



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Coca-Cola Amatil

Business Description

Coca-Cola Amatil Limited (CCL) is the Australasia regional 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. CCL 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.

Strategy Analysis

CCL's key strategy is to grow the Australian beverages market by finding new outlets and to improve returns in the core business. At the same time it is investing heavily to increase fridges in Indonesia where strong GDP growth coupled with a large population and low penetration suggest good long-term growth potential. The alcoholic beverages business is another attractive growth avenue with CCL able to leverage its sales and distribution infrastructure to maximum effect. Acquisitions have played a part in diversifying to become a broader based beverage company. Neverfail was acquired for \$225m in April 2003 and SPC Ardmona was acquired for \$524m, diversifying into packaged fruit, in early 2005. The Pacific Beverages distribution joint venture with SABMiller was formed in 2006 to distribute alcoholic beverages. The Korean business was sold in 2007. Coca-Cola Amatil reported NPAT down 27.8% to \$153.6m for the half-year ended 1 July 2011. Revenues from ordinary activities were \$2.26bn, up 2.4% from the same period last year. Basic and Diluted EPS was 20.3 cents compared to 28.3 cents last year. Net operating cash flow was \$287.2m compared to \$219.5m last year. The interim dividend declared was 22.0 cents compared with 20.5 cents last year. Looking ahead, the company will continue to focus on executing its organic growth strategy. The business continues to deliver efficiency and customer service improvements ahead of internal targets from the strong pipeline of capital projects, with returns generated on invested capital increasing to a record level of 17.6% for the half.

27 January 2012

Recommendation

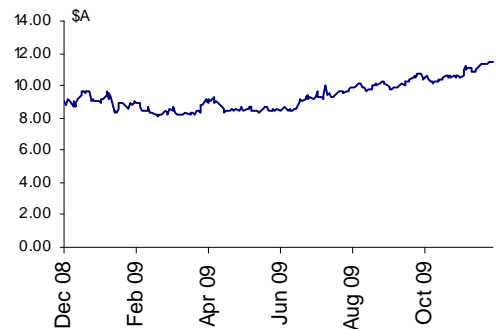
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: CCL
Stock price: \$11.54
Market cap: \$8,765m

	Y/E 31/12/2012	2011e	2012e	2013e	2014e
Reported e	\$m	419.5	594.9	672.1	751.7
Adjusted e	\$m	531.9	594.9	672.1	751.7
EPS adjusted	¢	70.5	78.5	88.3	98.3
EPS growth	%	5.0	11.4	12.5	11.3
PE	x	16.4	14.7	13.1	11.7
PE relative	x	1.4	1.4	1.4	1.3
DPS	¢	52.0	58.0	64.0	74.0
Yield	%	4.5	5.0	5.5	6.4
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	3 year
Beverage	89.6	21.4	18.2	7.0%	12.0%
Food & Services	10.4	7.0	19.7	12.0%	10.0%
Total	100.0	28.4	37.9		
				Dividend Reinvestment Plan	Yes
				Shareholder Discounts	No
Results by Geography					
Australia	73.1	18.4	20.9		
Indonesia & PNG	17.6	14.0	9.5		
New Zealand & Fiji	9.4	15.8	19.4		
Total	100.1				

Company contact details:

Coca-Cola Amatil Limited
Level 14, 40 Mount St
North Sydney NSW 2060
Tel: +61 2 9259 6159
www.ccamatil.com

If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email mail@legalsuper.com.au

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