

21 February 2018

Market Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

2017 FINANCIAL AND STATUTORY REPORTS

In accordance with ASX Listing Rule 4.3A, I attach the 2017 Financial and Statutory Reports (incorporating Appendix 4E requirements) for Coca-Cola Amatil Limited.

A briefing will be held at 10.00am (AEST) on Wednesday, 21 February 2018 following the release of the announcements. This briefing will be webcast and can be accessed via our website at www.ccamatil.com.

Yours sincerely,



Jane Bowd

Group Company Secretary and Corporate Counsel



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OPERATING AND FINANCIAL REVIEW

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017 in comparison to results for the year ended 31 December 2016

APPENDIX 4E – KEY MATTERS

RESULT OVERVIEW

- Underlying¹ earnings per share (EPS) increased by 2.2 per cent, with statutory EPS up 85.7 per cent
- Underlying¹ net profit after tax (NPAT) broadly in line with FY16, and in line with our guidance provided in April 2017
- Statutory earnings before interest and tax (EBIT) of \$678.4 million, up 45.5 per cent, and statutory NPAT of \$445.2 million, up 80.9 per cent
- Underlying¹ EBIT of \$678.7 million and underlying NPAT of \$416.2 million representing declines of 0.7 per cent and 0.4 per cent respectively
- Strong earnings performances in New Zealand & Fiji, Indonesia & Papua New Guinea and Alcohol & Coffee
- Performance of Australian Beverages improved after Easter, following a challenging start to the year; improved trajectory in second half
- Non-trading items relating to one-off gain from sale of Richlands facility in Queensland offset one-off costs primarily relating to cost optimisation projects in Australian Beverages
- Final dividend of 26.0 cents per share (2H16: 25.0 cents per share), franked to 70 per cent, representing an underlying¹ payout ratio of 82.4 per cent for the full year
- Completion of share buy-back program in November 2017 with 39.6 million shares bought back for total consideration of \$350 million at an average price of \$8.84 per share

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2017 \$M	2016 \$M	Variance %
Trading revenue	4,933.8	5,077.7	(2.8)
Total revenue	5,024.2	5,180.1	(3.0)
Earnings before interest and tax (before non-trading items)	678.7	683.4	(0.7)
Net finance costs	(68.8)	(73.0)	5.8
Income tax expense (before non-trading items)	(177.9)	(181.3)	1.9
Non-controlling interests	(15.8)	(11.2)	41.1
Profit attributable to Coca-Cola Amatil Limited shareholders (before non-trading items)	416.2	417.9	(0.4)
Non-trading items after income tax ²	29.0	(171.8)	nm
Profit attributable to Coca-Cola Amatil Limited shareholders	445.2	246.1	80.9
	¢	¢	
Earnings per share (before non-trading items)	55.9	54.7	2.2
Earnings per share	59.8	32.2	85.7

OTHER INFORMATION

Interim dividend per share (70% franked) ³ (1H16: 75% franked)	21.0	21.0	–
Final dividend per share (70% franked)⁴ (2H16: 75% franked)	26.0	25.0	4.0

1 Underlying refers to statutory results adjusted to exclude non-trading items.

2 Non-trading items relating to sale of Richlands facility in Queensland, planned closure of our Thebarton site in South Australia and restructuring costs related to cost optimisation programs in Australian Beverages.

3 Paid 3 October 2017 (2016: 7 October 2016).

4 Record date for 2018 dividend entitlement is 27 February 2018 and is payable 10 April 2018 (2016: paid 7 April 2017).

Commentary on Coca-Cola Amatil Limited's financial results and position and additional Appendix 4E disclosure requirements can be found in the remainder of this document.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

PRINCIPAL ACTIVITIES

Coca-Cola Amatil is one of the largest bottlers and distributors of non-alcoholic and alcoholic ready-to-drink beverages in the Asia Pacific region, and one of the world's larger bottlers of The Coca-Cola Company's range of products.

As both brand partner and brand owner, we operate across six countries – Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa – to manufacture, distribute and sell an unrivalled range of beverages, coffee and ready-to eat food snacks. With decades of experience, we do this safely and responsibly, and are proud that our products delight millions of people every day.

With access to more than 270 million potential consumers through more than 950,000 active customers, our product range includes non-alcoholic sparkling beverages, spring water, sports and energy drinks, fruit juices, iced tea, flavoured milk, coffee, tea, beer, cider, spirits and ready-to-eat fruit and vegetable snacks and products.

We are committed to leading through innovation, and to building a sustainable future, capturing growth and delivering long-term value to our shareholders.

We employ around 13,000 people and create thousands more jobs in the communities in which we operate. Across this team we work as one, united by a shared Vision and common Values. We know that our diverse workforce is our greatest strength, and makes us the vibrant company we are today.

OUR VISION

Every day we create millions of moments of happiness and possibilities.

Our Vision drives everything we do. It unites all of us and focuses our energy. It reflects the scale of our business and the millions of people we connect with directly and through our products. It's about what we do every day and about the possibilities we are creating for the future.

- For our consumers: we delight with an exceptional portfolio of brands, always within arm's reach
- With our customers: we build unrivalled shared value and generate growth
- We drive: productivity and a lean agile cost structure
- We create value: with our Partners, built on common purpose
- In our community: we make a distinctive and positive contribution to the world we live in
- For our shareholders: we deliver attractive sustainable returns

OUR VALUES

Our Values define how we work together. They guide our behaviours and our decisions, every day.

- We are straightforward and open
- We take initiative and own the outcome
- We focus on today and tomorrow

OUR GROUP STRATEGY

Our Group strategy is our blueprint for success. It positions us to capture growth and deliver long-term value. We know that our markets will continue to change. We are confident in our ability to navigate this changing environment, with the three pillars of our Group Strategy – Perform, Grow and Strong Organisation – as our foundation.

PERFORM

The Perform pillar is guided by our shareholder value proposition and is our primary day-to-day focus. The three strategic themes within this pillar – Lead, Execute, Partner – were defined as part of our 2014 strategic review and are the basis on which our businesses structure their plans.

LEAD

Strengthening category leadership position

- Leading brands in each of our major categories in each market
- Up-weighted levels of innovative marketing continually strengthening brand equity
- Evolving portfolio that adapts to changing consumer preferences

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

OUR GROUP STRATEGY (CONTINUED)

PERFORM (CONTINUED)

EXECUTE

Step change in productivity and in-market execution

- World-class customer servicing capability
- Route-to-market that provides customer diversification and competitive advantage
- Effective leverage of our large-scale, low-cost manufacturing, sales and distribution capability

PARTNER

Better alignment with The Coca-Cola Company and our other partners

- Shared vision of success and aligned objectives
- Joint plans for growing System profitability
- Balanced share of risk and rewards

GROW

Our Grow pillar positions us to deliver long-term sustainable returns to our shareholders as we look within, between and beyond our existing business for opportunities to grow our portfolio of brands and businesses.

GROWTH WITHIN

We constantly challenge ourselves to find additional growth opportunities within our business. Our value-creating partnerships give us many powerhouse brands that we can leverage on by extending brands and capabilities in our route-to-market models.

GROWTH BETWEEN

Increasingly we seek to leverage growth between our businesses by combining capabilities from across business segments. Current examples include the launch of coffee in Indonesia and the several opportunities we have in international beer and rum with exports from Fiji to Australia and New Zealand.

GROWTH BEYOND

It is also important that we explore opportunities beyond our current businesses. These opportunities may take the form of additional Coca-Cola territories, extending Amatil brands and capabilities to new geographies or other potential acquisitions to further strengthen capabilities. We are exploring additional opportunities and technologies targeting customer and consumer needs.

STRONG ORGANISATION

Building a strong organisation, based on three principles, is fundamental to our ability to deliver our performance and achieve our growth aspirations.

FIT FOR PURPOSE

Develop a fit for purpose organisational and governance structure

We are a strong organisation built on firm foundations to deliver against our strategy.

We develop structures that reflect our strategic priorities and the changing needs of all our stakeholders. Recently, this has included the creation of additional capabilities and functions: Partners & Growth and Group Information Technology functions as well as a Property Division to take a group wide approach to all our owned and leased property arrangements.

LEADERSHIP

Drive leader-led growth

We are a talent-led organisation. Executing our strategy and achieving our goals is dependent on the abilities, behaviour and motivation of our people.

We have built a high-performance culture, supported by initiatives that aim to empower and develop our people.

We invest in this capability to ensure that we not only attract and retain skilled and quality people but that we also provide our people with the appropriate support to develop, implement and deliver our business objectives.

We have recently made a number of leadership changes to reflect the importance of critical capabilities – Partners & Growth, Information Technology, People & Culture and Public Affairs, Communications & Sustainability – which are now represented in our Group Leadership Team.

TRUST AND REPUTATION

Build trust and our reputation with stakeholders

We set ourselves stretching goals to ensure that we live up to the expectations of all our stakeholders, not just today but also in the future.

We have a group-wide sustainability framework as well as ambitious business and financial targets for the company.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

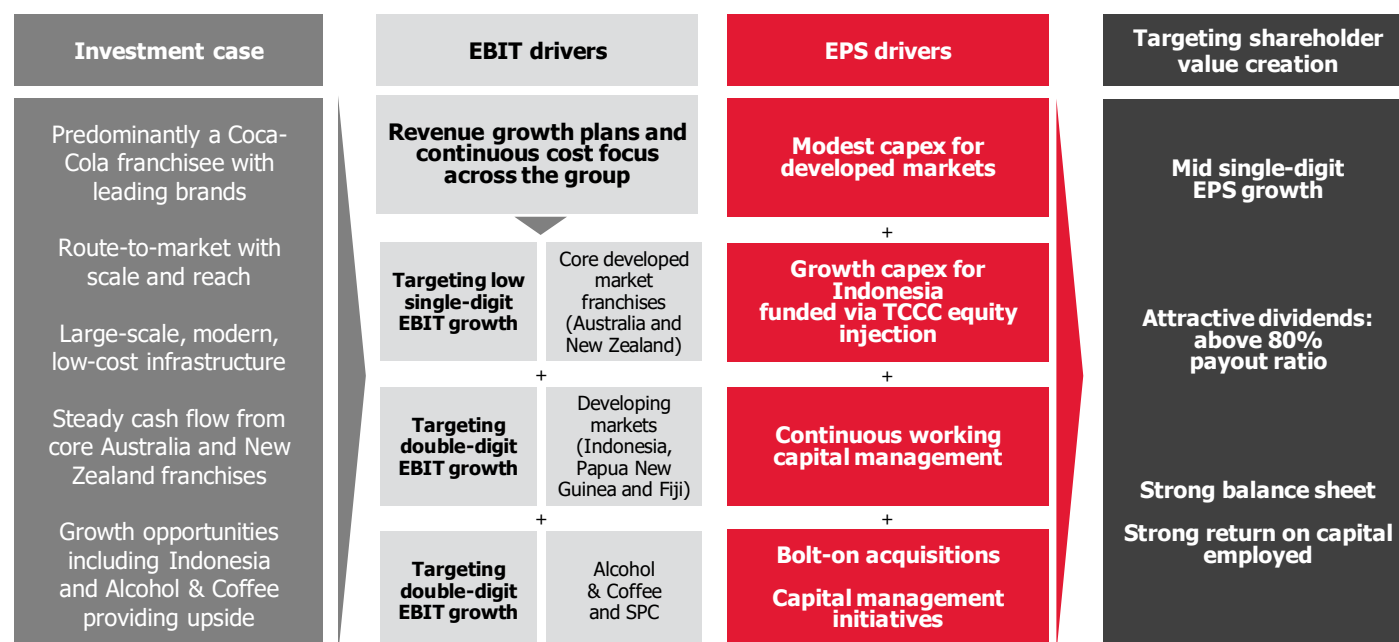
OUR SHAREHOLDER VALUE PROPOSITION

Our business strategy aims to build a sustainable long-term business value while maximising shareholder value.

Our shareholder value proposition guides our approach to the management of our diverse markets and portfolio, and targets the contribution each part of our business makes to the overall Group outcome. It is a tangible demonstration of our commitment to being accountable to our shareholders.

It is based on our competitive advantages, defining a compelling investment case and the components that will create shareholder value.

SHAREHOLDER VALUE PROPOSITION



INVESTMENT CASE

PREDOMINANTLY A COCA-COLA FRANCHISEE WITH LEADING BRANDS

Our partnership with The Coca-Cola Company gives us access to a portfolio of leading brands in a diverse range of categories, underpinned by decades of best-in-class marketing and product innovation.

Our portfolio of NARTD and alcoholic beverages is also strengthened by other partnerships and by a small number of our own brands. These give us access to other international premium brands which assist us in securing market-leading positions and creating additional value.

These relationships are described in the section "Our Brand Partners".

ROUTE-TO-MARKET WITH SCALE AND REACH

We have an established and unrivalled sales and distribution network serving a wide range of customers.

Our customer base varies between markets, but invariably includes small and large supermarkets, corner stores, fuel stations, cafes and restaurants across modern and traditional trade and increasingly through digital platforms.

This sales and distribution network is one of our success factors as it gives us an accelerated platform to launch new products and achieve wide customer reach.

Additionally, the provision of our branded fridges and vending machines gives us significant shelf space in all the markets in which we operate.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

OUR SHAREHOLDER VALUE PROPOSITION (CONTINUED)

INVESTMENT CASE (CONTINUED)

LARGE-SCALE, MODERN, LOW-COST INFRASTRUCTURE

We pride ourselves on being a world-class manufacturer of beverages, continuously investing in efficiency and capacity for all our sites and in all our markets.

The scale and quality of our manufacturing make us one of the most successful and competitive beverage suppliers in the Asia-Pacific region.

We benefit from enviable economies of scale that allow us to produce a wide range of products and serve a large number of customers.

STEADY CASH FLOW FROM CORE AUSTRALIA AND NEW ZEALAND FRANCHISES

Our balanced exposure towards developed markets supports the sustainability of our business model.

Our developed markets – Australia and New Zealand – generate strong cashflow, supporting the payment of attractive dividends while maintaining our ability to reinvest in the business to create an even stronger future.

GROWTH OPPORTUNITIES INCLUDING INDONESIA AND ALCOHOL & COFFEE PROVIDING UPSIDE

Our developed markets are supported by our increasingly strong market positions in Indonesia and through our Alcohol & Coffee business.

In Indonesia, our geographic and customer reach, combined with our multi-category approach, makes us unique and positions us well to capture the growth we expect in this market.

In Alcohol & Coffee we are growing our portfolio through increased product offering and expanded selling to established commercial partners.

EBIT DRIVERS

REVENUE GROWTH AND CONTINUOUS COST FOCUS ACROSS THE GROUP

Revenue growth and continuous cost focus form the foundations of our business plans. These are two important building blocks underpinning our ability to grow earnings and cash flow.

APPROPRIATE EBIT TARGETS

We have set medium-term EBIT targets for each of our businesses which reflect the market and our position within it. Our near-term targets take account of our recent performance and plans.

EPS DRIVERS

CAPEX

We allocate modest capex for our developed markets with the view to maximising returns for our shareholders. We are presently investing additional capital in Australia as we reconfigure our supply chain. Indonesia remains an exciting growth market and we are investing in this market to maximise its potential. Growth capex for Indonesia is funded via an equity injection from The Coca-Cola Company in 2015.

WORKING CAPITAL MANAGEMENT

Our focus on effective and efficient management of working capital resources drives strong cash generation particularly across our Australia and New Zealand franchises.

BOLT-ON ACQUISITIONS AND CAPITAL MANAGEMENT INITIATIVES

Our priorities for cash are to create value for our shareholders by investing in revenue growth plans, operational efficiencies and bolt-on acquisitions that strengthen our market leadership and our portfolio of beverages.

The board regularly reviews our capital structure to ensure it remains appropriate for our business. It is important that we maximise shareholder returns while also providing sufficient funds to support the needs of the business.

TARGETING SHAREHOLDER VALUE CREATION

MID SINGLE-DIGIT EPS GROWTH

The aggregation of all these elements underpin our target of mid-single-digit underlying EPS growth in the medium-term.

ATTRACTIVE DIVIDENDS

After investing to support and maintain the long-term growth prospects of the business, we pay our shareholders attractive dividends. Our dividend policy is a payout ratio of above 80 per cent.

STRONG BALANCE SHEET AND RETURN ON CAPITAL EMPLOYED

We expect that our balance sheet will remain conservative with flexibility to fund future growth opportunities.

We expect to maintain a strong return on capital employed.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

OUR BRAND PARTNERS

We have a long and proud history of working closely with brand partners to manufacture, sell and distribute a leading range of brands and products. We work with each partner to make sure we grow our businesses together, on a foundation of collaboration and trust.

OUR RELATIONSHIP WITH THE COCA-COLA COMPANY

Coca-Cola Amatil has a long-standing relationship with The Coca-Cola Company which is both a shareholder and brand owner. We are proud to have been a Coca-Cola bottler and distributor since 1965.

Our relationship with The Coca-Cola Company has evolved over the years, driven by the need for agility, responsiveness and proximity to the customer and consumer. Our relationship is marked by a new level of financial and strategic alignment as well as a shared vision of growth that positions us to win in increasingly competitive and fast-paced operating environments.

We produce, import, sell and distribute a range of products of The Coca-Cola Company and have a range of different agreements with them, reflecting the nature of those products and our role, in different markets.

Our relationship with The Coca-Cola Company is governed in our various markets by Bottler's Agreements which set out the respective rights and responsibilities of Coca-Cola Amatil and The Coca-Cola Company. These agreements are typically 10 years in duration and have consistently been renewed.

Our bottler's agreements provide us exclusive rights to produce, package, sell, and distribute the relevant trademarked products of The Coca-Cola Company in a territory. Our agreements contain obligations in relation to manufacturing and marketing requirements of The Coca-Cola Company.

The Coca-Cola Company and its subsidiaries take overall responsibility for the consumer marketing of its products, for product innovation and R&D, and the supply of proprietary concentrates and beverage bases to Coca-Cola Amatil.

Coca-Cola Amatil is responsible for determining the pricing of products offered to customers.

RAW MATERIALS

The raw materials we use in our beverages include concentrate / beverage base, water, sugar and other sweeteners, carbon dioxide gas, glass and PET bottles, aluminium cans, closures and other packaging materials.

Concentrate / beverage base constitutes our largest individual raw material cost which we purchase from The Coca-Cola Company. The price of concentrate / beverage base has historically been determined annually on a country by country basis. Concentrate / beverage base is priced in the local currency of each Coca-Cola Amatil territory.

MARKETING

Coca-Cola Amatil and The Coca-Cola Company's subsidiaries work together on marketing activities on a country by country basis, with expenditure allocated annually and subject to revision throughout the year.

The Coca-Cola Company's marketing focuses on consumer awareness and advertising, while our marketing focuses on sales and point of sale execution, customer service, and our range of packaging options. We are also focused on increasing the number of points of sale through investing in distribution and cold drink equipment.

RESTRICTIONS & CONSENTS

Generally, our arrangements with The Coca-Cola Company prohibit us from producing, promoting or selling any non-alcoholic beverage without The Coca-Cola Company's consent. However, with The Coca-Cola Company's consent, we own outright and distribute the following brands: Mount Franklin, Kirks, Deep Spring, Bisleri, L&P and Pump (in New Zealand). We are also required to gain consent from The Coca-Cola Company for distributing or storing any products, other than those of The Coca-Cola Company, in vehicles or equipment that has The Coca-Cola Company branding.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

OUR BRAND PARTNERS (CONTINUED)

OUR RELATIONSHIPS WITH ADDITIONAL BRAND PARTNERS

Coca-Cola Amatil has a number of complementary relationships with other brand partners in the non-alcoholic ready-to-drink beverage industry and the alcoholic beverage industry. Each relationship is different, and we work closely with our partners to ensure we grow our businesses together.

MONSTER

In May 2016, we entered into agreements with Monster Energy Company of up to 20 years, a subsidiary of Monster Beverage Corporation, for Australia and New Zealand. These agreements give us the exclusive right to manufacture and distribute Monster Energy and Mother energy drinks in those territories. This followed the announcement of Monster Beverage Corporation's long-term strategic partnership with The Coca-Cola Company in June 2015 to take ownership of The Coca-Cola Company energy brands, including Mother in Australia and New Zealand.

BEAM SUNTORY

In June 2015 we renewed our agreement with Beam Suntory to sell and distribute Beam Suntory's premium spirits portfolio in Australia and extended the relationship to New Zealand. The term of the agreement is 10 years in duration. We have distributed the Beam portfolio since 2006 and have seen the portfolio broaden significantly in that time.

MOLSON COORS INTERNATIONAL

In 2013 we entered into a distribution agreement with Molson Coors International for Australia. The relationship was extended to New Zealand in 2015. Following Molson Coors' acquisition of the Miller brand in 2016 we replaced our historical arrangements with a new long-term agreement under which we have the exclusive right to manufacture and distribute a range of Molson Coors' products in Australia.

CASELLA FAMILY BRANDS AND AUSTRALIAN BEER COMPANY

In January 2013, we established a joint venture with Casella Family Brands to form Australian Beer Company. Australian Beer Company produces a range of beers and cider products including Yenda and Pressman's Cider as well as seasonal craft beers. Coca-Cola Amatil distributes Australian Beer Company's products.

C&C GROUP

In July 2014, we entered into a distribution agreement with C&C Group – owner of the Magners brand – for the distribution of Magners in New Zealand. This was renewed in 2015 and we entered a new long-term agreement in May 2017 for distribution in Australia and New Zealand.

CHILLI BRANDS

In 2014 we commenced a long-term sales and distribution agreement with Chilli Brands, which brought the Rekorderlig brand into our portfolio.

BOSTON BEER CORPORATION

In August 2013, we entered into a long-term distribution agreement with Boston Beer Corporation, which brought the Samuel Adams brand into our portfolio.

CAFFITALY

In 2017 we enhanced our relationship with Caffitaly by securing the exclusive right to import and sell coffee machines and a range of our coffee brands in Indonesia.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

OUR BUSINESS SEGMENTS

AUSTRALIAN BEVERAGES

OUR BUSINESS

Our Australian Beverages business manufacture, sell and distribute 26 non-alcoholic beverage brands to approximately 115,000 customers. In addition to the Coca-Cola family of products, our portfolio includes Sprite, Fanta, Lift, Kirks, Deep Spring, Mount Franklin, Pump, Powerade, Barista Bros, Fuze Tea, Keri Juice Blenders, Monster and Mother.

Headquartered in Sydney and with manufacturing and/or distribution facilities in every state, we have an unrivalled network and sales capability.

We directly employ approximately 3,500 people across Australia, the majority of which are in sales, supply chain, production and warehousing. We operate 10 production facilities and 15 warehouses across Australia.

MARKET OVERVIEW

The non-alcoholic ready to drink beverage industry in Australia is at a mature stage, increasingly fragmented and evolving rapidly, marked by consumers embracing new trends. Current themes shaping the industry include:

- Consumer demand trends and opportunities: healthier choices, value, convenience, innovation in packaging and reformulation, technology, environmental and social sustainability, and growth in 'boutique' brands
- Competition: intensified competition between beverage companies, and development of private label brands by retailers
- Changing trade environment: relationships with retailers, retail consolidation and growth, stronger non-traditional channels, technology
- Changing regulatory environment: container deposit schemes

OUR ROUTE-TO-MARKET MODEL

We sell and distribute our products directly to customers through a segmented execution strategy that leverages consumer and customer insights to get the right portfolio in every outlet. We use a range of route-to-market models to maximise profitability across brand, pack and channel portfolios. In addition to our traditional sales teams, we utilise online selling platforms. We offer an efficient and tailor-made delivery service to our customers, working with logistics and transport providers.

OUR CHANNEL SEGMENTATION

We have implemented a more tailored approach to channel segmentation to better recognise outlet characteristics and drivers. The segmentation process considers several elements including the "shopper mission", customer type, consumer type and product range, tailoring customer service packages accordingly:

- Retail (e.g. grocery, convenience and petroleum)
- Immediate Consumption (e.g. national operational accounts, state operational accounts, vending)
- Restaurants & Cafés "RECA" (e.g. mainstream cafés, specialty cafés, premium cafés, mainstream restaurants, contemporary restaurants and premium restaurants)
- Licensed (e.g. on premise, off premise and integrated venues)

NEW ZEALAND & FIJI

OUR BUSINESS

Our New Zealand & Fiji Businesses manufacture, sell and distribute 30 non-alcoholic beverage brands to approximately 19,000 retail outlets across the two markets. The list of products distributed across all markets includes the iconic Coca-Cola family of products, as well as Sprite, Fanta, Lift, Schweppes, Powerade, Mother, Deep Spring and FUZE Tea. We also produce locally-loved brands including L&P, Pump, Kiwi Blue and Keri Juice in New Zealand and, Frubu and Jucy in Fiji.

With headquarters in Auckland, we directly employ approximately 1,000 people across New Zealand. Our major New Zealand manufacturing sites are in Auckland, Putaruru and Christchurch.

Our Fiji Business is headquartered in Suva and employs around 300 people. Our main manufacturing site is in Suva with distribution warehouses at Lautoka and Labasa.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

OUR BUSINESS SEGMENTS (CONTINUED)

NEW ZEALAND & FIJI (CONTINUED)

MARKET OVERVIEW

The non-alcoholic ready-to-drink beverage industry in New Zealand is at a mature stage and evolving rapidly, marked by consumers embracing new trends. Current themes shaping the industry in New Zealand include:

- Consumer demand trends and opportunities: healthier choices, value, convenience, innovation in packaging and reformulation, technology and environmental and social sustainability, growth in 'boutique' brands and fragmentation of the market
- Increasing competition: between beverage companies and development of private label brands by retailers
- Changing trade environment: relationship with retailers, retail consolidation and growth, stronger non-traditional channels, technology

The non-alcoholic ready-to-drink beverage industry in Fiji is in a developing stage, and has grown as consumer demand and preferences expand and evolve.

OUR ROUTE-TO-MARKET MODEL

In New Zealand, we sell and distribute our products directly to customers through a segmented execution strategy that leverages consumer and customer insights to get the right portfolio in every outlet. We use a range of route-to-market models to maximise profitability across brand, pack and channel portfolios. In addition to our traditional sales teams, we also utilise online selling platforms. In Fiji we offer a high-touch face-to-face customer service model.

OUR CHANNEL SEGMENTATION

New Zealand

- Grocery
- Petrol & Convenience
- On-the-go
- RECA

Fiji

- Foodstore/Grocery
- Petroleum
- General Route
- Resort

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

OUR BUSINESS SEGMENTS (CONTINUED)

INDONESIA & PAPUA NEW GUINEA

BUSINESS OVERVIEW

Our Indonesia & Papua New Guinea Businesses manufacture, sell, distribute and market non-alcoholic ready-to-drink products to hundreds of thousands of modern and general trade outlets across the two markets. In addition to the iconic Coca-Cola family of products, our portfolio includes Sprite, Fanta, Nutriboost and Minute Maid. In each country we also produce locally-loved brands including Frestea and Ades in Indonesia and BU in Papua New Guinea.

We operate eight manufacturing facilities in Cibitung, Cikedokan, Bandung, Medan, Lampung, Semarang, Surabaya, and Denpasar. We employ a total workforce of around 6,300 full time employees and around 3,600 contractors, and distribute over a billion litres of refreshing drinks to outlets across the nation. We have approximately 830,000 customers.

Following the investment of USD500 million by The Coca-Cola Company in Coca-Cola Amatil Indonesia in 2015, Coca-Cola Amatil has a 70.6 per cent holding and The Coca-Cola Company has the remaining 29.4 per cent holding.

Our Papua New Guinea Business employs more than 700 people and generates employment for workers in related industries such as transport, sea freight, raw material supply, consumables, machinery and equipment services. Our range of products is offered through a network of more than 12,000 customers, large and small, in various formats and spread around the 22 provinces of the country.

MARKET OVERVIEW

The non-alcoholic ready-to-drink beverage industry in Indonesia offers considerable prospects for growth and we believe it will become a growth engine for Coca-Cola Amatil. Our vision for the region is underpinned by the country's strong macroeconomic fundamentals and favourable demographics. Current themes shaping the industry in Indonesia include:

- Strong growth: Indonesia is forecast to be the world's fourth largest economy by 2050; gross domestic product per capita has increased 13 per cent per annum since 2000; and the economy is expected to be strong and relatively stable
- Demographics: Favourable age demographics
- Growing affluence: there is a growing middle class; disposable income has grown 12 per cent per annum since 2000
- Increasing competition: market is fragmented with many recent entrants, however these are mostly single-category focussed with additional minor plays in other categories.
- Consumer spending: short term challenges with subdued consumer spending in food and commercial beverages

The non-alcoholic ready-to-drink beverage industry in Papua New Guinea is in a developing stage and has grown as consumer demand and preferences expand and evolve.

OUR ROUTE-TO-MARKET MODEL

In Indonesia, we follow a two-fold distribution strategy that has generated significant improvements in effectiveness and efficiency in our route-to-market execution. In addition to our own distribution network, we have established a network of Coca-Cola Official Distributors across Indonesia. These distributors offer better capability to execute the "last mile" delivery significantly increasing our customer reach. We also have a large local sales team, segmented into the different market channels.

In Papua New Guinea, we have made significant progress on our route-to-market strategy as we build a distributor model, utilising managed third-party partners, in addition to expanding our own distribution network. A dedicated sales team and activation strategy has been put in place to manage our modern trade and key accounts.

OUR CHANNEL SEGMENTATION

Indonesia

- Modern trade: Hypermarkets, Supermarkets, Minimarkets
- Traditional trade: Provision, Traditional Food Service, Kiosks
- Eating & Drinking
- Education
- Wholesalers

Papua New Guinea

- Modern Trade / Key accounts (Supermarkets and Mini Markets)
- Traditional Informal Ice Box Vending
- Kaibars (Eating & Drinking)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

OUR BUSINESS SEGMENTS (CONTINUED)

ALCOHOL & COFFEE

BUSINESS OVERVIEW

Our Alcohol & Coffee Business is headquartered in Sydney and operates throughout the Asia-Pacific region. Our capability extends to brewing, distilling, roasting, sales and distribution, and our portfolio of premium alcohol and coffee brands perfectly complement Amatil's market-leading non-alcoholic beverage range.

Our premium alcohol portfolio includes a mix of established and high-potential emerging brands that we either own or sell and distribute in conjunction with global brand partners such as Beam Suntory and Molson Coors International.

Our premium spirits portfolio includes Jim Beam Bourbon – Australia's largest spirits and ready-to-drink brand – and emerging brands such as Canadian Club whiskey, now the fourth-largest brand by volume in the Australian spirits and ready-to-drink market.

In beer and cider our success has been driven by premium beer brands and by the continued success of the Yenda craft beer range, produced by Australian Beer Company and Molson Coors International with Coors, Blue Moon and Miller. We have also recently brought Feral Brewing into our portfolio.

In Fiji and Samoa, our Paradise Beverages Business produces market-leading beers such as Fiji Gold, Fiji Bitter, Vonu Premium Lager, and Vailima. Paradise Beverages also produces premium spirits, including the highly acclaimed Bounty Rum and the Rum Co. of Fiji range.

We are also a key player within the hot beverages market. Grinders Coffee was established in 1962 in Melbourne and acquired by Coca-Cola Amatil in 2005. Today it is one of Australia's premier coffee companies, combining innovation with heritage to deliver award-winning results.

Alcohol & Coffee employs around 750 people across the region, predominantly at our operations including the Australian Beer Company brewery in Yenda, NSW, Grinders roastery in Fairfield, Victoria, Feral Brewing, Paradise Beverages breweries in Suva, Fiji and Apia, Samoa, and Paradise Beverages distillery in Lautoka, Fiji.

CORPORATE, FOOD & SERVICES

Our Corporate, Food & Services segment includes a variety of activities, including the Group corporate office function, ancillary services and our SPC business.

SPC

SPC has been committed to bringing premium packaged fruit and vegetables to Australians for 100 years. We preserve fruit and vegetables grown in the Goulburn Valley, Victoria and the head office in Melbourne, SPC employs over 500 people to make, sell and distribute our products. SPC's main activities are fruit and tomato processing. SPC's principal brands are SPC, Goulburn Valley, Ardmona, IXL, Perfect Fruit, SPC ProVital and Taylor's.

SPC maintains a strong and enduring relationship with growers, the community and employees. Because of this relationship our customers and consumers can have confidence that most of their favourite SPC products are locally sourced and made, and that when they buy SPC they are helping create a sustainable future for farmers, local businesses and SPC employees.

In February 2014 Coca-Cola Amatil and the Victorian Government committed to a \$100 million investment program for SPC to modernise the business and restructure its product portfolio with a greater emphasis on fruit based snacking products in line with consumer trends.

SPC has announced that it will explore the sale of its iconic IXL Jam and Taylors Marinades and Sauces brands.

SPC also recently announced it has entered into a partnership with China State Farm Agribusinesses, to bring SPC products to Chinese consumers.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

GROUP PERFORMANCE

OVERVIEW

In 2017 we delivered underlying earnings per share increase of 2.2 per cent, and 85.7 per cent on a statutory basis.

Our Group underlying net profit after tax (NPAT) was broadly in line with FY16, and in line with the guidance we provided in April 2017.

We delivered statutory earnings before interest and tax (EBIT) of \$678.4 million, up 45.5 per cent, and statutory NPAT of \$445.2 million up 80.9 per cent.

On an underlying basis, this translated to EBIT of \$678.7 million and underlying NPAT of \$416.2 million representing declines of 0.7 per cent and 0.4 per cent respectively.

Our Group result reflects strong earnings performances in New Zealand & Fiji, Indonesia & Papua New Guinea and Alcohol & Coffee. However, despite improved trajectory in Australian Beverages in the second half of the year, it was not sufficient to offset the challenges we experienced at the start of the year.

The result demonstrates the strength of our portfolio of businesses whose geographic diversity enabled us to deliver a result in line with our guidance, notwithstanding the significant challenges experienced by Australian Beverages at the start of the year.

Our New Zealand & Fiji segment performed strongly again, delivering 15 per cent of our group underlying EBIT.

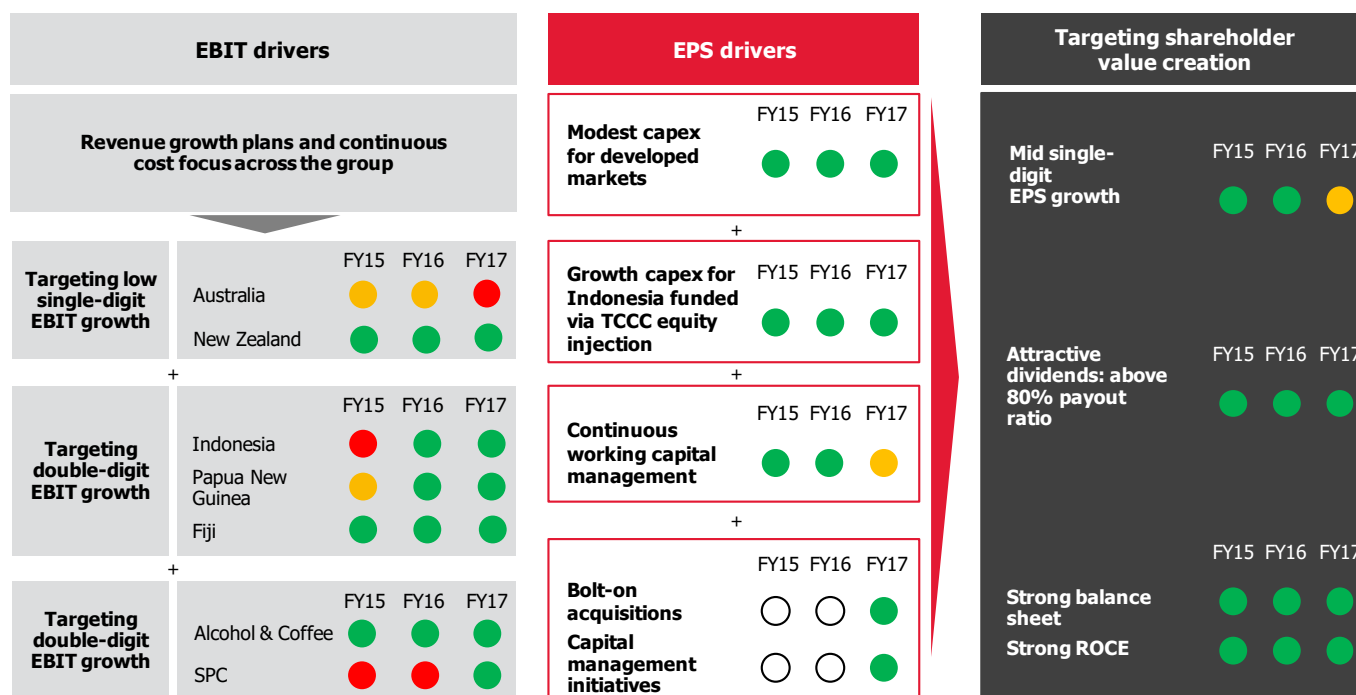
Indonesia & Papua New Guinea delivered another very strong earnings result with growth of 30.6 per cent and Alcohol & Coffee delivered 11.2 per cent growth, in line with our shareholder value proposition. Collectively these two segments delivered another \$26 million of growth on top of the \$32 million of growth delivered the year prior.

SPC recorded a small underlying profit for the year, benefitting from reduced depreciation.

We completed a share buyback program in November 2017, acquiring 39.6 million shares at an average price of \$8.84 per share. While this resulted in our net debt position increasing by \$344.4 million to \$1.3 billion, our balance sheet remains in a strong position. Our net debt remains below 2014 levels and we continue to maintain strong interest coverage.

The total dividends paid to our shareholders in 2017 was 47.0 cents, a 2.2 per cent increase from 2016, which represents a payout ratio of 82.4 per cent for the full year on an underlying basis. Dividends were franked at 70 per cent and free cash flow was sufficient to cover our dividend payments.

PERFORMANCE AGAINST OUR SHAREHOLDER VALUE PROPOSITION



OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

GROUP PERFORMANCE (CONTINUED)

GROUP FINANCIAL SUMMARY

Summarised Income Statement (\$M)	2017 \$M	2016 \$M
Trading revenue	4,933.8	5,077.7
EBIT (before non-trading items)	678.7	683.4
Net finance costs	(68.8)	(73.0)
Income tax expense (before non-trading items)	(177.9)	(181.3)
Non-trading items after tax	29.0	(171.8)
Non-controlling interests	(15.8)	(11.2)
Profit – attributable to Coca-Cola Amatil shareholders	445.2	246.1
Other Performance Measures		
Dividends per share (cents)	47.0	46.0
Franking per share	70%	75%
Basic and diluted earnings per share (before non-trading items) (cents)	55.9	54.7
Basic and diluted earnings per share (cents)	59.8	32.2
EBIT (before non-trading items) interest cover (times)	9.9	9.4
Return on capital employed (%)	20.9	20.4
Operating cash flow (\$M)	589.2	774.8
Free cash flow (before non-trading items) (\$M)	429.3	490.5
Capital expenditure / trading revenue (%)	6.3	5.8
Summarised Balance Sheet		
Net assets	1,880.3	2,274.2
Net debt	1,337.2	992.8
Assets and liabilities – operating and investing (capital employed)	3,217.5	3,267.0

SEGMENT RESULTS OVERVIEW

Underlying EBIT (\$ million)	2017 \$M	2016 \$M	Variance %	Variance – constant currency ¹ %	Trading Revenue %	Underlying EBIT %	Volume %
Australian Beverages	412.6	440.9	(6.4)		51.5	60.9	51.2
New Zealand & Fiji	104.8	99.7	5.1	7.0	11.2	15.4	11.7
Indonesia & Papua New Guinea	90.9	69.6	30.6	35.2	20.3	13.4	37.1
Alcohol & Coffee	49.7	44.7	11.2	11.9	11.4	7.3	
Corporate, Food & Services	20.7	28.5	(27.4)		5.6	3.0	
Underlying EBIT	678.7	683.4	(0.7)		100.0	100.0	100.0

¹ The constant currency basis is determined applying FY16 foreign exchange rates to FY17 local currency results.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

AUSTRALIAN BEVERAGES

FINANCIAL SUMMARY

	2017 \$M	2016 \$M	Variance %
Trading revenue	2,535.2	2,621.2	(3.3)
– Trading revenue per unit case	8.15	8.22	(0.9)
– Volume (million unit cases) ¹	311.1	319.0	(2.5)
Underlying earnings before interest and tax	412.6	440.9	(6.4)
EBIT margin on trading revenue	16.3%	16.8%	(0.5) points
Return on capital employed	36.1%	38.7%	(2.6) points

Volume summary – unit cases	2017 \$M	2016 \$M	Variance %
Sparkling			
– Beverages	206.7	213.6	(3.2)
– Frozen	25.2	22.9	10.0
Still	79.2	82.5	(4.0)
Total	311.1	319.0	(2.5)

¹ A unit case is the equivalent of twenty-four 8 US oz (237ml) serves or 5.678 litres.

2017 PERFORMANCE

OVERVIEW

Overall for the year, revenue decreased 3.3 per cent and volume decreased 2.5 per cent, while EBIT declined 6.4 per cent. Revenue, volume and EBIT trajectory improved in the second half as many of our initiatives gained traction.

The improved trajectory in the second half was not sufficient to offset challenges we experienced at the start of the year, where performance was adversely impacted by competitive pressure in the cola and water categories, a continuing shift in channel mix away from state operational accounts in the immediate consumption channel, and the impact of inflation on cost of goods sold.

Revenue per case was 0.9 per cent lower than last year, comprising a 0.8 per cent increase from pricing changes related to the New South Wales container deposit scheme, a 1.3 per cent reduction in realised price and a 0.4 per cent decrease from change in product/channel mix. The underlying price reduction was largely driven by our decision to improve price competitiveness in the water category, particularly in the grocery channel.

From a channel perspective, there were encouraging signs in the trajectory in the RECA channel, which was a major focus in the second half.

Delivery of cost optimisation projects continued throughout the year.

CATEGORY

In **sparkling beverages**, volume declined 3.2 per cent for the year. This was an improvement to the 3.8 per cent decline in the first half where aggressive competitor pricing in the early part of the year resulted in volume share loss.

In the **cola** category, while revenue and volume trajectory improved in the second half, it was not sufficient to offset the performance in the first half. There were positive indicators from several new products launched during the year, including Coca-Cola No Sugar, Coca-Cola Plus Coffee and Coca-Cola Raspberry.

The **flavours** and **adult** categories experienced aggressive competitor pricing at the start of the year. While volume trajectory improved in the second half, both categories continued to experience challenges from a revenue perspective.

Overall for **still beverages**, volume decreased 4.0 per cent for the year. There was a significant improvement in trajectory in the second half, driven by improvements in **water** particularly, alongside volume growth in **energy** and **dairy**.

The **sports** category experienced challenges with aggressive competitor pricing, however, there were signs of improvement towards the end of the year.

In the **tea** category, FUZE Tea struggled to gain recognition which led to a branding, product and packaging refresh being rolled out in 4Q17.

In the **juice** category, Keri Juice Blenders has performed in line with expectations but there is still more to do in this category.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

AUSTRALIAN BEVERAGES (CONTINUED)

2017 PERFORMANCE (CONTINUED)

CHANNEL

We experienced challenges across all channels, most notably in **immediate consumption** and the **state operational accounts** sub-segments. However, during the year we expanded our customer base, with an increase in high value customers, by approximately 11 per cent. We are taking a targeted approach in the **RECA channel** with a dedicated sales team and have increased our high value customer base in this channel by approximately 21 per cent. Our overall online ordering is approximately 50 per cent of orders and we are exploring additional e-commerce opportunities.

COST OF GOODS SOLD

As foreshadowed in October 2016, we experienced higher cost of goods sold, in the order of 2-3 per cent before cost optimisation savings. While we increased base pricing to customers to reflect this, the category and channel pressures we experienced, inhibited our ability to recover this increase.

COST OPTIMISATION AND REINVESTMENT

We continued to progress cost optimisation and reinvestment programs during the year. In 2017 we delivered an additional \$45 million of cost savings from initiatives focusing on remodelling our supply chain, our 'Business Excellence' program, changes in our merchandising and sales force, as well as further procurement and support services optimisation. We continued to reinvest in rebalancing our portfolio through innovation, refocussing our sales effort and price investment.

2018 PRIORITIES & OUTLOOK

ACCELERATED AUSTRALIAN GROWTH PLAN

During 2017 we worked closely with Coca-Cola South Pacific on the new Accelerated Australian Growth Plan, which we announced in November. The plan combines future proofing the portfolio with an enhanced and effective route-to-market strategy while taking a more tailored approach to segmentation. Our plan is built on our Group strategy of Lead, Execute, and Partner, and is characterised against five essential elements:

- Stabilise the core
- Double down in growth areas
- Close the gap
- Create new gaps
- Precision availability and activation

We have several initiatives across all these elements which we have been implementing since 2017 and are making good progress. This will continue to be our focus in 2018.

COST OPTIMISATION AND REINVESTMENT

In 2018 we will also be focused on delivering against cost optimisation plans, building on our strong track record in this area. We will deliver savings from remodelling our supply chain, from our 'Business Excellence' program, from changes in our merchandising and sales force, and further optimisation in procurement and support services. In 2018 we will continue to reinvest in rebalancing our portfolio through innovation, refocusing our sales effort and price investment.

We are confident in the cost savings being delivered. Therefore, based on our desire to return Australian Beverages to growth, we are bringing forward approximately \$40 million of investment in 2018. Whereas we had previously aimed to reinvest our cost savings in the year it was expected to be delivered, we believe bringing the investment forward is the right thing to do for the long term. It does mean however, that we do not expect to offset the \$40 million of investment with cost savings in 2018.

IMPROVING ALIGNMENT WITH THE COCA-COLA COMPANY

Over the past several years we have implemented initiatives to improve alignment with The Coca-Cola Company. The Accelerated Australian Growth Plan embodies these improvements. We are committed to working closely together and leveraging The Coca-Cola Company's "Beverages For Life" strategy in Australia.

CONTAINER DEPOSIT SCHEMES

The New South Wales container deposit scheme commenced on 1 December 2017. We increased our prices to reflect the additional costs we would be charged under the scheme. There was some ordering volatility in October and November 2017, and in December we observed some negative impact on volumes in New South Wales compared to December 2016. However, given the multiple variables that can impact volumes, it is too early to provide any meaningful forecast on the medium or long-term impact of the Scheme. Redemption rates have been lower than expected, reflecting delays to the establishment of collection points.

Additional container deposit schemes are expected to be introduced in Queensland and the Australian Capital Territory in 2018 and in Western Australia in 2019. We have taken an active leadership role with all stakeholders in each state and territory.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

NEW ZEALAND & FIJI

FINANCIAL SUMMARY

	2017 \$M	2016 \$M	Variance %	Variance – constant currency ¹ %
Trading revenue	554.1	551.5	0.5	1.9
– Trading revenue per unit case	\$7.84	\$7.81	0.4	1.8
– Volume (million unit cases)	70.7	70.6	0.1	0.1
Underlying earnings before interest and tax	104.8	99.7	5.1	7.0
EBIT margin on trading revenue	18.9%	18.1%	0.8 points	0.9 points
Return on capital employed	27.4%	26.3%	1.1 points	

1 The constant currency basis is determined applying FY16 foreign exchange rates to FY17 local currency results.

2017 PERFORMANCE

OVERVIEW

In 2017, our revenue in New Zealand & Fiji increased by 1.9 per cent, while EBIT increased 7.0 per cent on a constant currency basis¹ on flat volumes. This was a good result given the cycling of a very strong performance for Fiji, particularly in the first half of 2016 following Cyclone Winston.

NEW ZEALAND

New Zealand delivered a strong result with revenue and volume growth, including a positive performance in sparkling beverages.

Revenue and volume growth was delivered in **sparkling beverages** reflecting a change in product mix and pricing improvements. We grew revenue and volume on Cola-Cola trademark products, further supported by the successful launch of Coca-Cola No Sugar and Coca-Cola Raspberry.

Still beverages had a solid performance, delivering revenue and volume growth.

In the **water** category, we continued to experience pressure in the grocery and petroleum & convenience channels.

We delivered strong revenue and volume growth in the **energy** category with the portfolio of Monster Energy, Mother and Lift+ brands performing well.

We grew revenue and volumes in the **juice** category and continued to leverage the benefits from the new manufacturing facility in Auckland completed in 2016.

The **sports** category was more challenging, cycling strong activity from 2016, including the Rio Olympics.

Our entry into the **flavoured dairy** category with Barista Bros has been very successful.

We performed strongly in the major channels with revenue and volume growth in the **grocery, convenience & leisure**, and **quick service restaurant channels**.

FIJI

Revenue and volume declines in Fiji reflected excise increases from the second half of 2016 and 2017, and the cycling of a particularly strong first half in 2016, following Cyclone Winston. Double-digit EBIT was delivered on a constant currency basis, reflecting improved mix and efficiency gains delivered in the second half.

2018 PRIORITIES & OUTLOOK

NEW ZEALAND

We are focussed on maintaining our leadership position in sparkling and still beverages and improving our relationships with our brand partners. We are driving the fundamentals for sustainable and profitable growth by ensuring that we offer our customers and consumers the world's leading beverage brands across a broad range of categories and formats. We are adding to our manufacturing and distribution capability, building our sales and marketing execution capability and expect continued growth in 2018.

FIJI

We continue to expand our distribution network through the rollout of cold drink equipment and increasing the number of outlets ranging our products. We expect to benefit from the recent investment in an additional production line as part of a three-year capital expenditure program.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

INDONESIA & PAPUA NEW GUINEA

FINANCIAL SUMMARY

	2017 \$M	2016 \$M	Variance %	Variance – constant currency ¹ %
Trading revenue	1,002.7	1,053.3	(4.8)	(1.4)
– Trading revenue per unit case	\$4.46	\$4.63	(3.7)	(0.2)
– Volume (million unit cases)	225.0	227.7	(1.2)	(1.2)
Earnings before interest and tax	90.9	69.6	30.6	35.2
EBIT margin on trading revenue	9.1%	6.6%	2.5 points	2.5 points

¹ The constant currency basis is determined applying FY16 foreign exchange rates to FY17 local currency results.

2017 PERFORMANCE

In Indonesia & Papua New Guinea, we delivered an EBIT increase of 35.2 per cent on a constant currency basis¹, contributing an additional \$21.3 million of EBIT.

INDONESIA

In Indonesia, we delivered a strong EBIT result despite revenue and volume declines and soft economic conditions. Gross domestic product growth remains at lower levels than would be expected for a developing market and discretionary consumer spending has been constrained by a number of economic factors. While revenue declined in both modern and traditional trade, further delivery of transformation initiatives resulted in double-digit EBIT growth in constant currency.

In **sparkling beverages**, we achieved strong value and volume share gains; however, a change in product mix to smaller packs at a lower price point resulted in a slight revenue decline.

In **still beverages**, revenue and volume declined driven by the juice and tea categories.

Tea volumes declined, however, we outperformed the market resulting in small gains in market value and volume share.

In **juice**, value and volume share declined, in a category that continues to be dominated by low-price competitor products. We launched a new product, Refresh, positioned at a lower price point than our other offering in this category. We also launched a more premium juice product, Homestyle, in the second half

We achieved revenue and volume growth in the **dairy** category resulting from new flavour launches, an increase in availability and continued benefit from the addition of a multi-serve pack option in 2016.

We achieved sales and cost benefits from our **route-to-market** model transformation, which increased the availability and accessibility of our products. Further strong efficiency gains were delivered in manufacturing and administrative functions. We invested in our salesforce and in developing the leadership and functional capabilities of our people through our training academy model as well as through our bespoke leadership training programs.

The business remains highly leveraged to deliver significant earnings improvements when the NARTD market returns to growth.

PAPUA NEW GUINEA

Papua New Guinea achieved double-digit EBIT growth on a constant currency basis with double-digit revenue growth driven by a strong performance in sparkling beverages and improving efficiency. The result was aided by favourable economic conditions with pre-election government spending.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

INDONESIA & PAPUA NEW GUINEA (CONTINUED)

2018 PRIORITIES & OUTLOOK

INDONESIA

We expect to continue strengthening our leadership position in the sparkling beverages category. We are focusing on delivering strong market execution, new pack and product launches, supported by a broader brand marketing and advertising program. A significant investment is also being made in the juice, tea, dairy and water categories to tap into the opportunities these categories present.

Transformation of our route-to-market model will continue to be rolled out in other parts of Indonesia in 2018. We expect product availability to improve as a result.

We also expect ongoing productivity gains through initiatives in manufacturing and logistics efficiency, resulting in a lower overall cost to serve.

We will continue to benefit from the very strong alignment with The Coca-Cola Company with governance and operating arrangements working well for both organisations.

PAPUA NEW GUINEA

We will continue expanding our distribution network as well as seeking productivity and efficiency improvements in manufacturing and logistics. In 2018 we expect to further benefit from the recent installation of a new can line. We will continue to expand our beverage footprint. A continuation of the current shortfall in the availability of foreign currency that we can purchase will result in increasing amounts of Kina held on deposit in Papua New Guinea for the foreseeable future.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

ALCOHOL & COFFEE

FINANCIAL SUMMARY

	2017 \$M	2016 \$M	Variance %	Variance – constant currency ¹ %
Trading revenue	564.8	535.5	5.5	6.0
Earnings before interest and tax	49.7	44.7	11.2	11.9
EBIT margin on trading revenue	8.8%	8.3%	0.5 points	0.5 points

¹ The constant currency basis is determined applying FY16 foreign exchange rates to FY17 local currency results.

2017 PERFORMANCE

In **Alcohol & Coffee**, we increased EBIT by 11.9 per cent on a constant currency basis¹. Strong performance was achieved in the Spirits & Premix segment with Canadian Club premix growing ahead of the premix market. The addition of Molson Coors International's Miller Genuine Draft and Miller Chill brands in Australia at the end of 2016 drove significant volume growth in beer for 2017. Importantly, we also invested back into the business to build our capabilities and support our long-term growth aspirations.

ALCOHOL

In **Alcohol**, we achieved single-digit revenue and volume growth and double-digit EBIT growth. The result benefited from the addition of Molson Coors International's Miller Genuine Draft and Miller Chill brands to our portfolio, delivering incremental beer sales.

In Australia, new-age whiskey sales delivered overall revenue and volume growth for the **Spirits** category. In the **Beer, Bitters & Cider** categories, we achieved strong revenue and volume growth, driven by the addition of the Miller brands into the portfolio. In Fiji, Paradise Beverages delivered a slight increase in revenue on lower volumes reflecting the impact of excise increases in the second half of 2016 and again in 2017. In New Zealand, revenue and volume growth was delivered, driven by strong performances in premix and cider products.

We worked closely with our partners and our own brands, to leverage opportunities across all categories, invested in building the capabilities and resources to support future growth, and in innovation. Highlights during the year included:

Spirits: launching Jim Beam Double Serve; entering into a new agreement with Jim Beam becoming the official spirit of the Australian Football League; launching Canadian Club 8-year-old in August and adding Sipsmith's super-premium Gin range to the portfolio.

Paradise Beverages: RumCo of Fiji brands winning another 11 awards at the 2017 International World Spirits Competition in San Francisco and The Rum Masters in London; launching the spirits portfolio in Samoa and continuing the capital investment program across production facilities.

Beer, Bitters & Cider: announcing a new partnership with Coors and the National Basketball Association in Australia and launching Coors snow activation in the snowfield regions in Victoria and New South Wales; refreshing the Yenda craft beer range, repositioning "Yenda Hell" as "Yenda Crisp Lager" and building the brand through industry engagement programs; securing the purchase of Australian Bitters from brand owner Europa; establishing a specialist team of beer and cider ambassadors in each state; securing the distribution rights for Magners Cider in Australia; and acquiring Feral Brewing Company.

COFFEE

We delivered increases in coffee revenue driven by additional ranging and distribution of our 1kg Grinders' beans range in the grocery channel. We also delivered growth in state on-premise accounts, supported by the launch of espresso extract. We refreshed packaging for our capsules range and strong brand positioning helped maintain strong revenue and volume growth in grocery. Our EBIT performance reflected additional investment in the business in 2017, including a national team of state-based new business specialists dedicated to the professional capsule machine and out of home sales strategy. In December, we launched the Grinders Coffee system into Indonesia, supported by our partner Caffitaly.

2018 PRIORITIES & OUTLOOK

We expect to continue achieving growth across all categories and in each of our operating geographies.

Spirits: Our partnership with Beam Suntory across Australia and New Zealand continues to deliver opportunities. We have a category leadership position in bourbon and are working with Beam Suntory to bring innovation to this category.

Paradise Beverages: We are focused on innovation and new product development will continue, taking advantage of the increased capability and capacity generated by our capital investment program. We also expect to continue gaining additional Australian distribution and recognition for our Rum Co of Fiji premium rum range.

Beer, Bitters & Cider: We will work closely with our partners to develop our brands and take advantage of significant opportunities across categories where we can leverage our distribution and footprint. We expect to further develop the craft beer range (e.g. Yenda) through Australian Beer Company and with our newly acquired Feral Brewing Company. We have also recently signed a new long-term agreement with Rugby Australia and Super Rugby sponsorship agreement for Yenda and Australian Beer Company.

Coffee: We will continue developing the Grinders brand across our roast, ground and capsule products and expand our retail presence in Australia. We expect 2018 to be an exciting year for international expansion in coffee.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

CORPORATE, FOOD & SERVICES

FINANCIAL SUMMARY

	2017 \$M	2016 \$M	Variance %
Trading revenue¹	277.0	316.2	(12.4)
Underlying earnings before interest and tax	20.7	28.5	(27.4)

1 Majority derived from SPC.

2017 PERFORMANCE

The composition of this segment has changed with the creation of a Property Division from 1 January 2017. The results in the table above have been restated, as have Australian Beverages and New Zealand & Fiji.

In **Corporate, Food & Services**, our EBIT decreased by \$7.8 million for the year.

SPC's EBIT result improved from the prior year due to reduced depreciation and improved portfolio mix and delivered a small profit.

SPC's revenue decline reflected the proactive exit from a number of private label lines as well as continued competitive pressure.

While strong marketing has improved share in tomatoes and beans & spaghetti, we continue to experience some pressure in the fruit and spreads categories..

A smaller contribution from the services division this year reflected the sale of Quirks in 2016 as well as a lower services requirement to Australian Beverages.

A Property Division was created within this segment in 2017. Key property assets from Australian Beverages and New Zealand have been moved into this segment, with income derived from charging rent based on market rates. The division is also responsible for optimising property lease and ownership arrangements across the Group.

2018 PRIORITIES & OUTLOOK

SPC is making solid progress in delivering on its investment program and has been well supported by its major customers and loyal consumers.

The SPC team has worked hard to deliver on the investment plan objectives and has made significant progress in modernising its manufacturing capabilities and bringing new innovative products to market, such as 'ProVital', 'Perfect Fruit' and several snacking-fruit products. We look forward to building further on the small profit that was delivered in 2017.

We see a strong future for SPC as it continues to expand its range of products and targets additional markets. With the joint investment program with the Victorian Government expected to be completed this year, we remain committed to securing SPC's long term future.

SPC recently announced it has entered into a partnership with China State Farm Agribusiness, to bring SPC products to Chinese consumers. Initially, SPC will focus on its premium Goulburn Valley packaged fruit range to be sold in high end supermarkets, leading e-commerce platforms and mother and baby retail outlets SPC has also announced that it will explore the sale of its iconic IXL Jam and Taylors Marinades and Sauces brands.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

FINANCIAL COMMENTARY

CAPITAL EMPLOYED¹

	2017 \$M	2016 \$M	Variance \$M
Working capital ²	476.3	458.8	17.5
Property, plant and equipment	1,864.8	1,948.9	(84.1)
Intangible assets ³	1,207.9	1,218.5	(10.6)
Current and deferred tax assets/(liabilities) ³	(306.3)	(343.7)	37.4
Derivative net assets/(liabilities) – non-debt	(5.4)	25.4	(30.8)
Other assets/(liabilities) ⁴	(19.8)	(40.9)	21.1
	3,217.5	3,267.0	(49.5)
Return on capital employed (ROCE)¹	20.9%	20.4%	0.5 points

¹ Capital employed is referred to as Assets and Liabilities – Operating and Investing or segment net assets in the Financial Report.

² Working capital is defined as current trade and other receivables plus inventories less current trade and other payables.

³ Restated, refer to "Change in Accounting Policy" within the Overview section of the Financial Report.

⁴ Mainly comprising of non-current assets held for sale, prepayments, investments (equity accounted), defined benefit superannuation plan assets and liabilities and provisions.

Reduction in capital employed of \$49.5 million from 31 December 2016 resulted from:

- **Working capital** increasing \$17.5 million driven by strong sales in the last two weeks of December in Australia, timing of collections and requirements to support growth, partially offset by foreign currency translation benefits and increased accruals
- **Property, plant and equipment** decreasing by \$84.1 million due to foreign currency translation, disposal of Richlands property as part of the leaseback arrangement and Thebarton write-downs which were partially offset by capital spend
- **Intangible assets** decreasing \$10.6 million driven by foreign exchange translation and amortisation of previous investment
- **Current and deferred tax liabilities** decreasing \$37.4 million due to unrealised losses on sugar derivatives and cycling prior year tax benefits in Australia
- **Net non-debt derivative assets** decreasing \$30.8 million primarily driven by lower sugar market prices
- **Other liabilities** decreasing \$21.1 million due to New South Wales container deposit scheme and provision movements

Improvement in **return on capital employed** of 0.5 percentage points to 20.9 per cent.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

FINANCIAL COMMENTARY (CONTINUED)

FREE CASH FLOW

	2017 \$M	2016 \$M	Variance \$M
Underlying EBIT	678.7	683.4	(4.7)
Depreciation and amortisation expenses	261.8	269.3	(7.5)
Impairment charges	2.5	4.1	(1.6)
Changes in adjusted working capital ¹	(52.8)	17.7	(70.5)
Net interest and other finance costs paid	(53.5)	(56.0)	2.5
Income taxes paid	(173.4)	(145.0)	(28.4)
Movements in other items ²	(25.9)	1.3	(27.2)
Underlying operating cash flows (before non-trading items)	637.4	774.8	(137.4)
Capital expenditure	(312.2)	(295.7)	(16.5)
Proceeds from sale of non-current assets	6.9	13.9	(7.0)
Payments for additions of other intangible assets	–	(2.5)	2.5
Underlying free cash flow (before non-trading items)	332.1	490.5	(158.4)
Add: cash flow from non-trading items	97.2	–	97.2
Free cash flow	429.3	490.5	(61.2)
Cash realisation³	91.9%	110.9%	(19.0) points

1 Working capital is adjusted to exclude the impact of non-cash flow and non-operating items such as foreign exchange translation, impacts of disposal of businesses and payables relating to additions of property, plant and equipment.

2 Mainly comprising of movements in prepayments and provisions.

3 Underlying basis: net operating cash flows divided by NPAT (adding back depreciation and amortisation expenses before tax).

Free cash flow was \$429.3 million, a decrease of \$61.2 million from the exceptional result in FY16. This was driven by:

- An increase in working capital due to strong performance in the last two weeks of December and timing of collections, plus cycling improvements in FY16
- Cycling tax benefits in FY16
- Prepayments in relation to the New South Wales Container Deposit Scheme
- Increased capital expenditure primarily on Richlands warehouse automation and production lines

\$97.2m non-trading items cashflow was generated from the proceeds on the sale of the Richlands site less restructure costs paid in the Australian business.

Cash realisation was solid at 91.9 per cent.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

FINANCIAL COMMENTARY (CONTINUED)

CAPITAL EXPENDITURE

	2017 \$M	2016 \$M	Variance \$M
Non-Alcohol Beverages			
– Australia	99.4	57.5	41.9
– New Zealand & Fiji	35.3	38.8	(3.5)
– Indonesia & Papua New Guinea	85.0	126.3	(41.3)
Alcohol & Coffee Beverages	8.3	11.1	(2.8)
Corporate, Food & Services	84.2	62.0	22.2
	312.2	295.7	16.5
Capital expenditure/trading revenue	6.3%	5.8%	0.5 points
Capital expenditure/underlying depreciation and amortisation (software assets)	1.20x	1.10x	0.10x

Group capital expenditure was \$16.5 million higher than FY16 at \$312.2 million.

In **Australian Beverages**: capex included spend on new production lines at Richlands, additional investment in technology to support sales and customer service programs including further development of the online ordering platform (*myCCA.com.au*) and the further automation of processes in support services in areas such as finance, human resources and information technology.

New Zealand & Fiji: capex included spend on rollout of additional cold drink equipment in the QSR channel, supply chain improvements in New Zealand and the installation of a PET blowfill line in Fiji.

Indonesia & Papua New Guinea: Our investment for growth continues with significant progress being made in the year. This included the commissioning of our affordable small sparkling pack line, progress on our new sparkling beverages line at Medan and a new can line in Papua New Guinea. There was also additional investment in cold drink equipment in both Indonesia and Papua New Guinea. Capex in 2016 included the construction of warehousing in Surabaya and Semarang.

Corporate, Food & Services: capex included spend in relation to the Richlands warehouse project and on cold drink equipment in Australia.

CAPITAL – FINANCING

	2017 \$M	2016 \$M	Variance \$M
Equity	1,880.3	2,274.2	(393.9)
Net debt			
– Cash assets	(1,038.0)	(1,378.1)	340.1
– Borrowings and other financial liabilities	2,414.8	2,452.8	(38.0)
– Net debt derivative (assets)/liabilities	(39.6)	(81.9)	42.3
Total net debt	1,337.2	992.8	344.4
	3,217.5	3,267.0	(49.5)
Net interest cover (calculated as underlying EBIT divided by net finance costs)	9.9x	9.4x	0.5x

The balance sheet remains in a strong position. **Net debt** increased by \$344.4 million from 31 December 2016 to \$1,337.2 million, reflecting funds utilised for the share buy-back program.

Cash assets decreased by \$340.1 million due to the utilisation of funds for the share buy-back program.

As at 31 December 2017, Papua New Guinea had cash assets of \$234.8 million (PGK 586.1 million); 2016: \$177.6 million (PGK 406.9 million). Presently there are Papua New Guinea government-imposed currency controls which are restricting the availability of foreign currency and preventing remittance of the cash held in Papua New Guinea for use elsewhere in the Coca-Cola Amatil Group.

Total available **debt facilities** at period end was \$2.78 billion. The average maturity is 5.5 years. The maturity profile is as follows:

	31 Dec 2018	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022 ⁺
Borrowing maturity profile	%	%	%	%	%
Committed and uncommitted facilities maturity	17.3	5.5	28.9	11.1	37.2

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

GROUP OUTLOOK AND TARGETS

OUTLOOK

Indonesia, Papua New Guinea, New Zealand, Fiji, Alcohol & Coffee and SPC are all expected to continue to deliver growth in line with our Shareholder Value Proposition

As per our plans announced in November 2017 regarding our Accelerated Australian Growth Plan, Australian Beverages' and consequently Group near-term earnings will be negatively impacted by:

- Accelerated reinvestment of ~\$40 million of cost savings in 2018 in marketing, execution, cold drink equipment, digital technology to drive growth initiatives and in price to drive competitiveness; and
- The uncertain impact of container deposit schemes

We are committed to our Shareholder Value Proposition targeting a return to delivery of mid-single digit earnings per share growth in the medium term.

This will depend on the success of revenue growth initiatives in Australia, Indonesian economic factors and regulatory conditions in each of our markets.

NON-TRADING ITEMS

As part of our cost optimisation program in Australian Beverages, we are expecting one-off costs in 2018 of approximately \$50 million. We are pursuing additional opportunities within our Property Division which we anticipate may result in additional one-off gains in 2018, offsetting the one-off costs.

CAPITAL EXPENDITURE

For 2018, we expect Group capex of around \$400 million. This is higher than the previous period due to the additional capex allocated to the construction of a new glass bottling line and additional capacity for dairy and juice at our Richlands facility in Queensland.

DIVIDEND AND CAPITAL MANAGEMENT

We expect to generate sufficient free cash flow to support a medium-term dividend payout ratio of over 80 per cent. It is anticipated that franking will be lower than previous years due to the increasing proportion of earnings from outside Australia.

In 2017 we completed an on-market share buy-back program of \$350 million. We do not presently have a share buy-back program in place although this may be considered again in the future.

BALANCE SHEET AND RETURN ON CAPITAL EMPLOYED

We expect to maintain a conservative balance sheet position which provides us with flexibility to fund future growth opportunities. We also expect to maintain strong return on capital employed.

We are exploring additional opportunities to extract value from our property portfolio.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

SUSTAINABILITY STRATEGY

Coca-Cola Amatil is committed to making a distinct and positive contribution to the world in which we live. This means that with each decision we seek to deliver the best outcomes for our people, consumer choice and wellbeing, our environment, our communities as well as our shareholders.

Coca-Cola Amatil's sustainability framework focuses on four pillars: our people, wellbeing, environment, and our community. We report in detail our performance and commitments against each of these through our annual Sustainability Report. In 2017 Coca-Cola Amatil conducted a strategic review of each of the four pillars within its sustainability framework and developed a set of strategies and public goals out to 2020. These 2020 goals are aligned with, and embedded in, our broader business strategies to deliver long-term sustainable business value. The goals have also been developed considering the expectations of all key stakeholders – our people, our partners, our communities, our customers and our investors – and focusing on those areas that are the most material and where we can make the most difference.

We also remain committed to an enhanced approach to sustainability reporting with more data and analysis on the sustainability performance of all our Businesses referencing the Global Reporting Initiative framework, LBG (formerly "The London Benchmarking Group") community investment guidelines and Sustainable Development Goals. Coca-Cola Amatil is also embarking on an assurance plan to meet full verification and assurance of report data by 2020.

An overview of our 2020 commitments, governance and strategic approach in each pillar of the sustainability framework is provided below.

OUR 2020 GOALS

By 2020 Coca-Cola Amatil aims to:

- Implement and embed our Human Rights Policy;
- Have a zero-harm workplace;
- Have at least 30 per cent of Board, Senior Executive and Management positions held by women;
- Measure the sugar intensity¹ of our non-alcoholic beverages portfolio in all countries of operation and reduce total sugar intensity by 10 per cent in Australia and New Zealand (vs 2016 sugar intensity);
- Improve water efficiency for alcoholic beverages (vs 2013) and food categories by 25 per cent;
- Reduce the carbon footprint of the 'drink in your hand' by 25 per cent;
- Use 60 per cent renewable and low-carbon energy in our operations;
- Develop the business case for 50 per cent recycled PET in all PET containers in Australia including carbonated soft drinks;
- Screen 80 per cent of supplier spend with responsible sourcing assessments; and
- Allocate the equivalent of 1 per cent of EBIT to community investment programs.

1. Sugar intensity is portfolio-wide weighted volume average total sugar content (g/100ml)

GOVERNANCE AND MANAGEMENT OF SUSTAINABILITY

From the Board to the Group Leadership team, Group functions to the Businesses, at Coca-Cola Amatil we are committed to continual improvement and acting responsibly to support a better future for all our stakeholders.

The Coca-Cola Amatil Board is committed to achieving the highest standards of corporate governance and business conduct. The Board sees this commitment as fundamental to the sustainability and performance of our business and to enhancing shareholder value.

The Sustainability Committee of the Board reviews the effectiveness of Coca-Cola Amatil's controls and strategies to manage our non-financial and operational risks and compliance matters by:

- Reviewing and monitoring compliance with our legal and regulatory responsibilities, internal policies and industry standards on operational matters
- Approving policies and standards that reflect our reputation
- Reviewing and monitoring social issues that could impact our reputation
- Reviewing Coca-Cola Amatil's non-financial and operational risks and controls.

Management decisions in relation to sustainability are made by the Group Managing Director, Group Leadership Team and individual members of management who have direct authority. Across the Group functions and within each Business, our health, safety, supply chain, environment, human resources, procurement and public affairs and communications teams are responsible for the day-to-day implementation, management, monitoring and reporting of specific initiatives.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

SUSTAINABILITY STRATEGY (CONTINUED)

GOVERNANCE AND MANAGEMENT OF SUSTAINABILITY (CONTINUED)

The pillars of our sustainability framework are broken down into subjects, based on materiality to long-term business sustainability.

PILLAR	SUBJECT
Our People	Human rights Health, safety and employee wellbeing Diversity and inclusion
Wellbeing	Choice including reformulation Information and responsible marketing
Environment	Water Climate change and low carbon energy Packaging neutrality Biodiversity Responsible Sourcing
Our Community	Philanthropy and sponsorships Employee volunteering and giving Disaster relief and resilience Business for development, including first people's resilience and social procurement

OUR PEOPLE

Coca-Cola Amatil provides a safe, open, diverse and inclusive workplace where our people are energised by, and committed to, human rights and their safety and wellbeing at work.

Human rights is relevant to all of our people across all of our countries of operation and is an important consideration for Amatil today and tomorrow. To coincide with International Human Rights Day on 10 December 2017, we launched our Human Rights Policy that covers all the ways we can support human rights and minimise the risk of adverse human rights impacts.

For Coca-Cola Amatil, a safe workplace is the result of both our 'safety first' culture and a clearly defined set of requirements for all employees. Coca-Cola Amatil strives to achieve and maintain a zero-harm workplace where safety is everyone's responsibility and each individual is held to account. The Group's Health, Safety & Wellbeing Policy requires all employees, suppliers, contractors and visitors to operate to the highest standards. In 2017 we also continued to focus on programs to support employee health and wellbeing, including mental wellbeing.

We are creating a diverse culture that values inclusion, and which recognises the unique contributions of our people. At Coca-Cola Amatil we are focused on all aspects of diversity and have set targets for gender balance across all our geographies and Businesses, aiming for at least 30 per cent of Board, Senior Executive and Management positions to be held by women. We are currently the only ASX 100 company with a female Chairman and a female Group Managing Director. We continue to focus on training and development of our people, fostering an environment that supports and encourages growth of employee skills and implementation of a performance-based culture.

WELLBEING

The wellbeing of our consumers – physical, mental and social – is at the heart of our vision to delight millions of consumers every day. We are open and responsive to changing consumer tastes and preferences and aligned with global health guidelines and Sustainable Development Goals.

We will focus on choice through reformulation with a target to reduce sugar in our portfolio and information to provide consumers with confidence in their choice supported by our commitment to responsible marketing. We will measure the sugar intensity of our non-alcoholic beverages portfolio in all countries of operation and reduce total sugar intensity by 10 per cent in Australia and New Zealand (vs 2016 sugar intensity) and have the nutrition and responsible consumption information that our consumers want, conveniently available.

We will also increase choice in all product categories and build on our commitment to consumer education, responsible marketing, and promotion of consumer awareness of the impact of their choices on health and wellbeing.

To achieve this vision, we will work closely with our partners, industry experts and our customers and start to measure, set targets and report on our wellbeing initiatives.

We are successful when we have a diversified and growing consumer base that enjoys our products regularly and in the right amount, who can make confident choices and who trust our brands.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

SUSTAINABILITY STRATEGY (CONTINUED)

ENVIRONMENT

We aim to leave a positive legacy and ensure minimal impact on the environment. We work responsibly in all we do, seeking to make the right choices now, in a sustainable way, for future generations.

Our commitment is focused where we have the most opportunity to make a difference: water stewardship; sustainable packaging; energy management and climate protection; biodiversity and responsible sourcing.

By 2020, we will continue to drive water neutrality for non-alcoholic beverages; target a 25 per cent improvement in water efficiency for alcoholic beverages and food categories; deliver a 25 per cent carbon reduction for the “drink in your hand”; ensure that 60 per cent of our energy requirements come from renewable and low-carbon sources; aspire to packaging neutrality with business case development for 50 per cent recycled PET in all containers in Australia; ensure 80 per cent of suppliers are covered by responsible sourcing assessments and lead on habitat regeneration and protection projects.

To achieve this vision, we will work closely with partners and environmental experts so that we can understand and mitigate our impact and be proactive in implementing solutions. We have taken a leadership role in working with governments and stakeholders across Australia on container deposit and refund schemes, including as a joint venture partner in Exchange for Change, the New South Wales Scheme Coordinator, and a founding partner in Container Exchange, a not-for-profit organisation that is the preferred Product Responsibility Organisation to establish and manage the proposed Queensland container refund scheme. In addition, we welcome The Coca-Cola Company’s *World Without Waste* global packaging strategy that seeks to reduce environmental impacts of packaging through improved packaging collection and recycling.

OUR COMMUNITY

We make a unique, sustained, and valued collective impact on the communities in which we operate. Our contribution in Australia, Indonesia, Papua New Guinea, New Zealand, Fiji and Samoa delivers outcomes in partnership with local communities to ensure they are relevant to local development needs and circumstances. We embrace the philosophy of *Gotong Royong*¹, or community cooperation, and we will aspire to contribute the equivalent of one per cent of EBIT² and track the impact of this investment annually and over time.

Our contribution includes:

Significant **philanthropic grants** through the Coca-Cola Australia Foundation and the Coca-Cola Indonesia Foundation as well as the contribution of dedicated funds from sponsorship and marketing activities to support grassroots sports and community development initiatives.

Creating a culture that supports **employee volunteering**, including professional pro-bono services, employee fundraising and matched workplace giving.

Being ready to lend a hand with provision of water, food, and other aid to people impacted by natural disasters and to **support community resilience** beyond the immediate aftermath.

Ensuring we **leverage our significant business** investment in employment, training, ingredient supply, assets and services so that we can also provide community and social development benefits wherever possible.

Coca-Cola Amatil’s full Sustainability Report is available on our website www.ccamatil.com.

¹ *Gotong royong* is an Indonesian phrase that translates as “cooperation in a community” or “communal helping of one another”. It celebrates the spirit of volunteerism as well as the idea of reciprocity – helping your neighbour to also help yourself – whilst achieving broader community objectives.

² Currently this equates to around AU\$6million of community investment per annum.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

BUSINESS AND SUSTAINABILITY RISKS

Coca-Cola Amatil is exposed to a range of market, financial, operational, and socio-political risks which could have an adverse effect on Coca-Cola Amatil's future financial prospects. The nature and potential impact of these risks can change over time and vary in degree with what the Company can control. Coca-Cola Amatil has a risk management framework in place with internal control systems to mitigate these key business risks.

For further information on Coca-Cola Amatil Limited's risk management framework, refer to Coca-Cola Amatil Limited's Corporate Governance Statement at www.ccamatil.com. This includes discussion of Coca-Cola Amatil Limited's approach under Principle 7 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd edition, being "Recognise and Manage Risk".

Coca-Cola Amatil's key business risks include, but are not limited to:

- Beverage industry headwinds
- Economic factors impacting demand
- Cyber risk
- Litigation risk
- Regulatory risks
- Relationship with The Coca-Cola Company (TCCC) and other brand partners
- Occupational Health & Safety (OH&S) risk
- Malicious product tampering risk
- Climate change risk
- Business continuity risk
- Key supplier risk

BEVERAGE INDUSTRY HEADWINDS

Shifts in the non-alcoholic ready-to-drink (NARTD) beverage landscape, which have impacted the beverage profit pool in Australia, New Zealand and Indonesia, are a risk to Coca-Cola Amatil earnings. These include changing consumer trends, a fragmented and price competitive trading environment, and increased legislation and regulation. A primary driver is the health and wellness concerns around sugar and artificiality which is continuing to shift consumer preferences towards low-and no-kilojoule products, especially in developed countries. While this shift occurs, other non-sparkling beverage categories are experiencing strong growth and Coca-Cola Amatil continues to build its share in these categories. Coca-Cola Amatil is working closely with The Coca-Cola Company to leverage The Coca-Cola System's "Beverages for Life" strategy and leadership position in sparkling beverages to grow the category (and its share of category) and continue to take a meaningful share of stills beverages through up-weighted marketing investment, product innovation and extending customer reach. Coca-Cola Amatil continues to engage with stakeholders to raise awareness of the impacts of additional regulations and find industry-led initiatives to achieve public policy objectives with minimal impact to consumers and Amatil.

ECONOMIC FACTORS IMPACTING DEMAND

Despite solid macro-economic growth forecasts in Australia, Indonesia and New Zealand, the retail environment in these markets remains challenging as consumer spending remains subdued across a number of areas, particularly in relation to food and beverage retailing. This has been reflected in the proliferation of value and private label beverages beyond water, persistent retailer pricing pressure, as well as customer outlets closing or reducing stock holdings. The constant lack of liquidity in the local Papua New Guinea currency market remains a risk for the Group. To continue to become more cost-competitive, Coca-Cola Amatil will implement a range of strategic cost-out initiatives over 2018, build scale and relevance in the markets in which it operates, and continue to manage its foreign exchange risks.

CYBER RISK

Cyber security and information privacy is an increasing challenge given the dynamic nature of these threats, and the shift away from safeguarding of financial assets to that of intellectual property, supply chain systems, contractual agreements, operational technology and staff / customer information. Like many organisations, Coca-Cola Amatil uses cloud-based technologies to store commercially sensitive information, and while Coca-Cola Amatil has a cyber security strategy and framework that adequately identifies and addresses threats, risks associated with cyber-attack is inherent.

LITIGATION RISK

There is an emerging risk in Australia of a shareholder or consumer class action, given the increasingly litigious environment.

REGULATORY RISKS

The risks associated with regulatory interventions such as proposed container deposit schemes and potential sugar and plastics taxes continue to be a focus. The rising health consciousness of consumers and concern around increasing levels of waste globally, is giving rise to environmental and health advocates as they push for solutions to broader litter and obesity issues. Coca-Cola Amatil continues to engage with stakeholders to raise awareness of the impacts of additional regulations and develop initiatives to achieve public policy objectives with minimal impact to consumers and Coca-Cola Amatil. We are subject to regular tax audits across our jurisdictions and interact with tax authorities on a range of issues as part of the ongoing operations of tax authorities. In addition, we have responded to the increased focus by revenue authorities on how companies structure their business across borders by publishing an annual Tax Transparency Report to provide governments and stakeholders with information on our taxation contribution in all our countries of operation.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017**

BUSINESS AND SUSTAINABILITY RISKS (CONTINUED)

RELATIONSHIP WITH THE COCA-COLA COMPANY AND OTHER BRAND PARTNERS

Coca-Cola Amatil's relationships with its partners is key to its success and forms a fundamental part of the core strategy. Coca-Cola Amatil's beverage business, of which The Coca-Cola Company branded products form the majority, relies on strong plans that are aligned for growth. Coca-Cola Amatil continues to drive further improvement in alignment with The Coca-Cola Company, and joint plans are in place with each of the alcohol and other brand partners to profitably drive volume.

Our relationship with The Coca-Cola Company is governed in our various markets by Bottler's Agreements which set out the respective rights and responsibilities of Coca-Cola Amatil and The Coca-Cola Company. Termination of our agreements with The Coca-Cola Company or our other brand partners, or unfavourable renewal terms, could adversely affect Coca-Cola Amatil's profitability. Our agreements with The Coca-Cola Company are typically 10 years in duration and have consistently been renewed.

Our Bottler's Agreements provide us exclusive rights to produce, package, sell, and distribute the relevant trademarked products of The Coca-Cola Company in a territory. Our agreements contain obligations in relation to manufacturing and marketing requirements of The Coca-Cola Company.

The Coca-Cola Company typically takes overall responsibility for the consumer marketing of its products and supplies proprietary concentrates and beverage bases to Coca-Cola Amatil.

OH&S RISK

Coca-Cola Amatil highly values safety and is committed to ensuring that a robust and effective OH&S framework is employed across the Group. While Coca-Cola Amatil has historically experienced low injury rates, the risk of serious injury through industrial and traffic accidents remains in all Coca-Cola Amatil markets due to the nature of the manufacturing and distribution business. Coca-Cola Amatil has a robust OH&S framework that is reviewed on a regular basis by management and audited externally. Additionally, management continue to invest in several initiatives to reduce OH&S related risks.

MALICIOUS PRODUCT TAMPERING RISK

Malicious product tampering or material threat of malicious product tampering would have an adverse financial impact. This may result from an initial product recall, impacting short term sales, as well as a potentially longer term adverse financial outcome, due to a loss of brand image and a loss of customer and consumer confidence in markets where product tampering occurs.

CLIMATE CHANGE RISK

There is strong and increasing scientific consensus that the global climate is changing and will continue in ways that affect the planning and day to day operations of businesses. Climate change effects that have the potential to impact Coca-Cola Amatil include changes in weather patterns such as increased temperatures, altered rainfall patterns, and more frequent or intense extreme events such as heatwaves, drought, storms and increased frequency of natural disasters. These may cause major business disruption, increased energy costs, and key input scarcity (such as water, sugar and other agricultural ingredients). Business continuity frameworks are in place and are tested regularly to reduce the impact of any major disruption. In addition, Amatil has water optimisation strategies, alternate supply arrangements and strong supplier relationships.

BUSINESS CONTINUITY RISK

A manufacturing shutdown or disruption to business could have a major impact on profit and our reputation with both consumers and our customers. We are focused on ensuring business continuity frameworks are in place to address events (e.g. fire, explosion, civil unrest, terrorist attack etc.) that could result in a disruption.

KEY SUPPLIER RISK

A risk to the Group is a disruption to operations due to the failure of a key supplier to meet its contractual obligations to Coca-Cola Amatil.

CAPITAL AND FINANCIAL RISK MANAGEMENT

Information concerning Coca-Cola Amatil's capital and financial risk management can be found in Note 14 to the financial statements.

FURTHER DISCLOSURE

Further information in relation to strategy, prospects for future financial years and business risks has not been disclosed. In the opinion of the Directors, such disclosures would unreasonably prejudice the interests of the Group, by providing competitors information that Coca-Cola Amatil regards as being commercially sensitive to the business.

DIRECTORS' REPORT

Coca-Cola Amatil Limited and its subsidiaries

In accordance with the *Corporations Act 2001*, the Directors submit hereunder their Report on Coca-Cola Amatil Limited and its subsidiaries (referred to as Group), for the year ended 31 December 2017.

The Operating and Financial Review (OFR) on page 1 and the Remuneration Report on page 36 form part of this Directors' Report.

1 DIRECTORS

The names of the Directors of Coca-Cola Amatil Limited (also referred to as Company) in office during the financial year and until the date of this Report and each Director's holdings of shares and share rights in Coca-Cola Amatil Limited are detailed below:

	Ordinary shares No.	Long Term Incentive Plan (LTIP) share rights ¹ No.
Current		
Ilana Rachel Atlas ²	42,000	
Alison Mary Watkins	203,118	751,446
John Borghetti, AO	9,994	
Catherine Michelle Brenner	18,232	
Martin Jansen	10,173	
Mark Graham Johnson	10,000	
Paul Dominic O'Sullivan ³	16,000	
Krishnakumar Thirumalai	8,100	
Former⁴		
David Michael Gonski, AC		
Anthony Grant Froggatt		
Wallace Macarthur King, AO		
David Edward Meiklejohn, AM		

1 Consists of the maximum number of unvested share rights in the 2016-2018 and 2017-2019 LTIP.

2 Appointed as Chairman on 16 May 2017 at the conclusion of the Annual General Meeting, succeeding Mr David Gonski.

3 Appointed 1 March 2017.

4 Retired 16 May 2017 at the conclusion of the Annual General Meeting.

2 DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are detailed below:

	Board of Directors		Audit & Finance Committee ¹		Risk & Sustainability Committee ¹		People Committee ¹		Related Party Committee ¹		Nominations Committee ¹		Other Board Sub-Committees ²	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Current														
I.R. Atlas	9	9	4	4	3	3	7	7	6	6	4	4	3	3
A.M. Watkins	9	9	—	—	—	—	—	—	—	—	—	—	3	3
J. Borghetti, AO ³	9	9	—	—	4	4	7	7	6	6	4	4	—	—
C.M. Brenner	9	9	4	4	4	4	7	6	6	6	4	4	—	—
M. Jansen	9	8	4	3	4	3	—	—	—	—	4	3	—	—
M.G. Johnson ⁴	9	9	4	4	4	4	—	—	6	6	4	4	2	2
P.D. O'Sullivan	8	8	3	2	—	—	4	2	5	5	4	3	—	—
K. Thirumalai ⁵	9	9	—	—	4	4	4	4	—	—	4	4	—	—
Former														
D.M. Gonski, AC	2	2	1	1	1	1	3	3	1	1	—	—	—	—
A.G. Froggatt	2	2	1	1	—	—	3	3	1	1	—	—	—	—
W.M. King, AO	2	1	—	—	1	—	—	—	1	—	—	—	—	—
D.E. Meiklejohn, AM	2	2	1	1	1	1	—	—	1	1	—	—	—	—

1 Refer to the Corporate Governance Statement at www.ccamatil.com for further details on committees.

2 Separate to Standing Board Committees, the Board delegated business to a Board-Sub-Committee on three separate occasions during 2017, comprised of the Board Chairman, Audit & Finance Committee Chairman and the Group Managing Director.

3 Appointed as the People Committee Chairman with effect from 11 October 2017.

4 Appointed as Chairman of the Audit & Finance Committee with effect from 16 May 2017.

5 Appointed as a Member of the People Committee with effect from 16 May 2017.

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

3 INFORMATION ON DIRECTORS

ILANA ATLAS

Chairman, Non-executive Director (Independent)

Joined the Board on 23 February 2011 – Chairman, Related Party Committee and Nominations Committee; and Member, People Committee, Audit & Finance Committee and Risk & Sustainability Committee.

Skills and Experience: Ms Atlas has extensive financial and legal experience and has held executive and nonexecutive roles across many industry sectors. From 2003 to 2010, she held senior executive roles within Westpac Banking Corporation, including Group Secretary and General Counsel; and Group Executive, People where she was responsible for human resources, corporate affairs and sustainability. Prior to working at Westpac Banking Corporation, Ms Atlas practised as a lawyer for 22 years and was the Managing Partner of Mallesons Stephen Jaques.

Degrees/Qualifications: Bachelor of Jurisprudence (Honours) and Bachelor of Laws (Honours) (The University of Western Australia); and Masters of Laws (The University of Sydney).

Other Listed Company Boards: Director, Westfield Corporation Limited and Australia and New Zealand Banking Group Limited.

Government & Community Involvement: Chairman, Jawun Pty Ltd; Director, Paul Ramsay Foundation; Panel Member, Adara Partners; and Fellow, Senate of The University of Sydney.

ALISON WATKINS

Group Managing Director, Executive Director

Appointed in March 2014

Skills and Experience: Ms Watkins joined Coca-Cola Amatil Limited in March 2014 as Group Managing Director. She has extensive experience in the food, beverage, retail and financial industries including holding the role as Managing Director of GrainCorp Limited and partner at McKinsey & Company earlier in her career.

Degrees/Qualifications: Bachelor of Commerce (University of Tasmania); Fellow, Australian Institute of Company Directors; Fellow, Chartered Accountants Australia and New Zealand; and Senior Fellow, Financial Services Institute of Australasia.

Government & Community Involvement: Director, Centre for Independent Studies and the Business Council of Australia.

JOHN BORGHETTI, AO

Non-executive Director (Independent)

Joined the Board in December 2015 – Chair, People Committee; and Member, Risk & Sustainability Committee, Related Party Committee and Nominations Committee

Skills and Experience: Mr Borghetti is currently the Chief Executive Officer and Managing Director of the Virgin Australia Airline Group, commencing in this role in May 2010. He has over 40 years' experience in aviation, which also includes a long career at Qantas.

Other Listed Company Boards: Managing Director of Virgin Australia Holdings Limited.

Government & Community Involvement: Director of the Australian Chamber Orchestra.

CATHERINE BRENNER

Non-executive Director (Independent)

Joined the Board in April 2008 – Chair, Risk & Sustainability Committee; and Member, Audit & Finance Committee, People Committee, Related Party Committee and Nominations Committee.

Skills and Experience: Ms Brenner has extensive corporate finance and public company experience which includes holding roles as a senior investment banker advising domestic and international clients. She has been a public company director for many years in the financial services, building materials, resources, property and biotech sectors including chairing remuneration, nominations, audit and risk and health and safety committees.

Degrees: Bachelor of Laws and Bachelor of Economics (Macquarie University); and Master of Business Administration (MBA) (Australian Graduate School of Management).

Other Listed Company Boards: Chairman, AMP Limited; and Non-Executive Director, Boral Limited.

Government & Community Involvement: Member, Art Gallery of New South Wales Board of Trustees.

MARTIN JANSEN

Non-executive Director (Nominee of TCCC)

Joined the Board in December 2009 – Member, Audit & Finance Committee, Risk & Sustainability Committee and Nominations Committee.

Skills and Experience: Mr Jansen was the Region Director, Bottling Investments Group for China, Southeast Asia and Middle East and was responsible for TCCC's Bottling Investment interests in China, Singapore, Malaysia, Vietnam, Cambodia, Myanmar, UAE, Oman, Qatar, Bahrain and Egypt. He joined The Coca-Cola System in 1998, when he was appointed as the Chief Operating Officer for Coca-Cola Sabco. In 2001, he was appointed Chief Executive Officer, leading an anchor bottler with operations in 12 countries in Africa and Asia. In December 2017, Martin was appointed as a non-executive Director of Equatorial Coca-Cola Bottling Company.

Degree: Bachelor of Commercial Economics (HEAO Groningen, Netherlands); and Graduate of the Executive Development Program at Northwestern University Kellogg School of Management.

Other Listed Company Boards: Director, Haad Thip Public Company Limited (Thailand bottling partner).

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

3 INFORMATION ON DIRECTORS (CONTINUED)

MARK JOHNSON

Non-executive Director (Independent)

Joined the Board in December 2016 - Chair, Audit & Finance Committee; and Member, Risk & Sustainability Committee, Related Party Committee and Nominations Committee.

Skills and Experience: Mr Johnson was CEO and Senior Partner of PricewaterhouseCoopers (PwC) from July 2008 - June 2012 and held other senior positions (both internationally and in Australia) during his 30 year career at PwC, serving major clients in areas of audit, accounting, due diligence, fund raising and risk and governance. Mark is an experienced company director in the listed, private and not-for-profit sectors.

Degrees: Bachelor of Commerce (The University of New South Wales); Fellow, Chartered Accountants Australia and New Zealand; CPA Australia; and Fellow, AICD.

Other Listed Company Boards: Chairman, G8 Education Limited; and Director, Westfield Corporation Limited.

Other Boards: Chairman, MH Premium Farms; Director, Aurecon Group Pty Ltd and Corrs Chambers Westgarth.

Government & Community Involvement: Director, Hospitals Contribution Fund of Australia (HCF) and The Smith Family; and Member, UNSW Australia School of Business Advisory Council and St Aloysius' College Council.

PAUL O'SULLIVAN

Non-executive Director (Independent)

Joined the Board in March 2017 – Member, Audit & Finance Committee, People Committee, Related Party Committee and Nominations Committee.

Skills and Experience: Mr O'Sullivan has extensive experience in the telecommunications, banking and oil & gas sectors, both in Australia and overseas. He has held senior executive roles with Singapore Telecommunications (SingTel) and was previously the CEO of Optus. Mr O'Sullivan has also held management roles with the Colonial Group and the Royal Dutch Shell Group in Canada, the Middle East, Australia and United Kingdom. He is a member of the Board of Commissioners of Telkomsel, Indonesia's largest mobile communications company and a former Director of Bharti Airtel, one of India's leading mobile providers.

Degrees/Qualifications: Bachelor of Arts (Economics) (Trinity College, University of Dublin); and Graduate of the Advanced Management Program (Harvard University).

Other Listed Company Boards: Director, Healthscope Limited.

Other Boards: Chairman, SingTel Optus Pty Limited; Chairman, Western Sydney Airport Corporation; and Board of Commissioners, Telkomsel (Indonesia)

Government & Community Involvement: Director, St George & Sutherland Medical Research Foundation; Member of the Board, National Disability Insurance Agency; and Advisory Board Member, UNSW Bright Alliance.

KRISHNAKUMAR THIRUMALAI

Non-executive Director (Nominee of TCCC)

Joined the Board: March 2014 - Member, Risk & Sustainability Committee, Nominations Committee and People Committee.

Skills and Experience: Mr Thirumalai is the President of Coca-Cola India and South-West Asia. He has significant experience across developing and emerging markets in marketing, sales, distribution and supply chain, and more than 30 years' experience in the fast moving consumer goods (FMCG) sector, handling strategy, sales, marketing and general management. He was the Region Director for the India, Bangladesh, Sri Lanka and Nepal bottling operations of TCCC until April 2017.

Degrees: Bachelor of Engineering (Electronics and Communication (Madras University); MBA (Indian Institute of Management); and Advanced Management Program (Wharton Business School).

Other Boards: He is also Chairman and Director of Coca-Cola (India) Pvt Ltd.

Government & Community Involvement: Chairman MNC Committee of the Confederation of Indian Industry.

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

3 INFORMATION ON DIRECTORS (CONTINUED)

DAVID GONSKI, AC
Non-executive Director (Independent)
Retired on 16 May 2017

Mr Gonski was a Non-executive Director of the Company from October 1997 until his retirement in May 2017. From April 2001 to May 2017, he was the Chairman.

In 2017, Mr Gonski was Chairman, Related Party Committee and Nominations Committee; and Member, Audit & Risk Committee, Sustainability Committee and People Committee.

Skills and Experience: Mr Gonski was a solicitor for 10 years with the law firm of Freehills and thereafter a corporate advisor in the firm of Wentworth Associates co-founded by him, which subsequently became part of the Investec Banking Group.

Degrees/Qualifications: Bachelor of Commerce and Bachelor of Laws (The University of New South Wales); Honorary Doctorate of Laws (University of Wollongong); Life Fellow, the Australian Institute of Company Directors; and Fellow, Certified Practising Accountant (CPA), Australia.

Other Listed Company Boards: Chairman, Australia and New Zealand Banking Group Limited.

Other Listed Company Directorships held in the last three years: Singapore Telecommunications Limited (SingTel) (retired March 2015).

Government & Community Involvement: President, Art Gallery of New South Wales Board of Trustees; Chancellor, The University of New South Wales (UNSW); Chairman, ANSW Foundation Limited; Director, the Lowy Institute for International Policy; Member, Australian Securities and Investments Commission (ASIC) External Advisory Panel; Member, NSW Government Arts and Cultural Advisory Committee; and Patron, Australian Indigenous Education Fund and the Raise Foundation.

ANTHONY (TONY) FROGGATT
Non-executive Director (Independent)
Retired on 16 May 2017

Mr Froggatt was a Non-executive Director of the Company from December 2010 until his retirement in May 2017. In 2017, he was Member, Audit & Risk Committee, People Committee, Related Party Committee and Nominations Committee.

Skills and Experience: Mr Froggatt is a former Chief Executive Officer of global brewing company Scottish & Newcastle plc. Prior to that, he held various senior management positions in Seagram Spirits & Wine Group, Diageo plc, H J Heinz and The Gillette Company. He is experienced in global business and brand development, in both mature and developing markets, as well as having extensive marketing and distribution knowledge particularly in the international food and beverages sector.

Degrees/Qualifications: Bachelor of Laws (Queen Mary College); and MBA (Columbia Business School).

Other Listed Company Boards: Non-Executive Director, Brambles Limited.

Government & Community Involvement: Chairman, Foodbank Australia.

WAL KING, AO
Non-executive Director (Independent)
Retired on 16 May 2017

Mr King was a Non-executive Director of the Company from February 2002 until his retirement in May 2017. In 2017, he was Member, Sustainability Committee, Related Party Committee and Nominations Committee.

Skills and Experience: Mr King has worked in the construction industry for over 40 years and was Chief Executive Officer of Leighton Holdings Limited, a company with substantial operations in Australia, Asia and the Middle East, from 1987 until his retirement on 31 December 2010.

Degrees/Qualifications: Bachelor of Engineering and Master of Engineering Science (UNSW); and Honorary Doctorate of Science (UNSW).

Other Listed Company Directorships held in the last three years: Asia Resource Minerals plc (retired 1 July 2015); and Sundance Resources Limited (retired 22 December 2016).

Government & Community Involvement: Deputy Chairman, UNSW Foundation Limited; and Director, Kimberley Foundation Australia Limited.

DAVID MEIKLEJOHN, AM
Non-executive Director (Independent)
Retired on 16 May 2017

Mr Meiklejohn was a Non-executive Director of the Company from February 2005 until his retirement in May 2017. In 2017, he was Chairman, Audit & Risk Committee; and Member, Sustainability Committee, Related Party Committee and Nominations Committee.

Skills and Experience: Mr Meiklejohn was the Chief Financial Officer of Amcor Limited for 19 years until retirement in June 2000. Since retirement, he has served on the boards of a number of companies and was at different times Chairman of PaperlinX and SPC Ardmona, Deputy Chairman of GasNet Australia and a Director of the Australia and New Zealand Banking Group Limited, WMC Resources Limited and Treasury Corporation of Victoria. He has strong experience in finance and financial management and as a company director.

Degrees/Qualifications: Bachelor of Commerce and Diploma in Education (The University of Queensland); Fellow, Australian Institute of Management; Fellow, Australian Institute of Company Directors; and Fellow, CPA Australia.

Other Listed Company Boards: Non-executive Director, Mirrabooka Investments Limited.

Government & Community Involvement: Chairman, Board of Governance of the Manningham Aged Care Centre.

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

4 COMPANY SECRETARIES

Currently there are two Company Secretaries of Coca-Cola Amatil Limited. Their qualifications and experience are as follows:

Betty Ivanoff – Group General Counsel

Joined Coca-Cola Amatil Limited in April 2016 as Group General Counsel and was appointed as a second Company Secretary in September 2016. She holds a Bachelor of Laws degree from the University of Technology (Sydney) and Advanced Management & Leadership from the University of Oxford – Said Business School. She has over 20 years' legal, company secretarial and commercial experience.

Jane Bowd – Group Company Secretary & Corporate Counsel

Joined Coca-Cola Amatil Limited in June 2017 as Group Company Secretary, following the resignation of Katie Newton-John. She holds Master of Laws, Bachelor of Laws (Honours) and Bachelor of Arts (Honours) degree from the Queensland University of Technology. She also holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors. She has over 15 years' experience as a commercial and corporate lawyer and governance professional.

Katie Newton-John – Group Company Secretary & Corporate Counsel (retired in April 2017)

Joined Coca-Cola Amatil Limited in July 2012 and was appointed Company Secretary in January 2016. She holds a Bachelor of Laws degree from the University College London, a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia and is a Graduate from the Australian Institute of Company Directors. Ms Newton-John resigned as the Group Company Secretary in April 2017.

5 PRINCIPAL ACTIVITIES

Details of principal activities are set out in the OFR on page 2.

There were no significant changes in the nature of the Group's principal activities during the year.

6 DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has paid premiums for Directors' and Officers' liability insurance in respect of Directors and executive officers of the Company and subsidiaries as permitted by the *Corporations Act 2001*. The terms of the policy prohibit disclosure of details of the insurance cover and premiums.

7 INDEMNIFICATION OF AUDITORS

To the extent permitted by law, Coca-Cola Amatil Limited has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims made by third parties arising from the audit. The indemnity does not extend to any liability resulting from negligent, wrongful or wilful acts or omissions by Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

8 DIVIDENDS

	Rate per share ¢	Amount \$M	Date paid or payable
Final dividend (franked to 70%) declared on ordinary shares for 2017 (not recognised as a liability)	26.0	188.2	10 April 2018
Dividends paid on ordinary shares in the financial year:			
Final dividend (franked to 75%) declared on ordinary shares for 2016	25.0	190.9	7 April 2017
Interim dividend for 2017 (franked to 70%)	21.0	154.7	3 October 2017

9 SHARE RIGHTS

Details of movements in share rights during the financial year are included in Note 17 to the financial statements within the Financial Report.

10 ENVIRONMENTAL REGULATION AND PERFORMANCE

Management of environmental issues is a core component of operational management within the Group's businesses. The Group is committed to understanding and minimising any adverse environmental impacts of its beverage and food manufacturing activities, recognising that the key areas of environmental impact are water and energy use, litter and the lifecycle of our packaging.

Group policy is to ensure all environmental laws and permit conditions are observed. The Group monitors its environmental issues at an operational level, overlaid with a compliance system overseen by the Risk & Sustainability Committee. Although the Group's various operations involve relatively low inherent environmental risks, matters of non-compliance are identified from time to time and are addressed as part of routine management, and typically notified to the appropriate regulatory authority.

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

11 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, other than as referred to in the OFR, there have been no significant changes in the state of affairs for the year.

12 EVENTS AFTER THE BALANCE DATE

Subsequent to the balance sheet date, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Group in subsequent financial periods.

13 ROUNDING

The Company is of a kind referred to in the *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, and, accordingly, amounts in this Report and the Financial Report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

14 AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 118.

NON-AUDIT SERVICES

The following non-audit services were provided by the Company's auditor, Ernst & Young (Australia). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided mean that auditor independence was not compromised.

Ernst & Young (Australia) received or is due to receive the following amounts for the provision of non-audit services:

- Other assurance services \$0.045 million
- Other services \$0.587 million

REMUNERATION REPORT

Coca-Cola Amatil Limited and its subsidiaries

This Remuneration Report outlines Coca-Cola Amatil's (Amatil's) remuneration strategy, framework and practices that apply to Key Management Personnel (KMP) in accordance with the requirements of the *Corporations Act 2001*.

The information contained in this Remuneration Report has been audited by Ernst & Young. Refer to the audit opinion on page 117.

1 INTRODUCTION FROM THE PEOPLE COMMITTEE CHAIR

Dear Shareholder,

Our Group result reflected the strong earnings performances in New Zealand & Fiji, Indonesia & Papua New Guinea and Alcohol & Coffee. It was further bolstered by our efforts to effectively utilise our balance sheet, including the share buy-back and the successful execution of the Richlands transaction, both of which delivered value to shareholders.

However, despite an improved trajectory for our Australian Beverages business in the second half of the year, it was not sufficient to offset the challenges we experienced at the start of the year. The Australian Beverages performance weighed heavily on our share price and to an extent overshadowed the strong results from all of the other businesses.

Alongside delivering the 2017 profit result in line with guidance, the team has been focused on setting the business up for a sustainable tomorrow, and to strengthening future returns for shareholders. We have redefined how we work with The Coca-Cola Company in Australia, developed and commenced implementation of the Accelerated Australian Growth Plan, continued to build capability in Indonesia, and strengthened our Group Leadership Team with new roles focused on growth, a stronger Group technology and digital agenda, and trust and reputation.

The 2017 Short Term Incentive Plan outcomes are reflective of the above performance, with differentiated outcomes depending on the KMP Senior Executives scope of accountability and the business within which they operate.

The 2015-17 Long Term Incentive Plan grant was tested at the conclusion of the year, as a result of the share price decline during 2017 both the relative and absolute shareholder return requirements were not met, and the value of the underlying shares diminished. However, the three-year average EPS target was achieved, resulting in vesting of 44.7% of target, which is 22.3% of maximum.

Looking forward into 2018, we have made two refinements to our approach.

- The Short Term Incentive Plan has a strengthened focus on revenue and growth. For 2018, the Short Term Incentive Plan now includes revenue alongside profit as a performance measure, with a meaningful weighting of 20% (profit retains its 50% weighting, and the individual component has been reduced to 30%). Supporting this, the 2018 individual business objectives for each KMP Senior Executive are biased towards growth related initiatives.
- The 2018 Long Term Incentive Plan grants that will be made in May 2018 will continue to use earnings per share, relative and absolute total shareholder return as the three performance measures. However, we have refined the measurement approach for the earnings per share component to align to our business plan. Further detail on this will be included in our 2018 notice of meeting seeking approval for the 2018 grant to the Group Managing Director.

We have also recently reviewed director fees for 2018. There will be no change to the Chairman fee or the Board fee. However, we have determined that given the similar workloads for the Audit & Finance Committee, Risk & Sustainability Committee, and the People Committee, the fees for these three Committees should be aligned. This will occur through decreasing the fees for the Audit & Finance Committee and increasing the fees for the Risk & Sustainability Committee and the People Committee.

I trust you will find this report informative and welcome any questions at the Annual General Meeting.



John Borghetti

Chair, People Committee

Sydney

21 February 2018

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

2 WHO IS COVERED BY THE REPORT

KMP consist of senior executives (referred to as KMP Senior Executives) and Non-executive Directors. For 2017 they are:

Name	Position	Changes during 2017
KMP Senior Executives		
A.M. Watkins	Executive Director and Group Managing Director	
M.J. Roberts	Group Chief Financial Officer	
E.C. Wilson ¹	Group Human Resources Director	
K. Gunduz	Managing Director, Indonesia & Papua New Guinea	
C.J. Litchfield	Managing Director, New Zealand & Fiji	
P. McLoughlin	Managing Director, Australian Beverages (Acting ²)	Appointed to acting role on 13 March 2017 and ceased to be KMP from 31 December 2017.
Non-executive Directors		
I.R. Atlas	Chairman	Appointed as Chairman on 16 May 2017
J. Borghetti, AO	Non-executive Director	
C.M. Brenner	Non-executive Director	
M. Jansen	Non-executive Director	
M.G. Johnson	Non-executive Director	
Paul Dominic O'Sullivan	Non-executive Director	Appointed on 1 March 2017
K. Thirumalai	Non-executive Director	
Former KMP		
B. O'Connell	Managing Director, Australian Beverages	Ceased to be KMP on 13 March 2017 ²
D.M. Gonski, AC	Chairman	Retired on 16 May 2017 at conclusion of the Annual General Meeting
A.G. Froggatt	Non-executive Director	Retired on 16 May 2017 at conclusion of the Annual General Meeting
W.M. King, AO	Non-executive Director	Retired on 16 May 2017 at conclusion of the Annual General Meeting
D.E. Meiklejohn, AM	Non-executive Director	Retired on 16 May 2017 at conclusion of the Annual General Meeting

1. Subsequent to year-end it was agreed that Libbi Wilson would step down from the role of Group Human Resources Director effective 28 February 2018.

2. Following the departure of Barry O'Connell, an extensive search was undertaken resulting in the appointment of Peter West who is expected to commence at the end of April 2018. In the interim, the Australian Beverages business was led by Peter McLoughlin in an acting capacity. For health reasons Mr McLoughlin ceased in the role at the end of 2017, and the Group CFO Martyn Roberts is acting in the role for the period until the commencement of permanent appointment, Peter West.

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

3 REMUNERATION GOVERNANCE AT AMATIL

THE PRINCIPLES THAT GUIDE THE AMATIL APPROACH

Throughout Amatil our approach is guided by the principles set out below.

Performance @ Amatil	Reward @ Amatil
<p>Performance @ Amatil focuses on:</p> <ul style="list-style-type: none"> Ensuring alignment to our vision and our strategy Providing clarity on our expectations and specific goals we commit to deliver Ensuring accountability for delivering against all of our commitments whilst demonstrating our values <p>Performance @ Amatil is not a process or a system, but rather an on-going conversation throughout the year</p> <p>Performance @ Amatil requires us to set stretching but achievable performance expectations and holds us accountable for results. Each year we raise expectations and focus on continuously improving outcomes for our stakeholders</p>	<p>Reward @ Amatil provides competitive remuneration and benefits, based on consideration of all the relevant inputs to attract and retain the best people</p> <p>Reward @ Amatil enables motivational and differentiated reward outcomes based on the achievement of financial and other business objectives, and is aligned to affordability and the outcomes we deliver for our shareholders</p> <p>Reward @ Amatil re-enforces an ownership mindset by encouraging and facilitating our people to be shareholders</p> <p>For our KMP Senior Executives, this includes a significant proportion at-risk dependent on both short and longer term performance, and delivering a significant proportion using shares rather than cash</p>
Underpinning both is a commitment to simplicity, transparency and mitigating potential bias and inequities	

ROLES AND RESPONSIBILITIES

The table below sets out the roles and responsibilities of the Board, the People Committee and management in relation to Board and KMP Senior Executive remuneration.

The Board	The People Committee	Management
<ul style="list-style-type: none"> Has accountability for KMP remuneration Approves Group Managing Director remuneration Approves Non-Executive Director remuneration (with shareholder approval required for the overall limit) 	<ul style="list-style-type: none"> Makes recommendations to the Board on Group Managing Director and Non-Executive Director remuneration Approves executive reward strategy, incentive plans and KMP Senior Executive Remuneration Provides oversight of management's implementation of approved arrangements 	<ul style="list-style-type: none"> Prepares recommendations and information for the Committee's consideration and approval Implements the approved remuneration arrangements

HOW DECISIONS ARE MADE

The decisions made by the Board and Committee are based on recommendations made by management and/or external advisors. When considering these recommendations, consideration is applied to the Amatil strategy, the performance and reward principles, the executive reward strategy, alignment with shareholder interests, external market practice and affordability.

PREVENTING UNINTENDED CONSEQUENCES AND CLAWBACK

The Short Term Incentive Plan and the Long Term Incentive Plan have design elements that protect against the risk of unintended and unjustifiable outcomes. These include:

- Measuring both incentive plans across a suite of relevant performance measures, and not placing an over focus on one specific measure or initiative.
- Assessing performance in terms of today and tomorrow, both through the type of objectives set, the deferred component of the Short Term Incentive Plan and the time periods over which performance is measured; one year for the Short Term Incentive Plan, and three years for the Long Term Incentive Plan.
- The Short Term Incentive Plan deferred shares and Long Term Incentive Plan awards continue in the plan beyond cessation of employment (subject to the reason for ceasing employment) ensuring a focus on the longer term even as employment may be reaching conclusion.
- A minimum shareholding guideline for KMP Senior Executives ensuring tangible direct alignment with shareholders.
- The board's ability to adjust Short-Term Incentive Plan outcomes, and to reduce/clawback unvested Short-Term Incentive Plan deferred shares and unvested Long Term Incentive Plan awards in certain circumstances. These provisions are drafted broadly to enable the Board to exercise this authority when required.

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

3. REMUNERATION GOVERNANCE AT AMATIL (CONTINUED)

EXTERNAL ADVICE – WHERE REMUNERATION RECOMMENDATIONS WERE PROVIDED

In 2017, the Committee engaged PricewaterhouseCoopers (PwC), independent of management, to provide the Committee with remuneration recommendations (as defined under the Corporations Act 2001) with respect to the Group Managing Director's and the Non-executive Directors' remuneration.

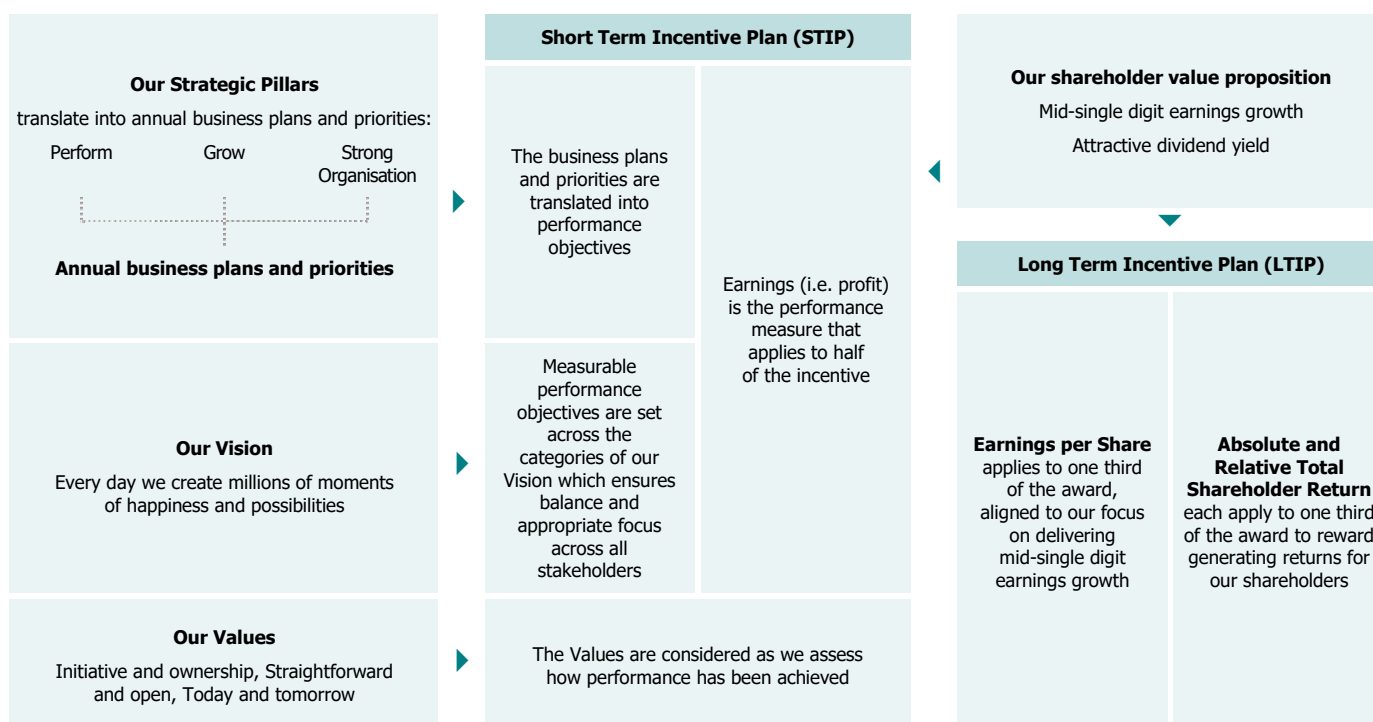
PwC reported directly to the Committee but was permitted to speak with management throughout the engagement to understand Amatil's processes, practices and other business issues and to understand Amatil management's perspective. PwC was not permitted to provide any member of management with a copy of its draft or final report that contained remuneration recommendations.

PwC confirmed to the Committee that the remuneration recommendations it provided have been made free from undue influence by the member(s) of KMP to whom the recommendation relates. Based on the procedures it has in place to govern PwC's engagement and the confirmation provided by PwC, the Committee is satisfied that the remuneration recommendations made by PwC are free from any undue influence.

The amount paid or payable for these services was \$32,538 (including GST) for the 2017 year. In addition to providing remuneration recommendations, PwC provided advice on a range of other matters for the 2017 year, including internal audit consulting, accounting, overseas operation tax returns and expatriate support and tax advice. For these services, amounts paid or payable to PwC were \$1,372,308 (including GST) for the 2017 year.

4 AMATIL'S STRATEGY, VISION AND VALUES AND THE LINK TO KMP SENIOR EXECUTIVE REWARD

Our KMP Senior Executive reward is designed to support and reinforce the Amatil strategy, Vision and Values and reward delivery against the components of our shareholder value proposition. The at-risk components of KMP Senior Executive reward are therefore closely linked to the successful execution of the strategy in both the short and longer term.



REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL

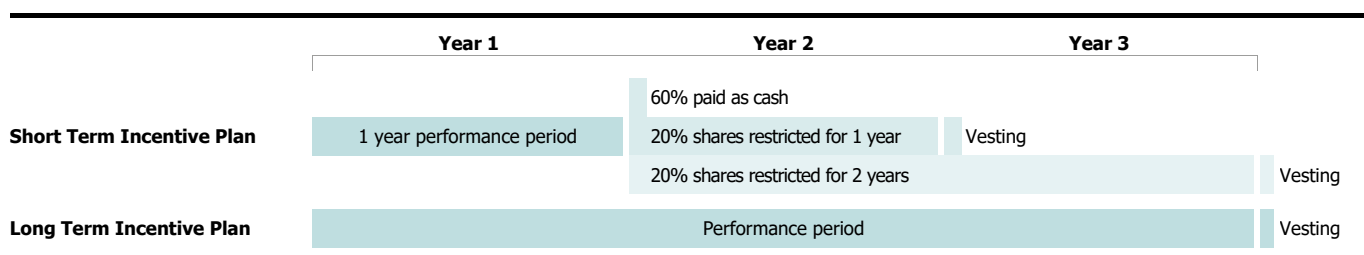
Overview of the components

KMP Senior Executive remuneration consists of fixed and at-risk components:

Fixed remuneration and benefits	Provides salary, superannuation and benefits appropriate to the KMP Senior Executive's role.
Short Term Incentive Plan (with 40% delivered as Amatil shares)	<p>The Short Term Incentive Plan is the annual incentive plan for KMP Senior Executives. Awards under the Short Term Incentive Plan are based on both performance and the way in which that performance was delivered (i.e. alignment with Amatil's values).</p> <p>A portion is paid in cash and a portion (40%) delivered as Amatil shares and deferred for up to two years to ensure continued alignment with shareholder outcomes and a sustainable positive impact beyond the performance year of the incentive.</p>
Long Term Incentive Plan	The Long Term Incentive Plan is an equity incentive plan used to align the reward of executives to the returns generated for Amatil shareholders.

To ensure strong alignment to shareholders, a minimum shareholding guideline applies. The Group Managing Director is required to hold an amount equivalent to 100% of fixed remuneration and other KMP Senior Executives are required to hold 50% of fixed remuneration in Amatil shares. A five-year time frame is permitted to attain this holding.

The diagram below illustrates how the different components of remuneration deliver rewards (subject to performance) over a three-year cycle.



REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

How remuneration is set and reviewed

The remuneration for KMP Senior Executives is set on appointment and then reviewed annually. We set both fixed remuneration and the total remuneration opportunity by considering:

- experience, competence and performance in the role (or in a comparable external role if a new hire)
- competitive market pressures (for example, scarcity of talent for the specific role or function within a specific geography)
- relevant market data (referencing a range around the 50th percentile for fixed remuneration and a 75th percentile opportunity, subject to performance, for total remuneration relative to comparable roles in comparable companies)
- desired focus on fixed vs. at risk remuneration
- internal equity with peer roles

The relative focus on fixed remuneration and at-risk remuneration

A significant portion of KMP Senior Executive remuneration is at-risk. The chart below illustrates the current relative focus between fixed remuneration, the Short Term Incentive Plan and the Long Term Incentive Plan for each continuing KMP Senior Executive.

The policy for the KMP Senior Executives that report to the Group Managing Director is also illustrated. Through each remuneration review each role is being progressed towards the policy whilst ensuring that total remuneration remains appropriate.

The chart presents target total remuneration (i.e. target Short Term Incentive Plan and target Long Term Incentive Plan). At Amatil, target performance focusses on delivering to our shareholder value proposition, and successful delivery of individual business objectives each year, continually raising the bar on performance year on year. All targets are intended to be stretching yet achievable.

	Fixed Remuneration ¹	Short Term Incentive Plan (at target and including share component)	Long Term Incentive Plan (at target)
Group Managing Director			
A.M. Watkins	38%	31%	31%
KMP Senior Executives reporting to the Group Managing Director			
Policy Mix	50%	30%	20%
M.J. Roberts Group Chief Financial Officer	50%	30%	20%
E.C. Wilson Group Human Resources Director	52%	30%	18%
K. Gunduz Managing Director Indonesia & Papua New Guinea	50%	30%	20%
C.J. Litchfield Managing Director New Zealand & Fiji	50%	30%	20%
B. O'Connell Managing Director Australian Beverages	50%	30%	20%

¹ Fixed remuneration for the purpose above does not include the other additional benefits described below or Mr Gunduz's expatriate allowances and benefits. The value of all the benefits and allowances are included in the tables later in this Section 5

The relative mix for Peter McLoughlin who was elevated from our next tier of executives was 60% Fixed remuneration, 25% Short Term Incentive Plan and 15% Long Term Incentive Plan. However, in the period where he led the Australian Beverages business and was a KMP Senior Executive, he had a higher duties loading, where his Short Term Incentive was increased to the same proportion as our policy noted above (i.e. Target STIP was set as 60% of Fixed Remuneration for this interim period).

Fixed remuneration

The fixed components of remuneration comprise base salary, superannuation, any salary sacrificed benefits and applicable fringe benefits tax.

Other additional benefits

In addition to fixed remuneration, the KMP Senior Executives are provided with other benefits including:

- a company product allowance.
- annual health check.
- participation in the Employees Share Plan (MyAmatil). The Employee Share Plan is open to all full and part-time employees of Amatil on a voluntary basis with each participant able to contribute up to 3% of base salary to purchase shares. For every share acquired a matching share is acquired, which under normal circumstances vest to the employee after a period of two years. There are no performance conditions.
- life, total and permanent disability and salary continuance insurance premiums are also paid if the KMP Senior Executive chooses to be a member of the Coca-Cola Amatil Superannuation Plan in Australia.

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Short Term Incentive Plan

Set out below is a summary of the terms and conditions which apply to the plan for all KMP Senior Executives:

What is the purpose of the Plan?

The Short Term Incentive Plan is the annual incentive plan that is used for the KMP Senior Executives. Awards under the plan are based on both performance and the way in which that performance was delivered through consistent demonstration of Amatil's values.

What are the performance conditions and why were they chosen?

The 2017 plan has two components each comprising 50% of the incentive. Profit is used as the performance condition for half of the incentive focussing on achieving agreed earnings targets aligned to the shareholder value proposition. The other half of the incentive applies to specific business objectives set with each KMP Senior Executive which reflect their priorities for today and tomorrow as set out in the business plan and strategy. At Amatil, there is a focus on continually raising the bar on performance year on year. All targets are intended to be stretching yet achievable.

The profit component (50%)

For Amatil as a whole, profit is measured as profit for the year attributable to shareholders of Amatil, and as earnings before interest and tax (EBIT). These two measures are weighted equally. We believe the use of these two measures together, and weighted equally, ensures a focus on the profit result generated for shareholders, and reflects the underlying performance of the businesses (as better represented by the EBIT result).

For the businesses, profit is measured as earnings before interest and tax (EBIT).

A threshold, target and stretch are set for Amatil and each business based on the business plan and the degree of difficulty the Committee and management believe is inherent in the Amatil and each business's targets. Each individual business therefore had a different threshold and stretch.

For 2017, the Managing Directors of individual businesses were assessed 80% on their businesses profit and 20% on Amatil's profit. The exception is Mr O'Connell who was set to be assessed 70% on the Australian Beverages profit, 15% on the Australian Alcohol profit (to reflect the importance of this business to growth in Australia) and a reduced 15% weighting on the Amatil result (given the impact the Australian Beverages profit has on the overall Amatil profit).

The maximum that can be achieved is 150% against the profit targets.

Individual business objectives (50%)

This component is based on the achievement of objectives set at the outset of the year.

The objectives are set across the stakeholder categories to ensure a balanced focus across Amatil's key stakeholders and business priorities. Each objective details a specific goal, and the related tasks and measures of success. They can include further financial metrics and both quantitative and qualitative objectives with relevant measures.

Weightings are assigned to each objective to reflect their relative importance to delivery of the strategy and required focus.

For each executive, the selection and weighting of each category and performance measure were based on the objectives of each business and correlate to the strategic plan and targets for that business.

The stakeholder categories and examples of the focus areas and metrics applied in 2017 (which vary as relevant for each KMP Senior Executive) are:

Shareholder	Strategic growth alternatives System & non-System
Customer	Volume, Customer Outlet Growth, Net Promoter Score, Delivery In Full On Time Accurately Invoiced
Consumer	Market share (transactions, volume and value), Portfolio mix, New Product Development, Category Acceptance score
Community	Corporate Reputation score, Community engagement priorities, Government relations priorities
Partners	Delivery of shared annual partner plans and new partnership agreements
Productivity	Cost reduction targets, Return on Capital Employed, Working Capital
Team Amatil	Total Recordable Injury Frequency Rate, Employee Engagement score, diversity targets

In addition to assessing the objectives, the Board may consider other results through the year (that were not reflected in the objectives), and how the performance was delivered (through demonstrating strong leadership aligned with the Amatil values).

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Short Term Incentive Plan (CONTINUED)

How is performance assessed?

The Committee relies on the audited Amatil financial results at the completion of the financial year to determine the extent to which the profit targets have been achieved. The following principles are applied when considering the profit result for incentive plan purposes:

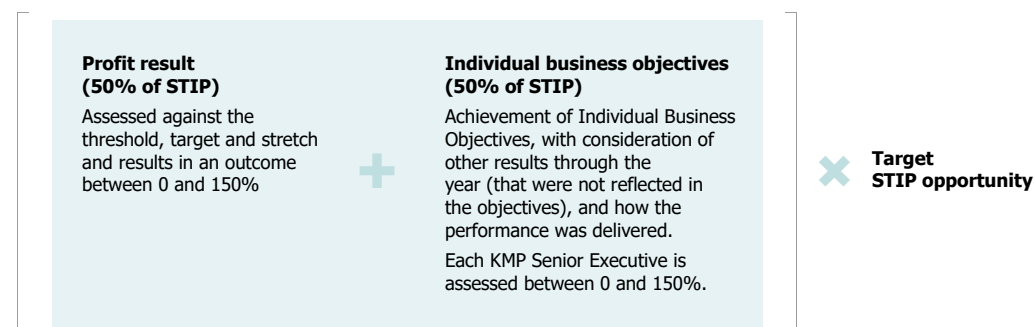
- Adjustments to the statutory reported results for incentive purposes are by exception and are not intended to be regular
- Any adjustment will require the judgement of the Committee and should balance ensuring fair outcomes that reflect management's delivery of financial performance, with ensuring alignment to the outcomes experienced by Amatil shareholders. They are not intended to deliver an advantage or disadvantage in the incentive outcomes
- Consistency in logic should be applied year to year

The achievement of individual business objectives and overall performance of the KMP Senior Executives are assessed and recommended for approval to the Committee by the Group Managing Director. The Committee separately assesses the Group Managing Director's achievement and makes a recommendation to the Board for approval.

The Committee believes these methods provide an accurate and objective assessment of performance, with the appropriate level of governance, review and approval.

How is the incentive calculated?

The incentive is calculated by assessing performance and applying the relevant weightings.

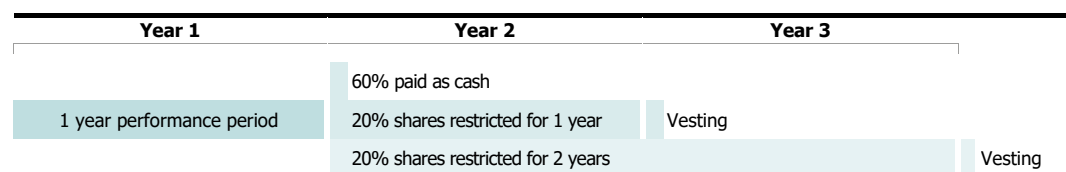


How much can the executive earn each year?

Each KMP Senior Executive has a target opportunity specified in their contract or most recent remuneration review letter. The 2017 target Short Term Incentive Plan opportunity for the Group Managing Director was 80% of fixed remuneration. For the other KMP Senior Executives, it ranged from 56% of fixed remuneration to 61% of fixed remuneration. The maximum award an individual can earn is 150% of their respective target opportunity.

How is the award paid

60% of the post-tax award is paid as cash and 40% is delivered in Amatil shares. Half of the shares are subject to a one year holding period and half are subject to a two-year holding period.



The shares are purchased on market and held irrespective of whether the executive is employed by Amatil during this period. The executive receives dividends and voting rights on the shares during this time.

The shares are released to the executive at the end of the respective holding periods except where:

- A participant is terminated for cause including but not limited to fraud, dishonesty, serious misconduct, or breaching the Amatil Code of Business Conduct
- A participant breaches post-termination restraint provisions during the holding period
- A participant enters into an arrangement to limit the share price risk associated with their restricted shares
- It would provide an inappropriate benefit (for example due to a financial misstatement relating to the STIP performance year)

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Long Term Incentive Plan

Set out below is a summary of the terms and conditions of the 2017 grants made under the Long Term Incentive Plan:

What is the purpose of the Plan?	The Long Term Incentive Plan is an equity incentive plan used to align the reward of KMP Senior Executives to the returns generated for Amatil shareholders.															
Who participates in the Plan?	The Board annually invites KMP Senior Executives to participate in the plan.															
What type of awards are granted?	The Long Term Incentive Plan is a grant of rights to Amatil shares that vest after three years subject to the achievement of the performance conditions. There is no exercise price attached to the rights.															
What size of awards are granted?	The 2017 target Long Term Incentive Plan opportunity for the Group Managing Director was 80% of fixed remuneration. For the other KMP Senior Executives, it ranged from 21% of fixed remuneration to 41% of fixed remuneration.															
How is the number of rights determined?	<p>The number of rights awarded is determined on a face value basis (i.e. by dividing the on-target award opportunity by the market price of Amatil shares over the 30 days preceding the beginning of the performance period). This represents the target number of rights that can be earned based on achieving the performance conditions.</p> <p>The maximum number of rights is determined by the respective vesting schedules and for the 2017 grant is 200% of target. To achieve the maximum number of rights, each of the performance conditions must be met in full at their stretch levels of performance.</p>															
What is the performance period?	Grants made under the Long Term Incentive Plan have a three-year performance period. For the 2017 grant, the performance period is from 1 January 2017 to 31 December 2019.															
What are the performance conditions and why were they chosen?	<p>The performance conditions, targets and vesting schedules are reviewed each year prior to grants being made, to ensure they are aligned to the Amatil strategy and with the interests of Amatil shareholders.</p> <p>Three performance conditions apply to the 2017 grant. The performance conditions are:</p> <ul style="list-style-type: none">• Relative Total Shareholder Return• Absolute Total Shareholder Return• Earnings per Share <p>One-third of the award will be assessed independently against each measure.</p> <p>The use of both measures of Total Shareholder Return will reward for both relative and absolute shareholder value creation and the Committee believes that the two measures complement each other and provide a balanced assessment of performance in terms of the returns generated for shareholders. The absolute measure has the benefit of providing executives with clarity on the level of shareholder return to attain through delivering on the Amatil strategy and generating share price growth and dividends for shareholders.</p> <p>Earnings per Share is used as the third measure as it provides a clear focus on meeting the earnings expectations communicated to the market, being the delivery of mid-single digit earnings growth.</p>															
What is the Relative Total Shareholder Return performance condition and target?	<p>Relative Total Shareholder Return (Relative TSR) represents the change in the value of Amatil’s share price over the performance period plus reinvested dividends, expressed as a percentage of the opening value of the share.</p> <p>Amatil’s Relative TSR is measured over the performance period and assessed against the TSR of the comparator group over the same period. Amatil is then given a percentile ranking based on its comparative TSR performance. The comparator group comprises the ASX 100 (less banking and mining companies) as defined at the start of the performance period, reflecting a peer group of comparable top 100 Australian listed companies.</p> <p>The proportion of rights in this tranche that vest is determined based on the following table:</p> <table><tr><th>Total Shareholder Return percentile vs. comparator group</th><th>Percentage of target that vests</th><th>Percentage of maximum that vests</th></tr><tr><td>Less than 51st</td><td>Nil</td><td>Nil</td></tr><tr><td>51st</td><td>100%</td><td>50%</td></tr><tr><td>Between 51st and 75th</td><td>Pro-rata vesting on a straight line basis between 100% and 200%</td><td>Pro-rata vesting on a straight line basis between 50% and 100%</td></tr><tr><td>75th and above</td><td>200%</td><td>100%</td></tr></table>	Total Shareholder Return percentile vs. comparator group	Percentage of target that vests	Percentage of maximum that vests	Less than 51st	Nil	Nil	51st	100%	50%	Between 51st and 75th	Pro-rata vesting on a straight line basis between 100% and 200%	Pro-rata vesting on a straight line basis between 50% and 100%	75th and above	200%	100%
Total Shareholder Return percentile vs. comparator group	Percentage of target that vests	Percentage of maximum that vests														
Less than 51st	Nil	Nil														
51st	100%	50%														
Between 51st and 75th	Pro-rata vesting on a straight line basis between 100% and 200%	Pro-rata vesting on a straight line basis between 50% and 100%														
75th and above	200%	100%														

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Long Term Incentive Plan (CONTINUED)

What is the Absolute Total Shareholder Return performance condition and target? Amatil's Absolute Total Shareholder Return (Absolute TSR) is measured over the performance period and assessed relative to a target of 8% compound annual growth rate (CAGR) for partial vesting and a target for maximum vesting of 12% CAGR.

The proportion of rights in this tranche that vest is determined based on the following table:

Total Shareholder Return – CAGR	Percentage of target that vests	Percentage of maximum that vests
Less than 8%	Nil	Nil
8%	100%	50%
Between 8% and 12%	Pro-rata vesting on a straight line basis between 100% and 200%	Pro-rata vesting on a straight line basis between 50% and 100%
12% and above	200%	100%

What is the Earnings per Share performance condition and target? The Earnings per Share (EPS) performance condition is subject to the measurement of Amatil's average annual growth in EPS over the three-year performance period. EPS is determined by dividing Amatil's profit for the year attributable to Amatil shareholders by the weighted average number of Amatil's ordinary shares on issue during the relevant financial year.

The target of 5% average annual growth per annum is consistent with mid-single digit earnings growth. 8% average annual growth per annum has been set as stretch performance required to achieve maximum vesting.

The proportion of rights in this tranche that vest is determined based on the following table:

Annual average growth in EPS	Percentage of target that vests	Percentage of maximum that vests
Less than 5%	Nil	Nil
5%	100%	50%
Between 5% and 8%	Pro-rata vesting on a straight line basis between 100% and 200%	Pro-rata vesting on a straight line basis between 50% and 100%
8% and above	200%	100%

How are performance conditions assessed? At the completion of the three-year performance period, an external consultant undertakes the Relative TSR and Absolute TSR calculations to ensure independence of the calculation. For the EPS performance condition, the Committee relies on the audited financial results. EPS is measured applying the same approach to assessing profit as described in the STIP section of this report.

The Committee reviews the findings of the performance assessments and approves the vesting or lapsing of awards in accordance with the vesting tables.

Is retesting permitted? There is no retesting of performance if performance conditions are not met at the end of the three-year performance period.

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

THE COMPONENTS OF KMP SENIOR EXECUTIVE REMUNERATION AT AMATIL (CONTINUED)

Long Term Incentive Plan (CONTINUED)

What happens on ceasing employment?	<p>Where a participant resigns or is terminated for cause before the end of the performance period, all rights will lapse immediately.</p> <p>If a participant ceases employment before the end of the performance period for any other reason, unless the Board determines otherwise:</p> <ul style="list-style-type: none">• if more than one-third of the performance period has elapsed, the rights will be pro-rated to the date of cessation and tested against the performance conditions at the end of the performance period; or• where less than one-third of the performance period has elapsed, all rights will lapse immediately.
What happens if a change of control occurs?	<p>In the event of a change of control prior to the end of the performance period, the Board has retained discretion to remove the performance condition. If the Board exercises this discretion, any award will be made at the higher of the number:</p> <ul style="list-style-type: none">• of target rights offered; or• that would have been allocated under the actual performance conditions, based on the most recent monthly testing of the Relative and Absolute TSR and the annual testing of the EPS condition.
Are there dividends or voting rights?	<p>There are no dividend entitlements or voting rights attached to the rights awarded. It is only if the rights vest and shares are acquired, that there is any entitlement to receive dividends and voting rights.</p>
Is there any clawback discretion?	<p>The Board has a broad discretion to prevent participants from becoming entitled to any inappropriate benefit. For example, where the Board considers that there has been an act of fraud, dishonesty or serious misconduct, the Board may determine that a participant's unvested rights will lapse.</p>

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2017

2017 Short Term Incentive Plan outcomes – profit

The profit targets in the 2017 Short Term Incentive Plan were aligned to our shareholder value proposition; low earnings growth targets for our developed markets, double digit earnings growth for our growth markets, and underlying mid-single digit earnings per share growth for Amatil as a whole. These profit targets were used to determine 50 per cent of the incentive.

As described earlier in this Annual Report, and in the introduction to this year's Remuneration Report, our Group result reflected the strong earnings performances in New Zealand & Fiji, Indonesia & Papua New Guinea and Alcohol & Coffee. It was further bolstered by our efforts to effectively utilise our balance sheet, including the share buy-back and the successful execution of the Richlands transaction, both of which delivered value to shareholders.

However, despite an improved trajectory for our Australian Beverages business in the second half of the year, it was not sufficient to offset the challenges we experienced at the start of the year. The Australian Beverages performance weighed heavily on our share price and to an extent overshadowed the strong results from all of the other businesses.

As described earlier in this report, the statutory result is our starting point for determining incentives, with the Board considering whether any adjustments are required to this result for incentive purposes. No adjustments were made to the 2017 financial outcome for the Group, with some limited pre-agreed adjustments applied for Indonesia & PNG, that did not materially impact incentive outcomes. As a result, the Amatil Group partially achieved the profit outcomes, and there were varied outcomes by business reflecting their respective performance. Further detail on each is set out in this section of the Remuneration Report.

2017 Short Term Incentive Plan outcomes – individual business objectives

The other 50 per cent was determined based on the achievement of agreed annual objectives, which as described earlier are a mix of quantitative (including other financial metrics) and qualitative objectives. At Amatil, these annual objectives for KMP Senior Executives are intended to ensure continued focus on strategic priorities and raise the bar on performance year on year. All objectives are intended to be stretching yet achievable.

At the outset of 2017, clear performance objectives were set for the KMP Senior Executives that were critical to the delivery of the 2017 plan and fundamental to the success of the long term strategy while addressing the ongoing challenges of a dynamic and competitive operating environment. Successful delivery of some of these objectives delivered value in 2017, while others make Amatil stronger for tomorrow.

In addition, business as usual Key Performance Indicators for each function and business are tracked and managed to support performance and growth. The overall assessment of executives takes into account performance against these metrics, including safety and employee engagement, alongside the achievement of individual business objectives and how the performance was achieved (i.e. through demonstrating good leadership aligned to the Amatil values) which ensures a holistic and full assessment of performance.

Detailed assessments were prepared by the Group Managing Director and discussed with the People Committee. The Board and the People Committee believe that the performance in 2017 has been appropriately reflected in the Short Term Incentive Plan outcomes.

2017 Short Term Incentive Plan outcomes – summary outcomes

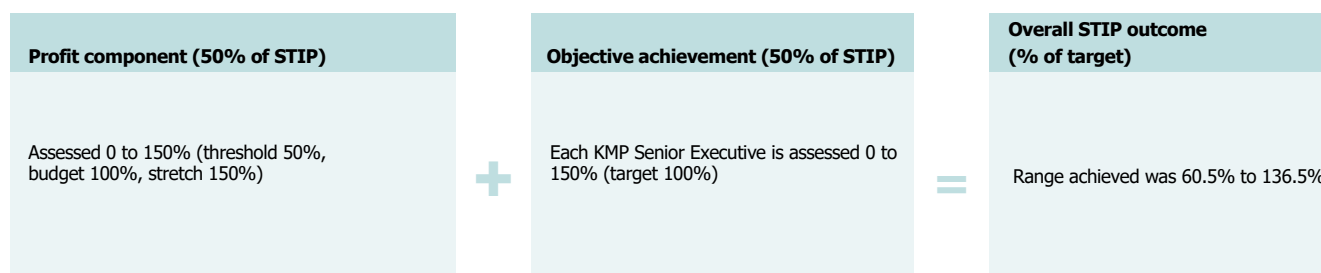
The diagram below summarises the performance and resulting Short Term Incentive Plan outcomes. There were differentiated outcomes both in terms of the profit component and the achievement of individual business objectives.

Profit performance assessed against approved targets and schedules

Performance weighted between Group and business performance and applied the payment schedules to determine % of STIP achieved.

Individual Business Objectives assessed

Each KMP Senior Executive is assessed against objectives specific to their business or function, with consideration of other achievements through the year (that were not reflected in the objectives), and how the performance was delivered.



REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2017 (CONTINUED)

The commentary below summarises the 2017 performance for the Group Managing Director, Group Chief Financial Officer and Group HR Director.

Group Managing Director

Profit

The profit result for the Group is assessed both in terms of EBIT and NPAT, with the primary focus being the statutory result, unless the Board deems it necessary to make any adjustments to this result for incentive purposes. For 2017 this resulted in the EBIT target being missed, and as a result of our balance sheet initiatives, an NPAT result of above target.

Individual business objectives and overall performance assessment

Despite significant progress on cost out programs and previously agreed growth initiatives since 2014 the Australian Beverages business came under significant top-line pressure early in the year. The Group Managing Director took a strong hands-on role to make senior leadership changes, drive focus on delivery against the April 2017 trading update, and lead an intensive program to redefine the way the Australian Beverages business works with The Coca-Cola Company. This resulted in the Accelerated Australian Growth Plan and organisational changes. The Group Managing Director has also initiated further action on cost structure across Australia to support investment into growth areas.

Strong leadership and support was provided to the Indonesia business which maintained market share and grew profit despite a declining market especially in the Amatil categories.

Ensured Board and leadership alignment on the Group strategy based on the well-established Perform and Grow themes and with commitment to invest to drive growth within our business, between our businesses and beyond our businesses.

The Group Managing Director has strong credibility and trust with The Coca-Cola Company, and has quickly established relationships with new global and regional leadership.

Groupwide employee engagement improved by 4 points from 65 to 69.

The Board recognised the strong leadership on safety matters provided by the Group Managing Director across the Group including the improvements in lead indicators and the overall reduction in safety incidents. However, the death of one of our contractor truck drivers at our Cibitung facility in Indonesia was considered and taken into account in determining the performance assessment.

Group Chief Financial Officer

In 2017, the Group Chief Financial Officer had objectives aligned to the Group Managing Director, and additionally a significant focus on the finance priorities around operating model and organisational structure, business performance management, systems and process and talent development. Performance was strong including: investing significantly in building capability across the finance function, and leading the development and agreement of options for releasing value via improved capital efficiency and managing one-offs (which in 2017 included delivering significant value via the share buy-back and successful execution of the Richlands transaction).

Group HR Director

The Group HR Director's (who also has accountability for Public Affairs and Communications) 2017 focus was aligned to the Group Managing Director's priorities and in particular the categories of people and community related aspects. There was strong delivery across all 2017 priorities and notably the momentum with the Indonesia capability programs, the development of the Amatil People Pact, the launch of a new internal intranet, a stronger One Amatil focus on safety, the improvement to overall employee engagement, and the further strengthening our approach to leadership development.

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2017 (CONTINUED)

A brief summary is provided below for the KMP Senior Executives leading the Amatil businesses. This is a summary only and each of the KMP Senior Executives had detailed objectives specific to their 2017 plans and commitments.

Managing Director of Indonesia & Papua New Guinea

Profit (50% of incentive)

Both Indonesia and Papua New Guinea significantly over delivered against their 2017 targets. A portion (10%) of the Managing Director's total incentive is assessed against the Group profit result described earlier.

Individual business objectives and overall performance assessment (50% of incentive)

Indonesia again proved to be a challenging market. Mr Gunduz demonstrated outstanding leadership in a year that was very different to originally anticipated, requiring swift adjustments in focus to over deliver profit despite a declining market especially in the Amatil categories.

Significant market share gains were delivered in sparkling (although the market underperformed), and held in the important, competitive tea category. Strong progress was made in diversifying and strengthening our reach into the general trade via the distributor model.

Mr Gunduz demonstrated a significant strong commitment to safety, leading from the front with his leadership team. However, the death of one of our contractor truck drivers at our Cibitung facility in Indonesia was considered and taken into account in determining the performance assessment.

Work continued building capability in Indonesia, with Mr Gunduz impressing with his passion and commitment to this important initiative. The capability program does not only support success in Indonesia, but results in a replicable model, already implemented in PNG, with further opportunity to replicate across the Group and support future growth of Amatil.

Managing Director of New Zealand & Fiji

Profit (50% of incentive)

Both New Zealand and Fiji significantly over delivered against their 2017 targets. A portion (10%) of the Managing Director's total incentive is assessed against the Group profit result described earlier.

Individual business objectives and overall performance assessment (50% of incentive)

Mr Litchfield delivered another outstanding performance. The business delivered a very strong year across most aspects of performance, resulting in four years of consecutive growth in a mature market. This included impressive sparkling category growth, On-The-Go growth, and market share growth. Employee engagement scores continued to impress (again ranking in the Aon Hewitt Best Employers), and customer satisfaction scores were excellent. Mr Litchfield continues to demonstrate strong leadership on trust and community, and was an important contributor in 2017 to the work undertaken by Australian Beverages on our ways of working with The Coca-Cola Company and contributing to the broader Amatil Group.

(Acting) Managing Director of Australian Beverages

Profit (50% of incentive)

Australian Beverages profit fell below the threshold set for 2017, and no payment was earned for the profit result. A portion of the Managing Director's total incentive is assessed against the Australian Alcohol profit (5%) which met budget and the Group profit (7.5%) described earlier.

Individual business objectives and overall performance assessment (50% of incentive)

Mr McLoughlin was appointed into the role in March and acted decisively to moderate the revenue trends after the challenging start to the year. He demonstrated a significant commitment to deliver to the April trading update, and held a strong resolve on costs to offset continuing revenue weakness. Mr McLoughlin's outstanding leadership was powerful in a very challenging year for the business. He played a critical role in restoring confidence and delivering the 2017 result. Mr McLoughlin also played a significant and impactful role in successfully reshaping the relationship with The Coca-Cola Company in Australia.

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2017 (CONTINUED)

2015-2017 Long Term Incentive Plan grants – tested at the conclusion of the 2017 year

The performance period for the 2015-2017 Long Term Incentive Plan commenced on 1 January 2015 and concluded on 31 December 2017. Performance was assessed at the conclusion of the 2017 year and as a result of performance over the three-year period, the relative and absolute Total Shareholder Return failed to achieve the requirements for vesting. However, our three-year average Earnings per Share growth resulted in partial vesting of the portion of the award determined by Earnings per Share. The resulting vesting was 44.7% of Target (which is 22.3% of the maximum available).

Grant	Performance period	Performance measure	Weighting	Target	Stretch	Performance achieved
2015-2017	1 January 2015 to 31 December 2017	EPS	1/3	5%	10%	6.7% average EPS, 134.0% vesting
		Relative TSR	1/3	51 st percentile	75 th percentile	9 th percentile, nil vesting
		Absolute TSR	1/3	8%	12%	1.2% CAGR, nil vesting

The outcomes over the past five years are shown below.

Grant	Performance period	Performance measure	Weighting	Target	Stretch	Performance achieved
2014-2016	1 January 2014 to 31 December 2016	EPS	1/3	5%	10%	-4.8% average EPS, nil vesting
		TSR – peer group 1	1/3	51 st percentile	75 th percentile	19 th percentile, nil vesting
		TSR – peer group 2	1/3	51 st percentile	75 th percentile	36 th percentile, nil vesting
2013-2015	1 January 2013 to 31 December 2015	EPS	1/3	8%	16%	-10.1% average EPS, nil vesting
		TSR – peer group 1	1/3	51 st percentile	75 th percentile	8 th percentile, nil vesting
		TSR – peer group 2	1/3	51 st percentile	75 th percentile	15 th percentile, nil vesting

Consideration of clawback

Each year the Committee considers whether any events have occurred (or become apparent) during the year that merit the application of clawback to any unvested STIP shares or LTIP awards. The Committee considered the 2017 year and determined that no clawback application was required.

Five-year performance table

The table below provides the underlying information regarding Amatil's five-year performance that is reflected in the above assessments of short and long-term performance and vesting outcomes:

Financial year end 31 December	2013	2014	2015	2016	2017
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (before non-trading items) (\$m)	502.8	375.5	393.4	417.9	416.2
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (\$m)	79.9	272.1	393.4	246.1	445.2
EPS (before non-trading items) (cents)	65.9	49.2	51.5	54.7	55.9
EPS (cents)	10.5	35.6	51.5	32.2	59.8
Dividend per share (cents)	58.5	42.0	43.5	46.0	47.0
Closing share price (\$)	12.03	9.32	9.30	10.12	8.51

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

ACTUAL REMUNERATION RECEIVED IN 2017 (CONTINUED)

The remuneration received by KMP Senior Executives

The following table sets out the value of the remuneration received by KMP Senior Executives during the year. The figures in this table differ from those shown in the statutory table later in Section 6 mainly because the statutory table includes an apportioned accounting value for all unvested Long Term Incentive Plan grants (which remain subject to the satisfaction of performance and service conditions and may not ultimately vest).

The values disclosed in the below table, while not in accordance with the accounting standards, are intended to be helpful for shareholders to assist in better demonstrating the linkages between performance and the remuneration realised by the KMP Senior Executives.

The table below shows:

- Fixed remuneration
- Short Term Incentive Plan excluding the post-tax share component
- Any vesting of Short Term Incentive Plan shares
- Any vesting of Long Term Incentive Plan awards
- Any vesting of Employee Share Plan (ESP) matching shares

	Fixed remuneration					At-risk – performance related			Other	Total
	Salary	Leave accrual	Non-monetary benefits	Other	Super-annuation	STIP excluding post-tax share component ¹	Vesting of STIP shares ²	Vesting of LTIP ³	ESP matching shares ⁴	
	\$		\$	\$	\$	\$	\$	\$	\$	\$
A.M. Watkins	2,180,168	–	9,341	–	19,832	1,001,154	282,884	735,029	–	4,228,408
M.J. Roberts	912,699	11,035	5,501	–	19,832	365,671	81,421	–	27,381	1,423,540
E.C. Wilson	687,285	–	6,286	–	19,832	244,595	163,240	69,298	20,619	1,211,155
K. Gunduz	667,087	–	509,501	349,026	19,832	395,752	283,320	110,536	20,013	2,355,067
C.J. Litchfield	517,933	45,846	7,301	48,185	44,024	366,963	91,859	72,617	15,538	1,210,266
P. McLoughlin ⁵	426,857	209	1,458	–	15,920	154,299	6,170	–	21,360	626,273

1 The cash component of the 2017 Short Term Incentive Plan (which is payable in March 2018) excluding the post-tax share component. The shares are restricted half for one year and half for two years. The share amounts will be disclosed in the above table in the year of vesting

2 Vesting of the share component of the Short Term Incentive Plan for prior year incentives. The amounts shown represent the 2014 Deferred Share Award, half of the share component of the 2015 Short Term Incentive Plan and half of the share component of the 2016 Short Term Incentive Plan. The value represents the post-tax dollar amount used to purchase Amatil shares

3 The partial vesting of the 2015-2017 Long Term Incentive Plan award

4 The matching shares that vested during 2017. The value represents the dollar amount used to purchase Amatil shares

5 On compassionate grounds, recognising his health issues, the Board agreed to waive the requirement to defer 40% of the 2017 STIP, and the earned amount was paid as cash with no deferral.

The remuneration earned and lapsed for KMP Senior Executives

	Plan	Actual % of target	Actual % of maximum	Forfeited % of maximum
		%	%	%
A.M. Watkins	2017 STIP	72.6%	48.4%	51.6%
	2015-17 LTIP	44.7%	22.3%	77.7%
M.J. Roberts	2017 STIP	82.6%	55.1%	44.9%
	2015-17 LTIP	44.7%	22.3%	77.7%
E.C. Wilson	2017 STIP	77.6%	51.7%	48.3%
	2015-17 LTIP	44.7%	22.3%	77.7%
K. Gunduz	2017 STIP	131.5%	87.7%	12.3%
	2015-17 LTIP	44.7%	22.3%	77.7%
C.J. Litchfield	2017 STIP	136.5%	91.0%	9.0%
	2015-17 LTIP	44.7%	22.3%	77.7%
P. McLoughlin	2017 STIP	60.5%	40.3%	59.7%

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

TOTAL REMUNERATION REPORTED IN 2017 – STATUTORY TABLE

The following table shows the total remuneration for the KMP Senior Executives during the current and previous reporting periods. The table has been prepared in accordance with the accounting standards, and accordingly, differs from the information presented in the actual remuneration earned in 2017 section above. Amounts are calculated from the date the individual was appointed to the KMP position or up to the date the individual ceased to hold the KMP position.

		Fixed					At-risk – performance related			Total remuneration	
		Short term				Post-employment	Short term	Share based payments			Performance related
		Salary	Leave accrual	Non-monetary benefits ¹	Other ¹			STIP ²	LTIP ³		
	Year	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
KMP Senior Executives											
A.M. Watkins	2017	2,180,168	–	9,341	–	19,832	1,270,500	1,632,918	–	5,112,759	57
Executive Director and Group Managing Director	2016	2,178,951	–	8,668	1,287	19,462	1,600,000	1,130,498	–	4,938,866	55
M.J. Roberts	2017	912,699	11,035	5,501	–	19,832	464,049	221,511	27,381	1,662,008	41
Group Chief Financial Officer	2016	895,396	3,790	4,991	–	19,462	597,977	133,049	26,862	1,681,527	43
E.C. Wilson	2017	687,285	–	6,286	–	19,832	310,400	185,065	20,619	1,229,487	40
Group Human Resources Director	2016	667,893	20,246	5,723	7,093	19,167	436,400	120,915	20,020	1,297,457	43
K. Gunduz	2017	667,087	–	509,501	349,026	19,832	549,655	259,798	20,013	2,374,912	34
Managing Director, Indonesia & Papua New Guinea	2016	692,615	–	488,232	336,063	19,308	648,784	186,846	20,778	2,392,626	35
C.J. Litchfield	2017	517,933	45,846	7,301	48,185	44,024	501,316	188,155	15,538	1,368,298	50
Managing Director, New Zealand & Fiji	2016	415,237	20,905	6,099	48,700	35,295	446,351	112,768	12,457	1,097,812	51
P. McLoughlin (appointed in role on 13 March 2017)	2017	426,857	209	1,458	–	15,920	154,299	46,919	21,360	667,022	30
Acting Managing Director, Australian Beverages	2016	–	–	–	–	–	–	–	–	–	–
Former KMP Senior Executives											
B. O'Connell (ceased in role on 13 March 2017 ⁵)	2017	170,971	1,590	5,491	–	3,912	–	33,134	4,663	219,761	15
Managing Director, Australian Beverages	2016	943,495	29,929	5,353	–	18,985	337,770	229,879	28,305	1,593,716	36
Total KMP Senior Executives		2017	5,563,000	58,680	544,879	397,211	143,184	3,250,219	2,567,500	109,574	12,623,247
		2016	5,793,587	74,870	519,066	393,143	131,679	4,067,282	1,913,955	108,422	13,002,004

Refer to footnotes on the following page

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

5 REMUNERATION DETAILS FOR 2017 (CONTINUED)

TOTAL REMUNERATION REPORTED IN 2017 – STATUTORY TABLE (CONTINUED)

1 Details are as under:

- Non-monetary benefits: product allowance, insurance premiums (Life, Total and Permanent Disablement and Temporary Salary Continuance) through the Amatil Superannuation Plan, annual health check
- Other benefits: cash benefits such as car allowance (Mr Litchfield), expatriate allowance (Mr Gunduz), recreation allowance (Mr Gunduz), and club membership (Mr Litchfield)

2 The Short Term Incentive Plan awards inclusive of the share component.

3 Represents the estimated fair value of Amatil shares offered in the Long Term Incentive Plan calculated by multiplying the target number of shares by the fair value of the shares at grant date and amortised over the performance period. Where actual results or management estimates indicate that EPS components of plans have not vested or will not vest, amortisation ceases and pre-expensed amounts are reversed.

4 Other is the company matching contributions under the Employee Share Plan.

5 Mr O'Connell ceased his role as the Managing Director, Australian Beverages on 13 March 2017, after the conclusion of a handover period, Mr O'Connell was provided with six months' notice per his employment contract, no 2017 Short Term Incentive Plan payment as he was in the role for less than six months of the year, and treated as a good leaver for the purposes of the prior year deferred Short Term Incentive Plan shares and Long Term Incentive Plan grants. That is, the deferred Short Term Incentive Plan shares continue in the plan and will be released at their normal dates, and a pro-rata portion of the 2015 and 2016 Long Term Incentive Plan will continue in the plan and be tested at their normal dates.

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

6 KMP SENIOR EXECUTIVE EMPLOYMENT AGREEMENTS

Each KMP Senior Executive has a formal employment agreement. The agreements are of a continuing nature and have no set term.

A standardised approach to new executive employment agreements was implemented during 2015. There are variances in the termination entitlements provided in the legacy contracts as summarised below:

Notice period and severance payments			
	Notice period by employer or executive (months)	Severance (provided unless executive resigns or is terminated for cause)	Restraint following termination (months)
A.M. Watkins	12	Not applicable	12
M.J. Roberts	6	Not applicable	6
E.C. Wilson	1	Notice plus 1 month per year of service (capped at 12 months)	6
K. Gunduz	3	Notice plus 1 month per year of service (capped at 12 months)	6
C.J. Litchfield	3	Notice plus 1 month per year of service (capped at 12 months)	6
P. McLoughlin	3	Not applicable	3

ADDITIONAL CONTRACTUAL TERMS

In addition to the above:

- Ms Watkins' employment contract specifies that on cessation of employment the minimum one-year service requirement for pro-rata eligibility for existing Long Term Incentive Plan grants does not apply
- As an expatriate in Indonesia, Mr Gunduz's contract also provides for expatriate benefits including medical insurance, housing and utilities, home leave, school fees, and an expatriate hardship allowance
- Based in New Zealand, Mr Litchfield's superannuation is 8.5% of salary aligned to New Zealand practice and Mr Litchfield also receives medical insurance cover and a car allowance as part of his fixed remuneration
- Mr McLoughlin in his acting role leading Australian Beverages had a 20% loading applied to his Fixed Remuneration, and his Short Term Incentive Plan opportunity was increased to 60% of Fixed Remuneration.

KMP SENIOR EXECUTIVE SEPARATIONS DURING 2017

B. O'Connell ceased his role as the Managing Director, Australian Beverages on 13 March 2017, after the conclusion of a handover period, Mr O'Connell was provided with:

- six months' notice per his employment contract,
- no 2017 Short Term Incentive Plan payment due to serving in the role for less than six months of the year, and
- treated as a good leaver for the purposes of the prior year deferred Short Term Incentive Plan shares and Long Term Incentive Plan grants. That is:
 - the deferred Short Term Incentive Plan shares continue in the plan and will be released at their normal dates, and
 - a pro-rata portion of the 2015 and 2016 Long Term Incentive Plan grants continue in the plan and are tested at their normal dates. As noted earlier, the 2015 Long Term Incentive plan was tested and resulted in partial vesting at the end of the 2017 year.

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

7 NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration of Non-executive Directors comprises Directors' fees (base plus Board Committee fees) and superannuation contributions. No element of remuneration is performance related.

Based on advice received from external remuneration consultants (via the Committee), Director's fees are set and approved by the Board. Setting the fees takes into account the size and complexity of Amatil's operations, the Directors' associated workload and their responsibility for the stewardship of Amatil. No increase was made to fees in 2017.

The 2018 review of Directors' fees was recently completed. There will be no change to the Chairman fee or the Board fee. However, we have determined that given the similar workloads for the Audit & Finance Committee, Risk & Sustainability Committee, and the People Committee, the fees for these three Committees should be aligned. This will occur through decreasing the fees for the Audit & Finance Committee and increasing the fees for the Risk & Sustainability Committee and the People Committee.

The fees are paid within a maximum Director fee limit of \$2.8m which was approved at the 2016 AGM, noting that this is a maximum limit and current fees are below this limit.

Directors' fees	The annual Directors' fees (excluding superannuation contributions) payable to Non-executive Directors for the year ended 31 December 2017 were as follows:		
		Chairman Fee	Member Fee
		\$	\$
	Board	490,000	169,100
	Audit and Risk Committee	38,500	20,423
	Sustainability Committee	28,600	16,433
	People Committee	28,600	16,433
	No fees are payable in respect of membership of the Related Party Committee or the Nominations Committee. The Chairman of the Board does not receive any Committee fees.		
Director shareholding requirement	As described last year, a revised requirement was implemented effective October 2016. The directors are required to hold an amount equivalent to 50% of the Director base fee within three years of appointment, and 100% within five years of appointment. The requirement does not apply to TCCC nominee directors given the significant shareholding held by TCCC, and their role as representatives of TCCC.		
Superannuation contributions	Contributions required under the Superannuation Guarantee legislation are made by the Company on behalf of Non-executive Directors.		
Retirement benefits	There is no current scheme for the payment of retirement benefits. On 3 May 2006, shareholders agreed to the accrued benefits under the prior scheme being used to purchase shares in the Company. The shares were held by the trustee of the Non-executive Directors' Retirement Share Trust for Messrs Gonski and King until they ceased to be a Director of Amatil. In accordance with the terms of the prior scheme, shares were then transferred to them upon retirement.		
Other benefits	The Non-executive Directors are able to access the staff sampling program that provides employees with a limited amount of company products for personal consumption. Additionally, the Company funds the cost for Australian immigration department compliant private health cover for Messrs Jansen and Thirumalai for the sole purpose of meeting the Australian government visa requirements. As such, this cover is not considered to be a benefit provided to these Directors.		

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

7 NON-EXECUTIVE DIRECTOR REMUNERATION (CONTINUED)

The following table has been prepared in accordance with section 300A of the *Corporations Act 2001* and lists the amounts paid or payable for services provided by each Non-executive Director during the financial year:

	Year	Short term		Post-employment	Total
		Base fees	Committee fees	Superannuation	
		\$	\$	\$	\$
Non-executive Directors					
I.R. Atlas	2017	370,244	18,295	19,832	408,371
Appointed as Chairman from 16 May 2017	2016	169,100	41,047	19,462	229,609
J. Borghetti, AO	2017	169,100	35,585	19,402	224,087
	2016	169,100	11,669	17,167	197,936
C.M. Brenner	2017	169,100	65,456	19,832	254,388
	2016	169,100	64,731	19,462	253,293
M. Jansen	2017	169,100	36,856	19,566	225,522
	2016	169,100	36,564	19,437	225,101
M.G. Johnson	2017	169,100	49,370	20,137	238,607
Appointed on 6 December 2016	2016	12,170	2,653	1,408	16,231
P.D. O'Sullivan	2017	140,917	23,102	15,582	179,601
Appointed on 1 March 2017					
K. Thirumalai	2017	169,100	26,733	18,604	214,437
	2016	169,100	16,302	17,613	203,015
Former Non-executive Directors					
D.M. Gonski, AC, Chairman	2017	184,638	–	8,173	192,811
Retired on 16 May 2017	2016	490,000	–	19,462	509,462
A.G. Froggatt	2017	63,719	13,888	7,373	84,980
Retired on 16 May 2017	2016	169,100	44,271	19,462	232,833
W.M. King, AO	2017	63,719	6,192	6,642	76,553
Retired on 16 May 2017	2016	169,100	16,303	17,613	203,016
D.E. Meiklejohn, AM	2017	63,719	20,699	7,464	91,882
Retired on 16 May 2017	2016	169,100	54,220	19,462	242,782
Total Non-executive Directors	2017	1,732,456	296,176	162,607	2,191,239
	2016	1,854,970	287,760	170,548	2,313,278

8 KMP SHAREHOLDINGS

KMP SENIOR EXECUTIVES

As described earlier, to ensure strong alignment to shareholders, a minimum shareholding guideline applies. The Group Managing Director is required to hold an amount equivalent to 100% of fixed remuneration and other KMP Senior Executives are required to hold 50% of fixed remuneration in Amatil shares. A five-year time frame is permitted to attain this holding.

The table overleaf shows the movements in shareholdings for KMP Senior Executives during 2017. These include:

- Purchased shares and vested shares: shares either purchased on market or received through a Coca-Cola Amatil share plan and no longer subject to any restrictions
- STIP shares: shares purchased as part of a STIP award that have not yet completed their holding period and remain subject to forfeiture in specific circumstances
- Employee Share Plan shares: purchased and matching shares that have not yet completed their holding period and remain subject to forfeiture in specific circumstances
- 2014 Deferred Share Award: shares purchased as part of the 2014 award to specific KMP Senior Executives that have not yet completed their holding period and remain subject to forfeiture in specific circumstances

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

8 KMP SHAREHOLDINGS (CONTINUED)

		Opening balance	Purchased, granted or DRP ¹	Transfers	Closing balance ²
A.M. Watkins	Purchased and vested shares	69,712	88,963	29,065	187,740
	STIP shares	13,687	30,756	(29,065)	15,378
		83,399	119,719	–	203,118
M.J. Roberts	Purchased and vested shares	2,786	–	10,353	13,139
	STIP shares	2,336	11,494	(8,083)	5,747
	Employee Share Plan shares	8,224	6,086	(2,270)	12,040
		13,346	17,580	–	30,926
E.C. Wilson	Purchased and vested shares	13,456	8,432	19,953	41,841
	STIP shares	3,601	8,388	(7,795)	4,194
	2014 Deferred Share Award	8,240	–	(8,240)	–
	Employee Share Plan shares	8,332	4,584	(3,918)	8,998
		33,629	21,404	–	55,033
K. Gunduz	Purchased and vested shares	16,042	16,192	31,614	63,848
	STIP shares	4,516	17,117	(13,075)	8,558
	2014 Deferred Share Award	14,453	–	(14,453)	–
	Employee Share Plan shares	8,620	4,516	(4,086)	9,050
		43,631	37,825	–	81,456
C.J. Litchfield	Purchased and vested shares	28,351	11,420	18,127	57,898
	Legacy LTIP ³	6,662	–	(6,662)	–
	STIP shares	3,665	11,271	(9,301)	5,635
	Employee Share Plan shares	5,168	3,322	(2,164)	6,326
		43,846	26,013	–	69,859
P. McLoughlin	Purchased and vested shares	14	201	581	796
	STIP shares	1,162	–	(581)	581
	Employee Share Plan shares	2,424	2,354	–	4,778
		3,600	2,555	–	6,155
Former KMP					
B. O'Connell	Purchased and vested shares	15,764	–	–	15,764
	STIP shares	4,299	6,492	–	10,791
	2014 Deferred Share Award	13,730	–	–	13,730
	Employee Share Plan shares	12,126	1,406	–	13,532
		45,919	7,898	–	53,817

¹ Includes the purchase of shares and shares issued under the Dividend Reinvestment Plan and shares granted under various employee ownership plans.

² The closing balance for Mr O'Connell is at 13 March 2017 when he ceased to be KMP.

³ Mr Litchfield's vested shares from his 2007-2009 LTIP were held in trust at the outset of 2017 and have subsequently been released from trust.

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

8 KMP SHAREHOLDINGS (CONTINUED)

NON-EXECUTIVE DIRECTORS

As described earlier in this report, the directors are required to hold an amount equivalent to:

- 50% of the Director base fee within three years of appointment, and
- 100% of the Director base fee within five years of appointment.

The requirement does not apply to TCCC nominee directors given the significant shareholding held by TCCC, and their role as representatives of TCCC.

The table below shows the movements in ordinary shares that are held by Non-executive Directors during 2017:

	Opening balance ¹	Purchased or DRP ²	Closing balance ³
I.R. Atlas	12,000	30,000	42,000
J. Borghetti, AO	4,494	5,500	9,994
C.M. Brenner	18,232	–	18,232
M. Jansen	10,173	–	10,173
M.G. Johnson	–	10,000	10,000
P.D. O'Sullivan	–	16,000	16,000
K. Thirumalai ⁴	8,100	–	8,100
Former KMP			
D.M. Gonski, AC	445,778	4,961	450,739
A.G. Froggatt ⁵	19,151	–	19,151
W.M. King, AO	67,243	244	67,487
D.E. Meiklejohn, AM	25,497	–	25,497

¹ Includes existing balances of shares on appointment to Non-executive Director roles, and any shares held in the legacy Non-executive Director retirement plan or Non-executive Director share plan

² Includes the purchase of shares and shares issued under the Dividend Reinvestment Plan. Additions to shareholdings were at arm's length

³ The closing balance for the former KMP is at 16 May 2017 when they retired and ceased to be KMP

⁴ Shares held in the form of American Depositary Receipts

⁵ Shares held under an enduring power of attorney

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

9 ADDITIONAL EQUITY DISCLOSURES

SHARE RIGHTS HELD BY KMP SENIOR EXECUTIVES UNDER THE LONG TERM INCENTIVE PLAN

The table below summarises the number of current share rights and their movements during the year.

	Plan	Grant date	Maximum number of share rights ¹				Closing balance ²
			Opening balance	Granted	Vested	Lapsed	
A.M. Watkins	2015-2017	12 May 2015	384,228	–	86,372	297,856	–
	2016-2018	18 May 2016	390,624	–	–	–	390,624
	2017-2019	16 May 2017	–	360,822	–	–	360,822
			774,852	360,822	86,372	297,856	751,446
M.J. Roberts	2016-2018	18 May 2016	119,208	–	–	–	119,208
	2017-2019	16 May 2017	–	77,222	–	–	77,222
			119,208	77,222	–	–	196,430
E.C. Wilson	2015-2017	12 May 2015	36,225	–	8,143	28,082	–
	2016-2018	18 May 2016	49,106	–	–	–	49,106
	2017-2019	16 May 2017	–	49,216	–	–	49,216
			85,331	49,216	8,143	28,082	98,322
K. Gunduz	2015-2017	12 May 2015	57,786	–	12,989	44,797	–
	2016-2018	18 May 2016	64,998	–	–	–	64,998
	2017-2019	16 May 2017	–	60,588	–	–	60,588
			122,784	60,588	12,989	44,797	125,586
C.J. Litchfield	2015-2017	12 May 2015	37,960	–	8,533	29,427	–
	2016-2018	18 May 2016	45,692	–	–	–	45,692
	2017-2019	16 May 2017	–	52,152	–	–	52,152
			83,652	52,152	8,533	29,427	97,844
P. McLoughlin	2016-2018	18 May 2016	26,784	–	–	–	26,784
	2017-2019	16 May 2017	–	24,926	–	–	24,926
			26,784	24,926	–	–	51,710
Former KMP							
B. O'Connell	2015-2017	12 May 2015	74,483	–	–	–	74,483
	2016-2018	18 May 2016	88,186	–	–	–	88,186
			162,669	–	–	–	162,669

1 Numbers are quoted on the basis of maximum potential vesting

2 The closing balance for Mr O'Connell is at 13 March 2017 when he ceased to be KMP.

The table below provides the value¹ of share rights granted, vested or lapsed during the year.

	2017-2019 plan – granted		2015-2017 plan – lapsed	
	At grant date	Maximum	At date vested	At date lapsed ²
	\$	\$	\$	\$
A.M. Watkins	874,392	1,748,784	784,258	1,545,890
M.J. Roberts	187,135	374,269	–	–
E.C. Wilson	119,267	238,534	73,940	146,589
K. Gunduz	146,825	293,650	117,940	233,846
C.J. Litchfield	126,382	252,763	77,481	153,608
P. McLoughlin	60,404	120,808	–	–

1 All values are calculated in accordance with AASB 2 Share-based Payment. The grant date value assumes target vesting, while the maximum, vested and lapsed amounts are based on the full number of rights granted

2 Lapsed includes forfeited value and is calculated using the maximum value less the vested amount

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

9 ADDITIONAL EQUITY DISCLOSURES (CONTINUED)

SHARE RIGHTS HELD BY KMP SENIOR EXECUTIVES UNDER THE LONG TERM INCENTIVE PLAN (CONTINUED)

The table below provides a summary of vesting and forfeiture, the future financial years in which vesting may occur, and the estimated maximum total value of grants that could vest.

Share based compensation benefits					
	Year granted	% vested	% forfeited	Financial years in which rights may vest	Maximum total value of grant yet to vest ¹ \$
A.M. Watkins	2017	–	–	2019	1,335,442
	2016	–	–	2018	949,650
	2015	22.3	77.7	2017	–
M.J. Roberts	2017	–	–	2019	285,807
	2016	–	–	2018	289,808
E.C. Wilson	2017	–	–	2019	182,154
	2016	–	–	2018	119,382
	2015	22.3	77.7	2017	–
K. Gunduz	2017	–	–	2019	224,243
	2016	–	–	2018	158,017
	2015	22.3	77.7	2017	–
C.J. Litchfield	2017	–	–	2019	193,020
	2016	–	–	2018	111,082
	2015	22.3	77.7	2017	–
P. McLoughlin	2017	–	–	2019	92,254
	2016	–	–	2018	65,115

1 No grants will vest if the performance conditions are not satisfied; hence, the minimum value of the grants yet to vest is nil. The maximum value has been estimated based on the fair value per grant at the maximum achievement of the vesting scale less amounts already expensed

The table below summarises the key terms of grants that have vested or lapsed during the year and that remain unvested as at 31 December 2017.

	Grant date	Vesting/ expiry date	Performance measure	Fair value at grant date per share rights ² \$	Performance Achieved ³
KMP Senior Executives	12 May 2015	31 Dec 2017	EPS	9.08	134% of target
			Relative TSR	5.38	Nil vesting
			Absolute TSR	3.79	Nil vesting
	18 May 2016	31 Dec 2018	EPS	7.89	To be determined
			Relative TSR	3.62	To be determined
			Absolute TSR	2.48	To be determined
	16 May 2017	31 Dec 2019	EPS	8.46	To be determined
			Relative TSR	3.58	To be determined
			Absolute TSR	2.50	To be determined

2 Fair values vary due to differing grant and vesting dates

3 The rewards received under the LTIP are dependent on long term performance, the 2016 and 2017 grants are still to be tested. The percentage of grants that will vest will be determined based upon Amatil's long term performance at the end of each performance period

REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

10 LOANS TO KMP AND OTHER TRANSACTIONS OF KMP AND THEIR PERSONALLY RELATED ENTITIES

Neither Amatil nor any other Group company has loans with KMP or was party to any other transactions with KMP (including their personally related entities).

The Directors' Report has been signed in accordance with a resolution of the Directors



Ilana R. Atlas
Chairman
Sydney
21 February 2018



Alison M. Watkins
Group Managing Director
Sydney
21 February 2018

FINANCIAL REPORT

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2017

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CONSOLIDATED INCOME STATEMENT

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December

	Note	2017 \$M	2016 \$M
Trading revenue	2	4,933.8	5,077.7
Cost of goods sold		(2,839.6)	(2,938.8)
Delivery		(228.3)	(227.8)
Gross profit		1,865.9	1,911.1
Other revenue	2	54.8	60.6
Expenses			
Selling		(686.2)	(703.3)
Warehousing and distribution		(173.4)	(186.3)
Support services and other ¹		(382.6)	(615.8)
		(1,242.2)	(1,505.4)
Share of loss of joint venture entity	11a	(0.1)	(0.2)
Earnings before interest and tax		678.4	466.1
Net finance costs			
Finance income	2	35.6	41.8
Finance costs	3	(104.4)	(114.8)
		(68.8)	(73.0)
Profit before income tax	3	609.6	393.1
Income tax expense	10a	(148.6)	(135.8)
Profit for the year		461.0	257.3
Attributable to:			
Shareholders of Coca-Cola Amatil Limited		445.2	246.1
Non-controlling interests		15.8	11.2
Profit for the year		461.0	257.3
Earnings per share (EPS) attributable to shareholders of Coca-Cola Amatil Limited			
Basic and diluted EPS (cents)	5	59.8	32.2

1 Includes amounts classified as non-trading items. Refer to Note 3b) for further details.

Notes appearing on pages 68 to 112 to be read as part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December

	(Restated) ¹	
	2017	2016
	\$M	\$M
Profit for the year	461.0	257.3
Other comprehensive income		
Items to be reclassified to the income statement in subsequent periods:		
Foreign exchange differences on translation of foreign operations	(141.4)	31.9
Reclassification of foreign exchange differences on disposal of a business	1.2	(1.6)
Cash flow hedges	(34.3)	43.3
Income tax effect relating to cash flow hedges	6.7	(13.7)
Other reserve movements	1.6	13.3
Income tax effect relating to other reserve movements	1.1	(3.2)
	(165.1)	70.0
Items not to be reclassified to the income statement in subsequent periods:		
Actuarial valuation reserve	1.7	10.3
Income tax effect	(0.7)	(2.9)
	1.0	7.4
Other comprehensive income	(164.1)	77.4
Total comprehensive income for the year	296.9	334.7
Attributable to:		
Shareholders of Coca-Cola Amatil Limited	311.4	312.1
Non-controlling interests	(14.5)	22.6
Total comprehensive income for the year	296.9	334.7

1 Refer to note on change in accounting policy under basis of preparation for further details.

Notes appearing on pages 68 to 112 to be read as part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December

Note	Attributable to shareholders of Coca-Cola Amatil Limited						Non-controlling interests	Total equity
	Share capital	Treasury shares	Reserves	Accumulated losses	Total			
	\$M	\$M	\$M	\$M	\$M	\$M		
At 1 January 2017	2,271.7	(15.7)	392.4	(720.3)	1,928.1	346.1	2,274.2	
Total comprehensive income for the year	–	–	(133.8)	445.2	311.4	(14.5)	296.9	
Transactions with shareholders:								
Share-based remuneration	–	2.3	3.9	–	6.2	–	6.2	
Share buy-back	(351.2)	–	–	–	(351.2)	–	(351.2)	
Dividends paid	4	–	–	(345.6)	(345.6)	(0.2)	(345.8)	
	(351.2)	2.3	3.9	(345.6)	(690.6)	(0.2)	(690.8)	
At 31 December 2017	1,920.5	(13.4)	262.5	(620.7)	1,548.9	331.4	1,880.3	
At 1 January 2016 (Restated)¹	2,271.7	(16.8)	322.9	(626.6)	1,951.2	323.7	2,274.9	
Total comprehensive income for the year	–	–	66.0	246.1	312.1	22.6	334.7	
Transactions with shareholders:								
Share-based remuneration	–	1.1	3.5	–	4.6	–	4.6	
Dividends paid	4	–	–	(339.8)	(339.8)	(0.2)	(340.0)	
	–	1.1	3.5	(339.8)	(335.2)	(0.2)	(335.4)	
At 31 December 2016 (Restated)¹	2,271.7	(15.7)	392.4	(720.3)	1,928.1	346.1	2,274.2	

¹ Refer to note on change in accounting policy under basis of preparation for further details.

Notes appearing on pages 68 to 112 to be read as part of the financial statements.

CONSOLIDATED BALANCE SHEET

Coca-Cola Amatil Limited and its subsidiaries
as at 31 December

	Note	2017 \$M	(Restated) ¹ 2016 \$M
Current assets			
Cash assets	13a	1,038.0	1,378.1
Trade and other receivables	6a	997.9	976.8
Inventories	6b	670.3	676.4
Derivatives	13d	20.8	35.2
Current tax assets	10b	5.1	1.5
Prepayments		66.7	36.8
Non-current assets held for sale		0.8	–
Total current assets		2,799.6	3,104.8
Non-current assets			
Property, plant and equipment	7	1,864.8	1,948.9
Intangible assets	8	1,207.9	1,218.5
Investments (equity accounted)	11a	28.0	26.1
Defined benefit superannuation plans	11b	23.0	20.9
Derivatives	13d	101.8	124.5
Other receivables		11.3	14.3
Prepayments		20.5	17.3
Total non-current assets		3,257.3	3,370.5
Total assets		6,056.9	6,475.3
Current liabilities			
Trade and other payables	6c	1,191.9	1,194.4
Borrowings	13b	420.9	421.5
Other financial liabilities	13c	64.4	71.8
Provisions	11c	113.8	97.9
Current tax liabilities	10b	27.6	42.0
Derivatives	13d	20.2	15.5
Total current liabilities		1,838.8	1,843.1
Non-current liabilities			
Borrowings	13b	1,929.5	1,959.5
Provisions	11c	13.4	14.1
Deferred tax liabilities	10b	283.8	303.2
Defined benefit superannuation plans	11b	42.9	44.3
Derivatives	13d	68.2	36.9
Total non-current liabilities		2,337.8	2,358.0
Total liabilities		4,176.6	4,201.1
Net assets		1,880.3	2,274.2
Equity			
Share capital	12a	1,920.5	2,271.7
Treasury shares	12b	(13.4)	(15.7)
Reserves	12c	262.5	392.4
Accumulated losses		(620.7)	(720.3)
Equity attributable to shareholders of Coca-Cola Amatil Limited		1,548.9	1,928.1
Non-controlling interests		331.4	346.1
Total equity		1,880.3	2,274.2

¹ Refer to note on change in accounting policy under basis of preparation for further details.

Notes appearing on pages 68 to 112 to be read as part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December

	Note	2017 \$M	2016 \$M
Inflows/(outflows)			
Operating cash flows			
Receipts from customers		5,780.1	6,097.8
Payments to suppliers and employees		(4,964.0)	(5,122.0)
Interest income received		44.9	41.8
Interest and other finance costs paid		(98.4)	(97.8)
Income taxes paid		(173.4)	(145.0)
Net operating cash flows	13a	589.2	774.8
Investing cash flows			
Payments for:			
– additions of property, plant and equipment		(293.7)	(283.5)
– additions of software development assets		(18.5)	(17.2)
– additions of other intangible assets		–	(2.5)
– investments (equity accounted)		(2.0)	–
– acquisition of a business, net of cash acquired		(20.7)	–
Proceeds from:			
– withdrawal of long term deposits		–	85.3
– disposal of property, plant and equipment		152.3	13.9
– government grant relating to additions of property, plant and equipment		–	5.0
– disposal of businesses		–	9.2
Net investing cash flows		(182.6)	(189.8)
Financing cash flows			
Proceeds from borrowings and other financial liabilities		473.1	589.5
Borrowings repaid		(460.6)	(688.0)
Payments for share buy-back, including transaction costs		(351.2)	–
Dividends paid	4	(345.6)	(339.8)
Dividend paid to non-controlling interests		(0.2)	(0.2)
Net financing cash flows		(684.5)	(438.5)
Net (decrease)/increase in cash and cash equivalents		(277.9)	146.5
Cash and cash equivalents held at the beginning of the year		1,377.0	1,237.4
Effects of exchange rate changes on cash and cash equivalents		(62.8)	(6.9)
Cash and cash equivalents held at the end of the year	13a	1,036.3	1,377.0

Notes appearing on pages 68 to 112 to be read as part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Coca-Cola Amatil Limited and its subsidiaries

OVERVIEW

Coca-Cola Amatil Limited (also referred to as Company) is a for-profit company limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Coca-Cola Amatil Limited does not have a parent entity. The nature of the operations and principal activities of Coca-Cola Amatil Limited and its subsidiaries together (referred to as the Group, we, us or our) are described in Note 1 Segment Reporting. This financial report was authorised for issue in accordance with a resolution of the Coca-Cola Amatil Limited Board of Directors on 21 February 2018.

BASIS OF PREPARATION

This general purpose financial report:

- has been prepared in accordance with *Australian Accounting Standards*, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*
- has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value (Note 15)
- complies with *International Financial Reporting Standards* as issued by the International Accounting Standards Board
- is presented in Australian Dollars
- presents reclassified comparative information where necessary to conform to changes in presentation in the current year
- presents all values as rounded to the nearest hundred thousand dollars, unless otherwise stated, under the option available to Coca-Cola Amatil Limited under *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*
- does not early adopt any *Australian Accounting Standards* and *Interpretations* that have been issued or amended but are not yet effective, with the exception of *AASB 9 Financial Instruments – 2013* which was early adopted on 1 January 2014 (refer to Note 24 for further details).

CHANGE IN ACCOUNTING POLICY

As a result of the recent International Financial Reporting Standards Interpretation Committee's published agenda decision in relation to the accounting requirements for deferred tax and specifically clarifying the criteria that entities are required to apply when determining the recovery through sale or through use basis to determine tax values for indefinite lived intangible assets, we have made the below mentioned adjustments to our financial statements.

Previously, Coca-Cola Amatil had assessed that the recovery of its indefinite lived intangible assets would be through sale and therefore used tax bases for this purpose (for example capital gains tax cost bases) to determine taxable temporary differences. However, as a result of the interpretation, the deferred tax on Coca-Cola Amatil's investments in bottlers' agreements (IBA's) assets have been adjusted to reflect recovery through use. The tax base for the recovery through use approach is zero, in that there are no tax deductions available to the Group. Accordingly, deferred tax liabilities have increased as a result.

These adjustments have been applied as a retrospective change in accounting policy, meaning adjustment to the opening balance sheet position (1 January 2016) against accumulated losses and goodwill, depending on whether the underlying IBA was acquired before or after Australia's transition to *International Financial Reporting Standards* in 2004. These adjustments impacted the Australia, New Zealand & Fiji and Indonesia & Papua New Guinea segments, with the Group impact on the financial statements being as follows:

	(Restated) 1 January 2016 \$M	(As reported) 1 January 2016 \$M	(Restated) 31 December 2016 \$M	(As reported) 31 December 2016 \$M
Intangible assets	1,277.0	1,265.9	1,218.5	1,207.4
Deferred tax liabilities ¹	309.0	163.0	303.2	156.0
Reserves ¹	322.9	322.9	392.4	393.6
Accumulated losses	626.6	491.7	720.3	585.4

1 The stated amounts have moved only for relevant foreign currency translation effects across the periods shown.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

OVERVIEW (CONTINUED)

USE OF ESTIMATES

In applying the Group's accounting policies, management has made a number of estimates and assumptions concerning the future. The key estimates and assumptions that are material to the financial statements relate to the following areas:

- estimation of useful lives of property, plant and equipment and intangible assets, refer to Notes 7 and 8
- impairment testing, refer to Note 9
- income tax, refer to Note 10
- accrual for rebates and promotional allowances, refer to Note 6c.

PRINCIPLES OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements of the Group comprise those of the parent entity, Coca-Cola Amatil Limited, and its subsidiaries. The Group controls an entity when it has power over the entity, is exposed to, and has the rights to, variable returns from its involvement with that entity and has the ability to affect those returns.

In preparing the consolidated financial statements, the effects of all intra-group transactions, balances and unrealised gains and losses on transactions between entities in the Group have been eliminated. The financial statements of subsidiaries have been prepared for the same reporting period as that of the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

NON-CONTROLLING INTERESTS (NCIs)

The Group measures NCIs at their proportionate share of the subsidiary's identifiable net assets, results for the year and movements in reserves. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for in equity as transactions with shareholders.

FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency of Coca-Cola Amatil Limited and its Australian subsidiaries is Australian Dollars. Each entity in the Group determines its own functional currency, reflecting the currency of the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange rate gains or losses arising from the application of these procedures are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The assets and liabilities of foreign subsidiaries are translated by applying the rate ruling at balance date and revenue and expense items are translated at the average rate calculated for the period. Transactions in equity are translated by applying the rate ruling on the date of the transaction with no subsequent revaluation. The exchange differences arising from translation of the financial statements of foreign subsidiaries at these various exchange rates, are recognised in other comprehensive income within the foreign currency translation reserve. When a foreign operation is sold, the associated exchange differences are reclassified to the income statement as part of the gain or loss on sale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS

1 SEGMENT REPORTING

We operate in a number of segments, based on results that are reported to the Group Managing Director. The Australia, New Zealand & Fiji and Indonesia & Papua New Guinea Non-Alcohol Beverages segments derive their revenues from the manufacture, distribution and marketing of sparkling drinks and other non-alcohol beverages. The Alcohol & Coffee Beverages segment manufactures and distributes alcohol and coffee products. The Corporate, Food & Services segment includes other non-individually reportable businesses and comprises of the corporate office function for the Group, the processing and marketing of fruit and other food products business (SPC), and the provision of certain support services to the Group and third party customers business.

The Group's financial statements are affected by seasonality depending on the timing of certain festivities in the different countries within which Coca-Cola Amatil operates. Typically, revenue, earnings and operating cash flows of Australian and New Zealand based operations are greater in the second half of the financial year due to the Christmas holiday trading period, which can lead to associated effects on working capital components. Similarly, the Ramadan period positively impacts the timing of the Indonesian business's financial performance within the financial year.

Segment results are evaluated on an earnings before interest, tax and non-trading items basis. Segment net assets include Assets and Liabilities – Operating and Investing amounts (which excludes net debt amounts). Net debt comprises of cash assets, long term deposits, debt related derivative assets and liabilities, borrowings and other financial liabilities. The Group manages its net debt, net finance costs and income taxes on a Group basis and these measures are therefore not reported internally at a segment level. Inter-segment transactions are conducted on normal commercial terms and conditions.

RESTATEMENT OF PRIOR YEAR COMPARATIVES

In 2017, Coca-Cola Amatil created a property division, which is reported as part of Coca-Cola Amatil's Corporate, Food & Services segment to:

- manage Coca-Cola Amatil's Australian and New Zealand land and building assets associated with its key production and warehousing facilities
 - derive income from internal rent charges determined at market rates to Coca-Cola Amatil's beverage businesses located in these countries.
- The other businesses incur depreciation charges for their owned building assets and therefore do not incur internal rental charges.

The above change has been applied to the year ended 31 December 2016, as if the changes in structure had been effective 1 January 2016; this has been done to facilitate comparability over multiple reporting periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS (CONTINUED)

1 SEGMENT REPORTING (CONTINUED)

SEGMENT INFORMATION

	Non-Alcohol Beverages						Alcohol & Coffee Beverages	Corporate, Food & Services	Total			
	Australia		New Zealand & Fiji		Indonesia & Papua New Guinea							
	(Restated) ^{1, 2}		(Restated) ^{1, 2}		(Restated) ¹				(Restated) ²		(Restated) ¹	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
Trading revenue	2,535.2	2,621.2	554.1	551.5	1,002.7	1,053.3	564.8	535.5	277.0	316.2	4,933.8	5,077.7
Other revenue	6.9	6.3	7.9	9.1	1.4	1.6	12.5	11.9	26.1	31.7	54.8	60.6
Segment revenue	2,542.1	2,627.5	562.0	560.6	1,004.1	1,054.9	577.3	547.4	303.1	347.9	4,988.6	5,138.3
EBITDA before non-trading items ³	479.0	509.1	133.8	127.4	170.7	146.4	55.1	50.0	101.9	119.8	940.5	952.7
Depreciation and amortisation expenses	(66.4)	(68.2)	(29.0)	(27.7)	(79.8)	(76.8)	(5.4)	(5.3)	(81.2)	(91.3)	(261.8)	(269.3)
Segment results	412.6	440.9	104.8	99.7	90.9	69.6	49.7	44.7	20.7	28.5	678.7	683.4
Non-trading items ⁴											(0.3)	(217.3)
EBIT											678.4	466.1
Other segment information												
Segment net assets	1,163.6	1,124.2	381.8	381.8	711.9	770.6	303.7	294.8	656.5	695.6	3,217.5	3,267.0
Net debt ⁵											(1,337.2)	(992.8)
Net assets											1,880.3	2,274.2
Payments made for additions of non-current assets ⁶	99.4	57.5	35.3	38.8	85.0	126.3	8.3	11.1	84.2	62.0	312.2	295.7

1 Refer to the note on change in accounting policy under basis of preparation for further details.

2 Refer to the prior page for details of changes in segment reporting.

3 EBITDA refers to earnings before interest, tax, depreciation and amortisation while EBIT refers to earnings before interest and tax.

4 Refer to Note 3b) for further details.

5 Refer to Note 13 for further details.

6 Comprises of payments made for property, plant and equipment, less proceeds received from government grants, and payments made for software development assets.

GEOGRAPHICAL INFORMATION

	Trading revenue ¹		Non-current assets ²	
			(Restated)	
	2017	2016	2017	2016
	\$M	\$M	\$M	\$M
Australia	3,226.1	3,319.9	1,800.4	1,813.6
New Zealand & Fiji	704.5	703.0	566.0	592.1
Indonesia & Papua New Guinea	1,003.2	1,054.8	734.3	787.8
	4,933.8	5,077.7	3,100.7	3,193.5

1 Reflects the customer geographic location of trading revenue earned by the Group.

2 Comprises of property, plant and equipment, intangible assets and investments (equity accounted).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS (CONTINUED)

2 REVENUE

	2017 \$M	2016 \$M
Trading revenue		
Sale of products	4,881.4	5,000.6
Rental of equipment and service fees	52.4	77.1
	4,933.8	5,077.7
Other revenue		
Rendering of services	10.9	17.5
Miscellaneous rental and sundry income	43.9	43.1
	54.8	60.6
Finance income	35.6	41.8
	5,024.2	5,180.1

The Group earned approximately 33.7% (2016: 36.7%) of its trading revenue from its top three customers, being Metcash Limited, Wesfarmers Limited and Woolworths Limited.

RECOGNITION AND MEASUREMENT

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable net of discounts, allowances and applicable amounts of value added taxes such as the Australian goods and services tax. The following specific criteria must also be met before revenue is recognised:

Sale of products

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rental income

We earn rental income from equipment hire which is accounted for on a straight line basis over the term of the rental contract.

Rendering of services

Revenue from installation and maintenance of equipment is recognised when the services have been performed and the amount can be measured reliably.

Finance income

Finance income mainly comprises of interest income on cash in bank, term deposits and implied returns under the defined benefit superannuation plans. We record interest income as it is earned, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS (CONTINUED)

3 EXPENSES

a) INCOME STATEMENT DISCLOSURE

	2017 \$M	2016 \$M
Profit before income tax includes the following specific expenses:		
Remuneration and on-costs	832.5	841.2
Defined contribution and defined benefit superannuation plan expenses	55.9	61.1
Share-based payments expense	12.8	12.2
Employee related costs	901.2	914.5
Finance costs	104.4	114.8
Depreciation expense	231.6	241.2
Amortisation expense	30.2	28.1
Rentals – operating leases	82.2	86.7

b) NON-TRADING ITEMS

Transactions which are material to the financial statements in aggregate and arise from activities other than those associated with Coca-Cola Amatil's ordinary trading activities, are classified as non-trading items. Such transactions are included in support services and other expenses in the income statement.

	2017 \$M	2016 \$M
Profit before income tax ¹ includes the following amounts (by nature), which are classified as non-trading items:		
Gain on sale of the Richlands property	101.3	–
Redundancy and termination costs	(42.1)	–
Impairment charges:		
– inventories	(7.3)	(44.0)
– plant and equipment	(8.4)	(114.7)
– intangible assets	(3.5)	(58.6)
Accelerated depreciation expense – plant and equipment	(21.1)	–
Other restructuring costs ²	(19.2)	–
	(0.3)	(217.3)

¹ Refer to Note 10a) for details of income tax on non-trading items.

² Mainly includes costs associated with the introduction of the Container Deposit Scheme in New South Wales, the Thebarton plant closure and early exit from a property lease agreement, and various consulting costs associated with the Australian Beverages cost and revenue optimisation programs.

These amounts have arisen mainly as a result of the following activities:

2017

i) SALE OF THE RICHLANDS, QUEENSLAND MANUFACTURING AND WAREHOUSING SITE

Coca-Cola Amatil completed the sale and operating leaseback of land and building assets associated with the Richlands manufacturing and warehousing site during the year.

ii) RESTRUCTURING OF AUSTRALIAN BEVERAGES

Coca-Cola Amatil commenced a series of cost and revenue optimisation programs, summarised as:

- remodelling the supply chain function across a number of manufacturing sites, including the planned closure of the Thebarton manufacturing site in South Australia
- rebalancing the product portfolio through reviewing pack and brand offerings
- implementing new organisation designs in the finance and sales functions, through redundancy programs

In addition, the business incurred costs associated with introduction of the Container Deposit Scheme in New South Wales.

2016 – SPC IMPAIRMENT CHARGES

As a result of the SPC business continuing to face challenging market conditions and competition from cheaper imported products putting pressure on the business's profitability, Coca-Cola Amatil carried out the required impairment testing which led to recognition of these impairment charges.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS (CONTINUED)

3 EXPENSES [CONTINUED]

RECOGNITION AND MEASUREMENT

Employee-related costs

Employee-related costs include wages and salaries, annual leave, sick leave, incentives, compensated absences and other benefits, which are charged against profit in their respective expense categories when services are provided by or benefits vest with the employee. The Group's contributions made to defined contribution superannuation plans are recognised as an expense when they fall due.

For accounting policies on defined benefit superannuation plans, provision for employee benefits and share-based payments, refer to Notes 11b, 11c and 17 respectively.

Finance costs

Finance costs mainly comprise of interest costs on borrowings and other financial liabilities and the time value amounts under the defined benefit superannuation plans.

We record interest costs as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Rentals – operating leases

Operating leases are those where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased property. Operating lease payments are charged to the income statement on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS (CONTINUED)

4 DIVIDENDS

	2017 \$M	2016 \$M
a) SUMMARY OF DIVIDENDS PAID DURING THE YEAR		
Prior year final dividend		
Paid at 25.0¢ per share franked to 75% (2016: 23.5¢ per share franked to 75%)	190.9	179.4
Current year interim dividend		
Paid at 21.0¢ per share franked to 70% (2016: 21.0¢ per share franked to 75%)	154.7	160.4
	345.6	339.8
b) DIVIDENDS DECLARED AFTER BALANCE DATE AND NOT RECOGNISED AS LIABILITIES		
Current year final dividend		
Declared at 26.0¢ per share franked to 70% (2016: 25.0¢ per share franked to 75%)	188.2	190.9
The unfranked portion of the 2017 final dividend represents conduit foreign income.		
c) FRANKING CREDITS		
Balance at the end of the year	12.8	6.0
Franking credits which will arise from payment of income tax provided for in the financial statements	10.9	19.1
	23.7	25.1

d) DIVIDEND REINVESTMENT PLAN (DRP)

Our DRP continues to be available to eligible shareholders. The DRP provides shareholders with the opportunity to receive fully paid ordinary shares, in lieu of cash dividends, which are acquired on market, at the price calculated using the daily volume weighted average market price of Coca-Cola Amatil Limited shares during the 10 trading days commencing on the third trading day after the record date for the dividend. The ex-dividend and record dates for the final dividend entitlement are 26 February 2018 and 27 February 2018 respectively.

5 EARNINGS PER SHARE

	2017 ¢	2016 ¢
Basic and diluted earnings per share (EPS)	59.8	32.2
Basic and diluted EPS (before non-trading items)	55.9	54.7
	M	M
The following reflects share and earnings information used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares on issue	745.0	763.6
	\$M	\$M
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited	445.2	246.1
Add back: non-trading items after tax ¹	(29.0)	171.8
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (before non-trading items)	416.2	417.9

1 Includes expenses of \$0.3 million (2016: \$217.3 million) (refer to Note 3b) and tax benefits of \$29.3 million (2016: \$45.5 million) (refer to Note 10a)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING

HOW THE GROUP MANAGES ITS OVERALL FINANCIAL POSITION

We manage the overall financial position by segregating the balance sheet in to two categories: Assets and Liabilities – Operating and Investing; and Capital – Financing. Assets and Liabilities – Operating and Investing is managed at the operations' level of the Group while Capital – Financing (refer to Section III) is managed by the Group's centralised Treasury function.

Details of Assets and Liabilities – Operating and Investing are as follows:

	Note	2017 \$M	2016 \$M
Working capital	6	476.3	458.8
Property, plant and equipment	7	1,864.8	1,948.9
Intangible assets	8	1,207.9	1,218.5
Current and deferred tax liabilities (net)	10b	(306.3)	(343.7)
Derivative (liabilities)/assets – non-debt related (net)	13d	(5.4)	25.4
Other liabilities (net)	11	(19.8)	(40.9)
		3,217.5	3,267.0
Capital – Financing	Section III	3,217.5	3,267.0

6 WORKING CAPITAL

	Note	2017 \$M	2016 \$M
Trade and other receivables	6a	997.9	976.8
Inventories	6b	670.3	676.4
Trade and other payables	6c	(1,191.9)	(1,194.4)
		476.3	458.8

6a TRADE AND OTHER RECEIVABLES

	2017 \$M	2016 \$M
Trade receivables net of allowance for doubtful amounts	922.2	871.1
Other receivables	75.7	105.7
	997.9	976.8

Movement in the allowance for doubtful receivables

At 1 January	(14.2)	(13.0)
Charged to the income statement	(0.2)	(5.4)
Written off against trade receivables	3.9	4.3
Net foreign currency and other movements	1.0	(0.1)
At 31 December 2017	(9.5)	(14.2)

Trade receivables past due but not impaired

Under 30 days	65.6	72.4
31–90 days	22.1	21.8
Over 91 days	5.3	4.2

RECOGNITION AND MEASUREMENT

Trade and other receivables are recognised at amounts due and subsequently reviewed for collectability on an ongoing basis. Where there is evidence that amounts due may not be fully or partly recoverable, an allowance for doubtful receivables is recognised in the income statement.

Refer to Note 14B) ii) on credit risk of trade and other receivables.

For details of related party receivables included in trade and other receivables, refer to Note 16.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

6b INVENTORIES

	2017	2016
	\$M	\$M
Raw materials	253.5	255.0
Finished goods	308.2	314.2
Other (work in progress and consumable spare parts)	108.6	107.2
	670.3	676.4

RECOGNITION AND MEASUREMENT

Inventories are stated at the lower of cost (including fixed and variable factory overheads where applicable) and net realisable value. Cost is determined on the basis of first-in-first-out, average or standard, whichever is the most appropriate in each case. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Costs of inventories include the transfer from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

6c TRADE AND OTHER PAYABLES

	2017	2016
	\$M	\$M
Trade payables	587.3	580.9
Other payables	103.8	66.5
Accrued charges	500.8	547.0
	1,191.9	1,194.4

RECOGNITION AND MEASUREMENT

Trade and other payables are carried at amount due. Liabilities are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed at the reporting date. Accrued charges represents accruals for marketing rebates, promotional allowances and amounts due for supplies and services received but not invoiced at the reporting date.

For details of related party payables included in trade and other payables, refer to Note 16.

KEY ESTIMATES

Accrual for rebates and promotional allowances are estimated based on the expected level of claims receivable from each customer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold land \$M	Freehold and leasehold buildings \$M	Plant and equipment \$M	Property, plant and equipment under construction \$M	Total \$M
31 December 2017					
Cost	212.5	544.1	3,338.4	236.9	4,331.9
Accumulated depreciation and impairment	–	(200.4)	(2,266.7)	–	(2,467.1)
	212.5	343.7	1,071.7	236.9	1,864.8
Movement:					
At 1 January 2017	227.6	337.4	1,174.9	209.0	1,948.9
Additions	0.3	0.8	10.0	284.1	295.2
Disposals ¹	(17.1)	(25.3)	(1.1)	–	(43.5)
Acquisition of a business	–	–	4.2	–	4.2
Depreciation expense	–	(20.2)	(232.5)	–	(252.7)
Impairment charge ¹	–	(1.2)	(9.7)	–	(10.9)
Reclassification	8.0	73.6	169.1	(250.7)	–
Net foreign currency and other movements	(6.3)	(21.4)	(43.2)	(5.5)	(76.4)
At 31 December 2017	212.5	343.7	1,071.7	236.9	1,864.8
31 December 2016					
Cost	227.6	527.1	3,463.9	209.0	4,427.6
Accumulated depreciation and impairment	–	(189.7)	(2,289.0)	–	(2,478.7)
	227.6	337.4	1,174.9	209.0	1,948.9
Movement:					
At 1 January 2016	225.6	362.7	1,263.8	167.8	2,019.9
Additions	1.4	0.3	14.2	259.0	274.9
Disposals	(1.8)	(3.0)	(4.1)	–	(8.9)
Depreciation expense	–	(20.0)	(221.2)	–	(241.2)
Impairment charge ¹	–	(22.6)	(96.2)	–	(118.8)
Reclassification	0.9	15.2	202.8	(218.9)	–
Net foreign currency and other movements	1.5	4.8	15.6	1.1	23.0
At 31 December 2016	227.6	337.4	1,174.9	209.0	1,948.9
1 January 2016					
Cost	225.6	520.1	3,297.1	167.8	4,210.6
Accumulated depreciation and impairment	–	(157.4)	(2,033.3)	–	(2,190.7)
	225.6	362.7	1,263.8	167.8	2,019.9

¹ Mainly relates to non-trading items, refer to Note 3b) for further details.

RECOGNITION AND MEASUREMENT

Carrying value and depreciation

Property, plant and equipment assets are stated at cost less accumulated depreciation and impairment. Cost includes the transfer from equity of gains or losses on qualifying cash flow hedges relating to additions of property, plant and equipment. Subsequent expenditure is capitalised when it is probable that future economic benefits associated with the expenditure will flow to the Group. Property, plant and equipment assets, other than freehold land, are depreciated on a straight line basis over the estimated useful lives of the assets and are tested for impairment when there is any indication of impairment. Useful life details of these assets were as follows:

Freehold and leasehold buildings (includes improvement to buildings)	20 to 50 years
Plant and equipment	3 to 15 years

An item of property, plant and equipment is derecognised upon disposal of an asset. Any gain or loss arising on derecognition of an asset (calculated by comparing proceeds with the carrying amount) is included in the income statement in that financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment

Property, plant and equipment are tested for impairment in accordance with the policy for impairment testing disclosed in Note 9. Where there is an indication of impairment, an impairment loss is recognised when the carrying amount of property, plant and equipment exceeds its recoverable amount, which is defined as the greater of an asset's fair value less costs to sell, or value in use.

KEY ESTIMATES

Useful lives of assets are estimated based on historical experience. In addition, the condition of assets is assessed annually and considered against the remaining useful life. Adjustments to useful life are made when deemed necessary.

8 INTANGIBLE ASSETS

	Indefinite lives				Definite lives		
	Brand names and trademarks	Investments in bottlers' agreements	(Restated) Goodwill	Other	Brand names and trademarks	Software development and other assets	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
31 December 2017							
Cost	112.1	929.3	147.5	2.5	28.5	319.2	1,539.1
Accumulated amortisation and impairment	(98.3)	–	–	–	(18.8)	(214.1)	(331.2)
	13.8	929.3	147.5	2.5	9.7	105.1	1,207.9
Movement:							
At 1 January 2017	14.4	944.3	129.8	2.5	14.2	113.3	1,218.5
Additions	–	–	–	–	–	18.5	18.5
Acquisition of a business	–	–	20.5	–	–	–	20.5
Amortisation expense	–	–	–	–	(0.5)	(29.7)	(30.2)
Impairment charge ¹	–	–	–	–	(3.5)	–	(3.5)
Net foreign currency and other movements	(0.6)	(15.0)	(2.8)	–	(0.5)	3.0	(15.9)
At 31 December 2017	13.8	929.3	147.5	2.5	9.7	105.1	1,207.9
31 December 2016							
Cost	112.7	944.3	129.8	2.5	29.3	305.0	1,523.6
Accumulated amortisation and impairment	(98.3)	–	–	–	(15.1)	(191.7)	(305.1)
	14.4	944.3	129.8	2.5	14.2	113.3	1,218.5
Movement:							
At 1 January 2016	72.8	939.2	128.8	–	14.9	121.3	1,277.0
Additions	–	–	–	2.5	–	17.2	19.7
Amortisation expense	–	–	–	–	(0.8)	(27.3)	(28.1)
Impairment charge ¹	(58.6)	–	–	–	–	–	(58.6)
Net foreign currency and other movements	0.2	5.1	1.0	–	0.1	2.1	8.5
At 31 December 2016	14.4	944.3	129.8	2.5	14.2	113.3	1,218.5
1 January 2016							
Cost	112.6	939.2	128.8	–	29.0	285.0	1,494.6
Accumulated amortisation and impairment	(39.8)	–	–	–	(14.1)	(163.7)	(217.6)
	72.8	939.2	128.8	–	14.9	121.3	1,277.0

¹ Refer to Note 3b) for further details of non-trading items.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

8 INTANGIBLE ASSETS (CONTINUED)

RECOGNITION AND MEASUREMENT

Indefinite lives

Indefinite life intangible assets, except for goodwill, acquired through business acquisition transactions are recognised initially at fair value at the date of acquisition which is subsequently deemed to be cost.

Investments in bottlers' agreements (IBAs)

We have a number of bottling agreements with The Coca-Cola Company (TCCC) which provide Coca-Cola Amatil Limited with the exclusive rights to manufacture, distribute, market and sell TCCC branded products in each of the six countries in which Coca-Cola Amatil Limited operates, and are subject to certain performance criteria.

Our agreements are for mainly 10-year terms, and reflect a long and ongoing relationship between the Group and TCCC. No consideration is payable upon renewal or extension of the agreements.

In assessing the useful life of the agreements, consideration is given to the Group's history of dealings with TCCC since 1939, their established international practices and equity interests in the Group, participation of nominees of TCCC on Coca-Cola Amatil Limited's Board of Directors and the ongoing profitability of TCCC brands. Accordingly, no factor can be identified that would result in the agreements not being renewed or extended and therefore the agreements have been assessed as having indefinite useful lives, which requires annual impairment testing.

Goodwill

Goodwill is the excess of the cost of a business acquisition over the fair value of net assets acquired. Goodwill is not amortised but is tested annually for impairment.

Definite lives

Definite life intangible assets are accounted for at cost. Assets acquired in a business acquisition are recognised initially at fair value at the date of acquisition, which is subsequently deemed to be cost. Following initial recognition, intangible assets are amortised on a straight line basis over their useful lives and tested for impairment when there is any indication of impairment. Useful life details for these assets are as follows:

Brand names and trademarks	40 to 50 years
Software development and other assets	3 to 10 years

Any gain or loss arising on derecognition of an asset (calculated by comparing the proceeds with the carrying amount) is included in the income statement in that financial year.

Impairment

Intangible assets are tested for impairment in accordance with the policy for impairment testing assets disclosed in Note 9. In the case of definite life intangibles assets where an impairment indicator exists, an impairment loss is recognised when the carrying amount of the assets exceeds its recoverable amount, which is defined as the greater of an asset's fair value less costs to sell, or value in use.

KEY ESTIMATES

Useful lives of assets are estimated based on historical experience and the expected period of future consumption of embodied economic benefits. In addition, the condition of assets is assessed and adjustments to useful lives are made when deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

9 IMPAIRMENT TESTING

RECOGNITION AND MEASUREMENT

At each reporting date, we assess whether there is an indication that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, we make a formal estimate of the recoverable amount. An impairment loss will be recognised in the income statement for the amount by which the carrying amount of an asset exceeds the recoverable amount, which is defined as the greater of an asset's fair value less costs to sell, or value in use. Non-financial assets, other than goodwill, that suffered an impairment in prior periods are reviewed for possible reversal of the impairment at each reporting date.

A summary of intangible assets deemed to have indefinite lives is presented below:

	Brand names and trademarks	IBAs	(Restated) Goodwill	Other	Total
	\$M	\$M	\$M	\$M	\$M
31 December 2017					
Non-Alcohol Beverages					
– Australia	–	691.9	38.9	2.5	733.3
– New Zealand & Fiji	–	199.4	8.6	–	208.0
– Indonesia & Papua New Guinea	–	37.1	16.0	–	53.1
Alcohol & Coffee Beverages	13.8	0.9	70.2	–	84.9
Corporate, Food & Services	–	–	13.8	–	13.8
	13.8	929.3	147.5	2.5	1,093.1
31 December 2016					
Non-Alcohol Beverages					
– Australia	–	691.9	38.9	2.5	733.3
– New Zealand & Fiji	–	211.1	9.1	–	220.2
– Indonesia & Papua New Guinea	–	40.3	17.1	–	57.4
Alcohol & Coffee Beverages	14.4	1.0	50.9	–	66.3
Corporate, Food & Services	–	–	13.8	–	13.8
	14.4	944.3	129.8	2.5	1,091.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

9 IMPAIRMENT TESTING (CONTINUED)

IMPAIRMENT TESTING

Annual impairment testing is carried out in two parts: firstly, in relation to brand names and trademarks and secondly at the cash generating unit (CGU) level in connection with IBAs and goodwill, by comparison of the CGU's recoverable amount to its carrying amount. The value in use for the purpose of recoverable amount calculations was determined by discounting the forecast future cash flows to be generated from the continuing use of the CGUs and using real terminal growth rates of nil to 1% (2016: nil to 2%). Based on the impairment testing, brand names with indefinite lives have been impaired, refer to Note 3b) for further details.

KEY ESTIMATES

Brand names and trademarks with indefinite lives

Value in use was calculated using a "relief from royalty" discounted cash flow methodology. The estimated future cash flows are based on 3-year business plans approved by the Board of Directors. Cash flows beyond the approved business plan period are extrapolated using estimated long term growth rates. Key inputs in determining the cash flows were sales and royalty rates. Sales are based on these three-year business plans and beyond that period, are projected based on business plan targets and management expectations, whereas royalty rates are based on market rates for comparable brands adjusted for costs associated with maintaining the brand.

IBAs and goodwill

Value in use was calculated using a discounted cash flow methodology for CGUs with IBAs and goodwill. The estimated future cash flows are based on the 3-year Board approved business plans. Cash flows beyond the approved business plan period are extrapolated using long term growth rates taking into consideration key inputs discussed below.

Key inputs	How determined
EBIT margins	Margins are adjusted to reflect management's views of sustainable long term EBIT margins.
Volumes	Volumes are adjusted based on forecast per capita consumption, population growth rates and market share assumptions which are benchmarked against external sources.
Pricing	Pricing is determined with reference to long term inflation forecasts.
Capital expenditure	Capital expenditure is determined as a percentage of sales revenue consistent with historical expenditure.

Based on current economic conditions and CGU performances, no reasonably possible change in a key assumption used in the determination of the recoverable amounts would result in a material impairment to the Group.

Discount rates

Discount rates used are the weighted average cost of capital for the Group in relation to each brand name and trademark and each CGU, risk adjusted where applicable. The local currency discount rates used are below:

	2017	2016
	%	%
Australia	7.2	7.2
New Zealand	7.1	7.1
Fiji	10.8	9.4
Indonesia	12.6	12.6
Papua New Guinea	14.1	11.4

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

10 INCOME TAX

a) INCOME TAX EXPENSE

	2017	2016
	\$M	\$M
Current tax expense	185.9	156.0
Net deferred tax benefit	(32.2)	(18.9)
Adjustments to current tax of prior periods	(5.1)	(1.3)
Total income tax expense	148.6	135.8
Total income tax expense includes:		
Income tax benefit on non-trading items	(29.3)	(45.5)
Reconciliation of Coca-Cola Amatil Limited's applicable (Australian) tax rate to the effective tax rate:		
Profit before income tax	609.6	393.1
	%	%
Applicable (Australian) tax rate	30.0	30.0
Adjustments to current tax of prior periods	(0.8)	(0.3)
Impairment of property, plant and equipment and intangible assets ¹	0.3	5.0
Non-allowable expenses	(0.1)	1.5
Recognition of previously unrecognised tax losses ¹	(4.1)	(0.5)
Overseas tax rates differential	(1.6)	(1.9)
Overseas withholding tax ²	0.7	0.7
Effective tax rate	24.4	34.5
Effective tax rate (before non-trading items)	29.2	29.7
Net deferred tax expense/(benefit) recognised in income tax expense relates to the following:	\$M	\$M
Allowances for current assets	10.5	(13.7)
Accrued charges and employee expense obligations	(8.8)	5.9
Other deductible items	9.4	4.1
Property, plant and equipment and intangible assets	(24.3)	(20.8)
Retained earnings balances of overseas subsidiaries ²	4.4	2.6
Recognition of previously unrecognised tax losses ¹	(24.9)	–
Other taxable items	1.5	3.0
	(32.2)	(18.9)
b) CURRENT AND DEFERRED TAX LIABILITIES (NET)		(Restated)
Current tax assets	5.1	1.5
Current tax liabilities	(27.6)	(42.0)
Deferred tax liabilities	(283.8)	(303.2)
	(306.3)	(343.7)
Deferred tax liabilities recognised in the balance sheet relate to the following:		
Allowances for current assets	3.0	(8.3)
Accrued charges and employee expense obligations	(51.1)	(43.3)
Other deductible items (includes derivatives)	(18.1)	(23.1)
Property, plant and equipment and intangible assets	315.8	343.5
Retained earnings balances of overseas subsidiaries ²	12.3	7.9
Other taxable items (includes derivatives)	21.9	26.5
	283.8	303.2

¹ Mainly relates to non-trading items, refer to Note 3b) for further details.

² Represents withholding taxes payable on unremitted earnings of overseas subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

10 INCOME TAX (CONTINUED)

RECOGNITION AND MEASUREMENT

Current tax

Current tax asset or liability represents amounts receivable or payable in relation to income taxes attributable to taxable profits of the current or prior financial years, less instalments of income tax paid. The tax rates and laws used to compute current taxes are those that are enacted or substantially enacted as at the reporting date.

Deferred tax

Deferred tax balances arise when there are temporary differences between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- where the difference arises from the initial recognition of an asset or liability in a transaction that is not an acquisition of a business and affects neither the accounting profit nor taxable profit or loss
- where temporary differences relate to investments in subsidiaries to the extent the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Australian tax consolidation

Coca-Cola Amatil Limited has a consolidated group for income tax purposes with each of its wholly owned Australian subsidiaries. The entities within the tax consolidated group have entered a tax funding agreement whereby each subsidiary will compensate Coca-Cola Amatil Limited for the amount of tax payable that would be calculated as if the subsidiary was a tax paying entity.

Coca-Cola Amatil Limited, as the head entity, and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. The current tax balances are then transferred to Coca-Cola Amatil Limited via intercompany balances.

Tax audits

The Group is subject to regular tax audits across its jurisdictions and interacts with tax authorities on a range of issues as part of the ongoing operations of tax authorities.

KEY ESTIMATES

In determining the Group's deferred tax assets and liabilities, management is required to make an estimate about the availability of future taxable profits and cash flows. Changes in circumstances will alter expectations, which may impact the amount of tax losses and temporary differences not yet recognised.

The details of unrecognised deductible temporary differences are as follows:

	2017	2016
	\$M	\$M
Capital losses – no expiry date	951.6	722.7
Tax losses – 2024 to 2026 expiry	–	9.7
Other items – no expiry date	38.4	38.4
	990.0	770.8
Potential tax benefit	297.0	231.2

The Group has determined as at the reporting date that future taxable profits and capital gains to utilise these tax assets are not sufficiently probable and therefore no deferred tax benefit has been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

11 OTHER LIABILITIES (NET)

	Note	2017 \$M	2016 \$M
Investments (equity accounted)	11a	28.0	26.1
Defined benefit superannuation plans (net)	11b	(19.9)	(23.4)
Provisions – current and non-current	11c	(127.2)	(112.0)
Prepayments – current and non-current		87.2	54.1
Non-current assets held for sale		0.8	–
Other receivables – non-current		11.3	14.3
		(19.8)	(40.9)

11a INVESTMENTS (EQUITY ACCOUNTED)

	2017 \$M	2016 \$M
Balance brought forward of joint venture investment in Australian Beer Company Pty Ltd (ABCo)	26.1	26.3
Share of loss during the year	(0.1)	(0.2)
Carrying amount of joint venture investment in ABCo	26.0	26.1
Associate investment in Exchange for Change (NSW) Pty Ltd (EFC)	2.0	–
	28.0	26.1

Australian Beer Company Pty Ltd

Coca-Cola Amatil Limited has a 50% joint venture interest in ABCo. The principal activity of ABCo is the manufacture of alcohol beverages. The majority of the carrying amount of the investment in ABCo is represented by property, plant and equipment assets.

Exchange for Change (NSW) Pty Ltd

Coca-Cola Amatil (Aust) Pty Ltd has a 20% interest in EFC. EFC was appointed as the scheme coordinator under the New South Wales Government's Container Deposit Scheme legislation. EFC commenced trading on 1 December 2017.

RECOGNITION AND MEASUREMENT

These investments are accounted for in the financial report using the equity method and is initially recognised at cost. Under the equity method, the share of profits or losses from these investments are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

11b DEFINED BENEFIT SUPERANNUATION PLANS

We sponsor a number of superannuation plans that incorporate defined contribution and defined benefit categories. The defined benefit plans are the Coca-Cola Amatil Superannuation Plan (CCASP), which is predominantly Australian-based, and the CCBI Superannuation Plan (CCBISP), which is Indonesian-based (Plans). The defined benefit category for the CCASP is closed to new entrants. The Plans provide benefits for employees or their dependants on retirement, resignation or death, in the majority of cases in the form of lump sum payments.

The obligation to contribute to the Plans is covered by a combination of trust deeds, legislation and regulatory requirements. Contributions to the Plans are made at levels necessary to ensure that the Plans have sufficient assets to meet their vested benefit obligations. The rate of contribution is based on a percentage of employees' salaries and wages and is regularly reviewed and adjusted based on actuarial advice.

The following sets out details in respect of the defined benefit superannuation plans only:

	CCASP ¹		CCBISP ²		Total	
	2017	2016	2017	2016	2017	2016
	\$M	\$M	\$M	\$M	\$M	\$M
a) BALANCES RECOGNISED IN THE BALANCE SHEET						
Present value of defined benefit obligations at the end of the year	64.6	77.4	42.9	44.3	107.5	121.7
Fair value of plan assets at the end of the year	(87.6)	(98.3)	–	–	(87.6)	(98.3)
Net defined benefit (assets)/liabilities	(23.0)	(20.9)	42.9	44.3	19.9	23.4
b) EXPENSE RECOGNISED IN THE INCOME STATEMENT						
Service cost	3.2	4.8	2.8	3.6	6.0	8.4
Curtailment loss/(gain)	1.4	(0.1)	–	–	1.4	(0.1)
Interest income on defined benefit superannuation assets	(1.0)	(0.9)	–	–	(1.0)	(0.9)
Interest cost on defined benefit superannuation liabilities	–	–	3.3	4.3	3.3	4.3
	3.6	3.8	6.1	7.9	9.7	11.7

1 CCASP's assets include no amounts relating to any of Coca-Cola Amatil Limited's own financial instruments, or any property occupied by, or other assets used by, Coca-Cola Amatil Limited.

2 CCBISP has no plan assets. PT Coca-Cola Bottling Indonesia and PT Coca-Cola Distribution Indonesia, in total, accrue CCBISP's liabilities as per the actuarial assessment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

11b DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

	CCASP ¹		CCBISP ²		Total	
	2017	2016	2017	2016	2017	2016
	\$M	\$M	\$M	\$M	\$M	\$M
c) AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME						
Actuarial gains – experience	(1.6)	(0.8)	(1.1)	(1.8)	(2.7)	(2.6)
Actuarial losses/(gains) – demographic assumptions	–	0.1	–	(4.5)	–	(4.4)
Actuarial (gains)/losses – financial assumptions	(0.2)	(6.1)	5.1	1.7	4.9	(4.4)
Actuarial (gains)/losses arising during the year	(1.8)	(6.8)	4.0	(4.6)	2.2	(11.4)
Return on plan assets (greater)/less than discount rate	(3.9)	1.1	–	–	(3.9)	1.1
Remeasurement recognised in other comprehensive income	(5.7)	(5.7)	4.0	(4.6)	(1.7)	(10.3)
d) MOVEMENT IN DEFINED BENEFIT OBLIGATIONS						
Present value at the beginning of the year	77.4	97.7	44.3	49.0	121.7	146.7
Service cost	3.2	4.8	2.8	3.6	6.0	8.4
Interest cost	3.4	3.8	3.3	4.3	6.7	8.1
Curtailement loss/(gain)	1.4	(0.1)	–	–	1.4	(0.1)
Actuarial (gains)/losses arising during the year	(1.8)	(6.8)	4.0	(4.6)	2.2	(11.4)
Benefits paid from plan assets or by plan employer respectively	(18.5)	(21.5)	(8.0)	(9.5)	(26.5)	(31.0)
Net foreign currency and other movements	(0.5)	(0.5)	(3.5)	1.5	(4.0)	1.0
Present value at the end of the year	64.6	77.4	42.9	44.3	107.5	121.7
e) MOVEMENT IN PLAN ASSETS						
Fair value at the beginning of the year	(98.3)	(116.8)	–	–	(98.3)	(116.8)
Interest income	(4.4)	(4.7)	–	–	(4.4)	(4.7)
Returns (greater)/less than discount rate	(3.9)	1.1	–	–	(3.9)	1.1
Benefits paid	18.5	21.5	–	–	18.5	21.5
Other movements	0.5	0.6	–	–	0.5	0.6
Fair value at the end of the year	(87.6)	(98.3)	–	–	(87.6)	(98.3)

1 CCASP's assets include no amounts relating to any of Coca-Cola Amatil Limited's own financial instruments, or any property occupied by, or other assets used by, Coca-Cola Amatil Limited.

2 CCBISP has no plan assets. PT Coca-Cola Bottling Indonesia and PT Coca-Cola Distribution Indonesia, in total, accrue CCBISP's liabilities as per the actuarial assessment.

	CCASP		CCBISP	
	2017	2016	2017	2016
	%	%	%	%
f) PLAN ASSETS				
The percentage invested in each asset class at the reporting date (including pension assets) was:				
Equity instruments	37.3	35.8	–	–
Debt instruments	22.2	21.5	–	–
Real estate	4.5	6.5	–	–
Cash and cash equivalents	18.0	20.3	–	–
Other	18.0	15.9	–	–
	100.0	100.0	–	–

g) PRINCIPAL ACTUARIAL ASSUMPTIONS

Used at reporting date to measure defined benefit obligations of each plan (per annum basis):

Discount rate	4.4	4.8	6.8	8.3
Future salary increases	2.5	3.0	8.0	8.0
Future inflation	2.0	2.0	4.5	5.0
Future pension increases	2.0	2.0	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

11b DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

h) EXPECTED FUTURE CONTRIBUTIONS

The expected contribution to CCASP for 2018 is nil (2017: \$3.4 million). Coca-Cola Amatil Limited contributions are agreed between the Plan trustees and Coca-Cola Amatil Limited, following advice from the Plan actuary at least every three months (or more frequently if circumstances require this).

Vested benefit obligations represent the estimated total amount that the Plans would be required to pay if all defined benefit members were to voluntarily leave the Plans on the particular valuation date. However, the liability recognised in the balance sheet is based on the projected benefit obligation which represents the present value of employee benefits accrued to date, assuming that employees will continue to work and be members of the Plans until their exit. The projected benefit obligation takes into account future increases in an employee's salary and provides a longer term view of the financial position of the Plans.

i) MATURITY PROFILE OF DEFINED BENEFIT OBLIGATIONS

The weighted average durations of the defined benefit obligation for CCASP and CCBISP are 8.0 and 8.9 years respectively.

RECOGNITION AND MEASUREMENT

Current and adjusted prior period related service costs are recognised in the income statement as they accrue. Interest is recognised in the income statement for implied returns on plan assets (interest income), and for changes in the time value of plan obligations (interest expense), using the applicable discount rate. Revaluation adjustments arising from changes in actuarial assumptions, and differences between actual and implied returns on plan assets are recognised in other comprehensive income within the actuarial valuation reserve.

11c PROVISIONS

	2017	2016
	\$M	\$M
Current		
Employee benefits	113.8	97.9
Non-current		
Employee benefits	13.4	14.1

RECOGNITION AND MEASUREMENT

Employee benefits

Employee benefits provisions include liabilities for benefits accumulated as a result of employees rendering services up to balance date, including related on-costs, in relation to annual, sick, long service and other leave, incentives and termination and other benefits. These benefits are charged to the income statement when services are provided and to the extent the benefits are expected to vest with employees. Employee benefits provisions are measured at remuneration rates expected to be applicable to future payments which settle these liabilities, and are discounted back to the reporting date using market yields on corporate bonds with maturities aligned to the estimated timing of settlement payments.

Termination benefits included in employee benefits are recognised as an expense when the Group is committed to a formal detailed plan to terminate employees before their normal retirement date, and the Group can no longer withdraw the termination offer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING

HOW THE GROUP MANAGES ITS CAPITAL – FINANCING

We manage our capital to ensure that entities in the Group have continued access to funding to support the business activities and strategies of the Group while maximising returns to shareholders through the optimisation of net debt and equity balances.

Our capital comprises of equity plus net debt. Net debt is calculated as the sum of borrowings and debt related derivatives, less cash assets, long term deposits and other financial liabilities.

Our capital structure is monitored using the gearing ratio. This ratio is calculated as net debt divided by equity. In order to maintain or adjust the capital structure, the Group may undertake certain activities such as adjusting the amount of dividends paid to shareholders, return equity to shareholders, issue new shares or buy back existing shares. The Group continuously reviews the capital structure to ensure that:

- sufficient finance for the business is maintained at a reasonable cost
- sufficient funds are available for the business to carry out its investing activities, such as purchasing of property, plant and equipment, other non-current assets and acquisitions of businesses
- distributions to shareholders are maintained within stated dividend policy parameters
- where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to possible returns of equity funds to shareholders.

Details of Capital – Financing are as follows:

	Note	2017 \$M	(Restated) 2016 \$M
Equity	12	1,880.3	2,274.2
Net debt	13	1,337.2	992.8
		3,217.5	3,267.0

12 EQUITY

	Note	2017 \$M	2016 \$M
Share capital	12a	1,920.5	2,271.7
Treasury shares	12b	(13.4)	(15.7)
Reserves	12c	262.5	392.4
Accumulated losses		(620.7)	(720.3)
Non-controlling interests		331.4	346.1
		1,880.3	2,274.2
		\$	\$
Net tangible assets per share		0.47	0.93

12a SHARE CAPITAL

As at 31 December 2017, the number of fully paid ordinary shares on issue were 723,999,699 (2016: 763,590,249).

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value.

SHARE BUY-BACK

During 2017, Coca-Cola Amatil Limited acquired shares under the Board approved on-market share buy-back program for a total consideration of \$351.2 million. 39,590,550 shares acquired under the program have been bought back and cancelled resulting in a reduction of fully paid ordinary shares on issue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

12b TREASURY SHARES

This account is used to record purchases of Coca-Cola Amatil Limited ordinary shares to satisfy obligations to provide shares to employees in accordance with the requirements of employee ownership plans. At 31 December 2017, these shares have not vested to Group employees, and therefore are controlled by the Group. Refer to Notes 12c and 17 for further information in regards to the share-based remuneration reserve and employee ownership plans respectively.

12c RESERVES

	2017	(Restated) 2016
	\$M	\$M
Foreign currency translation	(136.1)	(22.7)
Share-based remuneration	22.1	18.2
General	342.7	342.7
Actuarial valuation	28.6	26.7
Cash flow hedging	(3.1)	21.9
Other	8.3	5.6
	262.5	392.4

NATURE AND PURPOSE OF RESERVES

Foreign currency translation

This reserve comprises of all differences arising from translation of the financial statements of foreign subsidiaries at various exchange rates, as described in the accounting policy for foreign currency translation located on page 69.

Share-based remuneration

This reserve is used to record obligations to provide employees with Coca-Cola Amatil Limited ordinary shares in accordance with employee ownership plans, inclusive of current and deferred tax effects, where applicable. Refer to Notes 12b and 17 for further information regarding treasury shares and employee ownership plans respectively.

General

This reserve relates to The Coca-Cola Company's 29.4% investment in Coca-Cola Amatil Limited's Indonesian business (PT Coca-Cola Bottling Indonesia).

Actuarial valuation

This reserve is used to record movements in defined benefit superannuation plan assets and liabilities due to revaluations arising from changes in actuarial assumption, and differences between actual and implied returns on plan assets (including deferred tax effects). Refer to Note 11b for further information on defined benefit superannuation plans.

Cash flow hedging

This reserve is mainly used to record the revaluations of financial assets and liabilities to fair value including deferred tax effects, where these financial assets and liabilities are used as cash flow hedges and qualify for hedge accounting. Refer to Note 13d for further information on cash flow hedge accounting.

Movements in the reserve were as follows:

	2017	2016
	\$M	\$M
Opening balance	21.9	(8.0)
Derivative revaluation	(29.9)	50.6
Cash and long term deposit revaluation ¹	0.9	(19.9)
Other movements	(5.3)	12.6
Deferred tax effect	6.7	(13.7)
Total movements recognised in other comprehensive income	(27.6)	29.6
Non-controlling interests	2.6	0.3
Closing balance	(3.1)	21.9

¹ Movements in cash held in foreign currencies that are in hedge relationships relating to forecast capital expenditure and raw material purchases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

12c RESERVES [CONTINUED]

Other

This reserve is used to record currency basis (which is the cost or benefit of exchanging one floating currency for another) in relation to debt related derivatives hedging foreign currency denominated bonds, credit risk in relation to derivative hedges, and the time value portion of options used to hedge foreign currency and interest related exposures.

Movements in the reserve were as follows:

	2017	2016
	\$M	\$M
Opening balance	5.6	(4.5)
Currency basis	(3.7)	10.2
Credit risk	0.5	0.1
Time value of options	4.8	3.0
Deferred tax effect	1.1	(3.2)
Total movements recognised in other comprehensive income	2.7	10.1
Closing balance	8.3	5.6

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

13 NET DEBT

	Note	2017 \$M	2016 \$M
Cash assets	13a	(1,038.0)	(1,378.1)
Borrowings – current	13b	420.9	421.5
Borrowings – non-current	13b	1,929.5	1,959.5
Other financial liabilities	13c	64.4	71.8
Derivative net (assets)/liabilities – debt related	13d	(39.6)	(81.9)
		1,337.2	992.8

13a CASH AND CASH EQUIVALENTS

	2017 \$M	2016 \$M
Cash on hand and at banks	529.3	691.7
Short term deposits	508.7	686.4
Cash assets	1,038.0	1,378.1
Bank overdrafts	(1.7)	(1.1)
	1,036.3	1,377.0

RECOGNITION AND MEASUREMENT

Cash assets is comprised of cash on hand, cash at banks and short term deposits with a maturity of one year or less that are repayable to the Group on demand and are subject to an insignificant risk of changes in value.

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying periods, depending on the near term cash requirements of the Group and earn interest at the respective short term deposit rates.

RESTRICTIONS ON CASH HELD IN PAPUA NEW GUINEA

As at 31 December 2017, Coca-Cola Amatil's Papua New Guinea business had local currency (Kina) denominated cash assets of \$234.8 million (PGK 586.1 million); (2016: \$177.6 million (PGK 406.9 million)). Presently there are Papua New Guinea government imposed currency controls which impact on the extent to which the cash held in Papua New Guinea can be converted and remitted for use elsewhere in the Coca-Cola Amatil Group.

FREE CASH FLOW

The Group uses the free cash flow measure to determine the extent of funds available to invest in future capital expenditure, reduce net debt or return to shareholders mainly in the form of dividends. Free cash flow is calculated as follows:

	2017 \$M	2016 \$M
Net operating cash flows	589.2	774.8
Payments made for additions of:		
– property, plant and equipment	(293.7)	(283.5)
– software development assets	(18.5)	(17.2)
– other intangible assets	–	(2.5)
Proceeds from:		
– disposal of property, plant and equipment	152.3	13.9
– government grant relating to additions of property, plant and equipment	–	5.0
	429.3	490.5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

13a CASH AND CASH EQUIVALENTS (CONTINUED)

RECONCILIATION OF EARNINGS BEFORE INTEREST AND TAX (EBIT) TO NET OPERATING CASH FLOWS

	2017 \$M	2016 \$M
EBIT	678.4	466.1
Adjustments for:		
Depreciation and amortisation expenses	282.9	269.3
Impairment charges ¹	14.4	177.4
Changes in adjusted working capital ²	(44.8)	61.7
Net interest and other finance costs paid	(53.5)	(56.0)
Income taxes paid	(173.4)	(145.0)
Other items (refer below)	(114.8)	1.3
	(89.2)	308.7
Net operating cash flows	589.2	774.8

Other items comprise of the following:

	2017 \$M	2016 \$M
Share of loss of joint venture entity	0.1	0.2
Profit from disposal of property, plant and equipment ¹	(104.5)	(6.2)
Profit from disposal of businesses	–	(2.2)
Movements in:		
– prepayments	(34.1)	31.6
– provisions	17.6	(25.9)
– sundry items	6.1	3.8
	(114.8)	1.3

¹ Mainly comprises of non-trading items, refer to Note 3b) for further details.

² Working capital is adjusted to exclude the impact of non-cash flow and non-operating items such as foreign exchange translation, impacts of disposal of businesses and payables relating to additions of property, plant and equipment.

RECONCILIATION OF MOVEMENTS IN LIABILITIES ARISING FROM FINANCING ACTIVITIES TO NET FINANCING CASH FLOWS

	2016					2017				
	Opening balance	Cash flows	Foreign exchange	Other movements	Closing balance	Cash flows	Foreign exchange	Other movements ¹	Closing balance	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Bonds	2,325.8	(122.3)	3.9	(1.6)	2,205.8	130.1	(8.9)	(12.9)	2,314.1	
Bank loans	183.3	(22.6)	4.4	1.3	166.4	(135.2)	(7.1)	5.0	29.1	
Other financial liabilities and borrowings	26.4	46.4	–	6.7	79.5	(9.2)	(0.4)	–	69.9	
Derivatives – debt related (net)	(63.7)	–	–	(18.2)	(81.9)	26.8	(0.2)	15.7	(39.6)	
Total liabilities from financing activities	2,471.8	(98.5)	8.3	(11.8)	2,369.8	12.5	(16.6)	7.8	2,373.5	
Payments for share buy-back		–				(351.2)				
Dividends paid		(340.0)				(345.8)				
Net financing cashflows		(438.5)				(684.5)				

¹ Mainly relates to foreign currency movements attributable to bonds hedged with foreign currency swaps (these swaps are classified as Derivatives – debt related, see Note 13d for further details).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

13b BORROWINGS

	2017 \$M	2016 \$M
Current		
Unsecured		
Bonds	417.8	283.9
Bank loans	–	134.6
Bank overdrafts	1.7	1.1
Other	1.4	1.9
	420.9	421.5
Non-current		
Unsecured		
Bonds	1,472.9	1,593.4
Bonds (swapped into local currency) ¹	423.4	328.5
Bank loans	29.1	31.8
Other	4.1	5.8
	1,929.5	1,959.5

¹ Cross currency swaps are used by the Group to swap foreign currency bonds into the required local currency. These swaps are recognised within derivatives – debt related; refer to Note 13d.

RECOGNITION AND MEASUREMENT

Borrowings are initially recognised at fair value at settlement date and subsequently at amortised cost using the effective interest method, net of associated transaction costs. Borrowings are derecognised when the obligation under the liability is discharged, cancelled or expired.

13c OTHER FINANCIAL LIABILITIES

COLLATERAL

The Group as part of its capital and risk management strategy, uses financial instruments to hedge the Group's exposure to adverse fluctuations in market risks. The hedges are marked-to-market at fair value at regular intervals to test for hedge effectiveness between the underlying hedged item and the hedging instrument.

Due to changes in the fair value of the hedge contracts and to minimize the impact of credit default, the Group has received \$64.4 million (US \$50.0 million) as cash collateral pledged from external counterparties (2016: \$71.8 million). Coca-Cola Amatil Limited holds the collateral under an agreement to provide protection against credit risk exposure from its counterparties. As at 31 December 2017, if pledged collaterals were included in the master netting arrangements on the derivative portfolio, net derivative assets would reduce to \$30.2 million net derivative liability (2016: net impact would reduce the net derivative assets to \$35.5 million).

RECOGNITION AND MEASUREMENT

Cash collateral received or paid by the Group is recognised at fair value at settlement date in the statements of cash flows. All other financial assets are recognised on trade date. A financial asset or liability is derecognised as and when the rights to receive or obligation to pay cash flows from the asset or liability have expired or the Group has transferred its rights to receive or obligation to pay cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

13d DERIVATIVE NET ASSETS/(LIABILITIES)

				2017	2016			
				\$M	\$M			
Balance sheet derivatives comprise								
Assets – current				20.8	35.2			
Assets – non-current				101.8	124.5			
Liabilities – current				(20.2)	(15.5)			
Liabilities – non-current				(68.2)	(36.9)			
Derivative net assets				34.2	107.3			
Derivative net assets comprise of:								
Type of derivative	Note	Derivative carrying amounts			Movements in		Movements recognised in	
		Assets	Liabilities	Net	Derivatives	Recognised underlying hedged items	Income statement	Other comprehensive income
		\$M	\$M	\$M	\$M	\$M	\$M	\$M
2017								
Debt related – fair value hedges ¹								
– cross currency swap ²		70.5	(26.9)	43.6	(38.3)	35.9	(35.9)	(2.4)
Debt related – cash flow hedges ³								
– cross currency swap ²		9.5	(13.5)	(4.0)	(4.0)	4.0	–	(4.0)
Total debt related	14A) i) & ii)	80.0	(40.4)	39.6	(42.3)	39.9	(35.9)	(6.4)
Non-debt related – fair value hedges								
– foreign exchange contracts		0.3	–	0.3	0.4	(0.4)	0.4	–
Non-debt related – cash flow hedges								
– foreign exchange contracts	14A) i)	4.5	(15.0)	(10.5)	(29.8)	25.3	(4.5)	(25.3)
– interest rate contracts	14A) ii)	6.5	(19.9)	(13.4)	(5.9)	5.9	–	(5.9)
– commodity contracts	14A) iii)	31.3	(13.1)	18.2	4.5	(4.5)	–	4.5
Total non-debt related		42.6	(48.0)	(5.4)	(30.8)	26.3	(4.1)	(26.7)
Total derivatives		122.6	(88.4)	34.2	(73.1)	66.2	(40.0)	(33.1)
2016								
Debt related – fair value hedges ¹								
– cross currency swap		82.0	(0.1)	81.9	30.9	(11.3)	11.3	19.6
Debt related – cash flow hedges ³								
– cross currency swap		12.5	(12.5)	–	(12.7)	12.7	–	(12.7)
Total debt related	14A) i) & ii)	94.5	(12.6)	81.9	18.2	1.4	11.3	6.9
Net-debt related – fair value hedges								
– foreign exchange contracts		–	(0.1)	(0.1)	(0.1)	0.1	(0.1)	–
Non-debt related – cash flow hedges								
– foreign exchange contracts	14A) i)	28.6	(9.3)	19.3	(2.2)	(2.1)	(4.3)	2.1
– interest rate contracts	14A) ii)	10.0	(17.5)	(7.5)	(12.8)	12.8	–	(12.8)
– commodity contracts	14A) iii)	26.6	(12.9)	13.7	64.7	(64.7)	–	64.7
Total non-debt related		65.2	(39.8)	25.4	49.6	(53.9)	(4.4)	54.0
Total derivatives		159.7	(52.4)	107.3	67.8	(52.5)	6.9	60.9

1 The underlying hedged item represents bonds swapped into local currency. Foreign currency and interest related movements in these bonds are recognised in the income statement, which are offset by movements in related hedging derivatives, within the income statement. The net effect results in no impact on net debt other than any hedge ineffectiveness that may arise from credit valuation adjustments and currency basis that does not form a part of the hedge relationship. The accumulated change in the fair value of the underlying hedged item is equal to the carrying amount of the derivative which is \$24.7 million (2016: \$62.4 million). The carrying value of the hedged items is \$286.3 million (2016: \$214.3 million).

2 Includes currency basis adjustment.

3 Refer to footnote 1, with movements being recognised in other comprehensive income rather than the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

13d DERIVATIVE NET ASSETS/(LIABILITIES) (CONTINUED)

RECOGNITION AND MEASUREMENT

Derivative financial instruments are used to manage exposures to certain financial risks and are recognised initially at fair value. On subsequent revaluation, for example, from trade date, derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The Group designates its derivatives as hedges for either:

- the fair values of certain liabilities (fair value hedges)
- the cash flows associated with assets and liabilities and highly probable forecast transactions (cash flow hedges)

Derivatives – debt related

Debt related derivatives apply solely to hedging of the foreign currency principal amounts and fair values of borrowings. During the financial year, the Group held cross currency swaps to mitigate exposures to changes in the fair value of foreign currency denominated debt from fluctuations in foreign currency and interest rates. The hedged items designated were a portion of the Group's foreign currency denominated borrowings. The changes in fair values of the hedged items resulting from movements in exchange rates and interest rates are offset against the changes in the value of the cross currency swaps. The objective of this hedging is to convert foreign currency borrowings to local currency borrowings. Hence, at inception, no significant portion of the change in fair value of the cross currency swap is expected to be ineffective. Ineffectiveness may arise from credit valuation adjustments and is recognised in the income statement as finance costs.

Gains or losses from remeasuring the fair value of the hedge instruments are recognised within net finance costs in the income statement and are offset with the gains and losses from the hedged item where those gains or losses relate to the hedged risks. The hedge relationship is designed to be highly effective because the amount of the cross currency swaps is the same as that of the underlying debt and all cash flow and reset dates coincide between the borrowing and the swaps.

The effectiveness of the hedging relationship is tested at inception and at regular intervals thereafter by means of cumulative dollar offset effectiveness calculations. The primary objective is to determine if changes to the hedged item and the derivative are highly correlated and thus support the assertion that there will be a high degree of offset in fair values achieved by the hedge.

Derivatives – non-debt related

Non-debt derivatives relate to all other derivatives other than those that are debt related (being foreign currency, commodity and interest rate because they do not impact the calculation of net debt). Cash flow hedges are used to hedge future cash flows or a probable transaction that could affect the income statement. Any gain or loss on effective portions of the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement as finance costs. Amounts recognised in equity are transferred to finance costs (debt related derivatives), cost of goods sold (commodity related derivatives), or depreciation expenses (capital expenditure derivatives) within the income statement, as and when the asset is consumed. If the forecast transaction is revoked or no longer expected to occur, amounts previously recognised in equity are transferred to the income statement over the life of the underlying exposure. Derivative financial instruments in a hedge relationship are initially recognised in equity. Any gain or loss is reclassified to the income statement when the Group exercises, terminates, or revokes designation of the hedge relationship. Ineffectiveness may arise from credit valuation adjustments and is recognised in the income statement as finance costs.

The Group placed certain amounts of foreign currency on deposits that were used to hedge highly probable forecast purchases of capital expenditure items and raw materials. Any movements in the translation of these deposits were recognised within the hedging reserve.

Refer to Note 14 for further information on Coca-Cola Amatil Limited's financial risk management process.

Presentation, offsetting and netting arrangements

The Group presents derivative assets and liabilities on a gross basis. Certain derivative assets and liabilities are subject to enforceable master netting arrangements with individual counterparties if they were subject to default. If these netting arrangements were to be applied to the derivative portfolio as at 31 December 2017 derivative assets and liabilities would be reduced by \$38.5 million respectively (2016: \$27.6 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

IV OUR RISK MANAGEMENT

14 FINANCIAL RISK MANAGEMENT

HOW THE GROUP MANAGES FINANCIAL RISK

Our financial risk management activities are carried out centrally by the Group's Treasury function, which is governed by a Board approved Treasury Policy. This Policy strictly prohibits any speculative trading. The Group's risk management activities seek to mitigate risks in order to reduce volatility of financial performance, which assists with delivery of the Group's financial targets. This is achieved through a process of identifying, recording and communicating financial exposures and risks within the Group which forms the basis for the implementation of risk management strategies which utilise derivatives and hedge accounting practices. Refer to Note 13d for further information on derivatives and hedge accounting.

The Group's financial assets and liabilities originate from and are used for the following purposes:

Operating and investing activities

These activities generate financial assets and liabilities including cash, trade and other receivables and trade and other payables.

Financing activities

Financial assets and liabilities are used to invest funds when surplus amounts arise and to raise funds for the Group's operations. The principal types of financial assets and liabilities used include cash, term deposits, bonds, bank loans and bank overdrafts.

Risk management

Financial assets and liabilities, being primarily derivative or hedging contracts, are used to manage financial risks that arise from the abovementioned activities. These risks are summarised as and described further, in the following sections to this note:

A) details of market risks relating to:

- i) foreign currencies
- ii) interest rates
- iii) commodity prices

B) details of other financial risks relating to:

- i) liquidity
- ii) credit
- iii) foreign currency translation

A) MARKET RISKS

Sensitivities – analysis

The below sensitivity analyses illustrate possible outcomes from the Group's approach to financial risk management in relation to market risks. The analyses show the effect on profit and other comprehensive income for the year if market rates had been 10% higher or lower with all other variables held constant, taking into account existing financial asset and liability exposures and related hedges. A sensitivity of 10% has been selected as this is considered reasonable given the current level of market prices, the volatility observed on a historical basis and market expectations for future movements.

	Profit for the year		Other comprehensive income	
	2017	2016	2017	2016
	\$M	\$M	\$M	\$M
Foreign currency rates				
10% increase	–	0.4	(17.8)	(33.8)
10% decrease	–	0.2	21.0	19.9
Interest rates¹				
10% increase in variable rates	(2.4)	0.4	(1.8)	9.8
10% decrease in variable rates	2.5	(0.4)	1.7	(10.1)
Commodity prices²				
10% increase	–	–	16.4	23.9
10% decrease	–	–	(16.4)	(23.2)

1 10% refers to applying a multiplication factor to (rather than addition) the underlying interest rate.

2 The table does not show the sensitivity to the Group's total underlying exposures or the impact of changes in volumes that may arise from an increase or decrease in commodity prices.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

IV OUR RISK MANAGEMENT (CONTINUED)

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

A) MARKET RISKS (CONTINUED)

As can be seen in the preceding table, there would be no material impact of the sensitivities on profit for the year, as the Group's approach to hedging results in minimal hedge ineffectiveness. Volatility does arise in other comprehensive income mainly due to the remeasurement of derivatives to fair value as at the reporting date.

The following section provides additional detail as to each of these risks.

i) Foreign currency risk

Foreign currency risk refers to the risk that the cash flows arising from a financial commitment or recognised asset or liability, will fluctuate due to changes in foreign currency rates. The Group's foreign currency risk arises primarily from:

- firm commitments and/or highly probable forecast transactions for receipts and payments settled in foreign currencies and prices dependent on foreign currencies respectively
- cash, term deposits and borrowings denominated in foreign currency
- translation of the financial statements of Coca-Cola Amatil Limited's foreign subsidiaries, refer to Note 14B) iii)

The Group's risk management policy for foreign exchange allows hedging of forecast cost of goods sold related transactions for up to four years into the future before requiring executive management approval. Foreign currency denominated capital expenditure is generally hedged upon the realisation of firm commitments. The policy prescribes a range of minimum and maximum hedging parameters linked to actual and forecast transactions involving foreign currency exposures which are progressively increased to a range of 25% to 100% in the current year.

The Group's foreign currency transactions (relative to each subsidiary's functional currency) are mainly conducted in the following currencies:

- Australian Dollars (AUD)
- United States Dollars (USD) – primarily for commodity purchasing, certain borrowings and capital expenditure
- New Zealand Dollars (NZD)
- Japanese Yen (JPY) – primarily for certain borrowings
- Euros (EUR) – primarily for capital expenditure

At the reporting date, the Group had exposure to foreign currency risk on the following financial assets and liabilities (due to the items being denominated in currencies other than the functional currency) before taking into consideration the effects of hedging, with details of hedging presented in the following table:

Financial assets and liabilities (exposures) ¹	2017				2016			
	USD	JPY	Other	Total	USD	JPY	Other	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash assets	91.3	–	1.9	93.2	182.6	–	68.1	250.7
Borrowings - bonds	64.4	314.0	45.0	423.4	69.3	214.2	45.0	328.5
Other financial liabilities	64.4	–	–	64.4	–	–	–	–
Hedging derivatives – net assets/(liabilities)	Carrying amount	Nominal amounts ¹	Hedge ranges as at inception – exchange rates			Maturity profile		
	\$M	\$M	AUD/USD	AUD/NZD	AUD/JPY	NZD/USD	IDR/USD	years
2017								
Cross currency swaps ²	(3.4)	400.7	–	1.29	85–87	0.83	–	>5
Debt related	(3.4)							
Foreign currency forwards ³	(5.1)	413.7	0.72–0.79	1.06–1.11	–	0.68–0.72	13,374–13,487	<2
Currency options ³	(5.4)	286.1	0.70–0.81	–	–	0.63–0.73	–	<2
Non-debt related	(10.5)							
2016								
Cross currency swaps ²	1.0	266.3	–	1.29	85–87	0.82–0.83	–	>5
Debt related	1.0							
Foreign currency forwards ³	20.8	860.7	0.70–0.76	1.05–1.13	–	0.63–0.73	13,440–14,890	<3
Currency options ³	(1.5)	414.1	0.70–0.85	1.07	–	0.63–0.71	–	<2
Non-debt related	19.3							

1 Principal amounts converted to AUD at balance date foreign exchange rates.

2 Carrying amount classified as derivatives – debt related.

3 Derivatives used for firm commitments and/or highly probable forecast purchases of raw materials and capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

IV OUR RISK MANAGEMENT (CONTINUED)

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

A) MARKET RISKS (CONTINUED)

ii) Interest rate risk

Interest bearing financial assets and liabilities which expose the Group to interest rate risk are predominantly cash assets, term deposits, bonds, loans and bank overdrafts.

The Group's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its financial asset and liability portfolio through active management of the exposures. The policy prescribes that the average maturity of the hedging portfolio must be between one and five years. It is usual practice for the next 12 months' floating rate exposures to be largely fixed up to a maximum of 100% of the forecast exposure.

The Group primarily enters into interest rate option, interest rate swap and cross currency swap agreements to manage these risks.

At the reporting date, the Group had the following mix of financial assets and liabilities bearing interest, before taking into consideration the effects of hedging along with details of hedging agreements in place:

Financial assets and liabilities (exposures)	2017				2016			
	Average floating rate	At floating rates	At fixed rates	Carrying amount	Average floating rate	At floating rates	At fixed rates	Carrying amount
	% p.a.	\$M	\$M	\$M	% p.a.	\$M	\$M	\$M
Cash assets	1.7	1,038.0	–	1,038.0	2.4	1,378.1	–	1,378.1
Bonds	2.7	120.7	2,193.4	2,314.1	2.7	157.3	2,048.5	2,205.8
Bank loans, bank overdrafts and other borrowings	2.3	36.3	–	36.3	3.4	85.9	89.3	175.2
Other financial liabilities	1.2	64.4	–	64.4	1.4	71.8	–	71.8
Hedging derivatives – net assets/(liabilities)	Carrying amount	Nominal amounts¹	Hedge ranges²	Average maturity profile	Carrying amount	Nominal amounts¹	Hedge ranges²	Average maturity profile
	\$M	\$M	% p.a.	years	\$M	\$M	% p.a.	years
Cross currency swap	43.0	292.7	2.2 – 3.4	>5	80.9	151.9	2.2–2.8	>5
Debt related	43.0				80.9			
Interest rate options	(1.0)	50.0	3.3 – 4.5	<2	(1.5)	50.0	3.3–4.5	<3
Interest rate swaps	(13.0)	847.4	3.1 – 6.3	>5	(10.2)	832.4	3.1–6.3	>5
Cross currency swaps	0.6	108.0	3.3 – 3.3	>5	4.2	114.4	3.3	>5
Non-debt related	(13.4)				(7.5)			

1 Principal amounts converted to AUD at balance date foreign exchange rates.

2 As at inception.

iii) Commodity price risk

Commodity price risk is the risk arising from volatility in commodity prices in relation to certain raw materials (mainly sugar and aluminium) used in the business.

The Group's risk management policy for commodity price risk allows hedging of forecast transactions for up to four years into the future before requiring executive management approval. The policy prescribes a range of minimum and maximum hedging parameters linked to actual and forecast transactions involving strategic commodity exposures which are progressively increased to a range of 70% to 100% in the current year.

The Group enters into futures, swaps and option contracts to hedge commodity price risk, with the objective of obtaining lower raw material prices and a more stable and predictable commodity price outcome. Futures contracts are mainly used to hedge the primary exposures, being aluminium ingot and raw sugar which are priced on the London Metal Exchange and Intercontinental Exchange respectively. These exposures are designated to be the risk component which are hedged with futures contracts. These together form a part of the hedge relationship and are designed to be highly effective. Costs associated with rolling of aluminium cans, refining of raw sugar and any other transaction costs represent other risk components but do not form part of the hedge relationship but are recognised within cost of goods sold in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

IV OUR RISK MANAGEMENT (CONTINUED)

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

A) MARKET RISKS (CONTINUED)

iii) Commodity price risk (CONTINUED)

At the reporting date, the Group had exposure to commodity price risk on the following usage quantities, before taking into consideration the effects of hedging, with details of hedging presented alongside:

Commodity	Exposure	Hedging				Maturity profile years
	Usage metric tonnes	Derivatives ¹	Carrying amount \$M	Nominal volume metric tonnes	Hedge range – commodity prices ²	
2017						
Aluminium ingot	30,184	Futures	27.9	34,475	1,628.0–2,130.4	<3
Raw sugar	288,982	Futures	(9.7)	318,663	315.9–425.1	<3
Non-debt related (liabilities)			18.2			
2016						
Aluminium ingot	30,663	Futures	(2.9)	53,150	1,590.0–2,024.0	<3
Raw sugar	280,887	Futures	16.6	380,511	296.5–444.2	<3
Non-debt related (liabilities)			13.7			

1 Mainly futures, including some swaps and options

2 USD per metric tonne at inception date

B) OTHER FINANCIAL RISKS

i) Liquidity risk

Liquidity risk is the risk there will be insufficient funds available to meet the Group's financial commitments as and when they fall due, and the risk of unforeseen events which may curtail cash inflows.

To help reduce liquidity risk, the Group:

- has a liquidity policy which targets a minimum level of committed facilities relative to net debt
- has readily accessible funding arrangements in place
- generally utilises financial assets and liabilities that are tradeable in liquid markets
- staggers maturities of financial assets and liabilities

Liquidity risk is measured by using cash flow forecasts and comparing projected debt levels against total committed facilities.

The contractual cash flows and expected timings of the Group's financial liabilities are shown in the table below. The contractual amounts represent the future undiscounted principal and interest cash flows and therefore do not equate to the carrying amounts.

Financial liabilities (exposures)	Expected timing of contractual cash outflows					Total
	Carrying amount \$M	Less than 1 year \$M	1 to 2 years \$M	2 to 5 years \$M	Over 5 years \$M	
As at 31 December 2017						
Trade and other payables	1,191.9	1,191.9	–	–	–	1,191.9
Borrowings	2,350.4	540.2	219.7	1,113.6	859.6	2,733.1
Other financial liabilities	64.4	64.4	–	–	–	64.4
Derivative liabilities	88.4	7.4	6.1	35.7	128.9	178.1
Total financial liabilities	3,695.1	1,803.9	225.8	1,149.3	988.5	4,167.5
As at 31 December 2016						
Trade and other payables	1,194.4	1,194.4	–	–	–	1,194.4
Borrowings	2,381.0	434.0	493.9	913.7	808.8	2,650.4
Other financial liabilities	71.8	71.8	–	–	–	71.8
Derivative liabilities	52.4	14.0	3.9	19.2	42.4	79.5
Total financial liabilities	3,699.6	1,714.2	497.8	932.9	851.2	3,996.1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

IV OUR RISK MANAGEMENT (CONTINUED)

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

B) OTHER FINANCIAL RISKS (CONTINUED)

i) Liquidity risk (CONTINUED)

The Group had the following financing facilities available at the reporting date:

	2017	2016
	\$M	\$M
Bank loan facilities		
Total arrangements	500.0	402.4
Carrying amount – used as at the end of the year	(29.1)	(166.4)
Unused as at the end of the year	470.9	236.0
Bank overdraft facilities		
Total arrangements	24.9	25.8
Carrying amount – used as at the end of the year	(1.7)	(1.1)
Unused as at the end of the year	23.2	24.7

The Group has available undrawn committed bank facilities (\$470.9 million) which are sufficient to fund the repayment of all current borrowings (\$420.9 million) as at 31 December 2017.

ii) Credit risk

Credit risk is the risk that a contracting entity will not fulfil its obligations under the terms of a financial instrument and will cause the Group to make a financial loss. The Group has exposure to credit risk on all financial assets included in the Group's balance sheet. To help manage this risk, the Group:

- has a policy for establishing credit limits for the entities it deals with; and
- may require collateral.

For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group on settlement. The Group has a policy that sets limits on the amount of credit exposure to each financial institution. New derivatives, cash and term deposit transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements. These limits are set to minimise the concentration of risk and therefore mitigate the risk of financial loss as a result of a counterparty's failure to make a payment.

Customer credit risk is managed by each business unit subject to established policies, procedures and controls relating to customer risk management. Credit limits are set for each customer and these are regularly monitored. For information concerning percentage of sales to the Group's top three customers and trade receivables past due but not impaired, refer to Notes 2 and 6a respectively.

The Group's maximum exposure for credit risk is the sum of the carrying amount of all cash assets, long term deposits, trade and other receivables and derivative asset balances.

iii) Translation risk

The financial statements for each of Coca-Cola Amatil Limited's foreign operations are prepared in their local currency. For the purpose of preparing the Group's consolidated financial information, each foreign operation's financial statements are translated into Australian Dollars using applicable foreign exchange rates for the reporting period. A translation risk exists on translating the financial statements of Coca-Cola Amatil Limited's foreign operations. As a result, volatility in foreign exchange rates can impact the Group's net assets, profit and other comprehensive income.

The Group does not as a matter of policy, hedge translation risk. However, there are occasions when it is considered appropriate to hedge foreign currency denominated earnings and this form of translation risk may be hedged from time to time.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

IV OUR RISK MANAGEMENT (CONTINUED)

15 FAIR VALUE

The Group applies historical cost accounting, with the exception of certain financial assets and liabilities. These financial assets and liabilities and a summary of how fair value accounting is applied, are summarised below:

Financial assets and liabilities	Carrying amount and fair value relationship
Cash, trade and other receivables and payables	Values are approximately same mainly due to their short term nature.
Borrowings – bonds	Differences arise mainly due to mandatory borrowing terms. At 31 December 2017, carrying and fair values for bonds were \$2,314.1 million and \$2,361.5 million (2016: \$2,205.8 million and \$2,242.5 million) respectively. For these fair values, inputs were based on interest rates and yield curves at commonly quoted intervals and credit spreads (level 2 inputs) that are observable for a similar liability in the market. Differences between carrying and fair values for bonds are due to changes in fixed interest rates.
Long term deposits and borrowings – other than bonds	Values are approximately same mainly due to the absence of material break costs on early repayment or cancellation.
Derivatives	Accounted for at fair value using certain valuation techniques described below.

DERIVATIVES – VALUATION TECHNIQUES

Fair values of derivatives based on quoted prices in active markets are categorised as level 1. The Group establishes fair value by using valuation techniques such as discounted cash flow analysis or option pricing models (level 2), using inputs that are observable either directly (as prices) or indirectly (derived from prices). These include reference to the fair values of recent arm's length transactions, involving the same or similar instruments. The classification of derivatives by level is shown in the table below:

Derivative	2017			2016		
	Level 1	Level 2	Carrying amount	Level 1	Level 2	Carrying amount
	\$M	\$M	\$M	\$M	\$M	\$M
Assets	31.4	91.2	122.6	26.6	133.1	159.7
Liabilities	(13.1)	(75.3)	(88.4)	(12.9)	(39.5)	(52.4)
Derivative net assets	18.3	15.9	34.2	13.7	93.6	107.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION

16 RELATED PARTIES

PARENT ENTITY

Coca-Cola Amatil Limited is the parent entity of the Group.

KEY MANAGEMENT PERSONNEL (KMP)

Disclosures relating to KMP are set out in Note 19 and in the Directors' Report.

RELATED ENTITIES

Coca-Cola Amatil Limited has a 50% interest in Australian Beer Company Pty Ltd and 20% interest in Exchange for Change (NSW) Pty Ltd. Refer to Note 11a for further details.

TRANSACTIONS WITH ENTITIES WITH SIGNIFICANT INFLUENCE OVER THE GROUP

	2017	2016
	\$M	\$M
Purchases and other expenses – TCCC and its subsidiaries	711.3	711.7
Reimbursements and other revenues – TCCC and its subsidiaries	25.5	15.8
Amounts receivable from TCCC and its subsidiaries	22.1	43.3
Amounts payable to TCCC and its subsidiaries	130.3	142.4

TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties are conducted under normal commercial terms and conditions. Receivable and payable balances at year end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivable and no provision has been raised for allowance for doubtful receivables relating to amounts owed by related parties.

Transactions with TCCC and its subsidiaries

Purchases and other expenses

This represents purchases of concentrates and beverage bases for Coca-Cola trademarked products and finished goods.

Reimbursements and other revenues

Under a series of arrangements, the Group participates with certain subsidiaries of TCCC under which they jointly contribute to the development of the market in the territories in which the Group operates. These arrangements include a regular shared marketing expenses program, under which the Group contributes to certain TCCC incurred marketing expenditure and TCCC contributes to certain marketing expenditure incurred by the Group. Amounts received are either accounted for as a credit to revenue or as a reduction to expense, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

17 EMPLOYEE OWNERSHIP PLANS

Coca-Cola Amatil Limited has the following plans: the Employees Share Plan, the Long Term Incentive Plan and the Executive Post-tax Share Purchase Plan. Coca-Cola Amatil Limited fully paid ordinary shares issued under these plans rank equally with all other existing fully paid ordinary shares with respect to voting rights, dividends and future bonus and rights issues.

EMPLOYEES SHARE PLAN (ESP)

The ESP provides all full-time and part-time permanent employees with an opportunity to contribute up to 3% of their base salary to acquire shares in Coca-Cola Amatil Limited. The ESP is administered by a trustee which acquires and holds shares on behalf of the participants. These shares are purchased on market at prevailing market prices. Shares forfeited under the terms of the ESP are also utilised. For every share acquired with amounts contributed by a participant, a matching share is acquired by the trustee, which under normal circumstances vests with the employee after a period of two years from their date of issue (acquisition or utilisation) with contributions made by the employing entities. There are no performance conditions. Members of the ESP receive dividends on both vested and unvested shares held on their behalf by the trustee. As at 31 December 2017, the number of shares in the ESP, both vested and unvested, was 3,576,014 (2016: 4,017,627). The number of shares vested to employees was 2,032,579 (2016: 2,528,590). All shares were purchased on market during the financial year.

LONG TERM INCENTIVE PLAN (LTIP)

Under Coca-Cola Amatil Limited's LTIP, senior executives (as approved by the Board) have the opportunity to be rewarded with fully paid ordinary shares, providing the LTIP meets minimum pre-determined hurdles covering a three-year period, as set by the People Committee. These shares are purchased on market or issued to the trustee once the LTIP vests.

The plans have three performance conditions, namely Relative TSR, Absolute TSR and EPS. Details of the performance and service conditions for the LTIP 2017–2019 are provided in the Remuneration Report.

Dividends are payable to participants of the LTIP 2017–2019 only once the rights vest into shares.

The fair value of shares offered in the LTIP 2017–2019 is determined by an independent external valuer using an option pricing model with the following inputs:

	16 May 2017	18 May 2016
Grant date		
Grant date share price	\$9.60	\$8.99
Volatility	21.0%	21.0%
Dividend yield per annum	4.92%	5.1%
Risk free rate per annum	1.74%	1.6%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

17 EMPLOYEE OWNERSHIP PLANS (CONTINUED)

LONG TERM INCENTIVE PLANS (LTIP) (CONTINUED)

Set out below are details of share rights granted under LTIP:

Sub-plan	Grant date	Opening balance No.	Granted No.	Vested No.	Lapsed and forfeited No.	Closing balance No.	Weighted average fair value \$
31 December 2017							
2015–2017	12 May 2015	1,324,458	–	(293,325)	(1,031,133)	–	–
2016–2018	18 May 2016	1,658,570	–	–	(75,756)	1,582,814	4.66
2017–2019	16 May 2017	–	1,541,284	–	–	1,541,284	4.85
		2,983,028	1,541,284	(293,325)	(1,106,889)	3,124,098	
31 December 2016							
2014–2016	13 May 2014	1,254,498	–	–	(1,254,498)	–	–
2015–2017	12 May 2015	1,352,336	–	–	(27,878)	1,324,458	6.08
2016–2018	18 May 2016	–	1,746,764	–	(88,194)	1,658,570	4.66
		2,606,834	1,746,764	–	(1,370,570)	2,983,028	

EXECUTIVE POST-TAX SHARE PURCHASE PLAN

All senior executives are required to have a portion of their short term incentives deferred as restricted shares. The shares are purchased on market and trading of these shares is restricted for 12 months for 50% of the shares, with the remaining 50% restricted for 24 months. Dividends are payable to the participants of the Plan. Details on the forfeiture conditions of these shares are provided in the Remuneration Report. As at 31 December 2017, the number of restricted shares in the Plan was 119,254 (2016: 199,805).

RECOGNITION AND MEASUREMENT

The value of services provided by employees to the Group in return for Coca-Cola Amatil Limited's shares granted under employee ownership plans, is measured by reference to the fair value of the shares as at the grant date. Fair values are determined as the cost of shares purchased for employer contributions to the ESP (shares are purchased at grant date) and are determined by an independent external valuer for shares granted under the LTIP (shares are purchased at vesting date).

The fair value of shares is charged to the income statement over the vesting period, with a matching increase in the share-based remuneration reserve recognised, representing the obligation to provide these shares on vesting. On vesting, the treasury shares account and this reserve are reduced.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition, such as Relative TSR and Absolute TSR or subject to service conditions not being fulfilled (as determined by the Board in its absolute discretion).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

18 COMMITMENTS

	2017 \$M	2016 \$M
Capital expenditure commitments		
Estimated aggregate amount of contracts for purchase of property, plant and equipment not provided for, payable within one year	93.1	62.9
Operating lease commitments		
Lease commitments for non-cancellable operating leases with terms of more than one year, payable:		
– within one year	76.4	71.6
– later than one year but not later than five years	189.0	146.7
– later than five years	336.0	168.7
	601.4	387.0

The Group has entered into non-cancellable operating leases on certain properties, motor vehicles and other items of plant and equipment. Leases vary in contract length depending on the asset involved. Renewal terms are included in certain contracts, with renewal at the option of the entity holding the lease. On renewal, the terms of the leases are usually renegotiated.

19 KMP DISCLOSURES

	2017 \$M	2016 \$M
KMP remuneration by category		
Short term	11.8	13.0
Post-employment	0.3	0.3
Share-based payments	2.7	2.0
	14.8	15.3

Further details are contained in the Remuneration Report.

Loans to KMP

Neither Coca-Cola Amatil Limited nor any other Group company has loans to KMP.

Other transactions with KMP and their personally related entities

Neither Coca-Cola Amatil Limited nor any other Group company was party to any other transactions with KMP (including their personally related entities).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

20 AUDITORS' REMUNERATION

	2017 \$M	2016 \$M
Amounts received, or due and receivable, by:		
Coca-Cola Amatil Limited auditor, Ernst & Young (Australia) for:		
Audit or half-year review of the financial reports:		
– base fee	1.810	1.760
– other audit services	0.933	0.210
	2.743	1.970
Other services:		
– assurance related	0.045	0.085
– tax compliance	–	0.009
– other	0.587	0.228
	0.632	0.322
	3.375	2.292
Member firms of Ernst & Young in relation to subsidiaries of Coca-Cola Amatil Limited for:		
– audit or half-year review of the financial reports	0.727	0.656
– tax compliance services	–	0.018
	0.727	0.674
	4.102	2.966

21 COCA-COLA AMATIL LIMITED DISCLOSURES

	2017 \$M	2016 \$M
a) FINANCIAL POSITION		
Current assets	445.1	865.1
Non-current assets	4,771.6	4,785.1
Total assets	5,216.7	5,650.2
Current liabilities	1,044.2	1,135.6
Non-current liabilities	1,848.9	1,794.9
Total liabilities	2,893.1	2,930.5
Net assets	2,323.6	2,719.7
Equity		
Share capital	1,920.5	2,271.7
Reserves	45.5	49.3
Retained earnings	357.6	398.7
Total equity	2,323.6	2,719.7
b) FINANCIAL PERFORMANCE		
Profit for the year	304.5	135.5
Total comprehensive income for the year	294.5	182.7
c) GUARANTEES		
Subsidiaries bonds, bank loans and other guarantees	235.4	380.9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

22 DEED OF CROSS GUARANTEE

Coca-Cola Amatil Limited and certain subsidiaries as indicated in Note 23 have entered into a Deed of Cross Guarantee which provides that all parties to the Deed will guarantee to each creditor, payment in full of any debt of each company participating in the Deed on winding-up of that company. In addition, as a result of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, subsidiaries are relieved from the requirement to prepare financial statements.

	2017	(Restated) 2016
	\$M	\$M
Consolidated balance sheet for the closed group		
Current assets		
Cash assets	219.8	739.2
Trade and other receivables	849.0	692.2
Inventories	420.6	432.2
Derivatives	20.2	23.8
Prepayments	44.8	20.8
Non-current assets held for sale	0.8	—
Total current assets	1,555.2	1,908.2
Non-current assets		
Property, plant and equipment	898.3	929.3
Intangible assets	874.1	857.8
Investments in securities	717.8	716.4
Investments (equity accounted)	28.0	26.1
Defined benefit superannuation plans	23.0	20.9
Derivatives	89.2	107.4
Other receivables	11.1	13.6
Prepayments	16.5	13.5
Total non-current assets	2,658.0	2,685.0
Total assets	4,213.2	4,593.2
Current liabilities		
Trade and other payables	839.4	1,017.1
Borrowings	372.6	284.6
Other financial liabilities	64.4	71.8
Provisions	89.1	67.3
Current tax liabilities	11.0	19.1
Derivatives	20.1	15.2
Total current liabilities	1,396.6	1,475.1
Non-current liabilities		
Borrowings	1,786.8	1,759.7
Provisions	12.5	13.1
Deferred tax liabilities	144.0	169.9
Derivatives	58.3	24.1
Total non-current liabilities	2,001.6	1,966.8
Total liabilities	3,398.2	3,441.9
Net assets	815.0	1,151.3
Equity		
Share capital	1,920.5	2,271.7
Treasury shares	(13.4)	(15.7)
Reserves	59.7	65.7
Accumulated losses	(1,151.8)	(1,170.4)
Total equity	815.0	1,151.3
Consolidated income statement for the closed group¹		
Profit before income tax	451.3	184.5
Income tax expense ²	(87.1)	(75.0)
Profit for the year	364.2	109.5
Accumulated losses at the beginning of the year	(1,170.4)	(940.1)
Dividends paid	(345.6)	(339.8)
Accumulated losses at the end of the year	(1,151.8)	(1,170.4)

1 Total comprehensive income for the year was \$354.2 million (2016: \$156.7 million), represented by profit for the year of \$364.2 million (2016: \$109.5 million) adjusted for movements in the hedging reserve of \$14.0 million decrease (2016: \$43.2 million increase) and in the actuarial valuation reserve of \$4.0 million increase (2016: \$4.0 million increase).

2 Income tax paid in Australia was \$114.6 million (2016: \$98.0 million). The effective tax rate of 19.3% (2016: 40.6%) is lower (2016: higher) than the Australian corporate tax rate of 30% mainly due to recognition of previously unrecognised capital losses to offset a capital gain arising from the Richlands property sale (2016: non-deductible impairment of intangible assets of \$58.6 million). Refer to Note 3b) for further details of non-trading items.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

22 DEED OF CROSS GUARANTEE (CONTINUED)

	2017	2016
	\$M	\$M
Income tax expense		
Current tax expense	132.2	109.2
Net deferred tax benefit	(44.6)	(32.9)
Adjustments to current tax of prior periods	(0.5)	(1.3)
	87.1	75.0
Total income tax expense includes:		
Income tax benefit on non-trading items ¹	(29.3)	(45.5)
Reconciliation of Coca-Cola Amatil Limited's applicable (Australian) tax rate to the effective tax rate:		
Profit before income tax	451.3	184.5
	%	%
Applicable (Australian) tax rate	30.0	30.0
Adjustments to current tax of prior periods	(0.2)	(0.7)
Impairment of property, plant and equipment and intangible assets ¹	–	10.6
Non-allowable expenses	(0.2)	1.5
Non-assessable dividend from subsidiary	(4.8)	–
Recognition of previously unrecognised tax losses ¹	(5.5)	(0.8)
Effective tax rate	19.3	40.6
Effective tax rate (before non-trading items)	26.4	30.0

1 Mainly relates to non-trading items, refer to Note 3b) for further details.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

23 INVESTMENTS IN SUBSIDIARIES

	Footnote	Country of incorporation	Equity holding ¹	
			2017 %	2016 %
Coca-Cola Amatil Limited	2	Australia		
Subsidiaries				
Amatil Investments (Singapore) Pte Ltd		Singapore	100	100
– Coca-Cola Amatil (Fiji) Limited		Fiji	100	100
– Paradise Beverages (Fiji) Limited		Fiji	89.6	89.6
– Samoa Breweries Limited		Samoa	93.9	93.9
– PT Coca-Cola Bottling Indonesia	3	Indonesia	70.6	70.6
– PT Coca-Cola Distribution Indonesia		Indonesia	100	100
Brewhouse Investments Pty Ltd		Australia	100	–
– Feral Brewing Company Pty Ltd		Australia	100	–
– Brewcorp Unit Trust		Australia	100	–
Associated Products & Distribution Proprietary	2	Australia	100	100
– Coca-Cola Amatil (PNG) Limited		Papua New Guinea	100	100
C-C Bottlers Limited	2	Australia	100	100
CCKBC Holdings Limited (deregistered)		Cyprus	–	100
Coca-Cola Amatil (Aust) Pty Ltd	2	Australia	100	100
– Apand Pty Ltd		Australia	100	100
– Beverage Bottlers (NQ) Pty Ltd		Australia	100	100
– Beverage Bottlers (Qld) Limited	2	Australia	100	100
– Can Recycling (S.A.) Pty Ltd	2	Australia	100	100
– Coca-Cola Amatil (Holdings) Pty Ltd		Australia	100	100
– Crusta Fruit Juices Pty Ltd	2	Australia	100	100
– Quenchy Crusta Sales Pty Ltd		Australia	100	100
– Cola-Cola Amatil (CDE Aust) Pty Ltd	2	Australia	100	100
– Votrant No 1987 Pty Ltd		Australia	100	–
Coca-Cola Holdings NZ Limited		New Zealand	100	100
– Coca-Cola Amatil (N.Z.) Limited		New Zealand	100	100
Matila Nominees Pty Ltd	4	Australia	100	100
Neverfail Springwater Limited	2,5	Australia	100	100
– Purna Pty Ltd		Australia	100	100
– Neverfail Bottled Water Co Pty Ltd	2,6	Australia	100	100
– Neverfail SA Pty Ltd		Australia	100	100
– Neverfail Springwater Co Pty Ltd	2	Australia	100	100
– Neverfail Springwater (Vic) Pty Ltd	2	Australia	100	100
– Neverfail WA Pty Ltd	2	Australia	100	100
– Real Oz Water Supply Co (Qld) Pty Ltd		Australia	100	100
– Neverfail Springwater Co (Qld) Pty Ltd	2	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

23 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Footnote	Country of incorporation	Equity holding ¹	
			2017	2016
			%	%
Pacbev Pty Ltd	2	Australia	100	100
– CCA Bayswater Pty Ltd	2	Australia	100	100
SPC Ardmona Limited	2	Australia	100	100
– Ardmona Foods Limited	2	Australia	100	100
– Goulburn Valley Cannery Pty Ltd		Australia	100	100
– Henry Jones Foods Pty Ltd		Australia	100	100
– Hallco No. 39 Pty Ltd		Australia	100	100
– SPC Ardmona (Netherlands) BV		Netherlands	100	100
– SPC Ardmona (Spain), S.L.U. (deregistered)		Spain	–	100
– SPC Ardmona Operations Limited	2	Australia	100	100
– Austral International Trading Company Pty Ltd	2	Australia	100	100

Names inset indicate that shares are held by the company immediately above the inset. The above subsidiaries carry on business in their respective countries of incorporation.

1 The proportion of ownership interest is equal to the proportion of voting power held.

2 These companies are parties to a Deed of Cross Guarantee as detailed in Note 22 and are eligible for the benefit of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

3 Coca-Cola Amatil Limited holds 3.4% of the shares in this company and the TCCC holds 29.4% interest in this Company.

4 Matila Nominees Pty Ltd is the trustee company for the Group's employee ownership plans.

5 Neverfail Springwater Limited holds 40.7% of the shares in Neverfail Bottled Water Co Pty Ltd.

6 Neverfail Bottled Water Co Pty Ltd holds 1.5% of the shares in Neverfail Springwater (Vic) Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

24 NEW STANDARDS AND INTERPRETATIONS

The Group has not early adopted any new standards, amendments to standards and interpretations that have been issued or amended but are not yet effective, except *AASB 9 Financial Instruments – 2013* which was early adopted on 1 January 2014. The Group has reviewed the other new and revised accounting standards and interpretations which are not yet effective and with the exception of those mentioned in the table below (where the impacts are still to be fully assessed), none of the other standards and interpretations materially impact the Group.

Reference	Summary	Application date of standard	Impact on the Group
<i>AASB 15 Revenue from Contracts with Customers</i>	Requires revenue to be recognised on satisfaction of the performance obligations specified under contracts	1 January 2018	The impact assessment of this standard is substantially complete and based on the work performed to the date of this report, no material impact is expected on the financial statements of the Group for 2017 for when the Group reports for the first time under this standard in 2018.
<i>AASB 9 Financial Instruments – 2014 – Impairment</i>	New requirements on recognition of expected credit losses	1 January 2018	The impact assessment of this standard has been completed, and when the Group reports for the first time under this standard in 2018, the opening balance sheet for 2018 is expected to be adjusted to increase the allowance for doubtful debts of \$3.9 million, recognise a deferred tax asset of \$1.2 million and an increase in accumulated losses of \$2.7 million. The ongoing impacts to the income statement arising from adoption of this standard are expected to be immaterial.
<i>AASB 16 Leases</i>	Requires operating leases to be recognised on balance sheet	1 January 2019	The impact assessment of this standard is to be carried out during 2018. Broadly, this standard will require the calculation and recognition of a right of use asset and corresponding liability based on the discounted value of committed lease payments. These payments, currently expensed within EBIT, will be replaced by the straight-line amortisation of the right of use asset and will reduce the lease liability. As the lease liability will be carried at present value, an interest expense will arise over the period of the lease. The principle component of lease payments will be reclassified in the statement of cash flows from operating to financing activities. As at 31 December 2017, the Group had commitments for future lease payments totalling \$601.4 million, which is largely reflected by leases over land and building assets within Australia.

25 EVENTS AFTER THE BALANCE DATE

Subsequent to the balance sheet date, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

Coca-Cola Amatil Limited and its subsidiaries

In accordance with a resolution of the Directors of Coca-Cola Amatil Limited dated 21 February 2018, we state that:

In the opinion of the Directors:

- A) the financial statements, notes and the additional disclosures included in the Directors' Report of the Group are audited, and are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the Group's financial position as at 31 December 2017, and of its performance for the year ended on that date; and
 - ii) complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- B) the financial statements and notes also comply with *International Financial Reporting Standards* as disclosed on page 68 of the Financial Report;
- C) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- D) at the date of this declaration, there are reasonable grounds to believe that the Company and the wholly owned subsidiaries identified on page 110 of the Financial Report as being parties to a Deed of Cross Guarantee with Matila Nominees Pty Ltd as trustee, will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed.

This declaration has been made after receiving the declarations required to be made to Directors by the Group Managing Director and Group Chief Financial Officer, in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2017.

On behalf of the Directors



Ilana R. Atlas
Chairman
Sydney
21 February 2018



Alison M. Watkins
Group Managing Director
Sydney
21 February 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA AMATIL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

We have audited the financial report of Coca-Cola Amatil Limited (the Company) and its subsidiaries (collectively "the Group"), which comprises the consolidated balance sheet as at 31 December 2017; the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended; notes to the financial statements, including a summary of significant accounting policies; and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COCA-COLA AMATIL LIMITED (CONTINUED)

Key Audit Matters (Continued)

Why significant	How our audit addressed the key audit matter
<p>1. Carrying value of intangible assets</p> <p>At 31 December 2017, indefinite life intangible assets, comprising of investments in bottlers' agreements of \$929.3 million, goodwill of \$147.5 million and brand names and trademarks of \$13.8 million and other assets of \$2.5 million were recorded on the Group's balance sheet totalling \$1,093.1 million and represented 18% of the total assets of the Group.</p> <p>As disclosed in Note 9 to the financial statements, the assessment of impairment for intangible assets and other assets within the relevant cash generating unit (CGU), involves critical accounting estimates and assumptions, specifically concerning assumptions about the future, including future cash flows.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> assessed the determination of the Group's cash generating units (CGUs) used in the impairment model considered the appropriateness of the assets and liabilities included in the carrying value of each CGU tested the mathematical accuracy of the cash flow model, including the consistency of relevant data with the latest Board approved forecasts evaluated the cash flow forecasts by considering the reliability of the Group's historical cash flow forecasts, our knowledge of the business and corroborating data with external information where possible evaluated the appropriateness of the discount rates and terminal growth rates applied cross checked the recoverable amounts of CGUs to comparable industry earnings multiples performed sensitivity analysis on key assumptions including cashflow forecasts, discount rates, extrapolation and terminal growth rate calculations assessed the adequacy of the financial report disclosures in respect of the carrying value of intangible assets and impairment testing Ernst & Young business valuation and modelling specialists were involved in the work outlined above where we considered such expertise was required
<p>2. Accounting for rebates and promotional allowances</p> <p>As disclosed in Note 2 to the financial statements, revenue in relation to the sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably.</p> <p>Revenue is recognised net of rebates and promotional allowances owed to customers based on their individual contractual arrangements.</p> <p>The recognition and measurement of rebates and promotional allowances, including establishing an appropriate accrual at year end, involves significant judgement and estimate, particularly the expected level of claims of each of the customers.</p> <p>The value of the rebate and promotional allowances together with the level of judgement involved make its accounting treatment a significant matter for our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> considered the appropriateness of the Group's accounting policies regarding revenue recognition as they relate to accounting for rebates and promotional allowances, including the classification within the consolidated statement of comprehensive income evaluated and tested the Group's processes and controls over the calculation of rebates and promotional allowances selected a sample of rebate and promotional allowances and agreeing that they were calculated in accordance with the underlying trading terms or agreed promotional activities considered the assumptions and judgements used by the Group in calculating rebates and promotional allowances, including the level of expected claims, by reviewing historical trends of claims and historical accuracy of accruals considered the impact of customer claims and payments made subsequent to year end Reviewed the ageing profile of rebates and promotional allowance accruals at the year end and making inquiries of management as to aged balances inquired of management as to the existence of any non-standard agreements or side arrangements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA AMATIL LIMITED (CONTINUED)

INFORMATION OTHER THAN THE FINANCIAL REPORT AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA AMATIL LIMITED (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

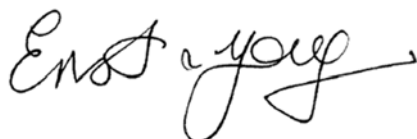
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 36 to 61 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Coca-Cola Amatil Limited for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Katrina Zdrilic
Partner
Sydney
21 February 2018

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF COCA-COLA AMATIL LIMITED

As lead auditor for the audit of Coca Cola Amatil Limited for the financial year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coca Cola Amatil Limited and the entities it controlled during the financial year.



Ernst & Young



Katrina Zdrilic
Partner
Sydney
21 February 2018

GLOSSARY

BEVERAGES RELATED

Alcohol Ready-To-Drink Beverages (ARTD)	Alcohol beverages, including beer and pre-mixed spirit categories
Non-Alcohol Ready-To-Drink Beverages (NARTD)	Non-alcohol beverages, including sparkling and still categories
Sparkling & Frozen Beverages	Non-alcohol beverages including sugar cola, non-sugar cola, flavours and adult beverages and Frozen non-alcohol beverages
Still Beverages	Non-alcohol beverages including water (carbonated and non-carbonated), sports, energy, juice, flavoured milk and tea
Unit Case	A unit case is the equivalent of twenty-four 8 US oz (237ml) serves or 5.678 litres

FINANCIAL MEASURES

Capex or Capital Expenditure	Payments for additions of property, plant and equipment and software development assets less related grant proceeds received from a government
Cash Realisation	Calculated on an underlying basis as net operating cash flows divided by profit after tax, adding back depreciation and amortisation expenses before tax
EBIT	Earnings before interest and tax
EPS	Earnings per Share, determined as profit attributable to shareholders of Coca-Cola Amatil Limited divided by the weighted average number of shares on issue during the year
Free Cash Flow	Cash flows generated by the business which is available to reinvest in capital expenditure, reduce net debt or return amounts to shareholders mainly in the form of dividends and is calculated as net operating cash flows less capex and payments for other intangible assets and plus proceeds from disposal of property, plant and equipment
Net Interest Cover	Underlying EBIT divided by net finance costs
Net Tangible Assets Per Share	Net tangible asset per share is calculated by dividing total equity attributable to the shareholders of Coca-Cola Amatil Limited less intangible assets, by the number of shares at year end
Non-Trading Items	Transactions which are material to the financial statements in aggregate and arise from activities other than those associated with Coca-Cola Amatil's ordinary trading activities.
NPAT	Profit (after tax) for the year attributable to shareholders of Coca-Cola Amatil Limited
PET	Polyethylene Terephthalate. The material used for the Group's plastic bottles.
Return on Capital Employed or ROCE	Underlying EBIT, divided by the average of the Assets and Liabilities – Operating and Investing (net assets of the Group excluding net debt) at the beginning and at the end of the twelve-month period ended as at the balance date
Statutory EBIT	EBIT
Underlying EBIT	EBIT before non-trading items
OTHERS	
Coca-Cola System, Coke System, Coke Bottling System	The Coca-Cola Company, its subsidiaries and bottling partners
TCCC	The Coca-Cola Company
The Company	Coca-Cola Amatil Limited
The Group, We, Us or Our	Coca-Cola Amatil Limited and its subsidiaries
TRIFR	Total Recordable Injury Frequency Rate