



A.B.N. 26 004 139 397

**2014**

# **FINANCIAL RESULTS**

For the financial year ended 31 December 2014  
Incorporating the requirements of ASX Appendix 4E

CCA will host a presentation to analysts and media on 17 February 2015 at 10:00 a.m. (AEDT), which will be webcast with all presentation materials posted to CCA's website ([www.ccamatil.com](http://www.ccamatil.com)). A replay of the presentation, including the question and answer session, will be available on the website.

**For more information about Coca-Cola Amatil, please visit [www.ccamatil.com](http://www.ccamatil.com)**

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**Coca-Cola Amatil Limited**  
**A.B.N. 26 004 139 397**

**Preliminary Final Results**  
**For the financial year ended 31 December 2014**  
**compared to the prior financial year ended 31 December 2013**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	Up/down	Movement	2014
<b>Group results</b>			
Trading revenue (\$M)	down	1.9%	to 4,942.8
Total revenue (\$M) <sup>1</sup>	down	1.7%	to 5,034.1
Earnings before interest, tax and significant items (\$M) <sup>2&amp;3</sup>	down	21.8%	to 651.5
Earnings before interest and tax (\$M) <sup>3</sup>	up	37.8%	to 507.1
Earnings before interest, tax, depreciation, amortisation and significant items (\$M) <sup>2&amp;5</sup>	down	15.4%	to 918.1
Earnings before interest, tax, depreciation and amortisation (\$M) <sup>5</sup>	up	24.9%	to 773.7
Profit after income tax attributable to members (before significant items)(\$M) <sup>2</sup>	down	25.3%	to 375.5
Profit after income tax attributable to members (\$M)	up	240.6%	to 272.1
Net profit for the period attributable to members (\$M)	up	240.6%	to 272.1

<b>Group performance measures</b>			
Earnings per share (before significant items) <sup>2,4&amp;5</sup>	down	25.3%	to 49.2¢
Earnings per share <sup>4&amp;5</sup>	up	239.0%	to 35.6¢
Free cash flow (\$M) <sup>5</sup>	down	30.0	to 311.6
Return on capital employed <sup>5</sup>	down	4.7 points	at 18.5%
Capital expenditure to trading revenue <sup>5</sup>	down	2.0 points	to 5.8%
EBIT interest cover (before significant items) <sup>2</sup>	down	1.4 times	to 5.3 times

<b>Dividends per share<sup>6</sup></b>			
2014 final dividend (franked to 75%)	down	31.3%	to 22.0¢
2014 interim dividend (franked to 75%), paid on 7 October 2014 <sup>7</sup>	down	16.7%	to 20.0¢
<b>Total 2014</b>	<b>down</b>	<b>28.2%</b>	<b>to 42.0¢</b>

**Ex-dividend date for the 2014 final dividend** **Friday, 20 February 2015**

**Record date for determining entitlement to the 2014 final dividend** **Tuesday, 24 February 2015**

1 Includes trading revenue, other revenue and finance income. Refer to Note 3 of the abbreviated financial report for further details.

2 Amounts classified as significant items consist of –

	2014 \$M	2013 \$M
Losses before income tax	144.4	465.4
Income tax benefit	(41.0)	(42.5)
	<b>103.4</b>	<b>422.9</b>

Refer to Notes 4c) and 5 respectively of the abbreviated financial report for further details. CCA has provided certain financial measures adjusted for amounts classified as significant items to assist investors and other users of this abbreviated financial report in their understanding of the financial performance of the Group.

3 Refer to Note 2 of the abbreviated financial report for further details.

4 Earnings per share is based on a weighted average number of ordinary shares of 763.6 million (2013: 763.2 million).

5 Refer to Note 6 of the abbreviated financial report for further details.

6 Refer to Note 10 of the abbreviated financial report for further details.

7 Excludes 2013 interim special dividend of 2.5 cents per share.

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## HIGHLIGHTS OF 2014 FULL YEAR RESULT

\$A million	2014	2013	Change
Trading revenue	4,942.8	5,036.4	(1.9%)
<b>EBITDA</b> (before significant items)	<b>918.1</b>	<b>1,084.8</b>	<b>(15.4%)</b>
Depreciation & amortisation	266.6	251.5	(6.0%)
<b>EBIT</b> (before significant items)	<b>651.5</b>	<b>833.3</b>	<b>(21.8%)</b>
Net finance costs	(121.9)	(124.8)	2.3%
Taxation expense (before significant items)	(153.4)	(205.0)	(25.2%)
Non-controlling interests	(0.7)	(0.7)	-
<b>Net profit (before significant items)</b>	<b>375.5</b>	<b>502.8</b>	<b>(25.3%)</b>
Significant items (after tax)	(103.4)	(422.9)	
<b>Net profit (reported)</b>	<b>272.1</b>	<b>79.9</b>	<b>240.6%</b>
EPS (before significant items) (cents)	49.2	65.9	(25.3%)
EPS (cents)	35.6	10.5	239.0%
Final ordinary dividend per share (cents)	22.0	32.0	(31.3%)
Total ordinary dividends (cents per share)	42.0	56.0	(25.0%)
Special dividends per share (cents)	-	2.5	
Total dividends per share (cents)	42.0	58.5	(28.2%)
Return on capital employed (before significant items)	18.5%	23.2%	(4.7) pts

### FINANCIAL RESULTS COMMENTARY

Full year earnings are consistent with guidance given to the market in August 2014. Cash flow generation was strong, supporting the payment of a final dividend of 22.0 cents per share representing a payout of 85.4% of net profit, before significant items. Summary of financial results:

- Trading revenue declined by 1.9% to \$4.9 billion;
- Earnings before interest and tax (EBIT) declined by 21.8% to \$651.5 million, before significant items.
- Earnings per share (EPS) increased by 239.0%. EPS before significant items declined by 25.3%;
- A final ordinary dividend of 22.0 cents franked at 75% has been declared, representing a payout of 87.0% of second half net profit, before significant items. Total ordinary dividends of 42.0 cents per share represents a decline of 25.0% on last year, with a dividend payout ratio for full year ordinary dividends of 85.4%, before significant items. An interim special dividend of 2.5 cents per share (unfranked) was also declared in 2013.

## OPERATIONAL RESULTS COMMENTARY

CCA's Group Managing Director, Ms Alison Watkins said, "CCA's earnings have come under significant pressure in recent years driven by structural changes in the marketplace. 2014 has been a year of transition with solid progress made in developing and implementing a range of initiatives to stabilise earnings and return the business to growth."

Summary of 2014 earnings impacts:

- **Australian beverage business earnings declined 21.3% with the business commencing restructuring activities targeted at strengthening our competitive position against the backdrop of difficult trading conditions.** Structural challenges in the industry persisted with gains in the energy, sports and dairy categories insufficient to offset declines in carbonated beverages (CSDs). The strategic review identified a number of priorities for the business with second half activities focused around commencing the rebalancing of pricing across channels, increasing the level of marketing spend to support brand equity building activities as well as implementing cost savings initiatives. By the end of the year the business had delivered some improved momentum with operational account numbers back in growth and the launch of 250ml cans tracking above expectations. In addition, the business has identified over \$100 million in cost savings to be delivered progressively over the next three years;
- **Both the Indonesian and PNG businesses delivered strong volume growth and market share gains across key categories. Rapid cost inflation, currency depreciation and increased competition however impacted segment earnings.** The Indonesia & PNG region delivered volume growth of 17.6% and EBIT of \$31.9 million, compared with \$91.6 million last year. In Indonesia, the focus has been to expand our market presence by improving product availability and affordability. As a result, we successfully gained market share across all key categories, most importantly, we re-established our market leadership position in CSDs. Intense competition however limited price increases with the increased mix of lower priced affordability packs also impacting earnings. Cost inflation has been significant with legislated increases in wages and fuel costs. The decline in the Indonesian Rupiah alone increased input costs by around \$35 million;
- **New Zealand & Fiji earnings increased by 6.7% in Australian dollars with New Zealand earnings flat in local currency terms.** The overall grocery market remains sluggish in New Zealand despite strong consumer sentiment, with the non-alcoholic ready to drink beverage category declining by 0.6%. CCA's New Zealand business grew overall market share with gains across all categories except CSDs;
- **Alcohol, Food & Services earnings declined by 7.4% with improvements in SPC earnings offset by declines in Alcoholic beverages and Services.** Alcoholic beverage earnings were impacted by declines in the dark spirits category. Jim Beam volume however recorded significant improvements in market share in the second half following the re-introduction of the six pack ready-to-drink offering. The business experienced a slower than expected return to beer and cider due to delays in ranging in some customers and increased competition in the cider category. Fourth quarter momentum improved with the introduction of smaller packs and new products in the cider category and the successful launch of new beer brands. SPC delivered a significant improvement in earnings to deliver a close to breakeven result, driven by improved ranging, successful new product launches and productivity improvements.

## PRIORITIES & OUTLOOK FOR 2015-2017

In October 2014, CCA announced the results of a strategic review of the business which was conducted in response to deteriorating market conditions across the Group with the objective of restoring CCA to sustainable earnings growth. Ms Watkins said, "Concrete progress has been made in implementing strategies to strengthen the market leadership position of the Company in its two major markets, Australia and Indonesia, which we believe will enable us to return to growth and generate attractive and sustainable returns for our shareholders over the next few years."

The priorities for each business unit are as follows:

### **Australia – Stabilise earnings and return to growth**

The Australian beverage business will strengthen its category leadership position by rebuilding brand equity in Coca-Cola and with innovation geared toward "better for you" products in both CSDs and stills. Together with our partner The Coca-Cola Company (TCCC), we are materially up-weighting marketing investment and developing more targeted recruitment strategies. Our new product development pipeline is strong and well developed with Coke Life, a lower calorie and naturally sweetened Coca-Cola offering, to be launched in April 2015.

We have commenced restructuring the business with a number of change initiatives expected to be in place by mid-2015. The business will assess the introduction of new frequency and entry level packs aimed at increasing affordability and meeting the desire for smaller packages while providing greater differentiation of packages across the channels. We are rolling out a next-generation digital technology platform which will significantly enhance the route-to-market model and deliver a step change in customer service. At the same time we are restructuring the cost base to deliver ongoing productivity gains and continue to expect to achieve savings of over \$100 million progressively over the next three years providing us with the ability to fund increased brand building and revenue management initiatives.

While the trading landscape continues to be challenging, we are pleased with the performance of recent product launches and up-weighted marketing initiatives which have delivered improvements in transactions, recruited new consumers and delivered share gains across a number of categories. We are targeting to stabilise earnings in 2015. Cost initiatives are being implemented progressively throughout the year and accordingly, benefits will be weighted to the second half.

### **Indonesia – Expand our market presence to realise the market's potential**

Indonesia is an exciting growth market for CCA. With consistent growth in demand from Indonesia's emerging middle class we now have the opportunity to increase our appeal to a broader range of consumers to ensure we continue to be a leading player in the market over the longer-term. To achieve that position will require significant levels of investment into the market to capitalise on the growing demand.

In order to strengthen our market position, CCA has developed a joint system plan with TCCC to broaden its product offering with new products, new consumption occasions and a greater range of affordable packs. At the same time we will transform our route-to-market model to increase our relevance and availability to the traditional trade and broaden our customer base. We will also be targeting improved productivity and efficiency in production and logistics by better leveraging our scale.

TCCC will inject US\$500 million into CCA Indonesia, taking a 29.4% equity interest in CCA Indonesia and capital expenditure will be up-weighted to fund expansion of our production, warehousing and cold drink infrastructure. The objective is for CCA Indonesia to be able to self-fund growth from operating cash flows from 2020. The plan has targets to progressively improve returns on capital over and above CCA Indonesia's cost of capital over the medium term. The joint system plan is subject to approval by CCA shareholders (excluding TCCC) and the satisfaction of relevant Indonesian regulatory requirements.

2014 was a challenging year for the business. We are however pleased with the progress we have made in broadening the reach of our product portfolio and the improvements in market share we have recorded across categories. The operating

landscape continues to be challenging with recent increases in inflation impacting consumption, however we are confident that we will continue to deliver strong volume growth and improved earnings for 2015.

### **Alcoholic beverages – Continue to build our alcoholic beverage portfolio in Australia and New Zealand**

We will continue to build our alcoholic beverage portfolio by strengthening our product offering and customer servicing capability to the licensed channel. We will do this by leveraging CCA's large-scale sales, manufacturing and distribution infrastructure assets. We have a number of strong alcoholic beverage brand owner partners as well as the opportunity to develop our CCA brands. Growth needs to be paced and our medium term focus will be to build credibility by winning with our existing partners.

### **SPC – Invest to restore SPC to a profitable, modern food business**

We are implementing a transformation plan to revitalise the brand portfolio and return the business to profitability. We have a strong pipeline of innovative fruit-based snack products backed by a disciplined capital investment plan that will modernise our production facilities and establish a lower cost position.

### **Financial outlook**

CCA is targeting to return to mid single-digit growth in earnings per share over the next few years with no further decline expected after 2014. Ms Watkins said, "We are confident that the combination of revenue and cost initiatives we have underway will restore the business to growth. The pace of recovery will however depend on the success of revenue initiatives in Australia and Indonesian economic factors."

The balance sheet remains in a very strong position. If shareholders support the proposed US\$500 million equity injection by TCCC, CCA's net debt position will further reduce by this amount. With free cash flow generation also expected to remain strong, the business is well-placed to target a dividend payout ratio of over 80% over the next three years. We expect to maintain a conservative balance sheet position which provides us with flexibility to fund future growth opportunities.

Capital investment is expected to be around \$330 million per annum for the next three years. Given the high level of investment in the Australian beverage business over the past five years in supply chain assets, capital investment requirements will be reduced for the next few years. Indonesian capital investment is expected to be around A\$170 million per annum for the next three years supported by TCCC's US\$500m capital injection. As previously announced, SPC will invest \$100 million over three years comprising a \$78 million CCA investment and \$22 million in funding from the Victorian government with \$15 million invested in 2014 and the balance to be invested in 2015 and 2016.

## DETAILED FINANCIAL COMMENTARY

### CAPITAL EXPENDITURE

\$A million	2014	2013	Change
Australia *	141.4	184.8	(43.4)
New Zealand & Fiji *	26.7	19.1	7.6
Indonesia & PNG *	117.2	188.6	(71.4)
<b>Capital expenditure</b>	<b>285.3</b>	<b>392.5</b>	<b>(107.2)</b>
Capital expenditure / trading revenue	5.8%	7.8%	(2.0) pts
Capital expenditure / depreciation & amortisation	1.1 x	1.6 x	(0.5)x

\* Geographic breakdown

Capital expenditure reduced by \$107.2 million to \$285.3 million, or 1.1 times depreciation & amortisation as the business cycles the completion of the major blowfill investments in Australia in 2013.

Indonesian capital investment was below guidance levels as capital investment plans have been reviewed and re-scoped in light of the new strategic plans with TCCC. These plans will see capital investment accelerate to around A\$170 million per annum for the next three years (assuming shareholder approval is received for TCCC's proposed US\$500 million investment in CCA Indonesia).

In Australian beverages, final blowfill investments were completed and a new state of the art aseptic production line was installed, providing CCA with a strong innovation capability in emerging and high growth categories such as dairy.

Alcoholic beverage investment was focused on cold drink equipment to support the re-entry into beer and cider.

SPC commenced investment in the three year \$100 million transformation plan with \$15 million invested in assets including a high speed snack line and perfect fruit machines.

The major investments in Indonesia included the installation of three production lines and upgrading of three others and the placement of 40,000 cold drink coolers.



## CASH FLOW

<b>\$A million</b>	<b>2014</b>	<b>2013</b>	<b>\$ Change</b>
EBIT (post significant items)	507.1	367.9	139.2
Depreciation & amortisation	266.6	251.5	15.1
Impairments – non-cash	57.2	361.0	(303.8)
Change in working capital & other	67.6	43.1	24.5
Net interest paid	(129.3)	(121.9)	(7.4)
Taxation paid	(179.0)	(168.5)	(10.5)
<b>Operating cash flow</b>	<b>590.2</b>	<b>733.1</b>	<b>(142.9)</b>
Capital expenditure	(285.3)	(392.5)	107.2
Proceeds from sale of trademarks, PPE & other	6.7	1.0	5.7
<b>Free cash flow</b>	<b>311.6</b>	<b>341.6</b>	<b>(30.0)</b>

The business delivered free cash flow of \$311.6 million, a \$30.0 million decrease on last year, due to a significant fall in earnings largely offset by reduced capital expenditure.

Capital expenditure requirements have reduced due to the completion of five years of major Project Zero efficiency and vertical integration investment programmes across Australia and New Zealand.

The \$15.1 million increase in depreciation & amortisation reflects the full year impact of 2013 capital investment.

The increase in interest paid is due to a change in the timing of interest payments relating to mix change in the debt book as a result of significant debt maturities and refinancing in 2014.

Tax paid in 2014 reflects the change in tax instalments in Australia from quarterly to monthly. Further, due to the method of calculating tax instalments in Indonesia and Australia, the reduction in tax expense in 2014 is not fully reflected in tax paid in 2014.

## CAPITAL EMPLOYED

\$A million	2014	2013	\$ Change
Working capital	461.1	382.3	78.8
Property, plant & equipment	2,031.2	2,062.2	(31.0)
IBAs & intangible assets	1,277.0	1,264.8	12.2
Current & deferred tax balances	(167.4)	(222.2)	54.8
Derivatives – non-debt	15.0	(32.2)	47.2
Other net assets / (liabilities)	(58.9)	44.2	(103.1)
<b>Capital employed</b>	<b>3,558.0</b>	<b>3,499.1</b>	<b>58.9</b>
<b>Return on capital employed (before significant items)</b>	<b>18.5%</b>	<b>23.2%</b>	<b>(4.7) pts</b>

Capital employed increased by \$58.9 million to \$3.558 billion. The return on capital employed of 18.5% (before significant items) remains well above CCA's cost of capital.

Working capital increased by \$78.8 million primarily to support growth in Indonesia and the re-entry into the beer and cider market and was partially offset by a reduction in SPC inventory.

Property, plant & equipment reduced by \$31.0 million due to the impact of significant item impairments and depreciation exceeding capital additions, partially offset by foreign currency driven increases.

Non-debt derivative assets increased by \$47.2 million reflecting favourable movement in valuations resulting from the combined effect of a fall in the value of the Australian dollar, lower interest rates, adoption of the updated accounting standard AASB9 and maturing hedge contracts. This impact was partially offset by lower sugar and aluminium prices on commodity hedge contracts.

Other net liabilities reflect the impact of significant item redundancy provisions, additional incentives and increased superannuation liabilities.

## NET DEBT & INTEREST COVER

\$A million	2014	2013	\$ Change
Net debt			
Interest bearing liabilities	2,632.6	3,108.4	(475.8)
Debt related derivatives – liabilities	56.9	76.8	(19.9)
Cash assets	(818.2)	(1,425.9)	607.7
<b>Net Debt</b>	<b>1,871.3</b>	<b>1,759.3</b>	<b>112.0</b>
EBIT interest cover (before significant items)	5.3x	6.7x	(1.4)x

The balance sheet remains in a very strong position. Net debt increased by \$112.0 million to \$1.87 billion.

Cash assets have decreased by \$607.7 million to \$0.8 billion. The high level of cash holdings are a result of favourable borrowing terms which have enabled the pre-funding of all future debt maturities to March 2016. The funds raised that have been placed on deposit to match debt maturities are earning interest income equal to their related borrowing costs.

## DEBT MATURITY PROFILE

The following table summarises CCA's drawn facility maturity profile as at 31 December 2014.

Maturity profile of drawn debt facilities					
Facility maturity year (Dec)	2015	2016	2017	2018	2019+
% of total	10.8%*	20.0%	16.4%	15.8%	37.0%

\* Fully funded

CCA had total available debt facilities of approximately \$2.7 billion with an average maturity of 4.2 years as at 31 December 2014 with all debt maturities until March 2016 fully funded.

## SIGNIFICANT ITEMS

CCA recorded a net \$103.4 million after tax significant item expense for 2014. \$85.9 million relates to the restructuring of the Australian beverage business, with the balance relating to restructuring activities across the other businesses. The Group expense is made up of \$58.5 million of cash costs, primarily redundancy costs, with a related payback of under 18 months. \$29.2 million of the cash costs were incurred in 2014, with most of the balance to be paid in 2015. The non-cash charges largely relate to the asset write-offs associated with site consolidation and changes in strategic direction of the business.

## DIVIDEND

Cents per share	2014	2013	Change
Interim ordinary dividend	20.0	24.0	(16.7%)
<i>Franking %</i>	75%	75%	
<i>Payout ratio (before significant items)</i>	83.8%	81.4%	2.4 pts
Final ordinary dividend	22.0	32.0	(31.3%)
<i>Franking %</i>	75%	75%	
<i>Payout ratio (before significant items)</i>	87.0%	88.0%	(1.0) pt
Total ordinary dividends	42.0	56.0	(25.0%)
Payout ratio (before significant items)	85.4%	85.1%	0.3 pts
Special dividends	-	2.5	
Total dividends	42.0	58.5	(28.2%)

The strong free cash flow generation and the continued strength of the balance sheet has supported the payment of a final ordinary dividend of 22.0 cents franked at 75%. The final dividend represents a payout of 87.0% of second half net profit and is above CCA's 70-80% target payout ratio. Total ordinary dividends declined by 25.0% when compared to last year. An interim special dividend of 2.5 cents per share (unfranked) was also declared in 2013.

The Record Date for determining dividend entitlements is 24 February 2015 and the final dividend will be paid on 7 April 2015. For the final dividend, shares will be acquired on-market and transferred to participants to satisfy any shares to be issued under the DRP.

## DETAILED OPERATIONS REVIEW

### AUSTRALIA

\$A million	2014	2013	Change
<b>Trading revenue</b>	<b>2,832.3</b>	<b>2,947.2</b>	<b>(3.9%)</b>
Revenue per unit case	\$8.45	\$8.71	(3.0%)
Volume (million unit cases)	335.1	338.2	(0.9%)
<b>EBIT (before significant items)</b>	<b>445.3</b>	<b>566.0</b>	<b>(21.3%)</b>
<b>EBIT margin (before significant items)</b>	<b>15.7%</b>	<b>19.2%</b>	<b>(3.5) pts</b>

Australian beverage EBIT declined by 21.3% and volumes declined by 0.9% with the business commencing restructuring activities against the backdrop of difficult trading conditions. Structural challenges in the industry persisted with gains in the energy, sports and dairy categories insufficient to offset declines in CSDs.

Trading conditions were difficult across all channels. In the grocery channel, the CSD category declined by 1.6% for the year with CCA broadly maintaining share. In sports drinks, CCA grew share by over four points driven by product innovation backed by a strong marketing campaign. Energy drink share increased 5.5 points driven by new product launches while share declined by one point in the high-growth water category. Value water has been the stand out growth category in the grocery channel, a category CCA has only a small share in. The business also ended the year with lower levels of stock in trade.

Non-grocery performance continued to be impacted by the shift in demand from high margin operational accounts to national account chains and quick service restaurants. Improved promotional support and marketing activities during the second half delivered some improvements with operational account numbers back in growth. A key challenge with operational accounts is the decline in volume per outlet which continues to be below the previous year. We are however seeing some areas of growth, with key recruitment and NPD packs in growth and Victoria responding positively to a renewed focus on account retention and acquisition.

The strategic review identified a number of priorities for the business including the need to re-engage and recruit consumers through up-weighted brand investment and stronger new product development; optimising revenue management by maximising opportunities in price, pack architecture and strengthening promotional management; redesigning the route to market model to improve cost service and better leverage our scale; and the need to reduce costs to adapt to the changed market conditions.

Second half activities have been focused around commencing the rebalancing of pricing across channels, increasing the level of marketing spend to support brand equity building activities, such as the #colouryoursummer campaign, as well as implementing cost savings initiatives. By the end of the year the business had delivered some improvements with the launch of 250ml cans tracking above expectations in terms of ranging, transactions and most importantly, recruitment of the next generation of Coca-Cola consumers. These activities have required significant investment in marketing and pricing and whilst they have delivered some positive early indicators, the initiatives have yet to translate to sustained earnings and volume improvements.

In addition, the business identified over \$100 million in cost savings to be delivered progressively over the next three years. The savings will be primarily driven from improved procurement, streamlined support costs and driving greater efficiencies from the significant investment made in the supply chain over the past five years. It is expected that a significant portion of the savings will be directed to up-weighted marketing and innovation initiatives in order to strengthen our competitive position in the market.

## NEW ZEALAND & FIJI

\$A million	2014	2013	Change
<b>Trading revenue</b>	<b>488.0</b>	<b>452.5</b>	7.8%
Revenue per unit case	\$7.96	\$7.36	8.2%
Volume (million unit cases)	61.3	61.5	(0.3%)
<b>EBIT (before significant items)</b>	<b>88.2</b>	<b>82.7</b>	6.7%
<b>EBIT margin (before significant items)</b>	<b>18.1%</b>	<b>18.3%</b>	(0.2) pts

In Australian dollars, New Zealand & Fiji delivered 6.7% earnings growth driven primarily by the currency benefit on translation from the appreciation of the New Zealand dollar. Local currency New Zealand earnings were flat while Fiji reported double-digit earnings growth.

### New Zealand

The overall grocery market remains sluggish in New Zealand despite strong consumer sentiment, with the non-alcoholic ready to drink beverage category declining by 0.6%. CCA's New Zealand business grew overall market share with gains across all categories except CSDs. The CSD category remains under pressure driven by permissibility concerns and a shift to non-CSD categories.

The juice, water and energy categories continue to perform well recording strong volume growth and share gains. Juice share increased by two points, water was up around four points and energy was up 1.5 points as a result of strong growth of new products including the Keri Pulpy juice range and the recently launched Most Organics Juice range targeting the premium market segments, the continued success of Lift Plus Green and the relaunch of the Kiwi Blue Water range. Aggressive competitor activity in the sports category moderated mid-year as one of the key competitors driving a value strategy went into receivership.

The immediate consumption volumes increased as a result of a 3% increase in customer numbers, over 400 new cooler doors in place and customer service improvements.

Volumes in the grocery channel declined as a result of weaker trading across the carbonated beverage category due to poor weather and heavier stock in trade carrying over from a strong December. In addition, the category was affected by a high level of competitor discounting and anti-sugar sentiment. Juice, water and energy gains helped to offset some of this carbonated beverage volume decline.

### Fiji

The Fiji business delivered solid volume and earnings growth driven by steady economic growth conditions and a strong focus on ranging, availability and pack price architecture.

## INDONESIA & PNG

\$A million	2014	2013	Change
<b>Trading revenue</b>	<b>927.5</b>	<b>919.2</b>	<i>0.9%</i>
Revenue per unit case	\$4.41	\$5.14	<i>(14.2%)</i>
Volume (million unit cases)	210.1	178.7	<i>17.6%</i>
<b>EBIT (before significant items)</b>	<b>31.9</b>	<b>91.6</b>	<i>(65.2%)</i>
<b>EBIT margin (before significant items)</b>	<b>3.4%</b>	<b>10.0%</b>	<i>(6.6) pts</i>

Both the Indonesian and PNG businesses delivered strong volume growth and market share gains across key categories. Rapid cost inflation, currency depreciation and increased competition however impacted segment earnings.

### Indonesia

In Indonesia, the focus has been to expand our market presence by improving product availability and affordability. The business delivered over 17% volume growth with market share gains across key categories, driven by improved market execution and a focus on multi-serve and recruitment packs.

While the business did implement price increases across many categories, including juice, tea, water and some carbonated beverage packs, there has been a noticeable intensification of the competitive landscape which limited the ability of the business to fully recover cost increases through pricing. The increased mix of lower priced affordability packs also impacted margins as the business expanded its offerings in water, cups and multi-serve carbonated beverages.

The pricing initiatives and improved market execution and point of sale activity resulted in carbonated beverages in PET bottles growing by 35%. As a result, CCA has re-established its market leadership position in CSDs with share increasing to 58%, an eight point gain versus December 2013.

Water delivered growth of 29%, tea grew 40% and dairy continues to grow strongly, up nearly 80%, while returnable glass bottle CSDs continued to decline driven by consumer preference for PET bottle and can products.

Cost inflation has been significant, driven by the 25% depreciation of the Rupiah as well as legislated material increases in wages and fuel costs. The decline in the Indonesian Rupiah alone increased input costs by around \$35 million.

Key operational indicators continue to improve with significant improvement in manufacturing and delivery efficiencies.

### PNG

The PNG business experienced strong rebound in volumes and earnings growth following declines in 2013 driven by a revised pack strategy, pricing initiatives and strong cost management and was despite higher levels of competitor activity. All key categories showed strong volume growth with CSDs growing by almost 24% as a result of the introduction of new packs and pricing initiatives. The growth in earnings was despite the significant devaluation of the Kina.

## ALCOHOL, FOOD & SERVICES

\$A million	2014	2013	Change
<b>Trading revenue</b>	<b>695.0</b>	<b>717.5</b>	<b>(3.1%)</b>
<b>EBIT (before significant items)</b>	<b>86.1</b>	<b>93.0</b>	<b>(7.4%)</b>

Alcohol, Food & Services earnings declined by 7.4% with improved SPC earnings offset by declines in Alcoholic beverages and Services.

### Alcoholic beverages

Alcoholic beverage earnings were impacted by declines in the dark spirits category. Jim Beam volume recorded significant improvements in market share in the second half following the re-introduction of the six pack ready-to-drink offering in May. Canadian Club continued to perform well, recording double-digit volume increases in an otherwise declining category.

Although the business experienced a slower than expected return to beer and cider, by the close of our first year back, draught beer and cider distribution was on par with pre-2011 levels, ranking CCA among Australia's top ten beer suppliers (draught and packaged). Initial delays in ranging in some customers and increased competition in the cider category were partially offset by fourth quarter performance, as Coors and Blue Moon gained traction and distribution in the marketplace. Performance was further boosted by the launch of smaller packs and new products in the cider category and the introduction of new beer brands – Yenda, Samuel Adams, Fiji Bitter and Vonu.

### SPC

SPC delivered a significant improvement in earnings to deliver a close to breakeven result, driven by improved ranging, successful new product launches and productivity improvements. SPC's share of tomatoes grew 5% due to improved shelf positioning, EDLP and the benefits of anti-dumping legislation. Perfect Fruit was launched with over 350 customers and high demand from customers. In Fruit, the 700g packs have exceeded expectations while the new packaging for the 170g snack cup is attracting new customers to the fruit snacking category.



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**This abbreviated financial report is based upon CCA's financial statements for the financial year ended 31 December 2014 that has been audited.**

## INCOME STATEMENT

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



	Refer Note	2014 \$M	2013 \$M
<b>Revenue, excluding finance income</b>			
Trading revenue		4,942.8	5,036.4
Other revenue		60.1	47.3
	2&3	5,002.9	5,083.7
<b>Expenses, excluding finance costs</b>			
Cost of goods sold		(2,855.9)	(2,842.9)
Selling		(695.6)	(651.0)
Warehousing and distribution		(401.3)	(396.9)
Administration and other <sup>1</sup>		(542.9)	(825.0)
		(4,495.7)	(4,715.8)
<b>Share of net loss of joint venture entity accounted for using equity method</b>			
	8	(0.1)	–
<b>Earnings before interest and tax</b>			
		507.1	367.9
<b>Net finance costs</b>			
Finance income	3	31.2	36.2
Finance costs	4	(153.1)	(161.0)
		(121.9)	(124.8)
<b>Profit before income tax</b>			
	4	385.2	243.1
<b>Income tax expense<sup>1</sup></b>			
	5	(112.4)	(162.5)
<b>Profit after income tax</b>			
		272.8	80.6
Profit after income tax attributable to non-controlling interests			
		(0.7)	(0.7)
<b>Profit after income tax attributable to members of the Company</b>			
		272.1	79.9
<b>Earnings per share (EPS) for profit attributable to members of the Company</b>			
Basic and diluted EPS	6	35.6	10.5

<sup>1</sup> Includes amounts classified as significant items. Refer to Notes 4c) and 5 respectively for further details.

Notes appearing on pages 22 to 34 to be read as part of the financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



	2014	2013
	\$M	\$M
<b>Profit after income tax</b>	<b>272.8</b>	<b>80.6</b>
<b>Other comprehensive income</b>		
<i>Items to be reclassified to the income statement in subsequent periods –</i>		
Foreign exchange differences on translation of foreign operations	56.9	13.6
Cash flow hedges	45.3	30.1
Income tax effect relating to cash flow hedges	(14.3)	(9.1)
	<b>87.9</b>	<b>34.6</b>
<i>Items not to be reclassified to the income statement in subsequent periods –</i>		
Actuarial valuation reserve	(24.8)	31.7
Income tax effect	6.5	(9.1)
	<b>(18.3)</b>	<b>22.6</b>
<b>Other comprehensive income, after income tax</b>	<b>69.6</b>	<b>57.2</b>
<b>Total comprehensive income</b>	<b>342.4</b>	<b>137.8</b>
Total comprehensive income attributable to non-controlling interests	(0.8)	(1.0)
<b>Total comprehensive income attributable to members of the Company</b>	<b>341.6</b>	<b>136.8</b>

**STATEMENT OF FINANCIAL POSITION**

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

AS AT 31 DECEMBER 2014



COCA-COLA AMATIL

	Refer Note	2014 \$M	2013 \$M
<b>Current assets</b>			
Cash assets		818.2	1,425.9
Trade and other receivables		970.8	958.7
Inventories		686.1	657.9
Prepayments		72.7	87.1
Current tax assets		21.1	4.7
Derivatives	7	24.6	24.0
<b>Total current assets</b>		<b>2,593.5</b>	<b>3,158.3</b>
<b>Non-current assets</b>			
Other receivables		10.8	7.2
Investment in joint venture entity	8	26.3	26.4
Investments in bottlers' agreements		942.5	931.8
Property, plant and equipment		2,031.2	2,062.2
Intangible assets		334.5	333.0
Prepayments		17.6	20.3
Defined benefit superannuation plans		7.9	17.9
Derivatives	7	75.5	51.3
<b>Total non-current assets</b>		<b>3,446.3</b>	<b>3,450.1</b>
<b>Total assets</b>		<b>6,039.8</b>	<b>6,608.4</b>
<b>Current liabilities</b>			
Trade and other payables		1,195.8	1,234.3
Interest bearing liabilities		325.3	731.0
Current tax liabilities		28.7	53.8
Provisions		121.5	68.6
Derivatives	7	22.9	25.1
<b>Total current liabilities</b>		<b>1,694.2</b>	<b>2,112.8</b>
<b>Non-current liabilities</b>			
Other payables		-	0.8
Interest bearing liabilities		2,307.3	2,377.4
Provisions		17.4	14.8
Deferred tax liabilities		159.8	173.1
Defined benefit superannuation plans		55.3	30.5
Derivatives	7	119.1	159.2
<b>Total non-current liabilities</b>		<b>2,658.9</b>	<b>2,755.8</b>
<b>Total liabilities</b>		<b>4,353.1</b>	<b>4,868.6</b>
<b>Net assets</b>		<b>1,686.7</b>	<b>1,739.8</b>
<b>Equity</b>			
Share capital	9	2,271.7	2,271.7
Shares held by equity compensation plans		(16.3)	(16.0)
Reserves		(11.3)	(82.6)
Accumulated losses		(564.4)	(439.5)
<b>Equity attributable to members of the Company</b>		<b>1,679.7</b>	<b>1,733.6</b>
Non-controlling interests		7.0	6.2
<b>Total equity</b>		<b>1,686.7</b>	<b>1,739.8</b>

Notes appearing on pages 22 to 34 to be read as part of the financial statements.

## STATEMENT OF CASH FLOWS

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



COCA-COLA AMATIL

	Refer Note	2014 \$M	2013 \$M
<b>Inflows/(outflows)</b>			
<b>Cash flows from operating activities</b>			
Receipts from customers		5,822.9	5,871.5
Payments to suppliers, governments and employees		(4,924.4)	(4,848.0)
Interest income received		30.5	34.2
Interest and other finance costs paid		(159.8)	(156.1)
Income taxes paid		(179.0)	(168.5)
<b>Net cash flows from operating activities</b>		<b>590.2</b>	<b>733.1</b>
<b>Cash flows from investing activities</b>			
Proceeds from –			
disposal of property, plant and equipment		6.7	5.5
investments in long term deposits		–	300.0
Payments for –			
additions of –			
property, plant and equipment		(262.5)	(369.4)
brand names and trademarks		–	(4.5)
software development assets		(22.8)	(23.1)
acquisition of business		(13.4)	–
investment in joint venture entity		(2.0)	–
investments in long term deposits		–	(150.0)
<b>Net cash flows used in investing activities</b>		<b>(294.0)</b>	<b>(241.5)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		302.8	659.4
Borrowings repaid		(831.9)	(457.3)
Dividends paid	10	(397.0)	(451.3)
<b>Net cash flows used in financing activities</b>		<b>(926.1)</b>	<b>(249.2)</b>
Net (decrease)/increase in cash and cash equivalents		(629.9)	242.4
Cash and cash equivalents held at the beginning of the financial year		1,424.4	1,177.3
Effects of exchange rate changes on cash and cash equivalents		8.5	4.7
<b>Cash and cash equivalents held at the end of the financial year</b>	11	<b>803.0</b>	<b>1,424.4</b>

Notes appearing on pages 22 to 34 to be read as part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### Equity attributable to members of the Company

	Refer Note	Shares held by equity			Accumulated losses \$M	Total \$M	Non- controlling interests \$M	Total equity \$M
		Share capital \$M	compensation plans \$M	Reserves \$M				
<b>At 1 January 2014</b>		<b>2,271.7</b>	<b>(16.0)</b>	<b>(82.6)</b>	<b>(439.5)</b>	<b>1,733.6</b>	<b>6.2</b>	<b>1,739.8</b>
Profit		-	-	-	272.1	272.1	0.7	272.8
Other comprehensive income		-	-	69.5	-	69.5	0.1	69.6
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>69.5</b>	<b>272.1</b>	<b>341.6</b>	<b>0.8</b>	<b>342.4</b>
Transactions with equity holders –								
Share based remuneration obligations		-	(0.3)	1.8	-	1.5	-	1.5
Dividends appropriated	10	-	-	-	(397.0)	(397.0)	-	(397.0)
<b>Total transactions with equity holders</b>		<b>-</b>	<b>(0.3)</b>	<b>1.8</b>	<b>(397.0)</b>	<b>(395.5)</b>	<b>-</b>	<b>(395.5)</b>
<b>At 31 December 2014</b>		<b>2,271.7</b>	<b>(16.3)</b>	<b>(11.3)</b>	<b>(564.4)</b>	<b>1,679.7</b>	<b>7.0</b>	<b>1,686.7</b>
<b>At 1 January 2013</b>		<b>2,250.0</b>	<b>(17.4)</b>	<b>(127.9)</b>	<b>(46.4)</b>	<b>2,058.3</b>	<b>5.2</b>	<b>2,063.5</b>
Profit		-	-	-	79.9	79.9	0.7	80.6
Other comprehensive income		-	-	56.9	-	56.9	0.3	57.2
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>56.9</b>	<b>79.9</b>	<b>136.8</b>	<b>1.0</b>	<b>137.8</b>
Transactions with equity holders –								
Movements in ordinary shares	9	21.7	-	-	-	21.7	-	21.7
Share based remuneration obligations		-	1.4	(11.6)	-	(10.2)	-	(10.2)
Dividends appropriated	10	-	-	-	(473.0)	(473.0)	-	(473.0)
<b>Total transactions with equity holders</b>		<b>21.7</b>	<b>1.4</b>	<b>(11.6)</b>	<b>(473.0)</b>	<b>(461.5)</b>	<b>-</b>	<b>(461.5)</b>
<b>At 31 December 2013</b>		<b>2,271.7</b>	<b>(16.0)</b>	<b>(82.6)</b>	<b>(439.5)</b>	<b>1,733.6</b>	<b>6.2</b>	<b>1,739.8</b>

Notes appearing on pages 22 to 34 to be read as part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of financial report preparation

This abbreviated financial report (financial report) is an extract of CCA's financial statements that have been prepared in accordance with the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

This financial report does not include all notes of the type normally included within the annual financial report, upon which this report is based. As a result this report should be read in conjunction with the 31 December 2014 annual financial report of CCA.

This financial report has been prepared on the basis of historical cost, except for financial assets and liabilities (including derivative financial instruments) which have been measured at fair value through the income statement.

This financial report is presented in Australian Dollars and all values are rounded to the nearest tenth of a million dollars, unless otherwise stated under the option available to the Company under ASIC Class Order No. 98/100. The Company is an entity to which the Class Order applies.

#### b) Statement of compliance

The Group has adopted all consequential amendments to Australian Accounting Standards which became applicable on 1 January 2014. The Group has early adopted all the requirements in AASB 9 Financial Instruments, refer to Note 1e) for further details. There is no material effect on the financial statements of the Group in relation to adoption of the above standards and interpretations.

Other than discussed above, other Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective have not been early adopted by the Group for the financial year ended 31 December 2014. The impact of these standards and interpretations has yet to be assessed.

#### c) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

#### d) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities. Actual results may ultimately differ from estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### e) Impact of early adoption of the AASB 9 Financial Instruments

The Group applied all of the requirements in AASB 9 Financial Instruments as amended in November 2013, with a date of initial application of 1 January 2014. As a result, the Group recognises changes in fair value of the time value of an option (transaction and time-period related), which were previously recognised in the income statement as finance costs, now as a separate component in equity. Further, changes in the basis spread are now recognised in equity. As the adoption of AASB 9 does not have any material impact on the Group's comparative financial information, comparatives have not been restated.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### 2. SEGMENT REPORTING (CONTINUED)

	2014 \$M	2013 \$M
		<b>Segment results (Earnings before interest, tax and significant items)</b>
<b>Non-Alcohol Beverage business</b>		
Australia	445.3	566.0
New Zealand & Fiji	88.2	82.7
Indonesia & PNG	31.9	91.6
<b>Alcohol, Food &amp; Services business</b>	86.1	93.0
<b>Total CCA Group</b>	<b>651.5</b>	<b>833.3</b>

The reconciliation of segment result to CCA Group profit after income tax attributable to members of the Company is shown below –

	<b>CCA Group</b>	
<b>Segment result</b>	651.5	833.3
Significant items <sup>2</sup>	(144.4)	(465.4)
<b>Earnings before interest and tax</b>	507.1	367.9
Net finance costs <sup>3</sup>	(121.9)	(124.8)
<b>Profit before income tax</b>	385.2	243.1
Income tax expense <sup>3</sup>	(112.4)	(162.5)
<b>Profit after income tax</b>	272.8	80.6
Profit after income tax attributable to non-controlling interests	(0.7)	(0.7)
<b>Profit after income tax attributable to members of the Company</b>	<b>272.1</b>	<b>79.9</b>

	<b>Segment capital employed</b>	
<b>Non-Alcohol Beverage business</b>		
Australia	1,456.8	1,495.9
New Zealand & Fiji	508.1	507.3
Indonesia & PNG	547.0	475.0
<b>Alcohol, Food &amp; Services business</b>	1,019.8	994.5
<b>Total operating segments</b>	<b>3,531.7</b>	<b>3,472.7</b>
Investment in joint venture entity	26.3	26.4
<b>Total CCA Group</b>	<b>3,558.0</b>	<b>3,499.1</b>

Refer to the following page for footnote details.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### 2. SEGMENT REPORTING (CONTINUED)

	2014	2013	2014	2013
	\$M	\$M	\$M	\$M

The reconciliation of segment capital employed to CCA Group net assets is shown below –

	CCA Group	
<b>Segment capital employed</b>	<b>3,558.0</b>	<b>3,499.1</b>
Net debt <sup>3</sup>	(1,871.3)	(1,759.3)
<b>Net assets</b>	<b>1,686.7</b>	<b>1,739.8</b>

The reconciliation of CCA Group net assets to total assets and liabilities is shown below –

Total assets	6,039.8	6,608.4
Total liabilities	(4,353.1)	(4,868.6)
<b>Net assets</b>	<b>1,686.7</b>	<b>1,739.8</b>

	Depreciation and amortisation expenses	Additions and acquisitions of non-current assets <sup>4</sup>
<b>Non-Alcohol Beverage business</b>		
Australia	79.0	112.4
New Zealand & Fiji	27.2	19.3
Indonesia & PNG	46.7	146.6
<b>Alcohol, Food &amp; Services business</b>	<b>113.7</b>	<b>92.0</b>
<b>Total CCA Group</b>	<b>266.6</b>	<b>370.3</b>

	Trading revenue by geography <sup>5</sup>	Non-current assets by geography <sup>4</sup>
Australia	3,474.6	2,187.1
New Zealand & Fiji	540.7	547.9
Indonesia & PNG	927.5	618.4
<b>Total CCA Group</b>	<b>4,942.8</b>	<b>3,353.4</b>

1 Details of the Group's trading revenue can be found in Note 3.

2 Refer to Note 4c) for further details of significant items.

3 Net debt, finance costs and income taxes are managed on a Group basis and are not reported internally at a segment level.

4 This disclosure comprises investment in joint venture entity, investments in bottlers' agreements, property, plant and equipment and intangible assets.

5 This disclosure reflects the customer geographic location of trading revenue earned by the Group.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



COCA-COLA AMATIL

	2014	2013
	\$M	\$M
<b>3. REVENUE</b>		
<b>Trading revenue</b>		
Sales of products	4,862.9	4,955.1
Rental of equipment and processing fees	79.9	81.3
<b>Total trading revenue</b>	<b>4,942.8</b>	<b>5,036.4</b>
<b>Other revenue</b>		
Rendering of services	19.1	18.2
Miscellaneous rental and sundry income	41.0	29.1
<b>Total other revenue</b>	<b>60.1</b>	<b>47.3</b>
<b>Total revenue, excluding finance income</b>	<b>5,002.9</b>	<b>5,083.7</b>
Interest income from –		
cash at banks and term deposits	30.3	36.1
defined benefit superannuation plans	0.9	0.1
<b>Total finance income</b>	<b>31.2</b>	<b>36.2</b>
<b>Total revenue</b>	<b>5,034.1</b>	<b>5,119.9</b>

## 4. INCOME STATEMENT DISCLOSURES

Profit before income tax includes the following specific expenses –

### a) Finance costs

Interest costs from –		
interest bearing liabilities	149.5	160.3
defined benefits superannuation plans	2.8	2.4
Other finance costs	2.8	2.3
<b>Total finance costs</b>	<b>155.1</b>	<b>165.0</b>
<b>Amounts capitalised</b>	<b>(2.0)</b>	<b>(4.0)</b>
<b>Total finance costs expensed</b>	<b>153.1</b>	<b>161.0</b>

### b) Income statement disclosures (by nature)

Depreciation expense	239.5	226.5
Amortisation expense	27.1	25.0
Rentals – operating leases	77.0	82.2
Defined benefit superannuation plan expense	7.7	10.7
Defined contribution superannuation plan expense	55.8	56.8
Share based remuneration expense	10.5	8.9
Employee benefits expense	72.7	52.6

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### 4. INCOME STATEMENT DISCLOSURES (CONTINUED)

	2014 \$M	2013 \$M
Profit before income tax includes the following specific expenses –		
<b>c) Significant items</b>		
<b>Expenses</b>		
Employee redundancy costs	(65.4)	(16.4)
Implementation and other restructuring costs	(19.6)	(7.9)
<i>Impairments</i> <sup>1</sup> –		
inventories	(5.9)	(33.7)
property, plant and equipment	(37.6)	(40.0)
intangible assets	(15.9)	(316.7)
onerous contracts	–	(50.7)
<b>Total net significant item expenses</b>	<b>(144.4)</b>	<b>(465.4)</b>

<sup>1</sup> Largely non-cash charges to the respective years income statement.

#### 2014 – strategic review and continuing business restructure

CCA carried out a Group strategic review during 2014, with the objective of delivering productivity and efficiency improvements, to improve the overall competitiveness of the business. In order to carry out the required restructuring and to implement the new strategic business plan, the business has recognised significant item expenses of \$144.4 million. The charges are predominantly (\$121.5 million) related to the Australian beverage business, and are summarised below –

- non-cash charges including impairment of specifically identified assets were largely driven by site consolidation (including the Bayswater site) and reassessment of the carrying value of certain intangible assets; and
- cash based charges relating mainly to redundancy and other cash costs associated with the implementation of the restructure plans and revised business strategy including site relocations.

The above mentioned impairment of assets has not resulted in any additional impairment charges arising from cash generating unit level impairment testing.

#### 2013 – Australian operations restructuring

CCA recognised expenses mainly in relation to restructuring activities associated with the SPC business, comprising of non-current asset and inventory impairments, and employee restructuring costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### 5. INCOME TAX EXPENSE

	2014	2013
<b>a) Income tax expense</b>		
	\$M	\$M
Current tax expense	138.7	165.9
Deferred tax benefit	(25.4)	(1.6)
Adjustments to current tax of prior periods	(0.9)	(1.8)
<b>Total income tax expense</b>	<b>112.4</b>	<b>162.5</b>
Total income tax expense includes –		
<b>Income tax benefit on significant items</b>	<b>(41.0)</b>	<b>(42.5)</b>

#### b) Reconciliation of CCA's applicable (Australian) tax rate to the effective tax rate

<b>Profit before income tax</b>	<b>385.2</b>	<b>243.1</b>
	%	%
Applicable (Australian) tax rate	30.0	30.0
Adjustments to current tax of prior periods	(0.2)	(0.7)
Impairment of intangible assets <sup>1</sup>	0.6	39.1
Non-allowable expenses	2.0	2.9
Overseas tax rates differential	(1.1)	(1.8)
Overseas withholding tax	(2.1)	(2.7)
<b>Effective tax rate</b>	<b>29.2</b>	<b>66.8</b>
<b>Effective tax rate (before significant items)</b>	<b>29.0</b>	<b>28.9</b>

<sup>1</sup> 2013 relates to SPC significant items; refer to Note 4c) for further details.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### 6. OTHER PERFORMANCE MEASURES

	2014	2013
<b>a) Net tangible asset backing per ordinary share</b>		
	\$	\$
Excluding investments in bottlers' agreements (IBAs)	0.53	0.61
Including IBAs	1.76	1.83
<b>b) Earnings per share (EPS)</b>		
	¢	¢
Basic and diluted EPS	35.6	10.5
Before significant items –		
Basic and diluted EPS	49.2	65.9
The weighted average number of ordinary shares used to calculate EPS was –		
	M	M
Basic and diluted EPS	763.6	763.2
Earnings used to calculate basic and diluted EPS –		
	\$M	\$M
Profit after income tax attributable to members of the Company	272.1	79.9
Adjustments for significant items <sup>1</sup>	103.4	422.9
<b>Earnings used calculate basic and diluted EPS before significant items</b>	<b>375.5</b>	<b>502.8</b>

1 Amounts classified as significant items consist of a net loss of \$144.4 million before income tax and an income tax benefit of \$41.0 million, or \$103.4 million loss after income tax for 2014 (2013: a net loss of \$465.4 million before income tax and an income tax benefit of \$42.5 million, or \$422.9 million loss after income tax). Refer to Notes 4c) and 5 for further details.

### c) Earnings before interest, tax, depreciation and amortisation (EBITDA)

	\$M	\$M
Earnings before interest and tax	507.1	367.9
Depreciation and amortisation	266.6	251.5
EBITDA	773.7	619.4
Adjustments for significant items <sup>1</sup>	144.4	465.4
<b>EBITDA before significant items</b>	<b>918.1</b>	<b>1,084.8</b>

1 Refer to Note 4c) further details.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

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### 6. OTHER PERFORMANCE MEASURES (CONTINUED)

	2014	2013
<b>d) Free cash flow (FCF)</b>		
	\$M	\$M
<p>FCF is calculated as the sum of cash flows from operating and investing activities, excluding cash flows dealing with investment in the joint venture entity, acquisition of business and investments in long term deposits.</p>		
FCF	311.6	341.6
	%	%
<b>e) Return on capital employed (ROCE)</b>		
<p>ROCE is calculated as earnings before interest, significant items and tax (EBIT), divided by the average of net segment assets (capital employed) at the beginning and at the end of the annual period. Where material business acquisitions or disposals occur, the acquisition or disposal date net segment assets balance is used as the beginning or ending balance with an adjustment made to reflect the period of ownership respectively.</p>		
ROCE	18.5	23.2
<b>f) Capital expenditure (capex) compared to trading revenue</b>		
<p>Capex is defined as payments for additions of property, plant and equipment and software development assets.</p>		
Capex to trading revenue	5.8	7.8

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### 7. DERIVATIVES AND NET DEBT RECONCILIATION

	2014 \$M	2013 \$M
<b>a) Derivatives as per the statement of financial position</b>		
Derivative assets – current	(24.6)	(24.0)
Derivative assets – non-current	(75.5)	(51.3)
Derivative liabilities – current	22.9	25.1
Derivative liabilities – non-current	119.1	159.2
<b>Total net derivative liabilities</b>	<b>41.9</b>	<b>109.0</b>
Net derivative liabilities comprises –		
debt related	56.9	76.8
non-debt related	(15.0)	32.2
<b>Total net derivative liabilities</b>	<b>41.9</b>	<b>109.0</b>

CCA presents derivative assets and liabilities on a gross basis. Certain derivative assets and liabilities are subject to enforceable master netting arrangements with individual counterparties if they were subject to default. As at 31 December 2014, if these netting arrangements were to be applied to the derivative portfolio, derivative assets and liabilities are reduced by \$88.4 million respectively (2013: \$72.8 million decrease).

#### b) Net debt reconciliation

Cash assets	(818.2)	(1,425.9)
Net derivative liabilities – debt related	56.9	76.8
Interest bearing liabilities – current	325.3	731.0
Interest bearing liabilities – non-current	2,307.3	2,377.4
<b>Total net debt</b>	<b>1,871.3</b>	<b>1,759.3</b>

### 8. INVESTMENT IN JOINT VENTURE ENTITY

<b>Carrying amount of investment in Australian Beer Company Pty Ltd (ABC)</b>	<b>26.3</b>	<b>26.4</b>
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The Company has a 50% interest in ABC. The principal activity of ABC is the manufacture of alcohol beverages. The interest in ABC is accounted for in the consolidated financial statements using the equity method of accounting. The majority of the carrying amount of investment in ABC is represented by property, plant and equipment assets.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



	Refer Note	2014 \$M	2013 \$M
<b>9. SHARE CAPITAL</b>			
<b>Fully paid ordinary shares</b>			
Balance at the beginning of the financial year		2,271.7	2,250.0
Issued in respect of Dividend Reinvestment Plan	10	–	21.7
<b>Balance at the end of the financial year</b>		<b>2,271.7</b>	<b>2,271.7</b>

	No.	No.
<b>Fully paid ordinary shares</b>		
Balance at the beginning of the financial year	763,590,249	762,133,414
Issued in respect of Dividend Reinvestment Plan	–	1,456,835
<b>Balance at the end of the financial year</b>	<b>763,590,249</b>	<b>763,590,249</b>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote.

Ordinary shares have no par value.

### Dividend Reinvestment Plan

CCA's Dividend Reinvestment Plan (DRP) continues to be available to eligible shareholders. The DRP provides shareholders with the opportunity to receive fully paid ordinary shares, in lieu of cash dividends, at the price calculated using the daily volume weighted average market price of CCA shares during the 10 trading days commencing on the third trading day after the record date for the dividend. The ex-dividend and record dates for the final dividend entitlement are 20 and 24 February 2015, respectively.

For the 2014 final dividend, shares will be acquired on market and transferred to participants to satisfy any shares to be provided under the DRP.

The last date for receipt of Election Notices under this Plan for the final dividend is 25 February 2015.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### 10. DIVIDENDS APPROPRIATED AND PROPOSED

#### a) Summary of dividends appropriated during the financial year

	2014		2013	
	¢	\$M	¢	\$M
Prior year final dividend <sup>1</sup>	32.0	244.3	32.0	243.9
Prior year final special dividend (unfranked) <sup>2</sup>	–	–	3.5	26.7
Current year interim dividend <sup>3</sup>	20.0	152.7	24.0	183.3
Current year interim special dividend (unfranked) <sup>4</sup>	–	–	2.5	19.1
<b>Total dividends appropriated</b>		<b>397.0</b>		<b>473.0</b>
Dividends satisfied by issue of shares under the Dividend Reinvestment Plan		–		(21.7)
<b>Dividends paid as per the statement of cash flows</b>		<b>397.0</b>		<b>451.3</b>

1 Franked to 75% and paid on 1 April 2014 (2013: franked to 75% and paid on 2 April 2013).

2 Paid on 2 April 2013.

3 Franked to 75% and paid on 7 October 2014 (2013: franked to 75% and paid on 1 October 2013).

4 Paid on 1 October 2013.

#### b) Dividend declared and not recognised as liability

Since the end of the financial year, the Directors have declared the following dividend on ordinary shares –

	Rate per share ¢	Amount \$M	Date payable
2014 final dividend (franked to 75%)	22.0	168.0	7 April 2015

The unfranked component of the dividend has been declared to be conduit foreign income.

### 11. STATEMENT OF CASH FLOWS INFORMATION

	Refer Note	2014 \$M	2013 \$M
<b>a) Cash and cash equivalents</b>			
Cash on hand and at banks		407.9	529.3
Short term deposits		410.3	896.6
Bank overdrafts		(15.2)	(1.5)
<b>Total cash and cash equivalents</b>		<b>803.0</b>	<b>1,424.4</b>
<b>b) Non-cash investing and financing activities</b>			
Dividends satisfied by the issue of shares under the Dividend Reinvestment Plan	9	–	21.7

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



### **12. PROPOSED TRANSACTION WITH THE COCA-COLA COMPANY (TCCC)**

In December 2014, the CCA Board approved an investment of US\$500.0 million (approximately AUD\$613.3 million) by a subsidiary of TCCC in new ordinary shares in CCA's Indonesian business (PT Coca-Cola Bottling Indonesia). The investment will equate to a 29.4% ownership interest in PT Coca-Cola Bottling Indonesia, and dilute CCA's equity ownership to 70.6%.

CCA will retain control of, and therefore continue to consolidate PT Coca-Cola Bottling Indonesia, resulting in TCCC's investment being classified as a non-controlling interest within the financial statements of CCA Group.

At the end of the 2014 financial year, and at the date of this report, the equity investment is subject to the approval of those shareholders of CCA not associated with TCCC (in the Extraordinary General Meeting of CCA shareholders to be held on 17 February 2015 at 2:00 p.m.) and Indonesian regulatory authorities.

### **13. EVENTS AFTER THE BALANCE DATE**

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Group in subsequent financial periods.

### **14. COMPLIANCE STATEMENT**

This report is based upon accounts that have been audited. These accounts were approved by the Board at 8:00 a.m. on 17 February 2015, and will be made available, along with the auditor's report (which is unqualified) with the Company's annual report.