2019 HALF YEAR RESULT

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AGENDA

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GROUP PERFORMANCE

Alison Watkins Group Managing Director

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2019 HALF YEAR RESULT – GROUP HIGHLIGHTS

- Strong Group **revenue** growth of 5.2 per cent for the period reflecting the results of strategic initiatives across the Group.
- Statutory earnings before interest and tax (**EBIT**) of $273.5 million, up 4.7 per cent, and statutory net profit after tax (**NPAT**) of $168.0 million, up 6.3 per cent.
- Statutory earnings per share (**EPS**) increased by 6.4 per cent while ongoing[1] **EPS** declined by 4.0 per cent.
- Ongoing[1] **EBIT** of $289.9 million and ongoing[1] **NPAT** of $173.3 million represented declines of 3.8 per cent and 3.9 per cent respectively, in line with our expectations.
- Strong **cash flow** result with ongoing[1] free cashflow before lease accounting changes improving by $86.2 million on the prior period plus $40 million proceeds from the sale of SPC.
- **Total unfranked dividend** for the half of 25.0 cents per share comprising: **interim dividend** of 21.0 cents per share (1H18: 21.0 cents per share and 65 per cent franked per share), and special dividend of 4.0 cents per share, following the sale of SPC.

1. Ongoing refers to continuing operations results adjusted to exclude non-trading items.

2019 HALF YEAR RESULT – OTHER HIGHLIGHTS

BUSINESS SEGMENTS OVERVIEW

AUSTRALIAN BEVERAGES

- Australian Beverages showed pleasing progress from the Accelerated Growth Plan. As expected, EBIT was impacted by container deposit schemes, additional investment in "Feet On The Street" and cycling HY18 EBIT benefit from $10 million credit in relation to the NSW container deposit scheme.

NEW ZEALAND & FIJI

- Excellent all-round performance in New Zealand and solid profit growth from Fiji; continuing the strong momentum from previous years.

INDONESIA & PNG

- Strong sales growth in Indonesia from excellent execution and investments in marketing and in PNG from operational improvements.

ALCOHOL & COFFEE

- Achieved another period of double digit profit growth, now representing 9% of Group earnings.

CORPORATE & SERVICES

- Corporate & Services result was in line with the FY19 earnings guidance for the segment.

ADDITIONAL DEVELOPMENTS

SPC

- On 1 July 2019 we announced the successful completion of the sale of the SPC business to Shepparton Partners Collective Pty Ltd. The business was sold for a consideration of $40 million payable at completion. Taking into account working capital adjustments to the sale price, carrying amount of net assets sold and costs of disposal, a profit on sale of $14 million was recorded upon completion.

AMATIL X

- Launched into Indonesia, partnered with local accelerator in H1 (Digitaraya, powered by Google). Amatil X Academy in full swing in our Indonesian business, to identify and develop the best ideas in-house, and embed entrepreneurial capability in the business.

SUSTAINABILITY

- Announced that from 2020, 7 out of 10 of our plastic bottles in Australia will be made from 100 per cent recycled materials. Ceased distribution of plastic straws.

PROPERTY

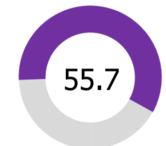
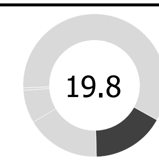
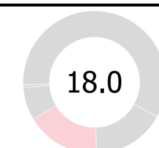
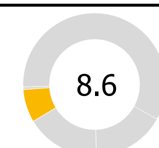
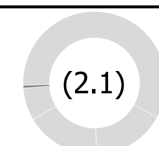
Continued to progress the rationalisation of our property portfolio, including the sale of lots 2 and 3 of our former bottling facility in Thebarton, South Australia.

OUR SHAREHOLDER VALUE PROPOSITION

We are focused on generating attractive sustainable returns for shareholders. FY19 is the second year of a two-year transition phase for the Group and we target the Group to return to delivery of mid-single-digit EPS growth from 2020.

Investment case	EBIT drivers		EPS drivers	Targeting shareholder value creation
Predominantly a Coca-Cola franchisee with leading brands	**Revenue growth plans and continuous cost focus across the group**		**Modest capex for developed markets**	**Mid single-digit EPS growth**
Route-to-market with scale and reach	**Targeting low single-digit EBIT growth**	Core developed market franchises (Australia and New Zealand)	+ **Growth capex for Indonesia funded via TCCC equity injection**	**Attractive dividends: above 80% payout ratio**
Large-scale, modern, low-cost infrastructure	+ **Targeting double-digit EBIT growth**	Developing markets (Indonesia, Papua New Guinea and Fiji)	+ **Continuous working capital management**	**Strong balance sheet**
Steady cash flow from core Australia and New Zealand franchises	+ **Targeting double-digit EBIT growth**	Alcohol & Coffee	+ **Bolt-on acquisitions** **Capital management initiatives**	**Strong return on capital employed**
Growth opportunities including Indonesia and Alcohol & Coffee providing upside				

SEGMENT RESULTS OVERVIEW

Underlying EBIT $ million	HY19	HY18	Change %	% of Group underlying EBIT
Australian Beverages	161.6	176.3	(8.3)	 55.7
New Zealand & Fiji	57.3	49.8	15.1	 19.8
Indonesia & Papua New Guinea	52.2	50.6	3.2	 18.0
Alcohol & Coffee	24.8	22.5	10.2	 8.6
Corporate & Services	(6.0)	2.2	N/M	 (2.1)
Total	289.9	301.4	(3.8)	

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AUSTRALIAN BEVERAGES PERFORMANCE

Peter West Australian Beverages Managing Director

AUSTRALIAN BEVERAGES

Pleasing revenue results from the investments being made in our Accelerated Australian Growth Plan. EBIT impacted as expected by container deposit schemes – cycling of prior year $10m credit and Queensland volume impact.

$ million	HY19	HY18	Change
Trading revenue	**1,215.3**	1,221.9	(0.5%)
Revenue per unit case ($)	$8.30	$8.24	0.7%
Volume (million unit cases)	146.4	148.2	(1.2%)
Ongoing EBIT	**161.6**	176.3	(8.3%)
EBIT margin	13.3%	14.4%	(1.1)pts
Ongoing return on capital employed (before lease accounting changes)	31.4%	35.9%	(4.5)pts

COMMENTARY

- Trading revenue per unit case was 0.7% higher comprising:
  - 1.5% increase from container deposit scheme charges
  - (0.4)% net investment in realised price
  - (0.4)% decrease from product/channel mix
- Total volume impacted by the implementation of the Container Refund Scheme in Queensland; total volumes outside Queensland declined by only 0.3 per cent.
- EBIT result was impacted by:
  - HY18 EBIT benefit from $10 million credit due to lower actual redemption rates in the NSW container deposit scheme compared to forecast.
  - additional investment in "Feet On The Street" in the State Immediate Consumption channel.
  - additional costs due to commissioning issues at our Richlands, Queensland distribution centre and manufacturing site. These have now been largely rectified.
  - $4.6m benefit from the introduction of AASB16 lease accounting standard.

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AUSTRALIAN BEVERAGES

Accelerated Growth Plan starting to deliver with volume growth limited by impact of QLD Container Refund Scheme, rate realisation in cola multipack cans and water in grocery and the cessation of low value/margin Peats Ridge in Officeworks.

Volume Composition By Category (million unit cases)

	HY19	HY18	Change
Sparkling			
Cola	73.7	73.8	(0.1%)
Flavours / Adult	22.4	23.5	(4.7%)
Total sparkling	**96.1**	**97.3**	**(1.2%)**
Frozen	**11.7**	**11.3**	**3.5%**
Stills			
Water[1]	25.9	27.5	(5.8%)
Value added dairy / Energy	5.4	4.8	12.5%
Other stills [2]	7.3	7.3	-
Total stills	**38.6**	**39.6**	**(2.5%)**
Total	**146.4**	**148.2**	**(1.2%)**

1. Water volumes include Neverfail
2. "Other Stills" includes juice, tea, kombucha and sports

CATEGORY

Must Win

- Diet & light **colas** achieved mid-single digit volume growth, mostly offsetting a small decrease in Classic Coca-Cola. This was achieved in a period of successful price realisation in grocery as consumers adjust to reduced discounts.
- Underlying volumes in **water** were solid given we ceased sales of the low value/margin brand Peats Ridge in Officeworks in September 2018 (1muc impact) and we experienced a further 6 months of Mount Franklin Everyday Low Pricing, cycling a Hi-Low pricing strategy in Grocery in the prior year.

Double Down

- The double down strategy in **energy and value-added dairy** are yielding strong results with each category growing volumes at double-digit rates and gaining value and volume share.
- Portfolio further enhanced with the launch of Nutriboost in May and Coca-Cola Energy in June.

Stabilise

- **Flavours / Adult** volumes declined during ongoing changes in pricing and ranging strategies by major retailers.

Enter

- Commencement of distribution of Mojo kombucha contributed to a flat result for **Other stills**.

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AUSTRALIAN BEVERAGES

Significant trajectory improvement in volumes in the On-The-Go channel. Value and volume share gains in Convenience & Petroleum with rate realisation achieved in Grocery.

Volume Composition By Channel (million unit cases)

	HY19	HY18	Change
Grocery, convenience & petroleum	**86.5**	88.2	**(1.9%)**
On-the-go(1)	**59.9**	60.0	**(0.2%)**
Total	**146.4**	148.2	**(1.2%)**

1. On-The-Go includes: national and state operational accounts, RECA and licensed.

CHANNEL

Grocery

- Successful rate realisation achieved in cola multipack cans and water with volume impact in the short term as consumers adjust to new pricing.
- 1 million unit cases impact from cessation of sales of low value/margin Peats Ridge water through Officeworks in October 2018.

Convenience & Petroleum

- Volume growth driven by the double down strategies in energy and value-added dairy.

On-The-Go

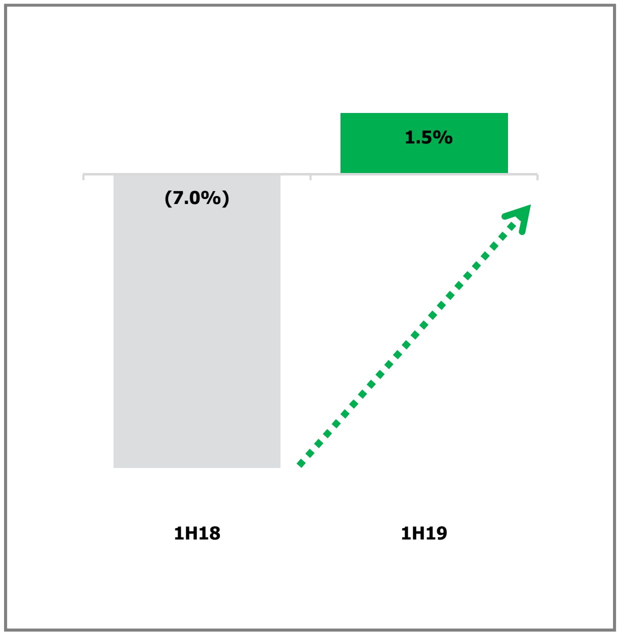
- Significant improvement in volume trajectory
  - **State immediate consumption**: encouraging early signs from the additional investment in "Feet On The Street".
  - **RECA**: Maintained volume momentum from FY18 due to strong focus and targeting with channel specific product launches.
  - **National on premise**: Volume growth driven by additional volumes from Pizza Hut customer win and the Avengers campaign in cinemas.

AUSTRALIAN BEVERAGES

Encouraging results in State Immediate Consumption as additional "Feet On the Street" are rolled out around the country

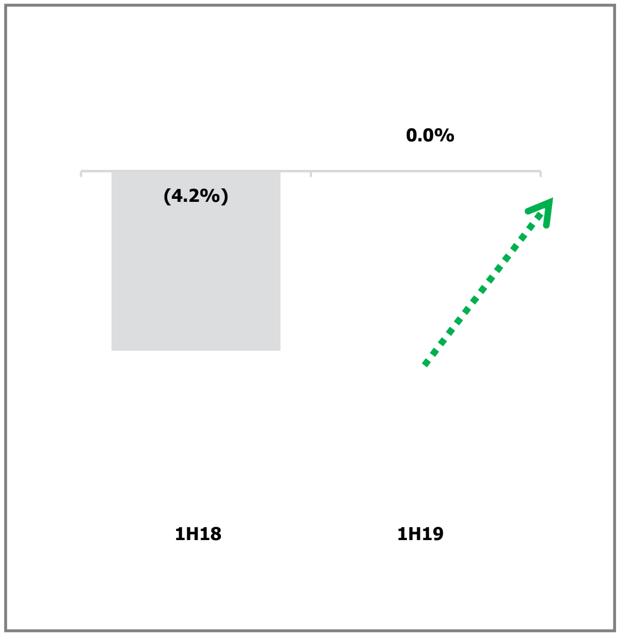
STATE IMMEDIATE CONSUMPTION – SYDNEY

Volume change (%)



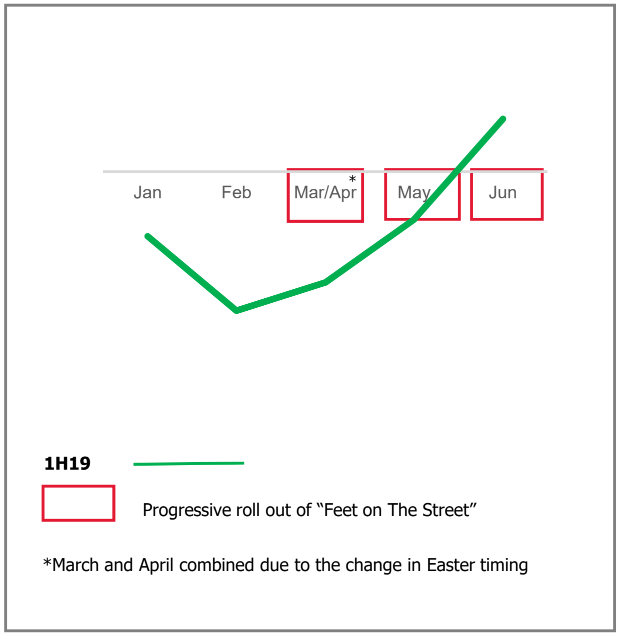
STATE IMMEDIATE CONSUMPTION – ADELAIDE

Volume change (%)



STATE IMMEDIATE CONSUMPTION – All STATES

Monthly yoy volume change (%)



CONTAINER DEPOSIT SCHEME UPDATE

Australian Beverages' volumes have been impacted by the implementation of container deposit schemes in NSW, the ACT and QLD and will continue to be impacted, to a certain extent, by the introduction of schemes in WA in 2020 and TAS in 2022. There has been a larger impact on volumes in QLD than experienced in NSW in 1H18.

1H19 UPDATE

NEW SOUTH WALES

- Commenced 1 December 2017.
- From 5 August 2019 we increased our CDS charge from 10.91 cents (excluding GST) to 11.82 cents (excluding GST), due to rising cost base for the NSW container deposit scheme and as the scheme matures.

AUSTRALIAN CAPITAL TERRITORY

- Commenced 30 June 2018.
- From 5 August 2019 we increased our charge from 10.91 cents (excluding GST) per eligible container to 11.82 cents (excluding GST), due to rising cost base for the ACT container deposit scheme and as the scheme matures.

QUEENSLAND

- Commenced 1 November 2018 with charge set at 10.38 cents (excluding GST) per eligible container.
- From 4 November 2019 the charge per eligible container is planned to increase to 11.82 cents (excluding GST).
- Actively participating in administration of the scheme.
- Volumes decreased 3.8 per cent, whereas National ex-QLD volumes decreased 0.3 per cent in the half.

WESTERN AUSTRALIA

- Targeting implementation in June 2020.

TASMANIA

- Expected to be rolled out by 2022.

VICTORIA

- No announcements of any schemes to date.

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STRATEGY & PROGRESS UPDATES

Peter West Australian Beverages Managing Director

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OUR ACCELERATED AUSTRALIAN GROWTH PLAN

Our refined Accelerated Australian Growth Plan defines our priorities and focus for the medium term

STRATEGY	LEAD		EXECUTE	PARTNER	
AMBITION	• Maintain #1 NARTD position, winning NARTD market value growth • A broad, innovative consumer-centric portfolio and best-in-market execution • Make the "Total Beverages Company" strategy a market reality				
OBJECTIVES	REJUVENATE THE CORE		DOUBLE DOWN IN GROWTH AREAS	CLOSE THE GAP AND CREATE NEW GAPS	
CATEGORY	MUST WIN **Cola Water**	STABILISE **Flavours, Tea, Juice, Sports, Adult**	DOUBLE DOWN **Value-added dairy Energy**	ENTER **Emerging beverages**	
CHANNEL	MUST WIN **Grocery State IC**	STABILISE **National On Premise Direct to Consumer Licensed**	DOUBLE DOWN **Convenience & Petroleum RECA**	ENTER **Online**	
ENABLERS	**Portfolio simplification and innovation**	**Revenue growth management**	**Product and packaging sustainability**	**Overhauled S&OP process**	**Cost optimisation and reinvestment**

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OUR ACCELERATED AUSTRALIAN GROWTH PLAN

Consistent with our strategy, we are planning for revenue and volume momentum in 2H19 to position us for a return to growth from 2020

CATEGORY

Strong focus on winning in our core categories whilst accelerating growth in double down categories and growing emerging categories

- Launch of "Share a Coke" campaign in 2H19
- Stabilisation of Cola volumes as price realisation is embedded in grocery
- Coca Cola Energy & Nutriboost to continue to grow in 2H19
- Comparable Everyday Low Pricing year on year in Mount Franklin multi packs in grocery
- Commencement of the distribution of the Made brands Rokeby Farms and Impressed juice
- Expanded distribution of Mojo Kombucha
- Launch of Powerade Active

CHANNEL

Continue delivering momentum in state immediate consumption and rolling out initiatives in grocery

- Full half year benefit of the "Feet On the Street" initiative in State Immediate Consumption
- Improved retail execution by bringing store merchandising services in-house
- Focus on key selling weeks (eg Footy Finals, Christmas) in grocery

ENABLERS

Our enablers bring our plan to life

- Revenue management: price normalisation of Flavours 24 pack cans
- Implementation of the RGM 2.0 program: launch of a new 20x250ml mini cans multipack format in grocery in NSW
- Reduced EBIT impact from Richlands commissioning
- Improved execution across core processes
- All single serve carbonated PET bottles made from 100% recycled PET with supporting advertising

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BUSINESS PERFORMANCE

Martyn Roberts Group Chief Financial Officer

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NEW ZEALAND & FIJI

The segment had an excellent start to 2019, achieving strong revenue and volume growth and double digit EBIT growth.

$ million	HY19	HY18	Change	Change – Constant Currency[1]
Trading revenue	**303.6**	280.2	8.4%	5.3%
Revenue per unit case ($)	$8.10	$7.87	2.9%	0.0%
Volume (million unit cases)	37.5	35.6	5.3%	5.3%
Ongoing EBIT	**57.3**	49.8	15.1%	11.8%
EBIT margin	18.9%	17.8%	1.1pts	1.1pts
Return on capital employed	31.8%	29.1%	2.7pts	

1. The constant currency basis is determined applying 1H18 foreign exchange rates to 1H19 local currency results

NEW ZEALAND

- Continued momentum from FY18 achieving strong revenue, volume and earnings growth as well as margin improvement.
- Strong performances across sparkling and still beverages.
- Revenue growth delivered in all major channels.

FIJI

- Solid profit growth despite challenging economic conditions.

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INDONESIA & PAPUA NEW GUINEA

The segment delivered strong revenue growth with lower EBIT growth.

$ million	HY19	HY18	Change	Change – Constant Currency[1]
Trading revenue	**581.8**	487.8	19.3%	12.9%
Revenue per unit case ($)	$4.57	$4.23	8.0%	2.4%
Volume (million unit cases)	127.2	115.2	10.4%	10.4%
Ongoing EBIT	**52.2**	50.6	3.2%	0.8%
EBIT margin	9.0%	10.4%	(1.4)pts	(1.0)pts
Return on capital employed	10.3%	11.3%	(1.0)pts	

1. The constant currency basis is determined applying 1H18 foreign exchange rates to 1H19 local currency results

INDONESIA

- Achieved strong volume growth across sparkling, water, and value-added dairy categories together with rate realisation across the portfolio.
- Overall gained volume share in NARTD.
- Volume and value share growth in sparkling driven by effective promotions, outstanding Festive execution, new products and consumer-centric marketing.
- Solid volume growth across all channels, particularly in Traditional Trade with the channel growing double digit.
- EBIT result reflected additional marketing spend with the Coca-Cola Company and unfavourable FX impact on commodities.

PAPUA NEW GUINEA

- Double digit revenue and volume growth driven by sparkling.
- Business operations tracked in line with expectations following successful addressing of operational issues in FY18.

ALCOHOL & COFFEE

Achieved modest revenue growth and continued double digit EBIT growth.

$ million	HY19	HY18	Change	Change – constant currency[1]
Trading revenue	**279.8**	270.0	3.6%	2.7%
Ongoing EBIT	**24.8**	22.5	10.2%	9.8%
EBIT margin	8.9%	8.3%	0.6pts	

1. The constant currency basis is determined applying 1H18 foreign exchange rates to 1H19 local currency results

ALCOHOL

- Revenue and EBIT growth, benefiting from price realisation in spirits & premix.
- New Zealand achieved a strong result, benefitting from the strength of the Beam Suntory Premix & Spirits portfolio.
- Australia, we grew share in bourbon, gin, rum and vodka. Canadian Club along with the spirit brands, Jim Beam White and Makers Mark continued to deliver volume growth.
- Launched Suntory Toki, an exciting innovation from Beam Suntory to drive further growth in whisky.

COFFEE

- Revenue, volume and EBIT growth driven by strong sales in grocery.
- Gained market share in beans and ground coffee.

CORPORATE & SERVICES

Decline in earnings in line with outlook provided in FY18.

$ million	HY19	HY18	Change
Trading revenue[1]	25.9	27.8	(6.8)%
Ongoing EBIT	(6.0)	2.2	

1. Represents revenue mostly from our recycling business in South Australia

SERVICES

- Smaller contribution from the services division due to lower services to Australian Beverages.
- Lower earnings in the property division due to lower rental fees received from Australian Beverages.

CORPORATE

- Investments in Group capabilities and in IT platforms.

INCOME STATEMENT

Statutory NPAT increased 6.3% as a result of lower non-trading items than in the prior year. Ongoing NPAT declined 3.9%, in line with a 3.8% decline in ongoing EBIT.

$ million	HY19	HY18	Change
EBIT - Ongoing[1]	289.9	301.4	(3.8)%
Net finance costs	(34.7)	(36.5)	(4.9)%
Taxation expense	(73.6)	(77.2)	(4.7)%
Non-controlling interests	(8.3)	(7.4)	12.2%
NPAT - Ongoing [1]	**173.3**	180.3	(3.9)%
Profit / (loss) from discontinued operations	6.2	(4.6)	(234.8)%
Non-trading items after income tax	(11.5)	(17.6)	(34.7)%
NPAT	**168.0**	158.1	6.3%

1. Ongoing refers to continuing operations results adjusted to exclude non-trading items

COMMENTARY

- Ongoing[1] NPAT declined 3.9%, in line with a 3.8% decline in ongoing EBIT.
- Decline in **net finance costs** due to an increase in interest income on deposits held in Indonesia and PNG and small benefit from average debt reduction. The introduction of the AASB16 lease accounting standard resulted in additional $7.1 million in net finance costs.
- **Taxation expense** declined in line with reduced ongoing EBIT, with effective tax rate of 28.8%.
- Higher **non-controlling interests** due to increased interest income on deposits held in Indonesia.
- **Non-trading items** were primarily associated with the restructuring programs in Australia.

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CAPITAL EMPLOYED - ONGOING[1]

Working capital improved by $61.0 million.

$ million	HY19	HY18	Variance $M
Working capital	365.7	426.7	(61.0)
Property, plant and equipment (PPE)	1,834.5	1,830.0	4.5
Intangible assets	1,255.6	1,214.5	41.1
Current and deferred tax liabilities (net)	(261.4)	(274.8)	13.4
Derivative non-debt liabilities – related (net)	(33.2)	(8.0)	(25.2)
Other net assets (net)	60.9	8.2	52.7
Capital employed (before lease accounting changes)(2)	**3,222.1**	3,196.6	25.5
Right of use assets (including related deferred tax)	450.0	-	450.0
Capital employed	**3,672.1**	**3,196.6**	**475.5**
Return on capital employed (ROCE) (before lease accounting changes) (2)	**19.3%**	21.3%	(2.0) pts
Return on capital employed (ROCE)	**18.1%**	21.3%	(3.2) pts

1. Ongoing refers to continuing operations results adjusted to exclude non-trading items
2. Lease accounting changes refers to the introduction of AASB16 lease accounting standard.

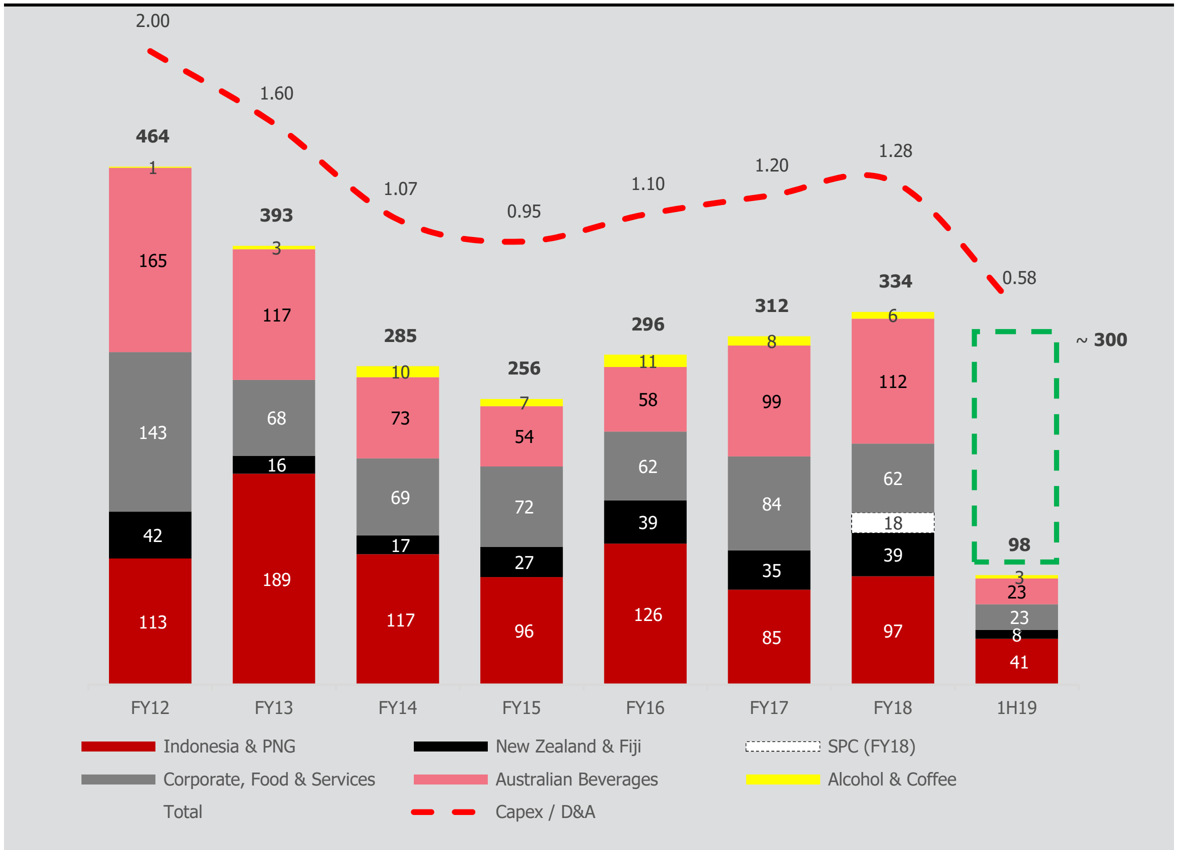
COMMENTARY

- **Working capital** – decreased by $61.0 million, due to improved debtor collections and receivables management in the Australian business and cycling 1H18 impact of extended customer credit in Indonesia during Ramadan.
- **PPE** has remained largely unchanged with asset additions being in line with depreciation, and property disposals in 2H18 being offset by foreign exchange translation impacts.
- The increase in **intangible assets** is mainly due to acquisition of the Rekorderlig Australian distribution rights and foreign exchange translation impacts.
- **Current and deferred tax liabilities (net)** decreased by $13.4 million due to the tax benefit associated with the 2018 SPC impairment.
- **Derivative non-debt liabilities – related (net)** increased by $25.2 million mainly as a result of unrealised losses recognised in equity on resin hedging and realisation of in the money aluminium hedging.
- **Other assets (net)** increased $52.7 million reflecting investments in the Made Group, Amatil X, transfer of Thebarton site assets into assets held for sale and container deposit schemes in NSW and QLD.

CAPITAL EXPENDITURE[1]

Capex was $28.0 million lower than 1H18 due to timing of spend in Australia and New Zealand.

Capex ($ million) and Capex / Depreciation and amortisation (x times)



1. Capex excludes amounts arising due to the lease accounting change being right of use assets and depreciation thereof
2. From FY12 to FY17, SPC Capex is included in Corporate, Food & Services and in FY18 SPC Capex is presented separately.

COMMENTARY

- Group capital expenditure was $28.0 million lower than 1H18 at $98.0 million. Reduction on last year is primarily due to timing of project spend in Australia, and lower half one spend in New Zealand.
- **Australian Beverages:** capex includes spend on equipment at Richlands, solar panel installations at three facilities and investment in technology to support sales and customer service programs and automation.
- **New Zealand & Fiji:** capex includes implementation of a new ERP system in Fiji and the rollout of cold drink equipment across both New Zealand and Fiji.
- **Indonesia & PNG:** Capex spend includes the affordable small sparkling line in Surabaya, operational and production efficiencies in Indonesia. In PNG spend was on construction of a new warehouse in Lae and upgrade of the can line.
- **Corporate and Services:** Capex spend is primarily in relation to cold drink equipment investment in Australia.
- Capital expenditure is weighted to the second half reflecting the timing of projects in Australia, Indonesia and PNG.

FREE CASH FLOW – ONGOING[1]

Strong free cash flow – ongoing[1] (before lease accounting changes)[2] improved by $86.2 million on the prior period.

$ million	HY19	HY18	Change ($M)
EBIT	**284.7**	**301.4**	**(16.7)**
Depreciation and amortisation expenses	136.8	129.1	7.7
Impairment charges	1.2	0.8	0.4
Changes in adjusted working capital	3.3	(43.1)	46.4
Net interest and other finance costs paid	(22.0)	(41.4)	19.4
Income taxes paid	(55.6)	(95.2)	39.6
Movements in other items	(38.9)	(0.2)	(38.7)
Operating cash flows (before lease accounting changes)[2]	**309.5**	**251.4**	**58.1**
Capital expenditure	(98.0)	(126.0)	28.0
Proceeds from sale of non-current assets	3.7	4.0	(0.3)
Payments for additions of other intangible assets	-	(0.4)	0.4
Free cash flows (before lease accounting changes)[2]	**215.2**	**129.0**	**86.2**
Operating cash flows - Ongoing	339.4	251.4	88.0
Free cash flows - Ongoing	245.1	129.0	116.1
Cash realisation (before lease accounting changes)[2]	**96.9%**	**79.3%**	**17.6 pts**
Cash realisation	**96.6%**	**79.3%**	**17.3 pts**

1. Ongoing refers to continuing operations results adjusted to exclude non-trading items.
2. Lease accounting changes refers to the introduction of AASB16 lease accounting standard.

COMMENTARY

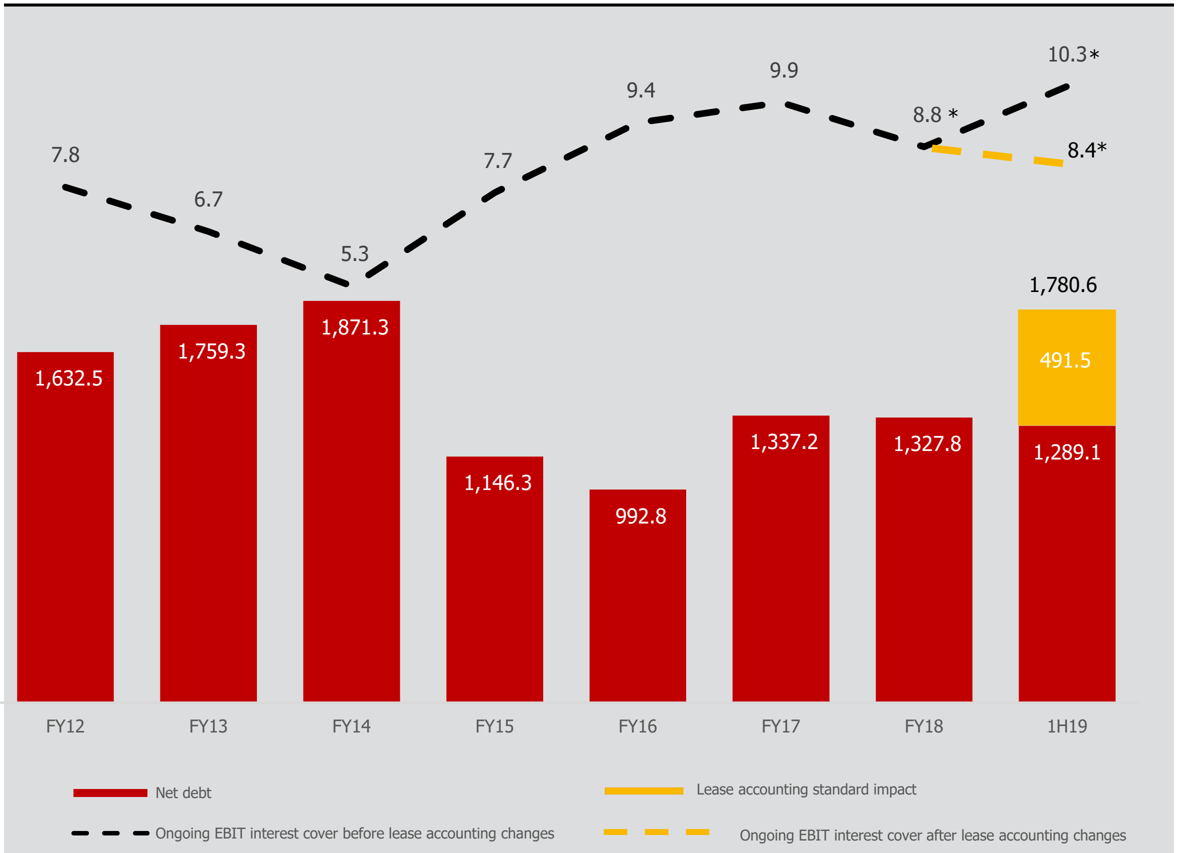
- Ongoing free cash flows (before lease accounting changes) was $215.2 million, an increase of $86.2 million driven by:
  - A decrease in working capital due to Australian Beverages improved debtor collections and receivables management and reduced receivables in Indonesia.
  - Increased interest income received in Indonesia and PNG due to increased interest rates achieved.
  - Reduction in tax payments in Australia due to a lower instalment rate applied by the Australian Taxation Office and a refund received in relation to the 2018 year.
  - Partially offset by the impact of resin prepayments in Indonesia so as to secure advantageous foreign exchange and pricing outcomes.
  - Reduced capital expenditure due to completion of significant projects carried out in 2018, such as the Richlands bottling line and New Zealand automated warehouse projects.
- Ongoing cash realisation (before lease accounting changes) was 96.9%, a 17.6 points increase due to the improvement in operating cash flows.

COCA-COLA AMATIL

NET DEBT AND INTEREST COVER

Net debt reduced by $163.6 million year on year prior to the impact of the new lease accounting standard.

Net debt ($ million) and Ongoing EBIT interest cover (x times)



* Ongoing EBIT and Interest expenses

COMMENTARY

- Net debt increased to $1,780.6 million as a result of the introduction of the new lease accounting standard. Excluding this impact, net debt decreased to $1,289.1 million compared to $1,327.8 million at the end of 2018, reflecting a strong free cash flow result and funds received from the sale of SPC.
- Total available debt facilities at period end were $2.6 billion with average maturity of 5.6 years.
- Substantial proportion of cash assets held for specific purposes or constraints (Indonesia & PNG).
- Ongoing EBIT interest cover increased from 8.3 times in 1H18 to 8.4 times, reflecting inclusion of leasing interest in 1H19 offsetting increased interest income from Indonesia and PNG. Excluding the impact of the introduction of the new lease accounting standard, EBIT interest cover increased to 10.3 times.

COCA-COLA AMATIL

SUSTAINABILITY & OUTLOOK

Alison Watkins Group Managing Director

OUR PROGRESS ON SUSTAINABILITY

Our approach to sustainability will underpin our future performance. In the first half of 2019 we continued to make progress against all of our sustainability goals, including sustainable packaging, sugar reduction and energy consumption.

SUGAR REDUCTION

- Continued **commitment to reducing sugar** across our Australian and New Zealand portfolio by 10% by 2020, with a further 10% reduction across both markets by 2025[1].
- Progress against the target as at 30 June 2019:
  - Australia – 7.0%
  - New Zealand – 4.1%
  - Indonesia – 7.8%

ENERGY CONSUMPTION

- Continued progress towards 60% renewable or low-carbon energy use across our operations.
- One of the SE Asia's **largest** rooftop solar installation underway in Indonesia
- More than **10,000** solar panels with capacity of **3,527 kW** across three sites in Australia – Eastern Creek, Richlands and Kewdale

SUSTAINABLE PACKAGING

- Committed to **Seven out of ten** of our plastic bottles in **Australia** will be made from 100% recycled plastic by the end of 2019
- **Ceased** distributed of **plastic straws** in Australia
- Partnered with Keep Australia Beautiful to **target litter hotspots**
- Maintained our commitment to Fiji based **Mission Pacific**

1. Based on portfolio-wide weighted volume average total sugar content (g/100ml). All targets are for 2020 compared to 1 January 2016 unless otherwise specified.

TVC - SUSTAINABILITY

2019 OUTLOOK

2019 OUTLOOK

The end of 2019 will mark the completion of a two year transition period.

- **Australian Beverages:** is positioned for growth in 2020 with the completion of the additional $10 million of investments in our Accelerated Australian Growth Plan and with container deposit schemes in NSW and QLD substantially embedded by the end of 2019.
- **Indonesia:** we are encouraged by the growth we have achieved from April 2018 and will continue to deliver our Accelerate to Transform strategy with additional marketing expenditure in 2019 as we navigate soft macroeconomic conditions, a weak Indonesian Rupiah and subdued market growth.
- **New Zealand & Fiji, Papua New Guinea and Alcohol & Coffee**: expected to deliver growth in line with our Shareholder Value Proposition.
- **Corporate & Services:** an EBIT loss of approximately $12 million is expected in line with the outlook provided.

NON-TRADING ITEMS

- As part of our cost optimisation programs across the Group, we are expecting one-off costs in 2019 of up to $30 million.
- We are pursuing opportunities to dispose of surplus properties which would result in one-off gains in 2019, partially offsetting the one-off costs.

TARGET FROM 2020 AND BEYOND

- We remain committed to our Shareholder Value Proposition targeting a return to delivery of mid-single digit earnings per share growth from 2020.
- This will depend on the success of revenue growth initiatives in Australia, Indonesian economic factors and regulatory conditions in each of our markets.

2019: CAPEX, DIVIDENDS AND BALANCE SHEET

CAPITAL EXPENDITURE

- 2019 Group capex is expected to be approximately $300 million.

DIVIDENDS

- Continue to target medium term dividend payout ratio of over 80 per cent.
- Amatil dividends are expected to return to being franked in 2021. At that stage, depending on the mix of earnings between Australia and other countries, we expect the level of franking to be above 50 per cent.

BALANCE SHEET

- Balance Sheet to remain conservative with flexibility to fund future growth opportunities.
- Expecting to maintain strong return on capital employed.
- We will seek to maximise value for shareholders by pursuing additional sales of surplus properties.

QUESTIONS & ANSWERS

APPENDIX

IMPACT OF AASB16 LEASING STANDARD

Net debt has increased by $491.5 million and profit for the half has decreased by $1.3 million as a result of adoption of the new standard.

Impact on the Group's **balance sheet** as at transition (1 January 2019) and 28 June 2019 is shown below as increases in the noted items:

Balance sheet $million	28 June 2019	1 January 2019
Right of use assets	432.2	454.1
Lease liabilities	**491.5**	**506.9**
Deferred tax assets	17.8	15.8
Accumulated losses - opening balances	37.0	37.0

Impact on the Group's **income statement** for the 2019 half year:

Income statement (continuing operations) $million	HY19
Operating lease expenses (previous lease accounting)	38.2
Depreciation of right of use assets	(33.0)
EBIT	**5.2**
Net finance costs	(7.1)
Profit before income tax	(1.9)
Income tax expense	0.6
Profit for the half year	**(1.3)**

Impact on the Group's **statement of cash flows**:

Statement of cash flows $million	HY19	HY18
Operating cash flows -		
Operating lease payments	-	(33.6)
Lease payments (interest component)	(7.1)	-
	(7.1)	(33.6)
Financing cash flows -		
Lease payments (principal component)	**(29.9)**	-
Total lease payments	(37.0)	(33.6)

COMMENTARY

- Amatil transitioned to AASB 16 on 1 January 2019, not restating comparatives for practical reasons (as permitted)
- AASB 16 brings majority of leases on balance sheet as a right of use asset (ROU) and corresponding lease liability
- Amatil's leases mainly relate to properties located in Australia and New Zealand
- Adoption of the standard had no significant impact on Amatil's ability to pay or frank dividends, credit ratings or ability to obtain finance or any tax related matters
- The standard increases Amatil's net debt for lease liabilities by $491.5 million as at 28 June 2019.
- The impact on the income statement is an increase in EBIT of $5.2 million and a reduction in NPAT of $1.3 million for the half year.
- Operating cashflow for H119 has been increased by $29.9m due to reclassification of the principal component of lease payments into 'financing' activities.
- Other non-IFRS metrics such as return on capital employed (ROCE) have been impacted and disclosed on a before (comparable) and after lease accounting change basis. This approach will continue for full year reporting and move to the new basis for 2020 and future.

ACCELERATE TO TRANSFORM – FOCUS AREAS

We have five areas of focus in the near term

STRATEGY	LEAD		EXECUTE		PARTNER
AMBITION	• #1 in NARTD value share • Consumer-centric approach • Best-in-class market execution enabled by an optimised route-to-market				
ACTIONS	**A. GROW SPARKLING**	**B. GAIN SHARE IN TEA AND VALUE-ADDED DAIRY**	**C. STABILISE JUICE**	**C. MAINTAIN WATER AND ISOTONIC**	**D. OPTIMISE DISTRIBUTION**
	Drive sparkling relevance and consumption by providing a strong reason to consume	Scale to #2 Tea share and establish as a sizeable value-added dairy player	Stabilise Minute Maid Pulpy and investigate long term options	Maintain position for future growth	Optimise RTM network with further refined Retail and Wholesaler roles
BRANDS					
INITIATIVES	• Drive recruitment through 250mL ASSP pack • Activate based on consumer and community occasions • Product innovation	• Innovate in Tea • Enter 'Original' Tea at scale with new brand • Build Nutriboost brand credentials	• Enhance the sensorial and refreshment value proposition • Investigate long term options	• Maintain existing brand building initiatives • Explore longer term options e.g. functional benefit	• Segmented execution • Differentiated service standards based on VPO • Refine CVP through trialing programs • Wholesaler partnerships to complement Retail

OUR GROUP STRATEGY HAS THREE DISTINCT ELEMENTS

PERFORM

Primary focus

LEAD | EXECUTE | PERFORM

GROW

Greater focus

- GROWTH WITHIN
- GROWTH BETWEEN
- GROWTH BEYOND

STRONG ORGANISATION

Ongoing focus

- FIT FOR PURPOSE
- LEADERSHIP
- REPUTATION AND TRUST

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