COCA-COLA AMATIL

MR TERRY DAVIS,

CCA GROUP MANAGING DIRECTOR

to

ANNUAL GENERAL MEETING OF

COCA-COLA AMATIL LTD

19 MAY 2005

CITY RECITAL HALL, SYDNEY, AUSTRALIA

** Please check on delivery*

Annual General Meeting

Terry Davis

Community (link from video)

Good afternoon ladies and gentlemen.

As you have just seen, CCA does seek to make a sustainable difference in the communities we operate in. We do this not just because we believe it advances our social responsibility obligations but firmly believe that it makes good business sense because of the goodwill it generates with all the stakeholders of our business.

2004 Summary

(Slide – 2004 financial summary)

Now in my fourth year as Managing Director I am pleased to be able to report that your Company has delivered a very strong operational performance over a sustained period of time, with 2004 being no exception.

In the last three years dividend payments to shareholders have doubled; and return on capital employed has improved from 7.6% to 11.3%.

2004, was our fourth consecutive year of double digit net profit growth, with net profit, before significant items, up 16.4% to $278 million.

Earnings per share, before significant items, was up 15.2% to 39.5 cents and free trading cash flow was strong at $237 million.

(Slide – $1,000 invested in 2001)

$1000 invested in CCA shares in 2001 is now worth $1,750 today. This represents a 40% improvement over the returns from the All Ordinaries Index.

(Slide – Trading by region)

The standout performance in 2004 was from our **Australian** team, which again over-delivered with a 14.4% profit increase, a 1.1 percentage point margin increase.

Retail customer numbers grew by 5% and 10 new products were launched.

Oceania had another solid trading performance in 2004 fuelled by significant growth in our non-carbonated beverage portfolio. New Zealand again contributed the majority share of the $8.2 million improvement in EBIT recorded by the region.

Indonesia returned to growth in 2004, despite continuing to operate in a difficult consumer environment. Unfortunately consumer spending deteriorated in the first quarter of 2005 following the Boxing Day Tsunami.

In 2004 **South Korea** experienced challenging trading conditions and, with no improvement in consumer demand, earnings before interest and tax fell to $4 million. This was a disappointing result and we are focused on strengthening the sales execution and marketing capabilities in that country. For its part, The Coca-Cola Company has committed to double marketing funds in 2005 to drive sales momentum across our core brands. However, to date revenue has not yet recovered and 2005 trading has begun as 2004 ended. Therefore, we would not expect to return to profitability in South Korea in first half 2005 and the full year result will be heavily dependent on the success of the new sales and marketing programs over the important summer season of May through July.

Turning to current trading conditions.

The organisational focus for 2005 will continue to be prioritised on further product innovation, the increase in cold drink coolers, further growth in new sales outlets and finally broadening our non-carbonated beverage portfolio.

In the first quarter of 2005, we experienced softer trading conditions across the group. In our key market of Australia we believe the slower start to the year has come from cooler weather, a reduction in consumer spending due to the impact of donations to Tsunami relief efforts, higher petrol prices and concerns over higher interest rates.

Even CCA cannot be totally immune when consumers have less money in their pocket to spend on discretionary items. I believe that the personal tax cuts recently announced in the Federal government budget will provide a much needed boost to consumer confidence and hence discretionary spending, particularly in NSW which seems to be the State most affected.

(Slide – Acquisitions)

Impact of Acquisitions

Over the past three years, CCA has invested approximately $366 million in seven acquisitions (excluding SPC Ardmona) to strengthen our Australian and New Zealand businesses. Over the same period, $330 million has been generated from non-core asset sales. Over the last 12 months, beverage acquisitions have included Crusta Fruit Juices, Quirks Refrigeration and the Coca-Cola licence for the Northern Territory.

The addition of SPC Ardmona to the CCA Group in February this year will enable CCA to participate in the growing consumer trend towards more healthy food and beverages……I will talk more about this in a moment.

We are pleased with the progress of these recent acquisitions although, it should be noted that since 2001 approximately 90% of CCA's 17.6% compound annual growth in net profit has come from organic growth. We see this balance of emphasis continuing for the foreseeable future.

This organic growth has been achieved through accelerated innovation in new products combined with, strong discipline in capital management and expense control.

Our Commitment to Innovation

There is no doubt that without continuous product innovation, in combination with creative marketing programs, consumer goods markets will not develop at the rate we have been able to grow the non-alcoholic ready-to-drink market here in Australia.

One of CCA's core strengths has been the ability to build a product and pack matrix that has grown the take-home product category for our large foodstore customers, but at the same time we have also grown our immediate consumption business through developing broader offerings for our smaller retail customers.

As a result -

- Our market leading brands continue to drive more store traffic and make more profit for our customers than they could achieve by selling our competitors' products;
- This comes about from product and packaging innovation which delivers sizzle to the category and excitement for consumers;
- At the same time we have driven down costs, for us and our customers, through supply chain improvements; and,
- Have developed key customer leadership programs that seek to grow both the volume and profitability of the beverage category over the long term.

We will continue with our strategy of providing consumers with more choice.

Since 2001, CCA have launched over 40 new products, including range extensions, with 18 new products last year. We have had successes with products such as Vanilla Coke, Fanta flavours, Nestea Cool, Frestea in Indonesia, Aquashot in New Zealand, Powerade flavours and Recharge by Sprite.

(Slide – Innovation, Vanilla Coke)

The launch of Vanilla Coke was the break through new product for CCA. It reinvigorated the entire Cola segment and generated over $100 million of revenue in 2003 and 2004. Recently, to refresh the brand, Kamahl – whom I'm sure you will all be familiar with - was asked to spearhead a new advertising campaign…that returned to the "smooth and cool" tagline as well as leveraging Coca-Cola's tie-in with the TV program the "X" factor.

Let's see how Kamahl did it.

{VIDEO}

Another very successful strategy has been the adoption of rotational flavours, particularly with Powerade and Fanta.

(Slide – Innovation, Fanta)

In 2001, CCA introduced five Fanta flavours. In 2004, an ice cream flavoured soft drink, Fanta Spider, was launched as a summer only brand. This year Fanta Sours were launched…as the name suggests a drink with a distinctive taste.

(Slide – Recharge by Sprite)

In 2004, CCA launched 'Recharge' by Sprite, an energy drink that has leveraged the brand strength of Sprite. This is the world's first energy drink brand extension for 'Sprite'.

Sprite Zero, a low sugar Sprite developed in response to the growing health & wellbeing trend, was recently launched and follows in from the very successful launches of three diet Coke flavours…lemon, vanilla and lime. Each diet Coke range extension has delivered increased sales over the previous flavour. These innovations in diet CSDs have been well received by consumers and CCA's Australian business recorded a 10% growth in diet CSDs (in 2004).

(Slide – Water segment - Australia)

In the last two years, we have increased our share of the water segment in our key markets. In Australia, CCA now has the top three water brands, by value, …with 'Mount Franklin' a strong number one, followed by 'pump' and 'Neverfail'.

(Slide – Water segment – New Zealand)

In New Zealand, flavoured "on-the-go" water recorded a greater than 40% growth in the 2003 year - led by Mizone Sports Water, a product produced by CCA's main New Zealand competitor.

Our response was to launch Aquashot in July last year. In the 6 months following the launch, 1 in 5 New Zealanders purchased Aquashot versus 1 in 7 for Mizone and 1 in 10 for H2Go.

Today, Aquashot makes up approximately 20% of the Flavoured Water Market in New Zealand and in addition to taking market share directly from Mizone it has also led to a 12% growth in the segment.

I would now like to share with you three of the innovative ads that have been developed to support these new products.
{VIDEO – Fanta sours, Sprite Zero and Aquashot}

And the innovation will accelerate throughout 2005.

(Slide – Major new products)

There are four major new product developments to come in 2005 and they are:

- **Minute Maid's Juice** - the world's largest juice brand has been launched in Korea;
- **Fruitopia J** and **Fruitopia Classic** – will be launched in Australia next month;
- **Coke with Lime** in Australia – will also be launched next month; and finally
- **Coke with Raspberry** and **diet Coke with Raspberry** will be launched in New Zealand in June.

Minute Maid is the world's largest juice brand and has been launched in South Korea to strengthen CCA's overall product portfolio. Juice is the second largest segment in the non-alcoholic ready to drink market in that country, with an approximate 28% share… slightly behind carbonated soft drinks. CCA's major competitor generates approximately $480 million of juice revenue (compared to CCA's 2004 total revenue in South Korea of approximately $560 million) and that juice revenue has grown at a compound rate of over 10% since 2001.

We believe that the future for our juice business is in value added products that move orange juice away from its traditional commodity and inconsistent flavour status. The new range in Korea for Minute Maid will comprise a 100% juice, Bone PLUS, Heart PLUS and Kids PLUS. The Heart PLUS product is a great example of a value added beverage that contains Fibre and Vitamin E, which act as antioxidants to improve blood circulation and make your heart healthier.

In the period since its launch, the Minute Maid range has already sold over 1.2 million unit cases.

CCA currently has a very small share of the Australian juice segment and Fruitopia J and Fruitopia Classic are the first new products in our expansion into that segment.

Fruitopia J is a significant breakthrough in juice formulation for Australian consumers, providing a great tasting shelf stable brand. Fruitopia Classic is a unique blend of fresh and concentrate juice and will be the first time Fruitopia has been offered in the supermarket channel.

Coke with Lime follows on from the success of diet Coke with Lime, which has been CCA's most successful diet Coke extension in Australia. Almost 30% of CCA's volume from diet Coke with Lime is consumed by people who did not previously regularly purchase carbonated soft drinks. Coke with Lime along with Fruitopia J can be sampled in the foyer after the meeting.

Finally, in a global first for the Coca-Cola System, New Zealand will launch Coke with Raspberry and diet Coke with Raspberry. The consumer interest has been exceptional and the first bottle of Raspberry Coke produced was auctioned on TradeMe (New Zealand's equivalent of e-bay). The final bid was NZ$3,010, with the proceeds going to the charity "Youthline". This is also the first time ever that the Coca-Cola flavour and the diet Coke flavour have been launched simultaneously.

Now turning to our recent acquisition of SPC Ardmona.

We have received a number of questions from shareholders regarding the acquisition and there are four key points that I would like to make.

(Slide – SPCA acquisition rationale)

Nutritionists have been telling us we have to drink more water and eat more fruit and vegetables. We've obviously got bottled water well covered and SPC Ardmona gives us the other leg.

At the heart of the acquisition rationale is our view that capital allocation will increasingly go to those markets where we have the greatest economy of scale and where CCA is generating the best returns and has least risk. Today, Australia and New Zealand are generating well above their costs of capital and delivering the best growth rates ….. hence the focus in these countries.

(Slide – Leading Brand Portfolio)

The second reason behind the acquisition is that SPC Ardmona owns the market leading brands.

- It is the market leader in deciduous fruit with more than 50% share
- It is the market for snack packs with over 90% share
- IXL is the number one brand in spreads and the Company is the clear No 2 player in Baked Beans and Spaghetti.

This leading position provides an excellent brand platform to build on. Again this is something that has been a key success factor for CCA.

(Slide – SPCA acquisition rationale)

The third point is that CCA has proven that providing higher levels of service can deliver a material increase in profits. We believe this operating framework can add real value to SPC Ardmona and its customers.

The fourth point is that there are very few SPC Ardmona customers who are not CCA customers. The strength of our customer relationships has been a critical part of CCA's success.

(Slide – SPCA snapshot)

As you can see in this slide, the major revenue stream of the business is in packaged ready-to-consume fruit. This is where we see major opportunities for product and package innovation to cater for different consumption occasions.

(Slide – SPCA product and package development)

Firstly, New Packaging Development – There are clear opportunities to accelerate the re-sealable fridge pack. These innovative packs have in a very short time grown to 20% of SPC Ardmona's ready-to-consume fruit business.

CCA has proven in its beverage business that innovative packaging which provides the consumer with real benefits can have a marked effect on the growth and profitability of a particular category.

Secondly, New Product Development - as you can appreciate for competitive reasons I am not going to go into too many specifics about future new products. Needless to say, we will leverage the SPC fruit expertise to expand into other categories.

Turning to other areas of opportunity for SPC Ardmona.

Manufacturing – We will upgrade and expand SPC Ardmona's manufacturing and distribution capability. Procurement savings from direct materials sourcing have already been a key benefit from the acquisition for the Group.

Route Trade Distribution - Over the medium term, additional volume will be generated by combining some of CCA's and SPC Ardmona's distribution. This will provide our smaller customers with greater frequency of deliveries and larger drop sizes.

We expect that SPC Ardmona can achieve EBIT growth of 15 to 20% in 2005.

2005 Outlook

(Slide – 2005 outlook)

Now turning to the guidance for the Group's 2005 earnings growth.

CCA expects full year earnings growth to be weighted towards the second half primarily due to the following:

- Firstly, first half 2005 will have two fewer selling days than the same period last year.
- Second, CCA has experienced soft volume in key markets in the first quarter due to high in-trade inventory levels, cooler weather and a generally softer retail environment. CCA is also cycling a high volume growth rate in the first half of 2004, with Australia in particular recording volume growth of 7.5% in that period;
- Thirdly, the benefit of the recent price increases will not be realised in full until the second half of 2005; and finally
- the integration synergies from SPC Ardmona will begin in the second half.

Notwithstanding that we are cycling the very strong growth rates achieved in 2004 and experiencing a higher cost of goods environment, we still expect to deliver around 10% net profit growth for the CCA Group for the first half to 30 June.

Subject of course to no deterioration of current trading conditions, we expect to deliver low double digit net profit growth for the CCA Group for the 2005 full year.

People

(Slide – Our workforce)

I would now like to discuss the changing face of our workforce.

To deliver on our long term objectives, the demands being placed on our people and managers are both broader and require greater skills than at any time in the past. I am particularly proud of the way our whole team of employees have responded to the challenge of improving the returns in our business and improving the level of service to our customers.

We have attracted a number of talented and experienced people to the business who have actively challenged how we do things to identify new and innovative ways to progress our business.

We continue to increase the strength of our management team across the group by constantly moving high performing employees into new roles and between countries to share best practice in sales and customer service.

This stronger focus on training and development across the whole organisation has also provided a richer talent base for succession planning and we see the opportunity to further improve the diversity of CCA's workforce, with a particular emphasis on attracting and developing more senior female managers.

General

(Slide – Holding)

In closing, CCA delivered another excellent result in 2004. In fact a record net profit for the company some 15% more than the previous highest profit achieved. More importantly, and perhaps the best indicator to the turn around in performance of the business, is that we achieved this record profit result in 2004 on some $2.7bn less capital employed.

Like many other Australian corporates we expect 2005 to be a more challenging year but still look forward to delivering another strong result despite what may be a more difficult trading environment.

Thank you. I will now hand back to David Gonski.