

# ASX Announcement

4 November 2013

## CCA TRADING UPDATE

Coca-Cola Amatil Limited (CCA) today is providing an update on trading for the July to October trading period as well as providing guidance on earnings expectations for the full year to 31 December 2013.

### Trading update

Whilst there has been an improvement in volume and market share in the Australian beverage business in the third quarter, fourth quarter trading to date is not seeing the expected post-election uplift in consumer spending. Group Managing Director, Terry Davis said, "The non-grocery business has continued to grow volumes in the second half, however consumer demand has been more subdued than expected. While we have seen some improved momentum in the Australian grocery channel, with carbonated beverages returning to growth and an improvement in market share, the aggressive competitor pricing activity has continued which has limited price realisation in the half to date."

Positive momentum has continued in New Zealand. Mr Davis said, "Since July, overall market conditions in New Zealand have continued to improve and our business has delivered improved volumes, earnings and market share gains."

As expected, third quarter demand slowed in Indonesia as the economy adjusted to higher levels of inflation which impacted consumer spending. Mr Davis said, "The fundamental drivers of increased consumption per capita of commercial beverages remain strong and for 2013 we would expect the Indonesian business to deliver low double-digit volume and earnings growth."

Since July, the PNG economy has shown no signs of improvement and demand is expected to remain soft for the balance of year as falling commodity prices and reduced mining activity and investment continue to impact Government revenues and unemployment levels.

The Alcohol, Food & Services division is trading in line with expectations. The Beam portfolio continues to gain share in spirits and the alcoholic ready-to-drink category while SPC Ardmona continues to expect a reduction in earnings in 2013. Peter Kelly, Managing Director SPC Ardmona said, "While the SPC Ardmona business continues to be challenging, we have secured commitment from our major customers to convert to 100% Australian grown produce for multi-serve packaged fruit and the Anti-Dumping Commission has found that Italian tomatoes have been dumped into the Australian market, damaging our business, and has imposed an immediate tariff penalty on these imports. We are currently seeking government support for co-investment with SPC Ardmona to ensure a stronger future for our business and fruit and vegetable growers in the region and we continue to pursue safeguards support through the Productivity Commission."

CCA's cost out programme expects to deliver \$30-40 million in savings over the next three years by leveraging the investments made in state-of-the-art production and IT infrastructure. The business continues to be on track to deliver \$10-15 million in savings in the second half of 2013.

## Long-term exclusive agreement with the Boston Beer Company to distribute Samuel Adams beer in Australia

Further progress has been made in expanding the alcoholic beverages platform. Mr Davis said, "We are pleased to announce that we have entered into a long-term exclusive agreement to distribute America's largest selling craft beer, Samuel Adams, into Australia from mid-December. The Boston Beer Company is America's leading brewer of handcrafted, full-flavoured beers and has won more awards in the last five years than any other brewery in the world.

"With just over a month left until CCA re-enters the beer and cider market in Australia, we are ready to hit the ground running with a great portfolio of beer and cider brands. Our line-up will include the Molson Coors premium beers including Blue Moon and Coors and a full range of Rekorderlig ciders in both bottled and draught from January 2014. We have also developed a number of our own products including Alehouse, an on-premise only premium draught beer in both mid and full strength, and Pressman's cider, an Australian craft cider.

"We have also been making great progress on our revitalisation plan for Paradise Beverages in Fiji at both our beer and rum operations with capital upgrades well advanced and a strong new product pipeline. I believe the alcoholic beverages business will generate 1-2% of incremental Group earnings growth in 2014."

## Update on search for new Group Managing Director

In March 2013 Terry Davis announced that he would be leaving the business at the end of August 2014. Since then the Board has commenced a global search for his replacement and would expect to announce the new Group Managing Director by 31 December 2013.

## Outlook for the balance of 2013

The outcome for the full year result will be determined by the trading performance over the next eight weeks as the Australian beverage business represents around 70% of Group earnings and generates around two-thirds of its second half earnings in November and December. Mr Davis said, "While we have seen some improvement in momentum in the Australian grocery channel since July, the Australian beverage business is lapping 10% volume growth from the fourth quarter of 2012 and post-election consumer spending is more subdued than expected."

CCA expects 2013 full year Group EBIT to be within a range of a 5% to 7% decline on last year, before significant items. The updated guidance range factors in weaker than expected post-election consumer demand, more aggressive competitor activity in Australia as well as an estimated negative impact of almost 1% to Group earnings due to the weaker Indonesian Rupiah and the PNG Kina.

For further information, please contact:

### Analysts

Kristina Devon

Head of Investor Relations

Ph: +61 2 9259 6185

[Kristina.Devon@ccamatil.com](mailto:Kristina.Devon@ccamatil.com)

### Media

Sally Loane

Director of Media & Public Affairs

Ph: +61 2 9259 6797

[Sally.Loane@ccamatil.com](mailto:Sally.Loane@ccamatil.com)