

News Release

21 August, 2012

AMCOR ANNOUNCES RECORD PROFIT RESULT FOR YEAR ENDED 30 JUNE 2012

Highlights

- Record profit after tax before significant items of \$634.9 million, up 11.3%;
- Earnings per share before significant items 52.3 cents, up 12.5%;
- Profit after tax and significant items of \$412.6 million, up 15.7%;
- Significant items, primarily relating to acquisitions and restructuring activities, were an after tax expense of \$222.3 million compared with an after tax expense of \$213.6 million in 2011;
- The negative impact from translation of overseas earnings into Australian dollars on profit after tax and before significant items was approximately \$35 million;
- On a constant currency basis earnings per share, before significant items, was 55.2 cents, up 18.7%;
- Returns, measured as underlying profit before interest and tax to average funds employed, of 15.9%;
- Final dividend increased to 19 cents per share;
- Operating cash flow of \$643.7 million; and
- Completed \$150 million on-market share buy-back.

In announcing the result, Amcor's Managing Director and CEO, Mr Ken MacKenzie said: "The full year result represented a record underlying profit, record returns and a record dividend for the company.

"Profit before significant items increased 11.3% to \$634.9 million, returns increased from 14.1% to 15.9% and the dividend increased 5.7% to 37 cents per share. During the year the company also completed a \$150 million share buy-back.

"To achieve an 11.3% increase in underlying earnings was an outstanding effort by our co-workers, given subdued economic conditions and a \$35 million adverse impact on reported earnings due to the appreciation of the Australian dollar.

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“Operating cash flow for the year was \$643.7 million. This was an outstanding result and underpins our ability to continue to grow shareholder value.

“More than 85% of the business is in the defensive food, beverage, healthcare and tobacco packaging segments. A clear highlight of the year was that these markets have again proven to have very stable demand in difficult economic conditions.

“This strong performance is particularly pleasing given that economic conditions are likely to remain subdued in the developed markets.”

Substantial benefits from transformational acquisitions

“During the global financial crisis the business undertook two transformational acquisitions, purchasing Alcan Packaging and Ball Plastic Packaging. The integration programs for both acquisitions are ahead of schedule in terms of timing and total synergy benefits. These improvements have been a key component of earnings growth for the year,” said Mr MacKenzie.

The aggregate benefits to shareholders from these acquisitions are evident in the returns achieved over the past three years. Since July 2009 Amcor has delivered an aggregate total return to shareholders of 101%*, comprising 72% in price appreciation and 29% in cash dividends. This has been an outstanding outcome and underscores the transformational nature of these acquisitions.

Business Group Performance

Commenting on the business segment performance Mr MacKenzie said, “The Flexibles business had an excellent year with earnings up 16.9% and returns of 23.9%. Sales were 2.3% higher with generally stable volumes in the developed countries and continued growth in emerging markets, particularly Asia.

“The Rigid Plastics business had a strong year with earnings 13.4% higher and returns of 15.5%. This substantial improvement was driven predominately by the benefits of the successful integration of the Ball Plastic Packaging acquisition.

“The Australasia and Packaging Distribution business achieved underlying earnings in line with last year. This was a solid performance given difficult economic conditions in the second half of the year in Australia.

Growth and Capital Management

“Over the past seven years Amcor has been on a journey that has involved developing and embedding a proprietary operating model, The Amcor Way, and focusing the business portfolio on those areas where we have a long-term competitive advantage.

*Based on share price from 1/7/2009 to 17/08/2012.

“Transformational acquisitions, undertaken during the global financial crisis, have significantly improved industry structures and positioned Amcor as the global leader in its chosen market segments. The company also has approximately 20% of its sales in emerging markets with an extensive footprint of 65 plants in 24 countries.

“We are now in a position to move to the next phase of development where the significantly increased cash flow can be utilised to further enhance shareholder value.

“During the 2011/12 year our strong cash flow was allocated to new capital investment of \$400 million, five acquisitions totalling \$350 million, \$265 million for the new paper recycling mill and a 6% increase in the dividend. We also undertook a \$150 million share buy-back.

Outlook

“Amcor has over 85% of its sales in the defensive end market segments of food, beverage and healthcare packaging. Consumer demand in these segments was particularly stable during the global financial crisis in 2009 and this stability has continued over the ensuing three years. Growth in emerging markets continues to be strong with sales increasing 10%.

“In the current year it is expected that volumes will again be resilient and that the benefits from recent acquisitions, growth in emerging markets, cost reduction initiatives and continued strong cash focus will combine to deliver another year of higher earnings, expressed in constant currency terms.

Future

“Over the next few years the operating cash flow will continue to increase, creating opportunities to further enhance shareholder value. The focus will be on improving the customer value proposition, new product innovation, growth in emerging markets and acquisitions.

“With market leadership in our chosen market segments and an extensive global manufacturing footprint, the company is well positioned to further improve our customer value proposition and deliver improved earnings and returns for shareholders.”

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