operations had a solid half. A decision has been made to divest the small metal closures operation and to outsource to a third party the manufacture of plastic closures. These actions have resulted in the decision to close a plant in Melbourne. The cash cost to close this plant will be \$7 million and the PBIT benefit will be \$5 million. The Stelvin wine closures business, located in Adelaide and acquired with the Alcan acquisition, has a strong position as the industry leader in its market segment and is a core part of the rigids business in Australia.

Packaging Distribution

Earnings for the Packaging Distribution business were lower than the same period last year. The Packaging Distribution business performed well through the half with volumes remaining stable. Earnings were lower than the same period last year, as a result of a lag in recovering higher input costs.

Outlook

The earnings outlook for the Australasia and Packaging Distribution business remain unchanged from the full year results in August. For the 2012/13 financial year earnings are expected to be in line with the 2011/12 financial year.

Investments / Other

PBIT (A\$ million)	1H12	1H13
AMVIG	15.4	12.3
Corporate costs	(31.5)	(31.5)
Total	(16.1)	(19.2)

Investments / Other include corporate costs and equity accounted earnings from the 47.94% interest in the Hong Kong publicly listed company AMVIG Holdings Limited (AMVIG).

For the half year ended 31 December 2012, corporate costs were \$31.5 million and AMVIG earnings were \$12.3 million.

On 16 August 2012, AMVIG declared a special dividend of HK108 cents per share. Amcor owns 442.5 million shares in AMVIG and during the half received a HK\$478.0 million (A\$60.0 million) special dividend payment.

Significant items⁽¹⁾

(A\$ million)	1H12	1H13
Australasia restructuring – Petrie mill closure	-	119.6
Transaction, synergy costs and impairments	110.5	-
ACCC class action	1.3	-
Other	5.3	-
Significant items before related income tax expense	117.1	119.6
Income tax benefit on significant items	(17.3)	(35.9)
Significant items after related income tax expense	99.8	83.7

- (1) Significant items are items of income or expense which are considered outside the ordinary course of operations, are non-recurring in nature and are material. Management excludes these items when explaining the financial performance of the Amcor group, to ensure that the underlying operating results of the Group are not distorted and to enable appropriate comparison across periods.

Cash flow

1H13 (A\$ million)	Flexibles	Rigid Plastics	Australasia & Packaging Distribution	Investments / Other	Consolidated
PBITDA	447.3	197.8	141.3	(18.3)	768.1
Interest	-	-	-	(87.7)	(87.7)
Tax	-	-	-	(88.1)	(88.1)
Net Capital Expenditure	(71.1)	(58.0)	35.0	(1.9)	(96.0)
(Increase)/decrease in working capital	(72.3)	(154.5)	30.9	(7.9)	(203.8)
Cash synergy and restructuring costs ⁽¹⁾	(22.9)	(6.6)	(10.6)	(1.7)	(41.8)
Other items	-	-	-	(14.0)	(14.0)
Operating cash flow	281.0	(21.3)	196.6	(219.6)	236.7
Dividends Paid	(3.0)	(8.9)	-	(229.0)	(240.9)
Free cash flow	278.0	(30.2)	196.6	(448.6)	(4.2)

- (1) Consolidated cash synergy and restructuring costs are referred to as Cash significant items on page 2.

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

	1H12	1H13
Operating cash flow	129.9	236.7
Net capital expenditure	174.9	96.0
Other items	4.8	1.2
Cash flow from operating activities	<u>309.6</u>	<u>333.9</u>

- (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:

	1H12	1H13
Increase in net debt	(285.7)	(218.1)
Proceeds from borrowings	3,677.9	3,249.9
Repayment of borrowings	(3,350.1)	(3,052.5)
Foreign exchange rate changes	(3.0)	(15.5)
Other items	(0.8)	(1.6)
Net increase/(decrease) in cash held	<u>38.3</u>	<u>(37.8)</u>