COCA-COLA AMATIL

CCA SHAREHOLDER NEWS

APRIL 2015

2014 OVERVIEW

CCA's Group Managing Director, Ms Alison Watkins said, "CCA's earnings have come under significant pressure in recent years driven by structural changes in the marketplace. 2014 has been a year of transition with solid progress made in developing and implementing a range of initiatives to stabilise earnings and return the business to growth."

Summary of 2014 earnings impacts:

Australian beverage business earnings declined 21.3% with the business commencing restructuring activities targeted at strengthening our competitive position against the backdrop of difficult trading conditions. Structural challenges in the industry persisted with gains in the energy, sports and dairy categories insufficient to offset declines in carbonated beverages (CSDs). The strategic review identified a number of priorities for the business with second half activities focused around commencing the rebalancing of pricing across channels, increasing the level of marketing spend to support brand equity building activities as well as implementing cost savings initiatives. By the end of the year the business had delivered some improved momentum with operational account numbers back in growth and the launch of 250ml cans tracking above expectations. In addition, the business has identified over $100 million in cost savings to be delivered progressively over the next three years;

Both the Indonesian and PNG businesses delivered strong volume growth and market share gains across key categories. Rapid cost inflation, currency depreciation and increased competition however impacted segment earnings. The Indonesia & PNG region delivered volume growth of 17.6% and EBIT of $31.9 million, compared with $91.6 million last year. In Indonesia, the focus has been to expand our market presence by improving product availability and affordability. As a result, we successfully gained market share across all key categories, most importantly, we re-established our market leadership position in CSDs. Intense competition however limited price increases with the increased mix of lower priced affordability packs also impacting earnings. Cost inflation has been significant with legislated increases in wages and fuel costs. The decline in the Indonesian Rupiah alone increased input costs by around $35 million;

New Zealand & Fiji earnings increased by 6.7% in Australian dollars with New Zealand earnings flat in local currency terms. The overall grocery market remains sluggish in New Zealand despite strong consumer sentiment, with the non-alcoholic ready to drink beverage category declining by 0.6%. CCA's New Zealand business grew overall market share with gains across all categories except CSDs;

Alcohol, Food & Services earnings declined by 7.4% with improvements in SPC earnings offset by declines in Alcoholic beverages and Services. Alcoholic beverage earnings were impacted by declines in the dark spirits category. Jim Beam volume however recorded significant improvements in market share in the second half following the re-introduction of the six pack ready-to-drink offering. The business experienced a slower than expected return to beer and cider due to delays in ranging in some customers and increased competition in the cider category. Fourth quarter momentum improved with the introduction of smaller packs and new products in the cider category and the successful launch of new beer brands. SPC delivered a significant improvement in earnings to deliver a close to breakeven result, driven by improved ranging, successful new product launches and productivity improvements.

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PRIORITIES & OUTLOOK FOR 2015-2017

In October 2014, CCA announced the results of a strategic review of the business which was conducted in response to deteriorating market conditions across the Group with the objective of restoring CCA to sustainable earnings growth. Ms Watkins said, "Concrete progress has been made in implementing strategies to strengthen the market leadership position of the Company in its two major markets, Australia and Indonesia, which we believe will enable us to return to growth and generate attractive and sustainable returns for our shareholders over the next few years."

The priorities for each business unit are as follows:

Australia – Stabilise earnings and return to growth

The Australian beverage business will strengthen its category leadership position by rebuilding brand equity in Coca-Cola and with innovation geared toward "better for you" products in both CSDs and stills. Together with our partner The Coca-Cola Company (TCCC), we are materially up-weighting marketing investment and developing more targeted recruitment strategies. Our new product development pipeline is strong and well developed with Coke Life, a lower calorie and naturally sweetened Coca-Cola offering, to be launched in April 2015.

We have commenced restructuring the business with a number of change initiatives expected to be in place by mid-2015. The business will assess the introduction of new frequency and entry level packs aimed at increasing affordability and meeting the desire for smaller packages while providing greater differentiation of packages across the channels. We are rolling out a next-generation digital technology platform which will significantly enhance the route-to-market model and deliver a step change in customer service. At the same time we are restructuring the cost base to deliver ongoing productivity gains and continue to expect to achieve savings of over $100 million progressively over the next three years providing us with the ability to fund increased brand building and revenue management initiatives.

While the trading landscape continues to be challenging, we are pleased with the performance of recent product launches and up-weighted marketing initiatives which have delivered improvements in transactions, recruited new consumers and delivered share gains across a number of categories. We are targeting to stabilise earnings in 2015. Cost initiatives are being implemented progressively throughout the year and accordingly, benefits will be weighted to the second half.

Indonesia – Expand our market presence to realise the market's potential

Indonesia is an exciting growth market for CCA. With consistent growth in demand from Indonesia's emerging middle class we now have the opportunity to increase our appeal to a broader range of consumers to ensure we continue to be a leading player in the market over the longer-term. To achieve that position will require significant levels of investment into the market to capitalise on the growing demand.

In order to strengthen our market position, CCA has developed a joint system plan with TCCC to broaden its product offering with new products, new consumption occasions and a greater range of affordable packs. At the same time we will transform our route-to-market model to increase our relevance and availability to the traditional trade and broaden our customer base. We will also be targeting improved productivity and efficiency in production and logistics by better leveraging our scale.

TCCC will inject US$500 million into CCA Indonesia, taking a 29.4% equity interest in CCA Indonesia and capital expenditure will be up-weighted to fund expansion of our production, warehousing and cold drink infrastructure. The objective is for CCA Indonesia to be able to self-fund growth from operating cash flows from 2020. The plan has targets to progressively improve returns on capital over and above CCA Indonesia's cost of capital over the medium term. The joint system plan was approved by CCA shareholders (excluding TCCC) on 17 February 2015 and now requires the relevant Indonesian regulatory requirements.

2014 was a challenging year for the business. We are however pleased with the progress we have made in broadening the reach of our product portfolio and the improvements in market share we have recorded across categories. The operating landscape continues to be challenging with recent increases in inflation impacting consumption, however we are confident that we will continue to deliver strong volume growth and improved earnings for 2015.

Alcoholic beverages – Continue to build our alcoholic beverage portfolio in Australia and New Zealand

We will continue to build our alcoholic beverage portfolio by strengthening our product offering and customer servicing capability to the licensed channel. We will do this by leveraging CCA's large-scale sales, manufacturing and distribution infrastructure assets. We have a number of strong alcoholic beverage brand owner partners as well as the opportunity to develop our CCA brands. Growth needs to be paced and our medium term focus will be to build credibility by winning with our existing partners.

SPC – Invest to restore SPC to a profitable, modern food business

We are implementing a transformation plan to revitalise the brand portfolio and return the business to profitability. We have a strong pipeline of innovative fruit-based snack products backed by a disciplined capital investment plan that will modernise our production facilities and establish a lower cost position.

Financial outlook

CCA is targeting to return to mid single-digit growth in earnings per share over the next few years with no further decline expected after 2014. Ms Watkins said, "We are confident that the combination of revenue and cost initiatives we have underway will restore the business to growth. The pace of recovery will however depend on the success of revenue initiatives in Australia and Indonesian economic factors."

The balance sheet remains in a very strong position. In addition, CCA's net debt position will reduce by the US$500 million equity injection that will be made by TCCC during 2015. With free cash flow generation also expected to remain strong, the business is well-placed to target a dividend payout ratio of over 80% over the next three years. We expect to maintain a conservative balance sheet position which provides us with flexibility to fund future growth opportunities.

Capital investment is expected to be around $330 million per annum for the next three years. Given the high level of investment in the Australian beverage business over the past five years in supply chain assets, capital investment requirements will be reduced for the next few years. Indonesian capital investment is expected to be around A$170 million per annum for the next three years supported by TCCC's US$500m capital injection. As previously announced, SPC will invest $100 million over three years comprising a $78 million CCA investment and $22 million in funding from the Victorian government with $15 million invested in 2014 and the balance to be invested in 2015 and 2016.

Alison Watkins

Alison Watkins
Group Managing Director

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CONTACT DETAILS

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SHAREHOLDER ENQUIRIES

Investors seeking information about their shareholding, including dividend statements and change of address, should contact CCA's Share Registry. Shareholders should have their Security holder Reference Number (SRN) of Holder Identification Number (HIN) available when contacting the Share Registry.

Link Market Services Limited
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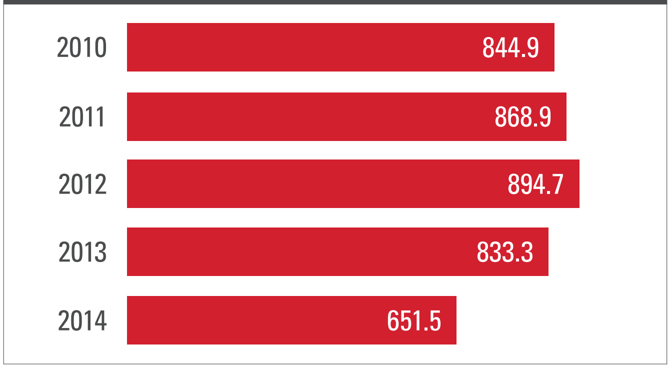
SUSTAINABILITY @ CCA

CCA's sustainability report measures the Company's achievements under four pillars – Environment, Marketplace, Workplace and Community.

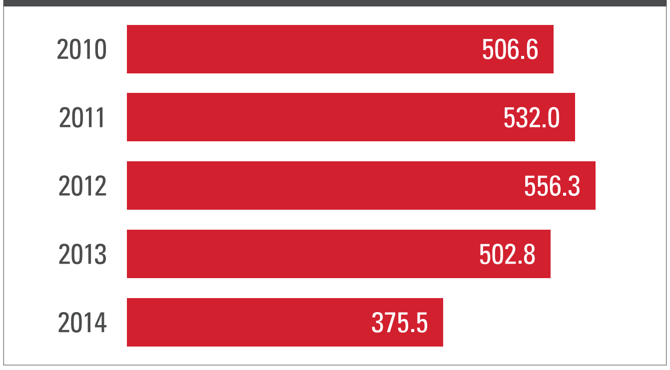
CCA strongly supports social and environmental activities through its community and environmental programs. These programs help to sustain business performance by strengthening the communities in which CCA operates, improving business efficiency and developing strong relationships with stakeholders, ultimately leading to increased shareholder returns.

The Sustainability@CCA report is available on our website, www.ccamatil.com.

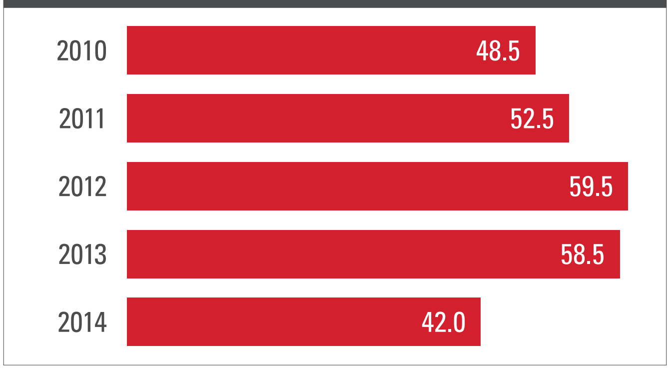
EARNINGS BEFORE INTEREST & TAX[1]



NET PROFIT[1]



DIVIDENDS PER SHARE



1 Before significant items