COCA-COLA AMATIL

16 December 2014

Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

Further to Coca-Cola Amatil Limited's ASX announcement earlier today in relation to the proposed investment by TCCC into CCAI, we now attach a Notice of Meeting and Explanatory Memorandum which will be sent to shareholders in the coming weeks.

The document can also be accessed from today on Coca-Cola Amatil Limited's website at www.ccamatil.com.

Yours faithfully

George Forster
Group General Counsel and Company Secretary

COCA-COLA AMATIL

COCA-COLA AMATIL LIMITED
ABN 26 004 139 397

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

The General Meeting is to be held at Northside Conference Centre, Cnr Oxley St & Pole Ln, Crows Nest NSW 2065 on 17 February 2015 at 2.00pm (Sydney time).

THE INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND THAT NON-ASSOCIATED SHAREHOLDERS VOTE IN FAVOUR OF THE PROPOSED INVESTMENT.

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE PROPOSED INVESTMENT IS FAIR AND REASONABLE TO NON-ASSOCIATED SHAREHOLDERS.

This is an important document and requires your immediate attention. You should read the whole of this document before you decide whether and how to vote on the Resolution in the Notice of Meeting. If you are in doubt as to what you should do, please consult your financial or other professional adviser.

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KEY DATES

DATE OF THIS DOCUMENT	**16 DECEMBER 2014**
PROXY FORM TO BE RECEIVED NO LATER THAN	**2.00PM, 15 FEBRUARY 2015**
GENERAL MEETING OF SHAREHOLDERS AT NORTHSIDE CONFERENCE CENTRE, CNR OXLEY ST & POLE LN, CROWS NEST NSW 2065	**2.00PM, 17 FEBRUARY 2015**

CCA SHAREHOLDER INFORMATION LINE

The CCA Shareholder Information Line may be contacted on 1300 666 437 (from within Australia) or +61 1300 666 437 (from outside Australia) Monday to Friday between 8.30am and 5.30pm (AEST). Please note that the CCA Shareholder Information Line will not be open on the following dates: Thursday 25 December, Friday 26 December and Thursday 1 January.

DISCLAIMER AND IMPORTANT NOTICES

Important

This Notice of Meeting and Explanatory Memorandum is an important document. You should read it in its entirety before deciding how to vote on the Resolution. If you have any doubt regarding what you should do, you should consult your investment, financial or other professional adviser.

Forward looking statements

Certain statements in the Explanatory Memorandum relate to the future. These statements reflect views only as of the date of the Explanatory Memorandum. While CCA believes that the expectations reflected in the forward looking statements are reasonable, neither CCA nor any other person gives any representation, assurance or guarantee that the occurrence of an event expressed or implied in any forward looking statements in the Explanatory Memorandum will actually occur.

Responsibility for information

The information contained in the Explanatory Memorandum (except for references to the Independent Expert's Report and section 3 of the Explanatory Memorandum) has been prepared by CCA and is the responsibility of CCA. Neither TCCC nor any of its related bodies corporate assumes any responsibility for the accuracy or completeness of that information.

Deloitte Corporate Finance Pty Ltd has prepared the Independent Expert's Report and has consented to the report accompanying the Explanatory Memorandum. Deloitte Corporate Finance Pty Ltd takes responsibility for that report, and for references to that report in the Explanatory Memorandum, to the extent that the information is used to evaluate the Proposed Investment by Non-associated Shareholders. Deloitte is not responsible if the information is used by any other person for any other purpose, nor is Deloitte responsible for any other information contained within the Explanatory Memorandum. Shareholders are encouraged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

TCCC has provided and is responsible for the information contained in section 3 of the Explanatory Memorandum. Neither CCA nor any of its related bodies corporate assumes any responsibility for the accuracy or completeness of that information.

Neither TCCC nor any of its bodies corporate assumes any responsibility for the accuracy or completeness of any information prepared by CCA or the Independent Expert.

CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the Board, I am delighted to invite you to attend a General Meeting of Coca-Cola Amatil Limited (**CCA**) Shareholders to be held in Sydney on 17 February 2015 (**General Meeting**). The purpose of this meeting is to give Shareholders an opportunity to discuss and vote on the proposal for The Coca-Cola Company (**TCCC**) to invest via an indirect wholly owned subsidiary in new shares in CCA's Indonesian business, known as PT Coca-Cola Bottling Indonesia (**CCAI**) (the **Proposed Investment**), which was announced on 30 October 2014.

This document explains the rationale for the Proposed Investment and sets out all other information relevant to the consideration of the Proposed Investment. In order for the Proposed Investment to proceed, it must be approved by an ordinary resolution of Shareholders at the General Meeting, with TCCC and its associates being excluded from voting.

The Independent Directors have considered the Proposed Investment (and alternatives) at length and unanimously recommend Shareholders vote in favour of the Proposed Investment. The Independent Expert, Deloitte Corporate Finance Pty Ltd, has concluded that the Proposed Investment is fair and reasonable to all Non-associated Shareholders.

CCA currently owns 100% of CCAI, one of the leading participants in the Indonesian non-alcoholic ready-to-drink market. Indonesia has a population of more than 240 million and a fast-growing emerging middle class, making it one of the largest and most dynamic consumer markets in the world. In recent years the operating environment for CCAI has become more challenging, due to increased competitor activity, a depreciating local currency, and changing consumer dynamics. Following completion of CCA's strategic review in October 2014, management confirmed that Indonesia remains a key growth market for CCA. However, CCAI required a number of capital investment initiatives to be undertaken to secure a leading market share, strong profitability and returns on capital.

The Proposed Investment comprises a US$500 million capital contribution by a wholly-owned subsidiary of TCCC into CCAI in return for new CCAI shares. This will give TCCC an ordinary equity ownership of 29.4% of the expanded share base. The investment will facilitate the acceleration of CCAI's investment in infrastructure and capability in Indonesia to deliver market leadership and returns above CCA's cost of capital. It will allow the business to broaden its product offering and increase availability, thereby broadening its customer base.

The Independent Directors believe the Proposed Investment is in Shareholders' interests. Indonesia remains a highly attractive market with significant growth potential for CCA. In order to position the business to capitalise on this growth opportunity, a significant amount of capital is required to be invested in the near term. Funding this growth solely using CCA Group's balance sheet would potentially deteriorate the risk profile of the company as a result of increased borrowings and a reduction in the proportion of investment directed to our existing developed market businesses. The Proposed Investment provides the opportunity for CCA to retain control and a majority equity interest in CCAI, while also pursuing a Plan to achieve aligned Growth and Return Objectives, without compromising CCA's strong financial position, and risk profile. It will also conserve capital to support a continuation of CCA's current dividend policy. These outcomes will be achieved through an investment which is based on a fair valuation for Indonesia and in a manner which aligns more closely than ever before, the aspiration and objectives of CCA and TCCC in Indonesia.

TCCC and CCA have also agreed to implement an aligned system economics arrangement upon Completion. This long-term alignment around concentrate pricing is intended to facilitate achievement of the agreed Growth and Return Objectives.

There are also a number of inherent risks in pursuing an accelerated growth strategy in an emerging market that Shareholders should consider. These include that the expected growth and advantages of the Proposed Investment may not materialise.

The implementation of the Growth and Return Objectives, Plan and aligned system economics arrangement also depends upon completion of the Proposed Investment.

After thorough consideration of the advantages, disadvantages and risks of the Proposed Investment against the alternatives for CCA, the Independent Directors, together with CCA management, firmly believe the Proposed Investment is in the best interests of Shareholders. As such, the Independent Directors unanimously recommend that you vote in favour of the Proposed Investment.

I look forward to seeing you at the General Meeting on 17 February 2015.

David Gonski AC
Chairman

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Coca-Cola Amatil Limited will be held at the Northside Conference Centre, Cnr Oxley St & Pole Ln, Crows Nest NSW 2065 on 17 February 2015 at 2.00pm (Sydney time) for the purpose of conducting the business set out in this Notice.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"For the purposes of ASX Listing Rule 10.1 and for all other purposes, approval is given for the disposal by way of a share issue by PT Coca-Cola Bottling Indonesia (an indirect wholly-owned subsidiary of Coca-Cola Amatil Limited) to Coca-Cola Beverages Asia Holdings S.àr.l. (an indirect wholly owned subsidiary of The Coca-Cola Company) of a 29.4% ownership interest in PT Coca-Cola Bottling Indonesia on the terms described in the Explanatory Memorandum set out in the Notice of Meeting."

Voting exclusion statement:

CCA will disregard any votes cast on the Resolution by The Coca-Cola Company and any associate of The Coca-Cola Company.

However, CCA need not disregard a vote if:

(a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated 16 December 2014

By order of the Board
George Forster
Group General Counsel and Company Secretary
Level 14, 40 Mount Street
North Sydney NSW 2060

NOTES

(a) Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that for the purpose of the Meeting all shares in CCA shall be taken to be held by the persons who were registered as shareholders at 7.00pm (Sydney time) on 15 February 2015.

(b) A member entitled to attend and vote is entitled to vote directly (see note below) or appoint a proxy;

- a proxy need not be a member;
- a member entitled to cast 2 or more votes may appoint 2 proxies;
- where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes.

(c) You may lodge your direct vote or proxy appointment online at www.linkmarketservices.com.au or it may be returned in the enclosed reply-paid envelope to CCA's Share Registrar, Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 or by fax on (02) 9287 0309.

(d) To be effective, your direct vote or proxy appointment must be received by CCA by 2.00pm on 15 February 2015.

(e) The Chairman of the meeting intends to vote undirected proxies in favour of the resolution set out in this Notice to the extent permitted by law.

(f) If you have any questions about the Resolution, attending the General Meeting, how to vote on the Resolution or completing proxy forms or voting forms, please contact the CCA Information Line on 1300 666 437 (within Australia) or +61 1300 666 437 (outside Australia) between 8.30am and 5.30pm or consult your financial or other professional adviser.

DIRECT VOTING

Shareholders are able to vote on the Resolution directly by marking **Section A** of the Shareholder Voting Form.

If you mark **Section A** you are voting your shares directly and do not appoint a third party, such as a proxy, to act on your behalf. Shareholders who wish to vote their shares directly should mark either the "for" or "against" box next to the item on the Shareholder Voting Form. Do not mark the "abstain" box.

If no direction is given on all of the items, or if you complete both Section A and Section B, your vote may be passed to the Chairman of the meeting as your proxy. If you mark the "abstain" box for an item, no vote will be recorded for that item.

EXPLANATORY MEMORANDUM

1. OVERVIEW

1.1 Background to the Proposed Investment

During 2014, CCA commenced a comprehensive strategic review of its operations in response to a challenging market environment across the CCA Group with the objective of restoring CCA to sustainable earnings growth. In relation to Indonesia, CCA's second largest market by volume after Australia, CCA management and the CCA Board are committed to addressing the structural headwinds facing the business and developing a strategy to return the business to long-term profitable growth.

On 30 October 2014, CCA announced the execution of a Heads of Agreement with TCCC to invest in CCAI and accelerate CCAI's growth strategy.

1.2 Summary of the Proposed Investment

To accelerate CCAI's growth strategy, TCCC (via its indirect wholly owned subsidiary, Coca-Cola Beverages Asia Holdings S.ar.l or **CCBAH**) has agreed to subscribe for a 29.4% equity ownership interest in CCAI for US$500 million (the **Proposed Investment**).

The Proposed Investment comprises the investment by TCCC of US$500 million into CCAI to achieve a coordinated Plan based on agreed Growth and Return Objectives for CCAI.

CCA and TCCC have agreed to implement an aligned long-term system economics arrangement in Indonesia upon Completion.

TCCC's Investment in CCAI

Under the Proposed Investment, TCCC will invest US$500 million into CCAI in return for new ordinary shares equivalent to an equity ownership interest of 29.4%. This will dilute CCA's equity ownership of CCAI to 70.6%.

The cash proceeds from the investment in CCAI will be used to implement a Plan that has been designed to achieve a set of Growth and Return Objectives agreed between CCA and TCCC, as described below.

As part of the Proposed Investment, CCA and CCBAH will enter into a Shareholders Agreement which will govern the rights and obligations of the shareholders of CCAI. The Shareholders Agreement is described in more detail in section 5.2 below.

Growth and Return Objectives and Plan

The Growth and Return Objectives and Plan have been developed to deliver long term, sustainable and profitable market leadership for CCAI.

(a) The set of objectives (the **Growth and Return Objectives**) are:

- Long-term market leadership, defined as:
  - targeting a strong market position (by value and volume) in sparkling beverages;
  - targeting a market leadership position (by value) in non-alcoholic ready to drink beverages; and
  - targeting above market volume growth for the next 10 years.
- Economic returns, defined as:
  - providing economic returns to shareholders (measured as post-tax Return on Capital Employed) that exceeds post-tax WACC (to be calculated on a dynamic basis) for CCAI by 2020; and
  - ensuring sufficient profitability for shareholder returns, with the Plan providing for progressively higher EBIT margins to reach an agreed target of 10% by 2023 and for cost growth to be less than inflation.

These Growth and Return Objectives will be supported by a number of enablers, including:

- investing in capacity to sustain growth;
- driving effective and efficient route-to-market execution;
- driving cost competitiveness;
- aiming for an agile organisational responsiveness to changing market;
- building distinctive capabilities for segmented execution and cost efficiency;
- investing in brand/customer equity; and
- achieving unsurpassed availability in the modern and traditional trade with solid on-shelf presence and cold drink penetration.

(b) A long-term strategic Plan for CCAI has been developed to achieve the Growth and Return Objectives (the **Plan**). This Plan will be updated annually and is required to be unanimously agreed by the shareholders (via the CCAI Board of Commissioners). Furthermore, CCAI will prepare a detailed Annual Implementation Plan for the first year of each relevant Plan, a related capital investment schedule and a set of metrics for shareholders of CCAI to evaluate progress.

The Growth and Return Objectives and Plan provide for accelerated expansion of CCAI's production (including new manufacturing lines and production sites), warehousing and cold drink infrastructure to ensure long-term growth and success in the Indonesian market. This investment will enable the business to broaden its product offering, and develop new consumption occasions. CCAI will also transform its route-to-market model to increase availability to the traditional trade and broaden its customer base. The equity injection is expected to fully fund the required capital investment in CCAI for the next 3-4 years.

1.3 Subscription Agreement and Shareholders Agreement

A Subscription Agreement and Shareholders Agreement have been executed to effect the Proposed Investment. The Proposed Investment is subject to the approval of the Resolution by Shareholders at the General Meeting and certain other conditions precedent described in section 5.1 of this Explanatory Memorandum. The Subscription Agreement and Shareholders Agreement are summarised in sections 5.1 and 5.2 of this Explanatory Memorandum.

1.4 System economics arrangement

TCCC and CCA have also agreed to implement an aligned system economics arrangement upon Completion. This long-term alignment around concentrate pricing is intended to facilitate achievement of the agreed Growth and Return Objectives.

The system is the aggregation of the respective businesses of CCA and TCCC which relate to the Indonesian market.

1.5 Alternatives to the Proposed Investment

In evaluating the Proposed Investment, the Independent Directors considered at length the merits of potential alternatives that were available to CCA in relation to CCAI. These alternatives included:

(a) Pursuing an alternative, slower growth plan funded using CCA Group's balance sheet

This option would involve lower levels of investment in order to minimise the burden on CCA's financial position. As a result, growth under this alternative would be lower and CCA would have greater exposure to the risk of becoming less relevant in the high growth Indonesian market. CCA would however, retain an undiluted 100% equity ownership of CCAI.

(b) Sale of CCAI

A sale of CCAI would result in CCA dispensing with the opportunity to participate in the high growth Indonesian market. While this alternative would improve CCA Group's risk profile by reducing the company's exposure to emerging markets, it would also result in a significant diminution of the growth potential for the CCA Group.

(c) Debt raising to fund accelerated growth strategy

Raising debt in order to fund an accelerated growth strategy would enable CCA to retain an undiluted 100% equity ownership of CCAI. The increase in debt (and consequent increase in gearing ratio) however, would increase CCA Group's financial risk, potentially impact its credit rating and could reduce the level of dividends available for distribution to CCA Shareholders.

(d) CCA Group equity raising to fund accelerated growth strategy

Funding an accelerated growth strategy in Indonesia via a CCA Group equity raising would enable CCA to retain an undiluted 100% equity ownership of CCAI. If current CCA shareholders do not participate in the equity raising however, it would result in a decrease in their percentage ownership of CCA. In addition, earnings per share would diluted as a result of the increase in shares.

(e) Partial equity sale

A partial equity sale to a third party could have enabled CCAI to receive funding for an accelerated growth strategy while also retaining a majority equity ownership stake in the business. A partial sale to a non-TCCC third party however, would not have delivered the benefits of greater alignment with TCCC.

1.6 Recommendations of the Independent Directors

The Independent Directors considered the Proposed Investment and have concluded that it is in the best interests of Non-associated Shareholders. Mr Martin Jansen and Mr Krishnakumar Thirumalai, who are the Directors currently nominated by TCCC, were not present and did not participate in the voting when the Proposed Investment was considered by the Independent Directors of the Board.

In addition, each Director will vote (or procure the voting of) all CCA shares held or controlled by him or her in favour of the Proposed Investment.

1.7 Overview of CCA Indonesia

CCA Indonesia is a leading manufacturer and distributor of non-alcoholic ready to drink beverages and has been operating in Indonesia since 1991. It is authorised by TCCC (or its affiliates) to manufacture and distribute the trademarked products of TCCC. Currently, CCAI manufactures over 10 brands across sparkling soft drinks (SSDs), juices, teas, isotonic drinks, water and dairy in more than 100 packaging formats and sizes. CCAI employs over 7,000 Indonesian nationals on a permanent basis and over 3,500 temporary staff members.

CCAI is a fully owned subsidiary of CCA. CCA's head office is located in Sydney, Australia.

Brands and products

CCAI currently produces and markets over 10 brands across 6 non-alcoholic ready to drink beverage categories as illustrated in figure 1 below.

Figure 1: Brands manufactured and distributed by CCAI by category

Category	Brands			
SSDs	Coca-Cola	Sprite	Fanta	Coca-Cola zero
	Diet Coke	A&W	Schweppes	
Tea	frestea			
Juice and dairy	Minute Maid Pulpy			
Isotonic	AQUARIUS			
Water	Ades			

Sales and operations

Branded beverages manufactured and distributed by CCAI are market leaders by volume and/or value in SSDs and premium fruit juices. These brands also have a strong market presence in the ready to drink tea category, as well as offerings in the water and isotonic drinks categories.

CCAI has achieved success through the traditional market (direct distribution, wholesalers and third-parties) and also the modern trade (hypermarkets, supermarkets and mini-marts). CCAI's national salesforce consists of approximately 4,000 individuals and reaches almost 1.6 million customers both directly and indirectly. CCAI also operates one of the largest distribution systems in Indonesia, with over 1,300 delivery trucks operating from over 80 distribution centres nationwide.

CCAI products are sold in the majority of Indonesia's approximately 2 million beverage outlets. Approximately 300,000 CCAI owned coolers are currently placed in the market.

Production activity

Figure 2: CCAI bottling plant locations

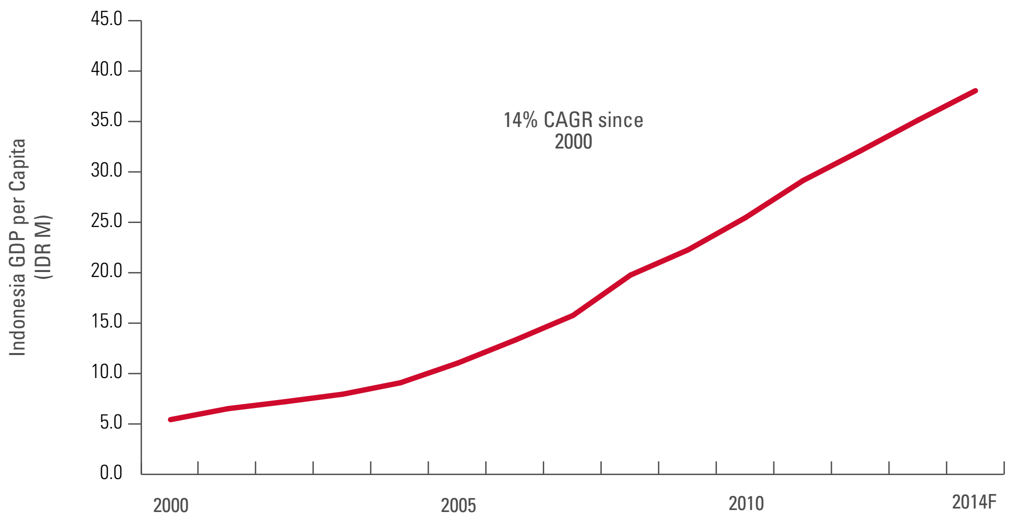
9 CCAI bottling plant locations: Bekasi, Cikedokan, Bandung, Semarang, Surabaya, Denpasar, Medan, Padang and Lampung.

CCAI currently owns and operates 38 production lines across 9 manufacturing plants across Indonesia, in: Bekasi, Cikedokan, Bandung, Semarang, Surabaya, Denpasar, Medan, Padang, and Lampung. These production lines currently have a capacity of approximately 1.6 billion litres of beverages per annum. For sourcing raw materials, services and non-product related items, CCAI has over 2,500 suppliers within its supply chain.

Commercial beverage market growth trends in Indonesia

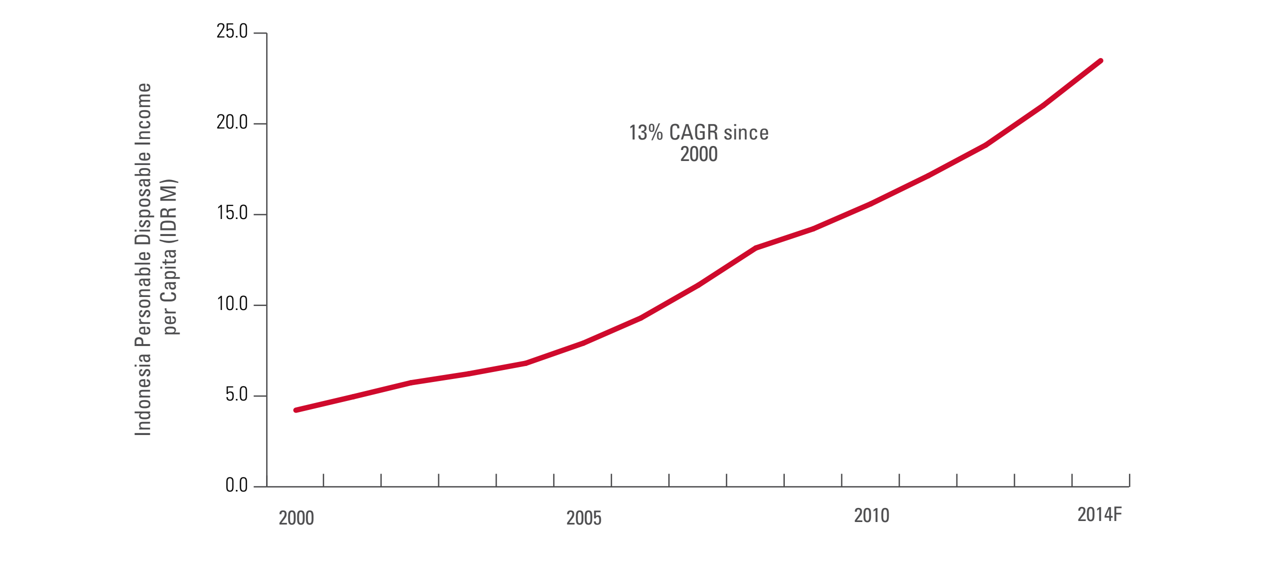
The commercial beverage market in Indonesia has experienced significant growth since the early 2000s, supported by strong macroeconomic fundamentals including a rapid increase in GDP per capita, material growth in disposable income and substantial growth of the middle class.

Figure 3: Indonesia GDP per Capita since 2000



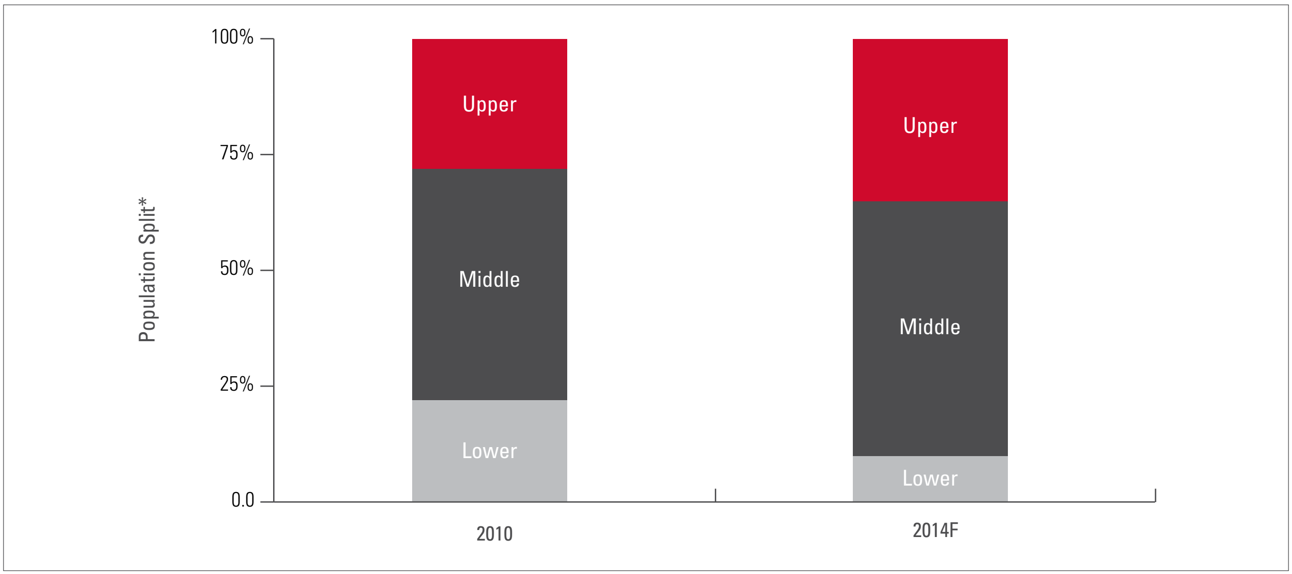
Source: Economist Intelligence Unit

Figure 4: Indonesia Personal Disposable Income per Capita since 2000



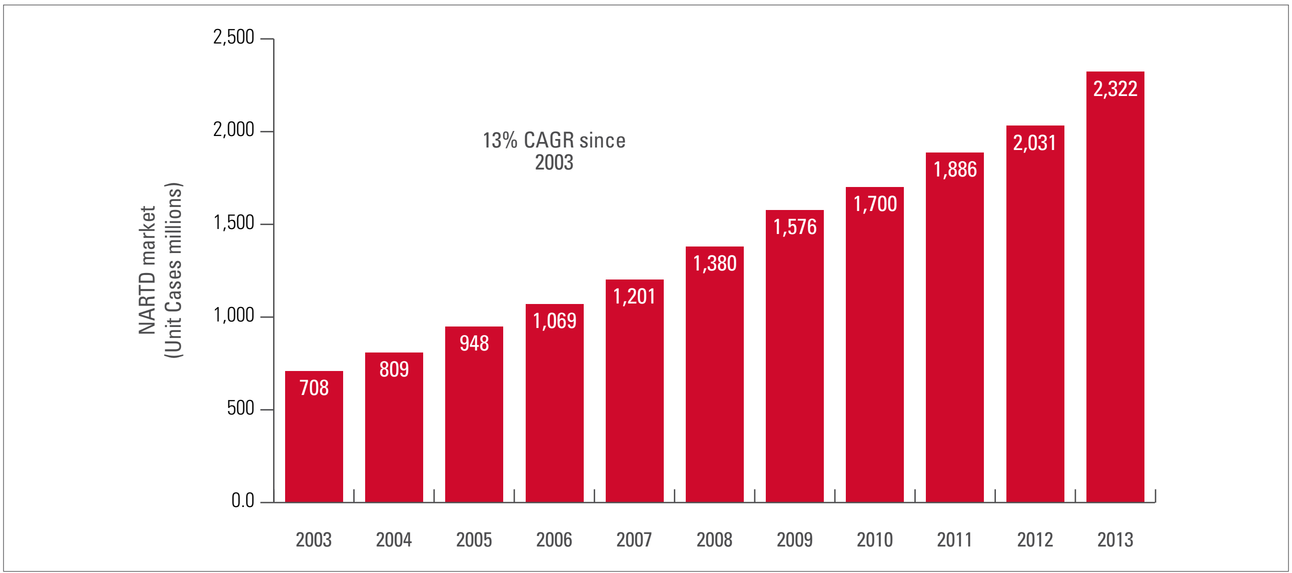
Source: Economist Intelligence Unit

Figure 5: Indonesian Population Split by Household Expenditure



Source: AC Nielsen (*population split by Household expenditure measured over 11 key cities)

Figure 6: Non-Alcoholic Ready To Drink Beverage Market since 2003 (millions of unit cases)



Source: TCCS, Nielsen Retail Audit

Since 2003, all commercial beverage categories in the Indonesian market have grown substantially. Water has historically been (and currently remains) the largest commercial beverage category in Indonesia by volume, with approximately 63% share in 2013. While the water category was a significant driver of the historical growth in the commercial beverage market, growth in that category has slowed in recent years with an 8% volume CAGR from 2011-2013. This has been offset by strong growth in other categories. The SSD category, while comprising a significantly smaller share relative to water, has seen rapid growth over the last 2 years with a 21% volume CAGR from 2011-2013.

Growth trends and market share of each commercial beverage category are set out in Table 1 below.

Table 1: Indonesia commercial beverage market composition and category growth rates

Category	% of market by volume (2013)	CAGR 2011-2013
Dairy	5%	13%
Isotonic	4%	8%
Juice	8%	16%
Tea	14%	20%
Water	63%	8%
Sparkling	6%	21%
Total	**100%**	**11%**

Source: TCCS, Nielsen, Kontan, Data Consult

Competitive position

Over the past decade, the significant growth potential of the Indonesian beverage market has attracted many new players across each of the key categories. Over the last 2 years in particular, new entrants have made material inroads into market share as growth in a number of categories has accelerated.

Between 2003 and 2013, CCAI's average volume share in SSDs and tea fell from 90% (of a smaller and lower growth market) to 65% and 9% to 8% respectively. CCAI's average volume shares in the juice and isotonic categories however, have increased from nil to 14% and 2% respectively.

CCAI remains the market leader in SSDs. CCAI's half-year trading performance to June 2014 also demonstrated a reversal of the recent decline, with CCAI regaining over 5 volume share points in SSDs over the period according to AC Nielsen data.

Operational and financial performance

Table 2: CCAI historical operational /and financial performance:

December year-end	Unit	2011	2012	2013	1H 2014
Volume	Unit cases (millions)	130.7	145.2	160.1	87.8
Volume growth	%	6.4%	11.1%	10.3%	21.9%
Trading Revenue	**IDR billions**	**5,864.3**	**6,824.2**	**7,351.0**	**3,674.4**
Revenue growth	%	11.8%	16.4%	7.7%	7.8%
Cost Of Goods Sold	IDR billions	(3,739.4)	(4,304.8)	(4,803.4)	(2,644.0)
Operating Expenditure	IDR billions	(1,544.8)	(1,733.1)	(1,756.8)	(1,017.7)
EBIT	**IDR billions**	**580.1**	**786.3**	**790.8**	**12.7**
EBIT margin	%	9.9%	11.5%	10.8%	0.3%
Depreciation & amortisation	IDR billions	352.0	420.7	439.8	278.3
EBITDA	**IDR billions**	**932.1**	**1,207.0**	**1,230.6**	**291.0**
EBITDA margin	%	15.9%	17.7%	16.7%	7.9%

CCAI expects to invest approximately US$140 million (A$170 million) per annum over the next 3 years. Investments have been, and will continue to be, largely directed towards infrastructure, capacity building and increased support for retailers through cold drink equipment.

2. BENEFITS AND RISKS OF THE PROPOSED INVESTMENT

2.1 Benefits of the Proposed Investment

The Independent Directors believe the Proposed Investment is in the best interests of Non-associated Shareholders and unanimously recommend that Non-associated Shareholders vote in favour of the Proposed Investment.

The rationale for the Independent Directors' recommendation is as follows:

(a) The Proposed Investment supports an accelerated growth Plan in Indonesia, which remains a highly attractive strategic growth market for CCA

The Indonesian non-alcoholic ready to drink beverage market represents an attractive long term growth opportunity for CCA. Indonesia has a population of over 240 million and is expected to continue to exhibit strong economic growth and corresponding strong growth in CCAI's target consumer demographics.

Over the last twelve to eighteen months, CCAI's financial performance has materially weakened due to the impact of new and aggressive competitors in the consumer beverage market, as well as a weaker Indonesian Rupiah. This new competitive landscape has emerged as a direct result of improving consumer dynamics, including a continued rise in consumer income levels and a corresponding increase in commercial beverage consumption. In order for CCAI to adapt to and effectively compete and take advantage of the attractive opportunity that this market presents, it needs to be well-capitalised to invest in an accelerated growth strategy. The accelerated growth Plan was developed to address these challenges with the objective of delivering non-alcoholic ready to drink beverage market leadership and returns above cost of capital over the medium term.

CCA and TCCC have identified a range of initiatives that will address these challenges by focusing CCAI's strategy on winning in the market. These include:

- improving product availability across different channels;
- building brand/customer relationship strength in order to develop increased frequency consumption across the portfolio; and
- building channel relevance through a multi-category portfolio.

By implementing the Proposed Investment, CCAI will be provided with funding to execute an accelerated growth Plan with the objective of reasserting CCAI's market leadership and significantly improving its margins and return on capital. The US$500 million investment is expected to provide sufficient funding for CCAI to deliver on its capital expenditure plans over the next 3-4 years without any funding from CCA

(b) The implied valuation is an attractive and fair valuation that reflects the long term growth prospects and the strategic value for this platform in this market

Under the agreed terms of the Proposed Investment, the investment of US$500 million provides CCBAH with a 29.4% ownership interest in CCAI. This ownership stake implies a pre-investment CCAI enterprise value of US$1.38 billion (A$1.7 billion), assuming US$180 million (A$218 million) net debt in CCAI. It also implies a pre-investment equity valuation of US$1.2 billion (A$1.5 billion). Following CCBAH's US$500 million investment in new ordinary equity in CCAI, the implied equity valuation is US$1.7 billion. The table below illustrates the pre and post-investment valuations.

Table 3: CCAI Equity Values implied by the Proposed Investment

Based on US$500 million invested for new shares equivalent to 29.4% of CCAI

Pre-Proposed Investment	**US$m**	**%**	**Post-Proposed Investment**	**US$m**	**%**
Equity Value[1]	1,200	100%	Equity Value	1,700	100%
CCBAH share of Equity Value	–	0%	CCBAH share of Equity Value	500	29.4%
CCA share of Equity Value	1,200	100%	CCA share of Equity Value	1,200	70.6%

Note 1: based on assumed amount of net debt of US$180 million.

CCA and its advisers considered a range of valuation methodologies for CCAI, including discounted cash flow analysis and comparable multiples, in arriving at the final implied valuation. The Independent Directors believe that the valuation implied by the Proposed Investment is an attractive and fair valuation that appropriately reflects the long-term growth prospects and strategic value of CCAI.

(c) The Proposed Investment in CCAI will more closely align the interests of TCCC and CCA which may deliver better long term financial outcomes for CCA

The Proposed Investment will result in TCCC indirectly holding a 29.4% ownership interest in CCAI in addition to its existing 29.2% ownership interest in CCA. The Independent Directors believe this will drive greater alignment of interests between TCCC and CCA. Further, CCA and TCCC have agreed to pursue an aligned set of Growth and Return Objectives for CCAI, including the achievement of acceptable returns on capital and market leadership.

(d) The accelerated growth Plan supported by the Proposed Investment includes agreed long-term market share and profitability objectives for CCAI

As outlined in section 1.1, the Proposed Investment is intended to support the execution of a detailed Plan for CCAI. Under the agreed Plan, CCAI has committed to a detailed set of financial targets in addition to the primary Growth and Return Objectives as set out in Table 4 below.

Table 4: Growth and Return Objectives and Plan Metrics

	Growth Objectives	**Plan Metrics**
Long-Term Market Leadership	• Obtain and maintain a leading market position by achieving above market growth	• Target strong market position (by value and volume) in sparkling beverages • Target market leadership position (by value) in non-alcoholic ready to drink beverages • Target annual growth in excess of market growth rates for the next 10 years
Economic Returns	• Provide economic returns to shareholders that exceed the cost of capital of CCAI	• CCAI return on capital employed progressing to be greater than WACC (calculated on a dynamic basis) by 2020
	• Ensure sufficient profitability to provide business investment and shareholder returns	• EBIT margin progressing to 10% by 2023 • Cost growing less than inflation through increasing scale and productivity improvements

The Independent Directors believe that these margin and return on capital targets are appropriate financial targets given the margin and return profiles of other Indonesian consumer companies, global emerging market bottlers and CCAI's current financial performance.

(e) The accelerated growth Plan and aligned system economics arrangement are intended to facilitate achievement of the Growth and Return Objectives

TCCC and CCA have also agreed to implement a system economics arrangement effective on Completion of the Proposed Investment as outlined in section 1.1. CCAI believes that the resulting alignment around the pricing of concentrate will facilitate its achievement of the Growth and Return Objectives and Plan.

(f) CCA will retain a strong balance sheet and meaningful financial flexibility to pursue alternative opportunities that maximise value for Shareholders

While the CCA Board believes it is in the best interests of Shareholders to retain a significant economic exposure to the attractive high growth market in Indonesia, it is apparent that this strategy requires significant capital investment. The Proposed Investment provides Shareholders with the opportunity to participate in this emerging market strategy without having to contribute the required capital investment over the next 3 years to fund the accelerated growth Plan to fully capitalise on the available opportunity.

The US$500 million investment will be used to fund the capital requirements of the agreed Plan over the next 3-4 years. In the interim, the funds will be used to temporarily repay debt of CCAI or earn interest as cash on the balance sheet.

The investment will allow CCA to retain a strong balance sheet and enable CCA to consider and pursue alternative investment or capital management opportunities as appropriate. These include ensuring an appropriate proportion of capital is invested in CCA's developed market businesses. The Directors have been highly focused on ensuring that CCA retains a conservative capital structure.

(g) CCA retains a majority economic stake in addition to management and operational control over CCAI

Under the agreed terms of the Proposed Investment, CCA is to retain management and operational control of CCAI subject to Reserved Matters which will require TCCC approval and limited other rights. Please refer to section 5.2 for a full explanation of shareholder rights with respect to CCAI.

Following completion of the Proposed Investment, a new CCAI Board of Commissioners will be established. The Board of Commissioners will comprise three CCA elected representatives (including the Chairman) and two TCCC elected representatives. CCA will appoint the CEO (with TCCC to have consent rights not to be unreasonably withheld).

As noted above, there will be certain Reserved Matters which will require unanimous approval of both CCA and TCCC. These are limited to any changes to the agreed Plan or Growth and Return Objectives of CCAI. TCCC has certain other consent rights which are described in section 5.2.

Please refer to section 5.2 for a summary of the Shareholders Agreement.

(h) The Independent Expert has concluded that the Proposed Investment is fair and reasonable

The Independent Expert has concluded that the Proposed Investment is fair and reasonable to Non-associated Shareholders.

Shareholders are encouraged to read the Independent Expert's Report in full. A copy is attached to this Explanatory Memorandum as Annexure A.

2.2 Risks of the Proposed Investment

For the reasons given in 2.1, the Independent Directors unanimously recommend that Non-associated Shareholders vote in favour of the Resolution.

However, there are certain consequences that you should be aware of if the Proposed Investment proceeds, including the consequences set out below. Certain Shareholders may take the view that these consequences outweigh the advantages of the Proposed Investment. If the Resolution is not approved, the Proposed Investment will not occur.

(a) The Proposed Investment will result in a lower proportion of CCAI earnings being attributable to CCA shareholders going forward

The Proposed Investment will result in TCCC obtaining a 29.4% equity ownership in CCAI and CCA's ownership of CCAI being diluted to 70.6%. As a result, CCA will be entitled to a lower proportion of CCAI's future earnings and cashflow. This risk however, should be considered in the context of the accelerated growth strategy under the Plan. The Plan, whilst not without risk, is expected to result in significantly higher earnings and cashflow compared to an alternative, slower growth plan.

(b) The forecast earnings profile under the agreed Plan (as part of the Proposed Investment) may not eventuate

The achievement of the associated Growth and Return Objectives and Plan will involve substantial investment by CCAI in its production capacity and distribution network. It will also involve the targeting of new groups of consumers via more economically priced products.

There is no guarantee that the Plan will be successful for CCAI. There are a number of factors that could impact the future earnings profile of CCAI, including consumers' and competitors' responses to CCAI's new strategies, the level and composition of Indonesian economic growth, cost inflation, currency movements and a range of other factors. Either of these factors alone, or in combination, could result in CCAI's performance in future years being lower than anticipated under the Plan and could prevent CCAI from achieving its targeted margin and return on capital metrics as specified in the Growth and Return Objectives.

(c) The Proposed Investment will involve transaction costs

Transaction costs of the Proposed Investment are expected to be approximately 1% of the value of the Proposed Investment. These costs include financial advisory fees, legal fees, the Independent Expert's fees and accounting fees.

If the Proposed Investment does not proceed, there will still be associated transaction costs involved, although the amount will be significantly lower.

3. INFORMATION ABOUT THE COCA-COLA COMPANY

The Coca-Cola Company is a beverage company. The Company owns or licenses and markets more than 500 non-alcoholic beverage brands, primarily sparkling beverages but also a variety of still beverages, such as waters, enhanced waters, juices and juice drinks, ready-to-drink teas and coffees, and energy and sports drinks. It owns and markets a range of non-alcoholic sparkling beverage brands, which includes Coca-Cola, Diet Coke, Fanta and Sprite. The Company's segments include Eurasia and Africa, Europe, Latin America, North America, Pacific, Bottling Investments and Corporate.

TCCC is currently CCA's largest shareholder with a 29.2% ownership stake. TCCC currently has two nominees on the Board of CCA, Mr Martin Jansen and Mr Krishnakumar Thirumalai.

The US$500 million investment in CCAI will be made by Coca-Cola Beverages Asia Holdings S.àr.l., which is an indirect wholly-owned subsidiary of TCCC incorporated in Luxembourg.

4. WHAT IF THE PROPOSED INVESTMENT DOES NOT PROCEED?

In the event the Proposed Investment is not approved at the General Meeting, the US$500 million investment will not proceed and CCA will retain 100% of CCAI. The implications of the Proposed Investment not proceeding include:

(a) CCAI will not receive the cash investment from TCCC and will have less funding available to support its growth.

(b) The accelerated CCAI growth Plan will not proceed and an alternative, slower growth strategy requiring less capital expenditure will be pursued in Indonesia. This may result in CCA having a lower share of the overall non-alcoholic ready to drink beverage market than under the proposed Plan.

(c) CCAI will not be able to take advantage of the opportunity to fund its growth by raising capital at the fair valuation implied by the Proposed Investment.

(d) The expected improvement in CCA's gearing, cash flows and resulting financial flexibility will not be realised. CCA will be required to fund any alternative CCAI growth strategy from its existing cash flows, cash balance and/or other additional debt facilities.

(e) The economic objectives of CCA and TCCC will be less closely aligned. The Growth and Return Objectives and Plan will not be pursued and CCBAH will not have a direct equity interest in CCAI.

(f) The system economics arrangement will not be implemented which increases the risk profile of any growth plan in Indonesia.

5. KEY TERMS OF THE PROPOSED INVESTMENT

5.1 Subscription Agreement

CCAI and CCBAH have entered into a Subscription Agreement under which CCBAH will subscribe for 29.4% of the total shares in CCAI for a subscription price of US$500 million.

Completion of the Subscription Agreement is conditional on:

(i) Non-associated Shareholders approving the Resolution at the General Meeting; and

(ii) receipt of the following Indonesian regulatory approvals:

- (i) the Indonesia Investment Coordinating Board; and
- (ii) the Indonesian Ministry of Law and Human Rights.

If the conditions are not satisfied or waived by 30 June 2015 (or such other date as the parties agree) the Subscription Agreement will terminate.

The Subscription Agreement includes warranties given by CCAI for the benefit of CCBAH, primarily relating to title and capacity, disclosure of information in due diligence, financial matters, regulatory matters, litigation, environment and other warranties common for an investment of this nature.

Subject to the conditions outlined above, Completion of the Subscription Agreement is expected to take place in April 2015.

5.2 Shareholders Agreement

CCA, CCBAH, AIS (a wholly owned subsidiary of CCA) and CCAI have entered into a Shareholders Agreement in respect of the operation of CCAI's business, which includes the operations of its wholly owned subsidiary, CCDI. The key terms of the Shareholders Agreement are summarised below.

Term	Summary
Purpose	The Shareholders Agreement governs how CCAI's business will be owned, managed and controlled.
Legal effect	The Shareholders Agreement will come into effect on completion of the Subscription Agreement.
Sources and use of capital	The new capital raised by CCBAH's subscription will be used for the purpose of achieving the Growth and Return Objectives. In the event that additional funding is required to implement the Growth and Return Objectives and the Plan, it will be debt financed subject to CCAI's gearing ceiling of 30% (see **Gearing Ceiling** below). If further funding is required to implement the Plan, it will be raised via a pro-rata entitlement offer to CCAI shareholders at a price agreed by the shareholders or, if no agreement can be reached, pursuant to a process involving an assessment of fair value by an independent valuer. If the relevant shareholder does not subscribe for its pro-rata entitlement, then the other shareholder will have the right to subscribe for that shareholder's entitlement provided that at no time will TCCC's ownership of CCAI exceed 49%.
Board of Commissioners	The Board of Commissioners of CCAI and CCDI supervise the management of the Indonesian business which is conducted by the Board of Directors. The Board of Commissioners in an Indonesian company performs a role similar to that of the Board of Directors of an Australian company. The Board of Commissioners of CCAI and CCDI will comprise three nominees appointed by CCA and two nominees appointed by CCBAH. The Chairman or "President Commissioner" will be nominated by CCA. Subject to the Reserved Matters set out below, decisions of the Board of Commissioners will be by way of simple majority. For so long as CCBAH's shareholding is 15% or more of CCAI, the following matters (the **Reserved Matters**) must be approved by a unanimous vote of the Board of Commissioners: • approval of any changes to the Growth and Return Objectives; and • approval of the Plan and any changes or updates to it.
Appointment of President Director/CEO	The current President Director/Chief Executive Officer of CCAI and CCDI, Mr Kadir Gunduz, will remain until the end of his current term. Any subsequent President Director/Chief Executive Officer will be appointed by CCA subject to the consent of CCBAH, such consent not to be unreasonably withheld or delayed. CCBAH's consent right will fall away if its shareholding in CCAI falls below 15%.
Appointment of Board of Directors	The Board of Directors of CCAI and CCDI will be responsible for the management of the Indonesian business under the supervision of the Board of Commissioners. The Board of Directors of CCAI will be nominated by CCAI shareholders at a general meeting. The persons appointed as the Board of Directors of CCAI will also be appointed as the CCDI Board of Directors.
Dividend Policy	The payment of dividends in the four years following completion of the Proposed Investment, or within two years after any subsequent subscription, will require the unanimous consent of the CCAI Board of Commissioners. After this time, the CCAI Board of Commissioners may, by simple majority, specify a dividend policy and declare and pay an annual dividend of an amount not exceeding 60% of the annual free cash flow of CCAI's business (before financing activities and dividends).
Articles of Association	The Shareholders Agreement requires that the Articles of Association of CCAI and CCDI provide that certain matters, including merger, consolidation, acquisition, issuing or reducing share capital and dissolution of the company or appointing an administrator, require a special resolution of shareholders (i.e. 75% approval threshold).

Term	Summary
Deadlock	In the event that CCA and CCBAH cannot agree in relation to a Reserved Matter, the appointment of the President Director/Chief Executive Officer of CCAI, the Annual Execution Plan or certain matters requiring a resolution of shareholders under the Articles of Association which is not resolved within 30 days of the second vote on the particular matter, the matter will be escalated to the CCA Chief Executive Officer and TCCC Group President for Indonesia. If the matter is not then resolved within 30 days it will be escalated to the Chairman of each of CCA and TCCC. If the deadlock is not resolved within 60 days of being escalated to the Chairmen: 1. Within 60 days of the lapse of the period for deadlock resolution by the chairmen (**Call Option Period**), each CCAI shareholder has the right to exercise a call option to acquire the other's CCAI shares at a price 15% above a valuation agreed by the parties, or determined pursuant to an independent valuation process (**Call Option Floor**); 2. If only one shareholder exercises the call option in the Call Option Period, the other shareholder must accept that call option and sell its shares to the shareholder that exercised the call option; 3. If both shareholders exercise a call option in the Call Option Period, then each shareholder may within 28 days of the expiry of the Call Option Period, offer to purchase all of the other shareholder's shares at a price that is at least 5% greater than the Call Option Floor. 4. The shareholder that receives an offer has 28 days to accept the offer or itself offer to purchase the other shareholder's shares at a price which is at least 5% greater than the price it was offered. 5. The bidding process must continue until one shareholder either accepts an offer or does not respond to an offer for 28 days of receipt of an offer in which case it will be deemed to have accepted the offer. 6. Any acquisition of shares by a shareholder under this deadlock resolution mechanism will be subject to approval by Shareholders pursuant to ASX Listing Rule 10.1, if required. 7. In the event the acquisition is not approved by Shareholders, CCA shall immediately remove the President Director and all members of the Board of Directors of both CCAI and CCDI and appoint replacements in accordance with the relevant provisions of the Shareholders Agreement (outlined above).
Gearing Ceiling	The shareholders agree that CCAI's gearing, defined as Net Debt / Equity in CCAI, will not exceed 30%. Any amendment to this gearing ceiling will require the unanimous approval of the CCAI Board of Commissioners subject to CCBAH's shareholding in CCAI not falling below 15%.
Transfer of Shares	A shareholder may not transfer shares (other than to a wholly-owned subsidiary) for a period of 3 years. After 3 years, a shareholder may dispose of all (but not part) of its shares subject to (i) the other shareholders having a right of first refusal and (ii) any such disposal to a third party (other than a related body corporate) being expressly approved by the other shareholders.
Exit	From five years after commencement of the Shareholders Agreement, if the Indonesian business has achieved certain agreed milestones in relation to both market position and return on capital employed, CCBAH will be entitled to divest up to 10% (in any one year) of the issued CCAI shares by one of the following options: • divestment to CCA for cash consideration at a price agreed or determined pursuant to an independent valuation process; • divestment to CCA for shares in CCA at a price agreed or determined pursuant to an independent valuation process; or • divestment to a third party approved by CCA with CCA to have a first right of refusal. CCBAH shall propose which of the above options it wishes to undertake and CCA will have the right to veto two of the three options. A divestment to CCA will be subject to CCA shareholder approval if required by the ASX Listing Rules.
Default	In the event of an unremedied event of default under the Shareholders Agreement, the non-defaulting shareholder has the right to: • acquire all of the CCAI shares of the defaulting CCAI shareholder at a price which is at a 20% discount to fair market value; or • dispose of all of its CCAI shares to the defaulting CCAI shareholder at a price which is at a 20% premium to fair market value. Fair market value will be determined by an independent valuer. Events of default under the Shareholders Agreement include: • creating or permitting any encumbrance over shares; • disposing of shares in breach of the agreement; and any material breach of the agreement.
Termination	The Shareholders Agreement will terminate on the earlier of the date the shareholders of CCAI agree in writing, the first day on which there is only one shareholder of CCAI, the date on which CCAI is wound up or if the Subscription Agreement has not completed by 30 June 2015.

6. REASONS WHY SHAREHOLDER APPROVAL IS REQUIRED

6.1 Shareholder approval requirement – ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that a listed company must ensure that neither it nor any of its subsidiaries disposes of a substantial asset to (among others) a person who has a relevant interest in at least 10% of the company's voting shares at any time within the 6 months prior to the disposal, without the approval of holders of the company's ordinary shares. As at 15 December 2014, The Coca-Cola Company indirectly holds a 29.21% interest in CCA Group.

An asset is a 'substantial asset' if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the ASX Listing Rules. Based on the most recent accounts lodged with the ASX, CCA Group's equity interests (sum of paid up capital, reserves and accumulated profits and losses, disregarding redeemable preference share capital and outside equity interests, as shown in the consolidated financial statements of CCA Group as at 30 June 2014) is A$1,670 million. Accordingly, an asset will be considered substantial if the value of the asset is at least 5% of CCA Group's equity interests, i.e., A$83 million. As the value of the Proposed Investment is A$592 million, it will be considered a disposal of a substantial asset for the purposes of ASX Listing Rule 10.1.

The Proposed Investment will involve TCCC acquiring an indirect ownership (via capital contribution by a wholly owned subsidiary) of 29.4% of CCAI. Assuming the Proposed Investment is completed, the value of 29.4% of CCAI is likely to be greater than 5% of the equity interests of CCA as set out in its latest accounts given to the ASX.

Accordingly, Shareholder approval is being sought for the purposes of ASX Listing Rule 10.1. In accordance with ASX Listing Rule 10.1, CCA has commissioned a report from an independent expert which provides an analysis of whether the Proposed Investment is fair and reasonable for Non-associated Shareholders.

7. INDEPENDENT EXPERT'S REPORT

The Directors have commissioned the Independent Expert's Report to Shareholders which provides an analysis of whether the Proposed Investment is fair and reasonable to Non-associated Shareholders.

The Independent Expert has formed the view that, having regard to the relevant ASIC Regulatory Guides, the Proposed Investment is fair and reasonable to Non-associated Shareholders. A copy of the Independent Expert's Report accompanies this Explanatory Memorandum at Annexure A. Shareholders are encouraged to read the full text of the Independent Expert's Report.

The Independent Expert has given, and not before the date of the Notice of General Meeting withdrawn, its consent to the inclusion of the Independent Expert's Report in this Notice of General Meeting and to the references to the Independent Expert's Report in this Notice of General Meeting being made in the form and context in which each such reference is included.

In accordance with ASX Listing Rule 10.10A.3, a copy of the Independent Expert's Report is also available on CCA's website at www.ccamatil.com and if a Shareholder so requests, CCA will send an additional hard copy of the Independent Expert's Report free of charge to that Shareholder.

8. ROLE OF THE INDEPENDENT DIRECTORS AND THEIR RECOMMENDATION OF THE PROPOSED INVESTMENT

The CCA Related Party Committee was formed in 2001 to assist the CCA Board in fulfilling its corporate governance obligations through the review and monitoring of material related party transactions entered into by CCA. The Related Party Committee is comprised of all the Independent Directors and does not include any Directors who are or have been associated with a related party such as TCCC or the Group Managing Director. The Related Party Committee reviews transactions between CCA and parties who may not be at arm's length to ensure that the terms of such transactions are no more favourable than would reasonably be expected of transactions negotiated on an arm's length basis.

In this instance, the Proposed Investment was considered by the Related Party Committee and the Group Managing Director, Ms Alison Watkins, who together are referred to as the "Independent Directors" in this Notice of Meeting and Explanatory Memorandum. The TCCC Nominees to the CCA Board, Mr Martin Jansen and Mr Krishnakumar Thirumalai, did not participate in the consideration of the Proposed Investment. These directors do not consider it appropriate to make a recommendation to Shareholders on the Resolution given they are nominees of TCCC.

The Independent Directors unanimously recommend that you vote in favour of the Proposed Investment.

9. ADDITIONAL INFORMATION

9.1 Consents

This Notice of General Meeting and Explanatory Memorandum contains statements made by, or statements said to be based on statements made by:

(a) TCCC in respect of the TCCC Information only; and

(b) The Independent Expert in respect of the Independent Expert's Report.

TCCC has consented to the inclusion in this Notice of General Meeting and Explanatory Memorandum of the TCCC Information, of all references to the TCCC Information, and of all statements which are stated to be based on the TCCC Information, in the form and context in which they appear, and TCCC has not withdrawn that consent before the date of this Notice of General Meeting and Explanatory Memorandum.

The Independent Expert has consented to the Independent Expert's Report accompanying this Notice of General Meeting and Explanatory Memorandum, all references to the Independent Expert's Report, and all statements which are stated to be based on the Independent Expert's Report, in the form and context in which they appear, and the Independent Expert has not withdrawn that consent before the date of this Notice of General Meeting and Explanatory Memorandum.

10. GLOSSARY AND INTERPRETATION

AIS	Amatil Investments (Singapore) Pte Ltd (a wholly owned subsidiary of CCA) .
Annual Execution Plan	A detailed implementation plan for the first year of each relevant Plan.
CCA Board or Board	The board of directors of CCA.
Business	The operations undertaken by CCAI and its subsidiaries.
CAGR	Compound annual growth rate.
Capital Employed	The sum of total CCAI shareholders' equity and gross interest bearing debt outstanding less cash at bank or deposit in CCAI on a consolidated basis.
CCA Group	CCA and its subsidiaries.
CCAI	PT Coca-Cola Bottling Indonesia.
CCDI	PT Coca-Cola Distribution Indonesia (a wholly owned subsidiary of CCAI).
CCA	Coca-Cola Amatil Limited ACN 004 139 397.
Completion	The completion of the Proposed Investment.
Directors	The directors of CCA.
EBIT	Earnings before interest and tax.
General Meeting	The general meeting of Shareholders convened by this Notice of Meeting at 2pm (Sydney time) on 17 February 2015.
Growth and Return Objectives	The strategic and financial objectives for the Indonesian business referred to in section 1.2 of this Explanatory Memorandum.
Independent Directors	The Directors of CCA excluding the nominee Directors appointed by TCCC, being Mr Martin Jansen and Mr Krishnakumar Thirumalai.
Independent Expert	Deloitte Corporate Finance Pty Ltd ABN 19 003 833 127.
Independent Expert's Report	The report of the Independent Expert commissioned by the Directors and accompanying this Notice at Annexure A.
Non-associated Shareholders	Shareholders of CCA excluding The Coca-Cola Company and its associates.
Plan	The rolling three to four year strategic plan which has been or will be developed to achieve the Growth and Return Objectives more fully described in section 1.2 of this Explanatory Memorandum.
Post-Tax Return on Capital Employed (Post-Tax ROCE)	Calculated as EBIT multiplied by (1-Indonesian corporate tax rate) divided by average Capital Employed
Proposed Investment	The capital contribution described in section 1.2 of this Explanatory Memorandum.
Reserved Matters	Has the meaning given in section 5.1 of the Explanatory Memorandum.
Resolution	The Shareholder resolution to be voted on at the General Meeting.
Shareholders	Shareholders of CCA.
SSDs	Sparkling soft drinks.
TCCC Information	The information contained in section 3 of this Explanatory Memorandum.
The Coca Cola Company or TCCC	The Coca-Cola Company constituted under the laws of the State of Delaware, United States of America.
WACC	Weighted average cost of capital.

Currency: Where currencies have been converted into Australian dollars, or other currencies as necessary, the exchange rate as at 12 December 2014 was used for the conversions.

ANNEXURE A

Coca-Cola Amatil Limited

Independent expert's report and Financial Services Guide

16 December 2014

Deloitte.

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (DCF), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a fee of approximately $225,000 exclusive of GST in relation to the preparation of this report. This fee is not contingent upon the success or otherwise of the transaction between Coca-Cola Amatil Limited, PT Coca-Cola Bottling Indonesia and The Coca-Cola Company.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

Deloitte Touche Tohmatsu has previously performed economic and tax advisory services for Coca-Cola Amatil Limited over the past three years. The services were unrelated to the Proposed Investment.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Services
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1300 780 808
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

1 February 2013

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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Independent Directors
Coca-Cola Amatil Limited
Level 14
40 Mount Street
North Sydney NSW 2060

16 December 2014

Dear Independent Directors

Independent expert's report

Introduction

On 30 October 2014, Coca-Cola Amatil Limited (CCA) announced it had entered into a heads of agreement with The Coca-Cola Company (TCCC) to accelerate the growth strategy of its Indonesian operations, PT Coca-Cola Bottling Indonesia (CCAI) (Heads of Agreement). Under the Heads of Agreement, TCCC (via an indirect wholly owned subsidiary) will invest USD500 million into CCAI (Consideration), a subsidiary of CCA, in return for an ordinary equity ownership interest of 29.4%[1] in CCAI (the Proposed Investment). Consequently, CCA's interest in CCAI will be diluted to 70.6%.

CCAI and TCCC have also separately agreed to implement an aligned system economics arrangement in Indonesia to be implemented upon completion of the Proposed Investment.

Purpose of the report

When the disposal of a substantial asset to related parties is proposed, Chapter 10 of the Listing Rules of the Australian Securities Exchange Limited (ASX) (the Listing Rules) requires the preparation of a report by an independent expert stating whether the disposal is fair and reasonable to the non-associated shareholders.

TCCC holds a 29.2% interest in CCA and is a related party of CCA for the purposes of the Proposed Investment. The interest in CCAI to be acquired by TCCC is a substantial asset for the purposes of the Listing Rules. CCA is therefore required to comply with Listing Rule 10 in respect of the Proposed Investment.

The independent directors of CCA (the Independent Directors) have requested that Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) provide an independent expert's report advising whether, in our opinion, the Proposed Investment is fair and reasonable to the non-associated shareholders (Non-Associated Shareholders) (being those shareholders of CCA not associated with TCCC).

We have prepared this report having regard to Chapter 10 of the Listing Rules and Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 (Regulatory Guide 111) (which deals with the content of expert reports) and ASIC Regulatory Guide 112 (Regulatory Guide 112) (which deals with the independence of experts).

This report is to be included in the explanatory memorandum (the Explanatory Memorandum) which will accompany the notice of the meeting to approve the Proposed Investment (the Notice of Meeting), which, in turn, will be sent to CCA's Non-Associated Shareholders. This report has been prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Investment. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes

[1] Based on CCAI's estimated net debt of USD180 million as at 31 December 2014

responsibility to any person, other than the Non-Associated Shareholders and CCA, in respect of this report, including any errors or omissions however caused.

Basis of evaluation

In evaluating the Proposed Investment we have considered Regulatory Guide 111.

In considering the fairness of the Proposed Investment, we have considered the anticipated impact on CCAI's financial performance of the system economics arrangement that will be put in place upon completion of the Proposed Investment. The separately agreed system economics arrangement is contingent upon the Proposed Investment being implemented and therefore our assessment of fairness has had regard to the financial implications of this arrangement to CCAI. Consequently, we consider the fairness of the Proposed Investment and its impact on the financial performance of CCAI is most appropriately assessed by comparing:

- the estimated fair market value of CCA's interest in CCAI, being 100%, prior to the Proposed Investment (Pre Investment Value) with
- the estimated fair market value of CCA's interest in CCAI, being 70.6%, assuming the Proposed Investment is approved (Post Investment Value), considering CCAI's anticipated financial performance under the system economics arrangement that will be put in place upon completion of the Proposed Investment.

The approach set out above is not necessarily the only approach a stakeholder would take in assessing the merits of the Proposed Investment. However, it is the approach that aligns with the requirements of Regulatory Guide 111 in undertaking an assessment of fairness. We have considered other approaches to the assessment of the merits of the Proposed Investment as part of our reasonableness assessment which also considers other factors relevant to the Proposed Investment so far as the Non-Associated Shareholders are concerned.

Further details regarding the basis of evaluation are set out in Section 2 of our detailed report.

Definition of value

Our valuation analysis is based on the concept of fair market value, which we have defined as the amount at which the interest being valued would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation analysis is not premised on the existence of a special purchaser.

Summary and conclusion

In our opinion the Proposed Investment is fair and reasonable. In arriving at this opinion, we have had regard to the following factors.

The Proposed Investment is fair

We have assessed whether the Proposed Investment is fair by comparing the Pre Investment Value with the Post Investment Value.

Set out in the table below is a summary of our findings.

Table 1

USD million	Low	High
Pre Investment Value	820	1,020
Post Investment Value	1,019	1,154
Value increment / (decrement)	199	134

Source: Deloitte Corporate Finance analysis

As set out above, our estimate of the Pre Investment Value is below the range of our estimate of the Post Investment Value. Accordingly it is our opinion that the Proposed Investment is fair.

The calculation of the Pre Investment Value and the Post Investment Value are summarised in the following table.

Table 2

USD million (unless otherwise stated)	Pre Investment Value Low	Pre Investment Value High	Post Investment Value Low	Post Investment Value High
Enterprise value of CCAI (100% control basis)	1,000	1,200	1,200	1,400
Add: surplus assets	-	-	-	-
Adjusted CCAI forecast (net debt)/net cash	(180)	(180)	320	320
Equity value of CCAI (100% control basis)	**820**	**1,020**	**1,520**	**1,720**
CCAI ownership (%)	100.0%	100.0%	70.6%	70.6%
CCAI attributable equity value (control basis)	**820**	**1,020**	**1,073**	**1,214**
Reserve power discount (%)	0.0%	0.0%	5.0%	5.0%
CCAI attributable equity value (post reserve power discount)	**820**	**1,020**	**1,019**	**1,154**

Source: CCAI management, Deloitte analysis

Management of CCAI has prepared financial projections that align with the long-term strategic plan for CCAI, which has an agreed set of growth and return objectives (the Growth and Return Objectives), including achieving long-term market leadership and improved capital returns (the Plan). The financial projections consist of nominal after tax cash flows up to and including the year ending 31 December 2018.

In our assessment of the Pre Investment Value, we have assumed the current arrangement in regard to concentrate pricing will continue (Pre Investment Scenario[2]), whereas our assessment of the Post Investment Value assumes the system economics arrangement is implemented (Post Investment Scenario).

Having regard to the long-term projections available and the current low profitability of CCAI we have used the discounted cash flow approach to value CCA's interest in CCAI under both scenarios.

In undertaking our discounted cash flow analysis, we have applied assumptions we consider reasonable for the purpose of assessing fairness in regards to the Proposed Investment. In addition:

- we have adopted assumptions that are consistent between the scenarios (with the exception of concentrate costs). This could be viewed as being conservative. If higher margin or growth assumptions were adopted under the Post Investment Scenario, relative to the Pre Investment Scenario, the value increment to CCA would be greater than that indicated above
- our assumptions with respect to the cost of concentrate are based on historical rates (under the Pre Investment Scenario) and the system economics arrangement (under the Post Investment Scenario). The Post Investment Scenario offers alignment around concentrate pricing intended to facilitate CCAI's achievement of the Growth and Return Objectives
- the cash flow risk could be viewed as lower under the Post Investment Scenario, due to the alignment around concentrate pricing under the system economics arrangement, resulting in the value increment to CCAI's shareholders being even greater than that suggested by the above values.

Our detailed analysis is set out in Section 6.

It is also important to note that in undertaking our assessment of CCAI's attributable equity value under the Pre Investment Scenario, we have had particular regard to guidance set out in Regulatory Guide 111 and the definition of fair market value. We have assumed the fair market value of CCAI under the Pre Investment Scenario assuming an unconstrained funding environment. However, we consider the likelihood of CCAI realising a cash flow profile in line with the Plan in the hands of CCA to be low if the Proposed Investment is not approved, due to the following:

[2] The Pre Investment scenario assumes an unconstrained funding environment

- CCA is likely to stage its capital investments (which, in quantum, may also be lower) in order to manage its financial leverage and management resources
- CCA may not be able to leverage as extensively from management experience of TCCC in emerging markets
- the lack of alignment between TCCC and CCAI interests and associated uncertainty with regard to the pricing of the concentrate going forward could influence decisions made with respect to the growth of the business
- having regard to the above, the projected growth and earnings improvement set out in the Plan may be delayed or lower as CCAI may miss the market opportunity window.

The above factors would mean that if we were to assess the value of the Pre Investment Scenario from the perspective of CCA (as opposed to a hypothetical party as required by Regulatory Guide 111 and the definition of fair market value), the Pre Investment Value would be lower than that indicated in the tables above. Therefore the incremental value to CCA of the Proposed Investment would be even greater.

We have also had regard to other commercial approaches to the assessment of the Proposed Investment, namely:

- comparing the USD500 million investment to the Post Investment Value
- comparing the valuation multiples implied by the USD500 million investment to those of comparable listed companies and recent transactions involving similar companies.

These factors have informed our assessment of reasonableness.

The Proposed Investment is reasonable

In accordance with Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Investment is reasonable. We have also considered the following factors in assessing the Proposed Investment:

- the USD500 million investment to be paid by TCCC for a 29.4% interest in CCAI implies an enterprise value of USD1,380 million. We note this value sits within our Post Investment Value range and is above the Pre Investment Value range. If the enterprise value of CCAI under the Post Investment Scenario was to be lower than that set out in our report, the enterprise value implied by the USD500 million investment by TCCC would be above that of the business
- the USD500 million investment to be paid by TCCC for a 29.4% interest in CCAI implies an EBITDA multiple of 14.0 times based on FY2013 earnings. Such a multiple is high compared to the multiples implicit in the trading in comparable companies and transactions involving Coca-Cola bottlers in emerging markets, reflecting the use of historical earnings and does not incorporate the full impact of implementing the Plan and achievement of the agreed Growth and Return Objectives. In addition this multiple is a premium to the EBITDA multiples observed for CCA (based on share market trading)
- the Pre Investment Value of CCAI to CCA is likely to be lower than that implied by the Pre Investment Value due to the reasons mentioned above
- we understand the Board of CCA considered a range of options for its Indonesian business, including a full equity divestment, debt raising and a partial equity dilution. A partial equity dilution allows CCA to benefit from the future growth of the Indonesian economy (on a fast track basis), whilst maintaining balance sheet flexibility to fund other initiatives within its Australian and New Zealand business units and maintain control of the business (refer to Section 7.2 for further detail). Consequently, we consider the Proposed Investment to be the superior option
- the Proposed Investment includes an exit mechanism for TCCC if within five years of the Proposed Investment, CCAI achieves certain agreed milestones in relation to both market position and return on capital employed. Through this exit mechanism, CCA has a reasonable degree of influence over TCCC's exit and the opportunity to increase its economic interest back up to 100% if desired (refer to Section 7.6 for further detail)
- the Proposed Investment results in a greater alignment of the interests of TCCC and CCA in CCAI. Previously TCCC had an indirect interest in CCAI through its 29.2% ownership in CCA and was a supplier and brand owner. TCCC's returns were driven by volume through its bottling agreement.

CCAI and TCCC have put in place the Growth and Return Objectives according to the Plan. Separately, CCAI and TCCC have also agreed a system economics arrangement to be implemented upon completion of Proposed Investment.

Through this greater alignment, there will be greater incentive for TCCC to offer the benefit of its experience in emerging markets. CCA management expect that the combination of cementing the relationship with TCCC and the USD500 million capital injection will result in a stronger growth profile and an earlier growth trajectory than may have been the case in the absence of the Proposed Investment

- by accepting the Proposed Investment, CCA's investment and commitment to CCAI is reinforced. However, it also means that CCA will not be able to change the planned capital expenditure of CCAI nor exit the business for a period of time, unless it receives the approval of TCCC
- under the agreed terms of the Proposed Investment, subject to the above point, CCA will retain management and operational control of CCAI
- CCA and TCCC have put in place mechanisms to fund the Growth and Return Objectives. This includes consideration of additional funding which recognises CCA's approach to funding and capital management
- the Proposed Investment will result in the dilution of CCA's ownership in CCAI from 100% to 70.6%. As a result, CCA will be entitled to a lower proportion of CCAI's future earnings and cash flow. However, the Proposed Investment will allow CCAI to invest in additional infrastructure to improve earnings and growth, which may not be achievable if CCA was to proceed by itself.

Conclusion on reasonableness

On balance, in our opinion, the Proposed Investment is reasonable.

Opinion

In our opinion, the Proposed Investment is fair and reasonable to Non-Associated Shareholders.

An individual shareholder's decision in relation to the Proposed Investment may be influenced by his or her particular circumstances. If in doubt the shareholder should consult an independent adviser, who will have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

Tapan Parekh
Authorised Representative
AR number: 461009

Stephen Reid
Authorised Representative
AR number: 461011

Glossary

Reference	Definition
AR	Authorised representative
AFSL	Australian Financial Services Licence
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
AUD	Australian dollars
buc	Billion unit cases (equivalent to 5.678 billion litres)
CCA	Coca-Cola Amatil Limited
CCAI	Collectively, PT Coca-Cola Bottling Indonesia and PT Coca-Cola Distribution Indonesia
Consideration	USD500 million
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EV/case	Enterprise value per unit case sold
Explanatory Memorandum	The explanatory memorandum in respect of the Proposed Investment
FEMSA	Coca-Cola FEMSA S.A.B. de C.V.
FMCG	Fast-moving-consumer-goods
FSG	Financial Services Guide
FY	Financial year ending 31 December
GDP	Gross domestic product
Growth and Return Objectives	Growth objectives according to the Plan, as agreed between CCA and TCCC
Heads of Agreement	Heads of Agreement entered into between TCCC, CCA and CCAI
HY	Six months ending 30 June
IDR	Indonesian Rupiah
Independent Directors	The independent directors of CCA
Listing Rules	Chapter 10 of the Listing Rules of the ASX
LTM	Last twelve months
muc	Million unit cases (equivalent to 5.678 million litres)
NARTD	Non-alcoholic ready-to-drink
Non-Associated Shareholders	The shareholders of CCA not associated with TCCC
Notice of Meeting	The notice of meeting to be provided to CCA's Non-Associated Shareholders
NPAT	Net profit after tax
PET	Polyethylene terephthalate
Plan	Strategic growth plan for CCAI agreed between CCA and TCCC
PNG	Papua New Guinea
Post Investment Scenario	The scenario under which the Proposed Investment is assumed to take place
Post Investment Value	The estimated value of CCA's interest in CCAI, being 70%, assuming the Proposed Investment is approved, including the impact of the system economic arrangement
Pre Investment Scenario	The scenario under which the Proposed Investment is assumed to not take place
Pre Investment Value	The estimated value of CCA's interest in CCAI, being 100% prior to the Proposed Investment
Proposed Investment	TCCC'S USD500 million investment into CCAI in return for an ordinary equity ownership interest of 29.4%
Regulatory Guide 111	ASIC Regulatory Guide 111
Regulatory Guide 112	ASIC Regulatory Guide 112
RTD	Ready-to-drink
RTM	Route-to-market
Strategic Review	CCA's operational review commencing in April 2014
TCCC	The Coca-Cola Company
USD	United States dollars
WACC	Weighted average cost of capital

Contents

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1 Overview of the Proposed Investment

1.1 Summary

On 30 October 2014 CCA announced that it had executed a Heads of Agreement with TCCC, with the intention of accelerating the growth strategy of CCAI. On 16 December 2014, CCA announced that it had entered into definitive documentation to give effect to the Proposed Investment, subject to the key conditions outlined below.

Under the terms of the agreements, TCCC will (via a wholly owned indirect subsidiary) invest USD500 million in CCAI in return for new shares, giving TCCC an equity ownership interest of 29.4%.

If the Proposed Investment proceeds, the cash proceeds from TCCC's investment in CCAI will be used to implement the Growth and Return Objectives, as noted below:

- **long-term market leadership**
    - targeting a strong market position (by value and volume) in carbonated beverages in Indonesia
    - a market leadership position (by value) in selected non-alcoholic ready-to-drink (NARTD) beverages
    - targeting above market volume growth for the next 10 years
- **economic returns**
    - providing economic returns to shareholders (measured as post-tax return on capital employed) that exceeds the post-tax weighted average cost of capital (WACC) (to be calculated on a dynamic basis) for CCAI by 2020
    - ensuring sufficient profitability for shareholder returns, with the Plan providing for progressively higher EBIT margins to reach an agreed target of 10% by 2023.

The Plan has been developed to achieve the Growth and Return Objectives. The Plan will be updated annually and is required to be unanimously agreed by CCA and TCCC (via the CCAI Board of Commissioners). Furthermore, CCAI will prepare a detailed Annual Implementation Plan for the first year of each Plan, a related capital investment schedule and a set of metrics for CCA and TCCC to evaluate progress.

TCCC and CCAI have also separately agreed to implement an aligned system economics arrangement upon completion of the Proposed Investment. This long-term alignment around concentrate pricing is intended to facilitate achievement of the agreed Growth and Return Objectives.

Refer to Section 4.7 below and Section 1.2 of the Explanatory Memorandum for further details on CCAI's Growth and Return Objectives.

1.2 Key conditions of the Proposed Investment

The Proposed Investment is subject to the following conditions:

- CCA receiving shareholder approval pursuant to ASX Listing Rule 10.1
- Indonesian regulatory requirements, being approval from the Indonesian Capital Investment Coordinating Board and the Ministry of Law and Human Rights.

Refer to Section 5 of the Explanatory Memorandum for further details of the key conditions.

1.3 Key terms of the Proposed Investment

A Subscription Agreement and Shareholders Agreements have been executed to effect the Proposed Investment, subject to approval of the above key conditions. The key terms of these agreements are as follows:

- **sources and uses of capital**: the capital raised through the Proposed Investment will be used for the purpose of achieving the Growth and Return Objectives. If additional funding is required to implement the Plan, it will be debt financed subject to CCAI's gearing ceiling of 30%. If further funding is required, it will be raised via a pro-rata entitlement offer to CCAI shareholders at a price agreed by the shareholders or, if agreement can not be reached, pursuant to a process involving an assessment of market price by an independent valuer
- **management and Board of Commissioners**: CCA will retain management and operational control of CCAI (subject to certain reserved matters and other limited rights of TCCC). The Board of Commissioners will supervise the management of the Indonesian business. The Board of Commissioners will comprise three nominees appointed by CCA and two nominees appointed by TCCC. The Chairman will be nominated by CCA
- **dividend payment**: payment of dividends in the four years following completion of the Proposed Investment, or within two years after any subsequent subscription, will require the unanimous consent of the Board of Commissioners. After this time, the Board of Commissioners may, by simple majority, specify a dividend policy and declare and pay an annual dividend of an amount not exceeding 60% of the annual free cash flow of CCAI's business (before financing activities and dividends)
- **transfer of shares**: a shareholder may not transfer shares (other than to a wholly-owned subsidiary) for a period of three years
- **exit**: from five years after commencement of the Proposed Investment, if the Indonesian business has achieved certain agreed milestones in relation to both market position and return on capital employed, TCCC will be entitled to divest its shares, in a proportion up to 10% (in any one year) of the issued CCAI shares by one of the following options:
  - divestment to CCA for cash consideration at a price agreed or determined pursuant to an independent valuation process
  - divestment to CCA for shares in CCA at a price agreed or determined pursuant to an independent valuation process
  - divestment to a third party approved by CCA with CCA to have a first right of refusal.

  TCCC shall propose which of the above options it wishes to undertake and CCA will have the right to veto two of the three options.

The key terms of the Subscription Agreement and Shareholders Agreement are set out in further detail in sections 5.1 and 5.2 of the Explanatory Memorandum.

TCCC and CCAI have also separately agreed an aligned system economics arrangement which will come into effect upon completion of the Proposed Investment and is intended to continue for a period of 10 years. Post 2019, if the Indonesian business achieves certain milestones, TCCC and CCAI can move toward an incidence model (i.e. payment of concentrate as a percentage of revenue) targeting a similar alignment around concentrate pricing.

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2 Basis of evaluation of the Proposed Investment

2.1 Guidance

In undertaking the work associated with this report, we have had regard to Listing Rule 10, Regulatory Guide 111 in relation to the content of expert's report, Regulatory Guide 112 in respect of the independence of experts and common market practice.

Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions.

Regulatory Guide 111 notes that an expert should focus on the substance of a related party transaction, rather than the legal mechanism and, in particular where a related party transaction is one component of a broader transaction, the expert should consider what level of analysis of the related party aspect is required.

Regulatory Guide 111 notes that a proposed related party transaction is:

- fair, if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, there are sufficient reasons for shareholders to vote for the proposed related party transaction.

In considering the fairness of the Proposed Investment we have had regard to the economic substance of the Proposed Investment. We have considered the anticipated impact on CCAI's financial performance of the system economics arrangement that will be put in place upon completion of the Proposed Investment. Accordingly, the system economics arrangement forms a component of the Proposed Investment and therefore our assessment of fairness has had regard to the practical implications of the terms of this arrangement.

To assess whether the Proposed Investment is fair and reasonable to Non-Associated Shareholders, we have adopted the tests of whether the Proposed Investment is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in Regulatory Guide 111.

Fairness

The Proposed Investment is fair if the value of the financial benefit provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. In considering the fairness of the Proposed Investment, we have considered the anticipated impact on CCAI's financial performance of the system economics arrangement that will be put in place upon completion of the Proposed Investment. The separately agreed system economics arrangement is contingent upon the Proposed Investment being implemented and therefore our assessment of fairness has had regard to the financial implications of this arrangement to CCAI. Consequently, we consider the fairness of the Proposed Investment is most appropriately assessed by comparing:

- the estimated fair market value of CCA's interest in CCAI, being 100% prior to the Proposed Investment (Pre Investment Value) with
- the estimated fair market value of CCA's interest in CCAI, being 70.6%, assuming the Proposed Investment is approved (Post Investment Value) considering CCAI's anticipated financial performance under the system economics arrangement that will be put in place upon completion of the Proposed Investment.

If the Post Investment Value is greater than or equal to the Pre Investment Value, the Proposed Investment is fair.

The approach set out above is not necessarily the only approach a stakeholder would take in assessing the merits of the Proposed Investment. However, it is the approach that aligns with the requirements of Regulatory Guide 111 in undertaking an assessment of fairness and the definition of fair market value. We have considered other approaches to the assessment of the merits of the Proposed Investment as part of our reasonableness assessment which also considers other factors relevant to the Proposed Investment so far as the Non-Associated Shareholders are concerned.

Reasonableness

We have assessed the reasonableness of the Proposed Investment by considering other advantages and disadvantages of the Proposed Investment to the Non-Associated Shareholders, having particular regard to:

- the enterprise value implied by the USD500 million equity injection and how it compares to our assessment of the Pre Investment Value
- the earnings multiple implied by the USD500 million equity injection and how they compare to comparable listed companies and recent transactions involving similar companies
- alternative options available to CCA in relation to CCAI and their impact on CCA's other business units
- the relationship between TCCC, CCA and CCAI
- management and control of CCAI
- the dilution of CCA's ownership in CCAI
- CCA's commitment to proceed with the Plan and investment in CCAI
- other possible indirect impacts on CCA's operations.

2.2 Individual circumstances

We have evaluated the Proposed Investment for Non-Associated Shareholders as a whole and have not considered the effect of the Proposed Investment on the particular circumstances of an individual shareholder. Due to their particular circumstances, an individual shareholder may place a different emphasis on various aspects of the Proposed Investment from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Investment is fair and reasonable to them. If in doubt shareholders should consult an independent adviser, who should have regard to their individual circumstances.

2.3 Limitations of our opinion

This report should be read in conjunction with the declarations outlined in Appendix A.

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3 Profile of CCA

3.1 Introduction and corporate history

CCA is an ASX-listed company operating in the fast-moving-consumer-goods (FMCG) industry in the Asia-Pacific region. CCA is the largest Coca-Cola bottling company in the region, with significant operations in Australia, New Zealand, Papua New Guinea (PNG), Indonesia and Fiji.

The company made its first entry into Coca-Cola bottling in 1968 when it acquired Coca-Cola Bottlers (Perth) Pty Limited. Following this, CCA continued to acquire bottling operations domestically, before expanding internationally throughout the 1980s and early 1990s, particularly in Europe and the Asia-Pacific region. TCCC became a significant shareholder in CCA in 1989, when it purchased a 41% interest in the company.

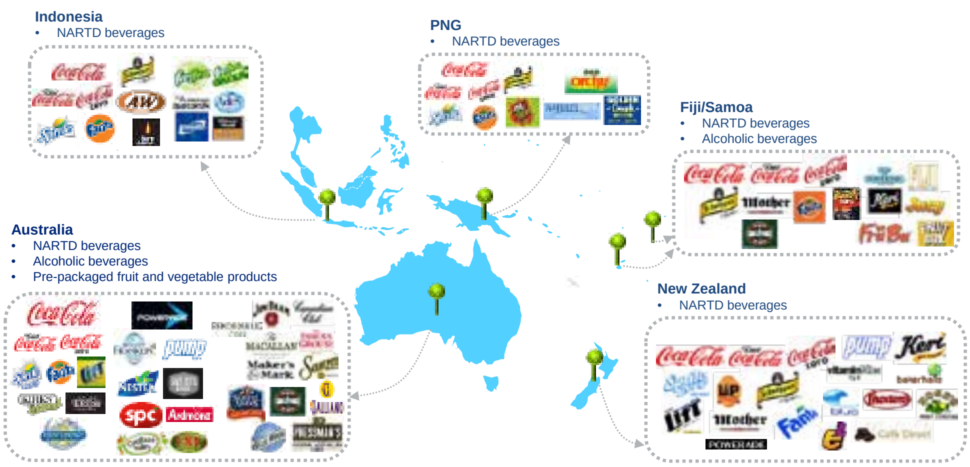
CCA acquired its first Coca-Cola bottling interests in Indonesia in 1991 when, in joint venture with two Indonesian groups, it established Coca-Cola Tirtalina Bottling Company (TBC) and Coca-Cola Pan Java Bottling Company (PJBC). PJBC subsequently acquired another Indonesian bottler, Multi Bintang Indonesia. Through various transactions, CCA eventually gained a 100% interest in the Indonesian operations. Refer to Section 4 for greater detail.

CCA expanded its operations into ready-to-eat packaged fruit and vegetables in 2005 when it acquired SPC Ardmona Limited. Following this transaction, the company made its first entry into alcoholic beverages in 2006, when it entered into a joint venture with SABMiller to import alcoholic beverages into Australia. CCA later divested its interest in the joint venture, however, continues to independently manufacture and distribute domestic and imported alcoholic beverages in Australia, New Zealand, Fiji and Samoa.

3.2 Overview of CCA and its products

CCA operates within the FMCG industry in the Asia-Pacific region, specifically Australia, New Zealand, Fiji, Samoa, Indonesia and PNG. The company's primary operations in each of these geographies comprise the production, distribution and marketing of NARTD beverages. In addition to NARTD beverages, CCA's Australian operations include the production and sale of imported and local alcoholic beverages and the production and sale of pre-packaged food products. The following figure sets out the products and major brands manufactured, distributed and sold by CCA in each of its operating geographies.

Figure 1



Source: CCA website, CCA company announcements

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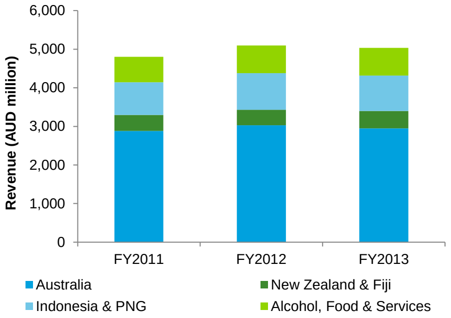
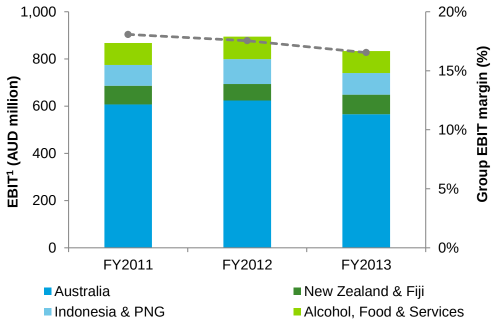
The following figure illustrates CCA's historical revenues and EBIT by reporting segment.

Figure 2





Notes:
1. *Before significant items*
2. *FY – financial year ending 31 December*

Source: CCA financial statements

As shown above, CCA bottles and sells NARTD beverages under TCCC-owned brands (including Coca-Cola, Sprite and Fanta) in each of its operating geographies. However, the company's most significant suite of products and brands exist in Australia where, in addition to bottling and selling TCCC brand products, the company also manufactures a range of independently owned brands. These brands include Mount Franklin (mineral water products), Deep Spring (fruit flavoured carbonated beverages) and SPC Ardmona (pre-packaged fruit and vegetable products). The sale of alcoholic beverages in Australia takes place through Australian Beer Company, a joint venture between CCA and Casella Group, as well as via agreements with a range of international partners including Beam Suntory, Molson Coors, Boston Brewing and Rekorderlig. CCA's food and alcohol divisions are reported on a combined basis for the purpose of financial reporting.

CCA's New Zealand operations, which are reported together with its Fijian NARTD operations, include a range of independently owned brands such as L&P, Baker Halls and Co. and Pump. The company's Fijian and Samoan operations include the production of alcoholic beverages via its 89.6% interest in Paradise Beverages (Fiji) Ltd. Paradise Beverages (Fiji) Ltd.'s results are reported in CCA's Alcohol, Food & Services segment.

The Indonesian and PNG operations are reported on a combined basis. In Indonesia, CCA operates through its wholly owned subsidiaries, which produce, distribute, market and sell carbonated beverages as well as fruit juice, dairy products, mineral water, isotonic drinks and (ready-to-drink) RTD tea. Refer to Section 4 for a detailed description of CCAI's products and operations.

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3.3 Summary financial performance

The historical financial performance of CCA is presented below.

Table 3

AUD million (unless otherwise stated)	Audited FY2011	Audited FY2012	Audited FY2013	Reviewed HY2014[5]
Trading revenue	**4,801.2**	**5,097.4**	**5,036.4**	**2,336.2**
Other revenue	54.9	41.8	47.3	27.4
Cost of goods sold	(2,684.3)	(2,839.3)	(2,842.9)	(1,341.3)
Gross profit	**2,171.8**	**2,299.9**	**2,240.8**	**1,022.3**
Operating expenses	(1,097.7)	(1,171.8)	(1,156.0)	(574.2)
EBITDA (before significant items)	**1,074.1**	**1,128.1**	**1,084.8**	**448.1**
Depreciation and amortisation	(205.2)	(233.4)	(251.5)	(131.4)
EBIT (before significant items)	**868.9**	**894.7**	**833.3**	**316.7**
Significant items	1.6	(134.5)	(465.4)	-
EBIT (after significant items)	**870.5**	**760.2**	**367.9**	**316.7**
Finance income	11.8	35.9	36.2	18.2
Finance expense	(139.6)	(150.0)	(161.0)	(78.7)
PBT (after significant items)	**742.7**	**646.1**	**243.1**	**256.2**
Income tax expense	(150.9)	(188.1)	(162.5)	(73.6)
NPAT (after significant items)	**591.8**	**458.0**	**80.6**	**182.6**
NPAT (before significant items)	**532.0**	**556.5**	**503.5**	**182.6**
EPS (cents)	78.1	60.1	10.5	23.9
EPS (cents)[4]	70.2	73.1	65.9	23.9
DPS (cents)	52.5	59.5[1]	58.5[2]	20.0
Non-alcoholic beverage trading revenue	*4,142.0*	*4,378.9*	*4,318.9*	*2,024.0*
Non-alcoholic unit cases (muc)[3,6]	*554.4*	*576.6*	*578.4*	*283.7*
Sales price per unit case (AUD)	*7.47*	*7.59*	*7.47*	*7.13*
Volume growth (%)[6]	*1%*	*4%*	*0%*	*7%*
Group trading revenue growth (%)	*7%*	*6%*	*-1%*	*1%*
EBITDA[4] margin (%)	*22%*	*22%*	*22%*	*19%*
EBIT[4] margin (%)	*18%*	*18%*	*17%*	*14%*
Dividend payout ratio (%)[4]	75%	77%	85%	84%

Notes:
1. *Includes special dividend of 3.5 cents per share*
2. *Includes special dividend of 2.5 cents per share*
3. *muc – million unit cases (unit case defined as the equivalent of 5.678 litres of beverage)*
4. *Before significant items*
5. *HY – six months ending 30 June*
6. *Volume figures reported are based on unaudited data*

Source: CCA financial statements, Deloitte Corporate Finance analysis

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Deloitte: Coca-Cola Amatil Limited – Independent expert's report and Financial Services Guide

CCA achieved an increase in both sales volumes and sales price per unit for the group in FY2012, driven largely by the improved performance of Indonesia and PNG, which demonstrated a 10.3% increase in sales volume in the period. Sales volumes and revenues also grew in Australia in FY2012 despite difficult economic conditions in the region. This was largely attributable to marketing promotions and price realisation, as well as returns from investments in initiatives such as ‘Project Zero’. Project Zero was a major efficiency initiative which included CCA modifying its production plants to produce polyethylene terephthalate (PET) bottles in-house, as well as increasing the automation of its warehouses.

FY2013 was a difficult period for CCA. Trading in its largest operating region, Australia, was most negatively affected by margin pressure in the grocery channel, which required CCA to increase its marketing and promotions spend. Indonesian operations continued to perform well in terms of sales volume, however, rapid cost inflation and the depreciation of the Indonesian Rupiah resulted in a decline in reported earnings. Results from PNG operations were also poor, as a weak economic climate resulted in a significant decline in both sales volume and reported earnings. This was partially offset by operations in New Zealand, which achieved earnings growth of approximately 18% in FY2013, driven by strong trading in the summer period. Further, CCA also incurred net significant item expenses totalling AUD422.9 million in FY2013. This comprised of impairment and other expenses relating to its SPC Ardmona operations totalling AUD404.0 million, in addition to costs associated with redundancy and restructuring costs of the Australian beverages operations, and onerous and impaired contracts.

Difficult trading conditions in Australia continued in HY2014, highlighted by a 14.1% decline in beverage earnings in the region. Although promotional activities increased in the period, these activities did not yield results in line with expectations. Earnings in other geographies were relatively flat, with the exception of Indonesia and PNG. Indonesia performed poorly as a result of an increasingly competitive market and rapid cost inflation, in addition to continued depreciation of the Indonesian Rupiah. In contrast, results from PNG operations were strong, as demonstrated by a marked increase in sales volume, driven by an improved economic climate.

CCA has a target dividend payout ratio of 70% to 80% of NPAT (pre-significant items), which has generally been exceeded in the periods since FY2012.

3.4 Summary financial position

The historical financial position of CCA is presented below.

Table 4

AUD million	Audited 31 December 2012	Audited 31 December 2013	Reviewed 30 June 2014
Net working capital	842.7	812.4	841.9
Other current balances	(484.3)	(465.2)	(393.0)
Other non-current balances	3,337.6	3,151.9	3,113.3
Net debt	(1,632.5)	(1,759.3)	(1,885.8)
Net assets	**2,063.5**	**1,739.8**	**1,676.4**
Owners of CCA	2,058.3	1,733.6	1,669.9
Non-controlling interests	5.2	6.2	6.5
Total equity	**2,063.5**	**1,739.8**	**1,676.4**

Source: CCA financial statements

CCA's cash balance decreased by AUD413.5 million in the 6 months ending 30 June 2014. During this period, the company repaid AUD364.3 million in borrowings, which was only partially offset by the receipt of AUD179.5 million from new borrowings. CCA's cash payments for income tax also increased by AUD20.3 million relative to the prior comparative period as a result of the company moving from quarterly to monthly tax instalments.

Overall, CCA's net working capital increased by AUD29.5 million between 31 December 2013 and 30 June 2014. Trade and other receivables decreased significantly in the period as a result of an effort by CCA to actively improve its working capital management. Finished goods inventories in Australian beverages and SPC Ardmona increased marginally over the period.

Intangible assets decreased significantly over the periods presented as a result of an AUD316.7 million impairment charge in FY2013. This impairment charge related to CCA's alcohol, food and services division, in particular the SPC Ardmona intangible assets.

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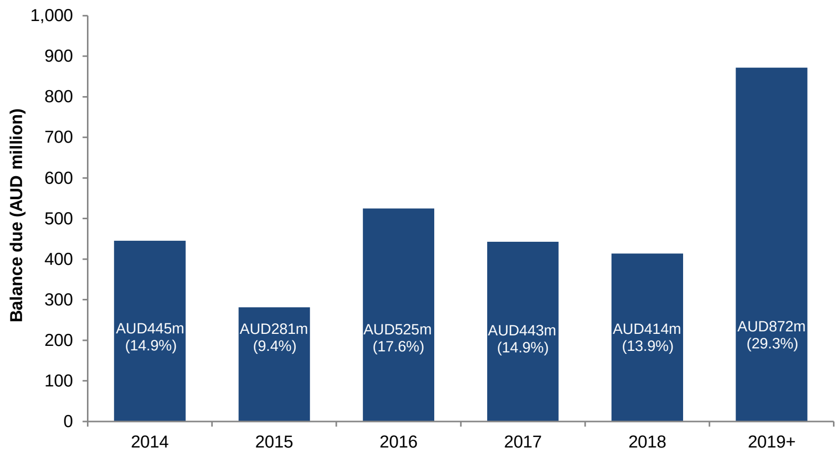
3.5 Capital structure and shareholders

3.5.1 Debt profile

As at 30 June 2014, CCA had a net debt position of AUD1.89 billion, and total committed debt facilities of approximately AUD3.03 billion.

The following figure sets out the maturity profile of CCA's committed debt facilities as at 30 June 2014.

Figure 3



Source: CCA financial statements

The company's committed facilities have an average maturity of 3.9 years. As a result of favourable refinancing, CCA has pre-funded its debt maturities up until March 2016 by holding the necessary funds on term deposits at margins above its associated cost of borrowing.

Gross debt to EBITDA based on the last twelve months (LTM) to 30 June 2014 was 3.3 times.

CCA has long held an investment-grade credit rating (above BBB) with credit ratings agencies Standard & Poor's (S&P) and Moody's. As a result of reduced earnings in FY2013 and increasing industry competition, S&P adjusted its credit rating for CCA downward from A- to BBB+ (with a stable outlook) in April 2014. Moody's maintained its A3 rating for CCA in April 2014, however, downgraded its outlook from stable to negative.

3.5.2 Shareholders

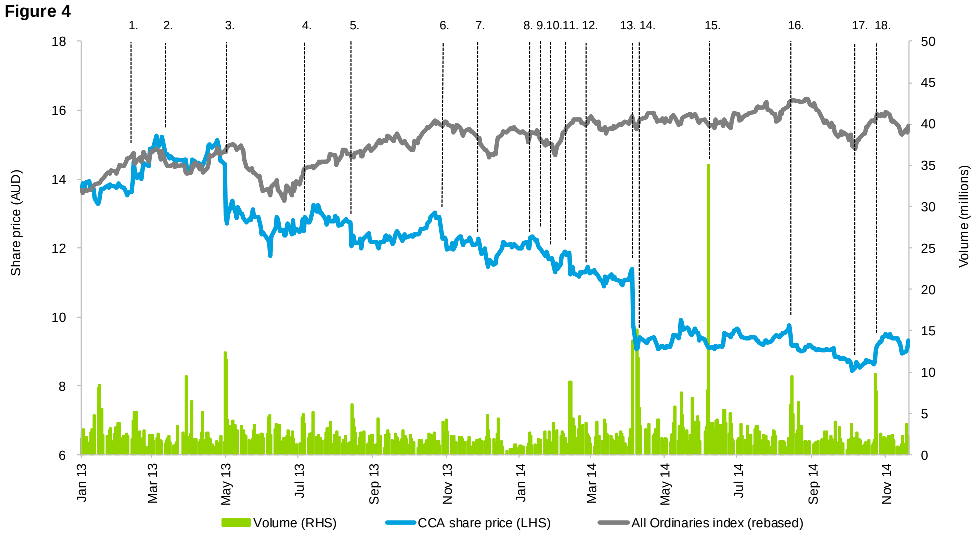
As at 31 December 2013, CCA had approximately 763.59 million ordinary shares on issue.

TCCC is the most significant shareholder in CCA, with a present interest of 29.21%. TCCC currently has two nominees on CCA's board of directors (of nine total).

3.6 Share price performance

The ordinary shares in CCA are listed on the ASX. The number of CCA shares traded on the ASX in the 12 months ended 30 October 2014 was 34.0 million, which represents 4.4% of the average shares outstanding for the period. CCA's ASX share price and trading volumes are compared with the All Ordinaries Index over the period from 1 January 2013 to November 2014 in the figure below.

Figure 4



Source: Capital IQ, Deloitte Corporate Finance analysis

The main movements in CCA's share price and trading volume, as identified in numbers in the above figure, is summarised in the table below.

Table 5

Date	Ref.	Note
18 Feb 2013	1	Announced FY2012 results, with trading revenue and EBIT (before significant items) up 6.2% and 3.1%, respectively. CCA also declared a final (AUD32 cents per share) and special (AUD3.5 cents per share) dividend
18 Mar 2013	2	Terry Davis, Group Managing Director of 12 years announces his retirement
06 May 2013	3	Announced an expected decline of 8% to 9% in EBIT for the six months to June 2013
12 Jul 2013	4	Closes Peats Ridge bottling plant
19 Aug 2013	5	Earnings for the six months to June 2013 down 3.5% and 6.8% at the revenue and EBIT level, respectively
01 Nov 2013	6	Announced an expected reduction in EBIT of 5% to 7% for FY2013 due to lower demand, an increase in competition and negative foreign exchange impacts
02 Dec 2013	7	Announced the appointment of Alison Watkins as Managing Director
14 Jan 2014	8	Suntory announcement of the planned acquisition of Beam Inc (with which CCA has a distribution agreement for the Australian market)
23 Jan 2014	9	Announced of plans to shift part of juice production from regional South Australia to Adelaide and associated redundancies of 28 personnel
30 Jan 2014	10	The Federal Government refused to provide SPC Ardmona with financial assistance of AUD25 million
13 Feb 2014	11	Announced an investment of AUD 78 million in SPC Ardmona as well as a Victorian Government grant of AUD22 million
03 Mar 2014	12	Alison Watkins takes up role as new Group Managing Director
10 Apr 2014	13	Announced the commencement of a strategic review and an expected decline in EBIT of 15% for the six months to June 2014
14 Apr 2014	14	Standard & Poor's downgrade CCA's credit rating from A- to BBB+ (stable outlook) and Moody's changed its A3 rating outlook from stable to negative
13 Jun 2014	15	Large block trade is executed on behalf of a pool of investors after a global investment fund sells down its holding in CCA
19 Aug 2014	16	Release of earnings for the six months ended 30 June 2014 with revenue in the Australian beverage business declining by 14% due to difficult trading conditions
13 Oct 2014	17	Market rumours that CCA is in discussions with TCCC regarding a potential direct investment by TCCC in its Indonesian operations
30 Oct 2014	18	Announced the Proposed Investment and the results of the strategic review of the group, including the growth strategy for CCAI and the broader CCA business

Source: ASX announcements, Capital IQ, Factiva, Deloitte Corporate Finance analysis

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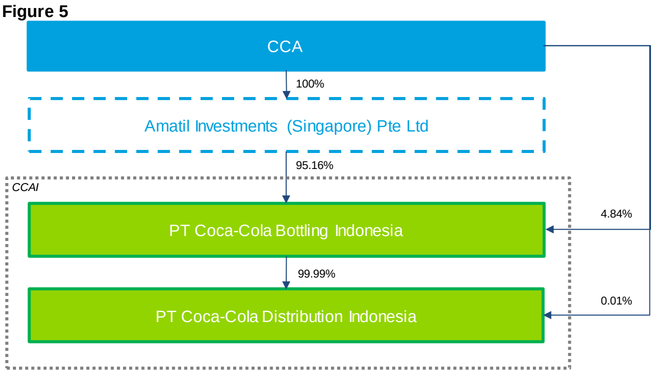
4 Profile of CCAI

4.1 Overview and brief company history

CCAI is a leading producer of NARTD beverages in Indonesia. The company is currently wholly owned by CCA and comprises two operating entities, PT Coca-Cola Bottling Indonesia and PT Coca-Cola Distribution Indonesia, collectively referred to as CCAI. The following figure sets out the ownership structure of CCAI.

Figure 5



Source: CCAI management

A brief overview of the company history is provided below.

Figure 6

Year	Note
1932	Coca-Cola is first produced in Batavia (now Jakarta), Indonesia by De Nederlands Indische Mineral Water Fabriek (De Nederlands Indische).
1942	De Nederlands Indische ceases operations as a result of World War II.
1956	Production of Coca-Cola recommences under Indonesia Bottler Limited (IBL). IBL begins producing 1,000 to 1,500 cases of Coca-Cola per day.
1977	Commercial Products Supply (CPS) is established by TCCC in West Java, Indonesia. CPS supplies various beverage concentrates and syrups to Coca-Cola bottlers in Indonesia, Singapore, Thailand, Cambodia, Vietnam, Australia and New Zealand.
1991/ 1992	CCA enters the Asia-Pacific region, establishing Coca-Cola Tirtalina Bottling Company (TBC) and Pan Java Bottling Company (PJBC), operating in joint ventures with Tirtalina Group and Pan Java Group, respectively. The businesses begin producing Coca-Cola products, servicing East Java, West Java and Bali.
1993	PJBC acquires the Coca-Cola bottling and distribution assets of PT Multi Bintang Indonesia, based in Medan, Sumatra. The transaction results in PJBC becoming the sole Coca-Cola licence holder in Sumatra.
1995	CCA announces the acquisition of the outstanding shares in TBC in conjunction with a renounceable rights issue, which raises AUD670 million.
1996	CCA moves to 90% ownership of its Indonesian operations, with the remaining 10% held by various local shareholders.
1997	CCA dilutes minority shareholders through an equity issue
2000	CCAI ownership structure is reorganised to its current state through mergers.
2002	CCAI introduces Frestea RTD tea products into its line of products.
2004	CCA acquires the remaining minority interests in its Indonesian operations.
2008	The Minute Maid fruit juice and Coke Zero brands are introduced into Indonesia by CCAI.
2012	CCAI acquires a manufacturing facility in Jakarta from PT San Miguel Indonesia Food and Beverages, following its decision to exit the production of NARTD beverages in Indonesia. CCAI commissions 3 new production lines, one in Medan and two in Cibitung. The company also constructs two new warehouse facilities in Bekasi and Medan.

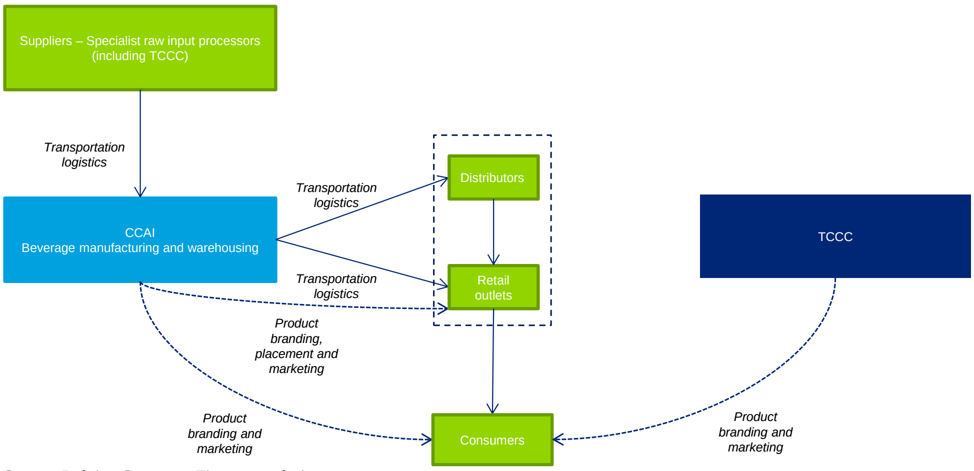
Source: CCAI website, CCA website

4.2 Business operations

CCAI is an Indonesian NARTD beverage manufacturer. Through a bottling agreement with TCCC, the company has the rights to manufacture, package, distribute and sell TCCC brand products across most of Indonesia. The only other authorised Coca-Cola bottler in Indonesia is PT Bangun Wenang Beverages, which operates in North Sulawesi (see Figure 8). CCAI accounts for approximately 98% of Coca-Cola branded products in Indonesia.

CCAI obtains its manufacturing inputs from specialist raw material suppliers and markets its products throughout Indonesia. The following figure illustrates the supply chain structure for CCAI.

Figure 7



Source: Deloitte Corporate Finance analysis

4.2.1 Suppliers/Agreements

Key inputs used by the manufacturers of soft drinks are water, concentrate, and natural and synthetic sweeteners including refined sugar and aspartame. Beverage manufacturers will typically produce RTD beverages by mixing a beverage concentrate with filtered water and sweeteners and then, in the case of carbonated beverages, carbonating them. Generally speaking, beverage manufacturers holding the distribution rights for a particular beverage brand (e.g. CCAI) will purchase beverage concentrate from a large company, whereas independent brand owners will usually produce concentrate in-house. Following this production process, beverages are then put in cans and bottles, before being sold to retailers and distributors.

CCAI has an agreement in place to obtain its concentrates from authorised suppliers of TCCC, as well as procurement agreements with a large number of suppliers. The agreements relate to many aspects of CCAI's operations, including the purchase of aluminium cans and PET resin, packaging closures, product labels, construction services, transport, as well as the purchase of raw inputs such as sugar.

CCAI's relationship with TCCC is discussed in greater detail in Section 4.4.

4.2.2 Production

The beverage industry in Indonesia has grown rapidly in recent years, as a result changing consumer preferences, growing organised retail (i.e., supermarkets, hypermarkets, convenience and discount stores) and the emergence of the middle-class in Indonesia. These developments have led to new players entering the market (further discussion of this is provided in Section 4.5 below). As a result, domestic manufacturers are engaged in improving the production process and expanding manufacturing capacity in order to consolidate their position in the market. However, a lack of available natural resources, and poor road infrastructure, are bottlenecks for existing players and provide major barriers to entry for prospective entrants in the industry. In addition, Indonesia suffers from inefficient distribution of electricity, resulting in manufacturers having to generate their own power or use backup energy sources, further increasing operating costs.

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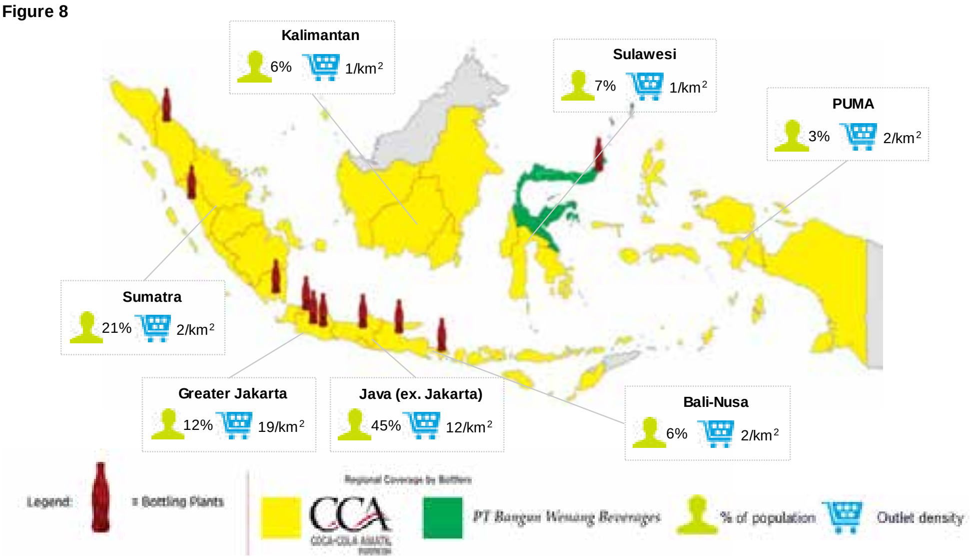
CCAI currently owns and operates nine Coca-Cola bottling plants in Indonesia, utilising 38 beverage production lines. The following figure sets out the location of CCAI and PT Bangun Wenang Beverages' bottling facilities, and the regions of Indonesia serviced by each company.

Figure 8



Source: CCAI website, CCA company announcements

CCAI has a large manufacturing footprint across Indonesia, with the majority of its manufacturing facilities located in Java (where over half the country's population resides).

4.2.3 Distribution

The lack of developed infrastructure in Indonesia is a major barrier to the efficient transportation and distribution of beverage bottles. According to data from the World Bank, Indonesia lost more than one percentage point of additional gross domestic product (GDP) growth due to under-investment in infrastructure, primarily roads and public transportation. Despite rising government spending in recent years, Indonesia's core infrastructure stock, such as road networks, ports, electricity, telecommunication facilities, has not kept pace with economic growth. The slow growth in the infrastructure capital stock, coupled with high economic and vehicle fleet growth, has contributed to major gaps, congestion problems and poor logistics performance[3].

Due to the large size of the Indonesian NARTD market, the dispersion of the population over an archipelago comprising more than 17,000 islands and the country's underdeveloped infrastructure, companies with extensive distribution networks are likely to find themselves in a strong position to build a dominant market presence. Historically, local soft drinks manufacturers have engaged in distribution ties with independent retailers to sell their products. However, the increasing expansion of organised retail in Indonesia is expected to provide more effective routes to the market, and hence a rising number of manufacturers are expected to distribute their products through the organised retail channel in the future[4].

4.2.4 Retail Outlets

Traditional retail channels, consisting of independent retailers, including mum-and-pop stores (warungs) and wet markets, are the most prominent in the Indonesian retail landscape, accounting for more than 30% of the total market volume. However, modern retailers, including convenience stores, hypermarkets, supermarkets, department stores and others are continuing to expand their market share rapidly. The modern retail industry in

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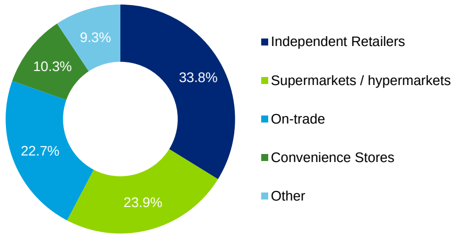
[3] The World Bank – Indonesia – Avoiding The Trap – May 2014

[4] Business Monitor International - Indonesia Food and Drink Report - Q2 2014

Indonesia is forecast to more than double its market size to USD87 billion by 2017 from 2010 levels[5]. Within modern retailers, convenience stores are growing strongest, with stores such as Alfamart, Indomaret and 7-Eleven growing at more than 30% per annum between 2000 and 2011[6]. Figure 9 below illustrates the market share, by volume, of different categories of retailers of the Indonesian beverage market in 2013.

Figure 9



Source: MarketLine Industry Profile - Soft Drinks in Indonesia – September 2014, Deloitte Corporate Finance Analysis

Due to the increasingly competitive retail landscape, retailers are working more closely with manufacturers and distributors to design incentive schemes and packages to retain and acquire new customers. Traditional retailers, who still account for the bulk of retailing in Indonesia, will encounter more difficulties in devising such incentive schemes.

4.3 Product branding, placement and marketing

CCAI produces and markets over 10 brands of NARTD beverages in Indonesia. All of the brands sold by CCAI are owned by TCCC or wholly owned subsidiaries of TCCC. The following table provides a description of these brands.

Table 6

Category/brand	% of FY2013 revenue	Description
Sparkling		
Coca-Cola	56.8%	Cola flavoured beverage. Available in 9 sizes
Diet Coke		Sugar-free version of Coca-Cola
Coke Zero		Sugar-free, full-flavoured version of Coca-Cola
Fanta		Fruit flavoured soft drink
Sprite		Lemon-lime flavoured soft drink
A & W		Sarsaparilla flavoured soft drink
Schweppes		Sparkling beverages. Available in tonic water, ginger ale and soda flavours
RTD tea/coffee		
Frestea	14.8%	RTD tea. Available in seven flavours
Fruit juice/dairy		
Minute Maid Pulpy/Nutriboost	24.2%	Fruit juice and dairy beverages
Isotonic		
Aquarius	0.9%	Grapefruit flavoured isotonic drink
Bottled water		
Ades	2.9%	Bottled mineral water

Source: CCAI website, Euromonitor International, CCAI management

NARTD manufacturers are expected to respond to the rise in competition by increasing the availability of packaged products, which offer convenience to consumers. The practice of drinking from returnable glass bottles is still prevalent in traditional retailers or small food stalls, especially for RTD tea and carbonates. However this

[5] The evolving Indonesian consumer – McKinsey and Company – November 2013

[6] Ibid

practice is declining, due to the growing preference for convenient packaging from both the consumers and retailers. The cost of returnable glass bottles is lower than other packaging (i.e. PET), however the inconvenience of returning bottles is thought to outweigh the convenience and higher cost of other types of packaging. Consumers therefore are switching towards other types of packaging, especially PET bottles.

Manufacturers who previously focused on returnable glass bottle packaging such as Sinar Sosro PT and CCAI are shifting their focus to non-returnable packaging, especially in the form of PET bottles. The rapid expansion of modern retailers is expected to encourage this development[7].

CCAI has approximately 300,000 coolers in the market, which are generally stocked with a complete beverage portfolio. Beverage coolers are typically heavily branded and are utilised by CCAI (and other large beverage producers) as a means to increase brand awareness and recognition, particularly in the traditional channels. Smaller beverage brands are often only sold in stores once a branded cooler has been installed, however, are typically sold at ambient temperature rather than in branded coolers. Overcoming space, as well as electricity challenges, has resulted in CCAI using energy efficient coolers within the Indonesian market.

According to a survey conducted by McKinsey, Indonesian consumers have strong brand loyalty and prefer local brands over foreign brands, particularly in the food and beverage sector. Manufacturers are also trying to distinguish their products to some extent by stressing their health benefits (especially for juices and functional drinks) and taste[8]. With these drivers in mind, brand marketing still has a significant family, friendship, health and localised flavour.

4.4 Relationship with TCCC

CCAI is currently party to a bottling agreement with TCCC under which it must purchase beverage concentrate from TCCC designated suppliers for use in the production of finished beverages. Generally the price paid by CCAI for beverage concentrate has been related to the revenue generated by CCAI from the sale of its finished beverage products. CCAI and TCCC have agreed that upon the completion of the Proposed Investment, they will implement an aligned system economics arrangement. This long-term alignment around concentrate pricing is intended to facilitate achievement of the agreed Growth and Return Objectives.

In addition to the sale of beverage concentrate, TCCC maintains an active role in the development of Coca-Cola product images and media purchasing. The company also has an active involvement in the marketing of CCAI's TCCC products and the design and innovation of product packaging. Marketing strategies and advertising promotions are typically funded by TCCC.

CCAI also benefits from the group buying power of Coca-Cola bottlers around the world and the alignment of initiatives and strategies between TCCC and Coca-Cola bottlers.

4.5 Competitive landscape

The most common drink purchased and served in Indonesia is water. The majority of Indonesians are Muslim, who refrain from drinking alcohol and hence the alcoholic beverage industry is small and highly regulated. Due to the increasing number of young people in urban areas with high disposable incomes, the sale of carbonated drinks, coffee, juices and health oriented wellness drinks has been growing strongly and is forecast to continue to increase.

The Indonesian beverage market is quite concentrated with the four largest players accounting for approximately 75% of all beverage sales. The larger players gain significant power and benefit from scale economies, strong brands, and having a range of different products. In addition, modern retailers produce and sell their own branded products (known as private label products), to compete with established brands.

The figure below outlines the changing market share of various beverage manufacturing companies across different segments in 2003 and 2013.

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7 Business Monitor International - Indonesia Food and Drink Report - Q2 2014

8 MarketLine Industry Profile - Soft Drinks in Indonesia – September 2014

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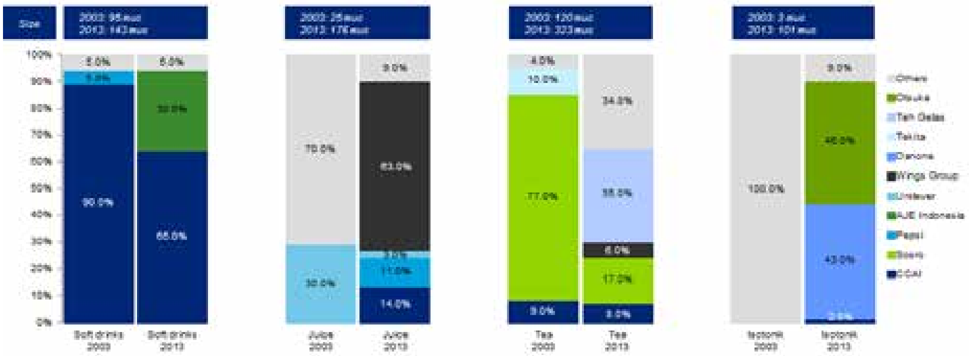
Figure 10



Note:

1. Bottled water and dairy have been excluded

Source: CCAI Management

There has been increased competition in all product segments over the past 10 years, with new players entering the NARTD market. This has led to new opportunities and challenges for market players, as changing consumer preferences call for new ways of keeping current customers and attracting new ones. Below is the competitive profiling of CCAI's main product categories:

- **Sparkling soft drinks:** CCAI continued to be the leader in the carbonated soft drinks segment, however its share has declined from almost 90% in 2003 to approximately 65% in 2013. The decrease in market share is primarily due to increased competition, especially from AJE Indonesia. AJE Indonesia entered the Indonesian market in 2010, and has adopted a low-price strategy, targeting mostly middle to lower income consumers with their brand Big. In addition, in mid-2013 a local packaged food giant, Indofood Sukses Makmur Tbk PT, entered in a joint venture with Asahi Group, to acquire Pepsi-Cola Indobeverages PT
- **Juices and flavoured water**: CCAI's volume market share in 2013 was 14%. Excluding cups, which are a low margin segment of the category, CCAI in 2013 was the market leader with 38% of the market as a result of the highly successful Minute Maid Pulpy range, which was launched in 2008. In 2012 the Wings Group launched Floridina, an affordably priced juice with pulp drink and by 2013 Floridina was the number 2 brand, with 14% of the market excluding cups. Multi-national company Unilever, the market leader in 2003 with 30% of the market, is the 3rd player with 9% volume share excluding cups
- **RTD Tea**: CCA's volume market share in 2013 was 8.0%. Excluding Cups, in 2013 CCA's Frestea was the number 2 brand in the market with 16% share (up from 9% in 2003). Sinar Sosro PT has historically dominated the RTD tea segment, due to its extensive distribution network with both modern and traditional retailers, however its market share has declined from 77% in 2003 to 37% in 2013, excluding cups. Mayora Indah Tbk PT, which entered the RTD tea segment in 2011, managed to achieve the third highest sales in term of volume in 2013, with its Pucuk Harum brand. This brand was priced affordably, compared to other major brands and was extensively promoted and distributed throughout Indonesia.

4.6 Indonesian economy

Indonesia has experienced strong economic growth in recent years despite the onset of the global financial crisis. Indonesia achieved an average real GDP growth of 5.28% per annum in USD over the period 2004 to 2013 and is forecast to grow over the next decade at an average annualised rate of 5.31%, as set out in the figure below.[9]

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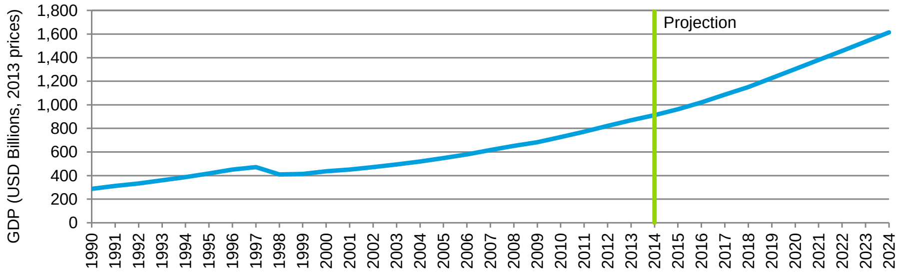
[9] Historical Data – Badan Pusat Statistik, Projection – Economist Intelligence Unit

Figure 11



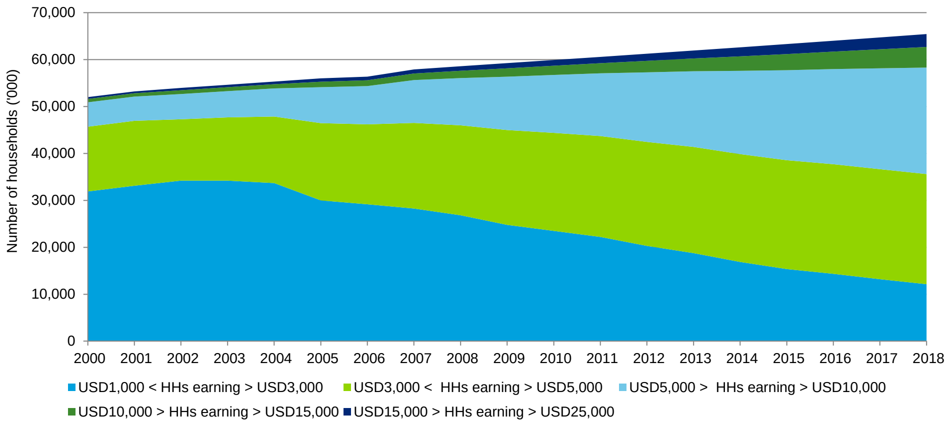
Source: Historical Data – Badan Pusat Statistik, Projection – Economist Intelligence Unit

This strong growth in GDP is primarily a result of the following:

- strong growth in GDP per capita, with GDP per capita (in USD, 2013 prices) growing at an annualised rate of 4.19% per year over the period 2004 to 2013. GDP per capita is similarly forecast to grow at an average annualised rate of 4.45% over the coming decade[10]
- Indonesia has a population of approximately 250 million. The country experienced moderate population growth over the last decade and is projected to experience population growth at a rate of 1.1% per annum over the period 2015-2025.[11]

The strong growth in GDP is forecast to dramatically increase the number of middle class households in Indonesia. The number of households earning between USD5,000 and USD10,000 a year is projected to increase from approximately 16 million in 2013 to 22 million in 2018, as outlined in the figure below.

Figure 12



Note:
1. HHs – Households
Source: Economist Intelligence Unit

This expansion of the middle class is expected to fuel significant growth in the size and scope of the consumer goods market in Indonesia. In addition CCAI's primary target group, being those aged between 15 and 35 is projected to remain relatively stable in Indonesia, in comparison to developed countries, which are projected to have an ageing population. This target audience in Indonesia will result in a greater workforce within the economy (earning a higher wage than previous generations) and a greater demand for NARTD beverages.

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[10] Historical Data – Badan Pusat Statistik, Projection – Economist Intelligence Unit

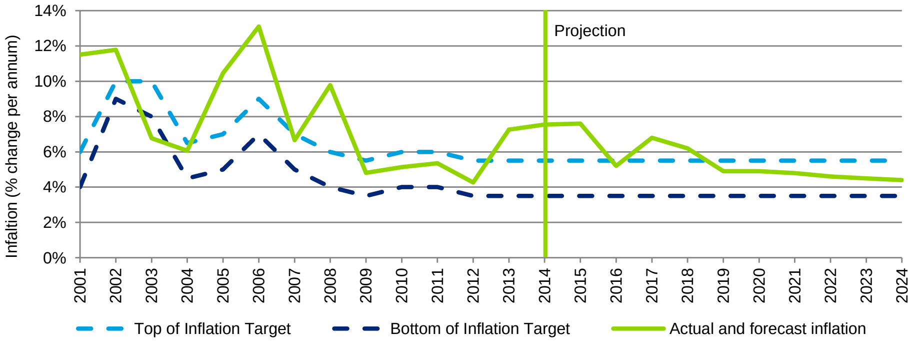
[11] Bappenas (2009) Proyeksi Penduduk Menurut Provinsi 2010-2035

Deloitte.

4.6.1 Inflation

Indonesia has experienced wide spread inflation over the last decade, with annual inflation rates within the band of 4.0% and 13.1%. The Indonesian central bank has pre-approved inflation targets, which it has been largely successful in controlling, except in regards to the impact of fuel price subsidies. The chart below outlines the upper and lower bound for inflation targets set by Bank Indonesia over the period of 2001 to 2018, actual historical inflation and forecast inflation for the period 2014 to 2018.

Figure 13



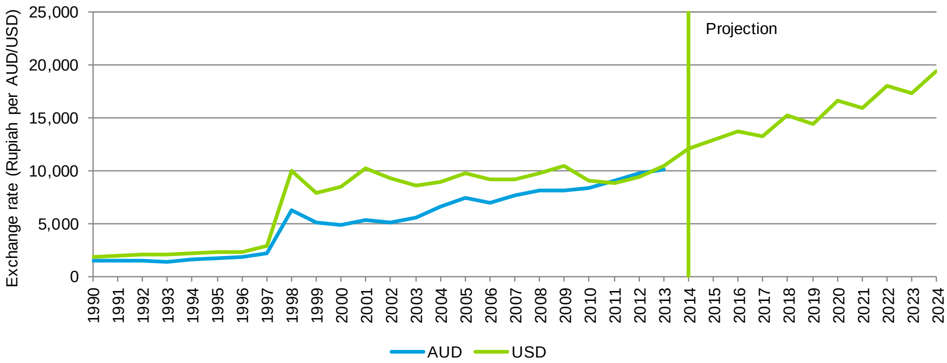
Note:
1. We have maintained the inflation target set for Bank Indonesia flat from 2013 onwards
Source: Bank Indonesia (2014) Bank Indonesia and Inflation, Historical Data – Badan Pusat Statistik, Projection – Economist Intelligence Unit

The notable years in which inflation significantly exceeded targets were 2001, 2005, 2008 and 2013, which are directly attributable to cuts in existing fuel subsidies, which translated into higher food and consumer goods prices. The new Indonesian government has signalled a desire to reduce fuel subsidies further, which may result in further inflation in the Indonesian economy.

4.6.2 Foreign Exchange

Indonesia experienced a rapid devaluation of its currency over the years 1997 to 1998 as a result of the Asian Financial Crisis, as highlighted in the chart below.

Figure 14



Source: OECD (2014) OECD Stat, National Currency per US Dollar

Over the last decade, the currency has gradually declined in value when compared to the AUD and USD, primarily as a result of the higher inflation rate in Indonesia. The trend since the Asian Financial Crisis is expected to continue, with economists projecting a slow devaluation of the IDR against the USD over the course of the next decade.

4.6.3 New Government

Mr Joko Widodo was elected as Indonesia's president in July 2014. Mr Widodo's government is expected to introduce several reforms to address the deep seated governance problems and endemic corruption. One of the major reform areas targeted by the new Government included a reduction in fuel subsidies, which took effect in November 2014. The Government plans to redirect the funds generated from reduction in fuel subsidies towards improvements in basic infrastructure, healthcare and education.

4.7 The Growth and Return Objectives

On 11 April 2014, CCA announced the commencement of a comprehensive strategic review of its operations (the Strategic Review). The results of the Strategic Review were announced on 30 October 2014 in conjunction with the announcement of the Proposed Investment. As part of the Strategic Review, CCA unveiled a growth strategy aimed at accelerating the development of CCAI's operations and its goal of becoming Indonesia's largest NARTD beverage company by value. In order to achieve the Growth and Return Objectives, CCAI will focus on the following three key enablers:

- transformation of CCAI's route-to-market (RTM) model
- refining CCAI's revenue management
- CCAI-wide cost-out, leveraging scale and efficiency.

While CCAI has a strong market presence in its direct sales and cooler network, its cost to serve is relatively high making it difficult to compete in the middle market. The transformation of the company's RTM model includes the rationalisation of CCAI's distribution and warehousing networks, in particular in Java and Sumatra. This will involve a reduction of CCAI's distribution centres from 85 in 2014 to approximately 55 in 2017 and a reduction in distribution vehicles from approximately 1,300 in 2014 to 600 in 2017. In order to maintain its distribution reach, CCAI plans to interact with its customers through either a direct or indirect route. Through the direct route, retailers will continue to order directly through CCAI and orders will be delivered direct from the manufacturing plant. The customer's account will continue to be maintained via CCAI sales representatives. Through the indirect route, CCAI plans to set up official third party distributors, of which each will be assigned a specific region. The third party distributors will interact directly with the customers and CCAI. By the end of 2016, CCAI expects to have reduced the number of outlets it directly delivers to from 385,000 to 30,000.

CCAI's plan to refine its revenue management involves a change to its pack-price structure to increase product affordability and appeal to emerging customers. This will include the introduction of smaller serving sizes at reduced retail prices, with a particular focus on sparkling, fruit juice and RTD tea products. CCAI also plans to increase point-of-sale marketing of its sparkling beverages and introduce national consumer promotions. This is expected to broaden the appeal of CCAI's products into the mass market including the high growth middle class.

CCAI also plans to localise its production facilities and undertake changes to its packaging. This will include the expansion of its fleet of cold drink equipment, the upgrade of existing production plants and the construction of new production facilities as capacity at existing facilities is fully utilised. Light-weight packaging and energy-saving initiatives are also expected to be implemented.

In order to fund the infrastructure upgrades and new product lines outlined in the Growth and Return Objectives, CCAI will increase capital expenditure in the region over the next four years. The Proposed Investment is expected to fully fund the capital required for the next three to four years.

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4.8 Historical financial performance

The historical financial performance of CCAI is presented below.

Table 7

IDR billion (unless otherwise stated)	Audited[1] FY2011	Audited[1] FY2012	Audited[1] FY2013	Reviewed HY2014
Trading revenue	**5,864.3**	**6,824.2**	**7,351.0**	**3,674.4**
Cost of goods sold	(3,739.4)	(4,304.8)	(4,803.4)	(2,644.0)
Delivery	(187.3)	(211.9)	(268.0)	(150.2)
Gross profit	**1,937.6**	**2,307.5**	**2,279.6**	**880.2**
Operating expenses	(1,005.5)	(1,100.5)	(1,049.0)	(589.2)
EBITDA	**932.1**	**1,207.0**	**1,230.6**	**291.0**
Depreciation and amortisation	(352.0)	(420.7)	(439.8)	(278.3)
EBIT	**580.1**	**786.3**	**790.8**	**12.7**
Unit cases (muc)[2]	*130.7*	*145.2*	*160.1*	*87.8*
Sales price per unit case (IDR thousand)	*44.9*	*47.0*	*45.9*	*41.8*
Volume growth (%)	*6%*	*11%*	*10%*	*22%*
Revenue growth (%)	*12%*	*16%*	*8%*	*8%*
EBITDA margin (%)	*16%*	*18%*	*17%*	*8%*
EBIT margin (%)	*10%*	*12%*	*11%*	*0%*

Note:
1. *Formed part of the audited consolidation package of CCA and was not subject of a standalone audit/review opinion*
2. *Volume figures reported are based on unaudited data.*

Source: CCAI management accounts prepared in accordance with IFRS

CCAI performed strongly in FY2012, as a result of strong growth in both sales volume and sales price per unit case. This result was largely attributable to the success of CCAI's one-way-pack (OWP) products, which typically yield high margins. The company also introduced a number of new products in FY2012, under the Minute Maid brand, which contributed to sales growth in the traditional retail channel.

Although CCAI demonstrated sales volume growth of 10% in FY2013, earnings growth was relatively flat over the period. This was driven largely by a decrease in product pricing (in order to compete with competitors) and significant cost inflation, as a result of a 35% increase in minimum wage levels in Indonesia and the reduction of Government fuel subsidies by approximately 30%. In addition, the depreciation of the Indonesian Rupiah had a negative effect on foreign currency denominated input costs. The increase in production costs was offset by the strong sales growth of sparkling beverages in OWPs, and the introduction of further new products in the high growth fruit juice category.

CCAI's trading performance in the six months to 30 June 2014 has been poor relative to previous years. CCAI and TCCC introduced a range of competitor response initiatives within the market to regain/grow market share which, combined with the high cost of inflation in the market, resulted in price realisation below cost increases.

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4.9 Financial position

The historical financial position of CCAI is presented below.

Table 8

IDR billion	Audited[1] 31 December 2012	Audited[1] 31 December 2013	Reviewed[1] 30 June 2014
Net working capital	560.5	527.3	743.6
Other current balances	(458.5)	(249.8)	(521.9)
Other non-current balances	3,934.7	5,190.0	5,299.0
Net debt	(1,363.2)	(1,885.6)	(1,421.8)
Net assets	**2,673.5**	**3,581.9**	**4,098.9**
Owners of CCAI	**2,673.5**	**3,581.9**	**4,098.9**

Note:
1. Formed part of the audited consolidation package of CCA and was not subject of a standalone audit/review opinion
Source: CCAI management accounts prepared in accordance with IFRS

Fixed assets increased significantly over the observed period. This was attributable to CCAI's investment in new production and distribution infrastructure, particularly new production lines at its bottling plants and additions to its fleet of transport vehicles.

CCAI currently has IDR1,650 billion of drawn external debt facilities, as detailed below:

- IDR850 billion expiring July 2015
- IDR800 billion expiring May 2017.

CCAI also has three short term uncommitted bank loan facilities.

4.10 Outlook

During 2013, CCAI lost significant market share to its competitors, particularly in the sparkling soft drink segment. As a counter-measure, CCAI decreased its product pricing, resulting in a decline in revenue per unit case of approximately 15% over the period March 2013 to December 2013. In addition the company focused heavily on its marketing and advertising and changed its product pack mix in order to gain further market share.

Over the period January 2014 to July 2014, CCAI increased its market share in sparking soft drinks, Juice and RTD tea and has been able to maintain its trading revenue per unit case on a relatively constant basis.

Beyond FY2014, as part of the Plan, management has put in place a number of targets, which are expected to deliver sustainable earnings growth, including:

- target annual growth in excess of market growth rates for the next 10 years
- CCAI's return on capital employed progressing to be greater than its WACC by 2020
- rate per case to be maintained (despite negative mix impact)
- EBIT margin increasing to 10% by 2023
- costs growing less than inflation through scale and productivity improvements.

Going forward, the system economics arrangement is intended to facilitate greater alignment between TCCC and CCAI in order to maximise value for the business.

Over the next two to three years, management expects cash flows generated by CCAI to reduce, reflecting investment in RTM infrastructure and manufacturing capabilities. However, this investment is expected to realise significant improvements in cash flow beyond this period and over the longer term.

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5 Profile of TCCC

5.1 Overview

TCCC is a multinational beverage corporation listed on the New York Stock Exchange. The company's primary operations comprise the manufacturing, marketing and sale of beverages and beverage concentrates and syrups.

Although TCCC's operations include significant production and distribution networks, the majority of Coca-Cola brand beverages sold around the world are produced in their RTD state, by authorised Coca-Cola bottlers. Typically, a commercial agreement will exist between a Coca-Cola bottler and TCCC. Under these agreements, bottlers are given the right to manufacture, package, distribute and sell Coca-Cola brand products in a particular region, whilst TCCC retains ownership of the trademarks relating to these products. These agreements also stipulate that each bottler must purchase their total required beverage concentrate from TCCC.

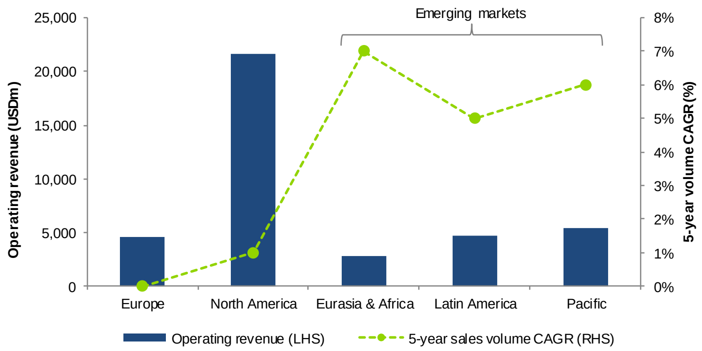
In addition to bottling agreements, TCCC sometimes maintains an equity interest in its authorised bottlers, and has an active involvement in promoting the brand in the particular region. This involvement will usually include the development of marketing strategies and advertising promotions, in respect of which it will fund some component.

5.2 Brand and geographical coverage

TCCC is the largest non-alcoholic beverage company in the world, with its products distributed and sold in more than 200 countries. The company's suite of products includes more than 500 beverage brands, including sparkling soft drinks, fruit juice, mineral water and energy and sports beverages. TCCC's Coca-Cola, Diet Coke, Fanta and Sprite brands, which are all sparkling NARTD beverages, account for four of the five most consumed beverage brands in the world[12]. In total, the consumption of TCCC brand beverages accounts for approximately 3.3% of all beverage servings consumed worldwide each day[13].

The company has a significant presence in almost all regions of the world. TCCC's geographical reporting segments include Europe, North America, Eurasia and Africa, Latin America and Pacific[14]. The following figure sets out TCCC's operating revenue by reporting segment for FY2013, as well as the compound annual growth rate (CAGR) in unit case sales by reporting segment for the period FY2008 to FY2013.

Figure 15



Note:
1. Does not include the Bottling Investments or Corporate segments
Source: TCCC financial statements

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[12] TCCC Annual Report 2013

[13] ibid

[14] TCCC's reporting segments also include Bottling Investments and Corporate

North America is TCCC's most established segment, and has historically been the largest contributor to its total revenues. However, sales volume growth in North America and other mature markets has slowed in recent years. In contrast, TCCC's emerging market segments, which include Eurasia and Africa, Latin America and Pacific, demonstrated strong sales volume growth between FY2008 and FY2013.

In order to capitalise on population growth and the emerging middle class in developing economies, TCCC has signalled that it will make significant investments, in collaboration with existing bottlers, in these regions going forward. In 2012, TCCC's Chief Executive Officer, Muhtar Kent, announced that the company would invest USD5 billion into India by 2020. The investment will enable increases in production capacity, distribution expansions and brand promotion in the region. TCCC also announced a USD500 million investment in Egypt and Pakistan in March 2014, which will enable the construction of new production facilities and the upgrade of existing facilities in both countries.

5.3 Summary financial performance and position

The historical financial performance of TCCC is summarised in the table below.

Table 9

USD million (unless otherwise stated)[1]	Audited FY2011	Audited FY2012	Audited FY2013	Reviewed LTM[2]
Trading revenue	46,542.0	48,017.0	46,854.0	46,166.0
Gross profit	28,338.0	28,964.0	28,433.0	28,319.0
EBIT	10,912.0	11,216.0	11,127.0	11,122.0
Unit cases (buc)[3]	*26.7*	*27.7*	*28.2*	*n/a*
Sales price per unit case (USD)	*1.74*	*1.73*	*1.66*	*n/a*
Volume growth (%)	*5%*	*4%*	*2%*	*n/a*
Revenue growth (%)	*33%*	*3%*	*-2%*	*-2%*
EBITDA margin (%)	*28%*	*27%*	*28%*	*28%*
EBIT margin (%)	*23%*	*23%*	*24%*	*24%*

Notes:
1. *US-GAAP basis*
2. *Defined as 12 months to 30 September 2014*
3. *buc – billion unit cases*

Source: TCCC financial statements, Capital IQ, Deloitte Corporate Finance analysis

TCCC has generated substantial and relatively stable earnings in recent years. The company benefited from strong volume growth and realised price increases in emerging markets in FY2012. The Eurasia and African segment performed strongly, highlighted by unit case sales growth of 10% in the region.

Revenues and earnings declined marginally in FY2013, despite a slight increase in unit case sales. This was driven by a decrease in operating revenues in the Bottling Investments segment, in addition to a 6% decrease in USD denominated revenues in the Pacific region, as a result of currency fluctuations. Despite a reduction in trading revenue, TCCC's gross profit margin improved in FY2013 partly as a result of a deconsolidation of part of its bottling operations in the Philippines and Brazil in January 2013 and July 2013, respectively.

TCCC's earnings were flat in the 12 months ending 30 September 2014. Strong sales volume growth was observed in emerging markets such as India, Sub-Saharan Africa and the Middle East. However, this was largely offset by a marked decline in sales volume in Europe, which exhibited a 5% decrease in unit case sales in the three months ending 31 March 2014 as a result of increased competition and a deteriorating macroeconomic climate.

Due to the scale of its operations and consistent turnover, TCCC typically maintains a significant cash balance. TCCC's cash balance for the period 31 December 2011 to 30 September 2014 is set out in the table below.

Table 10

USD million	Audited 31-Dec-11	Audited 31-Dec-12	Audited 31-Dec-13	Reviewed 30-Sep-14
Cash and cash equivalents	12,803.0	8,442.0	10,414.0	11,084.0

Source: TCCC financial statements

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6 Assessment of fairness

6.1 Basis of selection of valuation methodologies

To estimate the fair market value of CCAI we have considered common market practice and the valuation methodologies which are applicable to corporate entities and businesses but can be applied as appropriate to other economic assets or asset groupings. Refer to Appendix B for a detailed discussion on the various valuation methodologies which can be adopted in valuing corporate entities and businesses.

The operations of CCAI have been affected by increased competition and increased operating costs. CCAI management expect the level of earnings and margin to improve modestly in the coming years as a result of the Growth and Return Objectives and Plan.

A capitalisation of maintainable earnings approach may not appropriately reflect the upside associated with an improvement in the market, notwithstanding the maturity of the business and current trading levels of comparable entities. In comparison, the discounted cash flow method can more appropriately capture the effect of a turnaround in CCAI, as well as the impact of the system economics arrangement, however requires judgement in estimating future cash flows for the business and the applicable discount rate.

Based on the above, we consider the discounted cash flow method to be most appropriate.

Our valuation analysis is based on the concept of fair market value, which we have defined as the amount at which the interest being valued would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation analysis is not premised on the existence of a special purchaser.

6.2 Discounted cash flow method

The discounted cash flow method estimates market value by discounting future cash flows to their net present value. To value CCAI using the discounted cash flow method requires the determination of the following:

- future cash flows
- an appropriate discount rate to be applied to the cash flows
- an estimate of the terminal value.

CCAI derives all of its revenue and the majority of its costs and capital expenditure in IDR. As such, we have discounted the IDR cash flows based on an IDR denominated discount rate, then converted the calculated net present value to USD based on the current USD:IDR exchange rate.

6.2.1 Future cash flows

Management has provided us financial projections for year ending 31 December 2018, which we have extended to a discrete cash flow period of ten years to align with the long-term Growth and Return Objectives and Plan. In our assessment of the Pre Investment Value, we have assumed the current arrangement in regards to concentrate pricing will continue, whereas our assessment of the Post Investment Value assumes the system economics arrangement is implemented. All other assumptions are consistent between the two scenarios.

The key assumptions adopted by CCAI in the preparation of the projections, and our adjustments thereto, consist of the following:

- **price growth:** negligible growth in the period until 2019 and in line with inflation thereafter
- **volume growth:** consistent with our understanding of projected growth in the Indonesian NARTD market and CCAI's Growth and Return Objectives
- **cost of goods sold and operating costs:** under the Post Investment Scenario cost of goods sold and operating expenses are projected in line with the Growth and Return Objectives of the Plan. This scenario incorporates the anticipated financial impact of the system economics arrangement, and projects margin improvements from current levels.

The Pre Investment Scenario assumes the same cost structure as the Post Investment Scenario, with the exception of concentrate costs. Under the Pre Investment Scenario, concentrate costs are determined with reference to net sales revenue. We have assumed a reversion to 2011 concentrate incidence rates (before concessions and rebates) with a small discount to reflect the structural change in the Indonesian beverage market and associated heightened competition (as discussed in Section 4.5), across the ten year Plan.

In assessing the reasonableness of the EBIT margin included in our discount cash flow analysis, we have considered the EBIT margin achieved by the comparable companies (refer to AppendixC). We consider Coca-Cola Icecek to be broadly comparable to CCAI. Similar to CCAI, Coca-Cola Icecek is an authorised Coca-Cola bottler, producing primarily TCCC brand NARTD beverages. The company has a significant presence in emerging markets Turkey and Pakistan. Further, Coca-Cola Icecek's sales mix is not dissimilar to CCAI, with approximately 70% of sales relating to sparkling beverages. Coca-Cola Icecek's current and forecast EBIT margin is 10.1% and 11.9%, respectively

- **working capital:** our assumption takes account of the working capital investment required to achieve the Growth and Return Objectives
- **capital expenditure:** TCCC's capital injection of USD 500 million to be utilised within four years. We estimate capital expenditure thereafter to be in the range of 7% to 8% of revenue, in line with projected depreciation
- **tax:** income tax at a rate of 25% in line with the Indonesian corporate tax rate. We have also considered deferred tax differences and their cash flow impact
- **inflation:** inflation projections for Indonesia in line with the Economist Intelligence Unit, as presented below.

Table 11

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
7.6%	5.2%	6.8%	6.2%	4.9%	4.9%	4.8%	4.6%	4.5%	4.4%

Source: Economist Intelligence Unit

We have performed an analysis of the financial projections that has included:

- analysing the financial projections provided by CCAI management, including limited procedures regarding the mathematical accuracy of the model (but neither a review nor an audit of the model)
- reviewing the basis of the underlying assumptions such as price growth, volume growth and cost projections
- reviewing the on CCAI's financial performance of the system economics arrangement and the historical arrangement in place with TCCC
- holding discussions with CCAI and CCA management concerning the Growth and Return Objectives and the Plan, which ultimately forms the basis for the financial projections.

We have undertaken a sensitivity analysis on the impact on the Pre Investment Value and Post Investment Value of changes in the discount rate, margin and revenue growth rates (refer to Section 6.6).

6.2.2 Discount rate

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. In selecting an appropriate discount rate for the cash flows generated by CCAI we considered the following:

- the capital asset pricing model (CAPM) having regard to local and international market data
- the risk free rate of return in Indonesia, having regard to the yield on the long-term Indonesian Government bond and the United States Government zero coupon bond (adjusted for inflation differentials)
- historical and prospective estimates of the US equity market risk premium (EMRP) (adjusted for country specific risks) as well as the Indonesian EMRP as estimated by Damodaran

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- betas of listed companies that are comparable to CCAI. These betas, which are presented in Appendix C, have been calculated based on weekly returns over a two year period, compared to a relevant domestic index. Based on our analysis, we have selected a re-levered beta in the range of 0.80 to 0.90
- specific company risks, in particular associated with the competitive environment in the Indonesian beverage market (to the extent that it is not already reflected in the comparable companies) and risks associated with CCAI achieving its Growth Strategy as detailed in Section 4.7. Having regard to these factors, we have selected a company specific risk premium in the range of 1.5% to 2.0%
- an appropriate cost of debt in the range of 9% to 10% for CCAI based on existing debt arrangements, Indonesian debt benchmarks, as well as yields on corporate debt in Indonesia
- average gearing levels exhibited by the identified comparable companies of approximately 21% and 17% for the emerging market bottlers and developed market bottlers, respectively, the current level of CCAI debt and debt clauses stipulated by the Heads of Agreement. Having considered these factors we have selected a 20% debt to enterprise value.

Having considered the factors above and various approaches to estimating the cost of capital in emerging markets, we have selected a nominal Indonesian after tax WACC in the range of 13.0% to 14.0%.

6.2.3 Terminal value

The terminal value estimates the value of the ongoing cash flows after the forecast period. We have estimated the terminal value based on the forecast cash flows in the 2025 calendar year, the discount rate and an estimate of the long-term cash flow growth rate.

We have assumed a nominal long-term growth rate of 4.0%, having regard to long-term inflationary growth projections as presented in Table 11 above.

6.3 Net debt

CCAI's expected net debt position as at 31 December 2014 is set out in the following table.

Table 12

USD million	Pre Investment Value	Post Investment Value
CCAI forecast net debt	(180)	(180)
CCAI additional cash from equity contribution	-	500
Adjusted CCAI forecast (net debt) / net cash	**(180)**	**320**

Source: CCAI management, Deloitte analysis

We have adjusted the forecast net debt position under the Post Investment Scenario to include an additional USD500 million of cash, as a result of the equity contribution by TCCC.

6.4 Reserve power discount

Under the Post Investment Scenario, CCA will hold a 70.6% interest in CCAI. This interest remains a controlling interest in CCAI and CCA has the ability to appoint three of the five members to the Board of Commissioners (including appointment of the chairman). However, on a relative basis, we would expect CCA to be able to exert less influence over the operations of CCAI under the Post Investment Scenario, than in comparison to the Pre Investment Scenario, due to CCA being unable to change any items within the Growth and Return Objectives and Plan without a unanimous vote from the Board of Commissioners.

Having regard to the above, we consider a reserve power discount of 5% to be appropriate to apply to the Post Investment Scenario.

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6.5 Equity value calculation

Based on our analysis we have selected an enterprise value range of USD1,000 million to USD1,200 million under the Pre Investment Scenario and USD1,200 million to USD1,400 million under the Post Investment Scenario. In selecting the value ranges for each scenario, we have had regard to the sensitivity analysis detailed in Section 6.6 below.

The calculation of the Pre Investment Value and the Post Investment Value is summarised in the following table.

Table 13

USD million (unless otherwise stated)	Pre Investment Value Low	Pre Investment Value High	Post Investment Value Low	Post Investment Value High
Calculated enterprise value of CCAI (100% control basis)	1,035	1,244	1,161	1,389
Selected enterprise value of CCAI (100% control basis)	**1,000**	**1,200**	**1,200**	**1,400**
Add: surplus assets	-	-	-	-
Adjusted CCAI forecast (net debt)/net cash	(180)	(180)	320	320
Equity value of CCAI (100% control basis)	**820**	**1,020**	**1,520**	**1,720**
CCAI ownership (%)	100.0%	100.0%	70.6%	70.6%
CCAI attributable equity value (control basis)	**820**	**1,020**	**1,073**	**1,214**
Reserve power discount (%)	0.0%	0.0%	5.0%	5.0%
CCAI attributable equity value (control basis after reserve power discount)	**820**	**1,020**	**1,019**	**1,154**
Mid point	920		1,087	
Value incremental[1]	167			

Note:

1. *When calculated using the calculated enterprise value of CCAI (as opposed to the selected enterprise value of CCAI), the difference in the mid point of the CCAI attributable equity value between the two scenarios would be approximately USD 112 million.*

Source: CCAI management, Deloitte analysis

It is also important to note that in undertaking our assessment of CCAI's attributable equity value under the Pre Investment Scenario, we have had particular regard to guidance set out in Regulatory Guide 111 and the definition of fair market value. We have estimated the fair market value of CCAI under the Pre Investment Scenario assuming an unconstrained funding environment.

However, we consider the likelihood of CCAI realising a cash flow profile in line with the Plan in the hands of CCA to be low if the Proposed Investment is not approved, due to the following:

- CCA is likely to stage its capital investments (which, in quantum, may also be lower) in order to manage its financial leverage and management resources
- CCA may not be able to leverage as extensively from management experience of TCCC in emerging markets
- the lack of alignment between TCCC and CCAI interests and associated uncertainty with regard to the pricing of the concentrate going forward could influence decisions made with respect to the growth of the business
- having regard to the above, the projected growth and earnings improvement set out in the Plan may be delayed or lower as CCAI may miss the market opportunity window.

The above factors would mean that if we were to assess the value of the Pre Investment Scenario from the perspective of CCA (as opposed to a hypothetical party as required by Regulatory Guide 111), the Pre Investment Value would be lower than that indicated in the tables above. Therefore the incremental value to CCA of the Proposed Investment would be even greater.

We have also had regard to other commercial approaches to the assessment of the Proposed Investment, namely:

- comparing the USD500 million investment to the Post Investment Value
- comparing the valuation multiples implied by the USD500 million investment to those of comparable listed companies and recent transaction involving similar companies.

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These factors have informed our assessment of reasonableness.

6.6 Sensitivity analysis

Any discounted cash flow analysis can be viewed as being subjective in nature and dependent on the assumptions adopted. The values presented in the table above have been derived based on assumptions we have assessed to be reasonable. In addition, in comparing the Pre Investment Value and Post Investment Value, we have adopted assumptions that are consistent between the scenarios, with the exception of concentrate costs.

The key assumptions in our valuations relate to discount rate, volume growth and margins, which, due to the structure of the system economics arrangement, do not impact the Pre and Post Investment Values in the same manner. We present these sensitivities below.

6.6.1 Discount rate sensitivity

In the table below, we present a sensitivity of the excess Post Investment Value above the Pre Investment Value as a result of adopting different discount rate assumptions.

Table 14

USD million		Post Investment discount rate assumption						
		15.0%	14.5%	14.0%	13.5%	13.0%	12.5%	12.0%
Pre Investment discount rate assumption	15.0%	**183**	240	305	377	458	549	654
	14.5%	104	**162**	226	298	379	471	575
	14.0%	16	74	**138**	210	291	383	488
	13.5%	(82)	(24)	40	**112**	193	285	389
	13.0%	(193)	(135)	(71)	1	**82**	174	279
	12.5%	(318)	(260)	(196)	(124)	(43)	**49**	153
	12.0%	(461)	(403)	(339)	(267)	(186)	(94)	**10**

Notes:

1. *The figures above are based on the mid-point of our selected discount rate range*
2. *The analysis presented above has been based on the calculated enterprise value as opposed to the selected enterprise value for CCAI*

Source: Deloitte analysis

Under the Post Investment Scenario, the cash flow risk could be viewed as lower, due to the alignment around concentrate pricing under the system economics arrangement and the interest of CCA and TCCC being better aligned through an equity interest of CCAI. As a result the Post Investment Scenario could command a lower cost of capital and therefore a lower discount rate. As illustrated by the table above, this would result in the Post Investment Value being even greater than the Pre Investment Value, as represented by the shaded area. By way of example, if you were to attribute a discount rate of 12.5% to the Post Investment Scenario and a discount rate of 13.5% to the Pre Investment Scenario the incremental value to CCA is USD 285 million.

6.6.2 Margin and volume growth sensitivity

In the table below, we present a sensitivity of the incremental Post Investment Value above the Pre Investment Value as a result of adopting different margin and volume assumptions.

Table 15

USD million	(3.0%)	(2.0%)	(1.0%)	base case	1.0%	2.0%	3.0%
Margin sensitivity	442	332	222	112	2	(108)	(218)
Volume growth sensitivity	236	195	154	112	69	26	(18)

Note:

1. *The figures above are based on the mid-point of our selected discount rate range*
2. *The analysis presented above has been based on the calculated enterprise value as opposed to the selected enterprise value for CCAI*
3. *We note in undertaking this analysis, the margin improvement applied is before the impact of the system economics arrangement under the Post Investment Scenario. That is, for example if cost of goods sold and operating expenses (excluding concentrate costs) as a percentage of revenue were to change by ±1%, ±2% or ±3%.*

Source: Deloitte analysis

Margin sensitivity

The analysis above suggests that the Proposed Investment would be unfavourable for CCA if a margin improvement of 2% to 3% above the "base case" is achieved on a long term basis under both scenarios considering the impact of the system economics arrangement relative to the existing arrangement.

In considering the reasonableness of the EBIT margin included in our assessment of value, as discussed above, we have had regard to the margin of the comparable companies. As noted above, Coca-Cola Icecek is forecast to achieve an EBIT margin of 11.9%, which if applied to CCAI, would result in the Proposed Investment being unfavourable for CCA Non-Associated Shareholders (on the basis all other assumptions remain constant). However, in that event, there is a risk that any improvements in the margin under the Pre Investment Scenario may not be realised if TCCC increases the concentrate pricing (thereby acting to reduce margins), which is not factored into our analysis above.

In addition, we are of the view that under the Post Investment Scenario, it is more likely that higher margins could be achieved due to the alignment of TCCC and CCAI towards driving profitability.

Volume sensitivity

The analysis above indicates that the Post Investment Scenario becomes unfavourable for CCA if the volume assumption increases more than 3% above the "base case" assumption under both scenarios, though the achievability of reaching the additional growth under the Pre Investment Scenario, may be considered difficult without TCCC's assistance.

Given the benefit of TCCC's expertise, capabilities and alignment of interests, we have no reason to believe that under a Post Investment Scenario that CCAI would achieve lower volume growth, in comparison to a Pre Investment Scenario.

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7 Other factors

Set out below are other factors we consider relevant for the purposes of the evaluation of the Proposed Investment.

7.1 Valuation implied by equity injection

We have undertaken a cross-check of the enterprise value of CCAI implied by the USD500 million equity injection. In undertaking this analysis, we have used the capitalisation of earnings method. We have selected EBITDA as an appropriate measure of earnings for CCAI. Earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies, than other broadly used measures of earnings such as EBIT or NPAT. This allows for better comparison with earnings multiples of other companies.

In assessing the earnings multiple for CCAI implied by the equity injection, we have had regard to the FY2012 and FY2013 EBITDA achieved by CCAI.

In addition to our assessment of the implied EBITDA multiple, we have also used an industry rule of thumb, EV/case, to separately cross-check the reasonableness of the equity injection. This analysis is based on HY2014 unit case sales, adjusted to represent 12 months of sales. The EBITDA multiples and EV/case implied by the equity injection are set out in the table below.

Table 16

	Input	Multiple
Equity injection - 29.4% (USD million)	500.0	
Implied equity value - 100% (USD million)	1,700.7	
Adjusted CCAI forecast (net debt)/net cash (USD million)	320.0	
Enterprise value implied by equity injection (USD million)	1,380.7	
Enterprise value implied by equity injection (IDR billion)[1]	17,258.5	
FY2012 EBITDA (IDR billion)	1,207.0	14.3 times
FY2013 EBITDA (IDR billion)	1,230.6	14.0 times
FY2014 Cases (muc)	175.6	USD7.9 per muc

Note:

1. Based on an IDR:USD exchange rate of 12,500

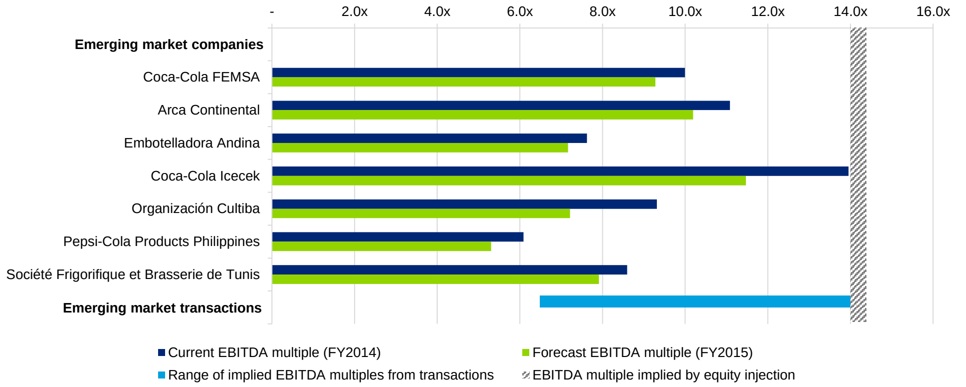
Source: Deloitte Corporate Finance analysis

In considering the reasonableness of the EBITDA multiples and EV/case set out above, we have considered the multiples derived from share market prices of comparable listed companies and prices achieved in mergers and acquisitions of comparable companies. The benchmark companies and transactions, which are summarised in Appendices C and D, have been selected based on their comparability with CCAI.

Multiples derived from share market trading do not reflect the market value for control of a company as they are for portfolio holdings. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding equity values. In comparison, the acquisition price achieved in mergers or acquisitions of companies represents the market value of a controlling interest in that company. We do not consider it necessary to apply a control premium to the trading multiples observed comparable companies, as the 29.4% acquired by TCCC represents less than a controlling interest in CCAI.

The following figure sets out the trading and transaction multiples observed as part of our analysis. Refer to Appendix C and D for greater detail.

Figure 17



Note:
1. *Coca-Cola Embonor S.A. and Haad Thip Pub Company Limited have been excluded the from the table above due to a lack of available forecast earnings information*

Source: Capital IQ, Deloitte Corporate Finance analysis

We make the following comments in respect of the multiples presented above:

- some of the observed comparable companies have more diverse product offerings than CCAI, including the sale of alcohol, which typically attracts a higher margin than non-alcoholic beverages. Additionally, a number of the observed transactions involved companies with operations that include the sale of brands with less brand recognition than most TCCC products
- CCAI operates in Indonesia, an emerging economy expected to exhibit sustained economic growth. We have therefore had regard to companies operating in economies with a similar growth profile and similar market dynamics to Indonesia
- the average current and forecast EBITDA multiples of the comparable companies operating in emerging economies are 9.5 times and 8.4 times, respectively, on a minority interest basis. The average current EV/case of the comparable companies is USD5.6/case on a minority interest basis
  - we consider Coca-Cola Icecek to be broadly comparable to CCAI. Coca-Cola Icecek's current and forecast EBITDA multiples are 14.0 times and 11.5 times, respectively, on a minority interest basis. Coca-Cola Icecek's current EV/case is USD5.7/case (on a minority interest basis)
  - we also consider Embotelladora Andina S.A. (Andina) to be somewhat comparable to CCAI. Andina is an authorised Coca-Cola bottler operating in emerging markets within South America. In recent years, Andina has exhibited strong revenue growth; however, the recent introduction of an excise tax on high calorie food and beverages in Chile is expected to diminish volume growth in coming years. Andina's current and forecast EBITDA multiples are 7.6 times and 7.2 times, respectively, whilst its current EV/case is USD4.7/case (on a minority interest basis)
  - a number of the comparable companies operate in Mexico, which has a far more mature NARTD beverage market than Indonesia. In recent times, large Mexican Coca-Cola bottlers, such as Coca-Cola FEMSA S.A.B. de C.V. (FEMSA), have acquired smaller bottlers in order to fuel growth. A number of these transactions have involved the acquisition of bottlers operating in less developed markets with similar characteristics to the Indonesian market
- the emerging market comparable transactions have an average implied EBITDA multiple of 10.0 times, whilst the average EV/case of these transactions is USD5.9/case. These multiples are inclusive of a control premium
  - FEMSAs acquisition of a 51% interest in Coca-Cola Bottlers Philippines (CCBP) from TCCC in January 2013 is considered within the emerging market transactions. CCBP manufactures TCCC brand NARTD beverages, and operates in an economy with a similar growth profile to Indonesia. Further, the NARTD beverage market in Philippines is similarly concentrated, with the three largest players (of which CCBP is the largest) accounting for approximately 77% of total industry revenue. The EBITDA multiple and EV/case implied by this transaction is 13.5 times and USD2.5/case, respectively (inclusive of a control premium)

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- FEMSA also acquired two Brazilian Coca-Cola bottlers, Spaipa S.A Industria Brasileira de Bebidas (Spaipa) and Companhia Fluminense de Refrigerantes (Fluminense), in June 2013 and October 2013, respectively. Brazil is a higher per capita consumer of TCCC products than Indonesia, however, the economic outlook of both countries is similar, particularly with regard to the forecast expansion of the middle class. The EBITDA multiple implied by the Spaipa and Fluminense transactions is 12.2 times and 11.2 times, respectively. The EV/case implied by the Spaipa and Fluminense transactions is USD8.0/case and USD7.9/case, respectively (inclusive of a control premium).

Based on the above factors, we consider the EBITDA multiples and EV/case implied by the equity injection to be high, but reasonable because the earnings is based on a historical position and does not incorporate the full impact of implementing the Plan and system economics arrangement.

It is also worthwhile noting that the enterprise value implied by the equity injection is within the range of the fair market value we have determined for CCAI in a Post Investment Scenario, and is higher than the value determined under a Pre Investment Scenario. If the enterprise value of CCAI under the Post Investment Scenario was to be lower than that set out in our report, the enterprise value implied by the USD500 million investment by TCCC would be above that of the business.

7.2 Alternative options

In recent years the operating environment for CCAI has become more challenging, due to increased competitor activity, inflation, a depreciating local currency and changing consumer dynamics.

We understand the Board of CCA considered a number of options for its Indonesian business, including a full divestment, debt raising and a partial equity dilution. Based on our analysis of the various options available, a partial equity investment allows CCA to benefit from the future growth of the Indonesian economy (on a fast track basis), whilst maintaining CCA's balance sheet flexibility to fund other initiatives within its Australian and New Zealand business units and maintain control of the business.

We set out below the various options available to CCA/CCAI.

Based on our consideration of the alternative options, we consider the Proposed Investment to be the superior option.

7.2.1 Outright sale of CCAI

Following completion of CCA's strategic review in October 2014, CCA management confirmed that Indonesia remained a key growth market for the business and that CCA should continue to be involved in the Indonesian market; however, in order to compete successfully against companies such as Big Cola and Pepsi, CCA must invest in its underlying infrastructure, in order to drive earnings improvements in the business.

Indonesia has attractive qualities for CCA including a large population of approximately 250 million, a growing middle income class, preference for non-alcoholic beverages and potential for growth for other TCCC brands. Given the opportunities available for the business CCA will continue investing in the business in order to increase its market share and improve earnings.

We also note that given the depressed current profitability of the business and the investment in infrastructure already made by CCAI (which is yet to yield returns), selling CCAI now is unlikely to maximise value for CCA shareholders. However, the sale of CCAI would reduce the risk profile of CCA, by reducing the company's exposure to emerging markets and provide the business with additional cash flow to invest in other segments of its business.

7.2.2 Debt raising

CCAI could raise debt locally, but interest rates in Indonesia are currently very high, which would negatively impact on the overall profitability of the business.

Alternatively, if CCAI was to raise debt in Australia, this would expose the business to movements in exchange rates, which would increase the risk of the cash flows.

Regardless, CCA has a current gearing level of approximately 27%[15] and has a history of paying dividends to its shareholders. An increase in CCA's debt level of USD500 million would increase the current gearing ratio to 36% and could result in CCA's credit rating being reduced and a decrease in the level of dividends available for distribution to shareholders.

In addition, if a debt raising was to be undertaken by either CCA or CCAI, this may be undertaken in a staged manner, resulting in the capital expenditure and associated improvements in growth and earnings, being delayed relative to the current plan.

7.2.3 CCA equity raising

CCA is listed on the ASX and has a market capitalisation of approximately AUD7,071 million. A capital raising of USD500 million represents approximately 8.7% of its current market capitalisation. Whilst an equity raising would result in CCA maintaining 100% control of CCAI, if current CCA shareholders were unable to participate in the equity raising, this would result in a decrease in their percentage ownership of CCA by approximately 8.0%. In addition, it would dilute earnings per share.

7.2.4 Partial equity sale

A partial equity sale for cash consideration would help achieve the growth of the business, whilst still allowing CCA to maintain control and create balance sheet flexibility. A sale of a controlling interest was not considered to be a feasible option by management, as they consider themselves to be an operator in the industry, not an investor.

Management advised us they were contacted by a number of third parties relating to an equity sale of CCAI. Management did not consider any of these options feasible as the other parties required control of CCAI (which would leave CCA as an investor in CCAI at best) and they could create complexities in the relationship with TCCC.

7.2.5 Business as usual

CCA has the option to leverage off the current infrastructure in place and continue with the current strategy of increasing market share. The risk this poses to the business is that it is not able to realise the market opportunity that currently exists in the Indonesian market and that there is a further deterioration of the earnings margins, as the current infrastructure is not capable of supporting an efficient RTM. CCAI may have difficulties in achieving a margin above that achieved in FY2014 if the operating costs of the business are not contained.

7.3 Value of CCAI to CCA

We consider the likelihood of CCAI realising a cash flow profile in line with the Plan in the hands of CCA to be low if the Proposed Investment is not approved, due to the following:

- CCA is likely to stage its capital investments (which, in quantum, may also be lower) in order to manage its financial leverage and management resources
- CCA may not be able to leverage as extensively from management experience of TCCC in emerging markets
- the lack of alignment between TCCC and CCAI interests and associated uncertainty with regard to the pricing of the concentrate going forward could influence decisions made with respect to the growth of the business
- having regard to the above, the projected growth and earnings improvement set out in the Plan may be delayed or lower as CCAI may miss the market opportunity window.

The above factors would mean that if we were to assess the value of the Pre Investment Scenario from the perspective of CCA, the Pre Investment Value would be lower than our selected value range.

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[15] Gearing has been calculated based on the current level of net debt (AUD1,886 million) divided the current market capitalisation of (AUD7,071 million)

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7.4 Investment by TCCC

Through the greater alignment with TCCC, there will be greater incentive for TCCC to offer the benefit of its experience in emerging markets, which may not be available with other potential market participants.

The Proposed Investment will result in TCCC holding a 29.4% ownership interest in CCAI in addition to its 29.2% ownership interest in CCA. In order to achieve the Plan, CCA and TCCC have agreed to a set of Growth and Return Objectives for CCAI, including achieving long-term market leadership and improved capital returns.

Separately, CCAI and TCCC have also agreed to implement an aligned system economics arrangement. This long-term alignment around concentrate pricing is intended to facilitate achievement of CCAI's Growth and Return Objectives.

Through the Proposed Investment and system economics arrangement, we consider TCCC and CCA's interests in CCAI will be better aligned in terms of outcome (i.e. improving profitability of CCAI as opposed to focusing on revenue).

In addition, because of this alignment, we consider the prospects of success in the Indonesian market so far as CCAI is concerned are de-risked and the chances of success greatly improved.

7.5 CCA management focus

The Australian non-alcoholic beverage market contributed 72% to EBIT in HY2014 for CCA. The Australian market has recently experienced a decline in earnings, primarily due to aggressive competitor pricing in the grocery channel.

As announced on 30 October 2014, CCA has identified a number of focus areas in the Australian and New Zealand business, to help improve earnings:

- CCA and TCCC announced a world-first Coca-Cola campaign in Australian and New Zealand, with #colouryoursummer
- a commitment to bringing innovative new products to the market in April 2015
- a next-generation digital technology platform which will significantly enhance the RTM model in Australia and New Zealand.

The approval of the Proposed Investment, will allow greater balance sheet flexibility to fund the above initiatives, as well as giving greater stability and clarity as to the strategic direction of CCAI, therefore enabling CCA management to increase focus on expanding Australia/New Zealand operations.

7.6 Exit mechanism

The Subscription Agreement and the Shareholder Agreement, which are described in Section 1.3, provide for TCCC's exit from the Proposed Investment. The mechanism is structured such that:

- TCCC can only divest after five years, if the Indonesian business has achieved certain agreed milestones in relation to both market position and return on capital employed
- TCCC can only divest 10% in any one year
- CCA has first right of refusal over the 29.4% interest held by TCCC
- the price will be determined by reference to an independent valuation process.

These factors ensure that CCA has a reasonable degree of influence over TCCC's exit along with the opportunity to buy back the 29.4% in a sizeable manner (so far as CCA is concerned).

7.7 Detailed turnaround plan

CCA, TCCC and CCAI have developed a very detailed plan to turnaround the business in Indonesia.

In addition, this plan will be the subject of annual reviews and any necessary amendments. Whilst the development of a plan does not in itself guarantee success, we consider that the plan incorporates:

- TCCC's experience in emerging markets
- CCA and CCAI management's experience with the Indonesian business and market opportunity
- a focus on the part of all parties to achieve a mutually beneficial outcome.

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Appendix A: Context to the Report

Individual circumstances

We have evaluated the Proposed Investment for Non-Associated Shareholders as a whole and have not considered the effect of the Proposed Investment on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Investment from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Investment is fair and reasonable. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors of CCA and is to be included in the Explanatory Memorandum to be given to Non-Associated Shareholders for approval of the Proposed Investment in accordance with ASX Listing Rule 10.1. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposed Investment outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Shareholders and CCA, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Investment. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Investment is fair and reasonable in relation to Chapter 10 of the ASX Listing Rules. The opinion of Deloitte Corporate Finance is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by CCA, CCAI and their officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to TCCC, CCA and CCAI management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by CCA and its officers, employees, agents or advisors, CCA has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which CCA may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by CCA, CCAI and their officers, employees, agents or advisors or the failure by CCA, CCAI and their officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Investment.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of CCA and CCAI personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information included in this report has been prepared on a reasonable basis in accordance with Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of CCAI referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The Partners of Deloitte Touche Tohmatsu involved in the preparation of this report were Tapan Parekh, B.Bus, M.Com, CA, F.Fin and Stephen Reid, B.Ec, M.App.Fin.Inv., CA, F.Fin. Tapan and Stephen are Authorised Representatives of Deloitte Corporate Finance (AR numbers 461009 and 461011, respectively) and each has many years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports. They were assisted by employees of Deloitte Touche Tohmatsu.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- CCA proposes to issue the Explanatory Memorandum in respect of the Proposed Investment between CCAI, TCCC and the holders of CCA securities
- the Explanatory Memorandum will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Explanatory Memorandum for review
- it is named in the Explanatory Memorandum as the 'independent expert' and the Explanatory Memorandum includes its independent expert's report in Annexure A.

On the basis that the Explanatory Memorandum is consistent in all material respects with the draft Explanatory Memorandum received, Deloitte Corporate Finance Pty Limited consents to it being named in the Explanatory Memorandum in the form and context in which it is so named, to the inclusion of its independent expert's report in Annexure A of the Explanatory Memorandum and to all references to its independent expert's report in the form and context in which they are included, whether the Explanatory Memorandum is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Explanatory Memorandum and takes no responsibility for any part of the Explanatory Memorandum, other than any references to its name and the independent expert's report as included in Annexure A.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- transaction documents including the draft Explanatory Memorandum, Notice of Meeting and Heads of Agreement between CCAI, TCCC and CCA
- audited financial statements for CCA for the twelve months ending 31 December 2011 to 31 December 2013 and reviewed financial statements for the six months ending 30 June 2014
- management accounts for CCAI for the twelve months ending 31 December 2011 to 30 December 2013, and management accounts for CCAI for the twelve months ending 30 November 2014
- company strategy plans
- annual reports and corporate presentations for comparable companies
- company websites for CCAI, TCCC, CCA and comparable companies
- publicly available information on comparable companies and market transactions published by ASIC, Thompson research, Capital IQ, and Mergermarket
- historical information and forecasts provided by Economist Intelligence Unit
- other publicly available information, media releases and brokers reports on CCA, TCCC, comparable companies and the Indonesian beverage industry.

In addition, we have had discussions and correspondence with certain directors and executives, including:

- David Gonski, Chairman and Independent Non-Executive Director
- Catherine Brenner, Independent Non-Executive Director
- Alison Watkins, Group Managing Director

- Nessa O'Sullivan, Group Chief Financial Officer (CCA)
- Kadir Gunduz, Managing Director (Indonesia & PNG)
- Joaquin Gil, Finance Director, Indonesia
- David Browning, CCA Group Tax Counsel
- Paul Cooke, General Manager – Finance Operations.

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Appendix B: Valuation methodologies

To estimate the fair market value of CCAI we have considered common market practice and the valuation methodologies recommended by Regulatory Guide 111, which provides guidance in respect of the content of independent expert's reports. These are discussed below.

Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent share trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies

Appendix C: Comparable entities

Table 18

Company	Markets	% EM	Revenue USD million	Revenue growth FY2014	Revenue growth FY2015	EBIT margin FY2013	EBIT margin FY2014	EBIT margin FY2015	EBITDA multiple FY2013	EBITDA multiple FY2014	EBITDA multiple FY2015	EV / case	Beta (2 year, weekly) Levered	Beta (2 year, weekly) Unlevered
Emerging market bottlers														
Coca-Cola FEMSA	Mexico	100%	12,219	9.4%	4.4%	13.5%	14.1%	14.8%	11.6x	10.0x	9.3x	7.1	0.82	0.78
Arca Continental	Mexico	100%	4,727	2.2%	8.0%	16.0%	17.4%	17.8%	12.1x	11.1x	10.2x	8.4	0.71	0.68
Embotelladora Andina	Brazil, Chile	100%	3,071	18.6%	1.6%	9.5%	10.2%	11.2%	9.8x	7.6x	7.2x	4.7	0.59	0.51
Coca-Cola Icecek	Turkey	100%	2,722	16.8%	16.5%	11.6%	10.1%	11.9%	15.9x	14.0x	11.5x	5.7	0.45	0.41
Organización Cultiba	Mexico	64%	2,620	8.6%	6.8%	1.2%	1.7%	3.1%	9.7x	9.3x	7.2x	1.2	n/m	n/m
Coca-Cola Embonor	Chile	100%	819	n/a	n/a	12.4%	n/a	n/a	8.7x	n/a	n/a	4.2	0.35	0.31
Pepsi-Cola Products Philippines	Philippines	100%	529	13.0%	15.0%	5.6%	5.9%	6.0%	6.6x	6.1x	5.3x	n/a	0.52	0.48
Société Frigorifique et Brasserie de Tunis	Tunisia	100%	514	4.7%	9.0%	18.7%	18.6%	18.7%	9.6x	8.6x	7.9x	8.0	n/m	n/m
Haad Thip Public Company	Thailand	100%	165	n/a	n/a	2.2%	n/a	n/a	11.9x	n/a	n/a	n/a	n/m	n/m
Low				**2.2%**	**1.6%**	**1.2%**	**1.7%**	**3.1%**	**6.6x**	**6.1x**	**5.3x**	**1.2**	**0.35**	**0.31**
Average				**10.5%**	**8.8%**	**10.1%**	**11.1%**	**11.9%**	**10.7x**	**9.5x**	**8.4x**	**5.6**	**0.57**	**0.53**
Maximum				**18.6%**	**16.5%**	**18.7%**	**18.6%**	**18.7%**	**15.9x**	**14.0x**	**11.5x**	**8.4**	**0.82**	**0.78**
Developed market bottlers														
Coca-Cola HBC	Eastern Europe	47%	9,126	(5.6%)	2.4%	6.2%	6.7%	7.3%	9.3x	9.2x	8.6x	n/m	0.92	0.80
Coca-Cola Enterprises	France	0%	7,923	0.7%	(1.4%)	12.6%	13.2%	13.6%	10.6x	9.9x	9.8x	n/m	1.15	0.95
Dr Pepper Snapple Group	US	8%	5,786	1.4%	1.7%	18.4%	19.8%	20.2%	12.1x	11.0x	10.7x	n/m	0.95	0.83
Coca-Cola Amatil	Australia	18%	4,883	0.4%	3.1%	16.4%	13.7%	13.6%	8.5x	9.7x	9.4x	n/m	0.62	0.53
Coca-Cola West	Japan	0%	4,425	(1.6%)	1.8%	3.7%	2.5%	3.2%	4.0x	4.6x	4.3x	n/m	0.66	0.65
Coca-Cola East Japan	Japan	0%	3,821	40.3%	2.6%	2.0%	1.8%	3.2%	8.4x	7.2x	5.4x	n/m	0.75	0.75
Britvic	UK	0%	2,230	3.8%	3.9%	11.8%	12.3%	12.7%	11.0x	9.8x	9.2x	n/m	0.77	0.60
Cott Corporation	US	0%	2,020	(2.1%)	0.5%	4.5%	3.2%	3.5%	6.6x	7.4x	7.2x	n/m	n/m	n/m
Coca-Cola Bottling	US	0%	1,584	3.2%	1.7%	4.5%	n/a	n/a	11.2x	n/a	n/a	n/m	n/m	n/m
National Beverage Corporation	US	0%	591	1.5%	2.3%	10.1%	n/a	n/a	15.8x	n/a	n/a	n/m	n/m	n/m
Low				**(5.6%)**	**(1.4%)**	**2.0%**	**1.8%**	**3.2%**	**4.0x**	**4.6x**	**4.3x**	**n/m**	**0.62**	**0.53**
Average				**4.2%**	**1.9%**	**9.0%**	**9.2%**	**9.7%**	**9.7x**	**8.6x**	**8.1x**	**n/m**	**0.83**	**0.73**
Maximum				**40.3%**	**3.9%**	**18.4%**	**19.8%**	**20.2%**	**15.8x**	**11.0x**	**10.7x**	**n/m**	**1.15**	**0.95**

Source: Capital IQ, public releases, Deloitte Corporate Finance analysis

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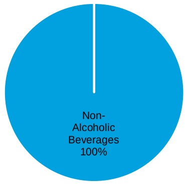
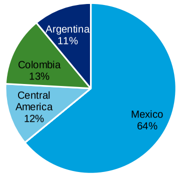
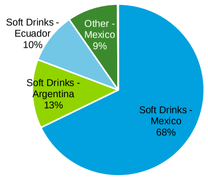
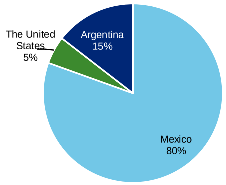
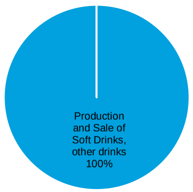
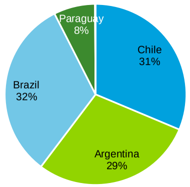
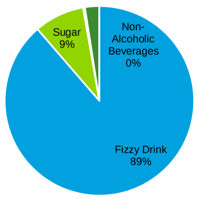
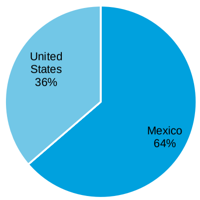
<table>
<tr><th>Company name</th><th>Revenue
USD million</th><th>Revenue Segmentation</th><th>Geographical segmentation</th><th>Products</th><th>Brands</th></tr>
<tr><td colspan="6">Emerging market bottlers</td></tr>
<tr><td>Coca-Cola FEMSA</td><td>12,618</td><td>
</td><td>
</td><td>Sparkling, juice, mineral water, dairy drinks, alcoholic beverages (primarily beer), fast food chain, coffee</td><td>Coca-Cola, Diet Coke, Coke Zero, Sprite, Fanta, Fresca, Lift, Senzao, Beat, del Valle, Heineken global brands, Vikingo hot dogs</td></tr>
<tr><td>Arca Continental</td><td>4,549</td><td>
</td><td>
</td><td>Sparkling soft drinks, fruit juice, RTD tea, sports drinks, mineral water, snacks, candy</td><td>Coca-Cola, Diet Coke, Coke Zero, Sprite, Fanta, Fresca, Joya, Lift, Senzao, Schweppes, Topo Chico, Ciel, Dasani, del Valle, Fuze Tea, Burn, Bokados, Si Senor</td></tr>
<tr><td>Embotelladora Andina</td><td>2,904</td><td>
</td><td>
</td><td>Sparkling soft drinks, fruit juice, RTD tea, sports drinks, mineral water, alcoholic beverages (beer)</td><td>Coca-Cola, Diet Coke, Coke Zero, Sprite, Fanta, Schweppes, Crush, Quatro, Aquarius, Bon Aqua, Fuze Tea, Heineken, Amstel, Sol, Dos Equis, Bavaria</td></tr>
<tr><td>Organización Cultiba</td><td>2,742</td><td>
</td><td>
</td><td>Sparkling soft drinks, fruit juice, mineral water, RTD tea. Also grows and sells sugar</td><td>Pepsi, Pepsi Max, 7-Up, Mountain Dew</td></tr>
</table>

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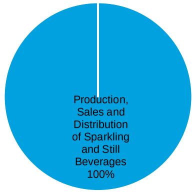
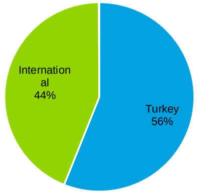
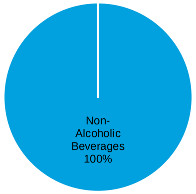
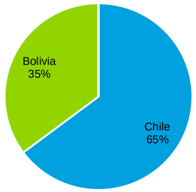
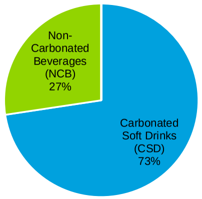
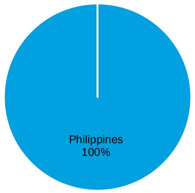
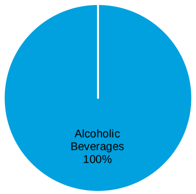
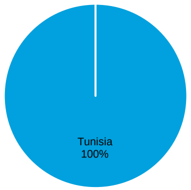
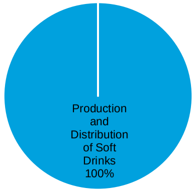
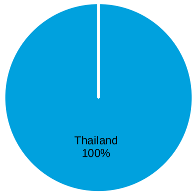
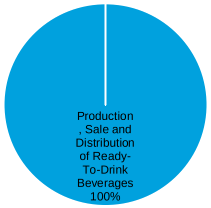
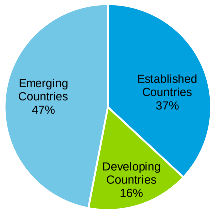
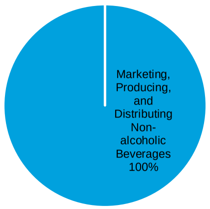
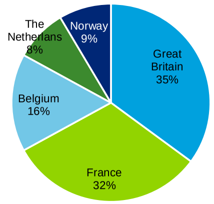
Deloitte.

Company name	Revenue USD million	Revenue Segmentation	Geographical segmentation	Products	Brands
Coca-Cola Icecek	2,591			Sparkling soft drinks, fruit juice, mineral water, RTD tea	Coca-Cola, Coke Zero, Diet Coke, Fanta, Sprite, Schweppes, Cappy, Piko, Fuse Tea, Bonaqua, Kinley, Minute Maid, Damla
Coca-Cola Embonor	727			Sparkling soft drinks, fruit juice, RTD tea/coffee, sports drinks, mineral water	Coca-Cola, Diet Coke, Coke Zero, Sprite, Fanta, Nordic Mist, Tai, Inca Kola, Vital, Kapo, Benedicto, Fuze Tea, Vitamin Water, Quatro, Aquarius, Andina
Pepsi-Cola Products Philippines	545			Sparkling soft drinks, fruit juice, RTD tea/coffee, sports drinks, mineral water	Pepsi, Pepsi Max, Tropicana, 7-up, Mirinda, Gatorade, Mountain Dew, Sting, Milkis
Société Frigorifique et Brasserie de Tunis	508			Sparkling, juice, mineral water, dairy drinks, alcoholic beverages (primarily beer)	Coca-Cola, Diet Coke, Sprite, Fanta, Minute Maid, Safia, Celtia, Boga

Deloitte.

Company name	Revenue USD million	Revenue Segmentation	Geographical segmentation	Products	Brands
Haad Thip Public Company	159			Sparkling soft drinks, fruit juice, mineral water, RTD tea	Coca-Cola, Diet Coke, Sprite, Mello, Fanta, Minute Maid
Developed market bottlers					
Coca-Cola HBC	9,126			Sparkling soft drinks, fruit juice, RTD tea/coffee, sports drinks, mineral water	Sparkling soft drinks, fruit juice, RTD tea/coffee, sports drinks, mineral water
Coca-Cola Enterprises	7,923			Sparkling soft drinks, fruit juice, RTD tea/coffee, sports drinks, mineral water, energy drinks	Sparkling soft drinks, fruit juice, RTD tea/coffee, sports drinks, mineral water, energy drinks

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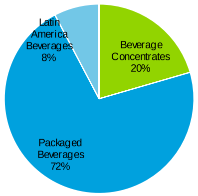
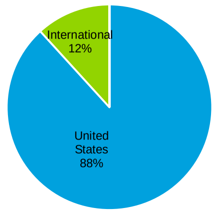
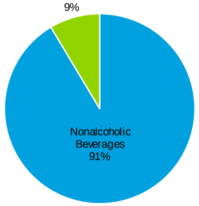
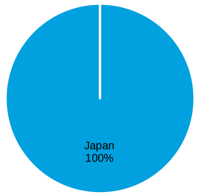
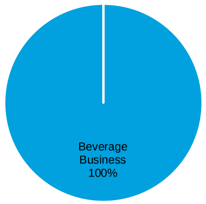
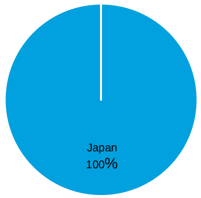
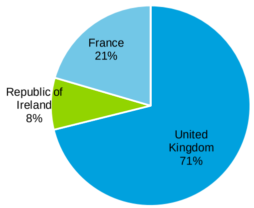
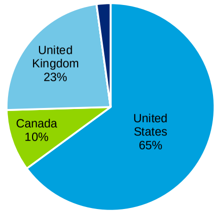
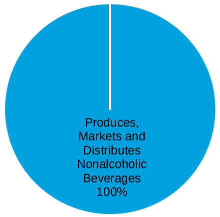
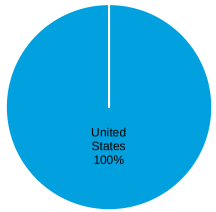
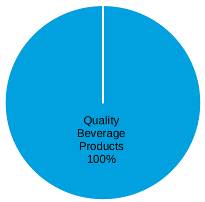
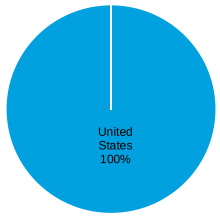
Deloitte.

<table>
<tr><th>Company name</th><th>Revenue
USD million</th><th>Revenue Segmentation</th><th>Geographical segmentation</th><th>Products</th><th>Brands</th></tr>
<tr><td>Dr Pepper Snapple Group</td><td>5,786</td><td>
</td><td>
</td><td>Sparkling soft drinks, RTD tea/coffee, mineral water, energy drinks, fruit juice, dairy drinks</td><td>Sparkling soft drinks, RTD tea/coffee, mineral water, energy drinks, fruit juice, dairy drinks</td></tr>
<tr><td>Coca-Cola West</td><td>4,425</td><td>
</td><td>
</td><td>Sparkling soft drinks, RTD tea/coffee, mineral water, energy drinks, isotonic drinks, fruit juice, sports drinks, health foods</td><td>Sparkling soft drinks, RTD tea/coffee, mineral water, energy drinks, isotonic drinks, fruit juice, sports drinks, health foods</td></tr>
<tr><td>Coca-Cola East Japan</td><td>3,821</td><td>
</td><td>
</td><td>Sparkling soft drinks, RTD tea/coffee, mineral water, energy drinks, isotonic drinks, fruit juice, sports drinks</td><td>Sparkling soft drinks, RTD tea/coffee, mineral water, energy drinks, isotonic drinks, fruit juice, sports drinks</td></tr>
<tr><td>Britvic</td><td>2,098</td><td>Information is not available</td><td>
</td><td>Sparkling soft drinks, RTD tea/coffee, mineral water, energy drinks, isotonic drinks, fruit juice, sports drinks, cordials</td><td>Sparkling soft drinks, RTD tea/coffee, mineral water, energy drinks, isotonic drinks, fruit juice, sports drinks, cordials</td></tr>
</table>

Deloitte.

Company name	Revenue USD million	Revenue Segmentation	Geographical segmentation	Products	Brands
Cott Corporation	2,020	*Information is not available*		Sparkling soft drinks, energy drinks, mineral water, fruit juice, RTD tea, sports drinks	Sparkling soft drinks, energy drinks, mineral water, fruit juice, RTD tea, sports drinks
Coca-Cola Bottling	1,584			Sparkling soft drinks, fruit juice, RTD tea/coffee, sports drinks, mineral water, energy drinks	Sparkling soft drinks, fruit juice, RTD tea/coffee, sports drinks, mineral water, energy drinks
National Beverage Corporation	591			Sparkling soft drinks, fruit juice, mineral water, energy drinks, sports drinks, RTD tea and lemonade	Sparkling soft drinks, fruit juice, mineral water, energy drinks, sports drinks, RTD tea and lemonade

Source: Capital IQ, public releases, Deloitte Corporate Finance Analysis

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Appendix D: Comparable transactions

Table 19

Ticker	Target company	Markets	% acquired	Enterprise value USD million	EBITDA multiple times	EV / case USD
	Emerging market bottlers					
Oct 2013	Spaipa S/A - Indústria Brasileira de Bebidas	Brazil	100%	1,855	12.2x	8.0
Jun 2013	Companhia Fluminense	Brazil	100%	448	11.2x	7.9
Jan 2013	Coca-Cola Bottlers Philippines	Philippines	51%	1,350	13.5x	2.5
Jan 2013	Grupo Yoli	Mexico	100%	703	10.8x	7.4
Sep 2012	Embotelladoras Coca-Cola Polar	South America	100%	974	10.3x	6.7
Dec 2011	Grupo Fomento Queretano (Beverage Division)	Mexico	100%	501	9.7x	5.2
Oct 2011	Serm Suk Public Company	Thailand	65%	485	14.0x	5.6
Sep 2011	Grupo Cimsa	Mexico	100%	808	10.0x	5.1
Jun 2011	Grupo Continental	Mexico	100%	2,172	9.8x	5.0
Jun 2011	Grupo Tampico (Beverage Division)	Mexico	100%	698	9.6x	5.2
Jun 2011	Clement Pappas	US	100%	390	6.5x	n/a
Jan 2011	Spumador	Italy	100%	213	10.6x	n/a
Dec 2010	Serm Suk Public Company	Thailand	33%	330	7.2x	n/a
Jul 2010	Cliffstar	US	100%	569	7.1x	n/a
Mar 2010	Refresco	Netherlands	20%	1,205	7.4x	n/a
	Low			**213**	**6.5x**	**2.5**
	Average			**847**	**10.0x**	**5.9**
	Maximum			**2,172**	**14.0x**	**8.0**

Source: Mergermarket, Capital IQ, ASX announcements, Deloitte Corporate Finance analysis

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