Company Announcements Office
Australian Stock Exchange Limited

COCA-COLA AMATIL TRADING UPDATE

Sydney, 15 May 2008: Coca-Cola Amatil Limited (CCA) is today providing an update at its Annual General Meeting on current business performance as well as an update on the full year outlook for 2008.

Australia – the Australian business is expected to deliver high single digit earnings growth in the first half, driven by a solid improvement in case rates and despite weaker volumes experienced in the first four months of the year. Price increases taken in January as well as the benefit of mix improvements are expected to drive a case rate increase of between 4% and 5% in the first half of 2008.

A highlight for the first half has been the successful launch of Glacéau Vitamin Water. The launch has exceeded expectations with customer uptake, repeat purchase patterns and price realisation all very strong. The launch of Glacéau has bolstered our offering in the new and growing enhanced water segment where our existing offering of “pumped” flavours continues to grow the “pump” brand volumes by over 10%.

The trading landscape has been affected by a number of issues in the first four months of the year. The poor weather in the key markets of New South Wales and Queensland throughout the high demand summer season has meant that volumes did not reach the strong post Coke Zero growth rates achieved in the first half of 2007. In addition, the Australian business has been impacted by substantial discounting by our major competitor in the grocery channel. The frequency and depth of competitor promotional activity has led to a substantial increase in the average retail price gap to brand Coca-Cola.

Notwithstanding weaker volumes in January and February, given the success of our strong revenue management initiatives, the revenue for the first half of 2008 has recovered and will be in line with last year. At this stage, we also expect a better volume outcome in the second half, with volumes expected to show modest growth on last year.

New Zealand & Fiji – New Zealand has had a strong start to the year with good volume and revenue growth, buoyed by a hot and dry summer as well as improved pricing and mix. The New Zealand and Fiji result is expected to deliver strong earnings growth for the half and full year.

Indonesia & PNG – the region has experienced a solid start to the year in terms of both volumes and revenue despite a longer than usual rainy season and the cycling of a strong first half 2007 result. The Indonesian operations continue to drive the shift into the more defensive and higher margin modern foodstores channel. In the year to date the Indonesian business has achieved significant market share gains in hypermarkets through the growth in one way pack formats, a strong new product launch programme, new outlets and the placement of cold drink equipment. Coke Zero was launched this year and to date has significantly exceeded expectations.

At this stage, the region expects to grow its earnings for both the half and full year. The Indonesian consumer is however experiencing pressure on disposable income from price increases in fuel, rice and cooking oil, which may slow volume growth in the second half.

Food & Services – SPC Ardmona’s international division continues to achieve good growth, driven by the addition of a number of new large customers and increased ranging, with the business successfully achieving category captaincy status in key supermarkets in the United Kingdom. The strength of the international business has helped offset the continued impact of the drought on the Australian business. The Food & Services Division has begun the restructure of its Australian operations, resulting in the redundancy of approximately 65 permanent employees across the Division, including 34 from SPC Ardmona. Grinders continues to achieve strong growth with volumes up 15% in the first four months and Quirks and Neverfail have both delivered solid performances. At this stage, the division is expected to generate modest earnings growth for the half and full year.

Cost of goods sold – Beverages

The rate of increase in commodity input costs is continuing to fall from the levels experienced in 2006 and 2007. We now expect the full year increase in our cost of goods sold per unit case to be at the low end of the 3-4% guidance given in February. Current expectations of an approximate 3% per unit case increase are on a constant currency basis. We will continue to target the full recovery of cost of goods increases across each of the business units for the remainder of 2008.

Capital expenditure

Group capital expenditure is expected to be around 6.5% of revenue for 2008 which includes a 2-3% allocation for infrastructure related expenditure for the year. In addition, CCA will invest an additional $40-45 million in the development of the Bluetongue brewery through the Pacific Beverages joint venture, for the acquisition of the sales and distribution rights to Grolsch in Australia and the recently acquired iconic Coke sign in Sydney's Kings Cross.

Debt position

CCA is in a very strong financial position with current net debt of approximately $2.0 billion and interest cover for the first half expected to be around 4.8 times, the highest level of interest cover in over 10 years. CCA has minimal refinancing requirements for the next two years due to an extended debt maturity profile. In addition, in April 2008 Moody's reaffirmed CCA's A3 credit rating and revised the outlook from negative to stable.

Tax rate

The effective tax rate for both the first and second half of 2008 is expected to be around 30%. This compares to an effective tax rate of 24.8% for the first half of 2007 and 28.8% for the full year 2007 (before significant items).

Other items

The first half result will include a $3-5 million net one-off pre-tax amount consisting of the benefit of the proceeds from the early termination of the Sydney head office lease less restructuring costs and other one-off charges.

2008 Outlook

CCA continues to focus on managing the key variables of volume, price and mix with the target of maintaining group operating margins. Based on current trading conditions, CCA expects to deliver high single digit NPAT growth for both the first half and the full year, before significant items and on a continuing operations basis.

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