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COCA-COLA AMATIL ANNOUNCES RESULTS OF 2007 STRATEGIC REVIEW, REPORTING CHANGES AND PROVIDES TRADING UPDATE

Sydney, 18 April 2007: Coca-Cola Amatil Limited (CCA) today announces the results of its 2007 Strategic Review, outlining strategies for future growth.

CCA's Group Managing Director, Mr Terry Davis said, "In determining the strategic priorities for the business for the next five years, CCA focussed its review on the changes the organisation needs to make to best leverage CCA's core competencies:

- Development of premium and market leading brands;
- Scale and reach of the sales force;
- High tech and high touch of our customer servicing capability; and
- Highly efficient national manufacturing and physical distribution capability.

"A key outcome has been to confirm that the majority of new capital allocation will be directed towards Australia and New Zealand where CCA's competitive advantage is strongest and financial returns are highest."

Since 2001, CCA has successfully expanded its business into non-carbonated beverages and food in order to broaden its business base and achieve a better balanced and more profitable business mix. This has resulted in a shift in the mix of revenue generated from non-carbonated beverages and food from 5% in 2001 to 32% in 2006. In doing so CCA has also increased its relevancy to a broader base of customers and consumers, expanded its EBIT margins from 11.4% to 13.3%, generated EPS growth of 11.3% per annum[1] and grew dividends per share by 15.7% per annum[1].

"As a result of the review, CCA will take a fundamental change in the direction for the Australian and New Zealand businesses, shifting from aiming to provide our customers and consumers with a 'non-alcoholic beverage for every occasion' to 'a beverage for every occasion'," said Mr Davis.

CCA has established the following primary business drivers:

1. Grow CCA's share of non-alcoholic beverages by continuing to expand the product portfolio;
2. Broaden the beverage portfolio into the highly profitable alcoholic beverages market in Australia and New Zealand;
3. Actively review ownership options and/or arrangements with The Coca-Cola Company (TCCC) for the South Korean business while remaining committed to growing the developing markets of Indonesia, PNG and Fiji; and
4. Undertake a major IT infrastructure development to re-engineer business processes and create a world class operating system.

[1] compound annual growth rate and before significant items

Mr Davis said, "CCA has grown its share of non-alcoholic beverages through product and package innovation, innovation in cold drink equipment, tailored offerings by channel, and expansion of its premium product offerings. We believe we still have material opportunities to continue to generate strong growth in non-alcoholic beverages across the Group."

To complement the non-alcoholic beverage brand portfolio, CCA will accelerate the development of Pacific Beverages, the joint venture with SABMiller, in order to develop a material new earnings stream for the business. Mr Davis said, "The Australian beer market is one of the most profitable in the world, generating earnings in excess of $1 billion and we are aiming to become the clear No. 3 player in the Australian beer market by the end of 2012.

"Alcoholic beverages – in particular, beer, spirits and alcoholic RTDs – provide a natural extension to CCA's product offering in Australia and New Zealand as it enables us to leverage the scale and efficiency of our sales, distribution and manufacturing infrastructure with SABMiller's marketing and technical brewing expertise in a highly profitable market segment."

CCA will fast track the feasibility study for an Australian brewery development with recommendations expected by the end of 2007. Mr Davis said, "Local manufacture of selected premium beer brands as well as the development of new domestic brands could provide an attractive and logical sequence for the development of CCA's Australian beer business."

With respect to CCA's non-Australasian assets, CCA remains committed to growing its Indonesian business while reassessing structural and ownership options for the South Korean business. "An information memorandum was released in March for the sale of the South Korean business. There has been strong interest from local and international players with a sufficient number of parties of financial and operational scale for CCA to now seriously consider the sale of the South Korean business," Mr Davis said.

Lastly, CCA will undertake a major IT infrastructure development. "Over the next three years, CCA will spend around $65 million on software, infrastructure and re-engineering its business processes to develop a world class operating system. The new platform, which is being developed in partnership with other major Coca-Cola Bottlers and TCCC, provides the engine for CCA to move to the next level of customer service as well as facilitate a reduction in the cost of doing business," said Mr Davis.

The detailed outcomes of the 2007 Strategic Review are as follows:

1. Grow CCA's share of non-alcoholic beverages by continuing to expand the product portfolio

CCA has a strong track record in growing its share of non-alcoholic beverages through product and package innovation, innovation in cold drink equipment, tailoring its offerings by channel, and expanding its premium product offerings. These will continue to be core value drivers for the business.

CCA will seek to expand its offerings into categories where it has low or no presence – including flavoured milk, energy, juice and RTD tea – while continuing to innovate to drive higher share in high growth categories of sports drinks, water, enhanced waters and low calorie CSDs.

As part of CCA's strategic review, CCA will undertake a number of initiatives to deliver higher levels of customer satisfaction. These include:

- Shifting from state based to channel based customer servicing in Australia;
- Aligning the Australian and New Zealand businesses to better execute go-to-market strategies and facilitate best practice transfer across the business;
- Further driving customer and consumer engagement with breakthrough product and package innovation;
- Development of automated warehouses in Australia and New Zealand to reduce supply chain costs and enhance customer service through reduced turnaround time for customer orders and increased pick accuracy; and
- Expansion of production capacity in Australia by 10-15% by the end of 2008.

2. Broaden the beverage portfolio into the highly profitable alcoholic beverages market in Australia and New Zealand

In 2006, CCA announced that it had entered into exclusive distribution and manufacturing agreements in the alcoholic beverages category with SABMiller and Maxxium. Beer, spirits and alcoholic RTDs provide a natural extension to CCA's product offering in Australia and New Zealand.

A core focus of the strategic review has been to determine how CCA can best establish a material earnings stream from alcoholic beverages over the next five years. The business has set itself some aggressive targets which are aimed at establishing CCA as the clear No. 3 player in the Australian beer market by the end of 2012.

A number of initiatives will be fast tracked to increase CCA's presence in alcoholic beverages including:

- Establishment of a growth path into the Australian beer market;
- Entry into the New Zealand alcoholic beverages market in 2007; and
- Material scaling up of the customer servicing capability in the licensed channel in Australia.

CCA expects to increase its presence in the Australian beer market by:

- Establishing credibility and scale through the growth of Peroni, Pilsner Urquell, Miller Genuine Draft and other selected SABMiller brands;
- Developing a local brewing capability in Australia, subject to the outcome of a feasibility study for an Australian brewery development which is expected to provide recommendations by the end of 2007;
- Manufacturing selected imported brands locally; and finally
- Developing new locally produced brand(s).

CCA estimates that its 50% share of the capital outlay to deliver on these objectives could be in the range of $100-125 million.

CCA will expand the Pacific Beverages joint venture into New Zealand in late 2007 with the distribution of SABMiller beer brands. In addition, it will consolidate all alcoholic beverages sales and distribution into the Pacific Beverages joint venture.

Finally, CCA has doubled its dedicated customer serving capability to the licensed channel with the integration of the Maxxium sales team. CCA now has over 180 sales representatives servicing over 25,000 licensed customers in Australia with a concentrated portfolio of 22 major premium brands across the non-alcoholic beverages, premium beer and spirits categories – including Coca-Cola, Mount Franklin, Peroni, Pilsner Urquell, Miller Genuine Draft, Jim Beam, ABSOLUT Vodka and Cointreau.

3. Actively review ownership options and/or arrangements with The Coca-Cola Company (TCCC) for the South Korean business while remaining committed to growing the developing markets of Indonesia, PNG and Fiji

South Korea
CCA distributed an information memorandum in March for the sale of the South Korean business. There has been strong interest from local and international players with a sufficient number of parties of financial and operational scale for CCA to now seriously consider the sale of the South Korean business. It is likely that a short list of bidders will be confirmed by the end of April.

At the same time, TCCC and CCA are working on a detailed assessment of growth and other structural initiatives for the South Korean business.

Indonesia
CCA remains committed to growing the Indonesian & PNG franchise, as the business represents a small exposure to a highly populous developing market with strong upside potential. CCA has around $250 million of capital employed in the region, representing around 7% of total CCA capital employed.

Indonesia has many attractive long-term growth characteristics, including a competitive environment with few major players, high barriers to entry and growing prosperity, with CCA enjoying the benefits of a shift to higher value brands in line with the strong growth of the modern channel.

4. Undertake a major IT infrastructure development to re-engineer business processes and create a world class operating system
As a result of the strategic review, CCA expects to spend approximately $65 million on a major IT software and infrastructure upgrade over the next three years. The technology platform is being developed in partnership with other major Coca-Cola Bottlers and TCCC and will:

- Modernise the complete process of order to cash;
- Re-engineer business processes that facilitate a more efficient transfer of and use of information across the total business;
- Enable us to develop a shared services capability across the Group;
- Maintain our cost to income ratio leadership amongst global Coca-Cola Bottlers; and
- Lower our cost of doing business.

Reporting Changes

CCA has aligned its Australian and New Zealand businesses to create an Australasian business platform to align the operating structures and go-to-market strategies for the two countries. CCA will also create a back office shared services capability across Australia and New Zealand.

As a result of the combination, George Adams, Managing Director – New Zealand & Fiji will report to Warwick White, Managing Director – Australia & New Zealand and over the next three years, CCA will target $25 million per annum in additional earnings through better revenue management, procurement synergies as well as in cost reduction initiatives.

CCA has also established a Food & Services division which will include SPC Ardmona, Neverfail, Quirks and Grinders, reporting to Nigel Garrard, Managing Director – Food & Services. Bringing these businesses under one umbrella will provide a greater focus on successfully managing CCA's lower volume and non-trade operations while maintaining the integration benefits made post acquisition. In addition, it simplifies the reporting structure within the Australia & NZ business, allowing the beverage management team to focus on the execution of the emerging alcoholic beverage strategy while continuing to drive growth in non-alcoholic beverages.

As part of the review and associated business restructuring, it is unlikely that any restructuring charges taken in 2007 will be greater than $25 million.

At this point, CCA will continue to report segmental earnings information for Australia and New Zealand & Fiji separately. The Food & Services division will be reported as a new segment, replacing the SPC Ardmona segment. As the Food & Services division will include earnings previously reported within the Australian beverage business, CCA will provide restated segmental information prior to the release of the first half 2007 financial results.

Capital Expenditure

Total group capital expenditure is expected to be around 6-7% of revenue for the next 3 years comprising:

- ~5% for maintenance capex; and
- 1-2% for infrastructure related expenditure relating to automated warehousing developments in Sydney and Auckland and the major IT upgrade (excluding any possible brewery development).

Q1 2007 Trading Update

CCA has experienced solid trading conditions across most markets for the first quarter. Both Australia and New Zealand have maintained volumes in line with last year, a significant achievement given both countries are cycling the Q1 2006 launch phase of Coca-Cola Zero. Revenue per unit case growth has been driven by improvements in both mix and rate.

Indonesia has enjoyed an excellent start to the year driven by continuing strong volume growth combined with solid recovery of cost of goods increases.

South Korea has maintained good price discipline during a period of reduced demand. An insurance claim relating to the July 2006 extortion is being processed and is expected to be finalised no later than the second half of 2007. Insurance proceeds will be recorded as a credit to significant items.

SPC Ardmona has experienced a solid start to the year and expects to generate modest earnings growth in the first half. This is despite the impact of a short fruit season for 2007, a result of the frost damage incurred in 2006, and higher tinplate costs.

Pacific Beverages beer sales showed encouraging momentum during the Easter period with results well ahead of last year.

The key focus for the business continues to be the recovery of the estimated 5-6% increase in cost of goods sold per unit case for beverages across all markets. For the first half of 2007, CCA expects to deliver high single digit EBIT growth and based on a continuation of current trading conditions believes that a similar EBIT growth rate is achievable for the 2007 full year.

It is expected that the full year effective tax rate will be in the range of 27-30% with the first half expected to be lower.

CCA is today hosting an investment market briefing at its Northmead facility. A copy of the presentation slides will be lodged with the ASX and posted on the Company's website, www.ccamatil.com.

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