1H2020 RESULTS

INVESTOR BRIEFING

20 AUGUST 2020

Ana Metelo Investor Relations

Slide 1 – Cover Slide

Good morning everyone. Thank you for joining the conference call and webcast for our 2020 half year results.

On the call this morning we have Alison Watkins, our Group Managing Director, Greg Barnes our Chief Financial Officer and Peter West our Managing Director, Australia.

Slide 2 – Disclaimer

Slide 2 shows our standard disclaimer for presentations.

Slide 3 – Agenda

Slide 3 sets out the Agenda for this morning.

Alison will present an overview of the Group performance and a COVID update.

Greg will take you through our financials for the half. We will then provide an update on each of our business segments and conclude with an outline our priorities for the rest of the year. As always, there'll be time at the end for questions.

I'll turn the call over to Alison.

Alison Watkins Group Managing Director

Slide 4 – divider – Group Performance

Good morning everyone. Thank you for joining the call this morning.

Slide 5 – All in this together – we are grateful for the contribution and response of all our stakeholders

Since the onset of the coronavirus pandemic earlier this year, we have provided a series of trading updates to the market about the impacts of COVID-19 on our business and our ongoing response.

As I have noted at these updates, the effects of COVID-19 are continuing to evolve and the situation remains fluid across all our markets. To date we have experienced large volatility in volumes across channels and markets.

What has been important over this period is our ability to come together in the face of adversity and to work with our broad range of stakeholders, including many of our partners, customers, consumers and local communities to address the challenges the pandemic has created.

We are grateful for the contribution of all our stakeholders and their willingness to work collaboratively with us and I am proud of the way the Amatil team has responded to the unprecedented challenges we have faced.

Slide 6 – COVID-19: Clear priorities from the very start. Resilience established.

We entered this crisis with strong financial foundations in place and a resilient business model.

I am pleased to report that we reacted swiftly to the rapid escalation of the crisis by implementing a comprehensive pandemic response plan and ensuring we regularly updated it.

We have focused on protecting our people and working closely with our partners to review our supply chains and incorporate learnings from the Coca-Cola System.

We have supported our customers by facilitating their ability to sell online through food aggregators, implementing repayment plans for smaller customers and adapting our logistics network to deliver direct to stores and locations not typically part of our network.

Last but not least we have continued to support consumers and communities through a range of initiatives such as cash and beverage donations and the production and donation of hand sanitiser to front line workers in Indonesia and Fiji.

Ensuring business continuity over this period has been imperative. To achieve this, we established an appropriate governance structure featuring daily business continuity and risk reviews, as well as ongoing monitoring and adaptation of our near term COVID-19 response plan.

From a financial perspective we stress-tested our Balance Sheet, P&L and liquidity position across a range of scenarios and re-prioritised our 2020 projects. We also implemented measures to bring our expenditure in line with the COVID-19 trading environment and deferred non-critical projects to reduce capex for the year by $100 million.

Slide 7 – 1H2020 Group Financials

Let's turn now to a high level overview of our financial performance during the half, noting that Greg will cover the financials in more detail shortly.

We had a strong start to the year with Group Trading Revenue up 2.4% in the first quarter despite the adverse impact of the bushfires on our Australian business early in the year.

By 2Q20 the full brunt of COVID across all of our markets started to be felt – coinciding with our peak Easter and Ramadan trading periods. Compounding the challenges that COVID posed were the floods in Indonesia and Cyclone Harold in Fiji.

As a result, Group Trading Revenue declined by 9.2% in the half.

Ongoing EBITDA was down 19.4% reflecting the impact of lower Volumes and shifts in channel and pack mix on margins. We were able to partially offset some of this decline through cost savings - delivering $60 million of the $140 million in savings ear-marked for FY20.

Ongoing EBIT was down 34.4% on 1H19 reflecting the fixed nature of depreciation and Ongoing NPAT was down 35.3% at $112.1 million.

What has been pleasing about our performance this half is the strong cash generation of our business and our ability to reduce net debt by $49.9 million. Importantly our cash realisation ratio of 111.8% is a testament to the quality of the earnings of our business.

In a sign of confidence in the strength and resilience of our business the Board has declared an unfranked interim dividend of 9cps representing a payout ratio of 58%.

Slide 8 – 1H2020 Group – Additional Developments

Within the context of these challenging conditions we have seen consumers turn to their favourite brands, enabling us to achieve market share gains in both Australia and New Zealand driven by the strong performance of the Coca-Cola Trademark brands.

Sustainability has continued to be a priority and I am pleased to report that in addition to signing a Heads of Agreement with Dynapack to build a bottle-to-bottle grade PET recycling facility in Indonesia, we also achieved an 8.8% sugar reduction in our Australian portfolio, bringing us a step closer to our target of reducing sugar by 10% by the end of 2020.

From a people perspective it was heartening to achieve an improvement in our employee engagement scores in 1H2020 compared to last year – a great outcome given the unique circumstances faced, with staff working remotely and redeployment required to address channel closures when COVID lockdown restrictions were implemented.

Slide 9 – divider - HY20 Performance Overview

I will now hand over to Greg who will take you through our financial performance in more detail.

Greg Barnes Chief Financial Officer

Slide 10 – divider - Financials

Thank you, Alison and good morning, everybody.

Slide 11 – Income Statement - Ongoing

Starting with our Income Statement.

As Alison noted, it's been a pretty volatile period in each of our markets and whilst the specifics in each market differed, generally speaking widespread outlet closures and restricted trading led to lower overall volumes and therefore revenues.

As a result, Revenue fell by $220.5 million compared to the same period last year, with declines across our regions ranging (in local currency) from -23.0% in Indonesia, to -2.3% in New Zealand.

Although Revenue declined in line with Volume, the restrictions had a greater impact on margins. This reflects a loss of volume over a largely fixed cost base and was exacerbated by the change in our channel mix towards grocery, as well as increased take-home consumption. Peter and Alison will talk in more detail to these dynamics when we get to the Business Segment section of the presentation.

We were able to offset some of this impact through our 'cost-out' program. By the end of June, we had delivered $60 million in savings, including $9 million in direct marketing costs. We are on track to deliver $140 million in savings for the full year.

Consequently, EBITDA was $370.5 million, a decrease of 19.4%. I will focus on EBITDA today more so than has been done in previous presentations. Given the largely fixed and non-cash nature of depreciation and amortisation, EBITDA provides greater insight into comparative performance and the quality of underlying earnings.

For these reasons, we saw ongoing EBIT decline by 34.4% and Ongoing NPAT decrease by 35.3% to $112.1 million.

Our Statutory result included the after-tax impact of the non-cash impairment charges announced on 23 July 2020 which I will cover in more detail in a moment. As a result, we reported a Statutory Loss after-tax of $8.7m.

Slide 12 – Non-trading item expenses

On slide 12, you can see the composition of the $121 million non-trading items we incurred in the half. This number mainly comprises non-cash impairment charges, post-tax and post-minorities. This equates to $162 million pre-minorities and is well within the range announced in July.

The impairments relate predominantly to the carrying value of our Indonesian and Paradise Beverages Fijian and Samoan businesses. They reflect the impact of COVID on our cash flows in these markets and the constraints in relation to valuing these businesses as prescribed in the relevant accounting standards.

As you know, these impairments are non-cash accounting adjustments. And, while we expect these markets to take time to recover, we remain confident about the long-term prospects for each of these businesses.

You can also see we have recognised favourable tax adjustments in our Indonesian and New Zealand businesses as Non-Trading Items, where tax-related stimulus was introduced. These credits reflect the extent to which such changes favourably impacted our deferred tax balances.

Slide 13 – Revenue momentum disrupted by COVID-19. Businesses are slowly recovering

On slide 13, we have provided a month-by-month chart showing revenue changes across our Australian, New Zealand and Indonesian businesses compared to the prior corresponding periods. It really does tell the story of an extraordinary six months and provides insight into the relative performance of each of our key businesses, prior to and since, the pandemic began.

In Australia, after exiting 2019 with real momentum, the bushfires had a marked impact on revenue in January and February.

With the COVID related trading restrictions and social distancing measures commencing in mid-March, we saw an initial uplift in grocery sales, as consumers began panic-buying and stockpiling for lock-down.

April represented the month where restrictions were most severe. Trading began to lift as restrictions progressively eased from mid-May, returning to growth in July.

As you know, the approach to the health crisis in New Zealand was to eradicate the virus. This has played out in our revenues with a slightly more pronounced decline in April, as more stringent restrictions were introduced, before a sharp recovery as the economy began opening up - pleasingly returning to growth in June and continuing into July.

In Indonesia the impact of the pandemic has been most severe, given the compounding effect of coinciding with the festive season, which commenced in April. Alison will provide further detail shortly, suffice to say, COVID struck in a period when volumes typically double pre-festive levels. As a result, volumes during April and May were down 40-50% on the prior year as our Indonesian business cycled the two largest volume months ever recorded by our business.

Slide 14 – 1H20 Trading performance in all our segments was impacted by COVID-19

Turning now to slide 14. Here we provide a breakdown of our ongoing EBITDA performance by geographic segment. And you can see the impact of trading from the previous slide playing out in the relative profitability of each of our businesses.

Our Australian business experienced an EBITDA decline of 24% on the prior corresponding period. In addition to the overall decline in volume, Australia really felt the impact of the shift in volume to our grocery channel and the increase in 'at home' consumption. That said, as Peter will explain shortly, given these conditions, the Australian business has outperformed its competitors, winning market share in key categories.

In the Pacific the EBITDA decline was less pronounced – down 4% on pcp, largely on the back of a strong performance in New Zealand.

The first quarter saw our New Zealand business continue its momentum delivering low single digit revenue growth and double-digit EBIT growth. Whilst Volume for the half was down 5.6% due to COVID trading restrictions, Revenue was only down 2.3% on a constant currency basis - reflecting the benefits of price increases in the second half last year favourably impacting comparisons. It should be noted that EBITDA includes the benefit of NZ$7 million in government stimulus. All in all, a terrific result under the circumstances.

Our Fijian business, on the other hand, was harder hit due to its dependency on tourism, which has been severely hit by travel restrictions and the flow on effect to the economy.

Our Indonesian and PNG segment was significantly challenged in the half, delivering a 27.2% decline in EBITDA. I'll leave Alison to provide more detail about the dynamics in Indonesia other than to note that Indonesia responded rapidly in terms of costs and finished the half EBITDA positive in its own right.

PNG, experienced a short-sharp shut down, returning to Volume growth in May and June as COVID restrictions eased.

Slide 15 – Cash flow - Ongoing

Let's look now at our cashflows, obviously a key measure in a period like this.

Our Working Capital was very encouraging. We unwound $85 million of working capital during the period, with all lines – receivables, payables and inventory – well managed across each of our businesses. The performance in Indonesia was particularly good given the build for a festive trading period that largely didn't eventuate.

Debtors aging invariably increased during the period, as we sought to help our smaller customers through the crisis. Pleasingly our percentage of debtors over 60 days only increased by 1.8% on a gross basis at a group level. I would note we booked an extra $7 million in debtor provisions during the period, through normal trading, which represents about 1% of that increase.

Net interest and other finance costs increased by $6.5 million in the half primarily due to changes in the timing of accruals and outflows.

As a result, our Ongoing Operating Cash Flows were only down $10.6 million, with strong working capital management countering much of the $89 million decline in EBITDA. The ability to deliver $328.8 million in ongoing operating cash is - I think, an excellent result given the prevailing conditions.

Capital Expenditure increased by $14.5 million to $112.5 million driven by the funding of New Zealand and PNG projects that were committed to in 2019. We expect this to ease in the second half and remain on track for capex of ~$200 million for the full year.

With all that, our ongoing free cash flow at $216.7 million was strong and importantly our Cash Realisation ratio was 111.8% (up 15.2 points on 1H19) - an excellent result reflecting our disciplined management of working capital during the period.

Slide 16 – Balance Sheet Strengths

Last but not least let's look at our Balance Sheet.

We entered this crisis with strong financial foundations and this continues to be the case.

I am pleased to report that our Net Debt decreased by $49.9 million in the half to $1.73 billion. This represents just under 2x EBITDA and includes $523 million of lease related liabilities. Adjusted for this, our net debt position is around 1.5x EBITDA. Our ability to deliver a net debt reduction is even more significant given we paid the FY19 final dividend in March, which equated to $188.2 million.

During the half we took steps to further strengthen our debt facilities. We increased total facilities to $2.7 billion as at 26 June and extended the debt maturity profile to 5.8 years.

We are also holding approximately $1.6 billion of liquidity. This includes close to $1 billion in cash and $600 million in undrawn facilities. Within this cash balance we hold around $600 million in Indonesia, PNG and other regional businesses and, while we have reduced this balance by $190 million over the last six months, we typically exclude it from our liquidity calculations. Adjusted for this we hold approximately $1 billion of liquidity.

So, we have strengthened our facilities, extended our maturity profile and have around $200 million of debt due for repayment in the next 12 months. We presently have $1 billion in liquidity and continue to demonstrate strong cashflow generation. And, importantly, we have no bank covenants.

As a result, we are in an excellent position to ride out the crisis and capitalise on any opportunities that might emerge.

On this note I will hand over to Peter who will provide you with more colour around the performance of our Australian business.

Peter West Managing Director, Australia

Slide 17 – divider – Australia Performance

Thank you, Greg and good morning, everyone.

Slide 18 – Australia Financials

Let's start with the financial performance of our Australian business.

As Alison and Greg have mentioned, the beverage category was impacted in the first six weeks of the year by bushfires across the country. The business rebounded in mid-February, and as the first six weeks of the year are small relative to the full year, we were confident in our ability to recapture volume with strong plans across the Easter festive period. By March however, the onset of COVID resulted in panic buying in Grocery, followed by significant impacts to OTG customers leading to peak Easter volume uplifts being unable to be realised in lockdown.

As a result, our total trading Revenue for the half was down 8.8%. This decline was comprised of a 5% decline in our Alcohol and Coffee Revenue and a 9% decline in our Non Alcoholic Ready to Drink (**NARTD**) Revenue.

Looking firstly at our NARTD Revenue you can see from the table that our Revenue per Unit Case was down 1.4%. This reflects a 2.5% decline in Revenue per Unit Case from Channel and Product mix, partially offset by an increase in container deposit scheme charges in the half.

Our 1H20 performance needs to be looked at in the context of the broader NARTD category. What has been pleasing to see is our ability to grow our share in the measured market with our volume share growing 1.3 percentage points in the half. This was driven by the Coca-Cola Trademark, in particular Coca-Cola No Sugar and is a testament to the strength of our brands and our strong market execution.

Our Alcohol and Coffee business was also adversely impacted in the half with Alcohol affected by the closure of On-Premise outlets and our Coffee business severely impacted by government restrictions on cafes and pubs & clubs.

Moving down the table you can see that our EBITDA was $186.3 million down 23.6% on 1H19 and EBIT was down 35.5% at $118.7 million.

There was a twofold impact on our EBIT this half. Firstly, there was the shift to lower margin channels and packs which we have spoken about and secondly the lower volumes resulted in lower absorption of our fixed cost base which we were able to partially mitigate through cost initiatives which delivered ~$37 million of savings in the half.

Slide 19 – NARTD Channel Performance

Turning now to our NARTD channel performance.

On this slide you can see the marked differences in performance of each of our channels as consumer buying patterns responded to COVID restrictions.

In the Grocery Channel, following a period of stockpiling in March and early April, we saw volumes normalise in May and June resulting in a 2.4% increase for the half. There was, however, a distinct change in consumer behaviour with shoppers buying larger take home packs and fewer front of store cold drinks..

In the Convenience and Petroleum **(C&P)** channel our customers were significantly impacted by the reduction in fuel sales and shopper numbers. Our volume declined by 7% despite growth in May and June. This decline was less pronounced than the broader market, enabling us to achieve volume and value share growth.

Our On-the-Go **(OTG)** channel was the most severely impacted with volume (excluding National On Premise) down 25% on 1H19 and National On Premise Volume down 18%. The channel was significantly impacted due to closures and restrictions on trading. As an example, in April 44% of our OTG outlets were closed, and of those that were open, 65% were operating with restricted trading.

We saw improvement in terms of volume and outlet count late in the half, led by our State Immediate Consumption and National On Premise sub-channels in line with re-openings as restrictions eased. What has been notable is the increase in volumes sold through online platforms. We've had instances where Amatil sales through individual food aggregator platforms doubled over the COVID period.

Slide 20 – Margin impacted by changes in consumer behaviour and overall lower volume

Let's now take a closer look at what impact these lower volumes and changes in consumer behaviour had on our margins.

The graphs on this slide show the shift of volume from our high margin OTG and C&P channels to our lower margin Grocery channel, with Grocery volume making up 57% of our total NARTD volume in 1H20, up from 51% in 1H19. This trend was more pronounced in the second quarter with Grocery contributing 59% of total NARTD Volume.

In addition to shifts in channel mix we also saw a shift in pack mix and if you look at the graph on the right hand side you can see a pronounced decline in our high margin Coca-Cola Trademark single serve packs and growth in our lower margin multi-pack cans and multi-serve PET bottles. This is indicative of increased 'at home' consumption reflecting outlet closures and government imposed COVID restrictions on consumer movement since March.

The impact of the Volume declines we experienced in the half, coupled with the shift from high margin to lower margin channels and packs had a pronounced impact on our EBIT margins which declined by 3.7 points.

Slide 21 – NARTD Category Performance

Turning now to our NARTD category performance.

In the table we have provided you can see the composition of our Volume in 1H20 versus 1H19 by category.

What is interesting about this table is that it shows some fundamental changes in consumer preferences. The main callout is the strong performance of Coca-Cola No Sugar and our Energy category which grew 6.7% and 2.4% respectively in the half - an outstanding result given the prevailing trading conditions.

The strength of the Coca-Cola Trademark saw Amatil outperform the measured market Cola category in volume growth, with both Classic Cola and Coca Cola No Sugar achieving gains in value and volume share. Taking into consideration YTD performance to the second week of August, the Coca-Cola Trademark has returned to volume growth of +1.0%.

In relation to the Energy category what was particularly pleasing to note was that we achieved Volume growth despite cycling the 2019 Coke Energy launch and we outperformed the Energy market delivering both value and volume share gains.

The categories that were hardest hit were Water and Other Stills which declined in volume by 20% and 12% respectively, reflecting significant restrictions on mobility and activities such as community sport, gym attendance and entertainment. An interesting call out in the Water category was the 14% growth in Volume that our Sparkling Water achieved in the Grocery channel.

Slide 22 – Strong performance of Spirits

Our Alcohol and Coffee business also demonstrated some notable trends.

As you can see from the chart on this slide, within our Alcohol business, Spirits was the star performer achieving volume growth and maintaining value market share driven by share gains in vodka, gin and scotch.

Looking at specific brands it was pleasing to see the Jim Beam trademark deliver a significant improvement in volume trajectory. Whilst Canadian Club performance was impacted by On Premise outlet closures, it was pleasing to see it achieve double digit volume growth in June. Our Beer & Cider categories were also challenged by outlet closures and trading restrictions;

The hardest hit category was our Coffee business. Volume in this category was severely impacted by café and pub & club outlet closures although modest signs of improvement have started to emerge since May, in On-the-Go.

Slide 23 – divider - Australia Trading Update & Priorities

So, let's take a look at what has been happening since 30 June and what our key priorities have been in this evolving market ….

Slide 24 – Australia NARTD

On this slide you can see a graph that charts our NARTD volumes compared to the prior corresponding period on a 10-day rolling average basis since December. Overlaying this we have shown key events that have impacted our Volumes. You can see the adverse impact that the bushfires had at the start of the year. By March and early April, you can see volume growth as consumers engaged in panic buying and by late April and early May COVID lockdown restrictions were in place and the decline in our volumes was dramatic.

As COVID restrictions started to ease you can see the week-on-week improvement in our volumes, with July delivering growth on last year. As we enter August you can see this growth slowdown reflecting the resurgence of COVID infections in Victoria and the reinstatement of pandemic restrictions.

What is of note is that performance has varied by state (depending on the level of restrictions implemented) and by postcode, with performance outside the CBD typically stronger due to the large contingent of people working from home.

Slide 25 – July / August Trading Update

I'd like to take a moment now to focus more closely on what we have been seeing in terms of trading performance in July and the first two weeks of August.

Our performance in July has been pleasing. We saw total Australia volumes grow by ~3% on last year with NARTD volumes up ~2% led by all cola variants and our 'at home' packs. Energy also performed well continuing to achieve solid volume growth and our Sports category returned to growth.

The NARTD measured market as a whole grew in July which has been an encouraging trend. Importantly Amatil outperformed the market achieving volume and value share gains.

From a channel perspective our Grocery and C&P channels achieved an impressive 17% growth in Volume in the month compared to last year. Whilst our OTG channel remained challenged, we did see it stabilise with volumes down ~17% on July 2019.

Our Alcohol business grew Volume by ~19% in July as On-Premise outlets re-opened and socialising resumed. There was also ongoing strong growth in 'at home' consumption of Spirits – a trend that we noticed in 2Q20 – and an increase in demand for Premix.

Our Coffee business continued to be challenged in July with Volume declining 9% due to COVID restrictions in OTG outlets. Some of this decline was offset by growth in our Grocery coffee volumes.

In the first two weeks of August we have seen total Australia volumes up marginally on the prior corresponding period reflecting the uncertainty arising from the resurgence of COVID infections in Victoria.

Slide 26 – The beverages market in a pandemic environment

Before I wrap up it is worthwhile to take a look at the wider market implications of the pandemic on consumer behaviour, not only in terms of immediate response but also more broadly in terms of possible evolving shopping trends.

In the initial COVID lockdown phase with restrictions on mobility, consumers shopped less frequently across all retailers with increased basket size.

There was a clear move to shopping Monday to Friday and less on the weekend with a significant and structural shift to online. For example, many of our Quick Service restaurants experienced growth in Food Aggregators from 9% of sales to 17% of sales.

The clearest change in the move to the "restricted trading phase" was the strong rebound of the Petrol and Convenience channel demonstrating a return to mobility and an avoidance of public transport (which we get to see in our vending results).

Whilst patrons embraced the return to hotels, clubs and restaurants, albeit with less space due to social distancing, we nevertheless have seen softer volumes than last year. Our customers with poker machines on the other hand have communicated that they have experienced strong growth from gaming.

We have seen "In-home" consumption perform strongly over the last 12 weeks reflecting community concern due to COVID and an increasing trend towards "entertaining from home".

There has been an uneven impact in the performance of our customers, with:

- Strong demand from our traditional takeaway food service areas of Pizza, Burgers, Fish & Chips with decline in Sushi and Asian cuisine
- A transition of Volume away from CBD areas to suburban and regional areas as a large proportion of employees work from home; and
- E-Commerce has been a revelation across all customers.

These trends have implications for our business. From a portfolio perspective we have seen increased demand for popular brands, take home PET and multiserve packs and a skew towards healthier beverages such as Coca-Cola No Sugar, Diets and Lights. Demand however for immediate consumption cold drinks has declined with a reduction in shopper numbers, although it appears to be rebounding with increased consumer mobility.

As restrictions change, we can quickly assess which of these trends become permanent structural changes and be agile in our response, to ensure we capitalise on the opportunities.

Slide 27 – 2H2020 Priorities to address market changes

So, what does all this mean for our business and our Accelerated Australian Growth Plan?

From a Category perspective we will continue to drive the strong performance in the Coca-Cola Trademark focussing on a Coca-Cola No Sugar led recovery. We will also continue our momentum in Energy through innovation and precision execution.

In terms of Channels, our primary focus is on ensuring we recapture core range availability in our small stores, which have been impacted by closures and restricted trading. I am pleased to report that in July, we gained an additional 13k core ranging points versus June in the State Immediate Consumption Channel as restrictions lifted.

We will also amplify our online presence and enhance our product range across e-commerce platforms and ensure impactful activation during key selling weeks such as Footy Finals and the important fourth quarter festive trading period.

Overriding all of this is our program of work to adjust our cost to serve to the prevailing market conditions and to leverage our data driven initiatives to ensure we are agile in responding to geographic and channel shifts. We are focused on ensuring our network is responsive and supportive of our customer base needs.

I will now hand back to Alison who will talk about the performance of our businesses outside Australia

Alison Watkins Group Managing Director

Slide 28 – divider - Pacific Performance

Thank you, Peter,

Slide 29 – Pacific – New Zealand and Fiji

Starting with our Pacific business.

On this slide you can see the key financial metrics for our Pacific business. This segment delivered the lowest decline in Trading Revenue in the half – down 4.8% on 1H19 reflecting Volume decline of ~8% and Revenue per Case growth of 3.3%. Ongoing EBITDA was down 4.2% and EBIT was down 8%. Our EBIT Margin declined by 0.5 points.

This financial result reflects a resilient performance by our New Zealand business which had a strong start to the year delivering Revenue and EBIT growth in the first quarter. The brunt of the pandemic on On-the -Go and licensed customer outlet closures was felt in April and May resulting in Volume declines of 5.6% for the half. Strong revenue management partially mitigated the decline in Volumes as did disciplined cost management and a COVID related government subsidy of NZ$7 million.

Our Fijian business was more adversely impacted during the half given the prevailing tough economic climate which was exacerbated by COVID's impact on tourism. This resulted in significant Volume, Revenue and EBIT declines.

Slide 30 – NZ - Strong performance led by the Coca-Cola Trademark

Let's take a closer look at our New Zealand business and the drivers of its performance.

From the graph on the right hand side you can see the impact on our Volumes by channel during the half with Grocery growing and a dramatic contraction in our On the Go channel.

Since COVID restrictions started to be eased in late May we have seen improvement in trading conditions most notably in our On-The-Go channel which delivered Revenue growth in June.

In addition to channel mix shift we also experienced increased “at home” consumption with growth in demand for multipack cans and take home packs.

A key callout this half was the strong performance of our Coca-Cola Trademark brands with Coca-Cola No Sugar delivering double digit volume and revenue growth and Classic Cola delivering revenue growth.

Slide 31 – divider - Pacific Trading Update & Priorities

This brings us to our July and early August trading update and our priorities for the remainder of the year.

Slide 32 – Pacific Trading Update

On this slide we have charted the week-by-week Volume changes in our New Zealand business compared to the prior corresponding period.

You can see the solid growth we experienced in the first quarter followed by a dramatic decline in April and early May due to COVID lockdown restrictions. As these restrictions eased in late May you can see the recovery in our business. Volume normalised in July following 4% growth in June, reflecting initial pent-up consumer demand in response to the lifting of COVID restrictions. In the first two weeks of August Volume grew by 13% although this is largely a function of us cycling price increases implemented in late July 2019 which resulted in a short term drop in consumer demand.

Fiji remains challenged with NARTD Volume declining by 25% in July reflecting the ongoing impacts of the pandemic on tourism and the subdued economic climate in this market. In the first two weeks August we have seen improvement with total volume down 6% on pcp.

Slide 33 – divider - Indonesia /PNG & Trading update

Let's move on now to our Indonesia and PNG business

Slide 34 – Indonesia & Papua New Guinea

You can see in the table on this slide that Trading Revenue for this segment was down 13.6% on last year and Volume was down 17.1%. Ongoing EBITDA was down 27.2% and EBIT was down 59.7% reflecting the impact of depreciation. EBIT Margin declined 4.7 points.

At our previous trading updates, we noted that Indonesia had a solid start to the year delivering its eighth consecutive quarter of volume growth in 1Q2020. The onset of COVID however dramatically impacted the business given it coincided with the heaviest trading period of the year in this market. There has been a rapid deterioration of the broader macro-economic environment with pressure on disposable income and affordability increasing.

In 1H20 we saw our Indonesian Volumes decline by ~19%. To address this deterioration, we focussed on tight management of costs delivering $16 million in operational efficiencies.

In PNG we saw modest volume declines of 2.5% despite trading disruptions resulting from the declaration of a State of Emergency in March. As restrictions eased, a recovery was experienced with volume growth achieved in May and June.

Slide 35 – Absence of the traditional Ramadan Volume uplift as COVID-19 crisis deepened in 2Q2020

I would like to spend some time now to take you through the magnitude of the impact of COVID restrictions on our Indonesian business during the festive period.

You can see from this slide that in 2020 the festive trading period delivered a 30% volume uplift relative to the pre-festive period commencing on 1 January. This is significantly lower than the 99% uplift in 2019 and the 97% uplift in 2018.

In Traditional Trade our festive volumes were down 35% compared to last year and Modern Trade volumes were down 29%. Given Traditional Trade contributed 67% of our 1H2020 volume, the adverse impact was compounded.

Slide 36 – Resilient performance in a challenging environment

We have noted a number of times during this presentation the challenging macro-economic environment in Indonesia and I would like to drill down a little further on this and provide you with some colour on how we are responding.

Indonesia's latest GDP figures show a decline of 5.3% - the weakest rate since 1999. Consumer confidence levels are at 15 year lows and unemployment levels are high resulting in affordability pressures.

In response, we have adjusted routines in the field and implemented targeted plans to address changing demand patterns. As we moved out of the festive trading period, we adjusted our manufacturing plans, reduced stock, implemented cost savings, introduced further supply chain efficiencies and developed an enhanced presence across key online shopping and e-commerce platforms.

Slide 37 – divider – Indonesia / PNG Trading Update & Priorities

This brings us the start of the second half of 2020 and our Indonesian and PNG priorities over the next six months.

Slide 38 – Serious health situation in Indonesia & recent cases in Papua new guinea a concern

To fully appreciate the trading environment in Indonesia and PNG we need to take a look at what has been happening in terms of new daily COVID infection rates.

In Indonesia, the rate of infections is growing and since Indul Fitri on 24 May there has been a spike in COVID cases. This has resulted in a deterioration in the economic outlook and affordability remains a key issue. Consumers are prioritising value packs and 'at home' consumption, with demand through e-commerce and digital platforms growing.

In PNG despite low infection rates in the first half of the year you can see an uptick in July with the majority of new COVID cases in Port Moresby where lockdown restrictions were implemented on 28 July.

Slide 39 – Indonesia & PNG – July/August

Let's take a look now at how this impacted our July and early August trading.

In Indonesia we have seen some stabilisation with trading Volumes down 19% in July and down 20% in the first two weeks of August. Whilst trading conditions remain challenging there are some modest green shoots with our Sparkling and Juice 'affordable packs' performing well and our 1.5 litre and 1 litre 'at home' packs delivering volume growth.

In PNG Volumes declined by 1.4% in July and were flat in the first two weeks of August reflecting changes in promotional activity which offset the adverse impact of increasing COVID infection rates.

Slide 40 – Indonesia – areas of focus in 2H2020

Given the prevailing macro-economic conditions in Indonesia and the rising COVID infection rates our areas of focus in 2H20 will be on addressing consumer affordability.

We will reset price and drive availability of our small affordable packs through bundling and price promotion and expand availability of our multi-serve ranges for 'at home' consumption.

E-commerce will be a focus with us increasing our presence in the E-commerce channels, developing our existing B2B relationships to expand our penetration of this market and leveraging Food Aggregators to facilitate distribution via wholesalers and third party Coca-Cola Official distributors.

Execution in these challenging times is critical, so we will implement tailored programs for each market segment and take further actions to reduce our costs including a headcount reduction of ~350 people in our supply chain.

Slide 41 – divider – Group Strategy & Progress Update

This brings us to our Group Strategy and an update on our progress

Slide 42 – Group Priorities / Trading Update

This slide shows you how our trading Volumes are tracking month-on-month since April.

At a Group level you can see a month on month improvement from -33% in April to -5% in July and -3% in the first two weeks of August.

The fourth quarter will be critical to our 2H20 performance and we are preparing to ensure we are well positioned to leverage this important trading period across all of our business segments.

Slide 43 – Our focus in 2H20 is to be Fighting Fit for the times

I have stated on a number of occasions that the impacts of COVID-19 are continuing to evolve. Our approach to addressing these challenges are set out diagrammatically on this page.

We responded to the immediate pandemic challenges with **Resolv**e by implementing a cross functional commercial response plan. Our next focus was to instigate **Resilience** measures concentrating on protecting cash, managing costs, preserving capital, maintaining liquidity and supporting our customers.

We are now at the **Rebuild and Reshape 'Fighting Fit'** stage where we continue to be agile in adjusting to the evolving operating environment whilst maintaining a strong customer focus and a disciplined approach to cost management.

Beyond the $140 million of cost savings announced earlier this year we are taking further action to reduce our ongoing cost structure and will continue to recalibrate according to the requirements of our customers.

As time progresses, we will turn our attention to our **"Re-imagine"** phase by revisiting our strategic priorities, executing changes to adapt to the next normal and ensuring we capitalise on opportunities that build on our Regional Beverages Powerhouse strategy.

Slide 44 – We are uniquely placed to emerge stronger

To wrap up today I would like to emphasise the fact that despite the challenges we have faced this year we are uniquely placed to emerge a stronger, better business.

From a Financial and Operating perspective, we have ample debt facilities, with longer maturities and no debt covenants. Our strong cashflows and liquidity provide us with the resilience we need to trade through the current conditions and the firepower to pursue strategic opportunities that may arise. Our cost management initiatives and reduced FY20 capex ensure we are a fit-for-purpose organisation.

Our diverse routes to market and channels have not only enabled us to circumnavigate the pandemic but position us well to emerge with an enhanced market position. We have the ability to flex resources as markets evolve and have built a stronger presence in e-commerce and on food aggregator platforms.

Our market share growth in 1H20 means that we are ideally placed to leverage opportunities that arise as markets emerge from the pandemic and our strong partnerships including the global insights, we are privy to as part of The Coca-Cola System mean that we can pre-empt risks and leverage beneficial prospects.

As the market leader in 'at home' offerings we are ideally placed to capitalise on consumer preferences for strong brands during uncertain times and to benefit from the shift in consumer shopping behaviour towards no sugar offerings and Energy drinks.

Given the impacts of COVID-19 are continuing to evolve and the likelihood of a protracted economic recovery, it is premature to draw any conclusions about the trading impact of the pandemic at this stage or to provide any earnings guidance.

What we can say confidently is that despite the prevailing challenges we have a clear path forward to weather the current conditions and a well-considered and comprehensive plan for the medium to long term.

We expect we will have a clearer pattern on trading trends that we can update you on at our Investor Day later this year.

I'll now open to questions.

Slide 45 – Q&As

Operator can you please start the Q&A session.

[Question & Answer Session]

[Operator hands back to Ana Metelo]

Ana Metelo Investor Relations

Thanks again to everyone for joining this morning.