

# COCA-COLA AMATIL 2017 AGM

**16 May 2017**

## **CHAIRMAN'S ADDRESS, David Gonski**

Ladies and gentlemen....

This is the 17<sup>th</sup> AGM of Coca-Cola Amatil that I have chaired and will be my last after nearly 20 years on the Coca-Cola Amatil Board, of which 16 years have been as Chairman. It has been a real privilege to be Chairman of this company and I feel very honoured to have been allowed to do so.

### **On our overall financial performance,**

I start by commenting on our performance in 2016, the year under review.

Twelve months ago, I said that 2015 had not been devoid of challenges; but that we had stuck firmly to our plans, created real possibilities and realised real progress.

These statements remained true over 2016. We have again seen the strength and diversity of Amatil's markets, product and categories, and how these worked together to generate strong cash flow and steady growth.

From a Group perspective, we again targeted the generation of attractive sustainable returns for shareholders, delivering against our shareholder value proposition, with underlying mid-single digit earnings per share (EPS) in 2016 of 6.2 per cent for the year.

In 2016 we achieved 3.5 per cent growth in underlying earnings before interest and tax (EBIT) to \$683.4 million, up from \$660.6 million in 2015. The underlying net profit after tax (NPAT) was \$417.9 million, an increase of 6.2 per cent.

We achieved a second year of solid delivery with strong performances in our identified growth markets, particularly Indonesia, as well as Papua New Guinea, Fiji and Alcohol & Coffee. There was also another healthy performance in New Zealand.

SPC is making solid progress in modernising the business, however a return to profitability is taking longer than expected. In our 2016 statutory result, we recognised a \$171.8 million non-cash impairment charge, which reduced SPC's carrying value to \$156.3 million. We remain confident in a bright future for SPC, especially from its modernised tomato line and its expansion into new markets including aged care and exports to Asia.

In 2016, Australian Beverages' performance was impacted by continuing competitive pressure in the cola and water categories, and the continued shrinking of operational accounts. EBIT declined by 1.8%.

Across the Group we retained a very strong cash flow for the year, with excellent cash realisation and reduction in net debt of \$153.5 million to \$992.8 million. The outcome for shareholders was a final dividend declared of 25 cents per share, franked to 75 per cent. This represents a payout ratio of 84.1 per cent for the full year, with free cash flow positive after dividend payments.

We were also able to announce an on-market share buyback program, for shares up to the maximum aggregate amount of \$350 million. The buyback is a direct reflection of our strong balance sheet, and the Board's confidence in our ability to continue generating strong cash flow. A share buyback provides the most appropriate mechanism to return surplus capital to shareholders at this time.

The buyback program commenced on April 4 and continues.

### **Strategic themes**

Throughout the year in review we maintained a laser-like focus on our three strategic themes:

1. Strengthening our category leadership;
2. Delivering a step-change in productivity and in-market execution; and
3. Ensuring a better alignment with The Coca-Cola Company and our other partners.

These themes are fundamental to our operations, and guided our decisions in maintaining a strong and sustainable business over the long term. We continued to build a platform upon which Coca-Cola Amatil can generate attractive, sustainable returns for you as shareholders.

The three strategic themes are closely linked, and provide us with a strong framework for performance and growth while allowing flexibility to adapt to local market conditions and opportunities. As in 2015, we used these pillars to shape our plans on a near-term basis. The results were evident in the 2016 financial returns and earnings per share that we achieved.

The Board is confident in maintaining these strategic themes, and our medium-term strategy on growth and market rebalancing. We know that while our markets continue to evolve, our medium and long-term plans remain on track.

In delivering against these themes, we also recognise the efforts of all those at Amatil who worked hard during 2016 to bring them to fruition. Our thanks go to all of them.

Looking forward – as we said in our announcement of 21 April, so far this year we have experienced weaker than expected trading conditions in Australia which will impact our performance in 2017.

We are continuing with our strategies to address these issues, which include rebalancing the portfolio in partnership with The Coca-Cola Company and we recognise that more time is required for these initiatives to gain traction.

Our Group Managing Director, Alison Watkins, will talk more about this in her address to you today.

## **Alignment with The Coca-Cola Company**

There was particular progress in 2016 on improving our alignment with The Coca-Cola Company.

In fact, I believe the Amatil- The Coca-Cola Company relationship is presently better than it has ever been in my 16 years as Chairman.

Over the last three years we have established a new relationship in Indonesia that has supported the System to significantly expand our market presence and community engagement. In Australia, we have actively looked for ways to improve our alignment, introduced new products and pack sizes, agreed to adopt a shared model of incidence pricing, and worked harmoniously on a range of consumer and management issues.

The Amatil Board welcomes the new leadership at The Coca-Cola Company, including Global President & CEO James Quincey who is a strong supporter of our local markets. I would like to add my personal acclamation for the previous President, Muhtar Kent, who has been a great partner to Coca-Cola Amatil over many years. Muhtar continues as Non-Executive Chairman of The Coca-Cola Company, and I thank him sincerely for his interest in - and support for - Amatil's operations over an extended period. I also congratulate him on all that has been achieved at The Coca-Cola Company during his time as President. I know my high regard for Muhtar is shared by all members of the Amatil Board, and particularly by our incoming Chairman, Ilana Atlas.

Our alignment with The Coca-Cola Company delivered well for us in 2016, as did our partnership with others such as Beam Suntory, Molson Coors International and Monster. The Board looks to continue this aligned and united approach in coming years.

## **Governance**

We also announced several changes in governance, effective from this AGM.

At our AGM in 2015, I indicated that this would be my final term as Chairman. It has been an incredible honour to serve as Chairman of Coca-Cola Amatil for 16 years, and to work with so many talented Board members, members of the management team and wonderful employees of the Amatil Group.

The Board has nominated Ilana Atlas as Chairman-elect. I have known Ilana for many years and have had the pleasure of working alongside her since she joined the Board in 2011. I can confidently say she has one of the sharpest legal and business minds I have come across in my professional career. I welcome her to the role, and commend her to you.

As part of the Board renewal process, three other long-serving Directors will also retire at this AGM as previously announced. They are Mr David Meiklejohn, Mr Wal King and Mr Tony Froggatt.

Each of these Directors has been an asset to the Board. We will miss their substantial contribution, their commercial acumen and their intricate knowledge of the business. I am also very grateful for their wise counsel to me as Chairman, and record my sincere thanks to them for their service and friendship over the years.



Their retirement has been allowed for in the Board's succession planning process. Since 2015 we have increased the size of the Board from nine to twelve, with the appointments of Mr John Borghetti in 2015, Mr Mark G Johnson in 2016 and Mr Paul O'Sullivan in 2017. With the retirements at this AGM, it is intended that the Board return to its traditional size of nine.

My retirement will create an additional vacancy, and we have advised the market that a new Non-Executive Director will be appointed during this current calendar year. That person would then seek re-election at the AGM in 2018.

Lastly, I acknowledge the contribution of Katie Newton-John, our Group Company Secretary, who is stepping down at the conclusion of this AGM. Katie has made an extensive and invaluable contribution to Amatil's operations and governance over the years. Management and myself wish her well in her future endeavours. Our Group General Counsel, Betty Ivanoff, who is also Company Secretary for Amatil, will continue in this role, and is very well supported by our Deputy Company Secretary, Mr Zoheb Razvi. We will finalise the search for our new Group Company Secretary in due course.

### **Our contribution**

Lastly, I would like to spend a few minutes to reflect on the economic and social contribution that Coca-Cola Amatil makes in the countries in which we operate.

First, we are a major contributor to economic growth, including through the direct employment of around 14,000 people in manufacturing, sales, distribution and corporate activities. We are also a substantial indirect employer – in 2016 we purchased more than \$3.3 billion in goods and services from suppliers, helping create thousands of additional jobs in developed and developing markets.

Our economic contribution is what anchors us most firmly in our communities, as a manufacturer, taxpayer and employer. Every day we intersect with tens of thousands of workers, hundreds of thousands of customers and tens of millions of consumers. This community interaction is one of our greatest strengths.

We also maintain a strong focus on sustainability, which should be an essential part of every company's approach to the communities in which they work. I understand Ilana Atlas will make further comment on our sustainability plans later in this meeting. Suffice to say our efforts in 2016 delivered strong results across four areas: Our People, Wellbeing, Our Environment and Our Community. Our progress has been detailed in our 2016 Sustainability Report published online last week. We moved forward on recycling, on water and energy efficiency, on community social engagement and on the health and sustainability of our products. These actions, together with the economic benefit we bring to the community, reflect our overall contribution to the countries in which we operate.

We also worked with our partners, particularly The Coca-Cola Company, to provide consumers with the choice and information they need to make the right decisions for their lifestyle. In 2016 this included the introduction of the new 250 mL PET bottle and the release and promotion of new low- and no-sugar varieties for popular beverage brands. Coca-Cola Amatil's aim is to provide the right



drink for every occasion, be it a sparkling or still, juice or tea, alcoholic or non-alcoholic ready-to-drink beverages. In seeking to achieve this aim, we challenge ourselves to respond to the needs of consumers and to meet our own high expectations as a leader in our industry.

## **Diversity**

Over the year we achieved some success on the issue of diversity.

Following this meeting Ilana Atlas will be our new Chairman today, and we will be the only top ASX company with a female Managing Director and female Chairman. That's an excellent outcome, but there is more to be done across other levels of management. Around 30% of senior executive leadership teams and all management roles in Coca-Cola Amatil are held by women. I am also very pleased to say that 25% of management roles in our emerging markets are held by women, a significant achievement given that our total female workforce in those emerging markets is only 10%. While we are proud of where we stand, we continue to pursue initiatives that foster an inclusive culture and work towards true gender equality at all levels.

There is also scope for improvement in ethnic diversity, though again I pay tribute to our excellent Indonesian, PNG and Fijian leadership teams. It has long been a cause of mine to promote diversity in management roles, and particularly on Boards. I feel there are very few businesses that couldn't prosper and do well from different views coming from around the table.

## **Conclusion**

In conclusion, I believe Coca-Cola Amatil continues to make solid progress towards the delivery of its strategies, and that our 2016 performance shows that it continues in the right direction. I am also very confident in the leadership of the Board under Ilana Atlas, and know that the momentum we have built over time will continue under her guidance. I am also confident in Alison Watkins and her management team's leadership and believe the company is in good hands.

The Coca-Cola Amatil that I leave today is very different to the company that I joined in 1997, as it should be. It has evolved and changed over the last 20 years to reflect the customers and consumers of today, and it will continue to do so into the future. I take this opportunity to thank my fellow Board Directors, the leadership team, the employees and shareholders of the Company for their commitment to Coca-Cola Amatil and their willingness to continue its growth and success in the marketplace.

I now welcome the Chairman-elect, Ms Ilana Atlas, to share with you her insights, and objectives for her role in 2017.

## **CHAIRMAN-ELECT ADDRESS, Ilana Atlas**

Thank you, David, and good morning ladies and gentlemen....

My most important role this morning is to thank our Chairman, David Gonski, on behalf of all shareholders for his outstanding contribution to Coca-Cola Amatil over 20 years, 16 as Chairman.

I often pass a billboard along the highway to Canberra to visit my grandchildren which proclaims in large letters "I give a Gonski". Well, I am delighted to say that Coca-Cola Amatil has had the benefit of the leadership of the original Gonski for the last 16 years. David has been an outstanding leader of the Coca-Cola Amatil Board - his intelligence, commercial acumen, outstanding judgement and ability to work with everyone he meets has been a great asset for the Company and shareholders.

On behalf of all of us, thank you, David.

I also take the opportunity to thank the three other Directors who will be retiring from the Board at the end of this meeting, David Meiklejohn, Wal King and Tony Froggatt. Coca-Cola Amatil has benefited greatly from their time, wise counsel and outstanding commercial capability in each of their areas of expertise. Thank you to each of you.

I am honoured to have been asked by the Board to take over the role of Amatil's Chairman when David steps down at the end of this Annual General Meeting. I am looking forward to taking on the new role and working for you, our shareholders.

The Board renewal process that has occurred over the last two years has been considered and planned. With the appointment of John Borghetti, Mark Johnson and Paul O'Sullivan, along with the existing members of the Board, we have the right mix of skills and experience for the business of Coca-Cola Amatil.

As David noted earlier, the Board will now revert to the more historical size of nine. This means we have one vacancy. This will be filled via a detailed search process, in accordance with the principles outlined in the Corporate Governance Statement.

### **2017 objectives**

I now turn to our objectives and priorities for 2017. There are five

Our first priority is to focus on stabilisation of earnings and a return to growth in our Australian Beverages business; our single largest business and one which has recently faced challenging conditions. In 2014 we outlined a plan to rebalance our Australian Beverages portfolio, expand into new markets and deliver an ambitious program of cost optimisation. There has been strong progress against these objectives, but there is more to be done. We have also refreshed and strengthened our category growth plans with The Coca Cola Company, focusing on consumer choice and wellbeing. We are a consumer-centric Company and we are providing the product choice that consumers want - that means low and no sugar products, different pack sizes, and new products in different categories.



Secondly, we are also attentive to the need to keep driving our growth businesses including Indonesia and Alcohol & Coffee. These businesses recorded solid results in 2016 and the Board will focus on maintaining their position as engines of growth for the Group.

Thirdly, the Board intends to build on the progress made under David Gonski's leadership and broaden and deepen our relationships with our major partners. These partnerships come together to form a broad and uniquely constructed portfolio that is valued by our customers. Importantly these partnerships are based on trust, a shared vision for success and aligned objectives.

Fundamental to our future success is our close working relationship with The Coca-Cola Company. We have made great progress in this relationship in recent years and have achieved improved ways of working across each of our franchise territories. We are assisted in this by The Coca Cola Company representatives on our Board, Martin and KK, who provide insight and counsel on all parts of our business.

Fourthly, the success of any organisation is determined by the capability of its people. We have a talented and committed workforce of 14,000 people, and a leadership group - led by Alison - which has delivered strong results for the Group and will continue to do so in the coming years.

Building and maintaining our talent pool, at all levels will be a continued focus of the Board. Good people don't end up here by accident; when we find them, we must make sure we provide excellent development opportunities and fair reward for achievement.

Lastly, we will focus on continuing to improve the sustainability of our business and our level of community engagement. We are proud of the progress we are making and the achievements of the last year, including further reduction in workplace injuries and incidents, a focus on packaging innovation, improved recycling rates and expansion of our consumer wellbeing programs including sugar reductions across many popular brands and an emphasis on smaller pack sizes. We also continued to make meaningful contributions to community programs through our and The Coca Cola Company's work, including the Coca-Cola Foundation.

The regulatory landscape is shifting, particularly in environmental protection and consumer wellbeing. We are addressing and will continue to address community and regulator concerns without the need for onerous regulatory imposts.

To this end we are actively engaged with all governments where we operate on issues such as energy and water efficiency, consumer health, container deposit schemes and community group support.

We understand our responsibility to help keep our environment clean and are committed to working with industry, government and environmental groups to achieve this, including the reduction of litter and increased recycling. We continue to lead in packaging innovation and recycling to improve our performance in this area in all our markets.

Many of our manufacturing plants have already implemented technologies and initiatives to help reduce our environmental impact through the supply chain and across the total package lifecycle.



Over recent years we have progressively improved our energy and water efficiency, maximised the recycling and reuse of aluminium, cardboard and plastics, and boosted our contribution to the community through grants and education and through environmental initiatives like the Coca-Cola Forests in Indonesia.

There is more to be done, but we're pleased with these steps toward a more sustainable Company.

## **Conclusion**

I conclude by reaffirming the Board's confidence in our strategy and management's plans for the business and our confidence in Alison and her team to deliver them. Our 2014 Group Strategy and strategic themes of Lead, Execute and Partner, as outlined by the Chairman, and as will be expanded on by Alison, shape these plans. We have made progress over the past few years, but again there is more to do. I look forward to working with my fellow Directors and the Amatil management team in leading this work to shape the Coca-Cola Amatil of tomorrow for the benefit of our shareholders and our communities.

I'll now hand over to the Group Managing Director Alison Watkins, but before Alison addresses the meeting we will play a short video outlining our Group strategy.



## **GROUP MANAGING DIRECTOR'S PRESENTATION, Alison Watkins**

Thank you, Ilana, and good morning ladies and gentlemen.

This morning I will provide you with a detailed overview of the performance of our businesses in 2016, and progress against our Group Strategy. I'd like to then close with some comments in relation to consumer wellbeing and container deposit, and our financial targets for 2017.

First, I add my thanks to David Gonski for his contribution to Coca-Cola Amatil over his time on the Board and as Chairman. David has led Amatil through a period of great change and value creation. It has been a tremendous privilege to work with David and I thank him for his counsel and guidance over our time working together at Amatil.

I look forward working with our new Chairman Ilana Atlas, knowing that she brings great breadth and experience, as well as passion and enthusiasm for Amatil's future.

I also recognise the outstanding contribution and dedication of our Coca-Cola Amatil employees. To deliver our plans and against our strategy, we must have a strong organisation.

From manufacturing to sales to sustainability, our people demonstrate a tireless enthusiasm for their role in creating millions of moments of happiness for shareholders, customers and consumers. Through their efforts we have delivered world-class manufacturing, distribution, marketing and sales for around 850,000 customers, and more than 270 million potential consumers. This has occurred against a backdrop of some economic and market headwinds, and much change. Throughout the year our people have maintained a dedication and professionalism that is second to none in our industry. Thank you all.

I particularly acknowledge the progress in 2016 towards best practice in safety and wellbeing at work. Coca-Cola Amatil strives to achieve and maintain a zero-harm workplace where safety is everyone's responsibility and each individual is held to account. This is of critical importance in any manufacturing business, as well as any business with a substantial field force.

I'm pleased to report that we continue to deliver excellent outcomes in this area. Since 2012 we've achieved a 74 per cent reduction in the total rate of injuries, and, in 2016 alone, a 75 per cent drop in days lost. We certainly don't take these improvements for granted and believe zero harm is the only goal for safety.

The nature of our selling and delivery activities, means our people operate every day in environments that are outside of our control, particularly on the road. We work hard to ensure they receive the tools and training they need to manage the risks associated with these environments, but unfortunately some external factors cannot be eliminated. We continue to experience traffic-related incidents resulting in fatalities of members of the public and contractors with eight occurring during 2016. Behavioural driver safety programs and driver training remain our focus, particularly in Indonesia, to increase driver capability and awareness with our goal to do everything we can to minimise these incidents.

In 2016 around 4,700 Amatil team members have undertaken driver safety training. Our employee engagement survey tells us that 87 per cent of our people believe that safety is considered important at Amatil and know what to do when they see a safety issue. There's always more to be done, but we are pleased with the progress we are making.

I would also like to acknowledge the members of our Group Leadership Team several of whom are here today: Martyn Roberts, Group Chief Financial Officer; Libbi Wilson, Group Director of Human Resources; and Betty Ivanoff, Group General Counsel.

There has been one change to this team since the previous AGM, with the departure of Barry O'Connell, our Managing Director, Australian Beverages in March 2017. Barry had been with Coca-Cola Amatil for four years, following 20 years with the Coca-Cola System in Europe. During his time with us he built a strong foundation for the Australian Beverages business through leadership of our transformation program and a focus on rebalancing the portfolio. Earlier this year we announced that Barry would step down from his role to return to Europe. We wish him well in his future endeavours.

Peter McLoughlin has stepped into the role pending the completion of a full internal and external search. Peter brings more than 25 years' experience in the beverage industry in Australia, Latin America and South Africa. He is widely respected for his fact-based consumer-driven approach, his leadership in category development, sales and IT, and for his ability to build and motivate high performance teams. He is a welcome addition to the team.

Turning now to our performance in 2016. I'm pleased to report that Coca-Cola Amatil delivered a 2016 result consistent with our plans and direction we outlined in our 2014 strategy. This was despite challenging conditions in Australia, and a mixed economy in Indonesia.

As the Chairman said, **Australian Beverages** continued to encounter and respond to structural adjustments in the market, with a decrease in revenue of 3.4 per cent during the year. We are working closely with our partner The Coca Cola Company to make sure our portfolio is positioned well for current and emerging consumer and customer needs.

The Business continued its transformation agenda, including delivering its \$100 million cost optimisation program well ahead of schedule. A second \$100 million cost optimisation program was announced in 2016 and is underway, with a further \$20 million in costs to be removed from the business from 2020 as a result of the changes to our supply chain.

We also announced a \$75 million investment in a new warehouse in Richlands, Queensland, along with a further \$90 million in a new glass line and additional juice and dairy capacity at that facility. These investments help streamline our national logistics network, modernise our supply chain, with a greater use of technology, and position us for future areas of growth.

A consequence of these investments was the announcement that we would cease production at Thebarton in South Australia. The Thebarton plant is 64 years old and constrained by its CBD location and lack of space. It is important for me to acknowledge the committed and hard-working

manufacturing team in South Australia, who are most directly affected by this decision. We are working individually with each member of that team, to assist them with the transition.

**New Zealand & Fiji** delivered excellent results in 2016, with earnings up 6.9 per cent to \$105.6 million, and strong performances across Sparkling and Still Beverages in both markets.

**Indonesia & PNG** delivered increased earnings of 42.9 per cent despite soft economic conditions in Indonesia.

Our **Alcohol & Coffee** business continued its momentum, with a second consecutive year of earnings growth above 30 per cent.

Our **SPC** business recorded a modest loss for 2016, with increased price competition from cheap imported products. Having regard for the overall results, we recognised a non-cash impairment to the business which reduced the carrying value of SPC to \$156.3 million in February 2017.

Overall, the diversity of our markets, categories and products combined to deliver against our shareholder value proposition.

We remain focused on building a platform on which Coca-Cola Amatil generates attractive, sustainable returns for our shareholders in the medium to long term.

The outcome we believe will be a sustainable level of earnings per share growth, with strong dividends and a strong balance sheet.

And underpinning delivery of this is our Group Strategy, with three elements – Perform, Grow, and Strong Organisation.

For the last three years, our first focus has been on the Perform phase and implementing plans against our strategic themes to Lead, Execute and Partner. We made good progress against each of these themes in 2016 and remain confident that our Group strategy and the plans defined against them will allow Amatil to perform into the future.

And at the same time, we are looking at further ways to Grow, both within and outside of the Coca-Cola System. While we remain alert to new business opportunities that fit with our vision, we know that when it comes to new products and innovation in the beverages industry, The Coca-Cola Company is second to none. There are still many opportunities for us to work with The Coca-Cola Company and other partners like Beam Suntory and Molson Coors, to refine the offering we have in each of our markets.

Finally, to deliver in both the Perform and Grow phase, we must have a strong organisation. One that is fit-for-purpose, has the leadership capability that sets us apart from competitors and that understands the importance of building relationships built on trust with all stakeholders.

Let me take some time to update you on the progress we made in 2016 in relation to the Perform themes of Lead, Execute and Partner.

Together with The Coca-Cola Company and all our brand partners, work has progressed in each market to strengthen our category leadership position. We have delivered progress against this theme through up-weighted levels of innovative marketing and further evolution of our portfolio in a way that puts consumers first.

- In **Australian Beverages** and **New Zealand**, we have driven a strong pipeline of innovation in reformulation and introduction of new pack sizes in sparkling, and experienced success in Energy via our new partnership with Monster Energy Corporation,
- In **Indonesia**, we've made substantial progress in adding affordable packs to our range, and
- For **Alcohol & Coffee** we've innovated successfully with our partner Beam Suntory, as well as added the Miller brands to the portfolio via our partnership with Molson Coors International
- And while trading conditions continue to challenge SPC, there were some encouraging signs in snacking fruit and tomato products, with an exciting pipeline of innovation rolling off in 2017

Under the strategic theme of execute we are making strong progress ...

- In **Australian Beverages**, as already outlined, we've rationalised our cost base and are making good progress on the cost optimisation program
- In **New Zealand** one of several highlights has been the completion of a new juice and sports drinks plant.
- In **Indonesia**, we've further progressed the transformation of our route-to-market and achieved significant productivity gains right across the business.
- And, in **Alcohol & Coffee** we have deepened specialist capability in spirits, beer and coffee, and extended coffee into the grocery channel.

We have also expanded the use of technology solutions across our businesses. This includes providing the tools and platforms for our salesforce and customers to improve their experience and access to our products. We will continue to develop and customise these platforms for customers to ensure we are offering a world class experience.

Finally, in relation to PARTNER.

We are proud of the globally renowned companies who choose to partner with Amatil and have established each relationship based on trust, a shared vision for success and aligned objectives.

One of the great things about working with The Coca-Cola Company is that there is always a pipeline of new products. Locally, we are working together to bring the best of these products to our markets.

This has allowed us to roll out new formulations, like Coca-Cola with Stevia, that are permanent additions to the portfolio, or short runs that create excitement for consumers like Coca-Cola with Ginger. And Coca-Cola South Pacific have some exciting additions to the portfolio in Australia and New Zealand.

We are excited about The Coca-Cola Company's consumer-driven total beverage strategy which is led by new President & CEO James Quincey.

Possibilities also lie ahead for growth with our spirits partner Beam Suntory and our beer partner Molson Coors.

Ilana spoke earlier about the changes that are happening in our regulatory landscape in all our markets.

Two issues that I would like to update you on before closing is the NSW container deposit scheme and our response to the community concerns in relation to obesity.

In 2016 we engaged with each of the governments who have announced plans to introduce a container deposit scheme with a view to ensuring any new scheme is operated efficiently and consistently across all states in Australia, minimising the financial impact for consumers and manufacturers. We are a member of the industry consortium, "Exchange for Change", which has submitted a proposal to be both Scheme Coordinator and one of the Network Operators in NSW, and we are awaiting the outcome of that process.

We welcome the NSW Government's decision earlier this year to delay implementation of the scheme until 1 December 2017. As previously stated, given the full details of the scheme are not known any potential impact of the scheme for Amatil is still being worked through. As other states implement their schemes over 2018 we take this opportunity to encourage a consistent framework for design and implementation of each scheme reflecting the national market in which we operate and to avoid additional cost and complexity which will be borne by industry or consumers.

In relation to consumer wellbeing, we recognise we have a role to play in addressing the issue of obesity in the communities in which we operate and know this must be done in collaboration with the government, community leaders and other businesses. We are delivering results in partnership with The Coca-Cola Company, and in Australia this includes:

- An 88 percent increase small pack sales between 2013-2015
- Expanded availability of small packs across outlets – with small packs offered in 86 per cent of grocery stores and 69 per cent of convenience stores and petrol stations
- Low kilojoule or no added sugar alternatives across the majority of our brands
- And at least 34 per cent of our volume comprised of low or no kilojoule varieties

Our focus is delivering real changes on the ground for consumers in response to their concerns. And our ability deliver further innovation with The Coca-Cola Company in this area presents great opportunities for us as a business and ensures our place in the beverages market of the future.

Just as importantly, we believe these measures that we are taking are making a difference, without the negative impact on manufacturing workers, farmers and the community, that the introduction of new taxes on sugar or sparkling beverages would have.

In terms of our financial outlook...

When we first outlined our strategy in 2014 we were clear that our target was returning the business to mid-single-digit earnings per share growth in the next few years.

We have said previously that the pace will depend on the success of revenue initiatives in Australia, Indonesian economic factors and regulatory conditions in each of our markets.

In April, we announced that trading for Australian Beverages for the year to date has been weaker than last year with all the channels experiencing volume and price pressure due to competition and category trends. In particular, we experienced price devaluation in sparkling, pressure on our mainstream water brand and bore higher cost of goods sold. We will continue with our plans to respond to the changes in the Australian market. We also know our diversified business portfolio is our strength and can mitigate some of this impact.

For the first half of 2017 underlying net profit after tax will decline and, at this early stage in the year, we expect full year underlying net profit after tax for 2017 to be broadly in line with last year. That said, our medium-term target continues to be mid-single-digit earnings per share growth.

Our share buyback program of \$350 million commenced in April and is progressing well with approximately \$268 million remaining to buy back shares.

Our capital expenditure will be disciplined and tailored to each business. We expect group capex of around \$375 million for 2017 and a similar level in 2018 as we progress initiatives to remodel the Australian Beverages supply chain and set the business up for the future.

We continue to target a medium-term dividend payout ratio of over 80 per cent. We anticipate that from 2017 franking will be lower than current levels.

And we expect our balance sheet to remain conservative with the flexibility to fund future growth opportunities.

In closing, as a Group we have many strengths and a diverse portfolio. We are committed to delivering earnings growth and attractive and sustainable returns for our shareholders over coming years. Thank you.

I will now hand back to the Chairman.