

## **ASX Release**

4 June 2019

### **AMATIL ANNOUNCES SUCCESSFUL SALE OF SPC BUSINESS**

Coca-Cola Amatil today announced that the SPC fruit and vegetable processing business (SPC) would be sold to Shepparton Partners Collective Pty Ltd and its group of companies (Shepparton Partners Collective) for consideration of \$40 million payable at completion.

Taking into account forecasted working capital balances, working capital adjustments to the sale price and costs of disposal, a profit on sale of \$10-15 million is expected to be recorded upon completion. Both parties are targeting a completion date before the end of June.

The sale agreement also includes a four-year deferred payment which, subject to business performance, could result in up to an additional \$15 million of sale proceeds at that time.

Due to the realisation of recognised deferred tax assets, Amatil's ability to frank dividends will be significantly impacted in the short to medium term.

The sale concludes a review and divestment process commenced in August 2018, with the new owners committing to grow the Goulburn Valley-based business and offering employment to all permanent staff.

Group Managing Director of Coca-Cola Amatil Alison Watkins said Shepparton Partners Collective had the right combination of commercial experience, funding support and confidence in the future of SPC.

"This outcome is good news for SPC and good news for the Goulburn Valley," Ms Watkins said.

Ms Watkins said there was strong domestic and international interest during the divestment process, reflecting SPC's iconic status and the transformation of its manufacturing capacity following a \$100 million co-investment between Amatil and the Victorian Government.<sup>1</sup>

"Shepparton Partners Collective recognises the value of SPC's brands, the opportunities for innovation and category growth in Australia, and its export potential," Ms Watkins said.

"Importantly, they're also committed to offering ongoing employment to all permanent members of the SPC team.

"This ensures continued access to the world-class capability and experience in fruit and vegetable processing which is brought to the company by SPC Managing Director Reg Weine and his team.

"On behalf of Amatil, I thank everyone at SPC for their commitment to the business. The combination of Shepparton Partners Collective, Reg and the team ensures SPC is in safe hands."

<sup>1</sup> Co-investment from 2014-2018, comprising \$78 million from Amatil and \$22 million from the Victorian Government

Mr Weine welcomed the outcome as an opportunity for SPC to continue its transformation and pursue new opportunities in domestic and international markets.

“In recent years we’ve grown our market share in tomatoes and we recently launched Australia’s first organic canned tomato. Our award-winning functional food range - ProVital™ continues to grow and gain support with dieticians and our enhanced processing and automation capability has opened up new export markets” Mr Weine said.

“We’re proud of those achievements and we’re confident we can do more. On behalf of the team in Shepparton, thanks to Coca-Cola Amatil for their support and significant investment since 2005 and I look forward to working with Shepparton Partners Collective to pursue growth and innovation at SPC.”

### **Shepparton Partners Collective**

Shepparton Partners Collective is a joint venture between Perma Funds Management and The Eights. The team has significant Australian and international experience in food, supply chain, finance, retail, agri-business and technology. Members of the team have previously worked with or advised Ernst and Young, Proctor & Gamble, Johnson & Johnson, Cadbury’s and Kellogg’s.

Perma’s Managing Director, Mr Hussein Rifai, confirmed that all permanent staff at SPC would be offered ongoing employment. Under the new ownership, management will be focused on reducing complexity in the business, improving the efficiency of working capital and inventory, building domestic and international channels, and product innovation.

“We are delighted to have acquired SPC, one of Australia’s most iconic businesses. We believe there is enormous opportunity to grow this unique 100-year-old brand further domestically and internationally,” Mr Rifai said.

“The investments made by Coca-Cola Amatil over the years have ensured SPC represents the best of breed in equipment, safety and manufacturing standards and personnel. We need to focus on utilising SPC’s full capacity by creating new, innovative products and exploring new distribution channels.

“We are also excited to improve SPC’s current offering with exciting initiatives, products and solutions that will appeal to a broader market at home and abroad whilst generating greater returns for stakeholders.

“Most importantly, we believe that SPC has the right management, led by Reg, to achieve our projected three-year growth targets.

“We will partner with and incentivise both staff and growers, with a view to forging a close-knit environment, encouraging creativity and harnessing the experience and expertise of an already impressive team.”

## **Further Background**

Since acquiring the SPC business in 2005, Amatil has invested around \$250 million including in technology, operational and energy efficiencies, and new equipment. A \$100 million co-investment program from 2014 to 2018 also modernised SPC's tomato and snack cup production and introduced a new aseptic fruit processing system and pouch line at the Shepparton site.

Amatil commenced the divestment process for the SPC fruit and vegetable processing business in November 2018, and is receiving transaction advice from Kidder Williams Limited and legal advice from Gilbert + Tobin Lawyers.

The sale does not include the Perfect Fruit and LUMI brands.

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#### **ABOUT COCA-COLA AMATIL**

Coca-Cola Amatil is one of the largest manufacturers and distributors of ready-to-drink non-alcohol and alcohol beverages, coffee and ready-to-eat food snacks in the Asia Pacific region. Coca-Cola Amatil is also the authorised manufacturer and distributor of The Coca-Cola Company's beverage brands in Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. Coca-Cola Amatil directly employs around 12,000 people and indirectly creates thousands more jobs across the supply chain, partnering with key suppliers to manufacture, package, sell and distribute its products. With access to around 270 million potential consumers through more than 880,000 active customers Coca-Cola Amatil is committed to leading through innovation and building a sustainable future and delivering long-term value to shareholders.

**For more information, visit [www.ccamatil.com](http://www.ccamatil.com) or search for Coca-Cola Amatil on LinkedIn, Facebook or Twitter.**



#### **ABOUT SHEPPARTON PARTNERS COLLECTIVE PTY LTD**

Shepparton Partners Collective is an Australian joint venture between Perma Funds Management and The Eights. The team has significant Australian and international investment and transaction experience including in food, supply chain, finance, retail, agri-business and technology. The company and its shareholders maintain an ethical investment policy which prohibits involvement in unethical industries, projects or companies.