# Goldman Sachs Australasian Investment Forum - NY

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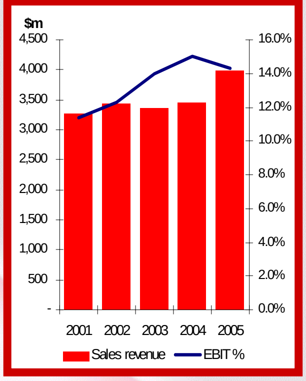
**6-7 March 2006**

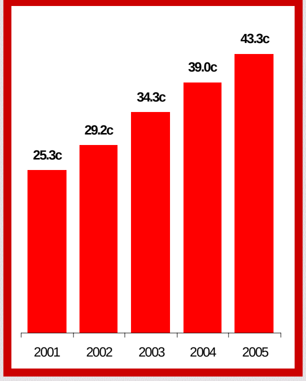


## Consistent delivery continues in margins, EPS and dividends

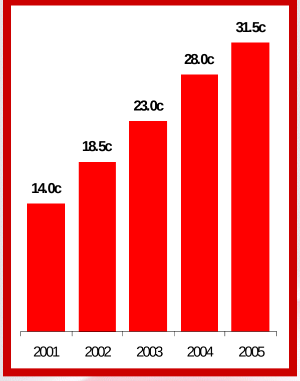
**Sales & EBIT %[1]**




**Earnings per share[1]**




**Dividends per share**




Beverage margins of 15.5%

Food margins of 13.0% (first time inclusion of SPCA)

EPS growth of +11.0% in 2005

EPS CAGR +14.4% since 2001

DPS growth of +12.5% in 2005

DPS CAGR of +22.5% since 2001

1. before significant items

## 2005 - 5th consecutive year of double-digit earnings growth

**Net Profit[1] ⬆16.8% to $320.5m**

| | |
|---|---|
| **Sales Revenue** | ⬆ 15.6% to $4.0bn |
| **EBIT[1]** | ⬆ 10.1% to $570.6m |
| **EPS[1]** | ⬆ 11.0% to 43.3c |
| **ROCE[1]** | ⬇ 4.1 pts to 17.5% (due to the inclusion of SPCA) |
| **Operating Cash Flow** | ⬆ $54.2m to $435.2m |

1. before significant items

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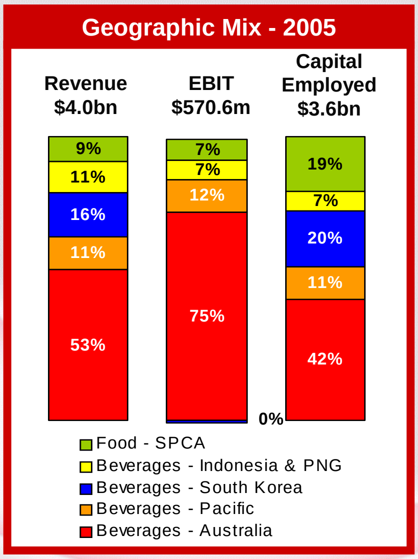
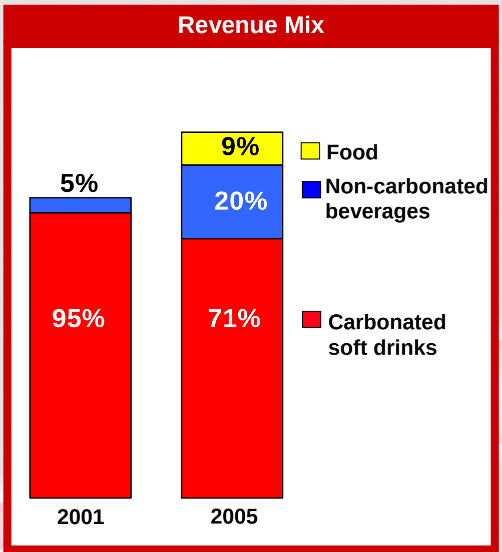
## A broader based and better balanced business mix…

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## Successful execution of the 5 key business drivers

1. Product & package innovation
2. Non-carbonated beverage and food expansion
3. Growing product availability through cold drink placements and outlet expansion
4. Delivering levels of customer service which cannot be profitably matched by our competitors
5. Backed by revenue management and cost discipline

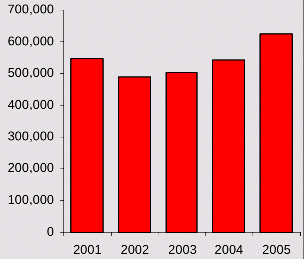


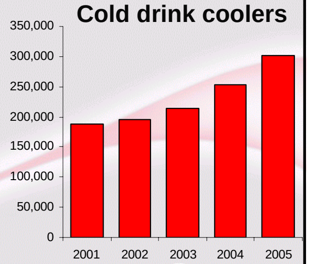
## Product Innovation continues to drive growth


**74 new product launches in 2005**

## New customers and cold drink equipment driving product availability


15% increase in active customers to over 600,000 in 2005




19% increase in cold drink coolers to over 300,000 in 2005

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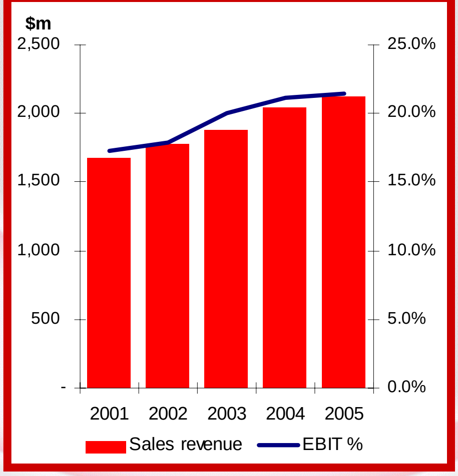
## Australia – 2001-2005:
## Category leadership drives performance

**Sales revenue & EBIT margins**




**EBIT CAGR of +12.1% since 2001:**

- Refreshing the CSD category with flavour extensions and low calorie offerings including Vanilla Coke, Sprite Zero and Coca-Cola Zero
- Developing a presence in non-carbonated beverages with a focus on bottles water, sports drinks and juice
- Expanding availability through cooler placement and new customers

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## Australia – 2005:
## Margins up slightly to 21.4% in more difficult trading conditions

**Solid Brand Performance**

- New products including Sprite Zero, Coke with Lime, Fruitopia J, Fruitopia Classic, Fruitopia Alive and multi-pack water

**Below average market growth and stronger price competition in foodstores**

- NARTD market grew 0.1%, well below 2-4% pa long term average
- CCA recovered higher COGS through price and mix improvements
- CCA maintained market share in foodstores despite heavier price competition

**2006 has started strongly with Australian volumes up 10% in the first two months driven by Coca-Cola Zero**

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## Australia – Outlook:
## New product pipeline led by Coke Zero

- Low calorie colas represent 30% of total cola sales, well below US and UK levels
- CCA's diet CSDs have delivered 10% revenue growth per annum for the last 3 years
- Coca-Cola Zero a great consumer proposition with overwhelming early results - industry cola sales up 24% in foodstores in the first 5 weeks


- *Coca-Cola Zero expected to become a significant product within CCA's brand portfolio*

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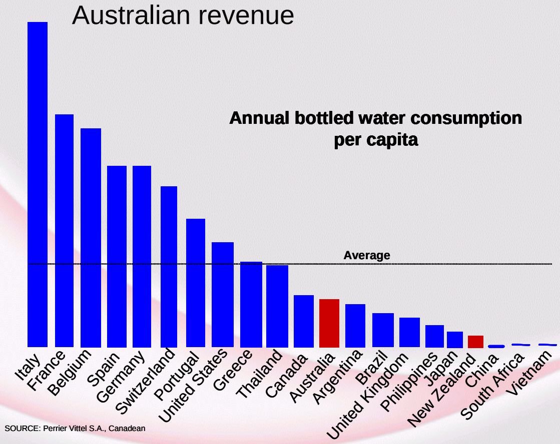
## Australia – Outlook:
## Opportunities in non-carbonated beverages continue

- CCA's non-CSD business has grown over 30% per annum in the last 3 years driven by the growth of water, sports drinks and juice
- Revenue from non-carbonated soft drinks accounts for 20% of Australian revenue




- *Australia's per capita consumption is only a quarter of Europe's and half of the USA's*
- *CCA's lead brands Mt Franklin and Pump continue to deliver 15-20% revenue growth each year*

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## Pacific

**2005 Review:**

- Low calorie CSDs continued to grow strongly with diet Coke revenue up 10%
- Trading impacted by further weakness in consumer confidence and discretionary spending
- Juice category returned to profit in the last quarter following the introduction of the Keri 3 Litre Easy Grip pack and price rises in September

**KEY BUSINESS DRIVERS**

- Continuing focus on product innovation, cold drink placement, new outlet expansion and customer service enhancement to maintain category leadership

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## South Korea – Successful launch of Minute Maid underpinned H2 sales growth of 6.8%

**2005 Review:**

- Successful launch of Minute Maid, achieving 17% share of the 100% juice category in a little over 6 months
- Increased marketing spend by TCCC
- Growing product availability with a 32% increase in cold drink coolers
- Increasing sales force capability leading to improved merchandising and shelf space gains

**KEY BUSINESS DRIVERS**

- Expanding the beverage portfolio to strengthen the revenue base
- Continuing focus on developing sales force capabilities
- Significantly up-weighting marketing spending



## South Korea – Cost of doing business to be materially lowered in 2006

**MAJOR INITIATIVES**

- Redeployment of 200 employees from distribution into merchandising roles
- Early retirement plan (ERP) offer to employees

**Key Benefits:**

- > 20% increase in the size of the sales force – a significant strengthening
- Reduction in distribution costs with a shift to outsourcing
- Reduction in the full time equivalent employee base by more than 6%
- Cost recovery will flow through progressively from the second half of 2006

## Indonesia & PNG – Record result in a challenging environment

**2005 Review:**

- Significant increase in the size of the sales force supported by training and development programs
- Product and package innovation focused around CSD package and flavour extensions as well as sports and tea categories
- Customer base grew 26% to nearly 400,000 active customers, driven by modern and traditional foodservice channels
- Electric cold drink coolers grew over 20%

**KEY BUSINESS DRIVERS**

- Building a stronger soft drink culture
- Strengthening sales execution through increased resources and training
- Expanding availability through cold drink cooler placement and outlet expansion



## SPCA – Transitioning to a modern customer service focused organisation

**2005 Review:**

- Solid result despite impact of softer consumer environment and intensifying competition from imported private label products
- Investments made in customer service capability to strengthen key relationships
- Commencement of supply chain improvements with $15 million warehouse consolidation

**KEY BUSINESS DRIVERS**

- Product and package innovation
- Developing new channel opportunities
- Strengthening key account management skills
- Improving supply chain capacity and efficiency

## Financial Scorecard – Key metrics remain strong

| Performance | 2005 | 2004 | Change |
|---|---|---|---|
| EBIT margin – Beverages | 15.5% | 16.0% | ⬇ 0.5 pts |
| EBIT margin – Food | 13.0% | n/a | n/a |
| EBIT[1] | $570.6m | $518.3m | ⬆ 10.1% |
| NPAT[1] growth | $320.5m | $274.3m | ⬆ 16.8% |
| EPS[1] growth | 43.3c | 39.0c | ⬆ 11.0% |
| **Returns** | | | |
| ROCE[1] | 17.5% | 21.6% | ⬇ 4.1 pts |
| Dividend payout ratio | 73.5% | 72.2% | |
| **Financial Health** | | | |
| Interest cover | 4.1x | 4.7x | |
| **Cash Flow** | | | |
| Capex / sales | 7.4% | 6.1% | ⬆ 1.3 pts |
| Working capital / sales – Beverages | 12.2% | 13.0% | ⬇ 0.8 pts |
| Working capital / sales – Food | 67.0% | n/a | |

1. before significant items





## 2006 Outlook - Expect to deliver another year of solid earnings growth

### Revenue drivers

- Strong new product pipeline for 2006 led by Coca-Cola Zero
- Regained momentum in Australia
- Improved operating performance from New Zealand
- South Korea to return to profitability (before one-off restructuring costs)
- Price increases to recover higher COGS
- Backed by increased marketing spending from both CCA and TCCC

### Cost drivers

- Higher raw material costs will result in 6% -7% increase in beverage COGS per case and 6% - 8% increase in food COGS

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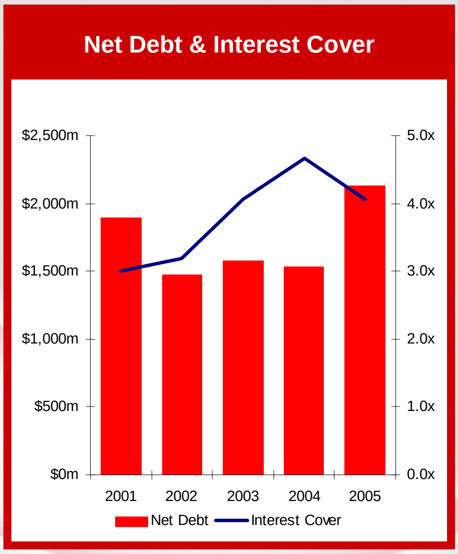
## Appendix

- Balance sheet
- ROCE
- Capital expenditure
- Cash flow
- Acquisition strategy

## Balance sheet strength continues




- Net debt increase due to up-weighted capex and SPCA acquisition
- Interest cover strong at 4.1x
- Long-term interest cover target range of 3.0 – 4.0x

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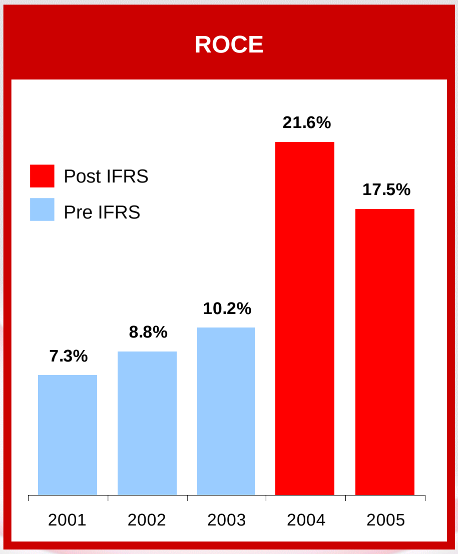
## ROCE impact resulting from inclusion of SPCA




- Group ROCE down 4.1 pts due to first time inclusion of SPCA
- Beverage ROCE down slightly due higher capex spend and lower returns from NZ and South Korea
- Short-term ROCE dilution expected from lead times in generating returns from infrastructure capex
- ROCE target of ~20% level over time for current business mix

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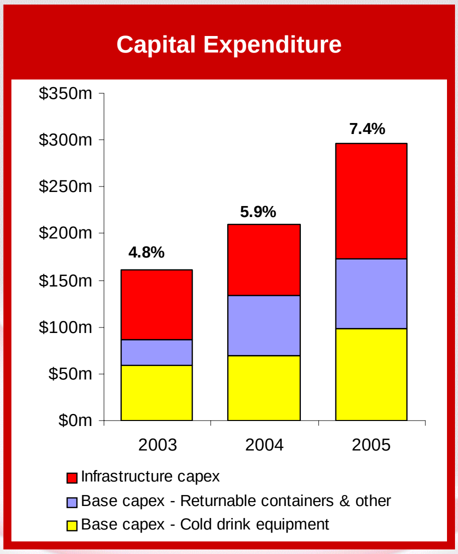
## Capital expenditure increases as infrastructure development commences




- 7.4% capex / sales driven by infrastructure spending – commencement of Sydney and Auckland automated warehouses (leasing opportunities being considered)
- Base capex focused on cold drink cooler placement and replacement program
- Outlook for 2006:
  - 5-6% base capex
  - 2-3% infra capex
  - < 1% returnable containers
- 1990s 10 year avg 12.4%

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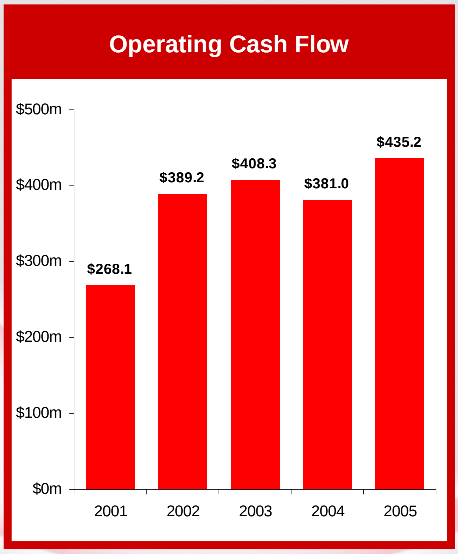
## Consistent cash flow generation – close to $2 billion in cash generated in the last 5 years




- Continuing strong growth in beverages cash flow
- SPCA operating cash flow impacted by increased working capital since acquisition
- $50m one-off tax payment in 2004
- Free cash flow impacted by up-weighted capex due to increased infrastructure spend

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## Acquisitions.. 'Bolt ons' to continue in 2006-2008

- **Strategy:** develop sustainable geographic and core NARTD category positions
- **Size:** "rule of thumb" 10% of capital employed (per acquisition)
- **Financials:** EPS accretive and achieve country WACC in first full year.. (or a compelling strategic rationale for lower initial returns)
- **What to expect:** $50-150m total investment pa
- **Overall:** will be disciplined and focus on the highest return geographies and segments



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