

COCA COLA ENTERPRISES INC

Form 425

September 09, 2010

John F. Brock

John F. Brock

Chairman and CEO

Chairman and CEO

September 8, 2010

September 8, 2010

Filed by International CCE Inc. pursuant to
Rule 425 of the Securities Act of 1933 and
deemed filed pursuant to Rule 14a-12 of the
Securities Exchange Act of 1934

Subject Company: Coca-Cola Enterprises Inc.

Commission
File
No.:
001-
09300

Information & Forward-Looking Statements

Information & Forward-Looking Statements

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FORWARD-LOOKING STATEMENTS

Included in this news release are forward-looking management comments and other statements that reflect management's current expectations for future periods. As always, these expectations are based on currently available competitive, financial, and economic data along with other information and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the

statements. The forward-looking statements in this news release should be read in conjunction with the risks and uncertainties with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and subsequent SEC filings.

IMPORTANT ADDITIONAL TRANSACTION INFORMATION AND WHERE TO FIND IT

This communication may be deemed to be solicitation material in respect of the proposed transaction. In connection with the proposed transaction, Coca-Cola Enterprises Inc. ("Company") will file relevant materials with the Securities and Exchange Commission ("SEC"), including a proxy statement/prospectus contained in a Form S-4 registration statement, which has been mailed to the

Company.

Shareowners of the Company are urged to read all relevant documents filed with the SEC, including the proxy statement/prospectus, which contain important information about the proposed transaction.

Shareowners may obtain a free copy of the proxy statement/prospectus and other documents filed by the Company at the SEC's website, www.sec.gov. Copies of the documents filed with the SEC by the Company are available free of charge on the Company's website under the tab "Investor Relations" or by contacting the Investor Relations Department of Coca-Cola Enterprises at 770-989-3200.

PARTICIPANTS IN THE SOLICITATION

Coca-Cola Enterprises ("Company") and its directors, executive officers and certain other members of its management and employees are expected to be participants in the solicitation of proxies from its shareowners in connection with the proposed transaction. Information regarding such directors and executive officers was included in the Company's Proxy Statement for its 2010 Annual Meeting of Shareowners held on March 5, 2010, a Form 10-K filed on February 12, 2010 and information concerning the participants in the solicitation is included in the proxy statement/prospectus relating to the proposed transaction. Each of these documents is available free of charge at the SEC's website and from the Company on its website or by contacting the Investor Relations Department at the telephone number above.

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new CCE
new CCE

\$7.3 billion revenue
\$7.3 billion revenue
(pro forma FY 2009)

(pro forma FY 2009)

600 million physical cases
600 million physical cases

550,000 pieces
550,000 pieces
of cold drink equipment
of cold drink equipment

18 manufacturing
18 manufacturing
facilities
facilities

13,000 employees
13,000 employees

Continuity of management
Continuity of management
Source: Internal reports; numbers are rounded
4

Solid Growth Record and Outlook

Solid Growth Record and Outlook

Source: CCE annual earnings release. Figures are comparable, represent CCE's

European

operating segment and exclude Norway, Sweden and corporate expenses

Europe

Europe

OI
OI
(\$
(\$
millions)
millions)

Over 4 years of solid growth
Over 4 years of solid growth

Attractive and balanced
Attractive and balanced
business model
business model

Talented and experienced
Talented and experienced
management team
management team

Driving improved efficiency &
Driving improved efficiency &
leveraging operational scale
leveraging operational scale

Economic headwinds demand
Economic headwinds demand
continued improvement
continued improvement

5

Be the Best Beverage Sales &
Be the Best Beverage Sales &
Customer Service Company
Customer Service Company
VISION
VISION
STRATEGIC PRIORITIES

STRATEGIC PRIORITIES

Our Global Operating Framework
Our Global Operating Framework
Remains Unchanged
Remains Unchanged

#1 or strong #2
#1 or strong #2

Most valued supplier
Most valued supplier

Winning and inclusive culture
Winning and inclusive culture
Drive consistent long-term
Drive consistent long-term
profitable growth
profitable growth

FINANCIAL OBJECTIVE
FINANCIAL OBJECTIVE

6

SPARKLING FLAVORS
SPARKLING FLAVORS
Customer and Consumer Preferred
Customer and Consumer Preferred
Brands Across Key Categories
Brands Across Key Categories
ENERGY

ENERGY

RED, BLACK,

RED, BLACK,

SILVER

SILVER

STILL

STILL

WATER

WATER

ISOTONICS / SPORTS

ISOTONICS / SPORTS

7

Coca-Cola TM
Spa
Fanta
Pepsi-Cola
Dubbelfriss
Reidel
14%

5%
3%
3%
3%
Coca-Cola TM
Pepsi-Cola
Lerum
Meierienes
Fun Light
22%
12%
6%
5%
5%
Coca-Cola TM
Bob
Ramlosa
Loka
Fanta
18%
5%
5%
5%
4%
NARTD
NARTD
Share -
Share -
Top 5 Brands
Top 5 Brands
Coca-Cola Trademark (TM)
Coca-Cola Trademark (TM)
Leads in All Countries
Leads in All Countries
Source: Canadean
Market Insights 2009
Great Britain
Great Britain
The Netherlands
The Netherlands
Belgium
Belgium
France
France
Norway
Norway
Sweden
Sweden
8

TCCC per Capita Consumption 2009
TCCC per Capita Consumption 2009
Opportunities for Growth -
Opportunities for Growth -
Europe
Europe
Mexico

Mexico
United States
United States
Belgium
Belgium
Great Britain
Great Britain
Netherlands
Netherlands
France
France
Sweden
Sweden
Norway
Norway
New CCE
New CCE
+8
+8
2009
2009
change
change
+6
+6
+3
+3
+7
+7
9

Source: TCCC; based on eight U.S. fluid ounces of a finished TCCC beverage

Key CCE Opportunities

Key CCE Opportunities

Opportunities for Growth -

Opportunities for Growth -

Europe

Europe

Recruitment

Recruitment

& Frequency

& Frequency

Energy

Energy

Juice Drinks & Stills

Juice Drinks & Stills

Shopper-centric marketing

Shopper-centric marketing

Segmented revenue management

Segmented revenue management

DSD quality availability & execution

DSD quality availability & execution

10

Driving Growth in Sparkling and Still

Driving Growth in Sparkling and Still

Source: NARTD -

Canadean Market Insights 2009; CCE 1H10 volume includes Great Britain, France, Belgium, and the Netherlands

Sparkling Growth is

Sparkling Growth is

Driven by Growing

Driven by Growing
the Category
the Category
Still Growth is Driven
Still Growth is Driven
by Growing Share in
by Growing Share in
Existing Segments
Existing Segments
and Targeting New
and Targeting New
Opportunities
Opportunities
3%
3%
Sparkling
Sparkling
Still
Still
Water
Water
11

Growing Share in Growing Markets

Growing Share in Growing Markets

Source: AC Nielsen YTD June 2010; numbers are rounded

Category

Category

Value

Value

Growth

Growth

CCE Value

CCE Value

Share

Share

Growth

Growth

CCE

CCE

Value

Value

Share

Share

6%

6%

~Flat

~Flat
64%
64%
8%
8%
66%
66%
4%
4%
71%
71%
3%
3%
52%
52%
2%
2%
55%
55%
4%
4%
59%
59%
Market
Market
Value
Value
Growth
Growth
CCE Value
CCE Value
Share
Share
Growth
Growth
CCE
CCE
Value
Value
Share
Share
6%
6%
~Flat
~Flat
33%
33%
5%
5%
22%

22%

3%

3%

40%

40%

(1%)

(1%)

21%

21%

3%

3%

36%

36%

2%

2%

26%

26%

Core Sparkling

Core Sparkling

NARTD

NARTD

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Volume & Share
Volume & Share
Gains
Gains
Sparkling Category
Sparkling Category
Red, Black and Silver Driving Category
Red, Black and Silver Driving Category
Growth and Gaining Share
Growth and Gaining Share
MyCoke
Volume
Share
Value
Share
2010 (YTD)
+0.6
+0.8

2009

+0.7

+0.2

2007-9

+1.3

+0.2

Category

Volume

Growth

%

Value

Growth

%

2010 (YTD)

1.2%

5.8%

2009

3.7%

5.3%

2007-9

2.3%

4.7%

Physical Case

Physical Case

Growth

Growth

Growth %

All 3

All 3

Cokes in

Cokes in

Growth

Growth

2010

2010

Source: Category and Share data from AC Nielsen YTD June 2010; Case growth CCE internal data

13

1H10

+3.5%

2009 vs. 2008

+7.5%

2007-9 CAGR

+5.0%

Red, Black, Silver
Red, Black, Silver
Expanding Sources of Growth
Expanding Sources of Growth
10%
10%
OTHER SSD

OTHER SSD

& Energy

& Energy

Still & Water

Still & Water

60%

60%

Europe 1H10 Volume Growth Sources

Europe 1H10 Volume Growth Sources

30%

30%

14

Source: CCE internal data, numbers are rounded

Driving Growth with TCCC
Driving Growth with TCCC

EXPAND availability
EXPAND availability

CONNECT Coca-Cola
CONNECT Coca-Cola
with meals
with meals

LEVERAGE emblematic
LEVERAGE emblematic
properties

properties

RE-CONNECT with
RE-CONNECT with
our roots
our roots

LEAD a positive
LEAD a positive
category dialogue
category dialogue
Coca-Cola
World Cup 2010
15

SSD Category Evolution
SSD Category Evolution
(Home Channel)
(Home Channel)
Category Rank
Category Rank
(Home Channel)

(Home Channel)

Increasing Category Importance

Increasing Category Importance

France

France

2002

2002

#6

#6

#2

#2

#1

#1

2008

2008

2009

2009

8.6%

1.1%

1.5%

3.8%

4.3%

2.2%

-0.6%

3.9%

2.0%

1.5%

Retail Sales in EUR

(billion)

YOY

Volume

Growth

Source: Nielson Moving Annual Total through May 2010 for Hypermarkets, Supermarkets, and Hard Discounters

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Segmented
Segmented
Outlet
Outlet
Execution
Execution

Leveraging Scale to Drive Growth &

Leveraging Scale to Drive Growth &

Improve Customer Service

Improve Customer Service

Flexible

Flexible

Route-to-Market

Route-to-Market

Shopper

Shopper

Centered

Centered

Execution

Execution

~10%

~10%

direct store delivery by CCE

direct store delivery by CCE

~55%

~55%

delivered through customer

delivered through customer

warehouses

warehouses

~35%

~35%

delivered through wholesalers

delivered through wholesalers

and other intermediaries

and other intermediaries

Source: Internal reports for current CCE Europe; numbers are rounded

17

Product Portfolio
Product Portfolio
/ Active Lifestyle
/ Active Lifestyle
Water
Water
Stewardship
Stewardship
Packaging & Recycling
Packaging & Recycling
Energy & Climate
Energy & Climate
Corporate Responsibility &
Corporate Responsibility &
Sustainability (CRS)
Sustainability (CRS)
Commitment 2020
Commitment 2020
Diverse &
Diverse &
Inclusive Culture
Inclusive Culture
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Pan European Operations and a Local
Pan European Operations and a Local
Business Led By Skilled Employees
Business Led By Skilled Employees
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Financial Priorities
Financial Priorities
Financial Framework
Financial Framework
CONSISTENT
CONSISTENT
Long-term
Long-term
profitable growth
profitable growth
MAXIMIZE
MAXIMIZE
Free
Free
cash flow
cash flow
MAINTAIN
MAINTAIN
Financial
Financial
flexibility
flexibility
INCREASE
INCREASE
Return on
Return on
invested capital
invested capital
INVEST IN HIGH
INVEST IN HIGH
RETURN
RETURN
OPPORTUNITIES
OPPORTUNITIES
Organic and Acquisition
Organic and Acquisition

RETURN CASH TO
RETURN CASH TO
SHAREOWNERS
SHAREOWNERS

Dividend and Share
Dividend and Share

Repurchase

Repurchase

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OPTIMIZE CAPITAL

OPTIMIZE CAPITAL

STRUCTURE

STRUCTURE

Long-term Net Debt to

Long-term Net Debt to

EBITDA ~2.5 to 3.0x

EBITDA ~2.5 to 3.0x

new CCE Long-Term Growth

new CCE Long-Term Growth

Objectives

Objectives

Note: Objectives are comparable, currency neutral, and are not adjusted for acquisitions

The non-GAAP financial measure return on invested capital (ROIC) is net operating income less effective taxes divided by average invested capital. Average invested capital is average annual net debt plus average annual book equity. Net debt is current debt plus long

minus

cash.

These

measures

are

used

to

more

clearly
evaluate
our
capital
structure
and
leverage.

Near Term, We Expect Share Repurchase
Near Term, We Expect Share Repurchase
to Drive EPS Growth Above Our Long-Term Objective
to Drive EPS Growth Above Our Long-Term Objective
22

Current
new CCE
Revenue Growth

4
5%
4
6%
OI Growth
5
6%
6
8%

EPS Growth
HSD
HSD
ROIC Improvement

>
20
bps/yr
>
20
bps/yr

Solid Balanced Revenue Growth
Solid Balanced Revenue Growth
Europe Price per case + Volume Growth
Europe Price per case + Volume Growth
Source: CCE earnings release
5.0%
5.0%
3.0%
3.0%
5.0%
5.0%
9.5%
9.5%

5.0%

5.0%

To Consumers

To Consumers

& Customers

& Customers

VALUE

VALUE

To Maintain & Enhance

To Maintain & Enhance

our Margins

our Margins

COMMITMENT

COMMITMENT

On Managing Levers

On Managing Levers

to Grow Value

to Grow Value

FOCUS

FOCUS

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Gross profit is a
Gross profit is a
relatively narrow gap
relatively narrow gap
between channel and

between channel and
package types
package types

After adjusting for
After adjusting for
SD&A, operating profit
SD&A, operating profit
gap narrows
gap narrows
Balanced Profit Portfolio
Balanced Profit Portfolio
By Package
By Package
By Channel
By Channel

Note: CCE internal data, numbers are rounded

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Europe GP per case Index
Europe GP per case Index

Historically Stable Cost of Goods
Historically Stable Cost of Goods

Increased package
Increased package
diversity

diversity

Cans are a mix of steel
Cans are a mix of steel
and aluminum v. all
and aluminum v. all
aluminum in NA
aluminum in NA

Glass and other is 16%
Glass and other is 16%
of volume v. 1% in NA
of volume v. 1% in NA

Declining beet sugar
Declining beet sugar
costs as opposed to
costs as opposed to
volatile HFCS costs
volatile HFCS costs
Select Differences
Select Differences
25
COGs
COGs
per case Growth
per case Growth
Source: CCE earnings release

Price per case -
Price per case -
COGs/per case
COGs/per case
Historically Maintained or Improved
Historically Maintained or Improved
Gross Margins

Gross Margins

Stable cost of goods per
Stable cost of goods per
case
case

Consistent long-term
Consistent long-term
approach to managing
approach to managing
margins
margins

Incidence based
Incidence based
concentrate model
concentrate model
Select Highlights
Select Highlights
26

Source: CCE earnings release

Expenses Focused on Sales

Expenses Focused on Sales

Europe SD&A per case

Europe SD&A per case

Indexed to North America

Indexed to North America

Source: CCE internal reports. Figures are comparable: CCE's European operating segment excludes Norway,

Sweden and corporate expenses; figures are rounded to nearest 5%

SD&A As % Sales

SD&A As % Sales

NA OI Margin

NA OI Margin

~10%

~10%

Europe OI Margin

Europe OI Margin

~15%

~15%

27

Increased Financial Flexibility
Increased Financial Flexibility
Net Debt (in Billions)
Net Debt to EBITDA
Net Debt to EBITDA
\$12.0
\$12.0

\$11.6

\$11.6

\$11.0

\$11.0

\$10.0

\$10.0

\$9.8

\$9.8

\$9.2

\$9.2

\$8.3

\$8.3

\$7.7

\$7.7

~\$2.0

~\$2.0

Note: Net Debt is total debt less cash; EBITDA figures are on a comparable basis

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2010 CCE Business Outlook

2010 CCE Business Outlook

current CCE 2010 Outlook

current CCE 2010 Outlook

Revenue Growth

Revenue Growth

Low Single-Digit

Low Single-Digit

(North America Flat)

(North America Flat)

(Europe MSD)

(Europe MSD)

OI Growth

OI Growth

12% to 14%

12% to 14%

(North America MSD to HSD)

(North America MSD to HSD)

(Europe HSD to LDD)

(Europe HSD to LDD)

EPS Growth

EPS Growth

\$1.78 to \$1.82

\$1.78 to \$1.82

(includes ~7 cent negative currency at recent rates)

(includes ~7 cent negative currency at recent rates)

30

Note: Revenue and OI outlook is comparable and currency neutral;

EPS outlook is comparable

Income Statement
Income Statement
FY10 Illustrative pro forma new CCE
FY10 Illustrative pro forma new CCE
new CCE
new CCE
pro forma FY09

pro forma FY09
new CCE FY10
new CCE FY10
pro forma Estimate
pro forma Estimate
Net Operating Revenues
Net Operating Revenues
\$7,263
\$7,263
Cost of Goods Sold
Cost of Goods Sold
4,534
4,534
Gross Profit
Gross Profit
2,729
2,729
SD&A
SD&A
1,886
1,886
Operating
Operating
Income
Income
(EBIT)
(EBIT)
(assuming
(assuming
~10%
~10%
currency
currency
neutral
neutral
growth
growth
offset
offset
by
by
~4%
~4%
negative
negative
Fx
Fx
translation)
translation)
843

843
~\$890
~\$890
Interest
Interest
(assuming
(assuming
~4.5%
~4.5%
on
on
~\$2.4B)
~\$2.4B)
(110)
(110)
Income Before Taxes
Income Before Taxes
780
780
Income
Income
Tax
Tax
Expense
Expense
(assuming
(assuming
~29%
~29%
effective rate)
effective rate)
(230)
(230)
Net Income
Net Income
\$550
\$550
EPS
EPS
(assuming ~350 million diluted Shares)
(assuming ~350 million diluted Shares)
~\$1.57
~\$1.57
EBITDA
EBITDA
(assumes
(assumes
depreciation
depreciation
and

and
amortization
amortization
of
of
\$0.3
\$0.3
billion)
billion)
~\$1.2B
~\$1.2B
31

Note: Estimates are rounded

For 2011, earnings per share will likely exceed our long-term growth objective as a

For 2011, earnings per share will likely exceed our long-term growth objective as a

result of share repurchase activity

result of share repurchase activity

additional details to be provided in December

additional details to be provided in December

Capital Structure & Transaction Highlights
Capital Structure & Transaction Highlights
Fully diluted
Fully diluted
Shares Outstanding
Shares Outstanding
350 Million

350 Million

2011 Effective

2011 Effective

Tax Rate ~28% to

Tax Rate ~28% to

30%

30%

U.S. Domiciled,

U.S. Domiciled,

NYSE listed

NYSE listed

Net Debt at close expected to be ~\$2 billion

Net Debt at close expected to be ~\$2 billion

~\$2.4 billion in gross debt and ~\$0.4 billion in cash

~\$2.4 billion in gross debt and ~\$0.4 billion in cash

Source

Source

Use

Use

\$10 per share distribution

\$10 per share distribution

Norway & Sweden Acquisition

Norway & Sweden Acquisition

Balance Sheet

Balance Sheet

Cash from Operations

Cash from Operations

Exercise of Options

Exercise of Options

New Debt

New Debt

Other

Other

Expected Sources & Uses of Cash

Expected Sources & Uses of Cash

Transaction

Transaction

Expectations

Expectations

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Transaction
Transaction
Is On Track
Is On Track
to Close in
to Close in
the Fourth

the Fourth
Quarter
Quarter
Transaction Progress
Transaction Progress
On Track
On Track

European Commission approval received
European Commission approval received

Favorable IRS private letter ruling received
Favorable IRS private letter ruling received

Shareholder meeting scheduled for October 1
Shareholder meeting scheduled for October 1

Norway and Sweden integration preparation
Norway and Sweden integration preparation
Key Steps
Key Steps
Remaining
Remaining
Include
Include

U.S. Antitrust Approval
U.S. Antitrust Approval

Canadian Antitrust Approval
Canadian Antitrust Approval

Shareowner Approval
Shareowner Approval
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Key Takeaways
Key Takeaways

Our business in Europe has a history of solid growth
Our business in Europe has a history of solid growth

Our financial priorities are on driving long-term growth
Our financial priorities are on driving long-term growth

Our long-term growth targets for new CCE
Our long-term growth targets for new CCE
exceed our current targets
exceed our current targets

CCE is focused on delivering 2010 and now expects 2010
CCE is focused on delivering 2010 and now expects 2010

EPS
EPS
to
to
be
be
in
in
a
a
range
range
of
of
\$1.78
\$1.78
to
to
\$1.82
\$1.82
on
on
a
a
comparable
comparable
basis
basis
including a negative currency impact of ~7 cents at current levels
including a negative currency impact of ~7 cents at current levels

Transaction with TCCC is on track to close in the fourth
Transaction with TCCC is on track to close in the fourth
quarter
quarter
35

John F. Brock
John F. Brock
Chairman and CEO
Chairman and CEO
September 8, 2010
September 8, 2010

Important Additional Information and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any connection with the proposed transaction and

required
shareowner
approval,
Coca-Cola
Enterprises
Inc.
(the
Company)

will
file
relevant
materials

with

the Securities and Exchange Commission (the SEC), including a proxy statement/prospectus contained in a registration statement has been mailed to the shareowners of the Company. The registration statement became effective August 25, 2010.

SHAREOWNERS OF THE COMPANY ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC STATEMENT/PROSPECTUS, BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Shareowners

may
obtain

a

free

copy

of

the

proxy

statement/prospectus

and

other

documents

filed

by

the

Company

at

the

SEC s

web

site

at

www.sec.gov.

Copies

of

the

documents

filed

with

the

SEC

by
the
Company
are
available
free
of
charge
on
the
Company's
website
at

www.cokecce.com

under the tab Investor Relations

or by contacting the Investor Relations Department of Coca-Cola Enterprises at 770-989-3246.

Participants in the Solicitation

The Company and its directors, executive officers and certain other members of its management and employees may be deemed to be soliciting proxies from its shareowners in connection with the proposed transaction. Information regarding the interests of executive officers was included in the Company's Proxy Statement for its 2010 Annual Meeting of Shareowners filed with the SEC on February 12, 2010 and information concerning the participants in the solicitation is included in the proxy statement.

to
the
proposed
transaction.

Each
of
these
documents
is

available
free
of
charge

at
the
SEC's
website
at
www.sec.gov

and
from
the
Company
on
its

website or by contacting the Investor Relations Department at the telephone number above.

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