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Amcor CDI

Materials

UNDERPERFORM

AMC A\$16.96
TARGET PRICE A\$15.77

AMC's Principal Activity is the developer and Producer of packaging for food, beverage, pharmaceutical, medical, home-and personal-care, and other products.

Company Data

Number of shares	1533.2
Market Capitalisation	\$ 26002.5
Free float (%)	99.9
12-month high/low	\$17.38/14.23
Average Daily Turnover (\$m)	57.7768
% S&P/ASX200	1.242
DDM Ranking	581
% All Ordinaries	1.07
GICS Industry Group	Materials

Source: FactSet, Barclay Pearce Capital

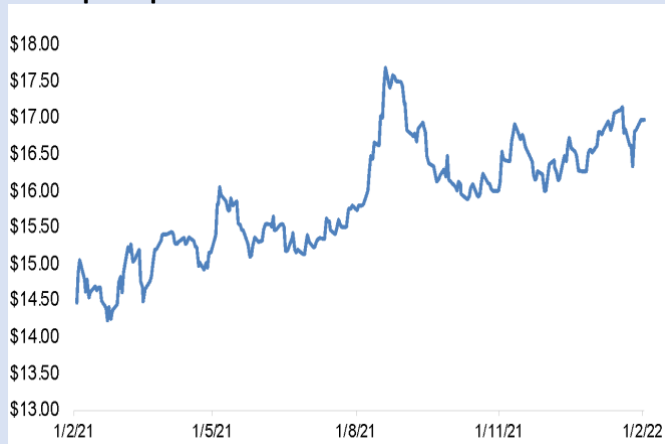
Earnings Summary (AUD)

Year end June	2021A	2022F	2023F	2024F
Revenue (\$M)	17,771.2	18,689.9	18,834.6	19,157.0
EBITDA (\$M)	2,802.3	2,928.8	3,023.2	3,108.4
Reported NPAT (\$M)	1,297.5	1,430.7	1,531.4	1,604.3
Adjusted NPAT (\$M)	1,600.1	1,677.6	1,745.9	1,787.0
Adjusted EPS (¢ - FD)	102.8	110.3	114.2	117.8
Adjusted EPS growth (%)	15.9	7.3	3.5	3.2
Adjusted P/E (x)	16.5	15.4	14.9	14.4
Dividend (¢/sh)	64.9	66.2	68.4	70.9
Gross yield (%)	3.8	3.9	4.0	4.2
Net yield (%)	3.8	3.9	4.0	4.2
ROIC (%)	9.2	10.3	11.0	11.5

Source: Barclay Pearce Capital

Barclay Pearce Capital contributes all company estimates to Thomson Reuters, FactSet, Nucleus 195 and Capital IQ.

Share price performance.



Source: FactSet, Barclay Pearce Capital

1H22 Results Presentation

On 2nd February 2022, Amcor PLC (AMC) announced its HY22 Results Announcement with the following highlights:

Financial Highlights:

- Net sales of US\$6,927 million, up 12%;
- GAAP Net Income of US\$427 million, up 3%; GAAP earnings per share (EPS) of 27.9 US cents per share, up 5%;
- Adjusted EPS of 35.8 US cents per share, up 9% on a comparable constant currency basis;
- Adjusted EBIT of US\$769 million, up 5% on a comparable constant currency basis;
- Increasing cash returns to shareholders: quarterly dividend of 12.0 US cents per share; US\$600 million of share repurchases expected in fiscal 2022, including an additional US\$200 million announced today;
- Full year outlook unchanged: Adjusted EPS growth of 7-11% on a comparable constant currency basis; Adjusted Free Cash Flow of US\$1.1-US\$1.2 billion.

Portfolio Highlights:

- Amcor repurchased 24.6 million shares (1.6% of outstanding shares) during the six months ended December 31, 2021 for a total cost of US\$295 million;
- A quarterly cash dividend of 12.00 US cents per share (compared with 11.75 US cents per share in the same quarter last year) has been declared;
- First half net sales for the Rigid Packaging segment grew by 17% on a reported basis, with 13% driven by price increases of approximately US\$170 million related to the pass through of higher raw material costs;
- Adjusted EPS growth of approximately 7% to 11% on a comparable constant currency basis, or approximately 79.0 to 81.0 US cents per share on a reported basis assuming current exchange rates prevail through fiscal 2022;
- Adjusted Free Cash Flow of approximately US\$1.1 to US\$1.2 billion;
- Approximately US\$600 million (previously US\$400 million) of cash to be allocated towards share repurchases in fiscal 2022; and.
- The additional US\$200 million of share repurchases is not expected to benefit EPS growth until fiscal 2023 as there will be no material impact on the weighted average number of shares outstanding in fiscal 2022.

Earnings changes

The full year outlook Adjusted EPS growth of 7-11% on a comparable constant currency basis is consistent with current market expectations of 7.3% Eps growth. Hence, we don't expect any significant earnings revisions for future periods.

Valuation

We are updating our 12-month target price from \$15.28 to \$15.77 and retaining our UNDERPERFORM recommendation. The price target is underpinned by our Valuation.

Disclaimer

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Barclay Pearce Capital provides research services to its client. Mr Wright is General Manager of Research and has over twenty (30) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the Barclay Pearce team in 2021 where he has been involved in the research and publication of reports. Prior to this Mr Wright worked at a number of entities where he held Director/Head of Research and General Manager of Research positions. Mr Wright holds a Bachelor of Mathematics (Honours) from Edinburgh University and has completed the SDIA Accreditation Program (RG146) through DeakinPrime.

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Buy – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of 15% or more within a 12-month period.

Hold – Describes stocks that are neither a buy nor underperform.

Underperform – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of less than minus 10% within a 12-month period.

NR – The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Barclay Pearce Capital policies.

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Buy	38.2%	(0.0%	of stocks with recommendations are Barclay Pearce clients)
Hold	23.2%	(0.0%	of stocks with recommendations are Barclay Pearce clients)
Underperform	38.6%	(0.0%	of stocks with recommendations are Barclay Pearce clients)