COCA-COLA AMATIL

2016 AGM – Chairman's Address & Group Managing Director's Presentation

18 May 2016

David Gonski Chairman

Ladies and gentlemen….

The 2015 year was not devoid of challenges. However, I am pleased to say that we took those challenges head-on and even more pleased to report that we delivered on many of our initiatives, achieving earnings for the year consistent with our expectations and guidance.

The year can be characterised as one in which we stuck firmly to our plans, creating real possibilities and realising real progress.

Today I will provide a brief overview of our financial performance while also updating shareholders on a number of strategic, governance and sustainability matters.

Firstly, our financial performance.

From a group perspective, in 2015 we increased trading revenue by 3.1 percent to $5.1 billion, increased earnings before interest and tax by 1.4 percent to $660.6 million[1], and increased after interest and tax profit by 4.8 percent to $393.4 million[1]. As a result, earnings per share increased by 4.7 percent to 51.5 cents per share[1] and the board declared dividends for the year representing a payout ratio of 84.4 percent, in line with our payout ratio target.

From a business perspective we were pleased that Australian Beverages' earnings stabilised despite challenging conditions; in our New Zealand & Fiji business we increased earnings by 7 percent which resulted from strong performances across both Sparkling Beverages and water; we were encouraged by our Indonesian & Papua New Guinea business where earnings increased although Indonesia faced headwinds stemming from a slowing economy; and we are pleased with the continued momentum in Alcohol & Coffee.

Moving on now to some strategic matters.

Over the past year, it has been imperative that we focus on delivering against the strategy we outlined following the 2014 strategic review. We are still in the early stages of implementing our medium term plans however, the financial results and operational performance reflect that we have made important strategic advances in 2015.

Regarding our target of generating attractive sustainable returns for shareholders, we believe the business made significant progress towards this objective in 2015. As I have outlined to you previously, we continue to target a return to

[1] Before significant items.

mid-single digit earnings per share growth over the next few years. I know Alison will address this target in more detail from the perspective of value creation in her presentation shortly.

I would like now to touch on another important aspect of that review, that being, our three strategic themes:

1) strengthening our category leadership;
2) delivering a step change in productivity and in-market execution; and
3) ensuring better alignment with The Coca-Cola Company and our other partners.

These are fundamental to our thinking of the business going forward and importantly, guide us as we build a stronger and more sustainable business for the long term.

It is clear to us that these pillars are closely linked and provide us with a strong framework to drive performance across the organisation, while also allowing flexibility for the different situations in each of our markets. We use these pillars to shape our plans on a near term basis.

In Australia, our primary objective is to stabilise earnings and return to growth and we made a good first step towards achieving this in 2015. In New Zealand our focus is on continuing to grow trust and equity in the sparkling beverages category and on opportunities to accelerate growth across still beverages. In Indonesia, our plans are developed collaboratively with our partner, The Coca-Cola Company (TCCC), to expand our market presence to realise the market's potential. We have shared objectives with TCCC in this regard and therefore very closely aligned interests. In Alcohol & Coffee our aim is to continue the momentum across a powerful portfolio of products and brands in a very exciting and growing marketplace. And finally at SPC, while it continues to face structural headwinds, our goal is to continue progressing its transformation into a profitable modern food business.

Regarding our relationship with TCCC I believe this is in an excellent condition. We are working well together and both organisations are enjoying the benefits that come from having closely aligned interests.

The common thread that links each of these pillars is our people. It is their capability and critical contribution that brings this strategy to life and deliver the results.

In 2015 we made some additional changes to our senior leadership team. As I noted in last year's address, we appointed a new Group Chief Financial Officer, Martyn Roberts, and I, along with my fellow directors, are delighted with the significant contribution that Martyn has made in the relatively short time since he commenced.

Also, we welcomed Reg Weine as Managing Director of SPC in May 2015. Reg has excellent experience in agribusiness giving him meaningful insights into SPCs' many stakeholders groups.

We have also recently appointed Betty Ivanoff as Group General Counsel. Betty is an accomplished member of the Australian legal fraternity with legal and commercial experience both in-house and with large law firms. While we are pleased to welcome Betty, we also recognise the invaluable contribution provided to the company by George Forster during over a decade of service as General Counsel and Company Secretary. We wish him well in the next chapters of his business and personal life.

Governance

I would like to change pace slightly now and talk about board composition and succession planning. I know it is a topic that will be raised later in the meeting and there are a few important points I would like to address up front.

Firstly, I am very pleased to welcome John Borghetti today. As I'm sure you are aware, John is currently Chief Executive Officer and Managing Director of the Virgin Australia Group of Airlines. It is my view, and I know the view of all our directors, that John provides an excellent complement to the skills and backgrounds at our board table given his vast experience in business generally and intricate knowledge of a consumer business specifically. We commend John to you for election as a director in the formal business later today.

On the matter of board composition, this year we have outlined in our Corporate Governance Statement what we see as the required skill matrix for our board. I think it offers a useful guide for shareholders when thinking about how our board should look over time. Amongst other skills and experience, we recognise the importance of specialist knowledge as well as general business experience. We also recognise the importance of diversity.

Finally, on the matter of succession, as you know I was re-elected as a director last year and stated at the time that I would not seek re-election again. I want to reiterate that remains my intention and also assure you that, in my view, we have an exemplary Board with a number of strong candidates who could succeed me as Chairman in the next couple of years.

Our Contribution

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

Our approach to sustainability focuses on real accountability and real outcomes across four areas: Our people, Wellbeing, Our environment, and Our community. These four pillars, together with the economic benefit we bring to the communities in which we operate, and the thousands of jobs we indirectly create across the supply chain, reflect Our Contribution.

Our financial results over the long term will be underpinned by our performance in each of these areas. Coca-Cola Amatil is committed to making a distinct, and positive, contribution to the world in which we live. In striving to deliver the best outcomes for our shareholders, we will also ensure that any decisions equally consider our people, the wellbeing of our consumers, our impact on the environment and the how we continue to contribute to the communities in which we operate.

In relation to our communities, we undertake a range of programs help to ensure the long-term sustainability of our business by developing stronger local relationships, maintaining a close understanding of the interests and concerns of each community and responding in ways which build the partnership and trust essential for the long-term health of our company.

Also, we are working closely with our partners, particularly The Coca-Cola Company, to provide consumers with the choice and information they need to make the right decisions for them. We know our products can be enjoyed as part of a balanced, healthy lifestyle and we always challenge ourselves to ensure we are responding to the needs of consumers and meeting our own high expectations as a leader in our industry.

In conclusion, I believe Coca-Cola Amatil has made significant progress in 2015 and our plans are taking us in the right direction. I have confidence that the momentum we have built will continue and we will keep achieving the goals today, setting us up for success tomorrow.

I take this opportunity, on behalf of the Board, of thanking each and every one of the 14,000 Coca-Cola Amatil employees who have contributed to our progress in 2015.

I now welcome Alison to share with you her insights into the performance of the business over the past year.

Slide 17 – Group Managing Director's Presentation

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Alison Watkins Group Managing Director

Thank you David, and good morning ladies and gentlemen.

I would also like to recognise the importance of our people. It is of course, our enthusiastic and hardworking people, empowered to implement our plans who will ultimately determine our long term success. Over the past year there have again been significant challenges and much change and I would like to acknowledge the immense contribution from all our teams across CCA. Thank you all.

Slide 18 – Group Leadership Team

I would also like to acknowledge the role played by our Group Leadership Team. We have a team of dedicated leaders who provide me, and the board, with excellent support driving their areas of the business.

Several members of this group are here today – Managing Director for Australian Beverages, Barry O'Connell; Managing Director for Alcohol & Coffee, Shane Richardson, Group CFO, Martyn Roberts, HR Director, Libbi Wilson, and our new Group General Counsel, Betty Ivanoff.

I am delighted to be working with all these high calibre executives and their teams. It truly is the quality of this team and all the people across Coca-Cola Amatil that makes it such a wonderful place to work.

Slide 19 – Segment EBIT contributions

Turning now to our performance in 2015. We were pleased to report earlier this year that the Coca-Cola Amatil Group delivered a 2015 result consistent with our plans and the guidance we provided in 2014, despite challenging conditions in Australia and Indonesia, our two largest markets.

As David mentioned, our **Australian Beverages** business continued to face challenges. However, pleasingly we were able to stabilise earnings while making strong progress in line with our strategic themes which I will highlight shortly.

In **New Zealand & Fiji** earnings were up 7.0% to $98.8 million driven by strong performances across the Sparkling Beverages portfolio and water category.

Indonesia & PNG delivered an earnings increase of 9.9% with Indonesia facing headwinds stemming from a slowing economy, impacting volume and profitability.

Our **Alcohol & Coffee** business continued its momentum, growing earnings by 31.7%, and earnings in the Corporate, Food & Services segment decreased by $10.9 million.

I also know that shareholders are interested in how we propose to create value over the longer term and how we are tracking with specific strategic initiatives. I would like to spend some time now, summarising our Shareholder Value Proposition and then providing some detail around against each of our strategic themes. I will also spend some time discussing our financial targets.

Slide 20 – Shareholder Value Proposition

In October 2014 we outlined a clear financial target for the Group of delivering mid-single digit earnings per share growth over the coming years. Our focus is on building a platform on which Coca-Cola Amatil will once again generate attractive, sustainable returns for our shareholders.

The fundamentals of our Group are compelling and the investment case for our shareholders is a simple one:

- We are a Coca-Cola franchisee with leading brands and a route to market of unrivalled scale and reach, with more than 270 million potential consumers across our six markets.
- The infrastructure that supports these operations is large scale, modern and low cost.
- Our diversity in developed and developing markets, products, and categories, means the steady cash flow and stability of our core Australian and New Zealand franchises are complemented by the growth opportunities and upside potential across our Indonesian, Alcohol & Coffee and SPC businesses.

Looking at the earnings drivers for the business, we believe that steady growth at the core, and accelerated growth in our other businesses, combined with a continuous focus on cost, will drive growth in earnings before interest and tax.

We seek to implement capital plans that are disciplined and tailored to each market, ensuring our developed markets are steady and modest in their investment, while in Indonesia we are positioned well to capture the medium to long term growth as, and when, it occurs.

All of this is extremely important from a value creation perspective. The outcome we believe will be a sustainable level of earnings per share growth, with strong dividends and a strong balance sheet.

And behind all of this sit our strategic themes that David mentioned earlier:

- Strengthening category leadership;
- Making a step change in productivity and in-market execution; and
- Better alignment with The Coca-Cola Company and our other brand partners.

I would like to take some time to provide you with an overview of the significant progress that we have made in each of these strategic areas throughout 2015.

Slide 21 – Strengthening category leadership

Under this first strategic theme, our objectives are to have leading brands in each major beverage category in each market. It is also important that we have appropriate levels of marketing to continually strengthen brand equity. We believe this will continue to evolve our portfolio while adapting to changing consumer preferences.

I am pleased to say that there were many highlights in 2015, and also in 2016.

In **Australia**, in the Sparkling Beverages category, we achieved strong growth in transactions; growth in high-margin contour glass packs and volume growth across our core flavours brands. We also launched Coca-Cola Life which was the biggest beverage launch in Australia in eight years. In the Still Beverage category, highlights included the repositioning of Mount Franklin, the launch of a reformulation of Powerade, "ION4", and the launch of Barista Bros Double Espresso.

In **New Zealand & Fiji**, there was strong overall category growth, led by transaction growth in Sparkling Beverages. Specifically, in New Zealand, there was strong growth in take-home water and we also had a number of new product launches including Coca-Cola Life, FUZE Tea and Zico Coconut Water. While in Fiji, the re-launch of Coca-Cola Zero was also successful.

In **Indonesia**, we achieved an increase in volume share in Sparkling Beverages and tea, increased our range of affordable packs in market and the reach of Sparkling Beverages single serve packs by 15% as well as launching a 250ml pack in the modern trade.

And, in **Alcohol & Coffee**, we achieved strong recognition for our portfolio with over 50 awards across spirits, beer, cider and coffee and significantly increased coffee earnings via channel expansion.

In 2016 we are taking further steps to continue strengthening our category leadership position. For example, we are looking at further development of Coca-Cola Life and in Still Beverages there are a number of exciting developments:

- In water, we are launching Zico Coconut Water Chocolate and Smartwater – both TCCC products that have enjoyed success in other parts of the world.
- In sports, we are excited about the unique ability to leverage the Olympics in Powerade's marketing activation.
- In energy, this month we became the exclusive distributor for Monster Energy in Australia and New Zealand.
- And in tea, we have launched FUZE Tea in Australia with a range of contemporary flavours.

We also have a number of additional initiatives in the pipeline, to evolve with our consumers and maintain brand and product relevance.

Slide 22 – Step change in productivity and in-market execution

Route to market is another important strategic focus. There are several initiatives specifically addressing our objective of achieving a step change in productivity and in-market execution to leverage our large scale, low cost manufacturing, sales and distribution capability.

In **Australia**, we experienced some challenges in 2015 which we sought to address. For example, the fragmented trade continues to be impacted by sharper competition from the grocery and fast food trade. Implementing a number of specific initiatives including optimised routing and dedicated "new business hunters", we have been successful in stabilising outlet count, whilst improving the mix towards larger more valuable outlets and increased share of visible inventory and portfolio ranging. Complementing this progress, we continue to enjoy an excellent working relationship with our main grocery customers.

Cost optimisation has also been a strong focus since undertaking our strategic review in 2014. We have made substantial in-roads to rationalise our cost base and are confident we will achieve our $100 million cost savings plan ahead of the three years we originally envisaged. The initial savings from this program in 2015 supported sustained marketing and targeted price investments, helped fund supply chain optimisation, back-office automation and supported the continued development and implementation of a number of sales technology innovations.

In addition to investing in our production facilities and distribution network, over a number of years, we have also invested in technology solutions to support our salesforce, and invested in digital platforms to engage with our customers.

Many of the technology solutions are already active. Several more are being developed, piloted and rolled out across the salesforce. We are developing a salesforce that has the capacity to operate in a much more digitally-enabled way, allowing them to be more efficient and supported with real-time insights.

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Additionally, we offer customers the ability to place orders using electronic data interface and have had the "myCCA" online ordering platform in place for a number of years. Many customers are recognising the benefits of such technology and at the end of 2015 telesales and customer-initiated online ordering peaked at close to 30 percent. We will continue to develop and customise these platforms for customers to ensure we are offering a world class experience.

In an ever increasing online world, we are committed to further evolving our route to market by expanding our technological capabilities to deliver improvements in customer service and enhance the customer experience.

In Indonesia & PNG, transformation of the route to market model, designed to increase availability, improve execution and broaden the customer base in the traditional trade, has progressed well in the Jakarta market with plans to extend these changes to other parts of Indonesia. Significant productivity gains are also being delivered through several transformation initiatives in manufacturing, with notable improvements in overall efficiency, as well as supply source rationalisation.

In Alcohol & Coffee, we expanded execution capability across alcohol in draught beer and draught ready to drink, as well as introduction of Grinders Coffee capsules within grocery. We also opened a new brew-house at our Suva brewery as part of three-year capital investment program in Paradise Beverages.

Slide 23 – Better alignment with The Coca-Cola Company and our other brand partners

Coca-Cola Amatil has a long and proud history of working closely with our partners to manufacture, sell and distribute an unrivalled range of globally renowned and local favourite brands and products. Our relationship with our partners is built on collaboration and trust, and our success is dependent on our ability to work together.

Over the last 18 months we have worked with all of our partners to deliver against a shared vision of success and aligned objectives, jointly grow profitability and achieve the right balance of risk and reward for each party.

Our relationship with The Coca-Cola Company is in an excellent position. The achievements we have made across the Australian market were only possible as a result of the vision we share across The System for innovation in our product and a shared ability to anticipate and adapt to changes in consumer preferences.

It is this culture of innovation that we share with The Coca-Cola Company that delivered yet another Australian born Coke System first with the development and delivery of the innovative thermochromatic packages that change colour when chilled, supported by an extensive marketing campaign.

In Australia we also achieved improved water portfolio alignment with The Coca-Cola Company by agreeing to arrangements that jointly incentivise us to grow our water portfolio irrespective of brand ownership.

In **Indonesia** both Coca-Cola Amatil and The Coca-Cola Company remain fully committed to that market as one of the global growth engines that will continue to deliver against our aligned long term vision. The Coca-Cola Company's US$500 million investment in Coca-Cola Amatil Indonesia will ensure The System is able to accelerate expansion in Indonesia, in response to growth in the market, as demand increases. Going forward we will continue to work with The Coca-Cola Company to build the Sparkling Beverages market, and increase our presence in Still Beverages, through refinement of our products, pricing and investment in marketing.

In **New Zealand** we were thrilled to establish a new 10 year partnership to supply Restaurant Brands New Zealand that commenced earlier this year. Through this partnership we will cement Coca-Cola Amatil's position as New Zealand's leading quick service restaurant beverage supplier.

And of course across all of our markets we have worked closely with the Coca-Cola Company to activate the incredibly exciting new global marketing campaign launched by The Coca-Cola Company earlier this year – “Taste the Feeling”. You may have noticed the clips as you walked in today. There is a real buzz within the Coca-Cola System around this campaign. It represents a strategic shift to supporting all Coca-Cola variants under a single trademark campaign. There is more to come in “Taste the Feeling” this year, including changes in packaging to support the campaign roll out.

Another significant highlight for Coca-Cola Amatil in 2015 was establishing our expanded relationship with our spirits brand partner Beam Suntory signing a new 10 year agreement in Australia that amongst other things expanded the relationship to take in the Suntory range of spirits. In addition, this relationship was extended to New Zealand, positioning Coca-Cola Amatil as the leading spirits distributor in the country. Since these new agreements have been put in place our relationship with Beam Suntory has continued to strengthen as we look for new and creative ways to grow our presence in both markets.

In beer and cider, our focus on building our existing portfolio is proving to be successful as we continue to work with our partners to deliver long term success. Yenda made enormous progress in its first full year of trading in the fast growing Australian craft beer market and Paradise Beverages in Fiji also enjoyed strong growth through a combination of innovation, and a reduction in cost of goods sold, in a category where we already have greater than 80 percent of the alcohol market.

Another partnership we have looked to grow in the last 12 months has been with our suppliers, a group who play an important role in our future success as an important source of competitive advantage. We not only look at our supplier base to help drive our productivity and lower our operating costs, we also recognise the significant role they have to play in bringing innovation to our table and challenging the status quo. Together with our suppliers, we believe we can accelerate towards a lean and agile organisation. Through our Partner for Growth program we are already seeing how this improved relationship with our supplier base can help us grow our business and unlock greater value. While still in the early stages of development, this approach has delivered over 100 innovative ideas across Australian Beverages, SPC and Alcohol & Coffee for improvements in packaging all aimed at achieving growth in value for the organisation. The Partner for Growth supplier management initiative is spreading its wings beyond Australia, gaining momentum in both our Indonesian and New Zealand businesses.

As I said, we are very proud of our close working relationships with our partners and I am excited about the continued value and opportunities that we will unlock in the years ahead.

Slide 24 – Sustainability

David spoke earlier about our commitment to our people and the communities in which we operate, the wellbeing of our consumers and environmental responsibility within our sustainability framework. I would like to touch on two of these areas that have received some attention over the last year.

Firstly, wellbeing. Changes that are occurring in our Australian and New Zealand markets as consumer preferences shift, have presented significant opportunities for us to further develop our portfolio in both product and portion size.

To illustrate this point, our Australian non-alcohol beverage portfolio now contains a total of 190 formulations:

- 37% are no added sugar
- 26% are low kilojoule - that is less than 80 kilojoules per 100ml
- 27% are no kilojoule
- 8% have recently had the sugar content reduced

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And the pipeline of innovation is ongoing with nine reformulation projects launched or under development in 2016. New product lines such as our Monster range were launched to market with a no kilojoule option included from the outset.

If we had implemented the proposed kilojoule reduction program at the beginning of 2015, we would have sold 80 million less kilojoules. That's equivalent to an average 3.8% reduction in kilojoule per litre across our NARTD portfolio.

We're also reducing the portion sizes of some of our most popular beverages. In August 2014, we introduced the 250mL can and in July last year followed with a 390mL PET bottle (down from 450mL) in about 50% of route trade customers and 330mL glass bottle (down from 385mL).

We believe our products can be enjoyed as part of a balanced, healthy lifestyle and we continue to actively challenge ourselves to ensure we are anticipating and meeting the preferences of our consumers.

Secondly, our environment. We understand our responsibility to help keep our environment clean and we are committed to working collaboratively with industry, government and environmental groups to achieve this, including the reduction of litter and increased recycling. To this end we have continued to lead in packaging innovation and recycling to improve our performance in this area through programmes such as the one I just mentioned with our suppliers.

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. In Australia, this has included:

- Continual light-weighting of all PET packages since 1997, including a 32% reduction in small PET for Sparkling Beverages, 36% reduction in 600mL Powerade PET and 42% reduction in Mount Franklin 600mL PET.
- Increasing use of recycled content in PET packages with water bottles now containing up to 50% recycled content and 25% recycled content for the remaining water bottles and Sparkling Beverages bottles 1.5 litres and below.
- Rollout of a light-weight aluminium can, contributing an annual reduction of 400 tonnes of aluminium in Australia.

Recently the New South Wales Government announced that it would introduce a refund container deposit scheme by 1 July 2017. While much of the detail in relation to the scheme still needs to be defined in order to understand the cost and impact, the framework outlined in the announcement broadly mirrors the South Australian scheme, a scheme in which we are an operator through our wholly owned subsidiary, Statewide Recycling. Our priority now is on working with the New South Wales Government to ensure the final scheme introduced is the most efficient possible and minimises the impact on both the industry and the consumer.

Slide 25 – Financial targets

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.

In the first part of 2016, a subdued consumer in Australia continues and weak currency is affecting input costs in Indonesia. Nonetheless, we aim to take another step forward towards our earnings per share target in 2016. The pace will depend on the success of revenue initiatives in Australia, and economic factors in Indonesia.

Our capital expenditure will be disciplined and tailored to each business and we expect to generate sufficient free cash flow to allow continued targeting of a medium term dividend payout ratio of over 80 percent.

We also expect to maintain a conservative balance sheet position which provides us with the flexibility to fund future growth opportunities and continue our dividend payment policy.

We are sticking to our plans, doing what we said we'd do and I continue to be excited by the opportunity we have to shape a strong future for this company.

Thank you all, and I will now hand back to David.