News Release

19 August 2013

AMCOR ANNOUNCES PROFIT RESULT FOR YEAR ENDED 30 JUNE 2013

Statutory net profit after tax for the year ended 30 June 2013 was $600.6 million. Statutory net profit after tax for the year ended 30 June 2012 was $412.6 million.

Highlights

- Profit after tax and before significant items of $689.5[1] million, up 8.6%;
- The translation impact from the higher Australian dollar on profit after tax and before significant items was negative $13.8 million. On a constant currency basis, profit after tax and before significant items was $703.3[1] million, up 10.8%;
- Earnings per share before significant items were 57.2[2] cents, up 9.4%;
- Significant items after tax, were an expense of $88.9[3] million;
- Returns, measured as profit before interest, tax and significant items to average funds employed, of 16.4%[1];
- Operating cash flow after net capital expenditure was $739.5[4] million;
- Net cash from operating activities was $1,046.5[5] million; and
- Annual dividend of 40.0[5] cents per share, up 8.1%.

Results	2012	2013	Change %
Sales revenue[5]	12,192.9	12,425.3	1.9
PBITDA[1]	1,556.9	1,609.8	3.4
PBIT[1]	1,061.4	1,133.7	6.8
PAT[1]	**634.9**	**689.5**	**8.6**
Significant items[3]	(222.3)	(88.9)	60.0
Profit[5]	412.6	600.6	45.6
EPS[2] (cents)	52.3	57.2	9.4
Operating cash flow[4]	643.7	739.5	14.9
Dividend[5] (cents per share)	37.0	40.0	8.1

Key Ratios	2012	2013
PBIT/Average funds employed (%)[1]	15.9	16.4
Net debt / Net debt plus equity (%)[1]	51.3	51.7
Net PBITDA interest cover (times)[1]	7.6	7.3
Net debt / PBITDA (times)[1]	2.3	2.5

(1) Throughout this news release, Amcor has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Amcor uses these measures to assess the performance of the business and believes that the information is useful to investors. PBIT and PBITDA before significant Items, significant items and average funds employed have not been audited but have been extracted from Amcor's audited financial statements. PBIT for the individual Australasia and Packaging Distribution businesses on page 9 and all other non-IFRS measures, unless otherwise stated, have not been extracted from Amcor's audited financial statements. For a reconciliation of IFRS compliant profit for the period to PBIT, PBITDA and PAT before significant items refer to the Consolidated Income Statement included on page 2.
(2) Based on profit after tax and before significant items.
(3) Refer page 13 for further information.
(4) After significant items and net capital expenditure. Refer page 14 for further information.
(5) IFRS compliant information extracted from Amcor's audited financial report.

Refer page 14 for definitions of financial acronyms used throughout this news release.
Amcor has released to the Australian Securities Exchange a presentation on its financial results for the year ended 30 June 2013. This is available at www.amcor.com

Segment information

Segment analysis (A$ mill)	2012 Sales revenue[1]	2012 PBIT	2012 ROAFE%	2013 Sales revenue[1]	2013 PBIT	2013 ROAFE%
Flexibles	6,077.9	683.3	23.9	6,405.0	741.7	24.0
Rigid Plastics	3,261.3	264.1	15.5	3,094.5	279.2	16.9
Australasia and Packaging Distribution	2,872.2	152.5	9.3	2,942.8	146.2	8.9
Investments / Other / Intersegment	(18.5)	(38.5)	-	(17.0)	(33.4)	-
TOTAL	**12,192.9**	**1,061.4**	**15.9**	**12,425.3**	**1,133.7**	**16.4**

Financial results

Consolidated Income (A$ mill)	2012	2013
Sales revenue[1]	**12,192.9**	**12,425.3**
PBITDA	1,556.9	1,609.8
- Depreciation and amortisation[1]	(495.5)	(476.1)
PBIT	1,061.4	1,133.7
- Net finance costs[1]	(205.8)	(220.1)
Profit before tax	**855.6**	**913.6**
- Income tax expense	(196.5)	(196.3)
- Non-controlling interest[1]	(24.2)	(27.8)
Profit after tax and before significant items	**634.9**	**689.5**
Significant items after tax	(222.3)	(88.9)
Profit for the financial period[1]	**412.6**	**600.6**

Consolidated balance sheet[1]	30/06/12	30/06/13
Current assets	3,728.1	4,197.5
Property, plant and equipment	4,667.6	4,883.0
Intangible assets	1,999.5	2,300.7
Investments and other assets	933.9	1,040.0
Total assets	**11,329.1**	**12,421.2**
Current interest-bearing liabilities	915.5	1,184.8
Non-current interest-bearing liabilities	2,992.7	3,177.6
Payables and provisions	4,041.3	4,357.9
Total equity	3,379.6	3,700.9
Total liabilities and equity	**11,329.1**	**12,421.2**

Consolidated cash flow (A$ mill)	2012	2013
PBITDA	1,556.9	1,609.8
Interest received/borrowing costs paid	(206.3)	(218.2)
Income tax paid[1]	(112.7)	(138.0)
Net capital expenditure	(398.9)	(294.0)
Movement in working capital	113.8	(1.1)
Cash significant items	(199.1)	(114.0)
Other	(110.0)	(105.0)
Operating cash flow[2]	**643.7**	**739.5**
Dividends and other equity distributions[1]	(443.6)	(478.2)
Free cash flow[2]	**200.1**	**261.3**
Divestments	136.2	21.1
Growth capital / acquisitions	(515.6)	(313.8)
Movements in share capital	(189.3)	(58.6)
Proceeds on capital contribution from minority interests[1]	1.8	-
Foreign exchange rate changes and hedges	(14.9)	22.9
Increase in net debt[2]	**(381.7)**	**(67.1)**

(1) IFRS compliant information extracted from Amcor's audited annual financial report.
(2) Refer page 14 for further information.

Net debt and net finance costs

Net debt increased from $3,550.6 million at 30 June 2012 to $3,967.5 million at 30 June 2013. Excluding the currency translation impact, net debt would have increased by $67.1 million to $3,617.7 million. Gearing, measured as net debt over net debt plus equity, was 51.7% at 30 June 2013.

Leverage, measured as net debt (translated at period end exchange rates) over PBITDA (translated at 2012/13 average exchange rates), was 2.5 times. If the period end exchange rates were the same as the average exchange rates this ratio would have been 2.3 times.

Net finance costs were $220.1 million. Interest cover, measured as PBITDA to net interest, was 7.3 times.

Operating cash flow was $739.5 million and, after the payment of dividends, free cash inflow was $261.3 million.

During the 2012/13 year:

- the company renewed a three year US$740 million multi currency syndicated revolving bank facility and increased the size of the tranche to US$900 million; and
- issued a €300 million 10 year Euro bond paying an annual fixed income coupon of 2.75%.

The next sizeable refinancing is in December 2013 with a US$740 million multi currency bank facility due to mature.

Exchange rate sensitivity

The main currencies that Amcor is exposed to when translating overseas earnings into Australian dollars for reporting purposes are US dollars and Euros. For the 2013/14 financial year the annualised profit after tax sensitivity for a one cent movement against the Euro is expected to be approximately $5 million. The annualised sensitivity for a one cent movement against the US dollar is expected to be approximately $3 million.

Dividend

The Directors declared an unfranked final dividend of 20.5 cents per share, an increase of one and a half cents or 7.9% compared with the 2012 final dividend. This brings the annual dividend to 40.0 cents per share unfranked, 3.0 cents or 8.1% higher than the annual dividend last year.

100% of the dividend is sourced from the Conduit Foreign Income Account. The ex-dividend date will be 2 September 2013, the record date will be 6 September 2013 and the payment date will be 30 September 2013.

Australasia & Packaging Distribution demerger information

On 1 August Amcor announced the intention to demerge its Australasia and Packaging Distribution (AAPD) business. Amcor Directors are of the view that the demerger will enhance shareholder value by enabling each company to better pursue its own growth agenda and strategic priorities.

A key objective for the demerger is that AAPD will have strong financial metrics when it is listed as a separate public company. Amcor Directors have proposed that the new vehicle will have a starting debt position between $700 million and $750 million.

This starting debt position is based on the assumption that the net proceeds from the sale of the land at Fairfield will be received by Amcor. AAPD will receive proceeds from the sale of the Petrie cartonboard mill land as well as the sale of excess land at the Botany mill site.

Amcor is currently preparing information relating to both AAPD and Amcor, post demerger, for presentation in the Scheme Booklet, scheduled for release to shareholders in early November. The Scheme Booklet will include details of additional corporate costs, tax rates, transaction costs and the opening balance sheets for each Company.

Flexibles

The Flexibles segment includes the Flexibles Europe & Americas, Flexibles Asia Pacific and Tobacco Packaging businesses.

Earnings	2012 A$ mill	2013 A$ mill	Change %	2012 € mill	2013 € mill	Change %
Sales revenue	6,078	6,405	5.4	4,683	5,087	8.6
PBIT	**683.3**	**741.7**	**8.5**	**526.5**	**589.1**	**11.9**
Operating Margin (%)	11.2	11.6		11.2	11.6	
Average funds employed	2,854	3,096	8.5	2,199	2,459	11.8
PBIT/AFE (%)	**23.9**	**24.0**		**23.9**	**24.0**	
Average exchange rate (cents)	0.77	0.79				

Cash flow						
PBITDA	892.6	952.9	6.8	687.8	756.9	10.0
Net Capital Expenditure	(145.1)	(162.5)		(111.8)	(129.1)	
Movement in Working Capital	41.6	(16.8)		32.0	(13.3)	
Synergy costs	(109.9)	(40.0)		(84.7)	(31.8)	
Operating cash flow	**679.2**	**733.6**	**8.0**	**523.3**	**582.7**	**11.4**

The Flexibles segment had an excellent year with PBIT up 11.9% to €589.1 million. This was a particularly strong result given economic conditions remained subdued in developed markets. The improvement reflects the strong market positions the businesses have across the portfolio, benefits from acquisitions as well as the defensive nature of the food, beverage, healthcare and tobacco packaging end markets.

Sales revenue for the year increased 8.6% or €404 million. Of this amount, approximately €293 million relates to acquired operations in the Asia Pacific and Tobacco Packaging businesses. The remaining €111 million reflects underlying sales growth, movements in raw material costs and exchange rates changes.

The operating sales margin increased from 11.2% to 11.6%. This was a particularly strong outcome as it includes the impact of acquired businesses with lower margins (until synergy benefits are realised) as well as the costs of achieving synergy benefits being included in the operating PBIT.

Returns, measured as PBIT over average funds employed, increased from 23.9% to 24.0%.

Emerging Market exposure

Across the Flexibles segment there are 41 plants in 20 emerging market countries which contribute approximately 26% of sales. In 2012/13 PBIT in emerging markets in the Flexibles segment grew by 16%.

Flexibles Europe and Americas

The Flexibles Europe and Americas business services the defensive market segments of food and healthcare in Europe and the Americas. The major end markets served, making up approximately 95% of sales, are healthcare, medical & pharmaceutical, snacks & confectionery, cheese & yoghurt, fresh produce, beverage, wine & spirit closures and pet food.

The business had a solid year with an increase in earnings, margins and returns. Despite subdued economic conditions in Europe and North America volumes were stable reflecting the defensiveness of the food and healthcare market segments.

The key drivers for higher earnings were:

- Improving the cost position through a program of simplification and standardisation. A number of these programs take time to implement and the business has significant opportunities for ongoing improvements from these programs;
- Improving product mix by commercialising innovative new high performance products. This opportunity builds on the focus of continually improving the customer value proposition. There are a number of projects the business is working on that will ensure growth through innovation will continue; and
- Continuing to develop sales in emerging markets. The business currently sells products into a number of emerging markets, particularly Eastern Europe, Russia, Ukraine and Turkey. There is substantial opportunity for growth in these markets including the opportunity for acquisitions.

Through a combined focus on achieving advantaged positions in the marketplace, commercialising new product innovations and leveraging strategic marketing, the business is well placed to increase the value it creates for customers and further improve earnings and returns.

Flexibles Asia Pacific

The Flexibles Asia Pacific business has 30 plants in seven countries throughout the region. The business had a strong year. Sales were up 35% and earnings were significantly higher driven by benefits from acquisitions and continued organic growth.

In May 2012 the $238 million acquisition of the Australasian based flexible business, Aperio Group was completed. The integration program has proceeded well and the realisation of synergy benefits is consistent with expectations. The main priority through the integration process has been to deliver substantial value creation for customers. The success of this program has resulted in minimal loss of sales from existing customers. For the 2012/13 year, synergy benefits were partially offset by costs relating to synergy capture. There will be an increased synergy benefit in 2013/14 with full benefits the following year.

The operations in Australia and New Zealand achieved substantially higher earnings, predominately reflecting the acquisition of the Aperio Group. Underlying volumes in the market have been flat and there continues to be import competition from Asia in certain market segments.

In China, there was strong sales growth due to a combination of organic growth and the benefit of prior period acquisitions. Earnings for the year were higher.

Following year end in July, the RMB350 million acquisition of the flexible packaging operations of Jiangsu Shenda Group was announced. The acquired business has two plants in the Jiangsu province in Eastern China, and sales of approximately RMB440 million, two thirds of which are to the attractive pharmaceutical, snacks and culinary end markets. This acquisition establishes Amcor as the market leader in Eastern China and is a strong fit with existing operations. On completion of this transaction, expected in the December 2014 quarter, Amcor's position in the Chinese flexible packaging market will expand to nine plants and sales of over $400 million.

The Thailand business had another solid year with higher sales and earnings. The business continued to benefit from exports to other countries in the region, especially in the beverage segment.

The business in India continues to develop. In November 2012 the Uniglobe flexible packaging acquisition was completed and the integration is proceeding well. Importantly the Uniglobe management have continued to work in the business and have helped strengthen Amcor's position with key customers.

In addition in July 2013, an agreement to purchase the flexible packaging assets at a plant in Gujarat, India was announced. This purchase further expands Amcor's operating footprint in India enabling the business to improve its level of support to customers in this high growth market.

Tobacco Packaging

The Tobacco Packaging business had another strong year. Sales were up 13% due to a combination of organic growth, predominately driven by the ongoing shift to higher value-add packaging and the benefits from acquisitions. Earnings for the year were substantially higher with each region achieving solid improvements.

In February, the business acquired the AGI-Shorewood tobacco packaging business for US$115 million. The business had sales of US$126 million, EBITDA of US$22 million and plants in North America, Mexico, China and South Korea.

The integration of this acquisition involved the closure of the site in Danville, North America and reallocating volumes to other Amcor plants in North America. The acquired assets in Mexico were co-located on an AGI-Shorewood manufacturing facility. Volumes will be progressively transferred to Amcor's Mexican plant, acquired with the Aluprint acquisition in 2012. Similarly in China the assets are also co-located on an AGI-Shorewood manufacturing facility and production is exported into Asia. These volumes are progressively being relocated to other Amcor plants in the region and once completed the assets will be moved to other Amcor plants. The plant in South Korea is performing well.

Cost synergies are expected to be US$13 million and will be fully realised through the course of the 2013/14 year. The cost to achieve these synergies, inclusive of new capital, is anticipated to be US$20 million and the expense component of these costs will be included in operating earnings. For the 2012/13 year there was a modest positive contribution from the AGI-Shorewood acquisition as earnings and synergy benefits were offset by costs to achieve synergies. For the 2013/14 year it is anticipated there will be a positive contribution from the acquisition.

During the year the business benefited from the full year impact of the Aluprint acquisition in Mexico and the IPC&L acquisition in Argentina.

The business in Europe continued to benefit from the customer trend to higher value-add packaging and earnings and returns for the year were higher. Although volumes were subdued, especially in the fourth quarter in Western Europe, sales value was higher. This period of lower sales has continued into the first quarter this year. The business continues to invest in specialised equipment to meet increasing customer requirements. This is a positive trend as Amcor is in a strong position to lead product innovation and speed to market requirements for customers.

The Americas business had a good year. Packaging design in North America is also becoming more complex and customers are increasingly requiring more value-add features. The region is benefiting from the three recent acquisitions of AGI-Shorewood, Aluprint and IPC&L that have significantly increased its presence in important markets. Although Amcor has a strong position in the Americas there are still further growth opportunities in the region.

The Asian operations had a particularly strong year with earnings substantially higher. The business has undertaken a number of improvement programs over the past 18 months and these are now having a positive impact on earnings. It also benefited from a particularly strong performance from the recently acquired plant in South Korea. There continues to be excellent growth opportunities in the region.

Outlook

The outlook for Flexibles is for higher earnings in the 2013/14 year. It is anticipated that economic conditions in developed markets will remain subdued and that there will be continued growth in emerging markets.

There will be benefits both from recent acquisitions and ongoing cost improvement programs.

Rigid Plastics

Earnings	2012 A$ mill	2013 A$ mill	Change %	2012 US$ mill	2013 US$ mill	Change %
Sales revenue	3,261	3,095	(5.1)	3,365	3,179	(5.5)
PBIT	**264.1**	**279.2**	5.7	**272.5**	**286.8**	**5.2**
Operating Margin (%)	8.1	9.0		8.1	9.0	
Average funds employed	1,699	1,654	(2.6)	1,753	1,699	(3.1)
PBIT/AFE (%)	**15.5**	**16.9**		**15.5**	**16.9**	
Average exchange rate (cents)	1.03	1.03				

Cash flow						
PBITDA[1]	421.4	423.9	0.6	434.8	435.4	0.1
Net Capital Expenditure	(168.6)	(125.1)		(174.0)	(128.6)	
Movement in Working Capital	88.2	(16.8)		91.0	(17.2)	
Synergy costs	(35.7)	(13.9)		(36.9)	(14.3)	
Operating cash flow	**305.3**	**268.1**	**(12.2)**	**314.9**	**275.3**	**(12.6)**

(1) Includes share of net profit of equity accounted investments.

The Rigid Plastics business had a solid year with PBIT up 5.2% to US$286.8 million. The operating sales margin increased from 8.1% to 9.0% and returns, measured as PBIT over average funds employed, increased from 15.5% to 16.9%.

Sales revenue for the year declined 5.5% to US$3,179 million. The US$186 million reduction reflects lower volumes, movements in raw material costs and exchange rate changes.

Capital expenditure was US$128.6 million which was 86.5% of depreciation. Cash flow for the year was US$275.3 million.

North America Beverage

The North American beverage business, which includes Mexico, delivered a solid operating performance with earnings higher than the same period last year.

In the USA and Canadian markets volumes were impacted by:

- Market share gain - effective March 2013 quarter, the business secured substantial new carbonated soft drink and water (CSDW) volumes. The competitor who lost this volume elected to close their excess capacity and exit this segment of the business;
- Self manufacture – the majority of customers have now completed the transition to CSDW containers; and
- Adverse weather - the April to June period was a particularly cold and wet start to the summer in North America and follows a particularly strong start to the summer in the prior year.

The combined impact, in the USA and Canada, of the above factors was a reduction in overall volumes of 4.7%. This comprised a flat performance in the hot fill custom segment and a 7.6% reduction in the CSDW segment. In Mexico the business elected to exit low margin CSDW business therefore volumes in that market were substantially lower.

Earnings growth in North America, including Mexico, was driven by strong cost management in an environment of subdued volumes and the ongoing benefits of the Ball Plastic Packaging acquisition. These benefits have enabled the business to substantially improve the manufacturing footprint with low cost, large scale plants strategically located across North America.

Given this significant improvement in the manufacturing footprint, the North American beverage segment is well positioned to benefit from an increase in volumes.

North America Diversified Products

The Diversified Products segment consists of rigid plastic containers predominately for the pharmaceutical / healthcare, food, alcoholic beverage and personal care / homecare markets. For the year there was a solid increase in earnings as well as higher margins and returns. Sales were lower due to a reduction in raw material costs.

The business has undergone a significant transformation program over the past three years. The key elements of this program include:

- Integration of the Alcan Packaging and Ball Plastic Packaging acquisitions. This included building capabilities and improving operating performance as well as closing plants and, where appropriate, relocating equipment. The last of these closures was a healthcare plant in Puerto Rico. As part of this closure some lower margin volumes were foregone with other volumes relocated to plants in North America;
- Optimisation of the manufacturing footprint by installing capacity at sites co-located with the beverage operations. This has the dual benefits of enabling manufacturing capacity to be more closely aligned with customer facilities and spreading the fixed costs over a larger sales volume; and
- Investment of approximately US$100 million over the past three years. Much of this capital has funded new volume growth, driven by commercialising a number of innovative new products. The benefits from this expenditure will be increasingly evident over the next two years.

South & Central America

The South and Central American business had a solid year with all countries contributing to a 9.0% increase in beverage volumes. The combination of an increase in volumes and improved manufacturing performance resulted in the region achieving higher earnings and returns.

In an environment of difficult economic and political conditions in some of the larger Latin American countries the business benefited from strong local management, market leading positions and well established relationships with key customers.

In Brazil, the new plant at Suape is now fully loaded helping that business deliver solid earnings improvement. In Argentina the business continues to benefit from an established and well located footprint and that business also had a good increase in earnings.

Bericap

The majority-owned joint venture, Bericap North America, is managed and reported within the Rigid Plastics segment. This business has plants in Ontario, Canada, and in California and South Carolina in the United States.

Earnings for the year were higher. This was mainly a result of increased volumes supported by prior period capital investments.

Outlook

The outlook for the Rigid Plastics business is for higher earnings in the 2013/14 year. The magnitude of the increase will depend on economic conditions in North America and weather conditions for the remainder of the year.

Australasia and Packaging Distribution

Earnings	Australasia			Packaging Distribution			Total		
	2012 A$ mill	2013 A$ mill	Change %	2012 A$ mill	2013 A$ mill	Change %	2012 A$ mill	2013 A$ mill	Change %
Sales revenue	1,928	1,936	0.4	944	1,007	6.7	2,872	2,943	2.5
PBIT	**102.7**	**102.4**	**(0.3)**	**49.8**	**43.8**	**(12.0)**	**152.5**	**146.2**	**(4.1)**
Operating Margin (%)	5.3	5.3		5.3	4.3		5.3	5.0	
Ave. funds employed	1,435	1,442	0.5	197	203	3.0	1,632	1,645	0.8
PBIT/AFE (%)	**7.2**	**7.1**		**25.3**	**21.6**		**9.3**	**8.9**	
Adjustments									
Reported PBIT	102.7	102.4	(0.3)	49.8	43.8	(12.0)	152.5	146.2	(4.1)
Petrie cartonboard closure [1]	(3.0)	2.0		-	-		(3.0)	2.0	
One-off items[2]	-	(2.2)		-	-		-	(2.2)	
Adjusted PBIT	**99.7**	**102.2**	**2.5**	**49.8**	**43.8**	**(12.0)**	**149.5**	**146.0**	**(2.3)**

(1) Adjusts for the closure of the Petrie cartonboard mill. In 2011/12, the mill contributed $3.0 million to PBIT and in 2012/13, incurred a loss of $2.0 million.

(2) Refer page 10 for further details.

Cash flow	Australasia and Packaging Distribution		
	2012 A$ mill	2013 A$ mill	Change %
PBITDA	279.1	264.6	(5.2)
Net Capital Expenditure	(79.3)	6.5	
Movement in Working Capital	(20.7)	23.3	
Restructuring costs	(38.2)	(55.7)	
Operating cash flow	**140.9**	**238.7**	**69.4**
Growth capital expenditure – Recycled paper mill, Botany	(264.5)	(92.1)	

Australasia and Packaging Distribution achieved a PBIT of $146.2 million, 4.1% lower than last year. This decline is due to the decrease in Packaging Distribution's PBIT from $49.8 million to $43.8 million, predominately related to a lag in the recovery of raw material price increases and investments in IT infrastructure.

PBIT for the Australasian business was in line with the prior period, however there were a number of one-off items included in the result. Adjusting for these items as well as the PBIT impact from the Petrie cartonboard mill that is being closed, resulted in a net impact of these items of a benefit of $0.2 million and is made up of the following:

- In February 2013, the closure of the cartonboard plant in Petrie, Queensland was announced. The plant generated a loss of $2.0 million in 2012/13, compared with a profit of $3.0 million in 2011/12. The mill is expected to close in the current half;
- During the year the business entered into sale and lease back agreements on properties in Scoresby, Victoria and Wiri in Auckland New Zealand. The profit on these sales was $32.0 million;
- The business also benefited from moving a number of employees out of a company sponsored, defined benefit superannuation fund into an accumulation fund. This process resulted in a release of pension liabilities of $15.2 million;
- Commissioning of the new recycled paper mill commenced in October 2012. Non-capitalised costs relating to the start-up of this machine were $25.3 million, of which $23.4 million was incurred in the first half;
- The glass business elected to crush and recycle obsolete wine bottle inventory which negatively impacted earnings by $5.7 million. The surplus inventory accumulated over time and was predominately due to a significant change in market requirements that included a move from heavyweight to lighterweight bottles; and
- In the first half of the year, a number of cost reduction programs were implemented, targeting specific improvement opportunities identified across several businesses. In aggregate the cost of these programs was $14.0 million.

Adjusted PBIT for the Australasian business, after allowing for one-off items and the closure of the Petrie cartonboard mill, increased 2.5% from $99.7 million to $102.2 million.

During the year the business also undertook improvement initiatives:

- As outlined above, in the first half of the year, a number of cost reduction programs were implemented, targeting specific improvement opportunities identified across several businesses. In aggregate the cost of these programs was $14.0 million and due to the relatively small amount of each project this expense was included in the operating PBIT for AAPD;
- In the corrugated business an extensive overhead and manufacturing cost review was undertaken during the second half of the year. The objective of the review was to ensure the overhead structure was aligned with the scale of the manufacturing operations as well as improve manufacturing efficiencies. As this was a substantial project, with a total cost of $33.4 million, it was recognised as a significant item in the 2012/13 year.

The annualised cost benefit from these two programs is anticipated to be approximately $25.0 million for an aggregate cost to achieve of $47.4 million. Approximately $4.0 million of this cost benefit was included in the 2012/13 result.

Fibre

The fibre operations consist of the integrated corrugated box business and the folding cartons business. The business achieved an increase in adjusted PBIT of approximately $9 million with an improvement in both the carton converting and integrated paper and corrugated operations.

Corrugated Box

Overall volumes in the corrugated box operations were slightly lower. In Australia there were improved volumes in the fruit and produce and meat segments and lower volumes in the industrial, grocery and beverage segments. In New Zealand volumes were higher mainly due to a strong kiwi fruit season.

The acquisition of Wayne Richardson Sales was completed in July 2012. The business specialises in distribution of industrial supplies, including packaging, to a range of small to medium sized customers across Australia. The business has performed well during the year.

To further expand the distribution channel, Joe's Cartons was acquired in July 2013. This business has a strong position in the North Queensland market with opportunities for significant growth as part of the larger AAPD network.

Botany Mill

The new recycled paper mill located in Botany, New South Wales commenced commissioning in October 2012. During 2012/13 the mill progressively increased speeds and product range and the start up performance to date is in the top quartile for its global comparator group.

As expected for a machine of this size, there were a number of specific commissioning related issues that impacted the operating performance during the 2012/13 year. The business addressed many of these issues with a comprehensive four day maintenance shutdown in July 2013. Following this shutdown the machine has the opportunity to progressively move to the next level of operating and cost performance.

Another important opportunity for the mill is improving the quality of incoming wastepaper feedstock to enhance manufacturing efficiencies and paper quality. The business is implementing programs to address this opportunity and it is expected they will deliver benefits in the 2013/14 year.

The annual cost benefit from the new mill is expected to be $50 million. None of this $50 million cost benefit was realised in 2012/13. Cost benefits will be realised over future periods with the contribution in the 2013/14 year skewed to the second half as the machine output ramps up through the course of the year.

Folding Cartons

The carton converting business had a solid year with an increase in adjusted PBIT. The business benefited from the full year impact of consolidating two plants in New South Wales into the single Botany site.

With the closure of the Petrie Mill, cartonboard used in the carton converting business will be imported. The business has secured long term arrangements for the supply of board from a number of regional suppliers.

Petrie cartonboard mill closure

In February 2013 it was announced that the cartonboard mill in Petrie, Queensland would close. The benefits from this closure will be approximately $13 million with approximately $7 million achieved in the 2012/13 year. The benefit in 2012/13 was due to no depreciation being recorded in the second half of the year as well as reduced operating costs as the mill winds down production. The remaining benefit will be achieved across 2013/14 and 2014/15 with the mill scheduled to cease operations in September 2013.

Beverage

The beverage business consists of the beverage can, glass and closure operations. The business had a reduction in adjusted PBIT of approximately $5 million.

Beverage can

Volumes in the beverage can business were down 8% and earnings were lower. After a slow first quarter demand increased in the second quarter with improved weather conditions. In the second half carbonated soft drink volumes were particularly weak in the April / May period.

Glass

Volumes for wine bottles were higher and beer volumes were in line with the prior year. The business is well positioned as the low cost producer in the Australasian market and over the past two years, the other domestic glass bottle manufacturer has elected to close several furnaces. These closures have helped ensure that the domestic industry capacity has appropriately adjusted to the change in demand.

Closures

Going forward the business will predominately consist of a wine closure operation, which was acquired with the Alcan Packaging acquisition in February 2010 and is located in Adelaide, South Australia. This is the Australasian market leader in wine screw caps with the leading Stelvin brand.

The closure operations had a solid year and adjusted PBIT was higher due to improved operating performance and the non-recurrence of costs relating to a strike in the prior year.

Packaging Distribution

The Packaging Distribution business had a solid year from an operational perspective however reported PBIT was lower. The underlying performance of the business was broadly in line with the prior year after allowing for higher bad debt and IT costs, as well as a lag in passing on higher raw material costs, which was mostly paper.

The business has 98% of its sales in North America with 54 distribution centres and 10 manufacturing plants. The distribution operations represent 85% of total sales and has approximately 60% of its sales in California with the balance across the rest of North America, including Mexico and Canada. The manufacturing operations are also mostly centred in California and consist of corrugators and box plants.

The business has been owned by Amcor for 25 years and throughout that period, has consistently delivered strong cash flow and returns.

In the distribution operations, sales in US dollars were up 6.6% and earnings were higher. Sales growth was higher in regions outside of California where the business continues to build market share. The reported PBIT included a lag in passing on higher raw material costs and included a US$1 million bad debt charge due to the bankruptcy of a large customer. To improve the position of the business going forward the decision was made to invest in improving the stability of the IT platform by significantly upgrading disaster recovery capabilities at an additional cost to PBIT of US$1.5 million.

The manufacturing operations, which comprise the corrugators and box plants, had a difficult year and earnings were lower. Increased sales were due to higher paper costs however margins were adversely impacted by the lag in passing these higher costs on to customers. The business is undertaking a small scale restructure of the manufacturing operations in California in the first half of the 2013/14 year.

Given the ongoing operating improvements and growth of the distribution footprint over the past few years, the business is well positioned to benefit from any improvement in the US economy.

Outlook

The Australasia and Packaging Distribution business has a number of initiatives that will deliver cost reduction benefits totalling approximately $93 million. This amount comprises $50 million in cost reductions from the new paper machine, $25 million from restructuring programs and $18 million from exiting market segments and closing plants.

Of the $93 million total cost benefits, $12 million was included in earnings in the 2012/13 result for a net $81 million yet to be realised.

The cost benefits for the 2013/14 year are expected to be $30 million to $40 million and will be skewed to the second half as the new paper machine output ramps up through the course of the year. The balance of the $81 million cost benefits is expected to be achieved in the 2014/15 and 2015/16 years.

Given the sale and lease back of properties in 2012/13 there will be an incremental increase in rental payments of approximately $5 million in 2013/14.

The Packaging Distribution business in North America has continued to operate in subdued economic conditions. Should these conditions improve the business would expect an improvement in earnings. The earnings from the Packaging Distribution business in North America are translated into Australian dollars for reporting purposes. Should the Australian dollar remain at current levels there will be a benefit to reported earnings.

The combination of the above factors is expected to deliver significantly higher earnings for the 2013/14 year.

Investments / Other

PBIT (A$ million)	2012	2013
AMVIG	32.9	25.5
Corporate costs	(71.4)	(58.9)
Total	**(38.5)**	**(33.4)**

Investments / Other include corporate costs and equity accounted earnings from the 47.94% interest in the Hong Kong publicly listed company AMVIG Holdings Limited (AMVIG).

For the 2012/13 year, corporate costs were $58.9 million and AMVIG earnings were $25.5 million.

On 16 August 2012, AMVIG declared a special dividend of HK108 cents per share. Amcor owns 442.5 million shares in AMVIG and during the year received a HK$478.0 million (A$60.0 million) special dividend payment.

Significant items(1)

(A$ million)	2012	2013
Australasia restructuring – Petrie mill closure	-	119.7
Australasia restructuring - Other	-	52.0
Gain on disposal of Fairfield property	-	(57.3)
Transaction, synergy costs and impairments	280.6	2.4
ACCC class action	4.4	-
Other	4.2	-
Significant items before related income tax expense	**289.2**	**116.8**
Income tax benefit on significant items	(66.9)	(27.9)
Significant items after related income tax expense	**222.3**	**88.9**

(1) Significant items are items of income or expense which are considered outside the ordinary course of operations, are non-recurring in nature and are material. Management excludes these items when explaining the financial performance of the Amcor group, to ensure that the underlying operating results of the Group are not distorted and to enable appropriate comparison across periods.

Cash flow

2013 (A$ million)	Flexibles	Rigid Plastics	Australasia & Packaging Distribution	Investments / Other	Consolidated
PBITDA(1)	952.9	423.9	264.6	(31.6)	1,609.8
Interest	-	-	-	(218.2)	(218.2)
Tax	-	-	-	(138.0)	(138.0)
Net Capital Expenditure	(162.5)	(125.1)	6.5	(12.9)	(294.0)
(Increase)/decrease in working capital	(16.8)	(16.8)	23.3	9.2	(1.1)
Cash synergy and restructuring costs(2)	(40.0)	(13.9)	(55.7)	(4.4)	(114.0)
Other items	-	-	-	(105.0)	(105.0)
Operating cash flow	**733.6**	**268.1**	**238.7**	**(500.9)**	**739.5**
Dividends Paid	(4.7)	(8.8)	-	(464.7)	(478.2)
Free cash flow	**728.9**	**259.3**	**238.7**	**(965.6)**	**261.3**

(1) Includes share of net profit of equity accounted investments.
(2) Consolidated cash synergy and restructuring costs are referred to as Cash significant items on page 2.

The following financial acronyms have been used within this announcement:

PAT	Profit after tax before significant items.
PBIT	Profit before interest, tax and significant items
PBITDA	Profit before interest, tax, depreciation, amortisation and significant items
AFE	Average funds employed
ROAFE	Return of Average funds employed
EPS	Earnings per share
IFRS	International Financial Reporting Standards

The following notes provide further details of certain non-IFRS financial measures used within this announcement.

(a) **Operating cash flow** is cash flow from operating activities calculated in accordance with IFRS and extracted from Amcor's annual financial statements, adjusted to take into account net capital expenditure and other items. This measure is reconciled to cash flow from operating activities as follows:

	2012	2013
Operating cash flow	643.7	739.5
Net capital expenditure	398.9	294.0
Other items	(2.4)	13.0
Cash flow from operating activities	1,040.2	1,046.5

(b) **Free cash flow** is Operating cash flow (refer note (a) above) less dividends paid during the period calculated in accordance with IFRS and extracted from Amcor's annual financial statements.

(c) **Movement in net debt** is reconciled to the net increase in cash held calculated in accordance with IFRS and extracted from Amcor's annual financial statements as follows:

	2012	2013
Increase in net debt	(381.7)	(67.1)
Proceeds from borrowings	5,766.1	6,531.6
Repayment of borrowings	(5,256.6)	(6,419.3)
Foreign exchange rate changes	14.9	(22.9)
Other items	(3.1)	10.0
Net increase in cash held	139.6	32.3