

COUNTRY NEWS

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Share price slump for Coca-Cola Amatil

December 12 2005

Country News

SPC Ardmona's owner, Coca-Cola Amatil, has reported that its share price has not recovered from a 4.8 per cent slump in the second half of this year.

High prices for oil, PET resin, sugar and aluminium have been blamed for the continued slump.

Leyland Private Asset Management client adviser Hamish Church said the price was sitting about \$7.45 since dropping down from \$9.11 in March.

"It (the price) did trade up to \$7.90, but it's down again," Mr Church said.

"Coca-Cola Amatil inputs are primarily sugar, aluminum and PET resin.

"The plastic used to produce the bottles and containers are manufactured from PET resin which is in turn directly correlated to the price of oil.

"The price of aluminium has also increased by 10 per cent in the past three months and sugar went up three per cent last Tuesday."

Mr Church said ethanol (which is partially derived from sugar) was having an impact on the market because demand for it as a cheaper fuel option has gone up.

"Coca-Cola Amatil has been offsetting these higher costs by a four per cent increase to the price of their carbonated products (60 per cent of Coca-Cola Amatil's business)," he said.

"If the oil price stays as it is (US\$60/barrel), then it will hurt Coca-Cola Amatil's bottom line.

"As a shareholder, you need to have a view on the oil price as it has an overriding effect on the company's costs base."

Mr Church said the market was expecting a net profit after tax growth of 15 per cent for the 2005 calendar year.

"Whereas Terry Davis announced to the market in September that it will be more like 11 per cent with continued uncertainty in 2006," he said.

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