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ASX Release

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2020 HALF YEAR RESULTS (1H 2020)

OVERVIEW

- **Challenging first half trading conditions resulted in a 9.2% decline in Group Trading Revenue**
- **Margins adversely impacted by reduced Volumes and shifts to lower margin channels and packs, as consumers responded to COVID-19 restrictions**
- **Tight cost management (~$60 million of cost savings delivered in 1H 2020) partially mitigated the impact on Ongoing[1] EBITDA[2] (down 19.4%) and Ongoing EBIT (down 34.4%)**
- **During this period Amatil grew its market share[3] demonstrating the power of its brands, its flexible routes to market and its strong execution capabilities**
- **Improvement in trading performance since May in markets where COVID-19 restrictions have eased**
- **Amatil's strong balance sheet, ample liquidity and solid credit ratings position it well to emerge from the pandemic as a stronger, better business**
- **The Board has declared a 9.0 cents per share unfranked interim dividend signifying its confidence in the strength of Amatil's business**

Coca-Cola Amatil Limited (**Amatil**, **the Company** or **the Group**) today reported its financial results for the first half of the 2020 financial year (1H 2020). Statutory net profit after tax (**NPAT**) was a loss of $8.7 million versus a profit in 1H 2019 ($168.0 million) reflecting non-trading items of $120.8 million[4], announced on 23 July 2020, relating to Amatil's Indonesian, Fijian and Samoan businesses. Ongoing NPAT was down 35.3% at $112.1 million in 1H 2020 compared to $173.3 in 1H 2019.

Group Managing Director Alison Watkins said, "We experienced unique, market-wide challenges this half, ranging from Australian bushfires and Indonesian floods through to the COVID-19 pandemic which impacted all our businesses. Despite these challenges, the resilience of our business was demonstrated by our agile response in addressing changes in channel mix and consumer behaviour, enabling us to grow our market share in key product categories.

"Our financial performance under these challenging conditions, in particular our strong cash realisation, is a testament to the strength of our business and the tenacity of our people, partners and customers. Our priority has been to ensure a safe work environment for our people, to deliver market share gains and tightly manage our costs with approximately $60 million of cost savings delivered in the half."

[1] Ongoing refers to continuing operations financial results adjusted to exclude non-trading items

[2] EBITDA refers to earnings before interest, tax, depreciation and amortisation

[3] Australia growth in Volume & Value share of Non Alcoholic Ready to Drink ('NARTD') in Grocery and Convenience & Petroleum: Source Australia IRI YTD 28 June 2020 scan data; NZ growth in Value & Volume share of NARTD in Grocery and Convenience & Petroleum Source Nielsen YTD to 21 June 2020 scan data; Indonesia Nielsen data volume share growth in NARTD Sparkling category YTD June 2020 scan data

[4] Non-trading Items are referred to on a post tax and, where relevant, post minority interests basis

GROUP

Group Ongoing Performance Measures	1H 2020	1H 2019	% Change
Trading Revenue A$m	2,185.9	2,406.4	(9.2)
Ongoing Earnings before interest, tax, depreciation and amortisation (EBITDA) A$m	370.5	459.7	(19.4)
Ongoing EBIT A$m	190.2	289.9	(34.4)
Net Profit after Tax (NPAT) A$m:			
o Statutory	(8.7)	168.0	(105.2)
o Ongoing	112.1	173.3	(35.3)
Net Debt	1,730.7	1,780.6	(2.8)

Group Trading Revenue declined by 9.2% in the half compared to the previous corresponding period (**pcp**). Whilst the specifics in each market differed, overall widespread outlet closures and restricted trading impacted the high margin, immediate consumption channels resulting in Volume transitioning to lower margin channels and packs.

Ms Watkins said, "Our Revenue broadly declined in line with Volume, however the impact on our Group margin percentages was much greater (particularly in Australia), reflecting the compound impact of reduced Volumes and marked shifts in channel and pack mix as consumers adapted to the COVID-19 restrictions. Our tight cost management enabled us to offset some of the adverse impact on earnings. Within this context, it has been pleasing to see consumers turn to their favourite brands, enabling us to achieve market share gains[5].

"As COVID-19 restrictions have eased across each of our markets we are seeing signs of improvement. Trading in July has seen Group Volumes decline by approximately 5% on pcp, and in the first two weeks of August Volumes were down 3% on pcp – a significant improvement on the 33% decline we experienced in April."

AUSTRALIA

Australian Financial Performance Measures	1H 2020	1H 2019	% Change
Trading Revenue A$m	1,296.1	1,420.4	(8.8)
Ongoing EBITDA A$m	186.3	243.8	(23.6)
Ongoing EBIT A$m	118.7	183.9	(35.5)
Ongoing EBIT Margin %	9.2	12.9	(3.7) pts

Amatil's Australian business witnessed a dramatic change in consumer behaviour throughout 1H 2020 in both the NARTD and the Alcohol & Coffee categories. As consumer buying patterns adapted to COVID-19 restrictions, the Company's NARTD business experienced a transition of Volume to lower margin channels (such as Grocery and national Quick Service Restaurants) and a shift to lower margin 'at home' consumption packs (such as multi-serve PET and multi-pack cans). Alcohol & Coffee was also adversely impacted, with outlet closures and trading restrictions in the On-Premise channel.

Ms Watkins said, "Whilst we were able to partially offset some of the Australian EBITDA decline through our strong cost management initiatives – with approximately $37 million of savings achieved – the lower Volumes and Revenue resulted in a reduced capacity to absorb fixed costs such as production, sales and support expenses.

"Our immediate focus has been on driving market share gains in our core categories, helping our customers to sell online and allocating resources to address the shift in geographical demand. We are also focused on adjusting our 'cost to serve' to the prevailing market conditions and to improving our network agility to respond to shifts in channel mix, demand volatility and government restrictions. It has been pleasing to see the marked improvement in our trading performance as COVID restrictions have eased with July 2020 Volumes up 3% and the first two weeks of August flat on the respective prior corresponding periods."

[5] Australia growth in Volume & Value share of NARTD in Grocery and Convenience & Petroleum: Source IRI YTD 28 June 2020 scan data; NZ growth in Value & Volume share of NARTD in Grocery and Convenience & Petroleum Source Nielsen YTD to 21 June 2020 scan data;

PACIFIC (NEW ZEALAND & FIJI)

Pacific Financial Performance Measures	1H 2020	1H 2019	% Change
Trading Revenue A$m	360.0	378.3	(4.8)
Ongoing EBITDA A$m	80.7	84.2	(4.2)
Ongoing EBIT A$m	55.4	60.2	(8.0)
Ongoing EBIT Margin %	15.4	15.9	(0.5) pts

The Company's New Zealand business delivered a resilient performance in the half. Despite Level 4 COVID-19 lockdown restrictions in place in April and approximately 75% of its On The Go customers being closed, the business was able to deliver relatively stable EBIT margins and to outperform the total NARTD category with market share[6] growth. As COVID-19 restrictions have eased improvement in performance has been evident. The business achieved 4% Volume growth in June and flat Volumes in July with growth resuming in the first two weeks of August.

In Fiji the compound effect of Cyclone Harold and COVID-19 restrictions, severely impacted the tourism industry, resulting in Volume, Revenue and EBIT declines on the prior corresponding period. The adverse impact of COVID-19 on trading performance in Fiji and the prescribed approach to assessing carrying values under the accounting standards, resulted in a non-cash impairment charge being taken against this business in the Group's 1H 2020 accounts (as announced on 23 July 2020).

INDONESIA & PAPUA NEW GUINEA (PNG)

Indonesia & PNG Financial Performance Measures	1H 2020	1H 2019	% Change
Trading Revenue A$m	502.6	581.8	(13.6)
Ongoing EBITDA A$m	71.9	98.8	(27.2)
Ongoing EBIT A$m	20.9	51.8	(59.7)
Ongoing EBIT Margin %	4.2	8.9	(4.7) pts

Ms Watkins said, "Our Indonesian business performance in 1H 2020 is a story of two very different quarters. We experienced a solid start to the year delivering the eighth consecutive quarter of Volume growth as at 31 March 2020. By second quarter 2020 the introduction of COVID-19 lockdown restrictions during the traditionally peak festive trading period had a significant adverse impact, in particular given we were cycling the two largest volume months historically recorded by the business. Volumes in July and the first two weeks of August have improved but remain relatively subdued (down 19% and 20% respectively on pcp). Our focus is on agile and strong sales and operational execution and continuing to tightly manage our cost base to reduce the short term impact on EBITDA."

As announced on 23 July 2020, given the adverse impact of COVID-19 on trading performance in Indonesia and the prescribed approach to assessing carrying values under the accounting standards, a non-cash impairment charge of $101.2 million (post tax, post-minorities) against Amatil's Indonesian business was taken in the Group's 1H 2020 accounts.

Whilst PNG delivered a 4% Volume decline in the half, due to trading disruptions caused by the declaration of a State of Emergency by the Government in March, it made a solid recovery as COVID-19 restrictions eased, with Volume growth in May and June. Since June, an increase in COVID-19 cases and newly introduced restrictions in Port Moresby, have resulted in modest Volume declines in July and flat Volume in the first two weeks of August.

Dividend

The Board has declared an unfranked interim dividend of 9.0 cents per share, reflecting confidence in the strength of Amatil's business and the expectation that the Company will emerge stronger post COVID-19. The interim dividend is payable on 13 October 2020 to shareholders registered as at 26 August 2020 and represents a payout ratio of 58% of 1H 2020 Ongoing NPAT.

Ms Watkins said, "We recognise the importance of dividends to our shareholders. We will continue to monitor market dynamics and intend to resume a higher dividend pay-out ratio as soon as possible."

FY 2020 Priorities

The COVID-19 impacts are continuing to evolve with the situation fluid across all of Amatil's markets. Looking ahead, whilst it is encouraging to see lockdown restrictions gradually being eased and some green shoots of improvement

[6] NZ growth in Value & Volume share of NARTD in Grocery and Convenience & Petroleum Source Nielsen YTD to 21 June 2020 scan data;

in trading conditions emerge, the reality is that economic recovery will be protracted, and uncertainty remains in a number of our markets. These conditions make it difficult to provide earnings guidance on the Group's FY20 result. The Company will however provide a further trading update later this year at its annual Investor Day.

Ms Watkins said, "Given the expected ongoing challenging environment, we remain focused in the immediate term on continuing to drive market share gains, growing our presence in e-commerce and on food aggregator platforms, and leveraging the global insights of The Coca-Cola System and our other major brand partners.

"We are taking further action to reduce our ongoing cost structure and will continue to recalibrate according to the requirements of our customers. We have a clear path forward to weather the current conditions, noting that the fourth quarter trading conditions will be imperative to our FY2020 financial performance. We are confident that our strengthened competitive position together with our strong balance sheet, ample liquidity, robust cashflows and solid credit ratings place us in a strong position financially and operationally to emerge a stronger, better business."

ENDS

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Authorised by the Board of Directors.

ABOUT COCA-COLA AMATIL

Coca-Cola Amatil Limited (including subsidiaries, group entities and related bodies corporate) is one of the largest bottlers and distributors of ready-to-drink non-alcohol and alcohol beverages and coffee in the Asia Pacific region. Coca-Cola Amatil is also the authorised bottler and distributor of The Coca-Cola Company's beverage brands in Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. Coca-Cola Amatil directly employs around 12,000 people and indirectly creates thousands more jobs across the supply chain, partnering with key suppliers to bottle, package, sell and distribute its products. With access to around 270 million potential consumers through more than 630,000 active customers Coca-Cola Amatil is committed to leading through innovation, building a sustainable future and delivering long-term value, both to shareholders and to society.

For more information, visit www.ccamatil.com or search for Coca-Cola Amatil on LinkedIn, Facebook or Twitter.