

2013 AGM – Chairman's Address

David Gonski Chairman

7 May 2013

Ladies and gentlemen....

It is a great pleasure to be able to report to our shareholders that for 2012, Coca-Cola Amatil has again delivered a record result.

I believe that to have achieved 5% net profit growth against the backdrop of the difficult trading conditions that CCA faced throughout 2012, was a significant achievement.

We are very proud of the strong returns for our shareholders that have been able to be achieved by the Company. These returns have averaged over 10% per annum earnings per share growth over the past eleven years, making us one of the best-performing companies in the S&P/ASX 100 index.

Since 2001, we have also delivered average growth in dividends of over 14% per annum.

The total shareholder return performance has also outperformed with returns to the end of December 2012 of over 430% since 2001, compared to 174% for the ASX100 Accumulation index.

The ability to achieve these results has come from having excellent products, excellent people and also in part from a strategic decision made in 2005 to focus on organic growth opportunities which has seen us spend significant amounts of capital in new product development, technology systems and infrastructure to bolster our competitive position in the market place.

The business we have today can be described as an excellent and balanced one. We have a strong core in our Australian and New Zealand businesses but we also have some good growth opportunities with our Indonesian and our alcoholic beverage businesses.

2013 has commenced with some challenges and Terry Davis will shortly provide some more colour on what is happening in the market place. I do however want to emphasise that whatever is occurring in the short term, in the longer term we are positioned extremely well.

Our Company is in great financial shape. Our balance sheet is strong and this gives us the confidence to continue to reinvest in our business over the next few years so that we may further build upon the position we have established across each of our markets.

I mentioned earlier the importance of having good people in our business. This is very important as is the importance of good leadership.

Terry Davis has been our Chief Executive Officer since 2001. It is with some sadness that we recently announced that he has decided to leave us on the 31 August 2014.

Whilst the good news is that Terry will be here working away for the next 16 months and that there will be plenty of opportunities to thank him for what he has done, I feel it is important to recognise at this point both his enormous contribution and our gratitude.

The Board will very shortly be establishing a committee which will diligently examine candidates both internal and external so that we ensure that no matter how big Terry's shoes are (and they are!) we find an appropriate successor to fill them.

Let me now report to you as I do each year on our relationship with The Coca-Cola Company. They are our major shareholder – which is reflected in their 30% shareholding in our Company – and they work with us as a supplier of concentrate and partner in new product development.

In both aspects, the relationship is strong and healthy. We feel we get great support from them as a company but also through their appointees on our Board – Geoff Kelly and Martin Jansen – and also more generally through their senior management throughout the world.

I would now like to cover the issue of corporate social responsibility...

CCA has always believed that being a good corporate citizen is an essential part of our business and in fact we believe our financial success is due in part to the way in which we've integrated social and environmental considerations into our core business.

We understand that trust in our company is not based solely on our ability to deliver strong financial results or having strong corporate governance. We are a company that aims to do the right thing across a broad spectrum of community life.

Sustainability at CCA takes many forms – engaging with our communities, being a generous corporate citizen and making sure we do not deplete the environment of resources we use in making our products.

With that in mind I want to directly address the issue of recycling, packaging and container deposit schemes.

It's time to set the record straight and correct the claim being made by some that Coca-Cola Amatil is somehow anti-recycling. Or that we put profits before our environmental responsibilities.

Let me make this very clear - sustainability is good for business.

Reducing the volume of packaging we use benefits not only the environment but our bottom line.

Ensuring a sustainable source of packaging material by encouraging recycling and developing renewable forms of packaging makes sense to a business that has been around for more than 100 years and intends to around for many more.



Our biggest capital investment in recent years - \$450 million - has been into equipment that enables us to make all our PET bottles lighter, using less plastic, so they have a lighter carbon footprint.

In fact we are making the lightest weight PET bottles in the global Coca-Cola System. - saving thousands of tonnes of PET resin.

And when it comes to recycling – I want you all to understand that we support recycling and have done so for decades.

We support a national, industry-funded recycling system which targets ALL litter, not just drink containers.

We do NOT support container deposit schemes because they are old-fashioned, inefficient and very costly for families.

In our view the last thing Australia needs is a tax on beverages, which studies have shown will have twice the impact of the carbon tax on shopping basket prices.

An independent study commissioned by the Council Of Australian Governments has found that a national container deposit scheme will cost up to 28 times that of an industry solution to deliver similar environmental benefits.

Litter data compiled by Keep Australia Beautiful shows that South Australia – which has CDL – has 50% MORE litter items than Victoria – which does not have CDL.

South Australia also has the highest number of littered bottle tops than any other state or territory. I think these statistics show that CDL has NOT changed littering behaviour in South Australia.

Also, CDL would undermine the current successful kerbside system of recycling – accessed by 90% of Australians – by diverting valuable material like PET bottles and aluminium cans away from kerbside collection companies. This will significantly impact this successful industry because while beverage containers make up only 3% of the volume of kerbside recycling, they contribute to 25% of its value.

To give you a clear picture of the work we have been doing, and continue to do in making sure that we lead the way in making bottles with less plastic, and encourage more Australians to recycle, please watch this short video.

DVD – SUSTAINABILITY

Ladies and gentlemen, the Board is very pleased with the operating performance of the Company for 2012 and while 2013 is proving to be a more challenging year, we are targeting to deliver earnings broadly in line with last year.

The strong 2012 result, achieved in a tough trading environment, was due to the enormous hard work by each of our 15,000 employees. As a Board and on behalf of you, our shareholders, we acknowledge the work of Terry Davis, his senior team as well as all of our employees. We are very fortunate to have such a dedicated, passionate and committed team of people.



I will now invite Terry to provide more detail on the business priorities for the next few years as well as a trading update for the first half.