

News Release

9 June 2016

AMCOR UPDATE ON VENEZUELAN OPERATIONS

Since Amcor reported its first half results in February 2016, economic conditions in Venezuela have continued to deteriorate. This has impacted the business environment for the Rigid Plastics business in Venezuela, including increased variability of access to US dollars required for importing raw materials through various exchange rate mechanisms.

As a result, Amcor has elected to effectively adopt the floating exchange rate (DICOM) for Venezuelan Bolivars for financial reporting purposes from 30 June 2016. This change will eliminate the potential for material earnings risk or volatility that could occur if access to US dollars becomes increasingly restricted. Local manufacturing or commercial operations are not impacted. The business will continue to produce and sell products in the local market when US dollars are available to pay for raw material imports.

For the year ended 30 June 2016:

- the operating earnings of the business are not expected to be impacted. We continue to expect the Rigid Plastics business to deliver strong earnings growth compared with earnings of US\$321.3 million achieved in 2015;
- a one-off charge of approximately US\$350 million will be recognised in earnings. This relates to cumulative foreign exchange translation losses (dating back to the adoption of IFRS) and to the estimated net asset position of the Venezuelan business as at 30 June 2016. After taking this one-off charge there will be no material exposure on the Amcor balance sheet related to Venezuela.

For the year ended 30 June 2017:

- profit before interest and tax (PBIT) for both the Amcor group and the Rigid Plastics business are expected to be negatively impacted by approximately US\$40 million; and
- profit after tax (PAT) for the Amcor group is expected to be negatively impacted by approximately US\$20 million for the same period.

Amcor CEO and Managing Director, Ron Delia said: "Amcor invests in emerging markets with a long term view and for more than 20 years, talented local management teams have consistently delivered strong earnings and returns from these operations. We have more than 80 plants across 27 different emerging countries and from time to time we are faced with challenges in individual countries. However we firmly believe in the long term attractiveness, and in our ability to deliver value, from emerging markets.

"In Venezuela, Amcor has six Rigid Plastics plants, almost 20 years of experience, an excellent local management team and a strong joint venture partner we remain committed to. Today we have announced a proactive and conservative accounting change for this business. This will eliminate risk and allow us to focus on the many opportunities we have within emerging markets including in the Latin American region. For the local operations our priorities remain to ensure co-workers are safe and customers are well supported.

"Importantly, Amcor will continue to generate strong cash flow and the ability to fund capital expenditure, acquisitions or dividends is unchanged."

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