

ASX Release

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COCA-COLA AMATIL 2018 INVESTOR DAY

Coca-Cola Amatil ("Amatil") is today hosting its 2018 Investor Day in Sydney, Australia.

Group Managing Director Alison Watkins said the Investor Day was an opportunity to provide an update on progress made in 2018, and outline some initiatives planned for 2019.

Highlights of the day

Group

- An update on progress against our Shareholder Value Proposition
- Detailed review of the initiatives to unlock value for investors
- Outlook statements for 2018 and 2019

Finance

- An update including the outlook for costs of goods sold in 2018 and 2019

Sustainability

- An overview of sustainability approaches including actions on packaging and progress towards sugar reduction targets.

Australian Beverages

- An update on the Accelerated Australian Growth plan for 2018 and initiatives for 2019

New Zealand

- Insights into drivers of performance success over recent years

Indonesia

- An update on the transformation of the Indonesian business that commenced with Amatil's significant change in strategy in 2014 for this market

Alcohol & Coffee

- Insights into recent performance and plans for continued growth

2018 Outlook

"The New Zealand & Fiji and Alcohol & Coffee businesses are expected to deliver growth in line with our Shareholder Value Proposition," Ms Watkins said.

"As anticipated, FY18 is being impacted by our accelerated reinvestment of approximately \$40 million of cost savings in Australia. This funding has supported marketing, execution, cold drink equipment and digital technology to drive growth initiatives, and price to drive competitiveness.

"FY18 has also been affected by separate container deposit schemes implemented in New South Wales, the Australian Capital Territory and Queensland, and soft market conditions in Indonesia.

"In the second half, Australian Beverages continues to show some encouraging signs however volumes are still tracking slightly below 2017, and Indonesia's NARTD demand remains soft with local results also affected by cost pressures and a weak currency."

Operational issues identified in Papua New Guinea earlier in 2018 are expected to be resolved by the end of this year.

SPC is expected to record a full year loss in 2018 of approximately \$10 million, resulting in an overall loss for our Corporate, Food & Services segment.

"We are also expecting one-off costs in 2018 of approximately \$50 million, primarily from our cost optimisation programs. We expect these costs will be substantially offset by one-off gains from property divestments in 2018," Ms Watkins said.

"While headwinds continue in some markets, we're confident in our plans, our people and our ability to drive sustainable growth."

SPC

Ms Watkins said the 2018 strategic review of SPC had concluded with a decision to proceed toward divestment.

"We believe there are many opportunities for growth in SPC, including new products and markets, further efficiency improvements, and leveraging technology and intellectual property," Ms Watkins said.

"The review has concluded that the best way to unlock these opportunities is through divestment, enabling SPC to maximise its potential with the benefit of the recent \$100 million co-investment while Amatil sharpens its focus as a beverages powerhouse.

"There are no plans to close SPC. We see a positive future for the company as it continues to transform its operations."

The IXL and Taylor's brands will remain with SPC following the announcement on 21 November that an expected sale to Kyabram Conserves Pty Ltd is no longer proceeding.

2019 Outlook

Ms Watkins said it was anticipated that 2019 would be another transitional year for the Group, due to the investment required to progress the Accelerated Australian Growth Plan and the Indonesian Accelerate to Transform Plan.

"Our results will also be impacted by the container deposit schemes in Australia, higher PET resin costs and a weak Indonesian Rupiah," Ms Watkins said.

“New Zealand & Fiji, Papua New Guinea and Alcohol & Coffee are expected to deliver growth in line with our Shareholder Value Proposition.

“In Australian Beverages, we will progress our Accelerated Australian Growth Plan with an additional \$10 million investment in 2019 to increase our salesforce in the state immediate consumption channel.

“In Indonesia, we will continue to deliver our Accelerate to Transform strategy with additional direct marketing expenditure to progress our plans. Macroeconomic conditions and current consumer spending trends are expected to continue.

“Our Corporate, Food & Services segment, excluding SPC, is expected to decline in 2019, due to lower property rental and services earnings, increased Group capability and investment in IT platforms.

“Overall, we remain committed to our Shareholder Value Proposition targeting a return to mid-single digit earnings per share growth in the medium term. This will depend on the success of revenue initiatives in Australia, Indonesian economic factors and regulatory conditions in each of our markets.”

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ABOUT COCA-COLA AMATIL

Coca-Cola Amatil is one of the largest manufacturers and distributors of ready-to-drink non-alcohol and alcohol beverages, coffee and ready-to-eat food snacks in the Asia Pacific region. Coca-Cola Amatil is also the authorised manufacturer and distributor of The Coca-Cola Company’s beverage brands in Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. Coca-Cola Amatil directly employs around 14,000 people and indirectly creates thousands more jobs across the supply chain, partnering with key suppliers to manufacture, package, sell and distribute its products. With access to more than 270 million potential consumers through more than 850,000 active customers Coca-Cola Amatil is committed to leading through innovation and building a sustainable future and delivering long-term value to shareholders.