

Amcor is an Australia-based global packaging company. It manufactures and supplies packaging products for the food, beverage, pharmaceutical, home, personal care, and tobacco industries. Amcor provides rigid plastics containers for carbonated soft drinks, spirits and beer, sauces, water, juices, sport drinks, milk-based beverages, other food and personal care items. It also delivers flexible packaging solutions for champagne, wine, confectionery, coffee, fresh food and dairy, medical, and tobacco products. In 2019 Amcor generated total revenue of A\$13.76 billion (see Figure 1). The company employs approximately 50,000 people throughout its operations in over 40 countries.

The company was founded by Samuel Ramsden in 1860 and is headquartered in Melbourne, Australia. Traditionally, the company manufactured paper and paperboard products, along with metal can and flexible packaging. In the 1980s, after capturing the Australia packaging market, Amcor decided to expand globally rather than diversify their portfolio in Australia. Since the 1990s, it has successfully grown using various mergers and acquisitions. The details of its mergers and acquisitions are provided in the Table 4. The company has also streamlined its operations by divesting or demerging its non-related operations. In the last five years, Amcor's revenue is relatively stable, but they have increased their assets significantly through acquisition (see Figure 2).

Approximately 68 percent of Amcor's revenue comes from flexible plastic, while 30 percent of its revenue is from rigid plastic (see Figure 3). In terms of geographic spread, Amcor's major revenue comes from Europe (about 38 percent) followed by North America (34 percent). Asia-Pacific and Latin America provide 14 percent and 11 percent of firm revenue, respectively (see Figure 4).

As Amcor explores various international regions focusing on plastic packaging, they hold strong knowledge about their industry and also invest in understanding the operating environment significantly. Moreover, acquiring companies rather than greenfield ventures helps Amcor leverage local expertise.

Amcors also continuously invests (approximately A\$90 million to \$100 million) every year in R&D for developing new products and improving existing products. The company has more than 1000 R&D staff working on developing new materials, formats and technologies. Among their recent successes have been breakthroughs in such diverse areas as low-cost, tamper-proof, flexi-packs for anti-diarrhoeal drugs, new surfacing finishes to allow more eye-catching package printing, new recyclable, non-metallic pet-food sachet packaging, and scannable packaging so consumers can view product campaigns and information.

Figure 1: Revenue and NPAT

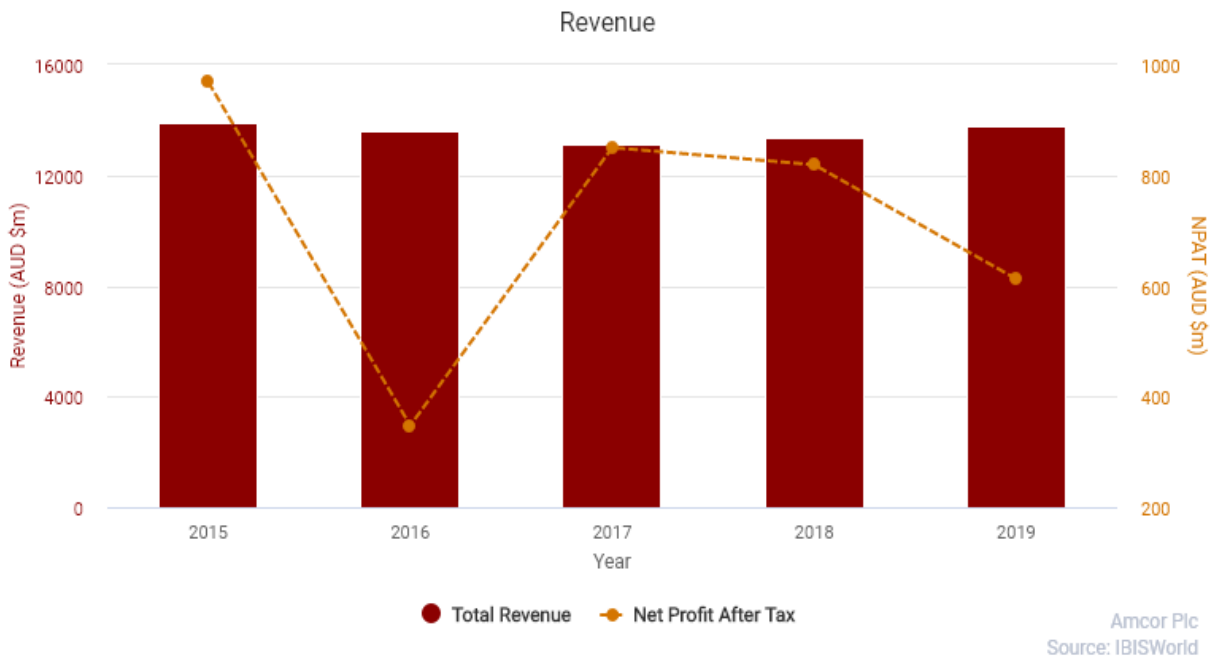
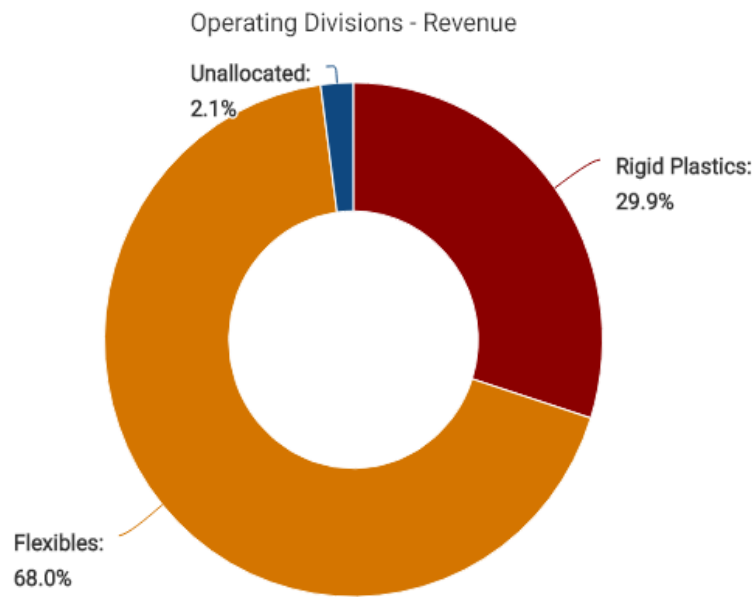


Figure 2: Change in revenue and assets

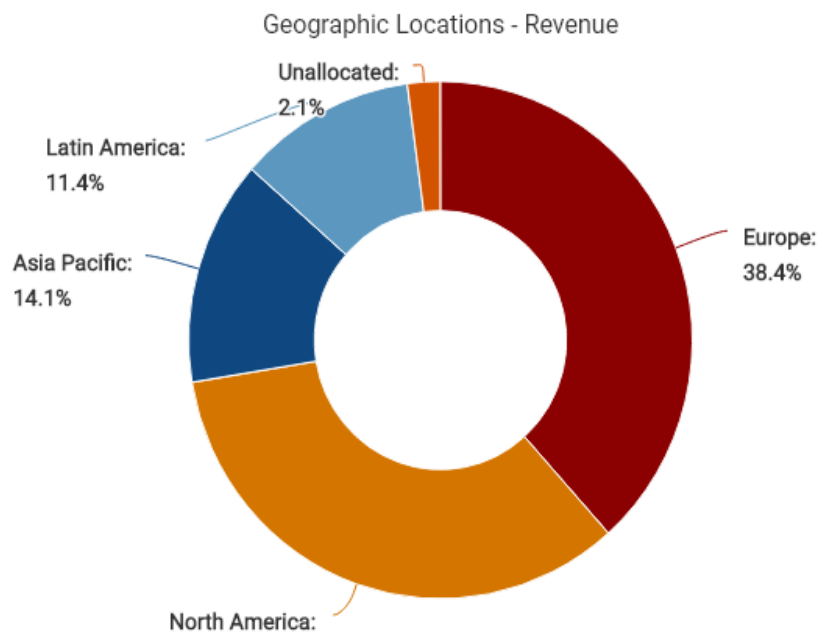


Figure 3: Revenue from operating divisions



Amcor Plc
Source: IBISWorld

Figure 4: Revenue from different geographic locations



Amcor Plc
Source: IBISWorld

Table 1: Key Personnel

Name	Title	Position Type
Graeme Liebelt	Independent Non-Executive Chairman	Chairman
Ron Delia	Managing Director & Chief Executive Officer	Chief Executive
Michael Casamento	Chief Financial Officer & Executive Vice President Finance	Financial Controller
Peter Konieczny	President, Amcor Flexibles Europe, Middle East & Africa	Chief Operating Officer
Michael Schmitt	Executive Vice President, Amcor Limited	Chief Operating Officer
Jerzy Czubak	President Amcor Specialty Cartons	Chief Operating Officer
Eric Roegner	President of Amcor Rigid Packaging	Chief Operating Officer
Mike Cash	President Amcor Flexibles Asia Pacific	Chief Operating Officer
Fred Stephan	President Amcor Flexibles North America	Chief Operating Officer
Aluisio Fonseca	President Amcor Flexibles Latin America	Chief Operating Officer

Source: IBISWorld Report

Table 2: Financials (A\$, 000s)

	2019	2018	2017	2016	2015
Sales Revenue	13,467,531	13,269,466	12,958,914	13,414,989	13,686,242
Total Revenue	13,761,851	13,349,632	13,112,268	13,595,255	13,920,046
R & D Expenditure	91,129.6	103,517.5	98,391.49	95,970.86	89,563.31
EBITDA	1,636,061	1,786,995	1,854,487	1,310,985	2,007,984
Profit Before Tax	866,016	1,004,419	1,090,280	582,232.7	1,275,672
NPAT	612,561.8	819,027.3	850,068.3	347,574	968,679.2
Dividends	948,459.8	734,162.8	684,468.7	664,534.1	672,508
Total Current Assets	741,8661	515,4945	467,9647	4,546,655	4,859,771
Total Non - Current Assets	17,022,582	7,742,029	8,254,064	7,815,787	7,310,445
Total Assets	24,441,244	12,896,974	12,933,711	12,362,442	12,170,216
Total Equity	8,080,205	990,180.1	1,238,366	1,203,907	2,259,729
Number of Employees	50,000	33,344	35,211	31,761	27,902

Source: IBISWorld Report

Table 3: Key Ratios

Balance Date	2019	2018	2017	2016	2015
Return on Revenue (ROR)(%)	4.45	6.14	6.48	2.56	6.96
Return on Shareholders' Funds(ROSF)(%)	7.58	82.71	68.64	28.87	42.87
Return on Assets (ROA) (%)	2.51	6.35	6.57	2.81	7.96
Profit Margin (%)	6.43	7.57	8.41	4.34	9.32
Effective Tax Rate (%)	28.2	16.84	19.81	33.09	20.98
Gearing (%)	66.94	92.32	90.43	90.26	81.43
Current Ratio (X)	1.15	0.72	0.81	0.88	0.93

Source: IBISWorld Report

Table 4: Amcor Mergers and Acquisitions

<p>2018: Amcor announced the company will merge with Bemis Company Inc (NYSE: BMS), a US based flexible packaging manufacturer. The combination is subject to regulatory approval.</p> <p>2017: Amcor acquired Plasticos Team SAS, a Colombian food processing firm from Team Foods Colombia S.A., for an undisclosed amount.</p> <p>2016: Amcor acquired Hebei Qite Packing Co. Ltd, for RMB185 million.</p> <p>2016: Amcor acquired Sonoco Products Company, a North American rigid plastics blow molding business, for US\$280 million.</p> <p>2016: Amcor acquired Plastic Moulders Limited, a North American rigid plastics manufacturing business, for US\$30 million.</p> <p>2016: Amcor acquired South American flexible packaging business, Alusa, from Techpack SA and Nexus Private Equity. The sale included Alusa, Peruplast, Aluflex and Flexa for US\$435 million.</p> <p>2016: Amcor acquired Deluxe Packages, a packaging company for US \$45 million.</p> <p>2016: Amcor acquired BPI China for US\$13 million.</p> <p>2015 : Amcor acquired the Encon preform manufacturing business for US \$55 million.</p> <p>2015: Amcor acquired Packaging India Private Limited (PIPL), an Indian flexible packaging company, for US\$26.4 million.</p> <p>2015: The company acquired the internal tobacco packaging operations of Brazilian tobacco company, Souza Cruz, for approximately US \$30 million.</p> <p>2015: Amcor acquired the South African flexible packaging company, Nampak Flexibles, for US\$22 million.</p> <p>2014: Amcor acquired of Chinese packaging business Zhongshan Tian Cai Packaging Company.</p> <p>2014: Amcor acquired Bella Prima Packaging, an Indonesian flexible packaging business for \$27 million.</p> <p>2014: Amcor acquired Constar International Holdings LLC's North American assets.</p> <p>2013: Amcor announced the demerger of Orora Limited (formerly Amcor Packaging (Australia) Limited) which was subsequently listed on the ASX on the 18th December.</p> <p>2013: Amcor acquired Melbourne-based Detmold Flexibles for \$50 million.</p> <p>2012: Amcor acquired Mexico-based tobacco packaging plant Aluprint for \$40 million.</p> <p>2012: Amcor purchased flexible packaging business Aperio Group for \$238 million.</p> <p>2011: Amcor sold its Glass Tubing business to Nipro Corporation for \$161 million.</p> <p>2010: Amcor increased its interest in AMVIG from 46% to 47.9% by acquiring 18 million shares for \$15.3 million.</p> <p>2010: Amcor acquired B-Pack Due, a cast polypropylene film manufacturer based in Italy for a total purchase consideration of \$60.3 million.</p>
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2010: Amcor acquired the assets of Ball Plastics Packaging Americas from Ball Corporation for a purchase price of approximately \$305 million.

2010: Amcor sold its Tobepal operations in Spain to Constantia Packaging AG. This divestment was a requirement of the European Commission at the time of approving Amcor's acquisition of Alcan.

2010: Amcor acquired the assets of the Alcan Medical Flexibles operations for a total purchase consideration of \$77.3 million. The acquisition was approved by the US Department of Justice upon meeting the condition to dispose the operations of Marshall to Printpack Inc. for \$20 million.

2010: Amcor acquired of the Alcan Packaging businesses which include Alcan Packaging Food Europe, Alcan Packaging Global Pharmaceuticals, Alcan Packaging Food Asia, Alcan Packaging Global Tobacco and Amcor Chengdu Co. Ltd. The total purchase consideration was \$2.6 billion.

2008: Amcor announced the sale of its flexible packaging plant located in Perth, Western Australia to Integrated Packaging. The plant produced industrial stretch wrap film for the Australian and New Zealand markets.

2008: Amcor increased ownership in Hong Kong publicly listed company AMVIG Holdings Limited from 35.4 to 39.3 percent.

2008: Amcor announced the sale of its flexible packaging plants located at Lund in Sweden and Somerset in the United Kingdom to Swedish private equity group, Accent Equity.

2007 - Amcor divested its Australasian food can and aerosol business.

2007: Amcor sold its European PET Packaging business to La Seda de Barcelona SA.

2006: Amcor expanded its PET Packaging operation in North America by constructing a custom PET blow moulding plant, dedicated to the supply of PepsiCo heat set containers, primarily for the Gatorade product.

2005: Amcor divested its two China tobacco packaging operations to Hong Kong publicly listed company, Vision Grande Group Holdings Limited.

2002: Sold 45% (remaining) investment in Kimberly-Clark Australia (market leader in tissue and personal care products such as Kleenex and Huggies).

2002: Amcor acquired Spanish flexible packaging company

2002: Amcor purchased Rexam's UK flexible packaging operations

2001 - Danisco Flexible and Akerlund & Rausing within the Amcor Flexibles group underwent a three-way merger to improve sales in Europe. Loss-making products were discontinued and four unprofitable plants closed.

2001: Acquired Texas-based Apollo Paper Company.

2001: A wine bottle plant in Gawler, South Australia, was successfully commissioned.

2000: Poly Laupen, a Swiss-based specialist tobacco and folding carton converter were acquired to strengthen Amcor's Rentsch division.

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2000: Amcor demerged its paper manufacturing and distribution group (formerly known as Amcor Printing Papers Group) to focus on its growing global packaging operations. This paper group operation was separately listed on the ASX under the name PaperlinX Limited.

2000: A 60% equity interest in Injebet of Sao Paulo, Brazil was acquired to expand the PET business beyond the Canadian market. An 85% equity interest in Pechiney Zhongshan Packaging Company Limited in Zhongshan, Southern China was acquired.

1998 - European tobacco packaging operations of Jefferson Smurfit Group plc were acquired, European corrugated packaging business was sold to a subsidiary of Mondi Minorco Paper SA, the Australian envelope manufacturing business Amcor Envelopes was sold to Envotec Pty Ltd, and two packaging businesses in Canada operated by Amcor Twinpak were divested.

1995 - Amcor had acquired a 64% interest in Flexible Holdings Inc (flexible packaging) and acquired Swiss-based folding carton packaging company, RIG Rentsch. The company divested the John Sands Greeting Cards Group and Leigh-Mardon Printing business.

1993 - Associated Pulp and Paper Mills, Gromark Packaging Pty Ltd and Arnpak were acquired.

1992 - Plastics packaging company, Celthene Pty Ltd, and New Zealand-based Echo Print and Packaging Limited were acquired.

1991 - The company acquired The New Zealand Can Ltd.

1990 - Amcor's 48% share in Californian packaging, manufacturing and distribution company, Sunclipse Inc, was increased to 100%.

1989 - Amcor's market share in the Australian corrugated box market increased through the purchase of plants from Smorgon Consolidated Industries and the acquisition of Canadian plastics manufacturer Twinpak Inc.

1988 - Edwards Dunlop (wholesale paper manufacturer), Pak Pacific Corporation and Adpak Containers were acquired by the company.

1986 - APM Packaging (formerly James Hardie Containers) was acquired. APM changed its name to Amcor Ltd, its present name adopted, to achieve a more widespread and uniform corporate identity.

1984 - Australian Paper Manufacturers Ltd changed its name to APM Ltd.

1981 - APM was Australia's largest manufacturer of food and beverage cans, and plastic and paper packaging products. APM acquired Containers Packaging.

1970s - APM began adding a range of packaging interest to its traditional papermaking activities.

CASE QUESTIONS

1. How would you rate Amcor's performance?
2. What are Amcor's key competencies and sources of success?
3. Should Amcor explore entering new industries? Why? Why not? Which industries?
4. What do you see as the biggest growth opportunities for Amcor?