



Amcor Plc

Amcor 2Q and Half Year Results fiscal year 2026
5.30pm ET, 3 February 2026 / 9.30am AEDT 4 February 2026

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TOTAL PAGES: 21

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PRESENTATION:

Operator Thank you for standing by. At this time, I would like to welcome everyone to today's Amcor Fiscal 2026 second quarter Earnings Call. (Operator Instructions) And I would now like to turn the call over to Tracey Whitehead, Head of Investor Relations. Tracey?

Tracey Whitehead Thank you, Operator.

Thank you, everyone, for joining Amcor's Fiscal 2026 second quarter Earnings Call. Joining the call today is Peter Konieczny, Chief Executive Officer; and Steve Scherger, Chief Financial Officer. Before I hand over, let me note a few items.

On our website, amcor.com, under the Investors section, you'll find today's press release and presentation which we will discuss on this call. Please be aware that we'll also discuss non-GAAP financial measures and related reconciliations can be found in those documents on the website. Remarks will also include forward-looking statements that are based on management's current views and assumptions.

The second slide in today's presentation lists several factors that could cause future results to be different than current estimates. Reference can be made to Amcor's SEC filings including our statements on Form 10-K and 10-Q for further details. Please note that during the question and answer session, we request that you limit yourself to a single question and then rejoin the queue if you have any additional questions or follow-ups. With that, over to PK.

Peter Konieczny Thank you, Tracey. Thank you, to everyone joining us. I'm pleased to welcome you today to discuss our fiscal 2026 second quarter results. This is a transformative and exciting time for Amcor. Our acquisition of Berry created a global leader in consumer packaging and dispensing solutions. We are realizing the benefits of this combination and executing well, resulting in strong momentum towards achieving our fiscal 2026 commitments. With a strengthened platform and a clear growth roadmap, Amcor is well positioned to deliver significant long-term value for shareholders.

Before turning to today's key messages, as always, we will start with safety on Slide 3. The well-being of our colleagues is a core value for Amcor and our commitment to safety remains unwavering. For Q2, our industry-leading safety performance continued with Amcor's total recordable incident rate at 0.52. This is a modest increase compared with last year's performance which is not unusual when we acquire a business.

We have moved quickly to drive safety performance across our combined business and are pleased to see this key metric improve compared to the September quarter. Additionally, 79% of all Amcor sites remained injury-free through Q2.

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Slide four highlights the key messages for today aligned with our near-term priorities which have not changed, continuing to deliver on the core business, accelerating synergy realization and further strengthening the business through portfolio optimization actions. Each and all these near-term priorities are contributing to setting Amcor up to deliver solid and sustained volume-driven organic earnings growth over the mid-to-longer term.

First, our financial performance in the second quarter was in line with the expectations we set out in October, maintaining momentum toward our full year objectives. Adjusted EPS was up 7% for the quarter and 14% for the first half as we continue to execute well against our priorities and our market opportunities. Across our core portfolio, comparable adjusted EBIT was up 7%, driven by synergy benefits and in line with the prior year, excluding synergies. This reflects the successful effort of our teams to fully offset the impact of lower volumes with cost and productivity benefits. Our continued solid execution demonstrates the resilience of our business and the capability of our people in what continues to be a challenging and dynamic market environment.

Second, synergies were at the upper end of our guidance range, with benefits accelerating to \$55 million in Q2 and totaling \$93 million for the first half. The expanding synergy pipeline, combined with our proven integration track record, reinforces our confidence in delivering at least \$260 million of synergies in fiscal 2026.

Third, we have reaffirmed our financial guidance for the fiscal year, updating our adjusted EPS expectations to \$4.00 to \$4.15 per share to reflect the recent one for five reverse stock split. We remain on track to deliver double-digit EPS growth in fiscal 2026 and to double free cash flow versus fiscal 2025, primarily driven by delivery of identified synergies and productivity gains. And lastly, our identified portfolio optimization actions are advancing well and at pace. In a relatively short period of time we've made meaningful progress evaluating alternatives for our \$2.5 billion of noncore businesses including the North American Beverage business. We believe these focused actions will position us for stronger, more sustainable long-term growth.

Turning now to Slide five and financial performance for the second quarter and first half. In absolute dollar terms, the business generated strong quarterly revenue of \$5.4 billion, EBITDA of \$826 million, and EBIT of \$603 million. This is significantly higher than the prior year as a result of the Berry acquisition, disciplined cost management, improved productivity and accelerating synergies. Adjusted EPS has also been updated to reflect the reverse stock split.

We delivered 86 cents per share for the quarter, in line with our expectations including a onetime favorable tax benefit offset by weaker performance in our noncore business portfolio, which we expect will improve in the second half. Free cash flow was \$289 million for the quarter after funding approximately \$70 million of acquisition-related cash costs.

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Today the Board declared a quarterly dividend of 65 cents per share which is up over the prior year and continues our long-term commitment to annualized dividend growth.

Overall, these results are aligned with our expectations eight months after a transformational acquisition, and demonstrate our ability to execute against our commitments. Taking advantage of a unique opportunity to optimize the portfolio was one of the key commitments we highlighted when announcing the acquisition.

As shown on Slide 6, our \$20 billion core portfolio represents the strongest part of the combined business. The core portfolio includes our six focus categories, namely healthcare, beauty and wellness, protein, liquids, foodservice, and pet care. This is where we hold leadership positions, where innovation drives differentiation and value, and where long-term consumer demand is most durable.

These categories reflect the markets where Amcor has a distinct competitive advantage. When viewed on its own, the core portfolio has a stronger financial profile and outperforms the total company across all key financial metrics including volumes.

In the second quarter, our estimated core portfolio volume performance was approximately 100 basis points better than the total combined portfolio. Volumes for the core business were approximately 1.5% lower than the prior year, similar to the first quarter, with market dynamics remaining largely unchanged. Growth across our focus categories modestly outperformed the broader portfolio in both segments.

Adjusted EBIT margins of approximately 12% also reflect a higher concentration of advanced solutions, improved mix within our core portfolio, and synergy benefits. Adjusted EBIT dollars were up approximately 7%, largely reflecting synergy benefits.

Excluding synergies, we held earnings flat with the prior year in a market with modestly declining volumes. This is a solid result achieved through a focus on the cost and productivity levers within our control. Likewise, as mentioned earlier, our portfolio optimization actions are advancing with pace. We are making strong progress exploring alternatives for the remaining \$2.5 billion of noncore businesses including encouraging discussion related to the North American beverage business. We believe these actions will ultimately ensure resources are allocated to the highest value opportunities within our core portfolio.

Slide seven shows Q2 synergies continue to accelerate as expected, resulting in \$55 million of benefits in the quarter, at the upper end of our expected range and \$93 million in the first half. G&A synergies reflect organizational redesign, system consolidation and simplification efforts across corporate support functions. We remain on track and have reduced headcount by over 600, consistent with our integration roadmap. As expected, procurement synergies continue to

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ramp up as we consolidate spend, harmonize specifications and align pricing across the combined supplier base.

Negotiations and agreements with our major vendors are on track, underpinning our confidence in delivering \$325 million in procurement synergies by the end of fiscal 2028. Financial benefits are also flowing through as expected, reaching approximately \$10 million through the first half as we continue to execute and optimize our debt and tax structures.

Additionally, we are gaining traction on operational synergies with approximately 20 site closures, and four restructures approved or announced. These synergies, as expected, will primarily materialize in years two and three of our synergy realization timeline.

Growth synergies have also been strong. We're gaining momentum as customers validate the value we bring through our expanded footprint and integrated product offerings to meet complete and complex packaging needs. Annualized sales revenue from business wins directly linked to our combination with Berry now exceeds \$100 million, a strong start to our original 3-year target of \$280 million. We expect delivery against these wins will commence in the second half of fiscal 2026.

Adding another example of those we discussed last quarter, our strengthened supply chain and multi-format capabilities have enabled us to support a major global pharmaceutical customer as they launch a solid oral dose GLP-1 therapy drug. This is an exciting win that will benefit both segments through supply of blister packaging in Europe and rigid containers in the U.S.

Overall, our teams are executing well against our proven integration playbook. We remain confident in our ability to deliver at least \$260 million of synergies in fiscal 2026 and a total of \$650 million of synergies through fiscal 2028.

Before turning the call over, I'd like to take a moment to formally welcome Steve Scherger, who joined us as Amcor's CFO nearly three months ago. Steve has spent his early days deeply engaged, meeting with our executive team, immersing himself in our business and getting a clear line of sight into our priorities and opportunities. He brings deep industry experience and a strong understanding of both the U.S. and global packaging markets, and we are excited to have him onboard.

We're fortunate to have an executive of his caliber and reputation join our leadership team, and we're confident that his insights and experience will further strengthen our ability to deliver value for our customers and shareholders in the years ahead. Steve, over to you.

Stephen Scherger Thank you, PK, for those kind words. It is an honor to be here with you and our 70,000 colleagues. In my first few months at Amcor, I've had the opportunity to meet teams from across the organization and around the world, gaining a deeper understanding of the

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operational and strategic priorities that will drive and shape significant value creation for years to come. What has stood out most is Amcor's clear market leadership, disciplined approach to creating value and the exceptional quality and capabilities of the people who drive performance globally every day.

This quarter, as you can see, we are sharing some additional materials and analytics with you to help provide a clearer view of our underlying market trends and the exceptional global consumer packaging platform we are building. I look forward to continuing to share our strategic priorities with current and potential investors in ways that will simplify and quantify our compelling value creation model. I look forward to partnering with our global leadership team as we build momentum and deliver strong results for our customers and shareholders. Let me start with the global Flexible Packaging Solutions segment on Slide 8.

Sales for the segment increased 23% on a constant currency basis, driven primarily by the Berry acquisition. On a comparable basis, volumes were down approximately 2% and were similar to what we experienced in Q1 in all regions. In the developed regions of North America and Europe, volume trends were consistent with the first quarter, down low to mid-single digits, with Europe remaining modestly more challenged than North America. Volumes across emerging markets were as expected with low single-digit growth in Asia Pacific, offset by modestly lower volumes in Latin America.

By market category, Volumes were higher in pet food and meat proteins. This was offset by lower volumes in other nutrition, liquids, and unconverted film and foil. Overall, our focus categories performed modestly better than the rest of the portfolio. Adjusted EBIT rose 22% on a constant currency basis to \$402 million, driven by approximately \$65 million of acquired earnings net of divestments. On a comparable constant currency basis, adjusted EBIT was up approximately 1%, and adjusted EBIT margin of 12.6% reflects accelerating synergy benefits in line with our expectations. Excluding synergies, comparable earnings were broadly in line with the prior year. Our teams remained resolute in their focus on disciplined cost performance and driving productivity improvements to offset the unfavorable impact of lower volumes.

Turning to Slide nine and the Global Rigid Packaging Solutions segment. Sales for the segment increased significantly on a constant currency basis, mainly as a result of the Berry acquisition. On a comparable basis, volumes were flat with the prior year, excluding noncore businesses. This represents a sequential improvement of approximately 1% or 100 basis points, driven by improved growth in emerging markets, where volumes were up low single digits, primarily in Latin America.

In developed market regions, excluding noncore businesses, North America volumes were flat compared with the prior year. As expected, volumes in Europe remained somewhat challenged and were down low single digits.

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Similar to the Flexibles segment, focused categories performed better than the rest of the broader portfolio with growth in the pet food, protein, and beauty and wellness markets. This growth offset softer volumes in the foodservice and healthcare markets.

Adjusted EBIT was \$228 million, up over last year on a constant currency basis, driven by approximately \$165 million of acquired earnings net of divestments. On a constant currency comparable basis and excluding noncore businesses, adjusted EBIT was up 15% as a result of accelerating synergy benefits. Excluding synergies, adjusted EBIT was in line with the prior year with disciplined cost performance offsetting modestly unfavorable mix. Adjusted EBIT margin, excluding noncore businesses, improved approximately 200 basis points and was 12%, similar to the Flexibles segment, underscoring the strength of the business we are creating with this transformational acquisition.

Moving to Slide 10. Free cash flow for the quarter was \$289 million, resulting in a first half cash outflow of \$53 million, in line with expectations. First half capital spending was \$459 million, up compared with the prior year as anticipated. We continue to expect fiscal 2026 capital spending to be in a range of \$850 million to \$900 million. Adjusted leverage exiting the quarter was 3.6x, consistent with the seasonal cash flow patterns. We expect stronger cash flow in Q3 and continue to expect adjusted fiscal year-end leverage to be in the 3.1x to 3.2x range.

Our commitment to an investment-grade credit rating, a strong balance sheet and a modestly growing dividend annually remains unchanged. Strong annual cash flow generation fully supports our capital allocation priorities.

Turning to Slide 11 and our financial guidance. Another quarter of results in line with expectations reinforce our confidence in delivering a year of strong adjusted EPS and cash flow growth. As PK noted earlier, we are reaffirming our full year guidance ranges today. Adjusted EPS expectations remain unchanged, while noting the range has been updated to a range of \$4 to \$4.15 per share, reflecting our recent one for five reverse stock split.

Our expected year-over-year adjusted EPS growth of 12% to 17% is primarily driven by synergy capture in line with our commitments and continued strong cost control as we execute in a challenging market environment. These actions, combined with the portfolio optimization steps PK covered earlier, will position us well to deliver sustained volume-driven organic growth over the mid to longer term.

We are also reaffirming free cash flow guidance of \$1.8 billion to \$1.9 billion. Relative to the first half of the year, our guidance implies a step-up in earnings in the second half, in line with our expectations, driven by three key components. First, synergy benefits will continue to build. Second, seasonality is typically stronger in the second half of the year; and third, performance across our noncore businesses is expected to improve, supported by recently renegotiated customer contracts and improved operating performance compared to the prior year.

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Looking to the third quarter, we expect adjusted EPS to be in the range of 90 cents to \$1 per share including realization of approximately \$70 million to \$80 million of synergy benefits.

Please also draw your attention to supplemental third quarter and updated full year guidance metrics in the appendix section on Slide 14 which should be helpful when updating financial models.

In summary, we are executing well and delivering against our commitments as we continue to take steps to further strengthen the business and our performance. With that, I'll hand the call back to PK to close out.

Peter Konieczny Thanks, Steve. In closing, we are making tangible progress across all three of our strategic initiatives. These actions support our long-term organic growth objectives, translating into sustainable, volume-driven earnings growth over the mid- to longer term.

As we close out the first half of fiscal 2026 and look ahead, we are pleased with our progress. We're executing well. Our financial performance is in line with expectations, and we are delivering against our commitments, demonstrating the resilience of our business in a challenging market environment. We are on track to deliver at least \$260 million of synergies this fiscal year and \$650 million over three years. We have reaffirmed our fiscal 2026 adjusted EPS and free cash flow guidance, and portfolio actions are progressing with pace. That concludes our prepared remarks.

With that, Operator, please open the line for questions.

Operator (Operator Instructions) It looks like our first question today comes from the line of Ghansham Panjabi with Baird.

Ghansham Panjabi First off, Steve, congrats to you and welcome back. Best wishes in your new role. I guess PK, in terms of the volumes or, Steve, for that matter, in terms of your expectation for volume for the next two quarters which is your fiscal year '26, just share with us in terms of what you're embedding in terms of volumes between the two segments? Have you seen any improvement in your production backlogs or any other forward indicators that you track?

I'm just asking because some of the CPGs that have reported thus far have said some generally speaking, very favorable things as it relates to volumes and pivoting towards volume velocity in fiscal year '26. I'm just curious if you've seen any impact of that whatsoever at this point.

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Peter Konieczny Yes. Thanks, Ghansham. I'm happy to give you some color and then maybe Steve wants to follow up and then provide some context with regards to our financial expectations.

Well generally speaking, I'd say we're approaching the back half not much different from what we saw in the first half. Therefore the commentary is even very much aligned with what we said in November. I'll start with the positives.

I think we're making good progress on the revenue synergies as we pointed out in our prepared comments, and we are very much focused on the growth initiatives that we're driving across the business. So those could potentially provide some upside, but the reality is we're operating in a market that is low single digits down. While everybody is hoping that the environment will turn in the short term in the second half, we're approaching it very much consistent with what we've seen in the first half. What that means is we will continue to apply the same recipe in terms of focusing on cost, flexing the organization in accordance with the volume demand that we're seeing. So we do see some opportunity for improvement in the back half, but we're hoping for the best and planning for something that's very much consistent with the first half. Steve?

Stephen Scherger Yes.

Thanks, PK. And just to add a little bit to that, Ghansham.

Our guidance assumes really at the bottom half of the guidance, if you will, assumes a market environment similar to what we've been experiencing, so similar to the 1.5% that we were down in the quarter. So really the bottom half assumes consistent volume environments. And as PK said the upper half would be more aligned with the possibility of more positive activity with our customers as well as the capture of revenue synergies and the work we're doing to gain position.

Operator Our next question comes from the line of Jakob Cakarnis with Jarden Australia.

Jakob Cakarnis I just wanted to focus now that we've got the guidance for the third quarter, more on the fourth quarter and exit rates, if we could. Seasonally, it looks like your EPS historically has been about 30% of the full year in that fourth quarter.

It looks like the guidance is largely congruent with that sort of shape for the result. Can you just give us outside of volumes and market performance, some of the initiatives you're enacting through the fourth quarter that give you confidence around that guidance, please?

Stephen Scherger Yes. Jakob, this is Steve. Maybe just trying to take you through the first half, second half and then a little bit third quarter, fourth quarter.

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As we look first half, second half, I'll focus on EBIT improvement. Really, there's three things that will drive first half, second half EBIT improvement. One is just seasonality, a little bit of what you were just talking about. We should see about \$100 million of EBIT improvement first half to second half just seasonally which would be consistent with historical expectations.

Synergy growth is very important, first half to second half, the 'at least' \$260 million of synergy for the year is another \$100 million of improvement first half to second half. Then I'm sure we'll talk a little bit more about our noncore businesses, the \$2.5 billion of noncore. We'll see improvement first half to second half there as well particularly given the challenging second quarter that we saw with our noncore businesses, primarily the North American Beverage business.

Q3 to Q4 improvement, to your question, that too, synergy capture will continue to accelerate Q3 to Q4. Our noncore businesses, we should see improvement Q3 to Q4. Then one of the things that we'll see in Q4 specifically on a year-over-year basis is a year ago in Q4, we had some challenges with our North American Beverage business, and we have more confidence that Q4 year-over-year, we'll see improvement on that front.

So just a little bit of first half, second half and third quarter, fourth quarter for you. I hope that helps with the context.

Operator Our next question comes from the line of Anthony Pettinari with Citi.

Anthony Pettinari Just following up on Ghansham's question in terms of the volume performance in the first half and maybe the embedded assumptions for the second half. I mean do you think in your major categories, is your volume performance basically in line with the broader industry? Do you think that you're gaining a little bit of share? Or conversely, are you letting go of some business that's maybe become less profitable?

Peter Konieczny Yes. Thanks, Anthony. I think I'll have a go with this one. Let me just run you through the numbers again to calibrate and at the same time give you a bit of color.

So the overall company in the second quarter was down 2.5% on volumes, and that would have been a performance that's very similar to the first quarter. When you take a really hard look, you probably see a performance that is marginally better than the first quarter. But I'd be cautious to read too much into that just because I would like to see a bit more of a trend here and also the numbers are not that much different. So very much in line, I would say volume performance wise for the first quarter.

Now let me dive into that a little bit more. And by doing that, I'll focus on the core portfolio. So now I'm talking about the \$20 billion out of the \$23 billion of the company. The core portfolio is 1.5% down. That's about 100 basis points better than the overall business, and the delta,

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obviously is made up by the noncore part of the business. But the core is 1.5% down. If I go into the segments between rigids and flexibles, again both have been very similar to Q1, flexibles down low single digits, rigids flat. Happy with that. We're happy with the flat performance of rigids. I guess what we're seeing there is that North America is holding up. We're seeing some growth in LatAm, and I would like to believe that that's a combination of market improvement maybe, but also the efforts that we're investing in the business in order to improve the volume performance overall. So we're happy with the Rigids performance.

If I go by region, North America encouraging, as I said, low single digits down, a little better than Q1. Europe is a bit weaker than North America across both segments. We're seeing growth again in the emerging markets, low single digits after we've been flat in Q1.

Then I'll make one more comment which is important because we keep referencing the focus segments of the business which are more than 50% of the core business. And collectively, those focus segments have outperformed the core business overall, and we're happy with that. Pet Care was certainly a standout example. We've seen high single digits growth over a couple of periods now. There, I would say we probably are gaining some share. Meat proteins has likewise been a category we're happy with, with low single digits growth, and that would be consistent with the efforts that we've put into the category in the past. So I think that gives you some color.

Operator Our next question comes from the line of Brook Campbell-Crawford with Barrenjoey.

Brook Campbell-Crawford It was just on the second half implied earnings improvement which you've already kind of talked through there. But just with respect to the noncore portfolio. Can you provide some EBIT numbers in terms of what we should expect for the improvement in the noncore EBIT contribution in the second half versus the first half will be super helpful?

Peter Konieczny Yes, Brook, again this is PK. Let me provide some color and then Steve can help you out on the numbers. The noncore business, we believe, had a tough quarter in Q2, and that was mostly driven by volumes. Sequentially, Q2 was a little weaker than Q1, particularly in the North American beverage business. I would say we've been looking for explanations and signs. We've been looking at destocking activities. But in the core portfolio of our business, I would say I couldn't see any destocking impact. In the noncore business, there may have been some targeted destocking. So that may have been one of the reasons that drove the volume performance down.

The other two things that I want to tell you is, operationally, we operated well in the noncore portfolio. That relates back to some challenges that we had in prior periods, but we exited the first quarter already saying that we were okay with that, and I can confirm that in the second quarter. Making these comments also in terms of the outlook into the second half.

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The thing that's changing going forward for the noncore business is that we've also sat down with a number of our customers, and we have looked at the commercial terms of our contracts and really in a real partnership basis, we have been able to adjust some of those terms on a very fair basis which will improve the business going forward. So that gives me confidence. We're operating well in the back half. That's our assumption. Commercial terms have improved, that will give us a lift. Then we'll have to see what the volume situation is like.

But certainly, Q2 versus Q3, I would expect a bit of a lift, if I'm correct with my assumption that we do have some destocking.

Stephen Scherger Yes. Brook, this is Steve. Just to kind of add some of the facts there to what PK was describing. As PK mentioned, Q2 was a difficult quarter for our noncore businesses, EBIT margins in the 3% range. That was really where we saw some of the headwinds, the \$30 million of year-over-year headwind, was in the context of our overall still growing EBIT at the company level. First half EBIT margins for our noncore business, roughly the \$1.2 billion of top line in the 5% range. So that's just kind of speaks to the first half.

As we look to the second half, as PK mentioned, new contractual terms, better pricing, good operating environment, we should operate EBIT back into more traditional levels which is more in the 7% to 8% range. First half to second half would be about a \$50 million improvement in that business which is really the third component we were talking earlier of first half to second half improvement relative to the North American beverage business in the context of the total noncore businesses.

Operator Our next question comes from the line of George Staphos with Bank of America.

George Staphos Steve, good to hear you, welcome back. PK, thanks for the details as well. I guess my question is the following. Can you talk about, especially in your focus categories and flexibles, what the exit rate on volume was from fiscal 2Q into fiscal 3Q? Where are you seeing perhaps some acceleration or decline?

The sort of related question behind the question, when I look at the segment results for flexible on Slide 8, I know you're pleased with the synergies and certainly that's going well but there was really not a lot of operating leverage, a lot of earnings growth ex the acquisition. I'm assuming it's the core businesses being down in volume. So if you could talk about the exit rates on your focus categories in flexibles, what's doing well? What's not? And what kind of the mix effect of declining volume was in 2Q for flexibles?

Peter Konieczny Yes. Thanks, George. Let me give this a try and then Steve can follow up if he can add some additional value. So exit rates of the focus categories, I'm not a big believer of dissecting a quarter into beginning, middle, and end and sort of talking about the volume performance in a very short period of time and read too much into it.

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But what I can tell you is, and I made this comment, the focus categories collectively outperformed the core business in the second quarter. The core business was 1.5% down. The focus categories were anywhere between 50 and 100 basis points better than that. So that gives you a bit of a flavor of how the focus category performed.

Now as to the performance between the six, I made a couple of comments already. I guess on the positive side, Pet Care really strong, and I went as far as saying in an earlier question that I think we are gaining share in Pet Care. Meat protein was up low single digits, so we like that. Dairy was a little softer, and meat and dairy together make up protein. Then if I go to health, beauty and wellness, healthcare was down just a tad.

You would wonder why that is, but if you look at the quarter, again short period of time the U.S. flu season was a little weaker. That sort of is a bit of a driver. Beauty and wellness was in line with growth in Europe, and a little weaker in Asia. The rest of the focus categories are sort of in the range of low single digits down, maybe foodservice a little more which is a reflection of the value-conscious behavior of the consumer. That sort of speaks to the mix between the different categories. Steve, is there anything you want to add?

Stephen Scherger No. The only thing to add there, George, to your segment component of the question. I think if you look at the flexible segment, the Page 8, kind of the lower left, overall, volumes were down 2%, as we mentioned, in the Flexibles segment, while EBIT was up 1%.

Synergy capture in the Flexibles business this quarter was about the \$10 million range, so only \$10 million of our \$50 million of EBIT synergies. So actually, the EBIT on a comparable basis, up roughly \$5 million synergies plus \$10 million, the core business actually operated pretty close to flat, just down very modestly.

So I think the core, we're actually very pleased with how the core business performed in a modestly down volume environment, where we really saw the positive benefits on the Rigids segment in the lower left excluding the noncore businesses which we mentioned were down \$30 million on a year-over-year basis, was actually up 15%.

So to put that into context, it's about \$35 million, and \$30 million of our \$50 million of EBIT synergy capture was in the Rigids segment because given that's where the Berry business primarily is, we saw a lot of our G&A and a lot of our procurement synergies captured there.

And there too, excluding that, the core business performed quite nicely, flattish in a flat volume environment. So that's just to give you a little bit of the details on the segment side.

Operator Our next question comes from the line of Niraj Shah with Goldman Sachs.

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Niraj Shah Just double-clicking on synergies. Can you give us some color on the split between G&A and procurement in the second quarter? I think it's skewed to G&A in the first quarter, but also how you expect that to look in the second half and how the conversations with the suppliers are progressing as well please?

Stephen Scherger Yes. I can touch on that, and PK can add some color there. Of the \$50 million of synergy capture, EBIT synergy capture for the quarter, it split actually quite evenly between procurement synergies and G&A. So it was those two categories. The \$55 million that we mentioned, the incremental \$5 million are the financial synergies kind of more on the interest and tax side, so pretty evenly split between procurement and G&A.

As we look forward, we'll continue to be on path relative to procurement and G&A synergies. We're not expecting much in the form of revenue synergies in the second half of the year. That will be mostly positive that we're going to start to see in fiscal 2027, so post June of this year.

We'll also start to see some of the operational synergies. That's really where we've been investing for facility improvement and consolidation. Those synergies will start to ramp up as we look past this year's fiscal year-end. So hopefully, that gives you a little bit of the detail there.

Peter Konieczny Yes. Maybe in terms of the color on the procurement side, what I can tell you is that, generally, we feel really good about the synergy ramp-up and also the pipeline that supports our expectations for the back half of the year. Steve already said, what hits first is G&A. What then comes second is procurement as you wash through the inventory. Anything on the network takes a little more time because it typically has to do with plant restructurings or closures and the commercial side, while awarded takes a moment for it to also come through.

That's sort of the background to Steve's commentary of the true support on the procurement side, look, we have a number of conversations with our suppliers, obviously. About half of the total synergies that we're expecting of the \$650 million are procurement related. The conversations have gone well and to an extent that, again we feel very confident about our ability to deliver the synergies. If procurement wouldn't perform, we couldn't get there just because of the weight in the portfolio. So we feel very good about that.

Operator Our next question comes from the line of Jeff Zekauskas from JPMorgan.

Jeffrey Zekauskas Sort of a two-part question. Is the conclusion that we should draw from Slide 6, is it that the noncore businesses have very minimal EBIT? And secondly, on your raw material synergies, are the raw material synergies independent of the general level of raw material values? So in other words, in a world in which oil falls in value and we've seen polypropylene prices fall and polyethylene prices fall, is the amount of synergy capture simply smaller? And in a world in which raw material prices really rise, would it be higher? Or is it independent of commodity changes in value?

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Stephen Scherger Yes, Jeff, maybe I'll start on the noncore, and I'll just go back to what we mentioned a little bit earlier, just on the margin profiles. You touched on it. Our noncore businesses, the \$2.5 billion operated through the first half at about 5% EBIT margin. So think EBITDA in the just sub-10% range. That was below traditional levels, mostly because of a very difficult Q2, as we mentioned, down at 3%, some of the significant volume decline that we saw there, high single digits during the quarter.

We do expect that EBIT margins will return to more normalized levels for our noncore businesses in the second half. We're getting, as PK mentioned earlier, better contractual terms, better pricing, more volume commitments, and they would be in EBIT margins more in that 7% to 9% range. As we've talked before they are below the averages for the company and obviously have a different growth trajectory which is one of the critical reasons why strategically we're committed to exiting from them.

So that's just a little bit of the fact base on that front. I'll let PK add on the raw material side. I'd say those savings tend to be more volume-driven generally but PK?

Peter Konieczny Yes. I just want to provide some context here for the scale, Jeff, and break that down a bit. We've got to remember that our procurement spend is about \$13 billion, of which \$10 billion is raw materials and \$3 billion is indirect. Out of that \$10 billion of the raw materials, \$5 billion, 50%, is resin-based, and the balance is in solvent, adhesives and a number of other things.

So the first thing I'd say is we tend to believe our synergies are more than resin-based synergies. It's a lot broader than that. We need to remind ourselves of this, also in terms of the scale of our procurement spend to start.

Now in a world where raw material input pricing comes down, and we had this conversation several times on earlier calls, the question is how big of an influence does scale of our operations have, just the sheer volume that we're able to offer to suppliers. It's had an impact in a situation where you're struggling for volumes, big buyers that can offer volumes can make a difference, and we're seeing that.

But if we take that plus everything else that we're doing on the procurement side, we get to the synergy expectations that we are confirming today, and that we feel very comfortable with.

Operator Our next question comes from the line of Ramoun Lazar with Jefferies.

Ramoun Lazar Just another one, just on the volume, PK, if you could maybe comment on how you see your customers performing in the context of the overall market. I know previously you've called out market share losses by some of your customers. Do you think those

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customers have stabilized their share in the end markets? And just keen to see how you're seeing that progress through the year.

Peter Konieczny Yes, Ramoun, I mean it's not for me to comment on our customer performance, and that's not your question. I know that. So I'll kind of best answer that. The first thing that I would say is we have always been and we are particularly now after we've done the acquisition, very broad, and we have a very broad exposure to a number of different customers and customer groups.

So broad participation, therefore our performance should roughly be what the market actually offers, right, unless we can outperform and we're trying to outperform. We have good reasons why we believe we can outperform. So that's one.

The second thing, to the extent large customers, CPG-type customers have been taking price in the past on the back of a very inflationary environment and prioritized price over volumes, what I can tell you there is that certainly the conversations have moved to finding a better balance between price and volumes which also relates to promotional activities that have been spoken about by customers, and you see that when they go to market and they talk about how they want to improve their volume performance going forward.

I think we're well positioned to support on that end, while we haven't really made any specific assumptions in terms of improvements in the back half, as we've laid out beforehand. So again we're seeing all that happening. We're listening very carefully. We're positioning ourselves to participate as much as we can and to help customers on their journeys, but we're sort of planning and approaching the back half at least very consistently with the first half.

Operator Our next question comes from the line of Matt Roberts with Raymond James.

Matthew Roberts Steve, good to hear you again. Okay. Earlier, you noted healthcare in flexibles is a bit weak. I believe you said low cold and flu season, although not in my household. But I believe you're comping a destocking impact in the prior year quarter. So what was behind that weakness? Was it confined to a certain region?

Or maybe parse out your expectations for the second half of the year between pharma and healthcare more broadly and any mix impact we should expect from that category.

Peter Konieczny Well listen, it's a good question. I made a couple of comments earlier. I mean we saw healthcare volumes being a little weaker in the second quarter. That's correct. I do not want to read too much into that. The healthcare category itself is a gem, I think, in our portfolio and I continue to say that. So we need to look at the volume performance over longer periods of time.

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We did have a bit of an overall weaker flu season. But overall in the market, apparently in the U.S., that is the case. There could also be, in this quarter, a bit of phasing of volumes between quarters, so again not to read too much into it.

Then don't forget, we have a pretty broad exposure also in -- between pharma and medical in the healthcare piece which you also need to take into account. Look, I could think about other things that are positive for the healthcare business. I mentioned in my prepared comments that we're pretty well positioned to participate there. GLP-1 was an example where we've made a great win which also speaks to the ability of the combined company to win in the space, and we will continue to double down on that.

Operator Our next question comes from the line of Cameron McDonald with E&P.

Cameron McDonald PK, can I just delve into that comment around the GLP-1 and it's good to see you're participating in that which has got a long-term growth profile. How are you guys thinking about the impact on the other side of your business, particularly around ultra-high processed foods and snacks, confectionery, et cetera, high calorific food consumption in an era where we have this explosion in GLP-1 use? And how much of that is going to be a structural headwind for that 60% of the business that's exposed to nutrition?

Peter Konieczny Yes. It's an excellent question, Cameron, and I'm actually quite glad that you brought that up because it comes back over and over again GLP-1. We're spending a bit of time on that, too. Look, let me structure my comments by, first of all, saying everything that makes people more healthy is a good thing. So we're supportive of that, and we see that trend very clearly. We are supportive of that, and we're thinking about what it means for our company, how we can best respond to it. But it's a good thing.

Now we do have an exposure to the healthcare industry, as we just discussed, and therefore we can participate in it, right? So that's very clearly said and clearly understood. Now your question is a little different.

You say well turn back to all the other categories that you're supporting in food and beverage and help me understand what the impact is there. And look, I will go back to some standard conclusions here, where we have more unhealthy categories where we supply packaging. Those will be impacted, but on the other hand, we also have other categories that are considered to be healthy, and they will increase.

If you think about snacking generally, I don't think that the trend of snacking is going to go backwards. It will shift from unhealthy to more healthy categories. There are examples in the market where that happens.

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Now the good news is that Amcor is a very broad-based company with a broad participation across many categories. Therefore what you see -- what we are expecting to see is that shift in volumes between unhealthy to more healthy categories. Therefore we're somewhat robust to that trend, and we think that we can participate well in it.

Now customers, that's the last comment that I may want to make there, of course thinking about that very carefully. We've seen these trends before or similar trends before and it has led to an innovation where customers are leading through these impacts and innovating through those impacts to support their business and to reinvent their businesses. And this is where, again Amcor is pretty well positioned to help our customers do that through our innovation capabilities and again the broad exposure that we have to different categories. So overall, I think we're pretty robust.

I don't think that, that creates a structural headwind for us, but we're very much aligning ourselves with the impact. At this point in time it has been very moderate from a GLP-1 perspective.

Operator Our next question comes from the line of Michael Roxland with Truist.

Michael Roxland Steve, I look forward to working with you again. I just wanted to follow up on George's question. Given that synergies seem to be more weighted to Rigid, should we expect operating leverage to be relatively muted, EBITDA margins to be relatively flat year-on-year in Flexibles barring recovery in volumes?

Stephen Scherger Michael, it's Steve. I think that if you're just purely looking at maybe the second half of this fiscal year, probably not a lot of natural movement in margins, but if you take a multiyear view which we certainly are relative to the synergy capture, given the revenue synergy commitments, given the operational improvement commitments, actually margin improvement on a multiyear basis should be spread across both segments quite nicely.

It's more of a short-term phenomenon, I think Michael, relative to where the synergy capture is here in fiscal 2026.

Operator Our next question comes from the line of Keith Chau with MST Marquee.

Keith Chau PK, I just want to go back to the comment around recently renegotiated customer contracts.

I think Steve, you mentioned better contract terms, better pricing and more volume commitment. So it sounds like, clearly, all three factors are positive. I'm just wondering what's happened in the past that has meant that you've been able to get these improvements? Has it been a bit of slippage and customer commitments that you're clawing back?

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Ultimately, I'm keen to understand how you've been able to do this and whether there is any cost associated with these renegotiated customer contracts.

Peter Konieczny Yes, Keith, I'll be able to take that. I don't think there's any cost associated to renegotiating the contracts. Just to give you a little more color, there were two angles to it. One was we were operating, particularly in the beverage side in an environment with very low volumes. The renegotiated outcomes have given us a bit more line of sight of the volumes going forward and have stabilized and supported the volume going forward. So that's one.

The other element was just simply in some of those contracts going back and covering the basis of inflation recovery which in some cases, we had a reason to do, and that has also been successful. So between those two things, we get some more inflation support and offset, if you want, and then we get a better line of sight, and we're a little more confident about the volume outlook going forward.

Operator Our next question comes from the line of Nathan Reilly with UBS.

Nathan Reilly Just a very quick question about your capital or CapEx budget. I think you spoke to \$850 million to \$900 million for the year. Can you just give us an update in terms of where you're focusing that investment, particularly with respect to some of your growth investments? Just keen to understand how that might impact volumes on a medium-term basis going forward.

Stephen Scherger Yes, Nathan, it's Steve. I can touch on that. We do see line of sight into \$850 million-\$900 million range for the year. As you would expect, a lot of that beyond just traditional maintenance CapEx will be in our focus market categories. So we'll invest for growth there, as PK was mentioning earlier, so into those markets where there's opportunity for differentiation. So I'd say we weight our CapEx on our focused market categories just broadly.

Operator Our next question comes from the line of John Purtell with Macquarie.

John Purtell Peter and Steve. Congrats on the new role, Steve. Steve, you've obviously got a lot of experience in the packaging space and also with acquisitions. I know it's early days, but I'd be interested in your perspectives on the synergy opportunity with Berry and also how you see plastics versus other substrates and some of the dynamics there.

Stephen Scherger Yes. Thanks for that, John. I will tell you, it has been an honor to be here for the last three months. This is an incredibly capable global consumer packaging company which has been so positive in terms of just raw capabilities, the global acumen and the very distributed nature of the product categories that we participate in, the market categories we participate in.

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The synergy capture momentum here is quite exceptional and it's incredibly well done. The teams that are in place are dedicated, the tracking is outstanding. The commitment to putting money to work thoughtfully that drives synergy capture is very noteworthy, and it shows in the results. It shows in the confidence in the \$260 million and shows the confidence to the multiyear.

Certainly, relative to substrates and the like, I spent a lot of time in fiber-based packaging, as you know and it's a fit-for-purpose business. It has a fit. It has a purpose that suits those markets well, where it has specific opportunities to be utilized effectively.

As you know rigid and flexible packaging, particularly on a global scale, has a right of a place and a fit for purpose that is very broad and very much aligned with the day-to-day life of the consumer. I think we're just truly uniquely positioned as a company that globally, literally is in the day-to-day life of the consumer, and it's great to be here. So thank you for asking that, John.

Operator And ladies and gentlemen. John is our final caller today as we are well over our 1-hour meeting duration. So at this point, I will now turn the call back over to management for closing remarks.

Peter Konieczny Yes. Thanks, Operator. And look everybody, thank you for joining us, and we're certainly looking forward to the opportunity to sit down with you over the coming quarter.

Operator Great. Thank you, so much. And ladies and gentlemen. that does conclude today's conference call. Again thanks for joining. You may now disconnect.