

## ASX Release

20 February 2020

### COCA-COLA AMATIL 2019 FULL YEAR RESULTS

#### RESULTS OVERVIEW

- **Completion of two-year transition period for the Group.**
- **Strong Group trading revenue growth for continuing operations of 6.7 per cent for the year reflecting the results of strategic initiatives across the Group.**
- **Statutory net profit after tax (NPAT) of \$374.4 million, up 34.2 per cent and statutory earnings before interest and tax (EBIT) of \$603.4 million, up 31.9 per cent.**
- **Statutory earnings per share (EPS) increased by 34.3 per cent.**
- **Ongoing<sup>1</sup> earnings before interest and tax of \$639.3 million, up by 0.8 per cent and ongoing net profit after tax of \$393.9 million increased by 1.4 per cent. Ongoing earnings per share of 54.4 cents increased by 1.5 per cent.**
- Strong cash flow result with ongoing free cashflow before lease accounting changes<sup>2</sup> improving by \$70.8 million on the prior year.
- **Australian Beverages** achieved pleasing progress across multiple areas of the business with an improved EBIT growth trajectory. The business achieved revenue growth for the first time in seven years.
- Excellent all-round performance in **New Zealand & Fiji**, continuing the strong momentum from previous years.
- The **Indonesia & Papua New Guinea** segment delivered double-digit revenue and volume growth and strong EBIT growth. Indonesia achieved strong revenue and volume growth from excellent execution and investments in marketing and PNG delivered strong double-digit revenue, volume and EBIT growth with the rectification of previous operational issues.
- Momentum in **Alcohol & Coffee** continued with another year of double-digit EBIT growth.
- Final dividend of 26.0 cents per share (2H18: 26.0 cents per share), unfranked (2H18: 50 per cent franked), representing a full year ongoing payout ratio of 86.4 per cent (excluding the 4c interim special dividend).

1. Ongoing refers to continuing operations results adjusted to exclude non-trading items

2. Refers to implementation of the new accounting standard AASB 16 Leases which applies from 1 January 2019

## ADDITIONAL DEVELOPMENTS

- **Regional Beverages Powerhouse:** Acceleration of the regional beverages powerhouse strategy with simplification of business operations and strengthening customer focus; completion of the sale of the SPC business in June 2019; and integration of Alcohol & Coffee business across each geographic segment announced in September 2019.
- **Sustainability:** Met our sustainable packaging targets: 7 out of 10 of our plastic bottles in Australia now being made from 100 per cent recycled materials. Ceased distribution of plastic straws. Reduced sugar content across the Australia portfolio of sales by 8 per cent against the 2016 baseline.
- **Property:** Continued to progress the rationalisation of our property portfolio, including completion of sale for all remaining lots of our former bottling facility site in Thebarton, South Australia.

Coca-Cola Amatil today reported its full year results for 2019, including a 6.7 per cent rise in Group trading revenue for continuing operations for the year.

Ongoing<sup>1</sup> earnings before interest and tax (EBIT) increased to \$639.3 million, up by 0.8 per cent and ongoing net profit after tax (NPAT) increased to \$393.9 million up by 1.4 per cent. Ongoing earnings per share (EPS) of 54.4 cents increased by 1.5 per cent.

Group Managing Director Alison Watkins said the results were a pleasing performance for the Coca-Cola Amatil Group, with top-line revenue growth reflecting the impact of our business initiatives across each market.

All business segments delivered revenue growth, including the Australian business which recorded the first full-year revenue increase since 2012.

The New Zealand & Fiji, Indonesia & Papua New Guinea and Alcohol & Coffee businesses all performed well.

"This result demonstrates encouraging progress as we mark the completion of our two-year transition period," Ms Watkins said.

"In particular, the Australian Accelerated Growth Plan and Indonesia's Accelerate to Transform Plan are delivering volume and route-to-market improvements in these major markets, with a return to volume and revenue growth in Australia and double-digit revenue and volume growth result in Indonesia & PNG.

"This result supports our goal of delivering mid-single digit earnings per share growth in 2020 and over the medium term."

## **Australian Beverages**

Ms Watkins said the Australian Beverages business had delivered a pleasing result, with revenue and volume growth for the year led by another excellent performance by Coca-Cola No Sugar. There was also strong delivery against initiatives in the Australian Accelerated Growth Plan including a focus on core range products, key selling weeks, driving growth in the state immediate consumption channel and targeted marketing initiatives such as the Share a Coke campaign.

Volume growth was 0.9 per cent for the year despite the negative impact on volumes from the Queensland container deposit scheme. Excluding Queensland, total volumes increased by 1.5 per cent.

"The continued volume growth in Coca-Cola No Sugar is a testament to consumer enthusiasm for healthier options, and a sign of the strength of our portfolio," Ms Watkins said.

"We've heard the message on consumer wellbeing, and we're delivering with reductions in sugar content across the portfolio of sales."

Underlying volumes in water were solid, despite the cessation of sales for the low value/margin Peats Ridge brand in Officeworks, and some further rate realisation in grocery. Excluding the Peats Ridge cessation, water volume sales for 2020 rose by 0.6 per cent.

Ms Watkins said energy and dairy performed well, driven by the continued popularity of Monster and Nutriboost.

The business reported volume growth in grocery, convenience & petroleum and on-the-go, including restaurants and cafes and state immediate consumption.

Volume sales were also enhanced by additional volumes in Hungry Jacks and McDonalds, as well as customer wins in Pizza Hut, which switched to the Coca-Cola range in 2019 for the first time in its 40-year history in Australia.

Ms Watkins said the business had also made solid progress towards improving its sustainability.

"There's more to be done but the 2019 record showed pleasing progress," Ms Watkins said.

"Outcomes include the switch of seven out of 10 of our plastic bottles to 100 per cent recycled materials; the elimination of plastic straws from our range, and a Heads of Agreement with waste management experts Veolia to explore a plastics recycling plant in Australia. We also continued our support for cost-effective, well-run container deposit schemes."

### **New Zealand & Fiji**

New Zealand delivered an excellent all-round performance, continuing robust momentum from previous years. All major channels generated revenue growth, underpinned by good performances across sparkling and still beverages. The business also reported strong volume and earnings growth.

Fiji delivered profit and volume growth against a backdrop of challenging economic conditions and unstable weather.

### **Indonesia & Papua New Guinea**

Indonesia grew volume for seven consecutive quarters, with double-digit growth in sparkling in 2019. This follows the renewed focus on driving relevance of the sparkling category which demonstrates that Amatil sparkling brands are clearly resonating with Indonesian consumers. As expected, the EBIT result reflected additional marketing spend with The Coca-Cola Company.

Papua New Guinea delivered double digit volume, revenue and EBIT growth in line with expectations and following the rectification of operational challenges experienced in FY18.

### **Alcohol & Coffee**

Alcohol & Coffee achieved revenue and double-digit EBIT growth with a strong performance in Spirits and Premix driven by Canadian Club and innovation such as Koyomi Premix and Roku Gin. There were also significant value share gains in rum, vodka and gin over the year, but pressure in some segments of the beer market and a weaker result in Samoa due to increased competition and challenging market conditions following the nationwide measles outbreak in quarter four.

Coffee sales delivered increased revenue and volume, driven by good performances in grocery.

The business continued to work closely with all brand partners including Beam Suntory, and Molson Coors International. Other developments included strong growth in the Feral craft beer portfolio and a new distribution agreement with New Zealand-based brewer Fortune Favours.

### **Corporate and Services**

As expected, Corporate & Services recorded a loss driven by lower rental fees and services requirement from Australian Beverages, investment in group capabilities and IT platforms.

In June 2019 the SPC business was sold to Shepparton Partners Collective Pty Ltd for a consideration of \$49.6 million. A profit on sale (after tax) of \$13.8 million was recorded upon sale completion on 28 June 2019.

## Outlook

Ms Watkins said the end of 2019 marked completion of the two-year transition period for the Group.

“We expect to deliver mid-single digit earnings per share growth in 2020 and over the medium term. Our plans envisage higher earnings growth in the second half of 2020 than the first half.

We remain on watch for flow-on effects on the economy of the bushfires in Australia and coronavirus (COVID-19).

Group capex is expected to be approximately \$300 million in 2020.

We expect a dividend payout ratio of over 80 per cent over the medium term.

Dividends are expected to return to being franked in 2021 at above 50 per cent.”

## For further information:

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Authorised by the Board

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## ABOUT COCA-COLA AMATIL

Coca-Cola Amatil is one of the largest bottlers and distributors of ready-to-drink non-alcohol and alcohol beverages and coffee in the Asia Pacific region. Coca-Cola Amatil is also the authorised bottler 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 12,000 people and indirectly creates thousands more jobs across the supply chain, partnering with key suppliers to bottle, package, sell and distribute its products. With access to around 270 million potential consumers through more than 630,000 active customers Coca-Cola Amatil is committed to leading through innovation and building a sustainable future and delivering long-term value to shareholders.

**For more information, visit [www.ccamatil.com](http://www.ccamatil.com)**