COCA-COLA AMATIL

CCA SHAREHOLDER NEWS

OCTOBER 2015

OVERVIEW

Coca-Cola Amatil (CCA) Group Managing Director, Alison Watkins said, "The business has delivered a first half result which is consistent with our internal plans and the guidance we have provided previously. The results were achieved despite trading and economic conditions that were more challenging than we had expected in Australia and Indonesia. Concrete progress has been made in implementing strategies to strengthen the market leadership position of the Company across our markets, which we believe will enable us to return to growth over the next few years and generate long-term shareholder value."

Earnings Summary

$A million	HY15	HY14	% Change
Non-Alcoholic Beverages			
Australia	**222.2**	236.7	(6.1%)
New Zealand & Fiji	**44.3**	40.3	9.9%
Indonesia & PNG	**22.4**	15.3	46.4%
Alcohol & Coffee	**14.6**	11.2	30.4%
Corporate, Food & Services	**13.4**	13.2	1.5%
EBIT	**316.9**	316.7	0.1%

Highlights

The Australian beverage business delivered an increase in both volume and trading revenue driven by investment in pricing, brand building, innovation and route-to-market improvements. These investments will be funded from cost savings to be delivered in the second half. CCA's carbonated soft drink (CSD) volumes stabilised during the half delivering both volume and value share gains despite a challenging trading environment which saw the overall CSD market continue to decline. Packaging improvements, pricing and marketing initiatives delivered improvements in transactions and household penetration. An overall reduction in rate for the half was driven by targeted investment in pricing across parts of our portfolio and customer base and a mix shift to lower value categories including Value Water and Frozen. These price investments have been made against the backdrop of a fairly benign cost of goods environment. The business remains on track to deliver its three year cost savings target of over $100 million with 2015 savings weighted to the second half.

New Zealand & Fiji earnings increased by 9.9% driven by strong performances in CSDs and water. Both the New Zealand and Fiji businesses benefitted from buoyant economic conditions, especially in the first quarter. In New Zealand, strong market activation led to market share growth in energy and sports drinks, while maintaining share in CSDs.

Indonesia & PNG delivered improved earnings with the Indonesian business delivering solid volume growth and strong market share gains in CSDs. In Indonesia, we have continued to expand our market presence by improving product availability and affordability and have strengthened our market leadership position in CSDs with market share increasing by five points in the year to date. Economic growth however has slowed in Indonesia which is impacting overall consumer purchasing power. While we are pleased with the progress being made, the slowdown in the overall economy means volume growth for the beverages market is tracking below expectations.

Alcohol & Coffee earnings increased by 30.4% driven by improved market share across the Beam portfolio and the launch of new products. The business strengthened its relationship with Beam Suntory in both Australia and New Zealand, entering into new 10-year agreements which will fully integrate the expanded Beam Suntory spirits range into CCA's portfolio. Beer and cider ranging was expanded across the off-premise channel and craft beer, Yenda, was successfully launched in March. Growth of the Coffee business is on track with the successful expansion of the Grinders' capsules range.

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. Solid progress has been made and CCA continues to target a return to mid single-digit growth in earnings per share over the next few years with no further decline expected after 2014.

The priorities are as follows:

Australian beverages – Stabilise earnings and return to growth

The Australian beverage business is strengthening 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 have materially up-weighted marketing investment and are developing more targeted recruitment strategies.

After the successful launch of the 250ml can, we will introduce even more smaller portion packs aimed at increasing affordability and meeting the desire for smaller servings while providing greater differentiation of packages across the channels. Advertising reach will continue to build as we increase investment and also explore new media types such as social media. The second half promises both up-weighted media and a strong summer campaign.

Our innovation drive will continue in the second half particularly in the water and sports categories as we look to capture value share and continue to accelerate our Zico coconut water and Barista Bros brands.

Revenue management will include further emphasis on growing our high margin packs such as glass and single serve with greater rigour supporting the investment of promotional funds.

We expect to begin to see gains from our route trade after an extensive re-routing exercise involving over 30,000 customers. We will continue to roll out a next-generation digital technology platform which will significantly enhance the route-to-market model and deliver a step change in customer service.

In parallel, the restructuring of our cost base continues to deliver productivity gains with the expectation of meeting the savings' target of over $100 million over three years providing us with the ability to fund increased brand building, revenue management and route-to-market initiatives.

The business continues to take decisions for the long term with the expectation that the turnaround will be gradual and steady. Despite stronger than expected headwinds in the first half the business continues to target a stabilisation of earnings in 2015. With significant structural work having been done throughout the business in the first half, the second half promises more investment in our brands, further cost savings and productivity gains and more excitement for consumers as the journey back to growth continues.

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

Indonesia is an exciting growth market for CCA over the longer term. With consistent growth in demand for commercial beverages over the past decade from Indonesia's emerging middle class we 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.

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 are transforming our route-to-market model to increase our relevance and availability to the traditional trade and broaden our customer base. We are also targeting improved productivity and efficiency in production and logistics by better leveraging our scale.

In April 2015, TCCC injected US$500 million into CCA Indonesia, taking a 29.4% equity interest in CCA Indonesia. As demand increases, capital expenditure will be up-weighted to fund expansion of our production, warehousing and cold drink infrastructure.

In 2015, Indonesia economic growth has slowed with rapid cost inflation impacting consumer demand for many categories including commercial beverages. 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 in the CSD and Tea categories.

We are confident that we will continue to deliver above-market volume growth and improved earnings for the Indonesia & PNG region in 2015.

Alcohol – Continue to build our 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 are doing 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 is to build credibility by winning with our existing partners.

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, "Whilst trading conditions have been more challenging than expected in our major markets, we remain confident that the combination of revenue and cost initiatives we have underway will restore CCA to growth."

The balance sheet remains very strong. With free cash flow generation 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 $300 million in 2015, which is in line with depreciation. 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 keep pace with volume growth and will be supported over the coming years by TCCC's US$500m equity injection.

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.

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SUMMARY OF FINANCIALS

$A million	HY15	HY14	Change
Trading revenue	2,449.7	2,336.2	4.9%
EBITDA	453.9	448.1	1.3%
Depreciation & amortisation	(137.0)	(131.4)	4.3%
EBIT	**316.9**	**316.7**	**0.1%**
Net finance costs	(50.8)	(60.5)	(16.0%)
Taxation expense	(78.8)	(73.6)	7.1%
Net profit	**187.3**	**182.6**	**2.6%**
Net profit attributable to non-controlling interests	(3.4)	(0.3)	
Net profit attributable to members of CCA Limited	**183.9**	**182.3**	**0.9%**
EPS (cents)	24.1	23.9	0.9%
Interim dividend per share (cents)	20.0	20.0	-
Return on capital employed	18.2%	20.5%	(2.3) pts