



Amcor plc (AMCR)

Updated November 21st, 2024 by Felix Martinez

Key Metrics

Current Price:	\$10.32	5 Year CAGR Estimate:	9.5%	Market Cap:	\$14.9 B
Fair Value Price:	\$11.10	5 Year Growth Estimate:	4.0%	Ex-Dividend Date:	11/21/24
% Fair Value:	93%	5 Year Valuation Multiple Estimate:	1.5%	Dividend Payment Date:	12/11/24
Dividend Yield:	4.9%	5 Year Price Target	\$14	Years Of Dividend Growth:	5
Dividend Risk Score:	F	Retirement Suitability Score:	C	Rating:	Hold

Overview & Current Events

Amcor plc is one of the world's most prominent designers and manufacturers of packaging for food, pharmaceutical, medical, and other consumer products. The company emphasizes making responsible packaging that is lightweight, recyclable, and reusable. Today, the Amcor plc, which trades on the NYSE, was formed in June 2019 with the merger between two packaging companies, U.S.-based Bemis Co. Inc. and Australia-based Amcor Ltd. Amcor plc's current headquarters is in Bristol, U.K. Amcor currently trades with a market capitalization of \$14.9 billion.

Amcor reported its first quarter results for Fiscal Year (FY)2025 on October 31st, 2024. The company fiscal year ends in June. The company reported solid first-quarter results for fiscal 2025, demonstrating its third consecutive quarter of volume growth. Net sales for the quarter were \$3,353 million, with GAAP net income of \$191 million and a GAAP diluted EPS of 13.2 cents. Adjusted EBIT rose to \$365 million, reflecting a 3% increase on a constant currency basis, while adjusted EPS improved by 5% to 16.2 cents. The company also increased its quarterly dividend to 12.75 cents per share, underscoring its commitment to shareholder returns. Amcor reaffirmed its fiscal 2025 guidance, projecting adjusted EPS of 72-76 cents and adjusted free cash flow of \$900 million to \$1 billion. Amcor's CEO, Peter Konieczny, highlighted the company's performance momentum, with contributions from its Flexibles and Rigid Packaging segments. Sequential volume improvements and disciplined cost management drove the growth, with adjusted EBIT margins rising to 10.9%. Despite challenges in healthcare categories and North American beverage volumes, the company saw a 2% overall volume growth compared to the prior year, supported by gains in other markets such as fresh foods and dairy. Flexibles segment EBIT increased by 3% due to restructuring benefits and cost control, while Rigid Packaging saw stable EBIT amid softer consumer demand.

Amcor's financial stability allows it to pursue growth strategies, including investments, acquisitions, and share repurchases, while maintaining a strong dividend. For Q1, adjusted free cash outflow was \$395 million, primarily due to higher inventory levels and capital expenditures to support increasing volumes. The company remains focused on reducing leverage to its target of 3.0x by fiscal year-end 2025. With its market-leading positions and disciplined execution, Amcor is positioned for sustainable growth and enhanced shareholder returns.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	---	---	---	---	\$0.62	\$0.64	\$0.74	\$0.81	\$0.73	\$0.70	\$0.74	\$0.90
DPS	---	---	---	---	\$0.23	\$0.46	\$0.47	\$0.48	\$0.49	\$0.50	\$0.51	\$0.56
Shares¹	---	---	---	---	1182.0	1601.0	1556.0	1516.0	1448.0	1473.0	1473.0	1473.0

Amcor plc is a new entity, lacking long-term growth data. However, by examining Bemis Co. Inc. and Amcor Ltd's histories, we can gain insights. Bemis, a stable dividend stock, saw annual yields over 3% in its last five years as a public

¹ In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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company. Specializing in flexible packaging for food and pharmaceuticals, Bemis' efficient restructuring in 2017 drove net income from \$94 million to \$225.7 million between 2017 and 2018. While past performance isn't predictive, Amcor's potential growth is indicated, particularly in Latin America's strong packaging demand. Projections of 4% annual growth over the next five years suggest an estimated FY2030 share value of \$0.90.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	---	---	14.4	16.4	12.9	15.6	13.6	14.0	14.6	15.0
Avg. Yld.	---	---	---	---	0.6%	1.7%	1.3%	3.8%	4.9%	5.3%	4.9%	4.3%

Amcor is currently at its fair value. The current dividend yield is attractive compared to the broader market, but the payout ratio is high. Again, since we do not have historical data to value Amcor reasonably, we will have to wait a few more years to reevaluate Amcor's performance and see if it will continue to grow its dividend. Thus, we have a forward dividend growth of only 2%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	---	37.1%	71.9%	63.5%	59.3%	67.1%	71.4%	69%	63%

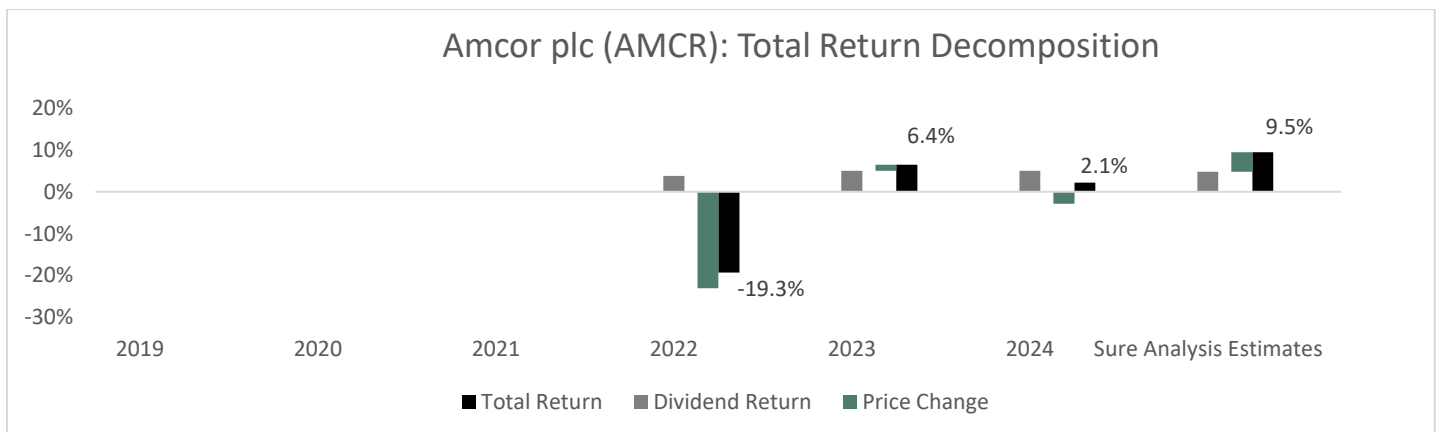
Amcor Plc was created from two sturdy dividend payers, so we see no reason why that trend should not continue. Although Amcor's headquarters are in Great Britain, its largest markets are in the Americas. That means Amcor should be relatively safe from potential future declines to the pound (or to the Australian dollar, for that matter).

Amcor's emphasis on recyclable and reusable products should appeal to more conscious end-users, while the merger with Bemis brings it huge prospects in developing markets. Plus, with the merger into one gigantic manufacturing entity, Amcor has increased the ability to negotiate better costs from its suppliers. This should make Amcor an unstoppable force in the packaging industry. The company's balance sheet looks to be stable with a created rating of BBB. The company has a current debt-to-equity ratio of 1.9.

Final Thoughts & Recommendation

There is plenty to like about the prospect of Amcor. The company is based on two strong manufacturing companies, each with growth potential, especially in developing markets. The company looks well-positioned going forward; we estimate an 9.5% annual return for the next five years at the current price. Thus, we rate Amcor a hold.

Total Return Breakdown by Year





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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	9599	9474	9092	9319	9458	12468	12861	14544	14690	13640
Gross Profit	1930	2006	1910	1857	1799	2536	2732	2820	2725	2712
Gross Margin	20.1%	21.2%	21.0%	19.9%	19.0%	20.3%	21.2%	19.4%	18.6%	19.9%
SG&A Exp.	961	1469	999	793	999	1385	1292	1284	1246	1260
D&A Exp.				353	446	652	574	625	586	595
Operating Profit	906	469	842	1034	923	1109	1415	1473	1404	1311
Op. Margin	9.4%	5.0%	9.3%	11.1%	9.8%	8.9%	11.0%	10.1%	9.6%	9.6%
Net Profit	679	245	596	575	430	612	939	805	1048	730
Net Margin	7.1%	2.6%	6.6%	6.2%	4.5%	4.9%	7.3%	5.5%	7.1%	5.4%
Free Cash Flow				506	444	985	993	999	735	829
Income Tax	188	242	214	119	172	187	261	300	193	163

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	8536	8731	9074	8992	17165	16442	17188	17426	17000	16520
Cash & Equivalents	704	519	561	617	602	743	850	775	689	588
Acc. Receivable	1192	1187	1115	1029	1864	1616	1864	1935	1875	1846
Inventories	1212	1251	1304	1351	1954	1832	1991	2439	2213	2031
Goodwill & Int.	1843	2114	2407	2373	7463	7334	7254	6942	6890	6736
Total Liabilities	6951	7881	8184	7908	11490	11755	12367	13285	12910	12570
Accounts Payable	2343	2432	2576	2591	2303	2171	2574	3073	2690	2580
Long-Term Debt	3575	4356	4597	4459	6103	6235	6289	6490	6746	6699
Total Equity	1464	788	821	1015	5609	4626	4764	4082	4026	3881
LTD/E Ratio	2.44	5.53	5.6	4.39	1.09	1.35	1.32	1.59	1.68	1.73

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.7%	2.8%	6.7%	6.4%	3.3%	3.6%	5.6%	4.7%	6.1%	4.4%
Return on Equity	38.9%	21.8%	74.1%	62.6%	13.0%	12.0%	20.0%	18.2%	25.9%	18.2%
ROIC	12.6%	4.7%	11.2%	10.4%	5.0%	5.4%	8.5%	7.4%	9.8%	6.8%
Shares Out.					1182	1601	1556	1516	1476	1441
Revenue/Share	7.83	8.04	7.78	8.05	8.00	7.79	8.27	9.59	9.96	9.47
FCF/Share				0.44	0.38	0.62	0.64	0.66	0.50	0.58

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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