

Swire Coca-Cola

Capital Markets Day  
29th May 2019



| *Coca-Cola*

SWIRE COCA-COLA





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# Agenda

- Welcome Remarks
- Overview
- Financial Highlights
- China Development
- USA Development
- Hong Kong & Taiwan Development
- Digital Leadership
- Sustainability
- Closing Remarks
- Q&A

**Welcome Remarks**  
Michelle Low  
Finance Director, Swire Pacific Limited





# Overview

Patrick Healy  
Managing Director



# Highlights and Accomplishments





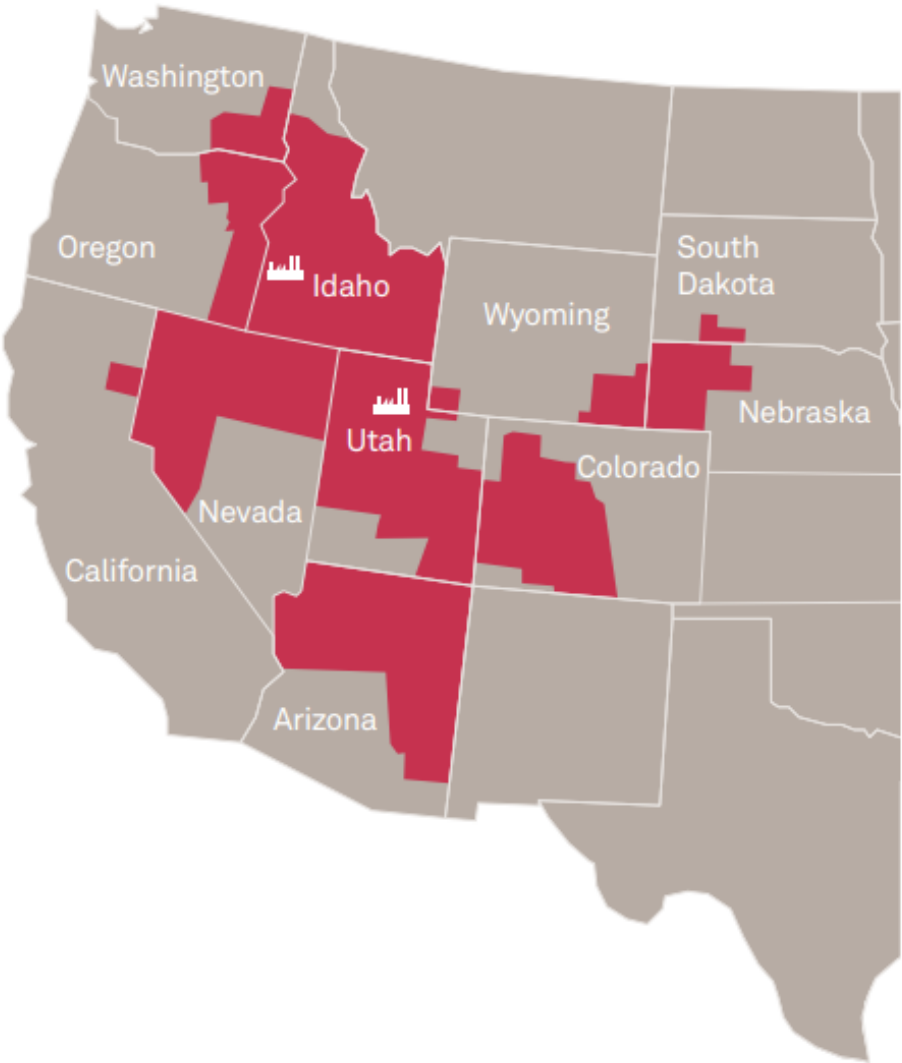
- Successful integration of new territories in USA 2014-2017
- Successful integration of new territories in China in 2017
- Accelerated revenue growth
- Major investments in portfolio and digital innovation
- A solid platform for future growth



# Swire Coca-Cola – Franchise Territories



## USA (2013)

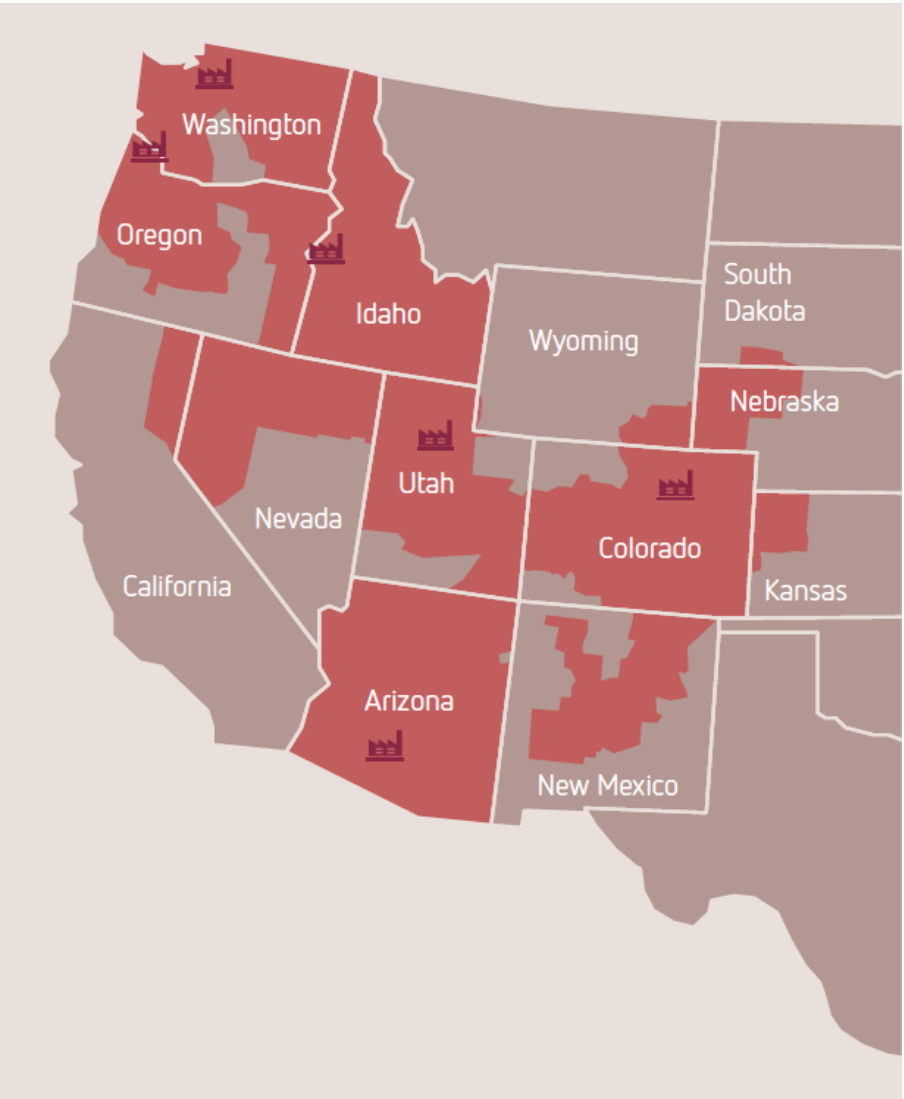
			USA
	No. of bottling plants	2	
	Franchise population	6.2 million	



# Swire Coca-Cola – Franchise Territories

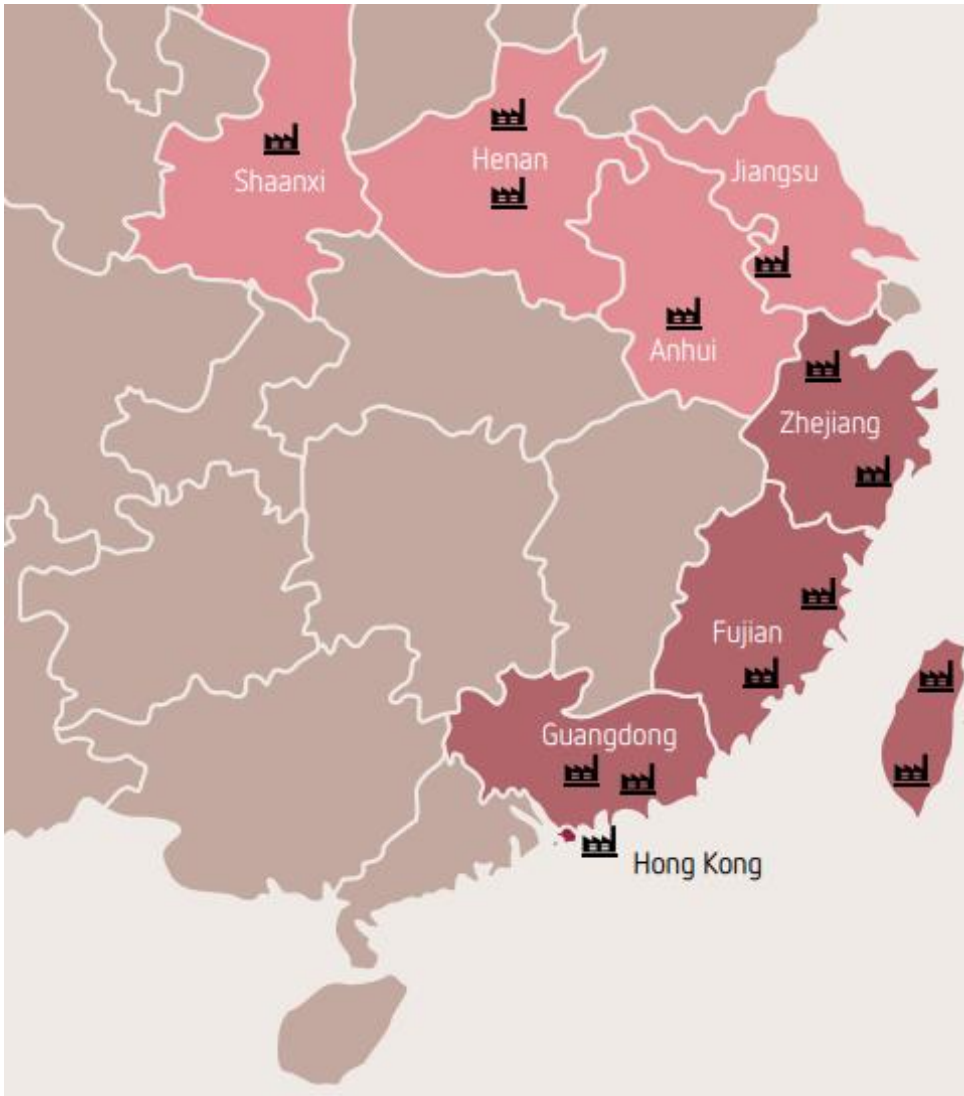
## USA (2019)

	USA	
	No. of bottling plants	6
	Franchise population	28.8 million







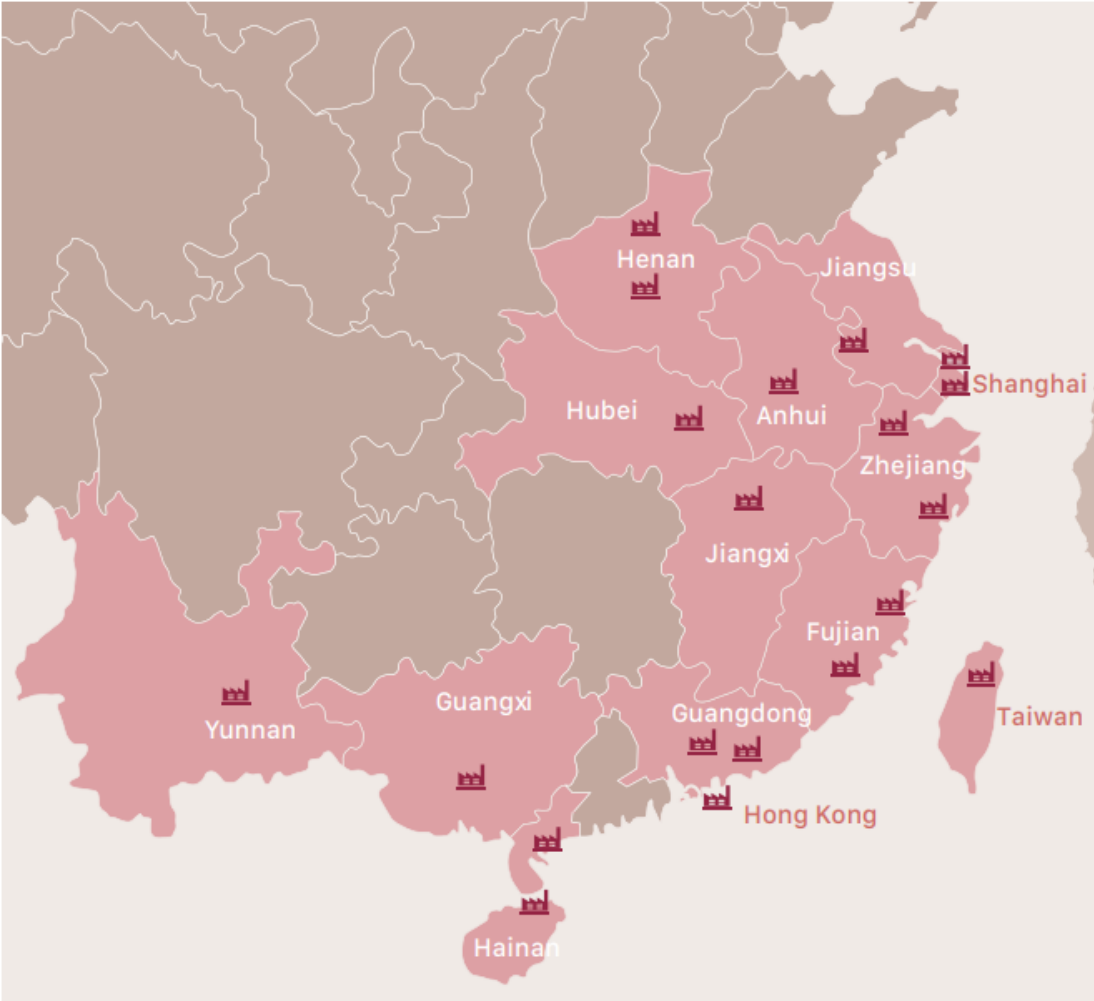
# Swire Coca-Cola – Franchise Territories





## Greater China (2016)

		Mainland	HK	Taiwan
	No. of bottling plants	11	1	2
	Franchise population	420.4 million	7.3 million	23.5 million

# Swire Coca-Cola – Franchise Territories



Greater China (2019)

		Mainland	HK	Taiwan
	No. of bottling plants	18	1	1
	Franchise population	668.2 million	7.4 million	23.6 million



## The New Brand – Swire Coca-Cola



# Swire Coca-Cola: Five Strategic Priorities



- ✓ **Portfolio Expansion**
- ✓ **Digital Leadership**
- ✓ **Benchmarking**
- ✓ **Commercial Leadership**
- ✓ **Sustainability**



# Financial Highlights

Keith Fung  
Finance Director



## Key Financial Highlights 2018

HK\$1,354M

**Recurring Profit**  
(v. 2017)

**+41%**

HK\$42,659M

**Revenue**  
(v. 2017)

**+20%**

1,755M unit cases

**Volume**  
(v. 2017)

**+16%**

HK\$3,840M

**EBITDA**  
(v. 2017)

**+18%**

HK\$2,299M

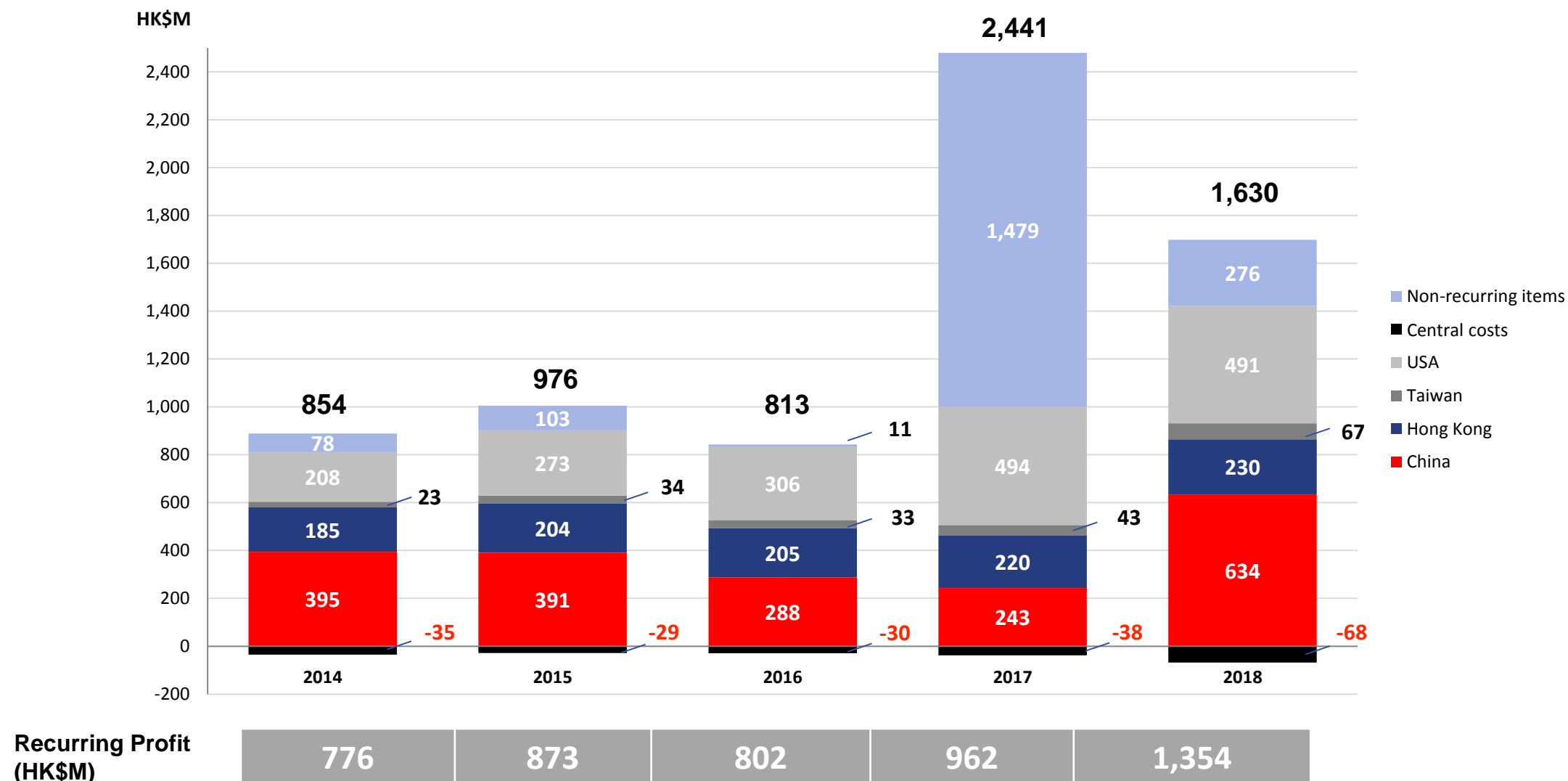
**EBIT**  
(v. 2017)

**+18%**

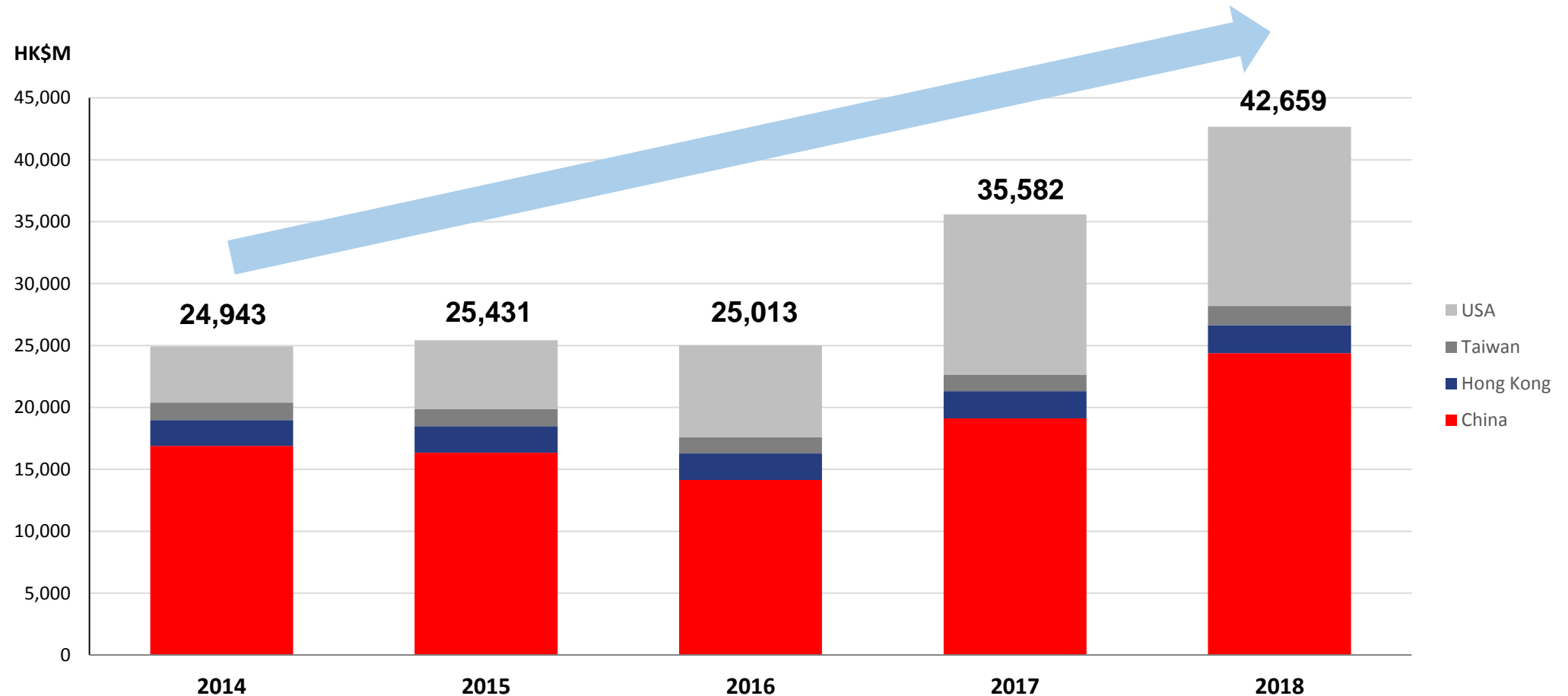
**Cashflow after  
Investing Activities** HK\$1,817M

**Return on  
Capital Employed** 11.6%

# Attributable Profits 2014 – 2018



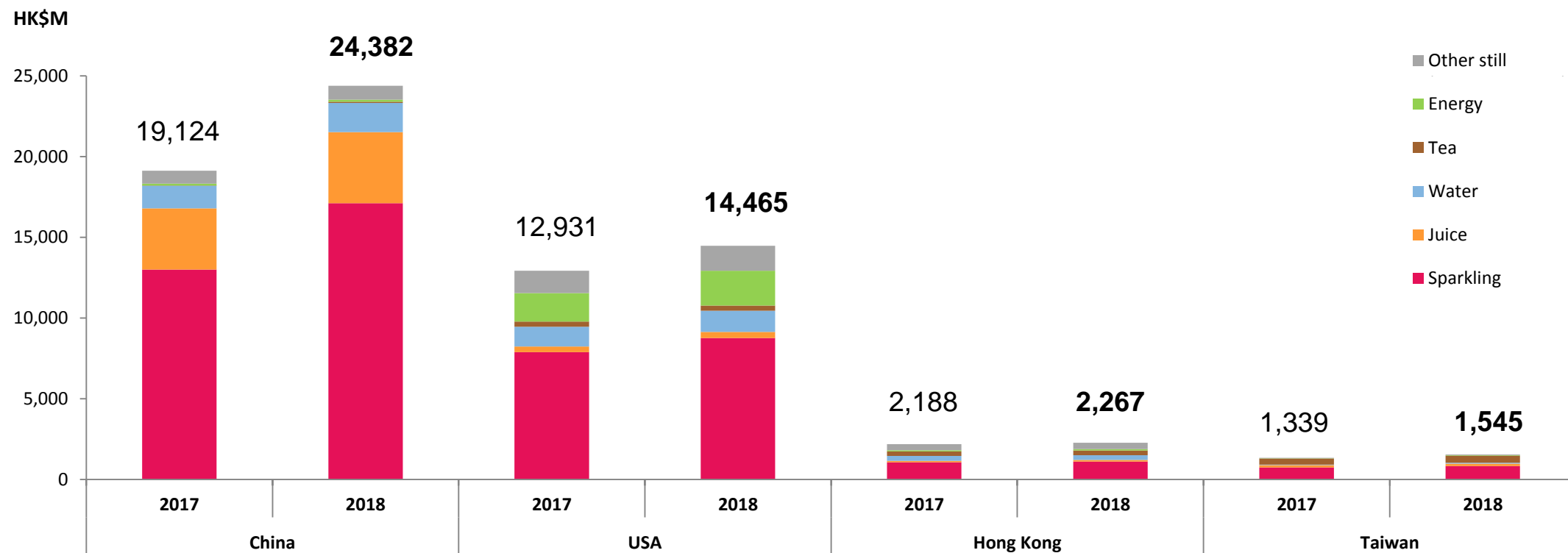
# Revenue Growth 2014 – 2018



2018 YoY Growth	China	Hong Kong	Taiwan	USA	Total
Revenue	+23%	+4%	+8%	+11%	+20%
Volume	+20%	+1%	+5%	+6%	+16%



# Revenue Analysis – Growth by Region and Category

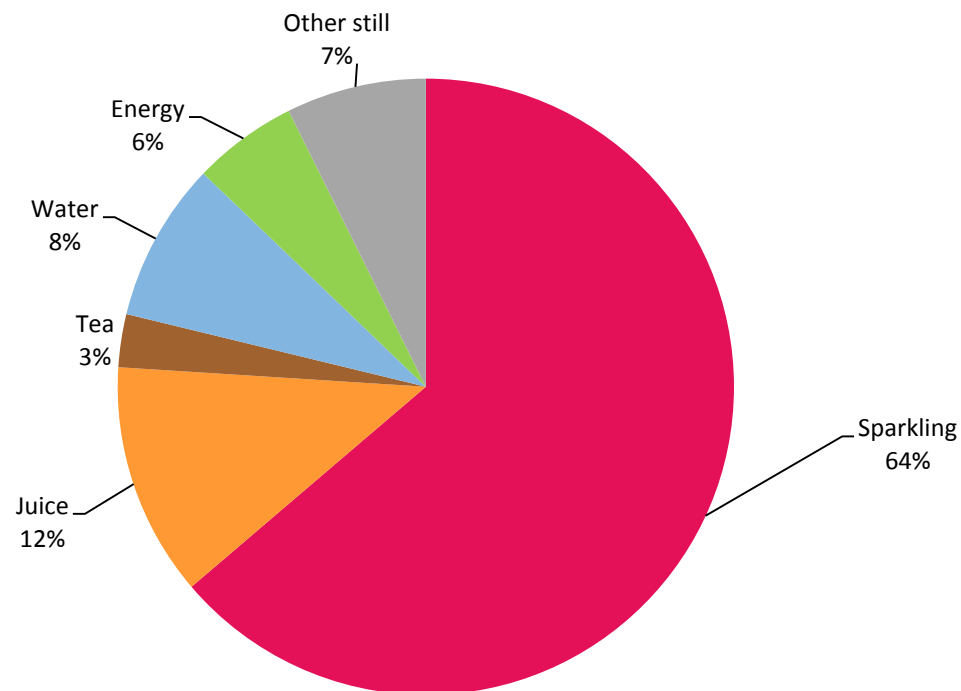


## By category growth in 2018

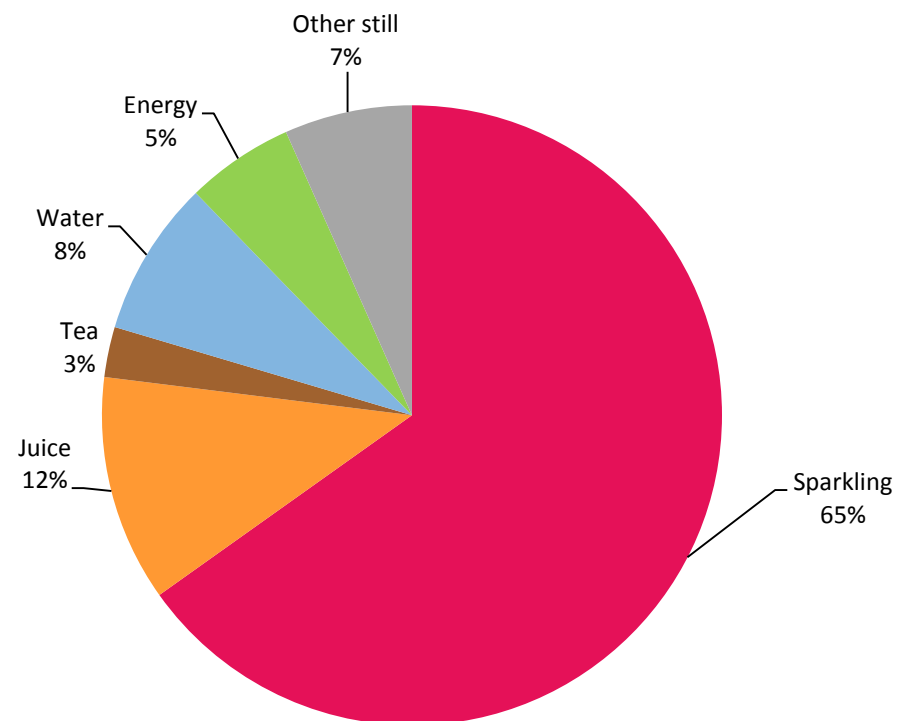
	Revenue	Volume	Revenue	Volume	Revenue	Volume	Revenue	Volume
Sparkling	27.3%	22.7%	10.6%	5.3%	4.9%	3.1%	4.4%	1.3%
Juice	13.0%	13.7%	8.0%	-2.2%	3.5%	1.5%	3.7%	4.1%
Water	24.0%	18.6%	6.7%	7.4%	-5.7%	-2.9%	54.3%	33.2%
Other still	3.7%	-13.8%	10.5%	4.7%	2.8%	2.0%	16.2%	33.4%
Energy drinks	9.2%	6.7%	21.8%	26.7%	16.2%	4.4%	207.7%	212.1%
Tea	408.5%	188.2%	-0.8%	-4.0%	6.4%	3.6%	5.9%	8.5%

# Revenue Analysis by Category – Division Total

2017 Revenue by Category

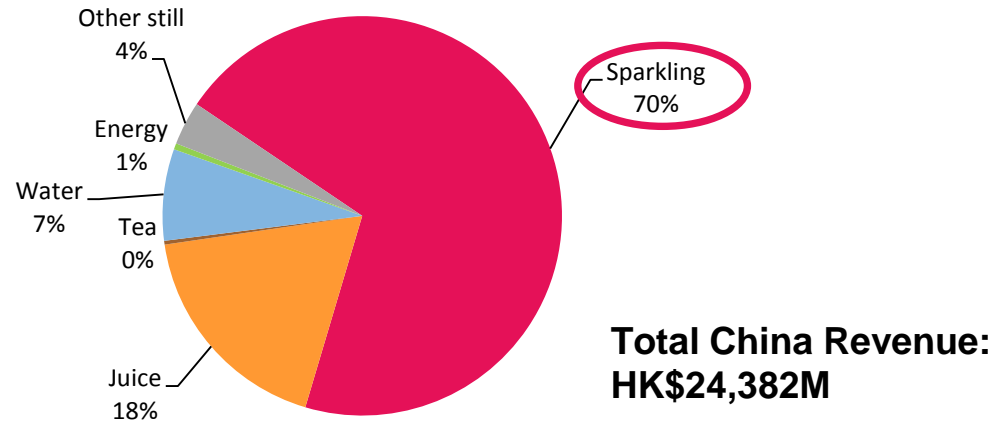


2018 Revenue by Category

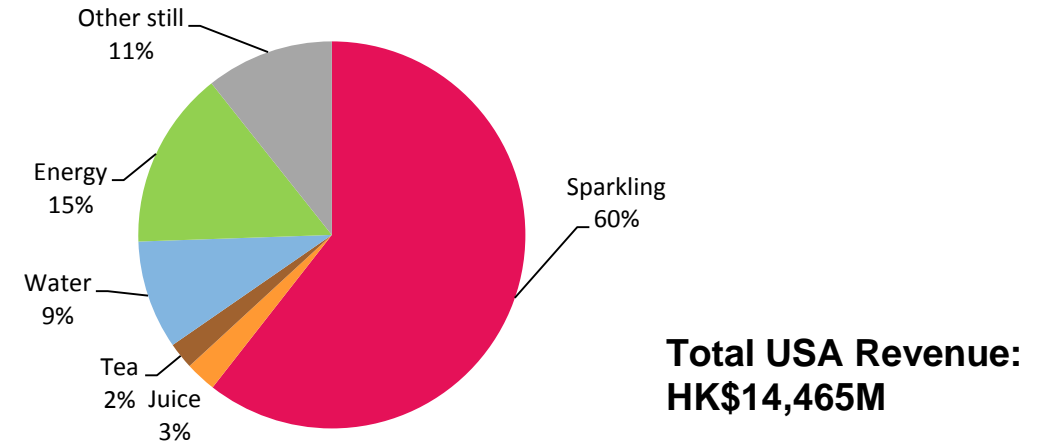


# Revenue Analysis by Region and Category

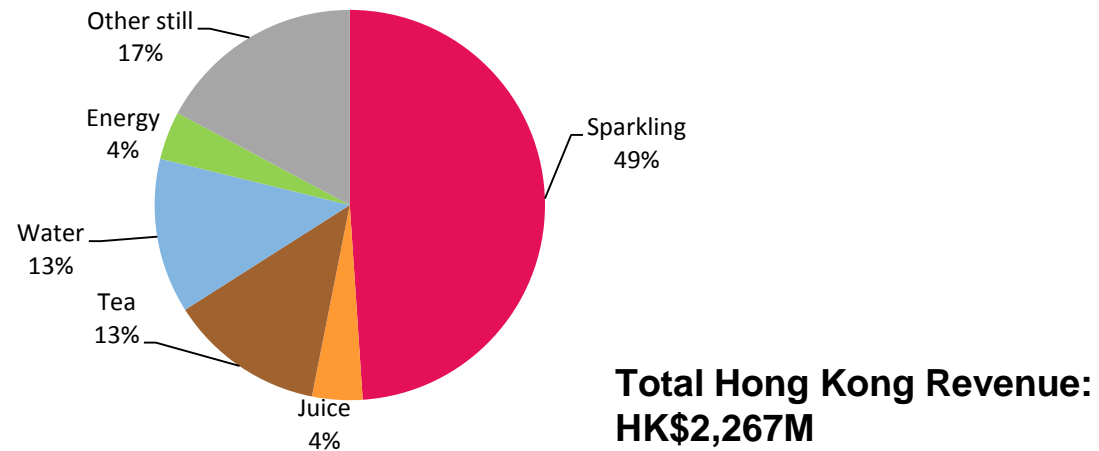
2018 China Revenue



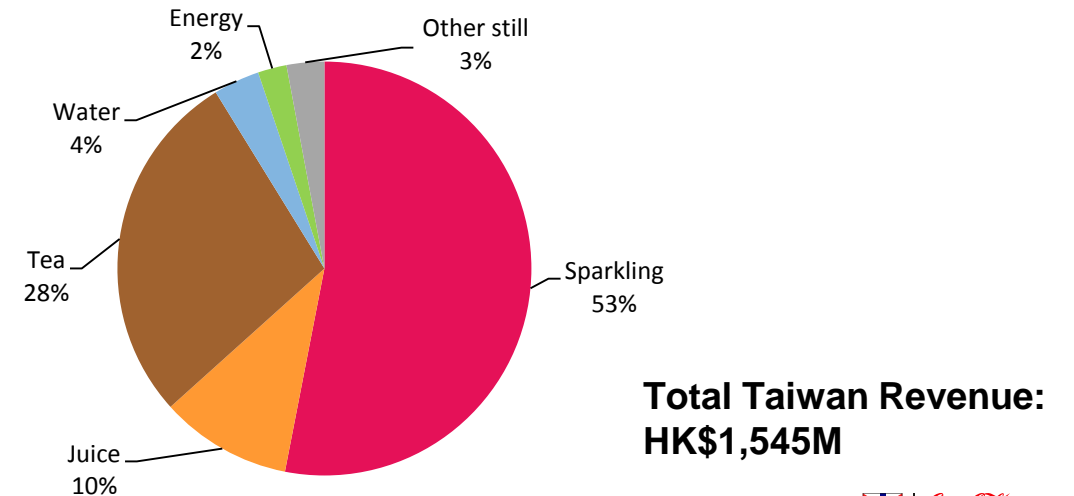
2018 USA Revenue



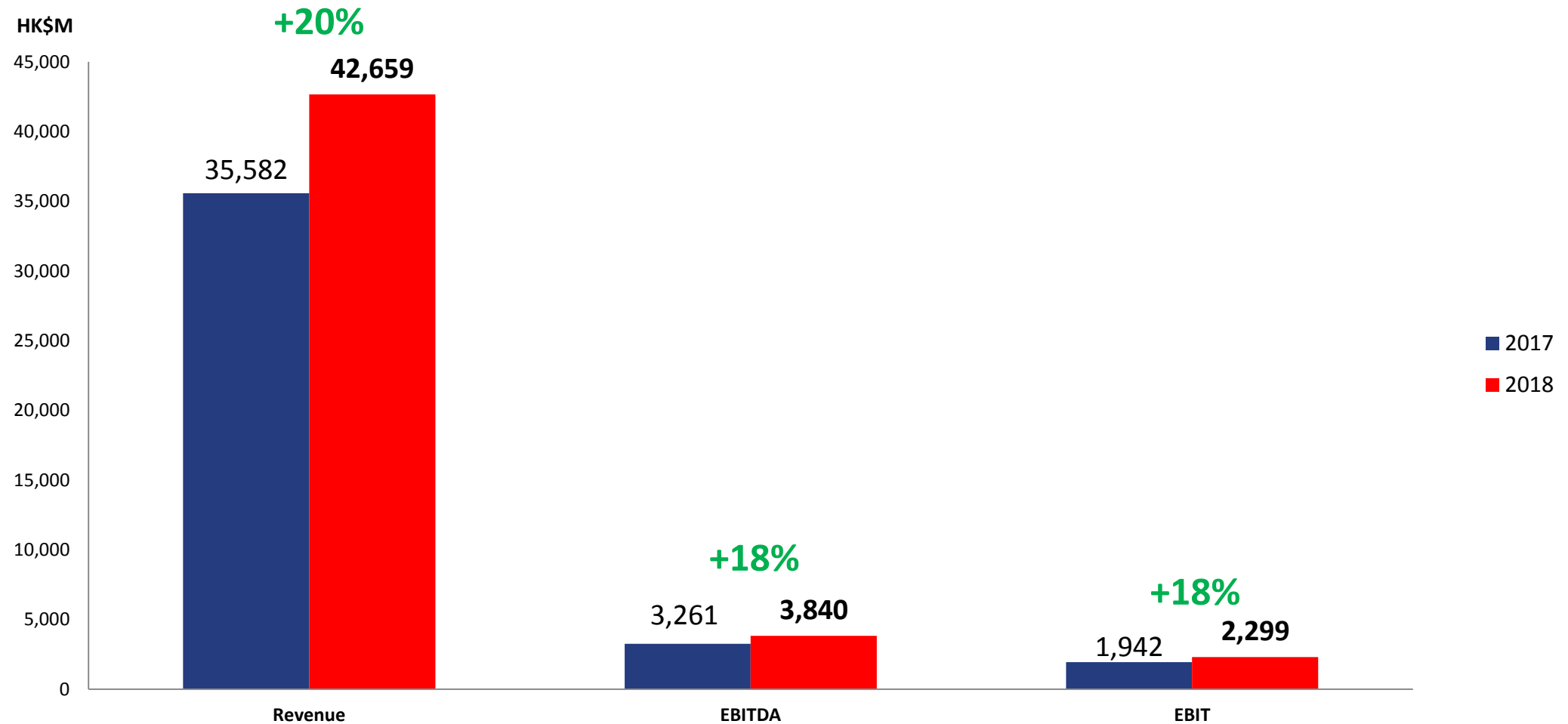
2018 Hong Kong Revenue



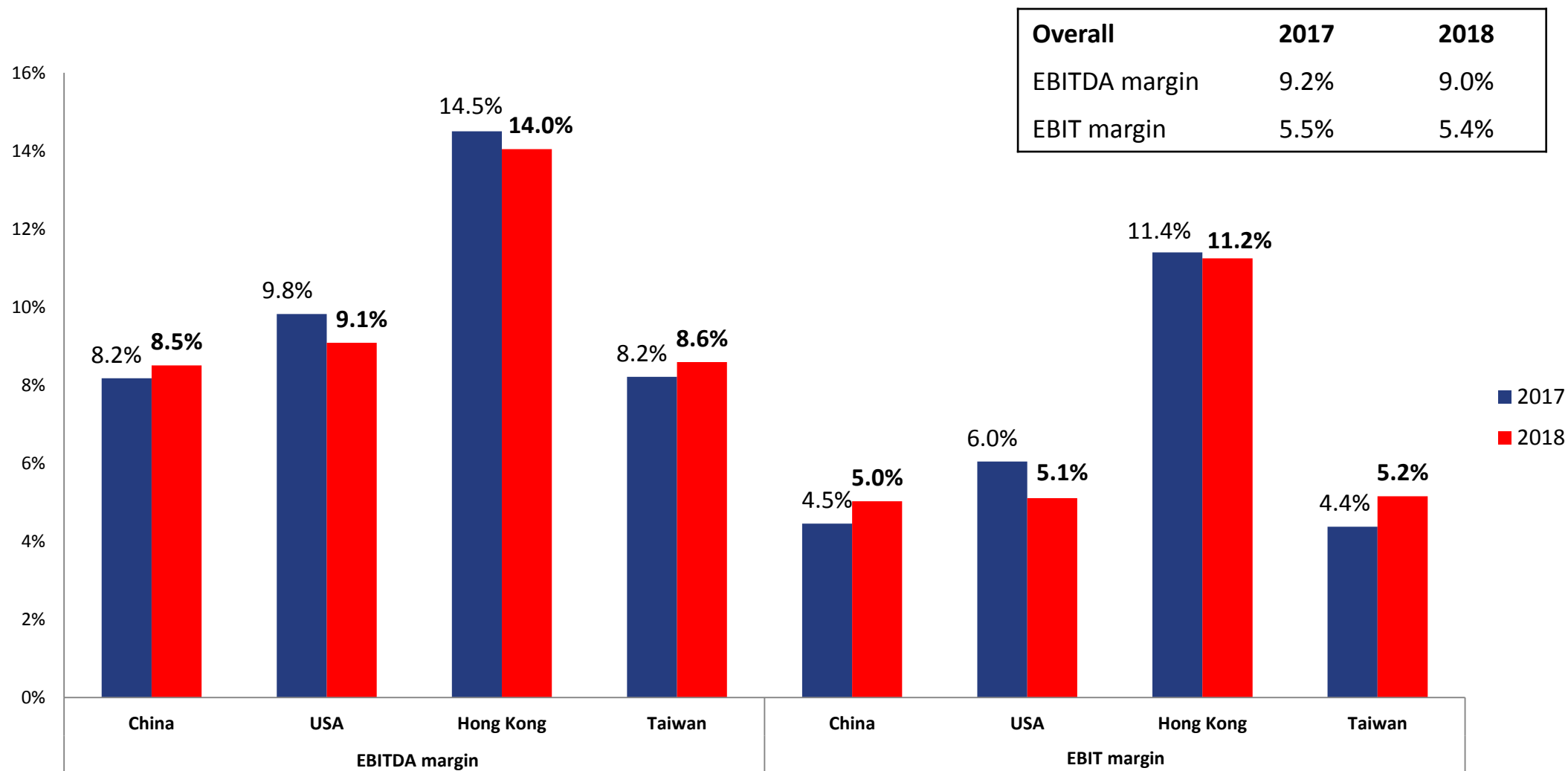
2018 Taiwan Revenue



## Key Financial Metrics – Division Growth

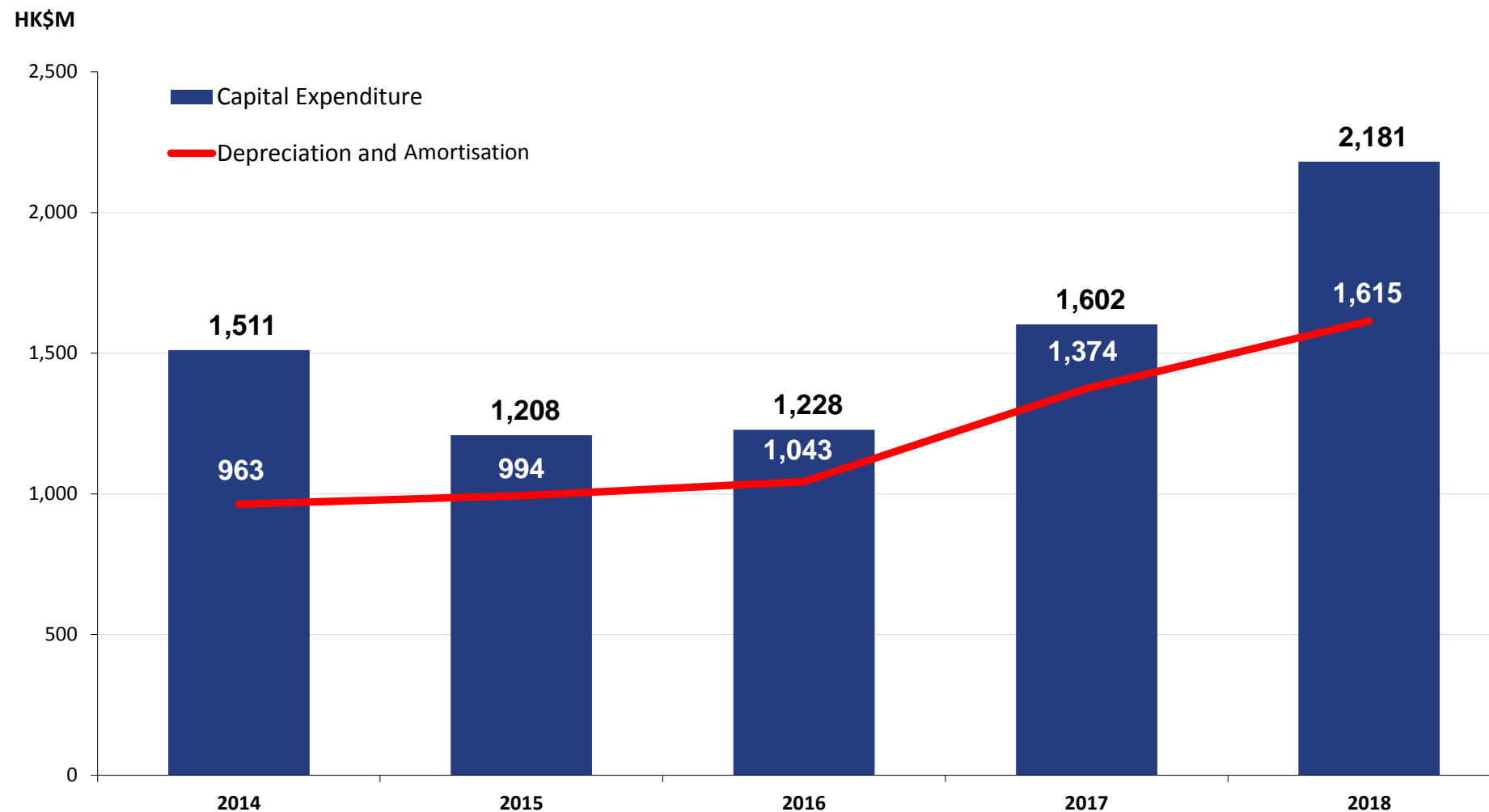


## Key Financial Metrics – By Region Performance

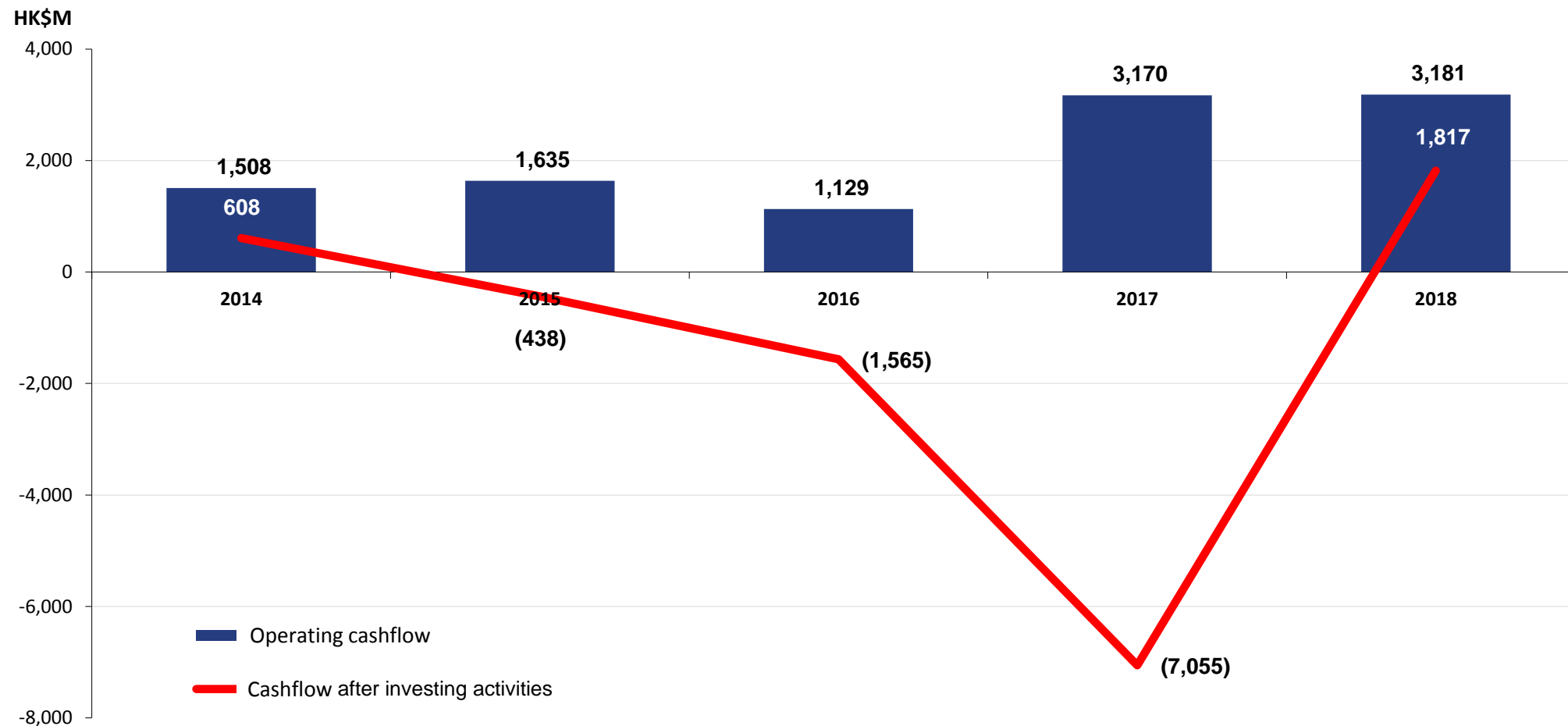




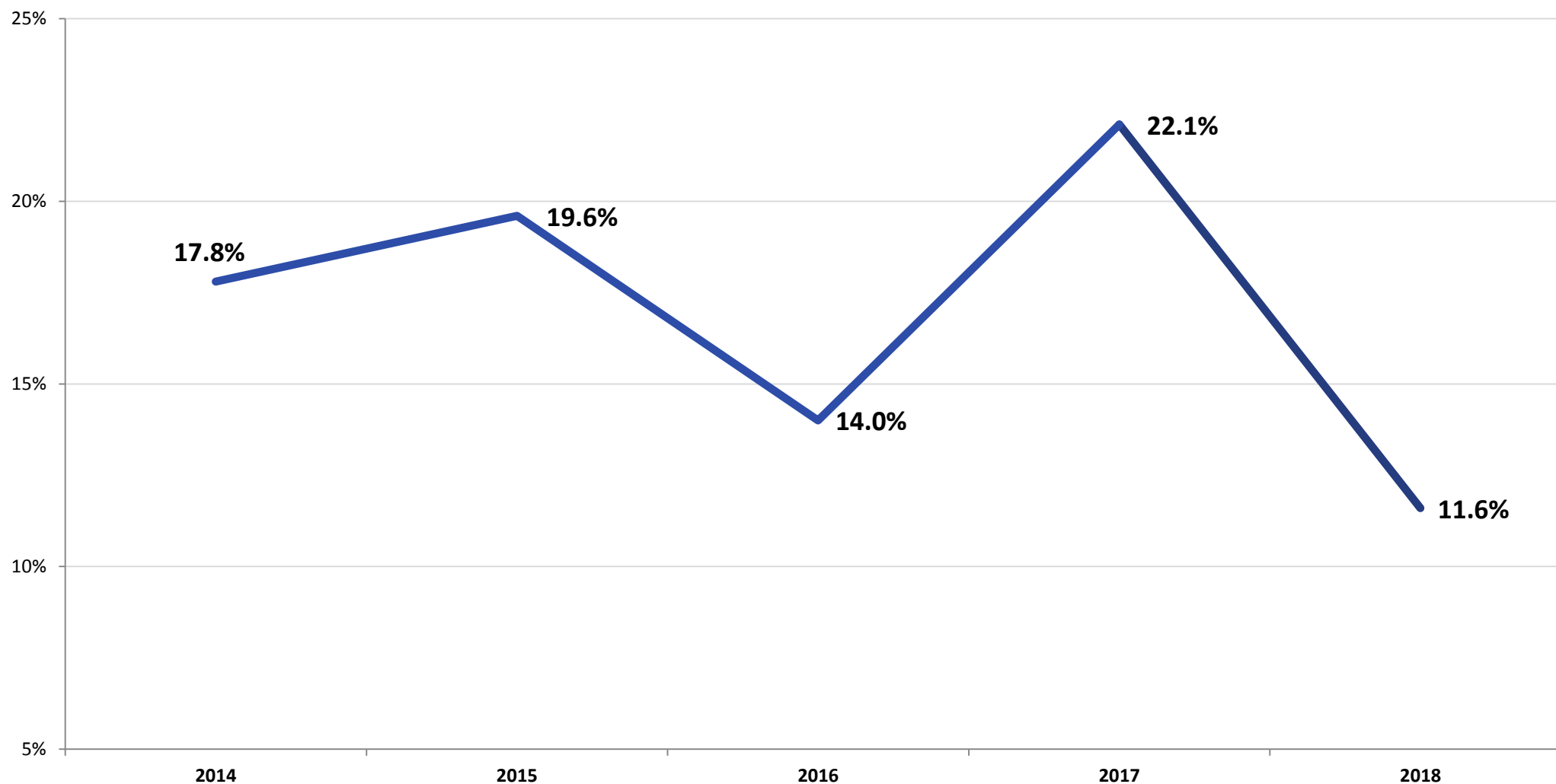
# Capital Expenditure, Depreciation and Amortisation 2014 – 2018



# Operating Cashflow and Cashflow After Investing Activities 2014 – 2018



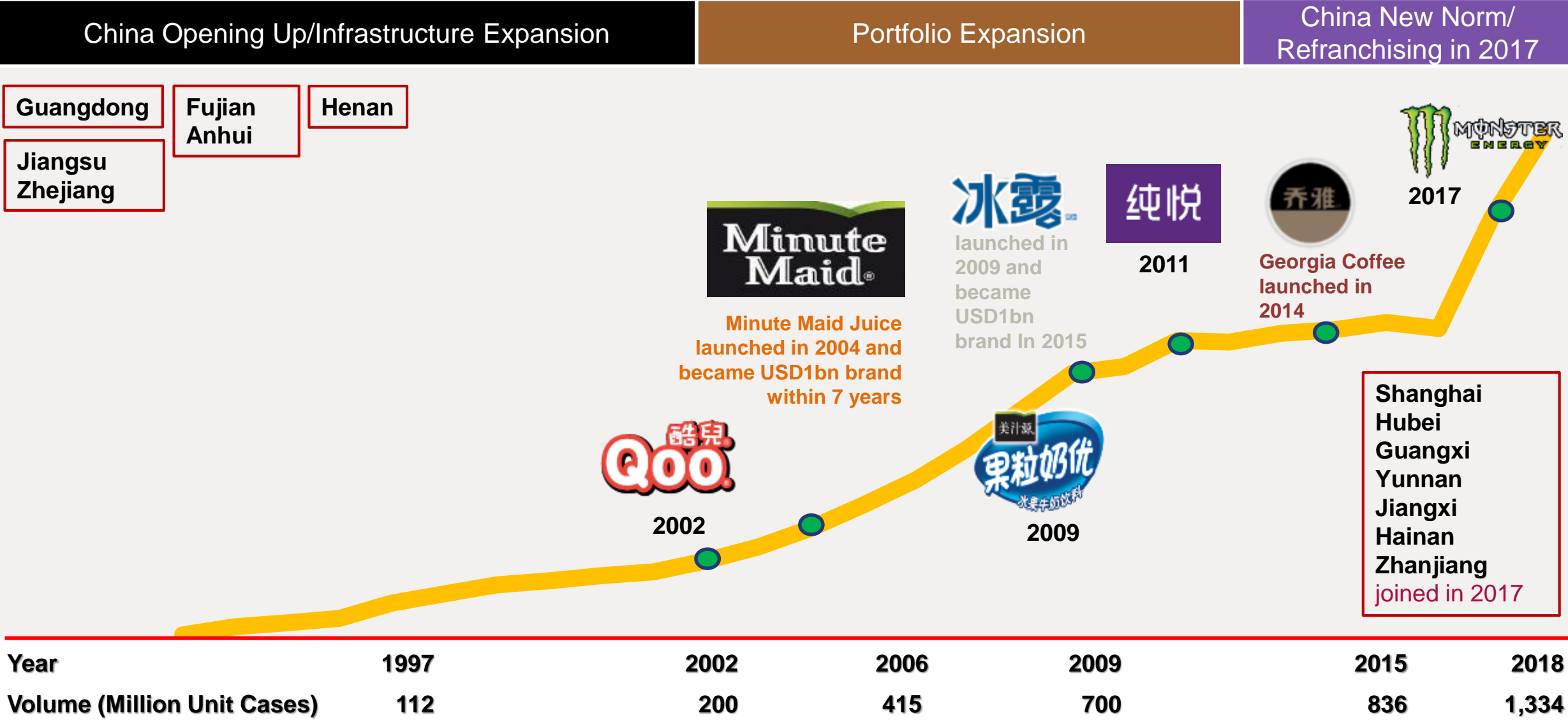
## Return on Capital Employed 2014 – 2018



**China Development**  
Karen So  
Executive Director, China Operations



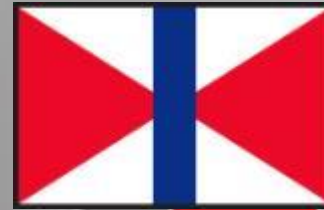
# Our 30 Years of Development in China





# SERVING 668M consumers

~50% of the total population  
in Mainland China



Revenue

20.4B  
RMB

Sales  
Volume

1.33B  
unit cases

Bottling  
Plants

18

Per Capita  
Consumption

49  
8 oz

Employees

22  
Thousands

Customers

1.53  
Million

## Rising Economy

Upper Middle Class Country Status

GDP Per Capita > \$10K

## Policy Tailwind

RMB 2tn in Tax Reform

VAT Reduced from 16% to 13%

## Young Consumers by 2022

600M Middle Class &

450M Millennials Population

## The World's Largest Retail Market

Retail Sales of RMB 38tn

Growing 2.6x the Global Average





**\* NARTD +4.7% growth**

**\* Sparkling Resurging  
+7.1%, Out-growing  
NARTD Industry**



# Our Growth is Guided by China Vision and Strategic Pillars



### Our China Vision

We will achieve **Sustainable Profitable Growth** by creating value for customers, employees and communities through superior **Commercial Strategies** and World Class **Route-To-Market** and **In-Store Execution Capabilities**

## Strategies to Win





# Encouraging 2018 Results

## Topline Growth

Revenue\*



## Expanded Margins

EBITDA margin





# Supported by Growth in Core Category

Revenue  
Mix 2018

70%



Sparkling

YoY  
Revenue  
Growth

18%



Juice

7%



Water

2018\*

+12%

+1%

+7%

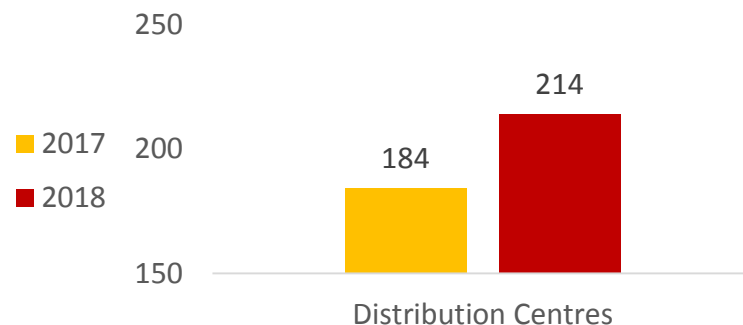
# And Innovations in New Categories

Contribution to Incremental Revenue in 2018

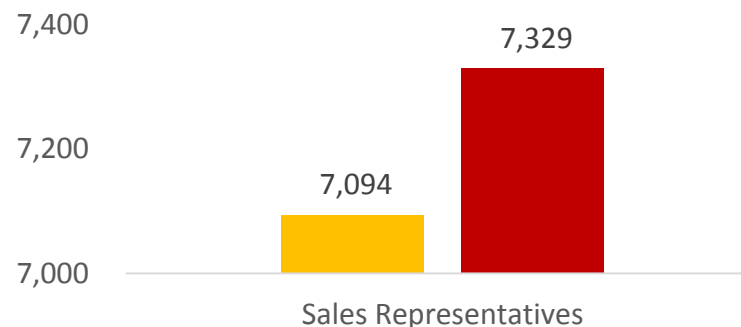


# Investing to Win: A Strong Foundation

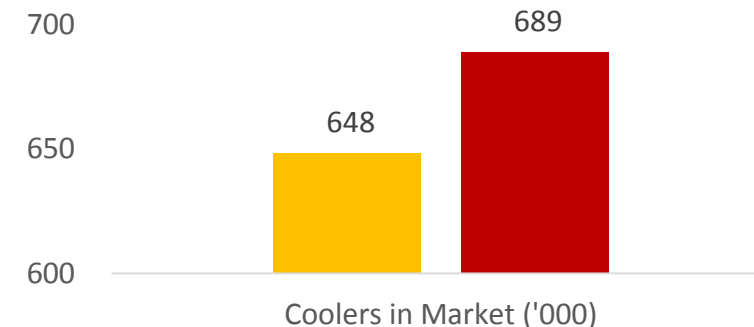
Distribution Centres: **+16%**



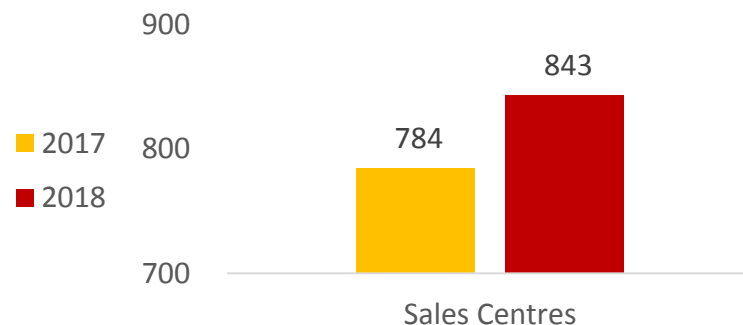
Sales Representatives: **+3.5%**



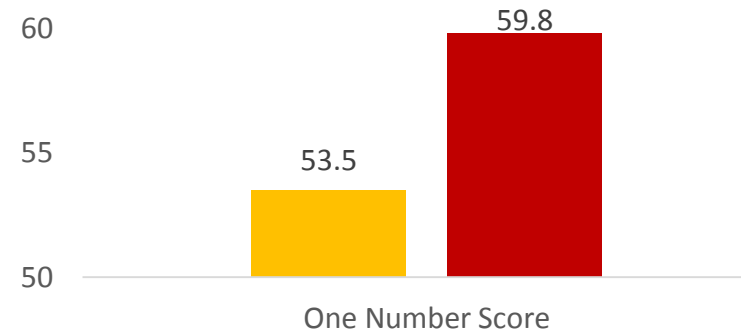
Coolers in Market: **+6.5%**



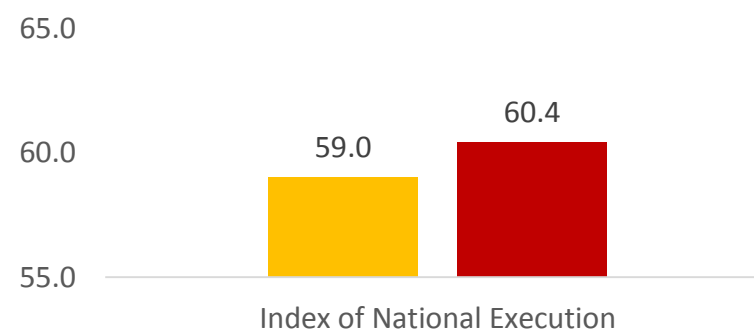
Sales Centres: **+7.5%**



One Number Score\*: **+6.3**



Index of National Execution\*\*: **+1.4**



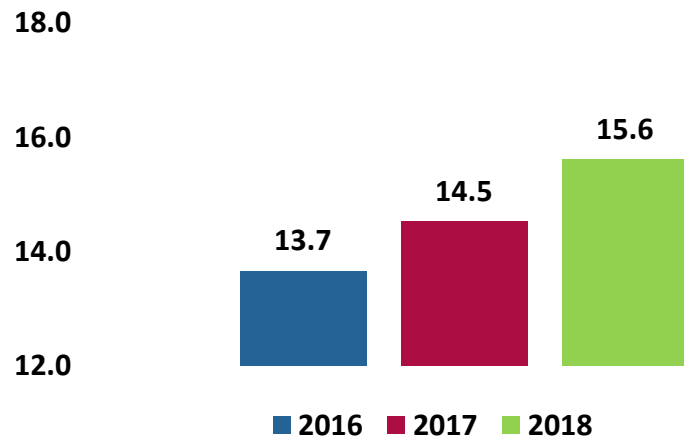
\* One Number Score: A Coca-Cola tracking tool conducted by third party to measure general trade availability of 9 key SKUs in rural township.

\*\* Index of National Execution: A Coca-Cola tracking tool conducted by third party to measure urban channel in-store execution performance focusing on key KPIs including availability, share of visual inventory and cooler, etc.

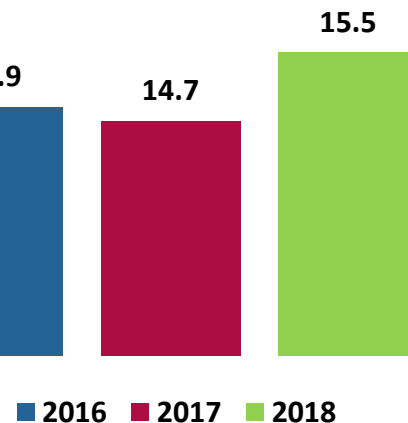
# Pricing Platform is on Steady Upward Trend, Especially after Refranchising

RMB per unit case

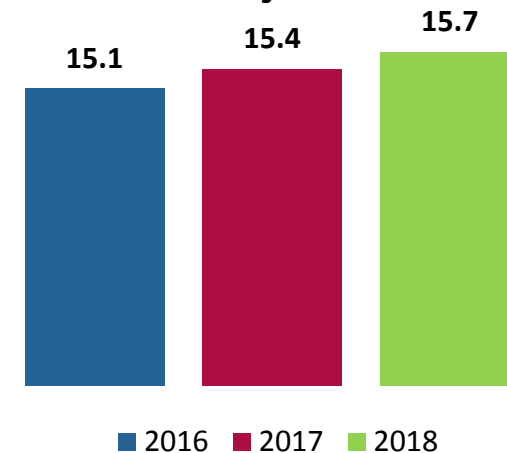
## Guangdong



## Zhanmao

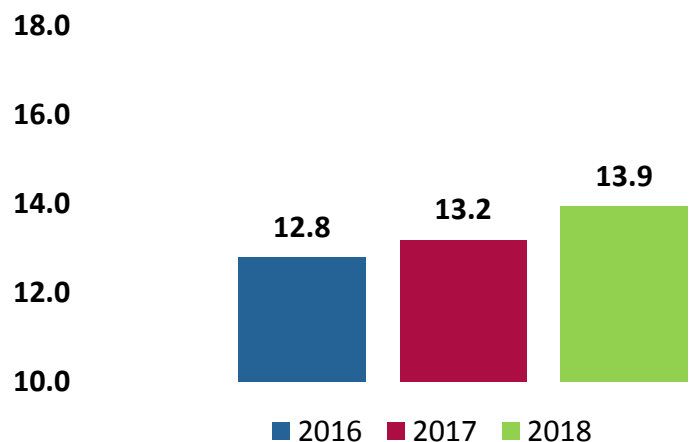


## Fujian

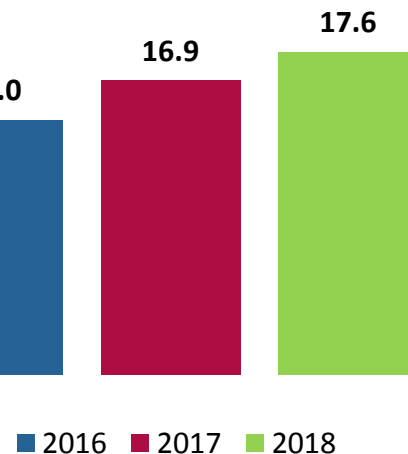


RMB per unit case

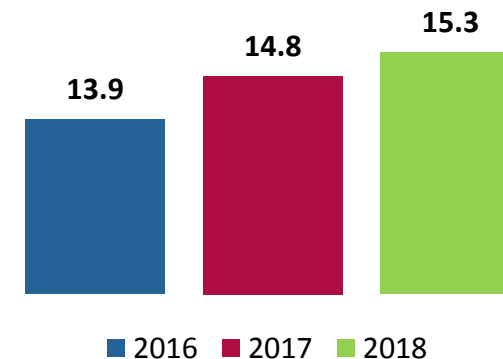
## Shanghai



## Zhejiang



## Jiangsu

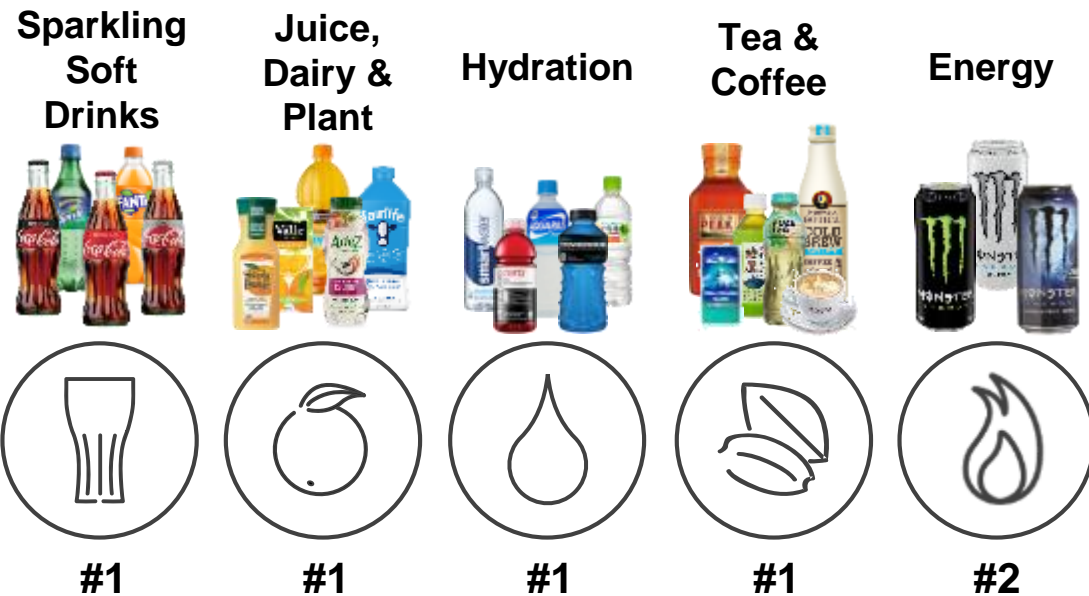


# Leverage System Strength – “Lift & Shift” of Global Brands

## Half of Coca-Cola Global 1 Billion Dollar Brands Not Launched in China Yet

### Strong Global Position

#1 Value Share Position in Global NARTD



Strong Position in All Category Clusters

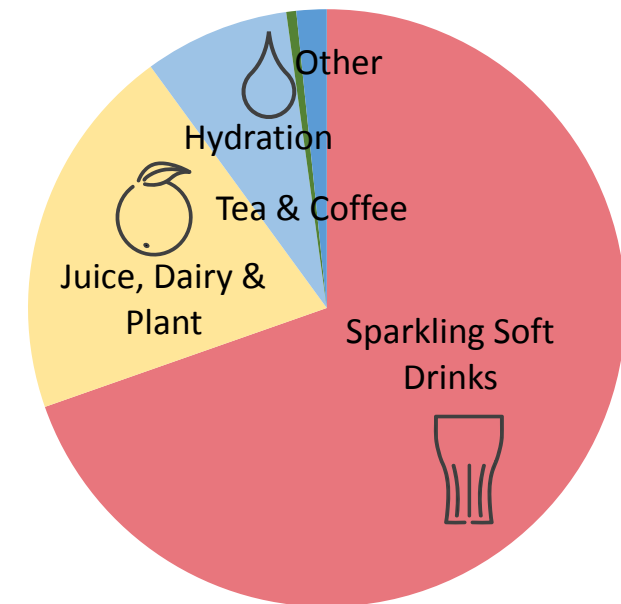
# #1

in 32 of Top 40 Markets

### Global Revenue Mix



### Swire Revenue Mix



Source: GlobalData and internal estimates

MONSTER is a trademark and product of Monster Beverage Corporation in which The Coca-Cola Company (“TCCC”) has a minority investment. fairlife is a trademark and product of fairlife, LLC, TCCC’s joint venture with Select Milk Producers, Inc.

# Accelerate to Achieve Full Potential of Sparkling

## Grocery

¥2.0

¥2.0

¥2.5

¥3.0

¥3.0

¥4.0

¥5

¥6

GT¥7  
MT¥6.5

CVS ¥13 / H&S ¥11



200ml  
(E&D)



300ml



330ml Normal  
(Mass market)



330ml Sleek



500ml  
(600ml  
Battlefield)



680ml  
(888ml  
Battlefield)



1L (GT)  
1.25L (MT)



1.5 (GT)  
2L (MT)



2L (GT)  
2L+ (MT)



250ml  
Aluminium  
Bottle

## Hyper / Super Market

¥9.9

¥10.5

¥10.9

¥11.5

¥13.8

¥18

¥18/15.9

¥21.5/18.5

¥25/ 21.9

¥26

¥35



1L+1.25L



500ml x 4



2L x 2



Normal 330ml  
Can x 6



Normal 330ml  
Can x 8



200ml mini Can x 8  
Fridge Pack  
(CK/SP/FA/Zero)



300ml PET x 12  
(CK/SP/FA/Zero)



200ml mini Can x 12  
(CK/SP/FA/Zero)



330ml Normal  
CAN x 12  
(CK/SP/FA/Zero)



200ml mini  
Can x 18 Gift Pack  
(CK/SP)



Sleek Can x 4



## Focus on Driving High Value Packs



Lead **Innovation**,  
**Accelerate** Conversion!

Revenue Growth\*  
**+90%**

\* The growth represents growth of sleek can revenue in 2018.



**Upscale** Package  
New **Trend** of  
Consumer Consumption



Revenue Growth\*\*  
**+20%**



\*\* The growth represents growth of multi-pack revenue in 2018.

# Speedy Development of Route-to-Market in Rural

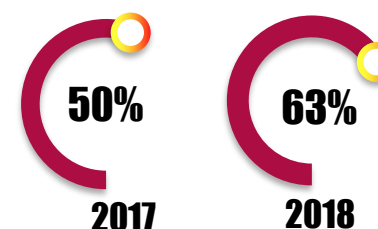


**427M** Population in Rural Market

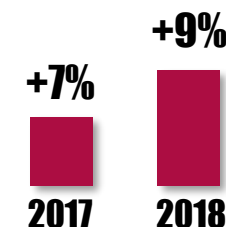
*For 64% of the consumers we serve, their annual per capita consumption is only 12*

*8 oz servings*

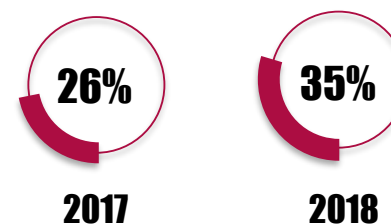
## Rural Network Coverage



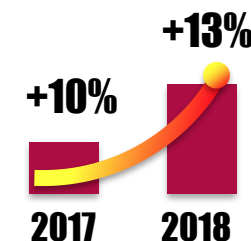
## Active Outlets



## Contracted Outlets Coverage



## Rural Revenue Growth



# And Route-To-Market in Urban

## 1 Mini-Market & Chain Convenience Store

### Active Outlets

2017 67,000  
2018 +16%

### Revenue

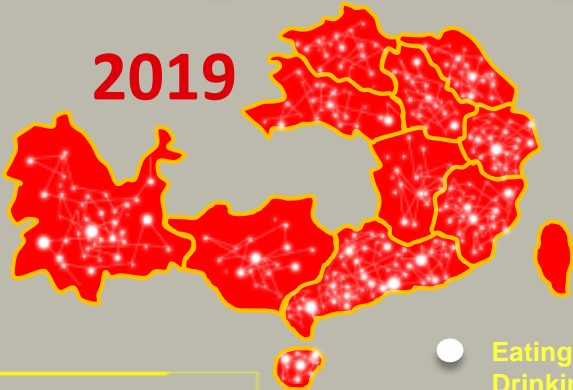
2017 2,749M  
2018 +7%

### Tools

LINX全店通



## 2 Eating & Drinking



● Eating & Drinking Distributors

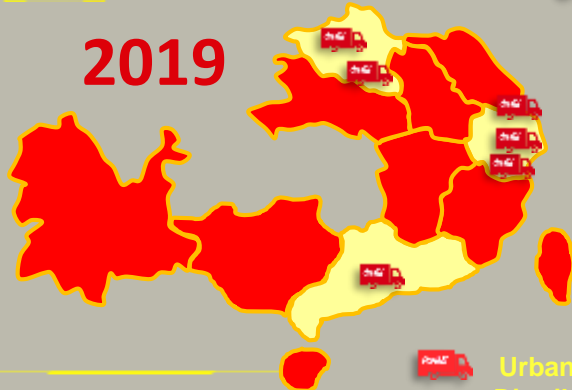
### Active Outlets

2017 398,000  
2018 +4%

### Chain Eating & Drinking Customer Conversion

183/brands 31K/stores 729M /Potential Revenue

## 3 Direct Delivery



● Urban Mini Distribution Centres ("DC")

### Active Outlets

2017 66,000  
2018 +9%

### Distribution Centre #

2017 205  
2018 227

### Innovation

Urban Mini Distribution Centres

# Leverage Digitalisation as Our Competitive Edge

**32 M** bottles per day / **1.5 M** customers / **700 K** coolers / **75 K** orders per day / **22 K** employees

## Customer Portal



Direct interface with customers

## 100% Digitally Connected Equipment

On-line Vending

Cooler IoT



Data-driven insight to improve efficiency

## Direct Delivery Management (DMS) 2.0



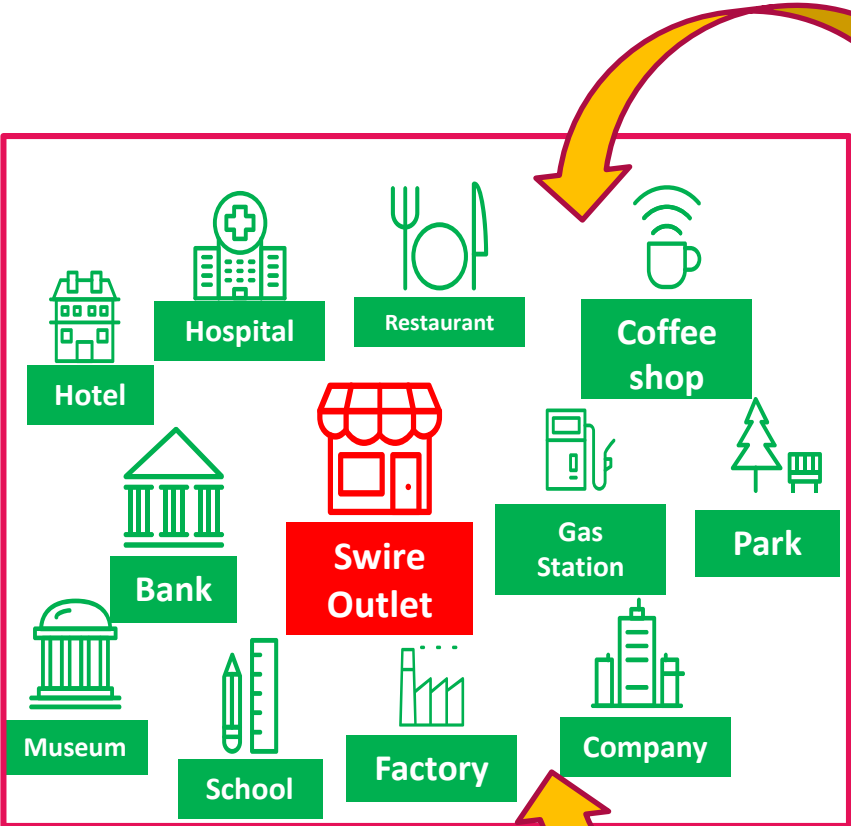
Integrated system platform and mobile application to improve customer service and experience

## Enterprise Wechat



Real time digital platform to engage and interact with 22K employees

# Big Data Analytics to Enable Revenue Growth



**External data:**  
**The macro environment**  
# GDP (District / County level)  
# Per Capita Consumption (District / County level)  
# Population (District / County level)  
#

**Internal data:**  
**Outlets own activity**  
# Number of Promotion Weeks  
# Pricing  
#  
#

Insight-driven  
customised  
action for retail  
stores

- Cooler Placement
- Base Price Increase
- Price Promotion
- Vending Placement

**Global  
learning:  
incremental  
4% pts  
revenue  
growth**



# The Best is Yet to Come

- **Proven Growth Record:** for the past 30 years especially post-refranchising in 2017
- **Continuing Focus on Value:** maximise revenue growth by leveraging macro environment tailwind, consumer premiumisation, portfolio expansion and pricing realisation
- **Accelerating Fundamentals of Bottling Operations:** faster speed to market with route-to-market coverage increase and in-outlet execution enhancement
- **Leverage Coca-Cola System Strength:** learn from the best until we become the best, e.g. new category/brand and package innovation, supply chain excellence
- **Achieving Digital Leadership:** with digitally enabled revenue growth and cutting edge technology to support world class execution
- **Investing to Win:** exploit the growth opportunities with significant infrastructure investment



## USA Development

Jack Pelo

President/CEO, Swire Coca-Cola, USA



# Swire Coca-Cola, USA 2013 – 2018

**Mile High [Colorado]  
(Q2 2014)**



**Arizona /  
New Mexico  
(Q3 2016)**



**Pacific  
Northwest  
(Q1/Q2 2017)**



**2018**



## Acquisitions

- Mile High – Distribution *May 2014*
- Mile High – Monster *April 2015*
- Arizona – Distribution *July 2016*
- Washington – Distribution & Production *February 2017*
- Oregon – Distribution & Production *April 2017*
- Arizona – Production *August 2017*
- Mile High – Production *October 2017*
- All – BODYARMOR *November 2018*
- Arizona – Monster *March 2019*

HK\$M	2013	2014	2015	2016	2017	2018
Revenue	3,493	4,551	5,561	7,403	12,931	14,465
Attributable profit	217	208	273	306	494	491
Revenue Growth	-	30%	22%	33%	74%	11%



# Swire Coca-Cola, USA 2013 – 2018

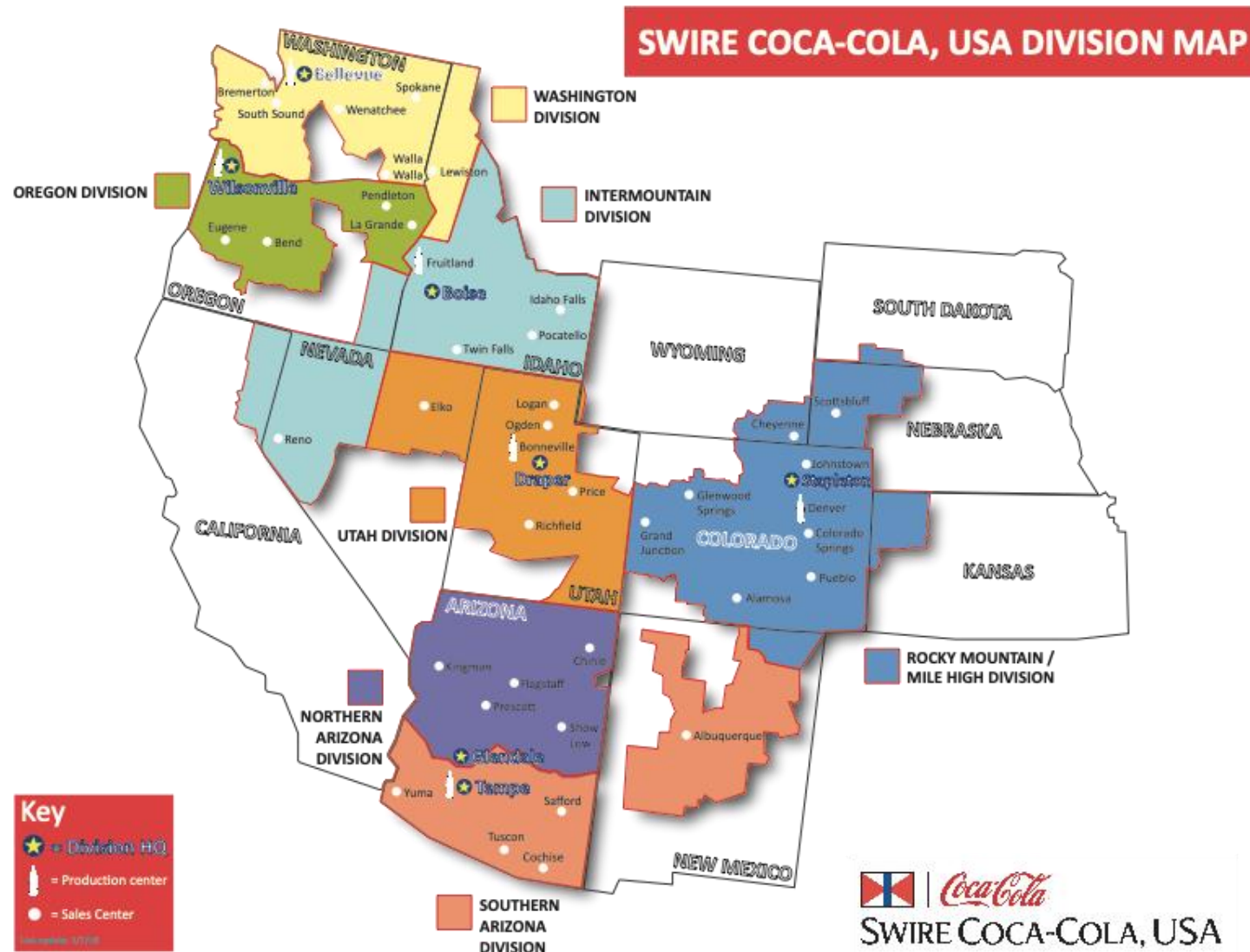
## Investments and Initiatives

- Mile High – Built Stapleton, Pueblo, and Johnstown
- Arizona – Expanded Glendale, rebuilding Yuma
- Washington – Building Arlington
- Oregon – Expanding Eugene and Bend
- Added management stability
- Added headcount, as needed (15% in Mile High)
- Added and upgraded fleet assets
- Warehouse equipment upgrades
- Improved product supply
- Shortened decision making lead times

## Sales Approach

- Took over all Key Account call points
- Implemented Swire Price Package Plan
- Added Profit Revenue Growth Management and Commercial departments, as needed
- Emphasized Food Service on Premise department to grow Bottle, Can and Fountain, especially Local Market Partners
- Implemented Retail Account Representative and variable pay compensation
- Implemented Look of Success and merchandising standards
- Used key assets in marketplaces such as:
  - Mile High – Denver Broncos and Colorado Rockies
  - Arizona – Arizona Cardinals and Arizona State University in Arizona
  - Washington – Seattle Seahawks and University of Washington
- Replaced leadership at Division VP level and Sales Centre Managers in Bellevue, South Sound, Wenatchee and Spokane (Washington)

# Swire Coca-Cola, USA 2018

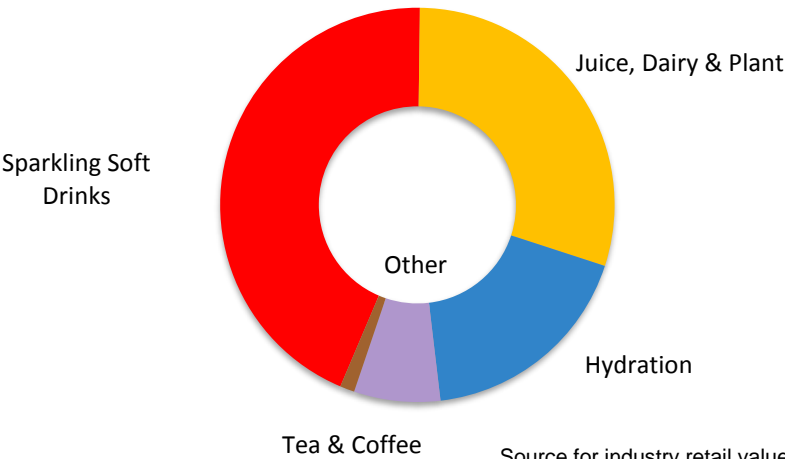


# North America Operating Overview

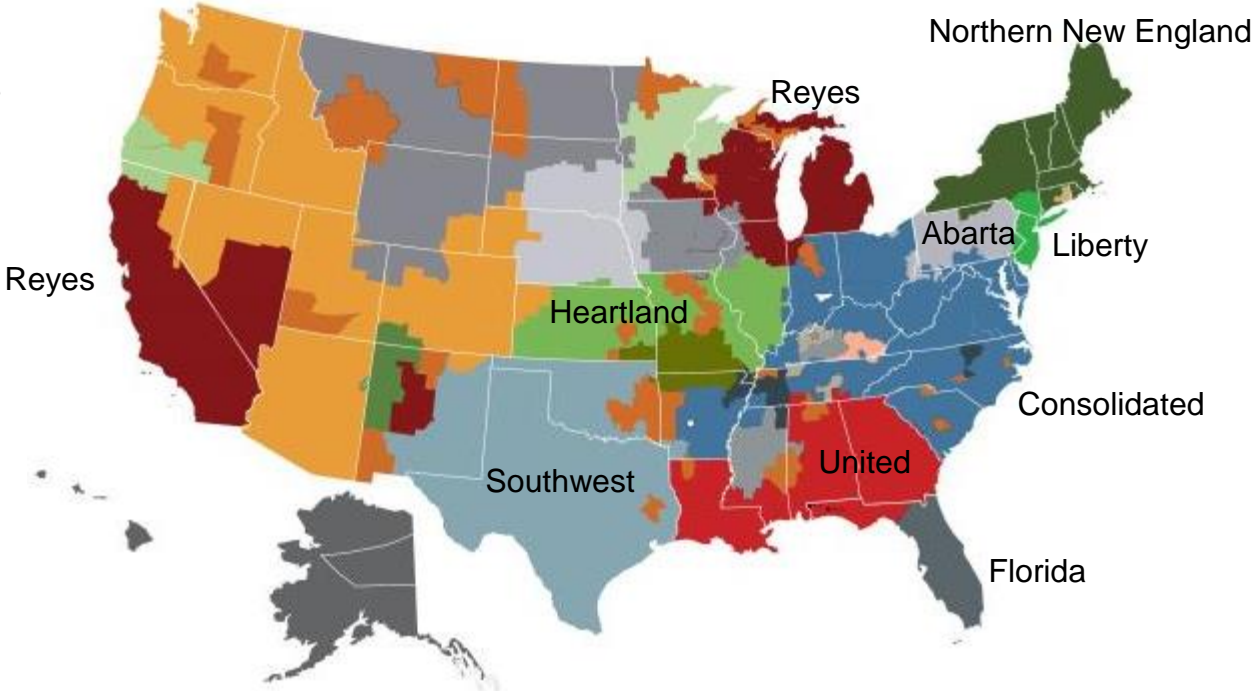
## Overview

- Flagship market, includes finished goods, juice and food service businesses
- 360+ million consumers
- US\$230 billion in industry retail value
- Coca-Cola NARTD value share ~30%
- Coca-Cola revenue US\$11.8 billion
- Coca-Cola operating income US\$2.5 billion

## Revenue Category Mix\*



## Bottling Landscape



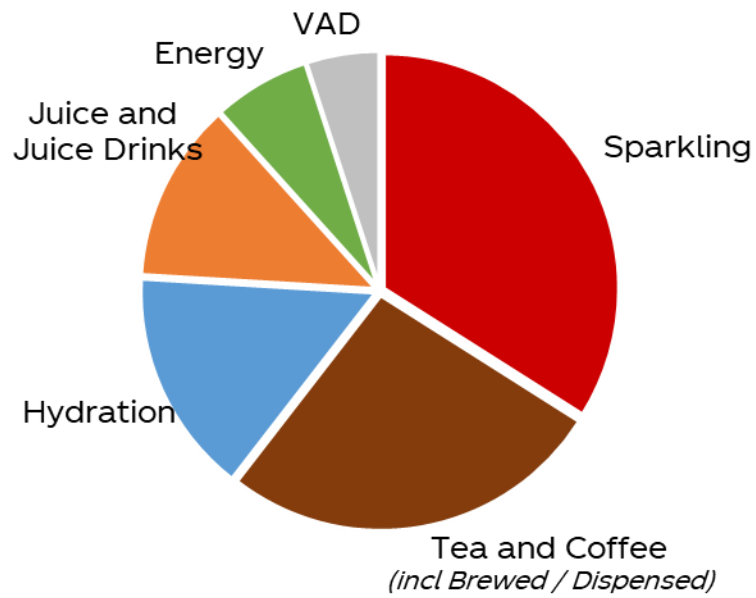
## Value Share Position (2017)

Sparkling Soft Drinks	Juice, Dairy & Plant	Hydration	Tea & Coffee	Energy
#1	#1	#2	#3	#1

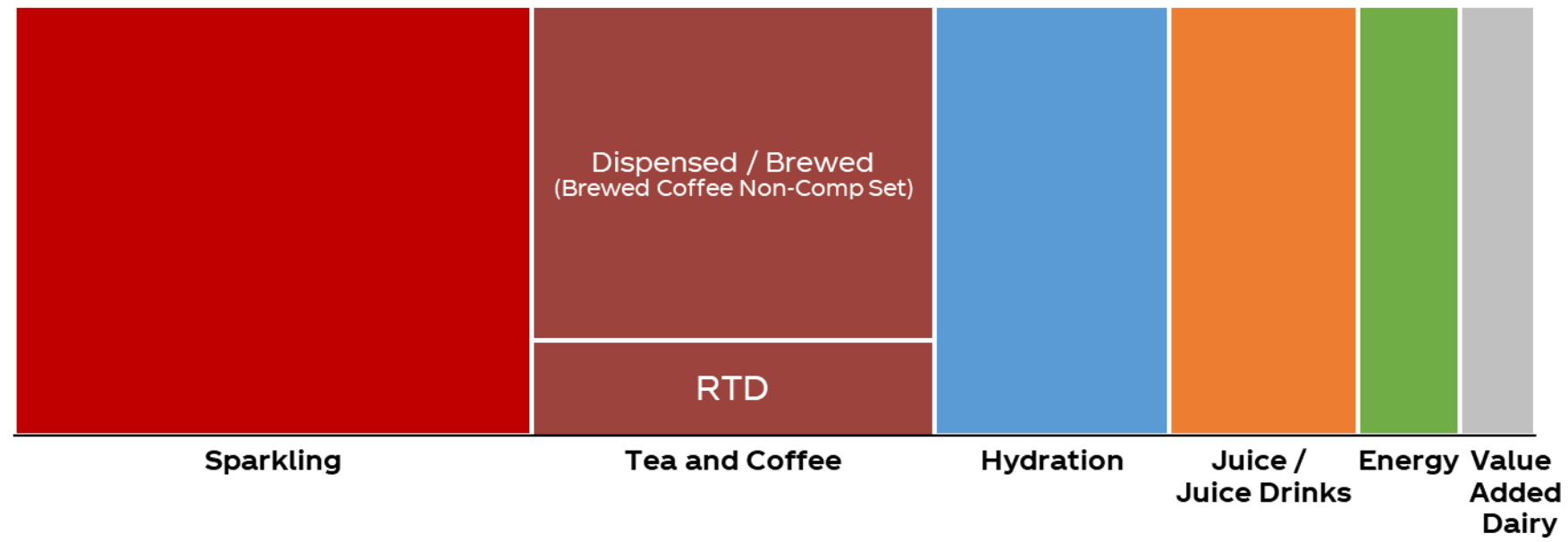
Source for industry retail value is internal estimates. Source for value share position is Euromonitor. All numbers are 2018, unless otherwise noted. Energy brands are owned by Monster Beverage Corporation in which TCCC has a minority investment. \* NARTD and NRTD Tea & Coffee, top 40 markets globally.

# TODAY, USA NARTD is a ~US\$200B Market

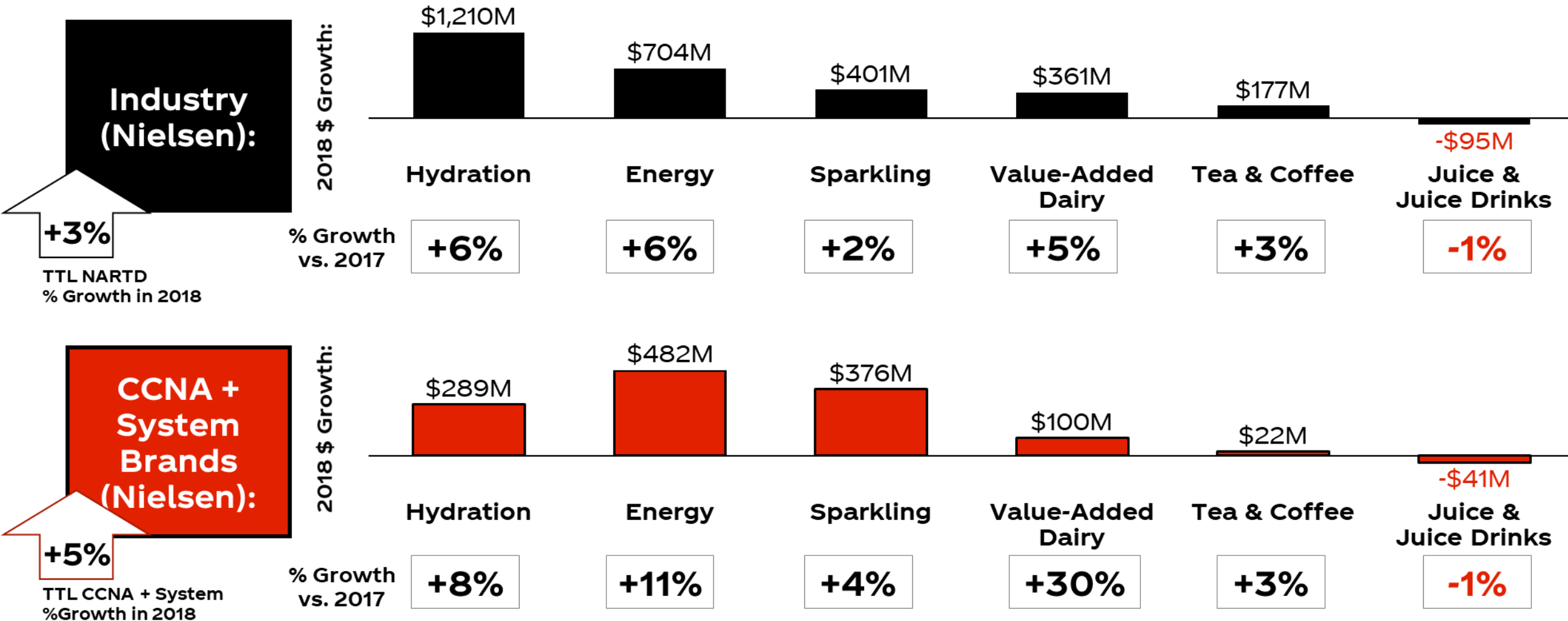
% Value by Category



Retail Value by Category



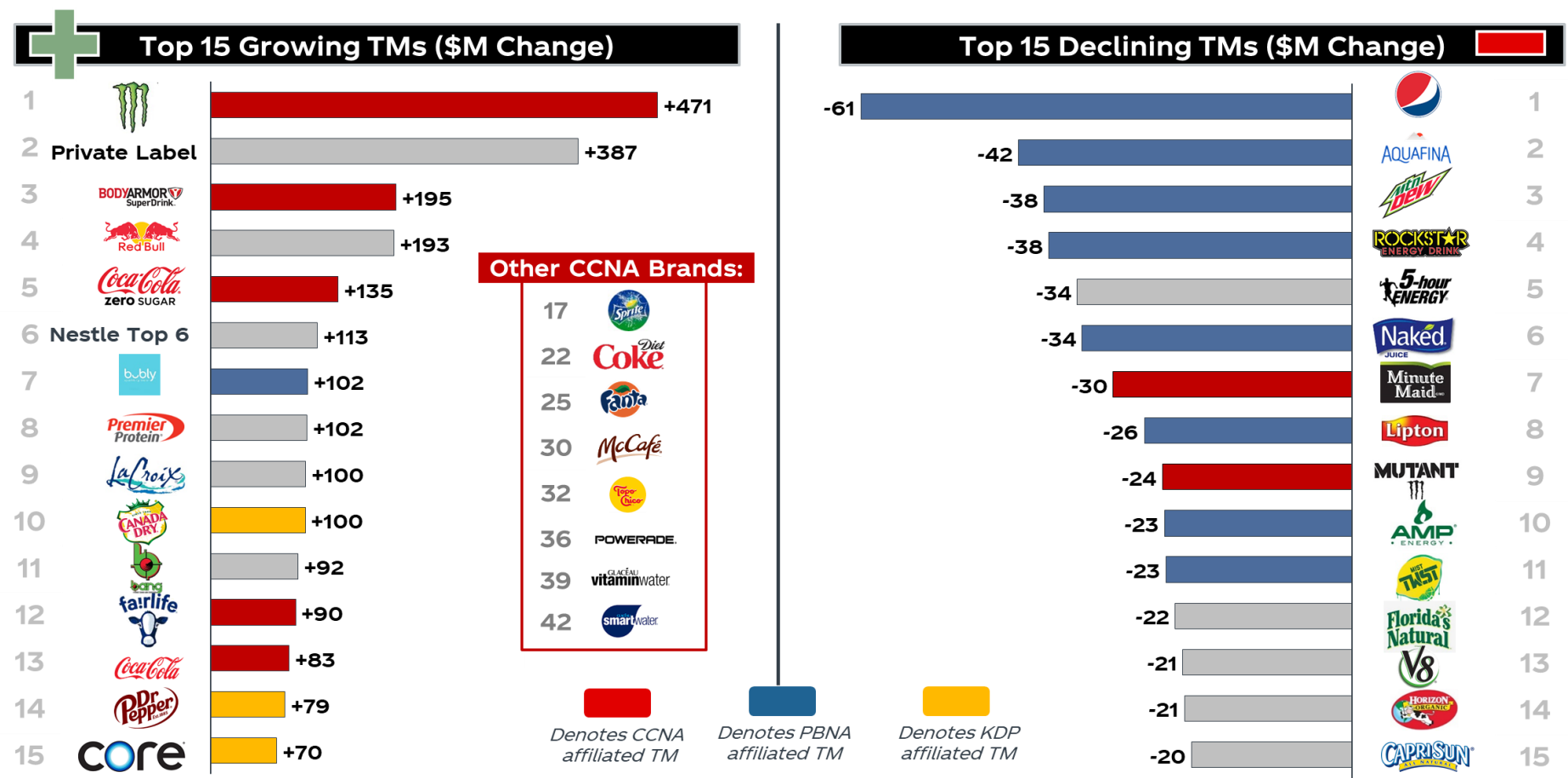
# Growth Seen Across Most Category Clusters in Measured Retail



Source: Coca-Cola North America ("CCNA") Internal Estimates; Nielsen Scantrack Database (All Measured Channels), FY 2018 VS. FY 2017  
 CCNA System Brands include all trademarks from: Monster Beverage Corp, fairlife LLC, BODYARMOR (Full Year 2018), and Suja








# In 2018, the Coca-Cola System Had Many of the Industry's FASTEST Growing Trademarks

## YTD 2018: Top Growing and Declining TMs within NARTD





# Swire USA Territory Overview

Population	Ethnicity	Median Income	Industry	Cost of Living Index	Unemployment	Tourism
 <p>28.8 Million</p>	 <p>72% White 21% Hispanic 3.1% Asian 2.2% African</p>	 <p>Utah: \$63K Intermtn: \$55K Mile High: \$67K Arizona: \$52K Washington: \$71K Oregon: \$60K</p>	 <p>Aerospace Agriculture High Tech Health Technology Craft Beer</p>	 <p>Utah: 118 Intermtn: 102 Mile High: 155 Arizona: 96 Washington: 153 Oregon: 129</p>	 <p>2018 SW: 3.0%, US: 4.0% 2017 SW: 3.0%, US: 4.4% 2016 SW: 3.3%, US: 4.7% 2015 SW: 3.6%, US: 5.0%</p>	 <p>\$108 B</p>

## Where they shop


62%


50%


41%


43%

## How they spend their money









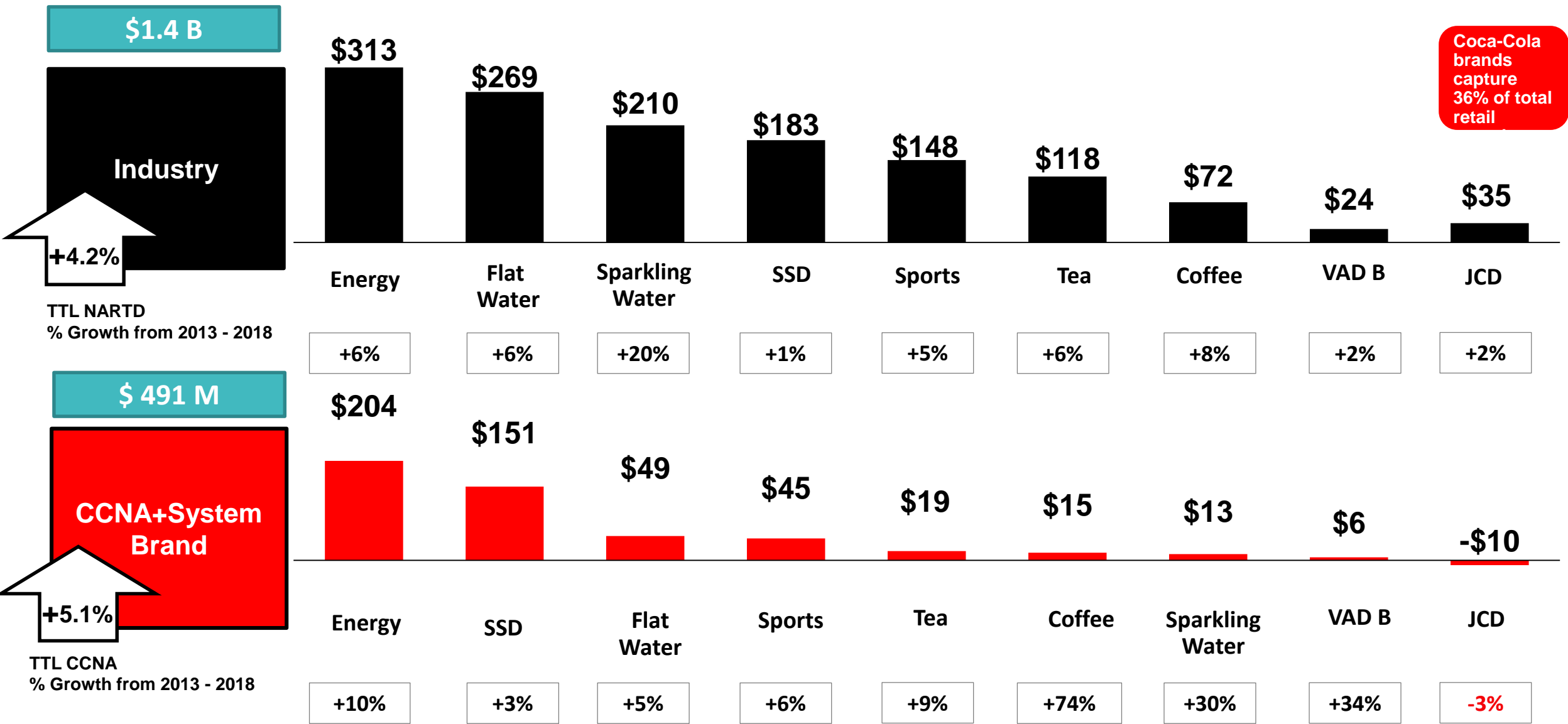






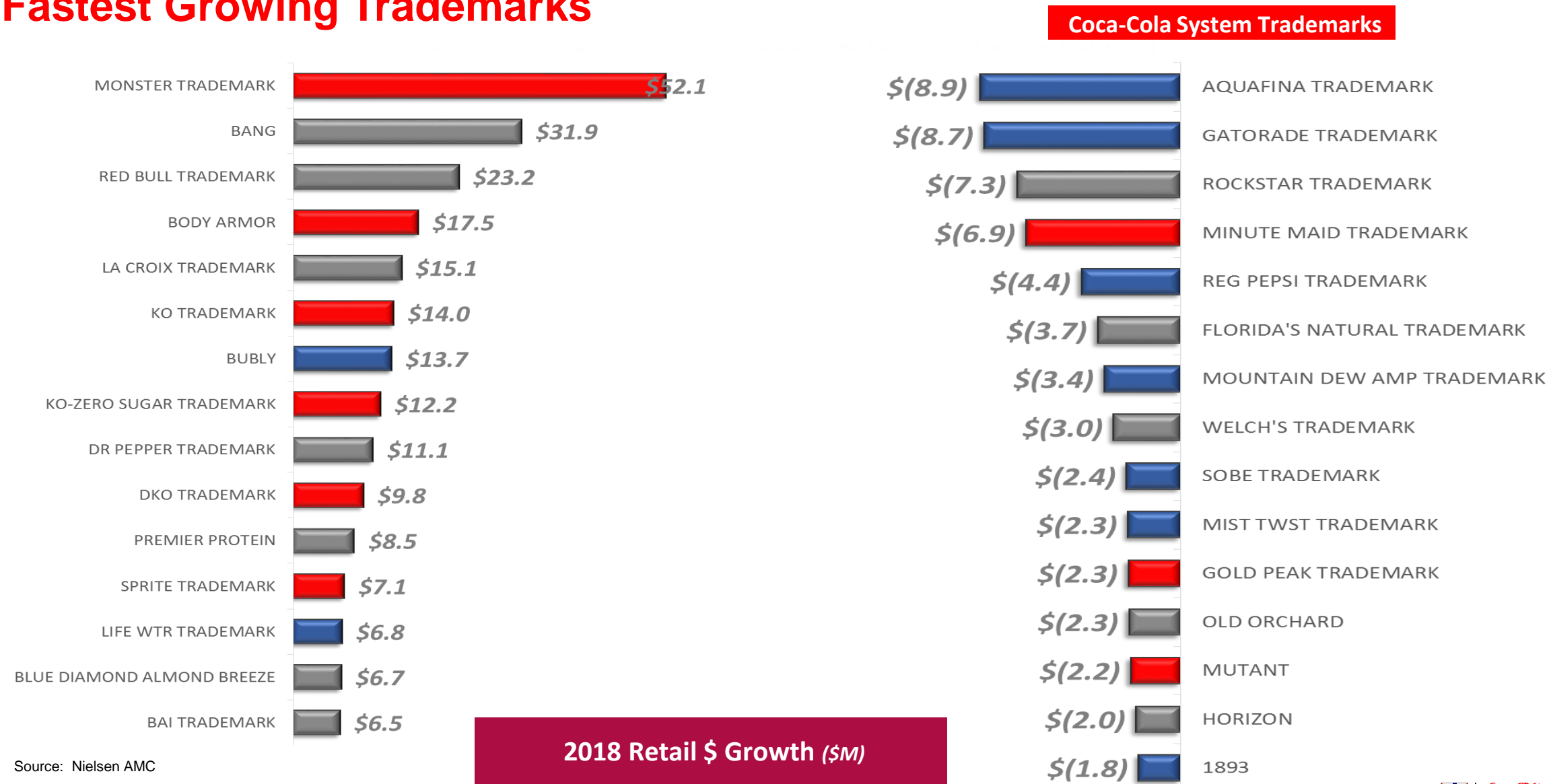

SWIRE COCA-COLA

# 5 Year Growth: NARTD Seeing Healthy Growth, Swire Grows in All Except Juice





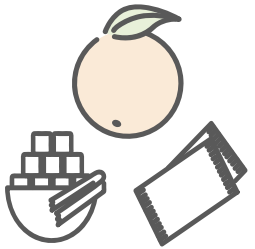
# In the Swire USA Territory, the Coca-Cola System Had Six of the Industry's Fastest Growing Trademarks



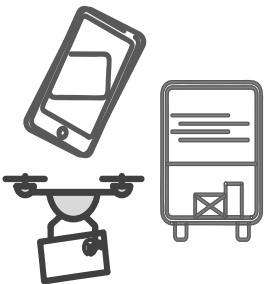
# Navigating a Dynamic and Evolving Landscape

## Evolving Consumer Trends

Ingredients

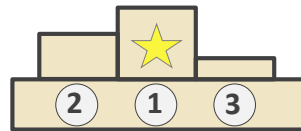


Digital Evolution

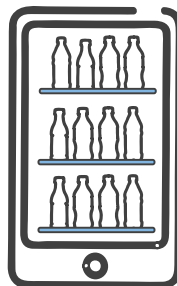


## Increased Competition

Strong Global, Regional and Local Competitors



Lower Barriers to Entry



## Bifurcation of Growth



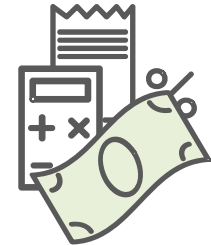
Premium



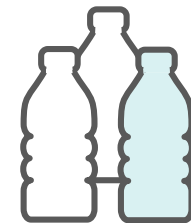
Affordable

## Taxation / Regulation Considerations

Sugar / Excise Taxes



Plastic Concerns



# We Are Taking Action to Reduce Our Sugar Footprint

## 1 Focus on Zeros



Global Rollout of  
Coca-Cola Zero Sugar

## 2 Drive Small Packs



Affordable  
Small Sparkling  
Package

## 3 Portfolio Expansion of Low- and No Added-Sugar Drinks



250+ Launched in 2018

## Beverage Tax Update

- Over a decade of managing of health and wellness issues – beverage taxes, warning labels, portion size restrictions, advertising bans.
- 7 cities have passed beverage taxes, including Seattle and Boulder in Swire territory.
- Last beverage tax passed in USA was Seattle in June 2017, implemented January 2018.
- All other attempts to pass statewide and city beverage taxes have been defeated thanks to strong campaigns and a united front by the American Beverage Association and the global brands.
- In 2019, only California and Connecticut have proposed serious beverage tax legislation.

# We Are Helping Make the World's Packaging Waste Problem a Thing of the Past

## World Without Waste Goals

---

- Help collect and recycle one bottle or can for every one we sell by 2030
- Continue to focus on making our packaging 100% recyclable by 2025
- Use 50% recycled materials in our packaging by 2030



**Hong Kong & Taiwan Development**  
Neil Waters  
Executive Director, Hong Kong & Taiwan





# Highlights

## Taiwan

- By 2013, the business had suffered 5 years of steady performance decline and required a total business transformation. This transformation commenced in 2014 and by 2018 had led to a P&L improvement in excess of 190%, driven initially by supply chain improvements and more recently by accelerating top line growth.
- The supply chain transformation has seen the closure of the Kaohsiung plant and upgrade of the Taoyuan plant.
- The sales and marketing transformation elements have seen:
  - ✓ The establishment of Real Leaf Tea as the market leading unsweetened eastern tea within 5 years of launch
  - ✓ A change in portfolio mix that has reduced the profit reliance of the sparkling category by over 30%, whilst growing share
  - ✓ Improved profitability of all modern trade customers and shift of resources in general trade to sources of profit and growth

## Hong Kong

- With the Shatin plant approaching the limit of its original design capabilities, a major strategic and operational review was initiated in 2018.
- Significant market opportunities have been identified requiring total business transformation.
- The long-term business re-design will be completed in mid-2019, however a number of supply chain elements of the transformation have already begun.

## In 2014, a Long Term Plan was Developed to Turn the Business Around

### FOUR STRATEGIC IMPERATIVES

1. TAKE SHARE

2. MINIMISE OUR  
DISADVANTAGES

3. RESOURCE TO  
TRENDS

4. UP THE GAME

### EIGHT CORE ENABLERS

#### GROWTH

Profitable Category  
Expansion

Drive Retail Trade  
Returns

Dominate the On  
Premise

Vending Profit  
Contribution

#### EFFECTIVENESS & EFFICIENCY

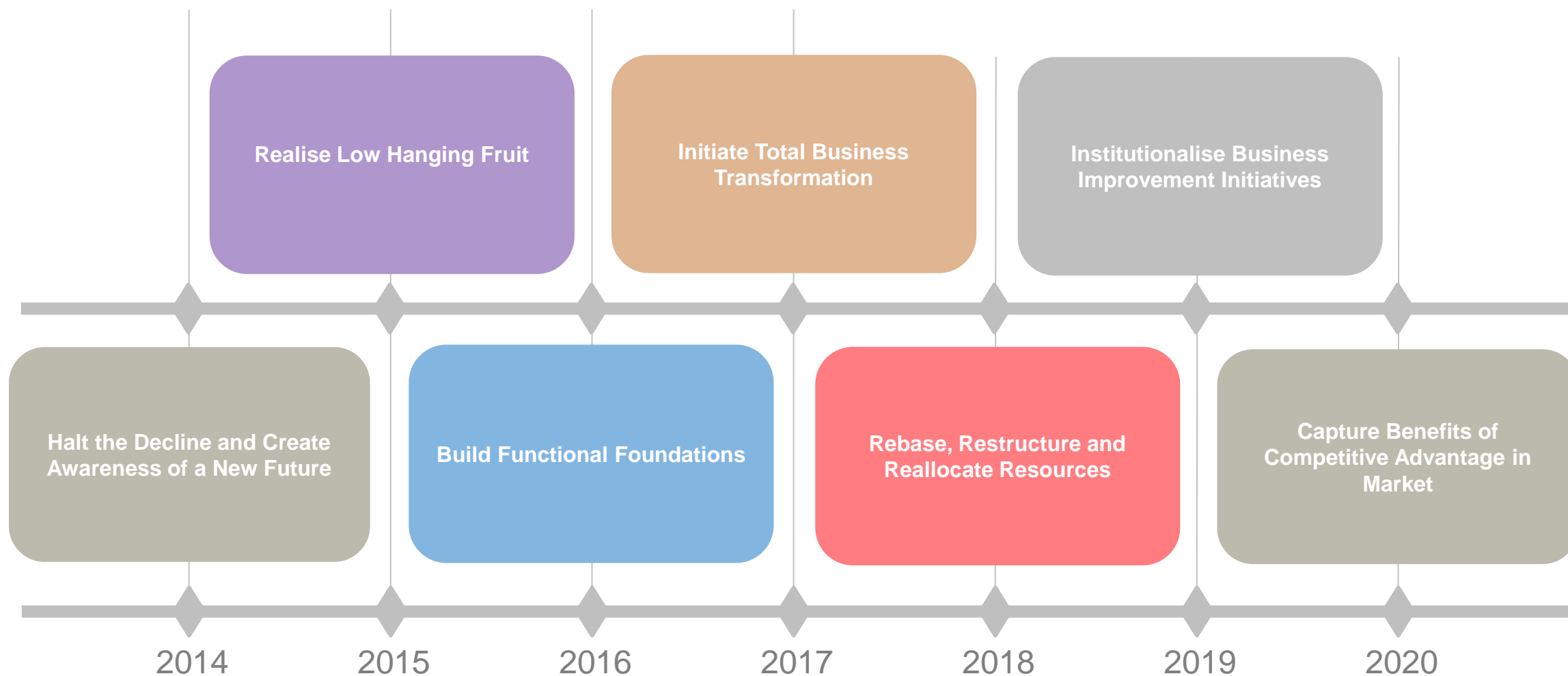
Assets Managed to  
Return on  
Investment

Efficient and  
Flexible Value  
Chain

Simple, Fast, and  
Integrated Process  
and Systems

Capabilities and  
Behaviours to  
Achieve Vision

## A Transformation Roadmap was Developed to Deliver the Strategic Imperatives



# A Holistic Supply Chain Restructure to Eliminate Obsolete Infrastructure and Inefficient Operational Practices

## Consolidation of Supply Chain Infrastructure and Operations

### Manufacturing

- Closure of the Kaohsiung manufacturing plant
- Investment in a new hybrid line in Taoyuan to increase capacity on PET, returnable bottles and new beverages
- Significant increase in the partnership with co-packers on production of still beverages

### Logistics

- Development of a new operating centre in Kaohsiung
- New automated storage and retrieval system in Taoyuan and streamline material flows in Taoyuan plant, warehouse and distribution centres

### Outcomes

- Consolidation of facilities management and maintenance costs
- Increase sparkling capacity on core packs
- Eliminate unnecessary transfers between North and South
- Reduce unnecessary materials movements and multiple handling of product
- Expand distribution centre service function



# Supply Chain Restructure Complemented with Commercial Initiatives

## Sales and Marketing Initiatives

### Description

#### Product and Brand

- Reduced reliance on sparkling category by over 30% while increasing market share from 38% in 2014 to 50% as of March 2019\*
- Developed, launched and built Real Leaf Tea into the market leading unsweetened eastern tea brand within 5 years\*

#### Modern Trade

- Significant growth in customer profitability / reduction in unprofitable promotional activity
- Investment in and development of commercial and channel strategy capability

#### General Trade

- Shift of resources away from low profit segments to higher profit segments
- Progressive development of segmented execution

#### Vending and Equipment

- Achieved vending profitability for the first time in 2018
- Over 50% increase in cooler placements since 2013
- Development of an equipment remanufacturing facility

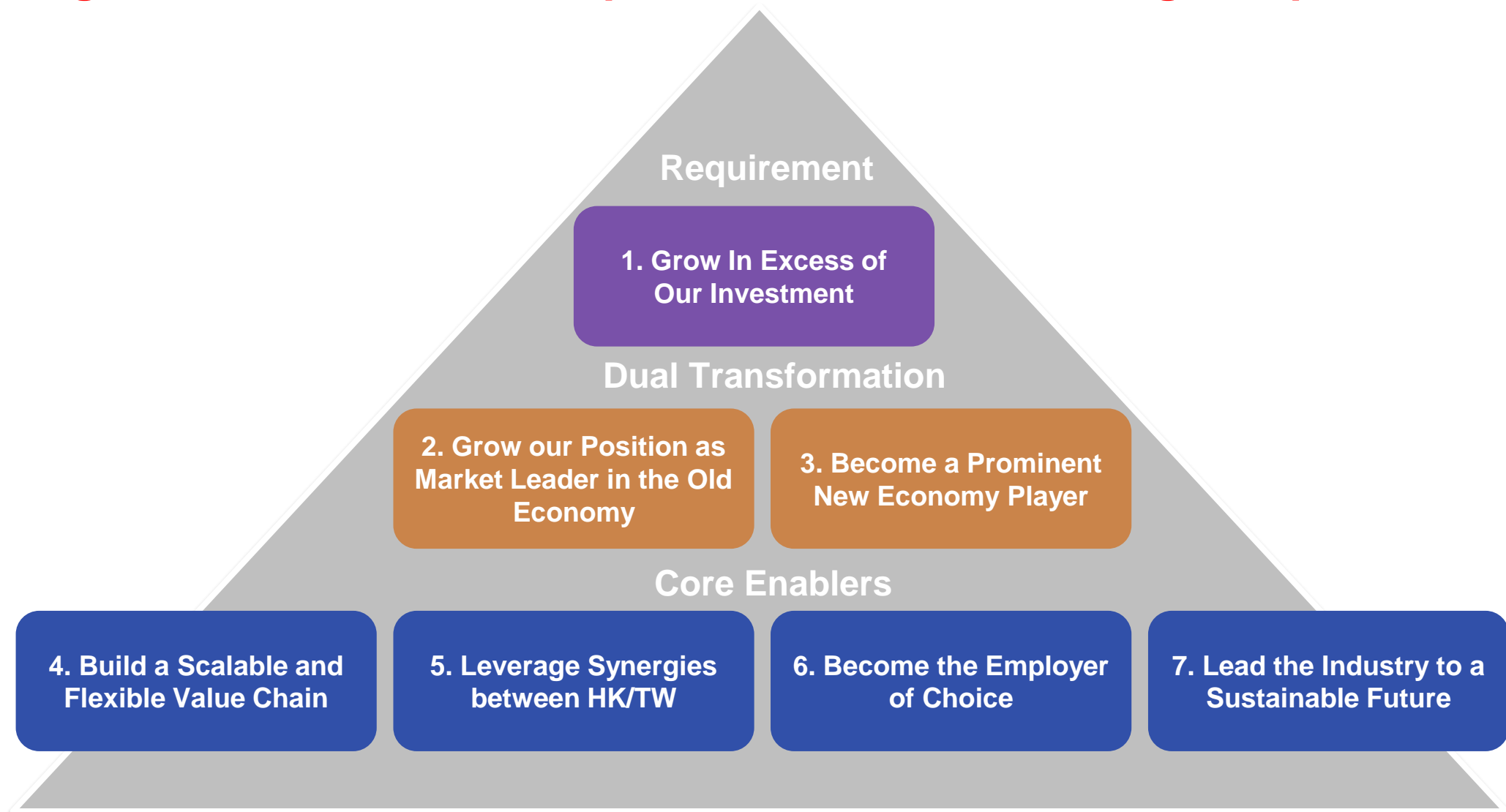
## Background



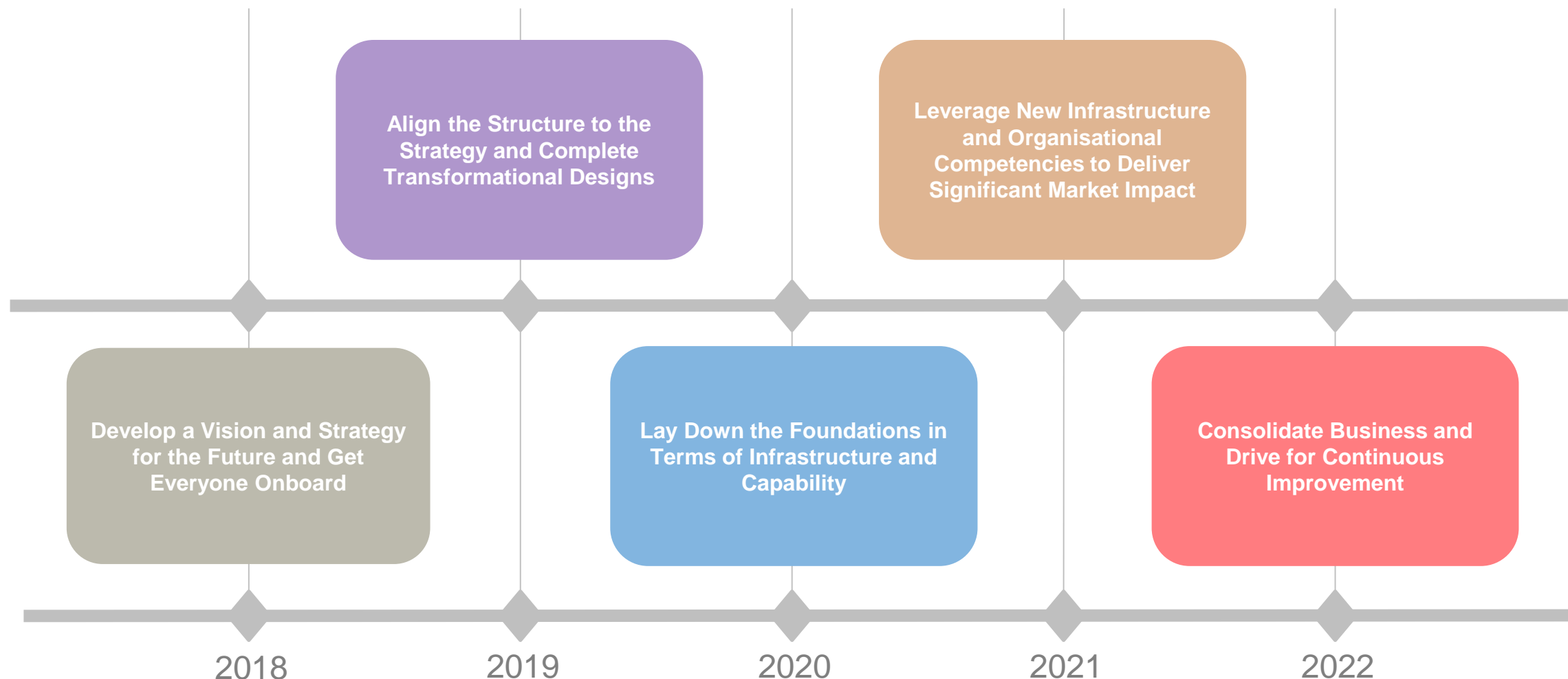
- Opened in 1991, Shatin is the world's tallest Coca-Cola manufacturing facility.
- 54 residential stories in height with 16 production lines and ~7k pallets warehousing.
- Shatin is approaching its original design capabilities and in 2018 a formal strategic and operational review was conducted.
- While the details are yet to be finalised, the optimal way forward to leverage the opportunities that were identified in the review will likely be to modernise Shatin and redesign operations around Shatin.



## A Long Term Plan was Developed around Seven Strategic Imperatives



## Similar to Taiwan, a Business Transformation Roadmap Has Been Developed



# The Business to Transform Over the Next Five Years

## Current Initiatives

### Description

#### Product and Brand

- Creation of a dedicated Innovation Team and new product development pipeline
- Return to growth of juice and tea
- Launch many innovative and consumer centric products, e.g. Coke Plus, Sprite Plus, Sleek Cans and Mini cans

#### Manufacturing

- 2 x combi lines commercialised in 2018
- Sleek can line commercialised in Q1 2019
- Aseptic dual-filler under construction and to be installed in Q4 2019
- Installation of a new tea extractor in 2019

#### Other

- Changes to personnel in key roles (2018)
- Channel and commercial structure in place in Q1 2019

**Digital Leadership**  
Dominic Wheeler  
Executive Director, Information Systems

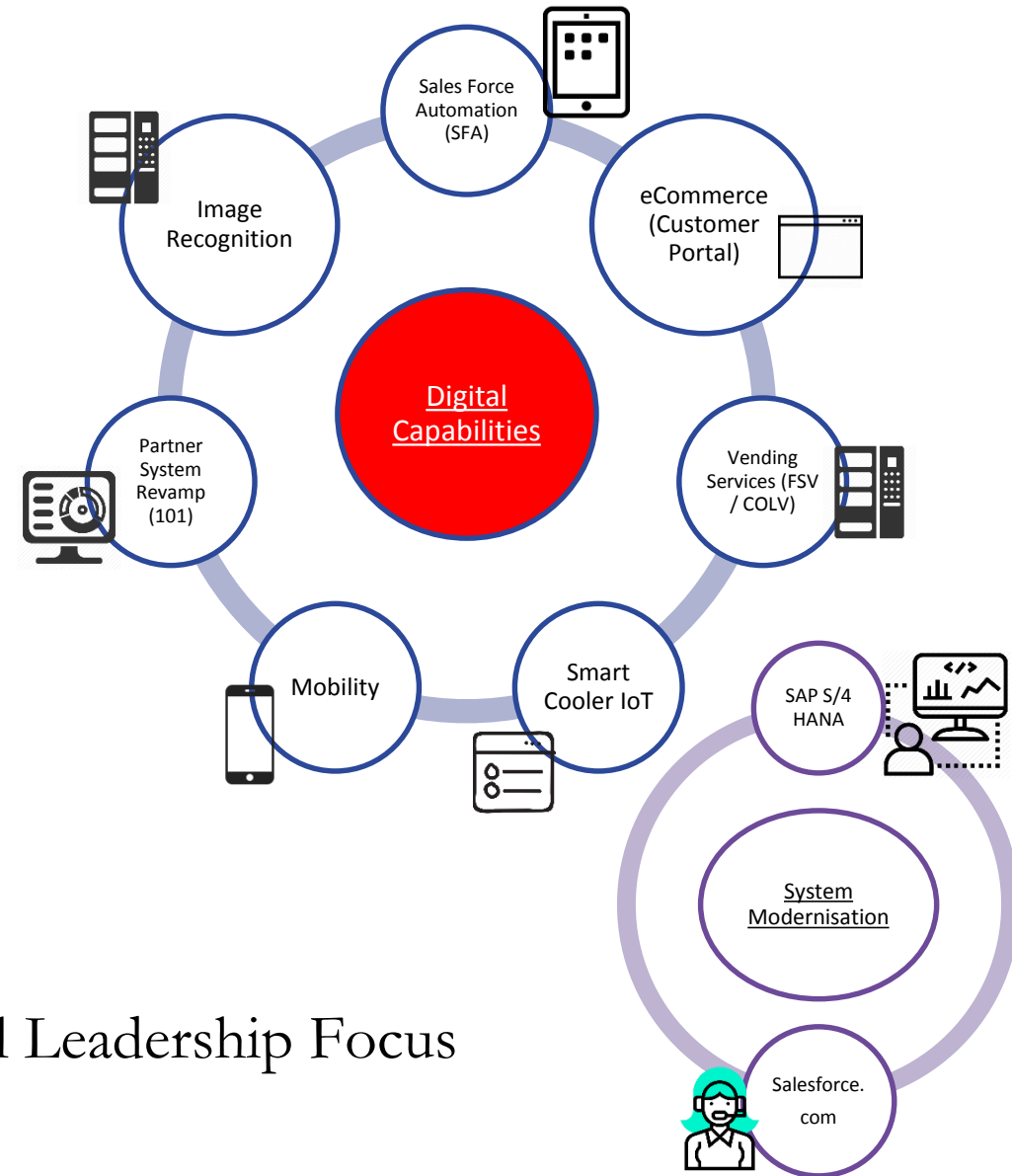
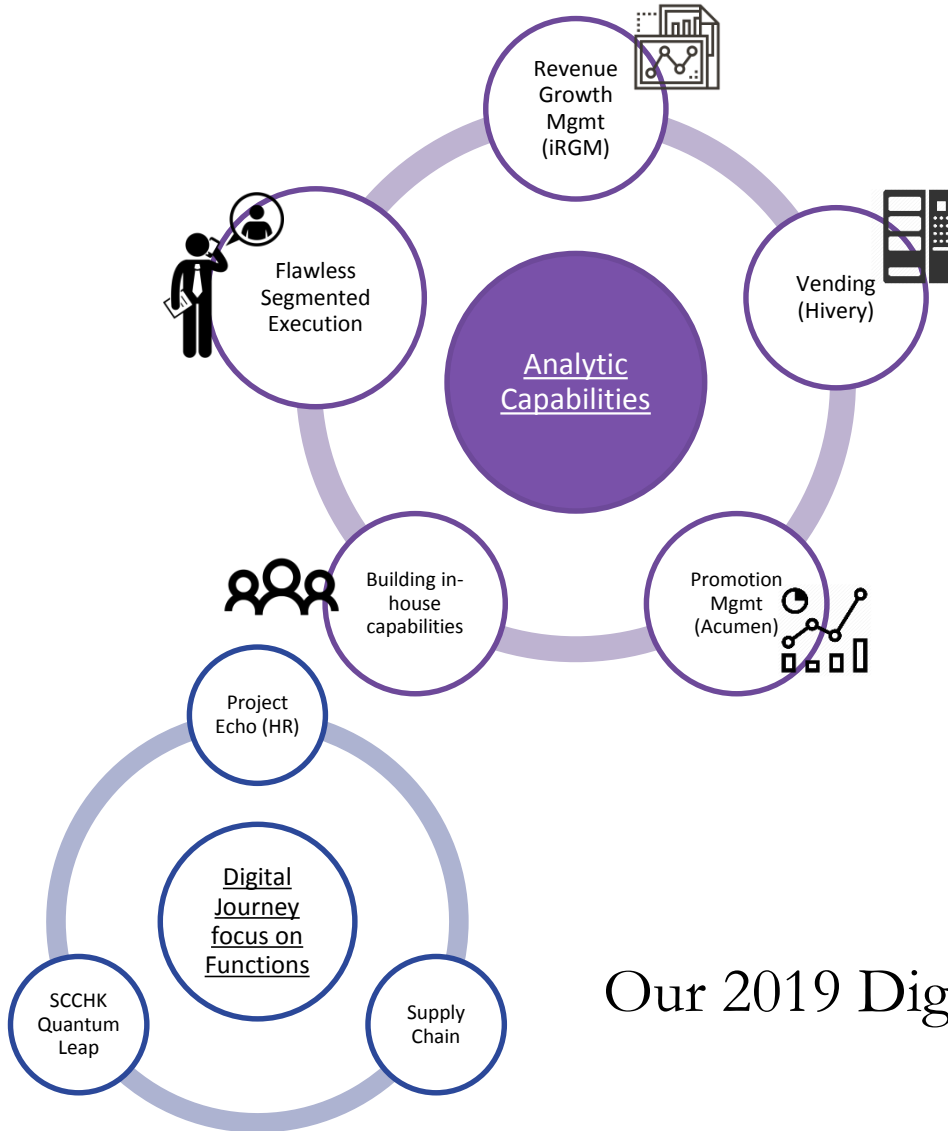


# Digital Leadership



“Becoming the Clear Digital Leader within the Beverages Industry, ultimately within the FMCG Industry, in our markets”

- Use of latest **technologies, innovation and disruptive technologies** to add business value
- World class **Sales Force Automation** tools, driven by:
  - Exploitation of internal and external **data** to drive outlet-specific action
- Best-in-class **Customer Portal** providing superior service vs third party B2B platforms
- **Digitally Enabled Equipment (IoT)**



## Our 2019 Digital Leadership Focus

Providing Speedy, Flexible and Scalable IT Platform with Cloud

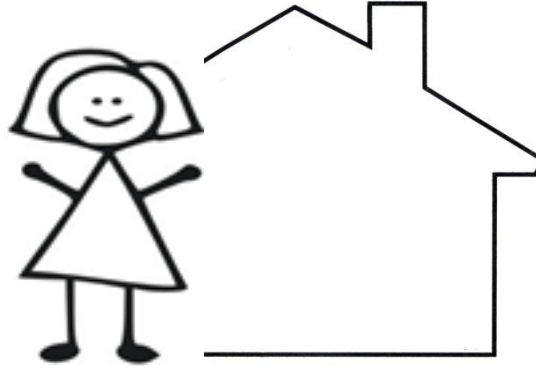




# Frontline Sales



# Customer



# Consumer



Route	Customer
Orders	Equipment
Execution	Contracts

Ordering	Accounting
Delivery	Contracts
Equipment	Marketing

Transactions



FRONT LINE  
AUTOMATION



CUSTOMER  
PORTAL

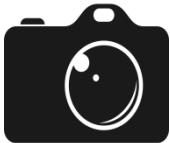


CONNECTED  
EQUIPMENT

# Front Line Automation Enabling Closed Loop Execution Management



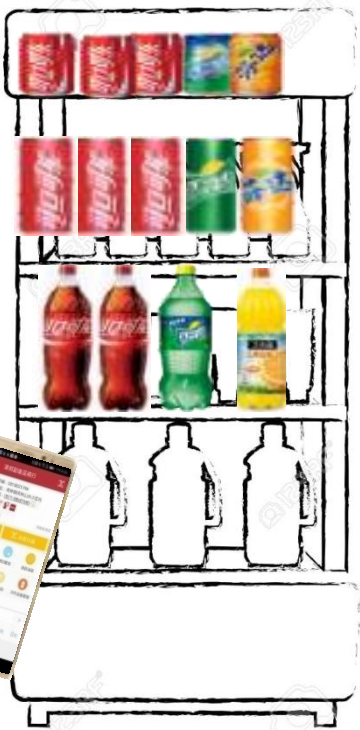
Store Level Execution Standards



Execution Checking



In Store Execution



# B2B Digital Interaction with Customers



**530k+ = 74%**  
**Customers Contract**  
**Outlets Outlets**



Orders



Logistics



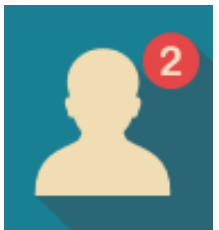
Accounts



Contracts



Equipment



Info

# Connected Equipment – IOT Beacons in All Swire Coolers



**720k+**  
Coolers in  
market in 2019



**Asset  
Management**

**Operational Data**



**Door  
Openings**



**Lighting and  
Temperature**



**Consumer  
Engagement**



## GAMES

## COMMUNICATION

## CONSUMER PROMOTIONS



## **Sustainability**

Peter Mills

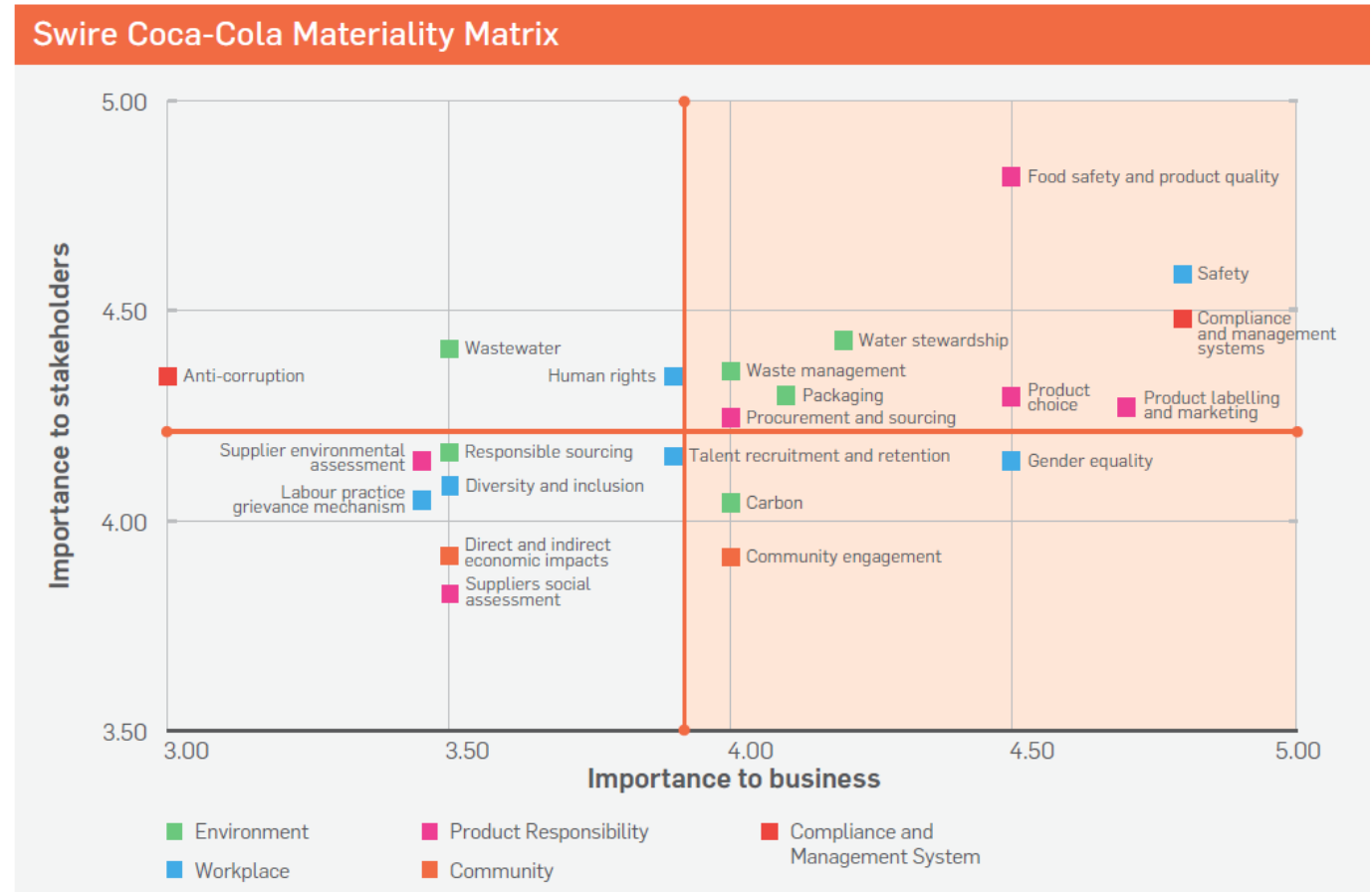
Executive Director, Supply Chain





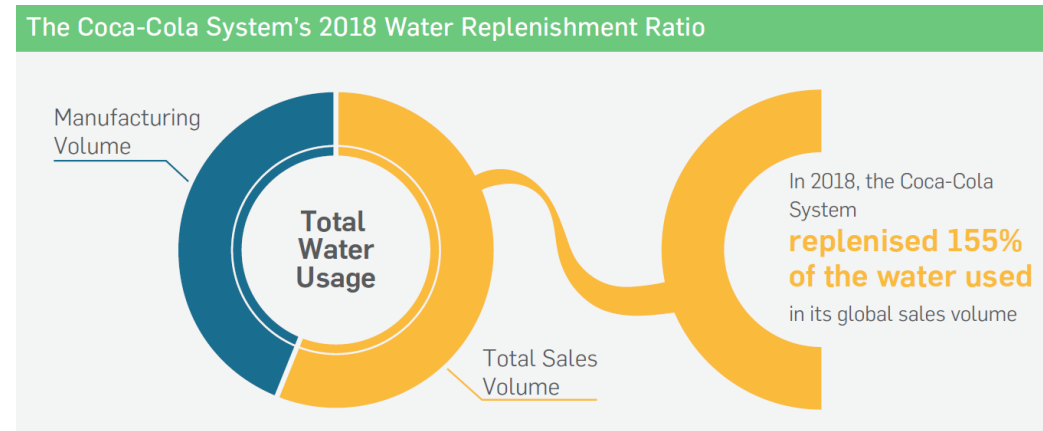
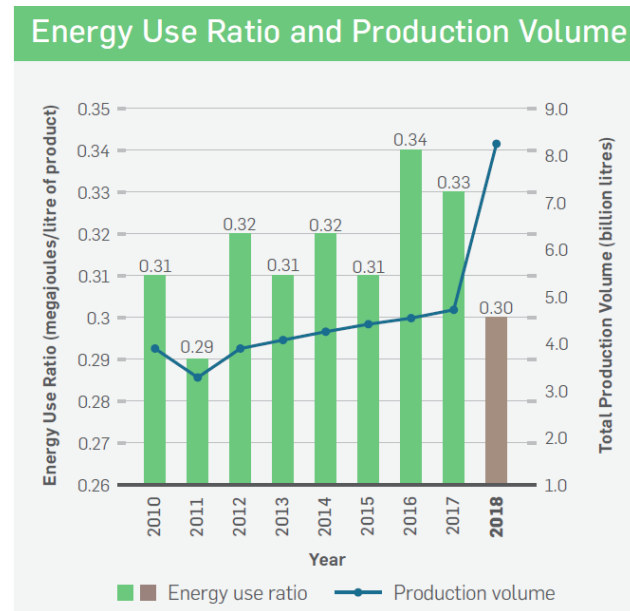
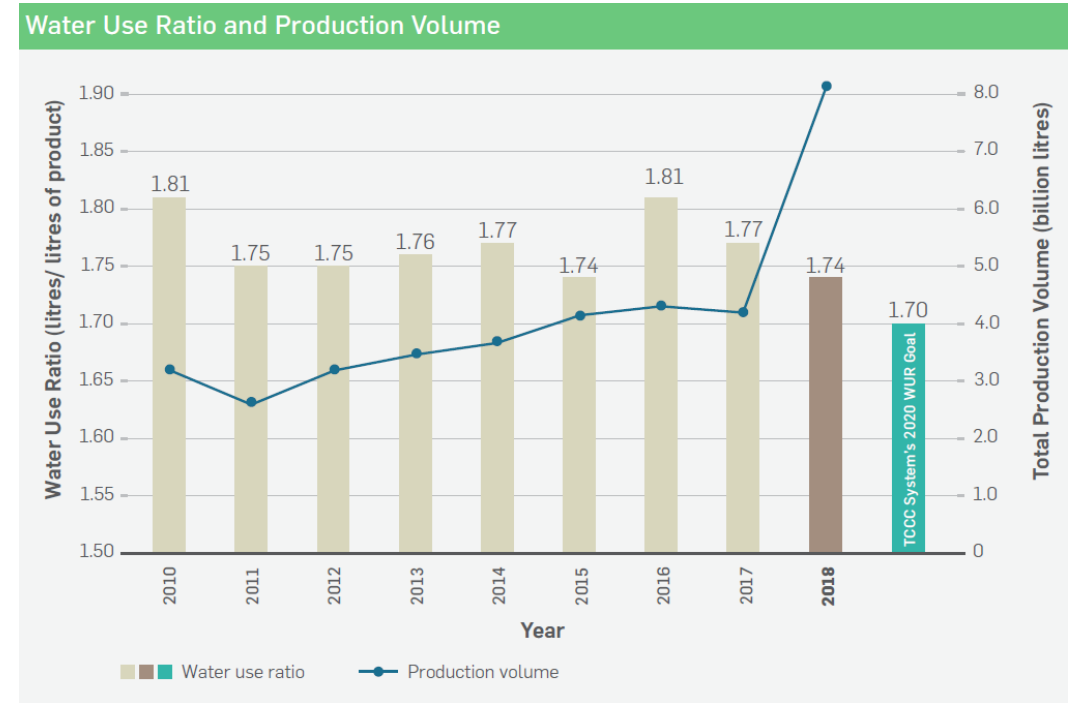
# 2018 Sustainable Development Report – Highlights

- A comprehensive GRI-compliant 2018 Sustainable Development Report was published in May 2019
- Key material subjects identified were:  
Water Stewardship, Packaging and Waste Management, Carbon  
Gender Equality, Safety  
Community Engagement  
Product Choice and Labelling, Product Quality and Food Safety, Procurement and Sourcing
- QR code for access to the 2018 Swire Coca-Cola Sustainable Development Report



# Water and Energy Use

- Water Use Ratio (WUR) is tracking down with volume growth
- Water replenishment > total water usage for the system
- Energy Use Ratio (EUR) is tracking down with volume growth



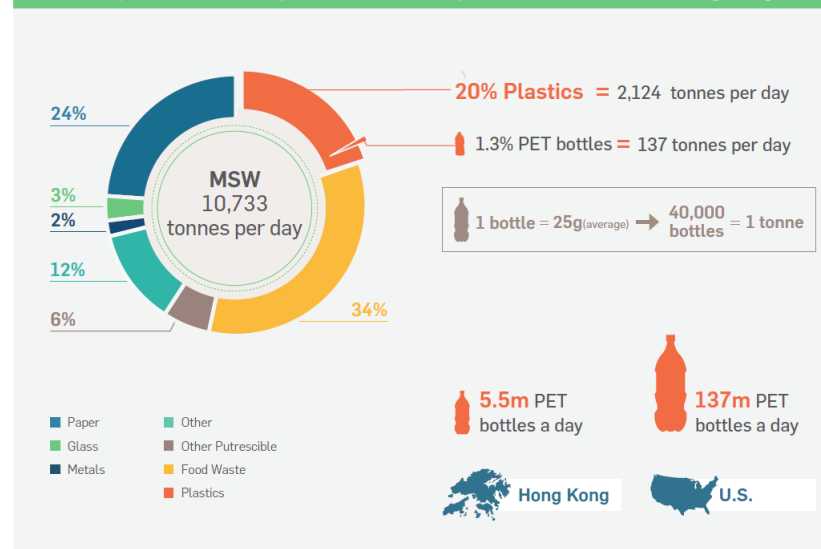
# #Drink Without Waste (#DWW) – a Hong Kong Initiative

- #DWW is a coalition of NGOs, industry, retailers, recyclers, universities, a think tank and other leading Hong Kong companies
- Swire Coca-Cola was a founding member of this initiative
- Phase I = An independent research study was commissioned and completed by Deloitte: “How to keep single-use soft drink packaging from landfill in HK” – Dec 2018
- Phase II (now) = Participate in the design of a Producer Responsibility Scheme for beverage packaging under a Hong Kong legal and regulatory framework

[www.drinkwithoutwaste.org](http://www.drinkwithoutwaste.org)



2017 Composition of Municipal Solid Waste Disposed of at Landfills in Hong Kong



Source: EPD statistics HK Government

## PET & HDPE Recycling Facility – a Hong Kong Initiative

- In 2018, Baguio (a local waste management company), ALBA (a German resource management company) and Swire Coca-Cola decided to form a joint venture to build, own and operate a 35,000tpa plastics recycling facility
- Location: EcoPark in Tuen Mun
- It is expected to be operational in 3Q 2020
- 80%/20% split on PET and HDPE
- The 80% PET represents most of the collected soft-drink post consumption PET in HK
- The output will be food grade rPET flake and rHDPE pellet
- These products will be sold on the international markets at the best prices available



## Packaging and Waste Management

Ellen MacArthur Foundation's New Plastics  
Economy - Global Commitment



- Swire Coca-Cola joined Ellen MacArthur's New Plastics Economy 'NPEC' in 2017, and in 2018 signed the Global Commitment alongside The Coca-Cola Company
- NPEC provides access to what has become the default authority on plastic waste – and specifically plastic waste packaging, as well as a forum to discuss collection and recovery methods with many of the world's leading FMCG companies

## Carbon

- In 2019, Swire Coca-Cola will conduct a study as to whether it can submit a Science Based Target (SBT) to the SBT Initiative (SBTi)
- This project is co-funded by The Coca-Cola Company



## Closing Remarks

Patrick Healy  
Managing Director



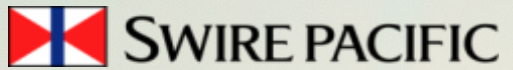


# Swire Coca-Cola: Five Strategic Priorities



- ✓ **Portfolio Expansion**
- ✓ **Digital Leadership**
- ✓ **Benchmarking**
- ✓ **Commercial Leadership**
- ✓ **Sustainability**





Swire Coca-Cola

Capital Markets Day  
29th May 2019



| *Coca-Cola*

SWIRE COCA-COLA

