PO Box 1895
North Sydney NSW 2060, Australia
ccamatil.com

22 August 2019

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

In accordance with ASX Listing Rule 4.2A, I **attach** the 2019 Half Year Report (including Appendix 4D requirements) (**Half Year Report**) for Coca-Cola Amatil Limited (**Amatil**).

It is recommended that the Half Year Report be read in conjunction with Amatil's 2018 Annual Report, along with any public announcements made by Amatil in accordance with its continuous disclosure obligations under the *Corporations Act 2001* and the *ASX Listing Rules*.

A briefing will be held at 11.30am on Thursday 22 August 2019. You can register for this briefing on our website at ccamatil.com.

Yours faithfully

Jane Bowd

Jane Bowd
Group Company Secretary & Corporate Counsel

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CCA
COCA-COLA **AMATIL**

2019 Half Year Report
(Including Appendix 4D Requirements)

ASX Code: CCL

CONTENTS

Coca-Cola Amatil Limited and its subsidiaries

About this report

This report is a summary of Coca-Cola Amatil Limited (referred to as the Company) and its subsidiaries' operations and financial position as at 28 June 2019 and performance for the half year ended on that date. It is recommended that this report is read in conjunction with the 2018 annual report of Coca-Cola Amatil Limited and its subsidiaries together with any public announcements made by the Company during the half year ended 28 June 2019 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the Australian Securities Exchange listing rules.

References in this report to the half year are to the financial period 1 January 2019 to 28 June 2019 unless otherwise stated. The previous corresponding period is the half year ended 29 June 2018.

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ABN 26 004 139 397

OPERATING AND FINANCIAL REVIEW

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 28 June 2019

APPENDIX 4D – KEY MATTERS

RESULT OVERVIEW

- Strong Group revenue growth of 5.2 per cent for the period reflecting the results of strategic initiatives across the Group.
- Statutory earnings before interest and tax (EBIT) of $273.5 million, up 4.7 per cent, and statutory net profit after tax (NPAT) of $168.0 million, up 6.3 per cent.
- Statutory earnings per share (EPS) increased by 6.4 per cent while ongoing[1] EPS declined by 4.0 per cent.
- Ongoing[1] EBIT of $289.9 million and ongoing NPAT of $173.3 million represented declines of 3.8 per cent and 3.9 per cent respectively, in line with our expectations.
- Australian Beverages showed pleasing progress from the Accelerated Growth Plan. As expected, EBIT was impacted by container deposit schemes, additional investment in "Feet On The Street" and cycling HY18 EBIT benefit from $10 million credit in relation to the NSW container deposit scheme.
- Excellent all-round performance in New Zealand and solid profit growth from Fiji; continuing the strong momentum from previous years.
- Strong sales growth in Indonesia from excellent execution and investments in marketing and in PNG from operational improvements.
- Alcohol & Coffee achieved another period of double-digit profit growth, now representing 9% of Group earnings.
- Corporate & Services result was in line with the FY19 earnings guidance for the segment.
- Strong cash flow result with ongoing free cashflow before lease accounting changes improving by $86.2 million on the prior period and $40 million proceeds from the sale of SPC.
- Total unfranked dividend for the half of 25.0 cents per share comprising: interim dividend of 21.0 cents per share (1H18: 21.0 cents and 65 per cent franked per share) and special dividend of 4.0 cents per share, following the sale of SPC.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	28 June 2019 $M	29 June 2018[2] $M	Variance %
Ongoing[1]			
Trading revenue	**2,406.4**	**2,287.7**	**5.2**
Total revenue	**2,427.2**	**2,311.3**	**5.0**
Earnings before interest and tax	289.9	301.4	(3.8)
Net finance costs	(34.7)	(36.5)	(4.9)
Income tax expense	(73.6)	(77.2)	(4.7)
Non-controlling interests	(8.3)	(7.4)	12.2
Profit attributable to Coca-Cola Amatil Limited shareholders – ongoing	173.3	180.3	(3.9)
Profit/(loss) from discontinued operation after income tax	6.2	(4.6)	(234.8)
Non-trading items after income tax[3]	(11.5)	(17.6)	(34.7)
Profit attributable to Coca-Cola Amatil Limited shareholders	**168.0**	**158.1**	**6.3**
	¢	¢	
Earnings per share – ongoing	23.9	24.9	(4.0)
Earnings per share	23.2	21.8	6.4

OTHER INFORMATION

Interim dividend per share (2019: unfranked and 2018: 65% franked)[4]	21.0	21.0	–
Special dividend (unfranked)	4.0	–	nm
Prior year final dividend per share (2018: 50% franked and 2017: 70% franked)[5]	26.0	26.0	–

1 Ongoing refers to continuing operations results adjusted to exclude non-trading items.
2 1H18 figures adjusted to reflect the SPC business being classified as a discontinued operation.
3 Non-trading items relating to transformation activities, mainly in the implementation of new or revised organisation designs, also including non-recurring currency swap interest in 1H18.
4 Record date for 2019 dividend entitlement is 28 August 2019 and is payable 9 October 2019 (2018: Paid 9 October 2018).
5 Paid 10 April 2019 (2017: paid 10 April 2018).

Commentary on Coca-Cola Amatil Limited's financial results and position and additional Appendix 4D disclosure requirements can be found in the remainder of this document.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
For the half year ended 28 June 2019

PRINCIPAL ACTIVITIES

Coca-Cola Amatil is a beverages powerhouse – one of the largest bottlers and distributors of non-alcoholic and alcoholic ready-to-drink beverages in the Asia Pacific region, and one of the world's larger bottlers of The Coca-Cola Company's range of products.

As both brand partner and brand owner, we operate across six countries – Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa – to manufacture, distribute and sell an unrivalled range of beverages and coffee. With decades of experience, we do this safely and responsibly, and are proud that our products delight millions of people every day.

With access to more than 270 million potential consumers through more than 950,000 active customers, our product range includes non-alcoholic sparkling beverages: water, sports, energy, fruit juices, iced tea, flavoured milk, coffee, kombucha, beer, cider and spirits.

We are committed to leading through innovation, and to building a sustainable future, capturing growth and delivering long-term value to our shareholders.

We employ around 13,000 people and create thousands more jobs in the communities in which we operate. Across this team we work as one, united by a shared Vision and common Values. We know that our diverse workforce is our greatest strength and makes us the vibrant company we are today.

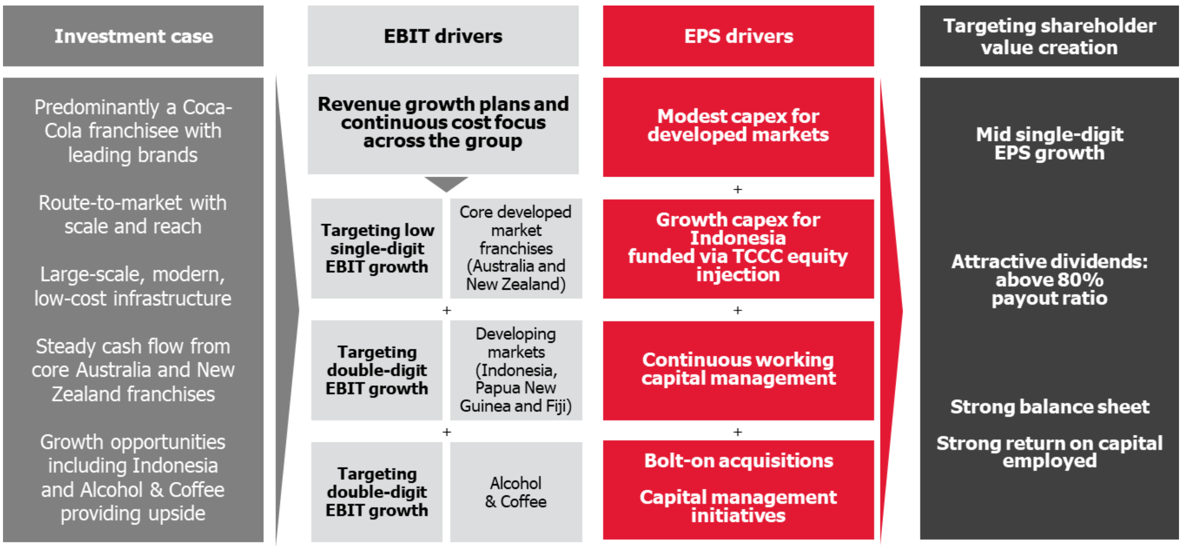
GROUP PERFORMANCE

OVERVIEW

OUR SHAREHOLDER VALUE PROPOSITION

Our shareholder value proposition guides our approach to the management of our diverse markets and portfolio, and targets the contribution each part of our business makes to the overall Group outcome. It is based on our competitive advantages, defining a compelling investment case and the components that will create shareholder value.

FY19 is the second year of a two-year transition phase for the Group and we target the Group to return to delivery of mid-single-digit EPS growth from 2020.



GROUP PERFORMANCE (CONTINUED)

GROUP FINANCIAL SUMMARY

	28 June 2019 $M	29 June 2018[2] $M
Summarised Income Statement		
Ongoing[1]		
Trading revenue	2,406.4	2,287.7
EBIT	289.9	301.4
Net finance costs	(34.7)	(36.5)
Income tax expense	(73.6)	(77.2)
Non-controlling interests	(8.3)	(7.4)
Profit attributable to Coca-Cola Amatil shareholders – ongoing	173.3	180.3
Profit/(loss) from discontinued operation after income tax	6.2	(4.6)
Non-trading items after tax	(11.5)	(17.6)
Profit attributable to Coca-Cola Amatil shareholders	168.0	158.1
Other Performance Measures		
Interim dividends per share (cents)	21.0	21.0
Franking per share (%)	–	65.0
Special dividend per share (unfranked) (cents)	4.0	–
EPS – ongoing (cents)	23.9	24.9
EPS (cents)	23.2	21.8
EBIT interest cover – ongoing (times)	8.4	8.3
ROCE – ongoing (%)	18.1	21.3
ROCE – ongoing (before lease accounting changes)[3] (%)	19.3	21.3
Operating cash flows – ongoing ($M)	339.4	251.4
Operating cash flows – ongoing (before lease accounting changes)[3] ($M)	309.5	251.4
Free cash flows – ongoing ($M)	245.1	129.0
Free cash flows – ongoing (before lease accounting changes)[3] ($M)	215.2	129.0
Capital expenditure / trading revenue – ongoing (%)	4.1	5.5
Summarised Balance Sheet		
Net assets – operating and investing – ongoing (before lease accounting changes)	3,222.1	3,196.6
Add: right of use assets, including related deferred tax[3]	450.0	–
Add: net assets of discontinued operation	–	155.1
Less: net debt	(1,780.6)	(1,452.7)
Net assets	1,891.5	1,899.0

SEGMENT RESULTS OVERVIEW

	28 June 2019 $M	29 June 2018 $M	Variance %	Variance – constant currency[4] %	Ongoing: Trading revenue %	Ongoing: EBIT %	Ongoing: Volume %
Australian Beverages	161.6	176.3	(8.3)	(8.3)	50.5	55.7	47.1
New Zealand & Fiji	57.3	49.8	15.1	11.8	12.6	19.8	12.1
Indonesia & Papua New Guinea	52.2	50.6	3.2	0.8	24.2	18.0	40.8
Alcohol & Coffee	24.8	22.5	10.2	9.8	11.6	8.6	
Corporate & Services	(6.0)	2.2	nm	nm	1.1	(2.1)	
Ongoing EBIT	**289.9**	**301.4**	(3.8)	(5.3)	100.0	100.0	100.0

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

2 2018 figures adjusted to classify the SPC business's results as arising from a discontinued operation.

3 Refers to implementation of the new accounting standard AASB 16 Leases which applies from 1 January 2019, refer pages 26 and 27 of the attached Financial Report for further information.

4 The constant currency basis is determined applying H1-18 foreign exchange rates to H1-19 local currency results.

AUSTRALIAN BEVERAGES

FINANCIAL SUMMARY

	28 June 2019 $M	29 June 2018 $M	Variance %
Trading revenue	**1,215.3**	**1,221.9**	**(0.5)**
– Trading revenue per unit case	$8.30	$8.24	0.7
– Volume (million-unit cases)[1]	146.4	148.2	(1.2)
EBIT – ongoing	**161.6**	**176.3**	**(8.3)**
EBIT margin on trading revenue – ongoing	**13.3%**	**14.4%**	**(1.1) points**
ROCE – ongoing (before lease accounting changes)	**31.4%**	**35.9%**	**(4.5) points**

1 A unit case is the equivalent of twenty-four 8 US oz (237ml) serves or 5.678 litres.

1H19 PERFORMANCE

OVERVIEW

We are pleased with the revenue results from the investments being made in the Australian Accelerated Growth Plan which requires ruthless prioritisation of the key areas that have the largest impact on the business performance. One strategic initiative of the plan is the increase of the sales force – "Feet On The Street" – in the state immediate consumption channel to substantially increase our customer visitation frequency. With an increase of approximately 95 people, we virtually doubled the size of the sales force serving that channel. While the rollout phase of this initiative is ongoing, we are very pleased with the encouraging signs of volume growth we are seeing in 1H19 in both Sydney and Adelaide areas where the program is at a more advanced stage of implementation. There has been an improving volume trajectory in the state immediate consumption channel overall as we roll this out.

Trading revenue per unit case was 0.7 per cent higher than last year, comprising a 1.5 per cent increase from charges related to container deposit schemes, a 0.4 per cent net investment in realised price and a 0.4 per cent decrease from product/channel mix. The price investment was driven by our plan to improve our competitiveness in a number of channels to drive performance of key categories.

Overall, total volumes declined by 1.2 per cent impacted by the implementation of the Container Refund Scheme in Queensland. Excluding Queensland total volumes declined by 0.3 per cent.

Our EBIT performance also reflected the impact of container deposit schemes: the cycling of a $10 million credit in HY18 due to lower actual redemption rates in the New South Wales container deposit scheme compared to forecast and lower volumes in Queensland. Additionally, we incurred increased costs due to commissioning issues at our Richlands, Queensland distribution centre and manufacturing site which have now been largely rectified, undertook additional investment in "Feet On The Street" in the state immediate consumption channel and had a $4.6 million benefit from the introduction of AASB16 Lease Accounting Standard.

CATEGORY

Category volume summary – million-unit cases (MUC[1])	28 June 2019 MUC	29 June 2018 MUC	Variance %
Sparkling			
– Coca-Cola	73.7	73.8	(0.1)
– Flavours / Adult	22.4	23.5	(4.7)
Total Sparkling	**96.1**	**97.3**	**(1.2)**
Frozen	**11.7**	**11.3**	**3.5**
Stills			
– Water[2]	25.9	27.5	(5.8)
– Value-added dairy / Energy	5.4	4.8	12.5
– Other stills[3]	7.3	7.3	–
Total Stills	**38.6**	**39.6**	**(2.5)**
Total	**146.4**	**148.2**	**(1.2)**

1 A unit case is the equivalent of twenty-four 8 US oz. (237ml) serves or 5.678 litres.
2 Water volumes include Neverfail.
3 "Other Stills" includes juice, tea, kombucha and sports.

AUSTRALIAN BEVERAGES (CONTINUED)

1H19 PERFORMANCE (CONTINUED)

Must Win

Diet & light **colas** achieved mid-single digit volume growth mostly offsetting a small decline in Classic **Cola**. We achieved solid underlying volumes in **water** given we ceased sales of the low value/margin brand Peats Ridge in Officeworks in October 2018, resulting in a volume decline of 1 million of unit cases in the half. Additionally, we experienced a further six months of Mount Franklin Everyday-Low-Pricing, cycling a Hi-Low pricing strategy in grocery in the prior year. This result arose in a period when we achieved successful price realisation in grocery as consumers adjust to reduced discounts.

Double Down

The "Double Down" categories of **energy** and **value-added dairy** are yielding strong results with each category growing volume at double-digit rates. Energy delivered double-digit revenue growth benefitting from strong execution and extended ranging with the launch of Coca-Cola Energy at the end of June. Value-added dairy volumes increased due to in-outlet activation and innovation including the May launch of Nutriboost, a flavoured milk drink with a five-star health rating.

Stabilise

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

Enter

We commenced the distribution of Mojo kombucha in the half, contributing to a flat result for **Other Stills.**

CHANNEL

Channel volume summary – million-unit cases (MUC[1])	28 June 2019 MUC	29 June 2018 MUC	Variance %
Grocery, Convenience & Petroleum	86.5	88.2	(1.9)
On-The-Go[1]	59.9	60.0	(0.2)
Total	**146.4**	**148.2**	**(1.2)**

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

Grocery

We are pleased with the successful rate realisation achieved in cola multipack cans and water at the half. Volume in these categories were impacted in the short term as consumers adjust to new pricing.

The cessation of sales of the low value/margin brand Peats Ridge in Officeworks in October 2018 represented a reduction of one million-unit cases and drove the decline of water in grocery.

Overall, we gained value share in still beverages through targeted initiatives across the store and strong execution during key selling weeks.

Convenience & Petroleum

Good momentum continued with volume and value share gains as well as volume growth, driven by the double down strategies being implemented in the energy and value-added dairy categories.

On-The-Go

We have seen significant trajectory improvement in volumes in the On-The-Go channel as we continue to focus on the state immediate consumption and RECA channels.

We saw encouraging early signs from the additional investment in "Feet On The Street" in **state immediate consumption**. In New South Wales Metro where the rollout is more progressed, the channel achieved volume growth for the half, compared to a decline in the prior comparable period. In South Australia Metro, there is a positive volume trajectory, compared to a decline in the prior comparable period.

In the **RECA** channel we grew the number of customers and maintained volume momentum from FY18 due to improved execution and targeted initiatives.

Volume growth in **national on-premise** channel was driven by additional volumes from the Pizza Hut customer win and the Avengers campaign in cinemas.

AUSTRALIAN BEVERAGES (CONTINUED)

1H19 PERFORMANCE (CONTINUED)

COST OF GOODS SOLD

There has been a slight increase in COGS driven by commodity inflation and the implementation of the Queensland container refund scheme.

COST OPTIMISATION, REINVESTMENT AND ADDITIONAL INVESTMENTS

We continued to progress our cost optimisation and reinvestment programs in the half.

We reinvested the cost savings delivered in rebalancing our portfolio through innovation and in refocussing our sales effort.

Additionally, we previously indicated that we are undertaking $10 million of additional investment in "Feet On The Street" in the state immediate consumption channel in 2019 as part of the Accelerated Australian Growth Plan.

CONTAINER DEPOSIT SCHEMES

The **New South Wales** container deposit scheme commenced on 1 December 2017.

The **Australian Capital Territory** container deposit scheme began operating on 30 June 2018.

From 5 August 2019 we increased our Container Deposit Scheme charge in NSW and Australian Capital Territory from 10.91 cents (excluding GST) to 11.82 cents (excluding GST), due to rising cost base for the NSW container deposit scheme as the scheme matures.

The **Queensland** container refund scheme commenced on 1 November 2018 with the charge set at 10.38 cents (excluding GST) per eligible container. From 4 November 2019 the charge per eligible container is planned to increase to 11.82 cents (excluding GST). There has been a larger impact on volumes in Queensland than experienced in NSW in 1H18. There was a 3.8 per cent decline in volumes in Queensland, compared to a 0.3 per cent decline in other states for the half.

The **Western Australia** container deposit scheme is expected to start in June 2020.

The **Tasmania** container deposit scheme is anticipated to be rolled out by 2022.

There have been no announcements of any schemes to date in **Victoria.**

Consistent with our sustainability goals we will continue to engage with governments and the industry and continue to monitor the impact of container deposit schemes on our business.

2019 PRIORITIES & OUTLOOK

ACCELERATED AUSTRALIAN GROWTH PLAN

Consistent with our strategy, we are planning for revenue and volume momentum in 2H19 to position us for a return to growth from 2020. In conjunction with Coca-Cola South Pacific, we are continuing to roll out our Accelerated Australian Growth Plan. The plan combines future proofing the portfolio with an enhanced and effective route-to-market strategy while taking a more tailored approach to segmentation. The plan is built on our Group strategy of Lead, Execute and Partner. We have identified opportunities to sharpen our focus, and ensure we prioritise the areas that have the greatest benefit to the business.

The prioritised Australian Growth Plan initiatives and our investment in our field sales force form the building blocks of our 2019 plan, with these initiatives underpinned by key enablers that will support streamlining of costs and revenue growth. From a category perspective:

- **"Must win"** categories are **cola** and **water** where we are committed to lead both market and share growth. In **cola** we seek to stabilise volumes as price realisation is embedded in grocery in the second half. In water we anticipate a benefit from a consistent price strategy in Mount Franklin multipacks in grocery as we continue implementing an Everyday Low-Price strategy in the second half. The launch of "Share a Coke" campaign is scheduled for the second half, aimed at rejuvenating the category. Other key initiatives planned for the second half include implementation of strong integrated marketing and execution during key selling weeks. Additionally, there is an ongoing focus on responding to changing consumer needs by growing the no sugar or low sugar category and adopting sustainable packaging options which includes manufacturing all single serve carbonated PET bottles from 100 per cent recycled PET with supporting advertising. **Water** represents an important strategic category in our portfolio due to its large size and strong growth of some subcategories. The overall objective is to cement our leadership in traditional water and grow strongly in the enhanced and premium subcategories. To achieve our ambition, we will continue to undertake targeted price investment and increase our reach through greater penetration.
- **"Double Down"** targets the fast-growing **value-added dairy** and **energy** categories. Our strategic approach aims to accelerate volume and value growth and increase the market share in both categories. We seek to continue to drive growth of the recently launched brands Coca Cola Energy and Nutriboost while expanding our product range and increasing investment in media in value-added dairy.
- **"Stabilise"** categories are flavours, tea, juice, sports and adult which play an important role in our portfolio. We will continue to undertake very targeted initiatives to drive competitiveness.

AUSTRALIAN BEVERAGES (CONTINUED)

2019 PRIORITIES & OUTLOOK (CONTINUED)

ACCELERATED AUSTRALIAN GROWTH PLAN (CONTINUED)

- **"Enter"** captures emerging categories such as kombucha and cold pressed juice. We commenced the sales and distribution roll out of Mojo kombucha in Australia in 2019. Following a new distribution agreement between Coca-Cola Amatil and the Made Group we will start selling and distributing the cold pressed juice brand Impressed and Whole Protein Smoothies Rokeby Farms in the second half of 2019. In conjunction with The Coca-Cola Company and its 'Beverages For Life' strategy we will continue to innovate to accelerate our ability to close gaps and further develop our portfolio.

Applying the same categorisation to our distribution channels:

- **"Must win"** channels are those in which we can make the greatest impact on our performance: **grocery** and **state immediate consumption**. The **grocery** channel strategy is linked to the key activities undertaken in the cola and water categories, targeting initiatives across the store, price investment, maximising key selling weeks, premiumisation and innovation. We expect improved execution in grocery where we are bringing store merchandising services in-house. The **state immediate consumption** channel provides us with significant growth potential and we are investing an additional $10 million in 2019 to increase the size of our sales force. The program is underway; we expect full half year benefit of this initiative. Growth in this channel will be driven by a high touch execution approach, supporting our small store focus and continued push for outlet count increases.
- **"Double Down"** channels – RECA and Convenience & Petroleum – offer the greatest potential for growth. The major focus in convenience & petroleum channels is on growing our value-added dairy and energy categories. Key initiatives in RECA are the launch of targeted products, roll out of high-end coolers, enhanced point of sale activation and deployment of a dedicated sales team.
- **"Stabilise"** channels are those in which growth is expected to be limited – national on premise, direct to consumer and licensed. We will bring greater focus on alignment and understanding of our customers' priorities in these channels.
- **"Enter"** includes online and food aggregators which are an area of ongoing focus.

Our Accelerated Australian Growth Plan is supported by five "enabler" initiatives:

- **Portfolio simplification and innovation:** We have identified significant range simplification opportunities in each of our channels that will support greater focus on our best-selling products. This will also have the benefit of enabling our processes and infrastructure to support innovation and growth opportunities. We are targeting implementation of Price Quadrant Analysis (PQA) in the state immediate consumption channel in 2H19.
- **Revenue growth management 2.0:** we have completed the review of the program and will start the implementation of the recommendations from the second half of 2019. An example of this is the launch of a new 20x250ml mini cans multipack can format in grocery. We are continuously adjusting our pricing strategies and anticipate price normalisation of Flavours 24 pack cans to be achieved in 2H19.
- **Continuation of the cost optimisation and reinvestment plans:** we continue to execute on a range of cost optimisation opportunities while reinvesting the cost savings. We anticipate a benefit in 2H19 from the management restructure process undertaken during the period.
- **Product packaging and sustainability:** we are committed to achieving our sugar reduction and packaging targets with strong plans in place over 2019 to drive these ambitions and communicate our achievements with the broader community.
- **S&OP:** we are continuing to enhance our sales and operational planning processes in 2019 to deploy our strategy and support clearer decision making.

RICHLANDS

The commissioning issues at our Richlands, Queensland distribution centre and manufacturing site have now been largely rectified and we anticipate a reduced EBIT impact in the second half.

IMPROVING ALIGNMENT WITH THE COCA-COLA COMPANY

Over the past several years we have implemented initiatives to improve alignment with The Coca-Cola Company. Examples of these initiatives include the Accelerated Australian Growth Plan and the joint acquisition of a 45 per cent minority interest in the Australia-based Made Group. We continue to work closely with The Coca-Cola Company to leverage the "Beverages For Life" strategy in Australia.

NEW ZEALAND & FIJI

FINANCIAL SUMMARY

	28 June 2019 $M	29 June 2018 $M	Variance %	Variance – Constant currency[1] %
Trading revenue	**303.6**	**280.2**	**8.4**	**5.3**
– Trading revenue per unit case	$8.10	$7.87	2.9	–
– Volume (million-unit cases)	37.5	35.6	5.3	5.3
EBIT – ongoing	**57.3**	**49.8**	**15.1**	**11.8**
EBIT margin on trading revenue – ongoing	**18.9%**	**17.8%**	**1.1 pts**	**1.1 pts**
ROCE – ongoing (before lease accounting changes)	**31.8%**	**29.1%**	**2.7 pts**	

1 The constant currency basis is determined applying H1-18 foreign exchange rates to H1-19 local currency results.

1H19 PERFORMANCE

OVERVIEW

The New Zealand & Fiji segment had an excellent start to 2019 with volume up 5.3 per cent, revenue up 8.4 per cent and EBIT growing by double digits.

NEW ZEALAND

2019 is off to an excellent start as momentum continued from FY18. Revenue, volume, EBIT and EBIT margin increased at the half benefitting from the sustained focus on growing the outlet base via smaller customers.

We saw strong performance across **sparkling** and **still** beverages with revenue and volume growth achieved in both categories as we maintain our track record of strong and consistent execution. We gained value share in sparkling as well as in all still categories except juice.

All major channels performed strongly achieving volume and revenue growth. The two largest channels, **grocery and on-the-go,** delivered revenue and volume growth.

FIJI

In Fiji we reported solid EBIT growth despite challenging economic conditions.

2019 PRIORITIES & OUTLOOK

NEW ZEALAND

We are focussed on maintaining our leadership position in sparkling and still beverages and improving our relationships with our brand partners. We are driving the fundamentals for sustainable and profitable growth by ensuring that we offer our customers and consumers the world's leading beverage brands across a broad range of categories and formats. We will continue adding to our manufacturing and distribution capabilities and building our sales and marketing execution capability.

FIJI

We continue to expand our distribution network through the rollout of cold drink equipment and increasing the number of outlets ranging our products. We expect to benefit from the recent investment in a blow fill production line in Suva as well as some incremental new product launches in 2H19.

INDONESIA & PAPUA NEW GUINEA

FINANCIAL SUMMARY

	28 June 2019 $M	29 June 2018 $M	Variance %	Variance – Constant currency[1] %
Trading revenue	**581.8**	**487.8**	**19.3**	**12.9**
– Trading revenue per unit case	$4.57	$4.23	8.0	2.4
– Volume (million-unit cases)	127.2	115.2	10.4	10.4
EBIT – ongoing	**52.2**	**50.6**	**3.2**	**0.8**
EBIT margin on trading revenue – ongoing	**9.0%**	**10.4%**	**(1.4) pts**	**(1.0) pt**
ROCE – ongoing (before lease accounting changes)	**10.3%**	**11.3%**	**(1.0) pts**	

1 The constant currency basis is determined applying H1-18 foreign exchange rates to H1-19 local currency results.

1H19 PERFORMANCE

Indonesia & Papua New Guinea delivered a strong revenue growth with lower EBIT growth for the half.

INDONESIA

We are very pleased with the improvement achieved by the business which includes the delivery of solid revenue and volume growth despite soft market conditions.

We continued to make good progress on our Accelerate to Transform strategy and we are seeing meaningful contributions from some initiatives including the growth of the affordable small sparkling packs and the expansion of our value-added dairy range.

Gross domestic product growth remains at low levels. Furthermore, these levels are not translating into similar growth levels in the FMCG sector generally or in the NARTD beverage market specifically. Discretionary consumer spending on NARTD beverages has been constrained by changes in spending priorities (e.g. smartphones, entertainment and travel).

As expected, our EBIT result reflected additional marketing spend with the Coca-Cola Company and unfavourable FX impact on commodities.

Indonesia grew volume and revenue by high single digits and achieved volume share gains in its NARTD portfolio as well as rate realisation across the portfolio.

Our sparkling beverages business continued to strengthen underpinned by double digit volume and revenue growth as well as value share gains driven by effective promotions and execution, outstanding Festive new products and consumer-centric marketing.

In stills we had volume growth with water and value-added dairy performing well.

We delivered good performance across all channels, particularly in Traditional Trade with the channel growing volumes by double digits following the extensive improvements made to our route-to-market model as part of the Accelerate to Transform Program.

We achieved sales and cost benefits from our route-to-market model transformation, which increased the availability of our products. Strong efficiency gains were delivered in manufacturing and administrative functions. We continue to invest in the capabilities of our people through our training academy model as well as through our bespoke leadership training programs. As a result of delivering on many of the elements of our transformation strategy, the business remains highly leveraged to deliver significant earnings improvements with higher levels of growth in the NARTD market in the future.

PAPUA NEW GUINEA

In Papua New Guinea, we achieved double digit volume, revenue and EBIT growth as our business operations tracked in line with expectations following the successful addressing of the operational issues experienced in FY18. This growth was led by an especially strong performance of sparkling beverages.

INDONESIA & PAPUA NEW GUINEA (CONTINUED)

2019 PRIORITIES & OUTLOOK

INDONESIA

We are committed to our Accelerate to Transform strategy and cognisant of the challenges posed by the current market conditions. In conjunction with The Coca-Cola Company we undertook an extensive review in FY18 to further extend our consumer insights. Drawing on these insights, we are setting plans to repurpose our portfolio to adapt to the challenging operating environment.

In 2019, we are committing significantly higher levels of direct marketing expenditure to drive sales across our categories. We will also continue to enhance capabilities in sales and manufacturing supported by a strong IT agenda to drive productivity and efficiency gains. Another area of focus is the ongoing productivity gains through initiatives in manufacturing and logistics efficiency, resulting in a lower overall cost to serve.

PAPUA NEW GUINEA

The business will continue to expand its distribution network and seek productivity and efficiency improvements in manufacturing and logistics. Benefits are expected from the resolution of operational issues, and from a continued expansion of the beverages footprint. It is also expected that in the foreseeable future the amounts of Kina held on deposit will stabilise as we access more foreign currency.

ALCOHOL & COFFEE

FINANCIAL SUMMARY

	28 June 2019 $M	29 June 2018 $M	Variance %	Variance – Constant currency[1] %
Trading revenue	**279.8**	**270.0**	**3.6**	**2.7**
EBIT – ongoing	**24.8**	**22.5**	**10.2**	**9.8**
EBIT margin on trading revenue – ongoing	**8.9%**	**8.3%**	**0.6 pts**	

1 The constant currency basis is determined applying H1-18 foreign exchange rates to H1-19 local currency results.

1H19 PERFORMANCE

We are pleased to report that **Alcohol & Coffee** delivered another record result in the first half with double-digit EBIT growth. This performance reflects a strong momentum supported by our robust commercial strategy, best-in-class portfolio of brands, cost discipline and synergies with the NARTD business.

ALCOHOL

Alcohol reported revenue and EBIT growth as we benefited from price realisation in the spirits & premix category.

Spirits: New Zealand achieved a strong result with the Beam Suntory Premix & Spirits categories.

Australia, grew share in bourbon, gin, rum and vodka. Canadian Club along with the spirit brands Jim Beam White and Makers Mark continued to deliver volume growth, supported by initiatives to build the brands which included a new sponsorship agreement with Australian Motorsport. Our whisky portfolio was enhanced by the launch of Suntory Toki, a blended whisky from Suntory's three distilleries: Yamazaki, Hakushu and Chita.

We worked closely with our partners to build our brands across all categories. Highlights in the first half included:

Paradise Beverages: launching Fiji Gold Moli; RumCo of Fiji continuing to win awards, with the premium rum brands, Bati and Ratu, winning six medals including a prestigious Double Gold Medal at the Rum & Cachaça Masters Awards Asia 2019, awarded only to those considered to be among the finest products in the world.

Beer, Bitters & Cider: we continued to work closely with all brand partners including Molson Coors International to drive the portfolio of Miller, Coors and Blue Moon brands, specifically we continued investment and support to leverage the Coors and NBA partnership and launched the Blue Moon "Toast the Moon" campaign**.** Australian International Beer Awards recognised Feral with 14 awards and Yenda with a silver medal for the best low alcohol lager; Miller Genuine Draft launched its first ever innovative cultural hub in Melbourne which proved to be a success, with every event selling out; Feral launched Biggie Juice 6% New England IPA, we signed an exclusive partnership agreement with Wellington Craft Brewer Fortune Favours to sell and distribute its beer and cider range throughout New Zealand.

COFFEE

We performed strongly in Coffee achieving revenue, volume and EBIT growth primarily driven by strong sales in grocery. We were encouraged to see that EBIT nearly doubled in the half.

2019 PRIORITIES & OUTLOOK

Spirits and Premix: Our partnership with Beam Suntory across Australia and New Zealand continues to deliver new growth opportunities. We have a category leadership position in bourbon as well as in new age whisky and are working with Beam Suntory to bring continued innovation to the market, such as our recently launched Koyomi Highball, a bespoke Shochu Highball premix beverage created especially for Australia, and Haku, the premium Japanese craft vodka from the House of Suntory.

Beer, Bitters & Cider: We are working closely with our partners to develop our brands and take advantage of significant opportunities across categories where we can leverage our distribution and footprint to grow market share. We will continue to drive our Molson Coors International portfolio of brands including Coors, Miller Genuine Draft, Blue Moon and Miller Chill, and focus on driving range and distribution of the Feral and Yenda brands.

Paradise Beverages: We will continue to focus on innovation and new product development, taking advantage of the increased capability and capacity generated by our capital investment program. We also expect to continue gaining distribution in Australia and the United States and recognition for our RumCo of Fiji premium rum range, and for our beers across the broader Pacific region.

Coffee: We continue developing the Grinders brand across our roast, ground and capsule products, expanding our retail presence in Australia and progressing our international opportunities.

CORPORATE & SERVICES

FINANCIAL SUMMARY

	28 June 2019 $M	29 June 2018 $M	Variance %
Trading revenue[1]	**25.9**	**27.8**	**(6.8)**
EBIT – ongoing	**(6.0)**	**2.2**	

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

1H19 PERFORMANCE

In **Corporate & Services** our EBIT decreased by $8.2 million compared to HY18. This resulted from lower earnings for our services division due to lower services requirement to Australia Beverages as well as lower earnings for our property division due to reduced rental fees from Australian Beverages. The result also reflects investments in Group capabilities and IT platforms.

2019 PRIORITIES & OUTLOOK

Corporate & Services earnings are expected to be a loss of approximately $12 million for 2019. This represents a decline from 2018 due to lower rental and services earnings, increased Group capability and investments in IT platforms.

SPC

In August 2018 we announced the commencement of a strategic review of growth options for SPC, which coincided with the completion of a four-year, $100 million co-investment in conjunction with the Victorian Government.

In November 2018 the review was concluded, and it was announced that the best way to unlock these opportunities is through divestment.

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

The sale agreement also includes a four-year deferred payment which, subject to business performance, could result in up to an additional $15 million of sale proceeds at that time.

FINANCIAL COMMENTARY

CAPITAL EMPLOYED[1]

	28 June 2019 $M	31 December 2018 $M	29 June 2018 $M	Variance (June – June) $M
Working capital[2]	365.7	340.4	426.7	(61.0)
Property, plant and equipment	1,834.5	1,855.0	1,830.0	4.5
Intangible assets	1,255.6	1,252.4	1,214.5	41.1
Current and deferred tax liabilities (net)	(261.4)	(241.6)	(274.8)	13.4
Derivative liabilities – non-debt related (net)	(33.2)	(27.3)	(8.0)	(25.2)
Other assets (net)[3]	60.9	48.9	8.2	52.7
Capital employed – ongoing (before lease accounting changes)[4]	**3,222.1**	**3,227.8**	**3,196.6**	**25.5**
Right of use assets (including related deferred tax)[4]	450.0	–	–	450.0
Capital employed – ongoing	**3,672.1**	**3,227.8**	**3,196.6**	**475.5**
ROCE[5] – ongoing (before lease accounting changes)	**19.3%**	**20.1%**	**21.3%**	**(2.0) points**
ROCE – ongoing	**18.1%**	**20.1%**	**21.3%**	**(3.2) points**

1 Referred to as segment net assets or net assets – operating and investing in the financial report.
2 Working capital is defined as current trade and other receivables plus inventories less current trade and other payables.
3 Mainly comprising of prepayments, investments, employee benefits provisions, defined benefit superannuation plan assets and liabilities and non-current assets (and associated liabilities) held for sale.
4 Refer to pages 26 and 27 of the Financial Report for further details of the change.
5 Return on capital employed (ROCE) is calculated as ongoing EBIT, divided by the average of capital employed at the beginning and at the end of the twelve-month period ended as at the balance date.

Increase in ongoing capital employed of $25.5 million before lease accounting changes from 29 June 2018 resulting from:

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

FINANCIAL COMMENTARY (CONTINUED)

FREE CASH FLOW

	28 June 2019 $M	29 June 2018 $M	Variance $M
Ongoing (before lease accounting changes)[1]			
EBIT	**284.7**	**301.4**	**(16.7)**
Depreciation and amortisation expenses	136.8	129.1	7.7
Impairment charges	1.2	0.8	0.4
Changes in adjusted working capital[2]	3.3	(43.1)	46.4
Net interest and other finance costs paid	(22.0)	(41.4)	19.4
Income taxes paid	(55.6)	(95.2)	39.6
Movements in other items[3]	(38.9)	(0.2)	(38.7)
Operating cash flows – ongoing (before lease accounting changes)	**309.5**	**251.4**	**58.1**
Capital expenditure	(98.0)	(126.0)	28.0
Proceeds from sale of non-current assets	3.7	4.0	(0.3)
Payments for additions of other intangible assets	–	(0.4)	0.4
Free cash flows – ongoing (before lease accounting changes)	**215.2**	**129.0**	**86.2**
Operating cash flows – ongoing	**339.4**	**251.4**	**88.0**
Free cash flows – ongoing	**245.1**	**129.0**	**116.1**
Cash realisation – ongoing (before lease accounting changes)[4]	**96.9%**	**79.3%**	**17.6 points**
Cash realisation – ongoing[4]	**96.6%**	**79.3%**	**17.3 points**

1 Refer to pages 26 and 27 of the Financial Report for further details.
2 Working capital is adjusted to exclude the impact of non-cash flow and non-operating items such as foreign exchange translation, impacts of acquisitions and disposals of businesses and payables relating to additions of property, plant and equipment.
3 Mainly comprising of movements in prepayments and provisions.
4 Operating cash flows divided by NPAT attributable to shareholders of Coca-Cola Amatil Limited, adding back depreciation and amortisation expenses before tax.

Ongoing free cash flow (before lease accounting changes) was $215.2 million, an increase of $86.2 million driven by:

- A decrease in working capital due to Australian Beverages improved debtor collections and receivables management, and reduced receivables in Indonesia.
- Increased interest income received in Indonesia and PNG due to increased interest rates achieved.
- Reduction in tax payments in Australia due to a lower instalment rate applied by the Australian Taxation Office and a refund received in relation to the 2018 year.
- Partially offset by the impact of resin prepayments in Indonesia so as to secure advantageous foreign exchange and pricing outcomes.
- Reduced capital expenditure due to completion of significant projects carried out in 2018, such as the Richlands bottling line and New Zealand automated warehouse projects.

Ongoing cash realisation (before lease accounting changes) was 96.9%, a 17.6 point increase due to the improvement in operating cash flows.

FINANCIAL COMMENTARY (CONTINUED)

CAPITAL EXPENDITURE[1]

	28 June 2019 $M	29 June 2018 $M	Variance $M
Non-Alcohol Beverages			
Australia	23.1	49.6	(26.5)
– New Zealand & Fiji	7.5	17.2	(9.7)
– Indonesia & Papua New Guinea	40.8	37.5	3.3
Alcohol & Coffee Beverages	3.3	2.4	0.9
Corporate & Services	23.3	19.3	4.0
	98.0	**126.0**	**(28.0)**
Capital expenditure/trading revenue – ongoing	**4.1%**	**5.5%**	**(1.4) pts**
Capital expenditure/depreciation & amortisation[2] – ongoing (before lease accounting changes)[3]	**0.7x**	**1.0x**	**(0.3)x**
Capital expenditure/depreciation & amortisation – ongoing	**0.6x**	**1.0x**	**(0.4)x**

1 Capital expenditure is represented by payments for additions of property, plant and equipment and software development assets.

2 Amortisation of software development assets.

3 Refer to pages 26 and 27 of the Financial Report for further details.

Group ongoing capital expenditure was $28.0 million lower than 1H18 at $98.0 million. Reduction on last year is primarily due to timing of project spend in Australia, and lower 1H19 spend in New Zealand.

Australian Beverages: capex includes spend on equipment at Richlands, solar panel installations at three facilities and investment in technology to support sales and customer service programs and automation

New Zealand & Fiji: capex includes implementation of a new ERP system in Fiji and the rollout of cold drink equipment across both New Zealand and Fiji.

Indonesia & PNG: Capex spend includes the affordable small sparkling line in Surabaya, operational and production efficiencies in Indonesia. In PNG spend was on construction of a new warehouse in Lae and upgrade of the can lines.

Corporate and Services: Capex spend is primarily in relation to cold drink equipment investment in Australia.

Capital expenditure is weighted to the second half reflecting the timing of projects in Australia, Indonesia and PNG.

FINANCIAL COMMENTARY (CONTINUED)

CAPITAL – FINANCING

	28 June 2019 $M	31 December 2018 $M	29 June 2018 $M	Variance (June – June) $M
Equity	**1,891.5**	**1,900.0**	**1,899.0**	**(7.5)**
Net debt				
– Cash assets	(858.2)	(937.4)	(851.6)	(6.6)
– Held to maturity investments	(80.6)	(116.7)	(114.2)	33.6
– Loan receivable – interest bearing	(7.7)	(6.5)	–	(7.7)
– Borrowings and other financial liabilities	2,351.3	2,470.1	2,479.9	(128.6)
– Derivative assets – debt related (net)	(115.7)	(81.7)	(61.4)	(54.3)
Net debt (before lease accounting changes)[1]	**1,289.1**	**1,327.8**	**1,452.7**	**(163.6)**
– Lease liabilities	491.5	–	–	491.5
Total net debt	**1,780.6**	**1,327.8**	**1,452.7**	**327.9**
	3,672.1	**3,227.8**	**3,351.7**	**320.4**
Net interest cover[2] **– ongoing (before lease accounting changes)**	**10.3x**	**8.8x**	**8.3x**	**2.0x**
Net interest cover – ongoing	**8.4x**	**8.8x**	**8.3x**	**0.1x**

1 Refer to pages 26 and 27 of the Financial Report for further details of the change.
2 Calculated as EBIT divided by net finance costs.

The balance sheet remains in a strong position. **Net debt (before lease accounting changes)** was lower at $1,289.1 million due to a strong free cash flow result and funds received from the sale of SPC. As at 28 June 2019, the Papua New Guinea business had local currency (Kina) denominated cash assets and funds in held to maturity investments of $289.7 million (PGK 685.9 million); (29 June 2018: $282.6 million (PGK 687.0 million)). Presently there are Papua New Guinea government-imposed currency controls which impact on the extent to which funds held in Papua New Guinea can be converted and remitted for use elsewhere in the Coca Cola Amatil Group.

Total available **debt facilities** at period end was $2.6 billion. The average maturity is 5.6 years. The maturity profile is as follows:

Borrowing maturity profile	31 December 2019 %	31 December 2020 %	31 December 2021 %	31 December 2022+ %
Committed and uncommitted facilities maturity	6.9	14.1	14.3	64.7

GROUP OUTLOOK AND TARGETS

OUTLOOK

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

Australian Beverages: is positioned for growth in 2020 with the completion of the additional $10 million of investments in our Accelerated Australian Growth Plan and with container deposit schemes in New South Wales and Queensland substantially embedded by the end of 2019.

Indonesia: we are encouraged by the growth we have achieved from April 2018 and will continue to deliver our Accelerate to Transform strategy with additional marketing expenditure in 2019 as we navigate soft macroeconomic conditions, a weak Indonesian Rupiah and subdued market growth.

New Zealand & Fiji, Papua New Guinea and Alcohol & Coffee: are expected to deliver growth in line with our Shareholder Value Proposition.

Corporate & Services: is expected to deliver an EBIT loss of approximately $12 million, in line with the outlook provided.

NON-TRADING ITEMS

As part of our cost optimisation programs across the Group, we are expecting one-off costs in 2019 of up to $30 million.

We are pursuing opportunities to dispose of surplus properties which would result in one-off gains in 2019, partially offsetting the one-off costs.

TARGET FROM 2020 AND BEYOND

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

CAPITAL EXPENDITURE

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

DIVIDEND AND CAPITAL MANAGEMENT

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

BALANCE SHEET AND RETURN ON CAPITAL EMPLOYED

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

DIRECTORS' REPORT

Coca-Cola Amatil Limited and its subsidiaries

In accordance with the *Corporations Act 2001*, the Directors submit hereunder their Report on Coca-Cola Amatil Limited and its subsidiaries (referred to as Group), for the half year ended 28 June 2019.

1 DIRECTORS

The names of the Directors of Coca-Cola Amatil Limited (also referred to as Company) in office during the half year and until the date of this Report are detailed below:

Ilana Rachel Atlas	Jorge Garduño Chavero
Alison Mary Watkins	Mark Graham Johnson
Massimo Borghetti	Paul Dominic O'Sullivan
Catherine Michelle Brenner[1]	Krishnakumar Thirumalai
Julie Ann Coates	

1 Retired 15 May 2019

2 REVIEW OF OPERATIONS

A review of the operations of the Group for the half year is set out in the Operating and Financial Review, refer page 2.

3 AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from the Company's auditor, Ernst & Young:

EY
Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF COCA-COLA AMATIL LIMITED

As lead auditor for the review of Coca-Cola Amatil Limited for the half year ended 28 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Coca-Cola Amatil Limited and the entities it controlled during the half year.

Ernst & Young

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Katrina Zdrilic
Partner
Sydney
22 August 2019

4 ROUNDING OF AMOUNTS

The Company is of a kind referred to in the *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, and accordingly, amounts in this Report and the Financial Report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.

Ilana R. Atlas
Chairman
Sydney
22 August 2019

Alison M. Watkins
Group Managing Director
Sydney
22 August 2019

FINANCIAL REPORT

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 28 June 2019

CONTENTS

INCOME STATEMENT

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 28 June 2019

	Note	28 June 2019[1] $M	29 June 2018 $M
Continuing operations			
Trading revenue	2	2,406.4	2,287.7
Cost of goods sold		(1,401.6)	(1,302.4)
Delivery		(116.9)	(105.6)
Gross profit		887.9	879.7
Other revenue	2	20.8	23.6
Expenses			
Selling		(346.0)	(338.1)
Warehousing and distribution		(90.4)	(87.3)
Support services and other[2]		(199.8)	(216.1)
		(636.2)	(641.5)
Share of profit/(loss) from equity accounted investments[2]		1.0	(0.7)
Earnings before interest and tax		**273.5**	**261.1**
Net finance costs			
Finance income		19.9	13.2
Finance costs[2]		(54.6)	(35.2)
		(34.7)	(22.0)
Profit before income tax		**238.8**	**239.1**
Income tax expense[2]	5	(68.7)	(69.0)
Profit for continuing operations		**170.1**	**170.1**
Discontinued operation			
Profit/(loss) from discontinued operation, net of tax	7	6.2	(4.6)
Profit for the half year		**176.3**	**165.5**
Attributable to:			
Shareholders of Coca-Cola Amatil Limited		168.0	158.1
Non-controlling interests		8.3	7.4
Profit for the half year		**176.3**	**165.5**
		¢	¢
Basic and diluted earnings per share (EPS) attributable to shareholders of Coca-Cola Amatil Limited	6		
Group		23.2	21.8
Continuing operations		22.3	22.5

1 Leases have been accounted for under the new lease accounting standard AASB 16 for this period only. Refer to pages 26 and 27 for further transition details.

2 Includes amounts classified as non-trading items. Refer to Note 3 for further details.

Notes appearing on pages 26 to 36 to be read as part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 28 June 2019

	28 June 2019 $M	29 June 2018 $M
Profit for the half year	**176.3**	**165.5**
Other comprehensive income		
Items to be reclassified to the income statement in subsequent periods:		
Foreign exchange differences on translation of foreign operations	51.2	28.1
Reclassification of foreign exchange differences on disposal of businesses	(0.3)	3.1
Cash flow hedges, net of tax	(11.5)	8.6
Other reserve movements, net of tax	3.9	(0.1)
	43.3	**39.7**
Items not to be reclassified to the income statement in subsequent periods:		
Actuarial valuation reserve, net of tax	**(5.4)**	**3.4**
Total other comprehensive income	**37.9**	**43.1**
Total comprehensive income for the half year	**214.2**	**208.6**
Attributable to:		
Shareholders of Coca-Cola Amatil Limited	194.5	197.3
Non-controlling interests	19.7	11.3
Total comprehensive income for the half year	**214.2**	**208.6**
Total comprehensive income for the year, attributable to shareholders of Coca-Cola Amatil Limited arising from:		
Continuing operations	188.3	201.9
Discontinued operation	6.2	(4.6)
	194.5	**197.3**

Notes appearing on pages 26 to 36 to be read as part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 28 June 2019

		Attributable to shareholders of Coca-Cola Amatil Limited						
	Note	Share capital $M	Treasury shares $M	Reserves $M	Accumulated losses $M	Total $M	Non-controlling interests $M	Total equity $M
At 1 January 2019		**1,920.1**	**(12.6)**	**323.4**	**(686.0)**	**1,544.9**	**355.1**	**1,900.0**
New accounting standard[1]		–	–	–	(37.0)	(37.0)	–	(37.0)
At 1 January 2019 (restated)		**1,920.1**	**(12.6)**	**323.4**	**(723.0)**	**1,507.9**	**355.1**	**1,863.0**
Total comprehensive income for the half year		–	–	26.5	168.0	194.5	19.7	214.2
Disposal of discontinued operation		–	–	1.1	(1.1)	–	–	–
Transaction with shareholders:								
Share-based remuneration		–	0.1	2.8	–	2.9	–	2.9
Dividends paid	4	–	–	–	(188.2)	(188.2)	(0.4)	(188.6)
		–	0.1	3.9	(189.3)	(185.3)	(0.4)	(185.7)
As 28 June 2019		**1,920.1**	**(12.5)**	**353.8**	**(744.3)**	**1,517.1**	**374.4**	**1,891.5**
At 1 January 2018		**1,920.5**	**(13.4)**	**262.5**	**(620.7)**	**1,548.9**	**331.4**	**1,880.3**
New accounting standard[1]		–	–	–	(4.1)	(4.1)	–	(4.1)
At 1 January 2018 (restated)		**1,920.5**	**(13.4)**	**262.5**	**(624.8)**	**1,544.8**	**331.4**	**1,876.2**
Total comprehensive income for the half year		–	–	39.2	158.1	197.3	11.3	208.6
Transactions with shareholders:								
Share buy-back		(0.4)	–	–	–	(0.4)	–	(0.4)
Share-based remuneration		–	0.4	2.7	–	3.1	–	3.1
Dividends paid	4	–	–	–	(188.2)	(188.2)	(0.3)	(188.5)
		(0.4)	0.4	2.7	(188.2)	(185.5)	(0.3)	(185.8)
At 29 June 2018		**1,920.1**	**(13.0)**	**304.4**	**(654.9)**	**1,556.6**	**342.4**	**1,899.0**

1 Refer to pages 26 and 27 for further transition details.

Notes appearing on pages 26 to 36 to be read as part of the financial statements.

BALANCE SHEET

Coca-Cola Amatil Limited and its subsidiaries
as at 28 June 2019

	Note	28 June 2019 $M	31 December 2018 $M	29 June 2018 $M
Current assets				
Cash assets	12	858.2	937.4	851.6
Held to maturity investments		80.6	116.7	114.2
Trade and other receivables		747.0	961.1	832.4
Inventories		687.5	626.1	744.7
Derivatives	9	23.9	21.2	24.1
Current tax assets		90.1	34.0	23.1
Prepayments		65.9	63.5	58.3
Assets held for sale		12.3	55.2	–
Total current assets		**2,565.5**	**2,815.2**	**2,648.4**
Non-current assets				
Property, plant and equipment		1,834.5	1,855.0	1,879.8
Right of use assets[1]		432.2	–	–
Intangible assets		1,255.6	1,252.4	1,214.5
Derivatives	9	139.2	132.5	116.8
Investments	11	66.2	65.2	27.3
Other		56.7	52.0	55.7
Total non-current assets		**3,784.4**	**3,357.1**	**3,294.1**
Total assets		**6,349.9**	**6,172.3**	**5,942.5**
Current liabilities				
Trade and other payables		1,068.8	1,246.8	1,040.2
Borrowings		356.7	154.2	251.7
Other financial liabilities		82.9	67.9	67.3
Lease liabilities[1]		52.8	–	–
Employee benefits provisions		74.3	82.4	85.4
Current tax liabilities		17.1	14.8	13.8
Derivatives	9	26.2	32.2	23.2
Liabilities associated with assets held for sale	7	–	45.2	–
Total current liabilities		**1,678.8**	**1,643.5**	**1,481.6**
Non-current liabilities				
Borrowings		1,911.7	2,248.0	2,160.9
Lease liabilities[1]		438.7	–	–
Employee benefits provisions		11.7	11.6	12.1
Deferred tax liabilities[2]		316.6	260.8	284.1
Derivatives	9	54.4	67.1	64.3
Other		46.5	41.3	40.5
Total non-current liabilities		**2,779.6**	**2,628.8**	**2,561.9**
Total liabilities		**4,458.4**	**4,272.3**	**4,043.5**
Net assets		**1,891.5**	**1,900.0**	**1,899.0**
Equity				
Share capital	8	1,920.1	1,920.1	1,920.1
Treasury shares		(12.5)	(12.6)	(13.0)
Reserves		353.8	323.4	304.4
Accumulated losses		(744.3)	(686.0)	(654.9)
Equity attributable to shareholders of Coca-Cola Amatil Limited		**1,517.1**	**1,544.9**	**1,556.6**
Non-controlling interests		374.4	355.1	342.4
Total equity		**1,891.5**	**1,900.0**	**1,899.0**

1 Balances arise due to adoption of the new leasing accounting standard from 1 January 2019, refer to pages 26 and 27 for further transition details.
2 2019 includes a deferred tax asset of $17.8 million relating to the new leasing requirements.

Notes appearing on pages 26 to 36 to be read as part of the financial statements.

STATEMENT OF CASH FLOWS

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 28 June 2019

	Note	28 June 2019 $M	29 June 2018 $M
Inflows/(outflows)			
Operating cash flows			
Receipts from customers		3,181.3	3,030.8
Payments to suppliers and employees[1]		(2,810.1)	(2,671.8)
Operating lease payments[3]		–	(33.6)
Lease payments (interest component)[3]		(7.1)	–
Interest and other finance costs paid		(48.0)	(41.9)
Interest income received		26.0	3.6
Income taxes paid		(55.6)	(95.2)
Net operating cash flows		**286.5**	**191.9**
Investing cash flows			
Payments for:			
– additions of property, plant and equipment		(92.4)	(125.1)
– additions of software development assets		(9.7)	(14.7)
– additions of other intangible assets		–	(0.4)
– acquisition of business		–	(0.4)
– held to maturity investments		–	(113.6)
Proceeds from:			
– disposal of business		39.6	–
– held to maturity investments		36.0	–
– disposal of property, plant and equipment[2]		3.7	7.1
– government grant		–	5.0
Net investing cash flows		**(22.8)**	**(242.1)**
Financing cash flows			
Lease payments (principal component)[3]		(29.9)	–
Proceeds from borrowings and other financial liabilities		13.5	245.8
Borrowings repaid		(160.2)	(203.7)
Payments for share buy-back transaction costs		–	(0.4)
Loan given		(1.2)	–
Dividends paid to shareholders of Coca-Cola Amatil Ltd	4	(188.2)	(188.2)
Dividends paid to non-controlling interests	4	(0.4)	(0.3)
Net financing cash flows		**(366.4)**	**(146.8)**
Net decrease in cash and cash equivalents		(102.7)	(197.0)
Cash and cash equivalents held at the beginning of the half year		935.4	1,036.3
Effects of exchange rate changes on cash and cash equivalents		23.8	9.9
Cash and cash equivalents held at the end of the half year	12	**856.5**	**849.2**

1 Includes $24.0 million (2018: $31.1 million) of cash outflows relating to non-trading items of the respective period.

2 Includes $nil (2018: $3.0 million) of cash inflows relating to non-trading items of the respective period.

3 The balances arise or have been impacted by the adoption of the new leasing accounting standard from 1 January 2019, refer to pages 26 and 27 for further transition details. In the previous half year, lease payments formed part of payments to suppliers and employees within operating cash flows. Under the new standard, lease payments are allocated between interest and principal components and classified within operating and financing cash flows respectively.

Notes appearing on pages 26 to 36 to be read as part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 28 June 2019

OVERVIEW

Coca-Cola Amatil Limited (also referred to as the Company) is a for profit company limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Coca-Cola Amatil Limited does not have a parent entity.

The financial statements for the half year ended 28 June 2019 comprise of Coca-Cola Amatil Limited and its subsidiaries (together referred to as the Group) and was authorised for issue in accordance with a resolution of the Coca-Cola Amatil Board of Directors on 22 August 2019.

BASIS OF PREPARATION

This general purpose financial report:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements
- does not include all notes of the type normally included within the annual financial report. As a result, it should be read in conjunction with the 2018 annual financial report of the Group, together with any announcements made by Coca-Cola Amatil during the half year ended 28 June 2019
- has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value (Note 10)
- is presented in Australian Dollars
- presents reclassified comparative information where necessary to conform to changes in presentation in the current half year. Comparative information was not restated to reflect adoption of AASB 16 – Leases.
- presents all values as rounded to the nearest hundred thousand dollars, unless the option is available to Coca-Cola Amatil Limited under *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*
- applies accounting policies and judgements/estimates that are the same with those adopted and disclosed in the Group's 2018 annual financial report except those mentioned below.

NEW ACCOUNTING STANDARDS FOR 2019

AASB 16 Leases – application date is 1 January 2019

a) Types of leases

The Group has entered into non-cancellable leases on certain properties, motor vehicles, forklifts and other items of plant and equipment. Leases vary in contract term, with renewal at the option of the Group. On renewal, the terms of the leases are usually renegotiated. Our leases mainly relate to land and building assets in Australia and New Zealand.

b) Impact on comparatives

The Group has opted to take the modified retrospective approach to transition, which requires no restatement of comparative information.

c) Changes to accounting

i) In general

This standard requires recognition of a right of use asset and lease liability based on the present value of future lease payments. In Coca-Cola Amatil, the nature and structure of the lease portfolio is such that the interest rate implicit in the leases is not readily determinable. Therefore, Coca-Cola Amatil uses the Incremental Borrowing Rate (IBR) for terms which approximate the lease term to discount the future value of lease payments.

These payments, previously expensed within EBIT on a straight-line basis, are replaced by the straight-line depreciation of the right of use asset and reduce the lease liability. As the lease liability is carried at present value, an interest expense arise over the duration of the lease term.

The principal component of lease payments is reclassified in the statement of cash flows from operating to financing activities.

Short term and low value asset leases are accounted for using the previous method of accounting (in accordance with recognition exemption provided in the standard), whereby the sum of lease payments is recognised on a straight-line basis over the lease term in the income statement. Short term leases are those with terms equal to or less than 12 months, and low value assets may include tablet and personal computers, small items of office furniture and telephones.

ii) Transition

The opening lease liabilities balance has been determined as the present value of future lease payments, discounted using incremental borrowing rates for terms which approximate the remaining lease term as at the date of initial application.

The opening right of use assets balance has been determined as follows:

- for the Group's 14 largest property leases which represent the bulk of the Group's total leases (by total committed future cash flows), as the present value of committed lease payments since commencement of the lease, less cumulative straight-line depreciation and utilising 1 January 2019 discount rates for durations equivalent to the remaining lease term. This approach results in an adjustment to opening accumulated losses.
- for all other leases, as being equal to the opening lease liability.

OVERVIEW (CONTINUED)

BASIS OF PREPARATION (CONTINUED)

NEW ACCOUNTING STANDARDS FOR 2019 (CONTINUED)

AASB 16 Leases – application date is 1 January 2019 (continued)

c) Changes to accounting (continued)

ii) Transition (continued)

Practical expedients included in the standard for transition have been applied by the Group as follows:

- exclusion of leases with remaining terms of less than 12 months from the new accounting requirements
- use of hindsight in determining the lease term where lease contracts include options to extend or terminate the lease

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.0%.

Determination of the lease term is a key judgement exercised by management on a recurring basis. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

d) Financial impacts

Impacts on the financial statements and notes as at and for the half year ended 28 June 2019 are shown throughout this report. As at the date of transition the impact of the new standard is summarised below as increases in the noted items:

	$M
Balance sheet as at 1 January 2019	
Right of use assets	454.1
Lease liabilities	506.9
Deferred tax assets	15.8
Accumulated losses	37.0

A reconciliation of total operating lease commitments as at 31 December 2018 (as disclosed in our 2018 financial report) to the opening lease liability, as above, is shown below:

Opening lease liability reconciliation	
Operating lease commitments as at 31 December 2018[1]	624.5
Impact of discounting	(110.3)
Other factors	(7.3)
Lease liability as at 1 January 2019	506.9

1 Represents the undiscounted sum of committed future lease payments.

The Group's income statement was impacted (mainly in the Non-Alcohol Beverages – Australia segment) as follows:

Income statement (continuing operations) for the half year ended 28 June 2019	
Operating lease expenses (previous lease accounting)[1]	38.2
Depreciation of right of use assets[1]	(33.0)
EBIT	5.2
Net finance costs	(7.1)
Profit before income tax	(1.9)
Income tax expense	0.6
Profit for the half year	(1.3)

1 Under the previous standard, operating lease expenses were recognised within EBIT. Under the new standard, lease expenses are recognised in the income statement as depreciation of right of use assets and interest expenses arising from lease liabilities.

2018

AASB 15 Revenue from Contracts with Customers

This standard was adopted on 1 January 2018 and did not have any material impacts on the Group's financial statements.

AASB 9 Financial Instruments – Impairment – 2014

The Group adopted this standard on 1 January 2018. Adopting this standard increased allowances for doubtful debts by $5.8 million, resulting in a decrease in deferred tax liabilities of $1.7 million and an increase in opening accumulated losses of $4.1 million. These adjustments arose from moving to an expected credit losses approach for allowances for doubtful debts, as required by the new standard.

I RESULTS FOR THE HALF YEAR

1 SEGMENT REPORTING

We operate in a number of segments, based on results that are reported to the Group Managing Director. The Australia, New Zealand & Fiji, and Indonesia & Papua New Guinea Non-Alcohol Beverages segments manufacture, distribute, market and sell sparkling beverages and other non-alcohol beverages. The Alcohol & Coffee Beverages segment manufactures, distributes, markets and sells alcohol and coffee products. The Corporate & Services segment includes other non-individually reportable businesses and comprises of the corporate office function for the Group, management of key property assets of Australia and New Zealand and the provision of certain support services to the Group and third-party customer businesses. The majority of the Group's revenues are recognised at the point in time at which products are delivered to the customer.

SPC results were previously reported under the Corporate, Food & Services segment; following the decision to divest the business, SPC results and net assets which are designated as held for sale were excluded and reported separately in Note 7 – discontinued operation. Accordingly, 2018 comparative segment information has been re-presented in accordance with the amended reporting basis for the new segment as outlined above.

The Group's financial statements are affected by seasonality depending on the timing of certain festivities in the different countries within which Coca-Cola Amatil operates. Typically, revenue, earnings and operating cash flows of Australian and New Zealand-based operations are greater in the second half of the financial year due to the Christmas holiday trading period, which can lead to associated effects on working capital components. Similarly, the Ramadan period positively impacts the timing of the Indonesian business's financial performance within the financial year.

Segment revenue is evaluated with reference to trading revenue. Segment results are evaluated on an earnings before interest, tax and non-trading items basis. Segment net assets include Net assets – Operating and Investing amounts (which excludes net debt). Net debt comprises of cash assets, held to maturity investments, interest bearing receivables, borrowings, debt related derivative assets and liabilities, other financial and lease liabilities. The Group manages its net debt, net finance costs and income taxes on a Group basis, and these measures are therefore not reported internally at a segment level. Inter-segment transactions are conducted on normal commercial terms and conditions.

SEGMENT INFORMATION – CONTINUING OPERATIONS

	Non-Alcohol Beverages											
	Australia		New Zealand & Fiji		Indonesia & Papua New Guinea		Alcohol & Coffee Beverages		Corporate & Services[1]		Total	
	28 June 2019 $M	29 June 2018 $M	28 June 2019 $M	29 June 2018 $M	28 June 2019 $M	29 June 2018 $M	28 June 2019 $M	29 June 2018 $M	28 June 2019 $M	29 June 2018 $M	28 June 2019 $M	29 June 2018 $M
Segment revenue	**1,215.3**	**1,221.9**	**303.6**	**280.2**	**581.8**	**487.8**	**279.8**	**270.0**	**25.9**	**27.8**	**2,406.4**	**2,287.7**
Segment results	**161.6**	**176.3**	**57.3**	**49.8**	**52.2**	**50.6**	**24.8**	**22.5**	**(6.0)**	**2.2**	**289.9**	**301.4**
Non-trading items[2]											(16.4)	(40.3)
EBIT											**273.5**	**261.1**
Other segment information:												
Capital employed	1,106.7	1,166.9	380.6	370.6	859.0	825.5	325.3	274.6	550.5	559.0	3,222.1	3,196.6
Right of use assets, including related deferred tax[3]	389.3	–	47.0	–	9.0	–	3.5	–	1.2	–	450.0	–
Segment net assets	**1,496.0**	**1,166.9**	**427.6**	**370.6**	**868.0**	**825.5**	**328.8**	**274.6**	**551.7**	**559.0**	**3,672.1**	**3,196.6**
Net assets of the discontinued operation											–	155.1
Net debt[4]											(1,780.6)	(1,452.7)
Net assets											**1,891.5**	**1,899.0**
Depreciation and amortisation expenses	33.7	33.0	15.6	14.9	45.5	40.7	3.1	3.0	38.9	37.5	136.8	129.1
Depreciation expense – right of use assets[3]	26.2	–	5.0	–	1.5	–	0.3	–	–	–	33.0	–
Segment depreciation and amortisation expenses	**59.9**	**33.0**	**20.6**	**14.9**	**47.0**	**40.7**	**3.4**	**3.0**	**38.9**	**37.5**	**169.8**	**129.1**
Segment additions to non-current assets[5]	**29.3**	**50.7**	**8.6**	**16.1**	**43.2**	**48.6**	**4.1**	**2.6**	**22.6**	**22.2**	**107.8**	**140.2**

1 2018 has been re-presented as a result of classifying the SPC business as a discontinued operation.

2 Refer to Note 3 for further details.

3 Balances arise due to impact of change to lease accounting, refer to pages 26 and 27 for further transition information.

4 Refer to Note 9 for further details.

5 Comprises of additions to investments, right of use assets, property, plant and equipment less proceeds received from government grants and intangible assets.

I RESULTS FOR THE HALF YEAR (CONTINUED)

2 REVENUE FROM CONTRACTS WITH CUSTOMERS

	28 June 2019 $M	29 June 2018 $M
Trading revenue from continuing operations		
Sale of products	2,376.7	2,257.2
Rental of equipment and service fees	29.7	30.5
	2,406.4	**2,287.7**
Other revenue from continuing operations		
Rendering of services	6.1	5.2
Miscellaneous rental and sundry income	14.7	18.4
	20.8	**23.6**
	2,427.2	**2,311.3**

RECOGNITION AND MEASUREMENT

Following are the revenue accounting policies that apply to Coca-Cola Amatil in accordance with AASB 15.

Sale of products

The Group sells a range of beverage and food products to wholesale, retail and consumer customers. A sale is recognised when control of the product has transferred, being when the product is delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the product has been shipped to the location specified by the customer and the customer accepts the product.

Revenue from sales is recognised based on the arrangement agreed between the customer and Coca-Cola Amatil. The arrangements in place do not commit customers to purchasing a specified quantity or type of product nor commit Coca-Cola Amatil to deliver the same but set out the terms and conditions that apply between the parties at the time an order is placed by a customer and accepted by Coca-Cola Amatil. The terms and conditions cover, as appropriate to the customer, pricing, settlement of liabilities, return policies, provision and servicing of equipment and any other negotiated performance obligations.

No element of financing is present in the pricing arrangement. Settlement terms range from cash-on-delivery to credit terms ranging from 7 to 30 days. Terms reflect negotiations with customers, policies, procedures and controls held by each business unit as it relates to customer credit risk.

For customers who purchase on credit a receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rental of equipment and service fees

The Group earns revenue from renting equipment that is used to dispense certain of its beverage products purchased by the customer. Rental agreements generally range from 12 to 24 months in duration and revenue is recognised on a straight-line basis over the term of the rental agreement. Rental paid in advance is not recognised as revenue until the period the payment relates to has passed.

Service fee revenue mainly arises from container recycling services provided to manufacturers and distributors of eligible containers in certain Australian jurisdictions. Revenue is based on the volume of containers processed and is recognised as the service is delivered.

Financing components

The Group does not have any contracts where the period between the transfer of the promised product or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

I RESULTS FOR THE HALF YEAR (CONTINUED)

3 NON-TRADING ITEMS

Transactions which are material to the financial statements individually or in aggregate and are either non-recurring or arise from activities other than those associated with Coca-Cola Amatil's ordinary trading activities are classified as Non-trading items. Such transactions are included in the support services and other expenses and net finance costs line items within the income statement.

	28 June 2019 $M	29 June 2018 $M
Profit before income tax[1] from continuing operations includes the following expenses, which are classified as non-trading items:		
Redundancy employee costs	12.7	18.2
Accelerated depreciation expenses – plant and equipment	–	3.7
Other net expenses	3.7	3.9
	16.4	**25.8**

1 Refer to Note 5 for details of income tax on non-trading items.

These amounts are mainly due to the Australian business continuing its business transformation activities through implementing new and revised organisation designs across most functional areas with 2018 also including costs and accelerated depreciation arising from the closure of the Thebarton manufacturing facility and a non-recurring amount of interest relating to a cross currency swap.

4 DIVIDENDS

	28 June 2019 $M	29 June 2018 $M
a) SUMMARY OF PRIOR YEAR FINAL DIVIDENDS PAID DURING THE HALF YEAR		
Paid at 26.0¢ per share franked to 50% (2018: 26.0¢ per share franked to 70%)	188.2	188.2
b) INTERIM DIVIDENDS DECLARED AFTER BALANCE DATE AND NOT RECOGNISED AS LIABILITIES		
Declared at 21.0¢ per share unfranked (2018: 21.0¢ per share franked to 65%)	152.0	152.0
Special – declared at 4.0¢ per share unfranked	29.0	–

The unfranked portion of the dividend represents conduit foreign income.

During the half year, Paradise Beverages (Fiji) Limited, an indirect subsidiary of Coca-Cola Amatil Limited, paid a dividend of $0.4 million (2018: $0.3 million) to its non-controlling interest shareholders.

c) DIVIDEND REINVESTMENT PLAN (DRP)

Coca-Cola Amatil Limited's DRP continues to be available to eligible shareholders. The DRP provides shareholders with the opportunity to receive fully paid ordinary shares, in lieu of cash dividends, which are acquired on market, at the price calculated using the daily volume weighted average market price of Coca-Cola Amatil Limited shares during the 10 trading days commencing on the third trading day after the record date for the dividend. The ex-dividend and record dates for the interim dividend entitlement are 27 August 2019 and 28 August 2019 respectively.

I RESULTS FOR THE HALF YEAR (CONTINUED)

5 INCOME TAX

	28 June 2019 %	29 June 2018 %
Reconciliation of Coca-Cola Amatil Limited's applicable (Australian) tax rate to the effective tax rate:		
Applicable (Australian) tax rate	30.0	30.0
Overseas tax rates differential	(1.6)	(1.8)
Overseas withholding tax	(0.2)	0.5
Adjustments for current tax of prior periods	0.4	(0.4)
Derecognition of deferred tax assets	0.7	–
Non-assessable income	(3.2)	(1.0)
Non-allowable expenses	1.5	1.4
Effective tax rate	**27.6**	**28.7**
Effective tax rate – ongoing[1]	28.8	29.1

1 The income tax benefit on non-trading items amounts to $4.9 million (2018: $8.2 million). The effective tax rate is not impacted by the change in lease accounting.

Coca-Cola Amatil is subject to regular tax reviews across our jurisdictions and interacts with tax authorities on a range of issues as part of the ongoing operations of these tax authorities. In Australia, the Australian Taxation Office (ATO) rates Coca-Cola Amatil as a "key taxpayer" and is subject to the ATO's "Top 100" assurance program using its justified trust methodology. At present, Coca-Cola Amatil is subject to ATO audits/reviews of income tax, GST and excise. There are also ongoing audits/reviews in Indonesia, Fiji and Papua New Guinea by their respective tax authorities. At present, Coca-Cola Amatil has not received notification of any material assessments from any tax authority in these jurisdictions. In addition, Coca-Cola Amatil has responded to increased government and stakeholder focus by publishing an annual Tax Transparency Report in accordance with the terms of the Australian Voluntary Tax Transparency Code.

6 OTHER PERFORMANCE MEASURES

	28 June 2019 $	29 June 2018 $
a) NET TANGIBLE ASSET BACKING PER ORDINARY SHARE OF COCA-COLA AMATIL LIMITED (NTA)		
NTA	0.36	0.47
	¢	¢
b) BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO SHAREHOLDERS OF COCA-COLA AMATIL LIMITED		
Group	23.2	21.8
Continuing operations	22.3	22.5
Ongoing	23.9	24.9
	M	M
The following provides share and earnings information used in the calculation of EPS:		
i) Weighted average number of Coca-Cola Amatil Limited ordinary shares on issue	724.0	724.0
	$M	$M
ii) Profit attributable to shareholders of Coca-Cola Amatil Limited		
Group	168.0	158.1
(Deduct)/add back: (profit)/loss after tax - discontinued operation	(6.2)	4.6
Continuing operations	161.8	162.7
Add back: non-trading expenses after tax[1]	11.5	17.6
Ongoing	173.3	180.3

1 Refer to Notes 3 and 5 for details of non-trading items.

II OUR NET ASSETS – OPERATING AND INVESTING

HOW THE GROUP MANAGES ITS OVERALL FINANCIAL POSITION

We manage the overall financial position by segregating the balance sheet in to two categories: Net assets – Operating and Investing; and Capital – Financing. Net assets – Operating and Investing is managed at the businesses' level of the Group while Capital – Financing (refer to Section III) is managed by the Group's centralised Treasury function.

Details of Net assets – Operating and Investing are as follows:

	Note	28 June 2019 $M	31 December 2018 $M	29 June 2018 $M
Working capital[1]		365.7	340.4	536.9
Property, plant and equipment		1,834.5	1,855.0	1,879.8
Intangible assets		1,255.6	1,252.4	1,214.5
Current and deferred tax liabilities (net)		(261.4)	(241.6)	(274.8)
Derivative liabilities – non-debt related (net)	9	(33.2)	(27.3)	(8.0)
Assets held for sale[2]		12.3	55.2	–
Liabilities associated with assets held for sale		–	(45.2)	–
Other assets (net)		48.6	38.9	3.3
		3,222.1	**3,227.8**	**3,351.7**
Right of use assets, including related deferred tax asset ($17.8 million)[3]		450.0	–	–
		3,672.1	**3,227.8**	**3,351.7**
Capital – Financing	Section III	**3,672.1**	**3,227.8**	**3,351.7**

1 Working capital is defined as current trade and other receivables plus inventories less current trade and other payables.

2 Represents $12.3 million ($10.0 million at 31 December 2018 and $nil at 29 June 2018) of property assets held for sale; and at 31 December 2018, $45.2 million of assets held for sale of the discontinued operation, refer to Note 7.

3 Arising from the new lease accounting standard, refer to pages 26 and 27 for further transition details.

7 DISCONTINUED OPERATION

SALE OF SPC

On 30 November 2018, the Group announced that the 2018 strategic review of SPC had concluded with a decision to proceed toward divestment. The associated assets and liabilities were consequently presented as held for sale in the 2018 financial statements and assessed for impairment in accordance with accounting standards, resulting in the net assets being reduced to a nil carrying amount.

On 28 June 2019, the sale of the business was completed and financial information relating to the discontinued operation is set out below.

	28 June 2019 $M[1]	31 December 2018 $M[2]	29 June 2018 $M[3]
Assets and liabilities of the discontinued operation			
Assets			
Receivables and prepayments	41.6	36.3	35.9
Inventories	27.1	5.5	119.6
Property, plant and equipment	5.8	3.4	49.8
Total assets	**74.5**	**45.2**	**205.3**
Liabilities			
Trade and other payables	34.8	39.0	42.8
Provisions	5.5	6.2	7.4
Total liabilities	**40.3**	**45.2**	**50.2**
Net assets of the discontinued operation	**34.2**	**–**	**155.1**

1 Balances disposed.

2 Balances were classified as held for sale.

3 Balances were not classified as held for sale.

II OUR NET ASSETS – OPERATING AND INVESTING (CONTINUED)

7 DISCONTINUED OPERATION (CONTINUED)

SALE OF SPC (CONTINUED)

	28 June 2019 $M	29 June 2018 $M
Results of the discontinued operation		
Revenue	99.3	105.9
Expenses	(108.4)	(109.8)
Gain from changes in fair value of previously impaired assets[1]	13.7	–
Net finance costs	–	(3.1)
Profit/(loss) before income tax	**4.6**	**(7.0)**
Income tax benefit	1.6	2.4
Profit/(loss) after tax from discontinued operation	**6.2**	**(4.6)**
Cash flows of the discontinued operation		
Net operating cash flows	(28.9)	(28.4)
Proceeds from disposal of business	39.6	–
Proceeds from disposal of property, plant and equipment	–	0.1
Payments for additions of property, plant and equipment	(4.1)	(8.8)
Net investing cash flows	**35.5**	**(8.7)**
Net financing cash flows	–	(0.3)
Net increase/(decrease) in cash and cash equivalents generated by the discontinued operation	**6.6**	**(37.4)**
Contribution to earnings per share (EPS) by the discontinued operation		
Basic and diluted EPS (cents)	**0.9**	**(0.7)**
Gain/(loss) on disposal		
Total consideration	49.6	–
Carrying amount of net assets disposed	(34.2)	–
Transaction costs	(1.7)	–
Gain from changes in fair value of previously impaired assets[1]	13.7	
Income tax benefit	0.1	–
	13.8	**–**

1 Assets and liabilities of the discontinued operation were classified as held for sale as at 31 December 2018 and assessed for impairment in accordance with accounting standards, resulting in a $146.9 million impairment expense recognised as at 31 December 2018.

III OUR CAPITAL – FINANCING

HOW THE GROUP MANAGES ITS CAPITAL – FINANCING

We manage our capital to ensure that entities in the Group have continued access to funding to support the business activities and strategies of the Group while maximising returns to shareholders through the optimisation of net debt and equity balances.

Our capital is equity plus net debt. Net debt is calculated as the sum of borrowings, other financial and lease liabilities and debt related derivatives, less cash assets, held to maturity investments and interest bearing receivables.

In order to maintain or adjust our capital structure, the Group may undertake certain activities such as adjusting the amount of dividends paid to shareholders, return equity to shareholders, issue new shares or buy back existing shares. The Group continuously reviews the capital structure to ensure that:

- sufficient finance for the business is maintained at a reasonable cost
- sufficient funds are available for the business to carry out its investing activities, such as purchasing of property, plant and equipment, other non-current assets and acquisitions of businesses
- distributions to shareholders are maintained within stated dividend policy parameters
- where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to possible returns of equity funds to shareholders.

Details of Capital – Financing are as follows:

	Note	28 June 2019 $M	31 December 2018 $M	29 June 2018 $M
Total equity		1,891.5	1,900.0	1,899.0
Net debt[1]	9	1,780.6	1,327.8	1,452.7
		3,672.1	**3,227.8**	**3,351.7**

1 Increase is due to $491.5 million lease liabilities.

8 SHARE CAPITAL

As at 28 June 2019, 31 December 2018 and 29 June 2018, the number of fully paid ordinary shares on issue was 723,999,699.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value.

9 NET DEBT

	28 June 2019 $M	31 December 2018 $M	29 June 2018 $M
Cash assets	(858.2)	(937.4)	(851.6)
Held to maturity investments	(80.6)	(116.7)	(114.2)
Loan receivable – interest bearing	(7.7)	(6.5)	–
Borrowings	2,268.4	2,402.2	2,412.6
Other financial liabilities	82.9	67.9	67.3
Derivative assets – debt related (net)	(115.7)	(81.7)	(61.4)
	1,289.1	**1,327.8**	**1,452.7**
Lease liabilities[1]	491.5	–	–
	1,780.6	**1,327.8**	**1,452.7**

1 Due to the new lease accounting standard, refer to pages 26 and 27 for further transition details.

	28 June 2019 $M	31 December 2018 $M	29 June 2018 $M
Details of derivative net assets are as follows:			
Assets – current	23.9	21.2	24.1
Assets – non-current	139.2	132.5	116.8
Liabilities – current	(26.2)	(32.2)	(23.2)
Liabilities – non-current	(54.4)	(67.1)	(64.3)
	82.5	**54.4**	**53.4**
Derivative net assets comprise:			
Debt related – financing	115.7	81.7	61.4
Non-debt related – operating and investing	(33.2)	(27.3)	(8.0)
	82.5	**54.4**	**53.4**

IV FINANCIAL INSTRUMENTS

10 FAIR VALUE

The Group applies historical cost accounting, with the exception of certain financial assets and liabilities. These financial assets and liabilities and a summary of how fair value accounting is applied, are summarised below:

Financial assets and liabilities	Carrying amount and fair value relationship
Cash, trade and other receivables and payables	Values are approximately the same mainly due to their short-term nature.
Borrowings – bonds	Differences arise mainly due to mandatory borrowing terms. At 28 June 2019, the carrying and fair values of bonds were $2,185.4 million and $2,280.4 million. At 31 December 2018, carrying and fair values for bonds were $2,156.0 million and $2,172.1 million (and 29 June 2018: $2,215.4 million and $2,249.6 million) respectively. For these fair values, inputs were based on interest rates and yield curves at commonly quoted intervals and credit spreads (level 2 inputs) that are observable for a similar liability in the market. Differences between carrying and fair values for bonds are due to changes in fixed interest rates.
Held to maturity investments and borrowings – other than bonds	Values are approximately the same mainly due to the absence of material break costs on early repayment or cancellation.
Derivatives	Accounted for at fair value using certain valuation techniques described below.

DERIVATIVES – VALUATION TECHNIQUES

Fair values of derivatives based on quoted prices in active markets are categorised as level 1. The Group establishes fair value by using valuation techniques such as discounted cash flow analysis or option pricing models (level 2), using inputs that are observable either directly (as prices) or indirectly (derived from prices). These include reference to the fair values of recent arm's length transactions, involving the same or similar instruments. The classification of derivatives by level is shown in the table below:

	28 June 2019			31 December 2018			29 June 2018		
	Level 1 $M	Level 2 $M	Carrying Amount $M	Level 1 $M	Level 2 $M	Carrying Amount $M	Level 1 $M	Level 2 $M	Carrying Amount $M
Derivative:									
Assets	3.4	159.7	163.1	6.0	147.7	153.7	18.8	122.1	140.9
Liabilities	(29.9)	(50.7)	(80.6)	(25.5)	(73.8)	(99.3)	(28.5)	(59.0)	(87.5)
Derivative net assets/(liabilities)	**(26.5)**	**109.0**	**82.5**	**(19.5)**	**73.9**	**54.4**	**(9.7)**	**63.1**	**53.4**

V OTHER INFORMATION

11 INVESTMENTS

	28 June 2019 $M	31 December 2018 $M	29 June 2018 $M
Investments accounted using equity method[1]	62.1	61.1	27.3
Other investments[2]	4.1	4.1	–
	66.2	**65.2**	**27.3**

1 Comprises the following investments:
- A 50% interest in Australian Beer Company. Its principal activity is the manufacture of alcohol beverages. The majority of the carrying amount of the investment in ABCo is represented by property, plant and equipment assets.
- A 50% interest in Container Exchange (Services) Pty Ltd. Its principal activity is to provide a range of services to the organisation responsible for operating the Queensland container refund scheme.
- A stapled 20% interest in Exchange for Change (NSW) Pty Ltd, Exchange for Change (ACT) Pty Ltd and Exchange for Change (Australia) Pty Ltd. Their principal activities are to act as scheme coordinators, under the NSW and ACT Government's Container Deposit Scheme legislations.
- A 45% interest in Made (Aust) Pty Ltd, Made Manufacturing Pty Ltd and Made Brands Pty Ltd (or 22.5% of the Made Group). Its principal activity is to produce and sell a range of non-alcoholic beverages and yoghurts.

2 Other minority investments made by Amatil X.

The companies listed above were all incorporated in Australia.

Opening balance	65.2	28.0	28.0
Share of profit/(loss) for the period	1.0	0.1	(0.7)
Additions	–	37.4	–
Dividends received	–	(0.3)	–
Closing balance	**66.2**	**65.2**	**27.3**

12 CASH AND CASH EQUIVALENTS

Cash on hand and at banks	389.2	374.8	340.0
Short-term deposits	469.0	562.6	511.6
Cash assets	858.2	937.4	851.6
Bank overdrafts	(1.7)	(2.0)	(2.4)
Cash and cash equivalents	**856.5**	**935.4**	**849.2**

RESTRICTIONS ON FUNDS HELD IN PAPUA NEW GUINEA

As at 28 June 2019, Coca-Cola Amatil's Papua New Guinea business had local currency (Kina) denominated cash assets and funds in held to maturity investments of $289.7 million (PGK 685.9 million); (29 June 2018: $282.6 million (PGK 687.0 million)). Presently there are Papua New Guinea government-imposed currency controls which impact on the extent to which funds held in Papua New Guinea can be converted and remitted for use elsewhere in the Coca-Cola Amatil Group.

13 EARLY ADOPTION OF NEW STANDARDS AND INTERPRETATIONS

Coca-Cola Amatil has not early adopted any new standards, amendments to standards and interpretations that have been issued or amended but are not yet effective.

14 EVENTS AFTER THE BALANCE DATE

Subsequent to the balance sheet date, no matters or circumstances have arisen since the end of the half year that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

Coca-Cola Amatil Limited and its subsidiaries

The Directors declare that the financial statements and notes, set out on pages 21 to 36:

a) are in accordance with the *Corporations Act 2001*;

b) comply with *Accounting Standard AASB 134 "Interim Financial Reporting"* and the *Corporations Regulations 2001*;

c) give a true and fair view of the Group's financial position as at 28 June 2019 and of its performance for the half year then ended; and

d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have received and considered the certification from the Group Managing Director and Group Chief Financial Officer supporting the financial report for the half year ended 28 June 2019.

This declaration is made in accordance with a resolution of the Directors pursuant to section 303(5) of the *Corporations Act 2001*, dated 22 August 2019.

On behalf of the Directors

Ilana R. Atlas
Chairman
Sydney
22 August 2019

Alison M. Watkins
Group Managing Director
Sydney
22 August 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COCA-COLA AMATIL LIMITED

REPORT ON THE HALF YEAR FINANCIAL REPORT

CONCLUSION

We have reviewed the accompanying half year financial report of Coca-Cola Amatil Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 28 June 2019, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Group is not in accordance with *the Corporations Act 2001,* including:

a) giving a true and fair view of the consolidated financial position of the Group as at 28 June 2019 and of its consolidated financial performance for the half year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DIRECTORS' RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 28 June 2019 and its consolidated financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENCE

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Katrina Zdrilic
Partner
Sydney
22 August 2019