



**Amcor plc**

**Investor Briefing 2020**

**4.30pm ET September 29, 2020 / 6.30am AEST September 30**

## AMCOR INVESTOR BRIEFING PRESENTATION

[Video played].

**Tracey Whitehead (Senior VP, Investor Relations):** Good morning, good afternoon, good evening depending on where you are. Welcome to Amcor's virtual Investor Briefing. Today we're linking up with speakers in several locations; Chicago, Zürich, Shanghai, São Paulo and here in Melbourne. I'm Tracey Whitehead, Head of Investor Relations at Amcor and, as host today, my role is to ensure you get the best out of the three hours we have together in this virtual format.

### Disclaimers

Before we move on, I point you to the disclaimers in the materials made available today, including those related to forward-looking statements. Please see our SEC filings for risks and uncertainties related to financial results.

We have three objectives for today. First, we'll provide an overview of Amcor, second, we'll clearly outline our investment case and third we'll introduce you to several members of Amcor's management team.

### Agenda

In terms of the agenda for today our Chief Executive Officer, Ron Delia, will begin the briefing and this will be followed by presentations related to Sustainability and Amcor Rigid Packaging before the first of two 20 minute Q&A sessions. We'll then take a five minute break before turning to Amcor Flexibles, the second 20 minute Q&A session, and then Ron will finish up for a few closing remarks.

Before beginning the first session there are a few additional points to help navigate through the briefing smoothly.

With that I'll hand over to Ron Delia to go through the first session; Why Invest in Amcor?

### Why Invest in Amcor?

**Ron Delia (Chief Executive Officer):** Thanks Tracey and thanks for all of you for joining today in different parts of the world, different times of day. Very much appreciate it and, of course, we wish we were doing this in person. I think we're going to have a good showing here today. We have a number of members of our senior management team, as Tracey eluded to and we also have some videos to help bring you inside our facilities, to the extent that we can in this virtual setting.

We'll start here today where we always start, which is with safety. Safety, for us, is a value. It's our most important value, business priorities at times shift, but values really are pretty steadfast and safety is absolutely at the top of the list for us. We have been at this for quite some time now, probably since the late 1990s actually and you can see the progress on the right hand side of the slide. We're quite proud of that but we are committed to no injuries. We're not there yet but on a million man hour basis, we are at 2.8 recordable cases per million man hours worked, which, if you're familiar with the OSHA benchmark is a high water mark.

We'll get right into it today, which is the theme of the whole event really, is why invest in Amcor? There's a lot of things we could talk about with regard to the company. Why work for the company and why buy products from Amcor but, unapologetically, today is about why to invest in Amcor. The slide here captures our key messages around the investment case.

Firstly, we're a global industry leader with a 160 year history, strong track record and a clear strategy going forward. Our organic growth has been very consistent. We're supplying stable end markets, we have several levers to pull, which we'll talk about in quite some depth today and, all up, we consistently deliver 3-4% organic profit growth. Our dividend has always been an important part of the investment case, remains compelling, will continue to grow, and is currently yielding over 4%. We have an investment grade balance sheet, with lots of capacity to invest and no shortage of opportunities for growth projects and, really, no constraints in our ability to pursue them.

Lastly, we have momentum right now. We finished a very strong financial year on June 30, we're in the middle of another one and we have very good momentum across the businesses organically, and also coming from cost synergies as a result of the Bemis acquisition. All up this is an investment story that's around 10-15% of shareholder value each year, which is a combination of EPS growth and dividend yield and we'll go through each element of that return in more detail here this morning, or this afternoon.

### **Global leader in consumer packaging**

Amcor, on one slide, we would present in this way. Again, it's 160 years old, founded in Australia in 1860, the company does about \$12.5 billion in sales, just shy of \$2 billion in EBITDA. Listed in both New York and in Australia and a global business in over 40 countries around the world. Most importantly, the track record for the company, over the last 10 of those 160 years, has been quite strong.

### **Strong track record of financial performance**

I would start with the financial approach the business has taken. We've always maintained a relatively consistent capital structure, consistent approach to funding the business and we've been quite active in a number of transactions but there really have been no boom or bust cycles as it relates to our balance sheet. We've been maintaining an investment grade position for over 20 years.

From that position we've delivered consistent earnings growth, high single digit EBITDA CAGR, and 8% EPS high growth over this period, an attractive dividend that's yielded, on average, 4.6%. All up, shareholders have been rewarded. The total return to shareholders, from the appreciation of the stock price and the dividends, has been 15% over the last 10 years.

### **Consumer packaging for food, beverage and healthcare**

The company today is essentially supplying consumer end markets. It's basically what we do; food, beverage, healthcare would be the largest of those three. A combination of big multinational customers and local customers, or national players.

We're supplying four different primary packaging products, flexible packaging being the largest rigid packaging as well, specialty cartons, and closures and we're a global business.

### **Global reach, balance geographically at scale in EMs**

We operate globally in over 40 countries, 230 locations and, importantly, the company feels very global. There's no one dominant region. As Tracey pointed out, you'll hear from leaders today in Chicago, Zürich, São Paulo, Shanghai, Melbourne; and that's pretty much what you would see at any Amcor leadership gathering. It's a pretty diverse group and we pride ourselves on maintaining that feeling.

The other point I would make on this slide is the emerging market position that the company has. We have over a \$3 billion business in emerging markets, which in and of itself is quite diversified, across Latin America, Asia and Eastern Europe; 27 markets in total. I'll come back in a minute as to why those are so important for us going forward.

## **Amcor Strategy**

Our strategy, which has not changed, has three elements; first is the portfolio of businesses that we are in. The second is the leverage that we get from those businesses, which we get through the differentiated capabilities we've branded the Amcor Way. Then lastly, most importantly, our aspirations and what we're trying to achieve, particularly for shareholders.

### **Portfolio evolution - Active management and optimization**

A few words about our portfolio, really three points I want to leave you with; the first is that we've been very active managers of the portfolio for quite some time, really for several decades. Very active on optimizing the portfolio, always with an eye towards maximizing shareholder value and also evolving and meeting evolving consumer needs, which have led us in different directions over the years, in terms of package formats and substrates.

There are no sacred cows. We've been quite active both buying and selling businesses. Obviously, most recently with the Bemis acquisition and, even this year we've done some portfolio pruning, some smaller parts of the business just to sharpen our focus that much more.

### **Portfolio today – Focused with leadership and scale**

The second point about the portfolio is that all the businesses now that we operate have some things in common. First of all, they're all consumer packaging, primary consumer

packaging, where innovation is particularly important and the opportunity to add value and help our customers differentiate is there, and it creates an opportunity for us.

Secondly, industry structure, critical we would say. Probably the single most important determinant of success in packaging and multiple paths to winning, including through scale and leadership positions. Probably the most important part of the slide here is on the right hand side, which is the stable of businesses that we're in today, are almost all in leading positions.

Starting with our global healthcare business, our flexible packaging and all of the major flexible packaging markets around the world. Rigids in the Americas and specialty cartons globally. Each of those businesses occupies a leadership position in the place that they play.

### **Portfolio today – Complementary and generating synergies**

The last point about the portfolio is that the businesses are all very complementary and we get real synergies on an ongoing basis from having these businesses together. Cost synergies are obvious commercial benefits but also the talent and capability advantages that we generate by having these businesses as part of the same stable.

## **Amcor Strategy - Differentiated capabilities**

The second part of the strategy is about what ties it all together and we have run a relatively decentralized operating model for quite some time but we choose to get leverage, and competitive advantage, through differentiated capabilities and we call those 'The Amcor Way'.

These are the five capabilities, the five drivers of success, that we believe matter to winning in the packaging industry. It's not everything but we've made deliberate choices to double down and resource up in these five areas that you see on the page here. Competitive advantage but also leverage and scale benefits in additional growth and productivity, not to mention the alignment of our team around the world, in the disparate places that we operate.

### **The Amcor Way: Commercial Excellence**

Probably the best way to bring 'The Amcor Way' to life is with just one example around commercial excellence. This is the part of 'The Amcor Way' we've been at the longest. It goes back to 2006, common in all Amcor businesses would be the way we manage the commercial side of the business.

The pyramid on the left hand side would describe some of the things that I'm talking about here but capabilities like key account management, pricing or marketing. One example on the page here is a tool that we use to manage profit in a very granular way, at a product, or customer, or even transaction level. It supports the ability to make very informed, mixed decisions.

On the bottom right you can see a scatterplot. Each dot in this case would represent a customer, a transaction, or a product segment and the idea is to commercially optimize that mix and drive higher margins and sales as a result.

### **The Amcor Way: Driving competitive advantage and financial impact**

'The Amcor Way' has certainly contributed, in a big way, to the performance of the company over the last several years. This is a margin chart going back 10 or 11 years. For the business EBIT margins have expanded quite consistently, 10, 20, 30 basis points every year, with a few step changes in there, as a result of bigger portfolio moves. 'The Amcor Way' has absolutely been a major contributor to that outcome and we expect it to continue going forward, including, in the last fiscal year, where we added 100 basis points of EBIT margin to the business.

### **Amcor strategy**

The last part of our strategy is, arguably, the most important, which is our aspirations and what it means for shareholders in particular. We've been around for 160 years and we expect to be around for another 160. We have multiple stakeholders that we need to be attentive to but we also know we're a public company and, without any apologies, we know that our shareholders are the most important.

### **Amcor Shareholder Value Creation Model**

We're going to talk about how we think about winning for shareholders in a little bit more detail here. This slide is about capital deployment as much as anything but it's our shareholder value creation framework. It talks about how we take the cash flows of the business, which are very consistent and defensive, given our end market exposure, and how we allocate that capital, that cash, every year to generate 10-15% value for shareholders.

### **Strong operating performance and shareholder returns**

I'll walk through each of these in turn but, before we walk through the framework, I think it's important to check in on the track record, which is this slide here. It basically says that the business has been performing for the last six or seven years, very much in line with this model. We've had steady sales growth of about 2%, high single digit EPS growth at 8%, plus a dividend, has meant that, on average over the last six or seven years here since 2014, we've

been delivering 12% of shareholder value.

It just so happens that lines up, almost exactly, with the shareholder experience. The TSR over that period has been 11% and we feel pretty confident that this is what the business is set up to deliver and will continue to deliver, indefinitely, into the future.

### **Multiple levers drive organic profit growth**

I'm going to walk through these drivers, starting with the organic growth drivers. Our business leaders are going to talk in more depth about each of these themes but I'm going to just highlight what you can expect to hear from each of those leaders later today. There are multiple sources of organic growth in this business, starting with the markets that we're in, which all grow.

The way we manage the mix, as I eluded to earlier, innovation and cost productivity, while we won't spend a lot of time talking about it today, we're going to focus more on the commercial side of growth, it's a big part of our formula. We get scale advantages by virtue of the size that we have and also capability benefits that come from areas like procurement etc. Cost is very much a part of our agenda. I'm happy to take questions on that but we've chosen to focus on the first three elements of organic profit growth.

### **Multiple levers drive organic profit growth**

I would also say a word here about sustainability. Sustainability, without question, is the single biggest driver of organic growth in this business going forward and we've allocated an entire section of this agenda on the topic of sustainability as it relates, particularly, to more sustainable packaging. Dave Clark, who leads that part of our company, will speak directly after me on all aspects of our sustainability agenda.

### **Consistent growth from consumer and healthcare segments**

To hit on some of these other growth themes, our end markets grow. We're supplying consumer staples; food, beverages, healthcare in particular. They grow because economic activity grows, consumption grows, population growth; all of those macro drivers contribute to steady growth, then the packaging intensity in each of those segments, contributes to growth as well. Premiumization, convenience, etc. All up, developed markets continue to grow at low single digits. Emerging markets grow a little bit faster than that at mid-single digits.

### **Long history of profitable growth in emerging markets**

As I mentioned earlier, I think it's worth an extra comment or two on emerging markets. You will hear from some of our emerging market leaders actually later today, they're a really important part of our story. We've been operating, in most of our emerging markets, for

decades. We've been operating profitably and successfully and we continue to be very bullish on emerging markets going forward.

There are a number of key drivers of growth in emerging markets that make them particularly interesting for us. There's an intensity of use curve on the left-hand side of this chart here, which basically just plots packaging consumption per capita on the vertical axis and then per capita incomes on the horizontal axis. It should be quite evident that, at lower income levels, you have less sophistication in the retail setting, quite often you have wet markets, you just have less disposable income.

As consumers shift and incomes rise, consumerism rises and other things become more important. You have urbanization, you have convenience and functionality becoming more

important, part of the way consumers go about making choices, packaging becomes a lot more important. Many of our markets are right in the middle of this kick point here, China obviously being the largest but many others as well. We expect continued mid-single digit growth from our emerging markets' exposure going forward and we've been successful for 20 to 25 years in most of these markets for many of the reasons that I outlined on the right-hand side of this slide.

Most importantly, and listed first there, is the experienced and profit focused local leadership teams that we have. I can't emphasize this enough that emerging markets, for us, have always been about generating profit and returns. We've never been about expanding the number of flags that we've planted, or subsidizing top line growth for any long period of time. These businesses are all quite self-sufficient and robust and it starts with the local leadership teams that we have in place. You'll get a chance to hear from two of those local emerging markets' leaders today.

### **Proactive mix management**

The next driver of organic growth, which you'll hear about from all of the businesses but is worth mentioning here, is mix management. Ongoing migration of the product mix, the segment mix, the customer mix towards more higher value added, more differentiated parts of the market, has been a big source of our profit growth over the years, the margin expansion. It also allows us to make informed and purposeful choices about the top line. Sometimes forgoing some top line, in the interest of bettering our position and furthering our margin position and differentiation in the marketplace.

### **Global leader in health care - Medical and Pharma packaging**

On one dimension, which is segment mix, the best example to point to is healthcare. We have a global healthcare business that's approaching \$2 billion in sales. Really two

segments; medical device packaging and pharmaceutical packaging split the sales for the combined healthcare segments, split roughly 50:50. As I said, it's a global business across both flexible packaging and rigid packaging. Lots of opportunities to differentiate. The value proposition is quite broad, our ability to add value is quite high and this set of segments, medical and pharma, would be as attractive as any in our mix as a result.

### **Highly regarded innovation capabilities**

Very briefly on innovation, where again we'll spend more time with later today, this is clearly a differentiator for our company relative to our peers. We get lots of positive recognition, most importantly from our customers, but also from the industry at large.

We have extensive resources. We would spend around \$100 million a year on R&D, with an extensive patent portfolio that's growing over time and continues to set us apart. We made a big announcement today on a first of its kind, Flexible packaging development. It's a pouch that's retortable, which means it can be heated to almost 200°F. The food is cooked inside the pouch and it's fully recyclable. We'll talk more about that, I'm sure, later today. Innovation is an important part of our agenda in every one of our businesses and a big contributor to our growth going forward.

### **Compelling dividend**

Now, if we think about the second way we allocate capital on a regular basis, there's the dividend, which has been attractive and has been growing and continues to be compelling, particularly in a low rate environment. You can see the current yield is about 4.7%. The S&P is yielding less than two, so it's 2.5x the yield you'd get in the S&P more broadly and, obviously,

with rates as low as they are, it becomes even more compelling at the present point in time.

The dividends have also been growing consistently. We were admitted, earlier this year, into the S&P500 Dividend Aristocrats list, which puts us in with some really fantastic companies, with others who are as committed to their dividend as we are.

### **Balanced capital allocation**

Then lastly but certainly not least, we've been allocating a substantial amount of cash after capital expense in the business and after dividends. Over the last 10 years that's been over \$3 billion of cash in acquisitions and buybacks, that's about two thirds M&A. About one third of that cash has gone towards buybacks, that's before the Bemis acquisition, which was an all stock deal. We've completed more than 30 deals in the last 10 years and we have a really rich pipeline looking forward and we will absolutely be active across our portfolio.

### **Bemis acquisition - delivering financial and strategic benefits**

Just a word on the Bemis transaction, which was, by far, the largest deal in our history, which we closed in June 2019. A brief word on the status after 15 months, and sure it's gone very, very well so far. Financial benefits accruing in the form of cost synergies, also organic margin expansion. Based on the momentum of the business the quality of the business that was acquired has been phenomenal, and the strategic benefits are starting to become clearer and clearer every day as well.

### **Amcor Shareholder Value Creation Model**

I've just described how we allocate the cash flows of the business for the benefit of shareholders. I've walked through the allocation towards capex and the drivers of organic growth, which you're going to hear more about. The dividend, which is an important part of the investment case here and then the acquisition and buyback history.

Another way to look at this, simply put, is that the sources of return to shareholders can be described as 5-10% constant currency EPS growth and a dividend, which has yielded historically, between 4-5%. All up, 10-15% shareholder value proposition each year.

### **Why invest in Amcor?**

I'm going to pass it over to Dave Clark here in a second but, just to summarize the investment case, it's hopefully set out clearly on this slide. We've been around for a long time, we have a really strong track record with a clear strategy looking forward; consistent growth and a healthy dividend, backed up by a strong balance sheet with lots of capacity to invest and momentum across all parts of the company. Without further ado, given the importance of Sustainability and the opportunity that it represents for Amcor in a number of dimensions, I'm going to turn it over now to Dave Clark for a deeper dive.

### **Sustainability at Amcor**

**Dave Clark (VP, Sustainability)** Thanks Ron and hi everyone. I'm really pleased to be able to be here today and talk about how sustainability is contributing to Amcor's winning aspiration to be the leading global packaging company for our investors and our customers. Also for our employees and for the environment, and the role that sustainability is playing in the growth of the business in differentiating our products.

### **Amcor's comprehensive sustainability strategy**

We'll spend a lot of time talking about the products themselves and their end of life



scenarios but it's important to take a step back and understand that our sustainability strategy is much more comprehensive than that. It starts with our plants and our operations. We've had some really good success reducing greenhouse gas emissions, across our business, by over a third. Significantly reducing the amount of waste that comes from our own operations and also improving the efficiency of water use across our business. That's one part of our strategy.

Another part is reducing ESG supply chain risk, which is important for our investors and our customers. Then ensuring that the materials we use, our product designs are as sustainable as possible and securing good end of life solutions for those products. We've received a lot of good independent recognition by different organizations that take a wide range of ESG matters into account and those awards have been for both the quality of the work that we're doing and for our reporting and transparency.

### **Amcor's "Points of View" on packaging sustainability**

Many of you have probably seen this slide before about Amcor's "Points of View" on packaging strategy, but it really forms the foundation of the work that we're doing around sustainability. People are living longer and they're healthier than ever before in the history of our planet and one of the reasons for that is the way that we're able to produce food, medicines, personal care products and other products. Then distribute them around the world in ways that are safe so that they're available and ready when people need them and that's never been more important than now.

There is always going to be a role for packaging to play in preserving products and reducing total waste. We've done a great job of that over the history of the company but, of course, demands are changing. Consumers are expecting more sustainable packaging and a particular packaging that leads to less waste. Our sustainability strategy is really focused on delivering responsible packaging that's designed well but then works with waste management infrastructure and ensuring that infrastructure exists and consumers can use it. You'll hear about how Amcor is uniquely positioned and how we're leading the way in these areas.

### **Amcor offers a full range of more sustainable packaging options**

Bill is going to come on and talk about how we're innovating and developing new products, more sustainable products. We're collaborating with stakeholders, not only our customers and suppliers but waste management companies and others who are parts of the solution. We're informing the discussion with governments, NGOs and others, about our vision and the steps that we're taking to reduce plastic waste and create more sustainable solutions.

When we talk about more sustainable products, there are really a large number of levers that we can pull and those range from looking at raw materials. In particular, using more recycled content, or using renewable or bio-based content. For example, the Löfbergs coffee package or the Espoma garden products' packages we released this year, that included renewable or bio-based polyethylene, which not only decoupled the source of the raw material from fossil fuels but also offered a lower carbon footprint.

Then also looking at the design of the packages, reducing the amount of materials that we use, light-weighting and down-gauging for efficiency, lower carbon footprint, using less raw materials in the first place; designing for end of life which could be recyclability of plastic packaging, also the packaging that fits into recycling streams in the aluminum stream, for example, or paper-based packaging, which is also recyclable.

Then we are looking at other end-of-life scenarios, for example packaging re-use. Our RefPET business is really exciting and growing and Eric Roegner will be able to talk more

about that. Packaging re-use is a growing area with a lot of interest, then there are other scenarios like compostability that are suitable for some products and some markets, and we are able to offer those as well.

### **Responsible packaging is the answer**

When we look at developing responsible packaging, of course packaging design is an important part of it but it needs to fit within a waste management infrastructure. As I said, that infrastructure could be re-use, it could be compost, or it could be recycling. When we look at recycling infrastructures around the world and the ones that work, what we see in every case is that there is some form of collection, that could be curbside collection that many of us have, it could be some type of drop-off program, it could be less formal programs that exist in other parts of the world today. After material is collected, it needs to be sorted because recyclables flow into different areas. We have what we call recycling streams for paper, for metals, for different types of plastics. That sorting may take place with the consumer if they have multiple bins, it may take place after collection in what we call municipal recovery facilities or sorting centers.

Once the material is sorted, it is typically sold as a commodity to other processors. For example, the paper mills that are making recycled paper, glass plants that are making bottles from recycled glass, or plastic recyclers which could be independent recyclers, or resin manufacturers.

When we talk about building the infrastructure, we are talking about getting all of those parts in place so that we can create the circular types of solutions that we want, to make sure the packaging we make stays in the economy and out of the environment. Then, of course, it is critical that when those systems exist and the packaging is recyclable, consumers know what to do with it. This is really important because one of the ways that consumers most engage with feeling responsible or feeling more environmentally responsible is through recycling. If we can create packaging that is recyclable, give them opportunities to do that, that really helps develop the identity that our brands want, and it helps consumers identify with feeling more sustainable.

### **Packaging design that considers the full product lifecycle**

When we get into discussions about more sustainable packaging solutions with our customers, we really have to take the full lifecycle into account and that often begins with a discussion about the carbon footprint of the packaging. We are part of our customers' supply chains and they often have targets about reducing the carbon footprint of their operations and their products.

The packaging that we make often stacks up really well against other substrates in terms of reducing carbon footprint, and we shall continue to build on that success using, as I said, bio-based products and recycled content that further reduces the greenhouse gas emissions associated with the packaging that we make.

Our customers are interested in the recyclability of the packaging. Plastic packaging has often had a reputation or a misunderstanding that it's difficult to recycle. If we look around the world at recycling rates today, we can find examples where the recycling rates for PET bottles are as high as, or higher than, the recycling rates for similar types of packages. It is not just in areas like Scandinavia or Japan. In Michigan where I am from and where the Rigid Plastics group is based, the recovery rate for carbonated soft drink bottles is 90%. In California, the biggest market in the United States, the recovery rate is 70%. We can show that it is the package and the infrastructure that needs to come together in order to reach these types of high recycling rates. I shall talk more about how we are doing that with flexible packaging as well.

When we get into discussions with our customers about whether we can put recycled content in, the answer is yes. This is an area where PET bottles can really stand out. They are the only package today where we see 100% recycled content being used in practice and at scale. It is not just beverage containers like Naked Juice or Tazo Tea. We are doing it now in food packaging like the Hellman's Mayonnaise jar, we are doing it in homecare products made for Method or Everspring, and in new categories like vitamins for Ritual. Eric Roegner will talk more about how we are really a leader in this area of incorporating PCR into our PET packaging. We are increasing the amount of recycled content that we use in our flexible packaging too with new releases in several markets.

### **Defining what makes packaging recyclable**

When it comes to flexible packaging, there is a misconception that I really want to try to clear up with you. You may have read in reports, or talked to people who say that flexible packaging is not recyclable, or multi-layer packaging - what is called MLPs in some parts of the world - is not recyclable and that is really not the case. When it comes to developing recyclable packaging, we really need to make sure that we are developing packaging that fits into those recycling streams that I talked about. You can make monolayer packaging out of materials that are not recyclable, it won't be recyclable. You can make multi-layer packaging out of materials that are compatible with recycling and it will be recyclable. These are some of the breakthroughs that Bill will talk about in terms of moving our flexible packaging into recycle-ready designs, that will fit into those recycling infrastructures.

### **Smart packaging design aligns materials and recycling streams**

Here is a little bit more about what that looks like. Obviously, we need to design packaging to be recycled, which means fitting into one of the major recycling streams. As I said, there are existing streams for PET bottles, aluminum beverage containers, different types of paper such as corrugated and newsprint. If you get enough of those together, you can sell them on commodity markets: there are existing commodity markets today for PE film in many parts of the world, and we are developing commodity markets for polyolefins. As those markets are developed, then the infrastructure comes into place so that consumers can recognize that these packages are not only designed to be recyclable, I can recycle them where I live, and where I use those products. When we get to that point, that is when the products truly become recyclable and get recycled at scale.

### **Collaborating to develop global and regional standards for package recycling**

Those designs for recyclability standards are really important to align our industry, not only the packaging industry and the consumer brands that are using packaging, but the recyclers, for example, to understand the products that they are going to get, what is in them, and the potential value. Amcor is contributing to those discussions in a number of ways. We work with CEFLEX - the Circular Economy for Flexible Packaging - in Europe, developing standards there and sit on their Board. In the United States, we have the 'how to recycle' label, which is really the arbiter for what is recyclable in the US. That is based on standards from the Association of Plastics Recyclers and we sit on their Technical Committee. We also work with REDcycle in Australia, which is linked to the Australian Packaging Covenant, and their PREP tool which is used to develop recyclable flexible packaging, or, as they call it, soft plastics in Australia. We also work with the Ellen MacArthur Foundation, which is a global organization that is trying to ensure that packaging is designed to be recyclable and fits into a circular economy.

In many cases, Amcor is sitting right in the middle of all of the standards development, which creates a really important advantage for us when we look at how do we transition our own portfolio to be more recyclable. Our rigid plastics packaging and our folding cartons are virtually 100% recyclable already. There are existing streams they fit into and those

streams are widely available for consumers.

### **Amcor on track for fully recyclable or reusable portfolio by 2025**

On the flexible packaging side, many of our packages today are designed to be recyclable and can fit into existing streams where those exist. Some of our packaging, such as multi-layer packaging, may be designed with materials that are not recyclable today and that is where our R&D teams are working to innovate new products like the AmLite HeatFlex product that you may have seen launched today, or other products that are moving that 61% quickly into the 70s, 80s and beyond. As I said, Bill Jackson will talk more about the work that he is doing to make those recycle-ready products available for our customers, so that we can get them into the market and, ultimately, into the hands of consumers and recyclers.

### **Recycling systems for flexible packaging are rapidly developing**

When it comes to flexible packaging, if you remember I said there is design for recyclability, there is collection, and then the processing infrastructure. There is a really clear path that moves us from left to right on this slide that shows that in some countries today, there is no collection and no recycling but the first step is that we start adding collection. That may be drop-off programs, it may be local in certain cities and, once we start collecting and we can get enough material together, then we can start developing the markets for recyclable materials, and we see that today in many parts of the world.

Right now, probably only Germany and the Netherlands are at the point where virtually 100% of households have access to collection of flexible packaging. That is one of the reasons why the AmLite HeatFlex product was launched in the Netherlands but, in many cases, where that packaging is collected today at scale, there are outlets to be able to recycle it as well. Of course, our goal is to get to full collection and full recycling of the packaging that we make.

### **Actively partnering to accelerate change in waste management**

We are actively partnering with others to try to get that waste management infrastructure in place. We work with the ReSource Plastic project which is part of the WWF. We are working with The Recycling Partnership here in the United States. I mentioned the Ellen MacArthur Foundation before, EUROOPEN in Europe and several others in different parts of the world.

What is really important here is that these organizations are not just NGOs with support from businesses. They are really bringing together our customers, the consumer packaged goods companies, also our suppliers; such as companies like Indorama and Borealis, ExxonMobil and DOW, the waste management companies SUEZ, Veolia, and the United States Waste Management and Republic, so that we can work together, collaborate to understand what materials are coming into these systems, how to make them better and more efficient and what can come out of them. Again, Amcor is partnering and leading in trying to bring these types of projects together.

### **A partnership in practice: MRFF**

I am going to show you an example of one of these projects. This is the Materials Recovery For The Future project and what you are about to see is one of the sorting centers that I talked about. This is based in the Philadelphia area, it services about 1.3 million households and brings together their mixed materials recycling, where it is sorted into the different commodity streams. This was a test that we did, in collaboration with others, to try to allow the households to put flexible packaging into the recycling bins to see if we could successfully sort it to begin to develop the technologies to manage this on a scale where we can develop markets and move forward. With that, let us take a look at this video.

[Video played]

That is one example of the work that we are doing to enable the collection and sorting of flexible packaging. Another is the project HolyGrail, which was recently launched in Europe using technology but also looking at how flexible packaging can be sorted to get the most value from it. Standby, I am really excited about some of these projects that are coming up.

### **Actively informing and educating the public**

As I said, once the infrastructure is in place, we have to make sure that public, NGOs and governments all understand these systems, and are comfortable using them. Therefore, we are actively working to inform and educate the public. We have the Amcor Big Ideas Podcast where I interview outside industry experts about packaging sustainability. We have

had almost 30,000 downloads of the Big Ideas Podcast, which to me is phenomenal that many people are interested in packaging sustainability.

We have launched a number of webinars this year, since we haven't been able to travel to conferences. We have had between 400 and 1,000 people attending six or eight different webinars that we have produced this year.

Our social media is very active in engaging with people within industry, also consumers and others, to help them understand the sustainability propositions and the direction in which we are going with the packaging that we make. Of course, we are also collaborating with others. Every Bottle Back is a program from the American Beverage Association with our beverage customers and others, communicating with consumers that when you are finished with that package we want it back because we are going to make a new package out of it, and you can enjoy it again in a few weeks.

REDcycle is one I have mentioned before, where we are trying to align our colleagues across the value chain in Australia and New Zealand to help consumers understand that soft plastics are recyclable, and demonstrate the products that can be made from soft plastics.

I have been really excited to be able to share this short presentation with you. I am looking forward to the presentations from my colleagues, and I believe you will see many of the elements I have described here in the presentations from across Amcor, and I am looking forward to your questions. Thank you very much and with that, I shall turn it over to Eric and Carmen.

### **Rigid Packaging**

**Eric Roegner (President, Amcor Rigid Packaging):** Thank you so much, David, and hello everyone.

#### **Amcor Rigid Packaging segment overview**

With 6,000 employees working out of 50 manufacturing locations in 11 countries, with a comprehensive network of technologies and manufacturing across North America and Latin America, Amcor Rigid Packaging has delivered in the last year \$290 million of EBIT across \$2.7 billion of revenue.

With that base, we are the market leader - the absolute market leader - across these technologies and here. The reason why I know that we are this market leader is because of our customers. When customers really want to make a difference, whether it's a large customer that is looking at changing the game and revitalizing a category, if they want to drive

light-weighting, if they want new product design, if they want to increase the amount of PCR that they have, they will call us.

If it is a brand new customer that wants to change the game, revitalize an entire category, they will call us because they will need a partner, a partner that has the technology and the manufacturing footprint across this entire network that will enable them to meet those needs. It is as we develop that value proposition that our customers win. What we are going to do over the next couple of minutes is that Carmen and I are going to deep-dive this value proposition and show you why we are so convinced that Amcor Rigid Packaging is an attractive and profitable growth business.

### **Strong value proposition and diversified customer base**

As Ron described, there are several elements of this value proposition. What we start with are the markets. Over the last 10 years, what the team at Amcor Rigid Packaging has been able to do is move from what has traditionally been a commodity type of market in cold fill CSD and water and transition into an expansive set of very attractive markets. In Beverage we have grown into hot fill with very nice markets: in isotonics, in sports drinks, healthy hydration, specialty waters. More than that, we have been able to expand into non-beverage segments such as food, home personal care, pharmaceuticals and spirits and wine.

### **Amcor Rigid Packaging - multiple levers drive organic profit growth**

In doing this, the other thing we have really focused in on is optimizing our mix towards those attractive customers and sub-segments: for example, small and medium customers, distributors, co-packers, or those especially attractive sub-segments in bigger markets like aseptic dairy or healthy hydration.

Anchoring all of this together has been innovation. Our intellectual property foundation, with many of the things we have already briefly mentioned - from the light-weighting, to the use of PCR, to design - has enabled that growth into those new segments to help those customers to be successful. Anchoring that and really reinforcing that has been our network and the corresponding cost position. By really optimizing our manufacturing base into large regional hubs that can provide the full set of technologies and manufacturing capabilities in different areas, that is then complemented by bespoke on-site or near-site manufacturing locations, not only do we have a world-class leading cost-to-produce position in those areas, but we have established a foundation of technologies and capabilities that will enable even more growth.

What I am going to do now is change gear a little bit, because overall ARP being a large business across multiple regions, in the interests of time I want to focus on North America but all of the levers that I am about to discuss are equally as relevant in Latin America and elsewhere.

### **North America - advantaged manufacturing network**

Starting with manufacturing, over the last couple of years as we have worked very hard to integrate acquisitions and enable growth in new technologies, we have doubled down on our manufacturing network to establish world-class regional hubs that have the range of technologies, as well as technical support, where our customers are and where they need that support. Those then are complemented by the bespoke on-sites or near-sites that can leverage the resources back from that hub, which will then establish not only a really world-class cost position but enable that expansive growth.

### **North America - significant diversification over the last 10 years**

With that, we have been able to take new technologies that we have either acquired into the

company, or that we have developed organically, and we have expanded materials. From the base of PET, we have moved into polyethylene, into polypropylene, into multi-layer co-extrusion materials: we have taken what we physically do in the facilities from the base of injection and two-step blow-molding into linear and rotary extrusion, in-mold labeling, we have been able to go into assembly and that foundation, having it where we need it around the US, has enabled us not only to grow beverage into more attractive markets, but it has really enabled us to grow into other areas, particularly non-beverage categories that we have talked about. Let me get a little more specific on that.

### **North America - positioned for growth in all segments**

With that network and those capabilities, our beverage market has grown into hot fill attractive markets like sports drinks, healthy hydration, enhanced waters, aseptic dairy - things that are growing above average with the market - but even more so into the non-beverage segments. What we can see is that the attractive parts of those markets that really resonate with PET and the light-weighting plastic value proposition, home personal care, food, pharmaceutical, spirits and wine, even to our closures business that not only supports all of those markets but, with its depth of intellectual property and differentiation, has also grown into very attractive adjacent markets like industrial cleaners, lubricants and even agricultural chemicals.

### **North America - beverage market growing in PET format**

Let me back down again and double down on the beverage market, because it is very important that we understand that the underlying beverage market is an attractive growing market, with liquid refreshment beverages still growing at about 2%. Within that market, the portions of the market that lend themselves to the PET value proposition are growing even faster than the base liquid refreshment beverage market. PET is growing in this space and

what has been fantastic news for Amcor is that, given all of the work we have done over the years to really invest in our capabilities and the attractive markets there, it is resonating. Last year alone, we had over 200 new product launches in those attractive portions of the beverage market: for example, big new launches in sports drinks, in enhanced waters, in healthy hydration, in brewed teas, in aseptic dairy: in those portions of the market that are growing quickly and are *really* attractive.

### **Most sustainable package**

Underpinning that growth, not only in beverage but across our whole portfolio, is that incredible value proposition of our materials and capabilities. We all know that plastics have some inherent advantages in the markets that they support. There are physics around the fact that it is not breakable, that the materials lend themselves, as David mentioned, to multiple sources, including having bio-based polyethylene, for example.

However, particularly in today's world, the story around sustainability is resonating and that is anchoring on the use of PCR (post consumer resin). As David talked about, using PET it is infinitely, 100% recyclable, whether it is mechanical recycling, chemical recycling, all of those molecules can go right back into packaging for ever.

One of the things that is particularly unique about PET, that only PET can say, is that, if you want to hold a package in your hand that is made of 100% recycled material, only PET will do that, which is a very compelling value proposition. As end consumers are demanding that recycled content and linked into the broader story around greenhouse gas emissions where, like for like, any PET container has a significantly better greenhouse gas footprint - up to 70% better than other materials. As consumers are demanding that and it gets into the brand owners, we have been seeing a radical growth rate in the use of PCR in the market.

That is something that we are capitalizing upon.

What I would like to do now is hand over to Carmen who will take us on a deep dive into some of those most attractive markets. Carmen, over to you.

**Carmen Becker (VP & General Manager, North America Specialty containers):**

### **North America - strong growth with regional customers**

Thank you, Eric. The first area we are going to look at will be regional customers, about five years ago, we recognized that the growth rate for regional customers was outpacing the overall market. This was nothing we were really paying attention to but we saw great potential. We took the time to think about how we structure ourselves and we came up with three changes to our approach to these type of customers.

First, we established a dedicated commercial team that would only concentrate on regional customers; these were the only customers they would call on. Secondly, we went to a regional hub, as Eric mentioned earlier. We took small volumes from platforms and placed them across our network, which really allowed us to diversify and make sure that we were in proximity to these regional customers, as well as to have low volume order production in a cost-effective way.

Finally, we shared our world-class innovation and between this focus and positioning, we really made it attractive to work with small regional customers. We could help them launch quickly, we could help them innovate and differentiate versus their competition. As a result of this focused approach, we have seen over the last five years an annual growth of 13% per year. We expect this trend to continue, and this will be a big focus area for us going forward.

### **Focus segment: North America pharma**

Next we are going to look at pharmaceuticals. Again, a very attractive segment overall for Amcor. Here there are four sub-segments that we are going to focus on. The first is ophthalmics: we are the industry leader in ophthalmics and we see this continuing to grow as the population ages.

Our next is nutraceuticals and here we are talking about vitamins and supplements. This has been a trend overall as consumers become more aware about their health and wellness, and they proactively want to take care of their health. Again, this is a good opportunity for us.

The third area is diagnostics, which is a new category for us. Here we are talking about blood and culture vials, along with dropper style assemblies for virus testing. This has not been a strong area for us, because the technology specifications were tough and it was dominated by glass. However, over the past couple of years, we have had strong innovation and have been able to see a glass-to-plastic conversion. We are really excited about this as it addresses a key issue that we have in healthcare, which is the breaking of glass vials, so it is a great opportunity.

The final one is animal health, which is a growing category as a result of increased pet ownership as well as the fact that they spend a lot on their pets. Therefore, we are really excited here.

Part of what gives us a superior value proposition is our experience in the ophthalmic category. We understand how to navigate the heavy regulatory requirements to launch new products, we know how to effectively operate in clean rooms and we have six clean rooms across four plants. This is really important from a redundancy and business continuity point of



view. It is a long qualification process to get new products launched or to go to new production places, so redundancy is very important. It is a really attractive segment and something you will hear about further and later with the Flexibles business group as well.

### **Focus segment: Dairy, Dairy Alternatives & Meal Replacement**

The last area we are going to look at is Dairy and here I want to clarify that we are not talking about the gallon jug of white milk you buy at the supermarket to take home. Here we are talking about single-serve, on-the-go consumption of value-added dairy, dairy alternatives and meal replacements. Brands in this area need to innovate, they need to differentiate, they need to improve their sustainability footprint and they need to figure out how to get more out of home consumption and penetrate e-commerce.

This is where Amcor really has a great offering. We have one-stop-shopping, our PCR expertise is able to help them improve their sustainability footprint and, with our barrier technology, we can help them get into non-refrigerated distribution channels. Again, this is a really great segment, we see opportunities and, if you look over the past five years, we have seen double digit growth rates, and we expect this to continue into the future.

### **Industry leading innovation and technology**

What we have noted here is that innovation and technology is one of our primary growth levers. It is an area where we have launched on average over 200 products per year. We have been able to develop proprietary technologies that have allowed us to have 170 patent families. If you look at the key products we are launching, they are around package design, light-weighting, barrier capability, as well as increased use of PCR. To give everybody a better feel of our world-class innovation and R&D capabilities, we are going to share a short video right now.

[Video played]

**Eric Roegner:** Excellent! As you saw in the video, innovation is at the absolute heart of what we do and one of the best examples of how Amcor has used innovation to grow an entire category, and to grow a wonderful growth market is what we have seen us do in the hot fill market.

### **Innovation leader - hot fill**

Hot fill is different from cold fill in that, when the liquid goes into the package, it is going in at 185°F or more. The thermal, mechanical and the barrier properties challenges that this presents are staggering, because as the liquid goes in, the material expands very quickly and then it contracts and forms a vacuum, so everything about that package needs to be designed in a way to address that.

This is where Amcor's intellectual property and innovation engine really comes to bear. With a patent portfolio of over 60 families of technologies, where we look at the sides of the package, we look at the bases to put rigidity in and where we look at active bases. We have been able constantly to drive innovation that enables more and more sophisticated, lighter weight, more PCR packages into this space, which plays right into our value proposition.

### **Innovation leader - hot fill**

Very specifically, I would now like to talk about the huge trend that we have been at the forefront of leading, which is the light-weighting of this package. In the last 10 years, by constantly driving generation after generation of this technology, we have been able to provide our customers with options that they can use to take over 50% of the weight out of these

packages. You can do it in generation, starting with the size, then being able to put more of the mechanical properties at the base of the package which liberates design freedom and light-weight in the side. Then by making an active base technology whereby, as the vacuum starts to compress you can handle that inside the base and you won't have the walls collapse, all of this has been fantastic and has allowed our customers to succeed in the market.

However, that is not where we stopped. We have the next several generations already in the pipeline and in fact some of them are working to commercialize today. Beyond just light-weighting, what these technologies enable us to do is they are the same underlying technologies, coupled with additive and manufacturing process expertise, that will allow us to use even that much more PCR inside the packaging, marrying that light weight and that PCR to drive what I am going to call true revolutions in the next generations of packaging.

### **Amcor Rigid Packaging - key messages**

In conclusion, I want to say that I feel so blessed to be part of this team that has taken the value proposition that Carmen and I just described that helps our customers win, and that is what will serve to drive that profitable growth in the future. Whether it is large brand owners that want to completely revitalize their brand by coming up with revolutionary new designs, finding ways to take the whole new step change of weight out, take PCR up to 100% levels, even in hot fill applications, we are the ones they are going to call and partner with.

It is a brand new customer we don't even know yet that has an idea to revitalize or completely redefine a category and what they are going to need is that partner that brings not only the technology to design that new package but the manufacturing capabilities and infrastructure across the entire region where they need to be. That can help them every step of the way from 10 million to 100 million, from one billion to two billion units, we are the ones they are going to call.

As we work together intimately on technology, developing those radical new packaging solutions and then commercially, and on that operational footprint, here is what I know is going to happen. We will grow profitably and we shall do that because our customers will win. Our customers are going to win because we have delivered and will deliver. With that, thank you and, Tracey and Ron, I am going to hand it back to you.

### **Question & Answer Session**

**Tracey Whitehead:** Thanks, Eric. This brings us to our first Q&A session. Ron, Dave, Eric and Carmen will join the panel for the next 20 minutes, so please submit questions that are most relevant to this group.

The first question today is from John Purtell at Macquarie. His question is, 'what drives Amcor's confidence that sustainability is its most exciting, long-term, organic growth opportunity? What are the sustainability risks and will you derive higher margins from more sustainable products?'. Dave, I shall pass that question on to you to get us started.

**David Clark:** Thanks, Tracey. I think I would outline the opportunity in three ways. First of all, if you look at Amcor's pledge where we have said we shall make our packaging recyclable or reusable, use more recycled content, and work with others to increase the collection and recycling of our packaging, we did that two years ago with a small number of companies.

Since then, it has become a global commitment sponsored by the Ellen MacArthur Foundation and the United Nations, and we are getting close to a thousand different companies, governments and NGOs signing up to that same global commitment. That represents a significant part of the overall packaged goods market. What started as an Amcor pledge and that of a few other companies has now become a movement that is creating an opportunity

for alignment within the industry, and for Amcor to leverage our presence across a much larger customer base.

Secondly, the value proposition for sustainable packaging - or more sustainable packaging - is changing. Certainly, consumers indicate that they are more willing to pay for more sustainable options and products but, at the same time, we are seeing changes in other forces. California has just passed a regulation that will require beverage bottles in California to include certain percentages of recycled content. We are seeing regulations in Europe that will create advantages for packaging that contains recycled content or advantages for packaging that is more recyclable. Therefore, the value proposition of the offerings that Amcor has will really change and it will create more value for those more sustainable packages, compared to packages that may not be recyclable or may be made from all virgin materials.

Thirdly, when you put those two together with Amcor's global position, our scale, the level of investments we are making, the talent that our R&D team has to bring these new innovations to bear, and the way that Amcor can bring solutions to both the global consumer brands, and the regional brands that are interested in more sustainable options, it is a really great opportunity for profitable growth for Amcor, and it will be a win-win for the environment. Back to you, Tracey.

**Tracey Whitehead:** Thanks, Dave. The next question we have is from Brook Campbell-Crawford at JP Morgan. Eric, this will be a question for you. Brook asks, 'can you confirm how many plants have been closed in relation to the restructuring program initiated in 2018? How much capacity has been taken out of the Rigid business and will be taken out of the business once this program is completed?'. Eric, over to you.

**Eric Roegner:** Thanks, Tracey, and a great question. It is very important to note that, over the last five or so years, as we have done the combination of integrating acquisitions into the ARP family, we are also optimizing our manufacturing and technology footprint into, as I described, these large, at scale regional hubs with the bespoke on and near-site assets.

That has enabled us to consolidate a number of locations, particularly small or medium-sized stranded locations, into one or the other of those capability centers. In doing that, we did collapse a number of sites in and, as a result, several hundred roles were restructured out of the organization. However, it is important to note why we did that. The goal was not to take capacity out of the network - quite to the contrary. Our capacity utilization has stayed high. By collapsing and consolidating as we did, we have been able to establish a world-class, low cost-to-produce, so a great cost structure that leverages the infrastructure of those sites. Even more importantly, as we wanted to grow into the non-commodity beverage spaces, and even more so into the non-beverage markets, by doing it this way and moving the right technologies into the right locations, we have enabled ourselves to have that technology set in the regions necessary, so that we can grow with these customers and in those markets where need be. Thanks, Tracey, back to you.

**Tracey Whitehead:** Thanks, Eric. The next question is another one that I shall give back to you. It is from Andrew Scott at Morgan Stanley, 'how are customers that have shifted to recycled content generally promoting this? Would we see this on the label, would we see it as part of an advertising campaign, or do they have other methods of promoting to the consumer the recycled content?'. Eric, over to you.

**Eric Roegner:** That's a great question and I'll tell you what - the answer is all of the above. There are very many ways in which our customers are doing this. There are some customers that have latched onto the PCR value proposition very early on and go right out on the label from hand-soaps like Method, or the Hellman's Mayonnaise jar that David mentioned, where they are leading front and center, saying this container has 100% PCR and it's right there in all of their marketing and all of their advertising.

For others, the way they are approaching it is by making broader claims about getting to certain levels of PCR across their product categories and then they are feathering it in. Sometimes those claims will be quite overt on the label, sometimes they are a little bit more subtle, but they've decided to market it more across their whole portfolio. So what we're seeing is that segment by segment, customer by customer, product by product, we're seeing different ways of them communicating it into the market, but they've all looked at their end customers and said, 'what's the best way for us to do this, to get that message out there?'. Back to you Tracey.

**Tracey Whitehead:** Thanks Eric, the next question over the Zoom chatbox is from Julia Weng at Paradise Investors. Dave this is one for you and Julia's question is, 'will Amcor seek to directly invest in recycling infrastructure or technology, to accelerate the process of recycling plastic?'

**David Clark:** Thanks Tracey, well I can say that we'd certainly consider it and we'd consider it from a couple of different perspectives. First of all if you look at the processing side, when I first joined Amcor I was running the business that made recycled resin for the rigid plastics business. We had operations in the United States and also in Europe and over time we realized that the better strategy, is probably to move away from vertical integration and develop a supply chain and supply base and we were able to dramatically increase the amount of recycled content that we could put into our packaging.

If you look at the collection side, that's really a specialized business and there are people, companies like Veolia, Suez, Republic and others, who are managing that waste management infrastructure and it's really not just plastics collection. If you look, plastics play a very small part in the recyclables business if you look at all the material that is collected from households in terms of paper, metal and other things. So it's a very broad business with a completely different skill set. I guess I would say that would we consider it? Of course, the answer is yes, if we saw that it was a faster pathway to achieve our goals that also delivered profitable growth, it's certainly something that we'd consider.

**Tracey Whitehead:** The next question that was pre-registered is from Brook Campbell-Crawford at JP Morgan. Ron this will be one for you. Amcor has made a number of asset sales over the last 12 months including a flexible packaging plant in the UK, two plants in LatAm and last week the AMVIG sale. Were these transactions part of a broader rethink about the portfolio and should we expect to see these sorts of divestments continue over the next 12 months?

**Ron Delia:** I wouldn't consider it a broader rethink of the portfolio. I would say it's really a continuation of a theme that's been the way we've managed things for a long period of time and there's been a lot of acquisitions, but there's also been a lot of businesses that we have exited. Some big ones over the years. These that you mentioned, I would put more in the portfolio pruning bucket. These were in the first three examples that you mentioned, a business in the UK which was producing bread bags. A business in Argentina making disposable products for food service. A joint venture we had in Brazil with Huhtamaki to make tube laminate.

These are one plant operations, not places that we were going to really double-down in and invest to win, so we are essentially dabbling and decided to take it out in the spirit of further focusing and refining our resources and our management attention. In the case of AMVIG, it was a unique ownership structure we got into in 2003 or 2004. We took an ownership stake in a public company called AMVIG which makes cartons for tobacco and some other products in China and it is a company that trades on the Hong Kong Stock Exchange. Essentially we took an option on that business about 15 years ago and again never committed to really double-down and further help drive growth and consolidation and decided to exit that stake last week.

I wouldn't consider it a broader re-think of the portfolio as much as just a continuing evolution and refinement and really tightening up the focus on the places where we think we can win, and you're hearing a lot about those today. Rigid packaging in particular in the Americas, flexibles globally, cartons and closures as well, so that's what those are about.

**Tracey Whitehead:** The next question is through the Zoom chatbox platform and it's from Richard Johnson at Jefferies. Question for Eric. 'Could you talk about the competitive environment in the US and particularly as it relates to rising customer self-manufacture?'

**Eric Roegner:** One thing is I'm not going to talk about any particular competitors, but what I will say is in this market in general, if you're positioned as we are as the innovation leader, in a market that is dynamic, where there are growing and attractive segments that lend themselves to innovation, then the ebbs and flows of certain trends like self-manufacturing are things you are aware of, but don't really fundamentally change the underlying nature of the business. Generally speaking, this is a well-structured market in North America with a very advantaged position.

As I mentioned earlier, we'd spend quite a bit of time and effort over the last number of years, working on that mix of assets and technologies, customers and products, to deprioritize and deemphasize the more commodity products. For example, CSD and water cold filled, to really enable us to win in the advantage segments like hot fill categories that we talked about and healthy hydration and even more so, diversifying beyond beverage into those specialty container markets that Carmen talked about. So while there are ebbs and flows in a number of those different areas, we really think that we are especially well positioned in the attractive growth markets where innovation will lead.

**Tracey Whitehead:** The next question we have is a Zoom raised hand, so I'll hand over the microphone for the person to ask the question directly. The first one on the raised hand platform comes from Larry Gandler at Credit Suisse Equity.

**Larry Gandler (Credit Suisse)** My question I guess is for Eric, excuse me I am bit of a technophobe I couldn't find the chatbox, I'll get it from Damien! My question relates to that slide you had up there with volume. You showed unit growth over time. Can you talk, particularly with regards to light-weighting, how your resin use has grown? I think that would be a great sustainability message if you could perhaps describe that perhaps your use of resin has not nearly grown as much as your units, over the last few years.

**Eric Roegner:** Thanks so much for the question and by the way I completely empathize with the chatbox thing! It's right there next to the page turn, which I couldn't figure out earlier.

That's a great insight because back to this point about light-weighting and use of PCR complemented with light-weighting. While the units have grown, we've been able to actually hold our total resin consumption, both the combination of resin and virgin, just about flat over the last number of years and we plan on maintaining that trend if not even improving on it, going over into the future. Bringing that innovation to continuously drive the light-weighting, enables us to hold resin at level or drop it, while the units continue to grow, that's a really good insight.

**Tracey Whitehead:** The next question is from Andrew Scott at Morgan Stanley. Ron this will be one for you as well. Andrew is asking, 'gearing remains manageable, do you feel you have the management band width for acquisitions? If yes, should we think of this being focused on rigids, or do you see scope in flexibles, even with the Bemis integration on-going?'

**Ron Delia:** Thanks Andrew. The balance sheet is in a good position. It's been well managed, consistently managed for a number of years now and it puts us in a comfortable position that the

Bemis deal being an all-stock transaction, obviously preserved flexibility for us. Our cash flows in the business are strong, so from a financial perspective there is no question that we have the fire power and the capacity to pursue acquisitions.

From a management bandwidth perspective, if you think about the Bemis acquisition, it really fits within the flexibles perimeter and even within the flexibles perimeter there's four different regional businesses that are each at different stages of integration. I think it's not too far from being within the realm of possibility that the management bandwidth frees up and some of those businesses, if not all of them, can start to think about what's next from an in-organic growth perspective. Clearly in the rigid packaging segment, I think Eric and Carmen did a great job of describing some of the opportunities, particularly outside of the beverage space, where we already have a really big scale position.

Lots of runway for growth in North America in particular outside of beverage and that business has not been tied up with an integration. I think long story short Andrew, we have the financial capacity to pursue deals and I would say more or less, we have the management band width particularly over the next couple of quarters across the whole company, so you can expect to see us be active going forward as we have been historically as well. Thanks for the question Andrew.

**Tracey Whitehead:** The next question is a Zoom chatbox question from Matthew Ryland at Greencape. Ron, I think this is another one for you. It relates to sustainable products and the question is, 'will the sustainable products initially gain greater penetration in short run packaging markets?'

**Ron Delia:** Matt thanks for the question. I think that over the years we've seen lots of innovation come from places that maybe we wouldn't ordinarily expect. Some of the smaller companies in the developed markets, some of the niche brands who've been more aggressive in terms of marketing their products, merchandising their products.

Eric mentioned Method Products, a company which gained pretty significant share on the back of their sustainability credentials, in a relative staid category like homecare products, several years ago. So you see innovation come from brands like that and we also see innovation coming from the emerging markets and some of the national brands, that you'll hear a bit more about later.

I think it's not so much that it's more sustainable technologies are better suited for short runs, I think that there is every bit as a likelihood that some of the smaller customers get to the market faster with some of these innovations, which take a bit of a leap of faith in some cases. Those companies have proven over the years to be a bit more aggressive in marketing and in launching new products. It's not to say that the larger customers are not active, we have extensive agendas with all of the big FMCGs that you would think of and they're quite active as well. But I would say, I would put equal money on both types of customers in terms of who gets to the market first with some of the more innovative solutions, and more sustainable products whether they are recyclable, or those products with higher recyclable content. Thanks for the question.

**Tracey Whitehead:** The next question is a raised hands question from George Staphos at Bank of America. George your microphone will be open very soon and you can go ahead and ask your question, then the panelists will jump in to provide and answer. Over to you George.

**George Staphos (Bank of America)** Thanks Tracey, thanks everybody for your presentation so far, I have two questions. Number one, Dave, you had mentioned several recyclability statistics across your portfolio. I think 61% for flexibles, 95% plus for rigids. Can you talk about the percentage of material within those product lines that are economically

recycled closed loop back to packaging?

The second question I had, Eric I appreciated your presentation, you talked about mix enhancement. You talked about the hub and spoke approach, light-weighting going on the PET issue for a long time, what do you think we'll need to see on a go-forward basis, to see an even better profit performance out of the rigid business? Thank you very much.

**David Clark:** Thanks George that's a good question. I think first of all if you look at the collection rates around the world and what percentage of that is going back into packaging again, a good indication is in the United States, you have probably about half of the PET maybe a little bit less, that's being collected going back into packaging. Some of that's going back into beverage containers, actually a larger percentage is going back into thermal forms today. We see that as actually a good thing, because if you have multiple competitors trying to buy the same material, then that helps to support the market.

We see other markets, Europe with typically 40% up to 100% PCR, which Coca Cola has just made that commitment in the Nordic countries. The economics vary a bit from one location to another depending upon producer responsibility regulations and other things, but we are seeing that level increase year-on-year and within flexible packaging, it's still a little bit early both in terms of the collection rates and the amounts that are being put back into packaging, but we are seeing Amcor products with 30% PCR being put into them in some cases today and of course we're working to make those rates much higher.

**Tracey Whitehead:** Thank you Dave. That brings us to the end of first Q&A sessions so thank you to all the panelists and thank you to the audience for all the questions.

[Video played]

## **Amcor Flexibles**

**Peter Konieczny (Chief Commercial Officer)** Hi everyone, I'll have the pleasure to kick us off here for the flexibles session, with a couple of slides in order to get us started.

### **Amcor Flexibles, Key Message**

I want to do this by running through the key messages that we want to leave behind and that we will probably come back to as you go through the following conversations with us. The first one is, we're the only player with a truly global footprint and wherever we play, that's the number two, we have leadership positions and we operate at scale in every single region. You will see that clearly when we take you through the other slides that are going to come. The third one is, we're leading in differentiated and growing segments and that's really important, because we make choices about where we want to play. We do not want to be everything for everybody. The fourth one is, we have world class R&D infrastructure and capabilities, and finally we have multiple sources of organic and acquisition growth opportunities in the business.

### **Amcor Flexibles - Segment Overview**

The next slide that I'm going to get to is speaking to the scale of the business and to the global reach. We are talking about the flexible segment here and the segment reached about 10 billion of sales, as you can see on the upper left hand side, and it's actually very well distributed across the globe, with about 30% being in North America, 30% being in Western Europe and 30% being in emerging markets. A very small piece is in Australia and New Zealand.

You see that we have about 180 plants in about 39 countries and we operate with about 40,000 employees, so that clearly speaks to the scale of the business. As I then dissect the

flexible segment I would get to two separate businesses. One is the global business in specialty cartons and the other one is the global flexibles business. Both of those businesses make up for the flexibles segment that I just talked about.

### **Global Leader in Specialty Cartons**

The specialty cartons business is a great business. Many of the things that I just talked to on the global flexible segment, apply here also. It is definitely a global business and we're the only global player in the world in that particular product segment. It is an innovation leader. This business has excellent relationships to a consolidated set of customers and it is run extremely well from an operational point of view. So you pull these things together and you get yourself to a business that generates really good margins and a strong and very consistent cash flow and therefore this business becomes a very attractive business and extremely important contributor to the flexible segment.

This is the only part in the presentations where we talk to the specialty cartons business and the only reason for that is that we needed to make choices, and as we are going through the flexible segment we made the choice to discuss and focus really on the global flexibles business, which is by far the bigger piece of the business and which is probably the more interesting one. Also, given the acquisition that we've made about 18 months ago and that is the Bemis business.

### **Amcor flexibles – Global footprint with scale in every region**

So as we talk about the global flexibles business, let me take you through this chart, there are a couple of messages that I want to leave behind. Again it speaks also of the global flexibles business and to the global reach of that business. We also see here the size of the markets in which we operate, and they're significant.

The first message that I want to leave behind here is how the market size compares to the size of our business in each region. The markets and the businesses in every single market are fragmented and we have ample opportunity to grow the business through acquisitions. The second big message here is that we are in leading positions because we've compared ourselves against the next biggest competitor in the different regions and you can see that in every single case we are significantly larger than the next biggest competitor. The mere fact that you see different colors here for the different competitors by region, just indicates that there are different competitors in every region, which also speaks again to the fact we are the only truly global player in this field.

### **Amcor Flexibles - Multiple Lever Drive Organic Growth Profit.**

Now the final point that I would like to make before I hand it over to the innovation piece, is again coming back to the sources of growth that we have in the business. The first one really is that the markets in which we operate are all growing, so we should also be growing.

The second one is that we are active mix managers and that again speaks to the fact that we are trying to move our portfolio into those areas of the market where we expect higher profitability and more attractive opportunities.

The third one is the innovation capabilities. We have world class R&D capabilities and infrastructure and we are a leader in high barrier film and foil technologies. The last one is the cost productivity side. We have proven over the past that we are able to take cost out of the system and expand our margins and we believe that we have more opportunity to do so as we go forward. That should be enough as a quick introduction to the Global Flexibles Business and with that I want to hand it over to Bill who is our Chief Technology Officer.



## **Amcor Global Flexibles R&D**

**Bill Jackson (Chief Technology Officer, Global Flexibles)** Thank you PK and good day everybody.

### **Global Flexibles Research and Development Overview.**

I have the pleasure of walking you through our global flexibles R&D organization and how we're positioning our talent, our pipeline for growth. Let's take a quick look.

#### **Developing packaging for market success**

[Video played]

Pretty exciting, so let's actually go back one page and give you a little more flavor of our capabilities and where we're going. I was very pleased to give you a little preview to the Neenah Innovation Centre and very pleased to announce that more like that are coming. Stayed tuned on this, but I got to tell the R&D guys there has never been a better time to be in R&D than with Amcor R&D right now. Why do I say that? Because we truly have a world class team of engineers and scientists around the enterprise, around our countries and businesses that operate in a collaborative environment. We're getting all the funding we need from the company, I want to thank Ron, we're getting incremental resources to double down on sustainability. We're building out enhanced capabilities for testing and customer focused trials and we are expanding our innovation center footprint. So truly, never been a better time to be in R&D.

Now, we have a strong focus on intellectual property creation and protection. In the past 36 months, we filed some 70 patent applications which takes our portfolio north of 350, and that number is growing year over year. Many of these are around break-through sustainability formats, and so you'll hear more about that in a minute. The team is well-decorated, I think you've seen that in the past, a nice recognition for the R&D guys, but what we really like is when our customers see the value and then they buy the films. I'll say that our legacy Bemis North America Vitality rate was something north of 20% through Vitality, so that's a sign of the relevancy that we do have for customers on an ongoing basis. With runs through Bemis, Dell and General Electric, I can look at you and say there's never been a better time to position the innovation of Amcor for future growth.

#### **Expanding our global innovation center network**

Let's go ahead and take a look – I'm going to pause. As I mentioned before, we're going to be expanding our footprint, we are going to include sites in Europe, Belgium, and China and more to come on this, but what I like about this, it's going to be a network of innovation centers working collaboratively, and it will be the magnet to draw in customers for packaging design, and that's how we get products to shelf quickly. This will be part of our \$50 million commitment that we made to accelerate our sustainability agenda.

#### **Innovating to deliver responsible packaging**

Dave Clark talked about our efforts to innovate, to deliver responsible packaging, and as you saw earlier, our flexible packaging portfolio on the right – then we'll go to the left – about 61%. When we started this journey – and I came in from the Bemis side about a year ago – we were just shy of 50%, and so we've been able to get that up 10% and probably more at this point.

I can tell you that we have addressed some of the most difficult problems to solve. We have solutions in hand. We are going through validation trials, and I can speak with confidence

that we will get to 100% recycle-ready alternatives for our flexible packaging portfolio well before 2025. Really good progress, and we are sharing these alternative designs around the world, so they are available for our customers in every region.

Now we have solutions for the polyolefin recycling stream that you see in the upper left. Aluminum in certain cases; we do have innovation platforms for compostability, bio-based materials, and I'm pretty excited to say that we have a suite of barrier paper packaging products that now, and will in the future, be able to fit in the paper recycling infrastructure. We are in the midst of doing some exciting developments to expand a high barrier paper that would be aluminum-free paper packaging that can fit into the paper infrastructure, and that is some breakthrough technology that we are pursuing today, and following some intellectual property on.

Now, I will say here that one of the secrets to success is our innovation model, so while we have embedded R&D in each business unit in each region, we do have a central corporate Research & Development team that works to create advanced technology, platform technologies. This is the long-term research that balances with the short-term that we do often in the business units. Then we can innovate across new segments or existing segments with new designs, and then pass on to all the regions to put into the building blocks, so one region does not get ahead, or should I say, behind another. We can bring everybody up. That is one of the secrets to our success, and we do this in a very collaborative way.

### **The challenges of design for recycling**

Now it's not so easy to redesign these products to be recycle-ready. A lot of headaches, but fortunately we have been able to work our way through a lot of these challenges, and so I'll give you a little science here as we take a closer look. As Dave Clark rightly said, these are multi-layer materials, but they can be designed to be recyclable if you know what you're doing, and you take a look at the entire system.

Today in many cases, exterior layers of packages are made with polyester. Polyester is great because it has good heat resistance and dimensional stability. It is good for printing as to what the customer holds, but the headache with polyester is that's not allowed in mechanical recycling. It's a bad guy, so we have to engineer it out, and we've done just that by creating an innovative suite of common polyolefins that can have the heat resistance by imparting some certain properties, be it physical process, that gives us dimensional stability and, now, removes the bad guy, polyester, to be compatible with mechanical recycling. But we have to continue through the rest of the layers.

Many barrier layers here might be PVDC, EVOH, aluminum foil, so we have to build and mitigate those bad actors and bring in new designs that can be compatible with the exterior layers and the recycling infrastructure. We've been able to do that with some breakthrough technologies, and we referenced it earlier with this really exciting Amcor AmLite HeatFlex package that we've just announced, which could be for retort but also other applications. It is a platform technology that will have utility around the world.

Then finally, we are engineering new approaches to the sealant layer, that is the food contact layer. We have to make sure that that's part of the system, that's the layer that runs through the machines, and ultimately holds the package together. So we brought in some new advances there so that packages can seal well with these changes to the barrier and exterior layer. As a whole system, we have created a winning solution across many different application segments, and therein is the basis for a lot of the IP, we are filing to protect our technology to now acclaim legitimately recycle-ready alternatives for a variety of applications that we are disseminating around the world through our global technology- leveraging process.

## **Global technology platforms are delivering solutions**

Then this has led to a number of new product launches over the last year, and more to come. New cheese packaging that would be polyester-free, to new aluminum-free barrier layers for retort, as we talked earlier, and novel sealed layers which we are deploying into home and personal care applications to name just a few. I'd love to spend more time talking to you about these today, but now I'm going to turn it over to Fred Stephan to talk about North America and AmPrima.

**Fred Stephan (President, Amcor Flexibles North America):** Great! Thanks, Bill, and hello to everyone!

## **Amcor Flexibles North America overview**

Just to talk a little bit about our North American business. We are the market leader in North America. It's a large market, a \$20 billion market, growing in low single digits. Really the top four businesses in this industry only represent about 40% of the market.

We are a \$3.4 billion business. We have 38 plants and about 8500 people. We are spread throughout the US, both on the West coast as well as the East coast, and we have a fair amount of redundancy in our network that for our customers really provides that stability of supply and assurity that we have the scale to supply them regardless of the volatility in the economy, even in occurrences like hurricanes.

## **Leading in differentiated and growing segments**

We participate in quite a few differentiated and growing segments, but we are quite selective of the markets that we play in. There's typically a value proposition around barrier products that leads us to have an offering in those segments. The ones we're going to talk about today are the meat segment, the cheese segment, as well as our health care business.

Traditionally, we have been focused on large customers, and with large customers, we are really the one-stop shop. We're the solution provider for those customers, and so as they grow and they do acquisitions, we can provide products to them regardless of the segments that they are in.

What you can see in the bottom right-hand side of this page are some of those customers that we provide those solutions to. Because many of these are also global players, in the global Amcor network, we are also able to leverage the solutions that we have for these customers in the US and expand those to global markets regardless of where our customers are located.

## **Success with large and small customers**

Over the past few years, we've put a big focus on small customers. We have revamped our entire network to be able to service small customers, and we've done that through a variety of means.

First, we've standardized many of our products, so we have a standard offering that we can bring to those accounts. We also have equipment where we're capable now of doing shorter runs, and we have trained our teams in our factories to appreciate the shorter run business as it comes in, and to be able to run it productively. So now we are equipped in a good portion of our network to service our small customers' needs.

What we tell our small customers is that have a unique ability to help them start small and grow to be a big customer. We've had some success in this area over the past few years, and

in fact last year, we added over 75 accounts to our network of small customers, and we see that only growing in the coming years.

### **Leader in high barrier meat packaging**

One of the segments that we are focused on and we've made quite a few investments in is in the meat packaging area, and this is specifically in the high barrier meat packaging area.

As we have seen consumers shift to more protein-based diets, we have seen these segments grow. Our strength is really on the processed meat side of the business, but recently we've seen significant growth opportunities emerge in the fresh meat side of the business where, again, our technology can play a significant role. We have a variety of different solutions to bring to our customers in this area as well as a differentiated value proposition.

### **Automating fresh meat packaging**

Probably the strongest solutions that have emerged in this market are in the area of automation. We have partnerships with machine vendors that allow us to offer through rolled-stock solutions an automated solution that reduces the need to actually have labor on the line. In some cases, it can reduce labor for our customers by as much as 50%. This then allows them to have reduced labor needs and especially in times of volatility and labor shortages, to be able to run more efficiently. So, we offer solutions in this area that are both the bagged option as well as rollstock options that customers can run, and we see these trends globally.

In the Amcor business, we are now able to bring these solutions to the global network of customers that we have as well.

### **Leader in high barrier cheese packaging**

Similarly in the cheese market we see a number of different opportunities, and again, we offer the differentiated solutions in high barrier cheese packaging. We really like this segment because again, as we've seen consumers shift behavior, it's been towards snacking. This would apply to both meat and cheese products, but our high barrier products are necessary in those packaging formats to be able to preserve shelf life for meats and cheeses.

We have also seen significant private label growth in this segment, and we've been the beneficiary of the growth in that with our strong relationships with those private label customers.

### **Leader in medical packaging**

Finally, medical packaging. we are the market leader in medical packaging in the US. In fact, in our healthcare business we participate in both the medical side as well as the pharmaceutical side. You will see here Michael talk a little bit about their strength in the pharmaceutical side of the business, and so here we have an opportunity to help each other grow in each of these segments.

This is a segment that we really like from a long-term growth prospect standpoint. Based on our differentiated solutions but also the high quality standards that we are able to offer our customers, we have a unique position to help our customers grow globally in this segment, and now over the past year, we've doubled-down on helping those customers take those solutions to the global marketplace.

### **Innovation leader in North America**

Finally to wrap up, one of the things that I'm most excited about from a growth

standpoint is the process that we call Catalyst. This is a collaborative innovation process that we run out of our Uni-technology Center, and soon to be many of the technology centers that Bill talked about earlier. Here we are able to bring our customers into the center to spend time with them and understand the growth projects that they're interested in doing. As we understand those needs, we start to think about product solutions, and before the customer leaves our building, we can actually conduct a focus session with consumers, understand their preferences, and then have the consumer touch and feel a real package that we produce through 3D printing. This has resulted in a number of innovations that you actually see on this page. We have now evolved this into being able to conduct the Catalyst sessions virtually as well, which is starting to produce dividends.

Bill mentioned the AmPrima product. AmPrima is really our recycle-ready film solution. We have launched a number of these products recently. It's offered in a wide variety of applications which we will continue to expand. What we're most excited about is that we are now pre-certified with the 'how-to' recycle label. The Coors Light is another one. It's a fun one with 12-packet beer. Merchandise traditionally, but in this case it's a reusable bag where consumers can add ice to keep their beverages cool during the hot summer days.

So just a number of innovations that we are focused on bringing to the marketplace quickly. You can see a few more on this page, but Catalyst is really one of the keys to our growth, and virtually all of the innovations that we work on with our customers, if they come to market, we have a much higher probability of success in actually launching those products with our customers.

With that, that wraps it up for North America, and now I'll turn it over to Michael Zacka to talk a bit more about the EMEA.

**Michael Zacka (President, Amcor Flexibles Europe, Middle East & Africa):**

Thank you, Fred.

**Amcor Flexibles Europe, Middle East & Africa overview**

Firstly, there are quite a number of similarities between the European business and the North American business, but if I just bring your eyes to the right-hand corner of the slide here, the flexibles business across the EMEA region is an extremely large and attractive \$16 billion packaging market. You can see from this portion of the slide that, whilst Amcor is a circa \$3.3 billion business here, we are effectively 2x the size of the next competitor. After the four competitors drop off, you can see here that the market is extremely fragmented, and that of course has with it some fairly obvious opportunities for us in the medium and longer term.

Coming back here into the specifics of our EMEA business, we have an incredibly broad scale and footprint across all of Europe and parts of Africa. This is supported by a network of an extremely large and competent 58 plants, 58 plants across 22 countries, and an incredible 12,000-strong workforce that are highly competitive. I think one key aspect here across Europe as, let's say, a mixture of collection of different countries, is that with this incredibly strong plant manufacturing footprint, we really are in a position to meet and exceed the supply chain needs of our customers.

**Leading in differentiated and growing segments**

First of all, we are extremely selective, and we choose where to participate within the segments here across Europe. These can be summarized – there are roughly nine segments that you can see here in the center of the slide – but in particular, we have an incredibly strong leadership position across segments such as pet care, coffee and certainly pharmaceuticals. We continually focus, whether it be in these three segments or across the entire segments

where we play, in order to really optimize our margins and profit, again, pulling the key levers for financial optimization and growth.

Now also, through Bemis, it's really pleasing to see that we acquired some additional leading capabilities within both the meat and cheese segments, and you also heard Fred talk there shortly regarding medical. So, whilst our product offering is quite focused, it is certainly very well in sync with our customer leads. As a result of this, we are extremely fortunate that we attract the market leaders wherever we choose to play. So, not only are we the number one in these key segments, we are also playing with the number one customers. For example, whether it be like a Nespresso for single-serve coffee, or for companies like Mars and Nestlé in the pet food segment, and we equally play with all of the major leaders in the pharmaceutical space as well. So extremely fortunate, but it's through the strength of our products and our innovation.

### **Success with large and small customers**

Now, similar to Fred in North America, you can see here that we have an extremely strong portfolio of customers that we would define as either multinationals or pan-regionals and/or a small but extremely nimble customer archetypes. Our value proposition really resonates with all of these customer archetypes, and the skills needed to serve these customers are very similar, whether they are across our rigids business, as you heard earlier from Eric, or across the flexibles perimeter globally.

Now, our innovation and our broad manufacturing footprint that I covered earlier, the 58 plants, this really enables us to manage this large scale of customers that you see here. For example, if we just reflect back during Quarter 4 of fiscal 2020, and during somewhat the eye of the storm with COVID, we really moved through this period. As a result of our scale and our very close relationships with our suppliers, we managed to secure raw materials without disruptions to keep our plants running, but more importantly, to be able to service our customers, small, medium and large, in an extremely focused and expedient manner, whilst, for example, many of our competitors were impacted. Really, the 'so what' from here is that our scale and our relationships with our suppliers and our customers really helped us through these more challenging periods.

### **Leader in pharmaceutical packaging**

What I'd like to do now is step you through some examples of some very specific segments starting with the pharmaceutical segment. The first message is that Amcor is the clear leader in pharma packaging globally, and we really like this segment. We really like it because it has some really key value drivers such as ageing population, and intellectual property protection, as you can imagine. There is also quite a deal of complexity through not only the materials, but also through regulation, and lastly, the segment, the pharma segment, is attractive and it's growing, and thus it makes it profitable.

A market leadership position really doesn't come easily, but we have successfully carved out a value proposition that really resonates, not just with customers, but also regulators. An example I'd like to call out here, if you look to the left visual of the chart here, we have a brand that we call FormPack. FormPack is our leading packaging platform. This technology is used by all leading pharma brands across the world, and not only is it leading from an innovation perspective, but it's also allowed us with our focus to help build regulatory expertise and continually drive innovation. Also in this platform, where we have multi-variations, for example, different barrier packaging which meets the needs of different countries where there are different temperatures and humidity differences, we've really been able to modify variations of this incredibly premium format, and that really helps us command the strong position that we have. So, it's all about innovation.

## **Leader in pet food packaging**

Okay, let's take a look at pet food. An incredibly attractive segment, and with great opportunities to leverage globally. First of all, why do we like this segment? It's growing, it's attractive, it has real demanding material structures as a result of the aggressive contents and the food protection and shelf-life requirements. So this results in innovative and complex structures which of course helps secure very strong margins in this segment.

Ron spoke earlier about a World First, and we are really excited today, because today we announced to the market a break-through, from an innovation perspective, with our new AmLite Ultraflex/HeatFlex, and this is the world's first fully recyclable retortable pouch, which will also deliver and come with around a 60% reduction in carbon footprint. We are launching this as we speak with Nestlé with their Purina pet food brand here in Europe, very, very exciting.

## **Leader in coffee systems and premium coffee packaging**

Okay, lastly, with respect to coffee, again, a highly attractive and growing segment like pharma and also pet care. We like this because coffee is growing both in-home and out-of-home consumption, and globally consumption continues to grow. We play in two real key segments where we invest. What we call first Single Serve, which is through the Nespresso capsule that you see here, and the building photograph that you see below is just one example where recently we are investing \$40 million in additional Nespresso capacity, tightly linked with Nestlé, with contracts, and this just shows the value proposition and also the confidence that Nestlé puts in us at Amcor.

## **Innovation leader in Europe**

In conclusion, we are the clear innovator here in Europe, but let me finish where I started. EMEA is a large, attractive and growing market. We have a clear market leadership position, and this leadership position is really driven by the 58 plants across the 22 countries with our focus on scale, innovation, quality and service for all customer archetypes, small, medium and large.

Our leadership position has really been driven by the innovations, again those shown here on this chart. I just spoke about the World First in pet care. In the right-hand bottom corner, under the coffee segment here, we have a fully recyclable and biodegradable package launched with one of Sweden's leading coffee brands, and as you can see across dairy and protein, we had a range of key innovations that are now out on the market. So, with this my friends, we'll close out EMEA, and I'm going to jump on an aircraft and take us quickly to Asia.

## **Michael Zacka (President, Amcor Flexibles Europe, Middle East & Africa):**

Let me start with an introduction to our Asia Pacific business.

### **Amcor Flexibles Asia Pacific overview**

First of all, an incredibly exciting and dynamic part of the world. Asia Pacific is home to 60% of the world's population and over four billion consumers. We are the clear market leader here, and again, if you see to the right-hand bottom corner here of the chart, we are twice the size of our next competitor. It's an attractive region, we have a healthy, growing but most importantly, we have a profitable business, \$1.3 billion in sales with 40 plants covering nine countries, including a very strong position in Australia and New Zealand, through south east Asia, India and of course China, which we will hear about more shortly.

## Leading in differentiated and growing segments

To build profitably in Asia requires real discipline and focus. This \$1.3 billion in sales has been developed by focusing on the most attractive and growing segments, not everywhere and not all products. As a reference, the food and personal care and pharma and medical devices are really good examples. Our portfolio has been strengthened, also with new products recently transferred from the Bemis acquisition, more specifically in protein packaging for meat and cheese, and of course the medical packaging in health care, as Fred mentioned earlier.

Our product portfolio is broad, but most importantly it's competitive, and more importantly it's relevant and it's attractive to our customers. Again, our customer base in Asia, we are extremely fortunate to have the leading multinationals, the leading national brands in each country and also pan-regional and smaller customers. It's an extremely balanced, customer portfolio.

## Customer partnerships in high growth markets

I'd just like to give three brief examples before we dig more deeply into China, around the value of customer partnerships and how we have managed to create these partnerships in Asia.

What you see on this chart is three examples of three greenfield sites, greenfield sites that have been purpose-built with a key anchor customer and within a growth segment. Each of these plants and investments are also anchored with customer supply contracts. For example, starting left to right, within the Philippines we have built a purpose plant for Nestlé, for food and beverage applications in the Philippines. Moving to the center, going into India, a purpose-built plant for Unilever for personal care applications. And lastly, to the right, a world leading plant for health care in Singapore for customers such as Ansell and Braun. No other competitor has the capability or scale to drive this type of model other than Amcor.

With this Asia introduction, I would now like to introduce you to Xin, Xin She, is our President for our China business, based in Shanghai. Xin, over to you.

**Xin She (VP & General Manager, China):** Thank you, Michael. Hi everyone!

It's nice to be here. I'm sorry for my early morning voice!

### Focus: China

Let's spend a few minutes focused on China. China is a huge flexible packaging market with around 5,000 local players. Amcor entered the China market about 24 years ago and has grown as the largest player and clear market leader. We have 13 plants covering our Chinese market and we are really enjoying healthy and profitable growth. We provide flexible packages in food, dairy, beverage, home and personal care, health care, including pharmaceutical and medical device products. Also, we manufacture industrial film and tubes for our customers.

The local market here has been growing steadily and is now at a strong recovery after the COVID-19 crisis earlier in the year. China is manufacturing a huge amount of consumer products, for China itself and for the world, with focus on selected customers and segments, many including global key accounts, regional and large local customers, as well as the rising eCommerce customers.

### Focus: China

So, how to win in China? This large scale, but very fragmented market. Firstly, we use our



scale economy to gain competitive advantages through consolidated procurement, sharing the capital and human resources across Amcor plants, optimize supply chain and provide fast and local delivery with stable quality. Amcor is a very trusted global brand in China, and in this year during COVID-19, we provided stable supply with high quality. While some of our competitors had to shut down their plants, or they had issues with supply transportation and so on. So this has further strengthened Amcor as the most preferred supplier to our customers in China.

With 25 years' operation in China, Amcor has built up a very strong relationship and deep understanding of the global key accounts operating in China and large local customers. We also pay lots of attention to the rising e-Commerce customers and develop them as our new growth engines.

Amcor China has a large local field technical service team. This will allow us to deliver fast response to customer's needs, including trouble-shooting on the customer side, product development and quality issues with solutions and so on. This strength not only differentiates Amcor with the many local competitors, but also differentiates to imported packaging products, as they don't have much local service here.

At the same time, our field technical service team is also part of the global R&D team, Bill's team, which can transfer the new technologies and successful experience from other markets to China.

Last but not least, the Chinese government has put very high attention and pressure on environmental development with the so-called 'blue sky' policy. Amcor as the sustainability leader, are ahead of competitors in terms of developing sustainable products, from film and tube development to all sustainable structures for laminates. Our sustainability leadership brings Amcor many benefits, especially for global key accounts, many of them also have the same 2025 goals. Our large and strong investment in our plants, like the RTOs, allow our plants to have minimum release of VOCs, hence minimum impact on the 'blue sky' policy. This allows us during these polluted days, we can continue production, aware that many of our competitors have to stop.

### **Focus: China**

Let's talk a little bit about the customers in China. We have around 3,000 customers, with the main focus in the food, dairy, meat, personal care, and pharmaceuticals and medical device products.

Global key accounts are large and stable, and they take around 16% of our net sales. We have been growing together with them in China, through the strong partnership with them, we have communication at all levels with customers and each year we have an Innovation Day with these global key accounts, and we always keep several innovation projects on-going for each of them.

One example is Colgate, which shared the same ambition as Amcor that, by year 2025, all packages will be recyclable and reusable. Amcor has developed PBL- the Plastic Barrier Layer - for Colgate toothpaste tubes, which allow them to take away the aluminum from the tubes, and to be 100% recyclable. This product has been commercially launched and selling well in USA, Europe and China.

Local Chinese customers are growing at a faster pace, and we are focusing on two categories; local large, and rising stars, especially in e-Commerce. For the local large we serve them in a similar way as the global key accounts, but at a faster response and speed. Speed is key to win in China. For the rising e-Commerce customers, we provide total solutions, not only packages and films, but also marketing service, joint product development, technical service,

and so on.

One example is Zhou Heiya – the number one Duck brand in China today. Zhou used to be a small company in Wuhan producing duck products. Its product is very tasty and fresh and selling very well in Wuhan city, but only in Wuhan city as its shelf life is only two days. Amcor has developed a tailor-made package for this duck meat, allowing it to keep fresh for up to 20 days with the same freshness. This big innovation enabled Zhou to extend its sales channels to the entire China and made significant commercial success.

So, thank you for your interest in Asia and China, and now I had over to PK.

**Peter Konieczny (Chief Commercial Officer):** Thank you, Xin. I want to introduce our LatAm business, which is a business that we are very happy with.

### **Amcor Flexibles Latin America**

Let me start off right there. It is a business that has been created through two acquisitions. Four and a half years ago, we made the Alusa acquisition, and that created a great platform for us in Latin America, but it left us exposed, particularly in those markets like Brazil and Mexico because we didn't have any footprint there.

With the Bemis acquisition that we made about 15 months ago, we were able to close exactly that gap and that created a business which is now \$800 million sales, 20 plants covering six countries and with 6,500 people that are working in our LatAm business. That makes us the leading flexibles packaging supplier in LatAm and gives us an opportunity to cover a broader space of countries in the LatAm continent than any of the others.

In fact, you see this on the bottom right, we cover six countries in LatAm, whereas any of our other competitors would cover less. That adds to our value proposition in LatAm for our multinational customers, but also for the big national regional customers that we have in the space.

### **Leading in differentiated and growing segments**

When I move on to the segments that we serve, you will see again, like in the other regions, that we make choices in terms of where we want to focus. I'd say we probably have a very strong performance and representation in home and personal care and in health care. We probably have some opportunities in the proteins business which is essentially the high performance film, meat and cheese segment, and also in the pet care business, where we have some core capabilities out of Europe that we can bring to the LatAm market.

When you look at the customers, you see a lot of the big names that we serve on a global basis, that we are very familiar with, also in the other regions. But you also see a number of strong regional customers that we serve in our LatAm business, and then certainly also a number of local customers, a large proportion of local customers, that we also have to be successful with.

Before I hand off to Ruben, let me say maybe the most important thing. The business is in good shape, the business is profitable and the business is growing today. I would add to that that the business has loads of opportunity. Now the Brazil piece of our business in LatAm is the biggest one, and with that, I had it over to Ruben Melara, who is our VP and GM in Brazil.

### **Focus: Brazil**

**Ruben Melara (VP & General Manager, Brazil):** Hello, everyone! It's a privilege for me to introduce you to our flexibles operations in Brazil.

For starters, this is a very different slide than what we would have shown 15 months ago before the Bemis acquisition, because in the map to the left you would have seen one site, a couple of hundred employees, and probably less than \$50 million in revenue, so a small profitable plant focused in health care, but 15 months forward, and now we're a pretty big business. We are significant in size and footprint, with 12 plants, more than 3,000 employees and \$400 million in revenues.

Our plants are scattered throughout the south, in the south west of the country, which is considered the heartland of the industrial and manufacturing activity. With those 12 sites, we have capabilities in what we call four different perimeters. Around 80% of our business is within the flexible, in the thermo-forming perimeter, and then we have a small business in a plant in laminated tubes and a small disposables operation.

These four perimeters service these end markets. It is a bit repetitive from what you have seen so far from my other colleagues, but our end markets are well diversified, between food, including proteins, home and personal care and health care. We have a very interesting customer portfolio, and as Michael said, we have a really good balance, about 50% of our business today is with multinational customers, but then the other half is with local accounts.

### **Focus: Brazil**

Brazil, as everyone knows, is a pretty big market. It's actually a good market for us with great fundamentals, with over 210 million consumers, a young, urban population, and a sizeable middle class. Demographics are there for future growth. In addition, in terms of packaging there is an increased demand for functionality and convenience, and an increasing trend on sustainable packaging. I would say that, within Latin America, Brazil is probably two or three steps ahead in terms of that trend, and most recently, a higher focus on health and hygiene.

In terms of our operation, we have a profitable business in Brazil, but to tell you the truth, we needed to do a turnaround over the last 12 months. Since Day 1, after the acquisition, we had to do some heavy lifting by focusing on the basics. Running a business and operations by optimizing our headcount, reducing our plant costs, and just overall improving our operational efficiencies. That is what we called Step 1 in our journey.

In addition, the acquired business was pretty complex, and so we are in the process of simplifying by basically strengthening our focus on the segments where we choose to play, and as Ron mentioned earlier, by exiting on our JV business that we had with Huhtamaki.

This reduction in costs and improved focus is leaving us in a very good position to really now leverage on the fact that this is not a local team effort. This is a global team effort, so we are now leveraging on the Amcor global expertise, and to name a few examples, we are using the foil expertise for pharma from Europe that Michael mentioned. We are getting a lot of insights on the medical supplies from the US, and as we speak, our Amcor colleagues from Arenzano in Italy are helping us qualify big projects in the pet food segment with Mars and Royal Canin.

In addition, we continue to strengthen our customer partnerships with four dedicated on-sites with key accounts that we have in Brazil; BRF with margarine, Predilecta which is the leader in tomato sauce, and Unilever with ice cream. We feel so confident of what we did with Step 1.

Obviously we will continue to work on our efficiencies, but now we are actually focusing on sites, on what we call Step 2, which is basically acting on the key drivers to trigger top-line growth and delivering on our service and quality promises for our customers, managing prices in a world with FX and raw material fluctuations, having early warning systems to practically anticipate any issue with customers, and accelerating on our new business

opportunities. I would say that we're in a great moment in Brazil. We're on a roll, we are gaining momentum, and we have a lot to work with and are really excited about the future.

### **Focus: Brazil**

But you know, the proof is in the pudding, and I know that Bill Jackson is going to be excited about this slide because I think it shows clearly how our unique value propositions enable us to grow.

On the left there, which is my personal favorite, is a really good example of an idea that was born in Brazil's innovation center that Bill made reference to, in which, we did a material conversion from a glass jar to a jar-shaped flexible pouch, as you can see in the picture, by combining innovation on package design with a sustainability approach; as any flexible pouch will have lighter weights and lower CO2 emissions than glass.

In the middle, you're going to see what we have done with BRF. BRF, so that everyone is aware, is our number one customer in Brazil and in Latin America, and here our market leadership positions in the thermo-forming perimeter have enabled us to really, really grow on the relationship with very good long-term agreements. This in turn has enabled us to open doors on the flexible segment, especially with proteins which is a strategic segment for us and core business for BRF. This is how we leverage on one perimeter to open windows of opportunity in the next.

Last but not least, is our global key account relationships. Given the commercial excellence and value class that Ron mentioned at the beginning, we have a pretty sophisticated global key account management system. We have been taking advantage of that in the relationship with Procter & Gamble, which paired with our presence in the health care segment in laminated tubes, has opened up a tremendous window of opportunity in the home care segment with laundry pouches, which in this day and age, have converted into drivers of growth for us here in Brazil.

All in all, I would say that this is what Amcor is all about. We are selective where we play and then we play hard, and we play smart to win to deliver profitable growth.

Thank you for your attention, and back to you, Tracey.

### **Question & Answer Session**

**Tracey Whitehead:** Thanks, Ruben. This brings us to our second Q&A session. Ruben will be joined by Peter, Ron, Dave, Bill, Fred, Michael, Xin, for the next 20 minutes. So, again, please submit questions which are most relevant to this group.

The first question on this session is for Bill Jackson, and it comes from Keith Chau at MST Marquee. Keith is saying, 'sustainability is clearly an ongoing and likely increasing focus for Amcor. Previously Amcor had earmarked \$50 million of investment into sustainability spend. How much of the \$50 million has been spent to date and are there any changes to the targeted ongoing investment for sustainability?'

**Bill Jackson:** Okay, thanks for the question. It's a pleasure to get that \$50 million, that really does contribute to accelerating our journey. We have put together a very thoughtful, multi-year plan to spend that. We are well on our way. We have hired a number of top scientists from around the world, and deployed them against our fundamental global platforms that we are innovating and then bringing out to the regions. You heard from Michael Zacka and Xin She, and Ruben and Fred, about how this is working.

We've hired the engineers, we have also added in a number of research lines and pilot

capabilities that let us innovate outside of our manufacturing environments so we can trial and get to solutions faster without burning our production operations, so those capital expenditures are well on their way. Then you heard about the innovation centers. We are finalizing the capital for that now, and so we have a good line of sight to the \$50 million. It is going to be well spent. Back to you, Tracey.

**Tracey Whitehead:** Thanks, Bill. We have another chatbox question from Brian Maguire. This one will go to Dave. The question is 'how, if at all, do bioplastics fit into your sustainability strategy? Our customers are asking for it over PCR and do you think bioplastics could be 5-10% of converted resin by 2025 or 2030?'. Dave, over to you for some comments on this one.

**David Clark:** Those are a number of really good questions. To maybe answer them in a different order, by far the largest number of conversations we are having with customers, products we are launching or the amount of materials that we're using are really focused around using PCR. The reason for that in many cases is because, in addition to the advantages of reducing the demand for virgin resin, the benefits of carbon footprint, it's really helping to create that circular economy by bringing materials back, putting them into packaging again, and that's an easy concept for consumers to understand.

In terms of bio-based resins, they do offer some benefits in terms of the lower carbon footprint, that decoupling from petroleum products, and in some cases where certain performances are required, they are a virgin resin. They are made with plants rather than with petroleum, but they can be engineered with the properties that are needed so they can be drop-in replacements for conventional resins, so we do see some good uses for those.

In terms of the market growth, I think that's a really difficult one, I'm not qualified to answer. I know there's a lot of interest in those areas, and I think people are working on that. We are obviously prepared to be able to use either of those, and I think the technologies are complementary, so that we'll see growth in both areas. Over to you, Tracey.

**Tracey Whitehead:** Thanks, Dave. The next question is also a chatbox question. This one is for Fred, from Brian Maguire from Goldman Sachs. Brian is asking, 'historically Bemis had trouble penetrating the smaller challenger brands in North America because the operations, equipment and salesforce were all set up to sell large, to large multinationals. What has Amcor done to fix this and how much of the sales are to large customers today versus the 85% to 90% of smaller customers?'.  
Fred Stephan:

Okay, thanks, Tracey. That's a great question. Brian, we actually have made good progress on this over the past few years. In fact, now the percentage of business that we have coming from large customers is closer to 80%, so that ratio has changed in the right direction. What we have seen is that our small customers are actually growing faster than large customers and we expect that to be a trend that continues.

We have really shifted the culture of the business in North America around serving both large and small customers, and serving shorter runs. I talked a bit earlier about some of the things that have changed, but for example, we have a dedicated sales team now focused on small customers, and that is both an inside sales team as well as an outside sales team. We have a very structured process about going after leads, following up on leads and making sure that we have the appropriate person with the right training to call on those customers that want to grow with us.

In manufacturing, we've also installed visual monitors in each of our plants that does the short runs, so we are able to track changeover times in real-time, and in fact in some of those factories it has created a bit of a competition between operators to see how fast they can do the changeovers and how much output we can drive from those machines.

Really, we have focused on balancing our network to have the capability to, of course, continue to serve those long runs for our large customers, but also to service the emerging needs of the small customers as well. Back to you, Tracey.

**Tracey Whitehead:** Thanks, Fred. The next question is a Zoom raised hand question, from Larry Gandler at Credit Suisse Equities. Larry, your line will be open very soon, you can ask your question, and then the panelist will jump in to answer the question as appropriate. Larry, go ahead.

**Larry Gandler (Credit Suisse):** Thank you. My question is similar to the question just asked, but perhaps from a different angle. Can you guys contrast the use of digital printing by Amcor in Europe versus the USA, and maybe talk to how many digital printers. The reason I ask is that it does directly relate to this small customer segment, and I guess perhaps even adding a little context to the question as well. If the North American industry is \$20 billion as you say, growing at most single digit 2%, that's \$400 million of sales growth which I don't think Bemis or Amcor was getting its share of that. Was that going to small customers, the small end of the market, where digital printing may be a necessary tool?

**Peter Konieczny:** Thanks first of all for the question. Maybe I can have a go at this and see if anybody else wants to build on it. The print technology relates directly to the run lengths that you have coming off the different technologies. We distinguish between a couple of those. We have core viewer print, which typically lends itself to longer runs. We have the flexo print technology which is then getting a little smaller in terms of run lengths. There is some offset print technology, and then you have the digital print technology.

I wouldn't know for sure how many digital print lines we have in North America, and maybe Fred can speak to that. In Europe, we have a few, and they are mostly deployed in the health care space, and we use those in order to go to very short run lengths business on the blister packs, and especially the lids, but generally speaking, we are well aware of the adjustment of the print technology to the one lengths that are requested by our customers.

**Tracey Whitehead:** Thanks, PK. The next question is a chatbox question for Michael Zacka, from Chris Schade at Martin Currie Investment. Chris's question, Michael, is, 'can you talk about the impact of plastic taxes in Europe on your flexibles business, including taxes already announced in France, UK, Italy, and the risk that the recent EU Plastic Waste Levy will be passed on to packaging companies, and ultimately the end-user'.

**Michael Zacka:** Certainly. Let me start and then, Dave, with some of your knowledge you would like to build on. First of all, the taxes or levies as we may call them, this is a relatively new phenomenon that has been announced by a number of the countries that were mentioned. There is no doubt that the thinking in terms of the mechanics of them, how they'll be structured, what they'll be for, how the money will be used, there is still not yet clarity around that.

If we just step back for a moment, and just take a higher position here. First of all, we certainly welcome the government stepping in and starting to take a dialogue on this topic, and we certainly support the direction on where levies or other taxes, if we call it that, may be incurred, certainly for the purpose of being channeled into infrastructure, to work towards building the collection and recycling systems that you heard Dave talk about earlier.

Now, regardless on how these mechanisms may or may not land in Europe – and I think there's a lot of water to flow under the bridge. When we look at this, and we look at it through the lens of what impact would this have on the end retail price or finished products, it is extremely negligible. So the 'so what?' of this is that in whatever form that they come, number one, we see that ultimately they will be passed through to the consumer; number two, it will have negligible or marginal impact on the retail price and therefore no

impact on demand.

Dave, I don't know whether you'd like to build around any of the specifics of the legislation, as we know it?

**Dave Clark:** Michael, I think maybe the one thing I can add is, if you look at some of the legislation, many of it's still being written. There are particular carve-outs in some cases for more sustainable packaging. For example, the UK plastics tax doesn't apply to packaging that includes more than 30% recycled content, so this is one of those cases I was talking about, where we may create value opportunities for more sustainable packaging, that can really play out from an economic standpoint. I'll leave it there for now, and back to you, Tracey.

**Tracey Whitehead:** Thanks, Dave and Michael. Next chat box question, from Keith Chau at MST Marquee. This is a question for Peter, in relation to achieving the 2025 pledge for 100% of packaging to be recyclable or reusable by 2025, can you provide some context on the process and timeframe to take new innovation from concept, to technology development and patenting, to validation and commercialization? How many years does this process typically take? Would Amcor enter into, or partner with, or acquire external film manufacturers to develop sustainable technologies?

**Peter Konieczny:** Yes, I think that's also a great question, and not an easy one to answer. We have a wide array of different products and obviously the challenges that we face in translating our product portfolio completely to being recycle-ready is very different, depending on the specific product that you look at.

We have good innovation road maps as we outlined beforehand for the pieces of the business that are not recycle-ready. We are working in close coordination with our customers in focusing on the right areas. We are bringing our own innovation capabilities to bear in order to run with that as quickly as we can, and we do know that we're not going to find all the solutions in house, so we would be very open to the concepts of open innovation and to tying in other suppliers or partners in order to get ourselves faster to the answer.

We are actively having these conversations with partners, we are actively having these conversations with customers also, and it also then depends on the question of what type of investments do we need to make in order to ramp up and get to full industrialization.

All these factors play a role, and that's why I think it's not easy to give a template answer to the question of how much time does it take from concept to actual full commercialization. Back to you, Tracey

**Tracey Whitehead:** Thanks. The next question is a raised hand question, so we are going to hear from George Staphos from Bank of America Research. George, we will have you on the line with your mic open very soon, you can go ahead and ask your question and the panelists will jump in. Over to you, George.

**George Staphos (Bank of America Research):** Thanks Tracey, and again, thanks for the presentation, everybody. Two questions, first for Fred and Michael: one of the things that we have certainly seen through COVID is that the larger companies with more capabilities are gaining market share in packaging, seems like that's certainly happening for Amcor over the last six months. Can you quantify, or at least qualitatively speak about how you've been able to gain share from some of the less advantaged, smaller players that you compete in your very fragmented markets?

Then a quick follow-on to David, if you could, can you talk a little bit about the structure of AmLite, what makes it unique in terms of its construction, and where would that get

recycled back into, in terms of the waste stream, which resin? Thank you.

**Michael Zacka:** As a starting point, as we saw the COVID situation emerging in Europe over February and March, our immediate focus was number one, what are the steps and measures and protocols we must take to ensure that we keep our employees safe, both blue collar and white collar workforce in totality? The second one was really to ensure that we doubled down and focused on all of the aspects related to keeping our plants operational. This flowed through the entire process from raw materials, of course, to finished production.

Coming back specifically to your question, it really relates to our overall value proposition, that we continually drive with our customers. Putting innovation aside for the moment, that was the ability for us to source raw materials. The second one, the protocols that we had in place to keep our plants open and producing; then the third one, to use and utilize the travel and transport logistics networks that we could flow the finished goods to our customers.

There is no question that both in North America and Europe, and around the rest of the world, we really nailed this well. This gave an incredible level of confidence to all of our customer base during this period around our supply continuity. I think it's really reinforced the value proposition that we've been driving for a number of years, but it really came home to roost during these more challenging times. I think as we come out at the back end of this we will see that not only will our relationships continue to be strong with customers, but equally stronger. Fred, maybe you'd like to build?

**Fred Stephan:** Sure, thanks, Michael. We had similar dynamics in our North America business and did virtually all of the same things that Michael commented on. I think the only thing that I would add is, I talked earlier a bit about our standardized products and so, by working on that a few years ago, we were actually able to partner more closely with our customers, make sure that we were working with them on standard products, and by having the redundancy in our factories to run those standardized products we were able to offer greater amount of supply to both our large and our small customers during that period of time.

We've seen quite a bit of volatility month to month, but overall a net positive effect, and as a result we've been able to meet those needs and navigate our way through this period of time with the standard products. Back to you, Tracey.

**Tracey Whitehead:** Thanks Fred and Michael. The next question we have is from Anojja Shah from BMO Capital Markets, and this one is in relation to Brazil, so I'll hand it over to Ruben to answer. Anojja's question is, 'you seem to have made significant progress in Brazil since the last acquisition, would you say you have completed the process of focusing the portfolio, or is there more to go?'

**Ruben Melara:** Thanks for the question. I think that you never end reviewing your portfolio and at Amcor I would say that we continuously assess what we have. I would focus really on what's ahead, and probably ahead of us there is further simplification in some particular segments, but also there is further expansion into other segments that we probably do not participate in today. If I could bring first what I said earlier, Brazil is the biggest market in Latin America, and it's full of opportunities, and what we have done so far is really setting us up for a very promising future. Back to you, Tracey.

**Tracey Whitehead:** Thanks Ruben. We have time for one more question, which has come in through Zoom chatbox, and it's another question from Brian Maguire, and I'll hand this one over to Bill Jackson – it's a question on AmLite HeatFlex. How does the cost per unit compare to the product it's replacing? At what scale are you producing it today? Do you see any challenges in scaling up the technology? What is the total addressable market in US dollars for the product? Bill, over to you to start off, please.



**Bill Jackson:** Okay, thanks Brian, great question. Really exciting just getting to market with this, so I'll give a little context and then since there is a North America commercial piece, turn over to Fred here in a second.

It's a breakthrough technology, and as we build scale, unit costs come down, like anything else, but I'll tell you what, it's starting off to be reasonably cost-competitive. We've engineered it as such, so pretty exciting, and the materials are fairly straightforward in the proprietary formulation that we have, so we believe this is going to have good commercial traction, and our customers are asking for it, so we expect premiums for the product as well, because it is differentiated and it's best in class.

We are scaling up, and we are looking at demand as we scale up, so we see a bright future for this. Just stay tuned, because it has lots of applications across different regions and different segments. We're just building out an even greater pipeline of opportunity for this. Fred, perhaps you could address the market size.

**Fred Stephan:** I think the market size is actually quite large and we have a number of customers who are interested in this. This really is a game changer product for us, so over the past few years we've had a number of customers express interest and be willing to pay a premium for this product. Like Bill said, we would expect this product to grow and as it does grow the costs will come down, but in the meantime customers are partnering with us or want to partner with us actively, and understand how the cost profile will change over time. Back to you, Tracey.

**Tracey Whitehead:** Thanks Fred, and this brings our second Q&A session to a close. Thank you to the panelists and the questions from the audience, I am aware that there are a few questions that we didn't get time to address that were in the queue, so for those people, please stand by for some contact from the Investor Relations Team to make sure your questions are answered. I will hand back to Ron Delia for closing comments, before we close the session.

## **Closing Remarks**

**Ron Delia:** Thanks Tracey, and thanks for everybody who was with us today. I'm going to finish where we started, if we could advance the slide, please, just to wrap up.

## **Why invest in Amcor?**

You had a chance to hear from some of our management team today, not everybody unfortunately, just given the time constraints, but you have a good picture of what this company is all about. It comes back to the investment case in the company that we set out right at the outset here. This is a global leader, hopefully that's become clear, we tried to bring you inside our emerging markets businesses with snapshots into Brazil and China as two examples, there are 25 others that we mentioned as well. We've been around for 160 years, with a really strong track record and a clear strategy to guide us looking forward.

The organic growth in this business comes from a number of different sources, and hopefully you've heard some key themes today around customers, both big customers and small. I don't think that there should be any conclusion drawn here that the big multinational customers are not important, far from it, they still represent the majority of the market, but the small customers are also important. I hope that you've felt the emphasis being placed on those throughout each of the business presentations today.

Innovation, emerging markets, as I mentioned, but also the fact that the healthcare business in this company is almost \$2 billion, is a particularly attractive segment. So organic growth coming from a number of different drivers, an attractive dividend, a strong balance

sheet to pursue acquisitions with, and momentum – the company is really in a good spot, coming off, as I said, a very strong year, and have almost got one quarter of the way through another strong year in front of us.

Again, thank you for your attention today, this is a story that all-up yields a 10-15% return proposition, it's been a consistent earner for a number of years and we expect it to continue. Thanks for joining us today, and we'll be back in touch with our first quarter results in about four or five weeks, we look forward to continuing the dialogue with you at that point. Thank you.