



## Amcor Plc

Fiscal 2025 Full Year and Fourth Quarter Results

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## CORPORATE SPEAKERS:

**Tracey Whitehead**

*Amcor Plc; Head of Investor Relations*

**Peter Konieczny**

*Amcor Plc; Chief Executive Officer*

**Michael Casamento**

*Amcor Plc; Chief Financial Officer*

## PARTICIPANTS:

**Matthew Roberts**

*Raymond James*

**George Staphos**

*BofA*

**Anthony Pettinari**

*Citi*

**John Purtell**

*Macquarie*

**Arun Viswanathan**

*RBC Capital Markets*

**Ramoun Lazar**

*Jefferies*

**Michael Roxland**

*Truist Securities*

**Keith Chau**

*MST Financial*

**Nathan Reilly**

*UBS*

**Brook Campbell-Crawford**

*Barrenjoey*

**Jakob Cakarnis**

*Jarden*

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### **PRESENTATION:**

**Operator:** Ladies and gentlemen, thank you for standing by. At this time I would like to welcome everyone to the Amcor Fiscal 2025 Fourth Quarter and Full Year Results Conference Call.

I would now like to turn the conference over to Tracey Whitehead, Head of Investor Relations. Ms. Whitehead, you may begin.

**Tracey Whitehead:** Thank you, Operator. And thank you everyone, for joining Amcor's Fiscal 2025 Fourth Quarter Earnings Call. Joining today is Peter Konieczny, Chief Executive Officer; and Michael Casamento, Chief Financial Officer. Before I hand over a few items to note. On our website, amcor.com, under the Investors section, you'll find today's press release and presentation, which we'll discuss on this call.

Please be aware that we'll also discuss non-GAAP financial measures and related reconciliations can be found in those materials. Remarks will also include forward-looking statements that are based on management's current views and assumptions. On the second slide in today's presentation there's several factors that could cause future results to be different than current estimates. Reference can be made to Amcor's SEC filings including our statement on Form 10-K and 10-Q for further details.

With that, over to you, PK.

**Peter Konieczny:** Thank you, Tracey, and thank you to everyone joining us today. I would like to start by highlighting that this has been a significant milestone quarter for Amcor.

We completed the acquisition of Berry Global and are now 100 days into combining two complementary businesses, and transforming Amcor's ability to create value for our customers and shareholders. Our efforts are reflected in our expectation to deliver strong adjusted EPS growth of 12% to 17% in fiscal 2026, with free cash flow expected to double to \$1.8 billion to \$1.9 billion.

Significant work was done ahead of close and integration efforts kicked off quickly on day 1. Feedback from customers has been positive and leadership teams are in place across the organization.

We're executing against our synergy work plans, and we have undertaken the strategic portfolio review discussed on prior calls, in short, we are creating a stronger business that is well positioned to deliver higher levels of consistent organic growth and long-term shareholder value.

Turning to Slide 3 and safety. Similar to Amcor, safety has always been a core value for Berry. Both companies have a long history of excellent execution in providing a safe workplace, and this remains our number one priority.

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For fiscal 2025, Amcor's total recordable incident rate, TRIR, was 0.27, and 68% of our sites remained injury-free for the entire year. For the two months of May and June, Berry's TRIR was 0.57. Our commitment to providing and sustaining a safe working environment remains absolute.

Slide 4 outlines our key messages for today, and these are aligned with our near-term priorities to deliver on the base, integrate and capture synergies and optimize the portfolio.

First, in terms of results. With two months contribution from Berry, Q4 shows a step-up to a higher level of quarterly net sales, EBITDA and EBIT for Amcor.

Second, integration is progressing well. Synergy realization is tracking to plan, and we remain confident in delivering \$650 million in total synergies through fiscal 2028 including \$260 million in fiscal 2026.

Third, we have now conducted a strategic review of our combined portfolio, primarily focused on defining our core portfolio. Going forward, Amcor is the global leader in consumer packaging and dispensing solutions for nutrition and health.

As part of this review, we also identified businesses that are less aligned with our core portfolio. For these, we will explore alternatives to maximize value. Most importantly, our fiscal 2026 guidance reflects expectations for a year of strong earnings and cash flow growth, largely driven by self-help actions.

Turning to Slide 5 and our fourth quarter results. While the acquisition of Berry drives strong increases across several financial metrics, the performance of both legacy businesses fell below our expectations for two reasons.

First, and consistent with broader market data, we experienced sequentially weaker volumes for our consumers and customers in both our Flexibles and Rigid Packaging solution segments through the quarter, particularly in North America. Overall volume performance across both legacy businesses was similar, and on a combined basis were 1.7% lower than last year compared to our expectations for relatively flat.

Second, in addition to lower volumes, earnings in the North American beverage business were negatively impacted by operating challenges at a few high-volume sites, which resulted in higher costs. Michael will speak more to the nature of the challenges, but let me just say here that we are comprehensively addressing the performance of this business.

On that point, we have taken advantage of the Amcor and Berry combined platform to divide the legacy Amcor Rigid Packaging business in its three parts. North American beverage is now being run as a separate dedicated beverage business unit with new and focused management.

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We are addressing the operating challenges, and we will be improving efficiency across the network. Amcor's legacy specialty containers business is now integrated with the legacy Berry business in North America, confirming an excellent product and technology fit. In Latin America, the legacy Rigid Packaging and Flexibles businesses are being combined to create scale and synergies in the region.

Before turning over to Michael to cover the results, I'd like to talk about the progress we have made over the last 100 days, integrating the Berry and Amcor businesses and the work we have done to define our core portfolio. Beginning with Slide 6 and integration.

First and foremost, we have quickly engaged with customers around the world, highlighting the many benefits and new opportunities this combination creates. Feedback has been very positive, and already, we have seen additional business wins directly linked to combining the product portfolio, operations and capabilities of our legacy businesses.

As an example, legacy Amcor is now providing membrane lidding for coffee capsules supplied by legacy Berry, thereby offering a packaging solution rather than individual packaging components. This is a great early example of the opportunity discussed when we announced the merger. From a G&A cost synergy perspective, we have moved fast to begin eliminating duplication, lowering head count by more than 200 until now.

In terms of operations and footprint, we have been combining assets, identifying open capacity, repatriating outsourced film supply and transferring production volumes across the network to improve efficiency and lower cost. While still in the very early stages, we have closed one site, approved closure of four additional sites, and we are making good progress on further footprint actions.

Looking at procurement. We have combined spend data within one platform to provide full transparency, access and real-time insight across the function globally. And our teams have worked extensively with our direct and indirect suppliers in all regions, validating the synergy pipeline and delivering quick wins, which will benefit earnings from the first quarter of fiscal 2026.

I'm happy with the progress we've made over the first 100 days, bringing our two companies together, and feel good about how we are executing against our proven integration playbook and setting the business up to drive strong earnings growth in fiscal 2026.

We're confident in delivering \$260 million synergies in fiscal 2026 and a total of \$650 million through fiscal 2028, and we are reaffirming both targets today.

Slide 7 profiles Amcor's core combined portfolio. These are large, stable end markets with attractive growth and margin profiles where we have leadership positions and room to grow. Approximately 75% of sales come from advanced solutions requiring innovation and 50% of sales are generated from focus categories, which I'll come back to shortly.

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Slide 8 shows our unique and expanded product portfolio with Flexibles and Rigid Packaging solutions to address the varied needs of our customers in these sizable end markets. This view also again highlights the complementary nature of this combination with both companies bringing different capabilities and product strength to create a stronger customer offering than either could do on a stand-alone basis.

We already have leading positions in these categories and plenty of room to grow given the fragmented nature of these markets.

Slide 9 further identifies six focus end market categories, which we have spoken about previously and collectively represent approximately \$10 billion or 50% of core portfolio sales. Each has higher than average growth rates historically supported by long-term consumer trends and a requirement for complex packaging solutions. We are already winning in these attractive categories, and are now better positioned with enhanced scale, capabilities and solutions.

Turning to Slide 10. As part of the portfolio review, we have also identified several businesses with combined annual sales of approximately \$2.5 billion that are less aligned with our go-forward core portfolio for one or more reasons. They may have a different growth or margin profile, or that the business operates in an industry with relatively low barriers to entry, over Amcor may not see a clear pathway to becoming a leading supplier at scale.

For these businesses, we will explore alternatives to maximize value, which may include restructuring, partnership or JV ownership models, cash sales or a combination thereof. These actions will enhance focus on our core portfolio, result in higher levels of more consistent organic growth and create value for shareholders.

Our \$1.5 billion North America beverage business has been placed in this group. Over the next few quarters, we will execute against the work plan I mentioned earlier to strengthen the performance of this business before exploring alternatives.

We will remain disciplined as we work through these processes, and there is no definitive timeline for completion. However we do expect to make progress on some of the smaller assets in fiscal 2026.

Looking forward, and as you will hear from Michael, when he covers our fiscal 2026 guidance, Amcor is now a stronger business, and we are taking the right strategic actions to build on our foundation for creating long-term shareholder value. With that, I'll turn the call over to Michael.

**Michael Casamento:** Thanks, PK, and hello, everyone. Before getting into further detail of financial performance for Q4, a couple of things to note.

Firstly, a reminder that the reported Q4 financial results include three months contribution from the legacy Amcor business and two months contribution from the legacy Berry business.

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Second, as PK mentioned earlier, we moved swiftly to operate as a unified organization, making decisions and managing the business on a combined basis. This included optimizing our network by reallocating volumes to better balance supply and demand.

As a result, while both legacy businesses saw a similar overall volume performance in May and June, our volume commentary will be primarily focused on year-over-year performance on a combined basis.

Starting with the global Flexible Packaging Solutions segment on Slide 11, which includes Amcor's large-scale Flexible Packaging business and Berry's Flexibles business from the first of May 2025, volumes for the combined businesses were down approximately 1.5%.

By region, demand in North America was weaker than anticipated, with volumes down low single digit, primarily reflecting softer demand in unconverted film as well as in categories such as snacks and confectionary that can be a little more discretionary.

Across all other regions, volumes were broadly in line with the prior year, with continued growth across Latin America and Asia including in Brazil and China, offsetting modestly lower volumes in Europe. From an end market perspective, we delivered another quarter of solid growth across several focus categories. Health care, protein, including meat and dairy, and liquids delivered low to mid-single-digit volume increases, supported in part by market share gains and pet care was strong. These gains were more than offset by softer volumes in other categories including unconverted film, snacks and confectionary, and home and personal care, which generally fall into our niche application and nutrition value categories.

Overall, net sales increased by 18% on a constant currency basis, primarily driven by the acquisition of Berry along with favorable price/mix trends. Adjusted EBITDA of \$450 million was up 11% on a constant currency basis, largely driven by approximately \$50 million of acquired earnings net of investments, with the remaining variance reflecting an unfavorable price/mix, partly offset by cost benefits. EBIT margin remained solid at 14.1%.

Turning to Slide 12 in the Global Rigid Packaging Solutions segment, which includes Amcor's legacy Rigid Packaging business along with Berry's larger scale Consumer Packaging North America and Consumer Packaging International businesses from the 1st of May 2025.

Overall net sales increased by 121% on a constant currency basis, primarily driven by the acquisition of Berry.

Rigid Packaging Solutions saw similar combined volume trends to those I just mentioned for Flexibles, down approximately 2% and down 1% excluding North America Beverage. As noted earlier, our performance in the quarter reflects ongoing soft consumer and customer demand primarily in the United States. Outside of the U.S., volumes in Europe were in line with the prior year and modestly higher in Latin America.

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By category, volumes grew low single digits across health care, and Foodservice was in line with last year, offset by low single-digit volume declines within beauty and wellness and specialty categories. Volumes across a broad range of food and beverage end markets were in line with last year.

Adjusted EBIT came in at \$204 million, up 173% on a constant currency basis, and this was driven by approximately \$150 million of acquired Berry Global earnings net of divested earnings from the December 2024 Bericap joint venture sale, with the remaining variation largely reflecting lower North American Beverage earnings.

Turning to more details on North American Beverage. As mentioned, volumes came in below our expectations entering the quarter. In addition, we experienced operating challenges at high-volume sites, which resulted in elevated costs through the quarter including higher freight costs to service out of region supply, higher labor costs and lower fixed cost absorption. As PK mentioned, we have developed a detailed plan to address current challenges and have already taken a number of actions.

While we expect these measures will lead to better operational performance through fiscal 2026, we anticipate the cost base for North America Beverage will remain elevated in Q1. EBIT margin for Global Rigid Packaging Solutions was 10.9%, a new level of performance based on our acquisition of Berry.

Moving to cash and the balance sheet on Slide 13. Annual adjusted free cash flow of \$926 million was within the guidance range provided in April. As usual, cash generation and conversion was strongest in the fourth quarter of the year. CapEx for the year was \$580 million, up from last year, driven primarily by the addition of Berry for the two months.

We anticipate capital spending in the range of \$850 million to \$900 million in fiscal 2026, with associated depreciation expected to be slightly above CapEx levels. Turning to leverage. Leverage was 3.5x exiting the quarter, taking into account combined annual earnings, we expect leverage to fall to approximately 3.1 to 3.2x over the next 12 months. This excludes the benefit of any proceeds received from asset sales through fiscal 2026, which would enable us to delever further.

Looking ahead to fiscal 2026 on Slide 14, which, for the avoidance of doubt, does not reflect the completion of any portfolio optimization actions. We anticipate a year of strong EPS and cash flow growth, and we are confident we will realize significant synergies from the Berry acquisition.

We are not factoring in a meaningful rebound in consumer demand, which we believe is a prudent approach given the current macroeconomic environment and ongoing uncertainty surrounding tariffs and their potential impact on customers and end consumers. As such, we currently anticipate broadly flat volumes for fiscal year 2026. We expect adjusted earnings per

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share of between 80 to 83 cents per share on a reported basis, representing strong year-over-year growth between 12% and 17%.

Our confidence in delivering at least 12% earnings growth in FY 2026 is based on self-help in executing against our identified synergies of \$260 million. In terms of phasing for the fiscal year, we expect approximately 42% to 45% of earnings will be delivered in the first half, with more weighting to the second half, particularly Q4 as our synergy run rate will build through the year.

For Q1, we expect EPS to be between 18 and 20 cents per share including approximately \$35 million to \$40 million of pretax synergies, which represents 8% growth compared with adjusted EPS of 16.2 per share last year. We expect earnings from the combined base businesses to be broadly in line with the prior year based on our expectation that the demand environment will remain challenged.

From a cash flow standpoint, we expect free cash flow to double over fiscal 2025 to be \$1.8 billion to \$1.9 billion in FY 2026, which is after deducting approximately \$220 million of cash integration and transaction costs. Net interest expense is expected to be in the range between \$570 million and \$600 million, and we anticipate an effective tax rate in the range of 19% to 21%.

So in summary for me, we are excited about the opportunities ahead and confident in our ability to execute with discipline. With that, I'll hand back to you, PK.

**Peter Konieczny:** Thank you, Michael.

I want to leave you with a few closing thoughts prior to opening the call for questions. We have several levers under our control that will lead to strong earnings growth over the next several years.

We remain confident in our ability to deliver \$260 million in synergies this fiscal year and a cumulative total of \$650 million by the end of 2028, reflecting the strength of our integration strategy and execution.

We are taking definite actions that will improve the financial performance of our North American Beverage business, and through portfolio optimization, we are focusing the business on attractive nutrition and health markets, each and all of these contribute to creating a stronger business and long-term shareholder value.

Operator, we're ready for questions.

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### QUESTION & ANSWER:

**Operator:** Your first question comes from Matthew Roberts with Raymond James.

**Matthew Roberts:** On the potential beverage strategic considerations, now that's been officially announced, while the timing is uncertain, how could that impact the procurement synergies given that complementary resin buying was a portion of the buying power there. In the event there is an action taken, should we think of procurement savings as a similar dollar amount over the three years or maybe as a percent of revenue? Any considerations would be helpful there.

**Peter Konieczny:** Well thanks, Matthew.

I think the potential divestment of the North American beverage business will not have a material impact on our ability to generate the procurement savings. We spoke on several calls before that both legacy businesses have been strong buyers of different resin categories. Berry actually buys little PET material, whereas this is the major material for the North American beverage business. We should also keep in mind that some of the resin that we convert in the North American beverage business is actually tolled.

So on the back of that, we believe that the procurement savings that we are estimating, which are making up about 50% of the committed synergies, are not materially impacted. So in dollar terms, we are still expecting about \$650 million.

**Operator:** Your next question comes from the line of George Staphos with Bank of America.

**George Staphos:** PK, my question is on top line trends.

Can you talk a bit about why from what your customers are saying, you're still seeing such weakness in what should be stable to growing markets, especially markets that you think you're now gaining share in? So why are we not seeing better volume trends there? And for that matter, volume trends out of you, given that you're gaining share? And the related question, way back when Amcor was one of the, I think, first companies that did value-based pricing across its portfolio, to good effect, what opportunities do you see here about implementing the same thing across the Berry platform?

**Peter Konieczny:** Thanks, George. Two questions there.

Let me just make a quick note here so that I don't forget.

So first off, on the volume performance, maybe that gives me an opportunity to step back and shed a little more light and summarize the key messages again. Fourth quarter came in a little softer than what we expected and also sequentially softer.

That was essentially the miss against our expectations.

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We had expected the same volume performance in Q4 that we saw in Q3. When you take a look at the major underlying trends, it's really the weakness in North America that drove it. When we look outside of North America, we saw volume performance, which was broadly flat versus prior year.

We saw some growth in the emerging markets between LatAm and Asia Pacific, that was offset by just a tad of weakness in Europe.

So North America, the major source of weakness here. Both businesses have seen similar trends.

So exposure pretty much the same in North America to a weaker environment. That was driven by overall consumer sentiment in a macroeconomic environment that drives different buying behaviors and has seen consumers that are more value seeking, and that's what we are seeing from our customers who are pretty much broadly aligned with the volume trends that we are also seeing. So a lot of consistency, I think in the customer comments particularly in the U.S.

A final comment maybe, if I may, a little more of a softening on the Berry side than the legacy Amcor side, but don't forget, while the trends are the same, Berry has a higher exposure to North America and also is exposed a little more to industrial end market segments like unconverted film that have seen a bit more of an impact.

Sorry. Sorry, excuse me, I just want to add here, Michael saying there was a second part of the question was absolutely right. The value-based pricing. Just a quick comment on that.

Do we see opportunities for value-based pricing going forward? Absolutely.

In the context of our commercial synergy work streams, we're looking at deploying best practices from both sides of the legacy businesses. We believe that the value-based pricing that Amcor has worked on for many years in the past is an opportunity for us to look carefully at pricing across the Berry portfolio, and we're going to make use of that.

**Operator:** Your next question comes from the line of Anthony Pettinari with Citi.

**Anthony Pettinari:** I wonder if you could give any more detail on the \$1 billion under review that isn't the North American Beverage business, understanding those are smaller businesses from a geographic standpoint or a product standpoint or just sort of strategically, what characteristics do they have?

**Peter Konieczny:** Yes. Thanks, Anthony. Happy to do that.

First off, we're talking about 10 businesses that make up the \$1 billion. The businesses are pretty much distributed between the two legacy businesses.

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So you will find some of them in the legacy Amcor portfolio, you will find some of them on the legacy Berry portfolio.

In terms of the criteria that we have applied, let me just help you with that a bit, and I spoke about that, and some of those are summarized, I think, on Slide 10. We said, on a high level, in terms of headlines, do our businesses that we now have on a combined basis, do they have an attractive growth and margin portfolio? And that is obviously a consideration over the long term.

How do we like the industry structure that would include questions like, are we exposed to large markets? Do we have room to grow? What are the barriers to entry? And there's a couple of other considerations. And then the third one was scale and leadership where we said, do we have significant share in that category? Or are we large in that category as a combined Amcor, and/or another one would be do we have technology that positions us well in those categories?

Where businesses failed on one or a combination of these criteria, we put them aside and that makes up now the 10 businesses, plus North American beverage. These are businesses also where you could say they have an exposure to a more cyclical end market exposure, and that could be one criteria, or if it is, consumer packaging related, and therefore, a little more stable.

Think about a single market where we have an activity, but we're participating more than winning because we're not really positioned that well in that market. Where we take a decision where we say, look, in order for us to get to a #1 or #2 position in that market, we would have to deploy capital, which at this point in time we have other opportunities for which we would prefer. So that's how we got to the portfolio.

**Operator:** Your next question comes from the line of John Purtell with Macquarie.

**John Purtell:** Just further to an earlier question, just to clarify any market share shifts to call out as well as any -- just in terms of, I suppose, talking to the volume performance, any market share shifts to call out? And has there been any destocking by your customers that you've seen? Obviously that has been something that we've seen in the past.

**Peter Konieczny:** Yes. Thanks, John.

I'm going to keep it really simple here and try to help you understand market share shifts or share gains or losses, particularly given the volume performance is not the driver.

We're laser-focused on that, and we're really trying to understand well where the performance comes from. It really comes down to consumer and customer demand. Share is not the issue and neither is destocking. We have, a couple of quarters ago, seen a very structured and broad approach of our customer base to reduce inventory levels to more efficient lower levels.

We have literally gone through that. Even in the health care business, which was lagging this whole trend, we have significantly improved. I couldn't tie any of that back to destocking.

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Where we do see destocking, maybe on single customers, I would call that more either seasonally driven stock movements, which we have seen beforehand, too, or maybe their tactical inventory movements but nothing that we were seeing beforehand.

**Operator:** Your next question comes from the line of Arun Viswanathan with RBC Capital Markets.

**Arun Viswanathan:** Congrats on integration there getting started. Just looking at that \$260 million number, it looks like that's about \$10 cents per share of accretion next year. Maybe you can just put that in context. So does that kind of accelerate through the year, as you said, probably will be back half loaded. You already have achieved some headcount.

I guess, is that going to be the main driver. Maybe you can just discuss some of the logistics, actions and some of the other integration efforts you are going to undertake to achieve that 10 cents per share. And then I guess, how does that \$260 million, how does that proceed from there? Do you expect to be maybe at 80% in year 2? Or what should we think about how the synergies kind of come in?

**Michael Casamento:** Thanks. It's Michael here. I can take that one for you. So yes, you're correct. We called out \$260 million in our guidance as synergies, and that's right in line with what we've pitched from the start.

So we are reaffirming that and feel really confident around that. That's about 40% of the \$650 million, and we'd expect it into 2027, with another 40%, with 20% coming in year 3. That split of synergies in FY 2026, \$240 million of it is more cost related, and there's about \$20 million that we see in financial synergies in the interest and tax line there for you. The other point to note is that the \$260 million obviously is pretax. So from an EPS standpoint, it's about 9 cents per share.

So that's about the 12% baseline growth to get us to that bottom end of the range of 80 cents per share.

So again, we feel really confident in the ability to deliver that in the self-help there. Then if I just touch on where we think it's coming from. You're right. We've had a good start. We've taken out around 200 heads. We've already identified five sites for closure. And as PK mentioned, we've made good progress on procurement. So typically, though, what you see first is the general and admin costs tend to come in first. We'll get some procurement this year as well and, to a lesser extent, the footprint and grow synergies. And we're making really good progress on that.

So in terms of Q1, I called out, we think that the phasing there is going to be around \$35 million to \$40 million in Q1. That's around 15% of the total for the year. Probably, as you work your way through the half, we'll be more around 35%, which is about \$90 million. Then you'll get the balance in the back half of the year, as we exit strongly in Q4.

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The \$240 million cost that I called out, I'd say that's going to be largely G&A and procurement with a little bit of operational improvement and smaller gross synergies included in that.

**Operator:** Your next question comes from the line of Ramoun Lazar with Jefferies.

**Ramoun Lazar:** Just a quick one from me. If you could give us a little bit more color on the operational issues within that Rigid beverages business and perhaps maybe just quantify that impact.

**Peter Konieczny:** Yes. Ramoun, I'll be happy to do that. Let me start and then when it comes to quantification, I'll hand it off to Michael.

Look, I'm going to say very loud and clear. We're not happy with the performance of the North American Beverage business in the fourth quarter. If I summarize very simply what actually has happened, the business was very focused rightly so on taking cost out, particularly in the first half of the year in order to support earnings in an environment of lower volumes. As they then were approaching the fourth quarter, which in that business seasonally is the highest volume quarter, we ran into service issues for our customers. That had to do with the out-of-region supplies which drove higher waste levels and drove higher labor cost in the business. That is what happened.

We're not proud of it. Flexing our capacities with volumes is something that we're very familiar with. In that case, we have obviously done too much of that, but we're going to get that fixed. Now in terms of quantification, Michael, do you want to take that?

**Michael Casamento:** Yes. Look, I think just to put a bit of color around that, you can see from the results that year-on-year, if you exclude the Bericap impact because we know that was in the prior year, that was about \$7 million. If I take that out, the business was down in North America beverage primarily around \$20 million. So it was a reasonable decline versus the prior year.

To PK's point, we're not happy with that. It was really a combination of the labor. We started to build labor, and as we said, there's a couple of big plants where the volumes did increase, but we just couldn't operationally manage those through. So we incurred some higher labor, less fixed cost adoption, and we had some out-of-region freight to be able to service customers. So that really drove the decline for the high cost base versus the prior year. We're on it. PK touched on that. We're still expecting some elevated costs in Q1, and we'll drive improvement from there.

**Operator:** Your next question comes from the line of Michael Roxland with Truist Securities.

**Michael Roxland:** Congrats on closing the deal and all the progress. You're guiding to adjusted EPS of approximately 80 to 83 cents per share.

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What type of volume growth is embedded in that forecast? And relatedly, you also mentioned you expected an elevated cost base for North America Beverage to negative impact 1Q. How should we think about the impact that North American Beverage has on that EPS forecast through the balance of fiscal 2026?

**Michael Casamento:** Yes. Thanks, Mike. I can start there. Perhaps I'll take that for you. As I said in my remarks, from a demand environment, we're not anticipating any real improvement in the demand environment. We're still expecting volumes to be pretty subdued. So we're giving you a guidance range of 80 to 83 cents per share.

I think probably the underlying principle is that volumes are going to be flat. So you're not going to see much revenue growth on that front. Obviously if we see a better outcome than that, then that's one of those areas that helps us get to the top end of the range. If it was worse than that, we obviously can take some cost out and help manage that. So that's a way to offset that.

I think as I called out, I think from a North America Beverage standpoint, we will still see some elevated costs in the first quarter. That said, the underlying business again in Q1, and I touched on that, we are expecting volumes to be perhaps similar to Q4, maybe slightly better but nothing materially different. So we will manage the cost base with a strong focus in Q1, but we also get the synergy delivery. So we are expecting that \$35 million to \$40 million in synergies come through to about 8% EPS growth.

**Operator:** Your next question comes from the line of Keith Chau with MST Financial.

**Keith Chau:** Just a question relating to the North American Beverages business again. So sorry for belaboring the point, but quite clearly, it's been identified as an asset for sale, but also quite clearly, it's underperforming at the moment. So I just want to try and understand the process in a bit more detail. I mean obviously you'll be looking to divest or do something with that business when the earnings power is right. But what gives you a degree of confidence that there is a line of sight to improving business performance?

And clearly, you've mentioned a few aspects already. But if you think about the sales those measures, the day today's, what are the parameters that you're looking at before divestment?

**Peter Konieczny:** Yes, Keith, it's a good question. I will start out by saying these two things are -- actually, you should try to keep them apart. The operating performance of the business in a short period of time should not drive your strategic assessment of the portfolio. And so these are two things. So they're difficult to keep apart when you have the situation that we just had, right?

You make a strategic assessment and you see an operating performance of the business, which is not great. Now the way that we look at this in the current situation is we're going to focus, and I said that in my prepared comments, we're going to focus on stabilizing the business. And that will probably take a couple of quarters for us to get there. And I think that's the right thing to do.

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When you stabilize the business before we can realistically think about bringing this business to the market and will not take forever, but it will take a bit of time.

Once that is done, we will go forward and we will very quickly assess the alternatives that we have for this business. And this is something where, generally, for all of the businesses, we will have to look at a couple of stakeholders that we need to keep in mind.

First and foremost, I will say it's actually the customer. We will do nothing here across all of those 10 plus one businesses, 10 plus the North American Beverage business. We'll do that together with our customers because the customers will have to be supportive of everything that we do. And then obviously our owners and the shareholders and that will be a combination of a value consideration and a speed consideration. Because once you identify businesses that are noncore, you actually want to make progress against those.

So we have that also on the agenda. There's no question, and I think that covers it on my side.

**Operator:** Your next question comes from the line of Nathan Reilly with UBS.

**Nathan Reilly:** PK, I'm just curious, how are you thinking about the timing of potential growth investments or even share buybacks? Just noting, obviously you're targeting a reduction in your leverage. There's also potential there for divestments.

I'm just curious given an understanding how you're thinking about maybe target leverage in terms of those opportunities?

**Michael Casamento:** Yes. I can take that one, Nathan, if you like, it's Michael here. Thanks for the question. Yes. we're committed to the investment-grade credit rating. And we've said that as part of this transaction all the way along.

So for us, that means a leverage range of 2.5 to 3x. And as we talked about today, we're outside that range, which is in line with our expectations at this point in time. So the first thing we need to do is delever and get that leverage back into that range. So that will be the focus. And obviously the strong cash flow that we're generating in FY 2026 contributes to that.

You'll see a really good deleveraging down from the 3.5x we're at today, down more into that 3.1, 3.2x, and as I said in my remarks, that doesn't include any proceeds from portfolio optimization.

So if we were to get some proceeds there, we would, first and foremost, put that to deleveraging so paying down debt. Then once we're comfortably in that 2.5 to 3x range, we'll then start to think more about the capital allocation, particularly around share buybacks.

But as well as others, the industry at times comes up with, there will be some M&A opportunities out there. That still remains on the agenda, obviously because typically, we've

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obviously got to get through a fair part of the integration to start with. But as we work our way through that, they're typically bolt-on and small types of acquisitions. So we wouldn't discount those.

But clearly, first and foremost, we're focused on deleveraging and getting the balance sheet back into that 2.5x to 3x range.

**Operator:** Your next question comes from the line of Brook Campbell-Crawford with Barrenjoey.

**Brook Campbell-Crawford:** Just one on Berry and accretion. I guess back on the last results call we talked about being 1 cent per share accretive in the June quarter.

So just how should we think about that for FY 2026, I guess, accretion on the deal before synergies? And can you comment on the magnitude of the EBIT performance, I guess, probably decline in Berry in May, June '25 with the PCP?

**Michael Casamento:** Yes. I can start on that one. Yes, look, the Berry combination did have some contribution to our EPS in the quarter, it was, call it, 0.5 to 1 cent per share, which is what we kind of referred to back in April. It's always going to be a factor of the income versus the share count and how that flows through. What I can tell you is the 71.2 cents per share we reported that's pretty much the combined. If you look at it on a combined basis, it's a pretty similar number.

So that's where we start from. As we look forward, we feel pretty good about the 12% base, 12% to 17% EPS growth that we're guiding to next year. A significant part of that is the accretion from the synergy delivery. So we feel pretty good about where that's coming from and the contribution there.

In terms of the EBIT performance of Berry or the performance generally, it was pretty similar to what Amcor saw. So you heard PK touch on the volume. Notwithstanding Berry doesn't have an exposure to the North American beverage business. But outside of that, volumes were pretty similar to Amcor, down slightly, predominantly in North America.

At the net income line, we are off about 4% or 5%, and I think that's a good proxy for where Berry was at.

**Operator:** Your next question comes from the line of Jakob Cakarnis with Jarden.

**Jakob Cakarnis:** I just wanted to go to Slide 22, if I could, please. Michael, you might be able to help with this one. There's an adjustment to the statutory to adjusted EBIT. It says it's an inventory step-up amortization. It's on Note 2. Its value is \$133 million.

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Could you just take me through what that is, please? Obviously there's only a modest period for that included in fiscal 2025. Can you just take me through how that might look also in 2026, please?

**Michael Casamento:** Yes. Look, that's just the standard purchase profit accounting adjustment. That's all there is. It's for two months. It's all done. There's nothing further to come in 2026.

I guess the point I would say is we just remember that the opening balance sheet and the numbers that we put here, I mean it's -- the PPA is purchase price accounting is an estimate based on the information we have at the time. And obviously that that does get updated or we can update that in the first 12 months.

So I think all that does is brings that particular entry you're referring to really just brings the inventory in line with market value. And that's a pretty standard adjustment that you're seeing particularly when you've got a deal of this size.

**Operator:** And that concludes our question and answer session. I will now turn the conference back over to Peter for closing comments.

**Peter Konieczny:** Well thank you, Operator. And thank you, everybody, for joining us. I want to keep it maybe at the end, really simple here. We're pretty confident. I think we're moving pretty fast. We should not forget that we closed this acquisition in five months. We're 100 days into in now and feel really good about the synergies.

We've got some challenges that we're not proud of in North American Beverage, but we're responding to it, and we're pretty confident about 12% of growth in fiscal 2026.

So look forward to the opportunity sitting down with you or many of you over the course of the quarter. Thank you very much. And that concludes the call.

**Operator:** Ladies and gentlemen, thank you for your participation in today's call. And you may now disconnect.