



2014 Interim Result

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2014 Interim Result Overview

- Difficult trading conditions in the Australian business resulted in a 14.1% decline in Australian beverage earnings
- While the Indonesian business delivered strong volume growth and market share gains in key categories, rapid cost inflation, currency depreciation and increased competition impacted segment earnings
- New Zealand & Fiji earnings increased by 12.0% in Australian dollars with earnings flat in local currency terms
- Alcoholic beverage earnings delivered a modest decline in earnings
- Strong cash flow generation resulting in a decline in net debt
- Continued strength of the balance sheet and financial ratios supports an interim ordinary dividend payout ratio of 83.8% which is above CCA's 70-80% target payout ratio





Australia

Difficult trading conditions in the Australian business resulted in a 14.1% decline in Australian beverage earnings

\$Am	HY14	HY13	Change
Trading revenue	1,364.0	1,371.5	(0.5%)
Revenue per unit case	\$8.66	\$8.75	(1.0%)
Volume (million unit cases)	157.5	156.8	0.4%
EBIT ¹	226.5	263.6	(14.1%)
EBIT margin ¹	16.6%	19.2%	(2.6) pts

1. before significant items

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Australia

- 6% volume decline in operational accounts driven by continued shift to national account chains and quick service restaurants, reduced promotional activity to the channel, the impact of a reduction in the salesforce that occurred progressively throughout 2013 and a reduction in outlet call frequency
- All of these issues are being actively addressed and are a key focus of the strategic review which is currently underway
- Promotional activity in the grocery channel yielded disappointing results and rate realisation continued to be under pressure due to weaker consumer demand, aggressive competitor pricing and private label activity in both water and flavoured carbonated beverages
- Maintained share in carbonated beverages with the category delivering flat growth for the half. Sports drinks share up 3.6 points driven by product innovation backed by a strong marketing campaign. Energy drink share increased 6.4 points driven by new product launches while share declined by 3 points in the high-growth water category

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New Zealand & Fiji

New Zealand & Fiji earnings increased by 12.0% in Australian dollars with earnings flat in local currency terms

\$Am	HY14	HY13	Change
Trading revenue	227.5	202.2	12.5%
Revenue per unit case	\$8.10	\$7.05	14.9%
Volume (million unit cases)	28.1	28.7	(2.1%)
EBIT	38.2	34.1	12.0%
EBIT margin	16.8%	16.9%	(0.1) pts

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New Zealand & Fiji

New Zealand

- Flat local currency earnings result and a decline in volumes of around 2% with a poor, weather-affected start to the year with overall non-alcoholic ready-to-drink category volume declines partly offset by improved momentum and a return to growth in the second quarter
- The juice, water and energy categories continue to perform well with each recording double-digit volume growth with strong share gains
- The petroleum channel volume grew by over 13% with strong energy offerings in both Lift plus and Mother energy driving strong volume growth
- Grocery volumes declined as a result of weaker trading across the carbonated beverage category

Fiji

- Solid volume and earnings growth driven by steady economic growth conditions and a strong focus on ranging, availability and pack price architecture



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Indonesia & PNG

While the Indonesian business delivered strong volume growth and market share gains in key categories, rapid cost inflation, currency depreciation and increased competition impacted segment earnings

\$Am	HY14	HY13	Change
Trading revenue	432.5	432.3	-
Revenue per unit case	\$4.41	\$5.38	(18.0%)
Volume (million unit cases)	98.1	80.3	22.2%
EBIT	5.2	31.4	(83.4%)
EBIT margin	1.2%	7.3%	(6.1) pts

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Indonesia & PNG

Indonesia

- The Indonesian commercial beverage market continues to grow strongly with CCA's business delivering over 22% volume growth with market share gains across key categories
- Cost inflation has however been significant with underlying cost of goods sold increasing by over 7% due to the 20% depreciation of the Rupiah in 2013 as well as legislated material increases in wages and fuel costs. The decline in the Indonesian Rupiah increased input costs by \$19 million
- Price increases taken across many categories, including juice, tea, water and some carbonated beverages in cans, however there has been a noticeable intensification of the competitive landscape which limited the ability of the business to fully recover cost increases through pricing

PNG

- Return to both volume and earnings growth

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Alcohol, Food & Services

Alcohol, Food & Services earnings increased by 4.5% largely driven by an improvement in SPC Ardmona results

\$Am	HY14	HY13	Change
Trading revenue	312.2	317.6	(1.7%)
EBIT	46.8	44.8	4.5%

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Alcohol, Food & Services

Alcohol

- EBIT growth was below expectations due to the impact of a decline in the dark spirits category on the Beam business and a slower than expected start in beer and cider

SPC Ardmona

- SPCA delivered a small loss, an improvement in performance over last year, on improved revenues and strong customer and consumer support.
- Delivered share gains in fruit and tomato categories. Grocery retailers have increased support for Australian Made with the business securing a five year support package with Woolworths.
- Introduced new fruit products with healthier formulations



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Profit & Loss

- EBIT decline of 15.3%, before significant items, in line with guidance provided on 11 April 2014
- Net finance costs declined 1.9% reflecting slightly lower interest rates

A\$m	HY14	HY13	% chg
EBIT (before significant items)	316.7	373.9	(15.3%)
Net finance costs	(60.5)	(61.7)	(1.9%)
Taxation expense ¹	(73.6)	(87.0)	(15.4%)
Non-controlling interests	(0.3)	(0.1)	
NPAT (before significant items)	182.3	225.1	(19.0%)
Significant items – after tax	-	(9.2)	
NPAT (reported)	182.3	215.9	(15.6%)

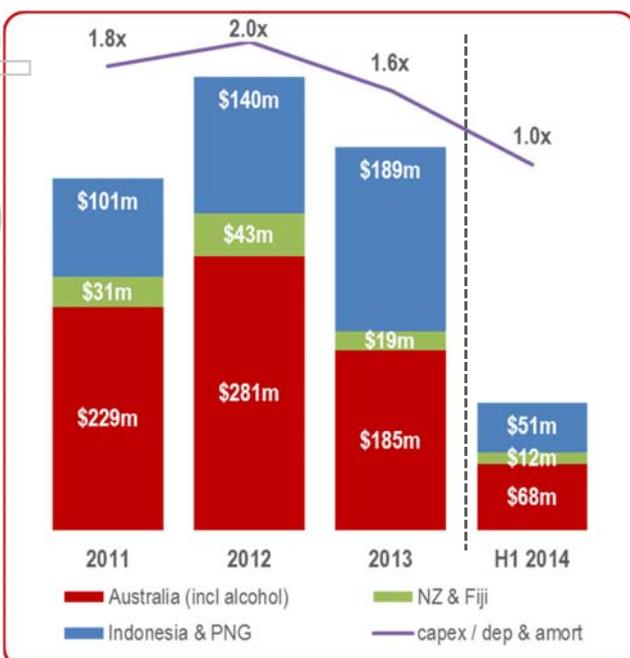
1. before significant items

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Capital Expenditure

Overall reduction in capex driven by the completion of investment in PET bottle self-manufacture lines in Australia



- Australia: the Project Zero blowfill investment was 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. This investment has supported the launch of Barista Bros iced coffee in June
- Indonesia: included the installation of one production line and upgrading of three others, the completion of a new distribution centre and the placement of 26,000 cold drink coolers
- Group capital expenditure is expected to reduce to around \$320m for the 2014 full year
- Guidance for capex for 2015 and 2016 will be provided on completion of the strategic review

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Cash Flow

Free cash flow increased \$141.5m to \$125.9m driven by improvements in working capital, reduced capital expenditure and was despite a reduction in earnings

A\$m	HY14	HY13	\$ chg
EBIT	316.7	360.7	(44.0)
Depreciation & amortisation	131.4	124.4	7.0
Change in working capital	(29.5)	(88.5)	59.0
Net interest paid	(71.2)	(72.9)	1.7
Taxation paid	(109.5)	(89.2)	(20.3)
Other items	18.7	(67.8)	86.5
Operating cash flow	256.6	166.7	89.9
Capital expenditure	(131.0)	(187.4)	56.4
Proceeds from sale of trademarks, PPE & other	0.3	5.1	(4.8)
Free cash flow	125.9	(15.6)	141.5

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Capital Employed

CCA continues to have a strong balance sheet. Capital employed decreased by \$450.8m to \$3.56bn largely due to the 2013 significant item write-offs of SPCA and reduced working capital across the Group

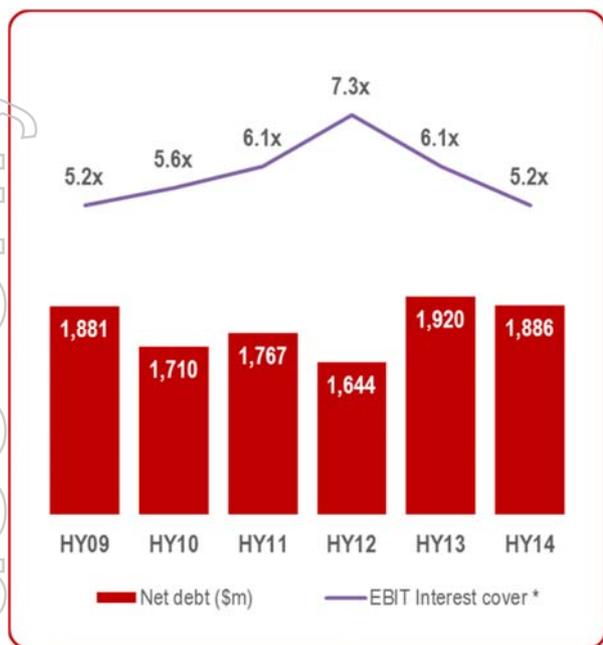
A\$m	HY14	HY13	\$ chg
Working capital	841.9	931.2	(89.3)
Property, plant & equipment	2,007.5	2,072.2	(64.7)
IBAs & intangible assets	1,271.8	1,550.2	(278.4)
Current & deferred tax balances	(193.7)	(208.1)	14.4
Derivatives – non-debt	(6.4)	(54.3)	47.9
Other net liabilities	(358.9)	(278.2)	(80.7)
Capital employed	3,562.2	4,013.0	(450.8)

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Net Debt & Interest Cover

EBIT interest cover* remains very strong at 5.2x



- Net debt decreased by \$34.2m to \$1.89bn
- Cash deposits increased to \$1.1bn as a result of favourable borrowing terms which have enabled the pre-funding of future debt maturities to Mar16. Funds raised have been placed on deposit and are earning interest income in excess of the related borrowing costs

* before significant items

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Outlook for H2 2014

Australia

- Challenging trading conditions have continued and since the Federal Budget in May we have experienced further deterioration and evidence of consumer promotional fatigue consistent with weaker consumer sentiment
- H2 will have stronger grocery comparatives relative to the first half, a continuation of difficult pricing conditions and we are targeting to finish the year with lower levels of inventory in the trade
- In conjunction with our partner The Coca-Cola Company we will increase the level of brand marketing investment to strengthen our brand equity to deliver ongoing volume growth
- We have made significant progress with the review of the Australian business with revenue generating and cost savings initiatives expected to begin to deliver benefits during 2015



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Outlook for H2 2014

- **Indonesia**

- » Expect to continue to deliver strong volume growth as the beverage market continues to grow rapidly
- » Expect pricing and profitability will continue to be under pressure with the increased levels of competition in the market and ongoing cost pressures
- » Currently developing joint growth plans for the market with our partner The Coca Cola Company and will provide further details in October

- **Alcoholic beverages**

- » Expected to deliver a decline in full year earnings driven by an expectation of continued weakness in the dark spirits category, partly offset by contributions from Paradise Beverages

- **Summary**

- » While it's too early for full year guidance, we expect earnings for 2014 to be materially below 2013. Second half earnings however should exceed the first half, before significant items



Strategic Review Update – Australia

Defining reality for the Australian Beverages business

Changing consumer preferences

- Fragmenting demand
- Increased switching from CSDs to stills

Consolidating retail environment

- Shift to grocery and key accounts
- Downward price pressure in grocery

Increasing sugar aversion

- Health and nutrition concerns
- Anti-sugar advocacy



Increasing competitive intensity

- Growth in private label and value players
- Aggressive competitor pricing

Our Strategic Review has 4 key imperatives

1

Strengthen brand portfolio



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Optimise revenue management



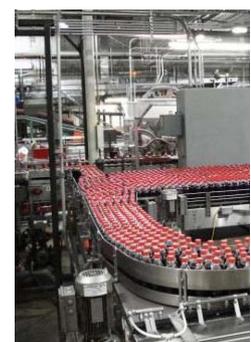
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Redesign route-to-market model



4

Right-size the cost base



Strengthening our brand portfolio

Aim: Focus our investment on rejuvenating core categories

Carbonated soft drinks

- Improve recruitment, particularly teen
- Address health concerns
- Reinforce 'specialness' of Coca-Cola brand

Stills

- Refine water strategy to respond to shift to value
- Launch new products with clear point of difference
- Continue to drive sports and energy

New stars

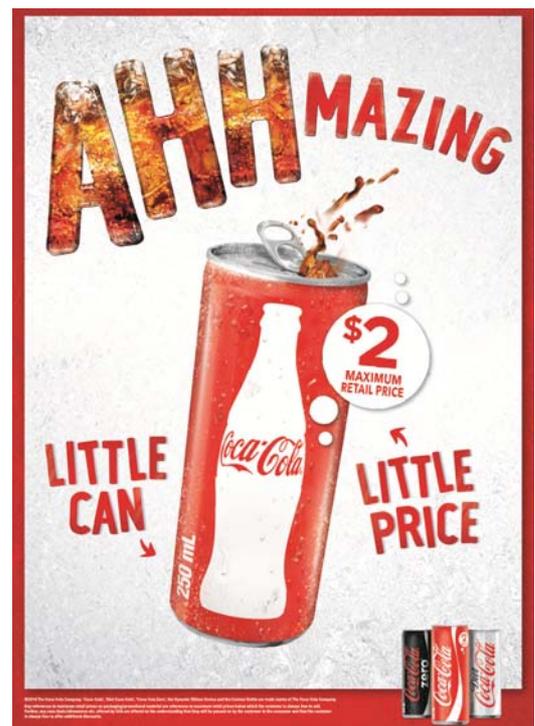
- Focus on small number of high potential categories with clear linkage to capabilities

Improved effectiveness of marketing spend with strong system focus on brand building



Core CSD examples

\$2 price marked 250mL Coca-Cola cans



Coca-Cola TV advertisement – brand intrinsic



Kirks and Deep Spring 'better-for-you' innovations



Stills
examples

Barista Bros flavoured milk



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Stills
examples

Barista Bros TV advertisement



Mount Franklin premium positioning and social media



Optimising our revenue management model

Aim: Deliver a better-balanced pricing strategy based on delivering real value to the consumer, the customer and ourselves

Strengthen pack and price architecture

- Refine pack pricing architecture by channel, category and individual brands
- Sharpen entry pack / price points



Enhance promotional effectiveness

- Optimise promotional investments by channel
- Enhance ability to learn and refine



Address cross-channel pricing differentials

- Realign cross-channel pricing architecture
- Address contract compliance
- Drive pack differentiation



Redesigning the route-to-market model

Aim: Shift to tailored servicing route-to-market model

Optimise selling model

- Value driven and multi-offer according to customer segment
- Align to support brand portfolio



Redesign logistics model

- Support selling model whilst minimising cost-to-serve



Develop capability of sales teams and out-in-field assets

- Increase focus on execution
- Drive efficiency and effectiveness in sales, service and equipment



Review price / promotional strategy

- Align with the business' optimised pricing strategy

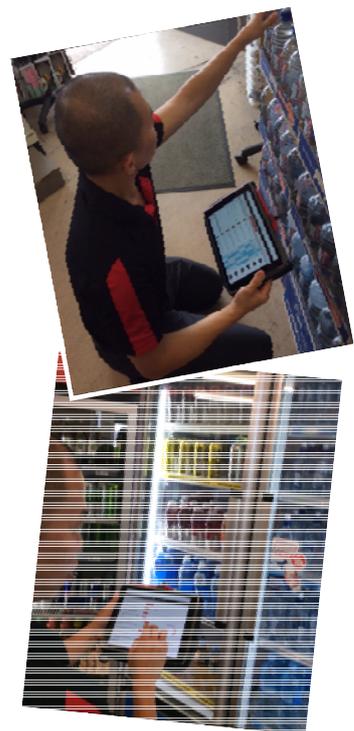
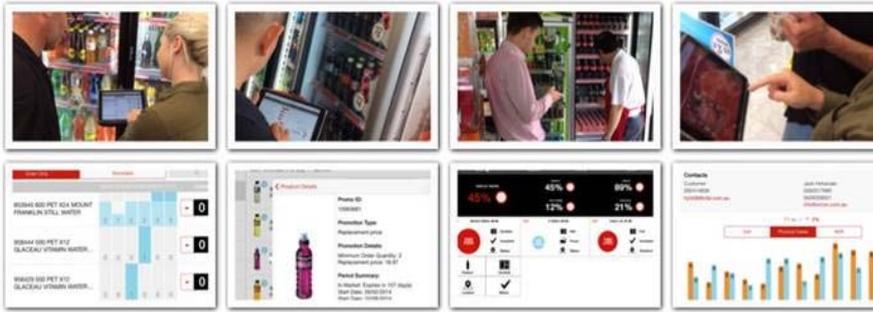


Deploy technology to improve sales force efficiency

- Refocus workforce on value-adding activities



SaM sales tool



Right-sizing the cost base

Aim: Ensure we have a competitive cost base that is both agile and streamlined



Improve supply chain efficiency

- To become lowest cost in manufacturing



Improve procurement

- To maximise value from all third party spend



Streamline support model

- To improve our effectiveness and efficiency

Potential Savings of \$100m+ over 3 years



2014 Interim Result

Q&A





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