



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Coca-Cola Amatil

Business Description

Coca-Cola Amatil Limited (CCL) is the Australasia region anchor bottler of The Coca Cola Company. It manufactures, distributes, and markets carbonated soft drinks, still and mineral waters, fruit juices, coffee and other alcohol-free beverages. The group also processes and markets fruit, vegetables, and other food products. The company has also ventured into the manufacture and distribution of premium beer brands and the premium spirit portfolio of global distributor Maxxium through Pacific Beverages Pty Ltd, a JV entity between CCA and SABMiller. The group's principal operations were in Australia, New Zealand, Fiji, Indonesia and Papua New Guinea.

Strategy Analysis

CCL's overall strategy is to grow the Australian beverages market by finding new outlets and to improve returns. In April 2003, Coca-Cola Amatil (CCL) acquired Neverfail for \$225m in line with its strategic plan to become a broader based beverage company. CCL acquired SPC Ardmona for \$524m, diversifying into packaged fruit, in early 2005. It also formed in 2006 the Pacific Beverages distribution joint venture with SABMiller to distribute RTDs and spirits for the Maxxium group. It sold its Korean business in 2007, keeping Indonesia. Coca-Cola Amatil reported NPAT up 10.4% to \$189.8m for the half-year ended 30 June 2009. Revenues from ordinary activities were \$2.10bn, up 7.6% from the same period last year. Excellent performances from the Australian and Indonesian & PNG beverage businesses, as well as a much improved result from the Food & Services division, continued the success of the Company's organic growth strategy. The New Zealand & Fiji business delivered modest growth in local currency earnings. Diluted EPS was 25.7 cents compared to 23.3 cents last year. Net operating cash flow was \$254.7m compared to \$185.5m last year. The interim dividend declared was 18.5 cents compared with 17.0 cents last year. Looking forward, Group capital expenditure for the full year is expected to increase to between 7 and 8% of trading revenue as a result of an acceleration of capital spend of about \$40m in Australia to take advantage of the Federal Government's 2009 Budget tax incentives for capital investment, and accelerated investment for cold drink coolers in Indonesia in the second half.

28 July 2010

Recommendation

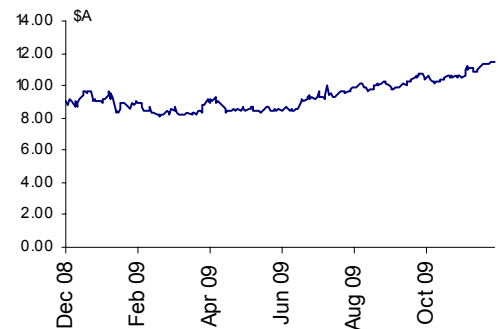
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: CCL
Stock price: \$11.65
Market cap: \$8,829m

	Y/E 31/12/2010	2010e	2011e	2012e	2013e
Reported e	\$m	495.0	584.5	680.3	785.1
Adjusted e	\$m	495.0	584.5	680.3	785.1
EPS adjusted	¢	65.9	77.5	89.8	103.2
EPS growth	%	8.8	17.6	15.9	14.9
PE	x	17.7	15.0	13.0	11.3
PE relative	x	1.2	1.3	1.3	1.2
DPS	¢	47.0	50.5	53.5	56.5
Yield	%	4.0	4.3	4.6	4.8
Franking	%	100.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	30.0%
Beverage	88.0	20.7	17.3	3 year	12.0%
Food & Services	12.0	7.0	17.5	5 year	12.0%
Total	100.0	27.7	34.8	10 year	18.0%
				Dividend Reinvestment Plan	Yes
				Shareholder Discounts	No
Results by Geography					
Australia	74.4	0.0	0.0		
Indonesia & PNG	16.0	0.0	0.0		
New Zealand & Fiji	9.6	0.0	0.0		
Total	100.0				

Company contact details:

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Disclosure: In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group acted as financial advisor to Coca-Cola Amatil Limited (CCL.ASX) in respect of an incomplete and non-binding proposal from Lion Nathan Limited (LNN.ASX) to acquire CCL by way of a scheme of arrangement as announced 17 November 2008.

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