

ASX Release

18 February 2021

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

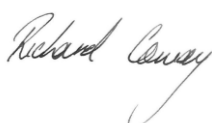
COCA-COLA AMATIL: 2020 FINANCIAL AND STATUTORY REPORTS

In accordance with ASX Listing Rule 4.3A, I **enclose** the 2020 Financial and Statutory Reports (including Appendix 4E requirements) (**Full Year Report**) for Coca-Cola Amatil Limited (**Amatil**).

It is recommended that the Full Year Report be read in conjunction with any public announcements made by Amatil in accordance with its continuous disclosure obligations under the *Corporations Act 2001* (Cth) and the *ASX Listing Rules*.

A briefing will be held at 10.00am AEDT on Thursday, 18 February 2021. You can register for this briefing on our website at www.ccamatil.com.

Yours faithfully,



Richard Conway
Group Company Secretary

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2020 FINANCIAL AND STATUTORY REPORTS

INCLUDING APPENDIX 4E
REQUIREMENTS

ASX code: CCL



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COCA-COLA AMATIL

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OPERATING AND FINANCIAL REVIEW

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020 in comparison to results for the year ended 31 December 2019

APPENDIX 4E – KEY MATTERS

RESULT OVERVIEW

- Full Year 2020 financial performance reflected the impacts of COVID-19 on all business segments. A significant improvement in trading performance was seen in Australia and New Zealand in 4Q20 as lockdown measures eased
- Group trading revenue¹ declined by 6.1 per cent and volumes declined by 8.4 per cent in full year 2020
- EBITDA¹ of \$898.9 million, down 9.0 per cent, reflecting the margin impact resulting from a change in consumption patterns during COVID-19 lockdown restrictions, partially offset by cost savings of \$140.0 million in 2020
- EBIT¹ of \$550.7 million down 13.9 per cent versus prior comparable period (pcp), including a \$10.8 million depreciation reduction following the Indonesia impairment in June 2020
- NPAT¹ of \$340.3 million, supported by lower net finance costs
- Statutory Net Profit After Tax (NPAT) of \$179.9 million down 51.9 per cent inclusive of non-trading items (NTIs). NTIs largely due to Indonesia impairment of \$143.4 million (after tax)
- Strong cash flow generation: free cash flow¹ of \$661.0 million; cash realisation¹ of 124.7 per cent
- Net debt reduction since 31 December 2019 of \$289.4 million
- Final dividend of 18.0 cents per share fully franked (2H19: 26.0 cents per share, unfranked), representing a full year ongoing payout ratio of 57.5 per cent.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2020 \$M	2019 \$M	Variance %
Ongoing¹			
Trading revenue	4,762.1	5,070.6	(6.1)
Total revenue	4,800.7	5,112.1	(6.1)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	898.9	987.4	(9.0)
Earnings before interest and tax (EBIT)	550.7	639.3	(13.9)
Net finance costs	(62.1)	(65.7)	(5.5)
Income tax expense	(140.9)	(164.1)	(14.1)
Non-controlling interests	(7.4)	(15.6)	(52.6)
Profit attributable to Coca-Cola Amatil Limited shareholders – ongoing	340.3	393.9	(13.6)
Profit from discontinued operation after income tax	–	6.2	nm
Non-trading items after income tax ²	(202.7)	(25.7)	688.7
Non-controlling interests – non-trading items ²	42.3	–	nm
Profit attributable to Coca-Cola Amatil Limited shareholders	179.9	374.4	(51.9)
	¢	¢	
Earnings per share – ongoing	47.0	54.4	(13.6)
Earnings per share	24.8	51.7	(52.0)
OTHER INFORMATION			
Interim ordinary dividend per share – unfranked ³	9.0	21.0	(57.1)
Interim special dividend per share – unfranked ³	–	4.0	nm
Final ordinary dividend per share – 2020 fully franked ⁴ , 2019 unfranked	18.0	26.0	(30.8)

1 Presented on ongoing basis. Ongoing refers to continuing operations results adjusted to exclude non-trading items.

2 Non-trading items largely due to the impairment of Indonesia in 1H20 and implementation of the Fighting Fit cost initiatives in Australia and Group Office in 2H20. Refer to Notes 3 and 11 of the Financial Report for further details.

3 Paid 13 October 2020 (2019: 9 October 2019).

4 Record date for the dividend entitlement is 19 April 2021 and is payable 30 April 2021. The Company may need to make changes to the record date and/or the payment date for the final dividend in the event that the expected date for the Scheme Meeting under the Scheme with CCEP is delayed or to ensure that the final dividend is paid before the record date for the Scheme. The Company will notify shareholders of any changes to the record date or payment date for the final dividend by way of an announcement to the ASX.

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 2020

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.

As both brand partner and brand owner, we operate across six countries – Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa – to prepare, distribute and sell an unrivalled range of beverages. 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 600,000 active customers, our product range includes sparkling beverages, water, sports, energy, fruit juices, iced tea, flavoured milk, coffee, beer, cider and spirits.

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 11,000 people and create thousands more jobs in the communities in which we operate. Across this team we work as one, united by a shared purpose and common values. We know that our diverse workforce is our greatest strength and makes us the vibrant company we are today.

OUR RESPONSE TO COVID-19

In April 2020 we activated a focused response to adapt to the challenges of COVID-19. At the first signs of impact on our business, we implemented cross-functional business continuity teams and pandemic plans targeted at three areas: (1) to ensure the health, safety and wellbeing of our people, (2) to support the resilience of our customers and stakeholders, and (3) to safeguard the continuity of our operations and financial flexibility.

1. Protecting our People

- Expanded hygiene and safety measures across all offices and facilities, implemented 'work from home' arrangements, and where appropriate, repatriated expatriate employees
- Regular communication with our people has been a critical component of our response with various communications initiatives including the launch of hygiene, social distancing awareness and wellbeing campaigns
- In Papua New Guinea and Samoa we worked with our local partners to provide our people and their families with care packs of staple foods to support them during the pandemic.

2. Supporting our Stakeholders

- Provided our **customers** with the support they need not only to survive the pandemic but, to the extent possible, to thrive in the medium to long-term. In addition, we redeployed our people and resources to better serve and support customers with high demand, in line with channel mix shifts. Initiatives included a free 24-hour customer support and counselling service for Australian customers, facilitating the ability for our customers to sell online through food aggregators, repayment plans where appropriate and adapting our logistics network to deliver direct to stores not typically part of the network
- Leveraged global bottler **partner** learnings to assist with forecasting and planning
- Maintained production of high-quality products and supported our **communities** through product donations. For example, in Fiji, our Paradise Beverage distillery was part of a consortium that obtained approval to produce over 25,000 litres of hand sanitiser for donation to Fijian health workers and citizens
- **Shareholders** have been updated regularly through ASX announcements throughout April, May, July & October 2020 and via a full year trading update in January 2021.

3. Ensuring Business Continuity and Financial Flexibility

- Established an appropriate **governance structure** to steer us through the pandemic featuring daily business community and risk reviews involving business leadership teams and our Board of Directors, along with ongoing monitoring and adaption of our COVID-19 response plan
- To reinforce **financial flexibility**, we stress tested our balance sheet, P&L and liquidity position across a range of scenarios and withdrew our dividend payout ratio guidance. Adding to our financial strength, the company successfully completed a \$200 million 10-year European Medium-Term Note placement on 6 April
- **Supply chain continuity** was a high priority. We reviewed our supply chain plans regularly and swiftly adapted our production patterns to manage the shift in portfolio mix
- Implemented **cost saving** measures to bring expenditure in-line with the COVID-19 trading environment. Given the prevailing uncertainty as to the duration of the lockdowns and the ultimate impact on the broader economies we operate in, we decided that it was prudent to defer non-critical projects thereby reducing our capital expenditure for the 2020 financial year from \$300 million to \$210 million. We also identified \$140 million of cost savings for the 2020 financial year through the removal of marketing and non-essential spend.

ACQUISITION BY COCA-COLA EUROPEAN PARTNERS

On 4 November 2020, we announced that Coca-Cola Amatil had entered into an agreement with Coca-Cola European Partners plc (CCEP) for the acquisition of all of the issued shares held by independent shareholders pursuant to a Scheme of Arrangement (CCEP Scheme of Arrangement or Scheme). Under the agreement, independent shareholders would receive total cash consideration of \$12.75 per share, less any final dividend in respect of the half year ended 31 December 2020 (2H20) declared and paid to shareholders before the date of implementation of any Scheme. We also announced that CCEP had entered into a separate agreement to acquire the Amatil shares indirectly held by The Coca-Cola Company, conditional upon implementation of the Scheme (CCEP/TCCC Transaction).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

ACQUISITION BY COCA-COLA EUROPEAN PARTNERS (CONTINUED)

On 15 February 2021, we announced that Amatil had entered into a revised agreement with CCEP that increases the total cash consideration that independent shareholders will receive under the Scheme from \$12.75 per share to \$13.50 cash per share. Consistent with the initial offer, the total cash consideration would be reduced by the cash amount of the final dividend in respect of 2H20. CCEP has declared that this is its best and final offer. There were no changes to the CCEP/TCCC Transaction.

Independent shareholders will have the opportunity to vote on the Scheme at the upcoming Amatil Scheme Meeting scheduled to occur in mid-April 2021. A draft scheme booklet containing relevant information on the Scheme is expected to be submitted to ASIC on or before 22 February 2021 and dispatched to independent shareholders in mid-March 2021.

The Amatil Related Party Committee and Group Managing Director, Alison Watkins, unanimously recommend that independent shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of independent shareholders.

Australian Foreign Investment Review Board approval for the Scheme was obtained on 29 January 2021. However, the Scheme remains subject to a number of other conditions including New Zealand Overseas Investment Office approval, Independent shareholder approval and Australian court approval.

Comments in this report relating to matters such as outlook, priorities, strategy and risks should be read in the context of Coca-Cola Amatil continuing to operate as an independent, publicly-listed company. Furthermore, should shareholders vote in favour of the transaction proceeding, resulting in a change of ownership, the approach and priority given to one or more of these areas may differ from the way such matters are presented in this section.

OUR LONG-TERM VALUE PROPOSITION

In 2019 we redefined our approach to how we create long-term, sustainable value in our organisation. We believe that creating value for **society** is completely integrated and consistent with the way we deliver value to **shareholders**. As we pursue growth, we do so through the lens of seeking positive impacts for our people, customers, partners, consumers, the environment and our community. We will continue to refine how we measure our performance against this model so that our shareholders and stakeholders can hold us accountable as we fulfil our strategic ambition of being a Regional Beverages Powerhouse.

In 2020, the COVID-19 pandemic has strongly reinforced society's expectations that businesses should serve the needs of employees, protect the environment, and deal fairly with partners - at the same time as meeting the interests of shareholders.

In the current economic conditions, more than ever it is critical that our customers are the central focus of our strategy, aligning our resources to the activities that they most value and the activities that drive growth.



At the heart of how we create long-term value are our **Thriving Customers**, and delivering quality, reliability, convenience and service to more than 600,000 customers across our six geographies. Our ability to do this is underpinned by four other value drivers, all of them equal and all of them inter-related. These are **Engaged People**, **Committed Partners**, **Delighted Consumers** and a **Better Environment**. Our ability to deliver against each of these is what determines our success in delivering value to our Shareholders and society.

Engaged People – we provide a safe, open, diverse and inclusive workplace where our people are energised by what we will achieve together. We know that the strength of our business and brands can only be supported through the strength of our people, and a diverse workforce and building capability and talent is critical to our ongoing success.

Committed Partners – we work with all our partners to grow our businesses on a foundation of collaboration and trust and our success is dependent on our ability to work together to deliver against our shared goals.

Delighted Consumers – we provide choice and information across an unrivalled portfolio for everyone, everywhere, every day. We are open and responsive to changing consumer tastes and preferences and aligned with global health guidelines and Sustainable Development Goals.

Better Environment – we aim to leave a positive legacy and ensure minimal impact on the environment. This includes striving to meet our commitments on packaging, water, energy and carbon reduction. 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: sustainable packaging, water stewardship, energy management and climate protection, biodiversity and responsible sourcing.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

OUR BRAND PARTNERS

We have a long and proud history of working closely with brand partners to manufacture, sell and distribute a portfolio of world class brands. 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 prepare, import, sell and distribute a range of products of The Coca-Cola Company and its affiliates 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 and its affiliates is governed in our various markets by bottlers', distributors' and license agreements which set out the respective rights and responsibilities of Coca-Cola Amatil and The Coca-Cola Company or its relevant affiliate. These agreements are typically 10 years in duration and have consistently been extended or renewed.

Our agreements with The Coca-Cola Company and its affiliates provide us exclusive rights to prepare, package, sell or distribute the relevant trademarked products of The Coca-Cola Company and its affiliate in a territory. Our agreements contain obligations in relation to production and marketing requirements of The Coca-Cola Company.

The Coca-Cola Company and its affiliates take overall responsibility for the consumer marketing of their products, for product innovation and research and development, 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 and paid in the local currency of each Coca-Cola Amatil territory except in Papua New Guinea where it is priced in Kina and paid in USD.

MARKETING

Coca-Cola Amatil and The Coca-Cola Company's affiliates 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 Chinotto, 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.

COCA-COLA SYSTEM BENEFITS

Over the past years we have worked to broaden and deepen our relationship with The Coca-Cola Company to unlock many of the benefits that come with being part of the Coca-Cola System.

In addition to access to leading iconic beverages such as Coca-Cola, Sprite and Fanta, we have had access to new products via a strong innovation pipeline and a strengthened M&A capability.

Other benefits of being part of the Coca-Cola System include the opportunity to improve our knowledge and talent sharing with the bottler community, increase our access to data and insights, and leverage the work being done across the system in relation to responsible sourcing.

We gain significant benefits of scale through procurement across many categories of inputs and arrangements with our technology partners.

All of this, combined with our unrivalled reach and execution capability, positions Amatil as a beverages leader with real competitive advantage.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

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, alcoholic and hot beverages industries. Each relationship is different, and we work closely with our brand partners to ensure we grow our businesses together.

Non-alcoholic beverages

MONSTER

In May 2016, we entered into agreements with Monster Energy Company, a subsidiary of Monster Beverage Corporation of up to 20 years, for Australia, New Zealand, Fiji and Papua New Guinea. These agreements give us the exclusive right to produce, distribute and sell energy drinks including Monster Energy in Australia and New Zealand, Mother in Australia, New Zealand, Fiji and Samoa, Live+ in New Zealand and BU in Papua New Guinea. 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 at that time, including Mother and BU.

MADE GROUP

In October 2018 Coca-Cola Amatil and The Coca-Cola Company announced a joint acquisition of 45 per cent minority interest in Australia-based Made Group which produces a range of brands including Cocobella, Rokeby Farms, Impressed and NutrientWater.

Alcoholic beverages

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, import and distribute a range of Molson Coors' products in Australia. Our agreement with Molson Coors International for Australia is due for renewal or extension at the end of 2021.

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 then, in May 2017, we also entered into a new long-term agreement for distribution in Australia.

ABRO

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

In 2018 we strengthened our relationship with the brand by entering into a long-term distribution agreement with Abro, the global brand owner of Rekorderlig Cider, and assumed full responsibility for the distribution and marketing of the brand in Australia.

BOSTON BEER COMPANY

The distribution agreement which brought the Samuel Adams brand into our portfolio, entered into in August 2013 with Boston Beer Company, was terminated in November 2020 which the agreement of both parties.

WELLINGTON BEVERAGE CO.

In 2019 we entered into a long-term distribution agreement with Wellington Beverage Co. to add the Fortunate Favours craft beer and cider ranges to our New Zealand portfolio

Coffee

CAFFITALY

In 2016 we enhanced our relationship with Caffitaly by securing the exclusive right to import and sell Caffitaly coffee machines and a range of our coffee brands in Indonesia. In 2018 we expanded this relationship by extending the exclusive Master Supply Agreement to include the sales and distribution of Caffitaly coffee machines and coffee capsules, including under the Grinders Café Espresso system in Australia, New Zealand and Samoa. Amatil's exclusivity expired on 31 December 2020 and it continues to sell and distribute Caffitaly coffee machines and capsules on a non-exclusive basis.

RANCILIO

In 2005, Grinders Coffee commenced a long-term relationship with Rancilio Group and remains a key trading partner for Rancilio professional coffee machines in Australia. A leading coffee equipment manufacturer, Rancilio Group is most widely acclaimed for technologically advanced coffee machines, both traditional and fully automatic, as well as instant and electronic doser grinders.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

OUR BUSINESS SEGMENTS

AUSTRALIA

OUR BUSINESS

Our Australian business prepares, sells and distributes 29 non-alcohol beverage brands as well as a premium portfolio of 59 alcoholic brands to approximately 100,000 customers.

In addition to the Coca-Cola family of products, our non-alcohol portfolio includes Sprite, Fanta, Lift, Kirks, Deep Spring, Mount Franklin, Pump, Powerade, Barista Bros, Fuze Tea, Keri Juice Blenders, Monster and Mother.

Separate to our non-alcohol portfolio, 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. Some key brands include Jim Beam, Canadian Club, Roku, Blue Moon, Molson Coors, Miller Chill, Feral, Yenda and Rekorderlig Cider.

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.

Headquartered in Sydney and with manufacturing and/or distribution facilities in every state, our Australian business has an unrivalled network and sales capability.

We directly employ approximately 3,100 people across Australia, the majority of whom are in production, distribution, service and sales. We operate 13 production facilities and 13 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
- 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:

- Grocery
- Convenience & Petroleum
- On-The-Go
 - State Immediate Consumption (state operational accounts, e.g. Takeaway Foodservice, Bakery, Mixed Business, Newsagents)
 - Hotels, Restaurants & Cafés "HORECA" (e.g. mainstream cafés, specialty cafés, premium cafés, mainstream restaurants, contemporary restaurants and premium restaurants)
 - National On Premise (e.g. national accounts including Foodservice, Entertainment, Services and Accommodation).
 - Vending (e.g. Education, Retail and Public Transit vending machines)
 - Licensed (e.g. on premise, off premise and integrated venues).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

OUR BUSINESS SEGMENTS (CONTINUED)

PACIFIC

Our Pacific businesses prepare, sell and distribute 36 non-alcoholic beverage brands to approximately 22,000 retail outlets across the New Zealand, Fiji and Samoan 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, Monster, Deep Spring and FUZE Tea brands. We also produce locally loved brands including L&P, Pump, Kiwi Blue and Keri Juice in New Zealand and, Frubu and Jucy in Fiji. Our alcohol portfolio includes recognised brands such as Jim Beam, Makers Mark and Canadian Club in addition to local craft beer brand Fortune Favours.

Additionally, our capability in the Pacific region extends to brewing (Fiji and Samoa), distilling (Fiji), roasting, sales, marketing and distribution.

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 NARTD business is headquartered in Suva and employs around 325 people. Our main manufacturing site is in Suva with distribution warehouses at Lautoka and Labasa.

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 Rum Co. of Fiji range, for the local and export markets.

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
- Changing regulatory environment: container deposit schemes.

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
- On-The-Go
 - o Petroleum
 - o General Route & Banner
 - o Food Service
 - o RECA
 - o QSR
- Others

Fiji

- Grocery
- Convenience & Leisure
- Export

INDONESIA & PAPUA NEW GUINEA

OUR BUSINESS

Our Indonesia & Papua New Guinea Businesses prepare, sell, distribute and market non-alcoholic ready-to-drink products to hundreds of thousands of modern and traditional trade outlets across the two regions as well as sell, distribute and market coffee machines, capsules and beans in Indonesia. In addition to the iconic Coca-Cola family of products, our portfolio includes Sprite, Fanta, Minute Maid, Nutriboost, Aquarius and Grinders Coffee. In each country we also produce locally loved brands including Frestea and Ades in Indonesia and BU in Papua New Guinea.

In Indonesia, we operate eight bottling facilities in Bekasi (2 locations), Sumedang, Medan, Lampung, Semarang, Pasuruan and Mengwi – Bali, two preform facilities in Bekasi and Pasuruan, and 14 distribution warehouses across the country. We employ a total workforce of around 5,500 full time employees and around 2,800 contractors and distribute over a billion litres of refreshing drinks to outlets across the nation. We directly serve approximately 460,000 customers and indirectly distribute to approximately 1.6 million customers through a wholesaler network.

Coca-Cola Amatil and The Coca-Cola Company jointly own the Coca-Cola bottling operations in Indonesia ("PT Coca-Cola Bottling Indonesia" or "CCBI"), 70.6 per cent and 29.4 per cent respectively.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

OUR BUSINESS SEGMENTS (CONTINUED)

INDONESIA & PAPUA NEW GUINEA (CONTINUED)

Our Papua New Guinea Business employs around 700 people and generates employment for workers in related industries such as transport, sea freight, raw material supply, consumables, machinery and equipment services. We operate two bottling facilities in Port Moresby and Lae and five distribution warehouses across the country. Our range of products is offered through a network of approximately 13,000 customers in various formats and spread around the 22 provinces of the country.

OUR BUSINESS

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 significant long-term growth potential and favourable demographics. Current themes shaping the industry in Indonesia include:

- Strong growth potential: Indonesia is forecast to be the world's fourth largest economy by 2050; nominal gross domestic product per capita has increased approximately 11 per cent per annum since 2005
- Demographics: A young population
- Growing affluence: there is a growing middle class. Middle-class personal consumption has grown 12 per cent per annum since 2002 and now represents close to half of all household consumption in Indonesia¹
- Increasing competition: market is fragmented with many players, many of whom are single-category focussed with additional minor but growing 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 while allowing us to maintain the relationships with our customers securing one of our strongest competitive advantages. 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 and Wholesalers

Papua New Guinea

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

CORPORATE & SERVICES

Our Corporate & Services segment includes a variety of activities, including the Group corporate office functions and ancillary services such as property and equipment servicing.

Since 2017, Amatil's Property Division has taken a group-wide approach to asset management of owned and leased properties, leading to the sale of sites and facilities that were surplus to requirements, as well as the 2017 sale and leaseback of the company's flagship Richlands site.

The Division has also rolled out a new property management system to provide increased controls and insights across the portfolio; commenced a review of the property footprint to develop long term plans for all manufacturing sites; and overhauled facilities management processes.

¹ World Bank publication January 2020. "Aspiring Indonesia: Expanding the Middle Class".

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
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GROUP PERFORMANCE

GROUP FINANCIAL SUMMARY

	2020 \$M	2019 \$M
Summarised Income Statement – ongoing		
Trading revenue	4,762.1	5,070.6
EBITDA	898.9	987.4
EBIT	550.7	639.3
Net finance costs	(62.1)	(65.7)
Income tax expense	(140.9)	(164.1)
Non-controlling interests	(7.4)	(15.6)
Profit attributable to Coca-Cola Amatil shareholders - ongoing	340.3	393.9
Profit from discontinued operation after income tax	–	6.2
Non-trading items after tax	(160.4)	(25.7)
Profit attributable to Coca-Cola Amatil shareholders	179.9	374.4
Other Performance Measures		
Dividends per share (cents)	27.0	47.0
Special dividends per share (cents)	–	4.0
EPS – ongoing (cents)	47.0	54.4
EPS (cents)	24.8	51.7
EBIT interest cover – ongoing (times)	8.9	9.7
ROCE – ongoing (%)	16.2	18.4
Operating cash flows – ongoing (\$M)	867.7	746.0
Free cash flows – ongoing (\$M)	661.0	521.4
Capital expenditure / trading revenue – ongoing (%)	4.4	4.5
Summarised Balance Sheet		
Net assets – operating and investing – ongoing	3,090.3	3,703.7
Less: net debt	(1,462.1)	(1,751.5)
Net assets	1,628.2	1,952.2

SEGMENT RESULTS OVERVIEW

	EBITDA – ongoing			EBIT - ongoing		
	2020 \$M	2019 \$M	Variance %	2020 \$M	2019 \$M	Variance %
Australia	502.3	549.9	(8.7)	362.6	424.9	(14.7)
Pacific	181.0	179.8	0.7	130.5	131.7	(0.9)
Indonesia & Papua New Guinea	147.6	195.8	(24.6)	61.3	96.3	(36.3)
Corporate & Services	68.0	61.9	9.9	(3.7)	(13.6)	72.8
Total	898.9	987.4	(9.0)	550.7	639.3	(13.9)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

AUSTRALIA

FINANCIAL SUMMARY

	2020 \$M	2019 \$M	Variance %
Trading revenue	2,936.9	3,044.6	(3.5)
- Trading revenue per unit case (\$)	9.05	8.99	0.7
- Volume (million unit cases) ¹	324.5	338.7	(4.2)
EBITDA – ongoing	502.3	549.9	(8.7)
EBIT – ongoing	362.6	424.9	(14.7)
EBIT margin on trading revenue – ongoing (%)	12.3	14.0	(1.7) points
ROCE – ongoing (%)	21.5	27.4	(5.9) points

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

2020 PERFORMANCE

OVERVIEW

Our full year 2020 performance reflected the impact of COVID-19 throughout the year as well as the impact of bushfires in 1Q20.

Total volumes declined by 4.2 per cent while trading revenue declined by 3.5 per cent with a more pronounced decline in ongoing EBITDA which was down 8.7 per cent on the prior year due to changes in channel and pack mix as consumer behaviour responded to COVID-19 lockdown measures. Despite these declines, Amatil was able to gain volume share in the NARTD market², with the Coca-Cola Trademark and Monster brands performing particularly strongly.

Trading revenue per unit case was up 0.7 per cent versus last year, comprised of a 1.3 per cent uplift due to CDS and a 0.6 per cent decline resulting from changes in channel and pack mix. COVID-19 led to changes in the way people consumed our products, with restrictions on consumer mobility, leading to increased consumption at home and increased sales via our grocery channels. The 2H20 result was a significant improvement on 1H20, reflecting strong sales execution and improved consumer mobility and confidence.

We have experienced significant volatility as a result of COVID-19 restrictions and the subsequent impact on consumer mobility. Notably, the On-The-Go channel was significantly impacted during periods of severe lockdowns, where outlets were temporarily closed or trading was restricted to takeaway only while Grocery customers remained open. During these periods, we also saw an increased demand for multi-serve PET and multi-pack cans while demand for immediate consumption offerings decreased. These channel and product shifts resulted in margin compression in the first half, which improved in the second half, albeit not yet returning to pre-COVID levels.

Australia delivered EBITDA of \$502.3 million, down by 8.7 per cent compared to last year and EBIT of \$362.6 million, down 14.7 per cent compared to last year. The declines from trading were partially offset by strong cost management initiatives and the impact of AASB16 - *Leases* on distribution transport leasing charges which positively impacted Australia's EBITDA result.

Performance also varied across States, reflecting subsequent waves of COVID-19 and the ensuing lockdown measures implemented in response. The hardest hit States were Victoria, New South Wales and Queensland which were down 8.6 per cent, 7.1 per cent and 0.7 per cent respectively on FY19. The best performing states were Western Australia and South Australia, up 1.9 per cent and 1.3 per cent respectively.

In 1H20, we recognised the need to sharpen the focus of the Accelerated Australian Growth Plan and strengthen the Australian business through operating model and supply chain efficiencies. The Australia Fighting Fit program comprises several initiatives to unlock benefits within Australia from 2021 and strengthen delivery against the Accelerated Australian Growth Plan. Key components of this program include the transformation of the Australia organisational design, into a fit for purpose, channel-led and customer focused organisation and optimisation of our small stores route to market model through our OTG Profit to Serve program. Streamlining our supply chain encompasses both targeted initiatives and strategic investment to deliver efficiency benefits and future proof our network.

CHANNEL

	2020 MUC	2019 MUC	Variance %
NARTD Channel volume summary – million unit cases (MUC)			
Grocery	169.2	162.2	4.3
Convenience & Petroleum	24.4	24.3	0.4
On-The-Go ³	103.2	123.4	(16.4)
Total	296.8	309.9	(4.2)

2 IRI Scan data, NARTD Australian Weighted Grocery (excl Aldi and Campbells) and Australian Convenience scan MAT to 03 January 2021

3 Includes national on premise, state immediate consumption, HORECA, vending, Neverfail, licensed and other.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

AUSTRALIA (CONTINUED)

2020 PERFORMANCE (CONTINUED)

Grocery

The Grocery channel performed well in FY20 due to a shift to at-home consumption throughout the year. Amatil leveraged this opportunity through strong in-store execution, particularly in large take home packs and multi-serve offerings. The NARTD measured market¹ delivered growth of 2.6 per cent in volume, compared to the prior year. Amatil outperformed the measured market¹ in volume, largely driven by the Coca-Cola Trademark, with an outstanding result from Coca-Cola No Sugar.

Convenience & Petroleum

The Convenience and Petroleum channel experienced significant volatility throughout the year due to mobility restrictions as a result of the bushfires in January and February followed by the impacts of COVID-19 from March onwards. This channel recovered quickly once COVID-19 restrictions eased, finishing the year with volume growth of 0.4 per cent versus last year. In FY20, the measured market² declined in volume and grew in value. Amatil outperformed the market² in volume, delivering 1.2 points of share growth driven by Coca-Cola Trademark and Water, and held flat share in value.

On-The-Go

The On-The-Go channel has experienced significant volatility in FY20, with clear impacts of COVID-19 restrictions on the channel. Volumes in On-The-Go declined by 16.4 per cent in FY20 due to the impact of venue closures and other COVID-19 restrictions. The full year result was a significant improvement on the 1H20 decline of 21.0 per cent, driven by volume recovery across higher margin packs which resulted in rate improvement.

The **HORECA** channel was severely impacted by the closure of pubs, clubs and hotels, with a decline of 28.9 per cent in FY20. Since restrictions were lifted, we have observed an improvement in volume momentum and outlet count in the **State Immediate Consumption** and **National On Premise** channels. With the support of our Customer aggregator portal, we have seen an acceleration in volumes sold through online platforms as consumers adapt to the new trading environment.

NARTD Category volume summary – million unit cases (MUC)	2020 MUC	2019 MUC	Variance %
Sparkling			
Cola	160.9	157.9	1.9
Flavours / Adult	43.0	48.0	(10.4)
Total Sparkling	203.9	205.9	(1.0)
Frozen	20.4	24.5	(16.7)
Stills			
Water ³	46.1	52.8	(12.7)
Value added Dairy	2.2	2.4	(8.3)
Energy	9.6	8.9	7.9
Other Stills ⁴	14.6	15.4	(5.2)
Total Stills	72.5	79.5	(8.8)
Total	296.8	309.9	(4.2)

1 IRI Scan data, NARTD Australian Weighted Grocery (excl Aldi and Campbells) scan MAT to 03 January 2021.

2 IRI Scan data, NARTD Australian Convenience scan MAT to 03 January 2021.

3 Includes Neverfail.

4 Includes juice, tea, sports and kombucha.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

AUSTRALIA (CONTINUED)

2020 PERFORMANCE (CONTINUED)

NARTD

Amatil's volumes in the NARTD market declined by 4.2 per cent versus last year, largely due to the challenges of bushfires and COVID-19.

The Coca-Cola Trademark performed strongly in FY20, up 1.9 per cent on pcp, led by volume growth of 10.2 per cent in **Coca-Cola No Sugar**. Amatil delivered an impressive result in the cola category in the second half, with volume growth of 4.1 per cent in Coca-Cola Trademark and 13.1 per cent in Coca-Cola No Sugar. Amatil's regular cola products achieved volume and value share gains in the measured market¹, whilst Amatil delivered volume share gains in the diets/lights cola category, driven by Coca-Cola No Sugar.

Water volumes declined by 12.7 per cent reflecting the severe impact of the reduction in consumer mobility during lockdown periods. Despite this, **sparkling water** volume grew by 8.2 per cent. Amatil delivered volume and value share gains¹ in the water category, largely driven by strong flavour innovation in sparkling water.

The **energy** category performed strongly, with volume growth of 7.9 per cent, led by Monster Energy growth of 31.8 per cent. In the full year, the **value-added dairy** category saw volume declines of 8.3 per cent, with Barista Bros declining, reflecting impact of COVID-19 lockdown measures on Convenience & Petroleum trading.

The **flavours / adult** categories experienced a 10.4 per cent volume decline in FY20, partially offset by 11.3 per cent volume growth in the Diets/Lights flavours segment.

The **sports** category recovered well as convenience and petroleum outlets re-opened, delivering volume growth of 3.0 per cent in the year.

The **frozen** category volume decline was driven by a reduction in foot traffic, particularly in venues such as cinemas and stadiums

ALCOHOL & COFFEE

Alcohol continued to deliver strong results in 2020, achieving volume growth of 4.2 per cent within a challenging trading environment. Both the spirits and premix categories performed well, delivering volume growth of 15.8 per cent and 4.7 per cent respectively, reflecting increased at home consumption. Amatil grew spirits value share² in the categories of vodka, gin and scotch.

Our strong performance in spirits and premix was supported by our brand partnership with Beam Suntory and execution of key growth initiatives. Core brands of Jim Beam and Canadian Club both delivered volume growth, with a focus on amplifying No Sugar and High Alcohol by Volume offerings. Our core initiatives closely leverage data and insights to identify sources of growth and drive a segmented execution approach. We also continued to drive category premiumisation through Makers Mark and Japanese spirits portfolio.

This strong performance in spirits and premix was slightly offset by a slight decline in beer and cider of 1.6 per cent, largely due to reduced on-premise activity during COVID-19 restrictions. Beer and cider momentum improved in 2H20, achieving volume growth of 1.3 per cent driven by targeted activity and innovation.

Coffee performance was impacted by our mix of on-the-go business in catering, hospitality, clubs and travel. Despite this, Amatil outperformed the Grocery Coffee market³, delivering value share growth of 0.4 points in FY20, driven by beans and capsules.

2021 PRIORITIES

ACCELERATED AUSTRALIAN GROWTH PLAN

While the shape and pace of recovery from COVID-19 remains uncertain, we recognise there will be key trends that remain ongoing in the Australian market in the short-medium term. In adapting to these prevailing conditions, we have refined the Accelerated Australian Growth Plan (AGP) prioritisation to maximise our performance across core categories and channels, and to drive operational efficiency and flexibility.

This plan combines future proofing the portfolio with an enhanced and effective route-to-market strategy while taking a more tailored approach to segmentation. We have identified opportunities to sharpen our focus, and to ensure we prioritise the areas that have the greatest benefit to the business.

From a category perspective, the focus of our Accelerated Australian Growth Plan will be on the following areas:

- **"Must Win"** categories are regular cola and flavours where we are committed to strengthening our market-leader position in cola and growing share in flavours. In regular cola we seek to continue volume momentum as we deliver strong in-store activation and impactful brand campaigns.
- **"Double Down"** categories are no sugar cola & flavours, sparkling water and energy. Our strategic approach aims to increase our presence and accelerate market share in these high growth categories through best in class execution and innovation. No sugar cola and flavours are a key business priority, as we continue to undertake targeted initiatives to drive growth in these categories. During COVID-19, we observed increased demand for diets/lights products including our Coca-Cola No Sugar brand, and we anticipate this trend to continue to 2021.
- **"Stabilise"** targets the categories of still water, sports, tea and ambient juice, all of which play an important role in our portfolio. We are committed to maintaining our position in the market within these categories.
- **"Enter"** categories are value-added dairy and chilled juice, and our focus is to drive targeted scale across our brands within this category.

1 IRI Scan data, NARTD Australian Weighted Grocery (excl Aldi and Campbells) and Australian Convenience scan MAT to 3 January 2021.

2 FBS share. Source: IRI, Australia Liquor, Period Ending: 3 January 2021.

3 Coffee. Source: IRI, Australia Grocery Weighted, Period Ending 3 January 2021.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
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AUSTRALIA (CONTINUED)

2021 PRIORITIES (CONTINUED)

ACCELERATED AUSTRALIAN GROWTH PLAN (CONTINUED)

Applying the same categorisation to our distribution channels:

- **"Must win"** channels are those in which we can make the greatest impact on our performance: grocery and convenience and petroleum. Performance in these channels is heightened in a COVID-19 environment, and our focus remains on strong execution, enhanced by our in-house merchandising services, shopper-led activity and strengthening customer partnerships.
- **"Double Down"** channels – state immediate consumption, regional on-the-go and e-commerce – offer the greatest potential for growth. We have seen strong recovery momentum in the state immediate consumption channel as COVID restrictions have eased and consumer mobility returned, and we will continue to leverage our "Feet on the Street" initiative to accelerate growth in this channel.
- **"Stabilise"** channels are those in which growth is expected to be limited – national on premise, HORECA, licensed and vending. We will bring greater focus on alignment and understanding of our customers' priorities in these channels

Our Accelerated Australian Growth Plan is underpinned six enablers, refined in-line with the Australian operating context and strengthened through execution under our Fighting Fit program:

- **Customer-Focused Organisation:** Australia's organisational design is channel-led, and customer focused, operating in service of our frontline. Channel segmented teams enhance customer experience and the ease of doing business with Amatil. Our strategic reallocation of resources has created competitive advantage and ensured the Australian business is fit for purpose.
- **Data Analytics and Insights:** Our unrivalled access to data and insights supports development of segmented execution strategies across core categories and channels. Data analytics also enhance our understanding of consumer behaviour shifts and ability to respond with agility in a COVID environment.
- **E-Commerce Capability:** We have experienced an acceleration of the e-commerce opportunity, with a step change in demand of online grocery and beverages sold through aggregators. Our share position in Grocery is strong at 39.4 per cent, and we are overtrading in share¹ when compared to Bricks & Mortar at 34.0 per cent. Aggregators are a critical enabler in On the Go, and our initiatives have seen growth in meal-bundle execution from 13 per cent to 34 per cent in 2020, with plans to further increase our presence on these platforms. The relaunch of our MyCCA web and mobile platforms in February 2021 will enhance customer experience for our small stores.
- **OTG Profit to Serve:** Our OTG Profit to Serve program recognises the need to reset our route to market model to drive profitability across small stores, through customer service, logistics and equipment optimisation. Key initiatives under this program include Product Quadrant Analysis core range, adherence to minimum order quantities, balancing delivering days and targeted cooler ranging or rental models.
- **Streamlined Supply Chain:** Driving production efficiency and investment to optimise our logistics network is a key enabler in strengthening the Australian business. Within this program, key initiatives include portfolio simplification through reduced SKU count, production line benchmarking and infrastructure investment to optimise and future proof our network.
- **Sustainability and Reduced Sugar:** We remain committed to packaging sustainability and driving achievement of our sugar reduction targets, with strong plans in place to continue the progress made across our portfolio.

¹ eGrocery value share includes 'delivery' and 'click & collect' options. Source: Coles Gateway (MAT to 26 Jan 2021) and Woolworths Quantum (MAT to 21 Jan 2021).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

PACIFIC

FINANCIAL SUMMARY

	2020 \$M	2019 \$M	Variance %	Variance – constant currency ¹ %
Trading revenue	812.7	809.2	0.4	1.0
- Trading revenue per unit case (\$)	9.80	9.52	2.9	3.6
- Volume (million unit cases)	82.9	85.0	(2.5)	(2.5)
EBITDA – ongoing	181.0	179.8	0.7	1.2
EBIT – ongoing	130.5	131.7	(0.9)	(0.4)
EBIT margin on trading revenue – ongoing (%)	16.1	16.3	(0.2) points	(0.2) points
ROCE – ongoing (%)	24.3	24.2	0.1 points	

¹ The constant currency basis is determined by applying 2019 foreign exchange rates to 2020 local currency results.

2020 PERFORMANCE

OVERVIEW

Despite COVID-19 lockdowns in 2Q20 in New Zealand and a significant impact resulting from the lack of tourism in Fiji, the Pacific segment recorded a volume decline of 2.5 per cent and modest revenue growth of 0.4 per cent (1.0 per cent in constant currency). EBITDA for the year was \$181.0 million, representing growth of 0.7 per cent on last year (1.2 per cent in constant currency). The segment recorded an EBIT result of \$130.5 million, down 0.9 per cent on the prior year (0.4 per cent in constant currency).

NEW ZEALAND

The true strength of the New Zealand business was demonstrated by their FY20 result which delivered flat volumes and revenue growth of 3.6 per cent versus the prior year (4.3 per cent in constant currency). Strong revenue growth management was key to offsetting the impact of On-The-Go and Licensed customer outlet closures in April and May. The business was able to deliver relatively stable EBIT margins and to strengthen its market leadership position in both sparkling and still beverage categories, delivering NARTD volume share² growth of 1.2 points and value share² growth of 1.5 points.

The **Grocery** channel benefited from the channel shift away from On-The-Go and Petroleum outlets during lockdown periods, delivering volume growth of 6.6 per cent for the full year. Conversely, **On-The-Go (excluding Petroleum)** was impacted by restricted trading, delivering a volume decline of 7.3 per cent for the full year. **Petroleum** volume recovered well as consumer mobility began to lift, resulting in volume growth of 2.9 per cent versus the prior year. This was a significant improvement from the ~50.0 per cent decline reported in April 2020 during the lockdown period.

The business also observed a category mix shift, with more demand for at-home consumption offerings such as multi-serve PET and multi-pack cans, whilst demand for immediate consumption offerings declined.

Again, **Coca-Cola No Sugar** was the stand out performer, with double digit volume and revenue growth versus the prior year. Classic Coca-Cola delivered modest revenue growth versus the prior comparative period, demonstrating the strength and resilience of the Coca-Cola Trademark brands. **Energy** also delivered a strong result in FY20, with volume and revenue growth versus the prior year.

Alcohol delivered an impressive result, with volume growth and double digit revenue growth versus the prior year.

Reflecting a strong recovery from the COVID-19 pandemic, the New Zealand business decided to repay the NZ \$7.2 million government wage subsidy received in 1H20. As a result, 2H20 EBIT includes the reversal of this subsidy such that it has no impact on full year trading result. On a normalised basis (removal of the receipt and subsequent return of the subsidy from trading in each half), the Pacific segment EBIT declined 19.3 per cent in 1H20 and grew 14.5 per cent in 2H20 against the respective prior periods. The strong underlying 2H20 result also includes two additional trading days and a favourable comparative, following price increases in 3Q19.

² NARTD share of Grocery and Petroleum. Source: Nielsen MAT to 3 January 2021 scanned data.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

PACIFIC (CONTINUED)

2020 PERFORMANCE (CONTINUED)

FIJI & SAMOA

Coca-Cola Fiji and Paradise Beverages both reported declines in volume, revenue and EBIT due to the adverse impacts of COVID-19 related international travel restrictions on the Fijian economy. Paradise Beverages' volume performance in 2H20 improved considerably as a result of the alcohol excise reduction announced in July 2020.

Impairment

In light of the adverse impact of COVID-19 on trading performance and the prescribed approach to assessing carrying values under the accounting standards, Amatil incurred a non-cash impairment of \$16.8 million (post tax, pre non-controlling interests) of the Paradise Beverages Fijian and Samoan businesses in 1H20. The impairment was a non-cash accounting adjustment and classified as a non-trading item in our financial statements, and we remain very confident about the long-term prospects for the Paradise Beverages Fijian and Samoan businesses.

2021 PRIORITIES

NEW ZEALAND

We are focused on maintaining our category leadership position in sparkling and stills beverages, whilst looking to secure further growth across the broader portfolio. A key focus area remains the expansion of our customer base, particularly across higher-margin, small customers.

We are working closely with our brand partners to adapt plans to the changing environment. 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.

FIJI

Due to the impact of COVID-19 and its expected restriction on tourism, we anticipate Fiji's economy to remain challenged in 2021, or until international travel restrictions are eased. Within this environment, we will continue to tightly manage our cost base, focus on our core range and channels, increase our presence in other Pacific Island territories and enhance our competitive position by focusing our customer and stakeholder relationships.

AUSTRALIA AND NEW ZEALAND CONTAINER DEPOSIT SCHEMES

AUSTRALIA

The **New South Wales** container deposit scheme commenced on 1 December 2017.

The **Australian Capital Territory** container deposit scheme began operating on 30 June 2018.

From 3 February 2020 we increased our Container Deposit Scheme charge in NSW and Australian Capital Territory from 11.82 cents (excluding GST) to 12.82 cents (excluding GST), due to rising cost base for the NSW container deposit scheme as the scheme matures.

The **Queensland** container refund scheme commenced on 1 November 2018 with the charge per eligible container currently set at 12.73 cents (excluding GST).

The **Western Australian** container deposit scheme commenced on 1 October 2020 with the charge per eligible container currently set at 11.65 cents (excluding GST).

The **Tasmanian** container deposit scheme is anticipated to be rolled out by 2022.

The **Victorian** container deposit scheme is anticipated to be rolled out by 2023.

Consistent with our sustainability goals we will continue to play an active role in the operation of container deposit schemes and engage with governments and the industry to continually monitor the impact of container deposit schemes on our business.

NEW ZEALAND

The New Zealand government is currently considering the scheme design. The date expected for the implementation of the scheme is yet to be determined.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
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INDONESIA & PAPUA NEW GUINEA

FINANCIAL SUMMARY

	2020 \$M	2019 \$M	Variance %	Variance – constant currency ¹ %
Trading revenue	955.5	1,165.4	(18.0)	(17.0)
- Trading revenue per unit case (\$)	4.55	4.65	(2.2)	(1.1)
- Volume (million unit cases)	210.2	250.7	(16.2)	(16.2)
EBITDA - ongoing	147.6	195.8	(24.6)	(22.7)
EBIT – ongoing	61.3	96.3	(36.3)	(32.6)
EBIT margin on trading revenue – ongoing (%)	6.4	8.3	(1.9) points	(1.6) points
ROCE – ongoing (%)	8.3	11.6	(3.3) points	

¹ The constant currency basis is determined by applying 2019 foreign exchange rates to 2020 local currency results.

2020 PERFORMANCE

The Indonesia and Papua New Guinea segment experienced challenging trading conditions in FY20, with volumes down 16.2 per cent and revenue down 18.0 per cent on pcp (17.0 per cent on a constant currency basis). Ongoing EBIT was down 36.3 per cent (32.6 per cent on a constant currency basis) reflecting an EBIT margin decline of 1.9 points for the full year (1.6 points on a constant currency basis).

INDONESIA

Rising COVID-19 infection rates and challenging macroeconomic conditions impacted the performance of the Indonesian business in FY20.

Indonesia volume and revenue declined double digits in FY20 due to the impacts of the pandemic, with the most severe lockdown period coinciding with the Festive period, Indonesia's most important trading period. Volume declined by 15.0 per cent in the Traditional Trade channel and 25.1 per cent in the Modern Trade channel as a result of a reduction in consumer mobility across the country.

Despite the challenging macroeconomic conditions and the impact of COVID-19 restrictions, the Indonesian business delivered positive EBIT and a strong cash flow result for the year, enabled by a focus on tight cost control and operational efficiencies.

Whilst the overall NARTD market² contracted by 20.4 per cent in the year, Amatil performed slightly ahead of the overall market². Pleasingly the total Sparkling market³ grew as a portion of the total NARTD market², with Amatil delivering sparkling volume share gains of 3.3 points³.

In the Juice market, the Minute Maid Pulpy brand gained 1.7 points in volume share³ following the price reset, rebranding and new flavours implemented in the first quarter.

During a year of significant volatility, we leveraged the flexibility of our route to market model to capitalise on the rapid market changes as demonstrated by our resilient performance in the Provision channel which benefitted from consumers shopping in their local areas. Indonesia also made a significant effort to manage costs in its supply chain function, which resulted in the reduction of production and delivery costs despite efficiency losses from lower volume.

Impairment

In light of the adverse impact of COVID-19 on trading performance and the prescribed approach to assessing carrying values under the accounting standards, Amatil incurred a non-cash impairment of \$143.4 million (post tax, pre-non-controlling interests) of the Indonesia business in 1H20. The impairment was a non-cash accounting adjustment and classified as a non-trading item in our financial statements, and we remain very confident about the long-term prospects for the Indonesian business.

PAPUA NEW GUINEA

As a result of the COVID-19 pandemic, Papua New Guinea faced challenging trading conditions in the year. The business delivered modest volume and revenue declines in the full year. The strength of Amatil's position in that market however enabled it to trade consistently throughout much of the year and to compete effectively albeit with some impact on pricing. Of note in this market during the year was the construction of a new warehouse and the commencement of the installation of an additional can line, both of which will strengthen the business' position in this market.

² NARTD data. Source: Nielsen –December 2020.

³ Sparkling and Juice data. Source: Nielsen –December 2020.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

INDONESIA & PAPUA NEW GUINEA (CONTINUED)

2021 PRIORITIES

INDONESIA

In light of the challenges in the operating environment posed by the COVID-19 pandemic, we intensified our focus on the areas we can control.

Given the importance of Festive in Indonesia, the business will be focused on driving sales during the all-important festive period. In particular, the business will focus on driving availability of affordable offerings, building on e-commerce capabilities, promoting the at-home consumption occasion through our multi-serve range and focusing on segmented execution across the Modern and Traditional trades.

Improving affordability across our portfolio and the availability of the affordability packs is a key priority for the business, particularly in the context of the challenging macro-economic conditions. Examples of key initiatives include: continue to drive availability of the 250ml Sparkling pack to continue recruiting consumers to the category; continued expansion of the more affordable Minute Maid Pulpy pack, to build on the share gains of 1.7 points achieved since its relaunch in the first quarter; continue to drive availability of Frestea Small Affordable packs through bundling and price promotions.

Furthermore, we will continue to build channel relevance through segmented route-to-market execution.

Finally, we will take advantage of the market opportunities presented by the pandemic. In response to the increased At-Home occasions we will expand availability of our multi-serve range (Sparkling, Tea, Juice and Water) to build momentum for the festive period, and we will support our multi-serve packs with a strong integrated media approach in order to connect with at-home consumption occasions. In order to capitalise on the accelerated growth of e-commerce we will increase our presence in the e-Commerce channels by developing our existing B2B partner relationships and capitalising on partnerships with key Food Aggregators to incorporate CCODs and wholesalers into their distribution networks.

PAPUA NEW GUINEA

The business will continue to increase the efficiency and effectiveness of how it manages its routes to market, with the aim to gain more visibility on order placement and execution to drive sales. It also remains focused on productivity and efficiency improvements in manufacturing.

While we were able to reduce the cash balance in PNG, foreign currency remains limited which restricts our ability to repatriate cash out of this market.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

CORPORATE & SERVICES

FINANCIAL SUMMARY

	2020 \$M	2019 \$M	Variance %
Trading revenue¹	57.0	51.4	10.9
Other revenue	9.4	11.9	(21.0)
Internal revenue ²	123.1	134.2	(8.3)
Total revenue	189.5	197.5	(4.1)
Services costs ³	(78.7)	(77.2)	1.9
Group office costs	(42.8)	(58.4)	(26.7)
EBITDA – ongoing	68.0	61.9	9.9
EBIT – ongoing	(3.7)	(13.6)	(72.8)
ROCE – ongoing (%)	(0.9)	(2.6)	1.7 points

1 Represents revenue mostly from our recycling business in South Australia.

2 Revenue from the provision of support services to the other businesses. This revenue is eliminated on consolidation to produce the Group's financial statements.

3 Represents costs associated with our packaging services and South Australian recycling businesses.

2020 PERFORMANCE

Trading revenue increased due to an increase in external preform sales and higher revenue from the South Australian recycling business. Reduction in Other revenue reflects the decline in coal mining royalties received in 2020.

EBIT loss of \$3.7 million improved compared to last year due to reduced Group Office costs as a result of cost saving initiatives undertaken in response to COVID-19.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

FINANCIAL COMMENTARY

CAPITAL EMPLOYED¹

	2020 \$M	2019 \$M	Variance \$M
Working capital ²	244.4	447.5	(203.1)
Property, plant and equipment (including right of use assets)	1,950.4	2,288.6	(338.2)
Intangible assets	1,208.4	1,262.7	(54.3)
Current and deferred tax liabilities (net)	(245.7)	(290.1)	44.4
Derivative liabilities – non-debt related (net)	(100.4)	(27.5)	(72.9)
Other assets (net) ³	33.2	22.5	10.7
Capital employed	3,090.3	3,703.7	(613.4)

ROCE⁴ – ongoing (%)	16.2	18.4	(2.2) points
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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 Mainly comprising of non-current assets (and associated liabilities) held for sale, prepayments, investments, defined benefit superannuation plans assets and liabilities and provisions.

4 Return on capital employed (ROCE) is calculated as ongoing EBIT, divided by the average of capital employed at the beginning and at the end of the twelve-month period ended as at the balance date.

Capital employed decreased by \$613.4 million from 2019 driven by:

- **Working capital** decreased by \$203.1 million, with strong focus on collections and managing bad debt risk in the COVID-19 environment, resulting in lower receivables particularly in Australia, Indonesia and Fiji. Inventory holdings were reduced mainly in Australia and Indonesia. Payables were higher in Australia and New Zealand in part due to the timing of promotional pricing rebates payable to major grocery customers in both businesses
- **Property, plant and equipment** decreased by \$338.2 million due to a lower than normal level of capital expenditure with a number of capital projects being deferred and the impairment taken in 1H20 on our Indonesian business
- **Intangible assets** decreased by \$54.3 million due the reduction in the of carrying value of our bottling agreement and goodwill in Indonesia as result of the impairment from 1H20
- **Current and deferred tax liabilities (net)** decreased by \$44.4 million due to deferred tax assets arising from impairments taken in 1H20
- **Other assets (net)** increased by \$10.7 million mainly from a reduction in employee related provisions.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

FINANCIAL COMMENTARY (CONTINUED)

FREE CASH FLOW

	2020 \$M	2019 \$M	Variance \$M
Ongoing			
EBIT	550.7	639.3	(88.6)
Depreciation and amortisation	348.2	348.1	0.1
EBITDA	898.9	987.4	(88.5)
Impairment charges	3.6	1.5	2.1
Changes in adjusted working capital ¹	131.5	(86.7)	218.2
Net interest and other finance costs paid	(72.2)	(57.8)	(14.4)
Income taxes paid	(83.3)	(99.9)	16.6
Movements in other items ²	(10.8)	1.5	(12.3)
Operating cash flows	867.7	746.0	121.7
Capital expenditure	(208.7)	(229.4)	20.7
Proceeds from sale of non-current assets	3.1	6.1	(3.0)
Payments for additions of other intangible assets	(1.1)	(1.3)	0.2
Free cash flows – ongoing	661.0	521.4	139.6
Cash realisation³ – ongoing (%)	124.7	98.5	26.2 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 acquisitions and disposals of businesses and payables relating to additions of property, plant and equipment.

2 Mainly comprising of movements in prepayments and provisions.

3 Operating cash flows divided by profit after tax adding back depreciation and amortisation expenses before tax.

Ongoing free cash flows increased by \$139.6 million from 2019 and was mainly due to:

- **Working capital** was up mainly due to lower receivables and reduced inventory in Australia and Indonesia, and the timing benefit from promotional pricing rebates payable to major grocery customers. The difference between the balance sheet movement of \$203.1 million and the cashflow primarily due to FX \$53.0 million and non-trading items of \$20.7 million
- **Net finance costs** increased driven by the timing of realisation of income on hedge contracts
- **Tax payments** decreased driven by the timing benefit due to lower tax instalments in Australia
- **Capital expenditure** was \$20.7 million lower than FY19 and approximately \$95 million below our planned pre-COVID spend.

Ongoing cash realisation increased by 26.2 points from 2019 mainly driven by the decrease in working capital.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

FINANCIAL COMMENTARY (CONTINUED)

CAPITAL EXPENDITURE¹

	2020 \$M	2019 \$M	Variance \$M
Australia	44.7	58.3	(13.6)
Pacific	34.8	35.3	(0.5)
Indonesia & Papua New Guinea	87.5	79.0	8.5
Corporate & Services	41.7	56.8	(15.1)
Capital expenditure - ongoing	208.7	229.4	(20.7)
Capital expenditure/trading revenue – ongoing (%)	4.4	4.5	(0.1) ppts
Capital expenditure/depreciation & amortisation² – ongoing (times)	0.6x	0.7x	(0.1) x

1 Capital expenditure (capex) is represented by payments for additions of property, plant and equipment and software development assets.

2 Amortisation of software development assets.

Group capital expenditure was \$20.7 million lower than FY19, in line with our revised capital management plan in response to COVID-19.

Australia: Capex included spend predominantly to complete projects initiated in the prior year including upgrades to our Northmead plant, Solar panel installations and an updated Transport Management System.

Pacific: Capex included the roll-out of additional cold drink equipment across New Zealand and Fiji and commencing installation of a new can line at Auckland.

Indonesia & Papua New Guinea: Capex included completion of the liquid sugar facility and upgrading our SAP system in Indonesia. In PNG at our production facility in Lae, construction of a new warehouse was completed and installation of an additional can line was commenced.

Corporate & Services: Capex was driven mainly by investment in additional cold drink equipment in Australia, information technology initiatives and human resources systems.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

FINANCIAL COMMENTARY (CONTINUED)

NET DEBT

	2020 \$M	2019 \$M	Variance \$M
Equity	1,628.2	1,952.2	(324.0)
Net debt			
Cash assets	(1,018.0)	(856.0)	(162.0)
Other financial assets at amortised cost ¹	(37.1)	(83.0)	45.9
Loan receivable – interest bearing	(11.8)	(8.8)	(3.0)
Borrowings and other financial liabilities	2,578.8	2,798.8	(220.0)
Derivative assets – debt related (net)	(49.8)	(99.5)	49.7
Total net debt	1,462.1	1,751.5	(289.4)
Total capital – financing	3,090.3	3,703.7	(613.4)
Net interest cover² – ongoing (times)	8.9x	9.7x	(0.8) x
Net debt/EBITDA³ – ongoing (times)	1.6	1.8	(0.2) x

1 Relates to Papua New Guinean government bonds.

2 Calculated as EBIT divided by net finance costs.

3 Net debt divided by earnings before interest, tax, depreciation and amortisation.

The balance sheet remains in a strong position. Net debt was lower at \$1,462.1 million which includes lease liabilities of \$499.5 million. As at 31 December 2020, the Papua New Guinea business had local currency (Kina) denominated cash assets and funds in held to maturity investments of \$129.1m (PGK 344.4 million); 2019: \$213.9 million (PGK 508.2 million). This amount has decreased by \$153.5 million since the peak in June 2018 of \$282.6 million reflecting repayments of an intercompany loan and internal dividend payments. Government-imposed currency controls continue to be in place in Papua New Guinea, impacting the extent to which the cash held in the country can be remitted for use elsewhere in the Group.

Ongoing EBIT interest cover reduced slightly, from 9.7 times in FY19 to 8.9 times, due to the impact of COVID-19 on EBIT despite lower finance costs.

Total available **debt facilities** at period end was \$2.6 billion. The average maturity is 5.5 years. The maturity profile is as follows:

	31 December 2021	31 December 2022	31 December 2023	31 December 2024+
Borrowing maturity profile	%	%	%	%
Committed and uncommitted facilities maturity	21.4	13.6	17.5	47.5

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

SUSTAINABILITY STRATEGY AND GOVERNANCE

Coca-Cola Amatil is committed to making a distinct and positive contribution to the communities and markets in which we operate. This means that with each decision we seek to deliver the best outcomes and build value for society as well as our shareholders. Coca-Cola Amatil's sustainability strategy is aligned with, and embedded in, our broader business strategy and the Coca-Cola Amatil Long-Term Value Proposition, focusing on five value drivers: Thriving Customers, Engaged People, Committed Partners, Delighted Consumers and Better Environment.

FOCUSING ON WHAT IS IMPORTANT

Our sustainability strategy has been developed considering the expectations of all key stakeholders – our people, our partners, our communities, our customers and our investors – focusing on those areas that are the most material and where we can make the most difference. We regularly review our sustainability priorities, by conducting a materiality assessment with internal and external stakeholders. Recent reviews confirmed that we are focused on areas where we can have the greatest impact, and we noted increased stakeholder concerns regarding sustainable packaging, consumer wellbeing, climate change and human rights and will continue to prioritise these areas.

In 2018 Coca-Cola Amatil released a set of strategies and public goals to achieve by the end of 2020. A full progress report on performance against our 2020 Sustainability Goals will be provided in our 2020 Sustainability Report and Factsheets.

In 2020, we further refined and expanded our sustainability strategy and now have a suite of 10 ambition statements and supporting strategies to be achieved between 2020 and 2040. The strategy is being embedded in how we do business and is underpinned by roadmaps and performance indicators. An overview of the ambitions, supporting strategies for our priorities, governance and management approach is provided below.

OUR 2020 GOALS TO 2040 SUSTAINABILITY AMBITIONS

Coca-Cola Amatil's 2020-2040 Sustainability Strategy has been developed with 10 core sustainability ambitions linked to the drivers of the Amatil Long-Term Value Proposition.

1. Sustain and improve our current **net zero water** operations by being water stewards
2. **Reduce our total non-alcoholic beverages portfolio sugar grams per 100ml by 35 per cent in Indonesia, and 20 per cent in Australia and New Zealand, by 2025** (vs 2015), and have wellbeing initiatives in all markets
3. **Closing the loop on packaging** by partnering on pack-to-pack recycling and re-use solutions in all countries by 2030
4. Achieve **net zero carbon emissions** (Scope 1 & 2) by 2040, including **100 per cent renewable electricity in Australia and New Zealand by 2025**, and build and support climate resilient operations and communities
5. Deliver **positive impacts for our communities** by leveraging our local presence, community investment and procurement scale
6. Achieve a **zero-harm workplace**
7. Achieve **diversity in our people** that reflects our communities
8. Build **stronger brand partnerships** with aligned sustainability ambitions and strategies
9. Embed our **responsible sourcing commitment** in our supplier partnerships
10. Partner with our customers on **shared sustainability vision** ensuring we are a trusted and valued part of their supply chain.

PRIORITY AMBITIONS, TIMELINE AND STRATEGIES

The first four of the sustainability ambitions have been identified as priorities based on stakeholder expectations and where we know we can make the greatest difference. We aim to achieve each ambition between 2020 and 2040, setting interim targets and improving our performance over time. Supporting strategies for these priority ambitions are detailed below.

Net zero water in 2020

- Sustain our net zero water operations by being water stewards; only sourcing from sustainable water sources, also considering community needs, and improving vulnerability assessments, management plans, measurement, reporting and transparency for communities
- Together with The Coca-Cola Company we are returning to nature and communities more than the amount of water that we use in our drinks. Replenishment projects focus on our operational areas and communities, including supply chain/agricultural priority areas, improving water security for all where needed most
- We use water carefully and efficiently and focus on re-use opportunities.

Consumer wellbeing in 2025

- Reduce our total non-alcoholic beverages portfolio sugar grams per 100ml by 35 per cent in Indonesia, and by 20 per cent in Australia and New Zealand, by 2025 (vs 2015) & have wellbeing initiatives underway in all markets
- Lead across our communities on responsible consumption (alcohol & non-alcohol) particularly in vulnerable communities
- We continue to market responsibly, offering choice and information to help our consumers make decisions, and do not aim or direct any media marketing activity to children under the age of 12¹.

Closing the loop on packaging in 2030

- Pack-to-pack recycling solutions in all countries where we operate by 2030
- Design for 100 per cent recyclability and support well-designed infrastructure and initiatives for collection
- 50 per cent average recycled or renewable content across all packaging by 2030
- Develop the feasibility of using 75 per cent recycled or renewable plastic in our bottles by 2030.

1 In New Zealand the Children and Young People's Advertising Code requires that advertising for our products must not target children (below the age of 14) or be placed in any media where children are likely to be a significant proportion of the expected average audience. In Australia no advertising is directed to children and young people under the age of 15

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

SUSTAINABILITY STRATEGY AND GOVERNANCE (CONTINUED)

PRIORITY AMBITIONS, TIMELINE AND STRATEGIES (CONTINUED)

Net zero carbon emissions in 2040

- Achieve net zero direct carbon emissions (Scope 1 & 2) by 2040
- 100 per cent renewable electricity in Australia and New Zealand by 2025
- Other emissions reduction supporting The Coca-Cola Company's Science-Based Target of 25 per cent reduction by 2030 (vs 2015)
- Support climate resilient operations and communities.

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 Risk and 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 and safety, supply chain, environment, people and culture, procurement, and public affairs, communications and sustainability teams are responsible for the day-to-day implementation, management, monitoring and reporting of specific initiatives.

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, the Task Force on Climate Related Financial Disclosures guidance, and Businesses for Societal Impact (formerly "The London Benchmarking Group") community investment guidelines. Coca-Cola Amatil's annual sustainability reports are available on our website www.ccamatil.com.

In 2020, EY has been engaged to undertake limited assurance, as defined by the Australian Audit Standards on performance disclosures covering all ten 2020 Sustainability Goals.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

BUSINESS AND SUSTAINABILITY RISKS

Coca-Cola Amatil is exposed to a range of market, financial, operational, and socio-political risks that could have an adverse effect on the Group's future financial prospects. The nature and potential impact of these risks can change over time and vary in degree with what Coca-Cola Amatil 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 our 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, 4th edition, being "Recognise and Manage Risk".

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

- COVID-19 related risks
- The Coca-Cola Company (TCCC) and other brand partners relationship risk
- Economic and political risks
- Cyber risk
- Foreign exchange risk
- Key personnel risk
- Beverage industry risk
- Regulatory risk
- Corporate social responsibility risk
- Climate change risk
- Supply chain risk
- Litigation and legal disputes risk
- Malicious product tampering risk
- Workplace Health & Safety (WHS) risk
- Business interruption risk
- Product quality risk
- Fraud risk.

COVID-19 RELATED RISKS

Uncertainties in relation to the COVID-19 pandemic remain in all of the Amatil Group's markets, particularly in Indonesia where, as at the date of this report, the number of confirmed infections continues to increase. Progress has been made in controlling the COVID-19 virus in Australia and New Zealand. However, the risk of the virus re-emerging in these jurisdictions remains, as indicated by the recent outbreaks in the Northern Beaches of Sydney, New South Wales and in Brisbane, Queensland and resultant Australian state border closures.

The short term impacts of the COVID-19 pandemic on Amatil's business have included or could potentially include the following risks

- Low or negative volume and revenue growth, due to customers being closed or in decline and customers staying at home across the Amatil Group's major markets
- margin erosion as a result of changes in channel mix due to social distancing restrictions in Amatil's major markets, and specifically the shift to the grocery channel across Amatil's markets and the decline in the On The Go Channels due to government-imposed restrictions on gatherings including sporting events.

In the medium to longer term, the direct effects of COVID-19 and measures introduced by the governments in all of the countries in which Amatil operates to limit the spread of COVID-19 may have a materially negative impact on economic growth in these countries, including the potential for further significant impacts on capital markets, share prices and the availability of finance. This is particularly the case in Indonesia given the duration and severity of the impact of the COVID-19 pandemic to date. It is expected that the economic consequences of the ongoing COVID-19 pandemic are unlikely to be fully understood for some time. For example, the impact of the planned roll-off of the Australian Government's COVID-19 related economic stimulus in March 2021 on bankruptcy rates, business confidence and employment is uncertain. Similarly, the longer-term effects on the Fijian economy from severely impacted tourism may not be known for some time.

THE COCA-COLA COMPANY (TCCC) AND OTHER BRAND PARTNERS RELATIONSHIP RISK

TCCC Group Relationship Risk

The Amatil Group's relationship with TCCC Group is key to its success and forms a fundamental part of the Amatil Group's core strategy. TCCC branded products form the majority of Amatil's beverage business and are subject to various bottlers, distributors and license agreements with TCCC Group in the various markets in which Amatil operates. The Amatil Group's bottler's agreements with TCCC Group set out the respective rights and responsibilities of the relevant Amatil Group and TCCC Group entities, including:

- the provision to the Amatil Group of exclusive rights to prepare, package, sell and distribute the relevant trademarked products of TCCC in a territory
- obligations of the Amatil Group in relation to preparation and marketing requirements of TCCC.

While the Amatil Group's bottler's agreements with TCCC Group are typically 10 years in duration and have consistently been extended or renewed, termination of the Amatil Group's agreements with TCCC Group, or unfavourable changes in terms, could adversely affect Amatil's profitability, share price and dividends.

In addition, realisation of Amatil's growth ambition in large part depends on alignment with TCCC for growth within the non-alcoholic beverage category (including through mergers and acquisitions) and growth into new geographies (new TCCC franchise territories). Therefore, the Amatil Group's relationship with TCCC is of particular importance to Amatil's future growth strategy.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

BUSINESS AND SUSTAINABILITY RISKS (CONTINUED)

THE COCA-COLA COMPANY (TCCC) AND OTHER BRAND PARTNERS RELATIONSHIP RISK (CONTINUED)

The Amatil Group and TCCC Group also jointly own the Coca-Cola bottling operations in Indonesia, 70.6 per cent and 29.4 per cent respectively, and together own 45 per cent overall in Australia-based Made Group. Amatil's ability to deal with and operate these assets is subject to those joint ownership arrangements.

Other brand partners relationship risk

In addition to TCCC Group, the Amatil Group has a number of relationships with other brand partners in the non-alcoholic ready-to-drink, alcoholic and hot beverages industries which are important to Amatil's success and long-term strategy.

In non-alcoholic beverages, these include agreements with Monster Energy Company, and, in alcoholic beverages, Amatil has a number of complementary relationships with brand partners including Beam Suntory to sell and distribute Beam Suntory's premium spirits portfolio in Australia and New Zealand. Amatil has been involved in distributing Beam Suntory products since 2006.

As with the Amatil Group's agreement with TCCC Group, termination of Amatil's agreements with any of its other brand partners could also adversely affect Amatil's profitability, share price and dividends. However, all of Amatil's brand partner relationships are based on delivering mutual benefit to Amatil's brand partners and Amatil intends to continue to strive to deliver value for its brand partners into the future.

ECONOMIC AND POLITICAL RISKS

Aside from the economic risks arising from the COVID-19 pandemic, the longer term economic outlook presents increased uncertainty as governments address fiscal deterioration from their responses to COVID-19, including policies to encourage economic growth. This could have positive or negative implications for consumer spending across several areas, including in relation to food and beverage retailing. Other key external economic and political factors also have the potential to specifically impact Amatil including economic instability in Papua New Guinea and the impact on foreign currency liquidity, tariffs and protectionism, and geopolitical turbulence in the form of US-China Trade wars, trade tension between Australia and China, uncertain trade arrangements due to Brexit and ongoing Middle East tensions.

Further, in the event that circumstances lead to the PNG Government requiring assistance from the International Monetary Fund for the funding of their budget deficit, they could require the Papua New Guinean Kina to be devalued which could significantly impact Amatil Group's balance sheet upon translation of both deposits and the intercompany loan, with a loss carried in Amatil Group's foreign currency translation reserve

Amatil is implementing a range of strategic initiatives over 2021 to improve its operational efficiency and flexibility in the markets in which it operates to continue to manage these risks.

The Amatil Group maintains insurance coverage to protect against certain risks with such scope of coverage and in such amounts as determined appropriate by the Amatil Board and/or senior management and managing in the circumstances or to the extent commercially available. However, given global insurance markets are hardening rapidly (resulting in less insurance capacity commercially available for Amatil to buy), Amatil's insurance policies do not cover all of the potential risks associated with the Amatil Group's operations. No assurance can be given that the Amatil Group will be able to obtain or maintain insurance coverage at reasonable rates (or at all).

CYBER RISK

Cyber security and information privacy are an increasing risk for the Amatil Group given the dynamic nature of these threats, and the importance of safeguarding intellectual property, supply chain systems, contractual agreements, operational technology and staff and customer information, and given the majority of Amatil's core activities and operations are enabled by technology. Amatil is heavily reliant on these systems being available, data integrity being maintained and IT platforms operating effectively for business operations as well as to support the effective implementation of strategic plans.

Cyber-attacks on the Amatil Group's key business partners which do not directly target Amatil also have the potential to disrupt the Amatil Group's operations. Amatil has a cyber security strategy and framework that is used to identify and address risks associated with cyber-attacks.

FOREIGN EXCHANGE RISK

The Amatil Group is exposed to foreign exchange risks. Foreign exchange risk is the risk of exposure to transactions that are denominated in a currency other than the Australian dollar. The Amatil Group is exposed to the effect of foreign exchange risk principally related to exposure to fluctuations in the value of the Australian dollar versus various currencies in which the Amatil Group borrows money. The Amatil Group is also exposed to the effect of foreign exchange risk due to fluctuations in the value of the Australian dollar, Indonesian Rupiah, Papua New Guinean Kina and New Zealand Dollar versus foreign currencies with respect to its commitments to make capital expenditure, the purchase of raw materials and other expenses, and the currencies of the other countries in which it maintains assets offshore and recognises earnings. Further, liquidity in the local Papua New Guinean currency market is also a risk for the Amatil Group. Amatil hedges exposure to foreign currency denominated borrowings (by the use of cross currency and foreign exchange swap transactions) and foreign currency raw materials and capital expenditure exposure (by use of forward foreign exchange contracts and foreign currency deposits) in accordance with the Amatil Board approved Treasury Policy. However, there can be no assurance that the Amatil Group will be successful in eliminating all such foreign currency risks.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

BUSINESS AND SUSTAINABILITY RISKS (CONTINUED)

KEY PERSONNEL RISK

The Amatil Group's ability to recruit, retain and engage a talented and motivated workforce is a key success factor for the Amatil Group. In particular, a number of key personnel are important to executing the Amatil Group's strategy. One or more of these key employees could leave their employment or cease to actively participate in the management of the Amatil Group and this may adversely affect the ability of Amatil to conduct its business and, accordingly, affect its financial performance and its share price.

If certain key employees leave their employment with the Amatil Group, there may be a limited number of persons with the requisite experience and skills to serve in Amatil's senior management positions. While Amatil continues to work towards building a strong employer brand, commits to developing and retaining talent and has established company-wide engagement principles to drive engagement across the Amatil Group, if the Amatil Group cannot attract, train and retain qualified managers and other personnel, Amatil may be unable to successfully manage its operations or otherwise compete effectively.

BEVERAGE INDUSTRY RISK

Fundamental shifts in the beverage and macroeconomic landscape continue to impact the beverage profit pool across the Amatil Group. These include changing consumer trends and preferences (as well as changing industry cycles), a fragmented and price competitive trading environment, increasing margin pressure as manufacturer margins are squeezed by major retailers, digital disruption to supply chain and traditional 'bricks and mortar' retailers, and increased legislation and regulation. A primary driver is the health and wellness concerns around sugar and artificiality that are continuing to shift consumer preferences towards low-and no-kilojoule products, especially in developed countries.

Amatil seeks to mitigate these risks through working with brand partners to respond to changing trends as well as diversifying its growth options through Amatil's growth ambition as described in the 2021 priorities for each of Amatil's businesses. Amatil also continues to engage with stakeholders to raise awareness of the impacts of additional regulations and find industry-led initiatives to achieve public policy objectives. However, if the Amatil Group fails to drive market growth in established categories and provide the types of products that some of its consumers prefer, this could adversely affect the Amatil Group's business and financial results, share price and/or future dividend payments.

REGULATORY RISK

The regulatory and political environment in all of the Amatil Group's operating jurisdictions continues to add to the complexity of Amatil's business. As a result, the Amatil Group is vulnerable to frequent regulatory interventions, such as taxes on sugar, plastic and other packaging and waste, restrictions on marketing activity, additional mandatory product labelling requirements, evolving and expanding climate change risk disclosures (as further discussed below) and increased entitlements for casual workers. Amatil continues to engage with stakeholders to raise awareness of the impacts of additional regulations and develop initiatives to achieve public policy objectives.

CORPORATE SOCIAL RESPONSIBILITY RISKS

Amatil is committed to making a distinct and positive contribution to the communities and markets in which it operates, through product innovation to meet consumer demand, packaging innovation to reduce waste, environmental initiatives to reduce the Amatil Group's impact, supporting human rights, and supporting diversity and inclusion in the workplace. However, a failure to deliver on Amatil's consumer, investor and community expectations in relation to the social and environmental impacts created by the Amatil Group's activities could result in damage to the Amatil Group's brand, reputation and consumer sentiment.

CLIMATE CHANGE RISK

The global climate is changing and will continue to in ways that affect the planning and day-to-day operations of businesses. The manifestations of climate change that have the potential to impact Coca-Cola Amatil are two-fold:

- Physical consequences relating to the physical changes to climatic conditions
- Transitional consequences relating to the shift to a resilient, low carbon economy through changes in policy, regulation, technology, market and reputation associated with adaptation to a new climate paradigm and decarbonisation of the global economy.

Coca-Cola Amatil recognises the importance of disclosing climate related risks and opportunities in line with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), and will continue to improve its assessment, management and disclosure approach in line with these recommendations.

IMPROVING OUR UNDERSTANDING OF CLIMATE RELATED RISKS AND OPPORTUNITIES:

In 2019 Coca-Cola Amatil completed a third-party, primarily qualitative, climate change risk and opportunity assessment out to 2050. This assessment confirmed that 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).

GOVERNANCE AND RISK MANAGEMENT

In addition to the assessment conducted in 2019, climate change risk assessment is integrated into the enterprise risk assessment processes and reporting, including being part of regular reports to the Risk and Sustainability Committee of the Board on business risks and controls.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

BUSINESS AND SUSTAINABILITY RISKS (CONTINUED)

CLIMATE CHANGE RISK (CONTINUED)

TARGETS AND PLANS

Coca-Cola Amatil has set a target for net zero carbon emissions across the Amatil Group by 2040. This net-zero target covers those emissions under our direct control, being scope 1 & 2 emissions as defined under the Greenhouse Gas Protocol. Coca-Cola Amatil also supports and is included in The Coca-Cola Company's Science-Based Target of 25 per cent reduction by 2030 compared to 2015, which covers value chain scope 1, 2 and 3 emissions.

Coca-Cola Amatil already has management plans in place for most of the identified risks including business continuity frameworks which are tested regularly to reduce the impact of any major disruption. In addition, Coca-Cola Amatil has water stewardship and efficiency strategies, energy efficiency and renewable energy initiatives and strong supplier review processes and relationships. In light of the 2019 assessment Coca-Cola Amatil is working to improve its understanding of its own emissions profile, and that of major suppliers, and developing a comprehensive plan to address the physical and transition risks identified.

FURTHER CLIMATE CHANGE DISCLOSURE

We provide additional disclosures through our annual sustainability reporting, our annual CDP (formerly Carbon Disclosure Project) Climate Change Response, and our annual CDP Water Response.

SUPPLY CHAIN RISK

Disruptions in Amatil's supply chain due to the failure of a key supplier to meet its contractual obligations or obligations under modern slavery laws have the potential to significantly impact the Amatil Group's operations. Supply chain risk is most likely to result from a supplier's inability to perform contractual supply obligations, for example, due to unforeseen circumstances or a labour dispute.

The Amatil Group's management work with stakeholders across the Amatil Group's business to ensure the Amatil Group has the appropriate supply continuity plans in place for key inputs. The Amatil Group is also able to transfer some residual supplier exposure by way of business interruption insurance. Amatil is committed to working with its suppliers to eradicate modern slavery from Amatil's supply chain, and Amatil expects all suppliers to comply with Amatil's Code of Conduct. The Amatil Risk and Sustainability Committee has also approved a Human Rights Policy which outlines the Amatil Board's commitment to supporting human rights.

LITIGATION AND LEGAL DISPUTES RISK

From time to time, the Amatil Group may be party to claims, disputes and legal proceedings. If the Amatil Group is involved in such claims, disputes or legal proceedings, this may disrupt the Amatil Group's business operations, cause the Amatil Group to incur significant legal costs and may divert management's attention away from the day-to-day operations of the business.

MALICIOUS PRODUCT TAMPERING RISK

The Amatil Group is at risk of malicious product tampering or material threat of malicious product tampering which may have an adverse financial impact on the Amatil Group. 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.

To mitigate this risk, Amatil:

- continues to maintain high quality controls throughout its supply chain
- maintains comprehensive product quality audits of suppliers and testing and batch release procedures
- actively manages and investigates customer complaints;
- continues to adopt the latest techniques to improve product security
- continues to proactively manage, monitor and enforce intellectual property breaches.

WORKPLACE HEALTH AND SAFETY RISK

The Amatil Group has a work, health and safety (WHS) framework which is employed across the Amatil Group. While the Amatil Group has historically experienced low injury rates, the risk of serious injury through industrial and traffic accidents remains in all of the Amatil Group's markets due to the nature of the manufacturing and distribution business. Amatil's WHS framework is reviewed on a regular basis by management and audited externally. Additionally, management continues to invest in initiatives to reduce WHS related risks.

BUSINESS INTERRUPTION RISK

A manufacturing shutdown or disruption to business could have a major impact on profit and on the Amatil Group's reputation with both consumers and customers. The Amatil Group seeks to mitigate business interruption risk by ensuring that incident management, crisis response and business continuity frameworks are in place to address events (for example, fire, explosion, civil unrest, terrorist attack or pandemics) that could result in a business disruption. Amatil also has appropriate insurance coverage in place to materially reduce the impact of significant business disruption due to loss or damage to its assets. It also has a proven track record in managing the impact of crises or significant incidents.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

**Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020**

BUSINESS AND SUSTAINABILITY RISKS (CONTINUED)

PRODUCT QUALITY RISK

The risk of product contamination exists for beverages currently made or sold by the Amatil Group and particularly in relation to sensitive beverages. Given the Amatil Group's large beverage production volumes, it seeks to address quality issues through product quality measures, risk management activities and incident management processes, as well as quality assurance programs and audits.

FRAUD RISK

While overall losses have been insignificant across the Amatil Group, fraud activity has the potential to create larger reputational and cultural impacts. Management has zero tolerance to any fraud activity regardless of size and remains vigilant to constantly review frameworks and systems and activities to reduce the risk of fraudulent activity. Bribery and corruption risks exist in all the Amatil Group's markets, and particularly in our developing markets (Indonesia, PNG, and the Pacific Islands). Amatil has a robust framework in place to mitigate the risk of bribery and corruption in all markets and to ensure that payments made to all third parties are transparent.

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 2020.

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.
Ilana Rachel Atlas, AO	42,000	–
Alison Mary Watkins	367,101	1,002,216
Massimo Borghetti, AO	22,494	–
Jorge Garduño Chavero	–	–
Mark Graham Johnson	10,000	–
Paul Dominic O'Sullivan	22,500	–
Krishnakumar Thirumalai	8,100	–
Penelope Ann Winn	18,300	–

1 Consists of 276,136 vested share rights in the 2018-2020 LTIP and 726,080 of unvested share rights in the 2019-2021 and 2020-2022 LTIP which represent the maximum available to vest.

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		Due Diligence Committee ²		Nominations Committee ¹		Other Board/Committee Sub-Committees ³	
	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	Eligible to attend	Attended
Current																
I.R. Atlas, AO	12	12	5	5	5	5	6	6	26	26	3	3	2	2	8	8
A.M. Watkins	12	12	–	–	–	–	–	–	–	–	3	3	–	–	6	6
M. Borghetti, AO	12	12	5	5	–	–	6	6	26	26	–	–	2	2	–	–
J.G. Chavero	12	12	5	5	–	–	–	–	–	–	–	–	–	–	–	–
M.G. Johnson	12	11	5	5	5	5	6	6	26	26	3	3	2	2	6	6
P.D. O'Sullivan	12	11	5	5	5	5	6	6	26	26	–	–	–	–	–	–
K. Thirumalai	12	10	–	–	5	4	6	5	–	–	–	–	–	–	–	–
P.A. Winn	12	12	–	–	5	5	–	–	26	26	3	3	–	–	1	1

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

2 The Due Diligence Committee was established by the Related Party Committee on 3 November 2020 and is responsible for overseeing the preparation of the scheme booklet in relation to the proposal by Coca-Cola European Partners plc to purchase all of the shares of Amatil's Independent Shareholders by way of Scheme of Arrangement. The Due Diligence Committee is comprised of Directors, members of Management and advisors. Director Members of the Due Diligence Committee are I.R. Atlas AO, M.G. Johnson, P.A. Winn and A.M. Watkins.

3 In any given year, the Board or Committees may decide to form Sub-Committees for the consideration of delegated matters such as potential transactions – including acquisitions, evaluation stages of joint ventures or other staged initiatives and approving annual reporting content and other matters.

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

3 INFORMATION ON DIRECTORS

The following information is current as at the date of this report:

ILANA RACHEL ATLAS, AO

Chairman, Non-Executive Director (Independent)

Joined the Board in February 2011: Chairman, Related Party and Nominations Committees; and Member, People, Audit & Finance and Risk & Sustainability Committees.

Skills and experience: Ms Atlas has extensive financial and legal experience and has held executive and non-executive 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 was a partner in law firm Mallesons Stephen Jaques (now known as King & Wood Mallesons). In addition to her practice in corporate law, she held a number of management roles in the firm including Executive Partner, People and Information, and Managing Partner.

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

Other listed company boards in the past 3 years: Director, Australia and New Zealand Banking Group Limited; Director, OneMarket Limited (resigned on 2 December 2019); Former Director, Westfield Corporation Limited (retired on 7 June 2018).

Government and community involvement: Chairman, Jawun Pty Ltd; Director, Paul Ramsay Foundation; Director, Paul Ramsay Holdings; and Panel Member, Adara Partners.

ALISON MARY 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 and community involvement: Director, Centre for Independent Studies and the Business Council of Australia; Council Member, Technology Investment Advisory Council; and Board Member, Reserve Bank of Australia.

MASSIMO BORGHETTI, AO

Non-Executive Director (Independent)

Joined the Board in December 2015: Chairman, People Committee; and Member, Audit & Finance, Related Party and Nominations Committees.

Skills and experience: Mr Borghetti was the Chief Executive Officer (CEO) and Managing Director of the Virgin Australia Airline Group, from 2010 till 2019. He has over 40 years' experience in aviation, which also includes a long career at Qantas.

Other listed company boards in the past 3 years: Managing Director, Virgin Australia Holdings Limited.

Other boards: Director, Alinta Energy Pty Ltd; and Director, Brisbane Airport Corporation Pty Ltd.

Government and community involvement: Director of the Art Gallery of NSW Board of Trustees; and Director, Charlie Teo Foundation.

JORGE GARDUÑO CHAVERO

Non-Executive Director (Nominee of TCCC)

Joined the Board in May 2018: Member, Audit & Finance Committee.

Skills and experience: Mr Garduño is the President and Representative Director of the Japan and South Korea Operating Unit of The Coca-Cola Company.

Since 1992, Mr Garduño has held a range of international leadership roles for The Coca-Cola Company across Latin America, Europe and Asia. These roles included responsibility for Franchise Leadership, Marketing, Key Accounts, Commercial Leadership, Planning and Revenue Growth Management for Coca-Cola de Mexico, and subsequently as General Manager of Coca-Cola Colombia, the General Manager of Coca-Cola Thailand and Laos, then General Manager of Coca-Cola Chile, then President of Coca-Cola Iberia (with responsibility for operations in Spain, Portugal and Andorra), and now as President and Representative Director of the Japan and South Korea Operating Unit of The Coca-Cola Japan Company.

Degrees/qualifications: Bachelor of Arts (Business Administration) and Masters in Management from Tec de Monterrey Mexico; and Masters in Business Management for Executives from the University of Texas, Austin USA.

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

3 INFORMATION ON DIRECTORS (CONTINUED)

MARK GRAHAM JOHNSON

Non-Executive Director (Independent)

Joined the Board in December 2016: Chairman, Audit & Finance Committee; and Member, Risk & Sustainability, People, Related Party and Nominations Committees; and Commissioner, Coca-Cola Bottling Indonesia and Coca-Cola Distribution Indonesia.

Skills and experience: Mr Johnson was CEO and Senior Partner of PricewaterhouseCoopers (PwC) from July 2008 to 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. He is an experienced company director in the listed, private and not-for-profit sectors.

Degrees/qualifications: Bachelor of Commerce (The University of New South Wales); Fellow, Chartered Accountants Australia and New Zealand; Certified Practising Accountant Australia; and Fellow, Australian Institute of Company Directors.

Other listed company boards in the past 3 years: Chairman, G8 Education Limited, Westfield Corporation Limited (retired on 7 June 2018); Director, Goodman Limited; Director, Goodman Funds Management Limited.

Other boards: Director, Aurecon Group Pty Ltd and Corrs Chambers Westgarth.

Government and community involvement: Chairman, Hospitals Contribution Fund of Australia (HCF) and Director, The Smith Family; and Council Member, Council of the University of New South Wales (UNSW Sydney).

PAUL DOMINIC O'SULLIVAN

Non-Executive Director (Independent)

Joined the Board in March 2017: Chairman, Risk & Sustainability Committee, Member, Audit & Finance, People and Related Party Committees.

Skills and experience: Mr O'Sullivan has extensive experience in the telecommunications, banking and oil and 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, one of 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 in the past 3 years: Director, Australia and New Zealand Banking Group Limited; Director, Healthscope Limited (retired on 6 June 2019).

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

Government and community involvement: Director, St George & Sutherland Medical Research Foundation; and Director, St. Vincent's Health Australia.

KRISHNAKUMAR THIRUMALAI

Non-Executive Director (Nominee of TCCC)

Joined the Board in March 2014: Member, Risk & Sustainability and People Committees.

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 sector, handling strategy, sales, marketing and general management. He was the Region Director for the India, Bangladesh, Sri Lanka and Communication and Nepal bottling operations of The Coca-Cola Company until April 2017.

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

Other boards: Chairman, Coca-Cola (India) Pvt. Ltd; and Director, KSL Media Limited.

PENELOPE ANN WINN

Non-Executive Director (Independent)

Joined the Board in December 2019: Member, Risk & Sustainability and Related Party Committees.

Skills and experience: Ms Winn has over 30 years of experience in retail with a focus on supply chain, digital strategy and business transformation in senior management roles in Australia and overseas. These roles included Director Group Retail Services with Woolworths Limited where she was responsible for leading the Logistics and Information Technology divisions, Online Retailing and the Customer Engagement teams across the organisation; Executive Director of Merchandise and Logistics for Myer Limited; and Director of Strategy and Change for ASDA Walmart UK.

Degrees/qualifications: Bachelor of Commerce (Australian National University); MBA (University of Technology, Sydney); and graduate of the Australian Institute of Company Directors

Other listed company boards in the past 3 years: Director, Ampol Limited; Director, CSR Limited; Director, Goodman Limited.

Other boards: Director, Goodman Funds Management Limited.

Government and community involvement: Member, Chief Executive Women; Mentor, Many Rivers Microfinance; Mentor, Kilfinan Foundation; and Director, ANU Foundation.

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 Director – Legal & Corporate Affairs

Joined Coca-Cola Amatil Limited in April 2016 and leads Amatil's legal and governance teams, as well as the public affairs and communications portfolios. She holds a Bachelor of Laws degree from the University of Technology, Sydney and has also completed the Oxford Advanced Management & Leadership Program. She is the Chairman of Paradise Beverages, listed on the Pacific Stock Exchange. She has over 20 years' legal, company secretarial and commercial experience.

RICHARD CONWAY

Deputy Group General Counsel & Group Company Secretary

Joined Coca-Cola Amatil Limited in November 2015 and held a number of legal roles before his role was expanded to include Group Company Secretary in May 2020. He holds Bachelor of Laws (Honours) and Bachelor of Arts degrees from the Australian National University. He has over 15 years' legal, company secretarial and commercial experience.

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 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 (Australia), 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 (Australia). No payment has been made to indemnify Ernst & Young (Australia) during, or since the end of, the financial year.

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

8 DIVIDENDS

	Rate per share ¢	Amount \$M	Date paid or payable
Final fully franked dividend declared on ordinary shares for 2020 (not recognised as a liability in 2020) ¹	18.0	130.3	30 April 2021
<i>Dividends paid on ordinary shares in the financial year:</i>			
Final unfranked dividend paid on ordinary shares for 2019 (not recognised as a liability in 2019)	26.0	188.2	15 April 2020
Interim unfranked dividend for 2020	9.0	65.2	13 October 2020

¹ The Company may need to make changes to the payment date for the final dividend in the event that the expected date for the Scheme Meeting under the Scheme with CCEP is delayed or to ensure that the final dividend is paid before the record date for the Scheme. The Company will notify shareholders of any changes to the payment date for the final dividend by way of an announcement to the ASX.

9 SHARE RIGHTS

Details of movements in share rights during the financial year are included in Note 18 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 manufacturing and distribution activities, recognising that the key areas of environmental impact are water and energy use, the lifecycle of our packaging and litter, and carbon emissions.

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 risk management and 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 as required.

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 ACQUISITION BY COCA-COLA EUROPEAN PARTNERS

On 4 November 2020, we announced that Coca-Cola Amatil had entered into an agreement with Coca-Cola European Partners plc (CCEP) for the acquisition of all of the issued shares held by independent shareholders pursuant to a Scheme of Arrangement (CCEP Scheme of Arrangement or Scheme). Under the agreement, independent shareholders would receive total cash consideration of \$12.75 per share, less any final dividend in respect of the half year ended 31 December 2020 (2H 2020) declared and paid to shareholders before the date of implementation of any Scheme. We also announced that CCEP had entered into a separate agreement to acquire the Amatil shares indirectly held by The Coca-Cola Company, conditional upon implementation of the Scheme (CCEP/TCCC Transaction).

On 15 February 2021, we announced that Amatil had entered into a revised agreement with CCEP that increases the total cash consideration that independent shareholders will receive under the Scheme from \$12.75 per share to \$13.50 cash per share. Consistent with the initial offer, the total cash consideration would be reduced by the cash amount of the final dividend in respect of 2H 2020. CCEP has declared that this is its best and final offer. There were no changes to the CCEP/TCCC Transaction.

Independent shareholders will have the opportunity to vote on the Scheme at the upcoming Amatil Scheme Meeting scheduled to occur in mid-April 2021. A draft scheme booklet containing relevant information on the Scheme is expected to be submitted to ASIC on or before 22 February 2021 and dispatched to independent shareholders in mid-March 2021.

The Amatil Related Party Committee and Group Managing Director, Alison Watkins, unanimously recommend that independent shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of independent shareholders.

Australian Foreign Investment Review Board approval for the Scheme was obtained on 29 January 2021. However, the Scheme remains subject to a number of other conditions including New Zealand Overseas Investment Office approval, Independent shareholder approval and Australian court approval.

13 EVENTS AFTER THE BALANCE DATE

Subsequent to the balance sheet date, other than noted in 12 above, 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.

14 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.

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

15 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 113.

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	\$345.9 thousands
Other services	\$115.9 thousands

DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

REMUNERATION REPORT

MESSAGE FROM THE PEOPLE COMMITTEE CHAIR



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MESSAGE FROM THE PEOPLE COMMITTEE CHAIR

Dear Shareholder

I am pleased to introduce the Amatil Remuneration Report for 2020. This report sets out the remuneration information for KMP Senior Executives and Non-Executive Directors, and describes the Group's remuneration framework.

2020 was a challenging trading environment impacted by bushfires on the east coast of Australia, flooding in Indonesia early in the year and the COVID-19 pandemic through the remainder of the year. Our strong financial position, continued focus on cost reduction and strategic momentum from 2019 positioned the company well to weather the challenges in 2020. However, despite the improving conditions towards the end of 2020, particularly in Australia and New Zealand, the year saw volatility and a decline in volumes and trading revenue in most of our businesses. This has impacted remuneration outcomes for KMP Senior Executives during the year as outlined in this report.

2020 remuneration outcomes

When reviewing 2020 remuneration outcomes for KMP Senior Executives, the Board considered what we set out to achieve at the beginning of 2020, our response to the COVID-19 pandemic, each individual's achievements against their individual scorecard, and our overarching remuneration accountability framework.

Financial targets for 2020 were set before the COVID-19 pandemic began and were not revised during the year.

The New Zealand business was a standout performer continuing momentum from 2019 and was the only business to achieve the financial targets set for 2020.

Short Term Incentive Plan (STIP) outcomes for 2020 range from 30% to 115% of target. These outcomes are significantly lower than those for previous years. The Board have sought to recognise the significant contributions each of the KMP Senior Executives have made to the Group and for you as shareholders, through an incredibly challenging year.

The 2018-2020 Long Term Incentive Plan (LTIP) partially vested (66.7% of maximum) and rewarded our KMP Senior Executives for the successful completion of our transition period, our strong focus on cost control and our positive business momentum, despite the challenges placed on us through the pandemic. The Board considered the impact of the CCEP Scheme of Arrangement (Scheme) on our share price in the later part of 2020 and contribution to the vesting outcome. The Board approved vesting on the basis the LTIP was performing well prior to the Scheme announcement and was expected to vest. Overall, the vesting of the LTIP is aligned to the returns management delivered to shareholders over the period and rewards for the work management delivered which generated the momentum evident in our results.

Looking ahead – the CCEP Scheme of Arrangement

As announced on 4 November 2020, Amatil and CCEP have entered into a Scheme for the acquisition of issued shares held by Independent Shareholders of Amatil. The Scheme remains subject to various conditions, including a vote by Independent Shareholders and Australian court approval. Remuneration arrangements specific to the Scheme will be set out in a separate scheme booklet which is expected to be dispatched to shareholders in mid-March 2021. Necessary changes to Amatil's remuneration approach in connection with the Scheme which apply in the beginning of 2021 are noted in this Remuneration Report.

I invite you to review the Remuneration Report and trust you will find it informative. On behalf of the Board I would like to thank you for your continued support.

A handwritten signature in black ink, appearing to read 'Massimo Borghetti'.

MASSIMO BORGHETTI, AO

Chairman, People Committee
Sydney
18 February 2021

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

CCEP SCHEME OF ARRANGEMENT - REMUNERATION IMPLICATIONS

As announced on 4 November 2020, Coca-Cola Amatil Limited (Amatil, the Company or the Group) and Coca-Cola European Partners have entered into the Scheme for the acquisition of issued shares held by independent shareholders of Amatil. Therefore, the Amatil Board has made necessary changes to Amatil's usual remuneration approach for 2021 in connection with the Scheme to recognise the upcoming vote, and Amatil will be delisted from the Australian Stock Exchange (ASX) if the Scheme is implemented.

The changes to Amatil's remuneration framework as a result of the Scheme are noted below.

KMP SENIOR EXECUTIVE REMUNERATION

- **2020 STIP:** The 2020 STIP for KMP Senior Executives will be paid in cash with no deferred share component. Per our approach in previous years, Amatil would normally defer 40% of the STIP for up to two years. This change was made given the expected timing of the Scheme, subject to various conditions, including the receipt of regulatory approvals, and approval by Independent Shareholders and the Supreme Court of New South Wales.
- **2021-2023 LTIP award and 2021 STIP:** Due to the Scheme, no 2021-2023 LTIP awards will be made to KMP Senior Executives. To reflect that no LTIP will be awarded in 2021, the 2021 STIP will be increased for KMP Senior Executives (excluding the Group Managing Director). The increase will reflect the value of what is fair and reasonable, taking into account the performance period of the 2021 STIP in comparison with the 2021-2023 LTIP. In the event the transaction does not proceed, and depending on timing, the Board may consider alternative arrangements, including reverting to a remuneration approach for 2021 which is similar to previous years.
- **2021 fixed remuneration:** There will be no increases to KMP Senior Executive fixed remuneration for 2021, including the Group Managing Director.

NON-EXECUTIVE DIRECTOR FEES

In accordance with Amatil's constitution and the Scheme Implementation Deed, Amatil Independent Non-Executive Directors, Mr Mark Graham Johnson and Ms Penelope Ann Winn, will each receive a one-off fee equal to \$25,000 plus applicable superannuation for their attendance and participation in the work of a sub-committee in relation to the scheme booklet. The relevant fees are payable upon the draft scheme booklet being lodged with ASIC regardless of whether the Scheme subsequently completes.

1 WHO IS COVERED BY THE REMUNERATION REPORT

This Remuneration Report outlines remuneration strategy, framework and practices of Amatil and its subsidiaries and how these apply to Key Management Personnel (KMP) in accordance with the requirements of the *Corporations Act 2001*. In this report, KMP consist of senior executives (referred to as KMP Senior Executives) and Non-Executive Directors.

For 2020, the KMP are:

Current KMP Senior Executives

A.M. Watkins	Executive Director and Group Managing Director
G.D. Barnes	Group Chief Financial Officer (commenced 1 June 2020)
K. Gunduz	Managing Director, Indonesia & Papua New Guinea
C.J. Litchfield	Managing Director, Pacific
P. West	Managing Director, Australia

Former KMP Senior Executive

M.J. Roberts	Group Chief Financial Officer (ceased employment on 17 April 2020)
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Current Non-Executive Directors

I.R. Atlas, AO	Chairman
M. Borghetti, AO	Non-Executive Director
J.G. Chavero	Non-Executive Director
M.G. Johnson	Non-Executive Director
P.D. O'Sullivan	Non-Executive Director
K. Thirumalai	Non-Executive Director
P.A. Winn	Non-Executive Director

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

2 2020 REMUNERATION AT A GLANCE

OUR STRATEGY AND PRINCIPLES

Our KMP Senior Executive remuneration is designed to support and reinforce the Group's purpose, values, strategy and our long-term approach to creating value for shareholders and for society.



PROVIDE COMPETITIVE REMUNERATION AND BENEFITS



ENSURE SIGNIFICANT PROPORTION OF REMUNERATION AT RISK



REINFORCE AN OWNERSHIP MINDSET

HOW WE SET REMUNERATION

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

Experience, competence and performance in the role

Competitive market pressures

Relevant market data

Desired focus on fixed versus at-risk remuneration

Internal equity with peer roles

OUR FRAMEWORK

VARIABLE (AT RISK)

Fixed remuneration	STIP	LTIP
Market competitive fixed remuneration which reflects both the external market and the skills and experience of the individual.	The STIP rewards KMP Senior Executives for achieving annual business and individual performance targets.	The LTIP is an equity incentive plan used to align the reward of executives to the returns generated for shareholders.
Consists of cash salary and superannuation contributions.	As a result of the proposed Scheme of Arrangement with CCEP, the 2020 STIP will be paid fully in cash.	Rights, with vesting subject to performance over a three-year period.
<ul style="list-style-type: none"> Set 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. 	<ul style="list-style-type: none"> Target opportunity of 80% (for the Group Managing Director) and 60% (other KMP Senior Executives) of fixed remuneration. Maximum opportunity is 150% of target Subject to three performance components: profit (50%), revenue (20%) and individual objectives (30%). 	<ul style="list-style-type: none"> Maximum face value allocation of 160% (for the Group Managing Director) and 80% (for other KMP Senior Executives) of fixed remuneration Subject to three equally weighted performance conditions: absolute Total Shareholder Return (TSR), relative TSR and absolute EPS.

MINIMUM SHAREHOLDING REQUIREMENT

The Group Managing Director must hold shares equal to 100% of fixed remuneration, and other KMP Senior Executives 50% of fixed remuneration. A five-year time frame is permitted to attain this holding.

REMUNERATION MIX

■ Fixed remuneration ■ Target STIP ■ LTIP (maximum face value)

GROUP MANAGING DIRECTOR	30%	23%	47%
OTHER KMP SENIOR EXECUTIVES	42%	25%	33%

A SIGNIFICANT PORTION OF REMUNERATION IS AT RISK

The Board actively reviews our remuneration framework and incentive outcomes, and retains discretion to make necessary adjustments to ensure remuneration and incentive outcomes are appropriate and aligned to the shareholder experience.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

2 2020 REMUNERATION AT A GLANCE (CONTINUED)

2020 REMUNERATION OUTCOMES

Group Managing Director		Other KMP Senior Executives	
0% Fixed remuneration increase in 2020	30% STIP as % of target	2% to 9% Fixed remuneration increase in 2020 (range)	30% to 115% STIP as % of target (range)
LTIP vesting (for performance period from 1 January 2018 to 31 December 2020)			
100% Amatil absolute TSR performance	100% Amatil relative TSR performance	0% Amatil absolute EPS growth	66.7% Vesting of 2018-2020 LTIP

When reviewing 2020 remuneration outcomes for KMP Senior Executives, the Board considered what we set out to achieve at the beginning of 2020, our response to the COVID-19 pandemic, each individual's achievements against their individual scorecard, and our overarching remuneration accountability framework. Additionally, the Board considered the guidelines released by ASIC on executive variable pay for 2020. For 2020, The Board exercised discretion in accordance with our usual process for the STIP and increased the calculated 2020 STIP outcome for Greg Barnes to reflect the significant personal and professional contribution to the Scheme. This was the only exercise of Board discretion in relation to incentive outcomes in 2020 for KMP Senior Executives.

GROUP FIVE YEAR FINANCIAL PERFORMANCE

The table below provides an overview of the Group's short and long-term performance outcomes over the last five financial years:

Financial year end 31 December	2016	2017	2018	2019	2020
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (before non-trading items) (\$M)	417.9	416.2	388.3 ¹	393.9 ¹	340.3
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (\$M)	246.1	445.2	279.0	374.4	179.9
EPS (before non-trading items) (¢)	54.7	55.9	53.6 ¹	54.4 ¹	47.0
EPS (¢)	32.2	59.8	38.5	51.7	24.8
Dividends per share (¢)	46.0	47.0	47.0	47.0 ²	27.0
Closing share price (\$) as at 31 December	10.12	8.51	8.19	11.06	12.93

1 Excluding the profit after tax attributable to SPC (treated as a discontinued operation in 2019 totaling \$6.2 million (2018: loss of \$122.5 million)).

2 Excluding the 4c interim special dividend.

The tables opposite and below show the link between Amatil's financial performance over the past five financial years (including the 2020 financial year) and KMP Senior Executive remuneration outcomes.

Financial performance and remuneration outcomes reflect the transition period for the Group over the years up to 2019, with the pleasing return to growth at the end of 2019. 2020 has been significantly impacted by the COVID-19 pandemic, and is reflected in 2020 STIP outcomes.

KMP SENIOR EXECUTIVE HISTORIC REMUNERATION OUTCOMES

The table below provides a summary of remuneration outcomes for KMP Senior Executives over the last five financial years:

	2016	2017	2018	2019	2020
Group Managing Director STIP outcome (% of target)	100.5%	72.6%	33.0%	109.5%	30.0%
Other KMP Senior Executives STIP outcome (% of target) – range	57.0 – 150.0%	60.5 – 136.5%	28.0 – 135.0%	100.7 – 146.3%	30.0% - 114.9%
LTIP vesting outcome (% vesting of maximum)	0.0%	22.3%	0.0%	22.1%	66.7%

ADJUSTMENTS TO UNVESTED STIP SHARES OR LTIP AWARDS

Each year, the People Committee considers whether any events have occurred (or become apparent) during the year that merit an increase and/or reduction to unvested STIP shares or LTIP awards. Applying Amatil's remuneration accountability framework, the Committee considered the 2020 calendar year and determined that no such adjustment was required for KMP Senior Executives.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

3 2020 PERFORMANCE ASSESSMENT

2020 was a challenging trading environment impacted by bushfires on the east coast of Australia and flooding in Indonesia early in the year, followed by the COVID-19 pandemic through the remainder of the year. Amatil's strong financial position, continued focus on cost reduction and strategic momentum from 2019 set us up well to weather the challenges in 2020. Financial targets were approved by the Board before the COVID-19 pandemic began and were not revised during the year.

- **2020 STIP:** The impact of the COVID-19 pandemic is evident in STIP outcomes for 2020. The negative impact on profit, revenue and volumes within the year for each business has led to STIP outcomes significantly lower than previous years. The New Zealand business was the standout performer achieving profit and revenue targets which were set at the beginning of the year and this is reflected in the STIP outcome for the Managing Director, Pacific.
- **2018 - 2020 LTIP:** The LTIP achieved partial vesting (66.7% of maximum) and rewarded our KMP Senior Executives for the successful completion of our transition period over the last three years, our strong focus on cost control and our positive business momentum, despite the challenges placed on us through the COVID-19 pandemic in 2020. The impact of the CCEP Scheme of Arrangement on the LTIP was considered. However, the Board approved vesting given the LTIP was performing well prior to the announcement and was expected to vest, and the reward to executives is aligned to the returns generated for shareholders.

2020 STIP

Profit (50%)	Revenue (20%)	Individual objectives (30%)
<p>Profit for the purposes of the STIP is measured as profit on an ongoing basis¹. This is to support a primary focus on ongoing trading performance. This was a change for 2020 and was communicated in our 2019 Remuneration Report.</p> <p>With the exception of the New Zealand business, profit performance for the Group and the remaining businesses was below the targets set by the Board at the outset of the year and did not result in a payment under the STIP.</p> <p>The New Zealand business achieved above target profit performance which is an outstanding result and is reflected in the outcome for the Managing Director, Pacific.</p> <p>No adjustments were made to profit results for incentive purposes for 2020.</p>	<p>Revenue is included in the STIP to reflect the importance of the Group and businesses in delivering sustainable revenue growth.</p> <p>With the exception of the New Zealand business, revenue performance for the Group and the remaining businesses was below the targets set by the Board at the outset of the year and did not result in a payment under the STIP.</p> <p>The New Zealand business achieved stretch revenue performance reflecting increases in revenue compared to 2019, despite the challenging trading conditions presented by the COVID-19 pandemic. The strong revenue performance for New Zealand is reflected in the outcome for the Managing Director, Pacific.</p>	<p>Each year Amatil reviews KMP Senior Executive performance anchoring on the individual objectives set and approved by the People Committee at the start of the year.</p> <p>As 2020 turned out to be a very different year than expected, a reset of focus was needed, and further judgement and consideration of individual performance was necessary when assessing full-year performance. The People Committee has sought to recognise the significant contributions made by KMP Senior Executives in responding to the COVID-19 pandemic, leading the business in challenging times and maintaining Amatil's strong financial position.</p>

1 Being net profit after tax attributable to shareholders of Coca-Cola Amatil Limited for continuing operations and before non-trading items.

2018-2020 LTIP

The performance period for the 2018-2020 LTIP commenced on 1 January 2018 and concluded on 31 December 2020.

Performance was assessed at the end of the 2020 calendar year and as a result of performance over the period, there was partial vesting.

Performance measure	Target	Stretch	Weight	Performance achieved
Absolute TSR	8%	12%	1/3	100% vesting (19.4% CAGR)
Relative TSR	51 st percentile	75 th percentile	1/3	100% vesting (81.25 th percentile)
Absolute EPS	EPS growth 2019 vs 2020	5%	8%	Nil vesting (52.0%) EPS growth 2019 vs 2020
	Average EPS over 3 years	Must exceed business plan EPS target of 2.4%		(17.8%) 3-year average

EPS for the 2018-2020 LTIP is measured with a primary focus on our statutory EPS result. The People Committee considered the result and no adjustments were made to EPS used to calculate LTIP outcomes.

For the purposes of the 2018-2020 LTIP, EPS was calculated as follows:

Period	Start EPS	End EPS	%
2018 vs 2017	59.8¢	38.5¢	(35.6%)
2019 vs 2018	38.5¢	51.7¢	34.3%
2020 vs 2019	51.7¢	24.8¢	(52.0%)
3 year average			(17.8%)

The 2018-2020 LTIP applies our historic approach of calculating EPS (i.e. statutory EPS and a simple average). As communicated last year, this methodology was changed for the 2020-2022 LTIP.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

4 2020 KMP SENIOR EXECUTIVE REMUNERATION OUTCOMES

The following section sets out the value of the remuneration received by current KMP Senior Executives during the year, along with performance commentary. The figures in the charts below differ from those outlined in the statutory table later in Section 8 mainly because the statutory table includes an apportioned accounting value for all unvested LTIP grants (which remain subject to the satisfaction of performance and service conditions and may not ultimately vest).

The values disclosed in the charts, while not in accordance with the accounting standards, are intended to help shareholders better understand the linkages between performance and the remuneration realised by the KMP Senior Executives in relation to 2020. The actual remuneration received for 2020 includes the following:

- **Fixed remuneration** relates to base salary plus superannuation
- **Benefits** relates to leave accruals, non-monetary benefits (product allowance, insurance premiums provided through the Amatil superannuation plan and annual health check) and other benefits such as car allowance and club membership (Mr Litchfield) and a recreation allowance and expatriate benefits (Mr Gunduz)
- **Cash STIP** relates to the 2020 STIP (which is payable in March 2021)
- **Vested deferred STIP** relates to vesting of the share component of the STIP from prior year incentives. The value represents the post-tax amount used to purchase Amatil shares
- **Vested LTIP** relates to the 2018-2020 LTIP which partially vested in relation to the absolute TSR and relative TSR measures (valued as at 31 December 2020). Vested share rights will be converted into shares at the next trading window. In any event, including if there is no share trading window, the Board retains discretion to settle share rights as cash equivalent per the LTIP plan rules
- **Employee Share Plan** relates to the MyAmatil Employee Share Plan (ESP) matching shares that vested during 2020 (value represents the amount used to purchase Amatil shares).

ALISON WATKINS GROUP MANAGING DIRECTOR

ACTUAL REMUNERATION RECEIVED FOR 2020 (\$000)



2020 STIP OUTCOME

MEASURE AND COMMENTARY	WEIGHTING	PERFORMANCE ASSESSMENT			% OF STIP TARGET
		THRESHOLD 50%	TARGET 100%	STRETCH 150%	
PROFIT					
Group EBIT	25%	● \$654.6m	\$670.0m	\$685.4m	0%
		\$550.7m			
Group NPAT	25%	● \$403.8m	\$413.7m	\$423.6m	0%
		\$340.3m			
REVENUE					
Group revenue	20%	● \$5,186.3m	\$5,302.0m	\$5,359.9m	0%
		\$4,762.1m			
INDIVIDUAL OBJECTIVES					
Individual objectives <i>Strengthen our focus on long-term value creation</i>	30%	<ul style="list-style-type: none"> Adapted quickly to COVID uncertainty with tight financial management and pleasing outcomes on cashflow and profitability Implemented essential cost savings across the Group, simultaneously strengthening diversity Substantially achieved all 2020 sustainability goals with commitment to stretching 2025-2040 goals. 			100%
<i>Create value for our brand partners and customers</i>		<ul style="list-style-type: none"> Market share gains across all markets despite challenging conditions Improved value delivery and ways of working with major brand partners Strong focus on supporting customers contributing to impressive recovery following removal of restrictions. 			
<i>Create value for our people</i>		<ul style="list-style-type: none"> Highly effective COVID crisis response and communications Improved safety metrics, step up on cyber maturity rating Improvements in engagement across the Group, with positive indicators for safety and communications. 			
STIP OUTCOME (% OF TARGET)					30%

2020 SHAREHOLDINGS (\$000s)

MINIMUM SHAREHOLDING REQUIREMENT (AS AT 31 DECEMBER 2020)	UNVESTED LTIP (MAXIMUM FACE VALUE AT GRANT)	UNVESTED STIP DEFERRAL	VESTED LTIP AND STIP DEFERRAL
ACTUAL: 4,747	2020-2022 LTIP 3,500	2019 STIP deferral (tranche 2) 203	2018-2020 LTIP 3,570
TARGET: 2,200	2019-2021 LTIP 3,500		2018 STIP deferral (tranche 2) 62
			2019 STIP deferral (tranche 1) 203
Meets requirement			Total value 3,835

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES REMUNERATION REPORT (CONTINUED)

4 2020 KMP SENIOR EXECUTIVE REMUNERATION OUTCOMES (CONTINUED)

GREG BARNES GROUP CHIEF FINANCIAL OFFICER (COMMENCED 1 JUNE 2020)

ACTUAL REMUNERATION RECEIVED FOR 2020 (\$000)



2020 STIP OUTCOME

PROFIT (50%)	REVENUE (20%)	INDIVIDUAL OBJECTIVES (30%)
Group: Below threshold	Group: Below threshold	<ul style="list-style-type: none"> Leadership in driving essential cost savings Integral role in proposed Scheme of Arrangement with CCEP Effective investor and analyst communications.

Board discretion

The Board sought to exercise discretion to increase the calculated 2020 STIP outcome for Greg to reflect the significant personal and professional contribution to the proposed Scheme of Arrangement with CCEP.

STIP OUTCOME (% OF TARGET)

50%

2020 SHAREHOLDINGS (\$000s)

MINIMUM SHAREHOLDING REQUIREMENT (AS AT 31 DECEMBER 2020)	UNVESTED LTIP (MAXIMUM FACE VALUE AT GRANT)	UNVESTED STIP DEFERRAL AND ESP	VESTED LTIP, STIP DEFERRAL AND ESP
ACTUAL: Nil	2020-2022 LTIP 680	Greg Barnes commenced on 1 June 2020 and has no unvested STIP deferral or ESP	Greg Barnes commenced on 1 June 2020 and has not received any vested LTIP, STIP deferral or ESP
TARGET: 425			
Compliance required by 1 June 2025			

KADIR GUNDUZ MANAGING DIRECTOR, INDONESIA & PAPUA NEW GUINEA

ACTUAL REMUNERATION RECEIVED FOR 2020 (\$000)



2020 STIP OUTCOME

PROFIT (50%)	REVENUE (20%)	INDIVIDUAL OBJECTIVES (30%)
Group: Below threshold Indonesia & PNG: Below threshold	Indonesia: Below threshold PNG: Below threshold	<ul style="list-style-type: none"> Outstanding COVID crisis management Financial delivery under adverse conditions Gains in priority markets.

STIP OUTCOME (% OF TARGET)

30%

2020 SHAREHOLDINGS (\$000s)

MINIMUM SHAREHOLDING REQUIREMENT (AS AT 31 DECEMBER 2020)	UNVESTED LTIP (MAXIMUM FACE VALUE AT GRANT)	UNVESTED STIP DEFERRAL AND ESP	VESTED LTIP, STIP DEFERRAL AND ESP
ACTUAL: 1,890	2020-2022 LTIP 667	2019 STIP deferral (tranche 2) 78	2018-2020 LTIP 589
TARGET: 361	2019-2021 LTIP 617	ESP 47	2018 STIP deferral (tranche 2) 18
Meets requirement			2019 STIP deferral (tranche 1) 78
			ESP 21
			Total value 706

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

4 2020 KMP SENIOR EXECUTIVE REMUNERATION OUTCOMES (CONTINUED)

CHRIS LITCHFIELD MANAGING DIRECTOR, PACIFIC

ACTUAL REMUNERATION RECEIVED FOR 2020 (\$000)



ACTUAL REMUNERATION



2020 STIP OUTCOME

PROFIT (50%)	REVENUE (20%)	INDIVIDUAL OBJECTIVES (30%)
Group: Below threshold NZ: Above target Pacific: Below threshold	NZ: At stretch	<ul style="list-style-type: none"> NZ volume and revenue growth delivery in 2020 Customer achievements Market leading levels of engagement.

STIP OUTCOME (% OF TARGET) 115%

2020 SHAREHOLDINGS (\$000s)

MINIMUM SHAREHOLDING REQUIREMENT (AS AT 31 DECEMBER 2020)	UNVESTED LTIP (MAXIMUM FACE VALUE AT GRANT)	UNVESTED STIP DEFERRAL AND ESP	VESTED LTIP, STIP DEFERRAL AND ESP
ACTUAL: 1,815	2020-2022 LTIP 595	2019 STIP deferral (tranche 2) 80	2018-2020 LTIP 503
TARGET: 363	2019-2021 LTIP 543	ESP 37	2018 STIP deferral (tranche 2) 70
			2019 STIP deferral (tranche 1) 80
			ESP 15
Meets requirement			Total value 668

PETER WEST MANAGING DIRECTOR, AUSTRALIA

ACTUAL REMUNERATION RECEIVED FOR 2020 (\$000)



ACTUAL REMUNERATION



2020 STIP OUTCOME

PROFIT (50%)	REVENUE (20%)	INDIVIDUAL OBJECTIVES (30%)
Group: Below threshold Australia: Below threshold	Australia: Below threshold	<ul style="list-style-type: none"> Outstanding COVID crisis management Leadership in driving organisation change Quality of brand partner relationships.

STIP OUTCOME (% OF TARGET) 36%

2020 SHAREHOLDINGS (\$000s)

MINIMUM SHAREHOLDING REQUIREMENT (AS AT 31 DECEMBER 2020)	UNVESTED LTIP (MAXIMUM FACE VALUE AT GRANT)	UNVESTED STIP DEFERRAL AND ESP	VESTED LTIP, STIP DEFERRAL AND ESP
ACTUAL: 1,185	2020-2022 LTIP 994	2019 STIP deferral (tranche 2) 74	2018-2020 LTIP 939
TARGET: 621	2019-2021 LTIP 920	ESP 37	2018 STIP deferral (tranche 2) 26
			2019 STIP deferral (tranche 1) 74
			ESP 20
Meets requirement			Total value 1,059

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

5 2020 KMP SENIOR EXECUTIVE REMUNERATION FRAMEWORK

2020 STIP

The table below outlines key features of the 2020 STIP for KMP Senior Executives:

Purpose	The STIP is an annual incentive plan which seeks to incentivise strong performance from KMP Senior Executives. Awards under the STIP are based on performance for the year from 1 January 2020 to 31 December 2020.								
Opportunity		Target STIP	Maximum STIP (150% of target)						
	Group Managing Director	80% of fixed remuneration	120% of fixed remuneration						
	Other KMP Senior Executives	60% of fixed remuneration	90% of fixed remuneration						
Performance measures and weightings	The 2020 plan has three performance components as follows:								
	Measure	Weighting	Rationale and application						
	Profit^{1,2}	50%	To reflect the importance of delivering to the expectations of our shareholders, profit and revenue are used together in the STIP. The intention is to ensure an appropriate focus on sustainable revenue growth, which is also profitable.						
	Revenue (Measured as trading revenue)	20%	The performance of the Group Managing Director and the Group Chief Financial Officer is measured on the Group results, whereas the managing directors of individual businesses are assessed predominantly on the performance of their businesses, with only a small portion assessed against the Group result. A threshold, target and stretch are set for Group and each business based on the business plan and the degree of difficulty the People Committee and management believe is inherent in the targets. Each individual business therefore has a different threshold and stretch.						
	Individual business objectives	30%	This component is based on the achievement of objectives set at the beginning of the year. Each objective details a specific goal, and the related tasks and measures of success. They can include further financial metrics 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.						
	<p>1 For Group: Measured as NPAT and EBIT for the year attributable to shareholders of Coca-Cola Amatil Limited for continuing operations and before non-trading items. 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 performance of the businesses (as better represented by the EBIT result).</p> <p>2 For each business: measured as EBIT.</p> <p>In addition to assessing financial performance and individual business objectives, the People Committee considers the remuneration accountability framework, any 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).</p>								
Calculation of awards	STIP awards are calculated as follows:								
	<div style="border: 1px solid black; padding: 5px; width: 150px; margin: 0 auto;"> Profit (50% of STIP) Assessed 0% to 150% of target </div>	+	<div style="border: 1px solid black; padding: 5px; width: 150px; margin: 0 auto;"> Revenue (20% of STIP) Assessed 0% to 150% of target </div>	+	<div style="border: 1px solid black; padding: 5px; width: 150px; margin: 0 auto;"> Individual objectives (30% of STIP) Assessed 0% to 150% of target </div>	x	<div style="border: 1px solid black; padding: 5px; width: 150px; margin: 0 auto;"> Target STIP opportunity \$ </div>	=	<div style="border: 1px solid black; padding: 5px; width: 150px; margin: 0 auto;"> STIP award \$ </div>
Deferral	<p>As a result of the proposed CCEP Scheme of Arrangement and as outlined earlier in this report, the 2020 STIP will be paid in cash.</p> <p>The typical approach that would have applied is 60% of the post-tax award is paid as cash and 40% is delivered in Coca-Cola Amatil Limited shares. Half of the shares are subject to a one-year holding period and half are subject to a two-year holding period.</p>								
	2020	2021	2022						
	<div style="background-color: #f4a460; width: 100%; height: 15px; margin-bottom: 5px;"></div> One-year performance period	<div style="background-color: #f4a460; width: 100%; height: 15px; margin-bottom: 5px;"></div> 60% paid as cash <div style="background-color: #f4a460; width: 100%; height: 15px; margin-bottom: 5px;"></div> 20% shares restricted for one year <div style="background-color: #f4a460; width: 100%; height: 15px; margin-bottom: 5px;"></div> 20% shares restricted for two years	<div style="background-color: #f4a460; width: 100%; height: 15px; margin-bottom: 5px;"></div> Vesting <div style="background-color: #f4a460; width: 100%; height: 15px; margin-bottom: 5px;"></div> Vesting						
	<p>The shares are purchased on market and held irrespective of whether the KMP Senior Executive is employed by the Group during this period. The individual receives dividends and voting rights on the shares during this time. The shares are released to the individual at the end of the holding period.</p> <p>If an individual is terminated for cause prior to the release date of the shares, the shares are forfeited.</p>								
Board discretion	The Board has the discretion to reduce the STIP outcome and/or the number of unvested STIP shares (including to zero), if it judges such an action appropriate. With the deferred STIP shares, the Board considers the application of malus before any scheduled release of unvested shares.								

DIRECTORS' REPORT (CONTINUED)

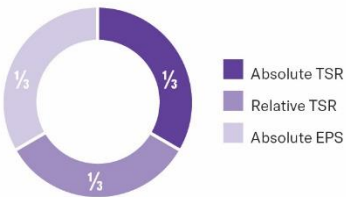
COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

5 2020 KMP SENIOR EXECUTIVE REMUNERATION FRAMEWORK (CONTINUED)

2020-2022 LTIP

The table below outlines key features of the 2020-2022 LTIP for KMP Senior Executives:

Purpose	The LTIP is an equity incentive plan used to align the reward of KMP Senior Executives to the returns generated for Coca-Cola Amatil Limited shareholders.
Participants	KMP Senior Executives.
Opportunity	The maximum face value for the Group Managing Director is 160% of fixed remuneration, and 80% for other KMP Senior Executives.
Type of award	Rights – each right entitles the participant to receive one Coca-Cola Amatil Limited share (or cash equivalent at the Board's discretion), subject to meeting performance conditions. There are no dividend entitlements or voting rights attached to the rights awarded. The entitlement to receive dividends and voting rights only applies if the rights vest and shares are acquired.
Allocation approach	<p>The maximum number of rights granted is determined on a face value basis as follows:</p> $\boxed{\text{Fixed remuneration at the time of grant \$}} \times \boxed{\text{Maximum award opportunity \%}} \div \boxed{\text{Share price \$ (no discount applied)}} = \boxed{\text{Number of rights granted}}$ <p>The share price used is the volume weighted average share price of Coca-Cola Amatil Limited shares over the 30 days preceding the beginning of the performance period. To achieve vesting of the maximum number of rights, each of the performance conditions must be met in full at their stretch levels of performance.</p>
Performance period	Three years from 1 January 2020 to 31 December 2022. There is no retesting of performance if performance conditions are not met at the end of the three-year performance period.
Board discretion	The Board has the discretion to reduce the number of unvested LTIP rights (including to zero), where appropriate. The Board considers the application of malus before any scheduled release of unvested LTIP rights.
Cessation of 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>Unless the Board determines otherwise, if a participant ceases employment before the end of the performance period for any other reason:</p> <ul style="list-style-type: none"> rights will be pro-rated to the date of cessation and tested against the performance conditions at the end of the performance period if more than one-third of the performance period has elapsed, or all rights will lapse immediately if less than one-third of the performance period has elapsed. <p>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 LTIP grants will not apply.</p>
Change of control	In the event of a change of control prior to the end of the performance period, the Board has retained discretion to determine the level of vesting of any unvested LTIP awards.
What are the performance conditions and why were they chosen?	<p>The performance measures have been changed for the 2020-2022 LTIP grant, and include absolute TSR, relative TSR and absolute EPS (reintroduced for the 2020-2022 LTIP).</p> <p>The three performance measures are each assessed independently as one-third of the award.</p> <p>The performance conditions, targets and vesting schedules are reviewed each year prior to grants being made, to ensure they align with Group strategy and the interests of shareholders.</p> <div style="display: flex; align-items: center;">  <div style="margin-left: 20px;"> <ul style="list-style-type: none"> Absolute TSR Relative TSR Absolute EPS </div> </div> <p>Reason for selection</p> <p>The use of both measures of absolute and relative TSR rewards for both absolute and relative shareholder value creation, and the Board believes that the two measures complement each other. The absolute measure has the key benefit of providing executives with a clear known level of shareholder return to attain through delivering on the business strategy and generating share price growth and dividends for shareholders. The relative measure provides a direct link between the reward earned and the shareholder return achieved relative to Amatil's ASX peers. EPS has been reintroduced as a performance measure with targets aligned to our Shareholder Value Proposition.</p>

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

5 2020 KMP SENIOR EXECUTIVE REMUNERATION FRAMEWORK (CONTINUED)

LTIP performance conditions											
Absolute TSR	<p><i>Absolute TSR is the percentage increase in a company's share price plus reinvested dividends during the performance period. TSR therefore reflects the increase in value delivered to shareholders over the period.</i></p> <p>Approach</p> <p>The Group's 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.</p> <p>Vesting framework</p> <table border="1"><thead><tr><th>TSR – CAGR</th><th>Vesting %</th></tr></thead><tbody><tr><td>Less than 8%</td><td>Nil</td></tr><tr><td>8%</td><td>50%</td></tr><tr><td>Between 8% and 12%</td><td>Pro-rata vesting on a straight-line basis between 50% and 100%</td></tr><tr><td>12% and above</td><td>100%</td></tr></tbody></table> <p>Calculation of results</p> <p>TSR outcomes are calculated by an independent provider, Orient Capital.</p>	TSR – CAGR	Vesting %	Less than 8%	Nil	8%	50%	Between 8% and 12%	Pro-rata vesting on a straight-line basis between 50% and 100%	12% and above	100%
TSR – CAGR	Vesting %										
Less than 8%	Nil										
8%	50%										
Between 8% and 12%	Pro-rata vesting on a straight-line basis between 50% and 100%										
12% and above	100%										
Relative TSR	<p><i>Relative TSR reflects Amatil's TSR performance relative to the TSR performance of a group of selected peers.</i></p> <p>Approach</p> <p>The Group's Relative TSR is measured over the performance period and assessed against the TSR of the comparator group over the same period. Coca-Cola Amatil Limited is then given a percentile ranking based on its comparative TSR performance. The comparator group comprises the ASX 100 (less financial 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>Vesting framework</p> <table border="1"><thead><tr><th>Peer group ranking</th><th>Vesting %</th></tr></thead><tbody><tr><td>Less than 51st percentile</td><td>Nil</td></tr><tr><td>51st percentile</td><td>50%</td></tr><tr><td>Between 51st and 75th percentile</td><td>Pro-rata vesting on a straight-line basis between 50% and 100%</td></tr><tr><td>75th percentile and above</td><td>100%</td></tr></tbody></table> <p>Calculation of results</p> <p>TSR outcomes are calculated by an independent provider, Orient Capital.</p>	Peer group ranking	Vesting %	Less than 51 st percentile	Nil	51 st percentile	50%	Between 51 st and 75 th percentile	Pro-rata vesting on a straight-line basis between 50% and 100%	75 th percentile and above	100%
Peer group ranking	Vesting %										
Less than 51 st percentile	Nil										
51 st percentile	50%										
Between 51 st and 75 th percentile	Pro-rata vesting on a straight-line basis between 50% and 100%										
75 th percentile and above	100%										
Absolute EPS	<p>Approach</p> <p>Profit for the purposes of EPS will be measured based on net profit after tax attributable to shareholders of Coca-Cola Amatil Limited for continuing operations and before non-trading items. This was effective for the 2020-2022 LTIP grant.</p> <p>This will support a primary focus on underlying trading performance. The Board will consider any one-off items that occur that impact EPS and, where appropriate, hold executives accountable with appropriate disclosure to shareholders.</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"><p>In response to shareholder feedback, the EPS performance measure uses a CAGR target which is assessed at the end of the three-year performance period. This contrasts with our historic approach to EPS for LTIP purposes where a simple average was used.</p></div> <p>Vesting framework</p> <table border="1"><thead><tr><th>EPS – CAGR</th><th>Vesting %</th></tr></thead><tbody><tr><td>Less than 5%</td><td>Nil</td></tr><tr><td>5%</td><td>50%</td></tr><tr><td>Between 5% and 8%</td><td>Pro-rata vesting on a straight-line basis between 50% and 100%</td></tr><tr><td>8% and above</td><td>100%</td></tr></tbody></table>	EPS – CAGR	Vesting %	Less than 5%	Nil	5%	50%	Between 5% and 8%	Pro-rata vesting on a straight-line basis between 50% and 100%	8% and above	100%
EPS – CAGR	Vesting %										
Less than 5%	Nil										
5%	50%										
Between 5% and 8%	Pro-rata vesting on a straight-line basis between 50% and 100%										
8% and above	100%										

DIRECTORS' REPORT (CONTINUED)

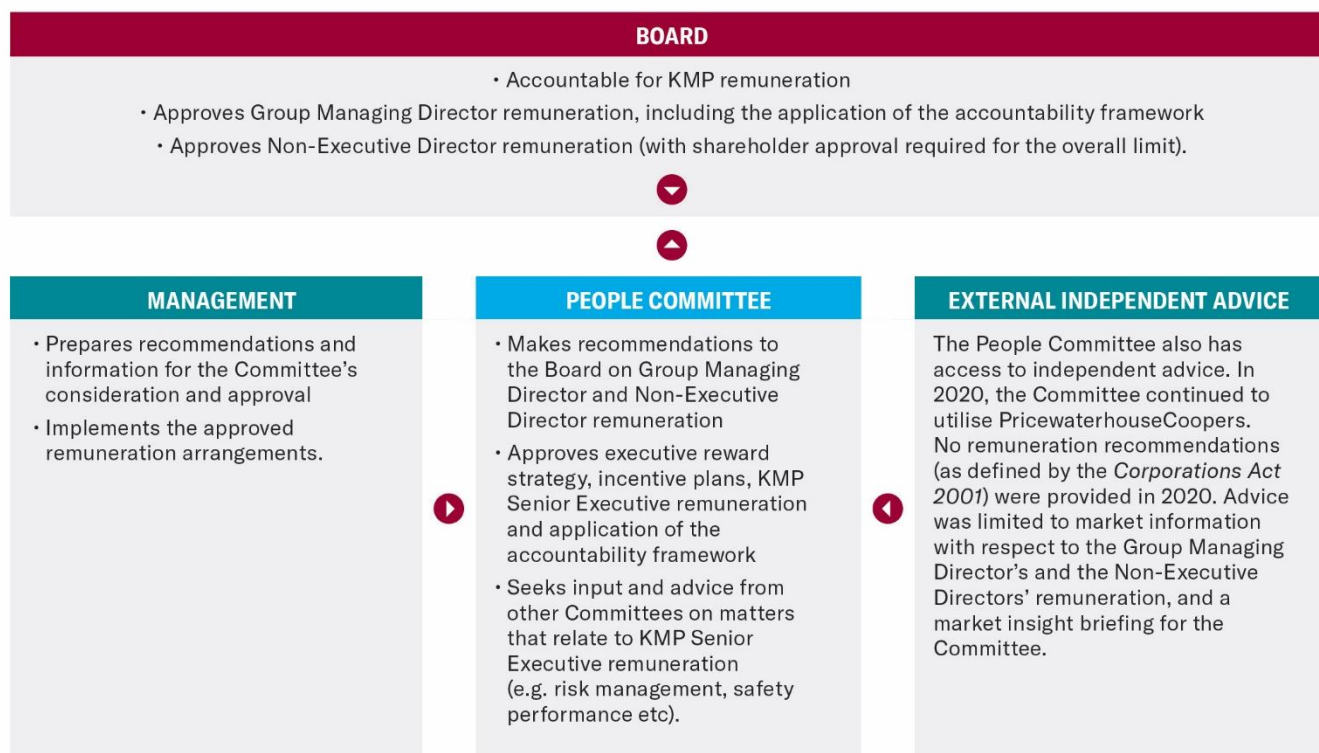
COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

6 REMUNERATION GOVERNANCE

ROLES IN DETERMINING REMUNERATION

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



REMUNERATION ACCOUNTABILITY FRAMEWORK

In determining remuneration outcomes for KMP Senior Executives, the Board considers not only the financial and individual performance outcomes, but also the way in which that performance was delivered using an accountability framework. This framework:

- describes the types of incidents that need to be identified and reported (e.g. safety, financial misstatements, breaches of codes of conduct, poor audit findings, and breaches of post-employment restraints)
- explicitly outlines the consequences of different performance outcomes (e.g. no remuneration review, reduced STIP outcomes, or applying malus to unvested STIP shares or LTIP awards)
- considers each event on a case-by-case basis, recording precedents, ensuring consistency and reflecting both negative and positive outcomes
- typically reserves that decisions will be made at year end regarding the totality of the individual's contribution throughout the year
- notes that in serious cases consequences may extend beyond the consideration of remuneration alone (e.g. an individual may be required to leave Coca-Cola Amatil Limited).

The accountability framework is considered each year when assessing KMP Senior Executive performance. The Group Managing Director reviews and makes recommendations on the application of the framework for their direct reports. These recommendations are then considered and approved by the People Committee. For the Group Managing Director, the People Committee considers the application of the accountability framework and makes recommendations to the Board for approval.

PREVENTING UNINTENDED CONSEQUENCES

The reward framework has design elements that protect against the risk of unintended and unjustifiable outcomes. These include:

- measuring incentive plans across a suite of relevant performance measures, and not placing too much emphasis on one specific aspect of performance
- assessing performance through the types of objectives set, the deferred component of the STIP and the time periods over which performance is measured: one year for the STIP, and three years for the LTIP
- the STIP deferred shares and LTIP awards, which continue in the plan beyond cessation of employment (subject to the reason for ceasing employment) and ensure a focus on long-term shareholder value creation
- a minimum shareholding requirement for KMP Senior Executives to ensure their incentives align with shareholder interests
- the Board's ability to adjust STIP outcomes and reduce unvested STIP deferred shares, as well as unvested LTIP awards. These provisions are drafted broadly to provide the Board scope to exercise this authority as required.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES REMUNERATION REPORT (CONTINUED)

7 NON-EXECUTIVE DIRECTOR ARRANGEMENTS

FEE POLICY AND MINIMUM SHAREHOLDING REQUIREMENT

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

Based on market information received from external remuneration consultants (via the People Committee), Directors fees are set and approved by the Board. Setting the fees considers the size and complexity of the Group's operations, the Directors' associated workload and their responsibility for the stewardship of Amatil.

The only change made to Non-Executive Director fees during 2020 was to reduce the Indonesia Board of Commissioners fee from \$25,000 to \$15,000 in May 2020.

The fees are paid within a maximum director fee limit of \$2.8 million per annum, which was approved at the 2016 Annual General Meeting. This is a maximum limit and current fees fall below this limit.

Directors' fees	The annual Directors' fees (excluding superannuation contributions) payable to Non-Executive Directors for the year ended 31 December 2020 were as follows:		
		Chairman fee	Member fee
		\$	\$
	Board	490,000	169,100
	Audit & Finance Committee	35,000	17,500
	Risk & Sustainability Committee	35,000	17,500
People Committee	35,000	17,500	
Indonesia Board of Commissioners	Nil	15,000	
	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.		
	In accordance with Amatil's constitution and the Scheme Implementation Deed, Amatil Independent Non-Executive Directors, Mr Mark Graham Johnson and Ms Penelope Ann Winn, will each receive a one-off fee equal to \$25,000 plus applicable superannuation for their attendance and participation in the work of a sub-committee in relation to the scheme booklet. The relevant fees are payable upon the draft scheme booklet being lodged with ASIC regardless of whether the Scheme subsequently completes.		
Director shareholding requirement	Non-Executive Directors are required to hold an amount equivalent to: <ul style="list-style-type: none">• 50% of the pre-tax Director base fee within three years of appointment• 100% of the pre-tax Director base fee within five years of appointment. The requirement does not apply to the Coca-Cola Company nominee directors given the significant shareholding held by TCCC, and their role as representatives of the Coca-Cola Company. From time to time, Non-Executive Directors may be restricted from trading in Coca-Cola Amatil Limited shares given their access to confidential or price sensitive insider information which is not complete or disclosable under the ASX Listing Rules. This may impact their ability to meet the minimum shareholding requirement within the five-year time frame. As a result, this time frame may be extended at the Board's discretion. As at 31 December 2020, all Non-Executive Directors were compliant with the minimum shareholding requirement.		
Superannuation contributions	In addition to Director fees, Amatil makes superannuation contributions up to the amount required by the Superannuation Guarantee legislation. If an exemption applies (such as that introduced by the recent changes to Superannuation Guarantee legislation impacting Non-Executive Directors on multiple boards), superannuation contributions will instead be made as cash with the Director's fees.		
Other benefits	Non-Executive Directors can access the staff sampling program that provides employees with a limited amount of company products for personal consumption.		

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

7 NON-EXECUTIVE DIRECTOR ARRANGEMENTS (CONTINUED)

STATUTORY REMUNERATION

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 year:

	Year	Short-term		Post-employment	Total
		Base fees	Committee fees	Superannuation	
		\$	\$	\$	\$
Non-Executive Directors					
I.R. Atlas, AO	2020	490,000	–	21,348	511,348
	2019	490,000	–	20,726	510,726
M. Borghetti, AO	2020	181,139	56,238	5,251	242,628
	2019	169,100	52,501	20,767	242,368
J.G. Chavero	2020	169,100	17,500	17,727	204,327
	2019	169,100	35,000	19,389	223,489
M.G. Johnson	2020	169,100	88,458	21,348	278,906
	2019	169,100	78,001	20,767	267,868
P.D. O'Sullivan	2020	169,100	70,000	21,349	260,449
	2019	169,100	57,065	20,482	246,647
K. Thirumalai	2020	169,100	35,000	19,389	223,489
	2019	169,100	35,000	19,389	223,489
P.A. Winn	2020	169,100	17,500	17,727	204,327
Commenced 2 December 2019	2019	14,092	1,458	1,477	17,027
Former Non-Executive Directors					
C.M. Brenner Retired on 15 May 2019	2019	63,106	19,593	7,726	90,425
J.A. Coates Resigned on 29 November 2019	2019	155,008	16,042	16,250	187,300
Total Non-Executive Directors	2020	1,516,639	284,696	124,139	1,925,474
	2019	1,567,706	294,660	146,973	2,009,339

SHAREHOLDINGS

	Opening balance ¹	Movements	Closing balance
Non-Executive Directors			
I.R. Atlas, AO	42,000	-	42,000
M. Borghetti, AO	15,994	6,500	22,494
J.G. Chavero	-	-	-
M.G. Johnson	10,000	-	10,000
P.D. O'Sullivan	22,500	-	22,500
K. Thirumalai ²	8,100	-	8,100
P.A. Winn	-	18,300	18,300

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 Shares held in the form of American Depositary Receipts.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

8 STATUTORY DISCLOSURES

TOTAL REMUNERATION REPORTED IN 2020 – 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. Amounts are calculated from the date the individual commenced in the KMP position or up to the date the individual ceased to hold the KMP position.

	Year	Fixed					At risk – performance related				Total remuneration	
		Short-term		Non-monetary benefits ¹	Other benefits ¹	Post-employment Super-annuation	Short-term		Share-based payments		One-off equity award ³	Performance related
		Salary	Leave accrual				STIP	LTIP ²	ESP matching shares			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	%	
KMP Senior Executives												
A.M. Watkins Executive Director and Group Managing Director	2020	2,178,652	38,918	13,218	1,128	21,348	525,000	1,110,952	–	–	3,889,216	42
	2019	2,179,234	123,619	10,201	–	20,767	1,916,250	1,232,567	–	–	5,482,638	57
G.D. Barnes (commenced 1 June 2020) Group Chief Financial Officer	2020	483,236	24,510	2,755	–	16,098	148,750	63,388	–	–	738,737	29
K. Gunduz Managing Director, Indonesia & Papua New Guinea	2020	724,075	–	443,641	299,195	21,348	135,759	198,524	21,805	–	1,844,347	18
	2019	768,765	–	566,219	318,767	20,767	548,330	211,127	23,063	–	2,457,038	31
C.J. Litchfield Managing Director, Pacific	2020	620,282	–	9,849	52,766	66,340	503,090	176,323	18,608	–	1,447,258	47
	2019	582,741	4,225	714	52,603	49,533	593,326	183,804	16,466	–	1,483,412	52
P. West Managing Director, Australia	2020	1,205,319	6,120	7,502	–	21,348	268,272	298,882	–	–	1,807,443	31
	2019	1,129,234	34,596	6,765	–	20,767	694,830	349,065	33,877	695,625	2,964,759	35
Former KMP Senior Executive												
M.J. Roberts (ceased 17 April 2020) Group Chief Financial Officer	2020	341,757	–	1,623	–	9,533	–	(400,978) ⁴	–	–	(48,065)	–
	2019	915,572	16,918	6,335	–	20,767	640,455	263,791	11,448	–	1,875,286	48
Total KMP Senior Executives	2020	5,553,321	69,548	478,588	353,089	156,015	1,580,871	1,447,091	40,413	–	9,678,936	
	2019	5,575,546	179,358	590,234	371,370	132,601	4,393,191	2,240,354	84,854	695,625	14,263,133	

1 Benefits are:

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

2 Represents the estimated fair value of Coca-Cola Amatil Limited shares offered in the LTIP. For the absolute TSR and relative TSR components it is calculated by multiplying the maximum number of rights by the fair value of the shares at grant date and amortised over the performance period. The EPS component is based on the target number of rights that may vest. Where actual EPS 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.

3 A one-off equity grant to Mr West vesting on 21 February 2020 was made as a sign-on award to replace a portion of an incentive at his previous employer which was forfeited when commencing employment with the Group. Further details are disclosed in our 2019 Annual Report (page 98).

4 This represents the reversal of pre-expensed amounts related to LTIP share rights granted to Mr Roberts which lapsed on resignation.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES REMUNERATION REPORT (CONTINUED)

8 STATUTORY DISCLOSURES (CONTINUED)

CONTRACTUAL ARRANGEMENTS

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 in 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
G.D. Barnes	6	Not applicable	6
K. Gunduz	3	Notice plus one month per year of service (capped at 12 months)	6
C.J. Litchfield	3	Notice plus one month per year of service (capped at 12 months)	6
P. West	6	Not applicable	6

THE REMUNERATION EARNED AND LAPSED FOR KMP SENIOR EXECUTIVES

	Plan	Actual % of target	Actual % of maximum	Forfeited % of maximum
A.M. Watkins	2020 STIP	30.0	20.0	80.0
	2018-2020 LTIP	133.3	66.7	33.3
G.D. Barnes (commenced 1 June 2020)	2020 STIP	50.0	33.3	66.7
K. Gunduz	2020 STIP	30.0	20.0	80.0
	2018-2020 LTIP	133.3	66.7	33.3
C.J. Litchfield	2020 STIP	114.9	76.6	23.4
	2018-2020 LTIP	133.3	66.7	33.3
P. West	2020 STIP	36.0	24.0	76.0
	2018-2020 LTIP	133.3	66.7	33.3
M.J. Roberts	2020 STIP	–	–	100
(ceased 17 April 2020)	2018-2020 LTIP	–	–	100

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

8 STATUTORY DISCLOSURES (CONTINUED)

KMP SENIOR EXECUTIVES SHAREHOLDINGS

As noted earlier, to ensure alignment with shareholders, a minimum shareholding requirement applies. Subject to any share trading restrictions that may impact the attainment of these thresholds within the guideline's time frames, the Group Managing Director is required to hold an amount equivalent to 100% of fixed remuneration. Other KMP Senior Executives are required to hold 50% of fixed remuneration in Coca-Cola Amatil Limited shares. A five-year time frame is permitted to attain this holding.

The table below shows the movements in shareholdings for KMP Senior Executives during 2020. These include:

- **Purchased and vested shares:** either purchased on market or received through a Coca-Cola Amatil Limited share plan and no longer subject to any restrictions
- **STIP shares:** purchased as part of a STIP award that have not yet completed their holding period and remain subject to forfeiture in specific circumstances
- **ESP:** purchased and matching shares that have not yet completed their holding period and remain subject to forfeiture in specific circumstances. The ESP is open to all full and part-time employees of the Group on a voluntary basis with each participant able to contribute up to 3% per year of base salary to purchase shares. KMP Senior Executives are restricted to making contributions to the ESP only during a trading window and must comply with the Policy on Trading in Coca-Cola Amatil Securities. For every share acquired, a matching share is acquired, which under normal circumstances vests to the employee after a period of two years. There are no performance conditions.

		Opening balance	Purchased, vested or granted ¹	Transfers/ others	Closing balance
KMP Senior Executives²					
A.M. Watkins	Purchased and vested shares	327,881	276,136	23,352	627,369
	STIP shares	7,483	31,737	(23,352)	15,868
		335,364	307,873	-	643,237
K. Gunduz	Purchased and vested shares	121,148	45,560	8,966	175,674
	STIP shares	2,221	12,259	(8,351)	6,129
	Employee Share Plan shares	9,414	5,168	(4,632)	9,950
	132,783	62,987	(4,017)	191,753	
C.J. Litchfield	Purchased and vested shares	112,122	38,912	14,331	165,365
	STIP shares	8,536	12,544	(14,808)	6,272
	Employee Share Plan shares	7,052	4,036	(3,422)	7,666
	127,710	55,492	(3,899)	179,303	
P. West	Purchased and vested shares	3,305	72,584	74,974	150,863
	STIP shares	3,304	11,508	(9,058)	5,754
	Employee Share Plan shares	11,354	506	(4,248)	7,612
	17,963	84,598	61,668	164,229	
Former KMP Senior Executive					
M.J. Roberts (ceased 17 April 2020)	Purchased and vested shares	59,110	-	(59,110)	-
	STIP shares	2,584	10,607	(13,191)	-
	Employee Share Plan shares	9,222	-	(9,222)	-
	70,916	10,607	(81,523)	-	

¹ Includes the purchase of shares, shares granted under various employee ownership plans and share rights which have vested under 2018-2020 LTIP and which will be converted into shares at the next share trading window. The Board retains discretion to settle share rights as a cash equivalent per the LTIP plan rules. During 2020, no KMP Senior Executives participated in the Dividend Reinvestment Plan.

² Greg Barnes is not included in the table above as he commenced on 1 June 2020 and did not receive any purchased or vested shares through a Coca-Cola Amatil Limited share plan or participate in the ESP during 2020.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

8 STATUTORY DISCLOSURES (CONTINUED)

SHARE RIGHTS HELD BY KMP SENIOR EXECUTIVES UNDER THE LTIP

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
			Opening balance	Granted	Vested	Lapsed	
KMP Senior Executives							
A.M. Watkins	2018-2020 ²	16 May 2018	414,204	-	(276,136)	(138,068)	-
	2019-2021	3 June 2019	414,692	-	-	-	414,692
	2020-2022	12 June 2020	-	311,388	-	-	311,388
			828,896	311,388	(276,136)	(138,068)	726,080
G.D. Barnes	2020-2022	12 June 2020	-	60,498	-	-	60,498
(commenced 1 June 2020)			-	60,498	-	-	60,498
K. Gunduz	2018-2020 ²	16 May 2018	68,338	-	(45,560)	(22,778)	-
	2019-2021	3 June 2019	72,684	-	-	-	72,684
	2020-2022	12 June 2020	-	58,232	-	-	58,232
			141,022	58,232	(45,560)	(22,778)	130,916
C.J. Litchfield	2018-2020 ²	16 May 2018	58,370	-	(38,912)	(19,458)	-
	2019-2021	3 June 2019	63,980	-	-	-	63,980
	2020-2022	12 June 2020	-	52,769	-	-	52,769
			122,350	52,769	(38,912)	(19,458)	116,749
P. West ³	2018-2020 ²	16 May 2018	108,874	-	(72,584)	(36,290)	-
	2019-2021	3 June 2019	109,004	-	-	-	109,004
	2020-2022	12 June 2020	-	88,399	-	-	88,399
			217,878	88,399	(72,584)	(36,290)	197,403
Former KMP Senior Executive							
M.J. Roberts	2018-2020	16 May 2018	88,646	-	-	(88,646)	-
(ceased 17 April 2020)	2019-2021	3 June 2019	88,752	-	-	(88,752)	-
			177,398	-	-	(177,398)	-

1 Numbers are quoted based on maximum potential vesting.

2 Share rights have vested under 2018-2020 LTIP and will be converted into shares at the next share trading window. The Board retains discretion to settle share rights as a cash equivalent per the LTIP plan rules.

3 Mr. West's 2018-2020 opening balance has been restated to reflect the maximum potential value.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

8 STATUTORY DISCLOSURES (CONTINUED)

SHARE RIGHTS HELD BY KMP SENIOR EXECUTIVES UNDER THE LTIP (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				Maximum total value of grant yet to vest ¹
	Year granted	% vested	% forfeited	Financial years in which rights may vest	
KMP Senior Executives					
A.M. Watkins	2020	–	–	2022	934,856
	2019	–	–	2021	1,564,771
	2018	66.67	33.33	2020	-
G.D. Barnes	2020	–	–	2022	181,628
(commenced 1 June 2020)					
K. Gunduz	2020	–	–	2022	174,825
	2019	–	–	2021	274,261
	2018	66.67	33.33	2020	-
C.J. Litchfield	2020	–	–	2022	158,424
	2019	–	–	2021	241,418
	2018	66.67	33.33	2020	-
P. West	2020	–	–	2022	265,393
	2019	–	–	2021	411,308
	2018	66.67	33.33	2020	-
Former KMP Senior Executive					
M.J. Roberts	2019	–	100	2021	-
(ceased 17 April 2020)					
	2018	–	100	2020	-

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 at 31 December 2020.

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

	2020-2022 plan – granted	2018-2020 plan – vested/lapsed	
	Maximum	At date vested	At date lapsed ²
	\$	\$	\$
KMP Senior Executives			
A.M. Watkins	1,401,765	1,093,499	1,086,595
G.D. Barnes (commenced 1 June 2020)	272,342	–	–
K. Gunduz	262,141	180,416	179,270
C.J. Litchfield	237,548	154,093	153,128
P. West	397,943	287,431	285,609
Former KMP Senior Executive			
M.J Roberts (ceased 17 April 2020)	–	–	–

1 All values are calculated in accordance with AASB 2 Share-based Payment. 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.

DIRECTORS' REPORT (CONTINUED)

COCA-COLA AMATIL LIMITED AND ITS SUBSIDIARIES

REMUNERATION REPORT (CONTINUED)

8 STATUTORY DISCLOSURES (CONTINUED)

FAIR VALUE ASSUMPTIONS

The table below summarises the key terms of grants to KMP Senior Executives that have vested or lapsed during the year and that remain unvested as at 31 December 2020:

Grant date	Vesting/expiry date	Performance measure	Fair value at grant date per share right ¹ \$	Performance achieved ²
16 May 2018	31 December 2020	Absolute TSR	3.02	100%
		Relative TSR	4.90	100%
		Absolute EPS	7.87	0%
3 June 2019	31 December 2021	Absolute TSR	3.95	To be determined
		Relative TSR	7.37	To be determined
12 June 2020	31 December 2022	Absolute TSR	1.25	To be determined
		Relative TSR	4.11	To be determined
		Absolute EPS	8.15	To be determined

1 Fair values vary due to differing grant and vesting dates.

2 The rewards received under the LTIP are dependent on long-term performance; the 2019 and 2020 grants are still to be tested. The percentage of grants that will vest will be determined based upon the Group's performance at the end of each performance period.

Loans to KMP and other transactions of KMP and their personally related entities

Neither Coca-Cola Amatil Limited nor its subsidiaries have loans with KMP or were 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, AO
Chairman
Sydney
18 February 2021



Alison M. Watkins
Group Managing Director
Sydney
18 February 2021

FINANCIAL REPORT

Coca-Cola Amatil Limited and its subsidiaries
for the year ended 31 December 2020

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DIRECTORS’ DECLARATION

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CONSOLIDATED INCOME STATEMENT

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

	Note	2020 \$M	2019 \$M
Continuing operations			
Trading revenue	2	4,762.1	5,070.6
Cost of goods sold		(2,862.1)	(2,974.7)
Delivery		(221.4)	(235.9)
Gross profit		1,678.6	1,860.0
Other revenue	2	38.6	41.5
Expenses			
Selling ¹		(593.3)	(623.8)
Warehousing and distribution		(174.7)	(177.1)
Support services and other ^{1,2}		(669.5)	(503.7)
	3	(1,437.5)	(1,304.6)
Share of profit from equity accounted investments		0.3	1.9
Earnings before interest and tax		280.0	598.8
Net finance costs			
Finance income		32.6	41.6
Finance costs	3	(94.7)	(107.3)
		(62.1)	(65.7)
Profit before income tax		217.9	533.1
Income tax expense ²	11a	(72.9)	(149.3)
Profit from continuing operations		145.0	383.8
Discontinued operation			
Profit from discontinued operation, net of tax	12d	–	6.2
Profit for the year		145.0	390.0
Attributable to:			
Shareholders of Coca-Cola Amatil Limited		179.9	374.4
Non-controlling interests		(34.9)	15.6
Profit for the year		145.0	390.0
Basic and diluted earnings per share attributable to shareholders of Coca-Cola Amatil Limited			
		¢	¢
Group	5	24.8	51.7
Continuing operations	5	24.8	50.9

1 The prior period financial information was restated to increase support services and other by \$53.4 million from \$450.3 million to \$503.7 million and reduce selling expenses by \$53.4 million from \$677.2 million to \$623.8 million. The restatement was performed to confirm with the current period presentation.

2 Includes amounts classified as non-trading items. Refer to Notes 3b and 11a for further details.

Notes appearing on pages 62 to 107 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

	2020 \$M	2019 \$M
Profit for the year	145.0	390.0
Other comprehensive (loss)/income		
Items to be reclassified to the income statement in subsequent periods:		
Foreign exchange differences on translation of foreign operations	(173.3)	67.1
Cash flow hedges	(29.6)	(7.1)
Income tax effect relating to cash flow hedges	9.4	2.7
Other reserve movements	(17.6)	1.4
Income tax effect relating to other reserve movements	1.8	(0.3)
	(209.3)	63.8
Items not to be reclassified to the income statement in subsequent periods:		
Actuarial valuation reserve	(10.8)	(0.3)
Income tax effect	2.8	0.1
	(8.0)	(0.2)
Changes in fair value of investments	(0.4)	-
	(8.4)	(0.2)
Other comprehensive (loss)/income	(217.7)	63.6
Total comprehensive (loss)/income for the year	(72.7)	453.6
Attributable to:		
Shareholders of Coca-Cola Amatil Limited	(2.1)	417.9
Non-controlling interests	(70.6)	35.7
Total comprehensive (loss)/income for the year	(72.7)	453.6
Total comprehensive (loss)/income for the year, attributable to shareholders of Coca-Cola Amatil Limited arising from:		
Continuing operations	(2.1)	411.7
Discontinued operation	-	6.2
	(2.1)	417.9

Notes appearing on pages 62 to 107 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

	Attributable to shareholders of Coca-Cola Amatil Limited					Non-controlling interests \$M	Total equity \$M	
	Note	Share capital \$M	Treasury shares \$M	Reserves \$M	Accumulated losses \$M			Total \$M
At 1 January 2020		1,920.1	(13.0)	373.5	(718.8)	1,561.8	390.4	1,952.2
Total comprehensive (loss)/income for the year		–	–	(182.0)	179.9	(2.1)	(70.6)	(72.7)
Transactions with shareholders:								
Share-based remuneration		–	0.3	2.2	–	2.5	–	2.5
Dividends paid	4	–	–	–	(253.4)	(253.4)	(0.4)	(253.8)
		–	0.3	2.2	(253.4)	(250.9)	(0.4)	(251.3)
At 31 December 2020		1,920.1	(12.7)	193.7	(792.3)	1,308.8	319.4	1,628.2
At 1 January 2019		1,920.1	(12.6)	323.4	(723.0)	1,507.9	355.1	1,863.0
Total comprehensive income for the year		–	–	43.5	374.4	417.9	35.7	453.6
Disposal of discontinued operation		–	–	1.0	(1.0)	–	–	–
Transactions with shareholders:								
Share-based remuneration		–	(0.4)	5.6	–	5.2	–	5.2
Dividends paid	4	–	–	–	(369.2)	(369.2)	(0.4)	(369.6)
		–	(0.4)	6.6	(370.2)	(364.0)	(0.4)	(364.4)
At 31 December 2019		1,920.1	(13.0)	373.5	(718.8)	1,561.8	390.4	1,952.2

Notes appearing on pages 62 to 107 to be read as part of the financial statements.

CONSOLIDATED BALANCE SHEET

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

	Note	2020 \$M	2019 \$M
Current assets			
Cash assets	14a	1,018.0	856.0
Trade and other receivables	6a	963.9	1,047.1
Inventories	6b	575.5	646.4
Other financial assets at amortised cost	14	37.1	83.0
Derivatives	14d	21.8	27.0
Current tax assets	11b	10.3	39.5
Prepayments		86.1	74.1
Other financial assets	14c	30.3	–
Assets held for sale		–	1.1
Total current assets		2,743.0	2,774.2
Non-current assets			
Property, plant and equipment	7	1,518.9	1,825.7
Right of use assets	8a	431.5	462.9
Intangible assets	9	1,208.4	1,262.7
Investments	12a	61.2	66.5
Defined benefit superannuation plans	12b	6.9	14.4
Derivatives	14d	115.0	129.3
Other receivables		1.0	9.0
Prepayments		18.4	25.4
Deferred tax assets	11b	8.1	–
Loans receivable interest bearing	14	11.8	8.8
Total non-current assets		3,381.2	3,804.7
Total assets		6,124.2	6,578.9
Current liabilities			
Trade and other payables	6c	1,295.0	1,246.0
Borrowings	14b	335.6	306.6
Other financial liabilities	14c	81.2	90.3
Lease liabilities	14	72.6	72.6
Employee benefits provisions	12c	81.5	109.7
Current tax liabilities	11b	33.1	21.2
Derivatives	14d	65.3	21.3
Total current liabilities		1,964.3	1,867.7
Non-current liabilities			
Borrowings	14b	1,692.8	1,872.1
Lease liabilities	14	426.9	457.2
Employee benefits provisions	12c	11.1	12.1
Deferred tax liabilities	11b	231.0	308.4
Defined benefit superannuation plans	12b	47.8	46.2
Derivatives	14d	122.1	63.0
Total non-current liabilities		2,531.7	2,759.0
Total liabilities		4,496.0	4,626.7
Net assets		1,628.2	1,952.2
Equity			
Share capital	13	1,920.1	1,920.1
Treasury shares	13	(12.7)	(13.0)
Reserves	13	193.7	373.5
Accumulated losses		(792.3)	(718.8)
Equity attributable to shareholders of Coca-Cola Amatil Limited		1,308.8	1,561.8
Non-controlling interests	24	319.4	390.4
Total equity		1,628.2	1,952.2

Notes appearing on pages 62 to 107 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	2020 \$M	2019 \$M
Inflows/(outflows)			
Operating cash flows			
Receipts from customers		5,754.3	6,199.5
Payments to suppliers and employees ¹		(4,759.2)	(5,374.1)
Interest income received		32.4	42.3
Interest and other finance costs paid		(104.6)	(100.1)
Income taxes paid		(83.3)	(99.9)
Net operating cash flows	14a	839.6	667.7
Investing cash flows			
Payments for:			
– additions of property, plant and equipment		(179.6)	(204.3)
– additions of software development assets	9	(29.1)	(29.2)
– additions of other intangible assets	9	(1.1)	(1.3)
– investments		(8.2)	(5.2)
Proceeds from:			
– disposal of property, plant and equipment ²		6.5	33.7
– disposal of business	12d	–	39.6
– other financial assets at amortised cost		45.6	33.3
– dividends received from associate		0.2	0.2
– return of investment in associate		0.9	–
– disposal of investment in associate		5.2	–
Net investing cash flows		(159.6)	(133.2)
Financing cash flows			
Proceeds from borrowings and other financial liabilities		170.5	153.8
Borrowings repaid		(390.0)	(429.2)
Dividends paid	4	(253.4)	(369.2)
Dividend paid to non-controlling interests		(0.4)	(0.4)
Loans provided to container deposit scheme coordinators		(3.0)	(2.3)
Net financing cash flows	14a	(476.3)	(647.3)
Net increase/(decrease) in cash and cash equivalents		203.7	(112.8)
Cash and cash equivalents held at the beginning of the year		854.4	935.4
Effects of exchange rate changes on cash and cash equivalents		(42.1)	31.8
Cash and cash equivalents held at the end of the year	14a	1,016.0	854.4

1 Includes \$28.1 million (2019: \$39.0 million) of cash outflows relating to non-trading items of the respective period.

2 Includes \$3.4 million (2019: \$27.6 million) of cash inflows relating to non-trading items of the respective period.

Notes appearing on pages 62 to 107 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. The Company's registered office is located at Level 13, 40 Mount Street, North Sydney, NSW 2060. 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 Group, we 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 18 February 2021.

BASIS OF PREPARATION

This general purpose financial report:

- is 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 16)
- 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 period.
- presents all values as rounded to the nearest hundred thousand dollars under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless stated otherwise.

NEW ACCOUNTING STANDARDS FOR 2020

AASB 2019-3 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – INTEREST RATE BENCHMARK REFORM

The Group has adopted AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform. This standard applies to annual reporting periods beginning on or after 1 January 2020 and the financial impact of the application of this standard is not material to the period ended 31 December 2020 financial statements.

This amendment provides temporary relief from applying specific hedge accounting requirements to hedge relationships directly affected by the Inter-bank offered rates (IBORs) reform. This relief has the effect that IBOR reform should not generally cause hedge accounting to terminate.

Group's borrowing and hedging derivative portfolio is primarily set at fixed interest rates and is exposed to Bank Bill Swap benchmark rates. There are presently no hedge relationships that are linked to IBOR. The extent of the risk exposure for the Group would be the indirect impact of mark-to-market valuations on its debt related derivatives portfolio. The Group has commenced a project to incorporate new interest rate benchmark curves on its valuation models.

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 9
- impairment testing of goodwill and indefinite life intangible assets, refer to Note 10
- income tax, refer to Note 11
- accruals 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 the Australian Dollar. 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 into Australian Dollars 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, Pacific (previously New Zealand & Fiji), and Indonesia & Papua New Guinea segments manufacture, distribute, market and sell sparkling beverages, other non-alcohol beverages, alcohol and coffee products. The Corporate & Services segment includes other non-individually reportable businesses and comprises of the corporate office function for the Group, management of key property assets of Australia and New Zealand and the provision of certain support services to the Group and third-party customer businesses. The majority of the Group's revenues are recognised at the point in time at which products are delivered to the customer.

Starting from 1 January 2020 and reflecting a decision to manage all beverage categories in line with geographic responsibilities, the former Alcohol & Coffee segment has been integrated into each of our geographic segments – Australia, Pacific and Indonesia & Papua New Guinea. Accordingly, 2019 comparative segment information has been re-presented in accordance with the amended reporting basis for the new segments outlined above.

The Group's financial statements are affected by seasonality depending on the timing of certain festivities in the different countries within which the Group 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 financial performance within the financial year.

Segment revenue is evaluated with reference to trading revenue. Segment results are evaluated on an earnings before interest, tax and non-trading items basis. Segment net assets include Net assets – Operating and Investing amounts (which excludes net debt). Net debt comprises cash assets, other financial assets at amortised cost, interest bearing receivables, borrowings, debt related derivative assets and liabilities and other financial and lease 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.

SEGMENT INFORMATION

	Australia		Pacific		Indonesia & Papua New Guinea		Corporate & Services		Total	
	2020 \$M	2019 \$M (restated)	2020 \$M	2019 \$M (restated)	2020 \$M	2019 \$M (restated)	2020 \$M	2019 \$M	2020 \$M	2019 \$M
Continuing operations										
Segment revenue	2,936.9	3,044.6	812.7	809.2	955.5	1,165.4	57.0	51.4	4,762.1	5,070.6
EBITDA before non-trading items ¹	502.3	549.9	181.0	179.8	147.6	195.8	68.0	61.9	898.9	987.4
Depreciation and amortisation expenses	(139.7)	(125.0)	(50.5)	(48.1)	(86.3)	(99.5)	(71.7)	(75.5)	(348.2)	(348.1)
Segment results	362.6	424.9	130.5	131.7	61.3	96.3	(3.7)	(13.6)	550.7	639.3
Non-trading items ²									(270.7)	(40.5)
EBIT¹									280.0	598.8
Other segment information										
Segment net assets	1,584.6	1,790.3	504.9	568.5	621.3	861.9	379.5	483.0	3,090.3	3,703.7
Net debt ³									(1,462.1)	(1,751.5)
Net assets									1,628.2	1,952.2
Segment additions to non-current assets⁴	63.0	112.7	37.4	48.7	85.0	81.3	49.0	67.7	234.4	310.4

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

2 Refer to Note 3b for further details.

3 Refer to Note 14 for further details.

4 Comprises additions to investments, right of use assets, property, plant and equipment and intangible assets.

GEOGRAPHICAL INFORMATION

	Trading revenue ¹		Non-current assets ²	
	2020 \$M	2019 \$M	2020 \$M	2019 \$M
Continuing operations				
Australia	2,993.9	3,096.0	2,062.2	2,180.6
Pacific	812.7	809.3	597.6	637.4
Indonesia & Papua New Guinea	955.5	1,165.3	560.2	799.8
	4,762.1	5,070.6	3,220.0	3,617.8

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

2 Comprises of property, plant and equipment, right of use assets, intangible assets and investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS (CONTINUED)

2 REVENUE

	2020 \$M	2019 \$M
Trading revenue from continuing operations		
Sale of products	4,701.9	5,012.8
Rental of equipment and service fees	60.2	57.8
	4,762.1	5,070.6
Other revenue from continuing operations		
Rendering of services ¹	17.5	17.8
<i>Miscellaneous income</i>		
Sale of scrap materials	7.2	7.9
Sale of beverage ancillaries	1.6	0.2
Mining royalty income	1.7	5.0
Property rental income	2.4	2.5
Sundry income	8.2	8.1
	21.1	23.7
	38.6	41.5
	4,800.7	5,112.1

¹ Includes equipment servicing and contract beverage manufacturing income.

The Group earned 36.5% (2019: 33.7%) of its trading revenue from continuing operations from its top three customers mainly in Australia, being Woolworths Limited, Coles Group Limited and Metcash Limited.

RECOGNITION AND MEASUREMENT

Sale of products

The Group sells a range of beverage products to wholesale, retail and consumer customers. A sale is recognised when control of the product has transferred, being when the product is delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the product has been shipped to the location specified by the customer and the customer accepts the product in accordance with agreed arrangements.

Revenue from sales is recognised based on the contract agreed between the customer and the Group. Contracts do not commit customers to purchasing anything nor commit the Group to deliver the same but set out the terms and conditions that apply between the parties at the time an order is placed by a customer and accepted by the Group. The terms and conditions cover a range of conditions including pricing, settlement of liabilities, return policies, provision and servicing of equipment and any other negotiated performance obligations.

No element of financing is present in the pricing arrangement. Settlement terms range from cash-on-delivery to credit terms ranging from 7 to 90 days. Terms reflect negotiations with customers, policies, procedures and controls held by each business as it relates to customer credit risk.

For customers who purchase on credit, a receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rental of equipment and service fees

The Group earns revenue from renting equipment that is used to dispense certain of its beverage products purchased by the customer. Rental agreements generally range from 12 to 24 months in duration and revenue is recognised on a straight-line basis over the term. Rental paid in advance is not recognised as revenue until the period the payment relates to has passed.

Service fee revenue mainly arises from container recycling services provided to manufacturers and distributors of eligible containers in certain Australian jurisdictions. Revenue is based on the volume of containers processed and is recognised as the service is delivered.

Financing components

As the Group does not have any contracts where the period between the transfer of the promised product or services to the customer and payment by the customer exceeds one year, it does not adjust any of the transaction prices for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS (CONTINUED)

3 EXPENSES

a) INCOME STATEMENT DISCLOSURE

	2020	2019
	\$M	\$M
Profit before income tax from continuing operations includes the following specific expenses (excluding non-trading items):		
Remuneration and on-costs	704.9	764.9
Defined contribution and defined benefit superannuation expenses	47.9	50.4
Share-based payments expense	11.0	10.4
Employee related costs	763.8	825.7
Finance costs, excluding lease interest expense	80.1	92.5
Lease interest expense	14.6	14.8
Depreciation expense	309.9	316.7
Amortisation expense	38.3	31.4

b) NON-TRADING ITEMS

Transactions which are material to the financial statements individually or in aggregate and are either non-recurring or arise from activities other than those associated with the Group's ordinary trading activities are classified as non-trading items. Such transactions are included in the support services and other expenses, net finance costs and income tax expense line items within the income statement.

	2020	2019
	\$M	\$M
Profit before income tax ¹ from continuing operations includes the following expenses, which are classified as non-trading items:		
<i>Australia</i>		
Redundancy and related costs	28.9	23.2
Property, plant and equipment impairment	12.7	–
Equity accounted investment impairments	7.8	3.9
Gain from property sales	–	(14.0)
Other net expenses	6.9	4.8
	56.3	17.9
<i>Indonesia</i>		
CGU impairment ²	175.9	–
Other net expenses	2.3	–
	178.2	–
<i>Paradise Beverages (included in Pacific segment)</i>		
CGU impairment ³	16.4	–
Other net (gains)/expenses	(1.3)	5.9
	15.1	5.9

Refer to the following page for footnote details.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS (CONTINUED)

3 EXPENSES (CONTINUED)

b) NON-TRADING ITEMS (continued)

	Note	2020 \$M	2019 \$M
<i>Corporate & Services</i>			
Redundancy and related costs		2.9	3.8
Equity accounted investment impairments		2.3	1.7
Profit on sale of investment in associate		(3.2)	–
Other net expenses		19.1	11.2
		21.1	16.7
		270.7	40.5

1 Refer to Note 11a for details of income tax on non-trading items.

2 Comprises \$92.6 million of production and cold drink equipment, \$49.4 million of building assets, \$9.5 million of software development assets, \$17.1 million of goodwill and \$7.3 million of investments into bottlers' agreements.

3 Comprises \$12.1 million relating to our cash generating units (CGU) level impairment testing (refer to Note 10 for further details); and \$4.3 million for brand assets with a definite life.

The amounts in 2020 have primarily arisen due to:

- outcome of the CGU level impairment testing undertaken at the half year (refer to Note 10 for further details) and impairment of equity accounted investments, reflecting a deterioration in performance mainly due to the COVID-19 environment
- Fighting Fit program in H2 resulting in redundancies, asset impairments/write-offs and related expenses
- reversal of impairment of investment in associate and profit on sale
- costs incurred in relation to the potential Coca-Cola European Partners (CCEP) transaction (included in other net expenses)
- other one-off expenses including M&A activities.

The prior year amounts primarily related to asset and investment impairments and cost incurred on M&A activities, partially offset by profit on sale of remaining lots at Thebarton.

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 employee ownership plans, refer to Notes 12b, 12c and 18 respectively.

Finance costs

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

Interest costs are recorded as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

I OUR RESULTS (CONTINUED)

4 DIVIDENDS

	2020 \$M	2019 \$M
a) SUMMARY OF DIVIDENDS PAID DURING THE YEAR		
Prior year final dividend		
Paid at 26.0¢ per share unfranked (2019: 26.0¢ per share franked to 50%)	188.2	188.2
Current year interim dividend		
Paid at 9.0¢ per share unfranked (2019: 21.0¢ per share unfranked)	65.2	152.0
Special – nil (2019: paid at 4.0¢ per share unfranked)	–	29.0
	253.4	369.2
b) DIVIDENDS DECLARED AFTER BALANCE DATE AND NOT RECOGNISED AS LIABILITIES		
Current year final dividend¹		
Declared at 18.0¢ per share fully franked (2019: 26.0¢ per share unfranked)	130.3	188.2
c) FRANKING BALANCE		
Balance at the end of the year	20.7	4.7
Franking credits/(debits) which will arise from payment/(refund) of income tax provided for in the financial statements	16.8	(33.0)
	37.5	(28.3)

d) DIVIDEND REINVESTMENT PLAN (DRP)

The Board of Coca-Cola Amatil Limited has determined to suspend our DRP in relation to the 2020 final dividend. As a result, our DRP is not currently available to shareholders.

1 The ex-dividend and record dates for the final dividend entitlements are 16 April 2021 and 19 April 2021 respectively. The Company may need to make changes to the record date and/or the payment date for the final dividend in the event that the expected date for the Scheme Meeting under the Scheme with CCEP is delayed or to ensure that the final dividend is paid before the record date for the Scheme. The Company will notify shareholders of any changes to the record date or payment date for the final dividend by way of an announcement to the ASX.

5 EARNINGS PER SHARE

	2020 ¢	2019 ¢
Basic and diluted earnings per share (EPS) attributable to shareholders of Coca-Cola Amatil Limited:		
Group	24.8	51.7
Continuing operations	24.8	50.9
Ongoing ¹	47.0	54.4
	M	M
The following provides share and earnings information used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares on issue	724.0	724.0
	\$M	\$M
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited:		
Group	179.9	374.4
Deduct: profit from discontinued operation, net of tax	–	(6.2)
Continuing operations	179.9	368.2
Add back: non-trading items after tax ²	202.7	25.7
Deduct: non-trading items after tax attributable to non-controlling interests	(42.3)	–
Ongoing	340.3	393.9

1 Ongoing refers to continuing operations results adjusted to exclude non-trading items.

2 Includes expenses from continuing operations of \$270.7 million (2019: \$40.5 million) (refer to Note 3b) and tax benefit of \$68.0 million (2019: \$14.8 million) (refer to Note 11a).

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 Group's overall financial position by segregating the balance sheet into two categories: Assets and Liabilities – Operating and Investing; and Capital – Financing. Assets and Liabilities – Operating and Investing is managed at the Group operations level 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	2020 \$M	2019 \$M
Working capital ¹	6	244.4	447.5
Property, plant and equipment	7	1,518.9	1,825.7
Right of use assets	8	431.5	462.9
Intangible assets	9	1,208.4	1,262.7
Current and deferred tax liabilities (net)	11b	(245.7)	(290.1)
Derivative liabilities (non-debt related) (net)	14d	(100.4)	(27.5)
Other assets (net)	12	33.2	22.5
Capital – Financing	Section III	3,090.3	3,703.7

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

6 WORKING CAPITAL

Trade and other receivables	6a	963.9	1,047.1
Inventories	6b	575.5	646.4
Trade and other payables	6c	(1,295.0)	(1,246.0)
		244.4	447.5

6a TRADE AND OTHER RECEIVABLES

Trade receivables	890.4	956.1
Allowance for doubtful receivables	(22.5)	(19.5)
Other receivables	96.0	110.5
	963.9	1,047.1

Movement in the allowance for doubtful receivables

At 1 January	(19.5)	(15.7)
Charged to the income statement	(8.8)	(9.0)
Written off against trade receivables	5.0	5.5
Net foreign currency and other movements	0.8	(0.3)
At 31 December	(22.5)	(19.5)

Trade receivables past due but not impaired

Under 30 days	69.9	58.6
31 – 60 days	18.5	21.7
61 – 90 days	3.1	4.6
Over 91 days	6.8	6.5
	%	%
Allowance for doubtful receivables/trade receivables past due 60 days	76.3	63.7

RECOGNITION AND MEASUREMENT

Trade and other receivables are recognised at the face value of amounts due less an allowance for doubtful receivables. Doubtful receivables are determined using an expected credit loss approach whereby trade and other receivables that share the same or similar credit risk characteristics and debt ageing are grouped and then assessed for collectability as a whole.

Refer to Note 15b) ii) on credit risk of trade and other receivables.

For details of related party receivables included in trade and other receivables, refer to Note 17.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

6b INVENTORIES

	2020 \$M	2019 \$M
Raw materials	231.6	264.3
Finished goods	236.0	264.9
Other (work in progress and consumable spare parts)	107.9	117.2
	575.5	646.4

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

Trade payables	565.7	601.3
Other payables	119.6	115.1
Accrued charges	609.7	529.6
	1,295.0	1,246.0

RECOGNITION AND MEASUREMENT

Trade and other payables are carried at amount due. Liabilities are brought to account for amounts payable in relation to goods and services received, whether or not billed at the reporting date. Accrued charges represent 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 17.

KEY ESTIMATES

The accruals for rebates and promotional allowances that are raised are based on estimates of a range of factors including anticipated consumer purchases and product mix.

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

	Land \$M	Buildings and leasehold improvements \$M	Plant and equipment \$M	Property, plant and equipment under construction \$M	Total \$M
31 December 2020					
Cost	182.7	524.6	3,264.6	117.6	4,089.5
Accumulated depreciation and impairment	–	(249.5)	(2,321.1)	–	(2,570.6)
	182.7	275.1	943.5	117.6	1,518.9
Movement:					
At 1 January 2020	186.4	341.7	1,023.7	273.9	1,825.7
Additions	–	2.3	11.5	149.5	163.3
Disposals	–	(0.2)	(4.2)	–	(4.4)
Depreciation expense	–	(20.7)	(206.1)	–	(226.8)
Impairment charges ¹	–	(49.4)	(113.3)	–	(162.7)
Reclassification	2.8	17.3	263.8	(283.9)	–
Net foreign currency and other movements	(6.5)	(15.9)	(31.9)	(21.9)	(76.2)
At 31 December 2020	182.7	275.1	943.5	117.6	1,518.9
31 December 2019					
Cost	186.4	535.8	3,215.3	273.9	4,211.4
Accumulated depreciation and impairment	–	(194.1)	(2,191.6)	–	(2,385.7)
	186.4	341.7	1,023.7	273.9	1,825.7
Movement:					
At 1 January 2019	183.8	333.6	1,039.1	298.5	1,855.0
Additions	–	0.2	4.6	205.0	209.8
Disposals ¹	(5.8)	(5.1)	(5.9)	–	(16.8)
Classified as held for sale	(0.9)	–	(0.2)	–	(1.1)
Depreciation expense	–	(21.1)	(225.7)	–	(246.8)
Impairment charges ¹	–	–	(10.2)	–	(10.2)
Reclassification	6.5	24.5	200.8	(231.8)	–
Net foreign currency and other movements	2.8	9.6	21.2	2.2	35.8
At 31 December 2019	186.4	341.7	1,023.7	273.9	1,825.7
1 January 2019					
Cost	183.8	504.3	3,152.2	298.5	4,138.8
Accumulated depreciation and impairment	–	(170.7)	(2,113.1)	–	(2,283.8)
	183.8	333.6	1,039.1	298.5	1,855.0

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

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

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 from cash flow hedges undertaken for the purchases 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 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:

Buildings and leasehold improvements	20 to 50 years
Plant and equipment	2 to 25 years

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

Impairment

Property, plant and equipment are tested for impairment in accordance with the policy for impairment testing disclosed in Note 10. An impairment expense 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 generally estimated based on historical experience. However, the condition and future utilisation of assets are reviewed annually and considered against their remaining useful life with adjustments made when deemed necessary.

Capital expenditure commitments

	2020 \$M	2019 \$M
Estimated aggregate amount of contracts for purchase of property, plant and equipment not provided for, payable within one year	44.0	52.7

8 LEASES

For a qualifying lease, the Group recognises a right of use asset and lease liability based on the present value of future lease payments which excludes payments of a variable nature. The nature and structure of our lease portfolio are such that the interest rates implicit in the leases are not readily determinable. The Group therefore uses Incremental Borrowing Rates (IBRs) to discount the future value of lease payments. The IBR denotes the rate of interest that a lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to purchase an asset of a similar value to the right of use asset in a similar economic environment.

The determination of the lease term is a key judgement exercised by management on a recurring basis. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

8a RIGHT OF USE ASSETS

The Group enters non-cancellable leases on properties, motor vehicles, forklifts and other items of plant and equipment. Lease terms vary in length and generally, when approaching expiry, are either extended at the option of the Group or are renegotiated. Our leases mainly relate to properties in Australia and New Zealand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

8a RIGHT OF USE ASSETS (CONTINUED)

	Property \$M	Plant and equipment \$M	Total \$M
Cost	602.6	127.1	729.7
Accumulated depreciation	(246.9)	(51.3)	(298.2)
Carrying value at 31 December 2020	355.7	75.8	431.5
Movement:			
At 1 January 2020	379.2	83.7	462.9
Additions	5.2	30.1	35.3
Depreciation	(45.7)	(37.4)	(83.1)
Disposals	(0.2)	(2.3)	(2.5)
Net foreign currency and other movements	17.2	1.7	18.9
Carrying value at 31 December 2020	355.7	75.8	431.5
Cost	584.3	104.0	688.3
Accumulated depreciation	(205.1)	(20.3)	(225.4)
Carrying value at 31 December 2019	379.2	83.7	462.9
Movement:			
Opening balances arising from adoption of AASB 16 Leases	401.3	52.8	454.1
Additions	10.2	54.7	64.9
Depreciation	(45.1)	(23.8)	(68.9)
Disposals	(0.6)	(1.0)	(1.6)
Classified as held for sale	(1.0)	–	(1.0)
Net foreign currency and other movements	14.4	1.0	15.4
Carrying value at 31 December 2019	379.2	83.7	462.9

8b SHORT-TERM, LOW-VALUE AND VARIABLE LEASES

The Group has elected to apply the recognition exemption to short-term and low-value leases. Short-term leases are those with terms equal to or less than 12 months and low asset value leases include portable electronic devices and office equipment. Payments of these leases are recognised on straight-line basis over the lease term. The amounts recognised in EBIT for these leases are:

	2020 \$M	2019 \$M
Lease type		
Short-term	3.3	20.4
Low-value	2.3	2.9
Variable	152.3	165.5

Short-term leases

This amount mainly includes the payments in relation to hire of motor vehicles and forklifts for periods equal to or less than 12 months.

Variable leases

This amount mainly consists of the variable component of lease payments made for the product transportation services, whereby these components are dependent on various factors such as number of cases of product delivered, number of trips and pallets. Generally, the majority of these contracts are structured in a manner such that payments are dependent or linked to these factors; hence, making these leases mainly variable in nature.

The total cash outflow for leases (including short-term, low-value and variable leases) was \$250.7 million (2019: \$261.8 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

9 INTANGIBLE ASSETS

	Indefinite lives				Definite lives		Total \$M
	Investments in bottlers' agreements \$M	Goodwill \$M	Brand names and trademarks \$M	Other \$M	Brand names and trademarks \$M	Software development and other assets \$M	
31 December 2020							
Cost	927.6	150.5	17.3	2.5	29.0	382.1	1,509.0
Accumulated amortisation and impairment	–	(20.9)	(1.9)	–	(24.2)	(253.6)	(300.6)
	927.6	129.6	15.4	2.5	4.8	128.5	1,208.4
Movement:							
At 1 January 2020	943.0	153.0	17.8	2.5	9.5	136.9	1,262.7
Additions	–	–	–	–	–	30.2	30.2
Disposals	–	–	–	–	–	(1.7)	(1.7)
Impairment ¹	(7.3)	(23.3)	(2.1)	–	(4.3)	(9.5)	(46.5)
Amortisation expense	–	–	–	–	(0.2)	(38.1)	(38.3)
Net foreign currency and other movements	(8.1)	(0.1)	(0.3)	–	(0.2)	10.7	2.0
At 31 December 2020	927.6	129.6	15.4	2.5	4.8	128.5	1,208.4
31 December 2019							
Cost	943.0	153.0	17.8	2.5	29.4	348.6	1,494.3
Accumulated amortisation and impairment	–	–	–	–	(19.9)	(211.7)	(231.6)
	943.0	153.0	17.8	2.5	9.5	136.9	1,262.7
Movement:							
At 1 January 2019	939.4	152.9	14.7	2.5	12.8	130.1	1,252.4
Additions	–	–	–	–	–	30.5	30.5
Disposals	–	–	–	–	–	(0.3)	(0.3)
Amortisation expense	–	–	–	–	(0.3)	(31.1)	(31.4)
Net foreign currency and other movements	3.6	0.1	3.1	–	(3.0)	7.7	11.5
At 31 December 2019	943.0	153.0	17.8	2.5	9.5	136.9	1,262.7
At 1 January 2019							
Cost	939.4	152.9	14.7	2.5	32.3	346.6	1,488.4
Accumulated amortisation and impairment	–	–	–	–	(19.5)	(216.5)	(236.0)
	939.4	152.9	14.7	2.5	12.8	130.1	1,252.4

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

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

9 INTANGIBLE ASSETS (CONTINUED)

RECOGNITION AND MEASUREMENT

Indefinite lives

Indefinite life intangible assets, except for goodwill, are recognised initially at the date of acquisition at their fair value which is 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 prepare, package, distribute and sell TCCC branded products in each of the six countries in which Coca-Cola Amatil Limited operates.

The agreements are for mainly 10-year terms and reflect the 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 require 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 recognised at cost. Assets acquired in a business acquisition are recognised at the date of acquisition at fair value, which is 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 14 years

Any gain or loss arising on derecognition (calculated by deducting the carrying amount and costs of disposal from proceeds) 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 10. In the case of definite life intangible 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 generally estimated based on historical experience. However, the condition and future utilisation of assets are reviewed annually and considered against their remaining useful life with adjustments 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)

10 CGUs 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, we make a formal estimate of the recoverable amount. An impairment charge 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.

Impairment charges for cash generating units (CGUs) are allocated to reduce the carrying amounts firstly for goodwill, with the remainder then pro rata allocated to the other assets of the CGU, to the extent this amount does not cause individual assets being reduced below their recoverable amounts (where this can be determined).

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 post-impairment summary of intangible assets deemed to have indefinite lives is presented below:

	IBAs \$M	Goodwill \$M	Brand names and trademarks \$M	Other \$M	Total \$M
31 December 2020					
Australia	692.0	86.5	3.1	2.5	784.1
Pacific	206.4	29.3	12.3	–	248.0
Indonesia & Papua New Guinea	29.2	–	–	–	29.2
Corporate & Services	–	13.8	–	–	13.8
	927.6	129.6	15.4	2.5	1,075.1
31 December 2019					
Australia	692.0	86.5	3.1	2.5	784.1
Pacific	211.2	35.6	14.7	–	261.5
Indonesia & Papua New Guinea	39.8	17.1	–	–	56.9
Corporate & Services	–	13.8	–	–	13.8
	943.0	153.0	17.8	2.5	1,116.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

10 CGUs IMPAIRMENT TESTING (CONTINUED)

KEY ESTIMATES

Methodology

Management uses the 'value-in-use' approach to determine the recoverable amount of each CGU. Value-in-use is based on the net present value of forecast cash flows for a 5-year period plus a terminal value estimation using appropriate perpetuity growth rates.

The 5-year cash flows forecast is based on:

- management's latest view of 2020-2022 outcomes, risk adjusted to reflect uncertainty created by COVID-19 and taking into account historical trends and the level of accuracy of previous forecasts
- an assessment of sustainable growth for years 4 and 5 post the recovery from the impact of COVID-19
- a terminal growth rate based on an assessment of inflation and perpetual growth using market and economic data.

The forecasts also take into consideration the following key inputs:

- volumes – expected rate of recovery from the COVID-19 crisis with reference to externally sourced non-alcohol ready to drink market growth and share data, and gross domestic product growth
- pricing – long-term inflation rates, level of market competitiveness and trends
- EBIT margin – historic and forecast trends, and management view of long-term sustainable margin
- capital expenditure – percentage of forecast sales taking into account capacity requirements and age of assets
- working capital movement – percentage of sales adjusted for trends.

Discount rates

Discount rates applied to our forecast cash flows represent the weighted average cost of capital for the Group in relation to each CGU, risk adjusted where applicable. The local discount rates used compared to December 2019 are provided in the table below:

	2020 %	2019 %
Australia	7.2	7.2
New Zealand	7.1	7.1
Fiji	11.3	11.3
Indonesia	11.9	11.9
Papua New Guinea	14.6	14.6

Terminal growth rates

The terminal growth rates applied range from 2.0% to 4.5% per annum (2019: 2.0% to 5.0%).

Assessment

In the light of the adverse impact of COVID-19 on trading performance, management has conducted an assessment of the recoverable amount using the above methodology for each CGU. The conclusion reached was that for all CGUs, except Indonesia and Paradise Beverages, there are no reasonably possible changes in key assumptions used which could cause recoverable amount to decline below the carrying amount.

In Indonesia, restrictions imposed, as a result of the COVID-19 pandemic, significantly impacted the business during the peak festive season and infection rates had yet to peak. This has led to a reduced valuation compared to December 2019 when the recoverable amount was estimated to be 5% above the carrying amount. As a result, an impairment charge, before tax, of \$175.9 million was recognised at the half year, including \$92.6 million of production and cold drink equipment, \$49.4 million of building assets, \$9.5 million of software development assets, \$17.1 million of goodwill and \$7.3 million of IBAs. The valuation has been re-assessed as part of the normal year-end assessment process, and it has been determined that there has been no material change in the valuation and the headroom is immaterial, therefore, no write-back or further write-down is required.

Fiji is very dependent on tourism and the closure of the borders has had a significant impact on the Paradise Beverages business (which forms part of the Pacific segment). With tourism not expected to return to pre-COVID levels in the near future, the assessment at the half year resulted in an impairment charge, before tax, of \$12.1 million, including \$6.2 million of goodwill, \$2.1 million of brands and \$3.8 million of property, plant and equipment and other assets. The re-assessment at the year-end has determined that there has been no material change in the valuation and the headroom is immaterial, therefore no write-back or further write-down is required.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

10 CGUs IMPAIRMENT TESTING (CONTINUED)

Assessment (continued)

Significant assumptions used in the impairment testing referred to above are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. Accordingly, it should be noted that the risks and uncertainties associated with the impacts of the COVID-19 pandemic and the economic environment could cause the actual results to differ materially from management's projections used in the assessment. This could lead to significant changes in the recoverable amount of these CGUs.

Key assumptions and sensitivities

Indonesia

The key assumptions used in the year-end valuation model to determine recoverable amount were:

- annual volume – assumed to return to the level achieved in 2019 in 2023 and grow by 4.0% p.a. by 2025
- festive volume – the uplift during the peak festive selling season on a volume per day basis (compared to the period from 1 January to the commencement of the festive period) in 2019 was ~100%, which reduced to ~30% in 2020 and in the model is assumed to recover to 75% in 2021, which is unchanged from the assumption at the half year
- pricing – limited price increases are assumed during the COVID-19 recovery period, then improving to 0.8% p.a. by 2025
- EBIT margin – assumed to gradually improve, reaching 5.6% in 2025
- terminal growth rate – assumed to be 4.5% p.a.

The sensitivity of the valuation to movements in these key assumptions is shown in the table below:

Key assumptions	% change	Valuation impact \$ million
Volume growth – average over the 5-year valuation period	+/- 0.5	+/- 42
Price growth – average over the 5-year valuation period	+/- 0.5	+/- 83
EBIT margin – average over the 5-year valuation period	+/- 0.5	+/- 45
Discount rate	+/- 0.5	+/- 25
Terminal growth rate	+/- 0.5	+/- 21

Paradise Beverages

As disclosed at the half year it has been assumed it will take until 2024 before volume returns to the level achieved in 2019 and grow at 3.0% p.a. by 2025. Terminal growth is assumed to be 3.0% p.a. If the average volume growth over the 5-year valuation period changes by +/- 1% or the terminal growth rate changes by +/- 0.5% the valuation will change by approximately \$4.5 million. A change in the discount rate by +/- 0.5% will impact the valuation by approximately \$6.0 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

11 INCOME TAX

a) INCOME TAX EXPENSE

	2020 \$M	2019 \$M
<i>i) Total income tax expense:</i>		
Current tax expense	126.9	83.7
Net deferred tax (benefit)/expense	(59.6)	65.2
Adjustment to current tax of prior periods	5.6	(1.2)
Total income tax expense	72.9	147.7
Total income tax expense includes:		
Income tax benefit from discontinued operation	–	(1.6)
Income tax benefit on non-trading items	(68.0)	(14.8)
<i>ii) Reconciliation of Coca-Cola Amatil Limited's applicable (Australian) tax rate to the effective tax rate:</i>		
Profit from continuing operations before income tax	217.9	533.1
Profit from discontinued operation before income tax	–	4.6
	217.9	537.7
	\$M	\$M
Income tax expense at Australian tax rate of 30%	65.4	161.3
Adjustment to current tax of prior periods	3.7	(0.9)
Overseas tax rates differential ¹	11.2	(10.3)
Overseas withholding tax	(4.4)	0.5
Non-assessable income	(2.2)	(2.1)
Non-assessable expenses	3.8	4.1
Reduction of deferred tax liabilities in Indonesia due to change in tax rates ²	(9.3)	–
Recognition of previously unrecognised tax losses ³	(0.8)	(8.0)
Recognition of deferred tax asset in New Zealand ⁴	(4.4)	–
Derecognition of deferred tax assets ³	–	1.6
Impairment of non-current assets ³	9.9	2.0
Other items	–	(0.5)
	72.9	147.7
	%	%
Effective tax rate	33.5	27.5
Effective tax rate – ongoing	28.8	28.6
	\$M	\$M
<i>iii) Net deferred tax (benefit)/expense recognised in income tax expense relates to the following:</i>		
Inventories and allowances for current assets	(3.8)	(0.4)
Accrued charges and employee expense obligations	2.6	(6.6)
Other deductible items (includes derivatives)	5.3	4.4
Property, plant and equipment and intangible assets	(49.2)	–
Right of use assets and lease liabilities	(1.6)	(3.9)
Retained earnings balances of overseas subsidiaries ⁵	(4.4)	0.5
Recognition of tax losses	(6.1)	2.8
Other taxable items (includes derivatives)	(2.4)	(3.1)
Disposal of previously impaired business ⁶	–	71.5
	(59.6)	65.2
b) CURRENT AND DEFERRED TAX LIABILITIES (NET)		
Current tax assets	10.3	39.5
Current tax liabilities	(33.1)	(21.2)
Deferred tax assets	8.1	–
Deferred tax liabilities	(231.0)	(308.4)
	(245.7)	(290.1)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

11 INCOME TAX (CONTINUED)

Net deferred tax liabilities recognised in the balance sheet relate to the following:

Inventories and allowances for current assets	4.7	6.8
Accrued charges and employee expense obligations	(43.0)	(44.2)
Other deductible items (includes derivatives)	(36.4)	(19.8)
Property, plant and equipment and intangible assets	286.8	351.5
Right of use assets and lease liabilities	(20.5)	(20.1)
Retained earnings balances of overseas subsidiaries ⁵	5.6	12.1
Other taxable items (includes derivatives)	25.7	22.1
	222.9	308.4

- 1 The 2020 amount largely reflects amounts classified as non-trading items in Indonesia, where the current tax rate is 22% whereas the Australian statutory tax rate is 30%.
- 2 To assist companies during the COVID-19 pandemic, the Indonesian government reduced the company tax rate from 25% to 22% for the 2020 and 2021 years, with a further reduction to 20% for 2022 onwards. This amount has been classified as a non-trading item.
- 3 Mainly relates to non-trading items and in 2019 to discontinued operation; refer to Notes 3b and 12c for further details
- 4 To assist companies during the COVID-19 pandemic, the New Zealand government reinstated tax depreciation on commercial and industrial buildings. This amount was classified as a non-trading item.
- 5 Represents withholding taxes payable on unremitted earnings of overseas subsidiaries
- 6 In 2019 mainly relates to inventories and property, plant and equipment of disposed business

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 into 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 taxpaying 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 inter-company balances.

Tax reviews

The Group is subject to regular tax reviews across our jurisdictions and interacts with tax authorities on a range of issues as part of the ongoing operations of these tax authorities. In Australia, the Australian Taxation Office (ATO) rates The Group as a "key taxpayer" and is subject to the ATO's "Top 1000" assurance program using its justified trust methodology. At present, The Group is subject to ATO audits/reviews of income tax. There are also ongoing audits/reviews in Indonesia and Papua New Guinea by their respective tax authorities. At present, The Group has not received notification of any material assessments from any tax authority in the jurisdictions in which it operates. In addition, The Group has responded to increased government and stakeholder focus by publishing an annual Tax Transparency Report in accordance with the terms of the Australian Voluntary Tax Transparency Code.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

11 INCOME TAX (CONTINUED)

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:

	2020 \$M	2019 \$M
Capital losses – no expiry date	1,283.9	1,289.3
Other items – no expiry date	35.4	35.4
	1,319.3	1,324.7
Potential tax benefit	395.8	397.4

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.

12 OTHER ASSETS (NET)

	Note	2020 \$M	2019 \$M
Prepayments – current and non-current		104.5	99.5
Assets held for sale		–	1.1
Investments	12a	61.2	66.5
Defined benefit superannuation plans (net)	12b	(40.9)	(31.8)
Other receivables – non-current		1.0	9.0
Employee benefits provisions – current and non-current	12c	(92.6)	(121.8)
		33.2	22.5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

12a INVESTMENTS

	2020 \$M	2019 \$M
Investments accounted using equity method ¹	51.7	59.4
Other investments ²	9.5	7.1
	61.2	66.5

1 Comprises the following investments:

- a 50% interest in Australian Beer Company (ABCo). Its principal activity 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
- a 50% interest in Container Exchange (Services) Pty Ltd. Its principal activity is to provide a range of services to the organisations responsible for operating container refund scheme in Queensland and Western Australia
- a stapled 20% interest in Exchange for Change (NSW) Pty Ltd, Exchange for Change (ACT) Pty Ltd and Exchange for Change (Australia) Pty Ltd. Their principal activities are to act as scheme coordinators, under the NSW and ACT Government's Container Deposit Scheme legislations
- a 45% interest in Made (Aust) Pty Ltd, Made Manufacturing Pty Ltd and Made Brands Pty Ltd (equivalent to 22.5% of the Made Group). Its principal activity is to produce and sell a range of non-alcoholic beverages and yoghurts
- a 50% interest in The Mahija Parahita Nusanara Foundation and PT Amandina Bumi Nusantara. Their principal activity is to operate a recycled PET plant in Indonesia.

2 Investments held by Amatil X.

	Note		
Opening balance – 1 January		66.5	65.2
Share of profit from associates		0.7	2.1
Share of (loss)/profit from joint ventures		(0.4)	(0.2)
Additions		8.2	5.2
Impairment of investment in joint venture	3b	(10.1)	(5.6)
Disposal of investment in associate		(2.0)	–
Changes in fair value of investments through other comprehensive income		(0.4)	–
Capital return from associate		(0.9)	–
Dividends received from associate		(0.2)	(0.2)
Other		(0.2)	–
Closing balance – 31 December		61.2	66.5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

12b 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 Australia-based, and the CCBI Superannuation Plan (CCBISP), which is Indonesia-based (collectively 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, this takes 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 are made at levels necessary to ensure 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	
	2020 \$M	2019 \$M	2020 \$M	2019 \$M	2020 \$M	2019 \$M
a) BALANCES RECOGNISED IN THE BALANCE SHEET						
Present value of defined benefit obligations at the end of the year	57.0	55.4	47.8	46.2	104.8	101.6
Fair value of plan assets at the end of the year	(63.9)	(69.8)	–	–	(63.9)	(69.8)
Net defined benefit (assets)/liabilities	(6.9)	(14.4)	47.8	46.2	40.9	31.8
b) EXPENSE RECOGNISED IN THE INCOME STATEMENT						
Service cost	2.3	2.3	3.4	3.1	5.7	5.4
Interest income on defined benefit superannuation assets	(0.4)	(0.7)	–	–	(0.4)	(0.7)
Interest cost on defined benefit superannuation liabilities	–	–	3.2	3.5	3.2	3.5
	1.9	1.6	6.6	6.6	8.5	8.2
c) AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME						
Actuarial losses/(gains) – experience	1.1	1.1	0.9	(0.2)	2.0	0.9
Actuarial losses – financial assumptions	2.6	5.3	4.2	–	6.8	5.3
Actuarial losses/(gains) arising during the year	3.7	6.4	5.1	(0.2)	8.8	6.2
Return on plan assets (greater)/less than discount rate	2.0	(5.9)	–	–	2.0	(5.9)
Remeasurement recognised in other comprehensive income	5.7	0.5	5.1	(0.2)	10.8	0.3
d) MOVEMENT IN DEFINED BENEFIT OBLIGATIONS						
Present value at the beginning of the year	55.4	53.9	46.2	41.3	101.6	95.2
Service cost	2.3	2.3	3.4	3.1	5.7	5.4
Interest cost	1.3	2.2	3.2	3.5	4.5	5.7
Actuarial losses/(gains)	3.7	6.4	5.5	(0.2)	9.2	6.2
Benefits paid from plan assets or by plan employer respectively	(5.0)	(9.0)	(5.4)	(3.9)	(10.4)	(12.9)
Net foreign currency and other movements	(0.7)	(0.4)	(5.1)	2.4	(5.8)	2.0
Present value at the end of the year	57.0	55.4	47.8	46.2	104.8	101.6
e) MOVEMENT IN PLAN ASSETS						
Fair value at the beginning of the year	(69.8)	(70.6)	–	–	(69.8)	(70.6)
Interest income	(1.7)	(2.9)	–	–	(1.7)	(2.9)
Return less/(greater) than discount rate	2.0	(5.9)	–	–	2.0	(5.9)
Benefits paid	5.0	9.0	–	–	5.0	9.0
Other movements	0.6	0.6	–	–	0.6	0.6
Fair value at the end of the year	(63.9)	(69.8)	–	–	(63.9)	(69.8)

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)

12b DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

	CCASP		CCBISP	
	2020 %	2019 %	2020 %	2019 %
f) PLAN ASSETS				
The percentage invested in each asset class at the reporting date was:				
Equity instruments	25.9	35.1	–	–
Debt instruments	16.9	28.0	–	–
Real estate	12.2	4.8	–	–
Cash and cash equivalents	32.5	11.4	–	–
Other	12.5	20.7	–	–
	100.0	100.0	–	–

g) PRINCIPAL ACTUARIAL ASSUMPTIONS

Used at reporting date to measure defined benefit obligations of each plan (p.a.):

Discount rate	1.9	2.6	6.0	7.3
Future salary increases	2.3	2.3	7.0	7.0
Future inflation	2.0	2.0	3.0	3.5
Future pension increases	2.0	2.0	–	–

h) EXPECTED FUTURE CONTRIBUTIONS

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 years (or more frequently if circumstances require).

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 7.3 and 7.6 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.

12c EMPLOYEE BENEFITS PROVISIONS

	2020 \$M	2019 \$M
Current	81.5	109.7
Non-current	11.1	12.1
	92.6	121.8

RECOGNITION AND MEASUREMENT

Employee benefits provisions

Employee benefits provisions represent liabilities for benefits accumulated (including related on-costs) as a result of employees rendering services up to balance date, in relation to annual, sick, long service and other leave, incentives, 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 provisions 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

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

12d DISCONTINUED OPERATION

SALE OF SPC

On 28 June 2019, the sale of the business was completed for a total consideration of \$49.6 million, resulting in a \$13.8 million after tax gain on disposal. The \$6.2 million profit after tax for the discontinued operation in the 2019 half year comprised the trading loss of the business of \$7.6 million and the after tax gain on disposal of \$13.8 million. Cash flows associated with the discontinued operation were:

	2019 \$M
Net operating cash flows	(28.9)
Proceeds from disposal of business	39.6
Payments for additions of property, plant and equipment	(4.1)
Net investing cash flows	35.5
Net increase in cash and cash equivalents generated by the discontinued operation	6.6

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 optimising net debt and equity balances.

Our capital is equity plus net debt. Net debt is calculated as the sum of borrowings, debt related derivatives and other financial and lease liabilities, less cash assets and other financial assets at amortised cost.

In order to maintain or adjust our 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 its 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 and acquisitions of businesses
- distributions to shareholders are within stated dividend policy parameters
- where funds are or will be in excess to that required to enact the Group's business strategies, the return of equity funds to shareholders is considered.

Details of Capital – Financing are as follows:

	Note	2020 \$M	2019 \$M
Equity	13	1,628.2	1,952.2
Net debt	14	1,462.1	1,751.5
		3,090.3	3,703.7

13 EQUITY

	Note	2020 \$M	2019 \$M
Share capital	13a	1,920.1	1,920.1
Treasury shares	13b	(12.7)	(13.0)
Reserves	13c	193.7	373.5
Accumulated losses		(792.3)	(718.8)
Non-controlling interests		319.4	390.4
		1,628.2	1,952.2
		\$	\$
Net tangible assets per share ¹		(0.46)	(0.23)

1 Calculated by excluding right of use assets from the assets base.

13a SHARE CAPITAL

The number of fully paid ordinary shares on issue is unchanged from 2019 at 723,999,699.

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 issued. 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.

13b TREASURY SHARES

This account records 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 2020, these shares have not vested to employees and therefore are controlled by the Group. Refer to Notes 13c and 18 for further information on the share-based remuneration reserve and employee ownership plans respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

13c RESERVES

	2020 \$M	2019 \$M
Foreign currency translation	(161.1)	(20.7)
Share-based remuneration	31.8	29.6
General	342.8	342.7
Actuarial valuation	21.7	28.5
Cash flow hedging	(43.0)	(21.0)
Other	1.5	14.4
	193.7	373.5

NATURE AND PURPOSE OF RESERVES

Foreign currency translation

This reserve aggregates the translation differences arising from the translation of the financial statements of foreign subsidiaries as described in the foreign currency translation policy described in the overview on page 63.

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 (including tax effects). Refer to Notes 13b and 18 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), which arose from the 2015 transaction between equity holders of Coca-Cola Amatil Limited.

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 assumptions and differences between actual and implied returns on plan assets (including tax effects). Refer to Note 12a for further information.

Cash flow hedging

This reserve is mainly used to record the revaluation impact of recognising financial assets and liabilities at fair value (including tax effects) where these instruments are used as cash flow hedges and qualify for hedge accounting. Refer to Note 14d for further information.

Movements in the reserve were as follows:

	2020 \$M	2019 \$M
Opening balance	(21.0)	(16.8)
Derivative revaluation	(74.5)	(0.6)
Cash revaluation ¹	1.7	(3.3)
Foreign currency translation of intercompany loan	40.1	(1.9)
Other movements	3.1	(1.4)
Deferred tax effect	9.4	2.8
Total movements recognised in other comprehensive income	(20.2)	(4.4)
Non-controlling interests	(1.8)	0.2
Closing balance	(43.0)	(21.0)

¹ Movements in the Australian value of 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)

13c RESERVES (CONTINUED)

Other

This reserve is used to record currency basis (which is the cost or benefit of exchanging one floating currency for another) of debt related derivatives hedging foreign currency denominated bonds, credit risk of 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:

	Note	2020 \$M	2019 \$M
Opening balance		14.4	13.3
Currency basis		(4.3)	(1.0)
Credit risk		(1.7)	1.9
Time value of options		–	0.3
Forward points		(11.5)	–
Other movements		(0.5)	–
Deferred tax effect		1.8	(0.1)
Total movement recognised in other comprehensive income		(16.2)	1.1
Non-controlling interests		3.3	–
Closing balance		1.5	14.4

14 NET DEBT

Cash assets	14a	(1,018.0)	(856.0)
Loans receivable interest bearing		(11.8)	(8.8)
Borrowings – current	14b	335.6	306.6
Borrowings – non-current	14b	1,692.8	1,872.1
Other financial assets	14c	(30.3)	–
Other financial liabilities	14c	81.2	90.3
Other financial assets at amortised cost ¹		(37.1)	(83.0)
Lease liabilities – current		72.6	72.6
Lease liabilities – non-current		426.9	457.2
Derivative assets – debt related (net)	14d	(49.8)	(99.5)
		1,462.1	1,751.5

1 Relates to Papua New Guinean government bonds.

14a CASH AND CASH EQUIVALENTS

Cash on hand and at banks		492.0	498.4
Short-term deposits		526.0	357.6
Cash assets		1,018.0	856.0
Bank overdrafts		(2.0)	(1.6)
		1,016.0	854.4

RECOGNITION AND MEASUREMENT

Cash assets comprises 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 bank earns 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

14a CASH AND CASH EQUIVALENTS (CONTINUED)

RESTRICTIONS ON CASH HELD IN PAPUA NEW GUINEA

As at 31 December 2020, Coca-Cola Amatil's Papua New Guinea business had local currency (Kina) denominated cash assets and funds in government bonds of \$129.1 million (PGK 344.4 million) (2019: \$213.9 million (PGK 508.2 million)). Presently, there are Papua New Guinean government-imposed currency controls which impact the extent to which the cash held in Papua New Guinea can be converted into foreign currency and remitted for use elsewhere in the Group.

	2020 \$M	2019 \$M
RECONCILIATION OF EARNINGS BEFORE INTEREST AND TAX (EBIT) TO NET OPERATING CASH FLOWS		
EBIT from continuing operations	280.0	598.8
EBIT from discontinued operation	–	4.6
	280.0	603.4
Adjustments for:		
Depreciation and amortisation expenses	348.2	348.8
Impairment charges ¹	219.7	15.8
Changes in adjusted working capital ²	152.2	(115.5)
Net interest and other finance costs paid	(72.2)	(57.8)
Income taxes paid	(83.3)	(99.9)
Other items (refer below)	(5.0)	(27.1)
	559.6	64.3
Net operating cash flows	839.6	667.7

Other items comprise the following:

Share of profit from equity accounted investments	(0.3)	(1.9)
Profit from disposal of property, plant and equipment	(0.6)	(19.5)
Profit from disposal of business	(3.2)	(13.7)
Hedging and other reserves	42.7	(6.0)
Deferred tax	(15.3)	(0.1)
Movements in:		
– prepayments	(9.8)	(16.2)
– provisions	(28.4)	26.5
– sundry items	9.9	3.8
	(5.0)	(27.1)

1 Mainly comprises 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, acquisitions and disposals of businesses and trade and other payables relating to additions of property, plant and equipment.

RECONCILIATION OF MOVEMENTS IN LIABILITIES ARISING FROM FINANCING ACTIVITIES TO NET FINANCING CASH FLOWS

	2019					2020				
	Opening balance \$M	Cash flows \$M	Foreign exchange \$M	Other movements \$M	Closing balance \$M	Cash flows \$M	Foreign exchange \$M	Other movements \$M	Closing balance \$M	
Bonds	2,156.0	(17.9)	1.3	17.7 ¹	2,157.1	(105.0)	(2.9)	(42.8) ¹	2,006.4	
Bank loans	240.0	(220.0)	–	–	20.0	0.8	(0.8)	–	20.0	
Other financial liabilities and borrowings	72.1	20.7	(2.5)	–	90.3	(37.1)	(2.3)	–	50.9	
Derivatives – debt related (net)	(81.7)	–	–	(17.8) ¹	(99.5)	–	0.3	49.4 ¹	(49.8)	
Lease liabilities	–	(58.2)	–	588.0	529.8	(78.2)	(2.2)	50.1	499.5	
Total liabilities from financing activities	2,386.4	(275.4)	(1.2)	587.9	2,697.7	(219.5)	(7.9)	56.7	2,527.0	
Loan given		(2.3)				(3.0)				
Dividends paid		(369.6)				(253.8)				
Net financing cash flows		(647.3)				(476.3)				

1 Mainly relates to foreign currency movements attributable to bonds hedged with foreign currency swaps (these swaps are classified as Derivatives – debt related; refer to Note 14d for further details)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

III OUR CAPITAL – FINANCING (CONTINUED)

14b BORROWINGS

	2020 \$M	2019 \$M
Current		
Unsecured:		
Bank loans	20.0	–
Bonds	230.0	305.0
Bonds (swapped into local currency) ¹	83.6	–
Bank overdrafts	2.0	1.6
	335.6	306.6
Non-current		
Unsecured:		
Bonds	968.0	1,198.0
Bonds (swapped into local currency) ¹	724.8	654.1
Bank loans	–	20.0
	1,692.8	1,872.1

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 14d

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.

14c OTHER FINANCIAL ASSETS/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, to determine 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 minimise the impact of credit default, the Group received a net \$50.9 million as cash collateral pledged from external counterparties (2019: \$90.3 million (USD 63.0 million)). Coca-Cola Amatil Limited holds these collaterals under agreements to provide protection against credit risk exposure by its counterparties. As at 31 December 2020, if pledged collaterals were included in the master netting arrangements on the derivative portfolio, net derivative liabilities would increase to \$101.5 million (2019: net impact would reduce the net derivative assets to \$18.3 million net derivative liabilities).

RECOGNITION AND MEASUREMENT

Cash collaterals received or paid by the Group is recognised at fair value at settlement date in the statement 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)

14d DERIVATIVE NET (LIABILITIES)/ASSETS

	2020 \$M	2019 \$M
Balance sheet derivatives comprise:		
Assets – current	21.8	27.0
Assets – non-current	115.0	129.3
Liabilities – current	(65.3)	(21.3)
Liabilities – non-current	(122.1)	(63.0)
Derivative net (liabilities)/assets	(50.6)	72.0

Derivative net (liabilities)/assets comprise of:

	Note	Derivative carrying amounts			Movements in		Movements recognised in	
		Assets \$M	Liabilities \$M	Net \$M	Derivatives \$M	Underlying hedged items \$M	Income statement \$M	Other comprehensive income \$M
2020								
Debt related – fair value hedges ¹								
– cross currency swaps ²		86.3	(6.3)	80.0	(16.3)	11.4	(11.4)	(4.9)
Debt related – cash flow hedges ³								
– cross currency swaps ²		9.1	(39.3)	(30.2)	(33.4)	31.8	(31.8)	(1.6)
Total debt related	15a) i) & ii)	95.4	(45.6)	49.8	(49.7)	43.2	(43.2)	(6.5)
Non-debt related – cash flow hedges								
– foreign exchange contracts	15a) i)	3.5	(61.5)	(58.0)	(77.7)	77.2	(0.5)	(77.2)
– interest rate contracts	15a) ii)	18.7	(71.4)	(52.7)	(19.3)	19.3	–	(19.3)
– commodity contracts	15a) iii)	19.2	(8.9)	10.3	24.1	(24.1)	–	24.1
Total non-debt related		41.4	(141.8)	(100.4)	(72.9)	72.4	(0.5)	(72.4)
Total derivatives		136.8	(187.4)	(50.6)	(122.6)	115.6	(43.7)	(78.9)
2019								
Debt related – fair value hedges ¹								
– cross currency swaps ²		97.9	(1.6)	96.3	12.5	(12.1)	12.1	0.4
Debt related – cash flow hedges ³								
– cross currency swaps ²		14.3	(11.1)	3.2	5.3	(5.4)	5.4	(0.1)
Total debt related	15a) i) & ii)	112.2	(12.7)	99.5	17.8	(17.5)	17.5	0.3
Non-debt related – cash flow hedges								
– foreign exchange contracts	15a) i)	24.4	(4.7)	19.7	(2.2)	3.3	1.1	(3.3)
– interest rate contracts	15a) ii)	14.1	(47.5)	(33.4)	(13.7)	13.7	–	(13.7)
– commodity contracts	15a) iii)	5.6	(19.4)	(13.8)	15.7	(15.7)	–	15.7
Total non-debt related		44.1	(71.6)	(27.5)	(0.2)	1.3	1.1	(1.3)
Total derivatives		156.3	(84.3)	72.0	17.6	(16.2)	18.6	(1.0)

1 The underlying hedged item represents bonds swapped into local currency. Foreign currency and interest related movements in these bonds and movements in related hedging derivatives are offset 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 hedged bonds is equal to the carrying amount of the derivative which is \$63.8 million (2019: \$66.3 million). The carrying value of the hedged bonds is \$362.6 million (2019: \$374.7 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)

14d DERIVATIVE NET (LIABILITIES)/ASSETS (CONTINUED)

RECOGNITION AND MEASUREMENT

Derivative financial instruments are used to manage exposures to certain financial risks and are recognised at fair value. On subsequent revaluation, for example, at trade date, derivatives are carried as assets when their fair value has increased and as liabilities when their fair value has decreased.

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 fair value of 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 value movements achieved by the hedge.

For all hedges, amounts recognised in equity are transferred to the functional cost areas appropriate to the hedged item, as and when the hedged item is consumed, except for basis risk adjustments.

Any gain or loss is reclassified to the income statement when the Group exercises, terminates, or revokes designation of the hedge relationship. Any ineffectiveness that may arise from credit valuation adjustments is recognised in the income statement as finance costs.

The Group designates its derivatives as hedges for either:

- the fair values of certain liabilities (fair value hedges) or
- the cash flows associated with assets and liabilities and highly probable forecast transactions (cash flow hedges).

Fair value hedges are used to mitigate the exposure that arises from changes in the fair value of a hedged item such that changes in the fair value of the hedged item are offset against the changes in the value of the hedging instrument. Where there is a gain or loss from remeasuring the fair value of the derivative, they are recognised within net finance costs in the income statement.

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 any gain or loss on ineffective portions is recognised in the income statement within net finance costs. 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 remaining life of the underlying exposure.

The Group placed certain amounts of foreign currency on deposit that were used to hedge highly probable forecast purchases of capital expenditure items and raw materials. Movements in the translation of these deposits are recognised within other comprehensive income and recycled into the income statement for raw materials or recognised against the asset when the deposits are utilised.

For reporting purposes, the Group categorises its hedges as either debt related or non-debt related.

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 a portion of the Group's foreign currency denominated debt from fluctuations in foreign currency and interest rates. The changes in fair values of the hedged debt resulting from movements in exchange rates and interest rates are offset against the changes in the values of the cross currency swaps. The objective of this hedging is to convert foreign currency borrowings to local currency borrowings at inception. No significant portion of the change in the fair value of the cross currency swap is expected to be ineffective as the amount of the cross currency swap is the same as that of the underlying debt and all cash flow and reset dates coincide between the borrowing and the swaps.

Non-debt related

Non-debt derivatives relate to all financial instruments other than those that are debt related, being foreign currency, commodity and interest rate derivatives (as these do not impact the calculation of net debt). These hedges comprise fair value and cash flow hedges.

Refer to Note 15 for further information on the Group'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 a default event occurs. If these netting arrangements were to be applied to the derivative portfolio as at 31 December 2020, derivative assets and liabilities would each reduce by \$17.3 million (2019: \$19.1 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

IV OUR RISK MANAGEMENT

15 FINANCIAL RISK MANAGEMENT

HOW THE GROUP MANAGES FINANCIAL RISK

Our financial risk management activities are carried out by the Group's Treasury function, which is governed by a Board approved Treasury Policy which strictly prohibits any speculative trading. The Group's risk management activities seek to reduce the volatility of financial performance, which assists in the 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 upon which risk management strategies are applied using derivatives and hedge accounting practices. Refer to Note 14d for further information on the recognition and measurement of derivatives.

The Group's financial assets and liabilities originate from, and are used for, operating and investing activities which generate financial assets and liabilities including cash, trade and other receivables and trade and other payables, and for financing activities, which are used to invest surplus funds and to raise funds for the Group's operations and take the form of 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 and described further, in the following sections:

- a) market risks relating to:
 - i) foreign currencies
 - ii) interest rates
 - iii) commodity prices
- b) other financial risks relating to:
 - i) liquidity
 - ii) credit
 - iii) foreign currency translation.

a) MARKET RISKS

Sensitivity – analyses

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	
	2020	2019	2020	2019
	\$M	\$M	\$M	\$M
Foreign currency rates				
10% increase	–	–	(38.1)	(37.7)
10% decrease	–	–	46.6	46.0
Interest rates¹				
10% increase in variable rates	(0.6)	(1.4)	0.9	0.6
10% decrease in variable rates	0.6	1.4	(0.9)	(0.6)
Commodity prices²				
10% increase	–	–	13.6	13.1
10% decrease	–	–	(13.6)	(13.1)

1 10% refers to applying a multiplication factor (rather than addition) to 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)

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

a) MARKET RISKS (CONTINUED)

As shown in the preceding table, a movement in market rates by 10% would have no material impact on profit for the year, reflecting the Group's approach to hedging as described in Note 14d. Volatility does arise in other comprehensive income mainly due to the remeasurement of derivatives to fair value as at the reporting date.

The following sub-section provides additional detail for each market risk.

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 15b) 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 before requiring executive management approval. Foreign currency denominated capital expenditure is generally hedged upon the making of firm commitments. The policy prescribes a range of minimum and maximum hedging parameters linked to actual and forecast transactions involving material foreign currency exposures which are progressively increased to a range of 35% to 100% in the current year.

The Group's material 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, borrowings and capital expenditure
- New Zealand Dollars (NZD)
- Japanese Yen (JPY) – primarily for borrowings
- Euros (EUR) – primarily for capital expenditure
- Norwegian Krone (NOK) – primarily for borrowings.

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 currencies) and mitigated that risk with the hedges presented in the following table:

	2020				2019			
	USD \$M	JPY \$M	Other \$M	Total \$M	USD \$M	JPY \$M	Other \$M	Total \$M
Financial assets and liabilities (exposures)								
Cash assets	104.4	–	0.8	105.2	157.5	–	0.3	157.8
Borrowings – bonds	131.5	362.6	314.4	808.5	71.7	374.7	207.7	654.1
Other financial liabilities	–	–	–	–	90.3	–	–	90.3

Hedging derivatives – net assets/(liabilities)	Carrying amount \$M	Nominal amounts ¹ \$M	Hedge ranges as at inception – exchange rates						Maturity profile years
			AUD/USD	AUD/NZD	AUD/JPY	NZD/USD	AUD/NOK	AUD/IDR	
2020									
Cross currency swaps ²	(4.5)	772.7	0.61	1.29	85-88	0.83	5.93-6.37	–	>5
Debt related	(4.5)								
Foreign currency forwards ³	(58.0)	840.4	0.66-0.75	1.04-1.09	–	0.62-0.71	–	9,552-11,045	<3
Non-debt related	(58.0)								
2019									
Cross currency swaps ²	37.4	575.3	–	1.29	85-88	0.83	5.93	–	>5
Debt related	37.4								
Foreign currency forwards ³	19.7	839.7	0.67-0.81	1.04-1.06	–	0.63-0.74	–	9,925-10,709	<3
Non-debt related	19.7								

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)

15 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, borrowings, held to maturity investments and other financial and lease liabilities.

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 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 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 and hedges to mitigate interest rate risk:

Financial assets and liabilities (exposures)	2020				2019			
	Average floating rate % p.a.	At floating rates \$M	At fixed rates \$M	Carrying amount \$M	Average floating rate % p.a.	At floating rate \$M	At fixed rates \$M	Carrying amount \$M
Cash assets	3.5	1,018.0	–	1,018.0	4.9	856.0	–	856.0
Other financial assets at amortised cost	–	–	37.1	37.1	–	–	83.0	83.0
Loans receivable	–	–	11.8	11.8	–	–	8.8	8.8
Bonds	–	–	2,006.4	2,006.4	–	–	2,157.1	2,157.1
Bank loans, bank overdrafts and other borrowings	0.8	22.0	–	22.0	1.7	21.6	–	21.6
Other net financial liabilities	0.3	50.9	–	50.9	2.0	90.3	–	90.3
Lease liabilities	–	–	499.5	499.5	–	–	529.8	529.8

Hedging derivatives – net assets/(liabilities)	Carrying amount \$M	Nominal amounts ¹ \$M	Hedge ranges ² % p.a.	Maturity profile years	Carrying amount \$M	Nominal amounts ¹ \$M	Hedge ranges ² % p.a.	Maturity profile years
Cross currency swaps	56.8	292.7	0.5-1.8	>5	62.1	292.7	1.4-2.6	>5
Debt related	56.8				62.1			
Interest rate swaps	(15.3)	453.2	3.1-4.0	>5	(11.2)	453.8	3.1-4.0	>5
Cross currency swaps	(37.9)	480.0	1.6	>5	(22.2)	282.6	2.6	>5
Non-debt related	(53.2)				(33.4)			

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 raw materials (mainly raw sugar, aluminium ingot, PET resin and coffee) used in the business.

The Group's risk management policy for commodity price risk allows hedging of forecast transactions for up to four years before requiring executive management approval. The policy prescribes a range of minimum and maximum hedging levels 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 primarily enters futures and swap 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, raw sugar and resin, which are priced on the London Metal Exchange, Intercontinental Exchange and the Independent Chemical Information Services 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 which 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)

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

a) MARKET RISKS (CONTINUED)

iii) Commodity price risk (continued)

The Group had exposure to commodity price risk on the following annual usage quantities and mitigated that risk with the hedges presented in the following table:

Commodity	Exposure		Hedging			
	Annual usage metric tonnes ¹	Derivatives	Carrying amount \$M	Nominal volume metric tonnes ²	Hedge range – commodity prices ³	Maturity profile years
2020						
Aluminium ingot	32,716	Futures	8.5	32,300	1,567.0-1,932.1	<2
Raw sugar	229,377	Futures	6.1	323,561	258.6-398.3	<3
Coffee	1,950	Futures	0.2	1,412	2,356.7-2,960.1	<1
PET resin	66,410	Futures	(4.5)	23,643	850.0-1,194.0	<1
Non-debt related assets			10.3			
2019						
Aluminium ingot	32,968	Futures	(1.0)	29,700	1,718.8-2,075.0	<2
Raw sugar	242,778	Futures	(3.2)	243,801	276.0-425.1	<2
Coffee	3,000	Futures	(1.0)	2,041	2,178.2-2,829.6	<1
PET resin	75,656	Futures	(8.6)	23,849	1,180.0-1,363.0	<2
Non-debt related liabilities			(13.8)			

1 Groups' commodity exposures in 2020.

2 Metric tonne volumes hedged for future periods.

3 USD per metric tonne at inception date of hedge.

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 net future undiscounted principal and interest cash flows and therefore may not equal to the carrying amounts to the financial statements.

Financial liabilities (exposures)	Carrying amount \$M	Expected timing of contractual cash outflows				Total \$M
		Less than 1 year \$M	1 to 2 years \$M	2 to 5 years \$M	Over 5 years \$M	
31 December 2020						
Trade and other payables	1,295.0	1,295.0	–	–	–	1,295.0
Borrowings	2,028.4	399.1	407.0	325.3	1,246.7	2,378.1
Other net financial liabilities	50.9	50.9	–	–	–	50.9
Lease liabilities	499.5	85.4	69.9	160.6	271.3	587.2
Derivative liabilities	187.4	16.2	6.1	5.0	49.0	76.3
Total financial liabilities	4,061.2	1,846.6	483.0	490.9	1,567.0	4,387.5
31 December 2019						
Trade and other payables	1,246.0	1,246.0	–	–	–	1,246.0
Borrowings	2,178.7	381.9	397.7	644.2	1,155.2	2,579.0
Other financial liabilities	90.3	90.3	–	–	–	90.3
Lease liabilities	529.8	86.4	78.1	161.5	303.3	629.3
Derivative liabilities	84.3	2.3	1.9	–	9.2	13.4
Total financial liabilities	4,129.1	1,806.9	477.7	805.7	1,467.7	4,558.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

IV OUR RISK MANAGEMENT (CONTINUED)

15 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:

	2020 \$M	2019 \$M
Bank loan facilities		
Total arrangements	650.0	500.0
Carrying amount – used as at the end of the year	(20.0)	(20.0)
Available facilities as at the end of the year	630.0	480.0
Bank overdraft facilities		
Total arrangements	20.1	19.5
Carrying amount – used as at the end of the year	(2.0)	(1.6)
Available facilities as at the end of the year	18.1	17.9

The available undrawn committed bank loan facilities are sufficient to fund the repayment of all current borrowings of \$335.6 million as at 31 December 2020.

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
- 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 Treasury Policy 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 Policy or as approved under the Policy. 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 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, other financial assets at amortised cost, loans receivable, trade and other receivables and derivative asset balances.

iii) Foreign currency translation risk

The financial statements for each of Coca-Cola Amatil Limited's foreign operations are prepared in their local currency. For the purposes 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)

16 FAIR VALUE

The Group applies historical cost accounting, with the exception of 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 the same mainly due to their short-term nature.
Borrowings – bonds	At 31 December 2020, the carrying and fair values of the Group's bonds were \$2,006.4 million and \$2,251.6 million (2019: \$2,157.1 million and \$2,272.2 million) respectively. To calculate 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. Bonds pay fixed interest; difference between the carrying and fair values for bonds is driven by the agreed fixed interest and level 2 inputs used to calculate the fair value.
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.
Other investments	Comprise early stage or seed investments which are not traded. Fair value is determined using a range of factors including performance to plan (such as cash usage/generation, growth in customer base, growth in transaction volume) and share pricing achieved in capital raisings after initial investment.
Derivatives	Accounted for at fair value using the 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 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	2020			2019		
	Level 1 \$M	Level 2 \$M	Carrying amount \$M	Level 1 \$M	Level 2 \$M	Carrying amount \$M
Assets	19.2	117.6	136.8	5.6	150.7	156.3
Liabilities	(4.4)	(183.0)	(187.4)	(10.8)	(73.5)	(84.3)
Derivative net (liabilities)/assets	14.8	(65.4)	(50.6)	(5.2)	77.2	72.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION

17 RELATED PARTIES

PARENT ENTITY

Coca-Cola Amatil Limited is the parent entity of the Group.

RELATED ENTITIES

TRANSACTIONS WITH ENTITIES WITH SIGNIFICANT INFLUENCE OVER THE GROUP

As at the end of the financial year and for 2019, The Coca-Cola Company (TCCC) through its subsidiary, Coca-Cola Holdings (Overseas) Limited, held 30.8% of Coca-Cola Amatil Limited's fully paid ordinary shares. Further, TCCC owns 29.4% of the shares in PT Coca-Cola Bottling Indonesia, a subsidiary of the Company (refer below for further details).

	2020 \$'000	2019 \$'000
TCCC and its subsidiaries		
Purchases and other payments	687,870.9	791,166.1
Reimbursements and other receipts	18,437.2	33,249.8
Amounts receivable	44,332.6	38,452.7
Amounts payable	115,625.3	133,743.2

TRANSACTIONS WITH OTHER RELATED ENTITIES

Refer to Note 12a for details of other related entities.

	2020 \$'000	2019 \$'000
Joint ventures		
Purchases and other payments	12,074.0	10,868.0
Reimbursements and other receipts	251.6	1,705.6
Amounts receivable	677.2	414.7
Amounts payable	2,998.6	925.8
Associates		
Purchases and other payments	84,484.4	69,649.2
Amounts receivable	8,135.9	9,151.6
Amounts payable	10,548.0	3,560.8
Other related parties		
Purchases and other payments	76,784.3	67,621.2
Reimbursement and other receipts	800.0	555.0
Amounts receivable	–	826.3
Amounts payable	12,298.4	10,865.1
Loans receivable – interest bearing	11,809.3	8,782.8

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 payments

This represents purchases of concentrates and beverage bases and royalty payments for Coca-Cola trademarked products and finished goods.

Reimbursements and other receipts

Under a series of arrangements, the Group participates with certain subsidiaries of TCCC to jointly develop the market of 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 an increase 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 RELATED PARTIES (CONTINUED)

KEY MANAGEMENT PERSONNEL (KMP)

Disclosures relating to KMP are set out in Note 19 and in the Directors' Report.

18 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 2020, the number of shares in the ESP, both vested and unvested, was 2,699,155 (2019: 2,642,483). The number of shares vested to employees was 1,361,485 (2019: 1,333,373). All shares were purchased on market during the year.

LONG-TERM INCENTIVE PLAN (LTIP)

Under Coca-Cola Amatil Limited's LTIP, senior executives (as approved by the Board) are granted share rights and 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. Vested share rights will be converted into shares at the next trading window. In any event, including if there is no share trading window, the Board retains discretion to settle share rights as cash equivalent per the LTIP plan rules.

The LTIP 2020-2022 has three performance conditions, namely earnings per share (EPS), Relative Total Shareholder Return (TSR) and Absolute TSR. The LTIP 2019-2021 was the only plan that had two performance conditions, namely Relative TSR and Absolute TSR. Details of the performance and service conditions for the LTIP 2020-2022 are provided in the Remuneration Report.

Dividends are payable to participants of the LTIP only once the rights vest into shares.

The fair value of shares offered in the LTIP was determined by an independent external valuer using an option pricing model with the following inputs:

Plan	2020-2022	2019-2021	2018-2020
Grant date	12 June 2020	3 June 2019	16 May 2018
Grant date share price	\$9.14	\$9.37	\$8.97
Volatility	20%-24%	19.0%	20.0%
Dividend yield per annum	4.6%	5.1%	5.0%
Risk free rate per annum	0.3%	1.1%	2.1%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

18 EMPLOYEE OWNERSHIP PLANS (CONTINUED)

Set out below are details of share rights granted under the 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 2020							
2018-2020	16 May 2018	1,471,288	–	(894,272)	(577,016)	–	5.26
2019-2021	3 June 2019	1,593,220	–	–	(181,406)	1,411,814	5.66
2020-2022	12 June 2020	–	1,216,165	–	(37,418)	1,178,747	4.50
		3,064,508	1,216,165	(894,272)	(795,840)	2,590,561	
31 December 2019							
2017-2019	16 May 2017	1,323,768	–	(272,555)	(1,051,213)	–	4.85
2018-2020	16 May 2018	1,640,688	–	–	(169,400)	1,471,288	5.26
2019-2021	3 June 2019	–	1,741,450	–	(148,230)	1,593,220	5.66
		2,964,456	1,741,450	(272,555)	(1,368,843)	3,064,508	

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 by the executives 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 2020, the number of restricted shares in the Plan was 106,818 (2019: 88,419).

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 at its absolute discretion).

19 KMP DISCLOSURES

	2020 \$'000	2019 \$'000
KMP remuneration by category		
Short-term	9,877.2	12,750.7
Post-employment	280.1	279.6
Share-based payments	1,447.1	3,242.2
	11,604.4	16,272.5

Further details are contained in the Directors' Report.

Loans to KMP

Neither Coca-Cola Amatil Limited nor any other Group company has loans given 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 AUDITOR'S REMUNERATION

	2020 \$'000	2019 \$'000
Amounts received, or due and receivable, by:		
Coca-Cola Amatil Limited auditor, Ernst & Young (Australia) for:		
Auditing the statutory financial report of the parent covering the group	3,458.5	3,062.1
Auditing the statutory financial reports of any controlled entities	1,053.9	965.5
	4,512.4	4,027.6
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	345.9	1,130.2
Other services:		
Tax compliance	115.9	118.0
	4,974.2	5,275.8

21 COCA-COLA AMATIL LIMITED DISCLOSURES

	2020 \$M	2019 \$M
a) FINANCIAL POSITION		
Current assets	655.8	490.4
Non-current assets	4,535.5	4,784.4
Total assets	5,191.3	5,274.8
Current liabilities	1,434.4	1,287.7
Non-current liabilities	1,773.8	1,821.6
Total liabilities	3,208.2	3,109.3
Net assets	1,983.1	2,165.5
Equity		
Share capital	1,920.1	1,920.1
Reserves	2.4	35.3
Retained earnings	60.6	210.1
Total equity	1,983.1	2,165.5
b) FINANCIAL PERFORMANCE		
Profit for the year	103.8	319.5
Total comprehensive income for the year	68.2	315.9
c) GUARANTEES		
Subsidiaries' bonds, bank loans and other guarantees	117.0	142.6

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.

	2020 \$M	2019 \$M
Consolidated balance sheet for the closed group		
Current assets		
Cash assets	429.0	185.3
Trade and other receivables	762.4	830.1
Inventories	303.4	351.1
Derivatives	21.5	17.0
Prepayments	45.0	40.4
Current tax assets	–	33.7
Other financial assets	30.3	–
Total current assets	1,591.6	1,457.6
Non-current assets		
Property, plant and equipment	735.9	823.0
Right of use assets	366.1	392.7
Intangible assets	896.9	893.6
Investments in securities	711.4	727.3
Investments	54.2	61.4
Defined benefit superannuation plans	6.9	14.4
Derivatives	100.6	111.1
Other non-current assets	27.3	85.4
Total non-current assets	2,899.3	3,108.9
Total assets	4,490.9	4,566.5
Current liabilities		
Trade and other payables	1,222.6	1,015.6
Borrowings	288.7	305.0
Lease liabilities	57.4	54.7
Other financial liabilities	81.2	90.3
Employee benefits provisions	57.2	78.5
Current tax liabilities	16.8	–
Derivatives	27.8	20.7
Total current liabilities	1,751.7	1,564.8
Non-current liabilities		
Borrowings	1,627.1	1,755.4
Lease liabilities	382.6	405.2
Employee benefits provisions	9.9	10.5
Deferred tax liabilities	137.5	164.9
Derivatives	119.9	49.7
Total non-current liabilities	2,277.0	2,385.7
Total liabilities	4,028.7	3,950.5
Net assets	462.2	616.0
Equity		
Share capital	1,920.1	1,920.1
Treasury shares	(12.7)	(13.0)
Reserves	19.2	53.0
Accumulated losses	(1,464.4)	(1,344.1)
Total equity	462.2	616.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

22 DEED OF CROSS GUARANTEE (CONTINUED)

	2020 \$M	2019 \$M
Consolidated income statement for the closed group¹		
Profit before income tax	195.1	515.2
Income tax expense	(62.0)	(84.1)
Profit for the year	133.1	431.1
Accumulated losses at the beginning of the year	(1,344.1)	(1,406.0)
Dividends paid	(253.4)	(369.2)
Accumulated losses at the end of the year	(1,464.4)	(1,344.1)

1 Total comprehensive income for the year was \$96.9 million (2019: \$427.5 million), represented by profit for the year of \$133.1 million (2019: \$431.1 million) adjusted for a decrease in the hedging reserve of \$32.2 million (2019: \$3.2 million decrease) and a decrease in the actuarial valuation reserve of \$4.0 million (2019: \$0.4 million increase)

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	
			2020 %	2019 %
Coca-Cola Amatil Limited	2	Australia		
Subsidiaries				
Amatil Investments (Singapore) Pte Ltd		Singapore	100.0	100.0
– Coca-Cola Amatil (Fiji) Pte Limited		Fiji	100.0	100.0
– Paradise Beverages (Fiji) Limited		Fiji	89.6	89.6
– Samoa Breweries Limited		Samoa	93.9	93.9
– Coca-Cola Amatil Vanuatu Limited	9	Vanuatu	100.0	–
– PT Coca-Cola Bottling Indonesia	3	Indonesia	70.6	70.6
– PT Coca-Cola Distribution Indonesia	4	Indonesia	100.0	100.0
Associated Products & Distribution Proprietary	2	Australia	100.0	100.0
– Coca-Cola Amatil (PNG) Limited		Papua New Guinea	100.0	100.0
AX Ventures Pty Ltd	2	Australia	100.0	100.0
Brewhouse Investments Pty Ltd	2	Australia	100.0	100.0
– Feral Brewing Company Pty Ltd	2	Australia	100.0	100.0
– Brewcorp Pty Ltd	2	Australia	100.0	100.0
– Brewcorp Unit Trust		Australia	100.0	100.0
C-C Bottlers Limited	2	Australia	100.0	100.0
Coca-Cola Amatil (Aust) Pty Ltd	2	Australia	100.0	100.0
– Apand Pty Ltd	2	Australia	100.0	100.0
– Beverage Bottlers (NQ) Pty Ltd	2	Australia	100.0	100.0
– Beverage Bottlers (Qld) Limited	2	Australia	100.0	100.0
– Can Recycling (S.A.) Pty Ltd	2	Australia	100.0	100.0
– Coca-Cola Amatil (CDE Aust) Pty Ltd	2	Australia	100.0	100.0
– Coca-Cola Amatil (Holdings) Pty Ltd	2	Australia	100.0	100.0
– Coca-Cola Amatil (UK) Limited		United Kingdom	100.0	100.0
– Crusta Fruit Juices Pty Ltd	2	Australia	100.0	100.0
– Quenchy Crusta Sales Pty Ltd	2	Australia	100.0	100.0
– Perfect Fruit Company Pty Ltd	2	Australia	100.0	100.0
Coca-Cola Holdings NZ Limited		New Zealand	100.0	100.0
– Coca-Cola Amatil (N.Z.) Limited		New Zealand	100.0	100.0
Matila Nominees Pty Ltd	5	Australia	100.0	100.0
Neverfail Springwater Limited	2, 6	Australia	100.0	100.0
– Purna Pty Ltd	2	Australia	100.0	100.0
– Neverfail Bottled Water Co Pty Ltd	2, 7	Australia	100.0	100.0
– Neverfail SA Pty Ltd	2	Australia	100.0	100.0
– Neverfail Springwater Co Pty Ltd	2	Australia	100.0	100.0
– Neverfail Springwater (Vic) Pty Ltd	2	Australia	100.0	100.0
– Neverfail WA Pty Ltd	2	Australia	100.0	100.0
– Real Oz Water Supply Co (Qld) Pty Ltd	2	Australia	100.0	100.0
– Neverfail Springwater Co (Qld) Pty Ltd	2	Australia	100.0	100.0
Pacbev Pty Ltd	2	Australia	100.0	100.0
– CCA Bayswater Pty Ltd	2	Australia	100.0	100.0
Sale Proprietary Co 1 Limited (formerly SPC Ardmona Limited)	2	Australia	100.0	100.0
– Sale Proprietary Co 2 Limited (formerly SPC Ardmona Operations Limited)	2	Australia	100.0	100.0
– Sale Proprietary Co 3 Pty Ltd (formerly Austral International Trading Company Pty Ltd)	2	Australia	100.0	100.0
– Sale Proprietary Co 4 Pty Ltd (formerly Henry Jones Foods Pty Ltd)	2	Australia	100.0	100.0
– Sale Proprietary Co 5 Pty Ltd (formerly Hallco No. 39 Pty Ltd)	2	Australia	100.0	100.0
– Sale Proprietary Co 6 Limited (formerly Ardmona Foods Limited)	2	Australia	100.0	100.0
– Sale Proprietary Co 7 Pty Ltd (formerly Goulburn Valley Cannery Pty Ltd)	2	Australia	100.0	100.0
– Sale Proprietary Co 8 B.V. (formerly SPC Ardmona (Netherlands) BV)	8	Netherlands	–	100.0

Refer to the following page for footnote details.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

23 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Names inset indicate that shares or units 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 TCCC holds 29.4% interest in this company
- 4 Coca-Cola Amatil Limited holds 0.01% of the shares and PT Coca-Cola Bottling Indonesia holds 99.99% of the shares in this company
- 5 Matila Nominees Pty Ltd is the trustee company for the Group's employee ownership plans and also the Trustee to the Deed of Cross Guarantee
- 6 Neverfail Springwater Limited holds 40.7% of the shares in Neverfail Bottled Water Co Pty Ltd
- 7 Neverfail Bottled Water Co Pty Ltd holds 1.5% of the shares in Neverfail Springwater (Vic) Pty Ltd
- 8 Sale Proprietary Co 8 B.V. was deregistered on 19 June 2020
- 9 Coca-Cola Amatil Vanuatu Limited was incorporated on 19 November 2020

24 NON-CONTROLLING INTERESTS

	31 December 2020 \$M	31 December 2019 \$M
Opening balance	390.4	355.1
Share of (loss)/profit after tax:		
Ongoing	7.4	15.6
Non-trading items ¹	(42.3)	–
	(34.9)	15.6
Share of movements in reserves ²	(35.7)	20.1
Total share of comprehensive (loss)/income for the year	(70.6)	35.7
Dividends paid	(0.4)	(0.4)
Equity – non-controlling interests	319.4	390.4

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

2 Mainly related to foreign exchange differences on translation of foreign operations.

The Group consolidates the financial statements of businesses that are controlled by Coca-Cola Amatil Ltd, our parent entity.

The following businesses, while controlled by Coca-Cola Amatil Limited, had other non-controlling interest shareholders for all periods included in this Financial Report and represented by the stated % ownership amounts:

Indonesia – TCCC shareholding	29.4%
Paradise Beverages (Fiji) Group (consolidating Samoa Breweries Ltd) – numerous investors	10.4%
Samoa Breweries Limited – numerous investors ¹	6.1%

1 In addition to non-controlling interest in Paradise Beverages (Fiji) Group.

The balances included above represent these non-controlling shareholder interests in the noted business's results and movements in reserves, with most of the total balance being attributable to TCCC's ownership of the Indonesia business.

25 CONTINGENT LIABILITY

On 24 July 2020, Company's subsidiary, Associated Products & Distribution Proprietary Limited (APD), was joined to proceedings in the Supreme Court of Queensland between a Glencore mining joint venture and the State of Queensland, whereby APD's entitlement to coal royalties, from its sub-surface strata and associated mineral rights, has been challenged by the State of Queensland.

Since 2014, the Group has received approximately \$80 million in royalties, which has been recorded as 'other revenue' within the Corporate & Services segment. This includes \$5.0 million received in 2019 and \$1.7 million in 2020. Thereafter the royalty payments have been paid directly to court while the proceedings are ongoing which totals to \$1.3 million for 2H20.

The Group intends to defend APD's rights to income, past and future. The proceedings involve numerous factual and legal questions and will likely take considerable time to resolve. The timetable for the proceedings has not yet been finalised.

Apart from the above, there are no other contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

V OTHER INFORMATION (CONTINUED)

26 ACQUISITION BY COCA-COLA EUROPEAN PARTNERS

On 4 November 2020, we announced that Coca-Cola Amatil had entered into an agreement with Coca-Cola European Partners plc (CCEP) for the acquisition of all of the issued shares held by independent shareholders pursuant to a Scheme of Arrangement (CCEP Scheme of Arrangement or Scheme). Under the agreement, independent shareholders would receive total cash consideration of \$12.75 per share, less any final dividend in respect of the half year ended 31 December 2020 (2H 2020) declared and paid to shareholders before the date of implementation of any Scheme. We also announced that CCEP had entered into a separate agreement to acquire the Amatil shares indirectly held by The Coca-Cola Company, conditional upon implementation of the Scheme (CCEP/TCCC Transaction).

On 15 February 2021, we announced that Amatil had entered into a revised agreement with CCEP that increases the total cash consideration that independent shareholders will receive under the Scheme from \$12.75 per share to \$13.50 cash per share. Consistent with the initial offer, the total cash consideration would be reduced by the cash amount of the final dividend in respect of 2H 2020. CCEP has declared that this is its best and final offer. There were no changes to the CCEP/TCCC Transaction.

Independent shareholders will have the opportunity to vote on the Scheme at the upcoming Amatil Scheme Meeting scheduled to occur in mid-April 2021. A draft scheme booklet containing relevant information on the Scheme is expected to be submitted to ASIC on or before 22 February 2021 and dispatched to independent shareholders in mid-March 2021.

The Amatil Related Party Committee and Group Managing Director, Alison Watkins, unanimously recommend that independent shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of independent shareholders.

Australian Foreign Investment Review Board approval for the Scheme was obtained on 29 January 2021. However, the Scheme remains subject to a number of other conditions including New Zealand Overseas Investment Office approval, Independent shareholder approval and Australian court approval.

27 NEW STANDARDS AND INTERPRETATIONS

The Group has early adopted AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions. This standard applies to annual periods beginning on or after 1 June 2020 and the financial impact of the application of this standard is not material to the period ended 31 December 2020 financial statements. The Group has not early adopted any other new standards, amendments to standards and interpretations that have been issued or amended but are not yet effective.

28 EVENTS AFTER THE BALANCE DATE

Subsequent to the balance sheet date, other than as noted in 26, no matters or circumstances have arisen 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 18 February 2021, 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 2020, 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 62 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 105 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 2020.

On behalf of the Directors



Ilana R. Atlas, AO
Chairman
Sydney
18 February 2021



Alison M. Watkins
Group Managing Director
Sydney
18 February 2021

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 2020, 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 2020 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 (including Independence Standards)* (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 Indonesian Cash Generating Unit</p> <p>The Directors have assessed the Indonesian cash generating unit (CGU) for impairment at 31 December 2020.</p> <p>As set out in Note 10 to the financial statements, COVID-19 has had an adverse impact on trading on the Indonesian business. This has led to an impairment charge of \$175.9 million, before tax, being recognised during the year.</p> <p>As disclosed within Note 10 to the financial statements, the assessment of impairment of the Indonesian CGU incorporated significant judgments and estimates, based upon conditions existing as at 31 December 2020, specifically concerning factors such as forecast cashflows, discount rates and terminal growth rates. The estimates and assumptions relate to future performance, market and economic conditions.</p> <p>At 31 December 2020 the performance of the Indonesian CGU continues to be impacted by the restrictions and economic uncertainty resulting from the COVID-19 pandemic. Significant assumptions used in the impairment testing referred to above are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. Changes in certain assumptions can lead to significant changes in the recoverable amount of these assets.</p> <p>In this situation the disclosures in Note 10 to the financial statements provide particularly important information about the assumptions made in the impairment testing and the market conditions at 31 December 2020. As a result, we consider the impairment testing of the Indonesian CGU and the related disclosures in the financial report to be particularly significant to our audit.</p>	<p>Our audit procedures included the following in respect of the Indonesian CGU:</p> <ul style="list-style-type: none"> Assessed whether the impairment testing methodology used met the requirements of Australian Accounting Standards Tested the mathematical accuracy of the discounted cash flow model used to determine value in use Assessed whether the carrying value used in the impairment test was appropriately determined in accordance with Australian Accounting Standards Assessed the cash flow forecasts by considering the historical reliability of cash flow forecasts, recent results, and our knowledge of the business and industry, corroborating this data with external information where possible Evaluated the analysis of the sensitivity of changes in key assumptions used in the discounted cash flow model, by considering a range of reasonably possible changes in key assumptions Involved our valuation specialists in the consideration of key assumptions such as, discount rate and terminal growth rate Assessed the accuracy of the allocation of the impairment charge Assessed the adequacy of the financial statement disclosures relating to impairment testing
<p>2. Accounting for Rebates and Promotional Allowances</p> <p>As disclosed in Note 2 to the financial statements, revenue is recognised when control of the product has transferred, being when the product is delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product.</p> <p>Revenue is recognised net of rebates and promotional allowances owed to customers based on their individual contractual arrangements. The recognition and measurement of rebates and promotional allowances, including establishing an appropriate accrual at year end, involves significant judgment and estimation, particularly related to the expected level of rebate claims by customers.</p> <p>This was considered a key audit matter given the value of the rebate and promotional allowances provided to customers, together with the level of judgment involved in estimating the accrual for promotional allowances at year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Considered the application of Australian Accounting Standards to the Group's accounting policies regarding rebates and promotional allowances Evaluated the effectiveness of the Group's processes to calculate and record rebates and promotional allowances For a sample of contracts and promotional activities, assessed whether the rebates and promotional allowances were calculated in accordance with the terms of each contract Considered the impact of customer claims and payments made subsequent to year end Analysed movements, trends and the ageing profile of the rebates and promotional allowances accrual Performed analysis of write backs to the rebate and promotional allowances throughout the year Enquired of the Group as to the existence of any side arrangements or contracts with unusual terms and conditions Considered the presentation and disclosure in respect of rebates and promotional allowances in the financial statements

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 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and 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 on the other information obtained prior to the date of this auditor's report, 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 judgment 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, actions taken to eliminate threats or safeguards applied.

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

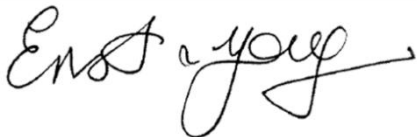
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 36 to 55 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Coca-Cola Amatil Limited for the year ended 31 December 2020, 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



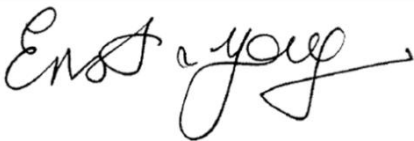
Katrina Zdrilic
Partner
Sydney
18 February 2021

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF COCA-COLA AMATIL LIMITED

As lead auditor for the audit of the financial report of Coca-Cola Amatil Limited for the financial year ended 31 December 2020, 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
18 February 2021

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

CAGR	Compound annual growth rate
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 ongoing basis as net operating cash flows divided by profit after tax, adding back non-controlling interest, 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	Ongoing 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 and right of use assets, by the number of shares at year end
Non-Trading Items	Transactions which are material to the financial statements individually or in aggregate and are either non-recurring or 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	Ongoing 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
rPET	Recycled PET
Statutory	Financial measures stated in accordance with accounting standards
Ongoing	Financial measures stated before (or excluding) non-trading items and on a continuing operations basis
OTHERS	
Amatil X	Amatil X is our emerging possibilities platform, designed to nurture and scale opportunities for growth
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
nm	Not meaningful