COCA-COLA AMATIL

2015 Interim Result

21 August 2015

Alison Watkins Group Managing Director

Good morning and welcome to our 2015 interim results presentation.

As we are well aware, it has been a challenging past couple of years for CCA with successive earnings declines driven by structural changes occurring in our markets. In 2014 we outlined our plans to restore performance and return CCA to generating attractive, sustainable shareholder returns. We are in the early stages of implementing our plans across the Group with three broad themes

- Firstly, to strengthen our category leadership position
- Secondly, to achieve a step change in productivity and in-market execution, and
- Thirdly, to improve our alignment with The Coca-Cola Company

I am pleased to report that we are making solid progress in implementing against each of these and we are continuing to lay the foundations upon which we will return the business to growth over the next few years.

For the first half of 2015, the business delivered earnings of $316.9m which is flat to the first half of 2014. This is consistent with our internal plans and in line with our previously stated target of no further earnings per share declines from 2014. These results were achieved despite trading and economic conditions that were more challenging than we had expected in our two major markets of Australia and Indonesia, demonstrating the effectiveness of our underlying strategy.

The highlights of the result include:

- The Australian beverages business delivering an increase in both volume and trading revenue driven by investment in pricing, brand building, innovation and route to market improvements;
- New Zealand & Fiji earnings increasing by 9.9% driven by strong performances in CSDs and water;
- Indonesia & PNG earnings improving by 46.4% with Indonesia delivering solid volume growth and strong market share gains in CSDs;
- And Alcohol & Coffee earnings increasing by 30.4% driven by improved market share across the Beam portfolio and the launch of new products;
- And finally, the strength of the balance sheet has supported the payment of an interim dividend of 20.0 cents, franked at 75%, which is in line with last year.

I am now going to pass over to our Managing Director for Australian Beverages, Barry O'Connell, who will provide you with an overview of the Australian result and outlook for the next few years.

Barry O'Connell MD Australian Beverages

Thank you Alison and good morning and again, thank you for joining us today for this update on 2015 first half results and a progress update on the implementation of key strategies we shared with you all last year.

The trading environment for the first half of 2015 remained challenging across all channels with ongoing competitive pressure, especially in sports and water categories, further declines in the overall CSD market and pressure on high margin operational accounts from national account chains and quick service restaurants. Despite these challenges, we are pleased to report we grew volumes by 2.8% with core CSD volumes stabilising.

Grocery performance was strong with modest investment in pricing driving volume and value share gains in our core CSD business. Significantly, transaction growth out-stripped total volume growth with further increases in household penetration. We also experienced solid growth from three of our recent innovations – our flavoured milk brand Barista Bros, and Zico coconut water which launched in 2014, and Coke Life of course which launched in April this year.

The reduction in rate came in part from targeted decisions to increase competitiveness across our portfolio as well as the launch (in late 2014) of smaller packs such as 250ml can and the acceleration of Frozen Coke – both aimed at expanding our franchise across a larger number of consumers. This combined with the continued adverse shift of volume from high margin fragmented trade accounts to lower margin Grocery and on premise business resulted in reduced rate in the first half.

Against this backdrop we have implemented significant structural and organisational change which, when combined with ongoing investment in technology and the streamlining of processes, has resulted in material cost-out initiatives being taken in the first half with the majority of benefit expected in H2.

In short, the first half of 2015 has been a significant step towards delivering on our long term strategy. We have taken major structural and investment decisions over the last 12 months and H2 will see us begin to leverage many of these initiatives. It will also see a material increase in investment, promotional activity and innovation as we re-invest the benefits of our cost out program. We are certainly not there yet but we are cautiously optimistic as we look to stabilise earnings during 2015.

In October 2014, we announced the details of a major strategic review that pointed to the need to address three essential changes facing our business:

- the first, our portfolio, with particular emphasis on our core CSD range, revenue growth management and our broader Stills categories;
- the second, our route to market; and,
- the third, our cost base.

These three areas have remained central to our efforts during the first half of 2015.

Let me now take you through these key themes and give you a brief update on where we are at with a particular focus on a few significant initiatives on the immediate horizon.

Let's focus first on our portfolio where we have seen encouraging increases in our overall consumer base, increases in transactions & household penetration and the growth of premium packs.

To recap what I told you in February, as we looked to our core CSD business it became apparent that what was required was a balanced strategy based on three key platforms;

1. A packaging portfolio providing consumers with additional choices particularly of smaller portions;
2. Product innovation providing consumers with even more choice around reduced calorific intake without compromising on taste; and,
3. Strengthened brand equity which could re-connect existing and lapsed consumers to our brands.

In relation to smaller portion sizes, in February we spoke to you about the launch of our 250ml coloured can and the "Colour your summer" campaign and the positive results that it delivered engaging with teen consumers and turning around a negative trend we were seeing in CSD single serve transactions.

I am pleased to report that we have continued to deliver transaction growth faster than total volume growth driven by our smaller pack formats, including our 250ml can.

Frozen Coke has also been instrumental in attracting new consumers with all indications suggesting this volume has been incremental.

We have also seen a significant increase in some of our premium packs such as 1lt glass which has doubled in volume (albeit from a small base) in H1. Apart from the additional volume and contribution this pack brings, it has been shown to successfully attract shoppers back to the Coca-Cola trademark.

1lt glass as well other smaller premium packs such as mini cans and 1lt PET have helped in increasing household penetration of our core CSD brands by 1.4% pts in H1. These are good examples of successful efforts to broaden our consumer franchise and continue to drive value from the category.

In relation to providing consumers with an even broader range of lower calorie products, we successfully launched Coke Life, our naturally sweetened version of Coke, with 35% less kJ. The Coke Life launch was very successful with trial rates five times stronger than the average new product launch based on our analysis of more than 130 new FMCG product launches. Coke Life delivered against its first half targets and in June represented 2.5% of total trademark volume in that month - amongst the highest in the world.

These results were especially pleasing as Coke Life, as you will remember, was launched in a very targeted way, with a limited range of smaller pack sizes, and aimed specifically at lapsed cola drinkers and low cola drinkers, whose frequency of consumption was dropping.

For the remainder of 2015, we will continue to drive transactions and household penetration particularly into lighter or less frequent purchases of our brands, by offering greater choice:

- we will extend distribution of our 250ml can in both Colas and Flavours;
- in July, we re-launched and expanded availability of the 390ml PET bottle to eventually replace the 450ml, providing consumers with an even greater choice of smaller portion sizes and relative price points;
- we will push our premium packs such as 1lt glass, mini cans and 1lt PET;
- and in July, we launched Coke Life in 24 pack cans which will again help to drive volumes.

Our loyalty data analysis indicate that these initiatives are successfully attracting new consumers into the franchise – often to higher revenue and/or higher margin packs.

All the work we are investing in optimising our pack and pricing is of course being supported through up-weighted media investment which I'll discuss in more detail shortly.

In H1 CCA executed a promotional program with the intention of maximising volume-led value growth and contribution. We invested in price in the grocery channel, within a much more rational competitive context, which resulted in a significant reduction in price premium to our major competitor from 48% to 42%, delivering both volume and value share gains.

Our average price per litre as reported by Aztec remained relatively stable however the continued success of higher margin packs such as glass, mini pack cans and 1L PET enabled us to offset a more competitive pricing approach on our higher volume, more price sensitive packs such as 1.25lt and 2.0lt PET thereby indicating a more targeted and balanced revenue management strategy.

As you know there has been a significant surge in the growth of low priced waters in the last 12-18 months. In the last 6 months low priced waters have accounted for the vast majority of volume growth in the grocery channel. Whilst we've selectively leveraged Peats Ridge Pure in the low price arena it is unlikely the growth in this low price segment will continue at the current rate. And we are already seeing a significant slowing down of the low price water growth rates in Grocery for instance.

At the same time the majority of value growth in this channel is coming, not from low price water, but from more premium functional/sparkling and flavoured waters. Thus our committed focus remains on growing category value through brand building and innovation and with this in mind we've already commenced several initiatives to leverage our strong position in the premium branded, flavoured and functional water segments. The most obvious is the introduction of the new bottle and visual identity for Mount Franklin and we have a big second half planned for Australia's leading branded water. In addition we're enhancing the availability of our lightly sparkling flavoured water and continue to enjoy strong success with Zico coconut water with new products in the range to follow soon.

The first half focused on growing transactions, revenue management and the launch of Coke Life. H2 will be more expansive and is stacked full of major marketing initiatives. As much as we would like to give you all the details today we obviously need to maintain some surprise element. However I can say we have two very significant new brand campaigns, one on Coca-Cola and the other on Mount Franklin, two new product launches, another on-pack Coca-Cola activation (think "colour your summer" on steroids) and of course your usual significant activation of Footy Finals and Christmas. And these are just the main highlights.

Such a full calendar is underpinned by a significant media investment which will see us being constantly on-air for the remainder of 2015 and indeed the foreseeable future. Total media value for 2015 is forecast to be well above 2014 and H2 media value is forecast to be a material increase versus the first half (and remember this is lapping a heavy investment behind the Coke Life launch in H1).

That gives you some idea as to what we have been doing under the heading of portfolio. Alongside this work we have also been making progress with our route to market.

The fragmented trade continues to feel the effects of sharper competition from both the grocery trade and the fast food industry. Our volume is flat on last year and we have increased our active account

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base again however rate is down driven principally by adverse changes in category mix and deep price competition in the water and sports categories.

Within our field sales operation we have effected a fundamental change in how we allocate our resources with a major re-organisation of our sales teams in all main metro areas. This has resulted in a re-route of over 30,000 customers. We have re-allocated low contribution outlets to our National Telesales Centre – almost 11,000 outlets. Following on from this we have re-allocated our field sales teams to increase coverage and frequency to higher contribution outlets. This is a major exercise which was implemented over the June / July period.

Throughout this time our investment in technology has continued including in our web based ordering and customer support systems which now allow us to move lower volume outlets as mentioned above onto a more cost effective transaction platform. At the end of the first half the percentage of outlets ordering on line stood at 17% and is increasing at a rate of 27%.

So we are confident our portfolio continues to move in the right direction and are happy with the progress we have made re-building our route to market and revenue growth management capabilities. As importantly, we remain on track to deliver our cost-out and efficiency program which is where I would like to turn our attention now.

Our commitments to deliver efficiency savings is tracking ahead of plan in 2015 and we remain on track to deliver over $100m in savings over three years. It is expected that a significant portion of these savings will be re-invested to up-weighted marketing and innovation initiatives.

Our Supply Chain initiatives are on track with significant work occurring in late 2014 and first half 2015, including the recent closure of Bayswater in Victoria. Whilst we have made progress in this area and now have a number of lean, agile and cost efficient plants there is still more to do across our broader network to ensure we create a cost base which becomes a source of competitive advantage within Australia.

We're also actively working to deliver benefits through better buying, and utilising new systems and processes to ensure better quality from suppliers.

We have rebased our non-frontline support team structures, leveraging continued investment in technology to support a self-service culture through enhanced information accessibility and use.

And, we will see an up-weighting of benefits in the second half of 2015 and we will continue to review our cost base to ensure sustainability for the future.

So as I said at the opening, we remain committed to the strategy we first presented to you in October 2014 and are pleased with the progress that we have made.

We continue to effect significant change across every element of our business. The decisions we are taking are for the long term and intended to deliver sustainable returns not quick fixes with short term gains. To this end, we expect our turn around to be gradual and steady but we are well on the way to creating a lean and agile organisation capable of anticipating and responding to future market dynamics. The first half has delivered against our expectations despite difficult trading. The second half promises more investment, more cost out, more focus and more excitement as we continue on our journey back to growth.

Well, that concludes the presentation and I'll hand you back to Alison.

Alison Watkins Group Managing Director

Thank you very much Barry. Now I'd like to turn to New Zealand & Fiji….

New Zealand & Fiji delivered a really strong result with 9.9% earnings growth driven primarily by solid performances across our CSDs and our take-home Water range.

The New Zealand business delivered volume growth of over 8% with strong innovation and focused market activation across a buoyant summer trading period. Activities included the successful "Colour Your Summer" campaign and also the launch of Coke Life.

The business delivered market share growth across the Energy and Sports categories, while holding share in our core CSD category. Strong volume growth was achieved across our Kiwi Blue and Pump water brands and we also grew volumes in Juice.

The Fijian business delivered very strong volumes and earnings growth driven by a revitalised local economic growth environment with the business focused on delivering on the fundamentals across ranging and distribution to drive availability and successfully re-launching Coke Zero.

Moving on now to Indonesia and PNG…

Indonesia and PNG earnings increased 46.4% with both businesses delivering solid volume growth.

As I said, trading and economic conditions have been challenging and economic growth has slowed in Indonesia which has impacted overall consumer purchasing power. While we are pleased with the progress being made, the slowdown in overall economic conditions means volume growth for the beverages market is tracking below expectations.

Our Indonesian business delivered over 7% volume growth with underlying volume growth, adjusted for the impact of the peak Ramadhan trading period, estimated to be around about 3%. While we are pleased with the progress, this slowdown does mean that volume growth is tracking below expectations.

Despite the slowing economic conditions, the business made progress in strengthening its market positioning and presence. A highlight has been our improved position in CSDs with a market share increase of five points over the past six months, which is being driven by a combination of improved in-market execution and promotional initiatives.

The business also grew its market share in the Tea category by 1.2 points to over 7%. And in Juice, Minute Maid Pulpy maintained its market leadership position.

The PNG business delivered strong volume and earnings growth driven by a revised pack strategy, pricing initiatives and strong cost management.

Looking now at Alcohol & Coffee….

Our Alcohol & Coffee business achieved significant growth in the first half with earnings increasing by 30.4%. And this was due to a strong performance in the Spirit and RTD segment with improved market share and significant growth in Beam, boosted by the launch of new products.

Our business strengthened its relationship with Beam Suntory in Australia, entering into a new 10-year agreement commencing from July which will fully integrate the Beam Suntory spirits range into our existing portfolio. And we are really excited to be extending this relationship into New Zealand from October.

Our beer and cider ranging was expanded with volumes almost doubling on last year. This was primarily driven by the successful launch of Yenda in packaged format in March, which is now on target to become a top five craft beer brand, and also the continued momentum of Pressman's cider.

The growth of our Coffee business is on track as a result of the successful expansion of the Grinders capsule range and significant wins in the café and hotel channels.

Thank you and I'll now pass over to Martyn Roberts, our Group CFO. Martyn joined us in July and it's great to have him on board

Martyn Roberts Group CFO

Thanks Alison and good morning everybody. It's an absolute pleasure to be here at my first results presentation for CCA and to have the opportunity to take you through some of the key financial information for the half.

Starting with the Income Statement, there are a few points to note here:

- as Alison explained earlier, CCA recorded an increase in EBIT for the half of 0.1% as a result of strong growth outside of our Australian beverages business;
- net finance costs reduced by 16% due to the US$500 million cash injection from The Coca-Cola Company in April this year together with lower average interest rates in Australia;
- our effective tax rate returned to a more normal level this year after write backs of withholding tax provisions benefitted the prior year;
- the net impact of finance costs and tax led to net profit increasing 2.6% for the period;
- non-controlling interests includes the 29.4% interest of The Coca-Cola Company in our Indonesian business for the first time;
- resulting net profit attributable to CCA shareholders was up 0.9% as was EPS for the period – consistent with our guidance.

It should be noted that the first half closed on Friday 3 July 2015 resulting in an additional 3 days in the half. The timing has provided us with a small benefit to EPS compared to the comparative period.

Moving to capital employed. Capital employed increased by $50.3 million (or 1.4%) to $3.6 billion.

Working capital is the key outlier here with an increase of $124.2 million. This was driven by a number of factors, which were largely timing-related, and include the following:

- the impact of a seasonal uplift in working capital in Indonesia as Ramadhan moved forward into the first half this year;
- stock build in both Australian beverages and SPC to transition site closures and new line commissioning; and also
- increased working capital to support growth in Indonesia & PNG.

The reductions in Property, Plant & Equipment, Investments in Bottlers Agreements and Intangible Assets are all due to the impact of significant item impairments recognised in December 2014 and the impact of reduced spending resulting in depreciation & amortisation now exceeding additions.

The $52 million increase in Other Net Liabilities is primarily due to the increase in restructure provisions which were recognised in December 2014 as significant items.

Our MAT return on capital employed of 18.2% is lower than the prior year number solely due to the fact that H2 FY14 EBIT was 27% below H2 FY13. It clearly remains well above CCA's cost of capital.

In terms of cash flow, after an improvement in H1 2014, operating cash flow returned to a similar level to that of H1 2013 due to the timing increase in working capital, which I just took you through.

This was partly offset by lower capital expenditure requirements in the half resulting in free cash flow of $71.5m – a reduction of $54m on the comparative period.

In terms of capital expenditure, capital expenditure requirements generally have reduced for the business as we come to the end of a five year up-weighted capital cycle.

For 2015, capex is expected to be around $300 million – in line with depreciation.

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 keep pace with volume growth and will be supported over the coming years by TCCC's US$500m equity injection.

You can see on the slide the specific areas of spend for the half primarily include production lines and cold drink equipment.

And finally, in terms of net debt and interest cover, the balance sheet remains in a very strong position. Net debt decreased by $571.2 million to $1.3 billion reflecting the receipt of US$500 million from TCCC.

The high level of cash holdings is a result of favourable borrowing terms which have enabled the pre-funding of all future debt maturities to February 2017 as well as cash received from TCCC for the 29.4% equity interest in CCA Indonesia. The funds raised that have been placed on deposit to match debt maturities are earning interest income equal to their related borrowing costs.

With that I'd like to thank you… and now hand back to Alison

Alison Watkins Group Managing Director

Thank you Martyn….

I'd like to move onto our priorities & outlook for the next few years...

For Australian Beverages, Barry took you through the comprehensive review of our initiatives that we have underway in Australia. And I would re-iterate that while the trading environment in Australia has been more challenging than expected, we are on track with the implementation of our strategic review initiatives and are beginning to make some good progress. We continue to target a stabilisation of earnings in 2015.

For Indonesia, we are targeting to expand our market presence to realise the market's potential.

As we've said previously, Indonesia provides an exciting growth opportunity for CCA over the longer-term. With consistent growth in demand for commercial beverages over the past decade from Indonesia's emerging middle class we have the opportunity to increase our appeal to a broader range of consumers and ensure we continue to be a leading player in the market.

In order to strengthen our market position, we have developed a joint system plan with TCCC to broaden our product offering with new products, new consumption occasions and a greater range of affordable packs. At the same time we are transforming our route-to-market model to increase our relevance and availability to the traditional trade and broaden our customer base.

As I mentioned earlier, Indonesia economic growth has slowed this year with rapid cost inflation impacting consumer demand for many categories including commercial beverages. We are however pleased with the progress we have made in broadening the reach of our product portfolio and the improvements that we have recorded in market share in the CSD and Tea categories.

We are confident that we will continue to deliver above-market volume growth and improved earnings for the Indonesia & PNG region in 2015.

And finally alcohol…

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

We are committed to delivering these initiatives and continuing to lead within our industry through the innovation and growth of our brands and products that are already loved by so many. We are proud of our great range of products and that everyday consumers across Australia, Indonesia, NZ, Fiji, PNG and Samoa choose to make our brands part of their everyday lives.

We know we must continue to work with The Coca-Cola Company to respond to the changes in consumer demands to ensure the long term sustainability of our business. These changes in preferences present great opportunities for us to further develop our product portfolio and we have demonstrated our ability to provide greater choice through smaller servings and lower kilojoule options and to help our consumers to make the right decisions for them and their families.

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

And finally, I will re-iterate our financial targets.

We are targeting to return to mid single-digit growth in earnings per share over the next few years with no further decline expected after 2014.

While trading conditions have been more challenging than expected in our major markets, we remain confident that the combination of revenue and cost initiatives we have underway will restore CCA to growth.

The balance sheet is in a very strong position. With free cash flow generation 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.

Thank you and we would be happy to take some questions.