

## ASX Release

22 January 2021

### COCA-COLA AMATIL: 4Q20 and 2020 FULL YEAR (FY20) TRADING UPDATE

#### OVERVIEW

- **Preliminary expectations are that the Group will deliver:**
  - **FY20 Ongoing EBIT<sup>1</sup> (before non-trading items) of \$550.7 million (down 13.9% on FY19); and**
  - **FY20 Ongoing NPAT<sup>2</sup> of \$340.3 million**
- **Net Debt as at 31 December 2020 is expected to be \$1,462 million, a reduction of \$289 million year-on-year (inclusive of \$499 million of lease liabilities)**
- **Amatil's FY20 financial results are preliminary, subject to independent audit and are expected to be announced on 18 February 2021.**

Coca-Cola Amatil Limited ('Amatil', 'the Company' or 'the Group') today provided the market with an initial (unaudited) update on trading for 4Q20 and the full year ended 31 December 2020 (FY20). The Company expects to announce its audited FY20 financial results on 18 February 2021.

Group Managing Director Alison Watkins said, "In light of our continuous disclosure obligations we are today providing the market with a preliminary update on trading performance in the fourth quarter of FY20 (4Q20).

"We delivered a strong trading performance in the all-important 4Q20 Christmas period in both Australia and New Zealand. We experienced strong demand in both markets, predominantly in the Australian Grocery channel, and more broadly across most channels in New Zealand.

"Whilst we are encouraged by recent trading in Australia and particularly in New Zealand, month to month volatility remains. This is particularly the case in Australia, where On-the-Go (OTG) trading can vary considerably by state depending on the prevailing COVID-19 restrictions and related sentiment at any given point in time.

"Our Indonesian business continues to face challenging trading conditions, with COVID-19 infection rates remaining high and tough macro-economic conditions prevailing. Despite the difficult environment, our team has remained focused on servicing customers and tightly managing costs and working capital, to deliver positive EBIT and strong cashflow for the year."

<sup>1</sup> Ongoing EBIT refers to earnings before interest and tax from continuing operations adjusted to exclude non-trading items

<sup>2</sup> Ongoing NPAT refers to net profit after tax from continuing operations adjusted to exclude non-trading items

## GROUP

4Q20 Volumes for the Group were down 5.4% compared to the prior corresponding period (pcp) reflecting continued improvement in trading conditions in Australia and New Zealand since the peak of the pandemic in 2Q20.

On a full year basis Volumes for the Group were down 8.4% on FY19 with the rate of improvement varying markedly across the Group's geographic markets. Of note was New Zealand which continued its 3Q20 momentum, delivering strong Volume growth in 4Q20 (up 5.2% on pcp). Australian Volumes also returned to growth in 4Q20 (up 0.4% on pcp). This includes the benefits of two extra trading days in 4Q20 and follows three quarters of Volume contraction in FY20. In Indonesia Volumes continued to be hampered by the spread of COVID-19 infections and the consequential impact that this had on consumer mobility and economic activity.

<b>Volume (% change v pcp)</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>FY20</b>
<b>Group</b>	<b>0.8</b>	<b>(22.8)</b>	<b>(5.4)</b>	<b>(5.4)</b>	<b>(8.4)</b>
Australia	(1.2)	(15.6)	(2.0)	0.4	(4.2)
New Zealand	(0.4)	(11.5)	5.5	5.2	0.0
Fiji	(6.6)	(35.0)	(14.9)	(9.6)	(16.3)
Indonesia	6.4	(35.5)	(15.0)	(18.7)	(18.2)
PNG	(3.6)	(2.2)	0.1	(4.7)	(2.7)

The lower FY20 Volumes impacted Total Revenue, which was down 6.1% compared to FY19. There has been a notable improvement since the peak of the pandemic with 2H20 revenue finishing down 3.3% compared to the 1H20 decline of 9.2%.

<b>Group</b>	<b>1H20</b>	<b>% change</b>	<b>2H20</b>	<b>% change</b>	<b>FY20</b>	<b>% change</b>
<b>Volume (muc)<sup>3</sup></b>	289.4	(11.6)	328.2	(5.4)	617.6	(8.4)
<b>Total Revenue (\$m)</b>	2,185.9	(9.2)	2,576.2	(3.3)	4,762.1	(6.1)
<b>Ongoing EBIT (\$m)</b>	190.2	(34.4)	360.5	3.2	550.7	(13.9)

The Company expects Group FY20 EBIT to be \$550.7 million. This preliminary result includes:

- The delivery of \$140 million of cost savings in accordance with the efficiency initiatives announced by the Company at the start of the COVID-19 pandemic;
- A \$10.8 million reduction in depreciation relating to Amatil's Indonesian business. This represents six months of an ongoing (annual) reduction in depreciation arising from the impairment of the fixed assets in Amatil's Indonesian business as at 26 June 2020;
- Two additional trading days in 2H20 year-on-year, though no impact on the full year; and
- Amatil's decision (announced today) to repay the NZ\$7.2 million received from the New Zealand Government in the form of COVID-19 stimulus support in May 2020. This subsidy was reported in 1H20 trading as a credit against expenditure. The repayment reduces 2H20 profitability and removes any benefit of the stimulus payment from the Company's full year trading results.

<sup>3</sup> A unit case is the equivalent of twenty-four 8 US oz. (237ml) serves of 5.678 litres

The Company expects non-trading items for 2H20 to be \$60 million pre-tax (\$40 million post tax) relating predominantly to the 'Fighting Fit' program in Australia and Group Office, and including \$7 million in costs incurred in connection to the Coca-Cola European Partners (CCEP) proposed Scheme of Arrangement. For the full year, non-trading items total \$270.7 million pre-tax including the \$175.9 million impairment of the Indonesian business in 1H20 and impairments of the Paradise business and investments in ABCo and Made.

## Australia

<b>Australia</b>	<b>1H20</b>	<b>% change</b>	<b>2H20</b>	<b>% change</b>	<b>FY20</b>	<b>% change</b>
<b>Volume (muc)<sup>4</sup></b>	146.6	(8.1)	177.9	(0.7)	324.5	(4.2)
<b>Total Revenue (\$m)</b>	1,296.1	(8.8)	1,640.8	1.0	2,936.9	(3.5)
<b>Ongoing EBIT (\$m)</b>	118.7	(35.5)	243.9	1.2	362.6	(14.7)

Amatil's Australian business delivered a strong trading performance in 4Q20 despite some targeted COVID restrictions in parts of metropolitan NSW and limits on inter-state travel. 4Q20 Volumes were up 0.4% on pcp. On a full year basis Volumes were down 4.2% on FY19 and Revenue declined 3.5%.

The strong 4Q20 turnaround reflects the lifting of COVID lockdown restrictions in Victoria in the lead up to the all-important 2020 Christmas trading period. Of note during the quarter was the fact that whilst the OTG channel continued to recover in markets where COVID restrictions had eased, the ongoing (albeit less severe) restrictions on mobility and travel in the lead up to Christmas, led to increased 'at-home' consumption with Volumes continuing to be weighted towards the Grocery channel. This in turn, resulted in the continuation of pressure on margins that was prevalent throughout FY20, although to a lesser degree than in earlier quarters.

From a category perspective, the Coca-Cola Trademark<sup>5</sup> delivered strong Volume growth, up 4.6% in 4Q20, led by demand for Coca-Cola No Sugar. The Coca-Cola Trademark delivered volume growth over the full year of 1.9% demonstrating the resilience of the brand. Energy was another standout category with volumes up 14.9% for 4Q20 and 8.0% for the full year.

Ms Watkins said, "The change in channel mix that we experienced in FY20 is best evidenced by the fact that our Volumes in 4Q20 grew by 5.0% in the Grocery channel and by 6.7% in Convenience & Petroleum compared to 4Q19, whilst our On-the-Go Volumes were down 8.3%. On a full year basis we saw Grocery Volumes grow 4.3% and Convenience & Petroleum Volumes up 0.4% whilst On-the-Go was down 16.3%."

## Pacific (New Zealand & Fiji)

<b>Pacific</b>	<b>1H20</b>	<b>% change</b>	<b>2H20</b>	<b>% change</b>	<b>FY20</b>	<b>% change</b>
<b>Volume (muc)<sup>6</sup></b>	37.4	(7.9)	45.5	2.5	82.9	(2.5)
<b>Total Revenue (\$m)</b>	360.0	(4.8)	452.7	5.1	812.7	0.4
<b>Ongoing EBIT (\$m)</b>	55.4	(8.0)	75.1	5.0	130.5	(0.9)

<sup>4</sup> A unit case is the equivalent of twenty-four 8 US oz. (237ml) serves of 5.678 litres

<sup>5</sup> Coca-Cola Trademark excludes frozen beverages

<sup>6</sup> A unit case is the equivalent of twenty-four 8 US oz. (237ml) serves of 5.678 litres

The Company's New Zealand business was the stand-out performer in 4Q20 with Volumes up 5.2% on 4Q19, continuing the momentum experienced in 3Q20. This growth was broadly spread across all channels, reflecting increased domestic tourism over the holiday period and resulted in a positive impact on profitability. On a full year basis New Zealand's Volumes were flat to last year whilst Revenue was up 3.6% on FY19.

The Company is also announcing today its decision to repay the NZ\$7.2 million government COVID-19 wage subsidy received in 1H20. As a consequence, 2H20 EBIT includes the reversal of this subsidy such that it has no impact on full year trading results. On a normalised basis, that is removing the receipt and subsequent return of the stimulus from trading in each half, Pacific segment EBIT declined 19.3% in 1H20 and grew 14.5% in 2H20 against the same period last year.

Amatil's trading performance in Fiji and Samoa continued to be adversely impacted by COVID-19 with expectations that both markets will remain challenged until international travel restrictions are eased.

Ms Watkins said, "The performance of our New Zealand business has been outstanding and reaffirms its reputation as one of the best performing bottlers in the Coca-Cola System globally. As a result of the strength of our performance in this market, we believe it is appropriate to repay the New Zealand Government stimulus that we received during the peak of the pandemic and take this opportunity to thank the New Zealand Government for its support during a period of extreme uncertainty."

### Indonesia & Papua New Guinea (PNG)

Indonesia & PNG	1H20	% change	2H20	% change	FY20	% change
<b>Volume (muc)<sup>7</sup></b>	105.4	(17.1)	104.8	(15.1)	210.2	(16.2)
<b>Total Revenue (\$m)</b>	502.6	(13.6)	452.9	(22.4)	955.5	(18.0)
<b>Ongoing EBIT (\$m)</b>	20.9	(59.7)	40.4	(9.2)	61.3	(36.3)

The Company's Indonesian and PNG segment continued to experience difficult trading conditions in 4Q20. In Indonesia, where COVID-19 infection rates continued to rise and restrictions were tightening in Jakarta, Volumes were down 18.7% in 4Q20 on pcp. Despite the challenging COVID-19 and macro-economic conditions, Amatil's Indonesian business continued to deliver strong operational efficiencies and is expected to report positive EBIT and cashflow results for the full year.

On a full year basis FY20 Volumes across the Indonesian and PNG businesses were down 16.2% on FY19 with Revenues declining 18.0%.

Ms Watkins said, "Pressure in the Indonesian non-alcoholic ready to drink (NARTD) beverages market has continued unabated throughout the pandemic, with the overall NARTD market contracting 20.4 percentage points (ppts)<sup>8</sup> in FY20. Whilst Amatil was able to grow its volume share by 0.1ppts<sup>8</sup> during the year with a strong performance in our Sparkling category which delivered 3.3ppts<sup>8</sup> volume share growth in FY20, the trading environment is difficult.

"Recognising that it will take time for the roll-out of the COVID vaccination in Indonesia and for the macro economic environment to improve, our focus is on things in our control such as tightly managing our costs and implementing operational efficiencies to drive earnings growth and ensure the business remains cashflow positive."

<sup>7</sup> A unit case is the equivalent of twenty-four 8 US oz. (237ml) serves of 5.678 litres

<sup>8</sup> Nielsen NARTD – YTD to December 2020 scan data

In Papua New Guinea, while impacted by COVID-19, the strength of the Company's position in that market enabled it to trade consistently through much of the year and to compete effectively, albeit with some impact on pricing. The PNG business commenced two major projects during 2020 being the construction of a new warehouse and installation of a second can line. Both of these projects are expected to further strengthen the Company's position in PNG.

### **STRONG FINANCIAL POSITION**

The Company expects to report Net Debt as at 31 December 2020 of \$1,462 million (inclusive of \$499 million of capitalised lease liabilities). This represents a reduction of \$289 million on the 31 December 2019 balance and \$269 million on the 26 June 2020 balance.

The reduction in Net Debt largely reflects the continued improvement in the Company's management of working capital, particularly cash collections and inventory in Australia and Indonesia.

The Company's FY20 capital expenditure is expected to be in line with management's previously announced target of approximately \$210 million.

Ms Watkins said, "Our ability to reduce Net Debt and ensure sufficient liquidity to repay all debt maturities over the next 18 months, is a testament to our disciplined financial management throughout the pandemic and indicative of the strength of Amatil's Balance Sheet and its robust Cashflows."

### **TRANSACTION UPDATE**

The Company continues to progress the Scheme of Arrangement with CCEP which was originally announced on 26 October 2020 and expects (as indicated in the timetable attached as Appendix A) a scheme booklet to be sent to shareholders in early March 2021.

### **ENDS**

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Authorised by the Board of Directors.

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#### **ABOUT COCA-COLA AMATIL**

Coca-Cola Amatil Limited (including subsidiaries, group entities and related bodies corporate) is one of the largest bottlers and distributors of ready-to-drink non-alcohol and alcohol beverages and coffee in the Asia Pacific region. Coca-Cola Amatil is also the authorised bottler and distributor of The Coca-Cola Company's beverage brands in Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. Coca-Cola Amatil directly employs around 12,000 people and indirectly creates thousands more jobs across the supply chain, partnering with key suppliers to bottle, package, sell and distribute its products. With access to around 270 million potential consumers through more than 630,000 active customers Coca-Cola Amatil is committed to leading through innovation, building a sustainable future and delivering long-term value, both to shareholders and to society.

**For more information, visit [www.ccamatil.com](http://www.ccamatil.com) or search for Coca-Cola Amatil on LinkedIn, Facebook or Twitter.**

**APPENDIX A: CCEP PROPOSED SCHEME OF ARRANGEMENT INDICATIVE TIMETABLE\***

Mid-February 2021	Draft Scheme Booklet and Independent Expert's Report is submitted to ASIC
Early March 2021	First Court Hearing
Early March 2021	Dispatch of Scheme Booklet
Early April 2021	Amatil Scheme Meeting
Subject to shareholder approval at Amatil Scheme Meeting then:	
Early April 2021	Second Court Hearing
Early April 2021	Effective Date
Mid-April 2021	Scheme Record Date
Mid / late April 2021	Implementation Date

\*All dates are indicative and subject to change